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M&A
Market
Analysis

December 2008

MERGER TRACKER

Monthly Overview of Global
Middle-Market M&A Activity

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Commentary	1
Global M&A Activity	2
Regional Transactions	2
Middle-Market Regional Transactions	3
U.S. M&A Activity	5
Annual Transactions	5
Transaction Detail	6
Valuation Multiples	7
Private-Equity Transactions	8
Transaction Detail	9
Sector Breakdown	10
Cross-Border Transactions	11
U.S. Financing Markets	13
Debt Capital Markets	13
Equity Capital Markets	14
Guest Column	15
Dykema M&A Survey Report	15
European M&A Activity	26
Annual Transactions	26
Transaction Detail	27
Valuation Multiples	28
Private-Equity Transactions	29
Emerging Markets M&A Activity	30
Select William Blair & Company Transactions	31
William Blair & Company Corporate Finance Contact List	35
Notes	37
Disclosures	38

OVERVIEW

M&A activity came to a virtual halt in November, resulting in some of the lowest monthly transaction totals in years. This weakness was across the board, affecting both strategic and financial buyers regardless of geography or deal size. Adding insult to injury, BHP Billiton withdrew its \$147.8 billion bid for Rio Tinto, pushing up the total dollar volume for withdrawn deals in November to \$188 billion, a new monthly record. To put this in perspective, the total dollar volume of announced deals for the month totaled just \$105.1 billion. Unfortunately, 2008 has already set a record for the highest number of withdrawn deals, with over 1,250 M&A transactions withdrawn globally through December 11. Global withdrawn M&A volume stands at \$883.7 billion. This amount is the second-highest total on record, trailing just the 2007 total of \$1.2 trillion in withdrawn volume.

We expect the results for December to be similarly bleak, which would result in full-year global transaction volume of approximately \$2.8 trillion. This total would represent a 35% decline from the 2007 dollar volume and would mark the first annual decline in transaction volume since 2002 and the first annual decline in the number of deals since 2003.

Given the current economic environment, it does not appear that M&A activity for the beginning of 2009 will improve much from current levels. Given the broad declines in the global equity markets in the second half of this year, coupled with the continued near shutdown of the credit markets and increased fears of a deep and prolonged global recession, it is easy to conclude that M&A activity will likely remain depressed in the near term.

GLOBAL M&A HIGHLIGHTS

November M&A activity was down significantly across all geographic regions.

- The total number of global transactions for November was 2,275, representing a 38.8% decline compared with last year, while the total dollar volume declined 65.1%, to just \$105.1 billion. Both North America and Europe saw double-digit declines of more than 40% in the number of transactions, with Africa/Middle East reporting the steepest drop at 53.3%. The results were even worse when looking at the dollar volume, with North America and Europe showing declines of 73.1% and 85.8%, respectively. Latin America was the only region to post an increase, as the dollar volume rose 138% from the year-ago period.
- The weak results during the past two months have resulted in a 6.3% decline, to 34,684 in transactions year-to-date compared with last year. Africa/Middle East is the only region to still be up for the year. Total global year-to-date dollar volume is down 31.7%, with Latin America the only region to show an increase.
- November middle-market M&A activity was also extremely weak. The global number of deals for the month declined 41.7%, to 1,205, while the dollar volume of disclosed transactions declined 64.0%, to just \$44.9 billion.
- However, year-to-date activity for the middle market continues to fare much better. The number of transactions has declined a modest 2.8% compared with the year-ago period, while the dollar volume has declined 18.0%.

U.S. M&A HIGHLIGHTS

U.S. M&A activity continues to reflect the impact of the weak economic environment, declining stock prices and near shutdown of the credit markets, which have been weighing on the market for more than a year. U.S. M&A activity continues to significantly trail the pace of 2007, with private-equity activity down substantially more than the overall market. Given the poor results for November and likely similar results for December, we now expect total dollar volume for the year of approximately \$1.2 trillion. This would represent a decline of more than 30% compared with 2007 and would be the lowest total since 2004.

- Overall, U.S. M&A activity for the month totaled just 683 announced deals, down 36.9% from last year and down 68% from the trailing-12-month monthly average of 912. The dollar volume of \$35.3 billion was down 62.2% compared with the year-ago period, and it was 68% less than the LTM monthly average of \$109.7 billion. Both the deal total and the dollar volume were the lowest monthly totals since mid-2003.
- After holding up much better than the overall market for most of the year, the U.S. middle market has recently been just as weak. In November, there was a 36.5% decrease in the number of transactions and a 65.3% decline in the dollar volume.

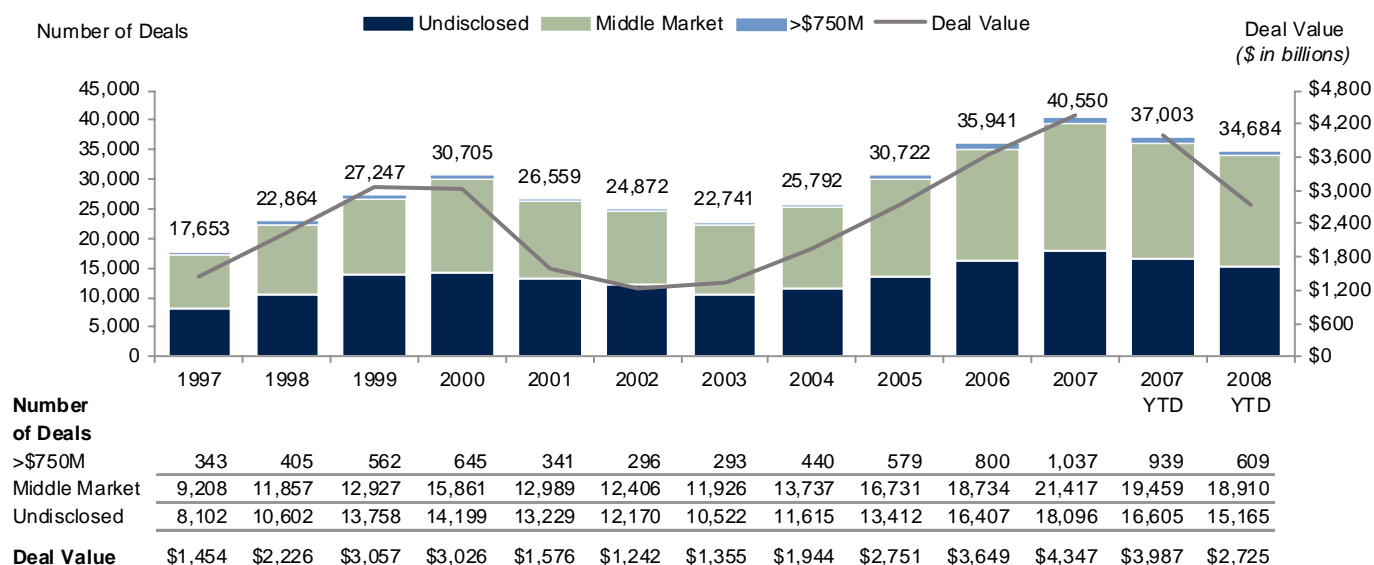
Regional Transactions

- Year-to-date, the U.S. middle market has experienced a 4.0% increase in the number of transactions and an 18.3% decline in dollar volume. Although still nothing to write home about, these totals compare favorably with the overall market. In particular, transactions valued at less than \$50 million are up 18.6% year-to-date compared with 2007.
- The U.S. private-equity market remains under significant pressure. Year-to-date, the number of private-equity transactions is down 26.3%, while the dollar volume is down 64.2%, or more than \$380 billion over the corresponding period in 2007. The number of private-equity transactions over \$750 million in value is down 61% from the corresponding period last year, while the dollar volume from this segment is down more than 70% compared with last year. In fact, there was not a single private-equity transaction greater than \$750 million in November.
- As a result of this weakness, middle-market transactions involving acquisitions by private-equity firms currently represent just 11.4% of all deals for the year, down from 14.8% of the total in 2007 and 21.0% in 2006.
- Public companies remain the most active middle-market acquirers, representing 35.7% of all transactions, although private-company acquirers and foreign acquirers have both significantly increased their share of the total compared with 2007.
- Foreign buyers continue to be active in the U.S. as the number of middle-market in-bound cross-border deals has now exceeded the full year 2007 totals.
- For middle-market transactions and those with undisclosed dollar value, the most actively targeted industries by foreign buyers were computers/electronics and business services. Companies from Canada and the United Kingdom were the most active buyers of U.S. middle-market companies.

EUROPEAN M&A HIGHLIGHTS

- European M&A activity for November suffered from the same factors as the United States. There was a 43.8% decline in the number of deals and an 81.5% decline in dollar volume compared with last year.
- This current weakness has resulted in the year-to-date transaction totals now in negative territory, declining 2.3% compared with 2007 totals.
- As in the U.S., European middle-market M&A activity has held up substantially better than the overall market, with the number of deals down 6.0% year-to-date but the dollar volume down just 16.7%.

Global M&A Activity



Source: Dealogic and William Blair & Company, L.L.C. Mergers and Acquisitions market analysis.

Middle-Market Regional Transactions

- The pace of global M&A activity slowed even further in November, generating the lowest monthly activity level in years.
- No region was spared, with significant double-digit declines in both the number of deals and dollar volume experienced across all regions, with Europe and North America experiencing the steepest declines.
- Year-to-date, North America remains the most active region based on total dollar volume, although Europe has been steadily closing the gap in recent months.
- The financially smaller regions have been performing significantly better this year relative to the larger regions, with Latin American transaction value up 16.2% year-to-date, and the Africa/Middle East region showing a 23.6% increase in the number of deals.
- Overall, global activity continues to significantly trail the pace of 2007, with the dollar volume down almost 32% compared with the year-ago period, although the number of deals is down just midsingle digits.

Global M&A Activity Detail

	NUMBER OF DEALS				DEAL VALUE			
	2006	2007	2008	% Change '08 vs. '07	2006	2007	2008	% Change '08 vs. '07
NOVEMBER								
North America	873	1,094	650	(40.6%)	\$199,982	\$79,837	\$21,444	(73.1%)
Latin America	74	97	65	(33.0%)	\$3,136	\$6,842	\$16,325	138.6%
Europe	807	1,187	624	(47.4%)	\$116,477	\$152,051	\$21,519	(85.8%)
Africa / Middle East	42	92	43	(53.3%)	\$3,605	\$5,495	\$2,403	(56.3%)
Asia Pacific	978	1,246	893	(28.3%)	\$58,543	\$57,069	\$43,361	(24.0%)
TOTAL	2,774	3,716	2,275	(38.8%)	\$381,743	\$301,294	\$105,052	(65.1%)
YTD								
North America	10,797	11,338	9,407	(17.0%)	\$1,416,732	\$1,555,151	\$1,022,556	(34.2%)
Latin America	743	1,121	970	(13.5%)	\$75,003	\$86,292	\$100,309	16.2%
Europe	10,908	11,402	11,138	(2.3%)	\$1,242,401	\$1,648,488	\$1,014,704	(38.4%)
Africa / Middle East	623	686	848	23.6%	\$64,929	\$87,886	\$53,566	(39.1%)
Asia Pacific	10,114	12,456	12,321	(1.1%)	\$463,638	\$609,178	\$533,775	(12.4%)
TOTAL	33,185	37,003	34,684	(6.3%)	\$3,262,703	\$3,986,996	\$2,724,910	(31.7%)
LTM								
North America	11,494	11,927	10,356	(13.2%)	\$1,553,790	\$1,696,532	\$1,150,279	(32.2%)
Latin America	806	1,202	1,051	(12.6%)	\$79,751	\$99,399	\$108,985	9.6%
Europe	12,019	12,306	12,264	(0.3%)	\$1,389,164	\$1,810,666	\$1,155,855	(36.2%)
Africa / Middle East	670	714	917	28.4%	\$66,564	\$90,806	\$74,339	(18.1%)
Asia Pacific	11,134	13,580	13,603	0.2%	\$500,131	\$675,601	\$595,311	(11.9%)
TOTAL	36,123	39,729	38,191	(3.9%)	\$3,589,401	\$4,373,004	\$3,084,769	(29.5%)

Source: Dealogic and William Blair & Company, L.L.C. Mergers and Acquisitions market analysis.

Middle-Market Regional Transactions

- Global middle-market activity was also down significantly in November, with all regions showing significant declines (more than 50% in many cases) in both total dollar volume and the number of transactions.
- These weak results have pushed the year-to-date number of deals into negative territory compared with the 2007 period.
- However, year-to-date middle-market activity continues to hold up much better than the overall market, with a modest 2.8% decline in the total number of deals and an 18.0% decline in dollar value.
- All regions are experiencing double-digit declines in year-to-date dollar volume, while only North America and Africa have positive year-over-year comparisons for the number of transactions.

Global Middle-Market M&A Activity Detail

	NUMBER OF DEALS				DEAL VALUE			
	2006	2007	2008	% Change '08 vs. '07	2006	2007	2008	% Change '08 vs. '07
NOVEMBER								
North America	260	430	262	(39.1%)	\$26,802	\$31,918	\$10,510	(67.1%)
Latin America	36	66	32	(51.5%)	\$3,136	\$3,892	\$1,771	(54.5%)
Europe	396	516	252	(51.2%)	\$36,685	\$42,447	\$14,063	(66.9%)
Africa / Middle East	30	58	25	(56.9%)	\$3,605	\$4,595	\$1,629	(64.6%)
Asia Pacific	761	996	634	(36.3%)	\$30,182	\$41,968	\$16,905	(59.7%)
TOTAL	1,483	2,066	1,205	(41.7%)	\$100,409	\$124,820	\$44,878	(64.0%)
YTD								
North America	3,912	3,772	4,095	8.6%	\$325,813	\$354,073	\$275,274	(22.3%)
Latin America	370	603	497	(17.6%)	\$35,245	\$51,218	\$35,268	(31.1%)
Europe	4,872	5,011	4,644	(7.3%)	\$371,576	\$449,191	\$372,350	(17.1%)
Africa / Middle East	363	455	460	1.1%	\$29,642	\$41,778	\$32,750	(21.6%)
Asia Pacific	7,599	9,617	9,213	(4.2%)	\$247,031	\$358,039	\$312,320	(12.8%)
TOTAL	17,116	19,458	18,909	(2.8%)	\$1,009,306	\$1,254,299	\$1,027,962	(18.0%)
LTM								
North America	4,247	4,012	4,444	10.8%	\$352,952	\$385,093	\$304,999	(20.8%)
Latin America	400	638	535	(16.1%)	\$37,632	\$55,078	\$40,131	(27.1%)
Europe	5,425	5,459	5,134	(6.0%)	\$419,782	\$495,241	\$418,134	(15.6%)
Africa / Middle East	385	474	493	4.0%	\$31,277	\$43,820	\$35,233	(19.6%)
Asia Pacific	8,383	10,492	10,261	(2.2%)	\$271,415	\$392,040	\$351,055	(10.5%)
TOTAL	18,840	21,075	20,867	(1.0%)	\$1,113,057	\$1,371,273	\$1,149,552	(16.2%)

Source: Dealogic and William Blair & Company, L.L.C. Mergers and Acquisitions market analysis.

