OBSIDIAN ENTERPRISES INC
Form S-4/A
March 29, 2004

As filed with the Securities and Exchange Commission on March 29, 2004
Registration No. 333-111191

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
AMENDMENT NO. 3 TO
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

OBSIDIAN ENTERPRISES, INC.
(Exact name of registrant as specified in its charter)

Delaware	3444	13-3
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Identifica

111 Monument Circle, Suite 4800
Indianapolis, Indiana 46204
(317) 237-4122
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Timothy S. Durham
OBSIDIAN ENTERPRISES, INC.
111 Monument Circle, Suite 4800
Indianapolis, Indiana 46204
(317) 237-4055
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:
Stephen J. Dutton, Esq.
Barnes & Thornburg LLP
11 South Meridian Street
Indianapolis, Indiana 46204
(317) 236-1313

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: |_|

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. |_|____________________

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. |_|

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be	Amount to be	Proposed maximum	Proposed max

registered(1)	registered(2)	offering price per unit	aggregate off price(3)
Common Stock, $0.0001 par value	844,360	$0.39	$11,206,4

(1) This registration statement relates to securities of Obsidian Enterprises, Inc., a Delaware corporation, exchangeable for all of the issued and outstanding shares of common stock, par value $0.0001 per share, of Net Perceptions, Inc., a Delaware corporation, in the exchange offer by the registrant for all of the issued and outstanding shares of Net Perceptions common stock.

(2) The number of shares registered pursuant to this registration statement is based upon the approximate number of shares of Net Perceptions common stock outstanding or reserved for issuance under various plans or otherwise expected to be issued upon the consummation of the proposed transaction to which this registration statement relates multiplied by the exchange ratio of 3/100 share of Obsidian common stock for each Net Perceptions share.

(3) Estimated solely for purposes of calculating the registration fee. The registration fee was calculated pursuant to Rules 457(f)(1) and 457(f)(3) under the Securities Act of 1933, as amended, based on the average of the high and low prices for shares of Net Perceptions common stock as reported on the NASDAQ National Market on December 12, 2003 ($0.39) and the maximum number of Net Perceptions shares (approximately 28,734,388) that may be exchanged for the securities being registered.

(4) The registrant previously paid a filing fee of $906.60 when it filed the initial Form S-4 to which this Amendment No. 3 relates.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary prospectus may change. We may not complete the exchange offer and issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer is not permitted.

PROSPECTUS

Preliminary Prospectus dated March 29, 2004

OBSIDIAN ENTERPRISES, INC.

OFFER TO EXCHANGE

Each Outstanding Share of Common Stock of
Net Perceptions, Inc.
(including associated preferred stock purchase rights)

for Cash and Shares of Common Stock of
Obsidian Enterprises, Inc.

by
Obsidian Enterprises, Inc.

in each case subject to the procedures and limitations described in this prospectus and the related letter of transmittal.

The exchange offer will expire at 5:00 p.m., New York City time, on April 14, 2004, unless extended. You may withdraw shares you have tendered pursuant to this exchange offer at any time prior to the expiration of this offer.

We are offering to exchange $0.25 in cash and 3/100 share of our common stock, par value $0.0001 per share, for each of the issued and outstanding shares of common stock, par value $0.0001 per share, of Net Perceptions, Inc., upon the terms and subject to the conditions set forth in this prospectus.

We are making this exchange offer to acquire voting control of, and ultimately the entire equity interest in, Net Perceptions.

Our obligation to complete this offer is subject to each of the conditions described in this prospectus.

Our common stock trades on the over the counter bulletin board under the symbol "OBDE", and the Net Perceptions common stock trades on the NASDAQ National Market under the symbol "NETP".

All references to Net Perceptions common stock include the associated Net Perceptions preferred stock purchase rights issued pursuant to the Net Perceptions Rights Agreement described in this prospectus.

The exchange of your shares of Net Perceptions common stock for cash and shares of our common stock in this exchange offer is likely to be subject to United States federal income tax.

SEE "RISK FACTORS" BEGINNING ON PAGE 21 FOR A DISCUSSION OF VARIOUS FACTORS THAT YOU SHOULD CONSIDER BEFORE MAKING A DECISION TO EXCHANGE YOUR SHARES OF NET PERCEPTIONS COMMON STOCK FOR CASH AND SHARES OF OUR COMMON STOCK.

WE ARE NOT ASKING YOU FOR A PROXY AND WE REQUEST THAT YOU DO NOT SEND US A PROXY. We will make any solicitation of proxies only pursuant to separate proxy solicitation materials complying with the requirements of Section 14(a) of the Securities Exchange Act of 1934.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER REGULATORY BODY HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is March , 2004.

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In this prospectus, "Obsidian Enterprises," "we, "us" and "our" refer to Obsidian Enterprises, Inc., a Delaware corporation, and, where appropriate, our subsidiaries. You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different or additional information. We are not offering these securities in any jurisdiction where the offer is not permitted. The information contained in this prospectus is accurate only as of the date on the cover page of this prospectus, and the information contained in any document accompanying this prospectus and/or incorporated by reference in this prospectus is accurate only as of the date of that document. We undertake no obligation to update this information in the future. Our business, financial condition, results of operations and prospects may have changed since those dates.

Along with this prospectus, we are delivering to you a copy of:

- our Annual Report on Form 10-K for the fiscal year ended October 31, 2003 (the "Annual Report"),

- our Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2004 (the "Quarterly Report"),

- the Annual Report on Form 10-K of Net Perceptions, Inc. ("Net Perceptions") for the fiscal year ended December 31, 2002 (the "Net Perceptions Annual Report"), and

- the Quarterly Report on Form 10-Q of Net Perceptions for the fiscal quarter ended September 30, 2003.

Important business and financial information about Obsidian Enterprises and Net Perceptions and their respective subsidiaries is contained in documents filed with the Securities and Exchange Commission ("SEC") that have not been included in, or delivered with, this prospectus. This information is available on the SEC's website at http://www.sec.gov and from other sources. See "Where Can I Find More Information?" on page 59.

You may also request copies of these documents from us, without charge, upon written or oral request to our information agent, Innisfree M&A Incorporated, toll-free at (888) 750-5834 or by calling collect at (212) 750-5833, or upon written or oral request to our Dealer Manager, Multiple Financial Services, Inc., at (949) 753-2727. You must request these documents no later than [March 31], 2004 (five business days before the scheduled expiration of the exchange offer).

SUMMARY TERM SHEET

Obsidian Enterprises, Inc. is offering to exchange $0.25 in cash and 3/100 share common stock for each outstanding share of common stock (including associated preferred stock purchase rights) of Net Perceptions, Inc. on the terms and subject to the conditions in this Offer to Exchange and the accompanying Letter of Transmittal. The following are some questions you, as a Net Perceptions stockholder, may have and the answers to those questions. You should carefully read this Offer to Exchange and the accompanying Letter of Transmittal in their entirety because the information in this summary term sheet is not complete and additional important information is contained in the remainder of this Offer to Exchange and the Letter of Transmittal.

Who is offering to exchange my Net Perceptions common stock?

We are a holding company headquartered in Indianapolis, Indiana, and have historically invested in and acquired small and midcap companies in basic industries such as manufacturing and transportation. See "Summary--Information about Obsidian Enterprises" on page 6.

What are you proposing?

We are proposing to acquire voting control of, and ultimately the entire equity interest in, Net Perceptions by offering to exchange all of the outstanding shares of common stock, par value $0.0001 per share, and the associated preferred stock purchase rights, of Net Perceptions (the "Net Perceptions common stock") for cash and shares of newly issued common stock, par value $0.0001 per share, of Obsidian Enterprises ("our common stock"). 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 (the "proposed merger"). The purpose of the proposed merger would be to acquire all of the shares of Net Perceptions common stock not exchanged in the exchange offer. See "Purpose of the Exchange Offer; the Proposed Merger" on page 40. As used in this prospectus, "Net Perceptions common stock" includes the associated preferred stock purchase rights issued pursuant to Net Perceptions' Rights Agreement, dated as of June 1, 2001, as amended, between Net Perceptions and Wells Fargo Bank Minnesota, N.A. as rights agent (the "Net Perceptions Rights Agreement").

What would I receive in exchange for my Net Perceptions shares?

Under the terms of the exchange offer, you would receive $0.25 in cash and 3/100 share of our common stock in exchange for each share of Net Perceptions common stock you tender. We will fund the cash consideration to be paid by borrowing under an available line of credit with a related party. See "The Exchange Offer--Consideration to be Paid" on page 31.

Are the shares of Obsidian Enterprises publicly traded?

Our shares are traded on the OTC Bulletin Board.

Is Obsidian Enterprises' financial condition relevant to my decision to tender shares in the offer?

Yes. If you tender your shares of Net Perceptions common stock, and we accept your tender, you will receive shares of our common stock. You should consider our financial condition before you decide to become one of our shareholders through the exchange offer. In considering our financial condition, you should review the information contained in this prospectus and the documents accompanying and/or incorporated by reference in this prospectus, because they contain detailed business, financial and other information about us. See "Where Can I Find More Information" on page 59.

How long will it take to complete the exchange offer and the proposed merger?

We hope to complete the exchange offer and the proposed merger in the second quarter of calendar 2004, or as soon thereafter as possible. The proposed merger must be proposed by the board of directors of Net Perceptions. We expect to complete the proposed merger shortly after we complete the exchange offer if we acquire 90% or more of the outstanding shares of Net Perceptions common stock in the exchange offer. If less than 90% of the shares of Net Perceptions common stock are tendered in the exchange offer, then the proposed merger will

require approval of Net Perceptions shareholders. In that case, we would complete the proposed merger shortly after a special meeting of Net Perceptions shareholders is held to approve the proposed merger.

