

PALM BEACH CAPITAL



PALM BEACH, FL

SEPTEMBER 27, 2005



PES Announces Purchase Of Sunwest PEO

Progressive Employer Services (PES), a professional employer organization, announced today that it has agreed to purchase the assets of Sunwest PEO of Florida, Inc. Progressive's acquisition of Sunwest brings together two extremely respected and rapidly growing PEOs whose combined 25 years of successful business operations and industry expertise establishes it as one of the premier PEOs in the state. Upon closing, PES will serve over 1,200 customers and 15,000 worksite employees, making it one of the largest professional employment organizations in Florida.

"This move takes us to the next level," said Steve Herrig, Chairman and CEO of PES. "More importantly, anytime you combine two experienced organizations that embrace values and a value offering to customers, you get something special. We are already looking forward to our next acquisition and continuing with our philosophy of getting and keeping the best employees and customers."

Both companies have taken advantage of the significant growth in the Florida economy over the past 5 years by providing small to medium sized businesses with an ever increasing need for proper payroll administration, cost effective workers' compensation and employee benefits as well as human resource expertise. The acquisition of Sunwest is another step in PES's commitment toward aggressive growth. The move provides PES with significant strategic advantages competitively, geographically and financially.

In addition to leveraging Sunwest's existing customer base, PES also plans to take advantage of the industry expertise Sunwest brings to the transaction. In business since 1986, Sunwest has grown its business much like PES, by taking a personal, professional, customer-focused approach and then differentiating itself through internal expertise and exceptional customer service. With this acquisition, PES will now be able to provide its customers with over 25 years of industry expertise in every area of its comprehensive service offering.

"We feel that PES is the right fit for us and our clients going forward," said Eric Arfons, President of Sunwest. "Like Sunwest, PES has established its reputation in the marketplace by focusing on service. Meanwhile, the combined entities ensure greater strength and stability to clients in the product offering. Everyone wins, and that was the fit we were looking for."

This is the fourth major announcement for PES in the last year. In August 2004, PES made an equity investment in Guarantee Insurance Company of Fort Mill, South Carolina. Later that month, Progressive raised \$6,000,000 in private equity from Palm Beach Capital Partners. In June of this year, Progressive announced that it had entered into a \$5,000,000 revolving credit facility with PNC Business Credit, the asset-based lending arm of PNC Bank National Association.

About Progressive Employer Services:

Progressive Employer Services is a professional employer organization based in Sarasota, FL with regional offices in Palm Harbor, FL and Ft. Lauderdale, FL. The company was founded in 1999 and currently provides payroll administration, human resources, benefits administration, workers' compensation, risk management and regulatory compliance services to over 675 clients and 10,000 worksite employees throughout Florida and Georgia. Progressive's service offering allows its clients to minimize their time and effort spent on administrative hassles of running their business and focus on revenue generating activities.

Progressive is a member of the National Association of Professional Employer Organizations (NAPEO) and the Florida Association of Professional Employer Organizations (FAPEO). Progressive has received the Workers' Compensation Risk Management Best Practices Certification and has achieved the Tax & Benefits Payment Certification for the past three fiscal quarters.

About Palm Beach Capital

Founded in 2001, Palm Beach Capital is a private equity investment firm which specializes in making investments in and building early and middle-stage private companies. With offices in both Palm Beach and Tampa, Florida, the firm focuses on high growth investment opportunities with enterprise values ranging from \$10 million to \$100 million. Since its inception, Palm Beach Capital has made investments in over 20 companies and has approximately \$200 million in total assets under management. For more information, please visit the firm's website at www.pbcap.com.

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