

SINGLE PROBABILITY DISCOUNT FOR LACK OF MARKETABILITY
Based on Price Volatility Probability

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

19.9%



SINGLE PROBABILITY DLOM

Based on Price Volatility Probability

Valuation Date: 03/10/2016

For: **Sample Company**

Summary Results

Discount for Lack of Marketability

| | |
|---------------------------------|-------|
| Probability Adjusted DLOM | 19.9% |
| Cumulative DLOM at Price Mean | 6.7% |
| Cumulative DLOM at Price Median | 3.6% |
| Cumulative DLOM at Price Mode | 0.5% |

Marketing Period

| | |
|---------|-------|
| Average | 180.0 |
|---------|-------|

Price Volatility

| | |
|---------------------------------------|--------|
| Average | 34.4% |
| Standard Deviation | 50.6% |
| Median | 19.3% |
| Mode | 6.1% |
| 95th Percentile | 386.6% |
| Probability Adjusted Price Volatility | 33.0% |
| Coefficient of Variation | 1.5 |



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Summary Results

User Provided Marketing Days

Number of Days

180

Price Volatility Statistics

| Ticker | Average | Standard Deviation | Trading Days | Coefficient of Variation | Standard Error | From Date | To Date | 95% Confidence Interval | |
|----------------|---------|--------------------|--------------|--------------------------|----------------|------------|------------|-------------------------|-------|
| | | | | | | | | Low | High |
| IBM | 16.5% | 15.3% | 250 | 0.9 | 1.0% | 2015-03-12 | 2016-03-10 | 14.6% | 18.4% |
| T | 12.3% | 10.0% | 250 | 0.8 | 0.6% | 2015-03-12 | 2016-03-10 | 11.0% | 13.5% |
| FORD | 74.4% | 126.6% | 250 | 1.7 | 8.0% | 2015-03-12 | 2016-03-10 | 58.7% | 90.1% |
| Average | 34.4% | 50.6% | 750 | 1.5 | 1.8% | 2015-03-12 | 2016-03-10 | 30.8% | 38.0% |

Formula Inputs

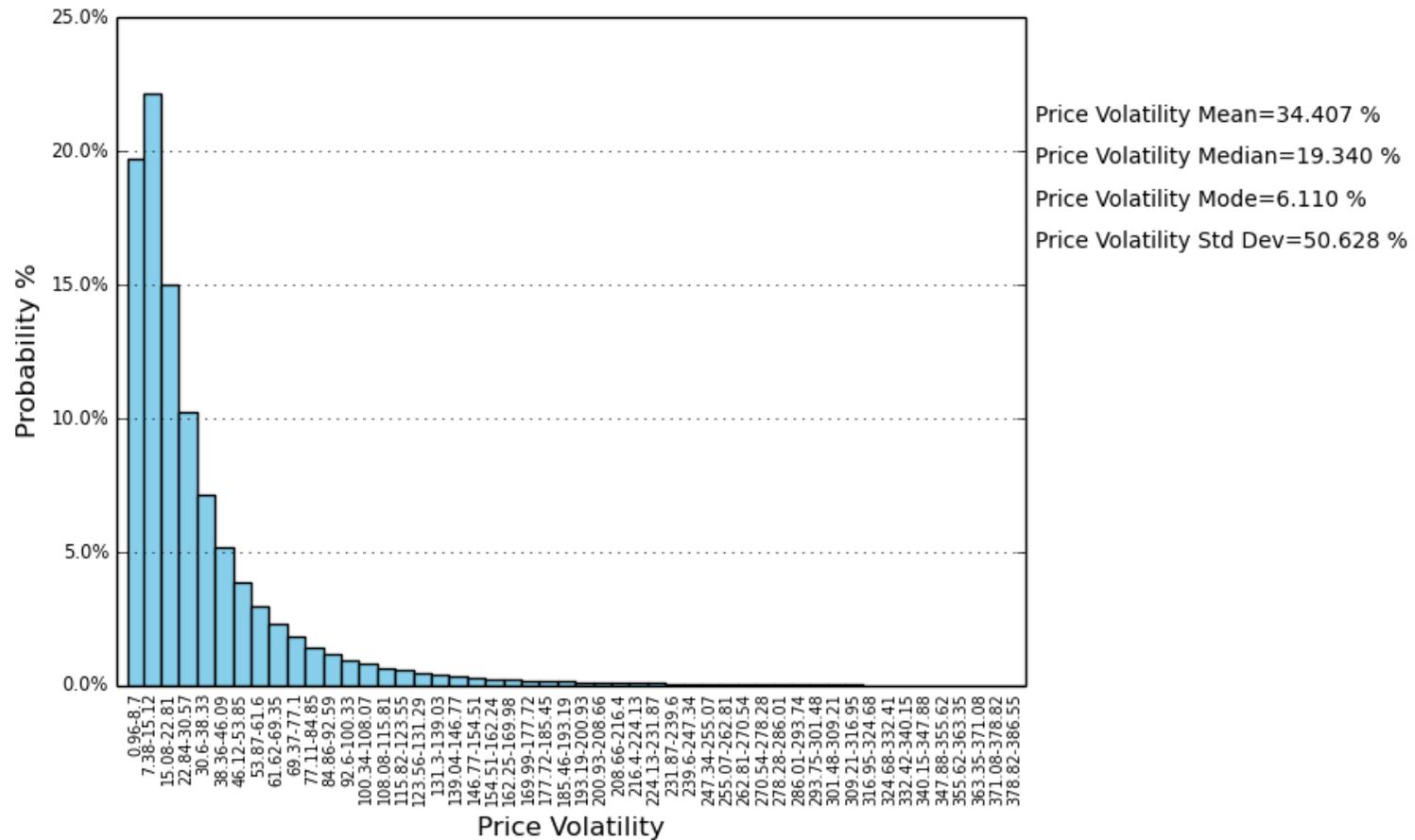
Selected Formula
 Marketing Period Carrying Cost
 Cost of Money (APR)

