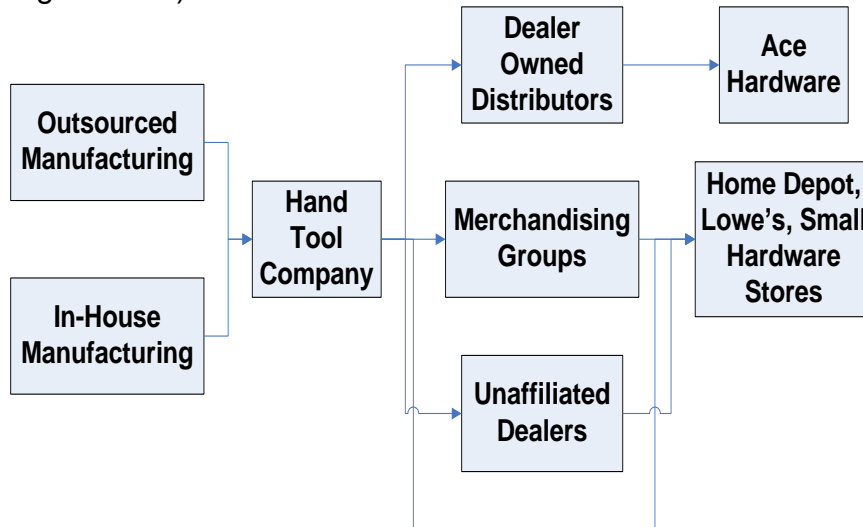


Appendix 1: Value Chain Analysis

Home Improvement Market

The value chain for hand tools offered at home improvement/hardware stores is as follows (Packaged Facts):



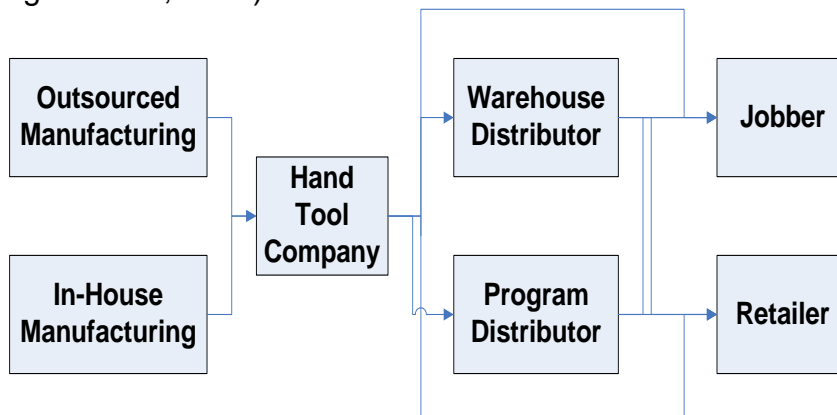
Dealer Owned Distributors- cooperative buying ventures for retailers

Merchandising Groups- associations of independent wholesalers; provide group buying and promotions

Unaffiliated Dealers- independent wholesalers

Automotive Market

The value chain for hand tools offered at home automotive retailers/jobbers is as follows (Packaged Facts, 1997):



Warehouse Distributor- Large distributors that carry a large selection of goods of all types

Program Distributor- Associations of warehouse distributors that supply established networks of jobbers and retailers



