



**HYDE PARK CAPITAL**

Investment Banking | Mergers & Acquisitions | Capital Raising

**John Hill**

*Senior Managing Director*  
hill@hydeparkcapital.com  
(813) 383-0205

**John McDonald**

*Senior Managing Director*  
mcdonald@hydeparkcapital.com  
(813) 383-0206

**Keith Hodgdon**

*Senior Vice President*  
hodgdon@hydeparkcapital.com  
(813) 383-0208

**Jeffrey Bridge**

*Vice President*  
bridge@hydeparkcapital.com  
(813) 383-0204

**Michael Mariani**

*Associate*  
mariani@hydeparkcapital.com  
(813) 597-2649

**Hyde Park Capital Advisors, LLC**

701 N. Franklin Street  
Tampa, FL 33602  
Tel: 813-383-0202  
www.hydeparkcapital.com

*Quarterly*  
**M&A Report**  
*Q4 2011*

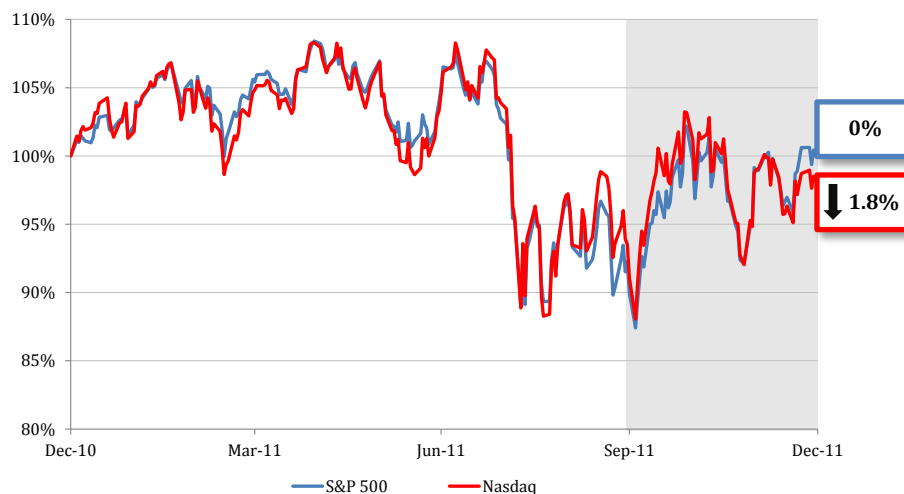


# Capital Markets Overview

## Commentary

- As illustrated in the chart below, major market indices, such as the S&P 500 and Nasdaq, rebounded during the recently completed 4<sup>th</sup> quarter. Specifically, the S&P 500 index increased 14.4% while the Nasdaq index rose 11.5%. However, when compared to prior year levels both indices remained relatively flat in 2011.
- During Q4 2011, the equity markets showed signs of strength as there were several noteworthy initial public offerings (IPO's) including the \$1 billion offering for online social gaming company Zynga, Inc. and the highly anticipated debut of Groupon, Inc.
- Despite concern over the pace of the U.S. economic recovery, the M&A markets remained relatively active in Q4 2011, with several notable transactions announced by large public acquirers such as Cigna Corp., Oracle, SAP and United Rentals.

## Public Market Performance



Source : Capital IQ

## Select Initial Public Offerings – Q4 2011

(\$ in millions)

Offer Date	Issuer	Industry	Transaction Value
12/15/11	Zynga, Inc. (NasdaqGS:ZNGA)	Technology	\$1,000
11/03/11	Groupon, Inc. (NasdaqGS:GRPN)	Technology	\$700
12/12/11	Jive Software, Inc. (NasdaqGS:JIVE)	Technology	\$161
11/15/11	Clovis Oncology, Inc. (NasdaqGS:CLVS)	Healthcare	\$130
11/16/11	Angie's List, Inc. (NasdaqGM:ANGI)	Technology	\$114
10/13/11	Ubiquiti Networks, Inc. (NasdaqGS:UBNT)	Technology	\$106
11/17/11	Mattress Firm Holding Corp. (NasdaqGS:MFRM)	Consumer	\$106
11/17/11	Intermolecular, Inc. (NasdaqGS:IMI)	Technology	\$97
10/18/11	ZELTIQ Aesthetics, Inc. (NasdaqGS:ZLTQ)	Healthcare	\$91

