

M&A Monitor

Piper Jaffray Middle Market Mergers & Acquisitions

M&A Monitor: Analyzing M&A Activity—June 28, 2006

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Feature Article

M&A Market Update

by Michael Dillahunt, 612 303-6337, michael.r.dillahunt@pjc.com

Domestic M&A activity continued at a strong pace through the first five months of 2006, according to data released by Thomson Financial. Year-to-date through May, the total value of transactions closed increased by more than 98%, driven largely by transactions with values north of \$1 billion. Excluding such transactions, total deal value was up year-over-year by more than 4%. In terms of the total number of transactions, aggregate transaction volume was up more modestly. Through May, 3,148 transactions closed versus 3,146 for the same period in 2005, a 0.4% year-over-year increase.

Transaction Size Range (\$ in millions)	Total Number of Transactions			Total Value (\$ in millions)		
	YTD May '06	YTD May '05	% Change '05-'06	YTD May '06	YTD May '05	% Change '05-'06
\$0 - \$25	517	611	-15.4%	\$4,554	\$5,132	-11.3%
\$25 - \$50	167	172	-2.9%	\$5,858	\$6,134	-4.5%
\$50 - \$100	158	150	5.3%	\$11,379	\$10,643	6.9%
\$100 - \$250	136	156	-12.8%	\$21,479	\$24,955	-13.9%
\$250 - \$500	86	83	3.6%	\$30,121	\$29,019	3.8%
\$500 - \$1000	54	43	25.6%	\$37,844	\$30,743	23.1%
\$1000+	76	55	38.2%	\$359,695	\$130,739	175.1%
Total Disclosed	1,194	1,270	-6.0%	\$470,931.0	\$237,364.8	98.4%
Undisclosed	1,954	1,866	4.7%	NA	NA	NA
Total	3,148	3,136	0.4%	\$470,931.0	\$237,364.8	98.4%

Source: Thomson Financial Securities Data Corporation

The middle market continues to be an active segment and is largely keeping pace with the strong numbers posted in 2005. Through May there were 380 reported transactions with values between \$50 million and \$500 million, versus 389 for the five-month period ended May 2005 (a decrease of 2.3%). Total transaction value for closed deals with values between \$50 million and \$500 million was also down slightly year-over-year: \$63.0 billion for the year-to-date period ended May 2006 versus \$64.6 billion for the first five months of 2005 (a decrease of 2.5%). Notwithstanding these slight decreases, these numbers show a continuing strong market for middle market transactions by historical standards. We expect the current strong M&A environment to continue into the second half of 2006.

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Feature Transaction

Piper Jaffray Advises Nielsen & Bainbridge

by Lucien Webb, 312 920-2136, lucien.q.webb@pic.com

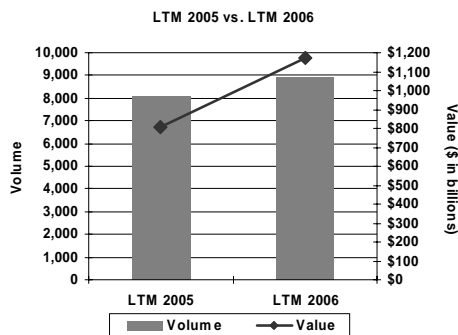
On May 25, 2006, Nielsen & Bainbridge, a portfolio company of The Jordan Company, was acquired by Kohlberg & Company, a New York-based private equity firm with \$800 million of committed capital in its current fifth fund. Terms of the transaction were not disclosed.

Nielsen & Bainbridge ("the Company") is the leading global designer, manufacturer and marketer of premium products for the \$7.5 billion custom framing market. The Company offers an extensive range of metal and wood moldings, ready-made frames, and mat, mounting and backing boards which are used in framing artwork, prints, photographs, memorabilia and other media. With 14 facilities in the United States and seven in Europe, the Company sells its products worldwide to independent custom frame shops, arts & crafts chains, art material dealers, home furnishings/lifestyle retailers, home improvement chains, poster shops, museum and art galleries, and contract framers. In 2005, the Company generated sales of approximately \$220 million.

Piper Jaffray served as exclusive financial advisor to Nielsen & Bainbridge and The Jordan Company.

Domestic Transactions

(\$ in billions)	Value*	Volume
LTM: 2005	\$807.4	8,115
LTM: 2006	\$1,171.3	8,924



*Total value based on deals with reported values

Source: Thomson Financial Securities Data Corporation

LTM median deal value for 2006 is \$34.2 million compared to \$26.4 million for 2005.

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LTM Transaction Multiples

By Size (\$ in millions)	EBIT	EBITDA
Less than \$25	5.9x	2.3x
\$25 to \$100	12.0x	8.3x
\$100 to \$250	13.4x	7.5x
\$250 to \$1,000	12.3x	7.7x
Over \$1,000	14.7x	9.6x

Current data as of June 27, 2006

Source: Thomson Financial Securities Data Corporation

Based on multiples between 0x and 25x; excluding media and telecom.

Public Company Premiums

1 week prior to announcement	22.3%
4 weeks prior to announcement	24.0%

Current data as of June 27, 2006

Source: Thomson Financial Securities Data Corporation

Deal Financing

	Current	1 Year Ago
Leveraged Bank Loan	8.11%	5.65%
High Yield Bond Rate	8.65%	7.76%
Senior Debt/EBITDA*	4.0x	4.4x
Total Debt/EBITDA*	4.5x	4.4x

Current data as of June 27, 2006

Source: Portfolio Management Data, The Wall Street Journal and LCD Comps

*Represents leverage statistics for middle market LBOs (less than \$50 million of EBITDA)

Buyout Fund Market

(\$ in billions)	2005	2004	2003
Funds Raised	\$173.5	\$42.2	\$24.0
Deals Completed	\$198.0	\$136.5	\$94.8

Data as of June 27, 2006

Source: Buyouts

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