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1999

The IPO Report



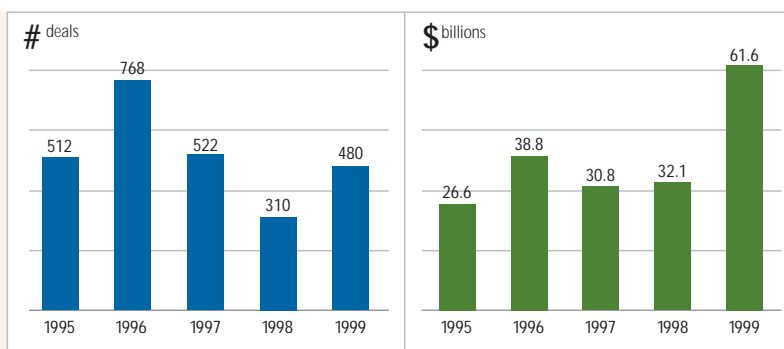
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The 1999 IPO market was characterized by a record number of technology and Internet-related offerings. The year saw 480 IPOs by U.S. companies which generated gross proceeds of \$61.63 billion, an increase of 55% in deal volume and 92% in gross proceeds from the 310 IPOs which raised \$32.12 billion in 1998. There were also 57 IPOs by foreign companies in 1999. Foreign company IPOs generated gross proceeds of \$33.70 billion, including the \$16.50 billion offering by ENEL Societa per Azioni (the Italian electric company), the largest global IPO in history.

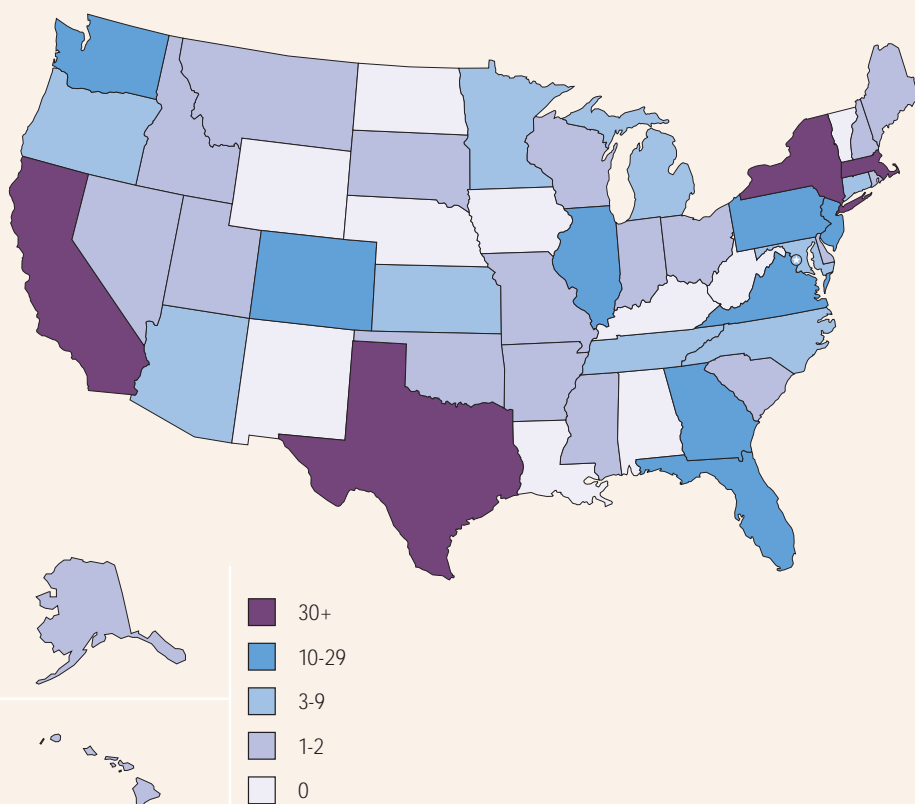
Total U.S. dollar volume was boosted by a number of blockbuster offerings outside of the Internet industry. 1999 saw three of the four largest IPOs by U.S. companies in history. United Parcel Service captured the label of largest offering in U.S. history, previously held by Conoco, with a \$5.47 billion offering in November. Goldman Sachs and Charter Communications now rank as the third and fourth largest domestic IPOs with gross proceeds of \$3.66 and \$3.23 billion, respectively. Average national deal size increased from \$103.6 million in 1998 to \$128.4 million in 1999.

1999 was notable not only for the number of large offerings, but also large first day gains. VA Linux Systems, Inc. eclipsed the previous record first day gain of 606% set by theglobe.com in November 1998 with a 698% first day gain. Nine of the all-time top ten first day gains from offering price in percentage terms belonged to 1999 IPOs at the end of the year.

