

Preliminary Report of
1,000 Shares of Voting Common Stock,
on a Not-freely Marketable, Controlling Interest Basis of

SAMPLE CORPORATION

A California C Corporation

As of December 31, 2007

Preliminary Report Date

March 19, 2008

**Strictly Confidential
Restricted Distribution**



Sample Corporation Facility in
Anytown, California

VALUATION SERVICES PROVIDED BY

PROVIDENT VALUATION PROFESSIONALS, INC.

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Preliminary Report of 1,000 Shares of Voting Common Stock of
SAMPLE CORPORATION, A CALIFORNIA C CORPORATION,
AS OF DECEMBER 31, 2007

LIMITED OPINION OF ESTIMATED VALUE

Based on our limited analysis, limited information and procedures, using generally accepted valuation theory and methodology, and subject to the Statement of Facts, Assumptions and Limiting Conditions incorporated in and made an integral part of the accompanying Preliminary Report, our limited opinion of the estimated fair market value of 1,000 shares of voting common stock, representing 100% (one hundred percent) of the issued and outstanding common stock of Sample Corporation, a California C Corporation, on a not-freely marketable, controlling interest basis, as of December 31, 2007, based on a going concern premise of value, for the Purpose of internal financial planning for possible buy out of a minority interest shareholder is:

\$ 320,000 (Three hundred twenty thousand dollars)

APPRAISER'S CERTIFICATION

1. The statements of fact contained in this Preliminary Report are true and correct to the best of my knowledge and belief.
2. The reported analyses, limited opinions and conclusions are limited only by the reported assumptions and limiting conditions set forth in the attached Preliminary Report herein, and are my personal, impartial, and unbiased professional analyses, limited opinions, and conclusions.
3. Neither I nor any employee or associate of Provident Valuation Professionals, Inc. have any present or prospective interest in the property that is the subject of this Preliminary Report, and I have no personal interest with respect to the parties involved.
4. I have no personal bias with respect to the property that is the subject of this Preliminary Report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the limited opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this Preliminary Report.
7. I have not made a personal inspection of the Subject Company.
8. My analyses, limited opinions and conclusions were developed, and the accompanying Preliminary Report was prepared, in conformity with the National Association of Certified Valuation Analysts (NACVA) in effect as of date this Preliminary Report, March 19, 2008.
9. No one provided significant professional assistance to me.

Authorized reports will be signed in blue ink by Thomas V. Kalajian and will be blind embossed upon such signature with the corporate seal of Provident Valuation Professionals, Inc. Preliminary reports not so signed and blind embossed are void and invalid.

_____ Dated March 19, 2008

Thomas V. Kalajian, Accredited Valuation Analyst

This Preliminary Report is valid only as presented in its entirety and exclusively for the Purpose and Valuation Date specified in the accompanying Preliminary Report, and as specified in our limited opinion of estimated value. No portion of the accompanying Preliminary Report, including this Limited Opinion and Certification, shall be detached, copied or otherwise segregated from the complete bound Preliminary Report for any reason, or for any other Purpose or Valuation Date, and are void and invalid if so used.

Preliminary Report of 1,000 Shares of Voting Common Stock of
SAMPLE CORPORATION, A CALIFORNIA C CORPORATION,
AS OF DECEMBER 31, 2007

EXECUTIVE SUMMARY

SUMMARY OF PRELIMINARY REPORT SPECIFICATIONS

Assignment

Client Name	Sample Corporation
Engagement Matters Officer	Mrs. Lucy Williams
Ownership	Mr. Ralph Williams, Mr. Sam Williams and Mrs. Lucy Williams
Subject Interest	1,000 Shares of Voting Common Stock
Percentage of Ownership Valued	100% (One Hundred Percent)
Level of Value	Controlling Interest
Valuation (Effective) Date	December 31, 2007
Purpose of Appraisal	Internal Financial Planning for Possible Buy Out of A Minority Interest Shareholder
Definition (Standard) of Value	Fair Market Value

Subject Company

Subject Company Name	Sample Corporation
Company Location	1234 Main Street, Anytown, California 99999
Type of Entity	C Corporation
Incorporated or Organized in	State of California, on May 31, 1957
Business Mix Level	Pure Play
Principal Activity SIC Code	3732
SIC Description	Boat Building and Repairing

