Business Valuation of
Johnson Tool Corp.
As of December 31, 2007

Prepared for:

Tim Johnson
Johnson Tool Corp.

Prepared by:

Thomas K Sheehan
Sheehan Financial Advisors LLC
P.O. Box 351314
Toledo, Ohio 43635

August 31, 2008

Tim Johnson
Johnson Tool Corp.
8338 South Avenue
Ft. Wayne, Indiana 43617

RE: Johnson Tool Corp.

Dear Tim

At your request, we have prepared an opinion of the Fair Market Value of 100.00% of Johnson Tool Corp. as of December 30, 2007 for the purpose of Set stock price for Buy/Sell Agreement.

The standard of value used in our valuation of Johnson Tool Corp. is *Fair Market Value*. Fair Market Value is the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay, and a seller could reasonably be expected to accept, if the business were exposed for sale on the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.

We have considered asset, income, market and other valuation approaches and have utilized various valuation methods under these approaches. Based on the results of these valuation approaches and methods and considering other relevant data, we have estimated the Fair Market Value of 100.00% of Johnson Tool Corp. as of December 30, 2007 to be $3,800,000. The opinions expressed in this valuation are contingent upon the conditions set forth in the Appraisal Procedures section and the Statement of Assumptions and Limiting Conditions that is a part of this report.

Respectfully submitted,

Thomas K Sheehan
Sheehan Financial Advisors LLC

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Objective

Our objective was to estimate the Fair Market Value of 100.00% of Johnson Tool Corp. (the "Company") as of December 30, 2007. We were engaged by Tim Johnson to issue a detailed report. The Company is a C-Corporation and is organized under the laws of Indiana. It is primarily engaged in the business of Plastic Injection Molding.

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The purpose of this valuation is to set stock price for the Stock Restriction and Buyout Agreement and for use by shareholders for estate planning purposes. This report is prepared for Tim Johnson, Joyce Clifford and Sean Clifford and should not be used by others. This report is dated August 31, 2008.

Our opinion of Fair Market Value relied on a "value in use" or going concern premise. This premise assumes that the Company is an ongoing business enterprise with management operating in a rational way with a goal of maximizing shareholder value.

Our analysis considers those facts and circumstances present at the Company at the Valuation Date. Our opinion would most likely be different if another Valuation Date was used. There were no restrictions or limitations in the scope of our work or in the data available for analysis, and no hypothetical assumptions were used.

To arrive at our conclusion of Fair Market Value, we performed the following procedures:

* Collected the Company's relevant historic financial statements.
* Analyzed the historic financial statements by calculating financial ratios and common-size financial statements for each historic year in order to identify trends.
* Compared the Company's financial ratios and common-size financial statements to industry guideline data to identify any significant variances.
* Assisted management in preparing a 5 year projection of the financial statements based on management's assumptions as to the Company's future outlook.
* Developed risk-adjusted Capitalization and Discount Rates to apply to the Company's historic and projected earnings, respectively.
* Collected and analyzed transactional data from comparable companies within the same industry.
* Adjusted historic earnings to eliminate the effects of excess and discretionary expenses, nonoperating revenues and expenses, and non-transferable revenue streams.
* Applied Asset, Income, Market, and Other valuation approaches to determine an estimate of Total Entity Value. The following methods were considered under each approach:

1. Asset Approach
   Net Asset Value and Liquidation Value
2. Income Approach
   Capitalization of Earnings and Discounted Future Earnings.
3. Market Approach
4. Other
   Capitalization of Excess Earnings and Multiple of Discretionary Earnings

* Selected the most reasonable Total Entity Value from the range of values established in the valuation methods and then applied any appropriate discounts to arrive at our conclusion of the estimated Fair Market Value of the interest.

Note to Reader

There are two keys pieces of information needing disclosure and/or further explanation.

First, we are, and have been since 1999, the sole provider of financial and financial management advice to the Company. Our goals are to enhance shareholder value, yet not to define nor guide this value in any way. We do not represent or advise any one shareholder and do not take into consideration any particular shareholder when making recommendations to management. We are, and have been since inception, advisors to related companies, Value Enterprises and ABC Investments who are owned by officers/shareholders of the Company and are also creditors.

Second, special attention should be paid to the Company Nature section (under Company Background) and description of its business. The uniqueness of this company has a significant impact on the valuation.

External Sources of Information

To aid us in our analysis of the Company, we consulted a number of publicly available sources of information. Numerous financial publications and databases were consulted including *Business Statistics*, Standard & Poor's *Industry Surveys*, *Mergerstat Review*, *U.S. Financial Data*, *First Research, BizMiner Industry Profiles, IRS Industry Data, RMA Industry Surveys and BizComps*.

Internal Sources of Information

As current financial advisors to the Company, we relied on numerous financial reports including but not limited to: five years of annual reports and tax returns, accounts receivable and payable agings, bank documents, financial forecasts, historic financial analysis, customer lists, notes from management meetings, compensation letters and discretionary expense disclosures, various analysis used in the customary advisory services provided, and the 1998 Stock Restriction and Buyout Agreement. Throughout the process we had access to company personnel for questions and/or discussion items. We were also able to discuss matters with the Company’s accountants and legal counsel.

Assumptions and Limiting Conditions

This valuation is subject to the following assumptions and limiting conditions:

1. Information, estimates, and opinions contained in this report are obtained from sources considered to be reliable. However, we assume no liability for such sources.

2. The Company and its representatives warranted to us that the information they supplied was complete and accurate to the best of their knowledge and that the financial statement information reflects the Company's results of operations and financial condition in accordance with generally accepted accounting principles, unless otherwise noted. Information supplied by management has been accepted as correct without further verification, (and we express no opinion on that information).

3. 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 by anyone but the client without the previous written consent of the client or us and, in any event, only with proper attribution.

4. We are not required to give testimony in court, or be in attendance during any hearings or depositions, with reference to the company being valued, unless previous arrangements have been made.

5. The various estimates of value presented in this report apply to this valuation only and may not be used out of the context presented herein. This valuation is valid only for the purpose or purposes specified herein.

6. This valuation assumes that the Company will continue to operate as a going concern, and that the character of its present business will remain intact.

7. The valuation contemplates facts and conditions existing as of the valuation date. Events and conditions occurring after that date have not been considered, and we have no obligation to update our report for such events and conditions.

8. We have assumed that there is full compliance with all applicable federal, state, and local regulations and laws unless otherwise specified in this report.

9. This report was prepared under the direction of Thomas K Sheehan. Neither the professionals who worked on this engagement nor Sheehan Financial Advisors LLC have any present or contemplated future interest in Johnson Tool Corp., any personal interest with respect to the parties involved, or any other interest that might prevent us from performing an unbiased valuation. Our compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.

Company Background

Company Identification

Johnson Tool Corp. is a C-Corporation organized under the laws of Indiana and located at 1234 Any Avenue, Ft. Wayne, OH, 43635. The Company can be categorized under North American Industry Classification System (NAICS) Code of 326100.

Nature and History of the Company

Established in 1968, the Company is primarily engaged in the business of Plastic Injection Molding. The current management team is the third generation of this family run business. For most of its history the Company was exclusively a builder of injection molds. In the late 1980's and early 1990's the Company began producing injected parts using machinery on loan from a major customer. When this customer elected to retrieve its equipment and take its work in-house, the Company elected to diversify into regular production of molded parts. While expanding its capacity for engineering and design with significant upgrades to CAD/CAM equipment, the Company also made the decision to make significant upgrades in both mold building equipment and production equipment. In 1999 a major expansion and upgrade to technically superior equipment was made. Engineering and design was expanded as additional personnel were brought on as was personnel to operate newly purchased injection mold equipment. New technologically advanced equipment used for mold building was also purchased making lead time on mold delivery shorter and more cost effective (highly sought features of customers).

As the company began to grow significantly, it quickly outgrew its facilities on Buffalo Street and looked to build a new facility. The current facility on Any Avenue become available in 1996 and the Company made the purchase through a sister company. Capacity increased from 11,000 square feet to 32,000 square feet.

The uniqueness of the Company is twofold. First, the market differentiates firms in this field under mold building or plastic injection molding. The Company historically has been a mold builder for injection molding firms. Any injection molding was done to test the mold being built or repaired. This changed in 2001 as the Company entered the injection molding business thus adding the production component to its business model. The mold building part of the business continued yet there are very few businesses with the same makeup (further discussed in the market analysis section). There is no distinct SIC/NAICS code that measures a company with both business components.

The second unique aspect of the Company is related to the previous paragraph. Since 2001 the injection molding part of its business has grown quite rapidly; so rapidly that is now makes up the majority of revenue. The revenue could not have grown without the mold building aspect of the business with its engineering expertise. It appears this model has been successful since many firms are attracted by the combined resources offered by the Company. At one time mold building made up 70% of revenue with 30% from production. Currently it is just the opposite.

Stock Classes and Ownership

There is only one class of stock outstanding – Class A common stock. There are 125 shares of common stock issued with a par value of $420. The breakdown of ownership is as follows:

Tim Johnson – 54 shares
Joyce Clifford – 27 shares
Sean Clifford – 9 shares

There are 35 shares currently held in Treasury.

The shareholders are related. Joyce and Sean Clifford are brothers; they are also cousins to Tim Johnson.

Management Team

The management team is made up of: Tim Johnson (President), Joyce Clifford (VP/Secretary), and Sean Clifford (VP/Treasurer).

Tim Johnson oversees engineering, customer development and relations, job costing and product pricing, strategic and long range planning and manages overall company operations. Industry experience exceeds 30 years.

Joyce Clifford oversees mold production, tool building and repair as well as employee training. He assists in long range planning, equipment planning, job costing and scheduling as well as overall company management decisions. Industry experience exceeds 27 years.

Sean Clifford oversees administration, finance, accounting, vendor relations and quality control. He also assists in customer development, strategic and long range planning, insurance and employee benefits and management of the injected molded parts division as well as overall company management decisions. Industry experience exceeds 12 years.

Additional key personnel include retired president Walter Johnson (who retains his position as Chairman) and Richard Clifford (who retains his position as Vice President and Director). Walter consults on a variety of matters, while Richard continues to oversee injected parts production as well as management of a sister company, Value Enterprises (holder of the real estate and significant pieces of equipment).

Thomas K Sheehan of Sheehan Financial Advisors (the author of this report) has been the chief financial advisor to the company since 1999 and an integral member of management.

The company has also had long term relationships with both its accounting and legal representation. Roberts and Roberts, the company's CPA's and Flowers, Toland, the company's legal representatives have been engaged by the company for over 15 years.

