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BEARMAN, CALDWELL & BERKOWITZ, PC

Selling Privately-Held Companies Valued at $20 Million and Larger

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EXPAND YOUR EXPECTATIONS℠

Key Tax and Other Legal Issues

A. Structuring the Sale

B. Documenting the Sale

C. Key Terms in the Purchase Agreement

Structuring Issues

- Sale of the Company v. Sale of the Assets
  - Owner Approval
  - Third-Party Consents
  - Tax Consequences

Documenting the Sale

- NDA
- Letter of Intent
- Purchase Agreement

NDA

- Confidentiality Obligation
- Exclusion of Warranties
- Exceptions to Confidentiality
- Return or Destruction of Documentation
- Non-Solicitation
- Prohibition Against Use
- Term

Letter of Intent

- Disadvantages
  - Hard to keep confidential
  - May create an obligation to negotiate in good faith
  - Delays preparation of definitive purchase agreements
  - Ideal terms may change over time
  - It is non-binding
- Advantages
  - Some terms are binding
  - Tool for coming to a meeting of the minds
  - Helps parties test deal waters
  - Show commitment to third parties
  - Psychologically binding

Key Terms in the Purchase Agreement

- Most Key Terms are Contained in the Purchase Agreement
  - Basic deal terms
  - Reps and warranties
  - Indemnification Provisions
  - Closing Conditions
  - Post-closing obligations

June 2012

Investment Considerations: $20MM Business Sale

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J.P.Morgan

Agenda

Principal Installment Stock Monetization (PrISM)

Investment products: Not FDIC insured • No bank guarantee • May lose value

Please see important information at the end of this presentation.

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A Principal Installment Stock Monetization ("PrISM") adds value by providing proceeds upfront

Principal Installment Stock Monetization "PrISM"

A PrISM[1] is a private contract that allows a client to receive potentially attractive upfront liquidity (typically 75%-90% of the stock value), downside protection, and flexibility in the use of investment proceeds.

Benefits	• Upfront liquidity, protection below the hedged value, and upside appreciation to a predetermined limit • Generally provides more cash upfront and flexibility in the use of proceeds when compared to taking a loan off a hedged position • No interim cash payments are required during the life of the trade • Defer taxes on underlying shares until maturity (or beyond if cash settled) • Can be structured so client retains dividends[2] (optional) and voting rights during contract
Risks	• Stock appreciation is capped at the upside limit • Shares are pledged for the duration of the PrISM; If unwound early, the payout may vary from expected payout at maturity[3]
Payment at Maturity	• If **stock price at maturity is less than hedged value**: – Client delivers 100% of the shares (or cash value) • If **stock price at maturity is between the hedged value and the upside limit**: – Client delivers a percentage of the number of shares equal to the hedged value divided by the settlement price (or cash value) • If the **stock price at maturity is greater than the upside limit**: – Client delivers a percentage of the number of shares equal to the hedged value of shares plus appreciation above the upside limit divided by the settlement price (or cash value)

Note: This information is intended to be a high level overview of potential hedging strategies that can be executed through OTC options to achieve specific goals. These strategies may not be suitable for all investors. This is not intended as an offer or solicitation for the purchase or sale of any financial instrument. In discussion of options and option strategies, results and risks are based solely on the hypothetical examples cited; actual results and risks will vary depending on specific circumstances. Investors are urged to consider carefully whether option or option-related products in general, are suitable to their needs. For a complete discussion of risks associated with any investment, please review offering documents and speak with your investment specialists.

1. A PrISM is also known as a prepaid variable forward
2. Dividend protection is as defined in the term sheet and confirmation
3. Based on factors including the underlying stock price, volatility, interest rates, dividend yield and time to maturity

A PrISM offers some upside exposure and proceeds upfront

Principal Installment Stock Monetization "PrISM"

A PrISM[1] is a private contract that allows a client to receive potentially attractive upfront liquidity (typically 75%-90% of the stock value), downside protection, and flexibility in the use of investment proceeds.

Transaction Flow

At trade date:

Client receives proceeds[2]

Client posts underlying stock as collateral

During term of trade:

Client can use PrISM proceeds for any purpose

Can be structured such that client retains all or most dividends (optional) and voting rights during term of transaction

At maturity date:

Client delivers shares or cash[3]

Client receives back excess shares[4]

Number of shares (or amount of cash) depends on stock price at maturity

1. A PrISM is also known as a prepaid variable forward
2. Strategy typically allows a client to receive 75-90% of the stock value upfront with a variable number of shares delivered (or cash value payable) at maturity
3. May be settled in stock or the cash equivalent, upon Client's election
4. If stock price at maturity is greater than the hedged value; total number of shares retained subject to payments under the cap level

Hypothetical transaction example: PrISM

PrISM Assumptions

Underlying Stock: ABC Inc. (ABC)
Current Share Price: $100.00
Base Amount: 50,000
Assumptions: Dividend Protection (based on a dividend schedule of $0.00 per quarter)

OTC Option Style: European
Settlement: Cash or Physical
Bank Counterparty: JPMorgan Chase Bank (London Branch)

Structure	Maturity	Hedged Value		Upside Limit		Purchase Price	
A	1 year	100.00%	$100.00	125.00%	$125.00	**84.10%**	$4,205,000
B	2 years	100.00%	$100.00	125.00%	$125.00	**80.98%**	$4,049,000

Payoff at Maturity for Structure A

		Physical Settlement		Cash Settlement		
Share Price at Maturity ("SM")	Position Value	Shares Delivered (%)	Shares Delivered	Cash Delivered[1] (Optional)	Residual Value[2]	Residual Value (%)
$70.00	$3,500,000	100.00%	50,000	$3,500,000	$0	0.00%
$85.00	$4,250,000	100.00%	50,000	$4,250,000	$0	0.00%
$100.00	$5,000,000	100.00%	50,000	$5,000,000	$0	0.00%
$108.33	$5,416,667	92.31%	46,154	$5,000,000	$416,667	8.33%
$116.67	$5,833,333	85.71%	42,857	$5,000,000	$833,333	16.67%
$125.00	$6,250,000	80.00%	40,000	$5,000,000	$1,250,000	25.00%
$140.00	$7,000,000	82.14%	41,071	$5,750,000	$1,250,000	25.00%
$155.00	$7,750,000	83.87%	41,935	$6,500,000	$1,250,000	25.00%

(1) With adjustments for fractional shares
(2) Residual Value = (Base Amount - Shares Delivered) * SM

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Note: Prices are for purposes of illustration only and do not represent actual prices.
The payoff on early termination will not equal the payoff a client would expect given the same underlying equity price at maturity.
The views and strategies described herein may not be suitable for all investors. This information is not intended as an offer or solicitation for the purchase or sale of any financial instrument, and is being provided merely to illustrate a particular investment strategy.

J.P. Morgan's 10b5-1 Program

Investment products: Not FDIC insured • No bank guarantee • May lose value

Please see important information at the end of this presentation.

J.P.Morgan

What is a 10b5-1 trading plan?

Plan to allow insiders to buy or sell Company Stock + **Provides an affirmative defense against insider trading liability**

Situation

- Client is an insider of a public company and would like to transact in their own stock
- Client is subject to company trading windows and blackout periods
- Client would like to increase their trading flexibility

Solution

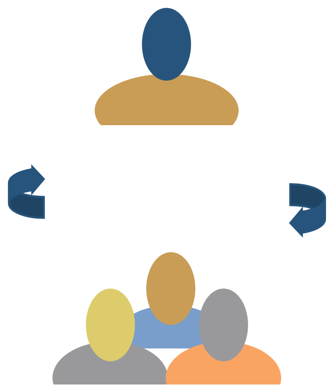
- Before becoming aware of material nonpublic information and in good faith, the insider:
  - enters into a binding contract to buy or sell, or
  - gives instructions to another person to buy or sell for the insider's account, or
  - adopts a written plan for buying or selling securities

Rule 10b-5 prohibits trading on the basis of material nonpublic information (if aware of the information at the time trade is made). Rule 10b5-1 addresses challenges associated with Rule 10b-5 limitations by offering timing flexibility in restricted stock trading.

How does a 10b5-1 plan work?

