

## MERGER FINANCIAL SUMMARY FOR PRACTICE 8725

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The following summary illustrates a projected year's income and expenses for the subject practice which incorporates a 4% increase in fees and overhead expense but no increase in production. Although all variable expenses are included, fixed expenses that will not be duplicated are not included. This summary is not a representation or warranty of future practice performance. Purchasers should obtain legal and accounting counsel prior to any purchase decision. **NOTE: Practice price does not include accounts receivable.**

**PRACTICE INCOME**

EXPECTED GROSS COLLECTION INCREASE			\$2,200,770	100.0%
	HYGIENE COMPONENT		\$256,757	11.7%
	DENTIST COMPONENT		\$1,944,014	88.3%
	RETAINED SELLER		\$0	0.0%
	ASSOCIATE		\$0	0.0%
	PURCHASER		\$1,944,014	88.3%

**VARIABLE EXPENSE INCREASE**

	WAGES, PAYROLL TAX, ETC.		\$389,194	17.7%
	LABORATORY		\$55,384	2.5%
	CLINICAL SUPPLIES		\$168,193	7.6%
	OTHER VARIABLE EXPENSE		\$43,897	2.0%
TOTAL VARIABLE EXPENSE INCREASE			\$656,667	29.8%

**FIXED EXPENSE INCREASE**

	RENT		\$0	0.0%
	PHONE, UTILITIES		\$3,000	0.1%
	LEGAL & ACCOUNTING		\$3,500	0.2%
	INSURANCE		\$1,500	0.1%
	OTHER FIXED EXPENSE		\$13,589	0.6%
TOTAL FIXED EXPENSE INCREASE			\$21,589	1.0%

**DEBT SERVICE INCREASE**

	INTEREST		\$126,302	5.7%
	PRINCIPAL		\$174,114	7.9%
TOTAL DEBT SERVICE - THIS IS BREAK-EVEN RETENTION PERCENTAGE			\$300,415	13.7%

**SUMMARY**

EXPECTED INCREASED COLLECTIONS			\$2,200,770	100.0%
EXPECTED INCREASED EXPENSES			\$678,256	30.8%
EXPECTED INCREASED DEBT SERVICE			\$300,415	13.7%
<b>EXPECTED INCREASED NET INCOME &amp; PERCENT OF PERSONAL PRODUCTION</b>			<b>\$1,222,099</b>	<b>62.9%</b>
PURCHASER PRODUCED PRODUCTION			\$1,944,014	88.3%
EQUITY INCREASE & PERCENT OF PERSONAL PRODUCTION			\$174,114	9.0%
TAX SAVINGS FROM DEPRECIATION & PERCENT OF PERSONAL PRODUCTION			\$82,341	4.2%
<b>TOTAL ECONOMIC BENEFIT-CASH, TAX SAVINGS, EQUITY &amp; % PERSONAL PROD</b>			<b>\$1,478,554</b>	<b>76.1%</b>

**THIS CASH FLOW EXAMPLE IS BASED ON THE FOLLOWING ASSUMPTIONS:**

	SALES PRICE & PERCENT OF GROSS		\$1,450,000	69%
	WORKING CAPITAL		\$106,000	4.8%
	TOTAL LOAN		\$1,556,000	70.7%
	LOAN INTEREST RATE		9.00%	
	LOAN TERM IN MONTHS		84	
	MONTHLY PAYMENT		\$25,035	13.7%
	ESTIMATED MONTHLY HYGIENE/ASSOC PROFIT		\$12,838	7.0%

**Eastern North Carolina****MERGER DATA SUMMARY FOR PRACTICE NUMBER 8725**

The following data is provided by the owner of the practice. It is believed to the best of the owner's knowledge to be a true and accurate representation of the facts of the practice. It is the responsibility of any purchaser to verify all information contained herein and to seek qualified counsel in the interpretation and verification thereof.

**OFFICE DATA**

SQUARE FOOTAGE OF OFFICE	4,800
EXPANDABLE FOOTAGE	No
CURRENT MONTHLY RENTAL i.e. "1200"	\$8,600
PRICE PER SQUARE FOOT	\$21.50
IS OFFICE HANDICAPPED ACCESSIBLE?	Yes
NUMBER OF PARKING SPACES	40
PROXIMITY OF PARKING PLACES	In front of building
NUMBER OF OPERATORIES EQUIPPED FOR DENTIST	12
NUMBER OF OPERATORIES EQUIPPED FOR HYGIENIST	4
NUMBER OF PLUMBED BUT UNEQUIPPED OPERATORIES	
NUMBER OF UNPLUMBED EMPTY OPERATORIES	
DATE OF LEASE i.e. "1/1/99"	January-10
DATE LEASE ENDS - i.e. "1/1/04"	December-20
TERM OF LEASE IN YEARS i.e. "5"	10
YEARS REMAINING ON LEASE i.e. "2.5"	9
RENEWAL OPTIONS	two extensions of five years each
DO YOU OWN YOUR BUILDING? "YES" OR "NO"	No
DO YOU WISH TO SELL THE BUILDING? "YES" OR "NO"	No
PRICE OF BUILDING	
IF NOT FOR SALE, MO. RENTAL AMOUNT	\$8,600
ANNUAL REAL ESTATE TAXES	
ANNUAL REAL ESTATE INSURANCE COST	
PURCHASER MORTGAGE INTEREST RATE	7.00%
PURCHASER MORTGAGE TERM - YEARS	15
PURCHASER MONTHLY PAYMENT	
PURCHASER CURRENT MONTHLY RENT	
PRICE PER SQUARE FOOT	\$21.50