Product and Service Information

Johnson is a full service plastics part supplier. It designs and builds plastic injection molds and plastic injected molded parts. Approximately 70% of its revenue comes from injected molded parts while 30% comes from mold building. The uniqueness of the company, as previously noted, is the combination and interaction between these two segments. Few companies are able to bring together and sell the engineering and manufacturing segments so well. The Company serves the automotive, electronic, home, entertainment, energy and medical fields. Its sales territory is nationwide. Currently the automotive market is approximately 40% of sales with the rest being spread over consumer, medical and other non-automotive businesses.

Market Data and Analysis/Competition

Over the past several years the market for plastic injected parts has grown significantly as more uses are discovered for this type of product. While automotive continues to dominate many injection molding firms, the advances in medical parts, consumer goods and sports products have arisen. The demand for one stop shops has grown as many customers opt to reduce overhead by combining engineering and product design with production. Competition is rather fierce in this industry causing many pricing margins to be squeezed and delivery times, always the hallmark of this industry, to be tightened. Once controlled to a certain extent by territory, the industry is worldwide. In the late 1990's and early 2000's competition from overseas suppliers was fierce as pricing of both molds and production parts were cut. Considerable business segments moved relationships to companies outside the United States, especially China. This low pricing though was not sufficient when product quality was considered. Many customers who left for Chinese firms returned to their U.S. producers, including Johnson, due to quality issues.

Today, margins continue to be stretched, yet many customers rely on quality parts and delivery times sufficient to meet their own production demands and are willing to pay for such service (although not premium pricing).

Start-ups in this industry, especially those who wish to combine engineering and production, are restricted by cost. Engineering equipment and top of the line injection molding equipment are very costly and create a partial barrier to entry. Furthermore, many customers who have come to rely on deliveries at key times for their own production schedules are more reluctant to give new companies large segments of their business which could place their own operations at risk.

Key Customers and Suppliers

The company's customer base is a mixture of automotive and non-automotive related companies. Historically, the company has been a second or third tier supplier of automotive related parts to a variety of the large automotive manufacturing companies. Due to recent negative trends in this industry, the company has looked to balance the reliance on automotive in consumer products, energy related products and other manufactured related products. To date the company has been very successful cutting its reliance on automotive business by over 50%.

Historically, automotive related concerns such as Auto Tech, Flipper Parts and Clark Glass have been replaced by Solar Lens and Tech Limited in non-automotive work as revenue leaders. While not abandoning automotive customers, the market and sales concentration risk demanded this shift which has been achieved in a slow but steady manner. For further detail, the reader is referred to the Sales Analysis report provided by Sheehan Financial Advisors at year end.

Marketing Strategy

At one time there was a distinct and significant threat from overseas competition. Lower labor costs moved a considerable amount of work in this industry outside the U.S., especially China, Central American countries and other eastern hemisphere countries. This trend has been reversed due to a number of issues including a weaker dollar (making imports more expensive), but mostly due to quality control issues. Many parts coming in from overseas had quality control issues that made just in time inventory for many manufacturers, especially those in the automotive industry, impossible. Most important though were quality issues relating to the tools themselves. Molds built overseas suffered quality control issues and having them sent back for repair or rework has become very expensive. The company's adherence to quality service with in-house engineering support has created a business model for many customers that has been very successful for both parties. Continuation of this model has led to new customer relationships including a considerable amount of direct production work.

Business Risks

While there are always numerous risks facing companies in this industry, there are three major risks facing the company. First and most significant is management depth. While current management is quite experienced and still very youthful, there is a distinct lack of secondary management and/or successor management. Furthermore, there is no formal management succession plan in place should death or disability strike any current officers/managers. Provisions for this risk have been made in the capitalization rate used in this analysis found later in this report.

Second, while there has been substantial diversification of revenue sources, there continues to be a heavy reliance on automotive related work. Since the automobile industry has historic risks, the level of revenue derived from this industry segment (40%) continues to pose a higher than normal financial risk.

Finally there is the risk of product pricing derived from raw material costs. Plastic pellets used injection molding is derived from petroleum products. The price of oil in the past 10 years has been not only quite unpredictable, but surging upward. This places considerable risk to the company when bidding on long term production projects. The company continues to monitor market prices of petroleum and its movement to protect against large contracts that should result in financial losses.

Current Operations

At the present time the Company's facilities and staffing levels are adequate to service revenue and forecasted revenue levels for the next two years. Should revenue levels continue to expand, it appears the Company will outgrow its current facility space and will need to expand. Currently the landlord has significant added acreage on the property for such expansion.

Staffing levels have been constant in the past and are expected to continue. While infrequent, there can be production jobs that require added personnel due to timing or volume. The company historically has successfully used temporary labor to handle these events.

Company Expectations

The company plans to continue its progress in developing new customers and markets over time. Using its strengths in both efficient parts production as well as it highly trained engineering and mold building staff, the company will continue to leverage its reputation and key business philosophies to grow revenues, increase profits and margins resulting in higher levels of shareholder returns and while maintaining and even enhancing an already strong financial base.

National Economic and Industry Conditions

General Economic Conditions and Outlook

In valuing a business the general economic conditions both nationally, regionally and even internationally are considered as a possible effect on value. Various factors may or may not directly impact the way an investor views the value of the business. Other factors such as taxation, political issues and regulation may also directly or indirectly impact an investor as the industry and more specifically the company in question are viewed. As noted in the company background, the market of Johnson has moved from that of a regional to more national in scope. For these reasons, we have analyzed the national and some regional economic issues as well as the related industries.

For the national economy we used the United States Chamber of Commerce forecasts, the Federal Reserve Board's national outlook and the Federal Reserve Board's Fourth District (Cleveland) economic summaries and outlooks as well as other lesser independent sources.

The consensus among economic analysis and forecasts is that the national economy continues to weaken. Consumer spending is lower especially in discretionary spending that has fallen more sharply in recent months. Inflationary pressures moderated slightly following upwards pressures in mid and late 2007 due primarily to higher energy and food prices. Capital spending is considerably weaker due to the influence of the national economy as uncertainties along with tightening credit standards have sharply reduced future capital spending plans. There have been widespread decreases in manufacturing activity in all parts of the country. Activity in the automobile industry continued to decline and shows not sign of change. The impact on suppliers are now being felt in metals, plastic, rubber and other supply chain operations. The only bright spot in manufacturing are those companies in energy related fields or those heavy equipment manufacturers supplying energy related firms or agriculture.

Residential real estate and construction activity have weakened or remain low. Real estate prices have been continuing their downward trend as foreclosures increase and the existing stock of home prices fall. Similarly commercial real estate and related construction have followed a similar trend. The resulting impact on credit availability is direct as lenders have tightened credit standards to residential and commercial borrowers. For this reason many projects have now been delayed or abandoned. Recent moves by the Federal Reserve to lower interest rates and stimulate lending have not proven successful (prime rate has decreased from 7.25% in January to 5%).

Internationally, the weakening U.S. economy has begun to effect foreign economies as well. Further weakening the global economy has been the upward spiral or oil and energy prices. While the weakened dollar should allow exports to perform well, the weakening economic structure of many potential importing countries have slowed exports. The bright spot for U.S. companies facing a weaker dollar is the higher cost of overseas materials and parts production leading to higher competitive pricing from U.S. suppliers for contracts historically going to overseas firms.

Regionally the only issue impacting Johnson is the automotive industry. In August there was a significantly increase in production following the normal July shut downs. Most analysts believe that the long term strength of this industry is uncertain. The impact of gasoline prices and a slowing manufacturing and consumer segments will likely cause significant downturns in automobile sales and the resulting production levels. Furthermore the tightening credit standards form lenders may have even a more profound effect on automobile sales in the coming months – regardless of interest rates. If the manufacturing and retail segments of the economy see sharp declines the resulting unemployment will fuel this weakening in automotive and related industries. Johnson is a provider of automotive parts and this economic trend may impact ultimate value.

Overall many economists believe the U.S. economy is in a recession, but will this cannot be confirmed until the raw data confirms this. All trends though lead to these conclusions. The upcoming national election for president has done little to improve consumer confidence. Quite the contrary, the uncertainty of the election and where the ultimate winner will take the economy has fueled the uncertainty; which is very bad for an economy already in a weakened or recessionary state.

The impact on the Company of this economy both nationally and regionally will be most felt in their supply of the automotive industry. On the other hand, the higher revenue stream from non-automotive industry segments (consumer products and alternate energy industries) has lessened this risk. Nonetheless, the automotive related sales making up nearly 40% of total revenue will be impacted in some way. Finally, the company will continue to be impacted by swings in the oil prices as the main material cost – resins made from oil products – for all products will be significantly impacted.

The industry continues to be very competitive and there is not sign of easing in this area. Quite contrary, the weakening economic conditions, especially in automotive suppliers may force some competitors (especially those with high concentration to manufacturing) to drop prices just to stay in business. Those competitors with only plastic production will feel the impact of higher material costs. Those firms, like Johnson, that have plastic production, mold building and repair, and engineering staffs will likely fare much better as higher costs from materials can be partially absorbed in other areas. Furthermore, the companies with well diversified and credit balanced customers and strong balance sheets with little or modest debt will definitely fare much better in the coming months and/or years.

Industry Conditions and Outlook

This is a highly fragmented industry that has many niches, material types, manufacturing processes and end-use. Because plastic products are widely used in industry and as consumer products, demand depends on the health of the U.S. and world economy. The profitability of individual companies depends on product mix and production efficiency. The industry is labor intensive with annual revenue per worker being about $220,000.

Major products include plastic bottles, plastic film and sheets, plastic pipe and forms, automotive parts and consumer goods. Most producers specialize in a few product lines, as the equipment and tooling needed to manufacture to customer specifications can be expensive. Production usually occurs in single-use plants that can range from 50,000 to 500,000 square feet depending on the product. The typical manufacturer has a single plant and fewer than 50 employees.

(source: First Research, Inc.)