Longstaff
 Simple
 0%



Price Volatility Graphs

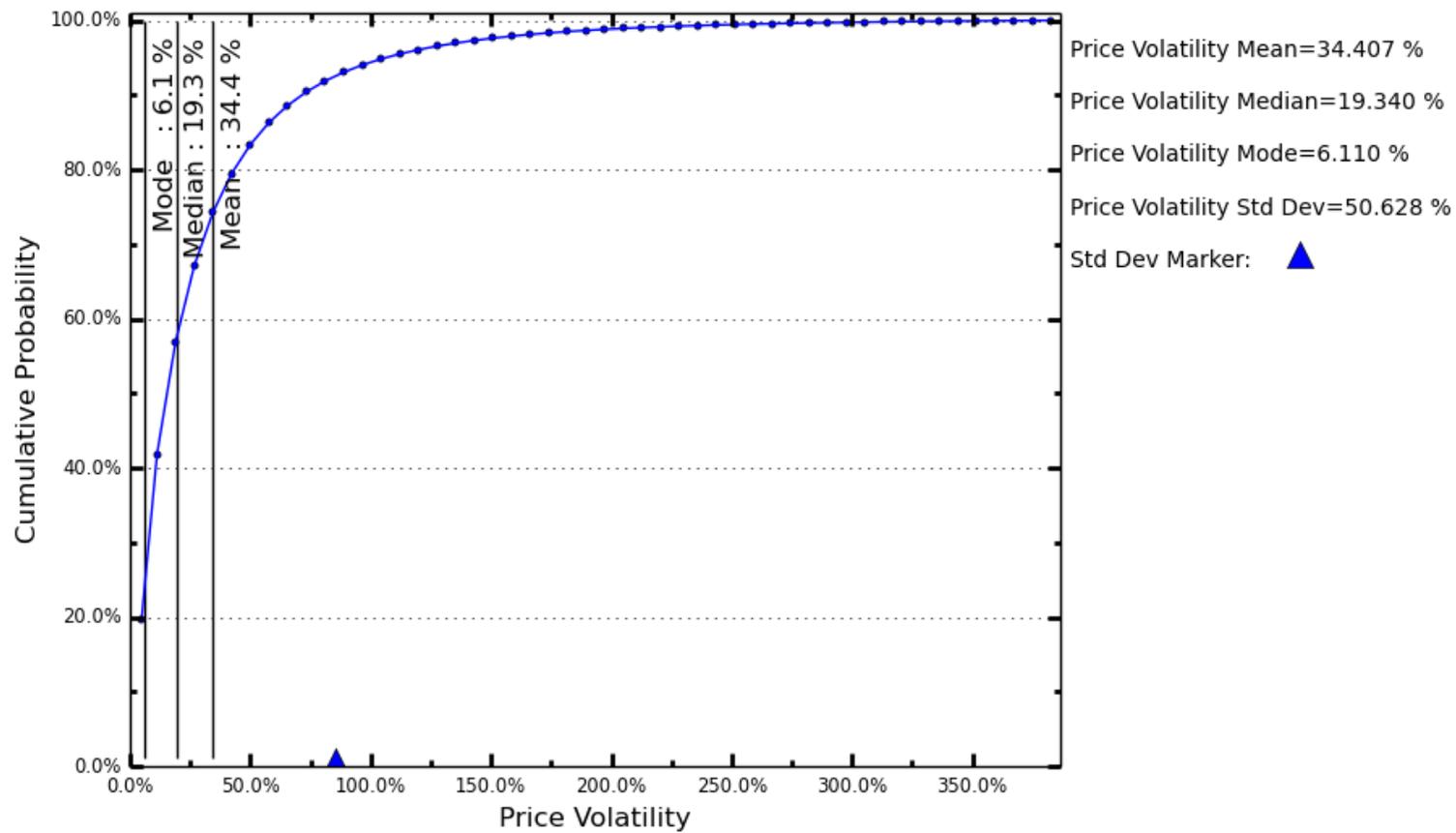
Probabilities by Price Volatility Intervals





