

Making Companies Better

Driving Better Results for Issuers and Investors

“The group will immediately raise their game when they see you’re involved.”

**Financial Sponsor Coverage
Officer & Former MD in Equity
Capital Markets
Morgan Stanley**

Multi-disciplinary with rare skill set

■ Market Structure

- Automation
- Spread Compression
- Favors Traders

■ Operating Experience

- Public company'
- Private company

Better Exits

Building Better
Businesses

Better IR

Allied with
Management,
Supportive of
Investors

■ Regulation

- Constantly changing
- Impacts alternatives
- 144A Portal Alliance
- CFOs heavy on disclosure and lack banking/markets experience

■ Investment Banking & Capital Markets

- Loss of boutiques
- Focus on traders/hedge funds
- Elevated transaction failure rates (40%+)

Flexible work relationships



Broad spectrum



Some ideas to drive markets | exits

Inside Venture

- Primary Market (Private Mkt)
- Equities

Hanley & Associates

- Institutional Investor Access
- Equities

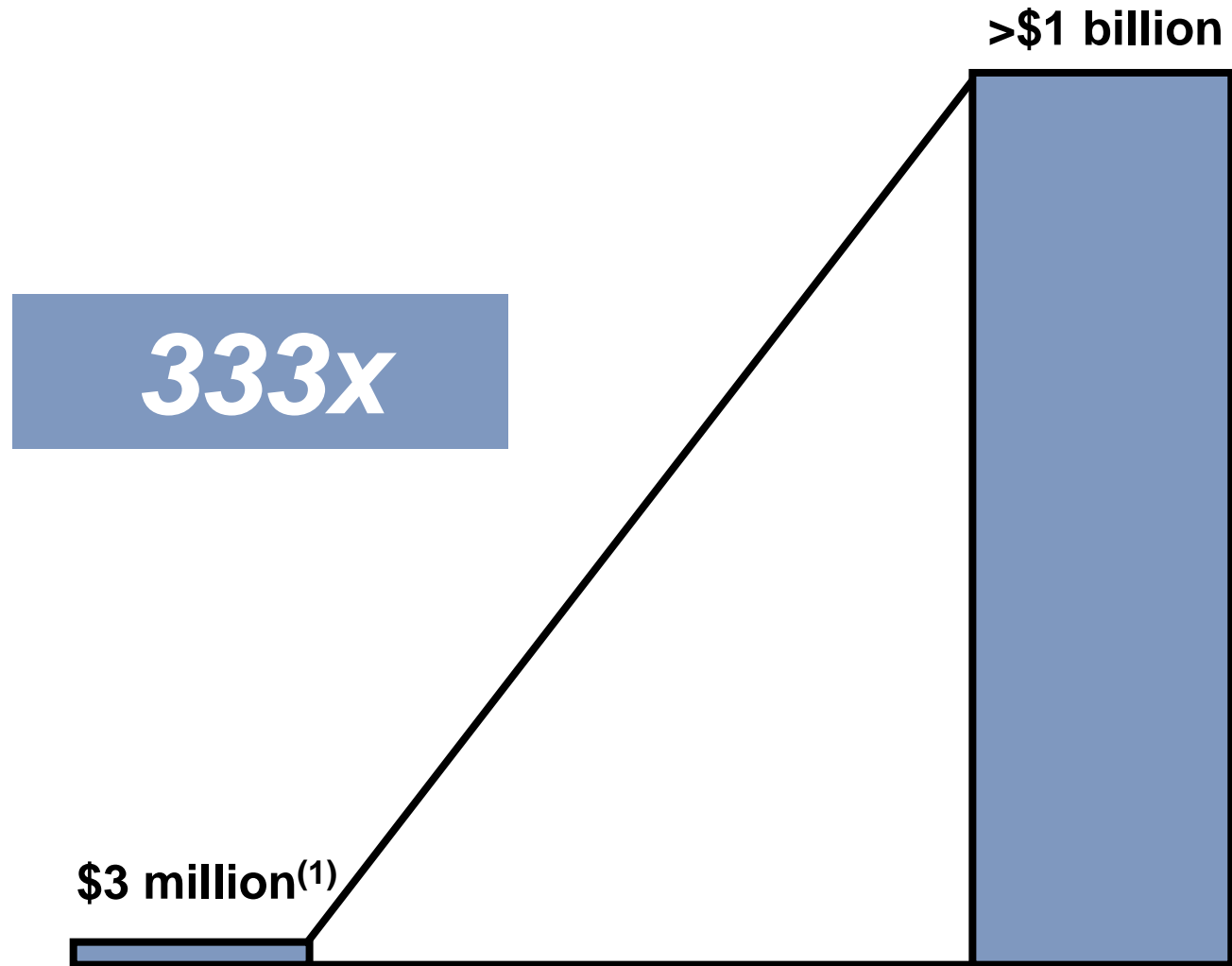
Entrex

- Primary Market (Private | Public Mkts)
- TIGRcub^(sm)

