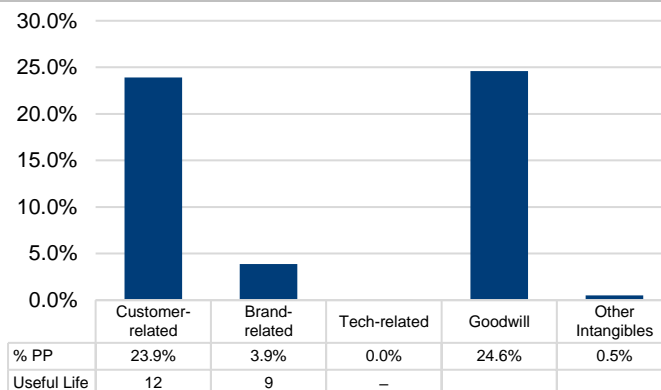


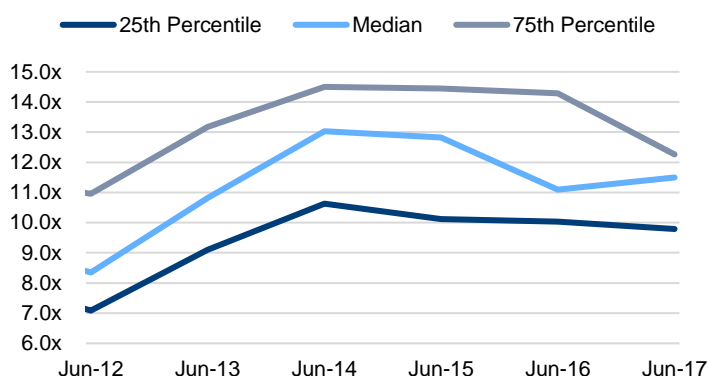
**Industry Highlights**

- The overall distribution industry has been tracking at 11 to 12 times Ebitda for two years.
- As seen in the chart below, the stock market performance of the distribution industry has tracked the S&P 500 closely - with slightly more volatility.
- Purchase price allocation highlights from acquisition accounting show that customer relationships are the primary intangible asset identified - and determined to be worth quite a lot to the buyer. The average useful life of these relationships was determined to be 12 years.
- At 3.9% of acquired assets, Brand and trademark assets were disclosed as the next most valuable identified intangible asset class.
- Brand useful life was disclosed at range from two years to indefinite life. The shorter-lived assets we would assume are being phased out by the new owner, perhaps over a co-branding period.
- Only 10% of the acquisitions in the data set show value ascribed to acquired technology.
- Of Other Intangibles identified, non-competition agreements were the most common item - and with minor value.
- The billion-\$ acquisitions captured occurred in the pharmaceutical distribution and building materials industry sub-sectors. The percentage of value in customer relationships was higher in the pharmaceutical sector acquisitions than overall industry averages.

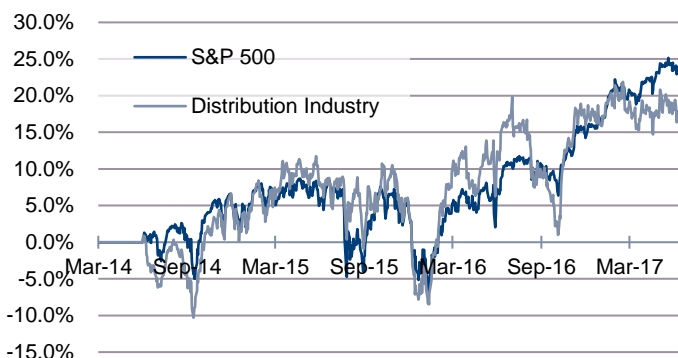
**Purchase Price Allocation % from Recent Transactions**



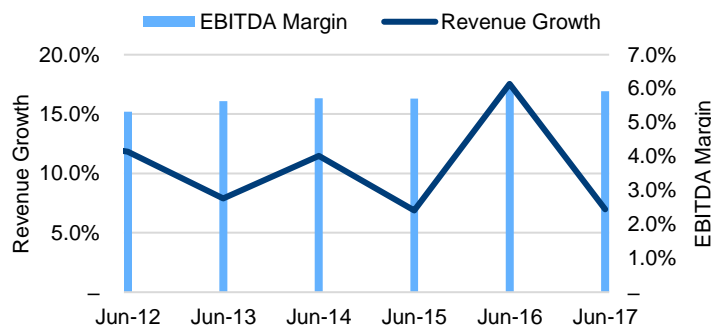
**Trend in Industry EBITDA Multiples<sup>1</sup>**



**Relative Stock Price Returns<sup>2</sup>**



**Trends in Revenue Growth and EBITDA Margins<sup>1</sup>**



<sup>1</sup> Calculated using aggregated data for ABC, ARW, AVT, BECN, BLDR, BMCH, BXC, CAH, CDW, CHEF, CORE, GPC, GWW, HDS, HSIC, LKQ, MCK, MSM, PFGC, SYY, TECD, UNFI, UNVR, USFD, WCC, and WSO.

<sup>2</sup> Distribution Industry is a custom, equal-weighted index constructed with the aforementioned companies.

**Notable M&A Deals**

Target	Acquirer	Overview
L&W Supply Corp.	<b>ABC Supply Co.</b>	\$675 million acquisition. Building materials.
Pine State Convenience	<b>Core-Mark Holding</b>	\$88 million acquisition. General retail.
Roofing Supply Group	<b>Beacon Roofing Supply</b>	\$1.1 billion acquisition. Building materials.

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