Price Volatility Graphs

Cumulative Probability of Price Volatility





SINGLE PROBABILITY DLOM

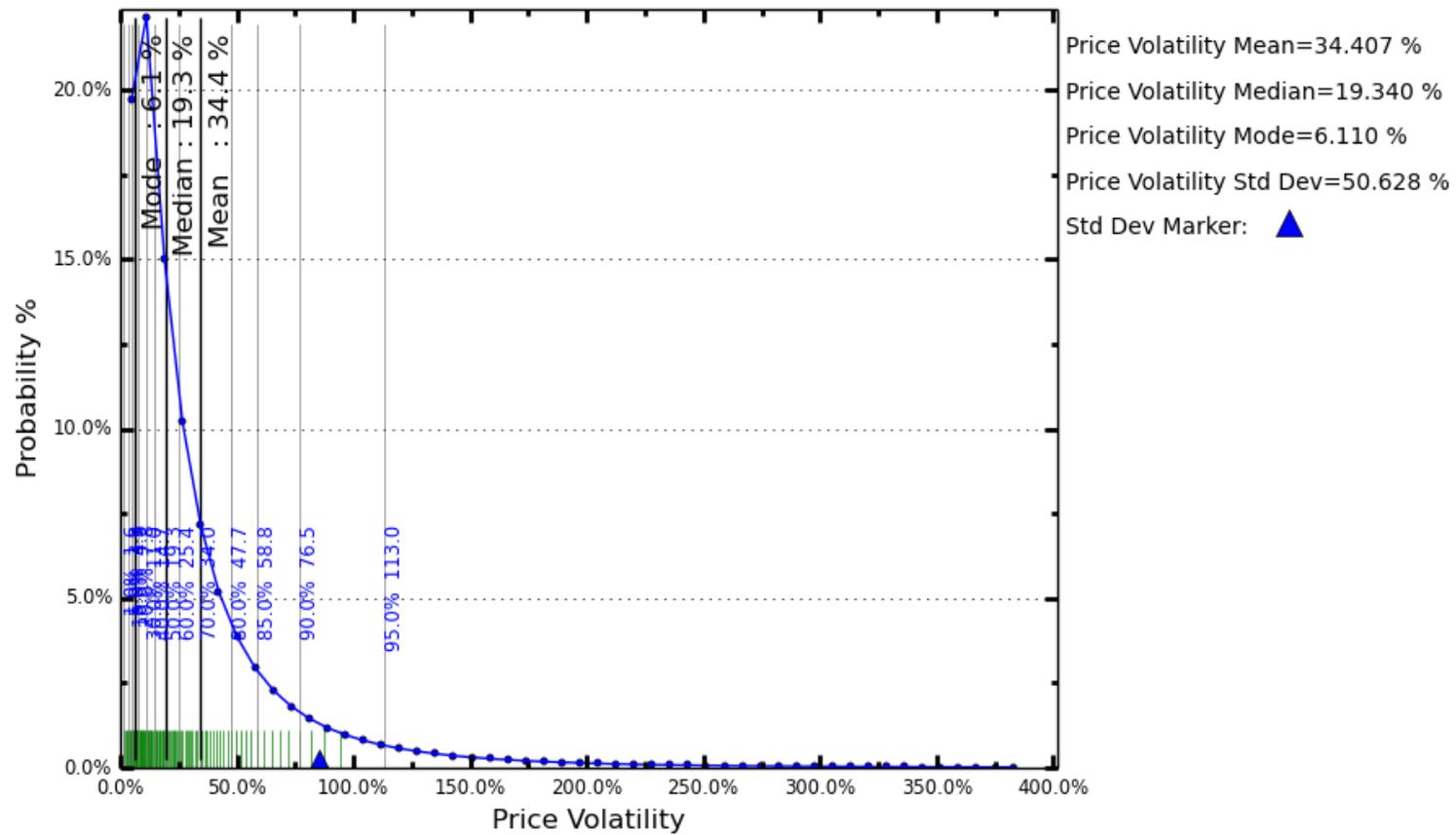
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Valuation Date: 03/10/2016