1

Insider makes buy or sell decision

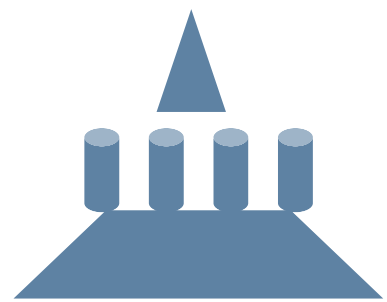


Company approval

- JPM 10b5-1 team confirms with company counsel that insider may enter into a 10b5-1 trading plan
- After board approval, insider transfers all or a portion of company stock or cash into J.P. Morgan Securities LLC brokerage account

2

Insider sets up plan with financial institution



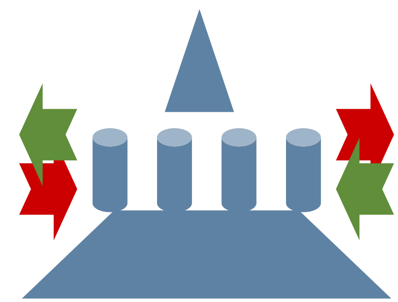
Insider must not be in possession of material non-public information

Company reviews plan

- Develop a phased, pre-planned program to be executed at either market or specified prices
- Insider signs contract while not in possession of material non-public information
- No influence by Insider over transactions under the Plan
- Pre-clearance review of Plan by company's legal counsel

3

Financial institution executes on behalf of the insider



Specialized 10b5-1 team to enforce separation between Insider and execution of the Plan

- JPM 10b5-1 Group is responsible for:
  - Drafting and negotiation of the Plan
  - Implementation of the Plan
  - Ongoing monitoring and execution of the Plan
  - Filing Form 144s
  - Notifying company and client of trade executions

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JPMorgan does not provide either legal or tax advice. We can, however, work with your legal advisors and issuers counsel to identify solutions and alternatives. You should consult your attorney and accountant regarding the appropriateness of this strategy in light of your own circumstances.

J.P. Morgan's Wealth Simulation Analysis

Investment products: Not FDIC insured • No bank guarantee • May lose value

Please see important information at the end of this presentation.

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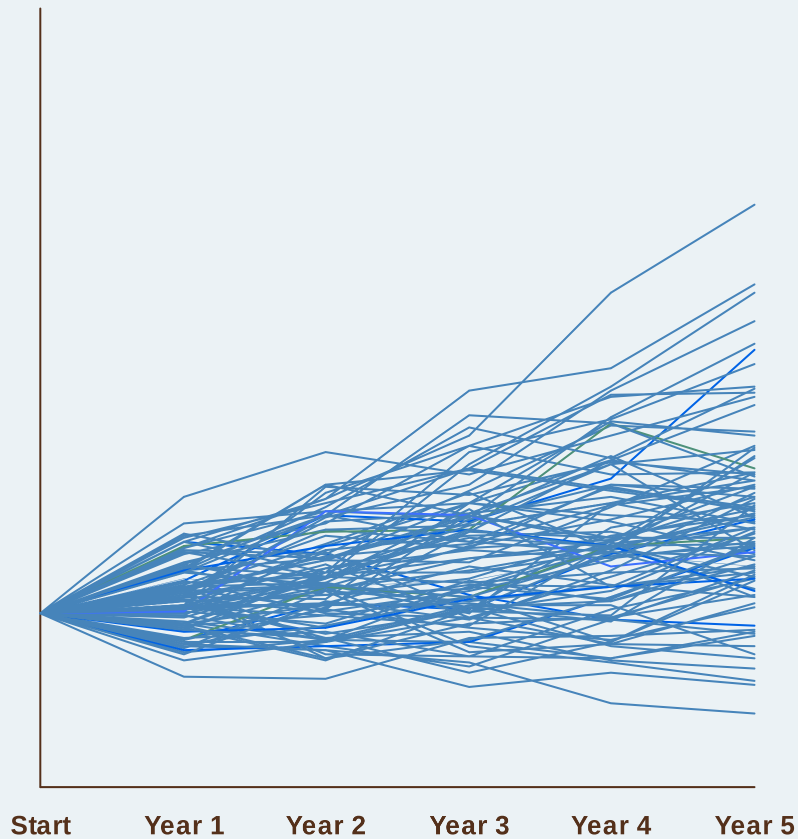
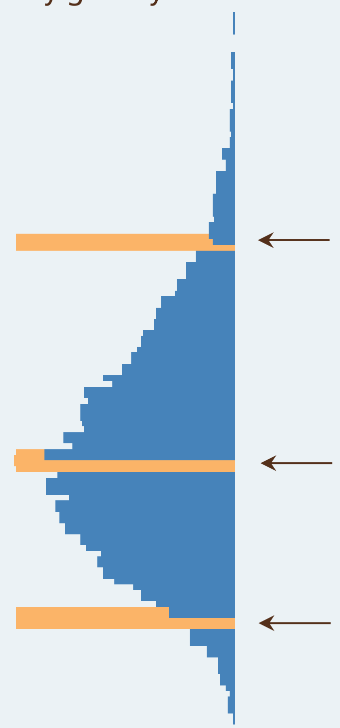
J.P. Morgan's wealth simulation models produce a range of market values instead of one single point estimate

Hypothetical 100-path Monte-Carlo simulation



Histogram

Estimated future market values of a sample allocation in any given year



* Monte Carlo simulation is an analytical technique which uses a large number of calculations of uncertain or random variables
Statistics on the distribution of results can help us infer which portfolio values are more likely. Please see appendix for further information on Monte Carlo simulations

† For further information, see Appendix page entitled "Pre-tax equilibrium return and risk assumptions" and "This analysis includes a Monte Carlo simulation."

Analysis assumptions

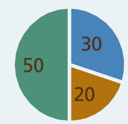
- Initial market value: $20MM
- Analysis period: 20 years
- 3.25% Inflation assumption
- Withdrawals: $500,000 per annum
  $750,000 per annum
- Contributions: None
- Comparison: Conservative Allocation, Balanced Allocation, Growth Allocation
- Louisiana resident
- Effective tax rates – 2013 and beyond
  - income tax 47.02%
  - long-term capital gains tax 27.42%

* Rates quoted are for the majority of the years in the analysis; tax rates are adjusted in early year(s) to reflect current tax laws.

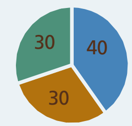
Comparisons of allocation **

- Equities
- Alternatives
- Fixed Income/Cash

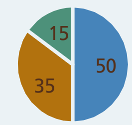
Conservative Allocation



Balanced Allocation



Growth Allocation



	Conservative Allocation	Balanced Allocation	Growth Allocation
Expected Long-term Return*	**6.6%**	**7.9%**	**8.9%**
Expected Long-term Volatility*	**8.9%**	**12.5%**	**15.4%**
Expected Long-term Yield*	**3.2%**	**2.6%**	**2.3%**
Expected Long-term Sharpe Ratio*	**0.52**	**0.47**	**0.45**
EQUITIES	**30.0%**	**40.0%**	**50.0%**
US Large Cap	12.0%	14.0%	18.0%
US Mid Cap	2.0%	2.0%	3.0%
US Small Cap	0.0%	2.0%	2.0%
EAFE Equity	13.0%	17.0%	20.0%
Asia ex-Japan Equity	2.0%	3.0%	4.0%
Emerging Markets Equity	1.0%	2.0%	3.0%
ALTERNATIVES	**20.0%**	**30.0%**	**35.0%**
Diversified Hedge Funds	8.0%	6.0%	6.0%
Event Driven Hedge Funds	2.0%	3.0%	3.0%
Long Bias Hedge Funds	0.0%	3.0%	4.0%
Relative Value Hedge Funds	3.0%	3.0%	3.0%
Macro Hedge Funds	0.0%	3.0%	4.0%
Private Equity	2.0%	5.0%	6.0%
US Direct Real Estate	3.0%	3.0%	4.0%
Commodities	2.0%	4.0%	5.0%
FIXED INCOME/CASH	**50.0%**	**30.0%**	**15.0%**
Municipal Bonds	32.0%	17.0%	5.0%
TIPS	7.0%	4.0%	3.0%
US High Yield Bonds	3.0%	2.0%	2.0%
Currency Strategies	3.0%	3.0%	2.0%
US Cash	5.0%	4.0%	3.0%

* All statistics are pre-tax. For further information, see page entitled “Understanding ‘equilibrium’ estimates.” For illustrative purposes only.

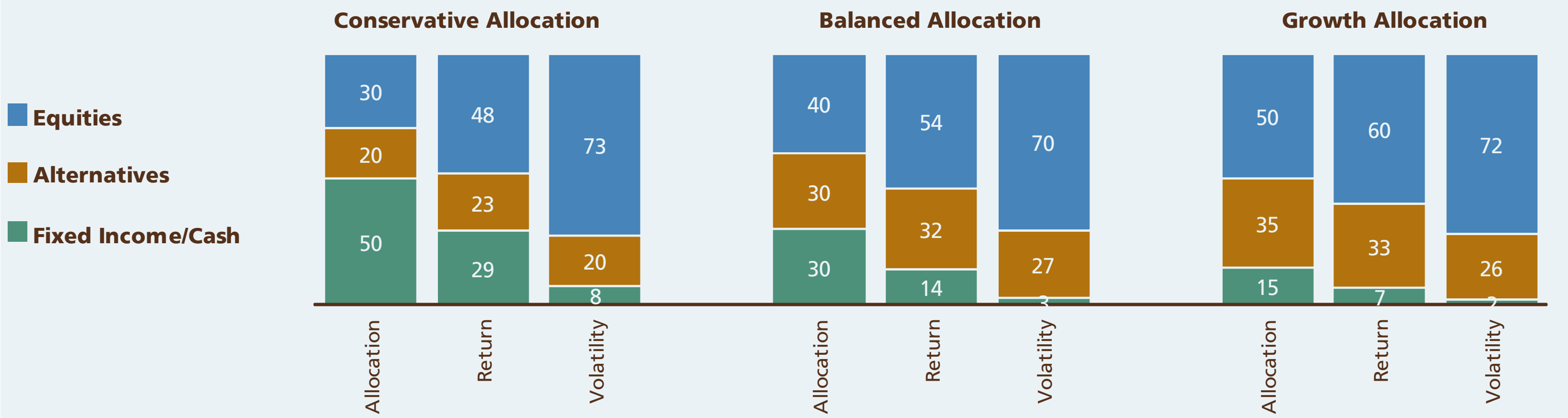
These are J.P. Morgan Strategic Model Allocations and are presented for illustrative purposes only. Your actual portfolio will be constructed based upon investments for which you are eligible and based upon your personal investment requirements and circumstances. Consult your advisor regarding the minimum asset size necessary to fully implement these allocations.

