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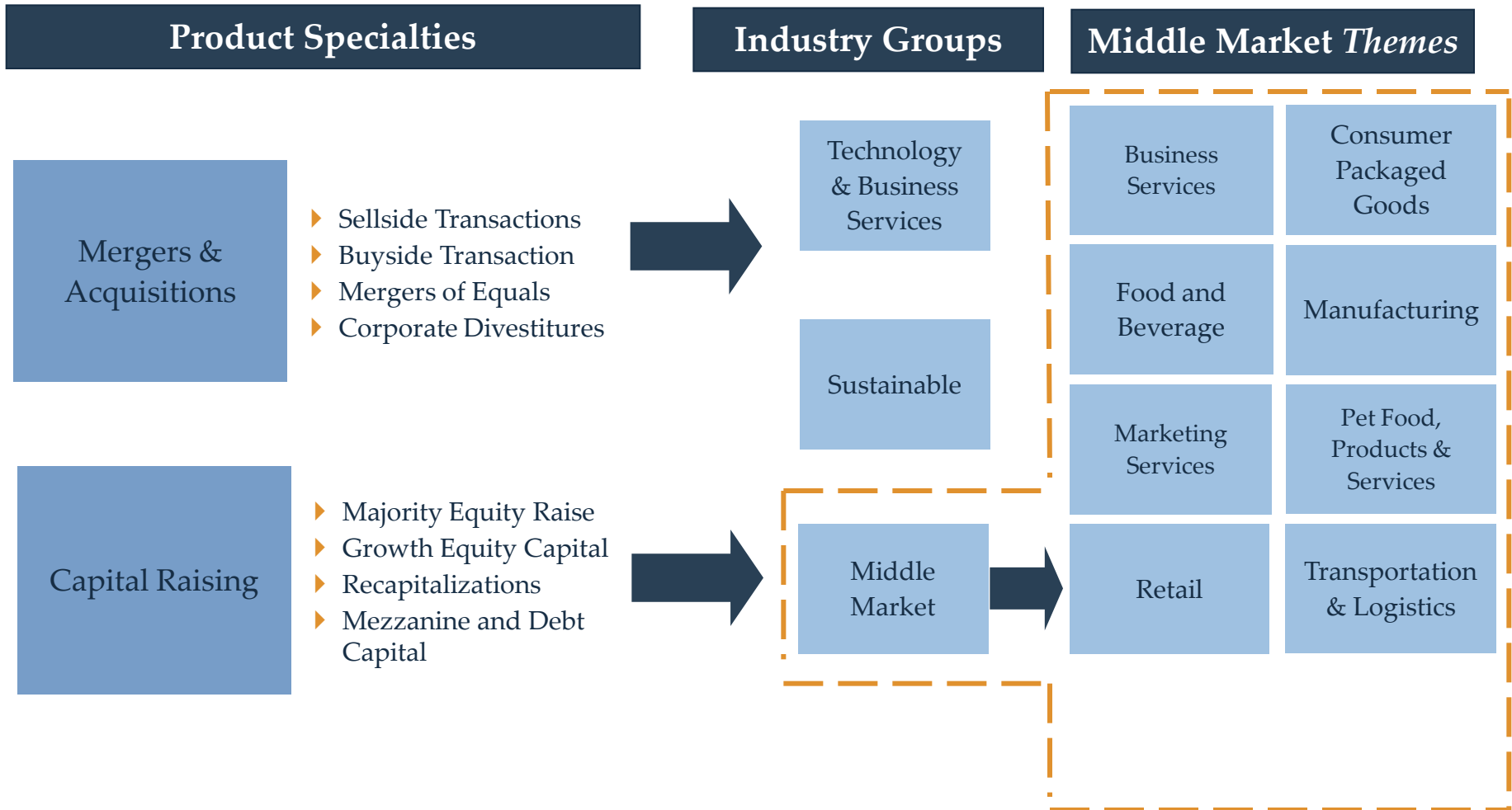
October 2011

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Seattle, WA 98104

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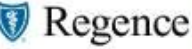
# Cascadia Capital - a Diversified Boutique



Thematic approach and multiple product offerings provide a unique combination of domain expertise, deal execution experience and relevant industry relationships

# Pacific Northwest Deal Experience

 Growth Financing  Undisclosed August 2011	 Growth Equity Financing QUESTMARK PARTNERS \$8,500,000 December 2010	 Has been Acquired by  Undisclosed May 2011	 Series A WESTON PRESIDIO \$15,000,000 December 2010	 Has Been Acquired by  Premium Brands \$42,500,000 October 2010	 Recapitalization GREEN FAMILY ENTERPRISES Undisclosed June 2010
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Oahu Publications, Inc. a subsidiary of  Has Acquired  Undisclosed May 2010	 We make your brand an experience. Has Acquired  Undisclosed May 2010	 Innovation. Experience. Choices. Has Been Acquired By  Undisclosed May 2010	 Has Been Acquired by  Undisclosed March 2010	 Has Been Acquired by  Undisclosed March 2010	 Has Been Acquired by  Undisclosed March 2010	 Has Been Acquired by  Undisclosed October 2009
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 Has Been Acquired by  Undisclosed August 2009	 Strategic Advisory June 2009	 Has Been Acquired \$100,041,968 January 2009	 Has Been Acquired by  Undisclosed August 2008	 Has Been Acquired by  Undisclosed August 2008	 Has Been Acquired By  A Joint Venture Between accenture Microsoft Undisclosed May 2010	 a subsidiary of  Acquired By  Undisclosed June 2008
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# Cascadia Capital BC Closed Transactions

