

GF DATA RESOURCES

REPORT SUMMARY

About GF Data Resources

GF Data Resources provides data on private equity-sponsored M&A transactions with enterprise values of \$10 to 250 million. GFDR gives private equity firms more reliable external information to use in valuing and assessing M&A transactions.

GFDR collects transaction information from private equity groups on a blind and confidential basis, and provides periodic reports based on this data to private equity firms and other users.

We have produced three reports for private-equity data contributors and continue to seek private equity participants. In addition, beginning with the 2007 year-end report, GFDR will be making the data available to other users on a subscription basis.

Fall 2007 Report Overview

- Fifty-nine participating private equity firms provided data on 406 transactions closed between January 1, 2003 and June 30, 2007.
- GFDR reports do not isolate individual transactions. We drill down to the finest level of industry detail at which three data points are available utilizing the North American Industrial Classification System (NAICS).
- This report features data on 31 industries at the three-digit NAICS level (e.g., Ambulatory Health Care Services), and on 50 sub-groupings at the four-to-six digit level (e.g., Home Health Care). These categories are detailed on page 2.
- Aggregate data in the report focuses on 330 transactions valued at \$10-250 million, and at multiples ranging from 3 to 10 times Last Twelve Months Adjusted EBITDA. The industry drilldowns comprise deals in the range of 3 to 12 times EBITDA.
- The GFDR data universe has expanded steadily since the pilot report in September 2006:

	Fall 2006	Spring 2007	Fall 2007
Participating PE Groups	21	40	59
Total Data Points	130	270	406
NAICS Categories	26	53	81

Data Highlights

- Overall valuations jumped upward in the first six months of 2007. Total Enterprise Value (TEV) to EBITDA multiples averaged 6.6x, compared to 6.0-6.2x in the four prior years.
- The 2007 YTD data showed clear breakpoints by deal size:

\$10-25 million	5.9x
\$25-50 million	6.9x
\$50-100 million	6.9x
\$100 million+	7.5x

- While there was a widely held general sense prior to this year that accommodating capital-market conditions were leading to lofty valuations in this tier of the market, 2007 is the year in which it becomes unmistakably evident in the data.
- This is at least partially due to the profusion of financing sources now reaching sub-\$250-million transactions. Average total debt in the first six months of 2007 was 4.2x. Averages for 2003 to '06 ranged between 3.4 and 3.8x. Similarly, senior debt averaged 3.4x, compared to annual averages in the prior four years of 2.3 to 2.8x.
- Valuations by industry in the first six months of 2007 ranged from 5.9x EBITDA in business services and 6.0x in distribution to 7.4x in both manufacturing and publishing/media.
- Manufacturing remains the one industry with enough volume for us to “crosscut” the data and show multiples of EBITDA margin and revenue growth. Firms with trailing EBITDA margins above 15% are on average valued about .6x of a multiple more than firms with margins below 15%. The average premium for projected revenue growth greater than 10% is also about .6x.
- The data in this report predates the turmoil in the equity and credit markets this summer stemming from failures in the sub-prime lending industry. The year-end GFDR report should provide a useful window on the impact of any changes in market conditions in the second half of the year.

Industry Drilldowns by NAICS Classification

GFDR industry data is presented in this format:

	NAICS	TEV	Revenues	TTM Rev Growth	EBITDA Margin	TEV/Revs	TEV/EBITDA	N =
Transportation Equipment Manufacturing	336	\$74.7	\$54.8	18.7%	26.5%	1.7x	6.3x	14
Motor Vehicle Parts	3363**	\$54.3	\$44.9	15.9%	26.8%	1.6x	6.1x	8
MV Trnsmisn & Power Train Prts	33635*	\$58.6	\$62.3	9.1%	25.7%	1.6x	6.0x	3

Industry classifications included in the Fall 2007 report include:

MANUFACTURING		Machinery Manufacturing	333	Waste Management and Remediation Services	562
Mining (Except Oil and Gas)	211	Industrial Machinery	3332**	Repair and Maintenance	811
Heavy and Civil Engineering Construction	237	Other General Purpose Machinery	3339**	HEALTH CARE SERVICES	
Specialty Trade Contracting	238	Computer & Electronic Prod. Mfring	334	Insurance Carriers and Rel. Activities	524
Foundation Structure and Bldg. Exterior	2381**	Semiconductor and Other		Ambulatory Health Care Services	621
Building Equipment	2382**	Electronic Components	3344**	Hlth Care Practitners (excl. Physicians or Dentists)	6213**
Building Finishing	2383**	Elec. Equip., Appl. and Component Mfring	335	Outpatient Care Centers	6214**
Food Manufacturing	311	Electrical Lighting Equipment	3351**	Medical and Diagnostic Laboratories	6215**
Fruit and Veg. Preserving/Specialty Foods	3114**	Residential Light Fixtures	335121	Home Health Care Services	6216**
Fruit and Vegetable Canning	311421	Transportation Equip. Mfring	336	DISTRIBUTION	
Dairy Products	3115**	Motor Vehicle Parts	3363**	Wholesalers, Durable Goods	423
Bakeries and Tortilla Mfring	3118**	MV Trnsmisn & Power Train Prts	33635*	Commercial Equipment & Supplies	4234**
Apparel Manufacturing	315	Miscellaneous Mfring	339	Medical, Dental and Hospital	42345*
Leather and Allied Product Mfring	316	Medical Equip. & Supplies	3391**	Machinry, Equip & Supplies	4238**
Footwear	3162**	Surg. & Med. Instruments	339112	Misc. Durable Goods	4239**
Wood Product Manufacturing	321	Surg. Appliances & Supplies	339113	Wholesalers, Nondurable Goods	424
Millwork	32191*	Other Miscellaneous Manufacturing	3399**	Misc. Nondurable Goods	4249**
Paper Manufacturing	322	BUSINESS SERVICES		PUBLISHING/MEDIA	
Paper Bags and Coated and Treated Paper	3222**	Support Activities for Transportation	488	Publishing Industries (except Internet)	511
Printing and Related Support Activities	323	Credit Intermediation & Related Activities	522	Newspaper, Periodical, Book & Directory Pubs.	5111**
Commercial Printing	3231**	Nondepository Credit Intermediation	5222**	Software Publishers	5112**
Chemical Manufacturing	325	Activities Related to Credit Intermediation	5223**	OTHER INDUSTRIES	
Pharmaceutical and Medicine	3254**	Professional, Scientific and Tech Services	541	Educational Services	611
Chemicals other than Pharm/Med	3254	Geophys. Surveying & Mapping	54136*	Technical and Trade Schools	6115**
Plastics and Rubber Products Mfring	326	Interior Design	54141*	Amusement, Gambling & Recreation Inds.	713
Plastics Products	3261**	Computer Systems Design and Rel. Services	54151*		
Other Plastics Products	32619*	Mgt., Scientific & Tech. Consulting	5416**		
Primary Metal Mfring	331	Research & Development	5417**		
Iron and Steel Pipe and Tube from Purchased Steel	3312**	Other Prof., Scientific and Tech. Services	5419**		
Fabricated Metal Product Mfring	332	Administrative & Support Services	561		
Architect. & Structural Metals	3323**	Business Support Services	5614**		
		Other Business Support Services	56149*		

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