Note: Municipal bond assumptions are adjusted to reflect a “pre-tax” equivalent so that all of the yield is “pre-tax” and for allocation comparison purposes.

J.P. Morgan offers specialized financial services through legal entities licensed for specific activities. The type of account you open, your investment objectives, and other factors will ultimately determine the range of products and services of which you can avail yourself. Not all accounts or services can provide a strategic investment plan.

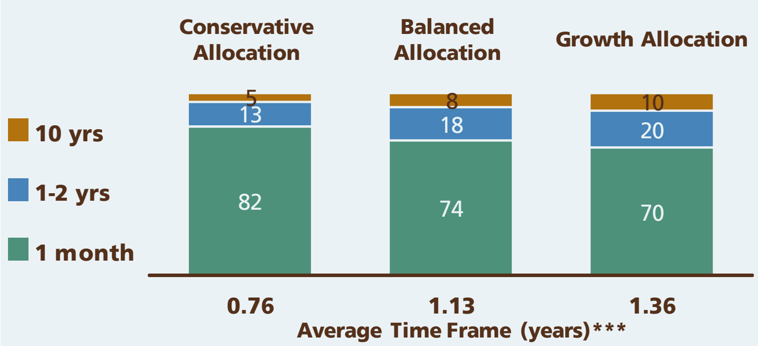
Further considerations for the various strategic allocations*

Decomposition of expected long-term return and volatility by asset class**

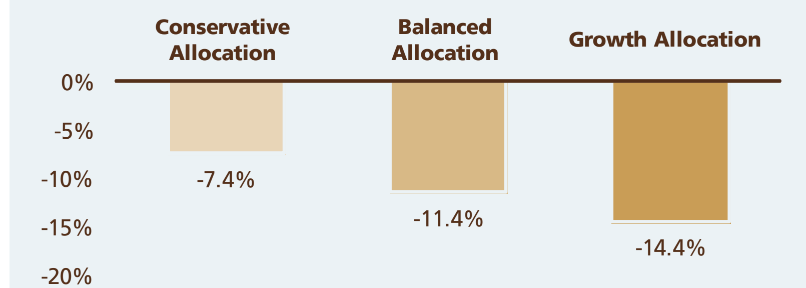


	Conservative Allocation	Balanced Allocation	Growth Allocation
Arithmetic Return	**6.6%**	**7.9%**	**8.9%**
Volatility	**8.9%**	**12.5%**	**15.4%**
Compound Return	**6.2%**	**7.2%**	**7.8%**
Sharpe Ratio	**0.52**	**0.47**	**0.45**

Allocation liquidity schedule



Annual potential loss – in any year there is a 5% chance for the allocations to have returns worse than these values



* Based on representative Strategic Allocations, please see asset allocation slide for more asset allocation details..

** Each bar represents the asset class category contribution based on asset weights ("Allocation"), expected long-term arithmetic return ("Return") and expected long-term risk ("Volatility"). The volatility decomposition represents each asset category's marginal contribution to risk multiplied by the weight in the allocation and then scaled by dividing by total risk. Arithmetic returns estimate the simple average of future annual returns; compound returns estimate the change in asset value over multiple periods and reflect the expected impact of volatility. Higher volatility results in lower compound returns when compared to the arithmetic.

*** Liquidation time frame assumptions: Equity, Fixed Income and Commodities are assumed to have liquidity of 1 month or less; Hedge Funds are assumed to have liquidity of 2 years or less; and Private Equity and Real Estate are assumed to have liquidity of 10 years or less

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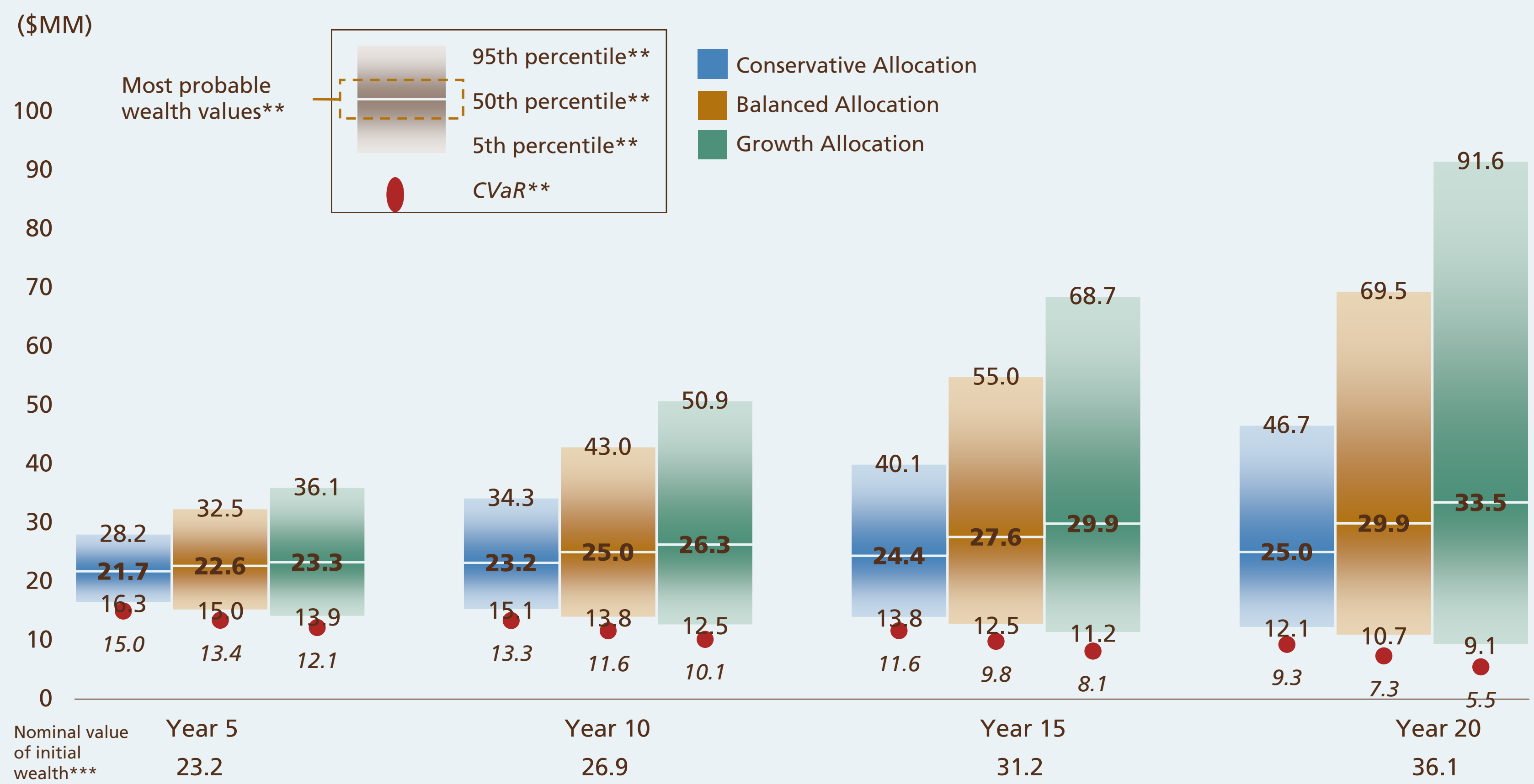
Each scenario will produce different potential wealth values over time

Assumptions: initial value = $20MM, withdrawal of $500K per annum adjusted for inflation (3.25%) for personal expenditures, effective income tax rate = 47.02%, effective capital gains tax rate =27.42%

Range of projected wealth values*



Note: This is a projection used for illustrative purposes only and does not represent investment in any particular vehicle. References to future wealth values are not promises or even estimates of actual returns you may experience. Furthermore, the material is incomplete without reference to, and should be viewed in conjunction with, the verbal briefing provided by J.P. Morgan representative. For further information, see page entitled "Understanding long-term estimates."

* Calculations based upon assumptions listed. For allocation details, see asset allocation page. Tax rates are adjusted in early year(s) to reflect current tax laws.

