



Fairness Opinions

Goodwill Impairment

Financing Strategies

Litigation Valuations

Strategic Dispositions

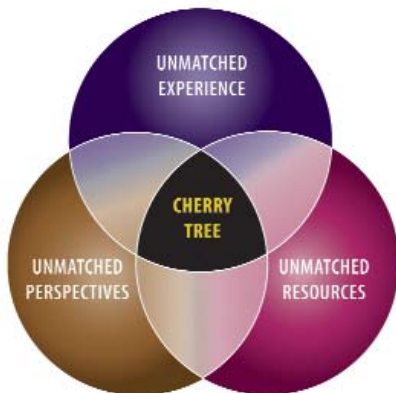
Buy/Sell Agreements

Outcome-Critical Valuations

of Companies and Corporate Securities

A valuation should be supported by more than just sophisticated financial analyses; it also requires a well conceived rationale, critical thought and the practical judgment that only result from real world experience.

FOR IMPORTANT VALUATION PROJECTS,
CHERRY TREE BRINGS



What is an Outcome-Critical Valuation?

An **OUTCOME-CRITICAL VALUATION (OCV)** involves one or more of the following:

- Substantial Economic Interests
- Potential Conflicts of Interest
- Possible or Pending Litigation
- Importance of Achieving a Defensible Conclusion
- Complex Issues

Company management, counsel, Boards of Directors and Special Board Committees are periodically involved in a transaction or other circumstance giving rise to an Outcome-Critical Valuation or OCV. Those situations call for a valuation based on thorough and soundly reasoned analyses, which are logically presented and strongly defensible by the firm performing the work.

Knowledge Required

At its core, an OCV of a company or a corporate security will require knowledge of and experience with several of these general subjects.

Capital markets valuations and transactions

- Public company valuation parameters
- Private company investment valuation parameters
- PIPE transactions
- “Going private” transactions
- Acquisition valuations
- Stock market liquidity issues

Company and industry analyses

- Financial and operational characteristics
- Capital structure
- Strategic direction
- Competitive issues
- Company and industry trends

Characteristics and terms of securities

- Relationships among equity, equity-related and debt securities
- Liquidation, dividend, change of control, voting and other provisions in preferred and convertible debt securities
- Seniority, financial ratio and default provisions in debt securities and loan agreements

Characteristics and terms of common business agreements

- Financing and investment agreements
- Buy-Sell agreements
- Merger and acquisition agreements
- Joint venture agreements

Corporate governance and fiduciary responsibilities

- Director responsibilities
- Special Committee roles
- Appropriate decision making process
- Use of company and special counsel

Cherry Tree's Qualifications

Cherry Tree brings an unmatched set of qualifications and perspectives to OCVs. Its personnel have been making and assessing OCVs and applying them in important business situations for decades. The experience illustrated in this table results from many years of investments, financings, transactions, advisory projects, and governance and operating roles spanning dozens of industry segments and hundreds of companies.

Cherry Tree's Resources

In addition to bringing the experience and knowledge of its staff to an OCV, Cherry Tree draws on substantial resources outside of the firm. These include proprietary databases, including Mergerstat, FactSet and CapitalIQ. Potentially more important to a particular project, however, is Cherry Tree's contact and relationship network.

A significant difference between Cherry Tree and other firms which provide valuations is Cherry Tree's access to people and institutions. The long investing and business history of Cherry Tree and its personnel has resulted in a network of several hundred current and former CEOs, CFOs, Directors and other corporate officers, as well as attorneys, accountants and other business professionals. Additionally, Cherry Tree has co-invested or otherwise been part of transactions with partners at numerous private equity firms, mezzanine funds and other investing institutions.

Collectively, Cherry Tree's network possesses an extraordinary knowledge of businesses, industries, transactions and investors.

Cherry Tree's Approach to an Engagement

Before agreeing to an engagement, Cherry Tree will review selected available information to determine if its involvement will add significant value to the project. Once engaged, our client will find Cherry Tree to be thorough in its information gathering and analyses, based on the assumption that it will have to vigorously and successfully defend its work and conclusions.

The engagement Managing Director will take full responsibility for all the analyses, assumptions and supporting information contained in the final report, as well as the conclusions expressed. That Managing Director will also take full responsibility for presenting the report and defending it, whether in front of a board, special committee, shareholders or in a courtroom. When appropriate, Cherry Tree's Opinion Review Committee will review the work and conclusions in an opinion prior to its issuance.

Conclusion

Cherry Tree has an unmatched set of real world experience, perspectives and resources that it can bring to bear on an Outcome-Critical Valuation. Other firms possess only a small subset of what Cherry Tree provides.

