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NET PERCEPTIONS INC  
Form DEFC14A  
March 05, 2004

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

(Amendment No. \_\_)

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to 17 CFR 240.14a-12

NET PERCEPTIONS, INC.

(Name of Registrant as Specified in its Charter)

OBSIDIAN ENTERPRISES, INC.

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.  
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
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- (4) Proposed maximum aggregate value of transaction:
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statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
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- (3) Filing Party:
- (4) Date Filed:

PROXY STATEMENT  
OF  
OBSIDIAN ENTERPRISES, INC.  
FOR THE  
SPECIAL MEETING OF STOCKHOLDERS  
OF  
NET PERCEPTIONS, INC.  
TO BE HELD ON MARCH 12, 2004

### INTRODUCTION

THIS PROXY STATEMENT IS PROVIDED BY OBSIDIAN ENTERPRISES, INC. AND NOT BY THE BOARD OF DIRECTORS OF NET PERCEPTIONS, INC.

We, Obsidian Enterprises, Inc., a Delaware corporation, are soliciting your proxy for use in connection with the special meeting of stockholders of Net Perceptions to be held at 10:00 a.m. Central Standard Time on March 12, 2004, at Net Perceptions' headquarters at 7700 France Avenue South, Edina, Minnesota, and all adjournments or postponements of the meeting. The record date for the special meeting is January 13, 2004.

This proxy statement and the accompanying BLUE proxy card are first being furnished to Net Perceptions stockholders on or about March 5, 2004.

At the special meeting, stockholders will consider and vote on Net Perceptions' board of directors' proposal to approve and adopt a plan of complete liquidation and dissolution (the "Plan of Liquidation"), which is further described under "Questions and Answers about the Proposal and Voting Procedures -- What is the Plan of Liquidation Proposal?" below.

WE URGE YOU TO USE THE ENCLOSED BLUE PROXY CARD TO VOTE AGAINST THE PLAN OF LIQUIDATION.

We have commenced an exchange offer, as it may be amended from time to time, to acquire all outstanding shares of Net Perceptions common stock. Your vote AGAINST the Plan of Liquidation proposal is not an approval of the exchange offer. Your vote AGAINST the Plan of Liquidation does not guarantee that we will complete the exchange offer. One of the conditions to our exchange offer is that shares of Net Perceptions common stock representing at least 51% of Net Perceptions outstanding shares of common stock on a fully diluted basis have been validly tendered and not withdrawn. As of March 4, 2004, 1,120,254 shares of Net Perceptions common stock had been deposited pursuant to our exchange offer. The exchange offer was originally set to expire on February 20, 2004. However, we decided to extend the exchange offer until March 17, 2004, because the conditions to the exchange offer had not been met, and we wished to provide additional time within which the conditions could be met.

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On December 15, 2003, we filed with the Securities and Exchange Commission ("SEC"), a Registration Statement on Form S-4 (as amended from time to time, the "REGISTRATION STATEMENT"), including a preliminary prospectus, and a Tender Offer Statement on Schedule TO (as amended from time to time, the "TENDER OFFER STATEMENT"). On December 17, 2003, we filed Amendment No. 1 to our Registration Statement. We have also filed the following amendments to our Tender Offer Statement: Amendment No. 1 on December 17, 2003, Amendment No. 2 on December 23, 2003, Amendment No. 3 on January 21, 2004, Amendment No. 4 on February 17, 2004, Amendment No. 5 on February 20, 2004, and Amendment No. 6 on February 27, 2004. WE ARE NOT ASKING YOU TO TENDER YOUR SHARES FOR EXCHANGE PURSUANT TO THESE PROXY MATERIALS. WE ARE ONLY SEEKING SHARES FOR EXCHANGE BY MEANS OF AND PURSUANT TO THE PRELIMINARY PROSPECTUS AND THE RELATED LETTER OF TRANSMITTAL FILED AS AN EXHIBIT TO THE REGISTRATION STATEMENT AND THE TENDER OFFER STATEMENT.

Please refer to the preliminary prospectus in our Registration Statement for further details regarding the terms of the exchange offer, including the conditions that must be met.

WE URGE YOU TO VOTE AGAINST THE PLAN OF LIQUIDATION PROPOSAL OR ABSTAIN ON OUR BLUE PROXY CARD OR TO SIMPLY NOT VOTE AT ALL.

IF YOU HAVE ALREADY SENT A PROXY CARD TO THE NET PERCEPTIONS' DIRECTORS, YOU MAY REVOKE THAT PROXY AND VOTE AGAINST THE PLAN OF LIQUIDATION PROPOSAL BY SIGNING, DATING AND RETURNING THE ENCLOSED BLUE PROXY CARD. THE LATEST DATED PROXY IS THE ONLY ONE THAT COUNTS. ANY PROXY MAY BE REVOKED AT ANY TIME PRIOR TO THE SPECIAL MEETING BY DELIVERING A WRITTEN NOTICE OF REVOCATION OR A LATER DATED PROXY FOR THE SPECIAL MEETING TO INNISFREE M&A INCORPORATED OR TO THE SECRETARY OF NET PERCEPTIONS, OR BY VOTING IN PERSON AT THE SPECIAL MEETING. SEE "QUESTIONS AND ANSWERS ABOUT THE PROPOSAL AND VOTING PROCEDURES" BELOW.

