

Equity Capital Markets Update

Quarterly Overview of
U.S. Equity Capital Markets Activity

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Recent William Blair Equity Offerings




<p>\$7,500,000</p>  <p>Oxygen Biotherapeutics[®] <i>Employing O₂. Preserving Life.</i></p> <p>Registered Direct Offering</p> <p>December 2011</p>	<p>\$28,750,000</p>  <p>exact sciences</p> <p>Follow-On Offering</p> <p>December 2011</p>	<p>\$121,388,872</p>  <p>MATTRESSFIRM</p> <p>Initial Public Offering</p> <p>November 2011</p>	<p>\$60,734,375</p>  <p>HealthStream[®]</p> <p>Follow-On Offering</p> <p>November 2011</p>	<p>\$166,359,765</p>  <p>MoneyGram</p> <p>Follow-On Offering</p> <p>November 2011</p>
<p>\$563,640,000</p>  <p>dunkin' brands..</p> <p>Follow-On Offering</p> <p>November 2011</p>	<p>\$805,000,000</p>  <p>GROUPON</p> <p>Initial Public Offering</p> <p>November 2011</p>	<p>\$69,000,000</p>  <p>DYNVAVX DYNVAVX TECHNOLOGIES</p> <p>Confidentially Marketed Follow-On Offering</p> <p>November 2011</p>	<p>\$569,250,000</p>  <p>GNC LIVE WELL.</p> <p>Follow-On Offering</p> <p>October 2011</p>	<p>\$104,650,000</p>  <p>Zeltiq</p> <p>Initial Public Offering</p> <p>October 2011</p>
<p>\$60,000,000</p>  <p>Zogenix[™]</p> <p>Follow-On Offering</p> <p>September 2011</p>	<p>\$84,391,991</p>  <p>Caribou COFFEE</p> <p>Follow-On Offering</p> <p>August 2011</p>	<p>\$7,000,000</p>  <p>agenus</p> <p>Registered Direct</p> <p>August 2011</p>	<p>\$71,875,000</p>  <p>CARBONITE</p> <p>Initial Public Offering</p> <p>August 2011</p>	<p>\$315,000,000</p>  <p>WA Wesco Aircraft</p> <p>Initial Public Offering</p> <p>July 2011</p>
<p>\$181,125,000</p>  <p>SERVICESOURCE</p> <p>Follow-On Offering</p> <p>July 2011</p>	<p>\$139,642,879</p>  <p>TEAVANA</p> <p>Initial Public Offering</p> <p>July 2011</p>	<p>\$486,162,500</p>  <p>dunkin' brands..</p> <p>Initial Public Offering</p> <p>July 2011</p>	<p>\$34,533,120</p>  <p>GenMark Dx[™]</p> <p>Follow-On Offering</p> <p>June 2011</p>	<p>\$240,544,000</p>  <p>PANDORA[®]</p> <p>Initial Public Offering</p> <p>June 2011</p>
<p>\$258,750,000</p>  <p>CoStar GROUP</p> <p>Follow-On Offering</p> <p>May 2011</p>	<p>\$84,000,000</p>  <p>IMMUNOGEN, INC.</p> <p>Confidentially Marketed Follow-On Offering</p> <p>May 2011</p>	<p>\$13,980,000</p>  <p>Mitek systems</p> <p>Confidentially Marketed Follow-On Offering</p> <p>May 2011</p>	<p>\$30,000,000</p>  <p>BIODEL</p> <p>Registered Direct Offering</p> <p>May 2011</p>	<p>\$125,000,000</p>  <p>Jinko^{Solar}</p> <p>Convertible Notes</p> <p>May 2011</p>
<p>\$77,400,000</p>  <p>CHINA ZENIK AUTO INTERNATIONAL LIMITED</p> <p>Initial Public Offering</p> <p>May 2011</p>	<p>\$15,000,000</p>  <p>Mitek systems</p> <p>PIPE</p> <p>May 2011</p>	<p>\$702,190,000</p>  <p>GREEN MOUNTAIN COFFEE ROASTERS</p> <p>Follow-On Offering</p> <p>May 2011</p>	<p>\$127,800,000</p>  <p>THERMON</p> <p>Initial Public Offering</p> <p>May 2011</p>	<p>\$77,895,000</p>  <p>boingo</p> <p>Initial Public Offering</p> <p>May 2011</p>

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Commentary

Overview

Following a disappointing third quarter, U.S. financial markets continued to wrestle with elevated global uncertainty and the ensuing heightened volatility during the final months of 2011. Multiple failed attempts to resolve Europe's worsening sovereign-debt crisis combined with conflicting reports on the state of the U.S. economy triggered continual swings in major stock indexes. In light of the ongoing market turmoil, investor sentiment improved late in the fourth quarter with the release of several positive U.S. economic indicators, helping to ease fears of a double-dip recession. As a result, new issuance started the quarter slowly, but periods of relative market stability in the last two months allowed for bursts of activity. A total of 19 IPOs priced—two in October, 11 in November, and six in December—to yield \$5.5 billion in capital during the fourth quarter. While this marked a significant decline from the 54 IPOs worth \$8.6 billion, excluding General Motors' \$18.1 billion offering, in the year-ago period, when compared with third quarter activity with only 13 deals raising \$2.6 billion, the modest improvement is encouraging. Furthermore, because of a number of blockbuster IPOs during the fourth quarter, the average deal size was roughly \$289 million, an increase of 47% from the third quarter. For the full year, a total of 95 IPOs priced to raise \$33.2 billion in proceeds. Despite more than 30% fewer private companies coming to market as compared with 2010, proceeds from IPOs were up 54.8% year-over-year when excluding General Motors.

Fourth quarter activity was characterized by several large, high-profile deals. Within the technology sector, two of the five largest Internet IPOs in U.S. history priced—discount-deal site Groupon (GRPN) and online social-gaming sensation Zynga (ZNGA)—to continue the string of deals that started with LinkedIn's second-quarter debut. In early November, Groupon raised \$805 million and its shares closed up more than 30% on its first trading day, opening the IPO window briefly. Zynga's offering followed in December and raised \$1 billion after pricing at the top of its range, but unlike Groupon's performance, Zynga received a muted reception and declined on its first two days of trading. Within the consumer sector, luxury retailer Michael Kors (KORS) raised \$1.1 billion to fuel rapid store expansion and closed up 21% in its debut, making the company a stand out among other fourth-quarter issuers.

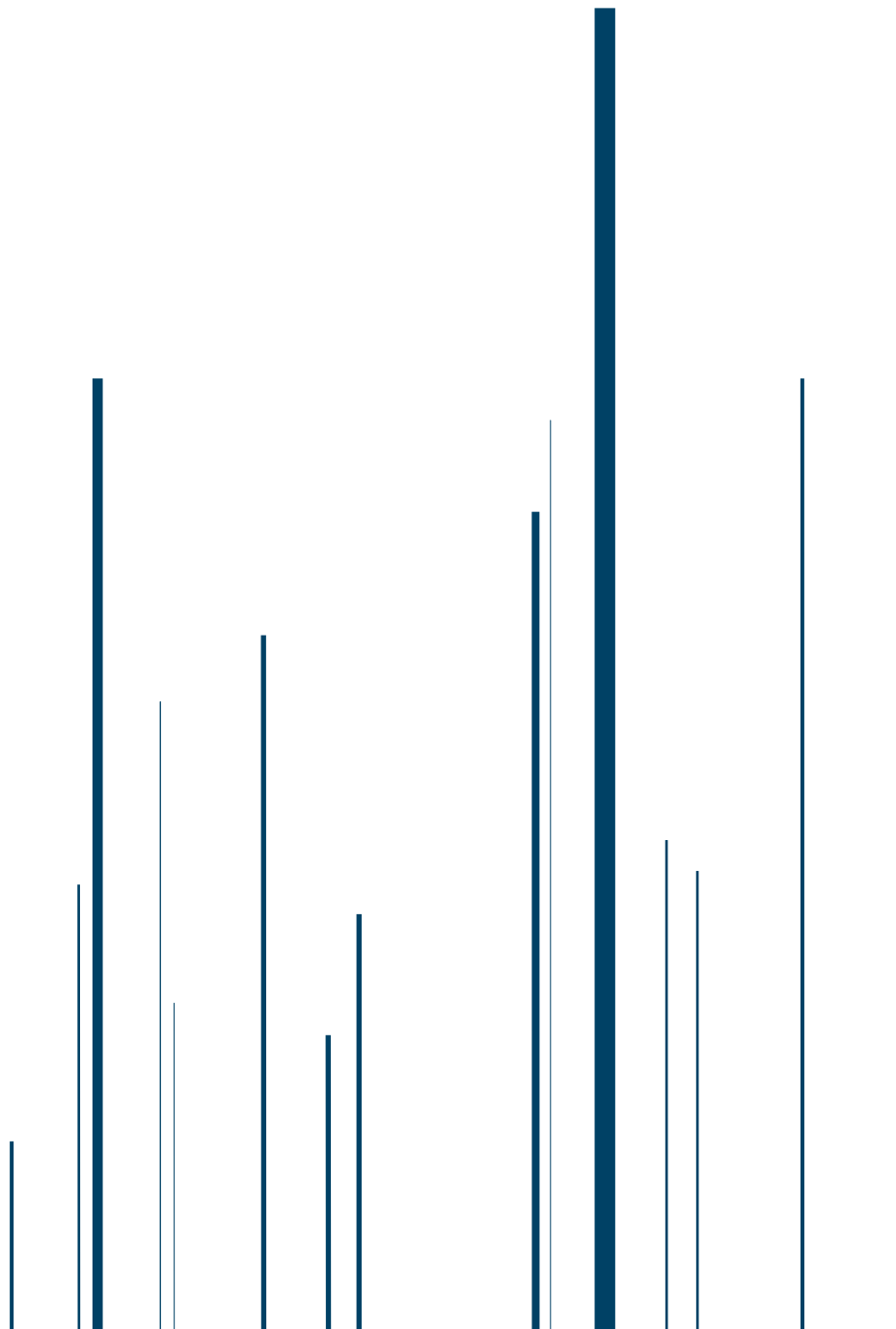
Despite the challenging environment, new filing activity remained surprisingly strong in the fourth quarter evident by 38 initial submissions to the SEC from a diverse set of industries. Most notably, online-review directory Yelp filed its intent to raise \$100 million. With these new additions to the backlog, the year-end pipeline (defined as IPOs initially filed or revised within the past 180 days) remains robust with 88 companies looking to raise more than \$13 billion. Interesting deals already on the sidelines include names such as toy retailer Toys "R" Us, online travel search engine Kayak, party supply retailer Party City, movie theatre chain AMC Entertainment, and auto and mortgage lender Ally Financial. Additionally, there is an equally large "shadow" backlog of companies, such as social network Facebook, shopping site Gilt Groupe, and discount-deal site LivingSocial, which are reliably rumored to be considering an IPO, but have yet to register. The robust pipeline of companies on file and preparing to file is a sign of cautious optimism for a resurgence of activity early in the New Year once markets show some assurance of stability.

Looking ahead to 2012, Europe will continue to be the primary focus of investors' attention as any progress toward concrete debt reductions could act as a market catalyst for improvement. However, with the eurozone crisis aside, the picture in the United States already appears brighter as price-to-earnings ratios of stocks are now at attractive levels, corporate profits continue to surprise to the upside, less risky assets such as gold and U.S. treasuries are priced at near historical highs, and a new batch of earnings are to be released in mid-January. In addition, it is certain that the deal market community will be watching closely as Facebook looks to register and launch an early-2012 IPO in hopes that it can revive the stalled new issuance market like Groupon did. The stage appears set for a more positive 2012 in the equity markets and for new issuances. The key variable to watch will be the return of new money to the equity market after net outflows of \$102 billion in 2011 (through November).

U.S. Equity Capital Markets Highlights

- After a significant decline in third-quarter pricings due to extreme volatility amid concerns of global economic uncertainty, U.S. equity markets exhibited periods of stability in the final months of the year.
- Nineteen IPOs priced in the fourth-quarter, up from 13 in the third-quarter, but significantly down from 55 in the year-ago period.
- November was the most active month in the fourth-quarter with 11 IPOs that raised \$2.3 billion in proceeds, as issuers looked to take advantage of the IPO window opened by Groupon's successful debut.
- The third week in December was equally active with six pricings that yielded \$3.0 billion in proceeds as companies looked to launch before the traditional holiday hiatus.
- The financial sponsor community showed continued interest in equity markets as an avenue to monetize assets as more than 57% of fourth-quarter IPOs were backed by either a private equity or venture capital firm, accounting for nearly \$3.4 billion of total quarterly proceeds.
- Follow-on volume fell 47.9% in the fourth-quarter to 88 deals from 169 in the year-ago period while total proceeds raised declined by more than two-thirds to roughly \$20.5 billion from \$67.5 billion.
- 140 PIPEs/registered directs priced, raising proceeds of \$2.6 billion.
- 10 convertibles priced, raising proceeds of \$3.0 billion.

U.S. Equity
Capital Markets
Update



U.S. Equity Capital Markets Update

Economic Highlights

- Despite disappointing returns for 2011, U.S. equities rallied on positive economic reports in the final three months of the year.
 - DJIA increased 12.0%, to 12,217.6, ending the year up nearly 6% and posting its biggest quarterly point gain in history.
 - S&P 500 rose 11.2% to 1,257.6, and finished 2011 largely flat with 2010's close, marking the index's smallest annual move since 1970.
 - NASDAQ increased 7.9% to 2,605.2, but slipped roughly 2% in 2011.
 - Russell 2000 climbed 15.0% to 740.9, although still declined over 5% in the heavily volatile year.
- Treasuries experienced their best annual return since 2008, causing yields to drop near all-time lows.
- Crude oil prices approached \$100 a barrel in the fourth-quarter, signaling optimism in an economic recovery.
- Gold prices closed the fourth quarter down for the first time in three years, but advanced 10% for the year to \$1,566.80 an ounce, marking the metal's 11th consecutive annual gain as demand for alternative investments rose amid declining equities.
- The CBOE Market Volatility Index fell 45.5% in the fourth quarter to close at 23.40, near its long-term average of 20 and roughly half its 2011 peak.

