



Overall M&A activity within the Distributors and Retailers sector increased 2% over the last twelve months (LTM) ending September 30, 2005 with 267 deals reported compared with 262 deals for the same period last year and with median valuation multiples at 0.8 x Revenue, 9.2 x EBITDA, 12.2 x EBIT and 2.3 x Book Value.

M&A TRANSACTIONS BY SUBSECTOR

For the Last Twelve Months Ended September 30,

	01		02		03		04		05	
Specialty Retail	91	37%	63	44%	62	41%	113	43%	114	43%
Distributors	103	42%	52	36%	66	43%	114	44%	112	42%
Internet & Catalog Retail	47	19%	25	17%	19	13%	26	10%	31	12%
Multiline Retail	5	2%	3	2%	5	3%	9	3%	10	4%
Total	246	100%	143	100%	152	100%	262	100%	267	100%

Based upon Mosaic Capital research and subject to qualifications found on our website. Valuation multiples include public transactions and premiums for control, which can vary significantly between public and private companies. Private company transactions also typically include valuation discounts for limited liquidity, due to a lack of a public market.

Large strategic buyers lead the demand for U.S.-based businesses in this sector. In addition, private equity groups own or control over 750 portfolio companies and also are fueling demand. Buyers objectives include:

- ▶ Gain economies of scale to compete in fragmented distribution and retail markets
- ▶ Diversify department store lines to appeal to a wider range of retail customers
- ▶ Adjust for rising operating costs, insurance premiums and reliance on seasonal demand
- ▶ Leverage Internet technologies to expand revenue and market share opportunities

About Mosaic Capital

Mosaic Capital LLC is a leading national investment banking firm specializing in merger and acquisition and related corporate finance transactions, as well as business valuations for middle-market companies. The private placement of debt and equity securities is provided through affiliate Mosaic Capital Securities LLC - member NASD/SIPC. Mosaic Capital is a member of International Merger & Acquisition Partners (www.imap.com), an exclusive global partnership of leading M&A advisory firms with 98 offices in 24 countries, the partners of which have completed 1,000 middle market transactions exceeding \$18 billion in value since 2000.

Mosaic Capital seeks introductions to owners and management teams in the following lines of business:

Distributors, including:

- Chemical, Paper & Forest Product Distributors
- Construction Material Product Distributors
- Building Product Distributors
- Electrical Equipment Distributors
- Transportation Equipment Distributors
- Household Durables Distributors
- Furnishing & Leisure Equip. Distributors
- Apparel, Textile, Gems & Jewelry Distributors
- Food, Beverage & Tobacco Distributors
- Household/Personal Product Distributors
- Animal Care Distributors
- Printed Media Distributors
- Other Distributors

Specialty Retail, including:

- Apparel Retail
- Computer Retail
- Electronics Retail
- Home Improvement Retail
- Off-Price Retail
- Boutiques Retail & Specialty Stores

Multiline Retail, including:

- Department Store Retail
- Discount & Warehouse Retail
- Variety Retailers
- Used Merchandise Stores

Internet & Catalog Retail