

**Presentation to:**



**Capital Markets and M&A Update**

**October 7, 2010**

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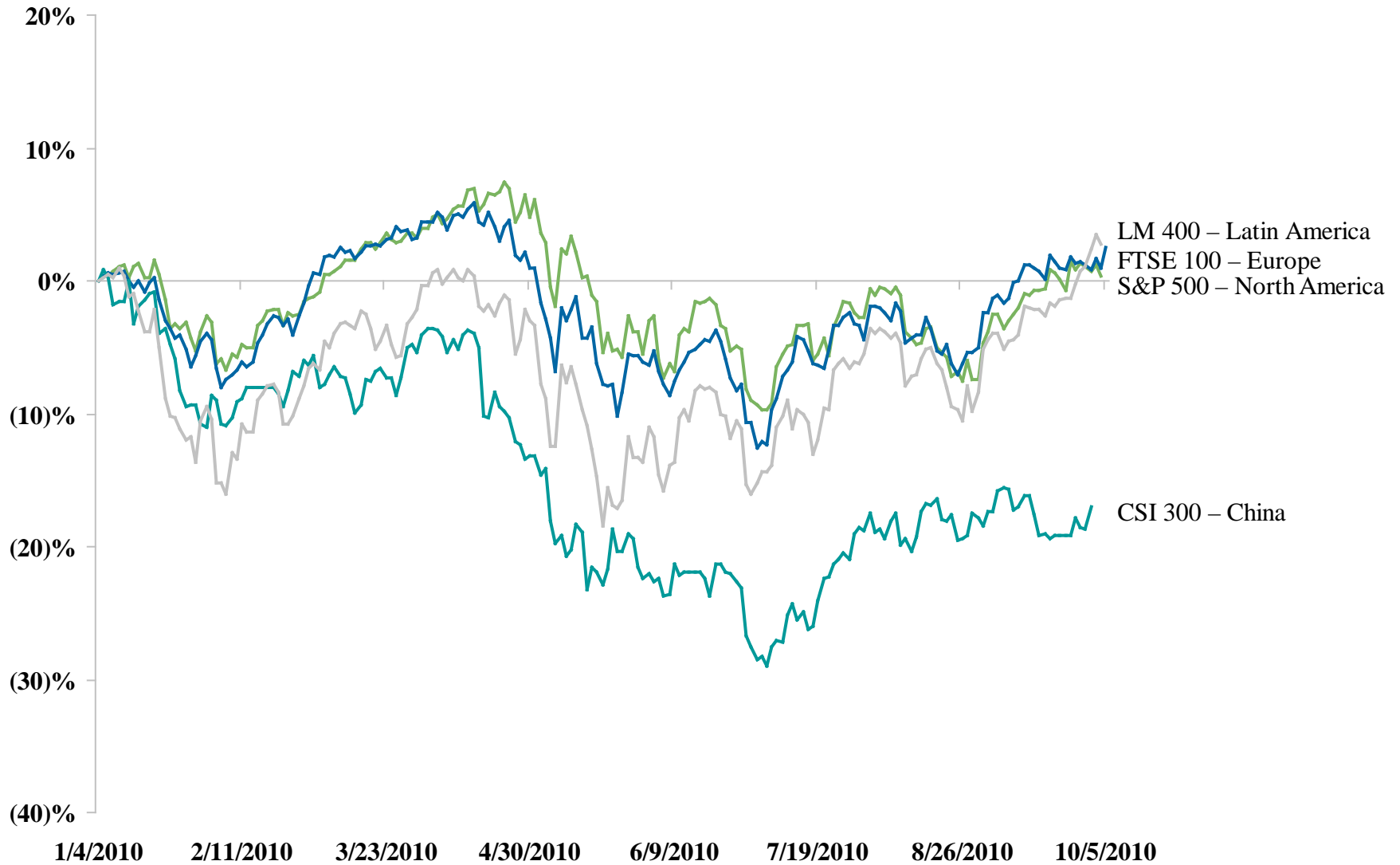
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I

## Global Markets Overview

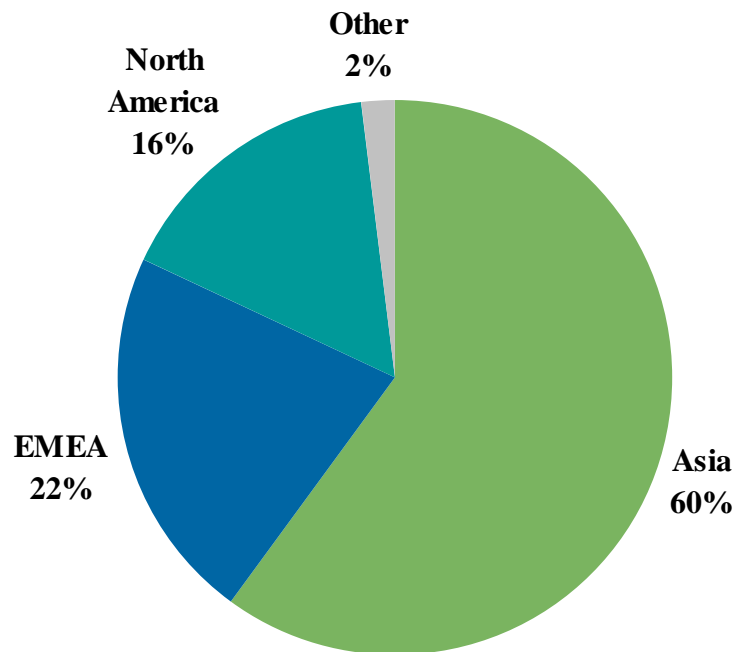
# Global Stock Markets Continue To Be Volatile



Source: Thomson Reuters.

# IPO Market Globally Revived

## 1H 2010 IPO \$ Volume by Geography



### ■ Summary Stats

- \$99.6B in IPO Volume in 1H 2010
- 743% increase over 1H 2009
- 593 Deals

### ■ Leading Sectors

- Financials (\$24.7B)
- Materials (\$15.2B)
- Industrials (\$14.1B)
- High Technology (\$10.3B)
- Energy (\$10.0B)

### ■ U.S. Market

- Institutional investors remain cautious
- Many sponsor-backed IPO's priced poorly