  
Growth  
Financing  
  
**Undisclosed**  
August 2011

Oahu Publications, Inc.  
a subsidiary of  
  
Has Acquired  
  
Undisclosed  
May 2010

  
Acquired By  
  
Undisclosed  
September 2004

  
Acquired By  
  
Undisclosed  
October 2004

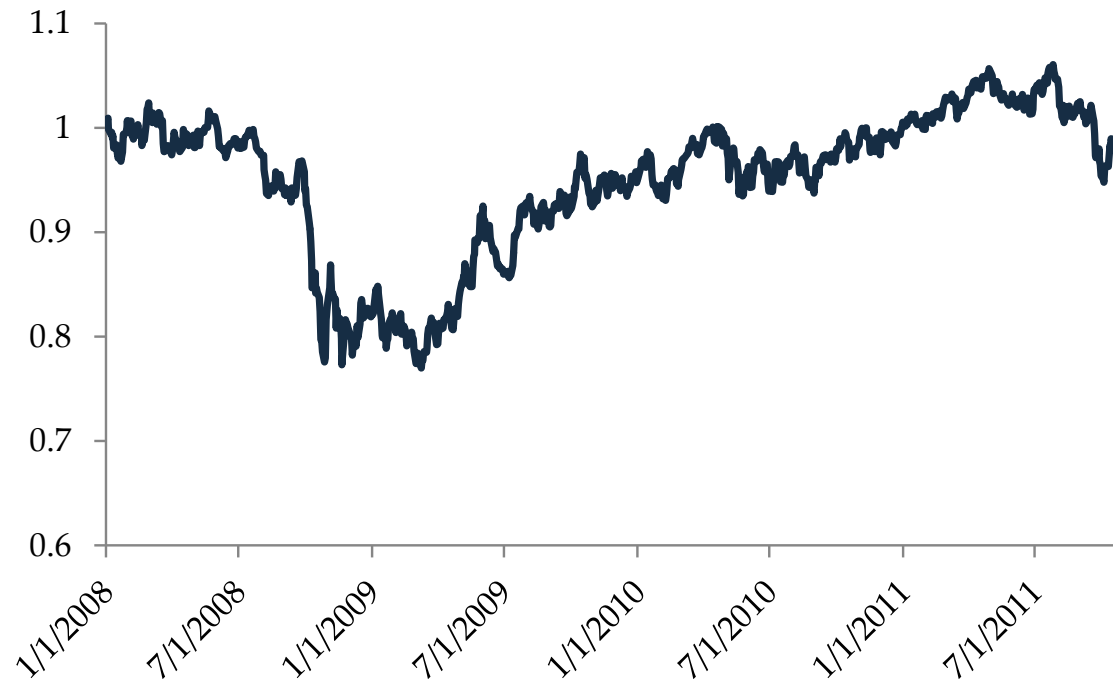
  
Acquired By  
  
\$23,500,000  
September 2003

  
Acquired By  
Steelpoint Capital  
Partners  
Undisclosed  
June 2006

# ECONOMIC OVERVIEW

## Foreign Exchange

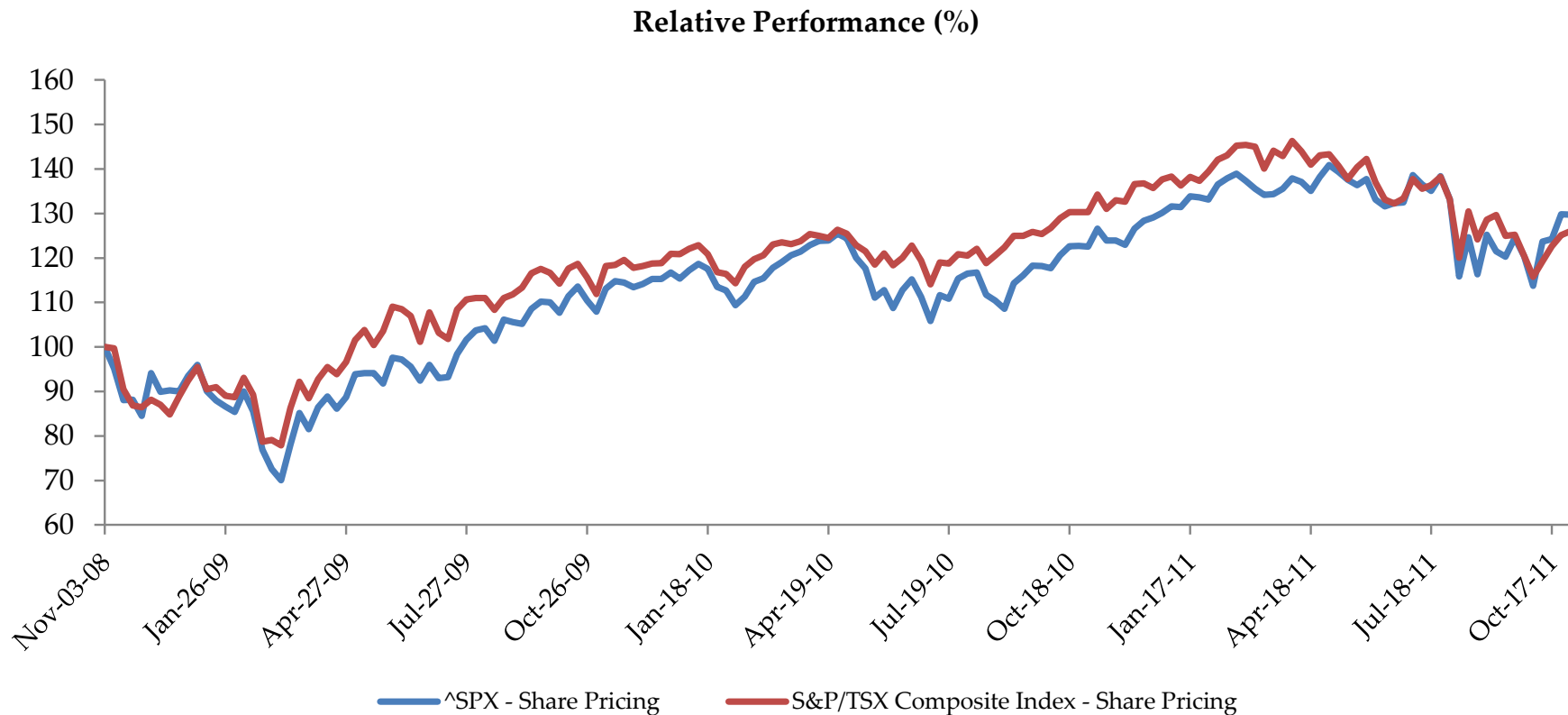
### CAD to USD Foreign Exchange



- ▶ The Loonie continues to hover around parity with the USD providing advantageous purchasing positions for Canadians
- ▶ With a narrowing universe of AAA-rated sovereigns and a stable interest rate environment going forward, we would expect only small moves in the exchange rate in the short and medium-term

Source: Capital IQ

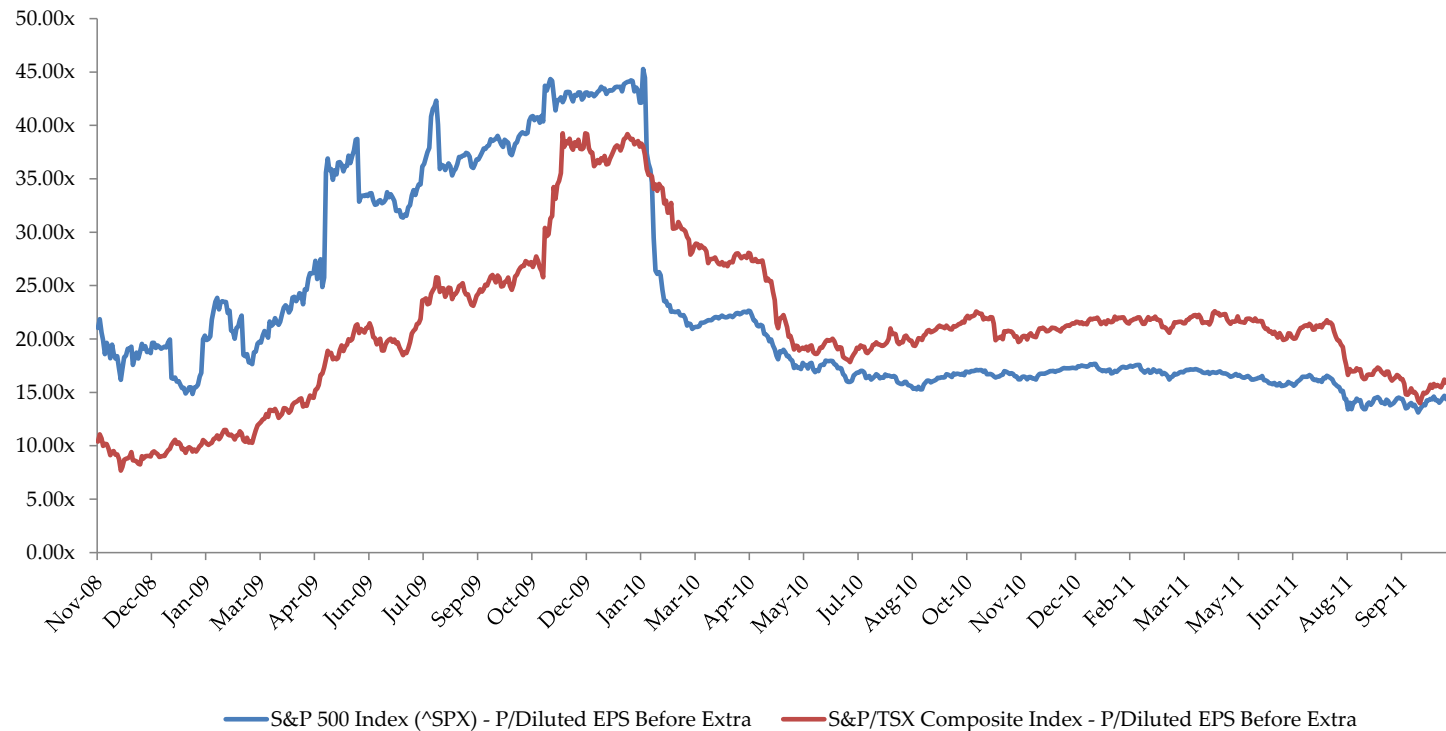
## Relative Performance (%), S&P 500 vs. S&P/TSX



- ▶ The TSX and the S&P 500 remain remarkably correlated and as such, recent summer volatility due to European debt worries have impacted both Canadian and US markets similarly

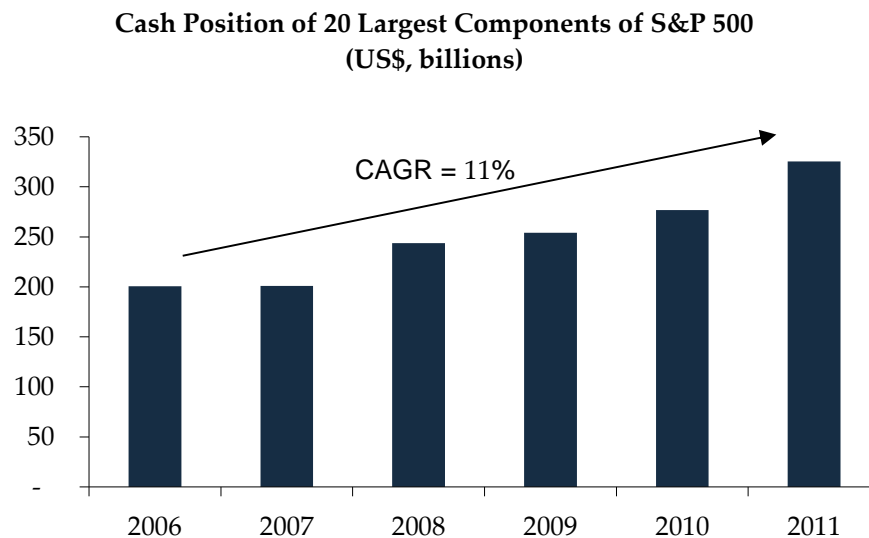
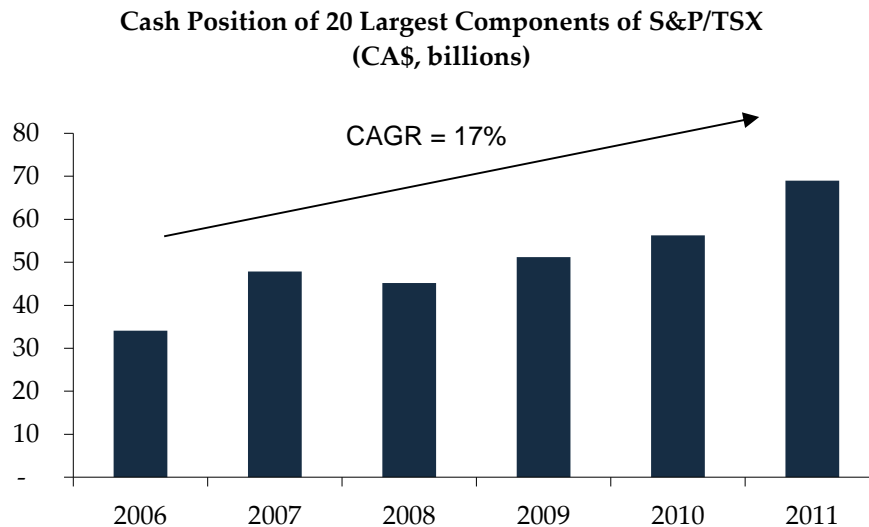
Source: Capital IQ

## PE Ratios, S&P 500 vs. S&P/TSX Composite



- ▶ After a long period in which price to earnings ratios in the US were higher than those in Canada, the situation reversed in the beginning of 2010 reflecting the relatively strong expectations for the Canadian economy
- ▶ The gap has narrowed in recent weeks, underscoring the close ties between the two economies

## Cash Positions of 20 Largest Components of S&P/TSX and S&P 500



- ▶ Both Canadian and US companies continue to build their cash positions in the wake of the downturn as risk aversion continues
- ▶ There will be pressure from shareholders to put this cash to work, either in the form of M&A, share buybacks, or dividends

Source: Capital IQ

## Economic Outlook for BC

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### ▶ Decent 2011 and 2012 for BC

