



DOUBLE PROBABILITY DISCOUNT FOR LACK OF MARKETABILITY
Based on Marketing Period and Price Volatility Probabilities

Appraiser

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Valuation Subject

Sample Company
1234 First Street Suite 100
Kansas City, MO 64114
United States

Valuation Date

03 / 10 / 2016

Report Date

04 / 14 / 2016

Probability-Adjusted Discount for Lack of Marketability

7.6%



DOUBLE PROBABILITY DLOM

Based on Marketing Period and Price Volatility Probabilities

Valuation Date: 03/10/2016

For: **Sample Company**

Summary Results

Discount for Lack of Marketability

Probability Adjusted DLOM	7.6%
DLOM Price Volatility Mean	4.3%
DLOM Price Volatility Median	3.3%
DLOM Price Volatility Mode	1.4%
DLOM Marketing Period Mean	2.6%
DLOM Marketing Period Median	1.4%
DLOM Marketing Period Mode	0.2%

Marketing Period

Average	216.6
Standard Deviation	189.9
Median	162.9
Mode	92.1
95th Percentile	1,343.2
Probability Adjusted Marketing Period	212.7
Coefficient of Variation	0.9

Price Volatility

Average	28.5%
Standard Deviation	40.5%
Median	16.4%
Mode	5.4%
95th Percentile	308.2%
Probability Adjusted Price Volatility	27.4%
Coefficient of Variation	1.4



Summary Results

Marketing Period Statistics

Average Days	Standard Deviation Days	Coefficient of Variation	Standard Error	Total Transactions	95% Confidence Interval	
					Low	High
216.6	189.9	0.9	1.5	16,500	213.7	219.5

Price Volatility Statistics

Ticker	Average	Standard Deviation	Trading Days	Coefficient of Variation	Standard Error	From Date	To Date	95% Confidence Interval	
								Low	High
IBM	14.7%	14.3%	500	1.0	0.6%	2014-03-14	2016-03-10	13.5%	16.0%
T	11.1%	9.8%	500	0.9	0.4%	2014-03-14	2016-03-10	10.2%	11.9%
FORD	59.8%	97.4%	500	1.6	4.4%	2014-03-14	2016-03-10	51.3%	68.3%
Average	28.5%	40.5%	1,500	1.4	1.0%	2014-03-14	2016-03-10	26.5%	30.6%

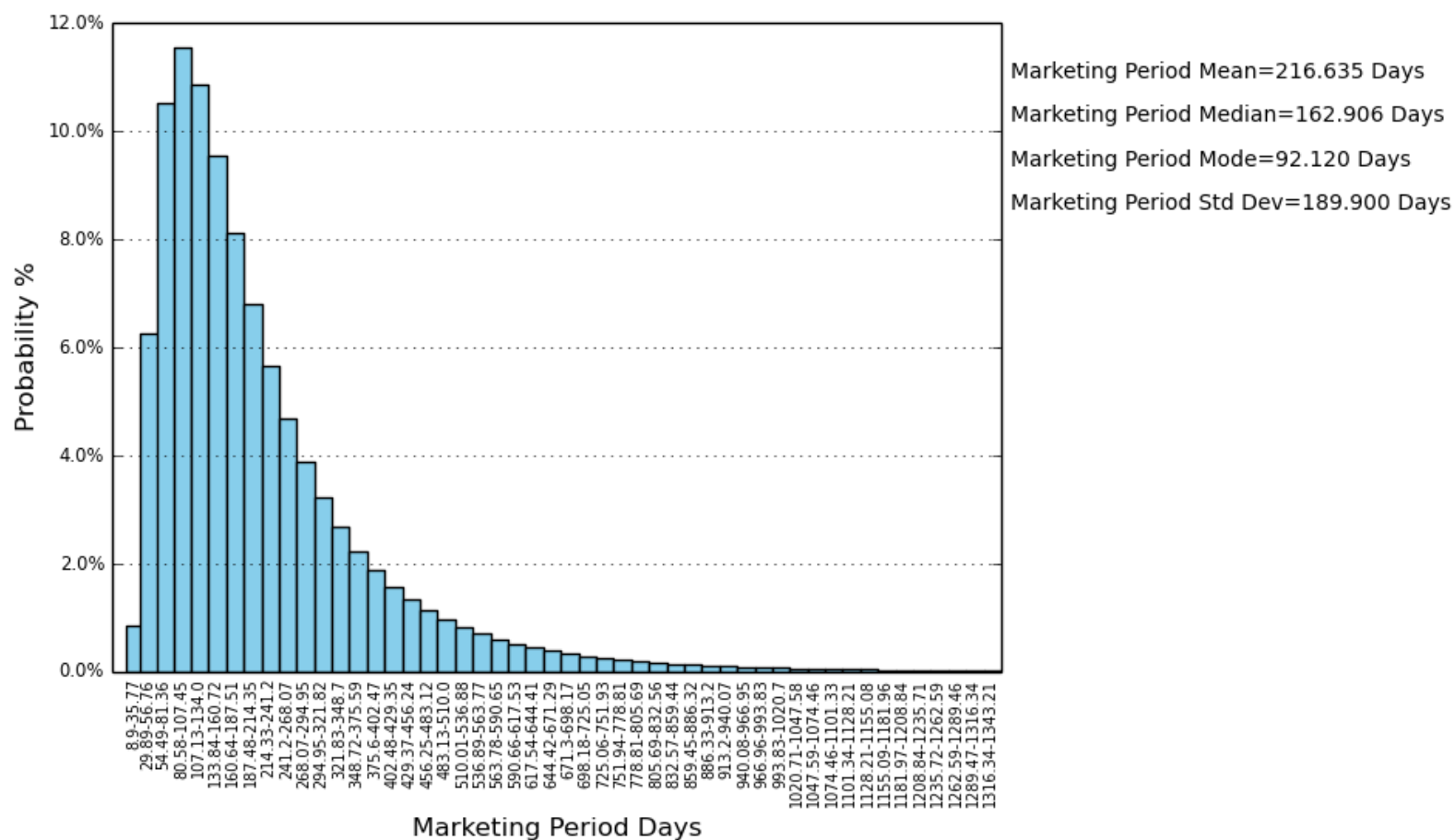
Formula Inputs

Selected Formula	Black-Scholes
Underlying Price	100
Strike Price	100
Risk-free Rate	0%
Dividend Yield	0%
Marketing Period Carrying Cost	Simple
Cost of Money (APR)	0%



