

Wednesday, April 04, 2012

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## Scura Paley & Company Market Intelligence

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**Disclosure: Please refer to the last page of this report for important disclosures.**

## New Capital Monthly Update

### JOB S Act: The Much-Needed Stimulus for Businesses & Markets

- The JOB S Act is the first legislation in over a decade aimed at easing regulations imposed on companies accessing the capital markets.** It is no secret that the agenda of global monetarists has been to make easy money readily available to companies that want to invest in growth and individuals looking to deleverage and return to normal consumption patterns . . . While such actions have created vast pools of liquidity, with the desired effect has not been achieved as corporate cash hoards remain at record levels and consumption growth patterns have been modest. The JOB S Act is aimed at delivering easier money to small and mid-market companies that want to invest in growth and create jobs. This update analyzes which entities will be the winners and losers.
- New Environment dominated S1 filing activity in March as three companies from pharmaceutical and medical device industries filed for IPOs.** A total of 12 companies filed S-1s in March, of which three were pharmaceutical companies and two New Media companies. Facebook also filed an amendment to its already-filed S-1, to raise \$5Bn through its IPO offering (expected in May), in which it disclosed its litigation against Yahoo and AOL. This disclosure might have a negative impact on Facebook's valuation as investors may anticipate that more companies may file lawsuits against the Company.
- New Electronics and New Finance companies dominated the IPO market in March, which was the busiest month since 2007.** March was one of the busiest months for the U.S. IPO market since 2007. Last month, 24 companies went public, of which eight companies were from New Electronics and five companies from New Finance. Allison Transmission Holdings and Vantiv raised \$600Mn and \$500Mn respectively and were the largest priced IPOs of the month.. In one of the best IPOs Millennial Media Inc. (MM) returned 92.3% on the first day of listing generating the best return since LinkedIn (LNKD) returned 109% in May 2011.
- Performance characteristics of our New Capital Indices have stagnated across asset classes after showing an increasing trend for the first two months of 2012.** Scura Paley & Company maintains dynamic indices to measure the Market's appetite for different "new capital" asset classes. Despite the high correlation across equities last year, one consistent observation, especially in the second half of the year, was that new capital underperformed the SPX. This held true for all six of our new capital categories. This trend, however, has started to reverse in 1Q12. These dynamic indices are equal-weighted and include the underlying equities that raise new capital (IPO, secondaries, private placements, and fixed income) or retire capital (M&A and buy-backs).

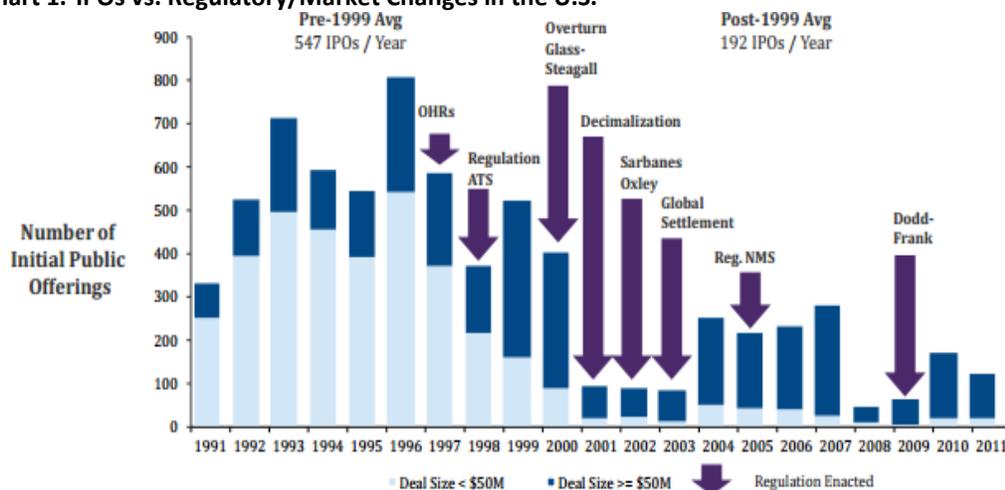
|                                   | M/M % Δ      | YTD % Δ      | Jan-11 % Δ    |
|-----------------------------------|--------------|--------------|---------------|
| SP & Co. IPO Index                | -1.2%        | <b>12.1%</b> | 7.5%          |
| SP & Co. Secondaries Index        | -1.2%        | <b>16.5%</b> | -3.8%         |
| SP & Co. Private Placements Index | <b>-5.3%</b> | 8.7%         | <b>-18.3%</b> |
| SP & Co. Fixed Income Index       | <b>2.2%</b>  | <b>19.9%</b> | <b>-17.7%</b> |
| SP & Co. M&A Index                | -1.6%        | <b>11.5%</b> | <b>-17.7%</b> |
| SP & Co. Buy-Backs Index          | -0.2%        | <b>14.1%</b> | -6.4%         |

