Block Ranking Chart for Blocks of Equity in a Closely Held Corporation

(A Generalization)

| Relative value attributed to various size ownership interests in a closely held business enterprise, assuming only one equity ownership class outstanding and no restrictive or protective agreements governing ownership of these equity interests. | | |
|--|---|--|
| Highest Share Value | A | Pivotal small block critical to buyer wanting control of the business enterprise. |
| | В | 80% to 100% block possessing total authority over the business enterprise, including the power to elect income tax consolidation and assert other legal rights associated with squeeze-outs, liquidations, etc., and to dictate Board of Directors composition and management policy. |
| | С | 51% to 80% block possessing substantial control yet lacking only a few of the income tax and legal rights; able to elect the Board of Directors, officers, set salaries, hire, fire, expand or contract business activities, declare dividends, redeem or issue ownership interests. |
| | D | 50% block with only one equity holder owning other 50% possessing at least negative control, able to block but not to initiate action; potentially able to join with one or more other equity holders to assert substantial control. |
| | Е | 50% block with only one other equity holder possessing negative control with high risk of a deadlock. |
| | F | 49% or smaller block but relatively large compared to other block(s) and no one block over 50% possessing potential leadership power through assembly of other equity holders with sufficient vote to gain group control or to dominate business affairs because of wide dispersal of other interests among satisfied or disinterested equity holders, thus gaining effective control with this block. |
| | G | Small block among many small blocks not a dominant block but yet not dominated by other blocks; management may hold significant control over such disorganized equity holders. |
| Lowest Share | Н | Small block dominated by large block(s) with clear control a dominated block; at the mercy of those in control. |

Value