



Netscape's Initial Public Offering

August 8, 1995 had taken an unexpected turn for Netscape Communications Corporation's board of directors. Earlier that morning, the day before the company's scheduled initial public offering (IPO), Netscape's lead underwriters proposed to the board a 100% increase in the original offering price from \$14 to \$28 per share. This recommendation came in response to the remarkable oversubscription for Netscape's shares, which had already prompted the underwriters to increase the number of shares to be offered from 3.5 million to 5 million. Under the current proposal, a company with a net book value of just over \$16 million that had yet to turn a profit, was suddenly valued at over \$1 billion.

The Board faced a pricing dilemma within the context of an extremely unpredictable industry. While its members wanted to be responsive to Wall Street's current zeal, they also wanted to make sure that the fundamentals of Netscape justified such a dramatic increase in valuation.

Netscape Communications

Founded in April 1994, Netscape Communications Corporation provided a comprehensive line of client, server, and integrated applications software for communications and commerce on the Internet and private Internet Protocol (IP) networks. These products enabled the growing network of servers on the World Wide Web to communicate through multimedia, including graphics, video and sound. Designed with enhanced security code, these software products provided the confidentiality required to execute financial transactions and to sell advertisements on the Internet and private IP networks.

The company's most popular product, Netscape Navigator, was the leading client software program that allowed individual personal computer (PC) users to exchange information and conduct commerce on the Internet. Navigator featured a click-and-point graphical user interface that enabled users to navigate the Internet by manipulating icons and windows rather than by using text commands. With the user-friendly interface as a guide, Navigator offered a variety of Internet functions including Web browsing, file transfers, news group communications, and e-mail. Initially shipped in December 1994, Netscape Navigator generated 49% and 65% of total revenues for the quarters ended March 31, 1995, and June 30, 1995, respectively.

Netscape's server software provided enterprises with the basic capabilities necessary for creating and operating Web server "sites," or places on the Web which browsers could visit.

Research Associate Kendall H. Backstrand wrote this case under the supervision of Professor W. Carl Kester as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

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Incorporating both browser and server functions, the company's integrated applications software programs were designed to provide enterprises with the capability to manage large-scale commercial sites on the Internet. Such applications enabled these enterprises to conduct full-scale electronic commerce through a seamless system. Together, server and integrated applications software accounted for 36% of total revenues in the first quarter of 1995, and 28% of total revenues in the second. Of these revenues, the majority were generated by one of Netscape's three server products, Netscape Commerce Server.¹ Revenues from Netscape's server and integrated applications products were expected to increase as a percentage of overall revenues in the future.

In addition to product revenues, Netscape generated service revenues, which were attributable to fees from consulting, maintenance, and support services. These revenues amounted to approximately 5% and 7% of total revenues for the quarters ended March 31, 1995 and June 30, 1995, respectively.

Financial Performance

Netscape had incurred total losses of \$4.3 million on total revenues of \$16.6 million for its first two operating quarters ended June 30, 1995. The company expected to continue to operate at a loss for the foreseeable future. **Exhibits 1 and 2** provide Netscape's financial statements since its incorporation in April 1994.

Operating activities for the six months ended June 30, 1995 had generated \$7.3 million in cash. Cash flows from financing activities of \$20.5 million were primarily attributable to the net proceeds of \$17.3 million from the issuance of Series C Preferred Stock and borrowings of \$2.2 million under a debt facility agreement. Cash used in investment activities of \$22.1 million related to \$16.6 million in short-term investments and \$5 million in capital expenditures. At the end of the second quarter of 1995, Netscape's principal sources of liquidity were \$8.9 million in cash and the \$16.6 million in short-term investments. The company expected total capital expenditures for 1995 of approximately \$12 million.

Industry Background

The demand for Netscape's products had evolved out of the development of the Internet in the late 1960s. The Internet was a global network designed to facilitate communication between some 35,000 computer networks using the enabling code termed Internet Protocol. According to International Data Corporation (IDC), in mid-1995 there were approximately 57 million Internet users. Of those 57 million users, IDC estimated that approximately 8 million were accessing information on the World Wide Web.

