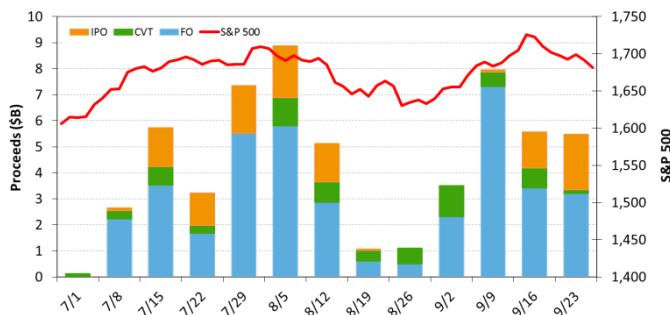


3rd Quarter U.S. New Issuance		
	Proceeds (\$M)	# of Deals
IPOs	11,790.9	57
Follow-ons	27,421.1	131
Block Trades	13,247.8	36
Convertibles	6,995.8	29
<b>Totals</b>	<b>59,455.5</b>	<b>253</b>

New issuance activity in Q3 saw proceeds advance 20.1% year-over-year (excluding AIG's multibillion dollar offerings) and soar 35.3% in terms of deal count. Meanwhile, the S&P 500 climbed 4.7% over the period, generating a healthy capital-raising environment, while market participants anxiously awaited a definitive timeline for Fed tapering. Notably, IPO deal volume nearly doubled year-over-year, leaping to 57 debuts in Q3 and raising 203.7% more capital. Overall, total year-to-date deal count and proceeds jumped 37.6% and 6.8% from the previous year, respectively, as 2013 continues to flex its deal market strength.



Note: Includes U.S. based SEC Deals and excludes CEFs, Blank Checks

#### Q3 Market Performance

**S&P 500: +4.69% DJIA: +1.48% NASDAQ: +10.82%**

## The State of The Tech IPO Market

### Introduction

2013 is on pace to be the strongest year for IPOs since 2007. With a full quarter remaining, more IPOs (144) have already come to market than in all of 2012 (130) or 2011 (126) and total proceeds are up 29.3% year-over-year to \$34.1B (excluding Facebook). Despite the hot IPO market and record highs for major indices, the Technology sector, the usual poster child of the IPO market, has not shared in the bounty. The number of Tech IPOs has actually declined year-over-year, to 26 from 29 through the first three quarters of 2012. Proceeds (even excluding Facebook) are down as well, slipping to \$4.4B from \$5.0B. In addition, Tech IPOs lack their usual performance in qualitative terms, with no household names or \$1B+ offerings to generate buzz. More than a decade after the Tech bubble burst, Silicon Valley start-ups still dominate discussion in the IPO space, but this year they are most conspicuous by their relative anonymity.

### Tech Sector Overview

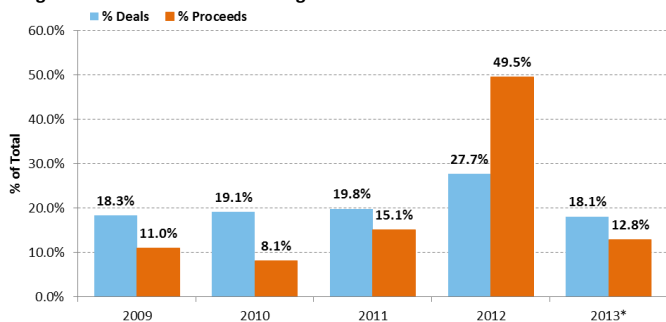
Though recent Tech IPO volumes are down dramatically from the late 1990s, when they routinely made up well over half of all deals, since the start of 2009, the sector has accounted for 20.8% of all IPOs and 20.2% of total proceeds, narrowly trailing only the Financials sector by both metrics (See Figure 1). Year-to-date, however, just 18.1% of all IPOs have hailed from the sector, taking home just 12.8% of all capital raised (\$4.4B).

Of note, YTD numbers paint a more positive picture than was the case for most of 2013, as the Tech IPO market has regained momentum over the past month. In September alone, eight Tech issuers debuted, raising \$1.1B and surpassing all of Q2 by both measures. Since Labor Day, the sector has far surpassed its historical share of the deal market, accounting for 38.1% of all offerings and 30.7% of cumulative proceeds. In comparison, the sector's share was just 16.2% of deals and 11.8% of proceeds through the end of August.

Though fewer Tech deals have come to market than in recent years, investors have warmly welcomed those that have priced with strong first-day price performance. Traditionally, Technology IPOs move more on their first trading day than offerings from other sectors: since 2009 the average Tech debut advanced 22.8% on day one, while non-tech IPOs averaged a more modest 9.2% gain. In addition, seven of the top ten IPO first-day pops since 2009 were Technology offerings (See Figure 2). So far in 2013, all sectors have seen exceptionally strong IPO price performance, with an average first-day pop of 12.4% for non-Tech deals and an impressive 33.8% for Tech offerings (See Figure 3).

Given the strong price performance seen by most Tech IPOs so far in 2013, a lack of investor appetite does not appear to be the reason for the sector's relative weakness. The issues instead likely stem from the supply side of the market, and are due to the lingering shadow of the botched Facebook IPO last May, weak broader market Technology sector price performance, availability of VC funding and higher levels of M&A activity.

