

Going public: What you should know




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July 29, 2010



Today's presenters

			
			
Michael Hartley Audit Partner, McGladrey & Pullen, LLP Chicago	Guy Gross Audit Partner, McGladrey & Pullen, LLP Chicago	Robert Wild Corporate and Securities Partner, Katten Muchin Rosenman LLP Chicago	Brett Paschke Head of Equity Capital Markets: Corporate Finance, William Blair & Company Chicago
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Going public: What you should know

Today's agenda

- **Overview of the U.S. IPO Market**

Presented by Mike Hartley, McGladrey & Pullen, LLP

- Underwriters view
- Key accounting and audit issues
- Disclosure documents and post-IPO SEC reporting / governance matters
- Audience Q&A

Please submit your questions at any time.
We will address as many as we can at the end of the presentation.

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- Overview of the U.S. IPO Market

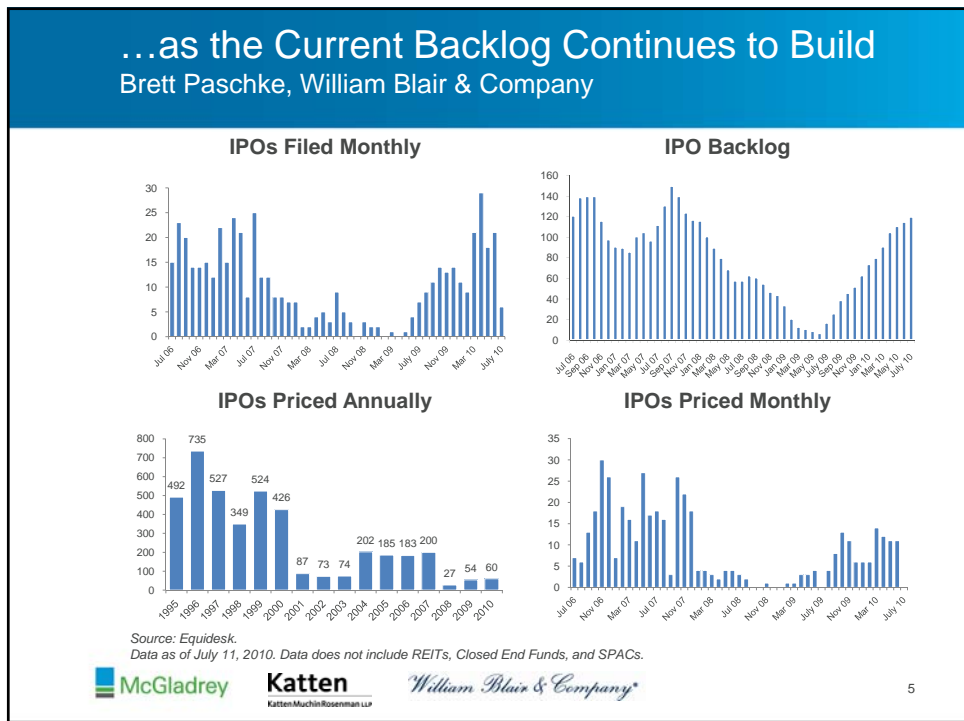
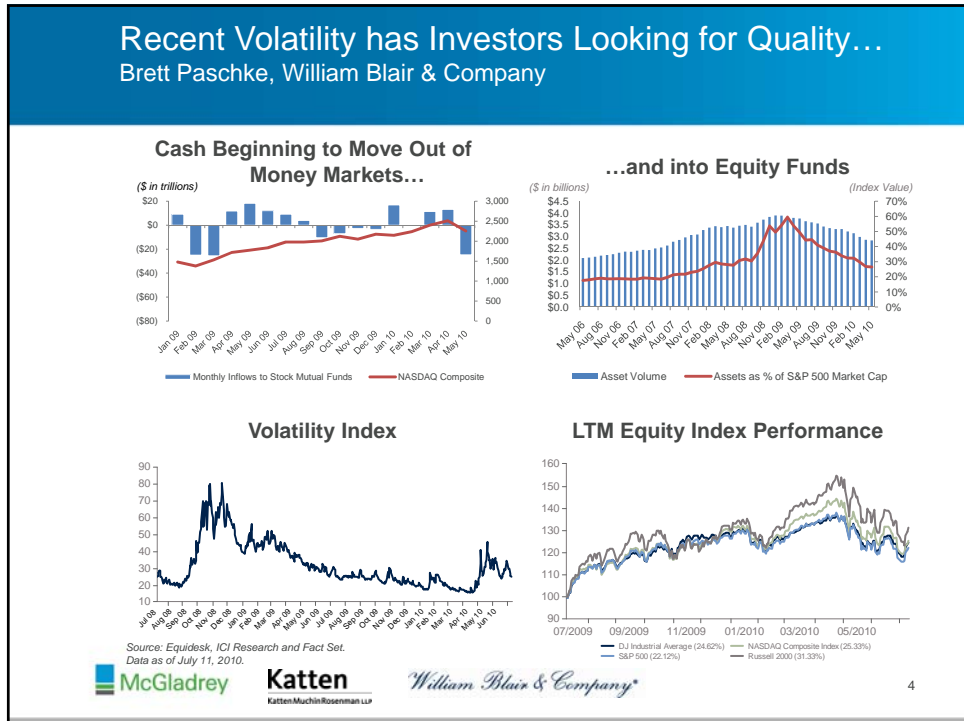
- **Underwriters view**

Presented by Brett Paschke, William Blair & Company

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What is the Ideal Candidate?

Brett Paschke, William Blair & Company

Strong Business

- Market opportunity
- Leadership in field
- Value added products or services
- Diversification
- Quality products or services
- Pricing power

Solid Financials

- Predictable revenues
- Attractive margins
- Strong cash flow
- Access to capital
- Conservative accounting
- Earnings growth

Superb Management

- Leadership and execution
- Ability to re-invent
- Clear vision
- Common goals with shareholders
- Enthusiastic corporate culture
- Significant equity ownership

Logos for McGladrey, Katten, and William Blair & Company at the bottom.

IPO Characteristics & Considerations

Brett Paschke, William Blair & Company

IPOs Priced LTM:

Percentage of Company Sold

Percentage Range	Percentage of IPOs
80% - 100%	20.4%
60% - 80%	16.4%
40% - 60%	4.1%
20% - 40%	57.6%
0% - 20%	1.5%

Market Cap at Offering

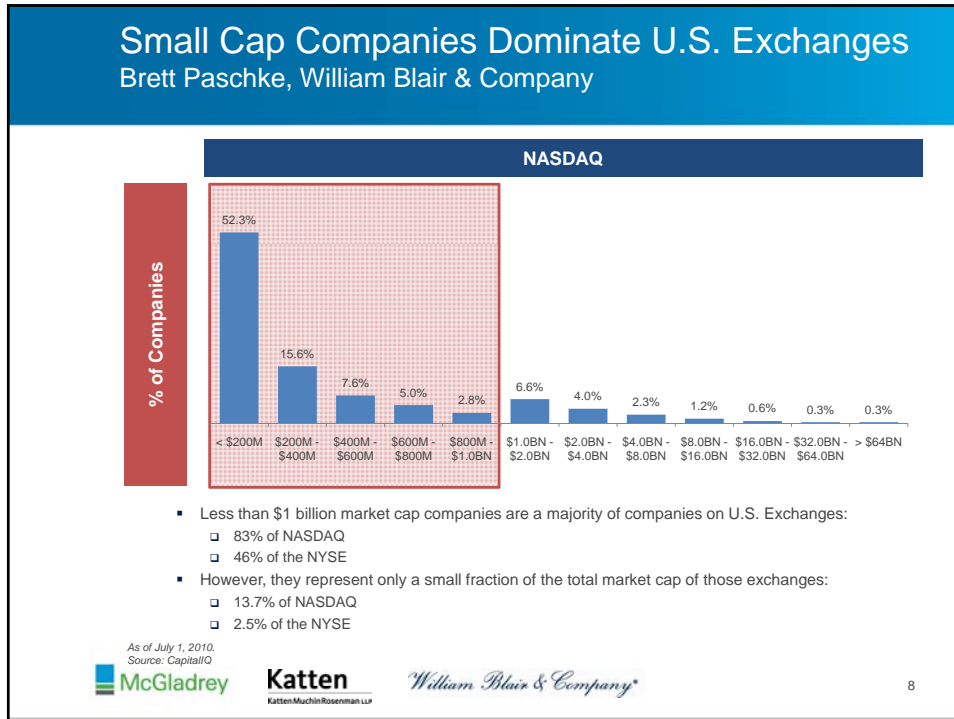
Market Cap Range	Percentage of IPOs
>5.0B	2%
1.5B - 5.0B	16%
750M - 1.5B	16%
300M - 750M	37%
150M - 300M	15%
<150M	14%

Median \$ Raised (MM): \$140.6
Median Market Cap (MM): \$440.8

Source: Equidisk. Data as of 6/30/2010. Implied market capitalization at initial filing based upon midpoint of initial filing range.

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Key Accounting & Auditing Considerations

Guy Gross, McGladrey & Pullen, LLP

- Determination of financial information to be included in the registration statement
- Review procedures performed on all quarterly numbers
- PCAOB v. AICPA audit standards
- Heightened risk level
- Other auditors
- Comfort letter process

Complications of the IPO Process

Guy Gross, McGladrey & Pullen, LLP

- Quarterly data
- Business combinations
 - Significance test
 - Audit history
 - Carve-out audits
 - Proforma information
- Maintaining independence
- Practical timeline

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Typical Accounting/Reporting Issues

Guy Gross, McGladrey & Pullen, LLP

- Share-based compensation and fair value
 - Cheap stock
- Income taxes
- Public company only disclosures
 - Segment reporting
 - Earnings per share

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- **Disclosure documents and post-IPO SEC reporting / governance matters**

Presented by Bob Wild, Katten Muchin Rosenman LLP

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The Goal

Bob Wild, Katten Muchin Rosenman LLP

- Successful IPO
- Effective Corporate Governance and Compliance with Stock Market Listing Requirements
- Compliant On-going SEC Reporting and Public Disclosures

The Goal – Executing the Successful IPO

Bob Wild, Katten Muchin Rosenman LLP

- Final Prospectus
 - Selected Disclosures
 - Risk Factors
 - Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A)
 - Business (competition and applicable regulatory framework)
 - Corporate Governance
 - Compensation - detailed charts and Compensation Discussion and Analysis (CD&A)
 - Related Party Transactions

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The Goal – Executing the Successful IPO

Bob Wild, Katten Muchin Rosenman LLP

- Amendment of certificate of incorporation and bylaws as necessary for public company provisions
- Amendment or adoption of compensation arrangements and equity plans
- Modification/elimination of related party agreements
- Comprehensive legal due diligence
- Managing public disclosures

The Goal – Creating the Foundation for Effective Corporate Governance

Bob Wild, Katten Muchin Rosenman LLP

- Director independence requirements
- Board Committee requirements
- Code of Ethics, Whistleblower Policies and Corporate Governance Policies
- Dodd-Frank Wall Street Reform and Consumer Protection Act -- governance provisions on the horizon

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The Goal – Implementing the Framework for On-going SEC Reporting and Public Disclosures
Bob Wild, Katten Muchin Rosenman LLP

- Periodic Reporting – Form 10-Q, Form 10-K, Proxy statement
- Current Reporting and public disclosures – Form 8-K, press releases and investor presentations
- Internal Control over Financial Reporting
- Disclosure Controls and Procedures
- CEO and CFO certifications

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- **Audience Q&A**

We will now answer your questions.

Please submit any additional questions you may have at this time.

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Who to contact

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Thank you

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