## Trend Update

### JOBS Act: The Much Needed Stimulus for Businesses & Markets

- On March 27th 2012, Congress passed the Jumpstart Our Business Start-ups (JOBS) Act, which aims to revive economic & IPO growth in the U.S. by easing the regulatory burden on companies seeking to raise capital. Most layman understand this act as a jobs creation bill, but at the core of this bill are significant implications for the capital markets, specifically to emerging growth companies and initial public offerings (IPOs). From 2001 to 2011 the annual tally of small companies going public in America was 80% lower than in the previous two decades. There are many reasons for the drought, including the impact of the recession on rich-world economies, and the fact that firms from emerging markets that once sought respectability by listing in the West now have options in domestic capital markets. However, we believe that onerous regulations are also to blame for this condition. From Sarbanes-Oxley to Dodd-Frank, policymakers have responded to crisis and scandals with stricter regulations on accounting, auditing, pay, governance and Wall Street research. Some of this was needed to make markets work better. However, too many new rules impose costs that exceed their benefits: the intensive review of internal controls required by Sarbanes-Oxley is one example among many. The JOBS Act is the first deviation from this directional bias towards more regulation in over a decade, and we believe this could have significant implications (mainly positive) for capital markets.

Chart 1. IPOs vs. Regulatory/Market Changes in the U.S.



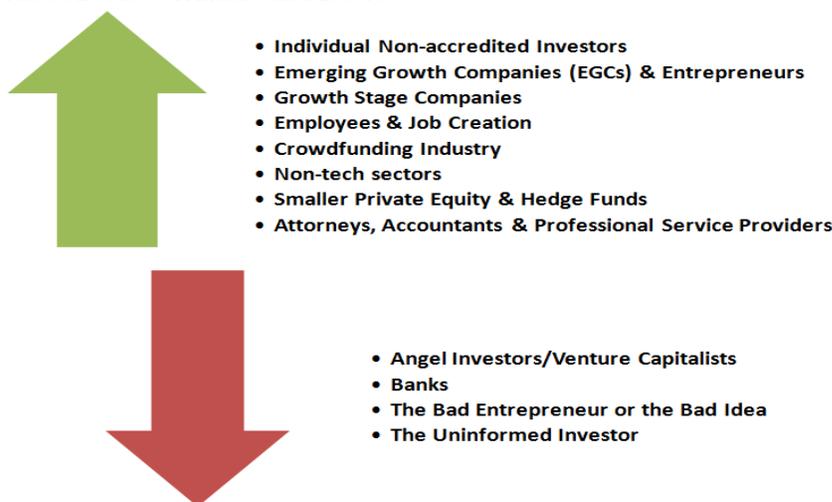
Sources: Scura Paley & Co., Wilson Sonsini Goodrich & Rosati (WSGR)

- We believe that the JOBS Act is a game-changer for the biggest risk-takers in American Capitalism: the entrepreneurs who are creating jobs by starting and growing companies and the investors who provide them with the financial resources (*New Capital*) to do so. The JOBS Act would make it easier for young, growing companies to access capital and go public by releasing them from some of the auditing oversight requirements of the 2002 Sarbanes-Oxley Act. It could potentially loosen the restrictions on communication between companies about to go public and investors, on underwriters' research, and on the advertising of new share offerings. The Act also promotes "crowdfunding," a mechanism by which entrepreneurs can raise up to \$1Mn online from individual investors with minimal financial disclosure. We feel that the Act would allow small companies to navigate the challenging phase of moving from the "proof-of-concept" to the "go-to-market success" – the period where a company faces maximum risk and requires capital. That said, this is a

risky stage for investors and with less information available to investors risks of fraud are also elevated. From the company's perspective, they will be opening their kimonos to the public earlier, which we believe will make IP protection all the more important.

- **We acknowledge investor concerns regarding lack of disclosures, but feel that companies will still have good reasons to be careful about their internal controls.** Parts of the law deprive investors of helpful disclosures, e.g., a young firm could release just two years of audited statements instead of three, and a private firm could avoid registering its shares with the SEC (which triggers broad disclosure requirements) until it has 1,000 shareholders, up from the current 500. This would allow far too many companies that are, de facto, publicly held to evade disclosure and, perversely, reduce the incentive to go public. However, according to Robert Buckholz, a partner at Sullivan & Cromwell who co-authored a handbook on Sarbanes-Oxley, companies will still have good reasons to be careful about their internal controls, since the JOBS Act exemption does not change the requirement that the senior management of the company must still engage in and take responsibility of financial reporting. Additionally, companies still face the consequences if investors think their books are not in order, and any stumble that damages its credibility with investors will directly and adversely affect a company's valuation.

**Chart 2. The JOBS Act – Winners and Losers**



Source: Scura Paley & Co.

- **Winners**
  - **The Individual Non-Accredited Investor:** This Act enables the small investor to get in on the ground floor of new companies, territory formerly reserved for high net-worth accredited investors.
  - **Emerging Growth Companies (EGCs) & Entrepreneurs:** As explained above, the Act means easier access to capital for EGCs (businesses with less than \$1Bn of total annual gross revenues during its last completed fiscal year). EGCs, which have traditionally approached banks, VCs, & angels investors for funding will now be able to access the general public as well, and will have a greater say in their own valuation – a decision that has so far been dominated by VC's due to the lack of funding options available to entrepreneurs. The Act also implies that smaller companies will be able to cut down on the cost of going and staying public due to reduced SOX, legal, and accounting norms.

