



IMPLEMENTING THE MARKET APPROACH USING THE GUIDELINE PUBLICLY TRADED COMPANY METHOD

VALUATION PRODUCTS & SERVICES WEBINAR



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July 14, 2014

PRESENTER BACKGROUND

Charles A. Wilhoite, CPA/ABV/CFF, CMA, ASA, CFM, CGMA, CBA, CVA



- Charles Wilhoite is a managing director at Willamette Management Associates, a firm specializing in financial consulting, economic analysis, and business valuation and litigation support services. Before joining Willamette Management Associates in 1990, Mr. Wilhoite was a senior auditor at KPMG. He is a Certified Public Accountant/Accredited in Business Valuation/Certified in Financial Forensics, a Certified Management Accountant, an Accredited Senior Appraiser in business valuation, Certified in Financial Management, a Chartered Global Management Accountant, a Certified Business Appraiser, and a Certified Valuation Analyst.
- Mr. Wilhoite testifies frequently with regard to valuation and economic damages issues, and is very active in the employee stock ownership and gift and estate tax valuation arenas.
- Mr. Wilhoite currently serves as a member of the AICPA ABV Credentialing Committee, and is a commissioner with the Portland Development Commission. He has extensive experience with regard to the valuation and analysis of health care entities, and previously served as the board chair for Oregon Health & Science University in Portland, Oregon. He also serves on the boards of the Portland Business Alliance, the Meyer Memorial Trust, and the Nature Conservancy, and is a member of the U.S. Bank of Oregon Advisory Board, and the Federal Reserve Bank of San Francisco's 12th District Economic Advisory Council.
- Mr. Wilhoite holds a BS in accounting and a BS in finance from Arizona State University.

PRESENTATION PREMISES

- Guideline publicly traded company method (GPTCM) is a widely recognized and accepted method within the market approach
- Can use the GPTCM to achieve any standard of value (e.g., fair market value, fair value), with adjustments incorporated (e.g., discount for lack of marketability, premium for control) to achieve the desired *level* of value
- Typically, GPTCM is assumed to develop a value indication on a noncontrolling, marketable basis
- Going-concern premise is implied

PRESENTATION PREMISES, CONTD.

- GPTCM can be applied to achieve common equity value directly, or indirectly (i.e., market value of invested capital – “MVIC” – representing market value of total interest-bearing debt and total equity)
- GPTCM sometimes is applied on a direct basis to achieve common equity value when valuing minority interests (i.e., P/E multiples for “per share” analysis)
- GPTCM sometimes is applied on an indirect, or MVIC, basis to achieve common equity value when valuing controlling interests (“enterprise” analysis)
- Important to note that either basis can be used, defensibly, to value controlling or minority interests

GUIDELINE PUBLIC COMPANY METHOD OVERVIEW

○ GPTCM Process

- Develop an understanding of the business focus, operating scale and market(s) served by the subject company
- Identify and select relevant guideline publicly traded companies (GPTC)
- Analyze the operations of the subject company relative to the GPTC
- Identify and select relevant financial/operating fundamentals for the purpose of developing valuation pricing multiples (VPM)
- Develop a relevant “range” of VPM for the financial/operating fundamentals identified
- Select appropriate VPM to be applied to the relevant financial/operating fundamental(s) of the subject company
- Develop indications of value for the subject company
- Conclude a value indication by weighting the indications of value

UNDERSTANDING THE SUBJECT COMPANY

- Develop an understanding of the business focus, operating scale and market(s) served by the subject company
 - Review of legal documents (e.g., articles, agreements)
 - Review of financial documents (e.g., strategic plan, financial statements, long-term projections, loan documents)
 - Review of publicly available information (e.g., Website, press releases, D&B)
 - Diligence interviews (preliminary) with management
- Objective: To develop a clear understanding of the subject company's operations, scope of operations, and operating direction as of the valuation date

IDENTIFYING AND SELECTING GUIDELINE COMPANIES

○ Identify relevant GPTC

- Consider the subject company profile previously developed
- Develop search criteria
 - Standard Industrial Classification (SIC) code or North American Industry Classification System (NAICS) code
 - Key words, key phrases regarding business focus
 - Key markets served (customer-based/geography-based)
 - Domestic vs. international
 - Size parameters (assets, revenue, market capitalization)
 - Profitability parameters (earnings before interest and taxes, or EBIT, earnings before interest, taxes, depreciation and amortization, or EBITDA)

IDENTIFYING AND SELECTING GUIDELINE COMPANIES

○ Identify relevant GPTC

● Search relevant databases for potential GPTC

- S&P Capital IQ (“Capital IQ”): contains detailed financial and textual information on approximately 79,000 publicly traded companies (both domestic and foreign) – www.capitaliq.com.
- MergentOnline: a fully searchable online database that provides financial information on over 15,000 active and inactive U.S. publicly traded companies and approximately 20,000 active and inactive international companies – www.mergentonline.com.
- Bloomberg: a fully searchable online database that provides financial information on nearly all active and inactive U.S. publicly traded companies and active and inactive international companies – www.bloomberg.com/professional/.
- Thompson ONE: a fully searchable online database that provides financial information on approximately 52,000 public companies and over 1 million private companies – <http://thompsonreuters.com>.

IDENTIFYING AND SELECTING GUIDELINE COMPANIES

○ Identify relevant GPTC

• Search relevant databases for potential GPTC

- FactSet: provides an equity screener through which one can screen by numerous criteria, including industry; business description; financial data such as revenue, EDITDA, or assets; geographic location; and closing price, to name a few. The database contains information on over 73,000 companies worldwide –

www.factset.com.

- Pitchbook/BVR Guideline Public Company Comps Tool: database includes information on all publicly traded U.S. companies. Users can screen using numerous criteria including industry; business description; financial data such as revenue, EBITDA, or assets; geographic location; and closing price, to name a few –

www.bvmarketdata.com.

IDENTIFYING AND SELECTING GUIDELINE COMPANIES

○ Select relevant GPTC

- By process of elimination, the pool of potential GPTC is reduced to those deemed most relevant for the purpose of developing relevant VPM
 - Typical to include known (i.e., identified by management), publicly traded competitors
 - There is no magic number when it comes to the total number of GPTC selected, though a low number of GPTC (e.g., fewer than four) typically results in less weight being attributed to the method in arriving at the ultimate opinion of value
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- Objective: To identify a relevant group of guideline publicly traded companies with an operating/risk profile that reasonably can be relied upon to select VPM that are relevant for the purpose of valuing the subject company