The top ranked IPO states were buoyed by the large number of technology and Internet-related companies. California, the traditional IPO leader, saw 169 IPOs in 1999 compared to 66 IPOs in 1998. New York (63 IPOs), Massachusetts (35 IPOs) and Texas (34 IPOs) also experienced ebullient markets, and Washington, Virginia and Colorado are starting to see the results of the large amounts of venture capital financing in those states in recent years.



National IPO Concentrations

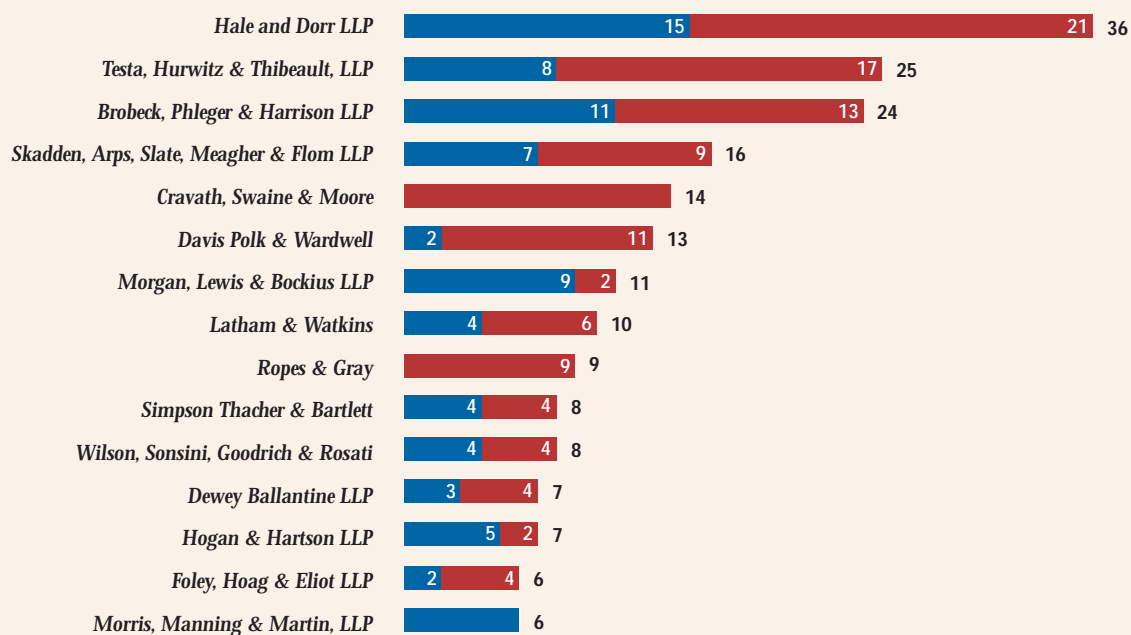


State IPO Totals

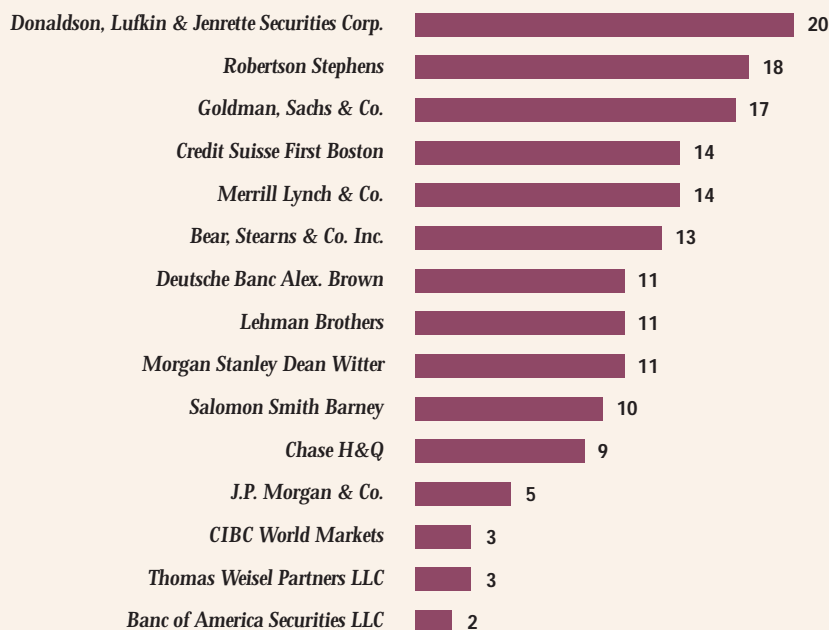
								\$ millions			
AK	1	140.0	ID	1	25.0	MT	1	40.0	RI	1	22.0
AL	0	0.0	IL	15	1,295.4	NC	3	285.3	SC	1	11.0
AR	1	55.7	IN	2	56.7	ND	0	0.0	SD	1	6.4
AZ	4	114.3	KS	4	268.2	NE	0	0.0	TN	3	158.4
CA	169	17,569.3	KY	0	0.0	NH	2	89.2	TX	34	3,772.6
CO	11	948.1	LA	0	0.0	NJ	11	620.8	UT	1	79.9
CT	7	542.4	MA	35	2,618.7	NM	0	0.0	VA	11	854.3
DC	4	399.1	MD	7	734.5	NV	2	108.0	VT	0	0.0
DE	1	361.6	ME	1	370.0	NY	63	12,326.0	WA	17	1,041.5
FL	17	1,582.5	MI	4	1,960.7	OH	1	66.0	WI	1	100.8
GA	11	5,964.6	MN	8	401.0	OK	2	828.1	WV	0	0.0
HI	1	52.5	MO	1	3,230.0	OR	4	556.4	WY	0	0.0
IA	0	0.0	MS	1	168.8	PA	15	1,800.7			