### ■ China

- Most active market with 32% share
- 43 SOE IPO's

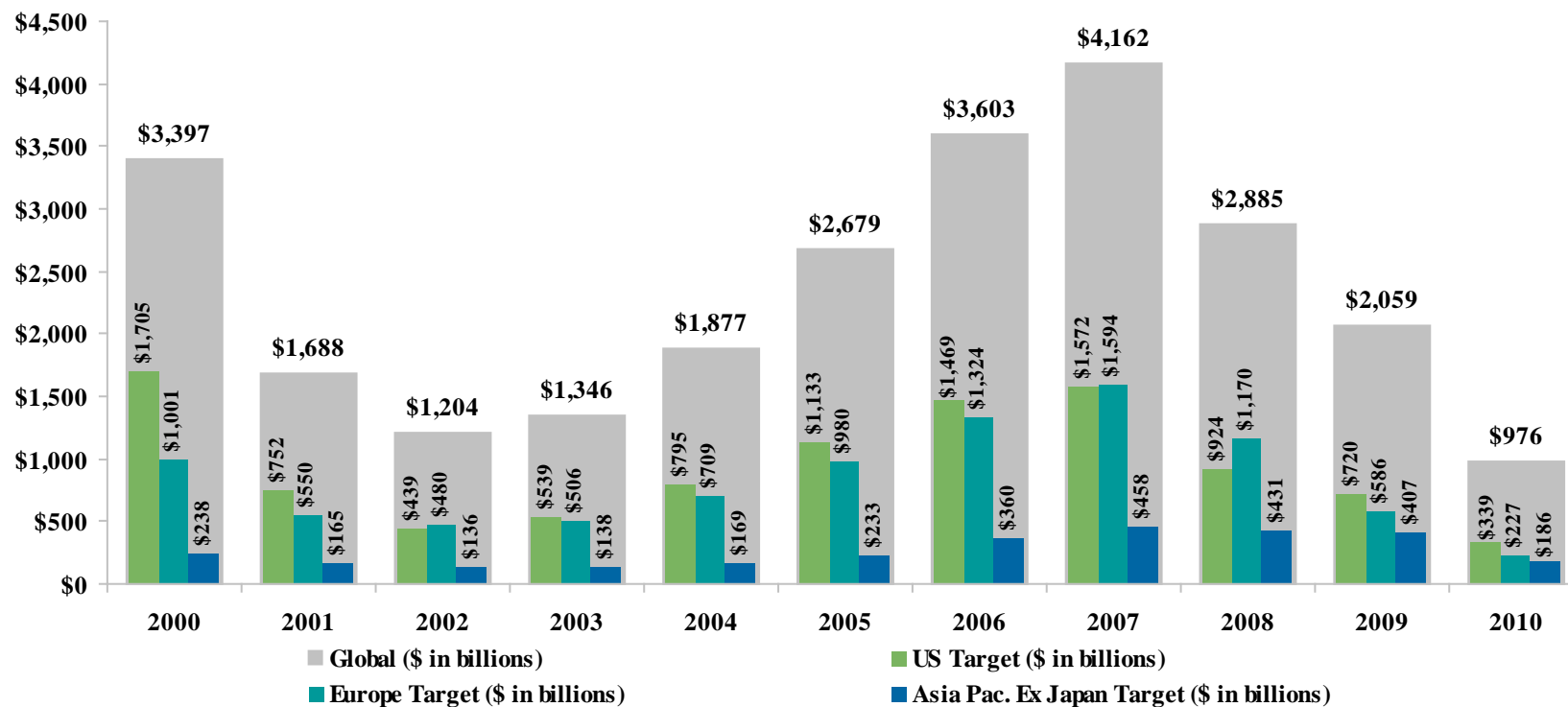
Source: Thomson Reuters, as of June 30, 2010.

# Global M&A Volume is Down

*Europe is Down 23%, US is Down 5%, and Asia is Down 1% Compared to 1H 2009.*

## Global M&A Volumes Annually

(In \$ in billions)

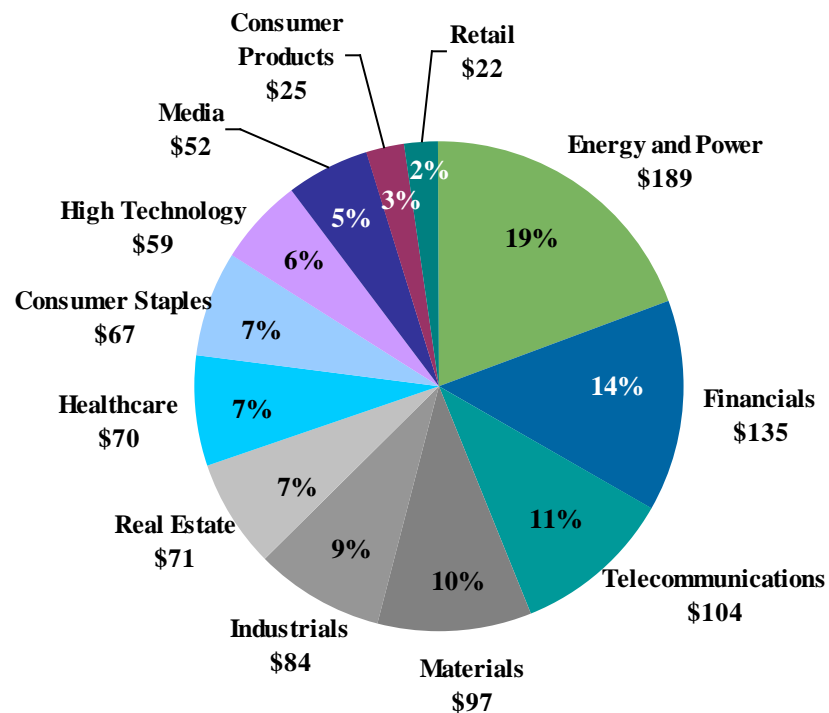


Source: Thomson Reuters, as of June 30, 2010.

Note: Global value includes Latin America, Japan and Africa.

# Global M&A Activity by Sector

## Global M&A By Sector – \$976B



## YoY Change (%)

|                    |             |
|--------------------|-------------|
| Energy and Power   | +22%        |
| Financials         | -40%        |
| Telecommunications | +202%       |
| Materials          | -20%        |
| Industrials        | -11%        |
| Real Estate        | +67%        |
| <b>Healthcare</b>  | <b>-50%</b> |
| Consumer Staples   | +37%        |
| <b>Technology</b>  | <b>+30%</b> |
| Media              | +42%        |
| Consumer Products  | +43%        |
| Retail             | +39%        |