IDENTIFYING AND SELECTING GUIDELINE COMPANIES

Research Request Form			
E-Mail to research@willamette.com		Today's Date: 10/27/2012	
From:		Valuation Date:	
Engagement #:		OR <input type="checkbox"/> Most Current Available	
Engagement Name: Family Grocery Holdings, Inc.		Subject Company Web Site:	
Industry (include any SIC codes, NAICS codes or GICS codes known): Retail Grocery - SIC 5411			
Known Guideline Companies:		Estimates (\$10-20 each company):	
Ticker	Company	Bloomberg	<input type="checkbox"/>
		Reuters	<input type="checkbox"/>
		ValueLine	<input type="checkbox"/> Due Date: _____
		Analyst Reports (approx \$10/page):	
		Send tables of contents first	<input type="checkbox"/>
		Number of reports per company	
		Projected income statements	<input type="checkbox"/>
		Whole reports	<input type="checkbox"/>
		Due Date:	_____
Company Info:		Betas:	Prices:
Descriptions in Word	<input type="checkbox"/>	Bloomberg	<input type="checkbox"/>
Descriptions in Excel	<input type="checkbox"/>	No. years	<input type="checkbox"/> S&P or NYSE
Full financials	<input type="checkbox"/>	Capital IQ	<input type="checkbox"/>
Special items	<input type="checkbox"/>	ValueLine	<input type="checkbox"/>
Other:		Barra	<input type="checkbox"/>
Due Date:	_____	Due Date:	_____
Guideline Company Search: <input type="checkbox"/>		Special Instructions (size of subject company, key words, limiters, etc.)	
		Due Date: _____	
Guideline Transaction Search: <input type="checkbox"/>		Special Instructions (size, key words, preferred sources, etc.)	
		Due Date: _____	
Include premiums: <input type="checkbox"/>	Number of years prior to valuation date: <input type="text" value="1"/>		
Industry Search: <input checked="" type="checkbox"/>		Special Instructions (key words, preferred sources, etc.)	
		Due Date: _____	
Regional Economy Search: <input type="checkbox"/>		Special Instructions (cities, counties, states, regions; other info)	
		Due Date: _____	
U.S. Economy Section: <input type="checkbox"/>	Specify version: <input type="text" value="1"/>		
Other Research (be specific): <input type="checkbox"/>		(additional charges may apply)	
		Due Date: _____	
Notes or Other Instructions:			
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**GUIDELINE PUBLICLY TRADED COMPANY
INGLES MARKETS, INCORPORATED**

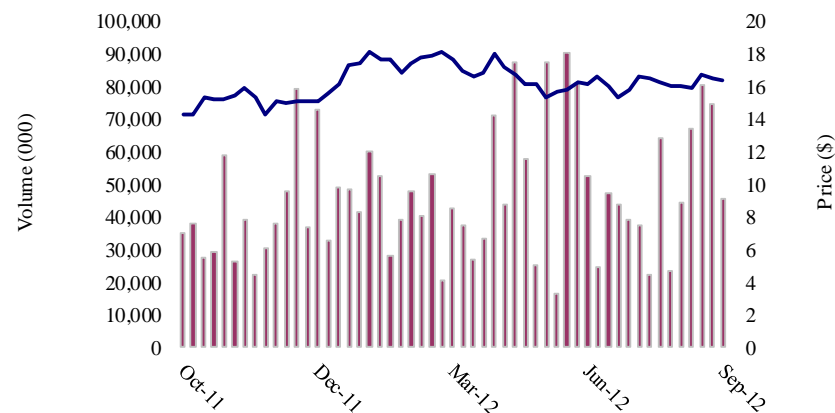
Business Description

Ingles Markets, Incorporated operates various supermarkets in the southeast United States. The company's supermarkets provide various food products, including grocery, meat and dairy products, produce, frozen foods, and other perishables; and non-food products comprising fuel, pharmacy products, health and beauty care products, and general merchandise, as well as private label items. Its stores also offer home meal replacement items, delicatessens, bakery and floral products, and greeting cards, as well as various selections of organic, beverage, and health-related items. As of September 28, 2013, the company operated 194 supermarkets under the Ingles name and 9 supermarkets under the Sav-Mor name in western North Carolina, western South Carolina, northern Georgia, eastern Tennessee, southwestern Virginia, and northeastern Alabama. It also operated 91 in-store pharmacies and 74 fuel centers. In addition, the company is engaged in the fluid dairy processing and shopping center rental businesses. It owns and operates 68 shopping centers; and owns 96 additional properties that comprise a free-standing Ingles store, as well as 19 undeveloped sites suitable for a free-standing store. Ingles Markets, Incorporated was founded in 1963 and is based in Black Mountain, North Carolina.

Financial Information

	LTM [a] \$000	2011 \$000	2010 \$000	2009 \$000
Cash & Equivalents	6,307	12,421	63,855	74,536
Total Assets	1,612,649	1,618,350	1,532,358	1,517,609
Long-Term Debt	812,547	820,744	725,314	818,000
Stockholders' Equity	447,970	431,946	409,081	398,164
Revenue	3,623,480	3,559,921	3,390,052	3,250,933
Gross Profit	802,536	791,876	762,927	743,081
EBITDA	207,250	201,249	194,432	192,782
Net Income	38,276	34,662	28,208	33,698
EBITDA Margin	5.7%	5.7%	5.7%	5.9%
Net Profit Margin	1.1%	1.0%	0.8%	1.0%

Stock Performance



Valuation Data

Market Value of Equity (MVE) \$000	390,340
Enterprise Value (EV) \$000	1,236,410
MVE / LTM Net Income	10.2
EV / LTM Sales	0.34
EV / LTM EBITDA	6.0

EBITDA = Earnings before interest, taxes, depreciation, and amortization

EV = Enterprise value

LTM = Latest 12 months

MVE = Market value of equity

[a] LTM period as of June 23, 2012.

Sources: Capital IQ, SEC Forms 10-Q and 10-K, and Willamette Management Associates calculations.

**GUIDELINE PUBLICLY TRADED COMPANY
THE KROGER CO.**

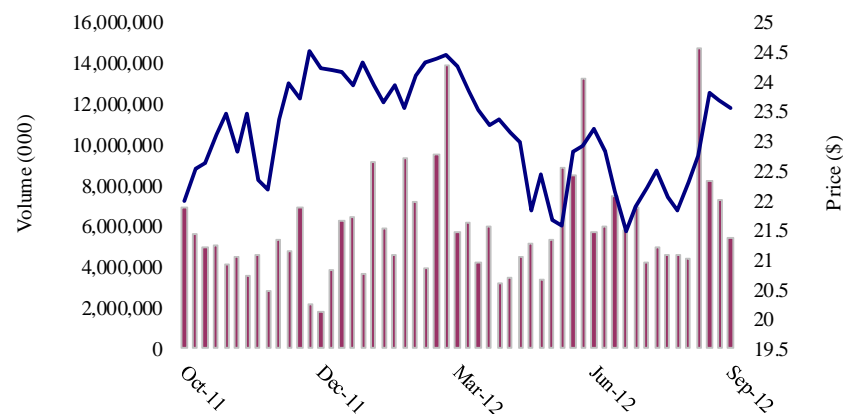
Business Description

The Kroger Co., together with its subsidiaries, operates as a retailer worldwide. The company also manufactures and processes food for sale in its supermarkets. It operates retail food and drug stores, multi-department stores, jewelry stores, and convenience stores. The company's combination food and drug stores offer natural food and organic sections, pharmacies, general merchandise, pet centers, fresh seafood, and organic produce; multi-department stores provide general merchandise items comprising apparel, home fashion and furnishings, electronics, automotive products, toys, and fine jewelry; and price impact warehouse stores provide grocery, and health and beauty care items, as well as meat, dairy, baked goods, and fresh produce items. Its marketplace stores include full-service grocery, pharmacy and health, and beauty departments, as well as perishable and general merchandise, such as apparel, home goods, and toys. The company operates supermarkets and multi-department stores under two dozen banners, including Kroger, City Market, Dillons, Food 4 Less, Fred Meyer, Fry's, Harris Teeter, Jay C, King Soopers, QFC, Ralphs, and Smith's. As of February 1, 2014, it operated 2,640 supermarkets and multi-department stores, of these stores 1,240 had fuel centers; and 320 fine jewelry stores, as well as operated 786 convenience stores either directly or through franchisees. The company was founded in 1883 and is based in Cincinnati, Ohio.

