

Tailoring Financial Success

SANDERS MORRIS HARRIS GROUP



*As advisors, we tailor services to meet each client's specific needs.
As co-investors, we align our interests with those of our clients.*

Sanders Morris Harris Group is a financier in the classic sense of the term: a partner with, as well as a counselor to, our clients. The firm's philosophy of financial partnership is consistent and unique. Founded in 1987 with the same enduring business values we embrace today, our time-proven commitment to "investment in common" is highly uncommon in today's financial world and demonstrates our confidence in the securities Sanders Morris Harris Group recommends.

Sanders Morris Harris Group approaches the financial markets uniquely, with enough scale to be the largest investment bank headquartered in the Southwest... yet small enough to manage money in niches that offer enhanced probabilities for success... and positioned to find off-the-beaten-path opportunities. The Company's senior investment professionals have extensive experience and share their expertise with clients in ways that larger, more bureaucratic firms find difficult to emulate.

TAILORING FINANCIAL SUCCESS

The fabric of Sanders Morris Harris Group is the composite vision of the founding entrepreneurs who continue to shape the course of our Company. Not only do our senior managers personally invest in the same securities as our clients (where suitable and permitted), they also remain active in the day-to-day direction of Sanders Morris Harris Group.

Sanders Morris Harris Group manages and/or advises billions of dollars in key business units, with many diverse branches on our family tree:

- ❖ Charlotte Capital – institutional investment management using small-cap value and micro-cap value styles
- ❖ Concept Capital – operations, trading, marketing advice and technical support services for hedge funds and proprietary trading
- ❖ Kissinger Financial Services – wealth advisory services
- ❖ Salient Partners – investment management and trust services
- ❖ Sanders Morris Harris – financial advice for corporate, individual and institutional clients
- ❖ Sanders Sports Advisors – financial management services for professional athletes
- ❖ Select Sports Group – sports representation and management services for professional athletes
- ❖ SMH Capital Advisors – high-yield fixed income management
- ❖ SMH Partners – financial advisory and brokerage services
- ❖ The Edelman Financial Center – financial planning and management

EXTENSIVE INVESTMENT CHOICES

Sanders Morris Harris Group is a premier resource for a wide range of financial services, ranking high among the most respected financial services firms in the Southwest... and on Wall Street. Our firm offers a complete spectrum of investment opportunities, ranging from conservative fixed income investments to riskier equity ideas.

- ❖ Asset management, financial planning and trust services
- ❖ Institutional and private client brokerage
- ❖ Investment banking
- ❖ Investment research
- ❖ Market making
- ❖ Merchant banking

Our job is to deliver superior results. Investment in common with clients helps us meet these goals and expectations. On another plane, we offer exceptional advisory and wealth management services designed to deliver consistently superior performance.



We Walk the Walk

INVESTMENT IN COMMON

Sanders Morris Harris Group has led a wide range of attractive public and private offerings.

With investment banking professionals located from coast to coast, our geographic diversity helps us to seek and execute timely opportunities.

Investors recognize our firm's long-term investment strategy and frequently increase their holdings in successful companies over time.

When Sanders Morris Harris Group commits to a transaction, the entire organization is available to assist with the opportunity.

Sanders Morris Harris Group not only talks the talk, we also walk the walk by investing in common with clients, when regulatorily permissible and goal appropriate. Since the firm's inception, Sanders Morris Harris Group, including our founders and employees, has bought and sold securities alongside our clients – same risks, same rewards, same securities, same timing. We believe that our firm, its employees and their families are collectively among the largest investors in each of the investments we offer. A caveat: We are keenly mindful of individual suitability issues associated with laws, regulations, investment objectives, liquidity, risk tolerance and appropriateness.

INVESTMENT BANKING

Our firm is widely known for powerful retail and institutional strengths in both private and public equities. Sanders Morris Harris Group offers clients a full range of investment banking services, providing:

- ❖ Advisory services
- ❖ Fairness opinions
- ❖ Mergers and acquisitions
- ❖ Principal investing
- ❖ Private placements
- ❖ Public offerings
- ❖ Recapitalizations

Our team of banking professionals is experienced and skilled at working with vibrant middle-market companies, fueling our growth as one of the fastest-growing, full-service investment banks in the United States and the largest investment banking firm headquartered in Texas. We provide:

- ❖ Relationship-based investment banking
- ❖ Superior execution of corporate finance and financial advisory services
- ❖ Senior-level involvement throughout transaction execution
- ❖ Access and distribution to the global capital markets
- ❖ A record of long-term retention of offerings

PRIVATE EQUITY

Sanders Morris Harris Group's private equity investments have consistently generated substantial returns for investors. The founders, officers and owners of Sanders Morris Harris Group have a significant amount of personal capital invested in our private equity offerings. They therefore have every incentive to work for the intertwined profitability of our clients, their own investments and the firm.

