

The merger and acquisition newsletter for owners of private companies and their advisors

Inside this Issue

Welcome to the October 2009 issue of the Privately-Held Businesses DealReader, a newsletter focused on merger-and-acquisition trends, transactions and events of interest to owners of private companies and their advisors.

In this issue, in the second installment of our on-going series on "Preparing Your Company For Sale," we pose five questions to Ken Yager of MorrisAnderson, a leading North American business perform-

ance improvement consulting firm. Mr. Yager offers insights into why engaging a turnaround professional may be the best alternative to addressing business challenges in the current environment.

Other topics covered in this issue include:

- Challenges facing private equity groups in the current M&A market
- Key M&A market and contract statistics

- Common characteristics that acquirers seek in electronics manufacturing services companies
- Profile of ProTeam, an Idaho-based private company sold to Emerson Electric in September 2009

We hope you find this newsletter a useful tool, and we welcome your comments and questions.

Lincoln International

Five Questions for: Ken Yager, MorrisAnderson



Ken Yager of MorrisAnderson, a leading North American business performance improvement consulting firm

Since 1980, MorrisAnderson has successfully aided under-performing public and private companies in every sector of the economy by providing strategic, financial and operational consulting.

Ken Yager, principal in MorrisAnderson's Chicago office, joined the firm in 2005. During his tenure, Mr. Yager has acted as interim senior manager for numerous companies in the services, manufacturing and distribution industries. Prior to joining MorrisAnderson, Mr. Yager was a private equity principal focused on revitalizing middle-market companies through new management and the introduction of low-cost employee leveraging tools.

We asked Mr. Yager five questions about why engaging a turnaround professional

may be the best alternative to addressing business challenges in the current environment:

Q: Who is MorrisAnderson?

A: We are industry-tested experts that act as turnaround managers and chief restructuring officers (CROs) for distressed and underperforming businesses. We work side-by-side with company owners and managers to make the rapid changes necessary to restore enterprise value. Our professionals have an average of more than 20 years of experience in distressed situations, and while the firm's roots are in middle-market companies in the manufacturing and distribution industries, we have grown a substantial presence in the expanding B2B services market.

Q: How do I know when the situation has moved from merely a turnaround to a crisis?

A: It does not matter whether you are making money or losing money; when your lender demands results that seem impossible, you have reached a crisis. It is a bit like a pot of water where the heat has gradually turned to boiling; you may not sense the boiling point until it is too late.

What causes these issues are the symptoms to which a CRO is interested in finding a cure. While there are plenty of stories about companies falling into crisis due to an outside event, years of

"[Recognizing the onset of a crisis] is a bit like a pot of water where the heat has gradually turned to boiling; you may not sense the boiling point until it is too late."



experience have taught us that internal company weaknesses are often at the root of the problem. Every company has a weakness, but sometimes that weakness is deeper than management believes. Maybe it is because the weakness just appeared, like a merger-and-acquisition integration issue, or the loss of a key employee. Or, perhaps it is a long-time issue that has been masked by the company's other strengths. Regardless, the issue's rise is a surprise to management and not necessarily an easy fix. A CRO steps in to rapidly fill the

experience void within management, taking remedial actions to start the recovery process. Then, once the level of intensity is no longer crisis-

like, the CRO begins to end their involvement.

Q: What is different about the current market conditions from the past?

A: First, there is more rescue capital in the market than ever before, but this is not readily apparent because the problems created in this business cycle are so large. For companies that can address their issues in the short term, there is capital that will clean up the balance sheet. But if ownership and management are not willing

(Continued on page 2)

(MorrisAnderson, continued)

to take the extreme actions that may be necessary, this capital will not be much help. Unfortunately, we will soon know which companies did not react quickly enough to these unseen issues because they will be the unnecessary liquidations in 2010 and 2011. For simple debt structures with complicated equity structures, there are out-of-court processes that can save the company without resorting to pre-packaged or pre-arranged bankruptcies.

Second, the economy is in deeper trouble than it has been in decades. We have been somewhat shielded from the true depth of the problem by the government stimulus spending, but the U.S. economy will sit in first gear for quite some time, unable to break into growth mode. This slow boil is what will sink many companies under excessive debt burdens, creeping losses that never seem to go away, or seasonal business cycles that are now more pronounced in a struggling economy.

