NORTH AMERICAN GALVANIZING & COATINGS INC
Form DEF 14C
July 12, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14C INFORMATION

Information Statement Pursuant to Section 14(c) of the Securities
Exchange Act of 1934 (Amendment No.)

Check the appropriate box:

o Preliminary Information Statement

o Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2))

x Definitive Information Statement

NORTH AMERICAN GALVANIZING & COATINGS, INC.
(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

o No fee required.

x Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.

1) Title of each class of securities to which transaction applies:
Common Stock, par value $0.10 per share

2) Aggregate number of securities to which transaction applies:
16,782,646

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
$7.50

4) Proposed maximum aggregate value of transaction:
$125,869,845

5) Total fee paid:
$8,974.52

x Fee paid previously with preliminary materials.

x Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:
$8,959.17

2) Form, Schedule or Registration Statement No.:
Schedule TO

3) Filing Party:
AZZ incorporated

4) Date Filed:
May 7, 2010

NORTH AMERICAN GALVANIZING & COATINGS, INC.
5314 South Yale Avenue, Suite 1000
Tulsa, Oklahoma 74135

July 12, 2010

To Our Stockholders:

As announced on April 1, 2010, North American Galvanizing & Coatings, Inc. (the ***Company***) entered into an Agreement and Plan of Merger, dated March 31, 2010 (as amended, the ***Merger Agreement***) by and among the Company, AZZ incorporated, a Texas corporation (***Parent***), and Big Kettle Merger Sub, Inc., a Delaware corporation and an indirect wholly-owned subsidiary of Parent (***Purchaser***), which provides for the acquisition of the Company by Parent in two steps. The first step was a cash tender offer by Purchaser to acquire all of the outstanding shares of the Company s common stock, par value $0.10 per share (the ***Shares***), at $7.50 per Share, net to the seller in cash without interest thereon (the ***Offer***). The Offer was completed on June 14, 2010, and, pursuant to the Offer, Purchaser purchased 12,962,287 Shares, which (when added with (x) the Shares beneficially owned by Parent, Purchaser or their respective subsidiaries and (y) the Shares that were purchased upon exercise of options, that were held in trust pursuant to the Company s Director Stock Unit Program or that constituted restricted shares, in each case that the Purchaser exercised its option to purchase) constitute approximately 84% of the Company s issued and outstanding Shares. The merger of Purchaser with and into the Company (the ***Merger***), in which the Company will be the surviving corporation, is the second and final step in the acquisition of the Company by Parent and is intended to complete the acquisition of any Shares not acquired by Purchaser pursuant to the Offer. As a result of the Merger, the Company will become an indirect wholly-owned subsidiary of Parent. In the Merger, each outstanding Share (other than Shares held by the Company, Purchaser or Parent or any wholly-owned subsidiary of the Company or Parent and any stockholders who are entitled to and have properly exercised appraisal rights under Delaware law with respect to such Shares) will be converted into the right to receive $7.50 in cash, without interest thereon, all as more fully set forth and described in the accompanying Information Statement and the Merger Agreement, a copy of which is attached as Annex 1 to the Information Statement.

On Tuesday, August 3, 2010, a special meeting of the stockholders of the Company will be held for the purpose of approving the Merger Agreement. The affirmative vote of at least two thirds (2/3) of the total number of outstanding shares of Common Stock of the Company will be necessary to adopt the Merger Agreement. As a result of the consummation of the Offer, Purchaser owns and has the right to vote a sufficient number of outstanding shares of the Common Stock of the Company such that adoption of the Merger Agreement at the special meeting is assured without the affirmative vote of any other stockholder.

You are welcome to attend the special meeting; however, you are not being asked for a proxy and are requested not to send one. The accompanying Information Statement explains the terms of the Merger. Please read the accompanying Information Statement carefully.

Sincerely,

David H. Dingus
President and Chief Executive Officer

NORTH AMERICAN GALVANIZING & COATINGS, INC.
5314 South Yale Avenue, Suite 1000
Tulsa, Oklahoma 74135

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON AUGUST 3, 2010

A special meeting (including any and all adjournments or postponements thereof, the ***Special Meeting***) of stockholders of North American Galvanizing & Coatings, Inc. will be held at One Museum Place, 3100 West 7th Street, Suite 500, Fort Worth, Texas, at 10:00 a.m., Central Daylight Saving Time, on Tuesday, August 3, 2010, for the following purposes:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated March 31, 2010 (as amended, the ***Merger Agreement***), by and among North American Galvanizing & Coatings, Inc. (the ***Company***), AZZ incorporated, a Texas corporation (***Parent***), and Big Kettle Merger Sub, Inc., a Delaware corporation and an indirect wholly-owned subsidiary of Parent (***Purchaser***). The Merger Agreement provides, among other things, for (i) the merger of Purchaser with and into the Company (the ***Merger***), with the Company to continue as the surviving corporation, and (ii) the conversion of all of the issued and outstanding shares of the Company s common stock, par value $0.10 per share (the ***Shares***) (other than Shares held by the Company, Purchaser or Parent or any wholly-owned subsidiary of the Company or Parent and any stockholders who are entitled to and have properly exercised appraisal rights under Delaware law with respect to such shares of Common Stock, subject to the agreement of the Company, Purchaser and Parent described in the Information Statement), into the right to receive $7.50 per Share in cash, without interest thereon, all as more fully described in the accompanying Information Statement and the Merger Agreement, a copy of which is attached as Annex 1 to the Information Statement.

2. To transact such other business as may properly be brought before the Special Meeting.

Only stockholders of record at the close of business on Friday, July 9, 2010 will be entitled to receive notice of, and to vote, at the Special Meeting.

You are cordially invited to attend the Special Meeting; however, proxies are not being solicited for the Special Meeting.

Stockholders will be entitled to demand appraisal by the Delaware Court of Chancery of the fair value of such stockholder s shares of Common Stock under Section 262 of the General Corporation Law of the State of Delaware (***DGCL***), a copy of which is attached as Annex 4 to the Information Statement. Notwithstanding the time periods set out in the DGCL with respect to appraisal rights, the Company, Purchaser and Parent have agreed, under certain limited circumstances, to not assert that a stockholder s demand for appraisal is not timely under Section 262 of the DGCL, regardless of the fact that such demand for appraisal is not made in strict compliance with certain of the requirements of Section 262. Stockholders should read the Information Statement and Annex 4 thereto for a description of all statutory provisions relating to appraisal rights and the agreement entered into by Parent, Purchaser and the Company with respect thereto.

You should not send any Share certificates at this time. After the Merger is completed, you will receive a letter of transmittal containing instructions on where to send your share certificates in order to exchange them for the merger consideration.

Neither the Company nor its management is soliciting your proxy.

BY ORDER OF THE BOARD OF DIRECTORS

David H. Dingus

This notice is dated July 12, 2010.

NORTH AMERICAN GALVANIZING & COATINGS, INC.
5314 SOUTH YALE AVENUE, SUITE 1000
TULSA, OKLAHOMA 74135

INFORMATION STATEMENT

WE ARE NOT ASKING YOU FOR A PROXY
AND YOU ARE REQUESTED NOT TO SEND US A PROXY

This Information Statement is being furnished to holders of common stock, par value $0.10 per share (the ***Common Stock***), of North American Galvanizing & Coatings, Inc., a Delaware corporation (the ***Company***), in connection with the proposed merger (the ***Merger***) of Big Kettle Merger Sub, Inc., a Delaware corporation (***Purchaser***) and an indirect wholly-owned subsidiary of AZZ incorporated, a Texas corporation (***Parent***), with and into the Company as contemplated by that certain Agreement and Plan of Merger, dated March 31, 2010, by and among the Company, Parent and Purchaser (as amended, the ***Merger Agreement***). The Merger, in which the Company will be the surviving corporation, is the second and final step in the acquisition of the Company by Parent. The first step was a cash tender offer by Purchaser to acquire all the outstanding shares of Common Stock (collectively, the ***Shares***) at $7.50 per Share, net to the seller in cash without interest thereon (the ***Offer***). The Offer was completed on June 14, 2010, and Purchaser purchased 12,962,287 Shares pursuant thereto, which (when added with (x) the Shares beneficially owned by Parent, Purchaser or their respective subsidiaries and (y) the Shares that were purchased upon exercise of Options (as defined below), that were held in trust pursuant to the Program (as defined below) or that constituted Restricted Stock (as defined below), in each case that the Purchaser exercised its option to purchase) constitute approximately 84% of the Company s issued and outstanding Shares. As a result of the Merger, the Company will become an indirect wholly-owned subsidiary of Parent. In the Merger, each outstanding Share (other than Shares held by the Company, Purchaser or Parent or any wholly-owned subsidiary of the Company or Parent and any stockholders who are entitled to and have properly exercised appraisal rights under Delaware law, subject to the agreement described below under Appraisal Rights, with respect to such shares of Common Stock) will be converted into the right to receive $7.50 in cash, without interest thereon. A copy of the Merger Agreement is attached hereto as Annex 1.