Financial Information

	LTM [a] \$000	2012 \$000	2011 \$000	2010 \$000
Cash & Equivalents	238,000	188,000	825,000	424,000
Total Assets	23,547,000	23,476,000	23,505,000	23,126,000
Long-Term Debt	6,825,000	6,891,000	7,304,000	7,477,000
Stockholders' Equity	3,793,000	3,966,000	5,298,000	4,926,000
Revenue	92,791,000	90,374,000	82,049,000	76,609,000
Gross Profit	19,634,000	19,412,000	18,779,000	18,290,000
EBITDA	4,182,000	4,122,000	3,882,000	3,793,000
Net Income	1,453,089	1,448,641	1,192,100	170,903
EBITDA Margin	4.5%	4.6%	4.7%	5.0%
Net Profit Margin	1.6%	1.6%	1.5%	0.2%

Stock Performance



Valuation Data

Market Value of Equity (MVE) \$000	12,181,469
Enterprise Value (EV) \$000	20,348,469
MVE / LTM Net Income	8.4
EV / LTM Sales	0.22
EV / LTM EBITDA	4.9

EBITDA = Earnings before interest, taxes, depreciation, and amortization

EV = Enterprise value

LTM = Latest 12 months

MVE = Market value of equity

[a] LTM period as of August 11, 2012.

Sources: Capital IQ, SEC Forms 10-Q and 10-K, and Willamette Management Associates calculations.

**GUIDELINE PUBLICLY TRADED COMPANY
HARRIS TEETER SUPERMARKETS, INC.**

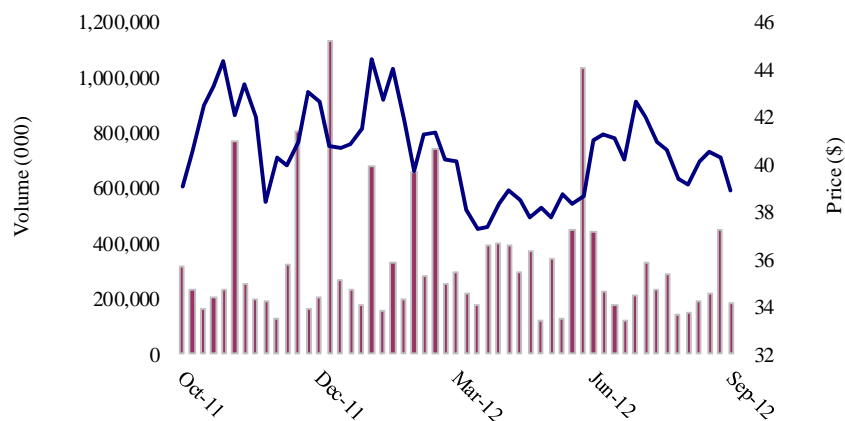
Business Description

Harris Teeter Supermarkets, Inc., through its subsidiaries, operates a regional chain of supermarkets primarily in the southeastern and mid-Atlantic United States, and the District of Columbia. Its supermarkets offer an assortment of groceries, produce, meat and seafood, delicatessen items, bakery items, and wines, as well as non-food items, such as health and beauty care, general merchandise, and floral products. The company also operates pharmacies in its supermarkets. As of October 1, 2013, it operated 216 supermarkets, including 142 in North Carolina, 39 in Virginia, 14 in South Carolina, 8 in Maryland, 5 in Tennessee, 3 in Delaware, 3 in District of Columbia, 1 in Florida, and 1 in Georgia, as well as operated pharmacies in 150 of its supermarkets. The company was formerly known as Ruddick Corporation and changed its name to Harris Teeter Supermarkets, Inc. in April 2012. Harris Teeter Supermarkets, Inc. was founded in 1891 and is based in Matthews, North Carolina.

Financial Information

	LTM [a] \$000	2011 \$000	2010 \$000	2009 \$000
Cash & Equivalents	207,733	164,479	60,107	37,310
Total Assets	1,889,555	1,984,424	1,893,671	1,844,321
Long-Term Debt	210,052	283,993	296,975	356,146
Stockholders' Equity	1,037,223	975,082	898,923	818,363
Revenue	4,494,109	4,285,565	4,099,353	3,827,005
Gross Profit	1,339,208	1,270,048	1,227,446	1,169,441
EBITDA	324,009	332,482	303,419	298,081
Net Income	103,013	106,248	92,850	95,884
EBITDA Margin	7.2%	7.8%	7.4%	7.8%
Net Profit Margin	2.3%	2.5%	2.3%	2.5%

Stock Performance



Valuation Data

Market Value of Equity (MVE) \$000	1,706,924
Enterprise Value (EV) \$000	1,921,187
MVE / LTM Net Income	16.6
EV / LTM Sales	0.43
EV / LTM EBITDA	5.9

EBITDA = Earnings before interest, taxes, depreciation, and amortization

EV = Enterprise value

LTM = Latest 12 months

MVE = Market value of equity

[a] LTM period as of July 1, 2012.

Sources: Capital IQ, SEC Forms 10-Q and 10-K, and Willamette Management Associates calculations.

**GUIDELINE PUBLICLY TRADED COMPANY
SAFeway INC.**

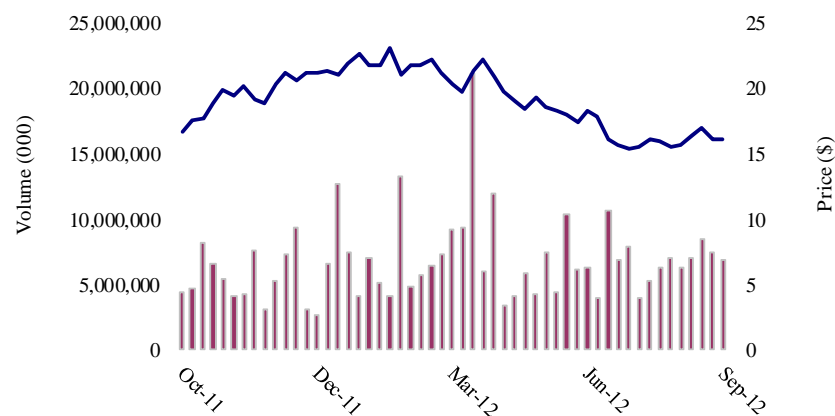
Business Description

Safeway Inc. operates as a food and drug retailer in the United States. The company's stores offers a selection of food and general merchandise; and features various specialty departments, such as bakery, delicatessen, floral, seafood, and pharmacy, as well as Starbucks coffee shops, and adjacent fuel centers. It also owns and operates online grocery channels, including Safeway.com and Vons.com; manufactures and processes private-label merchandise; and gift cards, prepaid telecom products, and prepaid financial service products. The company sells its products under the various trademarks, such as Safeway, Safeway SELECT, Rancher's Reserve, O Organics, Lucerne, Primo Taglio, Eating Right, mom to mom, waterfront BISTRO, Bright Green, Pantry Essentials, Open Nature, Refreshe, Snack Artist, Signature Café, Priority, just for U, My Simple Nutrition, and Ingredients for Life, as well as other trademarks comprising Pak'N Save Foods, Vons, Pavilions, Randalls, Tom Thumb, and Carrs Quality Centers. It operates 1,335 stores. The company was formerly known as Safeway Stores, Incorporated and changed its name to Safeway Inc. in February 1990. Safeway Inc. was founded in 1926 and is based in Pleasanton, California.