Q: What should ownership and management do when capital or buyers are unavailable, but needed?

A: This is the time to quickly bring in a CRO which, if done correctly, can bring rapid company savings in as quickly as two to four months. When MorrisAnderson has completed its work with a struggling company, capital is often not only more likely to show up, but we often witness relatively higher enterprise values for the business. Capital becomes scarce for underperforming companies but not because of relative underperformance; most sophisticated industry buyers and distressed investors understand

underperforming metrics and how to buy. What has been tested, time and again, is that these investors will not risk their money when the problems appear to be growing. That translates into a lack of confidence, and a lack of confidence means a lack of cash.

Hiring a CRO, even if you do not know how the problem will be addressed, is a great step forward in building confidence with capital providers. It is hard to imagine losing money and then adding consulting time and expense, but what lenders and investors will tell you is that confidence can be restored by sharing the burden with a CRO. Once there is a sense that

management has put the right team in place and a tangible plan has been mapped out for the company, capital will find its way into the company. Results vary, but we typically

see that this recovery process goes faster with a CRO and ultimately costs less, allowing the time and expense of a CRO to pay for itself several times over.

Q: What should the client expect from a crisis manager?

A: Quick, tangible results. A good crisis manager must be able to see all corners of an organization and see which parts are damaged and need immediate repair. This could mean dealing with a flow issue on the factory floor, a distribution scheduling issue, a sales force problem, product failures, or a computer system that improperly handles data. Sometimes it can be multiple problems, and it is part of our job to help focus management on the right short-term tasks to solve the problem. Ultimately, a crisis manager is not antagonistic, but is execution-oriented and works with management and the other

“A good crisis manager is not antagonistic, but is execution oriented.”

About MorrisAnderson

- **Founded in 1980, MorrisAnderson has executives in finance, manufacturing, distribution and logistics, marketing and information systems working in virtually every economic sector to maximize enterprise value.**
- **Industry expertise includes:**
 - Performance improvement
 - Financial advisory
 - Interim management
 - Turnarounds and workouts
 - Corporate finance
 - Information technology
 - Insolvency issues
 - Healthcare
- **More information is available at www.morrisanderson.com**

advisors to help the company prepare for a liquidity event of one form or another.

A good crisis manager will likely be grounded in accounting as a trade skill. This is extremely important as our work is dramatically different from a corporate finance or mergers-and-acquisitions professional. We are paid to make sure that the detailed functioning of a company is healthy, which is often a layer deeper than these other professionals need to go to execute their work.

The other part of our job is to demonstrate to all of the stakeholders, including suppliers, customers and employees, that management and the CRO are working confidently and competently toward a rapid solution. Without the ability to manage these stakeholders, the job becomes almost impossible for management. ■

Contact Ken Yager at MorrisAnderson at 1-312-254-0880 or kyager@morrisanderson.com

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2009 Building & Infrastructure Conference

Date: Thursday, November 12, 2009

Location: New York Athletic Club
180 Central Park South (57th & 7th Ave)
New York, NY 10019

More information: www.buildingandinfrastructure.com



2010 Business Services Conference

Date: Wednesday, March 4, 2010

Location: New York Athletic Club
180 Central Park South (57th & 7th Ave)
New York, NY 10019

More information: businessservices@lincolnternational.com

State of the Private Company M&A Market: The Private Equity Problem



Patrick Goy

Despite prevailing optimism for the recovery of mid-market mergers and acquisitions, private equity groups have three significant issues that will impair their ability to win competitive auctions in the next 12 months:

- *The myth of “dry powder”*
- *Absence of cash flow lenders*
- *Increasing portfolio issues*

It is undeniable that private equity groups (PEGs) have been a major contributor to the economic growth in the United States during the last two decades. Their ability to invest growth capital and management expertise as well as employ financial engineering has enabled thousands of mid-market companies to operate with a growth-oriented entrepreneurial mindset, not to mention creating good returns to investors. Unfortunately, mid-market PEGs are facing several hurdles to maintaining their place at the M&A table.

“Mid-market private equity groups are facing some severe headwinds to maintaining their seat at the M&A table.”

