



"Helping you find the right tool for the job the first time"

Business Plan

Weekend Warriors Inc.

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This business plan is intended solely for informational purposes to assist you with a due-diligence investigation of this project. The information contained herein is believed to be reliable, but the management team makes no representations or warranties with respect to this information. The financial projections that are part of this plan represent estimates based on extensive research and on assumptions considered reasonable, but they are not guaranteed. The contents of this plan are confidential and are not to be reproduced without express written consent.



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EXECUTIVE SUMMARY

Have you ever fumbled with several different wrenches or sockets to find one that fits the nut or bolt you are working on? Or have you used an adjustable wrench to loosen a nut or bolt to find that you stripped it? If you answered yes to either of these questions, you have shared an experience that millions of do-it-yourself enthusiasts (DIYers) are familiar with.

Product

The Nut Check by Weekend Warriors offers home improvement and automotive DIYers an easy and accurate way to correctly measure nut and bolt sizes. It is a compact tool designed to fit in any space in which a wrench or socket can be used, which measures the hex of standard inch or metric sized nuts or bolts between 3/16 and 1 inch (4–24 mm). The size of the nut or bolt is displayed in the appropriate units in either fractions or whole numbers on the LCD display located on the handle. The trigger activated jaws, hold button, and compact form factor allow it to be used in tight spaces without having to see the display on the Nut Check or the hex that is being measured.

Value Proposition

By enabling home improvement and automotive DIYers to choose the right tool for the job the first time, the Nut Check saves time, reduces frustration, and prevents users from damaging fasteners with adjustable wrenches. No more confusion about whether a fastener is standard or metric because the Nut Check automatically distinguishes between them. Finally, because many DIYers own wrench or socket sets, the Nut Check allows them to utilize their own tools more effectively.

Opportunity

Today there are 128 million DIYers in the US that will grow to 135 million in 2011. Approximately 32 million of these people shop at Home Depot and Lowe's every week. The majority of these DIYers own a wrench or socket set which implies a need to remove or install a nut or bolt. By 2011 Weekend Warriors expects to have penetrated approximately 4% of this DIYer market.

Marketing Strategy

The strategy for the Nut Check is to rapidly prove product and company viability on a smaller stage and then to facilitate deals with the large home improvement centers (Lowe's, Home Depot). Local independent hardware stores (McGuckins, D&G, and Parker Hardware) and smaller hardware store chains (ACE, Sutherlands) will be utilized as a proving ground to refine product offerings, establish sales data, and optimize operations. Through entering design competitions, trade-show appearances, and product placements/endorsements, Weekend Warriors will establish product buzz and a formidable reputation. A small PR firm will be contracted to ensure an effective and consistent message is portrayed to the media. In addition, direct mailing campaigns will be utilized to send advertisements to pre-identified target market members. Finally, product information and company events will be shared via the company website.



Competitive Advantage

The Nut Check's direct competitors are other measurement devices such as nut/bolt measuring templates, calipers, and the standard ruler. These devices have several disadvantages that the Nut Check overcomes; nut/bolt measuring templates can only be used on loose fasteners, calipers require skill and decimal conversion to fractions, and rulers are not accurate and can result in confusion between standard and metric sizes. Adjustable and universal wrenches are indirect competitors because users do not need to know the sizes of the fasteners, and thus do not need to use the Nut Check. However, the use of these adjustable wrenches is limited to applications with wide-open access and often results in damaging the fasteners being worked with. The Nut Check is the first product of its kind to remedy all of the problems associated with the various competitors' products.

Financials

	2007	2008	2009	2010	2011
Revenues (\$K)	378	7,385	13,058	20,016	28,775
Units Sold (Thousands)	30	549	1,059	1,691	2,633
Gross Profit (% of Revenue)	34.4	55.0	55.1	54.0	60.0
Sales and Marketing (% of Revenue)	20.4	9.2	10.3	13.5	14.0
Operating Expenses (\$K)	338	2,459	4,261	7,111	10,754
Net Income (\$K)	(310)	1,586	2,840	3,670	6,481
Cash Flows (\$K)	(634)	(1,208)	606	415	1,826

Funding

Round	Total	Quarter	Year	Ownership
Founders	\$350K	Q1	2007	100%
Seed (Common Stock)	\$350K	Q3	2007	20%
A (Preferred Stock)	\$1.5MM	Q2	2008	25%

The rounds of funding will be used for the following purposes:

- Founders: Product Development, Patent
- Seed: Marketing, Working Capital
- Round A: Marketing, Key Hires, Inventory

COMPANY OVERVIEW

Introduction

Weekend Warriors is a tool company dedicated to solving the common problems experienced by the average do-it-yourself enthusiast (DIYer). These problems are overlooked by other tool companies or solved indirectly with products that only partially address these problems. Our mission is to create innovative, straightforward, durable, and useful tools that solve these common problems for the man or woman DIYer that puts things into their own hands.

Status

Weekend Warriors will incorporate in the first quarter of 2007 and will be headquartered in Longmont, Colorado. The company is currently in the preliminary design phase of the Nut Check and is preparing to seek funding to finalize the design, perform prototype testing, and to pursue patent protection.

