

CAPITAL PEAK ASSOCIATES

Capital Peak Executive Sponsorship Program

▪ Introduction ▪



CAPITAL PEAK

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CPES Program - What is it?

The Capital Peak *Executive Sponsorship Program*
- CPES Program -

SUMMARY

- Connects executives to a top-tier Private Equity Group
- Relationship-based
- Significant fee potential & career growth opportunities for Executives
Portfolio Companies — Board Positions — Job Opportunities — Consulting — Information Network
- Supported through a collaboration between Capital Peak Associates
and selected Private Equity Groups

Links executives to the acquisition process

CPES Program supports executives who are looking either:

- To acquire and run a major company
 - Financial backing for the transaction through Private Equity
 - Significant ownership potential through ISO's provided by Private Equity
 - Board role
 - Co-investment rights

- Or, to leverage their industry relationships
 - Earn significant fees upon execution of an LOI
 - Earn significant fees upon deal closing

- Or, to leverage their industry expertise
 - Assist Private Equity during the transaction as a consultant

Ideal Transactions

- Ideal target companies

In general, we want established companies in basic industries

- Guidelines

- Control positions
- Revenues of \$25mm to \$250mm
- Later stage companies in mature, basic industries
- Strong niche or market share position
- Either with or without a management team
- Will consider “flawed” but profitable companies

Compensation Scenarios

<u>Role</u>	Executive Introduces Company	No Company from Executive
Management position	<ul style="list-style-type: none"> • CEO or other position * • Incentive ownership ** 	<ul style="list-style-type: none"> • Market based compensation for position and company scale
Consultant	<ul style="list-style-type: none"> • Consulting fee • LOI fee • Closing fee 	<ul style="list-style-type: none"> • Consulting fee
Assist to effect transaction only	<ul style="list-style-type: none"> • LOI fee • Closing fee 	<ul style="list-style-type: none"> • Negotiated transaction fee

* If appropriate for the position

** Co-investment rights and board positions

Capital Peak Equity Partners

- Top-tier private equity firms with four **Core Values**:
 - **Teamwork** (you can't do it alone)
 - **Candor** (tell it like it is)
 - **Value through hard work** (we don't bet on luck)
 - **Face the challenge** (avoiding issues solves very little)

- Investment Objective

Deploy at least **\$50 million** of equity by Quarter 2 of 2006

- CPES initiative is a key program to achieving investment objective
- Unique and focused approach

Partners have a blend of financial and operational backgrounds

Applies Theory of Constraints to the PE process (bottleneck is neither deal processing nor capital)



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How the program supports executives

- Guidance on working with potential sellers
- Valuation guidance
- Analytical framework via Capital Peak's Phased Process
- Access to network of other executives via Capital Peak
- "Vetting" of PE member firms to ensure breadth and quality
- Provide form documents (NDAs, deal process summaries, etc.)

How the program supports executive's relationships

- Highly professional end-to-end treatment
- Value-creating phased approach
 - No request for written financials until preliminary basis established
 - Backing by Private Equity financing capabilities
 - Ready capital (up to \$50 million in equity investments during 2005/2006)
 - Experienced group of operational & financial professionals
 - Strategy-centered approach (vs. pure financial)
 - Quick go / no-go decision process
 - Philosophy of being up-front and decisive

CPES Program, Next Steps

- Determine fit with Capital Peak
 - Cultural match
 - Depth of industry contacts
- Determine fit with Private Equity Group
 - Background and experience match
 - CPES Program interview