



Welcome to

Small Public
Company Forum

The Inaugural Event

June 24, 2009

Session One:
*Financing Your Business in This
Economy*

Moderated by

Alan Gilbert

Maslon Edelman Borman & Brand, LLP

www.smallpubcoforum.com

Session One Panelists:

- **Joe Sullivan** -
Senior Corporate Finance Executive and Director of Equity Capital Markets for Feltl and Company;
- **Rachel Polson** -
Partner with the Commercial Services Group of Baker Tilley Virchow Krause, LLP;
- **Bill Mower** –
Partner in Maslon's Business & Securities Group

State of the Market

DJIA: Down Approx. 27.8% since September 2008

DJ INDU AVERAGE (DOW JONES & CO)
as of 19-Jun-2009



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S&P 500: Down Approx. 30.4% since September 2008

S&P 500 INDEX (STANDARD & POOR)
as of 19-Jun-2009



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Nasdaq Comp.: Down Approx. 25.4% since September 2008

NAS/NMS COMPOSITE (NASDAQ STOCK)
as of 19-Jun-2009



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IPO Data: 2007 – 2009 (YTD)

- **2007** (Pricewaterhousecoopers 2008 US IPO Watch)
 - 296 IPOs
 - Aggregate Proceeds of \$65.1B
 - 25 IPOS Withdrawn or Postponed
- **2008** (Pricewaterhousecoopers 2008 US IPO Watch)
 - 57 IPOs
 - Aggregate Proceeds of \$29.4B; \$11.5B w/o Visa
 - 105 IPOS Withdrawn or Postponed
- **2009 YTD (through June 11)** (Renaissance Capital LLC)
 - 9 IPOs
 - Aggregate Proceeds of \$1.8B
 - 30 IPOS Withdrawn or Postponed

Example – Debt with warrants

Assuming 750,000 warrants issued with a 50% volatility percentage and 5-year expected life of warrant for \$5,000,000 of debt with a 2 year term.

	Warrants' exercise price <u>at market</u>	Warrants' exercise price at 75% <u>of market</u>	Warrants' exercise price at 50% <u>of market</u>
Warrant relative FV (original issue discount)	337,000	390,000	456,000
Expense for first 12 months	168,500	195,000	228,000

The amortization of the OID is presented on the income statement as interest expense.

Example – Convertible debt with warrants

Assuming 750,000 warrants issued with a 50% volatility percentage and 5 year expected life of warrant for \$5,000,000 of convertible debt (1 share per dollar) with a 2-year term.

	<u>Warrants' exercise price & BCF at market</u>	<u>Warrants' exercise price & BCF at market</u>	<u>Warrants' exercise price & BCF at market</u>
Warrant relative FV (original issue discount)	241,000	265,000	293,000
Relative FV of beneficial conversion (original issue discount)	69,000	93,000	122,000
Expense for first 12 months	155,000	179,000	207,500

The amortization of the OID is presented on the income statement as interest expense.

**Questions may be submitted
through the website:**

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Thank you

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