A special meeting of the stockholders of the Company will be held on Tuesday, August 3, 2010, at 10:00 a.m., Central Daylight Saving Time, at One Museum Place, 3100 West 7th Street, Suite 500, Fort Worth, Texas. The special meeting of stockholders (including any and all adjournments or postponements thereof) is referred to herein as the ***Special Meeting***.

Stockholders are welcome to attend the Special Meeting; however, proxies are not being solicited for the Special Meeting.

Only holders of record of the Shares at the close of business on Friday, July 9, 2010 are entitled to receive notice of, and to vote at, the Special Meeting. On such date, there were 16,782,646 Shares outstanding. The presence in person or by proxy of the holders of at least a majority of the issued and outstanding shares of Common Stock will be necessary to constitute a quorum for the transaction of business at the Special Meeting. The affirmative vote of at least two thirds (2/3) of the outstanding shares of Common Stock will be necessary to approve the Merger Agreement. Each share of Common Stock is entitled to one vote. As a result of the consummation of the Offer and Purchaser s exercise of its option to purchase certain other Shares, Purchaser owns approximately 84% of the issued and outstanding Shares and the aggregate voting power thereof and intends to attend the Special Meeting and vote all such Shares in favor of the Merger Agreement. Accordingly, a quorum and the adoption of the Merger Agreement at the Special Meeting is assured without the attendance or affirmative vote of any other stockholder.

You are urged to review this Information Statement carefully to decide whether to accept the $7.50 per Share in cash, without interest, or to exercise appraisal rights under Section 262 (***Section 262***) of the Delaware General Corporation Law (***DGCL***). See Appraisal Rights below and Annex 4 attached hereto for a description of all statutory provisions related to appraisal rights.

This Information Statement is first being mailed on or about Tuesday, July 13, 2010 to the holders of record of the Shares at the close of business on Friday, July 9, 2010.

We are not asking you for a proxy and you are requested not to send us a proxy. Please do not send in any Share certificates at this time.

This Information Statement is dated July 12, 2010.

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SUMMARY

The following is a brief summary of certain information contained elsewhere in this Information Statement, including the Annexes hereto, or in the documents incorporated by reference herein. Reference is made to, and this summary is qualified in its entirety by, the more detailed information contained in this Information Statement, in the Annexes hereto and the documents incorporated by reference herein. Capitalized terms used in this summary and not defined herein have the meanings ascribed to them elsewhere in this Information Statement. Stockholders are urged to read this Information Statement and the Annexes hereto in their entirety.

The Companies

The Company. The Company is a Delaware corporation with its principal executive offices located at 5314 South Yale Avenue, Suite 1000, Tulsa, Oklahoma 74135. The telephone number of the Company is (918) 494-0964. The Company is a leading provider of corrosion protection for iron and steel components fabricated by its customers. The Company s galvanizing and coating operations are composed of eleven facilities located in Colorado, Kentucky, Missouri, Ohio, Oklahoma, Tennessee, Texas and West Virginia. These facilities operate galvanizing kettles ranging in length from 16 feet to 62 feet and have lifting capacities ranging from 12,000 pounds to 40,000 pounds. For more information about the Company, visit www.nagalv.com and see Certain Information Concerning the Parties to the Merger Agreement and Available Information elsewhere herein.

Purchaser. Purchaser is a Delaware corporation and to date has engaged in no activities other than those incident to its formation, the Offer and the Merger. Purchaser is an indirect wholly-owned subsidiary of Parent. The principal executive offices of Purchaser are located at One Museum Place, 3100 West 7th Street, Suite 500, Fort Worth, Texas 76107. The business telephone number for Purchaser is (817) 810-0095.

Parent. Parent is a Texas corporation with its principal executive offices located at One Museum Place, 3100 West 7th Street, Suite 500, Fort Worth, Texas 76107. The telephone number of Parent is (817) 810-0095. Parent is a specialty electrical equipment manufacturer serving the global markets of industrial, power generation, transmission and distributions and a leading provider of hot dip galvanizing services to the steel fabrication market nationwide. Parent and its affiliates offer products through two distinct business segments, the Electrical and Industrial Products Segment and the Galvanizing Services Segment.

General

This Information Statement is being delivered in connection with the merger of Purchaser with and into the Company (the ***Merger***), with the Company as the surviving corporation in the Merger (the ***Surviving Corporation***). As a result of the Merger, the Company will become an indirect wholly-owned subsidiary of Parent. In the Merger, each outstanding Share (other than Shares held by the Company, Purchaser or Parent or any wholly-owned subsidiary of the Company or Parent and any stockholders who are entitled to and have properly exercised appraisal rights under Delaware law with respect to such shares of Common Stock, subject to the agreement described below under Appraisal Rights) will be converted into the right to receive $7.50 per Share in cash, without interest thereon (the ***Merger Consideration***). A copy of the Merger Agreement is attached hereto as Annex 1.

Pursuant to the Merger Agreement, Purchaser commenced the Offer on May 7, 2010 for all the outstanding Shares at a price of $7.50 per Share, net to the seller in cash without interest thereon. The Offer expired at 5:00 p.m., Central Daylight Saving Time, on Monday, June 14, 2010. Pursuant to the Offer, Purchaser purchased 12,962,287 Shares. This amount (when added with the amount of (x) the Shares beneficially owned by Parent, Purchaser or their respective subsidiaries and (y) the Shares that were purchased upon exercise of Options, that were held in trust pursuant to the Program or that constituted Restricted Stock, in each case that the Purchaser exercised its option to purchase) represents approximately 84% of the Company s issued and outstanding Shares.

Procedure for Receipt of Merger Consideration

Following the consummation of the Merger, a Letter of Transmittal (as defined below) and the Instructions (as defined below) for use in effecting the surrender of the Shares in exchange for payment of the Merger Consideration will be sent under separate cover to all holders of the Shares outstanding immediately prior to the Merger. The Letter of Transmittal must be completed as directed and returned with certificates representing Shares or with any other documentation required by the procedures for book-entry transfer set forth below under Procedure For

Receipt of the Merger Consideration. Checks for the Merger Consideration will be sent to the Company s stockholders as soon as practicable after receipt of the Letter of Transmittal and the certificates or such other documentation. See Procedure For Receipt of the Merger Consideration.

Appraisal Rights

Under Delaware law, holders of the shares of Common Stock who do not vote to adopt the Merger Agreement and do not consent thereto in writing and who otherwise strictly comply with the applicable requirements of the DGCL will be entitled to an appraisal by the Delaware Court of Chancery of the fair value of such stockholder s shares of Common Stock. Notwithstanding the time periods set out in the DGCL with respect to appraisal rights, the Company, Purchaser and Parent have agreed, under certain limited circumstances, to not assert that a stockholder s demand for appraisal is not timely under Section 262 of the DGCL, regardless of the fact that such demand for appraisal is not made in strict compliance with certain of the requirements of Section 262. See Appraisal Rights and Annex 4 hereto.

The Merger

Background to the Offer and the Merger. For a description of events leading to the approval of the Merger Agreement by the Board of Directors of the Company (the ***Board***), see The Merger Background of the Offer and the Merger.

Approval of the Board. On March 31, 2010, the Board unanimously approved the Merger Agreement, the Offer and the Merger and determined that the terms of the Offer and the Merger are in the best interests of the Company and its stockholders. Accordingly, the Board unanimously recommended that the Company s stockholders accept the Offer and tender their Shares pursuant thereto, and the Board unanimously recommends that the Company s stockholders approve the Merger Agreement and the transactions contemplated thereby, including the Merger. See The Merger Recommendation of the Board.

Interests of Certain Persons in the Merger. Certain existing and former members of the Company s management and the Board (as well as employees of the Company) have interests in the Merger that are different from, or in addition to, the interests of the Company s stockholders generally. These interests relate to, among other things, (i) the exchange of outstanding Options, Shares constituting Restricted Stock and Shares held in trust under the Program for cash payments, (ii) the exchange of outstanding Warrants for cash payments and (iii) indemnification and insurance for directors and officers. See The Merger Interests of Certain Persons in the Merger.

Opinion of Stephens. Stephens Inc. (***Stephens***) acted as the financial advisor to the Company in connection with the Offer and the Merger, and Stephens delivered its written opinion, dated March 31, 2010, to the Company that, as of the date of the opinion and based on and subject to various assumptions and limitations described in its opinion, the $7.50 per Share cash consideration to be received by the holders of Common Stock (other than Parent, Purchaser and its affiliates) was fair, from a financial point of view, to such holders. The full text of the opinion of Stephens is set forth in Annex 3 hereto and is incorporated herein by reference. Stockholders are urged to read the Stephens opinion carefully and in its entirety. See The Merger Opinion of Stephens, Financial Advisor and Annex 3 hereto.

