Case Study Vinyl Products Inc.
CONCLUSION OF FAIR MARKET VALUE
MINORITY OWNERSHIP COMMON STOCK
SUMMARY REPORT

As of July 31, 2015

October 31, 2015

-

ELECTRONIC COPY

Mr. Shareholder
Shareholder Case Study Vinyl Products, Inc.
2721 County Line Rd
Evansville, IN 47710

In Re: Appraisal of the common stock of Case Study Vinyl Products Inc. as of **July 31, 2015**.

Dear Mr. Shareholder:

Pursuant to our verbal engagement agreement via Accountant, CPA, dated August 18, 2015, I have prepared an appraisal of the Fair Market Value of 26.3% of the common stock of Case Study Vinyl Products Inc. as of **July 31, 2015**. This appraisal was commissioned by Mr. Accountant, CPA for estate tax planning purposes.

In the opinion of the undersigned appraiser, and subject to the assumptions and limiting conditions incorporated herein, the Fair Market Value of the minority interest noted in the paragraph above is found to be:

$39,902,000 (100% Controlling Interest)

$10,494,000 (26.3% Controlling Interest)

$6,045,000 (26.3% Discounted Minority Interest)

This letter is accompanied by my appraisal report which must be read in conjunction with this letter.

Sincerely,

Bradley P. Burns, CFA
Principal, Burns Valuation Consulting.

Brad Burns

EXECUTIVE SUMMARY

Overview: Case Study Vinyl Products Inc. ("CASE", "the Company") is engaged in the manufacture of vinyl building, fencing and related products which it sells primarily to wholesale customers across the United States. The Company is located at 3300 Pinson Valley Pkwy in Birmingham (in Jefferson County), Alabama (ZIP code: 35217).

Randy BIG CHIEF is the President and "Key Person" running the company. Mr. BIG CHIEF oversees all sales, production, capital spending, R&D, and business development activities. He is a 60.53% shareholder. Sales volume in 2015 was ~ $105M and staff of approximately 250 people operating plants in 4 states. See below for Summary Financial Results:

Case Study Vinyl Products Inc.
and it Wholly Owned Subsidiaries
Historic Summary Financial Data
As of July 31
($, Thousands)

Balance Sheets	2012	2013	2014	2015
Total Current Assets	35,965	37,822	40,862	43,673
Property, Plant, amd Equipment	51,376	55,508	56,756	60,661
Accumulated Depreciation	(26,683)	(29,625)	(29,457)	(31,484)
Net PP&E	**24,693**	**25,884**	**27,299**	**29,178**
Other Assets	1,917	2,034	2,282	2,439
Total Assets	**62,574**	**65,740**	**70,443**	**75,290**
Total Current Liabilities	19,828	21,174	27,258	24,843
Total Long Term Liabilities	24,821	23,635	20,355	21,756
Total Liabilities	**44,649**	**44,809**	**47,614**	**46,599**
Stockholders Equity	**17,925**	**20,931**	**22,829**	**28,691**
Income Statements				
Revenues	**72,731**	**91,551**	**98,009**	**104,873**
Cost of sales	(61,387)	(76,976)	(84,153)	(88,625)
Other Revenue	-	-	-	-
Gross Profit	**11,344**	**14,576**	**13,857**	**16,248**
Operating costs	8,430	10,240	10,954	9,167
Other income/(expense)	4,237	1,417	(11)	(38)
Income before tax	**7,150**	**5,753**	**2,892**	**7,042**
Income Tax(Benefit)	2,288	2,526	994	1,063
Net Income	**4,862**	**3,227**	**1,898**	**5,979**
Net / Loss Non Controlling Interest	(17)	20	47	-
Net / Loss Discontinued Operations	(33)	(221)	-	-
Capital additions		**4,132**	**1,248**	**3,905**

Bradley P. Burns, CFA ("The Analyst") was hired by Accountant, CPA, and his client Mr. Shareholder, a 26.32% shareholder in HVP, to determine the value of his ownership in CASE for estate planning purposes.

Valuation: The analyst considered all appraisal approaches. However, given the nature of the assignment and discussions with management, the analyst ultimately relied upon the Income Approach (Capitalization of Earnings), Net Assets Approach (est. floor value), and Market Approach (Direct Market Data Method).The valuation approaches supported a range of values which were then weighted to arrive at a final conclusion of value for CASE and Mr. Shareholders stake.

Summary: This is an Executive Summary of an appraisal Summary Report and should not be read without the balance of the Summary Report, which is necessary for a full understanding of the relevant issues.

Case Study Vinyl Products, Inc.
CONCLUSION OF FAIR MARKET VALUE
Minority SHARE OF COMMON STOCK
AND SUMMARY REPORT

AS OF July 31, 2015

October 31, 2015

TABLE OF CONTENTS

1.0 Assignment Description and Disclosures

1.1 Subject of the Appraisal

The subject interest consists of 26.32% of common stock of Case Study Vinyl Products, Inc. and its subsidiaries ("CASE", "the Company").

1.2 Restrictions on Sale or Transfer of the Subject Interest

The analyst has assumed there are no restrictions on the ultimate sale or transfer of the subject interest.

1.3 Brief Description of the Subject Business

Case Study Vinyl Products Inc. ("HVP", "the Company") is engaged in the manufacture of vinyl building and fencing products which it sells primarily to wholesale customers across the United States. At the conclusion of year ended July 31, 2014, the company had three major customers that accounted for $39.7M (or 40% of sales). Fencing accounts for approx. 80%, skirting, 11%, sheet piling, 7.3% with a few new products rounding out the remainder of 2014 and 2015 sales.

1.4 Nature and Purpose of the Appraisal

Bradley P. Burns, CFA ("The Analyst") was retained by Accountant, CPA and Mr. Shareholder, stockholder and corporate officer, to estimate fair market value (minority interest) of the issued and outstanding common stock, on a non-marketable basis, for estate tax and gifting purposes as of July 31, 2015.

1.5 Restrictions on Use of the Appraisal Report

This appraisal may be used by the Mr. Accountant and Mr. Shareholder for the purposes set forth above. The appraisal may be used by no other persons, and must not be relied upon for any other purpose. Possession of this report, or a copy thereof, does not carry with it the right of publication of all or part of it.

1.6 Professional Standards

This Report and our appraisal analyses were conducted in accordance with the Professional Standards of the National Association of Certified Valuators & Analysts (the "NACVA Standards"). This report also uses for guidance the IRS *Business Valuation Guidelines* and its *Discount for Lack of Marketability Job Aid for IRS Valuation Professionals 2009*.

1.7 Scope of the Assignment

Bradley P. Burns CFA has been engaged to conduct valuation engagement with a **limited scope appraisal**. Per NACVA Professional Standards, a Valuation Engagement requires that a member apply valuation approaches or methods deemed in the member's professional judgment to be appropriate under the circumstances and results in a **Conclusion of Value**. The business valuation analysis must obtain sufficient and reliable data about the industry, economic environment, and the Company specific data to make a determination of value. The report is limited to the extent information is made available by the company and its accuracy (see section 1.13).

The analyst has used his past experience and knowledge of the Company in the estimation of value. The Company has also assured us that any issues related to litigation, government regulatory requirements, environmental hazards, and other related matters that may impact the value of the Company have been disclosed to the analyst.

The analyst assumes no responsibility for legal or tax matters relative to its findings. Values are stated without reference to legal or tax claims unless so noted. The Company's compliance with all applicable federal, state, and local laws and regulations is assumed in reliance on management's representation. The valuation engagement and the resulting report should not be relied upon to disclose errors, irregularities, or illegal acts, such as fraud or misrepresentation of facts.

1.8 Form of Report

The purpose of any appraisal report is to communicate the results of an engagement and to provide an opinion or conclusion of value. The professional standards each have slight differences on how they define the various types of written reports depending on the content and level of information provided. This shall be a **Detailed Report**.

A detailed report will provide a more complete evaluation using the following information as it becomes available:

1) Non-operating assets and liabilities;
2) Adjustments to historical financial statements, when applicable
3) Adjusted financial statement summaries
4) Projected/forecasted financial statements including the underlying assumptions, if any
5) Description of fundamental analysis
6) Other items that influence the valuation.

There is always some degree of information asymmetry between internal management and external stakeholders. In reality, only those individuals who have complete knowledge about a company may be aware of all of the facts and circumstances.

1.9 Standard and Premise of Value

Per NACVA Professional Standards, the **Premise of Value** under which a sale is contemplated defined as: "…an assumption regarding the most likely set of transactional circumstances that may be applicable to the subject valuation; e.g., going concern, liquidation."[1] For this assignment, a G**oing Concern** (business will continue into the foreseeable future) Premise of Value is assumed.

This appraisal utilizes the *Fair Market Value* **Standard of Value**. Fair Market Value is defined by -Internal Revenue Service Revenue Ruling 59-60 as: "the price at which the property would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of relevant facts. Court decisions frequently state in addition that the hypothetical buyer and seller are assumed to be able, as well as willing, to trade and to be well informed about the property and concerning the market for such property."

There are additional elements generally considered implicit in the **Fair Market Value Standard** of Value[1]:

- The prospective purchaser is motivated by the profit opportunity on a stand-alone basis and is not considering possible synergies that might arise from the combination of the subject's operations or assets with existing or future holdings.
- The subject is evaluated on the basis that it will remain a going concern.
- Value is stated in terms of cash or cash equivalents.
- The subject would be exposed to the market for a sufficient length of time to fairly expose it to a reasonable number of prospective purchasers.
- Both the seller and buyer are hypothetical parties and do not have a particular interest in the subject or each other (i.e., Arm's Length Transaction). This eliminates elements of emotion or specific tangible benefit from being elements to be considered in the appraisal.

1.10 Date of the Valuation

The Valuation Date is July 31, 2015.

[1] NACVA Professional Standard pg. 18. Pratt, Shannon. *Valuing a Business: The Analysis and Appraisal of Closely Held Companies, Fifth Edition* (McGraw-Hill Corp, New York, NY, 2008);

1.11 Date of the Report

This report is dated October 31, 2015.

1.12 Consideration of Revenue Ruling 59-60

Revenue Ruling 59-60 provides guidance in the valuation of closely-held businesses where there is no ready market for the business. The revenue ruling sets forth a number of factors that must be considered for any valuation for a **tax-related purpose**. The revenue ruling, while not providing mandatory guidance in valuations for other than tax purposes, does provide a solid analytical foundation.

Revenue Ruling 59-60 outlines eight factors to be considered. These factors are listed below and accounted for in this report:

1) Nature and History of the Business
2) Economic and Industry Outlook
3) Book Value of the stock and financial condition of the business.
4) Earnings Capacity of the Company
5) Dividend Paying Capacity
6) Existence of Goodwill and Other Intangibles
7) Prior sales of the stock and block of stock being valued
8) Market Prices of Publicly traded stocks of corporation in similar businesses.

1.13 Information Used

The analyst assumes the company provided data is an accurate and fair representation of the financial status and operations of the Company. Principle sources of information used in this report included the following:

- A visit to the Company's office and operating facilities in Birmingham, AL on 09/23/2015.
- Discussions with Company management regarding the history and background of the business, as well as detailed discussions about the Company's recent financial performance and operations of the Company; its expected future performance; and other factors the analyst considered relevant.
- Audited financial statements were provided for the years 2012-2014. <u>Internal financial statements have been provided for 2014 and 2015</u>.
- Answers to the analyst’s questionnaire and information received re: document request.
- Pratt Stats and Mergestat market transaction data
- IBIS World Industry Report (s)
- RMA/Bizminer industry statistics and studies (simulated for CASE).
- 2012 Ibottson SBBI Valuation Yearbook

- Articles of Incorporation ABC Plastics, renamed CASE

Appendix E contains a general bibliography of common sources of information used in this report. It is not all inclusive but shows major sources used.

1.14 Limiting Conditions, Impartiality, and Assumptions

a) Information, estimates, and assumptions contained in this report were obtained from the management of the Company, its representatives, and other reliable public sources. The analyst did not, however, verify the accuracy of the information or the assumptions.

b) The analyst is completely impartial, the analyst has no present or prospective interest in the property that is the subject of this report, and the analyst has no personal interest with respect to the parties involved.

c) The analyst has relied upon financial statements audited by Sellers Richardson Holman and West, LLP for 2012-2015 ended July 31.

d) This valuation assumes that the book value of each element recorded on the Company's balance sheet as of July 31, 2015 is reasonably represented by the recorded value (exceptions are noted herein). Also, the companies' internally prepared Statement of Values signed 06/15/2015 by the company President was used and considered Fair Market Value for those assets.

e) Management would not supply forecast data for use in this analysis. A forecast is normally based on management's estimates and assumptions about future events and circumstances. Actual events frequently vary from estimate since assumptions and estimates about the future may not occur as expected creating variances with which management was not comfortable. Those variances could affect the conclusions set forth in this appraisal, and they may be material. However, management believes current income and cash flow are indicative of future results and does not expect results to change dramatically.

f) Bradley Burns CFA is not required to give testimony in court, or to be in attendance during any hearing or depositions, with reference to this valuation, unless previous arrangements have been made. The analyst will make reasonable efforts to participate in such hearings or depositions, subject to agreement on time schedules and fees.

g) The conclusions of value presented in this report apply to this valuation only and should not be used out of the context presented. This valuation is valid only for the date and purposes specified.

h) Possession of this report, or a copy thereof, does not carry with it the right of publication of all or part of it, nor may it be used for any purpose other than that previously described without the previous written consent of Bradley P. Burns, CFA, and then only with proper attribution.

i) This valuation contemplates facts and conditions existing as of the Valuation Date, July 31, 2015. Events and conditions occurring after that date have not been considered in the related analysis unless such events were reasonably foreseeable as of the Valuation Date. The analyst will not be required to update his appraisal report for subsequent events and conditions. However, the analyst understands that additional material information may be disclosed in the event of litigation or other proceedings occurring subsequent to the date of our appraisal report. Although he has no obligation to do so, he reserves the right to modify, amend, expand or clarify the conclusions expressed within our report and to express further conclusions in light of pertinent additional information brought to our attention following the date of the report. This information could arise from, without limitation, deposition testimony, testimony in other proceedings, and any documents or data subsequently produced.

j) The valuation assumes that the Company will continue to operate as a going concern, and that the character of its business operations as of the Valuation Date will remain intact.

k) The conclusion of value and other conclusions set forth in this report are based upon good-faith, independent research and analysis. The ultimate price paid in any actual transaction is a function of negotiations between a specific buyer and seller, and those negotiations may be affected by individual interests not contemplated in our analysis. The timing of and conditions surrounding such a negotiation would differ from the effective date of our valuation. Therefore, the analyst is not responsible for any buyer or seller's ability or inability to consummate a transaction at the value developed herein.

l) Bradley P. Burns, CFA is not a financial, tax, or legal advisor to CASE, its common and preferred stockholders, or any of its employees. His assignment and this report are not intended to, and do not, constitute, advisory services regarding any financial, legal or tax matters. CASE, its common and preferred stockholders, and any of its employees must rely solely upon the advice and counsel of their financial, tax and legal advisors.

m) No federal tax information or analysis contained in this document is intended to be used, nor can it be used, for the purpose of avoiding federal tax or penalties under the Internal Revenue Code, or promoting, marketing, or recommending any transaction or matter addressed in this communication.

l) This report is based upon certain estimates and assumptions regarding economic conditions and management performance. Each of those estimates and assumptions is dynamic, and they can never be predicted with certainty. To the extent that evolving facts and circumstances vary from those underlying our estimates and assumptions, the operating and financial results achieved by management will differ from those derived through our analysis, and those differences may be material. Therefore, this report is not a warranty of value to any holder of the subject equity interest. Any buyer or seller is advised to rely on his own analysis in arriving at a decision to purchase or sell the securities that are the subject of this appraisal.

m) Bradley P. Burns CFA is not responsible for the possible effects, if any, on the subject business due to future changes in Federal, state, or local legislation, including but not limited to any environmental or ecological matters or interpretations thereof. Furthermore, he is not responsible for sudden, unexpected reversals or changes in worldwide, national, regional or local economic conditions.

