


The most compelling intelligence service on the market

Our team – combining experience and innovation

The value of the intelligence you receive from your analyst is only as good as the source and the ability of the analyst to interpret the information. Ipreo's team of advisors is the most experienced and trust-worthy in the industry, and with operations around the world, Ipreo's ability to offer clients a global understanding of their shareholder base is unparalleled. Unlike other firms that specialize in the delivery of publicly available data, our approach is proprietary and research-based, resulting in the most accurate and actionable shareholder and bondholder intelligence available. Emphasis on high-touch client relations is evident in our hierarchical team structure, allowing all accounts to receive the benefit of senior staff oversight, as well as daily proactive client communication. Ipreo's holistic capital structure approach and cross-asset class analysis allows us to provide our clients with an unmatched perspective on today's frenetic and challenging markets.

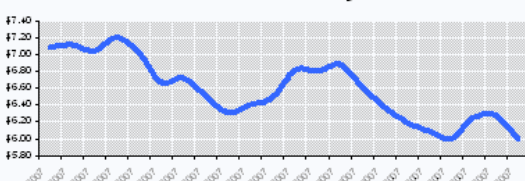
Quick facts

- z Most experienced team of analysts in the industry
- z Unique team structure ensures dedicated senior analyst ownership
- z Focus on understanding institutional shareholder movements - not just "who" but also "why"
- z Integrated examination of a company's capital structure
- z Cross-asset class analysis, including Fixed Income securities



Executive Summary

Stock Price Activity



Equity Summary:
Shares of XYZ were down 15.37% in June on comparable volume to May. The stock lost momentum along with the overall market and suffered from an FDA approval from its main competitor. XYZ underperformed the broader markets (S&P down 1.78%, DJIA down 1.61%, NASDAQ down 0.05%), the NBI (down 3.89%), the BTK (down 5.78%), and its peer group (down 8.25%). XYZ's average daily volume was 782,948 shares traded per day, down 0.01% from 783,011 shares traded per day during the previous month. Shares of XYZ were extremely volatile this month as the overall markets were erratic and caused most investors to think twice about owning stock. Also, rumors of slower than expected enrollment in the cancer vaccine program had a negative effect on the stock as well.

Shareholder Summary:
Janus bought back 250,000 shares this month after liquidating their 1MN+ share position over the last couple of months. As the stock price declined during June, the firm turned opportunistic and picked up some shares. Look for the firm to continue its high turnover in shares of XYZ. **Cantor Fitzgerald** initiated with a position of 170,000 shares during June and will probably look to sell the shares quickly. This firm is more arbitrage/convertible arbitrage oriented and added these shares as a way to hedge. **Caxton Associates** increased its position by almost 150,000 shares and now beneficially owns 1.165MN shares. This aggressive firm is lowering its cost basis for XYZ. **Renaissance Technologies** sold almost 650,000 shares over the month and has been selling the sector lately. It's purely a quantitative move and the firm doesn't meet with management. **Barclays** sold almost 600,000 shares and now owns 4.3MN shares. Most of the selling this month was based on the technically weak markets more than true fundamental selling. Lastly, **Federated** continued to lighten its holding in XYZ by selling approximately 300,000 shares, for a new total of 3.4MN shares.

Options Summary:
Light options trading continued during June as most hedge fund investors watch the markets over the summer instead of investing in them. Open interest for the next 3 expiring months are relatively low and look to play almost no role in equity prices at this time. The net Call and Put open interest for July, August and September would have likely caused the options market maker to keep approximately 67,400 shares long to be fully hedged, as there are 674 more open Call contracts than Put contracts (presuming that the open interest is due to long Calls and not written Calls).

Bond Summary:
Equity markets remained weak, which continued to put pressure on bond yields. At the same time, the market remains cautious about the health of the economy, and skepticism surrounding corporate profits, rising oil prices, and housing weakness continued to promote investments in safe-haven securities. However, following a period of negative yield curves, the bond market has recovered in conjunction with the improvements in the equity market, although the curve remains partially inverted, as the yield on 1-year treasuries is higher than that of 3-year treasuries. Notably, in a widely expected move the FOMC cut both the Fed Funds rate and the Discount Rate. The less aggressive cut in the Funds Rate is believed to be a likely ending point for the FOMC's recent wave of rate declines, as inflation remains a concern.

| Monthly Vital Signs: | 6 | 5 | % Change |
|----------------------|-----------|-----------|----------|
| Stock Price | \$6.00 | \$7.09 | -15.37% |
| Options Volume | 2,407 | 3,233 | -25.55% |
| Convertible Bond 1 | \$88.50 | \$88.46 | 0.04% |
| Convertible Bond 2 | \$91.00 | \$92.41 | -1.53% |
| S&P 500 | 1,503 | 1,531 | -1.78% |
| DJIA | 13,409 | 13,628 | -1.61% |
| Nasdaq | 2,603 | 2,605 | -0.05% |
| Russell 2000 | 834 | 847 | -1.59% |
| AMEX Biotechnology | 777 | 825 | -5.78% |
| Nasdaq Biotechnology | 803 | 835 | -3.89% |
| Cost of Equity | 19.36% | 23.93% | -19.09% |
| Cost of Debt | 2.80% | 2.80% | 0.00% |
| Cost of Capital | 12.01% | 15.84% | -24.15% |
| Daily Avg Volume | 782,948 | 783,011 | -0.01% |
| Short Interest | 8,849,949 | 8,223,571 | 7.62% |

