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M&A & Financing Market Overview

Confidential

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Table of Contents

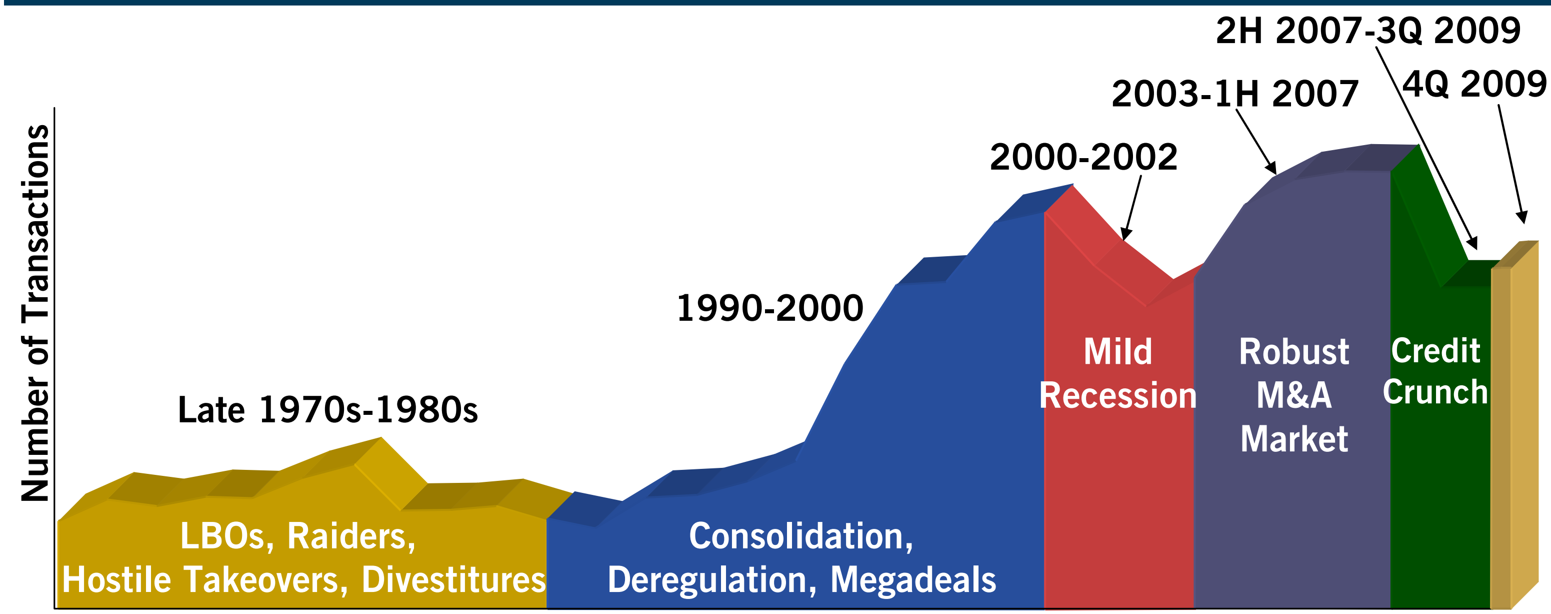
	Tab
M&A Market Overview	1
Financing Market Overview	2
Financial Sponsor Overview	3
Overview of Houlihan Lokey	4
Purchase Agreement Study	5
Appendix	

M&A Market Overview

Historical Context

- After a downturn from 2000-2002, M&A activity steadily increased from 2003-2007
- The onset of the credit crunch in 2007, coupled with the ensuing recession, effectively shut down the financing markets through 2008 and into 2009, resulting in a near-halt to deal flow
- The first three quarters of 2009 were characterized by a muted level of activity with transactions consisting primarily of defensive mergers, sales of non-core assets and industry restructuring plays largely driven by sellers with short-term liquidity needs, covenant default pressures and a disciplined focus on core businesses
- Significant rallies in the equity markets that started in 2Q '09 re-opened the financing spigots which, coupled with favorable macroeconomic indications, resulted in a widely anticipated pick-up in M&A activity in 4Q '09
- While continued momentum in the financing markets should contribute to increased M&A activity in 2010, consumer de-leveraging patterns, sustained unemployment and regulatory uncertainties continue to hang in the balance

Historical Developments

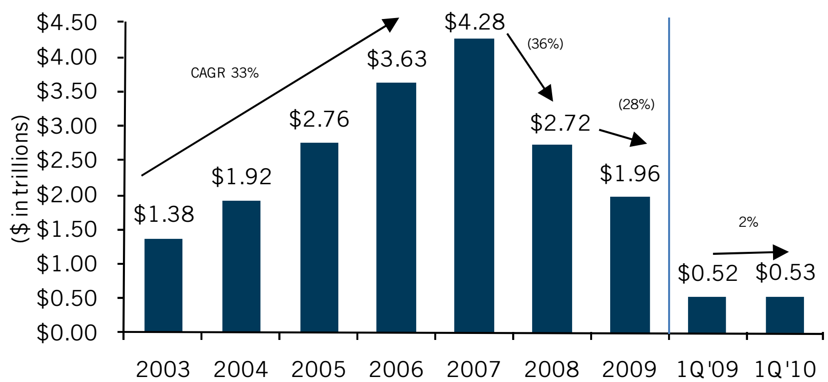


Source: FactSet Mergerstat. LLC.

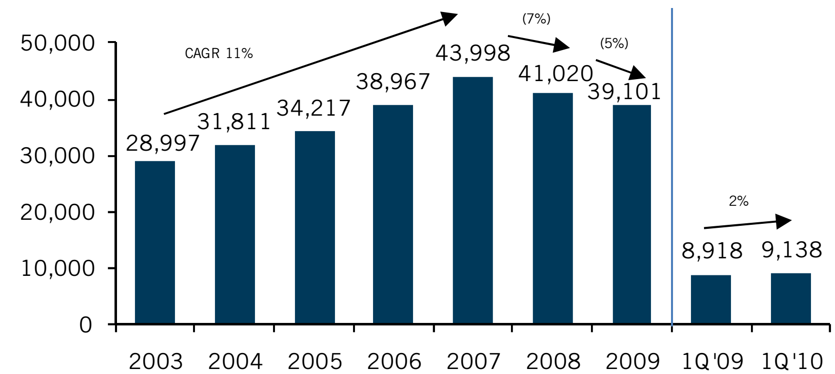
Domestic and Global Activity Remains Limited

- A difficult credit environment and the broad economic downturn adversely impacted M&A activity through most of 2009. A recovery in the financing markets helped to spur M&A activity in 4Q ’09 but a highly anticipated rebound has yet to materialize in 2010

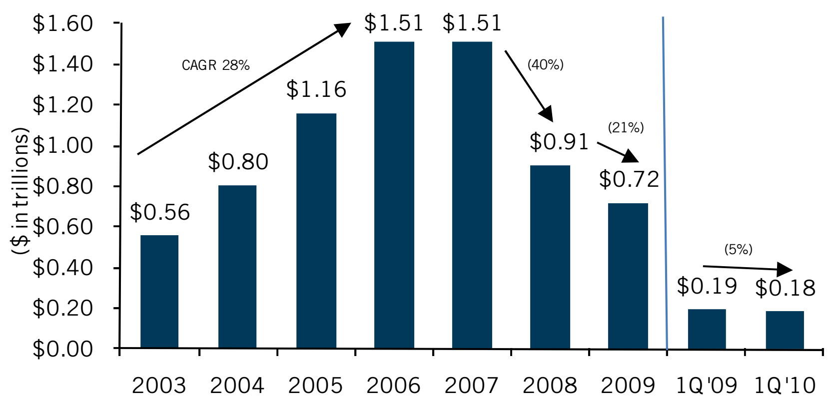
Global M&A Volume: Transaction Value



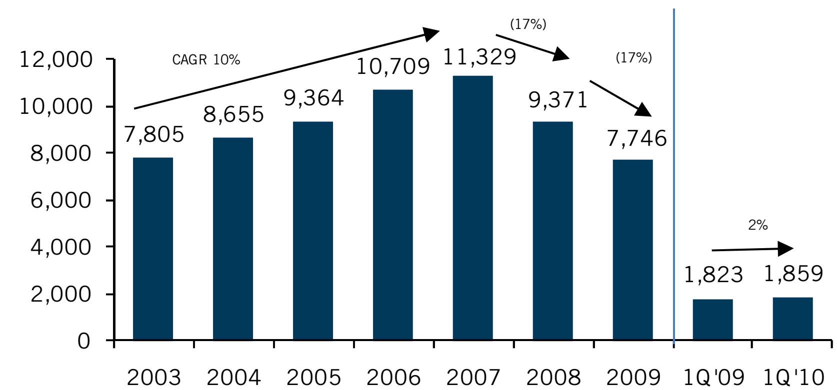
Global M&A Volume: # of Transactions



U.S. M&A Volume: Transaction Value



U.S. M&A Volume: # of Transactions

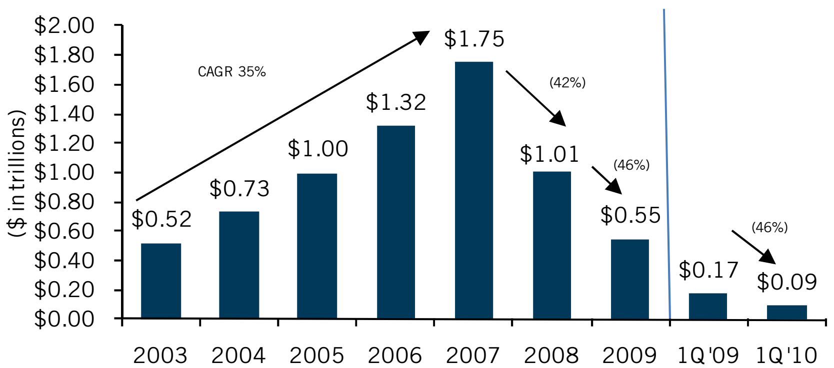


Source: Thomson Reuters, as of 3/31/10.
Note: Industry and regional breakdowns are by target and are based on total number of transactions.
Includes minority equity deals, equity carve-outs, exchange offers, open market repurchases, withdrawn deals, and deals with undisclosed transaction values.

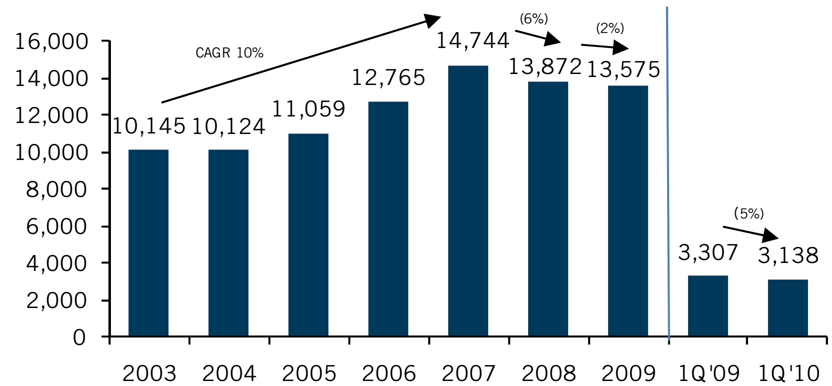
International M&A Activity Is Also Down

- Global economic concerns resulted in a continued decline in European and Asian M&A activity; as in the U.S., momentum observed in 4Q '09 has not yet translated into a sustained rally in 2010

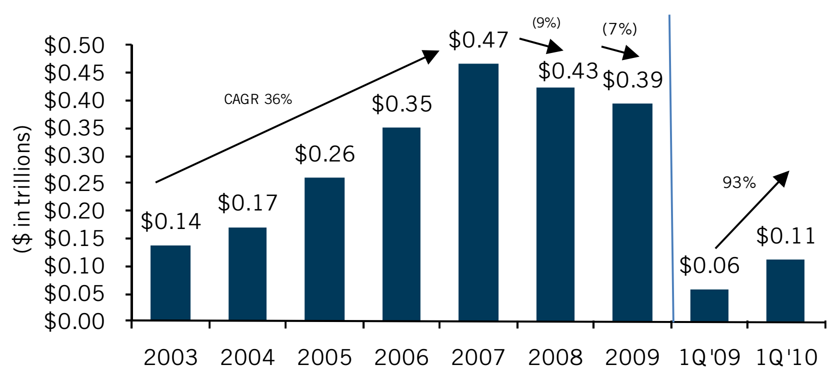
Europe M&A Volume: Transaction Value



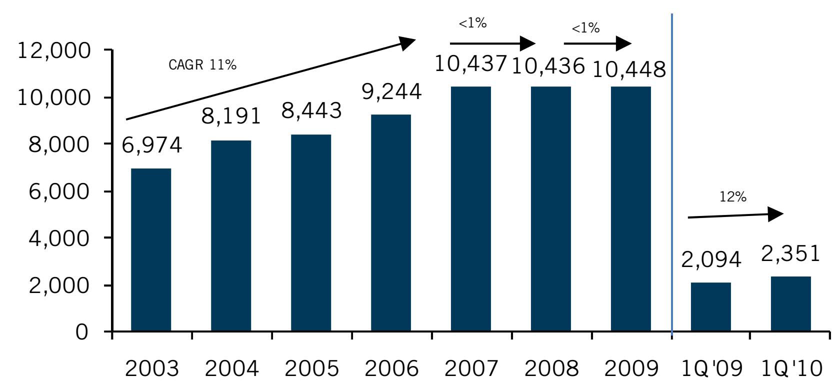
Europe M&A Volume: # of Transactions



Asia M&A Volume: Transaction Value



Asia M&A Volume: # of Transactions

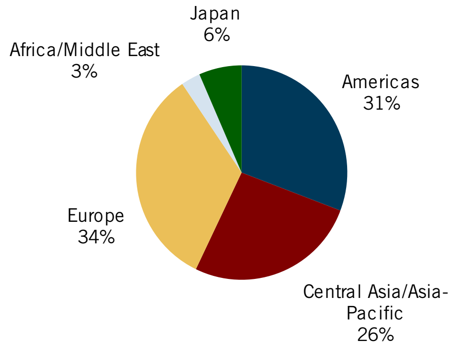


Source: Thomson Reuters, as of 3/31/10.
Note: Industry and regional breakdowns are by target and are based on total number of transactions.
Includes minority equity deals, equity carve-outs, exchange offers, open market repurchases, withdrawn deals, and deals with undisclosed transaction values.

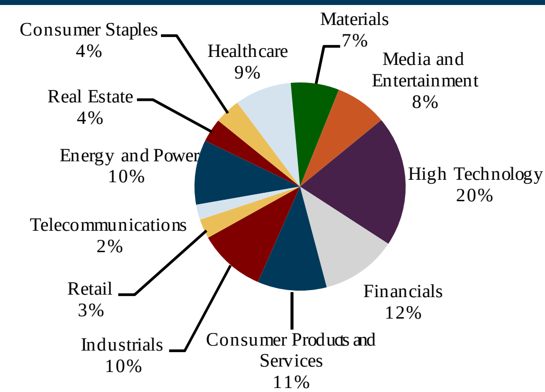
M&A Activity is Consistent Globally

- M&A volume was spread relatively equally across Asia (including Japan), Europe and the Americas in 1Q '10. Moreover, transactions by industry were more or less evenly distributed across regions

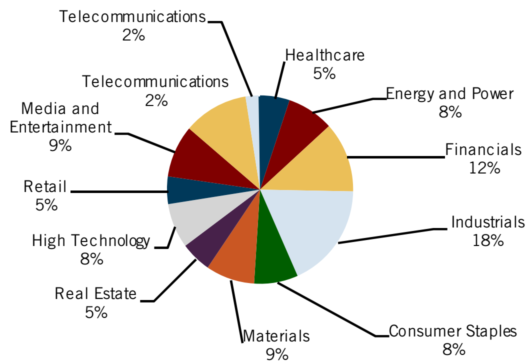
Volume by Region



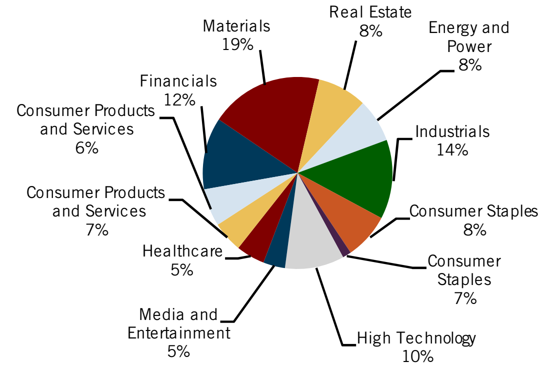
U.S. - Top Industries



Europe – Top Industries



Asia – Top Industries

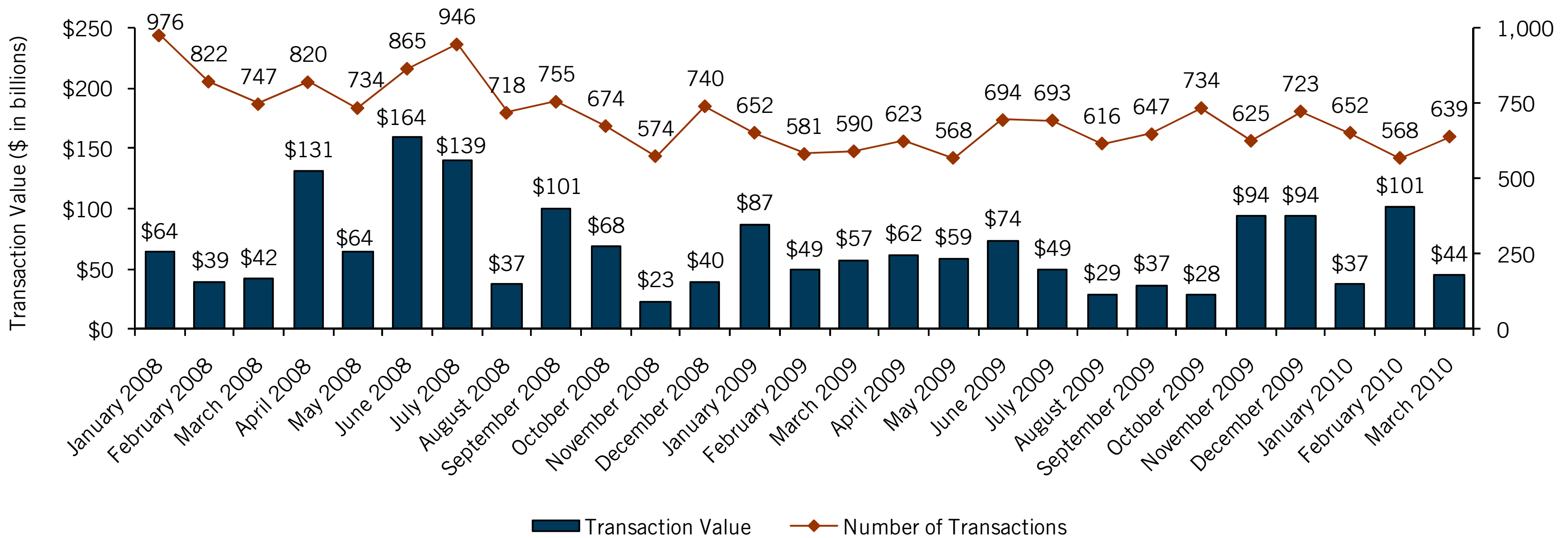


Source: Thomson Reuters, as of 3/31/10.
Note: Industry breakdowns are by target and are based on total number of transactions.

Monthly Domestic M&A Activity

- 1Q '10 transaction volume of $182 billion declined 19% relative to 4Q '09 volume of $225 billion as concerns over sovereign credit risk brought volatility to the financial markets, particularly in the first half of the quarter
- Transaction activity was flat relative to levels observed in 1Q '09

Monthly U.S. M&A Activity

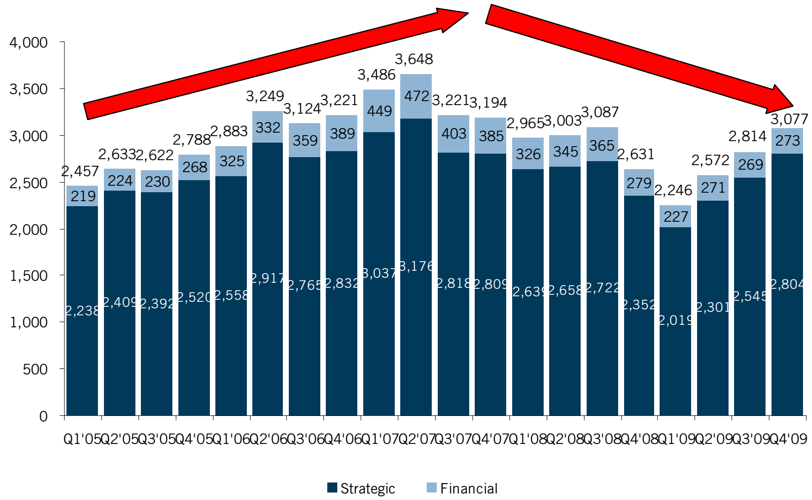


Source: Thomson Reuters, as of 3/31/10.
Includes transactions with estimated values.
Excludes terminated transactions. Future terminations of pending transactions will reduce totals shown.

Liquidity Has Driven North American M&A Activity

- Since 2Q '07, private equity sponsored transactions have declined more than strategic buyer transactions
  - Relative to 2Q '09, 4Q '09 showed a pick-up in activity across the board, with financial sponsor activity showing signs of recovery as a percentage of the overall mix

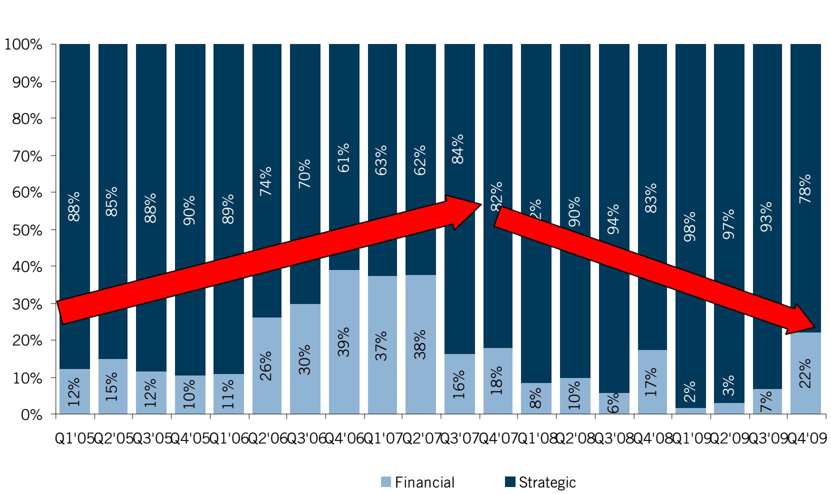
North American M&A Breakdown by # of Transactions



Source: Capital IQ Monthly Market Observations, January 2010 (data as of 12/31/2009).

- Total transactions in 4Q '09 were 37% higher than the lows observed in the 1Q '09 period – but are still well below 2Q '07 peak levels

North American M&A Breakdown by Value



Source: Capital IQ Monthly Market Observations, January 2010 (data as of 12/31/2009).

