
Capital Structure in the New Normal World



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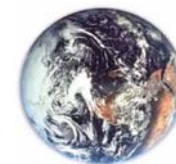


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Executive Summary

In Response to the Financial Crisis of 2007-09

- ⇒ *The US Government has been leveraging up*
- ⇒ *While US consumers and corporations have been delevering*

Corporate Finance Theory Suggests that Delevering

- ⇒ *Optimizes Firm Value because delevering reduces the net present value of distress costs*
- ⇒ *Though investment-grade spreads have come down since the beginning of 2009, they are still at about twice their pre-crisis levels*
- ⇒ *Suggesting that market value leverage needs to come down by about 10 percentage points*
 - *This corresponds to about one notch change in credit ratings*

Indeed, as Interest Rates Reach Low Absolute Levels

- ⇒ *Companies have been delevering by*
 - *Issuing equity and equity-like instruments to retire debt*
 - *Converting short term debt to long term debt*

And, the Stock Market has Rewarded Companies that have been Delevering

- ⇒ *For data covering 2009, the stock market initially responds negatively to a stock issuance with a positive long-term response frequently beating the overall market. Specifically, the average positive reaction is 23% and the average excess return is 9%.*



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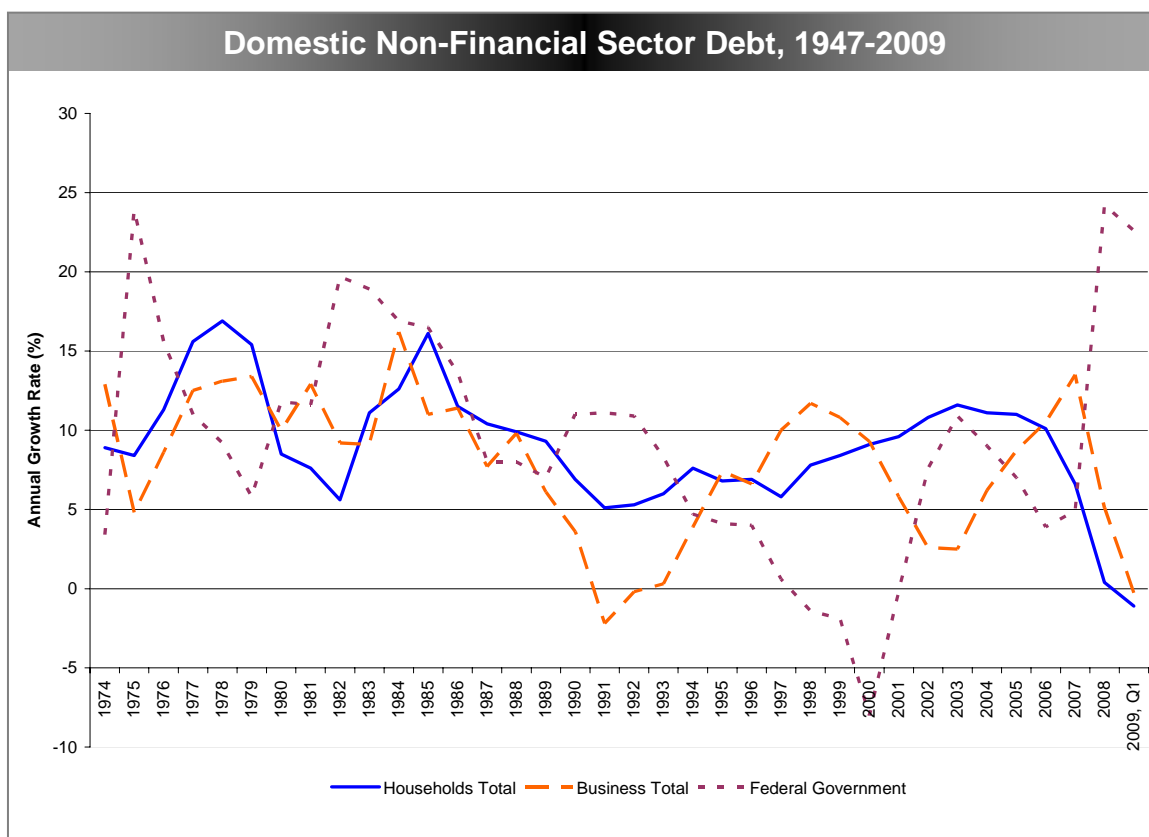
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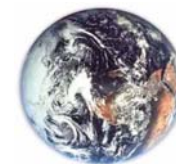
U.S. Private Sector Delevering vs. Public Sector Delevering



According to the Federal Reserve, in 1Q09 household debt contracted for the second consecutive quarter, although at a slower pace than in 4Q08. In 1Q09, home mortgage debt growth was about zero, while consumer credit contracted at an annual rate of 3.5 percent, similar to the rate in 4Q08.

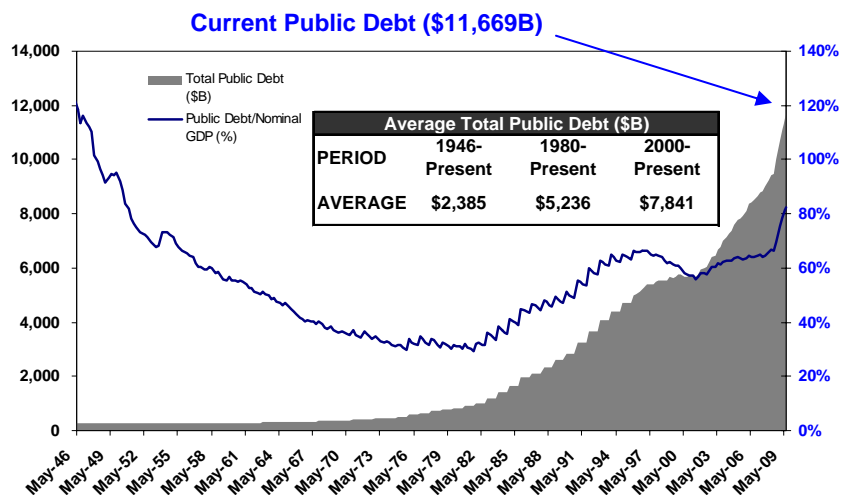
Nonfinancial business debt decreased by 0.25 percent per year in 1Q09, its lowest growth rate since early 1993. The slowdown was concentrated in commercial paper, loans, and commercial mortgage borrowing.



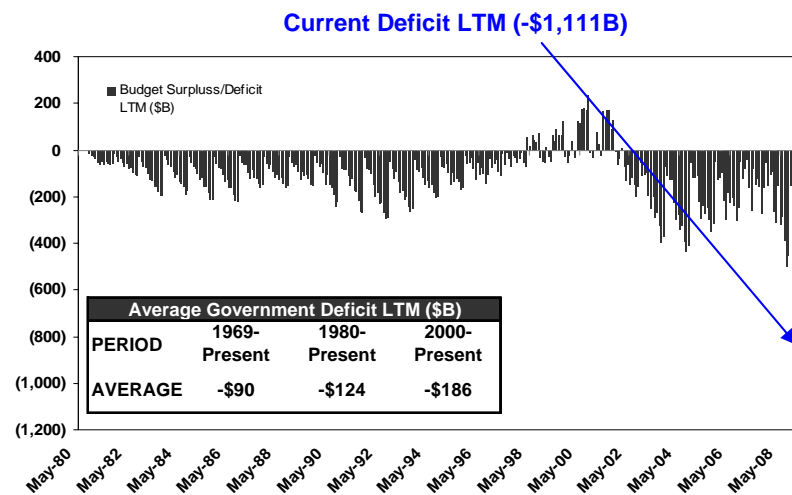


Federal Spending Reaches Unprecedented Levels

Total Public Debt / Nominal GDP, May 1946-May2009

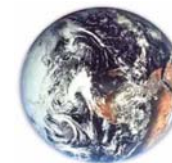


Federal Surplus / Deficit LTM, May 1980-May 2009



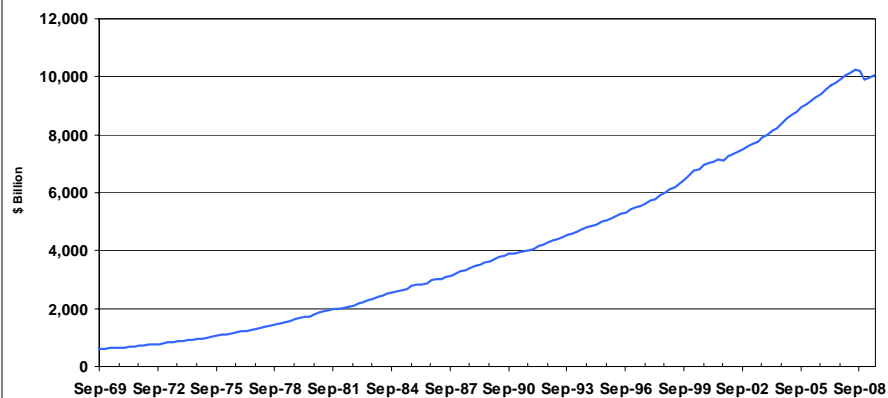
- ◆ **The 2008-09 Stimulus Plan will Lead to the Highest Deficit Levels in U.S. History**
 - ⇒ *The Treasury Department has recorded a deficit of \$935 billion in the first seven months of 2009*
 - ⇒ *The current ratio of Total Public Debt to Nominal GDP is 82.5%, which is the highest it has been since 1950*
- ◆ **Continued Spending will Diminish the Appetite of Foreign Investors to Hold U.S. Debt and Likely Cause Yield Levels to Rise**



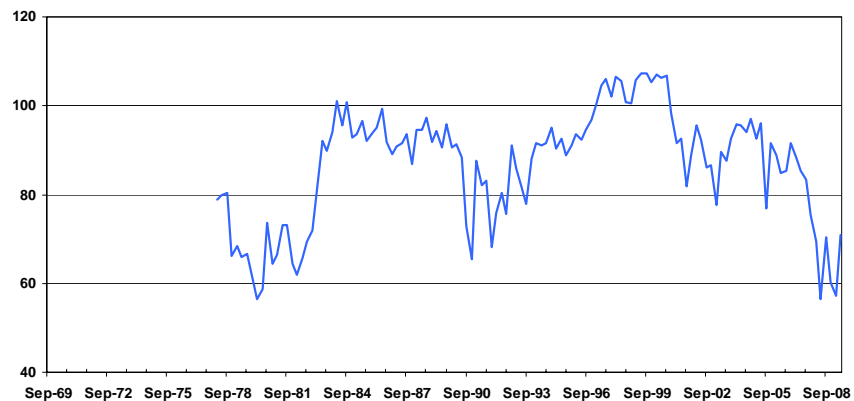


Deteriorating U.S. Consumer Confidence

U.S. Personal Consumption Expenditures, Sep 69-Jun 09



Consumer Confidence Survey, Mar 78-Jun 09



U.S. Personal Savings Rate, Sep 69-Jun 09



As consumer confidence decreased since the start of the crisis, so have U.S. personal consumption expenditures, with a corresponding increase in the savings rate.

Note: Data for indices corresponds to quarterly periods.

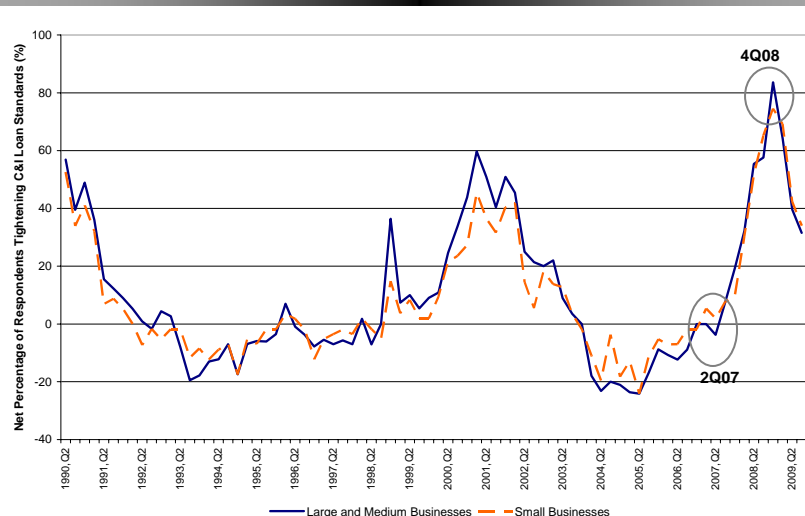
Source : Bloomberg



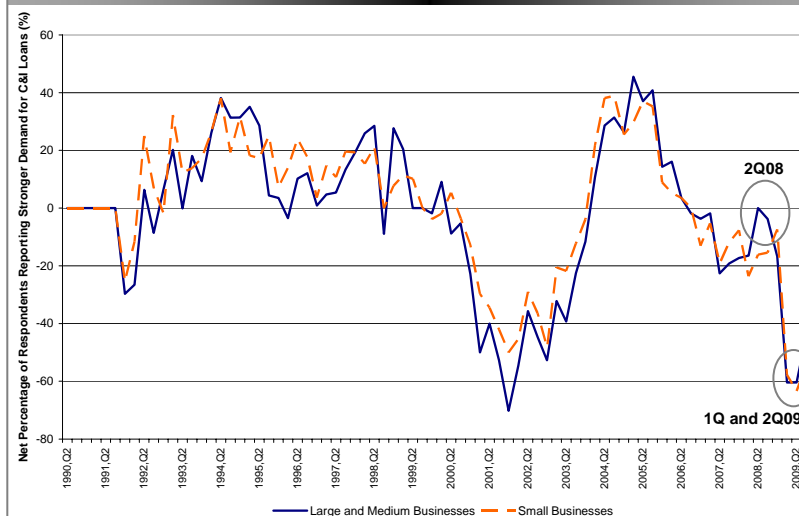


Tightening Bank Lending Standards and the Decline in C&I Loans

C&I Loan Standards, 1990-2009



Demand for C&I Loans, 1990-2009



◆ Banks Tighten Credit Standards Due to

- ⇒ *Uncertain economic outlook*
- ⇒ *Reduced tolerance for risk, and*
- ⇒ *Deterioration in banks' capital ratios*

