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# Equity Market and Stock Offering

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# Private Equity

- Private equity is a business that is privately held and the owners cannot sell their shares to the public.
  - Some business owners hope to go public so that:
    - They can obtain financing to support the firm's growth
    - They can “cash out” by selling their original equity investment to others.
  - A public offering is feasible if:
    - The owners want to sell at least \$50 million in stock.
    - The shareholder base will be large enough to support an active secondary market.
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# Private Equity

- Financing by Venture Capital Funds
    - Venture capital funds (VC funds) receive money from wealthy investors and from pension funds that are willing to maintain the investment for a long-term period, such as 5 or 10 years.
    - Investors are not allowed to withdraw their money before a specified deadline.
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# Private Equity

- Financing by Venture Capital Funds (cont.)
    - Venture Capital Market
      - Brings together the private businesses that need equity funding and the VC funds that can provide funding.
    - Terms of a Venture Capital Deal
      - A VC fund will negotiate the terms of the deal when it decides to invest in a business.
      - The VC fund will set out requirements for the business and VC fund managers may serve as advisers to the business.
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# Private Equity

- Financing by Venture Capital Funds (cont.)
    - Exit Strategy of VC Funds
      - VC funds typically plan to exit in 4 to 7 years by selling the equity stake to the public.
    - Performance of VC Funds
      - Tends to vary over time
      - Funds can be invested more wisely when stock prices are low
      - Also influenced by the amount of investment received by investors
-

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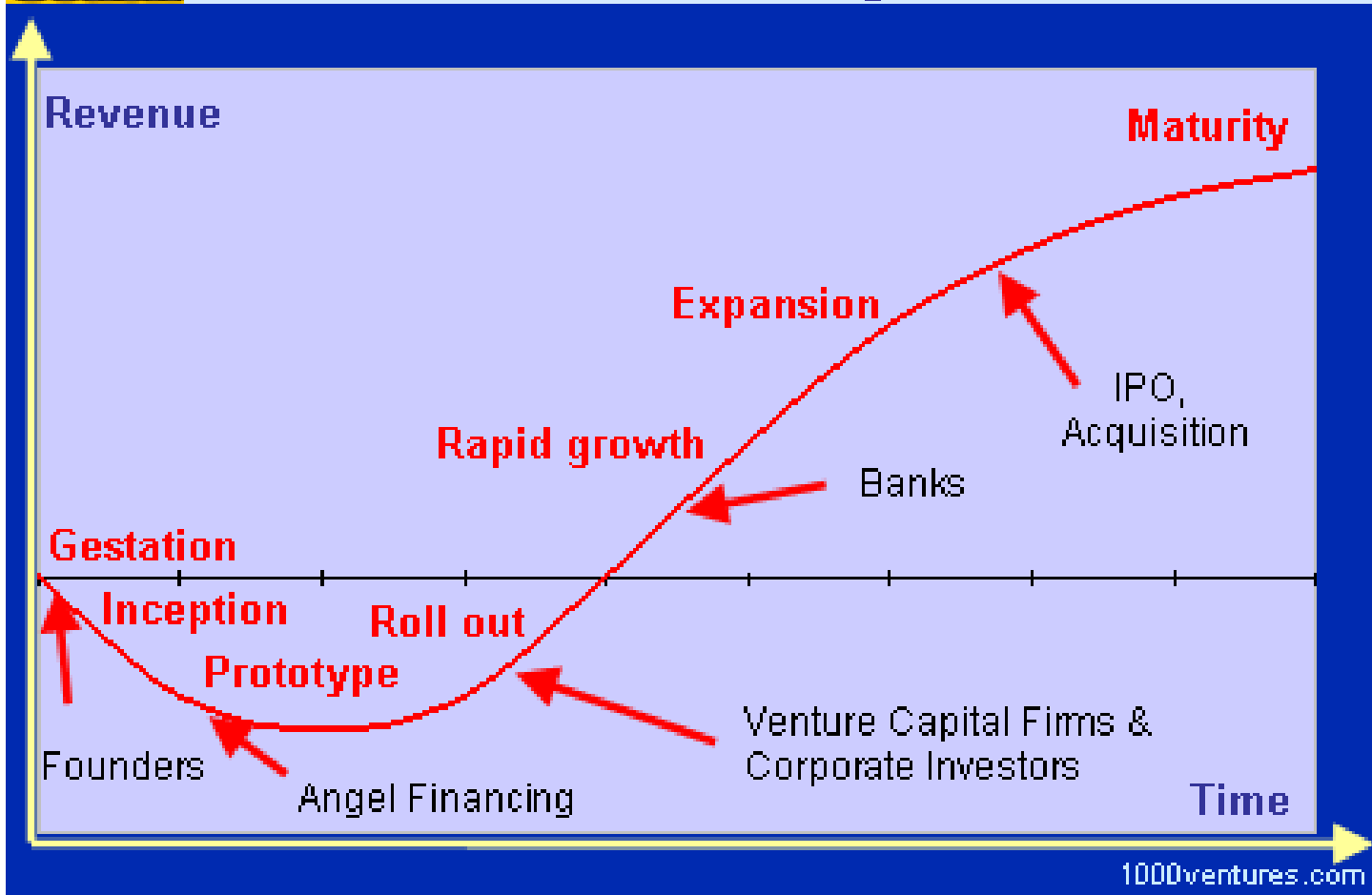
# Private Equity

- **Financing by Private Equity Funds**
  - Private equity funds pool money provided by institutional investors (such as pension funds and insurance companies) and invest in businesses.
    - They also rely heavily on debt to finance their investments.
-