Appendix 2: Competitive Matrix

PRODUCT	PRICE RANGE	FUNCTION	POSITIVE ATTRIBUTES	NEGATIVE ATTRIBUTES	TARGET MARKET	MARKETING	PRODUCT SIZE	RANGE
Do Nothing	Free	N/A	-No Cost -One less tool to misplace	-Frustration trying to size nut or bolt by trial & error -People resort to crescent wrench and this rounds and damages the nut and bolt head -Safety: -Decreases as frustration increases -Decreases with more tools having to carry	N/A	N/A	N/A	N/A
Ruler & Calculator	\$0.50	Measurement Device	-Inexpensive -Easy to use	-Inaccurate -Calculator required to convert -Unsure if converting to Inch or Metric -Must know how to convert decimals into fractions or metric -Difficult to get into small spaces -Difficult to hold correctly to hardware and read	N/A	N/A	6" x 1/2"	Any size up to ruler length
Calipers (Vernier & Digital)	\$15 - \$54	Measurement Device	-Inexpensive -Accurate -Easy to use	-Calculator required to convert decimal -Unsure if converting to Inch or Metric -Know fractions and metric for convert -Hard to get to small spaces -Precision is key for correct measurement	Professionals	Trade magazines, word-of-mouth, supply catalogs	12" x 2-1/2"	Any size up to caliper length (generally 12-inches)
Micrometer	\$12.66 - \$95.89	Measurement Device	-Inexpensive -Easy to use -Very Accurate (.001" or .01mm)	-Calculator required to convert decimal -Unsure if converting to inch or metric -Know fractions and metric for convert -Hard to get to small spaces -Precision is key for correct measurement	Professionals	Trade magazines, word-of-mouth, supply catalogs	-Dependant on size -Small: 1" x 3"	Small: .001" - 3/4" Medium: .001 - 2.0"
Plastic Template	\$2.85 - \$5.50	Size Hardware	-Inexpensive -Easy to use	-Hard to get to small spaces -Often requires multiple templates for inch and metric -No instructions on use	Do-It-Yourself Enthusiasts	None	Various Average: 3-1/2" X 7-3/4"	Hex 1/4 to 1-1/4" Bolts/Nuts #6 to 1/2"
Crescent Wrench	\$9.96 - \$29.86	Loosen or Fasten Hardware	-Easy to use -Extremely common -Vary of sizes	-Generally it is wrong tool for job -Time wasted adjusting wrench to proper size -Damages and rounds nut and bolt heads -Must own multiple sizes of crescent wrenches for different jobs	All	In store, TV, trade magazines, internet, trade shows	Various Standard: 6", 8", 10", 12"	-6" Length: 15/16" Max -8" Length: 1-1/8" Max -10" Length: 1-5/16" Max -12" Length: 1-1/2" Max
Universal Wrenches*	\$17.95 - \$39.95	Loosen or Fasten Hardware	-Compact -Metric and Inch fit -Requires fewer tools -Fit multiple hardware sizes with 1 wrench	-Each socket sold separately -Limited depth range -Exceeds spacing standards so does not fit many tight spaces -Expensive	Do-It-Yourself Enthusiasts	Trade shows, competitions, magazines, internet	-DIA: 1-1/4 up to 2-1/2"	-1/4" to 1-1/4" , 7-32 mm
Nut Check	\$19.95	Size Hardware	-Compact -Metric and Inch fit -Determines correct tool for job -Decrease frustration -Increase safety	-Still need wrench for job -One more tool to own	Do-It-Yourself Enthusiasts	Competitions, Trade shows, word-of-mouth, internet	-Length: 6"	Any up to 1" (25 mm)

*GatorGrip, Metrinch, Bionic Wrench, Strap Wrench, Auto Wrench, R2 RapidRench



Appendix 3: Customers Surveys and Results

Zoomerang survey

Sent to 470

Responses 192

% Response Rate 41%

How often do you shop at stores such as Home Depot, Lowes, etc.?		
Never	12	6%
Weekly	27	14%
Monthly	69	36%
Every couple of months	54	28%
Once or twice a year	27	14%
Less often than once a year	1	1%
Total	190	100%
How often do you shop at stores such as Auto Zone, Checker, etc.?		
Never	41	22%
Weekly	3	2%
Monthly	21	11%
Every couple of months	33	17%
Once or twice a year	58	31%
Less often than once a year	34	18%
Total	190	100%
How often do you perform do-it-yourself home improvement or maintenance projects that require the use of a wrench (fixed size or adjustable) or socket?		
Never	17	9%
Weekly	38	20%
Monthly	40	21%
Every couple of months	49	26%
Once or twice a year	46	24%
Total	190	100%
How often do you perform do-it-yourself automotive repair that requires the use of a wrench (fixed size or adjustable) or socket?		
Never	74	39%
Weekly	9	5%
Monthly	21	11%
Every couple of months	31	16%
Once or twice a year	27	14%
Less often than once a year	28	15%
Total	190	100%

Do you currently own a crescent wrench or universal wrench		
Yes	156	83%
No	32	17%
Total	188	100%
If you need to use a wrench or socket for tightening or loosening nuts and bolts, how you determine the size of the wrench or socket to use?		
Trial and error - I try different sized tools until the right size is found	137	72%
Memorization - I have enough experience to tell what size the nut and/or bolt is visually and can tell between metric and standard	21	11%
I don't need to know the exact size because I typically use a crescent wrench or universal wrench	15	8%
I don't use wrenches or sockets	16	8%
Total	189	100%
Have you heard of such a product?		
Yes	11	6%
No	177	94%
Total	188	100%
After hearing about the device, to what degree would you find it useful when performing do-it-yourself home and automotive projects?		
Not useful at all	16	9%
Not very useful	30	16%
Neutral	33	18%
Somewhat useful	79	42%
Very useful	29	16%
Total	187	100%