Marketing Period Graphs

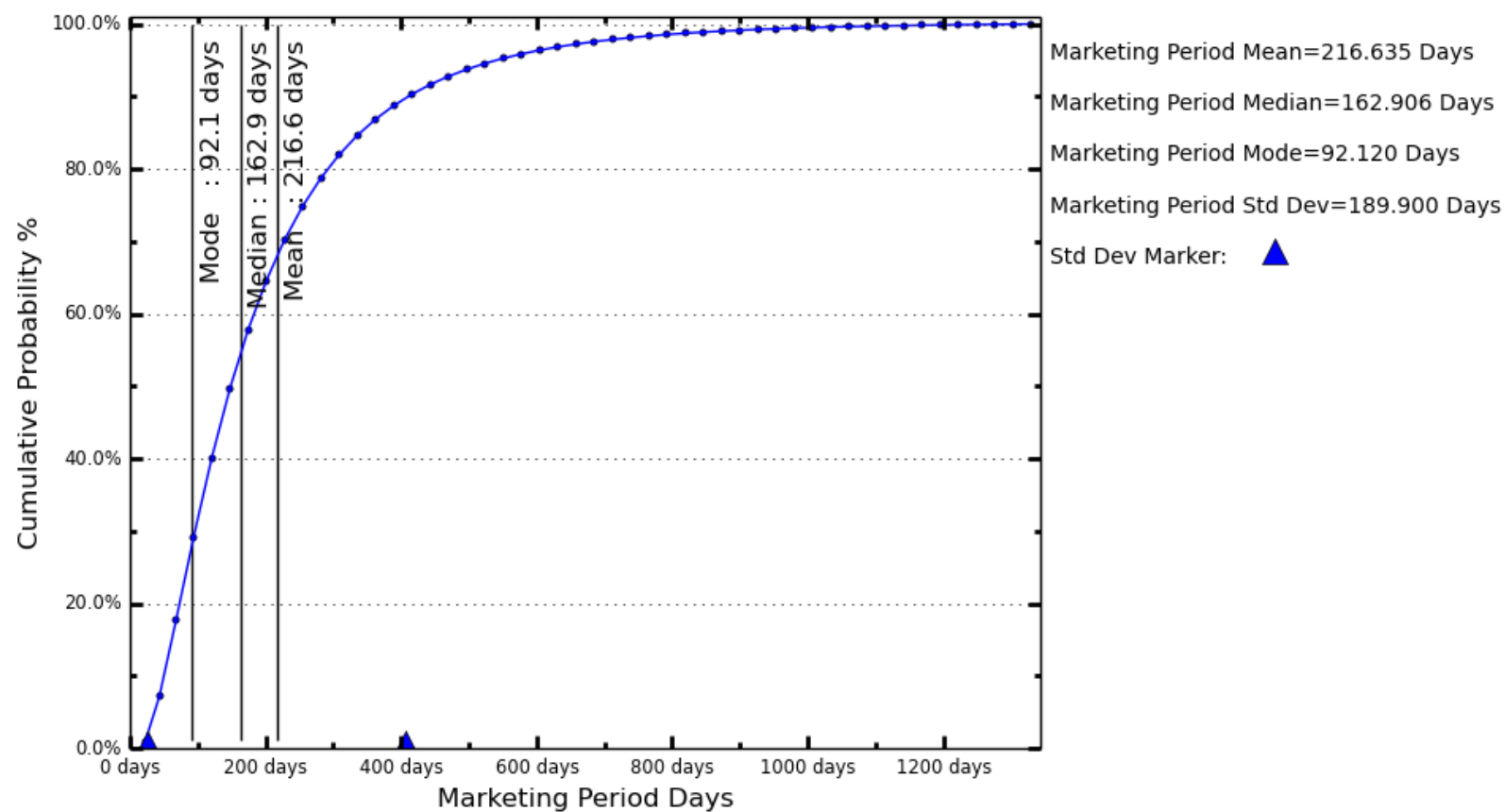
Probabilities by Marketing Period Intervals





Marketing Period Graphs

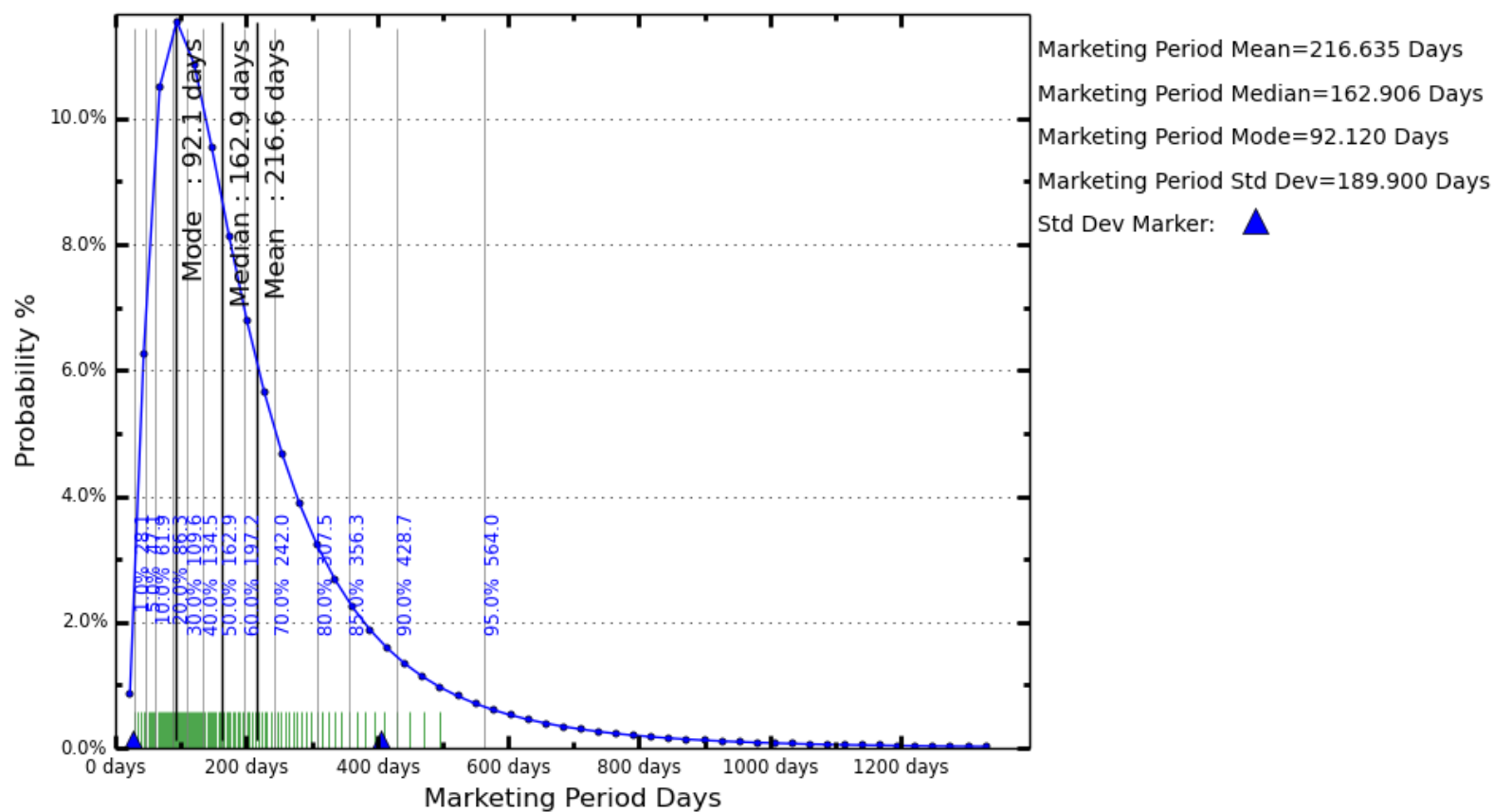
Cumulative Probability of Marketing Period





