



1988 SITUATION

- 15 Insolvent Texas Thrifts
- \$3,500,000,000 in Total Assets
- <\$1,000,000,000> Negative Net Worth
- 20,000 "Bad-Bank" Assets (Foreclosed REO, Non- Performing Loans, etc.)
- 3,000 Lawsuits and potential Legal Claims
- 70 Different Legal Subsidiaries, including Real Estate Development, Insurance, and Mortgage Banking Operating Businesses
- 170 Disparate Banking Systems
- High Cost of Funds (100 Basis Points over Industry Average)
- High Operating Costs (200 Basis Points over Industry Average)
- 60 Branches spread over entire state of Texas

TURNAROUND RESULTS

- Partnered with the Federal Government to acquire all 15 Failed Institutions in a "Whole Bank" P&A Resolution Transaction and Consolidated them into a single Federal Savings Bank
- Invested \$120 MM of Private Equity Capital
- Orderly Liquidated all "Bad-Bank" Assets and Resolved all Litigation Claims in 7 Years (3 -years earlier than Assistance Agreement Term)
- Reduced Cost of Funds and Operating Costs to below Industry Averages
- Developed new "Good Bank" Asset Strategy within Defined "Risk-Based" Capital Parameters
- Achieved Very Good CAMEL Ratings and a 30% Compounded ROE over a 15-Year Lifespan
- Successfully Sold-Off Branches and Wound-Down Banking Operations, Returning Invested Capital and Capital Gains to Shareholders

CO-VENTURE PARTNERS & EARLY-STAGE BUSINESSES



- Gordy Meyer/Mark Doman – Founders of RiskWise, LLC, (St. Cloud, MN), an Early-Stage Risk-Decisioning Business
- Gary Cornick / Brad Moss / Ed Moss – Founders of PeopleWise, LLC, (Orem, UT), an Early-Stage Pre-Employment Screening Business
- Norm Willox – Founder of National Fraud Center, Inc., (Horsham, PA), an Early-Stage Fraud Prevention, Restitution, and Recovery Business

VENTURING RESULTS

- Businesses were successfully Ventured and put together under a Holding Company, RiskWise International, LLC, and Sold to Lexis-Nexis in 2000 for Approximately \$89,000,000.
- RiskWise International became the Foundation for the Lexis-Nexis Risk Solutions Group, the Lexis-Nexis Division for Public Record and Risk-Management Businesses.

2002 SITUATION

UNIVERSAL[®] F L O O R I N G

- Global engineered hardwood flooring company with declining sales, operating losses, and material contingent liabilities
- "Troubled" subsidiary of a bankrupt holding company that was liquidating all subsidiaries.
- Loss of CEO and key employees, low employee morale
- "Commodity" business with a stale product line
- Largest customer (20% of sales) announced plans to terminate supplier relationship
- Factory non-compliance with Malaysian authorities

TURNAROUND RESULTS

- Acquired the business assets for \$8,000,000 in a seller-financed "quick-close" buyout
- Restarted the business and resolved contingent liability issues
- Incentivized key Management team with equity stake
- Innovated product line with world's first "double-lock" engineered hardwood floor
- Saved key customer relationships and grew global sales by 35%
- Decreased operating costs by 25%
- Paid down debt by \$2,000,000 increased EBITDA by 100%
- Sold company to Columbia Flooring in 2005 for \$22,400,000
- Returned net present value recovery to corporate seller substantially greater than liquidation value