

Capital Markets and M&A Outlook

Host: LeAnne Foster, Senior Associate for
Kolb+Co. M&A Advisers

Kolb+Co.



John Kielich
Managing Director
**Kolb+Co. M&A
Advisers**

AB
ALLIANCEBERNSTEIN



Greg Young
Senior Vice President
Senior Portfolio Manager



Jay Leonard
Vice President
Financial Advisor



Bill Evans
Vice President
Financial Advisor

Your Presenters



Greg Young
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AllianceBernstein

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- Responsible for strategic oversight and management of portfolios for high-net-worth private clients in the region
- Member of Bernstein Global Wealth Management's Private Client Investment Policy Group, which considers asset allocation, portfolio strategy and portfolio implementation issues, including tax management strategies
- Has expertise on real estate investment trusts

Your Presenters



Jay Leonard
Financial Advisor
Alliance Bernstein

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- Works with clients and professional advisors to develop wealth management strategies for families, private foundations, not-for-profit organizations and companies
- Specializes in:
 - Asset allocation advice
 - Planning for selling a business
 - Multigenerational wealth management
 - Philanthropic planning
 - Investment solutions for corporate executives
 - Single stock and stock options planning

Your Presenters



Bill Evans
Financial Advisor
Alliance Bernstein

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Bill.Evans@bernstein.com



- Provides asset allocation and wealth planning advice to individuals, families, endowments and foundations, with a special focus on closely held businesses
- Specializes in:
 - Asset-allocation advice
 - Retirement planning
 - Multigenerational wealth planning
 - Investment solutions for corporate executives
 - Philanthropic planning
 - Planning for selling a business
 - Single stock and stock options planning
 - Foundations and endowments

Your Presenters



John Kielich
Managing Director,
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- Provides buy-side and sell-side services to privately held middle market companies and their owners
- More than 30 years developing and implementing corporate growth and succession initiatives
- Specializes in M&A, strategic planning, operational review and post-merger integration
- Has completed more than 75 transactions

Capital Markets Outlook

Navigating Turbulent Markets

Greg Young, CFA – Senior Vice President, Senior Portfolio Manager



Global Research Commitment



■ Investment Management and/or Research Office**

Number of Analysts

Fundamental	143
Global Value	48
Global Growth	41
Global Fixed Income	42
Global Multi-Asset	12
Quantitative	65
Global Value	10
Global Growth	5
Global Fixed Income	8
Global Multi-Asset	42
Economic	6
Wealth Strategies***	43
Total Research	257

As of September 30, 2011

*AllianceBernstein and its subsidiaries

**Joint-venture relationship

***Includes senior portfolio managers, quantitative analysts and tax & estate planning professionals

■ Asset Allocation

- *Be More Agile: A Flexible Approach to Equity Investing* (whitepaper)
- *An Alternative View* (blackbook)
- *Designing a Smoother Ride* (blackbook)
- Dynamic Asset Allocation
- *Inflation Fixation: Where Will It End* (whitepaper)

■ Planning Research

- *Executive Decisions* (blackbook)
- *Selling a Business* (white paper)
- *Tapping Into Social Security* (white paper)
- *Sustainable Spending for Endowments and Public Foundations* (blackbook)
- *Cash Balance Plans: Striking the Right Balance* (blackbook)
- *Knowing the Score: Wealth Planning for Professional Athletes* (case study)
- *Preparation is the Best Medicine* (case study)

■ Investing

- Strategic Equity Portfolio
- Inflation Linked Strategies
- Alternative Investment Strategies
- *Perspectives on the Eurozone* (white paper)

2011 a Challenging Year

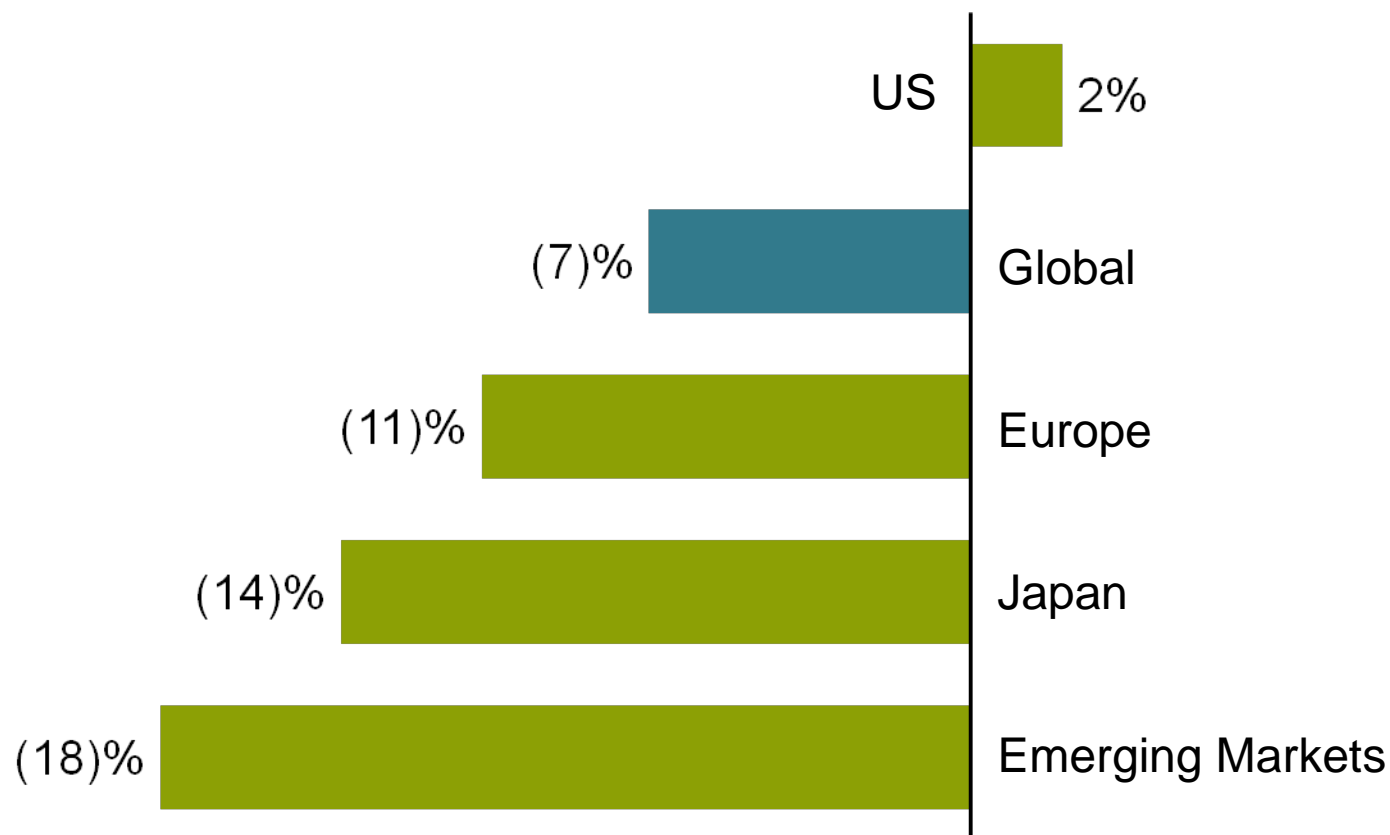


"Remember how I said I was happiest when we had nothing?"

Source: The New Yorker Magazine

Stocks Fell Sharply in All Major Markets in 2011

Regional Returns
Jan–Dec 2011 in USD*



As of December 31, 2011

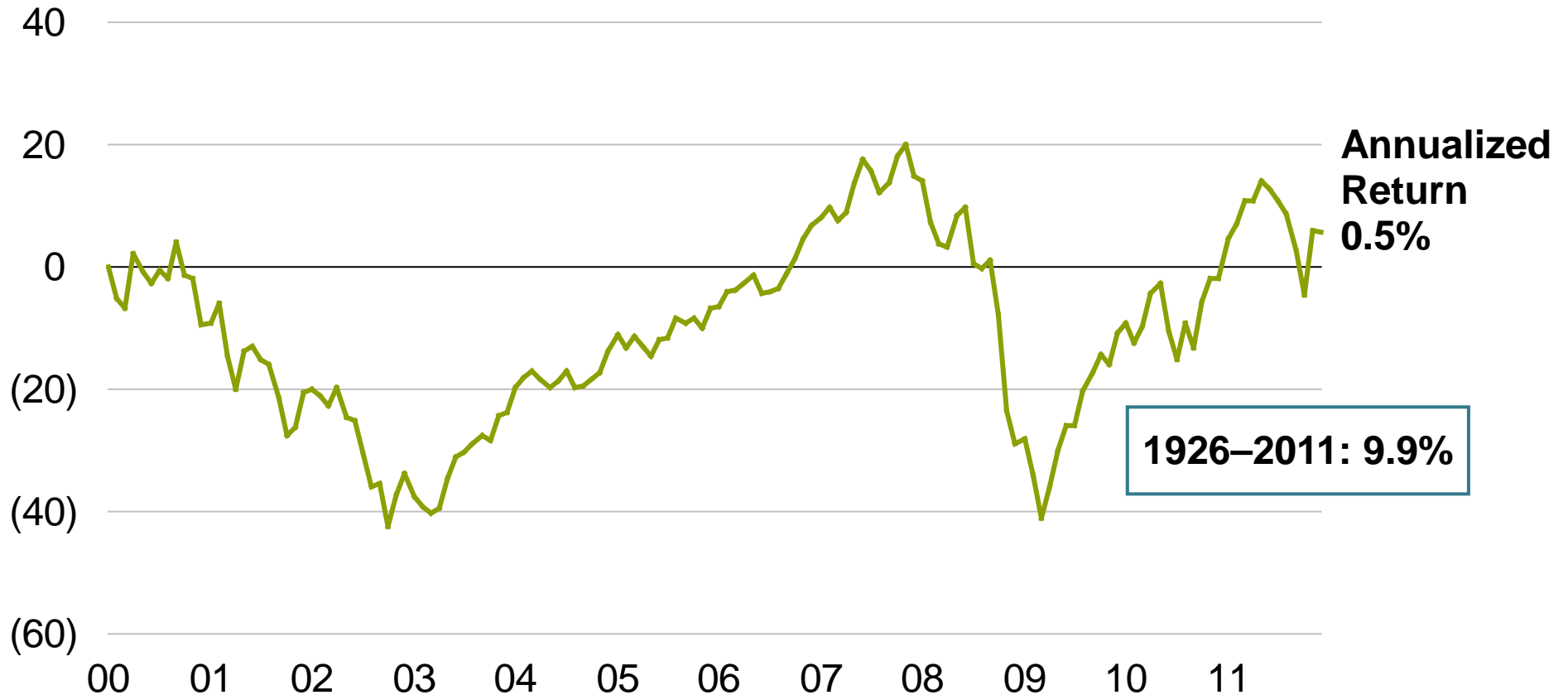
Past performance does not guarantee future results.

*Emerging Markets (EM) represented by MSCI EM; Europe by MSCI Europe; US by S&P 500; Global by MSCI ACWI; and Japan by TOPIX

Source: MSCI, Standard & Poor's and AllianceBernstein

Equities Have Severely Disappointed over the Past 12 Years

S&P 500 Total Return
Percent (Jan 2000–Dec 2011)



As of December 31, 2011

Past performance does not guarantee future results.

