

General Industrials Update

Deloitte Corporate Finance LLC



Investment Banking Advisory Services

- Sale & Divestiture
- Acquisition, Joint Venture & Alliance
- Capital Raising
- Corporate Development Advisory

Transaction Highlight



MotorVac Technologies, Inc.

has been acquired by

**UView Ultraviolet
Systems, Inc.**

The undersigned acted as exclusive financial advisor to
MotorVac Technologies, Inc.

Deloitte.

Deloitte Corporate Finance LLC

Deloitte Corporate Finance LLC (DCF) is pleased to announce its role as exclusive financial advisor to MotorVac Technologies, Inc. (MotorVac) in its sale of certain assets to UView Ultraviolet Systems, Inc. (UView). Terms of the deal were not disclosed.

The DCF team assisted MotorVac's management in navigating the transaction from the initial development of marketing materials and identification of potentially interested parties to organizing the due diligence process and advising on transaction negotiations.

About MotorVac and UView

MotorVac Technologies, Inc., headquartered in Santa Ana, CA, is a leading full-service manufacturer of proprietary fluid exchange equipment and supplier of chemical solutions and preventive maintenance service products for the automotive aftermarket industry. The company was founded in 1992 when it introduced the CarbonClean™ fuel system cleaning machine and detergent-based solutions. Today the company actively markets 22 models of fluid exchange equipment and 20 types of chemical solutions, holds 17 patents, and distributes its products and services to over 60 countries.

UView Ultraviolet Systems, Inc., headquartered in Ontario Canada, is an International Organization for Standardization (ISO)-certified manufacturer of internationally recognized products that have revolutionized the automotive aftermarket. With over 51 patents to its name and numerous awards, the company's strength lies in its ability to research, design, engineer and manufacture high quality products. UView serves many markets including the automotive aftermarket, original equipment manufacturer (OEM) and industrial supply channels.

Additional Recent Transactions



American Piping Products, Inc.

has sold a majority equity interest to

the edgewater funds

Edgewater Growth Capital
Partners II, L.P.

The undersigned acted as exclusive financial
advisor to American Piping Products, Inc.

Deloitte.

Deloitte Corporate Finance LLC

Administration and pre-pack sale of
trade and assets of
Casper Limited and subsidiaries

Fast track marketing and disposal



The undersigned acted as advisor to
Casper Limited

Deloitte.

Deloitte LLP, United Kingdom



a wholly-owned subsidiary of
Rank Group Limited

has sold its
Medical Packaging Business
to



The undersigned acted as financial advisor to
Reynolds Packaging Group

Deloitte.

Deloitte Corporate Finance LLC

Industry Trends

General Industrials Trends

The economic environment in the second quarter continued to challenge General Industrial (GI) manufacturers. M&A transaction activity was modest for the quarter hampered by financing challenges, weak financial results, and a focus on cash conservation. However, the quarter exhibited some signs of improvement in M&A activity:

- Total transaction value increased 45% from \$2.1 billion in the first quarter to \$3.0 billion in the second quarter.
- Average deal size also increased in the second quarter to \$104.0 million from \$71.9 million in the first quarter. In the second quarter there were three disclosed transactions with values greater than \$500 million while in the first quarter the largest disclosed transaction was \$365 million.
- The total number of transactions increased to 106 from 91 transactions in the first quarter. The improvement is tempered by the fact that announced transactions per quarter in 2009 are lower than any quarter in the past five years and are down 51% on average as compared to 2008.

Many acquirers with strong balance sheets looked to capitalize on depressed valuations and distressed companies.

- Of the distressed General Industrials transactions in the last twelve months, 75% of the transactions occurred in the first two quarters of 2009.
- Many of these acquisitions tended to enhance existing platforms of strategic companies.
- Certain private equity firms remained active by acquiring distressed companies as bolt-on acquisitions for their existing portfolio companies.

Divestiture activity remained strong globally during the second quarter as companies in weaker positions divested of underperforming assets or valuable, "cash-cow" assets to improve financial flexibility. For General Industrials companies, candidates for divestiture include product lines or assets that may be non-core to the seller, but may offer attractive qualities such as geographical capacity or enhanced technological capabilities to a large conglomerate.

Certain fundamentals in the GI sector demonstrated potential improvement in the second quarter, which could strengthen companies' financials and reinvigorate the M&A market:

- Durable goods inventories fell by 1.0% in May, the fifth consecutive month of decreases, which reflects a correction of inventory overhang.
- New orders for manufactured durable goods rose 1.8% in May, and 1.4% in April, reflecting the improvement in sales.
- Although federal stimulus funding has been sluggishly flowing into the economy, efforts to speed its disbursement have been announced.