■ Counsel to Issuer ■ Counsel to Underwriters

Law Firm Ranking



Lead Underwriter Ranking



 \$234,000,000 Counsel to Issuer October 28, 1999	 \$103,500,000 Counsel to Issuer July 19, 1999	 £264,000,000 Counsel to Underwriters* July 26, 1999 London Stock Exchange, Nasdaq	 \$51,750,000 Counsel to Underwriters May 5, 1999	 \$168,000,000 Counsel to Issuer February 10, 1999	 \$96,600,000 Counsel to Underwriters August 11, 1999	 \$69,000,000 Counsel to Issuer July 20, 1999 — \$349,312,500† November 10, 1999	 \$218,500,000 Counsel to Underwriters March 30, 1999	 €73,370,000 Counsel to Underwriters* September 22, 1999 Nasdaq; Neuer Markt	 \$284,050,000 Counsel to Issuer October 21, 1999
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 \$55,200,000 Counsel to Issuer August 16, 1999	 \$104,650,000 Counsel to Issuer March 30, 1999	 \$55,200,000 Counsel to Underwriters June 17, 1999 — \$248,803,190† December 7, 1999	 €112,903,470 Counsel to Issuer* March 17, 1999 Neuer Markt	 \$67,275,000 Counsel to Underwriters April 19, 1999 — \$216,570,500† October 8, 1999	 \$48,300,000 Counsel to Issuer October 5, 1999	 \$125,120,000 Counsel to Underwriters November 10, 1999	 CHF 138,000,000 Counsel to Issuer* November 24, 1999 SWX New Market	 \$55,200,000 Counsel to Issuer June 17, 1999
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\$5,000,000,000 If you're going public, go with the IPO leader.

 \$88,550,000 Counsel to Underwriters October 22, 1999	 £54,600,000 Counsel to Issuer* October 7, 1999 London Stock Exchange, Nasdaq	 \$65,492,500 Counsel to Underwriters October 15, 1999	 €57,960,000 Counsel to Underwriters* July 2, 1999 EASDAQ	 \$88,320,000 Counsel to Underwriters November 12, 1999	 €88,960,750 Counsel to Issuer* June 3, 1999 Amsterdam Stock Exchange	 \$50,000,005 Counsel to Underwriters October 8, 1999	 \$122,400,000 Counsel to Issuer November 10, 1999	 \$74,750,004 Counsel to Underwriters December 9, 1999	 \$73,600,000 Counsel to Issuer December 17, 1999
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 \$100,740,000 Counsel to Underwriters March 18, 1999 — \$75,600,000† October 29, 1999	 \$82,800,000 Counsel to Underwriters October 27, 1999	 DKK 960,000,000 Counsel to Issuer* October 7, 1999 Copenhagen Stock Exchange	 \$48,300,000 Counsel to Underwriters March 17, 1999	 \$147,200,000 Counsel to Issuer June 29, 1999	 \$120,750,000 Counsel to Underwriters April 15, 1999	 €44,550,000 Counsel to Issuer* June 9, 1999 Nasdaq, Nouveau Marché	 \$56,580,000 Counsel to Underwriters September 30, 1999	 \$72,450,000 Counsel to Underwriters November 23, 1999
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 \$67,275,000 Counsel to Issuer May 11, 1999	 €36,915,000 Counsel to Underwriters* June 2, 1999 Nouveau Marché	 \$75,468,750 Counsel to Underwriters October 8, 1999	 €32,568,000 Counsel to Issuer* July 8, 1999 EASDAQ	 \$135,000,000 Counsel to Underwriters July 20, 1999	 \$126,000,000 Counsel to Underwriters August 2, 1999	 \$50,830,000 Counsel to Issuer February 12, 1999	 \$37,950,000 Counsel to Underwriters August 12, 1999	 €52,070,007 Counsel to Underwriters* October 7, 1999 Nouveau Marché	 \$77,280,000 Counsel to Issuer November 3, 1999
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*handled through our joint venture law firm based in London † follow-on public offering

