

M&A QUARTERLY

NATIONAL EDITION

MERGERS | ACQUISITIONS | DIVESTITURES | VALUATION

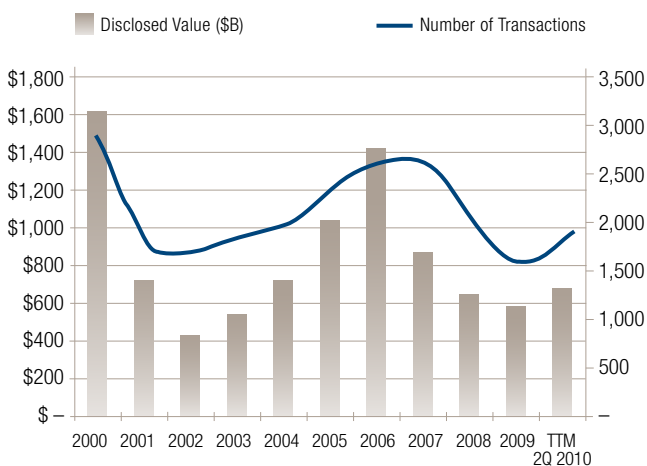
M&A Market Commentary

National M&A activity has continued to gain momentum in recent quarters, increasing more than 20% in total disclosed deal value from 1Q 2010 to 2Q 2010. Additionally, the number of announced M&A transactions has risen substantially, exhibiting increases of 14% and 47% for the periods 1Q 2010 to 2Q 2010 and 2Q 2009 to 2Q 2010, respectively. On a historical basis, total deal value for TTM 2Q 2010 approached the 2004 level, but it is not likely we will experience the highs reached in 2005 – 2007 any time in the near future. In recent quarters, smaller M&A transactions have become an increasingly important target for both strategic and financial buyers.

The second quarter of 2010 showed a significant rebound for transactions valued above \$1 billion, with both the number of transactions and disclosed deal value increasing more than 180% and 75% versus 2Q 2009, respectively. Both total disclosed deal value and the number of announced transactions for all deal value sizes increased in 2Q 2010 versus 2Q 2009, while the number of undisclosed transactions remained relatively constant.

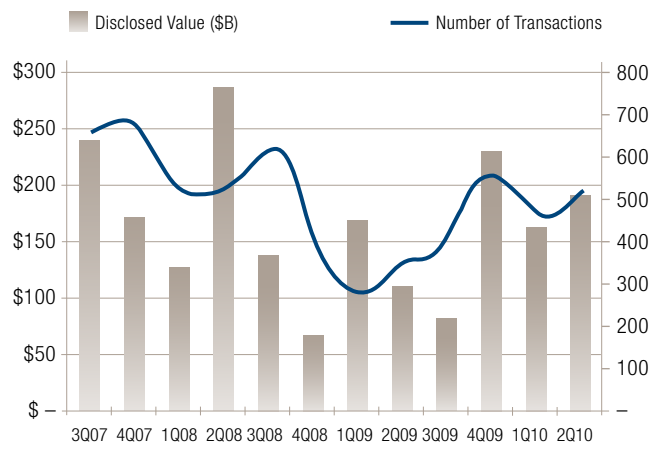
Since bottoming in 4Q 2008, domestic M&A activity has experienced consistent year-over-year improvements in both total disclosed deal value and the number of transactions. 2Q 2010 showed an improvement of nearly 50% in disclosed deal value, while the number of announced transactions increased more than 75%. Furthermore, domestic M&A activity showed incremental improvement in 2Q 2010 as compared to 1Q 2010 in both deal value and the number of transactions.

National Historical Annual M&A Activity^{1,2}



Notes: ¹ Source: Capital IQ.
² Includes transactions over \$10MM

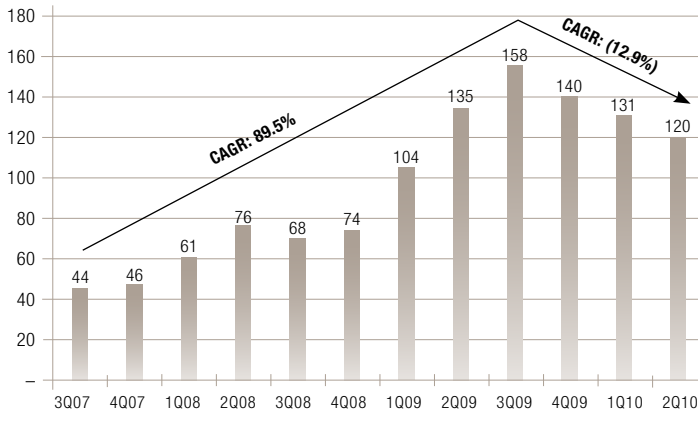
National Historical Quarterly M&A Activity^{1,2}



