Taking a Business Public

Presentation to

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Taking a Business Public

- What is an IPO
- Why go public
- Preparing for an IPO
- Selecting advisors
- Prospectus
- Road show
- Post IPO
- IPO statistics

What is an IPO (Initial Public Offering)?

- When a company sells stock to the public for the first time. Sold in the primary market at an offering price determined by the syndicate. Following the financing, the shares are traded in the secondary market or the aftermarket.
- Selling stock in the primary market is assisted by investment bankers or underwriters that help promote the potential offering on a roadshow. In most cases, when an offering is labeled hot, it is extremely difficult for the individual investor to obtain shares even if they participated in programs facilitated at e-syndicate brokerage houses because the institutional investors tend to tie up the book immediately.
- Shares of initial public offerings are generally traded on the major exchanges. 75% of IPOs trade on Nasdaq while the remainder either trade on the NYSE or on the American Stock Exchange.

Definitions

- Aftermarket Performance- The price appreciation (or depreciation) in IPOs is measured from the offering price going forward. However, to obtain a better benchmark of IPO aftermarket performance, some investors track performance from the first day's closing price.
- Aftermarket Trading- Trading in the IPO subsequent to its offering is called the aftermarket trading. Trading volume in IPOs may be extremely high on the first day due to intra day-trading, flipping and aftermarket purchases.
- Allocation- The amount of stock in an initial public offering (IPO) granted by the underwriter to an investor. For many IPOs, the allocation is significantly less than investor's indication of interest. The allocations are meted out based on commission volume, trading history and type of investor.
- Best Efforts Sale- A method of securities distribution/underwriting in which the securities firm agrees to sell as much of the offering as possible and return any unsold shares to the issuer. As opposed to a guaranteed or fixed price sale, where the underwriter agrees to sell a specific number of shares (with the securities firm holding any unsold shares in its own account if necessary).

Definitions (2)

- Firm Commitment-A type of underwriting whereby the underwriter agrees to purchase the entire issue from the issuer, regardless of his ability to sell the securities to the public. Any unsold shares cannot be returned to the issuer. Also called a "Firm Commitment Underwriting."
- Flipping-Term for the practice of subscribing to a new security offering and quickly selling it in the aftermarket.
- Gross Spread- The difference (spread) between a security's public offering price and the price paid to the issuer by an underwriter. The spread consists of the syndicate manager's fee, the underwriter's discount, and the selling concession offered to members of the selling group
- Lock-up Period-The lead underwriter typically restricts insiders from selling their shares for a period of time - usually 180 days -- from the effective date of the offering. However, the lead underwriter has the option of lifting the lock-up period earlier.
- Managing Underwriter- The leading underwriter of the underwriting group. The managing underwriter is empowered to act as agent for the underwriting group, and is also known as the Syndicate Manager.

Definitions (3)

- Preliminary Prospectus-The first document released by the underwriter of a new issue to prospective purchasers during the cooling-off period. The preliminary prospectus includes information about the offering and about the company, but does not contain all the information that will be included in the final prospectus. The preliminary prospectus is also known as the "red herring."
- Prospectus- A printed document that summarizes a corporation's registration statement for a new issue of non-exempt securities that was filed with the SEC. It details material information about the corporation and the security being issued. A prospectus must be given to all buyers and potential buyers of the new issue.
- Quiet Period-The period during which an issuer is prohibited from engaging in promotional publicity for the issue. This interval begins during the pre-filing period and lasts for either 40 or 90 days after the effective date.
- Registration Statement- A document that must be filed with the SEC before securities can be sold to the public. It describes the business of the issuer of the securities, how the proceeds of the offering will be used and includes some background on the principal executives, audited financial statements, and other pertinent data.

Definitions (4)

- Road Show- The process by which underwriters acquaint potential institutional investors with the products, people and finances of a company planning to go public. Generally, this presentation is a face-to-face meeting, but online and video presentations may become commonplace in the future.
- Selling Group-A group of broker dealers hired by the underwriters to act as their agent in order to sell a new issue. The selling group members must abide by the selected dealer agreement which outlines the terms of the relationship with the underwriting group.
- Underwriter- Investment bankers who handle the offering of a new issue of securities. They buy all the securities from the issuer and distribute them to investors. They make a profit on the underwriting spread. The investment banker may be acting alone or as a member of an underwriting group or syndicate.
- Underwriting Group-Group of investment bankers formed by the originating investment banker in a new issue of securities. The group operates under an agreement among underwriters. The purpose of the underwriting group is to limit risk and assure successful distribution of the issue.

