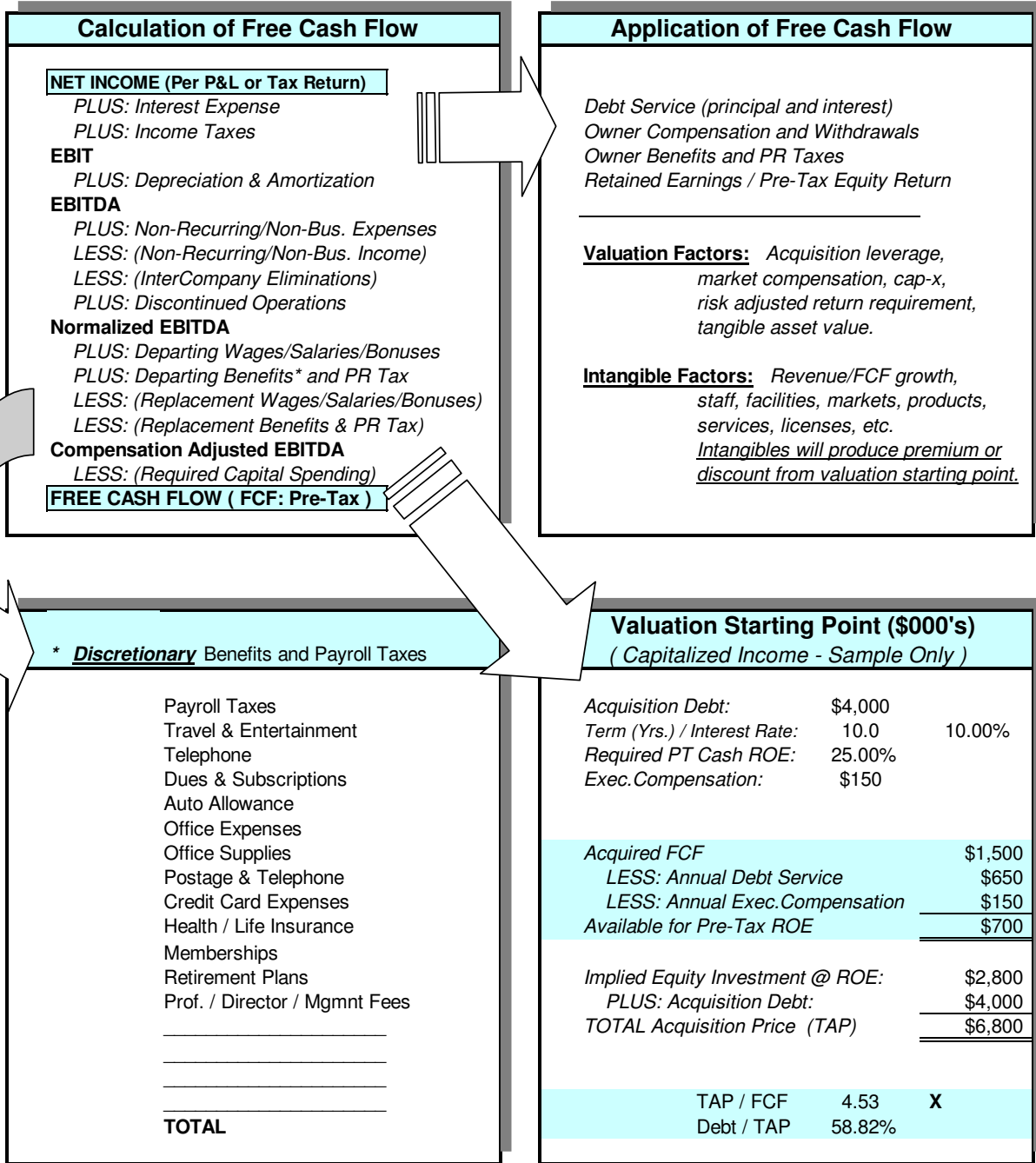


Stonegate Commercial Group, LLC

General Overview - Middle Market Cash Flow Definition



- NOTES:**
- a) Calculation of FCF is intended to be representative of the first 12 month period following a transfer of ownership, without extraordinary marketing, expansion, investment, etc. initiatives.
 - b) Executive compensation normally represents the amount available to pay an owner-operator, or a senior operations manager in the case of absentee or holding company ownership
 - c) Compensation adjusted EBITDA is only meaningful in situations where executive compensation and benefits are a significant percentage of FCF.
 - d) All calculations are Pre-Tax, and assume cash basis of accounting (vs. accrual).
 - e) Does not recognize equity build-up or non-cash returns such as real property appreciation.
 - f) Other valuation considerations include; FCF period selection (historic-pro. forma), availability of financing, alternative valuation models (DCF, comparables, etc.), and acquisitions size.