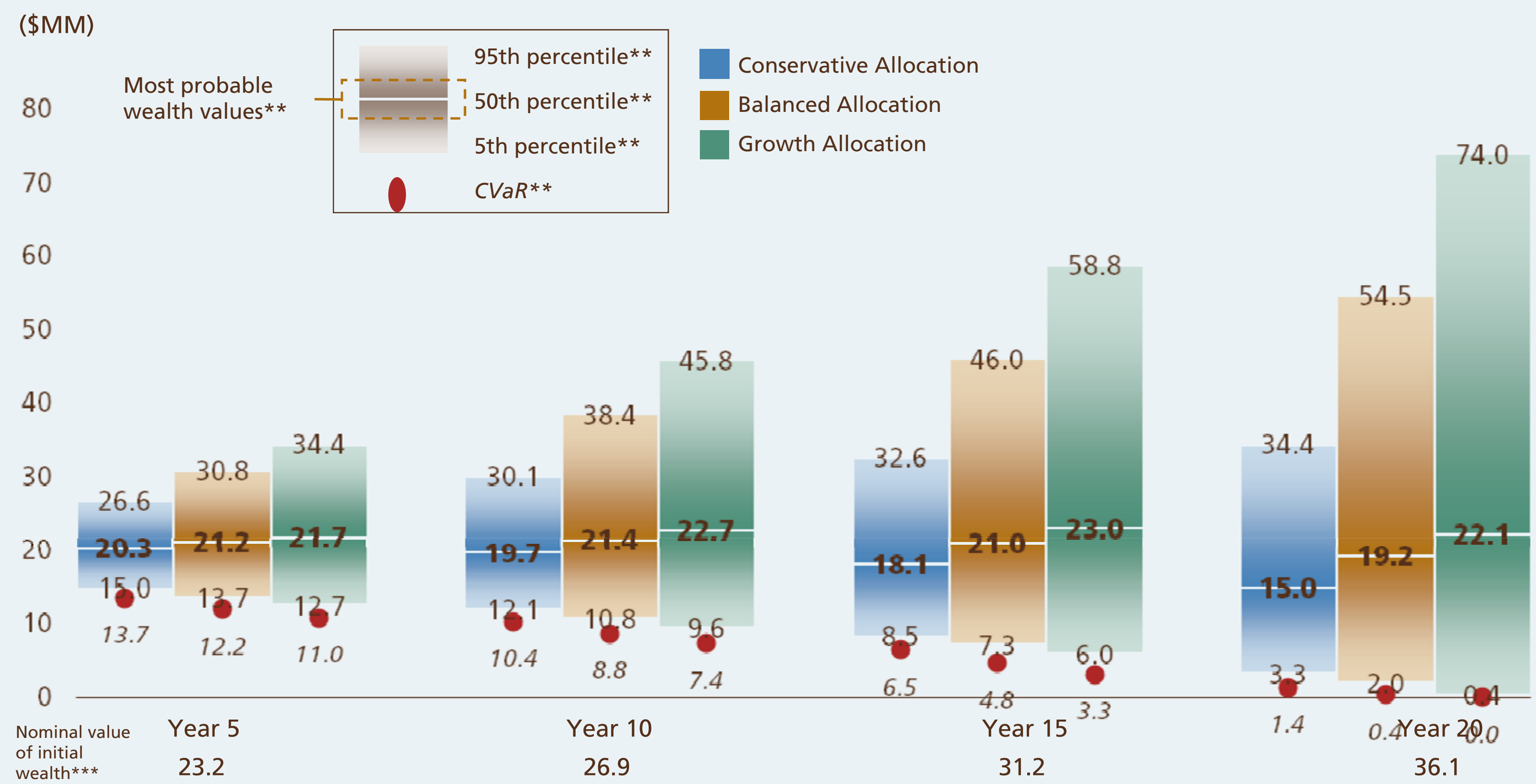
** "Most probable wealth values," denoted by the darkly shaded area, indicates the range in and around the 50th percentile. The "50th percentile" indicates the middle wealth value of the entire range of probable wealth values. The "95th percentile" wealth value indicates that 95% of the probable wealth values will be equal to or below that number; the "5th percentile" wealth value indicates that 5% of the probable wealth values will be equal to or below that number. Another way of looking at it is that 90% of the probable wealth values will be between those two figures. CVaR here is defined as the average allocation value in the worst 5% of the simulations.

*** Initial allocation value adjusted for inflation rate of 3.25% per annum. Illustrates the future value that is equivalent to the initial allocation's purchasing power.

Each scenario will produce different potential wealth values over time

Assumptions: initial value = $20MM, withdrawal of $750K per annum adjusted for inflation (3.25%) for personal expenditures, effective income tax rate = 47.02%, effective capital gains tax rate =27.42%

Range of projected wealth values*



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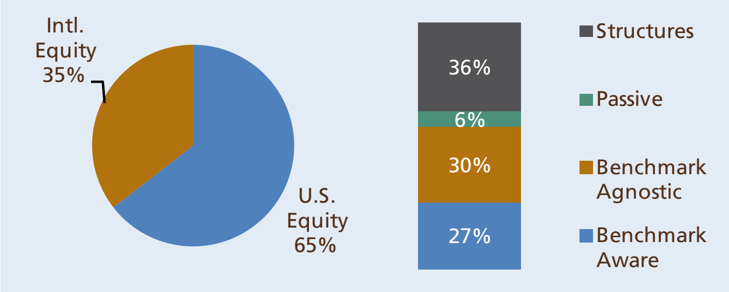
*** Initial allocation value adjusted for inflation rate of 3.25% per annum. Illustrates the future value that is equivalent to the initial allocation's purchasing power.

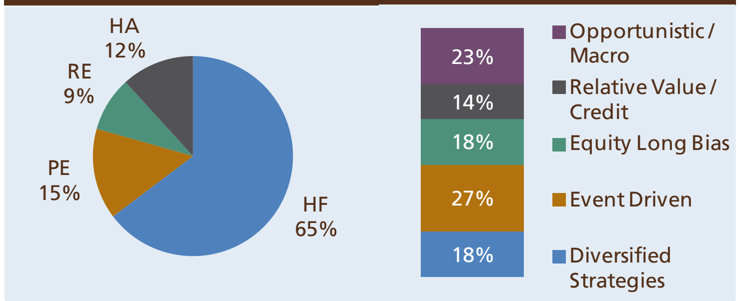
J.P. Morgan Model Portfolio:
Balanced Model with Alternatives

Asset Class	Strategic Allocation	Tactical Over / Under Weight	Current Allocation
EQUITIES	**40%**	**-7%**	**33%**
U.S.	18%	2%	20%
Large Cap	14%	3%	17%
Core	14%	-1%	13%
Value	0%	2%	2%
Growth	0%	2%	2%
Mid Cap	2%	1%	3%
Small Cap	2%	-2%	0%
INTERNATIONAL	22%	-11%	11%
EAFE	17%	-10%	7%
Asia ex-Japan	3%	0%	3%
Emerging Markets	2%	-1%	1%
GLOBAL EQUITY	0%	2%	2%
ALTERNATIVES	**30%**	**4%**	**34%**
HEDGE FUNDS	18%	4%	22%
Diversified Strategies	6%	-2%	4%
Single Strategies	12%	6%	18%
Event Driven	3%	3%	6%
Core	3%	1%	4%
Distressed	0%	2%	2%
Equity Long Bias	3%	1%	4%
Relative Value / Credit	3%	0%	3%
Opportunistic / Macro	3%	2%	5%
PRIVATE INVESTMENTS	5%	0%	5%
LBO/Venture Capital	5%	-2%	3%
Private Debt	0%	2%	2%
REAL ESTATE	3%	0%	3%
Direct Real Estate	3%	0%	3%
HARD ASSETS	4%	0%	4%
FIXED INCOME & CASH	**30%**	**3%**	**33%**
CORE	21%	-11%	10%
Core Fixed Income	17%	-9%	8%
Inflation	4%	-2%	2%
EXTENDED CREDIT	2%	8%	10%
High Yield/Bank Loans	2%	8%	10%
FX STRATEGIES	3%	2%	5%
Local Currency	3%	2%	5%
CASH	4%	4%	8%
TOTAL	**100%**	**0%**	**100%**

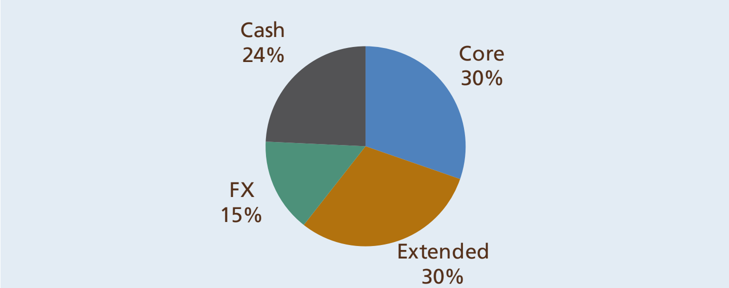
Equity Allocation



Alternatives Allocation



Fixed Income Allocation



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APPENDIX

Understanding “equilibrium” estimates

Our investment management research incorporates our proprietary projections of the “equilibrium” returns and volatility of each asset class over the long term, as well as equilibrium estimates of the correlations among asset classes. Clearly, financial firms cannot predict how markets will perform in the future. But we do believe that by analyzing current economic and market conditions and historical market trends, and then, most critically, making projections of future economic growth, inflation, and real yields for each country, we can estimate the “equilibrium” performance for an entire asset class. The “equilibrium” return is simply the central tendency over a very long period of time around which market returns will tend to fluctuate, because it represents the value inherent in that market. It is possible – indeed, probable – that actual returns will vary considerably from this equilibrium, even for a number of years. But we believe that market returns will always at some point return to the equilibrium trend. We further believe that these kinds of forward-looking assessments are far more accurate than historical trends in deciding what asset class performance will be, and how best to determine an optimal asset mix.