This is your opportunity to vote AGAINST the Plan of Liquidation proposal. You can vote AGAINST or ABSTAIN on our BLUE proxy card or on Net Perceptions' proxy card. In the alternative, if you have not yet returned any proxy cards, you can refuse to vote at all, which will have the effect of a vote against the Plan of Liquidation. You can also vote in person at the special meeting.

By voting AGAINST the Plan of Liquidation proposal discussed in this proxy statement, you are not prohibited from later voting against any proposed acquisition of Net Perceptions by Obsidian Enterprises or from deciding not to exchange your shares in the exchange offer.

Whether or not you plan to attend the special meeting, we urge you to vote AGAINST the Plan of Liquidation proposal described in this proxy statement by signing and returning the accompanying BLUE proxy card in the enclosed postage-paid envelope. Please act now to support our proposal.

The method for counting votes and the effects of abstaining from voting at the special meeting and "broker non-votes" are described below in the section entitled "Questions and Answers about the Proposal and Voting Procedures" below.

WE URGE YOU NOT TO SIGN THE PROXY CARD PREVIOUSLY SENT BY NET PERCEPTIONS OR ANY OTHER PROXY CARD SENT BY NET PERCEPTIONS.

If you deliver a revocation of a proxy to the Secretary of Net Perceptions, please also send a copy of the notice of revocation to:

Obsidian Enterprises, Inc.  
c/o Innisfree M&A Incorporated  
501 Madison Avenue, 20th Floor  
New York, New York 10022

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IF YOU PLAN TO RETURN THE ENCLOSED BLUE PROXY CARD, YOU MUST ACT QUICKLY! WE MAY ONLY VOTE PROXIES RECEIVED BEFORE THE SPECIAL MEETING SCHEDULED FOR 10:00 A.M., CENTRAL STANDARD TIME, ON MARCH 12, 2004. You may not have sufficient time to return your proxy card to us prior to the special meeting. We urge you to act promptly. If we do not receive your proxy card before the special meeting, we will not be authorized to vote your shares on your behalf. If you have already returned Net Perceptions' proxy card and we do not receive your later-dated proxy card before the special meeting, your shares will be voted in accordance with your prior proxy card. If you have not returned any other proxy card and we do not receive your proxy card before the special meeting, your shares will be treated as abstentions. If a stockholder abstains from voting or does not vote, either in person or by proxy, it will have the same effect as a vote AGAINST approval and adoption of the Plan of Liquidation proposal.

If you have questions about voting your shares of Net Perceptions common stock or the Plan of Liquidation proposal, please call Innisfree M&A Incorporated, toll free at (888) 750-5834.

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THIS PROXY STATEMENT RELATES SOLELY TO THE SOLICITATION OF PROXIES WITH RESPECT TO THE PLAN OF LIQUIDATION PROPOSAL. IT IS NEITHER A REQUEST FOR THE TENDER OF SHARES OF NET PERCEPTIONS COMMON STOCK NOR AN OFFER OF SHARES OF OBSIDIAN ENTERPRISES COMMON STOCK. THE EXCHANGE OFFER IS BEING MADE ONLY BY MEANS OF THE PROSPECTUS AND LETTER OF TRANSMITTAL WHICH HAVE BEEN SEPARATELY MAILED TO NET PERCEPTIONS STOCKHOLDERS.

### QUESTIONS AND ANSWERS ABOUT THE PROPOSAL AND VOTING PROCEDURES

What is the purpose of the special meeting?

At the special meeting, stockholders will consider and vote on a proposal to approve and adopt the Plan of Liquidation, which is further described under "What is the Plan of Liquidation Proposal?" below.

What is the Plan of Liquidation proposal?

On October 21, 2003, Net Perceptions announced that its board of directors had unanimously approved the Plan of Liquidation. Net Perceptions filed a preliminary proxy statement on Schedule 14A relating to the Plan of Liquidation with the Securities and Exchange Commission on November 4, 2003, and filed revised preliminary proxy materials on January 6, 2004 and January 29, 2004. Net Perceptions filed its definitive proxy statement with the SEC on February 12, 2004 and filed a supplement to the definitive proxy statement on February 24, 2004.

The key features of the Plan of Liquidation are:

- o filing a Certificate of Dissolution with the Secretary of State of Delaware and thereafter remaining in existence as a non-operating entity for three years;
- o winding up its affairs, including selling its remaining non-cash assets (including the sale of its patent portfolio to Thalveg Data Flow LLC ("Thalveg"), as discussed below), and taking such action as may be necessary to preserve the value of its assets and distributing its assets in accordance with the Plan of Liquidation;
- o paying its creditors;
- o terminating any of its remaining commercial agreements, relationships or outstanding obligations;
- o resolving its outstanding litigation;
- o establishing a contingency reserve for payment of its expenses and liabilities; and
- o preparing to make distributions to its stockholders.

According to Net Perceptions' public filings, on December 30, 2003, Net Perceptions entered into a patent purchase agreement with Thalveg to sell its patent portfolio to Thalveg for \$1.8 million in cash. Closing on the sale of the patent portfolio to Thalveg is contingent upon stockholder approval, among other closing conditions. Stockholder approval and adoption of the Plan of Liquidation will also constitute approval of the sale of the patent portfolio to Thalveg.

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How does Obsidian Enterprises recommend I vote on the proposal?

Obsidian Enterprises recommends that you vote AGAINST approval and adoption of the Plan of Liquidation.

Who is entitled to vote?