Notes: ¹ Source: Capital IQ.
² Includes transactions over \$10MM

As economic conditions deteriorated throughout 2008, distressed M&A transactions became a larger part of the overall M&A marketplace. Since 3Q 2007, distressed M&A activity has risen at a CAGR of 34%. However, after peaking at 158 transactions in 3Q 2009, distressed M&A began to decline, falling nearly 25% since the height. This recent decline is likely due to easing credit markets and a rebounding economy, allowing more companies the possibility of a non-bankruptcy sale.

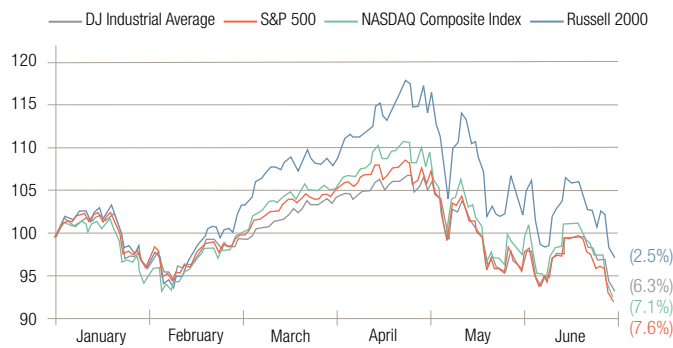
Distressed M&A Activity¹



Note: ¹ Source: Capital IQ.

U.S. equity markets have experienced high levels of volatility in 1H 2010 after rallying through most of 2009. Increased volatility in the markets has led to a pullback in equity capital raises. Of the four major U.S. indices, the Russell 2000 experienced the most modest decrease YTD 2010, falling only 2.5%, while the S&P 500 posted a 7.6% decrease. Although equity markets were not very favorable in 2Q 2010, M&A valuations continued to increase from their lows. In 2Q 2010, the National Enterprise Value / EBITDA multiple climbed for the second consecutive quarter to 10.7x, increasing more than 30% from its recent 1Q 2009 low.

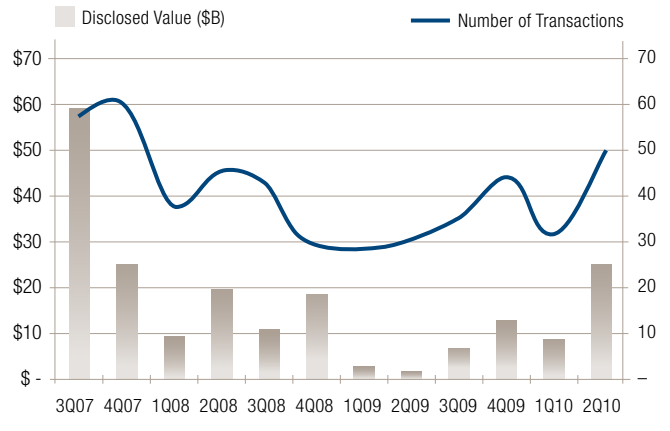
U.S. Market Indices: YTD 2010



In recent quarters, both the total deal value and the number of U.S. leveraged buyouts have increased significantly, albeit at substantially depressed levels when compared to the heightened LBO markets of 2007. Total deal value increased more than 150% in 2Q 2010 as

compared to 1Q 2010 while the number of announced transactions increased more than 60% over the same period. When compared to 2Q 2009, LBO deal value increased more than ten-fold while the number of transactions increased only 66%.

U.S. Leveraged Buyout Activity^{1,2}

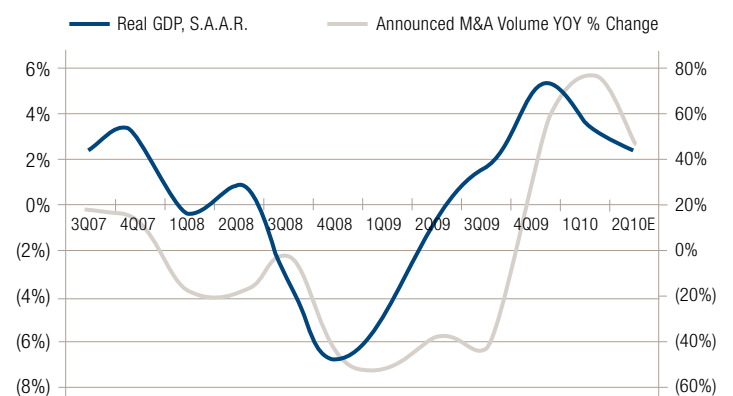


Notes: ¹ Source: Capital IQ.