- Though financial transactions increased as a percentage of overall activity, the composition of transactions remains skewed towards strategic buyers

Mega-Transactions Drive M&A Activity

- The 10 largest announced transactions accounted for over 50% of domestic M&A activity* during 1Q ’10

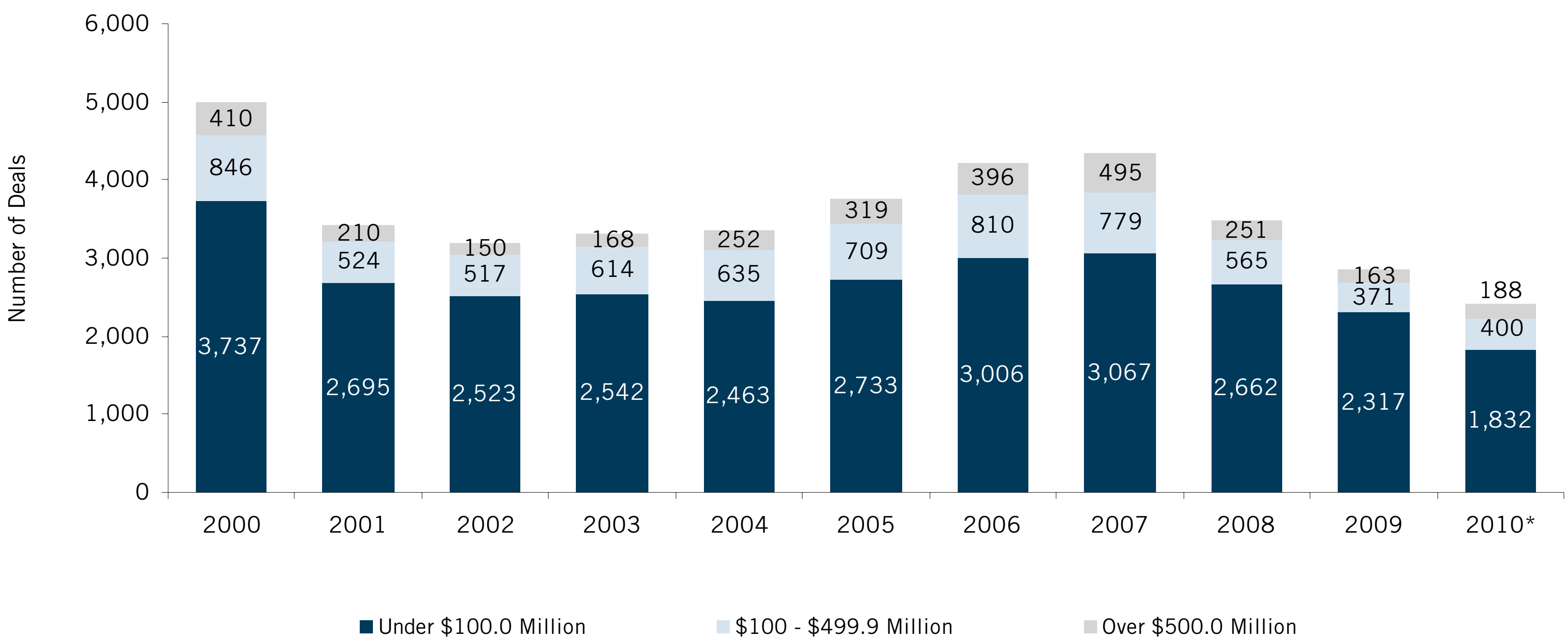
Top 10 Announced U.S. Transactions			
Acquirer	**Target**	**Value ($bn)**	**Industry**
SIMON	GGP General Growth Properties, Inc.	$34.5**	Real Estate
MetLife	Alico	$15.5**	Insurance
Schlumberger	SMITH	$14.6**	Energy
FirstEnergy	Allegheny Energy	$9.3**	Energy
MERCK	MILLIPORE	$7.1 **	Pharmaceuticals
CF Industries	Terra	$5.4	Agricultural Chemicals
astellas Leading Light for Life	(OSI) pharmaceuticals	$3.5**	Pharmaceuticals
CONSOL ENERGY	Dominion	$3.5**	Energy
THE BANK OF NEW YORK MELLON	PNC GLOBAL INVESTMENT SERVICING	$2.3**	Financial Institutions
Couche-Tard	CASEY’S GENERAL STORE	$2.0**	Food and Beverage

Source: CapitalIQ and Thomson Reuters, as of 3/31/10.
** Disclosed transactions only - approximately half of all transactions have transaction values that are not disclosed.*
***Transactions are pending.*

While Mega-Transactions Get Headlines, Smaller Transactions Dominate in Number

- Over 90% of all M&A transactions since 2000 have been under $500 million
  - While overall activity has declined since 2007, transactions over $500 million have shown the greatest decrease on a relative basis
- While annualized 1Q ’10 performance is down from 2009 levels, activity has been flat relative to 1Q ’09 levels

Total Number of U.S. M&A Transactions by Transaction Size

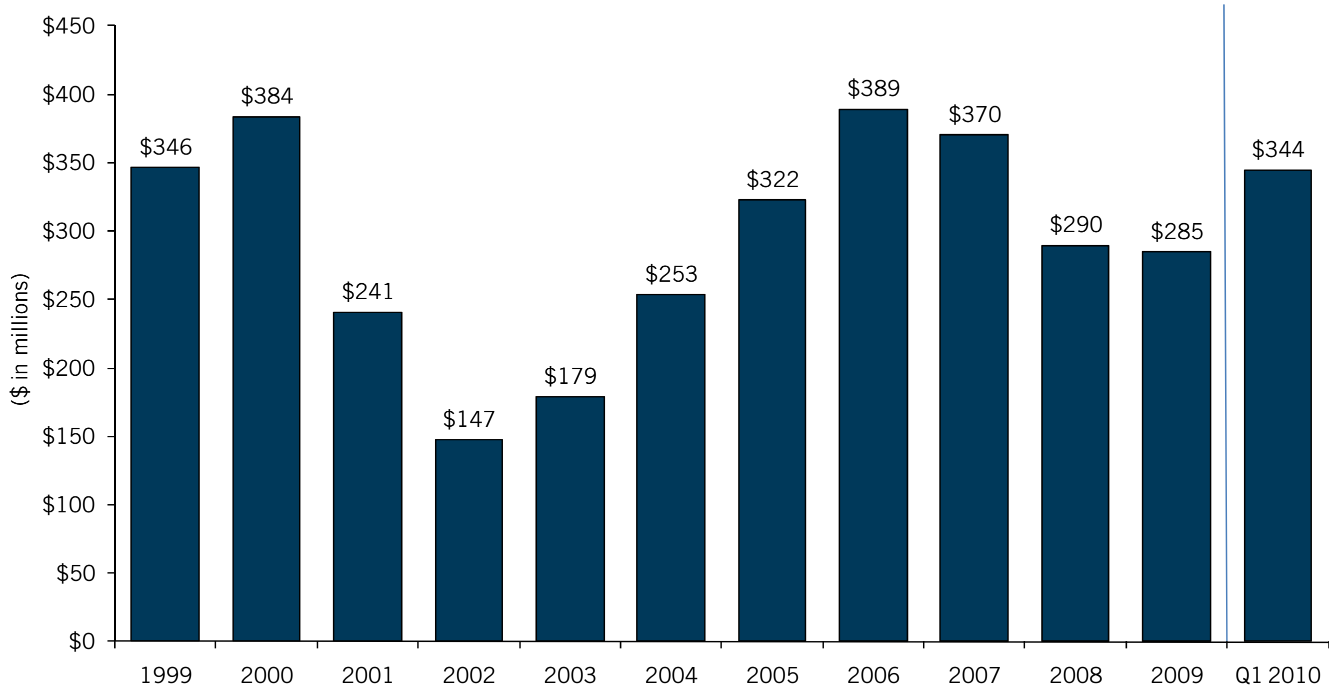


Source: Thomson Reuters as of 3/31/10. Includes only transactions for which values were disclosed.
**Annualized.*

Average Domestic Transaction Size

- A few "mega" transactions announced in 1Q '10 have supported average transaction size

Average Size of Announced Domestic M&A Transactions

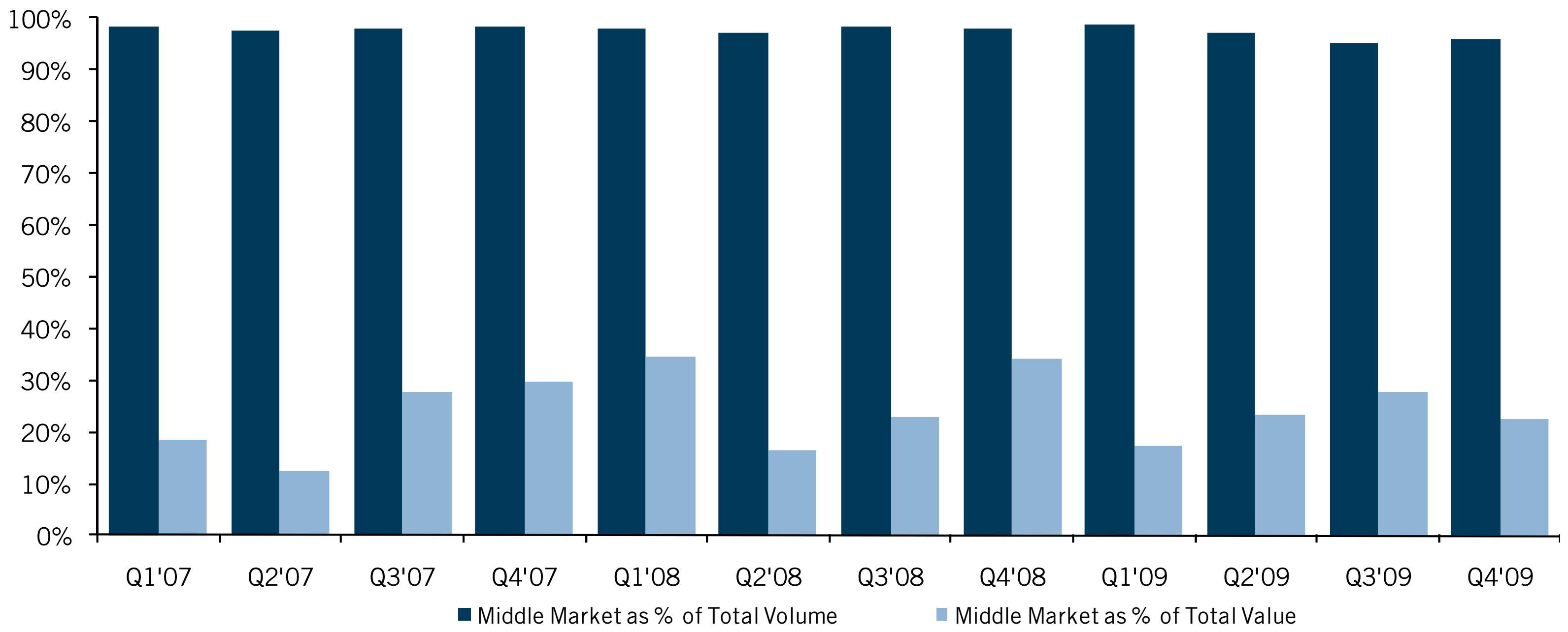


Source: Thomson Reuters, as of 3/31/10.
Includes transactions with estimated values.
Excludes terminated transactions. Future terminations of pending transactions will reduce totals shown.
Excludes minority stake acquisitions and most minority capital infusions into major financial institutions.

Middle Market Resilience

- As a percentage of transaction value, middle market transactions have held steady in 2009 after a material decline between 4Q '08 and 1Q '09

Percent of Total M&A

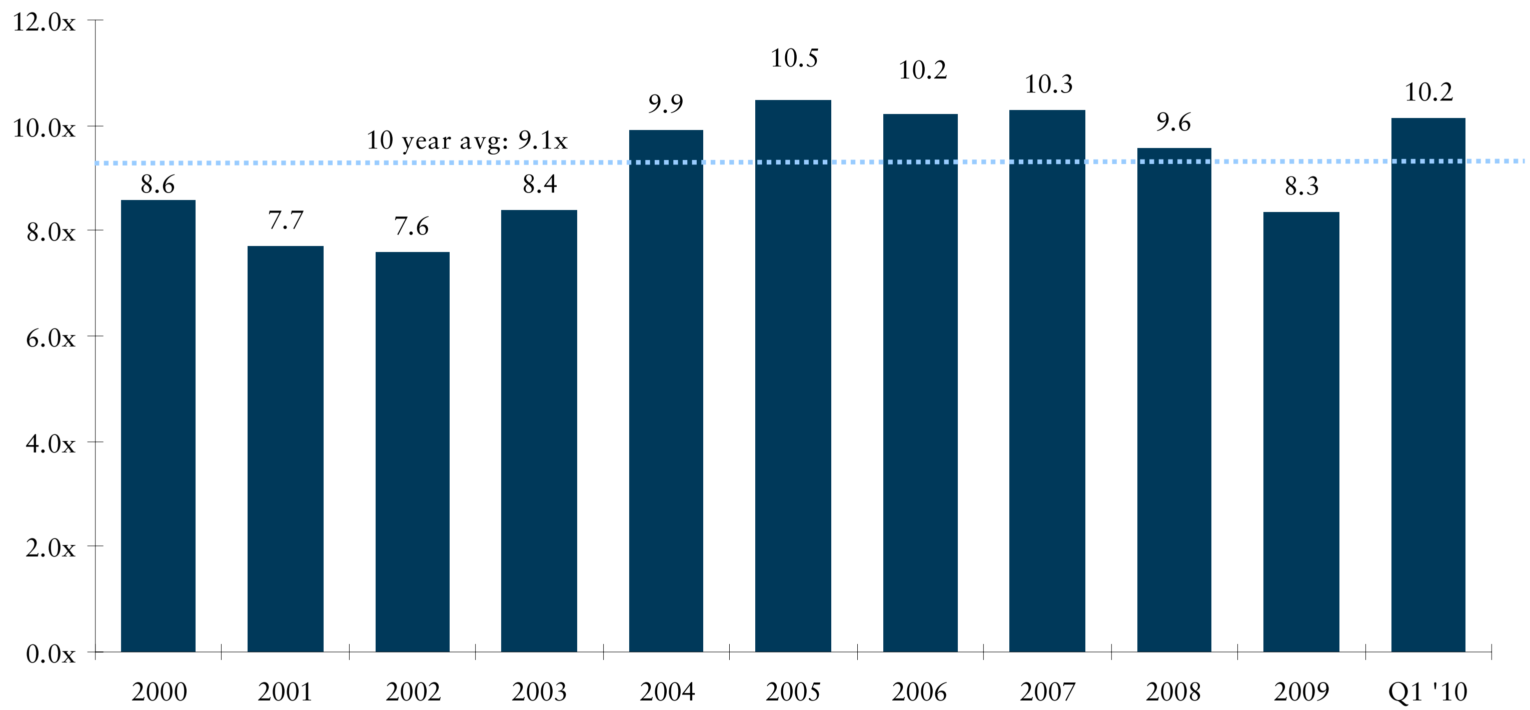


Source: FactSet Mergerstat Flashwire, January 2010 (excluding undisclosed deals).
Based on announced deals with U.S. acquiror or target.
Middle market defined as deal values under $500 million.

Transaction Multiples On the Rebound

- While transaction valuations remained depressed for most of 2009, 4Q '09 transaction valuations increased to levels more in line with historical averages, lifting the median of 6.9x observed in the first three quarters of the year to a full-year median of 8.3x
- As in the final months of 2009, transactions announced in 1Q '10 continued to showcase multiples above historical medians

Median EV / EBITDA Multiples

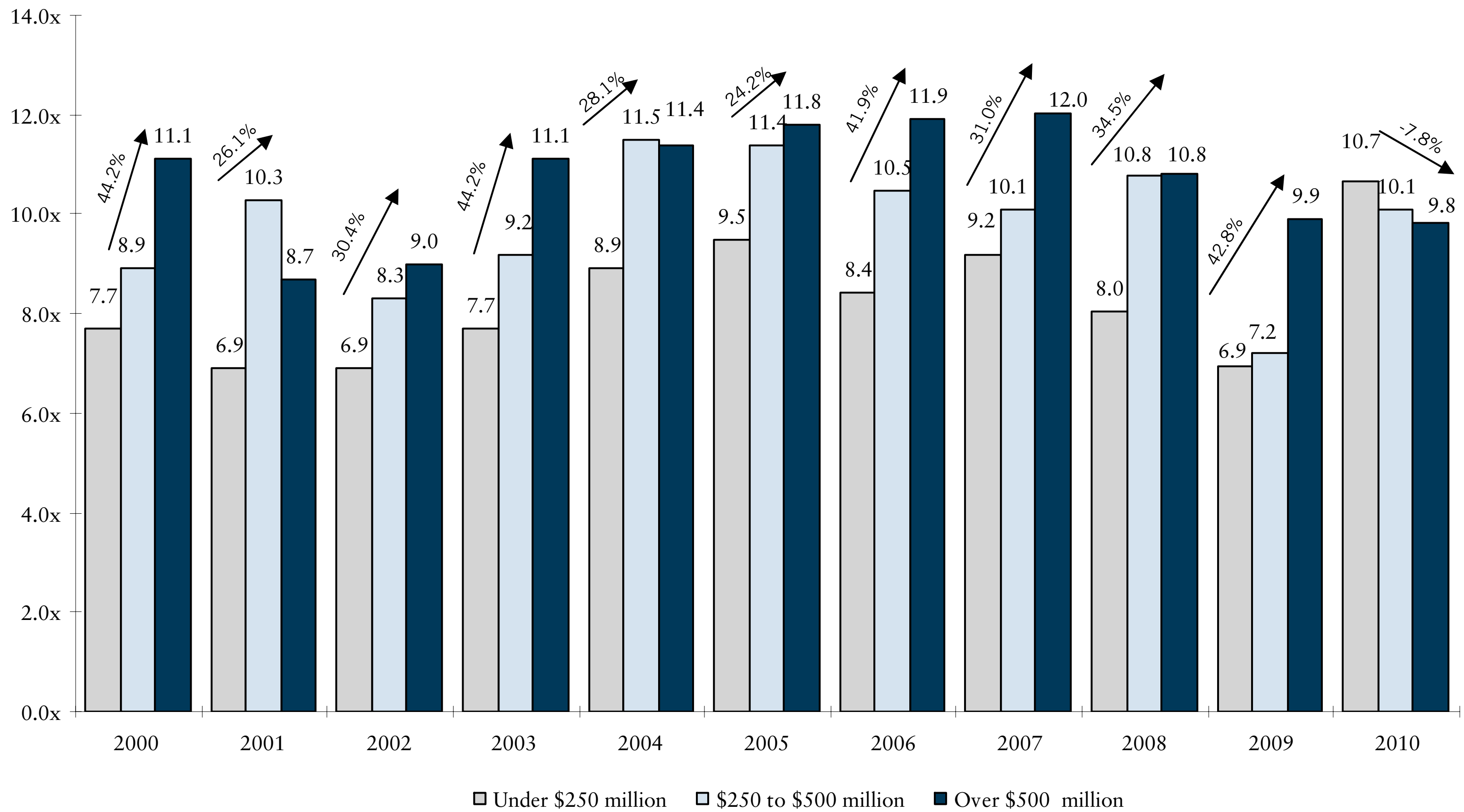


Source: Thomson Reuters, as of 3/31/10.
Note: Based on US deals and excludes multiples below 0.0x and above 25.0x.

Multiples by Transaction Size

- While transactions under $250 million commanded higher multiples than larger transactions in 1Q ’10, the multiple range was tighter than that observed in prior periods

Median EV / EBITDA Multiples

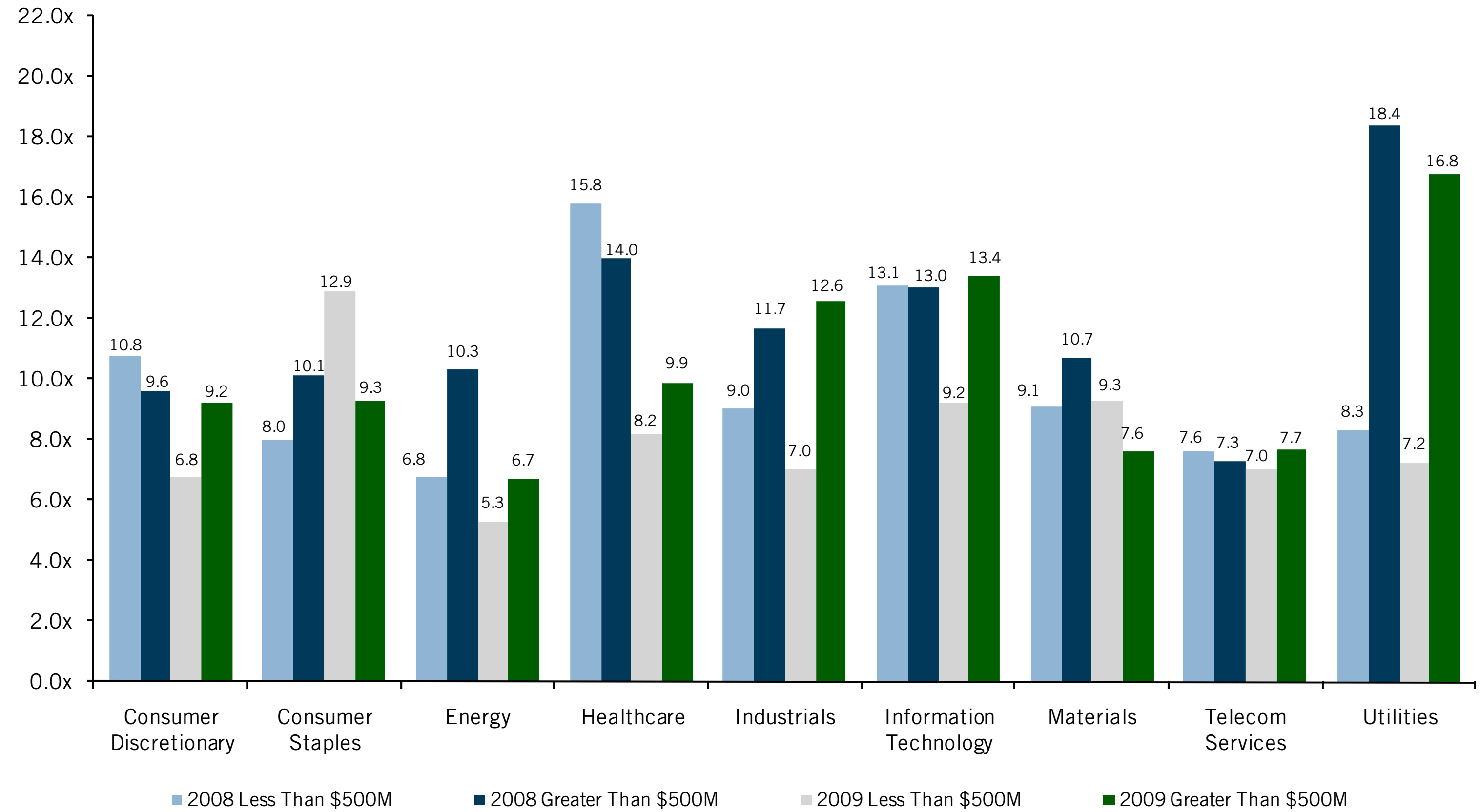


Source: Thomson Reuters, as of 3/31/10.
Note: Based on US deals and excludes multiples below 0.0x and above 25.0x.

M&A Valuation by Industry Sector and Transaction Size – North America

- Industrials, IT and utilities deals posted particularly high multiples in 2009 among deals over $500 million. Consumer staples showcased the highest multiples among middle market deals

Median EV / EBITDA Multiples by Industry (North America): 2008 & 2009

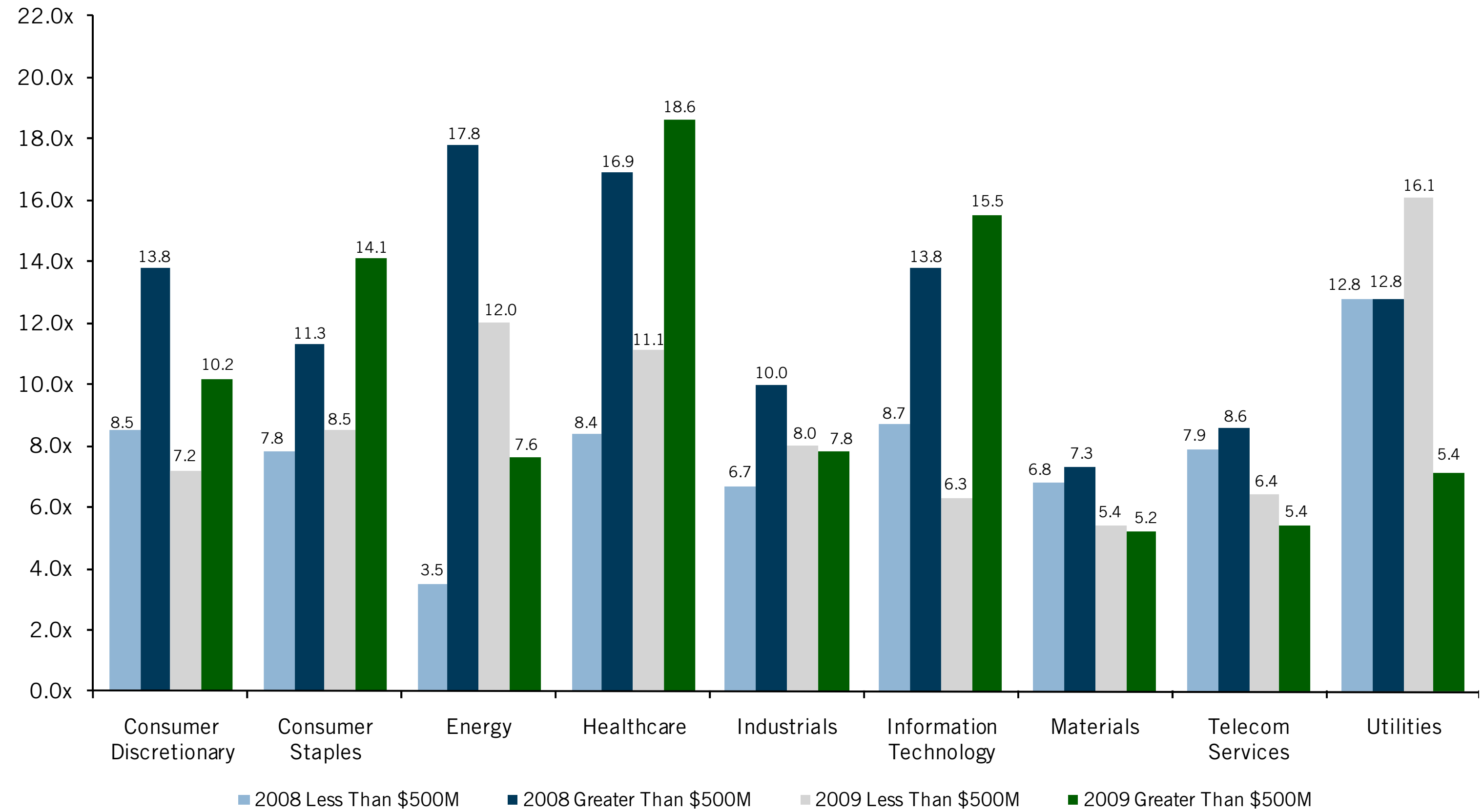


Source: Capital IQ Monthly Market Observations, January 2010.

