

So You Think You Want To Go Public?

Take a gander at these NASDAQ National Market listing requirements.

If the Company is unable to meet the Net Income or Net Worth or Revenue Requirements, then it must instead find an Underwriter who will value the Company's shares to be issued at \$75 million.

Summary of Financial Requirements For Listing on NASDAQ

(Proceeds of Initial Public Offering may be used to Calculate Listing Requirements)

Nasdaq National Market

(No Blue Sky filings required, because federal pre-emption under NSMIA applies.)

Requirements	Initial Listing			Continued Listing	
	Standard 1	Standard 2	Standard 3	Standard 1	Standard 2
Stockholders' Equity (Net Worth)	\$15 million	\$30 million	N/A	\$10 million	N/A
Market Capitalization ^{2, 3}	N/A	N/A	\$75 million or \$75 million and \$75 million	N/A	\$50 million or \$50 million and \$50 million
Total Assets					
Total Revenue					
Income from Continuing Operations before Income Taxes (in latest fiscal year or 2 of last 3 fiscal years)	\$1 million	N/A	N/A	N/A	N/A
Public Float (shares) ⁴	1.1 million	1.1 million	1.1 million	750,000	1.1 million
Operating History	N/A	2 years	N/A	N/A	N/A
Market Value of Public Float	\$8 million	\$18 million	\$20 million	\$5 million	\$15 million
Minimum Bid Price ³	\$5	\$5	\$5	\$1	\$3
Shareholders (round lot holders) ⁵	400	400	400	400	400
Market Makers ⁶	3	3	4	2	4
Corporate Governance	Yes	Yes	Yes	Yes	Yes

- 1 Issuers listed as of June 29, 2001, may qualify for continued listing under either the new minimum \$10 million stockholders' equity standard or the old minimum \$4 million net tangible asset standard until November 1, 2002.
- 2 For initial listing under Standard 3 or continued listing under Standard 2, a company must satisfy one of the following to be in compliance:
 - (a) the market capitalization requirement, or
 - (b) the total assets and the total revenue requirement.
 ("Market Capitalization" means total shares outstanding times the inside bid (purchase) price)
- 3 Seasoned issuers must meet the market capitalization requirement and the bid price requirement for 90 consecutive trading days prior to applying for listing.
- 4 "Public float" is defined as total shares outstanding less any shares held by officers, directors, or beneficial owners of 10 percent or more.
- 5 "Round lot holders" are holders of 100 shares or more.
- 6 Electronic Communications Networks (ECNs) are not considered active Market Makers.

The Nasdaq SmallCap Market

(Blue Sky Registrations required in each state, federal pre-emption does not apply.)

Requirements	Initial Listing	Continued Listing
Stockholders' Equity ^{1, 2}	\$5 million or	\$2.5 million or
Market Capitalization ³	\$50 million or	\$35 million or
Net Income from Continuing Operations (in latest fiscal year or 2 of the last 3 fiscal years)	\$750,000	\$500,000
Public Float (shares) ⁴	1 million	500,000
Market Value of Public Float	\$5 million	\$1 million
Minimum Bid Price ^{3, 5}	\$4	\$1
Market Makers	3	2
Shareholders (round lot holders) ⁶	300	300
Operating History ⁷	1 Year or	N/A
Market Capitalization ⁷	\$50 million	
Corporate Governance	Yes	Yes

- 1 For initial or continued listing, a company must satisfy one of the following to be in compliance:
 - (a) The stockholders' equity requirement,
 - (b) The market capitalization requirement, or
 - (c) The net income requirement.
 (Market Capitalization means total shares outstanding times the inside bid (purchase) price.)
- 2 Issuers listed as of June 29, 2001, may qualify for continued listing under either the new minimum \$2.5 million stockholders' equity standard or the old minimum \$2 million net tangible asset standard until November 1, 2002.
- 3 Seasoned issuers must meet the market capitalization requirement and the bid price requirement for 90 consecutive trading days prior to applying for listing.
- 4 "Public float" is defined as total shares outstanding less any shares held by officers, directors, or beneficial owners of 10 percent or more. In the case of ADRs, for initial inclusion only, at least 100,000 shall be issued.
- 5 Does not apply to non-Canadian foreign securities and ADRs.
- 6 "Round lot holders" are holders of 100 shares or more.
- 7 If operating history is less than 1 year, initial listing requires market capitalization of at least \$50 million. Does not apply to non-Canadian foreign securities and ADRs.

Other Info:

NASDAQ listing may be **denied** if any officer, director or 5 % shareholder of the Issuer has any felony, criminal or fraud conviction, any regulatory history with the SEC, CFTC, any SRO, any state blue sky regulators, or any court, or similar authority in a foreign country, other than administrative, ministerial or record-keeping. The fact that the offending person has been without sanctions, or out of the securities business, for over 10 years, has been irrelevant. Issuer may appeal NASDAQ's denial; however, appeal process takes months, which delay could easily kill an IPO.

Nasdaq Entry and Annual Fee Schedule [Update this]

Nasdaq's entry and annual fees are based on a company's Total Shares Outstanding (TSO) for all classes of stock listed on the Nasdaq National Market®, excluding convertible debentures. Nasdaq® will calculate your entry and annual fees according to the fee schedule below. In the case of an Initial Public Offering (IPO), Nasdaq will apply the TSO reported in the company's final prospectus, or in the case of an annual fee, Nasdaq will apply the TSO reported in the company's latest Nasdaq filing at year-end. In addition to the schedule, issuers submitting an application for inclusion will be required to submit a one-time initial listing fee of \$5,000 (which includes a \$1,000 non-refundable processing fee).

Initial Fee is **\$5,000, plus:**

Tier (Securities Outstanding)	Entry Fee	Annual Fee
<1 Million	\$29,525	\$10,710
1 + Million to 2 Million	33,750	10,960
2 + Million to 3 Million	43,750	11,210
3 + Million to 4 Million	48,750	11,460
4 + Million to 5 Million	55,000	11,710
5 + Million to 6 Million	58,725	11,960
6 + Million to 7 Million	61,875	12,210
7 + Million to 8 Million	64,375	12,460
8 + Million to 9 Million	67,875	12,710
9 + Million to 10 Million	70,625	12,960
10 + Million to 11 Million	73,875	17,255
11 + Million to 12 Million	76,625	17,505
12 + Million to 13 Million	79,875	17,755
13 + Million to 14 Million	82,000	18,005
14 + Million to 15 Million	83,500	18,255
15 + Million to 16 Million	85,500	18,505
16 + Million to 20 Million	90,000	18,755
20 + Million to 25 Million	90,000	22,795
25 + Million to 50 Million	90,000	26,625
50 + Million to 75 Million	90,000	32,625
75 + Million to 100 Million	90,000	43,125
over 100 Million	90,000	50,000

Questions regarding the Nasdaq listing fees, please call Listing Qualifications at (202) 496-2500.

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