Engineered in the early 1990s, the Web was a technology that linked one bit of information on the Internet with another so that users could share "webs" of ideas. The Web consisted of a network of Web servers that posted information in a common format described by the Hypertext Markup Language ("HTML"). Internet users were able to access information on the Web by implementing the appropriate Hypertext Transfer Protocol ("HTTP"). Because it necessitated complex coding, the Web had remained largely undiscovered by nontechnical users who simply wanted to browse, a popular pastime which came to be dubbed "surfing the Net."

¹Bundled packages of Netscape Navigator and Netscape Commerce Server accounted for about 10% of total revenues in the first quarter, while its contribution in the second quarter was immaterial.

Netscape's Entrance

Meanwhile at the University of Illinois at Urbana-Champaign, a group of computer science students working at the National Center for Supercomputing Applications (NCSA) developed the graphical software program that gave rise to the notion of "surfing." Named NCSA Mosaic, the software program enabled nontechnical users to access and retrieve information on the Web. The Mosaic code organized Web information into neat collections of graphical electronic menus on which users could simply click-and-point to browse their contents.

In April 1993, the founders of Mosaic, under the leadership of then senior Marc Andreessen, began distributing the software for free to anyone who had the technical means to fetch it electronically. The superb results of this strategy—two million Mosaic users within one year—made for more than cocktail conversation among high-tech gurus in California's Silicon Valley. Jim Clark, the founder of Silicon Graphics, Inc. (known for its workstations that turned data into 3-D computer images), was among those who were impressed not only by Mosaic itself but by the broader vision of its creator, Andreessen.

After hearing that Andreessen had moved to Silicon Valley in early 1994, Clark sent him an e-mail asking if they might meet to discuss the future of Mosaic. This exchange and subsequent discussions formed the launching pad for Mosaic Communications, which was shortly renamed Netscape Communications Corporation. In addition to dropping the Mosaic name, Netscape paid Spyglass (the company that had engaged in an exclusive licensing arrangement with the University of Illinois) a one-time \$2.4 million fee for the rights to certain Mosaic code. With the original code, Clark's management experience and \$3 million in seed money, and Andreessen's vision and technical expertise, Netscape made its entrance into the highly dynamic Internet market.

Netscape entered the broad Internet market via the Web browser market, where it faced two challenges: it had to set a new industry standard, and it had to make money. The former challenge was the immediate concern. To set a new standard, Netscape had to create a program that would destroy Mosaic, which in 1994 wielded 60% of the Web browser market. The rival program was initially named Mozilla and then changed to Netscape Navigator at the time of its debut in December, 1994. Using the same "give away today and make money tomorrow" strategy that Andreessen's team had used to popularize Mosaic, by the spring of 1995 Netscape had succeeded in capturing 75% of the Web browser market. Mosaic, under the guise of Spyglass, trailed far behind with 5% of the market. Having set the industry standard, Netscape was poised to make money by selling server software to companies that wanted marketing access to potential consumers.

The Competitors

Netscape was the indisputable leader of its kind. As the Internet community and its demands continued to increase, however, so did the multitude of competitors. Netscape faced potential competition from new entrants in the Web browser, server and service markets, PC and UNIX software vendors, and on-line service providers. Financial information on the following competitors is provided in **Exhibit 3**.

Spyglass, Inc. was Netscape's nearest competitor with its Enhanced Mosaic Web browser technology. However, while Spyglass marketed the only current rival product to Netscape's Navigator, it did so to a distinctly different market. Instead of focusing on the commercial browser market dominated by Netscape, by mid-1995 Spyglass had honed its strategy on the code market. As a code vendor, Spyglass produced the code and then sold it to other software companies wanting to incorporate it into their own programs. Spyglass also sold the computer code for creating server software. By employing this strategy, Spyglass attempted to capture the corporate market, which would ultimately compete with Netscape on the end-user front. Microsoft, for example, was among Spyglass' licensees and a rising competitor for Netscape.