Overall, while the General Industrials sector continued to struggle in the aggregate, there were pockets of improvement. Also, certain factors that have suppressed transaction activity appear to be slowly turning in a positive direction. These factors may influence the choice for some of the financially strong GI companies between playing it safe by conserving cash and executing their growth strategy by executing transactions.

General Economic Trends

The economy remained depressed during the second quarter, tempered by slight optimism that declines are slowing. Deloitte economists note that "inventory overhang is correcting, and manufacturers' new orders have risen," which are positive signs. However, retail sales for January through May 2009 were down 10.2% as consumers, nervous about unemployment and businesses and nervous about sales prospects, chose to reuse rather than replace. This thrifty trend, in combination with tight credit terms for businesses, continued to strain financial statements, and the M&A market.

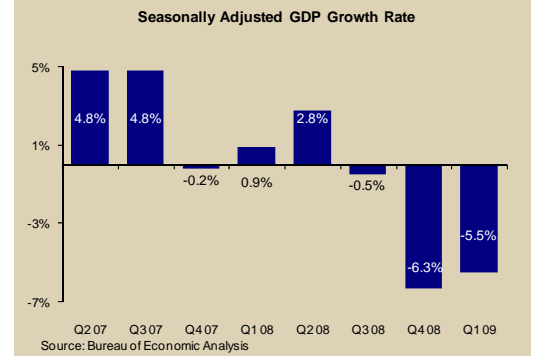
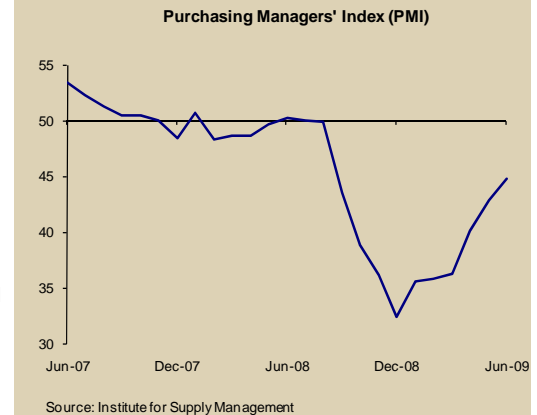
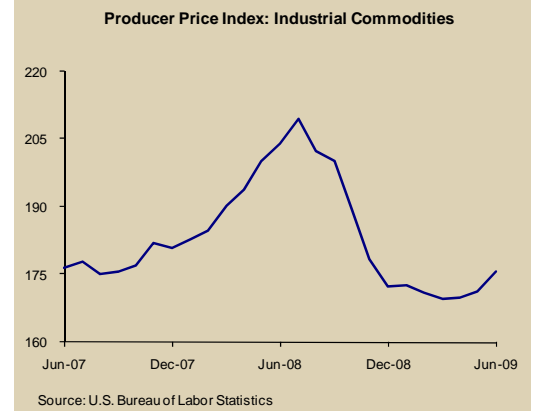
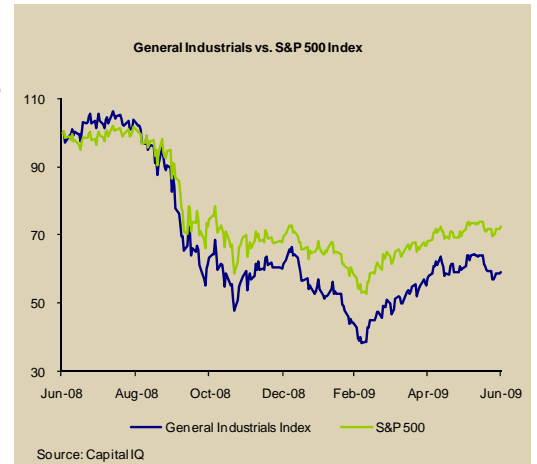
M&A buyers mimicked consumers' cautious behavior. Poor economic prospects for the immediate future continued to depress M&A transaction activity. Valuation multiples, total value of transactions and total number of transactions all remained low through the second quarter of 2009. Notable characteristics of the current M&A market include:

- Private equity buyers played a timid role, comprising only 5.0% of announced deal value in the last twelve months ending June 2009, compared to 14.3% for the same period last year.
- As a result of the economic downturn, the number of distressed transactions has more than doubled globally from the second quarter of 2008; however, the size of these transactions is decreasing as compared to the same period last year. The total value of these transactions was \$1.8 billion, compared to an average of \$2.4 billion per quarter during 2007 and 2008.

