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About This Product

The SNL Merger Model is a powerful online tool that makes in depth M&A analysis simple. It facilitates in depth analysis and impact of potential of mergers among firms in the US Bank and Thrift sector by leveraging SNL Financial's premium financial sector data.

In addition to assessing deals instantaneously this tool also provides ways to spot desired target or buyer companies and filter right deal scenarios quickly and efficiently. Analyzed deals can be saved, and reused easily and highly customized deal reports can be generated using this tool.

The Merger Model is based on the following standard merger and acquisition analysis process:

Buyer + Target + Assumptions = Results

The Buyer is the company that will acquire the Seller. The results are the pro forma entity that would be created after the acquisition and is based on buyer and seller data as well as a set of assumptions.

For some users, the pro forma results form the data for their reports.

A user can also look to qualify the pro forma results to find the most profitable deals. Therefore, to provide added value to the user who wants to analyze multiple deals simultaneously, the process will have an added step as follows:

Buyer + Target + Assumptions = Results

Results + Deal Criteria = Qualified Results
Application Overview

The main interface represents an underlying Merger Model that leverages SNL Financial's premium sector specific data that is rich in terms of accuracy, timeliness, comprehensiveness, and relevance. The application is easy to understand for a new user while powerful for the advanced user.

Major categories are conceptualized visually as distinct entities. Each entity has its own properties and behavior. Entities interact with other entities following simple rules.

The high level entities are as follows:

- **Company Entity represented by a Company Icon**

  A company entity represents a company that can either be a Buyer/Seller or a Target. The company entity contains all the data necessary to describe a company including financial and geographic data.

  Company entities are created using the Company Palette.

- **Assumption Entity represented by an Assumption Icon**

  An assumption entity contains the assumption data needed by the modeling equations. There are two types of assumptions; Global and Detail.

  The Global Assumption object always exists and applies to any deal created. Global assumptions can be edited using the Assumptions Palette. Detail Assumptions are created when the assumptions for a specific deal are edited and apply only to the specific deal they are contained in.

- **Deal Entity represented by a Deal Icon**

  A deal entity is created when a company object and an assumption object are placed together. The deal entity contains the Results – the pro forma entity of the merged companies.
Note: in order for a deal entity to exist, company entities must be in use as a buyer/seller and a target.

The other major interface concept is a palette. Palettes are interface elements that organize distinct functionally connected information together. There are two major types of palettes:

- **The Company Palette:**

  This palette is the user's interface with the database of companies provided by SNL Financial. Based on user input, the company palette searches the SNL database and presents the user a list of appropriate companies. The user can then drag these companies onto the work area where they will appear as company objects. Users will also be able to save searches, save entire companies and create new companies from this palette.

- **The Assumptions Palette:**

  This palette contains the assumptions data needed to run the modeling calculations. The palette can not create assumption icons. A default assumption is always in place and serves as the global assumption. The user can make changes to the global assumption at any time by clicking on the global assumption icon in the workspace and the assumptions palette will be brought into focus populated with the global assumptions data. Clicking on a specific deal in the workspace and changing the assumption data will create a Detailed Assumption for that deal. Detailed assumptions are separate from global assumptions and do not reflect changes made in the global assumptions.

- **The Deal Filter Palette:**

  This palette presents the user with a process to qualify the deals based on an adjustable set of criteria. The Deal Filter Palette allows users to quickly and visually see deals based on a Pass/Fail segregation.
Tips for the New User

- All saved models in the HTML version of the Merger Model will be accessible in Flash model via the File Menu of the new Flash Model

- “File Menu” works similar to Excel’s File Menu

- Deal Filters can help finding the right deals among numerous prospective deals

- Info Icons facilitates relevant information for various parameters

- The overall User Interface is divided into mainly two areas: left side Palette Area, and right side Deal Container Area

- Palette Area helps to change various deal parameters

- Deals are created and analyzed in the Deal Container Area
What's New

- Enhanced and efficient work flow to easily analyze, organize, and retrieve prospective M&A deals

- Instantly analyze numerous deal prospects under various scenarios: 50 deals per Worksheet with each deal at 3 different consideration scenarios - All Stock, Mix, All Cash

- Quickly filter all feasible deal scenarios: Use “Deal Filter” feature to screen for deals that do not pass “Deal Breakers”

- Create customized reports on Analyzed Deals for Board Meetings or Strategic Discussions

- Make well informed inputs to the model using helpful Info Icons that give relevant analyses and data for inputting assumptions

- Smoother application navigation, easier learning curve

- Tweak input parameters and instantaneously see input sensitivity of specific deals

- Superior performance

- Better usability: more efficient and easier to use

- “Info Icons” to help users enter more educated assumptions

- “Imputed Value” screen imputes value for target based-on recent transactions

- “Phase-in Schedule” for cost savings and synergies

- “Summary of Considerations” page that contains key facts about deal
• Info TV screens and Help Menu including on-line demo/tutorial

• More advanced querying capability to search for companies

• Enhanced “Capital Ratios” calculation
System Requirements

Following are the basic system requirements:

- Internet Explorer 6.0

- Macromedia Flash Player version 7 (Download for free from [www.flash.com](http://www.flash.com))

- High speed internet connection – preferred

- 256 MB RAM – preferred

- Minimum screen resolution: 1,024 x 768 pixels
License Agreements

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About Menu bar

Menu bar facilitates the users to navigate through the application easily. It can be used to organize and reuse various deals analysis scenarios, perform the necessary editing, generate reports or to view the application Help Menu.

Following are the main Menu Bar items:

- **File Menu**

  File Menu is used for easy navigation, organization, and retrieval of analyzed deals. New workbooks can be created or existing workbooks can be saved or renamed using this menu.

- **Worksheet Menu**

  Worksheet Menu is used to insert new worksheets in a Workbook or to rename existing worksheets.

- **Edit Menu**

  Used as an alternative editing mechanism using the Menu Bar.

- **View**

  The view menu provides a secondary way to access the major items in the workspace. If the concept of multiple workbooks exists, the view menu is also a way to navigate to different workbooks and worksheets. The view menu also launches the company information palette when a company icon is selected.
About Workbook Worksheets

Workbook-worksheet concept helps users organize their analysis efficiently.

The worksheet is the visual representation of the M&A process. An user can group logically related deals together in a particular work sheet. Currently the model allows 50 deals per Worksheet with each deal at 3 different consideration scenarios - All Stock, Mix, and All Cash. Every worksheet resides inside an workbook. Related worksheets can be grouped together in a Workbook.