As the de facto gatekeeper of computing, Microsoft was perhaps the most formidable of Netscape's competitors in the long-term. In August 1995, the powerful PC software company was only weeks away from releasing its long-awaited Windows 95 operating system, which included a rival browser it had created from Spyglass code. The Microsoft browser would allow Windows users to access Microsoft Network, the company's proprietary on-line service, and would also offer broader Internet access. Further, Microsoft was scheduled to release its server software in mid-1996.

The on-line computer service providers also had made strides recently to move into Netscape's market. For example, both America Online and Prodigy had created independent browsers. CompuServe had licensed Spyglass software code for its recently released Web browser software. In mid-1995, these three on-line services had a total of approximately eight to nine million subscribers. As the on-line market became increasingly threatened by the rising popularity of the Web and its access providers, it was imperative that these companies compete for Netscape's market if they hoped to participate in the unfolding future of on-line commerce and communication.

Initial Public Offerings (IPOs)

Young, rapidly growing companies facing intense competition typically raise equity capital in two broad ways. One way is through a private equity transaction, and the other is through a public offering of stock. A private transaction involves direct negotiations with various financial or nonfinancial institutions. In such a case, a company raises money from these various entities, which then own a portion of that company in the form of its privately held shares of stock or other securities convertible into stock. If these private investors wish to sell their stakes in the company, they must negotiate the terms of the sale with known buyers given the absence of a liquid market.

A public issue entails the sale of a company's equity to the public at large. The stock trades on public markets (either organized exchanges such as the New York Stock Exchange or over-the-counter markets such as the NASDAQ), provided that the issue has been registered with the Securities and Exchange Commission (SEC). An example of a public issue is an initial public offering, or an IPO, in which a company issues a portion of its stock to the public for the first time. Companies find it desirable to "go public" when their equity capital needs increase to the point where the opportunity cost of remaining private and compensating investors for the lack of liquidity become too great relative to the lower cost of capital derived from liquid public markets.

While the monetary benefits of going public are potentially sizable, so too are the associated costs. The total costs are comprised of ongoing costs associated with being a publicly traded company and one-time costs associated with the IPO itself. Specifically, ongoing costs result from the need to report timely information to investors and regulators. One-time costs, which are attributable to direct costs (legal, auditing, and underwriting fees) and indirect costs (management time invested in the process, and the dilution associated with selling shares at an offering price that is, on average, below the price prevailing in the market shortly after the IPO), reflect the time and financial commitments associated with the IPO process.

The human capital resources involved in the process of an initial public offering include the company's founders and senior management, the underwriters, and institutional investors. If the company had received venture capital in the early stages of its development, a characteristic referred to as "venture-backed," the venture capitalists are often intimately involved in the IPO process as well as the company's operations. By creating liquidity and market-determined prices for the stock, going public creates the potential for substantial financial rewards for all of the parties involved.

The “Going Public” Process

In the United States, companies issuing stock to the public for the first time typically use what is known as a “firm commitment contract.”² This contract describes the relationship between the issuing firm and the investment bankers underwriting the offering. Specifically under the contract, the underwriters first commit to bear the risk of the issue by purchasing the shares offered, less an underwriting discount. The underwriters then guarantee to deliver the proceeds of the sale (net of commission) to the issuing company, whether or not the offer is fully subscribed. In the event of weak demand or undersubscription, the underwriters are allowed to sell the remaining shares at a lower price. Such action is referred to as “breaking the syndicate,” as the syndicate of underwriters is originally formed to stabilize the market price immediately following the offering. On the other hand, in the event of strong demand or oversubscription at the time of the offering, the underwriters can sell additional shares, called an overallotment option or “greenshoe,” amounting to as much as 15% of the total shares offered.