As stated in Net Perceptions' proxy materials, Net Perceptions' board of directors has set January 13, 2004 as the record date for the special meeting. Only stockholders of record at the close of business on that date are entitled to vote at the special meeting. As stated in Net Perceptions' proxy materials, at the close of business on the record date there were 28,145,338 shares of Net Perceptions common stock outstanding.

What if my shares are held in "street name" by a broker?

If you are the beneficial owner of shares held in "street name" (i.e., registered in the name of a brokerage firm or bank or other nominee), your broker, as the record holder of the shares, is required to vote those shares in accordance with your instruction. If you do not give instructions to your broker, your broker will not be permitted to vote your shares with respect to the Plan of Liquidation and a "broker non-vote" will occur, which will have the same effect as a vote AGAINST the proposal.

How do I vote?

You may vote by mail. If your shares are held in street name, only your bank or broker can give a proxy with respect to your shares. You should receive a proxy card from your bank or broker which you must return in the envelope provided to have your shares voted. If you have not received a proxy card from your bank or broker, you may contact it directly to provide it with instructions on how you wish to vote. If you need assistance in dealing with your bank or broker, please contact our information agent, Innisfree M&A Incorporated, toll-free at (888) 750-5834.

If your shares are registered directly in your name as the holder of record, you may vote your shares by marking, signing, dating and mailing the BLUE proxy card in the postage-paid envelope that we have provided. To vote your shares in accordance with your instructions at the special meeting, we must receive your proxy as soon as possible, but, in any event, we must receive it prior to the special meeting on March 12, 2004.

You may vote in person. If you are a registered stockholder and attend the special meeting, you may deliver your completed BLUE proxy card in person. If your shares are held in street name, and you wish to vote in person at the special meeting, you will need to obtain a "legal proxy" form from the broker or bank that holds your shares of record and you must bring that document to the special meeting. If you need assistance, please contact our information agent, Innisfree M&A Incorporated, toll-free at (888) 750-5834.

What do I do if I receive a proxy card that is not BLUE?

If you submit a proxy to us by signing and returning the enclosed BLUE proxy card, do NOT sign or return the proxy card you received from Net Perceptions or follow any voting instructions provided by Net Perceptions' board of directors unless you intend to change your vote, because only your

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latest-dated proxy will be counted. If you submit a new proxy with a later date, any earlier proxy will be revoked.

Can I change my vote after I submit my proxy?

You may revoke your proxy and change your vote at any time before the proxy has been exercised at the special meeting by:

- o signing another proxy with a later date,
- o giving written notice of the revocation of your proxy to Net Perceptions' Secretary prior to the special meeting, or
- o voting in person at the meeting.

What if I submit a proxy but do not specify how my shares are to be voted?

If you sign, date and return the enclosed BLUE proxy card, but do not mark the proxy card to indicate how your shares are to be voted, your shares will be voted AGAINST approval and adoption of the Plan of Liquidation.

What is required for a quorum?

According to Net Perceptions' proxy statement, a majority of Net Perceptions' outstanding shares must be present in person or by proxy for there to be a quorum. Proxies marked as abstentions and any broker non-votes will be included as shares present for purposes of determining whether there is a quorum. According to Net Perceptions' proxy statement, under Net Perceptions' bylaws, the chairman of the meeting has the power to adjourn the meeting for any purpose, including to solicit additional proxies if there are not sufficient votes to approve the plan of liquidation, whether or not a quorum is present.

How many votes are required to authorize and approve the Plan of Liquidation?

According to Net Perceptions' proxy statement, approval and adoption of the Plan of Liquidation requires the affirmative vote of the holders of a majority of the outstanding shares of Net Perceptions' common stock.

If a stockholder abstains from voting or does not vote, either in person or by proxy, it will have the effect of a vote AGAINST approval and adoption of the Plan of Liquidation. If your broker or bank holds your shares in its name, your broker or bank may not vote your shares on the proposal to approve and adopt the Plan of Liquidation unless it has instructions from you. A broker non-vote has the same effect as a vote AGAINST approval and adoption of the Plan of Liquidation.

What if other matters are presented at the meeting?

We have no reason to believe that any proposal other than the Plan of Liquidation proposal described in this proxy statement will come before Net Perceptions stockholders at the special meeting. However, if other proposals are introduced at the special meeting, the proxies named in the accompanying BLUE proxy cards will vote shares represented by BLUE proxies on any such other matters in their discretion.

What will happen to the exchange offer if the Plan of Liquidation is not

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approved?

If the Plan of Liquidation is not approved and adopted at the special meeting, we currently intend to proceed with our pending exchange offer. We are not asking you to tender your shares for exchange pursuant to these proxy materials. We are only seeking shares for exchange by means of and pursuant to the preliminary prospectus and the related letter of transmittal, as filed by us with the SEC with our Registration Statement and Tender Offer Statement.

What will happen to the exchange offer if the Plan of Liquidation is approved?

If the Plan of Liquidation is approved and adopted by Net Perceptions' stockholders, and Net Perceptions files a certificate of dissolution with the Secretary of State of the State of Delaware, one of the conditions to our offer will not be met.

What will happen if I have already tendered my Net Perceptions shares pursuant to the exchange offer prior to the special meeting?

