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**Presented by
Scott Peters, Managing Director
The Jordan, Edmiston Group, Inc.**

September 22, 2008



THE WALL STREET JOURNAL.
WSJ.com

SEPTEMBER 17, 2008, 11:15 A.M. ET

U.S. to Take Over AIG in \$85 Billion Bailout; Central Banks Inject Cash as Credit Dries Up

Emergency Loan Effectively Gives Government Control of AIG; Historic Move Would Cap 10 Days That Reshaped U.S. Economy

By MATTHEW KARNITSCHNIG, DEBORAH SOLOMON, LIAM PLEVEN and JON E. HILSENTHAL

Market Watch

Try MarketWatch on your mobile device today.

The U.S. insurance industry is in a state of crisis. The bailout of AIG is one of the most dramatic days in Wall Street's history, Merrill Lynch is sold to Bank of America for roughly \$50 billion to average while another prominent securities firm, Lehman Brothers, is on the verge of bankruptcy.

September 17, 2008 12:03 P.M. ET

Sell-off spreads beyond financials ... Nasdaq down 3%

Bears on prowl after bailout

Select financials rise, but main stock indexes slide even as a widely feared American International Group bankruptcy is averted when federal government steps in and takes control via \$85 billion loan.

- Naked-shorting ban is a product of naked panic (First Take)
- Global fund managers turn still gloomier in September
- Dollar dips | Movers & Shakers | Treasuries rise after housing data
- Oil springs back from abyss | Gold surges \$50 an ounce



FINANCIALS IN CRISIS | Sector U.S. rescues giant insurer

Fed intervention comes in the form of an \$85 billion loan just two days after the government refused to save Wall Street icon Lehman. CEO Willumstad ousted



REAL ESTATE AND HOME LOANS Starts and permits plummet

Single-family housing starts at 17-year low August, building permits at 26-year low.

- Slow down, economist advises builders
- Lower loan rates stir refinancing wave

MONEY FUNDS Money-market fund halts redemptions

One of the first and largest money-market funds "breaks back" and ends freeze

The New York Times
nytimes.com

September 15, 2008

Lehman Files for Bankruptcy; Merrill Is Sold

By ANDREW ROSS SORKIN

In one of the most dramatic days in Wall Street's history, Merrill Lynch filed for bankruptcy on Sunday to Bank of America for roughly \$50 billion to average while another prominent securities firm, Lehman Brothers, is on the verge of bankruptcy.

Bloomberg.com

Lending Freezes Up Following AIG Takeover

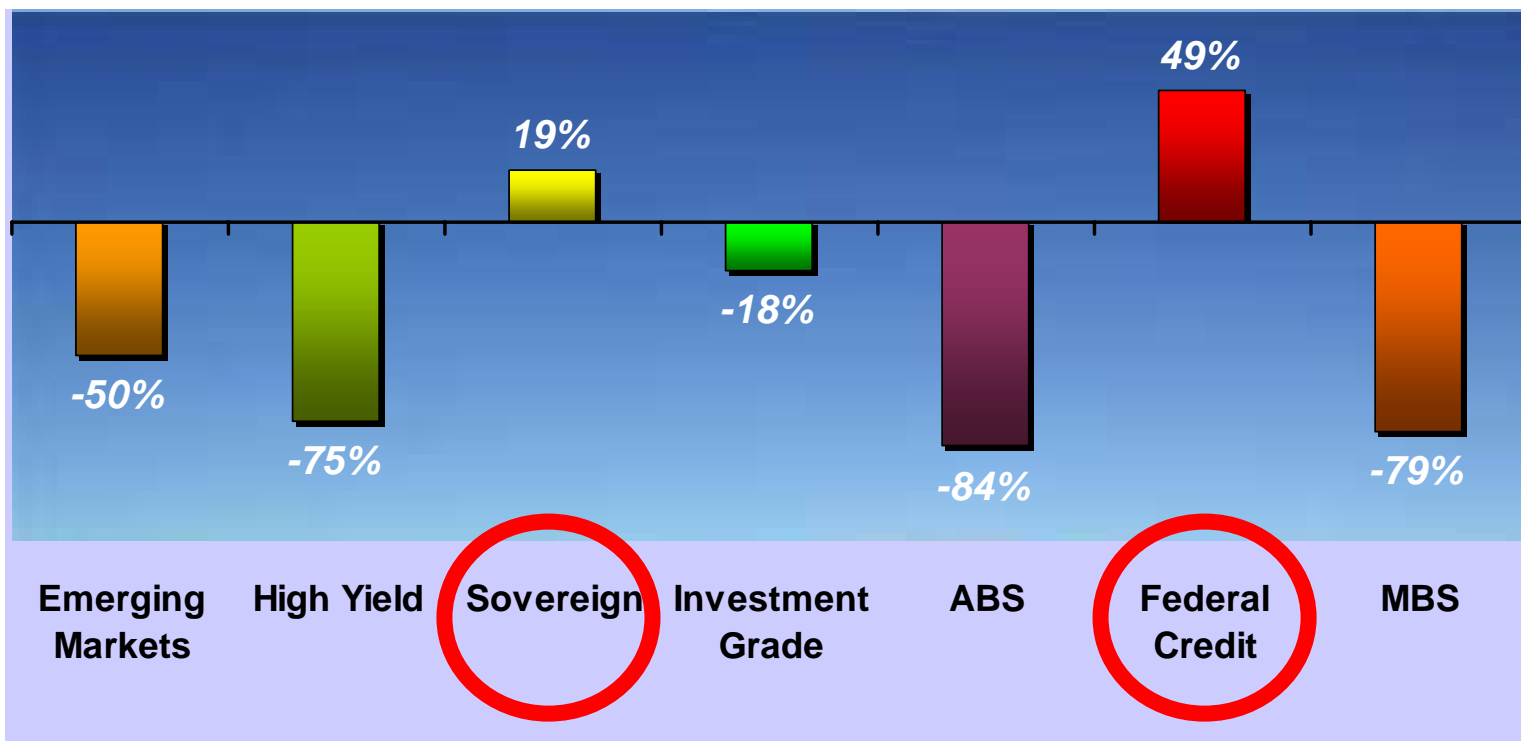
By Elizabeth Stanton

Sept. 17 (Bloomberg) -- U.S. stocks tumbled as bank lending se government's takeover of American International Group Inc., raising the nation's biggest financial companies will fail.

