



How to Use Transactional Databases for M&A

2006 Update

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How to Use Transactional Databases for M&A, 2006 Update

By Shannon P. Pratt*

In pricing and structuring M&A transactions, it is helpful to know how other completed M&A transactions have been priced and structured. In recent years, databases have become available online covering details of thousands of M&A transactions.

The idea behind using transaction databases is to relate the price paid in other transactions in the industry to the respective companies' underlying financial data. The results of this research are called "valuation multiples," which then can be applied to the target company's underlying financial data to develop indications of value. Exhibit 1 is a checklist for using transaction databases for pricing and valuation.

EXHIBIT 1

Checklist for Using Transaction Databases for Pricing and Valuation

1. Specify the parameters of the search.
 - a. Industry: Specify a Standard Industrial Classification (SIC) code and/or North American Industry Classification System (NAICS) code or a range of codes.
 - b. Time frame: Specify a beginning and ending date.
 - c. Size: Specify a range of size as measured by deal value, equity value, sales assets, earnings before interest, taxes, depreciation, and amortization (EBITDA), earnings before interest and taxes (EBIT), gross cash flow, earnings before taxes, net income (all of these not available for all databases)
 - d. Specify the database(s) to be included in the initial search.
2. Query as to number of transactions meeting the criteria in each selected database.
 - a. If not enough transactions, broaden one or more criteria and query again.
 - b. If too many transactions, narrow one or more criteria and query again.
3. Before making a final selection of transactions to use, view on the computer screen or print out the details of each transaction under consideration. (Transaction reports available for each database are presented later in the article.)

By examining the transaction details, the analyst may want to eliminate some for various reasons.

 - a. Company description not compatible.
 - b. Valuation multiples not meaningful
 - c. Complicated transaction structure.
4. Select which valuation multiples are most meaningful for the subject.
5. Prepare a table of valuation multiples (see Exhibits 2 and 3).
6. Select multiples to apply to the subject company's fundamental data (see Exhibits 2 and 3).
7. Prepare a valuation table (see Exhibits 4 and 5).
8. It is not necessary to use both an equity and an invested-capital procedure. If you use both, there will be a range of indicated value, which may be satisfactory for some purposes, such as fairness opinions. If it is necessary to develop a point estimate (for estate or gift taxes or property distribution in divorce), it will be necessary to reconcile the estimates, choosing one or the other or some point in between.

* Dr. Shannon P. Pratt, CFA, FASA, MCBA, CM&AA, served as a managing director of Willamette Management Associates, a national business appraisal and financial consulting firm. In that capacity, he has valued hundreds of companies for mergers and acquisitions and other purposes. He has testified in federal and state courts on valuation matters on over 100 occasions, and has authored many books on, and related to, business valuation. Dr. Pratt also served as the managing owner of Business Valuation Resources LLC, a business valuation publishing firm. Publications include *Business Valuation Update™*, a monthly newsletter and *Pratt's Stats™*, a database of over 8,600 completed sales of private companies (among others available at www.BVResources.com). Currently, Dr. Pratt is Chairman and CEO of Shannon Pratt Valuations, LLC, a business valuation firm headquartered in Portland, Oregon.

EXHIBIT 2**Selection of Guideline Company Equity Multiples**

	<i>Equity</i>	<i>Equity/Sales</i>	<i>Equity/GF</i>	<i>Equity/Net Income</i>	<i>Equity/Book Value of Common Stock</i>
Nimbus	\$6,187,500	0.18	4.46	10.55	4.50
Cirrus	\$13,000,000	0.20	1.82	2.31	6.50
Stratus	\$42,000,000	0.72	12.59	15.84	4.00
Stormy	\$33,675,000	0.35	3.50	7.04	1.50
Mean	\$23,715,625	0.36	5.59	8.93	4.13
Median	\$23,337,500	0.27	3.98	8.80	4.25
Range	\$6.2MM- \$42.0MM	0.18-0.72	1.82-12.59	2.31-10.55	1.50-6.50
Std. Dev.		0.25	4.79	5.71	2.06
C of V		0.70	0.86	0.64	0.50
Multiples selected		0.35(a)	4.5(b)	9.0(b)	4.50(c)

(a) Above median because return on sales above median. (b) Slightly above median because slightly less risk. (c) Above median because above median return on equity.