Thus, an workbook acts as a container of one or more worksheet(s). An workbook may contain 1 to 10 worksheet(s).

The worksheet concepts are discussed in detail here: About Worksheets
About Palettes

A palette is a logically organized entity that facilitates users carry out certain operations. Palettes are located in the left panel of the application.

There are three types of palettes:

- **Assumptions Palette**

  Assumptions palettes are discussed in detail here: [About Assumptions Palette](#)

- **Company Palette**

  Company palettes are discussed in detail here: [About Company Palette](#)

- **Deal filter Palette**

  Deal Filter palettes are discussed in detail here: [About Deal Filter Palette](#)
**About Assumptions Palette**

This palette contains the assumptions data needed to run the modeling calculations. The palette cannot create assumption icons.

There are two types of assumptions: Global Assumptions and Detail Assumptions. Detail Assumptions are also known as Deal Specific Assumptions.

A default assumption is always in place and serves as the Global Assumption. The user can make changes to the Global Assumption at any time by clicking on the global assumption icon in the Global Assumptions Slot and overwriting the default Global Assumptions. When the user clicks on the global assumption icon in the Global Assumptions Slot, the assumptions palette will be brought into focus populated with the global assumptions data and desired changes can be made in the individual assumption items in the Assumptions Palette.

Clicking on a specific deal in the Deal Container Slot and changing the assumption data will create a Detailed Assumption or Deal Specific Assumption for that deal. When an user tailors a Global Assumption to a Deal Specific Assumption by overwriting one or more assumption items, s/he is breaking the links for that particular assumption with the Global Assumption. Detailed assumptions are separate from Global Assumptions and do not reflect any changes made in the Global Assumptions.

If a particular assumptions link is broken other assumptions on the deal are still tied to the Global Assumptions. The interface will clearly show which icons are Global and which are Specific. Global Assumption Icon will embed a small globe icon in it. A button will be placed on the interface to return all assumptions to Global.

Note: When the user clicks on the Global Assumptions icon in the Global Assumptions Slot and tailors individual assumption items, changes will apply globally to all assumptions across all deals that are directly tied to Global Assumptions. When the user changes assumptions on a specific deal, that deal assumption no longer uses the Global Assumptions and now uses detail assumptions specific to that deal.

In the same way as the Company Palette, the Assumptions Palette can be shrunk by collapsing certain sections. In its collapsed state, the Assumptions Palette has only the most commonly changed assumptions visible. To help the user when are collapsed, abbreviations of the settings within the section will appear on the section title.

The main Assumption Palette items are:
- Consideration
- Additional Funding
- Deal Pricing
- Cost Savings Synergies
- Other Assumptions
- CDI Amortization
- Deal Closing Quarter
About Company Palette

This company palette is the user’s interface with the database of companies provided by SNL Financial. Individual companies are found and loaded using the Company Palette. Based on user input, the company palette searches the SNL database and presents the user a list of appropriate companies that meets a set of given criteria. The user can then drag these companies onto the work area where they will appear as company entities. Users will also be able to save searches, save entire companies and create new companies from this palette.

The Company Palette is where the user will find the companies for the analysis. The palette consists of two main interfaces: the Search Criteria Tab and the Results Tab. This is the compact view of the Company Palette. Palettes have collapsible sections. The entire palette can also be minimized. When a palette is not in the view, it is made accessible from the palette drop-down list in the left-side Palette Area.

Note: In the Company Palette, a selection in Institution Type must be selected at all times.

Expandable sections can be opened by clicking on the arrow in the section title. Expanding the section causes the palette to grow in height.
Company Palette Search Criteria Pane

Search Criteria Pane accepts a set of given criteria to search for companies that meet the specified criteria. Companies can be searched based on Name/Ticker, Asset Size, Headquarters, Branches, and Branch Proximity.

One or more criteria can be specified to search companies. If more than one conditions are specified, they are linked by "And" clauses. For example, if Asset size is specified as: from $3 billion to $5 billion and the branch proximity is specified as: 1 mile, then the search function will retrieve companies that are within 1 mile radius of the Base Company and have assets within the specified range.

Following are the main items in the Search Criteria Pane:

- Institution Type
- Name Ticker
- Asset Size
- Location HQ
- Location Branch
- Branch Proximity
**Company Palette Results Pane**

Results Pane in the Company Palette is used to display the Company Search results. Companies that meet the user specified criteria are displayed as Company Icons in the Results Pane. Up to 500 companies can be displayed simultaneously in the Results Pane.

An user can "Show" or "Hide" details information while the Company Icons are being displayed in the Results Pane. By default, details will be hidden and Company Icon will show only the company name. In the "Show Details" mode, Company icons will also show Ticker and State in addition to the company name.
About Deal Filter Palette

This palette presents the user with a process to qualify the deals based on an adjustable set of criteria. The Dealfinder Palette allows users to quickly and visually see deals based on a Pass/Fail segregation.

The Deal Filter Palette contains two distinct areas: i. Deal Criteria Pane and ii. Deal Selection Pane

Following are the main Deal Criteria items in the Deal Filter Palette:

- Min Mkt Premium
- EPS Accretion-Dilution
- EPS Threshold
- Cash EPS Threshold
- Max Tangible Book Value Accretion Dilution
- Leverage Ratio
- Tier 1 Ratio
- Capital Ratio
- Min Buyer Ownership
- Max Deposit Divesture
The main items in the Deal Selection Pane are:

- Select All That Passed
- Select All Stock
- Select All Mix
- Select All Cash
- Deselect All
About Worksheets

Each worksheet contains areas that hold Company and Deal entities. Two specific areas are clearly delineated:

One is the **Base Company Area**, the upper screen area that is used for setting the Buyer/Seller

The other one is the **Deal Container Area**, area below the Base Company area that is a scrollable container for creating deal objects.

The worksheet also contains an assumption icon at all times, this represents the Global Assumptions.
About Base Company Slot

Every worksheet contains a Base Company Slot. A Base Company can be created by dragging and dropping Company Icons from the Result Pane inside the Company Palette. After a Base Company is created the user needs to set a perspective for the Base Company. A Base Company can be set as a buyer or a target.

Once the perspective is set for a Base Company, it can not be changed without deleting all the deals from the active worksheet. When a user attempts to change the perspective of a Base Company, s/he will be prompted that this action will delete all the deals from the current worksheet.
About Deal Container Area

The Deal Container Area will contain all the deals created by an user. Each deal will be represented by a Deal Icon. Up to 50 deals can be created and analyzed instantaneously using the Deal Container Area.

