
Investment Banking



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Global Mergers & Acquisitions Update

Second Quarter 2008

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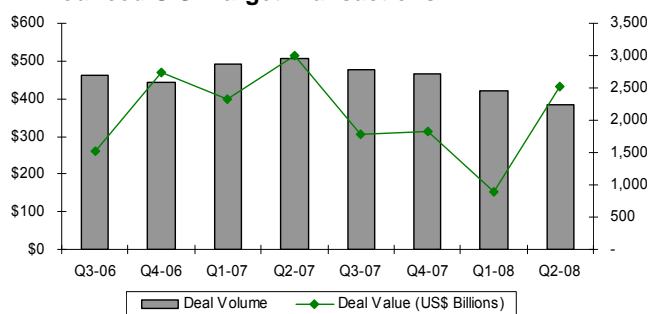
United States & Canada

M&A Activity

U.S. Deal Volume Decreases 20%

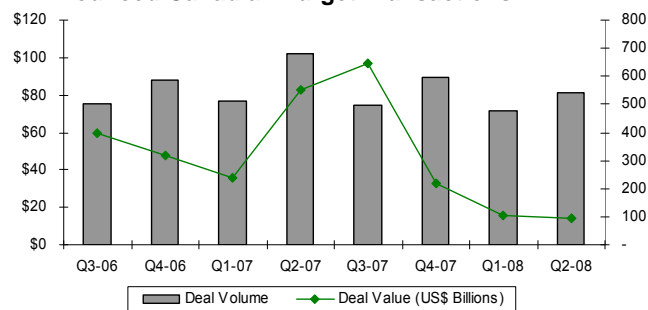
Announced deal volume in the U.S. through the first six months of 2008 fell 20% from the same period in 2007. Announced deal value in the second quarter of 2008 reached \$432 billion. The second quarter activity includes Belgian brewer InBev's unsolicited offer of US\$46 billion for Anheuser-Busch (later increased to US\$52 billion). Activity related to the leveraged buyout market continued to decline, reaching a five-year quarterly low. LBO activity totaled just US\$26 billion through the first half of 2008 representing a 92% decline from the same period in 2007.

Announced U.S.-Target Transactions



Source: Thomson Financial

Announced Canadian-Target Transactions



Source: Thomson Financial

Select M&A News

• Heery International acquires Barnhart

Heery International, the U.S. based construction management company and subsidiary of Balfour Beatty Plc, the listed U.K. based engineering construction, services and investment group, acquired Douglas E. Barnhart Inc., the U.S. based building and construction management firm, from the management and family of the company for approximately US\$116 million. The transaction value represents a multiple of 0.2x revenue. The deal was financed through Balfour's existing cash resources. The acquisition is in line with Balfour's strategy to strengthen its position in the U.S. education segment.

• H.I.G. Capital acquires chemicals business

H.I.G. Capital, LLC, the U.S. based private equity investment firm, acquired Croda International Plc's Chicago Oleo chemicals, the U.S. based supplier of fatty acids and glycerin, from Croda

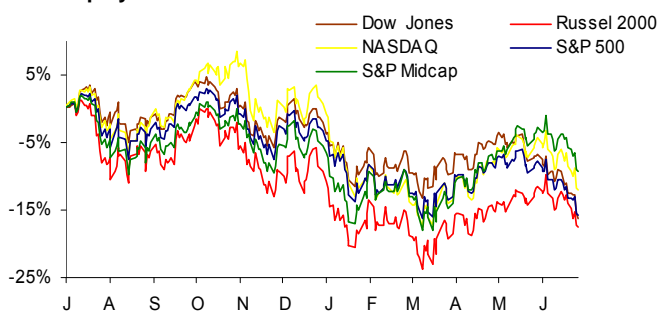
International Plc, the listed U.K. based specialty and industrial chemicals manufacturer, for approximately US\$91 million. The transaction value represents a multiple of 0.5x revenue. Oleo is a leading North American supplier of oleochemicals which are used in personal care products, industrial lubricants, chemical derivatives, and other household and industrial formulated products.

