



# SANDERS MORRIS HARRIS

Premier Integrated Capital Markets and Advisory Solutions



In markets rewarded by the bull and challenged by the bear, Sanders Morris Harris is consistently recognized as an objective, trusted provider of integrated capital markets and advisory solutions. Our team of savvy professionals is experienced, skilled and intuitive at working with vibrant middle-market companies, driving our growth as one of the fastest-growing, full-service investment banks in the United States, with offices in New York, Houston, Los Angeles and Boston.

OUR TEAM OF EXPERIENCED INVESTMENT BANKERS IS BULLISH ON VIBRANT MIDDLE-MARKET COMPANIES. REFLECTING OUR CUSTOMER-CENTRIC APPROACH TO BUILDING CLIENT RELATIONSHIPS, SANDERS MORRIS HARRIS OFFERS AN EXTENSIVE BREADTH OF SERVICES TO ACCOMMODATE THE DIVERSE NEEDS OF BUSINESSES OVER THEIR BUSINESS CYCLES, THROUGH FLUCTUATING MARKET CYCLES AND ACROSS CHANGING ECONOMIC CYCLES.

Our full spectrum of services ranges from public to private. Our team is highly experienced in developing winning strategies for both public and private offerings, advisory solutions, debt capabilities and other specialty solutions.

- Public Offerings
- Private Placements
- Mergers & Acquisitions
- Financial Advisory
- Fairness Opinions
- Leveraged Finance
- Other Specialty Services

As a recognized leader in capital-raising endeavors, Sanders Morris Harris combines the necessary components — superior origination, structuring expertise, exceptional distribution — to the proven success of valued clients. From initial public offerings to follow-on equity issues, and high-grade debt to high-yield issues, our firm is acknowledged for reliable, skillful crafting of investment banking transactions.

#### Public Offerings

- IPOs
- Secondary issues
- Debt securities
- MLPs
- Income deposit securities
- Other equity hybrid offerings

#### Private Placements

- PIPEs
- Senior debt
- Subordinated debt
- Preferred equity
- Common equity
- Project finance

#### Business is like fashion: It's always changing.

“Things” — who, what, where, when, how — change as business, market and economic cycles change. Whether our clients are involved in friendly opportunities to grow or divest, restructure or consolidate, or find themselves in high-stakes David versus Goliath scenarios or at risk for hostile takeovers, Sanders Morris Harris has the experience to serve as a trusted financial advisor.

#### Mergers & Acquisitions

- Acquisitions
- Divestitures
- Corporate partnering
- Restructurings
- Roll-up consolidations
- Hostile takeover defense
- Partnership conversions
- LBOs and MBOs
- Going private transactions
- Shareholders' rights plans
- Spin-offs/split offs
- Minority squeeze outs

WE HAVE DEDICATED OUR RESOURCES TO BUILDING A PRACTICE SCHOOLED IN ADDRESSING THE SPECTRUM OF DEAL INTRICACIES WITH THE SKILL OF EXPERTS, ENHANCED BY THE SPEED AND INNOVATION OF OUR COLLECTIVE, TALENTED TEAM. WE UNDERSTAND BOTH THE DYNAMICS OF THE BUSINESS CYCLE AND THE EFFECTS OF CHANGING MARKET AND ECONOMIC CYCLES. AS SUCH, OUR TEAM POSSESSES THE BUSINESS ACUMEN TO OFFER PROACTIVE ADVISORY SERVICES AND EXPERTLY STRUCTURE TRANSACTIONS TO ULTIMATELY BROADEN OUR CLIENTS' BUSINESS HORIZONS.

#### It's a proven fact that money doesn't grow on trees.

In the absence of a money tree, Sanders Morris Harris has fostered an extensive network of resources that allows companies to access the capital markets from both traditional and more creative angles.