Annual Transactions

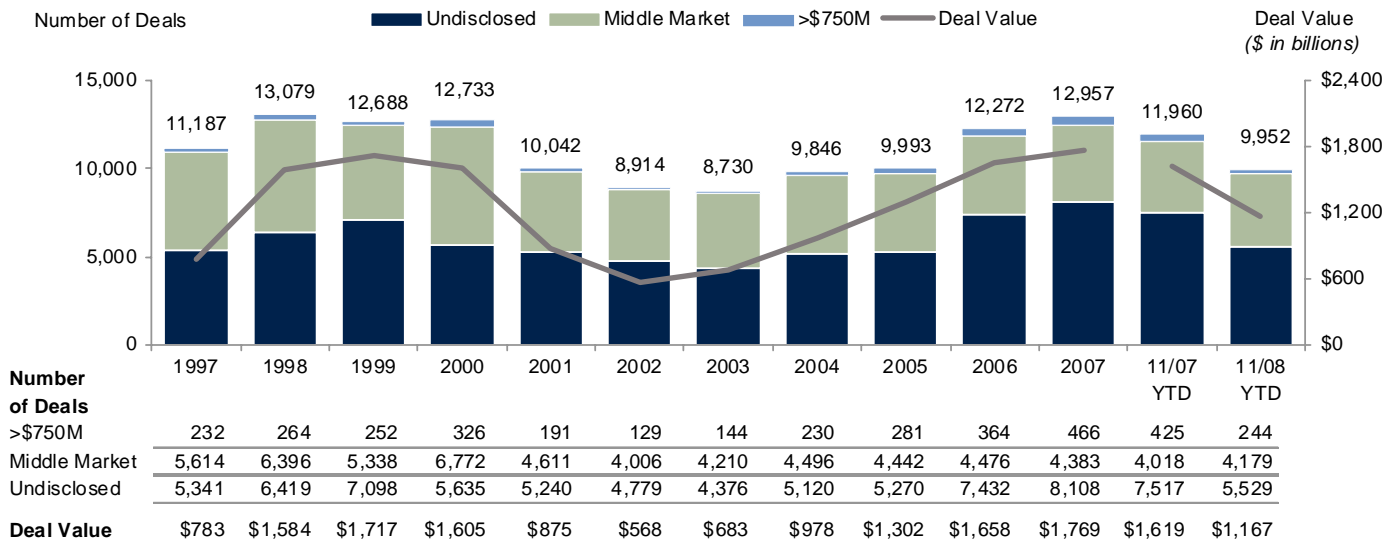
- Total U.S. M&A activity in November was just 683 announced deals, down 36.9% from last year and 25.1% below the trailing-12-month monthly average of 912.
- The dollar volume totaled just \$35.3 billion, a 62.2% decline from the corresponding period last year and even worse, 68.8% below the LTM monthly average of \$109.7 billion.
- The monthly totals for both number of deals and dollar volume were the lowest we have seen since mid-2003.
- The average deal size for the month was just \$128 million, compared with \$263 million so far in 2008 and \$382 million for all of 2007.
- Middle-market activity continues to hold up significantly better than the large-deal market.
- Year-to-date, the transactions under \$50 million in value represent the only group showing an increase in transaction activity or deal value.

U.S. M&A Activity Detail

	NUMBER OF DEALS				DEAL VALUE			
	2006	2007	2008	% Change '08 vs. '07	2006	2007	2008	% Change '08 vs. '07
NOVEMBER								
< \$50M	183	263	213	(19.0%)	\$3,325	\$3,859	\$2,975	(22.9%)
\$50M-\$250M	90	112	40	(64.3%)	\$10,933	\$13,410	\$4,081	(69.6%)
\$250M-\$750M	40	50	17	(66.0%)	\$16,406	\$20,799	\$6,141	(70.5%)
Total Middle-Market	313	425	270	(36.5%)	\$30,664	\$38,069	\$13,197	(65.3%)
Monthly Average	378	361	379	4.9%	\$34,453	\$38,812	\$31,995	(17.6%)
> 750M	40	28	6	(78.6%)	\$172,579	\$55,491	\$22,138	(60.1%)
Undisclosed	631	630	407	(35.4%)	\$0	\$0	\$0	-
Total Deals	984	1,083	683	(36.9%)	\$203,242	\$93,560	\$35,335	(62.2%)
Monthly Average	1,031	1,055	912	(13.5%)	\$137,503	\$148,647	\$109,694	(26.2%)
YTD								
< \$50M	2,512	2,231	2,647	18.6%	\$41,694	\$36,556	\$39,172	7.2%
\$50M-\$250M	1,163	1,209	1,102	(8.9%)	\$133,173	\$139,816	\$124,167	(11.2%)
\$250M-\$750M	489	578	430	(25.6%)	\$203,867	\$247,699	\$183,014	(26.1%)
Total Middle-Market	4,164	4,018	4,179	4.0%	\$378,733	\$424,071	\$346,353	(18.3%)
> 750M	330	425	244	(42.6%)	\$1,115,088	\$1,195,017	\$820,487	(31.3%)
Undisclosed	7,084	7,517	5,529	(26.4%)	\$0	\$0	\$0	-
Total Deals	11,578	11,960	9,952	(16.8%)	\$1,493,821	\$1,619,088	\$1,166,840	(27.9%)
LTM								
< \$50M	2,726	2,373	2,857	20.4%	\$45,016	\$39,418	\$42,541	7.9%
\$50M-\$250M	1,276	1,329	1,208	(9.1%)	\$146,239	\$154,634	\$136,645	(11.6%)
\$250M-\$750M	532	628	479	(23.7%)	\$222,180	\$271,693	\$204,756	(24.6%)
Total Middle-Market	4,534	4,330	4,544	4.9%	\$413,435	\$465,745	\$383,942	(17.6%)
> 750M	356	459	285	(37.9%)	\$1,236,601	\$1,318,019	\$932,386	(29.3%)
Undisclosed	7,478	7,865	6,120	(22.2%)	\$0	\$0	\$0	-
Total Deals	12,368	12,654	10,949	(13.5%)	\$1,650,037	\$1,783,764	\$1,316,328	(26.2%)

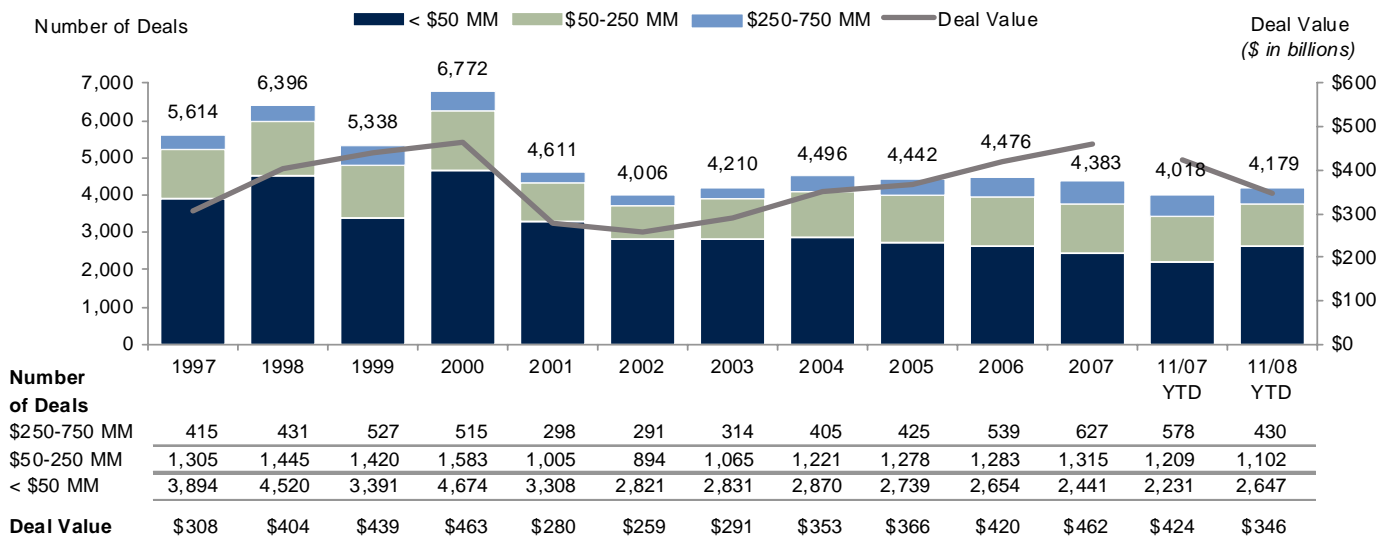
Source: Dealogic and William Blair & Company, L.L.C. Mergers and Acquisitions market analysis.

U.S. M&A Activity



Source: Dealogic and William Blair & Company, L.L.C. Mergers and Acquisitions market analysis.

U.S. Middle-Market M&A Activity

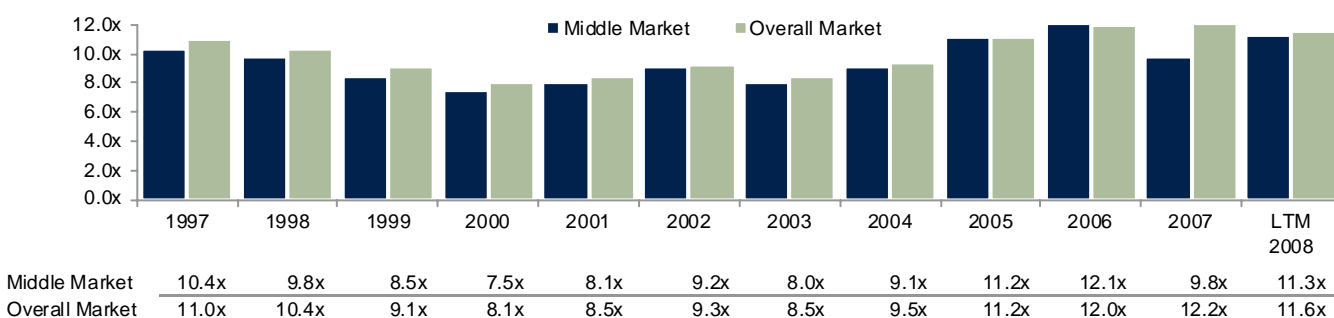


Source: Dealogic and William Blair & Company, L.L.C. Mergers and Acquisitions market analysis.

Valuation Multiples

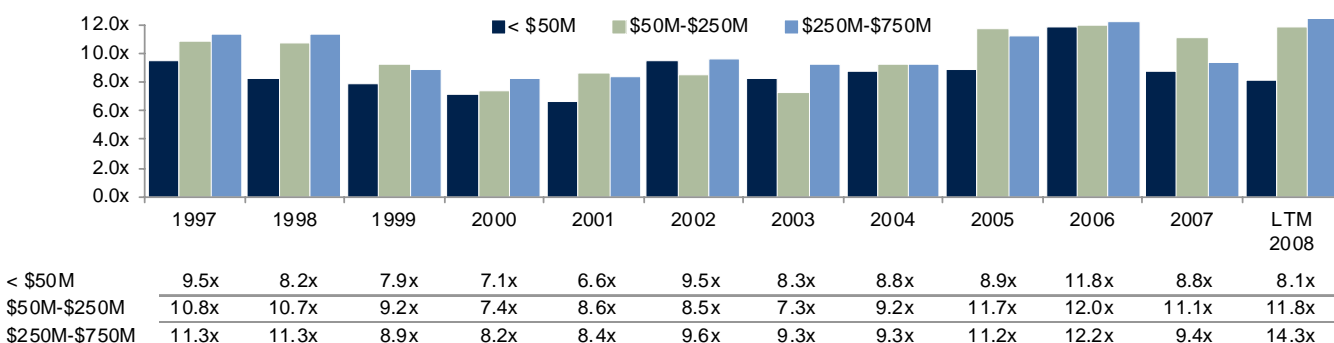
- Overall EBITDA multiples are starting to head down, reflecting the slowdown in the economy and reduced competition between strategic buyers and private-equity firms.
- However, multiples have not fallen as much as one might expect given the decreased availability of quality companies for sale. The data are also slightly skewed by the heavy reliance on public-company transactions, which tend to have a higher valuation than private-company transactions.
- One-week and four-week acquisition premiums for public companies have risen significantly from their 2007 levels as buyers continue to see attractive valuations despite lower stock prices.

U.S. EV/EBITDA Valuation Multiples



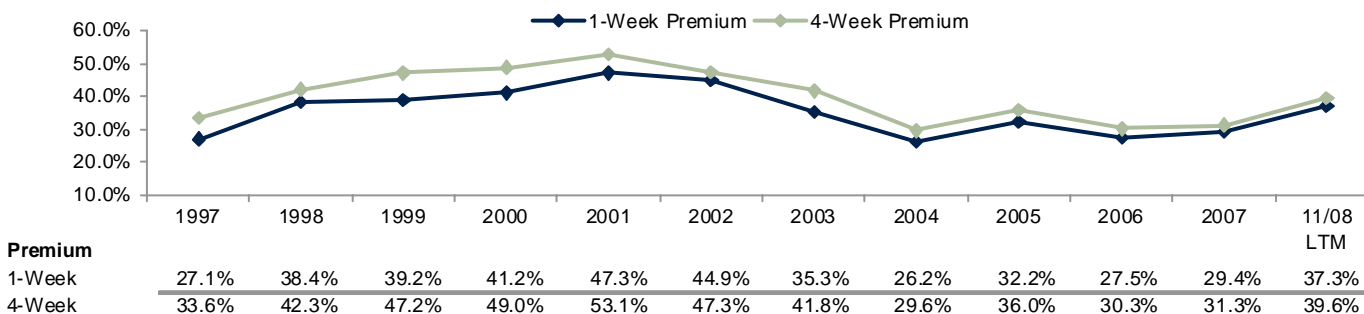
Source: Dealogic and William Blair & Company, L.L.C. Mergers and Acquisitions market analysis.

U.S. EV/EBITDA Middle-Market Valuation Multiples



Source: Dealogic and William Blair & Company, L.L.C. Mergers and Acquisitions market analysis.

Median Acquisition Premiums



Source: Dealogic and William Blair & Company, L.L.C. Mergers and Acquisitions market analysis.

Private-Equity Transactions

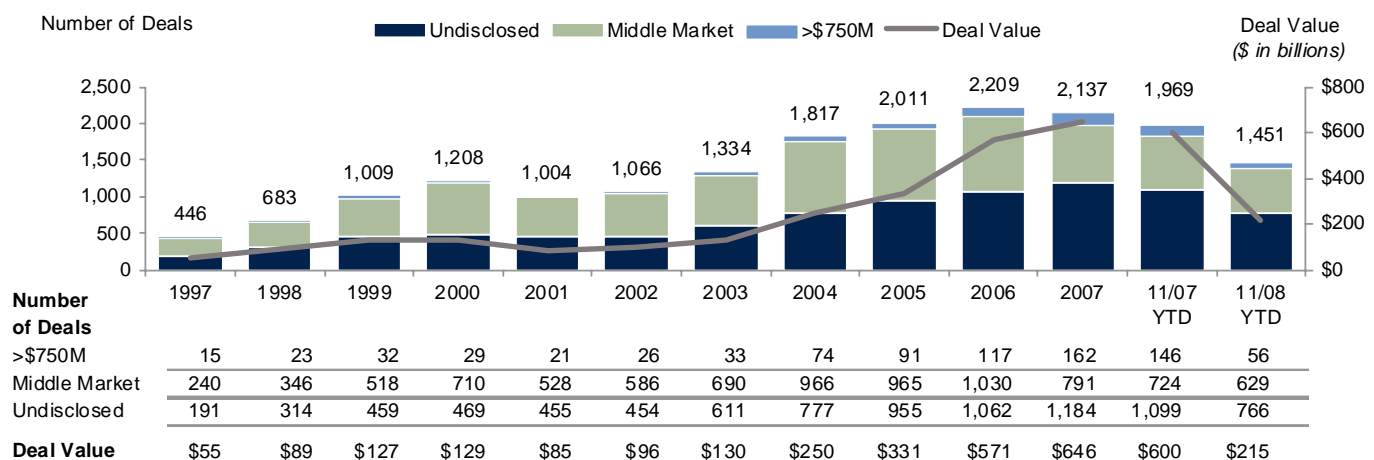
- Private-equity transaction activity continues to significantly lag the prior-year periods, especially for transactions over \$750 million.
- In fact, there was not a single private-equity transaction in excess of \$750 million for the month.
- Total U.S. private-equity dollar volume remains on pace for the slowest year since 2003.