IPOs by Internet-related companies dominated 1999 in remarkable fashion

In 1999, there were 289 IPOs by Internet-related companies (“iPOs”), with gross proceeds of \$24.66 billion. This compares to 42 iPOs raising \$1.96 billion in 1998.

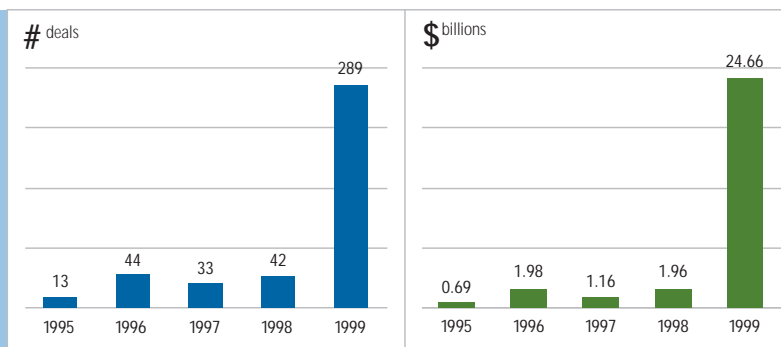
iPOs represented 60% of the total number of IPOs in 1999, compared to 14% of IPOs in 1998.

The average iPO closed 90% above its offering price on its opening day. Of the 30 largest first-day gains in IPO history, 29 occurred during 1999, and nearly all were Internet-related IPOs.

The average iPO ended the year 266% above its offering price, compared to an average appreciation during 1999 for non-Internet related IPOs of only 59%.

Outlook

Conditions seem favorable for continued strength in the iPO market in 2000, although a market correction, or unexpected increases in interest rates, could chill the market in the short-term. The coming year is also likely to produce a spate of follow-on public offerings and M&A transactions, as Internet companies seek to capture some of their market appreciation or use their highly-valued stock for acquisitions. In the longer-term, the iPO market should remain vibrant as the shift to a Web-based economy continues.



Trends and Observations

Confounding Valuations

iPO valuations confounded observers throughout the year. Profitability was elusive for most Internet companies, and valuations were driven much more by growth potential than traditional financial measures.

Hot Sectors

iPOs by “e-tailers” engaged in business-to-consumer e-commerce dominated early in the year but cooled as deal supply swelled and aftermarket performance lagged. By the second half of 1999, the most successful iPOs were from Internet infrastructure suppliers and business-to-business (B2B) players.

Unseasoned Issuers

The trend toward younger and smaller companies pursuing IPOs continued in 1999, with 81% having less than \$100 million in revenue and 57% being less than five years old. This trend has become extreme among iPOs, with numerous examples of Internet-related companies going public less than two years after formation.

Brand Strength

Scores of newcomers struggled to build up brand awareness to compete with Internet titans. Despite an ad blitz from newer competitors, e-commerce during the 1999 holiday season was dominated by a handful of well-established Internet companies and the new online initiatives of traditional retailers leveraging their brand strength. It remains to be seen whether the multimillion dollar Super Bowl ads of various dot-com startups will catapult them ahead of the pack.