Why go public?

- Access to capital
- Employee commitment and recruiting
- Marketing and public awareness
- Currency to make acquisitions
- Liquidity

Responsibilities of a public company

- Sharing corporate control
- Sharing financial gain
- Manage to maximize shareholder value
- Public disclosure of material events
- SEC filing
- Ongoing costs
- Restrictions on insider sales
- Liability

Listing Requirements
Nasdaq National Market Listing Requirements

	Initial Listing		
	Option 1	**Option 2**	**Option 3**
Net Tangible Assets	$6 million	$18 million	N/A
Market Capitalization	N/A	N/A	$75 million or
Total Assets			$75 million &
Total Revenue			$75 million
Pre-tax Income	$1 million	N/A	N/A
(in latest fiscal year or 2 of last 3 fiscal years)			
Public Float (shares)	1.1 million	1.1 million	1.1 million
Operating History	N/A	2 years	N/A
Mkt Value of Public Float	$8 million	$18 million	$20 million
Minimum Bid Price	$5	$5	$5
Shareholders	400	400	400
Market Makers	3	3	4
Corporate Governance	Yes	Yes	Yes

IPO Expenses

Underwriting discount	7%
Legal	$75,000-$150,000
Accounting	$75,000-$150,000
Printing	$50,000-$125,000
Filing Fees	$35,000-$50,000
Blue Sky Fees	$5,000-$10,000
Transfer Agent	$5,000-$10,000
Total (exl discount)	$250,000-$500,000

IPO Timetable

Week 1	Organizational Meeting
Weeks 3-6	Draft Registration statement
Week 6	File Prospectus with SEC
Weeks 10-11	Road Show
Week 12	Pricing and final Prospectus
Week 13	Closing

IPO Timetable

Average time in registration

- 2000-97 days
- 2001-154 days

Natural Resource Partners LP

- 4/19/02 The company filed for IPO.
  6/7/02 The company set its price to $19-$21 and increased its number of shares from 4,500,000 to 4,576,890
- 6/7/02 The company added AG Edwards, Friedman Billings and RBC Capital Markets to its underwriter list
- 7/3/02 The company increased its number of shares from 4,500,000 to 4,576,890.
- 9/27/02 The company decreased its number of shares from 4,576,890 to 4,575,503
- 10/10/02 The company priced at $20 for trading next day
- 10/10/02 The company removed AG Edwards and added CIBC to the underwriters list
- 10/11/02 The company began trading

Steps in the IPO Process

1. Preparation
2. Select an Investment Banker
3. The Prospectus
4. The Road Show
5. Pricing
6. The Closing

1. Preparing for the IPO

A company that is thinking about going public should start acting like a public company as much as two years in advance of the desired IPO.

Several steps experts recommend include

- Preparing detailed financial results on a regular basis
- Start getting audits
- Clean up financial statements/eliminate personal items/writeoffs
- Developing a business plan.
- Hire an experienced CFO
- Select a well known and experienced Board of Directors
- Pre IPO financing-increase valuation of company with each round

2. Selecting an Investment Banker

- IPO experience and industry experience
- Review the trading performance of their IPOs
- Co managers
- Distribution
- Best efforts or firm commitment
- How are you pricing the company
- What factors could influence the price at the time of filing and final pricing
- Trading support
- Research coverage

Top Underwriters - 2002 YTD

Underwriter	No. of IPOs	Amount Raised (millions)
Saloman Smith Barney	8	$6,525.7
Lehman Bros	7	$5438.4
Goldman, Sachs, & Co.	6	$5,353.4
Merrill Lynch & Co.	12	$5,022.2
Credit Suisse First Boston	13	$4,491.2
Morgan Stanley	8	$3,616.5
UBS Warburg	8	$1,339.3
Bear, Steans, & Co.	7	$1,091.3
ING Barings	2	$785.6
Deutsche Bank Securities	2	$522.4