U.S. Private-Equity Activity Detail

	NUMBER OF DEALS				DEAL VALUE			
	2006	2007	2008	% Change '08 vs. '07	2006	2007	2008	% Change '08 vs. '07
NOVEMBER								
Middle-Market	67	64	26	(59.4%)	\$8,944	\$9,642	\$2,749	(71.5%)
Monthly Average	86	66	58	(12.7%)	\$10,417	\$11,223	\$7,562	(32.6%)
> 750M	12	3	0	(100.0%)	\$82,378	\$9,900	\$0	(100.0%)
Undisclosed	67	75	42	(44.0%)	–	–	–	–
Total Deals	146	142	68	(52.1%)	\$91,322	\$19,542	\$2,749	(85.9%)
Monthly Average	184	180	135	(25.0%)	\$46,327	\$54,876	\$21,774	(60.3%)
YTD								
Middle-Market	957	724	629	(13.1%)	\$112,109	\$120,335	\$80,093	(33.4%)
> 750M	106	146	56	(61.6%)	\$400,534	\$479,891	\$135,009	(71.9%)
Undisclosed	955	1,099	766	(30.3%)	–	–	–	–
Total Deals	2,018	1,969	1,451	(26.3%)	\$512,644	\$600,226	\$215,103	(64.2%)
LTM								
Middle-Market	1,034	797	696	(12.7%)	\$125,007	\$134,672	\$90,746	(32.6%)
> 750M	116	157	72	(54.1%)	\$430,913	\$523,835	\$170,544	(67.4%)
Undisclosed	1,061	1,206	851	(29.4%)	–	–	–	–
Total Deals	2,211	2,160	1,619	(25.0%)	\$555,919	\$658,506	\$261,291	(60.3%)

Source: Dealogic and William Blair & Company, L.L.C. Mergers and Acquisitions market analysis.

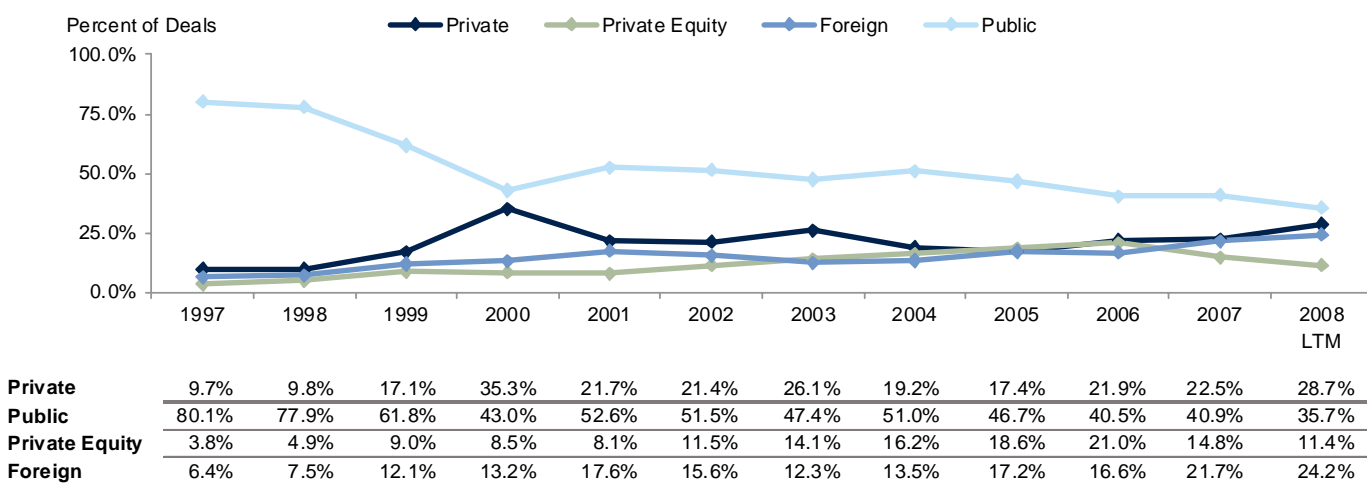
U.S. Private-Equity Activity



Source: Dealogic and William Blair & Company, L.L.C. Mergers and Acquisitions market analysis.

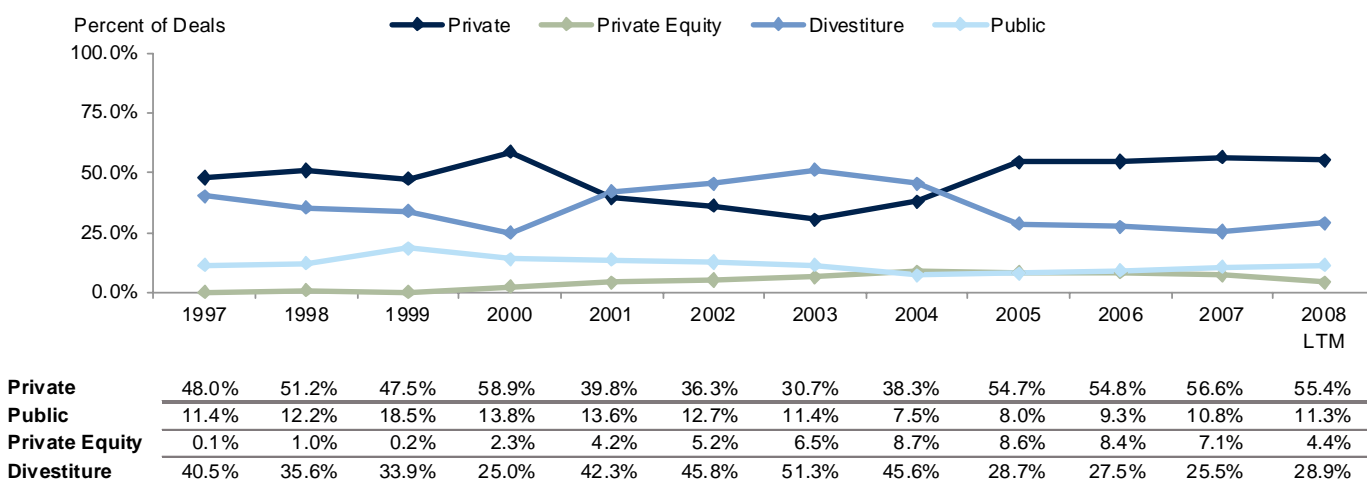
- There has been a steady shift in the composition of acquirers, with private-equity firms accounting for just 11.4% of transactions over the last 12 months, compared with 14.8% in 2007. Public companies still account for the largest number of middle-market transactions, at 35.7%, although foreign acquirers and private companies have both increased their share by more than 300 basis points.
- Private companies continue to account for the majority (55.0%) of all targets, although the number of deals involving divestitures has been increasing steadily all year and now accounts for 28.9% of the total, the highest level since 2005. Public companies are now above their share for 2007, while private-equity portfolio company exits continue to represent a declining portion of acquisition targets.

U.S. Middle-Market M&A Activity by Acquiror



Source: Dealogic and William Blair & Company, L.L.C. Mergers and Acquisitions market analysis.

U.S. Middle-Market M&A Activity by Target



Source: Dealogic and William Blair & Company, L.L.C. Mergers and Acquisitions market analysis.

Sector Breakdown

- With just one month to go, it does not appear that any of the industries will exceed their 2007 transaction totals, while the food/beverage sector is the only one currently with higher year-over-year dollar volume.
- The most active industry so far in 2008 is computers/electronics, which accounts for 19.1% of the total number of transactions, followed by business services at 15.0%. Both of these sectors have continued to increase their share of the total in recent months.
- In terms of dollar volume, the financial industry continues to dominate activity, with 21.5% of the total volume.
- In the middle market, computers/electronics also remained the most active sector, with 20.8% of the total, while healthcare remains just slightly ahead of energy/power.
- However, the energy/power sector is the leading industry by dollar volume, with 19.5% of the total, well ahead of the 12.0% for the computers/electronics sector.

Transaction Activity by Target Sector

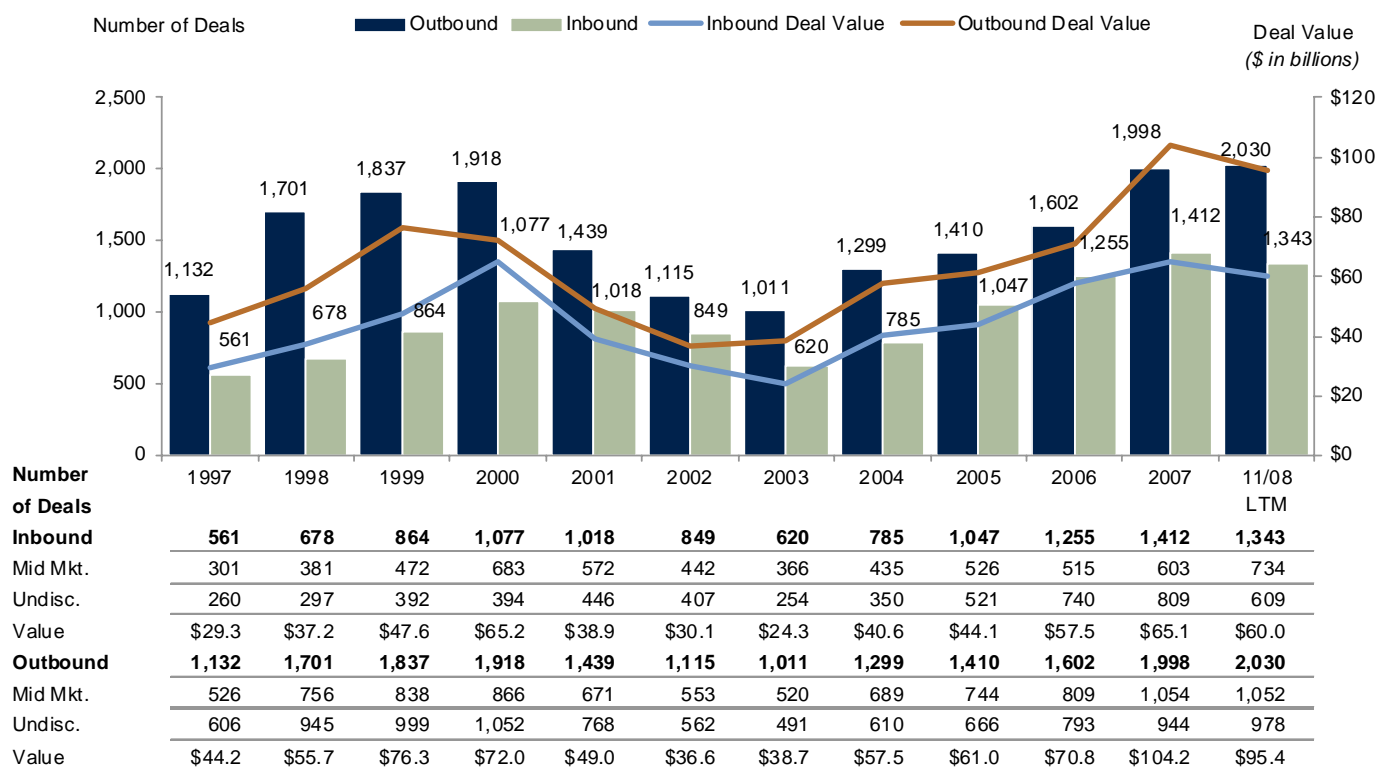
TRANSACTIONS	2004		2005		2006		2007		2008YTD	
	Mid-Mkt	Total	Mid-Mkt	Total	Mid-Mkt	Total	Mid-Mkt	Total	Mid-Mkt	Total
Business Services	283	965	411	1,266	354	1,696	336	1,726	319	1,135
Computers & Electronics	582	1,460	677	1,448	694	1,790	591	1,694	622	1,450
Construction/Building	134	308	119	363	85	406	76	394	63	252
Consumer Products	93	211	67	206	75	292	109	448	84	227
Consumer Services	291	585	254	553	238	693	172	659	138	373
Energy & Power	287	529	297	577	290	681	302	718	373	659
Financial	314	834	266	686	272	879	267	993	223	657
Food & Beverage	46	169	49	159	56	212	39	200	41	149
Healthcare	330	680	372	760	426	955	345	928	382	768
Industrial Products	132	341	121	310	111	495	115	490	112	364
Materials	171	353	158	387	159	528	185	641	205	528
Real Estate/Property	527	843	329	512	278	545	235	554	186	386
Telecommunications	259	523	228	478	215	486	154	445	139	303
Transportation	46	120	61	191	70	221	58	247	47	169
Other	64	134	44	134	59	221	60	221	57	156
TOTAL	3,559	8,055	3,453	8,030	3,382	10,100	3,044	10,358	2,991	7,576
\$ VOLUME (MM)										
Business Services	\$15,197	\$30,900	\$29,649	\$49,154	\$25,165	\$60,872	\$25,939	\$91,347	\$19,754	\$29,064
Computers & Electronics	\$32,378	\$57,540	\$39,436	\$94,264	\$43,833	\$115,645	\$42,143	\$119,293	\$28,258	\$77,101
Construction/Building	\$10,785	\$17,940	\$9,298	\$17,166	\$9,777	\$32,124	\$7,610	\$45,379	\$5,851	\$9,053
Consumer Products	\$10,975	\$23,130	\$6,219	\$7,524	\$7,488	\$17,731	\$7,168	\$28,665	\$5,297	\$23,875
Consumer Services	\$26,388	\$92,598	\$26,681	\$92,467	\$27,504	\$130,897	\$21,538	\$87,463	\$11,635	\$22,392
Energy & Power	\$28,366	\$76,688	\$28,383	\$159,587	\$34,728	\$160,737	\$43,505	\$209,843	\$45,812	\$124,771
Financial	\$30,462	\$155,134	\$23,565	\$136,571	\$33,363	\$177,220	\$33,158	\$209,282	\$24,028	\$199,277
Food & Beverage	\$4,559	\$11,003	\$3,049	\$7,339	\$7,768	\$11,849	\$3,679	\$30,195	\$4,100	\$97,174
Healthcare	\$26,128	\$63,011	\$29,786	\$118,128	\$35,404	\$177,734	\$32,800	\$141,276	\$26,073	\$132,428
Industrial Products	\$10,235	\$17,877	\$11,265	\$21,026	\$9,211	\$24,777	\$13,967	\$46,360	\$8,638	\$13,588
Materials	\$15,606	\$33,612	\$16,122	\$57,238	\$19,086	\$90,255	\$22,845	\$118,137	\$14,495	\$67,675
Real Estate/Property	\$34,214	\$71,424	\$29,539	\$80,163	\$31,936	\$164,665	\$35,377	\$136,917	\$22,363	\$36,462
Telecommunications	\$16,274	\$142,677	\$13,146	\$151,452	\$18,692	\$205,017	\$18,514	\$83,141	\$9,143	\$77,597
Transportation	\$2,625	\$5,325	\$8,938	\$28,382	\$7,766	\$22,275	\$8,916	\$31,226	\$4,690	\$12,776
Other	\$3,732	\$4,786	\$4,232	\$10,850	\$4,517	\$9,114	\$6,152	\$19,454	\$4,806	\$5,628
TOTAL	\$267,924	\$803,646	\$279,309	\$1,099,311	\$316,239	\$1,400,913	\$323,313	\$1,397,978	\$234,943	\$928,863
ENT. VALUE/ EBITDA										
Business Services	14.3x	13.9x	15.6x	14.2x	12.0x	12.5x	11.3x	14.1x	13.4x	12.7x
Computers & Electronics	9.2x	10.7x	13.0x	13.3x	17.9x	17.0x	16.7x	16.8x	15.5x	15.5x
Construction/Building	9.7x	7.7x	9.2x	10.5x	NA	11.5x	10.6x	11.3x	8.2x	8.2x
Consumer Products	12.7x	12.7x	11.2x	13.7x	13.4x	11.9x	10.5x	12.2x	6.4x	10.0x
Consumer Services	10.5x	10.5x	12.1x	11.9x	14.0x	13.9x	12.1x	13.9x	12.6x	13.7x
Energy & Power	11.8x	10.6x	11.8x	10.3x	12.4x	11.5x	11.7x	11.8x	13.0x	11.1x
Financial	9.5x	9.4x	11.6x	10.6x	13.4x	12.7x	11.4x	11.7x	10.1x	10.5x
Food & Beverage	16.6x	15.4x	0.0x	0.0x	7.3x	7.3x	NA	19.7x	14.3x	15.4x
Healthcare	12.0x	12.3x	16.2x	14.9x	14.4x	16.7x	13.9x	15.4x	19.0x	18.0x
Industrial Products	13.2x	13.2x	13.3x	13.5x	10.6x	12.9x	NA	10.8x	18.7x	18.7x
Materials	9.1x	10.4x	7.2x	8.7x	12.5x	13.0x	10.7x	11.7x	9.4x	12.1x
Real Estate/Property	11.8x	17.6x	8.6x	14.0x	11.1x	16.4x	15.7x	16.4x	12.2x	13.0x
Telecommunications	14.5x	12.6x	NA	16.3x	15.3x	15.4x	15.9x	15.2x	15.8x	12.3x
Transportation	NA	18.1x	7.6x	7.6x	18.0x	14.1x	12.7x	13.2x	3.2x	5.4x