High Volatility

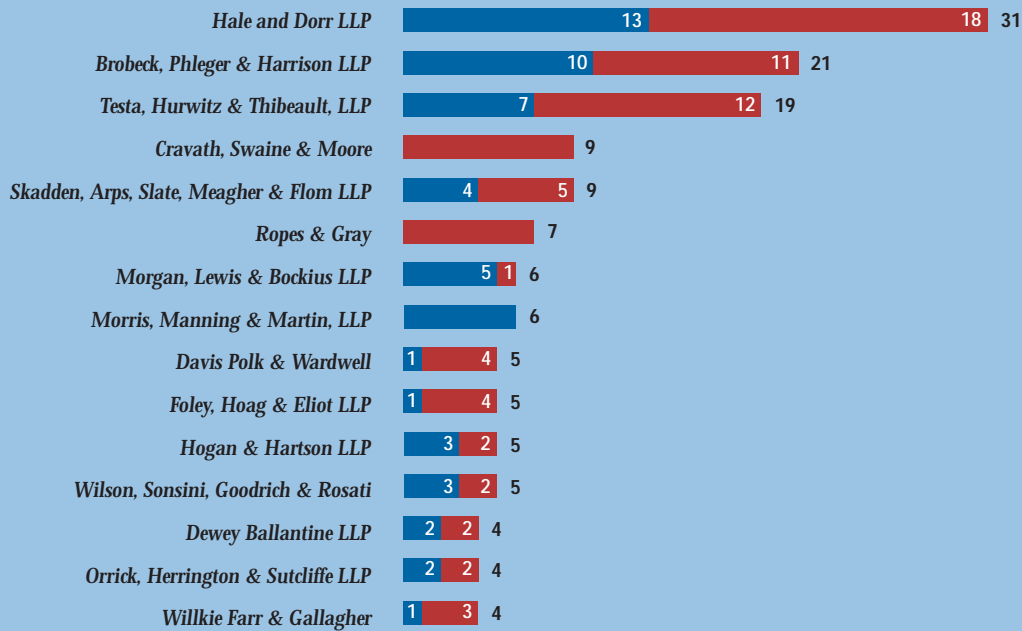
Beginning with startling jumps on their first day of trading, iPOs in 1999 showed a high degree of volatility. Subsequent price performance of many Internet-related companies, even those with the most successful iPOs, was often dizzying.

Valuation Shifts

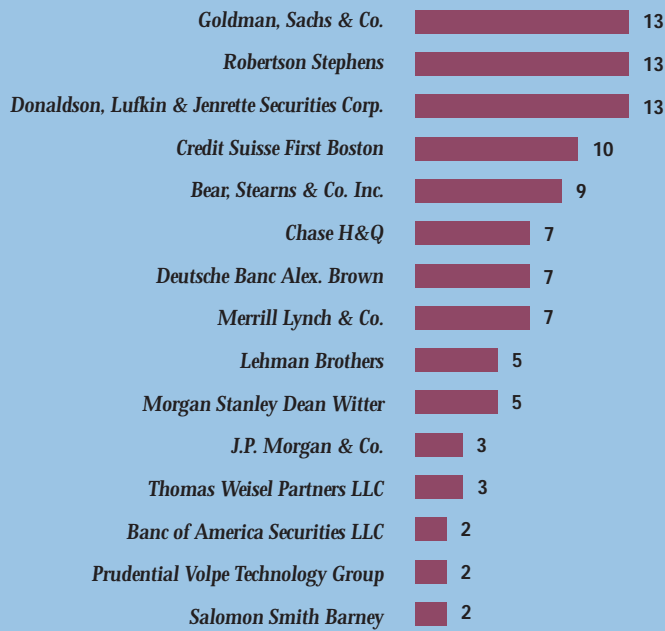
Regardless of the ebb and flow of individual Internet stocks, there has been an economy-wide shift of valuation from brick-and-mortar businesses to their online counterparts. As a result, Internet companies are beginning to use their highly-valued stock to acquire old-line institutions and create “click and mortar” companies. For example, America Online agreed in January 2000 to acquire Time Warner in the largest M&A transaction in history.

■ Counsel to Issuer ■ Counsel to Underwriters

Law Firm Ranking



Lead Underwriter Ranking



Fueled by a significant number of Internet-related offerings, New England companies completed 46 IPOs in 1999 with gross proceeds of \$3.64 billion. This represents a 109% increase in the number of offerings and a 317% increase in dollar volume from the 22 IPOs which raised \$873 million in 1998.

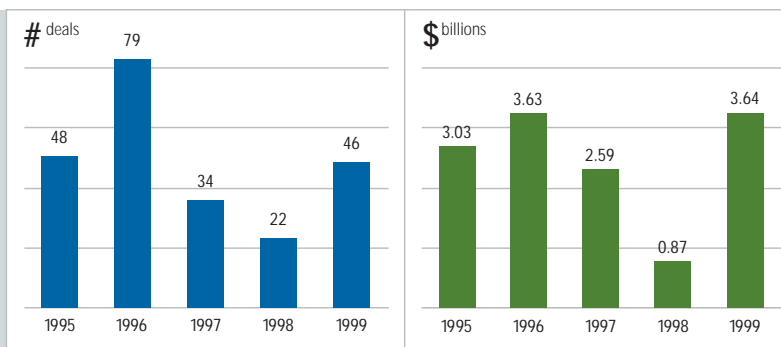
New England's share of the national IPO market increased from 7.1% in 1998 to 9.6% in 1999. Average deal size in New England was \$79.2 million which, while lagging the national figure of \$128.4 inflated by a number of huge IPOs, was almost twice the average deal size of \$39.7 million in 1998.

