Dresner Partners

Middle Market Metrics

Summer 2007 www.dresnerpartners.com

Middle market merger and acquisition activity continued its strong pace in the second quarter and first half of 2007. Even as middle market deal volume declined modestly in number of transactions, valuations soared. In fact, EV/EBITDA multiples for Q2 2007 reached an average of 11.5 x for transactions valued less than $500 million, compared to 9.6 x in Q2 2006. In dollar terms, the second quarter 2007 has been one of the biggest quarters of middle market M&A activity on record.

The large M&A market, measured as deals valued in excess of $500 million, experienced more than a 30% increase in the number of deals in TTM Q2 2007 compared to TTM Q2 2006, with both strategic buyers and private equity buyers contributing to this growth. Consortiums of LBO funds led the charge, with a 49.5% increase in the number of private equity deals closed in excess of $500 million in TTM Q2 2007 compared to TTM Q2 2006.

Large LBO funds aren't shy about their views of the future, with the top 10 private equity fundraisings in progress YTD 2007 exceeding $68 billion. Private equity fundraising activities appear to be strong in the middle market as well. Capital overhang has contributed to the overall competitive environment of the private equity world, leading private equity players to consume deals at higher and higher prices.

According to Moody's, global default rates among corporate borrowers with ratings below investment grade are at their lowest level in more than 12 years. On the other hand, institutional investors and credit providers are taking a look in the mirror and are concerned about the current risk vs. return structure in the market. Lenders have started to pull back on leverage multiples, as well as increase their pricing. Investors have increased their risk premiums, as indicated by the volatility in both the bond and stock markets last week and recent increases in spreads on corporate bonds.

We believe the large capital markets, especially the credit markets, are undergoing a necessary correction. This should cause an increase in the equity portion of capital structures to fund purchase prices. A modest correction should have a nominal effect on the middle market and provide a cushion to dampen against potential changes in market conditions. In conclusion, we believe the overall middle market transaction activity will continue with healthy valuations supported by continued overall economic growth.

Regards,

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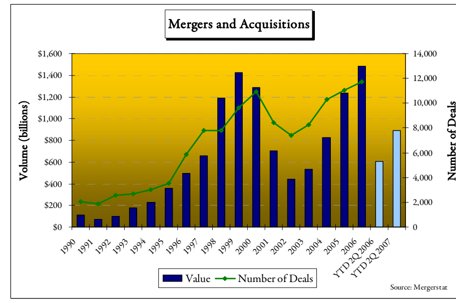

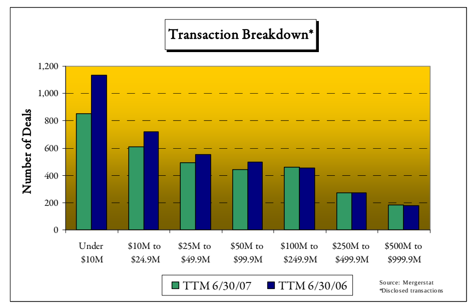

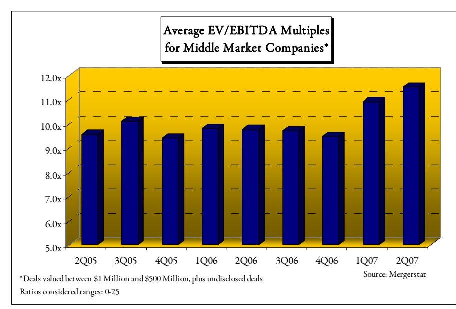

Sources: Mergerstat, Factset, Dresner research

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JAMESON

Has been acquired by

CAROUSEL CAPITAL

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Middle-Market Metrics

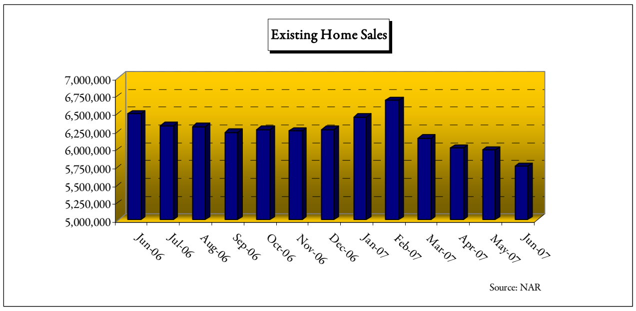
The Housing Market and M&A

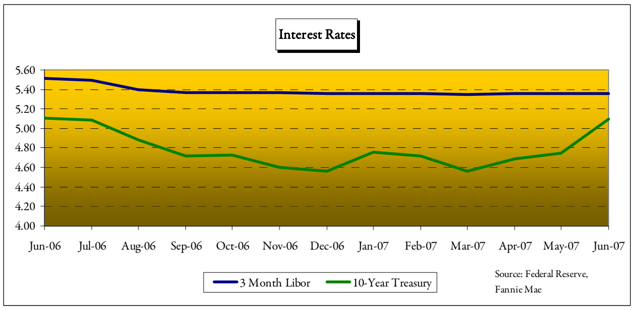
Sales of existing homes in the month of June were the lowest in five years. Industry research indicates that it would require nearly nine months to sell the inventory of existing homes currently on the market. That is the longest period of time in 15 years. At the same time, aggressive mortgage lenders who had been competing for business in the sub prime mortgage market with low rates and easy availability, saw their business fall off when the Federal Reserve initiated a steady increase in short term interest rates that were mirrored by increases in adjustable rate mortgages. According to Bloomberg, late payments and defaults among subprime borrowers are at a 10-year high, and delinquencies have sparked a decline in the securities that package them.

Despite this housing recession that has now lasted more than 18 months, the repercussions throughout the rest of the economy have not been overpowering. Many companies selling into the construction sector are doing fine, consumers who own homes are continuing to spend and transaction activity in the real estate sector continues to move forward. In one 4-week period earlier this summer, three real estate transactions were completed with the sellers valued in excess of $1 billion (Investa Property Group, Florida East Coast Industries and Fremont General Corp. Commercial Real Estate Lending).

What is supporting economic activity in the face of the deteriorating housing market? The importance of the global economy continues to increase, making companies selling into new home construction much less reliant on the U.S. market and helping to keep unemployment low. This, combined with mortgage rates that are still historically low, has made consumers cautious, not panicked, and that is reflected in their spending habits.

In conclusion, even with debt offerings of larger deals coming under pressure, our business and the middle market continue to show strength. We are cautiously optimistic about the future in these markets given the recent corrections. The major disappointment in 2007 may appear at Wrigley Field, where the Cubs are threatening to come out of a competitive recession that has lasted nearly 100 years.





Dresner advises MacLean Investment Partners in sale of Jameson to Carousel Capital

Dresner Partners acted as the exclusive financial advisor to MacLean Investment Partners (MIP) in the sale of its majority ownership stake in Jameson Corporation ("Jameson") to Charlotte-based private equity firm, Carousel Capital. Jameson is a leading manufacturer and marketer of niche, high-quality specialty lighting products and professional tools and equipment for a diverse range of end markets including telecom, power utility, cable TV, tree care, electrical contracting, do-it-yourself (DIY) and the military.

"We are pleased to have assembled a partnership that meets the objectives of the company's shareholders and positions Jameson to continue its impressive record of growth," said Barry MacLean, CEO of MacLean Investment Partners. "The Dresner team did an outstanding job on this transaction and was committed from the outset to helping us select a partner that truly understands and appreciates Jameson's unique business model and value proposition."