Objectives

Weekend Warriors has four goals related to the Nut Check measurement tool:

- *Focus on the DIYer market:* The strategy for the Nut Check is to satisfy a demand that is not currently being addressed by any tool company catering to the 135 million DIYers in the US
- *Be a sales and marketing company, not a manufacturing company:* Weekend Warriors will outsource product development, manufacturing, and packaging while focusing resources on creating buzz around the Nut Check brand and increasing sales
- *Pursue aggressive growth:* The goal is to have the Nut Check available nationwide in ACE, Home Depot, and Lowe's within 3 years
- *Provide reasonable returns to the founders and investors:* Provide liquidity via acquisition by the end of 2011

PRODUCT

The Nut Check offers home and automotive DIYers an easy and accurate way to correctly measure nut and bolt sizes.

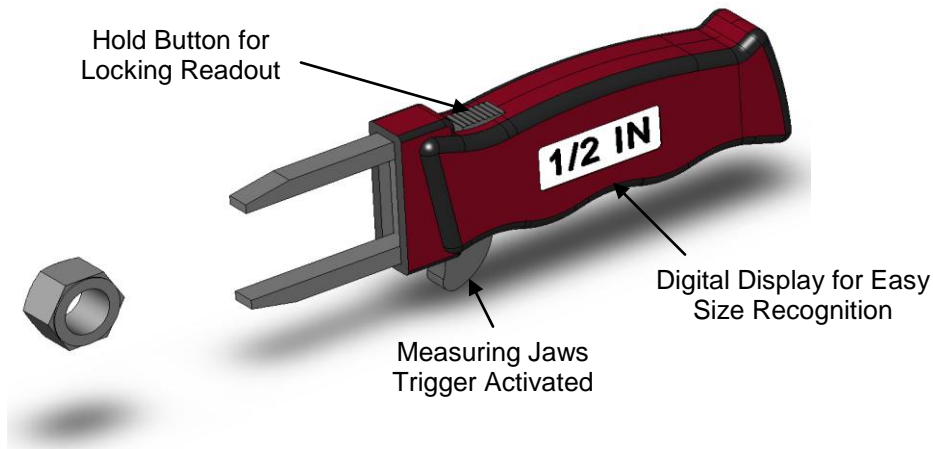


Figure 1. Nut Check Design Features



Table 1. Nut Check Features and Benefits

FEATURES	BENEFITS
Durable	Able to withstand standard worksite hazards
Small and compact	Usable with one hand and fits into tight spaces
Ergonomic	Molded rubber handle makes it comfortable to hold
Easy to use	Minimizes frustration
Digital readout	Clearly displays sizes in whole numbers or fractions, no conversion of decimals to fractions required for choosing correct wrench/socket
Lock readout	Allows use in applications where hex or Nut Check is not visible
Automatic standard/metric determination	Eliminates confusing units of measure and subsequently using incorrectly sized tools
Versatile usage	Measure in almost any configuration (i.e. radial, axial, in-between)
Accurate	Enables user to choose the correct tool to avoid fastener damage
Large measurement range	Measure any hex between 3/16 – 1 inch (4 – 24 mm)
Plastic coated jaws	Protects hardware and enables measurement of any fastener material

Patent Protection

Weekend Warriors has filed for a provisional patent for the Nut Check. This first step in the pursuit of a full patent will protect the intellectual properties of the idea while constructing and testing prototypes and maturing the design.

Development Stage

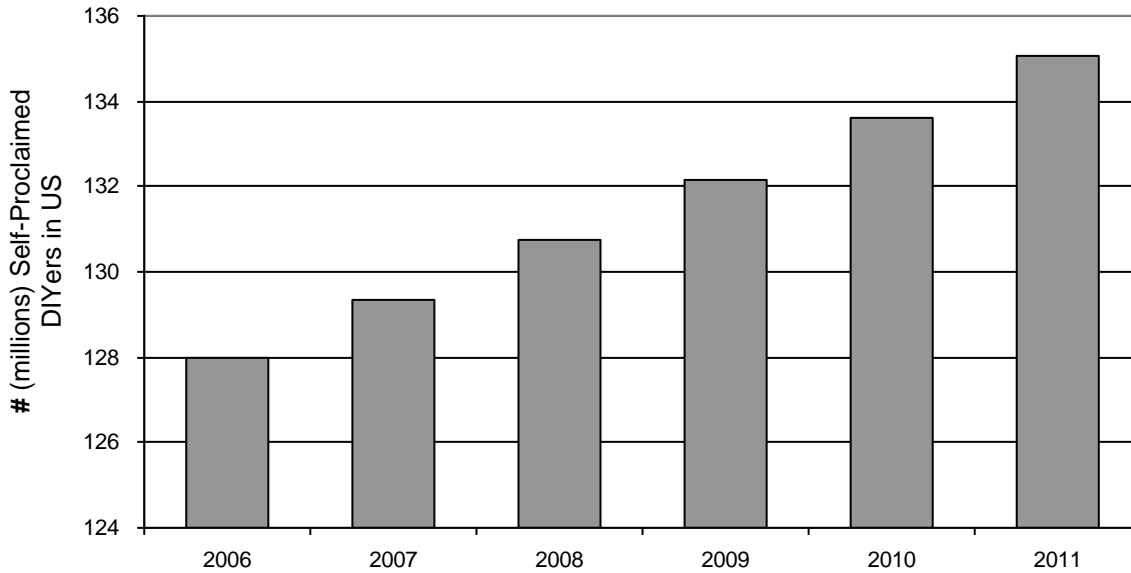
Weekend Warriors contracted an electrical engineer that designed the required circuitry for the LCD display and differentiation software that will be used to determine the size of the nut or bolt being measured. In addition, a Boulder based company called 5 Man Conspiracy has agreed to build a production quality prototype.