• BAE Systems acquires MTC Technologies

BAE Systems Plc, the listed U.K. based designer and manufacturer of defense products, agreed to acquire MTC Technologies Inc., the listed U.S. based provider of engineering, intelligence, information technology and program management solutions, for a US\$367 million. The enterprise value represents a multiple of approximately 1.1x revenue and 10.1x EBITDA. MTC's business is a complimentary fit to BAE's product offerings and will help to expand its customer base.

Market Trends

LTM Equity Market Performance



Source: Yahoo! Finance

Treasury & Government Issue Yields

| | United States | | Canada | |
|---------|---------------|------------|----------|------------|
| | 7/2/2008 | 1 Year Ago | 7/2/2008 | 1 Year Ago |
| 3 Month | 1.87% | 4.82% | 2.44% | 4.42% |
| 6 Month | 2.06% | 4.85% | 2.93% | 4.56% |
| 1 Year | 2.35% | 4.99% | 3.15% | 4.70% |
| 5 Year | 3.32% | 5.00% | 3.45% | 4.55% |
| 10 Year | 4.00% | 5.10% | 3.75% | 4.55% |

Source: Bankrate.com and Bank of Canada

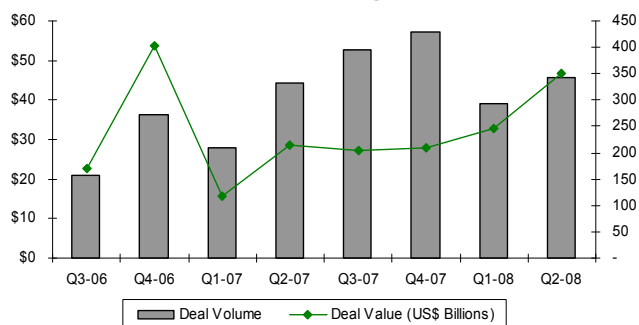
Latin America

M&A Activity

Latin American Deal Volume Reaches Record Highs

Record first half of the year M&A volume in Latin America in 2008 is expected to offset a slump in stock offerings and contrasts sharply with the decline in M&A activity in the rest of the world. Metal and mining companies, retailers, consumer goods manufacturers and energy producers are leading the pack in activity.

Announced Latin American-Target Transactions



Source: Thomson Financial

Select Latin American Interest Rates

Most Recent as of June 30, 2008

| | Current | | 1 Year Ago | |
|-----------|---------|---------|------------|---------|
| | 3-month | 10-year | 3-month | 10-year |
| Argentina | 16.50% | NA | 9.25% | NA |
| Brazil | 12.17% | 6.16% | 11.93% | 6.16% |
| Chile | 6.72% | 4.80% | 5.40% | 5.67% |
| Colombia | 9.92% | 5.95% | 7.93% | 6.19% |
| Mexico | 7.74% | 9.12% | 7.19% | 7.69% |
| Venezuela | 17.18% | 6.55% | 10.15% | 6.55% |

Source: The Economist

Other Economic Indicators

% Change on Year Ago

| | Consumer Prices | | Gross Domestic Product | | |
|-----------|-----------------|------------|------------------------|-------|-------|
| | Latest | 1 Year Ago | Q1 | 2007F | 2008F |
| Argentina | +9.1 May | +8.8 | +8.4 | +6.3 | +4.5 |
| Brazil | +5.6 May | +3.2 | +5.8 | +4.6 | +3.8 |
| Chile | +8.9 May | +2.9 | +3.0 | +3.6 | +3.8 |
| Colombia | +6.4 May | +6.2 | NA | +5.0 | +4.5 |
| Mexico | +4.9 May | +3.9 | +2.6 | +2.3 | +2.5 |
| Venezuela | +31.4 May | +19.6 | +4.8 | +5.2 | +4.0 |

Source: The Economist

Select M&A News

Germany's Lanxess acquires majority stake in Petroflex

Lanxess AG, the listed German based chemical company, acquired a 72.3% stake in Petroflex Industria e Comercio S.A., the listed Brazilian based producer of synthetic rubber, from Braskem S.A. and Uniao de Industrias Petroquimicas, the listed Brazilian petrochemical companies, for US\$222 million. Petroflex, a formerly state-owned Brazilian enterprise that was established as a private company in 1977, is one of the world's leading manufacturers of synthetic rubber. The acquisition should strengthen Lanxess's position in the Latin American rubber market.