**WORK SCHEDULE**

PLANS AFTER SALE OF PRACTICE	Move to different area
DAYS/WEEK CURRENTLY WORKED	1
ENTER DESIRED DAYS WORKED FOR NEW BUYER SALE	
DESIRED WORK DAYS/WEEK 1ST YR	0
DESIRED WORK DAYS/WEEK 2ND YR	0
DESIRED WORK DAYS/WEEK 3RD YR	0
DESIRED WORK DAYS/WEEK 4TH YR	0
DESIRED WORK DAYS/WEEK 5TH YR	0
DESIRED WORK DAYS/WEEK 6TH YR	0

<b>PRACTICE DATA</b>	
WHAT CONSULTANT USED IN PAST 5 YRS	None
RESULTS	
DESCRIBE INTERNAL MARKETING	Encourage patients to refer family and friends
DESCRIBE EXTERNAL MARKETING	
HAS GROSS CHANGED SIGNIFICANTLY? WHY?	Yes
	Added associates
<b>PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA &amp; REDUCED FEE PLANS!</b>	
ESTIMATE NUMBER OF PTS LAST 18 MONTHS	4,000
AVERAGE NUMBER OF NEW PATIENTS PER MONTH	200
AVERAGE NUMBER PTS TREATED PER DAY BY DENTIST	18
AVERAGE NUMBER PTS TREATED PER DAY BY HYGIENIST	15
HOW FAR AHEAD IS DENTIST SCHEDULED?	Two weeks
HOW FAR AHEAD IS HYGIENIST SCHEDULED?	Three weeks
% PRACTICE INCOME FROM CASH	
% OF PATIENTS PAYING CASH	
% PRACTICE INCOME FROM INSURANCE	40%
% OF PATIENTS WITH INSURANCE	40%
% PRACTICE INCOME FROM HMO	
% OF PATIENTS WITH HMO	
% PRACTICE INCOME FROM PPO	5%
% OF PATIENTS WITH PPO	5%
% PRACTICE INCOME FROM CAPITATION	
% OF PATIENTS WITH CAPITATION	
% PRACTICE INCOME FROM MEDICAID	45%
% OF PATIENTS WITH MEDICAID	45%
% PRACTICE INCOME WITH REDUCED FEE PLANS	
% OF PATIENTS WITH REDUCED FEE PLANS	
<b>PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA &amp; REDUCED FEE PLANS!</b>	
OFFICE HOURS	MONDAY 9:00 AM - 5:00 PM
	TUESDAY 9:00 AM - 5:00 PM
	WEDNESDAY 9:00 AM - 5:00 PM
	THURSDAY 9:00 AM - 5:00 PM
	FRIDAY 9:00 AM - 3:00 PM
	SATURDAY
DENTIST HOURS WORKED PER WEEK	40
HYGIENIST HOURS WORKED PER WEEK	40
ASSOCIATE HOURS WORKED PER WEEK	40
DENTIST PATIENT VISITS PER YEAR	4
HYGIENE PATIENT VISITS PER YEAR	2
NUMBER OF DAYS WORKED PER YEAR	250
NUMBER OF WEEKS WORKED PER YEAR	51
ACTUAL ACCOUNTS RECEIVABLE BALANCE	\$75,000
SIX WEEKS ACCOUNTS RECEIVABLE	\$253,935
WHAT IS YOUR COLLECTION PERCENTAGE	97%
WHAT TYPE RECALL SYSTEM	Postcards
WHAT TYPE COMPUTER SYSTEM	Softdent