Historical and Normalized Financial Statements

Summary Historical Income Statements

	2003	2004	2005	2006	2007
Total Sales Revenue	**4,927,054**	**5,210,542**	**6,497,583**	**6,429,051**	**6,989,249**
Total Cost of Goods Sold	3,340,076	3,562,125	4,040,986	4,091,834	4,614,371
Gross Profit	**1,586,978**	**1,648,417**	**2,456,597**	**2,337,217**	**2,374,878**
Total General & Administrative Expenses	1,376,269	1,474,385	2,115,117	2,061,199	2,061,860
Income From Operations	**210,709**	**174,032**	**341,480**	**276,018**	**313,018**
Total Other Revenues and Expenses	(135,846)	(76,792)	(177,021)	(121,088)	(97,715)
Income Before Taxes	**74,863**	**97,240**	**164,459**	**154,930**	**215,303**
Total Income Taxes	17,512	24,612	59,475	49,989	70,977
Net Income	**57,351**	**72,628**	**104,984**	**104,941**	**144,326**

Income Statement Adjustments

	2003	2004	2005	2006	2007
Add/(deduct) expense adjustments:					
Other salaries & wages	0	(251,500)	(705,670)	(883,330)	(920,285)
401K Contributions	(22,766)	(21,473)	(24,282)	(24,104)	(27,168)
Directors Fees	(50,000)	(50,000)	(30,000)	(30,000)	(25,000)
Total expense adjustments	**(72,766)**	**(322,973)**	**(759,952)**	**(937,434)**	**(972,453)**
Total income & expense adjustments before tax	72,766	322,973	759,952	937,434	972,453
Less: Tax effect *	10,915	48,446	113,993	140,615	145,868
Total Adjustments net of Tax effect	**61,851**	**274,527**	**645,959**	**796,819**	**826,585**

Normalized Historical Income Statements

	2003	2004	2005	2006	2007
Total Sales Revenue	**4,927,054**	**5,210,542**	**6,497,583**	**6,429,051**	**6,989,249**
Total Cost of Goods Sold	3,340,076	3,562,125	4,040,986	4,091,834	4,614,371
Gross Profit	**1,586,978**	**1,648,417**	**2,456,597**	**2,337,217**	**2,374,878**
Total General & Administrative Expenses	1,353,503	1,201,412	1,385,165	1,153,765	1,114,407
Income From Operations	**233,475**	**447,005**	**1,071,432**	**1,183,452**	**1,260,471**
Total Other Revenues and Expenses	(85,846)	(26,792)	(147,021)	(91,088)	(72,715)
Income Before Taxes	**147,629**	**420,213**	**924,411**	**1,092,364**	**1,187,756**
Total Income Taxes	28,427	73,058	173,468	190,604	216,845
Net Income	**119,202**	**347,155**	**750,943**	**901,760**	**970,911**

Summary Historical Balance Sheets

	2003	2004	2005	2006	2007
ASSETS					
Total Current Assets	1,337,412	1,506,702	1,682,817	1,725,876	1,914,075
Net Fixed Assets	990,824	912,375	769,885	658,355	655,517
Total Other Noncurrent Assets	316,286	365,737	282,882	287,063	297,233
Total Assets	**2,644,522**	**2,784,814**	**2,735,584**	**2,671,294**	**2,866,825**
LIABILITIES & STOCKHOLDERS' EQUITY					
Total Current Liabilities	695,585	958,981	779,473	695,888	524,201
Total Long-Term Debt	816,288	602,795	750,464	689,883	924,279
Total Other Long-Term Liabilities	218,142	228,470	186,095	161,030	149,526
Total Liabilities	**1,730,015**	**1,790,246**	**1,716,032**	**1,546,801**	**1,598,006**
Stockholders' Equity:					
Common stock	148,720	148,720	48,720	52,500	52,500
Additional paid-in capital (common)	73,643	73,643	73,643	114,863	114,863
Retained earnings	912,144	992,205	1,097,189	1,157,130	1,301,456
(Treasury stock - common)	(220,000)	(220,000)	(200,000)	(200,000)	(200,000)
Total Stockholders' Equity	**914,507**	**994,568**	**1,019,552**	**1,124,493**	**1,268,819**
Total Liabilities & Stockholders' Equity	**2,644,522**	**2,784,814**	**2,735,584**	**2,671,294**	**2,866,825**

Balance Sheet Adjustments

There were no adjustments to the Balance Sheet

Normalized Historical Balance Sheets

	2003	2004	2005	2006	2007
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Summary Historical Statements of Cash Flows

	2003	2004	2005	2006	2007
Net Cash Flow From Operations		258,634	180,235	190,454	276,245
Net Cash Flow From Investments		(196,219)	(203,925)	(79,307)	(159,699)
Net Cash Flow From Financing		(63,629)	43,180	(66,147)	(116,546)
Net Cash Flow		**(1,214)**	**19,490**	**45,000**	**0**
Cash at Beginning of Year		3,339	4,558	300	300
Cash at End of Year		**2,125**	**24,048**	**45,300**	**300**

Normalized Earnings and Net Cash Flow Summary

	2003	2004	2005	2006	2007
Total income & expense adjustments before tax	72,766	322,973	759,952	937,434	972,453
Less: Tax effect *	10,915	48,446	113,993	140,615	145,868
Less: Adjustment to Historic Tax	0	0	0	0	0
Plus: adjustments to net of tax items	0	0	0	0	0
Net adjustments	**61,851**	**274,527**	**645,959**	**796,819**	**826,585**
Plus: Historic net income	57,351	72,628	104,984	104,941	144,326
Normalized Net income	**119,202**	**347,155**	**750,943**	**901,760**	**970,911**
Plus: Normalized income taxes	28,427	73,058	173,468	190,604	216,845
Normalized EBT	**147,629**	**420,213**	**924,411**	**1,092,364**	**1,187,756**
Plus: Normalized interest expense	99,742	71,049	91,283	97,314	92,316
Normalized EBIT	**247,371**	**491,262**	**1,015,694**	**1,189,678**	**1,280,072**
Plus: Normalized depr. & amort.	269,048	249,124	277,429	192,696	168,386
Normalized EBITDA	**516,419**	**740,386**	**1,293,123**	**1,382,374**	**1,448,458**
Historic net change in cash		(1,214)	19,490	45,000	0
Plus: Net adjustments + Adj. to Depr., Amort. & Div.		274,527	645,959	796,819	826,585
Normalized Net cash flow		**273,313**	**665,449**	**841,819**	**826,585**
Historic income from operations		174,032	341,480	276,018	313,018
Total operating adjustments		272,973	729,952	907,434	947,453
Normalized operating income		447,005	1,071,432	1,183,452	1,260,471
Less: Tax based on selected tax rate		0	0	0	0
Plus: Normalized depr. & amort. from oper. (net of tax)		249,124	277,429	192,696	168,386
Less: Normalized fixed asset purchases		165,675	197,722	79,307	159,699
Less: Normalized changes in net working capital **		54,539	335,392	76,078	8,944
Normalized Free cash flow		**475,915**	**815,747**	**1,220,763**	**1,260,214**

Analysis of Historic Financial Statements

It is assumed that the reader has access to the annual reports for the fiscal years 2003-2007 that are an integral part of understanding of the company and its financial condition. The following is a synopsis of the financial position.

Business Common-Size Financial Statements

This analysis includes a review of the Company's common-size income statement and balance sheet percentages on an unadjusted and a normalized basis. In order to portray the relative size of financial statement items for comparison over time, each line item in the common-size income statements is expressed as a percentage of total revenue and each line item in the common-size balance sheets is expressed as a percentage of total assets. A summary of the normalized common-size income statements and balance sheets is presented below.

Unadjusted Business Common-Size Statements

	2003	2004	2005	2006	2007
Income Data:					
Net sales	100.00%	100.00%	100.00%	100.00%	100.00%
Gross profit	32.21%	31.64%	37.81%	36.35%	33.98%
Operating expenses	27.93%	28.30%	32.55%	32.06%	29.50%
Operating profit	4.28%	3.34%	5.26%	4.29%	4.48%
All other expenses (net)	2.76%	1.47%	2.72%	1.88%	1.40%
Profit Before Tax	1.52%	1.87%	2.53%	2.41%	3.08%
Assets:					
Cash & equivalents	1.50%	1.44%	0.01%	0.01%	0.01%
Trade receivables (net)	29.70%	29.19%	33.83%	35.82%	23.71%
Inventory	19.37%	23.24%	27.67%	28.78%	43.04%
All other current assets	0.00%	0.23%	0.00%	0.00%	0.00%
Total Current Assets	50.57%	54.10%	61.52%	64.61%	66.77%
Fixed assets (net)	37.47%	32.76%	28.14%	24.65%	22.87%
Intangibles (net)	0.00%	0.00%	0.00%	0.00%	0.00%
All other noncurrent assets	11.96%	13.13%	10.34%	10.75%	10.37%
Total Noncurrent Assets	49.43%	45.90%	38.48%	35.39%	33.23%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%
Liabilities & Net Worth:					
Notes payable short-term	14.21%	15.30%	19.34%	18.73%	3.55%
Current maturity of long-term Debt	5.77%	9.05%	4.56%	3.84%	5.24%
Trade payables	6.33%	10.08%	4.60%	3.47%	9.49%
Income taxes payable	0.00%	0.00%	0.00%	0.00%	0.00%
All other current liabilities	0.00%	0.00%	0.00%	0.00%	0.00%
Total Current Liabilities	26.30%	34.44%	28.49%	26.05%	18.29%
Long-term debt	30.87%	21.65%	27.43%	25.83%	32.24%
Deferred taxes	8.25%	8.20%	6.80%	6.03%	5.22%
All other noncurrent liabilities	0.00%	0.00%	0.00%	0.00%	0.00%
Net worth	34.58%	35.71%	37.27%	42.10%	44.26%
Total Liabilities & Net Worth	100.00%	100.00%	100.00%	100.00%	100.00%