Each deal icon will have a grip tab that is distinct from the Company Icon grip tab. Using this Deal Icon grip tabs, two deals can be brought together in the Deal Container Area. Once they are placed together the deal summaries can be compared for two or more deals.
About Assumptions

An assumption entity is represented by an Assumption Icon. It contains the assumption data needed by the modeling equations. There are two types of assumptions: i. Global Assumptions, and ii. Detail or Deal Specific Assumptions.

The Assumptions Palette is pre-populated with default assumptions, but can be changed at any time by the user.

The Global Assumption object always exists and applies to any newly created deals. Global assumptions can be edited using the Assumptions Palette.

Detail Assumptions are created when the assumptions for a specific deal are edited and apply only to the specific deal they are contained in.

When the user highlights a particular assumption icon, information related to that particular assumption entity is displayed in the corresponding Assumption Palette.

It is possible that if there are five deals in the list, four of those are using the Global Assumptions and one is using detail assumptions. Also, since the Assumptions Palette always requires an object to be selected in order to display assumptions, the interface always shows a selected state. By default, the Global Assumption is selected.
Assumptions Palette

Assumption Palette is used to view or edit assumptions for a selected deal or the Global Assumptions.

Related concepts are discussed in detail in: About Assumptions Palette
Assumptions Icon

An assumption icon represents an Assumption entity. These icons also have a drag and drop ability. The behavior is slightly different as it is more like a copy/paste action. In this case, the user has selected the assumption icon (detail assumption) on the Company 5 deal object and will drop it on top of the assumption icon in the Company 4 deal object. This will replace the Company 4 assumption icon with a copy of the assumptions from Company 5. The system will prompt the user if this is the desired behavior.

An assumption icon can be of two types: Global and Deal Specific. A Global Assumption Icon has a small globe icon embedded in a circle that resides inside a rectangular box. Once global assumptions are tailored to create Deal Specific Assumptions the globe icons are removed from the Assumption icons.
Global Assumptions

Any active worksheet contains an assumption icon at all times, this represents the Global Assumptions.

When the user clicks on the Global Assumptions icon in the worksheet, the default global assumptions are shown in the Assumptions Palette. Changes to these assumptions will effect all deals using the global assumptions, shown visually as deal objects that contain the global assumptions icon.

Note: Assumptions Palette must show that it contains the assumptions for the Global Assumptions icon.

When the user clicks on the Global Assumptions icon in the worksheet, the default global assumptions are shown in the Assumptions Palette. Changes to these assumptions will effect all deals using the global assumptions, shown visually as deal objects that contain the global assumptions icon.

Note: During the application start up, assumptions palette by default shows that it contains the assumptions for the Global Assumptions icon

When the user changes assumptions on a specific deal, that deal assumption no longer uses the Global Assumptions and now uses detail assumptions specific to that deal.

Note: the other assumptions on the deal are still tied to the Global Assumptions. The interface will clearly show which icons are global and which are specific. A button will be placed on the interface to return all assumptions to Global.
Specific Assumptions

When the user changes assumptions on a specific deal, that deal assumption no longer uses all the properties of the Global Assumptions set and breaks at least one of the link is broken from the Global Assumptions. The new set of assumptions properties are the detail assumptions specific to that deal.

Note: the other assumptions on the deal are still tied to the Global Assumptions. The interface clearly shows which icons are global and which are specific. A button will be placed on the interface to return all assumptions to Global.

When the user selects a specific deal, or the assumptions icon on a specific deal, the assumptions for that deal are displayed in the Assumptions Palette. Changes to these assumptions will only be applied to the chosen deal. The assumption icon on the deal object will change to reflect that it is no longer using the global assumptions. When a user makes changes to the detail assumptions for a deal, the system will prompt the user that these assumptions will only apply to the deal and will direct them to the global assumptions if they want to create changes that apply globally. This alert will have the option to be turned off by the user.

Note: Assumptions Palette must show that it contains the assumptions for the selected deal
About Perspectives

The perspective for a Base Company can be set as a buyer or a target. Perspectives can be set or modified after loading a Base Company in the Base Company Slot.

While changing the Perspective setting in the Base Company Slot users will be prompted by the application that changing the perspective will delete all the existing deals in the current worksheet.
About Company Icon

A company icon is the visual representation of a company. It contains all the data necessary to describe a company including financial and geographic data.

Company Icons are draggable. When the user drags a company icon to an area that the object cannot be dropped, the system provides feedback to the user prohibiting dropping the object in that area.

A company Icon can exist independently (e.g. in the Company Palette Results panel) or as part of Deal icons.

These icons are created using the Company Palette and can be dragged over the Work Area for analysis purpose. Thus, company icons can exist in three areas of a worksheet: Company Palette Area, Base Company Slot, and Deal Objects Container.

In Company Palette Results Panel area the company Icons are by default shown in a compressed mode. Clicking on the "Show Details" button elongates the company icon to the right hand side showing few more basic details about a company. The icon contains information necessary to give the user a good picture of the company. The icon consists of 5 types of information; the first (from left to right) is a symbol marking the institution type of the company. Then, the company name is displayed. Company names can often be very long, if the length of the name is greater than the space available, the entire name will be displayed when the user clicks on the company name. The next three types of information can be changed by the user; these header items display contextual information about the company. By default, they display the status of any pending transactions involving the company (none, buyer, target), the company location, and finally the asset size.

Note: the company icon in the company palette is displayed using only the first two types of information; this is the Basic Company Icon.

Clicking on the "Hide Details" button compresses the company icon to the left hand side restoring the icon to its original Basic Company Icon mode. Users cannot double-click a company icon in this area to launch the company information screen.

When a company is dragged from the Company Palette Area to the Work Area it can act either as a buyer company or as a seller company. The user will be asked whether the Base Company slot is supposed to contain a Buyer or a Target company. Companies loaded in the Deal Object Container will automatically be set to behave as the counterpart of the base company. So if the Base Company is specified to be a Buyer, the company or companies in the Deal Object Container will become Seller(s) and vice versa.
A buyer is a company looking to acquire other companies. From the buyer perspective, the user will enter the Buyer followed by the Target companies.

Note: Company icons behave in the same way as assumption icons with the exception that dragging a company icon from one deal and dropping it into an empty spot in the list will create an entirely new deal. When the user drags any object to an area that the object cannot be dropped, the system will provide feedback to the user prohibiting dropping the object in that area. A new deal has been created.