In reviewing this material, please understand that all references to expected return are not promises, or even estimates, of actual returns one may achieve. They simply show what the equilibrium return should be, according to our best estimates. Also note that actual performance may be affected by the expertise of the person who actually manages these investments, both in picking individual securities and possibly adjusting the mix periodically to take advantage of asset class undervaluations and overvaluations caused by market trends.

This analysis includes a Monte Carlo simulation

Monte Carlo simulation is an analytical technique which uses a large number of calculations of uncertain or random variables (at the total allocation level). Statistics on the distribution of results can help us infer which simulated wealth variables are more likely. When simulating total allocation returns, the program utilizes JPMorgan Asset Management ("JPMAM") forward looking capital market assumptions for asset class returns, volatility and correlations. These assumptions in the program are not subject to change by your advisor but are consistent with JPMAM capital market assumptions. The simulation analysis incorporates additional factors including taxes and spending – that will impact the wealth values over time. Small changes in assumptions can have a drastic impact on the Monte Carlo output so the analysis is generated to provide only general guidance about the discipline you should follow with your investments and expenditures. Because the wealth analysis is based on asset classes and not investment products, no bias exists that would favor one investment product over another. The accuracy of any predictions generated in a Monte Carlo analysis is limited by the accuracy of JPMAM's capital market assumptions, however, the analysis is valuable in providing you with information to determine how best to manage your financial affairs. With this model we generate multi-period projections of the possible outcomes of your investing and spending decisions.

Understanding "equilibrium" estimates

Asset Class	Expected Return	Expected Volatility	Expected Yield
US Large Cap	9.7%	19.5%	2.8%
US Large Cap Value	9.7%	20.8%	2.8%
US Large Cap Growth	10.1%	20.5%	1.5%
US Mid Cap	11.4%	24.5%	1.8%
US Small Cap	11.2%	25.0%	2.0%
EAFE Equity	10.4%	24.8%	3.5%
Asia ex-Japan Equity	13.6%	29.3%	2.8%
Emerging Markets Equity	13.9%	30.5%	2.8%
Diversified Hedge Funds	6.5%	7.3%	0.0%
Macro Hedge Funds	8.1%	11.8%	0.0%
Municipal Bonds	2.6%	3.8%	3.4%
TIPS	3.7%	7.0%	1.2%
US High Yield Bonds	8.3%	17.0%	9.1%
Currency Strategies	2.7%	6.3%	2.0%
US Cash	2.0%	0.5%	2.0%

Understanding "equilibrium" estimates

Risk and return measures are developed by J.P. Morgan and by BARRA Inc. Estimates of unmanaged expected return and volatility for portfolios are based on our projected long-run "equilibrium" estimates and are described in greater detail below. Estimates of **(HCA)** expected return and volatility are based on BARRA's proprietary multi-factor model of the U.S. and other major markets around the world. BARRA is a leading proponent of the quantitative modeling of equity risk and return, and is a widely recognized provider of software designed to assess the risk of equity portfolios.

Our investment management research incorporates our proprietary projections of the "equilibrium" returns and volatility of each asset class over the long term, as well as equilibrium estimates of the correlations among asset classes. Clearly, neither we nor any other financial firm can predict how markets will perform in the future. But we do believe that by analyzing current economic and market conditions and historical market trends, and then, most critically, making projections of future economic growth, inflation, and real yields for each country, we can estimate the "equilibrium" performance for an entire asset class.

The "equilibrium" return is simply the central tendency over a very long period of time around which market returns will tend to fluctuate, because it represents the value inherent in that market. It is possible – indeed, probable – that actual returns will vary considerably from this equilibrium, even for a number of years. But we believe that market returns will always at some point return to the equilibrium trend.

We further believe that these kinds of forward-looking assessments are far more accurate than historical trends in deciding what asset class performance will be, and how best to determine an optimal asset mix.

In reviewing this material, please understand that all references to expected return are not promises, or even estimates, of actual returns one may achieve. They simply show what the equilibrium return should be, according to our best estimates. Also note that actual performance may be affected by the expertise of the person who actually manages these investments, both in picking individual securities and possibly adjusting the mix periodically to take advantage of asset class undervaluations and overvaluations caused by market trends.

Notwithstanding anything herein to the contrary, each recipient of this presentation, and each employee, representative or other agent of such recipient may disclose to any and all persons, without limitation of any kind, the U.S. federal and state income tax treatment and the U.S. federal and state income tax structure of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to such recipient relating to such tax treatment and tax structure insofar as such treatment and/or structure relates to a U.S. federal or state income tax strategy provided to such recipient by J.P. Morgan Chase & Co. and its subsidiaries.

Important information

IRS Circular 230 Disclosure: *JPMorgan Chase & Co. and its affiliates do not provide tax advice. Accordingly, any discussion of U.S. tax matters contained herein (including any attachments) is not intended or written to be used, and cannot be used, in connection with the promotion, marketing or recommendation by anyone unaffiliated with JPMorgan Chase & Co. of any of the matters addressed herein or for the purpose of avoiding U.S. tax-related penalties.*

Each recipient of this presentation, and each agent thereof, may disclose to any person, without limitation, the U.S. income and franchise tax treatment and tax structure of the transactions described herein and may disclose all materials of any kind (including opinions or other tax analyses) provided to each recipient insofar as the materials relate to a U.S. income or franchise tax strategy provided to such recipient by JPMorgan Chase & Co. and its subsidiaries.

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We believe the information contained in this material to be reliable but do not warrant its accuracy or completeness. Opinions, estimates, and investment strategies and views expressed in this document constitute our judgment based on current market conditions and are subject to change without notice. This material should not be regarded as research or a J.P. Morgan research report. Opinions expressed herein may differ from the opinions expressed by other areas of J.P. Morgan, including research. The investment strategies and views stated here may differ from those expressed for other purposes or in other contexts by other J.P. Morgan market strategists.

J.P. Morgan Securities LLC may act as a market maker in markets relevant to structured products or option products and may engage in hedging or other operations in such markets relevant to its structured products or options exposures. Structured products and options are not insured by the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board, or any other governmental agency.

In discussion of options and other strategies, results and risks are based solely on hypothetical examples cited; actual results and risks will vary depending on specific circumstances. Investors are urged to consider carefully whether option or option-related products in general, as well as the products or strategies discussed herein are suitable to their needs. In actual transactions, the client's counterparty for OTC derivatives applications is JPMorgan Chase Bank, N.A., London branch. For a copy of the "Characteristics and Risks of Standardized Options" booklet, please contact your J.P. Morgan Advisor.

Real estate, hedge funds, and other private investments may not be suitable for all individual investors, may present significant risks, and may be sold or redeemed at more or less than the original amount invested. Private investments are offered only by offering memoranda, which more fully describe the possible risks. There are no assurances that the stated investment objectives of any investment product will be met. Hedge funds (or funds of hedge funds): often engage in leveraging and other speculative investment practices that may increase the risk of investment loss; can be highly illiquid; are not required to provide periodic pricing or valuation information to investors; may involve complex tax structures and delays in distributing important tax information; are not subject to the same regulatory requirements as mutual funds; and often charge high fees. Further, any number of conflicts of interest may exist in the context of the management and/or operation of any hedge fund. Structured products involve derivatives. The investment decision is yours but you should not invest in any structured product unless you fully understand and are willing to assume the risks associated with it.

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Past performance is no guarantee of future results.

Additional information is available upon request.

STATE OF THE MARKET
MIDDLE MARKET Private Equity

[Date]

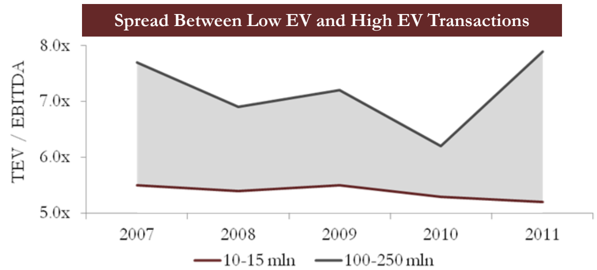
Size matters

During 2011, the market saw a significant divergence of TEV/EBITDA multiples between the smaller and larger transactions.