Terms Of An Initial Public Offering Underwriting Agreement

- General Warranty and Representation
- Accounting Warranty
- Bring Down Comfort Letter
- Duly Incorporated Representation
- Additional Corporate Warranties
- Legal Warranties
- Material Licenses and Other Authorizations Warranty
- Payment of Expenses
- Indemnification and Contribution
- Blue Sky Qualifications
- Stand-Off Agreement

Dutch Auction

- WR Hambrecht & Co
- Dutch auctions over the internet
- Calculate the “clearing price”, the highest price at which the # of shares can be sold.
- Investors that bid the clearing price or over receive the shares.
- Banking industry resistance/refusal to cover

3. The Prospectus

File an S-1 or SB-2 with the Securities and Exchange Commission

- The SEC imposes a"quiet period" on companies once they file for an IPO which generally lasts until 25 days after a stock starts trading
- The prospectus contains:
  - all financial data for a company for the past five years
  - information on the management team
  - description of a company's target market
  - competitors
  - growth strategy
  - use of proceeds from the offering
- Once the preliminary prospectus is filed with the SEC, the company has to wait as the SEC, the NASD, and other relevant state securities organizations review the document for any omissions or problems. If the agencies find any problems with the prospectus, the company and the underwriting team will have to make fixes with amended filings.

Risk Factors

- Selling stockholders -- It's usually a bad sign when a large number of shares in an IPO come from selling stockholders, pre-offering investors who are cashing out. Not only does it mean that the company won't receive the money from the sale of those shares, but it also should make one wonder why investors would want to sell their shares so quickly if a company's prospects are strong. Investors usually prefer that management retain a sizable stake in the firm after the offering is completed.
- Found in sections"The Offering," and "Principal and Selling Stockholders."

- Use of proceeds -- It’s a bad sign if a company is using the vast majority of the money to pay off debt or pay out a huge dividend to pre-IPO investors. That means people buying shares in the IPO are paying for the company's past, not its future. Also be careful when a company says it's allocating most of the money for general corporate purposes. It is best if a company has morespecific ideas about where your money will be invested -- acquisitions, advertising, capital formation, research and development, etc.
- Found in "Use of Proceeds."

Risk Factors (2)

- Deteriorating financial condition -- Declining revenue, margins, etc.
- Found in"Summary Consolidated Financial Data" or "Selected Consolidated Financial Data." "Management's Discussion and Analysis of Financial Condition and Results of Operations."

- Declining valuation -- Pre-offering investors prefer that an IPO be priced so they get a huge return on their initial investment, often as much as 10 times. Compare that to the offering price. If the two prices are close, then pre-IPO investors at one point were too optimistic about the valuation for the company. While it may seem like a good deal to buy a company for about the same price as earlier investors, there's a reason for the lower valuation. On very rare occasions, IPO investors can actually pay less on average than the company's pre-offering backers.
- Found in the section entitled "Dilution."

Risk Factors (3)

- Overcompensated or overmatched management -- You usually don't want members of the management team in a newly public firm to be making excessive salaries. Also, look for a management team that has extensive experience in the industry and/or with other public companies. A chief financial officer with little experience running a public company could be overwhelmed by the duties. In addition, watch out for an executive team or board of directors filled with relatives.
- Found in "Management" and "Executive Compensation."

Example-Accenture Ltd

- 4/19/01 The company filed for IPO
- 6/11/01 The company set its price to $13-$15 per share and set its number of shares to 115,000,000
- 7/18/01 The company priced at $14.50 for trading next day
- 7/19/01 The company began trading.

