

Morgan Stanley

IPO Market Review

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Morgan Stanley IPOs



Apple Computer, Inc.

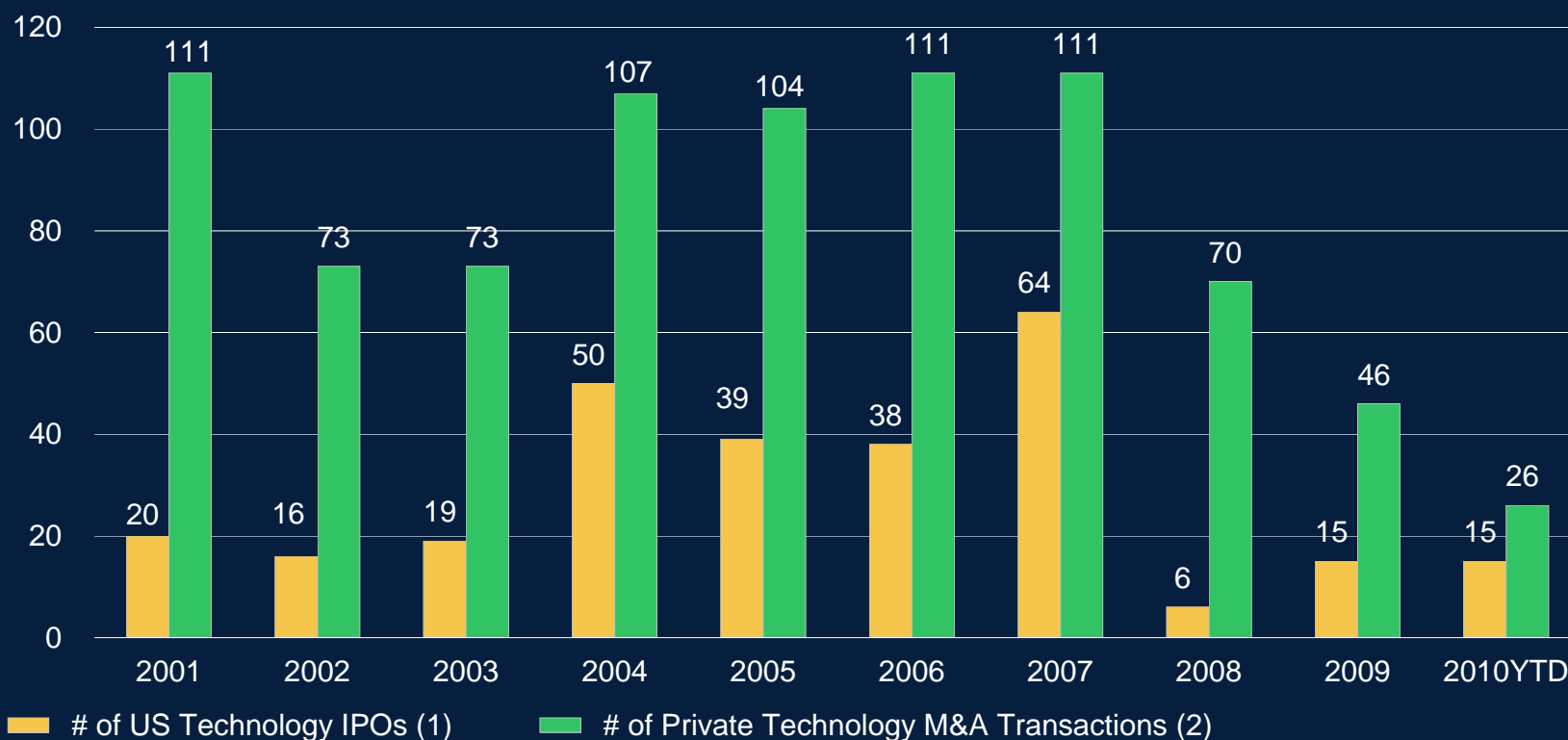


NETSCAPE



Primary Paths to Liquidity

Technology IPOs and M&A Transactions 2001 – 2010YTD



Source: SDC as of May 2010

Tech IPO Volume Expanding

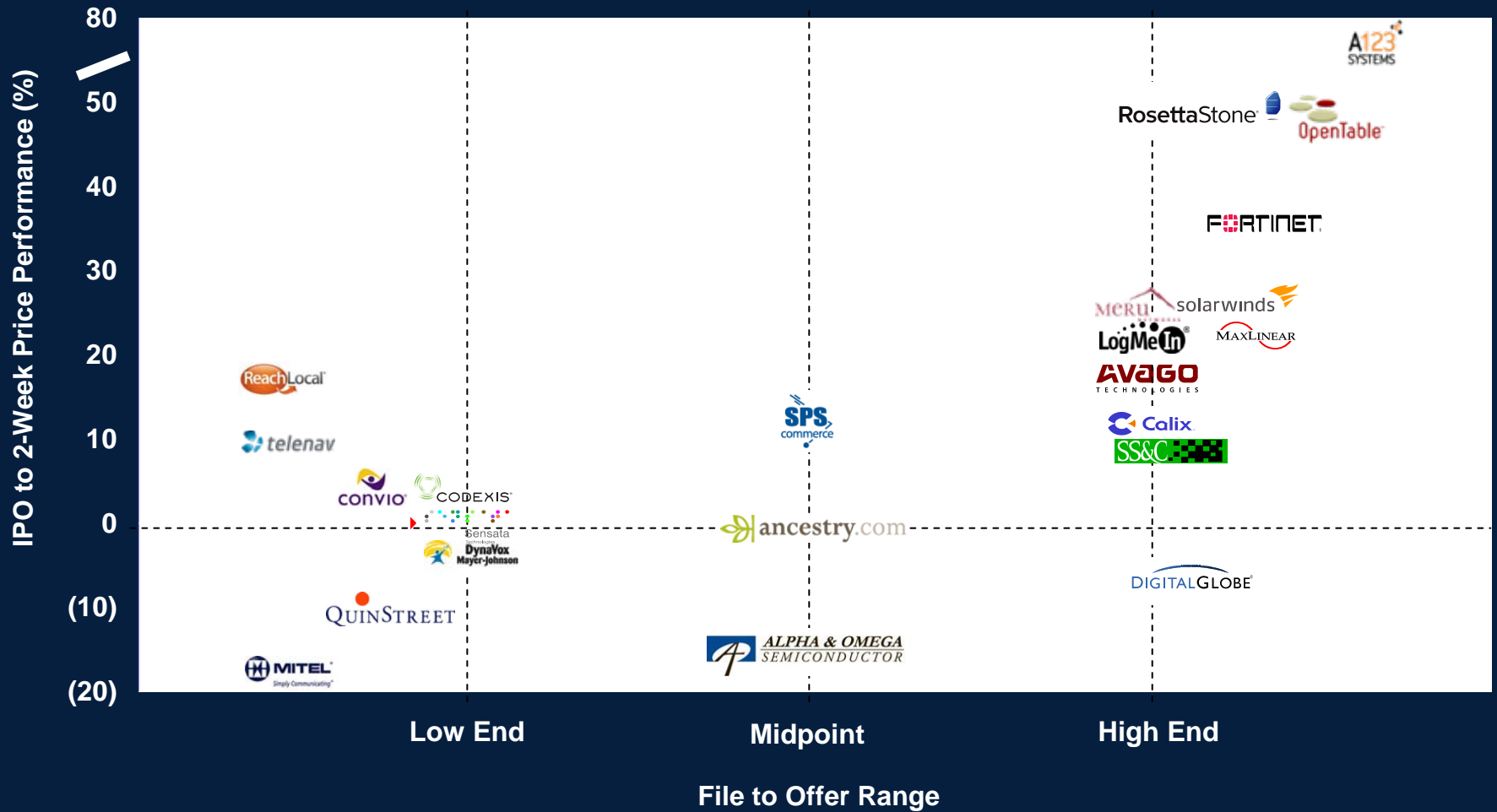
But Remains Well Below Historic Highs of 1990s

- **Public market investors continue to apply “hot stove” lessons from the 1999–2000 bubble**
 - **Investors are looking for new growth companies with lower risk / reward profiles**
