

Raymond James' *Mergers & Acquisitions Group* is the investment banking team dedicated to providing financial advisory services to middle-market private and public companies.

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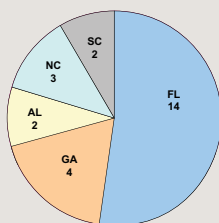
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## ALSO IN THIS EDITION

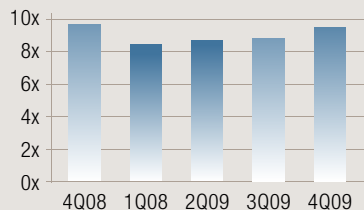
M&A Market Statistics . . . . .	3
Florida . . . . .	4
Georgia / Alabama . . . . .	5
Carolinas . . . . .	7
Economic Corner . . . . .	8
Deal of the Year Announcement . . . . .	9
About Raymond James . . . . .	10
RJ Advisory Transactions . . . . .	11
RJ Capital Markets Transactions . . . . .	12

## ACTIVITY SUMMARY

**4Q 2009 Southeast Targets**  
 (Greater than \$20MM)



**Average Quarterly EBITDA Multiples for National Targets**



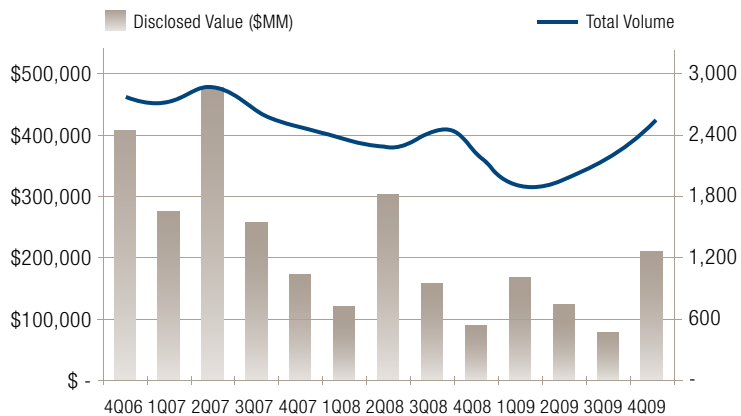
# M&A QUARTERLY SOUTHEAST EDITION

MERGERS | ACQUISITIONS | DIVESTITURES | VALUATION  
 & RELATED NEWS IN FLORIDA, GEORGIA, ALABAMA AND THE CAROLINAS

## M&A Market Commentary

Although National M&A activity remained depressed in 2009 with total disclosed deal value near the lows of 2002-2003, there were encouraging signs in the second half. From 4Q 2008 to 4Q 2009, the total dollar value of disclosed transactions increased more than two-fold while total volume increased nearly 25%. This recent increase is due to a number of large strategic transactions during 4Q 2009 such as Exxon Mobil's acquisition of XTO Energy and Berkshire Hathaway's acquisition of Burlington Northern Santa Fe. However, transactions valued under \$100 million increased at a more modest 8% in total dollar value while increasing roughly 17% in volume from 4Q 2008 to 4Q 2009.

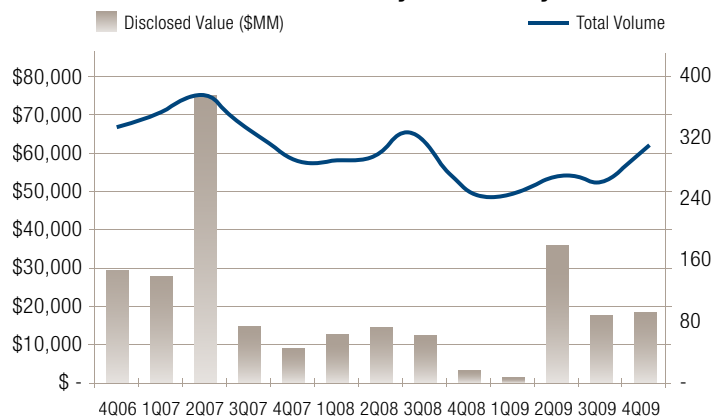
**National Historical Quarterly M&A Activity<sup>1</sup>**



Notes: <sup>1</sup> Source: Capital IQ

Southeast M&A volume increased more than 30% from 4Q 2008 to 4Q 2009, while total deal value increased nearly two-fold in the same period. Consistent with National M&A activity, a large portion of the Southeast M&A deal value was attributed to several large transactions, including Blackstone's acquisition of Busch Entertainment (nka: Seaworld Parks & Entertainment) and Emerson Electric's acquisition of Avocent. Total disclosed deal value for transactions valued under \$100 million declined almost 5% from 4Q 2008 to 4Q 2009.