Preliminary Report

Valuation Date	December 31, 2007
Report Date	March 19, 2008
Scope of Appraisal	Limited Appraisal Calculation Engagement
Type of Report	Written Preliminary Report Calculation Report
Distribution of Report	Restricted to Recipients Listed in Accompanying Report
Professional Standards	NACVA, IBA

Valuator

Valuator	Thomas V. Kalajian
Valuator's Qualifications	Curriculum Vitae Presented in Accompanying Preliminary Report
Valuator's Credential	Accredited Valuation Analyst (AVA)
Credential Conferred by	National Association of Certified Valuation Analysts (NACVA)

Preliminary Report of 1,000 Shares of Voting Common Stock of
SAMPLE CORPORATION, A CALIFORNIA C CORPORATION,
AS OF DECEMBER 31, 2007

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PRELIMINARY REPORT OF LIMITED OPINION OF VALUE OF
1,000 SHARES OF VOTING COMMON STOCK,
ON A NOT-FREELY MARKETABLE, CONTROLLING INTEREST BASIS OF

SAMPLE CORPORATION

AS OF DECEMBER 31, 2007

Introduction

1. INTRODUCTION

1.1 Summary Description of the Appraisal Assignment

Sample Corporation (“Client”) has retained Provident Valuation Professionals, Inc. (“Firm”), pursuant to an engagement letter of December 27, 2007 (“Agreement”) to provide a Preliminary Report | Calculation Report of preliminary limited opinion of the estimated fair market value of 1,000 shares of voting common stock, representing 100% (one hundred percent) of the issued and outstanding common stock (“Assignment”) of Sample Corporation (“Subject Interest”), a federal and California C Corporation (“Company,” “Subject Company”), on a not-freely marketable, controlling interest basis (“Level of Value”), based on a going concern premise of value, (“Premise”) as of December 31, 2007 (“Valuation Date”) for the purpose of internal financial planning for possible buy out of a minority interest shareholder (“Purpose”).

The Subject Company conducts its operations from its office and production facilities at 1234 Main Street, Anytown, California 99999, which is in the county of Los Angeles.

1.2 Objective of the Preliminary Report

The objective of our Assignment is to provide a Preliminary Report of our limited opinion of estimated value for the Subject Interest.

We have endeavored to inform the reader in a simple and straightforward manner about our research, analysis and line of reasoning leading to our limited opinion of estimated value. We assume the reader is not necessarily familiar with business valuation matters, who, nonetheless, expects to be informed in a clear and concise way about the process we used in fulfillment of our Assignment to reach our limited opinion of estimated value described above.

1.2.1 Copyright Protection and Restricted Distribution of this Preliminary Report

This Preliminary Report is the work product of Provident Valuation Professionals, Inc., and is protected by copyright with all rights reserved. Accordingly, neither this Preliminary Report in its entirety, nor any element or component thereof, may be published, disseminated, distributed, copied or duplicated by any means or in any manner by anyone to any other person or entity without the

express written consent of Provident Valuation Professionals, Inc., unless so ordered by a court of competent jurisdiction.

Distribution of this Preliminary Report is restricted exclusively to those parties listed below in Exhibit 1-1 as authorized by the Client pursuant to the terms of our Agreement, and related other correspondence.

Exhibit 1-1 Sample Corporation			
Authorized Distribution of Preliminary Report			
Individual's Name	Position	Company Name	No. of Copies
Mr. Ralph Williams	President	Sample Corporation	1
Mr. Sam Williams	Secretary	Sample Corporation	1
Mrs. Lucy Williams	Vice President	Sample Corporation	1
Total Number of Copies Authorized for Distribution			3

Source: Authorized engagement letter between Firm and Client dated December 27, 2007 and subsequent authorizations

1.2.2 Compliance with Professional Standards of Appraisal Organizations for Development and Reporting for Preliminary Reports

This preliminary report was prepared according to the professional standards in effect at the report date, March 19, 2008, of the following nationally-recognized appraisal organizations:

- Business Appraisal Standards of the Institute of Business Appraisers in effect as of January 15, 2001, and
- Professional Standards of the National Association of Certified Valuation Analysts in effect as of May 31, 2002.

The appraiser is a member in good standing of the Institute of Business Appraisers (IBA) and the National Association of Certified Valuation Analysts (NACVA) and holds an Accredited Valuation Analyst (AVA) accreditation from NACVA. The significance of membership in professional associations includes, among other things, the requirement that the member conform to the association's professional standards.

