

Granite Equity Partners

Introduction & Orientation

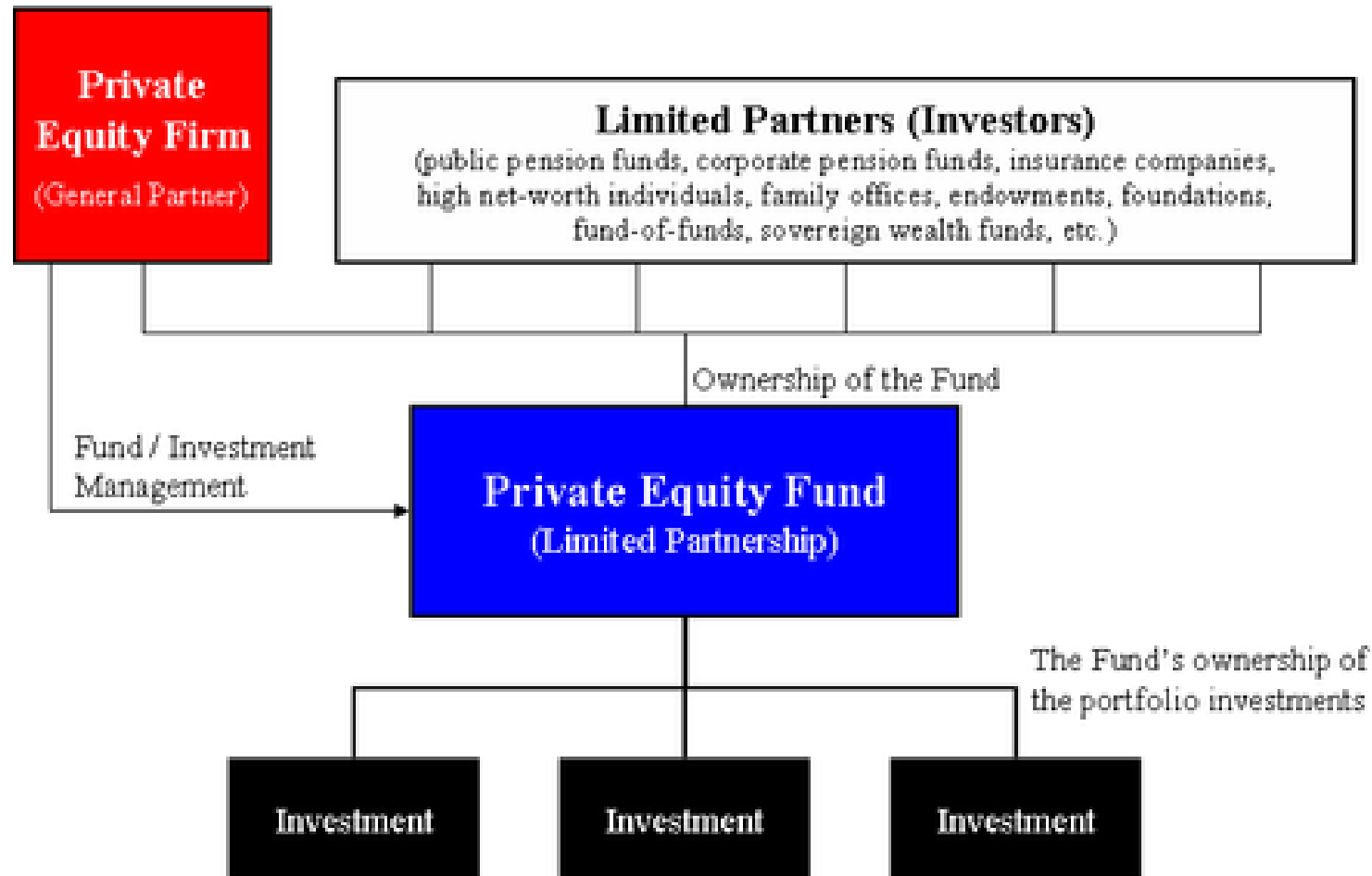
CERTS 2009

February 2009



“Generic” Private Equity Model

- \$600 - \$700 billion in investments per year, on a global basis.



Granite Equity invests to advance select companies...and benefit all stakeholders.

Mission:

We invest human and financial capital from our community of **investors, executives, and advisors** to advance select companies in our region toward their full potential.

Vision:

Over generations, we will **govern and grow** exceptional companies, striving to benefit all stakeholders.