Rate the features below in importance to you in terms of having them as part of the Nut Check. Please select one rating on a 1-5 scale where (1) is not important at all and (5) is extremely important.					
Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.					
	Not Important	2	3	4	Extremely Important
Accurate	9 5%	4 2%	12 7%	33 19%	116 67%
Compact	8 5%	12 7%	30 17%	62 36%	62 36%
Easy to use	9 5%	2 1%	9 5%	47 27%	107 61%
Durable	8 5%	9 5%	19 11%	67 39%	69 40%
Based on the description, what price would you expect to pay for the Nut Check?					
Would not ever buy it					24 13%
Would not pay over \$15					82 45%
\$16-\$19					47 26%
\$20-\$25					26 14%
\$26-\$30					3 2%
>\$30					0 0%
Total					182 100%
What is your gender?					
Male					109 58%
Female					78 42%
Total					187 100%
What is your age?					
<19					3 2%
20-29					50 27%
30-39					99 53%
40-49					18 10%
50-59					7 4%
>59					9 5%
Total					186 100%

Appendix 4: Management Resumes

Davin J. Helden

1223 Aspen Drive Berthoud, Co 80513
Cell: 303-908-6036 Work: 303-401-7587
E-mail dhelden@amgen.com

Education **1994 - 1998** **University of Colorado** **Boulder, CO**
Biochemistry B.A., Chemistry Minor

2004 - Present **University of Colorado** **Boulder, CO**
Leeds School of Business, Professional M.B.A program, graduate May 2007

- *Currently ranked #1 in class*
- *Student Advisory Board*

Employment **Amgen Inc.** **1999 – Present**

Manager

- Designed and developed production equipment modifications reducing run times from 20 hours to 12
- Oversee production activities for Cell Culture which generates \$9.5 billion in annual company revenue
- Ranked in top 1% of company for management and leadership results
- Project management experience
- Exceeded plant production goals in all management years
- Acting member of Amgen Global Diversity Council
- Hiring responsibilities for Cell Culture Department. Interviewed 74 applicants in 2006, hired 19.

Eltron Research Inc. **1998 – 1999**

Electrochemical Research Technician

- Designed and developed new products for the Department of Energy and NASA under SBIR funding
- Selective ion transport cell was selected to be used on a NASA shuttle mission

Mechanical - Understanding the Customer

- 2 years performing maintenance at a 300 unit trailer park
- Experience designing and building race cars
- Designed and developed equipment modifications resulting in 7 figure annual savings to Amgen
- Self proclaimed do-it-yourselfer



SOPHIE E. LHERITIER

1525 Pratt Street
Longmont, CO 80501
(303) 519-8815

PROFESSIONAL EXPERIENCE

GE ACCESS DISTRIBUTION – Oct 2000 - Present

IT Service Solutions

- Identify new opportunities to grow services revenue from emerging technology vendors and implement necessary processes
- Partner with Vendor Managers and Channel Managers to implement new vendor service offerings or changes to current programs or processes

Contracts Management – Supervisor

- Assisted in providing leadership to program associate staff, including the hiring and development of staff members
- Acted as a filter between Contracts Management and upper management for problem escalation and resolution
- Managed overall staff workload to ensure cycle time requirements, goals, and service level agreements were met

Contracts Management – Team Lead

- Assisted Contracts Management staff in meeting service level agreements as well as cycle time requirements

URBAN OUTFITTERS – 1995-2000

Store manager -- Georgetown, Boston, Boulder

- Store profiles – annualized between \$3.5-\$7.5 million; 30-60 employees; less than 1.3% shrink
- Managed and oversaw all sales, customer service, personnel, loss prevention, operational, visual, and physical plant issues daily
- Budgeted and adjusted stores' sales, payroll, and shrink budgets weekly, monthly, and yearly based on company and local market trends
- Communicated weekly with company buyers and distributors to appropriately manage inventory in relation to market trends
- Oversaw and executed the recruiting, hiring and training of staff and management for each of the stores, including the Boulder store opening

LIMITED EXPRESS - 1991-1995

Store manager -- Livingston, Bridgewater, Pentagon City, Georgetown (1991-1995)

- Store profiles – annualized between \$3.0-\$7.0 million
- Oversaw daily operational, visual, recruiting, hiring, and training processes within the stores