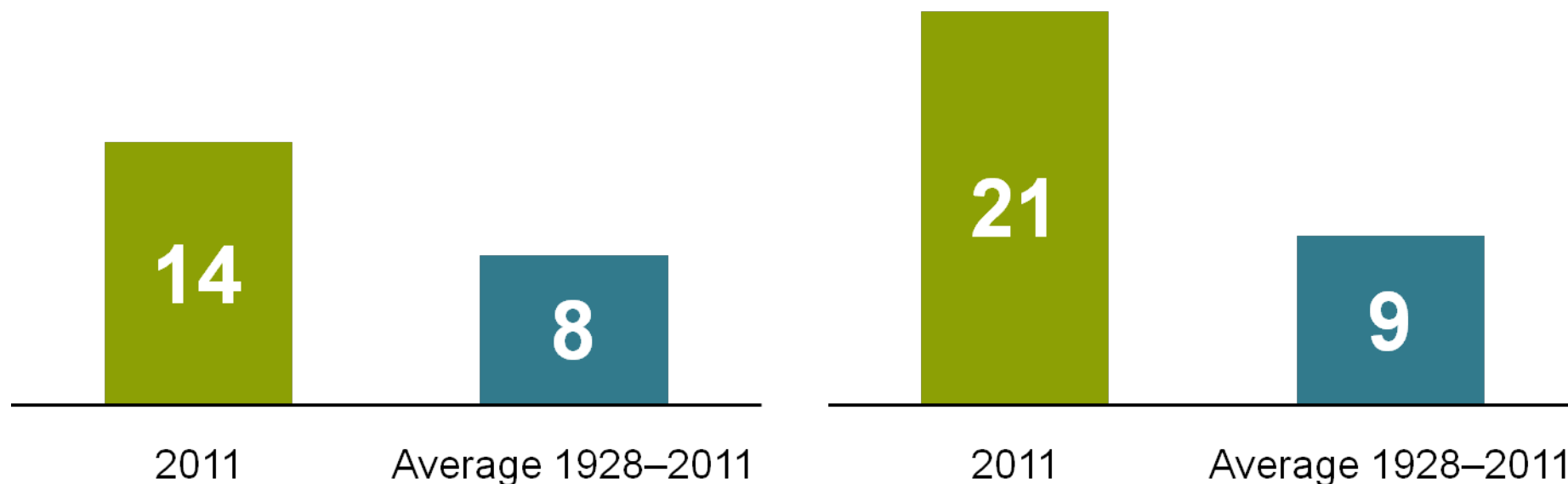
Source: Standard & Poor's and AllianceBernstein

Volatility Was the Hallmark of 2011

S&P 500 Frequency of Large Market Movements*

Up Days

Down Days



As of December 31, 2011

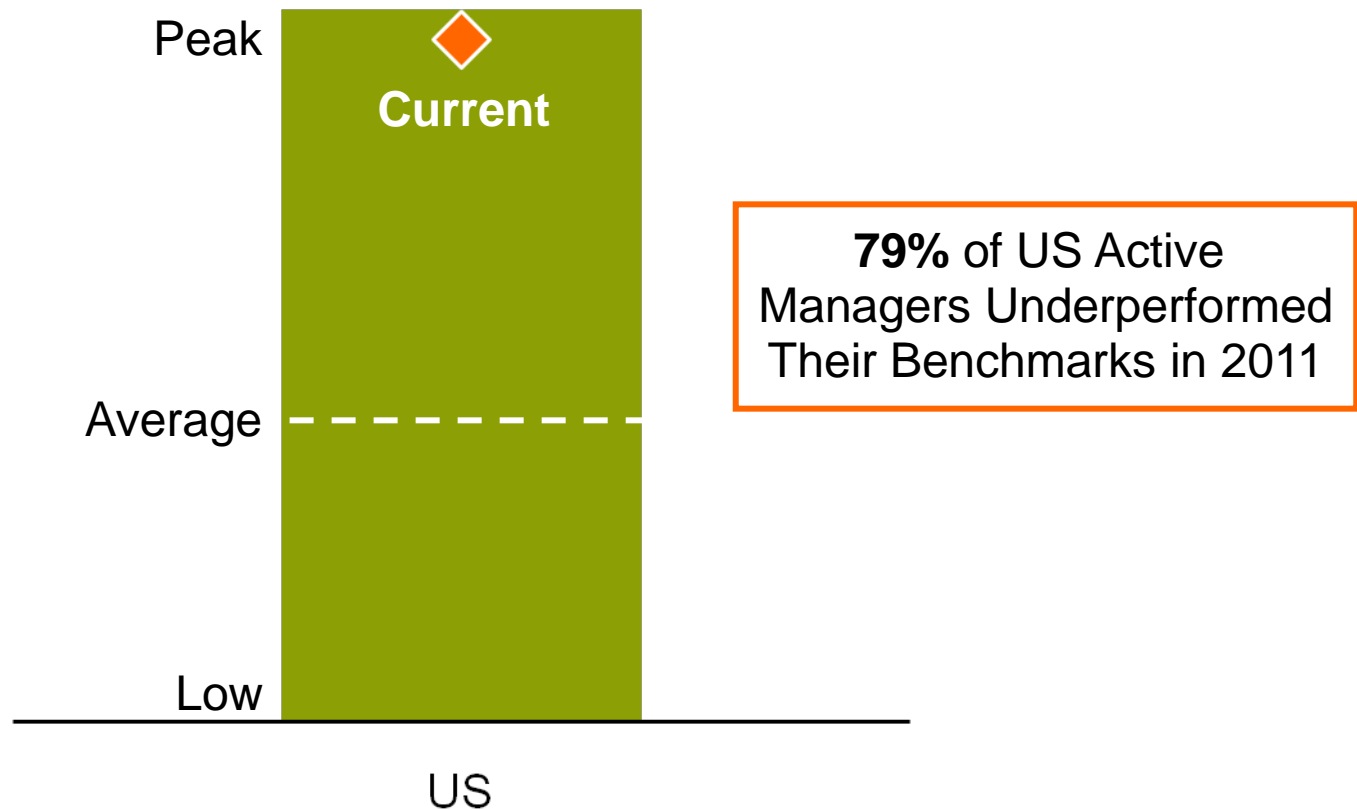
Past performance does not guarantee future results.

*Large market movements are days when the S&P 500 closes 2% above or below the previous day's closing price.

Source: Standard & Poor's and AllianceBernstein

High Stock Correlations Created Challenges for Active Managers

Equity Return Correlations 1987–Sep 2011*

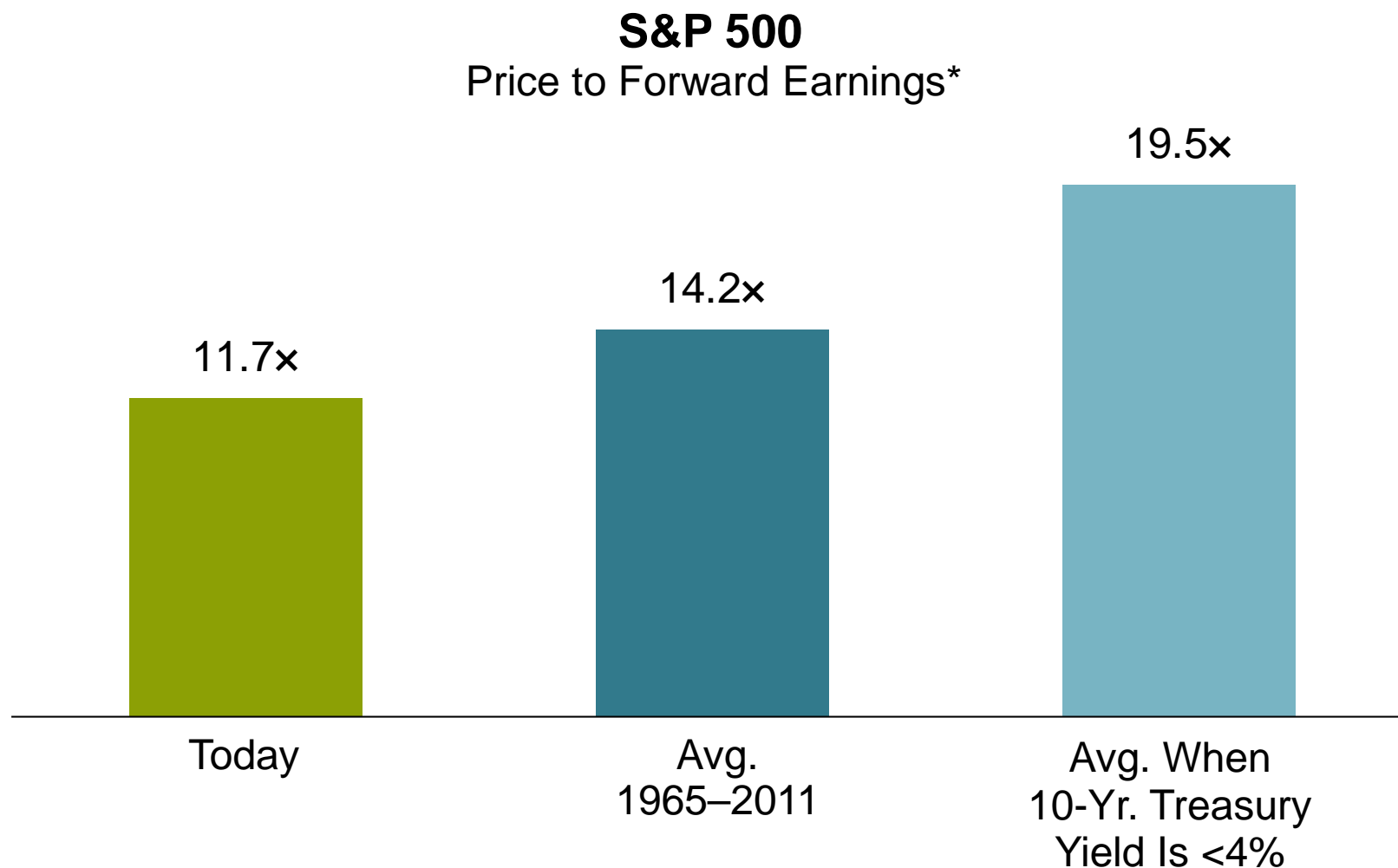


As of December 31, 2011

*Cap-weighted, based on daily US-dollar data and measured quarterly, 1987 through September 27, 2011

Source: Empirical Research Partners, Morningstar and AllianceBernstein

For Long-Term Investors, US Stocks Are Attractively Valued



As of December 31, 2011

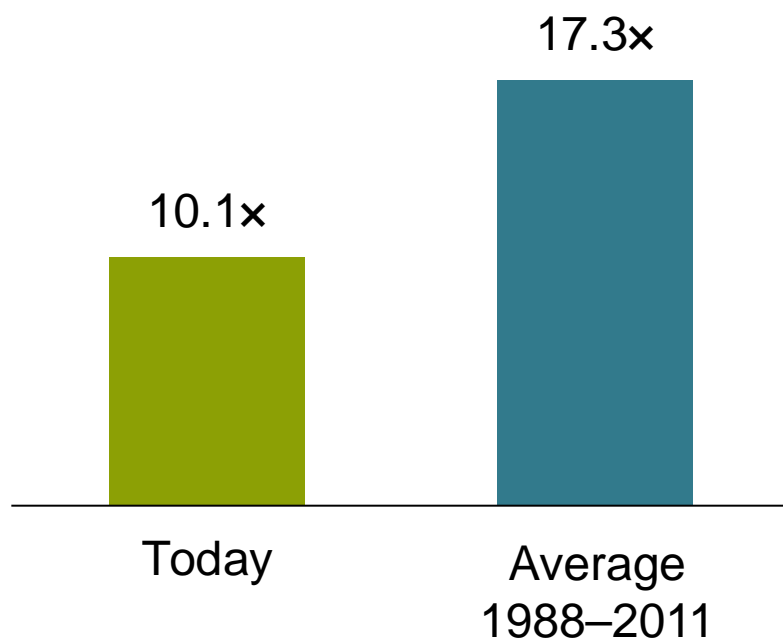
*Consensus earnings forecasts for the next twelve months

