

**healthcare****LATE STAGE CAPITAL AND AN IPO FOR  
POWER MEDICAL INTERVENTIONS (NASDAQ: PMII)**

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Power Medical Interventions, Inc. (PMI), a pioneer of Intelligent Surgical Instruments™ primarily for bariatric, cardiothoracic and colorectal applications, planned to go public. Based in the US, with operations in Germany, France and Japan, PMI was well positioned with a strong management team, a deep intellectual property portfolio, progressive technology and a growing market opportunity. However, like many emerging companies, PMI was challenged to balance near-term performance with growth, and wanted an interim solution that would enable them to access capital to fund their business plan, complete their primary manufacturing facility, strengthen their balance sheet before the IPO and afford them some flexibility with regard to the timing of the IPO. Jefferies structured a highly tailored pre-IPO convertible offering that took into consideration a number of variables, including IPO valuation and the expected time lapse between the transaction and the IPO closing. Jefferies served as sole placement agent on this \$25 million transaction, garnered excess demand among investors and secured favorable terms in a very competitive environment. When it came time for PMI's initial public offering later in the year, Jefferies was a logical choice to serve as joint bookrunner. Despite an extremely volatile market, Jefferies again generated significant investor demand and the \$48.7 million IPO was oversubscribed. PMI is now a public company (NASDAQ: PMII), ready to launch its next generation of products. These two transactions serve to demonstrate Jefferies' expertise in capital raising and the Firm's value as a financial partner for healthcare companies.

## maritime

A TIMELY DEBT FINANCING AND A NEW HOME  
FOR UNITED MARITIME

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Greenstreet Equity Partners, a Florida-based private equity firm, was in discussions to acquire TECO Transport (now United Maritime Group), a world-class marine transportation and terminal services business and a subsidiary of Florida-based, NYSE-listed TECO Energy. The two companies signed a definitive agreement in October 2007, hoping to finalize the transaction before the end of the year, Greenstreet chose Jefferies to provide the debt financing because of the Firm's leading market position in maritime investment banking, expertise in lending and ability to execute transactions in an accelerated time frame. Despite market uncertainty, Jefferies Finance provided Greenstreet with a firmly committed first and second lien senior secured loan commitment to support the transaction, and acted as the sole lead arranger and administrative agent for the \$340 million financing. The transaction successfully closed within 36 days of commitment, and the speed of execution was a key determinant in acquiring the company at an attractive valuation. The debt financing cleared at the original pricing, without any structure or price flex, despite rapidly deteriorating market conditions. As a result of the transaction, United Maritime, with its new owners and capital structure, is well positioned for growth as a leading domestic provider of marine transportation and terminal services for dry bulk commodities.

The background of the page features a photograph of industrial infrastructure. On the left, there is a complex structure of dark metal beams, ladders, and walkways, possibly part of an offshore oil rig or a large-scale industrial facility. To the right and in the foreground, there are several large, stacked shipping containers. One container is bright orange, and another is light blue. The sky is a clear, bright blue with some light clouds.

energy

STRATEGIC DIVESTITURES FOR NEWFIELD  
EXPLORATION COMPANY

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As part of its strategy to create a longer-lived reserve base by divesting short-life assets, Newfield Exploration Company, a leading independent oil and gas company, embarked on a strategic exit of its fields in the shallow waters of the Gulf of Mexico (GoM) and all its assets offshore in the UK. Having worked with Jefferies' Energy investment banking group in the past and given Jefferies' leadership as an advisor in energy M&A, Newfield chose the Firm to assist in the sale of its shallow-water GoM assets. Jefferies leveraged its technical knowledge of those particular hydrocarbon basins, market insights, relationships and global presence to negotiate a mutually beneficial agreement with McMoRan Oil & Gas LLC for the GoM assets. McMoRan acquired the GoM properties for \$1.1 billion, gaining strong cash flow from the producing properties plus experienced people who transitioned from Newfield to McMoRan. Newfield also appointed Jefferies to sell its UK subsidiary. Jefferies managed a process aimed at demonstrating to potential purchasers the strong future market prices for uncontracted gas in the UK and the Netherlands and secured a sale to Centrica for more than \$486 million. These two transactions represented important milestones in Newfield's strategy to optimize the company's portfolio within an accelerated time frame and provided the buyers with properties that were an excellent strategic fit for them.