## Select U.S. M&A Transactions – Q4 2011

(\$ in millions)

Announced Date	Target	Buyer	Industry	Transaction Value
11/21/11	Pharmasset, Inc.	Gilead Sciences, Inc.	Healthcare	\$11,012
12/12/11	Vulcan Materials Co.	Martin Marietta Materials, Inc.	Industrial	\$7,562
11/21/11	Transatlantic Holdings, Inc.	Alleghany Corp.	Financial Services	\$4,541
10/24/11	HealthSpring, Inc.	CIGNA Corporation	Healthcare	\$4,196
12/16/11	RSC Holdings, Inc.	United Rentals, Inc.	Industrial	\$4,160
12/03/11	SuccessFactors, Inc.	SAP America, Inc.	Technology	\$3,764
12/14/11	Novellus Systems, Inc.	Lam Research Corp.	Technology	\$3,678
11/29/11	Deutsch Engineered Connecting Devices, Inc.	Permira Advisers, Ltd.	Technology	\$2,067
10/24/11	Rightnow Technologies, Inc.	Oracle Corp.	Technology	\$1,763
10/11/11	99¢ Only Stores	Ares Management	Consumer	\$1,580



**HYDE PARK CAPITAL**

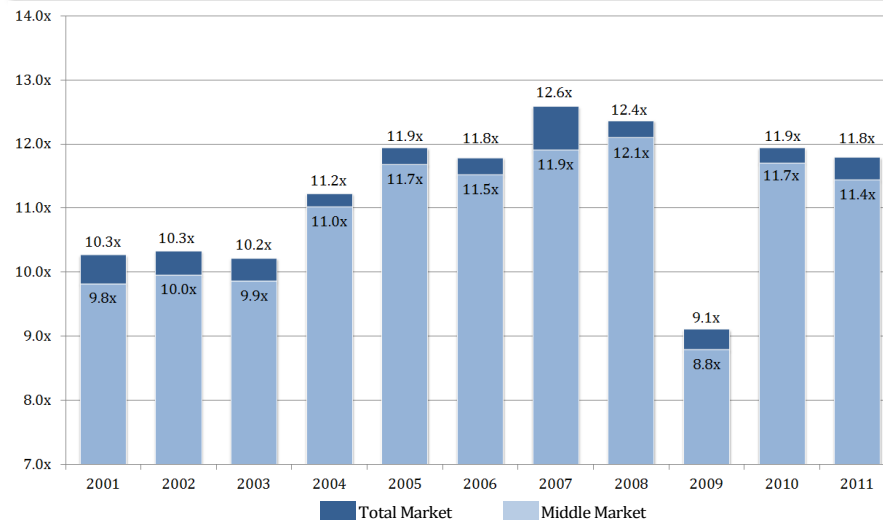
Investment Banking | Mergers & Acquisitions | Capital Raising