Source: Standard & Poor's, Thomson I/B/E/S and AllianceBernstein

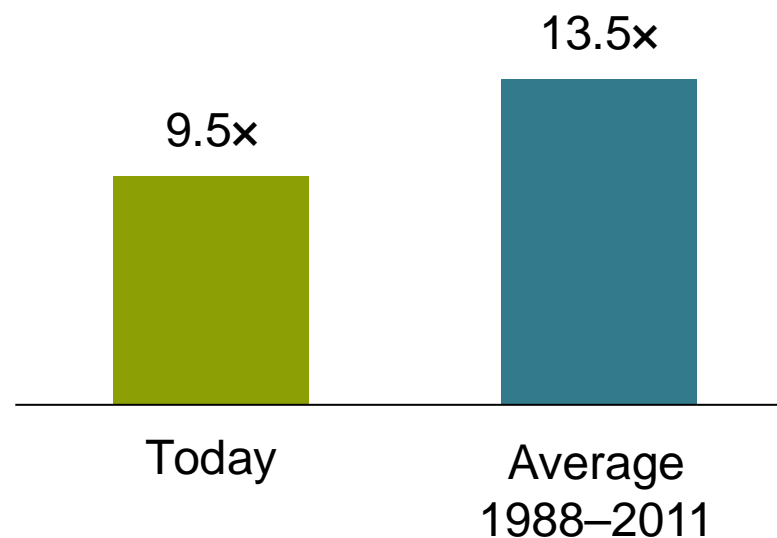
Valuations Just as Compelling in Foreign Markets

Price/Forward Earnings

Developed Markets



Emerging Markets



As of December 31, 2011

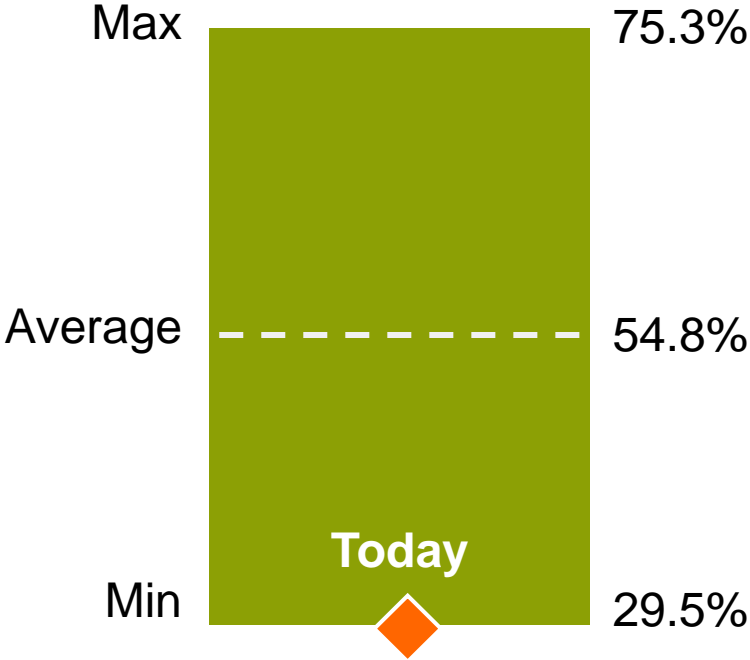
International markets represented by the MSCI EAFE Index; emerging markets represented by the MSCI Emerging Markets Index

Bottom-up consensus earnings forecasts for the next 12 months

Source: FactSet, MSCI, Thomson I/B/E/S and AllianceBernstein

Corporate Balance Sheets Are Strong...

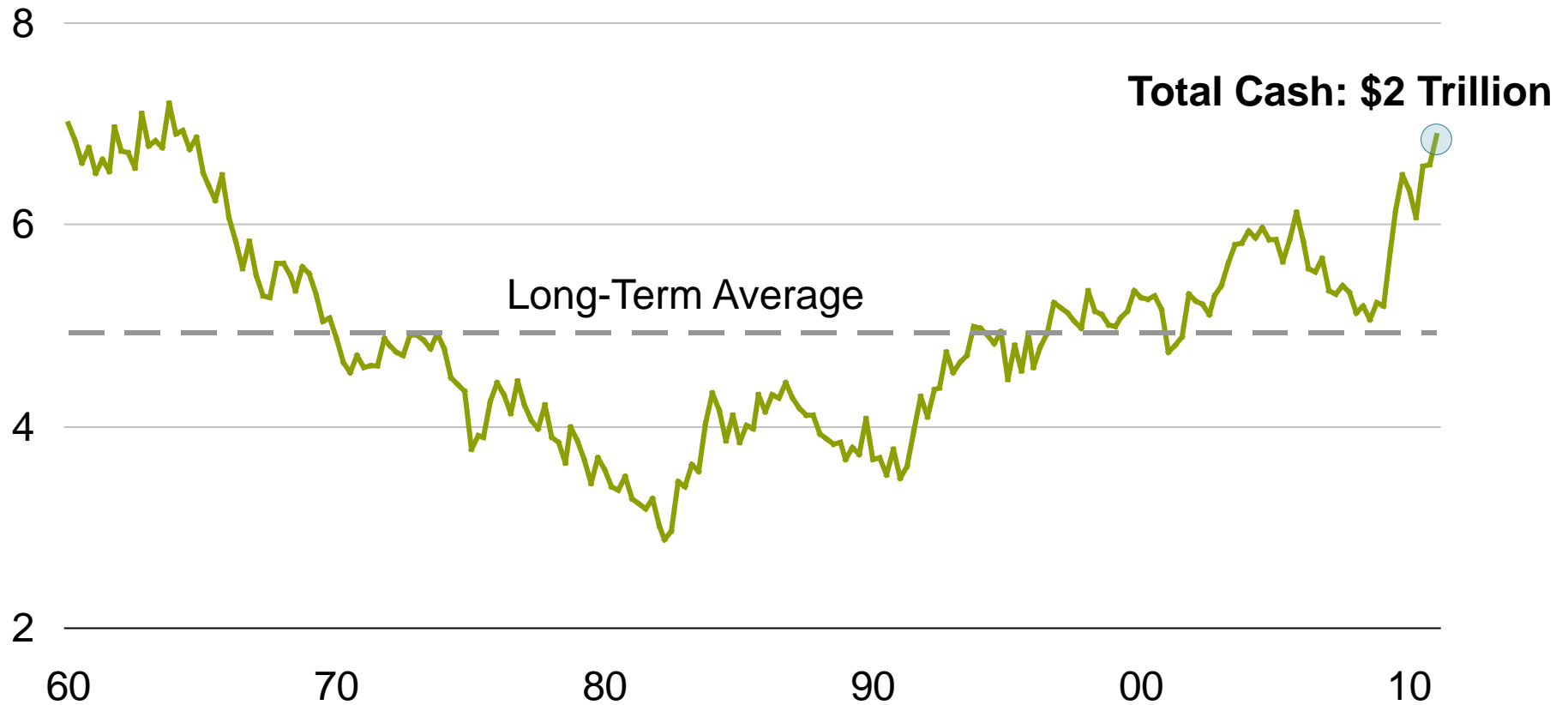
S&P 500 Net Debt to Equity*



As of December 31, 2011;
*Net debt to equity is total debt less cash and cash equivalents divided by equity; Average net debt to equity since 1986
Source: Standard & Poor's and AllianceBernstein

...And Support Ongoing Growth

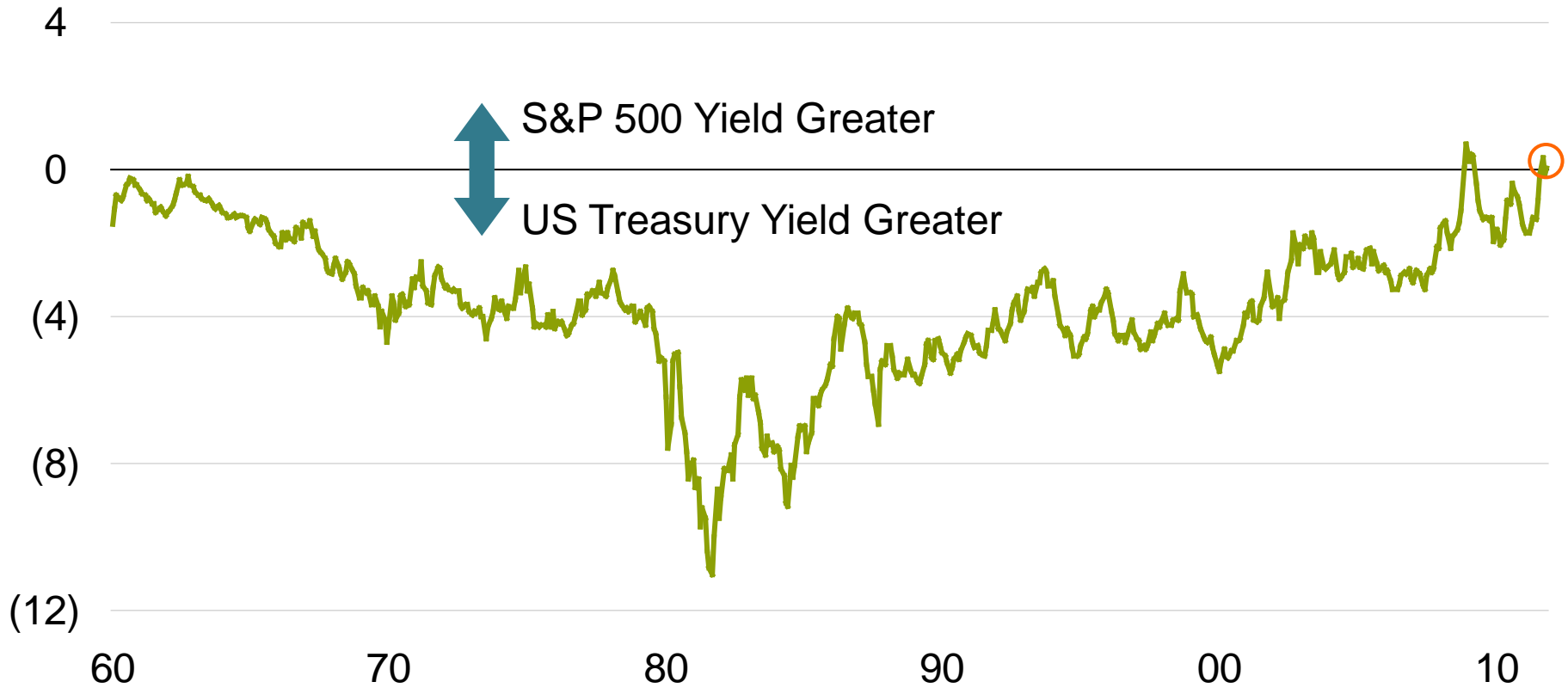
US Corporate Cash/Assets Percent



Through June 30, 2011
Source: Haver Analytics, US Federal Reserve Board and AllianceBernstein