Goldman Sachs Group Inc. and Morgan Stanley, the two largest more than 20 percent after Oppenheimer & Co. analyst Meredith General Electric Co., the world's third-biggest company, fell 8 pe 14 percent. Yields on three-month bills sank to at least a 54-ye corporate borrowing costs surged to the highest since the crash

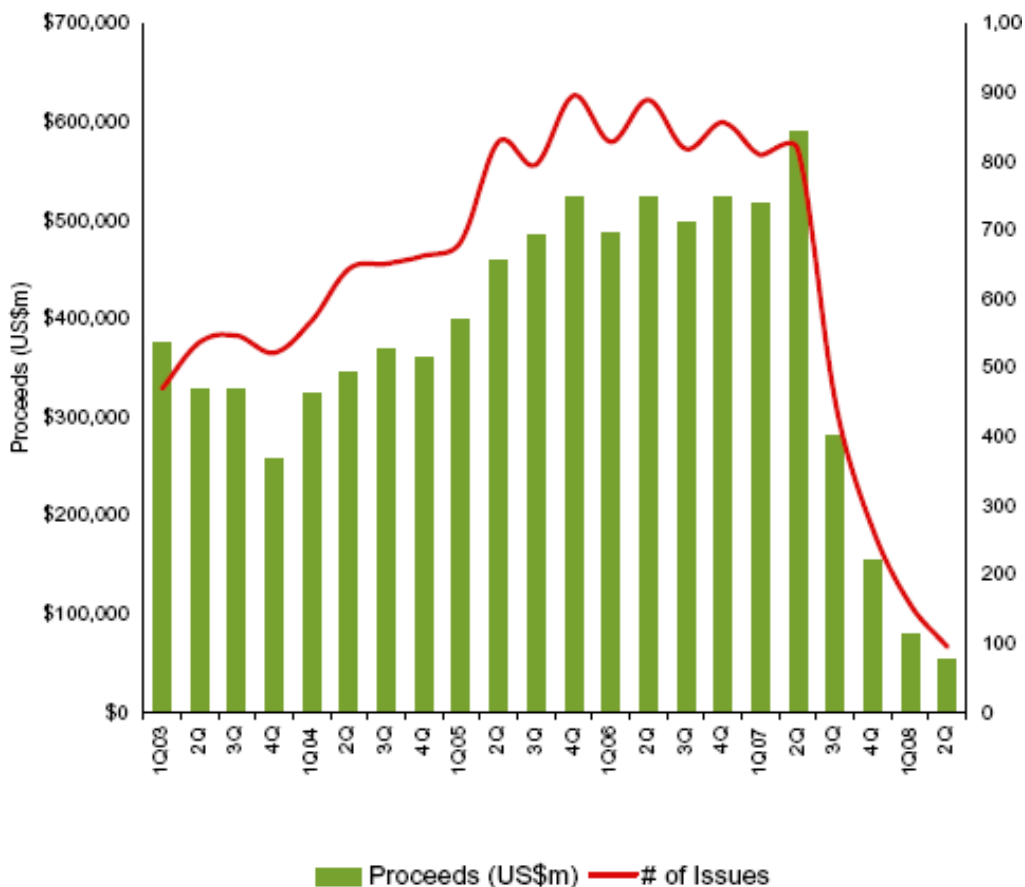
Significant Drop In Credit Issuance Through June 2008

Percent Change in Global Credit Issuance
January 1 – June 30, 2008



Source: Thomson Reuters

New Issuances of ABS, MBS & CDO Securities 2003 – 2Q08 By Quarter



Source: Thomson Reuters

Securities Continue To Reside With:

- Banks
- Hedge Funds
- Insurance Companies
- Sovereign Wealth Funds
- Pension Funds
- Municipalities
- Academic Endowments
- Wealthy Individuals

Essentially everyone...

THE WALL STREET JOURNAL.
WSJ.com

SEPTEMBER 18, 2008

Worst Crisis Since '30s, With No End Yet in Sight

BY MICHAEL HILSENRATH, SERENA NG and DAMIAN PALETTA

... crisis that began 13 months ago has entered a new, far more serious

... that the damage could be contained to a handful of financial institutions

... assets on mortgages have evaporated. New fault lines are emerging beyond

... problem -- troubled subprime mort

... finance contracts sold by Ameri

... growing sense of wariness a

... nces for companies and chief

... to raise capital, sell assets o

... share prices and fearful len

... is weekend, such a realization led Jonn

... to Bank of America Corp. Each

... that is more extensive and exp

... than the previous one, and carries

... risk of unintended consequences.

“...in the past year, financial institutions around the world have already written down \$408 billion worth of assets...”

— Jan Hatzius, Economist
Goldman Sachs Group Inc.
SEPTEMBER 18, 2008, WSJ

“Residential mortgage losses alone could hit \$636 billion by 2012...”