Gerdau acquires minority stake in Acos Villares

Gerdau S.A., the listed Brazilian based company engaged in producing long steel for the civil construction, automotive and

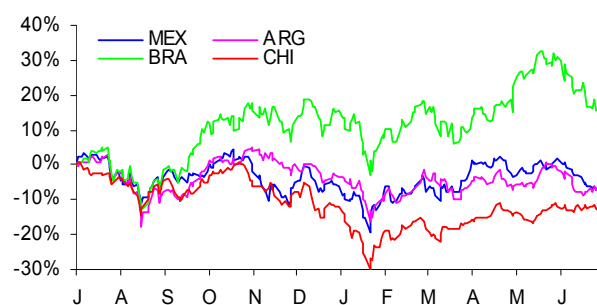
agricultural sectors, acquired a 28.8% stake in Acos Villares S.A., the listed Brazilian producer of laminated and forged steel, from Bndes Participacoes S.A., the Brazilian investment bank associated with Sidenor Steel Products Manufacturing Company S.A., the Greek long steel and steel products manufacturer, for US\$791 million. The transaction value represents a multiple of 2.1x revenue and 10.1x EBITDA.

India's JK Tyre acquires Compania Hulera Tornel

JK Tyre & Industries, the listed Indian company engaged in the manufacture of tires, acquired Compania Hulera Tornel S.A. de C.V., the Mexican based manufacturer and distributor of tires, for approximately US\$68 million. JK Tyre is expected to gain strategic and synergistic advantages as well as global expansion opportunities and a manufacturing base for passenger radial and other tires.

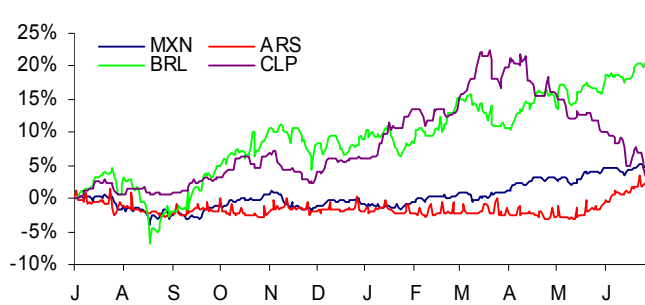
Market Trends

LTM Equity Market Performance



Source: Yahoo! Finance

LTM Currency Performance Versus U.S. Dollar



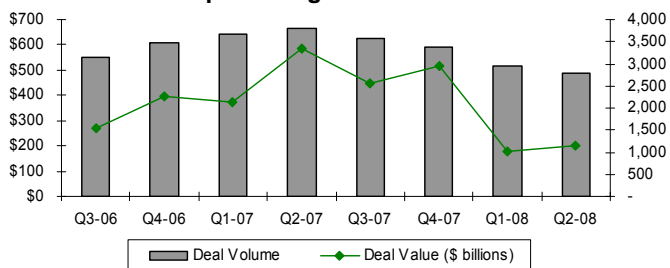
Source: OANDA Corporation

M&A Activity

Announced European Activity Remains Low

European announced deal volume continued to decline in the second quarter of 2008, while deal value remained stagnant at first quarter levels. The credit crises continues to hinder European financial sponsor activity. The largest European financial sponsor deal so far in 2008 was a US\$3.8 billion bid for Expro International. By comparison, the first six months of 2008 saw 25 financial sponsor backed deals valued at over US\$5 billion each.

Announced European-Target Transactions



Source: Thomson Financial

Select European Interest Rates

Most Recent as of June 30, 2008

| | Current | | 1 Year Ago | |
|---------|---------|---------|------------|---------|
| | 3-month | 10-year | 3-month | 10-year |
| Britain | 5.93% | 5.11% | 5.92% | 5.42% |
| France | 4.96% | 4.78% | 4.16% | 4.59% |
| Germany | 4.96% | 4.60% | 4.16% | 4.54% |
| Italy | 4.96% | 5.21% | 4.16% | 4.76% |
| Spain | 4.96% | 4.87% | 4.16% | 4.61% |