Cash Dividends Already Exceed Bond Yields

S&P 500 Dividend Yield vs. 10-Year US Treasury Yield Percent



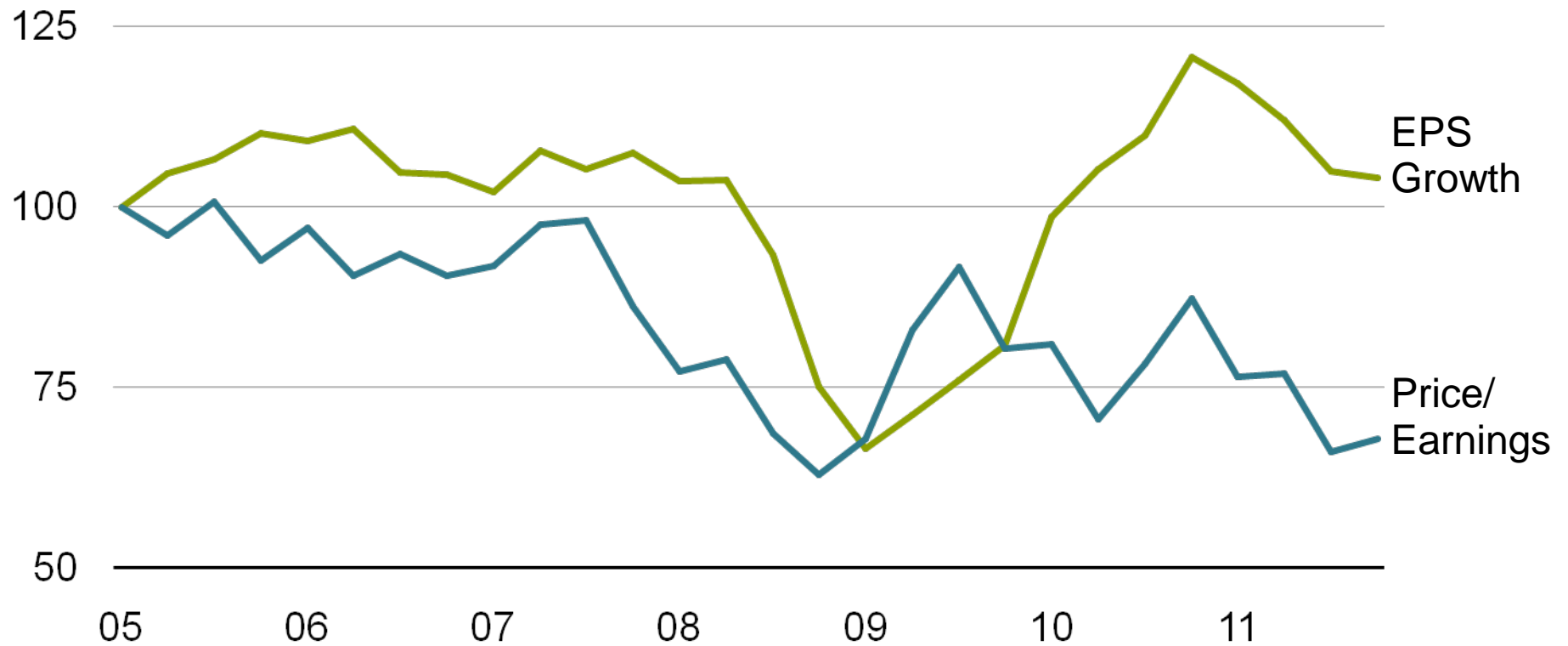
As of December 31, 2011

Past performance does not guarantee future results.

Source: Standard & Poor's, US Department of the Treasury and AllianceBernstein

Growth Stock Opportunity: Rising Earnings, Falling P/E Multiples

MSCI World Growth Index
EPS Growth and Valuation* (Index)



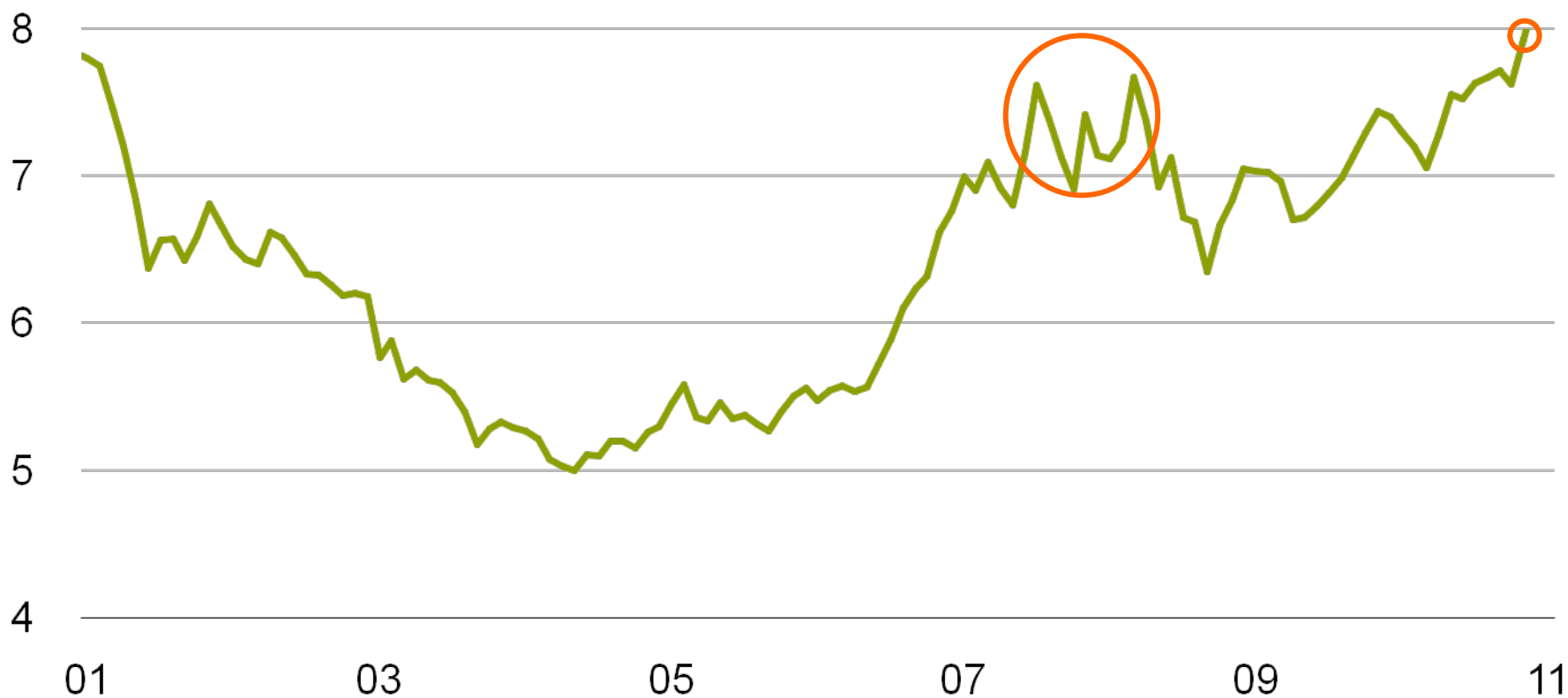
As of December 31, 2011

*Earnings growth is consensus three- to five-year forecasts; Two-year forward-price-to-earnings multiple

Source: MSCI, Thomson I/B/E/S and AllianceBernstein

Value Stock Opportunity Now Exceeds 2008–2009 Crisis

Global Equities
Highest vs. Lowest Price/Book Spreads*



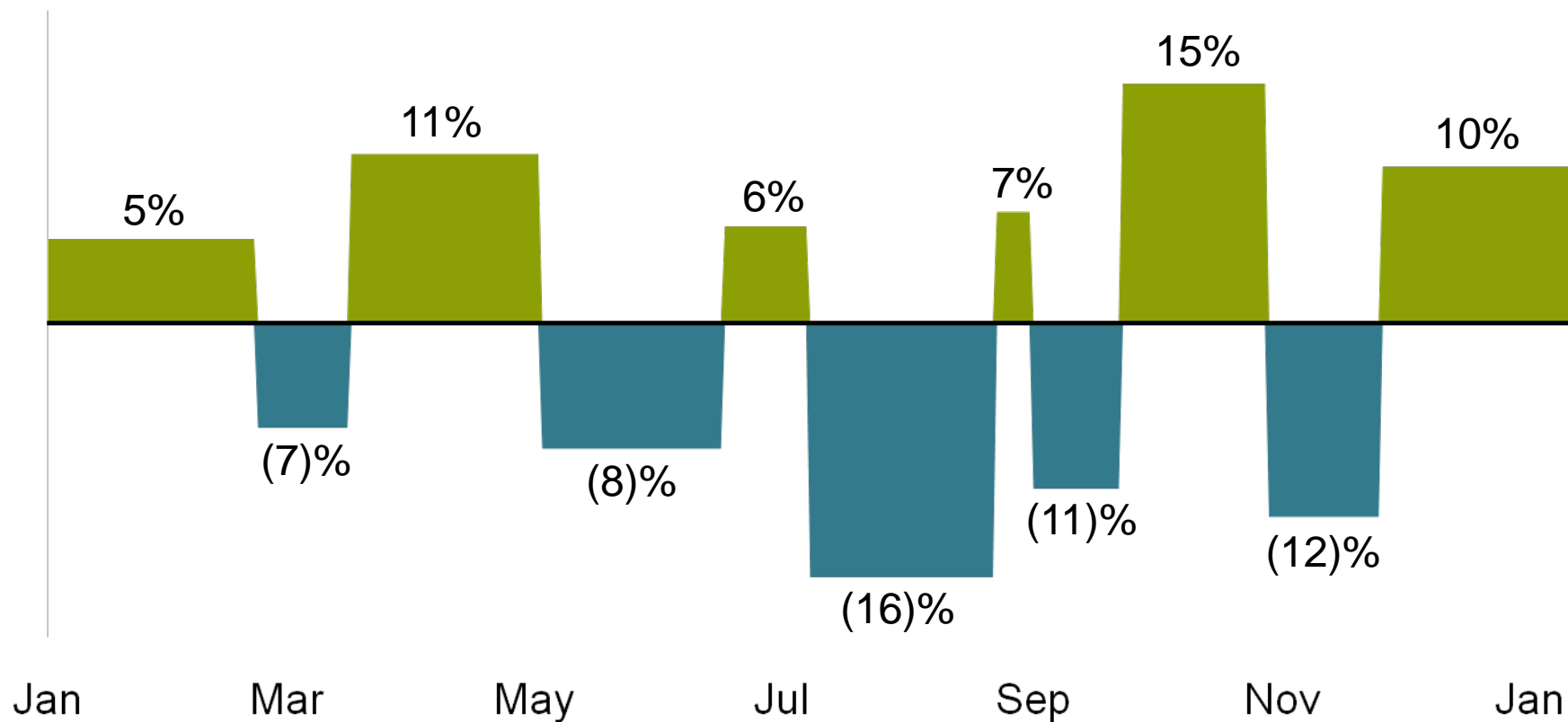
As of December 31, 2011

*Global developed large-cap stocks; spreads represent the ratio of the most expensive quintile to the least expensive quintile of stocks.

Source: MSCI, Worldscope and AllianceBernstein

When Uncertainty Diminishes, Stocks Can Recover Quickly

Global Stocks Pattern of Returns*
Jan 1, 2011–Jan 12, 2012



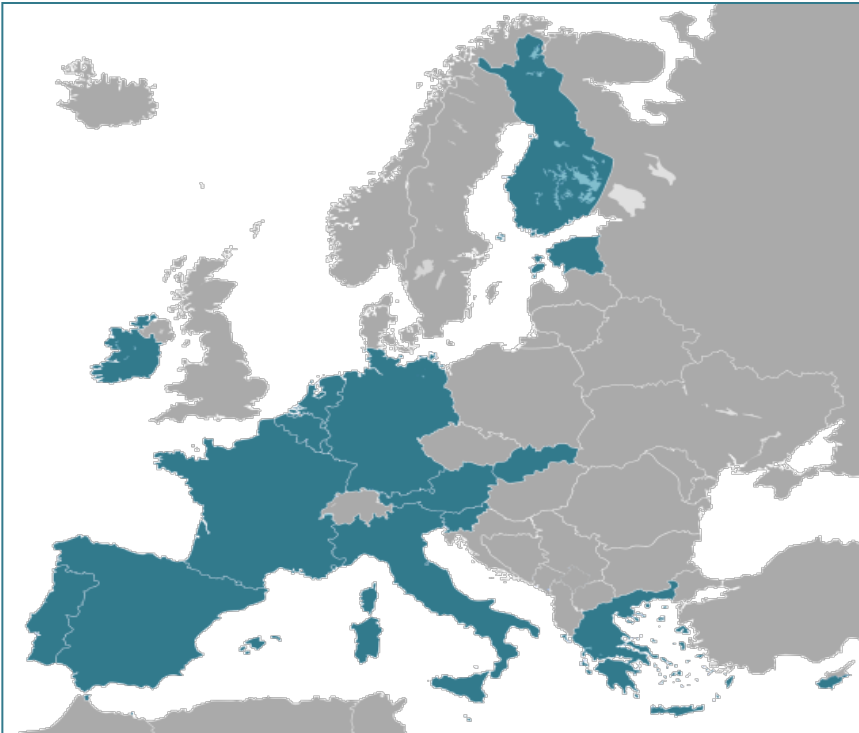
Past performance does not guarantee future results.