OTHER QUALIFICATIONS

Six Sigma – Green Belt certified

Sit on the Masters Curriculum and Programs Committee at the CU Leeds School of Business

Serve on the Student Advisory Committee at the CU Leeds School of Business

EDUCATION

University of Colorado Leeds School of Business - MBA candidate (scheduled to graduate in May, 2007)

University of Richmond, Virginia – Bachelor of Arts degree in International Studies with a minor in French, 1991



CHRISTOPHER D. MONÉ

1398 Warbler St. Loveland, CO 80537
(H) 970-461-9217 (W) 303-939-6280
cmone@ball.com

WORK EXPERIENCE

7/00-Present Ball Aerospace & Technology Corporation Boulder, CO
Project Engineer

- Led projects from conceptual design to final test and delivery
- Led new design teams and controlled cost and schedule
- Acted as corporate liaison for functional management and program management
- Managed subcontracts on programs thru to successful delivery of products
- Designed a wide variety of opto-mechanical, mechanical, and electrical packaging products for various programs

8/99-6/00 Hyperflo, LLC Gilbert, AZ
Project Engineer

- Designed mechanical structures, packaging, and fluid flow schematics for precision cleaning equipment
- Assisted in the configuration of process and integration flow
- Communicated project issues between management, technicians, and the customer
- Coordinated purchasing and integration of components
- Supervised production staff and delegated tasks as required

12/96-8/97 Hughes Missile System Corporation Tucson, AZ
Member of Technical Staff I, Mechanical Integration and Design Department

- Designed multiple mechanical components for defense program contract
- Collaborated, organized, and presented designs at interdisciplinary team meetings
- Mediated manufacturing issues between machinists and team engineers
- Scheduled assembly, handling issues, and testing of a mass-simulated model for the project

EDUCATION

Master of Business Administration

University of Colorado – Boulder Boulder, CO – May 2007 (Expected)

Master of Science, Mechanical Engineering

Arizona State University Tempe, AZ – December 1999

Bachelor of Science, Mechanical Engineering

The University of Arizona Tucson, AZ – December 1995

PUBLICATIONS

“Miniature Electrospray Ionization/Ion Mobility Spectrometer System for Detection of Organic Molecules on Mars”, American Geophysical Union (AGU), 84(46) Fall Meeting 2003

“Economic Feasibility of Combined Heat and Power and Absorption Refrigeration with Commercially Available Gas Turbines”, Energy Conversion and Management, 42 (2001) pgs 1559-2573

Matthew Christopher Hahn

963 Laramie Blvd. Unit E
Boulder, CO 80304
HM: (303) 246-4218
WK: (303) 939-5625
mhahn@ball.com

EXPERIENCE: Ball Aerospace and Technologies Corp.

Boulder, Colorado

Process Control Engineer, 4/06-Present

- Responsible for process optimization, development, and monitoring for metal finish and paint shops.
- Manage production workflow through shops and debug processing difficulties.
- Implemented performance metrics for tracking process parameters.
- Developed company wide process validation system to ensure consistent, producible specifications.

Production Engineer, 10/04 to 3/06

- Developed and implemented various OMPS flight certification logs.
- Coordinated and supervised production operations for OMPS flight sensors and ground support equipment.
- Supervised mechanical technician activities to achieve program schedule milestones.

Materials and Processing Engineer, 8/02 to 10/04

- Developed mission critical Limb filter alignment process through experimentation and collaboration with focal plane lab personnel.
- Produced several OMPS focal plane assembly selected process specifications by documenting and improving engineering design unit processes. Collaborated with production engineering to ensure feasibility of specifications.
- Used Matlab contamination mass transfer modeling codes to drive design changes in the OMPS Nadir system.

Technical Intern, 6/01 to 5/02

- Developed several Matlab codes that model aerospace contamination behavior.
- Used codes and system parameters to develop optical contamination model for OMPS and Deep Impact programs.
- Developed databases for contamination levels of Ball's clean rooms.
- Prepared and analyzed material samples on a SEM.