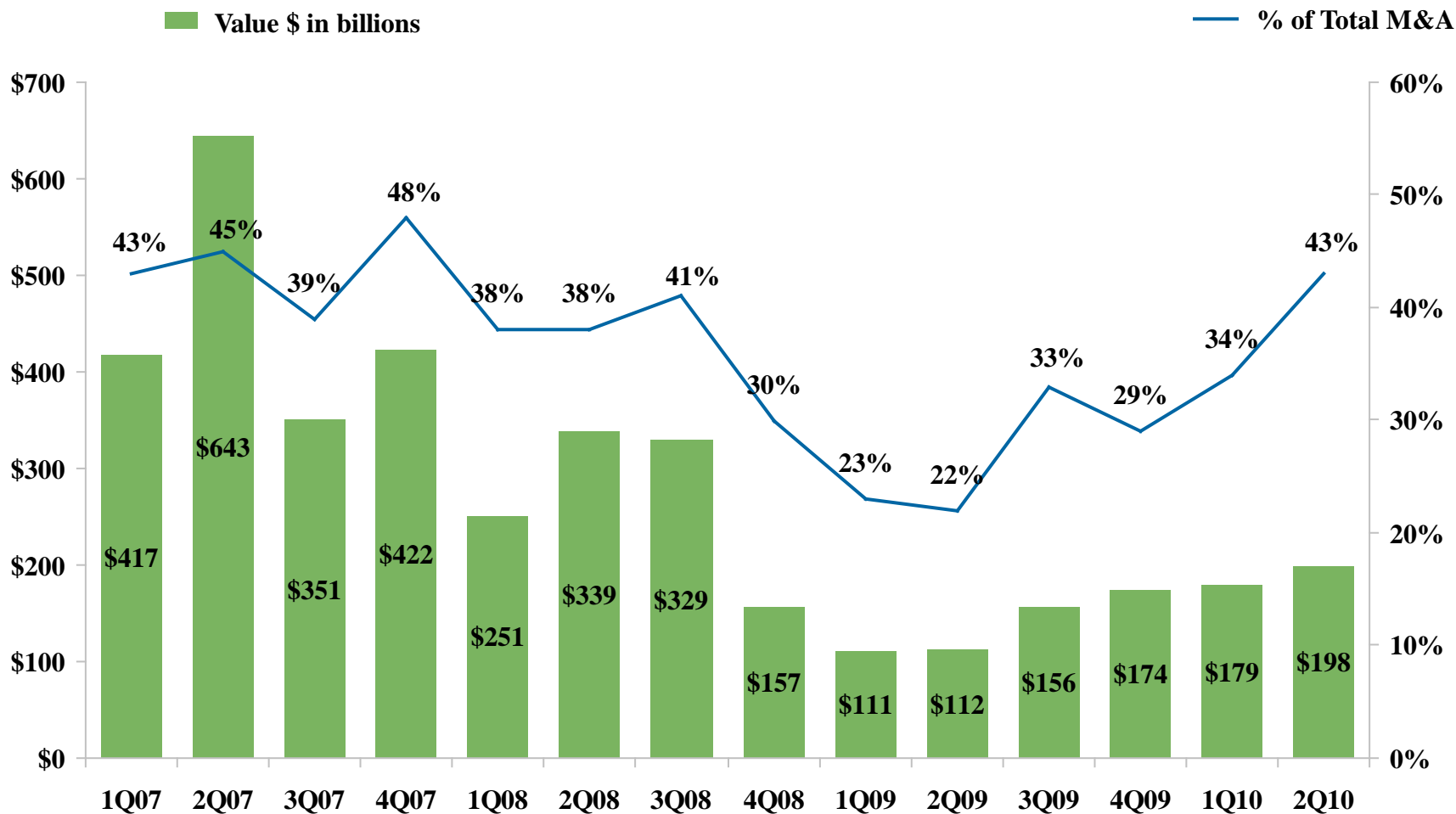
Source: Thomson Reuters, as of June 30, 2010.



# Global Cross Border M&A Activity Has Increased

*Cross Border Activity Has Increased for the 5<sup>th</sup> Consecutive Quarter, Up 60% from the 1H 2009.*

## Global Cross Border Volumes



Source: Thomson Reuters, as of June 30, 2010.

# U.S. and the U.K. Lead the Cross Border Activity

**Top 10 Most Acquisitive Nations 2010 YTD (US\$ B)**

| Country                  | Volume \$B   | Share (%)  |
|--------------------------|--------------|------------|
| United States of America | \$17.3       | 23%        |
| United Kingdom           | \$10.0       | 13%        |
| <b>China</b>             | <b>\$8.2</b> | <b>11%</b> |
| Canada                   | \$7.8        | 10%        |
| <b>India</b>             | <b>\$6.1</b> | <b>8%</b>  |
| Germany                  | \$5.5        | 7%         |
| Netherlands              | \$5.0        | 7%         |
| Spain                    | \$4.9        | 7%         |
| Japan                    | \$4.7        | 6%         |
| France                   | \$3.2        | 4%         |
| Australia                | \$3.1        | 4%         |

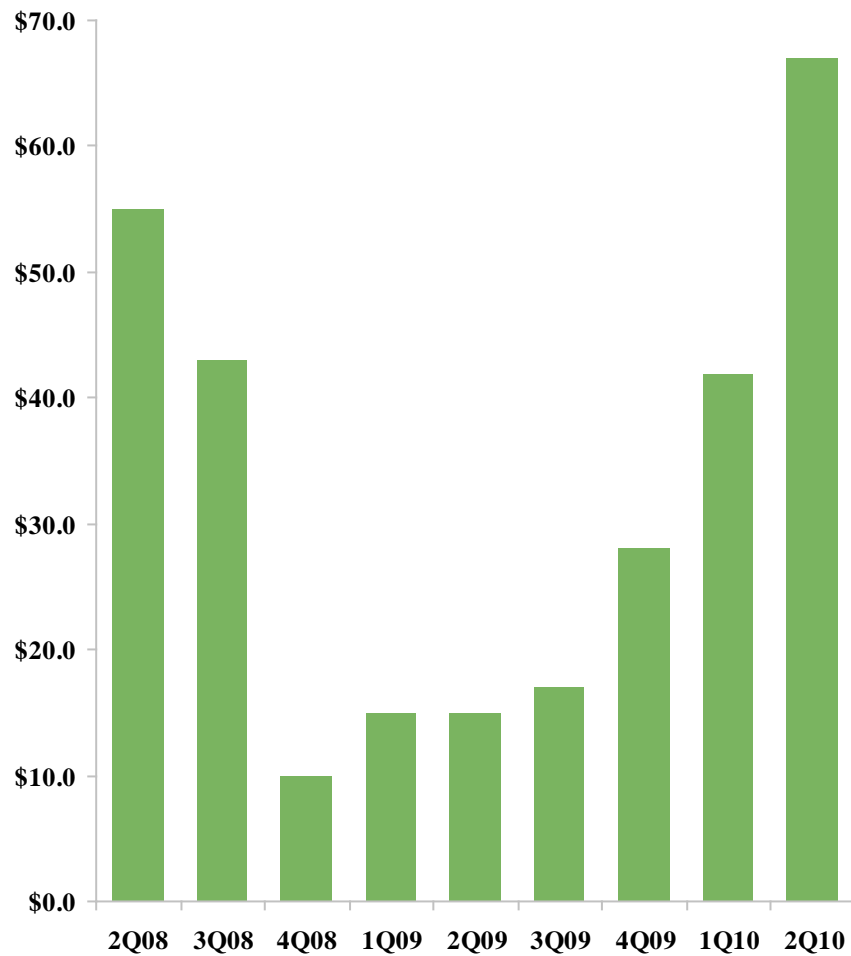
**Top 10 Most Targeted Nations 2010 YTD (US\$ B)**

| Country                  | Volume \$B | Share (%) |
|--------------------------|------------|-----------|
| United States of America | \$23.4     | 34%       |
| United Kingdom           | \$11.4     | 17%       |
| Australia                | \$7.1      | 10%       |
| Brazil                   | \$4.1      | 6%        |
| Netherlands              | \$3.9      | 6%        |
| Canada                   | \$3.8      | 6%        |
| Hong Kong                | \$3.4      | 5%        |
| Mexico                   | \$3.0      | 4%        |
| Nigeria                  | \$2.9      | 4%        |
| Germany                  | \$2.6      | 4%        |
| China                    | \$2.5      | 4%        |

