

BUSINESS VALUATION QUESTIONNAIRE

The responses to the questions contained in this questionnaire will be used in our valuation analysis. As such, please provide as much detail in your responses as possible.

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Identification

1. Company Name:
2. Address:
3. City, State, Zip:
4. Telephone:
5. Fax:
6. Web Site Address:
7. Contact Personnel:
8. E-mail Address:
9. Reason for Valuation:
10. Number of Reports Required:
11. Effective Valuation Date:
12. Company's Year End Date:
13. C or S Corporation:
14. Percentage Interest To Be Valued:
15. Company Advisors:

	Attorney		Accountant
Contact Name			
Firm Name			
Address			
City, State, Zip			
Telephone			
Fax			
Email			

	Banker		Financial Advisor
Contact Name			
Firm Name			
Address			
City, State, Zip			
Telephone			
Fax			
Email			

16. Throughout the valuation project, please provide as much documentation in electronic format as possible. Please be advised that at the completion of the project, any "hard copies" of information received will either be shredded or returned to your company. Please indicate whether you wish to have your documents returned or shredded:

_____ Return documents to the company

_____ Shred documents

Description And History

1. Describe in detail the nature of the business and business activities.
2. When was the company founded and who founded it?
3. Provide a discussion tracing the ownership of the company from its founding to present day.
4. When was the company incorporated, and in what state is the company incorporated?
5. Provide a discussion tracing the location of the company from its founding to present day.
6. Describe any key dates in company history or significant events that have taken place during the past five years.

Affiliates, Subsidiaries, And/Or Relate Entities

1. Identify any subsidiaries, affiliates, or other companies in which the company or shareholders have a financial interest, and provide a discussion of their activities.

Products and Services

1. Identify and describe the company's products and services.
2. Identify and describe any new products and services that were introduced during the past three years.
3. Describe any products and services that were discontinued during the past three years, and provide an explanation of why they were discontinued.

4. Identify and describe any new products and services that are planning on being introduced during the next 12 – 18 months.

5. Discuss where the company's more significant products are in their life cycle. That is, is the company's product line comprised of products that are all mature or all fairly new, or is the product line comprised of products in all categories (i.e. some new, some mature)?

6. Discuss the contribution to overall profitability of the company's more significant products and services. That is, are there certain products and services that are more profitable, or less profitable, than others?

7. To what extent are the company's products and services subject to seasonality (i.e. winter versus summer, 1st quarter versus 3rd quarter, etc.)?

8. To what extent are the company's products and services subject to changes in economic conditions (i.e. inflation, interest rates, etc.)?

9. Discuss any patents, copyrights, trademarks, technology, or other intellectual property the company has.

10. Discuss any technology that is being developed that may render some or all of the company's products obsolete.

Sales

1. Provide the dollar amount of revenue for the years noted broken down by product and/or service.

Products and Services	2007	2008	2009

2. Provide the dollar amount of revenue for the years noted broken down by customer mix.

Customers	2007	2008	2009
End Users			
OEMs			
Distributors			
Retailers			
Other			

3. Provide the dollar amount of revenue for the years noted broken down by end user group or industry.

End User/Industry	2007	2008	2009

4. Provide the dollar amount of revenue for the years noted broken down by geographic area.

Geographic Area	2007	2008	2009

5. What is the company's current backlog and how does this compare to last year?
6. How often are prices increased, how is the amount of the increase determined, and when was the company's most recent price increase?
7. What is the relative size of the company's divisions in terms of sales and gross profits? How much vertical integration is there among divisions? How easily can a division be eliminated without affecting other operations?

6. What percentage of total sales is obtained through a competitive bidding process, and what is the approximate capture rate of all work that is bid?
7. Are there any long term contracts that bind certain customers to your company? If so, please explain.

Marketing

1. What promotion and advertising techniques does the company use to market its products and services (i.e. trade shows, direct mail, advertising, telemarketing, etc.)?
2. Discuss how the company's marketing efforts have changed over the past few years
3. Does the marketing of the company's products and services depend upon referrals? If so, what factors influence the likelihood that these referrals will continue in the future?

4. Approximately what percent of total sales are generated by each of the following:

	Percent Of Sales
Company Sales Force	
Independent Sales Representatives	
Distributors	
Other Sources	

5. Which products and services are sold by the following:

	Products and Services
Company Sales Force	
Independent Sales Representatives	
Distributors	
Other Sources	

6. If known, what share of the market does the company have for each of its major products and services, how does this compare with past years, and on what basis was the company's approximate market share determined?
7. What plans does the company have to expand its sales territory?