Source: Dealogic and William Blair & Company, L.L.C. Mergers and Acquisitions market analysis.

Cross-Border Transactions

- U.S. middle-market cross-border activity continues to increase, driven by higher levels of both inbound and outbound transactions.
- For the overall market, the 2008 transaction breakdown is about 60%/40% in favor of outbound transactions, similar to the totals for all of 2006 and 2007.
- The dollar volume of inbound transactions has increased significantly this year, to about 65% of the total, compared with about 58% in 2006 and 2007.
- For middle-market and undisclosed transactions, the most actively targeted U.S. industries by foreign buyers were computers/electronics and professional services.
- The most active country buying in the United States is Canada, while India has now become a top-five acquirer.
- The top country targeted by U.S. buyers was Canada, followed closely by the United Kingdom.

U.S. Cross-Border M&A by Number of Deals



Source: Dealogic and William Blair & Company, L.L.C. Mergers and Acquisitions market analysis.

U.S. Cross-Border M&A — Number of Transactions

	INBOUND			OUTBOUND			TOTAL		
	2006	2007	2008 YTD	2006	2007	2008	2006	2007	2008
Mid-Mkt	515	603	672	809	1,054	966	1,324	1,657	1,638
> \$750 mil	59	94	53	45	65	38	104	159	91
Undisclosed	740	809	552	793	65	910	1,533	1,753	1,462
Total	1,314	1,506	1,277	1,647	2,063	1,914	2,961	3,569	3,191

U.S. Cross-Border M&A — Transaction Value

	INBOUND			OUTBOUND			TOTAL		
	2006	2007	2008	2006	2007	2008	2006	2007	2008
Mid-Mkt	\$57,477	\$65,060	\$51,832	\$70,804	\$104,244	\$85,309	\$128,282	\$169,304	\$137,141
> \$750 mil	\$154,616	\$304,188	\$237,863	\$91,613	\$150,091	\$85,180	\$246,229	\$454,279	\$323,044
Undisclosed	—	—	—	—	—	—	—	—	—
Total	\$212,094	\$369,247	\$289,695	\$162,417	\$254,335	\$170,489	\$374,511	\$623,583	\$460,184

U.S. Cross-Border M&A Transactions — 2008

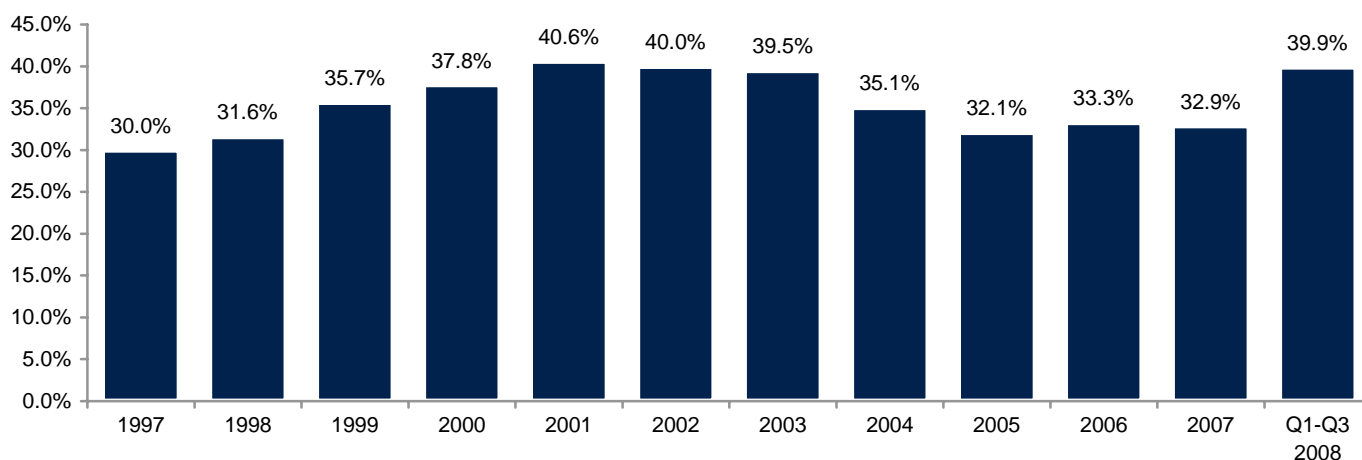
INBOUND to U.S.				OUTBOUND from U.S.			
Target Industry	Deals	Acquiror Country	Deals	Target Industry	Deals	Target Country	Deals
Computers/Electronics	238	Canada	351	Computers/Electronics	385	Canada	273
Healthcare	125	United Kingdom	166	Professional Services	204	United Kingdom	248
Professional Services	125	Australia	82	Finance	147	China	203
Mining	104	Japan	73	Healthcare	112	Japan	148
Oil & Gas	100	India	65	Real Estate/Property	98	India	118

U.S. Cross-Border M&A Transactions — 2007

INBOUND to U.S.				OUTBOUND from U.S.			
Target Industry	Deals	Acquiror Country	Deals	Target Industry	Deals	Target Country	Deals
Computers/Electronics	227	Canada	357	Computers/Electronics	323	Canada	281
Professional Services	187	United Kingdom	212	Professional Services	207	United Kingdom	249
Healthcare	115	Australia	113	Finance	169	Japan	174
Oil & Gas	83	Japan	74	Real Estate/Property	138	China	159
Mining	81	France	71	Healthcare	110	India	143

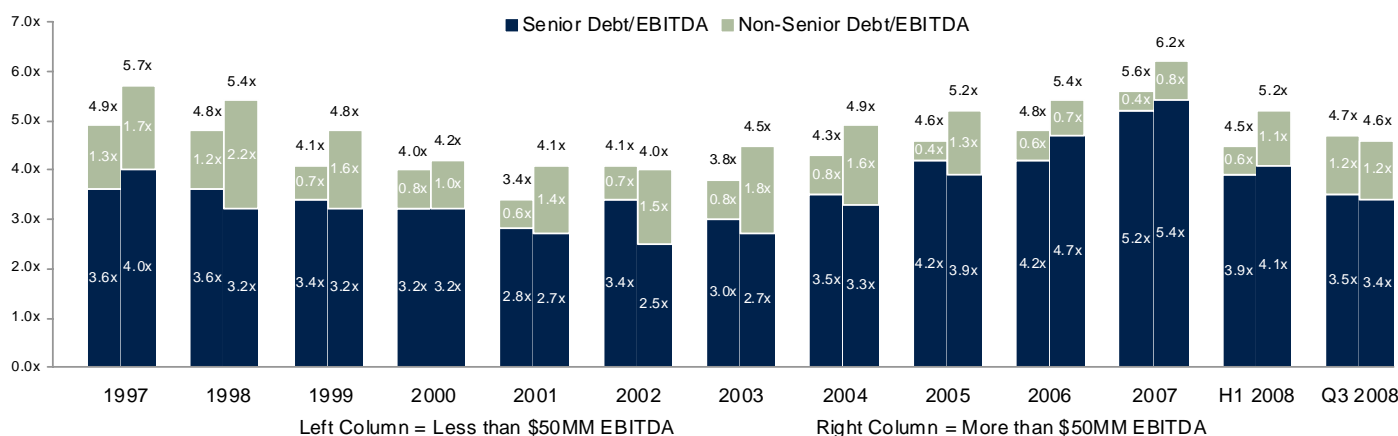
- Leveraged buy-out (LBO) debt multiples continue to drop, with the senior debt portion declining 1.0x-1.5x from the 2007 levels.
- The tight credit markets have forced buyers to put up significantly more cash to finance LBO transactions. The average equity contribution for the first nine months of 2008 was nearly 40%, up from 32.9% in 2007, and reached 43.8% in the third quarter of 2008.
- The weak IPO market is not just in the United States; a total of 30 initial public offerings, valued at \$13.1 billion, were withdrawn worldwide in October, according to data from Dealogic; this marked the highest volume of withdrawn IPOs in a single month since the company started gathering data in 1995.
- Pricing is up due to the near absence of institutional investors and heading higher as a result of recent events. For the third quarter, the LBO LIBOR spread was +444 basis points for transactions with over \$50 million of EBITDA and +424 basis points for transactions with EBITDA less than \$50 million.

Average Equity Contribution



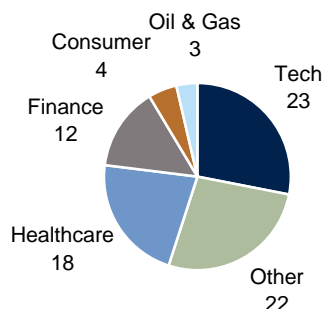
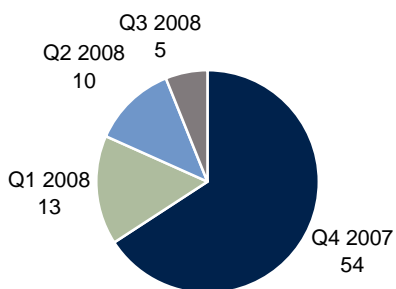
Source: S&P's Leveraged Lending Review.

LBO Debt Multiples

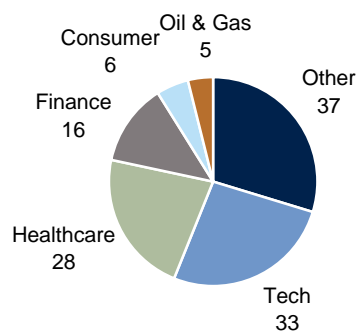
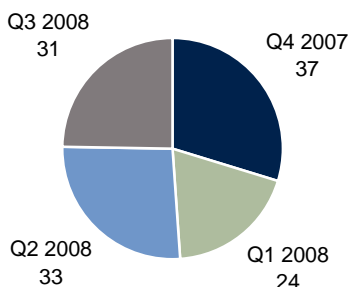


Source: S&P's Leveraged Lending Review.

IPO Pricings by Sector — Last 4 Quarters: 82 Total Deals

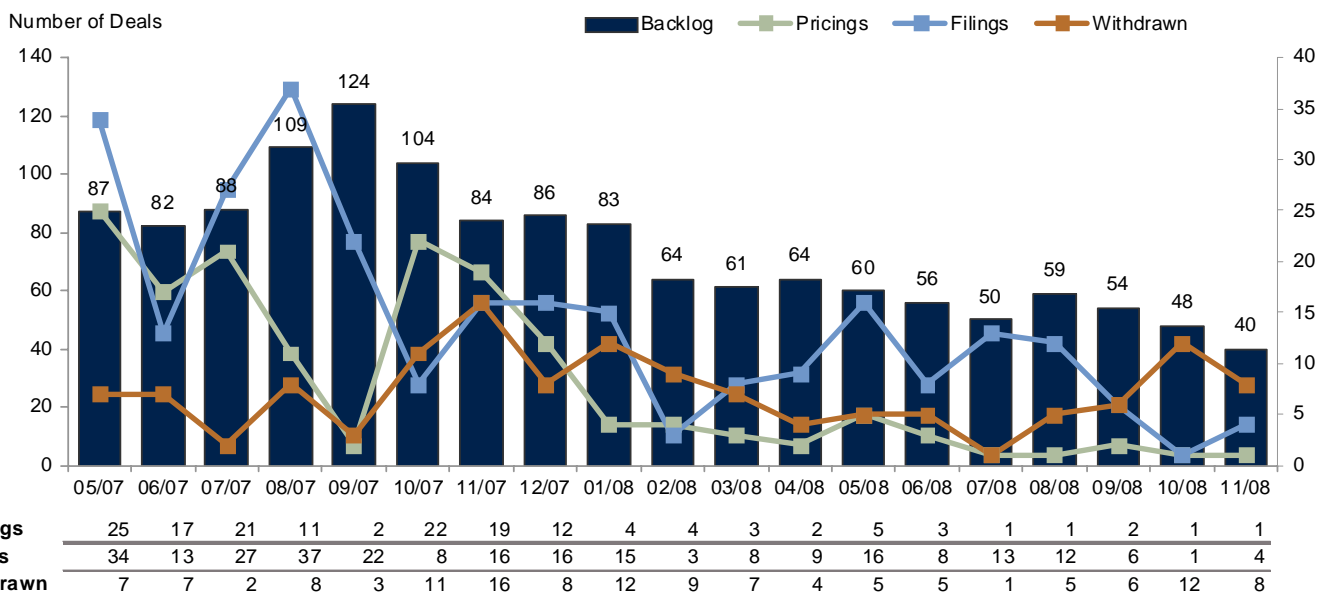


IPO Filings by Sector — Last 4 Quarters: 125 Total Deals



Source: Dealogic and William Blair & Company, L.L.C. Mergers and Acquisitions market analysis.