MARKET AND INDUSTRY ANALYSIS

Market Size and Growth

The total US home improvement products market is \$312 billion and is expected to grow at a rate of 4.4% (Home Research Institute). The market size for the Nut Check is the number of self-proclaimed DIYers in the US. This market size is approximately 128 million people in 2006, and is expected to grow to over 135 million in 2011 (Simmons Market Research).

Figure 2. # of Self-Proclaimed DIYers in US



The Nut Check's addressable portion of this market is the number of people that purchase wrenches because the act of purchasing a wrench implies the need to either tighten or loosen a nut or bolt. In addition, the Nut Check will be located in the same aisle of hardware stores as wrenches, so customers looking for wrenches will see the Nut Check as well. The number of wrench purchases as a portion of the DIY market in Year 5 (2011) (US Dept of Commerce) and the expected penetration for the Nut Check is shown in Figure 3 below. Cumulatively, over a five-year span the Nut Check is expected to penetrate approximately 4.4% of the 135 million DIYer market.

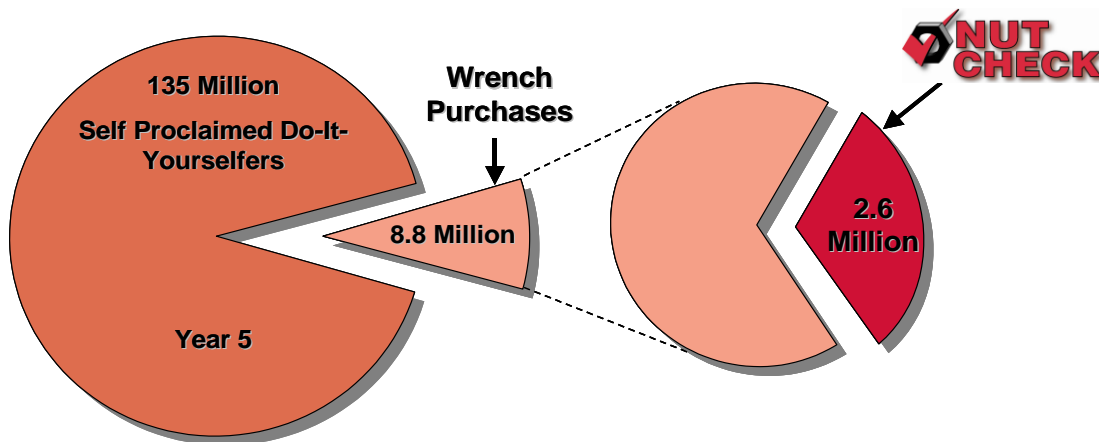


Figure 3. Nut Check Market Penetration in 2011

Target Market

The Nut Check will initially target the home improvement DIYer market segment because of its size and ease of access through nationwide home improvement centers. Upon successful market entry, in Year 4, the Nut Check will target the automotive DIYer segment to expand the customer base and to take advantage of synergies between the two market segments.



Table 2. Target Market for the Nut Check (Simmons Market Research)

	Gender	Age	Income	From Households
Home Improvement	M or F	30-54	\$30-150K	2-4 people
Automotive	M	25-34	\$20-40K	3-5 people

Nut Check Customers:

- Perform DIY work as a hobby or to save money
- Are fed up with walking back and forth to the tool box
- Do not want to carry multiple wrenches to find one that fits
- Dislike using adjustable wrenches because of their tendency to damage fasteners

In many cases, women purchase the products for home improvement projects. Gender makes no significant difference in the purchase of these products (Simmons Market Research). In fact, 80% of all home improvement purchasing decisions are influenced by women and 34% of the time women turn to home improvement retailers for information on projects (Owens Corning). Because Lowe's is catered more towards women, Weekend Warriors has decided to enter Lowe's before Home Depot. In some cases, women may not be the end product consumer, but nevertheless play an important part in the target market because they will purchase the Nut Check as a gift for a home improvement DIYer man in their lives.

At the core of the automotive DIYer segment is the "cultural" DIYer, the dedicated hobbyist or semi-professional who, regardless of the practical motivations for doing it himself, maintains his own vehicle for emotional reasons, as well as for the for the problem-solving aspects. In addition, these men value the challenge of continuously increasing vehicle performance.

