

Common Stock Valuation for a late stage company nearing an exit event

CLIENT

A US based private semiconductor company having a history of profitable operations, looking for an exit in the form of an IPO / M&A, and looking to issue options to its employees

REQUIREMENT

Determining the fair market value of the common stock, for pricing options in conformance with IRS regulations for a company with a variable capital structure

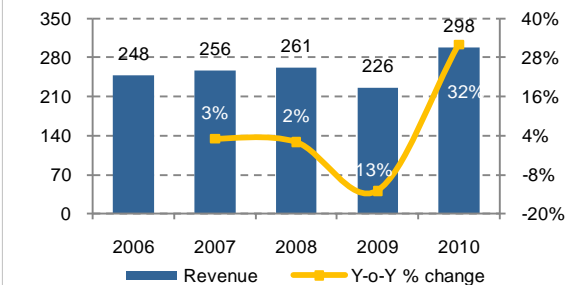
ASSIGNMENT APPROACH

- Understanding the business, trends in the industry, growth in the industry in near and long term, historical growth of the company
- Benchmarking against guideline companies: Assessing the subject company on size, diversity, geographic concentration, relative position in the industry, and visibility of future earnings etc.
- Capital structure: Understanding a dynamic capital structure dependent on the outcome of the exit event to be pursued by the company
- Modeled various outcomes available, determined values under different outcomes and probability adjusted value to arrive at a conclusion

SAMPLE ANALYSIS TEMPLATES

PERFORMANCE OF THE GLOBAL SEMICONDUCTOR INDUSTRY

GLOBAL SEMICONDUCTOR INDUSTRY REVENUES



Source: SIA (Figures in \$ billions)

"The semiconductor industry expanded at a brisk rate in 2010 after slowing down in 2009."

DYNAMIC CAPITAL STRUCTURE

Class of shares	Original # of Shares	Conversion ratio (M&A)	Conversion ratio (IPO)
Series A	7,855,000	1.82	1.92
Series B	2,771,756	1.65	1.75
Series C	5,178,604	1.00	1.00
Common	1,981,759	1.00	1.00
Options o/s @ \$5.0	500,000	1.00	1.00
Options o/s @ \$9.4	900,560	1.00	1.00
Common Warrants (@ \$1.7)	655,780	1.00	1.00
Un-granted Option Pool	650,850	1.00	1.00