SecondMarket

- Secondary Market (Private Mkt)
- Multiple Asset Classes

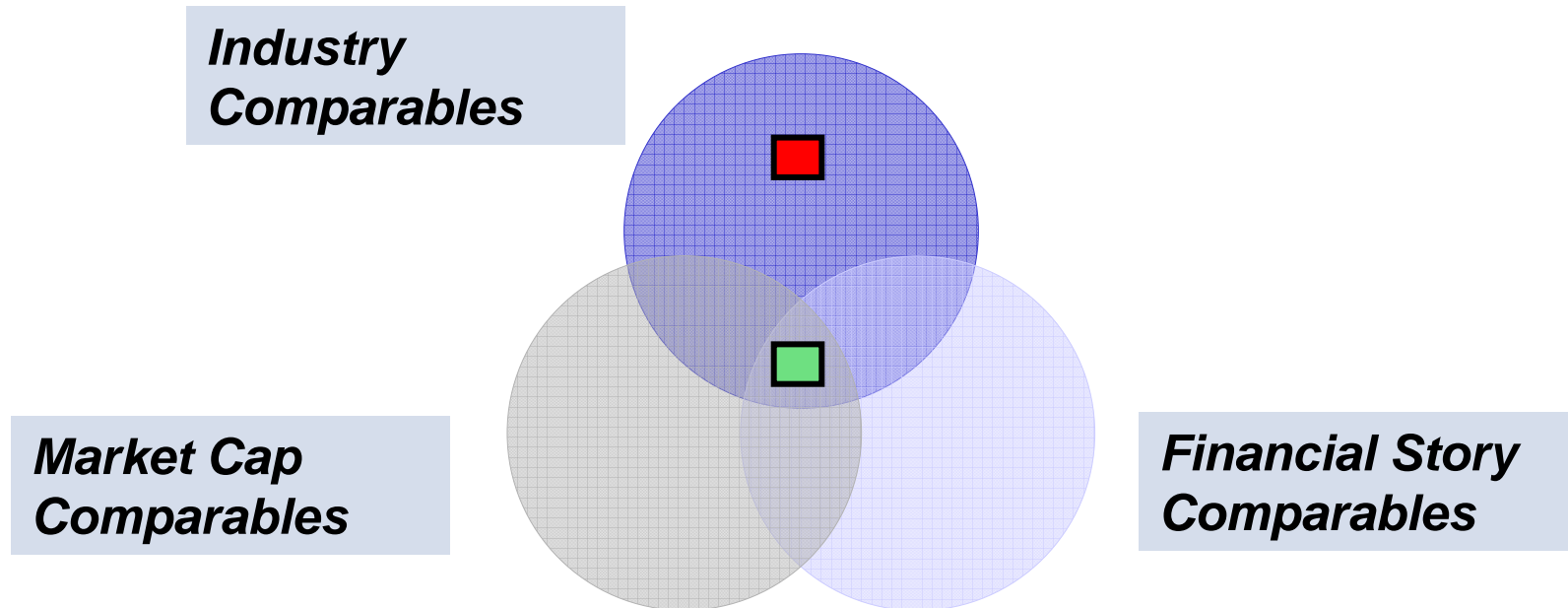
Fees from top hedge funds dwarf investment banking fees



(1) Total estimated fees to sole-book running manager on a \$100 million IPO

(2) Source: Bulge Bracket Firm – Top 10 hedge funds generate over \$100 million in annual revenues.