At times, the IPO market is characterized as a “hot issue” market because of the high returns earned by initial buyers of the shares. Such desirable returns occur as a result of either underpricing or oversubscription of a company’s shares. This was the experience of Boston Chicken, which saw heavy initial demand and an unprecedented increase of 143% in the company’s stock price after its IPO in November 1993. In Boston Chicken’s case, this value increase was sustained over time. Not all companies experience a similar result, however. Snapple, for example, saw its stock price explode in after-market trading following its December 1992 IPO, only to lose this premium value over time. In yet another recent IPO, that of PixTech in July 1995, the company’s stock price fell nearly 15% after the first day of trading following the offering. Clearly, not all companies have the good fortune of offering their stocks to the public during hot issue markets as indicated by such disparate outcomes.

Netscape’s IPO

In response to its growing capital needs, in early 1995 Netscape began to explore the option of raising money through an initial public offering (IPO). The IPO market in the first half of 1995 had generated proceeds totalling nearly \$12 billion for some 300 companies, which saw their stock prices increase on the first day of trading by an average of 20%. This outstanding momentum was largely attributable to venture-backed high-technology stock offerings (which recently represented well over half of all venture-backed IPOs), particularly those related to the Internet. (A five-year history of the IPO market is illustrated in **Exhibit 4**; a chart illustrating IPO waves for the past ten years is shown in **Exhibit 5**; and information on several recent Internet-related IPOs is provided in **Exhibit 6**.) In the spring of 1995, Netscape decided that the time was right to initiate an initial offering of its stock, despite its limited track record. The principal reasons for going public were to fund expected future growth, to stockpile cash reserves for potential acquisitions, and to gain visibility and credibility within the industry.

Netscape’s Financing History

Since Clark’s initial investment, Netscape had been injected with various forms of investment capital. Clark himself contributed an additional \$1.1 million in the fall of 1994. At the same time, the

²Another type of contract between the issuer and the underwriters is known as a “best efforts” contract. Unlike a firm commitment in which the underwriters assume risk, a best efforts contract only requires the investment bankers to make their best efforts to sell the minimum number of shares. In the event there is insufficient demand to fully subscribe the minimum number of shares, the issue is withdrawn. This type of contract is typically used in smaller, more speculative offerings.

Silicon Valley venture capital firm of Kleiner, Perkins, Caufield & Byers invested \$5 million. The third and largest round of financing came in April 1995 from Adobe Systems and five other media companies. This final private placement of stock totaled \$18 million and was orchestrated by Morgan Stanley. At the time of the IPO, Clark, Kleiner Perkins, and the group of media companies owned the largest stakes of Netscape's equity at 24%, 11%, and 11%, respectively. The company's president and CEO, James Barksdale, held shares amounting to 10% of total equity.

The IPO Team

The principal parties involved in the IPO of Netscape included the founders and the senior management team; the venture capitalists at Kleiner Perkins; and the investment bankers at Morgan Stanley and Hambrecht & Quist (H&Q), the co-underwriters of the IPO. In addition to the lead underwriters, there were 26 other investment banks in the syndicate to help create a market for Netscape's shares. They all had agreed to pay the final offering price, less underwriting fees, to Netscape in the event investors withdrew their orders. Auditors, lawyers and insurers also provided necessary services.

Netscape's co-founders and senior management were intimately involved in the IPO process, both from a practical and financial perspective. Since Netscape was not generating profits, the lure for Netscape's recently formed senior management team was not high salaries, but rather preferred stock that could be converted into shares of common stock when Netscape went public. Clark and Barksdale, as well as others on the management team, including the Vice President of Technology, Andresseen, stood to gain millions on paper in the face of a highly oversubscribed IPO within a "hot issue" market.

The lead underwriters were engaged in the IPO process from the very beginning. The investment bankers from these firms were responsible for everything from doing the initial "due diligence" to issuing the final prospectus, which stipulated the final offering price of the shares. If the proposed \$28 price was approved by the board, the underwriters would earn \$9.8 million, or a 7% sales commission on every share sold to initial investors.³

Going Public

On July 17, 1995, Morgan Stanley and H&Q issued a preliminary prospectus, or an offering circular, suggesting it might offer 3.5 million Netscape shares priced at \$12 to \$14 per share. This preliminary offering price was based on Netscape's future business prospects of Netscape and the Internet industry in general, financial and operating information of Netscape, and stock price-related data and other financial and operating information of competitors.

