

MHTA Spring Conference

Exploring Financial Options & Strategies



MANCHESTER

Investment Banking &
Management Advisory

Minneapolis ♦ Chicago ♦ Dallas

Panelists



- Mark Sheffert, CEO – Manchester Co's, Inc (*moderator*)
- Chris Hoffman, Director - Triple Tree
- Andrew Borgstrom, President & CEO – Analysts International Corp.
- Ungad Chadda, Senior Vice President – Toronto Stock Exchange



- Long-term economic recovery appears to be underway
- ... however, some express concern about underlying fundamentals
 - Commercial real estate
 - Inflation
 - Unemployment
 - Currency value (Chinamerica)
- Credit markets appear to be returning
- Over-supply of equity on the sidelines seeking quality companies

Credit Markets



- Credit markets have thawed – are we back in '06/'07?
 - Banks have seen loan portfolios shrink
 - Core deposits have grown
 - This dis-equilibrium results in lenders needing to 'book revenue'
- Anecdotal evidence:
 - We recently concluded a \$30mm refinancing of a company in the Midwest

	Closed	6 mos. ago
Closing Costs	1.25%	3.25%
Spread (pricing)	300 bps	600 bps
Libor Floor	0 bps	300 bps

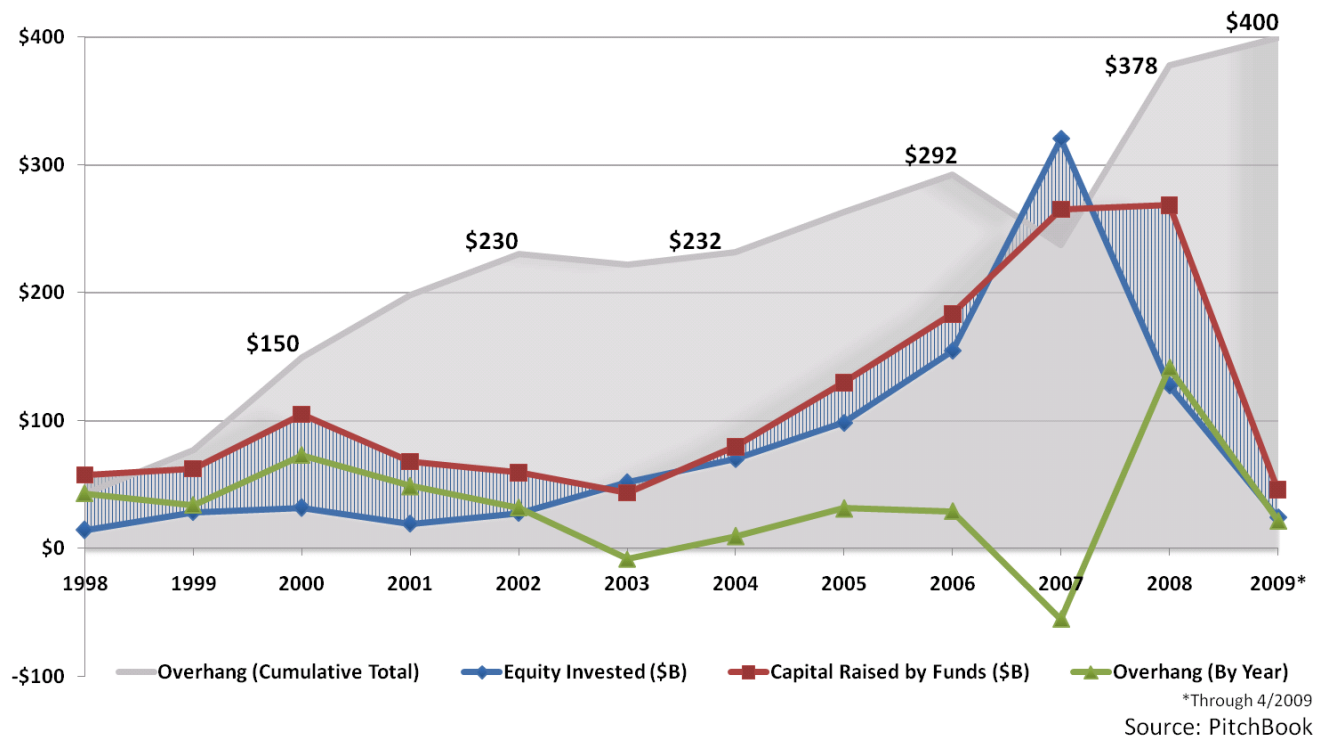
- A few supporting statistics (*Source: S&P LCD*):

