
IPO Market Crawls into 2003

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The confluence of geopolitical tensions, a continued lack of clear economic growth and a weak stock market culminated in a lackluster start to the 2003 IPO market. The first three months of 2003 produced only four IPOs with gross proceeds of \$983 million—the lowest quarterly total since the fourth quarter of 1975. In comparison, the first quarter of 2002 produced 17 IPOs with gross proceeds of \$9.33 billion and the final quarter of 2002 produced 20 offerings with gross proceeds of \$5.03 billion.

With the IPO window open only to a select few, aftermarket performance compared favorably to the broader market indices. Although the Dow slipped 4% and the Nasdaq remained flat in the first quarter of 2003, the average IPO ended the quarter 9% above its offer price.

Infinity Property & Casualty Corp., a spin-off from American Financial Group, ended the quarter up 14%. Nationwide mortgage banking company Accredited Home Lenders rose 11% in the quarter, and Bermuda-based reinsurer Endurance Specialty Holdings and South Africa telecommunications provider Telkom SA each ended the quarter up 5%.

While the markets remain wracked by war jitters and an absence of clear economic stimuli, we expect to see a continuance of the market's affinity for large, well-established companies.

To request a copy of our 2002 IPO Report, please click or call 617-526-5600.

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Notes on Data: Hale and Dorr LLP compiled all data in this review unless otherwise noted. Offerings by REITs, bank conversions and closed-end investment trusts are excluded. Offering proceeds exclude proceeds from the exercise of underwriters' over-allotment options, if applicable. The data is collected from various sources, including Global Securities Information, IPO.com, IPOCentral.com, Renaissance Capital (www.IPOhome.com) and SEC filings.

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