Definitions:

GCF is Gross Cash Flow = net income + noncash charges

C of V is Coefficient of Variation = standard deviation/mean

Exhibit adapted from: Pratt, S (2005). *The Market Approach to Valuing Businesses*, Second Edition. New York: John Wiley & Sons, Inc. See p. 132.

EXHIBIT 3**Selection of Guideline Company MVIC (Market Value of Invested Capital) Multiples**

	<i>MVIC</i>	<i>MVIC/Sales</i>	<i>MVIC/EBITDA</i>	<i>MVIC/EBIT</i>	<i>MVIC/Book Value of Invested Capital</i>
Nimbus	\$13,187,500	0.38	5.99	9.42	1.57
Cirrus	\$28,200,000	0.43	2.37	2.72	1.64
Stratus	\$42,000,000	0.73	8.57	9.94	3.86
Stormy	\$54,675,000	0.57	3.79	5.69	1.26
Mean	\$34,640,625	0.53	5.18	6.94	2.08
Median	\$35,350,000	0.5	4.89	7.55	1.61
Range	\$13.2MM- \$54.7MM	0.38-0.73	2.37-8.57	2.72-9.94	1.26-3.86
Std. Dev.		0.16	2.71	3.39	1.20
C of V		0.30	0.52	0.49	0.57
Multiples selected		0.55(a)	5.00(b)	7.50(b)	1.60(c)

(a) Slightly above median because EBIT/Sales slightly above median. (b) Near median - company quite comparable to group. (c) At median because company return on book value of invested capital near median.

Definitions:

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

EBIT = Earnings before interest and taxes

MVIC = Market value of invested capital, computed by (shares of stock outstanding x price per share) + interest bearing debt

Exhibit adapted from: Pratt, S (2005). *The Market Approach to Valuing Businesses*, Second Edition. New York: John Wiley & Sons, Inc. See p. 133.

EQUITY VERSUS INVESTED CAPITAL

There are two procedures that can be used for valuation with almost all transaction databases:

- Equity
- Invested capital

In the equity procedure, the price paid for all common equity (stock, partnership interests, sole proprietorships) is divided by some measure of return to equity or some balance sheet measure relating to equity. The resulting ratio is a valuation multiple applicable to common equity.

In the invested-capital procedure the price paid for all invested capital is referred to as the market value of invested capital (MVIC). This usually includes interest-bearing debt, preferred equity, and common equity. In the invested-capital procedure, the price paid for all invested capital ("price" includes debt assumed in the transaction) is divided by some measure of return available to all stakeholders (debt and equity) or some balance sheet measure relating to all stakeholders.

MARKET VALUATION MULTIPLES

A list of equity and invested-capital multiples computed by each database is shown as Exhibit 6. In addition to the computed multiples, the databases give enough information to compute more valuation multiples.

When invested-capital valuation multiples are used, the value of the interest-bearing debt must be subtracted from the indicated market value of the invested capital to arrive at the indicated value of the equity (as shown in Exhibit 5).

Most valuation analysts prefer Invested Capital/Sales over Equity/Sales because all capital, not just equity, supports sales. Equity Price/Sales multiples can be highly misleading if compared among companies with disparate leverage factors.

One fundamental performance measure that might be unfamiliar to some readers is "discretionary earnings." This is equal to EBITDA plus *all* compensation, benefits, and perks to one owner/operator. It is widely used by business brokers for pricing and valuing small companies. *BIZCOMPS*® calls it "seller's discretionary cash flow" (SDCF) while *Pratt's Stats*™ calls it by the name in the International Business Brokers Association glossary, "discretionary earnings."

SELECTING THE MULTIPLES

The analyst must select which multiples to use and how much weight to give to each. He or she must also decide where the selected multiple should fall within (or even outside of) the range of observed multiples.