Shareholder Activity:

| Top 3 Buyers: | Position | Change |
|--------------------------|-----------|---------|
| Janus Capital Management | 250,000 | 250,000 |
| Cantor Fitzgerald Europe | 170,000 | 170,000 |
| Caxton Associates LLC | 1,165,000 | 149,468 |

| Top 3 Sellers: | Position | Change |
|--|-----------|----------|
| Renaissance Technologies Corp. | 3,800,000 | -645,100 |
| Barclays Global Investors NA (CA) | 4,300,000 | -600,000 |
| Federated Investors, Inc. (Asset Management) | 3,409,900 | -300,000 |

Top 3 Shareholders:

| | | |
|--------------------------------|------------|--------|
| Wellington Management Co. LLP | 11,625,000 | 75,000 |
| Fidelity Management & Research | 10,505,000 | 0 |
| T. Rowe Price Associates, Inc. | 9,193,510 | 0 |

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Global Markets Intelligence Group

Our Offering – An Integrated Approach

- z Strategic market intelligence from experienced experts
- z Complete view of all factors contributing to the underlying valuation of a company’s entire capital structure (equity, debt, etc)
- z Comprehensive, real-time ownership identification for all types of publicly traded securities
- z Unique insights from key players in the investment community
- z Innovative views into the interdependent components of a company's share value

XYZ CORPORATION

Street Views

XYZ Co. perception call with Ken Smith, a Securities Analyst at ABC Capital.

ABC Capital is a Boston based hedge fund with equity assets totaling 279,836,193, as of its last filing. The fund annually invests in up to 50 positions in multi-cap securities with a very high turnover.

ABC Capital holds 203,688 shares of XYZ Co. after increasing its position by 103,688 shares, according to the most recent 13F quarterly filing.

- Based on your fundamental analysis do you believe that XYZ Co. is undervalued, fairly valued or overvalued?

We've been following XYZ Co. since its IPO, and based on fundamental, bottom up research in terms of stock value, price to book vs. ROE and PE, we feel XYZ Co. is an undervalued stock.

If this does get conveyed to Peter (IRO) and then on to Donna (CFO) hopefully, I would highlight the following in terms of how we value the stock:

1) Improving financial productivity as defined by rising return on equity through organic growth. 2) The amount of management ownership. 3) The company's ability to deliver and achieve or exceed formal financial targets.
- What do you consider to be XYZ Co.'s peer group?

They don't have a perfect peer group. Because it is as a distressed situation, but now we look at it as could say anyone doing high net worth life insurance and Met would be included as peers.
- Do you do your own research?

All of our research is proprietary, but we do read (Credit Suisse), Andrew Kliggerman(UBS), and Met
- How would you describe XYZ Co.'s IR effort?

I would describe the IR effort as decent, but improves in the plus column. I would say there are happy to follow up. I think that it would be helpful. Also at the upcoming investor day, which we will business outlook and an update on the initiatives say 3 with an improving bias as a result of this call and please commend them for hiring you to do this

XYZ CORPORATION

Capital Structure

| | | | | | |
|---|--------|--------|--|------------------------------------|--------|
| | 6/29 | 5/31 | | 6/29 | 5/31 |
| Cost of Equity (=risk free rate + beta*(market risk premium)) | 19.36% | 23.93% | | WACC | 12.01% |
| Cost of Debt (=market rate of debt*(1-tax rate)) | 2.80% | 2.80% | | (weight of equity*cost of equity)+ | |
| Weight of Equity (=1 - weight of debt) | 55.64% | 57.90% | | (weight of debt*cost of debt) | |
| Weight of Debt (=Book value of debt/(Mkt Equity + Book value of debt)) | 44.36% | 42.10% | | | |

Monthly Cost of Debt, Cost of Equity and WACC

| Month | Cost of Debt | Cost of Equity | WACC |
|-------|--------------|----------------|--------|
| May | 2.80% | 23.93% | 15.84% |
| June | 2.80% | 19.36% | 12.01% |

Monthly WACC vs. Peers

| Month | WACC | Peers Avg. WACC |
|-------|--------|-----------------|
| May | 13.59% | 15.84% |
| June | 12.01% | 13.27% |

| Top 10 Holders according to Total Capital Structure | % of Total Capital Structure | Total | Equity | Debt |
|---|------------------------------|--------------|--------------|--------------|
| Wellington Management Co. LLP | 7.70% | \$69,750,000 | \$69,750,000 | \$0 |
| Fidelity Management & Research | 6.96% | \$63,030,000 | \$63,030,000 | \$0 |
| T. Rowe Price Associates, Inc. | 6.86% | \$62,124,180 | \$55,161,060 | \$6,963,120 |
| OrbiMed Advisors | 3.95% | \$35,772,541 | \$19,259,502 | \$16,513,039 |
| Barclays Global Investors NA (CA) | 2.85% | \$25,800,000 | \$25,800,000 | \$0 |
| Waddell & Reed | 2.84% | \$23,875,068 | \$23,875,068 | \$0 |
| Renaissance Technologies Corp. | 2.52% | \$22,800,000 | \$22,800,000 | \$0 |
| Federated Investors, Inc. (Asset Management) | 2.26% | \$20,459,400 | \$20,459,400 | \$0 |
| Citigroup | 2.12% | \$19,204,500 | \$0 | \$19,204,500 |
| Dimensional Fund Advisors, Inc. | 1.52% | \$13,800,000 | \$13,800,000 | \$0 |

About Ipreo

The marriage of deep industry expertise and dynamic innovation, Ipreo brings market-leading intelligence, robust technology, and superior customer service to all participants in the global capital markets. Built on a legacy of experience and a thorough understanding of capital markets, Ipreo provides critical insights and flexible solutions to help our clients run better investor relations programs.