◆ And, C&I Lending Declines Due to

- ⇒ *Lower loan demand*
- ⇒ *Deterioration of the credit quality of borrowers*



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Capital Structure Affects Both Value and Risk

◆ Static Capital Structure Optimization

- ⇒ *Maximizes the Net Present Value of the Tax Shield*
 - *Rule of thumb: 10% change in Market Value Leverage (debt/enterprise value) increases Firm Value by 5.3%*
- ⇒ *Offset by Distress Costs*
- ⇒ *Tempered by Agency Costs and Signaling Considerations*

◆ Dynamic Capital Structure Optimization Considers

- ⇒ *The Company and its Management*
- ⇒ *Industry Dynamics*
- ⇒ *Capital Market Realities*
 - *Including the volatility of industry and company cash flows*
- ⇒ *The Economy*
- ⇒ *Government Regulation*
- ⇒ *Social Trends*

◆ Delevering May Create Value Especially in Distressed Times through Exchanges of

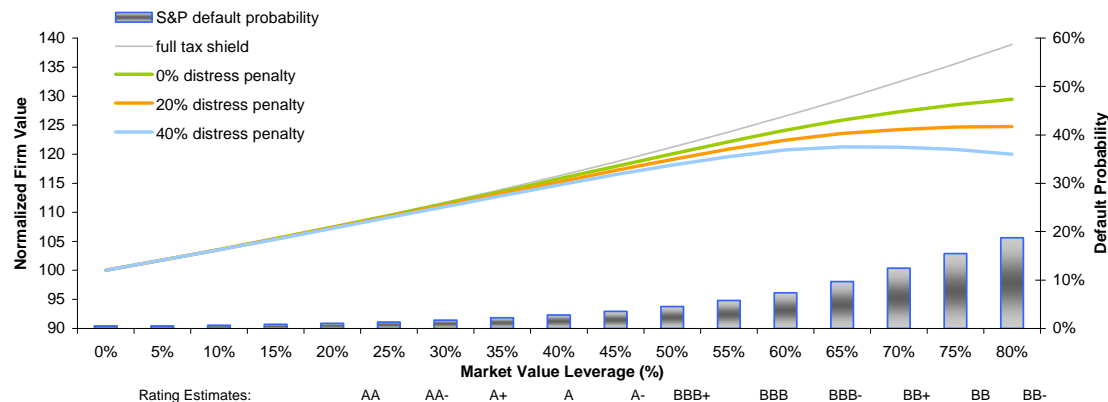
- ⇒ *Equity for debt*
- ⇒ *Debt for debt*
- ⇒ *Assets for debt*
- ⇒ *Cash for debt*





Optimizing Firm Value in the Presence of Taxes and Distress Costs

Long Term Default Probabilities



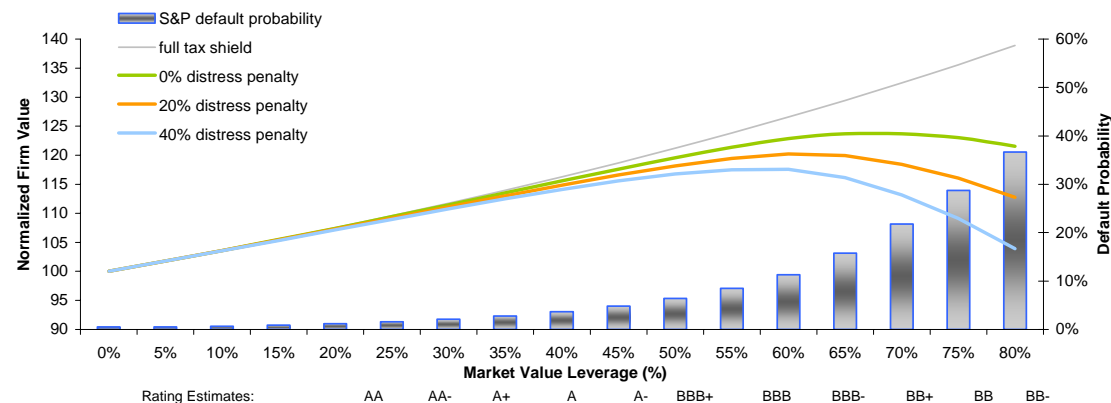
If there were no distress costs and the firm could utilize all of its tax shield, it would be 100% levered. In reality, with 20% distress costs, the firm would be about 75%-80% levered, while with 40% distress costs, the firm would be 60%-75% levered.

Specifically, in a low-risk environment, a high-yield rating seems optimal.

Recession Default Probabilities

In a downturn, expected distress costs increase due to the high probability of downgrade and default. As a result, high distress costs suggest a more conservative capital structure, and a delevering by 15%-20%.

Specifically, in a risky environment, an investment grade rating seems optimal.



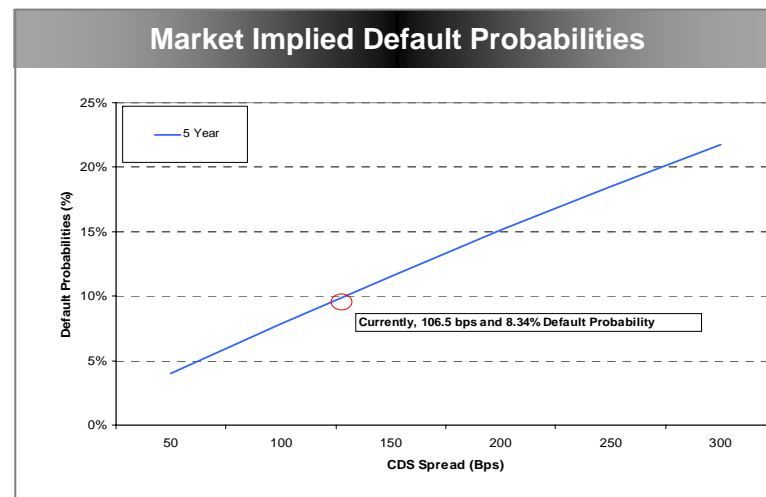
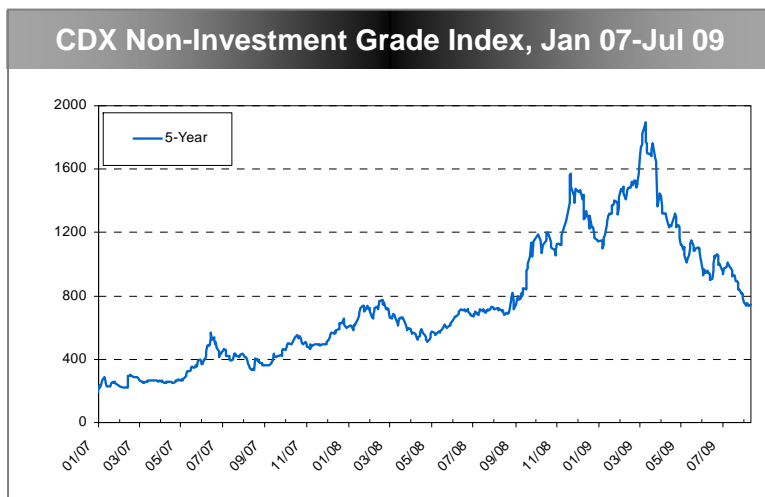
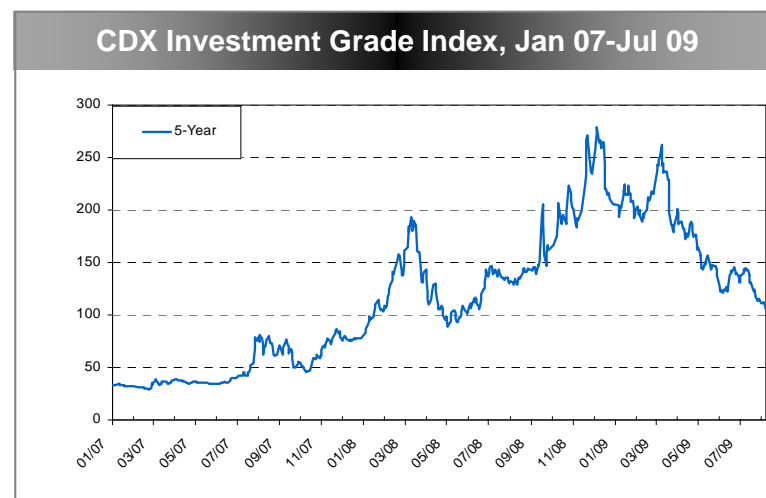
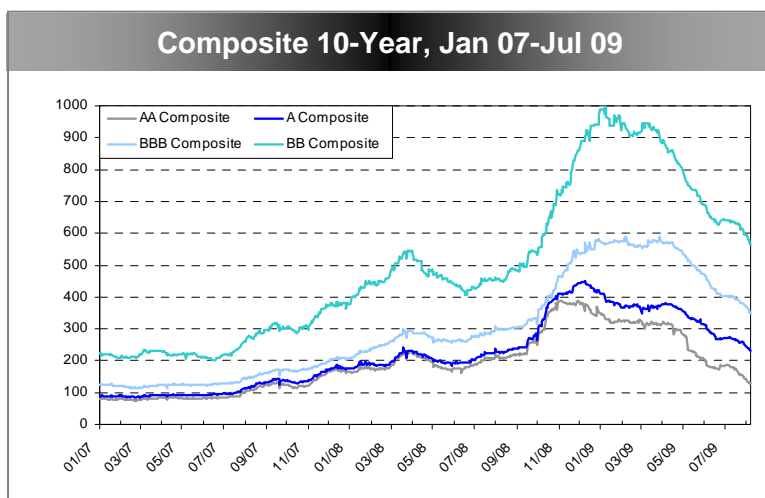
Note: Credit Rating estimates are based on a statistical relationship between ratings and market value leverage for a typical industry or company, suggesting that 10% change in leverage results in 1.5 notches change in rating.





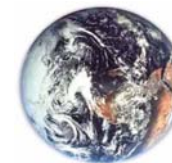
Behavior of Corporate Spreads

Though investment grade default probabilities have decreased, they are still at about twice their pre-crisis levels.



Source : Bloomberg

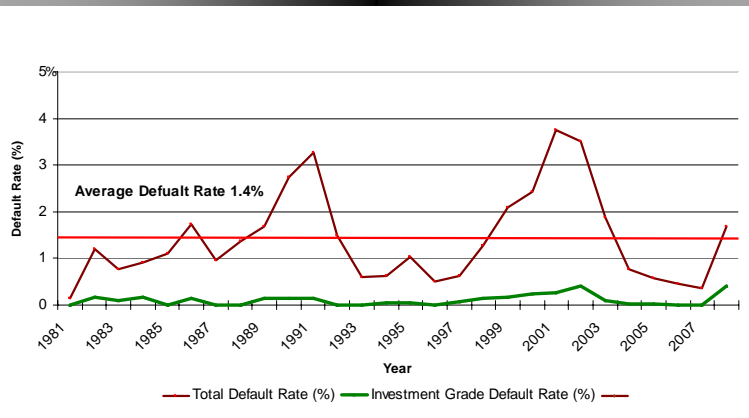




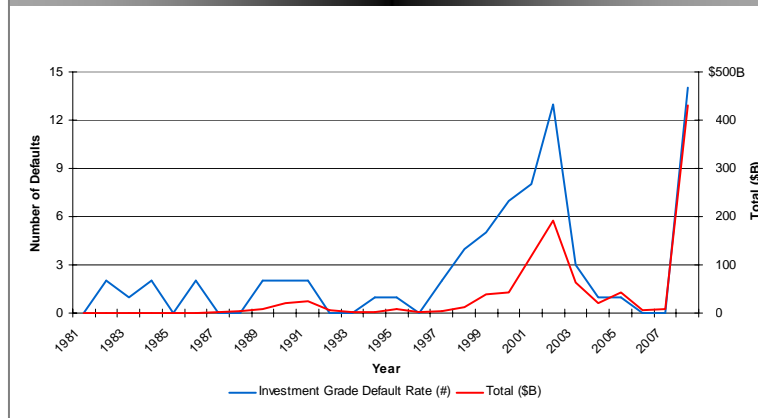
Credit Deterioration and Defaults

Default rates and total default volumes have been increasing and may increase further.