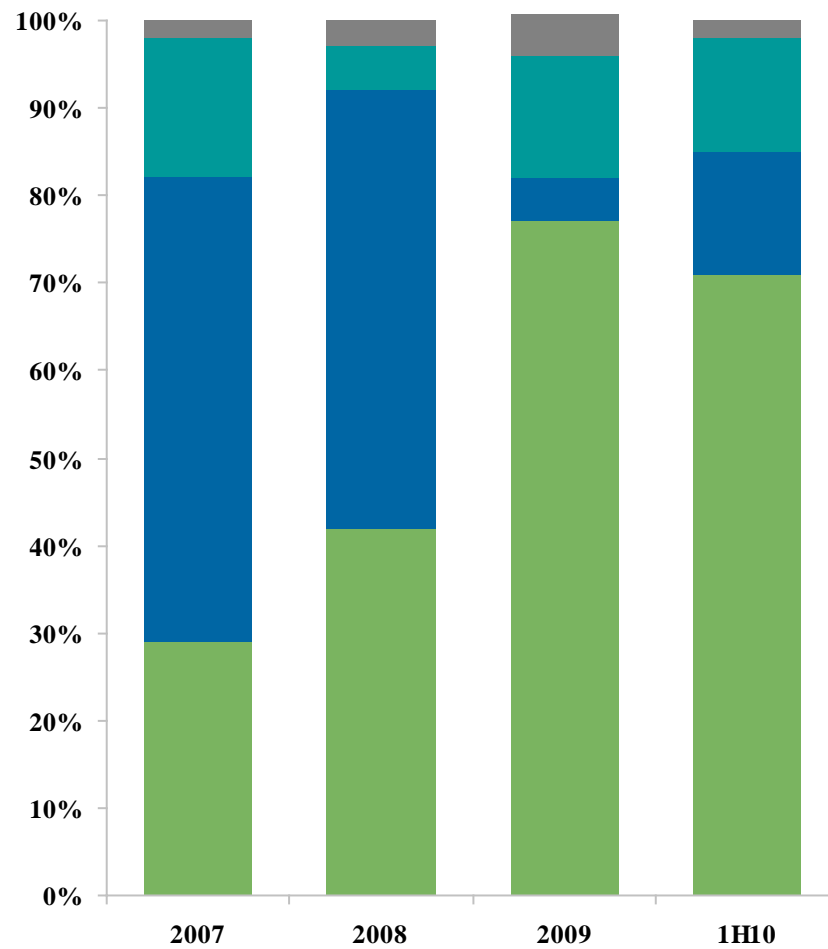
Source: Thomson Reuters, as of June 30, 2010.

# Leverage Finance Market Is Very Active

Leverage Finance Volumes (\$ in billions)



Use of High Yield Bond Proceeds (%)



Source: Thomson Reuters, as of June 30, 2010.

■ Refinancings ■ M&A ■ Recap ■ Other

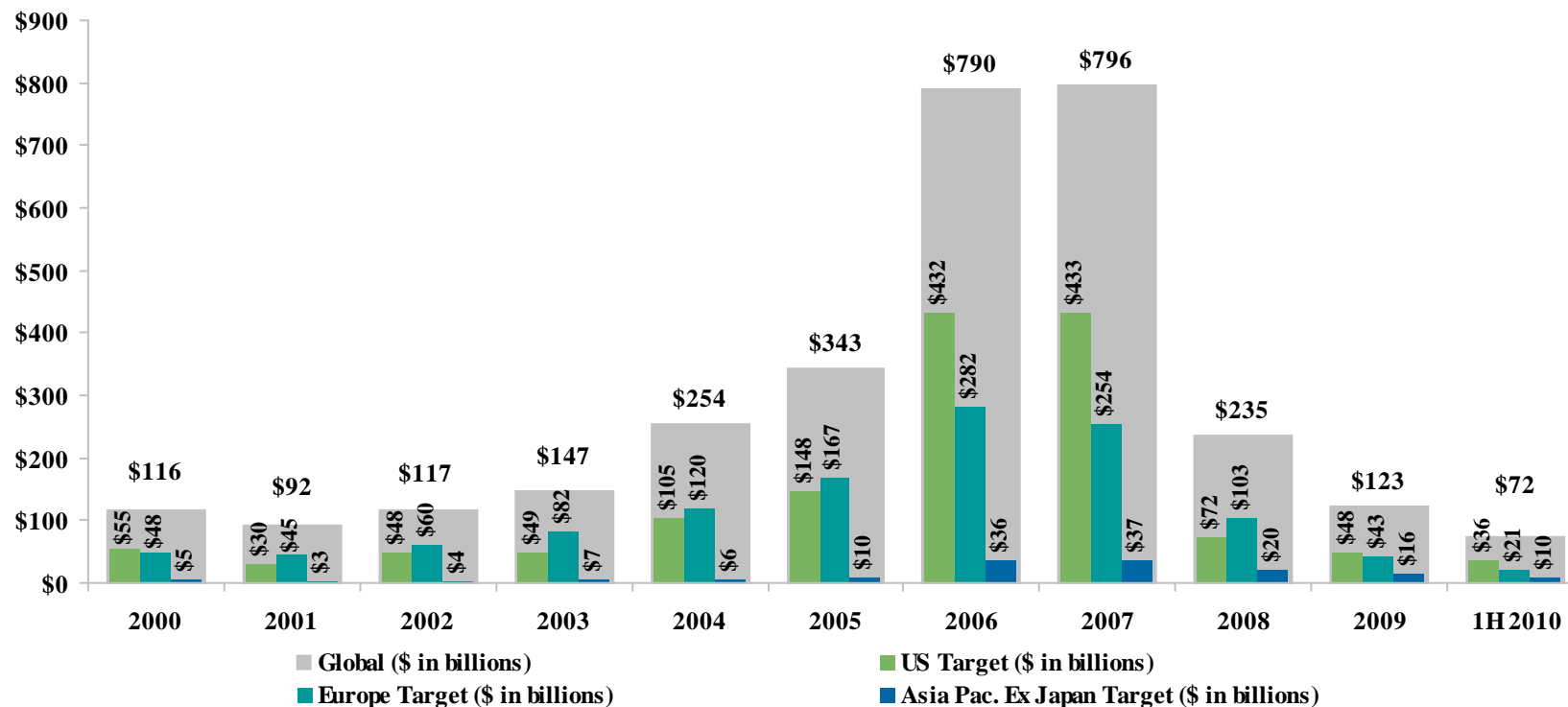
## II Private Investment Activity

# Global Buyside Financial Sponsor Activity

*Buyside Financial Sponsor Activity Overall is Up 106%, the U.S. is Up 200% and Europe is Up 110% Compared To 1H 2009.*

