

Form 468 Schedule 8 Instructions

Updated February 2012

1. Introduction

These instructions are intended to help SBICs identify what information to submit for Schedule 8 until the new web-based reporting system is implemented. The new Schedule 8 (shown in Exhibit 1) provides SBA with a snapshot of each portfolio company, including general, financial, and economic information. SBA does NOT require this information to be audited. This schedule will help SBA manage program risk, evaluate portfolio performance, and facilitate processing SBIC requests promptly.

Schedule 8 replaces two schedules from the previously approved Form 468:

- Schedule of Participations and Joint Financings
- Schedule of Economic Data for Portfolio Concerns

Some Schedule 8 information duplicates data in the previously approved Form 468 Schedule of Loans and Investments. The new Schedule 8 through the new web-based system will consolidate appropriate information at the portfolio company level versus loan and investment level thereby reducing duplication and eliminating inconsistencies. Examples of data inconsistencies include the following:

- **Percentage Ownership:** In the current Form 468 software SBA collects the SBIC's percentage ownership in the portfolio company on a fully diluted basis across all investments. The software, however, collects this information in the loan and investment record, which has resulted in inconsistencies.
- **North American Industry Classification System ("NAICS") code:** Current Form 468 software requires input for each investment. As a result, in some cases the NAICS code differs between investments for the same portfolio company.

Exhibit 2 provides a quick reference table for Schedule 8 Reporting requirements. SBA will issue new instructions once the web-based system becomes available.

2. Schedule 8 General Requirements

All SBICs are required to provide the following information:

- General portfolio company data to the extent the current Form 468 software currently collects the information as part of the Schedule of Loans and Investments. (See Section 4 for more information.)
- Economic data as part of their annual Form 468, including: Revenues, Net Income, Employees, and Federal and State taxes. SBA's only identified exception to submitting the economic data is when the SBIC is holding debt or common stock from a public company AND the SBIC did not provide an actual financing or guarantee into that company. For example: If an SBIC is holding

common stock from Google received as part of its proceeds from selling holdings in private Company A, it would not need to report economic data. However, if an SBIC invested in Company A and Company A then went public, the SBIC would need to report the economic data for Company A.

All SBICs will continue to report the Schedule of Economic Data as part of their annual Form 468 until the web-based system is implemented. The Schedule of Economic Data will continue to be due no later than the last day of the 5th month following the end of the annual reporting period.

3. Schedule 8 Exemptions

SBA recognizes that financial risk plays a key role in the materiality of this information. Therefore except for the requirements listed in Section 2, SBA will exempt the following SBICs from other Schedule 8 data requirements (Portfolio Company Financial Information and Waterfall/Capitalization Table Information) for **all** of investments:

- SBICs with no outstanding SBA leverage, no SBA leverage commitments, and not seeking SBA leverage commitments within the next twelve months.
- Participating Securities SBICs with earmarked assets only.
- SBICs licensed prior to 1994 unless specifically requested by SBA. (New leverage commitment requests may prompt SBA to make such a request.)

SBA also exempts certain investments from the Portfolio Company Financial and Waterfall/Capitalization Table Information requirements as follows:

- Loans secured by a medallion.
- If the portfolio company is public and the SBIC only holds debt or common stock.

SBA may grant exemptions from Schedule 8 data on a case by case basis either across the portfolio or at an investment level. SBA will consider materiality and financial risk in determining whether to grant such an exemption. SBA reserves the right to require any Schedule 8 information from any exempted SBIC.

4. General Portfolio Company Information

General Portfolio Company Information includes: Portfolio Company Name; Employer ID; % Own; % Voting; Cost at End of Period; Unrealized Appreciation (Depreciation); Total Reported Value; Business Description; NAICS (industry code); 1st Date Invested; Overline; Current Stage; Exchange; Stock Symbol; Address; City/State; LMI; and Other Comments.