Purpose of the Merger. The purpose of the Merger is to enable Parent, through Purchaser, to acquire the remaining equity interest in the Company not currently owned by Purchaser. The first step in the acquisition of the Company was the Offer by Purchaser to acquire all of the outstanding Shares. The Merger is intended to complete the acquisition of any Shares not acquired by Purchaser in the Offer. See The Merger Purpose of the Merger.

Conditions to the Merger. The respective obligations of Parent, Purchaser and the Company to consummate the Merger and the transactions contemplated thereby are subject to the stockholders of the Company duly adopting the Merger Agreement. See The Merger Agreement.

Certain Federal Income Tax Consequences. The exchange of Shares for cash pursuant to the Merger will be a taxable transaction for U.S. federal income tax purposes and may also be taxable under applicable state, local, foreign or other tax laws. See The Merger Certain Federal Income Tax Consequences.

Source and Amount of Funds

The total amount of funds required (i) to purchase all outstanding Shares pursuant to the Offer and the Merger, (ii) to pay for the cash-out of all Options required to be cashed out upon exercise pursuant to the Merger Agreement, (iii) to pay for the cash-out of all Warrants required to be cashed out upon exercise pursuant to the Merger Agreement, (iv) to purchase all the Shares that were issuable upon exercise of Options, that were held in trust pursuant to the Program or that constituted Restricted Stock, in each case that the Purchaser exercised its option to purchase, and (v) to purchase all the Shares that constituted Restricted Stock that were held by persons who are not parties to the Stockholders Agreement and who elected to sell such Shares directly to Purchaser (as described above) is approximately $132.4 million. Of such amount, approximately $112.7 million was used to (1) purchase Shares pursuant to the Offer, the Stockholders Agreement and the offer by Purchaser to directly purchase Shares that constituted Restricted Stock held by persons not party to the Stockholders Agreement, (2) pay for the cash-out of the Options held by persons who are not parties to the Stockholders Agreement whose holders elected to exchange such Options for such payment (as described below under The Merger Interests of Certain Persons in the Merger) and (3) pay for the cash-out of all Warrants. Purchaser has obtained, and intends to continue to obtain, all required funds from Parent, and Parent has obtained, and intends to continue to obtain, such funds from available working capital and its existing credit facility with Bank of America, N.A. In addition, in an effort to minimize administrative expense (*e.g.*, the cost of calculating employee withholding obligations), Purchaser has authorized and directed the Company to directly make certain payments with respect to such purchases and cash-outs; the Company has obtained funds for such payments from the Company s available working capital. See Source and Amount of Funds.

Price Range of Shares; Dividends

The Shares are listed and traded on the NASDAQ Stock Market (***NASDAQ***) under the symbol NGA . The following table sets forth, for the quarters indicated, the high and low sales prices per Share as quoted on NASDAQ for the periods indicated. The Company has not paid any dividends on the Shares during its two most recently completed fiscal years.

Fiscal Year	High	Low
Fiscal Year ended December 31, 2008:		
First Quarter	$ 6.60	$4.26
Second Quarter	$ 9.27	$5.17
Third Quarter	$11.55	$4.21
Fourth Quarter	$ 5.41	$2.36
Fiscal Year ending December 31, 2009:		
First Quarter	$ 4.76	$2.15
Second Quarter	$ 7.85	$2.90
Third Quarter	$ 6.34	$4.90
Fourth Quarter	$ 6.12	$4.61
Fiscal Year ending December 31, 2010		
First Quarter	$ 5.68	$4.82

On March 31, 2010, the last full trading day prior to the public announcement of the signing of the Merger Agreement, the closing price of the Company s Common Stock reported on NASDAQ was $5.65 per Share. On June 28, 2010, the last day on which Shares were traded prior to filing a preliminary copy of this

Information Statement with the SEC, the closing price of the Shares on NASDAQ was $7.64 per Share. ***Stockholders are urged to obtain a current market quotation for the Shares.***

Pursuant to the Merger Agreement, the Company is not permitted to declare, set aside or pay any dividends with respect to the Shares. Parent currently intends that no dividends will be declared on the Shares before its acquisition of the entire equity interest in the Company pursuant to the Merger.

Available Information

The Shares are registered under the Securities Exchange Act of 1934, as amended (***Exchange Act***), and the Company is subject to the reporting requirements of that Act. In accordance with the Exchange Act, the Company is required to file periodic reports, proxy statements and other information with the Commission relating to its business, financial condition and other matters. See Available Information.

GENERAL

This Information Statement is being delivered to stockholders of the Company in connection with the Merger. As a result of the Merger, the Company will become an indirect wholly-owned subsidiary of Parent, and each outstanding Share (other than Shares owned by the Company, Purchaser or Parent or any wholly-owned subsidiary of the Company or Parent and any stockholders who are entitled to and have properly exercised appraisal rights under Delaware law with respect to such shares of Common Stock, subject to the agreement described under Appraisal Rights below) will be converted into the right to receive, without interest, the Merger Consideration. A copy of the Merger Agreement is attached hereto as Annex 1.

The Merger is the second and final step in the acquisition of the Company by Parent. The first step was a cash tender offer by Purchaser to acquire all of the outstanding Shares at $7.50 per Share, net to the seller in cash without interest thereon. Purchaser purchased 12,962,287 Shares pursuant to the Offer. This amount (when added with the amount of (x) the Shares beneficially owned by Parent, Purchaser or their respective subsidiaries and (y) the Shares that were issuable upon exercise of Options, that were held in trust pursuant to the Program or that constituted Restricted Shares, in each case that the Purchaser exercised its option to purchase) represents approximately 84% of the Company s issued and outstanding Shares. The Merger is intended to complete the acquisition of any Shares not acquired by Purchaser pursuant to the Offer.

THE SPECIAL MEETING

The Special Meeting will be held on Tuesday, August 3, 2010, at 10:00 a.m., Central Daylight Saving Time, at One Museum Place, 3100 West 7th Street, Suite 500, Fort Worth, Texas, for the purpose of approving the Merger Agreement. As of the date of this Information Statement, the Board does not know of any other business to be brought before the Special Meeting.

Only holders of record of the Shares outstanding at the close of business on Friday, July 9, 2010 (the ***Record Date***) are entitled to receive notice of, and to vote at, the Special Meeting. On the Record Date, there were approximately 1,900 holders of record, with 16,785,645 Shares issued and 16,782,646 Shares outstanding.

The presence in person or by proxy of the holders of at least a majority of the issued and outstanding shares of Common Stock will be necessary to constitute a quorum for the transaction of business at the Special Meeting. Abstentions and broker non-votes, if any, will be considered present for the purpose of establishing a quorum. Assuming a quorum is present, the affirmative vote of at least two thirds (2/3) of the outstanding shares of Common Stock will be necessary to adopt the Merger Agreement. In determining whether the Merger Agreement has received the requisite number of affirmative votes under Delaware law and the Company s Restated Certificate of Incorporation, as amended (the ***Certificate of Incorporation***), abstentions and broker non-votes, if any, will have the same effect as votes cast against adoption of the Merger Agreement.

Each share of Common Stock is entitled to one vote. As a result of the consummation of the Offer, Purchaser owns approximately 84% of the outstanding Shares and approximately 84% of the aggregate voting

power of the issued and outstanding Shares, and intends to attend the Special Meeting and vote all such Shares in favor of the Merger Agreement. Accordingly, a quorum and the adoption of the Merger Agreement at the Special Meeting is assured without the attendance or affirmative vote of any other stockholder.

Stockholders are entitled to exercise appraisal rights under Delaware law as a result of the Merger. See Appraisal Rights and Annex 4 hereto.

Representatives of Deloitte & Touche LLP, the Company s independent auditors, are not expected to be present, make a statement or be available to respond to appropriate questions at the Special Meeting.

PROCEDURE FOR RECEIPT OF THE MERGER CONSIDERATION

Surrender and Payment for Shares

Parent has appointed Computershare Trust Company, N.A. to act as paying agent (the *Paying Agent*) under the Merger Agreement. At the effective time of the Merger (the *Effective Time*), Parent will make available or cause to be made available to the Paying Agent the funds necessary for the Paying Agent to make the payments due to the holders of outstanding Shares immediately prior to the Effective Time.