Figure 1: Tech IPOs as a Percentage of Total Deal Count and Proceeds



Continued on Page 5

## Economic Highlights

Indicator	Q1	Q2
U.S. GDP	1.1%	2.5%
Indicator	Q2A	Q3A
Non-farm Payrolls	517,000	445,000
Retail Sales ex-Auto	-0.1%	0.9%
Factory Orders	0.3%	2.1%
Industrial Production	0.0%	0.5%
PPI	-0.8%	1.1%
Core PPI	0.4%	0.3%
CPI	-0.5%	0.8%
Core CPI	0.4%	0.5%

Indicator	June Release	September Release
Jobless Rate	7.6%	7.3%
Consumer Sentiment	84.1	76.8
ISM Mfg. Index	49.0	55.7
ISM Services Index	53.7	58.6
Capacity Utilization	77.8%	77.8%
Housing Starts	919K	891K
Building Permits	985K	918K
New Home Sales	429K	421K
Existing Home Sales	5.14M	5.48M

Commodities	Q2 End	Q3 End
Crude Oil	\$97.23	\$102.33
Natural Gas	\$4.02	\$3.56
Gold	\$1,595.70	\$1,327.00
Currencies	Q2 End	Q3 End
EUR in USD	1.282	1.353
GBP in USD	1.519	1.619
USD in JPY	94.140	98.350
Bond Yields	Q2 End	Q3 End
U.S. Treasury - 2 year	0.24%	0.32%
U.S. Treasury - 10 year	1.85%	2.61%
U.S. Treasury - 30 year	3.10%	3.68%

Quarter Ending September 30, 2013

### U.S. Equity and Equity-Related League Table

Rank	Manager	2013 Q3			2012 Q3		
		Proceeds (\$M)	Mkt. Share %	# of Deals	Proceeds (\$M)	Mkt. Share %	# of Deals
1	JP Morgan	7,589.9	12.8	75	7,434.2	9.7	57
2	Citi	6,421.8	10.8	61	8,834.1	11.6	51
3	Goldman Sachs & Co.	6,332.0	10.7	54	7,268.2	9.5	42
4	Barclays	6,013.3	10.1	49	7,761.3	10.2	46
5	Bank of America Merrill Lynch	5,843.3	9.8	66	8,927.1	11.7	60
6	Morgan Stanley	5,445.6	9.2	56	6,610.7	8.7	37
7	Credit Suisse	4,131.7	6.9	42	5,924.1	7.8	47
8	Deutsche Bank	3,692.5	6.2	52	7,094.6	9.3	51
9	Wells Fargo Securities	2,596.5	4.4	40	4,210.9	5.5	35
10	Jefferies LLC	1,985.4	3.3	28	786.2	1.0	14
<b>Subtotal</b>		<b>50,052.0</b>	<b>84.2%</b>	<b>-</b>	<b>64,851.4</b>	<b>84.9%</b>	<b>-</b>
<b>Total</b>		<b>59,455.5</b>		<b>253</b>	<b>76,382.7</b>		<b>187</b>

### U.S. IPO League Table

Rank	Manager	2013 Q3			2012 Q3		
		Proceeds (\$M)	Mkt. Share %	# of Deals	Proceeds (\$M)	Mkt. Share %	# of Deals
1	Bank of America Merrill Lynch	1,487.9	12.6	18	434.2	11.0	9
2	JP Morgan	1,261.2	10.7	17	289.5	7.3	6
3	Goldman Sachs & Co.	1,216.1	10.3	16	409.1	10.4	9
4	Citi	1,189.0	10.0	18	86.8	2.2	1
5	Morgan Stanley	1,039.2	8.8	14	419.9	10.7	7
6	Credit Suisse	904.2	7.7	13	321.2	8.1	8
7	Wells Fargo Securities	670.0	5.7	7	128.2	3.3	4
8	Barclays	654.4	5.5	12	291.0	7.4	6
9	Deutsche Bank	614.5	5.2	12	478.3	12.1	10
10	UBS AG	496.5	4.2	7	281.5	7.1	5
<b>SubTotal</b>		<b>9,524.8</b>	<b>80.8%</b>	<b>-</b>	<b>3,139.7</b>	<b>79.6%</b>	<b>-</b>
<b>Total</b>		<b>11,790.9</b>		<b>57</b>	<b>3,942.1</b>		<b>25</b>

### U.S. Follow-On League Table

Rank	Manager	2013 Q3			2012 Q3		
		Proceeds (\$M)	Mkt. Share %	# of Deals	Proceeds (\$M)	Mkt. Share %	# of Deals
1	JP Morgan	5,494.5	13.5	50	5,952.3	8.8	40
2	Goldman Sachs & Co.	4,931.0	12.1	35	6,262.9	9.3	29
3	Barclays	4,785.2	11.8	31	6,521.5	9.7	34
4	Citi	4,378.8	10.8	33	8,217.0	12.2	43
5	Bank of America Merrill Lynch	3,973.4	9.8	42	8,205.0	12.2	46
6	Credit Suisse	3,026.4	7.4	27	5,204.4	7.7	34
7	Morgan Stanley	2,840.5	7.0	29	5,942.1	8.8	28
8	Deutsche Bank	2,793.7	6.9	37	6,434.7	9.6	37
9	Wells Fargo Securities	1,692.1	4.2	30	3,939.6	5.9	29
10	Jefferies LLC	1,233.5	3.0	15	536.8	0.8	8
<b>Subtotal</b>		<b>35,149.0</b>	<b>86.4%</b>	<b>-</b>	<b>57,216.2</b>	<b>85.0%</b>	<b>-</b>
<b>Total</b>		<b>40,668.8</b>		<b>167</b>	<b>67,318.1</b>		<b>138</b>

