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## M&A News

Given the destruction and devastation of the financial crisis, and the Great Recession, 2010 was the post-apocalyptic. From financial re-regulation to bank failures, economic stimulus, and the various Ponzi scheme scandals, 2010 was a year dedicated to mopping up after the spills of the previous two years, including the travesty created by BP in the Gulf of Mexico.

As 2011 moves underway, the economy and many of us are ready to start moving toward something new. The U.S.'s economic engine, which was jump-started in the fourth quarter of 2009, seems to continue to pick up steam and there are plenty of reasons to believe that this momentum will carry on. Currently, prognosticators seem to predict that U.S. GDP will grow by as much as another 4% in 2011. Therefore the U.S., and its economy, seems to finally be moving on. Certainly, better news on the unemployment front would be reason to believe the U.S. has truly recovered from the Great Recession.

The U.S. still faces plenty of critical challenges. The soaring federal debt in the U.S. needs to be addressed, and the tax system, housing, Fannie and Freddie, social security, and healthcare are in various states of disarray. However, the overall U.S. economy should continue to improve, creating jobs for workers, investment opportunities for entrepreneurs, and a greater sense of confidence in the country's basic stability. Continued growth in China and other emerging markets may provide opportunities for U.S. entrepreneurs. Debt troubles in Europe will continue to drive capital toward the U.S. Growth in the BRIC countries (Brazil, Russia, India and China) will remain strong, while several European countries struggle.

As the overall capital markets have improved, Mazzone & Associates has seen a significant pick-up in activity in potential sellers. We believe that good opportunities currently exist for stable businesses interested in selling because of strong demand from strategic buyers and private equity groups – both of which are sitting on significant levels of cash to deploy for acquisitions. We are already seeing prepared sellers taking advantage

of this tremendous window of opportunity to sell their businesses as evidenced by the successful sale we just closed for a client in the fourth quarter of 2010 and by the significant number of transactions we have in process and are looking to close in the first quarter of 2011.

Although we continue hearing tales of banks being open to lending money again, we have yet to see any significant movement, other than with more traditional asset-based lenders. We have seen a tightening in appraisals and borrowing ratios that continue to restrict the credit being issued by lenders despite their public statements to the contrary. However, we continue to find success as we help our clients navigate those quagmires, which has not been easy in most cases. As leverage remains low, valuations in mergers and acquisitions are likely to remain lower than the peaks in 2006 and 2007, but deal activity appears to be picking up as buyers seem to be willing to pay a larger percentage of equity for good businesses.

In light asset businesses, like technology and distribution companies, we continue to see strong activity in mergers and acquisitions. We expect this activity to increase through the rest of 2011 as companies continue pulling through inventories and start re-investing in technology investments (e.g., systems, hardware, software and infrastructure) they have been putting off since 2008.

In building products and services businesses, we are seeing some activity, which is certainly an improvement from no activity. Interestingly, the activity has very strong margins – sometimes double or triple the margins from the peaks in 2006 and 2007. We do not expect strong top-line growth in building products and services companies. Instead, we are hoping for some slow, consistent growth as housing inventories slowly move downward, creating some need for new housing starts. If so, we believe building product and service companies will focus on trying to hold their margins rather than ramp up to flood the markets again causing pricing pressures.

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#### FIRM OVERVIEW

Mazzone & Associates is a middle market mergers and acquisitions advisory firm experienced in delivering successful results to our clients. Our dynamic professionals provide direction, access to capital markets and the intellectual horsepower to drive our clients' objectives forward with proven expertise and integrity. We successfully navigate each transaction with our specialized processes and focused service. We measure success by exceeding our clients' objectives and delivering optimal bottom line results. Mazzone & Associates provides comprehensive transactional services for middle market companies, private equity groups and individuals buying and selling companies, raising capital and structuring debt. Our firm is relationship focused. We appreciate that our assignments are "life events" for our clients – particularly for management teams, entrepreneurs and family-owned businesses who have substantial portions of their net wealth at risk in their business. Mazzone & Associates has experience working on over 300 transactions valued in excess of \$50 billion across a broad range of industries. Yet, our focus remains the single most important advantage we provide to our clients. Let us help plan your route to maximum value.