The next and final step before the offering was the "road show," in which management and underwriters made presentations to potential major investors throughout the world. The purpose of a road show was largely to stimulate interest among institutional investors. Clark and Barksdale joined the underwriters for a two-week road show, which entailed traveling to 20 cities and talking to about 2,000 institutional investors. A road show also enabled underwriters to gauge the interest of institutional investors for purposes of determining the final offering price. Upon returning from the road show, the Morgan Stanley underwriters called some of the investors they had previously visited to assess their current interest in terms of price and quantity of shares. The response was overwhelmingly favorable, yet only indicated potential demand. Such potential would not be

³This commission value does not account for the potential exercise of the overallotment option. At 750,000 shares, this option would generate an additional \$1,470,000 at \$1.96 per share. Clearly, the underwriters would benefit from any demand for shares in excess of the original five million being considered.

realized until the orders in the “book” were translated into purchase orders when trading began on the day of the offering. Despite this uncertainty, however, the investment bankers from Morgan Stanley and H&Q felt confident enough to recommend doubling the offering price proposed in the preliminary prospectus.

The Board Decision

The time had come when Clark and the other Netscape board members had to approve or reject their underwriters’ vote of high confidence. In going over the new valuation of the company, the board struggled to disregard the wild speculation surrounding what had been called the hottest IPO of the year. Indeed, Netscape had commercialized the young world of cyberspace, causing a flood of enthusiasm on Wall Street greater than that experienced by the biotech industry in the 1980s and early 1990s. Much like the then unchartered biotech industry, however, the future commercial size of cyberspace was unknown. Perhaps most unavoidable in the minds of the board members, the subscription for such a hot stock had the potential of reaching many times five million shares by the time of the offering the next morning. Still, Netscape had a negative bottom line and parents who had watched the Regenerons of the IPO world make painful mistakes.⁴ Perhaps the investment community would react similarly to Netscape’s decision to raise the price, interpreting such an increase as unjustifiably opportunistic. The board’s responsibility was thus to determine the appropriateness of the proposed increase in price after balancing the potential risks and rewards that might accompany such a move.

⁴ Regeneron Pharmaceuticals, Inc., a pharmaceutical company developing treatments for diseases of the central nervous system, had raised its offering price and the number of shares to be sold subsequent to its successful roadshow, only to be met with a discounted stock price after disappointed investors withdrew their orders. In addition to being negative publicity for Regeneron itself, the Regeneron experience was thought to have been a catalyst for the subsequent closing of the window for biotech IPOs at large.

Exhibit 1 Consolidated Income Statements for Netscape Communications Corporation

	Inception (April 4 to December 31, 1994)	Six Months Ended June 30, 1995
Revenues:		
Product revenues	\$378,490	\$15,580,258
Service revenues	317,381	1,045,133
Total Revenues	695,871	16,625,391
Cost of Revenues:		
Cost of product revenues	114,777	1,222,045
Cost of service revenues	104,313	513,767
Total Cost of Revenues	219,090	1,735,812
Gross profit	476,781	14,889,579
Operating Expenses:		
Research and development	2,031,986	6,115,152
Sales and marketing	2,813,689	9,256,066
General and administrative	1,669,193	3,693,005
Property rights agreement and related charges	2,486,688	500,000
Total Operating Expenses	9,001,566	19,564,223
Operating loss	(8,524,775)	(4,674,644)
Interest income	55,238	495,583
Interest expense	(308)	(128,655)
Net loss	\$(8,469,845)	\$(4,307,716)
Net loss per share	\$(0.26)	\$(0.13)
Shares used in computing net loss per share	32,256,307	33,000,751

