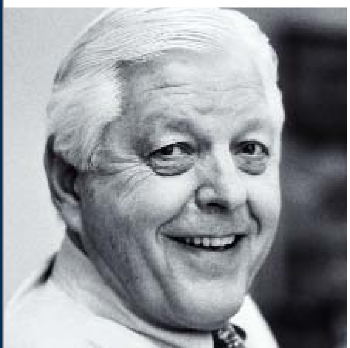
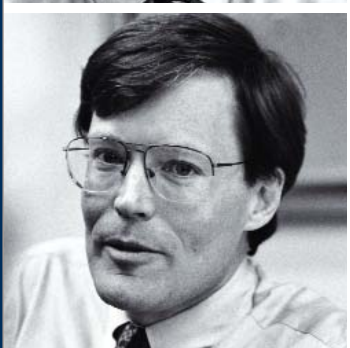

EMPIRE
VALUATION CONSULTANTS

Specialists in Valuation

From our founding in 1988, Empire Valuation Consultants has grown into one of the nation's leading and most respected independent valuation consulting firms.





Bill Lockwood
Terry Griswold
Scott Nammacher

Our wealth of valuation experience includes nearly every industry and type of financial security as well as many forms of intangible assets. This breadth of knowledge provides clients with a well-balanced and considered opinion, and one that is always specifically tailored to their individual situation.

At Empire, valuation is our only business.

Under experienced leadership, the firm brings excellence and integrity to every engagement through teams of highly skilled individuals who are among the finest our industry has to offer.

We are committed to delivering timely results and personalized attention to every engagement.

Empire's commitment to service is matched by our intense focus on delivering results. Developed and refined over many years, the Empire process has been carefully crafted to deliver independent, thoroughly supported, on-time, and credible valuations to clients.

The success of this process is reflected in the firm's reputation in the marketplace. Time and again, attorneys, accountants, estate and insurance planners, bankers, and others – from the most prestigious firms to the sole practitioner – recommend and turn to Empire for a broad range of valuation needs.

Qualifications

THE EMPIRE DIFFERENCE

People, Experience, and a Singular Commitment

The application of creative problem-solving skills in unique situations sets Empire apart.

Empire has successfully completed over 10,000 valuations involving businesses and intangible assets around the globe. The depth of experience, encompassing nearly all industries, sizes and stages of a company's life cycle, allows Empire's professionals to apply both common and uncommon valuation methods to each new assignment.

The Empire team is both broad and deep. All of our professionals hold MBA degrees, and many are active members of the major professional societies such as the American Society of Appraisers, CFA Institute, AICPA, and Institute of Business Appraisers, among others.

Team members are experts in their field and regularly speak on valuation topics at local, regional and national conferences. They have testified in numerous courts and jurisdictions around the nation including U.S. Tax Court, U.S. Bankruptcy Court, Delaware Court of Chancery, surrogates courts, and state courts.

The firm's knowledge base is continually enhanced by Empire's commitment to continuing education, helping to ensure that every engagement receives the most current valuation thinking and techniques available.

COMMON VALUATION TECHNIQUES

Income Approaches

- Capitalization of Cash Flow
- Discounted Cash Flows

Market Approaches

- Comparable Public Companies
- Publicly Reported Transactions
- Past Transactions in Company Stock

Asset Approaches

- Net Asset Value
- Liquidation Value
- Adjusted Book Value

Thorough

Consistent

Objective

Experienced

Creative

On opposite page, Andrea Hock, Joe Eckl and Hugh Lambert, Managing Directors

INDEPENDENCE COUNTS

Valuations, fairness opinions and client objectives can contain uniquely subjective elements.

Therefore, they require an independent and unbiased view. Empire provides objective, third-party conclusions of value. As a valuations-only firm, we are free from potential conflicts of interest that may occur when auditing, banking or brokerage services are offered by the same firm.

Empire adheres to the ethical and professional valuation standards as set forth by the industry's leading professional organizations, including the Uniform Standards of Professional Appraisal Practices.

DELIVERING OPINIONS
that can withstand scrutiny

Whether delivering a written report, fairness opinion, board presentation, or consulting assignment results, the valuation "product" must be logical, understandable, and able to consistently support conclusions.

During our due diligence process, Empire's professionals examine each company in-depth, gathering information on its past, present and future prospects, and analyze the potential impact of these factors on the value of the business interest being appraised. The experience and judgement of our people are brought to bear, along with industry- and valuation-specific knowledge, to provide clients with the best possible product.