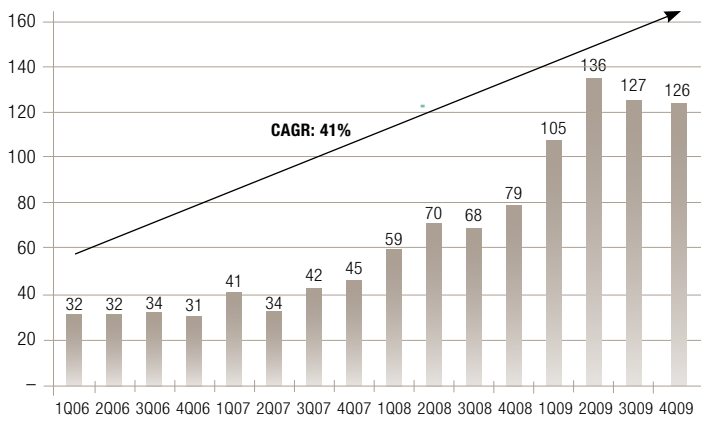
**Southeast Historical Quarterly M&A Activity<sup>1</sup>**



Notes: <sup>1</sup> Source: Capital IQ

As the economic conditions deteriorated in the second half of 2007, distressed M&A transactions became a larger part of the overall M&A marketplace. Over the past three years, M&A activity of bankrupt targets has risen at a CAGR greater than 40%. However, recent quarters have shown a slight downturn in distressed M&A transactions, likely due to easing credit markets and a rebounding economy.

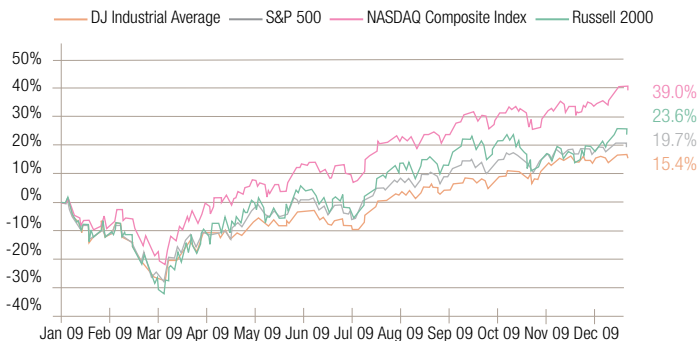
### Distressed M&A Activity<sup>1</sup>



Notes: <sup>1</sup> Source: Capital IQ

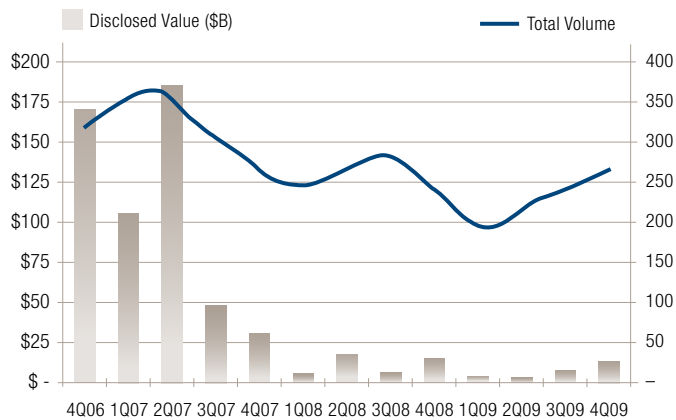
U.S. equity markets experienced significant gains since the low in March 2009. These gains led to a rebound in the once closed IPO market, as well as increased follow-on equity capital raises. Of the four major indices, the NASDAQ Composite Index performed the strongest in 2009, climbing 39%, while the Dow Jones Industrial Average posted a respectable 15.4% increase. The recent improvement in the equity markets, coupled with increased investor confidence, has driven M&A valuations up from their lows in 1Q 2009. The average Southeast Enterprise Value/EBITDA multiple climbed for the third straight quarter in 4Q 2009 to 12.3x, outpacing the National average of 9.4x.

### U.S. Market Indices: 2009



In recent quarters, both the volume of deals and total disclosed deal value for U.S. leveraged buyouts have increased significantly. Total deal volume increased 40% from 1Q 2009 to 4Q 2009 while total disclosed LBO transaction value increased more than 300% over the same period. From 3Q 2009 to 4Q 2009, total disclosed transaction value rose 64%, due in large part to easing credit markets, which provided financial sponsors more access to capital.

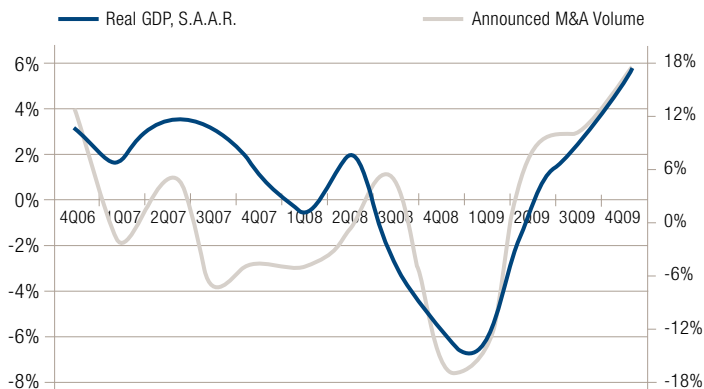
### U.S. Leveraged Buyout Activity<sup>1,2</sup>



Notes: <sup>1</sup> Source: Capital IQ  
<sup>2</sup> Includes transactions over \$10MM.

After bottoming out in 1Q 2009, both the U.S. GDP growth rate and National M&A activity experienced a rebound. The GDP growth rate, historically an accurate predictor of M&A activity, posted its second straight quarterly increase in 4Q 2009, at 5.7%, and is expected to increase throughout 2010. National M&A activity is experiencing similar growth after posting a third straight quarterly increase of 17.6%. The continued GDP growth portends a favorable outlook for M&A activity in 2010.