EDUCATION: University of Colorado-Boulder

Master of Business Administration (Expected 2007)

Bachelor of Science, May 2002

Major: Mechanical Engineering

Study Abroad at the University of New South Wales-Sydney, Australia



Appendix 5: Key Financial Assumptions

Revenue Assumptions:

- Start selling in Month 9 of 2007
- Home Depot cuts retail price and competition enters market in 2009
- First two years hardware store entries mirror Loggerhead Tools
- Channel discount at 25% per transaction. Comps were 20% to 21%
- Marketing efforts years 1-3 on Home Improvement DIY; Automotive year 4

Cost of Revenue Assumptions:

- Shipping costs equal ~\$1 based on comparable tools with same size and weight as the Nut Check
- Material costs can be brought down in year 2 from volume discounts, year 3 from a cost reduction prototype, and year 5 from Chinese outsourcing
- Warehouse/office year 2, west coast office/warehouse year 5

Operating Expense Assumptions:

- 5% sales commission
- Trade Shows Cost \$25,000
- Public Relations Firm budget is \$80K in 2007, \$300K in 2011
- Endorsements and product placement cost \$50,000 each

Personnel Assumptions:

- C-Level start at \$55,000
- Sales managers manage 8 staff
- Each sales member of sales force responsible for ~75,000 unit sales each
- CFO hire in Q1 2008

Extra Cost Assumptions:

	2007	2008	2009	2010	2011
Start-up expenses					
Custom LCD	\$10,000				
Website Development	\$20,000			\$30,000	
Prototypes	\$20,000		\$25,000		
FCC certification	\$2,000		\$2,000		
Machine setup costs	\$30,000		\$30,000		\$30,000
Patent	\$20,000		\$20,000		
Total Extraordinary Expense	\$102,000	\$0	\$77,000	\$30,000	\$30,000

Funding Assumptions:

Financing	Amount	Ownership	Uses
Founders	\$350K		Product Development, Inventory
Seed (Common Stock) Q3 2007	\$350K	20%	Working Capital, Marketing
Round A Preferred Q2 2008	\$1.5MM	25%	Key Hires, Inventory, Marketing



Appendix 6: Income Statement

Income Statement (\$000's)	2007	2008	2009	2010	2011
NET REVENUES	377	7,385	13,058	20,016	28,755
COST OF REVENUE	248	3,326	5,865	9,205	11,490
<i>% of Revenues</i>	665.6%	45.0%	44.9%	47.7%	40.0%
GROSS PROFIT	130	4,059	7,193	10,811	17,265
<i>% of Revenues</i>	34%	55%	55%	54%	60%
OPERATING EXPENSES					
Sales & Marketing	166	1,758	3,148	5,510	8,147
Production and Operations	62	123	182	250	354
General and Administration	110	578	931	1,350	2,253
TOTAL OPERATING EXPENSES	338	2,459	4,261	7,111	10,754
<i>% of Revenues</i>	89%	33%	33%	36%	37%
EARNINGS FROM OPERATIONS	(208)	1,601	2,932	3,701	6,511
EXTRAORDINARY INCOME / (EXPENSE)	(102)	(15)	(92)	(30)	(30)
EBIT	(310)	1,586	2,840	3,671	6,481
INTEREST INCOME / (EXPENSE)	0	0	0	0	0
NET EARNINGS BEFORE TAXES	(310)	1,586	2,840	3,671	6,481
TAXES	0.0	(510)	(1,136)	(1,468)	(2,592)
NET EARNINGS	(310)	1075	1,704	2,202	3,889
<i>% of Revenues</i>	(82%)	15%	13%	11%	14%



Appendix 7: Balance Sheet Statement

Balance Sheet (\$000's)	2007	2008	2009	2010	2011
ASSETS					
CURRENT ASSETS					
Cash	66	358	945	1,380	3,205
Accounts Receivable	255	2,136	3,009	4,561	6,441
Inventories	179	1,456	2,006	3,023	4,343
Other Current Assets	16	124	167	256	368
Total Current Assets	516	4,075	6,146	9,220	14,358
PROPERTY & EQUIPMENT	21	44	77	137	193
TOTAL ASSETS	537	4,119	6,224	9,357	14,551
LIABILITIES & SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short Term Debt	0	0	0	0	0
Accounts Payable & Accrued Expen	132	1030	1,387	2,229	3,423
Other Current Liab	16	124	167	256	368
Current portion of long term debt	0	0	0	0	0
Total Current Liabilities	148	1,154	1,554	2,485	3,791
LONG TERM DEBT (less current portion)	0	0	0	0	0
STOCKHOLDERS' EQUITY					
CommonStock	700	700	700	700	700
Preferred Stock	0	1,500	1,500	1,500	1,500
Retained Earnings	(310)	765	2,469	4,671	8,560
Total Equity	390	2,965	4,669	6,871	10,760
TOTAL LIABILITIES & EQUITY	537	4,119	6,224	9,357	14,551



