

# SVB Overview

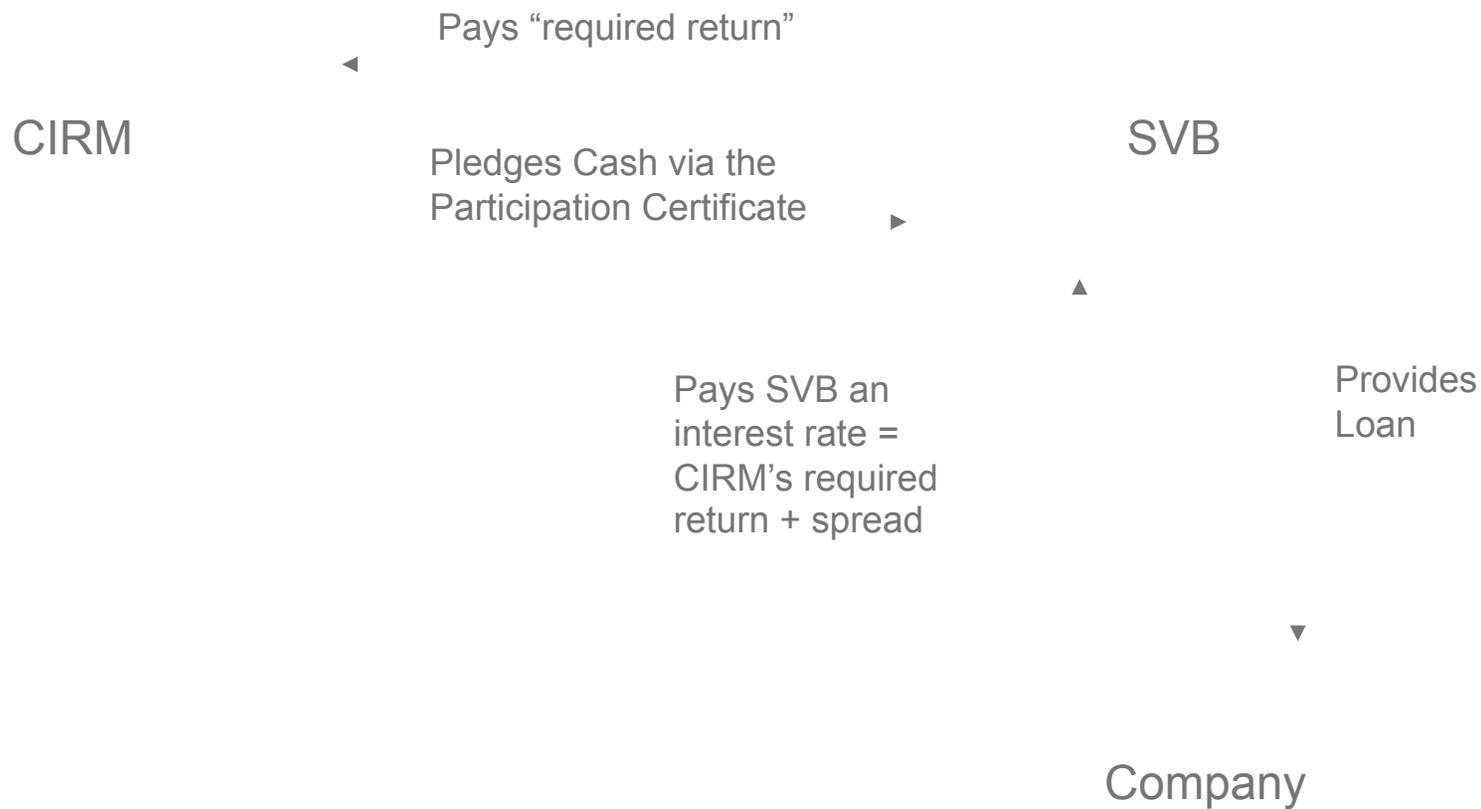
We have been helping entrepreneurs and enterprising companies succeed for 25 years, offering diversified and complementary financial services to technology and life science companies.

- We serve nearly 11,000 clients around the world, with 27 domestic offices and international subsidiaries in the U.K., Israel, India and China.
- 2007 net income was \$123 Million and we currently have over \$7 billion in assets, \$4.5 billion in deposits, and \$4 billion in loans.
- SVB Financial Group is publicly traded on the NASDAQ under SIVB with a market cap of \$1.8 billion.
- SVB's business units include Silicon Valley Bank, SVB Analytics, SVB Capital, SVB Global and SVB Private Client Services. These business units provide complimentary services to entrepreneurial companies including commercial banking, 409a evaluations, direct equity and foreign exchange.

## CIRM & SVB Structure

- SVB provides a loan directly to the company (structure to be set by CIRM)
- CIRM provides SVB cash collateral (Participation Certificate) to secure the SVB loan
- SVB pays CIRM their required rate of return on the Participation Certificate
- SVB charges the company CIRM's required return plus a Spread (see attachment A)
- CIRM receives all of the warrants on the loan
- SVB requires an upfront commitment fee (see attachment A) and the banking relationship of the company.
- Upon maturity of the loan, SVB looks at providing "take out" financing that does not require CIRM collateral or support.
- SVB provides CIRM detailed monthly reporting.

# CIRM & SVB Structure



# Key Functions to be provided by SVB

- Underwriting/financial due diligence:
  1. Lien & Tax search
  2. Credit history search
  3. Cash flow forecast analysis including a remaining months liquidity analysis.
- Loan Documentation:
  1. Draft and negotiate a loan and security agreement and ensure perfection on all assets including Intellectual Property.
- Loan Administration:
  1. Monitor compliance with loan and security agreement (see attachment B)
- Disbursement and collection
  1. Disbursements to be made based upon required financial milestones and CRIM approval (receipt of Participation Certificate)
  2. Collection of interest and principal.

# Attachment A

## Proposed Pricing:

<u>Loan size</u>	<u>Spread</u>	<u>Commitment fee</u>
Up to \$999K	2.0%	Higher of 1/2% or \$5K
\$1MM to \$4.99MM	1.5%	1/2%
\$5MM to \$9.99MM	1.0%	1/4%
\$10MM +	.75%	1/8%

## Attachment B (Loan Administration)

### SVB monitors:

- o Ensure they are in full compliance with all Government regulations and are in Good Standing
- o That their books are kept in accordance with GAAP and submitted to SVB as required
- o That any Inventory is kept in good market conditions
- o That all taxes are paid as required
- o That insurance is kept in good standing for both the collateral and the business
- o That all IP is properly documented and registered
- o That any changes in Management are reported to SVB promptly
- o That all rental payments for real property are made on time and current
- o That insurance is maintained with SVB named as lost payee
- Through Negative Covenants in the Loan Documents, Company is not allowed to do any of the following with out SVB consent:
  - o Dispose of equipment, assets or IP
  - o Change their business model, management or location of collateral
  - o Enter into an merger or acquisition
  - o Enter into other indebtedness
  - o Allow any other lien to exist against the company or collateral
  - o Make investments or pay dividends