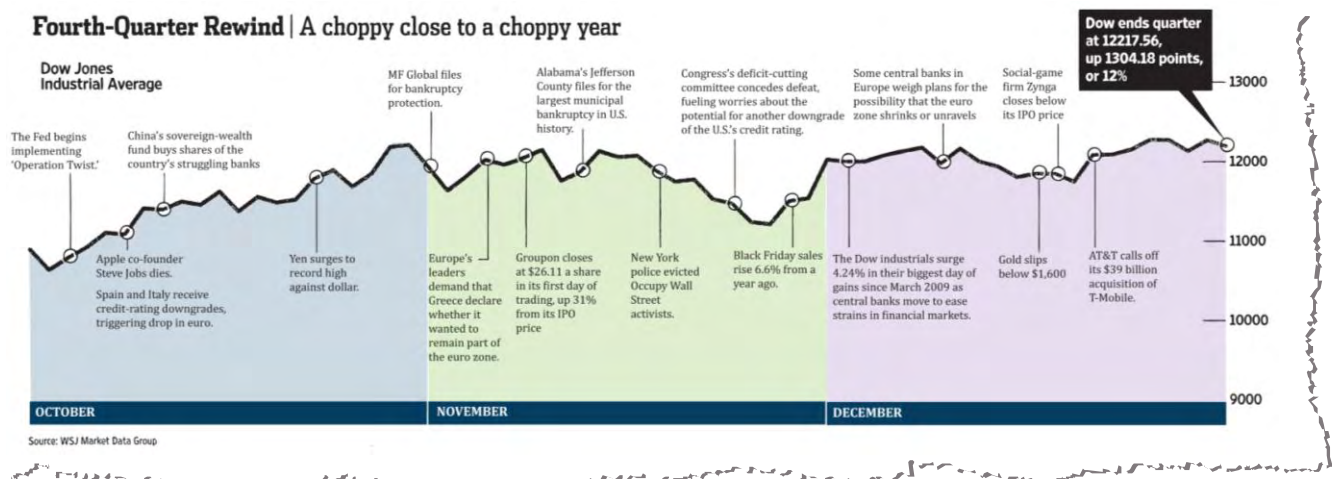
Market Indicators

U.S. GDP Growth					Rates				Historical				Monthly Economic Indicator				
GDP (Q/Q)	3Q11	2Q11	1Q11	4Q10		12/31/11	12/31/10	High	Low		9/30/11	10/31/11	11/30/11				
1.8%	1.3%	0.4%	2.3%		U.S. Treasury 2yr	0.2%	0.6%	9.9%	0.2%	Unemployment Rate	9.1%	9.0%	8.6%				
					U.S. Treasury 5yr	0.8%	2.0%	9.7%	0.8%	Consumer Confidence Index	46.4	40.9	55.2				
					U.S. Treasury 10yr	1.9%	3.3%	15.8%	1.7%	ISM Mfg. Index	55.3	51.6	50.8				
					U.S. Treasury 30yr	2.9%	4.3%	10.3%	2.5%	Capacity Utilization	77.6%	78.0%	77.8%				
					FED Funds	0.3%	0.3%	20.0%	0.3%	Housing Starts	646.0K	627.0K	685.0K				
					3mo LIBOR	0.6%	0.3%	10.6%	0.2%	New Home Sales	306.0K	310.0K	315.0K				
					TED Spread	0.0%	0.1%	17.1%	(0.0%)	Existing Home Sales	4.2M	4.3M	4.4M				
										CPI (%m/m)	0.3%	(0.1%)	(0.0%)				
										PPI (%m/m)	0.8%	(0.3%)	0.3%				
										Retail Sales ex. Auto (%m/m)	0.1%	0.5%	0.6%				
										U. of Michigan Confidence Index	59.4	60.9	64.1				
										Change Non-Farm Payrolls (m/m)	210.0K	100.0K	120.0K				
										Durable New Orders (%m/m)	(1.4%)	0.0%	3.8%				
										Industrial Production (%m/m)	(0.0%)	0.7%	(0.2%)				

Commodities					Currencies				
	12/31/11	12/31/10	High	Low		12/31/11	12/31/10	High	Low
Crude Oil	\$98.83	\$91.38	\$145.29	\$10.42	EUR in USD	1.30	1.34	1.60	0.83
Natural Gas	\$3.02	\$4.42	\$15.38	\$1.05	USD in JPY	76.94	81.11	362.62	75.76
Gold	\$1,566.80	\$1,421.40	\$1,891.90	\$252.80	GBP in USD	1.55	1.57	2.86	1.04

Sources: Bloomberg, FactSet Research Systems, and William Blair & Company, L.L.C. Equity Capital Markets analysis

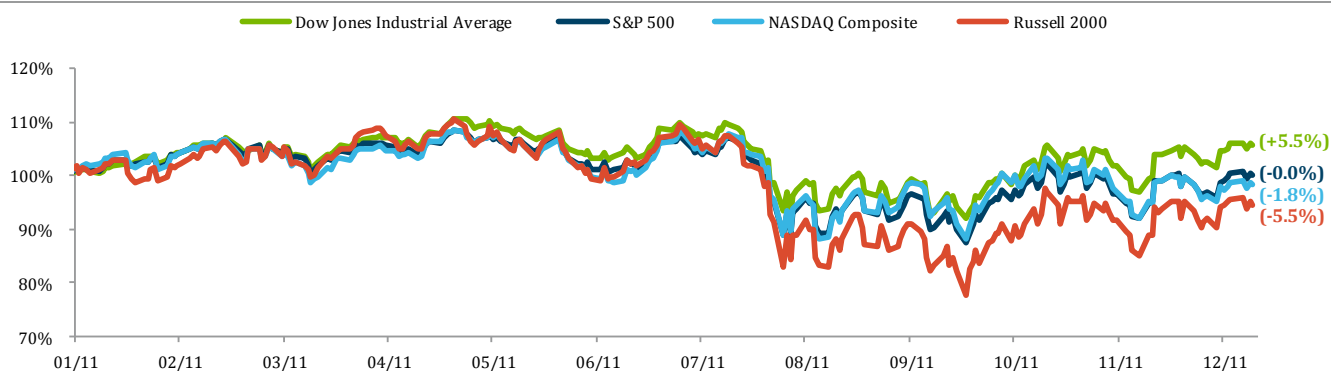
Fourth-Quarter Rewind - A Chippy Close to a Chippy Year



Source: WSJ Market Data Group; excerpt taken from WSJ published 1/3/12, Section R23

Market Sentiment

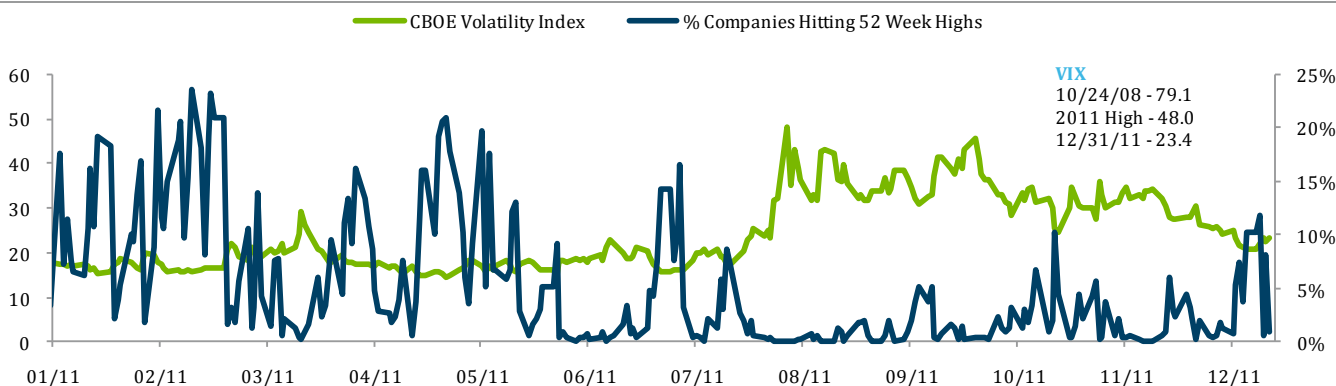
Indexed Performance



Index	Current	4Q11	2011	% Change			Hist. High	P/E		
				52 Week	Since '09 Low	Hist. High		Current	Hist. High	Hist. Low
DOW	12,217.6	12.0%	5.5%	5.5%	86.6%	14,164.5	12.6x	26.8x	7.6x	
S&P 500	1,257.6	11.2%	(0.0%)	(0.0%)	85.9%	1,565.2	13.2x	22.2x	7.0x	
NASDAQ	2,605.2	7.9%	(1.8%)	(1.8%)	105.3%	5,048.6				
R2000	740.9	15.0%	(5.5%)	(5.5%)	115.8%	865.3				

Sources: FactSet Research Systems and William Blair & Company, L.L.C. Equity Capital Markets analysis

Volatility and Performance

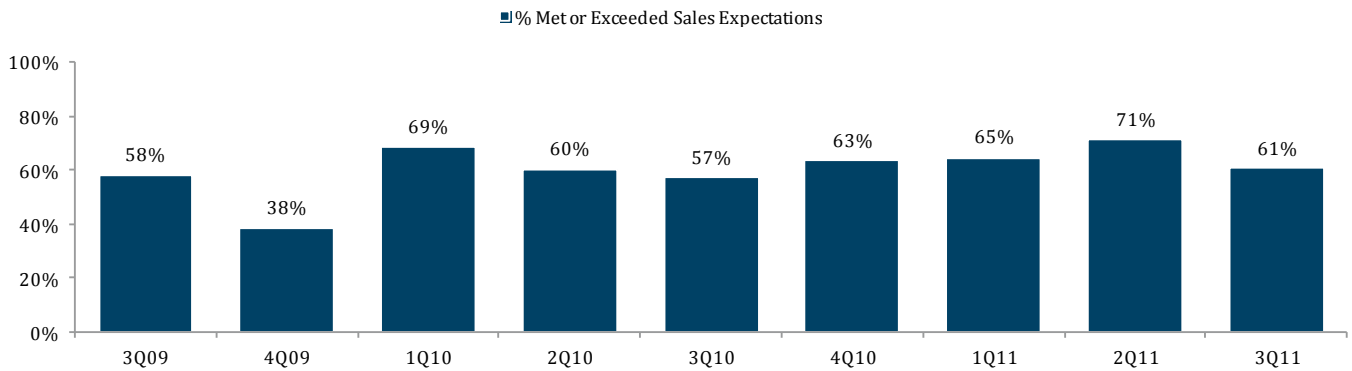


Sources: FactSet Research Systems and William Blair & Company, L.L.C. Equity Capital Markets analysis

Market Sentiment (cont'd)

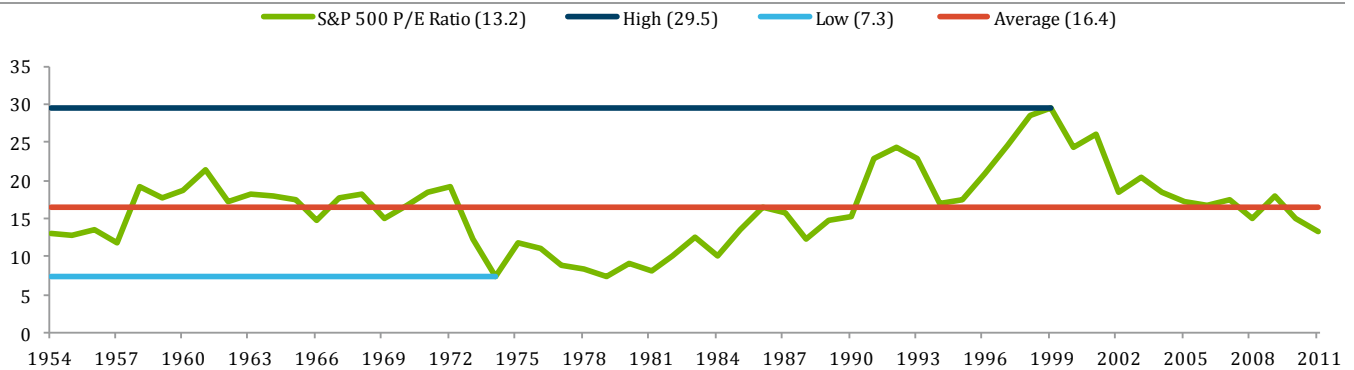
- For the third quarter 2011, the top-line story remained upbeat as 61% of S&P 500 companies reported more revenue than analysts estimated, up from 57% in the year-ago period.
- The S&P 500 P/E ratio, which reflects the performance expectations of the stock market, closed the fourth quarter at 13.2 times, which is lower than the long-term average of 16.4 times, signaling that there is still room for P/E multiple expansion.
- Through November 2011, investors held \$2.7 trillion in money market assets, seeking temporary relief amid the market volatility.
- Investor's risk appetite for stocks continued to decline in the fourth quarter as exemplified by outflows of \$102 billion from equity mutual funds through November 2011.

S&P 500 Top-Line Results



Sources: FactSet Research Systems and William Blair & Company, L.L.C. Equity Capital Markets analysis

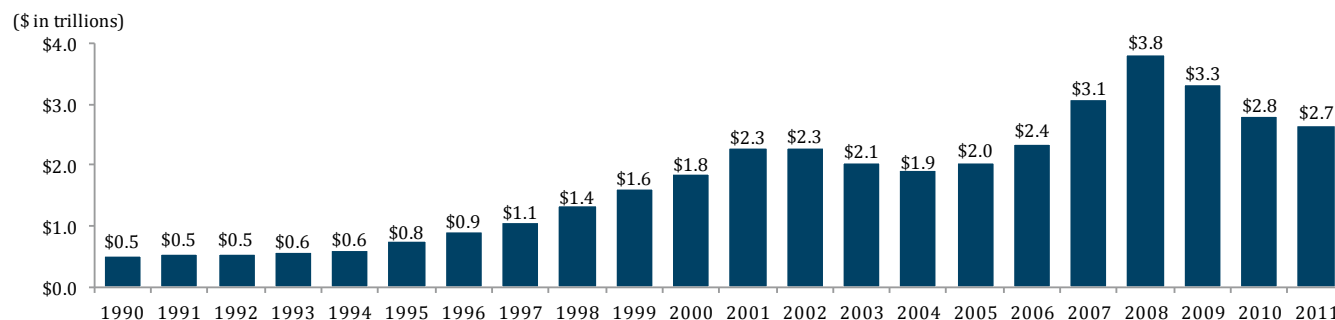
S&P 500 P/E Ratio



Sources: Bloomberg and William Blair & Company, L.L.C. Equity Capital Markets analysis