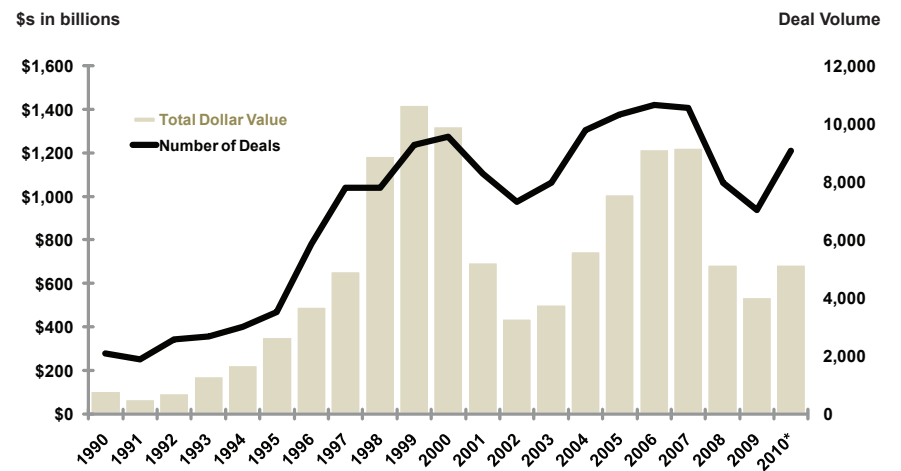
## U.S. Middle Market Watch

### Merger & Acquisition Activity

Deal Size	Number of Deals		
	12 Months Ended		
	Dec-31-2010	Dec-31-2009	Change
More than \$1,000	154	76	103%
\$500 to \$1,000	133	64	108%
\$250 to \$500	197	109	81%
<b>\$100 to \$250</b>	<b>344</b>	<b>214</b>	<b>61%</b>
<b>\$50 to \$100</b>	<b>336</b>	<b>182</b>	<b>85%</b>
<b>\$25 to \$50</b>	<b>314</b>	<b>263</b>	<b>19%</b>
\$10 to \$25	421	364	16%
Less than \$10	893	964	-7%
Undisclosed	6,281	4,874	29%
<b>Total</b>	<b>9,073</b>	<b>7,110</b>	<b>28%</b>

Source: Merger Stat Review and Flashwire Monthly

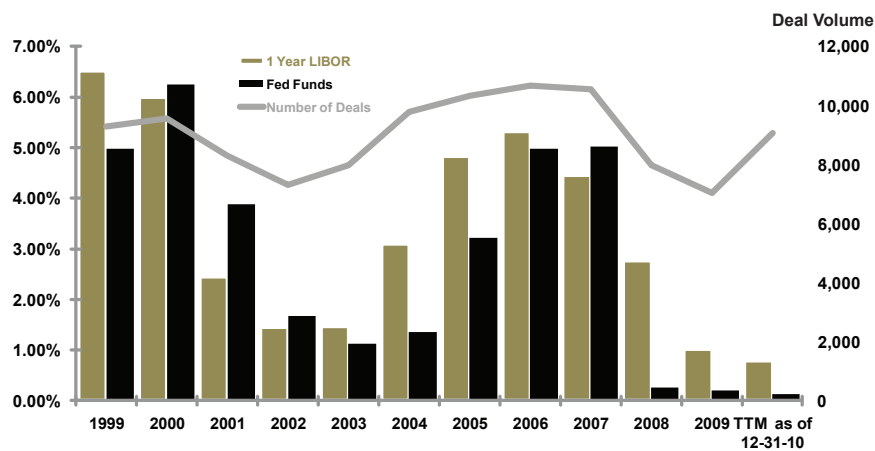
### Recent Trends



\* YTD activity through December 31, 2010 annualized  
Source: Merger Stat Review and Flashwire Monthly

Deal volume for 2010 was up 27% over 2009 and slightly above 2008.