These people (serious DIYers) don't think, 'Shoot, I have to buy new tools.'

They say, 'Great! I get to buy new tools!'

Sal Cinquemani, president of TrueCraft Tools

Industry Overview

Increasingly, large hand tool manufacturers have been buying the smaller tool manufacturers to subsequently own innovative designs and niche portfolios of brand names. These large companies, namely, Stanley Works, Snap-On Inc, and Cooper Tools Inc dominate the hand tool industry. These large tool manufacturers manufacture tools both domestically and through foreign manufacturing agreements.

Traditionally, hand tool manufacturers have sold their goods to wholesalers of several types who distribute the products to retailers. These wholesalers break down into three types: dealer-owned distributors, merchandising groups, and unaffiliated dealers. In addition, many manufacturers sell directly to home improvement retail operations, especially larger home center chains such as Home Depot and Lowe's. However, most independent hardware stores and the smaller home centers still purchase through distributors (Packaged Facts). For a complete description on the value chain for hand tool manufacturers in both the home improvement and automotive markets, reference Appendix 1.

Competitive Environment

While many hand tools are considered low-tech, the industry itself is highly automated and employs state-of-the-art materials and technologies in its factories. Research has focused on improving the quality, durability, and usability of the many different tools already produced. Currently, research and development in the industry has been focused on:

- Development of high quality, low-cost materials
- Maintaining low-cost production while meeting the requirements of stringent US antipollution laws
- Automation production technologies
- Ergonomic tools that reduce fatigue and injuries for the users
- “Smart” tools that perform tasks more quickly and accurately than conventional tools using laser and computer technology
(Encyclopedia of Global Industries)

Retailers are fond of stocking hand tools such as the Nut Check because they offer steady, year round sales, and because they carry higher profit margins than power tools. Most retailers carry at least two or three different brands. The main selling points for hand tools from a consumer point of view are:

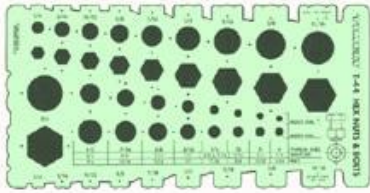
- Packaging
- Appearance
- Brand
- Price
(Packaged Facts)

Manufacturers compete for retailer’s business on the same selling points as perceived by the customers. In addition, the speed of order filling and application specific packaging are important to retailers. There is simply not that much distinction between brands of products in the hand tool category for DIY enthusiasts or retailers to base their choices (Packaged Facts).

Competition

The Nut Check is a measurement tool that does not fit into a category that already exists. However, the Nut Check does compete against various products both directly and indirectly. The direct competitors can measure nuts and bolts like the Nut Check, but less effectively. The indirect competitors reduce the usefulness of the Nut Check because a person can either tighten or loosen a fastener without knowing its size, but again, these products also have shortcomings. For a complete competitor matrix reference Appendix 2.

Direct Competitors:



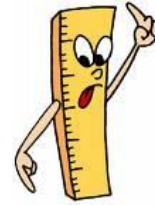
Plastic Templates

- Can only use on loose nuts and bolts
- Difficult to use
- Flimsy



Calipers

- Expensive
- Require skill to use
- Require converting decimals to fractions



Rulers

- Inaccurate
- Bulky
- Cannot use in tight spaces

Indirect Competitors:



Universal Wrenches

- Expensive
- Cannot fit into tight spaces
- Have tendency to damage fasteners



Adjustable Wrenches

- Difficult to adjust
- Cannot fit into tight spaces
- Have tendency to damage fasteners

MARKETING PLAN

Customer Research

Primary market data about the Nut Check was gathered through direct interviews and online surveys. Various experts, including mechanical technicians, auto mechanics, hardware store buyers and employees, tool industry professionals, and patent attorneys were asked about the Nut Check. These interviews helped further define the target market and value proposition offered by the Nut Check.

Online surveys were administered to a random sample of adults meant to represent the general demographics of the target market for the Nut Check. Approximately two hundred responses were received. A summary of the results is shown in Table 3. For the complete results of the surveys refer to Appendix 3.

Table 3. Summary of Survey Results

% of Respondents	Responses
50	Shop at Home Depot and/or Lowe's at least monthly
41	Use wrenches at least monthly
72	Use trial and error method for determining wrench to use
58	Thought the Nut Check would be useful
87	Would purchase the Nut Check for themselves or as a gift
Common DIY Activities	Home improvement
	Automotive repair
	Assembling toys and furniture
What respondents liked about the Nut Check	Saves time
	Eliminates guess work
	Reduces frustration
	Prevents fastener damage

Target Market Strategy

The initial target market for the Nut Check is home improvement DIYers. This segment of the market represents the largest and fastest growing segment that identifies with the value proposition offered by the Nut Check because its members have:

- Tried several different wrenches to find one that fits
- Become frustrated with adjustable wrenches because of damaging fasteners
- Listed the details of the intended value proposition as reasons why they would purchase the Nut Check when surveyed
- Identified with the Nut Check's intended purpose in interviews
- Limited technical knowledge that prevents the use of more sophisticated measurement devices such as micrometers or calipers
- An affinity towards purchasing tools

Future Target Segment

Automotive DIYers have been identified as a future target market for Year 4. This segment shares similar values, and experiences much of the same problems as the home improvement DIYer segment. Weekend Warriors has chosen not to target this market initially because of its smaller size. The Nut Check is especially useful to this segment because nuts and bolts on vehicles are often in hard to reach spaces, where the fastener size is almost impossible to determine by sight.