Massachusetts saw 35 IPOs in 1999, 76% of the New England total, and trailed only California and New York in the state rankings. Among the state's many Internet-related offerings were two of the most spectacular IPOs in history. Akamai Technologies, Inc. closed 458% above its offering price on the first day of trading and Sycamore Networks, Inc. gained 386% on its first day. Both companies achieved a market cap in excess of \$13 billion after one day of trading.







New England also hosted some of the most successful IPOs of the year, with five deals that appreciated more than seven-fold from their offering prices by year-end:

- Akamai Technologies, Inc. **1,160%**
- Silknet Software, Inc. **1,005%**
- Art Technology Group, Inc. **968%**
- Sycamore Networks, Inc. **711%**
- SilverStream Software, Inc. **644%**

Given the large number of companies in registration at the end of 1999 and the high level of venture capital investment in the region, the New England IPO market is likely to remain vibrant as long as overall market conditions are favorable.



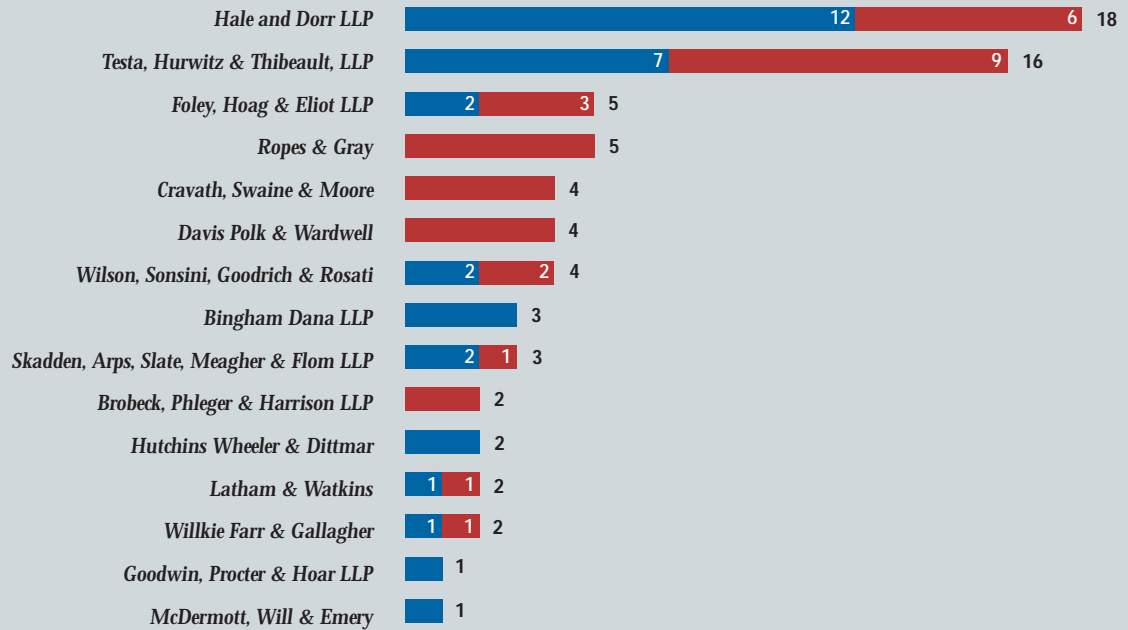
New England IPOs by State

	1995	1996	1997	1998	1999	Total
 MA	32 1,368.2	52 1,828.1	16 687.5	14 615.8	35 2,618.7	149 7,118.3
 CT	14 1,579.4	17 1,407.0	13 1,447.6	6 195.1	7 542.4	57 5,171.5
 NH	1 7.7	4 198.9	1 36.0	1 54.7	2 89.2	9 386.5
 RI	0 0.0	5 179.0	0 0.0	0 0.0	1 22.0	6 201.0
 ME	0 0.0	1 18.0	2 289.3	1 7.7	1 370.0	5 685.0
 VT	1 72.5	0 0.0	2 131.7	0 0.0	0 0.0	3 204.2