Values:

We:

- Strive to provide a superior, risk-adjusted **return on investment**.
- Consider the **community value** of investments, preferring those that add large, positive, and sustainable value.
- **Collaborate** with management teams and add value through disciplined processes for due diligence, investing, financing, and governance.
- **Communicate** openly, regularly and effectively with stakeholders.
- Respect the **dignity** of the people we encounter.

We invest \$1 million to \$5 million or more in equity in profitable, growing, and transitioning companies within drive time of our offices.

Our Service Area:



Ideal Investment Criteria:

- Facing a transition: owner retirement or rapid growth or both
- Located within **drive time** of our offices, emphasizing Greater MN
- \$10 million to \$100 million in revenue and \$1 million to \$8 million in **EBITDA**.
- A strong **management** team interested in partnering and co-investing with us.
- An attractive **industry** with manageable risks & real opportunities.
- Have a **strategic plan** providing strong returns to stockholders and stakeholders.

To date, our Fund II committed capital into seven companies.



Granite Equity II LLLP – Fund II



All-Flex is a quick-turn manufacturer of flexible circuits serving the medical, military, instrumentation, aerospace, industrial and telecommunications industries.



Circuit Check is a global leader in the design and manufacturing of interfaces to test mission-critical printed circuit board assemblies.



XL Specialized Trailers is one of North America's leading manufacturers of premium quality, commercial and construction style trailers that combine safety, durability and value.



MicroBioLogics is a leading international producer of lyophilized microorganisms for quality control, with distribution in more than 100 countries throughout the world.



Atomic Learning is the leading provider of web-based software training for the K-12 educational market, serving more than 12,000 schools across 50 states, with growing international, higher education, and corporate markets.



ECI is the market-leading provider of loan origination, analysis, decision-making and workflow software, supporting 10,000+ lending professionals throughout North America.

Our most recent...



CASE STUDY ONE – GEOTEK

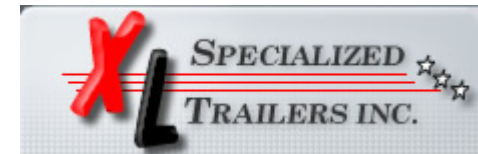
Stewartville, MN

- GEOTEK is a leading manufacturer of pultruded fiberglass construction components that are used by electrical utility companies in the construction and maintenance of transmission and distribution powerlines and substations.



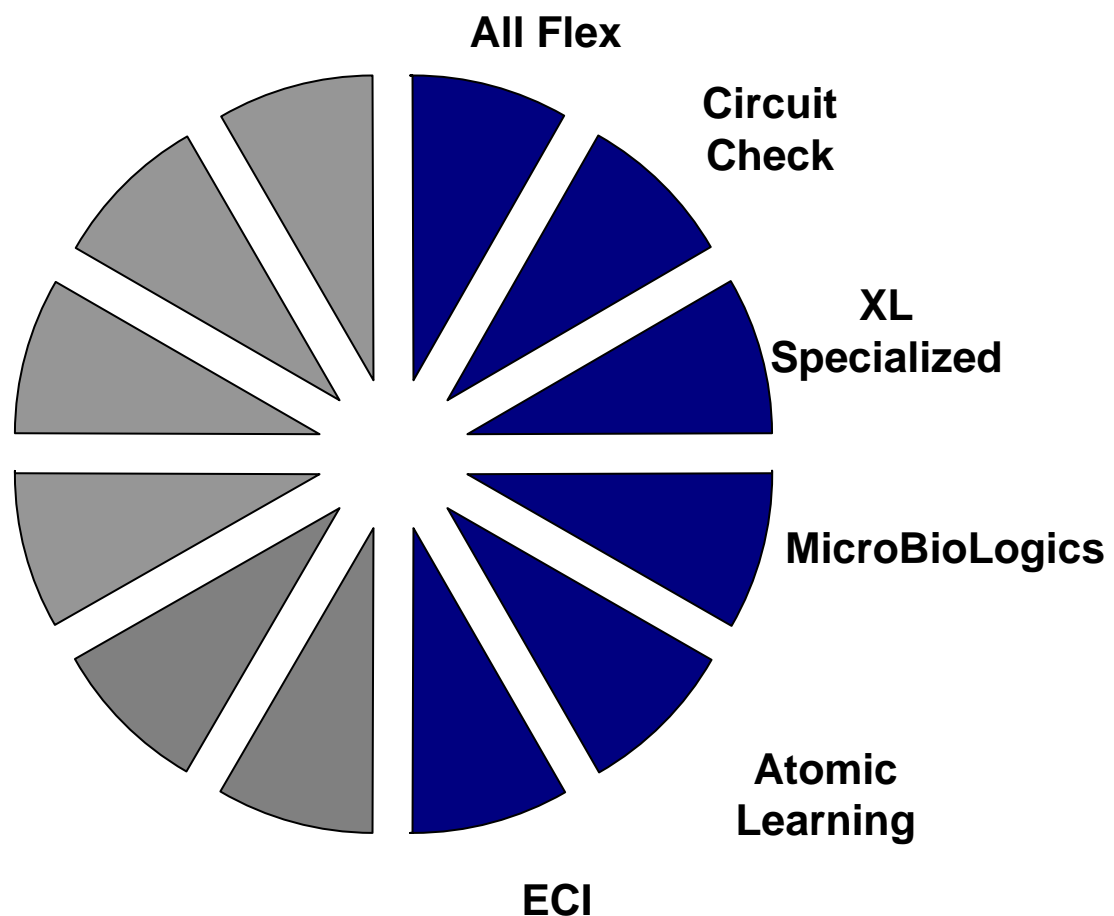
CASE STUDY TWO – XL Specialized Trailers