What are the most significant conditions to the completion of the exchange offer?

Our offer is subject to several material conditions, which must be satisfied or waived for us to complete the exchange offer. The most significant of these conditions are:

- o there being validly tendered and not withdrawn before the expiration of the offer a number of shares, which, together with the shares then owned by us, represents at least 51% of the total number of shares outstanding on a fully diluted basis (the "Minimum Tender Condition");

- o Net Perceptions' board of directors taking action which would cause the associated preferred stock purchase rights to be inapplicable to the offer and the proposed merger or our being satisfied, in our reasonable discretion, that the rights have been invalidated or are otherwise inapplicable to the offer and the proposed merger of Net Perceptions and us (or one of our subsidiaries) as described in this prospectus (the "Rights Condition"); and

- o our being satisfied, in our reasonable discretion, that Section 203 of the Delaware General Corporation Law is inapplicable to the merger of Net Perceptions, Inc. and us (or one of our subsidiaries) as described in this prospectus (the "Section 203 Condition").

See "The Exchange Offer--Conditions to the Exchange Offer" beginning on page 43.

How long do I have to decide whether to tender my shares?

You have until the expiration date of the offer to tender. The offer is currently scheduled to expire on April 14, 2004, at 5:00 p.m., New York City time. We have the option to extend the offer and we currently expect that we would extend offer until the principal conditions to the offer, described above, are satisfied. See "The Exchange Offer--Timing of the Exchange Offer" beginning on page 32.

We may elect to provide a "subsequent offering period" for the offer. A subsequent offering period, if one is included, will be an additional period of time beginning after we have acquired shares tendered during the offer during which stockholders may tender their shares and receive the offer consideration. During a subsequent offering period, you may not withdraw any shares you tender and you will receive the exchange offer consideration immediately upon tender of your shares.

Will I be notified if the offer is extended?

Yes. If we decide to extend or are required to extend the exchange offer, we will inform the exchange agent of that fact and we will make a public announcement of the results of the exchange offer and announce the new expiration date, no later than 9:00 a.m., New York City time, on the next business day after the day on which the offer was previously scheduled to expire. See "The Exchange Offer--Extension, Termination and Amendment" beginning on page 32.

How do I tender my shares in the exchange offer?

To tender your shares, you should do one of the following:

- If you hold shares of Net Perceptions common stock in your own name, complete and sign the letter of transmittal and return it with your physical share certificates to StockTrans, Inc., the exchange agent for the exchange offer, at the appropriate address specified on the back cover page of this prospectus before the expiration date of the exchange offer.

- If you hold your shares in "street name" through a broker, instruct your broker to tender your shares before the expiration date.

- If your Net Perceptions share certificates are not immediately available or if you cannot deliver your Net Perceptions share certificates and other documents to the exchange agent prior to the expiration of the exchange offer, or you cannot complete the procedure for delivery by book-entry transfer on a timely basis, you may still tender your shares of Net Perceptions common stock if you comply with

the guaranteed delivery procedures described under "The Exchange Offer--Procedure for Tendering" beginning on page 34.

Will I have to pay any fees or commissions?

Perhaps. If you are the record owner of your shares of Net Perceptions common stock and you tender your shares of Net Perceptions common stock directly to the exchange agent, you will not have to pay brokerage fees or incur similar expenses. If you own your shares through a broker or other nominee, and your broker tenders the shares on your behalf, your broker may charge you a fee for doing so. You should consult with your broker or nominee to determine whether any charges will apply to you.

How long do I have to withdraw my previously tendered shares?

You may withdraw previously tendered shares of Net Perceptions common stock any time prior to the expiration of the exchange offer, and, following the expiration, you may withdraw any tendered shares at any time until we accept such shares for exchange. Once we have accepted shares for exchange pursuant to the offer, all tenders become irrevocable. See "The Exchange Offer--Withdrawal Rights" on page 34.

How do I withdraw my previously tendered shares?

To withdraw your previously tendered shares of Net Perceptions common stock, you must deliver a written or facsimile notice of withdrawal with the required information to the exchange agent while you still have the right to withdraw. If you tendered shares by giving instructions to a broker or bank, you must instruct the broker or bank to arrange for the withdrawal of your shares. See "The Exchange Offer--Withdrawal Rights" on page 34.

Will the offer be followed by a merger if all the Net Perceptions shares are not tendered in the offer?

If we accept for exchange, and exchange, at least 51% of the outstanding shares of Net Perceptions on a fully diluted basis, we expect to merge Net Perceptions with a wholly owned subsidiary of ours. If that proposed merger takes place, we will own all of the shares of Net Perceptions common stock and all remaining stockholders (other than us and stockholders properly exercising their appraisal rights) will receive the stock consideration exchanged in the exchange offer. See "The Exchange Offer-Dissenter's Appraisal Rights" on page 40.

Will Net Perceptions common stock continue to be publicly traded after the exchange offer and the proposed merger?

Probably not. Thus, if you decide not to tender your shares of Net Perceptions, your shares of Net Perceptions will probably not be publicly traded. If the proposed merger occurs, Net Perceptions will no longer be publicly owned and its common stock will no longer be publicly traded.

Even if the proposed merger does not occur, Net Perceptions may not continue to be publicly traded. Net Perceptions has disclosed in its public filings that the minimum bid price for shares of Net Perceptions common stock has been less than $1 since its $1.50 per share distribution to shareholders as of September 3, 2003, and that, as a result, Net Perceptions is unlikely to meet the requirements for continued inclusion on NASDAQ. While the shares of Net Perceptions might trade in the over the counter markets if they are no longer traded on NASDAQ, if we purchase a large portion of the outstanding shares of Net Perceptions common stock in the exchange offer, there may be so few remaining Net Perceptions stockholders that Net Perceptions may cease making filings with the SEC or cease being required to comply with the SEC rules relating to publicly held companies. As a result, there may not be a public trading market for shares of Net Perceptions common stock.

If I decide not to tender, how will the offer affect my shares?

If you decide not to tender your shares of Net Perceptions, your shares may be affected by the offer. If the offer is successful, we expect to conclude a merger transaction in which all shares of Net Perceptions will be exchanged for the same cash and stock consideration paid in the offer. If the proposed second-step merger takes place, stockholders who do not tender in the offer (other than those properly exercising their appraisal rights) will receive the same cash and stock consideration that they would have received had they tendered their shares in the offer. Therefore, if the proposed merger takes place, the only differences between tendering and not tendering shares in the offer are that tendering stockholders will receive their cash and shares of our common stock earlier and non-tendering stockholders will have the opportunity to exercise dissenters' appraisal rights. If, however, the proposed merger does not take place, and the offer is consummated, the number of stockholders and the number of shares that are still in the hands of the public may be so small that there will no longer be an active or liquid public trading market (or, possibly, any public trading market) for shares held by stockholders other than us, which may affect the prices at which shares trade. Also, as described above, Net Perceptions may cease making filings with the SEC or being required to comply with the SEC rules relating to publicly held companies. See "The Exchange Offer--Effect of the Exchange Offer on the Market for Net Perceptions Shares; Registration Under the Exchange Act" on page 39 and "The Exchange Offer--Dissenters' Appraisal Rights" on page 40.

What is the market value of my shares as of a recent date?

On November 12, 2003, the last full trading day before the announcement of our intention to commence the offer, the last reported sales price of Net Perceptions common stock reported on the NASDAQ National Market was $0.39 per share. On March 26, 2004, the last full trading day before the date of this prospectus, the last reported sales price of Net Perceptions common stock reported on the NASDAQ National Market was $0.40 per share. Please obtain a recent quotation for your shares before deciding whether to tender.

What are the federal income tax consequences of participating in the offer?

In general, your exchange of shares pursuant to the offer, more likely than not, will be a taxable transaction for U.S. federal income tax purposes and may also be a taxable transaction under applicable state, local or foreign income or other tax laws. You should consult your tax advisor about the tax consequences to you of participating in the offer in light of your particular circumstances. See "The Exchange Offer--Material U.S. Federal Income Tax Consequences of the Exchange Offer and the Proposed Merger" on page 37.

Where can I find more information about Obsidian Enterprises and Net Perceptions?

Along with this prospectus, we are delivering to you a copy of our Annual Report and the Net Perceptions Annual Report and its Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2003. Important business and financial information about Obsidian Enterprises and Net Perceptions and their respective subsidiaries is contained in documents filed with the SEC that have not been included in, or delivered with, this prospectus. This information is available on the SEC's website at http://www.sec.gov and from other sources. You can find out information about Obsidian Enterprises and Net Perceptions from sources described under "Where Can I Find More Information?" on page 59.

Whom can I call if I have questions about the exchange offer and the proposed merger?

You can contact our information agent using the following contact information:

Innisfree M&A Incorporated
501 Madison Avenue - 20th Floor
New York, NY 10022
(212) 750-5833 (call collect)
or
(888) 750-5834 (toll-free)
email: info@innisfreema.com

TO THE STOCKHOLDERS OF NET PERCEPTIONS, INC.:

SUMMARY

This summary provides an overview of the key aspects of the exchange offer. This summary is not complete and does not contain all of the information you should consider before tendering your shares of Net Perceptions common stock. You should carefully read all of the information contained in, incorporated by reference in, and/or accompanying this prospectus, including the information set forth in the "Risk Factors" section and our financial statements and related notes.

THE EXCHANGE OFFER (PAGE 31).

