



PAINE PACIFIC, LLC

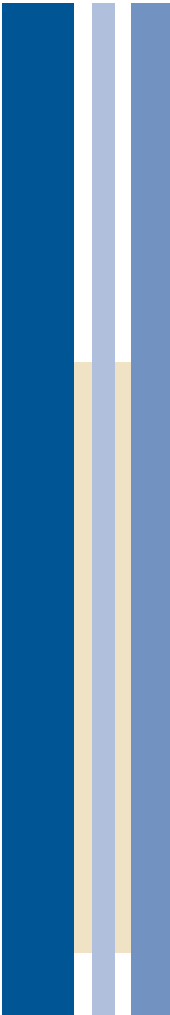


Strategic Advisory

Mergers & Acquisitions

Investment Banking

Private Equity Venture Fund





WHO WE ARE

Paine Pacific is a transaction advisory firm offering strategic planning, mergers and acquisitions and private placement services. Our clients are companies that want to **grow** (organically or inorganically), **sell** (company pieces or whole), **restructure** or **raise funds** (through traditional financing or private placements).

Paine Pacific Fund I is a non-traditional private equity venture fund focused on investing in Paine Pacific clients.



WHAT WE DO

Growth, Reorganization and Consolidation

We methodically assess our clients' business, operations and strategy then ***design and implement a plan*** to align their strategic vision with our clients' current operations and objectives. This work is designed to ensure that any changes and/or transaction we consider are accretive and have the highest probability of success and value.

Our work may include one or more of the following:

- Merger/Acquisition
 - Sale of the business or parts of the business
 - Operational reorganization
 - Strategic Plan Adjustments
 - Private placement
 - Fund raising
 - Strategic partnerships
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HISTORY

Paine Pacific was incorporated in 1998 to provide M&A advisory and transaction services to the underserved market of emerging growth companies. Its founder had completed several transactions for his own companies and was frustrated by the lack of outside support available for smaller business.

Paine Pacific's founder started the business to apply his experience in operations, management, fund raising, and subsequent M&A transactions to those companies in emerging growth and middle market sectors that needed the support he had sought. Over time this expertise was expanded to a broad range of market sizes and industries. Since its founding, Paine Pacific has engaged more than 150 clients in more than 30 industries.

Statistics show that
60% of all M&A
transactions fail.*

This is not a result of
closing deals;
it is a result of closing the
wrong deals.

With a clear, strategic process,
clients can meet personal
and business objectives and
end up in the
40% category.

*According to a joint study by Southern Methodist University and McKinsey & Company.



STRATEGIC PREPARATION & ADVISORY

Paine Pacific was founded to provide direct experience in day-to-day company management and operations prior to pursuing any transaction. This model is **designed to enhance value** through helping the client better define their business and their strategic objectives.

While a traditional investment-banking firm will focus on financial performance and valuations, Paine Pacific's model focuses on enhancing the company's value and defining the best vehicle to achieve its strategic and operational objectives. In some cases, clients decide after this work that they no longer need to pursue a transaction or that it is no longer the right strategy.

Strategic preparation includes:

- Understanding & evaluating core business and growth path of company
- Defining & adjusting strategic plan to maximize value
- **Implementing** plan with management to reach company objectives



TRANSACTIONS

Strategic pre-transaction preparation serves as the foundation for the implementation of a successful transaction. ***The goal is not a deal, it is the right deal.***

It is imperative to identify the “target” that matches the client’s operational and strategic structure, as well as the culture and vision identified within the company. This is key to the success of the resulting entities in that all parties operate and integrate as a viable business.

The end result is a functional match between companies and their personnel as well as a transaction that meets market value objectives.

M&A

- Understand business integration
- Create a clear transaction process strategy
- Conduct market research to support the effort
- Research & diligence toward the target company(s)
- Present a well-considered offering
- Negotiate & close transaction

Investment Banking, Private Equity & Private Placements

- Review objectives of principals & shareholders
- Conduct strategic & operational validation toward goals
- Review market conditions & target profiles
- Develop strategic plan, including adjusting company profile, reposition company for optimum return, redirect company for long-term ROI
- Implement strategic plan with company leadership



FOCUS AREA: Banks & Credit Unions

We define and implement strategies that help financial institutions through organic and inorganic growth or consolidation models. This may include driving current and new business models, reorganizing strategy, or acquiring or divesting of branches/assets. The objective is to maximize organic growth and to ***make inorganic transactions organic.***

In this economy, our work has included bringing struggling institutions back to health through consolidation, sale of assets and/or M&A transactions. Alternatively, we are also helping healthy institutions expand through strategic growth, M&A and new ventures launched in an opportune market.