Generally speaking, the multiples with the least dispersion (the tightest range) are the multiples that the market relies on in that particular industry. A handy statistical tool to measure dispersion is the "coefficient of variation,"

EXHIBIT 4

Valuation Using Equity Multiples

	<i>Sales</i>	<i>Cash Flow</i>	<i>Net Income</i>	<i>Book Value</i>	<i>Weighted Value</i>
Company	\$48,000,000	\$3,848,750	\$2,648,750	\$5,000,000	
Fundamental					
Selected Multiple (from Exhibit 2)	0.35	4.5	9.0	4.5	
Indicated value	\$16,800,000	\$17,319,375	\$23,838,750	\$22,500,000	
Weight	x 0 (a)	x 0.10 (b)	x 0.50 (c)	x 0.40 (d)	
Weighted value	0	\$1,731,938	\$11,919,375	\$9,000,000	= \$22,651,313

(a) No weight because of great differences among subject and guideline companies. (b) Only 10% because of very high coefficient of variation among guideline companies. (c) Most weight because market places high weight and second lowest coefficient of variation. (d) More weight than normal because of low coefficient of variation.

EXHIBIT 5**Valuation Using Invested-Capital Multiples**

	<i>Sales</i>	<i>EBITDA</i>	<i>EBIT</i>	<i>Book Value of Invested Capital</i>	<i>Weighted Value</i>
Company	\$48,000,000	\$5,800,000	\$4,600,000	\$16,000,000	
Fundamental Selected Multiple (from Exhibit 2)	0.55	5.0	7.5	1.6	
Indicated value	\$26,400,000	\$29,000,000	\$34,500,000	\$25,600,000	
Weight	x 0.25 (a)	x 0.30 (b)	x 0.20 (c)	x 0.25 (d)	
Weighted value	\$6,600,000	\$8,700,000	\$6,900,000	\$6,400,000	= \$28,600,000
Less: Long-term debt					\$7,500,000
					\$21,000,000

(a) Lowest coefficient of variation. (b) EBITDA usually most important variable. (c) EBIT important but less so than EBITDA. (d) Asset value somewhat important.

EXHIBIT 6**Equity and Invested-Capital Multiples by Database**

	<i>Pratt's Stats</i>	<i>BIZCOMPS</i>	<i>Public Stats</i>	<i>Mergerstat/ Shannon Pratt's Con- trol Premi- um Study</i>
Equity Multiples				
Equity/Sales	x	x	x	x
Equity/Gross Cash Flow	x		x	
Equity/Earnings Before Taxes	x		x	
Equity/Net Income (P/E)	x		x	x
Equity/Book Value of Equity	x		x	x
Equity/Discretionary Earnings	x	x		
Equity/Market Price Before Announcement ("Control Premium")				x
Invested-Capital/Multiples				
Invested-Capital/Sales	x		x	
Invested-Capital/Gross Profit	x		x	
Invested-Capital/Earnings Before Interest and Taxes (EBIT)	x		x	x
Invested-Capital/Earnings Before Interest, Taxes, Depreciation, and Amoritization (EBITDA)	x		x	x
Invested-Capital/Book Value of Invested Capital	x		x	

Exhibit compiled from databases available online at www.BVMarketData.com

which is the standard deviation divided by the mean. The valuation multiples with the lowest coefficient of variation have the least dispersion.

Most practitioners believe that the median (the middle observation) is a better measure of central tendency for valuation multiples than the mean (the arithmetic average) because the mean can be distorted by a few outliers. Comparative financial analysis between the subject and the guideline companies can provide guidance as to whether to select the median, above the median, or below the median. For example, a company with a high return on sales relative to the guideline companies normally would deserve an above average Price/Sales multiple. Similarly, a company with a below average return on equity usually would be accorded a below average Price/Book Value multiple.

The selection of multiples should be explained and justified in the valuation report. In the illustrations in this article, brief explanations are included in the footnotes in Exhibits 2, 3, 4, and 5, but you should include a more complete explanation in the text of most valuation reports.

EXHIBIT 7

BVMarketData.comsm

Quantity of Transactions Sorted by Sale Price

	<i>Pratt's StatsTM</i>	<i>BIZCOMPS®</i>	<i>Public StatsTM</i>	<i>Mergerstat®/Shannon Pratt's Control Premium StudyTM</i>
Data Fields per Transaction	81	21	63	51
Earliest Transaction	1990	1993	1995	1998
Sale Price				
\$250,000 and Under	2,522	6,024	2	2
\$250,001 - \$500,000	918	1,520	1	8
\$500,001 - \$1 million	677	729	5	13
\$1,000,001 - \$2 million	611	302	9	39
\$2,000,001 - \$5 million	818	125	56	147
\$5,000,001 - \$10 million	740	29	75	229
\$10,000,001 - \$20 million	753	8	144	352
\$20,000,001 - \$50 million	882	3	336	760
\$50,000,001 - \$100 million	485	0	317	754
\$100,000,001 - \$500 million	355	0	648	1,477
Over \$500,000,001	71	0	382	1,229
Total	8,832	8,740	1,975	5,010