1.2.2.1 Standards, Definitions, Disclosures and Disclaimers Required by NACVA

For purposes of NACVA Professional Standards in effect for assignments accepted on or after January 1, 2008, the Assignment under this Agreement shall be a *Calculation Engagement* which involves the development of a *Calculated Value* presented in a written *Calculation Report*. A *Calculation Engagement* occurs when the client and the member [the appraiser] agree to specific valuation approaches, methods and the extent of selected procedures and results in a *Calculated Value*.¹

A *Calculation Engagement* does not result in a *Conclusion of Value*. Accordingly, our Calculation Report shall include a disclaimer identical or substantially similar to the following:

*This Calculation Engagement did not include all the procedures required for a Conclusion of Value. Had a Conclusion of Value been determined, the results may have been different.*²

Our Calculation Report shall also include a statement of conformity to NACVA standards, identical or substantially similar to the following:

*This analysis and report were completed in accordance with the National Association of Certified Valuation Analysts Professional Standards.*³

1.2.2.2 Standards, Definitions, Disclosures and Disclaimers Required by IBA

For purposes of IBA Professional Standards in effect in effect as of January 15, 2001, the Assignment under this Agreement shall be a *Limited Appraisal* presented in a written a *Preliminary Appraisal Report*.⁴ In order that our Assignment be in conformity to its Professional Standards, the IBA requires its members to include the following disclosure in our Preliminary Appraisal Report:⁵

*This report is preliminary and the conclusion [is] subject to change following a proper appraisal, and that said change could be material.*⁶

Although our purpose in performing this business valuation Assignment is to provide our limited opinion of estimated value of the Subject Interest, the Client requested that only a limited degree of

¹ Professional Standards, National Association of Certified Valuation Analysts, Salt Lake City, Section 2.1 b., effective January 1, 2008

² *Ibid.* Section 4.3 c. 3.

³ *Ibid.* Section 4.3 d.

⁴ Professional Standards, the Institute of Business Appraisers, Plantation, Florida, effective January 15, 2001, Standard 6.1

⁵ *Ibid.* Standard 6.4

⁶ *Ibid.*, Standard 6.5

analysis be performed. Based on these limitations, the Firm will not be providing an opinion of estimated value based on the standards established by the Appraisal Foundation in the Uniform Standards of Professional Appraisal Practice (USPAP).

Had the appraiser been provided with additional information, and if full, formal business had been performed in conformity with the aforementioned standards, our opinion of estimated value may have been substantially different.

This Assignment was performed using a limited amount of information and using limited valuation procedures. Users of this Preliminary Report who are not familiar with the facts and circumstances with respect to this Assignment may be misled. Therefore, it is neither recommended nor permitted for this Preliminary Report to be distributed to a third party that is not familiar with the facts and circumstances with respect to the Subject Company and this Assignment.

This appraisal assignment is a *Preliminary Report*, defined by §6.1 of the Business Appraisal Standards of the Institute of Business Appraisers as a “brief oral or written report reflecting the appraiser’s limited opinion.” Section 6.5 of the Standards requires a Statement of Departure in conformity with §1.21(b) of the Standards, as follows:

This report is preliminary and the conclusion subject to change following a proper appraisal and that said change could be material

1.2.2.3 Use of Equivalent Terms

For purposes of convenience and consistency, we shall use the terms adopted by the IBA in this Agreement for meanings substantially equivalent to terms adopted by NACVA, as follows:

IBA Terminology

Preliminary Appraisal Report
Limited Appraisal
Limited Opinion of Estimated Value
Appraisal Report

shall be equivalent to
shall be equivalent to
shall be equivalent to
shall be equivalent to

NACVA Terminology

Calculation Report
Calculation Engagement
Calculated Value
Conclusion of Value

1.3 Summary of the Scope of Work Used to Develop the Limited Opinion of Estimated Value

Our limited opinion of estimated value in this Preliminary Report and the scope of this Assignment is subject to the Statement of Facts, Assumptions and Limiting Conditions set forth herein.