- 2011 and 2012 growth forecasts sit in middle of the pack relative to other Provinces
  - Real GDP expected to grow 2.1% in 2011 and 2.3% in 2012
  - Housing starts are expected to barely increase in 2011 and increase approximately 5% in 2012
  - Inflation has remained low and will continue to; 2012 CPI expected increase is only 1.8%
  - BC exporters continue to successfully penetrate growth markets such as China; BC exports to China grew by more than 50% in 1H2011
- 

### ▶ BC unemployment expected to drop below national average

- BC unemployment has stubbornly sat at the 7.6% level however 2012 is forecasted to drop 60 bps
  - 2012 national average projected to be 7.3%
- 

### ▶ CAD – USD Parity

- Canada imports 80% of machinery most of which priced in USD
- Currency parity provides investment incentives on strategic level

## M&A ACTIVITY

## Key Trends In US Market Moving into 2012

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- ▶ “Tale of Two Cities” market due to availability of leverage and size premium
  - Larger companies (\$10+ million EBITDA) have significantly more options and are able to achieve materially higher valuations
  - Smaller companies (<\$5 million EBITDA) have significantly more challenges in accessing capital markets or garnering attractive valuations
  - Data recently released from the first half of 2011 indicates PE deals with enterprise values between \$10- \$25 million achieved average EBITDA multiples of 5.2x while deals with enterprise values between \$100 - \$250 million achieved average EBITDA multiples of 7.5x<sup>(1)</sup>
  
- ▶ US tax motivations will drive significantly higher transaction volume for 2012
  - Unprecedented convergence of circumstance will drive market activity in forward 12 months
  
- ▶ Debt & Equity Capital markets continue to show robust activity and low cost of capital

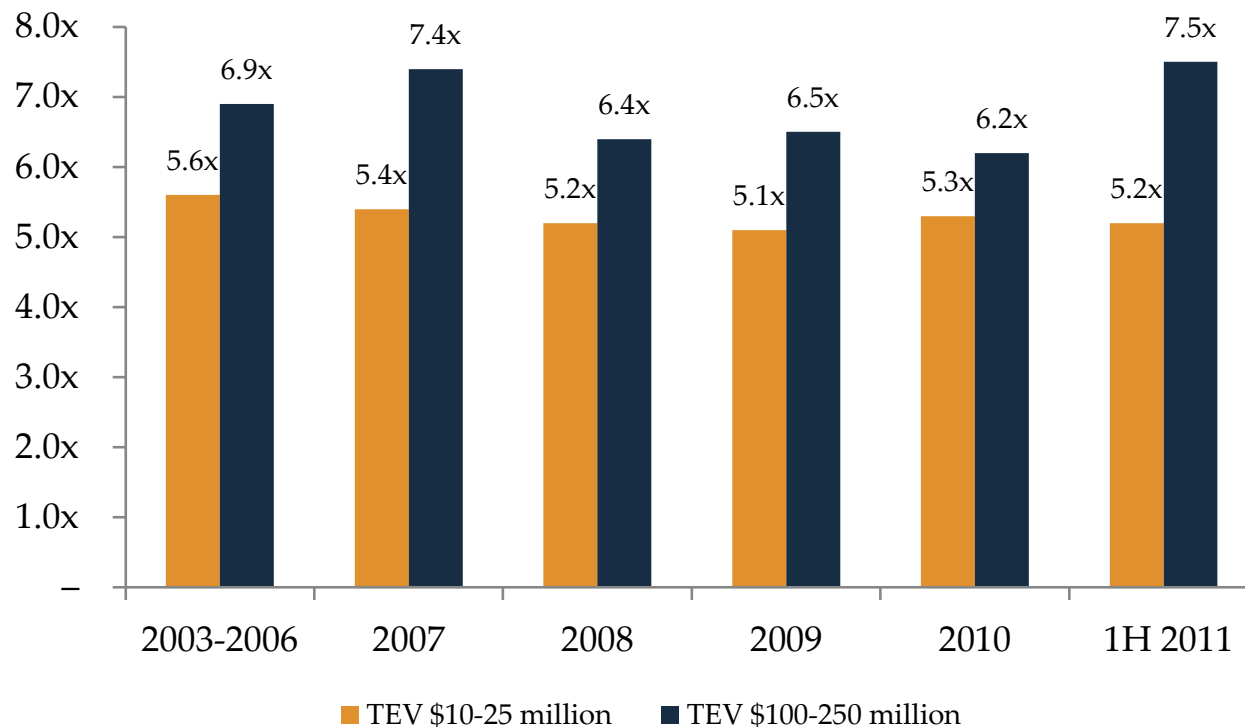
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(1) Source: GF Data

## U.S. EBITDA Multiples by Deal Size

- ▶ Valuation differential between smaller and larger sized deals is at an all time high
  - Data from the first half of 2011 indicates deals in the \$100 – 250 million enterprise value range receive a substantial premium of approximately 2.3 turns of EBITDA vs. smaller transactions
  - Last time the differential was at an equivalent level was in 2007 prior to the economic collapse

Median EV / EBITDA Multiples by Deal Size

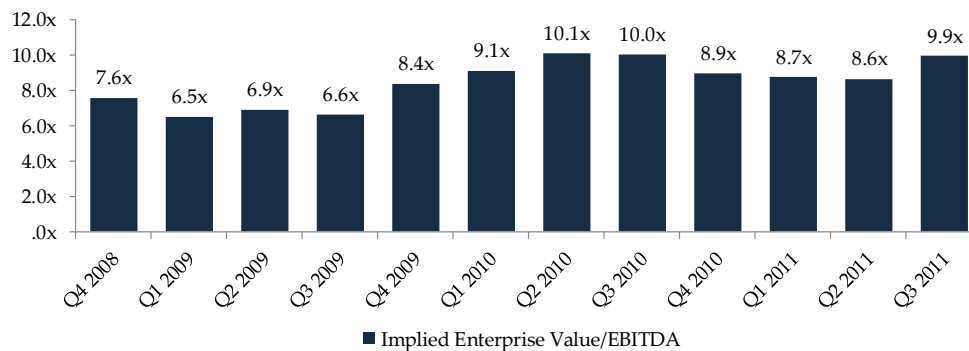


Source: GF Data

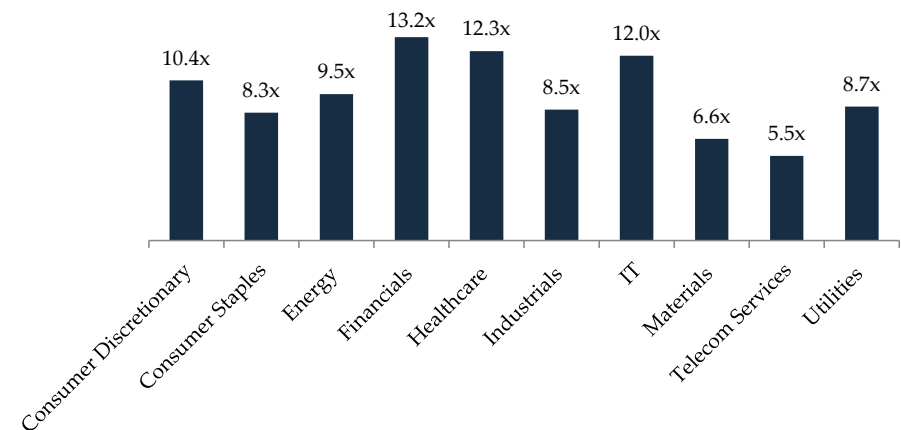
## U.S. & Canada Valuation Activity

- ▶ Valuations continue to recover however turmoil in equity markets and EU debt concerns are a threat
  - Recent 3Q2011 data suggests that median EBITDA multiples have reached an equilibrium in the 8-10x range
  - Despite turmoil in equity markets and uncertainties abroad, M&A continues its recovery
    - A combination of historically high corporate cash balances, an increasing use of cash as consideration, and relatively few organic growth opportunities have driven both valuation multiples and transaction volume
- ▶ As segmented by industry, financial, healthcare, and IT sectors have driven the highest valuations

### U.S. & Canada Median EBITDA Multiples



### LTM Median EV / EBITDA by Sector



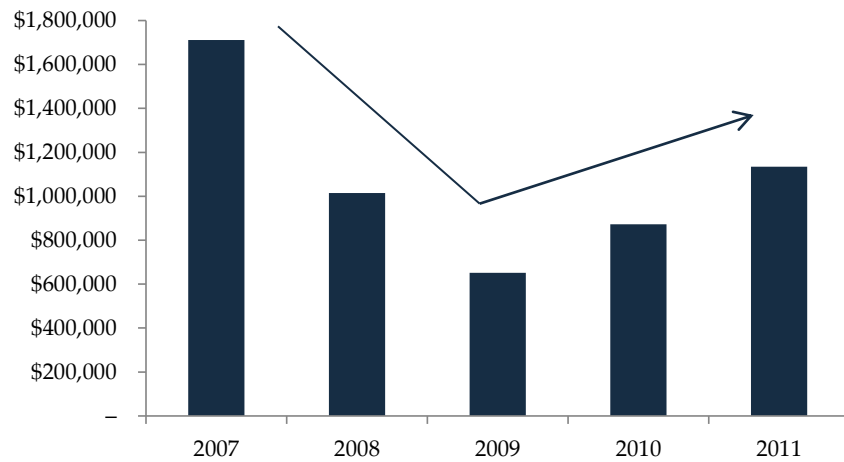
Source: Capital IQ. Median excludes multiples < 0 and > 25; Excludes transactions > \$1bn

Source: Capital IQ; median multiples based on < \$500M transaction sizes; LTM through 9/30/11