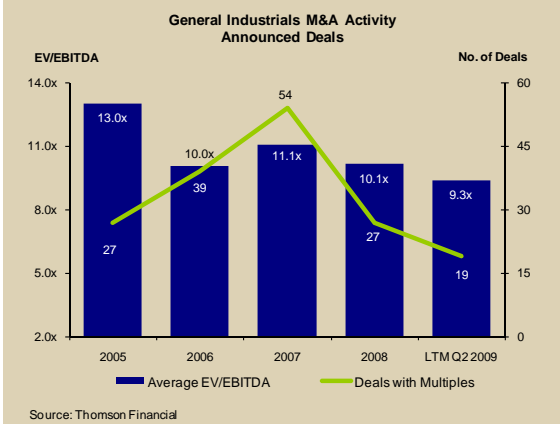
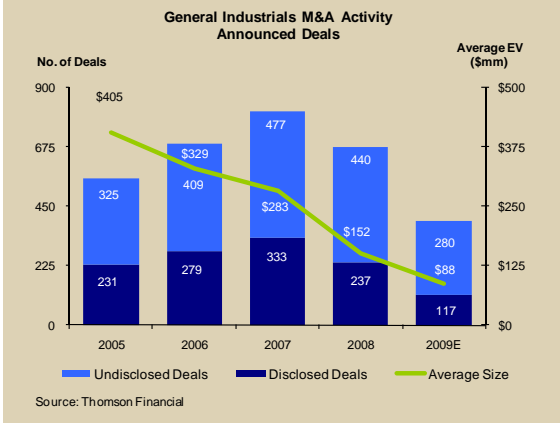
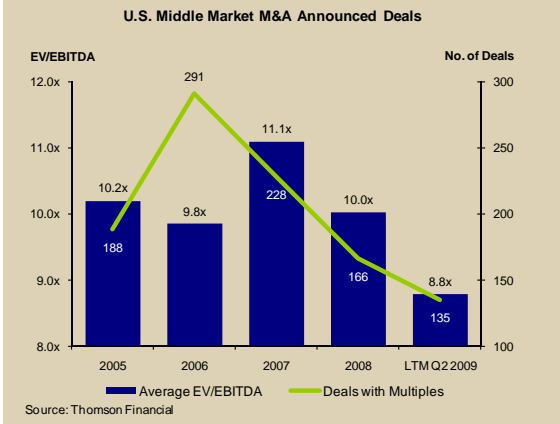
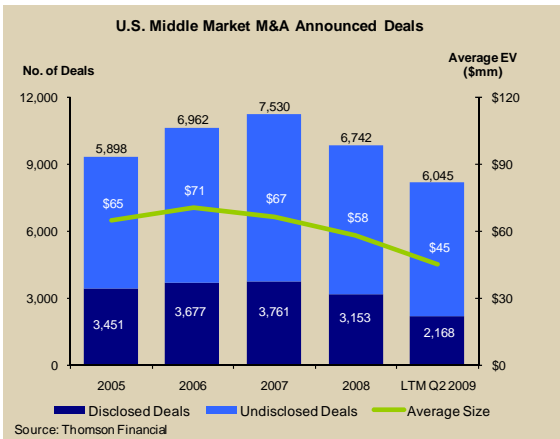
Unlike the overall M&A market, carve-out divestitures volumes have increased in 2009 and account for over 30 percent of M&A activity this year to date.

Uncertainty regarding credit conditions, inflation, U.S. monetary and fiscal policies, and federal stimulus funding continues to loom over the economy and transaction decisions. Factors including the low level of private equity participation, low valuations, and distressed M&A activity will likely continue to shape the M&A market for the remainder of 2009. But, if the economy shows signs of improvement, transaction activity could also improve.

Sources: Thomson Reuters, Federal Reserve.



