



2007 Annual Development Banking Conference
November 6-7, 2007

Raising Capital from Public Markets 9:00am – 10:15 am

Moderator: George Surgeon
EVP & CFO, ShoreBank Corporation

Panelists: John Jacobs
Executive Vice President, NASDAQ
Fred Price
Managing Principal, Sandler O'Neill + Partners

November 7, 2007 www.ncif.org



NCIF Annual Development Banking Conference

PORTAL
A NASDAQ INSTITUTIONAL MARKET

John L. Jacobs
Executive Vice President
The NASDAQ Stock Market, Inc.

NASDAQ Uniquely Offers A Choice In Capital Formation

- **NASDAQ:**
 - Broadest distribution to retail and institutional investors
 - Greatest liquidity and quality of trading
 - Exceptional visibility
 - Global leader in services and product offering
- **PORTAL:**
 - Unregistered security (not subject to SEC review or Sarbanes-Oxley)
 - Raise capital twice as fast
 - Only sold to QIBs
 - Test US Institutional appetite

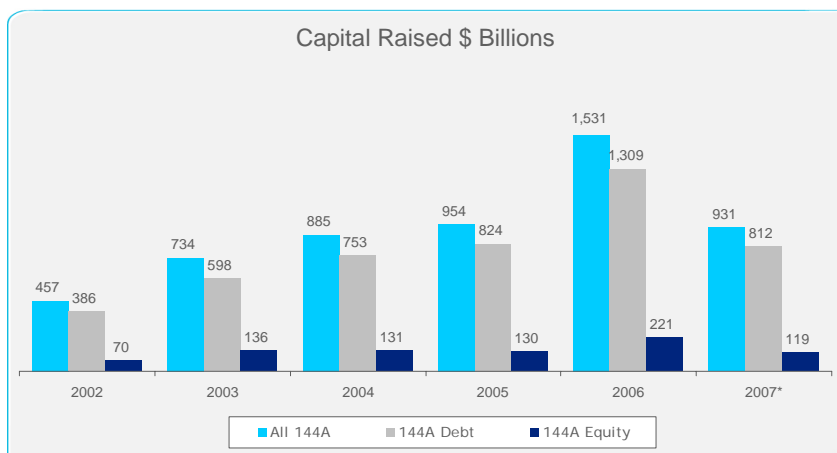
What is Rule 144A and PORTAL?

- SEC Rule 144A and PORTAL combine to provide cost-effective access to the U.S. capital markets and transparency to the secondary trading of 144A securities within a closed system.
- PORTAL securities are not registered with the U.S. Securities and Exchange Commission (SEC) therefore, not subject to the same regulation as '34 Act registered shares, such as Sarbanes Oxley.
- Secondary trading in 144A securities takes place among Qualified Institutional Buyers (QIBs) only. QIBs are generally defined as investors with at least \$100 million in assets under management.
- The NASDAQ PORTAL Trading System is an inclusive model which provides an industry-wide solution for the secondary trading of 144A securities.

Evolution of PORTAL

- Since 1990, NASDAQ has operated PORTAL —a facility that provides review to ensure eligibility for the clearance and settlement of securities through the DTC.
- In December 2006, NASDAQ launched a new PORTAL web-based application system allowing on-line application for PORTAL designation of 144A issues.
- NASDAQ has recently launched the PORTAL market trading system for secondary trading in 144A securities among qualified brokers, dealers and QIBs.
- NASDAQ PORTAL Trading System has over 700 PORTAL designated equity securities.

144A Capital Raised Will Approach \$2 Trillion in 2007



* Through June 30, 2007

All data represents global capital raised in conjunction with a 144A tranche.

Source: Thomson Financial

The PORTAL Web Site is for Applications and Trading

Key Features

- Web-based, password protected application system located at: www.nasdaqportalmarket.com
- Application review is completed in 72 hours or less
- Over 570 registered users in application system including issuers, investment banks and issuers counsel
- Approximately 100 users in trading system; dealers, brokers and QIBs



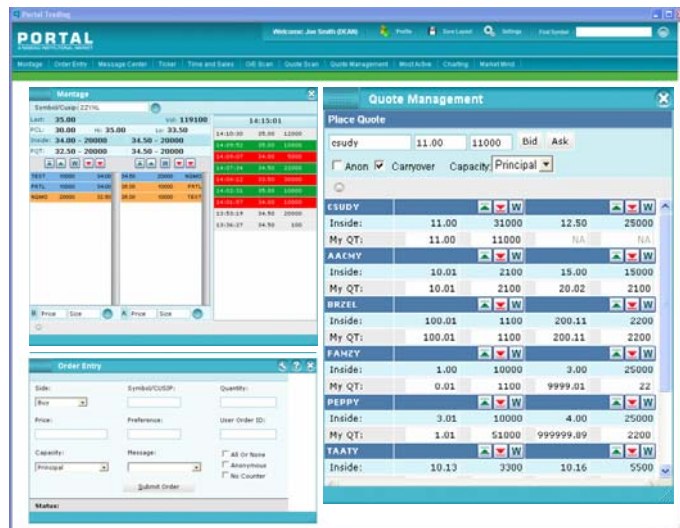
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The PORTAL Trading System