M&A Valuation by Industry Sector and Transaction Size – Europe

- In Europe, IT, healthcare and consumer staples transactions commanded particularly high multiples among large deals. Utilities and energy transactions captured top multiples among middle market deals

Median EV / EBITDA Multiples by Industry (Europe): 2008 & 2009

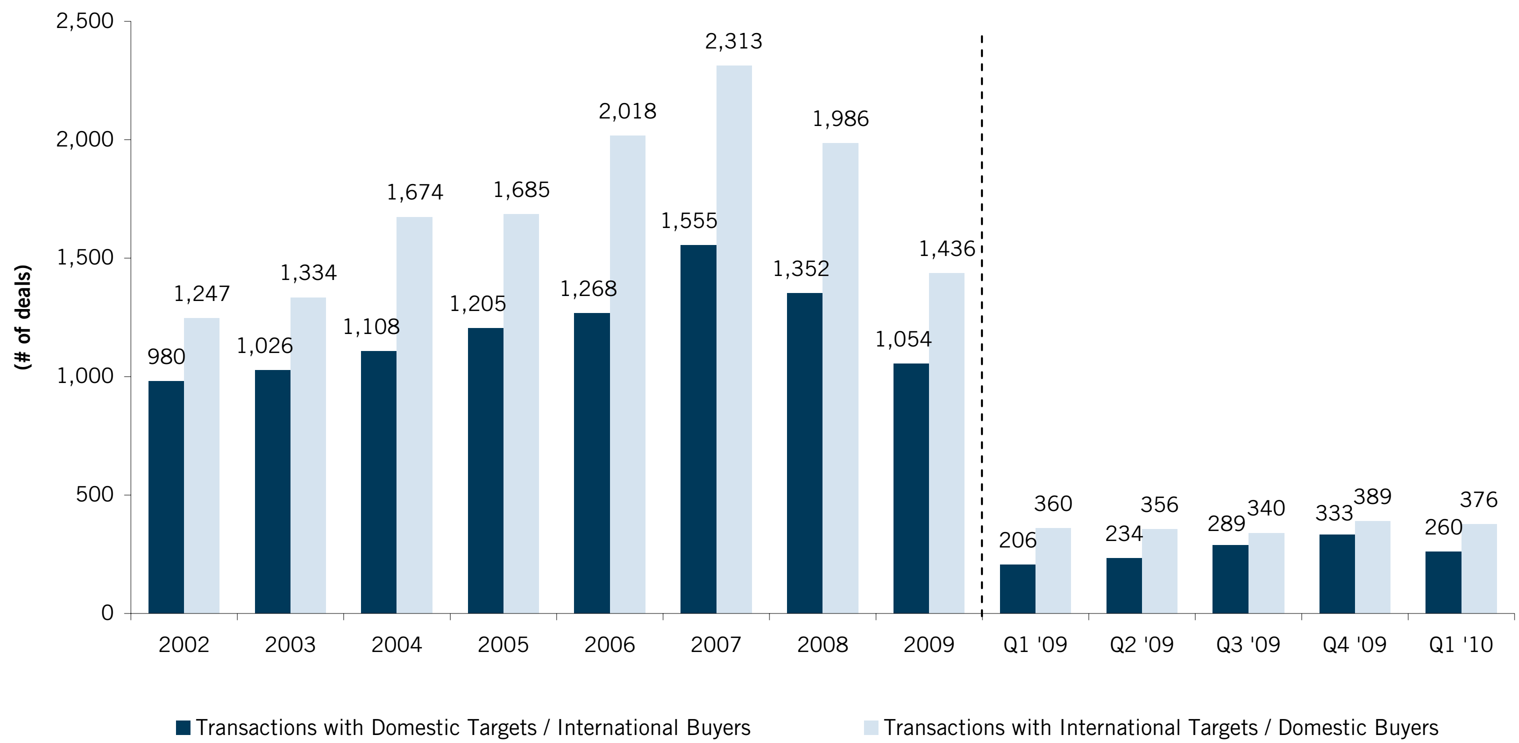


Source: Capital IQ Monthly Market Observations, January 2010.

Cross-Border Transactions

- Globalization, a weak U.S. dollar and investor interest in high growth regions have been key drivers of M&A activity
  - While cross-border activity was evenly balanced between international target and domestic target transactions in recent quarters, acquisitions of domestic targets have slowed as the U.S. dollar has gained some momentum in recent months

Number of U.S. Related Inbound and Outbound Cross-Border Transactions

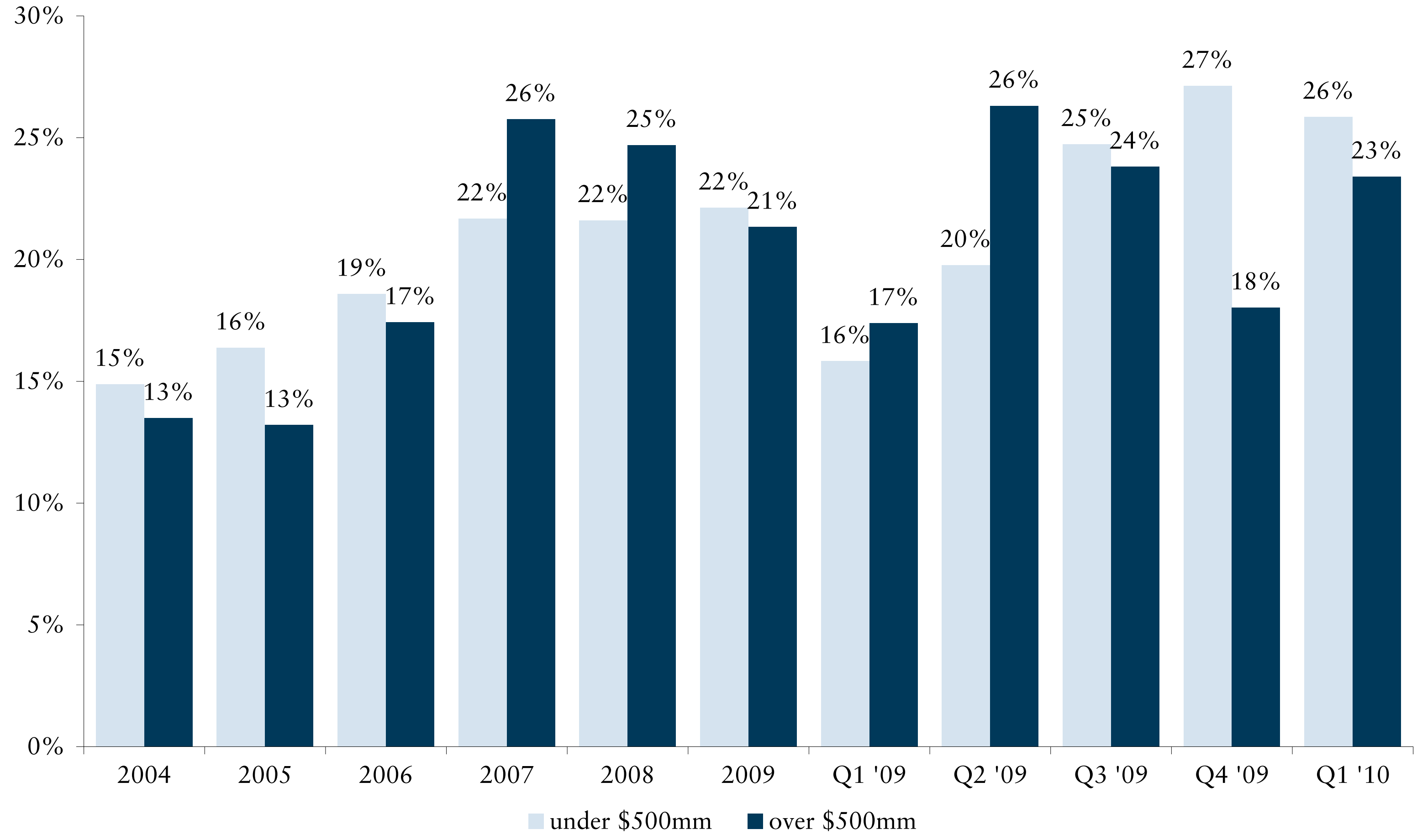


Source: Thomson Reuters, as of 3/31/2010.

Foreign Buyers Have Played a More Prominent Role

- After a strengthening in the U.S. dollar led to a sharp decline in 1Q '09, foreign buyer transactions, as a percentage of overall domestic M&A activity, rallied later in the year and held steady in 1Q '10

Non-U.S. Buyer / U.S. Targets

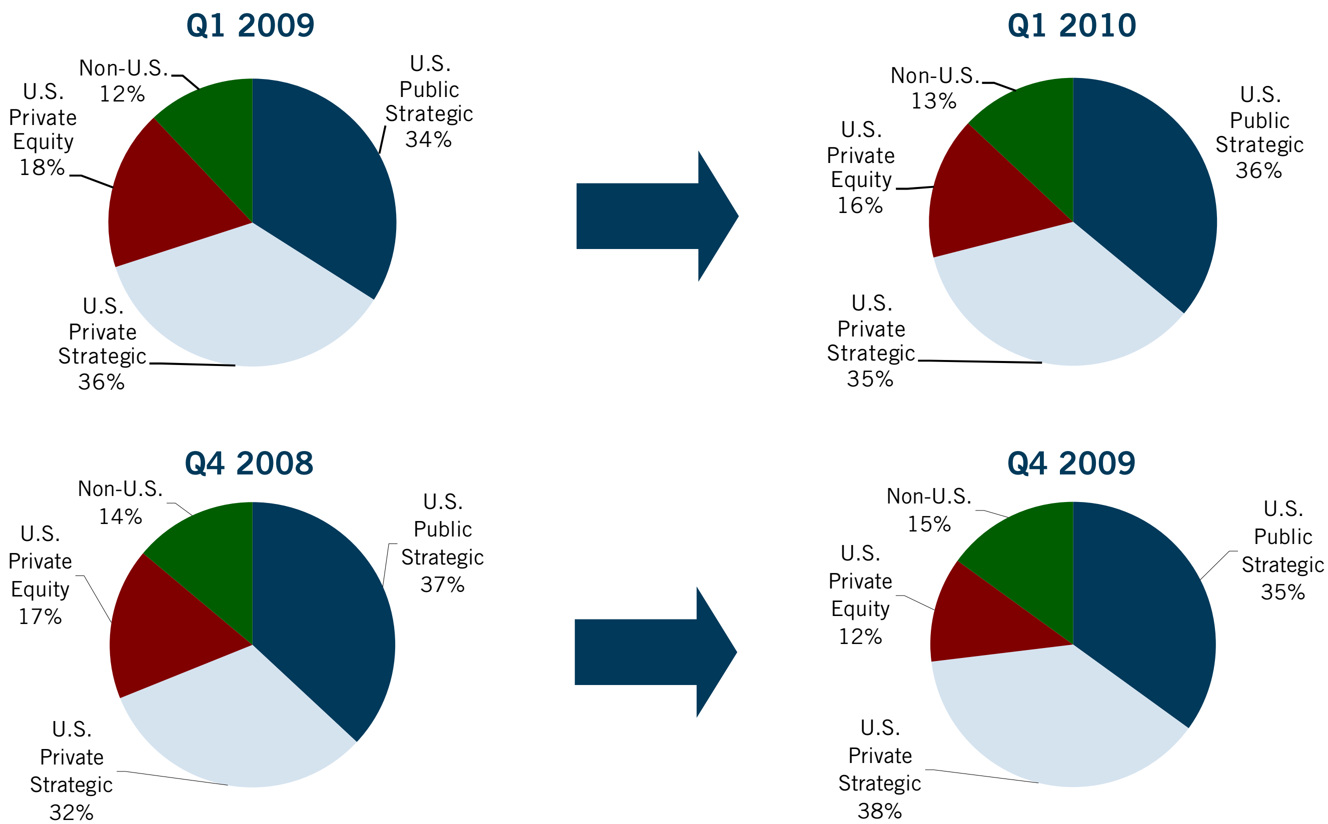


Source: Thomson Reuters, as of 3/31/10.
Based on all target companies headquartered in the United States; based on number of transactions.

Acquiror Statistics

- The distribution of transactions by type of buyer has remained relatively consistent between 2008 and 2009

Buyer Breakdown – Overall U.S. M&A Market



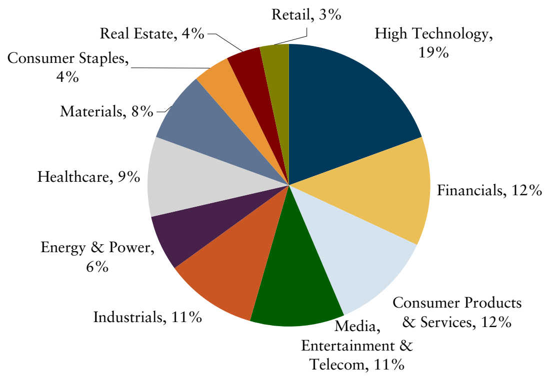
Source: FactSet Mergerstat Flashwire U.S. Monthly, April 2010.
Based on number of announced deals with U.S. acquiror or target; based on number of transactions.

Stable Distribution Across Sectors

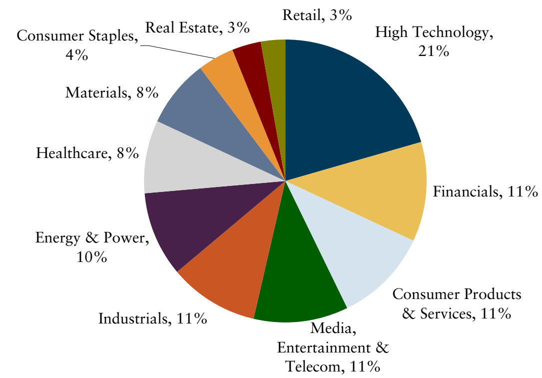
- Despite changes in the M&A landscape, the distribution of domestic transactions by industry has remained largely unchanged over the last two years

Top Industries by M&A Volume (Domestic)

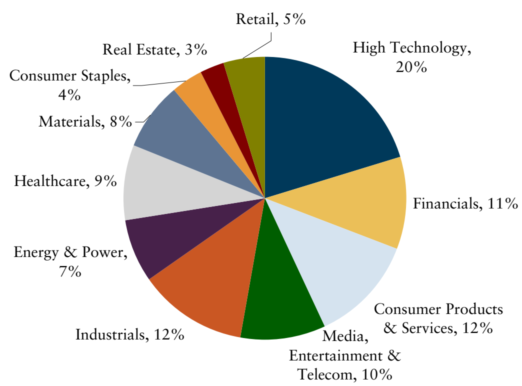
Q1 2009



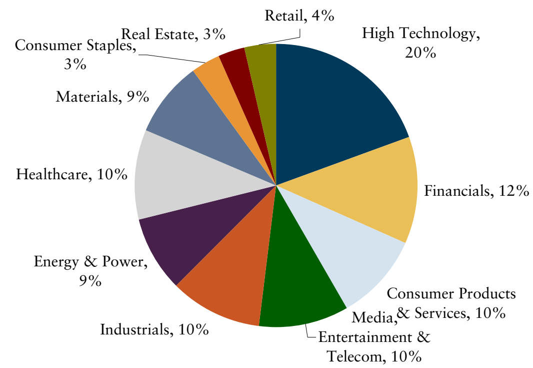
Q1 2010



2008



2009



Source: Thomson Reuters, as of 3/31/10.
Note: Breakdown based on number of U.S. deals and excludes minority interests.

High-Profile Hostile Bids Have Declined

- The four largest hostile bids in 2008 garnered headlines, amounting to a total transaction value of $182 billion and accounting for 79% of all hostile bids for the year. While the largest bids of 2009 and 1Q '10 accounted for a smaller percentage of hostile transactions and their total value of only $38.4 billion reflects the overall decline in hostile activity

Value of Largest Announced Hostile Bids in 2008 – 2010

Date Announced	Acquirer	Target	Value ($bn)	Industry
6/1/08	InBev	Anheuser-Busch, Inc.	$61.8	Alcoholic Beverages*
7/21/08	Roche	Genentech	$46.7	Pharmaceuticals*
2/1/08	Microsoft	Yahoo!	$41.9	Internet Software
7/15/08	INA	Continental	$31.8	Auto Parts and Equipment
8/28/09	Kraft	Cadbury	$20.3	Food Products
2/25/09	Agrium	CF Industries	$4.9	Chemicals
4/2009	PepsiCo	Pepsi Americas	$4.3	Food and Beverage
1/15/09	CF Industries	Terra	$3.9	Chemicals
2/12/10	astellas	(OSI) pharmaceuticals	$3.5	Pharmaceuticals
2/16/10	Carl Icahn	Lions Gate Entertainment	$1.5	Entertainment

Sources: Capital IQ and Thomson Reuters.
**Inbev/Anheuser-Busch and Roche-Genentech later became friendly transactions.*

Hostile M&A Bids

- A handful of "mega" deals led to a dramatic increase in the number of hostile bids in 2008
- Difficult financing conditions in 2009, coupled with a resurgence in the equity markets in the last three quarters of the year, resulted in a sharp decline in the number and value of bids in 2009
- Hostile activity continued to be light in 1Q '10 but is expected to pick-up as broader M&A conditions recover

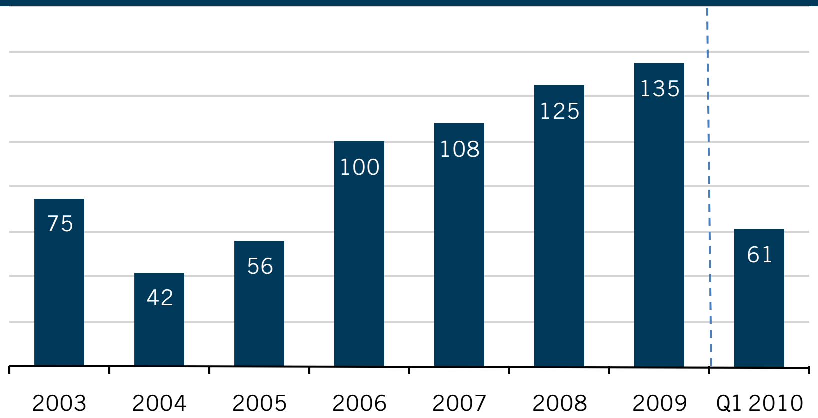
Value and Number of Hostile M&A Bids

	2002	2003	2004	2005	2006	2007	2008	2009	Q1 2010
Value as a Percentage of Overall Domestic M&A Activity[1]	7.1%	6.9%	12.3%	9.8%	10.2%	9.0%	28.7%	9.1%	4.1%

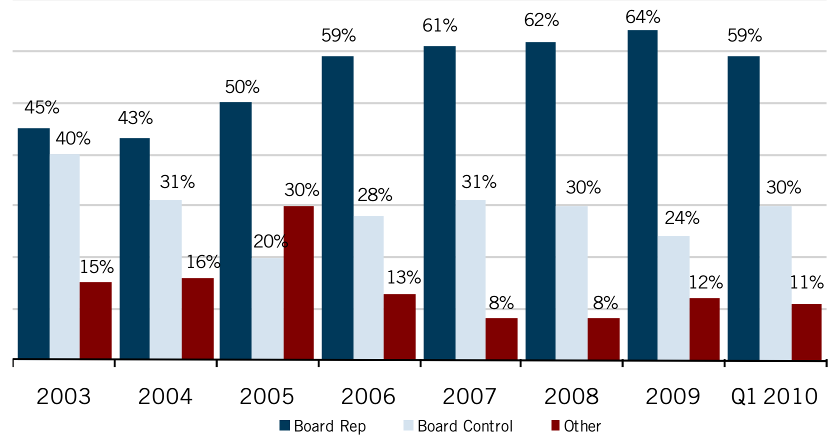
Sources: Capital IQ and Thomson Reuters as of 3/31/2010.
(1) Domestic M&A excludes minority equity deals, equity carve-outs, exchange offers, open market repurchases, withdrawn deals, and deals with undisclosed transaction values.

Shareholder Activism

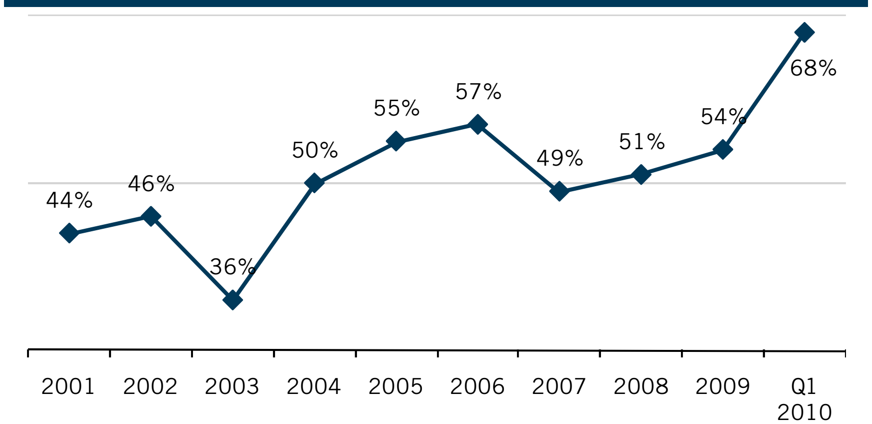
Number of Proxy Fights



Campaign Type



Success Rate



- Activism has continued to spread
- Institutional investors are now more supportive of activism
- Widespread poison pill rescission/de-staggering of boards of directors has tilted the pendulum away from incumbent boards of directors
- If enacted, regulatory initiatives such as The Shareholder Bill of Rights could further change the balance of power

Source: SharkRepellent, as of 3/31/2010.

Distressed Transactions Continue

- Distressed M&A transactions have taken various forms, as struggling companies have been acquired by well capitalized players and companies in bankruptcy have divested assets to recover value. With few exceptions, an easing in the financing markets has slowed the pace and contracted the value of distressed deals in recent months

Distressed M&A Activity in 2009 and 1Q 2010

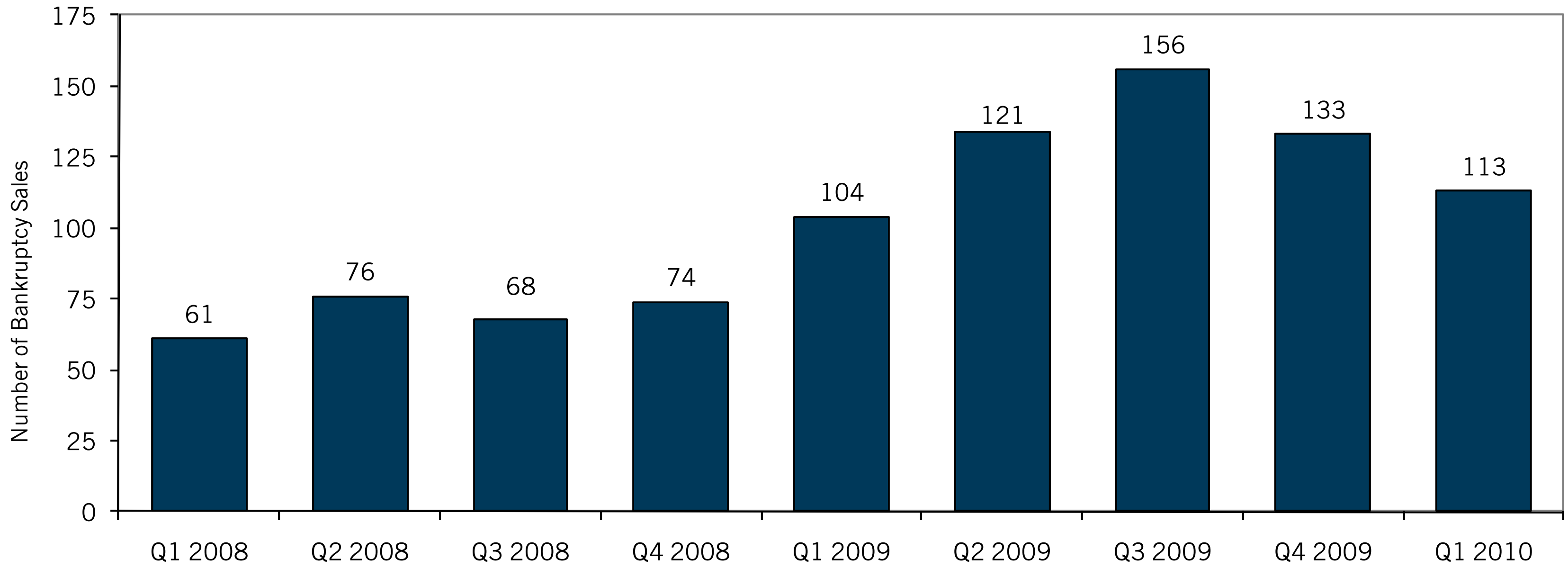
Seller	Target	Acquirer	Announcement Date	Status	Value ($mil)
Federal Deposit Insurance Corp.	California National Bank Citizens National Bank San Diego National Bank Bank USA NA Madisonville State Bank North Houston Bank Community Bank of Lemont Pacific National Bank Park National Bank	US Bank NA	10/30/09	Announced	14,400.00
Federal Deposit Insurance Corp.	IndyMac Federal Bank	OneWest Group LLC	1/02/09	Completed	13,900.00
Asarco LLC	Asarco LLC	Sterlite Industries Ltd. Grupo Mexico SAB de CV	3/6/2009 5/15/2009	Announced	5,043.00
Delphi Corp.	Delphi Corp. Delphi Corp. – North American Assets	Elliott Management Corp. General Motors Corp. Silver Point Capital LP JP Morgan Chase Bank	6/2/2009	Completed	3,400.00
Lloyds Banking Group plc.	Aswell Property Group plc	Ricketts Family Foundation	12/11/09	Completed	1,383.00
Doubledown Media LLC	Doubledown Media LLC	DealFlow Media, Inc.	3/11/10	Completed	53,500.00
Modern Aluminum Anodizing Corp.	Modern Aluminum Anodizing Corp.	Berkshire Anodizing LLC	1/26/10	Completed	1,330.00
Extended Stay Hotels inc.Asarco LLC	Extended Stay Hotels Inc.	Starwood Capital Group LLC Five Mile Capital Partenrs LLC TPG Capital LP	3/18/10	Announced	905.00
Federal Deposit Insurance Corp.	La Jolla Bank FSB	OneWest Bank Group LLC	2/19/10	Completed	800.00
Grant Forest Products inc.	Grant Forest Products Inc. – Four OSB Factories	Georgia-Pacific Corp.	1/11/10	Announced	400.00

Source: The Deal Pipeline.