1.3.1 Subject of the Appraisal

Sample Corporation (“Client”) has retained Provident Valuation Professionals, Inc. (“Firm”), pursuant to an engagement letter of December 27, 2007 (“Agreement”) to provide a Preliminary Report of limited opinion of the estimated fair market value of 1,000 shares of voting common stock, representing 100% (one hundred percent) of the issued and outstanding common stock (“Assignment”) of Sample Corporation (“Subject Interest”), a federal and California C Corporation (“Company,” “Subject Company”), on a not-freely marketable, controlling interest basis (“Level of Value”), based on a going concern premise of value, (“Premise”) as of December 31, 2007 (“Valuation Date”) for the purpose of internal financial planning for possible buy out of a minority interest shareholder (“Purpose”).

1.3.2 Definition of Value, Premise of Value and Level of Value

1.3.2.1 Definition of Value

The definition of value applied to the Subject Interest is *fair market value*.

1.3.2.1.1 Fair Market Value as Defined by Rev. Rul. 59-60

The fair market value standard is defined in Revenue Ruling 59-60 as:

... the price at which the property would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of the relevant facts.⁷

In addition, Rev. Rul. 59-60 continues,

Court decisions frequently state in addition that the hypothetical buyer and seller are assumed to be able, as well as willing, to trade and to be well informed about the property and concerning the market for such property.⁸

Further, Rev. Rul. 59-60 adds,

A determination of fair market value, being a question of fact, will depend on the circumstances in each case. ...valuation is not an exact science. A sound valuation will be based upon all the relevant facts, but

⁷ Rev. Rul. 59-60, Internal Revenue Service, 1959-1 C.B. 237, Section 2.02, citing §§ 20.2031-1(b) of the Estate Tax Regulations and 25.2512.1 of the Gift Tax Regulations, which define fair market value.

⁸ Ibid.

the elements of common sense, informed judgment and reasonableness must enter into the process of weighing those facts and determining their aggregate influence.⁹

1.3.2.1.2 Fair Market Value as Defined by Treasury Regulations

Treasury regulations have been issued to define *fair market value* for purposes of both estate tax planning (gifting) and estate valuation (after death) as follows:

The fair market value (of the property being valued) is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.¹⁰

1.3.2.1.3 How the Definition of Value is Being Applied to this Preliminary Report

The definition provided by the Treasury Regulations above has been used as the definition of value in our limited opinion of estimated value, although the definitions established by the Treasury Regulations and Rev. Rul. 59-60 are virtually identical.

Although Rev. Rul. 59-60 does not speak to other attributes of the hypothetical buyer and hypothetical seller explicitly, nonetheless, it is the role of the appraiser to estimate the value of the Subject Interest to simulate a transaction that would most likely culminate between a hypothetical buyer and a hypothetical seller. The following attributes are commonly accepted for hypothetical buyers and sellers:

...the willing buyer and the willing seller are hypothetical persons dealing at arms' length, rather than any particular buyer or seller. In other words, a price would not be considered representative of fair market value if influenced by special motivations not characteristic of a typical buyer or seller.¹¹

Accordingly, to bring full effect to this simulation, we incorporated the following additional attributes of the hypothetical buyer and seller:

- The hypothetical buyer and seller are profit motivated, well informed and acting in their own best interests.
- The hypothetical buyer would exclude any related parties, subsidiaries, parent companies, shareholders, creditors, competitors or customers who can pay a price artificially higher or lower not contemplated by an independent, arms-length hypothetical financial investor.

⁹ Ibid., SEC. 2. BACKGROUND AND DEFINITIONS, paragraph .02.

¹⁰ Treasury Regulation 25.2512-1 and Treasury Regulation 20.2031-1(b)

¹¹ Shannon P. Pratt, Robert F. Reilly, Robert P. Schweihs, Valuing a Business, 4th ed. (New York: McGraw Hill, 2000) 29

- The hypothetical buyer is a financial buyer who will not be purchasing the Subject Interest for any perceived special synergies or strategic benefits.
- The Subject Interest will be sold for cash in U.S. dollars or with financial terms comparable thereto.¹²
- The Subject Interest will be held for sale on the market for a reasonable period of time.
- The Subject Company will continue to operate as a going concern and not be liquidated.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing, or sales concessions granted by anyone associated with the sale.¹³
- The hypothetical seller is presumed to be knowledgeable about the relevant facts, including market influence on value, the investment implications of the Company's risk profile, its value drivers, control characteristics, and marketability implications on value.