 - **Assets under management have recovered and bias in investing is in larger companies (revenue scale and profitability)**
- **In 2010-YTD, 14 Technology IPOs have priced and 31 have been filed and are currently on backlog**

Period	Average Annual Tech IPO Issuance
1991–1998	120
1999–2000	380
2001–2003	10
2004–2007	48
2008–2009	10
2010E	40+

Source: Dealogic

Tech IPOs Have Exhibited Mixed Performance

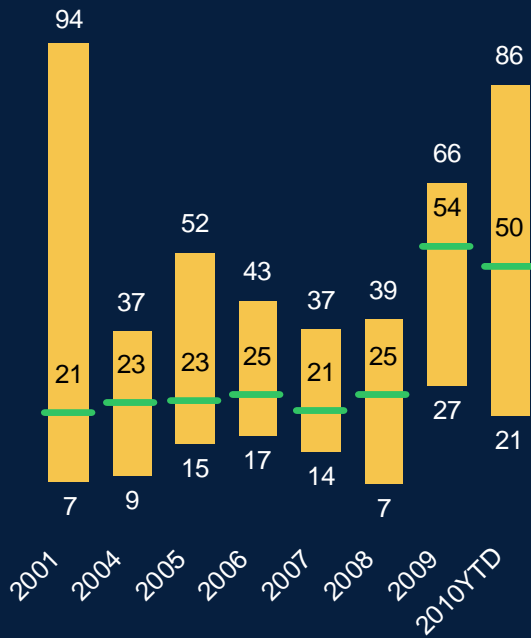


(1) ReachLocal and TeleNav 2-week price performance based on current close as of 5/21/10.

