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Fall 2011

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M&A STRONG IN CHALLENGING ENVIRONMENT

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One North Shore Center • 12 Federal Street • 2nd Floor • Pittsburgh, PA 15212

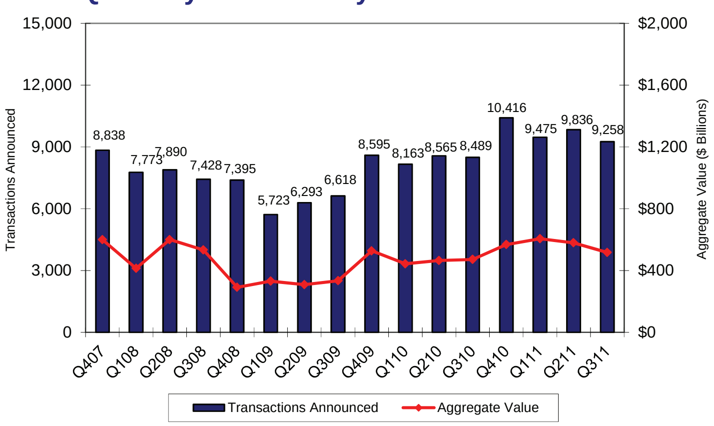
Raptor Partners M&A Market Monitor

FALL 2011

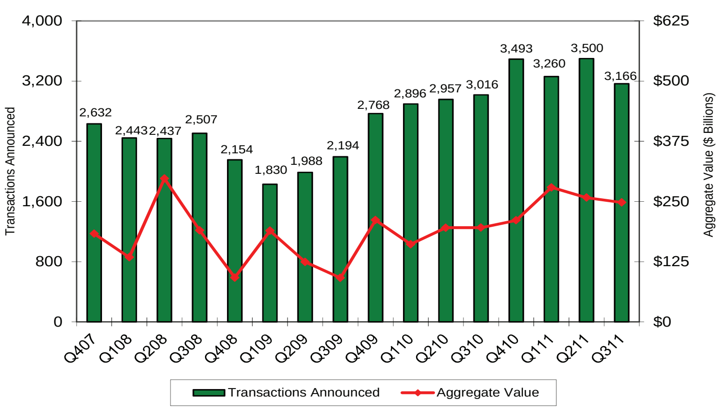
M&A Strong in Challenging Environment

Global and U.S. M&A activity continued to show strength in the third quarter of 2011, despite increased economic and political uncertainty during the period. Global M&A transaction volume increased 9.1% in the third quarter of 2011 to 9,258 deals with an aggregate announced value of $517 billion versus 8,489 deals with an aggregate announced value of $472 billion in third quarter of 2010. U.S. transaction volume increased 5.0% to 3,166 deals with an aggregate announced value of $248 billion in the third quarter of 2011 versus 3,016 deals with an aggregate announced value of $196 billion in 2010.

Global Quarterly M&A Activity



U.S. Quarterly M&A Activity



Source: Standard & Poor's CapitalIQ

During the first nine months of 2011, global and U.S. M&A transaction volume and value have also experienced strong increases. Global M&A volume increased 13.3% during the first nine months of 2011 to 28,569 deals from 25,217 deals in the prior year. Aggregate announced global deal value increased 23.4% to $1.7 trillion in the first nine months of 2011 from $1.4 trillion in 2010. U.S. M&A volume increased 11.9% during the first nine months of 2011 to 9,926 deals from 8,869 deals in the prior year. Aggregate announced U.S. deal value increased 42.1% to $785 billion in the first nine months of 2011 from $553 billion in 2010.

2011 is on pace to be a record-breaking year in terms of M&A volume, while aggregate announced deal value remains below the multi-billion dollar merger boom of 2007 that preceded the global economic crisis.

Capital Market Volatility and Economic Uncertainty Poses M&A Risk

Capital market volatility increased significantly in the third quarter of 2011 due to several areas of economic and political uncertainty. The S&P 500 index ended the third quarter down 14.3%, marking one of its worst quarterly performances on record. The Chicago Board Options Exchange (CBOE) volatility index increased nearly three-fold during the quarter, from a July 1st low of 15.8 to 42.9 at the quarter end, yet well-below its recession high of 78.