Bankruptcy Sales Are Slowing

- The number of bankruptcy sales increased throughout most of 2009, with a greater number of struggling companies filing
  - Activity diminished in 4Q '09 and 1Q '10 as the market rally has made financing more readily available, resulting in fewer companies being forced into bankruptcy

Bankruptcy Sales from 1/1/08 to 3/31/10

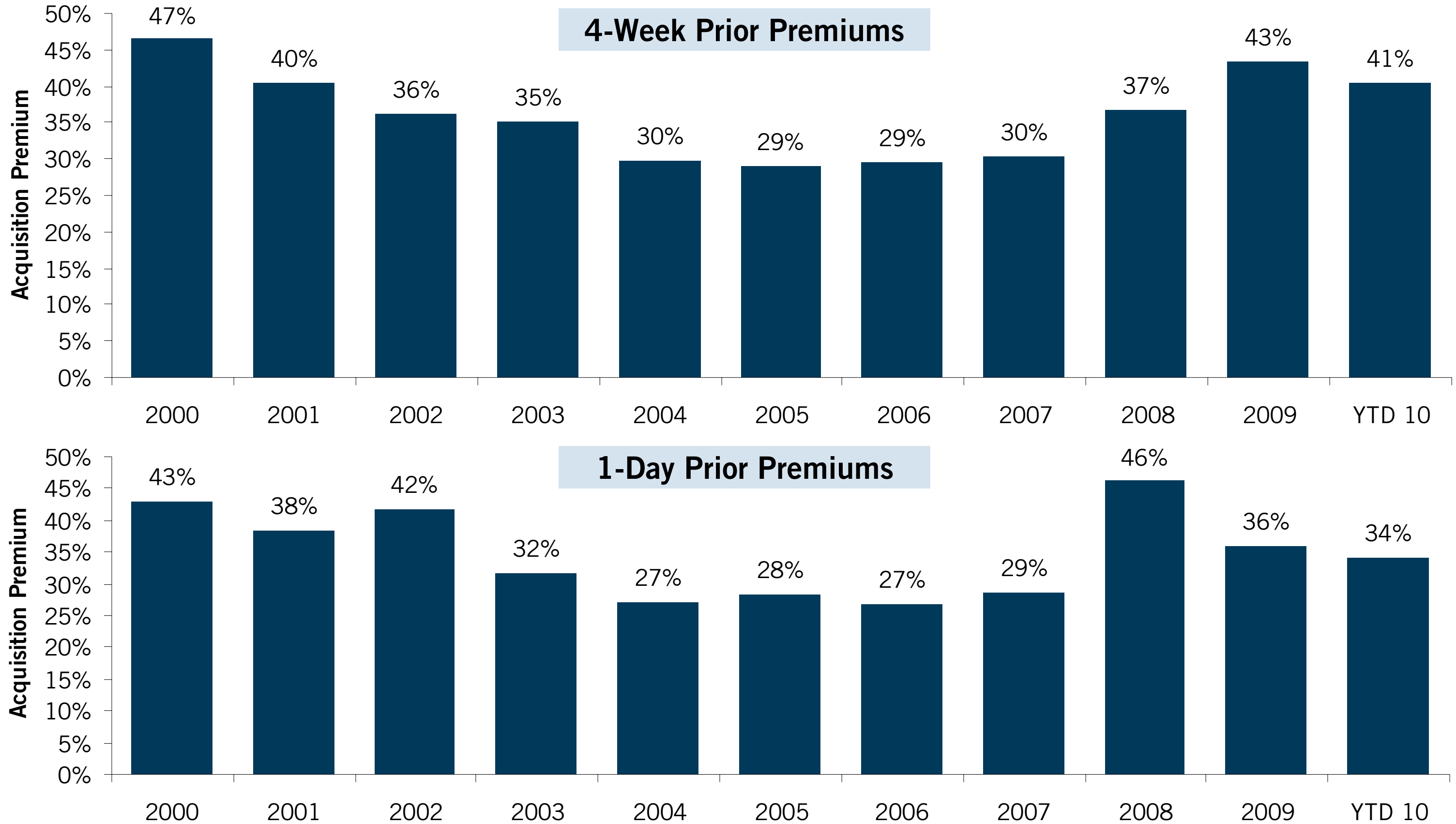


Source: Capital IQ, as of 3/31/10.
Includes all domestic targets and sellers that have filed for bankruptcy.

Acquisition Premiums Have Stabilized

- While acquisition premiums have generally declined since 2000, higher premiums due to depressed stock prices were paid in 2008 and 2009
- Premiums declined sharply in 4Q '09 as the equity market run-up made targets more expensive, but started to stabilize in 1Q '10 as improved fundamentals have helped justify higher valuations

Average Acquisition Premiums

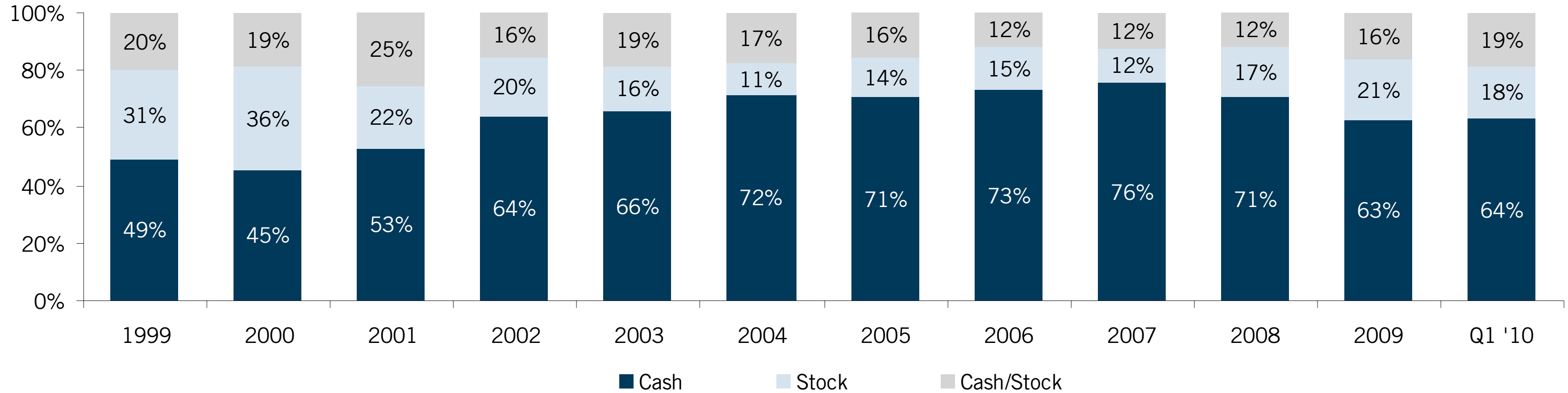


Source: Thomson Reuters, as of 03/31/10.
Premium is relative to target share price four weeks prior to announcement for deals with U.S. targets valued over $100MM.
Excludes terminated transactions, ESOP's, self-tenders, spin-offs, share repurchases, minority interest transaction, exchange offers, recapitalizations, and restructurings.
Excludes negative premiums and premiums over 100%.

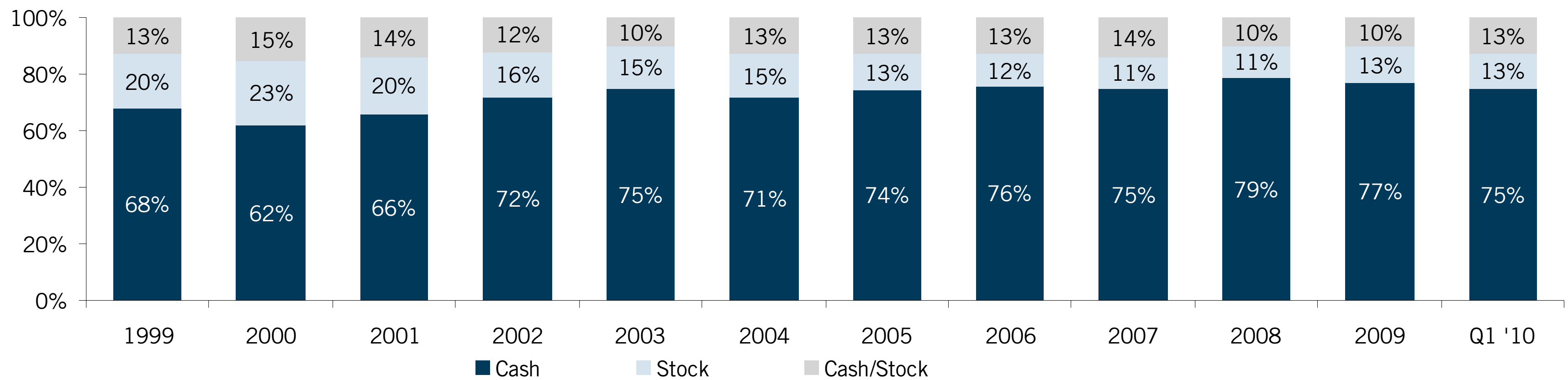
Cash Remains King

- Cash continues to be the consideration of choice
  - Larger transactions tend to feature a larger stock component

Transactions by Type (Greater Than $500mm)



Transactions by Type (Less Than $500mm)



Source: Thomson Reuters, as of 03/31/10.

Financing Market Overview

First Quarter 2010 Overview

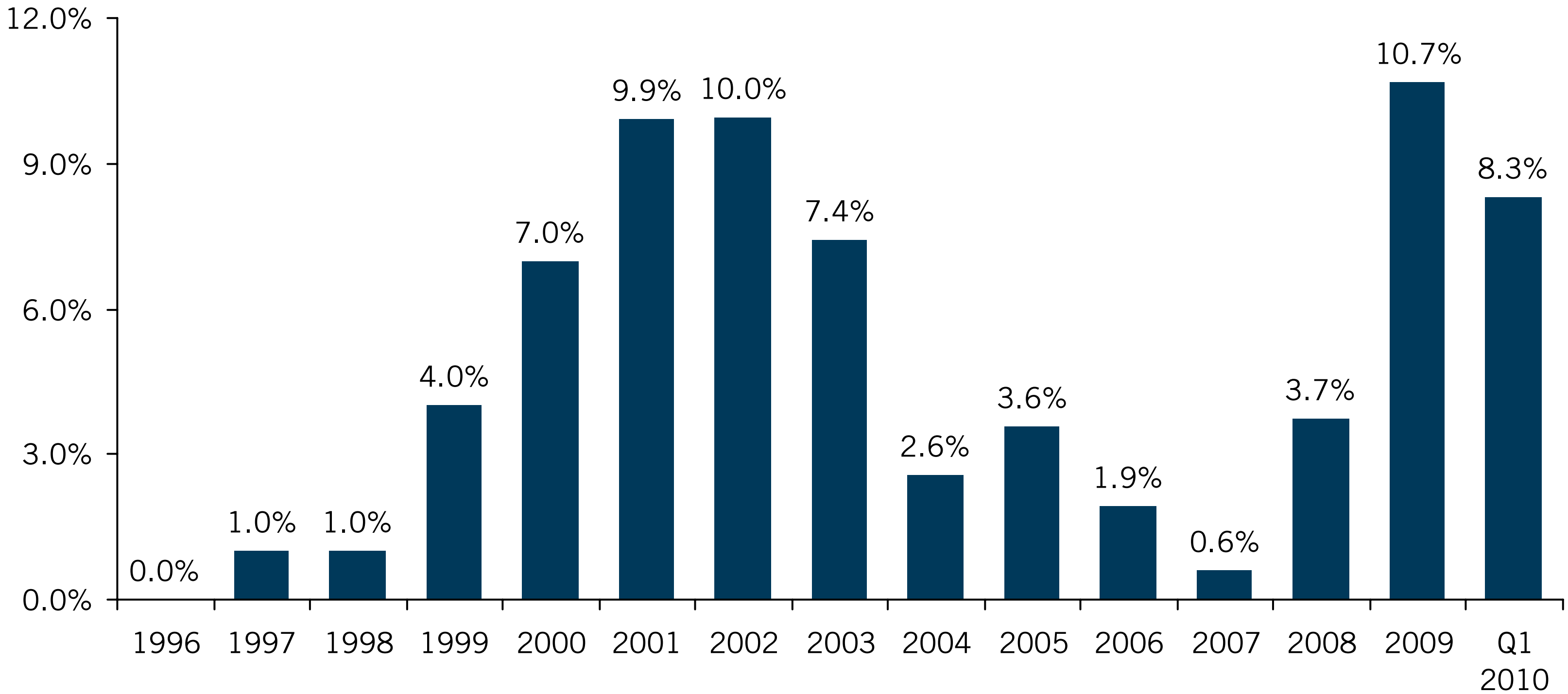
- The prevailing theme for 4Q 2009 was a return to some semblance of normalcy in most segments of the credit markets; defaults eased, rallies continued but at a slower pace, volatility decreased and leveraged loan new issuance activity picked up considerably
- Despite the rebound in the leveraged loan markets, high yield bonds closed out the year with continued dominance over primary activity in the leveraged space, accounting for 69% of new issuances in 2009 and 70% of issuances in 4Q '09
- High yield bond issuances for 2009 registered at an all-time high of over $180.7 billion, surpassing the prior record of $158.2 billion posted in 2004
- Leveraged loan new issuances, on the other hand, fell to an all-time low of $75.4 billion
  - $26.3 billion of new leveraged loan new issuances in 4Q '09 accounted for a substantial portion of the year's healthy activity, and loans may continue to build on this momentum in 2010 with CLOs back in the game
  - While bear market issuers typically prefer the longer maturities and looser covenants associated with bonds to the prepayment flexibility afforded by loans, a significant pick-up in M&A activity in 2010 may fuel renewed loan issuances as flexible repayment terms become more attractive
- On balance, 2009 loans were generally characterized by high spreads, low leverage, favored sectors, strong ratings, upfront fees, LIBOR floors and tight covenants
  - As market conditions have improved, however, so has risk appetite. Three institutional LBO loans launched in 4Q '09 were attached to credits with trailing debt multiples of 5x or greater, while average LIBOR floors dropped from 2.47% in 3Q 2009 to 2.13% during 4Q '09.
  - In addition, a number of 4Q deals were tweaked with more issuer-friendly terms post-launch
- Amendment activity continued to slow in 4Q '09, with just 27 covenant-relief amendments completed, compared to an average of 50 per quarter earlier in the year
- In secondary activity, leveraged loan prices posted a 2.94% return for December, bringing 2009 LSTA returns to 52% and reversing the prior year's record loss of 29%. High yield bond returns were also indicative of a banner year in 2009, with the Merrill Lynch U.S. High Yield Master II Index posting returns of nearly 59%

Source: Standard & Poor's LCD, JP Morgan Research.

Payment Defaults May Have Peaked…

- Defaults hit a high in April 2009, stabilizing at 10.7% by 2009 year-end and falling to 8.3% as of March 2010
  - S&P predicts a default rate decline to 5% by the end of 2010

Outstanding Leveraged Loans in Payment Default or Bankruptcy

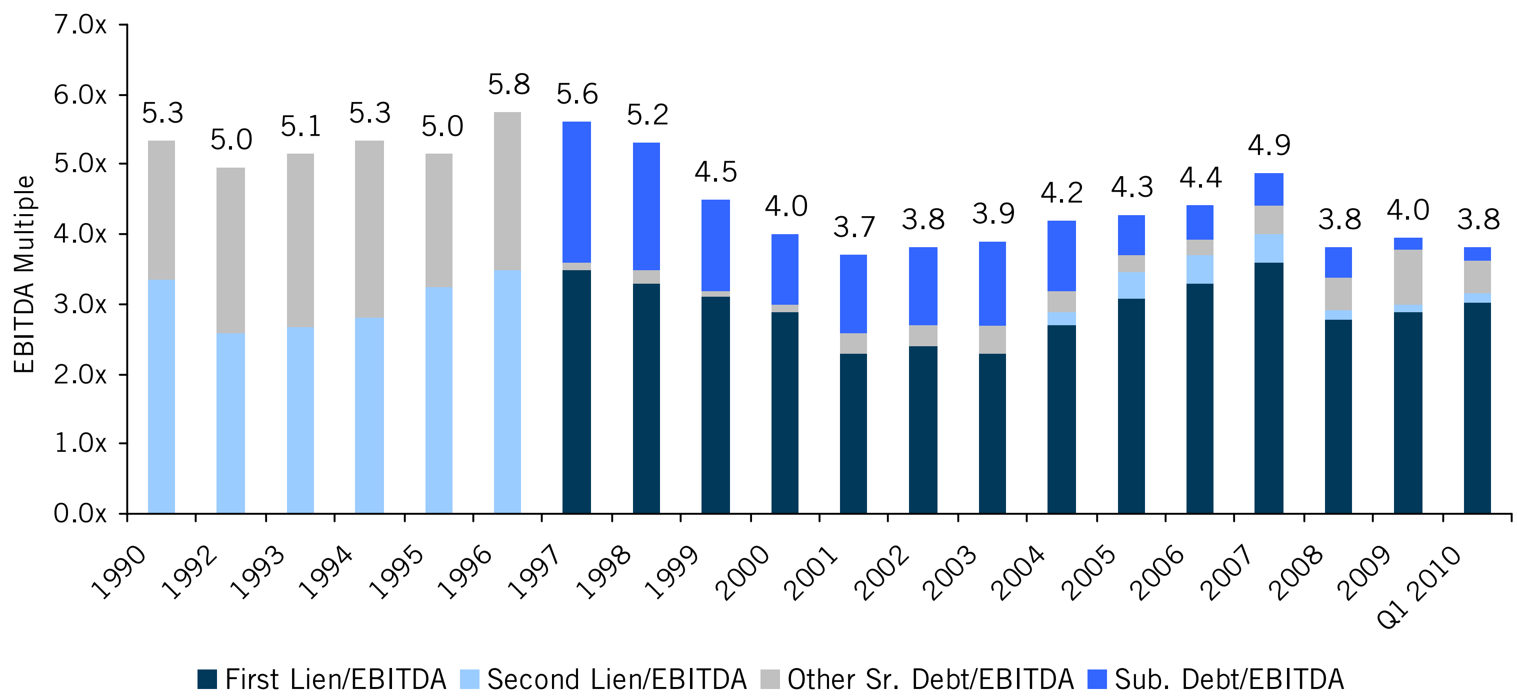


Source: S&P LCD, Moody's.

...Leading to Less Conservative Leverage Levels for New Transactions...

- The uptick in leverage levels in 4Q'09 and 1Q '10 signaled a return to a more borrower-friendly market
- Leverage on Q1 '10 deals declined slightly relative to 4Q '09 averages as the deal mix shifted significantly towards leveraged recapitalizations. Multiples related to LBO deals, however, increased from 3.5x during 4Q '09 to 4.8x during 1Q '10

Average Debt Multiples of Highly Leveraged Loans

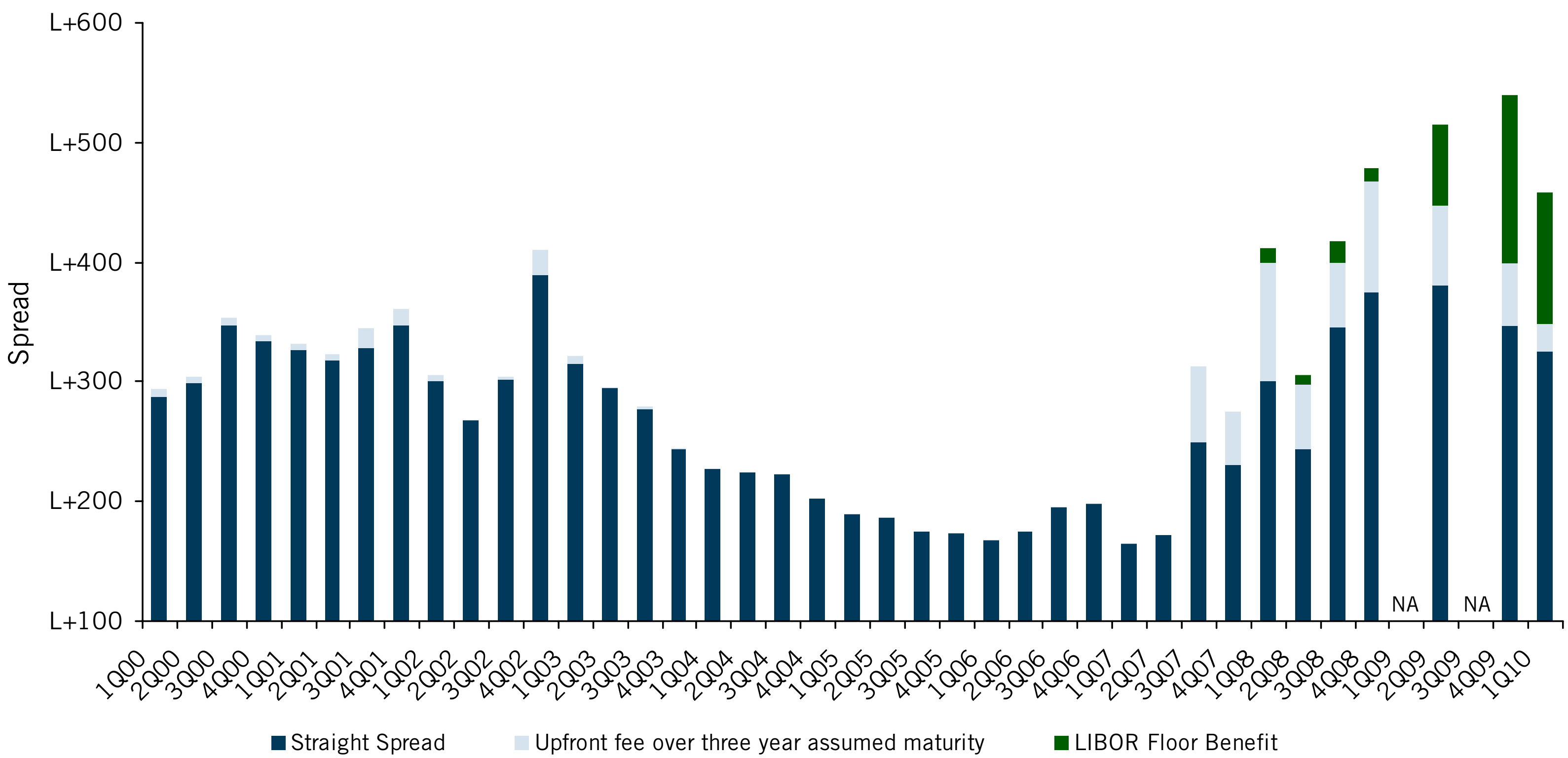


Source: S&P LCD.
Note: For 1990-1996, breakouts of First Lien debt & Second Lien debt were not available; therefore the lower portion of the column reflects Bank Debt/EBITDA and the top portion reflects all Non Bank Debt/EBITDA.
Criteria: Pre-1996 data is based on all debt priced at L+250 and higher; 1996 to date data is based on all debt priced at L+225 and higher; Media loans are excluded; 1991 data is excluded given too few deals to form a meaningful sample.

…And More Stable Pricing for Leveraged Loans

- Pricing for outstanding loans, while still well above the historical lows, has begun to show signs of decline

Average Pricing of Highly Leveraged Loans



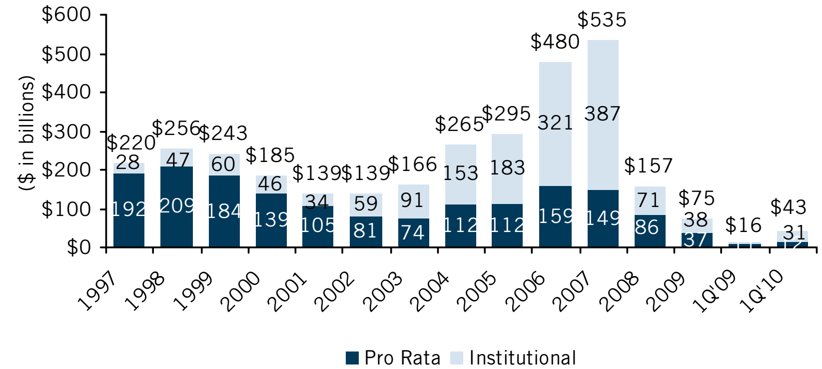
Source: S&P LCD.
Note: Assumes upfront fee is amortized evenly over an assumed three-year life; Upfront fee represents Original Issue Discount.
Insufficient sample size in 1Q 2009 and 3Q2009 to draw meaningful conclusion.

Leveraged Loan Issuance

Observations

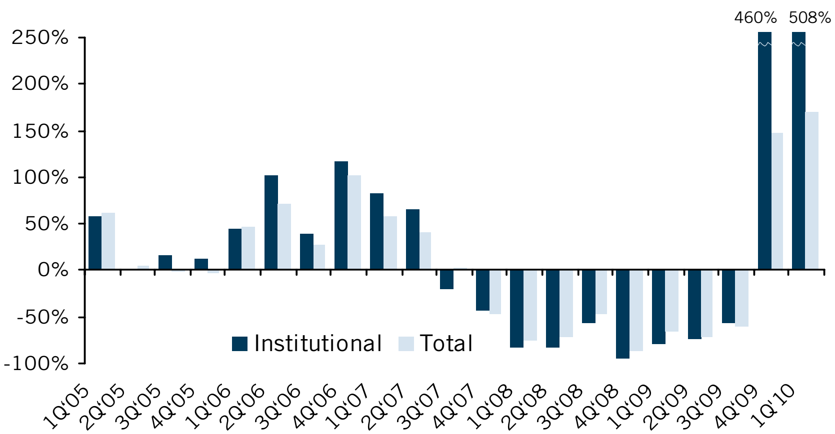
- Leveraged loan volume for 2009 was $75 billion, representing an all-time new issuance low. That said, 4Q'09 issuance of $26.3 billion, though still lower than the $44 billion volume in 3Q'08, outpaced each of the last four quarters
- 4Q'09 momentum was evident in December activity, which, despite an abbreviated calendar featured 21 loans totaling $7.58 billion, marking the highest number of loans printed in a single month since November 2007
- CLO appetite for loans has shown signs of an increase as funds look to put proceeds from recent bond repayments to work. CLOs snapped up 61% of B1/B+ or better rated paper in 2009

New Issue Leveraged Loan Volume



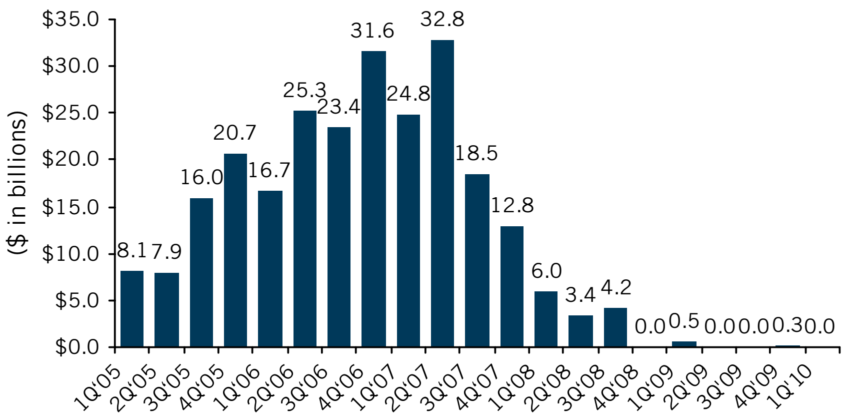
Source: S&P LCD.

Year-Over-Year Volume Change



Source: S&P LCD.

