

Recent acquisition activity viewed as a positive sign for M&A

ABM Buys The Linc Group - Transaction valued at \$300 million

ABM Industries Incorporated (NYSE: ABM) announced that it has acquired The Linc Group, LLC ("TLG") for \$300 million in cash. The transaction closed on Dec. 1, 2010. ABM is a leading US provider of facility services. TLG is a premier provider of end-to-end integrated facilities services that improve operating efficiencies, reduce energy consumption and lower overall operational costs of critical facilities, installations and buildings in the government and commercial markets. TLG's with total revenues of approximately \$580 million has an operational footprint spanning more than one billion square feet over more than 25,000 facilities in 46 states.

EMCOR Acquires Government Infrastructure Contractor

First Mergers Group is pleased to announce that its client Harry Pepper & Associates, Inc. (HPA) has been acquired by EMCOR Group, Inc. (NYSE: EME).

About HPA—HPA, with 2010 estimated revenues of approximately \$100 million and an estimated current backlog of \$150 million, is a leading infrastructure company offering diversified prime contracting services to Federal and State government agencies. Having been in business since 1918, Pepper has strong relationships with clients such as the Department of Navy, The Army Corps of Engineers, and the US Marine Corps.

About EMCOR—EMCOR is a Fortune 500 company with estimated 2010 revenues of \$5.0 billion and is considered a global leader in mechanical and electrical construction, energy infrastructure, and facilities services.

Who is buying and why...

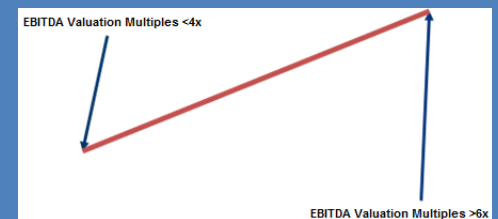
Public market earnings multiples for contractors hit the bottom in 2009 with the rest of the market. The market improved for contractors in 2010 with a flurry of deals at year end confirming buyer demand for quality companies is increasing. This demand is from a diverse group of buyers including strategic buyers, global buyers and private equity groups. ABM's and EMCOR's recent acquisition news are examples of current interest. We believe this activity is a positive sign for owners of privately held contracting companies that are considering divestiture strategies.

First Mergers has conducted an exhaustive search of sellers from M&A subscriptions and we believe that there is a lack of strong sellers in the marketplace. Correspondingly, competition for quality targets is fierce which is increasing valuations for those highly attractive properties. We, therefore, believe that M&A activity is in the early stage of the rebound.

ABM's acquisition also confirms the level of interest by large market cap companies of mid-market cap companies in the energy and facility services space. We maintain a strong client portfolio in this space and will have additional transaction news in this space in the coming months.

Recent acquisition news and substantial increases in contracting multiples have signaled an M&A recovery. This combined with recent offerings and closed transactions by First Mergers Group, confirms our view that the outlook for M&A activity in the facility, power/energy services and contracting space is positive.

EBITDA VALUATION TRENDS



FIRST MERGERS GROUP CURRENT ACQUISITION OPPORTUNITIES

Southeast Contractor

[Revenues >\$70 million and EBITDA >10%]

Western States Mechanical Services Provider

[Revenues in excess of \$50 million]

Facilities Maintenance Contractor

[Revenues >\$50 million and EBITDA >8%]

US Based Power Sector Services Provider

[Revenues in excess of \$40 million]

Mechanical Contractor

[Revenues in excess of \$70 million]

Energy Services Provider

[Coming Soon]

EBITDA Defined -- EBITDA (a non-GAAP measure) stands for earnings before interest, taxes, depreciation, and amortization. Essentially, EBITDA measures the core income that a company earns before it covers its debt payments and pays its income taxes. Occasionally, the term is even used interchangeably with operating cash flow.