Normalized Business Common-Size Statements

	2003	2004	2005	2006	2007
Income Data:					
Net sales	100.00%	100.00%	100.00%	100.00%	100.00%
Gross profit	32.21%	31.64%	37.81%	36.35%	33.98%
Operating expenses	27.47%	23.06%	21.32%	17.95%	15.94%
Operating profit	4.74%	8.58%	16.49%	18.41%	18.03%
All other expenses (net)	1.74%	0.51%	2.26%	1.42%	1.04%
Profit Before Tax	3.00%	8.06%	14.23%	16.99%	16.99%
Assets:					
Cash & equivalents	1.50%	1.44%	0.01%	0.01%	0.01%
Trade receivables (net)	29.70%	29.19%	33.83%	35.82%	23.71%
Inventory	19.37%	23.24%	27.67%	28.78%	43.04%
All other current assets	0.00%	0.23%	0.00%	0.00%	0.00%
Total Current Assets	50.57%	54.10%	61.52%	64.61%	66.77%
Fixed assets (net)	37.47%	32.76%	28.14%	24.65%	22.87%
Intangibles (net)	0.00%	0.00%	0.00%	0.00%	0.00%
All other noncurrent assets	11.96%	13.13%	10.34%	10.75%	10.37%
Total Noncurrent Assets	49.43%	45.90%	38.48%	35.39%	33.23%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%
Liabilities & Net Worth:					
Notes payable short-term	14.21%	15.30%	19.34%	18.73%	3.55%
Current maturity of long-term Debt	5.77%	9.05%	4.56%	3.84%	5.24%
Trade payables	6.33%	10.08%	4.60%	3.47%	9.49%
Income taxes payable	0.00%	0.00%	0.00%	0.00%	0.00%
All other current liabilities	0.00%	0.00%	0.00%	0.00%	0.00%
Total Current Liabilities	26.30%	34.44%	28.49%	26.05%	18.29%
Long-term debt	30.87%	21.65%	27.43%	25.83%	32.24%
Deferred taxes	8.25%	8.20%	6.80%	6.03%	5.22%
All other noncurrent liabilities	0.00%	0.00%	0.00%	0.00%	0.00%
Net worth	34.58%	35.71%	37.27%	42.10%	44.26%
Total Liabilities & Net Worth	100.00%	100.00%	100.00%	100.00%	100.00%

Business vs. Industry Common-Size Financial Statements

Johnson Tool Corp.'s unadjusted and normalized common-size financial statements from the most recent historic year have been compared to composite, industry common-size financial statements from the All Other Plastics Product Manufacturing industry. To compare the business and industry statements and measure the differences quantitatively, a variance from industry and 5 year average variance from industry have been calculated for each line item.

The source for the industry data used in both the common-size statement and financial ratio comparisons is RMA Annual Statement Studies using NAICS Code number 326100. The industry data is categorized by Sales size of $5MM to $10MM. The date of this industry information is 2007 with 161 different companies contained in the sample.

Although industry statistics are a useful source of general analytical data, there can be significant variation in the reporting practices and operational methods of companies within a given industry. Therefore, industry statistics as used throughout this report should not be regarded as absolute norms or standards.

RMA - Unadjusted Business vs. Industry
Common-Size Statements, Current Year

	Business 2007	Industry 2007	Variance	5 Yr Average Variance
Income Data:				
Net sales	100.0%	100.0%		
Gross profit	34.0%	28.9%	17.6%	19.0%
Operating expenses	29.5%	24.6%	19.9%	22.2%
Operating profit	4.5%	4.3%	4.2%	0.7%
All other expenses (net)	1.4%	1.1%	27.1%	86.1%
Profit Before Tax	3.1%	3.2%		
Assets:				
Cash & equivalents	0.0%	8.0%	-99.9%	-92.6%
Trade receivables (net)	23.7%	28.0%	-15.3%	8.8%
Inventory	43.0%	24.7%	74.3%	15.1%
All other current	0.0%	2.1%	-100.0%	-97.8%
Total Current Assets	66.8%	62.8%		
Fixed assets (net)	22.9%	29.1%	-21.4%	0.3%
Intangibles (net)	0.0%	3.3%	-100.0%	-100.0%
All other noncurrent	10.4%	4.8%	116.0%	135.6%
Total Noncurrent Assets	33.2%	37.2%		
Total Assets	100.0%	100.0%		
Liabilities:				
Notes payable short-term	3.6%	11.3%	-68.6%	25.9%
Current maturity of long-term Debt	5.2%	4.7%	11.6%	21.1%
Trade payables	9.5%	19.4%	-51.1%	-65.0%
Income taxes payable	0.0%	0.2%	-100.0%	-100.0%
All other current liabilities	0.0%	8.4%	-100.0%	-100.0%
Total Current Liabilities	18.3%	44.0%		
Long-term debt	32.2%	16.4%	96.6%	68.3%
Deferred taxes	5.2%	0.4%	1203.9%	1625.0%
All other noncurrent liabilities	0.0%	6.5%	-100.0%	-100.0%
Net worth	44.3%	32.7%	35.4%	18.6%
Total Liabilities & Net Worth	100.0%	100.0%		

RMA - Normalized Business vs. Industry

Common-Size Statements, Current Year	Business 2007	Industry 2007	Variance	5 Yr Average Variance
Income Data:				
Net sales	100.0%	100.0%		
Gross profit	34.0%	28.9%	17.6%	19.0%
Operating expenses	16.0%	24.6%	-35.2%	-14.0%
Operating profit	18.0%	4.3%	319.4%	208.1%
All other expenses (net)	1.0%	1.1%	-5.4%	26.8%
Profit Before Tax	17.0%	3.2%		
Assets:				
Cash & equivalents	0.0%	8.0%	-99.9%	-92.6%
Trade receivables (net)	23.7%	28.0%	-15.3%	8.8%
Inventory	43.0%	24.7%	74.3%	15.1%
All other current	0.0%	2.1%	-100.0%	-97.8%
Total Current Assets	66.8%	62.8%		
Fixed assets (net)	22.9%	29.1%	-21.4%	0.3%
Intangibles (net)	0.0%	3.3%	-100.0%	-100.0%
All other noncurrent	10.4%	4.8%	116.0%	135.6%
Total Noncurrent Assets	33.2%	37.2%		
Total Assets	100.0%	100.0%		
Liabilities:				
Notes payable short-term	3.6%	11.3%	-68.6%	25.9%
Current maturity of long-term Debt	5.2%	4.7%	11.6%	21.1%
Trade payables	9.5%	19.4%	-51.1%	-65.0%
Income taxes payable	0.0%	0.2%	-100.0%	-100.0%
All other current liabilities	0.0%	8.4%	-100.0%	-100.0%
Total Current Liabilities	18.3%	44.0%		
Long-term debt	32.2%	16.4%	96.6%	68.3%
Deferred taxes	5.2%	0.4%	1203.9%	1625.0%
All other noncurrent liabilities	0.0%	6.5%	-100.0%	-100.0%
Net worth	44.3%	32.7%	35.4%	18.6%
Total Liabilities & Net Worth	100.0%	100.0%		

Business Financial Ratio Analysis

As part of the valuation, various financial ratios have been calculated from each year's unadjusted and normalized financial statements as presented in this report. These ratios measure Johnson Tool Corp.'s liquidity positions, coverage capacity, leverage/capitalization, operating efficiency and equity performance.

Unadjusted Business Financial Ratios:

	2003	2004	2005	2006	2007
Liquidity Ratios:					
Current	1.92	1.57	2.16	2.48	3.65
Quick	1.19	0.89	1.19	1.38	1.30
Accounts receivable turnover	6.27	6.41	7.02	6.72	10.28
Days' receivable	57.39	56.17	51.28	53.58	35.02
Inventory turnover	6.52	5.50	5.34	5.32	3.74
Days' inventory	55.21	65.40	67.44	67.64	96.27
Accounts payable turnover	19.97	12.69	32.12	44.11	16.96
Days' payable	18.03	28.38	11.21	8.16	21.22
Working capital turnover	7.68	9.51	7.19	6.24	5.03
Inventory as a % of Total current assets	38.30%	42.95%	44.99%	44.54%	64.47%
Total current assets as a % of Total assets	50.57%	54.10%	61.52%	64.61%	66.77%
Coverage Ratios:					
Times interest earned	1.75	2.37	2.80	2.59	3.33
Current portion of long-term debt coverage	2.14	1.28	3.07	2.90	2.08
Principal & Interest coverage	1.75	1.15	-4.77	1.11	1.34
Leverage/Capitalization Ratios:					
Fixed assets to Tangible net worth	1.08	0.92	0.76	0.59	0.52
Total debt to Tangible net worth	1.89	1.80	1.68	1.38	1.26
Short-term debt to Total debt	40.21%	53.57%	45.42%	44.99%	32.80%
Short-term debt to Net worth	76.06%	96.42%	76.45%	61.88%	41.31%
Total debt to Total assets	65.42%	64.29%	62.73%	57.90%	55.74%
Operating Ratios:					
Percent return on Tangible net worth	8.19%	9.78%	16.13%	13.78%	16.97%
Percent return on Total assets	2.83%	3.49%	6.01%	5.80%	7.51%
Net sales to Net fixed assets	4.97	5.71	8.44	9.77	10.66
Net sales to Total assets	1.86	1.87	2.38	2.41	2.44
Percent Depr., Amort. to Net sales	5.46%	4.78%	4.27%	3.00%	2.41%
Percent Officer salaries to Net sales	0.00%	0.00%	0.00%	0.00%	0.00%
Fixed asset turnover	4.97	5.71	8.44	9.77	10.66
Total sales to Net worth	5.39	5.24	6.37	5.72	5.51
Percent Operating cost	48.91%	49.15%	49.06%	49.45%	49.22%
Percent Net profit	1.16%	1.39%	1.62%	1.63%	2.06%
Revenue growth percentage		5.75%	24.70%	-1.05%	8.71%
Equity Ratios:					
Net book value per share of Common stock	10,161.19	11,050.76	11,328.36	12,494.37	14,097.99
Percent dividend payout	0.00%	0.00%	0.00%	0.00%	0.00%
Percent earnings retention	100.00%	100.00%	100.00%	100.00%	100.00%
Dividends per Common share	0.00	0.00	0.00	0.00	0.00

Normalized Business Financial Ratios:

	2003	2004	2005	2006	2007
Liquidity Ratios:					
Current	1.92	1.57	2.16	2.48	3.65
Quick	1.19	0.89	1.19	1.38	1.30
Accounts receivable turnover	6.27	6.41	7.02	6.72	10.28
Days' receivable	57.39	56.17	51.28	53.58	35.02
Inventory turnover	6.52	5.50	5.34	5.32	3.74
Days' inventory	55.21	65.40	67.44	67.64	96.27
Accounts payable turnover	19.97	12.69	32.12	44.11	16.96
Days' payable	18.03	28.38	11.21	8.16	21.22
Working capital turnover	7.68	9.51	7.19	6.24	5.03
Inventory as a % of Total current assets	38.30%	42.95%	44.99%	44.54%	64.47%
Total current assets as a % of Total assets	50.57%	54.10%	61.52%	64.61%	66.77%
Coverage Ratios:					
Times interest earned	2.48	6.91	11.13	12.23	13.87
Current portion of long-term debt coverage	2.55	2.37	8.25	10.66	7.58
Principal & Interest coverage	2.48	3.37	-18.94	5.22	5.58
Preferred dividend coverage	0.00	0.00	0.00	0.00	0.00
Leverage/Capitalization Ratios:					
Fixed assets to Tangible net worth	1.08	0.92	0.76	0.59	0.52
Total debt to Tangible net worth	1.89	1.80	1.68	1.38	1.26
Short-term debt to Total debt	40.21%	53.57%	45.42%	44.99%	32.80%
Short-term debt to Net worth	76.06%	96.42%	76.45%	61.88%	41.31%
Total debt to Total assets	65.42%	64.29%	62.73%	57.90%	55.74%
Operating Ratios:					
Percent return on Tangible net worth	16.14%	42.25%	90.67%	97.14%	93.61%
Percent return on Total assets	5.58%	15.09%	33.79%	40.89%	41.43%
Net sales to Net fixed assets	4.97	5.71	8.44	9.77	10.66
Net sales to Total assets	1.86	1.87	2.38	2.41	2.44
Percent Depr., Amort. to Net sales	5.46%	4.78%	4.27%	3.00%	2.41%
Fixed asset turnover	4.97	5.71	8.44	9.77	10.66
Total sales to Net worth	5.39	5.24	6.37	5.72	5.51
Percent Operating cost	48.79%	47.76%	45.97%	45.57%	45.47%
Percent Net profit	2.42%	6.66%	11.56%	14.03%	13.89%
Revenue growth percentage		5.75%	24.70%	-1.05%	8.71%
Equity Ratios:					
Net book value per share of Common stock	10,161.19	11,050.76	11,328.36	12,494.37	14,097.99
Percent dividend payout	0.00%	0.00%	0.00%	0.00%	0.00%
Percent earnings retention	100.00%	100.00%	100.00%	100.00%	100.00%
Dividends per Common share	0.00	0.00	0.00	0.00	0.00

Financial Ratios Notes and Discussion of Trends:

1. Liquidity ratios measure the short-term ability of a company to meet its maturing obligations.

2. Coverage ratios measure the degree of protection for long-term creditors and investors and the margin by which certain obligations of a company can be met.

3. Leverage/capitalization ratios measure the amount of a company's operations that are financed from debt versus financed from equity.

4. Operating ratios measure the efficiency and productivity of a company using the resources that are available and the returns on sales and investments.

5. Equity ratios measure the performance of assets and earnings in relation to common and preferred equity.

NOTE: It is important to seek the guidance of the analysis contained in the annual reports of fiscal years 2003 to 2007 for the details of trends and added detail.

Business vs. Industry Financial Ratio Comparison

Johnson Tool Corp.'s financial ratios calculated from the most recent, unadjusted and normalized financial statements have been compared to composite, industry financial ratios using the same source of industry data as presented in the Business vs. Industry Common-Size Financial Statement Comparison. To compare the business and industry ratios and measure the differences quantitatively, a variance from industry and 5 year average variance from industry have been calculated for each ratio.

Again, it should be noted that although industry statistics are a useful source of general analytical data, there can be significant variations in the reporting practices and operational methods of companies within a given industry. Therefore, industry statistics as used throughout this report should not be regarded as absolute norms or standards.

RMA - Unadjusted Business vs. Industry Ratios, Current Year

	Business 2007	Industry 2007	Variance	5 Yr Average Variance
Liquidity Ratios:				
Current ratio	3.7	1.5	143.4%	57.1%
Quick ratio	1.3	0.8	62.2%	48.4%
Accounts receivable turnover	10.3	9.0	14.2%	-18.4%
Inventory turnover	3.7	7.3	-48.8%	-27.6%
Accounts payable turnover	17.0	10.5	61.6%	139.7%
Working capital turnover	5.0	11.7	-57.0%	-39.1%
Coverage Ratios:				
Times interest earned	3.3	2.9	14.9%	-11.4%
Current portion of long-term debt coverage ratio	2.1	2.0	4.0%	14.6%
Leverage/Capitalization Ratios:				
Fixed assets to Tangible net worth	0.5	1.0	-48.3%	-22.8%
Total debt to Tangible net worth	1.3	2.0	-37.0%	-19.9%

Operating Ratios:				
Percent return on Tangible net worth	17.0%	24.1%	-29.6%	-46.1%
Percent return on Total assets	7.5%	6.4%	17.4%	-19.9%
Net sales to Net fixed assets	10.7	8.9	19.8%	-11.1%
Net sales to Total assets	2.4	2.4	1.6%	-8.7%
Percent Depr., Amort. to Net sales	2.4%	2.8%	-14.0%	42.3%

RMA - Normalized Business vs. Industry Ratios,
Current Year

	Business 2007	Industry 2007	Variance	5 Yr Average Variance
Liquidity Ratios:				
Current ratio	3.7	1.5	143.4%	57.1%
Quick ratio	1.3	0.8	62.2%	48.4%
Accounts receivable turnover	10.3	9.0	14.2%	-18.4%
Inventory turnover	3.7	7.3	-48.8%	-27.6%
Accounts payable turnover	17.0	10.5	61.6%	139.7%
Working capital turnover	5.0	11.7	-57.0%	-39.1%
Coverage Ratios:				
Times interest earned	13.9	2.9	378.1%	221.5%
Current portion of long-term debt coverage ratio	7.6	2.0	278.9%	214.0%
Leverage/Capitalization Ratios:				
Fixed assets to Tangible net worth	0.5	1.0	-48.3%	-22.8%
Total debt to Tangible net worth	1.3	2.0	-37.0%	-19.9%
Operating Ratios:				
Percent return on Tangible net worth	93.6%	24.1%	288.4%	182.0%
Percent return on Total assets	41.4%	6.4%	547.4%	327.5%
Net sales to Net fixed assets	10.7	8.9	19.8%	-11.1%
Net sales to Total assets	2.4	2.4	1.6%	-8.7%
Percent Depr., Amort. to Net sales	2.4%	2.8%	-14.0%	42.3%

Valuation of Johnson Tool Corp.

The objective of this valuation is to estimate the Fair Market Value of 100.00% of the common stock of Johnson Tool Corp. as of December 30, 2007 for the purpose as set forth in this Valuation Report.

The standard of value used in our valuation of Johnson Tool Corp. is *Fair Market Value*. Fair Market Value is the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay, and a seller could reasonably be expected to accept, if the business were exposed for sale on the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.

There are a large number of factors to consider when estimating the common stock value of any business entity. These factors vary for each valuation depending on the unique circumstances of the business enterprise and general economic conditions that exist at the effective date of the valuation. However, fundamental guidelines of the factors to consider in any valuation have been established. The most commonly used valuation guidelines are derived from the Internal Revenue Service's Revenue Ruling 59-60. Revenue Ruling 59-60 states that in the valuation of the stock of closely held businesses, the following factors, although not all inclusive, are fundamental and require careful consideration in each case:

- The nature of the business and the history of the enterprise from its inception.
- The economic outlook in general and the condition and outlook of the specific industry in particular.
- The book value of the stock and the financial condition of the business.
- The earning capacity of the company.
- The dividend-paying capacity.
- Whether or not the enterprise has goodwill or other intangible value.
- Sales of the stock and the size of the block of stock to be valued.
- The market price of stocks of corporations engaged in the same or a similar line of business having their stocks actively traded in a free and open market, either on an exchange or over-the-counter.

Based on circumstances unique to Johnson Tool Corp. as of December 30, 2007, additional factors have been considered.

In addition to providing general valuation guidelines, Revenue Ruling 59-60 outlines other considerations and techniques for valuing the stock of closely held businesses. The techniques are commonly divided into general approaches, i.e., the Asset, Income, Market, and Other approaches. Specific methods are then used to estimate the value of the total business entity under each approach. Our conclusion of Fair Market Value is determined based on the results of these methods and the specific circumstances surrounding the interest being valued.

Overview of Valuation Approaches and Methods

As previously specified, various approaches have been used to value Johnson Tool Corp... These approaches, described below, are the: 1) Asset Approach, 2) Income Approach, 3) Market Approach, and 4) Other.

The Asset Approach is generally considered to yield the minimum benchmark of value for an operating enterprise. The most common methods within this approach are Net Asset Value and Liquidation Value. Net Asset Value represents net equity of the business after assets and liabilities have been adjusted to their fair market values. The Liquidation Value of the business represents the present value of the estimated net proceeds from liquidating the Company's assets and paying off its liabilities.

The Income Approach serves to estimate value by considering the income (benefits) generated by the asset over a period of time. This approach is based on the fundamental valuation principle that the value of a business is equal to the present worth of the future benefits of ownership. The term income does not necessarily refer to income in the accounting sense but to future benefits accruing to the owner. The most common methods under this approach are Capitalization of Earnings and Discounted Future Earnings. Under the Capitalization of Earnings method, normalized historic earnings are capitalized at a rate that reflects the risk inherent in the expected future growth in those earnings. The Discounted Future Earnings method discounts projected future earnings back to present value at a rate that reflects the risk inherent in the projected earnings.

The Market Approach compares the subject company to the prices of similar companies operating in the same industry that are either publicly traded or, if privately-owned, have been sold recently. A common problem for privately owned businesses is a lack of publicly available comparable data.

The Other methods consist of valuation methods that cannot be classified into one of the previously discussed approaches. The methods utilized in the Other Approach are Capitalization of Excess Earnings and Multiple of Discretionary Earnings. Commonly referred to as the "formula method," the Capitalization of Excess Earnings method determines the value of tangible and intangible assets separately and combines these component values for an indication of total entity value. Under the Multiple of Discretionary Earnings method, the entity is valued based on a multiple of "discretionary earnings," i.e., earnings available to the owner who is also a manager. Both of these methods are normally used to value small businesses and professional practices.

The methods utilized under each approach are presented and discussed in the following sections.

Net Asset Value

The Net Asset Value of Johnson Tool Corp. is estimated to be $951,614. The Net Asset Value method assumes that the value of a business will be realized by the hypothetical sale of its net assets as part of a going concern. In our analysis, assets and liabilities from the most recent historic, unadjusted balance sheet have been adjusted to their individual tax bases. Since no appraisal of equipment has been performed for many years, no market data for fixed assets is available. This renders this method inadequate as an appraisal method and no weight for this method was used in the final analysis.

Liquidation Value

The Liquidation Value of Johnson Tool Corp. is estimated to be $1,268,819. Liquidation Value is defined as the present value of the net cash remaining if all assets are sold in a *quick and orderly, piecemeal* sale and all liabilities are paid at face value with the proceeds. In our analysis, the value of individual assets and liabilities has been adjusted to reflect the value that could be obtained in a quick and orderly liquidation. Like the Net Asset Value method, this process of valuation, lacking market appraisal of fixed assets, is not adequate as an appraisal method and was not used in the final determination of equity value.