Investment banks no longer effectively target portfolio managers

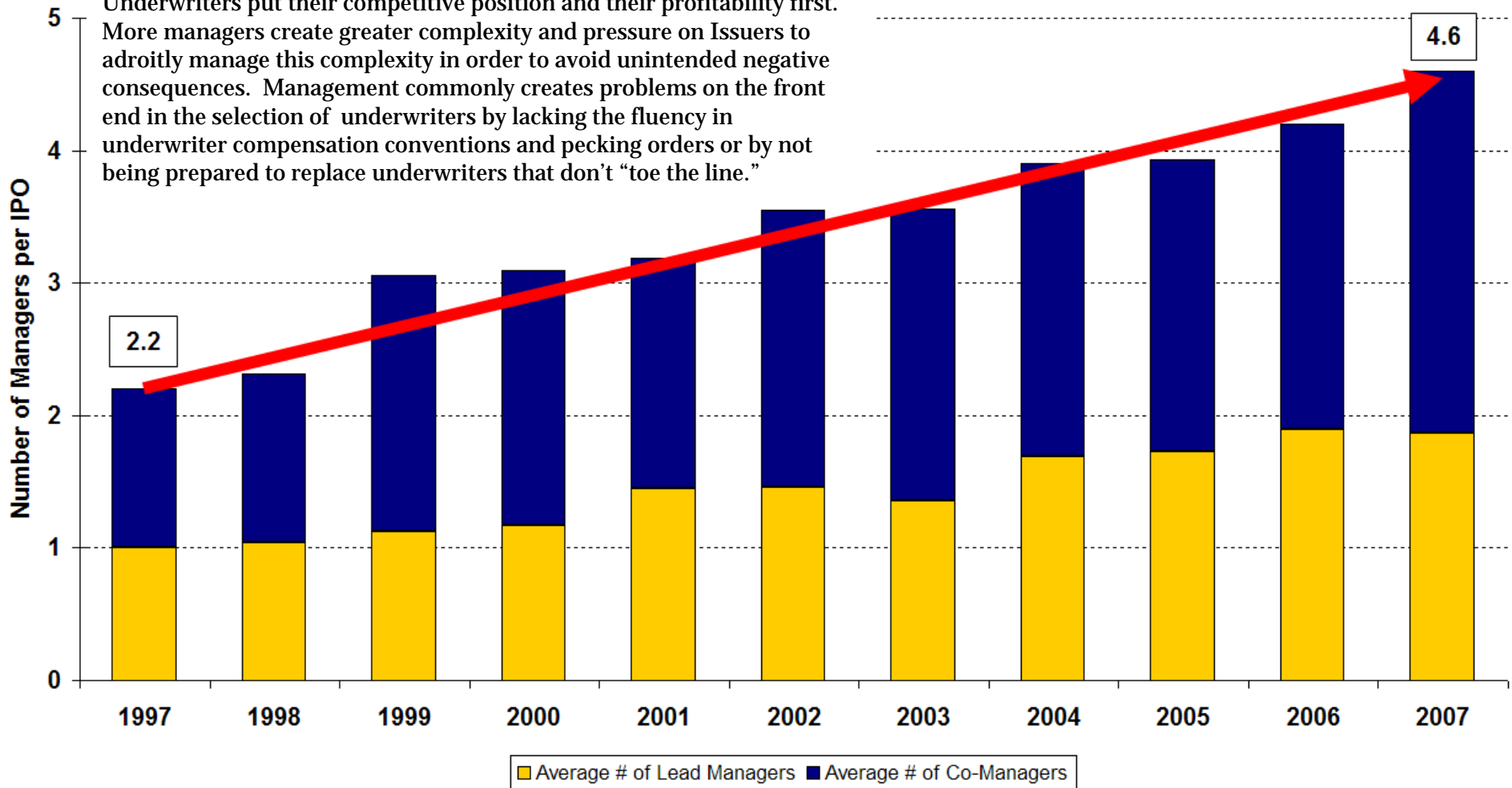


Today, it is SOP for portfolio managers to take meetings with managements just to get smart on the industry. Many fund managers have no interest in investing. The Company doesn't fit their profile.