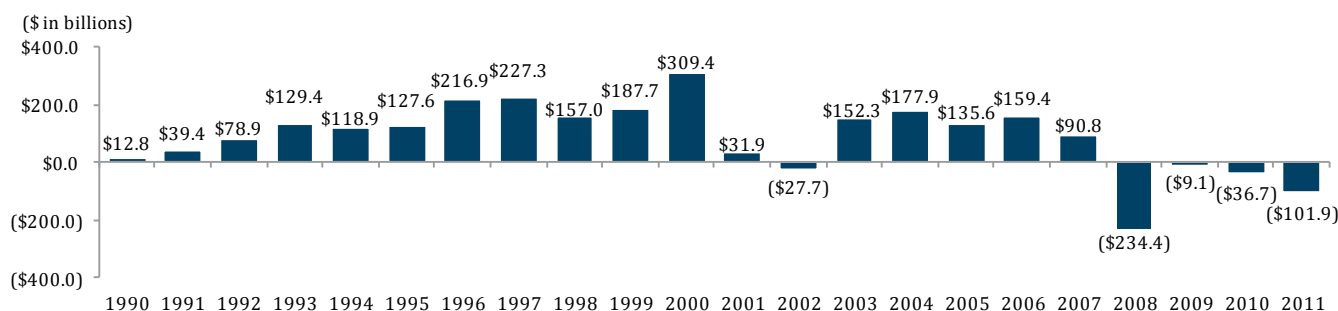
Equity Inflows

Money Market Assets⁽¹⁾



(1) Money market asset volume as of the end of each respective year; current value reflective through November 2011
 Sources: Investment Company Institute, FactSet Research Systems, and William Blair & Company, L.L.C. Equity Capital Markets analysis

Equity Flows to Stock Mutual Funds⁽¹⁾

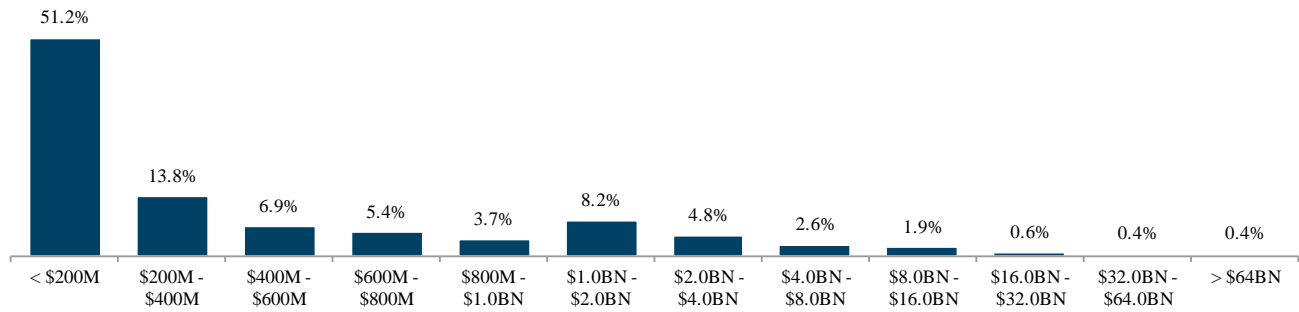


(1) Values reflective of total net inflows (outflows) for each respective year; current values reflective through November 2011
 Sources: Investment Company Institute, FactSet Research Systems, and William Blair & Company, L.L.C. Equity Capital Markets analysis

NASDAQ Composition

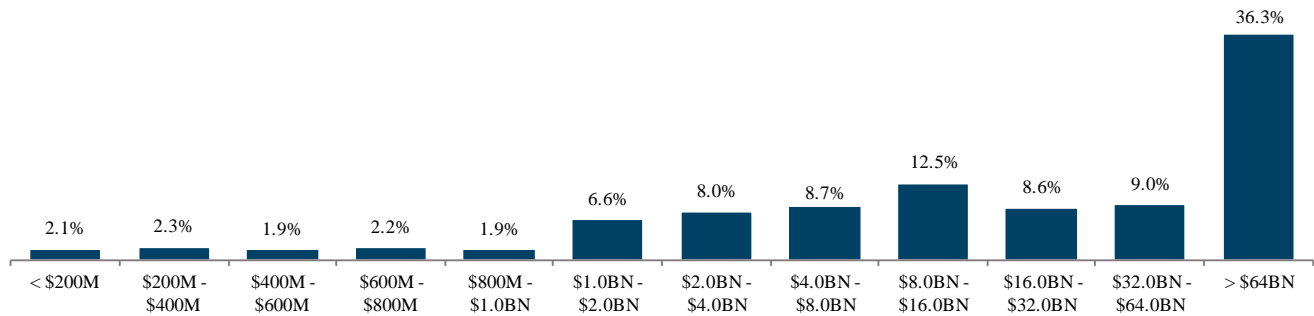
- NASDAQ Composite Index measures all NASDAQ domestic and non-U.S. based common stocks listed on the NASDAQ Stock Market and consists of more than 5,000 companies, more than most other stock market indexes
- 81% of companies listed on the NASDAQ exchange have market caps less than \$1 billion.
- However, they represent only a small fraction—about 10%—of the NASDAQ total value.

Percentage of Companies on NASDAQ by Market Cap



Sources: Capital IQ and William Blair & Company, L.L.C. Equity Capital Markets analysis

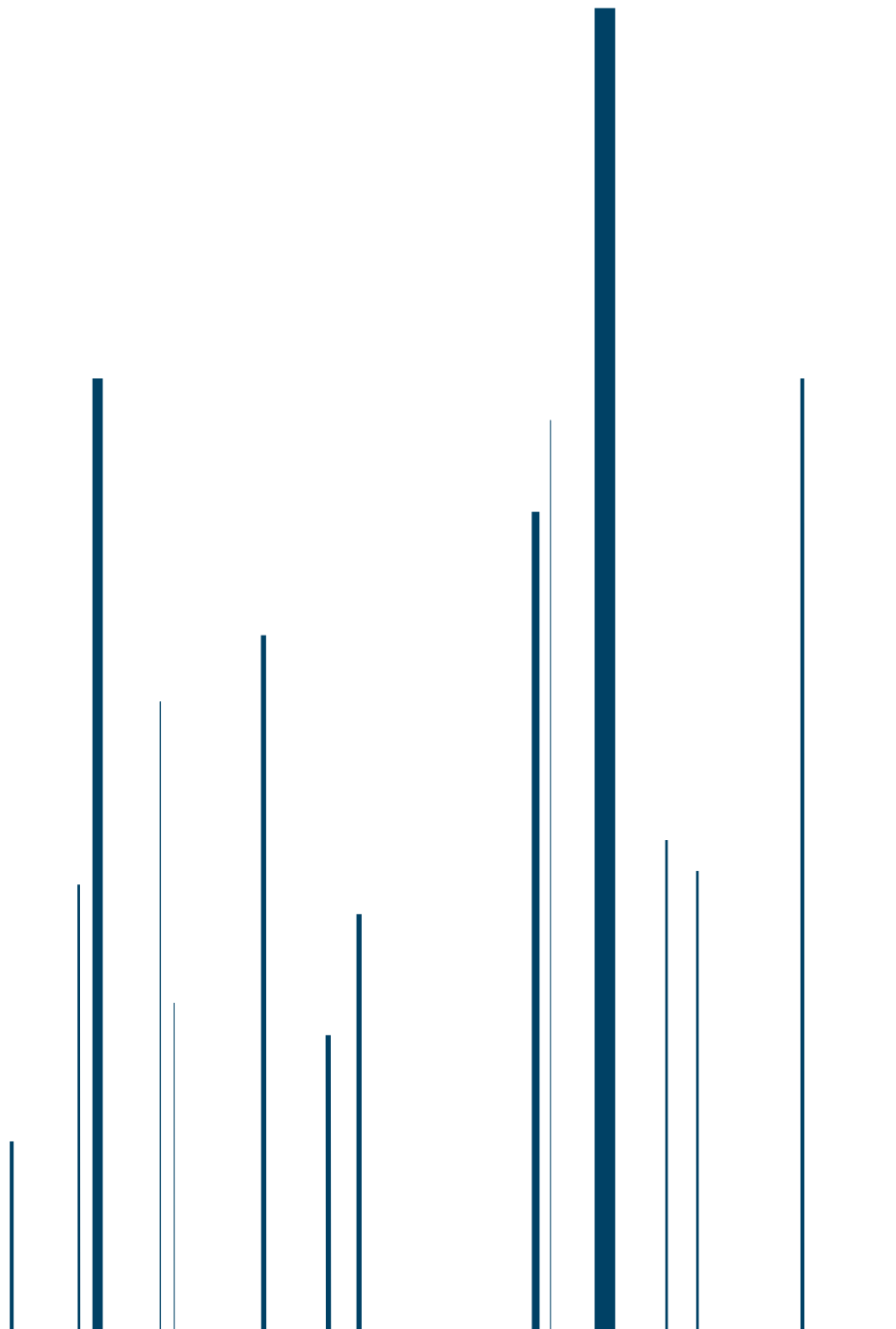
Market Cap of Companies as a Percentage of NASDAQ Total Value



Sources: Capital IQ and William Blair & Company, L.L.C. Equity Capital Markets analysis

William Blair

Initial Public Offerings



Initial Public Offerings

Recent U.S. Activity

- After continued periods of volatility in the fourth quarter, the U.S. IPO market remained depressed, resulting largely from the ongoing debt crisis in Europe.
- While 38 IPOs filed and 19 priced (more than half below the range), 25 companies withdrew plans given unfavorable market conditions or valuation expectations.
- For the year, 95 IPOs priced (64% in or above the range) with an average deal value of roughly \$350 million.

2011 IPO Summary

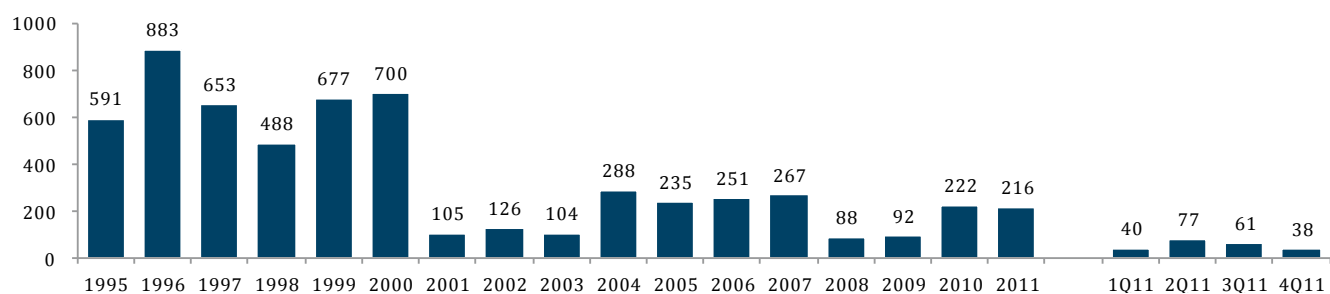
(\$ in millions except per share amounts)

	ALL: 95 IPOs		Priced Above Range: 30 IPOs (31%)		Priced In Range: 31 IPOs (33%)		Priced Below Range: 34 IPOs (36%)	
	Mean	Median	Mean	Median	Mean	Median	Mean	Median
Deal Value	\$349.8	\$163.0	\$536.0	\$213.1	\$371.9	\$131.5	\$165.3	\$126.7
Market Cap at Pricing	\$1,844.2	\$695.1	\$2,995.2	\$1,216.3	\$1,966.0	\$527.0	\$717.7	\$457.2
Shares Offered/Shares O/S	25.1%	23.8%	21.3%	21.0%	24.0%	23.0%	29.4%	25.1%
% Secondary Shares	22.1%	5.5%	35.8%	29.9%	19.2%	5.6%	12.5%	0.0%
% Change Initial Filing/Offer								
Shares	15.0%	15.0%	18.7%	15.0%	8.8%	15.0%	17.4%	11.3%
Price	(2.1%)	0.0%	25.0%	20.0%	0.1%	0.0%	(28.1%)	(22.9%)
Price Performance % Change								
Offer/1 Day	13.2%	5.2%	35.1%	27.0%	0.0%	2.3%	0.0%	0.3%
Offer/12-31-11	(14.6%)	(21.5%)	(4.5%)	2.5%	(15.9%)	(13.9%)	(22.2%)	(27.1%)
2011E								
EBITDA	\$296.5	\$81.9	\$226.0	\$44.4	\$454.8	\$62.2	\$182.8	\$134.8
EPS	\$0.8	\$0.6	\$0.7	\$0.5	\$0.8	\$0.5	\$0.9	\$0.8
P/E	25.7x	19.8x	32.0x	33.2x	29.3x	24.4x	15.6x	13.9x
2012E								
EBITDA	\$361.2	\$105.5	\$275.8	\$95.1	\$560.1	\$95.1	\$207.4	\$148.4
EPS	\$0.9	\$0.7	\$0.8	\$0.6	\$1.0	\$0.6	\$1.0	\$1.0
P/E	20.5x	16.5x	29.0x	24.8x	21.0x	19.1x	10.3x	11.5x
TEV	\$2,444.3	\$597.5	\$3,972.0	\$954.6	\$2,664.4	\$504.5	\$895.6	\$383.7
TEV/								
2011E EBITDA	12.4x	10.3x	16.7x	13.4x	12.1x	8.6x	8.7x	6.5x
2012E EBITDA	11.7x	8.5x	18.1x	13.3x	9.6x	6.3x	6.2x	6.1x
LTGR	29.7%	22.5%	29.8%	28.0%	33.1%	20.0%	22.3%	20.0%
CY2012E P/E/LTGR	1.0x	1.0x	1.1x	1.0x	1.0x	1.0x	0.6x	0.7x

Sources: FactSet Research Systems, Dealogic, and William Blair & Company, L.L.C. Equity Capital Markets analysis

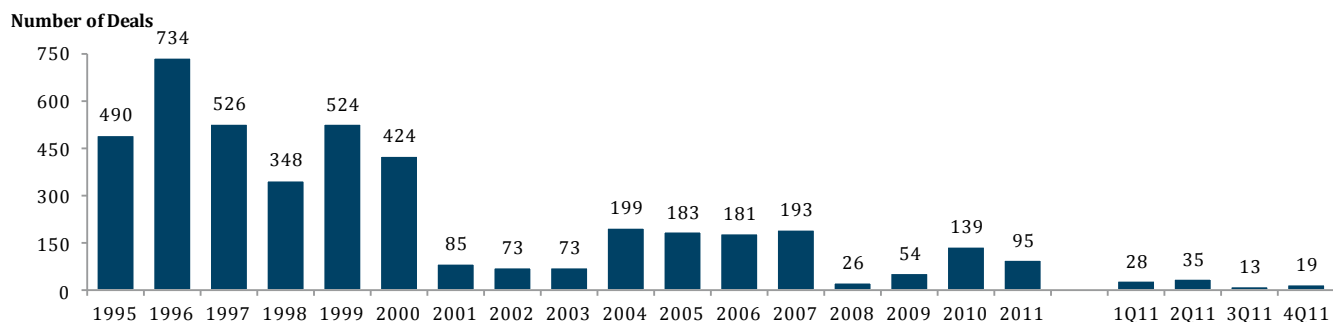
IPOs Filed

Number of Deals



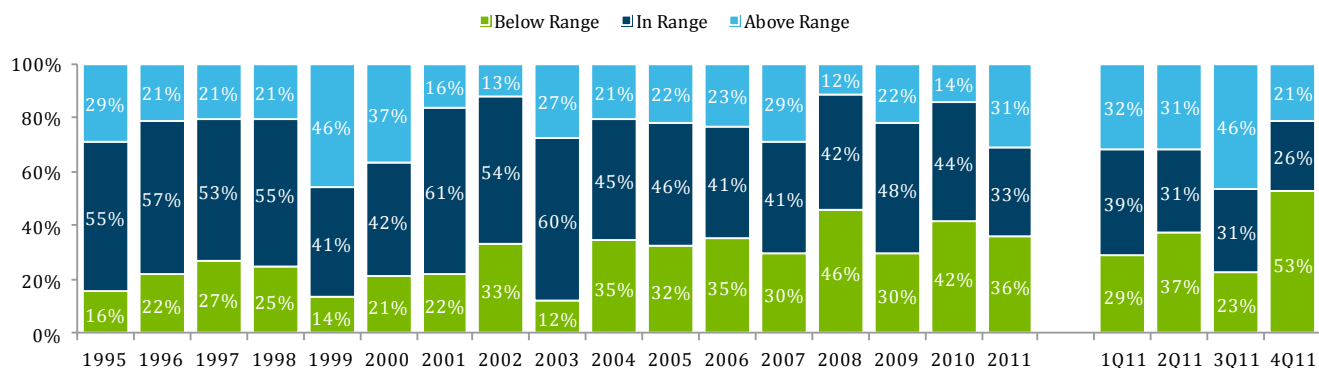
Sources: Dealogic and William Blair & Company, L.L.C. Equity Capital Markets analysis