### U.S. Equity-Related League Table

Rank	Manager	2013 Q3			2012 Q3		
		Proceeds (\$M)	Mkt. Share %	# of Deals	Proceeds (\$M)	Mkt. Share %	# of Deals
1	Morgan Stanley	1,565.8	22.4	13	248.7	4.9	2
2	Citi	862.2	12.3	10	530.3	10.4	7
3	JP Morgan	834.3	11.9	8	1,192.4	23.3	11
4	Barclays	573.7	8.2	6	948.8	18.5	6
5	Jefferies LLC	391.8	5.6	5	106.7	2.1	2
6	Bank of America Merrill Lynch	382.0	5.5	6	288.0	5.6	5
7	Deutsche Bank	284.4	4.1	3	181.6	3.5	4
8	RBC Capital Markets	266.7	3.8	1	150.0	2.9	1
9	Wells Fargo Securities	234.4	3.4	3	143.1	2.8	2
10	Raymond James Financial, Inc.	215.6	3.1	2	100.0	2.0	1
<b>Subtotal</b>		<b>5,610.8</b>	<b>80.2%</b>	<b>-</b>	<b>3,889.5</b>	<b>75.9%</b>	<b>-</b>
<b>Total</b>		<b>6,995.8</b>		<b>29</b>	<b>5,122.5</b>		<b>24</b>

### New Issuance Recap

The risk-on trade returned in Q3, with the new issuance market bucking the typical seasonal trend as deal activity improved substantially on an annual basis. The S&P 500 climbed 4.7%, touching new all-time highs in mid-September, but subsequently pulled back on fears of a government shutdown. Cracks in the domestic economic picture cooled the vigorous deal market witnessed in Q2, as Q3 saw \$60.2B in total proceeds on 260 deals. While the quarter priced more deals than the year-ago period's 192 deals, proceeds fell short of Q3 2012's \$76.7B. Still, the issuance market year-to-date has seen a greater amount raised on more deals than the whole of 2011. Compared to full-year 2012, 2013 year-to-date has priced one more deal, but lags by a wider \$44.8B in proceeds.

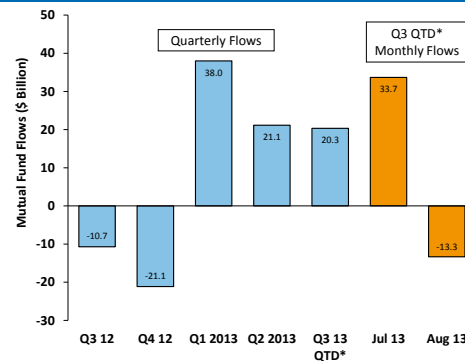
The IPO market continued its strength with 57 deals raised on an aggregate \$11.8B, mimicking the \$14.3B priced through 59 deals in Q2 2013. In comparison to Q3 of last year, proceeds jumped 205.4%, partially due to the vacuum of liquidity caused in the wake of Facebook's \$16.0B offering. Meanwhile, average proceeds raised climbed to \$206.5M from Q3 2012, but still lags behind the \$242.3M generated in the Apr-Jun period. Of note, only one deal, Envision Healthcare Holdings, Inc., captured more than \$1.0B in proceeds. The rising cost of healthcare combined with the aging domestic population allowed the provider of outsourced emergency medical services to raise \$1.1B in its IPO. Of note, the second largest IPO of the quarter, Premier, also hailed from the Healthcare sector, raising \$874.1M in its debut. Single-family REIT American Homes 4 Rent took the third spot, raising \$811.8M, a positive sign for the recovering housing market.

Including block offerings, a total of 171 follow-on deals came to market in Q3, raising \$40.8B, but falling short of Q2's \$48.6B raised through 164 deals. The prior year's Q3 was even stronger, pricing \$67.5B on 141 deals, as global economic uncertainty caused issuers to pick the accelerated offering option at a rate of nearly two-to-one. Notably, five deals passed the \$1.0B threshold in Q3 2013, including LinkedIn Corp.'s \$1.4B offering, which helped maintain the professional social network's tremendous growth. Additionally, LyondellBasell Industries N.V. priced not one, but two \$1.1B offerings, marking the fifth \$1.0B+ offering since the company emerged from bankruptcy protection in 2010.

Note: Includes only U.S. based SEC Deals; excludes CEFs and Blank Checks • Source: Ipreo Capital Markets

Source: Morningstar • \*Quarter-To-Date data excludes September

### Mutual Fund Flows



U.S. equity mutual funds saw assets under management grow by another \$20.3B in July and August after the first two quarters of 2013 saw combined inflows of \$59.1B. While equity funds benefited from a historic rise in benchmark indices for most of Q3, news of the Fed's plan to begin tapering its aggressive monetary policy caused markets to sell off at the end of August, offsetting some of the inflows seen earlier in the quarter. September's outflows, however, could be mitigated by even more intense selling pressure seen in the fixed income space, as fears of rising rates caused investors to pull capital from bond funds.

### Pricing Environment, Trends, & Backlog

Quarter Ending September 30, 2013

#### U.S. IPO Pricing Performance

Month	Total		Pricing Range			% Change	
	Proceeds (\$M)	# of Deals	Above	Within	Below	Offer / 1 Day	Offer / 1 Mo
July/13	4,180.2	21	29%	57%	14%	14.7	15.1
Aug/13	3,993.4	15	13%	53%	33%	18.1	26.9
Sep/13	3,617.3	21	29%	52%	19%	25.9	-
<b>YTD 13</b>	<b>34,287.7</b>	<b>144</b>	<b>22</b>	<b>59</b>	<b>19</b>	<b>16.2</b>	<b>21.7</b>

IPOs did not take any time off this summer, as buoyant equity markets ensured a welcome reception for Q3's 57 debuts, logging an average one-day pop of 19.6%. Spearheading the streak was Technology's 10 deals, including Benefitfocus and Rocket Fuel's impressive debuts of 102.1% and 93.5%, respectively, which lead the sector YTD. The largest one-day jump belonged to Sprouts Farmers Market (+122.8%), hailing from the Consumer Cyc. space, which is up 32.7% YTD. The sector boasts two constituents that doubled after one day of trading, the most of any industry this year, as Sprouts joined Noodles & Co.'s (+ 104.2%) June offering.

Pricing Range % based on number of deals and revised file price or price range | Transactions greater than \$20M | Excludes closed-end funds, equity units, block trades, and blank checks.

#### 2013 Q3 Priced by Industry

Rank	Industry	Proceeds (\$mm)	Market Share (%)	# of Deals
1	Technology	10,457.2	17.6	37
2	Energy	9,650.7	16.2	35
3	Consumer Cyclical	7,506.3	12.6	28
4	REIT	6,321.1	10.6	23
5	Healthcare	6,240.8	10.5	47
6	Financials	5,371.9	9.0	31
7	Materials	3,417.4	5.7	9
8	Industrials	2,933.5	4.9	12
9	Transportation	2,627.1	4.4	14
10	Utilities	2,465.6	4.1	8
11	Consumer Non-Cyclicals	2,463.8	4.1	9
12	Telecommunications Services	0.0	0.0	0
<b>Total</b>		<b>59,455.5</b>		<b>253</b>

#### U.S. Follow-On Pricing Performance

Month	Total		Marketing Period		% Change		
	Proceeds (\$M)	# of Deals	Accelerated	Fully-Mktd	Last / Offer	File / Offer	Offer / 1 Mo
July/13	6,929.5	34	29%	71%	-3.8	-5.8	1.7
Aug/13	9,207.4	37	30%	70%	-4.0	-6.5	6.0
Sep/13	11,284.2	60	35%	65%	-4.1	-6.5	-
<b>YTD 13</b>	<b>101,545.3</b>	<b>406</b>	<b>42%</b>	<b>58%</b>	<b>(3.8)</b>	<b>(5.2)</b>	<b>6.7</b>

Follow-on activity amounted to 131 deals in Q3, a 7.7% drop from Q2. Notably, the proportion of fully-marketed placements continued its steady rise, now eclipsing the share of accelerated offerings by +16%. Further, issuers took substantially longer to price secondary offerings; Q3 saw 24.4% of all FOs take at least five days from filing to offer, compared to only 14.3% in Q3 2012. As a result, Q3 saw an average File/Offer depreciation of 5.4%, following Q2's 5.9% decline, though both measures are below Q1's 4.9%.

#### Industry Highlights

- Technology claimed the top spot in Q3, more than doubling the year-ago period's deal count and raising 285% more capital. The rebound of deal activity reflects the recent changes in investor sentiment towards the sector, after an equity capital-raising lull that followed Facebook's mishap last year. Of note, Tech IPOs recorded a 41% average offer-to-current, while LinkedIn Corp. returned to the public markets with a follow-on for \$1.4B in total proceeds.
- Financials and REIT new issuance both slowed in Q3, as proceeds fell from Q2 by 34% and 53% on 2 and 17 fewer deals, respectively. In comparison to the year-ago quarter, 85% and 44% less capital was raised, respectively, as the number of REIT offerings dropped by 9 while Financial offerings stayed flat. The year-ago period, however, includes two of AIG's multibillion-dollar offerings, which accounted for 74% of total Financials proceeds in Q3 2012.
- Meanwhile, Healthcare turned in a surprisingly steady performance, garnering 10.5% of the proceeds pie in Q3 following Q2's 10.4% share on the same number of deals (47). That marks a substantial improvement from the year-ago period, when the space boasted a meager 4.1% of all funds raised on only 25 offerings.

#### Backlog Highlights

##### TOP BOOKRUNNERS IN BACKLOG

Rank	Manager	Proceeds (\$M)	Market Share (%)	# of Deals
1	Bank of America Merrill Lynch	2,762.9	16.2	28
2	Goldman Sachs & Co.	2,363.2	13.9	25
3	JP Morgan	1,668.3	9.8	27
4	Barclays PLC	1,494.2	8.8	18
5	Deutsche Bank	1,426.2	8.4	21
6	Morgan Stanley	1,360.5	8.0	17
7	Citi	1,259.3	7.4	18
8	Credit Suisse	1,117.3	6.6	17
9	Wells Fargo Securities	740.4	4.3	9
10	Jefferies LLC	625.1	3.7	8
<b>SubTotal</b>		<b>14,817.6</b>	<b>86.9%</b>	<b>65</b>
<b>Total</b>		<b>18,418.3</b>		<b>89</b>