Until the web-based system is implemented, SBA will continue to collect applicable information via the current Form 468 software in the Schedule of Loans and Investments, to the extent that the software

collects this information. If the current software does not collect this data, SBICs do not need to provide the information unless specifically requested by SBA. (For example: The current Form 468 software does not collect the business description, therefore SBICs are not required to report this information.)

5. Portfolio Company Financial Information

Aside from the economic data discussed in Section 2, the only portfolio company financial information that SBICs not exempted in Section 3 will need to submit until the new web-based system is in place are shown in the table below. SBICs may submit this information in their own format on a semi-annual basis in conjunction with valuations.

This table identifies each data element and identifies the type of investment for which this data element is required.

| Data Element | Description | Investment Type |
|--|--|-----------------|
| Portfolio Company Name | Self explanatory. | All |
| As of Date | Provide the ending date for the period of financial information you are providing. For example: If you provide the last twelve trailing months, ending in 12/31/2011, you would enter "12/31/2011". | All |
| Basis Period | Provide the basis period for which you are providing this information as follows: <ul style="list-style-type: none"> • TTM - twelve trailing months; • Annual – portfolio company’s last annual fiscal year; or • YTD and number of months – the portfolio company’s fiscal year to date with the number of months represented. | All |
| <i>Provide the following financial information for the basis period you reported above. For example: If your "As of Date" is "12/31/2011" and your basis period is "Annual" you should enter financial numbers reflecting that the portfolio company's annual financials as of 12/31/2011. Please note that your data does not need to be based on audited financials.</i> | | |
| Revenues | Self-explanatory. | All |
| Gross Profit | Revenues minus cost of goods sold | All |
| EBITDA | Earnings Before Interest, Tax, Depreciation and Amortization | All |
| Interest Charges | Identify the interest expenses paid on all debt, both short term and long term, by the portfolio company | Debt |
| Net Income | Self explanatory | All |
| Cash flow from Ops. | Cash flow from operations | All |
| Cash Balance | Self explanatory | All |
| Current assets | Self explanatory | All |
| Fixed assets | Self explanatory | As requested |

| Data Element | Description | Investment Type |
|--|--|------------------------|
| Total assets | Self explanatory | All |
| Current liabilities | Include any short-term debt reported as a current liability. | All |
| Long Term Debt | Long term funded debt plus any convertible debt issued by the small concern unless and until it's converted. | All |
| Total Liabilities | Self explanatory | All |
| Enterprise Value | Common and Preferred Equity Market Value + Debt – Cash. Please note that if you have performed FAS 157 valuations, enterprise values should reflect these values. Otherwise provide the value used in determining your valuations. | Equity* |
| * This includes debt that has been converted to equity and any warrants held above cost. | | |

Although the report shows three periods of information, SBICs will only have to provide one period of information. The new web-based system will automatically pull the prior two periods into the report.

6. Waterfall/Capitalization Table

For equity investments (including debt that has been converted to equity and warrants held above cost), SBICs should submit a capitalization table in the SBIC's format as a PDF file which reflects the current capital structure for the portfolio company and all relevant information (e.g. liquidation preferences) needed to help SBA evaluate the SBIC's position in the company.

Once submitted, the SBIC will not need to resubmit the waterfall/capitalization table information unless the information changes. SBICs should submit any change to the waterfall with the next Schedule 8 filing. SBICs will be able to upload waterfall information directly to the new web-based system when it becomes available so that both SBA and the SBIC will know when the last capitalization table was submitted.

Exhibit 1 – Schedule 8

| | | |
|-------------------|---|--|
| SCHEDULE 8 | Unaudited Portfolio Company Information AS OF _____ | OMB Approval No. 3245-0063 Expiration Date 03/31/2014 |
|-------------------|---|--|

| | |
|-------------------------|-------------------|
| Name of Licensee: _____ | License No. _____ |
|-------------------------|-------------------|

Note: Items in red font only apply to SBICs in the Office of Liquidation or as specifically requested by SBA.

| Portfolio Company Name | Employer ID | % Own | % Vote | Cost at End of Period | Unrealized App (Dep) | Total Reported Value |
|------------------------|-------------|-------|--------|-----------------------|----------------------|----------------------|
| | | | | | | |

General Portfolio Company Information

Business Description NAICS:

1st Date Invested: Overline?