To discuss Cherry Tree's ability to assist with an OCV, please contact Michael Bochert, CFA, Cherry Tree's Managing Director responsible for Cherry Tree's OCV practice.

Telephone: 952/253-6029 | **E-mail:** mbochert@cherrytree.com | **Fax:** 952/893-9036

Cherry Tree Personnel's Experience				
Outcome-Critical Valuation Application	Cherry Tree as Institutional Investor	Director/Special Committee Member	CEO/CFO	Investment Banker
Advise selling companies	•	•	•	•
Advise acquiring companies	•	•	•	•
Fairness opinions for acquisitions	•	•	•	•
Goodwill impairment valuation		•		
Going private transactions		•		•
Sale of equity and other securities in the private markets	•	•	•	•
Sale of equity and other securities in the public markets	•	•	•	•
Sale of restricted stock	•	•	•	
Rights offering		•		•
Shareholders' rights plan ("poison pill")		•		•
Dissenting shareholder disputes		•		•
Buy-Sell agreements	•	•	•	•
Negotiation of securities' terms	•	•		•
Corporate investment by a strategic investor	•	•	•	•
Pricing of initial public offerings	•	•	•	•
Analysis of corporate financing options	•	•	•	•
Expert testimony in litigation				•
Direct investment in private company equity and equity related securities	•	•	•	•
Valuation of private equity portfolios	•			•
Co-investing alongside other private equity funds	•			•
Direct investment in public company equity and equity related securities	•			•
Company co-founder/initial investor	•	•	•	

ABOUT CHERRY TREE

Background

Cherry Tree is a Minneapolis based, private investment banking and investment management firm celebrating its 25th anniversary in 2005. Cherry Tree's two founders, Gordon Stofer and Tony Christianson, are the firm's two Managing Partners. Cherry Tree's total staff numbers 25. Cherry Tree Securities, LLC is a NASD registered broker-dealer and Cherry Tree Investments, Inc. is a registered investment advisor.

During its quarter century life, Cherry Tree and its principals have assisted companies as investors, directors, venture capitalists, operating executives, strategic advisers and investment bankers. The firm's accomplishments include:

- founding 30 companies;
- participating in more than 250 financings for portfolio companies and others;
- completing over 50 mergers and acquisitions; and
- participating in numerous initial and follow-on public securities offerings.

Investment Banking Focus

Cherry Tree's valuation expertise results directly from our investment banking, investing and advisory experience with companies in the entrepreneurial economy. We believe in the power of entrepreneurs and assist those who want to raise capital or acquire other companies in order to grow, or who want to sell all or part of their ownership interest in a company to monetize the wealth they have built. We also act as agent for private institutional financings and PIPEs. Cherry Tree's investment banking clients typically have revenues between \$10 million and \$100 million although there have been smaller clients and clients with revenue exceeding \$1 billion.

Selected Experience

 <p>Hoffco, Inc. acquired by an affiliate of FIELDSTON INVESTORS, LP CHERRY TREE EXCLUSIVE AGENT</p>	 <p>Mercury Waste Solutions, Inc. Fairness Opinion in connection with the acquisition of minority shareholders' interests CHERRY TREE ADVISOR</p>	 <p>Crow Wing POWER acquired majority interest in HUNT TECHNOLOGIES, INC. CHERRY TREE FINANCIAL ADVISOR</p>	 <p>Diversified Graphics Incorporated & MARA-MI inc. acquired by an investor group led by AAVIN VENTURE CAPITAL CHERRY TREE EXCLUSIVE PLACEMENT AGENT</p>	 <p>FINGERHUT DIRECT MARKETING INC. \$62,500,000 SERIES A PREFERRED STOCK CHERRY TREE CO-ADVISOR</p>
 <p>XATA CORPORATION \$4,096,774 PREFERRED STOCK CHERRY TREE EXCLUSIVE PLACEMENT AGENT</p>	 <p>HOPPLE PLASTICS A General Packaging Business of WNA acquired by THE FABRI-FORM CO. CHERRY TREE EXCLUSIVE AGENT</p>	 <p>SECOA The Stage Equipment Company acquired by an investor group led by FISCHER INVESTMENT CAPITAL CHERRY TREE EXCLUSIVE AGENT</p>	 <p>DOLAN MEDIA COMPANY INFORMATION DIVISION acquired by REED ELSEVIER CHERRY TREE INVESTOR / DIRECTOR</p>	 <p>WREME Medical Electronics Co. acquired by SENIOR MANAGEMENT CHERRY TREE ADVISOR</p>

Contacting Cherry Tree

For more information, please contact Cherry Tree: 952.893.9012, info@cherrytree.com, or visit our website at www.cherrytree.com.