Competition

1. List the company's major competitors, and indicate their relative size (in terms of revenues) in comparison to your company, and provide any other relevant data about the competing firm.

Name and Location (City and State)	Size	Other Factors

2. Discuss what the primary basis for competition is within the industry, and what the industry's customers consider the primary factors impacting their purchase decisions.
3. Discuss to what extent the company is vulnerable to foreign competition.
4. Discuss what the company's competitive advantages (i.e. proprietary technology, ability to produce products or offer services less expensively, ability to grow the company quicker, ability to dominate a niche market) and disadvantages are.
5. Discuss what the company is doing to reduce competitive risks going forward.
6. Discuss what the barriers to entry are for a new firm who wanted to begin offering similar products and services as the company offers.

Suppliers

1. Describe the adequacy of the supply of materials used by the company (i.e. very accessible, difficult to obtain due to long lead times, etc.).
2. Indicate which of the company's suppliers are sole source, and approximately what percentage of overall purchases these suppliers represent.

Employees

- List the total number of employees at year-end for each of the years noted.

	2007	2008	2009
Full Time Employees			
Part Time Employees			

- Provide a breakdown of the current staffing level.

Department	Full Time	Part Time

- Is there any significant change in the number of personnel employed during the year as a result of seasonality?
- What do you consider the relationship to be with the company's employees (i.e. excellent, good, poor), and what is the level of employee turnover?
- Have there ever been any strikes or work stoppages (actual or threatened)? If so, indicate when this occurred, and what the reasons were that caused the strike or work stoppage.
- Does the company maintain an internal website for employees? If so, what is its purpose?
- Identify the employee benefit plans the company offers.

Benefit	Yes/No	Benefit	Yes/No
401k Plan		Life Insurance	
Profit Sharing Plan		Medical Insurance	
Pension Plan		Dental Insurance	
Other			

Key Employees

1. Provide a list of the company's current key employees. For instance, list those individuals who possess specialized skills or knowledge that is essential to the company maintaining and increasing revenues, continuing the operations, and increasing profits.

Name	Position	Date Of Birth	Date Of Hire

2. List the total compensation (salary, bonus, etc.) received by each of the stockholders, family members and other key employees for each of the years noted and discuss the basis of compensation.

Name	2004	2005	2006	2007	2008	2009

3. List the average number of hours worked per week, the average number of months worked per year, and the average weeks of vacation per year for each of the stockholders, family members and other key employees.

Name	Average Hours Per Week	Average Months Per Year	Annual Vacation Weeks Per Year

4. What is the health of the stockholders and key employees?
5. Discuss to what extent the company's day to day operations are influenced by, and major decisions are made by, one person or a small group of people.
6. Is there a management team in place that has responsibility, as well as authority?
7. Are there any employees that have close relationships with customers or vendors that could be compromised if that person left the company unexpectedly?
8. Discuss the capabilities of the company's second line management, and how the company is preparing and training these individuals in the event they would be required to assume control of the company's operations.

Ownership

1. List the number of shares of stock that the company has at the most recent year end.

Shares	Voting Common	Non Voting Common	Voting Preferred	Non Voting Preferred
Authorized				
Issued				
Outstanding				
Treasury				

2. List the company's shareholders and indicate the number of shares of stock that each shareholder owns.

Shareholder Name	Voting Common	Non Voting Common	Voting Preferred	Non Voting Preferred

- List any stock options outstanding.

Name of Option Holder	Number Of Shares	Price Per Share	Issue Date	Expiration Date

Board of Directors

- List the current members of the board of directors.

Name	Occupation	Annual Fee	Year Became Director

- Indicate how often board meetings are held and how active the board is in governing the company's operation.

Transactions

- List any **sales** or **gifts** of the company's stock that occurred during the past six years.

Transaction	Date	Number Of Shares	Seller / Donor	Buyer / Recipient	Price Per Share
1.					
2.					
3.					
4.					
5.					

Transaction	How Was The Price Per Share Calculated?
1.	
2.	
3.	

4.	
5.	