2.0 Company Background

2.1 Description, Organization and History of CASE

The Company was formed as an Alabama Corporation in 1993 as ABC Plastics after moving from Evansville, IN to take advantage of tax incentives offered in Alabama. In 1993, Alabama offered $253 million in incentives to bring a Mercedes-Benz assembly plant to Vance. Since then, Alabama has successfully used incentives to attract major companies, including Honda, Hyundai, Toyota, Airbus and Australian-based shipbuilder Austal. CASE was no exception and has taken advantage of the tax incentives since 1993. Its primary business then was vinyl siding.

The owner, Randy BIG CHIEF is a 50 year veteran of plastics manufacturing. Starting as in intern in college, he has started, bought and sold multiple companies and assets in plastics manufacturing. CASE is a manufacturing company that develops vinyl building materials such as fencing, columns, and mobile home skirting for sale to wholesale distributors. The company operates 4 manufacturing plants. These plants operate hundreds of machines to produce its finished goods inventory. These assets are bought most often from distressed companies at a significant discount. The company also does most if not all repairs and refurbishing in house to keep operating costs low.

During my site visit, it was apparent that Mr. BIG CHIEF runs a low cost organization with an in- house maintenance and repair program, considerable asset redundancy, and use of refurbished assets a large part of his strategy of being a low cost leader. Labor costs are also low with the majority of workers hourly. All the employees we met, including the accounting staff, appeared very loyal to the company and highly respectful of Mr. BIG CHIEF. We visited the main offices and toured the plant warehouse operations while in Birmingham. All trucking is performed by common carriers with the company owning no truck in its fleet.

CASE’s strengths as perceived by management and the analyst:

1. Strategic locations of plant operation in Northeast, West, South, and Midwest.
2. Experience of owner and President (50 years in industry).
3. Successful and stable operation for 20 years.
4. High quality, low cost producer.
5. Low employee turnover and relatively low labor costs. Higher turnover would increase the risk (lower value) associated with company and would reflective of management weakness. This does not appear to be an issue.
6. Strong records (audited financial statements) and internal controls (e.g., sign off process discussed during site visit – all bank deposits require 4 touches and sign off).

These attributes will be considered later in Section 5.4 Discount and Capitalization rate. Generally strengths 1-6 will lower its relative capitalization rates and increase value all else being equal.

2.2 Form of Organization

CASE was started by Mr. BIG CHIEF as an Alabama C-Corporation in 1993.

2.3 Subsidiaries and Affiliates

The Company has or had 2 subsidiaries HVP Canada, LLC and Waymark Products, LLC in recent years. HVP Canada, discontinued in 2013, was involved in the distribution of vinyl materials in Canada. Waymark Products (85% owned) was formed in February 2012 and is engaged in the manufacture and distribution of vinyl fencing components to whole sale customers across the US. The company also owns a 50% stake in an affiliate (converted unsecured receivable in 2007) and receives 40% of the earnings and losses. The affiliate distributes vinyl building materials.

2.4 Ownership and Control

The Company has a relatively simple ownership structure with one class of common stock and one class of preferred stock. CASE is for all practical purposes controlled by majority shareholder, Randall D. BIG CHIEF. From discussions with Mr. BIG CHIEF and Mr. Shareholder, no formal board meetings are held annually. Nevertheless, as of 09/30/2015, management asserts the ownership of CASE stock is as follows:

	% Ownership	Active
Mr. BIG CHIEF	60.53	100%
Mr. Shareholder	26.32	0%
Shareholder 3	13.15	0%
Treasury	-	0%

CASE has issued one class of preferred stock. The holder of preferred stock is entitled to liquidation and redemption preferences. In the event of a liquidation/dissolution of CASE, the holder of preferred stock will be entitled to a redemption price equal to $10,000. CASE also has the right to redeem preferred stock prior to liquidation the same per share amount. The holder of preferred stock is entitled to one vote per share and dividends preferences identical to that of common stock. The company pays no dividends to date. **Exhibit 1A** below shows the Statement of Stockholder Equity containing securities authorized, issued and outstanding, as well other commitments for the issuance of additional shares, if any.

Exhibit 1A

Case Study Vinyl Products Inc.
and it Wholly Owned Subsidiaries
Consolidated Statement of Stockholder Equity (SHE)

	Preferred Stock		Common Stock		Add'l Paid In	Retained Earnings	NCI (1)	Total SHE
	Shares	Amount	Shares	Amount				
Balance July 31, 2013	**240**	**2,301.1**	**1.9**	**1.9**	**8.1**	**18,623.5**	**(3.6)**	**20,930.9**
Net Income 2014						1,945.4	-	**1,945.4**
Net Attr. To NCI 2014							(47.4)	**(47.4)**
Balance July 31, 2014	**240**	**2,301.1**	**1.9**	**1.9**	**8.1**	**20,568.9**	**(51.0)**	**22,828.9**
Net Income 2015						2,087.8	-	**2,087.8**
Net Attr. To NCI 2015							(117.2)	**(117.2)**
Balance July 31, 2015	**240**	**2,301.1**	**1.9**	**1.9**	**8.1**	**22,656.7**	**(168.2)**	**24,799.5**

(1) Non Controlling Interest

2.5 Prior Equity Transactions Involving the Subject Interest

Through discussions with management, the analyst understands there have been 2 prior transactions of company stock in recent year 2010 and 2011. These were buyouts of previous minority stockholders who owned 5% and 12.5%. The company repurchased this stock at management estimates $1MM and 2.3MM, respectively. This places an assumed and estimated value of the company at 20MM and 18.4MM, respectively, at that time. These were of course minority transaction with methods for valuation and discounting unknown. <u>These values are supported the analysts' findings in this report and vice versa</u>.

There were no other related party transactions.

2.6 Management and Staff

The senior management team consists of the following individuals:

Randy BIG CHIEF, President **

CMO, Chief Marketing Officer

Steve BIG CHIEF, CIO/CTO

CFO, Chief Financial Officer / Controller **

** Present during site visit.

The Company has approximately 250 full-time employees, most of whom operate its 4 plants as line workers, line supervisors, quality control managers, shipping coordinators, and sales representatives. Most line workers are paid on an hourly basis at an average of $15/hour. Labor costs are very low but employee turnover is also very low. Most have been with the company 15+ years. Per our discussions, there are also 7 sales people who call on approx.100 customers in US. The Company operates relying on its President's skill and 50 years' industry experience with no real executive team or active Board of Directors oversight that the analyst could see.

Randy BIG CHIEF is CASE's CEO and President. He has a long history starting, buying, and selling plastic manufacturing companies and assets. He is critical to the sourcing of materials, machinery/capital, and the overall operation of the plants and production. Most customers are repeat customers that are serviced buy 7 sales representatives. During the year ended July 31, 2015 the company had 3 major customers that accounted for >40% of net sales.

The Company has a full-time controller, CFO, who resides in Birmingham and functions as Randy BIG CHIEF's right hand man for all transactions. He is a graduate of University of Alabama in Accounting. The majority of proprietary and operational knowledge, however, seems to rest on the shoulders of one man, Randy BIG CHIEF. There appears to be no succession plan in place and a possible liquidity event could be planned in years to come.

The analyst does not have any information to date on the listed CIO and CMO. However, Steve BIG CHIEF, brother to Randy BIG CHIEF, is the only family member associated with the company.

2.7 Products and Services

CASE is a manufacturer of vinyl fencing and other related building materials. Revenues are derived from wholesale trade with customers located in the US. The company and its President are constantly looking at different ways to formulating vinyl substrates to make a stronger, more resilient product for its customers.

Per management, the following products make up 2014 - 2015 revenue:

Products	Revenue	%
Fencing	82,595,803	79%
Skirting (Mobile Homes)	11,820,561	11%
Sheet Piling	7,848,483	7%
Sound Barrier	1,764,739	2%
Benches	597,955	1%
Other Test Products	245,376	0%
	104,872,917	100%

2.7 Customer Base

CASE does not sell directly to the end user but rather sells to approx. 100 wholesalers nationwide like manufactured housing (skirting) and builders (fencing) who in turn use CASE product as an input to a final, finished manufactured product. They do not sell directly to retailer establishments, however.

CASE has historically experienced some customer concentration. During the year ended 2015, CASE had 3 major customers that accounted for approx. $40MM in sales. Accounts receivable outstanding from these customers was approx. 5.3MM or approx. 50% of year end AR balances.

2.8 Competition

CASE aspires to be the quality, low cost provider / leader in the plastics manufacturing market. This is primarily how the company is able to compete with its larger competitors on price. Entry into this market can be difficult, with a fairly loyal customer base and large start-up costs. The Company feels the competitive features include quality of products, lower cost to produce, as well as service, reputation and competitive pricing.

Management believes three key competitors exist:

1) Kroy Vinyl Fencing
2) Westech Vinyl Fencing
3) CertainTeed

There is not a lot of information available on the 3 but all appear to be subsidiaries of much larger, parent company in terms of assets and sales. We have provided for size risk giving some adjustment to its discount/capitalization rate given its relatively smaller size and lack of parent company support/access to capital, formal planning process, internal controls, etc. This will be discussed in Section 5.4 Discount Rates and Capitalization. Larger risk in these areas will cause downward pressure on the value of the company determined by this analysis.

2.9 Marketing

Most of the companies' marketing efforts focus on relationships established with customer either through Randy BIG CHIEF himself or via his sales force. E-mail campaigns are also a part this effort as are print media in major industry publications and trade shows.

Mr. BIG CHIEF is well known in the industry having been in it 50 years. He has a vast network established over this time period and travels to maintain relationships with industry executives.

The company has a web site for its customers to interface with products, orders, and accounts.

Advertising costs in 2014 were $210,615.

2.10 Physical Facilities

The Company's main facilities are owned and leased production/plant, warehouse, and office facilities. Plant and production of inventory are operated 24/7 with inventory abundant in its storage facilities. This was evident during our site visit in Birmingham where the company was in process of creating more storage for inventory.

The company operates 4 manufacturing plants 1) a 425,000 sq. ft. facility in Birmingham, AL that produces 200,000 lbs. per day or $200,000 in finished goods inventory, 2) a 200,000 sq. ft. facility in Millville, NJ that produces approx. 100,000 lbs. in finished goods inventory or $100,000 per day, 3) a 100,000 sq. ft. facility in Surgoinsville, TN that produces approx. 50,000 lbs. in finished goods inventory or $50,000 per day, 4) a smaller facility in Ogden, UT. These plants operate hundreds of machines to produce its finished goods inventory which are bought many times from distressed companies at a significant discount. The company also does most if not all repairs in house.

2.11 Vendors and Suppliers

HCV purchases resin as the bulk of its raw material at a cost of approx. 40/lb. representing 75-80% of its raw materials costs. The owner trades and sources resin both within the US and overseas (China, e.g.) as needed to overcome supply and pricing challenges if they exist as well as take advantage of price variances. CASE has access to 150 railcars and typically receives 30-40 railcars a month filled with resin. Once received, resin is modified to substrate product which serves as the bulk of vinyl product input and work in progress.

CASE does not own or operate any of its own trucks for distribution rather employs third-party, common carriers to distribute and deliver orders on its products.

2.12 Environmental and Regulatory Issues

CASE is subject to wage and hour regulations, relevant environmental, permitting, and licensing requirements, and various national, state, and local codes. These conditions are the same for all other participants in the market. Therefore, no special considerations are warranted in reaching a conclusion of value.

3.0 Economic and Industry Factors

3.1 Economic Outlook

When valuing a business, the analyst looks the general economic outlook as of the valuation date as the basis of how investors perceive alternative investment opportunities at any given time but also how a specific company is expected to perform as impacted by economic conditions. Economic conditions in the US and how they affect the housing market are most applicable in this case.

U.S. Economic Analysis [2]

Recent months' largely negative economic news turned around sharply in July. Most significantly, after contracting in the first quarter, the U.S. economy rebounded in the second quarter. Overall, according to a U.S. Commerce Department reading released on July 30, the U.S. Gross Domestic Product (GDP) rose at an annualized rate of 2.3% for the second quarter, slightly below economists' expectations of a 2.6% growth rate. At the same time, the first-quarter GDP, which had been reported last month to have shrunk by 0.2%, was revised upward to show an increase of 0.6%. Similarly, the labor market continued to strengthen in July, with the U.S. Labor Department reporting on August 7 that 215,000 new jobs were created last month. The Department also announced that May's 254,000 new-jobs figure was revised upward to 260,000, while June's 223,000 jobs gain was revised upward to 231,000. In addition, after rising back to 5.5% in May from 5.4% in April, the U.S. unemployment rate fell to 5.3% in June—a seven-year low—where it held in July.