**Chart 3. High Costs of Going and Staying Public**

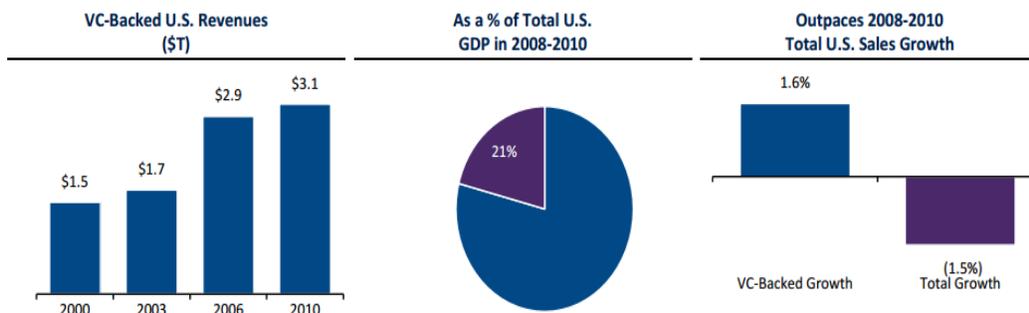


**Costs Including SOX, Legal, Accounting**

Sources: Scura Paley & Co., WSGR, IPO Task Force August 2011 CEO Survey of incremental IPO costs. Sample set of 35 CEOs of companies that went public since 2006. Consistent with Independent Review of Public Filings for 47 2011 IPO's Raising Less than \$200M (Avg. Cost of \$3M for IPO).

- Growth Stage Companies:** Additional sources of capital, less government regulations, and an easier path to going public will reward entrepreneurs to not only start a company, but also keep it healthy enough to be poised for growth, creating wealth for shareholders, and adding jobs. We believe that the act will allow growth stage companies to access capital for launching new product lines/expansion/acquisitions etc.

**Chart 4. Innovative Companies Create Jobs and Grow Quickly**



Sources: Scura Paley & Co., WSGR, Venture Impact 2007, 2008, 2009 & 2010 by IHS Global Insight

- Employees & Job Creation:** The JOBS Act legislation is the fuel in the pipeline of job creation. According to estimates from some economists, the legislation will lead to a 10% increase in new business startups, helping to create at least 170,000 jobs in the next five years. As shown in the chart below, IPOs finance significant job creation, as 92% of job growth occurs after a company's IPO, with most of that growth occurring within the first five years of the IPO.
- The Crowdfunding Industry:** We believe that a service industry dedicated to matching up entrepreneurs to the general public will emerge. Websites like Kickstarter, IndieGoGo, Peerbackers, RocketHub, ProFounder, and MicroVentures may have their current limitations, but we predict that this new legislation will stimulate a proliferation of these sites. They are great tools for pairing individual investors with business opportunities, and will likely charge a small matchmaking service fee.



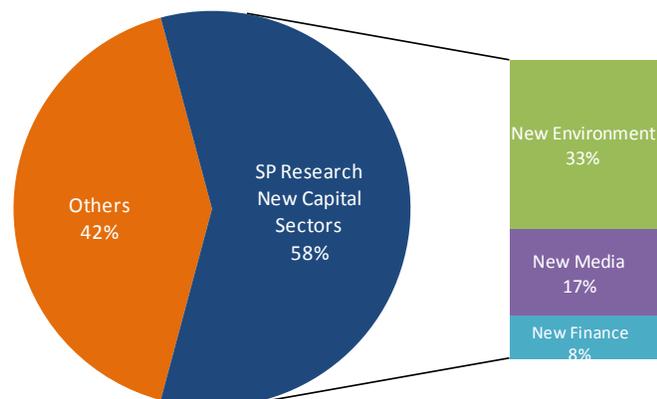
have access to capital via crowdfunding. Essentially, this will mean that capital will flow directly from the source to the user, eliminating the erstwhile very important middleman.

- **The Bad Entrepreneur or the Bad Idea:** We are hopeful that this act will lead to a proliferation of business ideas and companies, and that all of these business models will not be robust and financially viable in the long term. The Act enables an entrepreneur to bypass the angel investors' funding – and thus their generally useful refinement process – and raise funds directly through crowdfunding. However, we believe that informed investors will be able to spot the weak ideas very soon, and weak/fraud ideas will not have a place in the market, thanks to the proliferation of new media – which will emerge as a key due diligence tool for investors. We expect a referral and ratings system to evolve, much like Amazon's e-commerce product ratings methodology.
- **The Uninformed Investor:** Investors will need to actively seek to understand and monitor their investments. Access to more information, better social media, etc. will make the fleecing less likely, but it will still happen.

