

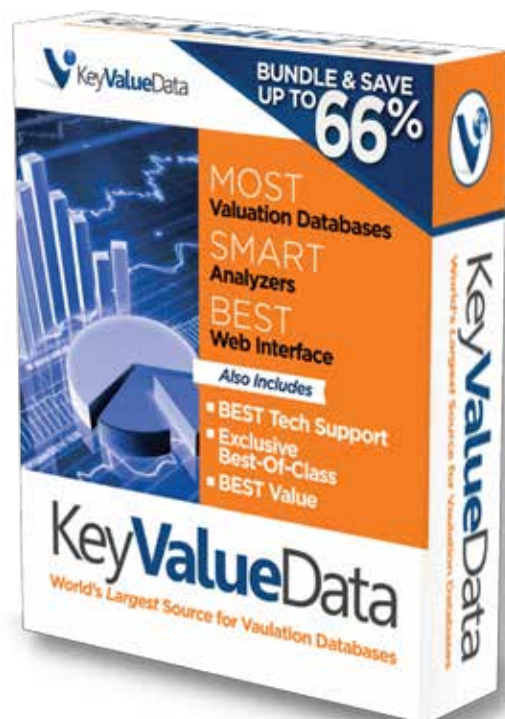
MergerstatReview

Premiums and Discounts

SAMPLE REPORT



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ValuSource's Mergerstat Review Premiums and Discounts database is an annual summary of industry statistics on mergers and acquisitions. The data comes from FactSet's Mergerstat Review, which tracks acquisitions of 100% ownership of a company's common equity. Open market stock purchases, new equity investments, private placements, new joint ventures, asset swaps, and real property are not recorded.

Data is grouped into twenty industries and one "all" category. The number of transactions and average premium paid for the last five years is available to use as a proxy for a control premium.

Industries covered are as follows:

- ▶ **Commercial Services**
- ▶ **Communications**
- ▶ **Consumer Durables**
- ▶ **Consumer Non-Durables**
- ▶ **Consumer Services**
- ▶ **Distribution Services**
- ▶ **Electronic Technology**
- ▶ **Energy Minerals**
- ▶ **Finance**
- ▶ **Health Services**
- ▶ **Health Technology**
- ▶ **Industrial Services**
- ▶ **Miscellaneous**
- ▶ **Non-Energy Minerals**
- ▶ **Process Industries**
- ▶ **Producer Manufacturing**
- ▶ **Retail Trade**
- ▶ **Technology Services**
- ▶ **Transportation**
- ▶ **Utilities**

Using Mergerstat Review Premiums and Discounts

Mergerstat Review Premiums and Discounts allows you to view and print Mergerstat control premium data, and to download Mergerstat data into ValuSource applications. The last five years of industry summary data is available as well as an All Industry average. The premium is then converted to a minority interest discount using the formula $1 - (1 / (1 + \text{control premium}))$.

Using Mergerstat Data in ValuSource Applications

The applications will automate the process of using the data. You can download Mergerstat data into ValuSource applications, including ValuSource Pro and Express Business Valuation. While you are the expert and tell the system which data to use, the program automatically uses the data in the correct manner and on the appropriate schedules. In the following example, the data in blue would be downloaded from Mergerstat.

Use Year 1=Yes/2=No	Acquisition Year	Number of Transactions	Average Control Premium	Implied * Minority Discount
1	Year 5	4	22.00%	18.03%
1	Year 4	5	24.00%	19.35%
1	Year 3	6	26.00%	20.63%
1	Year 2	7	28.00%	21.88%
1	Year 1	8	30.00%	23.08%
Five year weighted average			26.70%	21.00%
Selected			26.70%	21.00%

* Formula: $1 - (1 / (1 + \text{Average Premium Paid}))$
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Note: Data is for example and should not be construed as actual data.

Please Note: The following schedule is shown for example purposes only. It does not contain actual Mergerstat data.