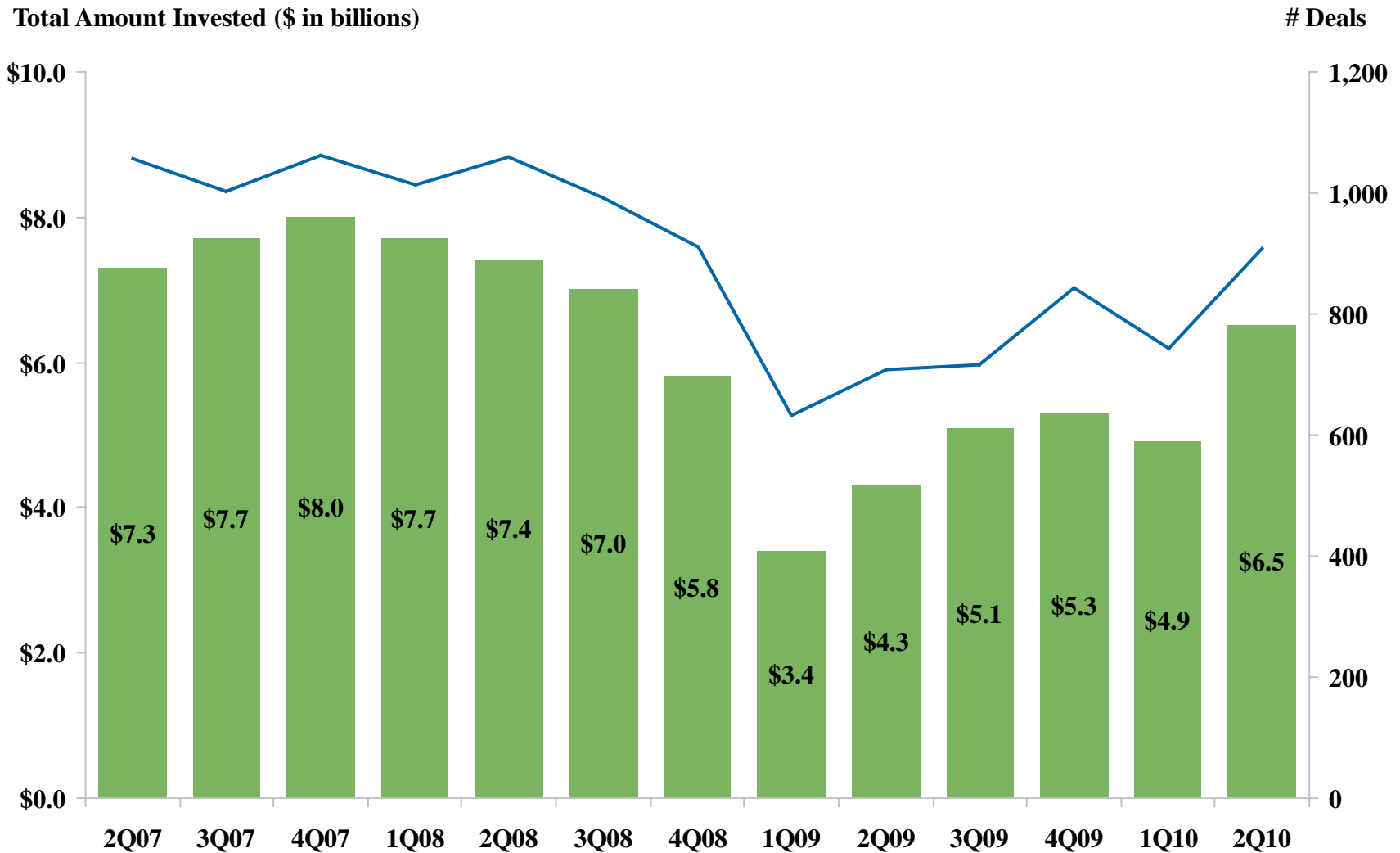
## Global Buyside Financial Sponsor Volumes Annually

\$ in billions



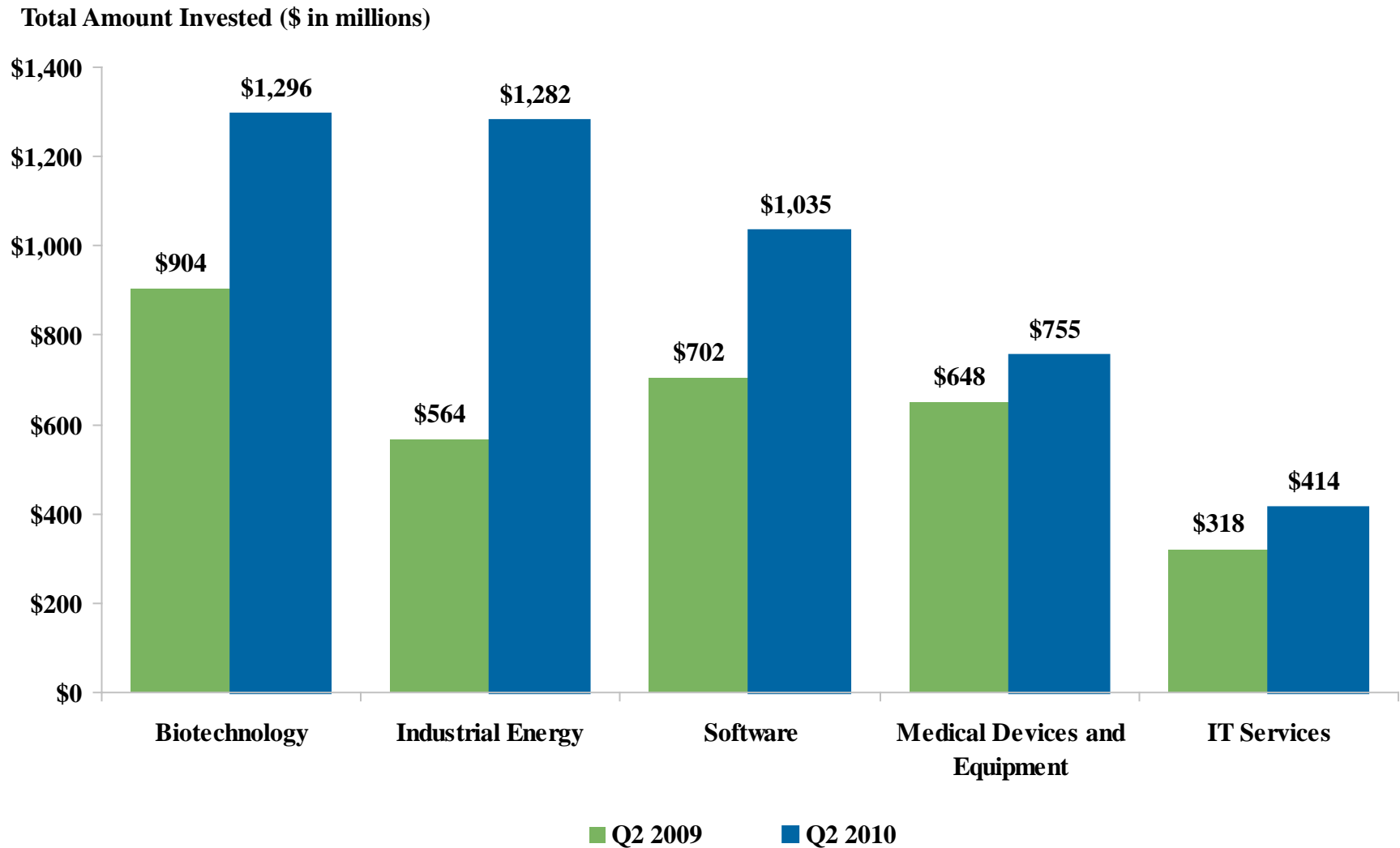
Source: Thomson Reuters, as of June 30, 2010.