EBITDA is often used in accounting ratios that are used to compare the profitability of different companies in the same industry. The idea is that excluding interest, taxes, depreciation, and amortization gives a clearer picture of a company's operating performance. Because depreciation and amortization are non-cash charges, some view EBITDA as a proxy for earnings of the actual cash that flows through a company.



Merger & Acquisition News

2011

Recent valuation report shows a marked increase in purchase price multiples for small and mid-market transactions.

According to GF Data Resources' third-quarter report deal multiples showed a significant increase. Philadelphia-based GF Data, which tracks transactions of 163 participating mid-market PE firms, reported that the number of deals in the third quarter represented the highest figure over the past seven quarters. Meanwhile the average purchase price multiple reached 6x trailing 12-month EBITDA, up significantly from the previous four quarters that saw valuations reside in the 5x times EBITDA range. GF Data specializes on the small and mid market, tracking deals between \$10 million and \$250 million in size.

Share prices of power/energy services and contracting companies surged along with the broader market following the earlier lows in 2010. Power/energy service and contracting companies increased substantially higher in the second half of 2010. This resurgence comes on the heels of the significant decline among power/energy services and contracting companies share prices that began in the second half of 2008 and continued through 2009 and the first quarters of 2010.

This continued strong performance has resulted in an almost full recovery for power/energy services and contracting companies. While the sectors still lag behind the all-time highs and robust growth seen throughout the decade, much of the expectations regarding slow growth in future construction spending cycles have been priced into the market. Most power/energy services and contracting companies announced earnings that were either in-line or ahead of analysts' expectations as they continue to work off strong backlogs. Companies with substantial construction exposure have lowered expectations throughout this economic downturn while companies with service-orientated revenues are viewed more favorably.

Bush tax cuts likely to remain and keep long term capital gains at 15% for 2 more years—good news for sellers.

After months of wrangling, it appears Republicans and Democrats in Washington, DC are close to a compromise on extending the Bush tax cuts for another two years. If the compromise is reached it would keep long-term capital gain rates at 15%.

Positive economic outlook signals increased interest in deal volume from corporate and private equity buyers.

Corporate and Private Equity buyers have expressed strong interest in seller opportunities from First Mergers Group in recent months. First Mergers Group believes this is a direct result of increased confidence in the economy and improved leverage for transactions.

This comes at a time when sellers have been taking a time out for varied reasons. Some sellers have been reluctant to consider a sale for fear that the market reception would be poor. Other sellers have seen a downturn in their businesses and are concerned about unfavorable valuations where the greatest weight is placed on a down year. The lack of strong acquisition targets provides liquidity opportunities for business owners of privately held companies who are represented by a consulting firm that understands the complexity of valuing a closely-held enterprise.

Valuations typically do not take into account one year alone or a down year. Buyers who are have a sound acquisition strategy will tend to blend the earnings of several years and even toss out a down year as an outlier in their valuation model for an attractive strategic target.

First Mergers believes the above represents a once in a life time opportunity for sellers especially those sellers sectors that First Mergers Group closely monitors including outsourced services, government contracting, utility/energy/power services, construction, engineering, mechanical services, facility services and technical services. Comprehensive knowledge of service sectors by an M&A team that specializes in these sectors can facilitate competitive pricing and a favorable outcome. For immediate consideration and a confidential marketplace value of your business, please contact First Mergers Group.



A Private Equity Group

has acquired



First Mergers Group, LLC initiated this transaction and acted as the intermediary on behalf of Salas O'Brien Engineers, Inc.



(AMEX: AGX)

has acquired



Glastonbury, CT

First Mergers Group, LLC initiated this transaction and acted as intermediary on behalf of Gemma Power



NYSE: EME

has acquired



MOR Power Plant Maintenance, Inc.

First Mergers Group, LLC initiated this transaction and acted as intermediary on behalf of PPM



has acquired

MET Electrical Testing
CET Electrical Testing
Seaboard Mechanical Services
Certain Assets and Contracts of Unitemp

from



First Mergers Group, LLC initiated this transaction and acted as intermediary on behalf of the Linc Group