Empire's exacting internal review process delivers valuations that can withstand close scrutiny.

The quality of the written product, coupled with our experience in dealing with the IRS, SEC, and other regulatory bodies, give Empire and our clients a clear advantage in any business situation. These advantages also benefit clients litigating valuation issues.

Clients appreciate our attention to deadlines, strong industry and SEC experience, intellectual horsepower and reasonable fees with no surprises.

Mark Shayne
Managing Director

The vast majority of our assignments come through referrals. We think that says something about the **quality** and **client experience** Empire provides.

Greg Sullivan
Managing Director

Business and Financial Valuations

VALUATION IS OUR PRIMARY FOCUS

Business valuations are done for many purposes.

These include selling or buying a company, providing the basis of a fairness opinion, filing estate or gift tax returns, meeting FASB, SEC or ERISA reporting requirements, and pricing employee stock options. Valuations are also used in litigation, raising capital, and executing buy/sell agreements.

Businesses may also own intangible assets. These assets can be diverse and can include technology, patents, software, customer lists, trademarks, in-process research and development (IPR&D), and "brand value." For financial reporting purposes, intangible assets frequently require individual valuations or lifing analyses in the event of their sale or transfer.

At Empire, the valuation of business interests, financial securities and intangible assets is our primary focus. Our efforts are directed exclusively at producing the best and most credible valuation opinions.

FAIRNESS OPINIONS
demand the highest level of integrity

Fairness opinions in transactions give decision-makers key valuation information tied to a transaction environment and provide an element of assurance that they used reasonable business judgement in making a decision for the parties they represent. This type of opinion requires expertise, integrity and a truly independent perspective.

Empire has extensive experience in issuing fairness opinions to boards of directors, shareholders, fiduciaries acting on behalf of trust beneficiaries, and Employee Stock Ownership Plan (ESOP) participants.

Our opinions are built on thorough research and detailed analysis and give clients added protection and confidence as they make crucial decisions.

SECURITIES TYPICALLY VALUED

- Common Stock
- Preferred & Convertible Stock
- Voting & Non-voting Stock
- Options/Warrants
- Notes & Convertible Debt
- High-Yield Debt
- Carried Interests
- Partnership Interests
  - Limited
  - General
- LLC & LLP Interests
  - Member
  - Manager
- Sole Proprietorships
- Tenants-in-Common

Creative Responsive International Technical Depth Professional

Diverse Experience

FINANCIAL REPORTING

- Intangible Asset Allocation (SFAS 141)
- Goodwill Impairment Testing (SFAS 142 & 144)
- Intellectual Property Transfers
- Option Strike Price/Cheap Stock
- Option Valuation (SFAS 123R)

FAIRNESS OPINIONS & TRANSACTIONS

- Acquisitions/Sales/Merger Ratios
- ESOP Transactions
- Related Party Transactions
- Redemptions & Exchanges

EMPLOYEE OWNERSHIP

- Annual ESOP Valuations
- Profit Sharing & Stock Benefit Plans
- Stock Option (IRC 409A) & Warrant Reporting

TAX & ESTATE

- Estate & Gift Tax Reporting
- Estate Planning
- Charitable Contributions
- S-corporation Elections
- Establishing Tax Basis/“Fresh Start”
- Insurance Funding
- Buy/Sell Agreements

PUBLIC COMPANY STOCK

- Restricted or Unvested Securities
- Thinly-Traded or Non-traded Stock
- Large Blocks

LITIGATION

- Dissenting Shareholder Actions
- Business Damages/Lost Profits
- Marital Dissolution
- Tax & Other Disputes

Our experience spans the globe; we’ve worked with clients on five continents including cross border transactions.

Kevin Kane
Managing Director

Integrity and **independence** aren’t just words here. They represent a commitment we all live by every day.

Melissa Barrett
Valuation Associate

Financial Reporting and Option Valuations

PURCHASE PRICE ALLOCATION & IMPAIRMENT TESTING

Financial reporting valuation work has become a more complex and rigorously reviewed area, with both auditors and the SEC. Many situations require quick turnarounds, given tight filing deadlines.

Empire is recommended by partners of the "big four" and other accounting firms to provide purchase price allocation services (SFAS 141) and impairment testing (SFAS 142) to their clients.

