

The following information was featured in the January 1 issue of Dealer's Edge magazine. Nancy Phillips of Nancy Phillips Associates, Inc. is a regularly featured contributor to the publication.

PROFILE OF BUSINESS VALUE IN DEALERSHIP TRANSACTIONS

Business Value, otherwise known as 'goodwill' refers to the intangible amount paid for a dealership over and above the value of its operating assets. This table illustrates business value paid for dealership transactions in 2005.

Franchise	Buyer Type	Trade Area	Business Value	Business Value PNVR
Mercedes Benz	Small Dealer Group	500,000 - 1,000,000	26.0%	\$ 20,000
BMW	Large Dealer Group	500,000 - 1,000,000	23.3%	\$ 14,286
Toyota	Large Dealer Group	1,000,000 +	28.0%	\$ 8,800
Chrysler-Dodge-Jeep	Small Dealer Group	250,000 - 500,000	8.7%	\$ 4,186
Pontiac-Buick-GMC	Individual Dealer	1,000,000 +	3.7%	\$ 2,100
Subaru	Individual Dealer	under 250,000	4.1%	\$ 1,968
Kia	Individual Dealer	under 250,000	4.2%	\$ 1,957
Mitsubishi	Individual Dealer	250,000 - 500,000	2.3%	\$ 1,752
Nissan	Large Dealer Group	500,000 - 1,000,000	5.1%	\$ 1,600
VW-Mazda	Individual Dealer	500,000 - 1,000,000	1.9%	\$ 515
Mitsubishi	Individual Dealer	500,000 - 1,000,000	0.6%	\$ 225

Information Description

Buyer Type Individual Dealer
Small Dealer Group
Large Dealer Group

Business Value (BV) - *As a percent of total revenues*
Means the percent of intangible business value paid for goodwill exclusive of the amount paid for all other business assets.

Trade Area *Population within 20-mile radius*
Under 250,000
250,000 – 500,000
500,000 – 1,000,000
1,000,000 +

Business Value PNVR - *Per new vehicle retailed*
Means the dollar amount of intangible business value (exclusive of the amount paid for all other business assets) per new vehicle retailed.

Nancy Phillips provides comprehensive and highly personalized professional brokerage and valuation services for franchised automobile dealerships. She was a featured speaker at the 2004 Dealer's Edge "Dealers in Transition" conference. For more information, visit www.nancyphillips.com or call Nancy Phillips Associates at 866-929-0006.