Notes:

All data is of 7/26/2006

BIZCOMPS® Sale Price = Actual Sale Price plus transferred inventory

Pratt's StatsTM Sale Price = Equity Price plus Liabilities Assumed = MVIC Price (Method Value of Invested Capital)

Mergerstat®/Shannon Pratt's Control Premium StudyTM Sale Price = The aggregate purchase price given to shareholders of the target company's common stock by acquiring company.

This may not represent 100% of the company value.

Sources:

BIZCOMPS® (Las Vegas: BIZCOMPS) found at www.BVMarketData.comsm

Pratt's StatsTM and *Public StatsTM* (Portland, OR: Business Valuation Resources, LLC) found at www.BVMarketData.comsm

Mergerstat®/Shannon Pratt's Control Premium StudyTM (Los Angeles: Mergerstat LP) found at www.BVMarketData.comsm

ABOUT THE DATABASES

The databases are summarized in Exhibit 7. It contains the number of data fields in each database, the earliest transaction, and the total number of transactions in each, broken down by the number of transactions in each size category by sale price. Note that this cumulates to over 24,400 total transactions.

Pratt's Stats™ is the official database of the International Business Brokers Association. Started in 1996, transaction data are gathered from business brokers, M&A intermediaries, and other sources. As of August 2006, it covers over 8,800 transactions of privately held companies typically with a sale price under \$1 billion, and includes eleven valuation multiples and eight financial ratios. With over 80 data fields for each transaction, it is by far the most comprehensive of the private transaction databases. It is the only one that includes whether there was a non-compete and/or employment agreement and, if so, the terms and the amount of purchase consideration allocated to each. It is searchable by Standard Industrial Classification (SIC) code, North American Industry Classification System (NAICS) code, sale date, and each of several size criteria. A *Pratt's Stats™* Transaction Report is shown as Exhibit 8. While the *Pratt's Stats™* database consists solely of transactions of privately held companies, a separate database was created for public companies and introduced in July 2000 (entitled *Public Stats™*).

Public Stats™, contains over 60 data fields detailing the financial and transactional details of the sales of publicly held companies. Each transaction report also includes an income statement, balance sheet, company description, consideration, ten valuation multiples and eight financial ratios. As of August 2006, *Public Stats™* had compiled details on approximately 1,975 public company business sales from 1995 to present ranging in deal price from under \$1 million to \$114 billion. The industries represented in *Public Stats™* are no less diverse, as evidenced by the roughly 383 unique SIC codes and 436 unique NAICS codes. A *Public Stats™* Transaction Report is shown as Exhibit 9.

Mergerstat®/Shannon Pratt's Control Premium Study™ covers over 5,000 completed acquisitions of public company takeovers from January 1998 forward. The data are gathered from SEC filings. The criteria for inclusion are that the acquirer ends up with over 50 percent of the voting equity and the deal value is over \$1 million. Fifty one data fields for each transaction includes brief company description, SIC code, five valuation multiples, and "control premia"—percent of price paid for stock above (or below) public trading price as of each of five dates before announcement. The database is searchable by SIC code, time period, size of company (measured by deal value, equity value, revenue, assets). A *Mergerstat®/Shannon Pratt's Control Premium Study™* Transaction Report is shown as Exhibit 10.

BIZCOMPS® is a small company database, with over 86 percent of the transactions under \$500,000 deal value. The database now comprises over 8,700 transactions. Unlike *Pratt's Stats™* and the *Mergerstat®/Shannon Pratt's Control Premium Study™*, which specify whether the transaction is an asset or stock sale and what liabilities were assumed, if any, *BIZCOMPS®* classifies all transactions as asset sales and assumes a 100 percent equity transaction. A *BIZCOMPS®* transaction report is shown as Exhibit 11.

NAICS VERSUS SIC INDUSTRY CLASSIFICATION CODES

Late in 1998, the new industrial classification system called NAICS (North American Industry Classification System) was introduced. As the name implies, it is a joint effort of Mexico, the United States, and Canada. Eventually, this will replace the SIC system.