Under the terms of the exchange offer, we are offering to exchange $0.25 in cash and 3/100 share of our common stock for each issued and outstanding share of Net Perceptions common stock.

You will not receive any fractional share of our common stock in the exchange offer. Instead, you will receive cash in an amount equal to the value of the fractional share of our common stock that you otherwise would have been entitled to receive.

SUBSEQUENT MERGER (PAGE 40).

Promptly after we complete the exchange offer, we intend to seek to have Net Perceptions complete the proposed merger with our subsidiary. We refer to the exchange offer, together with the proposed merger, as the "Net Perceptions acquisition". In the proposed merger, each share of Net Perceptions common stock that has not been exchanged in the exchange offer (except for treasury shares of Net Perceptions and shares we beneficially own directly or indirectly for our own account) would be converted into the right to receive the same acquisition consideration as offered in the exchange offer, subject to dissenters' appraisal rights under Delaware law. See "The Exchange Offer--Dissenters' Appraisal Rights" on page 40. Upon completion of the Net Perceptions acquisition, based on the receipt by Net Perceptions shareholders of the total stock consideration, the former Net Perceptions shareholders would own a maximum of 22% of the then outstanding shares of our common stock. See "The Exchange Offer--Purpose of the Exchange Offer; The Proposed Merger" in this prospectus.

YOUR RECEIPT OF CASH AND OUR COMMON STOCK IN EXCHANGE FOR NET PERCEPTIONS COMMON STOCK PURSUANT TO THIS EXCHANGE OFFER MAY BE A TAXABLE TRANSACTION TO YOU (PAGE 37).

In the opinion of our counsel, Barnes & Thornburg LLP, the exchange of shares of Net Perceptions common stock for cash and shares of our common stock pursuant to the exchange offer and the proposed merger (1) will be treated for federal income tax purposes as component parts of an integrated transaction pursuant to a plan, but (2) the integrated transaction will nevertheless, more likely than not, fail to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. Consequently, holders of shares of Net Perceptions common stock generally will recognize gain or loss for United States federal income tax purposes on the exchange of their shares of Net Perceptions common stock for cash and our common stock in the exchange offer and the proposed merger. The gain or loss you may have to recognize generally will be measured by the difference between the sum of the cash and the fair market value of our common stock received in the exchange offer and the proposed merger (plus any cash received in lieu of fractional shares), compared with your tax basis for the shares of Net Perceptions common stock surrendered in the exchange offer and proposed merger. See "The Exchange Offer--Material U.S. Federal Income Tax Consequences of the Exchange Offer and the Proposed Merger" in this prospectus.

OUR OBLIGATION TO COMPLETE THE EXCHANGE OFFER IS SUBJECT TO A NUMBER OF CONDITIONS (PAGE 43).

Our obligation to exchange cash and shares of our common stock for Net Perceptions common stock pursuant to this exchange offer is subject to the following material conditions, any of which we may waive:

- Tender of more than 51% of the shares of Net Perceptions common stock. Shareholders of Net Perceptions common stock must have tendered enough shares so that, after the completion of the

exchange offer, we own a number of shares of Net Perceptions common stock which constitutes at least 51% of the total outstanding shares of Net Perceptions common stock on a fully diluted basis, as though all options or other securities convertible into or exercisable or exchangeable for shares of Net Perceptions common stock had been converted, exercised or exchanged.

- Rights Inapplicable. The board of directors of Net Perceptions shall have taken action which would cause the rights issued under the Net Perceptions Right Agreement to be inapplicable to the offer and the proposed merger, or the Net Perceptions Rights Agreement shall have been found inapplicable or illegal so the associated preferred stock purchase rights would not be triggered by the exchange offer and the proposed merger.

- Section 203 Inapplicable. We are satisfied, in our reasonable discretion, that Section 203 of the Delaware General Corporation Law is inapplicable to the proposed merger as described in this prospectus.

The exchange offer is also subject to other terms and conditions, including that the registration statement filed with the SEC relating to the securities to be issued in the exchange offer, shall have become effective. These conditions and the other conditions to the exchange offer are discussed under "The Exchange Offer--Conditions to the Exchange Offer" in this prospectus.

INFORMATION ABOUT OBSIDIAN ENTERPRISES (PAGE 59).

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:

- Pyramid Coach, Inc., a Tennessee corporation, and Obsidian Leasing Co., Inc., a Mississippi corporation (collectively "Pyramid"), providers of corporate and celebrity entertainer coach leases;

- U.S. Rubber Reclaiming, Inc., an Indiana corporation ("U.S. Rubber"), a butyl-rubber reclaiming operation;

- United Expressline, Inc., an Indiana corporation, and its division, Southwest Trailers, manufacturers of steel-framed cargo, racing ATV and specialty trailers; and

- 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 ("Series C Preferred Stock") and pursuant to an Acquisition Agreement and Plan of Reorganization (the "Acquisition Agreement") 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 Environmental

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Corp. and then to Danzer Corporation. For more information about us, you should read our Annual Report, which is being delivered to you with this prospectus. Also see "Where Can I Find More Information?" in this prospectus.

INFORMATION ABOUT NET PERCEPTIONS, INC. (PAGE 59).

We derived the following information from the publicly available documents of Net Perceptions.

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 a plan of liquidation (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 and, after filing various amendments to the preliminary proxy statement, filed definitive proxy materials on February 12, 2004. The special meeting was held on March 23, 2004. On March 23, 2004, Net Perceptions publicly disclosed that the Net Perceptions shareholders had failed to approve the Plan of Liquidation and that "its board of directors would meet as soon as practicable to explore what alternatives are now available for the future of [Net Perceptions]."

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. For more information, you should read the Net Perceptions Annual Report and its most recent Quarterly Report on Form 10-Q, both of which are being delivered to you with this prospectus. Also, see "Where Can I Find More Information?" in this prospectus.

REASONS FOR THE EXCHANGE OFFER (PAGE 30).

We are proposing the exchange offer and the proposed merger because we believe that the exchange offer and the proposed merger will benefit our shareholders, including Net Perceptions shareholders who would become Obsidian Enterprises shareholders by means of the Net Perceptions acquisition. The exchange offer will expand our shareholder base and increase our stockholders' equity. The proposed merger will 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. Our board of directors' reasons for recommending the exchange offer and the proposed merger are set forth in "Reasons for the Exchange Offer" in this prospectus.

OUR PLANS FOR NET PERCEPTIONS (PAGE 40).

We have not determined whether we will continue to operate the remaining business of Net Perceptions or whether we would seek to sell that business or its assets. We plan to use the cash remaining in Net Perceptions after the proposed merger to fund additional possible acquisitions and for working capital purposes. See "Plans for Net Perceptions after the Proposed Merger" in this prospectus.

OUR DIVIDEND POLICY (PAGE 59).

We have not historically paid regular cash dividends. The holders of our common stock would receive dividends if and when declared by our board of directors out of legally available funds. The declaration and payment of dividends will depend upon business conditions, operating results, capital and reserve requirements, covenants in our debt instruments and our board of directors' consideration of other relevant factors. We can give shareholders no assurance that we will pay dividends on our common stock in the future. See "Market for the Registrant's Common Equity and Related Stockholder Matters" in our Annual Report, which is incorporated by reference in this prospectus. See "Where Can I Find More Information?" in this prospectus.

DIVIDEND POLICY OF NET PERCEPTIONS (PAGE 59).

The following description is based on our understanding of Net Perceptions' dividend policy as derived from its publicly available documents.

Net Perceptions has not declared or paid any cash dividends on its common stock since its inception, other than the $1.50 per share cash distribution to its shareholders of record as of August 18, 2003, and does not intend to pay any cash dividends in the foreseeable future except in connection with the liquidation and dissolution proposed by its board of directors. See "Market for Registrant's Common Equity and Related Stockholder Matters" in the Net Perceptions Annual Report, which is incorporated by reference in this prospectus. See "Where Can I Find More Information?" in this prospectus.

THE EXCHANGE OFFER IS CURRENTLY SCHEDULED TO EXPIRE ON APRIL 14, 2004 (PAGE 32).

The exchange offer will expire at 5:00 p.m., New York City time, on April 14, 2004 unless we extend the period of time for which the exchange offer is open. See "The Exchange Offer--Timing of the Exchange Offer" in this prospectus.

THE EXCHANGE OFFER MAY BE EXTENDED, TERMINATED OR AMENDED (PAGE 32).

We expressly reserve the right, in our sole discretion, at any time or from time to time, to extend the period of time during which the exchange offer remains open, and we can do so by giving oral or written notice of the extension to the exchange agent. We are not providing any assurance that we will exercise this right to extend the exchange offer, although we currently intend to do so until all conditions have been satisfied or, to the extent permissible, waived. During any extension, all shares of Net Perceptions common stock previously tendered and not properly withdrawn will remain subject to the exchange offer, subject to the right of each shareholder of Net Perceptions to withdraw his or her shares of Net Perceptions common stock.

Subject to the SEC's applicable rules and regulations, we also reserve the right, in our sole discretion, at any time or from time to time:

- to delay our acceptance for exchange or the exchange of any shares of

Net Perceptions common stock, or to terminate the exchange offer, upon the failure of any of the conditions of the exchange offer to be satisfied prior to the expiration date;

- to waive any condition (other than the conditions that cannot be waived); or
- to amend the exchange offer in any respect, by giving oral or written notice of such delay, termination or amendment to the exchange agent and by making a public announcement.