Source: The Economist

Other Economic Indicators

% Change on Year Ago

| | Consumer Prices | | Gross Domestic Product | | |
|---------|-----------------|------------|------------------------|-------|-------|
| | Latest | 1 Year Ago | Q1 | 2008F | 2009F |
| Britain | +3.3 May | +2.5 | +2.5 | +1.7 | +1.4 |
| France | +3.3 May | +1.1 | +2.2 | +1.7 | +1.5 |
| Germany | +3.0 May | +2.1 | +1.8 | +1.9 | +1.6 |
| Italy | +3.6 May | +1.5 | +0.3 | +0.6 | +1.1 |
| Spain | +4.6 May | +2.3 | +2.7 | +2.1 | +1.8 |

Source: The Economist

Select M&A News

• Eczacibasi Holding acquires Burgbad

Eczacibasi Yapi Gereçleri San. ve T.A.S., the listed Turkish company engaged in the production and marketing of ceramic sanitary ware and sanitary fittings, has acquired 47% of Burgbad AG, the listed German based provider of bathroom furniture and fittings services for a approximately US\$111 million. The offer represents a premium of approximately 21.57% over Burgbad's closing share price on the last trading day prior to the announcement of the transaction and a premium of 35.95% over its closing share price one month prior to the announcement. The acquisition allows Eczacibasi to expand by strengthening its product portfolio and its international presence. Eczacibasi has made a tender offer for the remaining shares.

• CRH acquires Ancon from Tyco International

CRH Plc, the listed Ireland based building materials group,

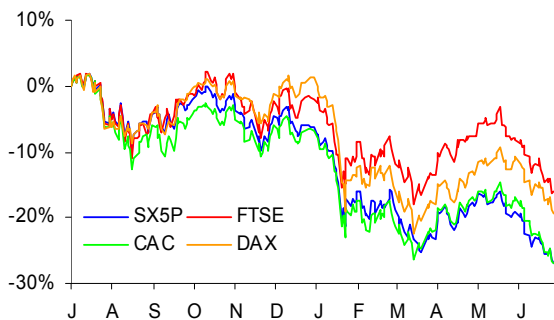
agreed to acquire Ancon Limited, the U.K. based manufacturer of a range of stainless steel fixing systems and other accessories for the construction industry, from Tyco International Ltd., the listed manufacturer of security, fire detection and protection, valves, pipes, fittings and electrical and metal products, for a total cash consideration of approximately US\$172 million. The enterprise value represents a multiple of 1.9x revenue and 8.1x EBITDA. The transaction is in line with Tyco's strategy of portfolio enhancement and divestment of non-core businesses.

• Investindustrial acquires polymers manufacturer Polynt

Polimeri Speciali S.r.l., a bidco controlled by Investindustrial SpA, the Italian private equity group, acquired 98% of Polynt SpA, the listed Italian polymers manufacturer, for approximately US\$483 million. The transaction price represents a multiple of 0.8x revenue and 6.8x EBITDA.

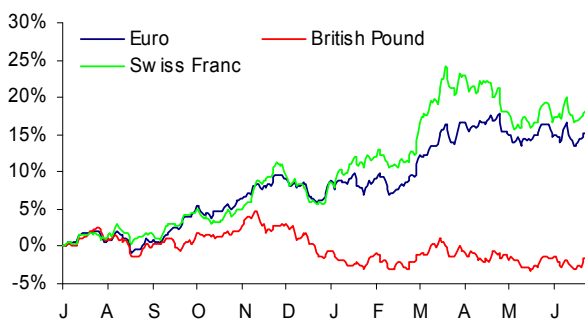
Market Trends

LTM Equity Market Performance



Source: Yahoo! Finance

LTM Currency Performance Versus U.S. Dollar



Source: OANDA Corporation

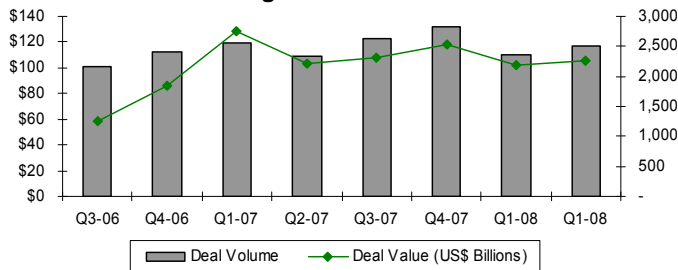
Asia & India

M&A Activity

Asian Growth Slowed By Decrease in Japanese Activity

Asian activity (excluding Japan) reached a record high of US\$93 billion in the second quarter of 2008. However, total activity in the region remained stagnant due to a steep decrease in Japanese activity. Announced Japanese activity reached US\$35 billion through the first six months of 2008, representing a 46% decrease from the same period in 2007. The decrease was driven mainly by a 69% decrease in cross-border deal volume involving Japanese targets.