Sources of Capital

Federal Reserve

Consumer Deposits

Pension Funds

University Endowments

Insurance Companies

Foreign Investment

Intermediaries

Senior Lenders / Banks

Users

Corporations

Sources of Capital

Federal Reserve

Consumer Deposits

Pension Funds

University Endowments

Insurance Companies

Foreign Investment

Intermediaries

Senior Lenders / Banks

Private Equity

Venture Capital

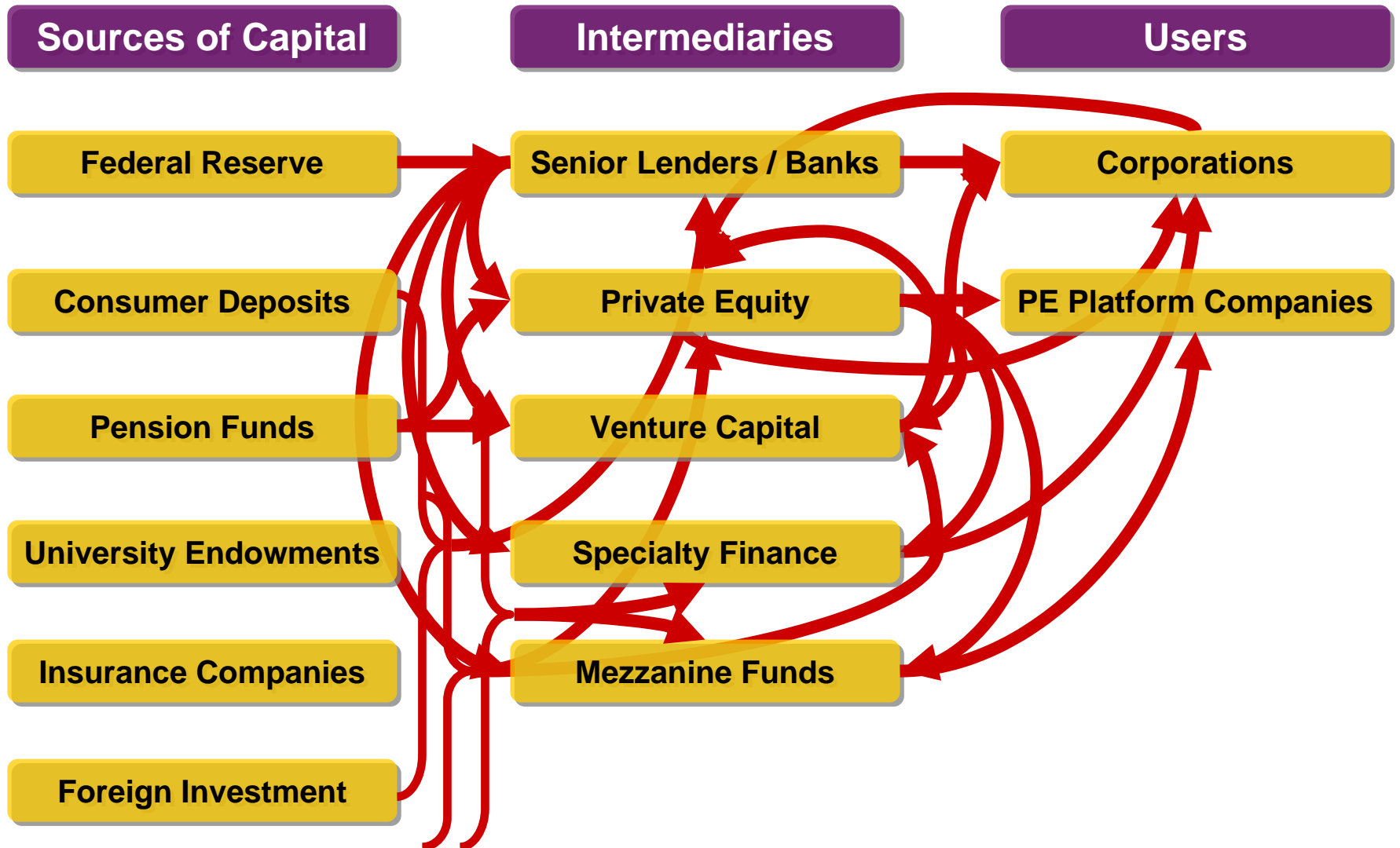
Specialty Finance

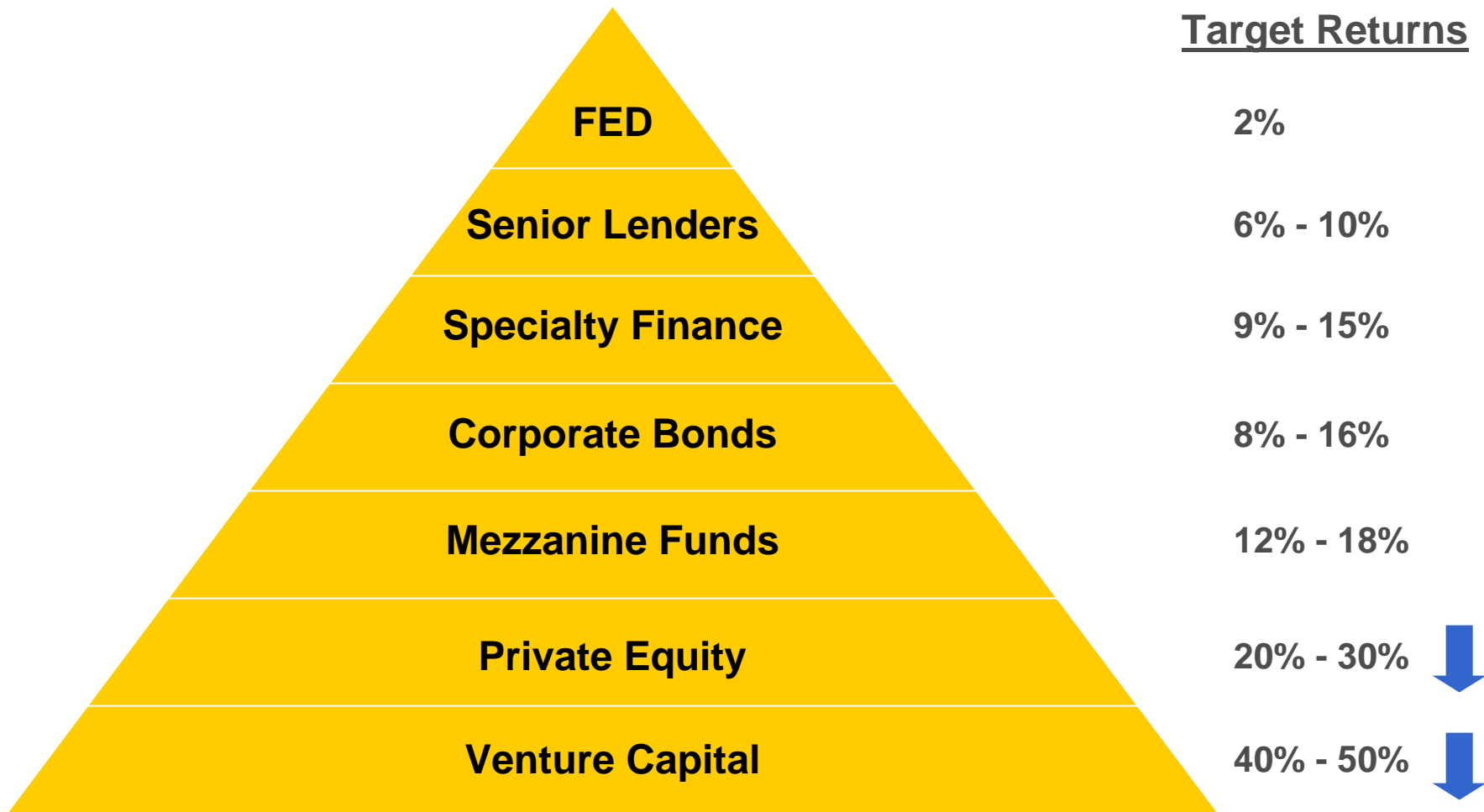
Mezzanine Funds

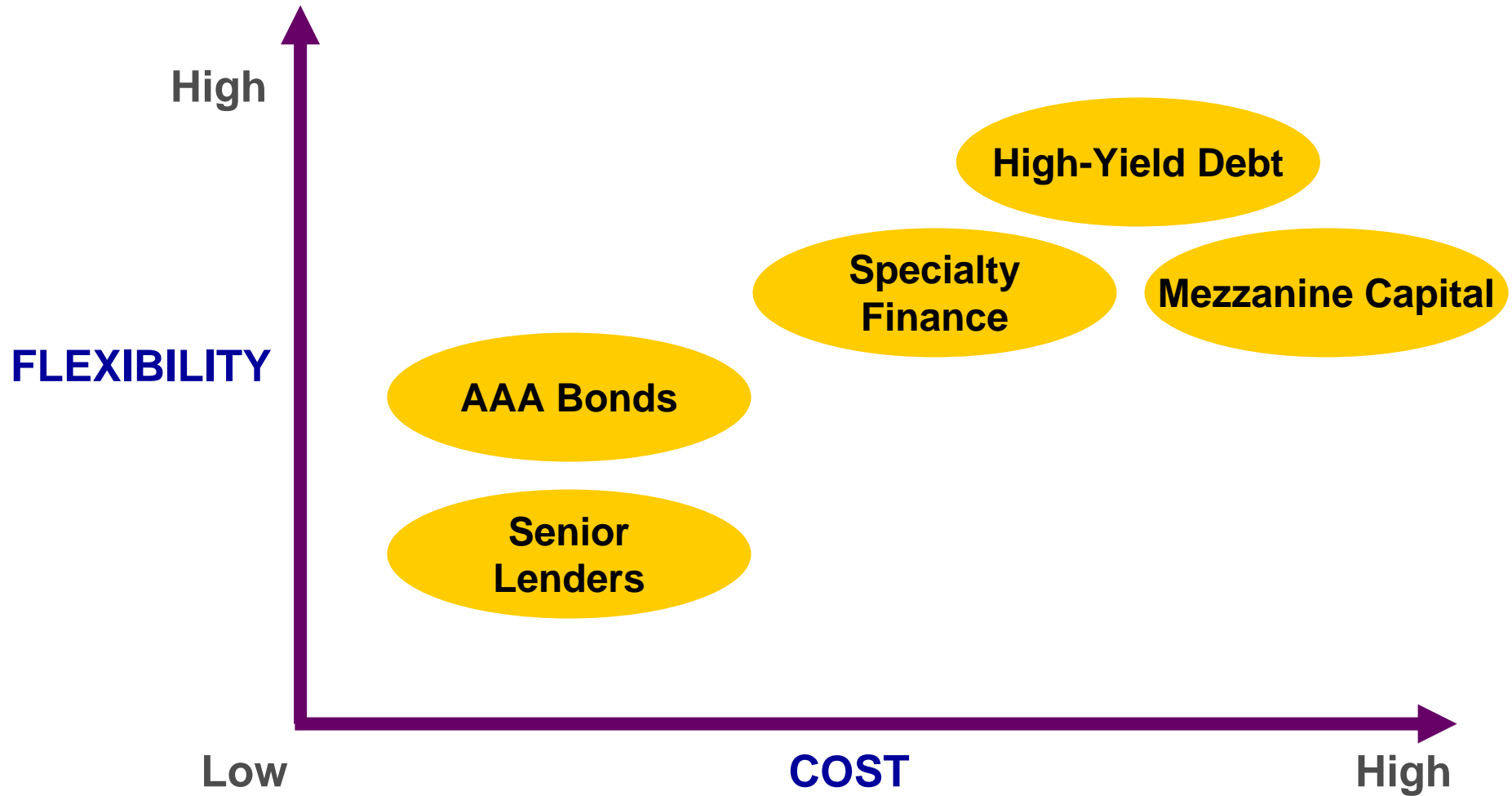
Users

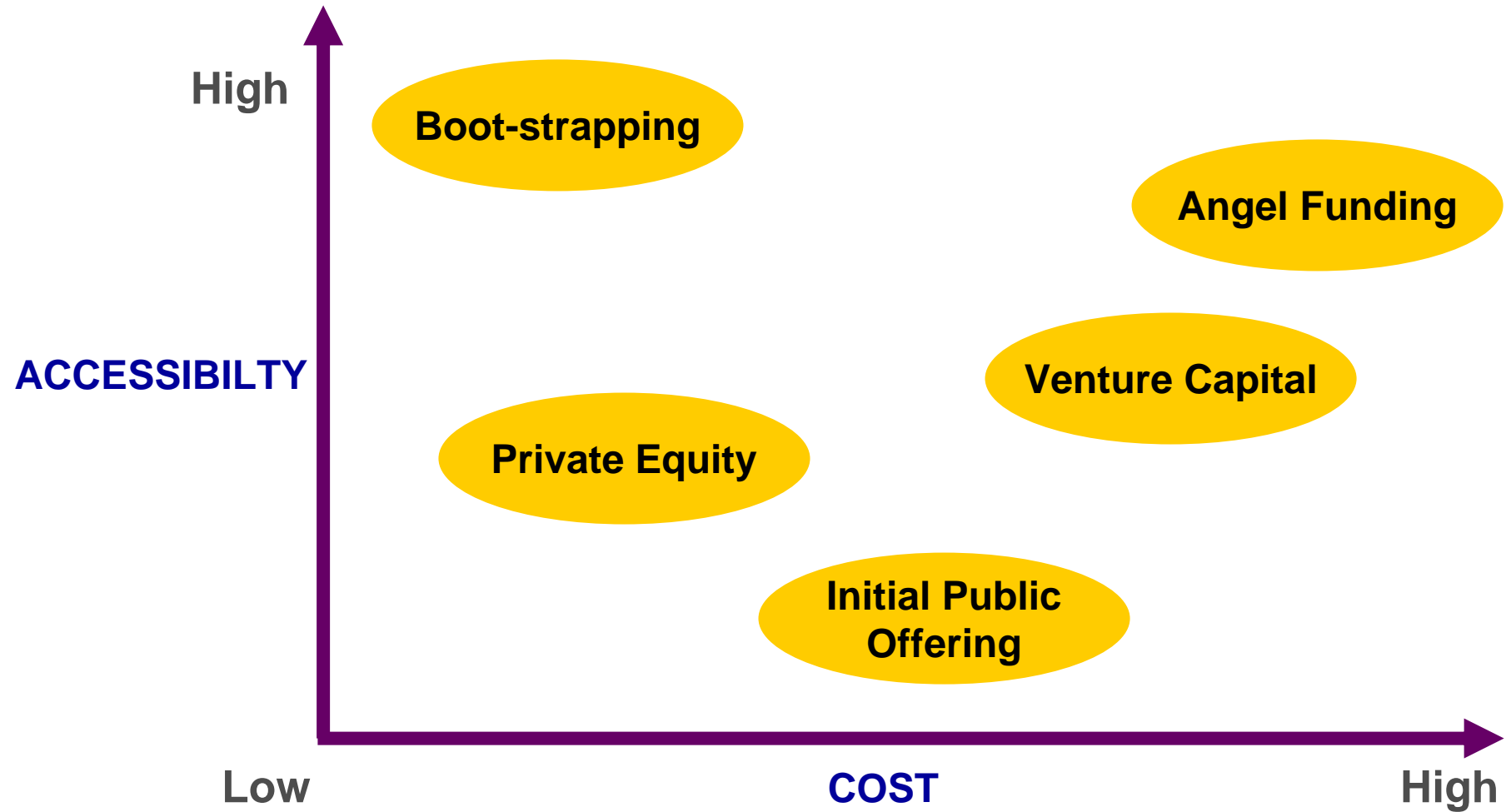