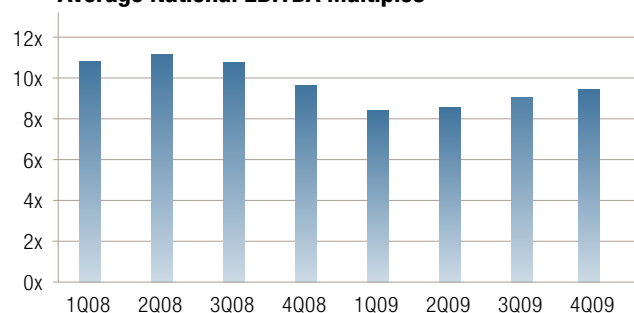
### U.S. GDP Growth vs. M&A Activity<sup>1,2</sup>



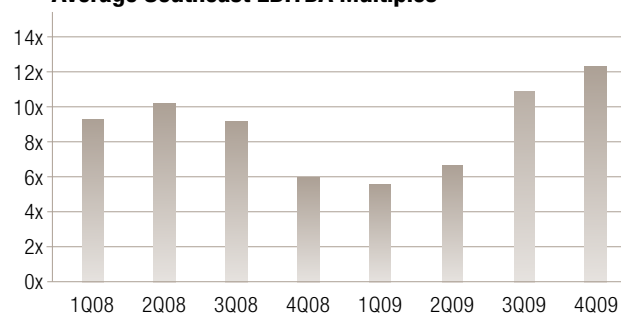
Notes: <sup>1</sup> Source: Bureau of Economic Analysis, Capital IQ.  
<sup>2</sup> GDP growth based on year 2000 dollars.

## M&A MARKET STATISTICS AS OF 12/31/2009

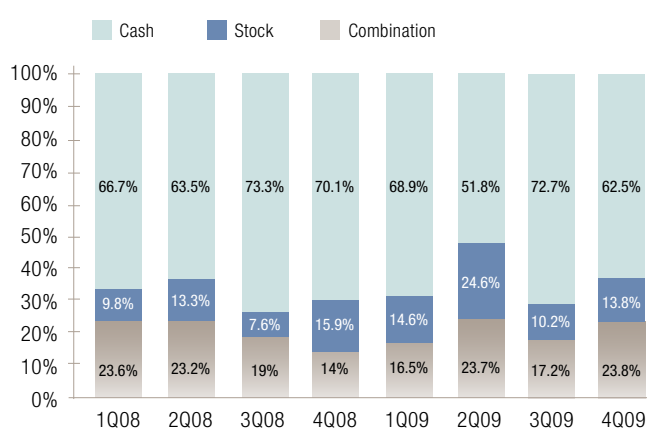
### Average National EBITDA Multiples<sup>1,3</sup>



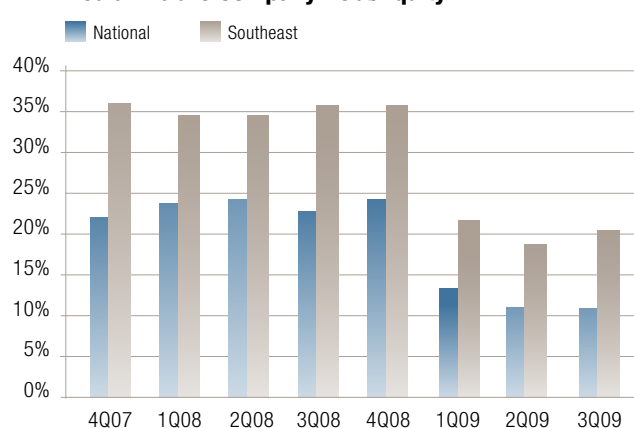
### Average Southeast EBITDA Multiples<sup>1,3,4</sup>



### Consideration Offered for M&A Transactions<sup>2</sup>



### Median Public Company Debt/Equity<sup>2,4</sup>



### U.S. Southeast M&A Activity<sup>1,4</sup>

Deal Size	4Q 2008		4Q 2009		% Change 4Q 2009–4Q 2008	
	Volume	Value (\$MM)	Volume	Value (\$MM)	Volume	Value
Less than \$10MM	51	\$173	75	\$204	47.1%	17.9%
\$10MM – \$100MM	38	1,164	39	1,078	2.6%	(7.4%)
\$100MM and Higher	4	1,734	12	6,928	200%	299.5%
<b>Total Disclosed</b>	<b>93</b>	<b>\$3,071</b>	<b>126</b>	<b>\$8,210</b>	<b>35.5%</b>	<b>167.3%</b>
<i>Undisclosed</i>	<i>149</i>		<i>191</i>		<i>28.2%</i>	
Grand Total	242		317		31%	

### National M&A Deal Activity<sup>1</sup>

Deal Size	4Q 2008		4Q 2009		% Change 4Q 2009–4Q 2008	
	Volume	Value (\$MM)	Volume	Value (\$MM)	Volume	Value
Less than \$10MM	371	\$1,207	454	\$1,162	22.4%	(3.7%)
\$10MM – \$100MM	310	10,687	345	11,687	11.3%	9.4%
\$100MM and Higher	65	51,797	171	206,664	163.1%	299%
<b>Total Disclosed</b>	<b>746</b>	<b>\$63,691</b>	<b>970</b>	<b>\$219,513</b>	<b>30%</b>	<b>244.7%</b>
<i>Undisclosed</i>	<i>1,319</i>		<i>1,596</i>		<i>21%</i>	
Grand Total	2,065		2,566		24.3%	

Notes: <sup>1</sup> Source: Capital IQ, 2/3/2010.