Stratified TEV / EBITDA Multiples

TEV	2003-2006	2007	2008	2009	2010	2011	Total	N =
10-25	5.6 x	5.5 x	5.4 x	5.5 x	5.3 x	5.2 x	5.5 x	541
25-50	6.0	6.4	6.0	6.0	6.1	5.9	6.1	404
50-100	6.5	6.8	6.7	6.5	6.6	7.2	6.6	280
100-250	7.1	7.7	6.9	7.2	6.2	7.9	7.2	107
Total	6.0 x	6.2 x	6.0 x	6.0 x	5.9 x	6.1 x	6.0 x	
N =	553	218	160	87	169	145		1,332

Spread Between Low EV and High EV Transactions



Source: GF Data

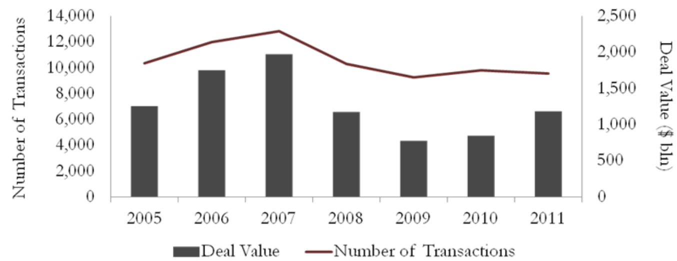
Coming off a strong 2011

Overall number and value of U.S. M&A transactions were at a post financial crisis high in 2011.

The calendar year 2011 proved to be a busy year for the broad M&A market. Key drivers of the uptick in activity included:

- Stabilized economic conditions
- Improved equity markets
- Rebound in availability of leverage
- Pent-up supply of sellers
- Record cash on balance sheets of corporations
- Financial buyer "dry powder"

Announced Middle Market M&A Activity



Source: Akerman

Turbulence in the past twelve months

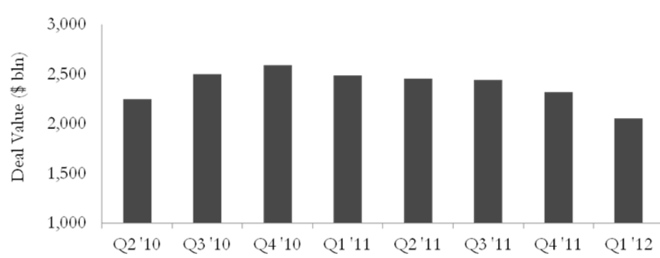
The number and value of U.S. M&A transactions continually decreased in the second half of 2011 and first quarter of 2012 as compared to early 2011.

The recent slowdown in deal activity can be attributed to a number of factors including:

- U.S. and global macro uncertainties
- European debt crisis
- Tax and policy uncertainty

Market participants generally expect an improving M&A environment throughout the remainder of 2012.

Announced Quarterly Middle Market M&A Activity



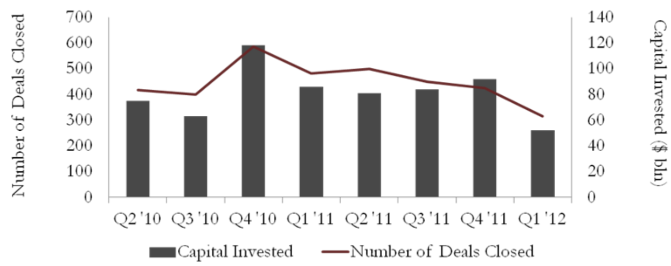
Source: Akerman

Private equity backed transactions on decline

U.S. private equity investment in 2011 declined as the year progressed.

Following in the footsteps of the broader U.S. M&A market, the number of private equity investments has experienced a steady decline, on a quarterly basis, since Q4 of 2010. The downward trend has continued into 2012.

U.S. Private Equity Deal Flow by Quarter



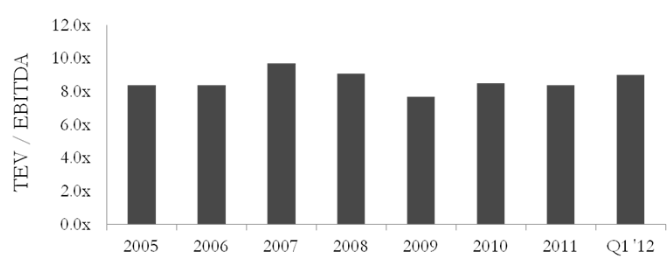
Source: Pitchbook

Valuation multiples

Although transaction activity has declined, valuation multiples have continued to trend upward.

EBITDA multiples during the first quarter of 2012 recovered and returned to pre-financial crisis levels. As with 2011, acquirers paid a premium for larger and higher quality companies.

Announced Quarterly Middle Market M&A Activity



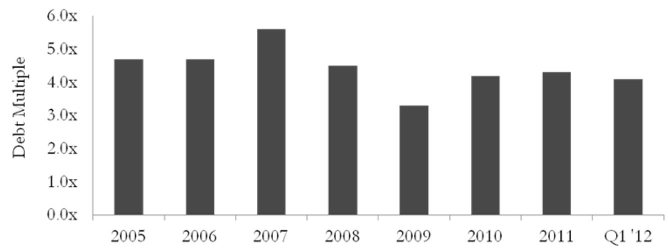
Source: Akerman

Debt multiples

Leverage levels for LBOs have remained consistent following the 2009 lows.

The return of the availability of credit and appetite for LBO financing have allowed debt multiples to steadily rebound. The amount of leverage available for larger LBOs continues to be higher in what can be interpreted as a flight to quality.

Average Debt Multiples of Middle Market LBO Loans



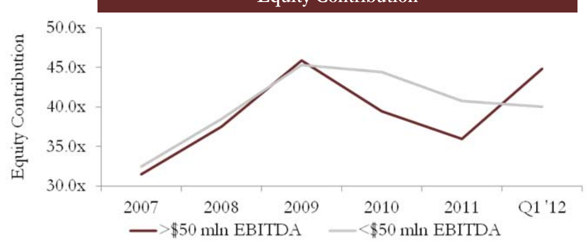
Source: Akerman

Equity contribution

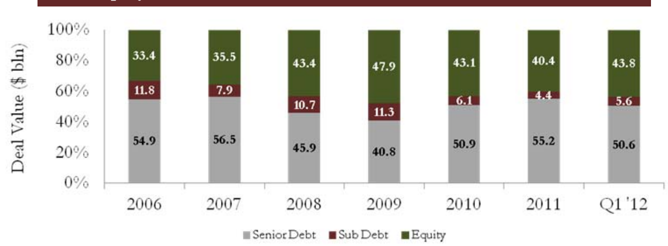
As debt markets have recovered, the equity contributions to LBOs showed some signs of returning to pre-financial crisis levels.

There has not been a significant divergence in equity contribution for deals involving companies above and below the $50 million EBITDA threshold.

Equity Contribution



Equity and Debt Contributions for Middle Market Transactions



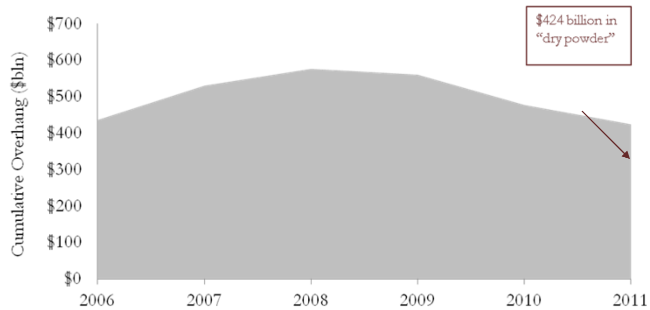
Source: Akerman

What's next?

At the end of 2011, private equity funds were sitting on $424 billion of dry powder.

LBO activity in upcoming years will experience tailwinds due to the significant amounts of un-deployed capital held by private equity funds.

Capital Overhang of U.S. Private Equity Investors[1]



(1) Estimated 'dry powder' calculated as the cumulative overhang divided by the three-year average equity contribution to LBO transactions.
Source: Pitchbook

Size matters

During 2011, the market saw a significant divergence of TEV/EBITDA multiples between the smaller and larger transactions.

Stratified TEV / EBITDA Multiples

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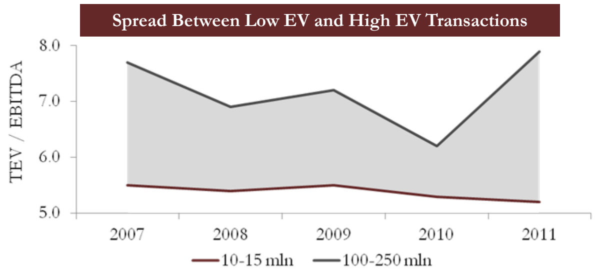


Source: GF Data

Attributes driving value to the higher end of the EBITDA range

Attributes Driving Value

Although there is no "magic bullet" that results in maximum value, some of the attributes that will typically result in driving value for middle market businesses include:

- Diversified Customer Base (i.e. Limited Customer Concentration)
- Strong Gross Margins & EBITDA Margins...EBITDA Margins > 10%
- Recurring Revenues
- Reasonable Growth Dynamics

Source: Akerman

Chaffe
& ASSOCIATES
Investment Bankers

See the Chaffe difference.