Financial Information

	LTM [a] \$000	2011 \$000	2011 \$000	2010 \$000
Cash & Equivalents	313,400	786,200	838,700	523,300
Total Assets	14,870,600	15,073,600	15,148,100	14,963,600
Long-Term Debt	6,065,100	4,569,700	4,300,000	4,360,900
Stockholders' Equity	2,592,400	3,689,100	4,997,700	4,946,400
Revenue	44,051,700	43,630,200	41,050,000	40,850,700
Gross Profit	12,255,100	12,285,000	12,116,200	12,196,400
EBITDA	2,268,600	2,363,100	2,365,500	2,555,200
Net Income	565,842	553,448	587,990	1,211,475
EBITDA Margin	5.1%	5.4%	5.8%	6.3%
Net Profit Margin	1.3%	1.3%	1.4%	3.0%

Stock Performance



Valuation Data

Market Value of Equity (MVE) \$000	3,540,155
Enterprise Value (EV) \$000	10,448,255
MVE / LTM Net Income	6.3
EV / LTM Sales	0.24
EV / LTM EBITDA	4.6

EBITDA = Earnings before interest, taxes, depreciation, and amortization

EV = Enterprise value

LTM = Latest 12 months

MVE = Market value of equity

[a] LTM period as of June 16, 2012.

Sources: Capital IQ, SEC Forms 10-Q and 10-K, and Willamette Management Associates calculations.

**GUIDELINE PUBLICLY TRADED COMPANY
VILLAGE SUPER MARKET INC.**

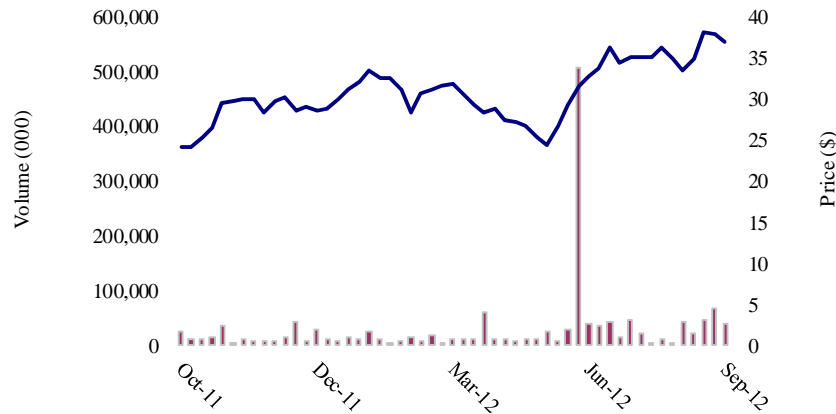
Business Description

Village Super Market, Inc., together with its subsidiaries, operates a chain of supermarkets in the United States. Its superstores feature specialty departments, such as home meal replacement, on-site bakery, and expanded delicatessen that includes prepared food, natural and organic foods, ethnic and international foods, and seafood sections, as well as pharmacies and salad bars. The company's superstores also offer non-food items, including cut flowers, health and beauty aids, greeting cards, and small appliances. As of October 2, 2013, it operated 29 supermarkets, including 18 supermarkets in northern New Jersey, 8 supermarkets in southern New Jersey, 2 supermarkets in Maryland, and 1 supermarket in northeastern Pennsylvania under the ShopRite name. Village Super Market, Inc. was founded in 1933 and is based in Springfield, New Jersey.

Financial Information

	LTM [a] \$000	2011 \$000	2010 \$000	2009 \$000
Cash & Equivalents	91,084	91,362	69,043	54,966
Total Assets	394,191	386,190	357,129	338,810
Long-Term Debt	43,229	43,147	41,831	32,581
Stockholders' Equity	227,059	208,157	205,775	187,398
Revenue	1,397,404	1,298,928	1,261,825	1,208,097
Gross Profit	381,801	350,159	342,925	330,545
EBITDA	75,821	57,349	61,740	65,042
Net Income	30,079	19,943	23,962	27,313
EBITDA Margin	5.4%	4.4%	4.9%	5.4%
Net Profit Margin	2.2%	1.5%	1.9%	2.3%

Stock Performance



Valuation Data

Market Value of Equity (MVE) \$000	412,674
Enterprise Value (EV) \$000	456,326
MVE / LTM Net Income	13.7
EV / LTM Sales	0.33
EV / LTM EBITDA	6.0

EBITDA = Earnings before interest, taxes, depreciation, and amortization

EV = Enterprise value

LTM = Latest 12 months

MVE = Market value of equity

[a] LTM period as of April 28, 2012.

Sources: Capital IQ, SEC Forms 10-Q and 10-K, and Willamette Management Associates calculations.

**GUIDELINE PUBLICLY TRADED COMPANY
WEIS MARKETS, INC.**

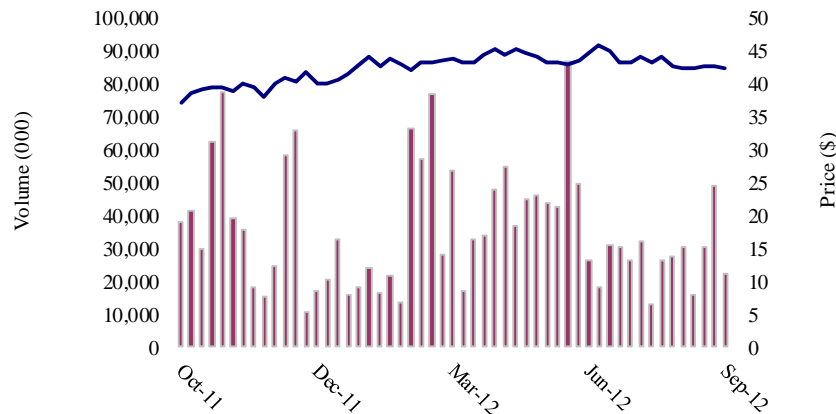
Business Description

Weis Markets, Inc. is engaged in the retail sale of food in Pennsylvania and surrounding states. The company's retail food stores sell groceries, dairy products, frozen foods, meats, seafood, fresh produce, floral, pharmacy services, deli products, prepared foods, bakery products, beer and wine, and fuel; and general merchandise items, such as health and beauty care and household products. It operates stores primarily under the Weis Markets trade name, as well as trademarks for its product lines and promotions, such as Weis, Weis 2 Go, Weis Wonder Chicken, Price Freeze, Weis Gas-n-Go, and Healthy Bites. As of April 24, 2014, it operated 166 stores in Pennsylvania, Maryland, New Jersey, New York, and West Virginia. Weis Markets, Inc. was founded in 1912 and is based in Sunbury, Pennsylvania.

