



K2 Inc. And Brass Eagle Sign Agreement To Merge

CARLSBAD, California (BUSINESS WIRE) — Oct. 22, 2003 — K2 Inc. (NYSE: KTO - News) and Brass Eagle Inc. (NASDAQ NM: XTRM - News) jointly announced the signing of a definitive merger agreement in which Brass Eagle would become a wholly-owned subsidiary of K2. In the transaction, each outstanding share of Brass Eagle common stock will be exchanged for 0.6036 shares of K2 common stock. Based on the average closing price of K2 shares of \$16.85 for the 30 trading days ending October 20, 2003, the value of the transaction is \$77.8 million, or \$10.17 per share for Brass Eagle shareholders, plus assumed liabilities. The transaction, which is subject to regulatory review and other customary conditions, is expected to be completed by the end of 2003. K2 indicated that it expects the transaction to be accretive to its earnings in the first 12 months following completion of the merger and beyond.

"Brass Eagle is the #1 brand and the premier platform for our entry into the rapidly growing paintball sector," said Richard J. Heckmann, K2's chairman and chief executive officer. "Brass Eagle has been the long-term leader in an industry that has had growth in participation at an annual rate in excess of 10% over the past three years, and is now estimated to have 8.7 million participants who generated over \$370 million in annual wholesale sales in 2002. In addition to being a profitable business on its own merits, Brass Eagle will complement K2's existing product lines in extreme sports and protective face gear, will further leverage our common distribution channels, and will strengthen our third and fourth quarters which are seasonally slow for most of K2's other product categories."

"This merger provides Brass Eagle stockholders and employees with significant opportunities for future growth and success," said E. Lynn Scott, Brass Eagle's president and chief executive officer. "Brass Eagle will benefit from K2's strong partnership with retailers, its significant expertise in manufacturing and its commitment to supporting and growing its portfolio of leading brands."

Approximately 50% of Brass Eagle's outstanding common stock is owned by Charter Oak Partners, a private investment partnership. "We are delighted to provide our support for a merger with K2," said Anthony Dowd, the Director of Private Investments of Charter Oak Partners. "Lynn Scott and his management team should be commended for their performance in building Brass Eagle into the clear industry leader, and the shareholders now have an opportunity to benefit from a larger playing field through a combination with K2."

Under the terms of the merger agreement, K2 will first commence an exchange offer in which tendering Brass Eagle stockholders will receive 0.6036 of a share of K2 common stock for each share of Brass Eagle common stock tendered in the offer. The exchange offer, if completed, will be followed by a back-end merger for the same consideration as offered in the exchange offer. The Board of Directors of Brass Eagle has approved and adopted the merger agreement and has resolved to recommend that Brass Eagle stockholders accept the offer and tender their Brass Eagle stock in the offer.

The transaction is expected to qualify as a "tax-free" reorganization for federal income tax purposes. Consummation of the transaction is subject to the condition that there be validly tendered, and not withdrawn, at least a majority of the shares of Brass Eagle's outstanding common stock and certain shares subject to options, receipt of certain regulatory approvals and other customary conditions and termination provisions. In addition, Brass Eagle will have the ability to terminate the agreement if the average closing price for K2's shares for any ten trading days ending not later than two trading days prior to the expiration of the offer is less than \$12.64. In connection with the merger agreement, Charter Oak Partners, the majority stockholder of Brass Eagle, has separately agreed with K2 that it will tender its shares of Brass Eagle in the offer unless the merger agreement is terminated under certain circumstances.

About K2 Inc.

K2 Inc. is a premier, branded consumer products company with a primary focus on sporting goods and other recreational products as well as certain niche industrial products. K2's portfolio of leading brands includes Rawlings, Worth, Shakespeare, Pflueger, Stearns, K2, Ride, Olin and Morrow. K2's diversified mix of products is used primarily in team and individual sports activities such as baseball, softball, fishing, watersports activities, alpine skiing, snowboarding, in-line skating and mountain biking. Among K2's other recreational products are Dana Design backpacks, Planet Earth apparel, Adio and Hawk skateboard shoes, and Rawlings team sports. K2 also manufactures and markets Shakespeare extruded fishing lines and monofilaments, and marine antennas and marine accessories.

About Brass Eagle Inc.

Brass Eagle, the worldwide leader in the manufacturing, marketing, and distribution of paintball products, reported sales of \$104.9 million for its fiscal year ended December 31, 2002, and earnings of \$9.7 million, or \$1.30 per share. Brass Eagle markets and manufactures markers, loaders, masks, paintballs and accessories under several brand names including Brass Eagle, Viewloader, and JT.

FORWARD LOOKING STATEMENTS:

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: This news release includes forward-looking statements. K2 and Brass Eagle caution that these statements are qualified by important factors that could cause actual results to differ materially from those in the forward-looking statements, including but not limited to the companies' ability to complete the merger and successfully integrate the two companies, global economic conditions, product demand, financial market performance and other risks described in each company's annual report on Form 10-K for the year ended December 31, 2002 and other filings with the Securities and Exchange Commission. Any forward-looking statements speak only as of the date hereof and K2 and Brass Eagle disclaim any intent or obligation to update such statements.

Mercanti Securities, LLC, member NASD and a subsidiary of The Mercanti Group acted as financial advisor to K2 in this transaction.

About The Mercanti Group

The Mercanti Group is a results-oriented boutique financial advisory firm that embraces a fierce commitment to client service and provides creative Merger & Acquisition, Capital Raising and Strategic Advisory solutions to small and middle market companies, private equity firms and individual business owners in the consumer, health care, technology, software, business services and manufacturing industries. Over the last three decades, the professionals of Mercanti gained a wealth of Wall Street experience while they were partners together at a few of the largest and most admired multi-national investment banks. Mercanti offers companies that are increasingly ignored by Wall Street the expertise and capabilities of a large investment bank with the focus, attention and energy of a small entrepreneurial firm. Mercanti Securities, LLC, member NASD/SIPC and a subsidiary of The Mercanti Group, enables Mercanti to compete with larger investment banks and provide a broad range of customized financial advisory services and transaction structures. Mercanti has offices in Minneapolis and Los Angeles. If you would like more information on The Mercanti Group, please visit the Web at www.mercantigroup.com, or contact a Mercanti professional at 612.333.0130 (Minneapolis) or 310.444.0130 (Los Angeles).