# Largest Quarter for VC Investments Since Q3'08



Source: Dealogic.

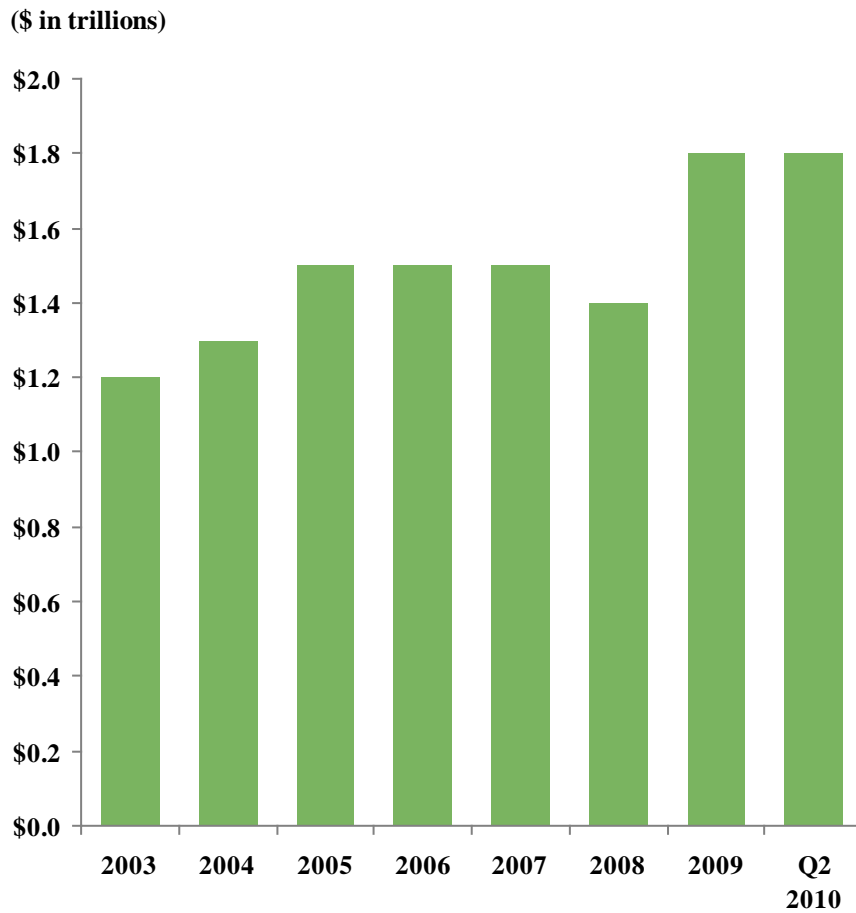
# Investment Activity By Industry – Q2 2009 vs. Q2 2010



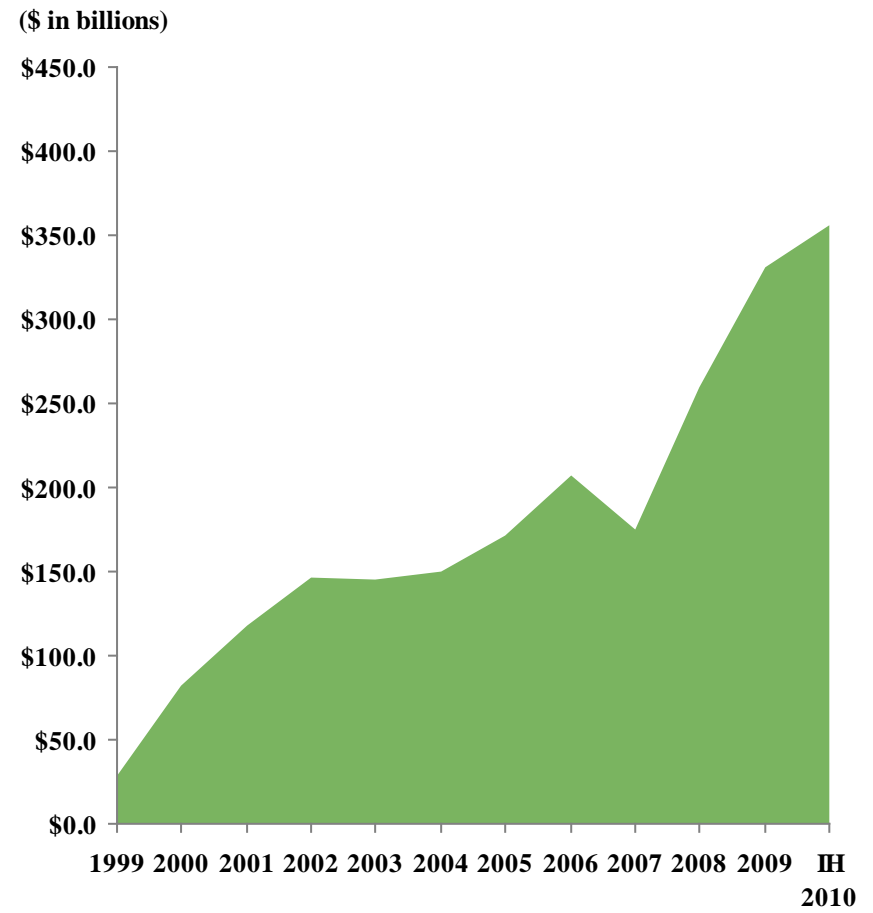
Source: Dealogic.

# Significant Cash is Still On Sidelines

## Cash Held by Strategic Buyers



## U.S. Private Equity Overhang



Source: Grant Thornton Corporate Finance; Federal Reserve Statistical Release, June 10, 2010.



## III Midwest Deal Activity

# North America Heat Chart

|                                      | South        | West         | Mid West   | Mid-Atlantic | New England | Total        |
|--------------------------------------|--------------|--------------|------------|--------------|-------------|--------------|
| TMT                                  | 216          | 368          | 85         | 148          | 91          | 963          |
| Life Sciences & Healthcare           | 169          | 139          | 115        | 113          | 60          | 623          |
| Energy, Mining, Oil & Gas            | 202          | 104          | 45         | 39           | 17          | 596          |
| Industrials, Chemicals & Engineering | 107          | 73           | 126        | 54           | 43          | 450          |
| Consumer                             | 86           | 116          | 82         | 65           | 28          | 425          |
| Financial Services                   | 125          | 84           | 96         | 75           | 22          | 417          |
| Business Services                    | 81           | 52           | 28         | 40           | 20          | 250          |
| Defense                              | 81           | 31           | 15         | 17           | 16          | 163          |
| Leisure                              | 57           | 47           | 26         | 13           | 7           | 161          |
| Transportation                       | 31           | 21           | 23         | 13           | 3           | 103          |
| Construction                         | 23           | 15           | 24         | 9            | 2           | 81           |
| Real Estate                          | 17           | 26           | 13         | 9            | 3           | 71           |
| Agriculture                          | 2            | 3            |            |              |             | 13           |
| Government                           | 5            | 2            | 1          | 3            |             | 11           |
| <b>Total</b>                         | <b>1,202</b> | <b>1,081</b> | <b>679</b> | <b>598</b>   | <b>312</b>  | <b>4,327</b> |

| Hot | Warm | Cold |
|-----|------|------|
| 120 | 75   | 30   |
| 105 | 60   | 15   |
| 90  | 45   | 0    |