IPOs Priced



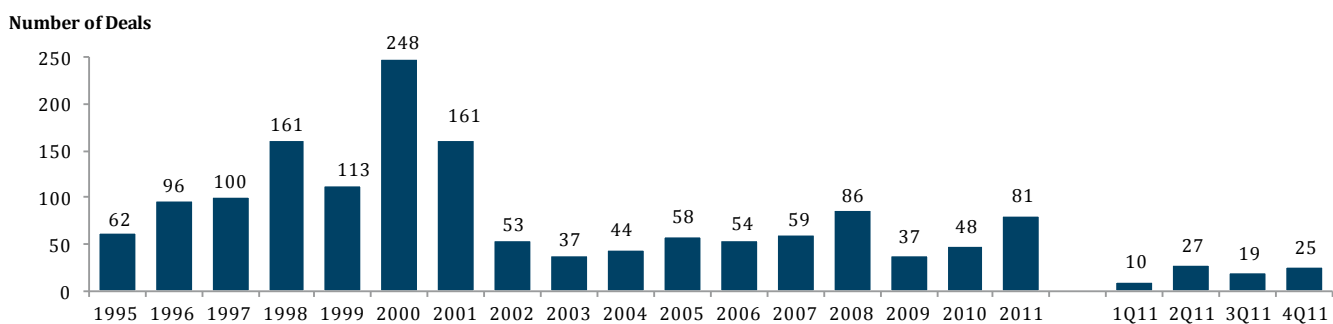
Sources: Dealogic and William Blair & Company, L.L.C. Equity Capital Markets analysis

Pricing Relative to Initial Filing Range



Sources: Dealogic and William Blair & Company, L.L.C. Equity Capital Markets analysis

IPOs Withdrawn



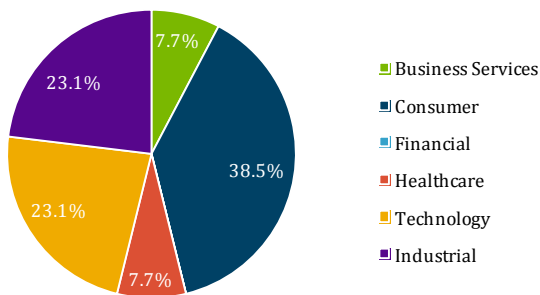
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Recent U.S. Activity (cont'd)

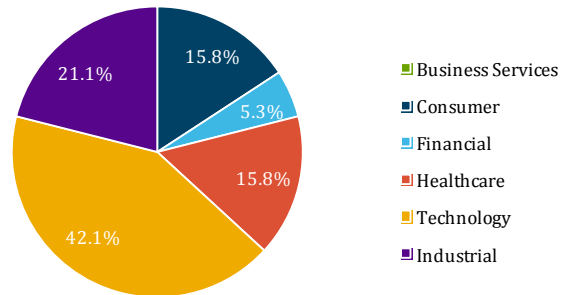
- A large number of Internet and software companies generated investor interest—42% of fourth-quarter IPOs were technology companies.
- Sponsor-backed issuance continued to be strong, representing nearly 60% of offerings in the fourth quarter.
- Fourth-quarter aftermarket performance declined significantly with IPOs climbing an average of only 7.6% on day one, down from 23.8% in the third quarter, because of companies like Zynga that experienced no pop at all.
- However, given the strong first half of the year, the average first-day pop increased to 13.2% in 2011, up from both 2009 and 2010 levels.
- For the year, U.S. IPOs returned an average of -21.5%, significantly below the S&P 500 and NASDAQ.

Issuance by Sector

3Q11



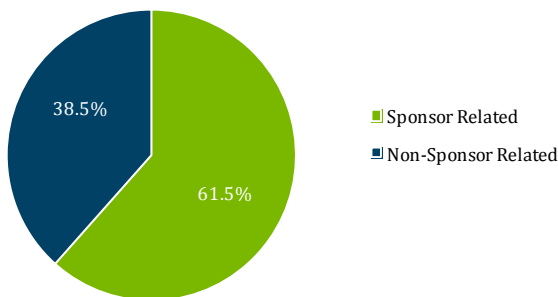
4Q11



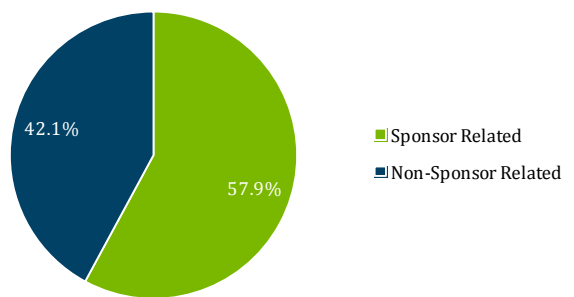
Sources: Dealogic and William Blair & Company, L.L.C. Equity Capital Markets analysis

Issuance With Sponsor Involvement

3Q11



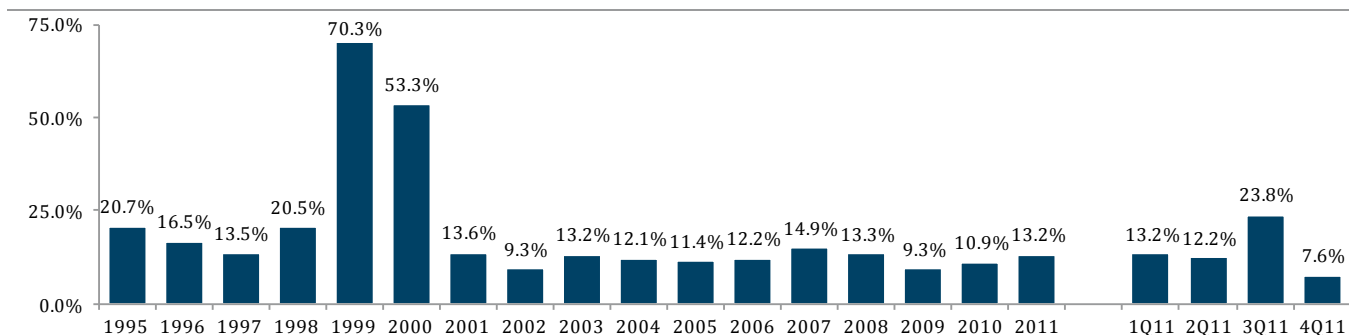
4Q11



Sources: Dealogic and William Blair & Company, L.L.C. Equity Capital Markets analysis

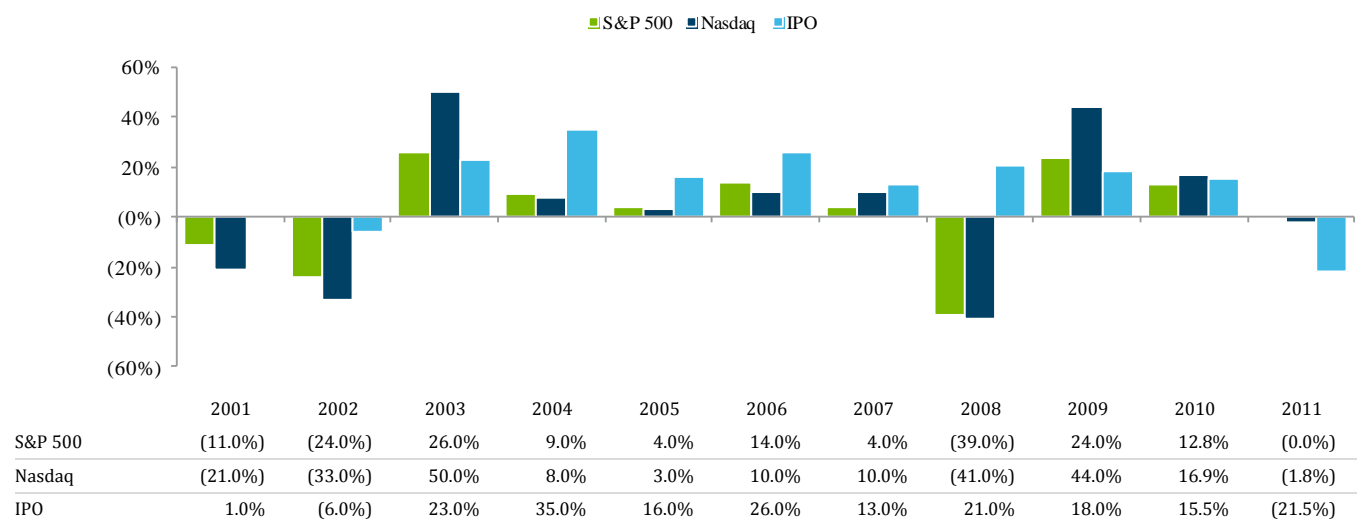
IPO Performance

Average One-Day Performance



Sources: Dealogic and William Blair & Company, L.L.C. Equity Capital Markets analysis

IPO Performance vs. Market⁽¹⁾



(1) Return on IPO is calculated as the median return at year end for each specific period

Sources: Dealogic, FactSet Research Systems, and William Blair & Company, L.L.C. Equity Capital Markets analysis

IPO Performance (cont'd)

- Michael Kors, the fashion design company, led the biggest IPO by deal value in the fourth quarter, raising \$1.1 billion after upsizing the deal given the overwhelmingly strong demand.
- Imperva, the data security company, enjoyed a strong opening as a public company, experiencing the biggest gain on its first day of trading in the fourth quarter. After pricing at \$18.00, above its range of \$14.00-\$16.00, the company's stock price surged an impressive 33% despite unfavorable market conditions.
- Both Michael Kors and Imperva are the standouts of the fourth quarter as they continue to perform well in the market, increasing 36% and 80% from their offer prices, respectively.

4Q11 Top 10 IPOs by Deal Value

Offer Date	Ticker Symbol	Issuer	Initial Filing Range	Shares/ADS Offered (mm)	Offer Price	Deal Value Inc Ovl (mm)	Market Value at Pricing (mm)	Price Performance % Change			General Industry
								Initial Midpoint/Offer	% Offer/1 Day	Offer/12/31/11	
12/14/11	KORS	Michael Kors Holdings Ltd	\$17.00 - \$19.00	54.3	\$20.00	\$1,085.6	\$3,815.9	11.1%	21.0%	35.8%	Retail
12/15/11	ZNGA	Zynga Inc	\$8.50 - \$10.00	100.0	\$10.00	\$1,000.0	\$6,993.7	8.1%	(5.0%)	(5.5%)	Computers & Electronics
11/3/11	GRPN	Groupon Inc	\$16.00 - \$18.00	40.3	\$20.00	\$805.0	\$12,756.1	17.6%	30.6%	(3.7%)	Computers & Electronics
11/16/11	DLPH	Delphi Automotive plc	\$22.00 - \$24.00	24.1	\$22.00	\$529.7	\$7,221.4	(4.3%)	(3.1%)	1.1%	Auto/Truck
12/14/11	LPI	Laredo Petroleum Holdings Inc	\$18.00 - \$20.00	20.1	\$17.00	\$342.1	\$2,133.5	(10.5%)	6.5%	30.7%	Oil & Gas
12/13/11	SN	Sanchez Energy Corp	\$24.00 - \$26.00	10.0	\$22.00	\$220.0	\$726.0	(12.0%)	(17.1%)	(20.8%)	Oil & Gas
12/12/11	JIVE	Jive Software Inc	\$8.00 - \$10.00	15.5	\$12.00	\$185.5	\$708.8	33.3%	25.4%	33.8%	Computers & Electronics
12/14/11	BCEI	Bonanza Creek Energy Inc	\$20.00 - \$22.00	10.0	\$17.00	\$170.0	\$672.4	(19.0%)	(19.9%)	(23.0%)	Oil & Gas
11/17/11	MN	Manning & Napier Inc	\$15.00 - \$17.00	13.6	\$12.00	\$163.0	\$1,066.8	(25.0%)	0.0%	4.2%	Finance
11/15/11	CLVS	Clovis Oncology Inc	\$13.00 - \$15.00	10.7	\$13.00	\$139.1	\$281.6	(7.1%)	(3.4%)	7.5%	Healthcare

Sources: Dealogic, FactSet Research Systems, and William Blair & Company, L.L.C. Equity Capital Markets analysis