Marketing Period Graphs

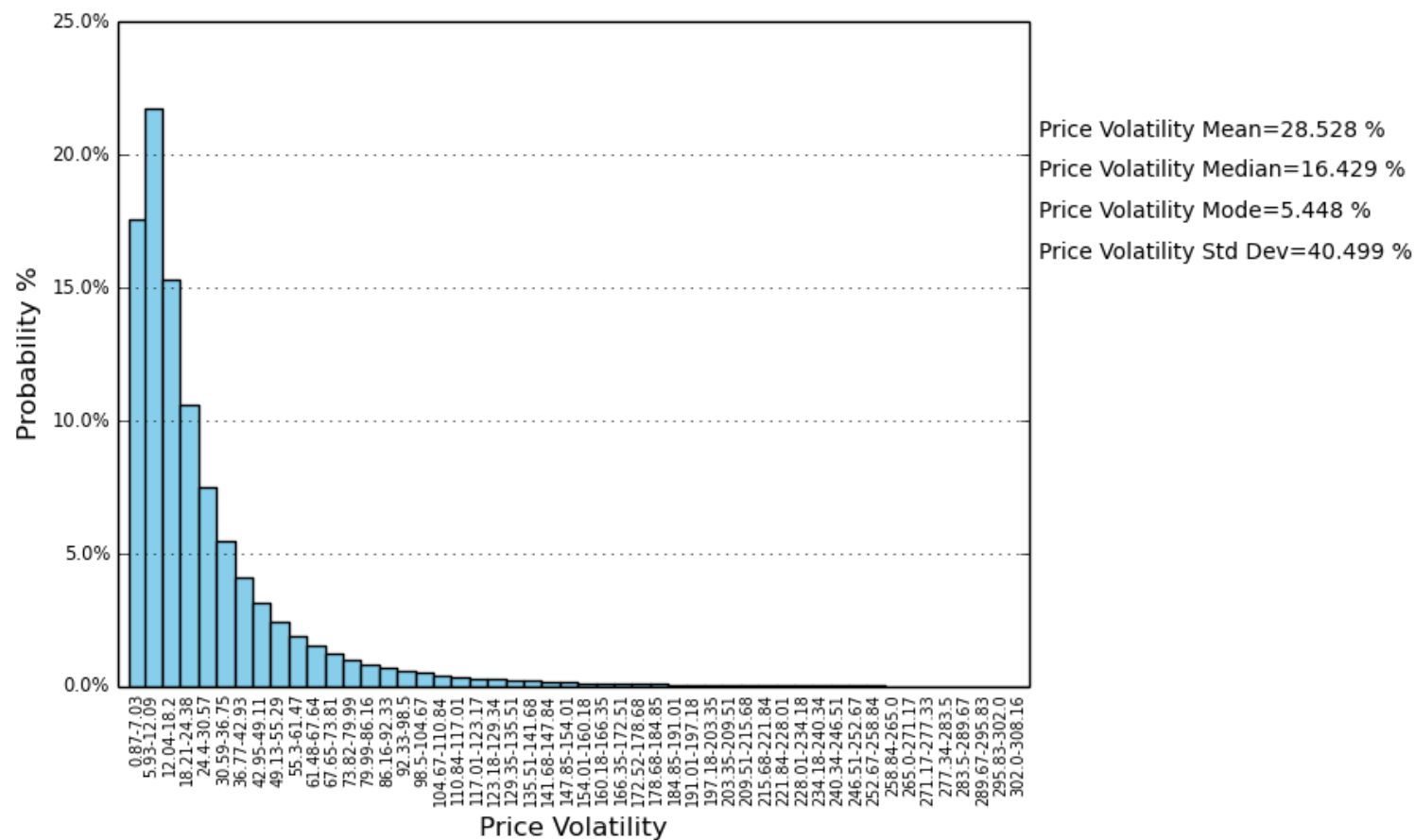
Probabilities by Marketing Period Intervals





