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TEAKWOOD CAPITAL FIRM OVERVIEW

WELCOME TO TEAKWOOD CAPITAL!

Teakwood Capital is a private equity firm that invests exclusively in profitable, Texas-based businesses. We combine experience, a commitment to partnership, and “roll-up-the-sleeves” work ethic to help your business become even more successful.

Teakwood invests with the purpose of enabling businesses, which are already working well yet are capital constrained, to grow faster. For example, if your growth is limited to 20% per year, but you could grow 40% per year with \$2.0MM more capital, then we may be the perfect partner for you.

We are management friendly and invest in strong, proven teams whom we plan to work with until we liquidate our investment. Teakwood provides the resources and experience to lead successful growth equity investments from \$1.0 million to \$4.0 million and management buyouts up to \$20.0 million. Additionally, we work hard to assist you with business development, operational issues and team building.

Teakwood's funding comes primarily from a network of successful Texas operating executives, entrepreneurs and investors. In choosing our investor base, we set out to build a team of unprecedented strength, reach, and experience who could help you prosper...and we succeeded. We believe our network and resources are unparalleled for businesses in our target market.

If you think your situation fits this profile, we would enjoy the opportunity to meet with you.

YOUR TEAKWOOD CAPITAL TEAM

YOUR TEAM



Shawn L. Kelly is a Managing Director of Teakwood Capital. His career has centered on financing, building and exiting growth stage companies. Previously, Shawn founded and was President of Cinque Terra Holdings, which sourced and negotiated the purchase of a major consumer product importing company. Prior to Cinque Terra Holdings, Shawn was with Austin Ventures, where he co-opened the firm's Dallas offices. During his tenure, Shawn invested in and was a Board Director/Advisor of twelve growth-stage businesses, including Service Intelligence (Acquired: Global Compliance), Spatial Wireless (NYSE: ALA) and VocalData (NASDAQ: TKLC). Shawn began his career in investment banking, with J.C. Bradford & Co. in Nashville, where he specialized in private equity and mergers & acquisitions.

A CPA, Shawn earned a Master of Business Administration from the Stanford Graduate School of Business and a Master in Professional Accounting and a Bachelor of Business Administration with High Honors from the McCombs School of Business at the University of Texas at Austin. Shawn is an active member of the Dallas Leadership Council. Shawn resides in Dallas, Texas.



Daniel L. Shimer is a Managing Director of Teakwood Capital. He has over 40 years of experience operating, building and investing in growing businesses. Previously, Dan was a Venture Partner with Austin Ventures for over five years and founder and President of Shimer Capital Partners, Inc., an early stage private equity firm. He is a Director/Investor in numerous private ventures in the technology, service and financial services industries. Prior to 1996 Dan served as a founding shareholder and a Senior Executive of four highly successful companies in the technology (CoreStaff "CSTF"), service (Computerland "CPLD"), and distribution industries (FoxMeyer Drug "FXM", and Coast To Coast Hardware "CTC"). These companies each started out small, grew to over \$1.0 billion in revenues, and went public. From 1994 to 1998 Mr. Shimer closed 58 acquisitions. In addition he has closed numerous public and private offerings of both equity and debt in his career, including four IPO's.

A CPA, he began his career at KPMG Peat Marwick. Dan holds an undergraduate degree from Indiana University and attended the graduate schools of Loyola University and Stanford University. Dan resides in Dallas, Texas.

YOUR TEAKWOOD CAPITAL TEAM (CONT.)



Richard Beckert is a Managing Director of Teakwood Capital. He has thirty years of experience operating, building and exiting private equity backed companies. Rich was most recently Executive Vice President of ClubCorp Inc. He ran most functions of the company, including sales, marketing, human resources and operations. During his tenure at ClubCorp, the company grew in value by 75% culminating in a sale to a private equity firm in 2006 for \$1.75 billion. Prior to ClubCorp, Rich was Chairman and CEO of Malibu Entertainment, a publicly held family entertainment business. He performed a material turn around of the company and orchestrated a sale of the assets. Before Malibu, Rich was an equity partner and Senior Vice President of Bristol Hotels. He was instrumental in growing Bristol from \$5.0 million in revenues to over \$750.0 million and in taking the company public with an IPO. Rich has extensive experience in operations, corporate infrastructure, public companies, private equity transactions and creating value. He holds a Bachelor of Science degree from Cornell University. Rich resides in Dallas, Texas.



Laura Kusching is the Operations Manager of Teakwood Capital. She has twenty-five years of experience running the operations of middle market companies, including all accounting, human resources, customer service, general operations, and finance functions. Laura has experience in several different disciplines, including various service industries, import/export and property management. She handles all of the accounting and operations for Teakwood along with contributing to due diligence and portfolio company support efforts. Laura resides in Murphy, Texas.

