

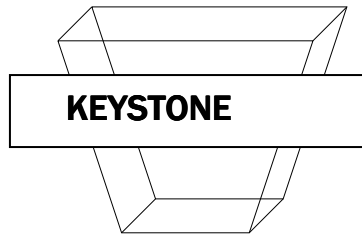
**Business Valuation of
ABC Corporation Inc
As of December 31 2007**

Prepared for:

Prepared by:

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KEYSTONE CORPORATION

MERGERS AND ACQUISITIONS BUSINESS MANAGEMENT
BUSINESS VALUATIONS

EST 1985

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2/22/2008

RE: ABC Corporation Inc

At your request, we have prepared an opinion of the Fair Market Value of 100.00% of ABC Corporation Inc as of December 31 2007 for the purpose of a sale or for the donation of a minority interest of the corporation.

The standard of value used in our valuation of ABC Corporation Inc is *Fair Market Value*. Fair Market Value is the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay, and a seller could reasonably be expected to accept, if the business were exposed for sale on the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.

We have considered asset, income, market and other valuation approaches and have utilized various valuation methods under these approaches. Based on the results of these valuation approaches and methods and considering other relevant data, we have estimated the Fair Market Value of 100.00% of ABC Corporation Inc as of December 31 2007 to be \$65,693,000. The opinions expressed in this valuation are contingent upon the conditions set forth in the Appraisal Procedures section and the Statement of Assumptions and Limiting Conditions that is a part of this report.

Respectfully submitted,

Peter Louis,
President,
Mergers and Acquisitions, Business Sales,
Licensed Real Estate Broker, USA and Florida
Certified Florida Business Intermediary,
Certified Business Counselor,
Attorney R.S.A. Associate American Bar Association.

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Introduction

Objective

Our objective was to estimate the Fair Market Value of 100.00% of ABC Corporation Inc (the “Company”) as of December 31 2007. The Company is a S-Corporation and is organized under the laws of USA. It is primarily engaged in the business of the design, manufacture and distribution of widgets and operates under the trade name of ABC Corporation

The standard of value used in our valuation of ABC Corporation Inc is *Fair Market Value*. Fair Market Value is the price, in cash or equivalent, that a buyer could reasonably be expected to pay, and a seller could reasonably be expected to accept, if the business were exposed for sale on the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.

The purpose of this valuation is to obtain a value of a minority interest in order for a donation to be made. This valuation will be of the entire 100% of the stock and in a separate document the value of a minority interest will be determined.[NOT ATTACHED TO THIS SAMPLE]

Our opinion of Fair Market Value relied on a “value in use” or going concern premise. This premise assumes that the Company is an ongoing business enterprise with management operating in a rational way with a goal of maximizing shareholder value.

Our analysis considers those facts and circumstances present at the Company at the Valuation Date. Our opinion would most likely be different if another Valuation Date was used.

To arrive at our conclusion of Fair Market Value, we performed the following procedures:

- Collected the Company’s relevant historic financial statements.
- Analyzed the historic financial statements by calculating financial ratios and common-size financial statements for each historic year in order to identify trends.
- Reviewed management’s 3 year projection of the financial statements based on management’s assumptions as to the Company’s future outlook.
- Developed risk-adjusted Capitalization and Discount Rates to apply to the Company’s historic and projected earnings, respectively.
- Collected and analyzed transactional data from comparable companies within the same industry.

- Adjusted historic earnings to eliminate the effects of excess and discretionary expenses, non-operating revenues and expenses, and non-transferable revenue streams.

- Considered the Asset, Income, Market, and Other valuation approach to determine an estimate of Total Entity Value. The following methods were considered under each approach:

1. Asset Approach

Net Asset Value and Liquidation Value

2. Income Approach

Capitalization of Earnings and Discounted Future Earnings.

3. Market Approach

Price to Seller's Discretionary Cash Flow.

4. Other

Capitalization of Excess Earnings and Multiple of Discretionary Earnings

- Selected the most reasonable Total Entity Value from the range of values established in the valuation methods and then applied any appropriate discounts to arrive at our conclusion of the estimated Fair Market Value of the interest. In this valuation, reference is made to the individual methods and whether or not such methods have been utilized, in the ultimate valuation.