## Capital Market Activity

### S-1 Filings – March 2012: New Environment Dominates March S-1 Filings

Chart 6. S-1 Filings – March, 2012 – Breakdown by Sector



SP Research's New Capital Sectors account for 58% of S-1 Filings in March 2012

New Environment dominates S-1 Filings

Source: Scura Paley & Co., NASDAQ

Chart 7. S-1 Filings – March, 2012

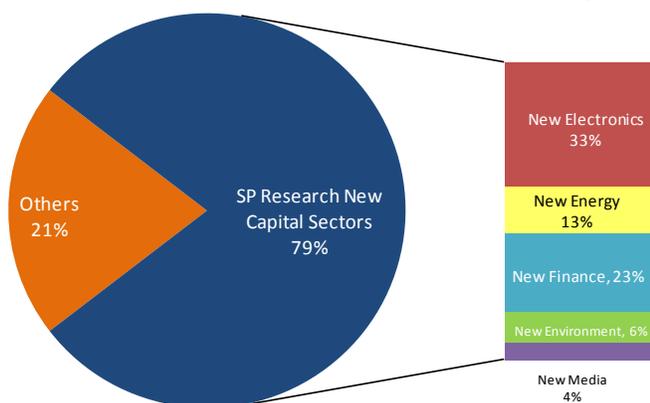
|                           | NORIT N.V.   | DURATA THERAPEUTICS, INC.  | TESARO, INC.  | GLOBUS MEDICAL INC  |
|---------------------------|--|--|---|---|
| Sector                    | New Environment  | New Environment  | New Environment   | New Environment   |
| Sub-Sector                | Purification Technology (Carbon)   | Pharmaceutical   | Biopharmaceutical   | Medical Devices   |
| <b>IPO Details</b>        |  |  |   |   |
| Date Filed                | 3/19/2012  | 3/22/2012  | 3/23/2012   | 3/29/2012   |
| Proposed Symbol           | NRIT   | DRTX   | TSRO  | GMED  |
| Exchange                  | New York Stock Exchange  | Nasdaq National Market   | Nasdaq National Market  | New York Stock Exchange   |
| Offer Amount              | \$200,000,000  | \$86,250,000   | \$86,250,000  | \$100,000,000   |
| Lead Underwriter(s)       | - Deutsche Bank Securities Inc<br>- Goldman, Sachs & Co  | - BofA Merrill Lynch<br>- Credit Suisse Securities (USA)         | - Citigroup Global Markets Inc<br>- Leerink Swann LLC<br>- Morgan Stanley & Co. LLC | - BofA Merrill Lynch<br>- Goldman, Sachs & Co<br>- Piper Jaffray & Co.                          |
| <b>Company Financials</b> |  |  |   |   |
| Revenue                   | \$360,321,000  | -  | -   | \$331,478,000   |
| Net Income                | (\$5,712,000)  | (\$33,033,073)   | (\$16,398,000)  | \$60,784,000  |
| Total Assets              | \$823,239,000  | \$33,624,816   | \$42,879,000  | \$329,390,000   |
| Total Liabilities         | \$774,101,000  | \$22,064,821   | \$3,599,000   | \$46,914,000  |
| Stockholders' Equity      | \$49,138,000   | \$5,559,995  | (\$25,068,000)  | \$282,476,000   |
| <b>Competition</b>        |  |  |   |   |
| Key Competitors           | - Calgon Carbon Corporation<br>- Mead/Westvaco Corporation<br>- ADA-Carbon Solutions, LLC  | - Pfizer<br>- Cubist Pharmaceuticals, Inc.<br>- Theravance, Inc. | - Helsinn Healthcare<br>- Eisai Inc.<br>- Pfizer                                    | - Medtronic<br>- DePuy<br>- Synthes<br>- Stryker<br>- NuVasive                                  |
|                           | CUSTOMERS BANCORP, INC.  | EXPONENTIAL INTERACTIVE, INC.                                    | EROS INTERNATIONAL PLC  | FENDER MUSICAL INSTRUMENTS CORP   |
| Sector                    | New Finance  | New Media  | New Media   | Others  |
| Sub-Sector                | Banking  | Digital Advertizing  | Movie Production & Distribution   | Musical Instruments   |
| <b>IPO Details</b>        |  |  |   |   |
| Date Filed                | 3/28/2012  | 3/16/2012  | 3/30/2012   | 3/8/2012  |
| Proposed Symbol           | CUBI   | EXPN   | EROS  | FNDR  |
| Exchange                  | Nasdaq National Market   | -  | New York Stock Exchange   | Nasdaq National Market  |
| Offer Amount              | \$115,000,000  | \$75,000,000   | \$250,000,000   | \$200,000,000   |
| Lead Underwriter(s)       | - Keefe, Bruyette & Woods, Inc<br>- Macquarie Capital (USA) Inc  | - BofA Merrill Lynch<br>- Citigroup Global Markets Inc           | - BofA Merrill Lynch<br>- Deutsche Bank Securities Inc                              | - J.P. Morgan Securities LLC<br>- William Blair and Co., L.L.C                                  |
| <b>Company Financials</b> |  |  |   |   |
| Revenue                   | \$75,091,000   | \$169,082,000  | \$166,282,000   | \$700,554,000   |
| Net Income                | \$4,034,000  | \$6,884,000  | \$45,504,000  | \$19,011,000  |
| Total Assets              | \$2,077,532  | \$121,670,000  | \$735,251,000   | \$366,580,000   |
| Total Liabilities         | \$1,929,784  | \$63,857,000   | \$294,039,000   | \$334,602,000   |
| Stockholders' Equity      | \$147,748  | \$57,813,000   | \$405,026,000   | (\$67,811,000)  |
| <b>Competition</b>        |  |  |   |   |
| Key Competitors           | - Commercial banks, savings banks, savings and loan associations, insurance companies, securities brokerage firms, credit unions, finance companies, mutual funds, money market funds, and certain government agencies | - Google<br>- Facebook<br>- Yahoo!                               | - UTV Motion Pictures<br>- Reliance Entertainment<br>- Viacom Studio 18             | - Gibson Guitar Corp.<br>- Martin & Co.<br>- Yamaha Corporation<br>- Marshall Amplification PLC |