Accenture Risk Factors

Risks That Relate to Our Business

- *A significant or prolonged economic downturn could have a material adverse effect on our results of operations.*
- *Our business will be negatively affected if we are not able to anticipate and keep pace with rapid changes in technology or if growth in the use of technology in business is not as rapid as in the past.*
- *We may face damage to our professional reputation or legal liability if our clients are not satisfied with our services.*
- *Our services or products may infringe upon the intellectual property rights of others.*
- *Our engagements with clients may not be profitable*

Accenture Risk Factors (2)

- ***If our affiliates, alliances or venture capital portfolio companies do not succeed, we may not be successful in implementing our growth strategy.***
- ***Our global operations pose complex management, foreign currency, legal, tax and economic risks, which we may not adequately address.***
- ***The consulting, information technology and outsourcing markets are highly competitive, and we may not be able to compete effectively.***
- ***If we are unable to attract and retain employees in appropriate numbers, we will not be able to compete effectively and will not be able to grow our business.***
- ***Our transition to a corporate structure may adversely affect our ability to recruit, retain and motivate our partners and other key employees, which in turn could adversely affect our ability to compete effectively and to grow our business.***
- ***We have only a limited ability to protect our intellectual property rights, which are important to our success.***

Accenture Risk Factors (3)

- **Risks That Relate to Our Financial Results and Our Lack of Experience in Managing a Public Company**
- ***Our profitability will suffer if we are not able to maintain our prices and utilization rates and control our costs.***
- ***Our quarterly revenues, operating results and profitability will vary from quarter to quarter, which may result in increased volatility of our share price.***
- ***The historical and pro forma financial information in this prospectus may not permit you to predict our costs of operations.***
- ***Our management has no experience in managing a public company.***
- ***We expect to record a substantial net loss in the fiscal quarter ended August 31, 2001 due to a number of nonrecurring items relating to our transition to a corporate structure and the offering.***

Accenture Risk Factors (4)

Risks That Relate to Your Ownership of Our Common Shares

- ***We will continue to be controlled by our partners, whose interests may differ from those of our other shareholders.***
- ***Our share price may decline due to the large number of Class A common shares eligible for future sale.***
- ***There has been no prior market for the Class A common shares, and they may trade at prices below the initial public offering price.***
- ***You will experience immediate and substantial dilution in the book value of your Class A common shares.***
- ***We may need additional capital in the future, which may not be available to us. The raising of additional capital may dilute your ownership in us.***
- ***We are registered in Bermuda, and a significant portion of our assets are located outside the United States. As a result, it may not be possible for shareholders to enforce civil liability provisions of the federal or state securities laws of the United States.***
- ***Bermuda law differs from the laws in effect in the United States and may afford less protection to shareholders***

Adelphia Communications Corporation

- PROSPECTUS SUPPLEMENT (To Prospectus Dated May 14, 1999) There Are Potential Conflicts Of Interest Between Adelphia And The Rigas Family John J. Rigas and the other executive officers of Adelphia, including other members of the Rigas family own other corporations and partnerships, which are managed by us for a fee. Subject to the restrictions contained in a business opportunity agreement regarding future acquisitions, Rigas family members and the executive officers are free to continue to own these interests and acquire additional interests in cable television systems. These activities could present a conflict of interest with Adelphia, such as how much time our executive officers devote to our business. In addition, there have been and will continue to be transactions between us and the executive officers or the other entities they own or with which they have affiliations.

STELMAR SHIPPING LTD. COMMON STOCK 4/17/02

- DAMAGE TO OUR CURRENT CHAIRMAN'S REPUTATION MAY AFFECT THE PRICE OF OUR STOCK While our Chairman and significant shareholder, Stelios Haji-Ioannou, is not involved with our day-to-day management, our public image is very closely associated with him. Mr. Haji-Ioannou is involved with other businesses, some of which have a high public profile. If his personal or business reputation were to be damaged, even once he is not our Chairman or if the event does not involve us, that could have a material adverse effect on the market price of our stock. Mr. Haji-Ioannou has twice been acquitted of manslaughter charges in Italy relating to a maritime accident involving a different shipping company, but the prosecution has appealed the decision. A conviction could adversely affect our stock price. It was announced on October 11, 2001, that Mr. Haji-Ioannou will not stand for reelection to the Board of Directors at the 2002 annual meeting of shareholders and that Nicholas Hartley, our new Deputy Chairman, would be appointed Chairman if Mr. Hartley is reelected to the Board of Directors at the annual meeting pending subsequent approval by the Board of Directors.