More managers are needed to secure research but frequently backfire

Inter-Firm Rivalries Hurt Issuers

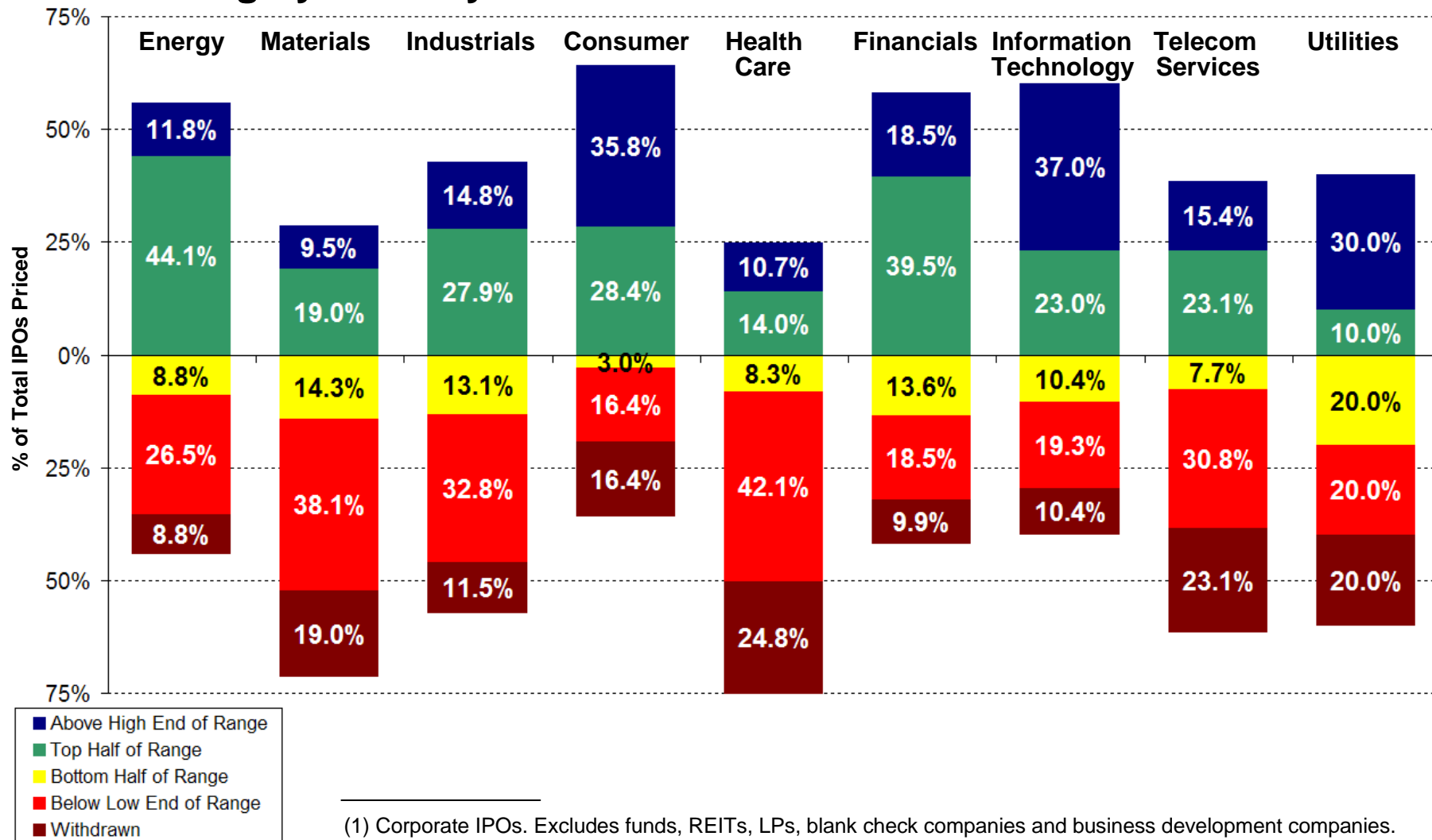
Underwriters put their competitive position and their profitability first. More managers create greater complexity and pressure on Issuers to adroitly manage this complexity in order to avoid unintended negative consequences. Management commonly creates problems on the front end in the selection of underwriters by lacking the fluency in underwriter compensation conventions and pecking orders or by not being prepared to replace underwriters that don't "toe the line."



US IPOs < \$1 Billion in Market Cap (excluding closed-end funds, REITS, LPs and blank check companies)

40% of Deals In The Most Recent Bull Market Had Unacceptable Results

IPO Pricing by Industry (1)



Team Composition Affects Demand

Are your managers complementing each other, duplicative or worse?

Experts Matter

This 2007 IPO had top tier financial sponsors backing. The market capitalization at the IPO was approximately \$350 million. The manager line up of exceptional investment banks (Goldman, Lehman, Bank of America and Needham) had, with the exception of Needham, largely duplicative (not complementary) sales footprints that lacked a retail component and were large cap focused. When the market softened (Russell 2000 and NASDAQ sold off) there was little offsetting distribution (e.g., retail and small-cap fund managers) and the sell-off was sharper than the broader market. This could have been avoided.

IPO vs. Russell 2000



4 Exceptional Firms Constituting a **Suboptimal** Team For This Transaction

While Wall Street firms cover many of the same institutional accounts, they may cover very different portfolio managers and analysts within those accounts. Our analysis helps you to provide a more balanced team that can generate more demand for your offering and in the aftermarket.

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