



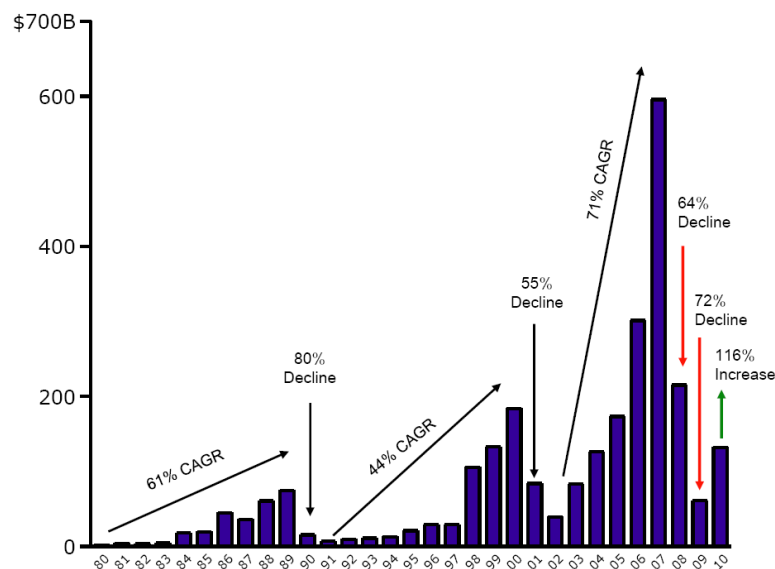
## M&A Market Observations

- The M&A market is healthier than most believe
- Organic growth opportunities harder to achieve for most business leaders
- Potential sellers growing weary of difficult economic realities and resetting expectation levels
- Debt financing markets quite healthy and predictable, as banks are starved for net interest revenue growth from more traditional loan products
- Private equity capital is abundant and fund managers are aggressively trying to employ the capital
- Liquidity has grown on balance sheets of US corporates
- Overall valuation statistics have recovered from 2009 lows and have approached 2007/2008 levels

## M&A Market Dynamics

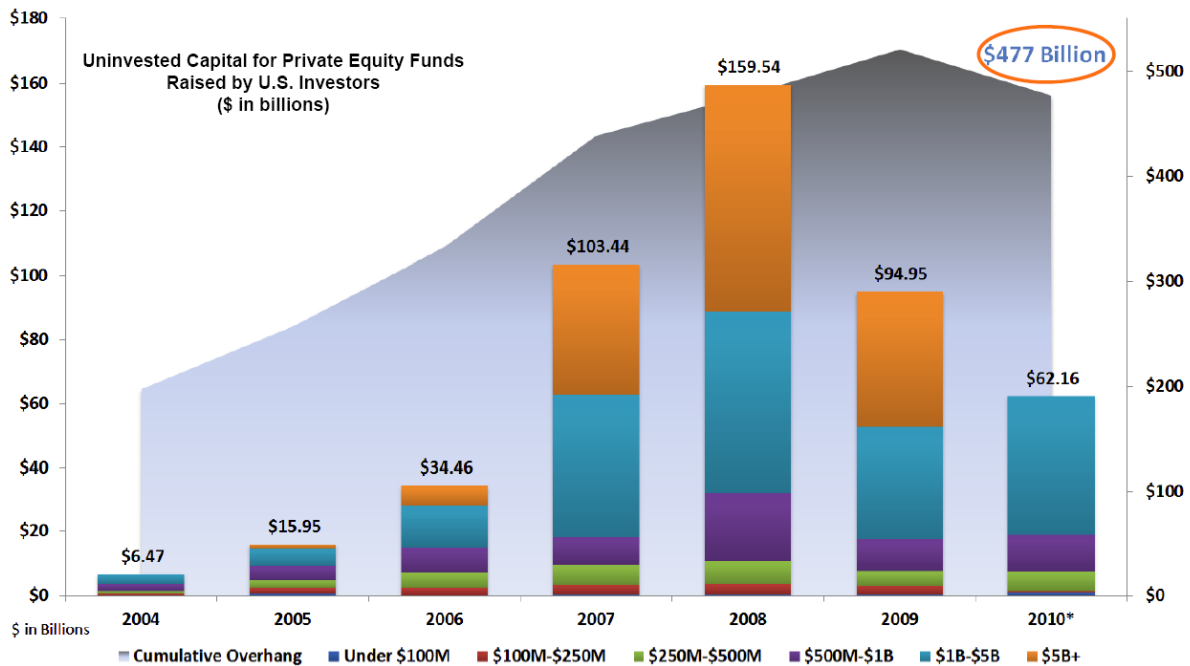
- More private equity capital is available than at any time in history. Deal volumes fell in the downturn, but have since begun to rebound and capital remains abundant.
- There are only 5 years since 1980 in which private equity capital has exceeded \$ volume available now.