The Myth of “Dry Powder”

Some estimates suggest the North American private equity community is sitting on as much as \$400 billion of committed, but unused equity capital — commonly known as “dry powder.” These commitments are the result of the aggressive fundraising efforts undertaken in 2007 and 2008, when many investors were anxious to participate

in the eye-popping returns being produced by this asset class. Combined with conservative 3x leverage, this \$400 billion could represent up to a staggering \$1.6 trillion in potential purchasing power.

These capital commitments have come from college endowments, public pension plans, sovereign wealth funds, and, to a lesser degree, family offices and high-net-worth individuals that typically allocate between 5% and 10% of their assets under management or portfolios to an “alternate investment” class that would include private equity. The last two years have not been kind to these investors, as they have witnessed “mark-to-market” write-downs on real estate, bond holdings and equity positions that have caused their asset allocation to private equity to exceed 10%, higher than most institutions’ target.

As a result, many private equity groups who raised funds in 2007 and 2008 have long-time investors asking them not to call on funds committed for new transactions, while also making it known that it would be greatly appreciated if the private equity groups could record a sale and distribute the proceeds back to them.

In truth, the volume of “dry powder” is significantly overstated, and owners of private companies should be wary of those funds who boast abnormal levels of available, recently raised capital.

Absence of Cash Flow Lenders

It is generally acknowledged that the amount of cash-flow lending available to PEGs acted as the “jet fuel” that enabled them to win competitive auctions. Raising

Executive Summary

- **Despite optimism for the recovery of mid-market M&A, private equity groups face significant issues that will hamper their competitiveness in an auction process:**
 - **The volume of estimated “dry powder,” or unused committed equity available, does not take into account limited partners’ desire for that capital to not be called**
 - **Cash-flow financing is difficult to secure, with no indication of a timeline for recovery. In the interim, PEGs will be constrained by the lower debt multiples available from ABL lenders, higher required equity-percentage contributions, and lower returns**
 - **New platform and add-on transactions are likely a lower priority while PEGs focus on solving the challenges faced by their existing stressed portfolio companies**
- **Well funded PEGs will still be competitive in auction situations, but strategic buyers are likely to produce higher valuations for “must-have” acquisition opportunities**

acquisition debt of 5x to 6x trailing-twelve-months (TTM) EBITDA was commonplace for PEGs with good bank relationships, while non-bank lenders and second-lien lenders added even more liquidity.

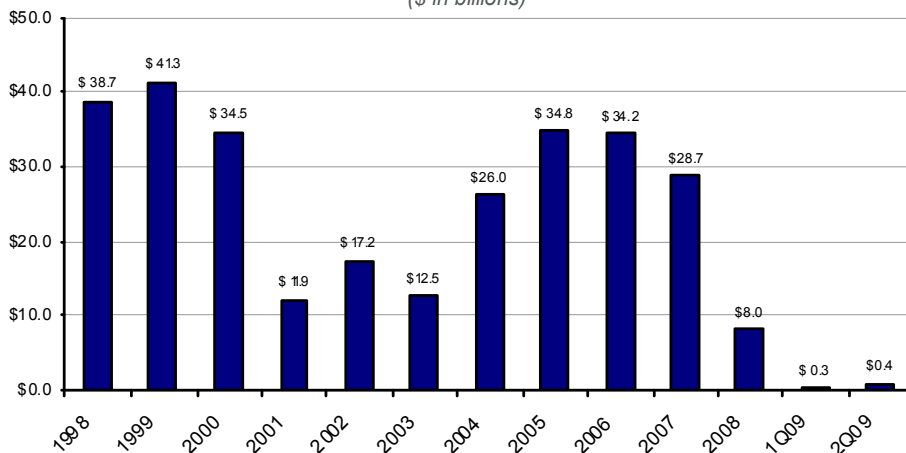
The stunning and rapid decline in bank financing is demonstrated in the chart at the left. For the first half of 2009, \$700 million in mid-market loans were reported versus \$8 billion in 2008 and nearly \$29 billion in 2007. Unless there is an abrupt change in the U.S. economy, 2009 will go down as the lowest loan volume in decades.

The same stunning decline in mid-market transaction volume, as well as changes in financing structures, is shown in the charts under “Mid-Market M&A Activity and Outlook” on pages 4-5. There are a number of factors at work, but there is no doubt loan demand is weak and lenders’ underwriting standards have tightened dramatically.