Some concerns persist, however. Although growth in the U.S. national debt slowed early in 2015 and the budget deficit for fiscal 2014 fell to a six-year low, both Federal spending and taxation remained at all-time highs. In other areas, on the positive side, industrial production was up in July, productivity rebounded strongly in the second quarter, auto sales gained, both new- and existing-home sales increased, consumer spending and retail sales were up, inflation remained modest, and gasoline prices dropped. On the negative side, despite these positive indicators, stocks plunged in August, mostly on overseas fears, and consumer confidence readings were mixed.

US Housing Market

According to a June 22 Associated Press report, "Real estate has gotten hot again", home sales are on a pace for their best year since 2007. First-time buyers are streaming back into the market. Prices are skyrocketing, aided by a stronger job market and tantalizingly low mortgage rates that are creating pressure for buyers to act fast. 'What we've seen is that demand is off the charts in 2015—and that is really boosting sales,' said Nela Richardson, chief economist at the brokerage Redfin.

New-home sales jump back in July. After falling in June to their lowest level in seven months, U.S. sales of newly built single-family homes rose by 5.4% in July to a seasonally adjusted annual rate of 507,000, the U.S. Commerce Department said on August 25. Overall, sales of new homes jumped by 21.2% through the first half of 2015.

Housing starts hit nearly 8-year-high in July. After surging by 26.6% in June, U.S. housing starts rose to a nearly eight-year high in July as builders ramped up construction of single-family homes. Groundbreakings increased by 0.2% during the month to a seasonally adjusted annual pace of 1.21 million units, the highest level since October 2007. June's starts also were revised sharply higher to a 1.20 million-unit rate from the previously reported 1.17 million-unit pace.

Existing-home sales reach 8-year-high in July. Existing-home sales rose by 2.0% in July to a seasonally adjusted annual rate of 5.59 million—their highest level since 2007—the National Association of Realtors (NAR) reported on August 20.

New-home prices rise in July. The median sales price of new U.S. homes rose by 0.5% in July, according to U.S. Commerce Department data.

Home-ownership rate hits 20-year low. Following a drop to 64.0% in the fourth quarter of 2014, the U.S. home-ownership rate fell to 63.7% during the first quarter of 2015, according to U.S. Census Bureau data. Subsequently, the rate dropped to 63.4% in the second quarter of 2015—the lowest level in 48 years—the Census Bureau said on July 28. The home-ownership rate peaked at 69.4% in 2004 and has been trending downward since then. The home-ownership figures are even worse for minority-group members. For all minorities, the home-ownership rate is now just 47.2%; for African Americans, the rate is even lower—43.8%.

Millennials hold back on home purchases. According to U.S. Census Bureau data, one in three young adults aged 18 to 34—at total of 20.4 million people—live with their parents or other relatives, despite years of economic recovery that have increased their employment and pay levels. The figures thus reveal that having more money hasn't made homebound Millennials more likely to set up their own households.

U.S. foreclosure filings are up by 1% in May. Foreclosure filings on U.S. homes edged up by 1% in May, according to a June 18 report from RealtyTrac, the leading online marketplace for real-estate foreclosure data.

US Economic Outlook

The Congressional Budget Office forecasts the economy will grow moderately over the period 2013 to 2023.[2] Several factors are expected to be an economic drag in 2013 including cuts in military and other federal spending. After 2013 the economy is expected to accelerate.

[2] National Economic Report, July 2015. Kevin R. Hopkins. Congressional Budget Office, The Budget and Economic Outlook: Fiscal Years 2013 to 2023

- Real GDP is forecasted to increase by 3.4 percent in 2014, average 3.6 percent from 2015 to 2018, and average approximately 2.2 percent from 2019 to 2023.
- Core inflation is expected to decrease to 2 percent in 2014, and average 2 .2 percent between 2015 and 2018. Between 2019 and 2023 core inflation is forecast to average 2.3 percent.
- With modest growth in output unemployment is forecasted to decline gradually over the projection period and average 5.5 percent between 2015 and 2018. Between 2019 and 2023 the unemployment rate declines to 5.2 percent.
- Interest rates are forecasted to rise as the economy expands. The 10-year Treasury note is forecasted to average 2.7 percent in 2014 increasing to an average of 4.5 percent between 2015 and 2018. The rate increases again from 2019 to 2023 to 5.2 percent.

International, Regional and Local Economic Conditions

Since CASE is provides goods and services all over the US the outlook for the Company will be impacted by US economy as opposed to regional or local economies. Accordingly, no further discussion of the international, regional or local economies is warranted for a full understanding of the Company and its marketplace.

3.2 Description and Trends of the Industry[3]

This industry is part of the Manufacturing Trade sector. Operators within this industry manufacture a range of plastic products including homeware, building materials, motor vehicle parts and appliance parts. The primary raw material used by the industry is plastic resin, which is put through various processes to ensure that the final product possesses the necessary physical properties. Housing manufacturers and Hardware wholesalers are the largest markets served by this industry.

Case Study Vinyl Products Inc. per our discussions with management is categorized under Plastics Manufacturing (Unsupported Profile Shapes and Plastics Products (SIC code 3082 and 3089) as well as NAICS 326100 which has the following 326121 and 326199 Un-laminated Plastics Profile Shape Manufacturing and All Other Plastics Product Manufacturing. This analysis also considered 3444, Metal Product Manufacturing for comparable companies (to be discussed later).

This industry is cyclical and seasonal in nature being affected by weather patterns. Building activity and sales of homes generally slows in the winter months and will certainly be impacted by upward and downward trends on the housing market as noted above. CASE's primary product

[3] *IBIS World Industry Report – Plastics Manufacturing in the US*, May 2014, available by subscription at www.IBISWorld.com. Also www.Plasticsindustry.org/economicstats

is vinyl fencing. The analyst believes that no additional adjustments to growth rates are expected. Demand for in the industry is **forecast to increase 7.1 percent annually**. Residential areas are responsible for the biggest fencing market, and the demand for plastic and composite fencing is growing. Fencing composed of these materials resembles authentic wood, but it lasts longer, requires less care, and if often more environmentally and economically friendly. Ornamental varieties of fencing are also available to enhance to overall appeal of a piece of property.

Fencing is also in demand in the non-residential market, mainly for construction, agricultural, and commercial services. Concrete fencing materials as well as chain link fencing are utilized more often in these areas to mark boundaries, and provide protection and security. These forms of fencing are highly durable.

U.S. plastics industry creates more than $380 billion in annual shipments[3]. The size of the vinyl plastics manufacturing industry is a small subset of this and CASE owns very small market share overall. However once established in local/US markets, there is a large barrier to entry because fixed capital requirements are high and relationships must be established and maintained. Access to distribution channels is the key and there is little threat of new entrants of any significant scale. All this puts less risk on the company all else being equal and enhances its value as an investment or strategic partner.

3.3 Implications for Value

The global economy is expected to continue to provide mixed results for the next 3-5 years, and progress towards recovery will be uneven at best. The **projected real US GDP growth is expected to be 3.4-3.6% over the next five years**, with inflation expected to hover over around 2%. Real and nominal GDP are frequently considered critical long-term growth rates for most industries, since the rate of personal and commercial consumption cannot exceed GDP. But some industries will have stronger growth; others will lag. Considering all of the factors noted above, the analyst believe hypothetical buyers and sellers would rely on a nominal long-term stabilized growth rate **of 3-5% per annum** when considering an analysis of value for the subject interest.

The improvements in building and the real estate market in general bode well for the stability of this company. However, looking ahead this may or may not materialize so the analyst made no adjustment to long term growth. In general the high the longer term, sustainable growth a company has the higher the value of the company will be. Its capitalization rate will be lower (higher value) and its future cash flows will be higher (higher value).

4.0 Financial Statement Analysis

4.1 Note of Financial Information Provided

The analyst relied upon financial statements audited by Sellers Richardson Holman & West LLP for 2012-2015. 3-5 years was deemed adequate for historical analysis given the consistent trends in margin and common size ratios. There no significant event priors to this period materially affecting financial results that might prove to repeat in future years although 2015 shows a substantial improvement over prior years which will be discussed below.

> Note on financial statements: Audited, accrual-based financial statements provide the highest level of confidence, while internally-prepared, cash-basis statements are often the least reliable. Tax returns, while sworn statements, are reliable only to the extent that they are based upon accurate information. Although audited financial statements carry the highest level of confidence for the user, it should be remembered that they are not necessarily always correct. Audit procedures are designed only to enable the auditor to opine that, based upon applying various testing procedures mandated by generally accepted auditing standards, the statements fairly present in all material respects the financial condition and results of operations in conformity with generally accepted accounting principles. Audited statements remain the responsibility of management, not the independent accounting firm. The other forms of presentation, including reviewed and complied financial statements, and tax returns, carry no opinion and little if any form of assurance.

4.2 Income Statement and Balance Sheet

Exhibits B1 and B2 present the historic balance sheets and income statements, respectively, for CASE in both standard and common-size formats. CASE adheres to accrual basis accounting in accordance with US GAAP. All significant intercompany accounts and transaction have been eliminated via the consolidation process.

A more in-depth discussion of balance sheet and income statement trends will be discussed below each exhibit.

Exhibit B1

Case Study Vinyl Products Inc.
and it Wholly Owned Subsidiaries
Historic Balance Sheets & Common Size Analysis
As of July 31
($, Thousands)

	2012		2013		2014		2015	
	Audited F/S		Audited F/S		Audited F/S		Internal F/S	
	Dollars	%	Dollars	%	Dollars	%	Dollars	%
ASSETS:								
Current Assets:								
Cash and cash equivalents	1,627	3%	2,507	4%	3,474	5%	3,713	5%
Trade Receivables, net of Allowance for Doubtful	10,245	16%	9,554	15%	9,814	14%	10,489	14%
Trade Receivables, affiliate	1,081	2%	1,694	3%	1,522	2%	1,627	2%
Inventories	22,275	36%	22,829	35%	24,484	35%	26,169	35%
Income Tax Receivable	25	0%	509	1%	807	1%	862	1%
Prepaid Expenses	299	0%	296	0%	355	1%	379	1%
Deferred Income Tax, net	414	1%	434	1%	406	1%	434	1%
Other (2)		0%	-	0%	-	0%	-	0%
Total Current Assests	35,965	57%	37,822	58%	40,862	58%	43,673	58%
Property & Equipment:								
Land and Improvements	1,744	3%	1,790	3%	2,652	4%	2,834	4%
Buildings and Improvements	13,373	21%	13,410	20%	13,730	19%	14,675	19%
Machinery and Equipment	32,866	53%	35,923	55%	35,262	50%	37,689	50%
Machinery and Equipment, not in service	2,144	3%	2,915	4%	3,327	5%	3,556	5%
Automotive	317	1%	396	1%	523	1%	559	1%
Furniture and Fixtures	618	1%	725	1%	764	1%	817	1%
Leasehold Improvements	315	1%	349	1%	497	1%	531	1%
Accumulated Depreciation	(26,683)	-43%	(29,625)	-45%	(29,457)	-42%	(31,484)	-42%
Total PP&E	**24,693**	**39%**	**25,884**	**39%**	**27,299**	**39%**	**29,178**	**39%**
Other assets:								
Investment in Affiliate	667	1%	866	1%	1,103	2%	1,179	2%
Deposits	67	0%	67	0%	67	0%	72	0%
LT Receivables	785	1%	790	1%	802	1%	858	1%
LT Receivables - affiliates	307	0%	217	0%	217	0%	232	0%
Patents	90	0%	93	0%	92	0%	98	0%
Total Other	1,917	3%	2,034	3%	2,282	3%	2,439	3%
Total assets	**62,574**	**100%**	**65,740**	**100%**	**70,443**	**100%**	**75,290**	**100%**

	2012		2013		2014		2015	
	Audited F/S		Audited F/S		Audited F/S		Internal F/S	
	Dollars	%	Dollars	%	Dollars	%	Dollars	%
LIABILITIES AND STOCKHOLDERS' EQUITY:								
Current Liabilities:								
Bank Overdraft	1,962	3%	1,849	3%	2,427	3%	2,594	3%
Line of credit	7,249	12%	7,195	11%	8,804	12%	9,410	12%
Bond Payable - current portion	600	1%	660	1%	727	1%	777	1%
Notes Payable - current portion	1,328	2%	1,280	2%	5,656	8%	6,045	8%
Accounts payable	4,789	8%	5,518	8%	4,184	6%	4,472	6%
Accrued Employee Comp	1,891	3%	3,090	5%	3,802	5%	4,063	5%
Accrued Int	732	1%	602	1%	22	0%	23	0%
Accrued Interest - related parties		0%	-	0%	528	1%	564	1%
Other Accrued Expenses	823	1%	981	1%	1,110	2%	1,186	2%
Unearned Revenue	454	1%	-	0%	-	0%	(4,291)	-6%
Total Current Liabilities	19,828	32%	21,174	32%	27,258	39%	24,843	33%
Long Term Liabilities:								
Notes Payable & Acc Int	11,161	18%	9,686	15%	6,079	9%	6,497	9%
Bonds Payable	1,361		714		-		-	
Loans Payable - related parties	8,840	14%	8,840	13%	9,977	14%	10,664	14%
Deferred Income Taxes	3,459	6%	4,395	7%	4,299	6%	4,595	6%
Total Long Term Liabilities	24,821	40%	23,635	36%	20,355	29%	21,756	29%
Stockholders' Equity:								
Common stock	2		2		2	0%	2	
Preferred Stock	2,301		2,301		2,301	10%	2,301	
Additional Paid in Capital	8		8		8	0%	8	
Net unrealized gains(losses) on marketable securities	-		-		-	0%	-	
NonControlling Interest	17		(4)		(51)	0%	(168)	
Retained earnings	15,597		18,623		20,569	90%	26,548	
Stockholders' Equity:	17,925	29%	20,931	32%	22,829	32%	28,691	38%
Total liabilities & stockholders' equity	**62,574**	**100%**	**65,740**	**100%**	**70,443**	**100%**	**75,290**	**100%**
OTHER AMOUNTS:								
CapX amount	**$51,376**		**$4,132**		**$1,248**		**$3,905**	

(1) Paid/Unpaid losses and loss adj. expenses
(2) Income taxes and deductable recoverable

Brief Discussion of Balance Sheet

Inventory and Net PP&E represent almost 75% of total assets. They appear to manage leverage effectively and are able to keep operating assets in place as needed to meet customer demand and achieve a reasonable level of operating efficiency and scale. In August 2013, the company changed its method of accounting for inventory from average cost to Last-In-First-Out (LIFO) to better match revenue w/ costs but no effect on the company's inventory has been noted. The company accounts for a 50% investment in affiliate (not Waymark Products) using the equity method as shown in Affiliate Income I/S and Investment in affiliate B/S accounts.

CASE has taken on long term debt to purchase buildings for its plant and warehouse operations. Management also has a line of credit for purchase of machinery and materials as needed. Per our discussions borrowing is not always required but the company has adequate borrowing capacity when and if the needed arises. The borrowing capacity on the companies' line of credit was $19MM vs. $9.3MM outstanding on 2015 (see note 4).

CASE maintains a strong equity position w/ retained earnings increasing every year from $18.6M in 2013 to $26.5MM in 2015. A more meaningful discussion of its operations and financial performance will be discussed in relation to the industry in which CASE operates in section 4.3. Now looking at the Income Statement we can see why.

Exhibit B2
Case Study Vinyl Products Inc.
and it Wholly Owned Subsidiaries
Historic Operating Statements and Common Size Analysis (Unadjusted)
As of July 31

	2012		2013		2014		2015	
	Audited F/S		Audited F/S		Audited F/S		Internal F/S	
	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Net Sales (1)	72,731	100%	91,551	100%	98,009	100%	104,873	100%
Cost of Goods								
Purchases	(50,179)	-69%	(63,164)	-69%	(67,619)	-69%	(73,413)	-70%
Labor Costs	(5,766)	-8%	(7,257)	-8%	(7,769)	-8%	(8,374)	-8%
Rent Expenses	(263)	0%	(331)	0%	(354)	0%	(350)	0%
Depreciation	(1,869)	-3%	(2,353)	-3%	(2,519)	-3%	(2,571)	-2%
Other	(4,372)	-6%	(5,503)	-6%	(5,891)	-6%	(3,917)	-4%
Cost of Goods Sold	**(61,387)**	**-84%**	**(76,976)**	**-84%**	**(84,153)**	**-86%**	**(88,625)**	**-85%**
Other		0%	-	0%	-	0%		0%
Gross Profit	**11,344**	**16%**	**14,576**	**16%**	**13,857**	**14%**	**16,248**	**15%**
Growth in Revenue			26%		7%		7%	
OPERATING EXPENSES (SG&A):								
Salaries and Wages (1)	2,529	3%	2,490	3%	2,614	3%	2,559	2%
Officer Compensation	24	0%	24	0%	24	0%	25	0%
Employee Benefit Programs	379	1%	374	0%	392	0%	384	0%
Shipping	1,576	2%	2,208	2%	2,321	2%	2,464	2%
Maintenance and Repair	843	1%	1,024	1%	1,095	1%	917	1%
Advertising	150	0%	188	0%	202	0%	216	0%
Other Operating Expenses	2,852	4%	3,853	4%	4,223	4%	2,513	2%
Depreciation & amortization	101	0%	104	0%	107	0%	114	0%
Total operating expenses	**8,430**	**12%**	**10,240**	**11%**	**10,954**	**11%**	**9,167**	**9%**
Income from operations	**2,913**	**4%**	**4,335**	**5%**	**2,902**	**3%**	**7,081**	**7%**
OTHER INCOME (EXPENSE)								
Job Development Fees	298	0%	364	0%	360	0%	173	0%
Affiliate	254	0%	199	0%	237	0%	254	0%
Legal Settlements	696	1%	957	1%	190	0%	203	0%
Other income/(expense)	126	0%	162	0%	125	0%	134	0%
Interest income/(expense)	(1,159)	-2%	(1,011)	-1%	(924)	-1%	(802)	-1%
Gain/(loss) on asset disposal	-	0%	(20)	0%	1	0%	-	0%
Gain on Insurance Proceeds	4,021	6%	766	1%	-	0%	-	0%
Total other income (expense)	**4,237**	**6%**	**1,417**	**2%**	**(11)**	**0%**	**(38)**	**0%**
Income (loss) before taxes	**7,150**	**10%**	**5,753**	**6%**	**2,892**	**3%**	**7,042**	**7%**
Income tax Expense (Benefit)	2,288	3%	2,526	3%	994	1%	1,063	**1%**
Net income (loss)	**4,862**	**7%**	**3,227**	**4%**	**1,898**	**2%**	**5,979**	**6%**
Net / Loss Non Controlling Interest	**(17)**		**20**		**47**		**-**	
Net / Loss Discontinued Operations	**(33)**		**(221)**		**-**		**-**	
OTHER AMOUNTS:								
EBITDA	**10,279**		**9,221**		**6,441**		**10,530**	
EBIT	**8,309**		**6,764**		**3,816**		**7,844**	

Red indicates inclusion is summary total.

Distributions	-	-	-	-

(1) Net of discounts and allowances
(2) Shipping, Sales, and Clerical

Brief Discussion of Income Statement

The Company has maintained its business model of being a high quality, low cost producer of plastic products (80% fencing) sold to wholesale resellers of building products. Over the analysis period from 2012 - 2015, CASE has produced gross profit margins of 14 and 15% in 2014 and 2015, respectively. Sales have a grown year over year at an average rate of 14% after a large jump in 2013 of 26%. The last two years 2014 and 2015 have seen healthy growth of 7% with sales increase $6.9MM from 2014 to 2015.

Cost of Goods Sold has remained fairly consistent as a percentage of revenue (gross margin averaging 15% over the 4 years with a decline in 2014 to 14% but an increase to 15% on higher revenue. Purchases represent 70% of sales remaining constant while most “pick up” appears to be on the “Other” (not purchases, labor, depreciation, or rent) with a 2.0MM reduction in costs for this line item. CASE invested in its own in house marketing and sales function to reach customers who are largely long term and repeat in nature. The company, via its President, also trades in resin from a number of different suppliers to keep cost per lb. low compared to market availability. They also have the facilities and storage capacity to buy resin low when possible, store, and sell high.

Operating expenses also decreased as a percent of sale from 11 to 9% or a $1.8M reduction from 2014 to 2015. All other expenses seemed to remain consistent as a % of sales. Operating EBITDA declined in 2012 and 2013 before normalization adjustment (s). The latter will be considered later but 2014 and 2015 showed EBITA increased $4MM from $6.4 – 10.5MM, or 10% od sales. Please see exhibit B3 below for closer look at profitability.

Exhibit B3
Case Study Vinyl Products Inc.
and it Wholly Owned Subsidiaries
Profitability Analysis
As of July 31

	2012	2013	2014	2015
	Audited F/S	Audited F/S	Audited F/S	Internal F/S
ROE (based on BY Equity)	n/a	18.0%	9.1%	26.2%
Recurring Pre-tax ROE (based on BY Equity)	n/a	24.2%	13.9%	31.0%
Growth in Revenue	n/a	26%	7%	7%
Operating profit margin	4.0%	4.7%	3.0%	6.8%
Pretax profit margin	9.8%	6.3%	3.0%	6.7%
Net profit margin	6.7%	3.5%	1.9%	5.7%
EBIT margin	11.4%	7.4%	3.9%	7.5%
EBITDA margin	14.1%	10.1%	6.6%	10.0%
Recurring Revenue/Equity	4.06	4.37	4.29	3.66

Brief Discussion of Profitability
In the last 2 years CASE has shown very consistent profitability after declining in years 2012 and 2013 before normalization adjustments (discussed later). Net profit margin was approx. 2% in 2014 jumping to 5.7% in 2015 w/ ROE a healthy but volatile 9.1% and 26.2 % in 2014 and 2015, respectively. These will be evaluated closer when compared to the industry but for purposes of this analysis, no significant trends can be seen that would cause concern but might increase expectations for value with increases being reported in its most recent year.

4.3 Comparison With Industry Benchmarks

Individual company performance and condition should be evaluated against the performance and condition of other industry participants. Superior financial performance increases value; lagging performance tends to erode value.

The analyst compared CASE to the performance of peers in the industry to help us identify the Company's financial and operating strengths and weaknesses. Exhibit 4.3.1 shows the comparison. Benchmark data was obtained from BV Resources' BizMiner Financial and Industry Reports available at www.bvmarketdata.com, and RMA's Annual Statement Studies. BizMiner and RMA provide financial ratio and financial statement structure information for companies within a given Standard Industrial Classification ("SIC Code"), and by size, and reports over time. BizMiner data is derived from a variety of pubic and governmental sources, including the IRS (and other sources). RMA data is derived from companies that applied for credit from banks, suggesting that RMA results might be superior since the subjects were able to borrow money. Comparative information for CASE consists of unadjusted data for 2011-2015.

To compare CASE's performance relative to its industry, the relevant ratios are concerned with measuring four areas: (1) Liquidity (2) Activity (or Efficiency); (3) Leverage; and (4) Profitability. These ratios may be compared with similar figures for the same company in earlier years as a means of identifying positive and negative trends (horizontal) affecting the company. These ratios also look at account relationships and are compared to companies within the industry group as a means of determining how the company performs and ranks amongst its competition and/or peers. **See exhibit B4 below.**

Exhibit B4

Case Study Vinyl Products Inc.
and it Wholly Owned Subsidiaries
Benchmark Analysis - Key Trends and Allowances
As of July 31

Ratio Category	2014	2015		Biz-Miner (1)	RMA (2)
Liquidity:					
Current ratio	1.5	1.8		2.6	2.2
Quick ratio	0.6	0.7		1.9	1.1
Working Capital Turnover	7.2	5.6		7.0	8.8
Activity:					
Receivables Turnover	8.6	8.7		9.6	7.9
Days Receivable Outstandng	42.2	42.2	A	38.0	46.2
Inventory Turnover	3.4	3.4		16.3	5.4
Days Inventory Outstanding	106.2	107.8	B	22.4	67.6
Payables Turnover	20.1	19.8		27.0	12.7
Days Payable Outstanding	18.1	18.4	C	13.5	28.7
Operating Cycle	130.3	131.5	A+B-C	46.9	85.1
Net Fixed Assets Turnover (Sales)	3.6	3.6		n.a	7.7
Total Assets Turnover (Sales)	1.4	1.4		1.8	1.7
Leverage:					
Total Debt to Equity	2.1	1.6		1.0	0.7
Total Debt to Assets	67.6%	61.9%		n/a	n/a
Total Debt to Total Capital	0.7	0.6		n/a	n/a
Times Interest Earned	4.1	9.8		1.8	4.3
Profitability:					
Growth rate - revenues	7.1%	7.0%		n/a	3.6
Gross Margin	14.1%	15.5%		35.2	4.0
Operating Margin	3.0%	6.8%		n/a	n/a
Pretax Margin	3.0%	6.7%		6.3	4.9
Profit Margin	1.9%	5.7%		4.4	n/a
Pre-tax return on assets	4.1%	9.4%		11.5	n/a
Pre-tax return on net worth	12.7%	24.5%		16.7	n/a

(1) - ***BizMiner Indsutry Financial Profile - 326121 Unlaminated Plastics Manufacturers*** **, $10MM - 55MM,June 2015.**
(2) - ***RMA Annual Statement Studies 2014-2015,326121 Unlaminated Plastics Product Manufacturers,*** **Assets 500M-2MM. March 2014**

4.3.1 Liquidity Ratio Analysis

In evaluating liquidity, this analysis looks at three key ratios: Current Ratio (Current Assets/Current Liabilities), Quick Ratio (discussed below), working capital turnover. Current is defined as those converted to cash or payable in less than 1 year. As of July 31, 2015, the company has a **current ratio of 1.5-1.8**. In most cases, the higher the current ratio the more able the company is to meet its short-term obligations. Industry standards show current ratios of 2.2 – 2.6 which indicates CASE has the ability to leverage accounts payable in times of increased current assets but lags the industry. The goal is to optimize not necessarily increase as increases in current assets drain cash flow. As assets increase, there is a drain on cash flow so delaying or increasing payables and other outflows of cash helps to offset when needed.

The **quick ratio** is a more conservative measure of liquidity by expressing the degree to which the company's current liabilities can be covered by cash and receivables (not inventory). Generally, a value of less than 1 implies that other current assets, such as inventory, would be needed to satisfy current liabilities. This appears to be the case with CASE at 0.6 but not the industry both producing 1.1 – 1.9 value for this ratio. This is an area again where management might scrutinize for improvement but not seen as an added source of risk for this company especially giving consideration to working capital turnover below.

Finally, w**orking capital turnover** is a measurement comparing the depletion of working capital (current assets minus current liabilities) to the generation of sales over a given period. This provides some useful information as to how effectively a company is using its working capital to generate sales. CASE has sales 7.2 x times working capital in 2014 but declining to 5.6 in 2015. The industry is generating about the same 7.0-8.8 times working capital. CASE has higher inventory and thus higher working capital causing the company to generate a lower turnover ratio in the industry range.

While CASE is lagging the industry in some areas of liquidity, it does not cause any concern for the analyst. No adjustment will be made to risk or, subsequently to value (higher risk means lower value).

4.3.2 Activity Ratio Analysis

CASE's **accounts receivable turnover (sales/avg. accounts receivable)** has been consistent the last 2 years at 8.6x and improving to 8.7x as opposed to 9.6x and 7.9x, respectively, for the industry. This translates into 42 days in which receivables are outstanding which is a little better or same as the industry (avg. 43) overall and consistent with a net 30 collections policy allowing for billing, etc. While looking at another component of working capital (inventory), **inventory turnover (COGS/avg. inventory) CASE** lags the industry at an average 3.5 vs. 10.8 for the industry. This means it is outstanding 107 days on average throughout the year vs. 45 days for the industry. This is higher than the industry as whole and could be an area for improvement in their cash position but not necessarily a cause for concern. We will look closer at CASE inventory below in section 4.3.5.

As noted above the company has the ability to match current assets fluctuations with current liabilities. It looks similar to the industry as far as **accounts payable turnover (COGS/avg. accounts payable)** at 18 vs. an average 20 vs. 20 for the industry. This translates into 18 days outstanding for both and seems to reflect management is good at negotiating payable terms and/or delay payables keeping more cash on hand. No risk adjustment needed.

Note: Days are calculated 365/Turnover ratio, COGS = Cost of Goods Sold

A manufacturing companies' **operating cycle** is calculated by the total number of days receivables, inventory, and payables are outstanding as discussed above. Overall CASE has an **operating cycle** 130 and 131 days in 2014 and 2015, respectively. The trend appears to be consistent but lagging the industry at and avg. of 66 days. In general it takes about 4 month to convert inventory to cash which is not unreasonable or a poor measure of management's ability but does appear to lag the industry and be an area for improvement. CASE has **$3.7 million in cash** on hand at end of 2015 and has been improving every year over the period analyzed 2012-2015. We'll look closer at cash below in section 4.3.5.

