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Mason Wells Closing Deals in Tough Credit Environment

Small deals dominated the buyout activity charts in the second quarter of 2008, as the pullback in debt markets limited the size of deals that could get done, forcing financial sponsors to contribute more equity.

Meantime, leverage multiples have started to come down in 2008, limiting the ability of firms to generate returns from credit alone. Sponsors have had to commit more equity into deals to make up for gaps in financing. The largest deals require as much as 50% equity from sponsors, up from the 33 to 40% that was common during 2006 and 2007.

Despite the challenges in the credit market, companies worthy of acquisition are still coming to market. Closing acquisitions in this market requires a mix of factors. The target should be a recession-resistant company. The sponsor should be willing to assume greater risk in the form of more equity, accept more restrictive covenants, and play a greater role in lining up debt financing. Also, the sponsor should be a known entity to earn trust from more cautious lenders.

Mason Wells has proven itself in this challenging deal market having closed two new platform companies in 2008. In the 2008 acquisition of Coating Excellence International, a leading flexible packaging company, Mason Wells assembled a club of lenders that agreed to provide leverage in the transaction.

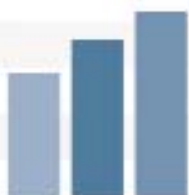
Coating Excellence generates over \$150 million in revenue annually and its diversified product line should insulate it from economic volatility.

Deals such as Coating Excellence prove it is possible to execute a transaction that will attract lenders. Mason Wells uses prudent leverage when doing deals, focuses in sectors that will be solid through cycles, and finances its transaction with lenders with whom it has long-standing relationships. The market is proving that a well-priced deal for a solid company can still generate interest from lenders.

Mason Wells continues to be active despite the volatility in stock markets and a more restrictive debt financing environment. Mason Wells is currently reviewing numerous new buyout opportunities.

Senior and mezzanine financing is still available for Mason Wells transactions as we feel that our reputation, financing relationships and track record still allow us to complete leveraged transactions, particularly deals where senior bank clubs are required to get a deal done.

Mason Wells is also interested in corporate divestitures and over-leveraged company transactions (where equity capital is necessary to stabilize a business and reduce the debt burden). In these transactions Mason Wells' industry expertise and speed to close are differentiating factors.



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Portfolio Company Updates



Coating Excellence International

Coating Excellence International (CEI) is taking proactive steps to win business against offshore competition. CEI invested in a robotic palletizing system that increased production and cut packaging costs enough to be competitive with foreign businesses.

CEI also developed a woven sack for customers that has successfully reduced the weight of its finished bags by as much as 50% over multi-wall bags used to package bulk items. This results in reduced shipping costs for both CEI and its customers and in less waste generated during the converting process and ending up in landfills.

Continuing to focus on energy-saving and environmentally friendly processes, CEI has signed an agreement that makes it the leader in becoming environmentally friendly within the flexible packaging sector. CEI signed an agreement to purchase renewable electrical energy from Wisconsin Public Service (WPS). WPS's NatureWise program is renewable and carbon-free energy composed of 50% wind and 50% biogas from local landfills and dairy farm waste.



Oliver Medical, a division of Oliver Products Company, received an award from Medtronic Neuromodulation for attaining 100% lot acceptance for their fiscal year 2008. The materials that Oliver Medical produced are used in Medtronic's Neuromodulation product offering that include neurostimulation systems and implantable drug delivery systems for chronic pain.



Dedicated Computing, Inc. announced that Rick Appleby was named Vice President and Chief Operations Officer. Rick brings over 25 years experience in the

electronics industry where he successfully led a number of organizations through increased efficiencies in the manufacturing, engineering and operations areas.

Prior to joining Dedicated Computing, Rick was Director of Americas Operations for Elcoteq, Inc., a contract manufacturer of sophisticated technology products including the Blackberry (Research in Motion) personal communication device. Prior to this, Rick was Vice President, North American Manufacturing for Foxconn Manufacturing, one of the world's largest manufacturers of high-end computer products for HP, IBM, Lenova, Apple and others.

He holds a Bachelor of Science in Mechanical Engineering Technology from Western Kentucky University.



TeraMedica Healthcare Technology received the Frost & Sullivan 2008 North American Imaging Informatics Customer Value Enhancement Award. The award is presented to the company that has demonstrated more innovative, value creation and enhancement strategies than competing companies in the industry.

TeraMedica's flagship product Evercore Enterprise Suite has been fully tested and certified for use with IBM's Grid Medical Archive Solution (GMAS). TeraMedica recently announced a joint partnership with Caringo, a leading provider of clustered storage software.

TeraMedica also signed an agreement with Hyland Software. This joint solution allows caregivers and patients timely access to relevant patient information, providing patient safety and care while increasing efficiency and reducing costs.

Investment Criteria

Mason Wells is a leading private equity firm with over \$500 million under management. For 25 years the principals of Mason Wells have been successfully investing in Midwest-based middle-market companies.

Financial Characteristics:

- Company Revenue \$25 - \$250 Million
- EBITDA \$5 - \$30 Million

Transaction Types:

- Management Buyout of a Closely Held/Family-Owned Business
- Management-Led Buyout of a Non-Core Division
- Owner Recapitalization
- Management-Led Buyout of a Public Company

Company HQ Location:



Targeted Industries:

