

Capsalus Corp. is Helping Companies in the Health, Wellness and Goodness Arena
Get Beyond the Development Stage and Reach Critical Mass by Providing
The Necessary Funding And Management Expertise



**Venture Capital
Health & Wellness
(WELL-OTC: BB)**



Kevin P. Quirk
Chief Executive Officer

BIO:

Kevin P. Quirk assumes this position with more than two decades of consumer products operating experience spanning general management and senior marketing roles in Fortune 500 corporations and start-up ventures. As CEO he is responsible for determining Capsalus' strategic direction and managing performance against overall business objectives in keeping with the company's mission.

Quirk is the founder of White Hat Brands LLC, a functional beverage manufacturer focused on children's health and wellness issues, which he sold to Capsalus earlier this year after raising multiple rounds of financing and stewarding the business to a successful exit. Before White Hat, he held a variety of senior-level marketing positions for The Coca-Cola Company, initially hired into the Coca-Cola Accelerated Program, the company's coveted management training program, from which he was charged with running the New England market. He also served as director of marketing for Minute Maid brands prior to his departure. In addition, Quirk spent nearly a decade at Anheuser-Busch, working in brand management, field sales and marketing, wholesaler development and strategic planning, most notably as market development manager of the Wisconsin territory, and as founder of the company's business development group, providing internal management consulting to a network of more than 800 distributors. Quirk earned a BS in marketing and a BA in communications from Saint Louis University, and a letter of MBA equivalence from Harvard Business School.

Company Profile:

Capsalus Corp., based in Atlanta, is a public holding company that partners with and acquires visionary enterprises producing progressive, broad-based solutions in the health and wellness space for better physical, nutritional and emotional health worldwide. Capsalus, which derives its name from "Salus," the Roman goddess of health and prosperity, provides companies in varying stages of development with the operating infra-

structure, strategic pathways and financial support to get them to the mass market quickly and efficiently. Its current portfolio includes companies across the consumer products, media and technology, biotechnology and healthcare industry spectrum, including Wish Upon a Hero, an online community pioneering a new model of philanthropy by connecting people in need with people who can help; White Hat Brands, an emerging player in the branded functional food and beverage market; and PanTheryx, creating and selling biologics, pharmaceuticals and medical products to the expanding number of healthcare professionals worldwide.

Interview conducted by:
Lynn Fosse, Senior Editor

CEOFCO: Mr. Quirk, what is your vision for Capsalus as the new CEO?

Mr. Quirk: It is really quite simple: bring resources to early-stage, innovative enterprises that otherwise do not have them. We'll provide companies in varying stages of development with the operating infrastructure, strategic pathways and financial support to get them to the mass market quickly and efficiently. In our team's collective experience, we have seen too many companies with great ideas never make it to market or never hit the level of critical mass to be successful. This is typically due to three things: a lack of capital funding, lack of strategic vision or lack of execution. We have expertise in all three of these areas. Therefore, our goal is to find these companies, strike a deal and then help them succeed to where we can move them into the middle market and beyond.

CEO CFO: How do you find companies and what is your criteria for deciding who fits with your business model?

Mr. Quirk: To date we've been fortunate to find well-suited companies through trusted partners. We seek companies that are "gazelle enterprises" -- companies that have the ability to grow fast, that are focused on the health, wellness and goodness sector and have something unique to offer. These are not "me too" companies that are going to require a gazillion dollars to gain the traction necessary to succeed; rather, they require less capital because they have developed such innovative products and services that -- with our help -- we expect them to catch fire to where bigger financial partners will come in and back-stop us.

CEO CFO: Do you find it hard to convince the owner/creator/founders that they are not the right one to take the company to the next level?

Mr. Quirk: That is a great question. The answer to that is both yes and no. As fellow operators, we are not going to go and beat you up and tell you all of the terrible things you are doing wrong. My management style has always been about business discipline and performance management. Once you start asking the right questions, these entrepreneurs realize you know what they don't, and we are here to help them. They also understand that with our help they have a much better shot at being successful. That's not to say we don't get push-back -- it's not easy telling somebody their baby isn't perfect, but we work through it. Part of our criteria in evaluating prospects is that, if you are not willing to listen, participate and be open, then you are not the right fit for us.

CEO CFO: Would you tell us about the companies that are currently in your portfolio?

