**US EQUITIES**
BOOKRUNNERS: 1/1/2013 TO 12/7/2013

| | Managing bank or group | No. of issues | Total US$(m) | Share (%) |
|---|---|---|---|---|
| 1 | Goldman Sachs | 89 | 18,020.65 | 15.3 |
| 2 | Citigroup | 118 | 14,876.97 | 12.6 |
| 3 | JP Morgan | 118 | 12,879.48 | 10.9 |
| 4 | BofA Merrill Lynch | 126 | 11,307.57 | 9.6 |
| 5 | Morgan Stanley | 99 | 11,063.77 | 9.4 |
| 6 | Barclays | 92 | 10,336.10 | 8.8 |
| 7 | Credit Suisse | 99 | 8,645.45 | 7.3 |
| 8 | Deutsche Bank | 79 | 6,404.93 | 5.4 |
| 9 | Wells Fargo & Co | 86 | 6,232.82 | 5.3 |
| 10 | UBS | 58 | 3,898.61 | 3.3 |
| | Total | 450 | 117,840.26 | |

Including all domestic and international deals and rights issues

Source: Thomson Reuters (SDC code: C3r)

**GLOBAL CONVERTIBLE OFFERINGS**
BOOKRUNNERS: 1/1/2013 TO 12/7/2013

| | Managing bank or group | No. of issues | Total US$(m) | Share (%) |
|---|---|---|---|---|
| 1 | Goldman Sachs | 20 | 3,787.90 | 19.5 |
| 2 | JP Morgan | 26 | 3,039.29 | 15.6 |
| 3 | BofA Merrill Lynch | 19 | 2,733.95 | 14.0 |
| 4 | Morgan Stanley | 15 | 2,299.26 | 11.8 |
| 5 | Barclays | 16 | 2,083.00 | 10.7 |
| 6 | Citigroup | 15 | 1,527.08 | 7.8 |
| 7 | Deutsche Bank | 10 | 1,082.70 | 5.6 |
| 8 | Credit Suisse | 11 | 1,036.25 | 5.3 |
| 9 | Wells Fargo & Co | 8 | 680.36 | 3.5 |
| 10 | UBS | 3 | 335.00 | 1.7 |
| | Total | 59 | 19,471.10 | |

Includes all US$ denominated bonds structured to be sold in the US, including exchangeables.

Source: Thomson Reuters (SDC code: C9a)



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Funding for early-stage biotech companies has been turned on its head. Whereas they were forced to accept terms that public markets offered less than a year ago, many are now hand-picking investors and achieving premium valuations on IPOs.

ONCOMED PHARMACEUTICALS, a cancer therapeutics company targeting cancer stem cells (CSCs), is the latest beneficiary, after landing a larger-than-anticipated $81.6m from its IPO. Combined with potential milestone payments from collaborative partners, the financing provides it with ample ammunition to fund clinical trials across multiple indications.

Lead managers *Jefferies* and *Leerink Swann* saw investor interest to swell to 6x deal size, allowing them to place 4.8m shares at $17, above a $14–$16 indicative range on what originally was a 4m-share IPO. Existing shareholders spoke for a little more than 800,000 shares to constrict supply further.

Particularly notable, said sources close to the situation, was the participation of healthcare generalists and momentum investors, in addition to the half-dozen specialists typical of most biotech deals.

OncoMed shares soared on the open to $29.56 before settling to close yesterday at $27.18, 59.9% above offer. High trading volume of 4.8m shares highlighted heavy churn as long-term holders were forced to build positions.

"They got on the surfboard on the right wave," said one healthcare originator of investor appetite for new deals. "Healthcare generalists have to play new issues as a way to outperform." The NYSE Arca Biotechnology Index (BTK), a measure the performance of the 25-largest biotechs, is up 39.5% for the year, outperforming both healthcare (23.9%) and the S&P 500 Index (18.5%). Recent biotech deals have benefited from the need of investors to outperform benchmarks. OncoMed has a number of characteristics typical of recent successful IPOs. Most notably, it is a platform company.

The CSCs that the company targets are responsible for the growth and metastasis of tumors. Attacking cell development allows it to target multiple forms of cancer, including pancreatic cancer, non-small-cell lung cancer, and ovarian. OncoMed has five drugs in early clinical trials and two other antibodies in pre-clinical development.

Another positive are strategic alliances with GSK and Bayer that provide upfront cash payments and additional cash upside on reaching certain milestones.

AGIOS PHARMACEUTICALS, another pre-clinical platform company, focused on cellular metabolism and cancer, is on target to price its $80m IPO next week. In addition to the 5m shares marketed at $14–$16 via *JP Morgan* and *Goldman Sachs*, collaborative-partner Celgene is kicking in an additional $12.75m. Already public companies are also cashing in on demand. INSMED ($62.4m) and REGULUS THERAPEUTICS ($42.7m) both sold stock this week, despite having adequate funds. *Jefferies* wasted little time in seizing the momentum with the launch of a $110.5m IPO last night for IROKO PHARMACEUTICALS. The bank, with the company of top-line manager *William Blair*, will begin formally marketing the 5m-share offering Monday at an unusually wide $14–$17. Pricing is expected the week of July 29.