Promptly after the Effective Time (*i.e.* the date on which the Company s stockholders approve the Merger and the Certificate of Merger is filed with the Delaware Secretary of State), the Paying Agent will mail to each person who was, at the Effective Time, a holder of record of issued and outstanding Shares a letter of transmittal (the *Letter of Transmittal*) and instructions (the *Instructions*) for use in effecting the surrender of Shares in exchange for payment of the Merger Consideration. For a stockholder to validly surrender Shares pursuant to the Merger, a properly completed and duly executed Letter of Transmittal and any other required documents, must be received by the Paying Agent at one of its addresses set forth on the Letter of Transmittal. Until surrendered, such Shares will represent solely the right to receive the Merger Consideration. Upon the surrender of each such Share and subject to applicable tax withholding, the Paying Agent shall (subject to applicable abandoned property, escheat and similar laws) pay the holder the Merger Consideration. To the extent that amounts are deducted and withheld, for tax withholding or under applicable escheat or similar laws, such amounts will be treated for all purposes as having been paid to the stockholder in respect of whom such deduction and withholding was made by the Paying Agent. No interest will be paid or will accrue on the amount payable upon the surrender of any Shares. If payment is to be made to a person other than the registered holder of the Shares surrendered, it will be a condition of such payment that the person requesting such payment shall pay any transfer or other taxes required by reason of the payment to a person other than the registered holder of the Shares surrendered or establish to the satisfaction of the Paying Agent that such tax has been paid or is not applicable (in addition to any other requirements with respect to such a transfer that are set out in the Letter of Transmittal). None of the Paying Agent, the Surviving Corporation or Parent will be liable to any holder of Shares for any amount paid to a public official pursuant to any applicable abandoned property, escheat or similar law.

Pursuant to the Merger Agreement, any portion of the funds made available to the Paying Agent for the payment of the Merger Consideration that remains unclaimed by the holders of Shares at any time more than twelve months after the Effective Time will be delivered to the Surviving Corporation, and thereafter such former stockholders of the Company may surrender such Shares to the Surviving Corporation and (subject to the terms of the Merger Agreement, abandoned property, escheat and other similar laws) receive the Merger Consideration without any interest thereon.

At and after the Effective Time, there will be no registration of transfers of Shares which were outstanding immediately prior to the Effective Time on the stock transfer books of the Surviving Corporation. Subject to any applicable abandoned property, escheat or similar laws, if, after the Effective Time, Shares are presented to the Surviving Corporation for transfer, they will be canceled and exchanged as described in the preceding paragraphs.

Backup Withholding

Under the backup withholding provisions of United States federal income tax law, the Paying Agent may be required to withhold and pay over to the Internal Revenue Service a portion of the amount of any

payments pursuant to the Merger. In order to prevent backup federal income tax withholding with respect to payments to certain stockholders of the Merger Consideration of Shares converted in the Merger, each such stockholder must provide the Paying Agent with such stockholder s correct taxpayer identification number (*TIN*) and certify that such stockholder is not subject to backup withholding by completing the IRS Form W-9 in the Letter of Transmittal. Certain stockholders (including, among others, all corporations and certain foreign individuals) are not subject to backup withholding. If a stockholder does not provide its correct TIN or fails to provide the certifications described above, the Internal Revenue Service may impose a penalty on the stockholder and payment of cash to the stockholder pursuant to the Merger may be subject to backup withholding. All stockholders surrendering Shares pursuant to the Merger should complete and sign the IRS Form W-9 included in the Letter of Transmittal to provide the information necessary to avoid backup withholding. Each tendering non-U.S. holder (a non-resident alien or foreign entity) must submit an appropriate properly completed IRS Form W-8 (a copy of which may be obtained from the Paying Agent) certifying, under penalties of perjury, to such non-U.S. holder s foreign status in order to establish an exemption from backup withholding.

APPRAISAL RIGHTS

Under the DGCL, if the Merger is consummated, any stockholder who (a) holds Shares on the date of making demand for appraisal with respect to such shares, (b) has not voted in favor of the Merger, consented to the Merger in writing or tendered his or her Shares under the Offer, (c) continuously holds such Shares through the Effective Time, and (d) complies with the procedures provided for in Section 262 will be entitled to have his or her Shares appraised by the Delaware Court of Chancery and to receive a payment in cash of the fair value of those Shares as determined by the court. The following summarizes the relevant provisions of Section 262 regarding appraisal rights that will be applicable if the Merger is consummated. This discussion is qualified in its entirety by reference to Section 262, a copy of which is attached as Annex 4 hereto and incorporated herein by reference.

STOCKHOLDERS WHO VOTE IN FAVOR OF THE MERGER OR CONSENT TO THE MERGER IN WRITING ARE NOT ENTITLED TO EXERCISE APPRAISAL RIGHTS BUT, RATHER, WILL RECEIVE THE MERGER CONSIDERATION.

EXCEPT AS SPECIFICALLY PROVIDED OTHERWISE BELOW, IF YOU FAIL TO COMPLY WITH THE PROCEDURES SET FORTH IN SECTION 262, YOUR RIGHTS TO AN APPRAISAL IN CONNECTION WITH THE MERGER WILL BE LOST.

Under Section 262, where a merger is to be submitted for approval at a meeting of stockholders, such as the Special Meeting, not less than 20 days prior to the meeting a constituent corporation must notify each of the holders of its stock for whom appraisal rights are available that such appraisal rights are available and include in each such notice a copy of Section 262. This Information Statement shall constitute such notice to the record holders of Shares.

Holders of Shares who desire to exercise their appraisal rights must not vote in favor of the Merger or consent to the Merger in writing, and such holders must deliver a separate written demand for appraisal to the Company prior to the vote by the Company s stockholders on the Merger. A demand for appraisal must be executed by or on behalf of the stockholder of record and must reasonably inform the Company of the identity of the stockholder of record and that such stockholder intends thereby to demand appraisal of such stockholder s Shares. A vote against the Merger will not by itself constitute such a demand. Within ten days after the Effective Time, the Company must provide notice of the Effective Time to all stockholders who have complied with Section 262 and who have not voted in favor of or consented to the Merger. A stockholder desiring to submit a demand for appraisal must do so within 20 days after the date of mailing of such notice. The Company will not provide stockholders with any additional notice of the date by which such stockholders must exercise appraisal rights.

A stockholder who elects to exercise appraisal rights should mail or deliver his or her written demand to the Company s Corporate Secretary at 5314 South Yale Avenue, Suite 1000, Tulsa, Oklahoma 74135.

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A person having a beneficial interest in Shares that are held of record in the name of another person, such as a broker, fiduciary, depositary or other nominee, must act promptly to cause the record holder to follow the steps summarized herein properly and in a timely manner to perfect appraisal rights.

If Shares are owned of record by a person other than the beneficial owner, including a broker, fiduciary (such as by a trustee, guardian or custodian), depositary or other nominee, such demand must be executed by or for the record owner.

If Shares are owned of record by more than one person, as in a joint tenancy or tenancy in common, such demand must be executed by or for all joint owners.

An authorized agent, including an agent for two or more joint owners, may execute the demand for appraisal for a holder of record. The agent must identify the owner or owners of record and expressly disclose the fact that, in exercising the demand, such person is acting as agent for the owner or owners of record.

If a stockholder holds Shares through a broker who in turn holds the Shares through a central securities depository nominee (such as Cede & Co.), a demand for appraisal of such Shares must be made by or on behalf of the depository nominee and must identify the depository nominee as record holder.

A holder of record, such as a broker, who holds Shares as nominee for a beneficial owner, may exercise a holder s right of appraisal with respect to the Shares held for all or less than all of those beneficial owners interest. In that case, the written demand should set forth the number of Shares covered by the demand. If no number of Shares is expressly mentioned, the demand will be presumed to cover all of the Shares standing in the name of the record holder. The Company stockholders who hold their Shares in brokerage accounts or through any nominee and wish to exercise appraisal rights should consult their brokers or other nominees to determine the procedures they must follow in order for their brokers and other nominees to exercise appraisal rights with respect to their Shares.

Under Section 262, within 120 days after the Effective Time, the Company or any stockholder who has satisfied the required conditions of Section 262 may file a petition in the Delaware Court of Chancery, with a copy served on the Company s Corporate Secretary in the case of a petition filed by a stockholder, demanding a determination of the fair value of the Shares of all dissenting stockholders. The Company will have no obligation to file such a petition. Stockholders seeking appraisal rights should initiate all necessary action to perfect their rights within the time periods and in the manner prescribed by Section 262.

Within 120 days after the Effective Time, any stockholder who has theretofore complied with the requirements under Section 262 for exercise of appraisal rights may make a written request to receive from the Company a statement of the aggregate number of Shares with respect to which demands for appraisal have been received and the number of holders of such Shares. A person who is the beneficial owner of Shares held in a voting trust or by a nominee on behalf of such person may, in such person s own name, file a petition or request from the Company the statement described in the previous sentence. The Company will be required to mail these statements within ten days after it receives a written request.

