

Hybrid Private Public Offering: Factsheet

HPPOSM Description

HPPOSM or Hybrid Private Public Offering is an IPO that is structured to offer greater stability in placement, thus engendering greater aftermarket interest. HPPOsSM are designed to better support the long-term growth and aftermarket needs of companies, especially small and mid-cap issuers. InsideVenture will work as an advisor, facilitating the issuer's control of the HPPOSM by assisting with:

- Evaluation of underwriter(s)
- Marketing strategy
- Pricing of the transaction, set with participation of long-term institutional investors (IV members)
- Allocation strategy
- Retail distribution
- Aftermarket support

A HPPOSM empowers companies to control their IPOs and ensures that their core public investors, like their private investors before them, share long-term, growth investment goals.

IPO Crisis Root Causes

1. Disappearance of the "Four Horsemen"
2. Short-term holders dominate IPO allocations
3. Loss of sell-side analyst support of small cap stocks
4. Loss of market maker support of small cap stocks
5. Loss of retail broker support of small cap stocks
6. New regulatory costs (Sarbox + PCAOB)
7. Internet bubble increased risk perception

InsideVenture Solutions

1. Recreate small/mid-cap IPOs & partner w/non-bulge banks
2. Long-only, long term focus minimizes flippers
3. Primary information via IV platform management access
4. Potential partnerships with independent & paid-for research
5. Advocacy for industry
6. Developing innovative & powerful aftermarket solutions
7. Controlling company quality & investor allocations

HPPOSM Benefits

- Re-creates the 90's small/mid-cap IPOs
- InsideVenture advises; issuer controls
- Closely held offering provides trading stability & liquidity
- Liquidity adds value & allows public buyers to invest
- Sets market standard for investing

Questions & Answers

Q: What is the difference between an IPO and a HPPOSM?

A: HPPOsSM are a class of IPOs. Securities are pre-allocated disproportionately to long-term institutional investors, existing investors and retail investors to allow for an effective aftermarket from this base of more tightly placed shares

Q: Who prices an HPPOSM deal?

A: Long-term, low turnover fundamentally oriented public investors (who are members of InsideVenture) will provide price leadership to the transaction

Q: Are HPPOsSM riskier than IPOs?

A: HPPOSM companies are likely to be more stable by nature as fewer shares are likely to trade in the immediate aftermarket

Q: What is the cost of doing an HPPOSM vs an IPO?

A: Costs for the issuer are identical (traditionally 7%)

Q: Are HPPOsSM registered with the SEC?

A: Yes, the same process and regulations are followed as with traditional IPOs

Q: Are HPPOsSM providing liquidity to shareholders?

A: Yes. The shares are registered with the SEC and freely tradable. However, the tighter initial placement of a HPPO may reduce initial share volumes

Q: Is InsideVenture working with I-Banks for its HPPOSM?

A: InsideVenture intends to work with Management Teams to evaluate the best investment banking partners. Selection criteria will involve sector expertise, analyst coverage, execution capabilities, aftermarket support, etc

NYSE Opening Bell™ Ceremony - HPPOSM Launch



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