2. If any transactions in the company's stock have been reviewed or audited by the Internal Revenue Service, provide details.
3. Describe any acquisitions, mergers or divestitures the company was involved in during the past three years or that are currently under consideration (i.e. details of dates, prices, company names, etc.).
4. Has the company considered making an acquisition or merger to grow the organization in the near term? Why or why not?
5. Describe any recent offers to purchase the company (i.e. date of offer, price, terms, etc.).
6. Are the Company's owner(s) considering a transition of ownership of either all or part of the Company in the next five years? If so, please discuss the current thoughts on transition. If not, please discuss the long-term thoughts on ownership transition.
7. If the Company were to be sold, please identify actual companies or types of companies that you believe would be a good fit to acquire the company.

Business Facilities

1. Provide the following information for each of the company's locations.

Location	Address	Leased or Owned	Primary Use
1			
2			
3			
4			
5			

2. Provide the following information for each of the company's leased properties.

Location	Owner	Related to Shareholders	Term of Lease	Annual Rental Expense	Renewal Through
1					
2					
3					
4					
5					

3. Provide the square footage used by the company at each of the locations listed above.

	Location 1	Location 2	Location 3	Location 4	Location 5
Land Area					
Total Building Area					
Office					
Production					
Warehouse					
Other					

4. For each of the company's locations, indicate the number of shifts worked and the hours of operation.

Location	Number of Shifts	Hours 1st Shift	Hours 2nd Shift	Hours 3rd Shift
1				
2				
3				
4				
5				

5. Discuss any plans to open additional locations, or close existing locations, during the next three years.
6. What is the company's maximum sales volume in the current facilities using existing equipment?
7. What is the overall condition of the company's equipment? Does the company own any inefficient or obsolete equipment?
8. What is the average useful life of the company's primary equipment?
9. Discuss what the utilization rate is of the company's primary equipment (i.e. how much time is the equipment being used during the day versus being idle)? In

addition, discuss why the equipment is idle (i.e. due to lack of a labor force to operate the equipment, lack of sales volume, etc.).

10. Discuss the pros and cons of the present location with respect to markets served, transportation requirements, access to labor, etc.

Legal and Regulatory Issues

1. Provide a discussion of any potential or actual lawsuits brought by or against the company during the past five years, and include: nature of the lawsuit, amount involved, and status or outcome of the lawsuit (if applicable, indicate whether or not insurance covered any claims).
2. Has the company been audited by any federal or state taxing authority within the past five years? If so, provide details of the audit.
3. Discuss any inspections or site visits conducted by the Occupational Safety and Health Administration (OSHA) or the Environmental Protection Agency (EPA) during the past five years, and what the findings were of these inspections and visits.
4. To the best of your knowledge, is the company in compliance with all applicable safety and environmental regulations? If not, explain.
5. Are there any potential local, state, or national initiatives for new environmental regulations that may affect the company's operations? If so, what is the probability that the regulation(s) will be implemented?

Industry Information

1. List publicly owned companies whose operations are similar to your own, and indicate their location (city and state).

Company Name	City, State

- Identify trade associations that are active in the industry, and indicate whether or not the company belongs to the associations.

Association	Phone, Email, or Website	Member (Yes/No)

- Identify newspapers, magazines and other publications that relate to the industry, and indicate whether or not the company subscribes to them.

Name	Location	Subscribe (Yes/No)

- Identify any published studies regarding the industry you are aware of.
- Discuss issues in the industry that are going on now, or will be in the future, that are different than the past (i.e. technology changes, production capabilities, government regulations, competition, etc.).

Financial

- Is the company current with all of its federal and state tax liabilities? If not, discuss what liabilities are not current.

Projections

- Discuss where you see the company going in the future. For example, discuss the company's long range plans pertaining to products and services, marketing and customers, sales growth, expansion or cutbacks of business segments, possible spin-offs or acquisitions, etc.

2. Provide a forecast for each year noted of planned equipment purchases and capital leases, leasehold improvements, real estate purchases, and what the expenditures will be used for. In addition, discuss whether the spending for equipment will increase the company's production capacity, replace existing older machinery and equipment, and/or reduce labor costs in terms of man-hours saved.

Item	2010	2011	2012	2013	2014

Miscellaneous

1. Discuss any issues that were not specifically addressed in this questionnaire that you feel we should be made aware of in rendering our valuation opinion.
2. List the names of all individuals who responded to this questionnaire, or provided information in response to this questionnaire.