# Venture Financing

## Sources of Funds for High-Growth Firms



## 1) Searches

## Private Equity Market

2) Source All PE (default) Region All Sector All Currency USD

### 3) Mentioned in the News

11)	EBay Founder Joins Backers of U.K. Digital Startup T...	B	BN	13:00
12)	Affymetrix Rejects \$1.5 Billion Takeover Bid		NYT	08:22
13)	Buyout Blues Make 99 Cents Only's Bonds Lower Tha...		BG	12:30
14)	EUROPE LEVERAGED LOANS WEEKAHEAD: Post-Easter Pi...		BFW	14:39
15)	Eurazeo in Advanced Talks to Acquire Novacap From...		BN	14:35
16)	PE Hub: WL Ross to buy chemicals distributor Nexeo...		NS1	14:31 +
17)	MarketWatch: Joi Scientific Closes Series-A Funding t...		NS1	14:04
18)	Fire sale coming for Ardent's Neil Balnaves and Deb...		AFR	14:01
19)	*JOI SCIENTIFIC CLOSES SERIES-A FUNDING TO COMM...		BN	14:00

### Companies in the News

#### Last 3 Days

- 41) Airbus Group SE
- 42) Marriott International Inc/MD
- 43) KKR & Co LP
- 44) Blackstone Group LP/The
- 45) Nexeo Solutions Holdings LLC
- 46) Bain Capital Partners LLC
- 47) Newmont Mining Corp
- 48) MirriAd Ltd

### 6) M&A

### 7) Equity Offering

#### 4) Recent M&A Transactions (MA)

Active Within 1 Day

		Target Company	Acquirer	Value (M)	Status	Fund Type	Announced	Completion
31)		Nexeo Solutions LLC	WL Ross Holding Corp	1656.54	Pend		03/21/16	06/30/16
32)		Multiple Targets	EMCOR Group Inc	205.00	Pend		03/21/16	04/30/16
33)		MPM Products Ltd	ECI Partners LLP	71.99	Comp	Buyout	03/21/16	03/21/16
34)		Huize Insurance	Private Investor	30.85	Comp		03/21/16	03/21/16
35)		Atlantic Healthcare PLC	Multiple acquirers	24.00	Comp		03/21/16	03/21/16
36)		Junior Sports and Services	Gaja Capital Partners	9.77	Comp	Buyout	03/21/16	03/21/16
37)		Elliptic Ltd	Multiple acquirers	5.00	Comp	Venture	03/21/16	03/21/16
38)		PriceMap Ventures LLP	Private Investor	.60	Pend		03/21/16	--
39)		Ginar Software Pvt Ltd	Multiple acquirers	--	Comp	Venture, Growt	03/21/16	03/21/16

Exclude VC Transactions

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000  
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2016 Bloomberg Finance L.P.  
 SN 163608 CET GMT+1:00 H221-3181-0 21-Mar-2016 14:48:12



<Search>

91) Edit Search

92) Actions

93) Settings

Mergers & Acquisitions

Currency USD

Global Private Eq... X

# of Deals 2,142

1) Overview

2) Deal Breakdown

3) Capital Flow

4) League Table

5) Deal List

6) Buyer List

7) Time Series

Deal Status Breakdown

Current Status	Value	Count
All	145.8B	2,142
11) Pending	94.2B	289
12) Completed	51.6B	1,853

Geographic Breakdown

Target Region	Value	YoY(%)
All	145.8B	25.7 ↑
21) North America	83.4B	51.3 ↑
22) Europe	30.7B	-25.6 ↓
23) Asia Pacific	27.2B	58.4 ↑
24) Middle East & Afric	2.5B	137.6 ↑
25) LATAM & Caribbean	2.1B	61.3 ↑

Industry Breakdown

Target Industry	Value	YoY(%)
55) Communications	13.4B	-21.0 ↓
56) Technology	12.3B	46.7 ↑
57) Energy	10.0B	370.7 ↑
58) Diversified	3.8B	-11.6 ↓
59) Utilities	3.0B	-62.9 ↓
60) Basic Materials	3.0B	97.7 ↑

Deal List

Sort by  Recent  Largest

M	Type	Ann Date	Target	Acquirer	Value	Payment Type	Status
101)	M&A	03/21/16	Nexeo Solutions LLC	WL Ross Holding Corp	1.7B	Cash and Stock	Pending
102)	INV	03/21/16	Sunnova Energy Corp	Energy Capital Partners LLC	300.0M	Cash	Completed
103)	M&A	03/21/16	Multiple Targets	EMCOR Group Inc	205.0M	Cash	Pending
104)	M&A	03/21/16	MPM Products Ltd	ECI Partners LLP	72.0M	Cash	Completed
105)	INV	03/21/16	eGym GmbH	Multiple acquirers	45.0M	Cash	Completed
106)	INV	03/21/16	Huize Insurance	Private Investor	30.9M	Cash	Completed
107)	INV	03/21/16	Atlantic Healthcare PLC	Multiple acquirers	24.0M	Cash	Completed
108)	INV	03/21/16	SillaJen Inc	Medivate Partners LLC	12.0M	Cash	Completed
109)	INV	03/21/16	Junior Sports and Services Pv	Gaja Capital Partners	9.8M	Cash	Completed
110)	INV	03/21/16	Elliptic Ltd	Multiple acquirers	5.0M	Cash	Completed
111)	INV	03/21/16	PriceMap Ventures LLP	Private Investor	600.0k	Cash	Pending