Highlighted Transactions



Select Deals Announced

- June 24, 2009 – **Maxim Crane Works Holdings Inc.** acquired **Barnhart Crane and Rigging Company**, a Tennessee-based provider of lifting and transportation services. The acquirer is a portfolio company of Platinum Equity LLC.
- June 4, 2009 – **General Dynamics Corporation** acquired **Axsys Technologies Inc.**, a Connecticut-based manufacturer of precision optical and sub-systems for defense end-markets. The enterprise value of the transaction was \$613.4 million, and represents a multiple of 2.5x revenue and 12.5x EBITDA.
- June 2, 2009 – **Cameron International Corporation** acquired **NATCO Group Inc.**, a Houston-based manufacturer of oil field equipment and machinery. The enterprise value of the transaction was \$749.2 million, and represents a multiple of 1.1x revenue and 11.7x EBITDA.
- May 28, 2009 – **Intelligrated Inc.** acquired **FKI Logistex Holdings Inc.**, a Missouri-based manufacturer of material handling systems, for \$40 million.
- May 18, 2009 – **Waukesha Tool & Stamping LLC** acquired **Parkview Metal Products LLC**, an Illinois-based manufacturer of metal stampings. The acquisition added fabrication and robotic welding to Waukesha's capabilities, and the company announced plans to hire 35 new employees.
- May 14, 2009 – **Emerson Electric Company** acquired a wet chemistry analyzers product line from **SI Industrial Instruments Inc.**
- May 11, 2009 – **Wynnchurch Capital Limited** acquired **Sencorp**, a Kentucky-based manufacturer of fasteners. The transaction involved a special purpose vehicle to acquire Sencorp, which filed for Chapter 11 reorganization in May and had estimated revenues of \$131.0 million.
- April 30, 2009 – **Microsemi Corporation** acquired **Endwave Corporation**, a California-based manufacturer of defense and security radio frequency systems, for \$28.0 million.
- April 24, 2009 – **Safran SA**, a French aerospace company, acquired **GE Homeland Protection Inc.**, a California-based manufacturer of detection systems for illicit substances in baggage, for \$716.0 million.
- April 16, 2009 – **SCHOTT AG** acquired **ELECPAC**, an Illinois-based division of **Wilbrect Ledco Inc.**, a Minnesota-based manufacturer of electro-mechanical components for the medical, aerospace and telecommunications industries. The acquisition will provide Schott with a U.S. manufacturing footprint for electronic packaging.
- April 15, 2009 – **Tag Industries, Inc.** acquired **AirtimeDSL**, a Nevada-based manufacturer of commercial lighting equipment, for \$27.0 million in a reverse merger transaction.
- April 9, 2009 – **Brooks Instruments LLC** acquired **Key Instruments Inc.**, a Texas-based manufacturer of flow meters. Brooks is a unit of an American Industrial Partners.

Market Snapshot

U.S. in millions

	Reported Date	Market Cap	Enterprise Value (EV)	Enterprise Value to:		EBITDA Margin	Reported P/E	Stock Performance	
				Sales	EBITDA			Quarter	LTM
Diversified Industrials									
Ashland Inc.	03/31/09	\$2,080	\$4,139	0.5x	8.4x	5.9%	N.M.	171.5%	(41.8%)
Carlisle Companies Inc.	03/31/09	\$1,472	\$1,787	0.6x	6.0x	10.5%	11.1x	22.5%	(17.1%)
Danaher Corp.	04/03/09	\$19,677	\$21,619	1.8x	9.8x	18.0%	15.4x	13.9%	(20.1%)
Donaldson Company Inc.	04/30/09	\$2,673	\$2,875	1.4x	11.0x	12.7%	17.2x	29.1%	(22.4%)
Dover Corp.	03/31/09	\$6,155	\$7,400	1.0x	6.0x	17.4%	10.2x	25.4%	(31.6%)
General Electric Co.	03/31/09	\$124,110	\$581,258	3.3x	18.4x	17.7%	7.3x	15.9%	(56.1%)
Honeywell International Inc.	03/31/09	\$23,357	\$29,763	0.8x	7.2x	11.8%	9.1x	12.7%	(37.5%)
ITT Corporation	03/31/09	\$8,099	\$9,165	0.8x	6.1x	13.2%	10.2x	15.7%	(29.7%)
Siemens AG	03/31/09	\$59,794	\$75,369	0.7x	7.5x	9.5%	20.0x	20.1%	(37.5%)
Textron Inc.	04/04/09	\$2,564	\$12,341	0.9x	7.4x	12.4%	14.6x	68.3%	(79.8%)
Tomkins plc	01/03/09	\$2,147	\$2,667	0.5x	4.4x	11.0%	N.M.	39.9%	(18.9%)
Tyco International Ltd.	03/27/09	\$12,298	\$15,121	0.8x	5.1x	15.7%	N.M.	32.8%	(35.1%)
United Technologies Corp.	03/31/09	\$48,948	\$56,503	1.0x	6.5x	15.3%	10.9x	20.9%	(15.8%)
Average Diversified Industrials				1.1x	8.0x	13.2%	12.6x	37.6%	(34.1%)