² Includes transactions over \$10MM.

The U.S. GDP growth rate and National M&A activity have experienced significant increases since bottoming in 1Q 2009. The GDP growth rate, historically an accurate predictor of M&A activity, is projected to post its fourth straight quarterly increase in 2Q 2010 following four consecutive quarters of negative growth. National M&A activity is experiencing similar year-over-year growth. After posting multiple quarterly year-over-year declines, National M&A activity started a rebound in 4Q 2009 that continued into its third straight quarterly increase of 46.9% year-over-year growth.

U.S. GDP Growth vs. M&A Activity^{1,2}

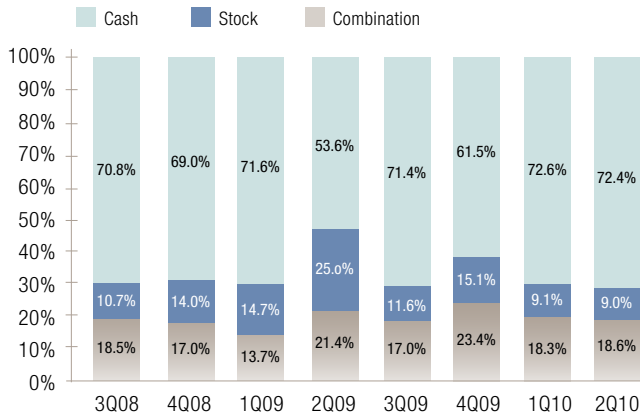


Notes: ¹ Source: Bureau of Economic Analysis, Capital IQ.

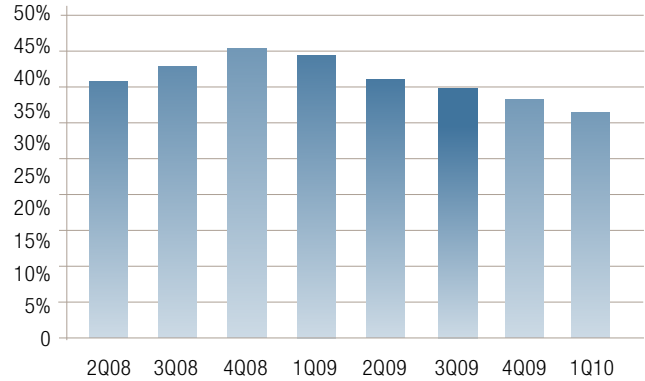
² GDP growth based on year 2000 dollars.

M&A MARKET STATISTICS AS OF JUNE 30, 2010

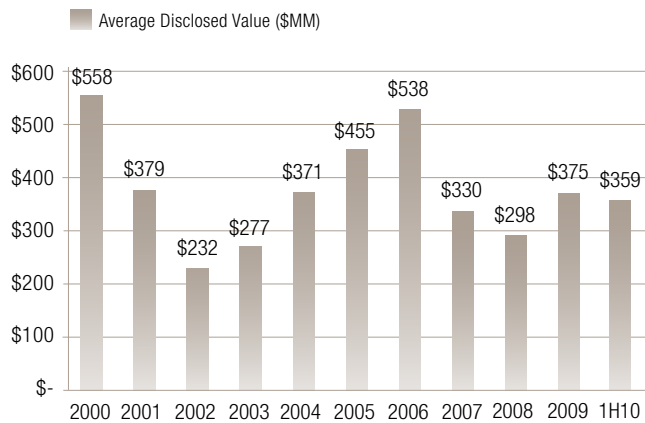
Consideration Offered for M&A Transactions¹



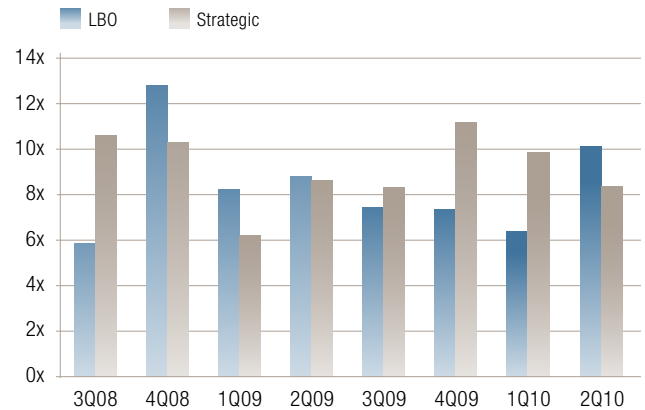
National Median Public Company Debt/Equity¹



