

First Key Offers the Brewing Industry a Financial Advisory Consulting Alternative to Wall Street

Rising Demand for “Truly” Independent Valuation and Fairness Opinions

First Key is experiencing strong demand for its independent valuation and fairness opinion services in the North American market. We believe the demand for these services is being driven by a sea of change in the capital market and regulatory environment, as a result of:

- Increased financial statement accounting and reporting requirements with regard to mergers and acquisitions. For example, complex accounting standards that now require the acquisition price to be allocated to specific intangible assets, and the requirement for an annual value-impairment test, has significantly increased demand for specialized valuation services and the need for industry experience. At the same time, the available pool of valuation consultants has been reduced as a result of new auditor independence rules that restrict accounting firms from providing these services in certain circumstances.
- Increased incentives to undertake inter-corporate restructuring transactions caused by diverging country tax policies, with the predictable result being more stringent valuation documentation requirements to substantiate asset transfer values and enforcement of transfer pricing rules to curb potential abuse.
- Constant pressure from the investment community to increase shareholder returns leading executives to focus on acquisitions to drive short term results, or a willingness to accept divestiture recommendations from investment bankers hired to “evaluate strategic alternatives” to enhance shareholder value.

- Growing pressure to enhance Board governance practices as a result of the Sarbanes Oxley initiative, and the constant threat of litigation from dissenting investors, armed with Class Action status reducing their costs and risks of litigation. These investors demand the highest standards of fiduciary duty, business judgment and due diligence.
- Technology improvements that have increased access to information, leading to higher quality valuation opinions and reduced consulting costs.

An Independent Opinion by Beer Industry Specialists

Fairness opinions have traditionally been provided by the investment bankers involved in a transaction. Fees for such services are typically contingent upon successful closing of the deal, and therefore can be substantial. However, the heightened regulatory and investor scrutiny, as well as potential conflicts of interest arising from the intertwined roles of directors, management and the company’s investment banker over the course of a transaction, have led directors and their legal counsel to increasingly recognize the need for Boards to employ practices which enhance director protection in the context of a responsible decision making process.

This has led a number of corporate boards to obtain fairness opinions from their investment banker as well as an “independent” financial advisor. With multiple financial advisors, the Board benefits from the transaction advice of the success fee-motivated investment banker, as well as the unbiased opinion of the independent advisor. To address these trends, First Key

offers an alternative source for Fairness Opinion services.

Why First Key ?

- Seasoned financial advisory consultants with a long history of valuation experience and reputation for excellence.
- A reputation for deep industry knowledge and supported by access to a wide range of brewing industry specialists and other First Key resources.
- True independence and objectivity that can only come from a:
 - “Pure” consulting firm, with no conflicts of interest arising from ties to other capital market activities or investments. We do not have any invested brokerage clients to please, deal underwriting commissions to collect, or mutual fund investments to protect.
 - Reasonable and non-contingent fee structure based solely on the quality of professional services provided, instead of deal closure.

Mr. Paul Woodhouse is the primary consultant responsible for First Key’s independent Valuation and Fairness Opinion services. Paul has over 20 years of full time valuation consulting experience, including a 10 year career at PricewaterhouseCoopers. He has completed financial advisory engagements for First Key clients in North America, South America and Europe and has a particularly strong background in the craft beer segment.