201 ST. CHARLES AVE, SUITE 1410 | NEW ORLEANS, LA | 70170-1410 | 504.524.1801

Corporate Profile

Chaffe & Associates, Inc. ("Chaffe") was founded in 1982 by D. B. H. Chaffe III to provide specialized investment banking services to financial institutions and corporations

– Focused on serving small to middle market companies in the Gulf South
– Headquartered in New Orleans with an office in Jackson, MS.
– Registered Broker/Dealer through wholly owned subsidiary, Chaffe Securities, Inc.
– Employs 15 investment banking professionals with significant experience in a wide range of investment banking and consulting services
– Comprised of three functional groups
  - ➢Valuations
  - ➢Financial Institutions
  - ➢M&A Boutique

Chaffe's ability to understand and determine value of our client companies has been the cornerstone of the firm's services.

Chaffe & ASSOCIATES

Merger and Acquisition Services

- Services include both Seller and Buyer Advisory Services to non-financial institution companies
- Chaffe is a boutique investment bank and does not have an industry preference
- All M&A services, except fairness opinions, can be contracted on a hourly or contingency basis

Mergers and acquisitions require awareness of the current market and a precise understanding of the objective of each client. Chaffe's Mergers and Acquisitions Group provides its clients step-by-step guidance throughout the process.

Summary of Services

Chaffe has earned an excellent reputation by providing decades of merger and acquisition work. Many institutions turn to Chaffe because of our experience and contacts with interested buyers and sellers.

Seller Advisory Services:

- Reviewing the finances of the business
- Evaluating the client's strategic alternatives
- Conducting a thorough valuation of the institution
- Preparing the materials required by the buyers
- Screening potential buyers
- Analyzing potential offers and proposals for presentation of our findings to company officers and directors
- Developing negotiation strategies and implementing the sale
- Negotiating the price and terms of the transaction
- Preparing fairness opinions for shareholders

Buyer Advisory Services:

- Reviewing thoroughly the acquisition criteria and business reason for the acquisition
- Identifying potential acquisition candidates
- Analyzing the financial and strategic value of the potential acquisition
- Evaluating the financial implications of the potential acquisition
- Developing strategy to approach and acquire the chosen institution
- Negotiating the price and terms of the acquisition
- Evaluating potential financing for the acquisition

Sell Side Merger & Acquisition Service

- Objective of Seller Advisory Services: Create a process in which our client obtains the best pricing and deal terms
- How we achieve our objective:
  - Guide the seller through every step of the process
  - Maintain strict confidentiality throughout the engagement
  - Minimize disruptions so that the client can focus on running the business

The Transaction Process

Process Alternatives

	Exclusive Negotiation	Limited Auction	Broad Auction
Process	Potential acquirers are prioritized according to their projected interest and are contacted one at a time, beginning with the most likely acquirer.	A select number of the most likely acquirers are contacted as a group; each is informed the company is in discussion with a "select few" other potential acquirers.	Indications of interest are solicited from a broad spectrum of potential acquirers with the goal of maximizing a competitive bidding environment.
Advantages	• Highest degree of confidentiality. • Greatest control over process (can terminate process most easily).	• Auction encourages competitive bidding, increasing likelihood that maximum value is attained. • Control is maintained over confidential information. • Limited wasted effort with unlikely acquirers.	• Broad distribution and competitive environment increase likelihood that maximum value is achieved. • Little chance of missing "dark-horse" acquirer.
Disadvantages	• Less likely to achieve maximum selling price. • Weakened negotiating position.	• Possibility that "dark-horse" is not contacted. • Some buyers reluctant to participate in a competitive process.	• Considerably higher risk of confidentiality breach. • Process could take up more management time. • Slowest process.

We recommend a "limited auction" to balance confidentiality requirements with likely buyer pool.

Process Timing

Phase I	Phase II	Phase III	Phase IV
Valuation and Preparation	Offer/ Marketing and Evaluation	Due Diligence/ Binding Proposals	Execution and Closing
3-6 Weeks	**4-6 Weeks**	**4-6 Weeks**	**4-8 Weeks**
▪ Advisor due diligence and valuation ▪ Define and rank potential acquirers ▪ Prepare confidential information memorandum ("CIM") and "teaser" document ▪ Prepare confidentiality agreement ("CA")	▪ Contact potential acquirers ▪ Distribute "teaser" document ▪ Provide CIM to parties who execute CA ▪ Invite parties to submit non-binding expressions of interest ▪ Evaluate proposals ▪ Select parties for Phase III due diligence	▪ Due diligence (data room) ▪ Management presentations and meetings ▪ Site visit ▪ Invite parties to submit final binding proposals ▪ Negotiation of terms ▪ Selection of preferred bidder(s)	▪ Confirmatory due diligence ▪ Committed financing ▪ Negotiation of Purchase agreement ▪ Regulator and other approvals ▪ Closing

Typical transacting timing takes 24 – 26 weeks to close.

Types of Buyers

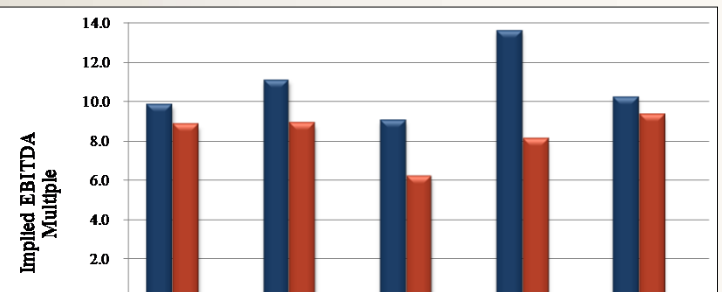
Strategic Buyers

- View of an "Acquirer" or "Partner"
- Almost always wants control
- May be willing to accept lower economic return to gain overall industry advantage
- Brings industry and/or management expertise
- Management may or may not continue with organization
- Leverage may or may not be used
- Less likely to require owner to continue working with the company
- Less likely to have financial contingency in an offer

Financial Buyers

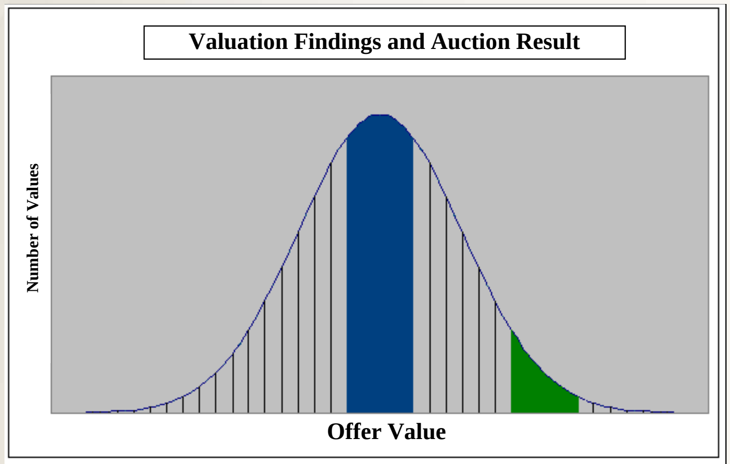
- View of an “Investor”
- Generally likes to have control
- Looks for total return of greater than 20%-30%
- May or may not have industry expertise
- Looks for exit in three to seven years
- Looks for steady or increasing cash flow
- Management typically integral to transaction and often invests in the continuing company
- More likely to have a financing contingency
- Provides the opportunity for a second payday down the road

Why Do You Need an Investment Banker?



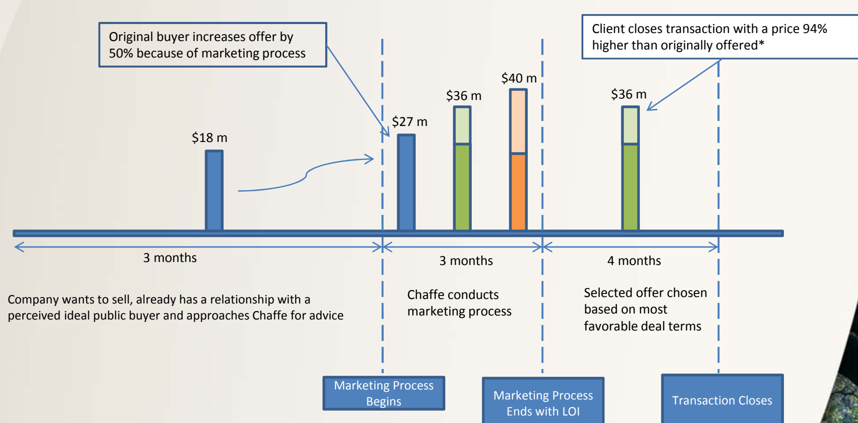
	Energy	Healthcare	Industrials	Information Technology	All Industries
Implied EBITDA Multiple Achieved With Advisor	9.86	11.12	9.05	13.64	10.26
Implied EBITDA Multiple Achieved Without Advisor	8.81	8.87	6.18	8.06	9.31
% Difference	11.9%	25.4%	46.6%	69.2%	10.2%

Auction Process



The auction process is designed to find those buyers who will pay at the top end of the valuation range or above.