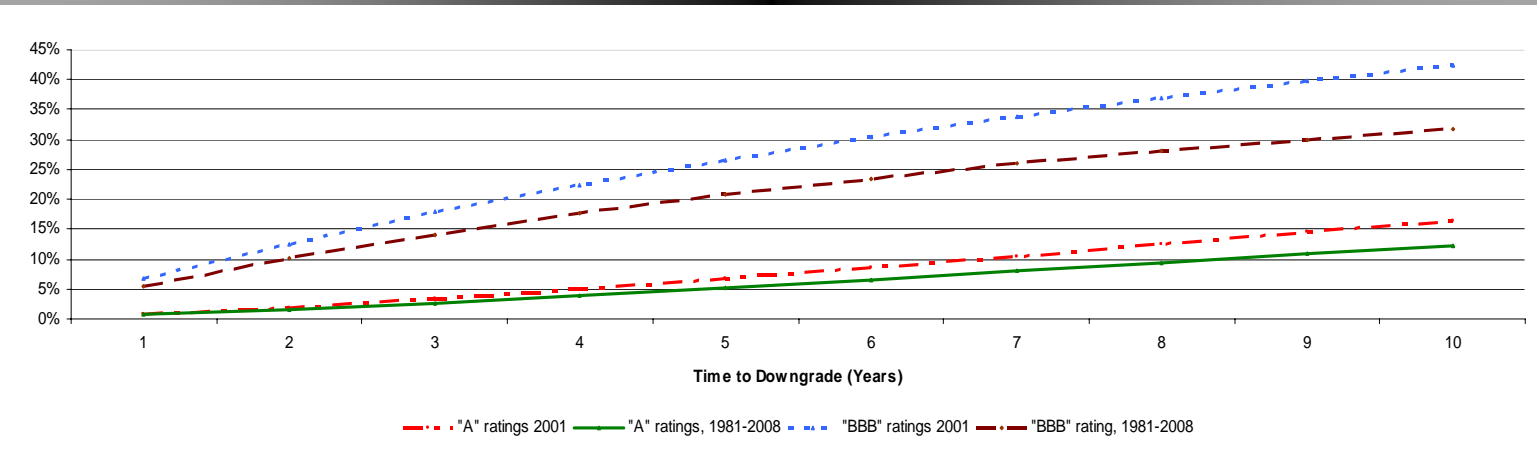
Percentage Default Rate, 1981-2008



Total Number of Defaults and \$B Value, 1981-2008



Probability of Losing High-Grade Rating, 1981- 2008



Source: S&P data for global defaults

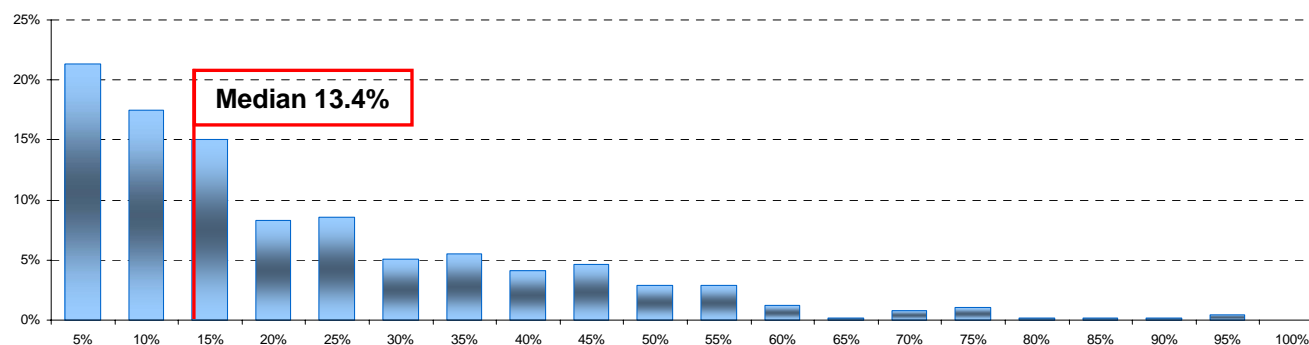




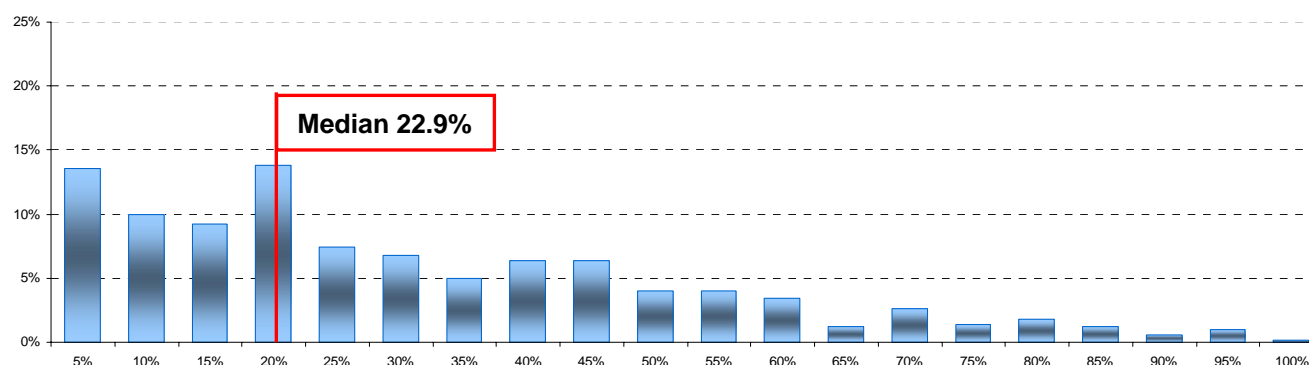
Market Value Leverage in the Pre- vs. Post-Crisis Worlds

As a result of the financial crisis of 2007-2009, the median market value leverage for S&P 500 companies has increased to 22.9%, with an increase in tail risk. This change corresponds to a credit rating downgrade of about one notch.

Market Value Leverage for S&P 500 Companies, Dec 06



Market Value Leverage for S&P 500 Companies, Aug 09



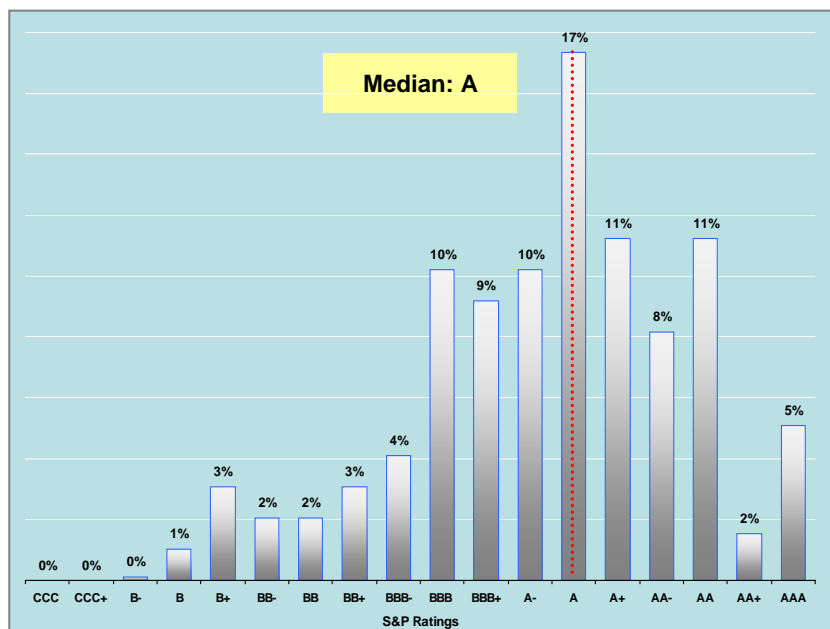
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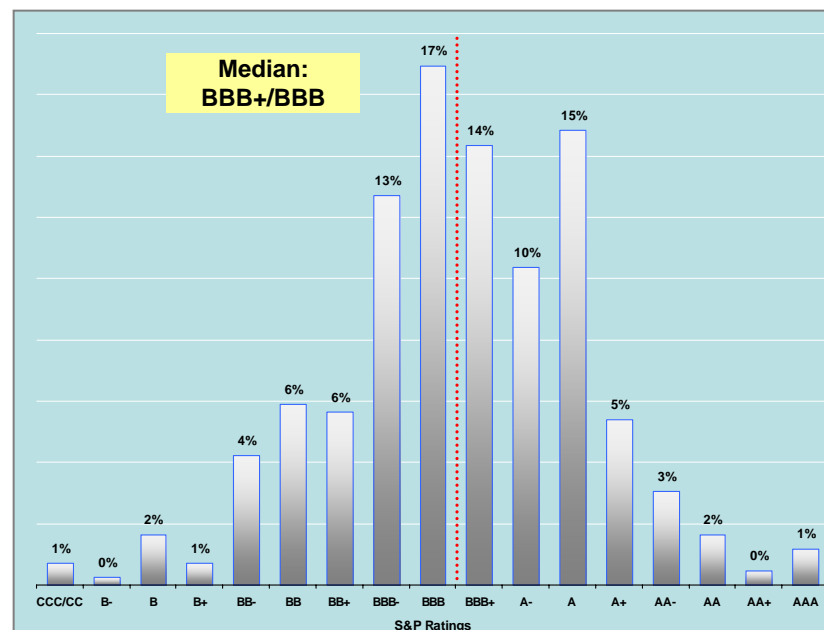


Ratings Distributions in the Pre- vs. Post-Crisis Worlds

S&P 500, Aug 89



S&P 500, Aug 09



- ◆ Credit Ratings estimated for S&P 500 companies have deteriorated in the last two decades, with the median moving from “A” to “BBB”
- ◆ Both “A” and “BBB” ratings may be considered sweet spots as they respectively allow issuers A-1/P-1 and A-2/P-2 commercial paper ratings; and as such easy access to short-term funding.



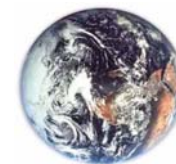
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Capital Structure and the Business Cycle

◆ As Interest Rates Reach Low Absolute Levels

⇒ *Investment-grade companies start to reliquify*

- *In 1H09, U.S. based investment-grade companies raised \$461 billion in the U.S. market vs. \$449 billion during the same period in 2008*
- *A number of investment grade companies, particularly in regulated industries, have issued equity*

⇒ *Typically, below-investment-grade companies follow suit by raising capital through new issues of equity, debt, and convertibles*

◆ As Balance Sheets Begin to Improve

⇒ *Corporations with strong balance sheets start acquiring others*

- *In April 2009, Roche raised \$40 Billion to acquire Genentech*

◆ In Order to Improve Balance Sheets

⇒ *Companies issue bonds with the intention to fully or partially pay off short-term debt*

- *Sempra, Dow Chemical, Verizon, Time Warner, UPS, and Coca-Cola Co.*

⇒ *They also issue equity with the same objective*

- *Bunge, MGM Mirage, Dow Chemical, AEP, and GE*

⇒ *As well as convertible debt*

- *U.S. Steel, FPL, Textron, Wyndham Worldwide, Hertz*





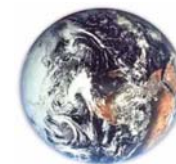
Equity Offerings' Use of Proceeds

Top Two Follow-On Equity Offerings by Industry, Jan 09-Aug 09

Date	Ticker	Issuer	Industry	Proceeds (\$ Millions)	Shares Filed	Use of Proceeds
08/12/2009	GSIC	GSI Commerce Inc.	Retail	201.45	11,850,000	Proceeds used for (1) working capital and (2) general corporate purposes including possible acquisitions
08/12/2009	BG	Bunge Ltd.	Consumer Products	687.75	10,500,000	Proceeds used to (1) repay outstanding indebtedness, including indebtedness under commercial paper program and the revolving credit facility and (2) for general corporate purposes
08/06/2009	OSK	Oshkosh Corp.	Industrials	325.00	13,000,000	Proceeds used to repay a portion of outstanding indebtedness under term loans A and B under the company's credit agreement
07/28/2009	HGSI	Human Genome Sciences Inc.	Healthcare	325.01	23,215,000	Proceeds used for general corporate purposes, including but not limited to (1) clinical trial, (2) research and development, (3) general and administrative expenses as well as (4) potential marketing and sales expenses
06/17/2009	HAR	Harman International Inds. Inc.	High Technology	200.00	10,667,000	Proceeds used to (1) reduce indebtedness and permanently reduce commitments under the company's revolving credit facility, (2) improve liquidity and (3) general corporate purposes
06/04/2009	ESRX	Express Scripts Inc.	Consumer Products	1,403.00	23,000,000	Proceeds used for an acquisition (assuming acquisition is consummated). If not consummated, funds will be used for general corporate purposes
06/02/2009	JPM	JPMorgan Chase & Co.	Financials	5,005.50	142,000,000	Proceeds used for general corporate purposes, including but not limited to (1) the repayment of debt, (2) investments in or extensions of credit to the company's subsidiaries, (3) redemption of company's securities and (4) financing acquisitions or expansions
05/28/2009	LEAP	Leap Wireless Intl. Inc.	Telecommunications	264.25	7,000,000	Proceeds used for general corporate purposes, including but not limited to (1) expansion and improvement of network footprint, (2) acquisitions of additional spectrum or complementary businesses and (3) over the long term, the deployment of next-generation network technology
05/13/2009	MGM	MGM Mirage Inc.	Media and Entertainment	1,001.00	143,000,000	Proceeds used to (1) repay a portion of outstanding amount under the credit facility, (2) redeem all of the 7.25% Senior Debentures due 2017 of Mirage Resorts, Inc., (3) purchase all of the 6.00% Senior Notes due 2009 and all of the 6.50% Senior Notes due 2009 of Mandalay Resort Group tendered in the pending tender offers and (4) general corporate purposes
05/12/2009	APC	Anadarko Petroleum Corp.	Energy and Power	1,365.00	30,000,000	Proceeds used for general corporate purposes, including but not limited to (1) future capital expenditures
05/12/2009	F	Ford Motor Co.	Industrials	1,425.00	300,000,000	Proceeds used for general corporate purposes, including but not limited to (1) funding a portion of the payments the company is required to make the Voluntary Employee Beneficiary Association
05/08/2009	WFC	Wells Fargo & Co.	Financials	7,502.00	341,000,000	Proceeds used for general corporate purposes
05/06/2009	DOW	Dow Chemical Co.	Materials	1,956.52	130,434,783	Proceeds used to repay a portion of company's borrowings under the Term Loan Agreement, which the company entered to finance a portion of a Merger
05/06/2009	SPG	Simon Property Grp Inc.	Real Estate	1,000.00	20,000,000	Proceeds received from the offering will be exchanged for an equal number of units issued by the Operating Partnership, thus increasing the issuer's ownership of the Operating partnership. The Operating Partnership is expected to use the proceeds for general corporate purposes
04/08/2009	PLD	ProLogis	Real Estate	1,003.20	152,000,000	Proceeds used to (1) repay the borrowings under the company's global line of credit and (2) for general corporate purposes including the repayment or repurchase of outstanding indebtedness
04/08/2009	MU	Micron Technology Inc.	High Technology	250.00	60,240,000	Proceeds used for general corporate purposes, including but not limited to (1) working capital, (2) capital expenditures and (3) potential acquisitions and strategic transactions
04/01/2009	AEP	American Electric Power Inc.	Energy and Power	1,470.00	60,000,000	Proceeds used to repay outstanding indebtedness
03/17/2009	WYNN	Wynn Resorts Ltd.	Media and Entertainment	182.40	9,600,000	Proceeds used to repay company debt or the debt of any company subsidiary
02/18/2009	VRTX	Vertex Pharmaceuticals Inc.	Healthcare	320.00	10,000,000	Proceeds used for general corporate purposes, including but not limited to (1) investment in the development, clinical trials and commercialization of telaprevir, VX-770 and other drug candidates (2) research expenditures and (3) manufacture and supply of drug substances, which may include capital expenditures, investments and strategic acquisitions.
01/28/2009	NEM	Newmont Mining Corp.	Materials	1,110.00	30,000,000	Proceeds used to finance the acquisition and additional capital expenditures that result from the company's increased ownership in the Boddington project. Any proceeds in excess of these amounts will be used for general corporate purposes