Increased investor uneasiness was caused by several domestic as well as international events. Investors witnessed a self-inflicted financial crisis in third quarter of 2011 that started as a debate in the U.S. Congress about increasing the debt ceiling. U.S. politicians waited until the last minute to reach an agreement on increasing the debt ceiling, narrowly avoiding a Treasury default on August 2nd. During the political wrangling that took place over the debt ceiling increase, the S&P 500 declined from a quarterly high of 1,353 on July 7, 2011 to 1,254 on August 2, 2011, or 7.3%. The U.S. then received the unprecedented loss of its AAA credit rating by S&P on August 5, 2011, causing the S&P 500 to drop an additional 10.7%.

The debt ceiling debacle caused a sharp decline in both business and consumer confidence as investors questioned the United States' ability to handle a stubbornly high unemployment rate that remained above 9% in the third quarter.

International markets experienced greater uncertainty due to the aftermath of the tsunami in Japan and the ongoing sovereign debt crisis in Europe. First quarter 2011 gave way to a devastating natural disaster in Japan as wreckage from the tsunami disrupted the global supply-chain to numerous industries that are just recently beginning to see recovery in production and inventory. The exposure of European banks to the debt of financially constrained countries, such as Greece, Portugal and Italy, and the potential contagion effect on the global macroeconomic outlook has significantly rattled investor confidence. Debt markets in Europe slowed considerably in August and September as a result.

In addition, fears of slower growth in demand from China and other emerging markets added to the volatility experienced during the quarter.

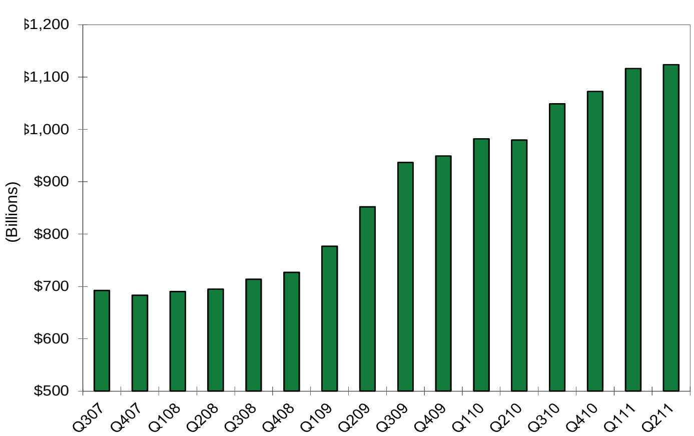
Volatility in capital markets and economic uncertainty tend to have an overall negative effect on M&A activity as target companies become more difficult to value. Forecasted financial results become harder to predict in times of uncertainty often leading to differing valuation expectations between buyers and sellers. In addition, transactions may become more difficult or more expensive to finance when markets are more volatile. This was witnessed in the sharp decline in M&A activity in late 2008 and 2009 during the post-Lehman Brothers credit crisis and recession.

M&A Remains an Important Strategic Driver

Despite the volatile capital markets, M&A activity has remained strong as corporations look to supplement subpar organic growth with acquisition growth. Acquirors tend to have a longer-term view when it comes to implementing their strategic plan, which allows them to focus less on sharp week-to-week moves in the capital markets. In addition, when valuations decline or projected results are reduced from elevated levels, acquirors have the potential to purchase a target at a reduced price or under better terms. Particularly well-capitalized buyers who can use their available cash to make acquisitions and don't have to rely on borrowings from the capital markets can benefit the most.

Record levels of cash on the balance sheets of corporations and significant levels of cash available to private equity buyers will bolster M&A activity for the remainder of the year despite the uncertainty in the market.

Non-Financial S&P 500 Companies: Cash & Equivalents



Source: Standard & Poor's CapitalIQ and Raptor Partners
Cash and equivalents include short-term investments

Larger Deals Being Announced

On October 16th, Kinder Morgan announced the second largest deal of the year with its $38 billion acquisition of natural gas exploration and production company, El Paso Corporation, creating the largest midstream and fourth largest energy company in North America. In March 2011, AT&T announced a $39 billion acquisition of T-Mobile's U.S. operations which continues to draw an audience as the deal battles an antitrust suit from the Justice Department while AT&T attempts to significantly expand mobile market share.