Quarterly CLO Issuance

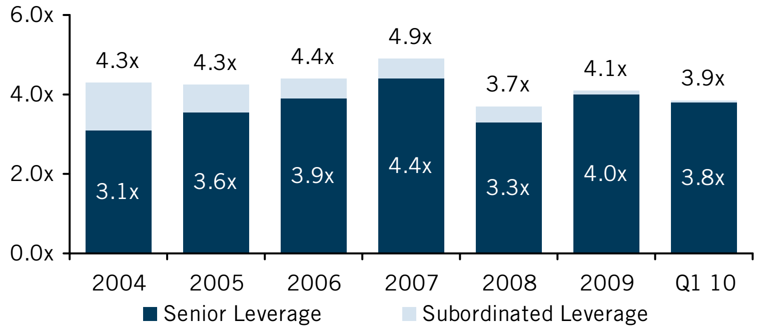


Source: S&P LCD.

New Issuance Leverage Trends

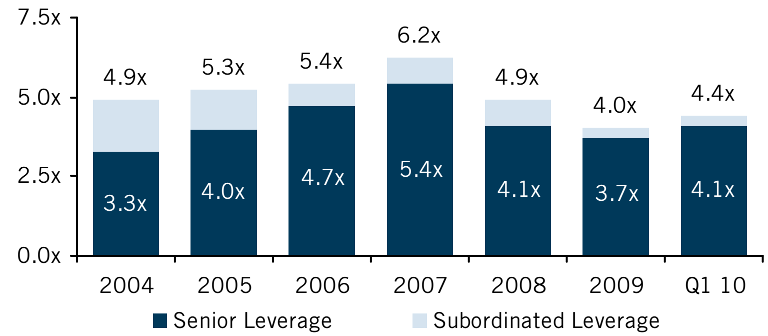
- Leverage multiples have declined since 2007, but deals have generally shown a return to less conservative leverage multiples in 4Q ’09 and 1Q ‘10

Large Corporate (1)



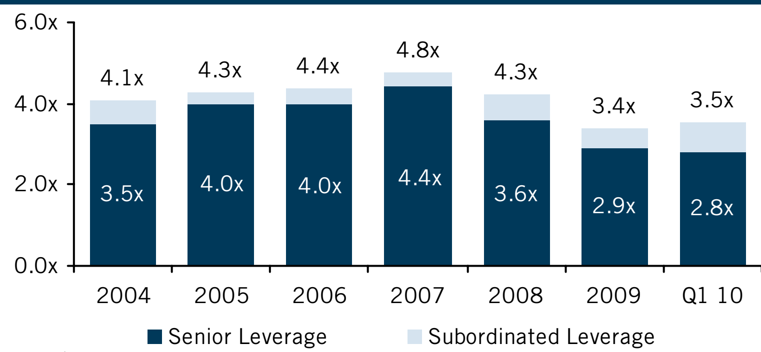
Source: S&P LCD.
(1) More than $50 million EBITDA.

Large LBO (1)



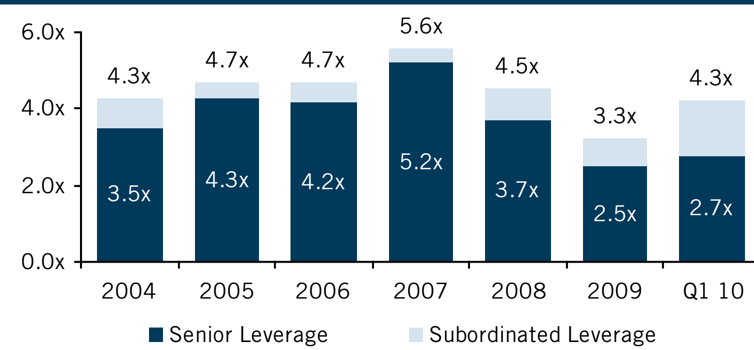
Source: S&P LCD.
(1) More than $50 million EBITDA.

Middle Market Corporate (1)



Source: S&P LCD.
(1) $50 million EBITDA or less.

Middle Market LBO (1)

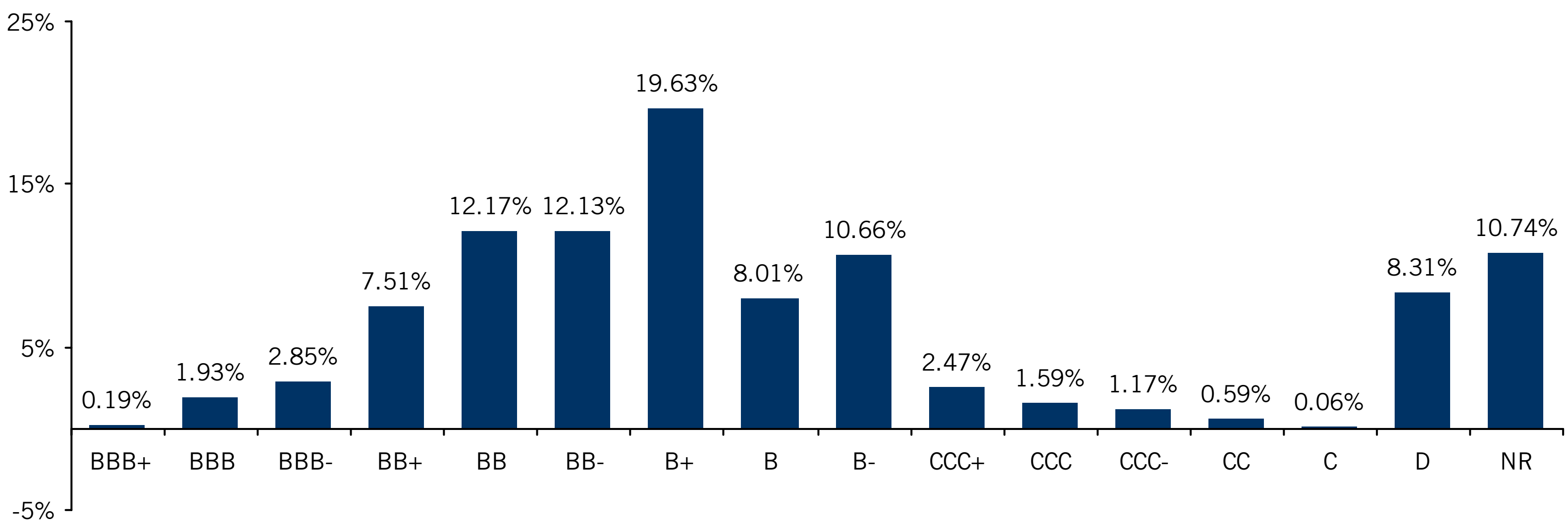


Source: S&P LCD.
(1) $50 million EBITDA or less.

Outstanding Leveraged Loans by Rating

- Among rated loans, over 36% are rated BB- or higher (corporate) by S&P and Moody's, down from 45% at the end of 2008

Outstanding Leveraged Loans by Rating



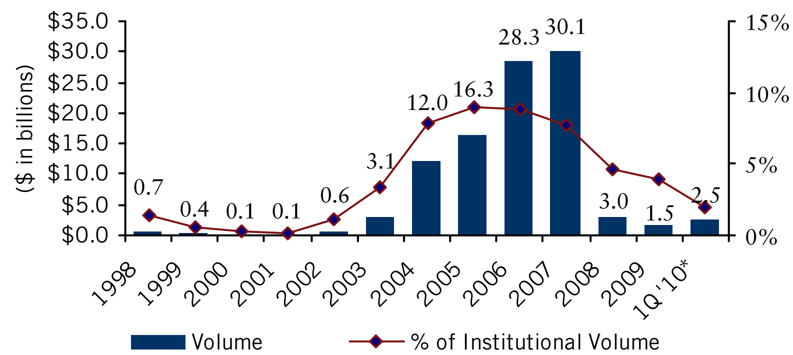
Source: S&P LCD, as of 3/26/10.

Second Lien Market

Observations

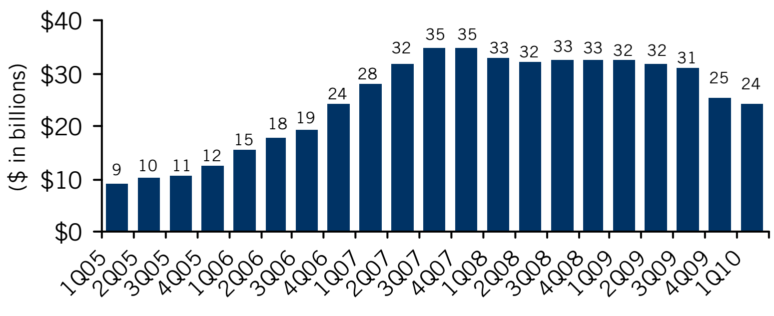
- Due to the decline in LIBOR and the corresponding low yields, Second Lien funds and hedge funds showed little appetite for Second Lien loans during 2008 and 2009
- As a result, Second Lien lending contracted
  - Volume declined 95% to a 7-year low of $1.5 billion in 2009
- The universe of outstanding loans continued to shrink in 1Q '10 amid repayments from bond proceeds
- The supply contraction, coupled with increased lender appetite, has led to a significant reduction in average spreads in 1Q '10; however, average spreads, though down to 1,042 from averages of 1,452 in 2009, remain far above averages of 659 in 2007

Volume of Second Lien Loans



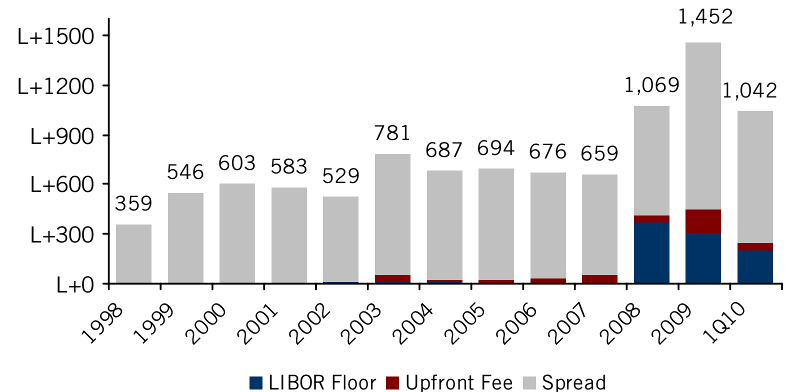
Source: S&P LCD.
**Annualized.*

Par Amount Outstanding of Second Lien Loans



Source: S&P LCD.

Average Spread of Second Lien Loans



Source: S&P LCD.

Mezzanine Market Overview

- Market conditions remain attractive for mezzanine lenders; however, investors are focused on the following:
  - Credit quality
  - Underlying enterprise value multiples
  - Pricing in the 16-19% range (cash/PIK)
  - Target IRR on investments in the high teens
- Warrants continue to be required in certain transactions, but give-up has become increasingly commonplace
- Hedge funds continue to look at mezzanine in both traditional and non-traditional forms (senior/second lien structures)
- Below is a summary of recent pricing/structural developments:

Deal Component	Dec '07	Dec '08	Dec '09
Pricing	13% - 17%	16% - 19%	16% - 19%
Warrants	Sometimes or co-investment	Requested most deals	Common on most deals
Optional Pre-Payment	103, 102, 101	NC1, 103, 102, 101	NC1, 102, 101, par
Minimum Equity Contribution	25% - 30%	35 – 45%	35 – 45%
Investor Sentiment	Open; Active	Measured	Measured, but improving
Investors	BDCs, SBICs, Traditional LPs, Hedge Funds (limited), Finance Companies, Alternative Asset Groups	Traditional LPs, SBICs, Hedge Funds (limited), Finance Companies, Alternative Asset Groups	Traditional LPs, SBICs, Finance Companies, Alternative Asset Groups, Cross-Over Sponsors

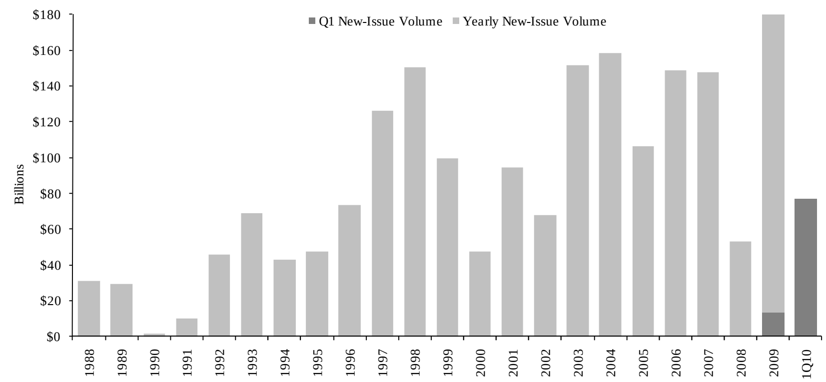
Source: 2009 Middle Market Mezzanine Symposium, HL Analysis.

High Yield Market

Current Market Conditions

- High yield bond issuances continued at a frenzied pace in 1Q ’10
  - High yield issuance was at $77 billion for 2009, surpassing the prior quarterly record set in 2Q ’07 by approximately $15 billion
- High yield volume continued to outpace loan market issuance, which was at $44 billion in 1Q ’10
  - Despite the recovery in the loan markets, issuers continued to find the appeal of fixed rates, loose covenants and longer maturities more enticing than the prepayment flexibility afforded by loans
  - The mix may shift in favor of loans in the event of an M&A pick-up as borrowers look to maximize repayment flexibility
- Secondary spreads have narrowed across rating classes over the last several quarters, reflecting a flattening in the risk curve

Volume of US High Yield Issuance

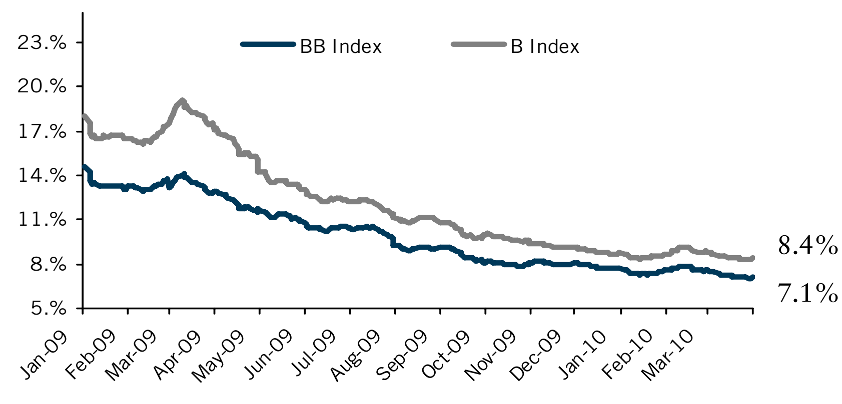


Source: JP Morgan, Prospect News, S&P LCD, and AMG.

Weekly High-Yield Fund Flows

Source: AMG Data Services.

BB and B High-Yield Indices



Source: Merrill Lynch Global Index System.

Recent DIP Financings

- As default rates soared in 2009, DIP financings proliferated
  - Unprecedented conditions that made DIP financings more difficult to secure than in prior downturns eased in late 2009, giving way to increased financings in 4Q ’09 and 1Q ’10
  - Recent DIP financings to enter the marketplace include:

Deal Active Date	Company	Deal Amount (mm)	Facility Type	Pricing (bps)	Maturity
3/31/10	Xerium Tech	$490	Revolver Term Loan	L+450 L+450	6 Months
3/15/10	Greenwood Financial Inc.	$120	Revolver Term Loan A	L+350 L+850	12 Months
3/1/10	White Birch Paper Co.	$140	Term Loan B	L+650	9 Months
2/15/10	Atrium Companies Inc.	$40	Other Loan		9 Months
2/5/10	Neenah Foundry Co	$140	Revolver Term Loan	L+650 L+1000	12 Months
2/3/10	Chemtura Corp	$450	$150 Revolver $300 Term Loan B	L+400 L+400	12 Months

- DIP financings should decline as the resurgence in the financing markets has forced fewer companies into defualt

Sources: S&P LCD and LoanConnector.

Financial Sponsor Overview

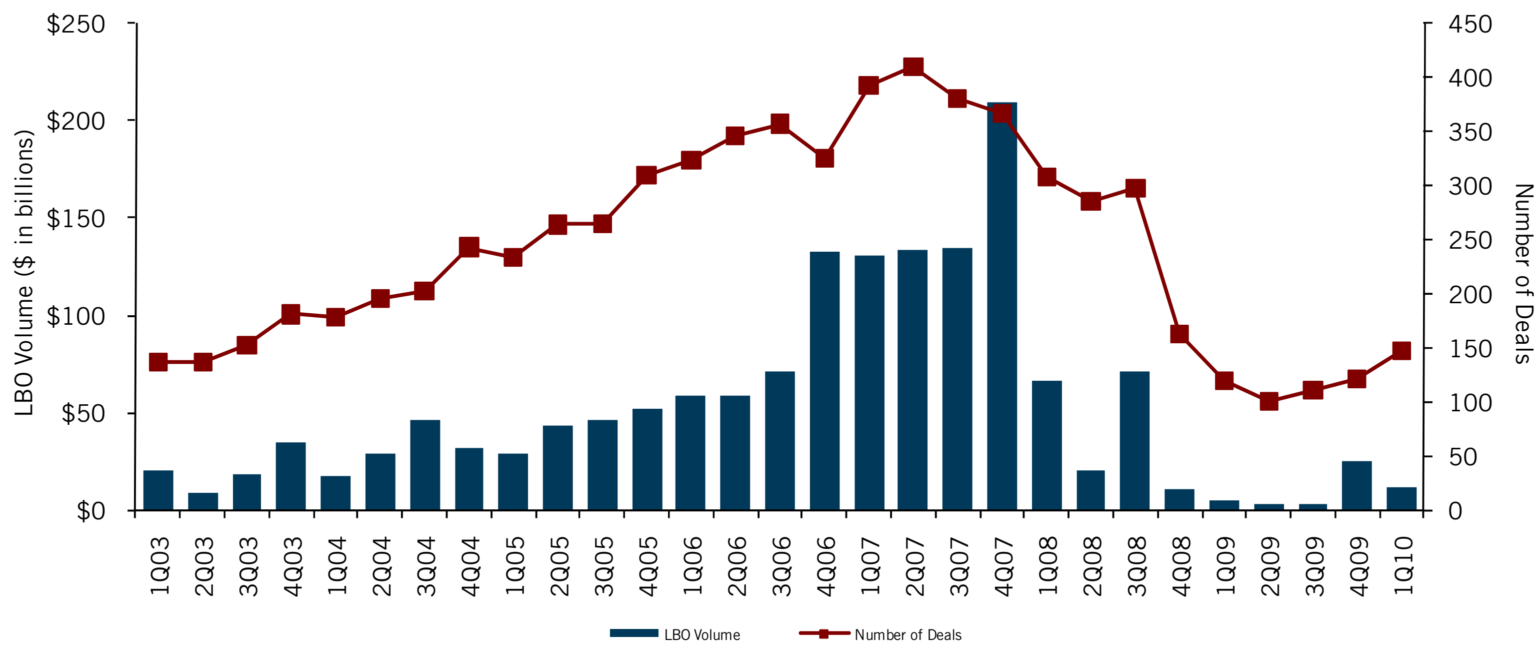
Private Equity M&A Drivers

Buy-Side	Sell-Side
▪ Continued pressure to deploy capital – particularly for vintage ’06 – ’07 funds ▪ Abundance of equity capital ▪ Return of senior lenders to book assets ▪ Public companies shedding non-core operations ▪ Private companies with shareholder liquidity and estate-planning issues ▪ Lowered seller value expectations	▪ Attractive valuations in certain situations with the return of strategic buyers ▪ Aging portfolios ▪ Desire to create returns to aid new fundraising or fundraising on hold ▪ Improving senior credit markets

Recent LBO Activity

- LBOs began to resurface as the leveraged loan markets staged an up-tick in activity in 4Q '09 and 1Q '10. Improving access to financing, coupled with anticipated need for investment exits in 2010 for IRR, should fuel renewed activity as the broader M&A market recovers

Total U.S. Leveraged Buyout Volume
2003 – Q1 2010



Source: Thomson Reuters Buyouts Magazine April 2010 issue.

Recent Public Going Private Transactions

($ in millions)

Announced Date	Closing Date	Acquiror	Target	Transaction Value[1]	EV / EBITDA	EV / EBIT
4/11/2010	Pending	Cerberus Capital Management, L.P.	DynCorp International Inc.	$1,564.4	5.9x	7.1x
3/28/2010	Pending	Madison Dearborn Partners, LLC	BWAY Holding Company	$900.9	6.5x	9.9x
3/25/2010	Pending	Thoma Bravo, LLC	Plato Learning, Inc.	$114.6	35.6x	NMF
3/8/2010	Pending	CCMP Capital Advisors, LLC	infoGROUP, Inc.	$637.4	7.5x	10.6x
3/5/2010	Pending	RCN Corp.	ABRY Partners, LLC	$1,246.7	6.0x	NMF
2/26/2010	Pending	CKE Restaurants Inc.	Thomas H. Lee Partners, L.P.	$945.3	6.1x	11.2x
2/11/2010	Pending	Advent International Corporation, Bain Capital, LLC, Berkshire Fund VII, L.P., Berkshire Partners, LLC, Stockbridge Fund	SkillSoft plc	$1,070.9	9.2x	10.4x
1/22/2010	Pending	Lone Star Funds	Lodgian Inc.	$316.2	11.3x	NMF
12/24/2009	Did Not Close	Thoma Bravo, LLC	Amicas, Inc.	$149.0	NMF	NMF
12/16/2009	Did Not Close	Apollo Management, L.P.	Cedar Fair LP	$2,235.1	6.9x	11.5x
11/13/2009	Did Not Close	Prophet Equity[2]	Silicon Storage Technology, Inc.	$85.5	NMF	NMF

(1) Equivalent to implied enterprise value.
(2) Outbid by Microchip Technology, Inc.

Recent Public Going Private Transactions (cont.)

($ in millions)

Announced Date	Closing Date	Acquiror	Target	Transaction Value[1]	EV / EBITDA	EV / EBIT
11/3/2009	Pending	Fertitta Acquisition Co.	Landry's Restaurants, Inc.	$1,185.1	6.2x	9.9x
10/18/2009	1/13/2010	H.I.G. Capital, LLC	Allion Healthcare, Inc.	$270.8	8.3x	10.1x
9/28/2009	10/27/2009	American Securities, L.P.	GenTek Inc.	$561.7	4.6x	6.1x
9/25/2009	11/12/2009	Platinum Equity, LLC	Pomeroy IT Solutions Inc.	$42.5	NMF	NMF
9/9/2009	10/23/2009	Apollo Management, L.P.	Parallel Petroleum Corp.	$468.6	6.1x	NMF
8/24/2009	10/13/2009	Advent International Corporation	Charlotte Russe Holding, Inc.	$311.2	6.6x	NMF
7/22/2009	8/24/2009	Apax Partners LLP	Bankrate, Inc.	$516.5	12.7x	17.6x
2/20/2009	7/28/2009	Thoma Bravo, LLC	Entrust Inc.	$96.4	13.4x	28.9x
2/3/2009	3/19/2009	JLL Partners	PharmaNet Development Group, Inc.	$188.0	7.1x	21.0x
7/28/2008	2/2/2009	Insight Equity	Meadow Valley Corporation	$50.4	3.8x	8.5x
1/27/2008	Did not close[2]	Fertitta Acquisition Co.	Landry's Restaurants, Inc.	$1,047.6	5.5x	8.9x

(1) Equivalent to implied enterprise value.
(2) Tilman J. Fertitta, Chairman and CEO, recently signed a definitive agreement on 11/3/09 to acquire the remaining 44.9% stake he does not already own.
Source: Capital IQ.

Review of Recent Public Going Private Transaction Terms

Target / Acquiror	DynCorp International Inc. / Cerberus Capital Management, L.P.
Closing Date	Pending, Announced 4/11/10
EV / EBITDA Multiple[1]	$1.5 billion / 5.8x
Price Per Share / Premium[1]	$17.55 / 49.4%
Process	■ NA
Termination Fee	■ $30 million (2% of EV) ■ Expense reimbursement up to $12 million (0.8% of EV) ■ Under certain circumstances, in the event that a party establishes that the other party has committed a "Willful Breach" (as defined in the Merger Agreement) of the Merger Agreement, then the party that has committed the Willful Breach shall be required to pay the non-breaching party liquidated damages in the amount of $300 million (20% of EV).
Reverse Termination Fee	■ $100 million (6.7% of EV) ■ Under certain circumstances, in the event that a party establishes that the other party has committed a "Willful Breach" (as defined in the Merger Agreement) of the Merger Agreement, then the party that has committed the Willful Breach shall be required to pay the non-breaching party liquidated damages in the amount of $300 million (20% of EV).
Financing Conditions	None
Sponsor Guarantee[2]	■ Limited Guarantee ■ Covers the reverse termination fee and company expenses
Go-Shop	Yes, 28 days
Voting Agreement	Yes, with the largest stockholder, DIV Holding LLC (represents approximately 34.9% of total shares outstanding)

1. *Source: Capital IQ.*
2. *Newco is the signatory to the merger agreement and sponsor is not.*

Review of Recent Public Going Private Transaction Terms (cont.)