# M&A Market Overview

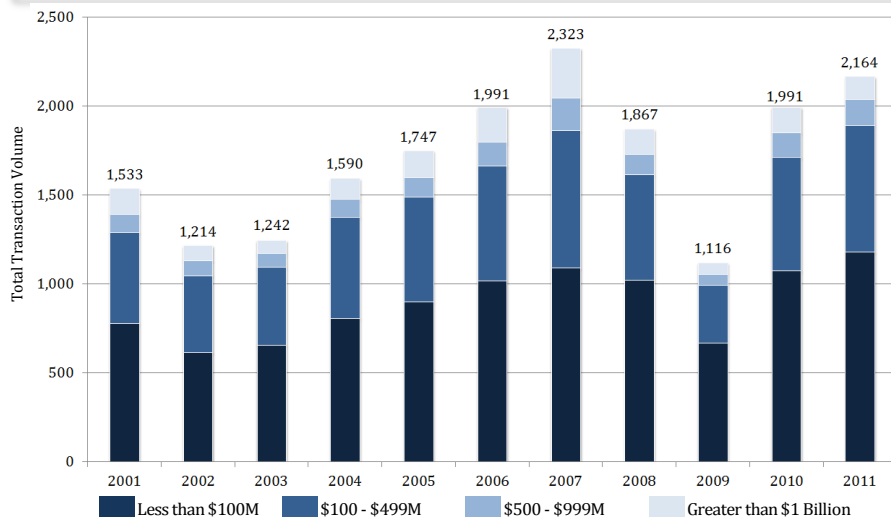
## Commentary

- As detailed in the annual charts below, overall U.S. M&A activity or deal volume for 2011 was at a three-year high with 2,164 closed transactions, up nearly 9% from 2010.
- In addition to increased deal activity, the total value of completed M&A transactions for 2011 climbed nearly 6% to \$801 billion, up from \$754 billion in 2010.
- M&A transaction pricing, defined as Enterprise Value over EBITDA, across both the middle market and the overall market, remained strong from a historical perspective at 11.4x and 11.8x, respectively, for 2011.
- Large amounts of corporate cash and private equity dry powder, combined with stabilized M&A transaction pricing multiples, indicates that 2012 should be another strong year for M&A activity.

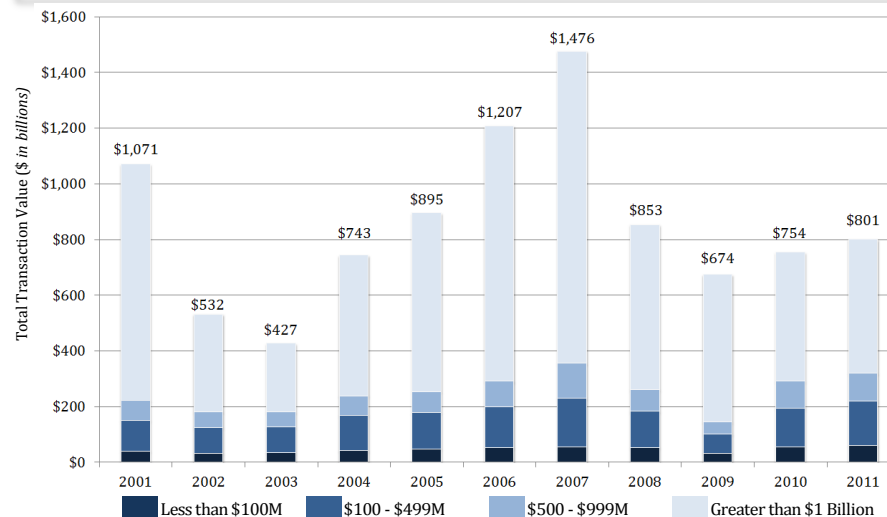
## Valuation Multiples: Enterprise Value / EBITDA



## U.S. M&A Activity - Annual Trends: VOLUME



## U.S. M&A Activity - Annual Trends: VALUE



Source: Capital IQ (includes all closed deals with disclosed deal value greater than \$25 million)