Several large deals in the technology sector included Google's announced $12.5 billion cash acquisition of wireless handset maker Motorola Mobility. The acquisition provides Google with a leader in the Android smartphone, home wireless device and video solutions market. In addition, the move significantly increases Google's wireless patent portfolio. Microsoft closed its $8.5 billion cash acquisition of Skype in October and HP announced a $10.3 billion cash acquisition of enterprise software maker Autonomy plc.

Although still below 2007, transactions above $100 million continue to represent a greater portion of the deals announced as buyers feel more confident taking on larger acquisitions and capital markets are more conducive to deal making.

Transactions by Deal Size

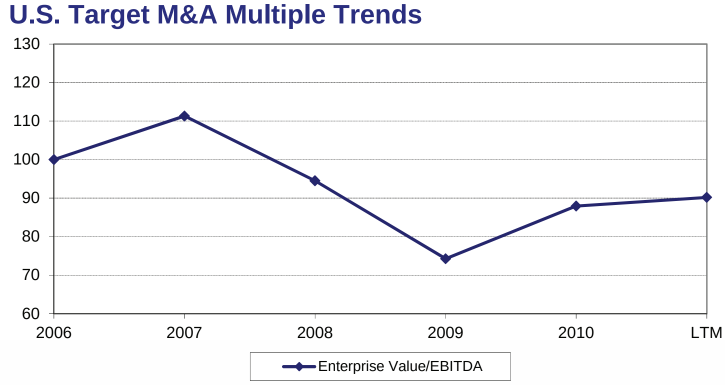
	2007	2008	2009	2010	LTM
Above $1.0 Billion	3.8%	2.6%	2.1%	2.7%	2.4%
$500 Million - $1.0 Billion	2.9%	2.3%	2.0%	2.2%	2.5%
$100 Million - $500 Million	12.6%	12.0%	11.0%	12.7%	13.5%
Below $100 Million	80.7%	83.2%	84.9%	82.3%	81.5%

Source: Standard & Poor's CapitalIQ and Raptor Partners

Valuation Trends

Median Enterprise Value/EBITDA transaction multiples have continued to improve above the recession lows of 2009 as greater competition exists among buyers. In a volatile economic environment, strong valuation multiples will be based on earnings visibility and competitive advantages.

U.S. Target M&A Multiple Trends



Source: Standard & Poor's CapitalIQ and Raptor Partners

Sector Spotlight

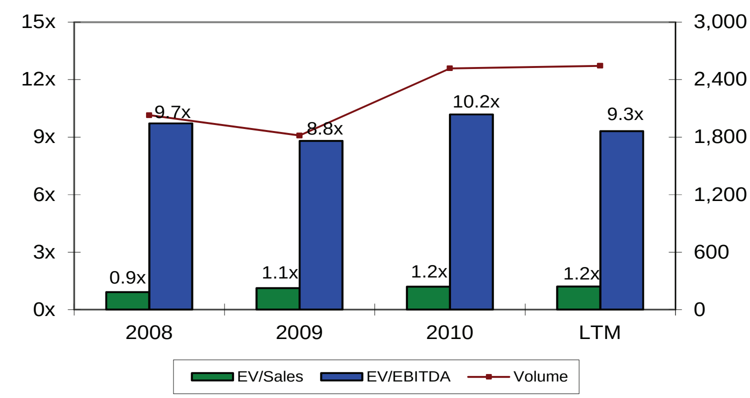
Of the five industry sectors tracked by Raptor Partners in the third quarter of 2011, comparable quarter deal volume increased for the Industrial & Materials sector while the Healthcare & Life Sciences, Business Services, Consumer Products & Services, and Technology & Software sectors declined slightly. The third quarter of 2011 witnessed valuation multiple increases over the second quarter in each of the sectors, except for Technology & Software, which remained essentially flat. The Industrial & Materials sector transactions were led by the United Technologies Corporation's $18.1 billion acquisition of aerospace component company Goodrich Corporation and Ecolab's $8.1 billion acquisition of water treatment chemical company Nalco Holdings. Several multi-billion dollar transactions were announced in the Technology & Software sector, including Google's acquisition of Motorola Mobility and HP's acquisition of Autonomy plc. The Healthcare & Life Sciences sector saw the largest LBO since the financial crisis announced in the third quarter, with a private equity consortium led by Apax Partners acquiring wound care device manufacturer Kinetic Concepts for $6.3 billion.