Corporations

PE Platform Companies



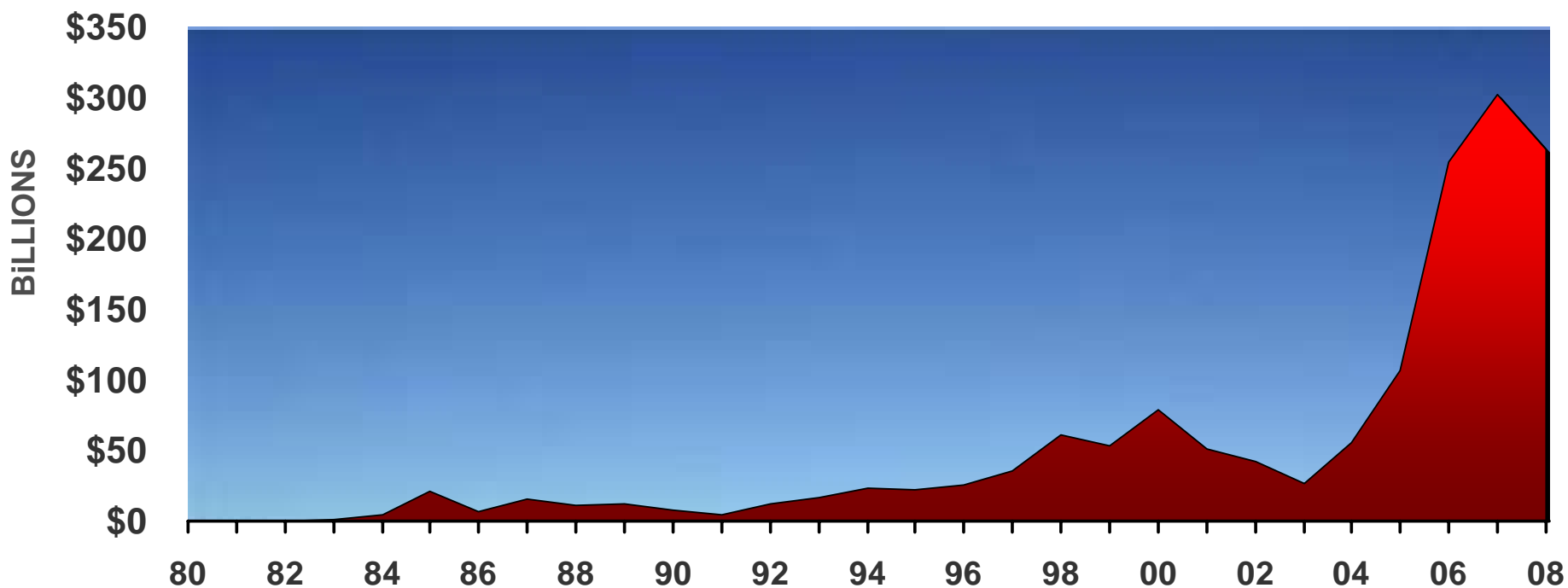






\$450 Billion In Global Capital Commitments Not Yet Invested

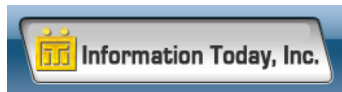
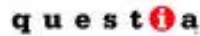
New U.S. Private Equity Funds Raised, 1980 to 2008 YTD June