Note: the assumption icon is not duplicated as well. All new deals start off using the Global Assumptions.
Company Info Screen

Company Info screen is a way to display or modify the financial information for a particular company.

In the Worksheet Area the Company Icon displays more information about a company.

In this area, users can double-click a company icon to launch the company information screen. The company information screen is accessed by either clicking the company icon, or choosing View Company Information from the View Menu.

The company information screen contains tabs of the different types of content:

- Corporate, Market, and Financial Period Data
- Balance Sheet
- Income Statement
- Shares Data and Diluted Shares Calculation
- Additional Data
Moving a company to the Work Area

Once the user has found the desired companies using the Company Palette, the companies in the results list can be used to create deals. To do this, the user drags a company from the Company Palette and drops it onto the worksheet.

When the worksheet is empty, there is only one place where a company object can be dropped: the Base Company slot. If a user tries to drop the company object anywhere else, they will be presented with an error statement. Also, if a user tries to select multiple company and drag them to the Base Company slot, an error will be presented stating that they can only place one company there.

When the user drops the company object into the Base Company slot, the system prompts the user to set the perspective: is the base company a buyer or a target.

Once the perspective is set, the user can drag company objects onto the worksheet list box area to create deals. The user can drag company icons one at a time or can drag multiple companies at a time to the Work Area.
Deal Icons

A deal icon is created when a company object and an assumption object are placed together. The deal object contains the Results – the pro forma entity of the merged companies. Note, in order for a deal object to exist, company objects must be in use as a buyer/seller and a target.

In other words, the deal object represents a deal created with the base company, a target company and some assumptions. The deal object contains the target company icon and the assumption icon for that deal as well as a summary of high level results. The deal object also contains some controls that allow the user to view either summary or detailed results. The deal object is only found in the Deal Container box and changes according to input by the list box controls.

The information contained within a deal object is dictated by the headers in the Deal Container box. The first header is always the company name (and industry type icon) and cannot be changed. The next three headers can be changed to display different information types about the target company. The next header if for the assumption icons and cannot be changed. The last two headers represent high level deal result information and can be changed by the user. The default result data types are Deal Value per Share and EPS Dilution (year). The final item on the header will be a collapse/expand icon. This will be a control to expand and collapse all deals in the list.

Note: the width of the header within the company icon can be changed by moving the spacer bar between the header items. However, the width of the company icon and deal results does not change, just items within it.
Creating Deals

Once a company icon has been dropped onto the Deal Container box, a deal object is created. This deal object is the visual representation of an analysis. This analysis is created using the base company, the dropped company (the complementary company) and the global assumptions. To show the user that the global assumptions are being used, the deal object will also contain an assumption object that matches the global assumptions object. The deal object will also contain a brief display of the high level results and controls for viewing the results in more detail.

Note: Company icons behave in the same way as assumption icons with the exception that dragging a company icon from one deal and dropping it into an empty spot in the list will create an entirely new deal. When the user drags any object to an area that the object cannot be dropped, the system will provide feedback to the user prohibiting dropping the object in that area. A new deal has been created. Note that the assumption icon is not duplicated as well. All new deals start off using the Global Assumptions.

Occasionally, companies may contain missing data. Missing data is of two types; critical and non-critical. When this occurs, the system will prompt the user. If the company contains missing data, the user can choose to either enter the missing data or just drop the companies into the list without editing data. If the missing information is critical to running a deal, the deal results area of the deal object will show an error. The user will be notified of this fact.

If the user elects to edit the information. They are then presented with an information screen containing the company information. The missing fields will be highlighted, with special emphasis put on the missing critical data. The user will be notified that missing critical data will cause an error. This company screen is the way that all company information will be displayed. At any time, a user can double-click on a company icon to view this screen. The user can also go to the View menu and select Company Information to see this screen.

The user may drag and drop a group of companies, some of which may contain missing data. Those companies that contain verified data will automatically create deal objects. The rest of the companies will cause a error message and ask the user for input on how to deal with the missing data. The user can either edit all the companies, or keep the selection and deal with the missing data later. In most cases, there will be some level of missing data. The user should be presented with the option to always keep the missing information so that the user is not prompted every time.

When editing multiple companies, the information screen will provide an easy way for the user to navigate between companies.
Customizing Deal Scenarios

Multiple instances of a deal can be created by dragging and dropping the deal icons. Creating multiple instances for a deal will facilitate scenario analysis for finding out favorable deal scenarios. In order to customize deal scenarios, certain assumptions can be modified using the Assumptions Palette. Alternatively, certain Company financials can be modified using the Company Info screen, if any new information is anticipated.
Comparing Deals

Every Deal icon contains two types of reports about that deal: a Summary of Considerations and a Detailed Considerations.

The first set of consideration to be displayed is the Deal Statistics at Various Cash/Stock Scenarios. The currently chosen scenario is highlighted. The User can expand more than one deal object at a time in order to compare one deal to the other.

The other types of information under the Summary of Considerations are available under the “Other Summary Views” drop down menu.

Note: one of the “Other Summary Views” items must be an explanation of the summary of considerations concept.

For example if the User selects “Buyer’s Capacity to Pay”. In order to allow the user to compare 2 deals at the same time, it may be necessary to have internal scrolling on the summary results view.

Pressing the “+” icon on the deal object further expands the deal to view the detailed results view. This view occupies the entire worksheet while still allowing the user to change assumptions in the assumptions palette.
About Deal Filter Icons

Deal Filtering is a process that allows users to quickly and easily qualify deals in the list based on a set of criteria. Desired deals can be spotted quickly using the Deal Filter mechanism.

A deal filter icon will be activated per worksheet when the first deal is created in a worksheet.
Applying Deal Filters

Deal Filtering is a three stepped process. The Deal Filter palette will contain a display area to describe the Deal Filter concepts and facilitate the user through the Deal Filter process.

Step one is to set and apply the Deal Filter criteria, the palette will be pre-populated with default criteria to aid the user.

Once the Deal Filter criteria has been applied, each deal object will have their assumptions icons triplicate and segmented by the headings All Stock, Mix and All Cash. This is done to allow the user to see under what consideration did the deal pass or fail based on the Deal Filter criteria. To help the user, there is a clear delineation between the original assumption consideration and the Deal Filter copies. Also, the pass fail status of each assumption consideration will be displayed using both color and unique visual treatment.

