Dear Reader,
Our firm has been contracted by international manufacturer to identify investors and/or strategic partners for a joint venture to serve the North American market. This opportunity will be of interest to individuals and companies with expertise or positions in:

- the pulp or paper products,
- food packaging,
- frozen, prepared ready-to-heat meals,
- high-volume/institutional food service, or
- sustainable, recyclable materials.

It should also appeal to entrepreneurs or experienced managers looking for a proven technology upon which to start and build a successful company.

An overview of the company, its technology and the market opportunity is attached. If this opportunity is of interest, please contact us for further details or you may direct us to someone you know that may be interested.

Ostrowski & Leschke LLC helps investors, entrepreneurs and inventors transform promising early-stage technologies into high value, high growth companies. We assist investors by seeking out interesting opportunities and facilitating the investing process, e.g., introductions, due diligence, logistics of closing and post-investment mentoring and monitoring. We assist inventors and entrepreneurs to prepare high quality, investment-ready proposals and presentations and facilitating their introduction to qualified and interested investors. We also continue to engage with client companies after the investment is made. This is not an offer or solicitation to purchase shares in this investment.

Our role, in this case, is to identify interested entrepreneurs or investors, provide a preliminary introduction to the opportunity and answer basic questions about the product, its markets, the technology and the company. After this initial screening, we will facilitate direct communications with the company, if mutually agreed. Our compensation is paid by the company and based on a successful closing of an investment. However, we are available to provide analytical and administrative support to investing parties, upon request.

Very truly yours,

John Leschke
President/CEO
Ostrowski & Leschke LLC

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Molded-fiber Food Packaging Manufacturer
seeking Investors or Strategic Partner in Wisconsin

An overseas manufacturer of molded trays used in prepared and frozen meals (e.g., microwave dinners) and heavy-duty, institutional catering is seeking investors and/or strategic partner for a joint venture to serve the US/North American markets.

The unique value proposition is that this company has developed a proprietary additive and pulping process that renders plant fibers resilient to high moisture, high temperatures and oil absorption. Thus, food prep and serving trays made from this fiber provide a renewable, recyclable, compostable, and lower cost replacement for plastic and aluminum food trays used in frozen and prepared meals (e.g., food products manufacturers, groceries, etc.), institutional food service (e.g., schools, military, hospitals, etc.) and heavy-duty catering (e.g., in-flight meals, events, etc.).

Products and Markets
Traditional paper-based food trays are not capable of holding up to the severe changes in environment or satisfying the strength requirements in these applications. They lose strength above 100 °C (212 °F), discolor, absorb, leak and fail to hold their shape. Frozen prepared meals and heavy-duty catering, for example, require:

- Tray must meet all FDA Food Contact Standards regulations
- Heating resistance up to 220 degrees Celsius in the oven or microwave
- Freezing resistance down to -40 degrees Celsius for up to a year
- Ability to hold any food without absorbing or leaking (ex. oils, meats, acidic and alkaline foods)
- Maintain shape, colour and durability in all conditions
- Transportation: ability to be transported via "thermoporting containers" at about 95% moisture and 70 degrees Celsius for 5 hours
- Sealing sheet: fast peeling or lock with capability of stacking at least 8 trays; pressing force of 4kg without tearing; maintaining cooling conditions up to 8 days
- Packaging Machines, Denesting: tray needs to be compatible with automated sealing and feeding machines (i.e., perfect separation between trays)

Trays made with this proprietary and branded material have been tested and verified to meet all of these standards. In addition, the material is certified renewable, recyclable and compostable (i.e., biodegradable and non-toxic) by an international certifying body.

The dominant materials used in frozen/prepared food trays today are aluminum and CPET.

**Aluminum**: satisfactory performance, cost effective, readily available, recyclable, BUT …

- Requires separation from the waste stream
- Non-renewable and production emits heavy metals and toxins
- Affordable price masks environmental impact and overall high Cradle-to-Grave life cycle costs

**CPET class of plastics**: satisfactory performance, cost effective, readily available, recyclable, BUT …

- Not biodegradable or compostable, emits toxins and carries heavy metals
- Non-renewable, based on petrochemicals
- Regulations require virgin CPET layer over recycled CPET on food contact surfaces (adding cost)

**Other material alternatives**: made from plant fiber or recycled material

- Must be plastic-coated, thus are not biodegradable or recyclable

The joint venture will focus on CPET users and applications providing a renewable, recyclable, compostable, and lower/equivalent cost replacement. The production and handling processes involved with using a molded shape and its similar material appearance make it easy to transition from CPET to fiber trays. Switching from stamped, pressed aluminum trays to molded trays will be more difficult for some users.

In 2013, the estimated global demand for CPET trays in these targeted markets was 12.7Bn units. US demand totaled 3.4Bn units. With beneficial social and economic trends, demand is estimated to increase 5-10% per year depending on the particular market segment.

<table>
<thead>
<tr>
<th>in Bn Units/Yr</th>
<th>US</th>
<th>UK + EU</th>
<th>Rest of World</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepared Meal Manufacturers and Groceries</td>
<td>1.5</td>
<td>4.0</td>
<td>1.5</td>
<td>7.0</td>
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<tr>
<td>In-Flight Catering</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
<td>1.5</td>
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<tr>
<td>Institutional Food Services</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>3.0</td>
</tr>
<tr>
<td>Other Catering</td>
<td>0.4</td>
<td>0.5</td>
<td>0.3</td>
<td>1.2</td>
</tr>
</tbody>
</table>
Total | 3.4 | 6.0 | 3.3 | 12.7

**CPET Food Trays – Global Consumption 2013**

**Financial Projections**

The company estimates CPET trays sell for approximately US$ 0.14 per unit. Based on a manufacturing facility with an annual capacity of 25m units, variable production cost per unit would be US$ 0.043, suggesting a potential Gross Margin of 69% (= 1 - .043/.14). Selling and other Operating expenses add an estimated US$ 0.029 per unit, translating to 48.6% profit margin or US$ 0.068 profit per unit sold (= .14 – (.043+.029)).

These figures suggest that there is room for competing as a lower cost option, in addition to the environmental benefits and performance parity.

Using these figures, a 25m unit production capacity could support US$ 3.5m in sales and yield up to US$ 1.7m in Net Profit before Taxes. Production is easily scaled with additional pulping and tray molding equipment.

**Investment Proposal**

The company is proposing a joint venture in which the investors (or strategic partner) provide the executive management team and contribute US$ 1.5m for a 60% stake (US$ 1.0m for capital equipment and US$ 0.5m for marketing and working capital). The company will provide an exclusive license for food packaging and service applications in North America, production support and know-how and ongoing new product research and development for its 40% stake. For example, products currently under development include a single-cup coffee brewing “pod” and patented coffee cup lid.

This opportunity will appeal to investors with an interest or expertise in food processing, pulp and paper products or bio-based product manufacturing. An ideal strategic partner would include firms in food processing, packaging materials or molded paper products. Existing pulp and paper processors might use this as an opportunity to diversify into higher margin, value-added products.

The business economics favor a location near sources of biomass or processed pulp, so Minnesota or Wisconsin-based investors and companies should be particularly interested.