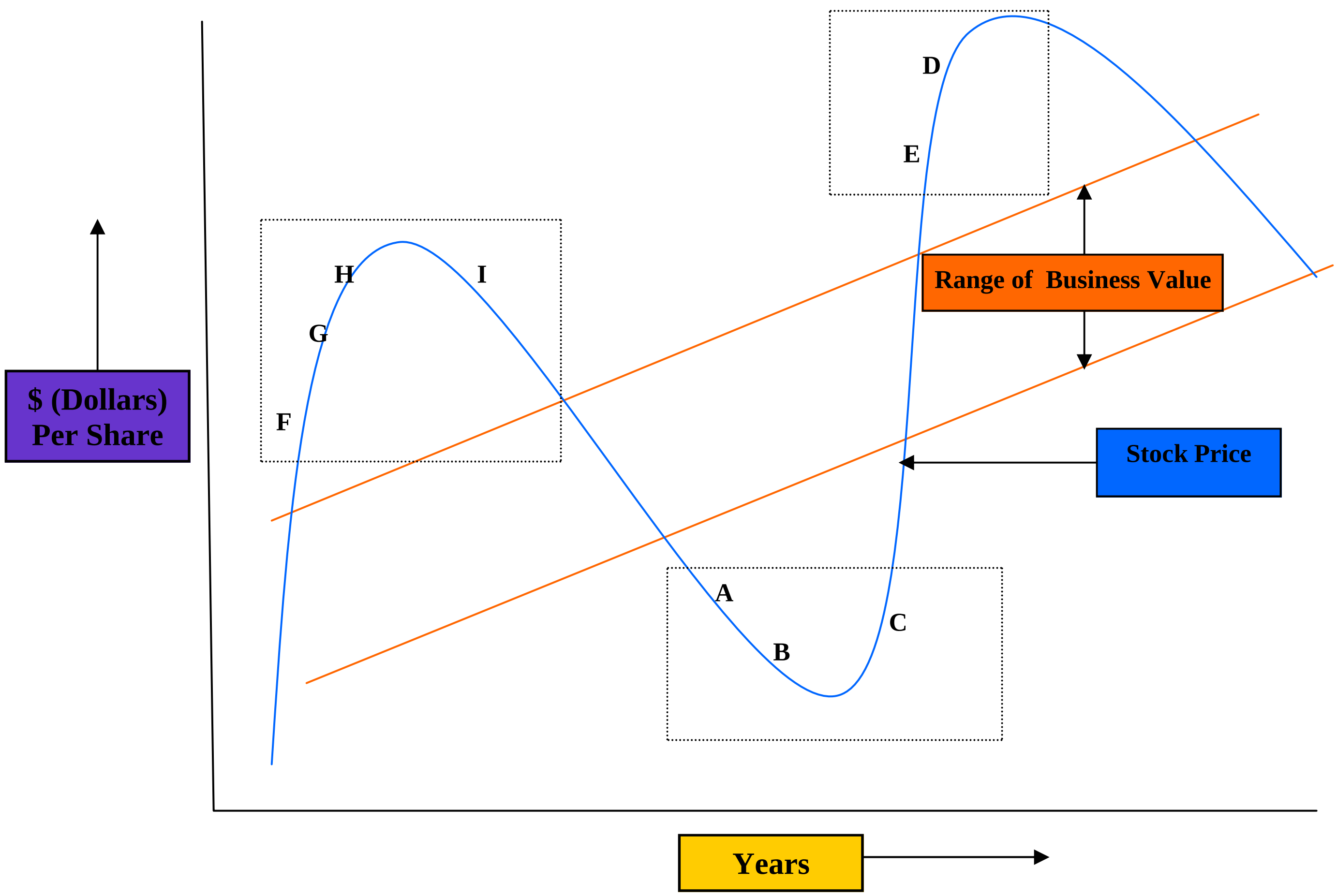
Depiction of Business Value v. Stock Price

This is a depiction of how the stock price of a growing company compares to its business value over time. A growing company will increase its earning power, which in turn results in the potential growth in free cash flow, over time. Its business value, which equals such growing free cash flow discounted back to present value, will also rise accordingly over time. The range of business value shows that such value cannot be determined with precision. The trend of the company's stock price tracks its business value over time, but the two will likely deviate substantially in the short run, offering opportunities for long-term gain, as one patiently waits for long-term convergence of stock price and business value.



The following is for illustration purposes only:

- PDV endeavors to buy at points such as A, B and C when short-term pessimism pushes the stock price well below the company's range of business value
- PDV endeavors to sell at points such as D and E when short-term optimism elevates the stock price well above the company's range of business value
- Many investors, because of short-term performance pressures or because they are not in a position to gauge the range of business value, will buy stocks with momentum at points like F and G and hope to sell at points like H and I before everyone else (a.k.a. the "Greater Fool's Theory of investing.")