TEAKWOOD CAPITAL INVESTMENT CRITERIA

Teakwood employs focused investment discipline, a focus which allows us to be better partners for companies in which we invest. We invest in **cash flow positive, Texas-based** businesses, most of which have been “**bootstrapped**” or **have received little other institutional investment capital**.

Our dollars are invested with the purpose of enabling businesses, which are already working well yet are capital constrained, to work better and grow faster. For example, if your growth is limited to 20% per year, but you could grow 40% per year with \$2.0 million more capital, then we may be the perfect partner for you.

We seek to partner with strong teams who will continue to lead superior execution throughout our investment. As such, **if we invest in you, it is our intention to work with you for the life of our investment**; by definition and by choice, we are management friendly.

We also prioritize the following criteria in companies in which we invest:

EBITDA: *Break-even up to \$4.0 million, although we will evaluate larger businesses in the event of an exclusive engagement*

Revenue: *Typically under \$25.0 million*

Margins: *High, sustainable EBITDA margins*

Capital Needs: *Company is looking for a partner because accelerated growth is constrained by available cash resources or management wishes to buy shares from shareholders who aren't active in the business*

Customer Concentration: *Limited reliance on concentrated group of customers, although we realize that smaller businesses may experience this dynamic at times*

Capital Intensity: *Minimal need for capital investment and low costs of maintaining previous capital investments*

Fair Valuation: *We only invest based on rational market valuations*

Scalable: *Financial, operational and sales/marketing scalability without the need for substantial additional capital infusion after our investment*

Investment Size: *Growth equity investments between \$1.0 million and \$4.0 million, with the goal of investing at least \$2.0 million in each business over time. Management buyouts between \$4.0 million and \$20.0 million, depending upon the nature of the business, size of the company and structure of the transaction. We have resources to make larger investments as appropriate.*

Teakwood Capital focuses on specific company criteria more than it focuses on specific industries. We are open to most industries where companies meet the above criteria. However, we do not consider:

- Early stage or seed capital financings
- Energy exploration and speculation
- Restaurants
- Real estate principal investments

TEAKWOOD CAPITAL INVESTMENT STRUCTURE APPROACH

Our approach to ownership structure takes into account the needs of management. It is our goal to enter partnerships with management teams under circumstances and terms that are mutually attractive, thereby creating an environment conducive to everyone's success. As a part of the transaction structuring process, we strive to achieve shared common objectives and incentives with existing management and current owners.

Ownership Arrangements Considered:

- **Non-Control Investments:** *We will invest in companies that are growing fast and don't have the working capital to fund the growth. In these circumstances, we typically receive an ownership position that varies between 25% and 49% of a company. The capital that Teakwood provides will be used primarily to unlock and accelerate company growth.*
- **Control Investments:** *We will invest in companies with strong management teams that would like to purchase the ownership position of an inactive majority owner, many times called a management buy out ("MBO"). Teakwood prefers that a strong management team will remain in place. In such circumstances, Teakwood will normally own greater than 50% of a company but will share a substantial ownership position with management.*

Security Types Purchased:

- **Preferred Stock:** *Teakwood will typically purchase preferred stock securities from companies.*
- **Mezzanine Debt:** *Under certain circumstances, Teakwood will also purchase mezzanine debt securities from companies.*

TEAKWOOD CAPITAL ON YOUR TEAM

RELATIONSHIP PHILOSOPHY

First and foremost, we are not just investors; we are your business partners. If we invest in your company, in reality we are investing in you and your team. Teakwood will do everything in our power to ensure that our partnership and your company are successful.

We pursue relationships where we have confidence that we can work together on a “full-disclosure” basis with uncompromising integrity. We realize that it is as much our responsibility, as it is yours, to develop and nurture a relationship based on mutual trust and respect. Therefore, we strive to have open, intellectually-honest dialogues serve as the foundation of a productive working partnership with you.

TEAKWOOD CAPITAL AS YOUR PARTNER

We have a general approach that we have developed through recognizing patterns of success while working with many prosperous companies and teams over time. At the same time, we realize that every company has different needs and merits a customized approach and individual attention. As such, we are open to providing assistance wherever needed and tend to be most active in the following areas:

- **Board Seat:** *Teakwood takes Board of Director seats in each of its investments.*
- **Management Team Augmentation:** *On an as-needed basis, we will actively assist our core management team members in assessing employee staffing needs for a business. As part of the process, we will help manage the process to locate and secure top new employee hires. Together, Teakwood's General Partners have been involved in hiring over 100 senior executives. We understand the intricacies and importance of this function.*
- **Business Development:** *Teakwood's network is your network, and we are confident that you will be enthusiastic about our personal and investor networks, which will be available to you. We charge ourselves with accelerating the growth of your company and expend substantial effort both to develop creative business opportunities and to make valuable introductions.*
- **Operations:** *Teakwood is actively supportive of your operations. We are willing to roll up our sleeves where we can provide assistance and will provide insight where appropriate. However, we do not seek to run your business or to be active in daily operations*
- **Sale of Business / Teakwood's Exit:** *If we invest in your business, then we will all have agreed that there will be a proper time to sell the business or for some other entity to purchase Teakwood's ownership position. These processes sometimes represent new experiences for many owners/executives and can be challenging. Together, Teakwood's General Partners have been involved in over 150 merger & acquisition transactions and financing transactions. Therefore, we know how to build companies that are attractive to potential acquirers and investors. We also know how to get the highest price when selling a business or raising additional capital, and as importantly, how to avoid the potential pitfalls. We will be by your side throughout this process, from our initial investment in your company, through the final transfer of the purchase consideration to your bank account.*

TEAKWOOD CAPITAL INVESTMENT PROCESS

We are agile and can quickly move through the investment process, resulting in timely funding of investments. It is important to us that you are comfortable with the process, both before we begin and during the process itself. As such, we encourage any questions that will help provide you with clarity and comfort. We will follow a general course when making an investment in your company, as described below.

1. Determine Fit: Please closely examine our website to determine whether your company, situation, and capital needs are consistent with our specific investment focus. We employ focused investment discipline, which allows us to be better partners to management teams that we have invested in and to spend more time with companies in which we are more likely to invest.

2. Contact Us: Please call us or send us an email if you have decided that there is potentially a good fit. If possible, please email an executive summary, describing your financial position, company and need for capital. However, we don't require anything formal and welcome inquiries from management teams that meet our criteria.

3. Get to Know Each Other: If we both determine that there may be a fit, we will make every effort to get to know you as individuals, as management team members, and as a company. Some of the information we may ask you for is listed below. If we decide there isn't a fit, we will do our best to introduce you to others with whom there may be a better fit.

4. Commit to Work Together: If we believe there is a high probability of our making an investment, we will commit to you and will ask you to commit to us. We will commit to work in a quick, open and friendly manner to finalize our partnership. We will ask you to commit to work only with us while we are attempting to structure our relationship and not to solicit investment from others during a set period of time. This demonstrates to us that you are serious about working with us and allows us to comfortably dedicate substantial resources to the process.

5. Detailed Due Diligence: This process will involve our review of your internal documents and processes, reference checking, industry investigation, and detailed financial due diligence. This process provides us the level of understanding needed to partner with you and to be better partners to you. We also welcome and encourage any questions that you have for us.

6. Document Finalization & Funding: Upon mutually satisfactory completion of detailed due diligence, we will prepare the necessary documentation for our investment in your company, after which your company will receive its initial investment capital.

7. Succeed as Partners: This is where the hard work and the real fun will begin. Teakwood will do everything in its power to support and foster your success.

TEAKWOOD CAPITAL INVESTMENT PROCESS (CONT.)

INFORMATION WE REQUEST FROM YOU

- Product literature
- Summary of sales and profitability by product
- Analysis of customer concentration and profitability
- Corporate entity structure and ownership breakdown
- 3 years of historical monthly income statements, balance sheets and cash flow statements (in an Excel spreadsheet)
- 2 years of projected monthly income statements, balance sheets and cash flow statements (in an Excel spreadsheet)
- Management team bios
- Industry overview: size, growth, fragmentation, market share, competition, challenges, and opportunities
- Tax returns
- Analysis of the proposed investment amount and the associated use of proceeds

CONTACT US

TEAKWOOD CAPITAL OFFICE

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Contact Us:

Email: contact@teakwoodcapital.com
For press and community relations, please contact Shawn Kelly.

TEAKWOOD CAPITAL MAP AND DIRECTIONS

Directions to Douglas Plaza:

8226 Douglas Avenue, Suite 355
Dallas, Texas 75225

From Dallas North Tollway:

1. Exit Northwest Highway and travel east
2. Take a right on Douglas Avenue (your first light)
3. Take a left on Luther Lane
4. Take a right into our parking facility

From 75-North Central Expressway:

1. Exit Northwest Highway and travel west
2. Take a left on Douglas (traffic light after Preston)
3. Take a left on Luther Lane
4. Take a right into our parking facility

From Preston or Hillcrest:

1. Travel west on Northwest Highway
2. Take a left on Douglas (traffic light after Preston)
3. Take a left on Luther Lane
4. Take a right into our parking facility