1.3.2.2 Premise of Value

The determination of the valuation *premise* is key to the application of valuation Approaches and Methods used to appraise the equity interest in a company. The premise of value addresses the question, Under what set of hypothetical or actual circumstances is a transaction regarding the Subject Interest most applicable?¹⁴ Again, we employed the *Glossary* to provide our definition:

Premise of Value – An assumption regarding the most likely set of transactional circumstances that may be applicable to the subject valuation; e.g., going concern, liquidation.¹⁵

The two most common premises are *going concern* and *as if in liquidation*. For purposes of our appraisal, we adopted the definitions from the *International Glossary of Business Valuation Terms*, the full version of which is included in herein.

Going Concern Value – the value of a business enterprise that is expected to continue to operate into the future. The intangible elements of Going Concern Value result from factors such as having a trained workforce, an operational plant, and the necessary licenses, systems, and procedures in place.

¹² Gary R. Trugman, Understanding Business Valuation, 2nd Edition (American Institute of Certified Public Accountants, New York: 2002) 58

¹³ Pratt, 29

¹⁴ Pratt, 28

¹⁵ Ibid.

Liquidation Value – the net amount that can be realized if the business is terminated and the assets are sold piecemeal. Liquidation can be either “orderly” or “forced.”¹⁶

Most authoritative sources confer on the enterprise only three choices of valuation premises: *going concern* or *liquidation*, which is either *forced* or *orderly*. Management represents that the Subject Company will not be liquidated. Again, the *Glossary* provides the following definition of *going concern*:

Going Concern - An ongoing operating business enterprise¹⁷

Dr. Shannon Pratt, a recognized authority on generally accepted business valuation theory and methodology, defines *value as a going concern*, as follows:

Value as a Going Concern – Value in continued use, as a mass assemblage of income producing assets, as a going-concern business enterprise.¹⁸

A valuation course workbook published by the National Association of Certified Valuation Analysts provides further corroboration:

Going concern value is the intangible value of an enterprise that has the necessary work force, systems, procedures, operating assets, and organizational structure in place. In other words, an entity has value simply from being a viable operating entity.

... Generally, “going concern value” means the total value of an entity *as an ongoing operating entity*.¹⁹

Adopting the presumption that the hypothetical seller is reasonably prudent and profit motivated when valuing a controlling interest, the professional standards set forth by the Institute of Business Appraisers requires the appraiser to consider and accept the higher of the two values, reflecting the realistic expectation of such a seller.²⁰

¹⁶ International Glossary of Business Valuation Terms, *American Institute of Certified Public Accountants, et al.*, June 8, 2001

¹⁷ Ibid.

¹⁸ Pratt, 33 (Emphasis Added)

¹⁹ Robert L. Green, CPA, CVA, Business Valuations: Fundamentals, Techniques and Theory, National Association of Certified Valuation Analysts, (Salt Lake City, 1995) Chapter Two - 5. (emphasis added)

²⁰ Business Appraisal Standards, §5.3(j)(ix), (Institute of Business Appraisers, Inc.: January 15, 2001)

1.3.2.2 Conclusion Regarding Premise of Value

Based on the limited scope of this Preliminary Report, we believe it is reasonable and appropriate to regard the Subject Company as a going concern as of the Valuation Date and for the foreseeable future. Accordingly, due to the limited scope of this Preliminary Report, we have presumed that the most appropriate premise of value for the Subject Interest is *as if a going concern*.

1.3.2.3 Level of Value

The level of value refers to the characteristics of ownership expressed on either a *controlling interest* basis, or a *minority interest* basis. Inasmuch as we valued 100% of the Company's issued and outstanding voting common stock, the level of value of the Subject Interest was *controlling interest*. See the *Glossary* herein for definitions of these terms.

1.3.3 Date of Valuation

The valuation date (also known as "effective date" and "appraisal date") of this appraisal is **December 31, 2007** ("Valuation Date") which was selected by the Client. Accordingly, this Preliminary Report is void and invalid for any other Valuation Date.

Our limited opinion of estimated value reflects facts and conditions existing or reasonably foreseeable at the Valuation Date. Subsequent events have not been considered. We have no responsibility to update this Preliminary Report for events and circumstances occurring after the Valuation Date, December 31, 2007.

1.3.4 Date of the Preliminary Report

The date of this Preliminary Report, corresponding to the date this Preliminary Report was signed by the appraiser and presented to the Client, is **March 19, 2008** ("Report Date").

