Fair Value Measurements and Disclosures

Our professionals provide fair value reporting guidance and valuation services in accordance with ASC 820 Fair Value Measurements and Disclosures (formerly FAS 157), "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

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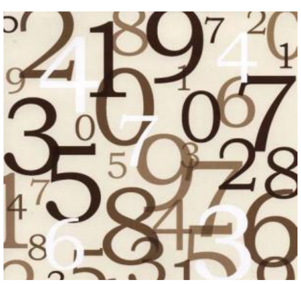

ASC 820 Fair Value Measurements and Disclosures (formerly FAS 157)

Under Accounting Standards Codification (ASC) 820, as issued by the Financial Accounting Standards Board (FASB), fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." Fair value is also commonly referred to as the 'exit price.' Under ASC 820, this value is to be based on the 'highest and best use.'

FASB Fair Value Hierarchy

The FASB's fair value hierarchy established three levels of inputs to be used in measuring fair value for financial reporting and disclosure:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 – Quoted prices for similar assets or liabilities, or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data.
- Level 3 – Pricing inputs are unobservable for the asset or liability (that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability). Level 3 includes private portfolio investments that are supported by little or no market activity.

Recent FASB Update

In January 2010, FASB released an updated version of Subtopic 820-10 (formerly FAS 157) that affects all three levels of inputs. The Update, *Improving Disclosures About Fair Value Measurements*, provides new disclosures and clarifications of existing disclosures and is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements.

Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The disclosures are:

- Transfers in and out of Levels 1 and 2. A reporting entity should disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers.
- Activity in Level 3 fair value measurements. In the reconciliation for fair value measurements using significant unobservable inputs (Level 3), a reporting entity should present separately information about purchases, sales, issuances, and settlements (that is, on a gross basis rather than as one net number).

In addition, the Update provides amendments that clarify existing disclosures and includes conforming amendments to the guidance on employers' disclosures about postretirement benefit plan assets.

(Continued on reverse)

Fair Value Services

We provide fair value reporting guidance and valuation services to our clients in the following areas:

- Financial statement disclosure
- Analysis of valuation techniques
- Determining appropriate levels of inputs
- Level 3 inputs rolled forward
- Assistance in transfer tax and other tax services
- Assistance in valuing private equity
- Common/preferred stock and debt securities
- Stock options and restricted stock
- Limited and master partnership interests
- Intellectual property and intangible assets

For more information, please contact Kevin J. Dougherty, PhD at 888.287.0335 or through email at kdougherty@urishpopeck.com