Discount & Capitalization Rate Estimates

When an individual purchases a business, it is reasonable to believe the individual will expect the return of the purchase price, and a rate of return on his investment over time. The rate of return might be measured by distributed cash, earnings, dividends, cash flow or some other method. It is up to the appraiser to determine the appropriate rates for the purpose of valuing the business. The difficulty in measuring these levels is spelled out by the Internal Revenue Service as follows:

> "In the application of certain fundamental valuation factors, such as earnings and dividends, it is necessary to capitalize the average or current results at some appropriate rate. A determination of the proper capitalization rate presents one of the most difficult problems in valuation. That there is no ready or simple solution will become apparent by a cursory check of the rates of return and dividend yields in terms of the selling prices of the selling prices of corporate shares listed on the major exchanges of the country…Among the more important factors to be taken into consideration in deciding upon a capitalization rate in a particular case are:
>
> (1) the nature of the business
> (2) the risk involved; and
> (3) the stability or irregularity of earnings."

With these issues in mind, we have calculated the various capitalization/discount rates for the Company as follows:

For purposes of this analysis, various risk rates applicable to historic and projected earnings have been estimated. Generally stated, these risk-adjusted rates reflect the expected rate of return attainable on alternative investment opportunities with comparable risk.

First, a Discount Rate applicable to the Discounted Future Earnings valuation method has been calculated. This Discount Rate is then converted into a Capitalization Rate for use in the Capitalization of Earnings valuation method. These calculations are summarized in the table below.

Build-Up Model, Risk Factors:	
Risk-Free Rate	4.00%
Market Equity Risk Premium	6.00%
Size Premium	3.50%
Management Depth	5.00%
Discount Rate	**18.50%**
Less: Long-term growth in Net Income	0.00%
Capitalization Rate	**18.50%**
Divided by: 1 + Long-term growth in Net Income	0.00%
Historic Earnings Capitalization Rate	**18.50%**
Historic Excess Earnings Capitalization Rate	**18.50%**

In developing the Discount and Capitalization Rates to apply to the benefit stream of Johnson Tool Corp., the Build-Up Model was used. The Build-Up Model is based on a combination of risk factors including a Risk-Free Rate, a Market Equity Risk Premium, a Size Premium and other identifiable risk factors specific to the subject company. When added together, these risk factors provide an indication of the Discount Rate for the subject company. This Discount Rate represents the total return, in terms of cash flows and appreciation in value that an investor would require in order to make an equity investment in the subject company.

The "safe rate" build-up capitalization/discount rate formula establishes capitalization and discount rates for use with earnings. The methodology is to use a risk free rate (usually a U.S. Treasury Joyce or bond rate as of the valuation date) as the starting point and percentage point increases to account for enhanced risk factors associated with the company being appraised.

The safe rate build-up formula initially results in the establishment of a discount rate. To convert the discount rate to a capitalization rate, anticipated company growth (expressed as a percent) is subtracted from the discount rate.

In various valuation methods, discount rates and capitalization rates are adjusted upward or downward to account for their use with cash flow, historical and projected earnings, and before tax and after tax earnings.

Discount for Marketability

Significantly impacting any security is its ability to become liquid for the investor. A lack of liquidity increases the risk to the investor and, thus, the risk of the security itself. The ability of any investor to obtain such liquidity is the open market where willing buyers and sellers can resolve the differences in risk issues. When such a market is closed or restricted, then the value of the security is significantly impacted. This is reason for the marketability discount.

A number of studies have been published over the years in an effort to better define marketability dissents for restricted stocks. It should be noted that the in all the studies done, the purchaser of the stock had the right to register the stock for sale in the existing public market. Certain stock carried other "benefits" and rights and others had to rely on Rule 144, which prohibited a sale within two years after purchase. In the case of Johnson Tool Company, there are no public markets and the stock is not registered. With this in mind, we relied on: (1) the existing Stock Repurchase Agreement, (2) the last sale of shares, and (3) Revenue Ruling 77-287 to determine the discount.

We have examined the methods by which an investor (majority or minority) could liquidate his Class A shares. The only current method involves the 1999 Stock Restriction and Buy-Out Agreement. In this agreement, a shareholder has the right to sell his shares. The company has 120 days following notice to the company to elect to purchase the shares governed by the terms of the notice. The terms could include a cash sale.

We have examined the banking records of the Company to measure its ability to finance stock purchase for cash - thus determining the liquidity of the stock. We have concluded that due to the current financial structure and the expected value of each share as well as the cash demands of the business for growth, the Company does not likely have the ability or availability to cash out shareholders under the current agreement. This determination greatly impacts a shareholder's ability to liquidate his investment under the company purchase option.

With these factors taken into consideration, we have determined an appropriate discount for lack of marketability is 25%.

Discount for Minority Interests

The purpose of a discount to the value of the minority interest is to reflect the inability of such a shareholder to control the operations of the Company, nor make sole decisions on its behalf. To assist in finding the appropriate discount, we searched for information involving control blocks within publicly traded companies. This information would reflect the effect a discount would have on the value of the stock. Such information sources include Mergerstat Review and Merger & Acquisitions publications. Unfortunately, very little information is available for this particular industry and SIC code, therefore we relied on trends published for all concerns.

Published annually, The Mergerstat Review provides information on minority discounts for company shares prices 5 days prior to the announced sale. From these studies, Williamette

Associates, a valuation and research company based in Portland Oregon, calculated implied discounts.

We have used 25% as the minority discount before considering various additions or subtractions from this amount based on levels of control. We have found that each shareholder of Class A stock is active in the day-to-day operations of the Company, and exercises more control over its future than a passive shareholder owning a similar minority interest. For this reason, we have reduced the minority discount by 5%.

This report will not use the minority calculation in its conclusion, but will be added as a letter addendum to the minority shareholders: Joyce Clifford and Sean Clifford.

Capitalization of Earnings

The Capitalization of Earnings method arrives at an estimate of value by dividing current normalized operations, which are weighted and averaged to approximate future earnings expectations, by a capitalization rate. As shown below, The Total Entity Value of Johnson Tool Corp. based on the Capitalization of Earnings method is estimated to be $4,393,499. In the Capitalization of Earnings method, weighted average, normalized Net Income is divided by the capitalization rate, 18.50%, to determine Total Entity Value. See the Income Statement Adjustments section for a listing of any adjustments made to historic earnings and the Discount & Capitalization Rates section for the capitalization rate calculations.

Capitalization of Earnings	Normalized Net Income	Weighting Factor	Weighted Earnings
Fiscal Year End 2003	119,202	1.0	119,202
Fiscal Year End 2004	347,155	2.0	694,310
Fiscal Year End 2005	750,943	4.0	3,003,773
Fiscal Year End 2006	901,760	7.0	6,312,319
Fiscal Year End 2007	970,911	7.0	6,796,377
Sum of Weighted earnings			16,925,982
Divided by: Sum of weighting factors			21.0
Weighted average earnings			**805,999**
Divided by: Historic capitalization rate			18.50%
Operating value			**4,356,752**
Plus: Net nonoperating assets			36,747
Total entity value			**4,393,499**
Less: Discount for lack of marketability		25.00%	1,098,375
Non-marketable common equity value			**3,295,124**

A net nonoperating asset in the amount of $36,747 has been added in the determination of Total Entity Value under this method because net nonoperating assets do not contribute to the earnings capacity of the business. See the Net Asset Value schedule for the presentation of net nonoperating assets.

A Marketability Discount of 25.00% or $1,098,375 has been deducted in order to determine the Non-marketable common equity value.

Discounted Future Earnings

The underlying premise for this valuation method is the basic valuation principle that an investment in a business is worth the present value of all the future benefits it will produce for its owner(s), with each expected future benefit discounted back to present value at a discount rate that reflects the risk (degree of uncertainty) that those benefits may not be realized. Therefore, the application of this method requires a determination of the present value of an expected future income stream that the business generates for that owner.

To determine the expected future income stream, we assisted management in preparing projections of the financial statements for the first 5 years after the valuation date. An overall summary of the projections is presented below, followed by the individual statements in condensed format. (See the Projection Assumptions and Projection schedules for complete details.)

Projection Summary

	2007	2008	2009	2010	2011	2012
Net sales revenue		8,758,245	10,527,242	12,296,238	14,065,234	15,834,230
Gross profit		3,045,741	3,049,311	3,509,250	3,969,189	4,429,128
EBITDA		1,696,798	1,433,967	1,627,505	1,821,043	2,014,581
EBIT		1,173,160	1,309,526	1,493,749	1,692,375	1,881,845
EBT		1,034,045	1,170,411	1,354,634	1,553,260	1,742,730
Net income		845,228	956,694	1,107,277	1,269,635	1,424,507
Net cash flow		629,159	578,750	737,001	885,879	1,058,002
Total current assets		3,027,258	4,090,317	5,311,627	6,681,815	8,224,126
Net fixed assets		281,999	291,596	265,386	251,330	218,594
Net other assets		322,716	348,705	375,923	404,468	434,442
Total assets		3,631,974	4,730,617	5,952,936	7,337,613	8,877,162
Total current liabilities		336,822	440,916	518,101	595,286	672,471
Total long-term debt		993,678	993,678	993,678	993,678	993,678
Total liabilities		1,517,927	1,659,877	1,774,918	1,889,960	2,005,001
Total Equity		2,114,047	3,070,741	4,178,018	5,447,653	6,872,161
Net working capital		2,690,436	3,649,401	4,793,526	6,086,529	7,551,656
Federal Income tax before NOL adjustment		188,817	213,717	247,356	283,625	318,222
Plus: NOL tax adjustment		0	0	0	0	0
Federal Income Tax Expense		188,817	213,717	247,356	283,625	318,222
Income from operations		1,186,519	1,319,524	1,500,386	1,695,651	1,881,759
Less: Tax based on selected tax rate		0	0	0	0	0
Plus: Depr. & Amort. from operations		523,639	124,441	133,757	128,668	132,737
Less: Fixed asset purchases		150,121	134,038	107,547	114,612	100,000
Less: Changes in Net Working capital **		419,229	380,216	407,124	407,124	407,124
Free Cash Flow		1,140,807	929,712	1,119,471	1,302,583	1,507,372