- After steep declines in deal volume in 2008 and 2009, the market rebounded in 2010, with \$ volumes up 116% v. 2009
- Investors who sat on the sidelines throughout the downturn have returned to the market and are aggressively putting capital to work.
- Activity was very strong in Q4 2010 increasing to approx. \$50 billion (from \$24 billion in Q4 2009). 2010 called 3<sup>rd</sup> best year for exists on record according to PitchBook.





- Financial buyers are flush with cash. The US has a private equity “overhang” of nearly \$500 billion and funds are anxious to invest previously “dormant” capital.
- The “overhang” for funds established in 2008 will be expiring in 2012 or 2013. As we approach the expiration date, the impetus to invest will only increase.



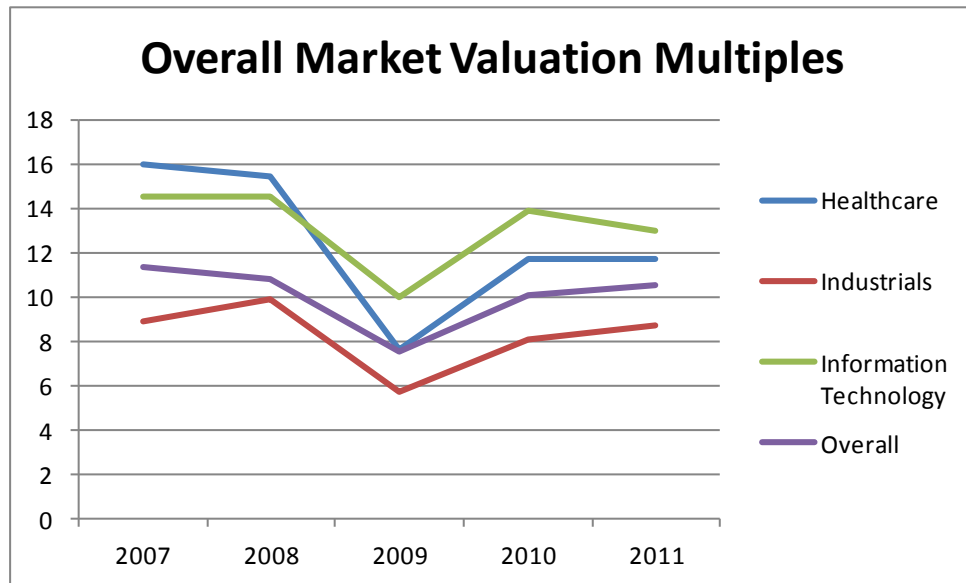
- Strategic buyer liquidity is at an all time high, as the liquid assets of US corporate(non-financial) businesses now exceeds \$2 Trillion, an increase of over \$600 Billion since 2009.



M&A Valuation multiples have recovered since 2009 and have been steady across most sectors...

M&A Market Valuation Multiples					
Primary Sector	2007	2008	2009	2010	2011
Consumer Discretionary	10.79	9.8	6.92	10.75	8.88
Consumer Staples	10.7	8.03	9.17	9.32	8.28
Energy	8.76	7.03	5.77	10.19	10.73
Financials	15.14	11.22	13.68	11.18	13.34
Healthcare	15.97	15.39	7.66	11.67	11.68
Industrials	8.93	9.9	5.68	8.06	8.69
Information Technology	14.49	14.5	9.96	13.91	12.98
Materials	8.73	8.96	7.24	9.1	8.89
Telecommunication Services	9.2	8.09	5.4	6.64	6.51
Utilities	9.41	9.13	7.11	9.53	9.44
<b>Overall</b>	<b>11.32</b>	<b>10.81</b>	<b>7.52</b>	<b>10.09</b>	<b>10.55</b>

Source: Capital IQ (measured by EV/EBITDA)



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