Financial Information

	LTM [a] \$000	2011 \$000	2010 \$000	2009 \$000
Cash & Equivalents	129,337	126,740	134,899	85,144
Total Assets	1,068,260	1,029,004	992,081	916,515
Long-Term Debt	-	-	-	-
Stockholders' Equity	773,269	745,886	728,127	690,764
Revenue	2,755,097	2,752,504	2,620,378	2,516,175
Gross Profit	745,419	735,855	713,625	678,172
EBITDA	176,151	182,390	163,286	148,933
Net Income	77,000	79,055	68,827	61,272
EBITDA Margin	6.4%	6.6%	6.2%	5.9%
Net Profit Margin	2.8%	2.9%	2.6%	2.4%

Stock Performance



Valuation Data

Market Value of Equity (MVE) \$000	1,009,255
Enterprise Value (EV) \$000	1,009,255
MVE / LTM Net Income	13.1
EV / LTM Sales	0.37
EV / LTM EBITDA	5.7

EBITDA = Earnings before interest, taxes, depreciation, and amortization

EV = Enterprise value

LTM = Latest 12 months

MVE = Market value of equity

[a] LTM period as of June 30, 2012.

Sources: Capital IQ, SEC Forms 10-Q and 10-K, and Willamette Management Associates calculations.

**GUIDELINE PUBLICLY TRADED COMPANY
WHOLE FOODS MARKET, INC.**

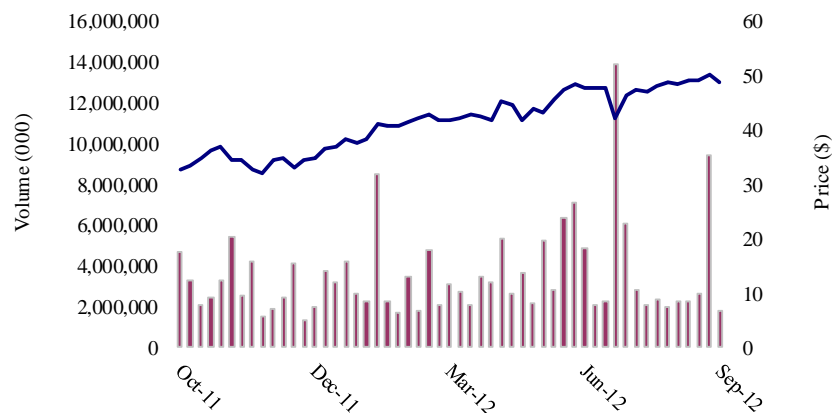
Business Description

Whole Foods Market, Inc. operates as a retailer of natural and organic foods. Its stores offer produce and floral, grocery, meat, seafood, bakery, prepared foods and catering, coffee, tea, beer, wine, cheese, nutritional supplements, vitamins, and body care products, as well as lifestyle products including books, pet products, and household products. As of May 16, 2014, the company operated 360 stores in the United States, Canada, and the United Kingdom. Whole Foods Market, Inc. was founded in 1978 and is headquartered in Austin, Texas.

Financial Information

	LTM [a] \$000	2011 \$000	2010 \$000	2009 \$000
Cash & Equivalents	1,173,277	746,280	548,536	501,153
Total Assets	5,088,886	4,292,075	3,986,540	3,783,388
Long-Term Debt	18,756	17,439	508,288	738,848
Stockholders' Equity	3,641,305	2,991,305	2,373,258	2,040,928
Revenue	11,142,334	10,107,787	9,005,794	8,031,620
Gross Profit	3,941,506	3,536,549	3,136,275	2,755,127
EBITDA	999,885	854,536	718,342	591,456
Net Income	428,108	349,960	244,594	168,428
EBITDA Margin	9.0%	8.5%	8.0%	7.4%
Net Profit Margin	3.8%	3.5%	2.7%	2.1%

Stock Performance



Valuation Data

Market Value of Equity (MVE) \$000	16,813,289
Enterprise Value (EV) \$000	16,832,409
MVE / LTM Net Income	39.3
EV / LTM Sales	1.51
EV / LTM EBITDA	16.8

EBITDA = Earnings before interest, taxes, depreciation, and amortization

EV = Enterprise value

LTM = Latest 12 months

MVE = Market value of equity

[a] LTM period as of July 1, 2012.

Sources: Capital IQ, SEC Forms 10-Q and 10-K, and Willamette Management Associates calculations.

COMPARATIVE ANALYSIS

- Analyze the operations of the subject company relative to the GPTC
 - Financial statement analysis (typically as of most recent period)¹
 - “Common-size” balance sheet comparative analysis
 - “Common-size” income statement comparative analysis
 - Comparative ratio analysis
 - Operating characteristic/physical fundamental analysis
 - “Per” analysis (e.g., revenue or EBITDA per store for grocery chains; gallons sold for gas stations; licensed beds for hospitals; thousand board feet for lumber producers; subscribers for newspapers/cable TV service providers)
- Objective: To establish how the subject company compares with the entire group of GPTC and specific GPTC for the purpose of facilitating the selection of appropriate VPM
- ¹Assumes that all financial results have been adjusted for material nonrecurring/unusual items (i.e., “normalized”)

COMPARATIVE ANALYSIS: BALANCE SHEETS

	Ingles Markets 9/24/11 %	Kroger Co. 1/28/12 %	Harris Teeter Supermarkets 10/2/11 %	Safeway Inc. 12/31/11 %	Village Super Market 7/30/11 %	Weis Markets 12/31/11 %	Whole Foods Market 9/25/11 %	Median %	Family Grocery 10/2/12 %
SIZE (LFYE)									
Assets (\$Mill)	1,618	23,476	1,984	15,074	386	1,029	4,292	1,984	805
Revenue (\$Mill)	3,560	90,374	4,286	43,630	1,299	2,753	10,108	4,286	2,896
Enterprise Value (\$Mill)	1,235	20,428	1,900	10,443	454	1,005	16,836	1,900	NA
Stores Operated	203	2,435	204	1,678	28	161	311	204	151
Assets/Store (\$Mill)	8.0	9.6	9.7	9.0	13.8	6.4	13.8	9.6	5.3
Revenue/Store (\$Mill)	17.5	37.1	21.0	26.0	46.4	17.1	32.5	26.0	19.2
BALANCE SHEET (LFYE)									
ASSETS									
Cash & Equivalents	0.8	0.8	8.3	5.2	23.7	12.3	17.4	8.3	8.8
Accounts Receivable	3.5	4.0	2.4	4.3	-	5.1	4.1	4.0	5.4
Inventory	18.7	21.8	14.5	16.4	10.0	22.0	7.8	16.4	22.0
Other Current Assets	1.0	4.6	13.2	1.9	5.8	1.0	4.5	4.5	0.3
Total Current Assets	24.1	31.2	38.3	27.8	39.4	40.4	33.9	33.9	36.5
Fixed Assets (at Cost)	123.9	119.6	95.6	135.2	90.1	144.7	84.3	119.6	120.6
Acc. Depreciation	(53.9)	(58.0)	(44.2)	(71.3)	(45.0)	(88.8)	(37.8)	(53.9)	(63.1)
Net Fixed Assets	70.0	61.6	51.4	63.9	45.2	55.9	46.5	55.9	57.4
Intangible Assets	-	4.8	0.7	3.1	2.7	3.7	17.0	3.1	0.8
Other Assets	5.9	2.3	9.7	5.2	12.6	0.0	2.6	5.2	5.3
TOTAL ASSETS	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
LIABILITIES & EQUITY									
Accounts Payable	10.3	18.4	12.7	19.4	18.1	12.8	5.5	12.8	17.1
Accrued Expenses	5.3	5.5	3.2	8.1	4.9	5.1	9.1	5.3	9.5
Current Portion LTD	2.1	5.4	0.2	5.4	0.1	-	-	0.2	2.1
Other Interest Bearing Debt	-	0.2	-	0.2	-	-	0.0	-	0.5
Other Current Liabilities	0.3	9.3	8.0	0.4	4.8	1.1	5.8	4.8	-
Total Current Liabilities	18.0	38.8	24.2	33.4	27.9	19.0	20.5	24.2	29.1
Long-Term Debt	50.7	29.4	14.3	30.3	11.2	-	0.4	14.3	18.6
Deferred Income Tax	4.2	2.8	1.0	0.9	0.1	7.1	-	1.0	3.8
Other Liabilities	0.4	12.2	11.4	10.8	6.9	1.4	9.4	9.4	3.3
Total Liabilities	73.3	83.1	50.9	75.5	46.1	27.5	30.3	50.9	54.8
Stockholder's Equity	26.7	16.9	49.1	24.5	53.9	72.5	69.7	49.1	45.2
TOTAL LIABILITIES & EQUITY	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