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# Going Public

- When a firm goes public, it issues stock in the primary market in exchange for cash.
  - Going public has two effects on the firm.
    - It changes the firm's ownership structure by increasing the number of owners.
    - It changes the firm's capital structure by increasing the equity investment in the firm.
-

AAPL US \$ C 112.12 +2.62 Q112.11 / 112.12Q 54x18  
 On 09 Oct d Vol 52,766,140 0 110.00P H 112.28D L 109.49D Val 5.887B

AAPL US Equity 1) Create Report 2) Output to Excel Weighted Average Cost of Capital

Apple Inc

Period MR 2015 Q3

Cost of Capital - Current Market Value			
	Weight	Cost	W x C
3) Equity	93.0%	9.6%	9.0%
4) Debt Cost (A-T)	7.0%	1.5%	0.1%
5) Preferred Equity	0.0%	0.0%	0.0%
WACC			9.1%

Capital Structure (Millions of USD)			
	Market Cap	723,159.5	93.0%
	ST Debt	6,999.0	0.9%
	LT Debt	47,419.0	6.1%
	Pref. Eqty	0.0	0.0%
	Total	777,577.5	100.0%

6) History

WACC  EVA  ROIC  EVA Spread



Economic Value Added (Millions of USD)	
7) Net Operating Profit	67772.00
8) Cash Operating Taxes	14113.75
NOPAT	53658.25
9) Total Investment Capital	204717.00
Capital Charge	18551.90
Economic Value Added	35106.36
ROIC	26.21%
EVA Spread	17.15%

AAPL US \$ Market  
 Prev 105.91

Vol 5,383

P105.20 / 105.62Q

1x1

AAPL US Equity

Dividend/Split Summary

Apple Inc

Range 1980 - 2016

Adjust for Capital Change

Currency As Reported

12 Month Yield 1.96%  
 Indicated Yield 1.96%  
 1 Yr Dividend Growth 10.64%  
 3 Yr Dividend Growth 22.35%  
 Last Price USD 105.91  
 Payment Frequency Quarterly



Type All

1) Color Legend

	Declaration	Ex Date↑	Record	Payable	Curr	Amount	Type
11)	4/25/16	5/12/16			USD	.57	BDVD Forecast
12)	1/26/16	2/ 4/16	2/ 8/16	2/11/16	USD	.52	Regular Cash
13)	10/27/15	11/ 5/15	11/ 9/15	11/12/15	USD	.52	Regular Cash
14)	7/21/15	8/ 6/15	8/10/15	8/13/15	USD	.52	Regular Cash
15)	4/27/15	5/ 7/15	5/11/15	5/14/15	USD	.52	Regular Cash
16)	1/27/15	2/ 5/15	2/ 9/15	2/12/15	USD	.47	Regular Cash
17)	10/20/14	11/ 6/14	11/10/14	11/13/14	USD	.47	Regular Cash
18)	7/22/14	8/ 7/14	8/11/14	8/14/14	USD	.47	Regular Cash
19)	4/23/14	6/ 9/14	6/ 2/14	6/ 6/14		7 for 1	Stock Split

IBM US \$ C **152.39** +.11 N152.38 / 152.39N 19x31  
 On 09 Oct d Vol 3,531,107 0 152.46N H 153.147D L 151.27N Val 537.525M

IBM US Equity 1) Create Report 2) Output to Excel Weighted Average Cost of Capital

International Business Machines Corp

Period MR 2015 Q2

Cost of Capital - Current Market Value

	Weight	Cost	W x C
3) Equity	80.5%	8.2%	6.6%
4) Debt Cost (A-T)	19.5%	1.8%	0.4%
5) Preferred Equity	0.0%	0.0%	0.0%
WACC			7.0%

Capital Structure (Millions of USD)



6) History

WACC EVA ROIC EVA Spread



Economic Value Added (Millions of USD)

7) Net Operating Profit	16907.00
8) Cash Operating Taxes	3318.18
NOPAT	13588.82
9) Total Investment Capital	74390.00
Capital Charge	5190.11
Economic Value Added	8398.71
ROIC	18.27%
EVA Spread	11.29%

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000  
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000

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# Background on Common Stock

- Common stock = certificate representing equity or partial ownership in a corporation
    - Issued in primary market by corporations that need long-term funds
    - Traded in secondary market
      - Liquidation
      - Evaluation of company
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# Public Equity

- Preferred stock - represents an equity interest in a firm that usually does not allow for significant voting rights.
    - Preferred shareholders share the ownership of the firm with common shareholders and are therefore compensated only when earnings have been generated.
    - A cumulative provision on most preferred stock prevents dividends from being paid on common stock until all preferred stock dividends have been paid.
    - Because the dividends on preferred stock can be omitted, a firm assumes less risk when issuing it than when issuing bonds.
    - Dividends are not tax-deductible for the firm, making preferred stock less desirable than bonds.
-

TYPE OF FINANCIAL INSTITUTION	PARTICIPATION IN STOCK MARKETS
Commercial banks	<ul style="list-style-type: none"> <li>• Issue stock to boost their capital base.</li> <li>• Manage trust funds that usually contain stocks.</li> </ul>
Stock-owned savings institutions	<ul style="list-style-type: none"> <li>• Issue stock to boost their capital base.</li> </ul>
Savings banks	<ul style="list-style-type: none"> <li>• Invest in stocks for their investment portfolios.</li> </ul>
Finance companies	<ul style="list-style-type: none"> <li>• Issue stock to boost their capital base.</li> </ul>
Stock mutual funds	<ul style="list-style-type: none"> <li>• Use the proceeds from selling shares to individual investors to invest in stocks.</li> </ul>
Securities firms	<ul style="list-style-type: none"> <li>• Issue stock to boost their capital base.</li> <li>• Place new issues of stock.</li> <li>• Offer advice to corporations that consider acquiring the stock of other companies.</li> <li>• Execute buy and sell stock transactions of investors.</li> </ul>
Insurance companies	<ul style="list-style-type: none"> <li>• Issue stock to boost their capital base.</li> <li>• Invest a large proportion of their premiums in the stock market.</li> </ul>
Pension funds	<ul style="list-style-type: none"> <li>• Invest a large proportion of pension fund contributions in the stock market.</li> </ul>