In a way, tighter bank financing is logical in the current environment. In June 2009, 416 banks with combined assets of \$300 billion were on the FDIC’s “problem list,” up from 117 banks with \$78 billion in assets a year earlier. The trend of available financing is weak with no signs of recovery any time soon. Yet, experience tells us that lenders will eventually realize that with an effective

Total Mid-Market Loan Volume: 1998 - Q2 2009

(\$ in billions)



Mid-market loan volumes have plummeted since peaking in 2005 and 2006, with 2009 volumes on track to be lower than the most recent dip from 2001 - 2003

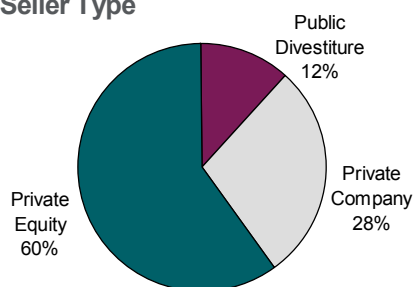
Source: Factset Mergerstat; Note: Mid-market defined as issuers with EBITDA < \$50 million

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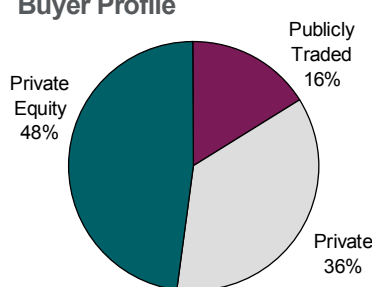
The Market Pulse: Data That Affects The Mid-Market M&A Landscape

Lincoln Completed Transaction Data - Last 15 months ended September 30, 2009

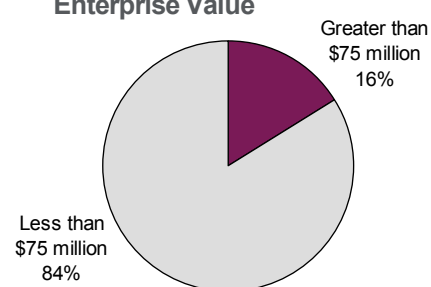
Seller Type



Buyer Profile



Enterprise Value



Valuation Statistics: Average Enterprise Value Multiples Compared to last 12 months ended June 30, 2008

	EV / LTM EBITDA		EV / LTM Revenue	
	Adj. Mean	Median	Adj. Mean	Median
Less than \$75 million	4.92x ▼	4.32x ▼	0.65x ▼	0.59x ▼
Greater than \$75 million	5.83x ▼	5.83x ▼	0.83x ▼	0.83x ▼

Note: Arrows denote comparison with transactions completed during the 12 months ended June 30, 2008; Adjusted mean excludes high and low values prior to mean average calculation

Observations

- Valuation multiples have declined amid softening of lending and business environments
- Enterprise values for larger companies, as measured by EBITDA and Revenue multiples, remain at relatively healthy levels

Key Purchase Agreement Terms - Lincoln's U.S. Transactions

Compared to last 12 months ended June 30, 2008

Escrow as a Percentage of Purchase Price

	EV < \$75 mm		EV > \$75 mm	
	Mean	Median	Mean	Median
All Sellers	6.20% ▼	5.88% ▼	4.80% ▼	4.95% ▼
Public Buyers	8.47% ▲	9.00% ▼	n/a ►	n/a ►
Private Equity Buyers	5.75% ▼	4.99% ▼	4.65% ▼	4.65% ▼
Private Buyers	5.10% ▲	5.40% ▲	4.95% ▼	4.95% ▼
Private Sellers	6.80% ▼	7.20% ▼	6.25% ▲	6.25% ▲
Public Buyers	7.96% ▼	8.00% ▼	n/a ►	n/a ►
Private Equity Buyers	n/a ►	n/a ►	7.50% ▲	7.50% ▲
Private Buyers	5.05% ▲	5.05% ▲	5.00% ▲	5.00% ▲