Source: Thomson Financial and Offering Prospectus



Convertible Offerings' Use of Proceeds

Top Two Convertible Offerings by Industry, Jan 09-Aug 09

Date	Ticker	Issuer	Industry	Proceeds (\$ Millions)	Maturity	Use of Proceeds
08/06/2009	ONXX	ONYX Pharmaceuticals Inc.	Healthcare	230.00	15-Aug-16	Proceeds used to (1) build and diversify the company's pipeline, (2) fund the costs associated with the company's clinical trial program as well as other research and development activities, (3) sales and marketing activities and (4) for general corporate purposes including working capital
06/18/2009	AGO	Assured Guaranty Ltd. (Equity Units)	Financials	172.50	1-Jun-14	Proceeds used to pay the cash purchase price for an acquisition. The proceeds will be paid in lieu of company's common shares that would otherwise be delivered as part of the purchase price
06/16/2009	GSAT	GlobalStar Inc.	Telecommunications	55.00	15-Jun-19	Proceeds will be used to close the COFACE credit facility and for general corporate purposes
06/09/2009	EQIX	Equinix Inc.	High Technology	373.75	15-Jun-16	The company expects to use approximately \$43.2 million of the proceeds towards paying the cost of the capped call transactions that the company has entered into. The remainder of the proceeds will be used to fund the development of expansion opportunities and for general corporate purposes
05/21/2009	CTV	CommScope Inc.	High Technology	250.00	1-Jul-15	Proceeds used to (1) repay the term loans under the company's senior credit facility and (2) for general corporate purposes, including the potential repayment of additional indebtedness under the senior credit facilities
05/21/2009	CEPH	Cephalon Inc.	Healthcare	500.00	1-May-14	Proceeds used to (1) pay the cost of a convertible note hedge and (2) for general corporate purposes
05/20/2009	HTZ	Hertz Global Holdings Inc.	Consumer Products	450.00	1-Jun-14	Proceeds used to (1) improve liquidity, (2) for general corporate purposes and (3) repay consolidated debt
05/20/2009	FPL	FPL Group Inc. (Equity Units)	Energy and Power	344.75	1-Jun-14	Proceeds used to (1) fund investments in independent power projects including renewable power projects and (2) for other corporate purposes, including but not limited to the repayment of commercial paper
05/13/2009	WYN	Wyndham Worldwide Corp.	Media and Entertainment	200.00	1-May-12	Proceeds used to (1) pay the cost of convertible note hedge transactions and (2) to reduce outstanding balance under the senior credit facility
05/12/2009	GXP	Great Plains Energy Inc. (Equity Units)	Energy and Power	250.00	15-Jun-42	Proceeds used to (1) repay all or a portion of the short-term borrowings under the company's revolving credit facility and (2) make contributions of capital to company subsidiaries, principally for repayment all or a portion of outstanding commercial paper as well as other short term borrowings under revolving credit facilities
05/06/2009	DHI	DR Horton Inc.	Industrials	500.00	15-May-14	Proceeds used for general corporate purposes, including repayment or repurchase of outstanding indebtedness
04/29/2009	TXT	Textron Inc.	Industrials	600.00	1-May-13	Proceeds used to (1) improve liquidity, (2) for general corporate purposes, (3) repay consolidated debt and (4) pay the cost of convertible note hedge transactions
04/28/2009	X	United States Steel Corp.	Materials	862.50	15-May-14	Proceeds used to (1) repay \$180 million outstanding under the company's 3-year Term Loan due October 2010 (2) repay \$475 million outstanding under the company's \$500 million five-year term loan due May 2012 as well as (3) for general corporate purposes
04/23/2009	ORI	Old Republic International Corp.	Financials	316.25	15-May-12	Proceeds used to (1) increase the capital of the general and title insurance business segments, (2) repay all or a portion of outstanding commercial paper and (3) for general corporate purposes
03/24/2009	NWL	Newell Rubbermaid Inc.	Consumer Products	345.00	15-Mar-14	Proceeds used to (1) pay the cost of the convertible note hedge transactions and (2) for general corporate purposes including to repay short-term indebtedness
03/18/2009	AA	Alcoa Inc.	Materials	575.00	15-Mar-14	Proceeds used to (1) repay outstanding indebtedness under the company's senior unsecured revolving credit facility and (2) for general corporate purposes



Source: Thomson Financial and Offering Prospectus



Debt Offerings' Use of Proceeds

Selected Debt Offerings, Jan 09-Aug 09

Date	Ticker	Issuer	Industry	Proceeds (\$ Millions)	Maturity	Use of Proceeds
07/30/2009	C	Citigroup Inc.	Financials	2,500.00	10-Dec-12	Proceeds used for general corporate purposes including but not limited to (1) funding the business of Citigroup subsidiaries, (2) funding investments in, or extensions of credit or capital contributions to, Citigroup subsidiaries and (3) lengthening the average maturity liabilities
07/23/2009	BAC	Bank of America Corp.	Financials	2,500.00	1-Aug-16	Proceeds used for (1) working capital needs, (2) investments in, or extensions of credit to, our banking and nonbanking subsidiaries, (3) possible reduction of our outstanding indebtedness , (4) possible acquisitions of other financial institutions or their assets, (5) possible repurchase of our outstanding equity securities
06/30/2009	ORCL	Oracle Corp.	High Technology	1,500.00 1,750.00 1,250.00	8-Jul-14 8-Jul-19 8-Jul-39	Proceeds used for (1) general corporate purposes, future acquisitions, including proposed acquisition of Sun, stock repurchase and repayment of other indebtedness (2) invest temporarily in short-term investment grade securities
07/23/2009	BA	Boeing Co.	Industrials	750.00 750.00 450.00	15-Feb-15 15-Feb-20 15-Feb-40	Proceeds used to (1) repayment of debt , acquisition, additions to working capital, capital expenditures, pension funding, funding and making investments in our subsidiaries (2) purchase the business, assets and operations of Vough Aircraft Industries (3) may temporarily invest them in short-term, interest-bearing obligations
05/12/2009	SRE	Sempra Energy	Energy and Power	750.00	1-Jun-16	Proceeds used for (1) general corporate purposes and (2) repayment of maturing long-term notes and commercial paper bearing interest rates ranging from approximately 1.00% to 4.75%
05/11/2009	SPG	Simon Property Group LP	Real Estate	1,100.00	15-May-14	Proceeds used for general business purpose, including but not limited to (1) repaying debt , (2) financing capital commitments and (3) financing future acquisitions
05/08/2009	CBS	CBS Corp.	Media and Entertainment	400.00 600.00	15-Mar-14 15-Mar-19	Proceeds used to refund offer to (1) purchase outstanding 2010 Notes pursuant to the Offer, (2) remaining proceeds, if any, will be used for general corporate purposes, including potential repayment of other indebtedness
05/07/2009	DOW	Dow Chemical Co.	Materials	1,750.00 3,250.00 1,000.00	15-May-14 15-May-19 15-May-39	Proceeds used to (1) repay a portion of the borrowings under the Term Loan Agreement the company entered into to finance a portion of a Merger , and (2) for refinancing, renewals, replacements, and refundings of outstanding indebtedness
05/07/2009	KMP	Kinder Morgan Energy Partners LP	Pipelines	300.00 700.00	15-Feb-15 15-May-19	Proceeds used to (1) repay borrowings under our revolving bank credit facility (2) general partnership purposes
03/24/2009	VZ	Verizon Communications Inc.	Telecommunications	1,750.00 1,000.00	1-Apr-19 1-Apr-39	Proceeds used for (1) repayment of commercial paper and other debt and (2) other general corporate purposes
03/23/2009	TWC	Time Warner Cable Inc.	Media and Entertainment	1,000.00 2,000.00	1-Apr-14 1-Apr-19	Proceeds used to (1) repay all of the borrowings outstanding under the 2008 Bridge Facility used to fund the Special Dividend and (2) for general corporate purposes, including the repayment of debt
03/20/2009	SPG	Simon Property Group LP	Real Estate	650.00	20-Mar-19	Proceeds used to partially repay the outstanding U.S. dollar balance of our \$3.5 billion unsecured credit facility, and for general corporate purposes.
03/19/2009	UPS	UPS Inc.	Industrials	1,000.00 1,000.00	1-Apr-14 1-Apr-19	Proceeds used for (1) repayment of commercial paper and other debt and (2) other general corporate purposes
03/03/2009	KO	Coca-Cola Co.	Consumer Products	900.00 1,350.00	15-Mar-14 15-Mar-19	Proceeds used for (1) repayment of commercial paper and other debt and (2) other general corporate purposes
01/21/2009	DUK	Duke Energy	Energy and Power	750.00	1-Feb-14	Proceeds used for (1) to redeem up to approximately \$580 million of our commercial paper as it matures (2) for general purposes
01/12/2009	SPLS	Staples Inc.	Retail	1,500.00	15-Jan-14	Proceeds used to (1) repay in full the balance outstanding under Revolving Credit Facility, (2) repay in full the balance outstanding under 2008 Credit Agreement, (3) repay outstanding commercial paper indebtedness