We will follow any extension, termination, amendment or delay with a public announcement, as promptly as practicable. In the case of an extension, any related announcement will be issued no later than 9:00 A.M., New York City time, on the next business day after the previously scheduled expiration date. Subject to applicable law (including Rules 14d-4(c) and 14d-6(d) under the Securities Exchange Act of 1934, as amended, which require that any material change in the information published, sent or given to Net Perceptions shareholders in connection with the offer to exchange be promptly sent to those shareholders in a manner reasonably designed to inform them of that

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change) and without limiting the manner in which we may choose to make any public announcement, we assume no obligation to publish, advertise or otherwise communicate any public announcement of this type other than by making a release to the Dow Jones News Service, PR Newswire or some other similar national news service. See "The Exchange Offer--Extension, Termination and Amendment" in this prospectus.

DIRECTORS AND EXECUTIVE OFFICERS OF OBSIDIAN ENTERPRISES (PAGE A-1).

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 in Annex A to this prospectus.

THE EXCHANGE OFFER SHALL OCCUR PROMPTLY AFTER THE EXPIRATION DATE (PAGE 32).

Upon the terms and subject to the conditions of the exchange offer, including, if the exchange offer is extended or amended, the terms and conditions of any extension or amendment, promptly after the expiration date, we will accept for exchange, and will exchange, shares of Net Perceptions common stock that have been validly tendered and have not properly withdrawn. See "The Exchange Offer--Exchange of Net Perceptions Shares; Delivery of Obsidian Enterprises Common Stock" in this prospectus.

YOU MAY WITHDRAW TENDERED SHARES AT ANY TIME PRIOR TO THE EXCHANGE OF THOSE SHARES (PAGE 34).

You may withdraw any shares of Net Perceptions common stock that you have tendered pursuant to the exchange offer at any time prior to the expiration date. You may also withdraw your shares at any time after the expiration date until we have accepted your shares pursuant to the exchange offer. See "The Exchange Offer--Withdrawal Rights" in this prospectus.

YOU MUST COMPLY WITH THE PROCEDURE FOR TENDERING SHARES (PAGE 34).

For you to validly tender shares of Net Perceptions common stock pursuant to the exchange offer:

- o the exchange agent must receive at one of its addresses set forth on the back cover of this prospectus (1) a properly completed and duly executed letter of transmittal, along with any required signature guarantees, or an agent's message in connection with a book-entry transfer, and any other required documents, and (2) either certificates for tendered shares of Net Perceptions common stock or, if you tender those shares of Net Perceptions common stock pursuant to the procedures for book-entry set forth below, confirmation of receipt of that tender, in each case before the expiration date, or

- o you must comply with the guaranteed delivery procedures set forth in "The Exchange Offer--Procedure for Tendering--Guaranteed Delivery" in this prospectus.

See "The Exchange Offer--Procedure for Tendering" in this prospectus.

THERE ARE NO DISSENTERS' APPRAISAL RIGHTS IN CONNECTION WITH THE EXCHANGE OFFER. HOWEVER, DISSENTERS' APPRAISAL RIGHTS WILL EXIST IN CONNECTION WITH THE PROPOSED MERGER (PAGE 40).

No dissenters' rights are available in connection with the exchange offer. However, if the proposed merger is consummated, Net Perceptions shareholders would have certain rights under the Delaware General Corporation Law to dissent and demand appraisal rights and to receive payment in cash of the fair value of their shares as determined by a Delaware trial court. The procedures for perfecting such rights are set forth in Section 262 of the Delaware General Corporation Law and are further described under "The Exchange Offer-Dissenters' Appraisal Rights" in this prospectus.

A copy of Section 262 of the Delaware General Corporation Law is provided in Annex B to this prospectus.

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THERE ARE MATERIAL DIFFERENCES IN THE RIGHTS OF OUR SHAREHOLDERS AND OF NET PERCEPTIONS SHAREHOLDERS (PAGE 52).

Our governing documents and the governing documents of Net Perceptions vary, and, to that extent, Net Perceptions shareholders will have different rights once they become Obsidian Enterprises shareholders. The differences are described in more detail under "Comparison of Rights of Holders of Obsidian Enterprises Common Stock and Net Perceptions Common Stock" in this prospectus.

WE WILL ACCOUNT FOR THE PROPOSED MERGER USING THE PURCHASE METHOD (PAGE 49).

We will account for the proposed merger as a purchase for financial reporting purposes. See "The Exchange Offer--Accounting Treatment" in this prospectus.

REGULATORY APPROVALS (PAGE 49).

We are not aware of any federal or state regulatory approvals, government licenses or permits or other regulatory requirements that would be triggered by the acquisition of shares pursuant to this exchange offer. See "The Exchange Offer--Regulatory Approvals" in this prospectus.

RISK FACTORS (PAGE 21).

In evaluating whether to tender your shares of Net Perceptions pursuant to this exchange offer, you should carefully read this prospectus and the documents incorporated by reference in the prospectus and, in particular, you should consider the factors discussed in the section entitled "Risk Factors" in this prospectus.

COMPARATIVE MARKET PRICE INFORMATION (PAGE 50).

The following table lists the closing prices of our common stock (adjusted for the 1 for 50 reverse stock split that was effective for trading purposes on February 18, 2004) and Net Perceptions common stock on November 12, 2003, the last trading day before we announced the offer.

	Obsidian Enterprises	Net Perceptions
November 12, 2003	$15.00	$0.39

You can obtain current stock price quotations for our common stock and Net Perceptions common stock from a newspaper, on the Internet or by calling your broker.

SUMMARY FINANCIAL AND OTHER DATA (PAGE 59; PAGE F-1).

OBSIDIAN ENTERPRISES SELECTED HISTORICAL FINANCIAL DATA

The following tables set forth certain selected consolidated financial information concerning Obsidian Enterprises. This information is not covered by the independent auditor's report. For further information, see:

- the Unaudited Condensed Consolidated Financial Statements of Obsidian Enterprises, Inc. and subsidiaries as of January 31, 2004 and for the three months ended January 31, 2004 and 2003 in our Quarterly Report, which has been delivered with and is incorporated by reference in this prospectus, and the information set forth in Item 2 of the Quarterly Report, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and in Item 1 of the Quarterly Report, "Condensed Consolidated Financial Statements."

- the Consolidated Financial Statements of Obsidian Enterprises, Inc. and subsidiaries for the years ended October 31, 2003 and 2002, and the ten-month period ended October 31, 2001 in our Annual Report, which has been delivered with and is incorporated by reference in this prospectus, and the information set forth in Item 7 of the Annual Report, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and in Item 8 of the Annual Report, "Financial Statements and Supplementary Data."

The information for the years ended December 31, 2000 and 1999 is for that of U.S. Rubber only, the accounting acquiror in the reverse merger further described in Items 7 and 8 of the Annual Report. See "Where Can I Find More Information?" on page 59 for information on where such documents are available.

Selected Consolidated Financial Data
(Amounts in thousands, except per share data)
Operating Data

	Three Months Ended Janua	
	2004	2
	(unaudited)	(una
Net sales	$ 12,046	$
Loss from operations	(1,278)	
Discontinued operations, net of tax	-	
Minority interest	(31)	
Net loss	(2,249)	
Basic and diluted loss per share:(1)		
From continuing operations	(3.32)	
Discontinued operations	-	
Net loss per share	(3.32)	

Selected Consolidated Financial Data
(Amounts in thousands, except per share data)
Operating Data

	Year Ended October 31,		Ten Months Ended October 31,
	2003	2002	2001
Net sales	$ 59,295	$ 57,274	$ 24,689
Income (loss) from operations	(978)	449	981
Discontinued operations, net of tax	(49)	(1,040)	(3,376)
Cumulative effect of change in accounting principle	-	(2,015)	-
Net income (loss)	(3,873)	(6,330)	(4,395)
Basic and diluted earnings (loss) per share:1			
From continuing operations	(5.87)	(4.50)	(1.32)
Discontinued operations	(0.07)	(1.44)	(4.69)
Cumulative effect of change in accounting principle	-	(2.80)	-
Net income (loss) per share	(5.94)	(8.74)	(6.01)

(1) Includes the effect of the 1 for 50 reverse stock split effective for

trading purposes on February 18, 2004.

Balance Sheet Data

	January 31, 2004	October 31, 2003	October 31, 2002	October 31, 2001
	(unaudited)			
Working capital (deficit)	$(1,816)	$ 6,045	$1,591	$(2,528)
Total assets	45,228	45,882	45,923	48,850
Long-term debt, including current portion and mandatory redeemable preferred stock	43,615	43,221	36,464	35,382
Stockholders' equity (deficit)	(5,304)	(3,253)	(689)	1,331

No dividends have been declared or paid in any period presented.

NET PERCEPTIONS SELECTED HISTORICAL FINANCIAL DATA

The selected historical financial data of Net Perceptions in the tables below should be read in conjunction with:

- the unaudited financial statements and the notes to the unaudited financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations," which are included in Net Perceptions' Quarterly Report on Form 10-Q for the period ended September 30, 2003 which accompanies this prospectus; and

- the audited financial statements (the "Net Perceptions Financial Statements") and the notes to the Net Perceptions Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations," which are included in the Net Perceptions Annual Report, which is being delivered with and is incorporated by reference in this prospectus.

The statement of operations data for each of the years in the periods ended December 31, 2002, 2001 and 2000, and the balance sheet data at December 31, 2002 and 2001, were derived by Net Perceptions from the Net Perceptions Financial Statements. The statement of operations data for the years ended December 31, 1999 and 1998 and the balance sheet data at December 31, 2000, 1999 and 1998 were derived by Net Perceptions from audited financial statements not included in the Net Perceptions Annual Report, and were reclassified by Net Perceptions to conform with current period presentation relating to reimbursable expenses that were previously recorded net to cost of revenue. See "Where Can I Find More Information?" on page 59 for information on where such documents are available. You should read this summary selected financial information together with the Net Perceptions Financial Statements and notes thereto.