Their clients appreciate our ability to respond quickly and accurately in typically time sensitive situations. Our process and experience can help to minimize audit review surprises and SEC challenges that might otherwise cause later financial restatements.

Empire's experience across a broad range of intangible asset classes, industries and international accounting situations gives us the background to handle any type or size of situation, effectively and affordably. Where unusual or unique assets exist, Empire's ability to solve tough valuation situations can be invaluable.

OPTION PRICING & RESTRICTED STOCK

Empire assists companies, both emerging growth and more established businesses, in setting "strike" prices for option grants (IRC 409A) and in valuing the options themselves, for tax and financial reporting purposes (SFAS 123R and "Cheap Stock" issues). Restricted shares (Rule 144) or large blocks of public stock with restrictions frequently require valuations as well.

Our experience spans a wide range of industries and levels of complexity, affording clients comfort for financial and other reporting purposes.

FINANCIAL & TAX REPORTING

Asset Allocation (SFAS 141)

- Patents, Copyrights, etc.
- Tradenames & Trademarks
- Licenses
- Other Royalty Based Assets
- In-process R&D
- Software
- Core Technologies
- Contracts-in-Place
- Customers/Subscribers
- Site Designs
- Workforce-in-Place
- Goodwill
- Many Other Intangibles

Impairment Testing (SFAS 142)

Option Strike Prices (IRC 409A)

Option Valuations (SFAS 123R)

Non-compete Agreements

Liabilities (Mark-to-Market)

Gifting

ESOPS

Estates

Intellectual Property

Restricted Stock

Ownership Succession and Transition

ESTATES & ESTATE PLANNING

Confidence and trust are vital to selecting a valuation firm for estate planning purposes.

Empire is frequently called upon to lend its valuation expertise for estate planning and estate and gift tax reporting purposes, as well as for the creation of buy/sell agreements. Valuation is vital to the planning and execution of ownership transition strategies. Our client base extends from small partnerships, to mid-size corporations, to multi-billion dollar estates, to some of the largest private companies in the country.

Professionals at prestigious estate planning firms (e.g., law, accounting, banking, estate planning, insurance) recommend Empire again and again. This is because of their confidence in Empire's written reports to withstand close scrutiny *and* our ability to successfully defend our conclusions.

ESOPS

Employee stock ownership plans provide unique tax advantages to business owners interested in selling part or all of their business to a trust for the benefit of employees. Valuation plays an important role in both the initial sale to the ESOP trust and in the required annual stock price updates. Accurate and consistent valuations over time are key to a successful ESOP.

Empire is a national leader in ESOP valuations.

At Empire, we understand the complex regulatory, tax and financial considerations involved in structuring and valuing equity ownership interests. This understanding is crucial both when establishing an ESOP, and in its annual administration. Empire has also advised many fiduciary trustees in the sale or refinancing of ESOP owned companies.

Sarbanes-Oxley and financial accounting standards (SFAS 141, 142) are requiring greater independence and more complex analyses

Bill Johnston
Managing Director

Our staff is one of the best educated and trained in the field. We can deliver creative and credible solutions to complex problems.

Keith Smith
Manager

Litigation

Support

Testimony

LITIGATION AND DISPUTE RESOLUTION

Valuation disagreements occur in many venues, from IRS audits, sale/purchase negotiations, arbitration hearings, to courtroom settings. Empire's case experience runs the gamut from shareholder litigation and corporate dissolution actions, to lost profits and business damages cases, tax, estate, bankruptcy actions, and marital dissolutions.

Our experience and technical knowledge enables us to be highly effective at critically analyzing the opposing side's valuation work and preparing attorneys for cross examining opposing experts.

Empire's professionals have testified in U.S. Tax Court, U.S. Bankruptcy Court and Delaware Court of Chancery, numerous state and local courts, arbitration hearings and before government agencies. They have also acted as court appointed valuation experts, and been retained in over 100 settled cases.

- Dissenting Shareholder
- Tax Disputes
- Corporate/Partnership Dissolutions
- Loss Profits/Damages
- Patent/Copyright Infringement
- Marital Dissolution
- Bankruptcy
- Contract Disputes
- Wrongful Terminations
- Medical/Asbestos Suits, etc.

At Empire, we research and author our opinions knowing that each one has to withstand **incredibly close scrutiny**.

Ingrid Tiltmann
Valuation Associate

The process of **delivering an opinion** starts by understanding the needs of the client.

Chuck Coyne
Managing Director

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