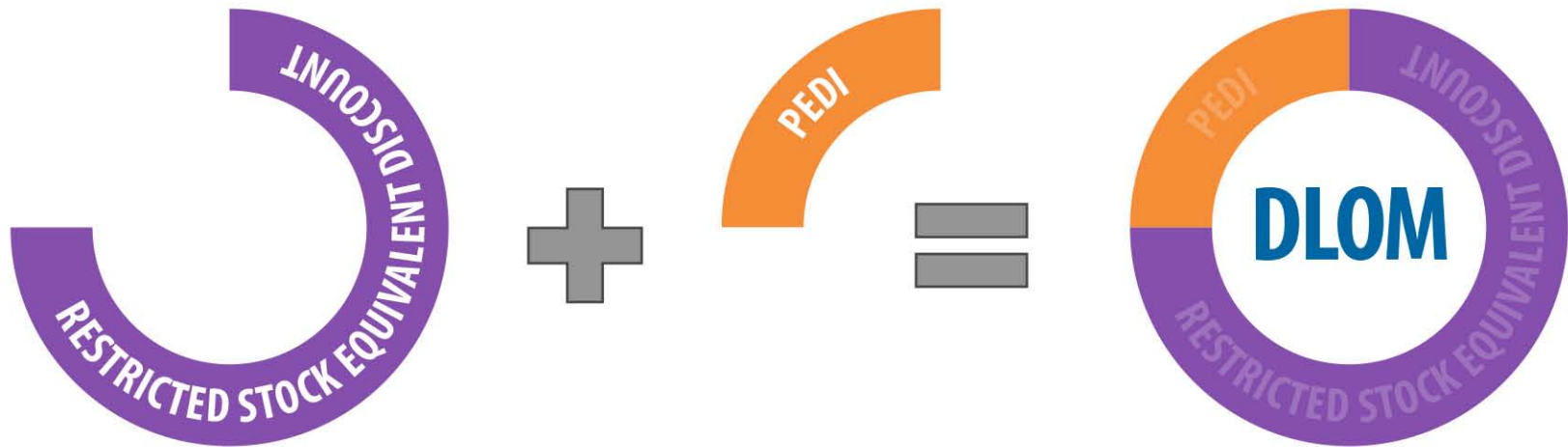# HOW TO
CALCULATE THE PEDI

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WHY APPLY A PEDI?

The subject company is not a public company issuing restricted stock, which is the basis for the RSED. Instead, it is a private company, which is more illiquid in nature.

HOW DO YOU DETERMINE THE PEDI?

You need to look at the differences in discounts between larger block and smaller block transactions. Specifically, we compare the RSED of the largest block transactions with the average and median RSED indications from the entire database. This is the basis for the PEDI.

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UNDERSTANDING THE ADDITIVE AND MULTIPLICATIVE COMPONENTS OF THE PEDI CALCULATION

BLOCK SIZE (Qtrs. to Sell)					INCREMENT	
	>35	>30	>25	All	Multiplicative	Additive
Mean	31%	29%	29%	22%	1.3x - 1.4x	7 - 9%
Median	28%	25%	25%	19%	1.3x - 1.5x	6 - 9%

(Please refer to color coded numbers below)   (Please refer to color coded numbers below)

The additive PEDI is calculated by subtracting the average or median all-block discount estimates from the equivalent large-block discount estimates.

- 31% - 22% = 9%
- 29% - 22% = 7%

- 25% - 19% = 6%
- 28% - 19% = 9%

The multiplicative PEDI comes from dividing the large-block discount estimates by the average or median all-block discount estimates.

- (31% / 22%) = 1.4x
- (29% / 22%) = 1.3x

- (25% / 19%) = 1.3x
- (28% / 19%) = 1.5x

The average or median for all transactions is used as "base discount" since the entire data-set is used when determining the RSED.

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