COMPARATIVE ANALYSIS: INCOME STATEMENTS

	Ingles Markets 9/24/11 %	Kroger Co. 1/28/12 %	Harris Teeter Supermarkets 10/2/11 %	Safeway Inc. 12/31/11 %	Village Super Market 7/30/11 %	Weis Markets 12/31/11 %	Whole Foods Market 9/25/11 %	Median %	Family Grocery 10/2/12 %
SIZE (LFYE)									
Assets (\$Mill)	1,618	23,476	1,984	15,074	386	1,029	4,292	1,984	805
Revenue (\$Mill)	3,560	90,374	4,286	43,630	1,299	2,753	10,108	4,286	2,896
Enterprise Value (\$Mill)	1,235	20,428	1,900	10,443	454	1,005	16,836	1,900	NA
Stores Operated	203	2,435	204	1,678	28	161	311	204	151
Assets/Store (\$Mill)	8.0	9.6	9.7	9.0	13.8	6.4	13.8	9.6	5.3
Revenue/Store (\$Mill)	17.5	37.1	21.0	26.0	46.4	17.1	32.5	26.0	19.2
INCOME STATEMENTS (LFYE)									
Net Sales	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cost of Goods Sold	77.8	78.5	70.4	71.8	73.0	73.3	65.0	73.0	77.5
Gross Margin	22.2	21.5	29.6	28.2	27.0	26.7	35.0	27.0	22.5
General & Administrative Expenses	16.6	16.9	21.9	22.7	22.5	20.1	26.5	21.9	17.3
Depreciation Expense	2.4	1.8	3.3	2.6	1.4	2.2	2.8	2.4	1.8
Operating Profit	3.3	2.7	4.5	2.8	3.0	4.5	5.6	3.3	3.4
Interest Expense	1.7	0.5	0.4	0.6	0.3	-	0.0	0.4	0.4
Other Income (Expenses), Net	-	-	-	-	-	-	-	-	-
Pretax Income	1.5	2.3	4.0	2.2	2.7	4.5	5.6	2.7	3.0
Income Taxes	(0.5)	(0.7)	(1.5)	(0.9)	(1.1)	(1.6)	(2.1)	(1.1)	(0.6)
NET INCOME	1.0	1.6	2.5	1.3	1.5	2.9	3.5	1.6	2.4

COMPARATIVE ANALYSIS: OPERATING RATIOS

	Ingles Markets 9/24/11	Kroger Co. 1/28/12	Ruddick Corp. 10/2/11	Safeway Inc. 12/31/11	Village Super Market 7/30/11	Weis Markets 12/31/11	Whole Foods Market 9/25/11	Median	Family Grocery 10/2/12
LIQUIDITY RATIOS									
Current Ratio	1.3	0.8	1.6	0.8	1.4	2.1	1.7	1.4	1.3
Quick Ratio	0.2	0.1	0.4	0.3	0.8	0.9	1.0	0.4	0.5
Working Capital (\$Mill)	98.9	(1,780.0)	280.3	(851.5)	44.4	220.0	573.8	98.9	59.7
ACTIVITY RATIOS									
Sales/Average Receivables	64.8	100.8	90.3	72.1	NM	52.1	65.5	65.5	66.0
Days in Receivables	6	4	4	5	NM	7	6	5	6
Cost of Sales/Inventory (FIFO)	9.4	14.1	10.8	12.3	25.4	8.8	19.9	12.3	12.9
Days in Inventory	39	26	34	30	14	41	18	30	28
Working Capital Turnover	35.1	(81.1)	20.2	(93.6)	30.3	12.1	20.5	20.2	50.6
Fixed Asset Turnover	3.2	6.3	4.2	4.5	7.4	5.0	5.2	5.0	6.5
Asset Turnover	2.3	3.8	2.2	2.9	3.5	2.7	2.4	2.7	3.7
COVERAGE/LEVERAGE RATIOS									
Interest Expense Coverage:									
EBIT	1.9	5.7	10.0	4.5	9.0	NM	146.2	5.7	7.7
EBITDA	3.2	9.5	17.4	8.7	13.4	NM	220.1	9.5	11.6
Fixed Assets/Equity (%)	262.3	364.7	104.6	261.2	83.8	77.1	66.8	104.6	127.0
Equity/Invested Capital (%)	33.6	32.6	77.2	40.5	82.7	100.0	99.4	77.2	68.2
PROFITABILITY RATIOS (%)									
Pretax Income/Average Equity	12.8	44.2	18.4	21.7	16.6	16.7	21.0	18.4	24.2
Pretax Income/Average Assets	3.4	8.7	8.9	6.2	9.3	12.2	13.6	8.9	11.1
Pretax Income/Sales	1.5	2.3	4.0	2.2	2.7	4.5	5.6	2.7	3.0
Net Income/Average Equity	8.2	31.3	11.3	12.7	9.6	10.7	13.0	11.3	19.2
Net Income/Average Assets	2.2	6.2	5.5	3.7	5.4	7.8	8.5	5.5	8.8
Net Income/Sales	1.0	1.6	2.5	1.3	1.5	2.9	3.5	1.6	2.4
Cash Flow/Average Equity	28.6	66.6	26.4	39.2	18.6	18.8	23.8	26.4	33.5
Cash Flow/Average Assets	7.6	13.1	12.7	11.3	10.4	13.7	15.4	12.7	15.4
Cash Flow/Sales	3.4	3.4	5.8	3.9	3.0	5.0	6.3	3.9	4.1
EBIT/Avg Invested Capital	9.2	19.6	15.5	12.8	15.5	16.7	19.3	15.5	19.2
EBITDA/Avg Invested Capital	16.0	32.5	26.9	25.0	23.0	24.7	29.0	25.0	29.1

COMPARATIVE ANALYSIS: LFY OPERATING PERFORMANCE

Size (LTM Revenue)	
The Kroger Co.	92,791,000
Safeway Inc.	44,051,700
Whole Foods Market, Inc.	11,142,334
Harris Teeter Supermarkets, Inc.	4,494,109
Ingles Markets Inc.	3,623,480
Family Grocery Holdings, Inc.	2,841,627
Weis Markets, Inc.	2,755,097
Village Super Market Inc.	1,397,404

LTM Profitability (EBIT to Revenue)	
Whole Foods Market, Inc.	6.3%
Weis Markets, Inc.	4.4%
Village Super Market Inc.	4.0%
Harris Teeter Supermarkets, Inc.	4.0%
Family Grocery Holdings, Inc.	3.4%
Ingles Markets Inc.	3.3%
The Kroger Co.	2.7%
Safeway Inc.	2.5%