<b>WHAT % OF THE PRACTICE INCOME IS:</b>	
HYGIENIST PRODUCTION	19%
OPERATIVE	36%
PEDODONTICS	5%
ORTHODONTICS	3%
IMPLANTS	2%
REMOVABLE PROSTHETICS	5%
FIXED PROSTHETICS	5%
ENDODONTICS	5%
PERIODONTICS	5%
ORAL SURGERY	10%
COSMETIC	3%
TMJ TREATMENT	1%
SOFT TISSUE MANAGEMENT	1%
OTHER	0%
TOTAL	100%
<b>MARKET FACTOR DATA</b>	
EQUIPMENT FACTOR SCALE 0% - 100%	95%
LOCATION DEMAND SCALE 0% - 100%	35%
PLAN / MEDICAID PRACTICE %	
ANNUAL FEE INCREASE %	4%
ANNUAL OVERHEAD INCREASE %	4%
<b>FEE SCHEDULE</b>	
ADULT PROPHY 01110	\$70
GOLD INLAY 02540	
TWO SURFACE POSTERIOR COMPOSITE 02386	
TWO SURFACE AMALGAM 02150	
CORE BUILD-UP INCLUDING PINS 02950	\$150
GOLD / PORCELAIN CROWN 02750	\$853
ANTERIOR CANAL ROOT CANAL 03310	\$643
BICUSPID ROOT CANAL 03320	\$684
LABIAL PORCELAIN VENEER 02962	\$800
AVERAGE OF FEES	\$533
PERCENT OF FEE PARITY	82%
<b>DEMOGRAPHIC DATA</b>	
WHAT IS APPROX. POPULATION OF YOUR CITY OR TOWN	8,868
WHAT IS APPROX. POPULATION OF YOUR DRAWING AREA	65,000
APPROXIMATE NUMBER OF GENERAL DENTAL PRACTICES WITHIN	4
MAJOR EMPLOYERS IN AREA	Prestage Farms, Smithfield Packing, Nash Johnson, County of Sampson
DESCRIBE ANY MAJOR ECONOMIC CHANGES IN YOUR DRAWING AREA	New construction, more shopping centers

<b>STAFF DATA</b>			
DESCRIBE STAFF BY POSITION AS TO	ANNUAL SALARY	WILL POSSIBLY STAY?	YEAR HIRED
RECEPTIONIST	\$26,880	Yes	2007
OFFICE MANAGER	\$40,000	Yes	2008
RECEPTIONIST			
ASSISTANT	\$38,400	Yes	2007
ASSISTANT	\$38,400	Yes	2008
ASSISTANT	\$38,400	Yes	2008
ASSISTANT	\$38,400	Yes	2008
ASSISTANT			
HYGIENIST	\$55,680	Yes	2008
HYGIENIST	\$60,000	Yes	2008
HYGIENIST			
LAB TECHNICIAN			
LAB TECHNICIAN			
OTHER _____			
OTHER _____			
DESCRIBE FRINGE BENEFITS AND VALUE			
DO YOU HIRE ANY UNPAID FAMILY MEMBERS	No		
DESCRIBE DUTIES			
ESTIMATED ANNUAL VALUE OF ABOVE			
<b>PRODUCTION CENTERS</b>			
	YEAR TO DATE	LAST YEAR	TWO YEARS AGO
ENTER YEAR	1/1/2010-4/26/2010	2009	2008
GROSS PRODUCTION	\$938,821	\$2,289,262	\$1,812,082
HYGIENISTS	\$146,049	\$281,725	\$223,318
OWNER	\$11,498	\$303,150	\$265,217
ASSOCIATES 1 & 2	\$154,413	\$729,383	\$975,077
ASSOCIATES 3 & 4	\$139,445	\$289,022	\$22,621
ASSOCIATES 5 & 6	\$178,930	\$139,986	
ASSOCIATES 7 & 8	\$122,355	\$92,796	
SPECIALISTS - ALL	\$186,131	\$453,220	\$325,849
ENTER ASSOCIATE SALARY IN DOLLARS IF FIXED	\$700/day \$1000/day Specialist		
ENTER ASSOCIATE COMMISSION PERCENTAGE	33% 50%		
ENTER HYGIENIST SALARY IN DOLLARS IF FIXED	\$29/hour and \$31.25/hour		
ENTER HYGIENIST COMMISSION PERCENTAGE	10%		
<b>CONFORMITY DATA</b>			
DOES YOUR PRACTICE MEET OSHA STANDARDS?	Yes		
WHY NOT			
DOES YOUR PRACTICE MEET CDC STANDARDS?	Yes		
WHY NOT			
DOES PRACTICE MEET ALL GOVERNMENTAL REGULATIONS?	Yes		
EXPLAIN ANY DISCREPANCIES			
HAVE YOU HAD ANY DISCIPLINARY ACTION IN LAST 7 YRS	No		
EXPLAIN			
HAVE YOU HAD ANY PRACTICE RELATED SUITS FILED	No		
AGAINST YOU IN THE PAST TEN YEARS? EXPLAIN			
DESCRIBE ANY HEALTH PROBLEMS WHICH WOULD AFFECT YOUR PRACTICE OF DENTISTRY	None		