Channel Strategy

The channel strategy for the Nut Check is to rapidly prove product and company viability in sequential steps on a smaller stage to then facilitate deals with the large home improvement centers. Local independent hardware stores (McGuckins, D&G, and Parker Hardware) and smaller hardware store chains (ACE, Sutherlands) will be utilized as a proving ground to refine product offerings, establish sales data, and optimize operations. The entry into these retailers by year is shown in Table 4. The channel discounts for the Nut Check will be 25% for both the distributors and the retailers.



Table 4. Channel Strategy

Channel	2007	2008	2009	2010	2011
Direct	Website				
	Local independent hardware stores on Front Range (41 stores)				
		Lowe's (1300 stores)			
			Home Depot (1984 stores)		
Distributor	ACE Hardware Colorado				
		Menard's			
		Sutherlands			
		Nationwide ACE Hardware			
				AutoZone (3600 stores)	
				Checker (1488 stores)	

Product/Service Strategy

The Nut Check will be the initial product offering from Weekend Warriors. One model will be available in Year 1, which may be refined and/or offered in different colors depending on the feedback from the local hardware store consumers. The Nut Check will be warranted for a year. Weekend Warriors will replace faulty units, but will not replace units that malfunction due to customer misuse or neglect. Approximately 2% of annual revenue will be allocated for this purpose. Warranty claims will be handled through the website to automate the process.

Pricing Strategy

The Nut Check will be priced using value pricing and competitor price comparison. Over time, costs will be reduced due to manufacturing efficiencies and through manufacturing overseas. Prices will also be reduced because of anticipated price pressure from the large home improvement centers. Using competitor's tool pricing and information from the surveys and interviews the following price and costs were established as shown in Table 5.

Table 5. Price and Cost by Year

Year	2007	2008	2009	2010	2011
Retail Price (\$)	19.99	19.99	18.00	18.00	16.00
Total Direct Cost (\$)	6.00	5.00	4.50	4.50	3.50

E-Commerce

A website will be used to sell the Nut Check directly to the consumer. Advertisements, including pamphlets handed out at trade shows and direct mailings will reference the web address to help drive traffic to the site. The website will also function as a portal to provide information to consumers about upcoming events and new product launches. As mentioned previously, all warranty claims will be handled through the website.



Communication Strategy

Weekend Warriors' communication strategy is shown below in Table 6.

Table 6. Communication Strategy

Year(s)	Type	Purpose	Example
1	Enter design competitions	Get free product and brand exposure	<ul style="list-style-type: none"> ▪ Popular Mechanics Editor's Choice Awards ▪ iF Product Design Award
1-5	Website forums	Get product feedback and direct market information	<ul style="list-style-type: none"> ▪ Online user groups ▪ Product feedback submissions
1-5	Attend trade shows	Introduce Nut Check to retailers, generate brand recognition	<ul style="list-style-type: none"> ▪ National Hardware Show ▪ DIY and Garden Show
2-5	Hire PR firm	Tailor effective and consistent press releases	<ul style="list-style-type: none"> ▪ Inform the public of trade show appearances, product news, etc.
2-5	Direct mail campaign	Target DIY market with mailings	<ul style="list-style-type: none"> ▪ Advertisements through mail to pre-determined DIYers
2-5	Endorsements/product placement	Generate product buzz and notoriety	<ul style="list-style-type: none"> ▪ Norma Vally "Tool Belt Diva" ▪ Bob Villa
2-5	Nut Check models/road shows	Product and brand exposure	<ul style="list-style-type: none"> ▪ Attend new store openings, charity events, etc.

Sales Strategy

In Year 1 the founders will sell the product to local hardware stores and will man product information tables at these retail outlets. During this period, the founders will also be responsible for attending the trade shows and putting out a positive message about the Nut Check.

Upon entering national hardware store chains and home improvement centers in Year 2, a sales manager and approximately six salespeople will be hired to develop and maintain relationships with the retailers. As sales grow through 2011 the sales team will grow to approximately 35 sales people with seven managers, and will be broken up by regional responsibilities. This sales team will report to a central sales management organization to monitor progress and market trends. Both the salespeople and managers will be paid with a combination of salary and commissions.



Revenue Model

Revenues for the Nut Check by channel are shown in Table 7. In addition, the percentage of DIY penetration is given by year and cumulatively.