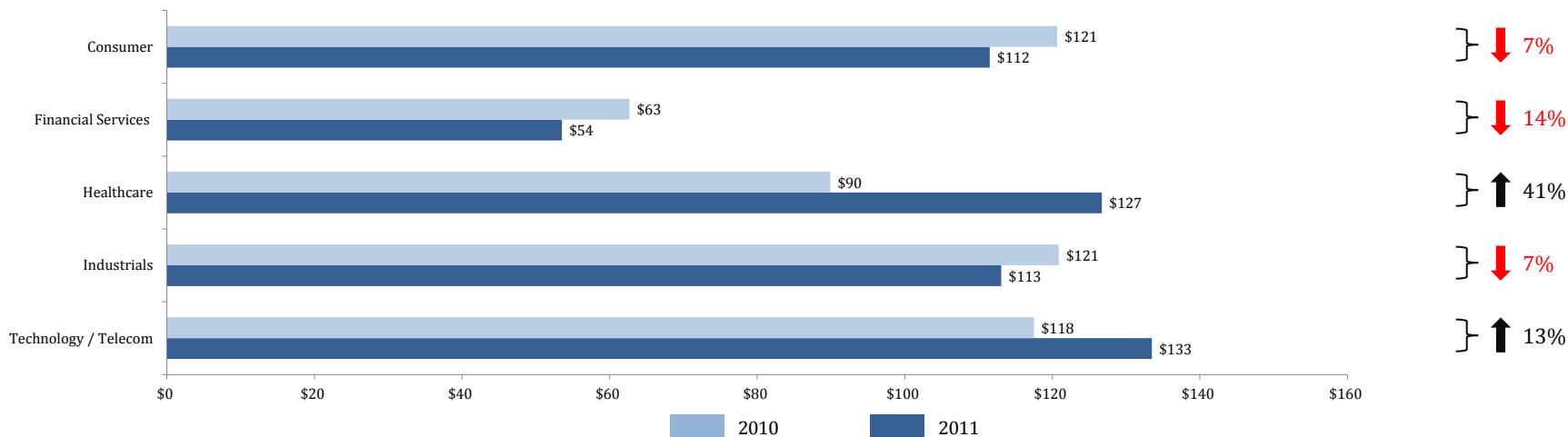
**HYDE PARK CAPITAL**

Investment Banking | Mergers & Acquisitions | Capital Raising

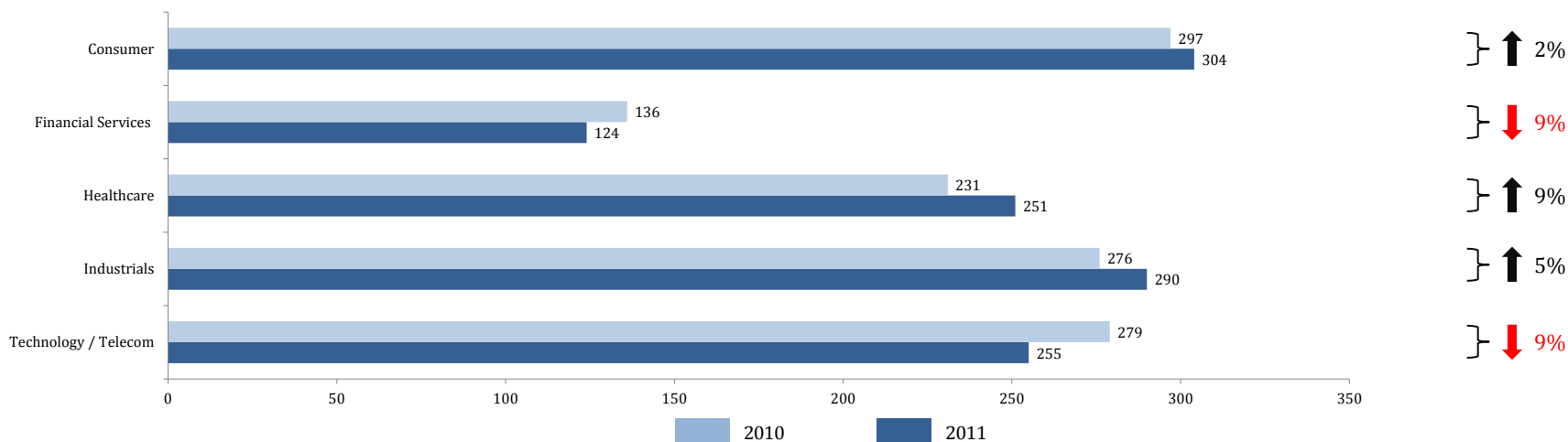
# Annual M&A Activity by Industry

## U.S. M&A Activity by Industry Sector: VALUE

(\$ in billions)



## U.S. M&A Activity by Industry Sector: VOLUME



Source : Capital IQ (includes all closed deals with disclosed deal value greater than \$25 million)  
 \*Excludes Energy, Real Estate, Utilities and "Other" transactions, as defined by Capital IQ.