|                           | GINKGO RESIDENTIAL TRUST INC.          | EDWARDS GROUP LTD   | OBJET LTD  | MICHAELS STORES INC  |
|---------------------------|--|---|--|--|
| Sector                    | Others                                 | Others  | Others   | Others   |
| Sub-Sector                | Real Estate (REIT)                     | Industrials   | 3D Printing Solutions  | Retail   |
| <b>IPO Details</b>        |  |   |  |  |
| Date Filed                | 3/19/2012                              | 3/21/2012   | 3/22/2012  | 3/30/2012  |
| Proposed Symbol           | GNKO                                   | EVAC  | OBJT   | MIK  |
| Exchange                  | New York Stock Exchange                | Nasdaq National Market  | Nasdaq National Market   | New York Stock Exchange  |
| Offer Amount              | \$250,000,000                          | \$150,000,000   | \$75,000,000   | \$500,000,000  |
| Lead Underwriter(s)       | - Robert W. Baird & Co. Incorporated   | - Barclays Capital Inc<br>- Deutsche Bank Securities Inc<br>- Goldman, Sachs & Co                       | - Goldman, Sachs & Co<br>- J.P. Morgan Securities LLC                    | - Goldman, Sachs & Co<br>- J.P. Morgan Securities LLC  |
| <b>Company Financials</b> |  |   |  |  |
| Revenue                   | \$62,067,000                           | \$1,088,600,000   | \$121,096,000  | \$4,210,000,000  |
| Net Income                | (\$11,825,000)                         | \$87,500,000  | \$14,694,000   | \$176,000,000  |
| Total Assets              | \$456,791,000                          | \$1,434,300,000   | \$124,538,000  | \$1,822,000,000  |
| Total Liabilities         | \$414,139,000                          | (\$1,172,900,000)   | \$38,675,000   | \$4,296,000,000  |
| Stockholders' Equity      | \$42,551,000                           | \$261,400,000   | \$47,632,000   | (\$2,474,000,000)  |
| <b>Competition</b>        |  |   |  |  |
| Key Competitors           | - REITs<br>- Real estate fund managers | - Centrotherm Photovoltaics AG<br>- DAS Environmental Expert GmbH<br>- Ebara Corporation<br>- Kashiwama | - Stratasy<br>- 3D Systems Corporation<br>- CMET<br>- EOS Optronics GmbH | - Wal-Mart<br>- Target Corporation<br>- Hobby Lobby<br>- Jo-Ann Stores, Inc.<br>- A.C. Moore Arts & Crafts |