Industrial Machinery

AGCO Corp.	03/31/09	\$2,687	\$3,306	0.4x	4.9x	8.2%	7.1x	48.3%	(44.5%)
Caterpillar Inc.	03/31/09	\$19,882	\$52,655	1.1x	9.5x	11.4%	7.9x	18.2%	(55.2%)
CNH Global NV	06/30/08	\$3,333	\$12,851	0.7x	5.6x	13.1%	4.0x	35.3%	(58.7%)
Deere & Co.	04/30/09	\$16,889	\$40,127	1.5x	14.2x	10.5%	10.6x	21.5%	(44.6%)
Flowserv Corp.	03/31/09	\$3,911	\$4,279	0.9x	5.9x	16.0%	8.8x	24.4%	(48.9%)
Illinois Tool Works Inc.	03/31/09	\$18,645	\$21,394	1.4x	8.8x	16.3%	16.1x	21.0%	(21.4%)
Ingersoll-Rand Co. Ltd.	03/31/09	\$6,669	\$11,327	0.8x	7.5x	10.9%	N.M.	51.4%	(44.2%)
Joy Global, Inc.	05/01/09	\$3,652	\$4,101	1.1x	5.8x	19.7%	8.5x	67.7%	(52.9%)
Kennametal Inc.	03/31/09	\$1,404	\$1,808	0.7x	6.5x	11.4%	N.M.	18.3%	(41.1%)
Lennox International Inc.	03/31/09	\$1,779	\$2,050	0.6x	7.8x	8.0%	17.8x	21.4%	10.9%
Lincoln Electric Holdings Inc.	03/31/09	\$1,532	\$1,341	0.6x	4.4x	13.5%	9.9x	13.7%	(54.2%)
Pall Corp.	04/30/09	\$3,132	\$3,531	1.5x	7.1x	20.9%	16.1x	30.0%	(33.1%)
Parker Hannifin Corporation	03/31/09	\$6,896	\$9,326	0.8x	6.1x	13.4%	9.9x	26.4%	(39.8%)
Pentair, Inc.	03/28/09	\$2,518	\$3,483	1.1x	8.3x	13.4%	11.3x	18.2%	(26.8%)
Robbins & Myers Inc.	05/31/09	\$632	\$574	0.8x	4.9x	16.3%	8.9x	26.9%	(61.4%)
Smith International Inc.	03/31/09	\$5,647	\$8,187	0.8x	4.5x	17.0%	7.9x	19.9%	(69.0%)
Tecumseh Products Company	03/31/09	\$179	\$129	0.2x	N.M.	(3.1%)	N.M.	114.8%	(70.4%)
Terex Corp.	03/31/09	\$1,272	\$2,411	0.3x	3.5x	7.7%	N.M.	30.5%	(76.5%)
Trinity Industries Inc.	03/31/09	\$1,070	\$2,630	0.7x	4.0x	17.3%	4.1x	49.0%	(60.7%)
Watsco Inc.	03/31/09	\$1,404	\$1,379	0.9x	15.1x	5.7%	25.2x	43.8%	17.1%
Average Industrial Machinery				0.8x	7.1x	12.4%	10.9x	35.0%	(43.8%)

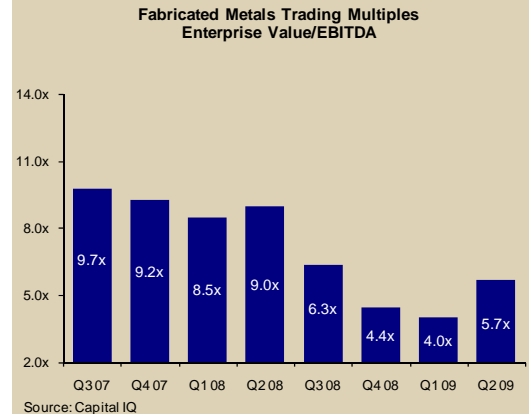
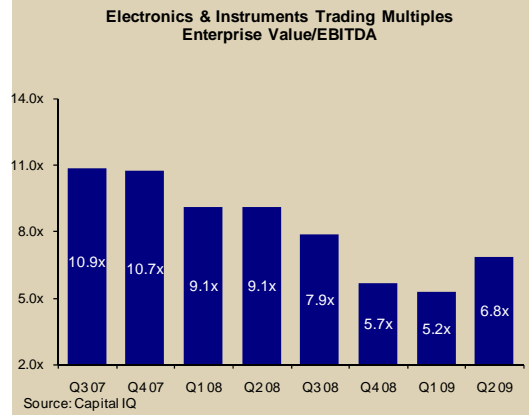
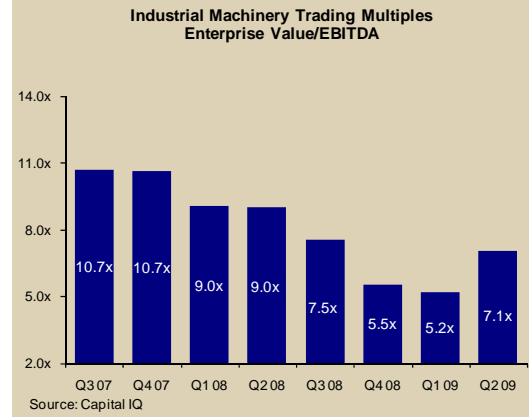
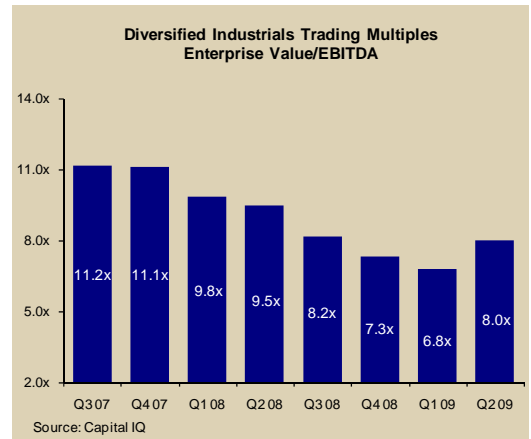
Electronics & Instruments