Target / Acquiror	BWAY Holding Company / Madison Dearborn Partners, LLC
Closing Date	Pending, Announced 3/28/10
EV / EBITDA Multiple[1]	\$900.9 million / 6.5x
Price Per Share / Premium[1]	\$20.00 / 15.3%
Process	■ In October 2009, received unsolicited inquires by three parties, including Madison Dearborn Partners ("MDP") ■ Engaged a financial advisor in November 2009 and contacted additional parties ■ MDP submitted an initial indication of interest at \$18.50/share ■ After further diligence and negotiations, MDP signed a definitive agreement on March 28, 2010 to acquire the Company at price of \$20.00/share
Termination Fee	■ \$12.5 million (1.4% of EV); or \$5 million (0.6% of EV) if the Company accepts a superior proposal during the go-shop period ■ In circumstances other than those in which the Company is required to pay the termination fee described in the prior sentence, the Company may be obligated to reimburse transaction expenses incurred by Parent and Merger Sub up to \$3 million (0.3% of EV) upon termination of the Merger Agreement, plus, if an alternative acquisition is entered into within a year following a termination that gave rise to a reimbursement obligation, up to an additional \$1 million of expenses.
Reverse Termination Fee	■ \$27.5 million (3.1% of EV) (minus any amounts previously reimbursed to the Company by the Parent in respect of expenses that may be incurred by the Company as a result of certain obligations under the Merger Agreement) if the Company terminates the Merger Agreement because (i) Parent or Merger Sub has breached any of its representations, warranties, covenants or agreements in the Merger Agreement, or (ii) Parent's and Merger Sub's closing conditions have been satisfied, and Parent and Merger Sub fail, following notice from the Company that it is prepared to consummate the Closing, to consummate the Merger when required by the Merger Agreement. ■ Parent will be required to pay (without duplication of the amounts described above) to the Company a fee of \$5 million (0.6% of EV) (minus any amounts previously reimbursed to the Company by the Parent in respect of expenses that may be incurred by the Company as a result of certain obligations under the Merger Agreement) if the Merger Agreement is terminated by Parent for failure to satisfy the Maximum Leverage Ratio
Financing Conditions	None
Sponsor Guarantee[2]	■ Limited Guarantee
Go-Shop	Yes, 30 days
Voting Agreement	Yes, with Kelso & Company (represents approximately 45% of total shares outstanding)

[1] *Source: Capital IQ.*
[2] *Newco is the signatory to the merger agreement and sponsor is not.*

Review of Recent Public Going Private Transaction Terms (cont.)

Target / Acquiror	Plato Learning, Inc. / Thoma Bravo LLC	infoGROUP, Inc. / CCMP Capital Advisors, LLC
Closing Date	Pending, Announced 3/25/10	Pending, Announced 3/8/10
EV / EBITDA Multiple[1]	$114.6 million / 35.6x	$637.4 million / 7.5x
Price Per Share / Premium[1]	$5.60 / 14.1%	$8.00 / (2.0%)
Process	■ In late spring 2007, the Company engaged a financial advisor to pursue strategic alternatives ■ The Company abandoned the strategic alternative process in February 2008 but continued to receive occasional inquiries from financial buyers who participated in the process ■ In July 2009, Thoma Bravo submitted an indication of interest to acquire the Company at a price of $5.00/share ■ In December 2009, Thoma Bravo increased its offer to $5.50/share and the Company engaged a financial advisor to further pursue its strategic alternatives ■ In February 2010, after contacting additional parties, the Company received four indications of interest ranging from $5.00/share to $6.50/share ■ After further due diligence, Thoma Bravo signed a definitive agreement to acquire the Company at a price of $5.60 on March 25, 2010	■ Engaged a financial advisor in August 2009 to commence a formal process to explore the Company's strategic alternatives, including a potential sale ■ 52 parties contacted ■ 34 parties (25 financial and nine strategic) executed confidentiality agreements ■ 11 parties submitted indications of interest ■ Ten parties (nine financial and one strategic) attended management presentations ■ In February 2010, the Company received two proposals ranging from $8.00/share to $8.40/share ■ After further negotiations and due diligence, CCMP signed a definitive agreement to acquire the Company at a price of $8.00 on March 8, 2010
Termination Fee	■ $5.8 million (5.1% of EV) ■ Expense reimbursement up to $1.5 million (1.3% of EV) (credited against termination fee)	■ $15.9 million (2.5% of EV) ■ Expense reimbursement up to $2 million (0.3% of EV)
Reverse Termination Fee	■ No reverse termination fee or expense reimbursement	■ $25.4 million (4.0% of EV) ■ Expense reimbursement up to $2 million (0.3% of EV)
Financing Conditions	None	None
Sponsor Guarantee[2]	■ Thoma Bravo provided a guarantee for the full value of the transaction	■ Limited Guarantee ■ Covers reverse termination fee and expenses
Go-Shop	No	Yes, 21 days
Voting Agreement	Yes, with certain directors and officers of the company along with selected stockholders (represents approximately 18% of total shares outstanding)	Yes with certain stockholders, including certain directors and executive officers of the company (represents approximately 36% of total shares outstanding)

1. *Source: Capital IQ.*
2. *Newco is the signatory to the merger agreement and sponsor is not.*

Review of Recent Public Going Private Transaction Terms (cont.)

Target / Acquiror	RCN Corp. / ABRY Partners, LLC	CKE Restaurants Inc. / Thomas H. Lee Partners, L.P.
Closing Date	Pending, Announced 3/5/10	Pending, Announced 2/26/10
EV / EBITDA Multiple[1]	$1.2 billion / 5.8x	$945.3 million / 6.1x
Price Per Share / Premium[1]	$15.91 / 29.8%	$11.05 / 24.0%
Process	■ In April 2009, engaged in preliminary discussions with multiple private equity firms about exploring a potential acquisition ■ Four parties submitted indications of interest ranging from $11.00 - $15.00/share ■ Engaged a financial advisor in November 2009 ■ Conducted further due diligence from November 2009 – February 2010 and received two revised offers of $14.00/share and $15.00/share ■ On March 5, 2010, ABRY Partners, LLC signed an agreement to acquire the Company for $15.00/share	■ In September 2009, the Company entered into discussions with several private equity firms interested in exploring a potential acquisition ■ Engaged a financial advisor in December 2009 to continue discussions with Thomas H. Lee Partners (“THL”) ■ On December 17, 2009, THL submitted an indication of interest at a price of $10.00/share ■ After further due diligence and negotiations, THL signed a definitive agreement on February 26, 2010, to acquire the Company at a price of $11.05/per share with a 40 day go-shop period ■ On April 7, 2010 the Company received a takeover proposal from an unidentified party that is reasonably expected to lead to a superior proposal and as such, the Company is permitted to continue negotiations with the party until April 27, 2010
Termination Fee	■ $17.5 million (1.5% of EV); or $10.0 million (0.8% of EV) if RCN terminates the agreement in order to enter into an alternative acquisition agreement with respect to a superior proposal during the go-shop period ■ Expense reimbursement up to $6 million (0.01% of EV)	■ $15.5 million (1.6% of EV); or $9.3 million (1.0% of EV) if the company terminates the merger agreement in order to enter into (i) prior to the go-shop period start date, a definitive agreement with respect to a superior proposal, or (ii) prior to the cut-off date, a definitive agreement with respect to a superior proposal from an excluded party ■ Expense reimbursement up to $5.0 million (0.5% of EV)
Reverse Termination Fee	■ $30 million (0.25% of EV)	■ $15.5 million (1.6% of EV); or $30.9 million (3.3% of EV) if all the closing conditions to the obligations of Parent and Merger Sub have been satisfied, the financing contemplated by the debt commitment letter has funded (or all conditions to funding have been satisfied) and Parent and Merger Sub fail to complete the merger within five days following the receipt of such financing
Financing Conditions	None	None
Sponsor Guarantee[2]	■ Limited Guarantee ■ Covers reverse termination fee	■ Limited Guarantee ■ Covers reverse termination fee
Go-Shop	Yes, 41 days	Yes, 40 days
Voting Agreement	Not disclosed	Yes, with selected officers and directors

1. Source: Capital IQ.
2. Newco is the signatory to the merger agreement and sponsor is not.

Review of Recent Public Going Private Transaction Terms (cont.)

Target / Acquiror	SkillSoft plc/ Advent International Corporation, Bain Capital, LLC, Berkshire Fund VII, L.P., Berkshire Partners, LLC, Stockbridge Fund	Lodgian Inc. / Lone Star Funds
Closing Date	Pending, Announced 2/11/10	Pending, Announced 1/22/10
EV / EBITDA Multiple[1]	$1.1 billion / 9.2x	$316.2 million / 11.3x
Price Per Share / Premium[1]	$10.80 / 11.5%	$2.50 / 40.8%
Process	■ In Fall of 2007, the Company entered into discussions with several private equity firms interested in exploring a potential acquisition or investment ■ In September 2009 members of management met with members of Berkshire Partners ■ On January 27, 2010, the Investor Group submitted a written indication of interest at $10.50/share ■ After further negotiations, the Investor Group increased its off to $10.80/share on February 3, 2010	■ Engaged a financial advisor to explore strategic alternatives in December 2006 ■ Contacted 140 parties ■ 40 parties executed confidentiality agreements ■ 17 parties submitted indications of interest and 11 parties engaged in negotiations regarding a potential sale transaction ■ Received an oral indication of interest from Loan Star Acquisitions in July 2009 at $2.50/share
Termination Fee	■ Expense reimbursement up to 1.0% of transaction value	■ $3.25 million (1.0% of EV) ■ No expense reimbursement
Reverse Termination Fee	■ No reverse termination fee or expense reimbursement	■ No reverse termination fee or expense reimbursement
Financing Conditions	Yes	None
Sponsor Guarantee[2]	■ None	■ Lone Star provided a guarantee for the full value of the transaction
Go-Shop	Yes, 24 days	No
Voting Agreement	Yes, with selected board members and management (represents approximately 0.02% of total shares outstanding)	Yes, with Key Colony (represents approximately 13.9% of total shares outstanding) and Oaktree (represents approximately 12.9% of total shares outstanding)

1. *Source: Capital IQ.*
2. *Newco is the signatory to the merger agreement and sponsor is not.*

Review of Recent Public Going Private Transaction Terms (cont.)

Target / Acquiror	Amicas, Inc. / Thoma Bravo, LLC
Closing Date	Pending, announced 12/24/09
EV / EBITDA Multiple[1]	$149 million / NMF
Price Per Share / Premium[1]	$5.35 / 22.1%
Process	■ Not shopped – received unsolicited verbal offer to acquire company from Thoma Bravo in August 2009 at $4/share ■ Offer was rejected but discussions continued on improved terms ■ Engaged a financial advisor in September 2009 ■ After further due diligence and negotiations, Thoma Bravo submitted its best and final offer of $5.35/share on November 3, 2009
Termination Fee	■ $4.3 million (2.8% of EV); or $8.6 million (5.7% of EV) if (I) the company terminates and accepts a superior proposal after the no-shop period start date OR (II) Newco terminates due to (i) a change in recommendation by the Board, (ii) material breach of company obligations during no-shop period, (iii) any public statement by Board opposing merger, or (iv) the company enters acquisition agreement with a party other than Newco within 12 months following termination by Newco for certain reasons (as specified in the merger agreement) ■ Expense reimbursement up to $2.0 million (1.3% of EV)
Reverse Termination Fee	■ No reverse termination fee or expense reimbursement
Financing Conditions	None
Sponsor Guarantee[2]	■ Thoma Bravo and its co-investors provided guarantees for the full value of the transaction
Go-Shop	Yes, 45 days
Voting Agreement	Yes, with the Selected Stockholders (represent voting control of 0.69%)

1. *Source: Capital IQ.*
2. *Newco is the signatory to the merger agreement and sponsor is not.*

Review of Recent Public Going Private Transaction Terms (cont.)

Target / Acquiror	Cedar Fair LP / Apollo Management, L.P.
Closing Date	Pending, Announced 12/16/09
EV / EBITDA Multiple[1]	$2.2 billion / 6.9x
Price Per Share / Premium[1]	$11.50 / 27.6%
Process	■ Not shopped - in October 2009, Apollo expressed an unsolicited interest in a potential acquisition of the company ■ Engaged a financial advisor to explore strategic alternatives in October 2009 ■ On October 27, 2009, Apollo submitted an offer at $11.25/share ■ After further negotiations, Apollo submitted a revised offer at $11.50/share ■ The company announced the execution of the merger agreement on December 16, 2009 ■ During the go-shop process, the company contacted 32 parties (6 strategic and 26 financial) ■ Six parties executed a confidentiality agreement, but none expressed an interest in making an acquisition proposal
Termination Fee	■ $19.6 million (0.9% of EV); or $11.4 million (0.5% of EV) if the company terminates the Merger Agreement during the go-shop period to accept an alternative acquisition proposal that constitutes a superior proposal ■ Expense reimbursement up to $6.5 million if (i) the Merger has not been consummated by May 10, 2010 (and, prior to termination, an alternative acquisition proposal has been publicly disclosed and not withdrawn or terminated); (ii) unitholder adoption of the Merger Agreement is not obtained or (iii) the Merger Agreement is terminated by Parent because of an uncured breach of the Merger Agreement by the Company
Reverse Termination Fee	■ $50 million (2.3% of EV) if the Merger Agreement is terminated by the Company because (i) there has been a breach of any of the covenants or agreements or a failure to be true of any of the representations or warranties set forth in the Merger Agreement on the part of Parent or Merger Sub or (ii) Parent fails to complete the closing within two business days following the date the closing should have occurred. If the Company has breached in any respect any of its covenants or agreements relating to solicitation, the special meeting, the proxy statement or the financing, then Parent will not be required to pay the Company the Maximum Recovery Amount
Financing Conditions	None
Sponsor Guarantee[2]	■ Limited guarantee ■ Up to $50 million, which is equal to the maximum recovery amount
Go-Shop	Yes, 30 days
Voting Agreement	No

1. *Source: Capital IQ.*
2. *Newco is the signatory to the merger agreement and sponsor is not.*

Review of Recent Public Going Private Transaction Terms (cont.)

Target / Acquiror	Silicon Storage Technology, Inc. / Prophet Equity	Landry's Restaurants, Inc. / Fertitta Group Inc.
Closing Date	Did not close[1]	Pending, announced 11/3/09
EV / EBITDA Multiple[1]	$85.5 million / NMF	$1.2 billion, 6.2x
Price Per Share / Premium[1]	$2.10 / 12.9%	$14.75 / 37.1%
Process	■ Engaged a financial advisor to explore strategic alternatives in June 2008 ■ Contacted 33 parties (18 financial and 15 strategic) ■ 17 parties executed confidentiality agreements ■ 15 parties attended management presentations ■ In October 2008, Prophet Equity submitted an offer of $3.00-$3.25/share ■ In February 2009, Prophet Equity submitted a revised offer of $1.28/share based on lower than expected 4Q results and outlook but later revised this offer to $1.89/share ■ Prophet subsequently raised its offer to $2.10/share in October 2009	■ On January 11, 2009, the merger agreement with Fertitta Acquisition to acquire the company for $13.50/share was terminated (see page 4 for further detail) ■ Engaged a financial advisor to explore strategic alternatives in August 2009 ■ In September 2009, Mr. Fertitta sent a letter to the special committee expressing his interest in exploring a going-private transaction ■ In September and October, the company's financial advisor contacted 44 potential buyers – 10 parties executed confidentiality agreements ■ Received an offer from Mr. Fertitta in October 2009 at $13/share, subject to financing ■ Offer was rejected, and Mr. Fertitta increased the offer to $13.75/share ■ After further negotiations, Mr. Fertitta submitted a best and final offer of $14.75/share
Termination Fee	■ $7.0 million (8.2% of EV); or $4.0 million (4.7% of EV) if the company accepts a superior proposal during the go-shop period ■ Expense reimbursement up to $2.0 million (2.3% of EV)	■ $4.8 million (0.4% of EV); or $2.4 million (0.2% of EV) if the company accepts a superior proposal during the go-shop period ■ Expense reimbursement up to $3.5 million (0.3% of EV)
Reverse Termination Fee	■ $7.0 million (8.2% of EV); or $4.0 million (4.7% of EV) if termination occurs prior to the expiration of the go shop period	■ $20.0 million (1.7% of EV) ■ No expense reimbursement
Financing Conditions	Yes	Contingent upon the consummation of the equity financing commitment from Mr. Fertitta ($40 million).
Sponsor Guarantee[2]	■ Limited guarantee ■ Covers reverse termination fee and fees and expenses incurred in connection with the merger agreement	■ Limited guarantee ■ Covers fees and expenses for regulatory filings, consents and approvals, fees and expenses incurred in connection with the merger agreement, the reverse termination fee and expenses to enforce payments of the reverse termination fee
Go-Shop	Yes, 45 days	Yes, 45 days
Voting Agreement	Yes, with select members of the management team (represent approximately 13.9% of the company's total shares outstanding)	Yes, with Fertitta (represents 55.1% of the company's total shares outstanding)

1. *Source: Capital IQ.*
2. *Newco is the signatory to the merger agreement and sponsor is not.*

Review of Recent Public Going Private Transaction Terms (cont.)

Target / Acquiror	Allion Healthcare, Inc. / H.I.G. Capital	GenTek Inc. / American Securities	Pomeroy IT Solutions / Platinum Equity Capital Partners
Closing Date	1/13/10	10/27/09	11/12/09
EV / EBITDA Multiple[1]	$271 million / 8.3x	$562 million / 4.6x	$43 million / NMF
Price Per Share / Premium[1]	$6.60 / 21.3%	$38.00 / 40.7%	$6.50 / 10.2%
Process	■ Engaged a financial advisor to explore a sale process ■ Contacted 60 parties ■ 51 parties executed confidentiality agreements (34 financial buyers and 17 strategic buyers) ■ 10 parties submitted indications of interest (9 financial buyers and 1 strategic buyer) ranging in value from $4.25 to $7.50/share ■ Received late written indication of interest from H.I.G. in April 2009 at a price range of $5.50 to $6/share ■ After further due diligence, all of the remaining parties, except H.I.G., dropped from the process ■ After further due diligence and negotiations, H.I.G. increased its offer to $6.60/share	■ Engaged a financial advisor to explore strategic alternatives in Q2 2009 ■ Not shopped – received an unsolicited written offer to acquire the company from American Securities in June 2009 at $30/share ■ Offer was rejected, and American Securities increased its offer to a range of $35 - $38/share ■ Company agreed to continue discussions and share non-public information based on revised terms ■ After further due diligence and negotiations, American Securities revised its offer to $37/share and later increased its offer to $38/share ■ American Securities reaffirmed its offer of $38/share on September 21, 2009.	■ Engaged a financial advisor to evaluate strategic alternatives ■ Not shopped – engaged in several discussions with potentially interested parties over a period of two years ■ Offer from Platinum Equity represented a superior proposal to a previously signed merger agreement which did include a go-shop provision
Termination Fee	■ $7.5 million (2.8% of EV) ■ Expense reimbursement up to $3.25 million (1.3% of EV) (credited against the termination fee if stockholders fail to adopt the merger agreement) and up to $4.5 million (1.7% of EV) upon breach of representations, warranties or covenants (not credited against the termination fee)	■ $10.0 million (1.8% of EV) ■ Expense reimbursement up to $2.0 million (0.4% of EV)	■ $2.6 million (6.1% of EV) ■ No expense reimbursement
Reverse Termination Fee	■ $7.5 million (2.8% of EV) if termination is because of a failure to receive financing, otherwise $10 million (3.7% of EV) ■ No expense reimbursement	■ $12.0 million (2.1% of EV) ■ No expense reimbursement	■ $5.0 million (11.8% of EV) ■ No expense reimbursement
Financing Conditions	Yes	None	None
Sponsor Guarantee[2]	■ Limited guarantee ■ Covers reverse termination fee and certain expenses up to $10 million	■ Limited guarantee ■ Covers reverse termination fee	■ Not disclosed, conditions to funding are solely the conditions precedent in the equity commitment letter (not disclosed)
Go-Shop	No	Yes, 45 days	No
Voting Agreement	Yes, with the rollover stockholders (represent voting control of approximately 41.1%)	No	No

1. *Source: Capital IQ.*
2. *Newco is the signatory to the merger agreement and sponsor is not.*

Review of Recent Public Going Private Transaction Terms (cont.)

Target / Acquiror	Parallel Petroleum Corp. / Apollo Management, L.P.	Charlotte Russe Holding, Inc. / Advent International Corporation	Bankrate, Inc. / Apax Partners LLP
Closing Date	10/23/09	10/13/09	8/24/09
EV / EBITDA Multiple[1]	$469 million / 6.1x	$311 / 6.6x	$517 million / 12.7x
Price Per Share / Premium[1]	$3.15 / 51.4%	$17.50 / 26.9%	$28.50 / 15.8%
Process	■ Engaged a financial advisor to explore strategic alternatives ■ Contacted 23 parties (13 financial buyers and 10 strategic buyers) ■ 12 parties executed confidentiality agreements (9 financial buyers and 3 strategic buyers) ■ 2 parties submitted offers (1 financial and 1 strategic) ■ Apollo's initial offer was $2.80/share ■ After further negotiations, both parties submitted their best and final offers ■ Apollo increased its offer to $3.15/share which was viewed as superior to the other party's final offer of $1.28/share ■ Apollo began a tender offer in September 2009	■ Rejected takeover offers of $9 and $9.50/share from Karp Reilly and H.I.G. Capital in November 2008 ■ Advent expressed its interest in the company via letters to the chairman in August 2008 and January 2009 ■ Engaged a financial advisor to evaluate strategic alternatives ■ Contacted 79 parties ■ 40 parties executed confidentiality agreements ■ 5 parties submitted indications of interest ranging in value from $10 to $15/share ■ 3 parties were selected to continue in the process ■ 2 parties submitted revised offers (Advent at $15.25/share and Buyer B at $15.50/share) ■ Exclusivity was offered to Advent due to higher perceived risk associated with Buyer B's offer ■ After further due diligence and negotiations, Advent increased its offer to $17.50/share ■ Advent began a tender offer in August 2009	■ Engaged a financial advisor to contact two financial buyers that were involved in prior processes in June 2007 and mid-2008 that did not result in a transaction ■ Apax submitted a written offer to acquire Bankrate in June 2009 at $30/share ■ After further due diligence and negotiations, Apax decreased its offer to $28.50/share ■ Apax began a tender offer in July 2009
Termination Fee	■ $4.0 million (0.85% of EV) ■ Expense reimbursement up to $1.0 million (0.2% of EV)	■ $11.4 million (3.7% of EV) ■ Expense reimbursement up to $2.5 million (0.8%) (credited against termination fee, if payable)	■ $30 million (5.8% of EV) ■ Expense reimbursement up to $3.0 million (0.6% of EV)
Reverse Termination Fee	■ No reverse termination fee or expense reimbursement	■ No reverse termination fee or expense reimbursement	■ $570.8 million ■ No expense reimbursement
Financing Conditions	None	None	None
Sponsor Guarantee[2]	■ Limited guarantee ■ Covers payment and performance owed by merger subsidiary pursuant to the merger agreement	■ Guarantee up to $380.3 million (or $390.1 million if specific performance is found to be required) ■ Covers the total monetary obligations owed pursuant to merger agreement	■ Guarantee up to $570.8 million ■ Apax provided 100% of the financing from its equity funds ($35 billion) under management ■ Covers full acquisition price
Go-Shop	No	No	No
Voting Agreement	No	No	No

1. *Source: Capital IQ.*
2. *Newco is the signatory to the merger agreement and sponsor is not.*

Review of Recent Public Going Private Transaction Terms (cont.)

Target / Acquiror	Entrust Inc. / Thoma Bravo LLC	PharmaNet Development Group, Inc. / JLL Partners
Closing Date	7/28/09	3/19/09
EV / EBITDA Multiple[1]	$96 million / 13.4x	$188 million / 7.1x
Price Per Share / Premium[1]	$1.85 / 29.0%	$5.00 / 273.1%
Process	■ Engaged a financial advisor to evaluate strategic alternatives ■ Met with a select group of both strategic and financial buyers in late 2007 and early 2008 that did not result in a transaction ■ Thoma Bravo initiated discussions about a potential acquisition in Q3 2008 and subsequently submitted a proposal to acquire Entrust in November 2008 for $1.75/share ■ After further due diligence and negotiations, Thoma Bravo increased its offer to $1.85/share	■ Received an unsolicited offer from a financial buyer in September 2008 for $20/share ■ The company engaged a financial advisor to evaluate strategic alternatives ■ 12 parties were contacted ■ 9 parties attended management presentations ■ 6 parties submitted an offer (5 financial buyers and 1 strategic buyer) ■ Initial bids ranged from $1.75 to $4.50/share ■ After further due diligence and negotiations, JLL increased its offer to $5/share ■ JLL began a tender offer in February 2009
Termination Fee	■ $4.6 million (4.8% of EV); or $2.3 million (2.4% of EV) if (i) the company accepts a superior proposal at any time prior to or after the no-shop period start date or (ii) the Board changes its recommendation or the tender or exchange offer establishes part of Newco's right to terminate the agreement prior to the no-shop period start date ■ No expense reimbursement	■ $6.0 million (3.2% of EV) ■ Expense reimbursement up to $3.0 million (1.6% of EV)
Reverse Termination Fee	■ No reverse termination fee or expense reimbursement	■ No
Financing Conditions	None	None
Sponsor Guarantee[2]	■ No	■ Guarantee up to $250 million ■ JLL provided 100% of the financing from its equity funds under management
Go-Shop	Yes, 30 days	No
Voting Agreement	Yes, with selected directors, officers and stockholders, including Empire Capital (represent approximately 20% of the company's total shares outstanding)	No

1. *Source: Capital IQ.*
2. *Newco is the signatory to the merger agreement and sponsor is not.*

Review of Recent Public Going Private Transaction Terms (cont.)