#### Leveraged Finance

- Structured finance
- Project finance
- Recapitalizations
- LBOs and MBOs
- Leveraged acquisitions

#### A buck is a buck and we value every penny.

Regardless of the transaction size, our service philosophy is rooted in the awareness that a satisfied client will provide us with future opportunities to be of service. We appreciate our clients for the confidence they place in our organization, not for the level of our compensation.

#### Certain outcomes require certain strengths.

Our senior-level bankers can talk the talk because we've walked the walk. Armed with extensive industry expertise, our financial advisory team offers skilled and thoughtful guidance, working alongside clients to face special financial and legal challenges, address changing business circumstances and identify the most appropriate paths.

#### Specialty Financial Advisory

- Recapitalizations
- Consent solicitations
- Covenant modifications
- Independent directors advice

#### Fairness Opinions

- Valuations of private companies and business segments
- Sell-side and buy-side valuation transactions
- Litigation support
- FASB 142 goodwill assessment

#### Other Specialty Services

- Share repurchases
- Block trades
- Arbitrage
- Strategic advice and industry consolidations
- Government auctions and tenders



Full-Service Capabilities

WITH A POWERFUL COMBINATION OF INSTITUTIONAL AND RETAIL DISTRIBUTION CAPABILITIES, SANDERS MORRIS HARRIS HAS FOUR DISTINCT EQUITY DISTRIBUTION CHANNELS THAT EMPOWER US WITH SIGNIFICANT DISTRIBUTION MUSCLE. WE ALSO POSSESS IN-DEPTH INDUSTRY KNOWLEDGE THAT PROPELS US TO AN ENVIABLE POSITION.

**Our broad industry experience gives you peace of mind.**

In addition to providing all the services available from other investment banking firms, Sanders Morris Harris offers another facet that is of inestimable worth: experience in a multitude of industries.

At all levels, our investment banking and advisory teams encompass experienced professionals, from highly qualified managers to departmental specialists and support personnel. Their collective talents provide an unmatched ability to inquisitively dissect, meticulously assess and articulately communicate the potential risks and rewards of various scenarios.

Indeed our experience runs the gamut, with much-deserved notoriety for several industry-specific sweet-spots.

- Energy
- Media and telecommunications
- Consumer products/retail
- Financial institutions
- Technology and software
- Environmental
- Business services
- Industrial infrastructure
- Financial sponsors/private equity

**The proof is in the pudding.**

In the case of investment banking, the pudding is results, results, results. The firm's solid, consistent deal history is powerful testament to our market insight, advice and execution.

Reflecting a snapshot of our results, the firm's 1997 through 2005 roster of valued clients encompasses more than 180 companies, representing more than 313 investment banking and advisory opportunities, transactions surpassing \$85 billion and industries numbering in the dozens.

**As the saying goes, it's who you know.**

The bottom line is simple yet substantial: Sanders Morris Harris possesses superior distribution muscle. Active in both private and public equities, our firm is also widely known for strong, yield-driven security distribution.

- *Institutional Distribution Capabilities.* Sanders Morris Harris' institutional distribution channel encompasses more than 600 institutional investors around the globe.
- *Retail Distribution Capabilities.* On the retail side, distribution opportunities are available through SMH Retail, which has more than \$2 billion in assets under management... and growing; SMH Partners, a cadre of more than 60 independent financial advisors, and also growing; and Don Sanders, who manages more than \$1.5 billion in ever-growing assets. Collectively, the investors through these four distinct channels recognize the firm's long-term investment strategy and frequently increase their holdings in successful companies over time.



Powerful Global Distribution

AS A LEADING INVESTMENT BANKING FIRM FROM COAST TO COAST, SANDERS MORRIS HARRIS  
DRAWS UPON THE CUMULATIVE EXPERIENCE OF OUR TEAM TO PRUDENTLY AND SKILLFULLY AVOID  
POTHoles, NAVIGATE SPEED BUMPS AND ACCELERATE BEYOND THE CURVES,  
REGARDLESS OF MARKET CONDITIONS.