If a petition for appraisal is timely filed, at the hearing on the petition, the Delaware Court of Chancery will determine which of the stockholders are entitled to appraisal rights. The Delaware Court of Chancery may require stockholders who have demanded an appraisal for their Shares represented by certificates to submit their certificates to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; and if any stockholder fails to comply with such direction, the Delaware Court of Chancery may dismiss the proceedings as to such stockholder. Where proceedings are not dismissed, the appraisal proceeding shall be conducted, as to the Shares owned by such stockholders, in accordance with the rules of the Delaware Court of Chancery, including any rules specifically governing appraisal proceedings. Through such proceeding, the Delaware Court of Chancery shall determine the fair value of the Shares exclusive of any element of value arising from the accomplishment or expectation of the Merger, together with interest, if any, to be paid upon the amount determined to be the fair value. In determining such fair value, the Delaware Court of Chancery shall take into account all relevant factors. Unless the Delaware Court of Chancery in its discretion determines

otherwise for good cause shown, interest from the Effective Date through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the Effective Date and the date of payment of the judgment.

Although the Company believes that the Merger Consideration is fair, the value determined by the Delaware Court of Chancery for the Shares could be more than, less than or the same as the consideration paid in the Merger. Moreover, the Company does not anticipate offering more than the Merger Consideration to any stockholder exercising appraisal rights and reserves the right to assert, in any appraisal proceeding, that, for purposes of Section 262, the fair value of a Share is less than the Merger Consideration. In determining fair value , the Delaware Court of Chancery is required to take into account all relevant factors. In *Weinberger v. UOP, Inc.* the Delaware Supreme Court discussed the factors that could be considered in determining fair value in an appraisal proceeding, stating that proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court should be considered and that [f]air price obviously requires consideration of all relevant factors involving the value of a company. The Delaware Supreme Court has stated that in making this determination of fair value the court must consider market value, asset value, dividends, earnings prospects, the nature of the enterprise and any other facts which could be ascertained as of the date of the merger which throw any light on future prospects of the merged corporation. Section 262 provides that fair value is to be exclusive of any element of value arising from the accomplishment or expectation of the merger. In *Cede & Co. v. Technicolor, Inc.*, the Delaware Supreme Court stated that such exclusion is a narrow exclusion [that] does not encompass known elements of value, but which rather applies only to the speculative elements of value arising from such accomplishment or expectation. In *Weinberger*, the Delaware Supreme Court construed Section 262 to mean that elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the merger and not the product of speculation, may be considered. The court may tax the costs of the appraisal proceeding against the parties as the court determines to be equitable under the circumstances. However, costs do not include attorneys fees and expert witness fees. Each dissenting stockholder is responsible for his or her attorneys and expert witness expenses, although, upon application of a stockholder, the court may also order that all or a portion of any stockholder s expenses incurred in connection with an appraisal proceeding, including reasonable attorneys fees and the fees and expenses of experts utilized in the appraisal proceeding, be charged, on a pro rata basis, against the value of all shares of Common Stock entitled to appraisal.

Any stockholder who has duly demanded an appraisal in compliance with Section 262 will not, after the Effective Time, be entitled to vote any Shares subject to such demand for any purpose. The Shares subject to the demand will not be entitled to dividends or other distributions on such shares, other than those payable or deemed to be payable to stockholders of record as of a date prior to the Effective Time.

At any time within sixty days after the Effective Time, any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party will have the right to withdraw such demand for appraisal and to accept the terms offered in the Merger; after this period, the stockholder may withdraw such demand for appraisal only with the consent of the Company. Holders of Shares will lose the right to appraisal if no petition for appraisal is filed within one hundred twenty days after the Effective Time. Inasmuch as the Company has no obligation to file such a petition, and the Company has no present intention to do so, any holder of Shares who desires such a petition to be filed is advised to file it on a timely basis. Any stockholder may withdraw such stockholder s demand for appraisal by delivering to the Company a written withdrawal of the stockholder s demand for appraisal and acceptance of the Merger Consideration, except (i) that any such attempt to withdraw made more than sixty days after the Effective Time requires the Company s written approval and (ii) that no appraisal proceeding in the Delaware Court of Chancery shall be dismissed as to any stockholder without the approval of the Delaware Court of Chancery, and such approval may be conditioned upon such terms as the Delaware Court of Chancery deems just, provided, however, that this provision shall not affect the right of any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party to withdraw such stockholder s demand for appraisal and to accept the terms offered upon the Merger within sixty days.

Notwithstanding the foregoing descriptions of applicable appraisal rights and the requirements that a stockholder must meet to exercise such rights, in each case as set forth in the DGCL, in connection with the settlement of certain litigation regarding the Merger Agreement and certain transactions contemplated thereby, Purchaser, Parent and the Company have agreed that they will not assert that a stockholder s demand for appraisal is not timely under Section 262 if such stockholder submits a written demand for appraisal within 30 calendar days of the Special Meeting (with any such deadline being extended to the following business day should the 30th day fall on a holiday or weekend) and such stockholder otherwise satisfies the requirements of Section 262. In addition, none of Parent, Purchaser nor the Company will assert that (i) a stockholder who is entitled to appraisal rights may not file a petition in the Delaware Court of Chancery demanding a determination of the value of the Shares held by all stockholders if such petition is not filed within 120 days of the Effective Time as long as such petition is filed within 150 days of the Effective Time, (ii) a stockholder may not withdraw such stockholder s demand for appraisal and accept the terms offered by the Merger if such withdrawal is not made within 60 days of the Effective Time and (iii) a stockholder may not, upon written request, receive from the Surviving Corporation a statement setting forth the aggregate number of Shares not voted in favor of the Merger with respect to which demands for appraisal have been received and the aggregate number of holders of such Shares if such request is not made within 120 days of the Effective Time as long as such request is made within 150 days of the Effective Time.

THE MERGER

Background of the Offer and the Merger

The following chronology summarizes the key meetings and events that led to the Company s signing of the Merger Agreement. In this process, the Company held many conversations, both by telephone and in-person, about possible strategic alternatives. The chronology below covers only the key events leading up to the Merger Agreement and does not purport to catalogue every conversation among representatives of the Company or between the Company and other parties. As used in this subsection, the term Board shall mean the Board of Directors of the Company as such was constituted on June 13, 2010.

As part of its ongoing evaluation of the business, the Board has regularly met with Company management to discuss and review possible strategic directions for the Company in light of its financial performance, developments in the industry, and the competitive markets in which it operates. These meetings have also addressed, from time to time, possible strategic and restructuring alternatives, including acquisitions, a sale or strategic merger of the Company, the closing or sale of certain assets or subsidiaries of the Company, capital formation or other investment transactions, and continuing operations as a standalone business.

The Company and Parent first discussed a potential transaction between the companies in the fall of 1995. Discussions between the two companies with respect to a potential transaction have continued off and on since that time. During that time, the Company has had a number of informal exploratory discussions with others regarding the possibility of a business combination or acquisition transaction.

Most recently, from July 17, 2008 through August 25, 2008, the Company and Parent discussed a potential merger or acquisition of the Company by Parent as outlined below.

On July 22, 2008, the Company and Parent entered into the Confidentiality Agreement (as defined below) in anticipation of the Parent s evaluation of a potential acquisition of the Company.

On July 23, 2008, Parent sent an outline to the Company containing Parent s proposed terms and conditions of a potential merger of the Company with and into an affiliate of the Parent (the ***Outline of Terms***).

On August 6, 2008, Mr. Ronald J. Evans, who was then the President and Chief Executive Officer of the Company, and Joseph J. Morrow, the Chairman of the Board, met with David H. Dingus, the President and Chief Executive Officer of Parent, to discuss this proposed merger.

On August 25, 2008, the Company formally rejected Parent s proposed terms and conditions set out in the Outline of Terms because the Company did not believe that the proposed terms and conditions were in the

best interest of the Company and its stockholders. Parent notified the Company that the Parent was unwilling to proceed with a proposed merger on alternative terms proposed by the Company. Based on the foregoing, the Company and Parent amicably terminated discussions regarding the proposed merger.

On May 30, 2009, the Company engaged Stephens, to explore strategic alternatives based on its qualifications and expertise and its reputation as a nationally recognized investment banking firm.

On January 21, 2010, Mr. Dingus contacted Mr. Evans via e-mail and expressed an interest in a possible acquisition of the Company by the Parent, in which Parent would purchase the Shares for a purchase price consisting solely of cash. Mr. Evans called Mr. Dingus later in the day and the two discussed the possibility of such an acquisition.

On January 29, 2010, the Board held a meeting where Parent s proposal was discussed. At the meeting, the Board authorized further discussion with Parent regarding a potential acquisition of the Company by Parent.

On January 29, 2010, Mr. Dingus called Mr. Evans and indicated that Parent was interested in discussing a possible acquisition in which Parent would purchase the Shares for $7.50 per Share. Mr. Dingus and Mr. Evans agreed that they would consult the Boards of Directors of their respective companies regarding such an acquisition.