**HYDE PARK CAPITAL**

Investment Banking | Mergers & Acquisitions | Capital Raising

# Quarterly M&A Activity

## Commentary

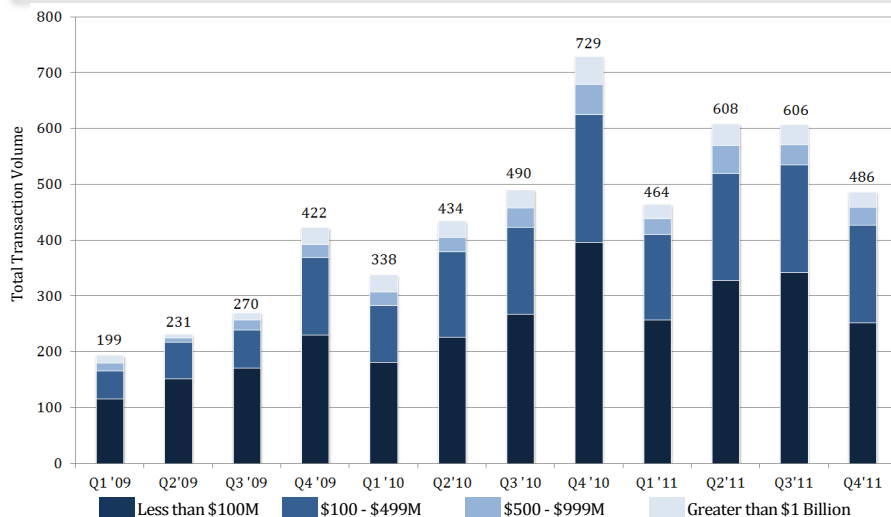
- In Q4 2011, total M&A market transaction volume decreased 33% compared to the prior year period, while overall deal value declined 38% to \$161 billion.
- Transactions valued at less than \$100 million represented 52% of the total number of closed deals in Q4 2011, consistent with the year prior.
- The total deal value of middle market transactions declined approximately 31% in Q4 2011 to \$74 billion, down from \$107 billion in Q4 2010.
- The decline in Q4 2011 total M&A transaction volume and value over the prior year period can be somewhat attributed to the large number of deals that were under pressure to close prior to 2010 year-end due to uncertainty at the time surrounding future tax rates.

## U.S. M&A Transactions by Deal Size

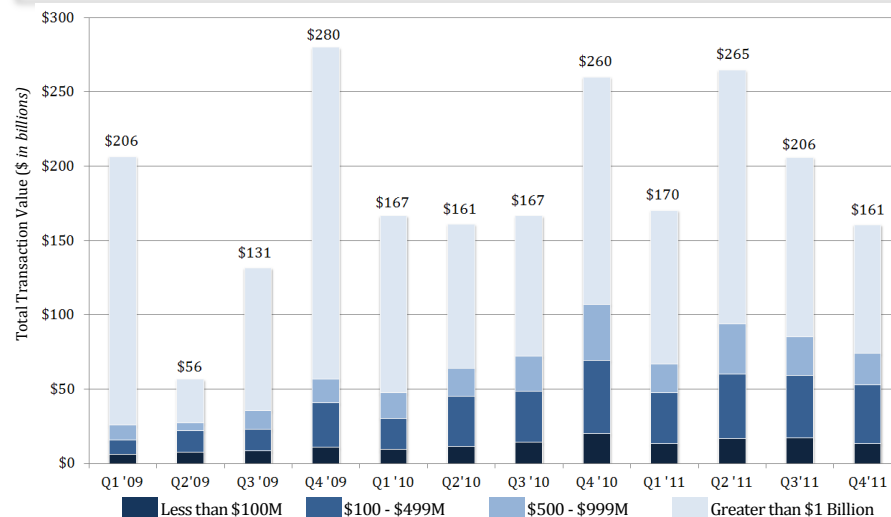
(\$ in billions)