Activity (Days in Inventory)	
Village Super Market Inc.	14
Whole Foods Market, Inc.	18
The Kroger Co.	26
Family Grocery Holdings, Inc.	28
Safeway Inc.	30
Harris Teeter Supermarkets, Inc.	34
Ingles Markets Inc.	39
Weis Markets, Inc.	41

Size (LTM Total Assets)	
The Kroger Co.	23,547,000
Safeway Inc.	14,870,600
Whole Foods Market, Inc.	5,088,886
Harris Teeter Supermarkets, Inc.	1,889,555
Ingles Markets Inc.	1,612,649
Weis Markets, Inc.	1,068,260
Family Grocery Holdings, Inc.	804,814
Village Super Market Inc.	394,191

LTM Profitability (EBITDA to Revenue)	
Whole Foods Market, Inc.	9.0%
Harris Teeter Supermarkets, Inc.	7.2%
Weis Markets, Inc.	6.4%
Ingles Markets Inc.	5.7%
Village Super Market Inc.	5.4%
Family Grocery Holdings, Inc.	5.2%
Safeway Inc.	5.1%
The Kroger Co.	4.5%

Activity (Working Capital Turnover)	
Family Grocery Holdings, Inc.	50.6
Ingles Markets Inc.	35.1
Village Super Market Inc.	30.3
Whole Foods Market, Inc.	20.5
Harris Teeter Supermarkets, Inc.	20.2
Weis Markets, Inc.	12.1
The Kroger Co.	(81.1)
Safeway Inc.	(93.6)

Growth (Historical 5-Year EBITDA Compound Annual Growth)	
Whole Foods Market, Inc.	15.6%
Village Super Market Inc.	10.4%
Family Grocery Holdings, Inc.	10.4%
Weis Markets, Inc.	5.7%
Harris Teeter Supermarkets, Inc.	5.6%
Ingles Markets Inc.	2.1%
The Kroger Co.	1.6%
Safeway Inc.	-5.2%

Liquidity (Current Ratio)	
Weis Markets, Inc.	2.1
Whole Foods Market, Inc.	1.7
Harris Teeter Supermarkets, Inc.	1.6
Village Super Market Inc.	1.4
Ingles Markets Inc.	1.3
Family Grocery Holdings, Inc.	1.3
Safeway Inc.	0.8
The Kroger Co.	0.8

Leverage (Equity to Invested Capital)	
Weis Markets, Inc.	100.0%
Whole Foods Market, Inc.	99.4%
Village Super Market Inc.	82.7%
Harris Teeter Supermarkets, Inc.	77.2%
Family Grocery Holdings, Inc.	68.2%
Safeway Inc.	40.5%
Ingles Markets Inc.	33.6%
The Kroger Co.	32.6%

IDENTIFYING AND SELECTING RELEVANT FUNDAMENTALS

- Identify and select relevant financial/operating fundamentals for the purpose of developing valuation pricing multiples (VPM)

Commonly Used Equity VPM

Price/pretax earnings
Price/after-tax earnings
Price/gross cash flow (GCF)
Price/cash earnings
Price/book value (BV)
Price/dividends

GCF = after-tax earnings plus depreciation and amortization
Cash earnings = after-tax earnings plus amortization

Commonly Used MVIC VPM

MVIC/sales
MVIC/EBIT
MVIC/EBITDA
MVIC/DFNI
MVIC/DFCF
MVIC/TBVIC

MVIC = market value of invested capital
DFNI = tax-affected EBIT
DFCF = DFNI plus depreciation and amortization

DEVELOPING A RANGE OF VPM

- Develop a relevant “range” of VPM for the financial/operating fundamentals identified
 - Consider business focus and industry practice when selecting most relevant VPM (i.e., what does industry consider most relevant for transactional pricing purposes)
 - Consider relevance of time period with regard to expected operating results (e.g., focus on latest twelve months – “LTM,” latest fiscal year – “LFY,” 5-year average, 5-year weighted average, projected Year 1)
 - Exclude obvious outliers (extremely high or low), and “negative” multiples
 - Range of relevant multiples often classified as “Low,” “Mean,” “Median,” and “High” (25th percentile/75th percentile are options)

DEVELOPING A RANGE OF VPM – EBITDA EXAMPLE

Company Name	Earnings before Interest, Taxes, Depreciation & Amortization (EBITDA)						5-Yr. Average	5-Yr. Average Compound	Coeff. of Var.	EV	EV/EBITDA	
	LTM	2011	2010	2009	2008	2007	EBITDA	Growth	%	\$000	LTM	5-Yr. Avg.
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	%	%	\$000		
Ingles Markets Inc.	207,250	201,249	194,432	192,782	193,875	187,575	197,918	2.1	3.1	1,235,197	6.0	6.2
The Kroger Co.	4,182,000	4,122,000	3,882,000	3,793,000	4,071,000	3,895,000	4,010,000	1.6	4.1	20,427,607	4.9	5.1
Harris Teeter Supermarkets, Inc.	324,009	332,482	303,419	298,081	298,666	250,633	311,331	5.6	5.1	1,900,162	5.9	6.1
Safeway Inc.	2,268,600	2,363,100	2,365,500	2,555,200	3,069,000	2,873,500	2,645,260	(5.2)	11.9	10,443,465	4.6	3.9
Village Super Market Inc.	75,821	57,349	61,740	65,042	53,201	47,461	62,631	10.4	13.8	453,859	6.0	7.2
Weis Markets, Inc.	176,151	182,390	163,286	148,933	134,434	136,986	161,039	5.7	12.2	1,004,952	5.7	6.2
Whole Foods Market, Inc.	999,885	854,536	718,342	591,456	536,188	501,502	740,081	15.6	25.7	16,836,102	16.8	22.7

HIGH								15.6			16.8	22.7
LOW								(5.2)			4.6	3.9
MEAN								5.1			7.1	8.2
MEDIAN								5.6			5.9	6.2
STANDARD DEVIATION								6.6			4.3	6.5
COEFFICIENT OF VARIATION (%)								129.9			60.7	78.8

Family Grocery Holdings, Inc.	147,316	147,316	130,382	109,992	118,873	99,288	121,170	10.4	15.3	NA	NA	NA
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SELECTING APPROPRIATE VPM

- Select appropriate VPM to be applied to the relevant financial/operating fundamental(s) of the subject company
 - Arbitrary application of “median” or “average” VPM is ill-advised
 - Median VPM often serves as a “baseline,” with adjustment from the baseline based on comparative analysis
 - Generally, VPM selection should consider
 - Comparability of subject company relative to GPTC group, or specific GPTC (e.g., operating scale, business focus)
 - Comparability in earnings and growth trends (including consideration of variability in earnings from year to year)
 - Comparability in projected growth with regard to sales and earnings
 - Comparability in profitability (e.g., returns on revenue and tangible book value)