We cannot accept any tendered Net Perceptions shares prior to the expiration of our exchange offer. Currently, our exchange offer is scheduled to expire on March 17, 2004, five days after the scheduled date for the special meeting. If you have tendered your shares pursuant to our exchange offer, you are still entitled to vote those shares at the special meeting. We do not have proxy rights to vote those shares on behalf of tendering stockholders. We urge you to vote those shares against the Plan of Liquidation. If you have tendered shares, we urge you to vote AGAINST the Plan of Liquidation by using the enclosed BLUE proxy card.

Do your interests differ from mine?

Yes, our interests differ from yours. We have commenced an exchange offer to acquire all of the outstanding shares of Net Perceptions. If we are able to consummate the exchange offer, we intend to then have Net Perceptions merge with a wholly-owned subsidiary of ours as soon as possible after the completion of the exchange offer. We believe that our proposed acquisition of Net Perceptions common stock presents the opportunity to expand our shareholder base and increase our stockholders' equity. The proposed merger would further expand our shareholder base and further increase our stockholders' equity and will also provide us with cash for our operations and additional possible acquisitions.

Because the approval of the Plan of Liquidation is likely to frustrate our objective of acquiring Net Perceptions, one of the conditions to our exchange offer is that no further action be taken by Net Perceptions with respect to the Plan of Liquidation.

We are only seeking shares for exchange by means of and pursuant to the preliminary prospectus and the related letter of transmittal, as filed by us with the SEC with our Registration Statement and Tender Offer Statement. However, because one of our objectives is to acquire shares of Net Perceptions pursuant to the exchange offer, our interests with respect to the Plan of Liquidation differ from your interests as a shareholder.

Who can I call if I have questions?

If you have additional questions about the matters discussed in this proxy statement, please call our information agent, Innisfree M&A Incorporated, toll-free at (888) 750-5834. Our public filings, including our Tender Offer



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Statement and our Registration Statement, and any amendments to those documents, can be accessed at the SEC's website at [www.sec.gov](http://www.sec.gov).

### REASONS FOR THE SOLICITATION

Approval of the Plan of Liquidation Will Prevent Us from Consummating our Exchange Offer.

We have commenced our exchange offer to acquire all outstanding shares of Net Perceptions common stock. We are soliciting your vote AGAINST the Plan of Liquidation so that we may proceed with our exchange offer. Because approval of the Plan of Liquidation is likely to frustrate our objective of acquiring Net Perceptions, one of the conditions to our exchange offer is that no further action be taken by Net Perceptions with respect to the Plan of Liquidation.

Your vote AGAINST the Plan of Liquidation proposal is not an approval of the exchange offer. We are only seeking shares for exchange by means of and pursuant to the preliminary prospectus and the related letter of transmittal, as filed by us with the SEC with our Registration Statement and Tender Offer Statement.

The Proposed Plan of Liquidation Involves Risks and Uncertainties.

Net Perceptions has stated in its proxy materials that, based on a liquidation analysis prepared by Candlewood, it estimates that total liquidating distributions to stockholders will range from approximately \$0.41 to \$0.45 per share, or approximately \$41 to \$45 for each 100 shares. The timing and amount of these distributions is uncertain. As stated in its proxy materials, at its December 30, 2003 meeting, the board of directors of Net Perceptions concluded that "ASSUMING THERE WERE NO DEVELOPMENTS, EVENTS OR CIRCUMSTANCES WHICH WOULD RESULT IN AN ADVERSE CHANGE TO THE RESULTS OF CANDLEWOOD'S LIQUIDATION ANALYSIS, AND ASSUMING THE CASH CONSIDERATION PAYABLE UNDER THE [THALVEG AGREEMENT AND THE LICENSE AGREEMENT] IS RECEIVED BY [NET PERCEPTIONS] AS REFLECTED IN CANDLEWOOD'S LIQUIDATION ANALYSIS, an initial cash distribution estimated to be approximately \$0.40 per share could be made to stockholders shortly after stockholder approval and adoption of the plan of liquidation" (emphasis added).

In its proxy materials, Net Perceptions identifies the following risks associated with the Plan of Liquidation:

- o stockholders will not know the precise timing or amount of liquidating distributions at the time of the special meeting;
- o stockholders could be liable to the extent of liquidating distributions, possibly including the special cash distribution in September 2003, if reserves are not sufficient to pay any liabilities remaining after paying the known liabilities reflected on Net Perceptions' balance sheet;
- o securities class actions or other litigation, and Net Perceptions' incurrence of additional fees and expenses in connection with revised or additional acquisition proposals, including our pending exchange offer or other unsolicited exchange or tender offers, may delay distributions or deplete the proceeds that might otherwise be available to stockholders;
- o anticipated timing of the liquidation may not be achieved;
- o stockholders may not be able to recognize a loss for federal income

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tax purposes until they receive a final distribution from Net Perceptions;

- o stockholders will not be able to sell their shares after a certificate of dissolution is filed with the Secretary of State of Delaware, which, if the Plan of Liquidation is approved and adopted by the stockholders, Net Perceptions expects would occur relatively soon after such approval and adoption but Net Perceptions has stated that it will recognize assignments by stockholders of their beneficial interests and rights to receive proceeds after dissolution upon presentation of documents reasonably satisfactory to Net Perceptions evidencing such assignments;
- o if stockholders approve and adopt the Plan of Liquidation, after such approval and adoption Net Perceptions expects to terminate registration of the Net Perceptions common stock under the Securities Act of 1934, which will substantially reduce publicly available information about Net Perceptions; and
- o if stockholders approve and adopt the Plan of Liquidation, after such approval and adoption no further stockholder approval would be required for sales or other disposition of assets or other actions.