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# Process of Going Public

- A first-time offering of shares by a specific firm to the public.
  - Process of Going Public
    - Developing a Prospectus - The issuer must develop a prospectus containing detailed information about the firm, including financial statements and a discussion of risks. The prospectus is filed with the Securities and Exchange Commission (SEC).
    - Pricing - The lead underwriter must determine the offer price at which the shares will be offered at the time of the IPO.
    - Allocation of IPO Shares: The lead underwriter may rely on a group (called a syndicate) of other securities firms to participate in the underwriting process and share the fees to be received for the underwriting.
    - Transaction Costs - Usually 7 percent of the funds raised.
-

## The Statistics

### *“Lonely at the Top”: Lead Underwriters in IPOs*

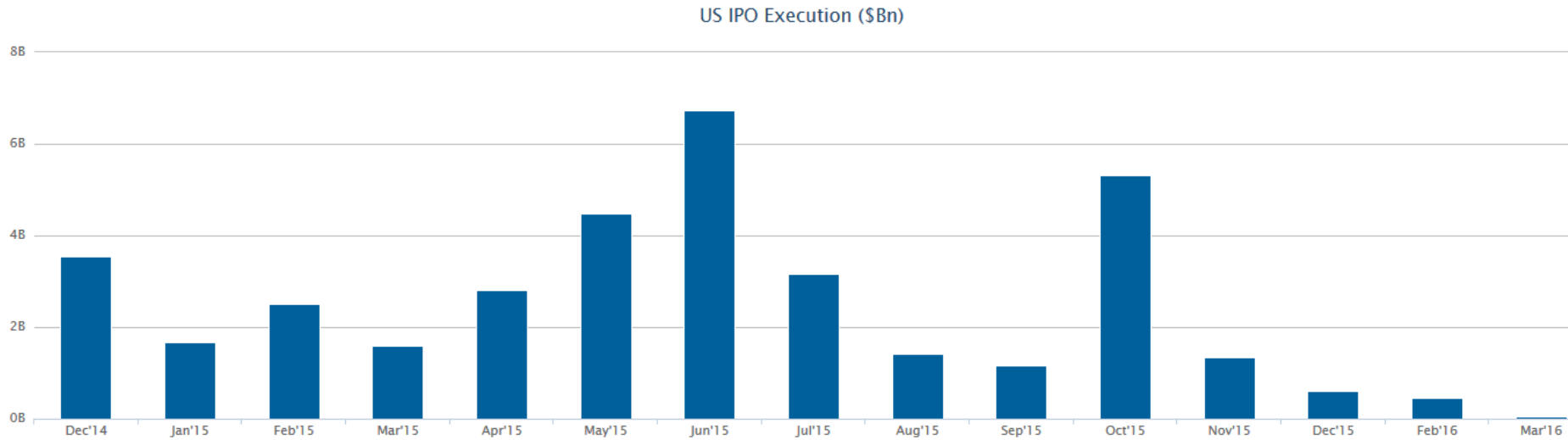
Each IPO has one, and many times two, “lead” underwriters, even if ultimately a number of underwriters participate in the syndication of the offering. The company’s primary contacts in the marketing effort are the lead underwriters, who provide input on the prospectus, identify and help the company resolve marketing concerns, and organize the company’s road show. In 2007, 61 firms led or co-led an IPO. However, there is a reason “bulge bracket” investment banks make that bracket bulge: the top 10 firms led the vast majority of offerings; 24 firms led or co-led only one IPO.

Lead Underwriter*	Number of IPOs	Percent of IPOs
Merrill Lynch	49	17.40%
Morgan Stanley	49	17.40%
Lehman Brothers	41	14.50%
Citi	40	14.20%
Credit Suisse	36	12.80%
Goldman Sachs	36	12.80%
JPMorgan	32	11.30%
UBS Investment Bank	31	11.00%
Deutsche Bank Securities	23	8.20%
Banc of America Securities	15	5.30%

Source: [www.IPOVitalSigns.com](http://www.IPOVitalSigns.com), © 2008 CCH, a Wolters Kluwer Company. Used by permission.