Areas of expertise:

- Strategic growth plans and implementation
- Reorganization, recapitalization, consolidation
- Acquisitions – institutions, branches, assets
- Market consolidation
- Sale of assets and loan portfolios (including secondary market)
- Purchase of assets, deposits and physical locations
- Credit union expansion through merger
- Management of FDIC relations

EXPERIENCE

Paine Pacific specializes in serving clients in a wide range of markets with revenues from \$1M to \$5B. We believe the value of any business is tied to its core technology, its personnel, its services and/or products, and ultimately the solution the business offers to the market. Our experience and resources in the following areas can bring immediate value to new clients who match or cross-over into the following industries.

Since 1998, Paine Pacific has engaged more than 150 clients in more than 30 industries.

Regional Banks and Credit Unions
Aircraft Operations & Manufacturing
Fixed Based Operations (FBO)
Heavy-lift helicopter services, maintenance/repair
Helicopter rotor and blade manufacturing
Avionics software
Automated Financial Services
Independent ATM services and management
Full service banking kiosk, services/manufacturing
Gaming cash management
Independent/tribal casino technology
Lifestyle & Apparel
Heirloom quality, hand-crafted pocket knives
Hand-crafted pens, money-clips and cutlery
Electric Vehicle Technology
Electric motorcycle manufacturing
Recreational/Auto Retail
Hunting, fishing and outdoor retailer
Automotive accessory retailer
Film & Documentary
Lifestyle and apparel licensing and acquisition
Men's Accessories
Scrap Metal and Reclamation
Commercial and Private Ports, Public Terminals
Learning and Training Systems
Real Estate Management Company
Automation and Assembly
Plastic Injection Molding
Automotive Parts and Vehicles
Folding Carton Manufacturer
Hobby Robotics developer/reseller
Structural Testing Company
Aircraft Navigation Equipment
Software Development
Systems Integrator
Web Development
Printer Software
Tools Developer
Internet Collaboration Software
Wireless Technology and Services
Spice and Seasoning Company
Coffee Roaster and Wholesaler
Collateral Protection Insurance Company
Music and Video Retailer/IT
Corporate Training Company
Technical Staffing Company
IT Consulting Company
Advertising Agency
Debt collection Services
Medical Practice Management Company
Dental Device - Tooth Assessment
Cancer Therapy Testing Device
Assisted Living and Health Facilities and Services
Oil Production and infrastructure



ABOUT THE FOUNDER

Nels Paine spent the first part of his career in the computer technology and software businesses at the Bank of Boston and at Software Developers Company in Boston, MA. Following the decline in the market in Boston, he relocated with his family to Oregon, joining a turnaround team for a software development company in 1991. After rebuilding and selling this business, he co-founded a spin-off software publishing business that he sold two years later. In 1994, Nels co-founded a medical device company, which he sold in 1997. Taking this broad experience, Nels founded Paine Pacific in 1998 to provide M&A services to a range of companies within the technology and services markets. Today, this has evolved to a suite of services around company growth objectives.

Nels has a strong family background in investment banking and venture capital - his great grandfather started a brokerage/investment banking business in 1880 (Paine Webber) and his father was one of the first venture capitalists (Oscoco Ventures) to break ground in Northern California (Sand Hill Road) in 1962. Growing up around venture capital laid the groundwork for his interest in small to mid-size businesses.

Board of Advisors

James C. Towne

Former

President & COO

Microsoft Corporation

F. Ward Paine

Founder,

Oscoco Ventures

Brent Keeton

Managing Partner,

Grange Capital, LLC

Darsh Mariyappa

Head of

Global Markets,

Bank of Ireland



HEADQUARTERS & REACH

Paine Pacific is headquartered in Portland, Oregon. We have a large client base in the Northwest, and affiliates in Coeur D'Alene, Idaho; Spokane, Wash.; and New Haven, Conn.

We have a network of partners across the U.S. in private equity, investment banking and regional advisory that participates in our transactions and/or provides perspective in markets we do not have regular access to. Our territory is open – from offices sixty floors above New York to a dim lunchroom in east L.A. and many places in between – and we bring that world of experience to find the right, strategic solutions for our clients.

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