Mr. Quirk: At the moment, our portfolio consists of three different companies, and we have a letter of intent out on a fourth one. First, there is White Hat Brands, a functional bev-

erage venture focused on children's health and wellness issues. White Hat markets an all-natural juice product formulated and branded for the eight to twelve market. The insight here was a company that had a solid product formulation and an excellent brand, laser-focused on a specific demographic, as well as a national partnership with the Juvenile Diabetes Research Foundation. With the increasing prevalence of childhood obesity, diabetes, and heart conditions among children, White Hat carved out a nice position for their brand. The team did a great job building distribution through large format grocery chains in the northeast, and they have other products on the way.

Another company of which we own a small percentage is called PanTheryx.

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They develop and distribute advanced healthcare products, including pharmaceuticals, biologics and medical products. Specifically, they have an orally administered biologic therapeutic for treatment of pediatric diarrhea, a massive problem in underdeveloped countries. They have made great inroads into India and are aggressively pursuing other markets around the world where there is overwhelming demand for this sort of innovation.

The third one in which we are involved is a multimedia company called Wish Upon a Hero. We are very excited about this one. We took a significant stake in the company a couple of months ago. "Wish" is a social helping network and website -- it's been dubbed the "Facebook of Philanthropy." Simply put, it represents a new model of philanthropy and a kind of peer-to-peer charity with

both for-profit and not-for-profit components. As an online destination, WishUponAHero.com has garnered a community of 150,000 members. On one side, there are the "wishers" -- people in need who log on and post their personal wishes. Then on the other side, there are the "heroes" -- those who log on and respond to those in need. Wishes range from more straightforward matters, say someone needing help buying their children's back-to-school clothes, to more serious issues like someone seeking funds for life-threatening surgeries. In one unprecedented case, a kidney was actually matched to someone in need. More than 69,000 wishes have been granted since the site was launched a few years ago. And, it's all done through social networking and communication. The program has been receiving a lot of buzz -- in fact, ABC's Charles Gibson named the founder, Dave Girtenti, Person of the Week on his nightly news program. We've even seen interest from celebrities like Leann Rimes and Taylor Swift who have expressed their support for the charity.

CEO CFO: What is your involvement with the Wish Hero company and how do they make money?

Mr. Quirk: We have a significant ownership stake in the company, but we are minority stakeholders. In other words, we're able to influence the strategic direction of the business, we steward planning and performance management, and we get involved in execution where our expertise is needed. But Dave and his team have done such a great job thus far that our primary task is to stay out of their way to let them drive the growth of the business. They've built an active online community that's generated 150,000 members and counting, granting more than 69,000 wishes since the site's inception in under four years. And, the site's traffic trends are through the roof.

Revenues are generated through user donations, advertising, affiliate marketing and merchandising. Of these

four streams, a lot of attention is being paid to affiliate marketing right now; the team is focused on streamlining the purchasing process for users visiting the site to grant merchandise to people in need. So, when a member wants to help someone with their holiday shopping, we need to make it as simple as possible. Integration between the Wish domain and leading retailers like Walmart.com needs to be tighter. Since the Wish Upon a Hero Foundation was launched to enable corporations to grant tax-deductible wishes, Wish already has working relationships with big-name retailers donating merchandise of their own. By integrating with these retailers, we see huge e-commerce opportunities in areas like appliances, electronics, durables and consumables that have only just begun to take shape. Another big opportunity is with the introduction of Charity Builder, a new site feature that enables emerging non-profits to get off the ground by allowing them to create and host a website and process credit card donations, as well as promote themselves to the Wish community. From that service, Wish collects a monthly or one-time annual fee as well as a percentage of donations. Irrespective of new non-profits that have yet to launch, there are more than 100,000 existing ones with limited capabilities that Charity Builder will benefit, so the demand is there. Lastly, we are in the process of shopping a reality program to network and cable TV. Initial response has been as positive as we anticipated. We're confident Wish will soon evolve to become a cross-platform content provider which will have a major impact on valuation.

CEO CFO: For Wish Upon a Hero is there a filtering process to make sure that these are really people in need?
Mr. Quirk: Yes, there is an automated filtering component embedded in the back-end of the site, and we also have a monitoring team that does an excellent job of qualifying questionable wishes. But these mechanisms are by no means perfect. With the proceeds from our investment in Wish, the team is allocating funds to enhance the filtering technology. We are also working on

improving the way in which the growing number of wishes are organized and presented on the site to make it easier to navigate through such a vast body of content. This is all part of the plan. This site is a living, breathing asset, and the expectation has always been that it will need to evolve as the business grows.