Note: clicking on the back button returns the user to step one but retains any changes made to the criteria. At any time in the Deal Filter process, a user can expand a deal object and will see what data has passed or failed the deal criteria. By clicking on the assumption icon, the user can adjust assumptions to make deals pass or fail.

The next step of the Deal Filter process is to choose which deals the user wants to keep. The user is presented with an explanation of this step as well as selection aids to make this step easier. Once the user has chosen the deals to be kept and clicked “Done”, the chosen considerations will be changed into individual deal objects.
About Info Icons

Info Icons are the little "i"s embedded in circles that guide users to make well informed inputs to the model. Each icon is a visual representation for a particular information entity that is used to guide the user to make well informed inputs to the model. The information provided to the users is based on certain predefined criteria that are customizable by the end users.

Occasionally, a user will require supporting information in order to make educated input values. When this information is required, it is presented in a pop-up Information Screen. This screen is activated through the use of one of 2 icons. An information icon launches the screen when supporting information is presented and a version of the icon placed within a button launched the screen when additional input is required by the user.
About Report Builder

Using the Report Builder highly customized reports can be generated as desired. Individual reports can be selected, formatted, and ordered in a particular sequence as required.

To begin the reporting process, the user will choose Create Report from the file menu or click on the Report Icon which is located in the top right corner of the main application window.

The reporting process takes up most of the screen and the user cannot click on anything behind it. Reporting is split into 3 steps. The first step is to choose the deal/s to report on. This is done by highlighting individual deal/s. Multiple selection of deals is possible by pressing the shift/control keys and highlighting particular deals. The user is presented with a list box, representing the available reports that can be used for reporting. The order of the reports can be customized by using the right/left and up/down arrows.

The user can drag and drop from one list to the other or use the arrow buttons to move deals.

The final step of the process involves choosing the format of the report. The user is presented with a list of the pages in the report and can re-order them and the user can also choose the file format of the report.
Result Pages

Result Pages are presented to the user in two views: Summary View and Detailed View.

Assumptions on particular deals can be edited or updated using the Assumptions Palette while the Summary of Considerations or Detailed Result Pages is still active in the application interface.
Summary View

Summary of Considerations or Summary View of Deals can be viewed by clicking on the triangular Summary View button on a deal icon.

In the Summary View or Summery of Considerations, following Result Pages are displayed:

- Deal Statistics
- Financial Impact
- Buyer's Capacity to Pay
Detailed View

The detailed results view contains some specific control icons, the return to deal list icon removes the detailed results view and returns the user to the deal list with the current deal still chosen and open to the Summary of Consideration. There will also be two icons for reporting functionality on each detailed results view. One will allow the user to download the current results view as a Microsoft Excel file, and the other will print the current page.

In the detailed results view, the user can navigate to the different reports through the “Other Views” drop down menu.

Detailed Result Pages can be viewed by clicking on the rectangular Detailed View button on a deal icon. In the Detailed View, following reports are being displayed:

- Summary of Considerations
- Pro-forma Branch Map
- Individual Deal Summary
- Balance Sheet Reconciliation
- Capital Ratios
- Income Statement Reconciliation
- Projected Income Statement
- Sensitivity Analysis Data Tables
- Contribution Analysis
Calculations

Source Data: SNL Financial

Formulas: please refer to the online Calculations.pdf

Data Legends: NA = Not Available, NM = Not Meaningful
Support

We are eager to help you navigate through the new SNL Merger Model and to get your feedback on this product.

You may contact us at:

Phone: 888.275.2822

Email: support@snl.com

For detailed information on SNL Financial’s coverage of the banking, specialized financial services, insurance, real estate, and energy industries, visit us at: www.snl.com
Glossary

A

Accretion: Percent change of a metric as a result of a scenario or strategy deployed. A negative value represents dilution.

Aggregate present value: Aggregate value of an institution's projected earnings discounted to present-day dollars using a terminal price/earnings multiple and discount rate. Aggregate refers to the total value of all shares, as opposed to per share value.

Amortization: Depreciation of an asset over time (usually the life of the asset). An intangible asset's periodic amortization amounts are expensed as a non-interest expense. There are several methods to calculate the amortization schedule of an asset: Straight-line, Sum-of-years'-digits or Double-declining balance.

Assets: Tangible or intangible items with a definable, monetary value that an institution owns. For example, a bank's assets would include securities, loans, property and equipment, goodwill, real estate, etc.

B

Balance sheet: Summary of a company's assets, liabilities, and shareholders' equity.

Balance sheet reconciliation: Detailed company page in the Buy/Sell Capacity model that provides a breakdown of the components of pro forma balance sheet items.

Base company: The main company each analysis is based on. Base Company can act either as a Buyer or a Target.

Beta: A measure of how much a stock's price is affected by movements in the overall market. Essentially, it is a measure of risk in relation to a benchmark. It is included in calculating the discount rate for a present value analysis for a specific company.

Book value: Total equity/Total shares outstanding

Borrowings: May include: FHLB Advances, federal funds purchased, securities sold under repurchase agreements, mortgage-backed bonds, short-term borrowings, subordinated debt, mortgage notes and other notes payable, capitalized lease obligations and ESOP liability

Borrowings mark: The difference between the cost basis and the current market value of borrowings.

Breakeven strategy: Strategy using either leverage or share repurchase in which an initial drag on earnings may be recouped to make a scenario earnings neutral. Typically used in conjunction with a trust-preferred issuance.

Buy/sell capacity: An analysis that calculates deal value based on user-defined merger assumptions, companies' capacities to pay for potential merger partners. Depending on the perspective chosen, the analysis can be run with the base company as a buying institution acquiring one or more (up to 50) companies, a buying institution competing with one or more (up to 50) companies for a set target or a selling institution comparing one or more (up to 50) different acquiring institutions' capacities to pay. Buying institutions' capacities to pay are solved for according to user-defined deal pricing methods.

Buyer's pro forma ownership: Buyer's diluted shares/Pro forma diluted shares
Glossary

C

C.D.I. amortization: Core deposit intangibles amortization. Non-interest expense of depreciating core deposit intangibles. In a merger, core deposit intangibles are generated under the current purchase accounting rules. This intangible asset is then amortized, typically over 7 years using the sum-of-years'-digits, or S.Y.D. method of amortization.

CAGR: Compound Annual Growth Rate.

Capacity to pay: Based on certain transaction assumptions, an institution's theoretical capacity to acquire other institutions.