<sup>2</sup> Source: Fact Set, 1/22/2010.

<sup>3</sup> Averages exclude multiples less than 0 and greater than 25.

<sup>4</sup> Southeast includes Florida, Georgia, Alabama and the Carolinas.

## Florida Deals

10/1/2009 to 12/31/2009

**Kehe Food to acquire Tree of Life, 12/23/2009 (St. Augustine, FL)** | Kehe Food Distributors, Inc., a leading distributor of specialty and gourmet and ethnic products to retail grocery stores, has signed a definitive agreement to acquire Tree of Life, Inc. The combined company will provide natural and organic, specialty and gourmet, and ethnic food products to retail grocery stores throughout the United States, Canada, Mexico and the Caribbean.

**Jacobs Engineering acquires TYBRIN, 12/18/2009 (Ft. Walton Beach, FL)** | Jacobs Engineering Group, Inc. (NYSE: JEC) announced that it has acquired TYBRIN Corporation, a 1,500-person firm supplying systems engineering, software development, range safety, mission planning and other professional services to the U.S. Department of Defense. Jacobs is one of the world's largest and most diverse providers of technical, professional and construction services.

**Cerner Corp. to acquire IMC Health Care, 12/18/2009 (Jacksonville, FL)** | Cerner Corporation (NASDAQ: CERN) announced it has reached an agreement to acquire IMC Health Care, Inc., a provider of employer-sponsored on-site health centers. The acquisition will expand Cerner's employer health initiatives, such as on-site employer health centers, pharmacies and wellness programs. Cerner is a leading worldwide provider of healthcare information technology solutions, healthcare devices and related services.

**Healthcare of Today to acquire Prescient Global, 12/16/2009 (Miami, FL)** | Healthcare of Today, Inc. announced that it has acquired Prescient Global, Inc., a global provider of solutions for corporate security, focusing specifically on multi-national businesses and enabling growth in global markets. Healthcare of Today acquires and develops companies primarily within the healthcare industry, but also owns and operates a number of vertically integrated businesses.

**Atlas Acquisition Holding Corp. to acquire Select Staffing, 12/11/2009 (Hobe Sound, FL)** | Atlas Acquisition Holdings Corp. (AMEX: AXG) announced it has reached an agreement to acquire Select Staffing, a temporary staffing and employment services provider to companies in the United States, Select Staffing operates through a network of company-owned and franchised offices and had 2008 revenue of \$1.4 billion. Atlas Acquisition Holdings Corp. is a special purpose acquisition company formed in 2008 to buy operating businesses.

**American Express to acquire Revolution Money, 11/18/2009 (St. Petersburg, FL)** | American Express Company announced it has agreed to acquire Revolution Money, a secure, state-of-the-art technology platform, created to deliver significant value to both consumers and merchants. Revolution provides consumers with enhanced PIN-based security, identity protection, and numerous merchant discounts and incentives. It also provides an online payment service that offers consumers an easy, secure and free way to instantly send and receive money online to and from their friends, family and associates. The transaction is expected to close in the first quarter of 2010 and is valued at approximately \$300 million.

**Airgas acquires Tri-Tech, 11/16/2009 (Tampa, FL)** | Airgas, Inc. (NYSE: ARG) announced it has acquired the assets and operations of Tri-Tech, a Tampa, Florida-based distributor of industrial, medical and specialty gases and related supplies. The acquired business, with 16 locations throughout Florida, Georgia and South Carolina, generates approximate annual revenues of \$31 million. Airgas, Inc., is the largest U.S. distributor of industrial, medical, specialty gases and hard goods, such as welding equipment and supplies. Airgas is also one of the largest U.S. distributors of safety products, the largest U.S. producer of nitrous oxide and dry ice, the largest liquid carbon dioxide producer in the Southeast, and a leading distributor of process chemicals, refrigerants and ammonia products.

**Birdsall to acquire Deluxe Freight, 11/6/2009 (Doral, FL)** | Nicor, Inc. (NYSE: GAS) announced that its subsidiary, Birdsall, Inc., has signed a definitive agreement to acquire Miami-based Deluxe Freight, Inc., the leading non-vessel operating common carrier into the Cayman Islands. Birdsall, Inc. is the parent company of Tropical Shipping, a leading carrier of containerized freight in the Bahamas and Caribbean.

**Andrews International to acquire Verasys, 11/3/2009 (Miami, FL)** | Andrews International announced it has entered into an agreement to acquire Verasys LLC, a Miami-based consulting firm focused on global risk mitigation and investigations, with a growing uniformed security services division. The acquisition enhances Andrews International's position as a privately owned, U.S.-based provider of security and risk mitigation services, while strengthening operations globally.

**Tektronix acquires Sypris Test & Measurement, 10/26/2009 (Orlando, FL)** | Tektronix, Inc., a leading supplier of test, measurement and monitoring products and solutions, completed the acquisition of the test and measurement business from Sypris Solutions, Inc. (NASDAQ: SYPR) for \$39.0 million. Sypris Test & Measurement, Inc. is a leading provider of calibration services, testing and component sourcing services to the military, aerospace, automotive, semiconductor and medical markets.