## U.S. & Canada Deal Volume Activity

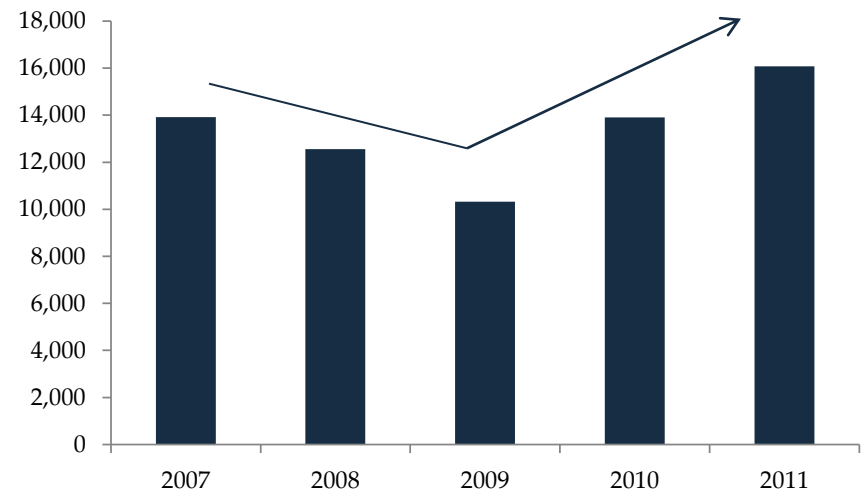
- ▶ 2009 has clearly defined itself as the trough
- ▶ Data on a 3Q LTM basis looking back through 2007 indicates that 2011 continues to trend towards recovery
  - Even though 2011 dollar volume rests at about 66% of 2007 levels, 2011 is up 30% over 2010
  - Deal count has actually surpassed that of 2007 indicating that a high volume of smaller deals are getting done

LTM Through 3Q Dollar Volume (\$ millions)



Source: Capital IQ

LTM Through 3Q Deal Count

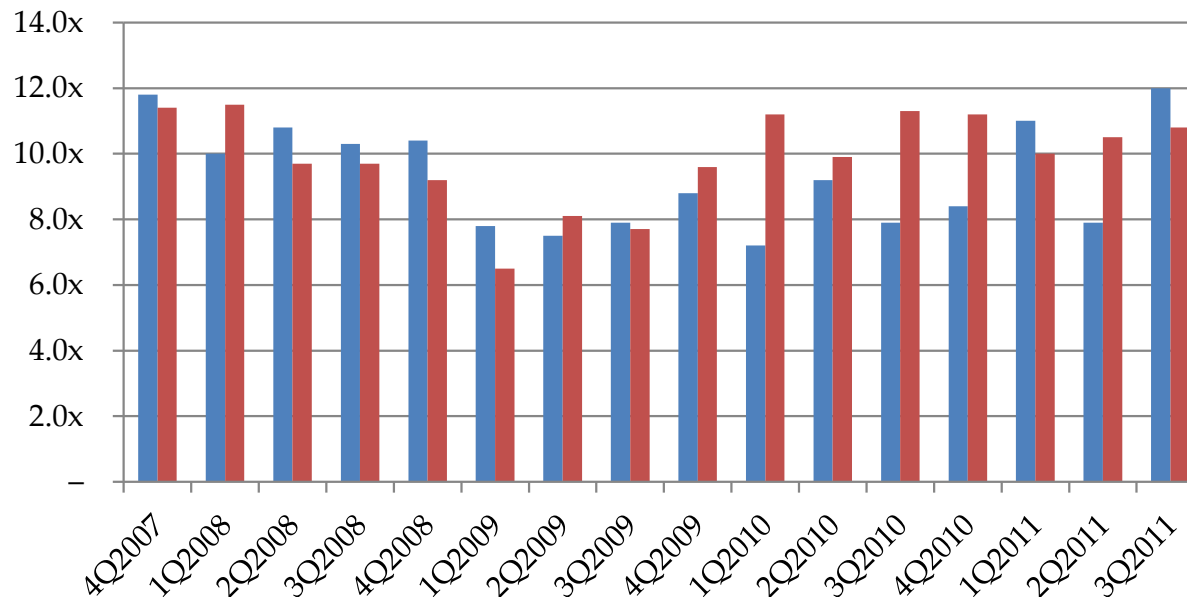


Source: Capital IQ

## U.S. & Canada Multiples by Buyer Type

- ▶ Strategics are generally still paying premiums over their private equity competitors
  - The disparity between financial sponsors and strategic buyers created as a result of the financial crisis has yet to fully reconcile and continues to be a concern due to macroeconomic issues
  - Q1 and Q3 2011 data indicates that while LBO volume has decreased, the sizable deals are able to receive a premium
  - Depending upon the momentum of the debt markets, additional available leverage for buyout firms will drive valuation parity, conversely a tightening of credit lending will open disparity further

Median EV / EBITDA Multiples by Buyer Type



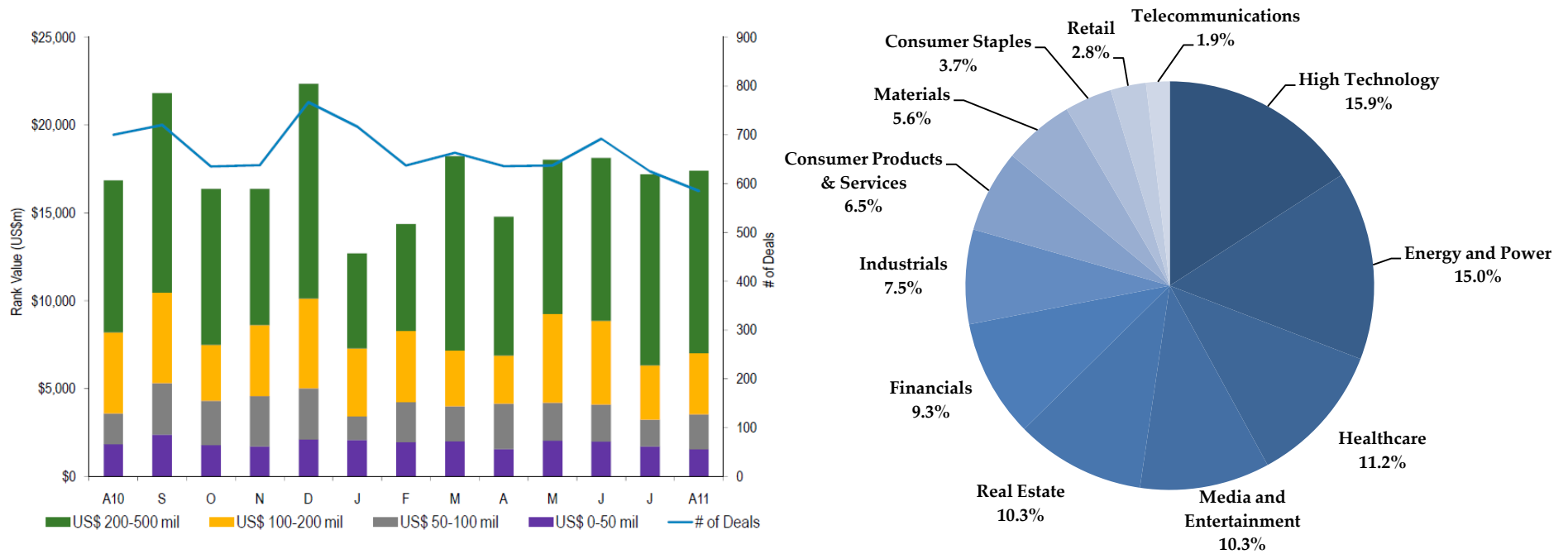
Source: Capital IQ

Note: Includes all transaction values with reported figures

■ LBO ■ Strategic

# US Middle Market M&A, LTM

## US Middle-Market M&A, LTM



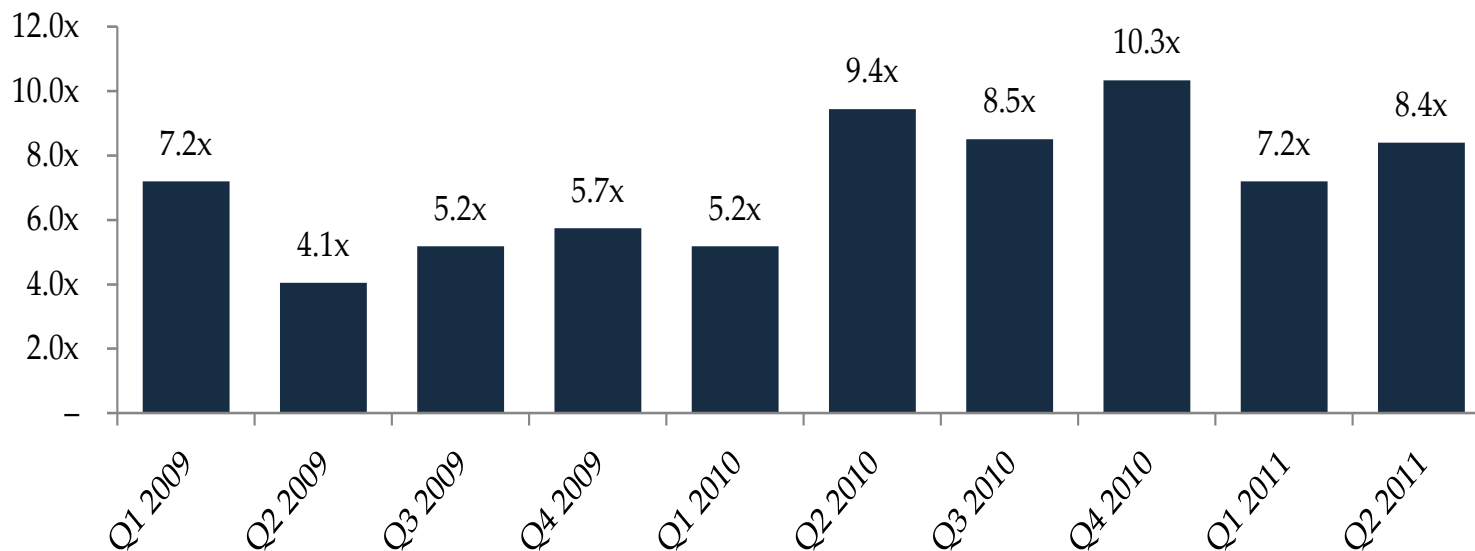
- ▶ Although US M&A volume in 2011 vs. 2010 has been up, volume on a monthly basis through 2011 has remained somewhat flat due to fears of a double dip recession, and the European debt crisis