Sources: 2008 Financial News Ltd., Dow Jones Private Equity Analyst

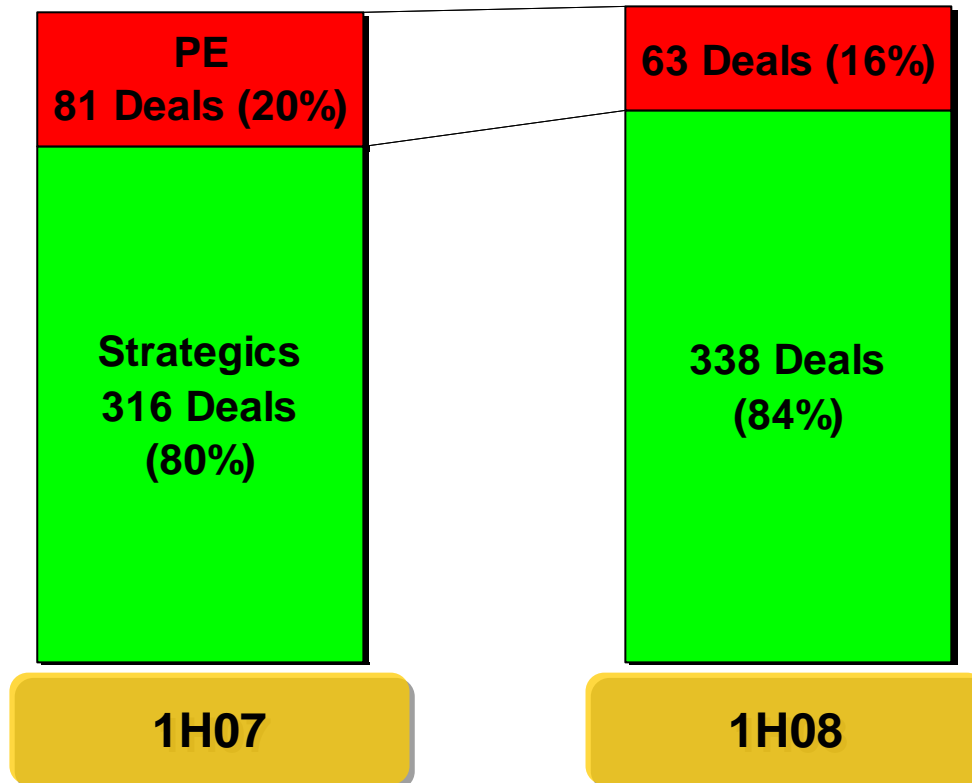
- **Growth of the media & communications industry consistently outpaces GDP growth**
- **Strong cash flow characteristics**
- **Minimal capital expenditures**
- **Durable brands**
- **Attractive platform roll-up dynamics**
- **Highly liquid M&A market**
- **Rapidly evolving business models**

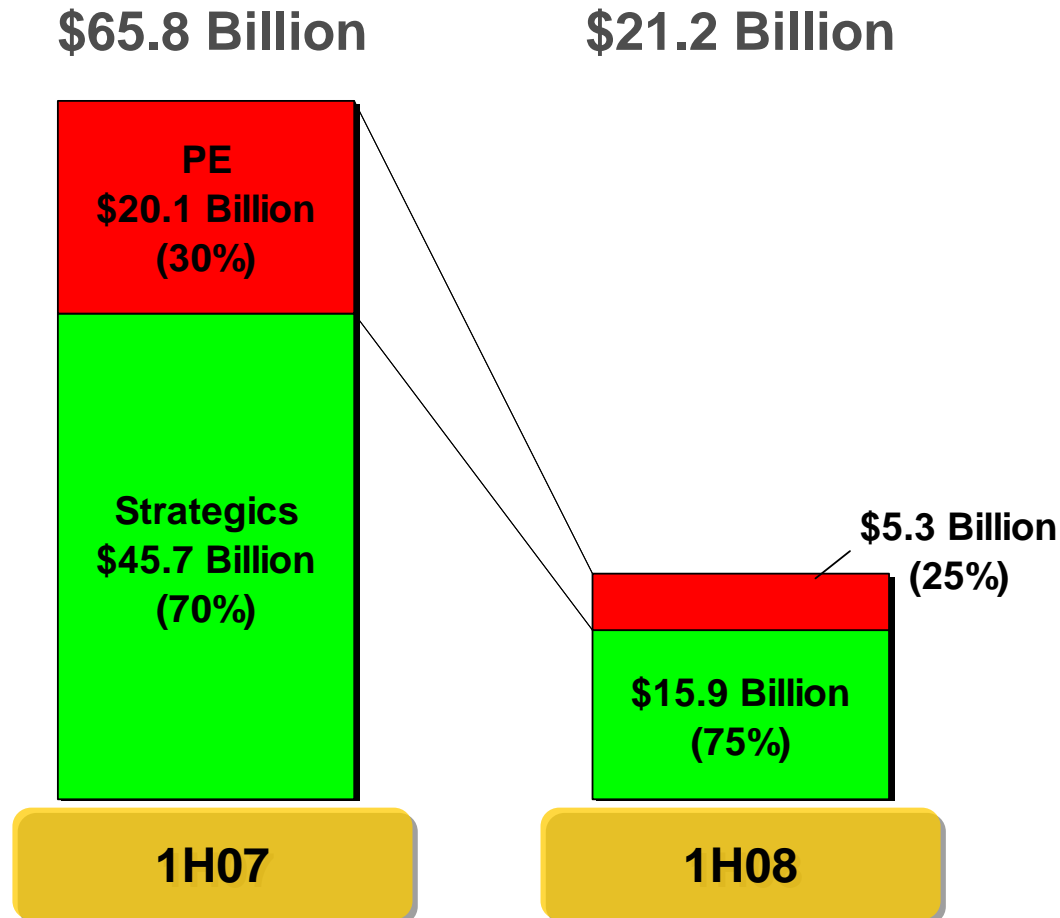
200+ PE PLATFORM COMPANIES IN MEDIA SECTORS