Deal Size	Q4 2010		Q4 2011		% Change	
	Volume	Value	Volume	Value	Volume	Value
Less than \$100M	396	\$20	251	\$13	(37%)	(33%)
\$100 - \$499M	229	\$49	175	\$39	(24%)	(20%)
\$500 - \$999M	54	\$38	32	\$21	(41%)	(44%)
<b>Total Middle Market</b>	<b>679</b>	<b>\$107</b>	<b>458</b>	<b>\$74</b>	<b>(33%)</b>	<b>(31%)</b>
Greater than \$1 Billion	50	\$153	28	\$87	(44%)	(43%)
<b>Total Market</b>	<b>729</b>	<b>\$260</b>	<b>486</b>	<b>\$161</b>	<b>(33%)</b>	<b>(38%)</b>
<b>% of Total Market</b>						
Less than \$100M	54%	8%	52%	8%		
\$100 - \$499M	31%	19%	36%	25%		
\$500 - \$999M	7%	15%	7%	13%		
<b>Total Middle Market</b>	<b>93%</b>	<b>41%</b>	<b>94%</b>	<b>46%</b>		
Greater than \$1 Billion	7%	59%	6%	54%		
<b>Total Market</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>		

## U.S. M&A Activity - Quarterly Trends: VOLUME



## U.S. M&A Activity - Quarterly Trends: VALUE



Source : Capital IQ (includes all closed deals with disclosed deal value greater than \$25 million)