##### TOP FILED DEALS

Rank	Issue Name	Issue Type	Amt Filed (\$M)	Industry
1	Hilton Worldwide Holdings Inc.	IPO	1,250.0	Consumer Cyc.
2	Antero Resources Corporation	IPO	1,200.0	Energy
3	Empire State Realty Trust, Inc.	IPO	1,001.0	REIT
4	Plains GP Holdings, L.P.	IPO	1,000.0	Energy
5	CommScope Holding Company, Inc.	IPO	750.0	Technology
6	Cheniere Energy Partners LP Holdings, LLC	IPO	690.0	Financials
7	Midcoast Energy Partners, L.P.	IPO	575.0	Energy
8	Southeastern Grocers, Inc.	IPO	500.0	Consumer Non-Cyc.
9	Devon Midstream Partners, L.P.	IPO	400.0	Energy
10	CHC Group Ltd.	IPO	400.0	Transportation
<b>SubTotal</b>			<b>7,766.0</b>	
<b>Total</b>			<b>18,418.3</b>	

The current backlog of 89 deals leads the year-ago period on a proceeds basis by 1.3%, as deal count exceeds last year's total of 60 amid robust new issuance activity so far in the second half of 2013. On the IPO front, Consumer Cyc. issuers have claimed the spotlight with 18 issuers seeking to raise an aggregate \$4.1B in capital, well ahead of last year when Amira Nature Foods was the sector's only IPO filing. The sector claims several prominent names, including Hilton Worldwide Holdings, the largest filing in the backlog (\$1.3B), as well as AMC Entertainment (\$400.0M) and the Container Store Group (\$200.0M). Still, the Energy sector maintained the top spot on a proceeds basis, hosting four of the top 10 largest filings in the backlog, including Antero Resources (\$1.2B), which is expected to price at the start of Q4. Elsewhere, despite only six Technology filings residing in the IPO backlog, the sector continues to gain momentum among investors, helped by the shadow pipeline, which includes potential debuts from the newest internet darlings Twitter, Alibaba Group and Candy Crush parent King.com.

Backlog represents filings within the last 180 days

Source: Ipreo Capital Markets

Note: Includes U.S. based SEC Deals and excludes CEFs and Blank Checks

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### Top U.S.-Based Deals by Proceeds

Quarter Ending September 30, 2013

#### U.S. IPOs

2013 Offer Rank Date	Issuer	Ticker	Proceeds + Ovl (\$M)	Shares Offered Inc Ovl	Offer Price (\$)	Original File Range	Price Performance % Change			Bookrunner(s)	Industry	
							Latest Midpoint / Offer	Offer / 1 Day	Offer / Qtr End			
3 8/13/13	Envision Healthcare Holdings, Inc.	EVHC	1,110.9	48.3	23.00	20.00 - 23.00	7.0	9.3	13.2	GS, BRCLY, BAML, CITI, CS, DB, MS, RBC, UBS	Healthcare	
7 9/25/13	Premier, Inc.	PINC	874.1	32.4	27.00	23.00 - 26.00	10.2	13.5	17.4	JPM, BAML, WFC	Healthcare	
8 7/31/13	American Homes 4 Rent	AMH	811.8	50.7	16.00	16.00 - 18.00	(5.9)	(2.5)	0.9	GS, WFC, BAML, JPM, FBR, CITI, CS, JEFFER, MS, RAYMND	Financials	
10 8/8/13	Frank's International N.V.	FI	759.0	34.5	22.00	19.00 - 21.00	10.0	19.8	36.0	BRCLY, CS, SIMMONS, CITI, MS, GS, UBS	Energy	
16 7/16/13	NRG Yield, Inc.	NYLD	495.2	22.5	22.00	19.00 - 21.00	10.0	23.9	37.7	BAML, CITI, GS	Utilities	
			<b>Total (\$M):</b>	<b>4,051.0</b>			<b>Mean:</b>	<b>6.3</b>	<b>12.8</b>	<b>21.0</b>		
			<b>% of Total Q3 IPOs:</b>	<b>34.4%</b>			<b>Median:</b>	<b>10.0</b>	<b>13.5</b>	<b>17.4</b>		

#### U.S. Marketed Follow-Ons

2013 Offer Rank Date	Issuer	Ticker	Proceeds + Ovl (\$M)	Shares Offered Inc Ovl	Offer Price (\$)	Accelerated Deal	Price Performance % Change			Bookrunner(s)	Industry	
							Latest File / Offer	Last Trade / Offer	Offer / Qtr End			
10 9/4/13	LinkedIn Corp.	LNKD	1,380.0	6.2	223.00		(9.4)	(6.7)	10.3	JPM, MS, GS, BAML	Technology	
15 8/2/13	Williams Partners L.P.	WPLY	1,053.5	21.5	49.00		(6.0)	(6.0)	7.9	BRCLY	Energy	
18 8/1/13	Liberty Property Trust	LYR	869.4	24.2	36.00		(5.8)	(2.5)	(1.1)	CITI, GS, BAML, JPM	Financials	
23 9/4/13	Jarden Corp.	JAH	705.0	15.0	47.00		(0.9)	(0.4)	3.0	BRCLY, CS, JPM, SUNTCAP	Consumer Non-Cyc.	
25 7/30/13	Cousins Properties Inc.	CUZ	690.0	69.0	10.00		(5.5)	(2.7)	2.9	JPM, BAML	Financials	
			<b>Total (\$M):</b>	<b>4,697.9</b>			<b>Mean:</b>	<b>(5.5)</b>	<b>(3.7)</b>	<b>4.6</b>		
			<b>% of Total Q3 Follow-Ons:</b>	<b>17.3%</b>			<b>Median:</b>	<b>(5.8)</b>	<b>(2.7)</b>	<b>3.0</b>		