4Q11 Top 10 IPOs by One-Day Pop

Offer Date	Ticker Symbol	Issuer	Initial Filing Range	Shares/ADS Offered (mm)	Offer Price	Deal Value Inc Ovl (mm)	Market Value at Pricing (mm)	Price Performance % Change			General Industry
								Initial Midpoint/Offer	% Offer/1 Day	Offer/12/31/11	
11/8/11	IMPV	Imperva Inc	\$14.00 - \$16.00	5.8	\$18.00	\$103.5	\$397.8	20.0%	33.3%	80.3%	Computers & Electronics
11/3/11	GRPN	Groupon Inc	\$16.00 - \$18.00	40.3	\$20.00	\$805.0	\$12,756.1	17.6%	30.6%	(3.7%)	Computers & Electronics
12/12/11	JIVE	Jive Software Inc	\$8.00 - \$10.00	15.5	\$12.00	\$185.5	\$708.8	33.3%	25.4%	33.8%	Computers & Electronics
11/16/11	ANGI	Angie's List Inc	\$11.00 - \$13.00	10.1	\$13.00	\$131.5	\$722.7	8.3%	25.1%	16.1%	Computers & Electronics
12/14/11	KORS	Michael Kors Holdings Ltd	\$17.00 - \$19.00	54.3	\$20.00	\$1,085.6	\$3,815.9	11.1%	21.0%	35.8%	Retail
10/18/11	ZLTQ	ZELTIQ Aesthetics Inc	\$14.00 - \$16.00	8.1	\$13.00	\$104.7	\$425.9	(13.3%)	19.2%	(11.8%)	Healthcare
11/15/11	INVN	InvenSense Inc	\$8.50 - \$10.50	11.5	\$7.50	\$86.3	\$594.9	(21.1%)	18.7%	32.8%	Computers & Electronics
10/13/11	UBNT	Ubiquiti Networks Inc	\$20.00 - \$22.00	8.1	\$15.00	\$121.4	\$1,345.5	(28.6%)	16.7%	23.3%	Telecommunications
11/17/11	MFRM	Mattress Firm Holding Corp	\$17.00 - \$19.00	6.4	\$19.00	\$121.4	\$632.0	5.6%	15.8%	30.3%	Retail
12/14/11	LPI	Laredo Petroleum Holdings Inc	\$18.00 - \$20.00	20.1	\$17.00	\$342.1	\$2,133.5	(10.5%)	6.5%	30.7%	Oil & Gas

Sources: Dealogic, FactSet Research Systems, and William Blair & Company, L.L.C. Equity Capital Markets analysis

4Q11 Top 10 IPOs by Offer/Current Performance

Offer Date	Ticker Symbol	Issuer	Initial Filing Range	Shares/ADS Offered (mm)	Offer Price	Deal Value Inc Ovl (mm)	Market Value at Pricing (mm)	Price Performance % Change			General Industry
								Initial Midpoint/Offer	% Offer/1 Day	Offer/12/31/11	
11/8/11	IMPV	Imperva Inc	\$14.00 - \$16.00	5.8	\$18.00	\$103.5	\$397.8	20.0%	33.3%	80.3%	Computers & Electronics
12/14/11	KORS	Michael Kors Holdings Ltd	\$17.00 - \$19.00	54.3	\$20.00	\$1,085.6	\$3,815.9	11.1%	21.0%	35.8%	Retail
12/12/11	JIVE	Jive Software Inc	\$8.00 - \$10.00	15.5	\$12.00	\$185.5	\$708.8	33.3%	25.4%	33.8%	Computers & Electronics
11/15/11	INVN	InvenSense Inc	\$8.50 - \$10.50	11.5	\$7.50	\$86.3	\$594.9	(21.1%)	18.7%	32.8%	Computers & Electronics
12/14/11	LPI	Laredo Petroleum Holdings Inc	\$18.00 - \$20.00	20.1	\$17.00	\$342.1	\$2,133.5	(10.5%)	6.5%	30.7%	Oil & Gas
11/17/11	MFRM	Mattress Firm Holding Corp	\$17.00 - \$19.00	6.4	\$19.00	\$121.4	\$632.0	5.6%	15.8%	30.3%	Retail
10/13/11	UBNT	Ubiquiti Networks Inc	\$20.00 - \$22.00	8.1	\$15.00	\$121.4	\$1,345.5	(28.6%)	16.7%	23.3%	Telecommunications
11/16/11	ANGI	Angie's List Inc	\$11.00 - \$13.00	10.1	\$13.00	\$131.5	\$722.7	8.3%	25.1%	16.1%	Computers & Electronics
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11/17/11	MN	Manning & Napier Inc	\$15.00 - \$17.00	13.6	\$12.00	\$163.0	\$1,066.8	(25.0%)	0.0%	4.2%	Finance

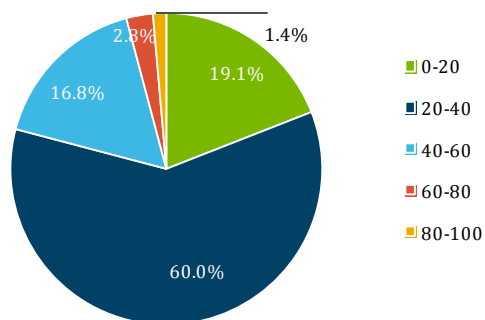
Sources: Dealogic, FactSet Research Systems, and William Blair & Company, L.L.C. Equity Capital Markets analysis

IPO Structure & Composition

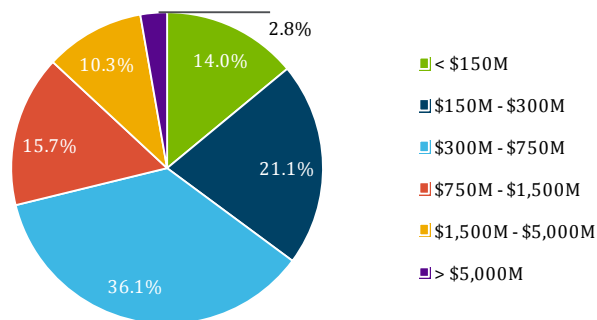
- About 60% of all companies to go public between 2005 and 2011 sold between 20% and 40%, and nearly 60% had market caps between \$150 million and \$750 million.
- Nearly 50% of all IPOs priced between 2005 and 2011 had a secondary share component, which averaged 38% overall.

IPO Size and Structure Considerations⁽¹⁾

Percentage of Company Sold

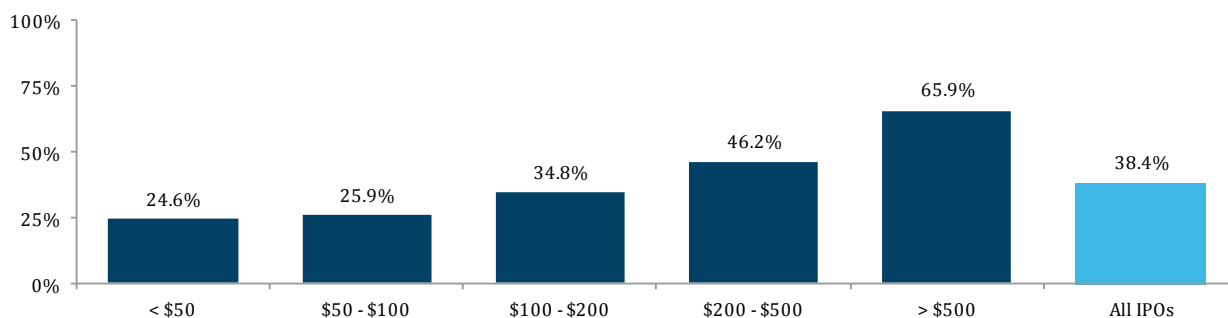


Market Cap at Offering



(1) Data represents IPOs priced 2005 through 2011
Sources: Dealogic and William Blair & Company, L.L.C. Equity Capital Markets analysis

Average Secondary Share Component by Deal Value⁽¹⁾



	< \$50	\$50 - \$100	\$100 - \$200	\$200 - \$500	> \$500	All IPOs
Total Offerings	130	222	256	175	88	871
Total Offerings w/ Secondary Shares	13(10%)	97(44%)	150(59%)	104(59%)	40(45%)	404(46%)

(1) Data represents IPOs priced 2005 through 2011; average secondary share percentages derived from IPOs having secondary components greater than zero only
Sources: Dealogic and William Blair & Company, L.L.C. Equity Capital Markets analysis

Characteristics of Recent Companies to Go Public⁽¹⁾⁽²⁾

(\$ in millions)

Percentile	Total Offering Size	Market Value at Pricing	Ownership Dilution	Secondary Shares as a % of Offering	LTM Revenue	LTM EBITDA	LTM EBITDA Margin
100%	\$4,353.9	\$21,210.0	83.0%	100.0%	\$30,683.0	\$4,205.0	60.9%
95%	\$1,190.4	\$7,453.6	43.3%	100.0%	\$4,879.0	\$926.0	47.5%
90%	\$871.9	\$5,018.7	33.8%	79.2%	\$1,863.2	\$220.2	36.0%
80%	\$388.0	\$2,137.9	26.9%	42.5%	\$611.8	\$186.2	29.6%
70%	\$226.6	\$1,286.0	22.9%	28.9%	\$323.1	\$84.7	23.2%
60%	\$189.4	\$825.9	19.7%	18.4%	\$202.0	\$66.8	18.5%
50%	\$163.0	\$695.1	17.3%	5.6%	\$133.9	\$37.5	15.4%
40%	\$131.8	\$533.1	15.3%	0.0%	\$98.1	\$26.1	12.1%
30%	\$99.1	\$359.9	12.8%	0.0%	\$78.7	\$15.8	8.6%
20%	\$79.3	\$278.0	8.1%	0.0%	\$45.0	\$6.6	6.1%
10%	\$49.7	\$176.3	4.0%	0.0%	\$22.9	\$4.3	4.0%
5%	\$41.3	\$124.3	0.0%	0.0%	\$9.4	\$3.5	3.0%
1%	\$15.9	\$91.8	0.0%	0.0%	\$0.8	\$1.5	1.4%

(1) Data represents IPOs priced within the last 12 months (December 31, 2011)

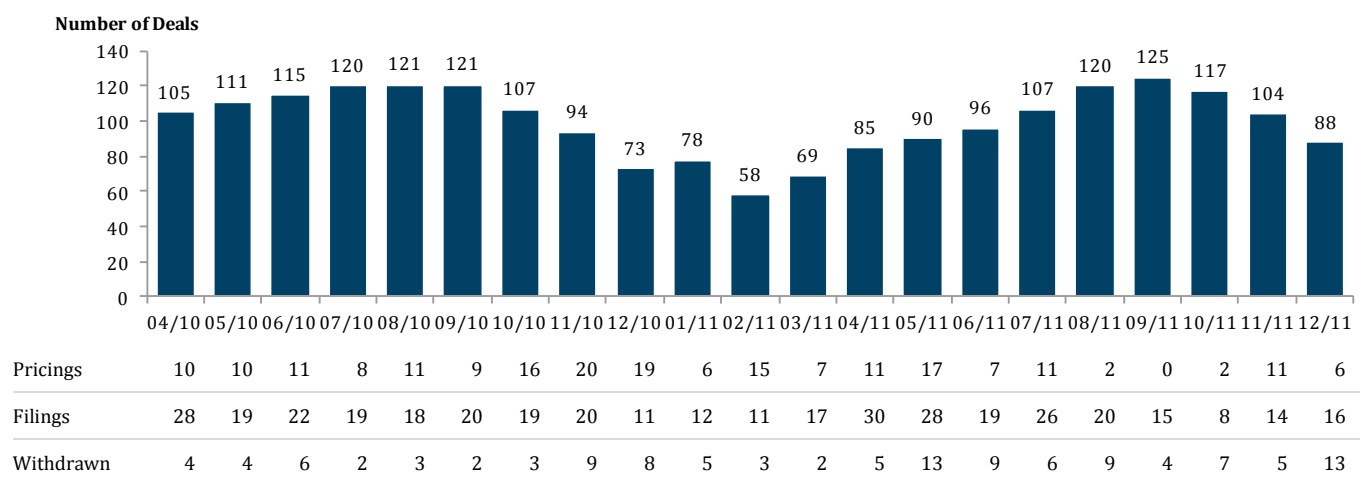
(2) Each category is sorted independently of each other by decile

Sources: Dealogic, Capital IQ, and William Blair & Company, L.L.C. Equity Capital Markets analysis

IPO Outlook

- Despite the tumultuous market environment, new filing activity remained surprisingly strong in the fourth quarter as 38 companies submitted their initial registration statements with the SEC. This suggests that private companies still view IPOs as a viable option for raising capital once volatility subsides.
- The year-end U.S. backlog contains 88 companies, which are expected to raise roughly \$13 billion in combined gross proceeds. Consumer and technology companies comprise the majority of the backlog, representing 35% and 31%, respectively.
- Companies with sponsor involvement represent nearly 50% of the backlog, up from 37% in the third quarter.
- Given the large backlog, a surge of activity is anticipated from issuers across all sectors once the market improves and the IPO window reopens.

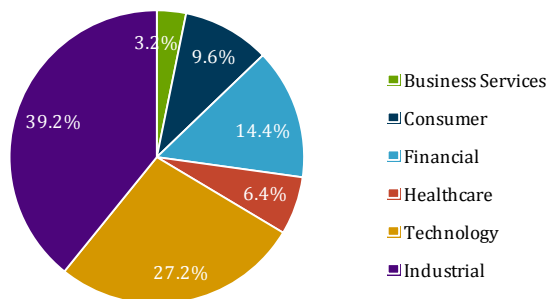
IPO Backlog⁽¹⁾



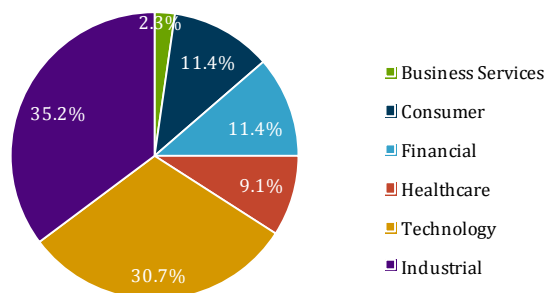
(1) Backlog defined as IPOs initially filed or revised within the last 180 days; values are as of month end for each respective month
Sources: Dealogic and William Blair & Company, L.L.C. Equity Capital Markets analysis

Backlog by Sector⁽¹⁾

3Q11



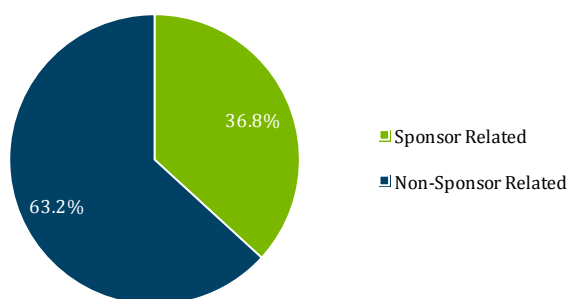
4Q11



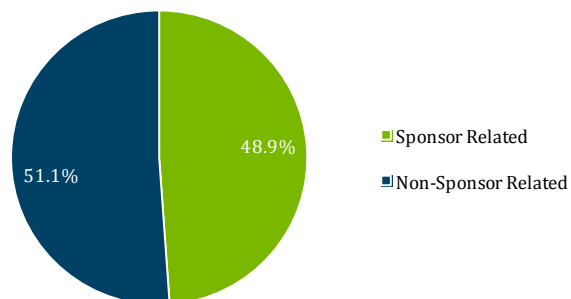
(1) Backlog defined as IPOs initially filed or revised within the last 180 days; values are as of quarter end for each respective quarter
Sources: Dealogic and William Blair & Company, L.L.C. Equity Capital Markets analysis