Table 7. Nut Check Revenues

Year	2007	2008	2009	2010	2011
Total Units Sold	30,245	549,401	1,059,088	1,691,282	2,633,326
Retail Price	\$19.99	\$19.99	\$18.00	\$18.00	\$16.00
Website	3,025	38,458	42,364	50,738	79,000
Price per Unit	\$19.99	\$19.99	\$18.00	\$18.00	\$16.00
Total	\$60,460	\$768,777	\$762,543	\$913,292	\$1,263,996
Direct	9,074	302,170	698,998	964,031	1,764,328
Price per Unit	\$14.99	\$14.99	\$13.50	\$13.50	\$12.00
Total	\$136,035	\$4,530,290	\$9,436,472	\$13,014,413	\$21,171,938
Distributor	18,147	208,772	317,726	676,513	789,998
Price per Unit	\$10.00	\$10.00	\$9.00	\$9.00	\$8.00
Total	\$181,379	\$2,086,679	\$2,859,537	\$6,088,614	\$6,319,981
Net Revenue	\$377,874	\$7,385,746	\$13,058,552	\$20,016,319	\$28,755,916
DIY Market Penetration for Year	0.02%	0.42%	0.80%	1.27%	1.95%
DIY Market Penetration Cumulative	0.02%	0.44%	1.24%	2.49%	4.42%

OPERATIONS PLAN

Weekend Warriors is a company committed to the design and marketing of tools that solve common problems experienced by the average DIYer. A focus on innovative marketing, comprehensive product design, and efficient product logistics will promote and maintain relationships with both business partners and consumers. The following functions will be performed in-house:

- Product design and refinement
- Warehousing and order fulfillment
- Marketing and sales
- Customer service and website response
- Quality assurance on incoming shipments

Several functions will be outsourced due to efficiency and economic considerations. These functions and their locations are identified in Table 8 below. Also, if partners for the various functions have been identified, they are also included.

Table 8. Outsourced Operations

Function	Description	Partner	Location
Website design	Design website for selling the Nut Check, warranty claims, customer feedback, and for sharing information about the company, products, and events	Not Identified (NI)	US
Prototype	Build production quality prototype	5 Man Conspiracy	CO
Accounting	Handle business accounting and tax return preparation	NI	CO
Legal	Develop business legal framework and file for intellectual property protection	NI	CO
Public Relations	Issue clear, concise and focused press releases	NI	US
Manufacturing	Produce and assemble small quantities of the Nut Check for trade shows, local hardware stores, etc; Year 1	QSC	Longmont, CO
	Produce and assemble moderate-high quantities of the Nut Check for nationwide hardware store distribution; Years 2-4	Universal Tool Company	Denver, CO
	Produce mass quantities of the Nut Check for the nationwide home improvement retail centers and automotive, Year 5	NI	Overseas
Packaging	Package the goods for sale after manufacturing	NI	NI
Distribution	Distribute the Nut Check to various independent and hardware store chains	NI	US
Shipping	Ship the Nut Check to nationwide home improvement centers and smaller hardware stores as required	NI	US
	Ship product manufactured overseas to the US; Year 5	NI	NI

Order Fulfillment

The following figure demonstrates how Weekend Warriors will receive and subsequently fill orders for the Nut Check.

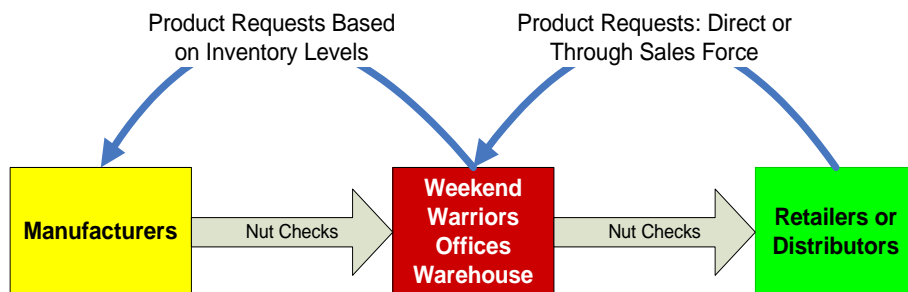


Figure 4. Order Fulfillment



Customer Service

Customer service, including warranty claims and website inquiries will be handled by a small staff that will grow as sales increase. All correspondence will be via email unless absolutely necessary to ensure efficient processing.

Facilities

Weekend Warriors will lease a 5000 square foot office/warehouse facility in Longmont, Colorado in Year 2. This space will serve as the marketing, customer service, design, logistics, and warehousing headquarters. This space will contain enough offices to accommodate approximately 40 employees, a conference room, and an adjacent warehouse. Longmont was chosen because of its proximity to the initial market (Denver-Boulder) and to the initial manufacturing facilities (QSC-Longmont and Universal Tool-Denver). When manufacturing operations are moved overseas in Year 5, a similarly sized warehouse/office will be leased on the west coast to simplify the logistics of receiving and warehousing product.

DEVELOPMENT PLAN

There will be four development phases over a two-year span leading up to the Nut Check being sold in nationwide home improvement centers.