Source: Thomson Reuters. Includes deals <\$500M

## PNW Including BC M&A Activity

- ▶ General trends indicate valuation multiples have rebounded somewhat in the region
  - Volatility in numbers vs. national data is most likely due to lack of publicly reported transaction data in the Northwest
  - Q3 2011 data wasn't transparent enough to convey a meaningful median multiple
  - A number of deals done in British Columbia contributed to the higher median values seen in Q4 2010

PNW Median EBITDA Multiples



Source: Capital IQ

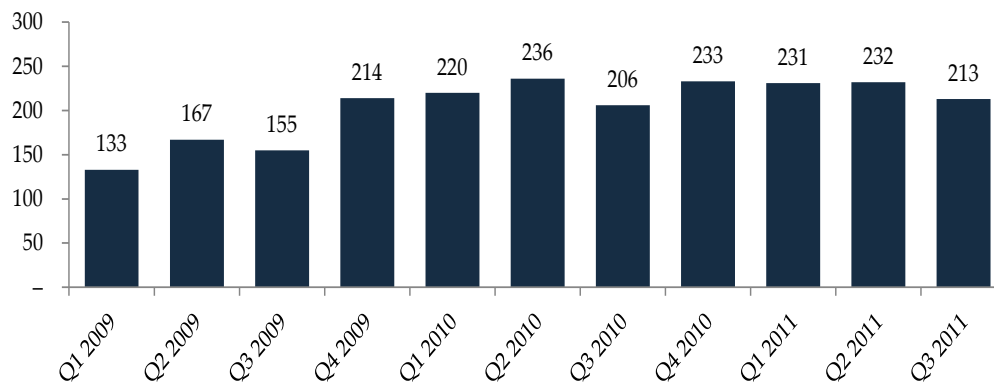
Note: Median excludes multiples less than 0 and greater than 25, chart excludes Q3 2011 due to lack of available multiple data

Note: Pacific Northwest defined as Montana, British Columbia, Washington, Oregon, and Idaho

## PNW Including BC M&A Activity (cont'd)

- ▶ Transaction volume has clearly become more robust since the trough of 2009, but the most recent quarter indicates hesitation
  - Q2 2010 topped deal counts by quarter with 236 transactions
  - Q3 2011 is just shy of Q4 2009 levels in terms of deal flow
- ▶ Materials (mining) led, occupying 25% of transaction volume by industry in Q3 2011
  - Consumer discretionary boasted healthy levels at 12.3%
  - IT and industrials together accounted for nearly a quarter of transaction count

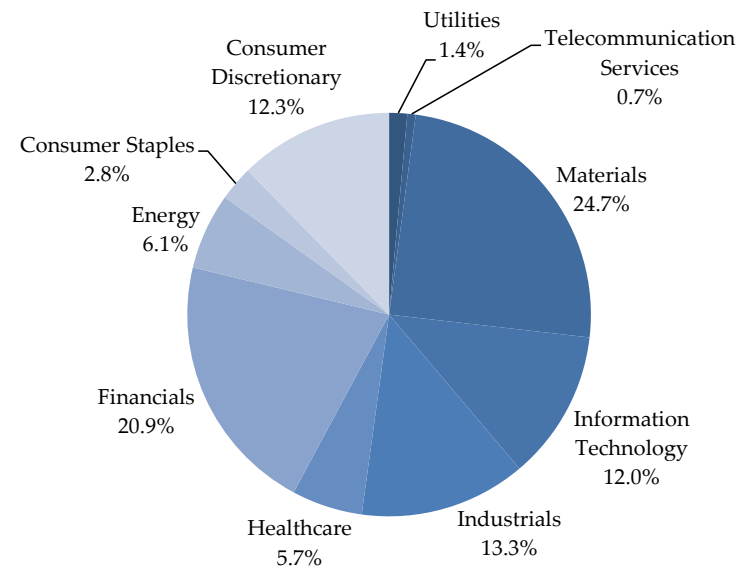
PNW Transaction Volume (by count)



Source: Capital IQ

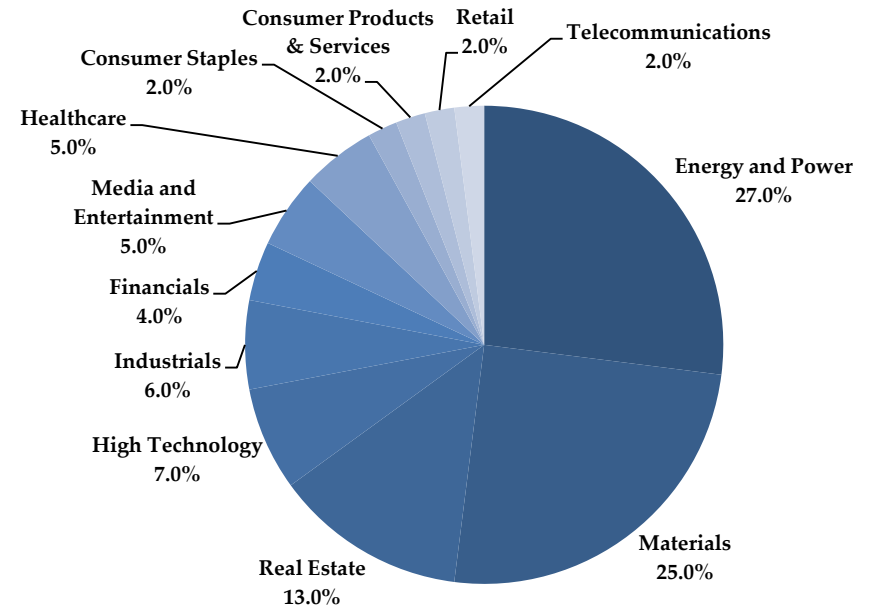
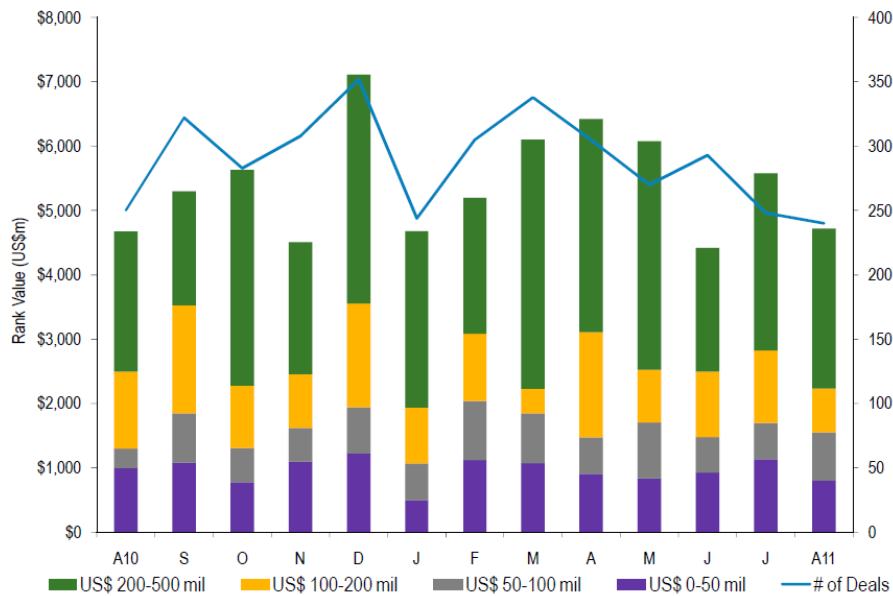
Note: Pacific Northwest defined as Montana, British Columbia, Washington, Oregon, and Idaho

3Q2011 PNW Transactions by Industry



# Canadian Middle Market M&A, LTM

## Canadian Middle-Market M&A, LTM

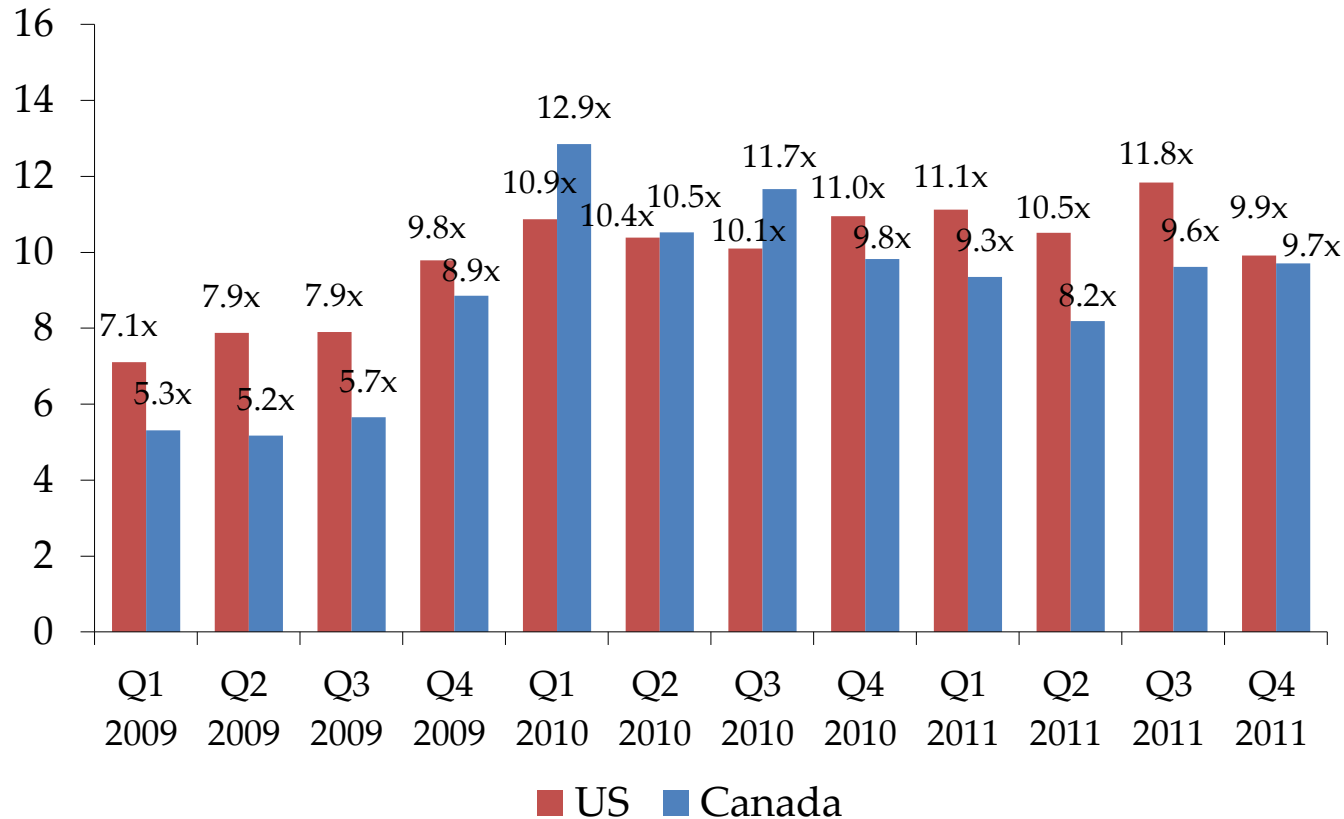


- ▶ Canadian M&A has experienced a great deal of volatility quarter to quarter
- ▶ The bulk of Canadian deals were in the materials (mining), energy & power, and real estate sectors