Source: Scura Paley & Co., NASDAQ

## Priced IPOs – March 2012: New Electronics Dominates IPOs

Chart 8. Priced IPOs – March 2012 – Breakdown by Sector



SP Research's New Capital Sectors record ~4x the IPOs as compared with other

New Electronics & New Finance dominates IPOs

Source: Scura Paley & Co., NASDAQ

Chart 9. Priced IPOs – March 2012

|                           | AMERICAN REALTY CAPITAL TRUST, INC/YELP INC                             | SELECT INCOME REIT                                      | NATIONSTAR MORTGAGE HOLDINGS INC   | M/A-COM TECHNOLOGY SOLUTIONS, INC.  | DEMANDWARE INC   |
|---------------------------|---|---|--|---|--|
| Sector                    | Others  | Others  | New Finance  | New Electronics   | New Electronics  |
| Sub-Sector                | Real Estate   | Real Estate   | Residential Mortgage Services  | Semiconductor   | SaaS-based Cloud Services  |
| <b>IPO Details</b>        |   |   |  |   |  |
| IPO Date                  | 3/1/2012  | 3/2/2012  | 3/7/2012   | 3/8/2012  | 3/15/2012  |
| Symbol                    | ARCT  | YELP  | SIR  | NSM   | MTSI   |
| Exchange                  | Nasdaq National Market  | New York Stock Exchange                                 | New York Stock Exchange  | New York Stock Exchange   | Nasdaq National Market   |
| Listing Price             | \$6.00  | \$15.00   | \$21.50  | \$14.00   | \$19.00  |
| Shares Offered            | 6,600,000   | 7,150,000   | 8,000,000  | 16,666,667  | 6,000,000  |
| Offer Amount              | \$39,600,000  | \$107,250,000   | \$172,000,000  | \$233,333,338   | \$121,398,600  |
| Lead Underwriter(s)       | - Ladenburg Thalmann and Co. Inc  | - Citigroup Global Markets Inc<br>- Goldman, Sachs & Co | - BofA Merrill Lynch<br>- Morgan Stanley & Co. LLC<br>- Wells Fargo Securities, LLC                                | - BofA Merrill Lynch<br>- Citigroup Global Markets Inc<br>- Credit Suisse Securities LLC<br>- Wells Fargo Securities, LLC | - Barclays Capital Inc<br>- J.P. Morgan Securities LLC<br>- Jefferies & Company, Inc   |
| <b>Company Financials</b> |   |   |  |   |  |
| Revenue                   | \$129,120,000   | \$83,285,000  | \$108,622,000  | \$377,734,000   | \$310,295,000  |
| Net Income                | (\$23,955,000)  | (\$16,668,000)  | \$68,943,000   | \$20,887,000  | (\$1,016,000)  |
| Total Assets              | \$2,130,575,000   | \$43,821,000  | \$954,532,000  | \$1,787,931,000   | \$198,209,000  |
| Total Liabilities         | \$730,371,000   | \$12,733,000  | \$49,732,000   | \$1,506,622,000   | \$138,494,000  |
| Stockholders' Equity      | \$1,378,471,000   | (\$24,347,000)  | \$904,800,000  | \$281,309,000   | (\$123,718,000)  |
| <b>Competition</b>        |   |   |  |   |  |
| Key Competitors           | - Developers, owners and operators of commercial real estate<br>- REITs | - Google<br>- Yahoo!<br>- Bing                          | - Publicly traded and private REITs<br>- Financial institutions<br>- Individuals<br>- Public and private companies | - Large financial institutions<br>- Independent servicers   | - Hittite<br>- Avago<br>- RFMD<br>- TriQuint<br>- Aeroflex<br>- Microsemi  |
|                           |   |   |  |   | - e-commerce application vendors: IBM, Oracle/ATG, eBay/Magento and hybris<br>- e-commerce BPOs: Digital River and eBay/GSI Commerce<br>- MarketLive and Venda |