Business Services U.S. Deal Statistics

	2007	2008	2009	2010	LTM
EV/Sales	1.22x	0.91x	1.12x	1.20x	1.21x
EV/EBITDA	11.9x	9.7x	8.8x	10.2x	9.3x
Volume	2,494	2,028	1,817	2,517	2,544
Value ($ Bil.)	$160.8	$79.8	$79.9	$63.9	$57.2

Significant Business Services Transactions:

Date	Target	Acquiror	EV	EV/ Sales	EV/ EBITDA
8/24/2011	The Bureau of National Affairs, Inc.	Bloomberg L.P.	$1.0 B	2.9x	14.5x
8/23/2011	RSM McGladrey, Inc.	McGladrey & Pullen, L.L.P.	$0.6 B	NA	NA
8/16/2011	Vangent, Inc.	General Dynamics IT, Inc.	$1.3 B	1.8x	14.9x
7/26/2011	Drake Beam Morin, Inc.	Lee Hecht Harrison	$0.2 B	1.8x	NA
7/20/2011	SFN Group, Inc.	Randstad North America, L.P.	$0.7 B	0.4x	10.2x
7/12/2011	Donlen Corporation	The Hertz Corporation	$0.9 B	2.7x	NA
7/5/2011	Travelex Global Bus. Payments	Western Union Co.	$1.0 B	4.4x	14.0x

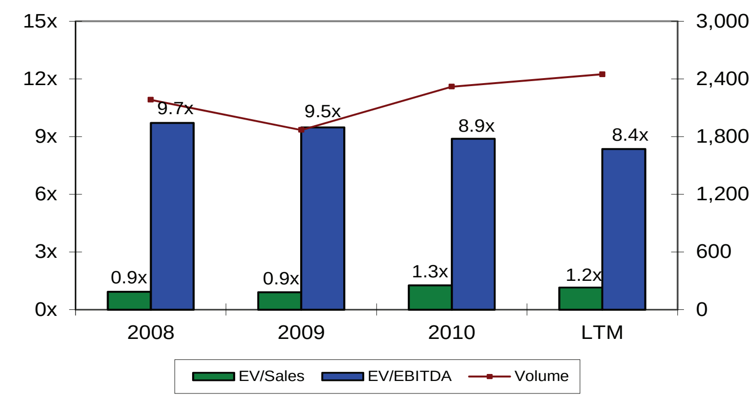


Consumer Products & Services U.S. Deal Statistics

	2007	2008	2009	2010	LTM
EV/Sales	0.95x	0.93x	0.90x	1.26x	1.15x
EV/EBITDA	10.2x	9.7x	9.5x	8.9x	8.4x
Volume	2,794	2,181	1,868	2,319	2,447
Value ($ Bil.)	$259.2	$152.0	$115.6	$115.0	$94.3

Significant Consumer Products & Services Transactions:

Date	Target	Acquiror	EV	EV/ Sales	EV/ EBITDA
9/26/2011	Riviera Black Hawk, Inc.	Monarch Casino & Resort, Inc	$0.1 B	NA	NA
9/13/2011	JAKKS Pacific, Inc.	Oaktree Capital Management, L.P.	$0.4 B	0.5x	4.6x
8/24/2011	CamelBak Products, LLC	Compass Diversified Holdings	$0.2 B	2.0x	NA
8/17/2011	Boston Proper, Inc.	Chico's FAS, Inc.	$0.2 B	1.9x	NA
8/8/2011	Sara Lee Refrigerated Dough, LLC	Ralcorp Frozen Bakery Products	$0.5 B	1.8x	NA
7/12/2011	Garden Ridge Corporation	AEA Investors LP	$1.2 B	3.5x	NA
6/29/2011	BJ's Wholesale Club Inc.	Private Equity Consortium	$2.6 B	0.2x	6.8x