**Equinix to acquire Switch and Data, 10/21/2009 (Tampa, FL)** | Equinix, Inc. (NASDAQ: EQIX), a provider of global data center services, and Switch & Data Facilities Company, Inc. (NASDAQ: SDXC), a leading provider of data center and Internet exchange services, have entered a definitive agreement for Equinix to acquire Switch and Data in a transaction valued at approximately \$689 million in cash and stock. The combination of the two companies will further strengthen Equinix's leadership position in the global data center services market by extending the company's presence to 16 new markets across North America. The acquisition will add more than one million gross square feet of data center capacity, bringing Equinix's total global footprint to 79 data centers in 34 markets and more than six million square feet across the North American, European and Asia-Pacific markets.

**Kronos acquires Stromberg, 10/14/2009 (Orlando, FL)** | Kronos, Inc. announced that it has acquired the assets of time and attendance software vendor Stromberg from Paychex, Inc. (NASDAQ: PAYX) in a cash transaction. The acquisition extends Kronos' reach in workforce management, in addition to strengthening its position in the middle market. Kronos is a global leader in workforce management solutions that enable organizations to control labor costs, minimize compliance risk and improve workforce productivity.

**Pep Boys to acquire Florida Tire, 10/13/2009 (Orlando, FL)** | Pep Boys (NYSE: PBY) announced that it has entered into a definitive agreement to acquire the assets and assume the property leases of Florida Tire, Inc. The \$4.35-million acquisition is expected generate annual sales of over \$14 million and be accretive to earnings in its first year of operations. With the completion of this transaction, Pep Boys now expects to open approximately 25 new service and tire centers in fiscal year 2009, ahead of its original 15 store target.

**Blackstone to acquire Busch Entertainment, 10/7/2009 (St. Louis, MO & Orlando, FL)** | Anheuser-Busch InBev (NYSE: BUD) and The Blackstone Group (NYSE: BX) announced that a definitive agreement has been reached whereby Anheuser-Busch InBev will sell its entertainment business to Blackstone Capital Partners for up to \$2.7 billion. Busch Entertainment Corporation is the second largest entertainment park operator in the United States with approximately 25 million annual visitors. Busch Entertainment subsequently underwent a name change to Seaworld Parks & Entertainment and will be headquartered in Orlando, Florida.

**Golden Gate Capital acquires Devcon International, 10/1/2009 (Hollywood, FL)** | Devcon International Corp., a leading provider of installation, monitoring and related electronic security services, currently monitoring more than 140,000 commercial and residential systems, announced that it has completed the sale of the company to Golden Gate Capital. Devcon will continue to serve its customers without interruption. Golden Gate Capital is a global private equity investment firm with approximately \$8 billion of capital under management.

## Georgia and Alabama Deals 10/1/2009 to 12/31/2009

**Limelight Networks to acquire Eyewonder, Inc., 12/21/2009 (Atlanta, GA)** | Limelight Networks, Inc. (NASDAQ: LLNW) announced a definitive agreement to acquire privately held EyeWonder, Inc., an interactive digital advertising provider. Limelight is an industry leader in providing content for traditional and emerging media companies and content providers. Consideration for the transaction is approximately \$110 million, of which \$62 million will be in cash. Revenue in 2009 for Eyewonder is expected to be in the range of \$35-40 million.

**Hill International acquires Boyken International, 12/15/2009 (Atlanta, GA)** | Hill International, Inc. (NYSE: HIL), a global leader in managing construction risk, announced that it has acquired Boyken International, Inc., a firm that provides project management and construction claims services throughout the Southern United States and Caribbean. Boyken, which has approximately 40 employees, is based in Atlanta, Georgia, and has additional offices in Orlando, Florida, and Houston, Texas.

**Infosys BPO to acquire McCamish Systems, 11/12/2009 (Atlanta, GA)** | Infosys BPO Ltd., the business process outsourcing subsidiary of Infosys Technologies Ltd., announced a definitive agreement to acquire all of the outstanding interests of McCamish Systems LLC, a premier business process solutions provider. The acquisition is expected to enhance Infosys' capability to deliver end-to-end business solutions for the insurance and financial services industries. Founded in 1985, McCamish Systems provides innovative solutions to the insurance and financial services industries leveraging its proprietary VPAS™, PMACS and Deferral+™ platforms.

**Roper Industries to acquire United Tolls Services, 11/6/2009 (Montgomery, AL)** | Roper Industries, Inc. announced that it has signed a definitive agreement to acquire United Toll Services, LLC. Headquartered in Montgomery, Alabama, UTS provides software and in-lane hardware systems for toll and traffic solutions. With unique and patented technology, remote monitoring capabilities, new lane and camera configurations, and system integration capabilities, UTS provides expanded hardware and software solutions for the toll industry.

**BWAY Corporation acquires certain assets of Ball Corporation, 10/26/2009 (Newnan, GA)** | BWAY Corporation, the principal operating subsidiary of BWAY Holding Company (NYSE: BWY), a leading North American supplier of general line rigid containers, has completed the previously announced acquisition of the assets, and certain liabilities, of Ball Corporation's (NYSE: BLL) plastic packaging plant and business located outside of Atlanta in Newnan, Georgia. The facility produces injection molded plastic pails and certain other products. The company paid approximately \$32 million for the acquisition.

**Cellular South to acquire Corr Wireless Communications, 10/16/2009 (Oneonta, AL)** | Cellular South, Inc., the nation's largest privately held wireless provider, announced today the company's plans to purchase Corr Wireless Communications, LLC. Corr Wireless is a leading regional wireless carrier operating primarily in northeastern Alabama and Georgia, covering a population of more than 1.3 million people in 18 counties. Cellular South is a privately owned diversified mobile communications company focused on providing 3G nationwide wireless voice and data networks.