Agilent Technologies Inc.	04/30/09	\$6,974	\$7,716	1.5x	10.1x	14.7%	19.8x	32.1%	(42.9%)
Ametek Inc.	03/31/09	\$3,715	\$4,668	1.9x	8.8x	21.4%	15.3x	10.6%	(26.8%)
AO Smith Corp.	03/31/09	\$979	\$1,286	0.6x	7.0x	8.2%	14.3x	29.3%	(0.8%)
Cooper Industries Ltd.	03/31/09	\$5,169	\$6,069	1.0x	6.3x	15.5%	9.8x	20.1%	(21.4%)
Emerson Electric Co.	03/31/09	\$24,347	\$28,258	1.2x	6.3x	18.9%	11.5x	13.4%	(34.5%)
Hubbell Inc.	03/31/09	\$1,808	\$2,113	0.8x	5.5x	14.4%	8.6x	18.9%	(19.6%)
Integral Systems Inc.	03/27/09	\$144	\$154	0.9x	6.4x	14.2%	10.4x	(3.3%)	(57.0%)
Johnson Controls Inc.	03/31/09	\$12,907	\$17,387	0.5x	10.4x	5.1%	N.M.	81.0%	(24.3%)
Molex Inc.	03/31/09	\$2,694	\$2,475	0.9x	5.8x	14.8%	N.M.	13.2%	(36.3%)
Regal-Beloit Corp.	03/28/09	\$1,400	\$1,905	0.9x	7.2x	12.2%	11.3x	29.6%	(6.0%)
Rockwell Automation Inc.	03/31/09	\$4,556	\$5,016	1.0x	5.9x	16.2%	10.6x	47.1%	(26.5%)
Roper Industries Inc.	03/31/09	\$4,103	\$5,159	2.3x	9.1x	24.9%	14.8x	6.7%	(31.2%)
Schneider Electric S.A.	12/31/08	\$19,745	\$25,998	1.0x	5.7x	17.7%	7.8x	14.3%	(29.5%)
SPX Corporation	03/28/09	\$2,400	\$3,451	0.6x	5.0x	12.2%	11.1x	4.2%	(62.8%)
Teledyne Technologies Inc.	03/29/09	\$1,180	\$1,520	0.8x	6.8x	11.9%	11.2x	22.8%	(32.9%)
Thomas & Betts Corp.	03/31/09	\$1,524	\$1,909	0.8x	4.9x	16.5%	6.1x	15.3%	(23.8%)
Tyco Electronics, Ltd.	03/27/09	\$8,514	\$10,707	0.8x	5.8x	14.4%	N.M.	68.4%	(48.1%)
WESCO International Inc.	03/31/09	\$1,058	\$1,978	0.3x	5.9x	5.7%	5.5x	38.2%	(37.5%)
Average Electronics & Instruments				1.0x	6.8x	14.4%	11.2x	25.7%	(31.2%)