	Current	1 Yr. Ago
New Leveraged Loan (#) (<i>in pipeline</i>)	56	9
New Leveraged Loan (\$) (<i>in pipeline</i>)	\$26.98 billion	\$1.07 billion
Average Spread (pricing)	453.9 bps	1790.1 bps

Private Equity Demand



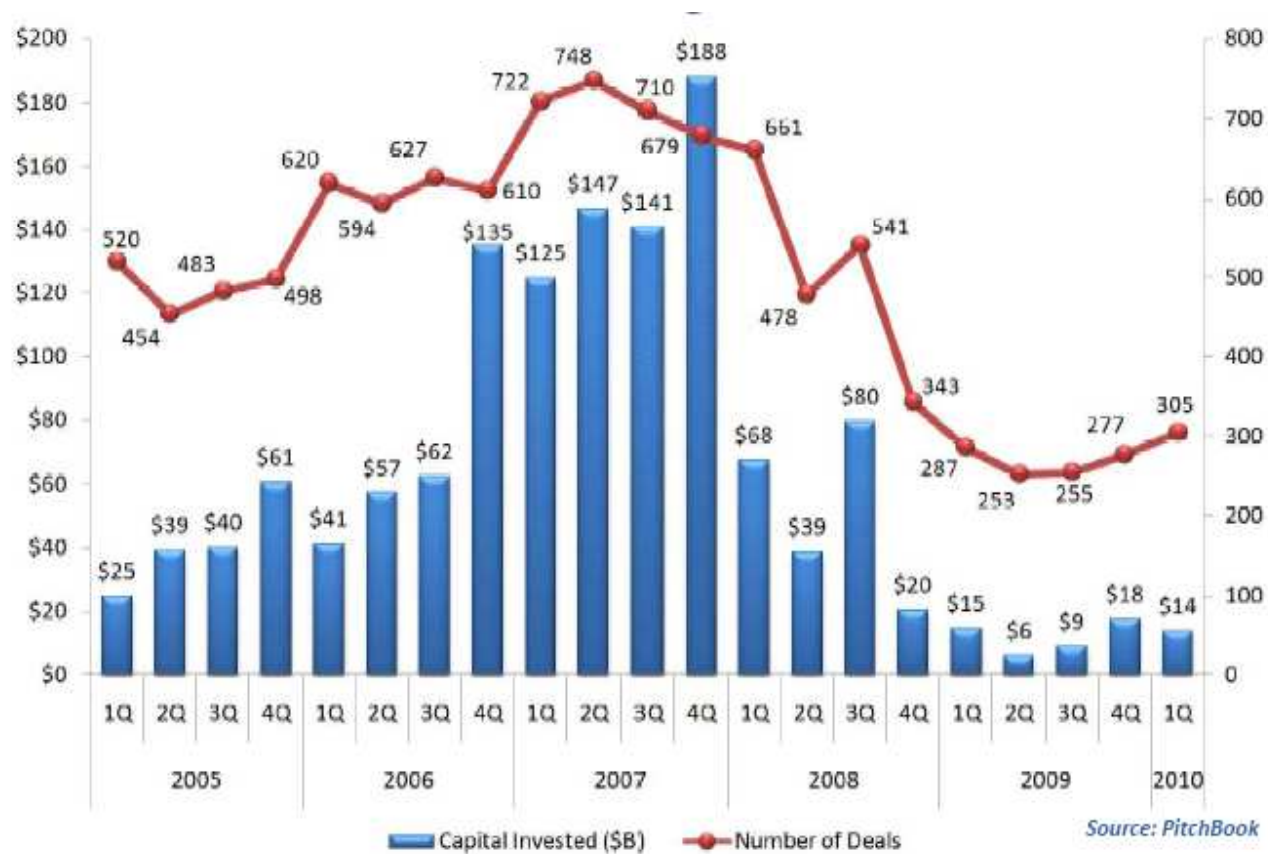
- Significant pent-up demand for the buyout of 'quality' companies:
 - Approximately \$310 billion of private equity needs to be deployed by 2012
 - Private equity firms will invest the capital or lose their mgmt. fee
 - Currently a scarcity of 'quality deal's in the market



Private Equity Demand



- Approximately \$50 billion of private equity deals were completed in 2009
- Accordingly, the pace of investment needs to increase to \$150 billion annually to accommodate the amount of capital on the sidelines





- Thawing credit markets combined with significant equity capital needing to be invested results in:
 - Significant M&A activity over the next couple years
 - Improving terms (structure & pricing) on new financing
 - Improved valuations (scarcity of quality deals / funding availability)
 - Business owners having viable exit options
 - Companies having access to capital for growth
 - More global options than previously available