1.4 Exclusive Nature, Purpose and Use of the Preliminary Report

We have prepared this Preliminary Report pursuant to our Agreement for the purpose of internal financial planning for possible buy out of a minority interest shareholder ("Purpose"). Our limited opinion of estimated of value is valid exclusively for the Purpose set forth herein. Accordingly, this Preliminary Report is void and invalid for any other Purpose.

1.5 Statement of Facts, Assumptions, Extraordinary Assumptions, Hypothetical Conditions and Limiting Conditions Used in this Preliminary Report

Some appraisal professionals prefer to format their Preliminary Report by placing the Statement of Facts, Assumptions and Limiting Conditions in the appendix. We prefer to present it in the body of the Preliminary Report to avoid the implication that its relevance may be mistakenly regarded as incidental to the development of our limited opinion of estimated value by its placement in the Appendix. Just the opposite is true. These factors are critical in understanding the basis of our thought processes, judgment and decision criteria in developing our limited opinion of estimated value, and the Preliminary Report within the context and conditions to which our limited opinion is subject.

1.5.1 Statement of Facts, Assumptions and Limiting Conditions Used in this Preliminary Report

The development of an limited opinion of estimated value in any business valuation report requires reliance upon various facts, assumptions and limiting conditions that usually have a significant impact on the limited opinion of estimated value. Accordingly, our limited opinion of estimated value is subject to the following facts, assumptions and limiting conditions, which are an integral part of this Preliminary Report, the inclusion of which have been approved in substantial meaning and form, if not verbatim, by the Client, pursuant to the terms of our Agreement and its subsequent amendments, addendums and reinstatement:

General Assumptions and Conditions

1. Provident Valuation Professionals, Inc. does not purport to be a guarantor of value, and assumes no responsibility for changes in market conditions, legal or regulatory matters, or for the owner to find a purchaser at the price indicated by our limited opinion of estimated value. An actual transaction for the sale of the Subject Interest may be consummated at a higher or lower price than our limited opinion of estimated of value. Although valuation of a closely-held company is an imprecise and partially subjective undertaking, and reasonable people can differ in their limited opinions of estimated value, we have used generally accepted valuation theory, methodologies and procedures in arriving at our limited opinion of estimated value.
2. Unless otherwise stated in this Preliminary Report, we did not observe, and we have no knowledge of, the existence of hazardous materials regarding the subject assets, properties, or business interests. We are not qualified to detect or discover these materials, and, accordingly, we assume no responsibility for the possible existence of these materials. No duty arises for us to gain the expertise for their possible detection or disclosure.
3. This appraisal assignment cannot be relied upon to prevent, detect, disclose or correct any errors, omissions, irregularities or illegal acts, including, but not limited to, fraud, embezzlement, defalcations or departures from Generally Accepted Accounting Principles (GAAP) by any individual, entity, organization or agency. This understanding has been

confirmed by the Client pursuant to the terms of our Agreement and its subsequent amendments, addendums and reinstatement.

4. All facts and data presented in this Preliminary Report are true and correct to the best of our knowledge and belief. We have not knowingly withheld or omitted anything from our Preliminary Report affecting our limited opinion of estimated value, except as limited by the scope of this limited appraisal assignment, referred to in a previous section of this Preliminary Report.
5. We assume that the management of the Subject Company is competent and diligent. This engagement does not opine on the effectiveness of management, nor does our engagement extend to opining on the ability or effectiveness of marketing or other management or ownership functions upon which actual results may depend.
6. We are not licensed attorneys. This Preliminary Report is not a legal or tax opinion and should not be relied upon as such. Its purpose is to opine on a limited opinion of estimated value at the Valuation Date without reference to any legal or tax claims, conditions or specific attributes, except where expressly noted in this Preliminary Report. No opinion is intended to be expressed for matters that require legal or specialized expertise, investigation, or knowledge beyond that which is customarily employed by valuation analysts.
7. We have no knowledge of the existence of any issues related to actual or pending litigation, regulatory compliance, limitations in the corporation's articles, bylaws, minutes or agreements, pending or in place among the parties or involving any third parties, except for that which is disclosed herein. We have no knowledge of any noncompliance with any federal, state or local regulations and laws regarding the Subject Company. We are not qualified to detect such noncompliance issues. Accordingly, we do not opine upon nor assume any responsibility for such conditions, should they exist, nor for any expertise required for their discovery or disclosure.
8. We, by reason of this limited opinion, and under the terms of our Agreement and its subsequent amendments, addendums and reinstatement, are not required to give testimony, or to be present in any court, conference, proceeding, hearing or inquiry concerning the Subject Interest being valued unless previous arrangements have been made.
9. This Preliminary Report reflects facts and conditions existing or reasonably foreseeable at the Valuation Date. Subsequent events have not been considered. Accordingly, we have no responsibility to update this Preliminary Report for events or circumstances occurring after the Valuation Date, December 31, 2007.
10. As of the Valuation Date, management and others knowledgeable about Company plans represent that the Company will not be sold or liquidated.