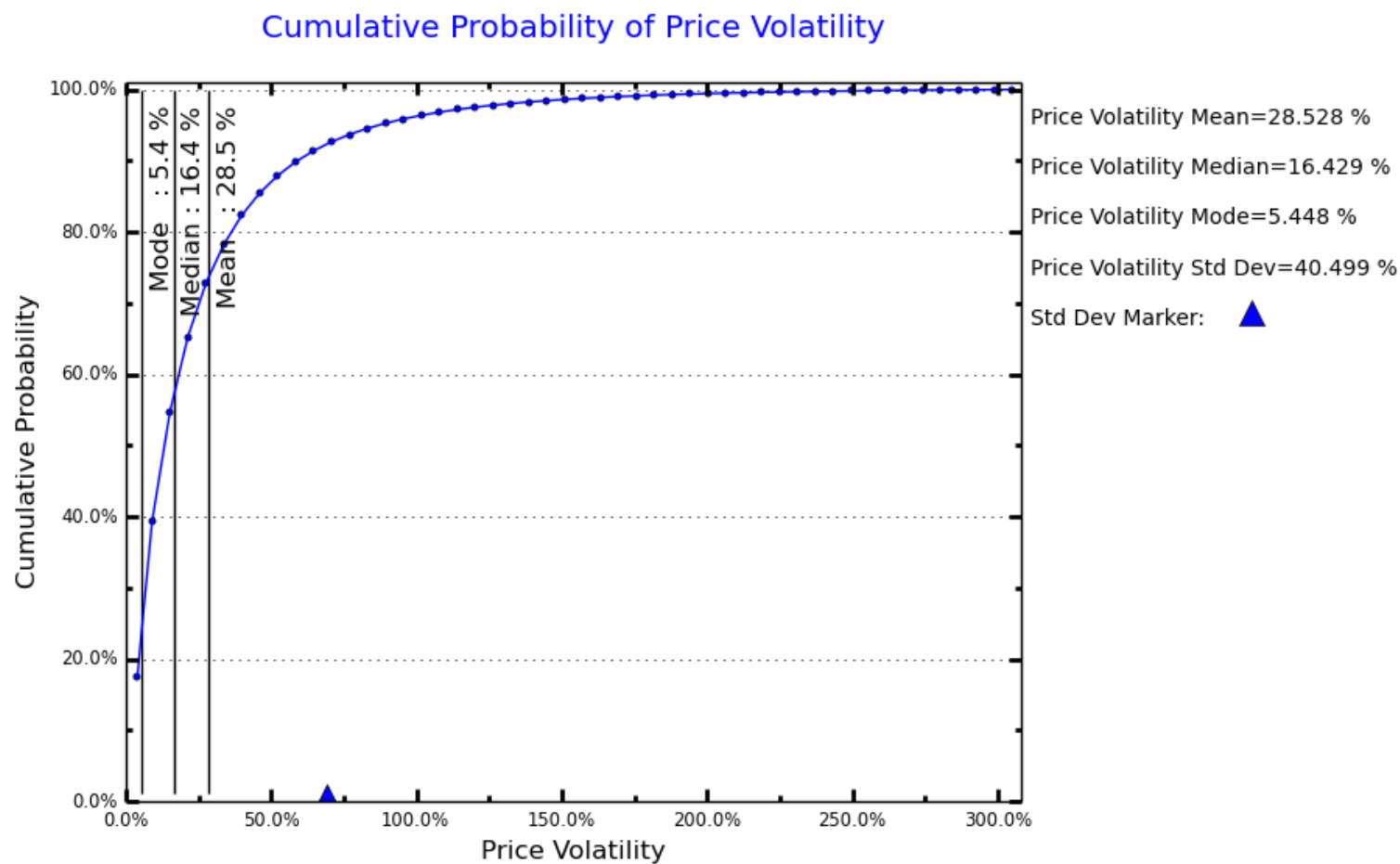
Price Volatility Graphs

Probabilities by Price Volatility Intervals





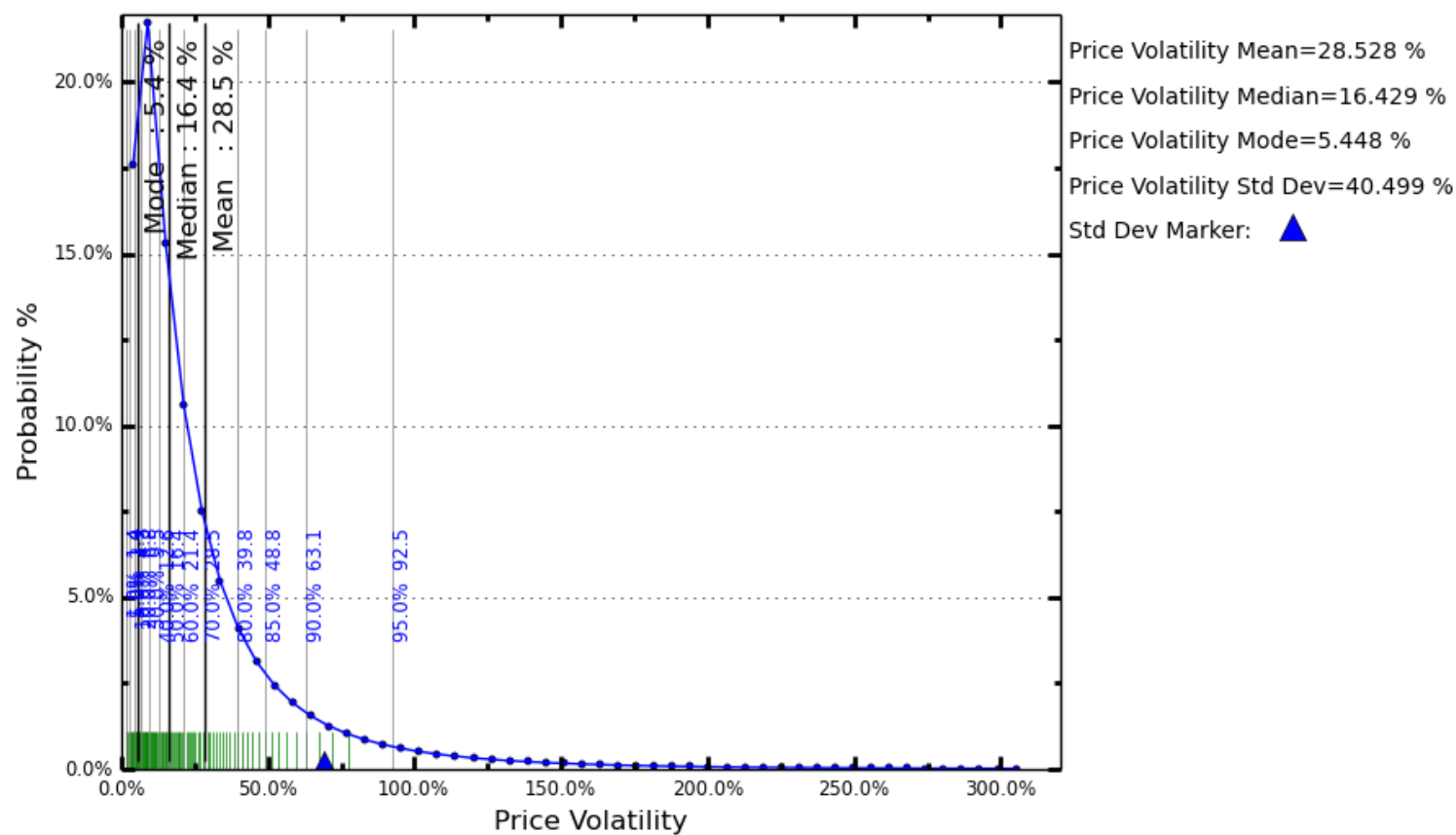
Price Volatility Graphs





Price Volatility Graphs