\*If there is more than one lead underwriter, each will have an IPO listed

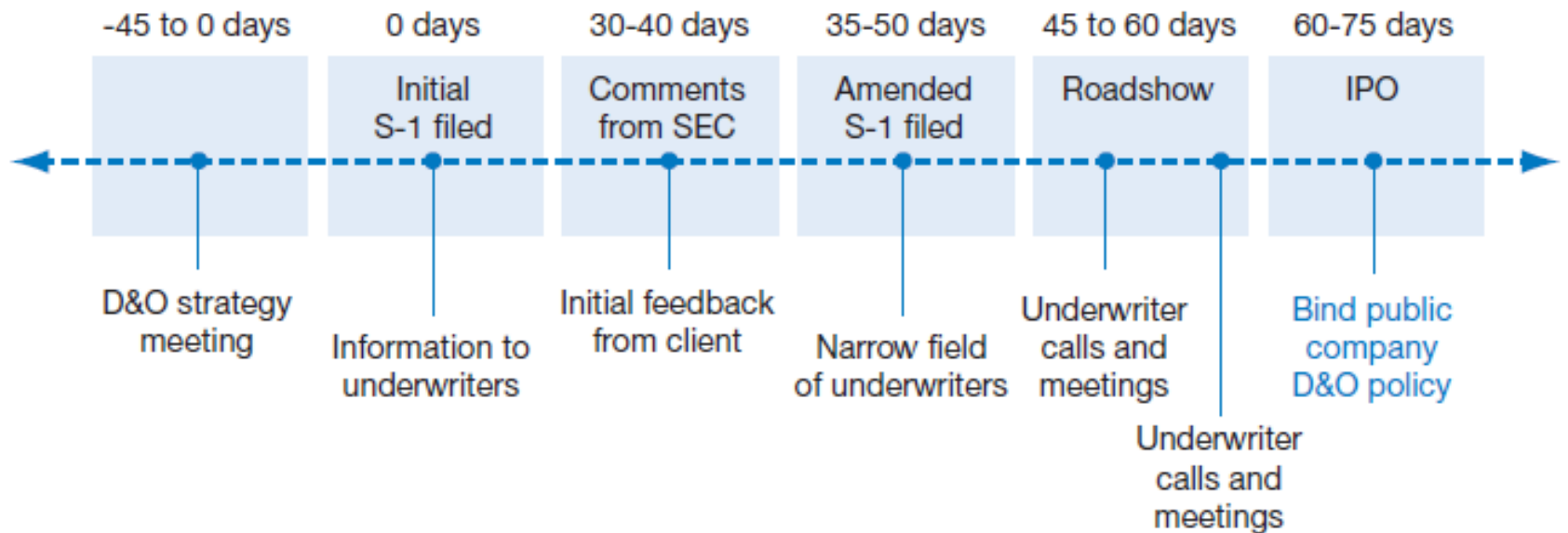
# US IPO in 2015



# IPO Discount – indirect costs of IPO

IPO Discount	Number of IPOs	Percent of IPOs
7+ to 8%	8	2.8%
7%	180	63.8%
6+ to 6.9%	32	11.3%
5+ to 6%	31	11.0%
4+ to 5%	7	2.5%
3+ to 4%	11	3.9%
2+ to 3%	6	2.1%
Average		6.5%
Median		7.0%

Source: [www.IPOVitalSigns.com](http://www.IPOVitalSigns.com), © 2008 CCH, a Wolters Kluwer Company. Used by permission.





# HOW DOES AN IPO WORK AT THE NYSE?

## 1 THE DECISION:

A privately-owned company decides to seek outside investors in order to raise money.



## 2 NOTIFYING THE U.S. GOVERNMENT:

A company must submit a detailed disclosure document explaining its business, financial results, strategies and risk factors to the SEC.

## 3 GENERATING INTEREST:

The company goes on an investor roadshow where management shares a presentation about the company with institutional investors. The presentation is also made available online.

## THE PRICE IS SET:

The night before the exchange listing, the price of the stock is set based on investor interest. Money is given to the company and, in exchange, investors receive shares, some portion of which will be sold on the stock market the next morning.



## 4

New York Stock Exchange

Certificate of Listing

To a Issuer For

Twitter

Having satisfied in full the listing requirements of the New York Stock Exchange in this and the foregoing terms, mentioned in listing and the contract and through a duly authorized trading on the Exchange.

In Witness Whereof

A Seal hereunto by hand and seal of the said of the New York Stock Exchange is hereunto.

Signature of the Designated Market Maker

## 5

## NYSE BELL RINGING



## WAIT FOR IT:

The NYSE Opening Bell® signals the start of trading for the U.S. stock market, but not for the shares of an IPO. Before the IPO begins trading, a price discovery process occurs, which is unique to the NYSE.

## 6



## 7 A HUMAN TOUCH:

Human involvement and transparency are key to the NYSE process. The Designated Market Maker, or DMM, leads the price discovery process to find the right price at which the stock should open and begin trading. This requires close communication with key constituents in the market regarding supply and demand.



## PRICE DISCOVERY:

The DMM runs an "auction" for the stock before it opens for trading. The auction process positions the DMM in the center, with buyers on one side and sellers on the other. This process may use an opening price range — or a pricing indication — which is a dollar range that gives buyers and sellers visibility into interest and an opportunity to weigh their desire to participate in early trading.



## 8

## OPENING THE STOCK:

The indication can be updated several times throughout the auction process and ultimately narrowed to a single price, which is then locked in, and the stock opens for trading.

## 9



The stock is open for trading and a new chapter in a company's life begins.