Backlog With Sponsor Involvement⁽¹⁾

3Q11



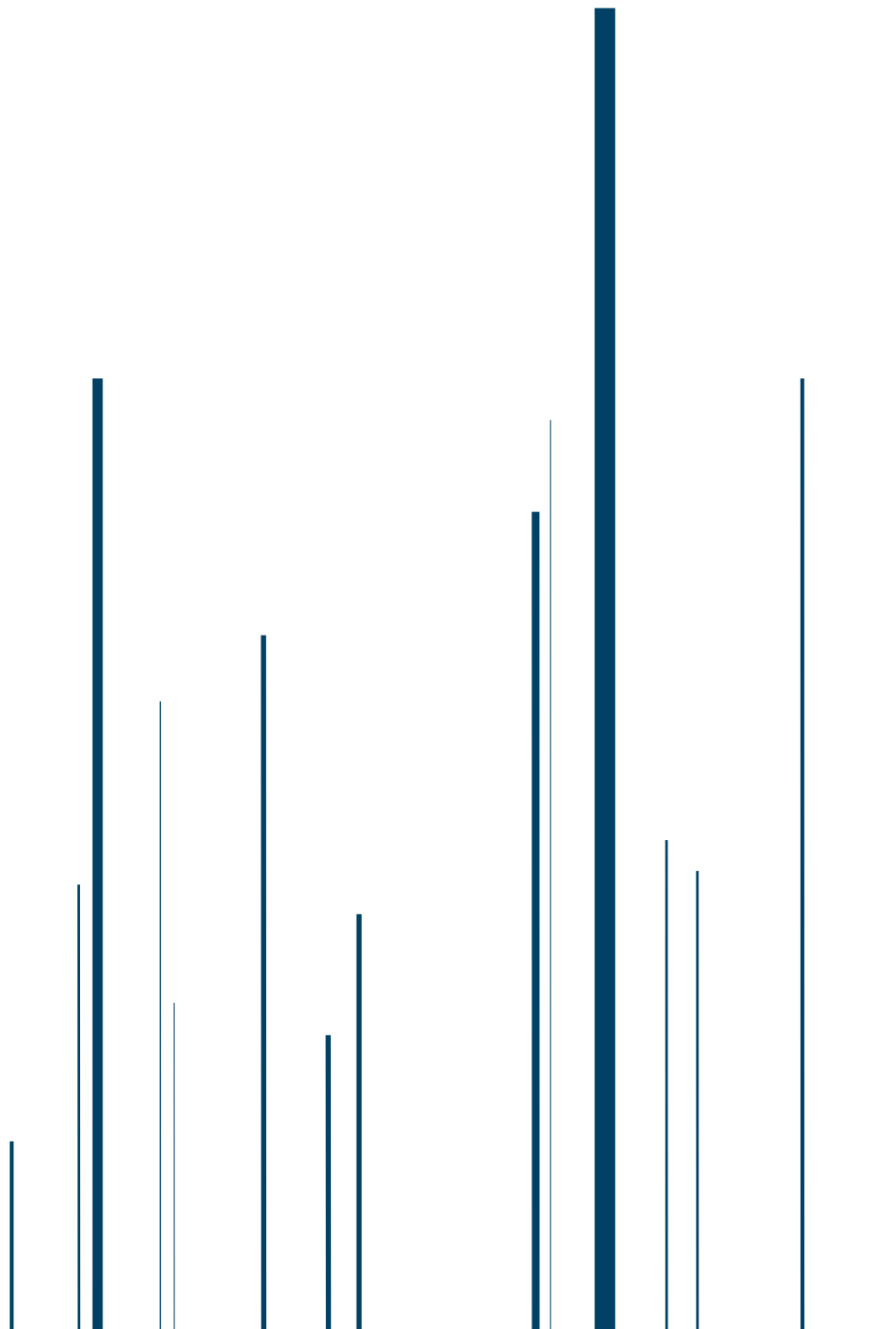
4Q11



(1) Backlog defined as IPOs initially filed or revised within the last 180 days; values are as of quarter end for each respective quarter
Sources: Dealogic and William Blair & Company, L.L.C. Equity Capital Markets analysis

William Blair

Follow-On
Offerings



Follow-On Offerings

Recent U.S. Activity

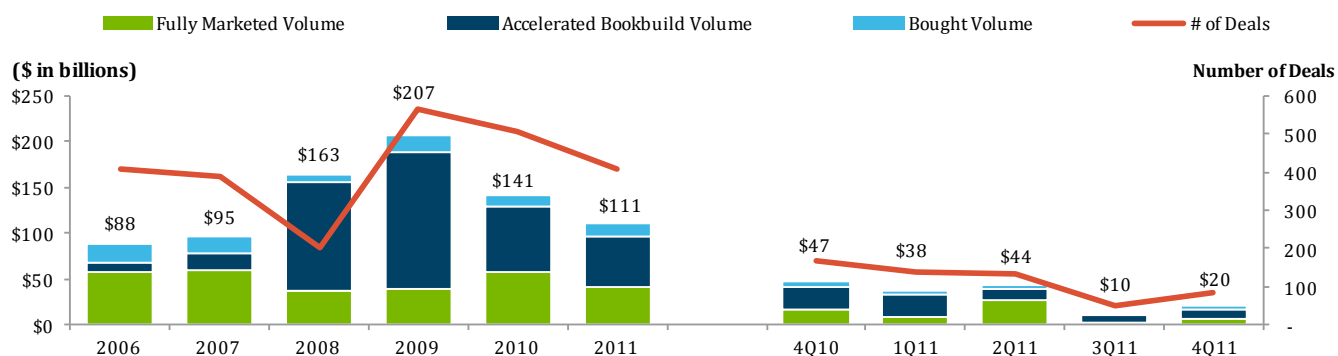
- Four hundred nine follow-on offerings priced in 2011, raising more than \$110 billion in proceeds. In the fourth quarter, 88 follow-ons raised \$20 billion, up from 52 and \$10 billion in the prior quarter.
- Industrial and healthcare companies continue to lead in new issuance, accounting for 40% and 19% of fourth quarter follow-ons, respectively.

2011 Follow-On Summary

	ALL: 409 FOs		Fully Marketed: 122 (30%)		Accelerated Bookbuild: 235 (57%)		Bought Deal: 52 (13%)	
	Mean	Median	Mean	Median	Mean	Median	Mean	Median
Deal Value	\$272.5	\$99.9	\$347.8	\$101.5	\$233.7	\$86.3	\$270.9	\$210.8
Market Cap at Pricing	\$2,782.1	\$758.5	\$2,525.1	\$625.6	\$2,746.7	\$639.5	\$3,544.6	\$2,281.0
Deal Value/Market Cap	18.1%	13.9%	24.4%	17.3%	16.5%	13.6%	10.6%	9.8%
Shares Offered/Public Float	34.9%	21.5%	62.9%	38.4%	26.0%	19.4%	14.9%	12.5%
Deal Value/ADTV	29.2x	22.9x	35.2x	29.7x	29.5x	25.1x	16.8x	11.8x
% Secondary Shares	27.0%	0.0%	38.4%	2.6%	13.1%	0.0%	63.5%	100.0%
Gross Spread	4.4%	4.5%	4.8%	5.0%	4.7%	4.8%	2.2%	1.5%
Last Trade Before File/Offer	(8.1%)	(6.3%)	(10.7%)	(12.0%)	(7.2%)	(5.7%)	(5.8%)	(4.0%)
Last Trade Before Offer/Offer	(5.6%)	(3.7%)	(4.7%)	(2.8%)	(6.1%)	(4.0%)	(5.9%)	(4.0%)
Offer/12-31-11	(11.9%)	(16.9%)	(16.6%)	(20.0%)	(7.8%)	(15.6%)	(20.1%)	(23.6%)

Sources: FactSet Research Systems, Dealogic, and William Blair & Company, L.L.C. Equity Capital Markets analysis

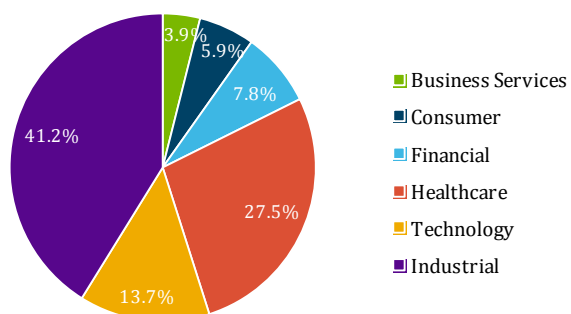
Recent Follow-On Volume



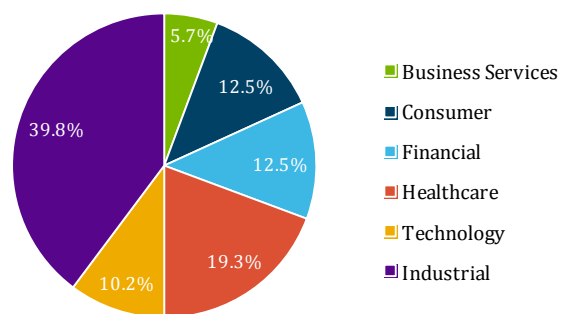
Sources: Dealogic and William Blair & Company, L.L.C. Equity Capital Markets analysis

Issuance by Sector

3Q11



4Q11

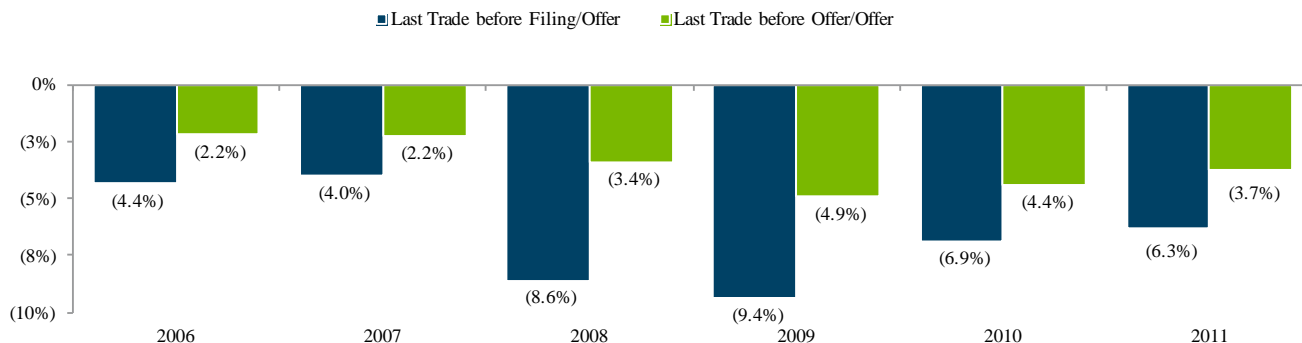


Sources: Dealogic and William Blair & Company, L.L.C. Equity Capital Markets analysis

Follow-On Performance

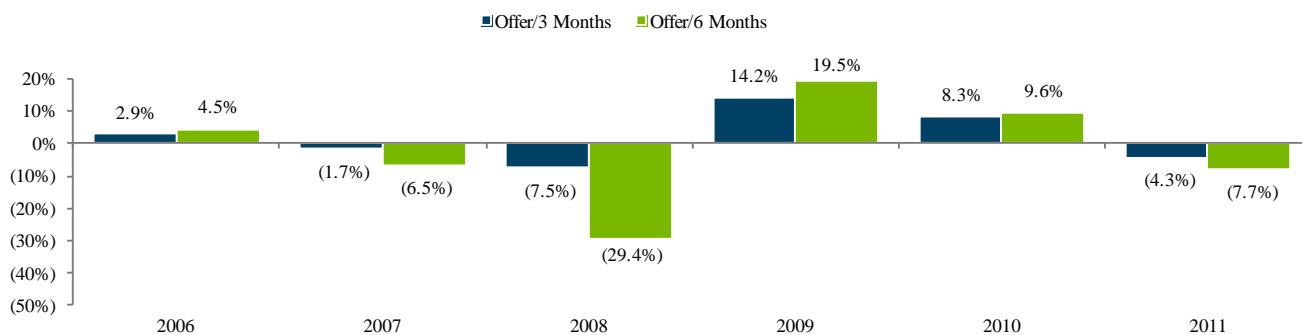
- Follow-on pricing remained in the low-single-digit discounts during 2011, but aftermarket performance deteriorated significantly.
- For the year, accelerated book-builds dominated deal type, representing nearly 60% of offerings, as issuers looked to speed the process given the volatility.
- Shelf registration statements continued to prove instrumental financing tools as roughly 80% of 2011 follow-ons were shelf takedowns.

Pricing Dynamics



Sources: FactSet Research Systems, Dealogic, and William Blair & Company, L.L.C. Equity Capital Markets analysis

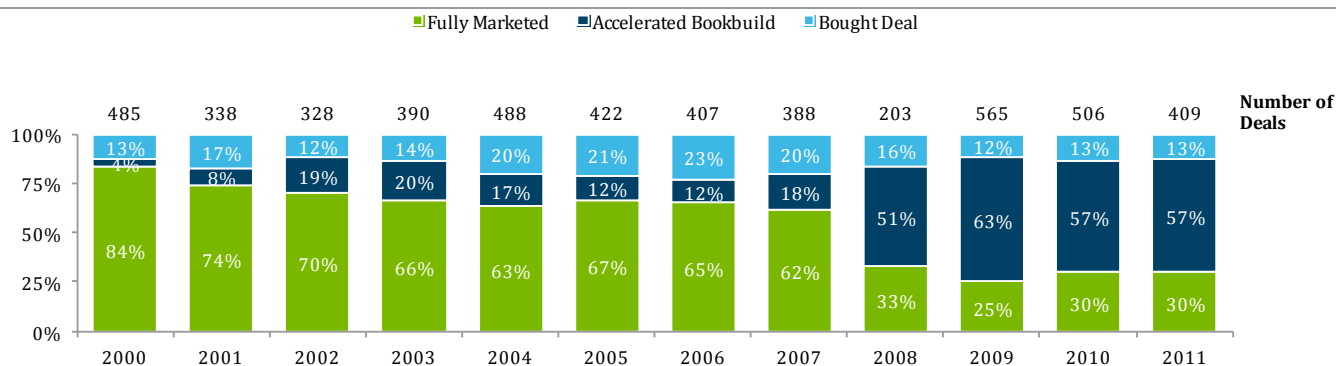
Aftermarket Performance



Sources: FactSet Research Systems, Dealogic, and William Blair & Company, L.L.C. Equity Capital Markets analysis

