

GF DATA RESOURCES

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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 and other users 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. Seventy-nine private equity firms have provided information on deals completed between January 1, 2003 and March 31, 2008.

Our reports are now available to subscribers as well as to contributing PE firms. For information on subscribing, or contributing data as a private equity participant, contact us at www.gfdataresources.com.

Detailed valuation information is now continuously available through the web site. PE contributors and subscribers will continue to receive high-level valuation and leverage data in these electronically delivered quarterly reports.

1Q 2008 Report Parameters

- The 79 participating private equity firms have provided data on 548 transactions closed between January 1, 2003 and March 31, 2008.
- This report focuses on 442 transactions valued at \$10-250 million, and at multiples ranging from 3 to 10 times Last Twelve Months Adjusted EBITDA.
- While transactions with elevated multiples tend to distort the aggregate data, they are often relevant at the industry level. The drilldowns by NAICS code now offered on the web site therefore include transactions in a range of 3 to 12 times EBITDA. We provide valuation data on deals in the 96 NAICS categories listed on page 4.

Data Highlights

- Deal activity in the first quarter of 2008 was markedly slower than in past years.
- The 79 firms in the GFDR universe completed 15 deals meeting our parameters. These same firms completed 31 transactions in the first quarter of 2006 and 28 in the first quarter of 2007.¹
- Valuations continued the slide observed in our year-end report, with overall valuations dropping from 5.8x in the second half of 2007 to 5.6x for 1Q 2008:

TEV/EBITDA	1st half 07	2nd half 07	1st Q 08
\$10-25 million	5.7x	5.4x	4.8x
\$25-50 million	6.7x	6.0x	5.3x
\$50-100 million	7.0x	5.8x	7.4x
\$100-250 million	7.4x	7.4x	6.5x
Total	6.5x	5.8x	5.6x
N=	55	44	15

- The impact continued to be greatest on smallest transactions. Deals with enterprise values below \$50 million accounted for 11 of the 15 transactions reported in 1Q 08. Deals in the \$10-25 million and \$25-50 million value range declined by .6-.7x one valuation turn from the latter half of 2007. This continued a decline from valuation levels prevailing before the onset of the sub-prime mortgage industry crisis last July.
- Leverage did not bounce back to early 2007 levels, but debt multiples did not decline further, either. Total debt/EBITDA averaged 3.6x in the first quarter, compared to 4.1x in the first half of 2007 and 3.5x in the second half. While the first quarter featured dramatic cuts in interest rates, spreads against LIBOR expanded from 2.9% in 4Q 2007 to 3.6% in 1Q 2008.
- As they were contributing 1Q data, many PE firms said they were seeing a pronounced uptick in deals under letter of intent. We expect this activity to be reflected in our 2Q report.
- We conclude: (a) the spotty level of transaction activity in the first quarter reflected market uncertainty more than market weakness; (b) lenders were more focused on capturing better pricing and deal terms than in continuing to tighten leverage; (c) while there remain some troubled sectors and conditions (e.g., oil prices), the market is generally reassured that the mortgage mess and related disturbances do not appear to be leading to systemic reverses that could justify a sustained pullback in lower middle market deal activity.

¹ The confidential nature of data submission keeps us from correcting for the inevitable transitions within the PE universe (e.g., participating firms ceasing operation of particular vehicle, new firms not in business during earlier periods). Our judgment, however, is that these forces roughly balance out and that the year-over-year volume comparisons are directionally correct.

Valuation Overview

CHART 1

Total Enterprise Value (TEV)/EBITDA—All Industries/By TEV

TEV	2003	2004	2005	2006	2007	2008	Total	N =
10-25	5.6	5.9	5.5	5.8	5.6	4.8	5.7	168
25-50	6.2	5.9	6.0	6.2	6.4	5.3	6.1	146
50-100	5.9	6.2	6.0	6.2	6.3	7.4	6.2	97
100-250	7.4	6.7	7.9	6.1	7.7	6.5	7.0	31
Totals	5.9	6.1	6.0	6.0	6.2	5.6	6.0	
N =	70	66	80	113	98	15		442

TEV/EBITDA—All Industries (Adjusted Averages*)

TEV	TOTAL
10-25	5.5
25-50	6.1
50-100	6.1
100-250	7.0
Total	5.9
N =	313

*Deal values deviating more than one standard deviation from the mean are eliminated.