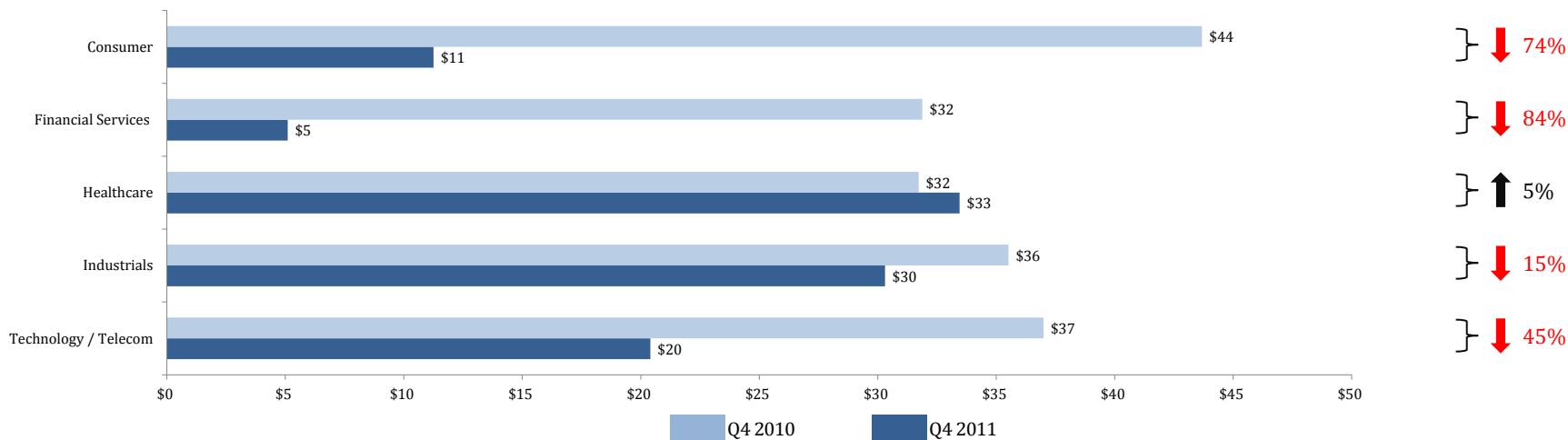
**HYDE PARK CAPITAL**

Investment Banking | Mergers & Acquisitions | Capital Raising

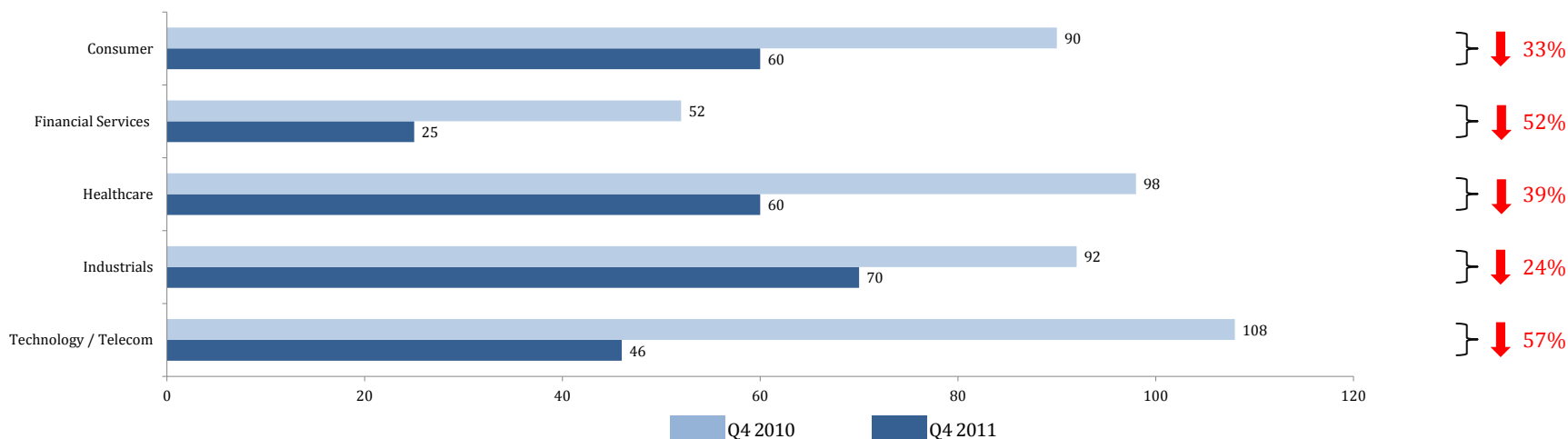
# Q4 2011 M&A Activity by Industry

## U.S. M&A Activity by Industry Sector: VALUE

(\$ in billions)



## U.S. M&A Activity by Industry Sector: VOLUME



Source : Capital IQ (includes all closed deals with disclosed deal value greater than \$25 million)  
 \*Excludes Energy, Real Estate, Utilities and "Other" transactions, as defined by Capital IQ.



**HYDE PARK CAPITAL**

Investment Banking | Mergers & Acquisitions | Capital Raising

# Recent Private Equity Activity

## Commentary

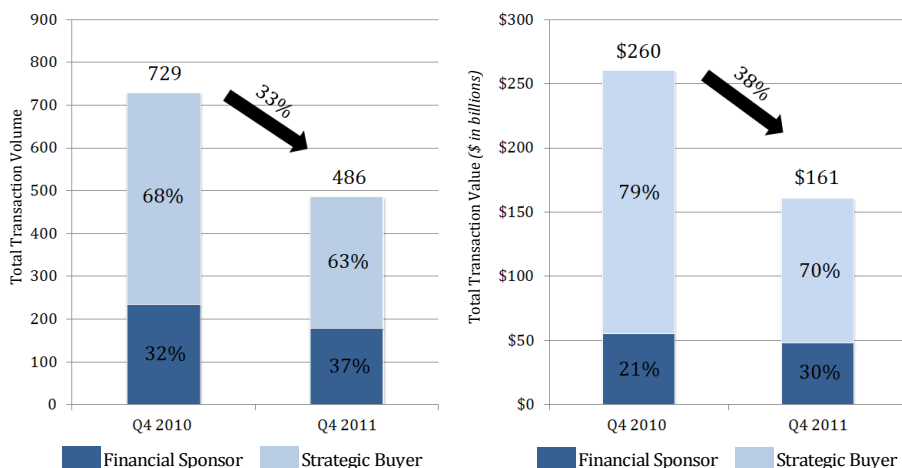
- With financing markets cooperating, financial sponsors remained active in the 4th quarter of 2011, announcing a number of significant middle market buyouts, as shown in the table on the right.
- In total, financial sponsors represented the buyer in approximately 1 of 3 completed deals during Q4 2011.
- Several notable sponsor led transactions were announced during the 4th quarter, including Ares Management's acquisition of 99¢ Only Stores (NYSE:NDN) for \$1.6 billion, Thoma Bravo Partners acquisition of Blue Coat Systems (NasdaqGS:BCSI), a leading provider of Web security and WAN optimization solutions, for nearly \$1.3 billion, and JLL Partners' buyout of American Dental Partners, Inc. (NasdaqGS:ADPI) for approximately \$400 million.