### SOLICITATION OF PROXIES

In addition to this solicitation by mail, our directors and employees may solicit proxies in person or by telephone. No director or employee will receive additional compensation for such solicitations. We will request banks, brokerage houses and other custodians, nominees and fiduciaries to forward all of our solicitation materials to the beneficial owners of shares of Net Perceptions common stock they hold of record. We will reimburse these record holders for customary clerical and mailing expenses incurred by them in forwarding these materials to their customers.

We have retained Innisfree M&A Incorporated as our solicitation agent in connection with this solicitation and as our information agent in connection with the exchange offer. Innisfree M&A will be paid an aggregate fee of approximately \$25,000 for acting as solicitation agent and information agent in connection with this proxy statement and in connection with the exchange offer. We have also agreed to reimburse Innisfree M&A for its reasonable out-of-pocket expenses and to indemnify Innisfree M&A against certain liabilities and expenses, including liabilities and expenses under U.S. federal securities laws. Innisfree M&A will solicit proxies from individuals, brokers, banks, bank nominees and other institutional holders.

We have also retained Acclaim Financial Group Venture III LLC ("AFGIII") to act as our strategic advisor in connection with our proposed acquisition of Net Perceptions. If we consummate a business acquisition with Net Perceptions, AFGIII will receive a fee of \$250,000 in the aggregate in compensation for these services and will be reimbursed for out-of-pocket expenses, including reasonable expenses of counsel and other advisors. In addition, we have agreed to indemnify AFGIII and certain related persons against certain liabilities, including various liabilities and expenses under the U.S. federal securities laws. In connection with AFGIII's engagement as strategic advisor, we anticipate that certain employees of AFGIII may communicate in person or by telephone with a limited number of institutions, brokers or other persons who are Net Perceptions stockholders for the purpose of assisting in the solicitation of proxies for the special meeting. AFGIII will not receive any fee for or in connection with such solicitation activities apart from the fees that it is otherwise entitled to receive as described above.

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The entire expense of soliciting proxies for the special meeting is being borne by us. We will not seek reimbursement for such expenses from Net Perceptions. Costs incidental to this solicitation include expenditures for printing, postage, legal and related expenses and are expected to be approximately \$100,000. Total costs incurred to date in furtherance of or in connection with this solicitation are approximately \$25,000.

If we should materially amend the terms of the exchange offer prior to the special meeting, we will disseminate information regarding such changes to Net Perceptions stockholders and, in appropriate circumstances, will provide Net Perceptions stockholders with a reasonable opportunity, as possible, to revoke their proxies prior to the special meeting.

### INFORMATION ABOUT OBSIDIAN ENTERPRISES, INC.

Obsidian Enterprises, Inc.  
111 Monument Circle, Suite 4800  
Indianapolis, Indiana 46204  
(317) 237-4122

We are a holding company headquartered in Indianapolis, Indiana, and have historically invested in and acquired small and mid cap companies in basic industries such as manufacturing and transportation. We conduct business through our subsidiaries:

- o Pyramid Coach, Inc., a Tennessee corporation, and Obsidian Leasing, Inc., a Mississippi corporation (collectively "Pyramid"), providers of corporate and celebrity entertainer coach leases;
- o U.S. Rubber Reclaiming, Inc., an Indiana corporation ("U.S. Rubber"), a butyl-rubber reclaiming operation;
- o United Expressline, Inc., an Indiana corporation, and its division, Southwest Trailers, manufacturers of steel-framed cargo, racing ATV and specialty trailers; and
- o Danzer Industries, Inc., a Maryland corporation ("Danzer"), a manufacturer of service and utility truck bodies and accessories and steel-framed cargo trailers.

A change in control and reorganization of Obsidian Enterprises occurred on June 21, 2001. On that date, Timothy S. Durham was elected as our Chief Executive Officer and Chairman of the Board, and we acquired from Obsidian Capital Partners, L.P. ("Obsidian Capital"), Mr. Durham and certain other shareholders, all of the shares of the following companies: Pyramid; Champion Trailer, Inc., an Indiana corporation ("Champion"), which we sold in January 2003; and U.S. Rubber. On July 31, 2001, we acquired from Obsidian Capital and Mr. Durham, substantially all of the assets of United Acquisition, Inc., an Indiana corporation ("United Acquisition"), which we now operate as United Expressline, Inc. We made all of the acquisitions in exchange for shares of our Series C Preferred Stock and pursuant to an Acquisition Agreement and Plan of Reorganization by and among us, Danzer, Pyramid, Champion, United Acquisition, U.S. Rubber, Obsidian Capital, Timothy S. Durham and other related parties, dated as of June 21, 2001. Prior to the reorganization, we had engaged, through our wholly owned subsidiary, Danzer, in the fabrication of metal parts and truck bodies for the service and utility markets.

In October 2001, we changed our jurisdiction of incorporation from New York to Delaware and we changed our name from Danzer Corporation to Obsidian Enterprises, Inc. We were originally incorporated in New York in 1987 under the name Affiliated National, Inc. and subsequently changed our name to Global

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Environmental Corp. and then to Danzer Corporation.

### INFORMATION ABOUT NET PERCEPTIONS, INC.

Net Perceptions, Inc.  
7700 France Avenue South  
Edina, Minnesota 55435  
(952) 842-5000

Net Perceptions was incorporated in Delaware in July 1996, and its initial product was shipped in January 1997. Net Perceptions developed and marketed software products to customers in the retail industry to enable those customers to integrate and analyze information about their customers, products and transaction activity to generate specific actions to take to improve their marketing, selling and merchandising effectiveness.