Finally, **total asset turnover**, or management's ability to utilize total assets (including fixed) to generate sales efficiently. For CASE this has been comparable to the industry for each of the reporting periods 2014 and 2015. However, CASE does run a little lower at an average 1.4 vs. 1.8 for the industry. This shows that the company is on pace with the industry in its ability to generate sales in relation to total assets and has an efficient utilization of those assets compared to its peers and competition. No risk adjustment needed.

4.3.3 Leverage Ratio Analysis

CASE's **debt to equity** ratio has been 2.0 – 2.1. In recent years, the industry's ratios ranged from 0.7 to 1.0, suggesting some inconsistency in the industry but not huge problem with CASE unless they need to raise more debt. The higher a leverage ratio is the more likely it becomes for a company to encounter financial distress. In general, the higher the ratio, the greater the risk being assumed by creditors. To look closer at solvency or the ability to pay debts, **Times Interest Earned** is a measure of a company's ability to fund its debt burden through operating profits. CASE's operating earnings currently cover interest expense 4.2 times as compared to the industry range of 1.8 - 4.2, which put the companies' performance on the high or better end. The analyst sees some added risk in management's ability to leverage the company given its higher debt to equity, however. This will be noted by increasing risk slightly **in section 5.4 discount rates** causing downward pressure on value.

Leverage can be a good thing as long as it doesn't approach the top of the bell curve. To elaborate, in general, the more leverage a company takes on its return on assets/equity increases up to a point where financial distress becomes more probable and return on assets begins to fall as the cost of leverage overtakes operating profit. The company appears to be on the "right" side of the curve.

4.3.4 Profitability Ratio Analysis

Revenue has grown consistently over the years being analyzed with 26% in 2013 to 7% in 2014 and 2015 compared to 3.6% for the industry. This is certainly positive as long as that growth can be sustained. CASE appears to run a little "heavy" in terms of profit margins and / or their margins appear a little thin compared to the industry. The **Gross Profit Margin** (Gross Profit/Total Sales) was 14-15% over the years analyzed, compared to the industry range of 35.2% and 4.0. Although this may indicate that CASE may not be as successful at controlling the cost of sales, it is not a tremendous area for concern as they are in the middle of the range and as long as operating expenses are efficiently managed.

CASE's **Pretax Earnings Profit Margins** (Pretax Earnings/Total Sales) have been consistent in the past at around 3% after removing extraordinary items but jumped to 6.7% in 2015. This was better when compared to the industry which showed a range of 4.9 – 6.3%. So again, this would appear to be an area for improvement and consistency but not a major cause for concern.

To wrap up this section on performance, a 2015Altman Z score is calculated for CASE as 1.2A + 1.4B + 3.3C + 0.6D + 1.0E, where,

A = Working Capital/Total Assets
B = Retained Earnings/Total Assets
C = Earnings Before Interest & Tax/Total Assets
D = Market Value of Equity/Total Liabilities
E = Sales/Total Assets

CASE's 2015 Z Score was calculated and found to be 2.9 as below:

Z Score Calculation:

Ratio (A-E)	Multiplier	Value Factor
0.25	1.2	0.30
0.35	1.4	0.49
0.10	3.3	0.34
0.62	0.6	0.37
1.39	1.0	1.39
	Z Score	2.90

It should be noted that Z score calculation above used book value for equity vs. market value (private co. and not known while writing this report). Therefore 2.9 is a somewhat conservative measure and CASE's Z- Score will likely be higher pending results of this valuation. A score below 1.8 means the company is probably headed for bankruptcy, while companies with scores above 3.0 are not likely to go bankrupt. The lower/higher the score, the lower/higher the likelihood of bankruptcy

Source: Altman Z-Score Definition | Investopedia, http://www.investopedia.com/terms/a/altman.asp#ixzz3oS987sEf

4.3.5 Common Size Ratios

As a supplement to the ratio analysis, CASE's balance sheet and income statement were also compared to industry common size ratios to look for any other exceptions which will be applied to Normalization and Net Asset Values calculations later in this report. The only major areas will be discussed and had to do with gross margin, cash, (noted above) and inventories. Inventories seemed excessive compared to the industry and will be discussed in **section 5.3 Asset Approach**. CASE operated with 35% of its total assets and cash being held in inventory. This compared to an average of 21.0% for the industry. This will be discussed in section 5.3 in more detail. Please see **Exhibit B5** below.

As far as liabilities, the company appears quite a bit more leverage in current liabilities. We will not make and adjustment for risk in this area because it seems offset with the high inventory noted above. However, management should evaluate their cash position, the need to operate plants 24/7 and the amount of inventory they carry on hand. Please see **Exhibit B5** below

Exhibit B5
Case Study Vinyl Products Inc.
and it Wholly Owned Subsidiaries
Benchmark Analysis - Balance Sheet
As of July 31

	2014 Audited F/S Dollars	2014 %	2015 Internal F/S Dollars	2015 %	Biz-Miner (1)	RMA (2)
ASSETS (1):						
Current Assets:						
Cash and cash equivalents	3,474	5%	3,713	5%	16.7%	9.8%
Trade Receivables, net of Allowance for Doubtful	9,814	14%	10,489	14%	26.4%	19.2%
Trade Receivables, affiliate	1,522	2%	1,627	2%	n/a	n/a
Inventories	24,484	35%	26,169	35%	**15.6%**	**26.1%**
Total Current Assests	**40,862**	**58%**	**43,673**	**58%**	**58.7%**	**55.1%**
Property & Equipment:						
Buildings and Improvements	13,730	19%	14,675	19%	21.0%	18.3%
Machinery and Equipment	35,262	50%	37,689	50%	42.0%	55.0%
Accumulated Depreciation	(29,457)	-42%	(31,484)	-42%	-37.8%	-44.0%
Total PP&E	**27,299**	**39%**	**29,178**	**39%**	**37.0%**	**45.0%**
Other assets:						
Investment in Affiliate	1,103	2%	1,179	2%	n/a	n/a
Deposits	67	0%	72	0%	n/a	n/a
LT Receivables	802	1%	858	1%	n/a	n/a
LT Receivables - affiliates	217	0%	232	0%	n/a	n/a
Patents	92	0%	98	0%	n/a	n/a
Total Other	2,282	3%	2,439	3%	4.3%	-0.1%
Total assets	**70,443**	**100%**	**75,290**	**100%**	**100.0%**	**100.0%**
LIABILITIES AND STOCKHOLDERS' EQUITY (1):						
Current Liabilities:						
Bank Overdraft	2,427	3%	2,594	3%	n/a	n/a
Line of credit	8,804	12%	9,410	12%	n/a	n/a
Bond Payable - current portion	727	1%	777	1%	n/a	n/a
Notes Payable - current portion	5,656	8%	6,045	8%	n/a	n/a
Accounts payable	4,184	6%	4,472	6%	14.2%	11.2%
Accrued Employee Comp	3,802	5%	4,063	5%		
Unearned Revenue	-	0%	(400)	-1%		
Total Current Liabilities	27,258	39%	28,734	38%	20.0%	28.6%
Long Term Liabilities:						
Notes Payable & Acc Int	6,079	9%	6,497	9%	5%	14.8%
Bonds Payable	-		-			
Loans Payable - related parties	9,977	14%	10,664	14%		
Deferred Income Taxes	4,299	6%	4,595	6%		
Total Long Term Liabilities	20,355	29%	21,756	29%	**26%**	**19%**
Stockholders' Equity:						
Retained earnings	20,569	90%	22,657			
Stockholders' Equity:	22,829	32%	24,800	33%	54.0%	52.7%
Total liabilities & stockholders' equity	70,443	100%	75,290	100%	100.0%	100.0%

(1) Account certain non material accounts have been hidden for display purposes; balance may not foot

4.4 Normalized Financial Statements

In order for financial statements of privately-held companies to have real meaning as indicators of economic value to a hypothetical party, it may be necessary to adjust, or "normalize" certain elements in those financial statements. In a control situation, adjustments may be necessary to eliminate unique business strategies and operating styles. Per NACVA Chapter 3: Economic/ Normalized Financial Statements, certain types of adjustments that should be considered fall into four categories:

1. Method of accounting (LIFO, FIFO, Weighted Average)
2. Non-recurring (transactions that are not reasonably expected to recur in the foreseeable future)
3. Non-operating/operating (this includes removal of non-operating assets and liabilities and their related earnings and/or expenses from historical financial statements)
4. GAAP compliance

Common examples encountered by analysts include:

1. Accounting under GAAP (Generally Accepted Accounting Principles) or TBA (Tax Basis Accounting) or a combination thereof often results in a distorted picture of economic reality
2. Closely held business financial statements frequently have the following characteristics:
   a. Highly aggressive expensing policies to reduce income taxes
   b. Historical or cost basis in nature
3. Economic (normalized) financial statements can be costly to generate:
   a. Supportable data just may not be available
   b. The valuation analyst should spend enough time interviewing management to identify those areas most likely in need of adjustment. This will likely require some research to ascertain the norms and eccentricities of the industry for the subject company
4. Excessive compensation, perquisites, rent and similar effects of current ownership
5. Non-controlling (minority) vs. Controlling interest adjustments. Some valuation analysts believe that when valuing a non-controlling interest, those elements of the financial statement over which the non-controlling interest has no control should not be adjusted; others debate the appropriateness of adjusting an owner's compensation

Based on our discussion with management and review of the financial notes and statements, the analyst found normalizing adjustments that would impact our conclusion. These are shown below and explained in notes 1-4 in **Exhibit B6**. However, the owner does not appear to have personal expenses "in the business" and appears to operate the business and his personal life in frugal manner. He has assured the analyst there are no excessive and extraordinary expenses reflected in CASE's income statement including but not limited to executive compensation and perks.

Since normalizing adjustments are suggested, the analyst has presented normalized balance sheets and income statements for this analysis. Normalized ("Fair Market Value") Balance Sheet will be shown in S**ection 5.3 Net Adjusted Assets** (An Asset Value Approach). **Exhibit B6** shows Normalized Income Statement which will be used as a basis for **Capitalize Earnings Valuation in Section 5.5**

Exhibit B6
Case Study Vinyl Products Inc.
and it Wholly Owned Subsidiaries
Normalized Net Income
As of July 31

	2012	2013	2014	2015	
Net Earnings	**4,862.4**	**3,226.5**	**1,898.0**	**5,979.2**	
Adjustments:					
Non Operating Income	(696.4)	(957.3)	(190.0)	(203.3)	(1)
Owners Compensation	24.0	24.0	24.0	25.0	(2)
Management Replacement	(250.0)	(250.0)	(250.0)	(250.0)	(2)
Auto Expenses	-	-	-	-	
Normal Auto Expense for sales force	-	-	-	-	
Interest Expense	-	-	-	-	
Extraordinary Consulting Expense	-	-	56.0	195.0	(3)
Non Recurring Expenses / (Income)	(4,021.4)	(765.9)	-	-	(4)
Total Adjustments	**(4,943.8)**	**(1,949.2)**	**(360.0)**	**(233.3)**	
less Income Tax / (Benefit) Impact	**(1,235.9)**	**(487.3)**	**(90.0)**	**(58.3)**	
Normalized Earnings	**1,154.6**	**1,764.6**	**1,628.0**	**5,804.3**	
Growth Rate		53%	-8%	257%	

(1) 2011 Legal Settlements with four 3rd party guarantors; 2 have settled and 2 expected to payout in 2016
(2) It appears the owner is taking a small draw; replace with a 250K executive under normal operations per industry publicatio
(3) Consulting expense assumed extraordinary and non recurring
(4) Insurance Proceeds from 2012 Tornado Damage to warehouse and inventory (Proceeds - Book Value recorded)

4.5 Management's Forecast

Management was not willing to supply a forecast to be used in this analysis and the analyst did not feel it would impact valuation. Per our discussion with management, future benefit streams or earnings are likely to be level or growing at a steady rate.

5.0 Valuation of 100% of Common Equity

5.1 Basis for Valuation

There are three traditional and accepted approaches to valuing an enterprise:

a. **Income Approaches** estimate value by quantifying the benefits to the owners from the business operations in relationship to the timing and risk associated with actually receiving those benefits.

b. **Market Approaches** estimate value by comparing the subject's operating and financial characteristics to similar publicly-traded companies and deriving value based upon the trading in the stocks of the public companies; or alternatively, through examination of actual sales of privately-held companies.

c. **Asset Approaches** consider the value of a subject's equity as the accumulation of the Fair Market Value of all of its tangible and intangible assets, and reduced by the value of the liabilities and the cost of disposal.

There are no characteristics of the Company that would preclude its consideration under all three Approaches, and the analyst did consider specific valuation methods within each general method.

5.2 Valuation Methods Considered but Rejected

The analyst considered, but rejected, the following approaches and methods:

a. **Discounted Cash Flow**. The analyst and management believe that the future economic benefits derived by the Company will be not greater than stabilized long-term growth. A more reliable method to determine value is the Capitalized Income Method. This is also Easier to explain to judges and auditors should the need arise.

b. **Excess Earnings** see page 7 – no evidence of intangible assets.

c. **Guideline Public Company Method**. It is possible that one or more publicly-traded companies might provide a reasonable basis for comparison. However, public comparisons to companies the size of CASE raise concerns about size, risk, and access to capital differences, all of which are normally much more favorable for public companies than they are for a small private company. Furthermore, the use of Guideline Private Transactions involving the sale of private companies to public companies more accurately reflects the likely exit strategy for the Company.

   In general, the market for **public companies** has the following characteristics; financial data is readily available and prepared in conformity with generally accepted accounting principles and SEC filing requirements, companies are considerably larger, and fundamental differences cause misrepresentations between publicly traded and closely held companies.

   On the other hand, the market for **closely held companies** has the following characteristics; limited access to data, companies are usually similar in size and do not have the benefit of easy liquidity as the public does, and various other similarities due to their common interest listed below. There are many attributes that distinguish public companies from closely held companies. Closely held companies may have one or more of the following risk attributes that may not be commonly found in public companies. In the analysts' opinion, the following (in bold) apply to CASE's organization:

- **Lack of management depth**
- **Reliance on a single product or service line**
- **Concentration of customers**
- Limited geographic market
- Small market share and market power
- Limited buying power and supplier dependence
- Inconsistent earnings and volatile margins
- Limited capital financing resources

5.3 Net Adjusted Asset Value (Floor Value)

CASE is a capital intensive business with real estate and machinery appearing on its balance sheet and representing the bulk of its fixed assets. A Statement of Value provided management as of 06/15/2015 was considered in this analysis. While these assets can be valued using several approaches, their economic value can be automatically reflected when income and market approach methods are applied to an operating entity.