*Represented by a technical analysis of the MSCI All Country World Index and a minimum directional threshold of 5%

Source: MSCI and AllianceBernstein

Eurozone Crisis: Monetary Union/Fiscal Disparity

17 Countries Share a Common Currency



- Austria
- Belgium
- Cyprus
- Estonia
- Finland
- France
- Germany
- Greece
- Ireland
- Italy
- Luxembourg
- Malta
- Netherlands
- Portugal
- Slovakia
- Slovenia
- Spain

Range of Debt to GDP: 7%–148%

Range of Economic Growth: (3.5)%–4.9%

The Sovereign Debt Crisis Remains Unsolved

10-Year Italian Bond Yields (Jan–Dec 2011) Percent



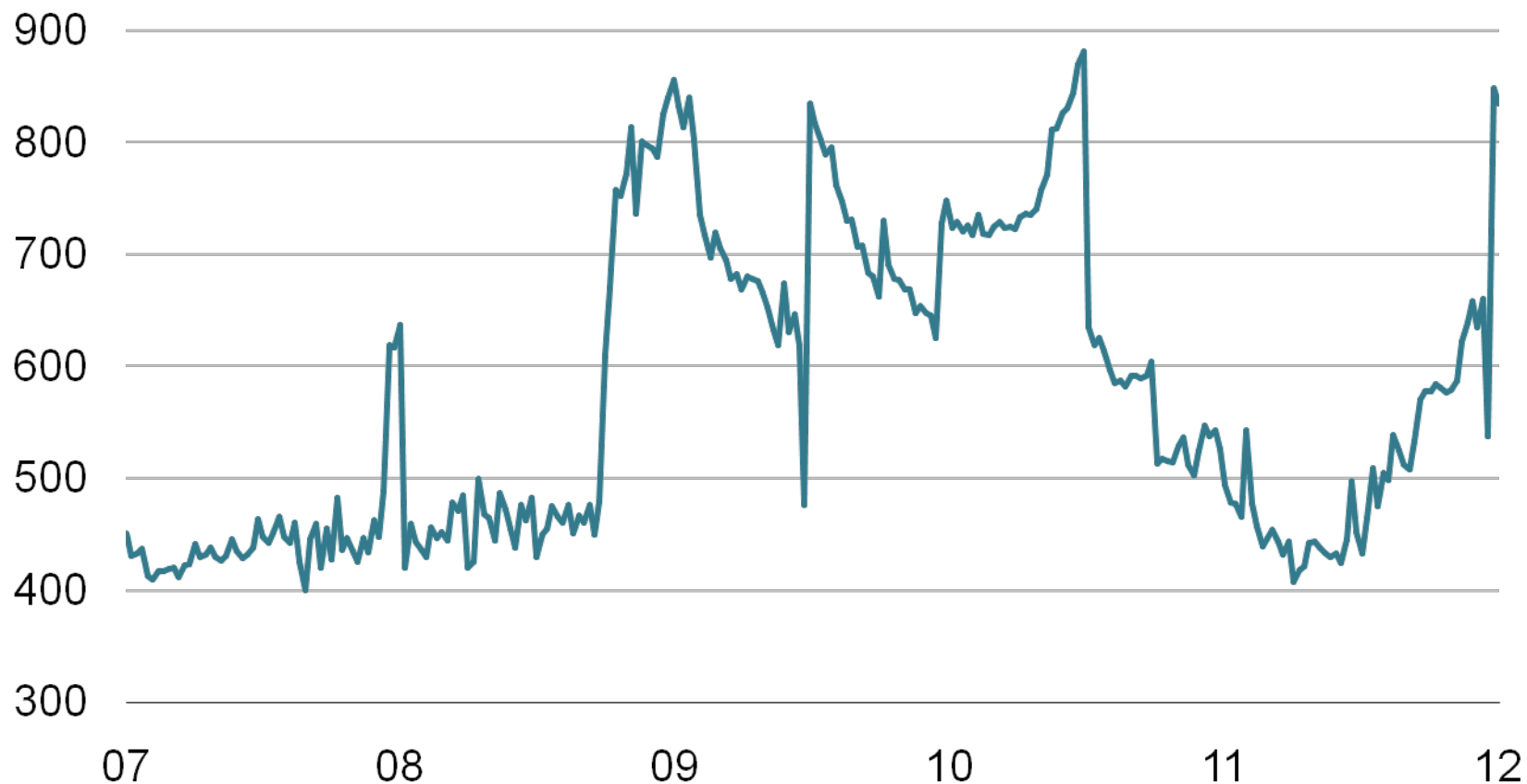
As of December 31, 2011

Historical analysis does not guarantee future results.

Source: European Central Bank, Eurostat, Haver Analytics and AllianceBernstein

The ECB Has Increased Support to the Banking System

Outstanding ECB Refinancing Operations EUR Billions



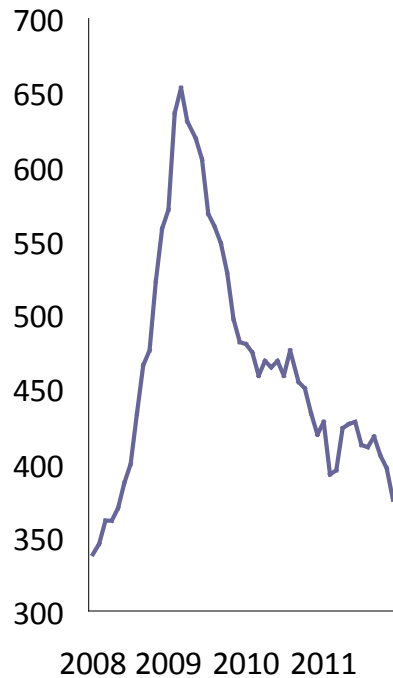
As of January 5, 2012

Historical analysis does not guarantee future results.

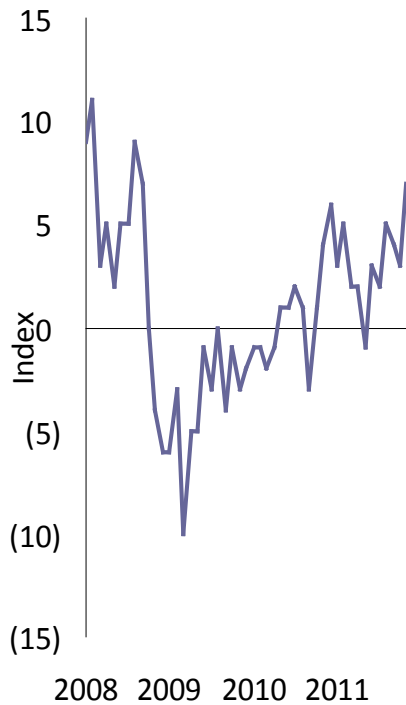
Source: European Central Bank, Eurostat, Haver Analytics and AllianceBernstein

US Labor Market Indicators Are Turning Brighter

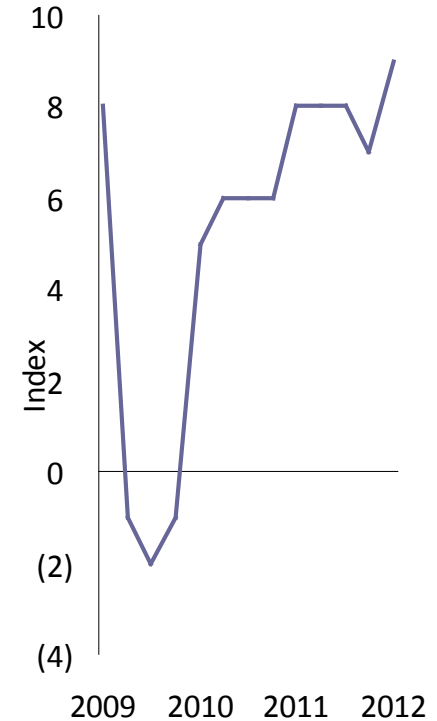
Jobless Claims (000's)



Small Business Hiring Index



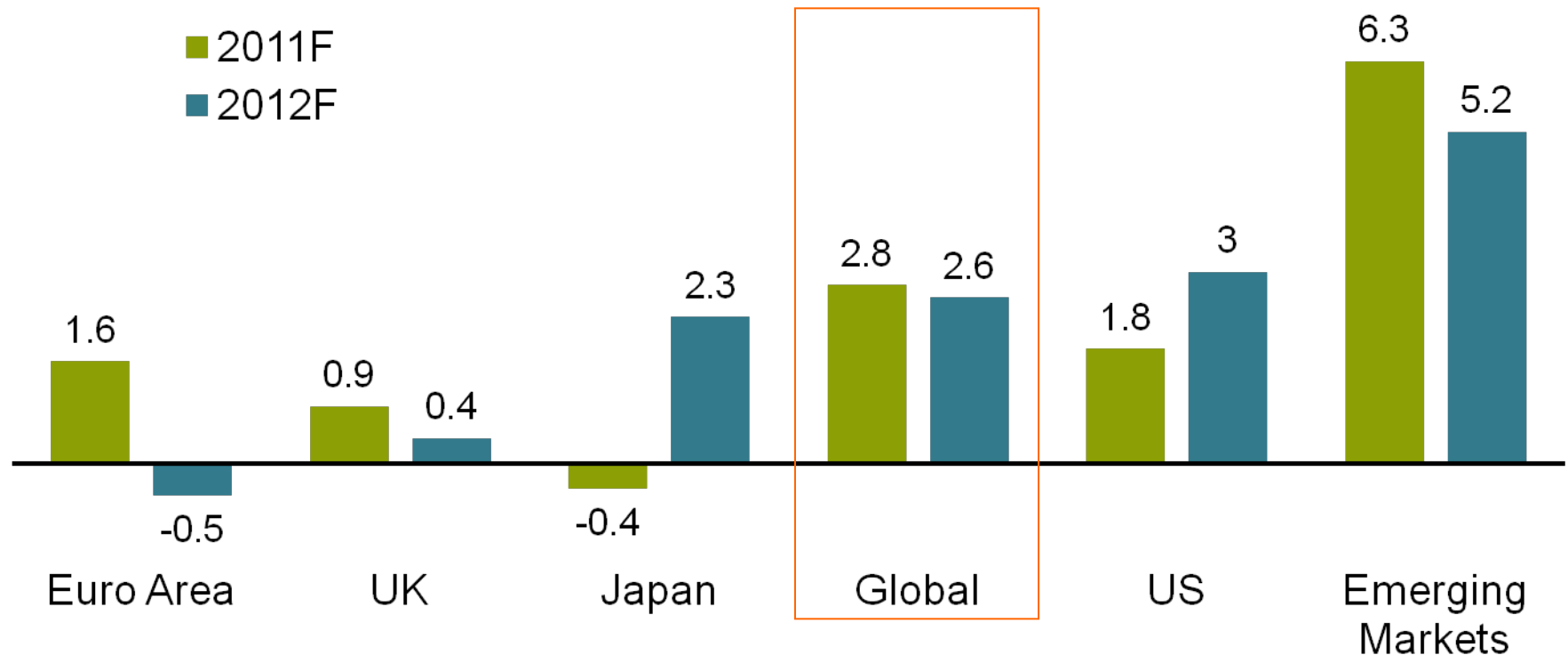
Manpower Hiring Index



Source: Department of Labor, National Federation of Independent Business, Manpower and Haver Analytics