Cash EPS: Cash earnings / Diluted shares.

Cash net income: GAAP net income - Tax-affected goodwill amortization.

Consideration: The percent of cash and/or stock used as a medium of exchange in a merger transaction.

Contribution analysis: Shows in tabular and graphical form each company's nominal amount and percentage contribution to the pro forma entity. Generally applicable for 100% stock transactions, the contribution analysis is designed to give the user additional data points for reference. By comparing additional fundamental statistics, helps to determine if the amount of stock and ownership being offered is commensurate with what each party contributes to the pro forma entity.

Core Deposit Intangibles: Premium over the seller's core deposits paid by the acquirer in a merger or branch acquisition. Core deposit intangibles generated by a deal are calculated as the lesser of: Core deposit premium * Core deposits or 90% * Transactional goodwill.

Core deposit premium: Industry standard is 5%. Represents the premium over a selling institution's core deposits a buyer pays, either in a merger or a branch acquisition.

Core net income: Net income before extraordinary items less tax-affected nonrecurring items and other gain on sale.

Core non-interest expense: Non-interest expense - Goodwill amortization expenses.

Core ROAE: Core net income/Average equity.

Cost on interest bearing liabilities: Interest expense/Average interest-bearing liabilities. Interest expense cost from deposits and borrowings as a percentage of interest bearing liabilities.

Cost Savings: Amount of cost savings to be realized through expense reductions at the target, as estimated by the buyer.

Custom peer group: User-defined comparable group that is used as a comparison group for a selected base company in Peer Comparison. Can be generated by defining search parameters or by entering individual tickers.

D

Data table: A table that varies a result of a formula or function by adjusting one or two variables of the formula or function. The increments of the variables are on the top row and far left column of the table while different results corresponding to different permutations of the variables populate the boxes inside the table.

Deal pricing: Method for solving for deal price of a merger transaction. Choice of 7 methods: solve for effective EPS accretion, solve for incremental EPS accretion, solve for effective cash EPS accretion, solve for incremental cash EPS accretion, pay a market premium, solve for a multiple of projected earnings or solve for pro forma tangible equity/total assets.
Deal value: Deal price per share * Transaction-affected diluted shares of seller. The dollar amount of consideration paid to seller in a merger

Deposit mark: The difference between cost basis and current market value of deposits

Diluted shares: Basic shares - Unallocated ESOP (Employee Stock Ownership Plan) shares + Common stock equivalents. Common stock equivalents include share equivalents for stock options, convertible debt, convertible preferred stock and warrants, calculated using the Treasury Method. According to this method, common stock equivalents represented by stock options = (Stock price - Weighted average strike price)/Stock price * Number of options; if the stock price is lower than the strike price, the product is 0

Discount rate: The minimum rate of return on an investment that an investor expects to receive. Used in Present Value Analysis calculations for a base company. This rate is used to discount future cash flows to present-day dollars. If the present value of a company declines over time, then the company is not earning enough to meet an investor’s discount rate parameter if he were to buy the stock. If the present value is constant over time, then the discount rate is being met, and if it is increasing over time, the company’s discounted earnings are generating a return that beats the discount rate

Dividend accretion: From the seller's perspective in a merger, applicable in 100% stock transactions. Buyer's dividend * Exchange ratio/Seller's dividend - 1

Dividend payout: Dividends/Net income. Percentage of net income paid out to shareholders in the form of cash dividend

Dividend yield: Dividends/Stock price.

Earning assets: Assets that earn interest income at a certain percentage yield

Effective cash EPS accretion: The percent change in cash EPS for an institution between pro forma cash EPS and its stand-alone cash EPS for the same period to determine the impact of the merger on cash EPS. For a buyer: Pro forma cash EPS/Buyer's stand-alone cash EPS - 1. For a seller: Seller's cash EPS * Exchange ratio/Seller's stand-alone cash EPS - 1

Effective EPS accretion: The percent change in GAAP EPS for an institution between pro forma GAAP EPS and its stand-alone GAAP EPS for the same period to determine the impact of the merger on GAAP EPS. For a buyer: Pro forma GAAP EPS/Buyer's stand-alone GAAP EPS - 1. For a seller: Seller's GAAP EPS * Exchange ratio/Seller's stand-alone GAAP EPS - 1

Effective exchange ratio: How many shares of the buying institution's stock are exchanged for one share of the selling institution's stock in a 100% stock merger. Does not apply when consideration has a stock component that is less than 100% of the total consideration

Effective tax rate: The net rate a taxpayer pays on income that includes all forms of taxes. Total tax expense/Taxable income

Efficiency ratio: Shows how efficiently a company is generating revenue: how many cents of expense is incurred to earn one dollar of revenue. Non-interest expense/(Net-interest income + Non-interest income)

EPS: GAAP Net income/Diluted shares

Equity: Common shareholders' equity. Total equity - Perpetual preferred stock
F

Fees/Revenues: A measurement of non-interest income as a percentage of the sum of non-interest income and interest income. Non-interest income/(Non-interest income + Interest income)

G

GAAP EPS: GAAP net income / Diluted shares

GAAP net income: GAAP (Generally Accepted Accounting Principles) net income, formulated by FASB (the Financial Accounting Standards Board) which sets accounting standards for the United States, equals total revenue - (total expense + income taxes + minority interest + extraordinary items + other after-tax adjustments)

Global assumptions: Underlying merger assumptions used in all deal calculations. SNL Merger Model has set defaults, which can be adjusted (Global Assumptions page) for all companies analyzed

Goodwill: Intangible asset generated by the purchase of an entity in which the purchase price is greater than the net worth of the acquisition. This is typically amortized over the life of the asset purchased.

I

Implied deal price: Deal price per share paid by the buying institution to selling institution shareholders

Imputed value: Analysis where a target base company's financial data is multiplied by the corresponding merger multiples to calculate an imputed deal price

Income statement reconciliation: In the Buy/Sell Capacity, a detailed breakdown of components and adjustments involved in calculating pro forma net income, pro forma EPS and EPS accretion in a merger analysis

Incremental cash EPS accretion: For those shares issued to the selling institution in a merger transaction, the percent change in cash EPS for the buyer between pro forma cash EPS and it's stand-alone cash EPS for the same period to determine the impact of the merger on cash EPS. Pro forma cash EPS/Buyer's stand-alone cash EPS - 1.

