



Renaissance Capital

Most Trusted Opinion on Newly Public Companies

About Renaissance Capital

Renaissance Capital is the leading provider of independent research on newly public companies. Since its inception in 1991 as a producer of research for institutional investors, the firm has evaluated more than 5,000 initial public offerings (IPOs).

Renaissance Capital also is the adviser to a mutual fund, the IPO Plus Aftermarket Fund, which is registered under the Investment Company Act of 1940. Compliance procedures are in place so that changes in research and recommendations at Renaissance Capital are not made available to the mutual fund prior to the availability to other users of the research. The IPO Plus Aftermarket Fund is a customer of Piper Jaffray and is eligible to participate in new issues and accordingly may receive IPO allocations.

You can learn more about Renaissance Capital at its Web site:
www.ipohome.com.

Equity Research and Methodology

Renaissance Capital evaluates each IPO in four areas—fundamentals, governance, valuation and technical strength—on a scale ranging from “very weak” to “very strong.”

For the fundamental review, it assesses the attractiveness of the firm’s sector of the market and its competitive position within it, including a review of its business model and earnings power.

Judging corporate governance is especially important for understanding the prospects for newly public companies. The primary goal is to determine whether the interests of the management team and the board of directors are aligned with those of the new shareholders and how the structure of the firm’s ownership might affect its stock price over time.

The valuation review involves a comparison of a wide variety of valuation metrics of the newly public company to those of publicly traded comparable firms.

For new issues, the recent behavior of the stocks of similar companies can have a significant impact on how the IPO trades during the critical first few months

when investors are unfamiliar with the company and trading is volatile, so the technical condition of the firm's industry group is the final aspect of the analysis by Renaissance.

Ratings System

After evaluation of the four areas outlined above, stocks are rated by Renaissance Capital in accordance with the following scale:

Outperform Stock is expected to perform better than the relevant broad market benchmark over the next three months.

Marketperform Stock is expected to perform in line with the relevant broad market benchmark over the next three months.

Underperform Stock is expected to perform below the relevant broad market benchmark over the next three months.

Additional Information

All materials produced by Renaissance Capital represent its views and not those of Piper Jaffray. The research is intended for the sole use of Piper Jaffray clients in the United States and may not be redistributed to third parties.

Under the direction of securities regulators, Piper Jaffray is not allowed to provide the Renaissance Capital research reports until after the completion of the quiet period that follows an IPO (typically 40 days) and only upon publication of Piper Jaffray research.

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