LISTED  
NYSE

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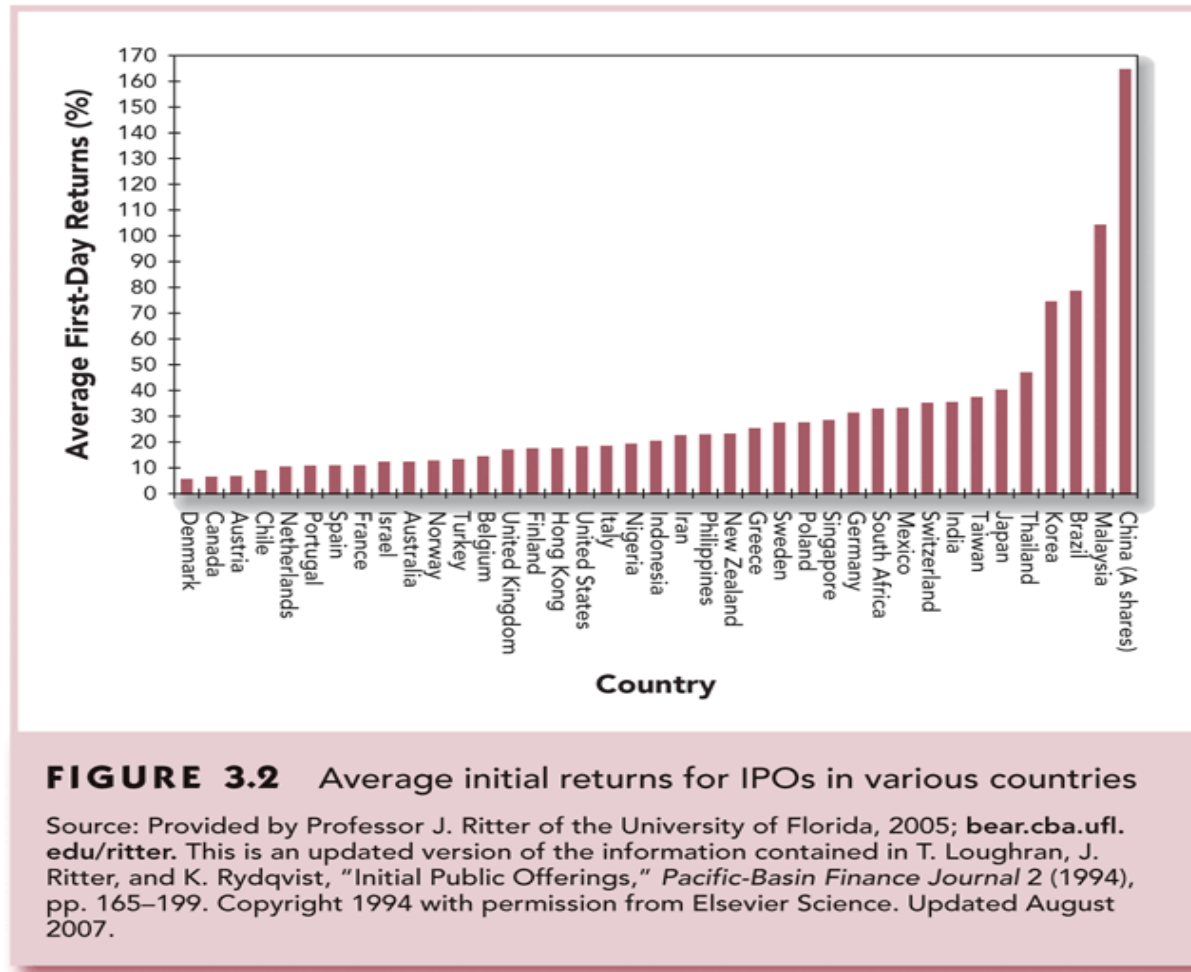
# Underwriter Efforts to Ensure Price Stability

- Underwriters may attempt to stabilize the stock's price by purchasing shares that are for sale in the secondary market shortly after the IPO.
- **Lockup**
  - Prevents the original owners of the firm and the VC firms from selling their shares for a specified period.
  - Prevents downward pressure that could occur if the original owners or VC firms immediately sold their shares in the secondary market.

## Timing of IPOs

- Initial public offerings tend to occur more frequently during bullish stock markets.
-

# Figure 3.2 Average Initial Returns for IPOs in Various Countries





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# Facebook's IPO

- ❑ On May 18, 2012, Facebook engaged in an IPO that generated \$16 billion.
  - ❑ Facebook's opening price was \$38/share. The price fluctuated through the day with a high of about \$43. Many traders lost experienced substantial profits are losses in the first day
  - ❑ Three months after the opening, the price fell to \$20/share.
  - ❑ Lesson - A company can be very valuable yet overpriced
-





FB US \$ Market



P111.00 / 111.48P

3x2

Prev 111.85

Vol 420

FB US Equity

95 Compare

96 Actions

97 Edit

Line Chart

05/17/2012

03/22/2016

Last Price

Mov Avg

Volume

USD

1D

3D

1M

6M

YTD

1Y

5Y

Max

Daily

Table

Security/Study

Event

Settings

Last Price 111.85  
 High on 02/03/16 115.09  
 Average 60.1884  
 Low on 09/04/12 17.729



Volume 420



Jan 2012 Sep 2012 Dec 2012 Mar 2013 Jun 2013 Sep 2013 Dec 2013 Mar 2014 Jun 2014 Sep 2014 Dec 2014 Mar 2015 Jun 2015 Sep 2015 Dec 2015 Mar 2016

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000  
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000  
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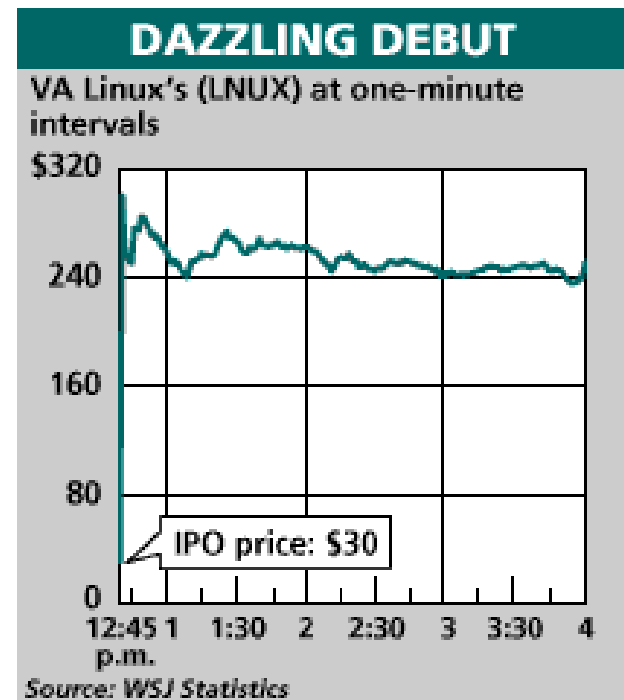