CEO CFO: You have a nice mix of companies that you are working with as far as types of products and services; are you looking to maintain a particular mix or is it really opportunistic?

Mr. Quirk: We have a set of core criteria on which we judge a prospective investment and we have a range of services we bring to the table as an investment company with extensive operating expertise. When there is a good fit in that regard and there is an attractive deal to be had, and as long as timing, financial and bandwidth considerations make sense, then we may be opportunistic. Having said that, we are focused solely on the health, wellness and goodness sector.

CEO CFO: What is the financial picture like for Capsalus today?

Mr. Quirk: Since closing the doors on a couple businesses last year and acquiring White Hat Brands last April, we have gone to significant lengths to re-tool our corporate vision, improve the financial performance of the company and build a much more compelling business plan. We are working our way through legacy debt and looking at ways to make our stock a much more appealing play. As we tackle some of these tough issues and begin to execute on the new business plan, I am extremely confident the street will respond positively to our story as it unfolds. With White Hat, Wish and a couple other significant deals coming down the pike, we have been able to raise funds through the sale of stock and with a palatable level of additional debt. As we proceed in building out new opportunities, we will raise capital to fund each one.

CEO CFO: With regard to White Hat Brands, is there much competition for the target age group?

Mr. Quirk: There really is no competition laser-focused on the children

ages eight to 12 – the “tween” market. This was one of the key insights the company brought forward: that if you are an eight- to 12-year old, it is very much about the brand and so much of what is available on store shelves is “uncool.” Historically for this age group the most innovative options have been either the juice beverage in a pouch, like Capri-Sun, or the juice box -- both considered not cool by tween standards, though admittedly very attractive in terms of price. And, Mom wouldn't buy soda regularly for the obvious reasons. Of course, now there's Gatorade, which meets the cool requirement but is not ideal for children that age because of the high amount of sodium and calories that come in those over-sized “single-serve” bottles. And, no kid should be drinking Red Bull or Starbuck's caffeinated drinks. So, White Hat Brands enters the market with Dog On It! fortified juice beverages, cracks the code in terms of what today's tweens find cool – without being objectionable to Mom – and delivers a healthier, all-natural juice beverage fortified with vitamins, low in sugar and packaged in an 8-ounce portion-controlled bottle. Mom's happy with the nutritional panel and kids love the brand and taste. A good example of a smart niche brand play with solid execution. Our team identified a gap in the market and plugged it.

CEO CFO: Do you do much investor outreach, and if so, how do you reach potential investors?

Mr. Quirk: Coming on board as CEO, I've primarily focused on improving communications with current investors. We're about to distribute the first investor update on my watch. This will be a regular communications vehicle I will use to encourage a two-way dialogue and get our stakeholders excited about our future. We just commissioned a research report on Capsalus we expect to be completed sometime in the 1st Quarter, which will be a tool to generate interest among prospective investors by giving some guidance on metrics like revenue targets and stock price. It will go to fund managers, market makers and penny stock investors, and they will receive quarterly updates. Finally, we've be-

gun outreach to the financial media to help spread the word.

CEO/CFO: In closing, why should potential investors look at Capsalus?

Mr. Quirk: Number one, I think it is the space we are focused on: the \$600 billion health, wellness and goodness arena. This is a huge space with plenty of room for countless players big and small, and which is only just beginning to hit its stride in light of shifting preferences among increasingly health conscious, beneficent consumers. We're not without our issues — legacy debt, historical stock performance — but we're righting the ship, so keep an eye on us. In the

coming quarters we will demonstrate our ability to seek out and secure investments in consumer products and services that are pragmatic, that are unique and that have a huge opportunity for 'hockey stick' growth -- the gazelle companies that I spoke of earlier. Our business development pipeline is rich. We are about to sign a deal with a Hall of Fame professional athlete who will be instrumental to our growth in terms of attracting financial and strategic partners, generating awareness for our brands and opening doors. We just put out a letter of intent to acquire an emerging franchise called Guava Home and Health-care, which we are looking to close by

the end of the quarter. The thing that my management team and I have been good at and have done a nice job over the last decade is in trend-spotting -- moving to where the hockey puck is going to be. We are always looking ahead to determine what trends are materializing, the right entry point and how we get in on the ground floor. Given the growth projections for the space in which we're playing, I'm confident we're going to make a lot of investors very happy.



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