**American Reprographics acquires RCMS Group, 10/13/2009 (Atlanta, GA)** | American Reprographics Company (NYSE: ARP), the nation's leading provider of reprographics services and technology, announced that it has acquired certain assets of RCMS Group, LLC, a technology services provider in the building information modeling (BIM) market. RCMS specializes in providing three-dimensional modeling and analysis of commercial construction projects on an outsourced basis. The firm focuses on improving business processes for construction professionals in every segment of the AEC industry.

**Emerson Electric to acquire Avocent Corporation, 10/6/2009 (Huntsville, AL)** | Emerson Electric Co. (NYSE: EMR) and Avocent Corporation (NASDAQ: AVCT) announced they have reached an agreement for Emerson to acquire Avocent. The transaction will further Emerson's ability to deliver total infrastructure management solutions to its data center customers around the world. The terms of the deal included an all-cash tender offer of \$25 per share, or approximately \$1.2 billion. Avocent delivers IT operations management solutions that reduce operating costs, simplify management and increase the availability of critical IT environments 24/7 via integrated, centralized software.

**Athenahealth to acquire Anodyne Health Partners, 10/5/2009 (Alpharetta, GA)** | Athenahealth, Inc. (NASDAQ: ATHN), a leading provider of Internet-based business services for physician practices, announced that it has signed a definitive agreement to acquire Anodyne Health Partners, Inc., a provider of software-as-a-service (SaaS) business intelligence (BI) solutions for healthcare providers. Anodyne Health Partners currently services large and enterprise medical group clients and has over 14,000 medical providers under contract. Anodyne Health Partners will continue to operate as a separate unit of Athenahealth with its own brand identity and will continue to market its BI solution on a standalone basis.

**LHC Group acquires Home Health Assets of John Paul Jones Hospital, 10/1/2009 (Camden, AL)** | LHC Group, Inc. (NASDAQ: LHCG), one of the largest providers of home health services in the United States, announced that it has acquired 100% of the home health assets of John Paul Jones Hospital. The primary service area of this acquisition spans seven counties in Alabama. The estimated population of the service area is 163,000, with almost 15% over the age of 65.

## North and South Carolina Deals

10/1/2009 to 12/31/2009

### **Frigoglass to acquire Universal Nolin Company, 12/15/2009**

**(Spartanburg, SC) |** Frigoglass SA, the world's leading manufacturer and solutions provider of commercial refrigeration equipment, announced that it has signed a definitive agreement to acquire Universal Nolin Company, a manufacturer of a comprehensive range of Ice Cold Merchandisers for the beverage industry. Sales for Universal Nolin in 2009 are expected to reach \$20 million.

### **Arthur J. Gallagher to acquire Shuford Insurance Agency,**

**11/23/2009 (Concord, NC) |** Arthur J. Gallagher & Co. (NYSE: AJG), an international insurance brokerage and risk management services firm, announced the acquisition of Shuford Insurance Agency, an independent insurance agency serving the eastern United States, with personal and commercial property and casualty insurance products. Arthur J. Gallagher & Co. has operations in 15 countries and does business in more than 100 countries around the world.

### **Illinois Tool Works acquires Hartness International, 11/4/2009**

**(Greenville, SC) |** Illinois Tool Works, Inc. (NYSE: ITW) announced that it has acquired the assets of Hartness International, which has core businesses including line integration, conveyor systems and line automation for the beverage and food industries. Hartness International will be a wholly owned business unit of ITW and part of the company's consumer packaging group. With \$17.1 billion in 2008 revenues, ITW is a multinational manufacturer of a diversified range of value-adding and short lead-time industrial products and equipment.

### **Biocentric Energy Holdings to acquire Renewed World Energies,**

**11/2/2009 (Georgetown, SC) |** BioCentric Energy Holdings, Inc. announced a merger agreement between Biocentric Energy Holdings, Inc., and Renewed World Energies, an established closed loop PhotoBioreactor manufacturer and ALGAE production facility. Terms of the deal specify that the two companies will merge all assets and BioCentric Energy Holdings will be the surviving entity.

### **Diversified Information Technologies acquires Active Data Services, 10/8/2009 (Morrisville, NC) |**

Diversified Information Technologies, Inc. completed the acquisition of Active Data Services, Inc., a provider of document imaging, integrated print and electronic billing and customer communications solutions in the healthcare, insurance, financial and other industries. Diversified Information Technologies provides complete solutions for the document and information lifecycle and includes integrated records management for both physical and electronic records storage, electronic mailroom processing services, document imaging and workflow automation.

### **Golf Trust of America to merge with Pernix Therapeutics,**

**10/6/2009 (Charleston, SC) |** Golf Trust of America, Inc. (AMEX: GTA) announced a plan of merger with Pernix Therapeutics, Inc., a healthcare company focused on pediatrics and primary care, to create a publicly traded specialty pharmaceutical company. Under the terms of the agreement, Pernix's stockholders will receive 41.8 million shares of GTA common stock, representing approximately 84% of the combined company on a fully diluted basis. GTA shareholders will own approximately 16% of the new company.