# LA Linux



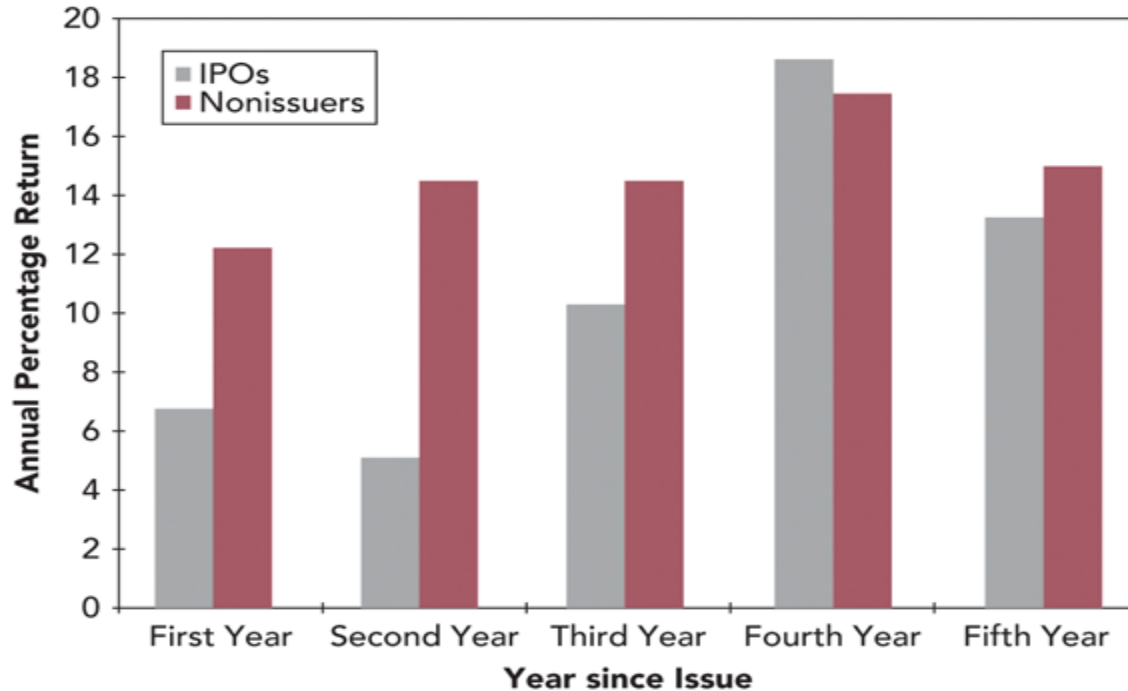
Chronicle Graphic



- 
- Long-Term Performance Following IPOs
    - There is strong evidence that, on average, IPOs of firms perform poorly over a period of a year or longer.
    - From a long-term perspective, many IPOs are overpriced at the time of the issue.
    - This weak performance may be partially attributed to irrational valuations at the time of the IPO, which are corrected over time.
-



# Figure 3.3 Long-term Relative Performance of Initial Public Offerings



**FIGURE 3.3** Long-term relative performance of initial public offerings

Source: Professor Jay R. Ritter's Web site, University of Florida, May 2005, [bear.cba.ufl.edu/ritter/ipodata.htm](http://bear.cba.ufl.edu/ritter/ipodata.htm).

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# Secondary Stock Offerings

- ❑ A secondary stock offering is a new stock offering by a specific firm whose stock is already publicly traded.
  - ❑ Corporations sometimes direct their sales of stock toward their existing shareholders by giving them preemptive rights.
  - ❑ Shelf Registration - Corporations can publicly place securities without the time lag often caused by registering with the SEC.
  - Stock Repurchases
    - ❑ Firms tend to repurchase some of their shares when share prices are at very low levels.
    - ❑ Many stock repurchase plans are viewed as a favorable signal, some investors may ask why the firm does not use its funds to expand its business instead of buying back its stock.
-

IBM US \$ Market

P148.00 / 150.10P

1x1

Prev 148.63

Vol 40

IBM US Equity

98 Report

Page 2/5

Security Description: Equity

1) Profile

2) Issue Info

3) Ratios

4) Revenue & EPS

5) Industry Info

6) Public Offerings | CACS »

Follow-on Offering 12/01/1968, Common Stock IPO 11/11/1915  
 Shares Off/Split Adj 50.00k/800.00k  
 Share Price/Split Adj \$ 328.50/20.53  
 Lead Manager Merrill Lynch & Co

8) Inst Holdings | OWN »

# of Inst. Owners 2,654  
 Shares Owned 607.49M  
 Shares Out/Float 63.2%/59.7%  
 # of Buyers/Sellers 838/1.068k  
 Shares Bought 3.12M

9) Issue Information | RELS »

Sec Type Common Stock  
 Pri Exch New York PAR USD 0.2  
 Pri MIC XNYS  
 Incorpor UNITED STATES (NY)  
 SIC Code 7389 (BUSINESS SVC)  
 FIGI BBG000BLNNH6  
 ISIN US4592001014  
 CUSIP 459200101  
 SEDOL1 2005973 US NAICS 541512  
 Common 009703799 WPK # 851399  
 Sicovam 012964

10) Eq Wgts | WGT »

SPX N.A.  
 INDU 5.775%  
 RAY N.A.  
 RIY N.A.  
 S5INFT N.A.  
 RLV N.A.  
 RLG N.A.  
 OEX N.A.  
 SVX N.A.  
 SPR N.A.