Indemnity Cap as a Percentage of Purchase Price

	EV < \$75 mm		EV > \$75 mm	
	Mean	Median	Mean	Median
All Sellers	14.96% ▲	10.77% ▲	8.13% ▼	8.70% ▲
Public Buyers	13.91% ▼	13.82% ▼	n/a ►	n/a ►
Private Equity Buyers	9.37% ▲	10.00% ▲	8.70% ▼	8.70% ▲
Private Buyers	25.84% ▲	25.00% ▲	7.55% ▲	7.55% ▲
Private Sellers	24.59% ▲	18.82% ▲	7.50% ▼	7.50% ►
Public Buyers	15.22% ▼	17.65% ▼	n/a ►	n/a ►
Private Equity Buyers	n/a ►	n/a ►	10.00% ▼	10.00% ▲
Private Buyers	52.70% ▲	52.70% ▲	5.00% ▲	5.00% ▲

Basket as a Percentage of Purchase Price

	EV < \$75 mm		EV > \$75 mm	
	Mean	Median	Mean	Median
All Sellers	0.78% ▼	0.78% ▲	0.76% ▼	0.78% ▲
Public Buyers	0.75% ▲	0.75% ▲	n/a ►	n/a ►
Private Equity Buyers	0.72% ▲	0.75% ▲	0.88% ▼	0.88% ▲
Private Buyers	0.92% ▼	0.83% ▼	0.65% ▼	0.65% ▼
Private Sellers	0.62% ▲	0.69% ▲	0.63% ▼	0.63% ▼
Public Buyers	0.76% ▲	0.80% ▲	n/a ►	n/a ►
Private Equity Buyers	n/a ►	n/a ►	0.75% ▼	0.75% ►
Private Buyers	0.20% ▲	0.20% ▲	0.50% ▲	0.50% ▲

Indemnity Term (in months)

	EV < \$75 mm		EV > \$75 mm	
	Mean	Median	Mean	Median
All Sellers	15.60 ▲	15.00 ►	19.25 ▲	18.00 ▲
Public Buyers	15.00 ▲	15.00 ▲	n/a ►	n/a ►
Private Equity Buyers	15.33 ▲	15.00 ►	21.00 ▲	21.00 ▲
Private Buyers	16.29 ▲	18.00 ▲	17.50 ▲	17.50 ▲
Private Sellers	18.00 ▲	18.00 ▲	20.50 ▲	20.50 ▲
Public Buyers	16.00 ▲	15.00 ▲	n/a ►	n/a ►
Private Equity Buyers	n/a ►	n/a ►	24.00 ▲	24.00 ▲
Private Buyers	21.00 ▲	21.00 ▲	17.00 ▲	17.00 ▲

Basket - Back to First Dollar (% of Transactions)

	EV < \$75 mm	EV > \$75 mm
All Sellers	19.05% ▼	25.00% ▲
Public Buyers	0.00% ▼	0.00% ►
Private Equity Buyers	14.29% ▲	25.00% ▲
Private Buyers	4.76% ▼	0.00% ▼
Private Sellers	0.00% ▼	25.00% ▲
Public Buyers	0.00% ▼	0.00% ►
Private Equity Buyers	0.00% ►	25.00% ▲
Private Buyers	0.00% ►	0.00% ►

Note: Arrows denote comparison with transactions completed during the 12 months ended June 30, 2008

Source: Lincoln International

Observations

- In general, terms have become more buyer-friendly when compared to the 12 months ended June 2008, as less competition for deals has reduced sellers' negotiating leverage
- In particular, length of indemnity term has risen for all types of sellers

Legend	
▲	Increase vs. prior period
▼	Decrease vs. prior period
►	No change

Mid-Market M&A Activity and Outlook

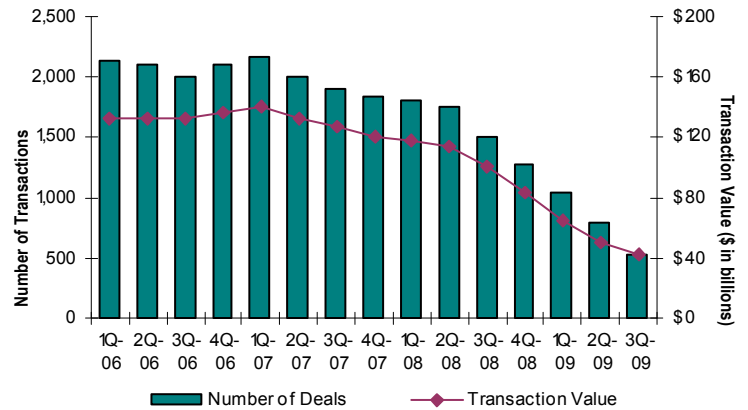
- Mid-market M&A activity has continued to decline through Q3 2009
- Leverage multiples have come down from their 2007 peak and continue to decline
- As leverage levels have come down, buyers' percentage equity contributions increased substantially through 2008 and into 2009

