

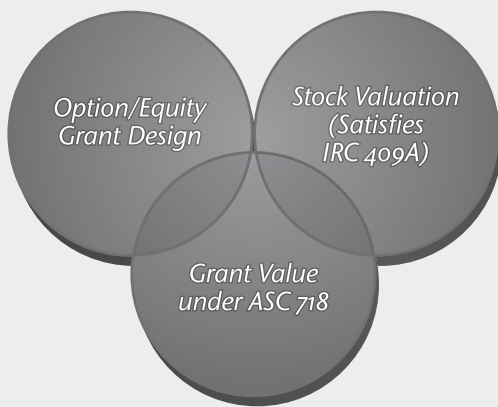
# WHARTON

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## VALUATION ASSOCIATES INC.

### VALUATION SERVICES FOR EMPLOYEE STOCK OPTIONS & OTHER STOCK COMPENSATION

#### Wharton Knows Options

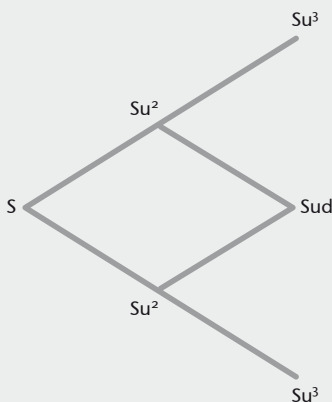


ASC 718 (formerly FAS 123R), Accounting for Stock Compensation requires companies to recognize the value of stock options and other share-based payments. The Wharton team has expertise in valuing employee stock option plans and complex performance-based deferred compensation plans. We can value a variety of share-based plans including:

- Employee Stock Options
- Performance Shares based on Total Shareholder Return (TSR)
- Stock Appreciation Rights (SARs)
- Phantom Stock
- Employee Stock Purchase Plans (ESPP)
- Restricted Stock Plans

We provide support and documentation to ease the process of financial reporting in an audited environment. In addition, our valuation services can help you understand which plan designs will retain and motivate employees without leading to excessive compensation-related expense.

#### Choosing the Right Valuation Approach



The Wharton team will partner with you to help you understand which valuation approach is best for your compensation plan and how a plan's features affect its measured value. The three methods used by the valuation industry are:

- Black-Scholes
- Binomial or trinomial lattices
- Monte Carlo Simulation

In the case of many stock option grants, the Black-Scholes method works well. However, sometimes the lattice approach will result in a more accurate value. We are also experienced in the more complex valuation techniques sometimes needed to value compensation plans that reward management's performance relative to peer firms.

Personalized service. Rigorous analysis. Independent judgment.



### *Experts at Valuing Private Companies*

Establishing the fair market value of a company's stock is required for financial reporting of an equity grant under ASC 718 and for satisfying Internal Revenue Code (IRC) 409A. Wharton Valuation has 20 years of experience in valuing private companies in various industries and stages of development. Our team brings together academic and business professionals holding Ph.D., MBA and CFA designations, skilled at solving the most complex valuation problems. We provide our clients rigorous analysis and personalized service, delivering accurate and supportable results that stand up to the toughest scrutiny from tax authorities.

### *Experts at Early Stage Companies with Complex Capital Structures*

Companies that are highly leveraged or have complex capital structures pose unique valuation challenges. In some cases, start-up companies may have completed a number of rounds of fundraising, resulting in several distinct classes of equity and debt investors. We are experts in valuing companies with complex capital structures, including those with multiple classes of stock (common, preferred, and convertible preferred), each with a unique set of redemption/liquidation preferences.

### *About Wharton Valuation Associates*

Established in 1990, Wharton Valuation Associates, Inc. is a financial consulting firm specializing in the analysis and valuation of business interests. We deliver individualized service and solutions to assist clients with a wide range of planning and transactional needs including tax compliance, financial reporting, ESOPs, and corporate finance transactions. Our team is comprised of seasoned experts skilled at the art and science of performing valuation. We have successfully defended our work before the IRS, the SEC, and the Department of Labor, as well as in testimony in federal and state courts and mediation and arbitration proceedings. This depth of experience is appreciated by many leading attorneys, accountants, bankers, and other professional advisors nationwide who refer their most complex valuation problems to us.