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## Safeguard Scientifics, Inc. The Wall Street Analyst Forum Call Transcript

### Question-and-Answer Session

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**Unidentified Analyst**

(Question Inaudible)

**Peter Boni**

The 370 million of NOLs was accomplished in a variety of ways. Number one from Safeguard to say history when the bubble burst, the internet bubble burst, Safeguard was positioned as an internet incubator, that was a hard place to be in that period of its history, but if we structured the good deal of its operations to get some stability and grow from there. Some of those NOLs were generated by that restructuring, but in our business model we have three complex methods of accounting. Right? We have consolidated accounting, we have equity accounting for the businesses that are 20% to 50% owned then we have cost accounting and many of our businesses will incur losses, we'd take those losses and they accumulate in our NOLs. Yes, sir.

**Unidentified Analyst**

(Question Inaudible)

**Peter Boni**

Do we consider ourselves the lender of last resort? No, not necessarily, however we are equity focused; we're not debt focused.

**Unidentified Analyst**

(Question Inaudible)

**Peter Boni**

No. We're not – we don't consider ourselves the lender of last resort, but we are business people, and we will take debt into our companies, if there is an attractive reason to do so. In many cases, we have partnered with members of the venture debt industry, and they have come alongside us providing a debt capital, while we provide equity capital.

**Unidentified Analyst**

(Question Inaudible)

**Peter Boni**

The terms of the convertibles, the 2004 convertible was a \$150 million. There were two and five eighths as a coupon; that was \$7.23 as a convert price. And the maturity date was 2024, the first put is 2011. This was done in the first quarter, I think, 2004, when the sun, the moon, the satellites were all lined up in the convert marketplace, so congratulations to my predecessor for pulling that one off.

**Unidentified Analyst**

(Question Inaudible)

**Peter Boni**

Repeat your question, sir. I didn't understand it.

**Unidentified Analyst**

(Question Inaudible)

**Peter Boni**

Why would I say there were not more a value-oriented funds?

**Unidentified Analyst**

(Question Inaudible)

**Peter Boni**

Actually, a good deal of our institutional shareholders are value shareholders.

**Unidentified Analyst**

I mean the big guys? I mean?

**Peter Boni**

Well, one of our major shareholders is [Tivo Price] in their small cap value fund. Now [Tivo] has informed us that over the last several months, they've increased our position from 400,000 shares to over 4 million, so they genuinely see value – and this is a value-oriented fund, and many of our fund managers are – that whole of Safeguard are value-oriented funds.

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