## Select Private Equity Transactions - Q4 2011

(\$ in millions)

Announced Date	Target	Buyer	Industry	Transaction Value
10/11/11	99¢ Only Stores	Ares Management	Consumer	\$1,580
10/12/11	Genesys Telecommunications Laboratories, Inc.	Permira Advisers	Technology	\$1,500
12/09/11	Blue Coat Systems, Inc.	Thoma Bravo	Technology	\$1,258
10/31/11	Global Tel*Link Corp.	American Securities	Telecom Services	\$1,000
10/28/11	Unifrax Holding Co.	American Securities	Industrial	\$1,000
11/04/11	The Endurance International Group, Inc.	Warburg Pincus	Technology	\$975
11/07/11	Tekelec	The ComVest Group	Technology	\$778
11/17/11	Medtronic Emergency Response Systems, Inc.	Bain Capital, LLC	Healthcare	\$487
11/07/11	American Dental Partners, Inc.	JLL Partners	Healthcare	\$396
12/30/11	Heil Trailer International, Inc.	American Industrial Partners	Industrial	\$220

## Financial Sponsors vs. Strategic Buyers



Source : Capital IQ (includes all closed deals with disclosed deal value greater than \$25 million)  
 \*Excludes Energy, Real Estate, Utilities and "Other" transactions, as defined by Capital IQ.

## Profiled Private Equity Transaction

### Blue Coat Systems, Inc. (NasdaqGS:BCSI) to be acquired by Thoma Bravo

Announced Dec. 9, 2011

Financial Profile		Transaction Analysis	
(\$ in millions)			
<b>Income Statement</b>	<b>LTM 10/31/11</b>	<b>Purchase Price (Equity)</b>	<b>\$1,145.8</b>
Revenue	\$467.2	Net Assumed Liabilities	(\$282.8)
EBITDA	\$67.3	Total Rights/Warrants/Options	\$33.9
Net Income	\$26.0	<b>Implied Enterprise Value</b>	<b>\$896.9</b>
<b>Balance Sheet</b>	<b>As of 10/31/11</b>	<b>Implied Purchase Multiples</b>	
Cash	\$361.4	Revenue	1.9x
Debt	\$78.6	EBITDA	13.3x
Net Debt	(\$282.8)	Net Income	NM



**HYDE PARK CAPITAL**

Investment Banking | Mergers & Acquisitions | Capital Raising



# HYDE PARK CAPITAL

Investment Banking | Mergers & Acquisitions | Capital Raising

**John Hill**  
Senior Managing Director  
hill@hydeparkcapital.com  
(813) 383-0205

**John McDonald**  
Senior Managing Director  
mcdonald@hydeparkcapital.com  
(813) 383-0206

**Keith Hodgdon**  
Senior Vice President  
hodgdon@hydeparkcapital.com  
(813) 383-0208

**Jeffrey Bridge**  
Vice President  
bridge@hydeparkcapital.com  
(813) 383-0204

**Michael Mariani**  
Associate  
mariani@hydeparkcapital.com  
(813) 597-2649

**Hyde Park Capital Advisors, LLC**  
701 N. Franklin Street  
Tampa, FL 33602  
Tel: 813-383-0202  
www.hydeparkcapital.com

## Recent Transactions

 <p>has been acquired by</p> 	 <p>has been recapitalized by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has acquired</p> 
 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been recapitalized by</p> 	 <p>has merged with</p> 
 <p>has been recapitalized by</p> 	 <p>has acquired</p> 	 <p>has been recapitalized by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 