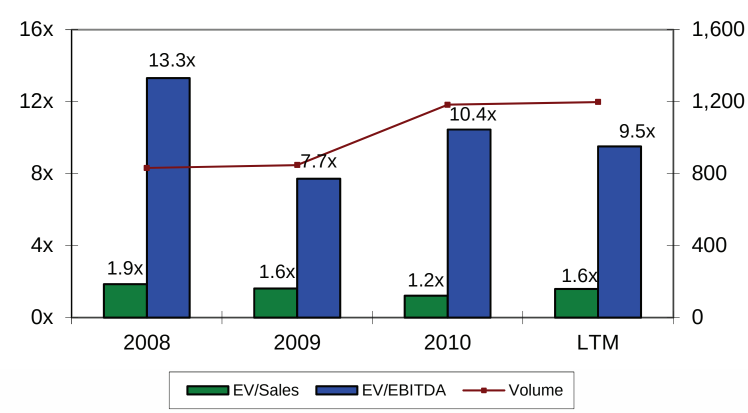


Healthcare & Life Sciences U.S. Deal Statistics

	2007	2008	2009	2010	LTM
EV/Sales	1.85x	1.62x	1.21x	1.59x	1.63x
EV/EBITDA	14.7x	13.3x	7.7x	10.4x	9.5x
Volume	989	831	847	1,182	1,197
Value ($ Bil.)	$147.5	$76.3	$190.0	$119.4	$162.7

Significant Healthcare & Life Sciences Transactions:

Date	Target	Acquiror	EV	EV/ Sales	EV/ EBITDA
9/7/2011	Caliper Life Sciences, Inc.	PerkinElmer Inc.	$0.6 B	4.4x	NM
8/31/2011	Concentric Medical, Inc.	Stryker Corporation	$0.1 B	NA	NA
8/25/2011	Baxa Corporation	Baxter International Inc.	$0.4 B	2.5x	NA
8/3/2011	Levitronix, LLC	Thoratec Corporation	$0.1 B	NA	NA
7/12/2011	Kinetic Concepts Inc.	Private Equity Consortium	$6.3 B	2.8x	9.1x
7/7/2011	Salient Surgical Technologies, Inc.	Medtronic, Inc.	$0.5 B	5.0x	NA
7/2/2011	Immucor Inc.	TPG Capital	$1.6 B	4.9x	11.1x



Source: Standard & Poor's CapitalIQ & Raptor Partners

= Multiples Above LTM Median

Raptor Partners M&A Market Monitor

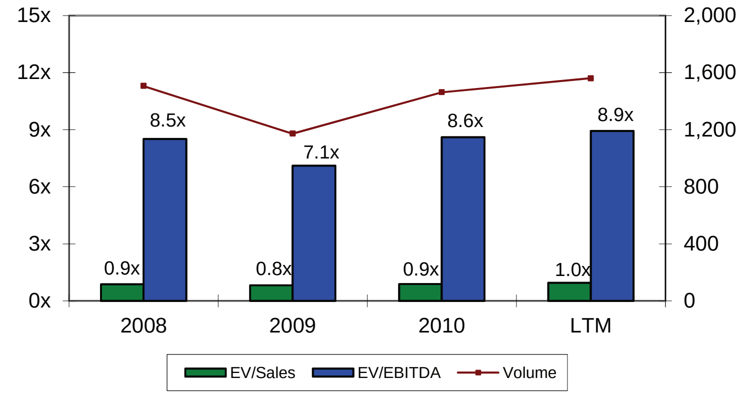
FALL 2011

Industrial & Materials U.S. Deal Statistics

	2007	2008	2009	2010	LTM
EV/Sales	0.95x	0.87x	0.82x	0.89x	0.95x
EV/EBITDA	9.9x	8.5x	7.1x	8.6x	8.9x
Volume	1,758	1,506	1,172	1,462	1,560
Value ($ Bil.)	$202.6	$81.4	$31.9	$74.2	$118.5

Significant Industrial & Material Transactions:

Date	Target	Acquiror	EV	EV/ Sales	EV/ EBITDA
9/30/2011	The GSI Group, Inc.	AGCO Corporation	$0.9 B	1.3x	NA
9/30/2011	Stolle Machinery, Inc.	Toyo Seikan Kaisha Ltd.	$0.8 B	3.2x	NA
9/21/2011	Goodrich Corp.	United Technologies Corporation	$18.1 B	2.4x	12.8x
7/19/2011	Nalco Holding Co.	Ecolab Inc.	$8.1 B	1.8x	11.3x
7/10/2011	Arch Chemicals Inc.	Lonza Group AG	$1.5 B	1.1x	10.5x
7/10/2011	Primus International, Inc.	Precision Castparts Corporation	$0.9 B	NA	NA
7/1/2011	Ameron International Corporation	National Oilwell Varco, Inc.	$0.6 B	1.2x	19.0x

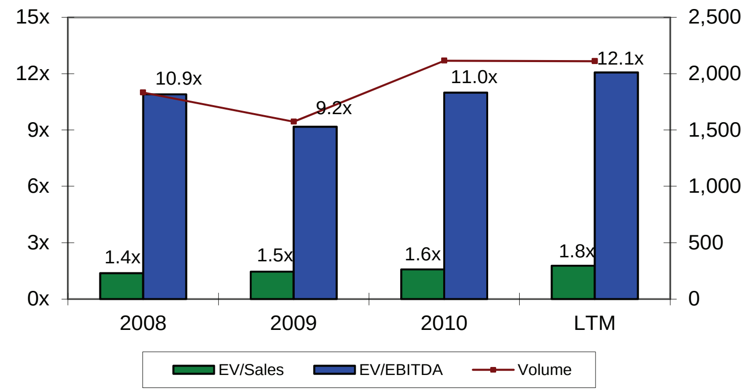


Technology & Software U.S. Deal Statistics

	2007	2008	2009	2010	LTM
EV/Sales	1.62x	1.37x	1.46x	1.57x	1.78x
EV/EBITDA	12.9x	10.9x	9.2x	11.0x	12.1x
Volume	2,225	1,832	1,573	2,115	2,111
Value ($ Bil.)	$209.6	$112.1	$90.3	$136.6	$173.3

Significant Technology & Software Transactions:

Date	Target	Acquiror	EV	EV/ Sales	EV/ EBITDA
9/14/2011	LitePoint Corporation	Teradyne Inc.	$0.5 B	5.9x	NA
9/11/2011	NetLogic Microsystems Inc.	Broadcom Corp.	$3.4 B	8.5x	35.5x
8/18/2011	Autonomy Corp. plc	Hewlett-Packard Company	$10.3 B	11.1x	25.2x
8/15/2011	Motorola Mobility Holdings, Inc.	Google Inc.	$12.5 B	0.7x	29.6x
8/3/2011	Emdeon Inc.	Private Equity Consortium	$3.3 B	3.1x	13.1x
7/31/2011	PAETEC Holding Corp	Windstream Corporation	$2.3 B	1.2x	7.2x
7/26/2011	Seismic Micro-Technology, Inc.	IHS Inc.	$0.5 B	NA	NA



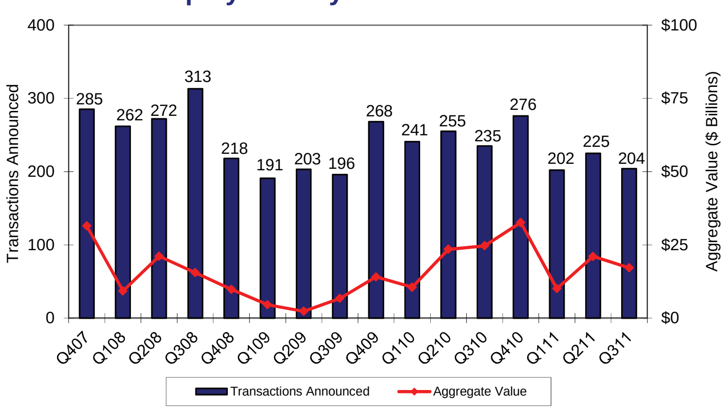
Source: Standard & Poor's CapitalIQ & Raptor Partners