On February 2, 2010, the Company retained Chadbourne & Parke LLP (***Chadbourne***) as its legal advisor with respect to a potential acquisition of the Company by Parent.

On February 2, 2010, the Board held a meeting at which representatives of Stephens and Chadbourne were present, where Parent s proposal was discussed. At the meeting, the Board authorized further discussion with Parent regarding a potential acquisition of the Company by Parent.

On February 2, 2010, Mr. Evans notified Mr. Dingus that the Board desired to proceed further with discussions regarding a potential acquisition of the Company by Parent.

On February 3, 2010, the Company and Parent amended the Confidentiality Agreement to renew the applicability of the standstill provisions contained in the Confidentiality Agreement until July 22, 2010. Neither the January 21, 2010 e-mail from Mr. Dingus nor the telephone discussions between Mr. Dingus and Mr. Evans suggested that Parent might make a hostile tender offer, and the standstill provision was renewed in confirmation of this.

On February 4, 2010, Chadbourne held a brief phone call with Kelly Hart & Hallman LLP, legal counsel to Parent and Purchaser (***KHH***). During this call, Chadbourne and KHH discussed the possible structure of a transaction between the Company and Parent as a cash tender offer by a subsidiary of Parent followed by a merger of such subsidiary with and into the Company, with the Company as the surviving entity. Chadbourne and KHH agreed to consult with their respective clients regarding whether such a transaction structure would be acceptable. In addition, Chadbourne advised KHH that the Board would require any merger agreement to contain a go-shop provision permitting the Company to actively solicit other offers and a fiduciary out, whereby the Board could recommend that the Company s stockholders tender their shares in a tender offer commenced by a competing buyer if the directors fiduciary duties to the stockholders required them to do so.

From February 9, 2010 through February 26, 2010, Chadbourne and KHH discussed with each other and their respective clients and negotiated a non-binding term sheet setting out the proposed general terms and conditions of the Merger Agreement. During this time, Chadbourne, KHH, the Company and Parent negotiated whether the Merger Agreement would contain a go-shop provision, which would allow the Company to solicit other potential acquirers during the period of 30 days following the signing of the Merger Agreement, and the rights that the Parent would have to match any superior offer from such an acquirer.

On February 19, 2010, the Board of Directors of the Company held a meeting at which representatives of Stephens and Chadbourne were present, where the status of the negotiations with Parent was discussed.

On February 22, 2010, Chadbourne provided KHH with initial confidential diligence materials.

From February 23, 2010 through March 31, 2010, SCS Engineers conducted an environmental due diligence review of the Company on behalf of Parent.

On February 26, 2010, Stephens arranged for representatives of Parent, KHH and BDO Seidman LLP, the Parent s independent financial auditors and its accounting advisor with respect to the Offer and the Merger (***BDO***), to have access to an electronic data room created and maintained by Stephens for the potential transaction between the Company and Parent.

From February 26, 2010 through March 31, 2010, representatives of Parent, KHH and BDO reviewed diligence materials posted in the electronic data room in the course of Parent s due diligence review of the Company.

On March 2, 2010, Chadbourne confirmed to KHH that representatives from BDO were permitted to contact the Company s independent financial auditors with respect to the audit of the Company s financial statements for the Company s 2009 fiscal year.

From March 11, 2010 through March 30, 2010, representatives of BDO met and corresponded with representatives of the Company s independent financial auditors regarding their audit of the Company s financial statements for the Company s 2009 fiscal year.

From March 8, 2010 through March 26, 2010, Chadbourne and KHH exchanged drafts of the Merger Agreement and a Stockholders Agreement by and among Parent, Purchaser and certain stockholders of the Company (the ***Stockholders Agreement***), discussed them with their respective clients and held conference calls discussing requested revisions to these agreements. In particular, representatives of Chadbourne and KHH discussed the no-solicitation provision of the Merger Agreement and the events triggering the Company s obligation to pay Parent a break up fee. The drafts were also reviewed by the Company and Parent during this time.

On March 22, 2010 and March 25, 2010, the Board held meetings at which representatives of Stephens and Chadbourne were present, where the status of the negotiations with Parent was discussed.

On March 29, 2010, representatives of the Company, Chadbourne, KHH and Chartis Insurance held a conference call to discuss various environmental matters regarding certain of the Company s operating sites.

On March 29, 2010, Chadbourne sent KHH a revised draft of the Merger Agreement containing the Company s and Chadbourne s additional comments on behalf of the Company. KHH subsequently suggested a minor revision to Chadbourne s draft, which was accepted.

On March 29, 2010, Chadbourne sent KHH a draft of the disclosure schedules to the Merger Agreement that had been prepared by the Company.

On March 30, 2010, representatives of Chadbourne and KHH held a conference call to discuss the disclosure schedules and a further revision to the Stockholders Agreement. Chadbourne subsequently sent KHH a revised draft of the disclosure schedules that incorporated KHH s comments to the previous draft of the disclosure schedules and a revised draft of the Stockholders Agreement containing the revisions agreed in the March 30 conference call.

On March 31, 2010, the Board held a meeting at which representatives of Stephens and Chadbourne were present to consider the proposed transaction. Mr. Evans and Chadbourne reported upon the negotiations with respect to the proposed transaction. Stephens and Chadbourne reviewed the principal terms of the proposed transaction with Parent, and Stephens presented its financial analysis regarding the proposed transaction and delivered to the Board its oral opinion, later confirmed in writing, to the effect that, as of March 31, 2010 and based upon and subject to the assumptions, procedures, factors, limitations, and qualifications set forth in the opinion, the $7.50 per Share in cash to be received by the Company s stockholders (other than Parent or its affiliates) was fair, from a financial point of view, to the Company s stockholders. During the course of the presentation, Stephens responded to questions from the Board confirming or clarifying their understanding of the analyses performed and opinion rendered by Stephens.

After discussion regarding the terms of the transactions contemplated by the Merger Agreement, the Board unanimously (i) determined that the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger, are advisable and fair to and in the best interests of the Company and its stockholders, (ii) duly approved the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger, and (iii) recommended that the Company s stockholders accept the Offer, tender their Shares to Purchaser pursuant to the Offer, and, if required by law, adopt the Merger Agreement, and approve the Merger.

The Board designated a special committee of the Board of Directors (the ***Committee***), comprised of John H. Sununu (Chair), Mr. Evans, Gilbert L. Klemann, II and Joseph J. Morrow, to oversee and monitor the solicitation and negotiation of acquisition proposals from third parties during the go-shop process as set forth in the Merger Agreement. The Board wished to designate a committee of directors that was smaller in number than the whole Board so that its members could be convened quickly to respond to proposals received from third parties as part of the go-shop process. The members of the Committee were, in fact, the members of the Executive Committee of the Board. The Board thought that it was important that Mr. Evans serve on the Committee because of his knowledge of the operations of the Company and so that he could act as the point of contact between the Committee and the Company s financial and legal advisors.

The boards of directors of Parent and Purchaser reviewed the proposed Merger Agreement and approved the Merger Agreement and the transactions contemplated therein on March 31, 2010.

On March 31, 2010, the Company, Parent and Purchaser executed and delivered the Merger Agreement, and Parent, Purchaser and the individual directors of the Company executed and delivered the Stockholders Agreement. The Company issued a press release before the opening of the U.S. stock markets on April 1, 2010 announcing the transaction.

Beginning on April 1, 2010, at the instruction and under the supervision of the Committee, Stephens contacted 50 potential bidders, which consisted of 11 strategic parties and 39 financial parties, to determine their level of interest in exploring an acquisition of the Company. The strategic parties were identified based on the industries in which such parties participate. The financial parties were identified based on current or historical investment in an industrial business, previously expressed interest or expertise in the industrial sector and size of the private equity fund. Those potential bidders who responded favorably were required to execute a confidentiality and standstill agreement prior to receiving certain information regarding the Company.

Over the following weeks, the Company entered into three confidentiality and standstill agreements with one strategic potential bidder and two financial potential bidders, and those potential bidders were granted complete access, to the same extent as Parent, to confidential legal and financial information regarding the Company contained in an electronic data room. The Company has since relieved these potential bidders of their standstill obligations. None of the potential acquirers submitted an indication of interest during the go shop period and, to the knowledge of the Committee and its advisors, each has ceased further review of a potential acquisition of the Company. During the go shop period, Stephens continued to encourage other parties to explore a transaction and updated the Committee on a regular basis regarding the status of the solicitation. The reasons cited by the potential acquirers for declining to pursue or explore an acquisition of the Company included, among others, the high per Share price being paid by Parent in the Offer and Merger and the potential acquirer s own differing strategic focus.