**We've charted a course and stuck to it.**

Our firm has charted a course of careful expansion, weighing the ability to assimilate people and entities.

- In 2002, SMH acquired Sutro & Co.'s institutional equity business and further expanded its west coast operations precisely when other investment banks worldwide were chopping staffs and seeing their revenues tumble.
- In 2004, SMH acquired New York-based Crest Advisors, a financial advisory boutique that was an ideal fit with the firm's existing middle-market banking operations and particularly adept in technology, media, telecommunications and middle-market advisory assignments.

**We do homework every day.**

Sanders Morris Harris boasts an independent world-class equity research team that has enjoyed growing national recognition for research integrity. At present, our equity research professionals cover approximately 100 companies in ten sectors of six industries, and these numbers are climbing each year.

*Dedicated Research Team*

- Energy — exploration, production, general oil service, offshore drilling companies
- Business and industrial services
- Financial services — banks and thrifts

- Technology — satellite and broadcast media, semiconductors, telecomm equipment
- Entertainment and media — radio, television and film
- Retail — specialist apparel

*Acclaimed Research Excellence*

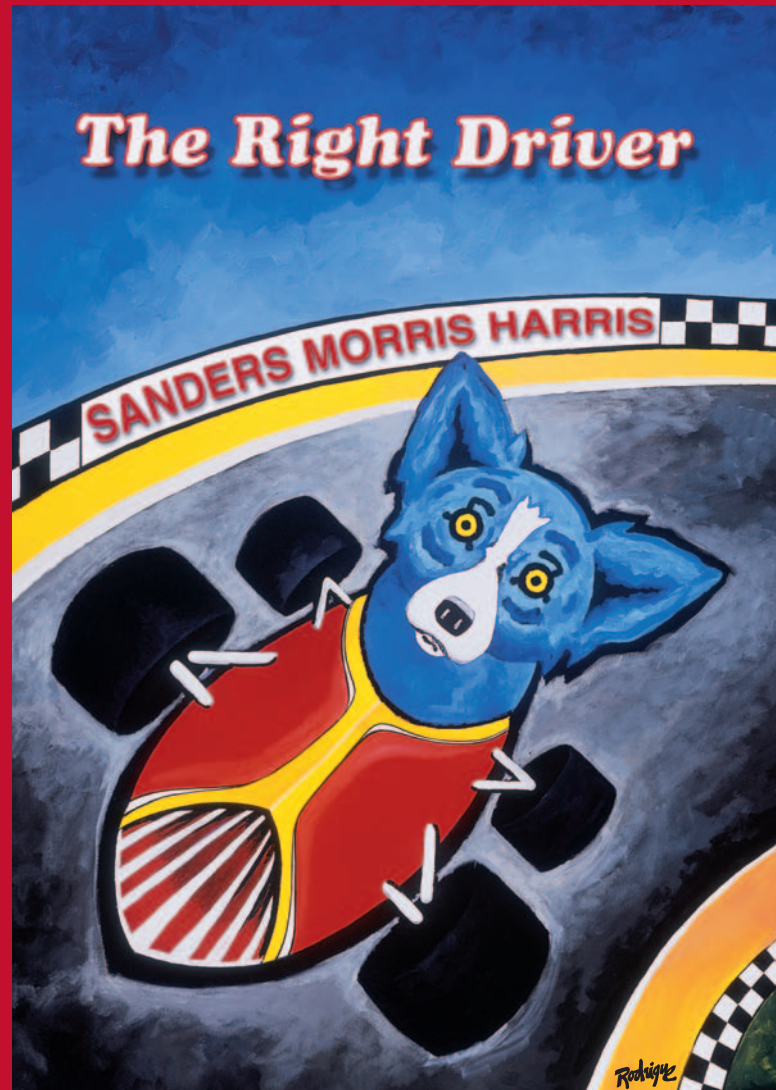
- A diverse team of credible research analysts
- Semiconductors — “All-Star” analyst, as ranked by *Institutional Investor* and *The Wall Street Journal*
- Radio, television and film — “All-Star” analyst, as ranked by *Institutional Investor* and *The Wall Street Journal*