Fabricated Metals

Allegheny Technologies Inc.	03/31/09	\$3,424	\$3,421	0.7x	4.5x	15.8%	8.0x	59.3%	(41.1%)
Carpenter Technology Corp.	03/31/09	\$917	\$914	0.5x	4.4x	12.4%	8.7x	47.4%	(52.3%)
Crane Co.	03/31/09	\$1,304	\$1,499	0.6x	5.8x	10.4%	12.0x	32.2%	(42.1%)
General Cable Corp.	04/03/09	\$1,952	\$3,006	0.5x	6.0x	8.7%	9.5x	89.6%	(38.2%)
Kaydon Corporation	04/04/09	\$1,082	\$861	1.7x	7.4x	22.8%	16.3x	19.1%	(36.7%)
MSC Industrial Direct Co. Inc.	02/28/09	\$2,211	\$2,289	1.4x	8.5x	16.9%	12.7x	14.2%	(19.6%)
NCI Building Systems Inc.	05/03/09	\$53	\$432	0.3x	4.9x	6.0%	N.M.	18.9%	(92.8%)
Precision Castparts Corp.	03/29/09	\$10,229	\$9,980	1.5x	5.7x	25.5%	9.8x	21.9%	(24.2%)
Snap-on Inc.	04/04/09	\$1,656	\$2,072	0.7x	4.7x	15.7%	7.7x	14.5%	(44.7%)
Steel Dynamics Inc.	03/31/09	\$3,111	\$5,609	0.8x	7.1x	11.2%	11.9x	68.0%	(62.1%)
Timken Co.	03/31/09	\$1,653	\$2,172	0.4x	3.4x	12.2%	8.9x	22.3%	(48.1%)
Walter Energy, Inc.	03/31/09	\$1,916	\$3,376	2.2x	5.4x	41.2%	4.5x	58.5%	(66.7%)
Average Fabricated Metals				1.0x	5.7x	16.6%	10.0x	38.8%	(47.4%)

Source: Capital IQ



Related Content

In addition to information regarding the general industrials industry being provided by DCF, you may be interested in additional events and informational sources available through DCF and the subsidiaries of Deloitte LLP.

Dbriefs Webcasts

Stay on top of the latest issues and strategies. Deloitte LLP and its subsidiaries offer Dbriefs, live webcasts that provide you with insights on important developments affecting your business. Webcasts are complimentary, 1-hour live sessions; you can participate from the convenience of your office.

Manufacturing

[The American Recovery and Reinvestment Act: Fueling New Growth Strategies for Manufacturers](#)

Archived Webcast; Host: Tim Hanley, vice chairman, U.S. Process & Industrial Products leader, Deloitte & Touche LLP

The American Recovery and Reinvestment Act (ARRA) could help manufacturers build the foundation for economic growth through infrastructure, alternative energy, energy efficiency, green jobs and other opportunities. In what ways might manufacturing executives strategically plan to capitalize on the ARRA?

Explore how new markets and products may fuel growth and learn about strategies for potentially leveraging the ARRA to create new opportunities.

[Click here](#) to view the archived webcast.

[Watch Your Step: Optimizing Your Enterprise Footprint](#)

September 08, 1:00 PM EDT (17:00 GMT); Host: Tim Hanley, Partner - Deloitte & Touche LLP

In the current economy, manufacturing companies are reconsidering how and where their assets are deployed. How can enterprise footprint optimization help your organization reduce costs, improve operating efficiency and flexibility, and become more responsive to immediate opportunities, crises, and unpredictable market conditions?

Listen in on September 8th to understand the benefits of optimizing your enterprise footprint and how to take the first steps in that direction. .

[Click here](#) to register for the webcast (or visit www.deloitte.com/us/dbriefs to view the archived webcast after September 8, 2009).

Article

[Are We There Yet?](#)

Downturn strategies for manufacturers

In a recent online seminar conducted by Deloitte, more than 800 participants from the world of manufacturing were asked when they anticipated the economy to rebound. Most expect a rebound sometime in 2010. That's an eternity for companies that have already lived the recession for 12 months or more and taken a hit.

Our recent study, "Are We There Yet?" provides fundamental strategies to consider for navigating continued market volatility – and positioning the business for new market realities.

[Click here](#) to read the full article.

Report

[Economic & Market Review: Second Quarter 2009](#)

The Economic & Market Review is produced by the Investment Consulting Services group of Deloitte. This newsletter is presented to provide perspective and context within which to evaluate your portfolio performance, as well as a forward look at the questions, events, and circumstances that may impact performance in the quarter ahead.

[Click here](#) to watch Deloitte Chief Economist [Carl Steidtmann](#)'s presentation of the quarterly update by [viewing the media file](#) or read the full report in PDF format .