CHART 2

TEV/EBITDA—1st Quarter Data Only

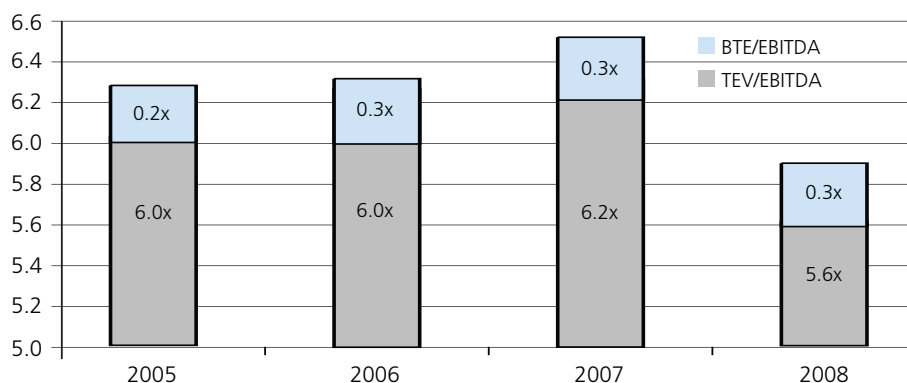
TEV	TEV/EBITDA			# of Deals		
	2006	2007	2008	2006	2007	2008
10-25	5.9	5.8	4.8	16	12	5
25-50	6.7	6.2	5.3	8	9	6
50-100	5.7	7.4	7.4	7	7	2
100-250	NA	NA	6.5	-	-	2
Totals	6.1	6.3	5.6			
N =	31	28	15	31	28	15

TEV/EBITDA—2007 splits vs 1Q 2008

TEV	1st half 2007	2nd half 2007	1Q 2008
10-25	5.7	5.4	4.8
25-50	6.7	6.0	5.3
50-100	7.0	5.8	7.4
100-250	7.4	7.4	6.5
Total	6.5	5.8	5.6
N =	55	44	15

CHART 3

"All-In" Valuations



Source: GF Data Resources LLC

- GFDR's base valuations are presented net of buyer's expenses to produce multiples most useful as reference points for seller expectations. Expenses are then added in to generate "all-in" multiples relevant for buyers in weighing total deal costs against prevailing debt multiples.
- Buyer's transaction expenses averaged 5.2% percent of TEV in 1Q 2008, compared to prior year averages in the mid-four percent range. This suggests expenses have remained relatively constant as deal values have declined.
- These expenses added an average of about .3x to the average transaction multiple.
- "All-in" multiples averaged 5.9x for the quarter.

Breakdown by Transaction Type and Industry

CHART 4

Total Debt/EBITDA—All Industries/By TEV

TEV	2003	2004	2005	2006	2007	2008	Total	N =
10-25	3.5	2.8	3.1	3.4	3.4	3.1	3.3	146
25-50	3.6	3.4	3.6	3.8	4.1	3.4	3.7	140
50-100	3.3	3.9	3.4	4.5	3.8	4.4	3.8	95
100-250	3.7	4.0	2.8	3.8	5.2	4.7	4.2	29
Totals	3.5	3.4	3.4	3.8	3.9	3.6	3.6	
N =	67	57	72	110	89	15		410

Total Debt/EBITDA—2007 splits vs. 1Q 2008

TEV	1st half 2007	2nd half 2007	1Q 2008
10-25	3.7	2.7	3.1
25-50	4.2	3.9	3.4
50-100	4.1	3.5	4.4
100-250	5.2	5.2	4.7
Total	4.1	3.5	3.6
N =	53	36	15

CHART 5

Senior Debt/EBITDA—All Industries/By TEV

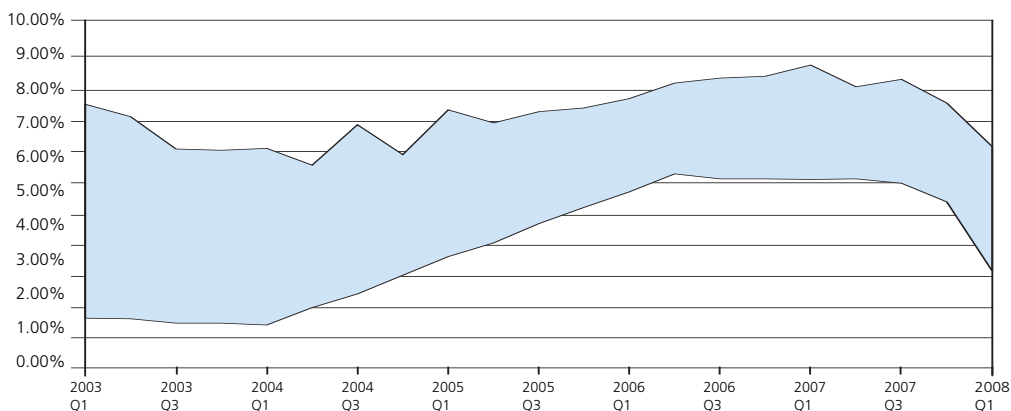
TEV	2003	2004	2005	2006	2007	2008	Total	N =
10-25	2.0	1.8	2.2	2.4	2.7	2.2	2.3	119
25-50	2.4	2.6	2.6	2.8	3.3	2.5	2.7	127
50-100	2.4	3.0	2.5	3.3	2.9	3.6	2.9	84
100-250	3.1	2.7	1.9	3.2	3.6	2.9	3.1	27
Totals	2.3	2.5	2.5	2.8	3.0	2.6	2.6	
N =	61	53	61	91	76	15		357

Senior Debt/EBITDA—2007 splits vs. 1Q 2008

TEV	1st half 2007	2nd half 2007	1Q 2008
10-25	3.2	2.1	2.2
25-50	3.4	3.2	2.5
50-100	3.1	2.7	3.6
100-250	3.9	2.7	2.9
Total	3.3	2.7	2.6
N =	41	35	15

CHART 6

Senior Debt To LIBOR Spread



Senior Debt Pricing—2007 splits vs. 1Q 2008

TEV	1st half 2007	2nd half 2007	1Q 2008
10-25	8.5%	8.2%	7.1%
25-50	8.8%	7.6%	6.5%
50-100	8.4%	7.9%	NA
100-250	6.5%	9.4%	NA
Total	8.2%	8.0%	6.3%
N =	41	34	13

GFDR's searchable data base is now available on line at www.gfdataresources.com.