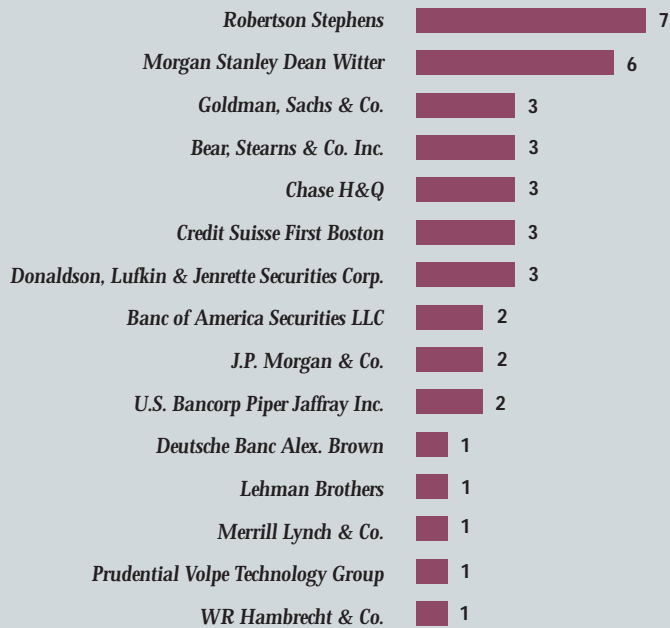
of deals
\$ volume (in millions)

