



Overall M&A activity within the Hotels, Restaurants and Leisure sector increased 15% over the last twelve months (LTM) ending September 30, 2005 with 235 deals reported compared with 204 deals for the same period last year and with median valuation multiples at 2 x Revenue, 7.4 x EBITDA, 16.3 x EBIT and 1.4 x Book Value.

**M&A TRANSACTIONS BY SUBSECTOR**

For the Last Twelve Months Ended September 30,

	01		02		03		04		05	
Lodging	26	26%	19	24%	42	40%	110	54%	136	58%
Casinos and Gaming	21	21%	15	19%	13	13%	25	12%	34	14%
Restaurants	21	21%	19	24%	20	19%	28	14%	33	14%
Amusement & Recreation Services	19	19%	14	18%	15	14%	19	9%	19	8%
Travel and Tourism Services	9	9%	7	9%	9	9%	19	9%	9	4%
Sports and Related Services	5	5%	4	5%	5	5%	3	1%	4	2%
<b>Total</b>	<b>101</b>	<b>100%</b>	<b>78</b>	<b>100%</b>	<b>104</b>	<b>100%</b>	<b>204</b>	<b>100%</b>	<b>235</b>	<b>100%</b>

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 national and international strategic buyers lead the demand for U.S.-based businesses in this sector. In addition, private equity groups own or control over 218 portfolio companies and also are fueling demand. Buyers objectives include:

- ▶ Capitalize on economic recovery, improved discretionary spending and mobile lifestyle trends
- ▶ Obtain greater gaming traffic and wallet share via new venues and diversified entertainment
- ▶ Expand service reach without disrupting target cultures

**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:

**Restaurants, including:**

- Full & Limited Service Restaurants
- Cafeterias, Snack Bars & Mobile Food Wagons
- Food Service Contractors & Catering Services
- Beverage & Tobacco Bars

**Amusement & Recreational Services, including:**

- Recreation Clubs, Amusement Operations, Parks & Services
- Museums, Art Galleries & Gardens

**Lodging, including:**

- Hotels/Motels, Resorts, Cruise Ships, Camps/RV Parks
- Membership Organizational Housing & Lodging

**Casinos & Gaming, including:**

- Traditional & Online Casinos
- Slot Machine Operators
- Online Gaming Operations
- Lottery, Bingo & Bookie Operations
- Race Track Gaming & Betting Operations
- Other Gaming Operations

**Sports and Related Services, including:**

- Bowling, Golfing, Skiing, Gym & Fitness Centers

**Travel & Tourism Services, including:**

- Travel Agencies, Tour & Scenic Operators