Summary Income Statement Projections

	2008	2009	2010	2011	2012
Total Sales Revenue	**8,758,245**	**10,527,242**	**12,296,238**	**14,065,234**	**15,834,230**
Total Cost of Goods Sold	5,712,504	7,477,931	8,786,988	10,096,045	11,405,103
Gross Profit	**3,045,741**	**3,049,311**	**3,509,250**	**3,969,189**	**4,429,128**
Total General & Administrative Expenses	1,859,222	1,729,787	2,008,864	2,273,537	2,547,368
Income From Operations	**1,186,519**	**1,319,524**	**1,500,386**	**1,695,651**	**1,881,759**
Total Other Revenues and Expenses	(152,474)	(149,113)	(145,752)	(142,391)	(139,030)
Income Before Taxes	**1,034,045**	**1,170,411**	**1,354,634**	**1,553,260**	**1,742,730**
Total Income Taxes	188,817	213,717	247,356	283,625	318,222
Net Income	**845,228**	**956,694**	**1,107,277**	**1,269,635**	**1,424,507**

Summary Balance Sheet Projections

	2008	2009	2010	2011	2012
ASSETS					
Total Current Assets	3,027,258	4,090,317	5,311,627	6,681,815	8,224,126
Net Fixed Assets	281,999	291,596	265,386	251,330	218,594
Total Other Noncurrent Assets	322,716	348,705	375,923	404,468	434,442
Total Assets	**3,631,974**	**4,730,617**	**5,952,936**	**7,337,613**	**8,877,162**
LIABILITIES & STOCKHOLDERS' EQUITY					
Total Current Liabilities	336,822	440,916	518,101	595,286	672,471
Total Long-Term Debt	993,678	993,678	993,678	993,678	993,678
Total Other Long-Term Liabilities	187,426	225,283	263,139	300,996	338,853
Total Liabilities	**1,517,927**	**1,659,877**	**1,774,918**	**1,889,960**	**2,005,001**
Stockholders' Equity:					
Common stock	52,500	52,500	52,500	52,500	52,500
Additional paid-in capital (common)	114,863	114,863	114,863	114,863	114,863
Retained earnings	2,146,684	3,103,378	4,210,655	5,480,290	6,904,798
(Treasury stock - common)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
Total Stockholders' Equity	**2,114,047**	**3,070,741**	**4,178,018**	**5,447,653**	**6,872,161**
Total Liabilities & Stockholders' Equity	**3,631,974**	**4,730,617**	**5,952,936**	**7,337,613**	**8,877,162**

Summary Retained Earnings Projections

	2008	2009	2010	2011	2012
Retained Earnings Beginning of Period	**1,301,456**	**2,146,684**	**3,103,378**	**4,210,655**	**5,480,290**
Additions:					
Normalized net income for the year	845,228	956,694	1,107,277	1,269,635	1,424,507
Deductions:					
Normalized common dividends	0	0	0	0	0
Retained Earnings End of Period	**2,146,684**	**3,103,378**	**4,210,655**	**5,480,290**	**6,904,798**

Summary Cash Flow Projections

	2008	2009	2010	2011	2012
Net Cash Flow From Operations	971,726	722,163	853,924	1,009,866	1,167,378
Net Cash Flow From Investments	(159,793)	(143,414)	(116,923)	(123,988)	(109,376)
Net Cash Flow From Financing	(182,775)	0	0	0	0
Net Cash Flow	**629,159**	**578,750**	**737,001**	**885,879**	**1,058,002**
Cash at Beginning of Period	300	629,459	1,208,208	1,945,209	2,831,088
Cash at End of Period	**629,459**	**1,208,208**	**1,945,209**	**2,831,088**	**3,889,090**

Summary Sources & Uses of Funds Projections

	2008	2009	2010	2011	2012
Total Internally Generated Cash	747,138	474,656	659,816	808,694	980,817
Total Cash from External Financing	(117,980)	104,094	77,185	77,185	77,185
Net Cash Flow	**629,159**	**578,750**	**737,001**	**885,879**	**1,058,002**

Overview of Projection Assumptions

In preparing the preceding financial statement projections, management made various assumptions about expected future revenues, expenses, assets, liabilities and equity. These assumptions were made after gathering and analyzing data that affects the future economic outlook of the Company. This data was derived from sources such as the normalized financial statements, publicly available information and other economic materials.

This section of the report provides a broad overview of the Projection Assumptions and has been prepared to emphasize items considered significant to the overall understanding of the projections.

Revenue & Expense Assumptions

Net Sales Revenues over the past 5 historic years have grown at a compound average annual rate of 9.13%. Future Net Sales Revenues are projected to grow at an estimated, compound average annual rate of 17.77%, starting from a base amount of $6,989,249 and growing to $8,758,245 in the first projected year and $15,834,230 in projected year 5.

Total Cost of Goods Sold over the past 5 historic years has averaged 65.60% of Net Sales Revenues for each respective year and was 66.02% of Net Sales Revenues in the most recent historic fiscal year, 2007. Total Cost of Goods Sold has been projected to be $5,712,504, or 65.22% of Net Sales Revenues in the first projected year and $11,405,103, or 72.03% of Net Sales Revenues in projected year 5. On average, Total Cost of Goods Sold has been projected to be 70.31% of each year's respective Net Sales Revenues.

Total General & Administrative Expenses over the past 5 historic years have grown at a compound average annual rate of -4.74%. Total General & Administrative Expenses are projected to grow at an estimated, compound average annual rate of 17.98%, starting from a base amount of $1,114,407 and growing to $1,859,222 in the first projected year and $2,547,368 in projected year 5.

Fixed Asset Depreciation Assumptions

Depreciation Expense and **Accumulated Depreciation** on fixed assets have been estimated over the term of the projected financial statements.

Projected depreciation on existing fixed assets and any fixed asset purchases is based on the terms presented in the following table.

Fixed Asset Accounts	Book Value	Original Life (years)	Salvage (% of Cost)	Depreciation Method
Furniture & Fixtures	35,566	5	0.0%	Straight Line
Machinery & Equipment	368,098	5	0.0%	Straight Line
Autos & Trucks	108,422	5	0.0%	Straight Line
Engineering Equip	22,341	5	0.0%	Straight Line
Leasehold Improvements	121,090	5	0.0%	Straight Line

Fixed Asset Purchases

After estimating projected depreciation on existing fixed assets and estimating disposals of existing fixed assets, it has been assumed that the Company would be required to purchase new fixed assets in order to provide the capacity to support projected sales revenues. Therefore, in an attempt to maintain a minimum Fixed Asset Turnover Ratio of approximately 10.00 in each projected year, the following fixed asset purchases are assumed to be made.

Please note that all Fixed Asset Purchases are assumed to be depreciated based on the terms specified in the Fixed Asset Depreciation Assumptions table.

	1 2008	2 2009	3 2010	4 2011	5 2012
Furniture & Fixtures	0	0	0	0	0
Machinery & Equipment	150,121	134,038	107,547	114,612	100,000
Autos & Trucks	0	0	0	0	0
Engineering Equip	0	0	0	0	0
Leasehold Improvements	0	0	0	0	0
Total Fixed Asset Purchases	150,121	134,038	107,547	114,612	100,000

Existing Notes Payable Assumptions

A Credit Line in the amount of $1,200,000 with an interest rate of 5.0% is forecast. Interest only payments are made monthly.

Accrued Exp. in the amount of $59,238 was estimated based on historical data.

Other liabilities in the amount of $42,601 have been included carrying an interest rate of 0.0%.

Term Debt in the amount of $80,936 with an interest rate of 5.0% has been fully paid in the first year of forecast.

Shareholders Notes in the amount of $516,631 with an interest rate of 14.0% has 84 monthly installment payments remaining. The installments consist of equal payments where the principal and interest portions of the payment vary with each installment. The loan also includes a principal deferral with 84 months remaining.

NP Value Ent. in the amount of $477,047 with an interest rate of 14.0% has 84 monthly installment payments remaining. The installments consist of equal payments where the principal and interest portions of the payment vary with each installment. The loan also includes a principal deferral with 84 months remaining.

Dividends Assumptions

No Common Stock Dividends are assumed to be paid.

Discounted Future Earnings Value Calculations

The Total Entity Value of Johnson Tool Corp. based on the Discounted Future Earnings method is estimated to be $6,645,613 as shown below. In the Discounted Future Earnings method, Net Income has been projected for 5 years and each year's earnings have been discounted back to present value using an annual discount rate of 18.50% and end-of-year discounting calculations.

Because it is assumed that the business will continue as a going concern beyond the term of the projections, a terminal value (also referred to as residual value) has been calculated based on Net Income from projected year 5. These residual earnings are first capitalized using the capitalization rate of 18.50% and then that quantity is discounted back to present value using the discount rate of 18.50%.

Discounted Future Earnings	**Projected Net Income**	**Discount Factor**	**Present Value**
FY 2008	845,228	0.843882	713,273
FY 2009	956,694	0.712137	681,297
FY 2010	1,107,277	0.600959	665,428
FY 2011	1,269,635	0.507139	643,881
FY 2012	1,424,507	0.427965	609,639
Terminal value of Net Income **	7,700,039	0.427965	3,295,347
Operating value			**6,608,866**
Plus: Net nonoperating assets			36,747
Total entity value			**6,645,613**
Less: Discount for lack of marketability		25.00%	1,661,403
Non-marketable common equity value			**4,984,210**

End-of-Year discount factors are based on the Discount Rate of:	18.50%
Terminal value is based on the Capitalization Rate of :	* 18.50%

The sum of the individual present values, including the present value of the terminal value, equals the estimate of Total Entity Value. See the Discount and Capitalization Rates section for the discount rate calculations.

A net nonoperating asset of $36,747 has been added in the determination of Total Entity Value under this method because net nonoperating assets do not contribute to the earnings capacity of the business. See the Net Asset Value schedule for the presentation of net nonoperating assets.

A Marketability Discount of 25.00% or $1,661,403 has been deducted in order to determine the Non-marketable common equity value.

Comparative Company Method

The notion behind the comparative company method is that prices of publicly traded stocks in the same or a similar industry provide objective evidence as to values at which investors are willing to buy and sell interests in companies in that industry.

In applying the comparative company valuation method, the consultant usually computes a value multiple for each comparative company. The appropriate multiple is then determined and adjusted for the unique aspects of the company being valued. This multiple is then applied to the company being valued to arrive at an estimate of value for the appropriate ownership interest. A value multiple represents a ratio that uses a comparative company's stock price as the numerator and a measure of the comparative company's operating results (or financial position) as the denominator. Value multiples are usually computed on a per share basis, but can also be determined by dividing a company's total common stock market value by its total annual earnings or other measure. The most well known value multiple is price/earnings (P/E) whereby a company's stock price is divided by its earnings per share. The process of computing the value multiples normally consists of the following procedures:

1. Determination of the appropriate stock price for each comparative company. This represents the numerator of the multiple.