Selected Consolidated Financial Data
(Amounts in thousands, except per share data)
Operating Data

	Three Months Ended September 30,		Nine Months Ended Se	
	2003	2002	2003	
	(unaudited)	(unaudited)	(unaudited)	(
Total Revenues	$438	$1,612	$ 1,967	
Loss from operations	(1,929)	(1,437)	(5,167)	
Net loss	(1,713)	(626)	(4,328)	
Basic and diluted loss per share				
Net loss per share	(0.06)	(0.02)	(0.16)	

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Selected Consolidated Financial Data(1)
(Amounts in thousands, except per share amounts)

	Twelve Months Ended September 30,	Year Ended December			
	2003(4)	2002	2001	2000	
	(unaudited)				
Statement of Operations Data					
Revenues:					
Product	$ 721	$ 1,703	$ 2,979	$ 25,087	$ 1
Service and maintenance	2,139	3,541	7,535	12,342	
Total revenues	2,860	5,244	10,514	37,429	1
Cost of revenues:					
Product	46	292	943	1,807	
Service and maintenance	954	2,101	5,143	11,532	
Total cost of revenues	1,000	2,393	6,086	13,339	
Gross margin	1,860	2,851	4,428	24,090	1
Operating expenses:					
Sales and marketing	2,284	4,550	15,215	25,589	1
Research and development	2,752	5,933	10,572	19,354	
General and administrative	1,908	2,819	6,198	11,146	
Lease abandonment expense	-	-	225	1,250	
Restructuring related charges(2)	2,251	768	15,551	-	
Amortization of intangibles	27	110	9,650	25,394	
Impairment of goodwill and other	6,546	6,546	75,298	-	
Total operating expenses	15,768	20,726	132,709	82,733	2

Loss from operations	(13,908)	(17,875)	(128,281)	(58,643)	(1
Other income, net	1,282	1,141	4,483	5,096	
Net loss	$(12,626)	$(16,734)	$(123,798)	$(53,547)	$(1
Basic and diluted net loss per share	$ (0.46)	$ (0.61)	$ (4.59)	$ (2.12)	$ (
Shares used in computing basic and diluted net loss per share	27,605	27,216	26,951	25,209	1

1 The selected consolidated financial data for the years ended December 31, 2002, 2001 and 2000 include the effects of the acquisition of Knowledge Discovery One, Inc. ("KD1") in February 2000, which was accounted for under the purchase method of accounting. See Note 4 to the Net Perceptions Financial Statements.

2 In 2001, Net Perceptions incurred a restructuring related charge of $15.6 million, consisting of charges relating to facility consolidation and employee terminations, losses and estimated losses on the disposal of assets and other restructuring related charges. In 2002, Net Perceptions incurred a restructuring related charge of $768,000 consisting primarily of charges relating to employee terminations. See Note 6 to the Net Perceptions Financial Statements.

3 At March 31, 2001, Net Perceptions performed an impairment assessment of the goodwill and other intangible assets recorded in connection with the acquisition of KD1. As a result of its review, Net Perceptions recorded a $75.3 million impairment charge to reduce goodwill and other intangible assets to their estimated fair values. At December 31, 2002, Net Perceptions performed an additional impairment assessment of the remaining goodwill and other intangible assets recorded in connection with the acquisition of KD1. As a result of its review, Net Perceptions recorded a $6.5 million impairment charge to reduce goodwill and other intangible assets to zero value. See Note 4 to the Net Perceptions Financial Statements.

4 The selected consolidated financial data for the twelve months ended September 30, 2003 was calculated using amounts reported for the nine months ended September 30, 2003 and 2002, respectively, and the year ended December 31, 2002.

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Selected Consolidated Financial Data1
(Amounts in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months September	
	2003	2002	2003	
	(unaudited)	(unaudited)	(unaudited)	(un
Statement of Operations Data				

Revenues:				
Product	$ 95	$ 613	$ 576	$
Service and maintenance	343	999	1,391	
Total revenues	438	1,612	1,967	
Cost of revenues:				
Product	-	68	8	
Service and maintenance	164	473	635	
Total cost of revenues	164	541	643	
Gross margin	274	1,071	1,324	
Operating expenses:				
Sales and marketing	157	753	1,344	
Research and development	427	1,213	1,616	
General and administrative	568	514	1,280	
Restructuring related charges	1,051	-	2,251	
Amortization of intangibles	-	28	-	
Total operating expenses	2,203	2508	6,491	1
Loss from operations	(1,929)	(1,437)	(5,167)	(
Other income (expense):				
Interest income	115	494	610	
Interest expense	-	(4)	-	
Other income (expense)	101	321	229	(1
Total other income, net	216	811	839	
Net loss	$(1,713)	$ (626)	$(4,328)	$(
Basic and diluted net loss per share	$ (0.06)	$ (0.02)	$ (0.16)	$
Shares used in computing basic and diluted net loss per share	27,796	27,298	27,735	2

	September 30,		December 31,		
	2003	2002	2001	2000	1999
	(unaudited)				
Balance Sheet Data					
Cash, cash equivalents, and					

short-term investments	$12,187	$62,959	$73,605	$68,880	$36,854
Working capital	12,174	57,031	64,321	66,364	37,372
Total assets	13,558	65,796	88,878	211,834	58,748
Long-term liabilities, net of current portion	-	510	577	1,951	707
Redeemable preferred stock	-	-	-	-	-
Total stockholders' equity	12,600	58,342	75,407	198,518	48,388

SELECTED UNAUDITED CONDENSED PRO FORMA COMBINED FINANCIAL DATA

The following selected unaudited condensed pro forma financial information combines the historical balance sheet data and statements of operations data of Obsidian Enterprises and Net Perceptions after the transaction. The financial information also provides selected unaudited pro forma financial data on the basis of the continuation and non-continuation of Net Perceptions' operations. The unaudited condensed pro forma combined balance sheet data at January 31, 2004 reflects our purchase of substantially all of Net Perceptions' common stock using the purchase method of accounting and assumes the acquisition was consummated as of January 31, 2004. The following unaudited condensed pro forma combined statements of operations for the year ended October 31, 2003 gives effect to the acquisition of Net Perceptions as if it occurred at the beginning of the period presented. The weighted average shares outstanding reflects the issuance of an estimated 844,360 shares at the closing of the transaction and has been adjusted to give effect to our 1 for 50 reverse stock split.

The pro forma adjustments necessary to fairly present the unaudited condensed pro forma combined financial data have been made based on available information and in the opinion of our management are reasonable. The following financial information should be read in conjunction with the "Unaudited Condensed Pro Forma Combined Financial Statements" and the related Notes beginning on page F-1.

Because no determination has been made by our management to either continue operating the remaining business of Net Perceptions or to dispose of it, two separate pro forma presentations of operating data have been prepared. Because we have not been able to perform any due diligence regarding the fair value of Net Perceptions' operating assets, the pro forma balance sheets under either course of action are not materially different at this time. Therefore, only one pro forma balance sheet has been presented. However, upon completing such due diligence and determining the value of such operating assets, the pro forma balance sheets for either course of action will most likely be materially different. Furthermore, once the final determination is made of the fair values acquired and the final purchase price allocation is made, the pro forma operating data as presented will change and such change could be material.

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Selected Unaudited Condensed Pro Forma Financial Data
Assuming Continuation of Net Perceptions' Business
(Amounts in thousands except per share data)

Unaudited Pro Forma Statement of Operations Data

	Three Months Ended January 31, 2004	O

Net Sales	$ 12,484
Cost of Sales	11,143
Gross Profit	1,341
Expenses	6,803
Loss from continuing operations before tax	(5,462)
Tax benefit	-
Minority interest	(31)
Loss from continuing operations	$ (5,493)
Loss per share from continuing operations	
Basic and diluted	$ (1.45)
Weighted average common shares outstanding	3,784

Unaudited Pro Forma Balance Sheet Data

	January 31, 2004
Working Capital	$ 22
Total Assets	53,944
Long-term debt, including current portion and mandatory redeemable preferred stock	43,615
Total Equity	705

Selected Unaudited Condensed Pro Forma Financial Data
Assuming No Continuation of Net Perceptions' Business
(Amounts in thousands except per share data)

Unaudited Pro Forma Statement of Operations Data

	Three Months Ended January 31, 2004
Net Sales	$ 12,046
Cost of Sales	10,979
Gross Profit	1,067
Operating expenses	(7,177)
Loss from continuing operations before tax	(6,110)
Tax benefit	-

Minority interest	(31)
Loss from continuing operations	$ (6,141)
Loss per share from continuing operations Basic and diluted	$ (1.62)
Weighted average common shares outstanding	3,784

Unaudited Pro Forma Balance Sheet Data

	January 31, 2004
Working Capital	$ 22
Total Assets	53,944
Long-term debt, including current portion and mandatory redeemable preferred stock	43,615
Total Equity	705

COMPARATIVE UNAUDITED PER SHARE DATA

Set forth below are net income and book value per common share amounts for Obsidian Enterprises and Net Perceptions on a historical basis and for Obsidian Enterprises and Net Perceptions on an unaudited pro forma combined basis after giving effect to the transaction.