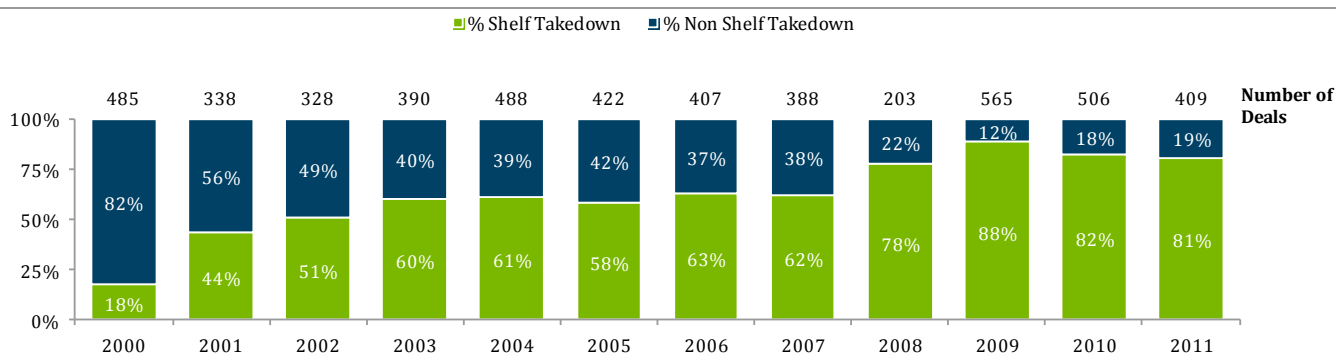
Follow-On Structure

Follow-Ons by Deal Subtype



Sources: Dealogic and William Blair & Company, L.L.C. Equity Capital Markets analysis

Percentage of Follow-Ons as a Result of a Shelf Takedown

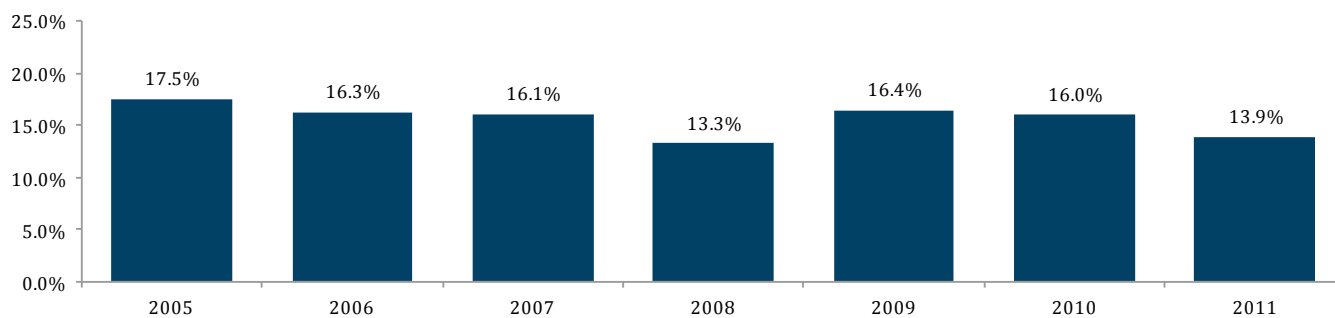


Sources: Dealogic and William Blair & Company, L.L.C. Equity Capital Markets analysis

Follow-On Structure (cont'd)

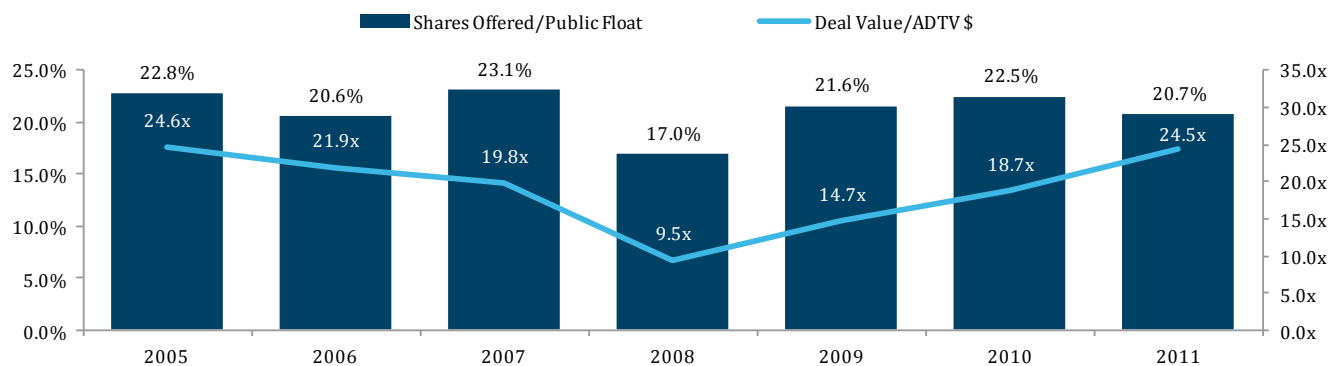
- 2011 follow-ons represented roughly 14% of the company's market value, down modestly from 16% in 2010.
- On average, companies in 2011 offered 20% of their public float shares in follow-on offerings, slightly less from 23% the prior year.
- One-third of all follow-ons priced in 2011 had a secondary share component, which averaged 81%.

Offering Size as a Percentage of Market Value



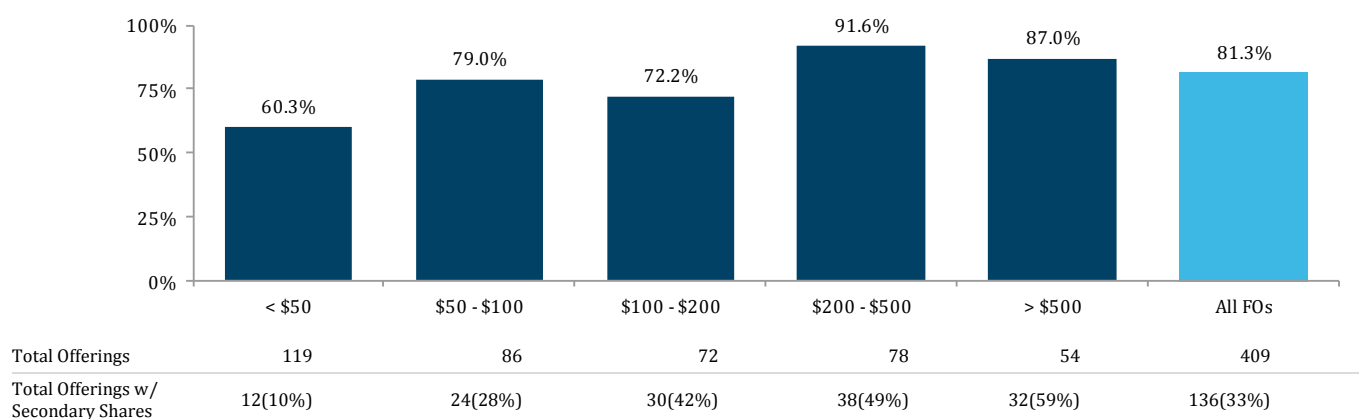
Sources: FactSet Research Systems, Dealogic, and William Blair & Company, L.L.C. Equity Capital Markets analysis

Offering Size vs. Liquidity



Sources: FactSet Research Systems, Dealogic, and William Blair & Company, L.L.C. Equity Capital Markets analysis

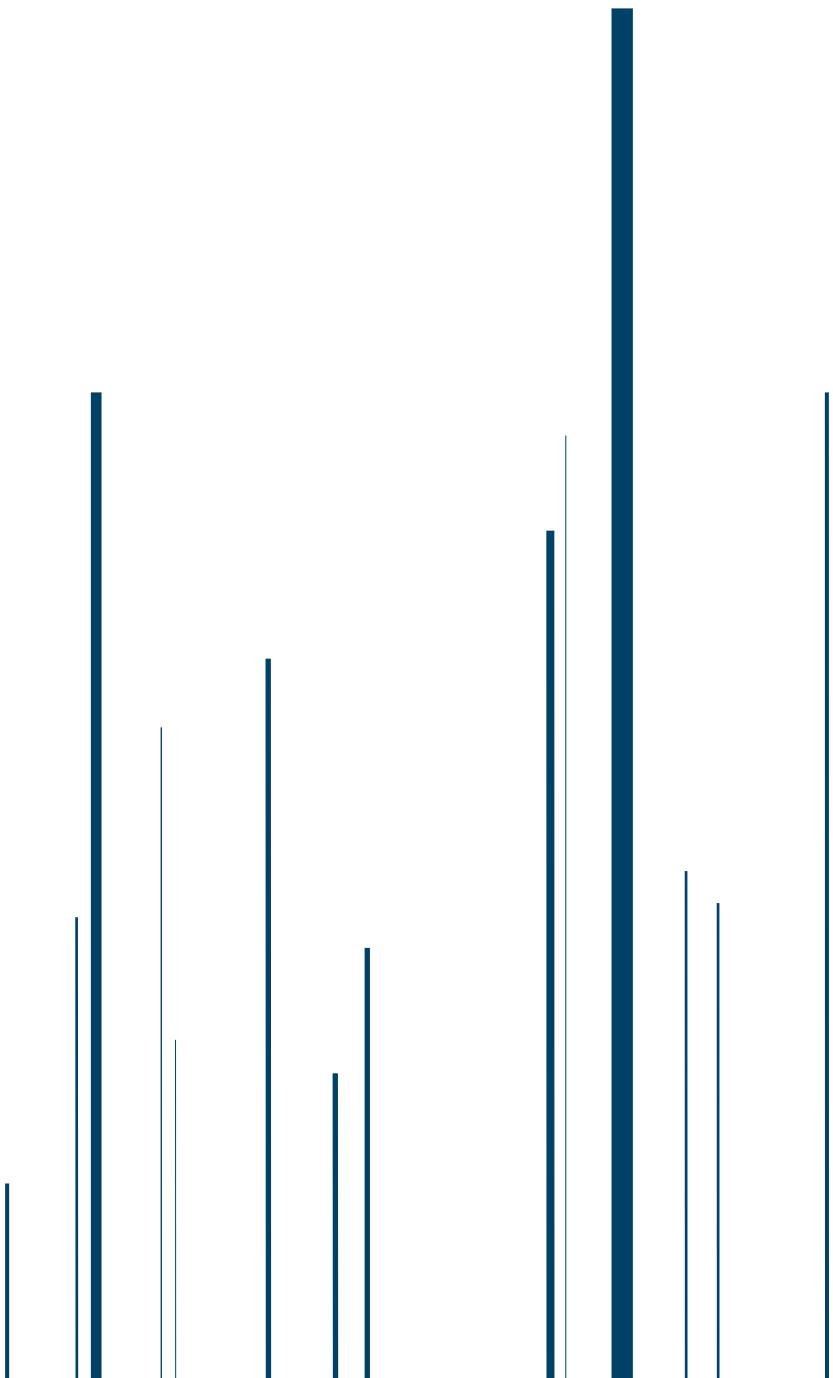
Average Secondary Share Component by Deal Value⁽¹⁾



(1) Data represents FOs priced over the last 12 months (December 31, 2011); average secondary share percentages derived from FOs having secondary components greater than zero only

Sources: Dealogic and William Blair & Company, L.L.C. Equity Capital Markets analysis

PIPES/
Confidentially
Marketed
Offerings

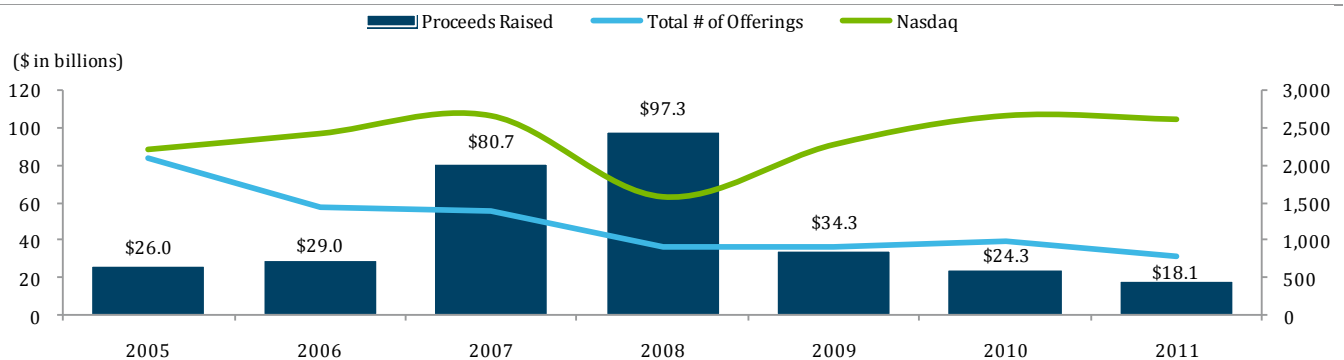


PIPES/Confidentially Marketed Offerings

Recent U.S. Activity

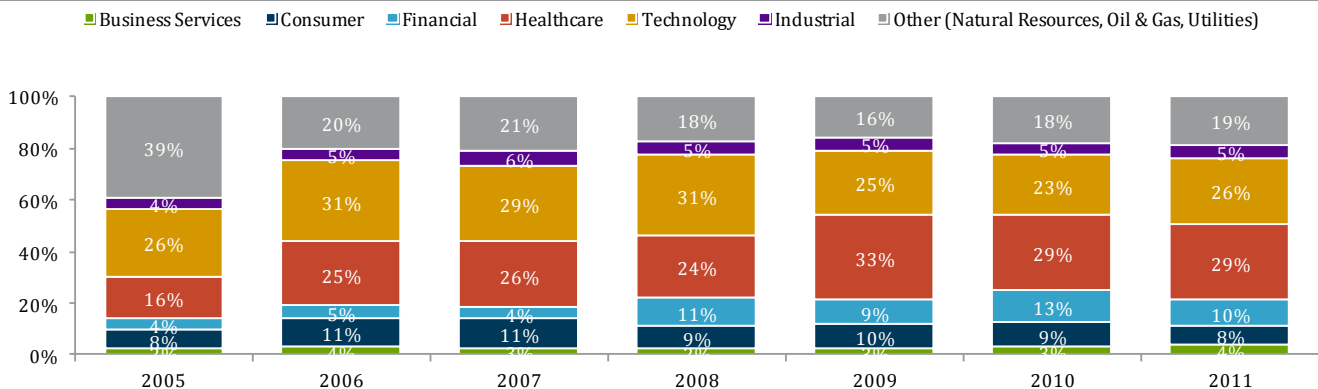
- In 2011, companies raised more than \$18.1 billion through 787 equity and equity-linked registered (registered direct, confidential follow-ons) and unregistered (PIPEs) confidential offerings. This compares with \$24.3 billion raised in 997 transactions in 2010.
- Heightened volatility and diminished investor sentiment during the second half of the year weakened the financing environment for small- and micro-cap issuers, which faced fewer buyers and more onerous deal terms.
- Increased volatility has led to larger companies pursuing confidential capital raises and the confidentially marketed follow-on strategy has expanded to sectors outside of biotechnology.
- The broadened eligibility of shelf filings (form S-3) to small-cap issuers continues to prompt prospective issuers to file or maintain an active shelf-registration statement. Many companies with calendar fiscal years are filing universal shelf registrations around or shortly after the filing of their 10-K as part of their corporate housekeeping.
- The first half of 2012 will likely see a larger number of offerings as pent up demand from issuers who postponed offerings in second half 2011 come to market, investors look to deploy capital and volatility subsides. In addition, volatility in the debt markets may lead to financial sponsors using the PIPE market for acquisition finance.