Average Size of Total M&A Transactions^{2,3}



Median National LBO vs. Strategic EBITDA Multiples²



National M&A Deal Activity²

Deal Size	2Q 2009		2Q 2010		% Change 2Q 2010-2Q 2009	
	Volume	Value (\$MM)	Volume	Value (\$MM)	Volume	Value
Less than \$100MM	693	\$10,779	799	\$13,272	15.3%	23.1%
\$100MM – \$250MM	47	7,420	76	11,844	61.7%	59.6%
\$250MM – \$500MM	19	6,764	42	13,865	121.1%	105.0%
\$500MM – \$1,000MM	11	7,758	26	16,892	136.4%	117.7%
\$1,000MM and Higher	16	78,184	45	138,325	181.3%	76.9%
Total Disclosed	786	\$110,905	988	\$194,198	25.7%	75.1%
<i>Undisclosed</i>	<i>1,144</i>		<i>1,817</i>		<i>0.6%</i>	
Grand Total	1,930		2,805		0.5%	

Notes: ¹ Source: FactSet, 7/12/2010.

² Source: Capital IQ, 7/12/2010.

³ Includes transactions over \$10MM.

Economic Research

Scott J. Brown, PhD

July 8, 2010



A Moderate Outlook, But Downside Risks

- Recent economic data reports have generally been on the soft side of expectations, consistent with moderate growth.
- The outlook for 2H10 economic growth has softened over the last few months. A double-dip recession appears unlikely, but the risks to the growth outlook are tilted to the downside.
- If needed, there is limited scope for further monetary and fiscal policy stimulus.

Real gross domestic product rose at a 2.7% annual rate in the third estimate for 1Q10. Recent data suggest about a 2% to 3% annual rate of growth in underlying demand in 2Q10, but that's not enough to push the unemployment rate down by much. The outlook for the second half of the year is moderate, but somewhat softer than was expected a couple of months ago. The economy continues to face a number of headwinds: lingering problems in residential and commercial real estate, contractionary fiscal policy at the state and local levels, and tight credit for small firms. Uncertainty about tax policy also appears to be a dampening factor.

The June Employment Report indicated some softness in aggregate wage income last month, but the trend has been higher this year (private-sector wage and salary income rose 2.1% in the first five months of the year). The savings rate dipped to 3.3% in March, but rose to 4% in May, which may account for some of the more recent softening in consumer spending growth. Savings could continue to creep higher in the near term, dampening the pace of spending growth. Consumer confidence fell sharply in June, apparently reflecting an impact from the Gulf oil spill (figures were down sharpest in the Gulf region).

The European debt crisis and downward revisions of near-term growth expectations have put a Fed rate increase further out in the future, most likely not until the second half of 2011. Having exhausted conventional policy stimulus more than a year and a half ago, the Fed could resume its program of quantitative easing by buying mortgage-backed securities or long-term Treasuries. However, long-term interest rates are already extremely low, so it's not clear what that would accomplish. Reportedly, Fed officials are considering other options, which would likely meet some opposition from the more hawkish FOMC members. The Fed could promise to keep rates low for a longer period. It could also lower the interest rate that the Fed pays on bank reserves held at the Fed (currently 0.25%).

Long-term interest rates have dropped significantly in a flight to safety following the European debt crisis and reduced expectations for U.S. economic growth. Importantly, low long-term interest rates should aid the recovery. Mortgage rates are at a 39-year record low.

With conventional monetary policy at its limit, the economy would benefit from a further dose of fiscal stimulus. Unfortunately, the public mood and the sentiment in Congress are set against it. Near-term worries about the federal budget deficit are misguided. The bigger problems lie 10 to 20 years out, as Medicare costs are projected to rise sharply. It's important that lawmakers come up with a credible plan to reduce the budget deficit (as a percentage of GDP) over time. However, acting too soon, or failing to come up with further stimulus if it's needed, puts the recovery at risk. There's no sign that large government deficits are crowding out private borrowing and government borrowing costs are very low. Austerity measures in Europe are likely to dampen the pace of the global economic recovery to some extent in 2011.