Manchester, Iowa



So, our Fund II is well along in identifying & investing in exceptional companies, creating a diversified mutual fund of private companies.

Granite Equity II LLLP Portfolio Planning:

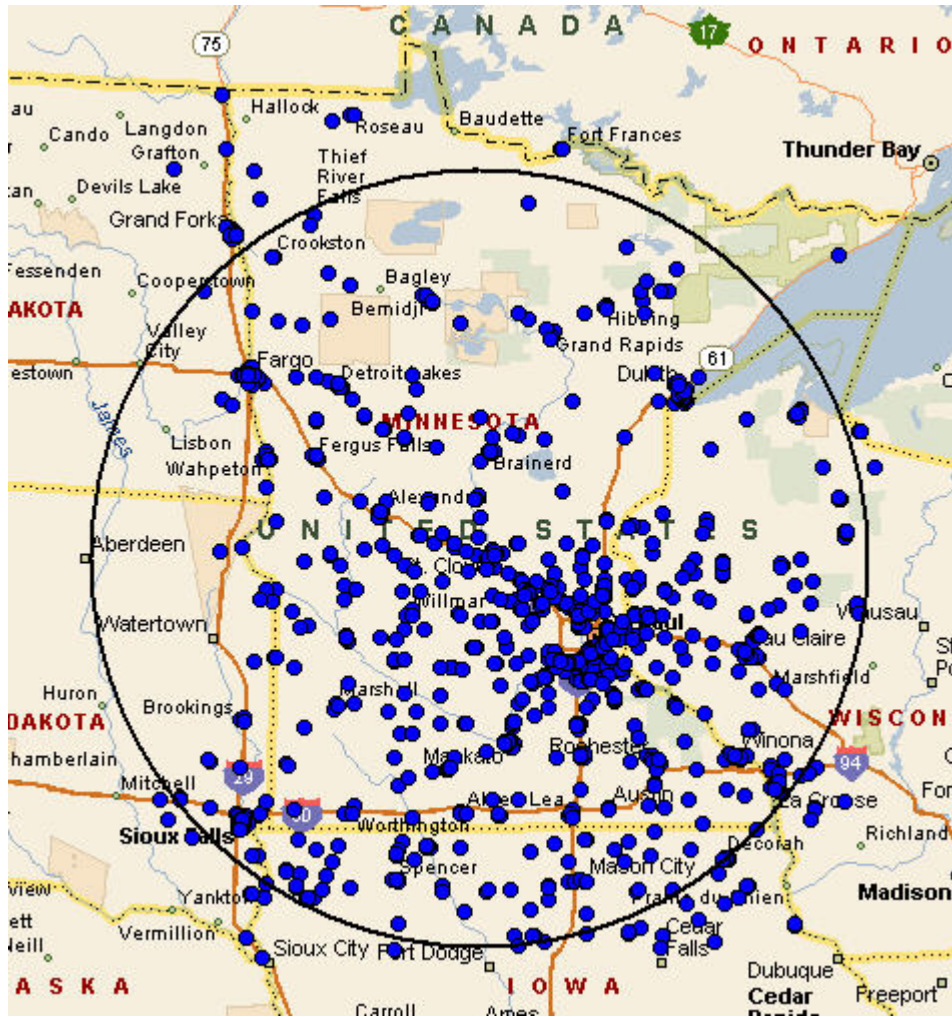


Portfolio Diversification:

- Company Diversification
 - 10 to 12 distinct companies
- Industry Diversification
 - Investments across manufacturing, distribution, business services, information services, healthcare, media, and other sectors
- Style Diversification
 - Blend of Value-Oriented, Cash Generators and Growth-Oriented, Gazelles
- Control Orientation
 - Majority “control” acquisitions (51% or more), and minority “minority” investments
- Securities Orientation
 - Mostly straight “preferred equity” securities to maximize upside
 - Occasional equity with “convertible subordinated debt” to protect downside & secure interest income

And, with 1,500+ companies within drive time, and with 40% of them soon facing leadership & ownership successions, we see ample opportunity to complete our portfolio of 10 to 12 exceptional companies.