Net Perceptions has sustained losses on a quarterly and annual basis since inception. As of September 30, 2003, Net Perceptions had an accumulated deficit of \$221 million. In the third quarter of 2003, its net loss was \$1.7 million. These losses resulted from significant costs incurred in the development and marketing of its products and services as well as a decline in its revenues since the third quarter of 2000.

On October 21, 2003, Net Perceptions announced that its board of directors had unanimously approved the Plan of Liquidation, which Net Perceptions intended to submit to its stockholders for approval and adoption at a special meeting of stockholders to be held as soon as reasonably practicable. Net Perceptions filed a preliminary proxy statement relating to the Plan of Liquidation on Schedule 14A with the Securities and Exchange Commission on November 4, 2003. The key features of the Plan of Liquidation are described in "Questions and Answers about the Proposal and Voting Procedures -- What is the Plan of Liquidation Proposal?" above.

Net Perceptions has stated that it continues to service its existing customers and may continue to derive a declining level of revenues from software licenses, software maintenance and professional services relating to existing customers. However, Net Perceptions has stated that it is no longer actively marketing its products and has not retained any employees to do so. Net Perceptions has stated that it expects that the size of its customer base will decline and that it does not expect that future product or service revenues, if any, will be significant. Net Perceptions has stated that it anticipates that its operating expenses will continue to decline in 2003, but will continue to constitute a material use of its cash resources. Net Perceptions has stated that it expects to incur additional losses and continued negative cash flow for the foreseeable future and that it does not expect to be profitable as an independent company.

The information concerning Net Perceptions contained in this proxy statement has been taken from or is based upon documents and records on file with the SEC and other publicly available information. We have no knowledge that would indicate that statements relating to Net Perceptions contained in this proxy statement in reliance upon publicly available information are inaccurate or incomplete. We, however, have not been given access to the books and records of Net Perceptions, were not involved in the preparation of such information and statements, and are not in a position to verify, or make any representation with respect to the accuracy or completeness of, any such information or statements.

STOCKHOLDER PROPOSALS FOR NET PERCEPTIONS' 2004 ANNUAL MEETING

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The following information has been taken from Net Perceptions' proxy materials filed with the SEC.

Net Perceptions expects that its 2004 Annual Meeting of Stockholders will be held only if the Plan of Liquidation is not approved. Under the rules and regulations of the SEC, stockholder proposals intended to be presented in Net Perceptions' proxy statement and form of proxy for its 2004 Annual Meeting of Stockholders, pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, must be received at the principal executive offices of Net Perceptions no later than December 31, 2003, in order to be considered for inclusion in the Company's proxy statement for that meeting and must otherwise satisfy the conditions established by the SEC.

In accordance with Net Perceptions' amended and restated bylaws, proposals of stockholders intended for presentation at Net Perceptions' 2004 Annual Meeting of Stockholders (but not intended to be included in the Net Perceptions' proxy statement for that meeting) may be made by a stockholder of record who has given written notice of the proposal to the Secretary of Net Perceptions at its principal executive offices not earlier than January 30, 2004, and no later than February 29, 2004. The notice must contain information as specified in Net Perceptions' amended and restated bylaws. Any such proposal received after February 29, 2004, will be considered untimely for purposes of Rule 14a-4(c)(1), and the proxies designated by Net Perceptions for such meeting will have discretionary authority to vote with respect to any such proposal.

All notices of proposals by stockholders, whether or not intended for inclusion in Net Perceptions' proxy materials, should be sent to Net Perceptions, Inc., 7700 France Avenue South, Edina, MN 55435, Attention: Secretary.

### OTHER INFORMATION

Certain of our directors and executive officers and other representatives who may assist Innisfree M&A Incorporated in soliciting the proxies, as listed on the attached Schedule I, are participants in the solicitation. Obsidian Enterprises holds no shares of Net Perceptions common stock. None of Obsidian Enterprises' principal shareholders or management holds any shares of Net Perceptions common stock.

This proxy statement is not a request for you to tender or exchange your Net Perceptions shares. We are making our exchange offer only by means of the offer to purchase and letter of transmittal, as filed with the SEC.

### SCHEDULE I INFORMATION CONCERNING PERSONS WHO MAY SOLICIT PROXIES

Directors and Executive Officers of Obsidian Enterprises

The name, current principal occupation or employment and material occupations, positions, offices or employment for the past five years of each director and executive officer of Obsidian Enterprises are set forth below. The business address of each director and officer is 111 Monument Circle, Suite 4800, Indianapolis, Indiana 46204. Directors are identified by an asterisk.