4. The Road Show

- Lead underwriter assembles a syndicate of other investment banks that will help sell the deal. Each bank gets a certain number of shares in the IPO to sell to clients. The syndicate gathers indications of interest from clients to see what kind of initial demand there is for the deal.
- The road show-multicity world tour. The road show usually lasts a week or two, with company management going to a new city every day to meet with prospective investors and show off their business plan.
- How a company's management team performs on the road show is perhaps the most crucial factor determining the success of the IPO. Companies need to impress institutional investors so that at least a few of them are willing to purchase a significant stake. Institutions typically buy in $7-10MM blocks
- Only institutional investors are invited to attend the road show meetings, where statements regarding a company's business prospects -- discussed only minimally in a prospectus --are talked about openly. According to the SEC, such disclosures are legal, as long as done orally.
- Lead IB keeps the book to gauge interest, this determines final price and number of shares.

5. Pricing

- Once the road show ends and the final prospectus is printed and distributed to investors, company management meets with their investment bank to choose the final offering price and size.
- Investment banks try to suggest an appropriate price based on expected demand for the deal and other market conditions.
- Investment firms have to worry about two different sets of clients -- the company going public, which wants to raise as much money as possible, and the investors buying the shares, who expect to see some immediate appreciation in their investment.
- Investment banks usually try to price a deal so that the opening premium is about 15%.
- If interest in an IPO appears to be flagging, it's common for the number of shares in the offering or their price to be cut from the expected ranges included in a company's earlier registration statements. If a deal is especially hot, the offering price or size can also be raised from initial expectations. A company can postpone an offering because of insufficient demand.

Pricing (cont.)

- Determine amount of $ to be raised
- Price is generally $10-$20 per share
- 1MM shares is the lowest needed to stabilize share price-provide a good float
- Price to comparable publicly traded companies
- Consider current environment

Pricing

Time period	Number of IPOs	Percentage of IPOs with Offer Price Relative to File Range		
		Below	Within	Above
1980-1989	1,971	27.6%	59.9%	12.5%
1990-1994	1,632	26.1%	54.2%	19.7%
1995-1998	1,752	25.0%	49.1%	25.9%
1999-2000	803	18.1%	36.8%	45.1%
2001	80	25.0%	60.0%	15.0%
1980-2001	6,238	25.2%	52.3%	22.5%

IPO Underpricing

Difference between the offering and closing prices on the first trading day.

• 1980s	7%	$ 5 Billion
• 1990-1998	15%	$27 Billion
• 1999-2000	65%	$66 Billion

IPO Pricing Statistics

Year	Number of IPOs	Average First-day Return	Aggregate Gross Proceeds, millions	Aggregate Money Left on the Table, millions	Average 3-year Buy-and-hold Return
1980	70	14.5%	$2,020	$408	88.2%
1981	191	5.9%	$4,613	$264	12.8%
1982	77	11.4%	$1,839	$245	32.2%
1983	442	10.1%	$15,348	$1,479	15.4%
1984	172	3.6%	$3,543	$86	27.7%
1985	179	6.3%	$6,963	$354	7.6%
1986	378	6.3%	$19,653	$1,030	18.6%
1987	271	6.0%	$16,299	$1,019	-1.8%
1988	97	5.4%	$5,324	$186	55.7%
1989	105	8.1%	$6,773	$336	51.1%
1990	104	10.8%	$5,611	$454	12.2%
1991	273	12.1%	$15,923	$1,788	31.5%
1992	385	10.2%	$26,373	$2,148	34.8%
1993	483	12.8%	$34,422	$3,915	44.9%
1994	387	9.8%	$19,323	$1,650	74.1%
1995	432	21.5%	$28,347	$5,033	24.8%
1996	621	16.7%	$45,940	$7,383	25.6%
1997	432	13.8%	$31,701	$4,664	67.7%
1998	267	22.3%	$34,628	$5,352	27.1%
1999	457	71.7%	$66,770	$37,943	-46.2%
2000	346	56.1%	$62,593	$27,682	-64.7%
2001	80	14.0%	$34,344	$2,973	n.a.
1980-1989	1,982	7.4%	$82,476	$5,409	20.8%
1990-1994	1,632	11.2%	$101,652	$9,954	44.7%
1995-1998	1,752	18.1%	$140,613	$22,436	36.0%
1999-2000	803	65.0%	$129,363	$65,625	-53.8%
2001	80	14.0%	$34,344	$2,973	n.a.
1980-2001	6,249	18.8%	$488,448	$106,397	22.6%

theglobe.com

- IPO price $9
- Opening day high $97
- 3.1 million shares sold
- Money “left on the table” $270 million