SELECTING APPROPRIATE VPM – REVENUE EXAMPLE

Company Name	Revenue						5-Yr. Average Revenue \$000	5-Yr. Average Compound Growth %	Coeff. of Var. %	EV \$000	EV/Revenue	
	LTM \$000	2011 \$000	2010 \$000	2009 \$000	2008 \$000	2007 \$000					LTM	5-Yr. Avg.
Ingles Markets Inc.	3,623,480	3,559,921	3,390,052	3,250,933	3,238,046	2,851,593	3,412,487	5.2	5.1	1,235,197	0.34	0.36
The Kroger Co.	92,791,000	90,374,000	82,049,000	76,609,000	76,148,000	70,336,000	83,594,200	6.3	9.2	20,427,607	0.22	0.24
Harris Teeter Supermarkets, Inc.	4,494,109	4,285,565	4,099,353	3,827,005	3,992,397	3,639,208	4,139,686	4.5	6.3	1,900,162	0.42	0.46
Safeway Inc.	44,051,700	43,630,200	41,050,000	40,850,700	44,104,000	42,286,000	42,384,180	0.9	3.5	10,443,465	0.24	0.25
Village Super Market Inc.	1,397,404	1,298,928	1,261,825	1,208,097	1,127,762	1,046,435	1,258,803	6.3	8.0	453,859	0.32	0.36
Weis Markets, Inc.	2,755,097	2,752,504	2,620,378	2,516,175	2,422,361	2,318,551	2,613,303	3.9	5.6	1,004,952	0.36	0.38
Whole Foods Market, Inc.	11,142,334	10,107,787	9,005,794	8,031,620	7,953,912	6,591,773	9,248,289	11.6	14.8	16,836,102	1.51	1.82
HIGH								11.6			1.51	1.82
LOW								0.9			0.22	0.24
MEAN								5.5			0.49	0.55
MEDIAN								5.2			0.34	0.36
STANDARD DEVIATION								3.2			0.5	0.6
COEFFICIENT OF VARIATION (%)								58.7			93.3	101.8
Family Grocery Holdings, Inc.	2,841,627	2,841,627	2,714,949	2,511,690	2,410,545	2,459,111	2,587,584	3.7	7.1	NA	NA	NA

SELECTING APPROPRIATE VPM – REVENUE

EXAMPLE:

PERFORMANCE-BASED ANALYSIS

Company Name	EBIT		EBITDA		DFCF		DFNI	
	Return on Revenue		Return on Revenue		Return on Revenue		Return on Revenue	
	LTM	5-Yr.	LTM	5-Yr.	LTM	5-Yr.	LTM	5-Yr.
	%	%	%	%	%	%	%	%
Ingles Markets Inc.	3.3	3.4	5.7	5.8	4.6	4.4	2.1	2.2
The Kroger Co.	2.7	2.9	4.5	4.8	3.7	3.7	1.9	2.0
Harris Teeter Supermarkets, Inc.	4.0	4.3	7.2	7.5	5.8	5.6	2.5	2.7
Safeway Inc.	2.5	3.6	5.1	6.2	4.3	4.8	1.7	2.3
Village Super Market Inc.	4.0	3.6	5.4	5.0	3.7	3.1	2.3	2.1
Weis Markets, Inc.	4.4	4.0	6.4	6.2	4.8	4.5	2.8	2.6
Whole Foods Market, Inc.	6.3	5.0	9.0	8.0	6.6	5.2	3.9	3.0
HIGH	6.3	5.0	9.0	8.0	6.6	5.6	3.9	3.0
LOW	2.5	2.9	4.5	4.8	3.7	3.1	1.7	2.0
MEAN	3.9	3.8	6.2	6.2	4.8	4.5	2.5	2.4
MEDIAN	4.0	3.6	5.7	6.2	4.6	4.5	2.3	2.3
STANDARD DEVIATION	1.2	0.7	1.5	1.2	1.1	0.8	0.7	0.4
COEFFICIENT OF VARIATION (%)	32.2	17.8	24.2	19.3	22.3	18.7	28.9	15.7
Family Grocery Holdings, Inc.	3.4	2.9	5.2	4.7	4.5	4.1	2.8	2.3

DEVELOPING INDICATIONS OF VALUE

- Develop indications of value for the subject company
 - Apply the selected VPM to the appropriate fundamental
 - Note the “range” of value indications produced
 - Determine if further analysis is required with regard to any particular VPM/fundamental based on consideration of significant “outlier” indications of value

CONCLUDING VALUE BASED ON WEIGHTING

- Conclude a value indication by weighting the indications of value
 - Consider the business focus of the subject company (i.e., what generates “value” for the business, an asset base or revenue and earnings)
 - Consider what investors look to for potential returns (e.g., asset sales or earnings/cash flow)
 - Consider which time period reflects fundamentals at levels most representative of normalized, long-term performance
 - Weight the indications of value based on consideration of the key factors
 - Determine if any adjustment(s) to the weighted value are required to reflect the impact of nonoperating/excess assets and/or liabilities (normalized earnings for the subject company should have been adjusted to remove the impact of the related income/expense)

CONCLUDING VALUE BASED ON GPTCM

Value Measure	Family Holdings \$000	Guideline Publicly Traded Company Pricing Multiples			Selected Pricing Multiple	Indicated Value \$000	Value Measure Weight	Weighted Value \$000
		Low	High	Median				
EV / EBIT:								
Latest 12 Months	97,342	8.1	24.2	9.3	9.5	924,753	0.15	138,713
5-Year Average	74,221	6.9	36.3	9.9	10.0	742,206	0.10	74,221
EV / EBITDA:								
Latest 12 Months	147,316	4.6	16.8	5.9	6.0	883,899	0.15	132,585
5-Year Average	121,170	3.9	22.7	6.2	6.5	787,607	0.10	78,761
EV / DFNI:								
Latest 12 Months	78,418	11.6	39.1	13.9	14.0	1,097,856	0.10	109,786
5-Year Average	58,466	10.9	60.3	16.6	17.0	993,926	0.05	49,696
EV / DFCF:								
Latest 12 Months	128,392	5.5	23.0	7.5	7.5	962,942	0.10	96,294
5-Year Average	105,416	5.1	34.8	8.2	8.5	896,036	0.05	44,802
EV / Revenue:								
Latest 12 Months	2,841,627	0.22	1.51	0.34	0.34	966,153	0.20	193,231
							<u>1.00</u>	
Enterprise Value								918,088
Plus: Cash and Marketable Securities								54,769
Less: Interest-Bearing Debt								<u>(169,640)</u>
Noncontrolling, Market Value of Equity (rounded)								<u>803,200</u>

DFCF = Debt Free Cash Flow

DFNI = Debt Free Net Income

EBIT = Earnings before Interest and Taxes

EBITDA = Earnings before Interest, Taxes, Depreciation and Amortization

EV = Enterprise Value

CONCLUDING VALUE BASED ON GPTCM

- Adjusting to meet the required standard and level of value
 - Typically, the GPTCM is recognized as producing a *publicly traded equivalent equity value*, or equity value on a *noncontrolling, marketable basis*
 - Depending on the **level** of value sought, adjustments to the indicated equity value resulting from the GPTCM may be required to achieve the desired level of value
 - A control premium may be relevant, if a controlling level of value is required
 - A discount for lack of marketability may be required, if a noncontrolling, nonmarketable level of value is required

CONCLUSION: GPTCM APPLICABILITY

- Properly applied, the GPTCM produces a relevant and defensible conclusion of equity value
- Issues regarding the relevance of the approach and the “comparability” of the GPTC must be addressed
- Most tax-related valuation engagements emphasize the “fair market value standard,” and expect that the analysis will consider the GPTCM (i.e., Revenue Ruling 59-60):
 - Market prices of stocks of corporations engaged in the same or similar lines of business
 - Whose stocks are actively traded in a free and open market, either on an exchange or over the counter
- Critical to reconcile the standard of value and level of value with the engagement objective (i.e., documented in professional services agreement)

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