

Do you
know your
ROI?

Analysts are saying to us:

“Help me – I’m in SPREADSHEET HELL!”

Your company has:

- Multiple Series of **Preferred Stock**
- Assorted **Liquidation Preferences** and **Priorities**
- Various **Participation Rights**
- Preferred **Warrants**
- Common Stock **Options**

You are considering a **new** round of financing, or a **sale** of the company.

What would **you** receive if the company were to become subsequently acquired at a multitude of potential acquisition prices?

Modeling the “Waterfall” is a long, tedious, difficult task:

- At what value of Acquisition Proceeds should each Preferred Series **convert** to Common?
- When are Common Stock Options “in the money” and **participating** in the distribution?
- When is the **“break-even” return** reached?

And, are you **sure** your spreadsheet is **accurately** computing all of this?

Based on mathematical game theory algorithms, MergeComp is YOUR automated solution!

You provide MergeComp with your spreadsheet of Summary Capitalization data including all liquidation preference information.

MergeComp

provides you with a full Waterfall – a spreadsheet containing the complete Distribution Analysis, including:

The **Transition Points** of acquisition proceeds – values where transitions in the distribution of proceeds occur (such as when a Series reaches its liquidation preference, participation cap, or converts to Common; or Options become “in the money”).

- At each Transition Point – Amount of proceeds distributed, for each class/series/type of stockholder.
- At each Transition Point – Marginal Distributions, for each class/series/type of stockholder.
- At each Transition Point – Whether the Series will convert, Warrants will exercise, or Options will exercise.

*And, you have the ability to enter **any** value of Acquisition Proceeds, and receive all of the above data.*

**Only \$300 per Analysis! See sample on other side –
for what you will get with MERGECOMP!**

YOU PROVIDE – A SPREADSHEET CONTAINING YOUR SUMMARY CAPITALIZATION DATA:

Name of Security	Common	Options 1	Options 2	Series A	Series B	B Warrants	Series C	Total *
Total Shares (original)	10,000,000	500,000	1,000,000	10,000,000	9,000,000	1,000,000	10,000,000	
Conversion Ratio	1			1	1		2	
Shares (as Converted) *	10,000,000	500,000	1,000,000	10,000,000	9,000,000	1,000,000	20,000,000	51,500,000
Force Convert/Exercise								
Price per Share		\$0.25	\$0.50	\$0.50	\$1.50	\$1.50	\$2.00	
Original Investment *		\$125,000.00	\$500,000.00	\$5,000,000.00	\$13,500,000.00	\$1,500,000.00	\$20,000,000.00	\$40,625,000.00
Liquidation Priority				1	2		2	
Liq. Pref. Multiple				1	2		1	
Liq. Preference \$ *				\$5,000,000.00	\$27,000,000.00	\$3,000,000.00	\$20,000,000.00	\$55,000,000.00
Partic. Cap Multiple					2		1.5	
Participation Cap \$ *					\$27,000,000.00	\$3,000,000.00	\$30,000,000.00	

* computed by MergeComp

Liquidation Preference with Participation
 Liquidation Preference without Participation

Distribution at Participation Cap
 Series Converts, Options/Warrants Exercise

MERGECOMP PROVIDES – A WATERFALL ANALYSIS CONTAINING THE DISTRIBUTION TABLE:

Trans. Point Proceeds	Common	Options 1	Options 2	Series A	Series B	B Warrants	Series C
\$0.00	\$0.00 0.00%	no \$0.00 0.00%	no \$0.00 0.00%	--- \$0.00 0.00%	no \$0.00 57.45%	no \$0.00 0.00%	no \$0.00 42.55%
\$23,500,000.00	\$0.00 0.00%	no \$0.00 0.00%	no \$0.00 0.00%	--- \$0.00 0.00%	no \$13,500,000.00 54.00%	exer \$0.00 6.00%	no \$10,000,000.00 40.00%
\$48,500,000.00	\$0.00 0.00%	no \$0.00 0.00%	no \$0.00 0.00%	no \$0.00 100.00%	no \$27,000,000.00 0.00%	exer \$1,500,000.00 0.00%	no \$20,000,000.00 0.00%
\$53,500,000.00	\$0.00 25.00%	no \$0.00 0.00%	no \$0.00 0.00%	no \$5,000,000.00 25.00%	no \$27,000,000.00 0.00%	exer \$1,500,000.00 0.00%	no \$20,000,000.00 50.00%
\$63,500,000.00	\$2,500,000.00 24.69%	exer \$0.00 1.23%	no \$0.00 0.00%	no \$7,500,000.00 24.69%	no \$27,000,000.00 0.00%	exer \$1,500,000.00 0.00%	no \$25,000,000.00 49.38%
\$73,625,000.00	\$5,000,000.00 46.51%	exer \$125,000.00 2.33%	exer \$0.00 4.65%	no \$10,000,000.00 46.51%	no \$27,000,000.00 0.00%	exer \$1,500,000.00 0.00%	no \$30,000,000.00 0.00%
\$95,125,000.00	\$15,000,000.00 24.10%	exer \$625,000.00 1.20%	exer \$1,000,000.00 2.41%	no \$20,000,000.00 24.10%	no \$27,000,000.00 0.00%	exer \$1,500,000.00 0.00%	conv \$30,000,000.00 48.19%
\$157,375,000.00	\$30,000,000.00 19.42%	exer \$1,375,000.00 0.97%	exer \$2,500,000.00 1.94%	no \$35,000,000.00 19.42%	conv \$27,000,000.00 17.48%	exer \$1,500,000.00 1.94%	conv \$60,000,000.00 38.83%

YOU CAN ENTER ANY PROCEEDS AMOUNT, AND SEE THE RESULT:

(Enter any amount here)	(See your results here)	(See your results here)	(See your results here)	(See your results here)	(See your results here)	(See your results here)	(See your results here)
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- (1) Top of each cell – will security convert/exercise?
- (2) Middle of each cell – amount of proceeds distributed to security
- (3) Bottom of each cell – marginal distribution to security (% of next dollar distributed)