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Price Volatility Graphs

Probabilities by Price Volatility Intervals





SINGLE PROBABILITY DLOM

Based on Price Volatility Probability

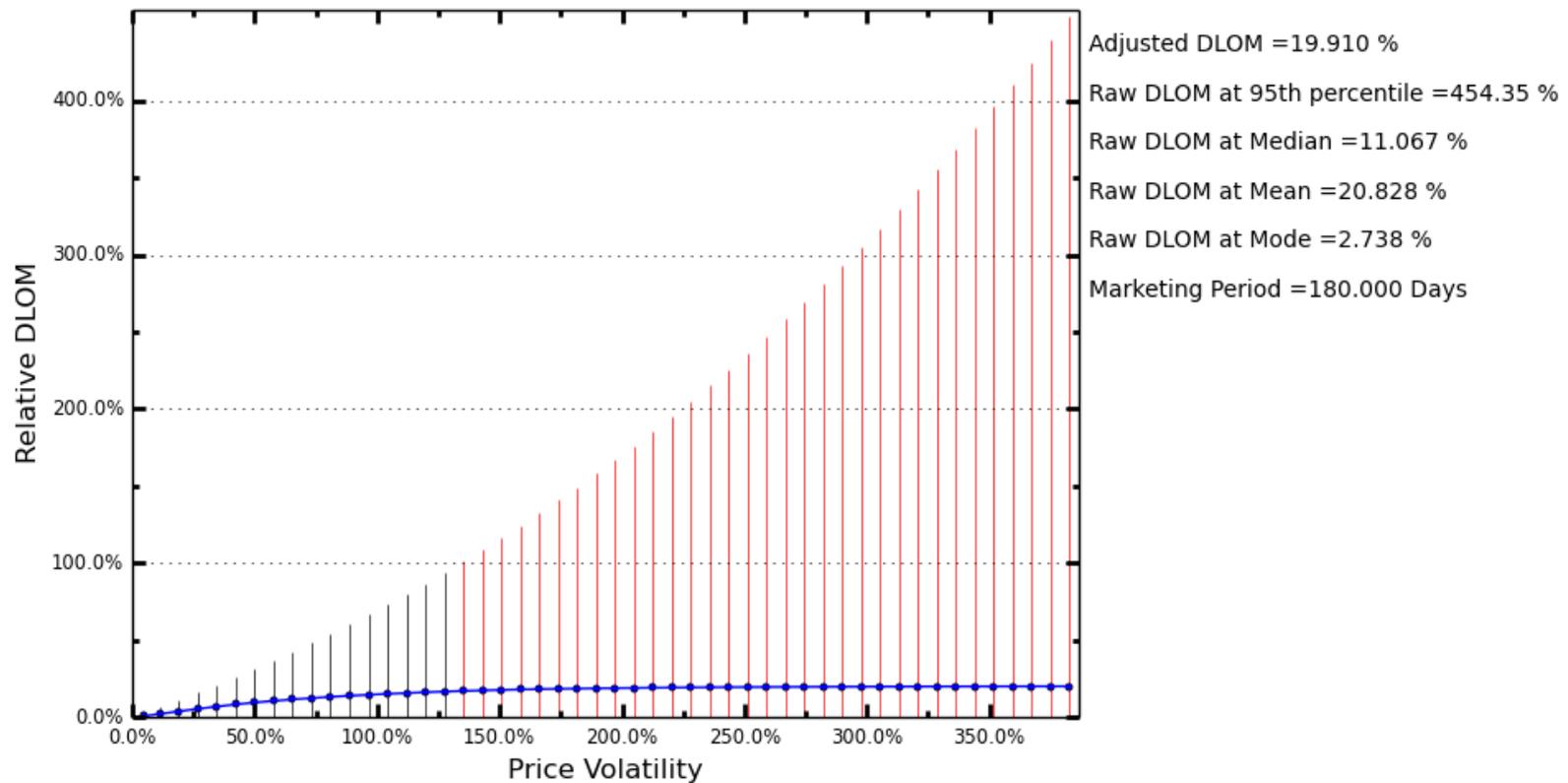
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DLOM Graphs

Some combinations of marketing period and price volatility are yielding raw DLOMs greater than 100%.
The VFC DLOM Calculator has limited these combinations to 100% DLOM.

Cumulative Probability Adjusted DLOM (Price Volatility)





SINGLE PROBABILITY DLOM

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Valuation Date: 03/10/2016

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Cumulative Probability Adjusted DLOM (Price Volatility)