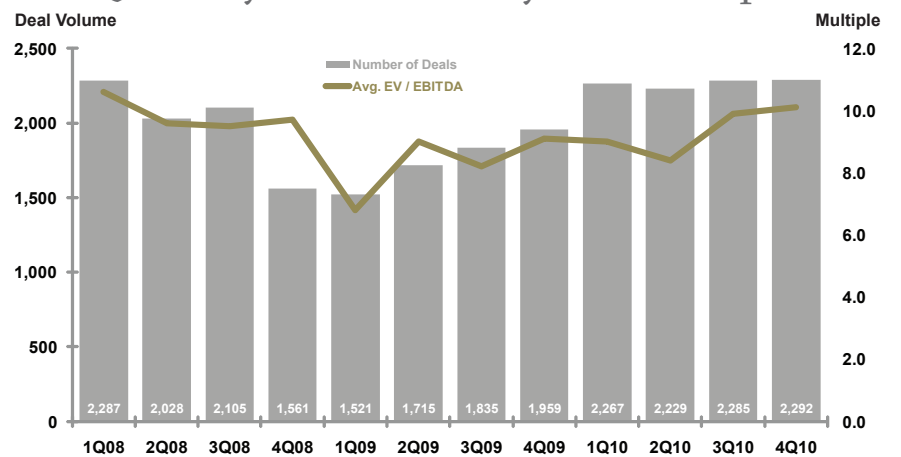
### Interest Rates and Deal Volume



Source: Merger Stat Review and Flashwire Monthly, the Wall Street Journal and MoneyCafe.com

Although interest rates are at all-time lows, liquidity/access to capital, though improving, is still impacting the M&A market.

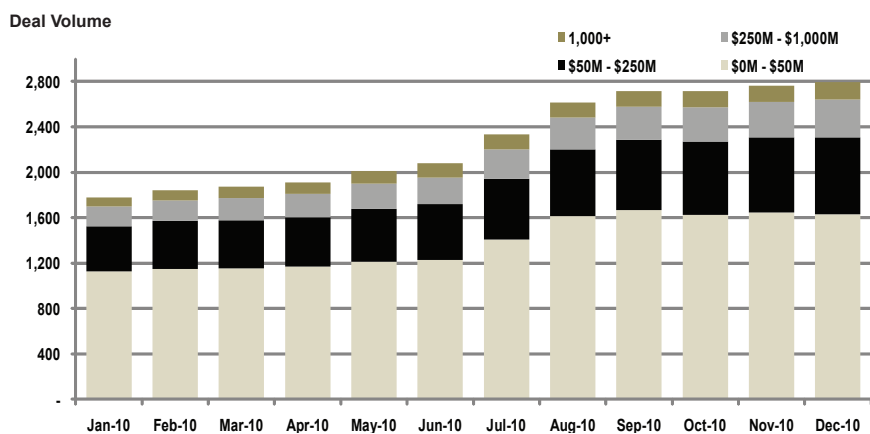
### Quarterly M&A Activity and Multiples



Source: Merger Stat Review and Flashwire Monthly

Recently, deal volume increased slightly with multiples stabilizing slightly above the four-year average and markedly higher than the trough in 1Q 2009.

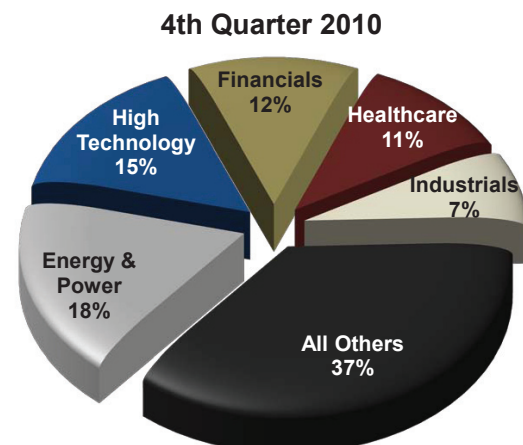
### Trailing Twelve Month Deal Activity by Transaction Size



Source: Merger Stat Review and Flashwire Monthly

Middle market (\$0-\$250 million) deal volume accounts for 84% of total deal volume and has stabilized since September 2010.

### U.S. Mid-Market M&A up to \$500m by Target Industry



Source: Thomson Reuters

Energy & Power and Technology continue to be the most active sectors for mid-market M&A activity.



## Q4 2010 Announced/Closed Transactions

*For deals with total enterprise value between \$50 and \$250 million*

Date	Target	Buyers/Investors	Size (\$s in millions)
29-Oct	PHNS, Inc.	Actis Capital, LLP; Conjoin Group	\$ 250.0
16-Nov	TVC Communications, L.L.C.	WESCO Distribution, Inc.	246.5
30-Oct	GSC Group	Black Diamond Capital Management, L.L.C.	235.0
19-Dec	Arresto Biosciences, Inc.	Gilead Sciences Inc. (NasdaqGS:GILD)	225.0
18-Oct	Excel Polymers, LLC	Hexpol AB (OM:HPOL B)	220.0
1-Oct	Richardson Electronics Ltd., RF, Wireless and Power Division	Arrow Electronics, Inc. (NYSE:ARW)	210.0
23-Nov	Matrix Financial Solutions, Inc.	Broadridge Investor Communication Solutions, Inc.	201.0
8-Dec	Total Logistic Control LLC	Ryder Integrated Logistics Inc.	200.0
9-Dec	Finishmaster Inc.	Uni-Select USA, Inc.	190.1
11-Dec	Teledyne Continental Motors, Inc.	AVIC International Holding Corporation	186.0
6-Oct	InterMune, Inc., Danoprevir	Hoffmann-La Roche Inc.; F. Hoffmann-La Roche Ltd.	175.0
15-Dec	GlobalScholar, Inc.	Scantron Corporation	166.6
28-Oct	512 Towers	SBA Communications Corp. (NasdaqGS:SBAC)	166.1
11-Oct	ActivIdentity Corporation	HID Global Corporation	161.3
21-Oct	Atlas Material Testing Technology LLC	Ametek Inc. (NYSE:AME)	159.0
23-Dec	Waste Collection, Transfer and Landfill Assets	IESI-BFC Ltd. (TSX:BIN)	159.0
1-Nov	Comforce Corp.	ABRY Partners, LLC	157.7
12-Nov	50% Stake in Animal Planet and 50% Stake in Liv	Discovery Communications, Inc. (NasdaqGS:DISC.A)	156.0
18-Oct	Accelerated Care Plus Corp.	Hanger Orthopedic Group Inc. (NYSE:HGR)	155.0
16-Nov	Trapeze Networks, Inc.	Juniper Networks, Inc. (NYSE:JNPR)	152.1
22-Dec	Renessenz LLC	Pinova, Inc.	150.0
4-Nov	Accertify, Inc.	American Express Company (NYSE:AXP)	150.0
8-Dec	The Dwyer Group Inc.	TZP Group	150.0
26-Oct	Source Photonics, Inc.	Francisco Partners Management LLC	146.9
15-Dec	Manitowoc Foodservice Companies, Inc., Kysor/Warren Business	Lennox International, Inc. (NYSE:LII)	138.0
13-Oct	Wavestream Corporation	Gilat Satellite Networks Ltd. (NasdaqGS:GILT)	136.8
22-Dec	Todd Shipyards Corp. (NYSE:TOD)	Vigor Industrial, LLC	128.8
26-Oct	Windsor Health Group, Inc.	Munich Health North America, Inc.	125.0
15-Nov	ABRAXAS CORPORATION	Cubic Corporation (NYSE:CUB)	124.0
8-Nov	CBLPath, Inc.	Sonic Healthcare Ltd. (ASX:SHL)	123.5
22-Nov	Oxford Industries Inc., Substantially All of Oxford Apparel Business	LF USA Inc.	121.7
2-Dec	Ascent Media Group, Global Content Distribution Business	Encompass Digital Media Inc.	121.0
30-Nov	Momentive Specialty Chemicals Inc., Ink & Adhesive Resins Business	Mitsubishi Corporation (TSE:8058); Harima Chemicals Inc. (TSE:4410)	120.0
5-Nov	Bubba Gump Shrimp Company Restaurants, Inc.	Landry's Restaurants Inc.	120.0
28-Dec	Eclipse Electronic Systems, Inc.	Esterline Technologies Corp. (NYSE:ESL)	120.0
8-Dec	SurePayroll, Inc.	Paychex Inc. (NasdaqGS:PAYX)	115.0
1-Nov	TechTeam Global Inc.	Stefanini IT Solutions	112.9
29-Oct	Baxter Healthcare Corporation, US Generic Injectables Business	West-Ward Pharmaceutical Corp.	112.0
7-Dec	3E Company, Inc.	Verisk Analytics, Inc. (NasdaqGS:VRSK)	110.0
1-Dec	MedfusionRx, LLC and Medtown South LLC	SXC Health Solutions, Inc.	105.5
5-Oct	Eastern Research Group, Inc.	AEA Technology Group plc (LSE:AAT)	104.7
25-Oct	Three Rivers Pharmaceuticals, LLC	Kadmon Pharmaceuticals LLC	100.0
15-Nov	Namasté Laboratories, LLC	Dermoviva Skin Essentials Inc.	100.0
31-Dec	Grass Valley	Francisco Partners Management LLC	100.0
21-Oct	Xpedite Systems, Inc.	EasyLink Services International Corporation (NasdaqCM:ESIC)	97.7
6-Dec	Altor Networks, Inc.	Juniper Networks, Inc. (NYSE:JNPR)	95.0
18-Nov	Pangea3 LLC	Thomson Reuters Corporation (TSX:TRI)	95.0
2-Nov	iSuppli Corporation	IHS Inc. (NYSE:IHS)	94.3
1-Dec	Transave, Inc.	Insmid Incorporated (NasdaqCM:INSM)	94.2
28-Nov	Telair International Inc., Actuation Business	TransDigm Group Incorporated (NYSE:TDBG)	94.0
1-Nov	Coast Crane Company	Essex Rental Corp. (NasdaqCM:ESSX)	92.0
23-Nov	Cattron Group International, Inc.	Laird PLC (LSE:LRD)	90.0
12-Oct	ALEXCO, LLC	Kaiser Aluminum Corporation (NasdaqGS:KALU)	90.0