Exhibit 2 Consolidated Balance Sheets for Netscape Communications Corporation

	December 31, 1994	June 30, 1995
Assets		
Cash and short-term equivalents	\$3,243,510	\$8,868,436
Short-term investments	--	16,567,300
Accounts receivable	701,649	8,277,869
Other current assets	67,284	804,971
Total current assets	4,012,443	34,518,576
Property and equipment, net	2,447,098	6,761,045
Deposits and other assets	699,100	1,251,582
Total Assets	<u>\$7,158,641</u>	<u>\$42,531,203</u>
Liabilities and Stockholders' Equity		
Accounts payable	\$855,068	\$4,607,174
Accrued compensation and related liabilities	527,340	1,075,066
Other accrued liabilities	667,503	1,897,819
Deferred revenues	2,575,145	14,963,843
Current portion of long-term obligations	725,000	725,000
Installment notes payable	--	551,449
Total current liabilities	5,350,056	23,820,351
Long-term obligations	725,000	725,000
Installment notes payable	--	1,511,331
Total Liabilities	6,075,056	26,056,682
Preferred stock, \$0.0001 par value	701	901
Common stock, \$0.0001 par value	451	1,514
Additional paid-in capital	9,552,278	39,683,666
Notes receivable from stockholders	--	(638,065)
Deferred compensation	--	(9,812,151)
Accumulated deficit	(8,469,845)	(12,777,561)
Accumulated translation adjustment	--	16,217
Total Stockholders' Equity	1,083,585	16,474,521
Total Liabilities and Stockholders' Equity	<u>\$7,158,641</u>	<u>\$42,531,203</u>

Exhibit 3 Comparative Information on Potential Competitors (for year ended June 30, 1995; in \$000s except per-share data)

	Netscape ^a	America Online, Inc.	Microsoft Corp.	Spyglass, Inc.
Net revenues	17,321	394,290	5,937,000	9,084
Operating expenses	30,521	413,584	3,899,000	6,745
Operating income (loss)	(13,200)	(19,294)	2,038,000	2,339
Interest expense	(129)	--	--	--
Net income (loss)	(12,778)	(33,647)	1,453,000	1,509
Earnings per share	(0.39)	(0.99)	2.32	0.41
Weighted average shares outstanding	33,001	33,986	627,000	3,788
Capital expenditures	7,618	57,751	495,000	824,609
Depreciation, depletion, and amortization	918	11,136	269,000	161,303
Current assets	34,519	132,856	5,620,000	37,372
Cash and short-term investments	25,436	64,050	4,750,000	34,556
Total assets	42,531	406,464	7,210,000	39,963
Current liabilities	23,820	133,312	1,347,000	2,718
Total liabilities	26,057	188,520	1,877,000	4,368
Net worth	16,475	217,944	5,333,000	35,595
Current ratio	1.45	1.00	4.17	13.75
Debt/total capital	0.18	0.08	--	--
Common stock price (close)	N/A	22.00	90.38	14.31
P/E ratio	N/A	N/A	39.00	34.90
Equity beta ^b	N/A	0.73	0.72	N/A

^a Netscape's financial data reflects the company's performance since inception in April 1994. Netscape did not begin to ship products or earn significant product revenues until December 1994.

^b Bloomberg estimates based on weekly data for the year ended June 30, 1995.

Exhibit 4 Historical Data of the IPO Market

	1990	1991	1992	1993	1994
All IPOs:					
Number of companies	166	352	477	604	510
Total dollar amount offered (in \$ billions)	4.75	16.01	22.76	30.74	17.98
Average % gain after first day of trading	10.3	11.6	9.4	11.7	8.1
Venture-backed IPOs:					
Number of companies	42	122	152	165	136
Average age of companies	6	6	6	7	7
Total dollar amount offered (in \$ billions)	1.19	3.90	4.58	4.86	3.35
Average offering size (in \$ millions)	28.3	32.0	29.1	29.6	24.8
Average offering valuation (in \$ millions)	109.3	118.5	101.7	100.5	86.8

