

Mark to Market Requirement – FAS 157

As part of the larger move toward fair-value accounting, venture capital and private equity firms are required under FAS 157 to mark their portfolios to market on a quarterly basis. Though additional guidance from the FASB is expected shortly, audit firms have signaled that the level of valuation support required will be higher for 2009 than it was for 2008. Many firms are taking a proactive approach, to ensure they are collecting and preparing supporting documentation to minimize their crunch-time effort, and to help ensure a smooth audit.

FAS 157 Solution for Venture Capital and Private Equity Firm Portfolios

SVB Analytics, a member of SVB Financial Group and a leading provider of valuation opinions, provides a time-saving and cost-effective analytics service to assist venture capital and private equity firms with FAS 157 compliance for their portfolio companies. Since 2006, SVB Analytics has performed more than 1,500 valuation opinions for venture-backed companies. Our experience allows us to provide the most informed value indicators for portfolio companies.

Why SVB?

- Our summary reporting allows for easy comparison across your investments
- Our experience with the venture market and technology and life science sub-sectors provides better insights to trends than firms with limited scale
- With more than 60 people dedicated to valuation work, we have the capacity to complete work for any sized portfolio in a timely manner without sacrificing quality
- We work with the Big Four accounting and auditing firms, as well as with regional firms around the country, and have the ability to understand and adapt to changing audit requirements
- SVB has been dedicated to the technology, life science, and venture capital and private equity communities for more than 25 years, and will be able to support you and your portfolio firms now and in the future

SVB Analytics' FAS 157 analytics service includes:

- **Summary reporting** for your entire portfolio to easily compare metrics and results
- **Valuation ranges** derived from metrics based on several factors, keeping the final value determination with the investment partner
- Access to your portfolio company's detailed ownership information through our patented **CapMx**[®] equity management tool, used by hundreds of venture-backed companies and their law firms
- The most appropriate **comparable company** selection
 - Based on our deep experience with, and understanding of, the qualitative factors relevant to the technology and life science sectors, not just quantitative inputs
 - Supported by extensive analytics on the selected guideline companies, to assist our clients in supporting the valuation of their portfolio companies

- **Tailored allocation methodologies** based on industry sector and company stage
 - An option pricing model allocation that accounts for the debt-like aspects of preferred liquidation preferences
 - Simple scenario modeling analytics for bio-pharma investments, which may better reflect the distribution of potential outcomes for these companies
- Inputs and discounts based on **accepted valuation theory**
- With your portfolio company's permission, we can also provide their **409A valuation information** as an additional data point

Contact Us.

For more information about SVB Analytics' FAS 157 Reporting solution, please contact Christian Groh, Director of Sales, Valuations at 415.512.4295 or cgroh@svb.com.