As it stands now, the federal fiscal stimulus will ramp down in 2011 and the Bush tax cuts are set to expire at the end of this year. Congress doesn't have to do anything to raise taxes. It will take a bipartisan effort not to raise taxes. The Obama administration wants higher taxes only at the high end of the income scale (the top marginal tax rate and the capital gains tax rate for upper income households), but would likely be willing to extend the Bush tax cuts or phase them out over time. Nobody likes paying taxes, and the specter of higher tax rates is widely cited by businesses large and small as the key concern in the economic outlook. However, taxes haven't gone up yet, and it's hard to imagine how a return to the tax rates of the late 1990s would be that detrimental to economic growth.

It's difficult to gauge the impact of psychology on the economy. A few months ago, it appeared that positive feedback loops were beginning. That's still possible, but negative business and consumer attitudes could dampen the pace of the economic recovery in the second half of the year.

Raymond James & Associates

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Sources of data include FactSet, Thompson Financial and other news organizations. Information obtained from third-party sources is considered reliable, but we do not guarantee that the information herein is accurate or complete. This report was prepared within Raymond James & Associates' Investment Banking Department and is for information purposes only. This report is not a product of Raymond James & Associates' Research Department; recipients of this report should not interpret the information herein as sufficient grounds for an investment decision or any other decision. The report shall not constitute an offer to sell or the solicitation of an offer to buy any of the securities mentioned herein; past performance does not guarantee future results.

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RAYMOND JAMES RECENT ADVISORY TRANSACTIONS

2010



Financial Advisory Services

June 2010



Financial Advisory Services

June 2010



Has been acquired by
Extant Component Group Holdings, Inc.
a portfolio company of
WARBURG PINCUS

June 2010



Has announced its acquisition of
Terra Nova Financial
a subsidiary of
Terra Nova Financial Group, Inc.

June 2010



Has been acquired by

NorthStar Memorial Group

June 2010



Has been acquired by

EngHOUSE

June 2010



Has been acquired by
 **West Corporation**

June 2010



Has acquired natural gas assets from

HIGHMOUNT
EXPLORATION & PRODUCTION, LLC

May 2010




Has been acquired by

inComm

May 2010



Has announced its acquisition by

EP
FRANCISCO PARTNERS

May 2010



Has been acquired by

EQUINIX

May 2010



Has sold its oil and gas assets, production, transportation assets and related equipment to

CountryMark

April 2010



Has sold certain E&P and midstream assets to

Tanos
EXPLORATION, LLC

April 2010



Has been acquired by

MERGE
Healthcare

April 2010



Has announced a restructuring agreement and going-private transaction with

HIGHLAND CAPITAL

April 2010



Has been recapitalized by
Boyer Capital Partners & Grindstone Partners

April 2010

First Litchfield Financial Corporation, Inc.
parent of

The First National Bank

Has been acquired by


UNION SAVINGS BANK

March 2010



Evergreen Energy Inc.
Restructuring Advisory Services
Sell-Side Advisor to Buckeye Industrial Mining

March 2010



Has been acquired by

Tepcetrol

March 2010



Has been acquired by

NIPRO
MEDICAL CORPORATION

RAYMOND JAMES RECENT CAPITAL MARKETS TRANSACTIONS

June 2010



\$676,200,000
Initial Public Offering

Co-Manager

June 2010



\$124,200,000
Initial Public Offering

Co-Manager

June 2010



\$390,195,000
Initial Public Offering

Co-Manager

June 2010



\$229,676,270
Follow-On Offering

Co-Manager

June 2010



\$393,300,000
Follow-On Offering

Lead Manager

May 2010



\$349,140,000
Follow-On Offering

Co-Manager

May 2010



\$40,000,000
Block Trade

Sole Manager

May 2010



\$49,933,072
Follow-On Offering

Co-Manager

May 2010



\$317,400,000
Follow-On Offering

Joint Book-Running Manager

May 2010



\$358,750,000
Initial Public Offering

Co-Manager

May 2010



\$127,400,000
Follow-On Offering

Joint Book-Running Manager

May 2010



\$430,625,000
Follow-On Offering

Senior Co-Manager

April 2010



\$289,777,000
Initial Public Offering

Senior Co-Manager

April 2010



\$210,000,000
Initial Public Offering

Co-Manager

April 2010



\$90,000,000
Initial Public Offering

Co-Manager

April 2010



\$228,131,250
Follow-On Offering

Lead Book-Running Manager

April 2010



\$32,890,000
Follow-On Offering

Sole Manager

April 2010



\$490,590,000
Follow-On Offering

Co-Manager

April 2010



\$233,750,000
Follow-On Offering

Co-Manager

April 2010



\$289,800,000
Follow-On Offering

Senior Co-Manager