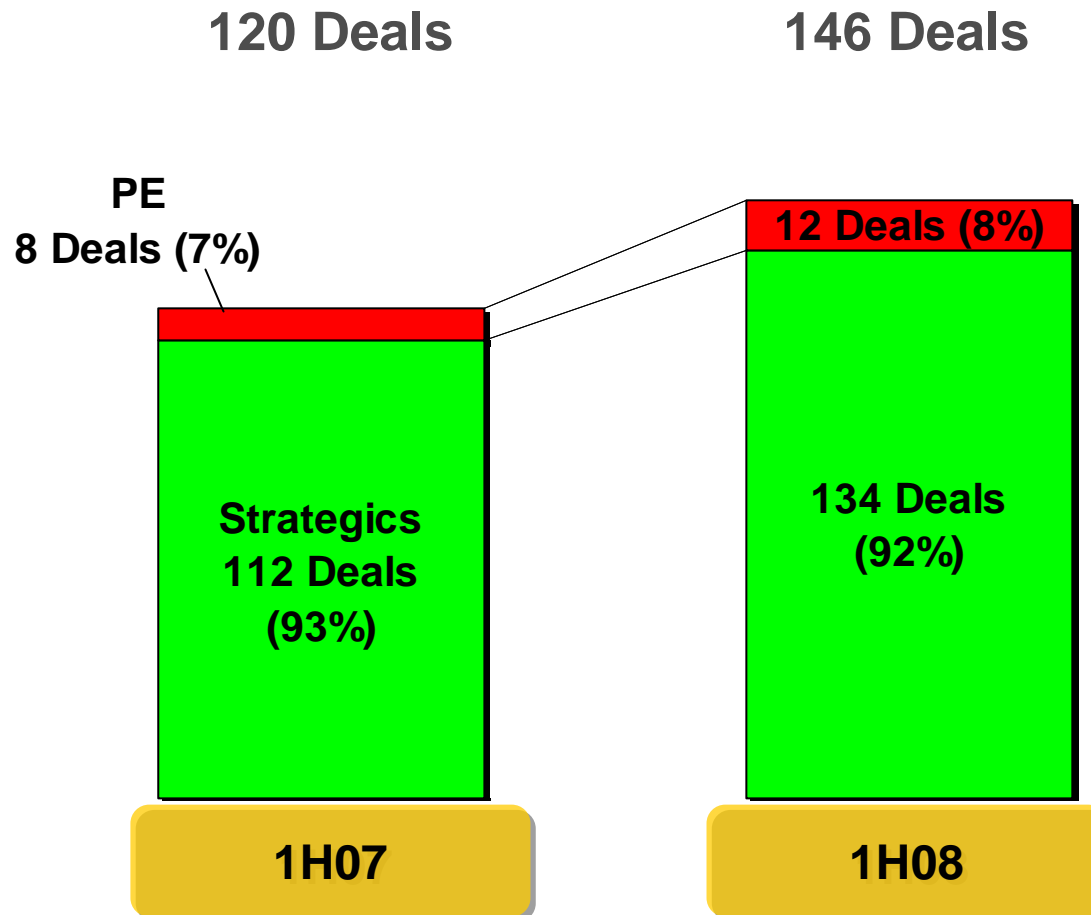


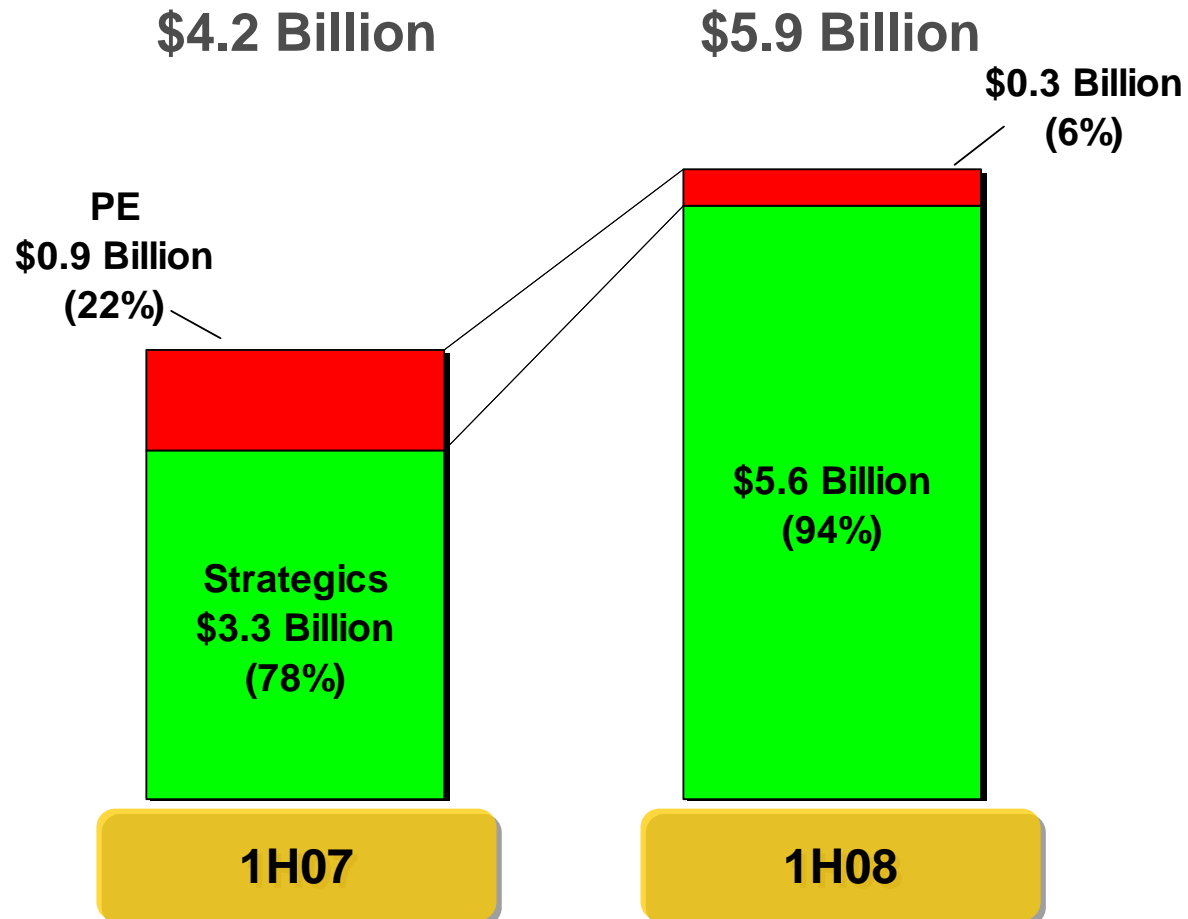
397 Deals

401 Deals









Senior Lenders

- Facing cash crunch to cover declining asset values
- Preserving capital, limiting funds for portfolio companies
- Pushing out prior funding commitments
- Highly selective about new facilities
- Higher fees and interest rates
- More restrictive covenants and best efforts underwriting
- Workout situations filling the pipeline