IPO Backlog



Source: Dealogic and William Blair & Company, L.L.C. Mergers and Acquisitions market analysis.

We would like to thank the law firm Dykema Gossett PLLC for allowing us to republish this copy of its 4th Annual Dykema Mergers & Acquisitions Outlook Survey. For more information, please contact David T. Cellitti at dcellitti@dykema.com or 312.627.2177.

DYKEMA 2008 MERGERS & ACQUISITIONS OUTLOOK SURVEY RESULTS

Respondents were asked to complete a short questionnaire designed to measure their thoughts and perspectives on the direction of the M&A market in 2009. The following charts represent the collective input of all respondents to the survey. A full overview of the survey methodology can be found at the end of this report.

The conclusions of the survey are dramatic. Regardless of their geography, industry, or title, corporate executives say they are concerned about the economy, the future of financial buyers, and the overall strength of the U.S. mergers and acquisitions market in the coming year.

Half of all respondents believe they will be directly involved in a transaction from either the buy or sell side in the next year, and almost one third have recently been involved in a transaction that did not close, so they have good reason to keep a close watch on the M&A market.

HIGHLIGHTS OF THE DYKEMA 2008 MERGERS & ACQUISITIONS OUTLOOK SURVEY INCLUDE:

- **Confidence in the U.S. M&A market continues to decline.**
 - In 2006, 63% of respondents thought the overall M&A market would be strong.
 - In 2007, 36% thought it would be strong.
 - In 2008, only 16% believe it will be strong in the coming year.
 - Turmoil in the U.S. financial markets appears to have influenced confidence in the M&A market. In the first week of the survey, 37% of respondents anticipated a weak future. In the second week of the survey – after Bank of America bought Merrill Lynch and Lehman Brothers filed for bankruptcy – this number increased to 51%.
- Like the U.S. M&A market, confidence in the economy continues to decline.
 - In 2005, 51% had a positive outlook on the economy.
 - In 2006, that number dropped to 37%.
 - In 2007, it dropped again to 28%.
- **In 2008, only 8% have a positive outlook.**
- **There is a continued expectation that financial buyers will again decrease their presence in the market more than strategic and foreign buyers.**
 - In 2006, 36% of respondents believed that financial buyers were most likely to decrease their presence the most.
 - In 2007, 77% agreed.
 - In 2008, 63% predict financial buyers will further decrease their role.
- **Deals are not closing due to financing issues and material adverse changes in business.** Forty percent of respondents were involved in a deal that didn't close, primarily due to financing or an adverse change in business.
- **Nearly half of all respondents said they had at least one M&A transaction in the last year that was adversely impacted by the availability of financing.**
 - **Respondents believe private-equity buyers have reduced their presence in the U.S. M&A market.**
 - In 2006, and 2007, nearly half of the respondents (47% and 48%) thought PE buyers were most responsible for fueling current M&A activity.
 - In 2008, only 13% of respondents think PE buyers were most responsible for fueling current M&A activity, and for the first time PE buyers are not viewed as the leading driver, dropping to 4th place.
- **Disruption in the credit market is impacting the influence of financial buyers on the M&A market.** Strategic and foreign buyers don't need to depend on the same markets in all respects.

VERBATIMS

In an open forum for comment and feedback, respondents were asked to share their thoughts on their biggest concerns about the M&A market in the coming year and the pros and cons of the presidential candidates. The following represent select verbatims received.

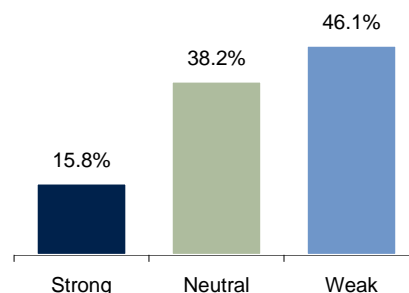
- Over the next 12 months companies with business models that were not designed to handle a tight credit environment will become distressed, opening up the opportunity for buyers to acquire certain strategic assets on favorable terms.
- Lack of near term recovery, chaotic governmental responses, and risk of hyper-inflation will allow for opportunistic buyers to target strategic acquisitions.
- Companies with healthy balance sheets will use this opportunity to add product lines and capacity held by weaker companies.
- Exceptionally tight credit markets are pressuring transaction values and sellers have not fully caught up with the current status of valuations.
- Sellers are seeing very low prices resulting from the higher cost of money. Lenders are risk averse, but you can find all you want...at a price. So the lower prices, resulting from the higher cost of money, will result in fewer transactions.
- Strategics will continue to take advantage of opportunities, while the strengthening dollar combined with weakening economies abroad will inhibit foreign buyers.
- Credit conditions will hinder financial buyers. Weakness in overseas markets will distract foreign buyers.
- I'm concerned that the current state of the financial markets will create difficulty for all 3 types of buyers (financial, foreign, and strategic) in getting deals done. While foreign buyers may find some bargains in the US, spread of economic issues internationally (along with foreign buyers' need to obtain some U.S. financing) could slow them down. Financial buyers may find some opportunities in the next 12 months in distressed transactions.
- We are printing money at a much faster rate than our foreign counterparts. They will take advantage of the shopping opportunities we provide.
- With weak economy and reduced stock prices, strategics likely won't be flush with cash to aggressively pursue acquisitions. Financial buyers face difficult financing markets and low-quality deal flow. Foreign buyers are at an advantage given the current devalued dollar, which likely won't rebound significantly in the next 12 months.
- Financing will be more difficult for financial buyers and the economy will scare foreign buyers.
- Only the strong survive times like these...the foreigners aren't in a recession.
- Financial buyers have had a slow 2008 and have not deployed much capital. The economic conditions should stabilize and I expect the capital markets to have money to lend.

1. HOW STRONG WILL THE OVERALL U.S. M&A MARKET BE DURING THE NEXT 12 MONTHS?

▪ **Confidence in the U.S. M&A market continues to decline.**

- In 2006, 63% of respondents thought the overall M&A market would be strong.
- In 2007, 36% thought it would be strong.
- In 2008, only 16% believe it will be strong in the coming year.
- This drop in confidence is likely due to U.S. economic conditions as well as weak financing markets.
- Turmoil in the U.S. financial markets appears to have influenced confidence in the M&A market. In the first week of the survey (September 8-13, 2008), 37% of respondents anticipated a weak future. In the second week of the survey – after Bank of America bought Merrill Lynch and Lehman Brothers filed for bankruptcy – this number increased to 51%.

- Of respondents who think the M&A market will be weak in the next 12 months, only 3% have a positive outlook on the U.S. economy. Of respondents who think the M&A market will be strong in the next 12 months, 17% have a positive outlook on the economy.

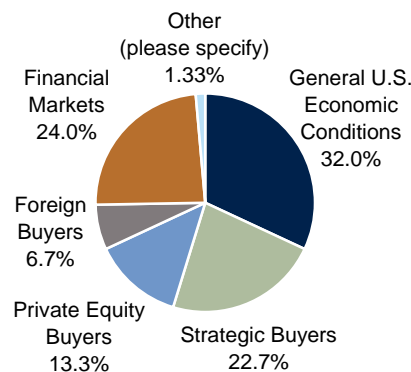


2. WHICH OF THE FOLLOWING IS MOST RESPONSIBLE FOR FUELING CURRENT U.S. M&A ACTIVITY?

▪ **Private-equity buyers have reduced their presence in the U.S. M&A market.**

- In 2006, 47% of respondents thought PE buyers were most responsible for fueling current M&A activity.
- In 2007, 48% of respondents thought PE buyers were most responsible for fueling current M&A activity.
- In 2008, only 13% of respondents think PE buyers were most responsible for fueling current M&A activity, and for the first time PE buyers are not viewed as the leading driver, dropping to 4th place.

- **Of respondents who think the M&A market will be strong in the next 12 months, 50% say general U.S. economic conditions are fueling U.S. M&A activity, compared to 31% of all respondents. Fifty-eight percent of these respondents think foreign buyers and 33% think strategic buyers will increase their presence the most over the next 12 months. This is the reverse of the overall results, which show 51% of all respondents think strategic buyers will increase most, followed by foreign buyers (36%).**

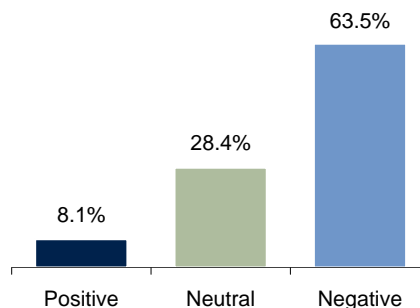


3. WHAT IS YOUR OUTLOOK FOR THE U.S. ECONOMY, GENERALLY, OVER THE NEXT 12 MONTHS?

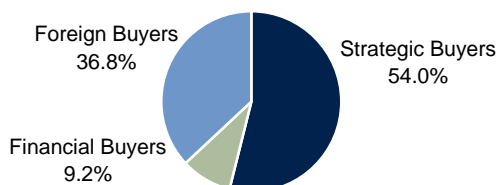
▪ **Like the U.S. M&A market, confidence in the economy continues to decline.**

- In 2005, 51% had a positive outlook on the economy.
- In 2006, that number dropped to 37%.
- In 2007, it dropped again to 28%.
- In 2008, only 8% have a positive outlook.

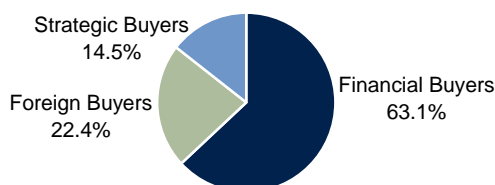
- Turmoil in the U.S. financial markets appears to have influenced confidence in the overall U.S. economy. In the first week of the survey (September 8-13, 2008), 46% of respondents had a negative outlook on the economy. In the second week of the survey – after Bank of America bought Merrill Lynch and Lehman Brothers filed for bankruptcy – this number increased to 72%.



4. WHICH OF THE FOLLOWING BUYERS WILL INCREASE THEIR PRESENCE THE MOST IN THE U.S. M&A MARKET OVER THE NEXT 12 MONTHS (AS A PERCENTAGE OF TOTAL TRANSACTIONS)?



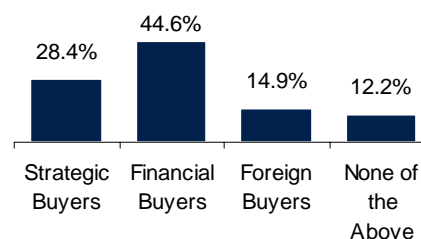
5. WHICH OF THE FOLLOWING BUYERS WILL DECREASE THEIR PRESENCE THE MOST IN THE U.S. M&A MARKET OVER THE NEXT 12 MONTHS (AS A PERCENTAGE OF TOTAL TRANSACTIONS)?



- **There is a continued expectation that financial buyers will again decrease their presence in the market.** In 2006, 36% of respondents believed that financial buyers were most likely to decrease their presence the most. In 2007, 77% agreed. In 2008, 63% predict financial buyers will further decrease their role.
 - Financial buyers remain very active in the M&A market and still have a lot of money they need to deploy into the market. However, in light of current conditions, they are being more selective about underlying company economics before making investments.
 - In 2006, 43% of respondents thought strategic buyers, 34% thought financial buyers, and 22% thought foreign buyers would most increase their presence in the market.
 - In 2007, 59% of respondents thought foreign buyers, 34% thought strategic buyers, and 7% thought financial buyers would most increase their presence in the market.
 - In 2008, 51% think strategic buyers, 36% think foreign buyers, and 9% think financial buyers will most increase their presence in the market.
- **Strategic buyers are expected to increase their presence in the market.** In 2008, 51% of respondents believe that strategic buyers will most increase their presence in the market, up from 34% in 2007.
 - Many respondents see buying opportunities for strategics with strong balance sheets.
- **Foreign buyers are expected to continue their strong role in the U.S. M&A market,** increase their presence in the market. In 2008, 36% of respondents think foreign buyers will most increase their presence in the market.
 - Respondents believe foreign buyers will continue to increase their activity, as many have cash and easier access to deal financing.
- **Of those respondents who think foreign buyers will increase their presence the most in the next 12 months, 86% have a negative outlook on the U.S. economy, compared to 59% of all respondents.**

6. WHICH OF THE FOLLOWING TYPES OF BUYERS HAVE MOST INFLUENCED DEAL VALUATIONS OVER THE PAST 12 MONTHS?

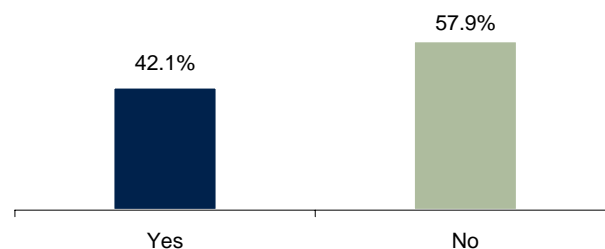
- **In 2007,** 75% of respondents said financial buyers have most influenced deal valuations over the past 12 months. **In 2008,** financial buyers are still the leading choice (41%), but strategic buyers are closing the gap (27% compared to 13% in 2007).
 - Responses indicate that financial buyers are still viewed as having the primary impact for the valuations but to a lesser degree than they have in the past.



7. WHICH OF THE FOLLOWING TYPES OF BUYERS ARE MOST AFFECTED BY UNCERTAINTY IN THE BROADER CREDIT AND BOND MARKETS THAT HAS LED TO TIGHTENED FINANCING? (RANK 1 IS MOST AFFECTED, 3 IS LEAST AFFECTED)

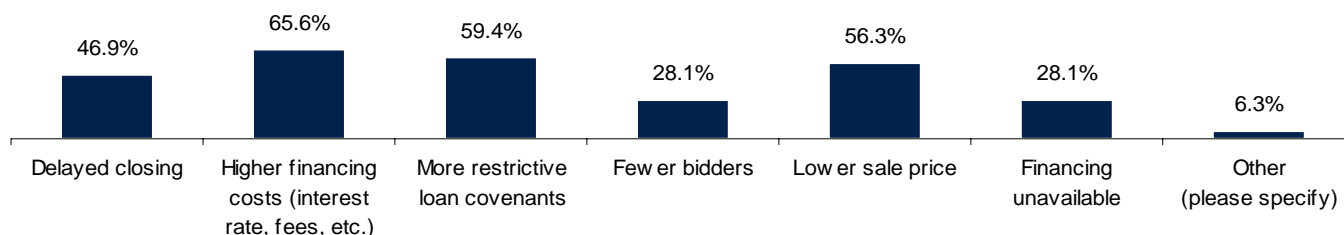
RESPONSES	WEIGHTED RANK (SCORE)
Financial Buyers	1
Strategic Buyers	2
Foreign Buyers	3

8. HAVE YOU BEEN INVOLVED IN AN M&A TRANSACTION THE LAST 12 MONTHS THAT HAS BEEN ADVERSELY IMPACTED BY AVAILABILITY OF FINANCING?