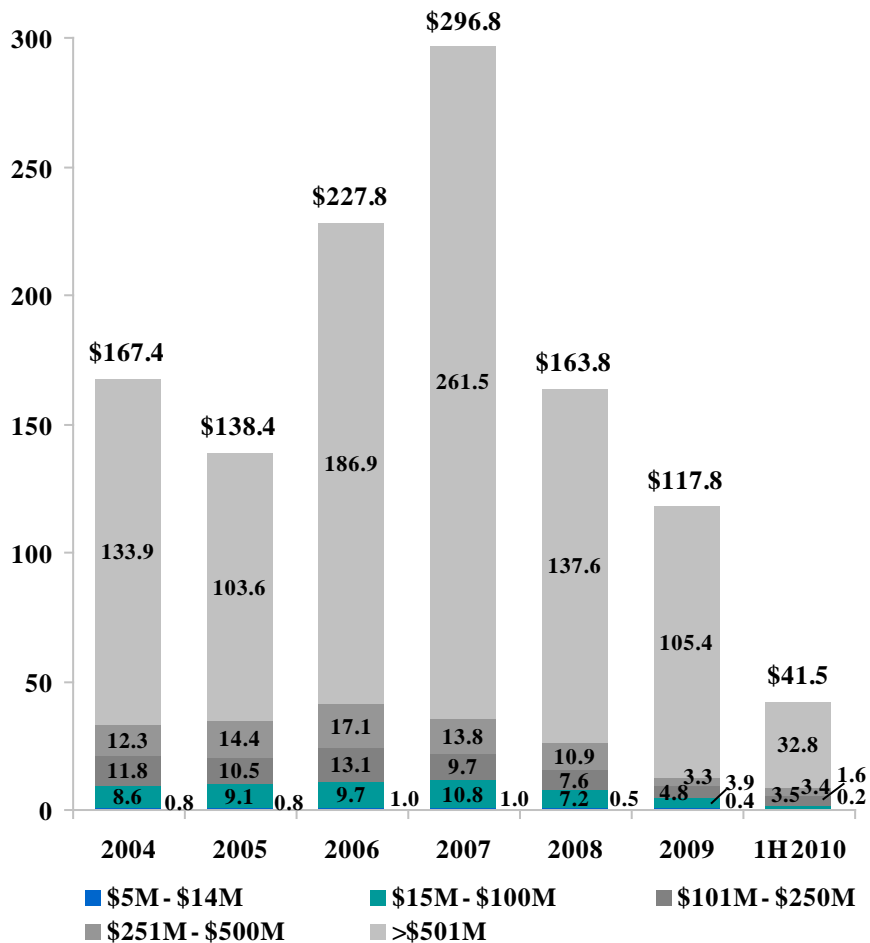
- The Heat Chart is based on 'companies for sale' stories tracked by mergermarket.com in H1 2010.
- Opportunities are captured according to the dominant sector and geography/region of the potential target company.

Source: Mergermarket.