= Multiples Above LTM Median

Private Equity ("PE") Activity

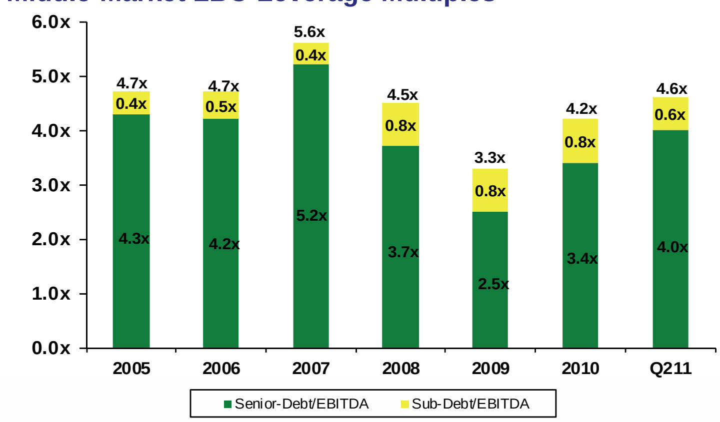
U.S. PE acquisition volume and value both declined in the third quarter of 2011 versus 2010. There were 204 deals valued at $17.1 billion completed in the third quarter of 2011, down 13.2% and 30.5%, respectively, from the comparable 2010 quarter. Increased volatility in the public markets during August caused loan issuances to fall sharply towards the end of the quarter. Prior to the third quarter, total leverage multiples had been expanding due to increasing lender flexibility and lower deal supply. On a positive note, the healthcare sector saw significant buyout activity in the third quarter, including the largest LBO transaction announced in the post-Lehman era. A private equity consortium led by Apax Partners announced the acquisition of wound care device manufacturer Kinetic Concepts for $6.3 billion. Healthcare revenue and payment cycle management provider Emdeon announced it was being acquired in August by Blackstone Capital Partners in a transaction valued at approximately $3 billion.

U.S. Private Equity Activity



Source: Standard & Poor's CapitalIQ

Middle-Market LBO Leverage Multiples



Source: Standard & Poor's Leveraged Commentary & Data EBITDA < $50 million

RAPTOR PARTNERS

One North Shore Center
12 Federal Street, 2nd Floor
Pittsburgh, PA 15212

Phone: (412) 281-5151
Fax: (412) 564-9900
E-Mail: info@raptorllc.com

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inovo / CHAD therapeutics
has been acquired by
DRIVE MEDICAL
Raptor Partners acted as financial advisor to Inovo, Inc./Chad Therapeutics and assisted in the negotiations.
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Kennywood Make a New Memory.
has been acquired by
PARQUES REUNIDOS
Raptor Partners acted as financial advisor to Kennywood Entertainment and rendered a fairness opinion.
RAPTOR PARTNERS

RESPIRONICS
has been acquired by
KONINKLIJKE PHILIPS ELECTRONICS N.V.
Raptor Partners acted as financial advisor to Respironics and rendered a fairness opinion.
RAPTOR PARTNERS

MAYNARD
has been acquired by
ACCENTURE
Raptor Partners acted as financial advisor to H.B. Maynard and assisted in the negotiations.
RAPTOR PARTNERS

SeQual
has been acquired by
CHART INDUSTRIES, INC.
Raptor Partners acted as financial advisor to SeQual Technologies and rendered a fairness opinion.
RAPTOR PARTNERS

NABCO
has been acquired by
MAIN STREET CAPITAL HOLDINGS
Raptor Partners acted as financial advisor to NABCO and assisted in the negotiations.
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For the last 30 years, our professionals have assisted private and public companies navigate the turbulent terrain of mergers, acquisitions and private capital, with over $35 billion in transactional experience.

For a confidential discussion on how Raptor Partners can serve your company's needs, please call Craig A. Wolfanger, Executive Managing Director, at (412) 281-1101.

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One North Shore Center
12 Federal Street
2nd Floor
Pittsburgh, PA 15212

www.RAPTORLLC.com

For further information:

Phone: (412) 281-5151
Fax: (412) 564-9900
E-Mail: info@raptorllc.com

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