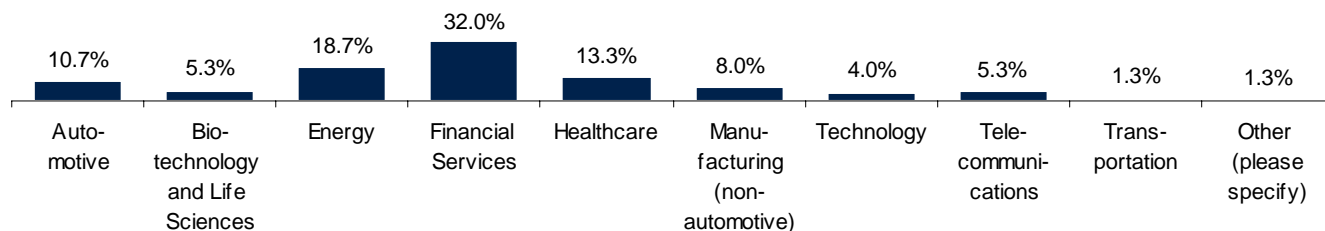
- **Disruption in the credit market is impacting the influence of the financial buyers on the M&A market.** Strategic and foreign buyers don't need to depend on the financial markets to the same degree as PE buyers to finance their deals, allowing strategics and foreign buyers to be more competitive in the current deal environment.
- Respondents who think strategic buyers will increase their presence the most in the next 12 months say financial buyers, foreign buyers, and then strategic buyers are most affected by uncertainty in the credit market.

9. WHAT WAS THE IMPACT? (CHECK ALL THAT APPLY)



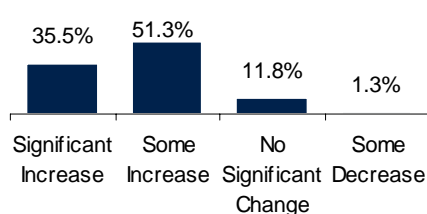
- Nearly half of all respondents said they had at least one M&A transaction in the last year that was adversely impacted by the availability of financing. The principal impacts of these financing issues are higher financing costs, more restrictive loan covenants, lower sale prices, and delayed closings.

10. WHAT SECTOR WILL SEE THE MOST M&A ACTIVITY, GLOBALLY, IN THE NEXT 12 MONTHS?

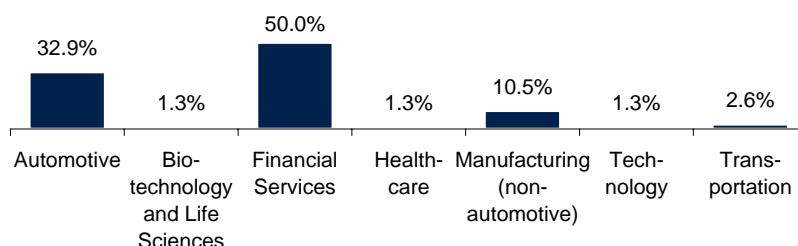


- Given the recent turmoil on Wall Street, it is not surprising that one third of respondents believe the financial services industry will see the most M&A activity in the coming year. This is an increase from 22% of respondents who named financial services in 2007.

11. WILL THERE BE A CHANGE IN THE NUMBER OF DISTRESSED TRANSACTIONS IN THE COMING YEAR?



12. WHAT INDUSTRY WILL SEE THE MOST DISTRESSED TRANSACTIONS IN THE NEXT 12 MONTHS?



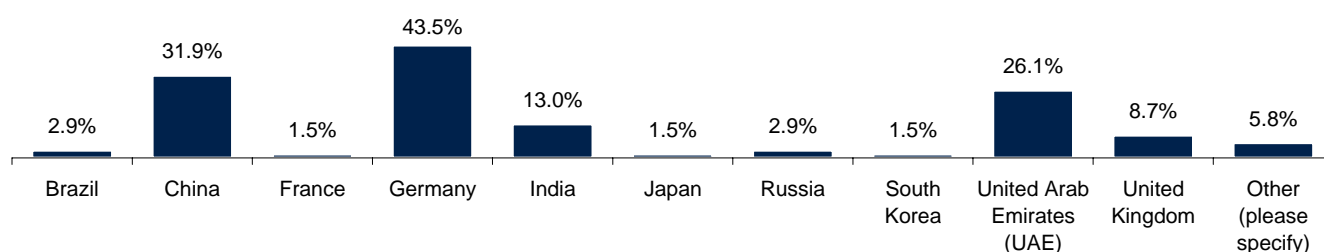
- 87% of respondents think there will be an increase in distressed transactions in the coming year and more than a third say it will be a significant increase.

— In the first week of the survey (September 8-13, 2008), 24% of respondents anticipated a significant increase in the number of distressed transactions in the coming year. In the second week of the survey, this number increased to 44%.

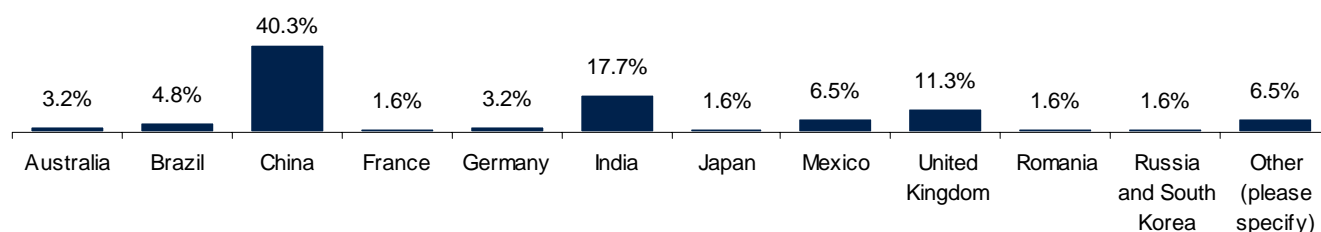
- Of those respondents who think there will be a significant increase in the number of distressed transactions in the coming year, 88% have a negative outlook for the U.S. economy, compared to 59% of all respondents. Fifty-eight percent think the financial services industry will see the most distressed transactions in the coming year, compared to 47% of all respondents.
- Respondents pointed to the automotive and financial services industries – and to a lesser extent, manufacturing – as the sectors most likely to have an increase in distressed transactions. Because of the pressures the auto industry is under, there is likely to be continued cost cutting and reduced volume, resulting in more stress for the auto supplier community.

13. WHERE WILL THE MOST FOREIGN BUYERS IN THE U.S. M&A MARKET COME FROM IN THE NEXT 12 MONTHS?

- Respondents continue to look at China and India as the principal sources for investors in U.S. companies. In 2007, respondents said China will be the leading country for foreign buyers in the U.S. M&A market (39%), followed by the UK (17%), India (14%), and the UAE (9%). In 2008, respondents think foreign buyers will come from China (28%), the UAE (23%) and India (12%).

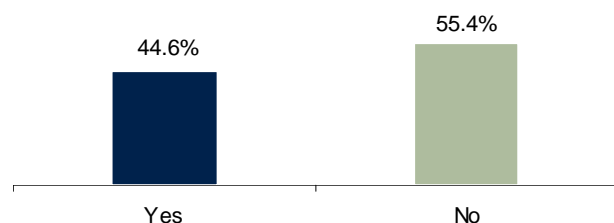


14. WHAT COUNTRY WILL SEE THE MOST OUTBOUND U.S. MERGERS AND ACQUISITIONS?

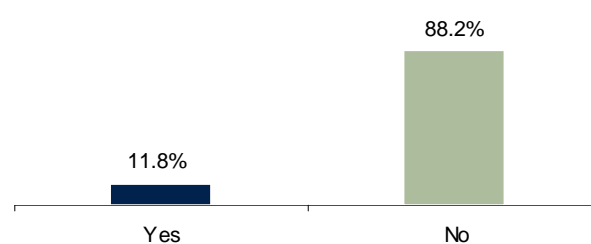


- For the third year in a row, respondents say China will be the leading country for U.S. buyers making foreign acquisitions, although only 40% of respondents had that view in 2008, compared to 53% in 2007.
- The number of respondents looking at China as a significant foreign M&A investor has decreased, indicating they have had less influence than expected and are more internally focused.** In past years, there was the impression that Chinese buyers would quickly buy up U.S. deals, but the activity didn't happen as fast as predicted, in part because they're more internally focused.
 - Respondents may believe the U.S. is likely to see M&A investors from the countries that are culturally familiar with U.S. transactions. This is still fairly new ground for Asian investors who have a lot of concerns about U.S. employment requirements and expectations, increased scrutiny by lawmakers, and other legal issues.
 - The Chinese do not typically acquire businesses through M&A transactions, and many have become particularly wary in light of recent CIFIUS changes and crackdowns. Additionally, the Chinese market is growing at a rate of 10%, compared to the 2% U.S. growth rate. It is easier and faster for Chinese companies to focus internally.
- As in 2007, the UAE may have received attention from respondents due to its role as a financial center for money flowing in to oil producers.** Their deals tend to be financial acquisitions rather than strategic, as buyers look to diversify portfolios.
 - Respondents may have an expectation that deals will come from the UAE because the country has so much wealth. However, the UAE has not been acquiring companies outright; they are more likely to become passive investors, relying on a strong in-place management team.

15. IN THE NEXT 12 MONTHS, DO YOU BELIEVE YOUR COMPANY WILL BE INVOLVED IN AN ACQUISITION?

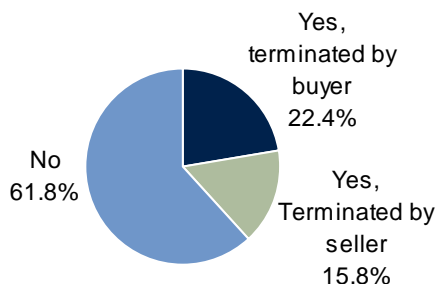


16. IN THE NEXT 12 MONTHS, DO YOU BELIEVE YOUR COMPANY WILL BE SOLD, DOWNSIZED, OR INVOLVED IN A SPINOFF?

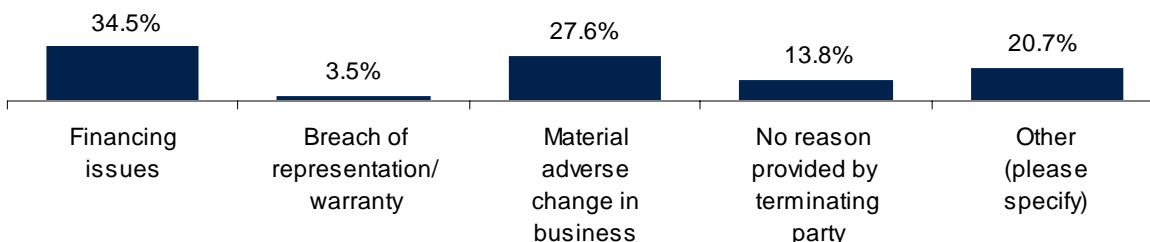


- In 2007**, 52% of respondents thought they would be involved in an acquisition and 16% thought they would be sold, downsized, or involved in a spinoff. In 2008, 45% think their company will be involved in an acquisition in the next year; 12% think they will be sold, downsized, or involved in a spinoff.

17. HAVE YOU BEEN INVOLVED IN ONE OR MORE M&A TRANSACTIONS IN THE LAST 12 MONTHS THAT DID NOT CLOSE?



18. WHY DID THE TRANSACTION(S) NOT CLOSE? (CHECK ALL THAT APPLY)



- Deals are not closing due to financing issues and material adverse changes in business.
- 40% of respondents were involved in a deal that didn't close, and on the buy side that was primarily due to financing (47%). On the sell side, the primary reason given for the sale falling through was an adverse change in business (27%), suggesting the seller pulled the deal off the market.

METHODOLOGY

In September 2008, national law firm Dykema distributed its Mergers & Acquisitions Survey via e-mail to a group of senior executives and advisors in the industry, including CEOs, CFOs, and other company officers. Thirty-eight percent of respondents identified themselves as a company officer and 30% identified themselves as an investment or commercial banker.

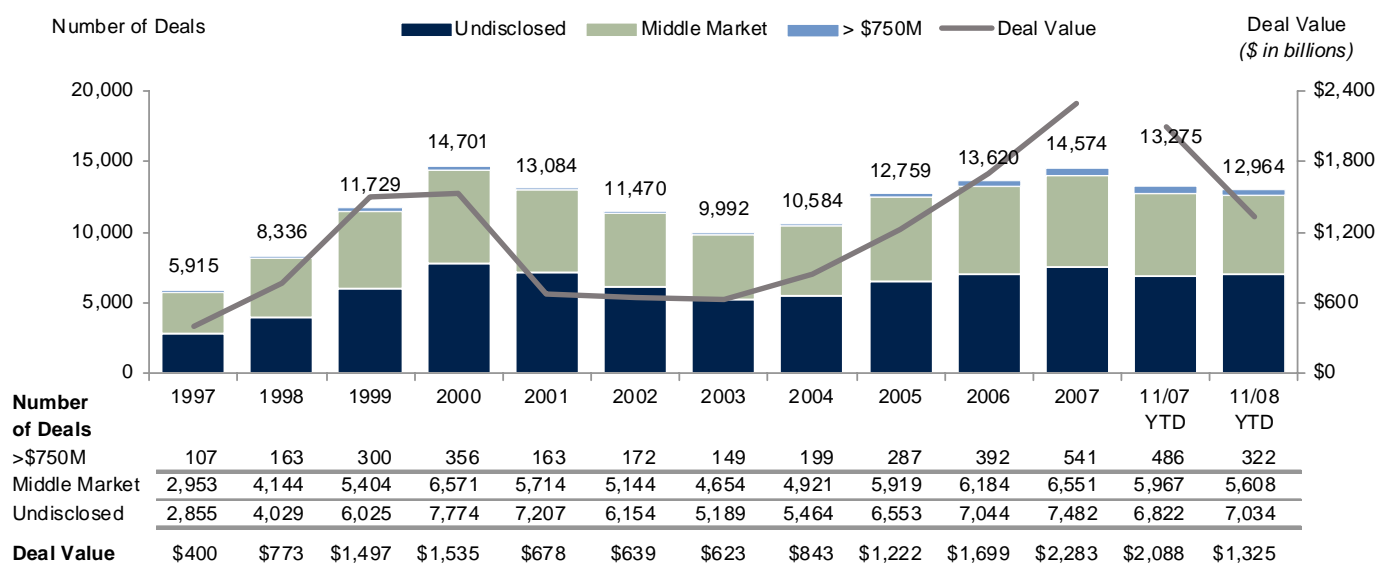
The 2008 survey is the fourth annual M&A market analysis developed by Dykema, and results were released in conjunction with the firm's annual [M&A Seminar](#) in Detroit.

Respondents were only asked question 9 if they answered "yes" to the previous question: *Have you been involved in a M&A transaction the last 12 months that has been adversely impacted by availability of financing?* Similarly, they were only asked question 18 if they answered "yes" to question 17: *Have you been involved in one or more M&A transactions in the last 12 months that did not close?*

Percentages in some cases exceed 100% because respondents were asked to check all that apply.

Due to rounding, all percentages used in all questions may not add up to 100 percent. A few minor edits were made to verbatim responses to correct spelling and verb tense.