Recession in Europe but Recovery in Japan and the US

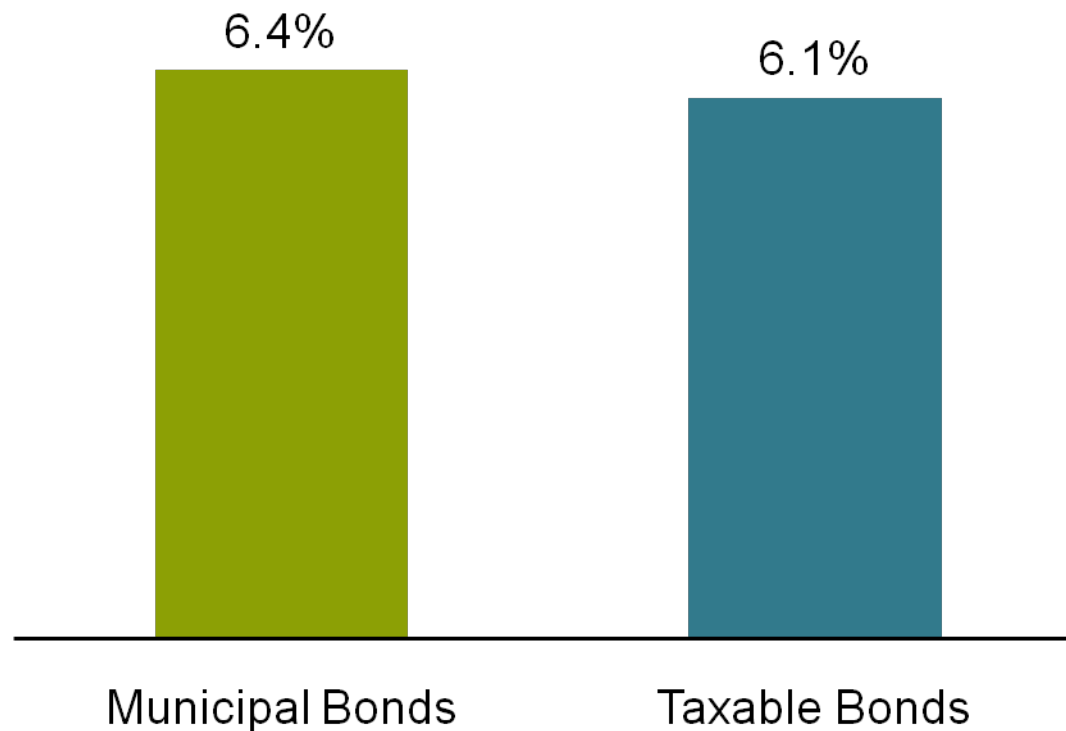
AllianceBernstein Real GDP Growth Forecasts Percent



As of December 31, 2011
Historical analysis does not guarantee future results.
Source: AllianceBernstein

Bond Returns Exceeded Expectations as Interest Rates Continued to Fall

US Bond Index* Returns Jan–Dec 2011



As of December 31, 2011

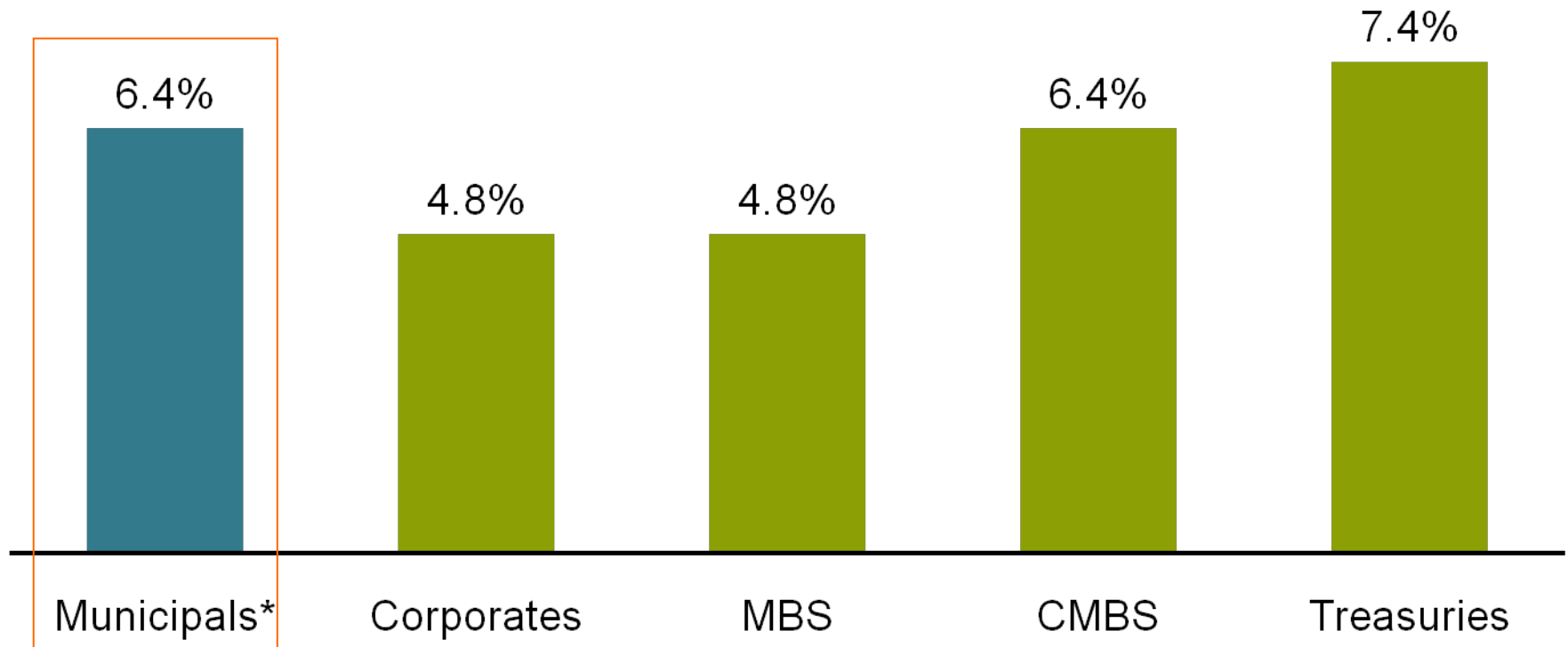
Past performance does not guarantee future results.

*Municipal bonds by the Lipper Short/Intermediate Blended Muni Fund Average and Taxable bonds by the Lipper Intermediate Investment Grade Bond Fund Average

Source: Lipper and AllianceBernstein

Municipals Outpaced All Other “Credit” Sectors in 2011

2011 After-Tax Bond Index Returns



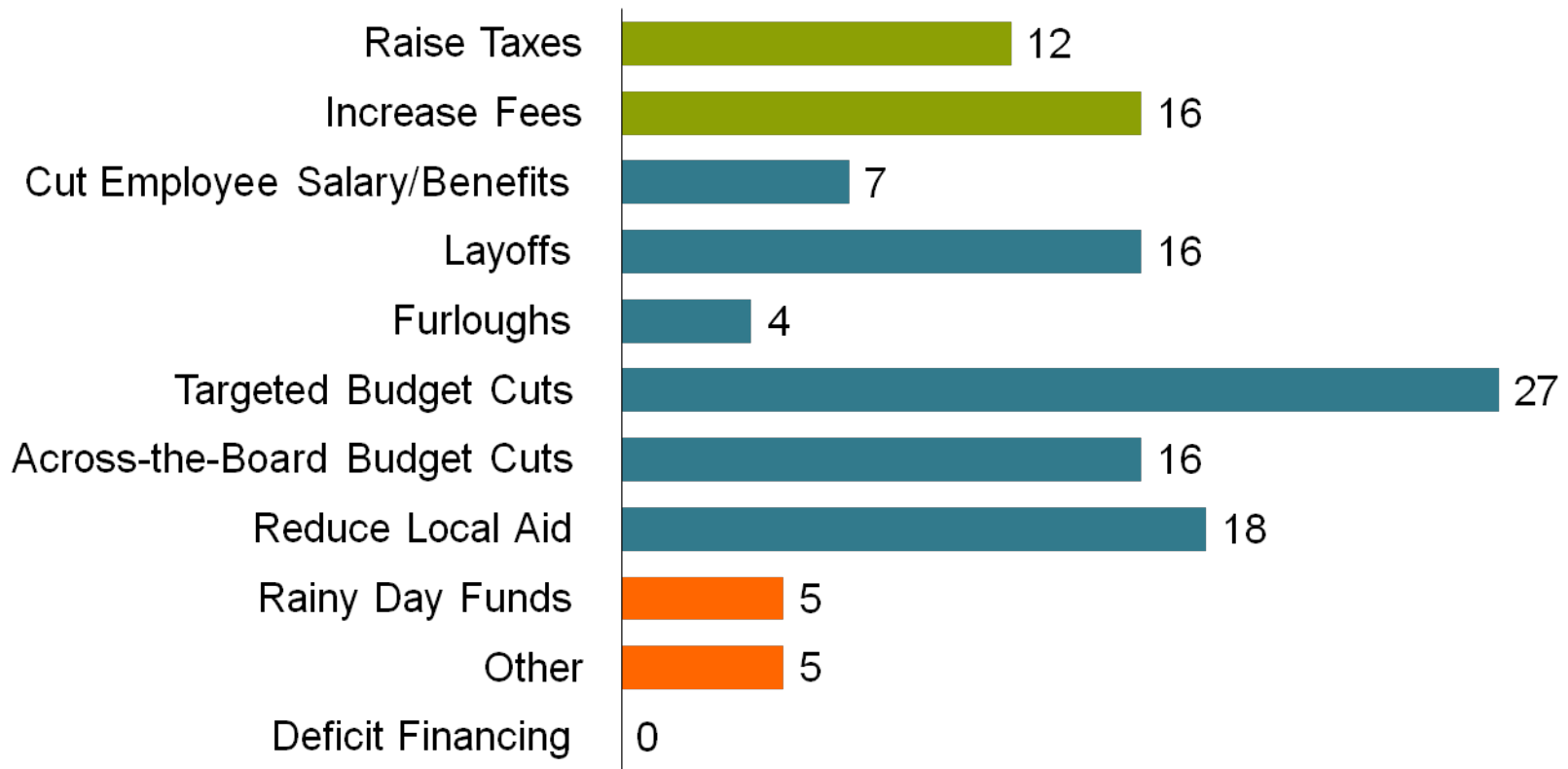
As of December 31, 2011

Past performance does not guarantee of future results.

*Municipal bonds represented by the Lipper Short/Int. Blended Municipal Fund Average;
Corporates, MBS, CMBS and Treasuries are represented by their respective Barclays Capital Index.
For comparison, the Barclays Capital Municipals Index returned 7.0% in 2011
Source: Barclays Capital, Lipper and AllianceBernstein

Vast Majority of States Have Acted Responsibly

Strategies Used by States to Reduce Budget Gaps for FY2012 Number of States



As of December 31, 2011

Past performance does not guarantee of future results.

