

EXCELLERE PARTNERS

Building enduring value with a spirit of partnership and excellence.

Entrepreneurs : Capabilities

Excellere provides its entrepreneurs and management partners with proven resources and tools that are practical and enhance the business's infrastructure, scalability, and growth potential.

We understand the challenges of managing a rapidly growing business. Excellere's proprietary capabilities were assembled to help managers confront these challenges while maintaining the aggressive pursuit of their strategic vision.



EXCELLERE PROJECT EXPERT NETWORK

Project Expert Network

A proprietary network of technical experts who complete various initiatives at the direction of portfolio company management.



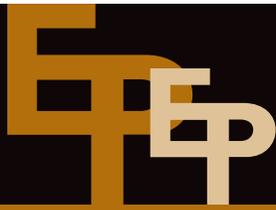
EXCELLERE VALUE CREATION PROCESS

Value Creation Process

A living library of tools and methodologies that documents successful value creation techniques, and provides a roadmap for successful execution.

Excellere Partners

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Entrepreneurs : Project Expert Network

Excellere Partners has assembled a network of experts who empower management teams to solve difficult, yet common business challenges.

When Excellere was founded, we wanted to empower the management teams who lead our portfolio companies with operating expertise and bandwidth to assist in various post-closing business improvement initiatives. The vision was to provide Fortune 500 technical capabilities to emerging companies. From this vision, Excellere launched its Project Expert Network.

Today, there are more than thirty Project Experts in Excellere's network. They were carefully chosen for their experience and ability to help our platform companies achieve their goals, not just direct them.

Our project expert directory, which is available to our platform companies, includes backgrounds of these experts, including summaries of their capabilities, industry experience, references, and case studies of historical successes. The directory is a virtual extension of the management team's staff and provides assistance in areas such as sales, marketing, information technology, operations, process improvement, and human resources.

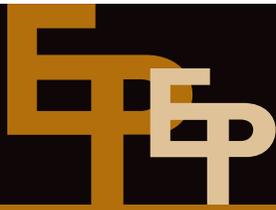
To illustrate the power of this network, various Project Experts have published "Project Expert Insights". Each Insight provides the reader with leading-edge perspectives in numerous areas of operational excellence including succession planning, acquisition integration, and building world-class sales organizations, among others.



Empower your organization with the
Excellere Project Expert Network

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Entrepreneurs : Value Creation Process

Excellere's Value Creation Process is a proven, proprietary and documented system for building world class portfolio companies.

The founders of Excellere Partners envisioned a firm with a disciplined, systematic, and process-driven investment approach.

Part of this approach, the Value Creation Process, accomplishes the following objectives:

- **Institutionalizes standard operating procedures**, guiding more consistent service to Excellere portfolio companies;
- **Shares best-practices and operating experiences** among Excellere's portfolio companies;
- **Provides a roadmap to build a scalable organization** to accelerate organic growth and strategic acquisitions.

The Value Creation Process includes an evolving library of tools and methodologies that documents successful value creation techniques, while providing a roadmap for successful execution. Excellere professionals, Project Experts, and managers of Excellere portfolio companies contribute to new approaches and tools, enabling all of Excellere's portfolio companies to benefit from our collective knowledge.

As the Value Creation Process has evolved throughout more than sixty investments across more than a dozen industries, Excellere has encountered and addressed many of the common challenges entrepreneurs and management teams face as they build larger companies.

How can we maximize the benefit of a new private equity partner?

Having worked on over 60 acquisitions over the last ten years, the Excellere team has learned that the legal and financial demands of the transaction process leaves little time to discuss the partnership between the management team and Excellere.

In a recapitalization transaction, where the business owner is reinvesting a portion of his or her proceeds back into the business, creating post-closing synergies with Excellere is a critical component to ensuring future growth and success.

To facilitate this assimilation process, Excellere created the Value

Creation Guidelines, a powerful tool that provides a framework for discussing important aspects to the future partnership that result in a more collaborative and productive post-closing relationship.

The Value Creation Guidelines provides management with a thorough view of Excellere's post-closing Value Creation Process, and establishes a checklist of key post-closing initiatives.

How do we use strategic planning to create more opportunity for the organization?

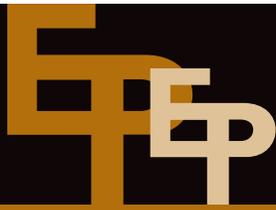
A simple, yet important question to ask during strategic planning is, "What business are we in?" If the answer is too broad or narrow, it will limit the success of the platform and create ambiguity among customers, employees, and managers.