European M&A Activity



Source: Dealogic and William Blair & Company, L.L.C. Mergers and Acquisitions market analysis.

- European M&A activity for November was extremely weak. There was a 43.8% decline in the number of deals and an 81.5% decline in dollar volume compared with last year.
- The total dollar volume of \$30.9 billion represented a decline of 81.5% from last year and was 76% below the trailing-12-month monthly average of \$126.6 billion.
- European middle-market activity was also very weak, with the number of deals down 44.5% and the dollar volume down 64.0%.
- The year-to-date deal and dollar totals have now slipped in to negative territory compared with last year for both the overall market and middle market.

European M&A Activity Detail

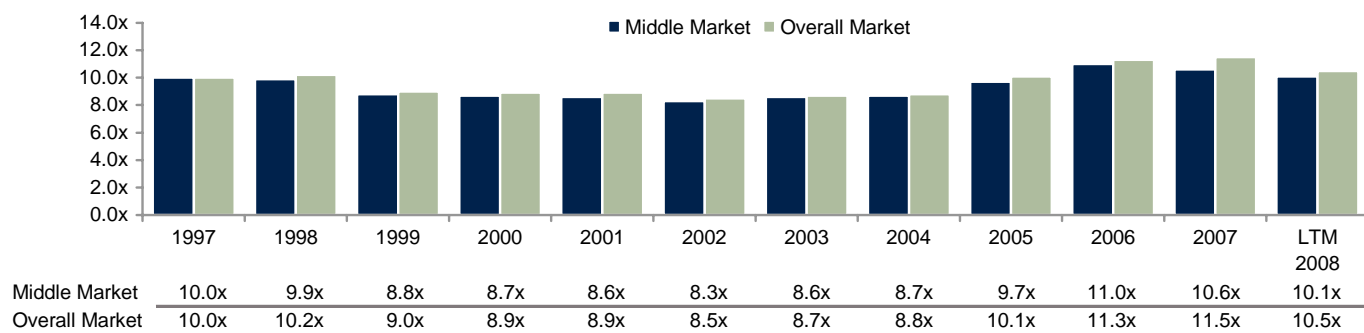
	NUMBER OF DEALS				DEAL VALUE			
	2006	2007	2008	% Change '08 vs. '07	2006	2007	2008	% Change '08 vs. '07
NOVEMBER								
< \$50M	266	377	252	(33.2%)	\$3,795	\$5,610	\$3,156	(43.8%)
\$50M-\$250M	124	144	53	(63.2%)	\$15,350	\$16,234	\$6,347	(60.9%)
\$250M-\$750M	59	65	20	(69.2%)	\$25,160	\$29,041	\$8,812	(69.7%)
Total Middle-Market	449	586	325	(44.5%)	\$44,304	\$50,885	\$18,315	(64.0%)
Monthly Average	526	540	516	(4.4%)	\$42,064	\$50,095	\$42,930	(14.3%)
> 750M	36	40	7	(82.5%)	\$87,292	\$116,168	\$12,669	(89.1%)
Undisclosed	431	712	420	(41.0%)	–	–	–	–
Total Deals	916	1,338	752	(43.8%)	\$131,596	\$167,053	\$30,984	(81.5%)
Monthly Average	1,155	1,192	1,189	(0.3%)	\$140,029	\$188,803	\$126,576	(33.0%)
YTD								
< \$50M	3,720	3,593	3,627	0.9%	\$47,187	\$54,699	\$49,310	(9.9%)
\$50M-\$250M	1,397	1,663	1,439	(13.5%)	\$163,919	\$191,309	\$168,789	(11.8%)
\$250M-\$750M	557	711	542	(23.8%)	\$239,342	\$302,561	\$238,764	(21.1%)
Total Middle-Market	5,674	5,967	5,608	(6.0%)	\$450,449	\$548,568	\$456,864	(16.7%)
> 750M	349	486	322	(33.7%)	\$1,071,491	\$1,539,923	\$867,709	(43.7%)
Undisclosed	6,571	6,822	7,034	3.1%	–	–	–	–
Total Deals	12,594	13,275	12,964	(2.3%)	\$1,521,941	\$2,088,491	\$1,324,573	(36.6%)
LTM								
< \$50M	4,118	3,874	3,963	2.3%	\$51,959	\$59,355	\$54,400	(8.3%)
\$50M-\$250M	1,565	1,828	1,609	(12.0%)	\$183,404	\$211,180	\$189,221	(10.4%)
\$250M-\$750M	628	775	620	(20.0%)	\$269,405	\$330,610	\$271,533	(17.9%)
Total Middle-Market	6,311	6,477	6,192	(4.4%)	\$504,768	\$601,145	\$515,154	(14.3%)
> 750M	382	529	377	(28.7%)	\$1,175,579	\$1,664,492	\$1,003,756	(39.7%)
Undisclosed	7,164	7,295	7,694	5.5%	–	–	–	–
Total Deals	13,857	14,301	14,263	(0.3%)	\$1,680,347	\$2,265,637	\$1,518,910	(33.0%)

Source: Dealogic and William Blair & Company, L.L.C. Mergers and Acquisitions market analysis.

Valuation Multiples

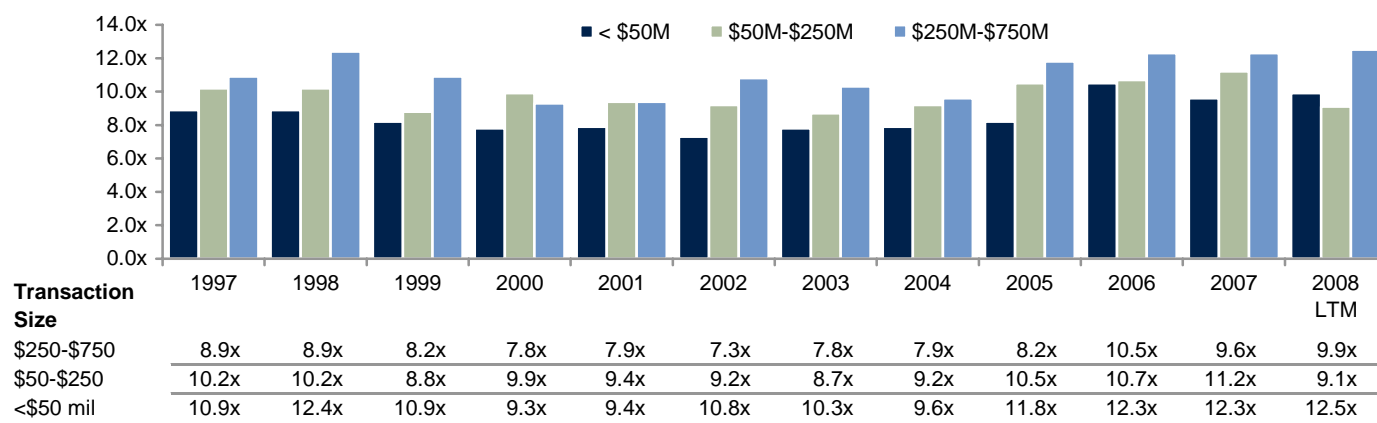
- European valuation multiples are tracking similar to those in the United States.
- For middle-market deals over the past 12 months, the EBITDA multiple has declined to 10.1x from 10.6x for 2007, while the overall multiple for all transactions has declined to 10.5x, from 11.5x for 2007.
- One-week and four-week acquisition premiums have increased sharply due to the weak equity markets.

European Middle-Market Valuation Multiples



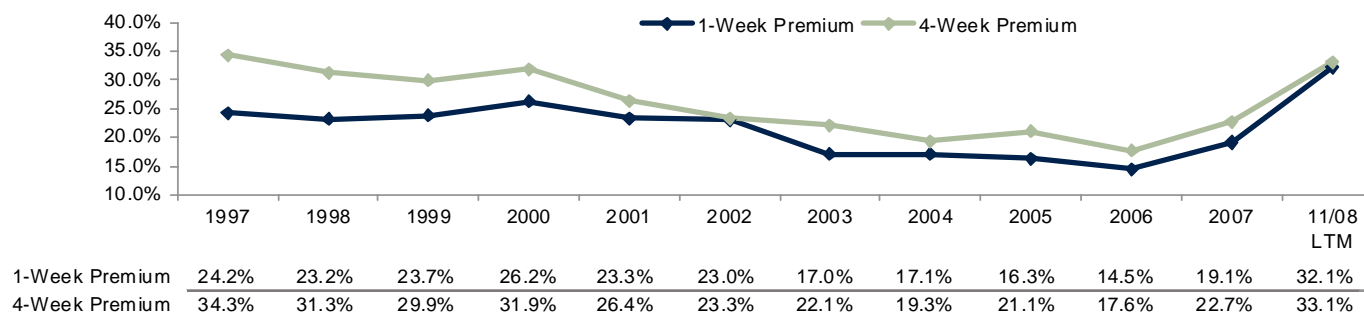
Source: Dealogic and William Blair & Company, L.L.C. Mergers and Acquisitions market analysis.

European Middle-Market Valuation Multiples



Source: Dealogic and William Blair & Company, L.L.C. Mergers and Acquisitions market analysis.

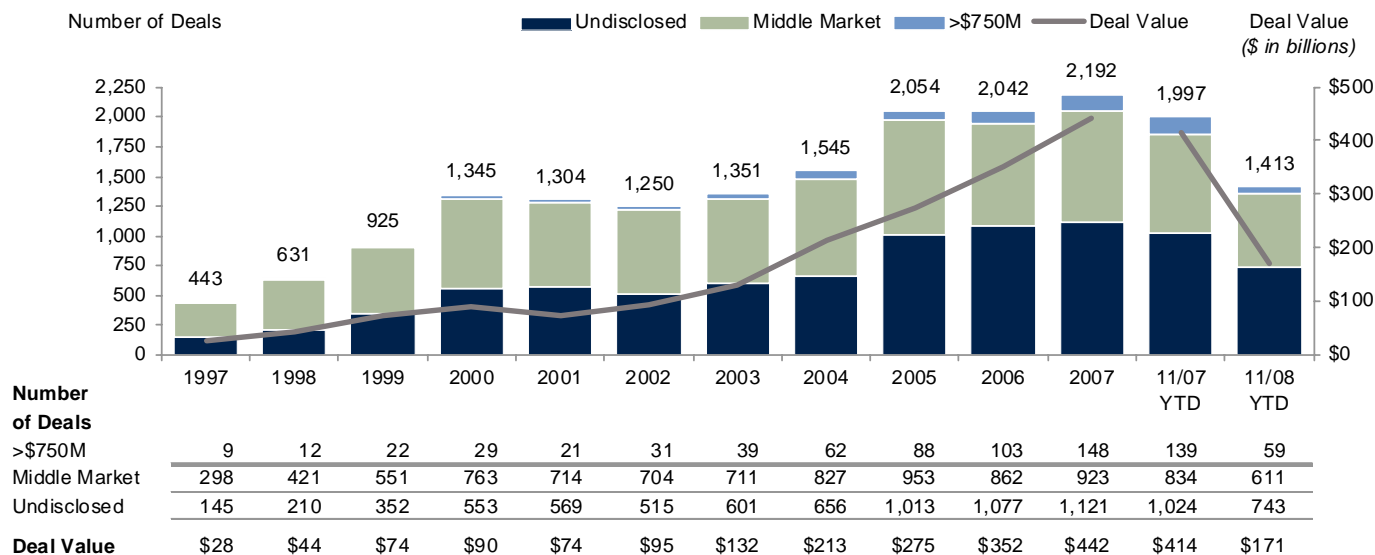
European Middle-Market Median Acquisition Premiums



Source: Dealogic and William Blair & Company, L.L.C. Mergers and Acquisitions market analysis.

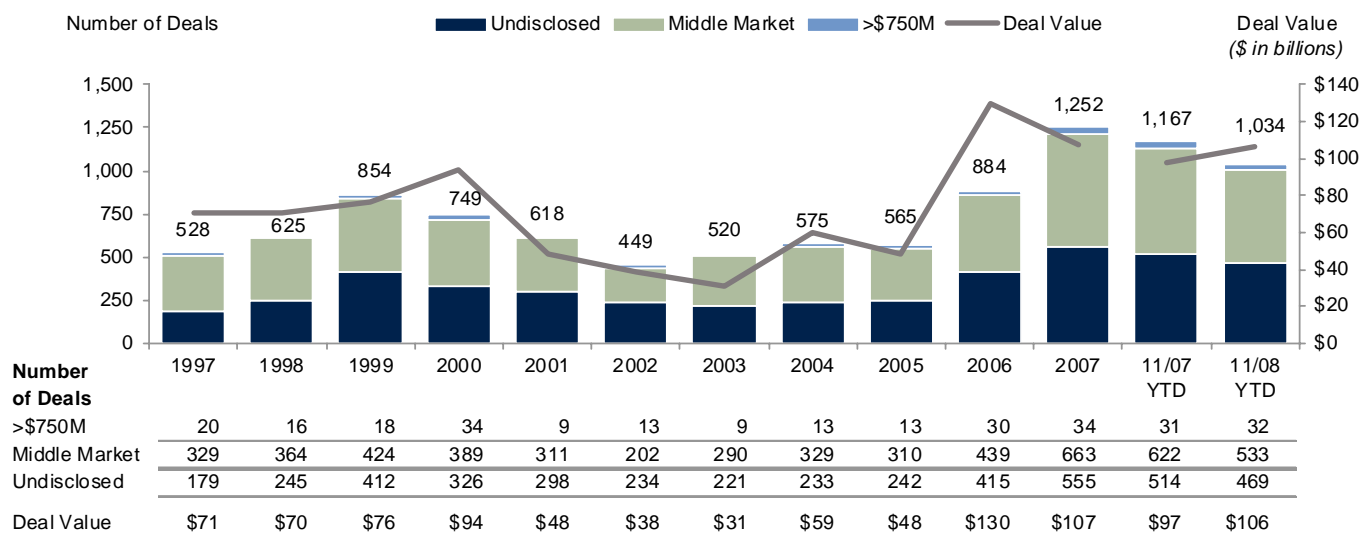
- European private-equity activity is down substantially, with similar declines as in the United States.
- Year-to-date dollar volume is down more than 58% compared with 2007.
- Dollar volume is not likely to reach \$200 billion for the year, which would be the lowest total since 2003.
- As in the United States, the greatest weakness is in the larger deals, with just 59 deals in excess of \$750 million, compared with 139 for the corresponding period last year and 148 for all of 2007.

