

PRESS RELEASE

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Hubbardton Forge Traditions Surviving Recapitalization

Hubbardton Forge, the Castleton, VT manufacturer of hand-forged wrought-iron lighting, recently announced the distribution of its 2006 profit sharing bonuses. Divided among its 228 employees, the combination of cash and 401(k) bonus paid to employees for their contributions during the 2006 fiscal year averaged about 20% of each employee's annual compensation.

“It was a particularly challenging year from a manufacturing perspective, and on top of that, it was our first full year with Lineage (Capital). All things considered we are very pleased with year-end performance,” CEO George Chandler said of 2006. Hubbardton Forge was recapitalized by a Boston private equity firm in November 2005. “Changing the majority of ownership in such a culture driven Vermont business was pretty scary. In the end, even with the best intentions, there were no guarantees that we could maintain our identity. We think this is strong evidence that we can.” Chandler continued.

In keeping with Hubbardton Forge’s spirit as well as the purchase agreement, Chandler believes the decades-tested business model at The Forge has been kept intact. This model provides all employees a form of equity through profit sharing. Once the company meets a minimum profit target, all profit in excess of that target is split 50/50 between the employees and the company. “It is a powerful tool with no down side” said Chandler. Through monthly company meetings and a program called Finance 101, each employee is kept informed on how the business is doing and how his or her efforts contribute to profitability. This entrepreneurial focus is meant to encourage management and employees to share the responsibility for creating success. “This above all else is our edge against off shore competition,” said Chandler.

Hubbardton Forge was recently named the #1 Fastest Growing Company in Vermont over the last 20-Years,” and additionally honored as one of the “Best Places to Work in Vermont.” Further growth and expansion is on the horizon, and The Forge is searching for local property to help facilitate that growth.

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