This was apparent during a tour of the plant in Birmingham. The owner purchases resale or "used" equipment usually in a distress sale. This equipment is refurbished and then maintained and repaired in house and salvage value of the equipment would be far less than the revenue it produces. The real estate was estimated by management (not appraised) to be valued at 36.8MM in 2015 vs 2015 balance sheet cost basis of 13.7 or a difference of 22.2 MM. Real estate assets were purchased with bond/debt issues shown on 2014 balance to be approx. $16MM. All real estate holdings for this company are plant and warehouse facilities and considered operating assets for this company.

Per NACVA text, "the Adjusted Net Assets Method is a sound method for estimating the value of a non-operating business (e.g., holding or investment companies). It is also a good method for estimating the value of a business that continues to generate losses or which is to be liquidated in the near future. These were not applicable in this CASE.

However, given that the Adjusted Net Assets Method can set a "floor value" for determining total entity value, the analyst did consider this approach. Per the NACVA text, "in a valuation of a controlling interest where the business is a going concern, there would have to be a reason why the controlling owner would be willing to take less than the Fair Market Value for the business. This might occur where the assets are under-performing, resulting in a conclusion of value that is less than the adjusted net assets value but more than the liquidation value." The analyst believes that CASE assets could be slightly underperforming (giving the analysis above) so a floor value was considered and compared to the other approaches to arrive at a value more than liquidation but possibly less than FMV. In doing so, the potential of overstating the value of assets, existence of non-operating assets, and other omissions were considered as well.

The analyst found a real adjustment was needed was for buildings which would be expected to appreciate. The total Statement of Values signed off by the president stated real estate or (plants/buildings) was approx. worth 38.8MM or 22MM over the cost basis shown on the balance sheet. No intangible assets were noted on the balance sheet. Regarding inventory, there was a difference of 15% over industry standard representing 11.2MM when applied to CASE's total assets (0.15 X 75MM). Excess inventory will generally over value a business.

This was used to establish a floor value reference will be given lower weight in the overall analysis. Exhibit C1 shows the Net Adjusted Asset Value and Normalized Balance Sheet:

Exhibit C1
Case Study Vinyl Products Inc.
and it Wholly Owned Subsidiaries
Normalized Balance Sheets
As of July 31, 2015
($, Thousands)

	2015				
	Internal F/S				
ASSETS:	**Unadjusted**	**Adjustments**	**Normalized**	**%**	
Total Current Assests	43,673	(11,250)	32,423	38%	(1)
Total PP&E	29,178	21,308	50,486	59%	(2)
Total Other	2,439	-	2,439	3%	
Total Assets	**75,290**	**10,058**	**85,348**	**100%**	
LIABILITIES AND STOCKHOLDERS' EQUITY:					
Total Current Liabilities	24,843	-	24,843	29%	
Total LT Liabilities	21,756	-	21,756	25%	
Stockholders' Equity:	**28,691**	**10,058**	**38,749**	45%	
Total liabilities & stockholders' equity	75,290	10,058	85,348	100%	

ADJUSTMENT EXPLANATIONS:

(1) Excess inventory noted in ratio analysis of 11.2MM;
No excess cash, YE AR had 245K over 120 days which was deemed minimal compared to balance sheet, no marketable securities

(2) Managements statement of values for buildings, Business Personal Property, Inventory Stock, Business Interuption less non operating assets (F&F)

Based upon the preceding analysis, the proposed fully marketable, control value of a 100% of the Common Stock of CASE Corporation as of *July 31, 2015* based the Net Adjusted Asset value is:

$38,749,000

5.4 Market Approach – Direct Market Data Method

The Direct Market Data Method ("DMDM") examines sales of private companies with characteristics believed to be similar to the subject, and uses comparisons of financial metrics found in those transactions with the subject to estimate a price at which the subject might be bought and sold.

In the case of CASE, use of the DMDM is to determine the Fair Market Value of the subject interest as of July 31, 2015. Several transaction databases provide information to permit a comparison of a subject's performance with that of the sample elements, facilitating the placement of the subject within the sample distribution. An underlying assumption of the method is that the transactions represent fully marketable and controlling interests.

The critical feature in selecting acquisition targets is that provided products or services fall within the SIC and NAICS codes noted below. Also note that the buyer's stock was often used as part of the purchase price, but the analyst accepted those transactions since the stock was publicly traded with an easily established market price. In this case, Pratt's transactions used were cash.

The analyst obtained transaction data from the Pratt's Stats and MergerStat[4] Plastics Manufacturing (Unsupported Profile Shapes and Plastics Products (SIC code 3081, 3082, 3089, and 3444) as well as NAICS 326100 which has the following 326121 and 326199 Un-laminated Plastics Profile Shape Manufacturing and All Other Plastics/Metal Product Manufacturing. Pratt's Stats transactions are not delineated into stock and asset sales. Only equity sales were considered. MergerStat transactions are all stock sales.

Fair Market Value in this industry tends to reflect strategic value by the nature of the transactions. Please note below in our analysis of Pratt's Stats that virtually all of the buyers of the comparative private companies are public companies. The profession for many years has also recognized that MergerStat comparable companies are heavily the weighted toward strategic transactions as well – these reflect mostly purchases of public companies by other public companies.

Original database search results were adjusted to eliminate (1) transactions that were prior to July 2005 to limit the sample to relatively recent events, (2) transactions with low down payments since these transactions may not reflect Fair Market Value, (3) those with revenues too large or too small to be similar to CASE since those excluded would have dissimilar operating characteristics, and (4) those in an obviously dissimilar industry subsegments.

[4] Both database services available from BV Resources at www.bvmarketdata.com.

The remaining transactions were then reviewed to eliminate those **outliers** that suggest extenuating circumstances existed that made the data points not comparative to the subject. This is accomplished so as to be careful not to “manufacture” a desired result. As such, the analyst eliminated outliers sufficient to achieve a Coefficient of Variance (“CoV”, equal to the Standard Deviation of the population divided by the mean of the population) below 1.0.

In our analyses, the following abbreviations are used:

MVIC means Market Value of Invested Capital, which includes the value of equity and interest-bearing debt.

EBITDA means Earnings before Interest, Taxes, Depreciation, and Amortization.

Exhibits C1 and C2 show the transaction data points and companies selected based on the above criteria. These were obtained from MergerStat and Pratt’s Stats for stock (only) sales, respectively. Only 3 and 8 viable transactions were found from Pratts and Mergestat, respectively, databases that met the criteria discussed above. This is not ideal and will carry lower weight in the Valuation Reconciliation in section 6.0.Generally that analyst would like to have 10+ from each.

Exhibit C1
Case Study Vinyl Products Inc.
Application of Comparative Market Transaction Method at July 31, 2015 Using Stock Sales from the Mergerstat Database

Eff. Date	Target Description	Control Premium	Minority Discount	MV Equity **	Revenue	NI	BV Equity	EBITDA	NI Margin	MV of Equity to Revenue	MV of Equity to Earnings	MV of Equity to BV of Equity	MV of Equity to EBITDA
6/3/2002	Develops and manufactures flexible liquid packaging system	34%	25%	$279.39	$143.67	$13.77	$75.15	$30.82	9.6%	Outlier	20.29	3.72	4.66
5/18/2004	Manufactures synthetic lining systems	104%	51%	$213.61	$271.00	$22.61	$126.59	$44.88	8.3%	0.79	9.45	1.69	6.04
11/28/2011	Manufactures film and glass building materials	45%	31%	$79.04	$52.21	$7.31	$33.03	$8.20	14.0%	Outlier	10.81	2.39	6.37
10/3/2006	Produces home improvement and building products	45%	31%	$1,097.95	$1,463.73	($101.69)	$771.05	$26.78	-6.9%	Outlier	Outlier	Outlier	Outlier
6/29/2007	Manufactures aluminum doors and windows	-19%	-24%	$17.05	$27.05	$0.26	$12.90	$1.04	1.0%	0.63	Outlier	1.32	Outlier
11/18/2003	Makes and sells roof drainage products	26%	21%	$20.56	$44.09	$0.63	$1.90	$4.04	1.4%	0.47	Outlier	Outlier	10.91
8/25/2006	Manufactures and supplies fabricated sheet metal componer	64%	39%	$49.81	$196.28	$11.73	$0.38	$21.71	6.0%	0.25	4.25	Outlier	9.04
2/5/2010	Develops, manufactures and markets highway and transporta	124%	55%	$59.55	$95.82	$0.90	$24.80	$3.32	0.9%	0.62	Outlier	2.40	Outlier
	Median	45.0%	31.0%	$227.12	$286.73				4.3%	0.62	10.13	2.39	6.37
	Mean	61.0%	35.8%							0.62	9.45	2.04	7.70
	Standard deviation	38.0%	13.6%							0.20	6.69	0.92	2.52
	Coefficient of variation	0.62	0.38							**0.32**	**0.71**	**0.45**	**0.33**

*Invested Capital = market value of common equity + face value of debt + preferred stock book value
** Deal Value - Implied Market Value

Exhibit C2
Case Study Vinyl Products Inc.
Application of Compartive Market Transaction Using Stock Sales at July 31, 2015 from Pratt's Stats Database

Date	Description	MVIC*/ MCAP	Revenue	EBITDA	EBITDA Margin	NI	NI Margin	BV Equity	MV of Equity to EBITDA	MV of Equity to Revenue	MV of Equity to Earnings	MV of Equity to BV of Equity
10/30/2008	Manufacturer of Polyethylene Stretch and Custom Films	$99,276,000	$273,005,000	$16,162,000	5.9%	($3,171,000)	-1.2%	$50,456,000	6.14	Outlier	Outlier	1.97
2/24/2006	Manufacture and Distribution of Aluminum and Vinyl, or Non-'	$120,303,000	$135,161,000	$12,152,000	9.0%	$6,006,000	4.4%	$27,949,000	9.90	0.89	20.03	4.30
3/31/2011	Produces Warm-Edge, Dual Seal Insulating Glass Spacer Syste	$105,000,000	$76,280,921	$10,730,853	14.1%	$6,189,493	NM	$34,762,629	9.78	1.38	16.96	3.02
	Median								9.78	1.13	18.50	3.02
	Mean				9.7%		1.6%		8.61	1.13	18.50	3.10
	Standard deviation								2.14	0.34	2.17	1.17
	Coefficient of variation								0.25	0.30	0.12	0.38

*Market Value of Invested Capital is in fact MV of Equity, no debt or liabilities assumed.
** Market price adjusted to reflect MV of Equity

Per NACVA text, ""Price" should be matched to the appropriate parameter based on which providers of capital in the numerator will be paid with the monies given in the denominator. For example, in price/EBIT, price is the market value of invested capital (MVIC), since the earnings before interest payments and taxes will be paid to both the debt and equity holders. In price/net income, price is the market value of equity (MVEq) only, since net income is after interest payments to debt holders and represents amounts potentially available to shareholders. Any denominators that exclude interest (e.g., EBIT or EBITDA) should usually be matched with corresponding numerator (e.g., MVIC)."

For Pratt's Stats stock sales and Mergerstat, funded debt will be deducted from MVIC to determine the value of equity (applicable for CASE). MVIC derived by asset sales (not applicable for CASE) includes the value of the business (i.e., all of the intangibles) and equipment. To compute an equity value on the latter, you must add all other assets, and deduct all other liabilities.

The analyst considered the relative significance of the results from the various metrics. The indicated values resulting from each metric were weighted based on his opinion of the significance and relevance of the metric to the overall value. The analyst considered several factors: a lower CoV suggests a stronger relationship between the data points and the mean or median metrics with higher R-Squared factors are more meaningful than lower factors; metric results based on EBITDA are more meaningful that those based on sales since usable economic benefits have a closer relationship to value than the more vague revenues. Results based on net income may have significant value since the Company shows good profits in the period analyzed.

DMDM derives a control marketable value. Since the subject interest is a non-controlling, the analyst will consider a lack of control, minority discount in section 7.0 below. The analyst has made no further adjustments for lack of marketability at this level; this factor will be considered in **Section 7.0** below as well.

Exhibit C3 shows our development of the indicated Fair Market Value of 100% of the equity at July 31, 2015 based on the Direct Market Data Method.

Exhibit C3
Case Study Vinyl Products Inc.
Computation of Fair Market Value
Direct Market Data Method
($, Thousands)

	Pratts Stock		Mergestat		
	Median	**Median**	**Median**	**Mean**	**Mean**
Market multiples applied:	**MVIC/EBITDA**	**MVIC/Sales**	**P/Sales**	**P/Net Income**	**MVIC/ EBITDA**
Market drivers (see Exhibit 4.2.1):					
Gross revenue		$ 104,873	$ 104,873		
SDE					
EBITDA	$ 10,530				$ 10,530
Net Income				$ 5,804	
Market metrics (see Exhibits 5.4.1, 5.4.2, & 5.4.3):					
Number of data points	3	3	8	8	8
Coefficient of variance	0.33	0.32	0.32	0.71	0.33
Metric selected	8.61	1.13	0.62	9.45	9.05
Indicated value before other adjustments	90,651	118,851	65,176	54,836	95,294
Add (see note 1):					
Current assets	n/a	n/a	n/a	n/a	n/a
Other assets	n/a	n/a	n/a	n/a	n/a
Subtract:					
Current liabilities other than funded debt	24,843	24,843	24,843	-	24,843
Funded debt	21,756	21,756	21,756	-	21,756
Other debt	-	-	-	-	-
Subtotal	44,052	72,251	18,577	54,836	48,695
Weight applied	20%	20%	20%	20%	20%
Weighted result	**$ 8,810**	**$ 14,450**	**$ 3,715**	**$ 10,967**	**$ 9,739**
Aggregate of weighted values and indiacted value	**$ 47,682**				
less Non Operating Assets	**817**				
Indicated Fair Market Value of a 100% Equity Interest as of July 31, 2015	**$ 46,866**				

(1): these were all equity sales not asset

All approaches utilized above were equally weighted at 20% with all showing lower CoV well below 1 as discussed above. Based upon the preceding analysis, the proposed fully marketable, control value of a 100% of the Common Stock of CASE Corporation as of *July 31, 2015* based the Direct Market Data Method is:

$46,866,000

5.5 Income Approach – Capitalization of Earnings

Revenue Ruling 59-60 clearly requires that an income approach be used when it lists "the earning capacity of the company," as a factor to be considered.