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Name	Age	Business Experience and Service as a Director
Timothy S. Durham*	41	Mr. Durham has served as the Chief Executive Officer and Chairman of the Board and as a director of Obsidian Enterprises since June 2001. He served as a Managing Member and Chief Executive Officer of Obsidian Capital Company LLC, which is the general partner of Obsidian Capital Corporation since April 2000. Beginning in 1998, Mr. Durham founded and has a controlling interest in several investment funds, including Obsidian Capital Corporation, Durham Hitchcock Whitesell and Company LLC, and Whitesell & Associates LLC. From 1991 to 1998, Mr. Durham served in various capacities at Carpenter Industries, Inc., including as Vice President and Chief Executive Officer. Mr. Durham also served as a director of National Lampoon, Inc. Mr. Durham is Mr. Osler's brother-in-law.
Daniel S. Laikin*	41	Mr. Laikin has served as a director of Obsidian Enterprises since July 2001. Mr. Laikin is Chief Operating Officer and a director of National Lampoon, Inc. He has been a Managing Member of Fourleaf Management, a management company of an investment fund that invests in technology and media entities, since 1999. Mr. Laikin served as the Chairman of Biltmore Homes from 1993 to 1998.
D. Scott McKain*	48	Mr. McKain has been a director of Obsidian Enterprises and a member of the Board since September 2001. He has served as the Chairman of Renaissance Performance Group since 1981. Mr. McKain also has been the Chairman of Durham Capital Corporation since 1999. From 1983 to 1998, Mr. McKain was a broadcast journalist and television commentator. Mr. McKain has authored several books and is a keynote speaker who presents at various workshops across the nation.
Jeffrey W. Osler*	35	Mr. Osler has served as the Executive Vice President, Secretary and Treasurer and as a director of Obsidian Enterprises since July 2001. He also is a Managing Member of Obsidian Capital Company LLC and a Senior Vice President at Durham Whitesell & Associates LLC and Obsidian Capital Corporation since September 1998. Prior to that time, Mr. Osler served as the General Manager of Hilton Head National Golf Club. Mr. Osler is Mr. Durham's brother-in-law.
Anthony P. Schlichte	48	Mr. Schlichte has served as Executive Vice President, Corporate Secretary of Obsidian Enterprises since March 2003. Mr. Schlichte's responsibilities for Obsidian Enterprises include securing senior and mezzanine financing for subsidiary and affiliated companies, as well as identifying and evaluating acquisitions to compliment and/or diversify existing holdings. Mr. Schlichte has more than 25 years of commercial lending experience. His previous posts include vice president and senior lending officer positions at Indiana Bank, Bank One, American Fletcher National Bank (now Bank One), Indiana National Bank (now Bank One). Mr. Schlichte holds a B.S. from Indiana University and an M.B.A. from Butler University.
John A. Schmit*	35	Mr. Schmit has been a director since July 2001. Mr. Schmit was a Managing Director at Renaissance Capital Group, Inc. in 1997 and is Vice President of Renaissance Capital Group. Prior to joining Renaissance Capital Group, Mr. Schmit practiced law at the law firm of Gibson, Ochsner & Adkins in Amarillo, Texas from 1992 to September 1994. Between August 1994 and May 1996, Mr. Schmit attended Georgetown University where he earned his L.L.M. in Law and Comparative Law.
Goodhue W. Smith, III*	53	Mr. Smith has been a director of Obsidian Enterprises since July 2001. He founded Duncan-Smith Investments, Co., an investment banking firm in San Antonio, Texas, in 1978 and since that time has served as its Chairman and Treasurer. Mr. Smith also is a director of Citizens National Bank of Texas.

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Rick D. Snow	40	Mr. Snow has been Executive Vice President and Chief Financial Officer of Obsidian Enterprises since March 2003. Mr. Snow also serves as Financial Officer for Fair Finance, a company located in Ak which Timothy S. Durham, Chairman and C.E.O. of Obsidian Enterprises is C.E.O. At Fair Finance, Mr. Snow oversees the financial management of the company, including financial reporting, tax compliance, systems implementation and strategic planning. Mr. Snow came to Fair Finance in 2002 with several years of experience at Grant Thornton, a consulting and accounting firm, and Brockman, Coats, Gedelian & Co., a regional law firm, where he worked as Senior Manager to oversee business development services and business advisory services. His background includes extensive experience in mergers and acquisitions.
Terry G. Whitesell*	64	Mr. Whitesell has served as the President and Chief Operating Officer as a director of Obsidian Enterprises since June 2001. Prior to 2001, he co-founded several entities with Mr. Durham, including Obsidian Company, LLC, Durham Hitchcock Whitesell and Company LLC and Whitesell & Associates LLC. Mr. Whitesell also is a Managing Director of Obsidian Capital Company LLC. From April 1992 until September 2000, Whitesell served as Executive Vice President of Carpenter Industries.

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Other Representatives of Obsidian Who May Also Solicit Proxies

Although neither AFGIII nor Innisfree M&A Incorporated admits that it or any of its directors, officers, employees or affiliates are a "participant" as defined in Schedule 14A promulgated by the SEC under the Securities Exchange Act of 1934, or that Schedule 14A requires disclosure of certain information concerning them, employees of AFGIII or Innisfree M&A Incorporated may communicate with Net Perceptions stockholders in a manner that could involve or be deemed to be assisting Obsidian Enterprises in soliciting proxies from Net Perceptions stockholders.

SCHEDULE II  
BENEFICIAL OWNERSHIP OF SHARES OF NET PERCEPTIONS COMMON STOCK

The following table, which is derived from Net Perceptions proxy materials and a Schedule 13G filed by Messrs. Marx and Greenhouse, sets forth information regarding the beneficial ownership of Net Perceptions common stock as of December 31, 2003, except as otherwise noted, by:

- o each person who is known by Net Perceptions to beneficially own more than five percent of the outstanding shares of Net Perceptions common stock;
- o each of Net Perceptions' directors and executive officers; and
- o all of Net Perceptions' directors and executive officers as a group.