2. Determination of the measure of operating results (earnings, gross cash flow, etc.) for the appropriate time period or financial position as of the valuation date. This represents the denominator of the multiple.

The application of this method depends on the selection of publicly traded comparative companies that are similar enough to Johnson Tool Corp. so as to provide a meaningful comparison. The following is a discussion of the search for comparative publicly traded companies as it applies to Johnson Tool Corp...

Search for Comparatives

A number of valuation experts, investors and interested parties believe the best value of a going concern is in the marketplace itself. The willing buyer/willing seller issue is the prime feature in any fair market assessment. It assumes a willing buyer is seeking an equity positions (or debt position with an equity conversion feature) in a chosen industry that will provide an expected rate of return on such an investment carrying a comparable financial risk. To make such a comparison we attempted to identify a group of publicly traded companies as well as information on private companies in the same of similar industry.

The U.S. plastic and rubber products industry includes about 16,000 companies with combined annual revenue of $215 Joyceion. This industry includes divisions of major companies such as DuPont, Textron and Mark IV Industries to small family run operations with sales of less than $1 million. Large companies frequently compete due to their economies of scale while smaller firms compete by specialization. This industry is both highly fragmented and provides little market data.

In examining a variety of sources including Mergerstat, BizComps, and records of publicly traded companies we found no publicly traded companies suitable for this analysis, nor did any suitable comparables arise from our search in private records.

We found that the companies in this industry can have such differing management, product mix, manufacturing facilities and technology, varying employment levels and expertise that not only were no perfect matches found, but the general information on a limited number of companies was such that its value as an analytical tool did not offer meaningful data to this valuation process.

Capitalization of Excess Earnings

Usually, intangible assets are not reported on the balance sheet unless purchased. However, the existence of and the value for any intangible assets should be considered. A number of methodologies have been developed to estimate intangible assets of a business. One commonly used method is the excess earnings method. The excess earnings method was developed by the U.S. Treasury Department in 1920 in Appeals and Review Memorandum 34 (ARM34). Its current version is found in Revenue Ruling 68-609. The excess earnings method is commonly used in valuing small businesses and professional practices. The Internal Revenue Service suggests that it is to be used only when no better basis exists for separately estimating the value of the intangible assets.

The model for the excess earnings method computes the company's equity value based on the "appraised" value of tangible assets plus an additional amount for intangible assets. A company's tangible assets should provide a current return to the owner. Since there are risks associated with owning the company's assets, the rate of return on those assets should be commensurate with the risks involved. That rate of return should be either the prevailing industry rate of return required to attract capital to that industry or an appropriate rate above the risk-free rate. Any returns produced by the company above the rate on tangible assets are considered to arise from intangible assets. Accordingly, the weighted average capitalization rate for tangible assets and intangible assets should be equivalent to the capitalization rate of the entire company.

In using the excess earnings method, a reasonable rate of return on net tangible assets was first calculated based on the cost of borrowing against those assets plus the cost of equity required to support the remaining investment in those assets, as shown in the following schedule.

	Cost	Percent of Total Capital	Weighted
Required Return on Debt	0.00%	-21.3%	0.00%
Required Return on Equity	18.50%	121.3%	22.44%
Rate of Return on Net Tangible Assets			**22.44%**

(See the Rate of Return on Net Tangible Assets schedule for the calculation of the required return on debt.)

Then, weighted average, normalized Net Income is compared to the reasonable rate of return. Excess earnings are defined as the difference between the weighted average earnings and the "normal" return. These excess earnings are then capitalized using the excess earnings capitalization rate of 18.50%. Therefore, capitalized excess earnings are an estimate of intangible value. This intangible value is then added to the appraised value of net tangible equity to estimate Total Entity Value. See the Income Statement Adjustments section for a listing of any adjustments made to historic earnings, the Discount and Capitalization Rates section for the excess earnings capitalization rate and the Net Asset Value schedule for the appraised value of net tangible equity.

As shown below, the Total Entity Value of Johnson Tool Corp. based on the Capitalization of Excess Earnings approach is estimated to be $4,131,101.

Capitalization of Excess Earnings	Normalized Net Income	Weighting Factor	Weighted Earnings
Fiscal Year End 2003	119,202	1.0	119,202
Fiscal Year End 2004	347,155	2.0	694,310
Fiscal Year End 2005	750,943	4.0	3,003,773
Fiscal Year End 2006	901,760	7.0	6,312,319
Fiscal Year End 2007	970,911	7.0	6,796,377
Sum of Weighted earnings			16,925,982
Divided by: Sum of weighting factors			21.0
Weighted average earnings			**805,999**
Net tangible assets		1,232,072	
Multiplied by: Rate of return on net tangible assets		22.44%	
Normal return on net tangible assets		**276,477**	
Weighted average earnings			805,999

Less: Normal return on net tangible assets	276,477
Excess Earnings	**529,522**
Divided by: Excess earnings capitalization rate	18.50%
Intangible value	**2,862,282**
Plus: Net tangible assets	1,232,072
Operating value	**4,094,354**
Plus: Net nonoperating assets	36,747
Total entity value	**4,131,101**

A net nonoperating asset in the amount of $36,747 has been added in the determination of Total Entity Value under this method because net nonoperating assets do not contribute to the earnings capacity of the business. See the Net Asset Value schedule for the presentation of net nonoperating assets.

Multiple of Discretionary Earnings

The multiple of discretionary earnings method is best suited to businesses where the salary and perquisites of an owner represent a significant portion of the total benefits generated by the business and/or the business is typically run by an owner/manager. Discretionary earnings is equal to the Company's earnings before: income taxes, nonoperating income and expenses, nonrecurring income and expenses, depreciation and amortization, interest income or expense, and owners' total compensation for services that could be provided by an owner/manager. Buyers and sellers of very small closely held businesses tend to think in terms of income to replace their previous paycheck or income to support their family. They look at the total discretionary earnings to see if it is sufficient to pay all the operating expenses of the business, carry the debt structure necessary to buy and/or operate the business, and provide an adequate wage.

The total entity value of Johnson Tool Corp. using the Multiple of Discretionary Earnings method is estimated to be $3,752,835 as shown below.

Multiple of Discretionary Earnings	Normalized EBT	Weighting Factor	Weighted Earnings
Fiscal Year End 2003	147,629	1.0	147,629
Fiscal Year End 2004	420,213	2.0	840,426
Fiscal Year End 2005	924,411	4.0	3,697,644
Fiscal Year End 2006	1,092,364	7.0	7,646,548
Fiscal Year End 2007	1,187,756	7.0	8,314,292
Sum of Weighted earnings			20,646,539
Divided by: Sum of weighting factors			21.0
Weighted average earnings			**983,169**
Plus: Normalized interest expense			92,316
Plus: Normalized depreciation & amortization expense			168,386
Less: Normalized interest income			674
Less: Required capital expenditures			159,699
Discretionary earnings			**1,083,498**
Multiplied by: Value multiple			3.0

Value of operating assets	**3,250,493**
Plus: Normalized net working capital	1,642,048
Plus: Net nonoperating assets	36,747
Less: Interest-bearing debt	1,176,453
Total entity value	**3,752,835**

See the Valuation Multiple Development Worksheet for the factors considered in the development of the selected valuation multiple. Also see the most recent normalized balance sheet for the presentation of normalized net working capital and the Net Asset Value schedule for the presentation of interest-bearing debt.

Representations

The following factors guided our work during this engagement:

- The analyses, opinions, and conclusions of value included in this report are subject to the assumptions and limiting conditions specified previously in this report, and they are our personal analyses, opinions, and conclusion of value.

- The economic and industry data included in this report were obtained from sources that we believed to be reliable. We have not performed any corroborating procedures to substantiate that data.

- This engagement was performed in accordance with the American Institute of Certified Public Accountants Statement on Standards for Valuation Services.

- We have previously identified the parties for whom this information and report have been prepared. This valuation report is not intended to be, and should not be, used by anyone other than those parties.

- Our compensation for this engagement is not contingent on the outcome of this valuation.

- We have no obligation to update this report or our opinion of value for information that comes to our attention after the report date.

______________________________________ ____________________

(Signature) (Date)

Qualifications

Sheehan Financial Advisors LLC has been involved with business planning, finance and banking matters for small, closely held businesses in Northwest Indiana since its founding in 1993. It's founder and President, Thomas K. Sheehan, the author of this valuation has been involved in business management, banking and financial management, financial risk management and business valuations for over 30 years. Mr. Sheehan has previously performed valuations of closely held businesses involving estate valuation, buy-sell agreements, leveraged buy-outs and mergers and acquisitions. He is familiar with Internal Revenue Service Ruling 59-60 and various tax court rulings

Conclusions of Value

We have performed a valuation engagement, as defined in the Statement on Standards for Valuation Services (SSVS) of the American Institute of Certified Public Accountants, of 100.00% of the common stock of Johnson Tool Corp. as of December 30, 2007. This valuation was performed solely to assist in the matter of valuing the common stock for estate planning and the Stock Repurchase Plan; the resulting estimate of value should not be used for any other purpose or by any other party for any purpose. This valuation engagement was conducted in accordance with the SSVS. The estimate of value that results from a valuation engagement is expressed as a conclusion of value.

Based on our analysis as described within this valuation report, the estimate of value of 100.00% of the common stock of Johnson Tool Corp. as of December 30, 2007 was $3,800,000, as summarized below. This conclusion is subject to the Statement of Assumptions and Limiting Conditions presented earlier in this report and to our Representations also presented earlier in this report. We have no obligation to update this report or our conclusion of value for information that comes to our attention after the date of this report.

Respectfully,

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(Signature)

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(Date)

Method	**Value**	**Weight**	**Weighted Value**
Net Asset Value	951,614	0.0	0
Liquidation Value	1,268,819	0.0	0
Capitalization of Earnings	3,295,124	6.0	19,770,746
Discounted Future Earnings	4,984,210	3.0	14,952,629
Discounted Net Cash Flow	3,579,219	5.0	17,896,095
Capitalization of Excess Earnings	4,131,101	6.0	24,786,606
Multiple of Discretionary Earnings	3,752,835	5.0	18,764,173
Sum of weighted values			96,170,248
Divided by: Sum of weights			25.0
Weighted average Non-marketable common equity value			**3,846,810**
Rounded to			**3,800,000**