Periodically throughout the go shop process, the Board and the Committee held telephonic meetings with Company management, Stephens and Chadbourne, during which Stephens provided updates on the status of go shop activities.

On April 30, 2010, the go shop period terminated without submission of an alternative acquisition proposal to the Committee.

On June 7, 2010, in connection with the settlement of certain litigation regarding the Merger Agreement and the transactions contemplated therein, Parent, Purchaser and the Company entered into Amendment No. 1 to Merger Agreement (***Amendment No. 1***), which provides for (i) certain agreements relating to demands for appraisal in connection with the Merger described under Appraisal Rights above and (ii) the release of potential bidders who entered into confidentiality and standstill agreements from their standstill obligations. A

copy of Amendment No. 1 is attached hereto as Annex 2 and is incorporated by reference herein. Such summary and descriptions are qualified in their entirety by reference to Amendment No. 1.

The Offer expired at 5:00 p.m., Central Daylight Saving Time, on June 14, 2010. Based on information from the Paying Agent, as of the Expiration Time, a total of approximately 12,962,287 Shares were validly tendered and not withdrawn pursuant to the Offer. These Shares (together with (x) the Shares beneficially owned by Parent, Purchaser or their respective subsidiaries and (y) the Shares that were issuable upon exercise of Options, that were held in trust pursuant to the Program or that constituted Restricted Stock, in each case that the Purchaser exercised its option to purchase) represent approximately 84% of the Company s outstanding Shares.

The number of Shares tendered pursuant to the Offer satisfies the Minimum Condition under the Merger Agreement. All Shares that were validly tendered in the Offer and not withdrawn have been accepted for payment, and Purchaser has promptly paid for all such Shares.

On June 14, 2010, Parent issued a press release announcing that Purchaser has accepted for payment all Shares that were validly tendered and not withdrawn prior to the Expiration Time.

Recommendation of the Board

After careful consideration by the Board, including a thorough review of the Offer with the assistance of its legal advisors and the Company s senior management and financial advisor, at a meeting held on March 31, 2010, the Board:

(i) determined that the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger, are advisable and fair to and in the best interests of the Company and its stockholders;

(ii) approved the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger; and

(iii) recommended that the Company s stockholders accept the Offer, tender their Shares to Purchaser in the Offer, and, if required by law, adopt the Merger Agreement and approve the Merger.

In evaluating the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger, the Board consulted with the Company s senior management, Stephens and Chadbourne. In the course of reaching its determination of the fairness of the terms of the Offer and the Merger and its decision to approve the Merger Agreement and the other transactions contemplated thereby, including the Offer and the Merger, and to recommend that the Company s stockholders accept the Offer, tender their Shares to Purchaser pursuant to the Offer, and, if required by law, adopt the Merger Agreement and approve the Merger, the Board considered numerous factors, including the following material factors and benefits of the Offer and the Merger, each of which the Board believed supported its determination and recommendation.

The Board considered certain factors and benefits, including:

the $7.50 per Share price to be paid in cash for each Share tendered in the Offer and each Share outstanding as of the Merger, which represents a 34.9% premium over the closing price of the Shares on March 31, 2010, the last trading day before the Company signed the Merger Agreement and a 42.6% premium over the weighted average closing price of the Shares over the 30 trading days ended on March 31, 2010;

the Board s belief that $7.50 per Share in cash to be received by the Company s stockholders in the Offer and the Merger represented the best price available;

that, with the assistance of Company senior management, Stephens and Chadbourne, the Board had evaluated a broad range of potential strategic alternatives, including (i) continuing the Company on a standalone basis and (ii) the potential external growth through acquisition;

the Board s belief that each of the possible strategic alternatives to the Offer and the Merger that had been evaluated would be less favorable to the Company s stockholders;

that the Company would have the opportunity to conduct, with the assistance of Stephens, a go shop process for 30 days following the date of the Merger Agreement to solicit a superior alternative transaction for the Company s stockholders, if available, or confirm the advisability of the Offer and the Merger and that the Company could continue discussions with a Go-Shop Party (as defined in the Merger Agreement) with whom it was negotiating at the end of the go-shop period;

the financial presentation to the Board, dated March 31, 2010, of Stephens and the written opinion, dated March 31, 2010, of Stephens to the effect that, based on and subject to the various assumptions and limitations set forth in the written opinion and as of such date, the consideration to be paid to holders (other than Parent or its affiliates) of Shares pursuant to the Offer and the Merger was fair, from a financial point of view, to such holders, as more fully described below under the caption Opinion of Stephens, Financial Advisor The full text of the written opinion of Stephens, which sets forth the assumptions made, procedures followed, matters considered, and limitations on the review undertaken by Stephens in connection with the opinion, is attached hereto as Annex 3 and is incorporated herein by reference;

that the form of consideration to be paid to holders of Shares in the Offer and the Merger is cash, which would provide certainty of value and liquidity to the Company s stockholders;

the then current and historical financial condition, results of operations, business and prospects of the Company, as well as the Company s financial plan and prospects if it were to remain an independent public company, as well as the risks and uncertainties that the Company would face if it were to remain an independent public company, which risks and uncertainties include the risk factors described in the Company s filings with the U.S. Securities and Exchange Commission (the ***SEC***);

its belief that the Offer and the Merger could be completed relatively quickly and in an orderly manner, in light of the scope of the conditions to completion;

the terms and conditions of the Offer and the Merger Agreement, including the parties representations, warranties and covenants, the conditions to their respective obligations, and the specified limited ability of the parties to terminate the Merger Agreement;

the fact that the Offer was not and the Merger is not subject to a financing condition;

the fact that the conditions to the Offer were specific and limited, and a majority were not within the control or discretion of Parent and, in the Board s judgment, were likely to be satisfied;

the fact that, subject to compliance with the terms and conditions of the Merger Agreement, the Company was permitted, under certain circumstances, to change its recommendation or terminate the Merger Agreement at any time in order to approve an alternative transaction proposed by a third party that was not a Go-Shop Party but was a Superior Proposal (as defined in the Merger Agreement) upon the payment to Parent of a $3 million termination fee (inclusive of expenses);

the fact that, subject to compliance with the terms and conditions of the Merger Agreement, the Company is permitted, under certain circumstances, to terminate the Merger Agreement at any time in order to approve an alternative transaction proposed by a third party that is a Go-Shop Party that is a Superior Proposal upon the payment to Parent of a $2 million termination fee (inclusive of expenses);

the Company s belief, after consulting with Stephens and Chadbourne, that such termination fees are reasonable in the context of break-up fees that were payable in other comparable transactions;

the consummation of the Offer being conditioned on, among other conditions, the condition that the tender in the Offer of an amount of Shares that, together with (x) the Shares beneficially owned by Parent, Purchaser or their respective subsidiaries and (y) the Shares that were issuable upon exercise of Options, that were held in trust pursuant to the Program or that constituted Restricted Stock, in each case which the Purchaser exercised its option to purchase, constitute at least two-thirds of the Shares outstanding on a fully diluted basis at the Expiration Date (the ***Minimum Condition***) and which, if satisfied, would demonstrate strong support for the Offer and the Merger by the Company s stockholders;

Parent s financial condition and its ability to complete the Offer and the Merger;

the two-step structure of the transaction, which would enable stockholders to receive the cash Offer Price pursuant to the Offer in a relatively short time frame, followed by the cash-out Merger in which stockholders who do not tender their Shares in the Offer will receive the same cash price as is paid in the Offer; and

the availability of statutory appraisal rights under Delaware law in the cash-out Merger for stockholders who do not tender their Shares in the Offer and do not vote their Shares in favor of adoption of the Merger Agreement (and who otherwise comply with the statutory requirements of Delaware law), and who believe that exercising such rights would yield them a greater per Share amount than the Offer

Price, while simultaneously avoiding delays in the transaction so that other stockholders of the Company will be able to receive the Offer Price for their Shares in the Offer and Merger.

In the course of its deliberations, the Board also considered a variety of risks and other countervailing factors related to entering into the Merger Agreement and consummating the Offer and the Merger, including:

the effect of the public announcement of the Merger Agreement, including effects on the Company s sales, operating results and stock price;

the restriction that the Merger Agreement imposes on soliciting competing proposals following the go shop period;

the fact that the Company must pay Parent a termination fee of $3 million (inclusive of expenses) or $2 million (inclusive of expenses) if the Company terminates the Merger Agreement in certain circumstances;

the possibility that the termination fee payable by the Company to Parent would have discouraged other bidders and, if the Merger Agreement was terminated under certain limited circumstances, would have affected the Company s ability to engage in another transaction for up to 12 months following the termination date should the Offer not be completed;

the risk that the Offer may not receive the requisite tenders from the Company s stockholders and therefore may not be consummated;

the risks and costs to the Company if the transaction does not close, including the diversion of management and employee attention, potential employee attrition and the potential disruptive effect on business and customer relationships;

the restrictions on the conduct of the Company s business prior to the completion of the transaction, requiring the Company to conduct its business in the ordinary course of business, and to use its commercially reasonable efforts to preserve intact its business organization and its business relationships, subject to specific limitations, which may delay or prevent the Company from undertaking business opportunities that may arise pending completion of the Offer and the Merger;

the fact that the consummation of the Offer and the Merger will entitle Mr. Evans to certain payments pursuant to Mr. Evans Executive Employment Agreement and Ms. Beth Pulley, the Company s Chief Financial Officer, to certain payments pursuant to the Company Pay to Stay Program, both of which are described in The Merger Interests of Certain Persons in the Merger below; and

the fact that the all-cash consideration would be a taxable transaction to the holders of Shares that are U.S. persons for U.S. federal income tax purposes.