The biggest advantage of the NAICS system is its breadth of coverage, especially in new service sectors of the economy. There are 1,100 industry classifications, of which 387 are new since the last edition of the SIC directory, which was in 1987.

Pratt's Stats™, *BIZCOMPS®*, *Public Stats™*, and the *Mergerstat®/Shannon Pratt's Control Premium Study™* cross-classify by both SIC and NAICS codes. Lists of industry descriptions and their SIC and NAICS codes are online at the site of the databases, <http://BVMarketData.com/>.

KEEPING UP WITH M&A PRICING

Pricing in some industries depends on certain multiples, while pricing in other industries depends on other multiples. Pricing in some industries is relatively stable over time, which implies that multiples observed in past years may still be valid today, while pricing in other industries (e.g., almost all aspects of health care) are quite volatile over time, which implies that one must rely on only the most recent relevant transactions. Constant analysis of the databases will reveal these and other relationships.

EXHIBIT 8

Pratt's Stats™ Transaction Report Prepared: 7/17/2006 2:13:48 PM (PST)

Transaction Details		Company Name	
Intermediary Name	N/A	James Lee Witt Associates, LLC	
Firm Name	N/A	Washington, DC, United States	
SIC	8742 Management Consulting Services	Sale Location	Washington, DC, United States
NAICS	541611 Administrative Management and General Management Consulting Services	Years in Business	5
Business Description	Public Safety and Emergency Management Consulting Firm	Number Employees	N/A
		Report Date	3/10/2006

Income Data		Asset Data		Transaction Data	
Data is "Latest Full Year" Reported	Yes	Data is Latest Reported	Yes	Date Sale Initiated	N/A
Data is Restated (see Notes for any explanation)	No	Data is "Purchase Price Allocation agreed upon by Buyer and Seller"	No	Date of Sale	3/10/2006
Income Statement Date	12/31/2005	Balance Sheet Date	12/31/2005	Asking Price	N/A
Net Sales	\$12,165,760	Cash Equivalents	\$1,160,914	Equity Price*	\$11,830,747
COGS	\$5,633,903	Trade Receivables	\$4,875,160	Market Value of Invested Capital*	\$11,830,747
Gross Profit	\$6,531,857	Inventory	\$0	Liabilities Assumed	N/A
Yearly Rent	N/A	Other Current Assets	\$0	Employment Agreement Value	N/A
Owner's Compensation	N/A	Total Current Assets	\$6,036,074	Noncompete Value	N/A
Other Operating Expenses	N/A	Fixed Assets	\$190,164	Amount of Down Payment	\$9,105,623
Noncash Charges	\$54,649	Real Estate	\$0	Stock or Asset Sale	Asset
Total Operating Expenses	\$4,715,156	Intangibles	\$0	Company Type	LLC
Operating Profit	\$1,816,701	Other Noncurrent Assets	\$25,427	Was there an Employment/Consulting Agreement?	No
Interest Expenses	\$42,318	Total Assets	\$6,251,665	Was there an Assumed Lease in the sale?	No
EBT	\$1,787,893	Long-term Liabilities	\$0	Was there a Renewal Option with the Lease?	No
Taxes	\$0	Total Liabilities	\$3,509,627		
Net Income	\$1,787,893	Stockholder's Equity	\$2,742,038		

*Includes noncompete value; excludes real estate, employment/consulting agreement values, and all contingent payments.

Additional Transaction Information	
Was there a Note in the consideration paid?	Yes
Was there a personal guarantee on the Note?	No
Terms	Consideration: Cash in the amount of \$5,457,296, shares of the Buyer's public company common stock valued at \$2,000,000, a 4.6% note payable to seller of \$400,000 due March 9, 2007, a non-interest bearing working capital purchase price adjustment obligation of \$2,325,124, due June 8, 2006, and the assumption of current liabilities in the amount of \$1,648,327.
Balance of Assumed Lease (Months)	N/A
Terms of Lease	N/A
Noncompete Length (Months)	N/A
Noncompete Description	N/A
Employment/Consulting Agreement Description	
Additional Notes	EBT includes Interest Income of \$3,230 and Other Income of \$10,280. Purchase Price Allocation: Current assets \$4,875,160, Property and equipment \$190,164, Security deposits \$25,427, Identifiable intangible assets \$4,930,000, Fair value of liabilities assumed (\$1,648,327), Net fair value assigned to assets acquired and liabilities assumed \$8,372,424, Goodwill \$1,809,996, Total \$10,182,420. Founded in 2001, James Lee Witt Associates, LLC (the "Company") is a public safety and emergency management consulting firm, headquartered in Washington, DC with offices in Atlanta, GA, Chicago, IL, Little Rock, AR, and Sacramento, CA. The Company assists universities, hospitals, non-profits, international organizations, Fortune 500 companies, and local and state governments in preparing for and responding to crisis and emergency situations.