The following information should be read in conjunction with (1) the separate historical financial statements (including the unaudited condensed financial data for the three months ended January 31, 2004 for Obsidian Enterprises and the nine months ended September 30, 2003 for Net Perceptions) and related notes of Obsidian Enterprises and Net Perceptions included in this prospectus and (2) the unaudited condensed pro forma combined financial information and related notes beginning on Page F-1 of this prospectus and the selected consolidated financial data of each of Obsidian Enterprises and Net Perceptions beginning on pages 10 and 12, respectively, of this prospectus.

The pro forma information is presented for illustrative purposes only, and is not necessarily indicative of the operating results or financial position that would have occurred if the transaction had been completed as of the beginning of the earliest period presented, nor is it necessarily indicative of the future operating results or financial position of the combined companies.

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Comparative Unaudited Per Share Data
Historical:

	Year Ended October 31, 2003	Th J
Obsidian Enterprises data, per common share		

Loss attributable to common shareholders from continuing operations - basic and diluted (D)	$ (5.87)	
Cash dividends declared	$ -	
Book value at end of period	$ (4.52)	

	Twelve Months Ended September 30, 2003	Th Se
Net Perceptions data, per common share		
Net loss - basic and diluted	$ (0.46)	
Cash dividends declared	$ 1.52	
Book value at end of period	$ .46	

	Year Ended October 31, 2003	Th J
Unaudited pro forma assuming continuation of Net Perceptions' business:		
Obsidian Enterprises and Net Perceptions combined data, pro forma per common share		
Loss from continuing operations - basic and diluted (A)	$ (5.49)	
Book value at end of period (B)	$ 0.74	
Equivalent per share data for shares issued to Net Perceptions' shareholders		
Loss from continuing operations, basic and diluted (E)	$ (0.16)	
Book value at end of period (E)	$ 0.02	
Unaudited pro forma assuming no continuation of Net Perceptions' business:		
Obsidian Enterprises and Net Perceptions combined data, pro forma per common share		
Loss from continuing operations - basic and diluted (C)	$ (4.11)	
Book value at end of period (B)	$ 0.74	
Equivalent per share data for shares issued to Net Perceptions' shareholders		
Loss from continuing operations, basic and diluted (E)	$ (0.12)	
Book value at end of period (E)	$ 0.02	

See page 19 for footnotes.

(A) Pro forma loss per share amounts from continuing operations are based on the combined historical results of Obsidian Enterprises and Net Perceptions as well as pro forma adjustments. Pro forma basic and diluted shares used in the calculations are our historical weighted average shares outstanding plus our weighted average Series C Preferred Stock and Series D Preferred Stock outstanding on an as converted basis plus the pro forma shares assumed to be issued in the transaction. The Series C Preferred Stock and Series D Preferred Stock were converted to common stock on March 11, 2004. In addition, all shares in the pro forma calculations have been adjusted for our reverse split of one new share for each fifty shares held.

(B) Pro forma book value per common share is computed by dividing the pro forma shareholders' equity at October 31, 2003 and January 31, 2004 by the pro forma number of common shares outstanding at October 31, 2003 and January 31, 2004, respectively.

(C) This presentation assumes that effective with the acquisition of Net Perceptions, we would no longer operate the ongoing business of Net Perceptions. Accordingly the pro forma loss per share amounts are based on our historical results with pro forma adjustments and include additional costs related to the winding up of Net Perceptions' business. Pro forma basic and diluted shares used in the calculations are our historical weighted average shares outstanding plus our weighted average Series C Preferred Stock and Series D Preferred Stock outstanding on an as converted basis plus the pro forma shares assumed to be issued in the transaction. The Series C Preferred Stock and Series D Preferred Stock were converted to common stock on March 11, 2004. In addition, all shares in the pro forma calculations have been adjusted for our reverse split of one new share for each fifty shares held.

(D) Includes the effect of the 1 for 50 reverse stock split effective for trading purposes on February 18, 2004.

(E) Equivalent per share data is computed by multiplying the respective pro forma amounts by the exchange ratio of 3/100.

FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference in this prospectus contain "forward-looking statements." Forward-looking statements are based on currently available competitive, financial and economic data and management's views and assumptions regarding future events. Such statements include, but are not limited to (1) statements about the benefits of the Net Perceptions acquisition; (2) statements with respect to our plans, objectives, expectations and intentions and other statements that are not historical facts; and (3) other statements identified by words such as "believes," "expects," "anticipates," "estimates," "intends," "plans," "targets," "projects" and other similar expressions. Forward-looking statements are inherently uncertain. Because those statements are based on expectations and not historical facts, actual results may differ materially from those projected in the particular statements.

Important factors that could cause future results to differ include, but are not limited to, those listed under "Risk Factors" beginning on page 21 and the following:

- The board of directors of Net Perceptions may fail to recommend the proposed merger;
- Net Perceptions shareholders may fail to approve the proposed merger;
- Competitive pressures may increase significantly and may have an effect on pricing, spending, third-party relationships and revenues;
- The U.S. legal and regulatory framework may change;
- Adverse conditions in the stock market, the public debt market and

other capital markets (including changes in interest rate conditions) may adversely affect the combined company's activities;

- The availability of liquidity under our existing lines of credit may be limited;

- Integration of other acquired or merged businesses may be difficult, time-consuming or more costly than expected;

- We may not be able to retain key management and employees;

- We may not be able to meet demand at competitive prices in our coach leasing segment and our trailer and related transportation equipment manufacturing segment;

- We may not be able to successfully develop alternative sources of raw materials in our butyl rubber reclaiming segment; and

- We may not be able to maintain our relationships with certain significant customers.

These and other matters are difficult to predict, and many are beyond our control, including those we discuss in this prospectus and our filings with the SEC. Accordingly, you should not rely on the accuracy of predictions contained in forward-looking statements. These statements speak only as of the date of this prospectus or, in the case of documents incorporated by reference, the date of those documents. We undertake no obligation to update these statements in the future.

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RISK FACTORS

You should carefully read this prospectus as well as the other information included in or incorporated by reference into this prospectus before deciding whether to tender shares of Net Perceptions common stock for exchange pursuant to the exchange offer. You should, in particular, read and consider the following risk factors, including the risks associated with our business and Net Perceptions' business, because these risks will also affect the combined businesses should the proposed merger be completed.

RISKS RELATED TO THE EXCHANGE OFFER AND THE MERGER

If Net Perceptions has liabilities that are not fully reflected on its balance sheet, the cash available for our operations following the proposed merger may be less than we expect.

On November 2, 2001, Timothy J. Fox filed a purported class action lawsuit against Net Perceptions, FleetBoston Robertson Stephens, Inc., the lead underwriter of Net Perceptions' April 1999 initial public offering, several other underwriters who participated in Net Perceptions' initial public offering, Steven J. Snyder, Net Perceptions' then president and chief executive officer, and Thomas M. Donnelly, Net Perceptions' then chief financial officer and currently its president and chief financial officer. The lawsuit was filed in the United States District Court for the Southern District of New York and has been assigned to the judge who is also the pretrial coordinating judge for substantially similar lawsuits involving more than 300 other issuers. An amended class action complaint, captioned In re Net Perceptions, Inc. Initial Public

Offering Securities Litigation, 01 Cit. 9675 (SAS), was filed on April 22, 2002, expanding the basis for the action to include allegations relating to Net Perceptions' March 2000 follow-on public offering in addition to those relating to our initial public offering.

The amended complaint generally alleges that the defendants violated federal securities laws by not disclosing certain actions taken by the underwriter defendants in connection with Net Perceptions' initial public offering and its follow-on public offering. The amended complaint alleges specifically that the underwriter defendants, with Net Perceptions' direct participation and agreement and without disclosure thereof, conspired to and did raise and increase their underwriters' compensation and the market prices of Net Perceptions common stock following Net Perceptions' initial public offering and in its follow-on public offering by requiring their customers, in exchange for receiving allocations of shares of Net Perceptions common stock sold in its initial public offering, to pay excessive commissions on transactions in other securities, to purchase additional shares of Net Perceptions' common stock in the initial public offering aftermarket at pre-determined prices above the initial public offering price, and to purchase shares of Net Perceptions common stock in its follow-on public offering. The amended complaint seeks unspecified monetary damages and certification of a plaintiff class consisting of all persons who acquired Net Perceptions common stock from April 22, 1999 through December 6, 2000. The plaintiffs have since agreed to dismiss the claims against Mr. Snyder and Mr. Donnelly without prejudice, in return for their agreement to toll any statute of limitations applicable to those claims; and those claims have been dismissed without prejudice. On July 15, 2002, all of the issuer defendants filed a joint motion to dismiss the plaintiffs' claims in all of the related cases. On February 19, 2003, the Court ruled against Net Perceptions on this motion.

A special committee of the board of directors of Net Perceptions has authorized the company to negotiate a settlement of the pending claims substantially consistent with a memorandum of understanding negotiated among class plaintiffs, issuer defendants and their insurers. Any such settlement would be subject to approval by the court.

Net Perceptions has stated that it believes that the allegations against it are without merit. However, as this litigation is in an initial stage, we are unable to predict its outcome or its ultimate effect, if any, on Net Perceptions' financial condition or the financial condition of the combined companies following the exchange offer and proposed merger. Any costs and expenses paid by Net Perceptions in connection with, or as a result of, this lawsuit may reduce the cash available to us following the proposed merger.

Resales of our common stock following the offer to exchange may cause the market price of our stock to fall.