## aerospace &amp; defense

A 'BIG IMPACT DEAL' AND A NEW FINANCIAL PARTNER  
FOR SCITOR CORPORATION

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With 1,200 employees and a strong presence in the space and classified information services sector, Scitor, a leading provider of systems engineering, financial and management consulting, information services and other services for national priority government programs, was an attractive acquisition candidate. For Los Angeles-based Leonard Green & Partners (LGP), one of the nation's preeminent private equity firms, Scitor represented what would be the first government services company in its portfolio. In September 2007, Jefferies' Aerospace & Defense investment banking group acted as the exclusive financial advisor to Scitor in its sale to LGP for an undisclosed amount. Jefferies also served as the co-lead arranger and joint bookrunner on a \$187.5 million committed secured credit facility, which supported LGP's acquisition of Scitor. The proper positioning of Scitor to buyers and financing sources was crucial to the success of these transactions as Jefferies balanced the diligence needs of potential buyers, lenders and ratings agencies, while keeping in mind Scitor's confidentiality requirements. Additionally, the Scitor financing was one of the first "regular way" syndicated loan transactions following a trend of market turbulence over the summer. Despite the market slowdown, Jefferies' pricing strategies were well received by the market and the deal offered new opportunities for Scitor to expand the range of its solutions and build on its platform. The transaction was hailed by *Washington Technology* as the #1 Big Impact Deal of 2007.

## financial services

## BROADER RESOURCES FOR VALUEACT CAPITAL

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ValueAct Capital (VAC), a governance-oriented investment manager with \$6 billion in assets under management, is well known for taking large stakes in undervalued companies and working productively with their management and boards to boost performance. After seven years in business, VAC had generated a superior investment track record and had built a loyal clientele consisting of high net worth investors and blue-chip institutions. Management saw an opportunity to replace its passive seed investor with a more strategic and active partner to drive future growth. Jefferies' global financial institutions group was awarded the sell-side advisory mandate owing to its in-depth specialist knowledge of the asset management sector and its long-standing dialogue with VAC. Jefferies screened a limited number of potential partners, focusing on firms that would retain VAC's unique and innovative culture, and sourced multiple attractive transaction alternatives for its client. Ultimately, VAC partnered with Affiliated Managers Group (AMG), a publicly traded multi-affiliate asset manager with a reputation for its unique investment structure and expertise in aligning the incentives of generations of equity holders. The transaction provided partial liquidity to VAC's founding partners to reinvest in its funds, and enabled them to maintain investment decision-making autonomy and preserve VAC's distinctive operating culture. AMG benefited by adding another best-in-class alternative asset manager to its roster of affiliates, bolstering its exposure to high-growth product lines. The transaction further distinguishes Jefferies as a leading M&A advisor to the alternative investment community.

## technology

## A NEW BEGINNING FOR KRONOS

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After 15 years as a public company, NASDAQ-listed Kronos Incorporated, a leading provider of human capital management solutions with a customer base spanning more than 60 countries, decided after numerous take-private offers that it was ready to transition from being a public company to partnering with a financial sponsor. As a result of its leadership in Technology M&A, its presence in the private equity community and a decade-long relationship with Kronos, Jefferies was the obvious choice as advisor for what would turn out to be the largest take-private transaction in its sector in two years. Jefferies ran a focused process with select strategic acquirers and technology-focused financial sponsors, managed an aggressive timetable, and within two months of initial meetings with potential buyers, the company signed a definitive agreement with two US-based private equity firms: lead investor Hellman & Friedman LLC and JMI Equity. Jefferies was able to maximize the sale price by articulating the company's value and maintaining a competitive dynamic throughout the process, securing a significant premium for its shareholders. The \$1.8 billion sale proved beneficial for both shareholders and the company as a whole. Kronos gained two valuable financial partners, and the new ownership structure empowered management to focus on the long-term growth of their business. Jefferies leveraged its industry expertise, and demonstrated its ability to effectively manage and execute transactions regardless of complexity, size and scope. Since the acquisition, Kronos has made a significant acquisition of a Belgium-based company and opened several new offices in Asia.

media

### HIGHLY SUCCESSFUL SALE OF DATAMONITOR TO INFORMA

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Listed on the London Stock Exchange, Datamonitor plc, a leading global provider of market intelligence and online data for a range of vertical markets, was approached with an acquisition proposal by Informa plc, a leading global provider of specialist information and services for the academic and scientific, professional and business communities. The two businesses were highly complementary, with scalable technology platforms and significant crossover revenue opportunities and potential cost synergies. Jefferies' Media investment banking team was retained as exclusive financial advisor to the Board of Directors of Datamonitor to evaluate the terms of the offer, review strategic alternatives and define the shareholder communications strategy. The Board of Datamonitor selected Jefferies as its advisor on the basis of our Media team's strong transaction track record and extensive knowledge of the online data and business-to-business publishing markets. Jefferies advised on all relevant aspects of the transaction, including matters in relation to the UK's Takeover Code, relevant documentation, presentations and announcements. The £502 million transaction set an important valuation benchmark for UK, European and US-listed companies within the B2B publishing sector.