Source: Thomson Reuters. Includes deals <\$500M

## Median M&A Transaction Multiples: Canada vs. U.S.

Median M&A EBITDA Multiples by Country



- ▶ Median M&A valuations in Canada were above US multiples in the first three quarters of 2010, however more recently, US median multiples have largely exceeded Canadian

Source: Capital IQ  
 Note: Q4 2011 values are a QTD statistic

## U.S. / Canada Cross-Border Transactions – Strong Increase vs. 2010

<b>US / Canada</b>			
<b># of Deals</b>	<b>YTD 2010</b>	<b>YTD 2011</b>	<b>Growth</b>
US Acquisitions of Canadian Companies	220	246	12%
Canadian Acquisitions of US Companies	312	347	11%
<b>\$ Volume (US\$, millions)</b>			
US Acquisitions of Canadian Companies	9,677	19,345	100%
Canadian Acquisitions of US Companies	15,252	26,782	76%

M&A deals closed or announced YTD to 10/28/11 versus same period last year

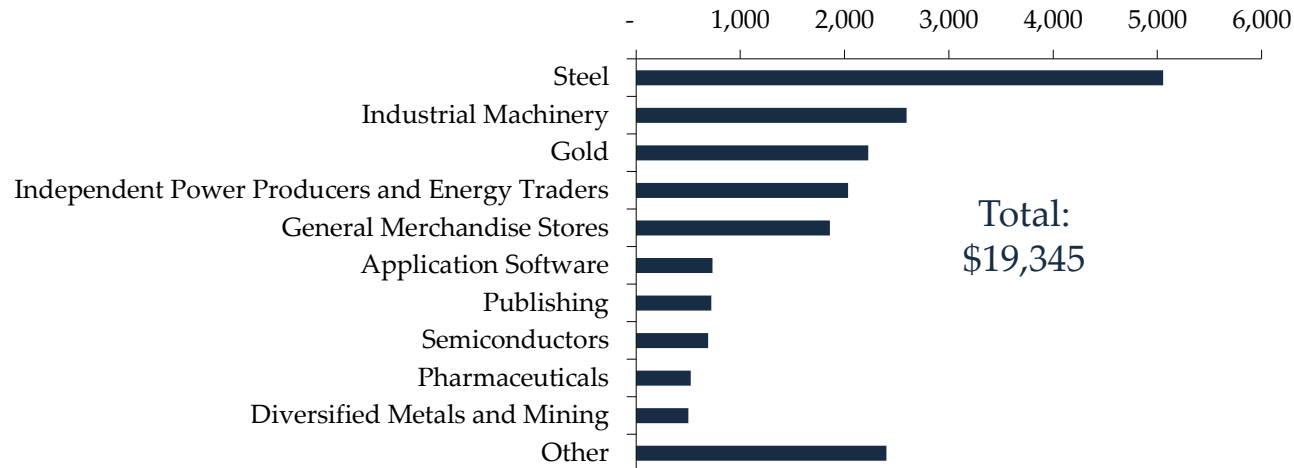
<b>US / BC</b>			
<b># of Deals</b>	<b>YTD 2010</b>	<b>YTD 2011</b>	<b>Growth</b>
US Acquisitions of BC Companies	14	12	-14%
BC Acquisitions of US Companies	84	108	29%
<b>\$ Volume (US\$, millions)</b>			
US Acquisitions of BC Companies	1,292	2,685	108%
BC Acquisitions of US Companies	902	430	-52%

M&A deals closed or announced YTD to 10/28/11 versus same period last year

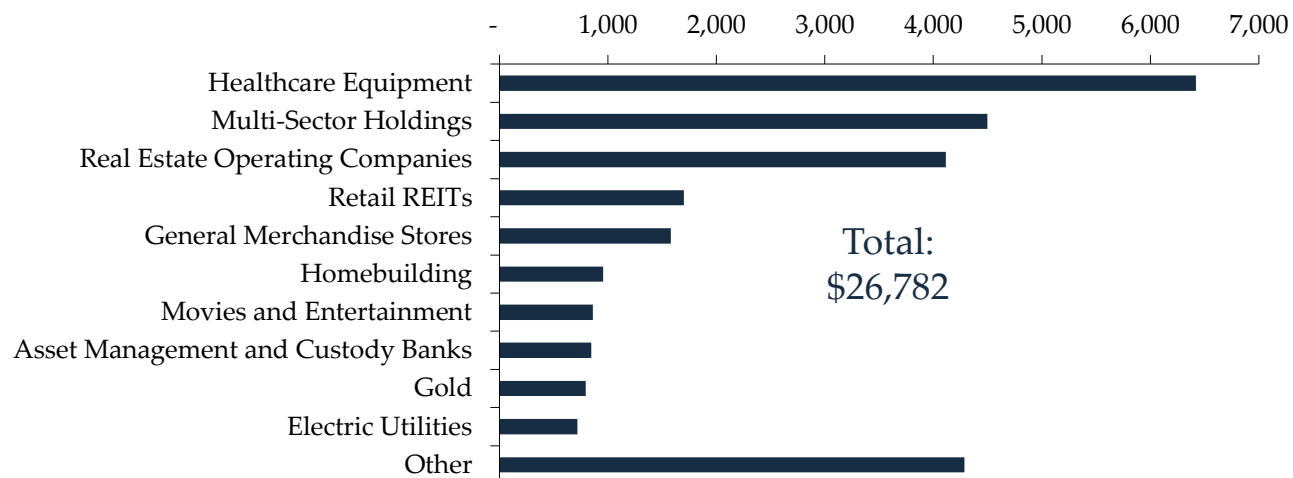
## CROSS-BORDER M&A ACTIVITY BY INDUSTRY

# YTD US-Led vs. Canadian-Led Cross-Border M&A by Industry, Total Value

**US Acquisitions of Canadian Companies, by Industry**  
YTD 2011, in millions of US\$



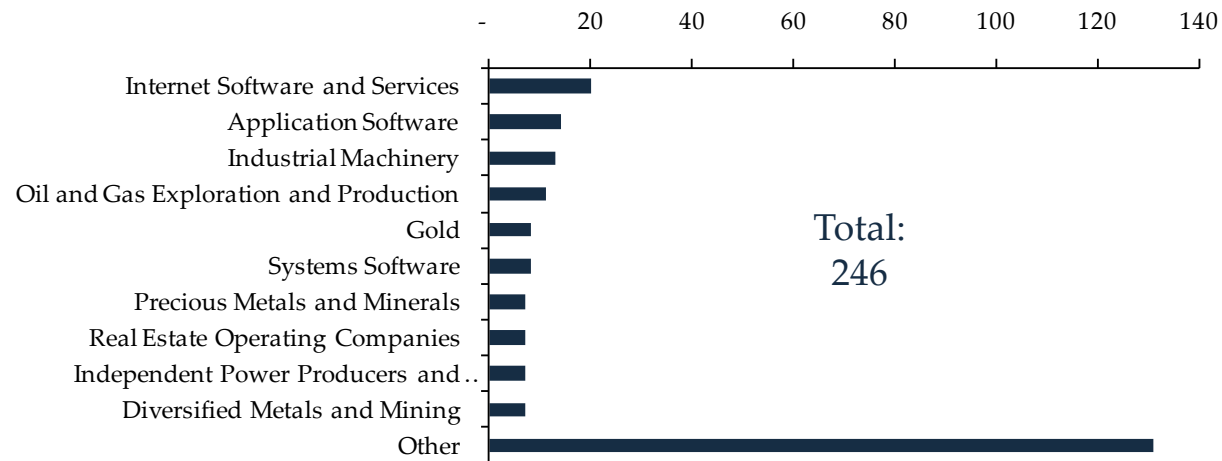
**Canadian Acquisitions of US Companies, by Industry**  
YTD 2011, in millions of US\$