Note that all dollar values presented in this report are stated in thousands and the 000's have been omitted.

External Sources of Information

To aid us in our analysis of the Company, we consulted a number of publicly available sources of information. Numerous financial publications and databases were consulted including *Mergerstat Review*, *U.S. Financial Data*, *Valuing Small Business and Professional Practices* by Shannon A. Pratt, *Practitioners Publishing Company's Business Valuations*, *Tuller on Small Business Valuations*, *Mergerstat Annual Reports*,

Assumptions and Limiting Conditions

This valuation is subject to the following assumptions and limiting conditions:

1. Information, estimates, and opinions contained in this report are obtained from sources considered to be reliable. However, we assume no liability for such sources.
2. The Company and its representatives warranted to us that the information they supplied was complete and accurate to the best of their knowledge and that the financial statement information reflects the Company's results of operations and financial condition in accordance with generally accepted accounting principles, unless otherwise noted. Information supplied by management has been accepted as correct without further verification, (and we express no opinion on that information).
3. Possession of this report, or a copy thereof, does not carry with it the right of publication of all or part of it, nor may it be used for any purpose by anyone but the client without the previous written consent of the client or us and, in any event, only with proper attribution.
4. We are not required to give testimony in court, or be in attendance during any hearings or depositions, with reference to the company being valued, unless previous arrangements have been made.
5. The various estimates of value presented in this report apply to this valuation only and may not be used out of the context presented herein. This valuation is valid only for the purpose or purposes specified herein.
6. This valuation assumes that the Company will continue to operate as a going concern, and that the character of its present business will remain intact.
7. The valuation contemplates facts and conditions existing as of the valuation date. Events and conditions occurring after that date have not been considered, and we have no obligation to update our report for such events and conditions.
8. We have assumed that there is full compliance with all applicable federal, state, and local regulations and laws unless otherwise specified in this report.
9. This report was prepared by Peter Louis for Keystone Corporation Inc. Neither the professionals, who worked on this engagement nor Keystone Corporation Inc., have any present or contemplated future interest in ABC Corporation Inc. any personal interest with respect to the parties involved, or any other interest that might prevent us from performing an unbiased valuation. Our compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.

Company Background

Company Identification

ABC Corporation Inc is a S-Corporation organized under the laws of USA and located at, USA. The Company can be categorized under the North American Industry Classification System (NAICS) Code of XXXXXXXX.

Nature and History of the Company

Established in 1985, the Company is primarily engaged in the business of designing, manufacturing and the wholesale distribution of widgets and operates under the trade name of ABC Corporation.

ABC Corporation was founded in 1985

Stock Classes and Ownership

The current shareholding is as follows:-

	38.10%	
	19.05%	
	19.05%	
	19.05%	
	<u>4.75%</u>	
Total		100%

Management Team

[Information to be supplied]

Marketing Strategy

The Company's limited distribution is a primary element of its brand positioning.
ABC Corporation

Current Operations

[Information to be supplied]

Company Expectations

To date, the Company has achieved impressive growth and profitability and aims to become a leading player in the widget industry on a global scale. The

Company has identified several specific growth opportunities to further that goal.

The

MARKETING AND PUBLIC RELATIONS

[Information to be supplied]

Historical and Normalized Financial Statements

Note that all dollar values presented in this report are stated in thousands and the 000's have been omitted.

Summary Historical Income Statements

	2003	2004	2005	2006
Net Sales Revenue	9,719	18,732	30,926	46,075
Total Cost of Goods Sold	5,534	10,734	17,433	23,344
Gross Profit	4,185	7,998	13,493	22,731
Total Selling Expenses	1,915	3,520	5,504	8,103
Total General & Administrative Expenses	1,609	3,649	5,127	7,757
Income From Operations	661	829	2,862	6,871
Total Other Revenues and Expenses	(52)	(140)	0	(281)
Income Before Taxes	609	689	2,862	6,590
Total Income Taxes	4	15	47	102
Net Income	605	674	2,815	6,488