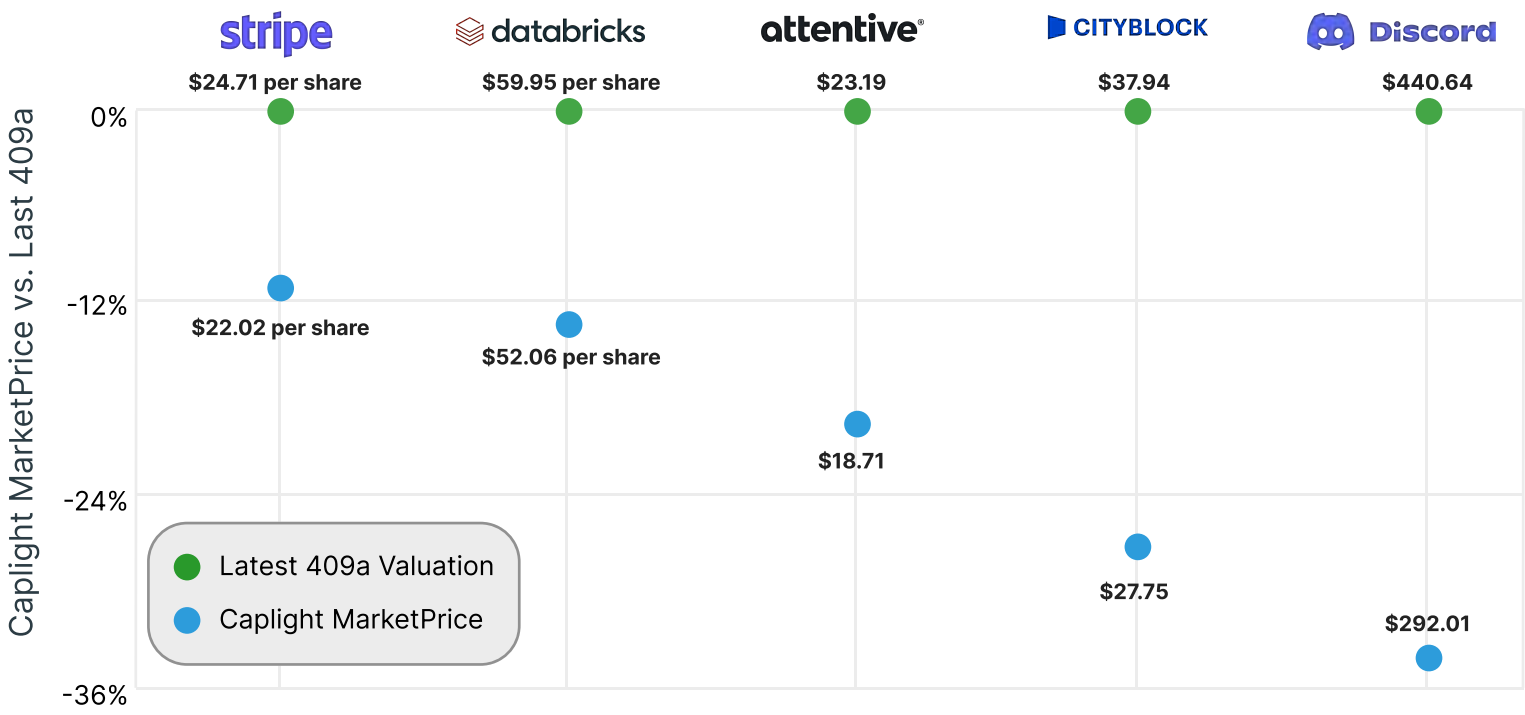


Select Private Company Shares Trading Below 409a Valuations Show Need for Companies to Rethink Employee Compensation



Note: 409a valuations represent independent reviews of the fair market value (FMV) of a private company's common stock. 409a valuations are used by private companies to determine employee option exercise prices.

409a valuations used include confirmed 409a valuations reported on by media as well as valuations provided by third party sources.

The private secondary market selloff has led to multiple Unicorns trading below their 409a valuations - leading to many consequences for employees:

- Historically 409a valuations are at 40% - 60% discounts to last primary round, a benefit for employees coming in and being able to exercise stock options at this discount.
- Now employees receiving stock options own options that are struck above current prices, meaning they must pay more than the stock is actually worth to access it.
- Companies may now be forced to issue additional RSUs and stock grants or offer additional cash to bridge this fall in compensation and to retain top talent.

Caplight offers solutions to hedge single name stock exposure. If you are looking to hedge your private market portfolio, sign up at Caplight:

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