Source: Thomson Financial and Offering Prospectus



The 10-Year Nominal Interest Rate and Its Components

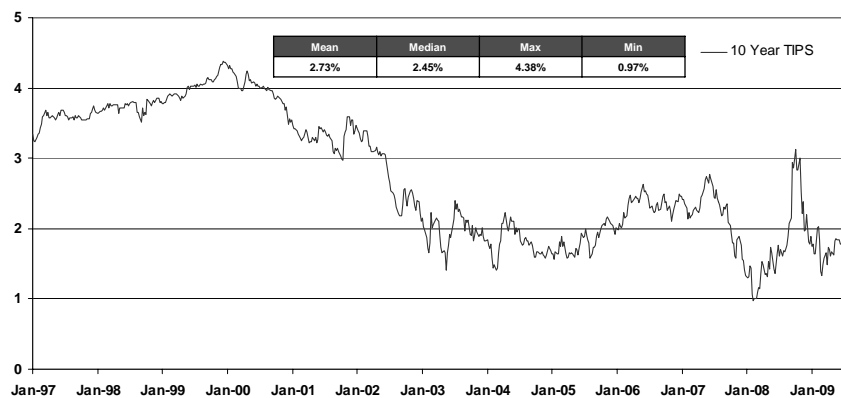
“A” Industrial Yields, Apr 91-Aug 09



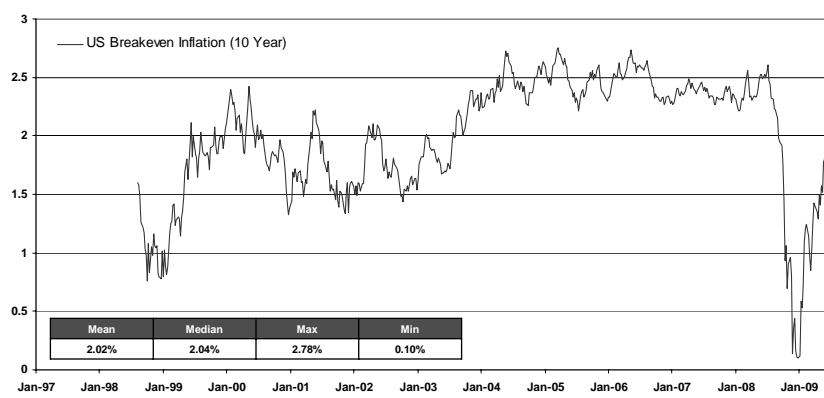
“A” Industrial Spreads, Apr 91-Aug 09

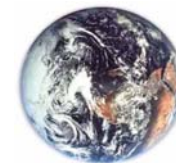


U.S. 10-Year Real Rate of Interest, Jan 97-Aug 09



U.S. 10-Year Inflation Expectations, Aug 97-Aug 09

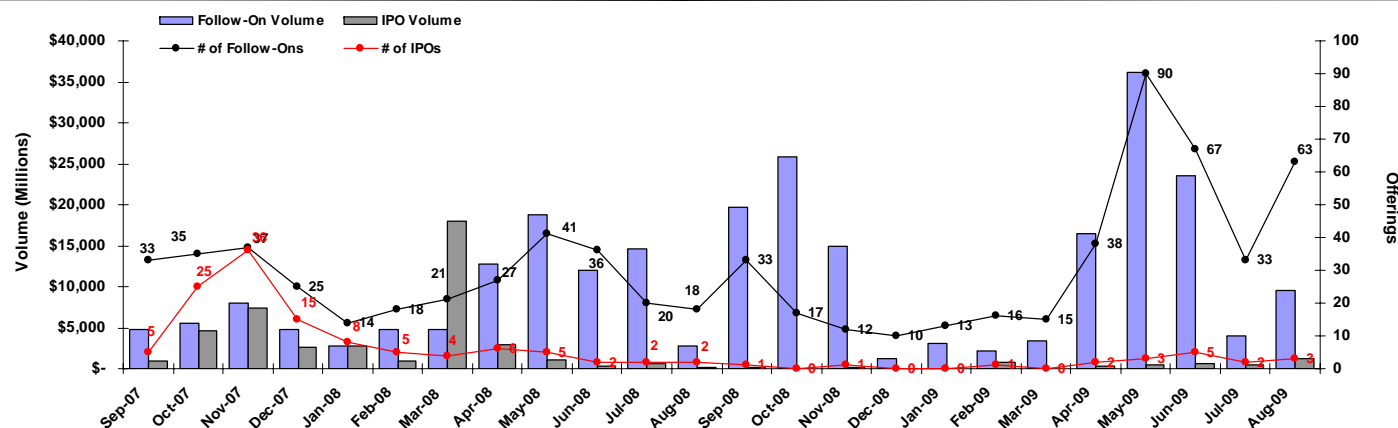




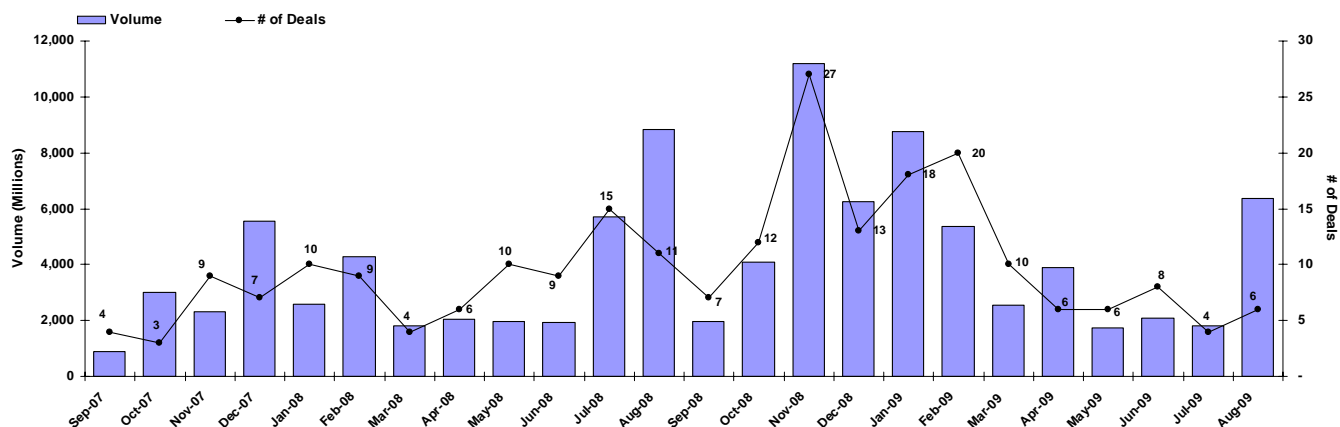
Equity and Equity Linked Activity, Sep 07-Aug 09

Since the equity market trough of March 2009, both equity follow-on and convertible issuance has picked up, underscoring the delevering trend that we have been observing.

All Follow-On and IPO Offerings



Convertible Debt Offerings Above \$50 Million



Notes: (1) Market Data as of 09/03/09

(2) Data excludes closed-end funds and private placements

Source: Thomson Financial and Bloomberg



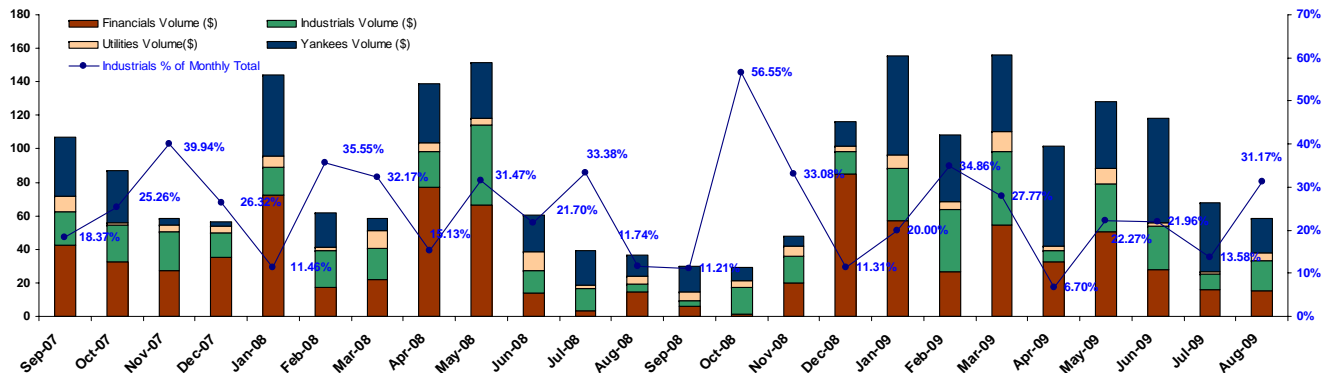


Investment Grade Monthly Issuance Activity, Sep 07-Aug 09

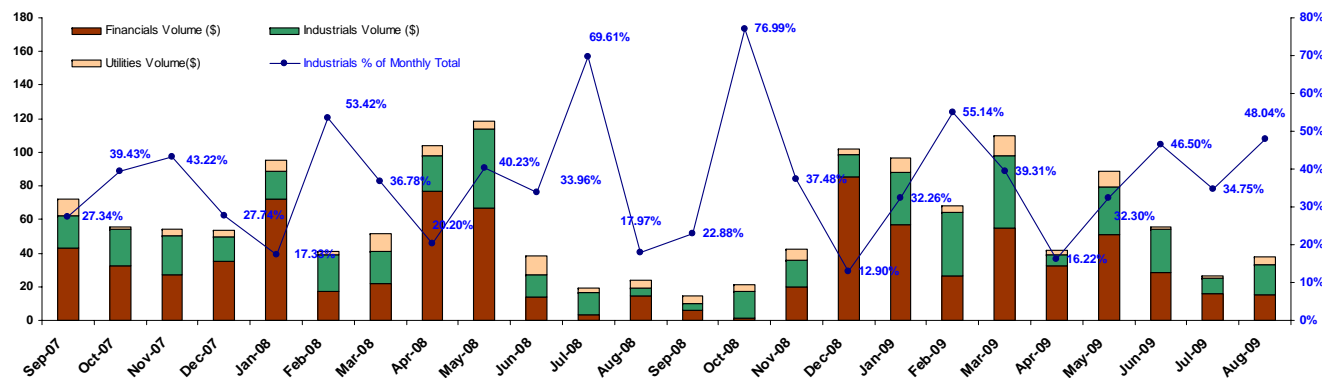
Debt issuance in the United States has increased significantly since the market meltdown that started in the Fall of 2008. Moreover, foreign issuers have been major borrowers in the U.S. market.



U.S. and Foreign (Yankees) Issuers



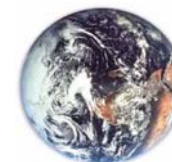
U.S. Issuers



Notes: (1) Market Data as of 08/31/09

(2) Volume in billions of U.S. Dollars

Source: Bloomberg and Informal Global Markets



Debt Buybacks

Bonds Purchased (in millions)

	Face Value	Amount Paid	Cents on the Dollar
Hexion Specialty Chemicals	\$288	\$63	22
Hovnanian Enterprises	578	223	39
Harrah's Entertainment	788	378	48
Beazer Homes USA	116	58	50
Tenet Healthcare	68	60	88

Source: The Wall Street Journal based on Standard & Poor's Leveraged Commentary & Data, Company filings.

Liability management in the form of debt buybacks is another aspect of the delevering story.



“A number of corporations are quietly buying back bonds on the cheap in the open market as the financial system works its way out of crisis mode.

They are taking advantage of depressed prices to save millions of dollars in interest and debt-repayment costs...

Until the disclosures, investors were mostly in the dark about the purchases...

Companies with below-investment-grade credit ratings have roughly \$1.4 trillion in debt coming due through 2014, according to Standard & Poor's data. With markets unlikely to allow them to easily refinance most of that debt, companies are doing whatever they can now to pay some of it down or buy extra time to repay...

‘The real issue for companies now is how they delever, and every little bit counts,’

While many companies are purchasing bonds through publicly announced tender offers, those that conduct buybacks without formal notification can often do so without driving prices higher...

In addition to open-market bond buybacks, others are getting lenders' consent to push out the maturity dates of loans...

Most of the debt buybacks took place between March and August, a period in which average high-yield-bond prices rose from 59 cents to 85 cents for every dollar of debt. Leveraged loans issued by companies with speculative-grade ratings traded between 66 cents and 86 cents, according to Standard & Poor's Leveraged Commentary & Data...

...with many bonds still trading well below par value, firms still may find it a worthwhile move.”

Source: “Firms Move to Scoop Up Own Debt.” The Wall Street Journal. August 21, 2009



Select Equity and Equity Linked Transactions, Jan 09-May 09

The average total return on equity transactions since issuance was 16% as of May 31, 2009.

The average total return vs. the S&P500 Index was 848 bps for the same period.

Date	Issuer Name	Ticker	Deal Value \$ MM	Deal type	Performance Since Issuance % Total Return vs. S&P500 (bps)	
Consumer Discretionary			\$ 3,431.0			
10-Mar-09	Johnson Controls Inc	JCI	403.0	Convertible Debt	n.a	n.a
10-Mar-09	Johnson Controls Inc	JCI	450.0	Convertible Preferred	n.a	n.a
17-Mar-09	Wynn Resorts Ltd	WYNN	210.0	Common stock	79%	6,016 bp
6-May-09	DR Horton Inc	DHI	500.0	Convertible Debt	n.a	n.a
12-May-09	Ford Motor Co	F	1,639.0	Common stock	15%	136 bp
13-May-09	Wyndham Worldwide	WYN	230.0	n.a	n.a	n.a
Consumer Staples			\$ 464.0			
5-May-09	Dean Foods Co	DF	464.0	Common stock	2%	(17) bp
Energy			\$ 1,827.0			
10-Feb-09	Spectra Energy Corp	SE	462.0	Common stock	13%	118 bp
12-May-09	Anadarko Petroleum	APC	1,365.0	Common stock	4%	136 bp
Financials			\$ 52,101.0			
29-Jan-09	Health Care REIT Inc	HCN	214.0	Common stock	-4%	(1,354) bp
20-Mar-09	Simon Property Group	SPG	543.0	Common stock	65%	2,017 bp
3-Apr-09	Kimco Realty Corp	KIM	747.0	Common stock	24%	954 bp
7-Apr-09	Ventas Inc	VTR	312.0	Common stock	27%	1,308 bp
8-Apr-09	ProLogis	PLD	1,154.0	Common stock	20%	1,176 bp
22-Apr-09	Vornado Realty Trust	VNO	742.0	Common stock	5%	928 bp
24-Apr-09	Host Hotels & Resorts	HST	500.0	Common stock	20%	642 bp
28-Apr-09	Northern Trust Corp	NTRS	863.0	Common stock	8%	779 bp
5-May-09	HCP Inc	HCP	440.0	Common stock	6%	196 bp
7-May-09	Simon Property Group Inc	SPG	1,150.0	Common stock	4%	151 bp
8-May-09	Morgan Stanley	MS	4,566.0	Common stock	8%	(87) bp
8-May-09	Wells Fargo & Co	WFC	8,627.0	Common stock	-10%	(87) bp
11-May-09	Bank of New York Mellon	BK	1,208.0	Common stock	-6%	127 bp
11-May-09	Capital One Financial	COF	1,554.0	Common stock	-10%	127 bp
11-May-09	Principal Financial Group	PFG	1,150.0	Common stock	9%	127 bp
11-May-09	US Bancorp	USB	2,755.0	Common stock	4%	127 bp
12-May-09	BB&T Corp	BBT	1,725.0	Common stock	0%	136 bp
18-May-09	State Street Corp	STT	2,300.0	Common stock	11%	113 bp

Date	Issuer Name	Ticker	Deal Value \$ MM	Deal type	Performance Since Issuance % Total Return vs. S&P500 (bps)	
19-May-09	Bank of America	BAC	13,500.0	Common stock	0%	129 bp
20-May-09	Invesco Ltd	IVZ	460.0	Common stock	7%	180 bp
20-May-09	Regions Financial Corp	RF	1,840.0	Common stock	-14%	180 bp
Health Care			\$ 300.0			
21-May-09	Cephalon Inc	CEPH	300.0	Common stock	-2%	(544) bp
Industrials			\$ 1,195.0			
31-Mar-09	Ingersoll-Rand	IR	345.0	Convertible Debt	n.a	n.a
29-Apr-09	Textron Inc	TXT	250.0	Common stock	6%	88 bp
29-Apr-09	Textron Inc	TXT	600.0	Convertible Debt	n.a	n.a
Information Technology			\$ 707.0			
31-Mar-09	Teradyne Inc	TER	190.0	Convertible Debt	n.a	n.a
8-Apr-09	Micron Technology Inc	MU	287.0	Common stock	18%	646 bp
8-Apr-09	Micron Technology Inc	MU	230.0	Convertible Debt	n.a	n.a
Materials			\$ 7,829.0			
26-Jan-09	Freeport-McMoran	FCX	750.0	Common stock	118%	10,722 bp
28-Jan-09	Newmont Mining Corp	NEM	1,277.0	Common stock	27%	624 bp
28-Jan-09	Newmont Mining Corp	NEM	518.0	Convertible Debt	n.a	n.a
18-Mar-09	Alcoa Inc	AA	906.0	Common stock	69%	1,627 bp
18-Mar-09	Alcoa Inc	AA	575.0	Convertible Debt	n.a	n.a
28-Apr-09	United States Steel Corp	X	692.0	Common stock	31%	779 bp
28-Apr-09	United States Steel Corp	X	863.0	Convertible Debt	n.a	n.a
6-May-09	Dow Chemical Co	DOW	2,250.0	Common stock	16%	18 bp
Utilities			\$ 2,613.0			
7-Jan-09	Progress Energy Inc	PGN	539.0	Common stock	-4%	(605) bp
16-Mar-09	Northeast Utilities	NU	383.0	Common stock	4%	2,252 bp
1-Apr-09	American Electric Power	AEP	1,691.0	Common stock	5%	1,379 bp
Total / Average			\$ 70,467.0		16%	848 bp