Current stage:

Exchange: Stock Symbol:

If original investment company's name changed, was acquired/merged,
company name of original investment:

Address:

City/State:

Zip Code: LMI:

Other Comments:

Portfolio Company Financial Information

| Rounded to nearest \$ | Period 1 | Period 2 | Period 3 |
|---|--|-------------------|--|
| As of Date | | | |
| Basis Period | ▼ | | |
| Revenues | | | |
| Gross Profit | | | |
| EBITDA | | | |
| Interest Charges | | | |
| Net Income | | | |
| Cashflow from Ops. | | | |
| Cash Balance | | | |
| Current Assets | | | |
| Fixed Assets | | | |
| Total Assets | | | |
| Current Liabilities | | | |
| Long term Debt | | | |
| Total Liabilities | | | |
| Enterprise Value | | | |
| Additional Information for Most Recent FY End for SBICs in Liquidation | | | |
| Financial Statement Type: _____ Statement Opinion: _____ | | | |
| Statement Notes: ___ Significant Litigation ___ Going Concern ___ Other | | | |
| If other explain: _____ | | | |
| Economic Data for Recent FY End | | | |
| Full-time employees: | <input style="width: 100px;" type="text"/> | | |
| Federal Taxes Paid: | <input style="width: 100px;" type="text"/> | State Taxes Paid: | <input style="width: 100px;" type="text"/> |

Portfolio Company Waterfall/Capitalization Table PDF File Uploaded:

Instructions: Upload latest waterfall/capitalization table in PDF format if you hold an equity investment in the portfolio company or you hold warrants that you have valued over cost. If the portfolio company is public and you only hold debt securities or common stock, you do not need to provide this information.

Include all relevant information associated with each security, including information needed to assess value of your holdings. *Relevant information may include:* date closed, security issued, price, total round size, SBIC's participation within round, if available and not confidential name of significant investors (over 10% ownership in security), liquidation preferences, seniority, accruing dividends, etc... If the SBIC has been transferred to the Office of Liquidation, you must also describe any investor rights you hold, such as negative covenants, board membership or observation rights, or other rights (such as veto or springing).

Exhibit 2 - Summary of Schedule 8 Reporting Requirements

| All SBICs <i>(See Section 2)</i> | Additional Schedule 8 Requirements for SBIC Loans & Investments Not Exempted by Section 3 of These Instructions | | | |
|---|---|---|---|---|
| | All <i>(See Section 5)</i> | Equity Only¹ <i>(See Sections 5 & 6)</i> | Debt Only <i>(See Section 5)</i> | As Requested <i>(See Section 5)</i> |
| General portfolio company information collected via current Form 468 software: <ul style="list-style-type: none"> - Portfolio company name - Employer ID - % Ownership - % Voting - NAICS code - Address Information - Comments Economic Data via current Form 468 software with Annual Form 468:² <ul style="list-style-type: none"> - Revenues - Net Income - Full-time employees - Federal taxes paid - State taxes paid | Semi-annual portfolio company financial information in SBIC format as PDF file: <ul style="list-style-type: none"> - Portfolio company name - As of Date - Basis Period - Revenues - Gross Profit - EBITDA - Net Income - Cashflow from Ops. - Cash Balance - Current Assets - Total Assets - Current Liabilities - Long term Debt - Total Liabilities | Semi-annual portfolio company financial information addition: <ul style="list-style-type: none"> - Enterprise Value Waterfall /Cap. Table in SBIC format as PDF file. (SBIC only needs to provide updated files if this changes.) | Semi-annual portfolio company financial information addition: <ul style="list-style-type: none"> - Interest Charges | Semi-annual portfolio company financial information addition: <ul style="list-style-type: none"> - Fixed Assets |

Notes:

1. This includes debt converted to equity and warrants held above cost.
2. SBA’s only identified exception to the annual economic data requirement is when the SBIC is holding debt or common stock from a public