Appendix 8: Cash Flow Statement

Cash Flow Statement (\$000)	2007	2008	2009	2010	2011
OPERATING ACTIVITIES					
Net Earnings	(310)	1075	1,704	2,202	3,889
Depreciation	4	17	42	90	144
Working Capital Changes					
(Increase)/Decrease Accounts Receivable	(255)	(1,881)	(873)	(1,552)	(1,881)
(Increase)/Decrease Inventories	(179)	(1,277)	(549)	(1,017)	(1,320)
(Increase)/Decrease Other Current Assets	(16)	(108)	(43)	(89)	(112)
Increase/(Decrease) AP & Accrd Expenses	132	898	357	841	1,194
Increase/(Decrease) Other Current Liab	16	108	43	89	112
Net Cash Provided/(Used) by Operating Activities	(609)	(1,168)	681	565	2,026
INVESTING ACTIVITIES					
Property & Equipment	(25)	(40)	(75)	(150)	(200)
Other					
Net Cash Used in Investing Activities	(25)	(40)	(75)	(150)	(200)
FINANCING ACTIVITIES					
Increase/(Decrease) Short Term Debt	0.0	0.0	0.0	0.0	0.0
Increase/(Decrease) Curr. Portion LTD	0.0	0.0	0.0	0.0	0.0
Increase/(Decrease) Long Term Debt	0.0	0.0	0.0	0.0	0.0
Increase/(Decrease) Common Stock	0.0	0.0	0.0	0.0	0.0
Increase/(Decrease) Preferred Stock	0.0	1,500.0	0.0	0.0	0.0
Dividends Declared	0.0	0.0	0.0	0.0	0.0
Net Cash Provided / (Used) by Financing	0.0	1,500.0	0.0	0.0	0.0
INCREASE/(DECREASE) IN CASH	(634)	292	606	415	1,826
CASH AT BEGINNING OF YEAR	700	66	358	965	1,380
CASH AT END OF YEAR	66	358	965	1,380	3,205



Appendix 9: Break-Even Analysis

Breakeven Analysis (\$000's)		2007	2008	2009	2010	2011
Revenue		378	7,386	13,059	20,016	28,756
Cost of Revenue						
Variable		183	3,108	5,346	8,411	10,285
Fixed		66	218	519	794	1,205
	Total	248	3,327	5,866	9,205	11,491
Operating Expenses						
Variable		9	554	979	1,501	2,157
Fixed		319	1,755	2,942	5,119	7,598
	Total	328	2,309	3,921	6,621	9,754
Total Costs & Expenses						
Variable		192	3,662	6,326	9,912	12,442
Fixed		384	1,973	3,461	5,914	8,803
	Total	576	5,635	9,787	15,826	21,245
Variable Costs/Revenue Ratio		0.51	0.50	0.48	0.50	0.43
Break-Even Point Revenues		781	3,913	6,713	11,715	15,516

Appendix 10: Financial Comparables

	<u>Stanley</u>	<u>Snap On</u>	<u>Cooper Industries</u>
Ratios			
Accounts Receivable % of Rev	18.5%	21.0%	17.8%
Inventory % of Rev	14.0%	12.3%	11.4%
Accounts Payable % of Rev	10.0%	5.9%	9.0%
Working Capital % of Rev	17.4%	24.6%	18.8%
Net Fixed Assets % of Rev	14.2%	12.8%	14.2%
Current Ratio	2.09	2.1	1.9
Debt to Capital (LT Debt + Equity)	1.1	0.16	0.44
Profitability			
Gross Profit % of Rev	36.0%	46.2%	35.4%
Sales & Marketing % of Rev	11.0%	18.2%	9.5%
Research & Development % of Rev	0.0%	0.0%	0.0%
General & Administration % of Rev	11.0%	18.2%	9.5%
Operating Expenses % of Rev	86.0%	39.2%	88.2%
Earnings from Operations % of Rev	11.0%	7.3%	11.8%
EBIT % of Rev	10.9%	6.4%	12.3%
Depreciation % of Rev	0.0%	2.1%	28.3%
EBITDA % of Rev	10.9%	9.7%	14.4%
Net Earnings % of Rev	8.3%	4.0%	3.5%
Returns			
Return on Assets	8.5%	4.1%	4.7%
Return on Equity	20.3%	8.7%	11.1%
Return on Capital (LT Debt + Equity)	12.5%	7.3%	7.7%
Growth			
Revenue Growth Rate - CAGR:	4.0%	3.2%	1.2%
Net Earnings Growth Rate - CAGR:	0.0%	7.1%	1.8%