Phase I: Product and Company Development (Q1-Q3 2007)

- Secure seed capital
- Incorporate and set up legal framework for Weekend Warriors
- Produce a “production quality” prototype
- Develop website
- Apply for full intellectual property protection
- Establish sales agreements with local hardware stores

Phase II: Market Introduction (Q3 2007-Q1 2008)

- Attend tradeshow and exhibitions
- Lease office/warehouse space
- Establish sales agreements with statewide hardware chains

Phase III: Market Penetration (Q1 2008-Q3 2008)

- Secure Round A financing
- Hire CFO, sales manager, and marketing manager
- Heavy marketing

Phase IV: Channel Development (Q3 2008)

- Start selling product to Lowe’s home improvement centers

MANAGEMENT PLAN

The preliminary organization chart for Weekend Warriors is shown below. In Year 1, the founders plan to run all operations internally with the addition of one hourly employee to assist in shipping and receiving. These four founders understand that the Series A round of financing will likely create a large change in management, and

encourage this transition if the chosen management shares the founders' vision for growing an innovative hand tool company that every DIYer understands. Coinciding with Series A financing, Weekend Warriors will seek a CFO with experience in the hand tool industry. In addition, a marketing manager and sales force with experience in retail sales, preferably in the home improvement sector, will be sought. In Year 3, sales, customer service, human resource, and quality assurance personnel will be hired in conjunction with expanded production. Reference Appendix 4 for a short description of the management team and their resumes.

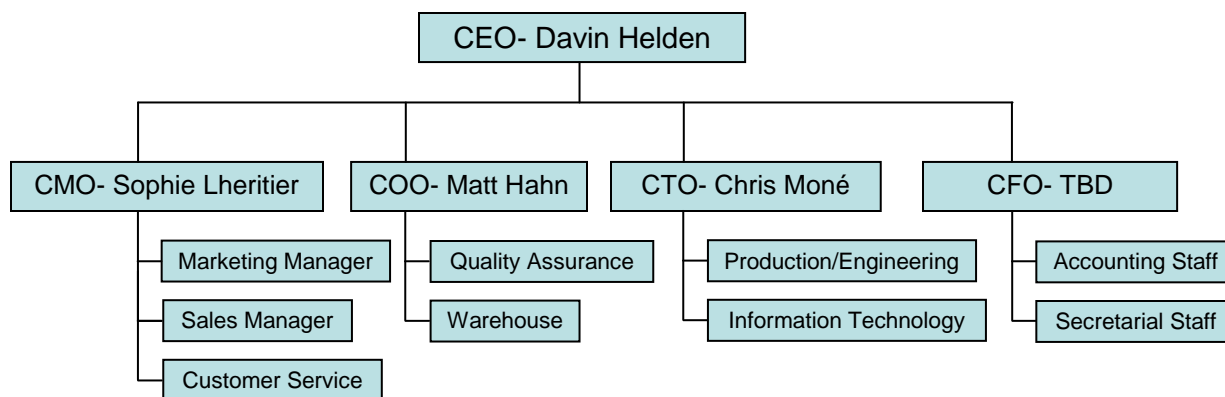


Figure 5. Organization Chart

Board of Advisors

Upon incorporation, Weekend Warriors will assemble a Board of Advisors consisting of the following members, who have been spoken to, but require confirmation:

- Terry Tierney- CEO of Vive
- Dan Brown- Founder and CEO of Loggerhead Tools
- David Caves- Founder and CEO of KACO Shelving Plus
- Frezi Bouckaert- Vice-President of Operations for New Belgium Brewery
- Advisor TBD- local entrepreneur specializing in consumer products
- Advisor TBD- local entrepreneur specializing in innovative marketing

Board of Directors

After receiving Series A financing, Weekend Warriors will assemble a Board of Directors consisting of the following members:

- Three investors
- Three founders
- One hand tool industry professional

The members of both the Board of Advisors and the Board of Directors will be compensated with equity shares.

COMPETITIVE ADVANTAGE

Weekend Warriors view the following as competitive advantages over the competition:

- First to market with a unique, innovative measurement tool
- Patent protected product will slow imitators
- Company nimbleness; can respond quickly to market changes unlike large tool manufacturers

FINANCIALS

For a complete representation of the financials reference Appendices 5-10.