*Municipal bonds represented by the Lipper Short/Int. Blended Municipal Fund Average;
Corporates, MBS, CMBS and Treasuries are represented by their respective Barclays Capital Index.
For comparison, the Barclays Capital Municipals Index returned 7.0% in 2011
Source: *The Bond Buyer*, Lipper and AllianceBernstein

Historically Low Rates Dampen Performance Potential

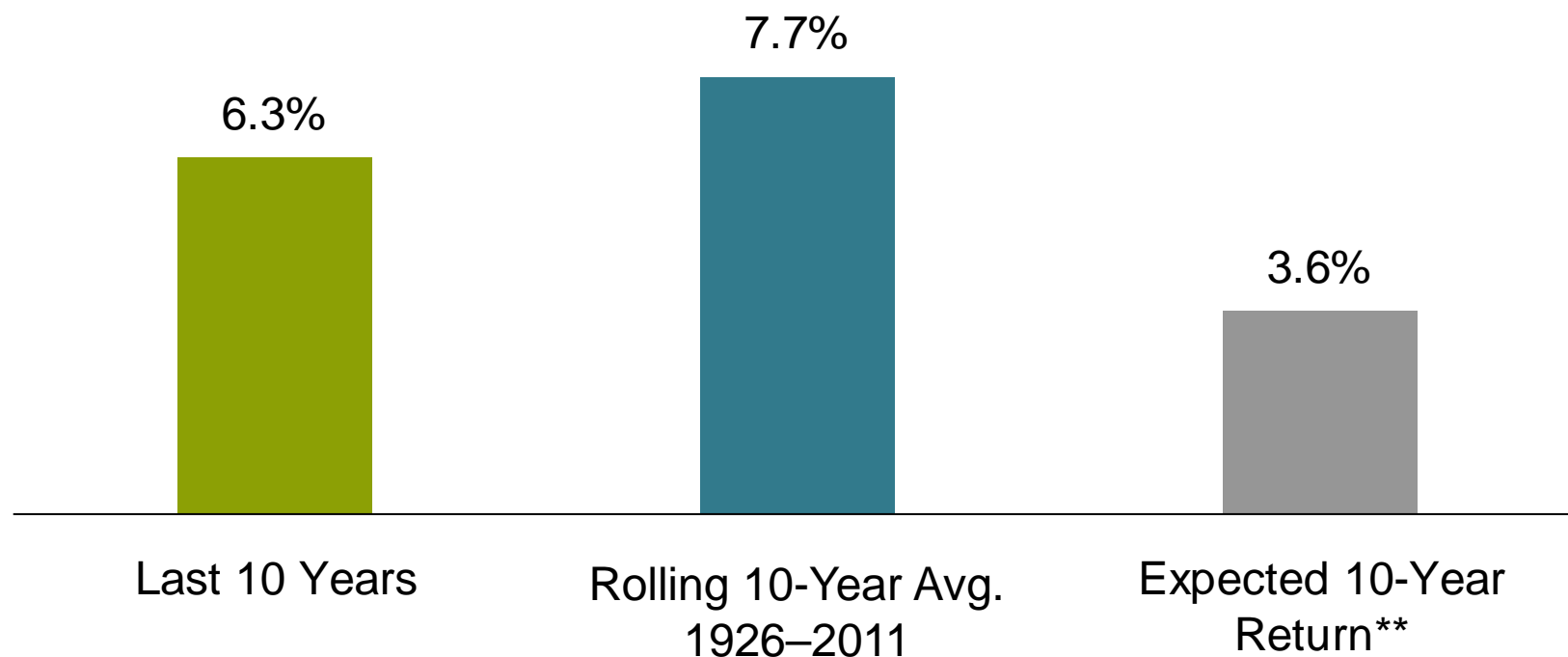
10-Year US Treasury Yield Percent



As of December 31, 2011
Past performance does not guarantee future results.
Source: US Treasury Department and AllianceBernstein

We Expect Future Bond Returns to Be Muted

Annualized Return Intermediate-Term Taxable Bonds*



As of December 31, 2011

Past performance does not guarantee future results.

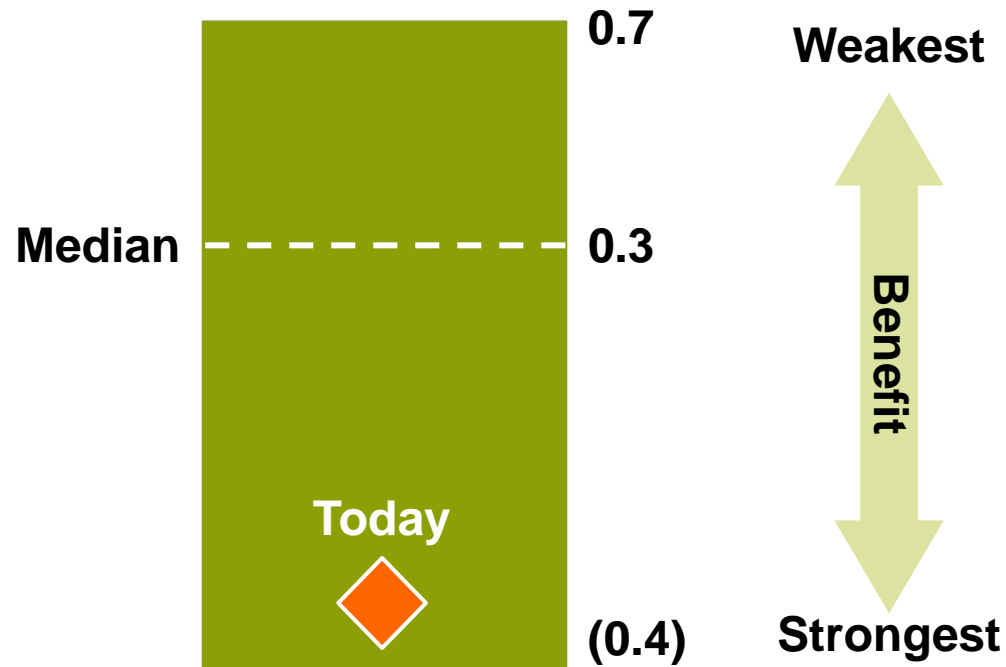
*Represented by US long-term government bonds from 1926 through January 1962, US five-year Treasuries from February 1962 through 1975 and the Barclays Capital US Aggregate Index in 1976 and thereafter

**Based on 10,000 simulated trials each consisting of 10-year periods. Reflects Bernstein's estimates and the capital market conditions of June 30, 2011. Does not represent any past performance and is not a guarantee of any future specific risk levels or returns, or any specific range of risk levels or returns.

Source: Barclays Capital; Roger G. Ibbotson and Rex A. Sinquefeld, "Stocks, Bonds, Bills, and Inflation: Year-by-Year Historical Returns," University of Chicago Press *Journal of Business* (January 1976); and AllianceBernstein

Bonds Continue to Offer Excellent Diversification

Correlation of Bonds with Global Equities* 1970–2011



As of December 31, 2011

Past performance does not guarantee future results.

*Global stocks represented by the MSCI All-Country World Index, Bonds represented by the Barclays Capital US Aggregate Index; Bar ranges represent the 90th/10th percentile values of one-year trailing correlation data using monthly data

Source: Barclays Capital, Lipper, MSCI, US Treasury Department and AllianceBernstein

Catalysts for More Favorable Market Environment?

Less Uncertainty

- Path for Europe
- US tax and spending policies
- Emerging markets growth

Renewed Focus on Fundamentals

- Provocative equity market valuations
- Healthy corporate balance sheet and earnings
- Inadequate returns on “safe” investments

2012 a Rebound Year?



Source: The New Yorker Magazine


BERNSTEIN
Global Wealth Management

Kolb+Co.

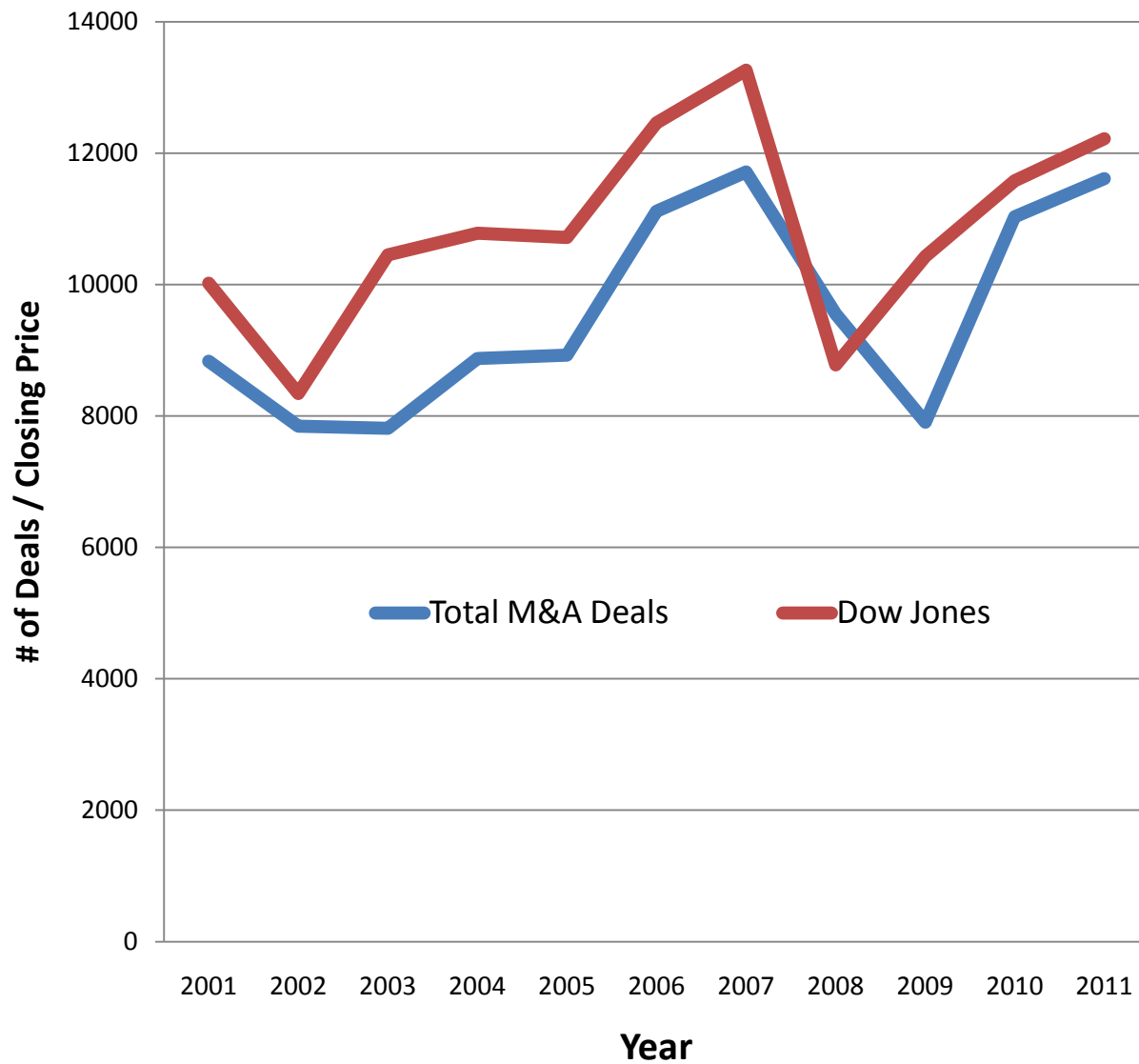
Factors Affecting the M&A Environment



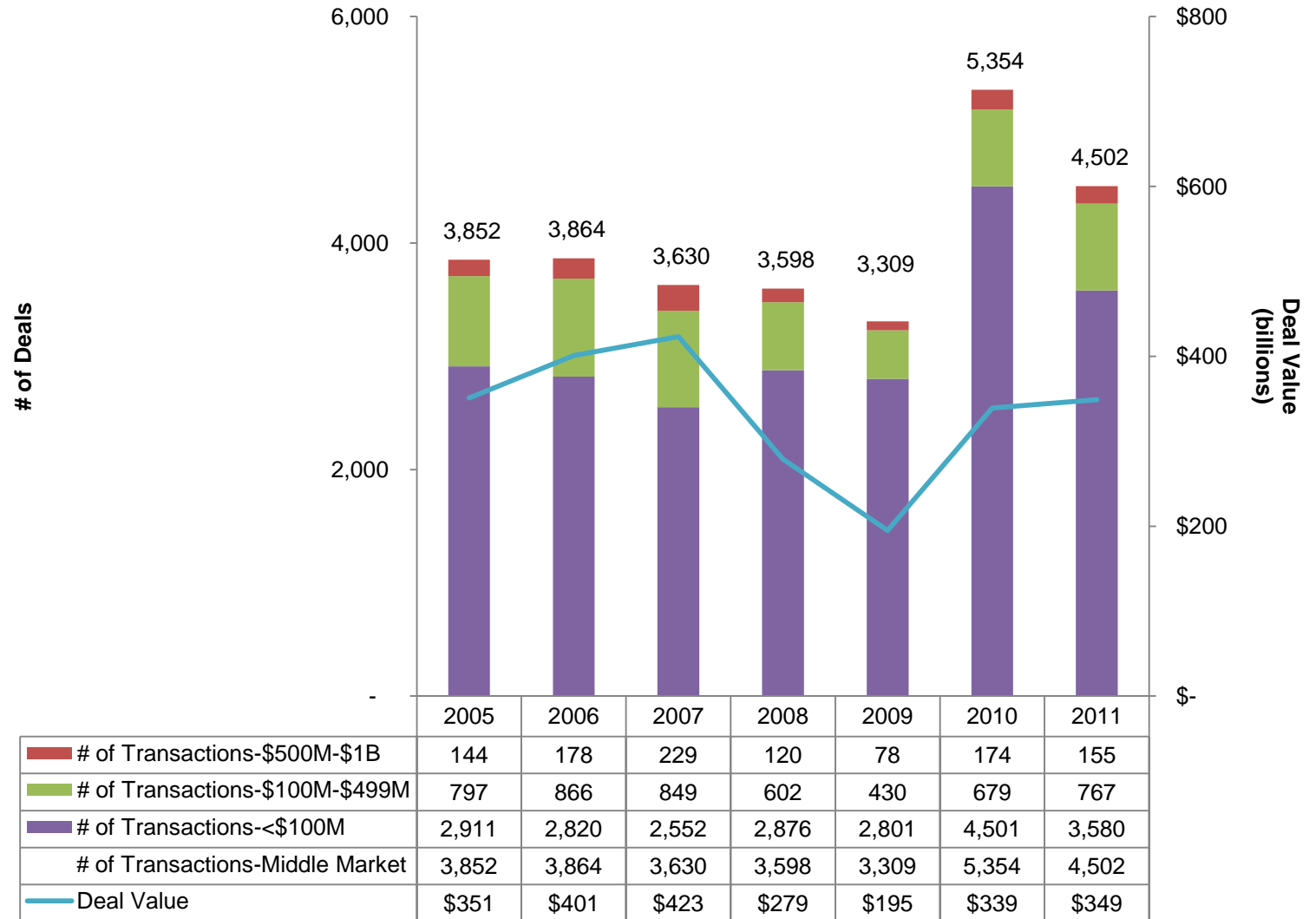
Factors Affecting the M&A Environment				
	2000 – 2002	2002 – 2007	2008 - 2009	2010 – 2012
Economic Environment	↓	↑	↓	↔
Stock Market Performance	↓	↑	↔	↑
Credit Market Strength	↔	↑	↓	↑
Investor Confidence	↓	↑	↓	↑
CEO Confidence	↓	↑	↓	↑
Bankruptcies / Restructuring / Corporate Scandals	↓	↑	↑	↔
Geopolitical Situation	↓	↔	↔	↔
Political Landscape	↑	↑	↔	↔
Shareholder Activism	↔	↑	↑	↔
Valuation	↓	↑	↓	↑

