

CURIOUS GEORGE AND THE IRONIC STOCK RECOMMENDATION MAY 2004

Curiosity got the best of me and I wanted to find out how the three examples cited performed since their IPO. I also wanted to know what their underwriters thought of them and what they think of them now.

Pac-West Telecomm

This company went public at \$10 and closed the first day at \$18.44. The stock traded as high as \$40 a share back in the spring of 2000. It is currently trading at a whopping \$1.32 a share. Bear Stearns initiated coverage with a Buy on the stock, since then they have changed their collective brilliant minds and downgraded the stock to a neutral.

Fairmarket Inc.

Fairmarket is no longer Fairmarket, it is now called Dynabazaar, and don't ask me why. For this piece we will call it Scam X, I don't want anyone to get confused. Scam X went public at \$17 a share and hit an all-time high at around \$50. If you have four shares of Scam X today you can sell them, take the proceeds and buy a can of Pepsi. Scam X is trading at 35 cents. Deutsche Bank in their infinite wisdom originally had a Strong Buy on Scam X, but to their credit they did downgrade it to a Buy.

WebMethods Inc.

Last but certainly not least is our star pupil WebMethods. This so-called company went public at \$35 a share to close on the opening day at \$212.62. It has traded as high as \$300, and is currently sitting at \$8.20. The chart of this bad boy looks worse than the K2 ski slope Lane Meyer had to conquer to make the ski team and win the girl in the 1985 cinematic classic "Better off Dead." Morgan Stanley's coverage of Webmethods is eerily reminiscent of John Kerry's campaign positions. First they had an Outperform, then they placed a Neutral, then they placed an Outperform, then they placed a Neutral, then they placed an Outperform, then they placed a Neutral. Seriously folks, you can't make this stuff up.