Reasons for Underpricing

Old theory-Compensation for imperfect pricing information (new stock, no pricing history)

New theories-

- Strong IPO opening creates a buzz and attracts customers/investors
- Executives of IPO companies receive IPO shares of other companies/Bank receives post float brokerage commissions

6. The IPO

- Once the offering price has been agreed on -- and at least two days after potential investors receive the final prospectus -- an IPO is declared effective. This is usually done after a market closes, with trading in the new stock starting the next day as the lead underwriter works to firm up its book of buy orders.
- The lead underwriter is primarily responsible for ensuring smooth trading in a company's stock during those first few crucial days. The underwriter is legally allowed to support the price of a newly issued stock by buying shares in the market or selling them short. It can also impose penalty bids on brokers to discourage flipping. This ability to control the price of an IPO somewhat is one reason investors feel it's such a negative when a stock quickly falls below its offering price.
- An IPO is not declared final until about seven days after the company's market debut. On rare occasions, an IPO can be canceled even after a stock starts trading. In such cases, all trading is negated and any money collected from investors is returned.

IPO Allotment-Why do investors want IPO shares?

- Shares of most IPOs jump in value immediately after they begin trading. Typical increases were 10-20%.
- IPOs during the Internet boom frequently increased more than 100%

2001 Performance

- DJIA -7.1%
- NASDAQ -21.05%
- IPOs +14.7%

IPO Allotment-Who decides which investors get to buy shares?

- Company-"friends and family" shares, about 10% of shares sold
- Underwriters-Most sold to Mutual funds, pension funds, hedge funds and other institutional investors
- Small amount set aside for individual clients
- Sliver set aside for "average" investors

IPO Allotment-Are there any regulations governing allotments?

- SEC 1994-There are no specific rules governing the [allocation] process. Broker dealers are free to establish their own procedures and priorities for allocating shares to investors.
- NASD-bars sales to any senior officer of an institutional type account - “Free-Riding and Withholding Rule” is aimed at preventing banks from using IPO shares to reward people in a position to direct future business to them.

Spinning

The practice by investment banks of distributing shares to certain clients, such as venture capitalists and executives, in hopes of getting their business in the future. Against corporate policy at most banks.

Spinning

Relationship Banking

How 'Friends of Frank' accounts worked for some clients of Credit Suisse First Boston technology banker Frank Quattrone.

1. Executives of a technology company select the Quattrone group at CSFB to lead-manage the company's initial public offering.
2. The company's chief executive and/or other senior executives are allowed to open a personal account managed by brokers working with Mr. Quattrone.
3. The CSFB brokers direct IPOs to these accounts, usually selling them within a few weeks at a profit.
4. The executives then often direct additional investment-banking business to CSFB.

Recent news

- NY Attorney General sued five top telecom executives, including former WorldCom Inc. CEO Bernard Ebbers, demanding they return more than $1.5 billion in profits allegedly reaped through relationships with SSB. It also seeks the return of $28 million in profits made from selling shares in hot initial public offerings of stock from Salomon.

Recent News (2)

- "Friends of Frank" accounts at CSFB rose 600% in 1999 and 100% in 2000
- SSB/Citigroup allocated IPO shares to WorldCom executives (Ebbers profit $11MM-SSSB profit $107.1 million in fees from WorldCom investment-banking deals 10/97-2/02.)
- January 2002, CSFB paid $100MM in penalties to settle SEC/NASD charges that it improperly allocated IPO profits to trading customers who in turn paid unusually large commissions.

