



Firm Overview

FD Capital Advisors is the Corporate Finance and Investment Banking affiliate of Frazier & Deeter, LLC, one of the top 100 public accounting firms in the US. The firm's principals have over \$3bn in transaction and advisory experience and provide M&A, capital formation and general corporate finance advisory services to middle market clients.

Senior Attention, Integrity, Customization, and Client Satisfaction

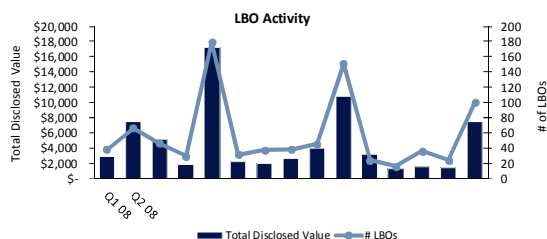
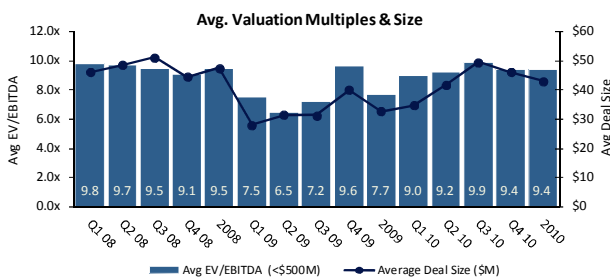
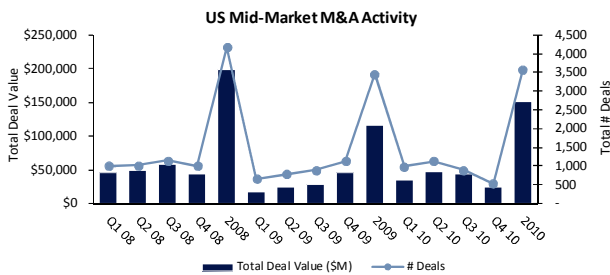
FDCA Mid-Market Dashboard (Year End 2010)

Full Year	Period		% Change
	2010	2009	
Total # of US Deals (<\$500M)	3,561	3,451	3%
\$ Volume of Deals (billions) (<\$500M)	\$151	\$116	30%
Avg. EV/EBITDA (<\$500M)	9.4x	7.7x	22%
Avg. EV/EBITDA (<\$250M)	5.9x	5.8x	2%
1- Year LIBOR	0.8%	1.0%	-20%
GDP	2.9%	-2.6%	-209%
Unemployment Rate	9.4%	10.0%	-6%
% Equity per PE - LBO (<\$500M)	50%	51%	-2%
Avg. Total Debt/EBITDA (<\$500M)	4.0x	3.6x	11%

Notes:

- Sources: Capital IQ, GF Data, FactSet, S&P LCD
- Based upon closed or effective deals; excludes >20x EV/EBITDA

Market Commentary



General Economy: The economy picked up in Q4 with GDP ticking up to 3.2%, up from 2.0% in Q3 - this was viewed as encouraging but still somewhat below full recovery levels at 2.9% for the full year. Headwinds remain from high unemployment, weak housing and geopolitical uncertainty. Analysts believe that the recovery will continue at a modest pace into 2011 with GDP nearing 4%.

Middle Market M&A Activity (<\$500M): While Q4 closed deal velocity was off from Q3 levels, 2010 appeared to imply M&A is on the mend. Smaller deals were tougher to close mixed operating results, tougher diligence and spotty credit markets (esp. under \$10M EBITDA). Total deal value, however, was up substantially confirming the thesis supporting larger deals closing at a greater rate. The uptick is due to improved earnings (in general), increased financing availability, large cash stockpiles on buyers' balance sheets and stock market gains.

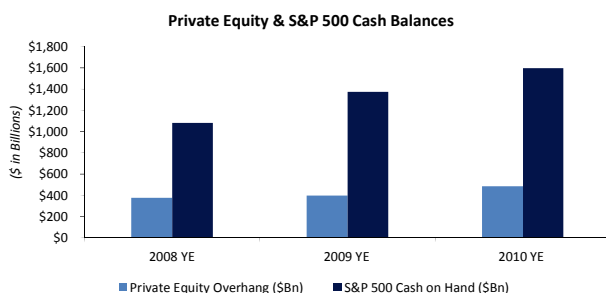
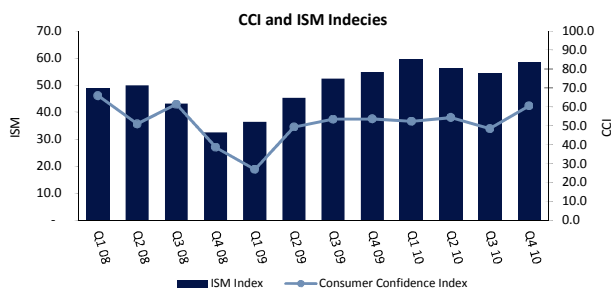
Middle Market Valuations: Valuations increased substantially over 2009 levels in both larger and smaller mid-market deals as high quality assets traded for premiums amidst competing buyers' demand for good deals (esp. above \$10M in EBITDA). Multiples are nearing levels not seen since late '07/early '08.

Middle Market Leverage: Total leverage multiples have improved over '09 levels and seem to have stabilized as more lenders have come out of hibernation. However, cash flow leverage remains tight for companies below \$10M EBITDA but asset-based and sub-debt continues to be available.

Private Equity Activity: Leveraged buyout activity was fairly robust in 2010 as liquidity continued to improve and private equity groups ("PE") began to see reduced levels of equity required per deal. In addition, high quality assets were sought aggressively.

Active M&A Sectors: The five most active sectors in 2010 were financials, consumer discretionary, industrials, information technology, and healthcare.

Drivers, Trends and Observations



Economic Outlook: The US economy continues to carry some extra weight: struggling housing market, massive new regulations with unknown ramifications, uncertain political dynamic changes, tax law challenges, low real unemployment/underemployment, and a mammoth national debt load. However, silver linings are visible as the Institute for Supply Management (ISM)'s Report on Business stated that economic activity in the manufacturing sector expanded in December (58.5%) for the 16th consecutive month (a reading above 50 percent indicates that the manufacturing economy is generally expanding). Our thesis is that if employment improves into early 2011, so will confidence – consumers' and business operators' – which should result in a continued recovery in 2011.

M&A Outlook: We expect M&A activity continuing to remain robust in 2011 for the following reasons:

- Pent up demand for shareholder liquidity (to include PEs that need to show returns on legacy investments)
- Significant cash on corporate balance sheets and tremendous "dry powder" in the hands of middle-market PEs (i.e., approximately \$1.6T on S&P500 balance sheets and \$485Bn in "dry powder" with PEs).

Mid-Market Trend: There is approximately \$50bn of mid-market senior loans due in 2011 and 2012. Some of these companies will be able to run competitive processes to replace or improve their credit facility. However, many of these companies will need to seek alternatives to the incumbent lender. We see the use of junior capital (i.e., sub-debt or mezzanine debt and minority equity) continuing to be viable, common alternatives in the right situations.

Sources: CapitalIQ, FactSet, GF Data and Thomson Financial. NOTE: some data unreported and unavailable which may skew statistical results above

We would be happy to discuss with you more about our capabilities and how we may be able to help with your strategic plans. Please direct all inquiries or questions to the following individuals at FD Capital Advisors:

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