Source: Goldman Sachs Global Economics, Commodities and Strategy Research

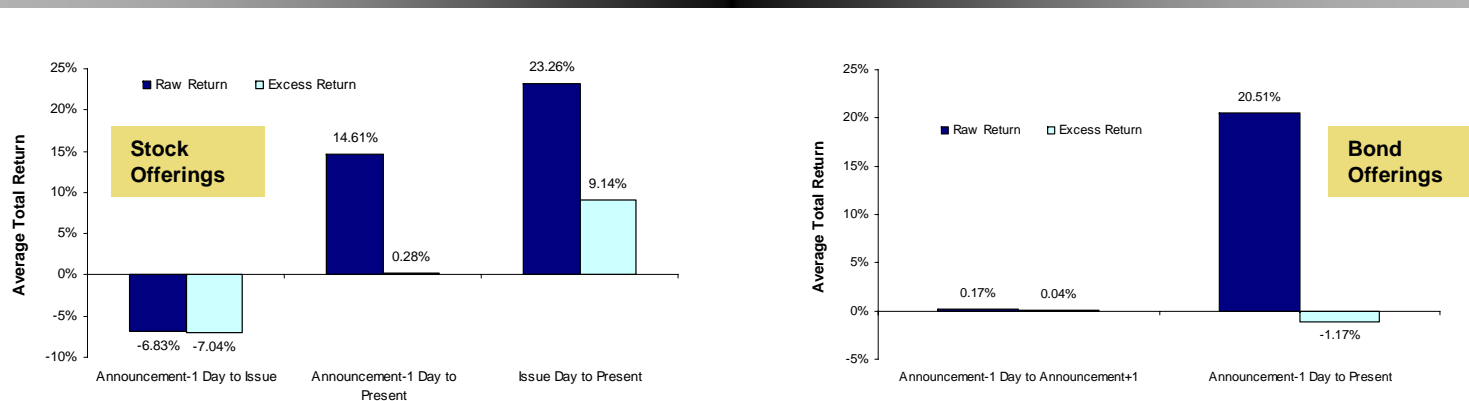


Stock Price Performance Following Equity and Debt Issuances

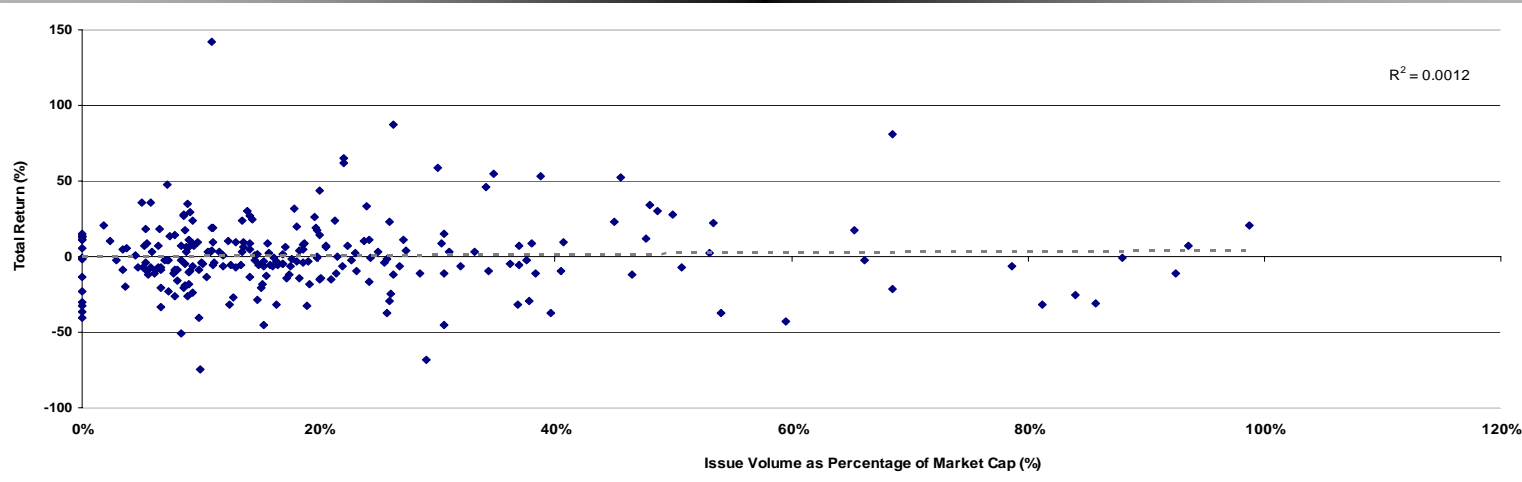
On average, bond offerings have minimal market-adjusted impact on stock price performance.

Even though, equity offerings are associated with negative stock price reaction in the short-run, the long-run response seems to be positive. Moreover, stock price reaction is uncorrelated with dilution.

Performance Following Equity and Fixed-Income Announcements and Issuances, Jan 09-Aug 09



Total Stock Return vs. Dilution, Jan 09-Aug 09



Note: stock price reaction studies based on 248 equity offerings in excess of \$50 million, and 350 investment-grade non-financial debt offerings since January 1, 2009.



- I. Executive Summary
- II. The Macro Environment
- III. Maximizing Firm Value
- IV. Capital Structure and the Business Cycle

Appendix

Reaction of Stock Prices to Equity Issuances

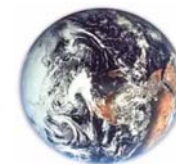




Equity Issuance and Stock Price Reaction, Jan 09-Aug 09

Announcement Date	Name	Sub Sector	Proceeds (\$MM)	Announcement-1 Day to Issue		Announcement-1 Day to Present		Issue Day to Present	
				Raw Return (%)	Excess Return (%)	Raw return (%)	Excess Return (%)	Raw return (%)	Excess Return (%)
11-Aug-09	American Water Works Co. Inc.	Water and Waste Management	674	-5.10	-5.73	0.40	-1.83	5.80	4.21
10-Aug-09	Bancorp Inc.	Asset Management	58	-23.71	-24.01	-19.17	-21.06	5.95	4.36
10-Aug-09	Great Lakes Dredge & Dock Corp.	Building/Construction & Engineering	72	-2.22	-2.52	7.46	5.57	9.90	8.32
11-Aug-09	Umpqua Holdings Corp.	Banks	225	-4.81	-5.44	-9.26	-11.49	-4.68	-6.26
12-Aug-09	U-Store-It Trust	REITs	147	-6.88	-8.78	5.51	2.00	13.31	11.72
10-Aug-09	Orion Marine Group Inc.	Building/Construction & Engineering	83	-12.09	-11.69	-1.65	-3.54	11.87	9.58
7-Aug-09	GSI Commerce Inc.	Internet and Catalog Retailing	201	-1.53	-2.48	-1.97	-5.23	-0.44	-2.74
4-Aug-09	Ocwen Financial Corp.	Other Financials	252	7.36	6.93	14.64	11.90	6.78	4.48
10-Aug-09	Bunge Ltd.	Food and Beverage	688	-7.24	-6.84	-6.72	-8.61	0.56	-1.73
10-Aug-09	TRW Automotive Holdings Corp.	Automobiles & Components	245	-11.59	-10.03	-4.05	-5.93	8.54	5.03
10-Aug-09	Seattle Genetics Inc.	Professional Services	118	-6.86	-5.30	3.05	1.16	10.65	7.14
10-Aug-09	Suburban Propane Partners LP	Oil & Gas (MLP)	91	-6.86	-5.29	-5.51	-7.40	1.45	-2.06
10-Aug-09	American Capital Agency Corp.	REITs	87	-5.01	-3.44	5.29	3.40	10.84	7.34
10-Aug-09	Tanger Factory Outlet Centers	REITs	107	-8.27	-6.71	-4.78	-6.67	3.81	0.30
10-Aug-09	Federal Realty Investment Trust	REITs	100	-2.75	-1.19	-0.28	-2.17	2.54	-0.96
10-Aug-09	PS Business Parks Inc.	REITs	140	-9.02	-7.45	-3.67	-5.56	5.88	2.37
10-Aug-09	Hospitality Properties Trust	REITs	138	-8.74	-7.17	-0.86	-2.75	8.63	5.12
6-Aug-09	Targa Resources Partners LP	Oil & Gas (MLP)	94	-6.46	-7.25	-4.16	-6.85	2.46	0.57
6-Aug-09	K-Sea Transportation Partners	Oil & Gas (MLP)	56	-12.81	-13.60	-11.43	-14.12	1.58	-0.31
3-Aug-09	Univest Corp. of Pennsylvania	Banks	52	-25.98	-27.00	-24.89	-29.21	1.46	-1.80
3-Aug-09	Green Mtn. Coffee Roasters Inc.	Food and Beverage	336	-3.63	-4.66	-14.13	-18.44	-10.89	-14.15
4-Aug-09	Bowne & Co. inc.	E-commerce/B2B	63	-29.05	-28.54	-26.31	-29.05	3.86	0.60
5-Aug-09	Oshkosh Corp.	Automobiles & Components	325	-17.29	-16.48	-12.48	-14.91	5.82	2.56
6-Aug-09	Plains Exploration and Production Co.	Oil & Gas	360	-13.16	-12.61	-11.07	-13.76	2.40	-0.86
4-Aug-09	ONYX Pharmaceuticals Inc.	Biotechnology	122	-15.30	-14.80	-13.50	-16.25	2.12	-1.14
3-Aug-09	Sirona Dental Systems Inc.	Healthcare Equipment & Supplies	178	-5.19	-6.22	3.42	-0.89	9.09	5.83
3-Aug-09	Emergency Medical Services Corp.	Healthcare Providers & Services (HMOs)	320	5.14	4.11	16.96	12.65	11.25	7.99
5-Aug-09	Inergy LP	Oil & Gas (MLP)	97	-7.81	-7.01	-6.58	-9.01	1.34	-1.92
5-Aug-09	Inspire Pharmaceuticals, Inc.	Pharmaceuticals	100	-7.44	-7.19	25.75	23.33	35.87	33.18
3-Aug-09	EnerNOC Inc.	Professional Services	101	-7.92	-9.50	-7.69	-12.01	0.25	-2.45

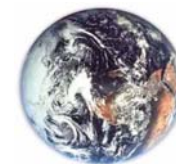




Equity Issuance and Stock Price Reaction, Jan 09-Aug 09

Announcement Date	Name	Sub Sector	Proceeds (\$MM)	Announcement-1 Day to Issue		Announcement-1 Day to Present		Issue Day to Present	
				Raw Return (%)	Excess Return (%)	Raw return (%)	Excess Return (%)	Raw return (%)	Excess Return (%)
4-Aug-09	DynCorp International Inc.	Professional Services	185	-8.89	-8.93	-20.66	-23.40	-12.92	-15.62
4-Aug-09	Petrohawk Energy Corp.	Oil & Gas	572	-10.60	-10.64	-15.17	-17.91	-5.12	-7.81
3-Aug-09	Columbia Banking System, Inc.	Banks	104	7.09	5.51	26.79	22.48	18.40	15.70
3-Aug-09	STEC Inc.	Computers & Peripherals	279	-1.47	-3.05	15.11	10.79	16.82	14.13
4-Aug-09	HCP Inc.	REITs	384	2.36	2.32	10.04	7.30	7.50	4.81
3-Aug-09	Swift Energy Co.	Oil & Gas	100	-3.76	-5.60	3.71	-0.61	7.75	5.32
29-Jul-09	Evercore Partners Inc.	Brokerage	71	4.00	1.32	27.98	22.80	23.05	20.62
29-Jul-09	RC2 Corp.	Other Consumer Products	53	-9.71	-10.46	-4.70	-9.89	5.54	1.15
29-Jul-09	Micromet Inc.	Biotechnology	70	20.30	19.55	20.11	14.93	-0.16	-4.55
29-Jul-09	Greenhill & Co Inc.	Brokerage	228	-3.50	-4.25	-8.19	-13.37	-4.87	-9.26
27-Jul-09	CenterState Banks Inc.	Banks	75	-18.96	-18.55	-5.54	-10.76	16.55	10.90
28-Jul-09	MFA Financial Inc.	REITs	353	-6.33	-5.63	3.03	-1.87	10.00	4.35
27-Jul-09	Human Genome Sciences Inc.	Biotechnology	325	-0.07	-0.11	31.19	25.97	31.28	26.10
22-Jul-09	Broadpoint Gleacher Securities Group	Brokerage	147	0.91	-1.73	10.82	2.86	9.82	4.64
27-Jul-09	Arch Coal Inc.	Metals & Mining	298	0.11	-0.19	-1.27	-6.49	-1.38	-6.28
22-Jul-09	Orexigen Therapeutics Inc.	Pharmaceuticals	75	4.39	2.09	11.04	3.08	6.37	0.83
20-Jul-09	Bemis Co. Inc.	Containers & Packaging	200	1.27	-0.21	0.59	-9.00	-0.67	-8.67
20-Jul-09	Ruby Tuesday Inc.	Food and Beverage	68	0.13	-1.34	-1.60	-11.19	-1.73	-9.73
21-Jul-09	Education Realty Trust Inc.	REITs	107	-2.89	-3.22	29.06	20.71	32.91	24.91
20-Jul-09	CVB Financial Corp.	Banks	115	0.97	-0.54	20.48	10.89	19.33	11.37
20-Jul-09	East West Bancorp Inc.	Banks	70	-3.86	-5.01	39.90	30.31	45.52	37.17
16-Jul-09	hhgregg Inc.	Other Retailing	58	1.01	-0.98	5.92	-4.58	4.87	-3.49
14-Jul-09	Janus Capital Group Inc.	Asset Management	200	5.95	2.44	23.53	9.15	16.59	6.09
13-Jul-09	Brightpoint Inc.	Electronics	75	-5.99	-12.10	32.53	15.29	40.98	30.48
15-Jul-09	Fifth Street Finance Corp.	Asset Management	76	-4.76	-7.72	8.81	-4.97	14.24	3.74
9-Jul-09	Seneca Foods Corp.	Food and Beverage	72	-24.73	-30.79	-15.27	-32.46	12.57	2.07
10-Jul-09	CapitalSource Inc.	Credit Institutions	72	-8.90	-11.53	-16.74	-33.51	-8.60	-22.38
13-Jul-09	CoBiz Financial inc.	Banks	57	-17.97	-21.01	-20.34	-37.59	-2.89	-16.67
14-Jul-09	American Capital Agency Corp.	REITs	54	-6.23	-6.77	12.73	-1.65	20.22	6.44
8-Jul-09	Kennametal Inc.	Machinery	110	-0.97	-0.81	21.33	4.27	22.51	5.27