Key Features

- One stop solution from negotiation through settlement in 144A securities
- All PORTAL eligible equity, derivative and debt securities including TRACE-eligible securities
- Over 700 equity securities
- Debt system will launch in phases beginning 4th Qtr 2007

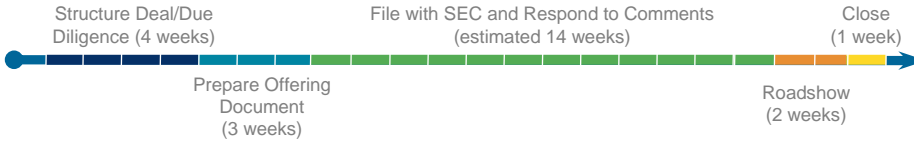


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Timeline of a IPO vs. PORTAL 144A Offering

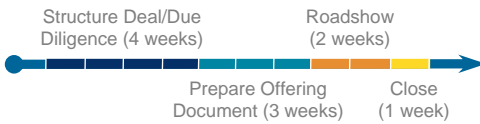
IPO (24 weeks)



144A Deal: Key Highlights

- Raise capital 4 months faster than IPO
- Register and list shares later
- Investment banks market to same investors

PORTAL 144A Deal (10 weeks)



PORTAL Fees

Entry, Annual and Administrative Fees

- PORTAL: \$2,000 Entry Fee
- No Annual Fee

Administrative Fees - Estimate

- PORTAL: \$200,000 (No SEC filing review but prospectus is drafted)

27 US Banks Have Done 144A Deals in 2007 Raising \$7.5 Bil.

Includes Initial 144A Placement, IPOs, Follow-Ons and Converts

Sample Deals:

US Bancorp, Minneapolis MN. (NYSE: USB) - Convertible	\$3 Billion
BancTec, Inc. Dallas, TX – Initial 144A Placement	\$345 Million
PrivateBancorp, Chicago IL. (NASDAQ:PVTB) - Convertible	\$100 Million
Associated Bank, Green Bay WI - Initial 144A placement	\$44 Million

All data represents capital raised in conjunction with a 144A tranche.
Source: Thomson Financial through October 31, 2007 and NASDAQ

Rosetta Resources Inc. - Case Study

Date of PORTAL 144A Offering	June 25, 2005
Shares offered in PORTAL 144A Offering	50,000,000
Proceeds from PORTAL 144A Offering	\$800,000,000
Offer Price	\$16.00
PORTAL 144A Price (December 30, 2005)	\$18.00
Initial S-1 Filing Made with SEC	October 7, 2005
Shares Offered at IPO	50,000,000
IPO Price (February 13, 2006)	\$18.50
Global Proceeds in Conjunction with NASDAQ IPO	\$925,000,000
144A Investor Return at IPO Pricing	15.6%






FBR Capital Markets Corp. - Case Study

Date of 144A Deal	July 20, 2006
Shares Offered in PORTAL 144A Deal	12,827,187
Capital Raised in PORTAL 144A Deal	\$192,407,805
Offer Price	\$15.00
Current PORTAL Price (February 7, 2007)	\$15.35
Initial S-1 Filing Made with SEC	November 17, 2006
Shares to be Offered by FBR in conjunction with NASDAQ IPO	12,035,000
IPO Price on June 8, 2007	\$17.00
Proceeds in Conjunction with NASDAQ IPO	\$204,595,000
144A Investor Return at IPO Pricing	+13.3%

PORTAL Shareholder Tracking & Control Function

- Some issuers would like to be “PORTAL for Life”. These companies want access to 144A capital and liquidity for their investors. They have no intent of SEC registration. They need to control the number of shareholders.
- Some issuers would like to retain the option to go from PORTAL to public at a future date. They would like to convert their 144A securities into '34 Act securities. They need to control the timing of SEC registration. They need to control the number of shareholders.
- SEC rules require registration when certain thresholds are exceeded; including the number of shareholders (500 U.S. company and 300 non-U.S. company).
- PORTAL will offer a shareholder tracking solution and have screen modifiers that will notify all PORTAL participants – dealers and QIBS – of shareholder thresholds.

PORTAL: An Inclusive Model With An Industry Wide Solution

Characteristics	PORTAL	Proprietary
Shareholder Tracking and Control		
Pricing Competition		
Multiple Liquidity Providers		
Order Preference		
DTC Book Entry Eligible		
Independent Research		
QIB Certification by SRO		
Compliance With NASD Trade Reporting Requirements		
SEC Approved Trading System		
Negotiation Through Settlement Trading Solution		
Automatic Trade Reporting via ACT/TRACE		
Underwriting	NA	

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