## Q4 2010 Announced/Closed Transactions

*For deals with total enterprise value between \$50 and \$250 million*

Date	Target	Buyers/Investors	Size (\$s in millions)
1-Dec	Crowe Paradis Services Corporation	Verisk Analytics, Inc. (NasdaqGS:VRSK)	\$ 90.0
11-Oct	Platinum Solutions, Inc.	Systems Research And Applications Corporation	89.5
8-Nov	Rockford Corporation	Primoris Services Corporation (NasdaqGS:PRIM)	87.2
15-Dec	Rising Pharmaceuticals, Inc.	Aceto Corp. (NasdaqGS:ACET)	86.0
6-Oct	INTERCAT, Inc.	Johnson Matthey plc (LSE:JMAT)	85.6
15-Dec	M7 Aerospace L.P.	Elbit Systems Of America, LLC	85.0
18-Nov	Dean Foods Co., Mountain High Yogurt Business	Yoplait USA, Inc.	85.0
22-Nov	Gigle Networks Inc.	Broadcom Corp. (NasdaqGS:BRCM)	83.0
8-Nov	Complete Vacuum And Rental, Inc.	Heckmann Corporation (NYSE:HEK)	81.1
1-Oct	Jupiter eSources LLC	EPIQ Systems, Inc. (NasdaqGS:EPIQ)	80.0
21-Dec	Sugartown Worldwide, Inc.	Oxford Industries Inc. (NYSE:OXM)	80.0
10-Dec	Touchstone Wireless LP	Brightpoint North America L.P	79.9
5-Nov	Heart Hospital Of San Antonio, LP	Methodist Healthcare System Of San Antonio Ltd, LLP	78.5
21-Oct	Thomas & Betts, LRC Electronics division	Belden, Inc. (NYSE:BDC)	78.0
15-Dec	McNEIL-PPC, Inc., Dramamine(R) Business	Prestige Brands Holdings Inc. (NYSE:PBH)	76.0
22-Dec	The Rental Store, Inc.	Rent-A-Center Inc. (NasdaqGS:RCII)	75.5
14-Dec	Matrixx Initiatives Inc. (NasdaqGS:MTXX)	H.I.G. Capital, LLC	75.1
21-Dec	Newbridge Bank, Branch Located in Harrisonburg	Union First Market Bank (Richmond, VA)	75.0
17-Dec	Enwisen, Inc.	Lawson Software Americas, Inc.	75.0
26-Oct	NetStar-1 Holdings LLC, Information Technology Services Business	ITSolutions, LLC	75.0
22-Nov	MTCSC, Inc.	ManTech International Corporation (NasdaqGS:MANT)	75.0
30-Nov	Judlau Contracting, Inc.	Obrascon Huarte Lain SA (CATS:OHL)	72.5
27-Oct	StreamServe, Inc.	Open Text Corp. (NasdaqGS:OTEX)	71.0
5-Nov	Enfora, Inc.	Novatel Wireless Inc. (NasdaqGS:NVTL)	70.5
24-Nov	Ascent Media Group, Inc., Creative and Media Services Businesses	Deluxe Entertainment Services Group, Inc.	70.0
4-Oct	Aerial Company, Inc.	Beauty Systems Group LLC	70.0
15-Dec	Heartland Crop Insurance, Inc.	Everest Reinsurance Holdings Inc.	68.5
21-Dec	Commercial Industrial Finance Corp.	Deerfield Capital Corp. (NasdaqCM:DFR)	68.0