Representing the depth of our private equity capabilities, Sanders Morris Harris Group is recognized for leadership in:

- ❖ Private placements
- ❖ Proprietary private equity funds
 - Corporate Opportunities Fund
 - LifeSciences Opportunities Funds I & II
 - Sanders Opportunity Fund
 - SMH Private Equity Group I
- ❖ Co-investments

The firm's proprietary funds are designed to offer high potential returns to investors and represent a cornerstone of our asset and wealth management endeavors. Not by accident, our proprietary equity funds carry "opportunity" in their names, and the performance posted by each has been excellent.



Different Strokes for Different Folks

A COMPLETE SPECTRUM OF INVESTMENTS

Our investment team dissects, assesses and communicates the potential risks and rewards of every recommendation we make.

Our clients' portfolios run the gamut. Although best known as financial advisors to the highly affluent, we do not impose account minimums and give each client our full attention.

Our differentiating attributes:

- ❖ Sophistication and innovation
- ❖ Nimble long-term, value-added solutions
- ❖ Proactive client-focused service
- ❖ Portfolio design
- ❖ Innovative research approach
- ❖ Proven track record

Our service philosophy is rooted in the awareness that a satisfied client will entrust more to our firm.

Our expertise reaches wherever unusual opportunities can be found. Sanders Morris Harris Group conducts in-depth research on companies and their management teams, then presents an array of investment choices to clients. Our understanding of the risks and potential rewards associated with each investment option assists clients in making informed financial decisions, and our record of helping people and companies select the best path to financial success can be of enormous value to you.

ASSET AND WEALTH MANAGEMENT

While our client list includes many wealthy individuals and institutions, our doors are open to anyone seeking guidance in wealth management. Whether you utilize equities alone or blend bonds and other securities as investment portfolio components, our seasoned professionals communicate, guide and recommend the avenues that best seek to meet your investment objectives, specific circumstances and short- and long-term needs.

Asset Management and Financial Advice

- ❖ Equity investing and asset management
- ❖ Alternative investments
- ❖ Financial planning and asset allocation
- ❖ Merchant banking
- ❖ Private client services
- ❖ Stock and bond portfolio management
- ❖ Trust services

DIFFERENTIATING ATTRIBUTES

Highly knowledgeable about the industries in which we invest, Sanders Morris Harris Group is particularly well known for our skills in energy, life sciences, media, finance, environmental and industrial services, retailing and certain technology segments. We have developed innovative investment tools to capitalize on opportunities in these sectors.

Sanders Morris Harris Group shares many attributes with other industry-leading financial services firms. But there are differences:

- ❖ Focusing more on investment results than on fees and commissions;
- ❖ Competing on the basis of intellectual capital, personified by our team of highly skilled professionals;
- ❖ Cultivating deeply rooted, long-term, senior-level relationships with clients;
- ❖ Emphasizing our tradition of investment in common;
- ❖ Offering independent, trusted, unbiased advice; and
- ❖ Remaining dedicated to our chosen lines of business.



Money Never Sleeps

STAYING AHEAD OF THE PACK

Our institutional services evolve around carefully crafted research tied to superb trading and sales.

Our in-depth knowledge, combined with consistent diversification, increases the probability of superior results.

As managers in an uncertain world, we understand both the life cycle dynamics of investment objectives and the effects of changing economic or market environments on each investor.

We value our clients as individuals, as investors.

Just as no one watch is a perfect fit for everyone, no one investment is universally appropriate. We integrate the firm's research (where regulatorily appropriate), investment banking, private equity and trading capabilities to develop investment programs. In addition to providing all the same services as other major brokerage houses, Sanders Morris Harris Group offers a perspective of inestimable worth. It has given us a reputation of thinking ahead of the pack. Our consistency of focus has created the framework for substantial returns through a variety of high-quality investment programs.

INSTITUTIONAL EQUITY SERVICE

Sanders Morris Harris Group is widely respected for our expertise in equity research and trading. Our institutional equity department is rooted in a group founded in 1927 by the father of its present leader.

- ❖ Equity research and analysis
- ❖ Equity trading
- ❖ Fixed income brokerage
- ❖ Industry focus
- ❖ Investment strategy
- ❖ Sales and trading

Our client list encompasses a broad range of institutions throughout North America, Europe and Asia. The firm's team of professionals across the country provides clients with research and execution services in both exchange-listed equities and stocks quoted on NASDAQ. Additionally, we distribute equity securities in offerings that we co-manage or underwrite.