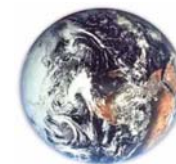




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				Raw Return (%)	Excess Return (%)	Raw return (%)	Excess Return (%)	Raw return (%)	Excess Return (%)
7-Jul-09	Arena Pharmaceuticals Inc.	Pharmaceuticals	52	-2.71	-0.74	1.67	-13.09	4.50	-12.57
6-Jul-09	Discover Financial Services	Credit Institutions	500	-7.59	-5.88	34.32	19.26	45.36	28.29
29-Jun-09	IBERIABANK Corp.	Other Financials	150	-4.78	-5.29	16.33	4.05	22.17	10.46
29-Jun-09	Encore Energy Partners LP	Oil & Gas (MLP)	117	-8.04	-8.95	0.35	-11.93	9.12	-2.14
22-Jun-09	Clean Energy Fuels Corp.	Oil & Gas	68	1.58	1.67	21.11	9.07	19.22	7.09
22-Jun-09	Actuant Corp.	Machinery	114	-17.62	-14.80	-6.38	-18.41	13.65	-1.64
22-Jun-09	Equity Lifestyle Properties Inc.	REITs	133	-10.86	-8.04	10.45	-1.59	23.90	8.61
18-Jun-09	South Financial Group, Inc.	Other Financials	75	-18.75	-19.92	12.82	-0.53	38.85	26.81
17-Jun-09	Solutia Inc.	Chemicals	139	-9.88	-10.59	100.18	86.99	122.11	109.73
16-Jun-09	Assured Guaranty Ltd.	Insurance	424	-21.63	-21.06	42.05	30.30	81.25	68.87
17-Jun-09	E Trade Financial Corp.	Brokerage	479	-13.33	-14.05	-18.18	-31.37	-5.59	-17.98
17-Jun-09	Hospitality Properties Trust	REITs	201	-13.10	-13.81	36.76	23.57	57.36	44.98
15-Jun-09	Harman International Inds. Inc.	Electronics	200	-16.45	-12.70	29.12	20.03	54.55	41.20
15-Jun-09	McMoRan Exploration Co.	Oil & Gas	83	-22.90	-19.15	16.41	7.32	50.98	37.64
15-Jun-09	Genessee & Wyoming Inc.	Transportation & Infrastructure	98	-8.07	-4.46	18.95	9.86	29.40	16.21
15-Jun-09	Lincoln National Corp.	Insurance	600	-15.15	-11.54	40.83	31.73	65.98	52.79
16-Jun-09	Patriot Coal Corp.	Metals & Mining	95	-10.20	-8.93	8.86	-2.89	21.22	8.03
16-Jun-09	ONEOK Partners LP	Oil & Gas (MLP)	229	-5.80	-4.53	7.48	-4.27	14.09	0.90
9-Jun-09	FBR Capital Markets Corp.	Asset Management	100	-10.32	-8.71	-2.25	-12.21	9.00	-2.76
15-Jun-09	Duncan Energy Partners LP	Oil & Gas (MLP)	128	-11.94	-9.57	3.14	-5.96	17.13	5.38
10-Jun-09	Pinnacle Financial Partners	Banks	100	-2.93	-3.22	3.40	-6.17	6.52	-2.73
9-Jun-09	Ameriprise Financial	Asset Management	900	-9.99	-10.63	7.02	-2.94	18.89	9.64
10-Jun-09	ATP Oil & Gas Corp.	Oil & Gas	72	-4.21	-4.50	21.06	11.49	26.39	17.14
11-Jun-09	Marshall & Ilsley Corp.	Banks	500	-4.36	-5.00	7.32	-2.63	12.21	2.96
10-Jun-09	Vulcan Materials Co.	Metals & Mining	472	-4.30	-4.59	10.40	0.83	15.37	6.12
10-Jun-09	EV Energy Partners LP	Oil & Gas (MLP)	71	-8.64	-8.93	-1.71	-11.28	7.59	-1.66
9-Jun-09	Stone Energy Corp.	Oil & Gas	56	-2.00	-2.01	53.47	43.51	56.59	46.65
8-Jun-09	FNB Corp.	Banks	116	-12.39	-12.32	3.13	-6.74	17.72	7.78
9-Jun-09	Jones Lan LaSalle Inc.	REITs	228	-5.74	-5.75	17.61	7.65	24.76	14.81
10-Jun-09	CB Richard Ellis Group Inc.	REITs	100	13.64	13.98	45.21	35.64	27.78	17.84

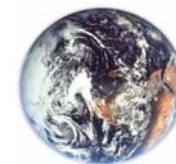




Equity Issuance and Stock Price Reaction, Jan 09-Aug 09

Announcement Date	Name	Sub Sector	Proceeds (\$MM)	Announcement-1 Day to Issue		Announcement-1 Day to Present		Issue Day to Present	
				Raw Return (%)	Excess Return (%)	Raw return (%)	Excess Return (%)	Raw return (%)	Excess Return (%)
9-Jun-09	LaSalle Hotel Properties	REITs	148	-7.13	-7.14	5.64	-4.32	13.76	3.81
8-Jun-09	Kinder Morgan Energy Partners LP	Oil & Gas (MLP)	296	-4.14	-4.42	1.05	-8.82	5.41	-4.16
8-Jun-09	El Paso Pipeline Partners LP	Oil & Gas (MLP)	193	-7.16	-7.44	4.66	-5.22	12.73	3.16
8-Jun-09	CBL & Associates Properties	REITs	350	-10.73	-11.01	16.93	7.06	31.00	21.43
4-Jun-09	MarkWest Energy Partners LP	Oil & Gas (MLP)	53	-2.94	-3.85	14.39	3.51	17.85	7.98
4-Jun-09	Boston Properties Inc.	REITs	750	0.02	-0.90	19.65	8.77	19.62	9.75
1-Jun-09	Cal Dive International Inc.	Oil & Gas	170	-11.60	-14.18	11.79	-0.64	26.46	16.86
2-Jun-09	Express Scripts Inc.	Professional Services	1403	-3.35	-3.35	13.13	3.53	17.05	7.45
4-Jun-09	PICO Holdings Inc.	Other Financials	83	0.27	-0.90	9.20	-1.68	8.91	-0.69
1-Jun-09	Western Refining Inc.	Petrochemicals	180	-33.33	-35.91	-55.58	-68.01	-33.37	-42.97
1-Jun-09	First Community Bancshares Inc.	Banks	58	-17.49	-20.07	-24.90	-37.33	-8.98	-18.58
1-Jun-09	American Water Works Co Inc.	Water and Waste Management	449	1.22	-1.37	18.41	5.98	16.99	7.39
2-Jun-09	Mariner Energy Inc.	Oil & Gas	145	-5.67	-5.66	-17.39	-26.98	-12.42	-22.02
28-May-09	Transatlantic Holdings Inc.	Insurance	988	8.76	3.16	26.66	10.93	16.46	6.86
2-Jun-09	Steel Dynamics Inc.	Metals & Mining	365	-12.09	-10.93	5.14	-4.45	19.61	8.73
2-Jun-09	JetBlue Airways Corp.	Transportation & Infrastructure	98	-11.73	-10.57	17.08	7.48	32.63	21.75
1-Jun-09	Iconix Brand Group Inc.	Textiles & Apparel	150	-2.16	-3.56	7.60	-4.83	9.97	-0.91
3-Jun-09	Huntington Bancshares Inc.	Banks	324	-4.58	-3.22	7.01	-2.37	12.15	1.26
2-Jun-09	Valero Energy Corp.	Petrochemicals	720	-19.33	-18.18	-16.51	-26.11	3.49	-7.39
19-May-09	First Financial Bancorp	Banks	90	-21.35	-23.89	-18.38	-32.09	3.76	-7.12
1-Jun-09	Signature Bank, New York	Banks	117	-3.15	-5.94	10.07	-2.36	13.64	4.26
1-Jun-09	Prudential Financial Inc.	Insurance	1250	4.49	1.70	29.54	17.11	23.98	14.60
2-Jun-09	Morgan Stanley	Other Financials	2200	0.67	0.47	1.19	-8.41	0.52	-8.86
1-Jun-09	JPMorgan Chase & Co.	Banks	5006	-6.50	-9.29	18.28	5.85	26.51	17.13
1-Jun-09	MasTec Inc.	Telecommunications Equipment	55	3.24	0.66	-23.86	-36.29	-26.25	-35.85
1-Jun-09	SunTrust Banks Inc.	Banks	1404	4.78	2.20	66.89	54.46	59.28	49.68
1-Jun-09	American Express Co.	Credit Institutions	500	4.59	2.00	33.10	20.66	27.26	17.66
1-Jun-09	DCT Industrial Trust Inc.	REITs	102	4.46	1.88	20.89	8.46	15.73	6.13
27-May-09	Terex Corp.	Machinery	143	-12.63	-13.63	8.27	-5.29	23.92	11.49
28-May-09	Kilroy Realty Corp.	REITs	175	-1.62	-4.55	24.43	8.70	26.48	14.05





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28-May-09	Itron Inc.	Other Industrials	161	-1.03	-2.59	-4.86	-20.59	-3.87	-17.83
27-May-09	Leap Wireless Intl. Inc.	Wireless	264	-6.18	-5.83	-60.65	-74.21	-58.06	-72.01
26-May-09	Medivation Inc.	Pharmaceuticals	58	-4.81	-5.51	7.30	-9.24	12.73	-3.01
26-May-09	Redwood Trust Inc.	REITs	218	-6.54	-7.24	5.83	-10.72	13.24	-2.50
26-May-09	Brandywine Realty Trust	REITs	221	2.31	1.61	69.32	52.77	65.50	49.77
26-May-09	Highwoods Properties Inc.	REITs	131	-0.87	-1.57	35.48	18.93	36.67	20.93
26-May-09	Chimera Investment Corp.	REITs	541	-6.09	-6.80	6.95	-9.60	13.89	-1.84
26-May-09	Cogdell Spencer Inc.	REITs	80	-12.05	-12.75	10.51	-6.04	25.65	9.91
20-May-09	Cephalon Inc.	Pharmaceuticals	300	-4.36	-2.22	-9.43	-23.31	-5.30	-21.67
20-May-09	CommScope Inc.	Other High Technology	200	-12.77	-10.63	8.20	-5.68	24.04	7.67
20-May-09	Sunstone Hotel Investors Inc.	REITs	90	-4.50	-2.35	22.66	8.78	28.44	12.06
20-May-09	Evergreen Solar Inc.	Semiconductors	67	-0.45	0.06	-23.66	-37.54	-23.32	-37.78
19-May-09	Forest Oil Corp.	Oil & Gas	228	-2.70	-2.04	-14.85	-28.55	-12.48	-26.94
18-May-09	UIL Holdings Corp.	Power	84	-8.58	-10.94	14.38	-2.79	25.11	10.65
20-May-09	Regions Financial Corp.	Banks	1600	-6.68	-6.17	11.52	-2.36	19.50	5.04
18-May-09	Invesco Ltd.	Asset Management	400	2.34	-0.03	44.39	27.22	41.10	26.64
19-May-09	Hertz Global Holdings Inc.	Professional Services	299	-12.21	-11.55	41.04	27.34	60.65	46.19
19-May-09	Spectra Energy Partners LP	Oil & Gas (MLP)	198	-5.38	-4.72	-0.36	-14.06	5.30	-9.16
18-May-09	MSCI Inc.	Asset Management	596	-6.62	-9.51	30.39	13.22	39.64	25.76
14-May-09	Brigham Exploration Co.	Oil & Gas	88	-16.91	-19.70	97.71	80.64	137.93	124.05
18-May-09	Prospect Capital Corp.	Alternative Financial Investments	56	-11.41	-14.30	10.74	-6.43	25.01	11.13
18-May-09	M/I Homes Inc.	Building/Construction & Engineering	54	-9.02	-11.91	20.01	2.85	31.92	18.04
18-May-09	Beckman Coulter Inc.	Healthcare Equipment & Supplies	239	2.23	-0.66	30.65	13.48	27.80	13.92
18-May-09	Penn Virginia Corp.	Oil & Gas (MLP)	67	-0.16	-3.05	15.10	-2.07	15.29	1.41
18-May-09	Regal Beloit Corp.	Other Energy & Power	136	3.90	0.85	23.60	6.43	18.96	5.26
18-May-09	State Street Corp.	Banks	2000	8.52	5.47	40.85	23.68	29.79	16.09
12-May-09	Western Alliance Bancorp	Banks	175	-28.29	-26.57	-17.41	-31.27	15.18	-0.68
12-May-09	Protective Life Corp.	Insurance	122	-23.08	-21.36	75.62	61.76	128.31	112.46
13-May-09	Fortress Investment Group LLC	Alternative Financial Investments	200	-18.95	-17.32	-26.81	-40.78	-9.70	-25.55
13-May-09	Forest City Enterprises Inc.	Non Residential	300	-20.55	-18.93	7.06	-6.90	34.76	18.91