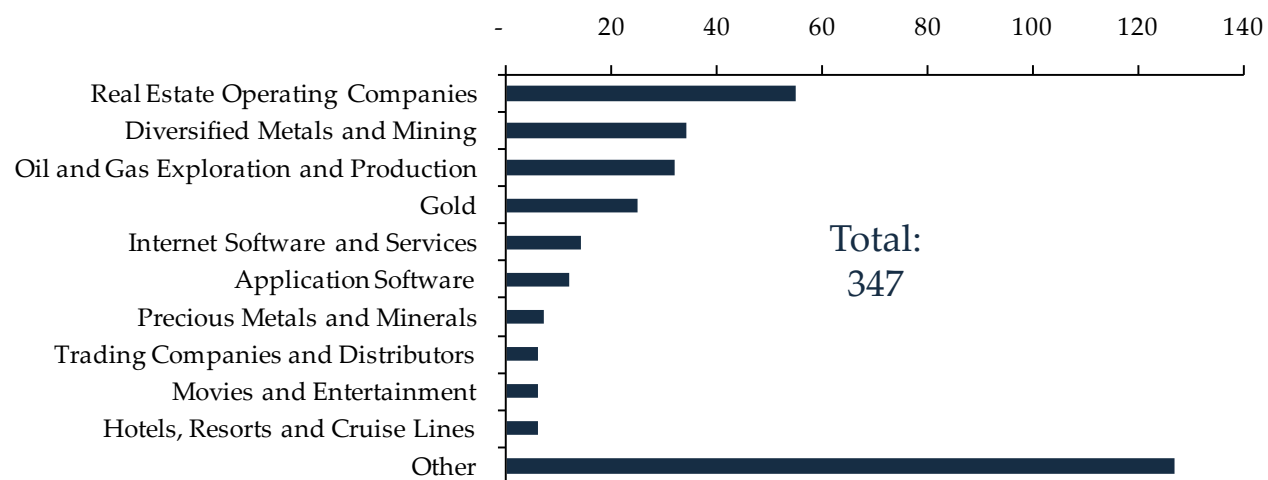
Source: Capital IQ

# YTD US-Led vs. Canadian-Led Cross-Border M&A by Industry, # of Deals

**US Acquisitions of Canadian Companies, by Industry**  
YTD 2011, # of Deals



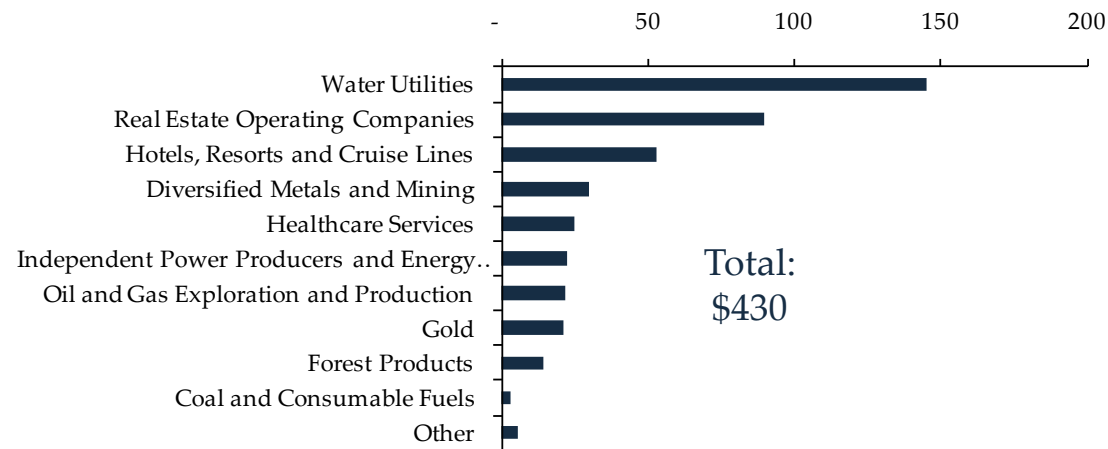
**Canadian Acquisitions of US Companies, by Industry**  
YTD 2011, # of Deals



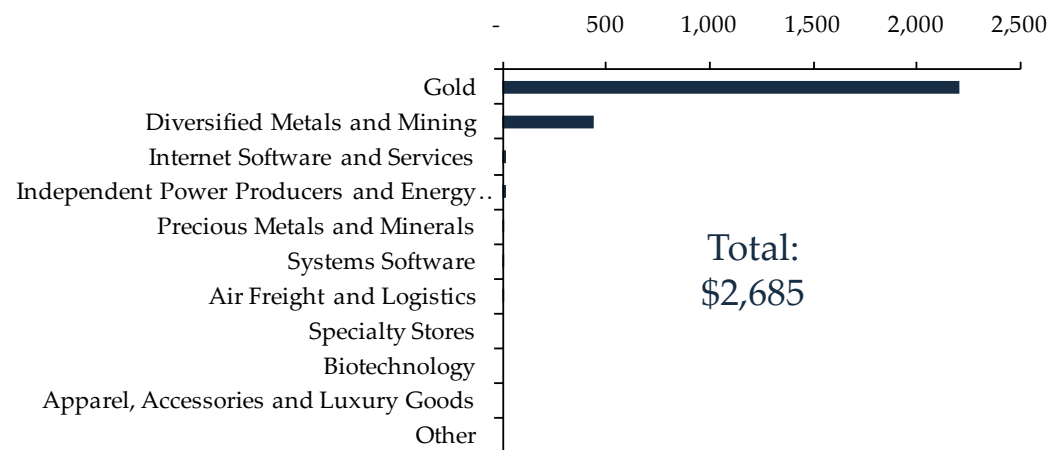
Source: Capital IQ

# U.S.-Led vs. BC-Led Cross-Border M&A by Industry and Total Value

**BC Acquisitions of US Companies, by Industry  
YTD 2011, in millions of US\$**



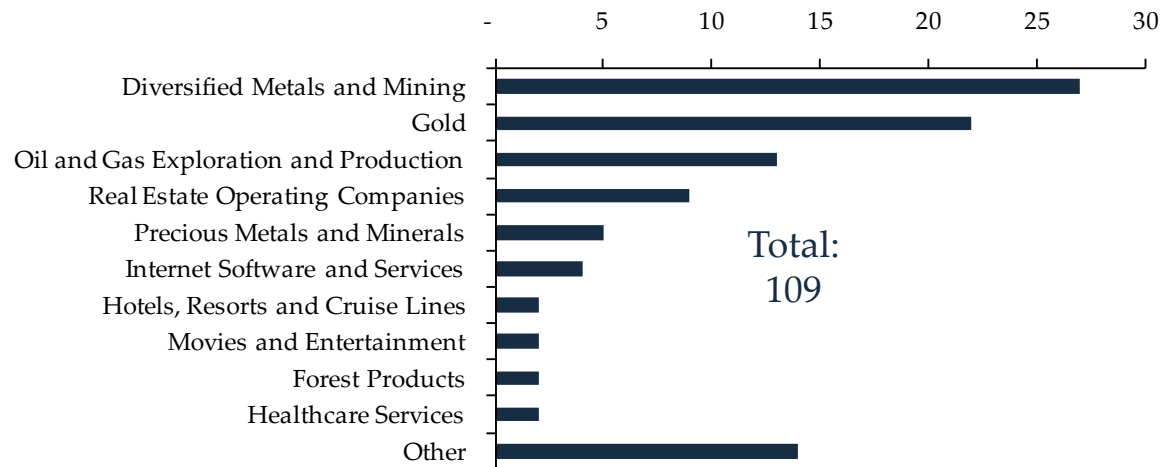
**US Acquisitions of BC Companies, by Industry  
YTD 2011, in millions of US\$**



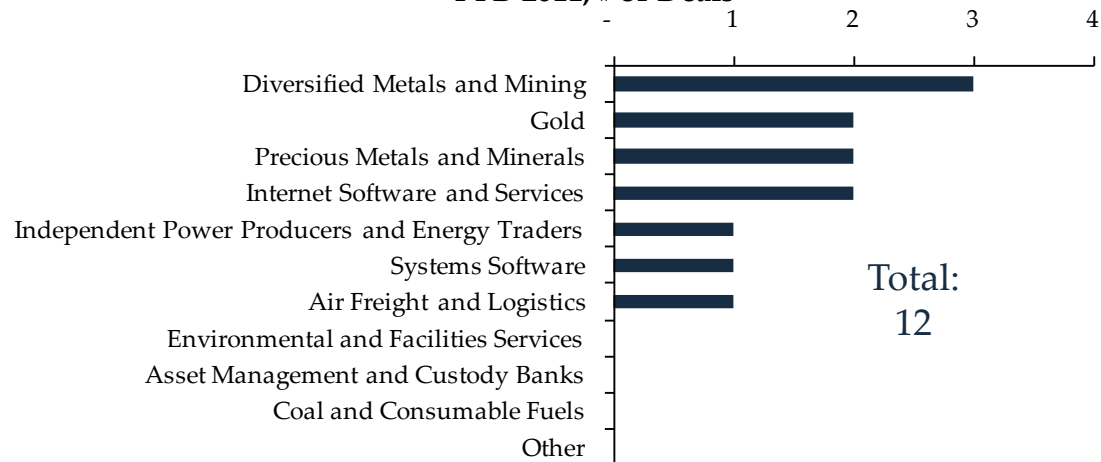
Source: Capital IQ

# U.S.-Led vs. BC-Led Cross-Border M&A by Industry and Total Value

**BC Acquisitions of US Companies, by Industry**  
YTD 2011, # of Deals



**US Acquisitions of BC Companies, by Industry**  
YTD 2011, # of Deals



Source: Capital IQ

## Notes On Industry Segments

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### ▶ Canadian acquisitions of US companies

- Healthcare equipment (Kinetic Concepts) accounted for the largest portion of dollar volume in Canadian acquisitions of US companies, followed by Nortel's patent portfolio<sup>(1)</sup> and real estate
- Real estate operating company deals outweighed others in Canadian-led deal volume

### ▶ US acquisitions of Canadian companies

- Steel (primarily iron ore company Consolidated Thompson) was the highest dollar-volume category of US-led acquisitions of Canadian companies, followed by industrial machinery, gold, and energy
  - Even distribution of US-led transactions in major sectors
- 

### ▶ BC acquisitions of US companies

- Water utilities (Aquarion<sup>(2)</sup>) was the leading category of BC acquisitions of US firms, followed by real estate, hotels & resorts, and metals & mining
- Gold, metals, and minerals occupy most of the BC-led deals by transaction count

### ▶ US acquisitions of BC companies

- Gold and metals (Fronteer Gold, Peregrine Metals) as the dominant category, accounting for 99% of the value of US-led acquisitions of BC companies YTD