Announced Asian-Target Transactions



Source: Thomson Financial

Select Asian Interest Rates

Most Recent as of June 30, 2008

| | Current | | 1 Year Ago | |
|-------------|---------|---------|------------|---------|
| | 3-month | 10-year | 3-month | 10-year |
| China | 4.48% | 4.45% | 3.08% | 4.13% |
| Hong Kong | 2.33% | 3.64% | 4.43% | 4.55% |
| India | 8.04% | 9.23% | 7.12% | 8.45% |
| Japan | 0.75% | 1.69% | 0.63% | 1.86% |
| Singapore | 1.25% | 3.10% | 2.55% | 2.81% |
| South Korea | 5.36% | 5.87% | 5.03% | 5.41% |

Source: The Economist

Other Economic Indicators

% Change on Year Ago

| | Consumer Prices | | Gross Domestic Product | | |
|-------------|-----------------|------------|------------------------|-------|-------|
| | Latest | 1 Year Ago | Q1 | 2007F | 2008F |
| China | +7.7 May | +3.4 | +10.6 | +9.8 | +9.0 |
| Hong Kong | +5.7 May | +1.3 | +6.8 | +4.8 | +4.9 |
| India | +7.8 Apr | +6.7 | +8.8 | +7.6 | +7.1 |
| Japan | +0.8 Apr | 0 | +1.3 | +1.3 | +1.4 |
| Singapore | +7.5 May | +1.0 | +6.7 | +4.5 | +5.0 |
| South Korea | +4.9 May | +2.3 | +5.8 | +4.5 | +4.3 |

Source: The Economist

Select M&A News

- Baring Private Equity acquires minority stake in Indian EPC company**

Baring Private Equity Asia, the Hong Kong based private equity firm, acquired a 30% stake in Rithwik Projects Limited, the Indian based company engaged in providing integrated engineering, procurement and construction services for civil and structural construction and infrastructure sector projects, for an approximately US\$40 million. The price represents a multiple of 2.7x revenue and 14.5x EBITDA.

- Cornerstone Equity Partners acquires Daesun Distilling**

Cornerstone Equity Partners, the South Korean based private equity firm, acquired a 98.97% stake in Daesun Distilling Co. Ltd., the South Korean whisky producer, from JunHo Sin, the South Korean private investor, for an approximately US\$369 million.

The purchase price represents a multiple of 3.7x revenue and 16.7x EBITDA. With this transaction, Daesun Distilling can expand its business internationally and enhance the value of the company.

- Global Telecommunications Holdings acquires minority stake in Sri Lanka Telecom**

Global Telecommunications Holdings N.V., the Netherlands based telecommunication company and subsidiary of Usaha Tegas Sdn Bhd, the Malaysian based investment holding company, acquired a 35.19% stake in Sri Lanka Telecom Plc, the listed Sri Lanka based telecommunication company, from Nippon Telegraph and Telephone Corporation, the listed Japanese telecom firm, for an approximately US\$298 million. The transaction value represents a multiple of 2.2x revenue and 4.2x EBITDA.

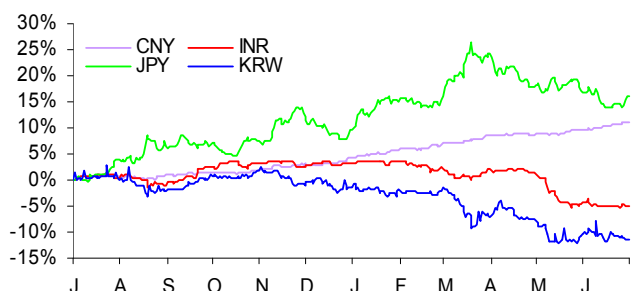
Market Trends

LTM Equity Market Performance



Source: Yahoo! Finance

LTM Currency Performance Versus U.S. Dollar



Source: OANDA Corporation

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