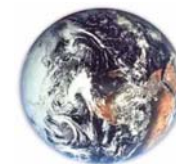




Equity Issuance and Stock Price Reaction, Jan 09-Aug 09

Announcement Date	Name	Sub Sector	Proceeds (\$MM)	Announcement-1 Day to Issue		Announcement-1 Day to Present		Issue Day to Present	
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11-May-09	Energizer Holdings Inc.	Other Energy & Power	466	-12.02	-8.22	15.83	4.38	31.66	15.80
13-May-09	Cliff Natural Resources Inc.	Metals & Mining	315	-19.76	-17.12	-6.71	-20.67	16.28	-0.79
12-May-09	GMX Resources Inc.	Oil & Gas	60	-23.17	-20.43	-31.54	-45.40	-10.90	-27.96
11-May-09	PrivateBancorp Inc.	Banks	223	-21.12	-16.32	1.94	-9.51	29.23	12.17
5-May-09	Duff & Phelps Corp.	Asset Management	103	-16.53	-14.09	-0.63	-14.85	19.04	1.98
13-May-09	MGM Mirage Inc.	Casinos & Gaming	1001	-29.84	-27.19	-29.27	-43.24	0.80	-16.26
12-May-09	Kite Realty Group Trust	REITs	80	-21.65	-18.92	-11.55	-25.41	12.89	-4.17
11-May-09	Anadarko Petroleum Corp.	Oil & Gas	1365	-11.64	-9.44	4.14	-7.31	17.86	3.90
11-May-09	BB&T Corp.	Banks	1500	-14.55	-12.34	5.17	-6.28	23.07	9.11
11-May-09	Atlas Air Worldwide Holdings	Transportation & Infrastructure	96	-12.41	-10.20	-18.87	-30.32	-7.37	-21.34
11-May-09	Ford Motor Co.	Automobiles & Components	1425	-19.71	-17.50	21.63	10.18	51.50	37.53
11-May-09	Great Plains Energy Inc.	Power	140	-7.33	-5.12	20.54	9.09	30.07	16.10
11-May-09	Linn Energy LLC	Oil & Gas (MLP)	89	-5.41	-3.21	29.45	18.00	36.86	22.89
12-May-09	BioMed Realty Trust Inc.	REITs	166	1.07	1.16	20.29	6.44	19.02	5.06
11-May-09	Inland Real Estate Corp.	REITs	104	-18.80	-16.60	7.64	-3.81	32.57	18.61
11-May-09	SL Green Realty Corp.	REITs	353	3.54	5.75	57.20	45.75	51.83	37.86
11-May-09	US Bancorp.	Banks	2502	-9.93	-7.82	7.01	-4.44	18.82	4.96
11-May-09	Capital One Financial Corp.	Credit Institutions	1554	-13.53	-11.41	16.22	4.77	34.40	20.54
11-May-09	Bank of New York Mellon Corp.	Banks	1208	-8.09	-5.97	-8.29	-19.74	-0.22	-14.07
11-May-09	Principal Financial Group Inc.	Insurance	1000	-14.10	-11.99	18.41	6.96	37.86	24.00
7-May-09	Wells Fargo & Co.	Banks	7502	4.99	3.93	2.01	-10.62	-2.84	-14.29
7-May-09	Morgan Stanley	Other Financials	4041	-1.09	-2.15	6.09	-6.54	7.25	-4.20
5-May-09	Delta Petroleum Corp.	Oil & Gas	225	-30.79	-30.86	-40.24	-54.46	-13.66	-27.79
7-May-09	Dendreon Corp.	Pharmaceuticals	205	-5.09	-3.78	15.85	3.22	22.06	7.93
6-May-09	US Airways Group Inc.	Transportation & Infrastructure	60	-19.80	-20.24	-30.30	-44.93	-13.10	-27.23
5-May-09	Dow Chemical Co.	Chemicals	1957	-7.32	-8.72	32.77	18.56	43.26	30.63
5-May-09	Sterling Bancshares	Banks	50	-2.26	-3.67	10.37	-3.85	12.92	0.29
6-May-09	Simon Property Grp Inc.	REITs	1000	9.42	7.64	25.72	11.08	14.90	2.26
5-May-09	Camden Property Trust	REITs	248	1.43	0.03	18.47	4.26	16.80	4.17
1-May-09	Dean Foods Co.	Food and Beverage	411	-10.77	-14.34	-13.09	-31.81	-2.60	-17.23





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4-May-09	Allegiant Travel Co.	Transportation & Infrastructure	115	1.10	-1.91	-22.21	-40.29	-23.05	-37.68
4-May-09	City National Corp.	Banks	109	16.82	13.81	10.66	-7.42	-5.28	-19.91
4-May-09	Texas Capital Bancshares Inc.	Banks	55	1.50	-1.51	19.31	1.23	17.55	2.92
4-May-09	Holly Energy Partners LP	Pipelines (MLP)	56	-5.67	-8.68	28.22	10.14	35.93	21.30
5-May-09	American Campus Comm Inc.	REITs	181	-2.96	-2.59	16.66	2.44	20.21	5.58
29-Apr-09	Washington RE Investment Trust	REITs	107	-0.51	-2.60	28.57	7.38	29.23	10.51
30-Apr-09	Mack-Cali Realty Corp	REITs	250	0.94	1.03	25.21	6.60	24.05	5.33
27-Apr-09	SunPower Corp.	Semiconductors	198	-1.42	-2.29	3.11	-16.54	4.59	-14.02
28-Apr-09	Textron Inc.	Aerospace & Defense	217	-5.09	-6.99	30.17	9.30	37.15	18.54
27-Apr-09	United States Steel Corp.	Metals & Mining	602	-9.92	-8.65	53.10	33.46	69.97	48.78
27-Apr-09	Northern Trust Corp.	Banks	750	-4.32	-3.04	8.72	-10.93	13.62	-7.57
27-Apr-09	Delphi Financial Group Inc.	Insurance	53	-17.04	-15.77	17.66	-1.99	41.83	20.64
24-Apr-09	Host Hotels & Resorts Inc.	REITs	436	9.86	8.18	46.48	24.82	33.33	13.69
24-Apr-09	Calpine Corp.	Power	162	-10.15	-11.83	35.40	13.74	50.69	31.04
23-Apr-09	SandRidge Energy Inc.	Oil & Gas	116	-2.68	-3.67	50.61	27.74	54.75	33.09
22-Apr-09	Parkway Properties Inc.	REITs	86	-9.21	-9.45	31.18	9.24	44.50	22.84
23-Apr-09	LaSalle Hotel Properties	REITs	109	20.76	19.77	81.89	59.02	50.62	28.96
21-Apr-09	Plains Exploration and Production Co.	Oil & Gas	224	-4.19	-5.55	33.70	9.16	39.54	16.67
22-Apr-09	Vornado Realty Trust	REITs	645	-3.68	-2.93	25.48	3.53	30.28	7.41
21-Apr-09	Jarden Corp.	Household & Personal Products	210	-5.74	-7.10	27.11	2.57	34.84	11.97
20-Apr-09	Regency Centers Corp.	REITs	283	-5.62	-3.37	-12.32	-31.54	-7.10	-29.05
16-Apr-09	Weingarten Realty Investors	REITs	399	7.05	4.99	28.90	7.23	20.41	1.20
14-Apr-09	Energy Transfer Partners LP	Oil & Gas (MLP)	319	-7.19	-6.42	9.46	-11.27	17.94	-3.73
13-Apr-09	Chimera Investment Corp.	REITs	705	-7.41	-6.89	10.00	-11.05	18.80	-2.88
13-Apr-09	Sunoco Logistics Partners LP	Pipelines (MLP)	111	-6.38	-4.63	11.66	-9.39	19.27	-3.93
14-Apr-09	Fidelity National Financial Inc.	Insurance	300	-14.60	-12.60	-30.38	-51.11	-18.47	-41.67
14-Apr-09	First Niagra Financial Group	Banks	331	-9.19	-7.19	-3.83	-24.56	5.90	-17.30
14-Apr-09	Goldman Sachs Group Inc.	Other Financials	5000	-11.56	-9.55	27.33	6.60	43.96	20.76
14-Apr-09	Acadia Realty Trust	REITs	60	-2.86	-0.86	22.58	1.85	26.20	3.00
13-Apr-09	DiamondRock Hospitality Co.	REITs	75	1.19	0.93	40.36	19.31	38.70	17.97

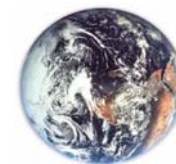




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8-Apr-09	Equity One Inc.	REITs	93	-9.65	-14.68	3.35	-23.79	14.39	-6.66
7-Apr-09	ProLogis	REITs	1003	-8.40	-7.23	41.66	17.47	54.65	28.99
7-Apr-09	Micron Technology Inc.	Semiconductors	250	-5.31	-4.14	59.29	35.11	68.22	42.57
6-Apr-09	Royal Gold Inc	Metals & Mining	247	-10.82	-7.69	-9.73	-32.89	1.23	-25.91
6-Apr-09	Ventas Inc.	REITs	305	-8.22	-5.09	52.32	29.16	65.96	38.82
2-Apr-09	Kimco Realty Corp.	REITs	650	9.83	6.96	81.28	53.34	65.05	40.69
30-Mar-09	American Electric Power Inc.	Power	1470	-3.27	-2.70	22.47	-4.74	26.62	-1.32
31-Mar-09	Corporate Office Ppty Trust	REITs	63	4.50	1.49	67.63	35.84	60.42	32.48
25-Mar-09	Buckeye Partners LP	Pipelines (MLP)	94	-6.75	-10.07	24.60	-4.18	33.63	8.98
24-Mar-09	AMB Property Corp.	REITs	501	-3.87	-2.78	60.63	34.48	67.10	39.55
23-Mar-09	Inergy LP	Oil & Gas (MLP)	89	-4.96	-9.88	26.39	-8.72	32.99	4.21
19-Mar-09	Simon Property Grp Inc.	REITs	473	-7.29	-4.05	78.09	47.37	92.10	56.99
18-Mar-09	Alexandria Real Estate Eqs.	REITs	268	-7.34	-8.11	33.71	0.26	44.31	11.87
17-Mar-09	Alcoa Inc.	Metals & Mining	906	-10.46	-15.83	102.83	65.08	126.52	95.80
16-Mar-09	Wynn Resorts Ltd.	Casinos & Gaming	182	-0.38	-3.24	178.94	141.68	180.02	146.56
16-Mar-09	Plains All American Pipeline LP	Oil & Gas (MLP)	185	-4.99	-7.84	30.12	-7.15	36.95	3.50
16-Mar-09	Northeast Utilities	Power	333	1.91	2.26	23.87	-13.39	21.55	-16.20
3-Mar-09	Palm Inc.	Computers & Peripherals	139	-17.76	-14.37	72.54	24.15	109.80	56.20
4-Mar-09	Portland General Electric Co.	Power	153	-4.14	-2.20	34.97	-14.38	40.79	-11.50
26-Feb-09	Petrohawk Energy Corp.	Oil & Gas	385	0.32	1.88	16.99	-19.01	16.61	-21.53
18-Feb-09	Vertex Pharmaceuticals Inc.	Biotechnology	320	-1.63	-1.56	11.00	-21.00	12.84	-19.25
3-Feb-09	Lincoln Educational Service Corp.	Educational Services	77	-11.64	-12.82	35.39	8.92	53.22	28.22
9-Feb-09	Spectra Energy Corp.	Oil & Gas	402	-6.81	-2.04	27.17	7.12	36.46	10.41
5-Feb-09	Insituform Technologies Inc.	Other Energy & Power	117	-10.28	-9.73	19.50	-5.86	33.19	7.14
9-Feb-09	Digital Realty Trust Inc.	REITs	85	-6.27	-1.51	25.06	5.01	33.43	7.38
3-Feb-09	Senior Housing Properties	REITs	95	-3.89	-4.79	19.35	-7.13	24.18	-1.18
4-Feb-09	Hecla Mining Co.	Metals & Mining	66	-10.70	-10.02	24.69	0.19	39.63	14.28
2-Feb-09	Ferrellgas Partners LP	Oil & Gas (MLP)	67	-3.73	-4.58	40.45	14.04	45.90	20.55
3-Feb-09	Anworth Mortgage Asset Corp.	REITs	49	-4.08	-4.98	29.36	2.88	34.87	9.52
26-Jan-09	Whiting Petroleum Corp.	Oil & Gas	232	-14.14	-15.75	42.60	17.09	66.09	42.56





Equity Issuance and Stock Price Reaction, Jan 09-Aug 09

Announcement Date	Name	Sub Sector	Proceeds (\$MM)	Announcement-1 Day to Issue		Announcement-1 Day to Present		Issue Day to Present	
				Raw Return (%)	Excess Return (%)	Raw return (%)	Excess Return (%)	Raw return (%)	Excess Return (%)
29-Jan-09	Health Care REIT Inc.	REITs	203	-11.16	-7.86	7.69	-11.76	21.22	-2.31
28-Jan-09	Newmont Mining Corp.	Metals & Mining	1110	-7.43	-10.80	-2.92	-26.40	4.87	-14.58
27-Jan-09	Century Aluminum Co.	Metals & Mining	110	-37.92	-42.42	52.36	27.54	145.43	125.99
27-Jan-09	Seattle Genetics Inc.	Pharmaceuticals	56	5.66	4.56	22.83	-1.99	16.25	-7.22
21-Jan-09	Energy Transfer Partners LP	Oil & Gas (MLP)	204	-4.84	-7.64	30.21	0.50	36.84	10.65
14-Jan-09	Redwood Trust Inc.	REITs	259	-21.04	-17.45	13.84	-5.99	44.17	19.89
7-Jan-09	Medical Properties Trust Inc.	REITs	65	-18.31	-15.69	26.17	14.33	54.45	39.61
6-Jan-09	Progress Energy Inc.	Oil & Gas	469	-5.32	-3.13	3.13	-9.58	8.93	-6.30
6-Jan-09	Enterprise Products Partners	Oil & Gas (MLP)	213	-7.14	-4.95	23.12	10.40	32.59	17.35
Median				-6.27	-5.94	11.52	-1.99	18.40	5.38
Average				-6.83	-7.04	14.61	0.28	23.26	9.14