Recent News (3)

Name	Company	IPOs	Fees to Goldman since 1996
Whitman	Ebay	100	$8 million
Skoll	Ebay	75	
Omidyar	Ebay	40	
Lenk	EToys	25	$5 million
Green	Global Crossing	75	$45 million
Brown	Global Crossing	10	
Proter	Global Crossing	12	
Legere	Global Crossing	9	
Peretz	TheStreet.com	25	$2 million
Evans	iVillage	50	$2 million

Post IPO

- Research
- Trading
- Filing

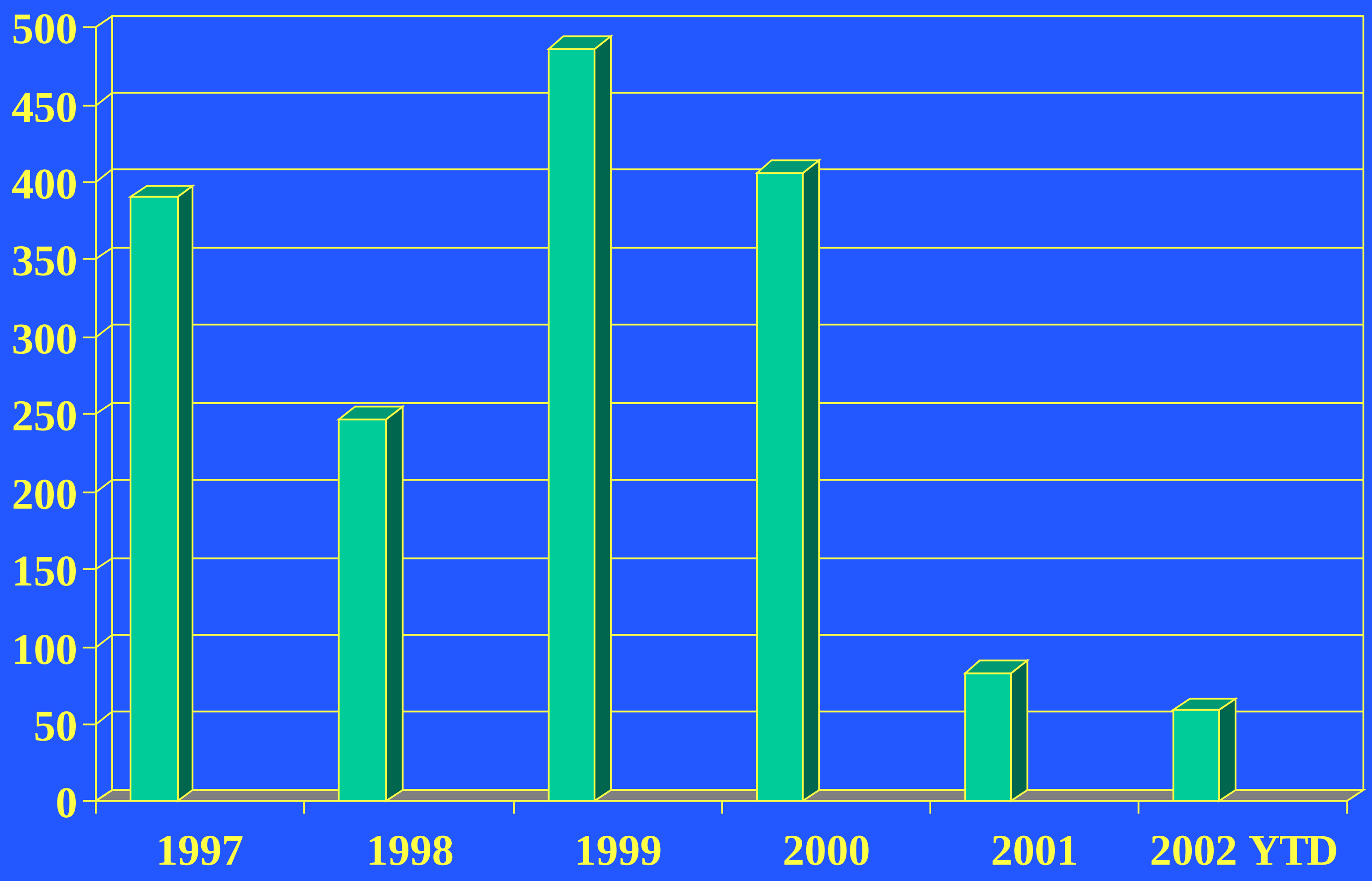
Listing Requirements
Nasdaq National Market Listing Requirements