|                           | ALLISON TRANSMISSION HOLDINGS IN ANDINA ACQUISITION CORP.   | BGS ACQUISITION CORP.   | EXACTTARGET, INC.   | CAESARSTONE SDOT-YAM LTD.  | VANTIV, INC.  |   |
|---------------------------|---|---|---|--|---|---|
| Sector                    | Others  | New Finance   | New Finance   | New Electronics  | New Environment   |   |
| Sub-Sector                | Automobile Transmission   | Blank Check Investor  | Blank Check Investor  | SaaS-based Cloud Services  | Minerals (Quartz)   |   |
| <b>IPO Details</b>        |   |   |   |  |   |   |
| IPO Date                  | 3/15/2012   | 3/19/2012   | 3/21/2012   | 3/22/2012  | 3/22/2012   |   |
| Symbol                    | ALSN  | ANDAU   | BGSCU   | ET   | CSTE  |   |
| Exchange                  | New York Stock Exchange   | Nasdaq SmallCap Market  | Nasdaq SmallCap Market  | New York Stock Exchange  | Nasdaq National Market  |   |
| Listing Price             | \$23.00   | \$10.00   | \$10.00   | \$19.00  | \$11.00   |   |
| Shares Offered            | 26,100,000  | 4,000,000   | 4,000,000   | 8,500,000  | 6,660,000   |   |
| Offer Amount              | \$600,300,000   | \$40,000,000  | \$40,000,000  | \$161,500,000  | \$73,260,000  |   |
| Lead Underwriter(s)       | - BofA Merrill Lynch<br>- Citigroup Global Markets Inc<br>- J.P. Morgan Securities LLC                  | - EarlyBirdCapital, Inc.  | - Mitsubishi UFJ Securities (USA), Inc.<br>- The PrinceRidge Group LLC        | - Deutsche Bank Securities Inc<br>- J.P. Morgan Securities LLC<br>- Stifel Nicolaus & Company, Incorporated                        | - Barclays Capital Inc<br>- Credit Suisse Securities (USA)<br>- J.P. Morgan Securities LLC                                      | - Credit Suisse Securities (USA) LLC<br>- J.P. Morgan Securities LLC<br>- Morgan Stanley & Co. LLC  |
| <b>Company Financials</b> |   |   |   |  |   |   |
| Revenue                   | \$2,162,800,000   | -   | -   | \$207,493,000  | \$259,671,000   |   |
| Net Income                | \$103,000,000   | (\$4,242)   | (\$10,000)  | (\$35,435,000)   | \$29,304,000  |   |
| Total Assets              | \$5,192,600,000   | \$125,000   | \$166,400   | \$193,284,000  | \$246,317,000   |   |
| Total Liabilities         | \$4,370,900,000   | \$104,242   | \$151,400   | \$95,543,000   | \$103,661,000   |   |
| Stockholders' Equity      | \$821,700,000   | \$20,758  | \$15,000  | \$34,741,000   | \$136,451,000   |   |
| <b>Competition</b>        |   |   |   |  |   |   |
| Key Competitors           | - Manufacturers of manual transmissions, AMTs and fully-automatic transmissions for commercial vehicles | - Blank check companies<br>- Private Equity & Leveraged Buyout funds              | - Blank check companies<br>- Private Equity & Leveraged Buyout funds          | - Aprimo, Inc.<br>- CheetahMail Inc.<br>- e-Dialog Inc.<br>- Eloqua Limited<br>- Epsilon Data Management, LLC<br>- Responsys, Inc. | -   | - Bank of America Merchant Services<br>- Chase Paymentech Solutions<br>- Elavon Inc.<br>- First Data Corporation<br>- Global Payments, Inc.<br>- WorldPay US, Inc.<br>- Heartland Payment Systems, Inc. |
|                           | WHITING PETROLEUM CORP  | VIPSHOP HOLDINGS LTD  | VOCERA COMMUNICATIONS, INC.   | TEUCRIUM COMMODITY TRUST   | ANNIE'S, INC.   |   |
| Sector                    | New Energy  | New Electronics   | New Electronics   | New Finance  | Others  |   |
| Sub-Sector                | Oil Exploration and Production  | Online Retail   | Mobile Communication Solutions  | Commodity Fund   | Packaged Food   |   |
| <b>IPO Details</b>        |   |   |   |  |   |   |
| IPO Date                  | 3/23/2012   | 3/23/2012   | 3/28/2012   | 3/28/2012  | 3/28/2012   |   |
| Symbol                    | WHZ   | VIPS  | VCRA  | TAGS   | BNNY  |   |
| Exchange                  | New York Stock Exchange   | New York Stock Exchange   | New York Stock Exchange   | New York Stock Exchange  | New York Stock Exchange   |   |
| Listing Price             | \$20.00   | \$6.50  | \$16.00   | \$50.00  | \$19.00   |   |
| Shares Offered            | 16,000,000  | 11,004,600  | 5,850,000   | 5,000,000  | 5,000,000   |   |
| Offer Amount              | \$320,000,000   | \$71,529,900  | \$93,600,000  | \$250,000,000  | \$95,000,000  |   |
| Lead Underwriter(s)       | - Morgan Stanley & Co. LLC<br>- Raymond James & Associates  | - Deutsche Bank Securities Inc<br>- Goldman, Sachs & Co                           | - J.P. Morgan Securities LLC<br>- Piper Jaffray & Co.                         | -  | - Credit Suisse Securities (USA) LLC<br>- J.P. Morgan Securities LLC  | - Jefferies<br>- Jefferies & Company, Inc<br>- Stephens Inc   |
| <b>Company Financials</b> |   |   |   |  |   |   |
| Revenue                   | -   | \$227,142,876   | \$79,503,000  | \$15,436,262   | \$98,320,000  |   |
| Net Income                | -   | (\$107,271,525)   | (\$2,479,000)   | (\$8,081,166)  | \$7,660,000   |   |
| Total Assets              | -   | \$167,435,320   | \$49,818,000  | \$134,366,633  | \$68,218,000  |   |
| Total Liabilities         | -   | \$149,146,118   | \$46,204,000  | \$16,226,211   | \$23,479,000  |   |
| Stockholders' Equity      | -   | \$18,289,202  | (\$49,399,000)  | \$115,140,422  | (\$36,634,000)  |   |
| <b>Competition</b>        |   |   |   |  |   |   |
| Key Competitors           | - Major oil and natural gas companies   | - Taobao Mall<br>- 360Buy<br>- Dangdang   | - Cisco Systems<br>- Ascom<br>- Polycom                                       | -  | - Kraft Foods Inc.<br>- General Mills, Inc.<br>- Campbell Soup Company<br>- PepsiCo, Inc.<br>- Nestle S.A.<br>- Kellogg Company | - World Acceptance Corp.<br>- Security Finance Corp.  |
|                           | REXWORD CORP  | CAFEPRESS INC.  | MILLENNIAL MEDIA INC.   | MERRIMACK PHARMACEUTICALS INC  | GASLOG LTD.   |   |
| Sector                    | Others  | New Electronics   | New Electronics   | New Environment  | New Energy  |   |
| Sub-Sector                | Industrial  | E-commerce  | Mobile Advertising  | Biopharmaceuticals   | LNG Carrier   |   |
| <b>IPO Details</b>        |   |   |   |  |   |   |
| IPO Date                  | 3/29/2012   | 3/29/2012   | 3/29/2012   | 3/29/2012  | 3/30/2012   |   |
| Symbol                    | RXN   | PRSS  | MM  | MACK   | GLOG  |   |
| Exchange                  | New York Stock Exchange   | Nasdaq National Market  | New York Stock Exchange   | Nasdaq National Market   | New York Stock Exchange   |   |
| Listing Price             | \$18.00   | \$19.00   | \$13.00   | \$7.00   | \$14.00   |   |
| Shares Offered            | 23,684,211  | 4,500,000   | 10,200,000  | 14,300,000   | 23,500,000  |   |
| Offer Amount              | \$426,315,798   | \$85,500,000  | \$132,600,000   | \$100,100,000  | \$329,000,000   |   |
| Lead Underwriter(s)       | - BofA Merrill Lynch<br>- Credit Suisse Securities (USA) LLC<br>- Deutsche Bank Securities Inc          | - J.P. Morgan Securities LLC<br>- Jefferies & Company, Inc                        | - Barclays Capital Inc<br>- Goldman, Sachs & Co<br>- Morgan Stanley & Co. LLC | - J.P. Morgan Securities LLC   | - Citigroup Global Markets Inc<br>- Goldman, Sachs & Co   | - BofA Merrill Lynch<br>- Deutsche Bank Securities Inc<br>- Morgan Stanley & Co. LLC  |
| <b>Company Financials</b> |   |   |   |  |   |   |
| Revenue                   | \$1,423,800,000   | \$175,482,000   | \$103,678,000   | \$34,215,000   | \$66,470,819  |   |
| Net Income                | \$21,300,000  | \$3,606,000   | (\$287,000)   | (\$79,676,000)   | \$13,722,678  |   |
| Total Assets              | \$3,207,400,000   | \$88,982,000  | \$61,885,000  | \$85,299,000   | \$607,012,704   |   |
| Total Liabilities         | \$3,280,500,000   | \$40,551,000  | \$29,638,000  | \$106,990,000  | \$316,599,183   |   |
| Stockholders' Equity      | (\$72,100,000)  | \$25,620,000  | (\$44,421,000)  | (\$290,490,000)  | \$290,413,521   |   |
| <b>Competition</b>        |   |   |   |  |   |   |
| Key Competitors           | -   | - Amazon.com<br>- eBay<br>- Etsy<br>- VistaPrint<br>- Customlink<br>- Spreadshirt | - Google<br>- Apple<br>- ESPN<br>- The Weather Channel<br>- Yahoo!            | -  | - Independent LNG shipping companies<br>- Major oil and gas producers   | - SMA Solar Technology AG<br>- Power-One Inc.<br>- SunPower Corp.<br>- Solar Technology AG,<br>- Fronius International GmbH<br>- Power-One, Inc.  |

