

OUTLINE OF THE APPRAISAL PROCESS

Following is an outline of the appraisal process. This gives you an idea of the steps we go through in every appraisal. In connection with every appraisal, we conduct due diligence with regard to the Company's current operational and financial position and outlook. This due diligence would include management interviews and review and analysis of company documents.

- Send professional services agreement with documents/information request list (sample attached)
- Research and analysis of relevant economic data
- Research and analysis of relevant industry data
- Corporate due diligence
 - Analysis of Company financial statements (historical and forecast, if prepared by management)
 - Analyze internally over time
 - Make appropriate adjustments
 - Compare with specific guideline (or comparable) companies
 - Analyze assumptions underlying forecasts
 - Facilities visit and management interviews
 - Tour facilities
 - Management interviews regarding the Company's current position and outlook; resolve any questions surrounding historical operations, appropriate financial statement adjustments, etc.
 - Objective is to gain a complete understanding of the business, how it generates revenues and profits, its operating and financial structure, the environment in which it operates, etc.
- Develop data for valuation approaches
 - Market approach
 - Develop guideline company list
 - Obtain guideline company data
 - Analysis of guideline company data
 - Analysis of similarities and differences
 - Financial statement adjustments
 - Develop relevant market multiples
 - Price/earnings ratios (or total invested capital/EBIT)
 - Price/cash flow ratios (or total invested capital/EBITDA)
 - Price/revenues ratios
 - Price/book value ratios
 - Choose appropriate multiples for the subject Company
 - Apply multiples and develop indications of value

OUTLINE OF THE APPRAISAL PROCESS (CONT.)

- Income approach¹
 - Analysis of management's forecast
 - Calculate after tax free cash flow based on management's forecasts and/or historical operations
 - Develop appropriate required rate of return for the subject Company
 - Determine present value of future free cash flows
 - If a single period income approach is used, normalized free cash flow is capitalized

- Cost approach (not generally relevant for going concern operating companies)
 - Adjust assets and liabilities to estimated market values
 - May require real estate or equipment appraisals

- Develop valuation
 - Analysis of quantitative and qualitative data
 - Incorporate analysis and develop conclusion
 - Peer review

- Verbal report to client (Trustee)

- Write report
 - Comprehensive -- reflect all above steps
 - Thoroughly document and support conclusions
 - Use conventional methodology, acceptable to IRS and DOL, in conformance to ASA standards, and generally accepted ESOP (and other ERISA plan) appraisal practices
 - Make it readable

¹All analysis of forecast and/or future income expectations and growth will also incorporate the estimates of expected industry conditions gleaned from our industry research and analysis.