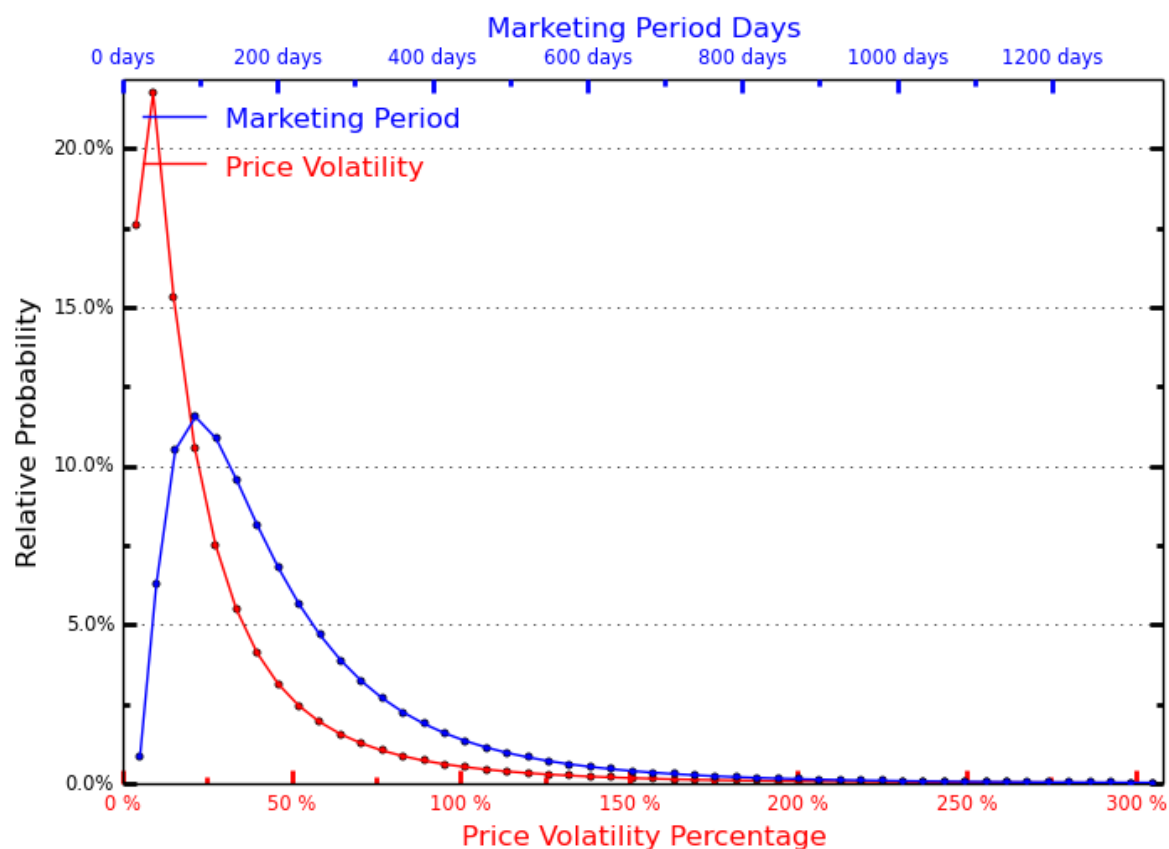
Probabilities by Price Volatility Intervals





Combined Probabilities Graphs

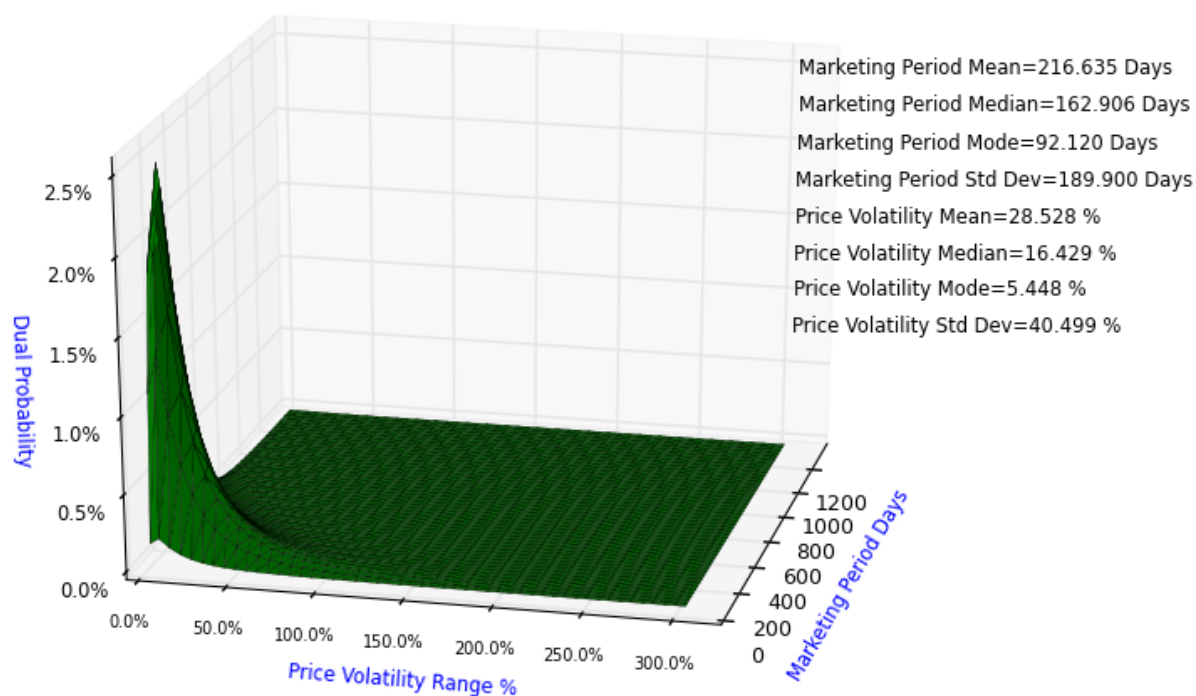
Comparative Probability Distributions of Marketing Period and Price Volatility