15-Dec	Emerald Waste Services, LLC	WCA Waste Systems, Inc.	67.5
27-Oct	Nellix Endovascular, Inc.	Endologix Inc. (NasdaqGM:ELGX)	67.5
22-Nov	PSI Holding Group, Inc.	Zensar Technologies, Inc.	66.0
22-Oct	Dermapet, Inc.	Dechra Veterinary Products	64.0
1-Oct	Anakam, Inc.	Equifax Inc. (NYSE:EFX)	64.0
29-Dec	Akorn-Strides, LLC, 16 Approved ANDAs and 6 filed ANDAs	Pfizer Inc. (NYSE:PFE)	63.2
3-Nov	Level One Inc.	RealPage, Inc. (NasdaqGS:RP)	62.0
4-Oct	Thorpe Corporation	The CapStreet Group, LLC; Gulfstar Merchant Banking III, Ltd.	61.0
5-Oct	Henry Bros. Electronics, Inc.	Kratos Defense & Security Solutions, Inc. (NasdaqGS:KTOS)	60.7
29-Oct	CleanSource, Inc.	Interline Brands Inc. (NYSE:IBI)	60.1
2-Dec	SeQual Technologies, Inc.	CAIRE, Inc.	60.0
3-Nov	group dca Inc.	PDI, Inc. (NasdaqGM:PDII)	55.3
4-Nov	International Technidyne Corporation	Nexus Dx, Inc.	55.0
25-Oct	ITG Investment Research Inc.	Investment Technology Group Inc. (NYSE:ITG)	53.0
16-Dec	GTI Diagnostics, Inc.	Gen-Probe Inc. (NasdaqGS:GPRO)	53.0
15-Dec	Xoft, Inc.	icad Inc. (NasdaqCM:ICAD)	52.7
4-Nov	Signature Government Solutions, LLC	Global Defense Technology & Systems, Inc. (NasdaqGM:GTEC)	52.5
15-Dec	InfoLogix, Inc.	Stanley Black & Decker, Inc. (NYSE:SWK)	52.6
23-Nov	GarrettCom, Inc.	Belden, Inc. (NYSE:BDC)	52.0
1-Oct	N-TRON Corp.	Spectris plc (LSE:SXS)	51.0
5-Oct	Ariba Inc., Sourcing Services & Business Processing Outsourcing	Accenture LLP; Accenture Global Services Limited	51.0
22-Dec	Cole Hersee Company	Littelfuse Inc. (NasdaqGS:LFUS)	50.0
4-Nov	Morristown Grain Company, Inc.	Bunge North America, Inc.	50.0
2-Nov	Capital Trust LLC	Endeavor Capital	50.0
16-Dec	Carolina Soya, LLC	Archer Daniels Midland Company (NYSE:ADM)	Not Disclosed



## U.S. Deal Activity & Average Multiples By Industry Group

### Consumer

	2006	2007	2008*	2009	2010
EV / EBITDA Multiple	16.9x	14.8x	17.5x	11.6x	12.8x
EV / Revenue Multiple	3.5x	1.6x	4.4x	1.7x	4.8x
Number of Transactions	2,745	2,977	2,324	2,023	2,403

#### Notable end of year 2010 Announcements (Date)

Cumulus Media, Inc. to acquire Citadel Broadcasting Corporation (11/29)  
Leonard Green & Partners, LP.; TPG Capital to acquire J. Crew Group, Inc. (11/23)

\*Please note that 2008 does not include the Lamar Advertising of Penn, LLC acquisition of Vista Media Group, Inc.