Incremental EPS accretion: Only for those shares issued to the selling institution in a merger transaction, the percent change between the pro forma GAAP EPS and the buyer's stand-alone GAAP EPS for the same period to determine the impact of the merger on GAAP EPS. Pro forma GAAP EPS/Buyer's stand-alone GAAP EPS - 1. Pro forma GAAP EPS used for incremental EPS accretion is defined as [(Seller's projected net income + transaction adjustments)/Shares issued to seller].

Intangibles: Includes, among other intangible assets, goodwill and core deposit intangibles. Represents items assigned a monetary value that are not based on tangible items, i.e. intellectual property, an expectation of future cash flows, etc. In the specific case of mergers, intangibles represent the premiums paid over core deposits of selling institutions and are booked as assets.

Interest-bearing liabilities: Liabilities that require interest expense to be paid on them at a certain percentage cost
**Internal rate of return (I.R.R.):** Discount rate at which a present value of the cash flows of an investment is zero. Appears in the Present Value Analysis and the Buy/Sell Capacity. All discounted cash flows for all years up to and including the terminal year are summed and added to the last year's cash flow multiplied by a terminal Price/Earnings assumption. The application of the terminal P/E represents the future cash flows of the investment past the terminal year. The discount rate used to discount the cash flows is adjusted until the sum equals the amount of the initial investment. In the Present Value Analysis, this initial investment is represented by the stock price of the company. In the capacity model, it is represented by the aggregate deal price of the acquisition. In the capacity model, the terminal P/E applies only to the net income of the target; the cost savings and the target’s reversed stand-alone goodwill amortization

**Leverage:** A process of enhancing net income by borrowing funds at a certain rate and then using the funds to purchase securities that yield interest income at a higher rate than the cost of the borrowings

**Liabilities:** Financial obligations, including borrowings, notes payable and thrift deferred tax liabilities

**LLR:** Loan Loss Reserves. Amount of funds reserved to maintain financial stability of the institution should asset quality deteriorate. Net charge-offs are booked against this

**Loans mark:** Difference between the cost basis and current market value of loans

**LQA expense:** Last Quarter Annualized non-interest expense. MRQ non-interest expense * 4

**LTM:** Latest (last) Twelve Months period ended

**Mark to market:** Revaluing an item on the balance sheet to the current market value. This process may cause the company to take a loss or gain in the value of the item, whether it be securities, loans, deposits or borrowings. The net loss or gain is then amortized

**Market capitalization:** The total dollar value of all outstanding shares. Total shares outstanding * Stock price

**Market premium:** Amount of deal price over the stock price of the seller, on a percentage basis. Deal price/Stock price - 1

**Merger multiples:** A measure of how much a buyer has paid a seller in a merger relative to various seller financial and market metrics, including P/E, tangible book value and premium to market. In these multiples, the deal price is the numerator and the particular seller financial data is the denominator

**MMDA and savings:** Money Market Deposit Accounts and savings accounts

**Mortgage-backed securities:** Securities whose underlying are pooled, securitized mortgage loans. An investment security that represents ownership of an undivided interest in a group of mortgages. Principal and interest from the individual mortgages are used to pay principal and interest on the mortgage-backed security

**Mutual:** Savings institutions owned by its depositors
Glossary

Net charge-off (NCO): Loans receivables that have proven uncollectible and are written off

Net financing adjustments: On the Balance Sheet Reconciliation of the Buy/Sell Capacity model, adjustments to various balance sheet items due to a merger. Among other potential adjustments, some items may be: for securities adjustment, liquidation of securities to fund cash outlays for deal expenses or cash consideration; for goodwill, transactional goodwill generated by merger accounting, net of any core deposit intangibles also created by the deal

Net interest margin: Net interest income/Average earning assets

Net interest spread: Yield on earning assets - Cost of interest-bearing liabilities.

NOW and other trans accts: Negotiable Order of Withdrawal account which is essentially an interest-bearing checking account

NPA (Non-performing assets): Non-performing loans + Other real estate owned

NPL (Non-performing loans): Nonaccrual loans + Renegotiated loans. Nonaccrual loans are those which no longer have interest accruing. Renegotiated loans are those that have had their original terms altered

One-time charges (Deal expenses): Non-recurring charge representing payment of advisory firms and other deal-related costs

Opportunity cost of cash: In the specific case of the Buy/Sell Capacity model, it is forgone income due to the liquidation of securities for deal expenses and/or cash consideration. May be represented as a percentage rate or an actual dollar amount

OREO: Other Real Estate Owned. Real estate not held as an investment

Overhead ratio: (Non-interest expense - Non-interest income)/Net interest income

Payout ratio: Current dividend/Earnings per share.

Perspective: One of three possible points-of-view in the Buy/Sell Capacity model: 1) base company is buying, 2) base company is competing with other buyers for a set target or 3) base company is selling

Price/EPS (P/E): Stock price/Earnings per share. A multiple of earnings that represents a measure of how much an investor or acquiring company has paid for the earnings stream of a company. Thus, P/E, sometimes referred to as "Price/earnings multiple" can be used in the context of a stand-alone company's stock price or the deal price in a merger

Price/TBV: Stock price / Tangible book value. A multiple of tangible book value that represents a measure of how much an investor or acquiring company has paid for the tangible equity of a company. Thus, price/TBV can be used in the context of a stand-alone company's stock price or the deal price in a merger

Private banks: Closely-held commercial, industrial, savings, cooperative banks and nondepository trust institutions

Private thrifts: Closely-held savings institutions
**Pro forma:** Refers to an item or analysis being forecasted, projected or forward-looking. In the context of a stand-alone entity, pro forma items usually are concerned with the projected data or calculations of the company. In the context of a merger analysis, pro forma financial data, metrics, ratios and other calculations assume the consummation of the merger.

**Projected EPS:** If research analysts’ estimates are available, the default case is to use these estimates in projection calculations for the years that they are published. For years too far out for such an estimate, the annual growth rate between the last two EPS figures is used to extrapolate further projected EPS. If there are no analysts’ estimates for the particular company, then a default, user-adjustable projected EPS growth rate of 7% is applied to the latest historical annual EPS data to calculate the projected years’ EPS.

**Projected income statement:** A detailed company analysis page in the Buy/Sell Capacity that steps through the components of pro forma net income, pro forma EPS and EPS accretion, from GAAP and cash perspectives, and then projects out for five years each component.

**Provision:** Amount of funds allocated over a time period to the loan loss reserves balances.

**Public banks:** Commercial, industrial, savings, cooperative banks and nondepository trust institutions with common stock that trades on an exchange.