Combined Probabilities Graphs

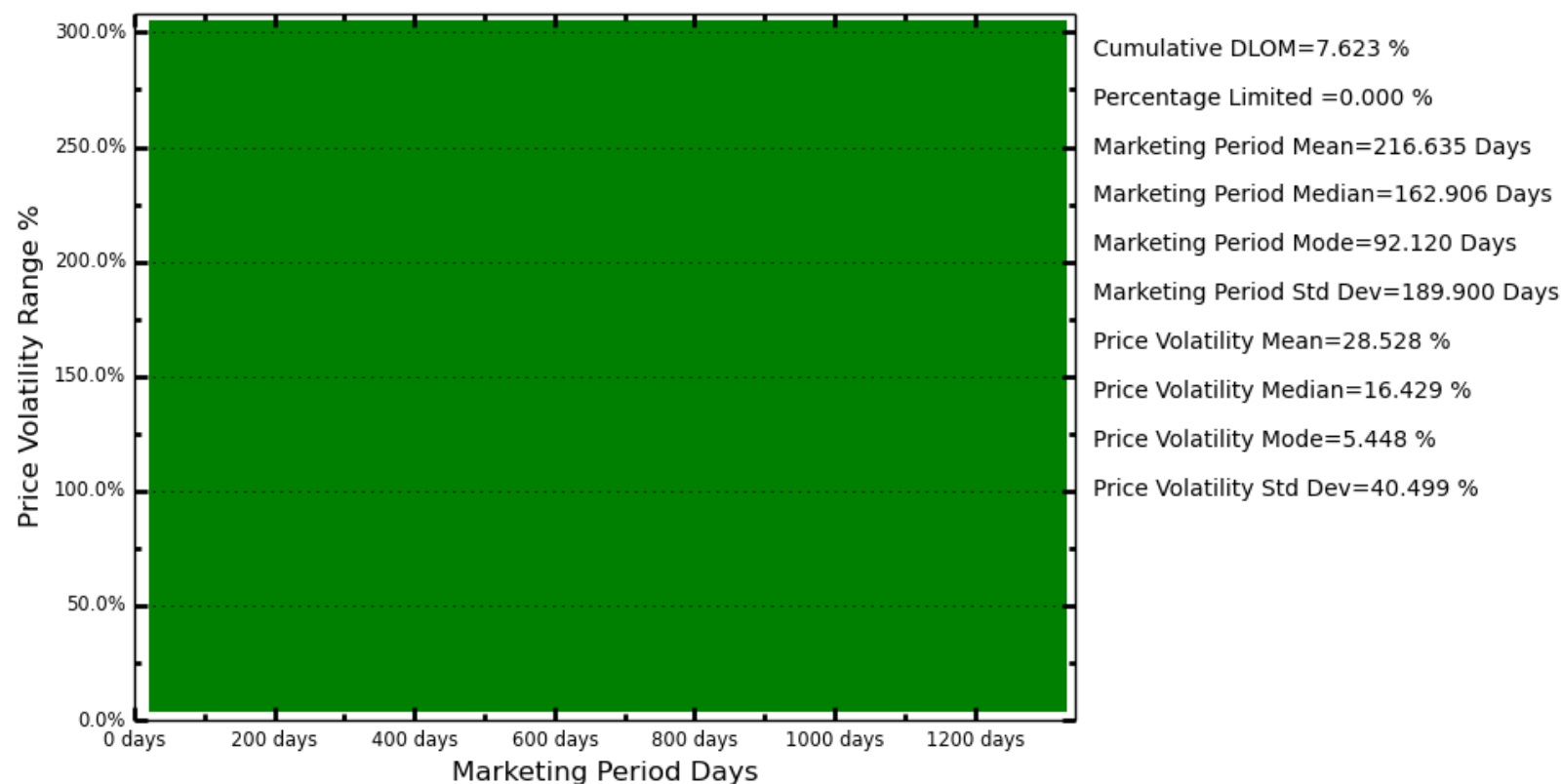
Combined Probabilities





Combined Probabilities Graphs

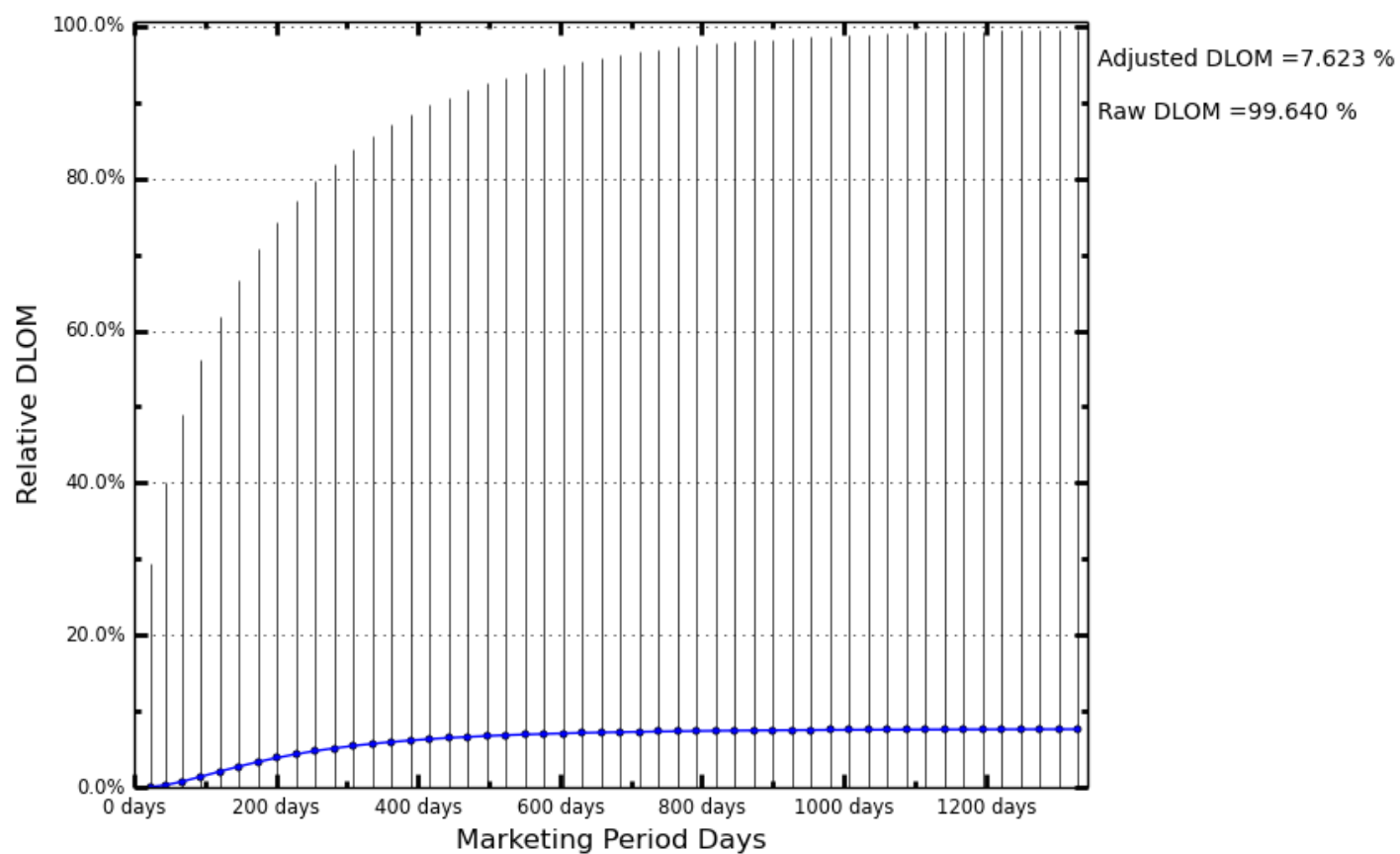
DLOM Limitation Map





DLOM Graphs