### Healthcare

	2006	2007	2008	2009	2010
EV / EBITDA Multiple	19.7x	25.9x	25.8x	13.2x	20.6x
EV / Revenue Multiple	9.6x	6.1x	4.0x	4.2x	4.9x
Number of Transactions	1,002	1,136	979	890	1,183

#### Notable end of year 2010 Announcements (Date)

Royal DSM N.V. to acquire Martek Biosciences Corp. (12/20)  
Thermo Fisher Scientific, Inc. to acquire Dionex Corp. (12/12)

### Energy

	2006	2007	2008	2009*	2010
EV / EBITDA Multiple	12.3x	13.7x	12.5x	11.0x	11.4x
EV / Revenue Multiple	7.4x	4.5x	6.3x	6.5x	5.6x
Number of Transactions	594	587	491	521	746

#### Notable end of year 2010 Announcements (Date)

Chevron Corp. to acquire Atlas Energy, Inc. (11/18)  
Oaktree Capital Management, LP.; Ares Management, LLC to acquire EXCO Resource, Inc. (10/29)

\*Please note that 2009 does not include the 2020 Energy, LLC acquisition of New Generation Biofuels Holdings, Inc.

### Industrials

	2006	2007	2008	2009	2010
EV / EBITDA Multiple	10.3x	14.4x	10.8x	8.9x	10.3x
EV / Revenue Multiple	2.1x	1.7x	1.3x	1.3x	1.8x
Number of Transactions	1,902	2,100	1,898	1,445	1,802

#### Notable end of year 2010 Announcements (Date)

ABB Ltd. to acquire Baldor Electric Co. (11/29)  
Caterpillar, Inc. to acquire Bucyrus International, Inc. (11/14)

### Financials

	2006	2007	2008	2009*	2010
EV / EBITDA Multiple	18.5x	15.1x	14.3x	13.6x	11.1x
EV / Revenue Multiple	9.6x	5.4x	8.1x	5.8x	9.3x
Number of Transactions	1,455	1,568	1,703	2,087	3,172

#### Notable end of year 2010 Announcements (Date)

TD Bank, N.A. to acquire Chrysler Financial Services Americas, LLC (12/21)  
HCP, Inc. to acquire Manor Care, Inc. (12/13)

\*Please note that 2009 does not include the Advenir, Inc. acquisition of Apartment Investment & Management Co. (NYSE:AIV); DBL Properties Corporation

### Information Technology

	2006	2007	2008	2009	2010
EV / EBITDA Multiple	27.4x	27.0x	23.6x	20.1x	23.7x
EV / Revenue Multiple	4.6x	3.1x	3.9x	5.1x	6.6x
Number of Transactions	2,050	2,162	1,812	1,491	1,986

#### Notable end of year 2010 Announcements (Date)

Dell, Inc. to acquire Compellent Technologies, Inc. (12/9)  
Attachmate Corporation to acquire Novell, Inc. (11/21)

### Materials

	2006	2007	2008*	2009	2010
EV / EBITDA Multiple	12.7x	11.8x	13.3x	13.0x	12.2x
EV / Revenue Multiple	1.4x	2.0x	5.9x	5.6x	3.1x
Number of Transactions	682	735	630	532	642

#### Notable end of year 2010 Announcements (Date)

Corporación Uniland, S.A. to acquire Giant Cement Holding, Inc. (12/29)  
JSC Rustamov Group to acquire Supatcha Resources, Inc. (12/13)

\*Please note that 2008 does not include the UFP Technologies Inc. acquisition of Stephenson & Lawyer, Inc.

### Logistics

	2006	2007	2008	2009	2010
EV / EBITDA Multiple	N/A	10.6x	11.0x	N/A	10.8x
EV / Revenue Multiple	0.3x	0.3x	0.9x	0.3x	0.2x
Number of Transactions	28	45	38	21	29

#### Notable end of year 2010 Announcements (Date)

TransForce, Inc. to acquire Dynamex, Inc. (12/14)

#### Source: Capital IQ

##### Please note:

- Significant outliers were removed where indicated
- Data was not available for all transactions to compute the average multiples