Specialty Finance

- Higher cost of capital is increasing interest rates to clients
- Returns on public debt securities are more attractive than private transactions
- Non-public debt securities are not marked to market – no margin calls
- Market inefficiencies are providing opportunities for those with capital

Mezzanine

- Need for flexible mezzanine capital is increasing
- Senior lender and high yield market retraction is creating higher demand for mezzanine players
- Facing increased competition from specialty finance companies
- Watching portfolio companies carefully

Private Equity

- Deal volume has declined, yet prices for high quality assets remain high
- Securing debt has become both difficult and expensive
- Highly leveraged portfolio companies face defaults
- Proactively drawing down credit lines to guarantee access

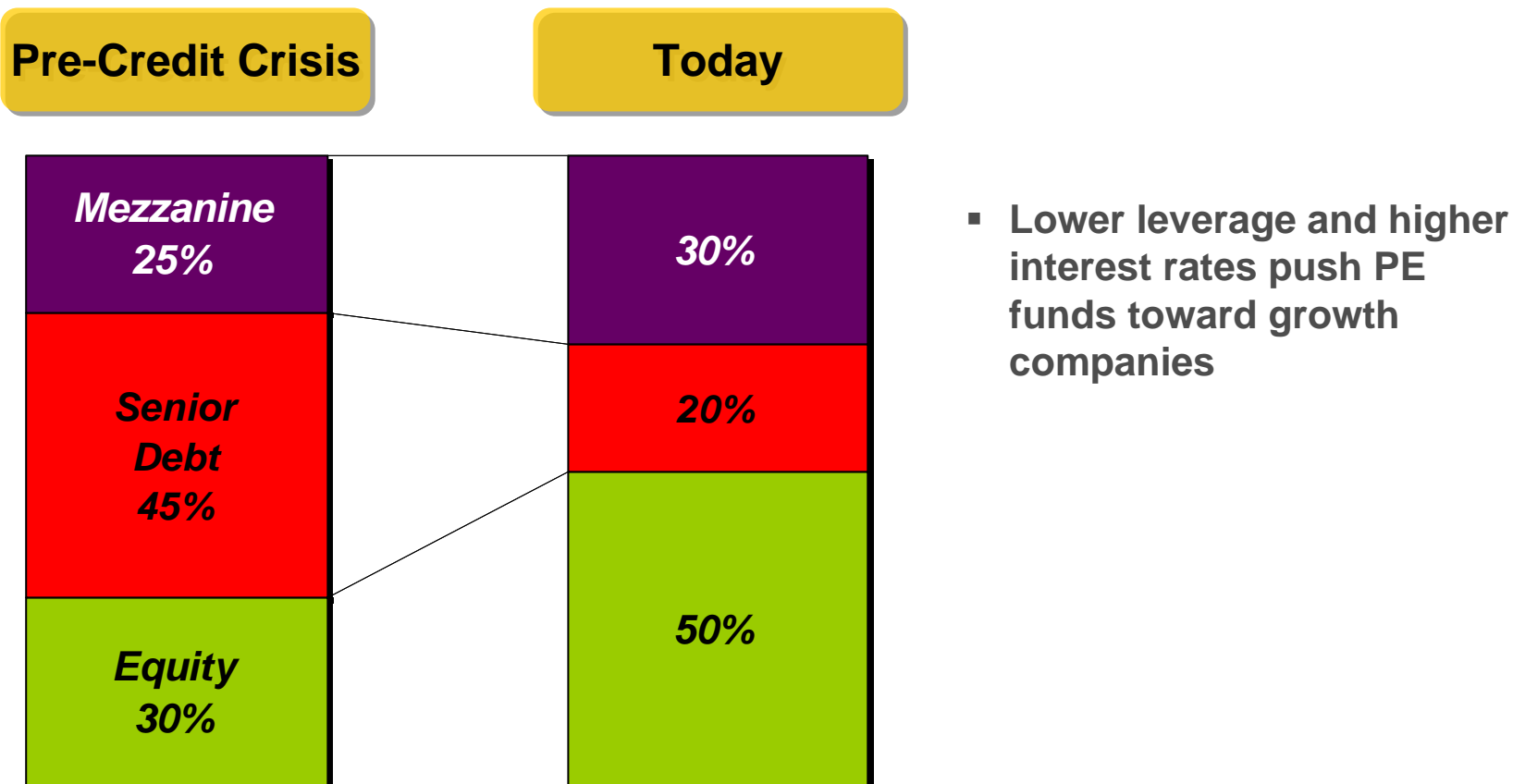
Venture Capital

- Start-up companies based on Web based models need less capital
- Beginning to move to later stage deals with higher capital needs
- IPO market non-existent
- Lack of liquidity putting pressure on funds

Corporate

- New debt is difficult to secure and increasingly expensive
- Uncertain economic environment
- Business model transformation is accelerating (Internet)
- Healthy balance sheets
- Interesting opportunities...

Tight Credit Market Has Changed LBO Capital Composition



Terms

Pre-Credit Crisis

Today

EBITDA Multiple

10.5x to 12x

9x

Total Leverage

7.5x

3.5x to 4x

Pricing

7% (1st Lien)
10% (2nd Lien)

10% - 12% (1st Lien)
13% - 16% (Mezzanine)

Covenants

Lite

Strict

Senior Lenders

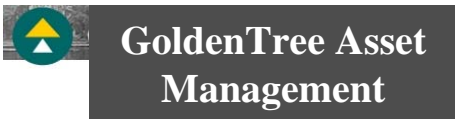
Specialty Finance

Mezzanine

Distressed



AEA Investors



The Blackstone Group®



Veronis Suhler Stevenson



GUGGENHEIM



1

Turmoil will continue for several quarters

2

Banks will remain unpredictable

3

PE platforms are debt challenged

4

**PE funds are less likely to be competitive
with strategic buyers**

5

**2009 – 2011 will test many PE and VC firms,
and a shake out will likely occur**

6

**PE capital will flood the market for acquisitions,
as soon as the credit markets stabilize**

**The days of the single bank relationship are over.
You need a tight and diverse network of capital partners**

**Strategics have a unique opportunity to accelerate
acquisitions with less PE competition**

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