Source: Scura Paley & Co., NASDAQ

## New Capital Performance

- IPO performance has started picking up since the beginning of 2012, after having fallen for most of the second half of 2011. The relative IPO performance index, which had been on a declining trend throughout 2011, has stabilized in March after rising since beginning of 2012.

Chart 10. SP IPO Index



Chart 11. SP IPO Index – Relative S&P



Source: Scura Paley & Co, Capital IQ

- Performance of secondaries have started improving in 4Q11, after having a tough 2Q11 and 3Q11. Relative performance of the secondaries has underperformed the S&P by ~10% over the past 15 months.

Chart 12. SP Secondary Index



Chart 13. SP Secondary Index – Relative S&P



Source: Scura Paley & Co, Capital IQ

- Performance of private placements has started to decline again in recent weeks, and they are the weakest category of new capital (consistent with 10 year historical data). After having increased for a brief period earlier in 2012, the declining trend of relative performance index has reemerged and have underperformed the market by ~25% over the past 15 months.

Chart 14. SP Private Placement Index



Chart 15. SP Prvt Placement Index–Relative S&P



Source: Scura Paley & Co, Capital IQ

- Fixed income performance index has shown an upward trend as the bond markets have remained a favorite source of raising capital since beginning of this year. Performance of companies raising debt capital relative to S&P has been steady since the beginning of the year after a period of relative underperformance in 2H11.

**Chart 16. SP Fixed Income Index**



**Chart 17. SP Fixed Income Index – Relative S&P**



Source: Scura Paley & Co, Capital IQ

- Returns of recent acquirers have been relatively good over the last year, as the M&A performance index has been one of the best performing asset class over the past 15 months (together with IPOs). Relative returns, compared with S&P, have been steady through the first 3 months of the year.

**Chart 18. SP M&A Index**



**Chart 19. SP M&A Index – Relative S&P**



Source: Scura Paley & Co, Capital IQ

- Buyback performance index has started to improve since December 2011 and the index seems to have stabilized over the last couple of months. The relative S&P performance index started declining in the month of March, but we expect more buybacks to be announced and performance of this category to start to outperform on a relative basis.

**Chart 20. SP Buyback Index**



**Chart 21. SP Buyback Index – Relative S&P**



Source: Scura Paley & Co, Capital IQ

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