Upon the effectiveness of our reverse stock split, holders of our Series C Preferred Stock and Series D Preferred Stock converted their shares of Series C Preferred Stock and Series D Preferred Stock into our common stock. As a result, the number of shares of our common stock outstanding has been increased from approximately 720,000 to approximately 2,866,000 on a post-reverse split basis. The majority of the shares of our common stock that issued on that conversion are subject to sale by the holders under Rule 144. The availability of these shares for

sale together with the shares issued in exchange for the Net Perceptions common stock could have the effect of depressing the market price for our common stock.

The price of our common stock historically has been volatile and has declined since we commenced our exchange offer.

The market price of our common stock has significantly declined since we announced our exchange offer. Our stock price, adjusted for the 1 for 50 reverse split, was $15.00 on November 12, 2003, the last trading day before we announced our offer. On March 26, 2004, the day before the date of this prospectus, the closing price of our common stock was $6.40. The market price of our common historically has been volatile. Some of the factors that can affect our stock price are:

- conditions and trends in the industries in which we operate;
- variations in quarterly operating results;
- competitive pressures affecting pricing, spending, third-party relationships and revenues;
- changes in the U.S. legal and regulatory framework;
- adoption of new accounting standards affecting companies in general or affecting companies in the industry in which we operate;
- conditions in the stock market, the public debt market and other capital markets (including changes in interest rate conditions);
- integration of acquired or merged businesses;
- the gain or loss of significant customers;
- political and/or military events associated with current worldwide conflicts; and
- events affecting other companies that investors deem comparable to us.

Further, companies that have low trading volume, like Obsidian Enterprises, tend to experience price fluctuations that are not necessarily related or proportionate to the operating performance of the affected companies. In addition, general economic, political and market conditions, including recessions or interest rate movements, may cause the market price of our common stock to decrease.

We believe this volatility stems in part from the fact that our stock trades on the OTC bulletin board. It is our intention to seek to have our stock included for trading on the NASDAQ Small Cap Market or another trading market. However, we currently do not satisfy the conditions for inclusion particularly the requirement of minimum stockholders equity of $5 million, and it appears unlikely that we will meet the conditions following this exchange offer and the proposed merger. Even if we meet the conditions, NASDAQ and the other trading markets exercise discretion in determining whether to include a security in their markets and may not approve any listing application made by us.

The trading price of our common stock may be affected by factors different from those affecting the price of Net Perceptions common stock.

Upon completion of the exchange offer and the proposed merger, holders of Net Perceptions common stock will become holders of our common stock. Our business differs from that of Net Perceptions, and our results of operations, as well as the trading price of our common stock, may be affected by factors different from those affecting Net Perceptions' results of operations and the price of Net Perceptions common stock.

Actions by the current board of directors and management of Net Perceptions could substantially increase the costs of the contemplated transactions.

If the current board of directors of Net Perceptions does not voluntarily take action to satisfy the Rights Condition and the Section 203 Condition, our options would be to abandon the transaction or to request the Delaware Chancery Court to mandate that action. That litigation would be expensive for us and for Net Perceptions, and the result would be uncertain.

Further, if we are successful in acquiring 51% or more of the Net Perceptions common stock in the exchange offer, unless the members of the current board of directors recommend the proposed merger, we would be required to remove the directors.

These factors and other actions that the current board of directors and management of Net Perceptions may take could substantially increase the cost to us of the transaction and could incur substantial expense for Net Perceptions.

If we do not continue Net Perceptions' business, the goodwill resulting from our acquisition of Net Perceptions may become materially impaired.

The pro forma balance sheet at January 31, 2004 reflects additional goodwill of approximately $3,745,000, resulting from the acquisition of Net Perceptions. As we have not yet determined whether to continue to operate the remaining business of Net Perceptions, or whether we would seek to sell that business or its assets, this goodwill may become impaired and that impairment may be material.

RISK FACTORS RELATED TO OUR BUSINESS

Our subsidiaries have violated debt agreement financial covenants, which may result in our inability to repay our existing debt obligations.

Four of our subsidiaries were acquired in highly leveraged transactions. During the three months ended January 31, 2004, two of our subsidiaries were in violation of certain requirements and covenants in their debt agreements. One subsidiary did not meet its cash flow coverage ratio of 1.15 to 1. At January 31, 2004, the cash flow coverage ratio was 1.04 to 1, compared to 1.15 to 1 at October 31, 2003. This subsidiary did not receive a waiver of the covenant violation, and the total debt is classified as current. The covenant violations of the second subsidiary are described below:

	Actual	
Covenant	January 31, 2004	Octo
Funded debt to EBITDA ratio not to exceed 3.5 to 1	10.7 to 1	1
Capital base of not less than $7.2 million	$6.7 million	$
Minimum EBITDA not less than $3.5 million	$1.0 million	$
Fixed charge coverage ration of 1.1 to 1	.5 to 1	.

This subsidiary received a waiver of these covenant violations from the lender.

These two subsidiaries may continue not to be able to meet the covenant requirements contained in their debt agreements, and our other subsidiaries may not be able to meet the covenant requirements contained in their debt agreements. Although we have been able to obtain waivers of previous violations, we may not be able to obtain waivers of such covenants if waivers are needed in the future. Covenant violations may cause our lenders to accelerate our existing debt obligations, and we may not be able to repay them.

We may not be able to obtain credit to operate our business.

We may not have sufficient liquidity available under existing lines of credit to meet our working capital needs. We have relied on borrowing from related parties for a significant portion of our working capital needs. Although we are confident that the related party borrowing facility will provide adequate liquidity in the near term, the facility may not be adequate in the long term.

Our lenders may not continue to lend to us. Lenders' criteria for loans change, and, if there is a general tightening of credit standards, we may not qualify for credit. As described in the preceding risk factor, our subsidiaries have violated certain covenant requirements in their loan agreements. If we have continued covenant violations, our lenders may not be willing to extend credit in the future. Further, if our financial performance deteriorates from the manner in which our various operations have historically performed, our lenders may declare defaults and refuse to advance funds under revolving credit lines. Under these circumstances we may not be able to obtain credit on any terms and may not be able to meet our working capital needs.

An increase in interest rates would increase our interest expense.

We are exposed to market risk related to changes in interest rates on our debt. Approximately 60% of our primary debt at January 31, 2004 bore interest at a variable rate. An interest rate increase of one percentage point would increase our interest expense over a one-year period by approximately $245,000 at current debt levels.

We may not be able to successfully compete with other companies in our lines of business.

We face strong competition in our coach leasing segment and our trailer and related transportation equipment manufacturing segment. Our coach leasing business competes with a number of other companies that lease luxury coaches. Our success in the coach leasing segment is dependent upon our ability to meet demand and to match the quality and amenities sought after by our target market at competitive prices. Our trailer and related transportation equipment manufacturing segment competes with a number of companies, including a number who are much larger than us and have equal or greater technical and financial resources.

If we are unable to develop alternative sources of raw materials, our cost of scrap butyl rubber may increase, reducing our profits from our butyl rubber reclaiming operations.

Our butyl rubber reclaiming segment is highly dependent upon the availability of raw materials. We are facing increasing competition for raw materials from foreign manufacturers as the supply of the scrap butyl rubber from inner tubes continues to decline. The success of this segment will depend in large measure upon our ability to successfully develop alternative sources of raw materials.

If the price of crude oil falls, we may experience lower revenues and lower profits in our butyl rubber reclaiming operations.

The demand for butyl rubber by some of our customers also is closely tied to the price of crude oil, with demand falling as the price of crude oil falls. If the price of crude oil falls, our revenues and our profit may decrease.

Decreases in consumer spending during recessionary periods and unavailability of quality drivers may decrease revenues and reduce profits in our coach leasing operations.

Our coach leasing segment leases luxury coaches primarily to performers in the entertainment industry. This segment is highly dependent upon the state of the general economy and its effect on entertainment spending. Consumer spending on entertainment tends to decline during recessionary periods when disposable income is low, reducing our revenues in this segment. The availability of quality contract drivers is another factor that affects the success of the coach leasing segment. Although customers generally are responsible for engaging their own drivers, we assist customers by suggesting drivers with whom we have had experience. We may lose business and revenues if quality drivers are not available.

Competitive factors in the trailer business may require continued discounting, which may reduce our revenues and our profits.

During the year ended October 31, 2003, we were forced to offer discounts and other incentives to compete for the sales of trailers which reduced our revenues and our net income for 2003. While we do not believe that we will be required to offer incentives at the same level in our current fiscal year, there is a risk that the incentives will be required.

The economic condition of the telecommunications industry and the bankruptcy of a significant customer have adversely affected our trailer and related transportation equipment manufacturing operations.

A majority of the truck bodies manufactured by us have historically been used in the telecommunications industry. The success of our trailer and related transportation equipment manufacturing segment is dependent upon overall economic conditions and in particular on the state of the telecommunications industry. We have experienced decreased revenues as a result of the economic condition of the telecommunications industry. If the economic condition of the industry does not improve, we may continue to experience declining revenues. In addition, slightly more than one half of our revenue from the manufacture of service truck bodies, which is part of our trailer and related transportation equipment manufacturing segment, was derived from a single customer who is in bankruptcy and has sold its manufacturing assets to another firm. The loss of this customer has materially reduced our revenues in our truck body business.

We may be unable to retain personnel who are key to our businesses.

The success of our operations is dependent, among other things, on our ability to attract and retain highly qualified professional personnel. Competition for key personnel in the various localities and business segments in which we operate is intense. Our ability to attract and retain key personnel, in particular senior officers, is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent.

We may not be successful in executing on our acquisition strategy.

A key element of our business plan is the acquisition of additional businesses. Businesses may not be available for sale at attractive prices, and we may not be successful in integrating those businesses, once acquired, into our operations or in operating them on a profitable basis.