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis

Total U.S. M&A Deals vs. Dow Jones Performance

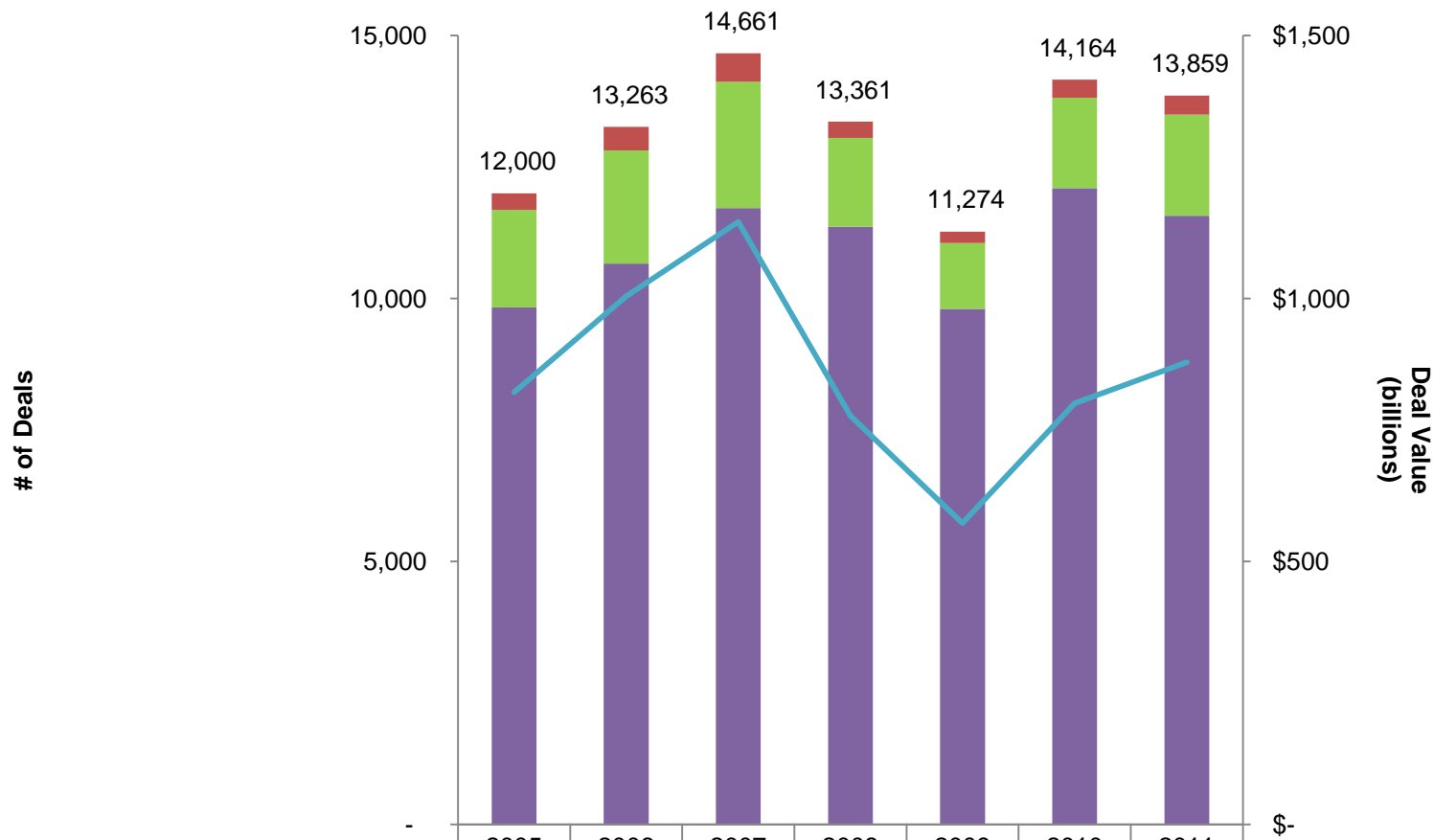


U.S. Middle-Market M&A (<\$1B) Activity Number of Deals & Deal Value 2005-2011



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis

Global Middle-Market M&A (<\$1B) Activity Number of Deals & Deal Value 2005-2011

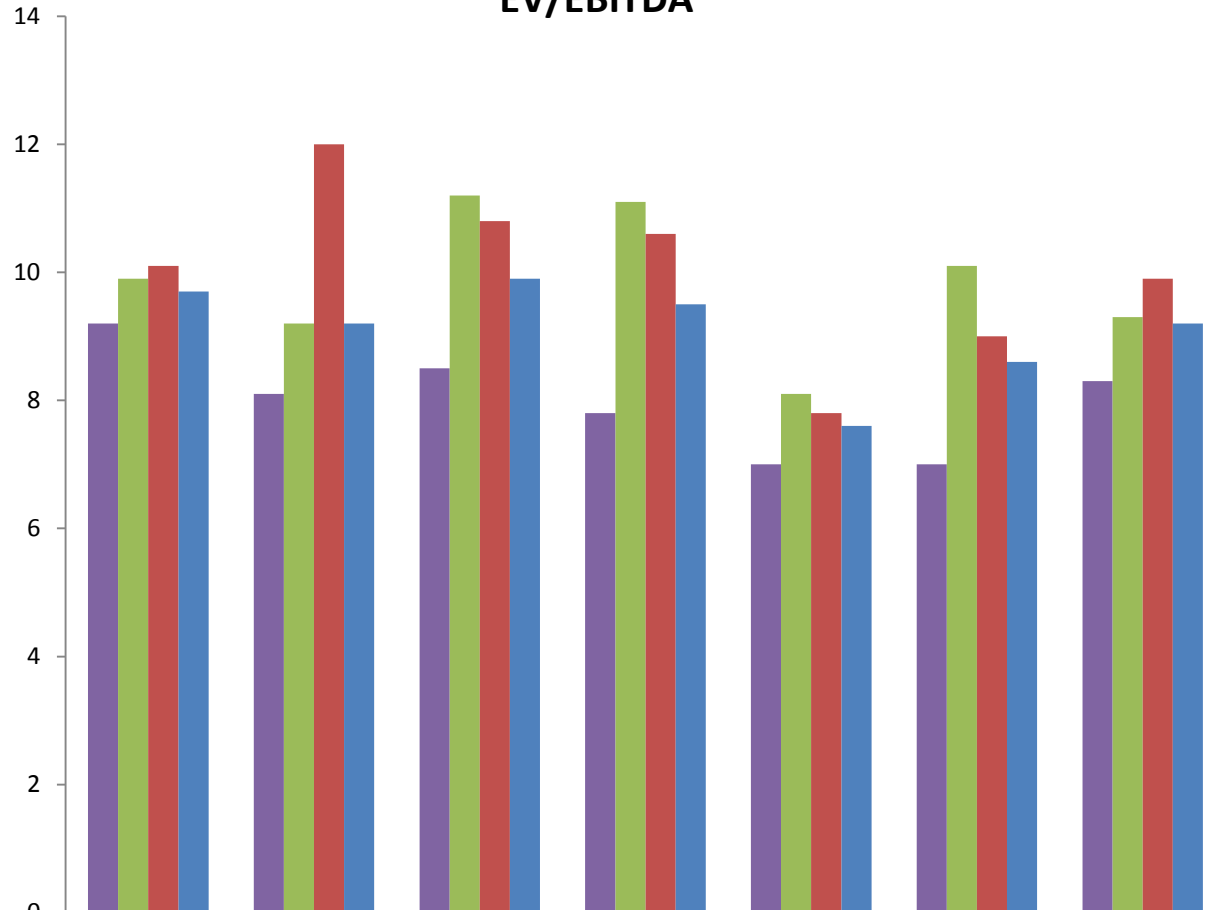


	2005	2006	2007	2008	2009	2010	2011
# of Transactions-\$500M-\$1B	315	448	539	304	220	344	359
# of Transactions-\$100M-\$499M	1,855	2,149	2,402	1,692	1,249	1,720	1,926
# of Transactions-<\$100M	9,830	10,666	11,720	11,365	9,805	12,100	11,574
# of Transactions-Middle Market	12,000	13,263	14,661	13,361	11,274	14,164	13,859
Deal Value	\$822	\$1,004	\$1,146	\$777	\$573	\$801	\$879

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis

U.S. Middle-Market Enterprise Value EV/EBITDA

EV/EBITDA



	2005	2006	2007	2008	2009	2010	2011
■ <\$100M	9.2	8.1	8.5	7.8	7.0	7.0	8.3
■ \$100M-\$499M	9.9	9.2	11.2	11.1	8.1	10.1	9.3
■ \$500M-\$1B	10.1	12.0	10.8	10.6	7.8	9.0	9.9
■ Middle Market	9.7	9.2	9.9	9.5	7.6	8.6	9.2

Summary

- Reasons for Optimism in 2012
 - Number of positive drivers exist
 - Money on sidelines (private equity and synergistic)
 - Banks are lending
 - Shortage of good sellers
 - Potential headwinds
 - Resolution of European debt crisis
 - Elections



Q&A



Appendix

Appendix: About Kolb+Co.

- **Kolb+Co. M&A Advisers**

Kolb+Co. M&A Advisers is a dedicated team with significant transaction experience and expertise. Our specialties include M&A, strategic planning, operational review and post-merger integration. You will have access to all of Kolb+Co.'s firm resources including tax and accounting as well as international resources through our membership with IGAF Polaris. Our collaborative approach will allow us to work with your other advisers to achieve your goals.

Buy-Side Services

- Outsourced corporate development
- Acquisition readiness
- Confidential and targeted searches
- Transaction management
- Integration planning and execution
- Due diligence
- Negotiations
- Structuring

Sell-Side Services

- Seller preparedness
- Marketing
- Sales process
- Specific transaction consulting
- Execution and closing
- Limited and full auctions