Valuation Multiples		Financial Ratios	
Equity Price/Net Sales	0.972	Net Income/Sales	0.147
Equity Price/Gross Cash Flow	6.421	EBIT/Sales	0.150
Equity Price/EBT	6.617	Sales/Total Assets	1.946
Equity Price/Net Income	6.617	Sales/Fixed Assets	63.975
Equity Price/Book Value of Equity	4.315	EBIT/Interest Expense	43.249
MVIC/Net Sales	0.972	Long-term Debt/Total Assets	0.000
MVIC/Gross Profit	1.811	Return on Assets	0.286
MVIC/EBITDA	6.277	Return on Equity	0.652
MVIC/EBIT	6.464		
MVIC/Discretionary Earnings	N/A		
MVIC/Book Value of Invested Capital	4.315		

N/A = Not Available

EXHIBIT 9

Public Stats™ Transaction Report Prepared: 7/17/2006 2:17:33 PM (PST)

Transaction Details		Company Name	
SIC	7372 Prepackaged Software	Company Name	Centra Software, Inc.
NAICS	511210 Software Publishers	Sale Location	Lexington, MA, United States
Business Description	Provider of Software and Services for Online Learning and Training	Filing Type/Date	8-K/A on 4/17/2006
		Purchaser	Saba Software, Inc.
		Report Date	2/2/2006

Income Data		Asset Data		Transaction Data	
Data is "Latest Full Year" Reported	Yes	Data is "Latest Full Year" Reported	Yes	Date of Sale	1/31/2006
Data is Restated (see Notes for any explanation)	No	Data is "Purchase Price Allocation agreed upon by Buyer and Seller"	No	Equity Price	\$57,223,000
Income Statement Date	12/31/2005	Balance Sheet Date	12/31/2005	Market Value of Invested Capital	\$57,223,000
Net Sales	\$38,534,000	Cash Equivalents	\$25,820,000	Liabilities Assumed	N/A
COGS	\$7,048,000	Trade Receivables	\$6,598,000	Employment Agreement Value	N/A
Gross Profit	\$31,486,000	Inventory	\$0	Noncompete Value	N/A
Noncash Charges	\$908,000	Total Current Assets	\$35,133,000	Amount of Down Payment	\$57,223,000
Total Operating Expenses	\$31,096,000	Fixed Assets	\$999,000	Stock or Asset Sale	Stock
Operating Profit	\$390,000	Intangibles	\$0	Company Type	C Corporation
Interest Expenses	\$81,000	Total Assets	\$36,547,000	Was there an Employment/Consulting Agreement?	No
EBT	\$990,000	Current Liabilities	\$19,548,000		
Taxes	\$0	Long-term Liabilities	\$618,000		
Net Income	\$990,000	Total Liabilities	\$20,166,000		
		Stockholder's Equity	\$16,381,000		

Additional Transaction Information	
Terms	Consideration: Cash in the amount of \$19,403,000 and shares of the Buyer's public company common stock valued at \$37,820,000. Additionally, the Buyer incurred acquisition costs in the amount of \$5,037,000.
Additional Notes	EBT includes Interest Income of \$700,000 and Other Expense of (\$19,000). Purchase Price Allocation: Net tangible assets acquired \$22,232,000, Developed core technology \$5,890,000, Customer relationships \$10,170,000, Tradenames \$820,000, Customer backlog \$440,000, In-process research and development \$760,000, Goodwill \$21,948,000, Total \$62,260,000. Centra Software, Inc. is a provider of specialized solutions for online business communication, collaboration and learning. Its products and services help organizations achieve important initiatives by using corporate networks and the Internet to integrate real-time, group oriented human interactions with online business initiatives. These real-time group events can range from ad hoc, one-on-one online meetings to highly interactive, structured, collaborative learning sessions to prescheduled Web seminars for larger audiences and are key elements of business processes that include collaborative learning, enterprise application rollouts, online selling and customer acquisition programs.