BACKGROUND OF THE EXCHANGE OFFER

From time to time during the past few years, we have considered expanding our operations through acquisitions of other companies.

During the period from approximately February 2003 through October 15, 2003, and prior to their engagement by us, our strategic advisor, Acclaim Financial Group Venture III LLC ("AFGIII") had held various meetings and conversations with and submitted various proposals to Net Perceptions and its legal advisors, Skadden, Arps, Slate, Meagher & Flom LLP ("Skadden Arps") and its former financial advisors, US Bancorp Piper Jaffray Inc. ("Piper Jaffray"), regarding a possible strategic transaction between AFGIII and Net Perceptions. The following information regarding those proposals has been provided by AFGIII.

On May 23, 2003, AFGIII submitted to Net Perceptions a formal written bid package proposing a fully financed all cash transaction in the range of $1.95 to $2.05 per share. Based on 27.4 million shares of Net Perceptions outstanding at that time, the aggregate consideration would have been $53.4 to $56.2 million. The consideration was based upon AFGIII's due diligence and, in particular, the value of Net Perceptions' assets. The proposed source of the funds for the transaction was a loan from Concorde Funds, LLC ("Concorde") to AFGIII. However, this information was not included in the initial bid package.

Following the submission of the bid package and through June 13, 2003, AFGIII and Net Perceptions continued negotiations and discussions with respect to AFGIII's proposal. In response to a request from Piper Jaffray for more information, on June 12, 2003, AFGIII submitted a written confirmation of its offer to purchase Net Perceptions in a single-step merger transaction for aggregate cash consideration of $52.7 million. In its written confirmation, AFGIII also indicated that it anticipated that Concorde would provide a funding commitment in the amount of $10 million, with the amount of the commitment to be confirmed subject to AFGIII's review of certain contractual obligations of Net Perceptions, and with a form of the commitment to be provided. AFGIII subsequently provided to Piper Jaffray a form of commitment from Concorde for a loan of $10 million. On June 17, 2003, AFGIII contacted Piper Jaffrey to request an update regarding Net Perceptions' consideration of AFGIII's offer. AFGIII has no record of a response from Piper Jaffray.

Net Perceptions has disclosed in its public filings that during May and June it was considering various offers from multiple bidders. It also disclosed that on June 20, 2003, it entered into a 35-day exclusivity agreement with a public company based in New York, and that on July 21, 2003, the public company notified Piper Jaffray that it was no longer interested in acquiring Net Perceptions.

On July 17, 2003, AFGIII notified Piper Jaffray in writing that it was still interested in a transaction with Net Perceptions for cash consideration in the range of $1.85 to $1.90 per share on substantially the same terms as its prior proposal. On July 22, 3003, Piper Jaffray sent to AFGIII June 30 financial information and requested that AFGIII provide additional details regarding its proposal. On July 27, 2003, AFGIII submitted a written proposal for a single-step merger at $1.80 per share. The reduced purchase price was based on the June 30 financial information provided by Piper Jaffray. In its July 27, 2003 letter, AFGIII confirmed that Concorde would provide the funds on the terms previously provided to Net Perceptions. Prior to the July 27 letter, AFGIII and Piper Jaffray had discussions regarding the effect of a pre-transaction payment of a significant dividend to Net Perceptions stockholders. AFGIII confirmed in its letter that it was amenable to the prompt payment of such a dividend. AFGIII also requested that Net Perceptions agree to a 10-day period for exclusive negotiations.

Net Perceptions has stated in its public filings that on August 5, 2003, its board of directors declared a cash distribution of $1.50 per share, or an aggregate of approximately $42.2 million, payable on September 2, 2003 to stockholders of record as of August 18, 2003. Net Perceptions has also disclosed that, at its August 21, 2003 board meeting, a representative from Piper Jaffray stated that, following the announcement of the $1.50 per share cash distribution, Piper Jaffray had contacted certain of the parties that had expressed an interest in engaging in a transaction with Net Perceptions and had asked them to revise their proposals. AFGIII did not submit a revised proposal at that time.

Net Perceptions has stated in its public filings that from approximately the end of August 2003 through September 18, 2003, Piper Jaffray, Skadden Arps and Net Perceptions' management negotiated with a private company the terms of a draft merger agreement. Net Perceptions has further stated that in connection with its board meeting on September 19, 2003, the board decided to cease negotiations with the private company and directed Piper Jaffray to resume discussions with other parties which had previously expressed interest in acquiring Net Perceptions.

On October 14, 2003, AFGIII made a verbal offer of $0.34 per share. This offer was made in a telephone call with Mr. Donnelley. Net Perceptions did not respond to the verbal offer. During September and October 2003, Mr. Durham held conversations with AFGIII regarding providing financing for AFGIII to complete a transaction with Net Perceptions.

On October 21, 2003, Net Perceptions announced its proposed Plan of Liquidation. 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 proposed Plan of Liquidation were (i) 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; (ii) winding up its affairs, including selling its remaining non-cash assets, 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; (iii) paying its creditors; (iv) terminating any of its remaining commercial agreements, relationships or outstanding obligations; (v) resolving its outstanding litigation; (vi) establishing a contingency reserve for payment of its expenses and liabilities; and (vii) preparing to make distributions to its stockholders.

On October 29, 2003, AFGIII made a written request to Net Perceptions to engage in negotiations for a cash or equity transaction. On October 31, 2003, Net Perceptions responded in writing and stated that it would be willing to re-open negotiations if AFGIII advised Net Perceptions in writing that it would be willing to pay at least $0.40 per share in a transaction structured as a tender offer followed by a merger and if AFGIII submitted a proposed merger agreement under which certainty of closing would be very high and copies of firm financing commitments together with financial information concerning the providers of the financing.

On October 31, AFGIII informed Net Perceptions in writing that it was developing another approach to its desired acquisition of Net Perceptions.

On November 10, 2003, we held conversations with AFGIII regarding Net Perceptions and engaged them as our strategic advisor on November 12, 2003. On November 13, 2003, we sent a letter to the board of directors of Net Perceptions indicating our interest in a business combination between Obsidian Enterprises and Net Perceptions. In our letter, we offered to exchange each share of Net Perceptions common stock for $0.20 in cash and 0.6 of a share of our common stock. We issued a press release with the text of the letter and filed the press release with the SEC to ensure that Net Perceptions shareholders were aware of the offer.

During the period from November 13, 2003 through November 24, 2003, we contacted Net Perceptions. We were advised via a letter dated November 19, 2003, that the board of directors of Net Perceptions was unable to evaluate our proposal until, among other things, they had engaged a financial advisor. Net Perceptions has stated in its public filings that at a November 18, 2003 board meeting "it was noted that [Net Perceptions'] financial advisor, Piper Jaffray had resigned." In an effort to advance the negotiations, our Chief Executive Officer, Tim Durham, proposed meeting with Net Perceptions' President, Tom Donnelley.

On November 24, 2003, we entered into a confidentiality agreement with Net Perceptions, and that evening Mr. Durham, Terry Whitesell, our president and chief operating officer, and Anthony Schlichte, our executive vice president, met with Mr. Donnelley and a representative of Net Perceptions' newly retained financial advisor, Candlewood Partners, Inc. ("Candlewood"), to discuss our interest and proposed terms for a transaction.

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During the period from November 24, 2003 through November 30, 2003, representatives of our legal advisors, Barnes & Thornburg LLP, and AFGIII held various conversations with representatives of Skadden Arps, and Candlewood in an effort to confirm the Net Perceptions' board of directors' willingness to proceed with a transaction and to negotiate a mutually acceptable transaction structure and definitive documentation. Initially, based on a series of conversations with Mr. Donnelley and a representative of Candlewood, we understood that Net Perceptions' board of directors was prepared to accept an offer that would provide Net Perceptions shareholders the opportunity to receive cash in the range of approximately $0.40 per share or, provided that the cash alternative were also available to the Net Perceptions shareholders, the opportunity to alternatively receive a combination of cash and our common stock or just our common stock. On November 30, 2003, AFGIII confirmed orally to Candlewood that we were prepared to accept these pricing terms and that we desired to proceed to definitive documentation.

During the period from November 25, 2003 through December 8, 2003, AFGIII and Candlewood held various conversations. On December 2, 2003, we sent another letter to Net Perceptions proposing that we would offer to each Net Perceptions shareholder the opportunity to receive for each share of Net Perceptions common stock either two shares of our common stock or $0.40 in cash in an exchange offer followed by a merger. On December 5, 2003, Skadden Arps responded to Barnes & Thornburg LLP that (i) a traditional financing commitment or a transaction structure we viewed as customary and providing reasonable certainty as to funding were not acceptable, and (ii) in order to proceed with a transaction, Net Perceptions would require (a) that we escrow the full amount of the potential transaction value in cash (approximately $11.2 million) with an acceptable third party and (b) that closure of the transaction be a certainty and there be no conditions to closing. Barnes & Thornburg LLP attempted to negotiate what we viewed as customary and reasonable resolution of these issues.

On December 8, 2003, we sent another letter to the board of directors of Net Perceptions with a revised proposal to enter a business combination with Net Perceptions in which we would exchange either two shares of our common stock or $0.40 in cash for each share of Net Perceptions common stock. We issued a press release with the text of the letter and filed the press release with the SEC to ensure that Net Perceptions shareholders were aware of the offer. On December 8, 2003, Barnes & Thornburg LLP proposed to Skadden Arps restructuring the transaction as a voted on merger would assure the necessary cash since Net Perceptions had more than the equivalent of $0.40 per share in cash on hand and, assuming a favorable shareholder vote, the parties c