**Our company directory speaks for itself.**

The fabric of Sanders Morris Harris is the composite vision of the founding entrepreneurs and management team to shape the course of our Company. By staying active in day-to-day operations, our clients benefit from consistency in focus, continuity in management and an unswerving commitment to preserving the goal of our founders. These attributes have created a backdrop for solid investment banking and advisory stability.

Too many businesses are marked by ever-changing name plates on office doors, business practices that reflect passing fancies and an appetite for “hot deals” of the month. In contrast, the founders and members of Sanders Morris Harris' senior management team invest significant amounts of personal capital in the Company and its investment product, driving their collective desire for every transaction to succeed.





Exceptional Skill

OUR FAMILY TREE HAS A LOT OF BRANCHES. INVESTMENT BANKING IS AN INTEGRAL PART OF OUR PARENT ORGANIZATION, SANDERS MORRIS HARRIS GROUP, WHICH COLLECTIVELY MANAGES AND/OR ADVISES BILLIONS OF DOLLARS IN KEY BUSINESS UNITS.

#### Here's a biggie.

Highly experienced senior-level managers remain involved throughout the execution of every transaction. This top-down, hands-on philosophy reflects our belief that every client is important, and every transaction and every interaction paves the way for mutual success.

#### We're different. Very, very different.

For starters, Sanders Morris Harris is objective. But that's only the beginning. Our full-service firm is widely noted for an extensive breadth of resources that ensure superior securities distribution and complete investment banking services. As we strive to create lasting relationships, we focus on the vibrant middle market and have enjoyed a consistent track record of transactional success.

Among our differentiating attributes are the following highlights.

- Relationship-based investment banking
- Superior execution of corporate finance and financial advisory services
- Significant senior-level involvement throughout transaction execution
- Knowledge-driven equity research professionals, several of whom are "All-Star" ranked, covering more than 100 companies
- *Fortune* ranked Sanders Morris Harris Group in 2004 among the top 15 fastest-growing companies

While many attributes are tied to people, we also have many differentiating attributes that pertain to places.

- Access and distribution to the global capital markets
- Broad institutional client base of more than 600 institutions
- A significant global presence, with an international client base in Europe, the Middle East and Australia

And yet other factors are, by the very nature of our business, tied to money.

- More than \$1.5 billion of highly sophisticated private client assets
- An unmatched record of long-term retention of offerings
- "Investing in common" by SMH principals who co-invest alongside clients

#### Our single business is based on a tripod model.

A tripod is the strongest, most stable form of support and Sanders Morris Harris Group utilizes a three-pronged business model:

- Investment banking
- Institutional brokerage
- Asset and wealth management

The merits of this approach are far reaching. Sanders Morris Harris Group enjoys a superior reputation in the financial services industry, as well as in businesses and across industries we serve. The investment banking group — a significant component of the tripod — joins private equity, institutional brokerage, and asset and wealth management to utilize the investor network to create value and leverage the Company's full range of solutions to meet our clients' diverse needs.

There's a lot to know about us, particularly these highlights. We're one of the fastest-growing, full-service investment banks in the United States. Our firm has clients from coast to coast and border to border and has extensive resources around the globe. We want your business and our team stands ready to work alongside yours.

The history of Sanders Morris Harris Group is rooted in its 1987 formation to provide a broad range of financial services. Serving a diverse group of corporate, institutional and individual clients, our extensive menu of services includes investment banking, financial advisory, trust-related services, merchant banking, asset management, financial planning and institutional, prime and retail brokerage. Our consistent track record and steady growth are direct results of the firm's unwavering focus on sticking to what we do best.



SANDERS MORRIS HARRIS

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