11. Regarding the Company's assets, we assume (i) the subject assets, properties, or business interests are valued free and clear of any or all liens, restrictions or encumbrances unless otherwise stated; (ii) there are no hidden or unapparent conditions regarding the subject assets, properties, or business interests; (iii) no responsibility for the legal description or matters including legal or title considerations; (iv) title to the subject assets, properties, or business interests is good and marketable unless otherwise stated; (v) no restrictions are imposed by any governmental body or agency on the presence or operation of any of the underlying assets that would affect the value of the Subject Interest other than as indicated in this Preliminary Report.
12. We assume Sample Corporation is in full compliance with all applicable federal, state, and local regulations and laws; has all required licenses, certificates of occupancy, consents, or legislative or administrative authority from all applicable local, state, or federal government, or private entity or organization, or can be obtained or reviewed for any use on which the limited opinion contained in this Preliminary Report is based. Provident Valuation Professionals, Inc., and the appraiser, assume no liability for the economic, legislative, governmental or regulatory compliance factors that may affect the limited opinion of estimated value in this Preliminary Report.

Reliance on Information

13. This Preliminary Report is prepared with the inclusion of and reliance upon information (i) provided by the Client, who warranted to us through the terms of our Agreement and its subsequent amendments, addendums and reinstatement that all the information they provided was complete and accurate to the best of their knowledge, and (ii) provided by other sources and by research that have been accepted as correct without independent verification. We express no opinion on the accuracy or completeness of such information, and no warranty, opinion or assurances regarding the reliability of the underlying information used for this appraisal is expressed or implied by virtue of its inclusion or upon its reliance in this Preliminary Report.

Appraiser's Independence

14. We are independent with respect to Sample Corporation Neither the appraiser nor Provident Valuation Professionals, Inc. have any present or contemplated future interest in Sample Corporation, any personal interests with respect to the parties involved, or any other interest that might prevent us from performing an unbiased valuation.
15. The fees for this Preliminary Report are based upon the normal billing structure of Provident Valuation Professionals, Inc., and are in no way contingent upon an action or event resulting from the analysis, limited opinion, or conclusions in, or the use of, this Preliminary Report.

Restrictions

16. This Preliminary Report is valid only as presented in its entirety and exclusively for the Purpose and Valuation Date specified herein. Its use for any other Purpose is invalid for which Provident Valuation Professionals, Inc. assumes no liability. Reports which are unsigned or do not carry an original signature of the appraiser in blue ink, over which is impressed a blind embossed corporate seal of Provident Valuation Professionals, Inc., are also invalid. No portion of the accompanying Preliminary Report, including the Appraiser's Certification, shall be detached, copied or otherwise segregated from the complete bound Preliminary Report for any reason, or for any other Purpose or Valuation Date, and shall be invalid if so used.
17. This Preliminary Report is protected by copyright, and shall not be used by any individual, firm, organization, agency or enterprise, including the Client, by any manner and means, in whole or in part, for any other purpose other than the Purpose so indicated herein, exclusively by the Client, subject to the restrictions set forth for its authorized distribution, without the express written consent of Provident Valuation Professionals, Inc.
18. Possession of this Preliminary Report does not carry with it the right of publication of all or part of it, nor conveyed by any method or means to any third parties without the express written consent of Provident Valuation Professionals, Inc.

1.5.2 Statement of Extraordinary Assumptions Used in this Preliminary Report

There were no extraordinary assumptions used in this Preliminary Report.

1.5.3 Statement of Hypothetical Conditions Used in this Preliminary Report

There were no hypothetical conditions used in this Preliminary Report.