## Love Me, Love Me Not

The comparison with GROUPON may not have been entirely fair, but digital coupon RETAILMENOT's IPO inevitably attracted Groupon-like question marks about the defensibility of its market position while on the road.

RetailMeNot last night priced its 9.1m-share IPO at the $21 midpoint, an outcome that reflected price sensitivity, despite reasonable interest in a big test of market interest in consumer internet companies. Key positives were the company's management team, with former Bankrate executive Cotter Cunningham at the helm.

*Morgan Stanley*, *Goldman Sachs* and *Credit Suisse* led the offering.

Timeshare operator DIAMOND RESORTS INTERNATIONAL had to settle for below-range pricing on its float last night, opting to price the 15.5m-share IPO at $14, or $2 below the bottom end of the $14–$16 marketing range.

The below range outcome was not a complete surprise because of the complexity of Diamond's business model, which includes a points-based exchange that allows vacationers to stay at any of Diamond's worldwide network of 296 properties.

Also last night, REXFORD INDUSTRIAL REALTY, a REIT focused on industrial properties in



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Southern California, defied tougher markets for REITs recently in pricing a 16m-unit IPO at $14, the midpoint of its $13–$15 marketing range. *Bank of America Merrill Lynch*, *Wells Fargo*, *FBR* and *JP Morgan* were joint bookrunners.

## Schwarzman speaks

Private-equity firm BLACKSTONE GROUP sees a further acceleration in activity levels for both its real-estate and PE businesses. Having garnered nearly $8bn through five IPOs and 17 secondary offerings of stakes in portfolio companies since the start of 2012, this is certainly good news for the ECM business.

Co-founder Steve Schwarzman told analysts at yesterday's quarterly earnings conference call that the firm had three more PE floats on file (MICHAELS STORES is one) and saw several more in the coming quarters. The comments came as Blackstone yesterday filed for a $100m placeholder IPO of its third largest property investment, neighborhood shopping mall REIT BRIXMOR PROPERTY GROUP. Brixmor holds the ex-Centro assets Blackstone and co-investor Centerbridge bought for about $9bn in mid-2011. Blackstone was reluctant to talk much about Brixmor, citing regulatory restrictions, but noted that it had reinvested heavily in the business after a period of neglect under its struggling former owner, Australian property owner Centro Properties. "We have made those investments and vacancies have improved (reduced)," Schwarzman said. "That's a more normalized business at this point, and it's appropriate to take that to the market, where it should trade in a satisfactory way."

## Paying it back

One of the final TARP hold-outs of substance, mid-sized regional bank SYNOVUS FINANCIAL last night launched a $185m overnight common equity offering to help fund the planned redemption of nearly $1bn of preferred stock in the hands of the US Treasury. Repayment of the $968m in Treasury bailout funds avoids a scheduled spike in the TARP dividend rate that goes into effect on its five-year anniversary latter this year.

A recent Treasury report lists dozens of mostly small banks that still need to repay a total of nearly $5bn in Treasury funds, but Synovus has been the largest remaining holdout among recipients of TARP money under CPP.

*JP Morgan* was leading the overnight share offering, one leg of a funding package that includes a $130m preferred stock offering and internally available funds, including a $680m dividend from Synovus' bank subsidiary.

## JAKKS back, against the wall

JAKKS PACIFIC learned a tough lesson that kids are more fickle than grown-up investors. The toy manufacturer delivered a double-dose of negative in compounding an earnings shortfall with a planned refinancing with a new convertible bond. JAKKS' shares collapsed 39% to $7.00.

That the company rebuked a $20 hostile overture from Oaktree Capital Management last year suggested to some of potential growing investor unrest.

"We believe that JAKK's low share price may be a catalyst for current investors to push for JAKKS to be sold (particularly as prospects improve in 2014)," said Ascendiant Capital Markets analyst Edward Woo in a research note.

Offsetting dilution with a 25%–30% premium (a $8.80 share price) and paying 3.75%–4.25% annually – the price talk on the five-year CB – to do so is small consolation. *Bank of America Merrill Lynch*, sole bookrunner, was hammering out pricing of the CB with details expected in the morning.

Realistically, JAKKS is in a tough position. The company is using deal proceeds to repurchase a portion of its $100m principal 4.5% CB that comes due in November. Convincing some of those holders to rollover into a more equity-sensitive security is a compelling proposition. JAKKS has seen cash reserves dwindle to $69.7m and has had difficulty securing a new credit facility after its existing facility matured in April. Negotiations on an asset-backed facility are ongoing, management indicated on the quarterly conference call Wednesday, but no doubt will be assisted by junior capital. JAKKS blew away expectations, in a bad way, for the quarter. Second-quarter revenue of $106m, compared with consensus estimate of $148m, and net losses including impairments of ($2.48), compared with five-cent consensus. While committing to profitability in 2014 management lowered full-year 2013 revenue guidance from $694m–$700m to $620m and EPS to ($2.56) from 63–68 cents.