Exhibit 5 Total Number of IPOs, 1970-1994

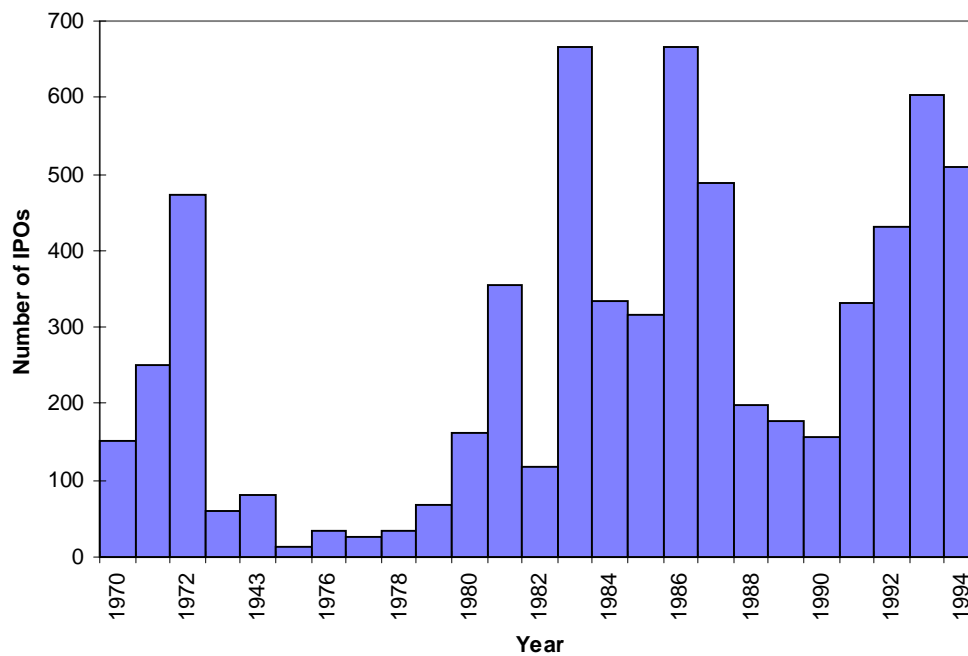


Exhibit 6 Information on Internet-related IPOs (for the respective fiscal year preceding the IPO)

	Netcom Online Communication Services, Inc. (year ended 12/31/93)	Performance Systems International, Inc. (year ended 12/31/94)	Spyglass, Inc. (year ended 9/30/94)	Uunet Technologies Inc. (year ended 12/31/94)
Financial Data:				
Net revenues	\$2,411,600	\$15,214,000	\$3,629,392	\$12,413,863
Operating costs and expenses	2,169,600	19,876,000	2,272,662	19,387,821
Operating income	242,000	(4,662,000)	751,520	(6,973,958)
Interest expense	(3,400)	(731,000)	--	(76,232)
Net income	227,300	(5,342,000)	1,331,262	(6,948,759)
Earnings per share	\$0.04	\$(0.26)	\$0.39	\$(0.35)
Weighted average shares outstanding	6,300,600	20,395,000	3,448,952	20,029,824
Capital expenditures	1,027,600	2,536,000	208,567	5,897,309
Depreciation, depletion, and amortization	156,900	3,183,000	68,034	1,010,027
Current assets	235,500	5,564,000	3,254,562	6,192,629
Cash and short-term investments	75,500	3,358,000	1,450,651	4,649,737
Total assets	1,347,000	17,055,000	5,296,727	12,024,575
Current liabilities	789,300	7,118,000	1,406,727	5,755,418
Total liabilities	802,300	11,721,000	3,056,727	6,422,085
Net worth	544,700	5,334,000	2,240,000	5,602,490
IPO Data:				
Date of IPO	12/14/94	5/8/95	6/27/95	5/25/95
Price per share offered	\$13.00	\$12.00	\$17.00	\$14.00
Number of shares offered	1,850,000	4,370,000	2,000,000	4,725,000
% of total equity sold	28%	17%	40%	17%
% change in stock price after first day of trading	+31%	+27%	+60%	+96%
Price per share on August 8, 1995	\$36.375	\$22.00	\$49.25	\$46.25