Large Private Business Base:



Source: Dun & Bradstreet, 2006.

Dramatic Demographic Shift:

- 39% of businesses will face a change in leadership in the next 5 years
 - 2003 estimate, likely higher today
- 12% of businesses will face a partial change in leadership and semi-retirement of the CEO
- Baby-boomers begin turning 62 in 2007 – 2008
- Conclusions:
 - In the next 5 years, 40% - 50% of CEOs will retire or semi-retire
 - In private, family or closely-held businesses, Leadership succession often necessitates ownership transfer

Sources: American Family Business Survey, 2003. U.S. Census Bureau.

The Granite Equity Advisory Board has hundreds of years of business experience to help govern and grow our companies.

Granite Equity Advisory Board

Lee Hanson, Board Chair
Shareholder, Gray, Plant Mooty

Bob Anderson
Former CEO, Anderson Farms

Rollie Anderson
CEO, Anderson Trucking

Jerry Bauerly
Former President, Bauerly Brothers

Dan Coborn
Chairman, Coborn's Inc.

Glenn Cook
CEO, Guests Incorporated

Rose Ann Faber
Chair, Viking Coca-Cola Bottling Co.

Wade Fauth
Executive, Blandin Foundation

Peter Ferber
CEO, Ferber, Inc

Bob Ferche
President, Ferche Family Dev.

Kathy Gaalswyk
President, Initiative Foundation

Dennis Gregory
COO/CFO, Automotive Parts HQ's

Don Helgeson
Former CEO, Goldn' Plump Poultry

Arnold Johnson
CEO, Johnson Enterprises

Brett Keith
Managing Partner, Rockwood Equity

Al Kern
Founding Partner, KDV

Bob McLean
General Manager, Hunt Utilities Group

Jim Miller
CEO, Miller Properties & Investments

Pat Mitchell
Former President, Cold Spring Granite

Nancy Norr
Board Member, Northland Foundation

Mike Roth
Former CEO, Phillips Recycling

Jim Schueller
CEO, S.J. Louis Construction

Bill Sexton
Former CEO, Old Northwest Agents

Ed Silker
CEO, Deerwood Dental

Nancy Straw
President, West Central Initiative

Jim Swenson
CEO, St. Cloud Cold Storage

Lee Torborg
Former CEO, Torborg Apartments

Don Weeres
CEO, Spee-Dee Delivery

John Weitzel
Former CEO, Bankers Systems

Gene Windfeldt
Chairman, Preferred Credit

The General Partners have invested & committed their own equity and experience.



Rick Bauerly, MBA/MPA

- Managing Partner, GEP
- Expertise in Governance: Leadership, Organization, & Operations
- Founder, Venture Allies
- Director, Bauerly Companies
- Associate, Deloitte Consulting
- Saint Johns, Harvard MBA & MPA
- Boards: Centracare Finance Chair, DeZURIK Lead Director, Anderson Entrepreneurial Center Board Chair
- Lives in and roots in Sauk Rapids MN farm (GEP Central Region), married, 2 children.



Pat Edeburn, MBA

- Partner, GEP
- Expertise in Growth: Strategy, Marketing, & Sales
- Director, Medtronic Corporation
- Associate, Deloitte Consulting
- Carleton College, Harvard MBA
- Science Initiative, Vinylite, Anderson Center Boards
- Lives in Sartell MN, roots on Pillager MN farm (GEP North Region), married, 3 children.



Art Monaghan

- Partner, GEP
- Expertise in Controls: Finance, Accounting, & Audit/Risk Mgmt
- Principal, Norwest Equity
- Founder, Computer Guidance
- Associate, Andersen Consulting
- University of Notre Dame
- All-Flex, Heartland, Center for Philanthropy Boards
- Lives in Northfield MN (GEP South Region), roots on NE Iowa farm, married, 3 children.

Granite Contact Information:



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See: www.GraniteEquity.com