Table 9. Weekend Warriors Forecasted Financials

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Summary Financials (\$)					
Revenue	377,874	7,385,746	13,058,552	20,016,319	28,755,916
Gross Profit	129,845	4,059,194	7,192,754	10,811,173	17,265,384
EBIT	(310,268)	1,585,588	2,839,765	3,670,508	6,481,032
EBITDA	(306,601)	1,602,588	2,881,765	3,760,841	6,624,698
Net Earnings	(310,268)	1,075,460	1,703,859	2,202,305	3,888,619
Net Cash from Operating Activities	(608,976)	(1,167,724)	681,274	565,016	2,025,537
Capital Expenditures	25,000	40,000	75,000	150,000	200,000
Interest Income/(Expense)	0	0	0	0	0
Dividends	0	0	0	0	0
Cash	66,024	358,300	964,574	1,379,590	3,205,127
Total Equity	389,732	1,465,192	3,169,051	5,371,356	9,259,975
Total Debt	0	0	0	0	0
Growth					
Revenue Growth Rate - CAGR:		1855%	77%	53%	44%
Net Earnings Growth Rate - CAGR:		Nil	58.4%	29.3%	76.6%
Ratios					
Current Ratio	3.5	3.5	4.0	3.7	3.8
Debt to Capital (LT Debt + Equity)	0.0	0.0	0.0	0.0	0.0
Profitability					
Gross Profit %	34.4%	55.0%	55.1%	54.0%	60.0%
Operating Expenses %	89.5%	33.3%	32.6%	35.5%	37.4%
Net Earnings %	-82.1%	14.6%	13.0%	11.0%	13.5%
Returns					
Return on Assets	-57.7%	26.1%	27.4%	23.5%	26.7%
Return on Equity	-79.6%	36.3%	36.5%	32.1%	36.1%
Return on Capital (LT Debt + Equity)	-79.6%	36.3%	36.5%	32.1%	36.1%



Key Assumptions

Channel discounts are 25% for distributors and 25% for retailers.

Revenues in 2007 will begin in September and will be driven primarily by local and Colorado hardware stores (such as McGuckins, D&G Hardware, Parker Hardware) ACE Hardware in Colorado, as well as from the Nut Check website.

In 2008, the Nut Check will be in regional hardware stores (such as Menard’s, Sutherlands) ACE Hardware stores nationwide, as well as in Lowe’s. In 2009, the Nut Check will be sold at Home Depot stores.

Marketing efforts in Years 1-3 will focus primarily on the home improvement DIYer segment. Marketing efforts for the Nut Check will shift towards the automotive segment of DIYers in 2010.

By 2011 the Nut Check will be produced in China. This, in conjunction with cost reduction efforts in Years 2-4 will reduce the per unit cost by 50% while the retail price will be reduced by 20% due to pricing pressures in the channels that the Nut Check will enter.

FUNDING

Table 10. Funding Plan

Sources and Uses of Funds

Financing	Amount	Ownership	Uses of Funds
Founders	350K		Product Development Patent
Friends & Family (Common Stock) 3Q07	350K	20%	Working Capital Marketing
Other Preferred Stock 2Q08	1.5MM	25%	Salary (key hires) Inventory Marketing

The founders are contributing a combined \$350K, most of which is dedicated to product prototype, development, and patenting.

Weekend Warriors is also seeking an additional \$350K from friends and family in exchange for common stock and a 20% stake in the company. These funds will be used primarily to finance working capital requirements, as well as to fund initial marketing efforts required to create buzz in the marketplace about the Nut Check.

In 2008 Weekend Warriors is also seeking an additional \$1.5MM in exchange for preferred stock, and a 25% stake in the company. These funds will be used for key



hire salaries, increases in inventory in anticipation of the Nut Check becoming available nationwide, as well as for continued marketing efforts.

Risks

Because Weekend Warriors is a one-tool start-up, it is vulnerable to being overtaken by a larger tool company's ability to quickly bring a Nut Check-like product to market. Weekend Warriors believes that the Nut Check's first mover advantage as well as the patent on the device, will slow the larger companies' ability to overrun the market before the Nut Check is a name recognized in every DIYers home.

Selling the Nut Check to big box retailers may involve a longer sales cycle, proof of concept, as well as pricing pressure. For this reason, the Nut Check's initial entry into the market will be through local and regional hardware stores, as well as through the Nut Check's website. This will allow Weekend Warriors to refine logistics and prove demand to the larger retailers. A reduction in retail price has also been anticipated in the financial forecasts, which will be outpaced by concurrent cost reduction efforts.

Additionally, production delays could elongate the Nut Check's time to market. For this reason, Weekend Warriors has chosen to manufacture Nut Checks locally in Colorado so progress can be monitored closely to ensure deadlines are being met or appropriately adjusted in order to launch in September 2007.

Offering

Weekend Warriors is seeking a total investment of \$2.1MM from three sources of funding in order to meet production targets and successfully launch the Nut Check. First, each of the four founders will contribute approximately \$90K to the company. Weekend Warriors will also be seeking an additional \$360K from friends and family in Year 1 in exchange for common stock, followed by a preferred stock offering in Year 2 for a \$1.5MM investment. These funds will be used for:

- Product development
- Working capital requirements
- Marketing

Valuation

The Nut Check's forecasted earnings at the end of 2011 are \$3.4MM. Using a P/E ratio of 12 (two-thirds the hand tool industry's current trading multiple of 18), Weekend Warriors' valuation in 2011 will be \$41.1MM.

Exit

One of three attractive exit scenarios for Weekend Warriors would be acquisition by a major tool company such as Stanley or Snap-On or acquisition by another specialty tool company such as Loggerhead. Another scenario would be a merger with another tool company to sell the Nut Check as a part of their wrench sets. A third option that has been suggested would be to enter into a licensing agreement with a large manufacturing firm whereby Weekend Warriors would turn over all manufacturing and distribution logistics to that firm and receive royalties on product sales.

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