	Continued Listing	
	Option 1	**Option 2**
Net Tangible Assets	$4 million	N/A
Market Capitalization	N/A	$50 million or
Total Assets		$50 million &
Total Revenue		$50 million
Pre-tax Income	N/A	N/A
(in latest fiscal year or 2 of last 3 fiscal years)		
Public Float (shares)	750,000	1.1 million
Mkt Value of Public Float	$5 million	$15 million
Minimum Bid Price	$1	$5
Shareholders	400	400
Market Makers	2	4
Corporate Governance	Ye s	Ye s

Number of IPOs

	1999	2000	2001	2002YTD
California	161	130	23	10
New York	53	12	7	6
Mass	33	34	2	0
Texas	30	17	7	3
Louisiana	0	3	1	0

Number of IPOs



IPO Stats

- 1996 874 issues-$50 Billion *Record # issues*
- 1999 492 issues-$100.6 Billion *Record $*
- 2000 431 issues-$ 97 Billion
- 2001 91 issues- $37 Billion

Record Breakers

- Online content provider theglobe.com, held the record for a first-day gain by an IPO on Nov. 13, 1998 with a 606% increase. IPO Price $9/Close $63.50/ Currently Delisted

- Linux hardware maker VA Linux Systems later stole the record with nearly a 700% first-day pop on Dec. 9, 1999, closing at $320/share. Apr 4, 2001 Price hit new 52-week low ($1.563) Currently VA Software Corp $0.78

Current Environment

IPO Drought-Longest in two decades

- 8/16/02 Windrose Medical Properties Trust

Almost 8 weeks!

- 10/9/02 Newcastle Investments

IPO Filings/Withdrawals

• 1999	630	72
• 2000	692	232
• 2001	114	170

Current Environment

Currently 12 IPOs are in the pipeline.

% of IPO companies that were profitable at time of IPO

- 2000 25%
- 2001 50%

IPO Statistics

Time Period	Number of IPOs	Percentage Tech Stocks	Percentage of IPOs with EPS<0
1980-1989	1,982	26%	19%
1990-1994	1,632	23%	26%
1995-1998	1,752	37%	37%
1999-2000	803	72%	79%
2001	80	29%	49%
1980-2001	6,249	34.5%	34%

TOP PERFORMERS- AS OF Oct. 2002 - 1 YEAR

COMPANY	DATE	IPO PRICE	GAIN
Odyssey Healthcare (ODSY)	30-Oct-01	$15.00	131.0%
Cetene (CNTE)	12-Dec-/01	$14.00	89.3%
Weight Watchers (WTW)	14-Nov-01	$24.00	89.2%
Anthem (ATH)	29-Oct-/01	$36.00	88.3%
AMERIGROUP (AMGP)	5-Nov-01	$17.00	80.3%
SRA International (SRX)	23-May-02	$18.00	59.2%
PayPal (PYPL)	14-Feb-02	$13.00	55.5%
Anteon Associates (ANT)	11-Mar-02	$18.00	52.6%
Hewitt Associates (HEW)	26-Jun-02	$19.00	51.7%
LeapFrog Industries (LF)	24-Jul-02	$13.00	48.5%

WORST PERFORMERS-AS OF Oct. 2002- 1 YEAR

COMPANY	DATE	IPO PRICE	GAIN
Northwest Biotherapeutics (NWBT)	13-Dec-01	$5.00	-95.6%
BAM! Entertainment (BFUN)	14-Nov-01	$8.00	-89.9%
Printcafe Software (PCAF)	17-Jun-02	$10.00	-84.0%
DJ Othopedics (DJO)	14-Nov-01	$17.00	-79.1%
LogicVision (LGVN)	10-Oct-01	$9.00	-76.7%
Plumtree Software (PLUM)	3-Jun-02	$8.50	-72.9%
Lawson Software (LWSN)	6-Dec-01	$14.00	-70.7%
DOV Phamaceutical (DOVP)	24-Apr-02	$13.00	-68.9%
Overstock.com (OSTK)	29-May-02	$13.00	-63.8%
Synaptics (SYNA)	28-Jan-02	$11.00	-62.7%

Taking a Business Public

Presentation to

American Society of Women Accountants

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