As an example, if newspapers had considered their business to be delivering information and advertising instead of producing newspapers, would they have invested more quickly into Internet strategies? In short, creating a business definition or concept statement is the backbone of any strategic plan.

This is just one component of the Excellere Strategic Planning Process, which guides management teams through a discussion that simultaneously increases possibilities while increasing focus and consensus. This process is typically a two-day session that includes key members of your team and is facilitated by an experienced strategy expert (Excellere Project Expert).

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Entrepreneurs : Value Creation Process

How can we make our organization more scalable and effective?

Given the additional resources required to integrate acquisitions and the attendant infrastructure needed to manage the aggressive growth, Excellere's buy-and-build strategy requires thorough human resources planning. Beginning with a diagnostic process and ending with a "Human Capital Strategic Plan," Excellere works with senior leadership to totally assess the organization's existing human resource infrastructure. The Human Capital Strategic Plan provides a list of initiatives that improve performance management systems, organizational design, leadership succession, and talent development.

In addition to creating greater organic potential, these strategic initiatives position the Excellere platform company to successfully acquire and integrate acquisitions as you and your team aim to become "best-in-class" industry leaders.

If we pursue an add-on acquisition, how do we ensure that 1 + 1 is greater than 2?

Successfully integrating an acquisition or merger is a necessary core competency that requires determined effort and focus. Leaders today deal with very complex business environments, unique leadership and management skills, diverse corporate cultures, inconsistent operational processes, and business elements. These variables make aligning merging entities very difficult.

Excellere has formed an alliance with a renowned integration expert to create a comprehensive integration plan that captures the intricate steps needed for successful execution. The integration roadmap is a proven process that strengthens the combined company, creating an ever-more powerful platform for growth.

Along with our Project Expert who is focused on this competency, we work closely with the platform management team to transfer these capabilities to internal integration leaders for future acquisitions.

How can we utilize a Board of Directors more strategically?

Management drives strategic creation, and the board provides guidance and assistance. The board must comprehend management's strategy, impart historical experience and wisdom, ask questions, suggest changes, approve the plan, and then provide support and resources to execute on the strategy.

To create broader strategic vision, the board should recruit outside independent directors who have prior experience as a competitor, supplier, industry or functional operator, or as a customer in that business niche. Outside directors are critical, providing management teams with effective sounding boards on strategic and tactical issues. Additionally, these business professionals provide access to prospects, vendors, and other constituents.

If chosen thoughtfully, these outside directors provide insights that create significant strategic value. When combined with Excellere's buy-and-build expertise, the board can be a strategic asset to management, increasing the probability of success.

How can my team identify quick opportunities that could increase profitability or reduce capital investments in the business?

By their nature, high-growth companies frequently find themselves trying to keep up with the growth of the business. As customer expectations rise, demand increases, and teams are spread thin, emerging companies often overlook opportunities to capture greater profitability with fewer assets.

To help companies identify opportunities to make more with less, Excellere created an Operational Effectiveness Audit ("OEA"). The OEA enables us to analyze areas such as receivables management, inventory policies, purchasing, warehouse, customer profitability, core processes, and sales force effectiveness, among others.

The OEA can be completed in less than two weeks and can provide management with opportunities to capture greater equity value and release dormant cash flow to support strategic hiring and attractive capital projects.

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Entrepreneurs : Recapitalization

Excellere understands the unique challenges entrepreneurs face when their tolerance for risk declines and they contemplate the future of their business.

As the owner of a highly profitable and growing business, you are a successful entrepreneur. For a variety of professional and personal reasons you may be considering your liquidity options. Choosing the best option will likely be the most important financial decision you ever make - especially since you may encounter this opportunity only once.

So how do you access the value in your business without compromising your personal, business, and strategic goals? Conventional options for owners include:

Selling the Business Outright

Selling to a competitor, strategic buyer, or financial buyer provides immediate liquidity. An outright sale, however, may not address all of your personal objectives if you are not ready to retire, if you want to participate in maximizing the potential growth of your business, and if you want to reward your senior management team and key employees. Further, your concern for the future well-being of your management team and employees may not be adequately addressed.