We provide detailed valuation data organized by business category and/or NAICS code. You can organize your search by TEV or by year, then print it or download it into Excel. GFDR reports at the finest level of industry detail at which there are at least three data points.

The GFDR searchable data base currently includes deals in 96 NAICS categories and subcategories:

MANUFACTURING			
212	Mining (Except Oil and Gas)	3329**	Other Fabricated Metal Product Manufacturing
213	Support Activities for Mining	333	Machinery Manufacturing
237	Heavy and Civil Engineering Construction	3332**	Industrial Machinery
238	Speciality Trade Contracting	3333**	Comm. & Service Industry Machinery
2381**	Foundation Structure and Bldg. Exterior	3339**	Other General Purpose Machinery
2382**	Building Equipment	334	Computer & Electronic Prod. Mfring
2383**	Building Finishing	3344**	Semiconductor and Other Electronic Components
311	Food Manufacturing		
3111**	Animal Food Manufacturing	335	Elec. Equip., Appl. and Component Mfring
3114**	Fruit and Veg. Preserving/Specialty Foods	3351**	Electrical Lighting Equipment
3115**	Dairy Products	3353**	Electrical Equipment
3118**	Bakeries and Tortilla Mfring	3359**	Other Electrical Equipment and omponents
315	Apparel Manufacturing	336	Transportation Equip. Mfring
316	Leather and Allied Product Mfring	3363**	Motor Vehicle Parts
3162**	Footwear	3364**	Aerospace Products and Parts
321	Wood Product Manufacturing	337	Furniture and Related Products
3219*	Millwork	3371**	Household and Institutional Furniture
322	Paper Manufacturing	339	Miscellaneous Mfring
3222**	Paper Bags and Coated and Treated Paper	3391**	Medical Equip. & Supplies
323	Printing and Related Support Activities	3399**	Other Miscellaneous Manufacturing
3231**	Commercial Printing		
325	Chemical Manufacturing	BUSINESS SERVICES	
3254**	Pharmaceutical and Medicine	484	Truck Transportation
exc. 3254*	Chemicals other than Pharm/Med	4841**	General Freight Trucking
326	Plastics and Rubber Products Mfring	488	Support Activities for Transportation
3261**	Plastics Products	522	Credit Intermediation & Related Activities
3262**	Rubber Products	5222**	Nondepository Credit Intermediation
327	Nonmetallic Mineral Product Manufacturing	5223**	Activities Related to Credit Intermediation
		541	Professional, Scientific and Tech Services
331	Primary Metal Mfring	5413**	Architectural, Engineering, and Related Services
3312**	Iron and Steel Pipe and Tube from Purchased Steel	5414**	Specialized Design Services
3314**	Nonferrous Metal (except Alum.) Prod./Processing	5416**	Mgt., Scientific & Tech. Consulting
		5417**	Research & Development
332	Fabricated Metal Product Mfring	5418**	Advertising, PR and Related Services
3321**	Forging and Stamping	5419**	Other Prof., Scientific and Tech. Services
3323**	Architect. & Structural Metals	561	Administrative & Support Services
3327**	Machine Shops/Turned Product/Screw, Nut & Bolt	5614**	Business Support Services
		5617**	Services to Buildings and Dwellings
		562	Waste Management and Remediation Services
		611	Educational Services
		6115**	Technical and Trade Schools
		811	Repair and Maintenance
		8112**	Electronic and Precise Equip. Repair and Mntence
		HEALTH CARE SERVICES	
		524	Insurance Carriers and Rel. Activities
		621	Ambulatory Health Care Services
		6213**	Hlth Care Practitners (excl. Physicians or Dentists)
		6214**	Outpatient Care Centers
		6215**	Medical and Diagnostic Laboratories
		6216**	Home Health Care Services
		DISTRIBUTION	
		423	Wholesalers, Durable Goods
		4234**	Commercial Equipment & Supplies
		4235**	Metal and Mineral Goods (exc. Petrol.)
		4238**	Machinry, Equip & Supplies
		4239**	Misc. Durable Goods
		424	Wholesalers, Nondurable Goods
		4244**	Grocery and Related Products
		4249**	Misc. Nondurable Goods
		RETAIL	
		454	Non-Store Retailers
		713	Amusement, Gambling & Recreation Inds.
		722	Food Services and Drinking Places
		PUBLISHING/MEDIA	
		511	Publishing Industries (except Internet)
		5111**	Newspaper, Periodical, Book & Directory Pubs.
		5112**	Software Publishers

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