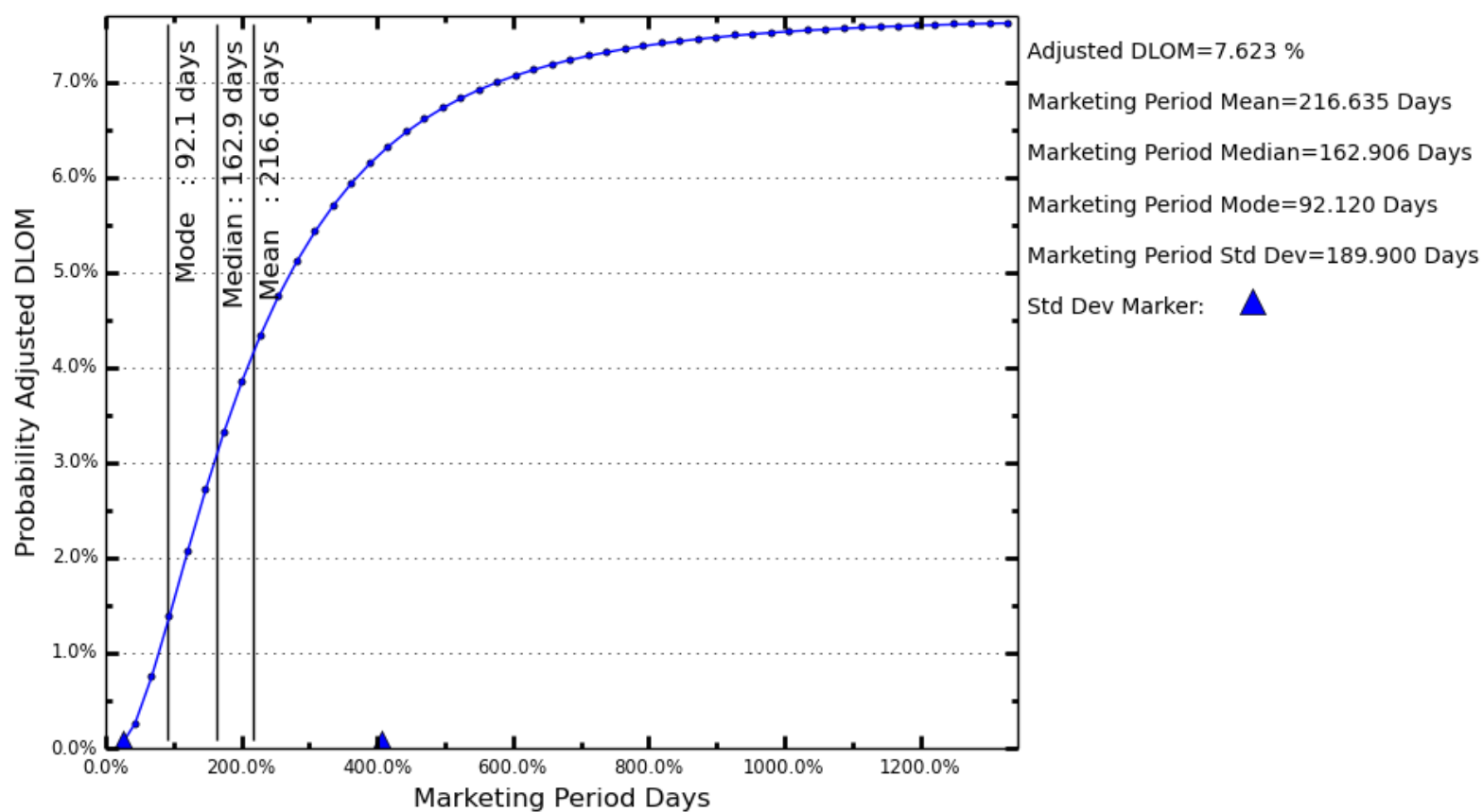
Cumulative Probability Adjusted DLOM (Marketing Period)





DLOM Graphs

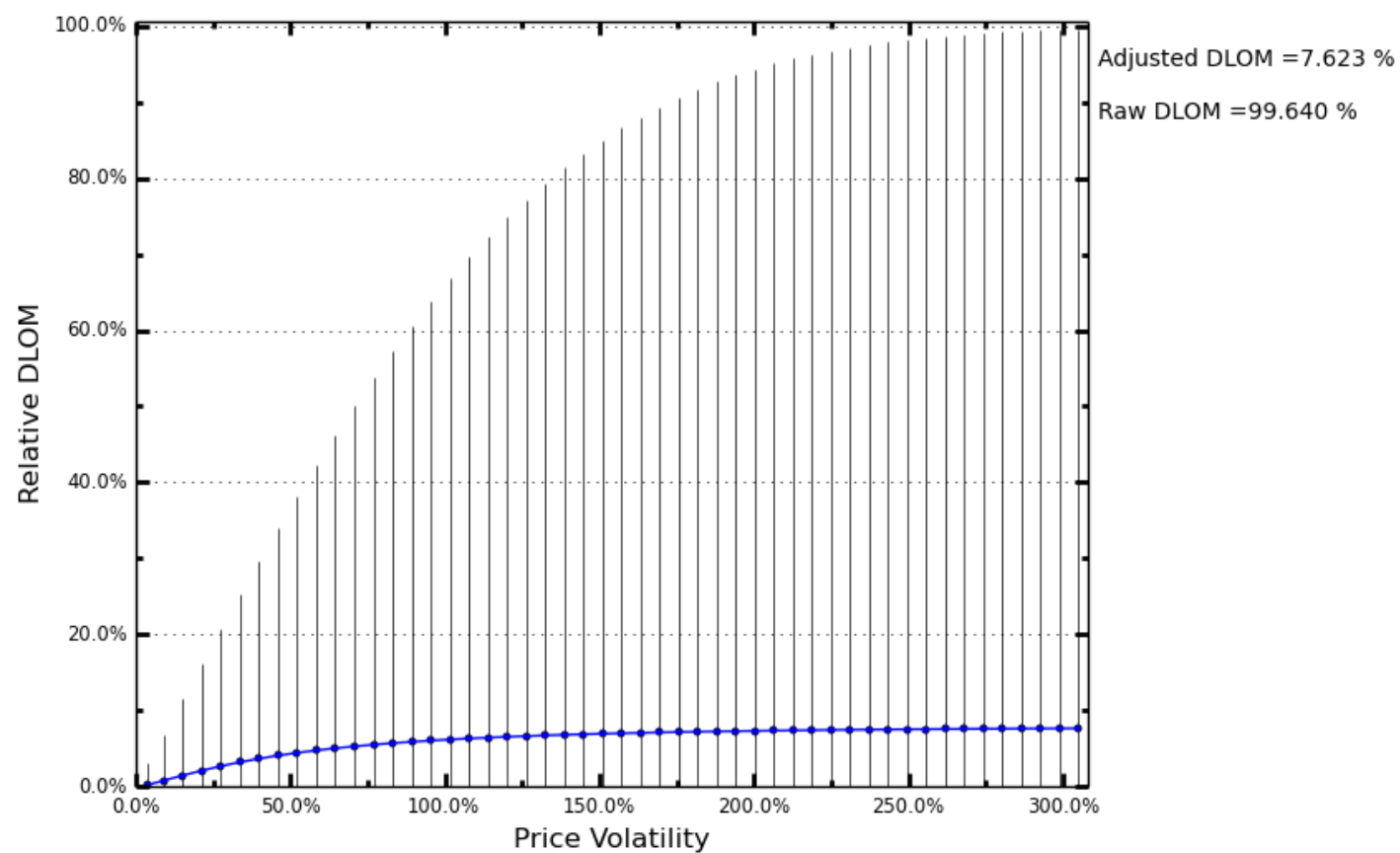
Cumulative Probability Adjusted DLOM (Marketing Period)