The estimated future economic benefits of the Company are stable, and could be reasonably expected to grow consistent with the long-term stabilized growth rate of the industry. Management asserts that revenue and net cash flow will not increase materially by the end of 2017. Accordingly, the analyst believes that a hypothetical buyer of the subject interest would analyze its value by considering the present economic benefits of CASE using the **Capitalization of Earning Method**. Under this Method, value is determined by capitalizing present economic benefit stream using an appropriate capitalization rate for the market risks attributable to the investment. This method assumes both tangible and intangible assets are indistinguishable parts of the business and does not attempt to separate their values.

There are two core elements to any income approach model – the economic benefit stream, and the discount and capitalization rates. Two key questions to be answered in selecting a specific Income Approach technique are: 1) What benefit stream should be used? And, 2) Over what period of time should that benefit stream be considered? The analyst chose **Normalized Net Income** as an adequate representation of cash flow and used an **un-weighted average** giving the equal weight to years 1-4. Net Income has fluctuated over the 4 years with no real trend to support a trend or weighted average method of determining the companies' earnings capacity.

Clearly, the most meaningful benefit stream is net cash flow, that is, the cash available for distribution as dividends to stockholders after making a provision for each source and use of cash necessary to keep the enterprise functioning. The use of other benefit streams presumes that they are indicative of some future cash flow, either in dividends deferred by current investment needs or the ability to sell the investment to a new owner who anticipates cash. Net cash flow distributable to stockholders is often called "economic income" or "economic benefit stream".

5.5.1 Development of Discount and Capitalization Rates

To start the analysis, the development of the discount and capitalization rates is shown below in **Exhibit D1**. The derivation of the data comprising the discount rate and the capitalization rate are discussed in detail below**. Exhibit D1** identifies the specific components of the equity discount rate for the valuation of the Company, which was determined to be 13.7% as of July 31, 2015.

Discount and capitalization rates vary among particular types of businesses and from one period of time to another. They are an estimate of the market-required return on investment. Discount rates are typically calculated using the Capital Asset Pricing Model ("CAPM") or for Public companies the Weighted Average Cost of Capital (market value for debt and equity is required).

For private businesses such as CASE, it is common to use a Build-up Method, which is a derivative of the Capital Asset Pricing Model. The Build-up Method ignores Beta, a measurement of the variance of a stock's performance from that of the market as a whole, and adds additional factors to account for risks above those typically attributed to larger, public companies. The analyst used **the Build-up Method** below rather than CAPM.[5]

Exhibit D1
Case Study Vinyl Products Inc.
and it Wholly Owned Subsidiaries
Development of Capitalization & Discount Rates
As of July 31, 2015

Risk-free investment at August 31, 2015 based on 20-year Treasury Bond constant maturity	**(2)**	2.6%		
Equity risk premium - large stocks	**(2)**	6.1%		
Small company size premium	**(2)**	3.9%		
Company specific risk adjustment		1.0%		
		13.7%		
Other adjustments		0.0%		
Equity discount rate	A	13.7%		
Less: Sustainable Growth Rate	B	5.0%		
Capitalization rate	A-B	8.7%		

Selected Specific Company Risk Factors:	**Effect on Risk (3)**	
1. Highly qualified CEO/Presdent	Neutral	0.0%
2. Moderate customer concentration (>39% of rev)	Increase	0.5%
3. No Operating losses and required additions to surplus to support future growth.	Neutral	0.0%
4. Strong/stable growth rates in revenue and income	Neutral	0.0%
5. Strong equity and capital position but carries higher deb (2X) over all than the industry	Increase	0.5%
6. Audited Financial Statements (summary only)	Neutral	0.0%
7. Key Man (discussed and applied later) little mangement depth	TBD	0.0%
8. Strong Access to Capital and Strong banking relationships	Neutral	0.0%
Identified specific risk		**1.0%**

(1) From the Federal Reserve Board available at www.federalreserve.gov/releases/h15, accessed 08/31/2015
(2) 2012 Ibbotson SBBI Valuation Yearbook, Morningstar, Chicago, 2012.
(3) Further adjustments for specific company risk are considered, both in type and in scope, to the extent a hypothetical buyer would not have already found and considered these characteristics in the small companies included in Ibbotson's "Small company size premium" public entities. Furthermore, specific company risk includes consideration of industry-specific factors.

[5] The analyst considered but did not use an industry risk premium found in the *2012 Ibbotson Valuation Yearbook* (Morningstar, Chicago) in the consideration of additional risks. The size disparity between the public companies providing the base for the data Morningstar and the subject is large. Operations are often not comparable as well in terms of product offering. Therefore, the analyst has incorporated an element of industry risk in the company-specific risk analysis.

In the Build-Up Method, the **discount rate** has 4 key components - the risk-free rate of return, equity risk premium, and size premium, and a company specific premium.

1. The risk-free rate of return in valuing a business investment, typically expected to be of long duration, is the rate on long-term U.S. Government bonds as of the valuation date. As of July 31, 2015, the rate of return on a 20-year U.S. Government Treasury Bond was 2.6%.[6]
2. The equity risk premium is the additional rate of return required by investors to compensate them for the additional risk of investing in assets other than government securities. Components of the risk premium include a) the historic spread between total returns earned by investors in large-cap stocks (the S&P 500) vs. the total returns earned by investors in 20-year government securities (6.12% for the year 2012),
3. The Size Premium is an additional premium demanded by investors in small public stocks over the returns expected on the large-cap stocks in the S&P 500 (3.89% for 2012 using the Micro Cap 9-10 Decile).[7]
4. In determining a company-specific risk premium, which indicates risks associated with a specific company that might be in excess of the risks for the smallest successful public companies operating in its segment, the analyst has considered the following factors:

    1. Industry Experience. Obviously less experience of management increases the risk of a company to take advantage opportunities, foresee and solve problems, and compete in an industry. The company President has 50 years industry experience. (Neutral risk effect.)

    2. Customer Concentration. The more reliant a company is on a few customers for its revenue, the more at risk it is to falter if one or more of these companies goes away any reason. CASE does have some degree of concentration in its customer or revenue base. (Increases risk.)

    3. The Company has posted net profits in all of the years analyzed that exceed $1MM. There is no need to finance operating losses. (Neutral risk.)

    4. Strong, consistent growth in revenue. (Neutral risk.)

    5. The Company has provided us with audited financial statements. The audited financials provide assurance that the financial statements are fairly stated in all material respects. (Neutral risk effect.)

[6] Federal Reserve statistical release. Selected Interest Rates. Available at http://www.federalreserve.gov/releases.

[7] *2012 Ibbotson SBBI Valuation Yearbook*, Morningstar, Chicago, 2012.

6. The biggest risk facing the company is lack of a succession plan and very little in management. We will consider this later in section 7.0 in applying Key Man discounts and will not double count here. So adjustment was made to discount rate.

7. CASE has been able to raise capital over the years and the ability of the Company to continue to operate and achieve its forecasts will not be limited by lack of capital. However it maintains a higher debt to equity ratio than the industry to some a moderate adjustment was made (increase risk effect.)

After considering the aforementioned factors, the analyst believes that a hypothetical buyer would apply a company-specific risk premium of 1.0%.

The capitalization rate equals the discount rate for the subject reduced by the anticipated rate of stabilized growth in distributable cash flow, which, in the case of the Company, has been estimated at 5.0% (see conclusion at Section 3.3). The resulting rate of capitalization is 8.7% (13.7% discount rate less 5.0% sustainable growth rate). The long term sustainable growth rate was determined by looking at the companies' growth rates over the years and factoring economic projection for GDP in **Section 3.3.**

In analyzing the overall reasonableness of the discount rate, the analyst compared his results to an analysis of discount rates for small company returns. There are two widely-cited studies[8] that provide a basis for the estimation of the discount rates applicable to early-stage companies through the consideration of their state of technology and product development, depth of management, and sources and uses of capital, among other factors.

Discount rate ranges applicable to early-stage enterprises are very high when compared to conventional enterprises, with rates running as high as 80%. Small company stocks, however, were estimated at 12.9% annual rate of return[8]. Comparatively, CASE at 13.7 tends to fall close to this. This suggests that the analyst's discount rate is reasonable.

5.5.2 Capitalized Earnings Valuation

Exhibit D2 illustrates the analyst's calculation of value by capitalizing the weighted average net income of the company.

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[8] Daniel R. Scherlis and William A. Sahlman, "A Method of Valuing High-Risk, Long-Term Investments: The "Venture Capital Method," Harvard Business School Paper 9-288-006, 1987, Revised 6/2/89 and James L. Plummer, *The QED Report on Venture Capital Financial Analysis* (Palo Alto, CA: QED Research, 1987).

Exhibit D2
Case Study Vinyl Products Inc.
and it Wholly Owned Subsidiaries

Capitalized Weighted Average Income
As of July 31, 2015
($, Thousands)

Year		Normalized Net Income	Weighting Factor		Weighted Earnings	
2011		-	0.0		-	
2012		1,154.6	1.0		1,154.55	
2013		1,764.6	2.0		3,529.29	
2014		1,628.0	3.0		4,884.02	
2015		5,804.3	4.0		23,217.02	
	Totals	10,351.5	10.0	(A)	32,784.9	(B)
		Weighted Average Earnings			**3,278.5**	(A/B)
		Historic Capitalization Rate			8.7%	
		Operating value			**37,814.2**	
		Non Operating Assets			(816.6)	(2)
		Total Entity Value			**36,997.6**	

(1) Source: Management P&L; CPA Cash v Accrual Analysis
(2) Salvage value of F&F, Software

Based upon the preceding analysis, the proposed fully marketable value of a 100% of the Common Stock of CASE Corporation as of *July 31, 2015* based the Capitalization of Earnings Method is:

$36,997,600

6.0 Value Reconciliation

Exhibit E1 below reconciles the results of all three valuation approaches utilized in this report. The reconciliation places weights on each value giving consideration to reliability of information used and rationale for those weights. Please see below. It shows the analyst's final conclusion of 100% equity in CASE to **be $39,902,000.**

Exhibit E1
Case Study Vinyl Products Inc.

Reconciliation of Indicated Values
Computation of Fair Market Value
As of July 31, 2015
($, Thousands)

	Reconciliation Weighting			
Approach & Method	**Rationale**	**Weight**	**Indicated Value**	**Result**
Assets Approach:				
Net Adjusted Asset	Limited data and value estimates; no formal appraisal and limited oppportunity to discuss with management but value is consistent	25%	$ 38,749	$ 9,687
Income Approach:				
Single Period Capitalization Method	There is a strong relationship between the level of expected economic benefits and value. The results are based on readily quantifiable drivers - earnings and market demanded rates of return.	50%	$ 36,998	$ 18,499
Market Approach:				
Guideline Transaction Method	While a useful tool, this method has several limitations that materially reduce the credibility of the results: only a 11 transactions were usable from Pratts and Mergestat; the CoV for most metrics was reasobale, however (<1); but we know very little about the data point companies as compared to the subject,	25%	$ 46,866	$ 11,716
Fair Market Value of a 100% Equity Interest as of July 31, 2015				**$ 39,902**

7.0 Discounts for Key Man, Lack of Control, and Lack Marketability

Exhibit F1 shows discounts the analyst applied to 100% equity interests as well as calculation of the minority interest (26.3%) which is the subject of this report which i**s found to $6,045,000**. All discounts will be explained and supported in section 7.1 – 7.3.

Exhibit F1
Case Study Vinyl Products Inc.
Discounts Applied
Computation of Fair Market Value / Minority Intertest
As of July 31, 2015
($, Thousands)

Fair Market Value of a 100% Equity Interest as of July 31, 2015	**39,902**
Ownership % (Mr Shareholder)	**26.3%**
Value Before Discounts (Key Man, LOM, LOC)	**10,494**
Lack of Control Discount (see section 7.1)	20.0%
Adjusted Value	**8,395**
Lack of Marketability Discounts (see section 7.2)	20.0%
Adjusted Value	**6,716**
Key Man Discount (see section 7.3)	10.0%
Adjusted Value	**6,045**
Determined Value (26.3 Minority Ownership / Common Stock)	**6,045**

7.1Discount for Lack of Control (Minority Interest Discount)

Depending upon the appraisal approaches and method utilized, it may be appropriate to consider a premium or discount for control. The question hinges on whether the subject interest is large enough to provide its holder with control over major operating and corporate decisions, and whether the appraisal methods and techniques compute control or non-control values. In all approaches above, control value was calculated.

In this case, the subject represents 26.3% ownership of common stock. This level of ownership is non-controlling in this case. The company is controlled for all practical purposes by its CEO. There are effectively no board meetings and Mr. Shareholder has very little, if any, input to the overall operating decisions and/or setting company policy (i.e. dividend, treasury stock, hiring/firing, disposition, etc.).

There are two levels of control - financial and strategic. The holder of financial control has the ability to make decisions about the business that the holder of a minority interest does not have. While limited in scope to the existing nature of the business, the holder of financial control can select management, establish operating styles, make decisions about favored events and transactions, acquire or dispose of operations, and control operations. Shannon Pratt, in his text on discounts and premiums for control, identified several factors that the owner of a control position enjoys, or is able to block others from enjoying, that a non-controlling owner cannot[9]:

1. Decide who will be the officers, directors and employees, and establish the compensation paid to owners and all other people employed by the entity.

2. Control the execution of contracts, including with related parties.

3. Decide whether to pay dividends and how much.

4. Register the stock with the SEC in order to trade stock on the public securities markets.

5. Repurchase outstanding common stock or issue new shares.

6. Acquire or divest subsidiaries and divisions.

7. Buy, sell or hypothecate the assets of the entity.

8. Make capital expenditures.

9. Change, expand or contract the capital structure of the entity.

10. Change the entity's formation and operating charters and agreements.

11. Sell some or all of the equity of the entity, and do so without the advice, counsel or approval of minority owners.

12. Establish corporate strategy, policy, and operating style, including the ability to make changes without the approval of minority owners.[9]

Strategic control is available to a buyer who can affect major operational changes utilizing complementary assets and operations that are initially not internal to the subject. This is the typical

[9] Pratt, Shannon P., Business *Valuation Discounts and Premiums* (John Wiley & Sons, Inc., New York. 2001), Also see Pratt, Shannon P., *Valuing a Business – The Analysis and Appraisal of Closely Held Companies, Fourth Edition*, (McGraw-Hill, New York, 2000)

situation in the acquisition of one public company by another when both are in the same or complementary industries. Typically, strategic control, and its benefits, are related to a specific buyer-seller combination; these transactions cannot be considered Fair Market Value; instead, they reflect Investment, Strategic or Synergistic Values, standards distinct from Fair Market Value.