#### U.S. Block Trades

2013 Offer Rank Date	Issuer	Ticker	Proceeds + Ovl (\$M)	Shares Offered Inc Ovl	Offer Price (\$)	# Trading Days Deal Size Represents	Price Performance % Change			Bookrunner(s)	Industry	
							Last Trade / Offer	Offer / 1 Day	Offer / Qtr End			
6 7/16/13	Realogy Holdings Corp.	RLGY	1,218.6	25.1	48.50	19	(1.6)	3.1	(11.3)	GS, JPM	Financials	
8 8/1/13	LyondellBasell Industries N.V.	LYB	1,122.0	16.5	68.00	4	(1.0)	1.4	7.7	BRCLY	Materials	
9 9/4/13	LyondellBasell Industries N.V.	LYB	1,112.0	16.0	69.50	4	(1.4)	(0.1)	5.4	CITI	Materials	
11 9/13/13	NXP Semiconductors N.V.	NXPI	941.3	25.0	37.65	14	(1.0)	0.0	(1.2)	MS	Technology	
14 9/27/13	J.C. Penney Company, Inc.	JCP	810.6	84.0	9.65	11	(7.4)	(6.2)	(8.8)	GS	Consumer Cyclical	
			<b>Total (\$M):</b>	<b>5,204.4</b>			<b>Mean:</b>	<b>(2.5)</b>	<b>(0.4)</b>	<b>(1.6)</b>		
			<b>% of Total Q3 Block Trades:</b>	<b>39.3%</b>			<b>Median:</b>	<b>(1.4)</b>	<b>0.0</b>	<b>(1.2)</b>		

#### U.S. Equity Related

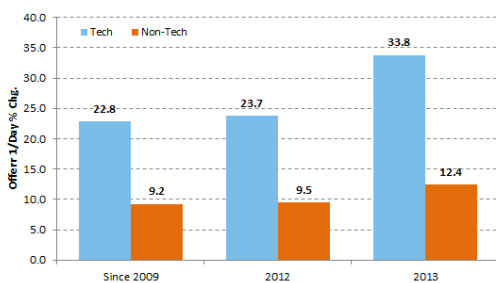
2013 Offer Rank Date	Issuer	Ticker	Proceeds + Ovl (\$M)	Coupon	Premium	Maturity	Premium		Bookrunner(s)	Industry	
							Coupon Talk	Talk			
8 8/15/13	JDS Uniphase Corp.	JDSU	650.0	0.625	40.00	8/15/33	0.75-1.25	35.00-40.00	JPM, MS	Technology	
10 8/28/13	Qihoo 360 Technology Co. Ltd.	QIHU	600.0	2.500	40.00	9/15/18	2.50-2.50	35.00-45.00	CITI, UBS, CHINAREN	Technology	
15 9/20/13	NextEra Energy, Inc.	NEE	500.0	5.799	20.00	9/1/16	-	-	CITI, MS, CS	Utilities	
18 9/4/13	Cubist Pharmaceuticals, Inc.	CBST	450.0	1.875	32.50	9/1/20	1.875-2.125	32.50-32.50	MS, BRCLY, RBC	Healthcare	
22 9/4/13	Liberty Interactive Corp.	LINTA	400.0	1.000	37.50	9/1/43	1.00-1.00	37.50-40.00	BNPPAR, BRCLY, DB, MS, CREDITAG	Consumer Cyclical	
			<b>Total (\$M):</b>	<b>2,600.0</b>							
			<b>% of Total Q3 Equity Related:</b>	<b>37.3%</b>							

Notes: Includes U.S. based SEC Deals and excludes CEFs and Blank Checks

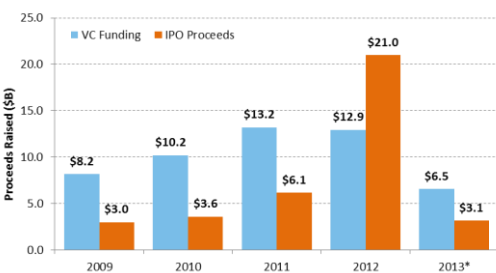
**Figure 2: Top 10 Offer/1 Day (2009 - 2013 YTD)**

Price Qtr	Issuer Name	Offer/1 Day % Chg.	Sector
Q4 2010	Youku.com Inc.	161.3	Consumer Cyc.
Q1 2011	Qihoo 360 Technology Co. Ltd.	134.5	Technology
Q3 2013	Sprouts Farmers Market, Inc.	122.8	Consumer Cyc.
Q2 2011	LinkedIn Corp.	109.4	Technology
Q2 2012	Splunk Inc.	108.7	Technology
Q2 2013	Noodles & Co	104.2	Consumer Cyc.
Q3 2013	Benefitfocus, Inc.	102.1	Technology
Q4 2010	ChinaCache International Holdings Ltd.	95.3	Technology
Q3 2013	Rocket Fuel Inc.	93.4	Technology
Q1 2012	Millennial Media, Inc.	92.3	Technology

**Figure 3: Average Offer/1 Day Performance**



**Figure 5: Tech IPO Funding Sources**



\*Through first half of 2013

\*Source: PricewaterhouseCoopers/National Venture Capital Association MoneyTree™ Report

#### M&A Activity

Year-to-date M&A activity in the Tech sector has been strong, with 1,783 deals and a total of \$77.3B in disclosed value. Though deal count is down from 2,108 deals in all of 2012, disclosed M&A spending is up from \$75.0B. This year has also run well ahead of the full-year average of 1,606 deals and \$71.5B in disclosed value seen since 2009.