Valuation Multiples		Financial Ratios	
Equity Price/Net Sales	1.485	Net Income/Sales	0.026
Equity Price/Gross Cash Flow	30.149	EBIT/Sales	0.028
Equity Price/EBT	57.801	Sales/Total Assets	1.054
Equity Price/Net Income	57.801	Sales/Fixed Assets	38.573
Equity Price/Book Value of Equity	3.493	EBIT/Interest Expense	13.222
MVIC/Net Sales	1.485	Long-term Debt/Total Assets	0.017
MVIC/Gross Profit	1.817	Return on Assets	0.027
MVIC/EBITDA	28.915	Return on Equity	0.060
MVIC/EBIT	53.430		
MVIC/Book Value of Invested Capital	3.366		

N/A = Not Available

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EXHIBIT 10

Mergerstat® / Shannon Pratt's Control Premium Study™ Transaction

Report Prepared: 7/17/2006 2:21:32 PM (PST)



Transaction Details								
				Acquiror				Target
SIC	4833 Television Broadcasting Stations							4833 Television Broadcasting Stations
NAICS	51312 --No description--							51312 --No description--
Name	Raycom Media, Inc.							The Liberty Corp.
Business Description	Broadcasts news and events through television and radio stations							Provides television broadcasting services
Stock Exchange								New York
Nation	United States							United States
Premiums								
2 Month	1 Month	1 Week	1 Day	MergerStat Control Premium				
0.312	0.256	0.286	0.288	0.288				
Target Stock Prices (per share) (Home Currency)								
CUSIP	Target Stock Ticker	Unaffected Price	Announce Day Price	1 Day Price	1 Week Price	1 Month Price	2 Month Price	
LC		36.750	37.450	36.750	36.810	37.700	36.080	
Sale Details				Target Financial Data (\$mil-US)				
Date Announced	8/25/2005			LTM Net Sales	216.013			
Date Effective	1/31/2006			LTM EBITDA	64.946			
Deal Value (\$mil-US)	\$868			LTM EBIT	45.026			
Deal Currency	United States Dollar			LTM Net Income	42.677			
% of Shares Acquired	100.0			BV Target Common Equity	210.714			
% of Shares Held at Date Announced	N/A			Target Invested Capital	978.494			
% of Shares Held after Acquisition	100.0			Book Value Per Share	11.488			
Purchase Price Per Share (\$'s-US)	\$47.35			Common Shares Outstanding (000's)	18.342			
Common Shares Acquired (mil)	18.342			Operating Profit Margin	0.208			
Deal Exchange Rate	1.000			Net Profit Margin	0.198			
Purchase Price/Share (Home currency)	47.35			Target Pricing Multiples				
Consideration	C			Implied MVE (\$mil-US)	868.494			
Attitude				Price/Sales	4.021			
Form	Acq-GP			Price/Income	20.350			
Transaction Purpose	Horizontal			Price/Book Value	4.122			
				Target Invested Capital/EBIT	21.732			
				Target Invested Capital/EBITDA	15.066			

N/A = Not Available

EXHIBIT 11**BIZCOMPS® Transaction Report** Prepared: 7/17/2006 2:23:11 PM (PST)

Transaction Details			
Business Description	Retail-Florist		
SIC	5992 Florists		
NAICS	45311 Florists		
Location	Pennsylvania		
Number Of Employees	4		
Transaction Data			
Sale Date	12/1/2005		
Days On Market	360		
Ask Price (000)	\$180.0		
Sale Price (000) (Excludes Inventory)	\$160.0		
Percent Down	69.0%		
Terms on Outstanding Consideration	7 Yrs @ 5%		
Income Data (\$000's)		Asset Data (\$000's)	
Annual Gross Sales	\$365.0	Inventory Value	\$30.0
Franchise Royalty	No	Furniture, Fixtures and Equipment	\$25.0
SDE	\$91.0	Value Of Real Estate	N/A
Operating Ratios		Valuation Multiples	
SDE/Annual Gross Sales	0.249	Sale Price/Annual Gross Sales	0.438
Rent/Annual Gross Sales	0.033	Sale Price/SDE	1.758

N/A = Not Available

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