CO-CAPITAL PARTNERS

PORTFOLIO COMPANY VALUATION STANDARDS

Investments in portfolio companies are valued at the time of the investment, at the time a financial statement is produced, at least quarterly, and at the time of distribution or sale of the investment. The following Valuation Standards are meant to bring consistency to the valuation process that will in turn provide interim valuation of an investment that best approximates the real value of each portfolio investment at the time of distribution or sale of the investment. These Standards apply to an interim valuation of an investment. The total realized value of an investment at the time of distribution or sale of the investment is the Fair Market Value assessed for all subsequent purposes.

PRIVATE COMPANY SECURITIES

1. Valuation of an equity investment is <u>valued at cost</u> at the time of investment. Fair market value is to be presumed to be cost at the time of valuation unless otherwise indicated in these Standards.

2. Fair Market Value of an equity investment should be <u>decreased</u> if a company's performance or potential has significantly deteriorated. Subsequent increases to the fair market value of an equity investment may be increased only if a subsequent financing event occurs as defined in the following Standard.

3. Fair Market Value of an equity investment should be <u>increased or decreased</u> to equate to the value of a subsequent, significant financing event that includes a sophisticated and new investor. The new investor must either lead the financing or be a material part of the round. A subsequent equity financing with insiders, or a round without a material qualified investor, is not the basis for an increase in the Fair Market Value, but is always the basis for a decrease in the Fair Market Value.

4. Valuation of investments in convertible note(s) cannot be increased until the note(s) is converted to equity. Valuation of a convertible or a demand note can be decreased pursuant to Standard 2.

5. Warrants and Options carry a zero Fair Market Value, unless cash was tendered to purchase the warrant. Cost of the investment is the Fair Market Value of the investment.

6. Fair Market Value of equity investments are <u>not increased</u> for preferred security preferences such as liquidation, antidilution, seniority or participating preferred rights.

PUBLIC COMPANY SECURITIES

1. Public securities should be valued at the closing price as listed on a public trading exchange less applicable discounts.

The following discounts that represent illiquidity of the investment should be applied if appropriate. The Fair Market Value of the investment is decreased for:

Trading Restrictions: 25% of the Fair Market Value, prorated over the remaining time period of the restriction.

Board Seat held by related party: 10% additional discount of ending Fair Market Value.

Fully diluted ownership of greater than 10% of outstanding securities: 10% additional discount of Fair Market Value.

Each discount shall be assessed discretely and applied so that a particular investment could have a Fair Market Valuation that was reduced by a maximum of 45% of the total valuation as listed on the public trading exchange.

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