industrial

### A COMMITTED FINANCING FOR MASTERCRAFT

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Now in its 40th year of operations, MasterCraft is one of the world's leading builders of water ski, wakeboard and luxury performance inboard sports boats. With its premium brand positioning and more than 170 dealer locations in over 30 countries, MasterCraft caught the eye of private equity firms Charlesbank Capital Partners and Transportation Resource Partners, who had approached the Company, preempting an auction process, and signed a purchase agreement in August 2007. In order for MasterCraft's existing financial sponsor, US Equity Partners, to consider the preemptive bid, the two sponsors needed to demonstrate committed financing. However, the late summer credit drought made financing extremely difficult, with potential lenders shying away as the markets worsened and ultimately all but closed. Jefferies offered a high yield alternative with a commitment for a "bought deal." Jefferies served as sole bookrunner for the \$105 million senior secured floating rate notes offering and sole lead arranger for the \$20 million senior secured revolving credit facility. The deal closed within two weeks of launch in mid-September, demonstrating Jefferies' unique ability to provide creative financing solutions, generate investor interest and execute successfully in even the most challenging market conditions. MasterCraft gained two valuable financial partners to help support its continued dominance in its space, while its two new partners strengthened their portfolios with a world-renowned brand.

MasterCraft

cleantech

'EQUITY DEAL OF THE YEAR' FOR EPV SOLAR

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Energy Photovoltaics, Inc. (now EPV Solar), an emerging clean technology company and manufacturer of thin-film solar modules, needed growth capital to expand the company's manufacturing capacity to meet growing demand for its products. The company was planning an initial public offering, but wanted some interim capital to strengthen its positioning. EPV selected Jefferies as sole placement agent to pursue a pre-IPO financing round. Jefferies was chosen as a result of our full-service capabilities to offer a diverse spectrum of products, the strength of our CleanTech franchise, our extensive transaction experience and knowledge of the CleanTech sectors, and our ability to develop unique transaction structures that are appropriate for growth companies. Jefferies put together a creative, customized pre-IPO convertible structure that effectively addressed the company's specific financing needs, and negotiated terms with more than a dozen investors, upsizing the transaction through extensive one-on-one meetings with institutional investors and hedge funds. The \$77.5 million pre-IPO convertible senior secured notes offering that constituted securities convertible into common stock of EPV upon an IPO or sale of the business was significantly oversubscribed. The transaction was recognized by *Euromoney* and Ernst & Young for the unique structure of the deal, and the investor demand it generated, resulting in its being named Equity Deal of the Year in the technology sector at the 2007 Annual Global Renewable Energy Awards. The funding represented an important milestone for EPV and demonstrated investor appetite for alternative energy technologies, and, as a result of the transaction, EPV was able to raise the capital needed to significantly expand its operations.

telecom

## AN ALL-STOCK MERGER FOR MCLEODUSA

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With a 17,000-mile fiber-optic network—and deep expertise in emerging IP-based communications for businesses—McLeodUSA Communications was well positioned to go public in 2007. The company selected Jefferies as joint bookrunner in the IPO process due to the Firm's telecommunications expertise and ongoing relationship with the company, following Jefferies' role as sole bookrunner on a \$120 million financing in 2006. McLeodUSA's success in serving business customers also made the company an attractive acquisition candidate. While awaiting SEC approval for the IPO, McLeodUSA received an all-stock merger offer valued at \$557 million from PAETEC Holding Corp. Jefferies was retained as a financial advisor on the merger, providing McLeodUSA with a seamless banking team from the first financing in 2006 to the transaction's close in February 2008. The merger created a new national leader in competitive communications. The combined PAETEC and McLeodUSA entity serves the equivalent of 3.54 million access lines, has a presence in 82 of the top 100 US metropolitan areas and has combined revenue of more than \$1.6 billion. By these measures, the new PAETEC is the largest US competitive communications carrier focused on business customers. For McLeodUSA, the merger allowed the company to achieve its market expansion objectives and to go public. For PAETEC, the acquisition solidified its status as a rising player in the industry with a sound financial position, national reach and an enhanced product portfolio that solves the real-world communications problems that businesses face each day.

consumer / retail

A SUCCESSFUL RECAPITALIZATION  
FOR BALLY TOTAL FITNESS

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Jefferies represented Chicago-based Bally Total Fitness in the successful recapitalization of the company during the fourth quarter of 2007. Bally is the largest fitness and health club operator with more than 375 facilities located in the US as well as internationally. Jefferies was initially engaged to assist Bally given the Firm's reputation for creative financing solutions and execution skills. Harbinger Capital Partners Master Fund I, along with affiliates, completed the acquisition of Bally by injecting approximately \$230 million of new capital to pay down existing debt and provide growth capital for the company. As a result, Bally gained a strong financial partner and is positioned to be an effective brand leader in the full-service fitness center industry. The transaction demonstrated the breadth of Jefferies' capabilities and ability to work with companies in all phases of growth and transition, as well as its strength in guiding and supporting companies through complex restructurings.