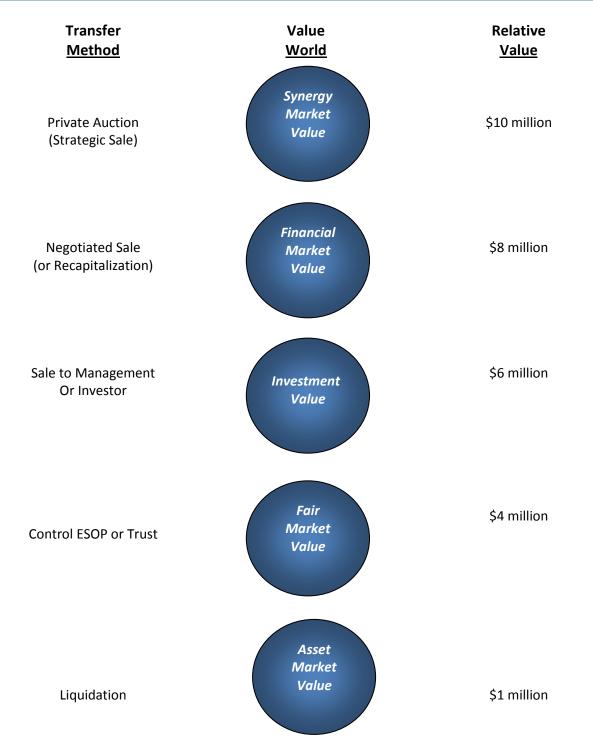


Private Business Value is Relative to the Value World in which it is Viewed

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Sample Liquidity Plan



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A Further Examination of Value

Appraisal <u>Purpose</u>	Value <u>World</u>	Appraisal <u>Functions</u>	Responsibility <u>Authority</u>
To find the highest value in the open market	Market Value	Sale of controlling interest to strategic investor	Merger & Acquisition, business brokerage professionals
To find value for tax or legal reasons	Fair Market Value	Federal and estate taxes, charitable contributions	Federal law, rulings
Dissenting shareholder actions	Fair Value	To determine value of minority, dissent oppression claim	Statutory law
Shareholder wealth measurement	Economic Value	To create bonus plans or company performance measurement	Management consultants, academic community
To value intangible assets	Intangible Asset Value	To value intellectual property such as patents or copyrights	Intangible asset laws
To value the business from one investor's perspective	Investment Value	Value to one investor for purchase or investment	The investor
To value the business from an owner's perspective	Owner Value	Value specific to owner, as in paying off loans, probably for sale	The owner
To determine borrowing capacity	Collateral Value	To obtain secured loan	Banking, lending industry
To determine value as a start up	Early Equity Value	To determine value of start-up, possibly for equity splits	Venture capitalists

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