(1) Nortel's patent portfolio is classified as a Canadian acquisition of a US company because the patent entity was based in the US and RIM was part of the buyer consortium

(2) Aquarion was partially-owned by BC Investment Management Corporation

## M&A Summary

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- ▶ Valuations and volumes have recovered strongly since 2009, but economic uncertainty is causing some hesitation in the current deal environment
- ▶ The glut of cash on corporate balance sheets combined with massive private equity overhang continues to drive cross-border activity, with strong growth in US-led and Canadian-led cross-border M&A
  - Although overall cross-border deals are up, acquisition of US companies by BC companies is down significantly from last year by dollar volume
    - Last year's data included large deals such as PMC-Sierra's acquisition of Wintegra, Fronteer Gold's acquisition of AuEx Ventures, Eldorado Gold's acquisition of Brazauro Resources, and Glentel's acquisition of Diamond Wireless
  - Natural resources (oil and gas, metals, mining) unsurprisingly dominate Canadian inbound investment from the US, while Canadian outbound is a diverse mix of industries
- ▶ Coming into 2012, macroeconomic issues will cloud the overall M&A landscape, but the fundamentals should drive strong increases in deal counts and volumes
  - Potential ranges from a prolific year to a moderately strong year (limited case for a down year)
  - Opportunistic buyers will have the opportunity to consummate attractive deals given the continued availability of cheap debt for well-capitalized companies

## Cascadia's Call To Arms

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- ▶ Canadian companies have a golden opportunity in 2012 to enter/expand in the US market through acquisition
  - Next year will likely result in a prolific increase in the number of sellers, due to expiration of favorable capital gains and estate taxes YE 2012
  - Strategic tuck-in/add-on acquisitions can often be done at very favorable valuations
  - Larger acquisitions are also possible, although will be more competitive and likely higher valuation (especially if US private equity is a competitor)
  - US financing markets can be lower cost capital and/or more aggressive, and can work in conjunction with Canadian financing sources
  - This window of opportunity is not likely to last, so Canadian companies should entertain moves in 2012 and at least proactively get in the flow
- ▶ We can work together to make it happen vs. let it happen
  - Proactive/collaborative efforts to inform us of Canadian companies seeking acquisitions in the US/Pacific NW market, or collaborative financing opportunities to leverage US capital markets
  - Cascadia often will have immediate ideas/opportunities for target acquisitions
  - Drive win/win/win with advisors (buy-side M&A, attorneys, accounting firms), financing sources (banks, mezz debt, etc.).
  - Deliver results to assist BC/Canadian companies to capture share of large/higher growth US market

## APPENDIX: TOP TRANSACTIONS

## Top 20 U.S. acquisitions of Canadian Companies - YTD

### Top 20 US Acquisitons of Canadian Companies, 2011 YTD in Millions of US\$

Target	Buyer	\$
Consolidated Thompson Iron Mines Ltd.	Cliffs Natural Resources Inc. (NYSE:CLF)	5,056.4
Fronteer Gold Inc.	Newmont Mining Corp. (NYSE:NEM)	2,207.3
Husky Injection Molding Systems, Ltd.	Berkshire Partners, LLC; OMERS Private Equity	2,100.0
Capital Power Income LP (TSX:CPA.UN)	Atlantic Power Corporation (TSX:ATP)	2,020.4
Zellers, Inc., 220 Leasehold Interest	Target Corp. (NYSE:TGT)	1,846.2
Trader Corporation	Apax Partners Worldwide LLP	723.4
Zarlink Semiconductor Inc. (TSX:ZL)	Microsemi Corp. (NasdaqGS:MSCC)	615.0
Gemin X Pharmaceuticals, Inc.	Cephalon Inc.	525.0
Peregrine Metals Ltd.	Stillwater Mining Co. (NYSE:SWC)	440.4
Algorithmics, Inc.	International Business Machines Corp. (NYSE:IBM)	380.2
Ecu Silver Mining Inc.	Golden Minerals Company (AMEX:AUMN)	342.9
NuLoch Resources, Inc.	Magnum Hunter Resources Corp. (NYSE:MHR)	320.1
MKS Inc.	Parametric Technology Corporation (NasdaqGS:PMTC)	304.5
Quinn's Oilfield Supply Ltd.	Lufkin Industries Inc. (NasdaqGS:LUFK)	302.7
Stackpole Limited	The Sterling Group, L.P.; Current Capital LLC	285.0
Northern Digital, Inc.	Roper Industries Inc. (NYSE:ROP)	207.4
Norcast Wear Solutions, Inc	Castle Harlan, Inc.	190.0
Adenyo Inc.	Motricity, Inc. (NasdaqGS:MOTR)	143.0
McLean Budden Limited	MFS Investment Management, Inc.	139.6
Pareto Corporation	The Riverside Company	129.1

Source: Capital IQ

## Top 8 U.S. Acquisitions of BC Companies - YTD

### Top 8 US Acquisitons of BC Companies, 2011 YTD in Millions of US\$

Target	Buyer	\$
Fronteer Gold Inc.	Newmont Mining Corp. (NYSE:NEM)	2,207.3
Peregrine Metals Ltd.	Stillwater Mining Co. (NYSE:SWC)	440.4
Direct Credit Holdings Inc.	QC Holdings, Inc. (NasdaqGM:QCCO)	12.4
Sea Breeze Power Corp., 99 MW of Knob Hill Wind Farm Project	SUEZ Energy North America, Inc.	12.2
Columbus Silver Corporation (TSXV:CSC)	Santa Fe Gold Corporation (OTCBB:SFEG)	6.2
3dB Research Ltd.	Harman International Industries Inc. (NYSE:HAR)	3.0
Lucky Thirteen Gold Project	Siga Resources, Inc. (OTCBB:SGAE)	1.5
CDS Ltd.	Secure Luggage Solutions Inc.	1.3

Source: Capital IQ

# Top 20 Canadian Acquisitions of U.S. Companies - YTD

## Top 20 Canadian Acquisitions of US Companies, 2011 YTD in Millions of US\$

Target	Buyer	\$
Kinetic Concepts Inc. (NYSE:KCI)	Apax Partners Worldwide LLP; CPP Investment Board; Public Sector Pension Investment Board	6,291.6
Nortel Networks Corp., Patent Portfolio	Microsoft Corporation (NasdaqGS:MSFT); Sony Corporation (TSE:6758); Apple Inc. (NasdaqGS:AAPL); EMC Corporation (NYSE:EMC); LM Ericsson Telephone Co. (OM:ERIC B); Research In Motion Limited (TSX:RIM)	4,500.0
General Growth Properties Inc. (NYSE:GGP)	Brookfield Asset Management Inc. (TSX:BAMA)	1,700.6
99¢ Only Stores (NYSE:NDN)	Ares Management LLC; CPP Investment Board	1,580.5
Taylor Woodrow Holdings (USA), Inc. and Taylor Wimpey Holdings of Canada, Corp.	Oaktree Capital Management, L.P.; TPG Capital; JH Investments Inc.	955.0
Starrett-Lehigh Building	Public Sector Pension Investment Board; RXR Realty LLC	920.0
American Century Investment Services, Inc	Canadian Imperial Bank of Commerce (TSX:CM)	848.0
Century Mining Corp. (TSXV:CMM)	White Tiger Gold Ltd. (TSX:WTG)	770.2
Muzak Holdings, LLC	Mood Media Corporation (TSX:MM)	690.4
Two Gotham Center	H&R REIT (TSX:HR.UN)	415.5
Clement Pappas & Co., Inc.	Lassonde Industries Inc. (TSX:LAS.A)	400.9
Bridgeport Energy LLC	Capital Power L.P.	355.0
Gold Toe Moretz Holdings Corp.	Gildan Activewear Inc. (NYSE:GIL)	351.9
Mayflower Partnership	CPP Investment Board	350.0
18 Multi-Family Homes and 5,659 Residential Units	Brookfield Asset Management Inc. (TSX:BAMA); Elco Landmark Residential Holdings, LLC; Harel Hamishmar Real Estate Holdings Ltd.	340.0
Brick Power Holding, L.L.C., Two New England Power Plants	Capital Power L.P.	315.0
Attends Healthcare Products, Inc.	Domtar Corporation (NYSE:UFS)	315.0
Fairmount Food Group, LLC	Saputo, Inc. (TSX:SAP)	270.5
Global 360, Inc.	Open Text Corp. (NasdaqGS:OTEX)	260.0
Mpex Pharmaceuticals, Inc.	Axcan Holdings, Inc.	257.5

Source: Capital IQ

## Top 20 BC acquisitions of U.S. Companies - YTD

### Top 13 BC Acquisitions of US Companies, 2011 YTD in Millions of US\$

Target	Buyer	\$
Aquarion Water Company	BC Investment Management Corporation	145.0
Two Phoenix Apartment Properties in Phoenix	Omni Capital LLC	41.4
Xona Resort Suites	Sunstone Realty Advisors	34.0
MedCath Partners, Certain Assets	D.L.P. Health Care Inc.	25.0
Waste2Energy Holdings, Inc., Substantially All Of The Assets	WTE Waste to Energy Canada Inc.	22.3
Embassy Suites Phoenix-Tempe	Sunstone Realty Advisors	19.0
The Preserve at Arbor Hills	Sunstone Realty Advisors	17.7
242,115 Sq-Ft City Center Office Building	Second City Capital Partners; Tower Realty Partners, Inc.; Feldman Equities, Inc.	16.5
Frank Paxton Lumber Company LLC	Hardwoods Distribution Inc. (TSX:HWD)	13.9
Australian American Mining Corporation Ltd., Lowboy, Lone Star and Rio Puerco Project	Crosshair Exploration & Mining Corp. (TSX:CXX)	12.9
Evolution Oil Group, LLC	Enterprise Energy Resources Ltd. (TSXV:EER)	10.4
Lemhi Gold Project	Northern Vertex Capital Inc. (TSXV:NEE); Idaho State Gold Company, LLC	9.5
Desert Hawk Resources Inc.	Meadow Bay Gold Corporation (TSXV:MAY)	7.7

Source: Capital IQ