### **Santolubes to acquire Blackman Uhler Specialties, 10/2/2009**

**(Spartanburg, SC) |** Synalloy Corporation (NASDAQ: SYNL), a producer of stainless steel pipe, fabricator of stainless and carbon steel piping systems and producer of specialty chemicals, announced that it has entered into an agreement to sell the chemical business of Blackman Uhler Specialties, LLC to Santolubes LLC. The purchase price of approximately \$11 million, payable in cash, was equal to the approximate net book value of the assets. SantoLubes, LLC engages in the development, manufacture and marketing of synthetic fluids, lubricants and greases that are used to protect critical components and machinery in various applications.

## ECONOMIC CALENDAR

### February 26

GDP (Revised 4Q 2009)

### March 4

BOE Announcement  
ECB Announcement

### March 5

Employment Situation (February)

### March 12

Retail Sales (February)

### March 16

FOMC Meeting Announcement

### March 18

Consumer Price Index (February)

### March 24

Durable Goods Orders (January)

## SOUTHEAST EVENT CALENDAR

### March 2 – 3

Entrepreneur Summit  
Milledgeville, GA

### March 16 – 18

2010 Ground Robotics Capabilities  
Conference & Exhibition  
Miami, FL

### April 12 – 15

26th Annual National Logistics  
Conference & Exhibition  
Miami, FL

### April 13 – 15

11th Annual Science & Engineering  
Technology Conference  
North Charleston, SC

### May 4 – 6

Intergrowth 2010  
Miami, FL

## ECONOMIC CORNER

# Economic Research

Scott J. Brown, PhD

1/21/2010



### Still A Gradual Economic Recovery

- The pace of job losses has slowed and the economic expansion continued to advance into early 2010. New hiring should begin to pick up. However, the economy will continue to face a number of headwinds in the near term.
- More fiscal stimulus in the form of a job creation bill is likely. However, stimulus will begin to ramp down later this year and into 2011. Uncertainty regarding whether the Bush tax cuts will be extended could be a problem for the stock market.
- The Fed is expected to keep the federal funds rate low well into the second half of the year and possibly into 2011. However, the policymakers will have a number of tools available during this tightening cycle.

Inventories don't have to rise to add to fourth-quarter growth – they simply have to fall at a slower pace. Nominal inventories were reported higher in both October and November, and the headline GDP estimate will depend critically on what the Bureau of Economic Analysis assumes for inventories in December. Ex-inventories, GDP growth is likely to have been relatively lackluster – positive, but not especially strong – held back partly by a retreat in vehicle sales following the third quarter's "Cash for Clunkers" program.

Real GDP growth is projected to be about 3% to 3.5% in 2010 (4Q10-over-4Q09). That would be decent growth in a normal year, but it would be disappointing given the depth of the recession. We need to see much stronger growth – 4%, 5% or 6% – for a number of years to push the unemployment rate down significantly. The pace of job losses slowed over the course of last year, and especially in the fourth quarter. However, we've seen little evidence of new hiring. The job market will get some support from the 2010 census in 1H10.

There's good news in the economic outlook. The financial system has stabilized, job losses have decreased and we appear to be on the cusp of positive feedback loops. If consumers spend a little more, businesses invest a little more and banks lend a little more, that tends to lead to more of the same. However, the economy still faces a number of headwinds, which are likely to restrain the pace of growth: continued problems in the housing sector, problems in commercial real estate, huge strains on state and local government budgets, and tight bank credit. Homebuyer incentives are set to expire in the spring. Federal Reserve purchases of mortgage-backed securities will end in March. The 2010 census will serve as a mini-stimulus package in the first half of the year, but the economic impact turns negative in the second half of the year as temporary workers are let go.

Consumer spending represents about 70% of the overall economy. The biggest driver of spending is income. Wage income weakened in 2009, but thanks to the economy's automatic stabilizers (tax payments fall in a recession, while transfer payments, such as unemployment insurance benefits, increase) disposable income held up well. There are serious issues with the estimated savings rate. Savings are not observed directly, but are calculated as a residual (income less taxes and outlays) and are subject to large revisions (usually higher). The savings rate appears to be stabilizing around 4.5% to 5%. Equivalently, spending has adjusted as a percentage of disposable income. Both will still tend to trend similarly over time, but the pace of spending will be a little lower than it would be otherwise. The key will be to replace temporary support with labor income. We need to generate job growth.

The Bush tax cuts are scheduled to sunset at the end of this year. Raising taxes in a fragile economic recovery is not a good idea. Officially, the Obama Administration's stance is the same as during the 2008 presidential campaign – that is, it will seek higher marginal tax rates at the upper end of the income scale and a higher capital gains tax rate for wealthier households. Unofficially, the administration is reported to be considering whether to extend the Bush tax cuts to support the economic recovery. This extension could serve as a bargaining chip to get something from the Republicans. However, the players should push for an agreement sooner rather than later. The uncertainty about 2011 tax rates could be a negative factor for the markets and the economy in the second half of the year.

The budget deficit is shaping up to be a significant political issue this year. The public view is that the budget deficit should be reduced. Most economists believe that as well. However, reducing the budget deficit in an economic recovery is a bad idea. The main goal should be to ensure the economic recovery. Reducing the deficit can come later. The surge in the deficit has been largely due to cyclical and temporary factors. However, even after the economy recovers and the temporary spending increases have faded, the federal government is still expected to run relatively large budget deficits – and the main reason for that is the rising cost of Medicare. One goal of healthcare reform was to reduce the cost of medical cost inflation. If one believes that, then a failure of healthcare reform would actually make the budget deficit worse over the long term.