Taking the Company Public

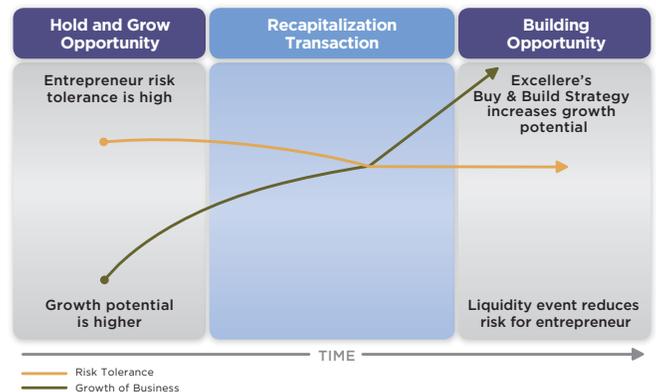
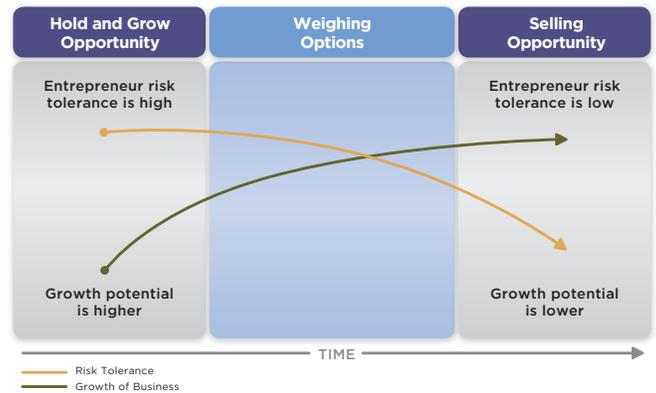
An initial public offering (“IPO”) potentially provides a high market valuation and capital to grow. Small cap, publicly held companies however, that have no sell-side analyst coverage or market makers make it more difficult to achieve liquidity and maximum value.

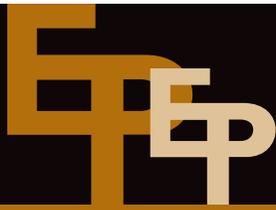
Employee Stock Ownership Plan (“ESOP”)

An ESOP allows owners to gain some liquidity and provides potential tax benefits. It involves additional debt, guarantees, and administration costs. It also may limit the ultimate growth of the business, and leave management transition issues unresolved as well as a structure that is difficult to reverse.

Excellere Recapitalization Structure

Another option is a recapitalization transaction with Excellere. We believe a recapitalization transaction may offer “the best of all worlds” as you consider the future of your business.





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Entrepreneurs : Recapitalization Transaction

Recapitalizations offer entrepreneurs continuity, a source of future capital, and immediate liquidity from their businesses.

A Recapitalization (“Recap”) is a hybrid transaction in which a private company sells a majority or minority interest to a private equity investor such as Excellere. In a Recap, the entrepreneur receives substantial cash, retains significant ownership and typically remains an active leader in the business.

By investing equity and arranging the necessary financing, Excellere facilitates the Recap so that management continues running the business. As the financial partner, Excellere supports the business, significantly enhancing the company’s growth potential, and providing the security of dedicated capital funding.

For the entrepreneur, one of the greatest source of pride comes from the equity incentive program that is created as part of the recapitalization transaction. At the Recap’s closing, an equity incentive program is established, providing meaningful future ownership to the managers and employees who contributed to the businesses’ growth. This enables the entrepreneur to reward loyalty with ownership potential, and create opportunity for financial wealth for the future leaders of the business.

A recapitalization can be the best of all worlds to an entrepreneur. It offers liquidity, continuity of the culture, capital to realize business goals, and, importantly, significant financial upside for the entrepreneur’s management team.

Ownership Retention/Liquidity

Business owners retain significant ownership in the company and receive substantial cash at closing, reducing risk of an otherwise concentrated investment.

Retain Corporate Culture

A Recap allows the company’s image and corporate culture to remain intact.

Favorable Tax Treatment

Business owners enjoy capital gains on the cash received at closing and, in most cases, a tax deferral on the stock rolled over into the transaction.

Reward Management & Employees

Besides the business owner realizing significant proceeds, management and employees can receive a significant “second bite of the apple” through continued equity investment, stock options, and performance-based stock incentives.

Continuity of Business

A Recap maintains continuity of the business practices and culture that made the company successful in the first place.

Infusion of Capital for Growth

Excellere’s infusion of new capital eliminates all of the owner’s personal guarantees. These resources allow the owner to concentrate on taking the business to the next level.

Maintains Operating Control

The business owner and management team continue managing day-to-day operations and play a key role implementing strategic growth and integrating acquisitions. Excellere focuses on the future of the business and ensuring that adequate resources are provided to thoroughly support management’s vision.

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