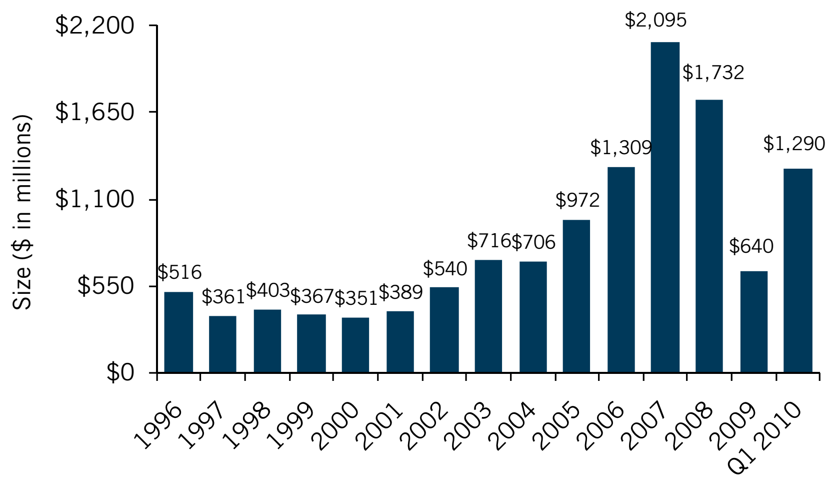
Target / Acquiror	Meadow Valley Corporation / Insight Equity	Landry's Restaurants, Inc. / Fertitta Acquisition Co.
Closing Date	2/2/09	Did not close[1]
EV / EBITDA Multiple[2]	$50 million / 3.8x	$1.0 billion / 5.5x
Price Per Share / Premium[2]	$11.25 / 22.1%	$13.50 / (19.0%)
Process	■ Bradley Larson, President and CEO, established an acquisition vehicle ■ Contacted 13 financial buyers to discuss a going-private transaction ■ After receiving term sheets from two parties, the company ultimately decided to move forward on an exclusive basis with Insight (specifics on price negotiations not disclosed in proxy statement)	■ Subsequent to a strategic alternatives analysis, Tilman J. Fertitta, Chairman and CEO, expressed a desire to pursue a going-private transaction ■ Fertitta initially submitted a written proposal to acquire all of the remaining common stock for $23.50/share ■ After substantial negotiations, Fertitta decreased his offer to $13.50/share
Termination Fee	■ $2.5 million (4.5% of EV) if terminated pursuant to the (i) Outside Date Termination Right, (ii) Stockholder Rejection Termination Right, (iii) Meadow Valley Breach Termination Right, (iv) Change of Recommendation Termination Right, or (v) New Agreement Termination Right; OR $1.5 million (2.5% of EV) if terminated during the go-shop period for either (iv) or (v) listed above ■ Expense reimbursement for certain transaction expenses	■ $15.0 million (1.5% of EV); or ■ $3.4 million, plus expense reimbursement up to $7.5 million (7.5% of EV) in the aggregate if the action or event forming the basis for such termination is an acquisition proposal received prior to 11/17/08, the end of the second go-shop period, and the right to terminate the merger agreement arose no later than 11/17/08
Reverse Termination Fee	■ $1.5 million (2.5% of EV) if terminated pursuant to the (i) Outside Date Termination Right, (ii) Investor Breach Termination Right or (iii) if either Investor or Merger Sub breached terms and couldn't satisfy closing conditions by Dec 31, 2008 ■ Expense reimbursement for certain transaction expenses	■ $15.0 million (1.5% of EV); or ■ $3.4 million, plus expense reimbursement up to $7.5 million (7.5% of EV) in the aggregate, if the action or event forming the basis for such termination arose no later than 11/17/08
Financing Conditions	None	None
Sponsor Guarantee[3]	■ No	■ Limited guarantee ■ Covers reverse termination fee and fees and expenses incurred in connection with the merger agreement
Go-Shop	Yes; 45 days; 70 parties were contacted during the go-shop period	Yes; 30 days; 47 parties were contacted during the go-shop period (38 financial buyers and 9 strategic buyers)
Voting Agreement	No	Yes, with Fertitta (represents 56.7% of the company's total shares outstanding)

1. *Tilman J. Fertitta, Chairman and CEO, recently signed a definitive agreement on 11/3/09 to acquire the remaining 44.9% stake he does not already own.*
2. *Source: Capital IQ.*
3. *Newco is the signatory to the merger agreement and sponsor is not.*

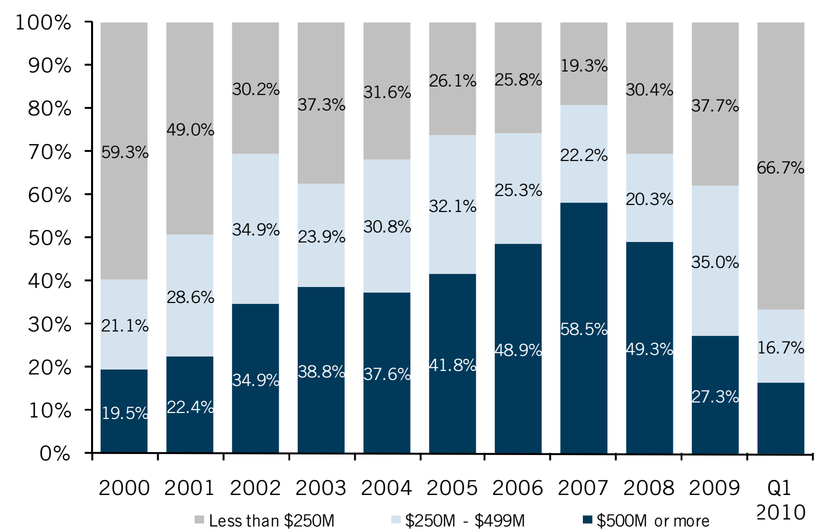
Average Transaction Sizes

- Mega transactions, and the easy credit that fueled them, remained scarce for most of 2008 and 2009. Private equity transactions in the lower end of the middle market accounted for a majority of 2009 activity due to selective availability of credit, but larger deals made a comeback in 4Q ’09 as the high yield and broader lending markets have re-emerged

Average U.S. LBO Size
1996 – Q1 2010



Distribution of U.S. LBOs by Size[(1)]
2000 – Q1 2010

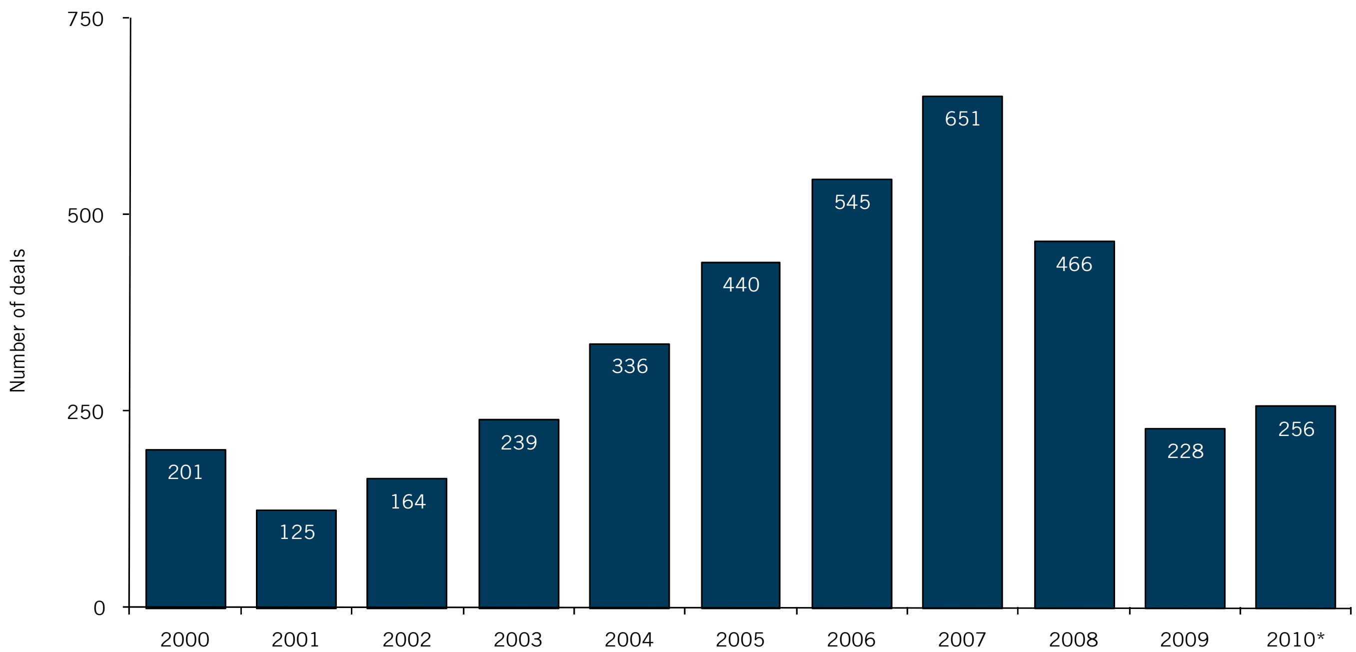


Sources: Standard & Poor’s Q1’10 Leveraged Buyout Review (1996-2010); Buyouts Magazine April 2009 issue (Q1 2009); Buyouts Magazine October 2009 issue (Q3 2009); Buyouts Magazine April 2010 issue (Q1 2010).
(1) Distribution by purchase price, net of transaction fees and expenses.

Private Equity Transactions Still Down

- Financial sponsor activity continued its decline as a percentage of overall M&A volume in 2009 as sponsors continued to focus on internal portfolio management and capital preservation for most of the year
- While 1Q '10 LBO activity remained sluggish, financial sponsors capitalized on a favorable lending environment to achieve liquidity events through dividend recapitalizations. Financing conditions have set the stage for a rally in LBO activity once a rebound in M&A activity materializes

Domestic Financial Sponsor Volume as a Percentage of Overall Domestic M&A(1)
2000 – 2010 YTD



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010*
% of M&A Transactions	2.0%	1.8%	2.5%	3.3%	4.2%	5.1%	5.5%	6.3%	5.7%	3.4%	3.9%

Source: Thomson Reuters, as of 3/31/10.
(1) Domestic M&A excludes minority equity deals, equity carve-outs, exchange offers, open market repurchases, withdrawn deals, and deals with undisclosed transaction values.
**Annualized.*

Mega Private Equity Transactions Still Low

- In 2008 and 2009, the number and average size of large private equity transactions declined compared to the two prior years, but this pattern may reverse later this year

Announce Date	Buyer Name	Target Company	Deal Value ($B)	EV/EBITDA
Top 5 Deals in 2008 and 2009				
31-Dec-2008	Stone Point Capital LLC; MSD Capital, L.P.; JC Flowers & Co., LLC; Soros Fund Management LLC; Dune Capital Management LP; Paulson & Co. Inc.; Silar Advisors, LP	IndyMac Federal Bank, F.S.B.	$13.9	-
01-Dec-2008	Citi Infrastructure Investors	Itinere Infraestructuras S.A.	10.4	NM
05-Aug-2008	Interros Company	Norilsk Nickel Mining and Metallurgical Co.	9.4	6.4x
04-Aug-2008	TPG; Global Infrastructure Partners	Asciano Group	7.0	12.6x
31-Mar-2009	CPP Investment Board	CPP Investment Board	6.5	18.0x
+ 33 more transactions above $2 billion deal value				
Total Count:	**38**	**Mean**	**$4.0**	**10.7x**
		Median	**$3.1**	**9.0x**

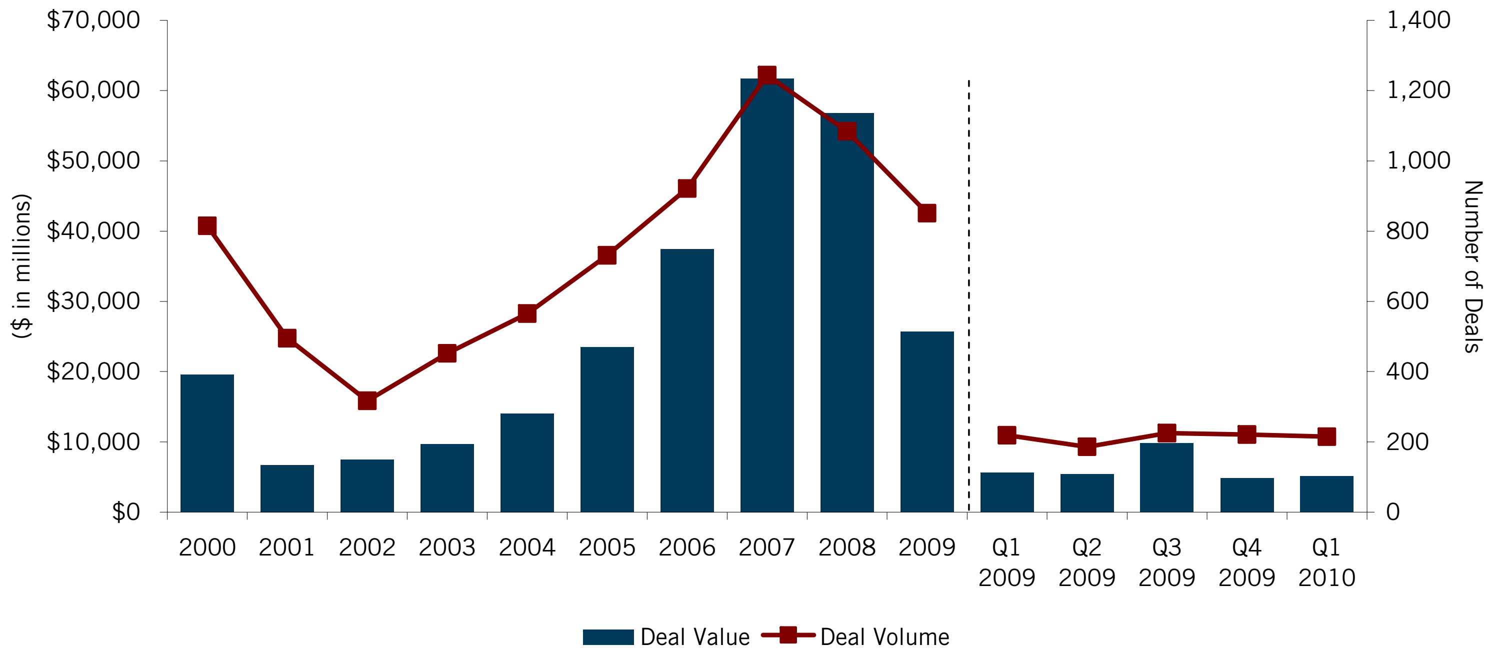
Announce Date	Buyer Name	Target Company	Deal Value ($B)	EV/EBITDA
Top 5 Deals in the Prior 2 Years (1/1/06 to 12/31/07)				
29-Jun-2007	Madison Dearborn Partners, LLC; Providence Equity Partners LLC; et al.	BCE, Inc.	$46.3	7.5x
25-Feb-2007	Goldman Sachs Group, Merchant Banking Division; Kohlberg Kravis Roberts & Co.; et al.	Energy Future Holdings Corporation	44.5	8.0x
19-Nov-2006	Blackstone Real Estate Advisors	Equity Office Properties Trust	36.9	19.5x
24-Jul-2006	Bain Capital, LLC; Kohlberg Kravis Roberts & Co.; Merrill Lynch Global Private Equity	HCA, Inc.	33.8	8.1x
28-May-2006	Goldman Sachs Group, Merchant Banking Division; The Carlyle Group; et al.	Kinder Morgan (Knight Inc.)	30.3	14.8x
+ 144 more transactions above $2 billion deal value				
Total Count:	**149**	**Mean**	**$6.7**	**14.8x**
		Median	**$3.6**	**12.8x**

Source: Capital IQ (includes only announced, closed and effective transactions where a private investment firm is a buyer).
Note: There were no mega private equity transactions in 1Q 2010.

Minority Interest Transaction Activity

- Private equity firms around the world continue to look for alternative ways to put surplus capital to work, including acquiring minority stakes in companies that have run into liquidity issues
- Minority interest activity declined along with overall private equity sponsored deals in 1H '09; an uptick in 3Q '09 gained limited traction as some investors are looking to keep their powder dry as the control buyout market returns

Private Equity Minority Interest Activity – Global

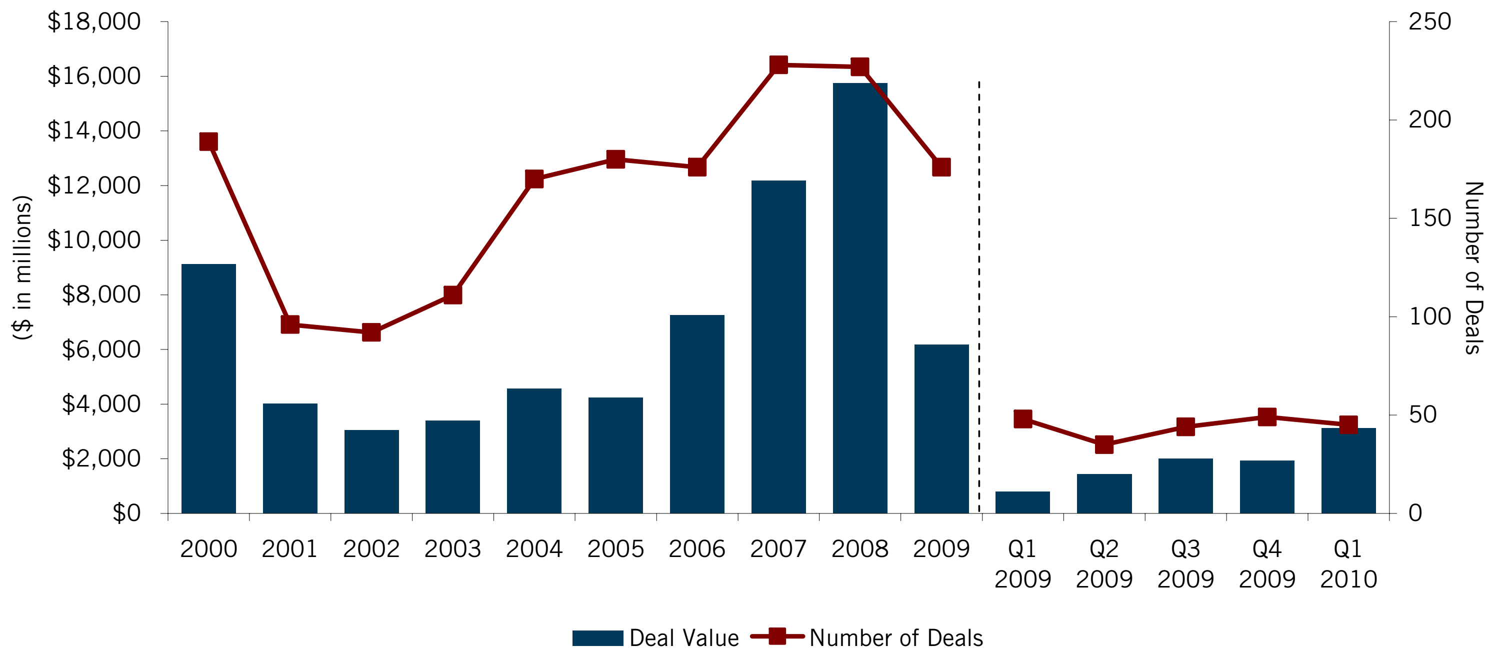


Source: Thomson Reuters, 3/31/10.
Excludes terminated transactions. Future terminations of pending transactions will reduce totals shown.

Minority Interest Transactions (cont.)

- The 2009 decline in minority interest activity in the U.S. has been consistent with results in the rest of the world, albeit on a smaller scale

Private Equity Minority Interest Activity – U.S.



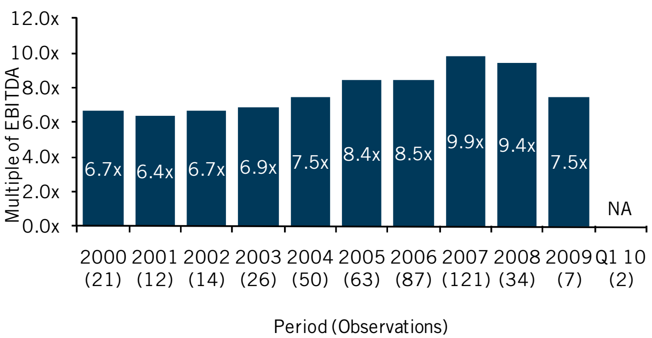
Source: Thomson Reuters, as of 3/31/10.
Excludes terminated transactions. Future terminations of pending transactions will reduce totals shown.

Transaction Multiples Remain Depressed

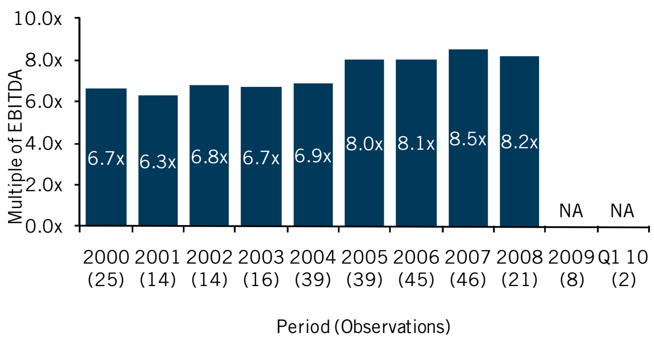
- Multiples declined at the upper end of the market in 2009 due to credit challenges and lowered seller expectations. Insufficient data has made year-over-year multiple comparisons for 1Q '10 difficult

Average U.S. Leveraged Buyout Purchase Price as a Multiple of LTM EBITDA

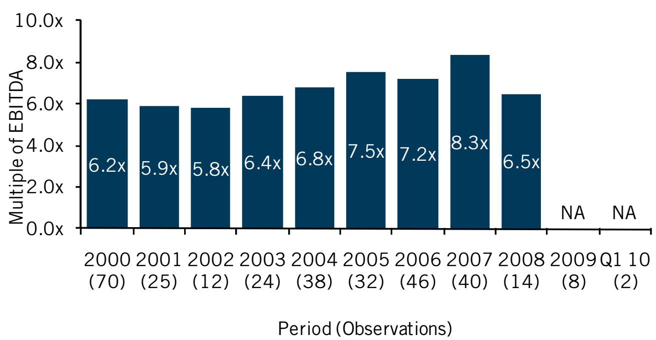
$500MM or More



$250-$499MM



Less than $250MM

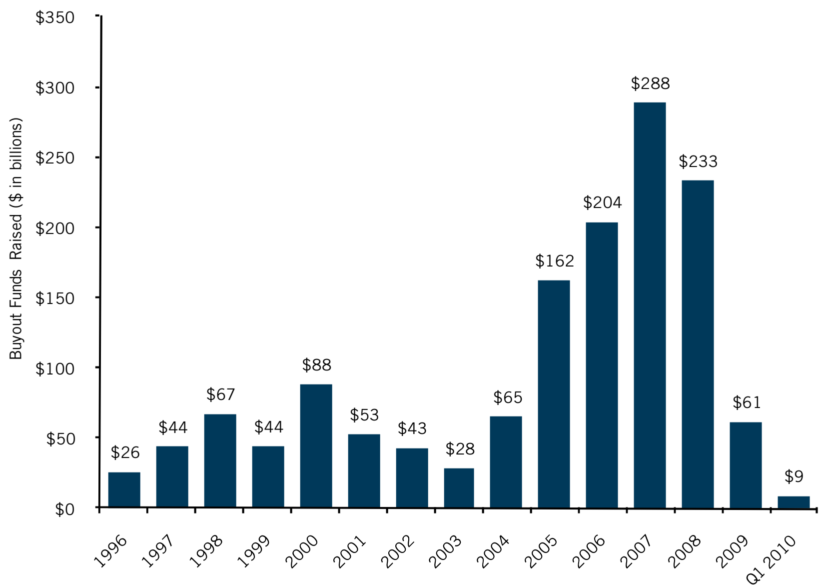


Source: Standard & Poor's Q1'10 Leveraged Buyout Review.
Note: Data not available for Q1 2010 due to insufficient sample size.

Private Equity Fundraising

- New private equity fundraising continues albeit at a significantly reduced rate. Fundraising declined to a six-year low in 2009. Many funds have stopped fundraising, or have lowered their targets, in response to reduced LP demand

U.S. Private Equity Fundraising
1996 – Q1 2010



Selected Recently Reported Fund Raises
as of 3/31/2010

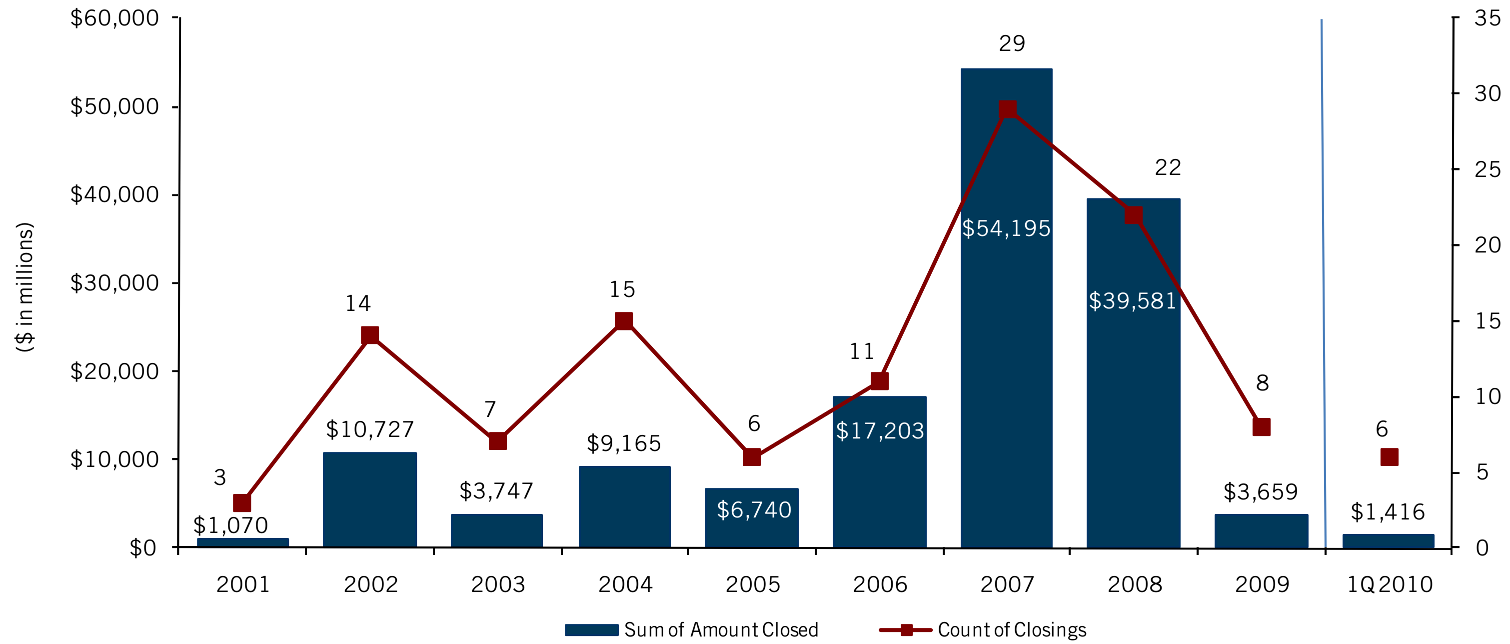
1Q10		
Sponsor	Fund	Amount ($B)
Recently closed		
Clayton Dubilier & Rice Inc.	Eighth	$5.0
Alinda Capital Partners LLC	Second	4.0
Citigroup (Infrastructure)	First	3.4
Oaktree Capital Management LP	Fifth	2.8
Crestview Partners LP	Second	2.5
Currently being raised		
Blackstone Group LP	Sixth	$15.0
Goldman Sachs & Co. (Infrastructure)	Second	7.5
Madison Dearborn Partners LLC	Sixth	7.5
J.C. Flowers & Co.	Third	7.0
Kohlberg Kravis Roberts & Co. (European)	Third	7.0

Sources: Thomson Reuters Buyouts and Buyouts Magazine – April 2010 edition (buyout fundraising reflects money raised by U.S. buyout shops).