Net Perceptions based this information upon information it received from or on behalf of the individuals or entities named below, except as otherwise noted.

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Net Perceptions determined beneficial ownership in accordance with the rules of the SEC. Unless otherwise noted below, the address of each beneficial owner listed in the table is c/o Net Perceptions, Inc., 7700 France Avenue South, Edina, Minnesota 55435. Except as indicated in the footnotes below, Net Perceptions believes, based on information furnished or otherwise available to it, that each person or entity named in the table has sole voting and investment power with respect to all shares of Net Perceptions common stock shown as beneficially owned by it, subject to applicable community property laws. Except as otherwise noted below, the percentage of beneficial ownership set forth below is based upon 28,145,338 shares of common stock outstanding as of the close of business on December 31, 2003. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, shares of common stock that are subject to options held by that person that are currently exercisable or exercisable within 60 days of December 31, 2003, were deemed outstanding. These shares were not, however, deemed outstanding for the purpose of computing the percentage ownership of any other person.

Name and Address of Beneficial Owner	Number of Shares	Number of Shares Subject to Options (1)	Percent
S. Muoio & Co., LLC 509 Madison Ave., Suite 406 New York, NY 10022	3,885,487	--	13.81%
Austin W. Marxe & David M. Greenhouse (2) 153 East 53rd St., 51st Floor New York, NY 10022	1,546,200	--	5.5%
John F. Kennedy	65,000	65,806	*
Ann L. Winblad	311,204	218,388	1.88%
John T. Riedl (3)	915,704	32,903	3.37%
William Lansing (4)	112,000	62,903	*
Thomas M. Donnelly	303,951	304,511	2.16%
James S. Hanlon (5)	81,840	102,647	*
Teresa J. Dery	6,091	9,792	*
----- All directors and executive officers as a group (seven persons)	1,795,790	796,950	9.21%

\* Indicates less than 1% of the total number of outstanding shares of common stock.

- (1) Reflects the number of shares issuable upon the exercise of options exercisable within 60 days of December 31, 2003.
- (2) Information derived from Schedule 13G filed by Messrs. Marxe and Greenhouse on February 13, 2004.
- (3) Includes 359,043 shares held by a revocable trust of which Mr. Reidl is sole trustee, 78,375 shares held in three irrevocable trusts of which Mr. Reidl and his spouse are the trustees and 463,286 shares held by a revocable trust of which Mr. Reidl's spouse is the sole trustee.
- (4) Mr. Lansing resigned from the board of directors on August 22, 2003. His business address is ShopNBC, 6740 Shady Oak Road, Eden Prairie, MN 55344.
- (5) Includes 2,033 shares held jointly by Mr. Hanlon and his spouse and 1,107 shares held by Mr. Hanlon's spouse. Mr. Hanlon's employment with Net Perceptions was terminated on January 15, 2004.

PRELIMINARY COPY

PROXY



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THIS PROXY IS SOLICITED BY  
OBSIDIAN ENTERPRISES, INC.  
FOR THE SPECIAL MEETING OF STOCKHOLDERS  
OF NET PERCEPTIONS, INC.

The undersigned hereby appoints Timothy S. Durham, and Terry G. Whitesell, and each of them, with full power of substitution, the proxies of the undersigned to vote all of the outstanding shares of common stock, par value \$0.0001 per share, of Net Perceptions, Inc. ("Net Perceptions") that the undersigned is entitled to vote at the special meeting of Net Perceptions stockholders to be held on March 12, 2004 (the "Special Meeting"), or at any adjournment or postponement of the Special Meeting, on the following matters:

OBSIDIAN ENTERPRISES, INC. RECOMMENDS A VOTE  
"AGAINST" THE PLAN OF LIQUIDATION PROPOSAL AS SET FORTH BELOW

1. Proposal to Approve and Adopt a Plan of Complete Liquidation and Dissolution.

FOR       AGAINST       ABSTAIN

In their discretion, the proxies named above are authorized to vote upon such other matters (other than with respect to the election of Net Perceptions directors) as may properly come before the special meeting. This proxy is not intended to, and does not, grant any discretionary or other authority to vote the shares represented by this proxy in any election of Net Perceptions directors.

[PROXY CONTINUED ON REVERSE]

This proxy when properly executed will be voted as directed above. If no directions are given, this proxy will be voted "AGAINST" the Plan of Liquidation proposal. The undersigned hereby acknowledges receipt of the proxy statement of Obsidian Enterprises, Inc. dated , 2004, soliciting proxies for the Special Meeting.

All previous proxies given by the undersigned to vote at the Special Meeting or at any adjournment or postponement thereof are hereby revoked.

Dated , 2004

-----  
(Signature)

-----  
(Name/Title)

-----  
(Signature, if jointly held)

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-----  
(Name/Title)

Please sign your name exactly as you print it on the line immediately below the signature line.

If shares are held by joint tenants or otherwise jointly held, both parties should sign.

If you are signing as an attorney, executor, administrator, trustee or guardian, please specify your title.

If the holder is a corporation, please sign in the full corporate name by the President or other authorized officer.

If the holder is a partnership, please sign in the partnership name by an appropriate authorized person.

Please complete, sign, date and promptly mail your proxy in the enclosed postage paid envelope to:

OBSIDIAN ENTERPRISES, INC.  
c/o Innisfree M&A Incorporated  
501 Madison Avenue, 20th Floor  
New York, New York 10022