Real GDP growth is likely to be a bit above 3% in 2010 (4Q10-over-4Q09), supported partly by a moderate inventory rebuild. Growth is likely to be relatively lackluster otherwise. Oil prices will remain an important wildcard, but the largest uncertainty is tax policy. If the Bush tax cuts are extended, the growth outlook into 2010 would be somewhat brighter.

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## Raymond James Investment Banking Receives the M&A Advisor Deal of the Year Award

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Raymond James Investment Banking has received The M&A Advisor Middle-Market Deal of the Year Award for its role in the acquisition of Nuclear Fuel Services by Babcock & Wilcox Company. The award was presented at The M&A Advisor 8th annual M&A Awards Gala in New York on December 14, hosted by FOX Business News anchor Dagen McDowell.

The awards gala honored deal teams, deal makers and firms whose activities set the standard in the M&A industry. Award recipients were chosen by an independent body of experts from a variety of industry categories.

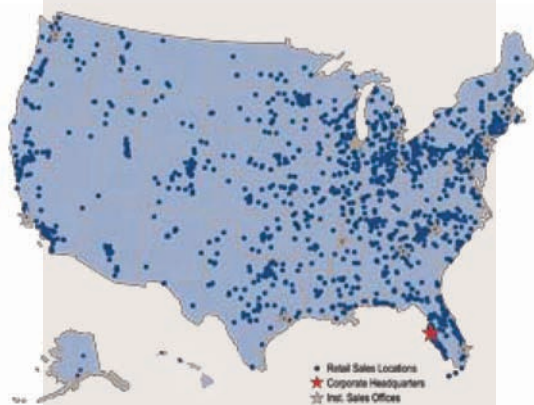
“The award winners represent the best of the M&A industry in 2009 and earned these honors by standing out in a group of very impressive finalists,” said Roger Aguinaldo, CEO of The M&A Advisor. “Each winner should take pride in their award and the message it sends about the resilience of our industry.”

The Nuclear Fuel Services transaction, led by Raymond James Industrial Growth Group, was selected from among 10 finalists, including two other Raymond James transactions – the acquisition of Liberty Tire Services by American Securities Capital and the acquisition of PayCycle by Intuit. Raymond James was also nominated for Investment Banking Firm of the Year.

## Raymond James & Associates

is one of the largest full-service investment firms and New York Stock Exchange members headquartered in the Southeast. Founded in 1962, Raymond James Financial, together with its subsidiaries Raymond James Financial Services and Raymond James LTD., has nearly 2,500 offices covering all 50 states. With more than 100 institutional sales professionals and more than 5,700 affiliated financial advisors in North America and Europe, Raymond James boasts one of the largest sales forces among all U.S. brokerage firms.

Industry knowledge and distribution power are central to helping Raymond James' investment bankers serve the needs of growth companies in the areas of public equity and debt underwriting, private equity and debt placement, and merger and acquisition advisory services. Raymond James investment banking offices are located in 14 North American cities, including Atlanta, Boston, Chicago, Dallas, Denver, Houston, Nashville, New York, Toronto, San Francisco and St. Petersburg.



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

2009



Financial Advisory Services

December 2009



Has entered into a definitive merger agreement with



December 2009



Has been acquired by



December 2009



Has acquired



November 2009



Has acquired



November 2009



Financial Advisory

November 2009



Has been acquired by



October 2009



Has announced its acquisition by



October 2009

First Litchfield Financial Corporation, Inc. parent of



Has announced its acquisition by



October 2009



Has merged with



October 2009



Has announced its acquisition by



October 2009



Announced its acquisition by



October 2009



Brand name and media assets acquired by



September 2009



Has been acquired by



September 2009



Has merged with



August 2009



Has been acquired by



August 2009



Has acquired



August 2009



Equity Recapitalization

July 2009



Has been acquired by



July 2009



Has been acquired by



## RAYMOND JAMES RECENT CAPITAL MARKETS TRANSACTIONS

December 2009



\$37,000,000  
Follow-On Offering

Joint Book-Running Manager

December 2009



\$350,000,000  
Initial Public Offering

Joint Book-Running Manager

December 2009



\$897,000,000  
Follow-On Offering

Senior Co-Manager

December 2009



\$11,751,308  
Bought Deal

Sole Manager

November 2009



\$459,000,000  
Initial Public Offering

Co-Manager

November 2009



\$59,800,000  
Initial Public Offering

Co-Manager


November 2009



\$24,926,250  
Follow-On Offering

Sole Manager

November 2009



\$74,663,750  
Follow-On Offering

Co-Manager

November 2009



\$301,587,500  
Follow-On Offering

Senior Co-Manager

October 2009



\$99,834,875  
Follow-On Offering

Lead Manager

October 2009



\$176,793,992  
Follow-On Offering

Senior Co-Manager

October 2009



\$213,900,000  
Follow-On Offering

Co-Manager

October 2009



\$165,600,000  
Follow-On Offering

Co-Manager

October 2009



\$409,417,500  
Follow-On Offering

Co-Manager

October 2009



\$57,500,002  
Follow-On Offering

Co-Manager

October 2009



\$188,887,500  
Follow-On Offering

Senior Co-Manager

October 2009



\$30,000,003  
Follow-On Offering

Co-Manager

September 2009



\$65,625,000  
Follow-On Offering

Co-Manager

September 2009



\$73,512,600  
Follow-On Offering

Lead Manager

September 2009



\$130,800,000  
Follow-On Offering

Co-Manager