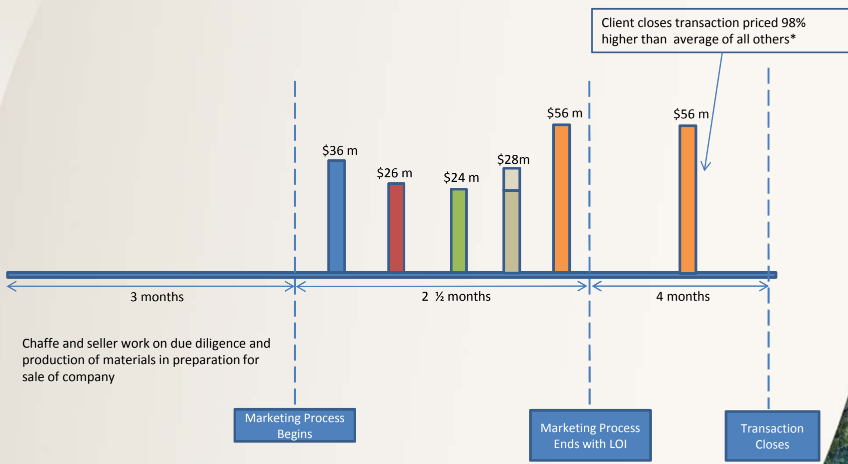
Scenario 1– Seller Had Identified a Buyer



**Past performance is not indicative of future results*

•Values represent enterprise values of offers.
•Demarcations of total enterprise value indicate cash portion as dark shades and contingent portion as lighter shades.

Scenario 2 – Seller Undergoes Full Marketing Process



**Past performance is not indicative of future results*

•Values represent enterprise values of offers.

•Demarcations of total enterprise value indicate cash portion as dark shades and contingent portion as lighter shades.

The Chaffe Difference

Why Chaffe & Associates ?

Chaffe has a track record of executing M&A transactions flawlessly and expeditiously.

- Your transaction is significant to Chaffe and will be handled by the top level of our firm. The Sales Team is the Deal Team.
- Private companies and the lower mid-market transactions are our focus, not just during hard times.
- Chaffe has strong relationships with strategic and financial buyers.

Representative Assignments/Engagements

- **Sold a large multi-location grocery store chain**
- **Sold an electric utility company**
- **Sold numerous energy related and oil service companies**
- **Provided fairness opinions:**
  - To investors in an several early stage technology companies
  - For a sale of a publicly traded railroad supplier for its shareholders
  - Provided a fairness opinion for an oil service company going private transaction.
- **Provides ongoing consulting for numerous companies which are preparing for sale in the future**

Selected Mergers and Acquisitions Transactions

This announcement appears as a matter of record only

March 24, 2012

The Standard Companies, Inc.
New Orleans, LA
One of the largest office beverage providers in the U.S. which provides brewed coffee, tea, equipment and water filtration systems

Has sold substantially all its assets to:

DS Waters of America, Inc.
Atlanta, GA
A leading producer and distributor of bottles water and related products for homes, offices, and retail establishments

Chaffe & Associates, Inc. acted as exclusive financial advisors to The Standard Companies, Inc.

Securities transactions conducted through CSI, member FINRA/SIPC

This announcement appears as a matter of record only

March 24, 2011

EMDSI – Hunt Power LLC
Harvey, LA
Global provider or EMD Engines, Generator sets and Service

Has been acquired by::

Stewart & Stevenson LLC
Houston, TX
A leading designer, manufacturer and distributor of specialized equipment and aftermarket parts and services for the oil and gas, power generation, marine and other industries.

Chaffe & Associates, Inc. acted as exclusive financial advisors to EMDSI – Hunt Power LLC in this transaction

Securities transactions conducted through CSI, member Finra/SIPC

This announcement appears as a matter of record only

October 4, 2010

Vemco Corporation
Natchitoches, LA
A regulated rural electric utility company providing electric services to northwest Louisiana

Has sold substantially all its assets to:

Southwestern Electric Power Company
Loveland, OH

A unit of American Electric Power

Chaffe & Associates, Inc. acted as exclusive financial advisors to Valley Electric Membership Corporation

This announcement appears as a matter of record only

January 2010

One Source
Houston, TX
North America's largest ship supply group

Has been acquired by

Wrist, Inc
Aalborg, Denmark
One of the world's largest ship service companies providing one stop bunker fuel, ship supply, shipping products, and services for vessels

Chaffe & Associates, Inc. acted as financial advisors to One Source

This announcement appears as a matter of record only

October 31, 2008

EMDSI LLC
Harvey, LA
Global provider or EMD Engines, Generator sets and Service

Has been acquired by

Itochu International, Inc
New York, NY
A worldwide trading corporation engaged in various industries

And
Dimeling, Schreiber & Park
Philadelphia, PA

Chaffe & Associates, Inc. acted as exclusive financial advisors to EMDSI

This announcement appears as a matter of record only

October 2007

North Texas Gas Company, Ltd
Dalhart, TX
An independent natural gas utility serving agricultural, commercial and residential customers in the Northern Texas Panhandle and Western Oklahoma

Has been acquired by:

West Texas Gas, Inc.
Midland, TX

Chaffe & Associates, Inc. acted as exclusive financial advisors to North Texas Gas.

Securities transactions conducted through CSI, member Finra/SIPC

This announcement appears as a matter of record only

April 2007

C.F. Bean, LLC
Belle Chase, LA
A diversified dredging contractor with clients throughout the U.S.

Has been acquired by:

Great Lakes Dredge & Dock Corporation
Oak Brook, IL

Chaffe & Associates, Inc. acted as exclusive financial advisor to C.F. Bean, LLC

This announcement appears as a matter of record only

May 2006

Allpax Products, Inc.
Covington, LA
North America's premier designer and manufacturer of terminal sterilization and materials handling machinery

has entered into a definitive agreement to be acquired by

Pro Mach, Inc.
Loveland, OH
A leading provider of integrated packaging products and solutions

Chaffe & Associates, Inc. acted as exclusive financial advisors to Allpax

Selected Fairness Opinions

August, 10 2011

Louisiana Sustainability Fund
New Orleans, LA
A fund dedicated to building a sustainable economic future in Louisiana by investing in clean technologies and industries

Chaffe & Associates, Inc. issued a fairness opinion and acted as exclusive financial advisors to the Louisiana Sustainability Fund

February 11, 2010

Portec Rail Products, Inc.
(NasdaqGM:PRPX)
Pittsburgh, PA
A manufacturer, supplier and distributor of railroad products

Agreed to tender all outstanding shares of common stock to

LB Foster
(NasdaqGS:FSTR)
for a consideration of $11.71 per share

Chaffe & Associates, Inc. issued a fairness opinion to the Board of Directors of Portec Rail Products, Inc. on the adequacy of the Tender Offer made to its shareholders.

January, 11 2009

Vemco Corporation
Natchitoches, LA
A regulated rural electric utility company providing electric services to northwest Louisiana

Chaffe & Associates, Inc. issued a fairness opinion and acted as exclusive financial advisors to Valley Electric Membership Corporation

January 18, 2005

Sterling Sugars, Inc.
Franklin, LA

Chaffe & Associates, Inc. issued a fairness opinion to the Board of Directors of Sterling Sugars, Inc. on the adequacy of the price offered to the minority shareholders to repurchase their shares in a going private transaction.

August 10, 2004

Avoca Incorporated
New Orleans, LA
Has entered into a "going private" merger transaction exchanging the remaining 10% of UNIFAB public shares for a cash consideration of $0.20 per share.

Chaffe & Associates, Inc. issued a fairness opinion to the Board of Directors of Avoca Incorporated on the adequacy of price offered to the minority shareholders to repurchase their shares in a going private transaction.

August 10, 2004

Midland Fabricators and Process Systems, L.L.C.
Metairie, LA
Has entered into a "going private" merger transaction exchanging the remaining 10% of UNIFAB public shares for a cash consideration of $0.20 per share.

UNIFAB International, Inc.

Chaffe & Associates, Inc. issued a fairness opinion to the Board of Directors of Midland Fabricators and Process Systems, LLC on the adequacy of price on the offer made to the minority shareholders.

Mergers & Acquisitions Team

G.F. Gay LeBreton
Managing Director

- Head of Chaffe & Associates Mergers and Acquisitions Group
- 16 years of experience in the valuation of companies and the structuring and negotiation of transactions
- Has been involved in over $1 billion of completed transactions
- B.A. from Newcomb College, M.B.A from A.B. Freeman School of Business

Frank deVay
Senior Vice President

- 12 years of experience in mergers and acquisitions
- Former strategic financial planner and business unit cost manager for Martin Marietta Manned Space Systems.
- Held position as Controller of a multi-entity oil and gas, engineering, procurement and construction concern.
- B.A. Economics from Loyola University of New Orleans

David Cusimano
Financial Analyst

- Six years experience founding and running a small aviation business.
- Worked as aeronautical engineer for Lockheed Martin Aeronautice
- B.S. Mechanical Engineering, Louisiana State University; M.A. Economics, University of Texas at Arlington; M.B.A Finance and International Business, A.B. Freeman School of Business

Whit Slocum
Financial Analyst

- Experience as Associate Director of Fund Services for UBS.
- B.S. Legal Studies in Business, Tulane University; M.B.A Finance, Energy Markets and International Business, A.B. Freeman School of Business