■ Counsel to Issuer ■ Counsel to Underwriters

Law Firm Ranking



Lead Underwriter Ranking



Issuer	Offer Date	State	Total \$ millions	Offer Price \$	Lead Underwriter	Counsel to Issuer	Counsel to Underwriters
@plan.inc.	5/20/99	CT	35.0	14.00	Hambrecht & Quist Inc.	Bass Berry & Sims	Wilson Sonsini
Akamai Technologies, Inc.	10/28/99	MA	234.0	26.00	Morgan Stanley Dean Witter	Hale and Dorr	Ropes & Gray
Allaire Corporation	1/22/99	MA	50.0	20.00	Credit Suisse First Boston	Foley, Hoag & Eliot	Testa Hurwitz
Andover.Net, Inc.	12/8/99	MA	72.0	18.00	WR Hambrecht & Co.	Hutchins Wheeler	Willkie Farr
Art Technology Group, Inc.	7/20/99	MA	60.0	12.00	Hambrecht & Quist Inc.	Hale and Dorr	Foley, Hoag & Eliot
Be Free, Inc.	11/3/99	MA	67.2	12.00	Donaldson, Lufkin & Jenrette	Hale and Dorr	Testa Hurwitz
Biopure Corporation	7/29/99	MA	42.0	12.00	J.P. Morgan & Co.	Lebeouf Lamb	Cahill Gordon
Bottomline Technologies (de), Inc.	2/12/99	NH	44.2	13.00	BancBoston Robertson Stephens	Hale and Dorr	Foley, Hoag & Eliot
Breakaway Solutions, Inc.	10/5/99	MA	42.0	14.00	Morgan Stanley Dean Witter	Hale and Dorr	Ropes & Gray
C-bridge Internet Solutions, Inc.	12/17/99	MA	64.0	16.00	Robertson Stephens	Hale and Dorr	Foley, Hoag & Eliot
DSL.net, Inc.	10/6/99	CT	54.0	7.50	Donaldson, Lufkin & Jenrette	Testa Hurwitz	Brobeck
EDGAR Online, Inc.	5/25/99	CT	34.2	9.50	C.E. Unterberg, Towbin Co.	Littman & Krooks	Cravath Swaine
Engage Technologies, Inc.	7/19/99	MA	90.0	15.00	Goldman, Sachs & Co.	Hale and Dorr	Ropes & Gray
Fairchild Semiconductor International, Inc.	8/3/99	ME	370.0	18.50	Credit Suisse First Boston	Dechert Price	Cravath Swaine
iBasis, Inc.	11/10/99	MA	108.8	16.00	Robertson Stephens	Bingham Dana	Hale and Dorr
Implant Sciences Corporation	6/23/99	MA	7.5	7.50	Westport Resources	Foley, Hoag & Eliot	Prifti Law Offices
Interliant, Inc.	7/7/99	MA	70.0	10.00	Merrill Lynch & Co.	Dewey Ballantine	Wilson Sonsini
internet.com Corp.	6/25/99	CT	47.6	14.00	U.S. Bancorp Piper Jaffray Inc.	Willkie Farr	Cooley Godward
Interspeed, Inc.	9/23/99	MA	42.0	12.00	U.S. Bancorp Piper Jaffray Inc.	Goodwin Procter	Testa Hurwitz
Lionbridge Technologies, Inc.	8/20/99	MA	35.0	10.00	Prudential Securities Inc.	Testa Hurwitz	Brobeck
Log On America, Inc.	4/22/99	RI	22.0	10.00	Dirks & Company, Inc.	Silverman	Orrick Herrington
Maker Communications, Inc.	5/10/99	MA	43.6	13.00	Lehman Brothers	Hutchins Wheeler	Testa Hurwitz
MCK Communications, Inc.	10/22/99	MA	54.4	16.00	Robertson Stephens	McDermott Will	Testa Hurwitz
MicroFinancial, Inc.	2/4/99	MA	60.0	15.00	Piper Jaffray Inc.	Edwards & Angell	Cravath Swaine
MKS Instruments, Inc.	3/30/99	MA	91.0	14.00	NationsBanc Montgomery	Hale and Dorr	Ropes & Gray
Modem Media.Poppe Tyson, Inc.	2/4/99	CT	41.6	16.00	BancBoston Robertson Stephens	Wilson Sonsini	Davis Polk
MotherNature.com, Inc.	12/10/99	MA	53.3	13.00	Bear, Stearns & Co. Inc.	Testa Hurwitz	Skadden Arps
NaviSite, Inc.	10/22/99	MA	77.0	14.00	Robertson Stephens	Skadden Arps	Hale and Dorr
NetScout Systems, Inc.	8/12/99	MA	33.0	11.00	Deutsche Banc Alex. Brown	Testa Hurwitz	Hale and Dorr
NETsilicon, Inc.	9/15/99	MA	36.8	7.00	CIBC World Markets	Greenbaum	Morgan Lewis
Network Plus Corp.	6/29/99	MA	128.0	16.00	Goldman, Sachs & Co.	Hale and Dorr	Cravath Swaine
Nextera Enterprises, Inc.	5/18/99	MA	115.0	10.00	Donaldson, Lufkin & Jenrette	Latham & Watkins	Testa Hurwitz
OneSource Information Services, Inc.	5/19/99	MA	43.6	12.00	William Blair & Company	Testa Hurwitz	Sidley & Austin
priceline.com Incorporated	3/29/99	CT	160.0	16.00	Morgan Stanley Dean Witter	Skadden Arps	Davis Polk
RoweCom, Inc.	3/8/99	MA	49.6	16.00	J.P. Morgan & Co.	Bingham Dana	Davis Polk
Silknet Software, Inc.	5/5/99	NH	45.0	15.00	Credit Suisse First Boston	Testa Hurwitz	Hale and Dorr
SilverStream Software, Inc.	8/16/99	MA	48.0	16.00	Morgan Stanley Dean Witter	Hale and Dorr	Testa Hurwitz
SmarterKids.com, Inc.	11/23/99	MA	63.0	14.00	Hambrecht & Quist Inc.	Testa Hurwitz	Hale and Dorr
Streamline.com, Inc.	6/17/99	MA	45.0	10.00	Banc of America Securities LLC	Bingham Dana	Ropes & Gray
Student Advantage, Inc.	6/17/99	MA	48.0	8.00	BancBoston Robertson Stephens	Hale and Dorr	Testa Hurwitz
Sycamore Networks, Inc.	10/21/99	MA	284.1	38.00	Morgan Stanley Dean Witter	Hale and Dorr	Testa Hurwitz
VIALOG Corporation	2/5/99	MA	38.9	8.00	Bear, Stearns & Co. Inc.	Mirick O'Connell	Cadwalader
Viant Corporation	6/17/99	MA	48.0	16.00	Goldman, Sachs & Co.	Wilson Sonsini	Hale and Dorr
WWF Entertainment, Inc.	10/18/99	CT	170.0	17.00	Bear, Stearns & Co. Inc.	Kirkpatrick	Latham & Watkins
Yankee Candle Company, Inc.	7/1/99	MA	225.0	18.00	Morgan Stanley Dean Witter	Fried Frank Harris	Davis Polk
Ziplink, Inc.	5/26/99	MA	49.0	14.00	Jefferies & Company Inc.	Brenner Saltzman	Fulbright & Jaworski

Notes on Data

The data contained in this report was compiled by Hale and Dorr. Data excludes REITs, bank conversions and closed-end investment trusts. Offering proceeds exclude proceeds from exercise of underwriters' over-allotment options, if applicable. A number of sources were referenced in compiling this data including: IPO Central, IPO Data Systems, SEC filings, Thomson Financial Securities Data and the Washington Service Bureau. Any questions regarding the data which appears in this report should be directed to Tim Gallagher at timothy.gallagher@haledorr.com or 617-526-5605.

Internet Availability

An electronic version of The IPO Report along with a searchable database of the data that appears in this report can be found at www.haledorr.com

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