



# Thomson Reuters Deals Fee Model Methodology



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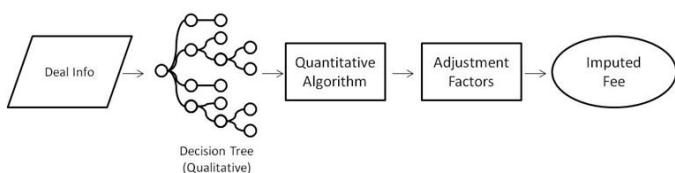
## THOMSON REUTERS DEAL FEE MODEL METHODOLOGY

Thomson Reuters is pleased to provide imputed/estimated investment banking fee content for all M&A transactions, Equity and Debt new issues, and Syndicated Loan deals announced since 1998. A summary of fee calculation methodology is provided below, with additional detail available upon request.

The Thomson Reuters historical fee history was derived by Freeman Consulting, through a partnership with Thomson Reuters. As of February 2017, fees are calculated using the Thomson Reuters proprietary fee model, while retaining the Freeman history. This document describes the methodology for the Thomson Reuters fee model.

### Thomson Reuters Imputed Deal Fees

- Fees are available for deals since 1998. In the case of M&A, fees are available for deals announced since 1996 and completed after 1998.
- Publicly disclosed fees (actuals) are utilized when available.
- When actuals are not available, a Thomson Reuters imputed fee is applied.
- The models arrive at an imputed fee using a decision tree approach hybridized with quantitative models primarily based on linear regression



- The algorithm generates deal level and advisor level fees. In the case of M&A, the deal level fee consists of two fees, an acquiror (sell-side) and a target (buy-side) fee.
- Advisor level allocations are assigned based on:
  - Disclosed Allocation Amount (if available)
  - Roles of the advisors on the deal
  - Number of advisors in each role
  - Number of advisors on the deal
- If a deal level fee is disclosed, the algorithm will use that to generate the advisor level fees and vice versa.
- Fees are gross fees before expenses.

### Mergers & Acquisitions

- Imputed fees are generated at announcement date. Fees are updated throughout the life cycle of the deal as pertinent information is disclosed.
- Deals with undisclosed advisors will still be assigned an estimated fee if a Rank Value or Analyst Estimated Value is available.
- A sample of fields used in the model includes deal size, advisor size, advisor roles, number of advisors, industry, consideration, number of legal advisors, time to completion, etc.
- The TR definition of investment banking fees includes:
  - Retainer Fee
  - Contingent (Success) Fee
  - Fairness Opinion Fee

- The TR definition of investment banking fees excludes:
  - Break-up Fee
  - Incentive Fee
  - Out-of-pocket Expense Reimbursement

### New Issues (Equity & Debt)

- Imputed fees are generated at the issue date. Fees are updated throughout the life cycle of the deal as pertinent information is disclosed.
- A sample of fields used in the model includes country, deal type, issue type, deal size, industry, public status, ratings, etc.
- The TR definition of investment banking fees includes:
  - Underwriting Fees
  - Management Fees
  - Selling Concession (placement) Fees
- The TR definition of investment banking fees excludes:
  - Trading gain or loss
  - Conduit fee, applicable to structured debt products
- For equity, the full allotment of the transaction is considered.

### Syndicated Loans

- Imputed fees are generated at announcement date. Fees are updated throughout the life cycle of the deal as pertinent information is disclosed.
- A sample of fields used in the model includes country, spread, deal size, etc.
- The TR definition of investment banking fees includes:
  - Underwriting / Arrangement (up-front) fees
- The TR definition of investment banking fees excludes:
  - Participation fees
  - Commitment fees
  - Agency (Management) fees
  - Utilization Fee
  - Facility Fee
  - Interest Fee
  - Prepayment Fee
  - Conduit Fee

### For More Information

For more detail regarding Thomson Reuters fees, contact:

[DealFeeModel@thomsonreuters.com](mailto:DealFeeModel@thomsonreuters.com)