

Transition Capital Management Business Model

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Product Description: Direct private company capital formation by investing, co-investing, advising, and capital raising. Indirect private company capital formation by joint venture development, strategic partnering, and other business growth strategies to the benefit of shareholders.

Product Delivery: Relationship-based networking resulting in customized, case-by-case professional services and processes. We utilize sub-contracting of functional and/or technical expertise, including long standing collaborations with other entities.

Product Pricing: Customized to the specifics of each client case. Forms include hourly, monthly retainer, success fees, warrants for ownership, direct private equity investing and private equity co-investing with others.

Product Costing: Low overhead, sub-contracting with technicians and relationship management software are keys to avoid the overhead-based pressure to contract with inappropriate clients.

Product Differentiation: Lower cost capital formed by decreasing dilutive effect of new capital (relative to existing shareholders.) The right investment partners are brought in for the right reasons. We also bring multiple resources, other than money, to our private company clients through connections with highly-skilled professionals in diverse lines of work.

Clients - Targeted: Newly developing private companies with product and customer metrics understood; established small to medium private companies with valid, high growth business model; older, private companies facing generational or founder transfer, industry consolidation or some other form of major capital structure transition; and public

entities or trade associations needing help with private company or entrepreneurial investment development tools.

Marketing Goal: Build a recognizable distinction in the Midwest (Iowa and surrounding states) regional marketplace based upon the quality of our relationships, our ability to generate new relationships and our ability to deliver the best possible increases in shareholder value given client status in a competitive marketplace. We focus heavily on the goal of developing as many private company relationships as possible.

Marketing Strategy: Through networking, workshops, programs and consultative volunteerism, 1) meet with private company business owners and others associated with private company/entrepreneurial types, 2) gain access to specialized networks (marketing, financial, executive, human resource, sales, etc.), and 3) gain access to high growth industries.

Marketing - General Objectives: Increase the number of specific proposals to targeted clients and link contractually to a good selection of equity investors.

Industry Map: Financial services/Private capital markets/Opportunity identification and execution in seed capital, venture capital and private equity.

Traditional Business Model: Investment banking or private equity/venture fund management – however, the traditional models are changing very rapidly, requiring the successful transformation to adding more value to a private business than just ‘finding’ money or ‘finding’ investments.

New Business Model Description: Like a hedge fund or an investment oriented investment bank like Goldman Sachs. Must be able to provide private companies with access to information, tools and relationships in order to differentiate them as a high potential investment outlet. This cheapens the ‘cost’ of equity capital.

Best Units to Use in Measuring Performance: Near term cash flow sustainability, near term large project cash flow, long term capital gains, number of value-added collaborations built with TCM, and new deal opportunities reviewed.

Constraints to Enterprise Growth: No two projects are the same, no two capital structure solutions are the same, no two businesses are the same; most relationships limited to Iowa and contiguous states.

Competitive Advantages: Ability to creatively apply lessons learned through unusual history of ‘seeing’ private companies through the process of institutional capital scrutiny and through direct management of one of a kind investment fund; acceptable partner to the public sector; number of relationships that assist in capital formation or business development; flexibility in pricing; flexibility in product design and execution; securities licensing.

Innovation Strategies: a) diversify across asset classes including real estate, retail, and internet business models, b) develop ways to work with and profit from, small companies, c) collaborate or partner with other people and organizations, d) find proprietary database management software.

Near Term Focus: Systematic approach developed to opportunity identification (increase deal review flow)

Longer Term Focus: Contractual investment relationships with 5-10 like minded sources of individual and institutional equity capital.

Shareholder Goal: Build business that can change along with changes in the marketplace yet still be successfully sold or transferred without the requirement for full time founder involvement.

Other: Family business started in August, 2004; two full time professionals and one full time intern.