NASDAQ Composite and Equity and Equity-Linked PIPE/RD Market Issuance



Sources: PlacementTracker.com and William Blair & Company, L.L.C. Equity Capital Markets analysis

PIPE/RD Issuance by Sector



Sources: PlacementTracker.com and William Blair & Company, L.L.C. Equity Capital Markets analysis

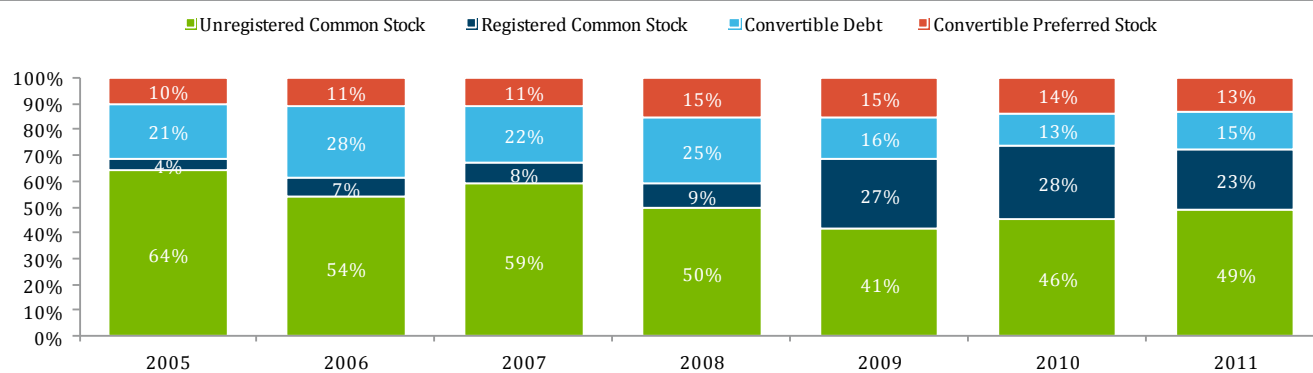
PIPE/RD Structure

Top 10 Growth Sector Confidential Equity Offerings of 2011 by Deal Value

Date	Issuer	Industry	Structure	Deal Value	Market Value at Pricing
2/1/11	iGATE Corporation	Computers	Convertible Preferred Stock	\$330.0	\$860.3
6/17/11	MGM Resorts International	Lodging	Convertible Debt	\$311.4	\$5,921.0
4/18/11	Semiconductor Manufacturing International Corp.	Semiconductors	Convertible Preferred Stock	\$308.9	\$1,736.4
12/20/11	ARIAD Pharmaceuticals, Inc.	Biotechnology	Confidential Follow-On	\$257.6	\$1,514.5
9/16/11	Cumulus Media Inc.	Media	Unregistered Common Stock	\$245.6	\$180.0
11/3/11	Great Atlantic & Pacific Tea Company, Inc. (The)	Food	Convertible Debt	\$210.0	\$9.2
8/18/11	Barnes & Noble, Inc.	Retail	Convertible Preferred Stock	\$204.0	\$781.7
11/28/11	Netflix Inc.	Internet	Convertible Debt	\$200.0	\$3,352.8
4/7/11	Terremark Worldwide, Inc.	Internet	Unregistered Common Stock	\$192.1	\$1,280.0
12/23/11	SunPower Corporation	Electronic Components	Unregistered Common Stock	\$163.7	\$340.1

Sources: PlacementTracker.com and William Blair & Company, L.L.C. Equity Capital Markets analysis

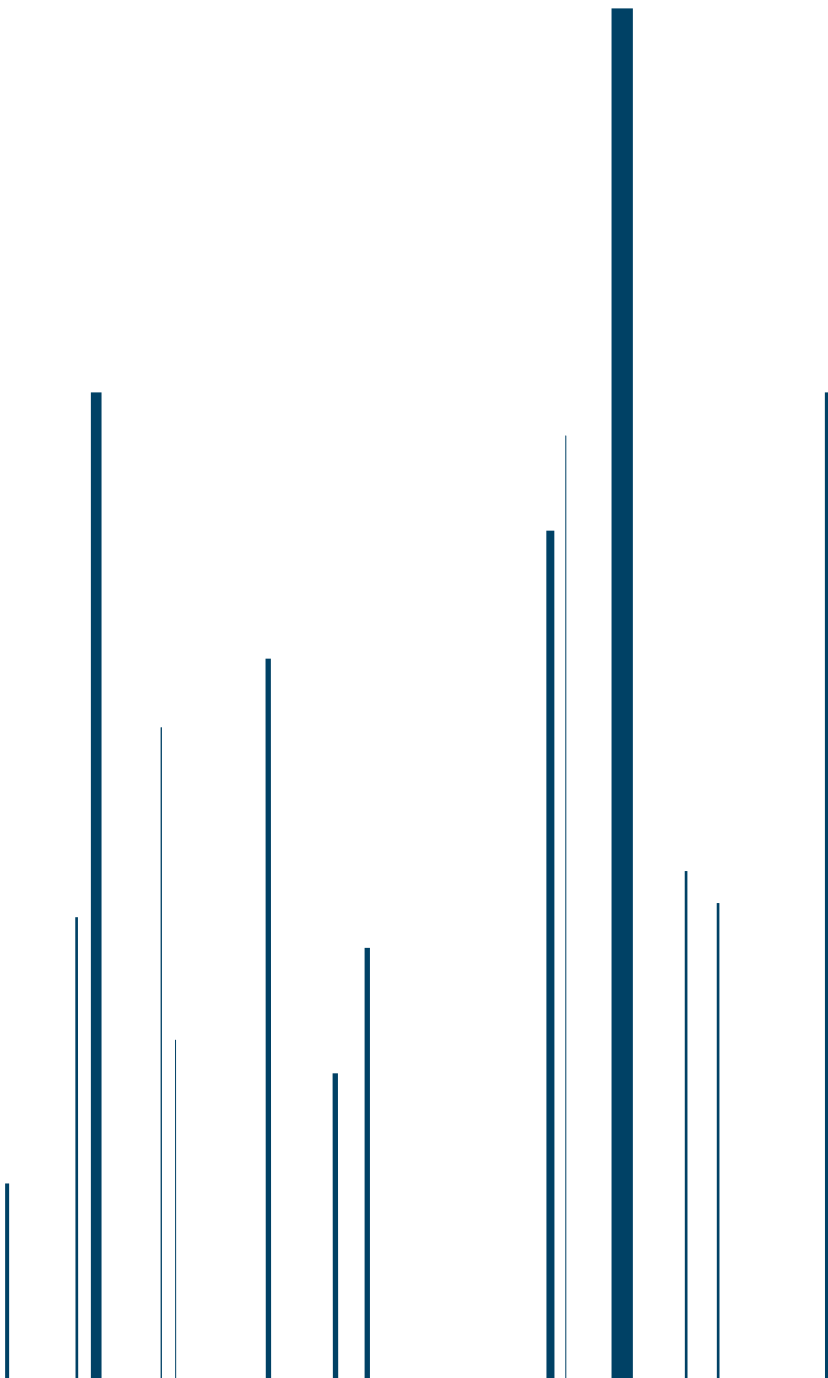
PIPE/RD Issuance by Structure



Sources: PlacementTracker.com and William Blair & Company, L.L.C. Equity Capital Markets analysis

William Blair

Convertible
Offerings

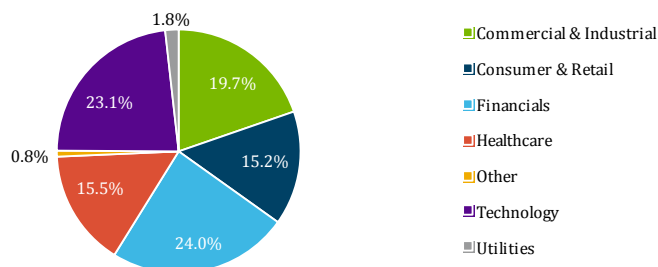


Convertible Offerings

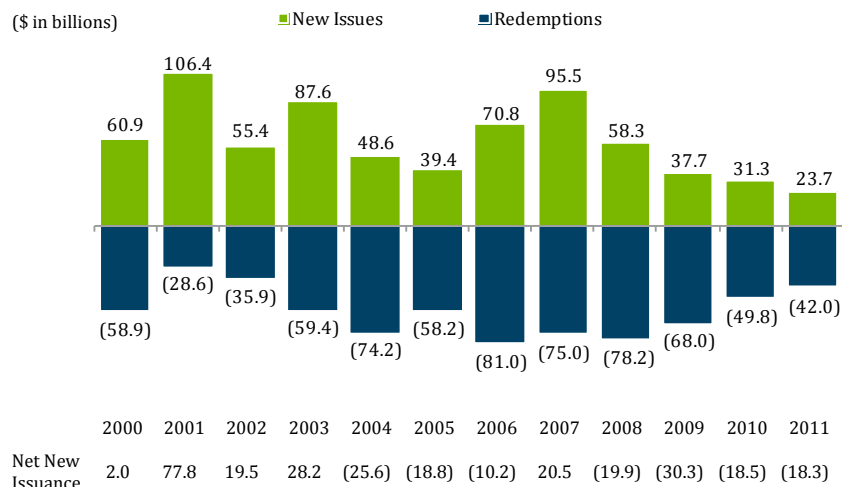
Recent U.S. Activity

- In 2011, there were 115 issues that raised \$34.1 billion in the U.S. public convertible securities market compared with 138 issues raising \$59.4 billion in 2010
- Fifty percent of convertibles in 2011 raised less than \$200 million by marketing confidentially and announcing publicly only when completed or nearly completed.
- Convertible offerings have been an attractive means of raising capital for companies of all sizes, as transactions have been completed in 2011 for companies with market capitalizations between \$96.1 million and \$45.4 billion.
- We expect supply for convertible securities in 2012 to experience a modest increase as the capital markets and economic environment continue to heal from sovereign debt concerns. Given the approximate \$42 billion in convertible security redemptions in 2011, convertible investors are left with a large amount of cash to reinvest. From an issuer perspective, historically low interest rates allow access to cheap capital. Similar to both 2010 and 2011, we expect large and small issuers across many different industries to raise attractive capital in the convertible markets during 2012.

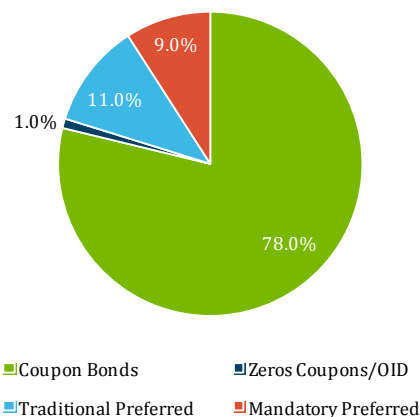
Outstanding Issues - \$271 Billion Market⁽¹⁾



New Issues and Redemptions⁽²⁾



Percentage of Total Market Value⁽²⁾



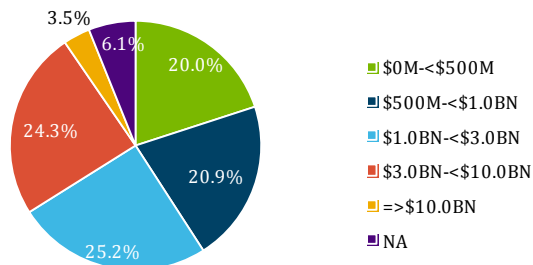
(1) As of December 31, 2011. Data covers all U.S. and non-U.S. domiciled issuers that have raised U.S. dollar-denominated convertible capital, announced and closed. Deals include all deals greater than \$20 million. Market capitalization reflects deal announcement date. Exercised greenshoes included.
 (2) As of December 31, 2011. Data covers U.S. only domiciled issuers that have raised approximately \$23.7 billion in U.S. dollar-denominated convertible capital, announced and closed.

Sources: Bloomberg, BofA/ML, company filings, Dealogic, Kynex, and Prospect News

Convertible Structure

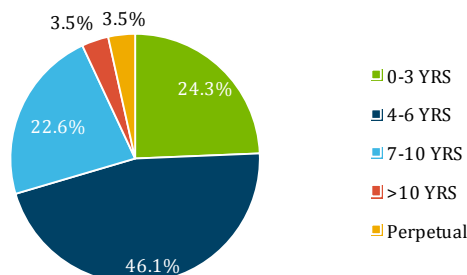
Market Capitalization⁽¹⁾

(\$ in millions)



Median = 1.3BN

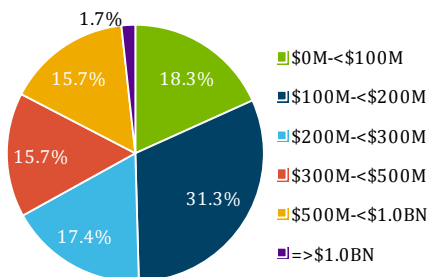
Maturity/First Put⁽²⁾



Median = 5.0 Years

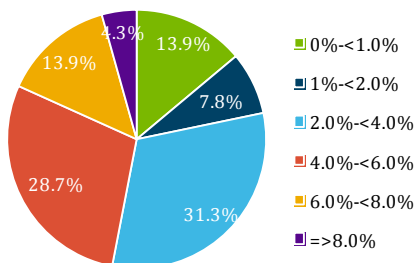
Issuance Size⁽³⁾

(\$ in millions)



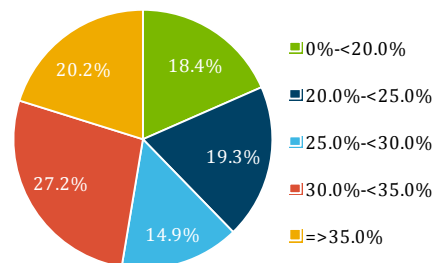
Median = \$200.0

Coupon



Median = 3.750%

Initial Conversion Premium⁽⁴⁾



Median = 28.00%

(1) Market capitalization reflects deal announcement date.

(2) Maturity/First Put in years.

(3) Issuance size includes exercised greenshoes.

(4) Data excludes Glencore Finance (Europe) SA's issuance.

Sources: Bloomberg, company filings, Dealogic, Kynex and Prospect News as of December 31, 2011.

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