INSTITUTIONAL FIXED INCOME SERVICE

Complementing the equity team's capabilities, our expanded fixed income arm is strong and deft. The group is held in high regard for its professionalism and ability to execute transactions with a broad array of primarily institutional investors. The products offered include U.S. Government and Agency bonds, mortgage securities, corporate and high-yield bonds, as well as preferred stock. This seasoned team broadens the array of skills offered by the firm's investment banking and private client channels.

CONCEPT CAPITAL

The firm's prime brokerage and proprietary trading division operates under the brand name Concept Capital. It is the administrative, finance, systems and execution arm for select hedge funds. Separately, it finances and supports selected traders who put their own capital at risk and share the profits with us. The hedge funds and traders enjoy the flexibility of executing transactions with other securities firms, as well as at Sanders Morris Harris Group, while enjoying the convenience of having their assets domiciled centrally with us.

By handling the highly involved, time-consuming operational, execution, accounting and back office functions for these partnerships, Concept Capital makes it possible for our institutional brokerage clients to spend more time managing their portfolios. We provide:

- ❖ Accounting and record keeping services
- ❖ Equity research
- ❖ Fund-raising advice
- ❖ Market intelligence
- ❖ Operational and administrative support
- ❖ Personal client service
- ❖ Superior execution



Tied with Perfection

MANY POINTS OF INTEREST

Our financial experts are renowned for blending diversified investments to create a balanced portfolio. We invite you to experience the professionalism, knowledge and dedication of Sanders Morris Harris Group and its subsidiary companies.

Charlotte Capital, our small-cap value investment boutique, uses a disciplined investment process and event-driven focus that leads to small, undervalued companies whose underappreciated value is thought to be unlocked through specifically defined events. Investment professionals combine time-tested value disciplines with an event-driven focus that recognizes the time-value of money. This unique investment approach is utilized in managing both Small/Micro Value and Small Company Value portfolios.

Kissinger Financial Services, a well-known Maryland-based wealth advisor, provides financial planning services to clients in Delmarva and nationwide, utilizing classic financial planning methodology.

SMH Capital Advisors, one of the nation's top ranked high-yield managers, fills a specialized niche in the financial markets: managing less-than-investment-grade bond portfolios for individuals, other broker/dealers, advisors and institutional investors.

SMH Partners offers financial advice and management to clients, served by successful, experienced independent financial planners who focus on the high net worth market segment. SMH Partners is consistently one of the largest distribution channels for The Endowment Master Fund.

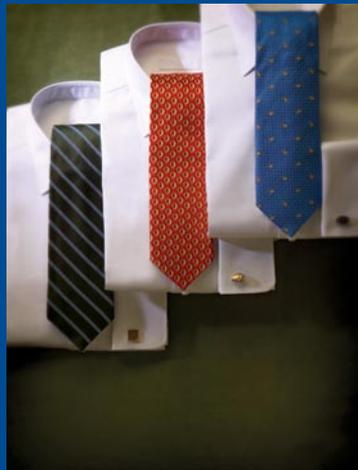
Salient Partners offers a range of innovative, institutional-quality investment solutions and fiduciary services for private clients and institutions nationwide. By focusing on solutions rather than products, Salient shapes customized strategies designed to grow clients' wealth while at the same time preserving their assets. Salient blends a proven investment process with dynamic asset allocation to construct portfolios that deliver superior risk-adjusted returns.

Sanders Morris Harris is widely respected as the premier financial services firm in the Southwest, offering a complete range of investment services – financial advice, asset management, private equity services, investment banking and underwriting, research, analysis and trading – for corporate, individual and institutional clients.

Select Sports Group provides sports representation and management services to professional athletes. Working in partnership with Select Sports Group, **Sanders Sports Advisors** provides professional athletes with a financial game plan for life by maximizing the monetary rewards of reaching the highest levels of professional sports. We help athletes learn how to manage their financial assets.

The Edelman Financial Center anchors Sanders Morris Harris Group's wealth management capabilities in the underserved mass affluent market. One of the largest independent financial planning firms in the nation, this subsidiary has earned nationwide recognition for its education- and service-based philosophy and on-line educational resources. It has generated consistently superior returns for its tens of thousands of clients.





With a large number of investment choices available to investors, our firm meticulously links unique investment opportunities with each client's specific financial goals and objectives.



SANDERS MORRIS HARRIS GROUP

New York ♦ Houston ♦ Los Angeles

www.smhgroup.com