Meeting between Federal Reserve Board Staff
and Representatives of Silicon Valley Bank
October 22, 2010

Participants: Sean Campbell, David Lynch, Kieran Fallon, Jeremy Newell, Patricia Yeh, Chris Paridon, and Brian Knestout (Federal Reserve Board)

Mary Dent, Sven Weber, and David Luigs (Silicon Valley Bank); Greg Lyons and Satish Kini (Debevoise & Plimpton)

Summary: Staff of the Federal Reserve Board met with representatives of Silicon Valley Bank ("SVB") to discuss the application of the "Volcker Rule" provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act") to the venture capital and private equity fund activities of banking entities.

Among other matters discussed in the meeting were: the difference between hedge and private equity funds and venture capital funds, including with respect to the type of investments such funds make, the tenure of investment, and the use of leverage; the applicability of the Volcker Rule's hedge fund and private equity fund restrictions to venture capital funds; SVB's views as to the merits of a regulatory exemption under section 619(d)(1)(J) with respect to venture capital funds; the typical life and business terms of a venture capital fund; the typical restrictions placed on the transferability of interests in venture capital funds; and the interaction between the conformance period provided for in section 619(c) and the de minimis investment provisions of section 619(d)(4).

A copy of the handout provided by SVB at the meeting is attached below.

SVB Financial Group

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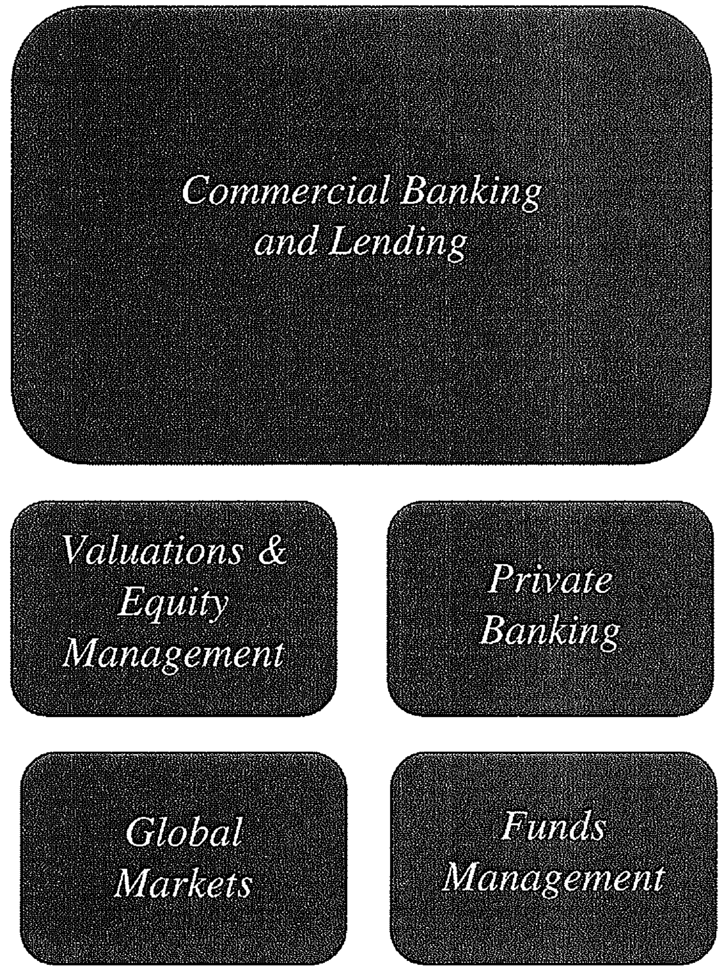
SVB At A Glance

- ***Founded in 1983***
- ***26 offices across the United States***
- ***International offices in China, India, Israel and the U.K.***
- ***11,000+ clients and 1,200+ employees***
- ***50% of VC-backed U.S. companies and VCs worldwide are clients***



Serving Our Clients and Staying Safe Throughout the Downturn

2010

- SVB's first ever "Startup Outlook Survey" of tech, life science and cleantech startups found these companies were optimistic about 2010 - with most expecting their performance to improve and three in four expecting to hire
- Forbes Magazine rated SVB #5 of "America's Best Banks"
- Bank Director Magazine rated SVB #17 of 150 "Top Performing Banks"
- SVB grew its portfolio of loans with the Export-Import Bank of the United States to $213 million – which in turn will generate more than $1 billion in U.S. export sales and support more than 5,400 new and existing U.S. jobs.

2009

- Despite the downturn, SVB added approximately 1000 new clients, roughly 400 of them borrowers
- Ernst & Young named SVB CEO Ken Wilcox "Entrepreneur of the Year"
- The San Francisco Business Times named SVB the #1 finance company for cleantech companies and one of the "Top Corporate Philanthropists in the Bay Area"
- TheStreet.com Ratings Inc. named SVB its highest rated large bank in California
- The ABA Banking Journal named SVB #23 of "Banking's Top Performers"

2008

- Bank Director Magazine named SVB #3 of 150 "Top Performing Banks"
- American Banker Magazine named SVB CEO Ken Wilcox "Banker of the Year"
- TheStreet.com Ratings Inc. named SVB #1 of the "Strongest Banks"

The Innovation Ecosystem

Venture Investors

- Equity investments to transform ideas into reality
- Business expertise & networks
- Hands-on involvement
- *Typically work with portfolio companies for 5-10 years*

SVB

- Debt financing with a "steady hand"
- Banking products & services to support the business
- Knowledge and programs to promote entrepreneurs' success and build the ecosystem
- Community involvement

High Growth Technology Startups

U.S. ECONOMY

- **12.1 million jobs (2008)**
- **21% of U.S. GDP (2008)**
- **Transformative technologies**
  - **How Americans live**
  - **How we work**
  - **How we treat and cure diseases**
  - **How we entertain ourselves**
  - **U.S. exports and global competitiveness**

Venture firms invested $4.5 billion in 497 U.S. companies in Q 2 2010 alone (source: Dow Jones VentureSource)

KEY ATTRIBUTES OF VENTURE CAPITAL FUNDS

1. Long Term Investment Horizon	• 10+ year fund term • No redemptions absent extraordinary circumstances • Company investments are held for years
2. Limited Use of Leverage	• Fund borrowing generally limited to short-term needs • Debt not used to financially engineer returns • Capital-intensive companies require debt (cleantech)
3. Investments in Private Companies	• Primarily invest in privately-held companies • Public market investments are rare (PIPE investments)
4. Non-Controlling Investments	• Minority ownership over time • Investments alongside management (not buyout)

SVB Financial Group