

The Mercanti Group's Long Standing Relationship with K2 Inc.

About K2 Inc.

K2 Inc. ("K2" or "the Company") is a premier designer, manufacturer and marketer of brand-name sporting goods, recreational products and niche industrial products. K2 holds leading market positions in fishing, baseball and softball equipment, personal water sports and safety products, snowboards, alpine skis, inline skates and paintball products under the Shakespeare, Pflueger, Rawlings, Worth, Marmot, Volkl Worldwide, Stearns, K2, Ride, Olin, Morrow, Brass Eagle, View Loader and JT brand names, among others.

Transaction Background

Prior to changing its name, K2 was known as Anthony Industries, an industrial conglomerate involved in businesses ranging from residential pools, extruded aluminum products, fiberglass manufacturing and other manufactured goods. Along the way, the Company began to divest some of its industrial lines to concentrate on its consumer products portfolio and changed its name to K2 Inc. Prior to current management, K2 was mainly a shepherd of its existing brands and did little to foster external growth or leverage its considerable sourcing and distribution infrastructure.

K2 selected Mercanti based on our deep knowledge of the sporting goods industry and our broad experience in executing strategic assignments. Mercanti offered a proactive approach and a level of agility and focus required to assist in the creation and implementation of K2's strategic plan.

Transactions Timeline

Spring 2002 – K2 hired Mercanti as an advisor to secure and retain bank amendment process with existing senior lenders.

Summer 2002 – Mercanti is retained by K2 to analyze its existing businesses and, with management, develop a comprehensive plan that reviewed the core competencies of the existing business and identified a myriad of potential acquisition targets and divestiture opportunities.

February 2003 – Mercanti advised K2 on the placement of \$25 million of 7.25 percent convertible subordinated debentures due March 2010 to K1 Ventures Ltd. (SGX:KONE), a Singapore-based investment company. This investment allowed K2 to considerably strengthen their balance sheet.

March 2003 – Mercanti advised K2 on the acquisition of Rawlings Sporting Goods Company. The value of the transaction was \$84 million, plus assumed liabilities. Rawlings is the official supplier of baseballs to Major League Baseball and provided K2 with an entry into the \$1.3 billion team sports equipment business.

May 2003 – Mercanti advised K2 on the divestiture of Shakespeare Composite Structures Division. Shakespeare sold certain light pole assets to Genlyte Thomas Group LLC for \$19 million in cash. This transaction was part of K2's efforts to strengthen their balance sheet, focus on core products and markets and increase financial flexibility to grow the business.

December 2003 – Mercanti advised K2 on the acquisition of Brass Eagle, the #1 leader in paintball merchandise. Brass Eagle complemented K2's existing product lines in extreme sports and protective face gear and the combined companies successfully leveraged their common distribution channels.

In addition to the above activities, Mercanti has acted as K2's advisor on several other buy-side opportunities.

Successful Transaction Outcome

Mercanti worked closely with K2 management from early 2002 through late 2004 as the Company evaluated its existing businesses and reviewed an extensive number of strategic acquisitions to fuel growth and further position K2 as a manufacturer and marketer of a portfolio of leading athletic equipment brands across a number of sporting goods categories. K2 ended 2002 with \$582 million in net sales. By 2005, K2 generated net sales in excess of \$1.3 billion with improved profitability, representing incredible growth by any measure. K2 remains committed to building a diverse portfolio of premier branded sports equipment by both internal development and acquisition.