Appraisal methods also tend to suggest levels of control. The methods the analyst utilized in this appraisal and the control implications are as follows:

1. Asset Approach – Net Adjusted Value. Individual assets or classes of assets are adjusted to Fair Market Value reflecting 100% control and market conditions for those assets.

2. The Capitalized Earnings, an Income Approach, is also based upon public market data driven by trading in non-controlling interests. Therefore, use of this method may suggest that the result is a non-control value. But as discussed below, the the benefit or cost of the level of control can be measured within the level of economic benefits, instead of computing a general adjustment. Net Income, as was used in this case, is 100% controlled by the owner and was normalized to generate a control befit stream (see discussion next paragraph).

3. The Direct Market Data Method is presumed to provide controlling marketable results since the data sources represent actual amounts received in the sale of private businesses that are 100% controlled. Public companies on the other hand would in most represent a non-controlling interest as most are minority level transactions on public exchanges.

Regarding number 2, in a control situation, many normalizing adjustments are made in the analysis of the benefit stream since the owner of the control position is able to affect business strategy and operating style, or any of the perquisites of control outlined by Pratt noted above. For example, questions about compensation of owners and officers, related party rents, and costs incurred for family members or owner travel, are subject to modification. In the case of non-control only corrections of errors might be eligible for adjustment in the calculation of a normalized benefit stream. Accordingly, the benefit stream the analyst has used in Section 5.0 to compute value is one an owner of control position can enjoy. Therefore, further adjustments for lack of control are appropriate using the Capitalized Earnings method since the control is implicit in economic benefit stream and the resulting indicated value.

Regarding number 3 above, recognizing that relying on and using the studies above may well result in a misstatement of value, the analyst studied comparable company transactions in Mergerstat (see Exhibit C1), which showed an average discount for **lack of control of 28%** (eliminating negative values and values higher than 50%).[10]

Given that the drivers of the value – income, EBITDA, EBT – are those that a control owner would enjoy and considering the discussion above, the analyst believes some discount of lack of

[10] Mergerstat is available by subscription from Business Valuation Resources at www.bvmarketdata.com./

control is justified in this analysis and it would be similar to the 28% result developed as part of the MergerStat analysis given the strategic nature of this market segment. Accordingly, the analyst believes a conservative 20% discount for lack of control applicable to the control value established in this report.

7.2 Discount for Lack of Liquidity and Marketability

Discounts for lack of marketability are now acknowledged to reflect legal marketability and the cost of illiquidity. These discounts reflect the difference in value between assets that can be quickly converted to cash value with minimal costs other than transaction costs, and those which cannot. The level of the discounts varies greatly between discounts for minority interests and controlling interests. The subject interest is non-controlling with no ready market enabling conversion of the investment to cash within 3 business days. This has a cost.

Appraisal methods also enter into the consideration of discounts for lack of marketability and liquidity:

- The Capitalized Earnings Method develops a cost of capital based on public market data. The public data assumes that the asset can be turned into cash in 3 business days. Since one share of common stock in CASE cannot be converted to cash in 3 business days, there must be some consideration of a lack of liquidity and marketability when this method is employed.

Numerous studies have been completed over the years to determine appropriate levels of discount for non-marketability. Generally, these studies focus on a) stock price differences between restricted and non-restricted common stock of the same public issuer, or b) the differences in prices obtained upon initial public offerings and trades in the same security which took place a few months prior to the initial public offering[11].

These studies have provided the basis for establishing discounts appropriate to non-marketability in the majority of applicable cases in recent years. However, the dispersion of discounts prevalent in each of them is so wide that the common practice of using the mean discount in a specific study, or the practice of averaging the means shown in several studies, has tended to suppress the significance of the wide variance of the samples in each study.

Nevertheless, a broad tendency of many of these studies over the time, preceding the reduction of the Rule 144 holding period to under two years, had been toward a median discount in the 35% to 45% range. The most recent of the Rule 144 studies, covering a period subsequent to the

[11] For example Chapter 7 Valuation Discounts and Premium. 1995–2012 by National Association of Certified Valuators and Analysts (NACVA).
[11] Pratt, Shannon, P., Overview of *Business Valuation Discounts and Premiums* (New York: John Wiley & Sons, 2001).

reduction of the Rule 144 holding period to one year, showed a mean discount of 13% per year of anticipated hold. The effect of this conclusion is to suggest that an appropriate discount for a hold period of 2, 5, 7, and 10 years is 25%, 50%, 60%, and 75%, respectively. Note that each of the companies in the study has already passed the core hurdle of being publicly traded, suggesting that the results are only a base point when considering the effect on private interests.[12]

The analyst has considered the subject interest in light of the factors and benchmark range for discounts of 35% to 45% suggested in *Mandelbaum.* The factors are: 1. Financial statement analysis; 2. Dividend policy; 3. Nature of the company, and its history and competitive position, and economic outlook; 4. Management; 5. Amount of control in transferred shares; 6. Restrictions on transferability of stock; 7. Holding period for the stock; 8. The Company's redemption policy; and 9. Costs of a hypothetical public offering[14]. The analysis of CASE in light of *Mandelbaum* yields these observations (numbers correspond to those noted above):

1. The Company's historic financial condition has been strong and consistent year over year.

2. The Company has no history of income distribution, and according to management no dividends are planned through the date of any liquidity event.

3. Management is optimistic about future prospects, but realization of those results is always somewhat uncertain.

4. Management is good and could rival a small public company although there is little depth.

5. The subject interest is a non-control position.

6. The analyst has assumed no restrictions on transferability.

7. There is no redemption policy.

8. There is a possibility of a public offering in 5-7 years, but a strategic sale is far more likely, the outcome of which may be very similar to an IPO.

Various models quantitatively estimate liquidity and marketability discounts. Among the first attempts to formalize a theory to quantify the Discount for Lack of Marketability was Mercer's Quantitative Marketability Discount Method (QMDM).[13] The analyst applied the QMDM to the subject interest. The analyst utilized a discount rate of 37%, an assumed long-term growth rate

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[13] Chapter 7 Valuation Discounts and Premium. 1995–2012 by National Association of Certified Valuators and Analysts (NACVA). Mercer, Z. Christopher, *Quantifying Marketability Discounts* (Memphis: Peabody Publishing, L.P., 1997).

of 18% in value of the underlying interest, and a hold period of 7 years. The mean discount for lack of marketability was 65%, which the analyst ascribed to the cost of illiquidity. Given these factors applied to the subject (discount rate 13.2%, long term growth of 5%, and a holding period of 3 years) interest coupled with the fact management believes the equity holder will not be able to liquidate his or her interest until a liquidity event occurs, **the analyst believes a reasonable discount for lack of liquidity and marketability is 20%.** This is also supported by various court cases that criticized QMDM (e.g., Janda v. Commissioner, Estate of Weinberg v. Commissioner (20% supported), Mandelbaum v. Commissioner (30% supported) [15]

7.3 Key Man Discount[20]

Through discussion with management during out site visit the analyst believes a discount for key man should considered. As discussed elsewhere in this report, CASE has very little management depth in the executive ranks. Most of the business development, sourcing, etc., activities are performed by Randall BIG CHIEF, President of CASE and made successful through his 50 years' of experience in this industry. He has the ability to foresee and mitigate risks and anticipate and take advantage of opportunities. He understands asset values and has tremendous banking relationships. It would be very difficult and costly to replace him.

The following is a list of key person attributes of which most of not all apply to Mr. BIG CHIEF.

- Relationships with vendors
- Relationships with customers/clients
- Relationships with employees
- Established social/professional network
- Economic resources
- Intellectual property
- Management abilities
- Experience

Factors to consider in estimating the magnitude of key man discount including the analysts' estimate of degree to impact for Mr. BIG CHIEF

- Services Rendered and Degree of Dependence (Very High)
- Individual responsibilities and participation in operations (Very High)
- Contacts, experience, and managerial skills (Very High)
- Amount key person's actual contact with customers/clients (Moderate to High – sales force of 7)
- Likelihood of Loss Prior to Liquidity (Low 78 years old but in good health)
- Impact on stock valuation (n/a)
- Key person is responsible for company's profitability (very high)
- Depth and Quality of Other Management (High low/low depth in executive ranks)
- Ability of current management to assume responsibilities (low – no one identified)

- Availability and Adequacy of Potential Replacement (low to moderate – no one identified)
    - • Current management or outside the organization
    - • No Succession plan in place
- Compensation required to replace key person dependent on number of individuals needed for replacement (high)
- Value of Irreplaceable Factors Lost (TBD)
- Special relationships with suppliers or customers, reputation (high)
- Risks Associated with Disruption and Operation (Mod to High)
    - o Hiring new executive unfamiliar with business or undertakings

IRS Revenue Ruling 59-60, Section 4.02 states that "On the other hand, there may be factors, which offset, in whole or in part, the loss of the manager's services. For instance, the nature of the business and of its assets may be such that they will not be impaired by the loss of the manager. Furthermore, the loss may be adequately covered by life insurance, or competent management might be employed on the basis of the consideration paid for the former's manager's services."

US Tax Court Cases sited the Yeanoplos presentation were looked at to support a discount value:

A. Estate of Mitchell v. Commissioner

   "Moment-of-death concept and focus on property transferred: "Mr. Mitchell embodied JPMS to distributors, hair stylists, and salon owners. He was vitally important to its product development, marketing, and training. Moreover, he possessed a unique vision that enabled him to foresee fashion trends in the hair styling industry. It is clear that the loss of Mr. Mitchell, along with structural inadequacies of JPMS, created uncertainties as to the future of JPMS at the moment of death." (Court determined 10 percent key person discount)

B. Estate of Yeager v. Commissioner

   "Until his death, the decedent was president, chief executive officer, and a director of Cascade Olympic, Capital Cascade, and Capitol Center. He was the only officer and director of these corporations who was involved in their day-to-day affairs. The presence of the decedent was critical to the operation of both Cascade Olympic and the affiliated corporations." (Court decided on 10 percent discount for loss of key person)

Given the above analysis and precedents, the analyst believes a 10% discount of would consistent with the impact and risk loss of Mr. BIG CHIEF would bring to the company.

[20] Kevin R. Yeanoplos, CPA/ABV/CFF, ASA; "Unlocking Mystery of Key Person Discount"

APPENDIX A
QUALIFICATIONS OF APPRAISER

Bradley P. Burns, CFA
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Principal
Burns Consulting Group LLC / Burns Valuation Consulting. Atlanta, Georgia (2011 – Present)
Support clients with needs in business valuation (exit strategy, partnership disputes, marital dissolution, estate planning, etc.) Develop and present financial models/calculation of value using the market -, asset - and income - based approaches. Write analytical reports to support findings and justify appraisal conclusion of value. Provide financial litigation/mediation support in marital disputes with respect to balance sheet division, cash flow/net worth projections, tax issues with key assets, and asset valuation analysis for small business and individual clients.

Manager/Consultant, Strategic Initiatives and Financial Planning
Fiserv, Atlanta, Georgia (2008 – 2010)
Support Enterprise Technology executives w/ M&A integration planning, budgeting/forecasting, consolidation, and synergy attainment. Lead acquisition integration projects; track savings targets and assist in development of operational plans to achieve forecast vs. target. Manage/track portfolio project investments ($209M) and anticipated benefit streams ($878M) . Partner with business unit heads and lead development of complex financial models, cost benefit, and business case (ROI) for new facilities, datacenter consolidations, and large technology acquisitions. Recommend financing options. Present valuation findings to executive committees for decision making, budget, and forecasting processes.

Sr. Manager/Consultant, Strategic Planning and Acquisitions
American Safety Insurance, Atlanta, Georgia (2007 –2008
Key advisor to CEO, COO, and CFO regarding external growth strategies, internal ROE studies, and competitor analysis. Researched P&C insurance companies and developed valuation models for acquisition opportunities from $5M to $120M. Recommended deal economics, financing alternatives, payment strategies, and synergy opportunities based on market -, asset - and income - based approaches to valuation. Developed framework for evaluating profitability and ROI/ROE by LOB to be used as a basis for capital allocation, business unit/ IT performance, and competitor analysis. Evaluated capital decision-making impact on credit ratings (i.e., BCAR). Presented findings to US Steering Committee and Board of Directors.

Vice President, Financial Planning and Analysis
HomeBanc, Atlanta, Georgia (2006 – 2007) (16 months))
Partnered with and advised business unit executives re: P&L, ROI for a $6B mortgage originator/servicing and REIT. Led 3-year strategic planning efforts. Forecasted business unit profitability and communicated next FY cost targets to executives. Facilitated efforts that achieved $29M in operating expense reductions from 2006 cost structure. Developed and reviewed capital budgets, benefit streams, and business case valuation economics for approval presentations. Served as key financial advisor on IT Steering Committee and Capital Committee

Manager, Corporate Transaction Services
Accenture, Atlanta, Georgia (1998 – 2006)
Oversaw activities related to pricing and valuation modeling for new business economics to $250M. Worked with teams in growth and strategy, planning and analysis, tax, and management reporting to understand and develop key pricing, valuation, and performance metrics. Researched and implemented new accounting (GAAP revenue recognition) and finance (ROI/EVA, etc.) policies for income statement, balance sheet, and cash flow analysis.

Professional Certification/Licenses
Certified Valuation Analyst (CVA) (In Progress) – scheduled for October 2015
Certified Divorce Financial Analyst (CDFA), June 2011
Licensed in Georgia Real Estate, December 2009
Chartered Financial Analyst (CFA) designation, September 2001

Education
Georgia State University, Atlanta, Georgia, MBA in Finance & Decision Science, March 1994
Georgia Institute of Technology, Atlanta, Georgia, BS in Chemistry, March 1991

Professional Organization
Member, National Association Certified Valuators and Analysts (NACVA)
Member, the CFA Institute (ICFA)
Member, National Association of Realtors (NAR)

APPENDIX B

PARTIAL BIBLIOGRAPHY

(Please also see specific footnote and other references contained in the body of the accompanying report.)

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