U.S. M&A Activity—Closed Transactions

Deal Size	Number of Deals		
	12 Months Ended		
	9/30/2009	9/30/2008	Change
\$1 Billion +	61	125	(51.2%)
\$500M to \$999.9M	48	110	(56.4%)
\$250M to \$499.9M	89	191	(53.4%)
\$100M to \$249.9M	158	332	(52.4%)
\$50M to \$99.9M	145	363	(60.1%)
\$25M to \$49.9M	221	372	(40.6%)
\$10M to \$24.9M	255	461	(44.7%)
Under \$10M	596	924	(35.5%)
Undisclosed	4,814	6,131	(21.5%)
Total	6,387	9,009	(29.1%)

Source: Factset Mergerstat

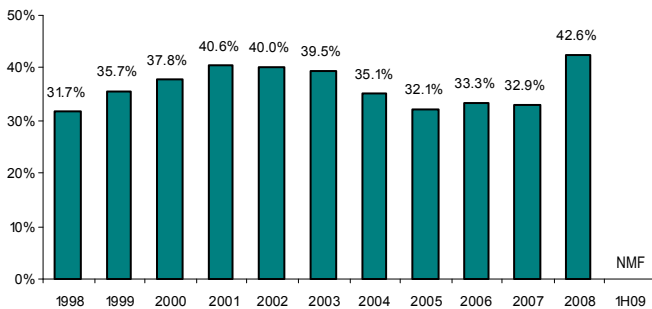
Middle Market M&A Transaction Volume (Rolling TTM)



Source: Factset Mergerstat

Current Financing Market Statistics

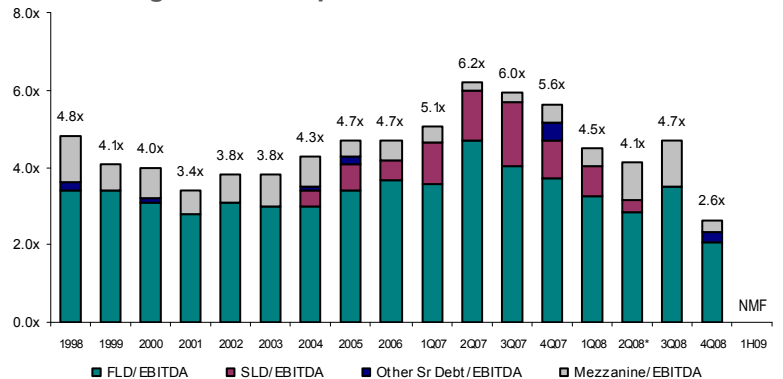
Equity as a Percentage of Total LBO Capitalization



Source: Standard & Poor's Leveraged Commentary and Data; too few data points were available to form meaningful samples for 1H09

Note: Transactions for companies <\$50mm EBITDA

Average Debt Multiples of Mid-Market LBO Loans



Source: Standard & Poor's Leveraged Commentary and Data; too few data points were available to form meaningful samples for 1Q09 or 2Q09

Note: (*) Based on LI deal flow and market observations

They Said It

"I, however, place economy among the first and most important republican virtues, and public debt as the greatest of the dangers to be feared."

- Thomas Jefferson

Founding Father and U.S. President, 1801 - 1809

"Blessed are the young, for they shall inherit the national debt."

- Herbert Hoover

U.S. President, 1929 - 1933

Facts & Figures: "Hey, at least we're not Italy"

The current discussion about the United States' recent deficit spending has increased focus on the growing national debt. As shown below, while U.S. debt as a percentage of GDP has increased 50% from 2006, a growing debt / GDP ratio is a concern for many other industrial nations, too.