The record cash hoards that the larger Tech firms have amassed also provide plenty of dry powder to fuel growth, expand into new markets or products, acquire talent, or snap up startups before they can evolve into major competitors. Household Tech names have been especially active this year, with Yahoo (19 acquisitions), Google (eight), Apple (seven), Microsoft (five, including Nokia's mobile phone business), IBM (five) and Facebook (four) all making a significant number of investments. Even not-yet-public Twitter has made eight acquisitions of its own this year. Among the notable recent acquisitions that were potential IPO candidates are mapping software firm Waze (acquired by Google in June for a reported \$1.3B), Tumblr (sold to Yahoo for around \$1.1B in May), Vine (acquired by Twitter for an undisclosed sum in October 2012) and Instagram (bought by Facebook in April 2012 for roughly \$1.0B).

#### Looking Ahead

Though the Technology IPO market has rebounded dramatically in September, a quick look at the backlog suggests that such a pace will not be sustained. Just six Technology filings reside in the current 6-month backlog, down from 10 at quarter-end last year and representing just 9.1% of the total backlog of 66 IPOs, well below the sector's normal share. Those six deals are seeking \$2.0B in combined proceeds, up from \$1.7B a year ago, but making up just 12.5% of the current \$16.0B in filed proceeds. Significantly, SEC regulations require a public IPO filing a minimum of 21 days prior to the start of a roadshow, meaning that it will be several weeks at least before newly-filed IPOs could come to market, suggesting that the market will cool again in the near future. The largest and most-notable deals currently looking to go public are in the so-called "shadow" backlog, and have yet to file publicly. They include Twitter, which filed confidentially with the SEC, Alibaba, potentially the largest IPO since Facebook but has yet to file for a U.S. listing, and cloud storage rivals Box and Dropbox, both of which are expected to file before the end of 2014.

Despite the recent difficulties of the Tech IPO market and the availability of alternative sources of funding for private Tech firms, the number of large, well-known companies in the shadow backlog shows that an IPO is still a desirable outcome for the sector. Though 2013 has been a slow year so far for the sector and the current backlog is thin, the Technology industry appears poised to ultimately regain its footing and its leadership of the overall IPO market.

#### Facebook

By far the biggest story in new issuance markets in recent years is Facebook's mammoth \$16.0B IPO, the third-largest in U.S. history after Visa and post-bankruptcy General Motors. The deal famously suffered from numerous trading glitches and weak aftermarket performance, closing just 0.6% higher in its first day before falling well below its \$38 offer price and remaining there for more than a year.

The deal serves as an inflection point in the Tech IPO market, as deal count, total proceeds, average proceeds and average Offer/1 Day all declined significantly in the 12 months post-Facebook offering, compared with the 12 months pre-Facebook (See Figure 4).

During the same period, total IPO volumes declined by just 4.6%, while total proceeds actually increased by 8.8%. Alongside other notable aftermarket flops from the internet

**Figure 4: Tech IPOs Pre and Post Facebook IPO**

	Count	Proceeds (\$M)	Avg. Proceeds (\$M)	Avg. Offer/1 Day	Avg. Offer/Curr
12 Months Pre-FB	31	6,505.7	209.9	31.02	94.66
12 Months Post-PB	27	4,796.3	177.6	19.02	88.98
Change	-12.9%	-26.3%	-15.4%	-38.7%	-6.0%

space (Groupon, Zynga), the Facebook offering seemed to cool, at least for a period, both investor demand for Tech deals and the industry's desire to tap the capital markets. While the stock finally surpassed its IPO price in early August and is currently trading up roughly 30% from its offering, it has left investors wary of the sector. Still, the stock's recovery could serve as a bookend to the weak 2013 Tech IPO market as activity has picked up dramatically since shares passed the \$38 level, potentially easing issuers' fears and investor reception.

#### Broader Tech Sector Price Performance

Year-to-date, the Dow Jones U.S. Technology Index has gained just 8.4%, compared with a 15.0% rise in the S&P 500. Though the S&P has not crossed into negative territory for the year since January 9, and has hit numerous all-time highs, the Technology sector has traded lower as recently as late June, and was down a full 4.9% on the year when it bottomed on April 19. The Tech sector also finished 2012 behind the S&P 500 (8.7% to 11.7%), but led the broader index for most of the year, trading upwards of 10 percentage points higher in April. Since October 2012, however, the sector has consistently lagged, reducing the incentive for firms to tap markets, particularly if they are seeking a profitable exit for investors rather than working capital to fuel growth.