DLOM Graphs

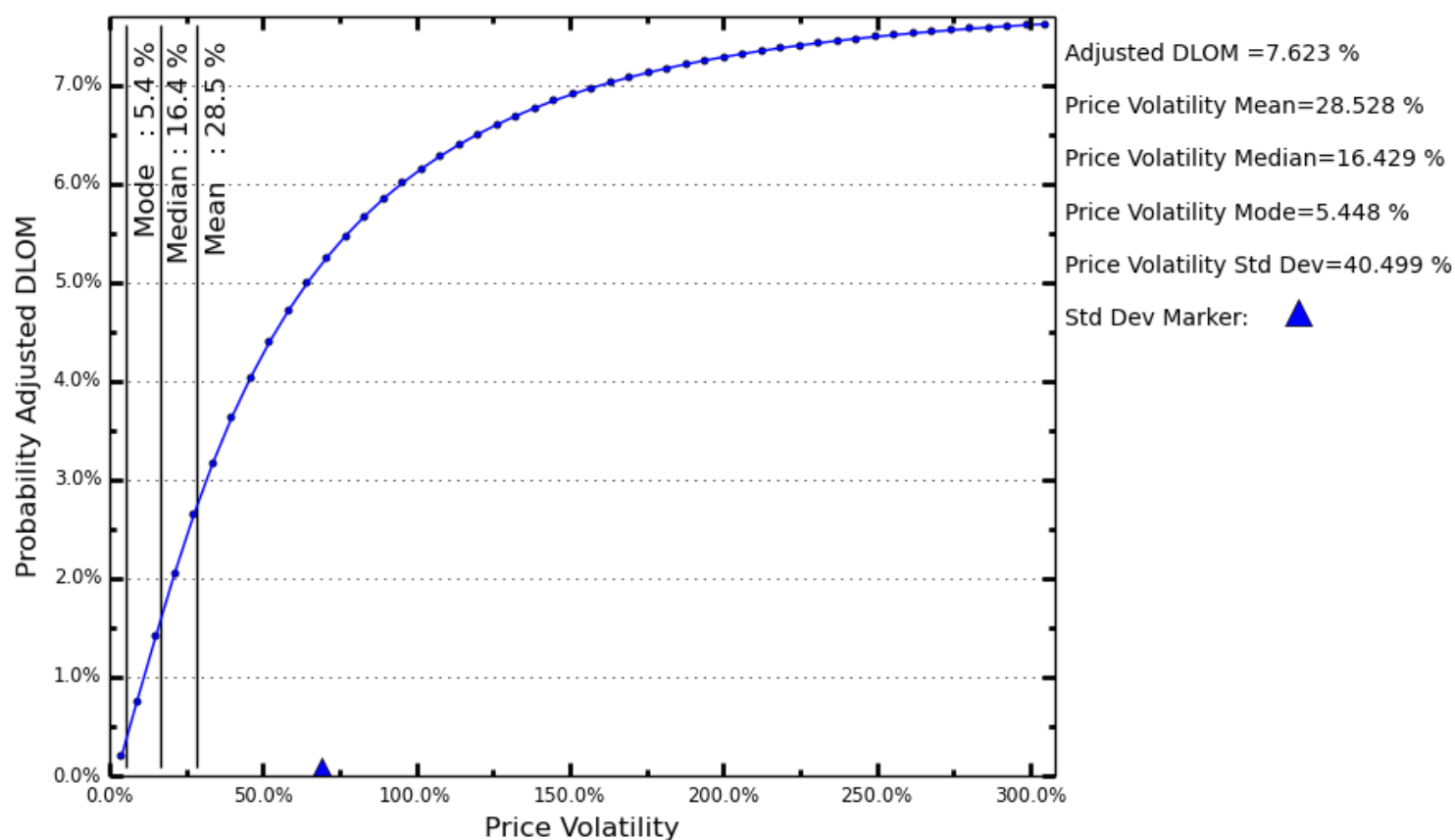
Cumulative Probability Adjusted DLOM (Price Volatility)





DLOM Graphs

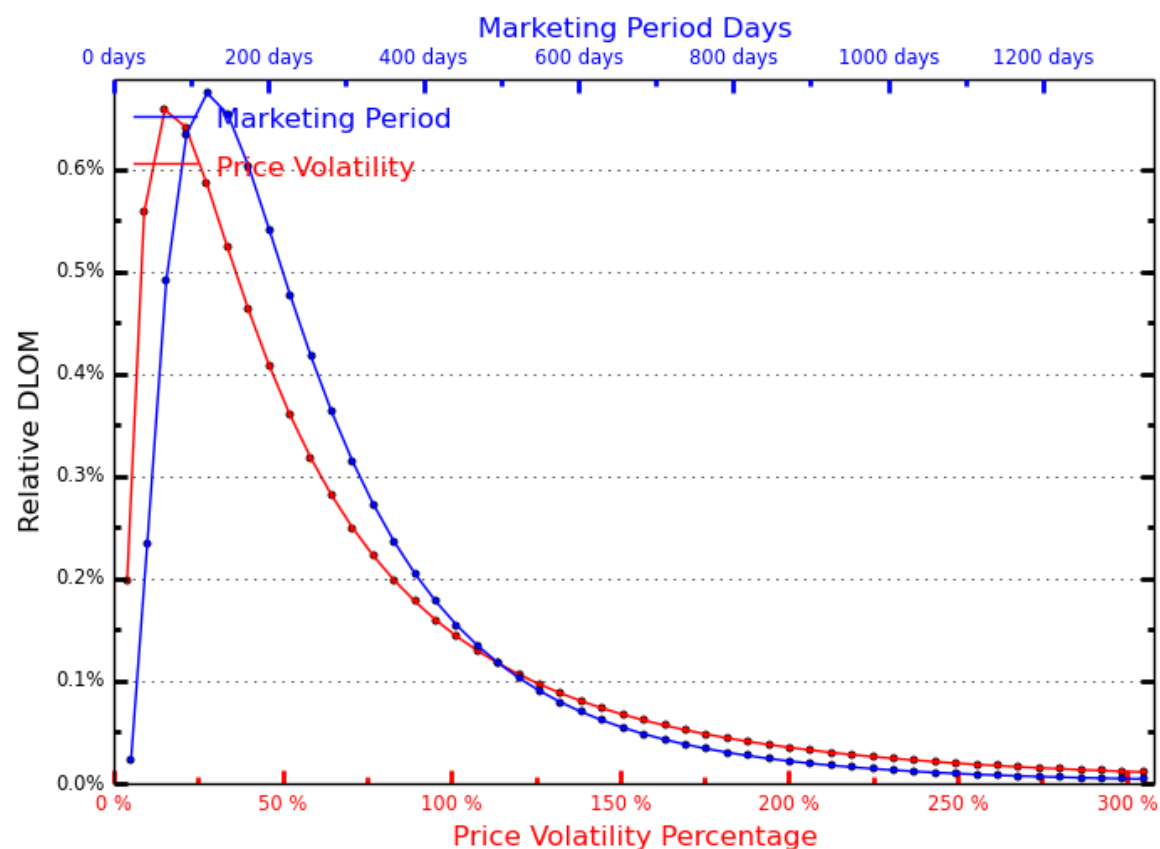
Cumulative Probability Adjusted DLOM (Price Volatility)





DLOM Graphs

Separate DLOM Distributions of Marketing Period and Price Volatility
(Before Combining the Probabilities)





DLOM Graphs

Distribution of Probability Adjusted DLOM