11) Insider Holdings | OWN »


% Held by Insiders 0.09%  
 Net Change Last 6M 4.84%

12) Top Holders | HDS »

as of 03/21/2016  
 BERKSHIRE HATHAWAY INC 8.85%  
 VANGUARD GROUP 6.18%  
 STATE STREET CORP 5.16%  
 BLACKROCK 5.12%  
 STATE FARM INSURANCE... 2.82%  
 BANK OF NEW YORK MELL... 1.48%  
 FMR LLC 1.33%

13) Option | OMON »

Opt/LEAPs/Marginable

AAPL US \$ Market   
 Prev 105.91 Vol 5,383

P105.20 / 105.62Q

1x1

AAPL US Equity 98 Report Page 2/5 Security Description: Equity

1) Profile 2) Issue Info 3) Ratios 4) Revenue & EPS 5) Industry Info

6) Public Offerings | CACS »

Date	Shares	Price	Lead Manager
05/01/1981	2.60M	\$ 31.25	F C Morgan Stanley
12/12/1980	4.60M	\$ 22.00	I C Morgan Stanley

7) More

8) Inst Holdings | OWN »

# of Inst. Owners	3,877
Shares Owned	3.74B
Shares Out/Float	67.5%/65.5%
# of Buyers/Sellers	1.672k/1.4...
Shares Sold	29.94M

9) Issue Information | RELS »

Sec Type	Common Stock		
Pri Exch	NASDAQ GS	PAR	USD 0.00001
Pri MIC	XNGS		
Incorp	UNITED STATES (CA)		
SIC Code	3571 (ELEC COMPUTER)		
FIGI	BBG000B9XRY4		
ISIN	US0378331005		
CUSIP	037833100		
SEDOL1	2046251 US	NAICS	334111
Common	009718834	WPK #	865985
		Sicovam	905635

10) Eq Wgts | WGT »

SPX	N.A.
INDU	4.115%
CCMP	N.A.
NDX	N.A.
RAY	N.A.
RIY	N.A.
S5INFT	N.A.
RLG	N.A.
OEX	N.A.
SPR	N.A.

11) Insider Holdings | OWN »

% Held by Insiders	0.06%
Net Change Last 6M	-2.51%

12) Top Holders | HDS »

as of 03/21/2016

VANGUARD GROUP	5.89%
BLACKROCK	5.69%
STATE STREET CORP	3.92%
FMR LLC	2.82%
JPMORGAN CHASE & CO	1.40%
NORTHERN TRUST CORPO...	1.28%
BANK OF NEW YORK MELL...	1.28%

13) Option | OMON »

Opt/LEAPs/Marginable

# NYSE vs. NASDAQ

	NYSE	NASDAQ
Aggregate market capitalization*	US\$ 12,465 billion	US\$ 3,775 billion
Number of listed companies (excluding investment funds)*:	2,318	2,712
Domestic companies	1,801	2,409
Foreign companies	517	303
Top 3 sectors by number of listed companies (excluding investment funds)	Financials, Industrials, Consumer discretionary	Information technology, Financials, Healthcare

\* Source: August 2011 Complete report of World Federation of Exchanges (Americas region of NASDAQ OMX and NYSE Euronext (US))

## IPO alternatives

<b>IPO Alternative</b>	<b>What is it?</b>	<b>Advantages</b>	<b>Disadvantages</b>
Exempt offerings (144A offerings)	Transactions where securities are sold on a restrictive basis to sophisticated investors with very limited SEC filing and reporting requirements	<ul style="list-style-type: none"><li>• Can be completed more quickly, as there is no SEC review process</li><li>• Funds are raised immediately, but the public company reporting obligations are deferred (in cases where these securities are exchanged for registered securities later)</li></ul>	<ul style="list-style-type: none"><li>• May result in lower pricing than an IPO due to less liquidity for investors</li><li>• Potential investor base is limited to qualified institutional buyers</li><li>• Cost could increase resulting from preparation of offering memorandum plus subsequent registration statement</li></ul>
Reverse Merger / Special Purpose Acquisition Companies (SPACs)	A transaction in which a privately held company merges with a publicly held company.	<ul style="list-style-type: none"><li>• Lower cost and time requirements than an IPO</li><li>• No dependence on market “window”</li><li>• Underwriters are not required, but they can still add valuable support</li></ul>	<ul style="list-style-type: none"><li>• No capital is raised</li><li>• Difficulty in finding the appropriate merger vehicle</li><li>• Exposure to public company risks for a potentially “non-IPO ready” company</li></ul>
Private sale	Sale of equity directly to a private buyer(s) outside of an exchange	<ul style="list-style-type: none"><li>• Can usually complete a larger percentage sale of equity initially</li><li>• Lower cost and time requirements (no SEC review)</li><li>• Underwriters are not required, but they can still add valuable support</li></ul>	<ul style="list-style-type: none"><li>• May result in lower pricing than an IPO</li><li>• Potential loss of future tax benefits</li><li>• Smaller pool of potential buyers</li></ul>