**Public thrifts:** Savings institutions with common stock that trades on an exchange.

**Purchase accounting:** Purchase is an accounting method used in a merger where the merging entities’ respective balance sheets are combined along with mark-to-market (if applicable), financing and intangible asset adjustments. Consideration may be any combination of stock and cash, from 100% stock to 100% cash. In the Buy/Sell Capacity model purchase accounting adjustments may be: cash consideration and deal expenses is netted out of securities as a financing adjustment; transactional goodwill adjustment is included, net of the core deposit intangibles generated by the deal, which are also included as an adjustment; any mark-to-market adjustments for securities, loans, deposits and/or borrowings; and any tax deferred asset/liability created by the tax deductibility of the core deposit intangible, net asset mark, or a combination of both.

**Restructuring impact:** The income statement impact of deal expenses, cash consideration and/or net asset mark-to-market adjustment. The opportunity cost on deal expense and cash consideration outlays represents forgone yield while mark-to-market adjustments impact the income statement through amortization of the net adjustment.

**Risk-adjusted assets:** Total asset figure which is multiplied by a coefficient representing the degree of risk involved in owning particular assets. Used in the denominator of Tier 1 capital ratio and total capital ratio.

**ROAA:** Return on average assets is a measure of profitability that shows how effectively a company is leveraging its asset base to generate income.

**ROAE:** Return on average equity is a measure of profitability that shows how effectively a company is leveraging its equity base to generate income.
Glossary

**S**

**Securities mark:** The difference between the cost basis and the current market value of securities

**Seller market premium:** Deal price/Seller stock price - 1. The amount, on a percentage basis, the offered deal price exceeds the seller's trading price

**Sensitivity analysis:** An analysis, typically illustrated through the use of a data table, that shows how much fluctuation of a certain result is dependent on selected variables.

**Shares outstanding:** Share that are issued and traded in a market.

**Specific assumptions:** Allows the user to modify merger assumptions for each specific deal analyzed

**Spread:** Pre-tax difference between the yield on securities and cost of borrowings in a leverage strategy

**Straight-line:** A method of amortization in which the amount of amortization each period is a fixed amount

**Sub Debt:** Debt in which the creditor's claims to the assets of the company are subordinated to those of other creditors. In the event of liquidation, dissolution, bankruptcy, or reorganization, such debts are junior to present or future obligations (e.g., payables, deposits, and senior debt). Subordinated debt is usually not collateralized by any specific asset, but only pledged by the full faith and credit of the company. Does not include securities sold under agreement to repurchase (reverse repos). For U.S. GAAP, includes trust preferreds pursuant to FAS 150.

**Sum-of-years'-digits:** A method of amortization in which the amount of amortization is calculated using the sum of the digits of the years of the current life of the asset. For example, if the life of the asset is 5 years, the sum of the years' digits 5, 4, 3, 2, 1 would equal 15 which is used as the denominator in calculating the amortization amount for a period: in the first year of amortization, the amount of amortization would equal 5/15 * the asset balance for the period. This is the typical amortization method for calculating C.D.I. amortization

**T**

**Tangible book value (TBV):** (Total equity - Total intangible assets)/Total shares outstanding. Tangible net worth per share.

**Target company:** The seller; the company being acquired

**Thrift:** An organization formed primarily as a depository institution for consumer savings. Savings and loan associations are the most common example of thrifts

**Ticker:** The trading symbol, which identifies the company's common stock

**Tier 1 capital ratio:** (Total equity + Qualifying trust preferred securities - Intangible assets - Tax deferred asset + Deferred tax adjustment)/Risk-adjusted assets. A measurement of total common shareholders' equity (excluding FASB 115 adjustment of unrealized gains or losses on available for sale securities), qualifying preferred stock, minority interests in equity capital accounts of consolidated subsidiaries, qualifying trust preferred securities (subject to the same regulatory limit of 25% of total Tier 1 capital that is applied to cumulative perpetual preferred stocks), net of goodwill and certain other intangibles as a percentage of risk-adjusted assets. The required Tier 1 capital ratio is 4%, however, to maintain well-capitalized status, an institution is required to have a 6% Tier 1 capital ratio

**Tier II capital:** Non-qualifying Tier 1 preferred stock, non-qualifying Tier 1 trust preferred, loan loss and credit reserves, subordinated debt
**Time deposit:** Savings account or C.D. (Certificate of deposit) held by the institution for a fixed term which pays the depositor interest

**Total capital:** The total of Tier I and Tier II capital

**Total capital ratio:** Total capital as a percentage of risk-adjusted assets. The required minimum total capital ratio is 8% and to maintain well-capitalized status an institution is required to have an 8% total capital ratio

**Transaction-affected diluted shares of seller:** Seller's basic shares - Unallocated ESOP (Employee Stock Ownership Plan) shares + Common stock equivalents. Common stock equivalents include share equivalents for stock options, convertible debt, convertible preferred stock and warrants, calculated using the Treasury Method. According to this method, common stock equivalents represented by stock options = (Deal price - Weighted average strike price)/Deal price * Number of options; if the stock price is lower than the strike price, the product is 0

**Trust preferred securities:** Hybrid debt/equity security that is essentially long-term debt (30 years maturity) that counts toward Tier I capital

**Trust Preferred Securities (post-FAS 150):** Liquidation value of all fixed-rate capital securities where the issuer is a trust established by the parent company. The trust issues the preferred and uses the proceeds from the offering to purchase debentures of the parent. Does not include those securities classified by SNL in the mezzanine prior to the adoption of FAS 150 or those exempted from that statement.

**Trust Preferred Securities (pre-FAS 150):** Liquidation value of all fixed-rate capital securities where the issuer is a trust established by the parent company. The trust issues the preferred and uses the proceeds from the offering to purchase debentures of the parent. Since these securities have features of both debt and preferred stock they are carried on the balance sheet between liabilities and equity. Although the trust preferred itself is not mandatorily redeemable it typically does have a stated maturity date due to the fact that it must be redeemed at the same time as the underlying debentures. Classified by SNL in the mezzanine prior to the adoption of pre-FAS 150, and still includes those securities exempted from that standard.

**Weighted average strike:** Also called "exercise price". The price of stock options at which the underlying stock may be purchased, averaged by the number of options at certain strike prices. Thus, if the majority of options are at a particular strike price, then the weighted average strike price will be weighted towards that strike price

**Yield on earning assets:** Interest income/Average earning assets