Point of View

[Proactive Private Companies](#)

Taking charge in today's economy

The economic downturn has challenged private companies' prospects for growth, as well as the way they manage their businesses and balance sheets. Despite the obvious threats, though, this environment presents opportunities for healthy, proactive companies that can steady the ship and look ahead.

Explore opportunities for healthy private companies to position for growth through and beyond the recession, plus read executives' views on how their companies are responding to the current environment.

[Click here](#) to read the full POV article.

Deloitte Corporate Finance LLC

DCF provides deal execution and lead financial advisory services to large corporate, middle market, private equity and venture capital firms. DCF, Deloitte Financial Advisory Services LLP and their affiliates maintain a presence in key U.S. financial centers.

For additional information or to find out more about how DCF can assist the deal initiation and execution process, please contact one of our DCF Managing Directors:

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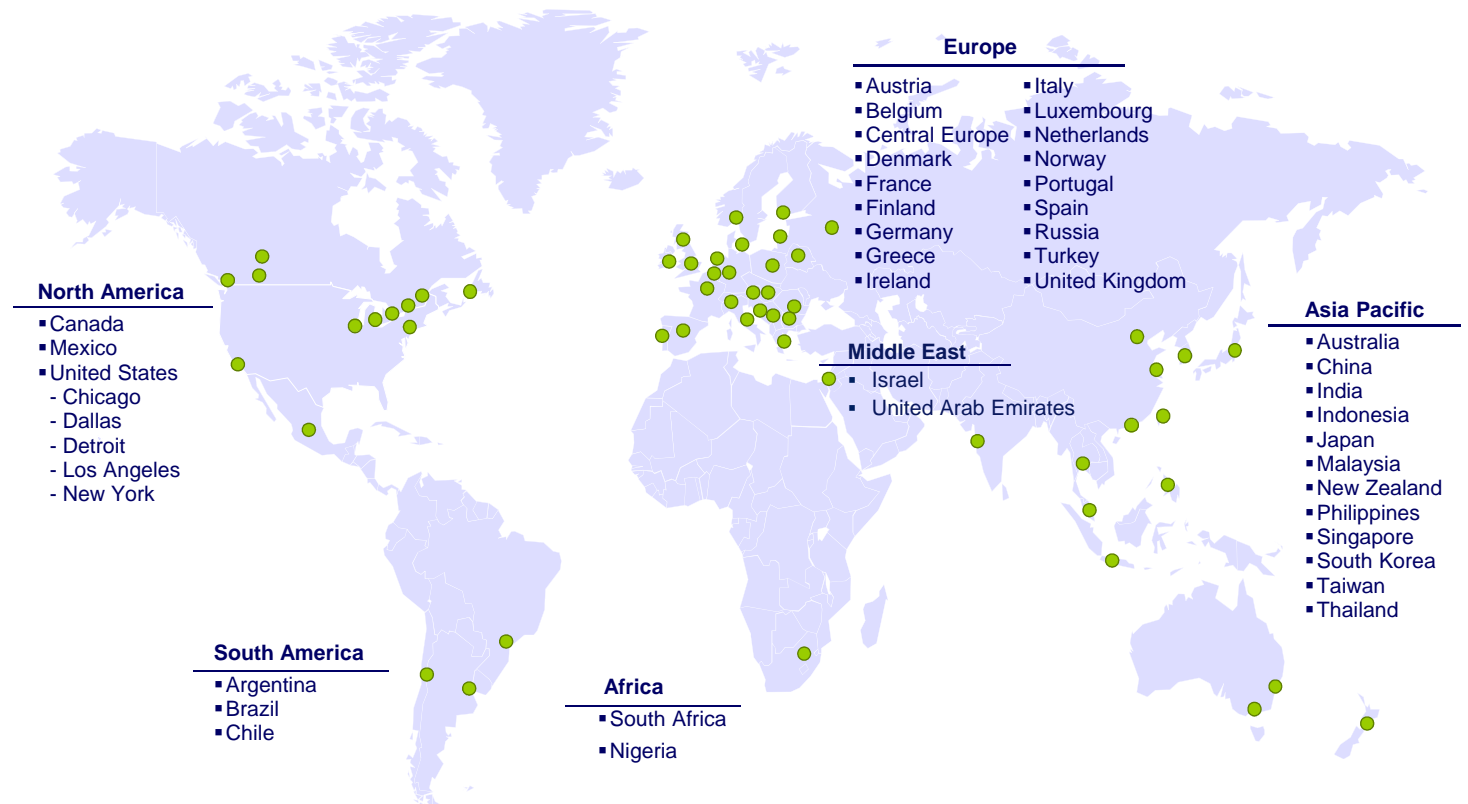
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