European Private-Equity Activity



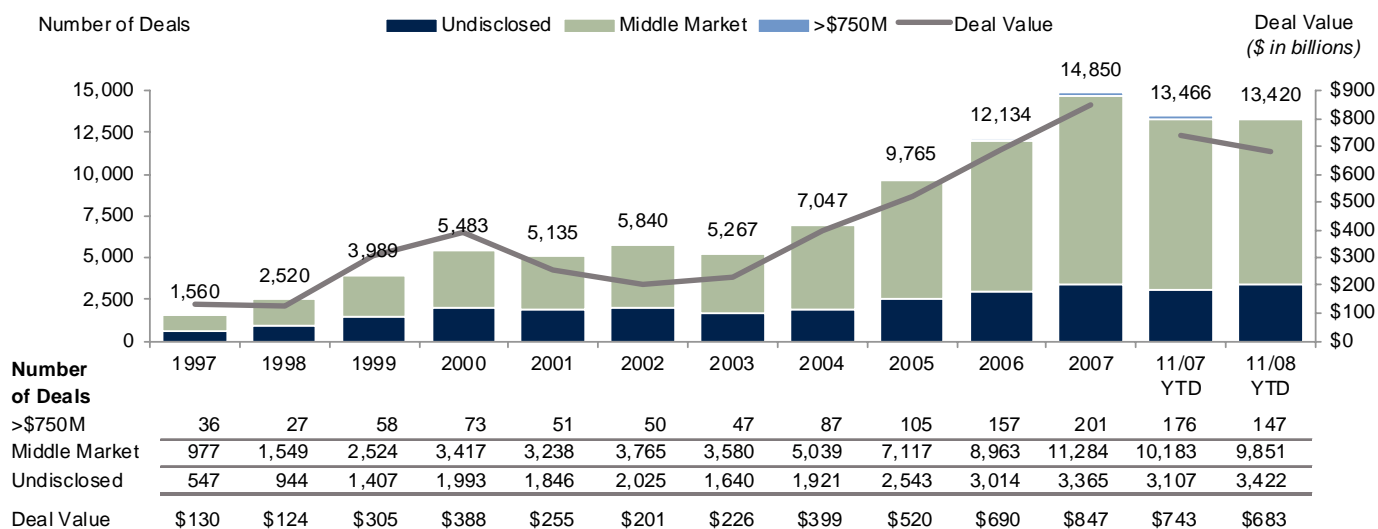
Source: Dealogic and William Blair & Company, L.L.C. Mergers and Acquisitions market analysis.

Latin American M&A Activity



Source: Dealogic and William Blair & Company, L.L.C. Mergers and Acquisitions market analysis.

Asian M&A Activity



Source: Dealogic and William Blair & Company, L.L.C. Mergers and Acquisitions market analysis.

Select William Blair & Company Transactions

CLOSE DATE	TARGET	TARGET DESCRIPTION	ACQUIROR	ACQUIROR DESCRIPTION	DEAL VALUE
11/20/08	API Software, Inc.	Develops labor cost management applications for hospitals and health systems	Francisco Partners	Global private equity firm focused exclusively on investments in technology companies	ND
11/18/08	Stainton Metal Company Limited (NVM Private Equity)	Designer, manufacturer and supplier of an extensive range of galvanized and stainless-steel support structures	Valmont Industries, Inc.	Global leader in designing and manufacturing poles and towers as well as irrigation equipment and commercial tubing.	ND
11/14/08	Chockstone, Inc.	Loyalty card provider and marketing services	Heartland Payments Systems, Inc.	Delivers credit/debit/prepaid card processing, payroll, check management, and payments solutions	ND
11/6/08	Folgers Coffee Company (Procter & Gamble)	Produces whole bean, ground, and instant coffees	The J.M. Smucker Company	Manufactures and markets branded food products	\$3,000.0
11/05	Frederick A. Krehbiel	Purchase of related-party stockholdings	Molex Incorporated	Manufactures and sells electronic components	\$26.7
10/31/08	TMG Health, Inc.	Business process outsourcing services firm providing a variety of administrative services to the Medicare and Medicaid health plan markets	Health Care Service Corporation	The largest customer-owned health insurer in the United States and the fourth-largest health insurer in the country overall	ND
10/23/08	IntelliTax (a division of TRE Financial) (Platform Partners)	Tax software company	Wolters Kluwer	Leading global information services and publishing company	ND
10/17/08	Liba Laboratuarlari Anonim Sirketi	Distributor of pharmaceutical products for a number of leading international companies within Turkey	EBEWE Pharma Ges.m.b.H Nfg.Kg.	International pharmaceutical company	ND
10/16/08	Coria Laboratories, Ltd	Pharmaceutical company specializing in research, development and marketing of dermatology products	Valeant Pharmaceuticals International	Specialty pharmaceutical company	\$95.0
10/8/08	CBOT Metals Complex (a division of CME Group)	Commodities Exchange	NYSE Euronext	Securities Exchange	ND
10/6/08	Wm. Wrigley Jr. Company	Chewing gum company	Mars, Inc. & Berkshire Hathaway	Confectionary company	\$23,100.0
9/29/08	MicroCal, LLC	Designs and manufacturers microcalorimeters used in drug discovery and the life sciences	GE Healthcare, Ltd.	Provides a variety of medical products and healthcare information technologies	ND
9/23/08	ChartOne, Inc. (Warburg Pincus)	Provider of medical record workflow solutions to hospitals and physician clinics	HealthPort Technologies, LLC	Provides healthcare information technology and strategic solutions	ND
9/22/08	Allied Richard Bertram Marine Group	Aftersales service and marketing of both new and pre-owned motoryachts	Ferretti, SpA	Luxury yacht dealer	ND
8/29/08	MedVenture Technology Corp.	Medical outsource solutions provider	Ampersand Ventures	Private equity	ND
8/22/08	New York Mercantile Exchange	International energy and metals exchange	CME Group	International commodities exchange	\$7,914.0
8/22/08	Habeas	Provides email reputation intelligence	ReturnPath	Provides integrated e-mail reputation management and deliverability services	ND
8/01/08	Bemrose Booth	Specialist in security printing and associated services	American Industrial Acquisition Corporation	Investment fund	ND
7/31/08	Skywire Software LLC (Hall Financial Group)	Provides software and services to the insurance industry	Oracle Corporation	World's largest enterprise software company	ND
7/21/08	BPO operations of Skywire Software	Provides BPO services such as print and mail services, Web publishing, electronic bill payment, and Web hosting	KUBRA Data Transfer, Ltd	Develops and markets customer communication management (CCM) solutions	ND
7/15/08	Skylight Financial, Inc. (JLL Partners)	Issuer, acquirer, marketer, and processor of debit accounts and stored-value cards	NetSpend Corporation	Leading marketer and processor of prepaid payment solutions	ND
7/08/08	180 Connect	Provides residential media installation services for cable and satellite providers	DirectTV Group	Provides direct-to-home digital television services and multichannel video programming distribution	\$105.0
7/02/08	Atlantic Paper & Foil	Convertor and distributor of tissue and paper products	CelluTissue Holdings, Inc. (Weston Presidio)	Manufactures and markets a variety of specialty tissue hard rolls and machine-glazed paper	ND

Note: Bold denotes William Blair & Company, L.L.C. client.

Select William Blair & Company Transactions (cont'd)

CLOSE DATE	TARGET	TARGET DESCRIPTION	ACQUIROR	ACQUIROR DESCRIPTION	DEAL VALUE
6/30/08	Diamond Glass	Provider of auto glass replacement services	Belron SA	World's leading vehicle glass repair and replacement company	\$50.0
6/30/08	FirstService Security (First Service Corporation)	Provides full suite of integrated security services	ADT Security, a Division of Tyco International	Provides electronic security and surveillance systems	\$187.5
6/30/08	Signicast Corporation	Investment caster for top OEM manufacturers	The Pritzker Group	Middle-market private-equity firm	ND
6/10/08	High End Systems, Inc. (Generation Partners)	Manufacturer of automated lighting solutions	Barco nv	Designs and develops imaging products for a variety of industries	\$55.0
6/06/08	Premier Research Group plc	Full-service, global CRO providing clinical research and development services	ECI Partners	U.K. private-equity group	\$220.0
6/04/08	American IronHorse Motorcycle Company, Inc.	Designs and manufactures customized motorcycles, including cruisers and choppers	AIH Acquisition, LLC	Dealer of high-end, customized motorcycles	ND
6/03/08	Accuro Healthcare Solutions, Inc. (Welsh Carson Anderson & Stowe)	Provides revenue management solutions for healthcare providers	MedAssets, Inc.	Provides integrated spend management and revenue cycle solutions for healthcare providers	\$350.0
4/04/08	The Hi-Tech Group, Inc., (Red Diamond Capital, Century Park Capital Partners)	Provides outsourced design and manufacturing services for the medical device industry	Parker Hannifen	Manufactures motion and control technologies and systems	ND
4/01/08	National Computer Print, Inc. (GTCR Golder Rauner, LLC)	Provides personalized, time-sensitive, and confidential business communications	Lion AVI Holdings, LLC	Joint venture of private-equity firms Lion Equity Partners Holdings, LLC and Access Value Investors LLC	ND
3/31/08	Optimal Solutions Integration, Inc.	High-end SAP consulting and staffing firm	Tailwind Capital	Middle-market private-equity firm	ND
3/21/08	Ranir, LLC	Manufactures a broad spectrum of private-label oral care products	Kayak Holdings, LLC	Investment group	ND
3/11/08	Williams Foods, Inc.	Produces dry seasonings, sauce mixes, and meal-enhancing products	C.H. Guenther & Son, Inc.	Produces flours, baking mixes, gravies, sauces, and baked products	ND
3/06/08	nSpired Natural Foods, Inc. (American Capital Strategies)	Provides natural and organic mainstream food products	Hain Celestial Group, Inc	Produces natural and organic food and personal care products	ND
3/04/08	DocuData Solutions, LLC	Provides document management and media storage services	BancTec	Provides payment processing, document and content processing, and IT services	ND
3/04/08	CMS, Inc. (Brown Brothers Harriman)	Leader in the development, sales, and support of radiation therapy planning software solutions	Elekta AB	International medical technology company	\$75.0
2/29/08	Tandem Labs (DW Healthcare Partners)	Bioanalytical and immunoanalytical contract research organization	Laboratory Corporation of America Holdings	Clinical laboratories offering a broad range of genomic and esoteric testing services	ND
2/29/08	CMC Biologics A/S	Provides process development and manufacturing services, to the biopharmaceutical and biotechnology industries	Monitor Clipper Partners, LLC	Private-equity firm investing in middle-market companies in North America and Europe.	ND
2/29/08	Corporate Payments Division of Payformance Corp.	Provides integrated electronic payment solutions, print services, and corporate payment software systems	SunGard AvantGard LLC	Provides software and processing solutions for financial services, higher education, and the public sector	ND
2/08/08	ACI Electronics, LLC	Distributor of electronic components used in defense and aerospace applications	Arrow Electronics, Inc.	Global provider of electronic components and computer products	\$60.0
1/25/08	Avail Medical Products (UBS Capital Americas)	Provides outsourced design, development, and manufacturing solutions for disposable medical devices	Flextronics International, Ltd.	Leading electronics manufacturing services (EMS) provider	ND
1/22/08	TUSC	IT consulting company specializing in ERP applications as well as database and business intelligence solutions	Rohta India Ltd	Provides information technology services	\$48.0
1/15/08	Wolferman's, LLC	Direct marketer of premium specialty foods and gifts	Harry & David Holdings	Multichannel specialty retailer and producer of branded premium gift-quality fruit and gourmet food products and gifts	ND

Note: Bold denotes William Blair & Company, L.L.C. client.

Select William Blair & Company Transactions (cont'd)

CLOSE DATE	TARGET	TARGET DESCRIPTION	ACQUIROR	ACQUIROR DESCRIPTION	DEAL VALUE
1/11/08	First Consulting Group, Inc.	Provides information technology services and products to healthcare and life sciences organizations	Computer Sciences Corporation	Global information technology (IT) services companies	\$363.4
1/09/08	Galpharm Healthcare Limited	Provides private-label and Galpharm-branded non-prescription and over-the-counter healthcare products	Perrigo Company	Manufactures and distributes pharmaceuticals, nutritional products, active pharmaceutical ingredients, and consumer products	\$86.0
1/03/08	Metals UK Ltd.	Distributor and processor of specialty metals serving multiple industrial markets	A. M. Castle & Co.	Global distributor of specialty metal and plastic products and supply-chain services	ND
1/01/08	Group Ex Financial Corporation	Money remittance company focused on the U.S.-to-Latin market	Coinstar, Inc.	Provides range of solutions for retailers' storefronts including self-service coin counting, entertainment, and e-payment	\$70.0
12/31/07	Major, Lindsey & Africa	Search firm dedicated to the placement of attorneys into law firms and corporations	Allegis Group, Inc.	Provides staffing and recruiting solutions	ND
12/31/07	Newport and Adventure Aquariums	Operates for-profit aquariums	Herschend Family Entertainment Corporation	Owms and operates entertainment parks in the U.S.	ND
12/21/07	CTSpace, Inc.	Software-as-a-service (SaaS) provider of enterprise content collaboration and business process management solutions	Sword Group SA	Leading global provider of enterprise content management solutions	ND
12/10/07	Universal Lighting Technologies, Inc. (Littlejohn & Co., LLC)	Designs and manufactures high-efficiency lighting ballasts and control systems	Matsushita Electric Works, Ltd.	Manufactures and sells electrical construction materials	ND
12/20/07	Cascade Lacrosse (Landmark Capital Partners & The Mustang Group)	Sporting goods manufacturer	North Castle Partners	Private-equity firm	ND
12/19/07	Advanced H2O, LLC (LaSalle Capital Group)	Supplies private-label bottled water and noncarbonated beverages to retail customers	HM Capital	Private-equity firm	ND
12/14/07	Zendor.com Ltd.	United Kingdom-based provider of fulfillment, customer care, and e-commerce solutions	GSI Commerce Inc.	Provides e-commerce solutions that enable users to operate e-commerce businesses	\$7.7
12/10/07	International Graphics Inc. (Kirtland Capital Partners)	Manufacturers specialty pressure-sensitive materials and extruded films	Pouschine Cook Capital Management, LLC	Private-equity firm	ND
12/06/07	LogistiCare, Inc. (Charterhouse Group and Summit Partners)	Provides non-emergency transportation management solutions, primarily for Medicaid beneficiaries	Providence Service Corporation	Provides home and community-based social services to government-sponsored clients	\$220.0
12/04/07	ICOS Biologics Manufacturing	Biologics development and manufacturing operations of ICOS Corporation	CMC Biologics A/S	Biologics contract manufacturing organization (CMO)	ND
11/30/07	American Laser Centers, L.L.C.	Provider of laser hair removal and non-invasive medical aesthetic services	Code Hennessy & Simmons, L.L.C.	Middle-market private-equity firm	ND
11/30/07	Woods (division of Katy Inc.)	Markets and distributes consumer electric corded products and supplies electrical and electronic accessories	Coleman Cable, Inc	Designer, developer, manufacturer, and supplier of electrical wire and cable products	\$45.0
11/30/07	Peerless Pump Company	Manufactures and assembles fluid-handling pumps, packaged pump systems, and related pump parts	Grundfos Group	Multipurpose pumps manufacturer	ND
11/16/07	marketRx, Inc.	Provides sales-and-marketing analytics services and technologies to the pharmaceutical and biotechnology industries	Cognizant Technology Solutions Corporation	Provides information technology, consulting, and business process outsourcing services	\$138.3
11/07/07	Consolidated Fire Protection, Inc. (Gryphon Investors)	Provides design and installation, inspection, service, and repair of fire-suppression and alarm and detection systems	Minimax GmbH & Co. KG	Global full-service supplier of fire-protection systems and services	ND
11/02/07	FLA Orthopedics, Inc. (Riverside Company)	Designs and manufactures innovative orthopedic braces and supports	BSN medical GmbH & Co. KG	Engages in the development, manufacture, and supply of medical products and devices	ND

Note: Bold denotes William Blair & Company, L.L.C. client.

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