Debt as % of GDP						
Country	2006	2007	2008	2009	2010 Est.	2014 Est.
Brazil	63.7%	67.7%	65.4%	64.7%	62.9%	54.1%
China	16.5	20.2	17.9	22.2	23.4	18.6
Germany	66.0	65.0	68.7	76.1	80.1	77.2
Italy	106.9	104.1	105.6	109.4	112.4	118.0
Japan	195.3	195.5	202.5	217.0	225.1	222.3
United States	61.9	63.1	68.7	81.2	90.2	99.5
G-20 Countries	62.7	63.5	65.5	72.5	76.7	76.8

Source: Barron's, Sept. 28, 2009

(Private Equity Problem, continued)

cost-of-funds near 1%, a commercial loan at 7%-8% plus fees is a moneymaker. For now, PEGs will have to live with stricter asset-based loans, higher equity contributions, and lower returns. For owners of private companies, be wary of financial buyers promising big prices.

Growing Portfolio Issues?

Perhaps the most daunting problem is the growing challenges facing PEGs' existing portfolio companies, especially those bought in recent years with high leverage.

Figure 1 below shows an actual PEG transaction from 2008. The impact of the current recession during the second half of 2008 resulted in actual EBITDA below forecast at \$9 million, with 2009 EBITDA re-forecasted at \$8mm, equal to the TTM EBITDA at acquisition. Still nicely profitable, but now with \$50 million of senior debt to service.

From the bank's viewpoint, a loan expected to be at 4.5x EBITDA is now at 6.25x; the loan agreement had a 5.0x covenant and the company is now out of compliance. Consequently, the bank is asking the PEG to put more equity into the business to get the loan into compliance, plus charging loan covenant and forbearance waiver

fees. Meanwhile, the business, for which the PEG paid 8.0x TTM EBITDA, is now worth 6.0x 2009F EBITDA, or \$48 million, less than the bank debt balance and wiping out the PEG's initial \$10 million equity investment.

This example is now far too common for many PEGs. Between negotiating with lenders and assisting portfolio company management, it is possible that PEGs will not have the time or resources to look at many new platform transactions until late 2010.

For private company owners, the era of PEGs paying big prices for businesses based on cash-flow financing is over. Well-funded PEGs will still be competitive in auction situations but business owners should see stronger interest and higher valuations from strategic purchasers. ■

Patrick Goy, Managing Director, is Co-Head of Lincoln International's Restructuring and Special Situations Group, Head of the Privately-Held Business Group and a member of the firm's Global Industrial Group. Pat has over 30 years' mid-market transaction experience and has completed over 200 transactions.

Figure 1: Example of 2008 Private Equity Transaction: Then vs. Now

Sources and Uses			
Purchase price (6/30/08)	\$64 million	Cash flow debt	\$50 million
Financing Fees	\$2 million	Subordinated debt	\$6 million
		Equity	\$10 million
Total Uses:	\$66 million	Total Sources:	\$66 million

EBITDA at Closing	Purchase Price Multiples		
	EBITDA	Cash Flow	
Trailing 12 mos. (TTM) - 6/30/08	\$8 million	8.00x	6.25x
Forecast 2008F	\$10 million	6.40x	5.00x
Forecast 2009F	\$11 million	5.80x	4.50x

EBITDA at Closing + 12 mos.	Cash-Flow Debt	Cash Flow Multiple	
Revised Forecast 2009F	\$8 million	\$50 million	6.25x

Industry Spotlight: High Mix Electronics Manufacturing Services

Lincoln International has observed several characteristics of successful high mix electronics manufacturing services (EMS) companies that often result in the desirable financial performance characteristics sought by investors:

1. Length of Cash Cycle

The cash cycle (measuring how quickly sales turn into cash) for EMS companies is mainly driven by inventory turnover. Higher inventory turnover results in a shorter cash cycle, which is a key metric for buyers.

2. Relative Profit Margins

Companies that have highly efficient manufacturing operations and can quickly reduce SG&A and direct costs often have attractive gross and EBITDA margins, and are therefore regarded more favorably by investors.

3. Customer Quality and Relationships

Within the EMS industry, customer base is an important factor in determining value. Well-known, financially strong customers reduce risk for the EMS provider, while deep, long-term customer relationships demonstrate stability. Customer relationships would ideally be 5+ years, and business relationships would ideally be with key decision makers at the customer.