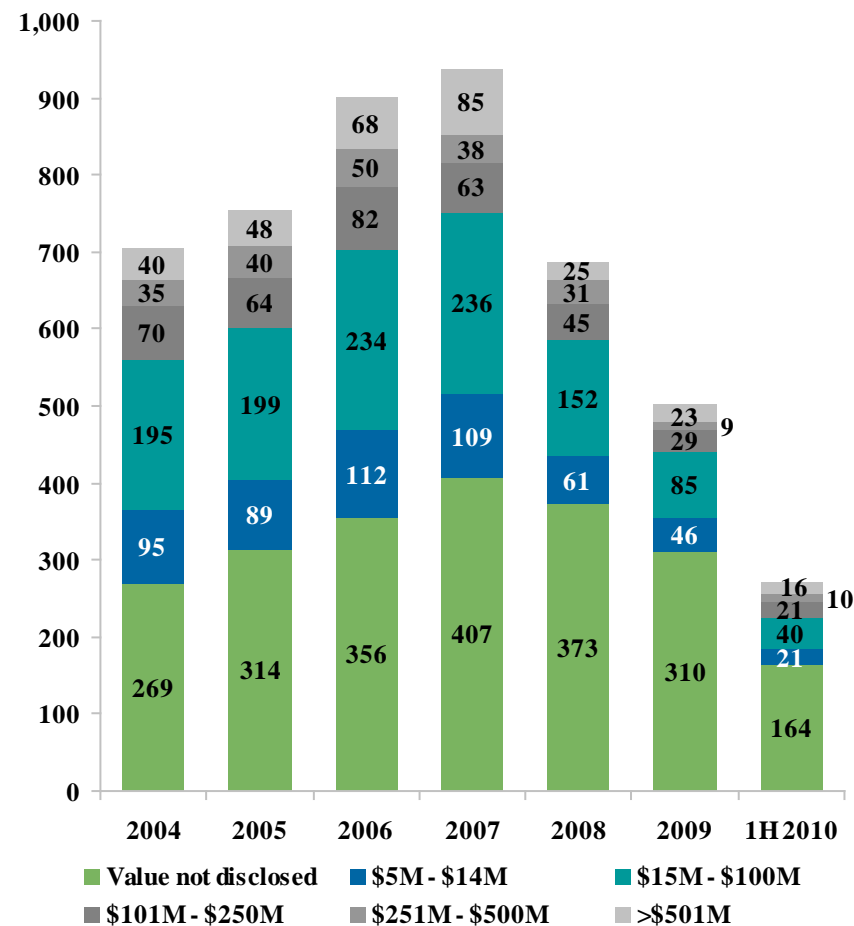
# M&A Deal Activity in Midwest

## M&A Split by Deal Size

Value \$ in billions



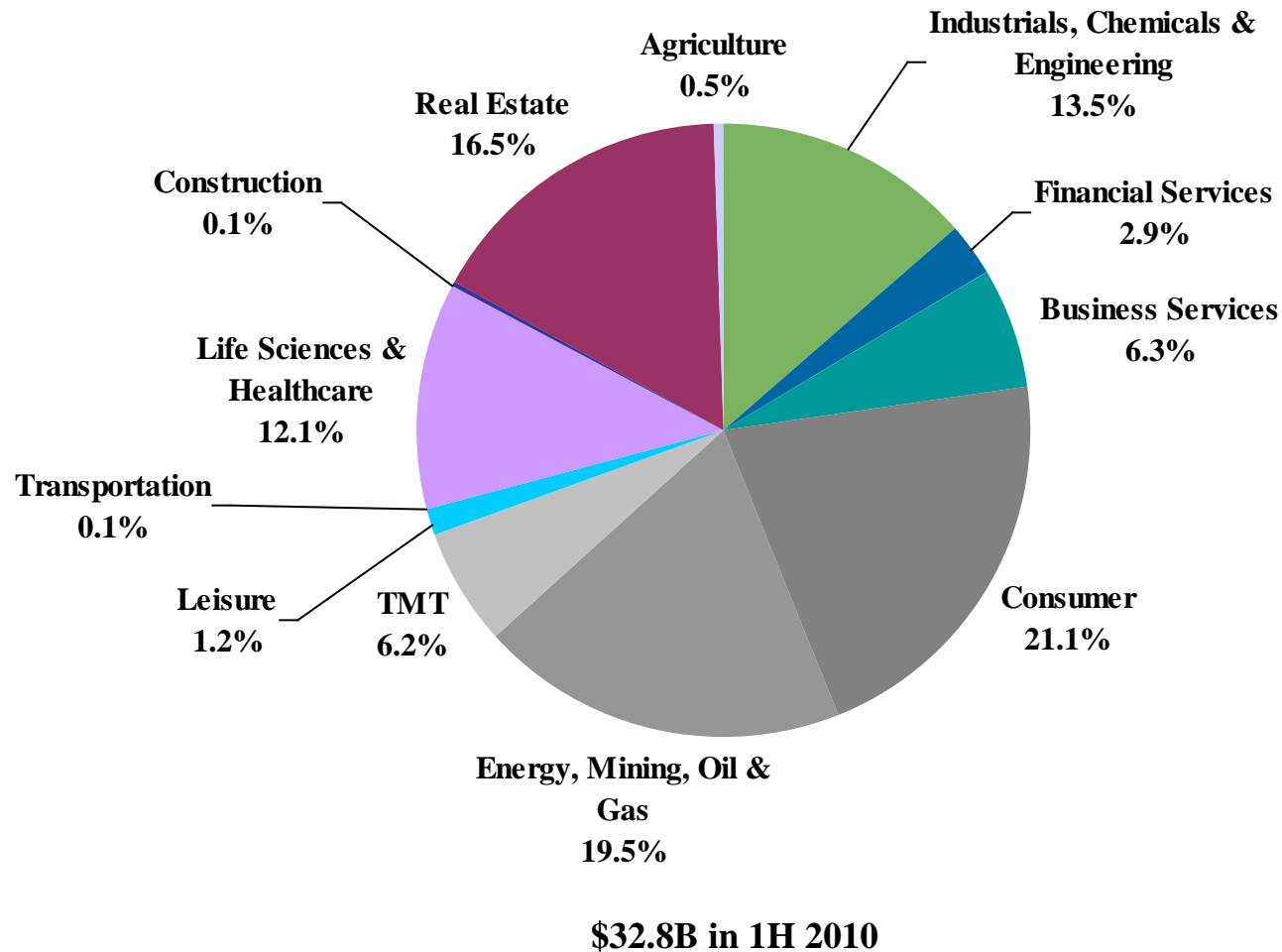
Volume



Source: Mergermarket.

# M&A Midwest Deal Activity By Sector – 1H 2010

## Mix of Deals by Industry Sector – \$ Value



Source: Mergermarket.

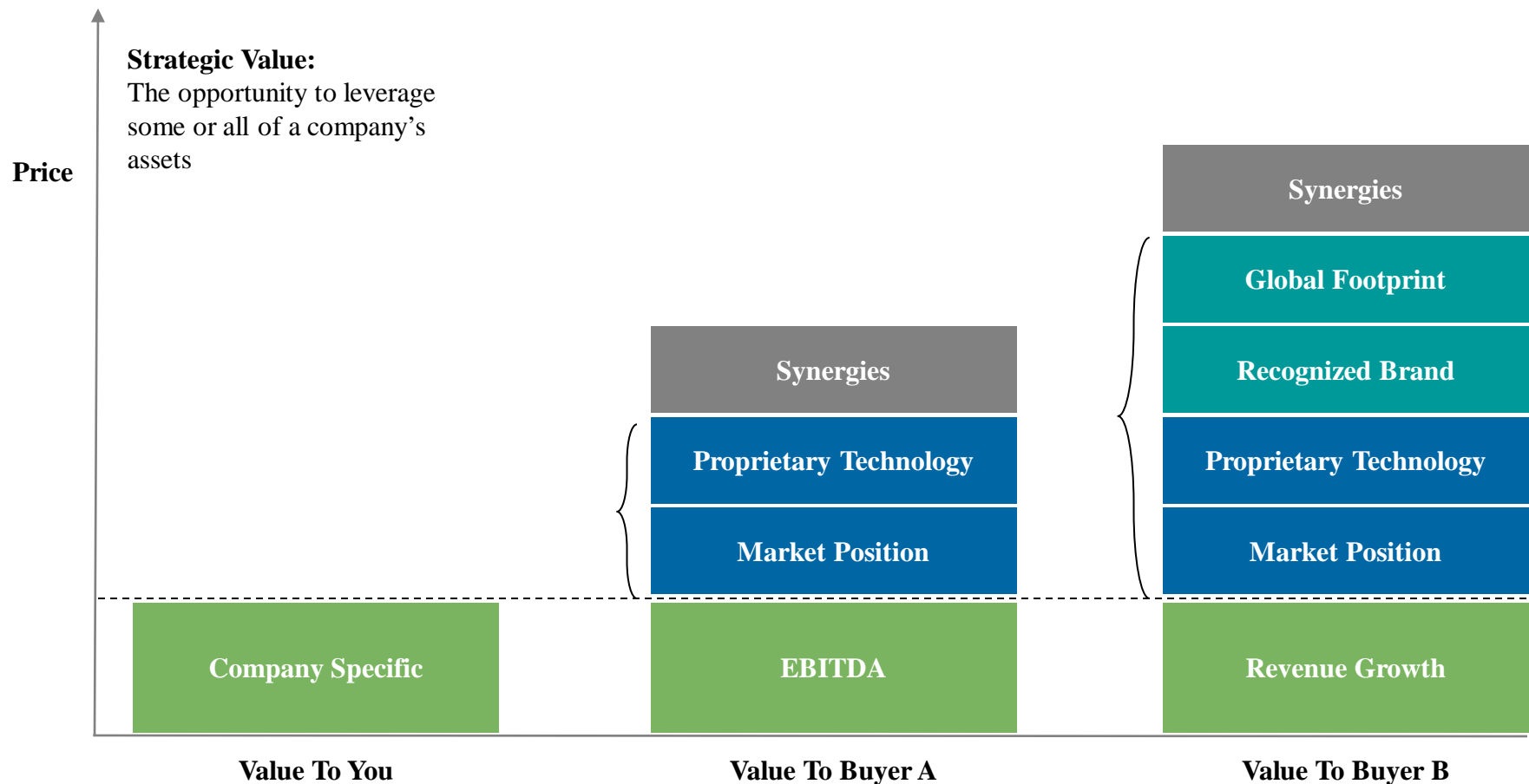
**IV**

## **Navidar Observations On the Market**



# Different Buyers Have Differing Valuation Frameworks

*Use the Imperfections of the Private Markets To Your Advantage.*



Source: Grant Thornton and Navidar.

# Navidar Observations on M&A and Capital Raising

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- The M&A and Capital Markets Are Open
- Prepare Early For the Process
- Positioning Your Story Properly Is Critical To Success
- Financial Models Undergo Heavy Scrutiny
- Understand the Mindset of the Investor / Acquirer
- Competitive Processes Result In Best Outcomes