Distressed Fundraising

- The adverse economy has provided a wide range of distressed investment opportunities, but after a pick-up in 2007 and 2008, distressed fundraising slowed down in 2009 as few in part predicted the extent to which banks have shown flexibility through "amend and extend" negotiations. This flexibility has pushed problem issues further out and lessened the number of available opportunities though these issues may come back around nearer to extension maturity

Historical U.S. Distressed Fundraising

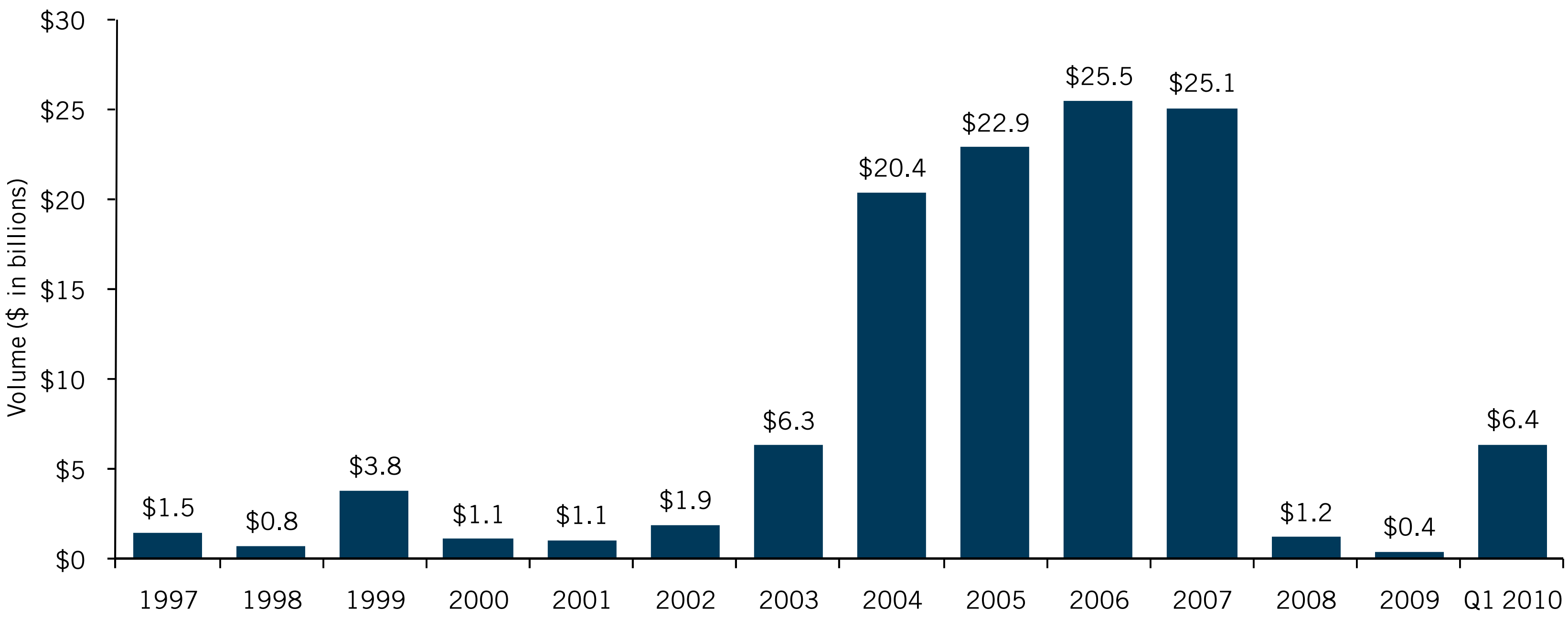


Source: LP Source, Dow Jones Private Equity Analyst.

Leveraged Recapitalization

- Leveraged recapitalizations, which plummeted in the wake of the credit collapse, resurfaced in 1Q ’10, for strong cash flow stories as lenders have sought to book assets again

U.S. Sponsored Recap Dividend/Stock Repurchase Loan Volume
1997 – Q1 2010

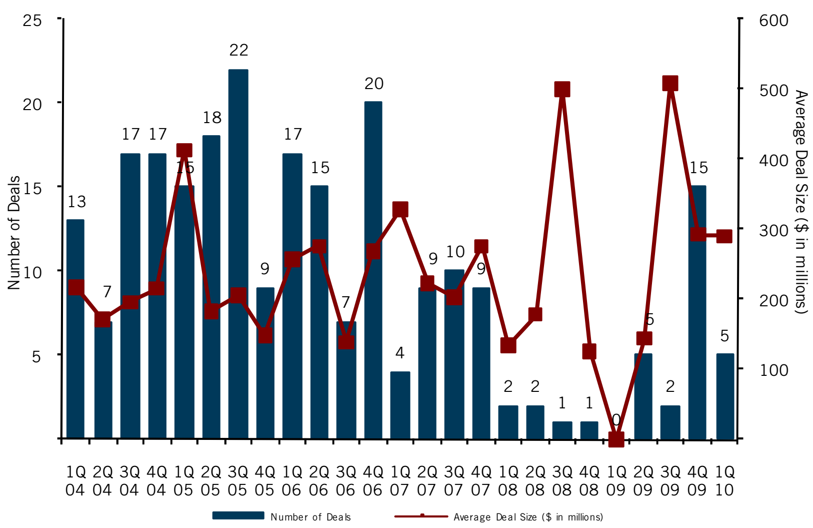


Source: Standard & Poor’s Q1’10 Leveraged Buyout Review.

Capital Market Exits

- IPO markets remained effectively closed for 2008 and 1Q ’09 as a reflection of the liquidity problems that have impaired global capital markets, but activity picked up in late 2009 as public equity markets rallied. While activity in 1Q ’10 was down relative to 4Q ’09, choppiness at the beginning of the quarter has eased and there remains a significant backlog of sponsor owned companies prepared to file as an alternative to an M&A solution

U.S. Buyout-backed Initial Public Offerings
2004 – Q1 2010



Source: Thomson Reuters VentureXpert.

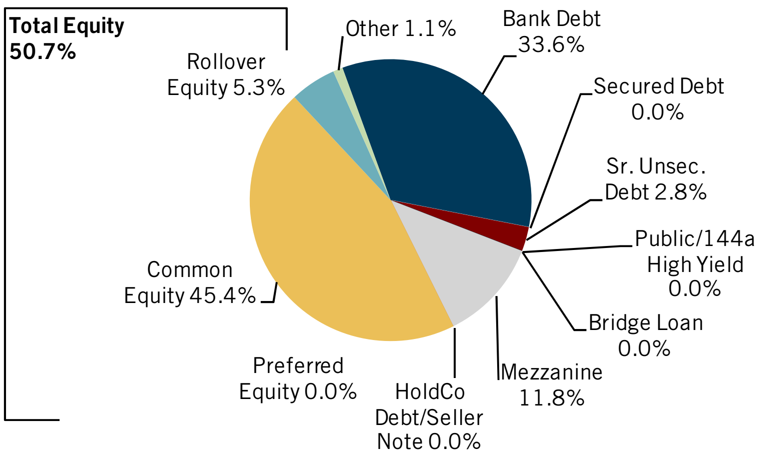
U.S. Buyout-Backed Initial Public Offerings
Q1 2010

Company	Raised ($mm)	Sponsor
Sensata Technologies, Inc. (FKA: Sensors & Controls)	$568.8	Bain Capital, Unitas Capital Pte, Ltd.
Symetra Financial Corporation	364.8	CAI Capital Management Company
Generac Power Systems, Inc.	243.8	Unitas Capital Pte, Ltd.
Graham Packaging Co., Inc.	166.7	Blackstone Group, L.P., Oak Hill
Cellu Tissue Holdings, Inc.	107.9	Charterhouse Group International, Inc., Weston Presidio

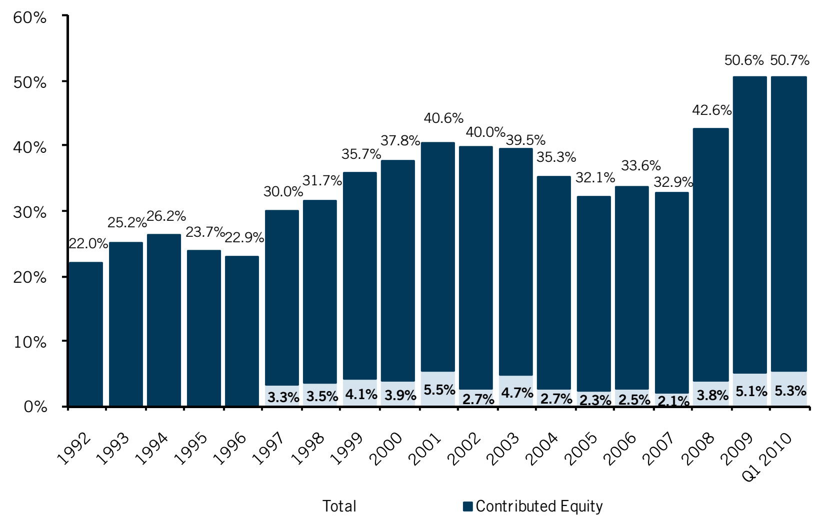
Balance Sheet Financing

- Equity as a percentage of transaction value saw an increase in 2008 and 2009 and held steady in 1Q '10. Equity contributions are likely to decline as sponsors are increasingly able to access debt financing

Average Sources of Proceeds for U.S. LBOs *Q1 2010*



Average Equity Contribution to U.S. LBOs *1992 – Q1 2010*

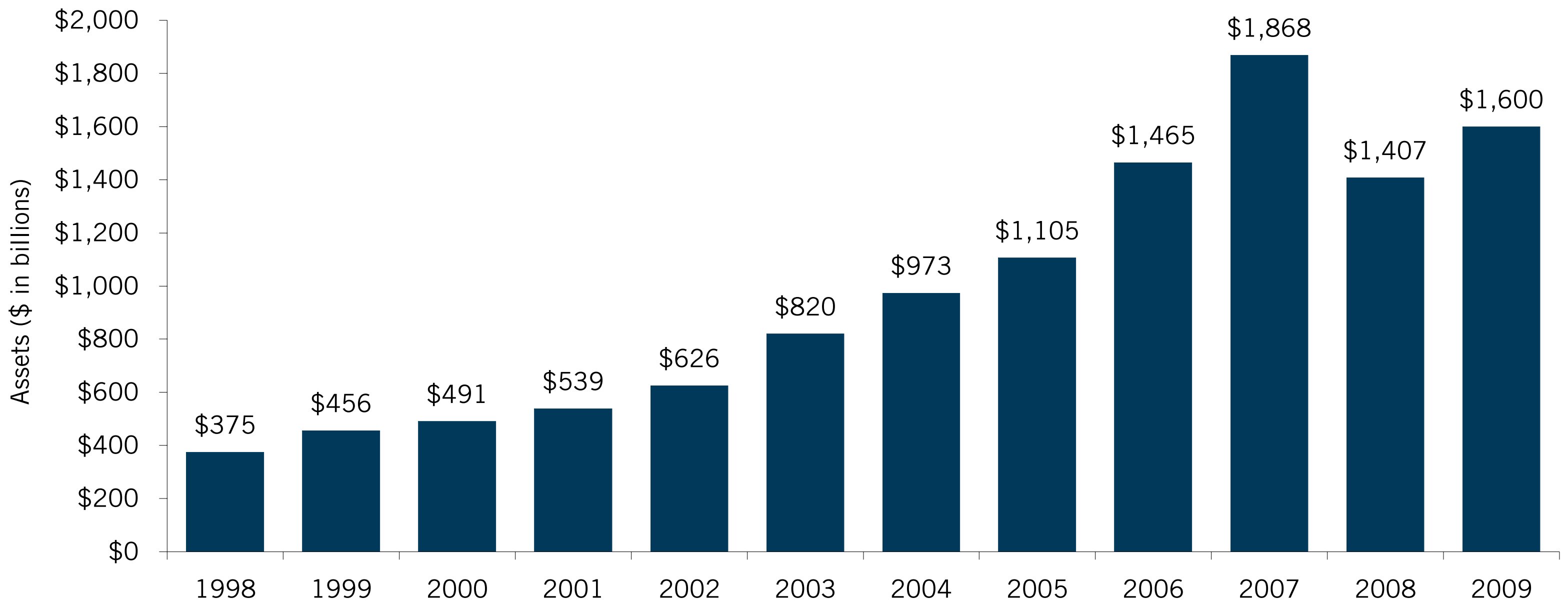


Source: Standard & Poor's Q1'10 Leveraged Buyout Review.

Hedge Fund Activity

- Redemptions have slowed and new capital inflows/performance has resulted in net industry growth
  - The surging secondary credit market has engendered renewed interest in primary issue securities as well as illiquid instruments

Hedge Fund Growth
1998 – 2009



Source: HFR Global Hedge Fund Industry Report.

Overview of Houlihan Lokey

An International Investment Bank

M&A / Corporate Finance

- Private Company Sale
- Public M&A Advisory
- Buyside Advisory
- Corporate Divestitures
- Equity Private Placements
- Special Committee Advisory
- Debt Advisory
- Strategic Alternatives Analysis

No. 1 M&A Advisor for U.S. Transactions Under $3 Billion*

Investment Banking Firm of the Year **

79 Closed M&A Transactions in 2009

Financial Opinions & Advisory Services

- Fairness and Capital Adequacy Opinions
- Business and Securities Valuations
- Tax and Financial Reporting Valuations
- Portfolio and Derivatives Valuation Services

No. 1 M&A Fairness Opinion Advisor*

Financial Restructuring

- Restructuring Debt and Equity
- Plans of Reorganization
- Renegotiation of Debt
- Capital Raising

14 Offices Globally, 550+ Investment Banking Professionals

Comprehensive Industry Coverage

Aerospace Defense Government	Business Services	Consumer, Food & Retail	Energy	
Financial Institutions	Financial Technology	Healthcare	Industrials	
Infrastructure Services & Materials	Media & Telecom	Real Estate, Lodging & Leisure	Technology	Transportation & Logistics

* *Source: Thomson Reuters.*
** *Source: 2009 M&A Advisor M&A Awards.*

Purchase Agreement Study

Introduction

- The HL 2009 Purchase Agreement Study (the "Study") summarizes select terms of middle market change-of-control transactions in which HL served as the financial advisor to either the buyer or the seller
  - The Study analyzes a large universe of transactions that closed between 2002 and 2008, including almost 100 transactions in 2008
  - The Study is based on both public and private transactions that vary by industry and size
  - The Study analyzes the terms of the indemnification provisions with respect to the representations, warranties and covenants contained in their respective purchase agreements
- Although it is difficult to capture all of the nuances of the broader market, the Study is intended to provide valuable benchmarks within the middle market to buyers and sellers, and their shareholders, boards, management, attorneys and other advisors

Valuations

- In general, valuation multiples have declined over the past 24 months
  - Valuation multiples had generally been improving until 2007
  - Valuation multiples remained near historical means and medians in 2008
- Size matters within the middle market
  - Larger deals (>$100mm) have historically traded at higher valuation multiples than smaller deals (<$100mm) have traded
  - This trend is similar to the broader market

	EV/ EBITDA Multiples		EV / Revenue Multiples	
Year	**Mean**	**Median**	**Mean**	**Median**
2002	6.7x	6.8x	1.01x	0.83x
2003	6.8x	6.8x	1.00x	0.76x
2004	7.7x	7.2x	1.04x	1.12x
2005	7.8x	7.7x	1.50x	0.99x
2006	9.9x	9.8x	2.18x	1.58x
2007	8.8x	8.9x	1.37x	1.13x
2008	8.2x	7.2x	1.46x	1.24x
All Years	**8.2x**	**7.7x**	**1.43x**	**1.18x**

**Houlihan Lokey 2009 Purchase Agreement Study.*

Enterprise Value / EBITDA Multiples				
	Less Than $100 mm		Greater than $100 mm	
Year	**Mean**	**Median**	**Mean**	**Median**
2002	6.7x	6.8x	7.0x	6.9x
2003	6.9x	6.8x	6.3x	6.7x
2004	7.4x	7.2x	8.6x	7.5x
2005	7.3x	6.7x	8.8x	8.7x
2006	10.7x	9.9x	10.2x	9.9x
2007	8.6x	8.5x	9.1x	9.4x
2008	7.9x	7.0x	8.9x	7.8x
All Years	**7.8x**	**7.3x**	**9.1x**	**8.7x**

**Houlihan Lokey 2009 Purchase Agreement Study.*

Buyer Structures

- Although financial buyer activity has decreased in the broader market, financial buyers continue to represent over one-third of the buyer mix in middle market transactions
- The vast majority of all subject transactions were structured as all-cash transactions and purchases of stock

Buyer				
	Buyer Mix		Financial Buyer Mix	
Year	Strategic	Financial	Platform	Add-On
2002	67%	33%	88%	13%
2003	68%	32%	63%	38%
2004	55%	45%	76%	24%
2005	61%	39%	100%	0%
2006	73%	27%	63%	38%
2007	57%	43%	86%	14%
2008	62%	38%	94%	6%
All Years	**62%**	**38%**	**86%**	**14%**

Transaction Structure					
	Cash				
Year	For Stock	For Assets	Subtotal	Stock for Stock	Cash & Stock for Stock
2002	71%	17%	88%	4%	8%
2003	64%	24%	88%	4%	8%
2004	71%	24%	95%	3%	3%
2005	82%	16%	98%	0%	2%
2006	69%	18%	87%	2%	11%
2007	79%	18%	97%	1%	3%
2008	75%	18%	93%	0%	7%
All Years	**74%**	**19%**	**93%**	**1%**	**5%**

**Houlihan Lokey 2009 Purchase Agreement Study.*

Buyer Structures (continued)

- Buyer-friendly deal structures have remained uncommon for deals executed in formal competitive processes

	Earn-Outs	Rollovers	Seller Notes
% of Subject Transactions			
All	11%	17%	5%[1]
2008	13%	18%	6%
2007	12%	18%	5%
Median % of Purchase Price			
All	11%	11%	12%[1]
2008	11%	12%	12%
2007	7%	8%	17%

[1] *2008 and 2007 only.*

Indemnification

- **Basket:** Of the transactions in which the reps and warranties survived the closing, the vast majority had a basket; deductible baskets accounted for 78% of the baskets and dollar-one baskets accounted for the other 22% of the baskets
- **Escrow:** Of the transactions in which the reps and warranties survived the closing, 83% had an escrow
- **Cap:** Of the transactions in which the reps and the warranties survived the closing, only 2% had a cap of 100% of the purchase price

Overall Indemnification as a Percentage of Purchase Price

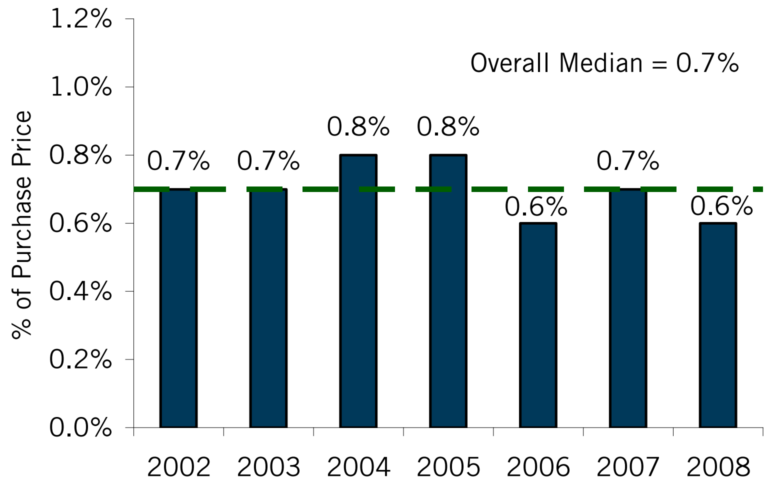
	Mean	Median	Maximum	Minimum
All Baskets	0.8%	0.7%	8.2%	0.1%
Deductible Basket (78%)	0.8%	0.7%	8.2%	0.1%
Dollar-One Basket (22%)	0.7%	0.6%	2.3%	0.1%
Cap	15.6%	10.0%	100.0%	0.5%
Survival Period (months)	19	18	96	9
Escrow	8.1%	7.6%	34.2%	0.5%
Escrow Period (months)	18	18	96	1

**Houlihan Lokey 2009 Purchase Agreement Study.*

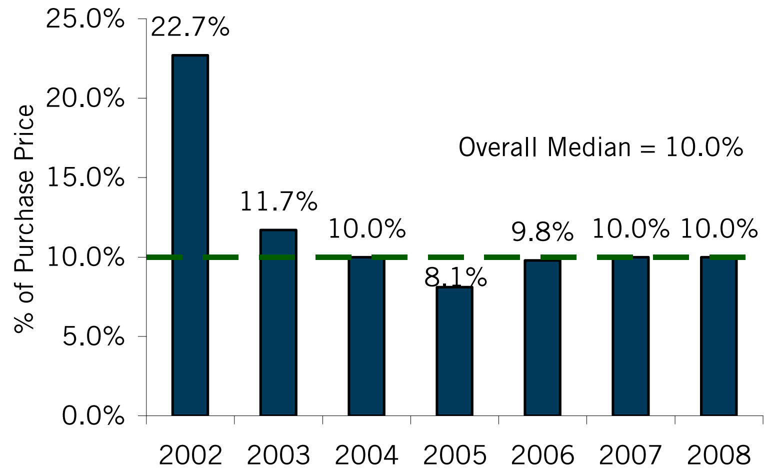
Indemnification (continued)

- Median indemnification terms have not changed materially during the last few years

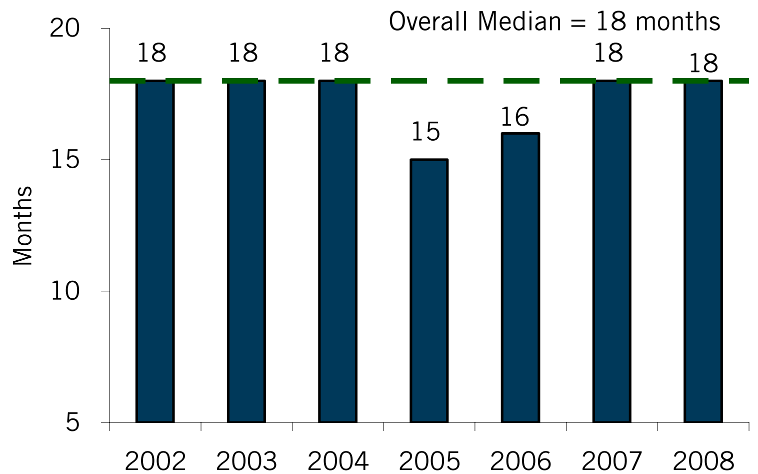
All Baskets



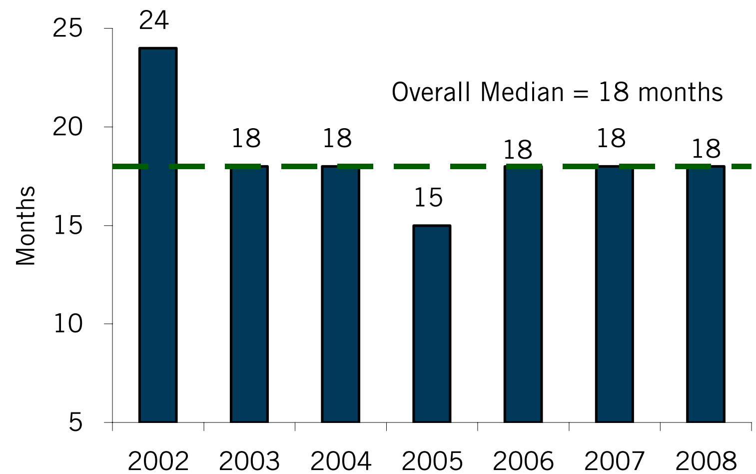
Cap



Survival Period



Escrow Period



*Houlihan Lokey 2009 Purchase Agreement Study.

Indemnification (continued)

- Indemnification terms are generally less favorable to the target company when selling to strategic buyers rather than to financial buyers

Indemnification by Buyer
As a Percentage of Purchase Price

	Mean		Median	
	Strategic	**Financial** *(Platform Acq.)*	**Strategic**	**Financial** *(Platform Acq.)*
All Baskets	0.7%	0.8%	0.7%	0.8%
Caps	19.7%	10.1%	12.0%	8.5%
Survival (months)	20	18	18	18
Escrow	8.6%	7.7%	8.3%	5.2%
Escrow Period (months)	19	18	18	15

**Houlihan Lokey 2009 Purchase Agreement Study.*

Appendix

Biography

Rick A. Lacher

Mr. Lacher is a Managing Director in Houlihan Lokey's Dallas office, where he co-heads the firm's investment banking efforts in the Southwest. He also co-heads Houlihan Lokey's M&A group and is a co-director of Houlihan Lokey's national Fairness Opinion Committee. He has nearly three decades of experience advising public and private clients on mergers, acquisitions, dispositions, leveraged buyouts, capital-raising activities (senior, mezzanine/subordinated and equity) and assessing strategic alternatives in several industries, including consumer products, business services, industrial services, wholesale/distribution, energy, building products, food, technology, retail and manufacturing.

Before joining Houlihan Lokey, Mr. Lacher was a senior managing director in the Dallas investment banking office of Bear, Stearns & Co. He also practiced corporate and securities law at the Dallas-based firm of Hughes & Luce, where he was a partner in its corporate division.

Mr. Lacher earned a B.B.A. in accounting and a J.D. from the University of Texas, where he was a Chancellor, as well as a member of the Order of the Coif and the Texas Law Review. He has been licensed in Texas as an attorney and as a CPA. He is registered with FINRA as a General Securities Principal (Series 7, 24 and 63).

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