	Lower	Medium	Higher
Cash Cycle	Long	Medium	Short
Gross and EBITDA margins	Low GM <15%; EBITDA <5%	Medium GM 15-20%; EBITDA 5-10%	High GM >20%; EBITDA >10%
Customer Quality	Less Reputable	Reputable	Highly Reputable
Length of Customer Relationship	Shorter	Medium	Longer
Perception of Served End Markets	Less Attractive	Moderately Attractive	Highly Attractive
Other Business Model Attributes			
— Sole-source provider relationships	Low	Medium	High
— Company-specific growth opportunities			
— Strength and depth of management			

The presence or absence of certain business model characteristics can be a key determinant of the value of an EMS company to potential acquirers or investors

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4. Perception of Served End Markets

Certain end markets — such as aerospace and defense, medical, and industrial technology — are considered more attractive due to generally higher margins available to EMS companies and perceived better long-term growth prospects. Also, due to the necessity to comply with stringent industry-specific certifications, a position in one of these end markets often results in less competition, as customers' switching costs and the new capital investment to ensure compliance may be considered prohibitive.

5. Other Business Model Attributes

In addition, companies that have 1) sole-source provider relationships, 2) unique growth opportunities, and 3) a strong, experienced management team with the expertise necessary to capture opportunities in the market will be more attractive to a potential acquirer and can often command higher relative valuations. ■

For more information on Lincoln International's global EMS practice, please contact Jack Calderon at 1-312-580-6289 or jcalderon@lincolnternational.com

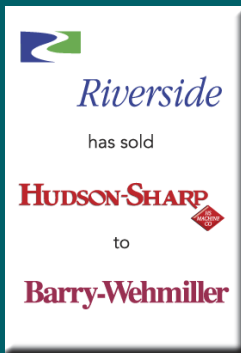
Selected Recent Lincoln International Transactions



- Sell-side transaction (July 2009)
- Bachmann Industries, Inc. is the market leading provider of high performance, custom-engineered pollution exhaust control systems for the global energy and industrial markets. The Company provides high-end damper and exhaust systems for the control and isolation of pollution abatement equipment used primarily in power generation facilities as well as in other industrial “smokestack” processes.
- Acquired by Clyde Bergemann Power Group, a Glasgow, Scotland-based supplier of systems and solutions for the energy services market.



- Sell-side transaction (August 2009)
- StrionAir, Inc., is a producer of enhanced electronic filtration methods and products that are displacing traditional air filtration methods in a variety of residential and commercial applications at a time of increasing energy, health and environmental awareness. The StrionAir solution is the world’s only high efficiency, germicidal air purification system that eliminates the traditional requirement for higher power consumption to achieve cleaner air.
- Acquired by Carrier Corporation, the world’s largest provider of heating, air-conditioning and refrigeration solutions. Carrier is a subsidiary of United Technologies Corporation (NYSE: UTX), a Hartford, Connecticut-based provider of products and services to the aerospace and building systems industries worldwide.



- Sell-side transaction (August 2009)
- The Hudson-Sharp Machine Company is a world leading manufacturer of high speed plastic bag making equipment, pouch machinery and pre-zippered plastic film systems. Hudson-Sharp’s equipment converts plastic film into primary plastic packaging for consumer products (and a wide variety of other commercial and industrial applications).
- Acquired by Barry-Wehmler Companies, Inc., a privately-held St. Louis-based packaging equipment manufacturer. Barry-Wehmler manufactures packaging automation; corrugating, sheeting, and finishing; and paper converting equipment, and serves the food, beverage, household, personal care, pharmaceutical, packaging, dairy, medical and biotech, corrugated paperboard and folded carton, and tissue and non-wovens industries.

Private Company Transaction Spotlight: ProTeam, Inc.

On September 29, 2009, privately-held Pro-Team, Inc., announced it had been acquired by Emerson Electric Co. (NYSE: EMR). Transaction details were not disclosed.

Headquartered in Boise, Idaho, ProTeam is a leading designer and manufacturer of powerful, efficient and ergonomic commercial vacuum cleaners and is the world’s largest provider of commercial backpack vacuum cleaners. The company is recog-

nized as the original innovator of lightweight ergonomic backpack vacuum cleaners and has the reputation as the premier manufacturer of high-performance commercial vacuum cleaners in the industry.

“Lincoln did an excellent job of managing the entire sale process,” said Matt Wood, President and CEO of ProTeam. “Their

expert advice and leadership were invaluable in achieving an excellent outcome for the Company and its shareholders.” ■

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