#### Availability of VC Funding

The greater availability of private funding has lessened the need for Tech companies to tap public financing, as VC firms continue to pour money into start-ups. Since 2010, Tech firms have raised an average of \$12.1B annually from VC investors according to the National Venture Capital Association, nearly twice the amount raised from public funding, even including Facebook's IPO. The numbers are broadly in-line with figures from the boom years of 2003-2007, when Tech IPO volumes were 27% higher, on average, than in the post-crisis period. Average proceeds per VC deal have been on the rise as well, steadily climbing from a low of \$5.4M in 2009 to \$6.9M so far in 2013 as this year is on pace to narrowly top the \$12.9B raised in 2012.

### Year-to-Date New Issuance Leaders

Quarter Ending September 30, 2013

#### U.S. Equity and Equity-Related League Table

Rank	Manager	2013 Q2			2012 Q2		
		Proceeds (\$M)	Mkt. Share %	# of Deals	Proceeds (\$M)	Mkt. Share %	# of Deals
1	Goldman Sachs & Co.	29,175.8	14.2	167	19,077.8	9.9	111
2	JP Morgan	24,034.2	11.7	229	21,039.4	10.9	161
3	Citi	23,414.4	11.4	202	24,979.5	12.9	159
4	Bank of America Merrill Lynch	21,167.1	10.3	216	22,048.0	11.4	158
5	Morgan Stanley	20,009.2	9.7	180	20,884.9	10.8	120
6	Barclays	19,041.8	9.2	162	19,699.3	10.2	115
7	Credit Suisse	14,779.8	7.2	162	15,547.5	8.0	113
8	Deutsche Bank	12,760.1	6.2	148	14,372.6	7.4	118
9	Wells Fargo Securities	9,425.3	4.6	134	7,886.2	4.1	87
10	UBS AG	5,891.2	2.9	87	8,465.9	4.4	81
Subtotal		179,699.0	87.3%	-	174,001.1	89.9%	-
Total		205,859.9		742	193,534.5		538

#### U.S. IPO League Table

Rank	Manager	2013 Q2			2012 Q2		
		Proceeds (\$M)	Mkt. Share %	# of Deals	Proceeds (\$M)	Mkt. Share %	# of Deals
1	Goldman Sachs & Co.	3,830.7	11.2	46	3,710.3	11.1	31
2	JP Morgan	3,772.7	11.0	47	3,689.2	11.0	34
3	Bank of America Merrill Lynch	3,683.9	10.7	44	3,353.0	10.0	28
4	Citi	3,353.0	9.8	44	3,332.6	9.9	27
5	Credit Suisse	3,017.4	8.8	45	3,350.6	10.0	28
6	Morgan Stanley	2,995.8	8.7	35	3,776.8	11.3	29
7	Barclays	2,670.7	7.8	37	2,874.9	8.6	20
8	Deutsche Bank	2,649.1	7.7	35	3,317.8	9.9	31
9	Wells Fargo Securities	1,494.7	4.4	17	575.6	1.7	11
10	UBS AG	1,398.2	4.1	23	859.3	2.6	14
SubTotal		28,866.2	84.2%	-	28,840.0	86.0%	-
Total		34,287.7		144	33,553.2		97

#### U.S. Follow-On League Table

Rank	Manager	2013 Q2			2012 Q2		
		Proceeds (\$M)	Mkt. Share %	# of Deals	Proceeds (\$M)	Mkt. Share %	# of Deals
1	Goldman Sachs & Co.	20,778.0	14.7	95	12,872.8	8.9	70
2	Citi	17,495.1	12.4	132	20,135.6	13.9	117
3	JP Morgan	16,208.9	11.5	146	14,288.9	9.9	104
4	Bank of America Merrill Lynch	13,785.6	9.7	145	16,188.3	11.2	114
5	Barclays	13,722.1	9.7	101	15,582.3	10.8	86
6	Morgan Stanley	13,143.4	9.3	115	15,707.1	10.9	81
7	Credit Suisse	10,505.9	7.4	103	11,610.9	8.0	79
8	Deutsche Bank	7,982.8	5.6	97	10,551.0	7.3	80
9	Wells Fargo Securities	7,002.0	4.9	106	6,813.1	4.7	68
10	UBS AG	3,838.8	2.7	58	7,174.2	5.0	61
Subtotal		124,462.6	88.0%	-	130,924.2	90.6%	-
Total		141,502.0		506	144,580.1		386

#### U.S. Equity-Related League Table

Rank	Manager	2013 Q2			2012 Q2		
		Proceeds (\$M)	Mkt. Share %	# of Deals	Proceeds (\$M)	Mkt. Share %	# of Deals
1	Goldman Sachs & Co.	4,567.1	15.2	26	2,494.8	16.2	10
2	JP Morgan	4,052.7	13.5	36	3,061.3	19.9	23
3	Morgan Stanley	3,870.0	12.9	30	1,401.0	9.1	10
4	Bank of America Merrill Lynch	3,697.6	12.3	27	2,506.7	16.3	16
5	Barclays	2,649.1	8.8	24	1,242.1	8.1	9
6	Citi	2,566.2	8.5	26	1,511.2	9.8	15
7	Deutsche Bank	2,128.2	7.1	16	503.8	3.3	7
8	Credit Suisse	1,256.6	4.2	14	586.1	3.8	6
9	Wells Fargo Securities	928.5	3.1	11	497.6	3.2	8
10	Credit Agricole (CNCA)	742.5	2.5	3	0.0	0.0	0
Subtotal		26,458.5	88.0%	-	13,804.5	89.6%	-
Total		30,070.2		92	15,401.2		55

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Source: Morningstar • \*Quarter-To-Date data excludes March

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