



1.0 EXECUTIVE SUMMARY

Pursuant to the authorization of the SEC Historical Society (the "Society"), Appraisal Economics Inc. has conducted an independent analysis of the Society's virtual museum and archive (the "Museum"). The purpose of our analysis is to determine the fair market value of the Museum as of June 30, 2012 (the "Valuation Date"). We understand that the results of our analysis will be used by the Society's board of trustees (the "Board") for internal planning purposes.

For purposes of our analysis, we define *fair market value* as the amount at which property would change hands between a willing seller and a willing buyer when neither is acting under compulsion, and when both have reasonable knowledge of the relevant facts.

Our valuation is conducted in accordance with the Uniform Standards of Professional Appraisal Practice ("USPAP") promulgated by the Appraisal Standards Board of The Appraisal Foundation. The Appraisal Foundation is authorized by the U.S. Congress as the source of appraisal standards and qualifications. Accordingly, we perform such valuation tests and procedures as we consider appropriate under the circumstances.

We consider the factors described in the USPAP and in Internal Revenue Service Ruling 59-60¹, including:

- a. the nature and history of the Society;
- b. financial and economic conditions affecting the Society, the not-for-profit industry, and the general economy;
- c. past results, current operations, and future prospects of the Society;
- d. sales of similar businesses or capital stock of publicly held similar entities;
and
- e. prices, terms, and conditions affecting past sales of assets similar to the Museum.

As part of our analysis, we perform the following:

- review the historical and projected financial results of the Society;
- analyze and discuss with representatives of the Society the nature, history, and expected future operation of the Society and the Museum;

¹ Revenue Ruling 59-60 addresses critical elements of a business valuation.



- examine the contents of the Museum;
- estimate the time and expense that would be necessary to completely rebuild the Museum today;
- project the time and financial savings due to the Museum's contents and organization relative to other methods of research; and
- search for and review the sales of companies and not-for-profits with characteristics similar to the Society.

During the course of our valuation, we received, reviewed, and relied on the following materials and information:

- annual reports and audited financial statements for the years 2001 to 2011;
- a draft copy of "Amended and Restated Articles of Securities and Exchange Commission Historical Society";
- June 20, 2012, Society request for proposal to develop a new Museum gallery, "Women in Financial Regulation";
- a listing of Museum contents by category and year of addition;
- internet traffic reports detailing the number of visits to the Museum by year and content category;
- an analysis of aggregated Museum visitor statistics; and
- written and telephone correspondence with representatives of the Society.

As a result of our analysis, we conclude that the fair market value of the Museum is:

THREE MILLION NINE HUNDRED TWENTY THOUSAND U.S. DOLLARS
\$3,920,000

as of the Valuation Date.

In the following sections of this report, we provide details of our fair market valuation analysis.



Appraisal Economics Inc. and all its employees are independent of the Society and the Board and have no current or future financial interest in the Museum or the Society. Our fee for this engagement is in no way influenced by the results of our valuation analysis.

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During our valuation, we have been provided with certain operational data that are historical and prospective in nature. We rely upon this information as accurately reflecting the results of the operations and financial position of the Society. For this engagement, we have made no investigation of, and assume no responsibility for, the titles to, or any liens against, the assets held by the Society.

Our position in these matters is further elaborated in the accompanying statements of appraisal assumptions and limiting conditions, appraisal certification, and appraisers' qualifications, each an integral part of this valuation report.

This report is solely for the purpose stated above and may not be referred to or distributed for any other purpose.

APPRAISAL ECONOMICS INC.

Appraisal Economics Inc.

Date of Report: July 26, 2012