Scale / Growth / Profitability Profile

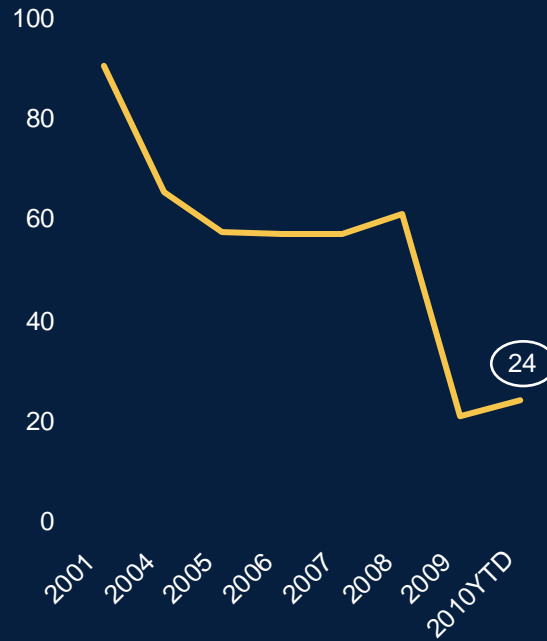
Quarterly Revenue

\$MM



Median YoY Revenue Growth

%



Median Operating Margin

%

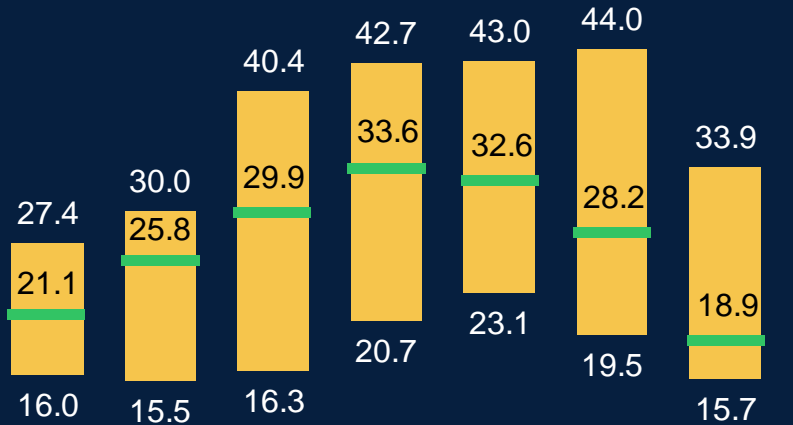


■ 75th Percentile
■ Median
■ 25th Percentile

Tech IPO Valuation Trends

Forward P/E Multiple at Pricing

P/E Multiple (x)



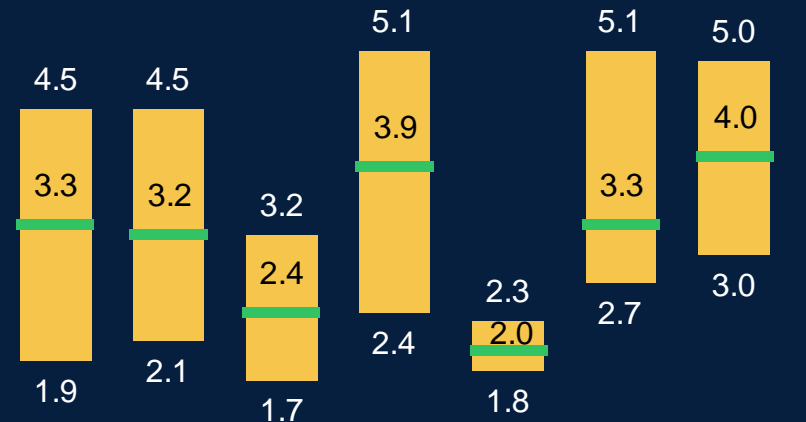
2004 2005 2006 2007 2008 2009 2010 YTD

■ 75th Percentile
— Median
■ 25th Percentile

Source: IPO Bookrunner Estimates at Pricing

Forward Revenue Multiple at Pricing

Revenue Multiple (x)



2004 2005 2006 2007 2008 2009 2010 YTD

■ 75th Percentile
— Median
■ 25th Percentile

Source: IPO Bookrunner Estimates at Pricing