The foregoing discussion of the factors considered by the Board is intended to be a summary, and is not intended to be exhaustive, but does set forth the principal factors considered by the Board. After considering these factors, the Board concluded that the positive factors relating to the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger, substantially outweighed the potential negative factors. The Board collectively reached the conclusion to approve the Merger Agreement and the

related transactions, including the Offer and the Merger, in light of the various factors described above and other factors that the members of the Board believed were appropriate. In view of the wide variety of factors considered by the Board in connection with its evaluation of the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger, and the complexity of these matters, the Board did not consider it practical, and did not attempt, to quantify, rank or otherwise assign relative weights to the specific factors it considered in reaching its decision. Rather, the Board made its recommendation based on the totality of information it received and the investigation it conducted. In considering the factors discussed above, individual directors may have given different weights to different factors.

Opinion of Stephens, Financial Advisor

Stephens was retained to assist the Company with exploring strategic alternatives and, in such capacity, acted as the financial advisor to the Company. The exploration of alternatives ultimately included the proposed transactions with Parent and Purchaser, as set forth in the Merger

Agreement. As part of its engagement, the Company requested the opinion of Stephens as to the fairness, from a financial point of view, to the Company s stockholders (other than Parent and its affiliates) of the $7.50 per Share cash consideration to be received by the Company stockholders (other than Parent and its affiliates) in the Offer and the Merger. On March 31, 2010, Stephens delivered its oral opinion to the Board and subsequently confirmed in a written opinion, dated March 31, 2010, that, as of that date and based upon and subject to the assumptions, procedures, factors, limitations and qualifications stated in its opinion, the $7.50 per Share cash consideration to be received by Company stockholders (other than Parent and its affiliates) pursuant to the Offer and the Merger was fair, from a financial point of view, to such Company stockholders.

Stephens provided the opinion described above for the information and assistance of the Board in connection with its consideration of the Offer and the Merger. The terms of the Merger Agreement, including the amount and form of the consideration payable in the Offer and the Merger, were determined through negotiations between the Company and Parent, and were approved by the Board; Stephens did not recommend the amount or form of consideration payable in the Offer and the Merger. Stephens has consented to the inclusion in this Information Statement of its opinion and the description of its opinion appearing under this subheading Opinion of Stephens, Financial Advisor.

Stephens opinion does not address the merits of the underlying decision by the Company to engage in the Offer and the Merger, the merits of the Offer and the Merger as compared to other alternatives potentially available to the Company or the relative effects of any alternative transaction in which the Company might engage, nor is it intended to be a recommendation to any person as to any specific action that should be taken in connection with the Offer and the Merger. In addition, except as explicitly set forth in Stephens opinion, Stephens was not asked to address, and Stephens opinion does not address, the fairness to, or any other consideration of, the holders of any class of securities, creditors or other constituencies of the Company. Stephens was not asked to express any opinion, and does not express any opinion, as to the fairness of the amount or nature of the compensation to any of the Company s officers, directors or employees, or to any group of such officers, directors or employees, relative to the compensation to other stockholders of the Company. Stephens fairness opinion committee has approved Stephens opinion.

In connection with its opinion, Stephens has:

- analyzed certain publicly available financial statements and reports regarding the Company;
- analyzed certain internal financial statements and other financial and operating data (including the 2010 financial budget) concerning the Company prepared by the management of the Company;
- reviewed the reported prices and trading activity for the Common Stock;
- compared the financial performance of the Company and the prices and trading activity of the Common Stock with that of certain other comparable publicly-traded companies and their securities;
- reviewed the financial terms, to the extent publicly available, of certain comparable transactions;
- reviewed the March 30, 2010 draft of the Merger Agreement and related documents;

- discussed with management of the Company the operations of and future business prospects for the Company;
- assisted in the Board s deliberations regarding the material terms of the Offer and the Merger and in the Company s negotiations with Parent; and
- performed such other analyses and provided such other services as Stephens has deemed appropriate.

As described in this Information Statement under The Merger Background of the Offer and the Merger, subsequent to rendering its opinion and following the public announcement of the Offer and the Merger, at the direction of the Board, Stephens aggressively solicited the interest of other third parties in a possible business combination transaction with the Company in accordance with the terms of the Merger Agreement.

In rendering its opinion, Stephens relied on the accuracy and completeness of the information and financial data provided to it by the Company and of the other information reviewed by it in connection with the preparation of its opinion, and Stephens opinion is based upon such information. Stephens has not assumed any responsibility for independent verification of the accuracy or completeness of any of such information or financial data. The management of the Company has assured Stephens that they are not aware of any relevant information that has been omitted or remains undisclosed to Stephens. Stephens has not assumed any responsibility for making or undertaking an independent evaluation or appraisal of any of the assets or liabilities of the Company or the Parent, and it has not been furnished with any such evaluations or appraisals; nor has it evaluated the solvency or fair value of the Company or the Parent under any laws relating to bankruptcy, insolvency or similar matters. Stephens has not assumed any obligation to conduct any physical inspection of the properties or facilities of the Company. With respect to the fiscal 2010 financial budget prepared by the management of the Company Stephens has assumed that such financial budget has been reasonably prepared and reflected the best currently available estimates and judgments of the management of the Company as to the future financial performance of the Company. Stephens has also assumed that the representations and warranties contained in the Merger Agreement and all related documents are true, correct and complete in all material respects.

The following is a summary of the material financial analyses performed and material factors considered by Stephens in connection with its opinion. Stephens performed certain procedures, including each of the financial analyses described below, and reviewed with the Board the assumptions upon which such analyses were based, as well as other factors. Although the summary does not purport to describe all of the analyses performed or factors considered by Stephens in this regard, it does set forth those considered by Stephens to be material in arriving at its opinion. The order of the summaries of analyses described does not represent the relative importance or weight given to those analyses by Stephens.

Premium Analysis. Stephens analyzed the consideration to be received by holders of the Company s Common Stock pursuant to the Merger Agreement in relation to the closing price of its Common Stock on March 29, 2010, the average closing prices of its Common Stock for the 10-day and 30-day trading periods ended March 29, 2010, and the 52-week high closing price of its Common Stock.

This analysis indicated that the price per share to be paid to the holders of shares of the Company s Common Stock pursuant to the Merger Agreement represented a premium of:

33.7% based on the closing stock price on March 29, 2010, of $5.61 per Share

37.7% based on the 10-day average closing price of $5.45 per Share

43.2% based on the 30-day average closing price of $5.24 per Share

1.4% based on the 52-week high closing price of $7.40 per Share

Implied Transaction Multiples. Stephens calculated select implied transaction multiples for the Company based upon the Offer and financial information provided by Company management.

Stephens calculated an implied equity value by multiplying $7.50 by the sum of the values of all shares of Common Stock, assuming the exercise of all in-the-money Options, Restricted Stock and Warrants

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outstanding, less the proceeds from such exercise. Stephens then calculated an implied enterprise value based on the implied equity value plus (1) indebtedness, minus (2) cash, cash equivalents and marketable securities (***Enterprise Value***). As used in this description of Stephens financial analyses, EBITDA means earnings before interest, taxes, depreciation and amortization, EBIT means earnings before interest and taxes and EPS means earnings per share.

The results of these analyses are summarized in the table below:

Enterprise Value to:	**Multiple**
FY 2009 Revenue	1.5x

Enterprise Value to:	Multiple
FY 2010 Revenue Estimate	1.5x
FY 2009 EBITDA	6.2x
FY 2010 EBITDA Estimate	7.1x
FY 2009 EBIT	7.8x
FY 2010 EBIT Estimate	9.4x

Offer Price to:	Multiple
FY 2009 EPS	12.8x
FY 2010 EPS Estimate	18.0x

Comparable Companies Analysis. Stephens analyzed the public market statistics of certain comparable companies to the Company and examined various trading statistics and information relating to those companies. As part of this comparable companies analysis, Stephens examined market multiples for each company including:

the multiple of Enterprise Value to calendar 2009 and estimated calendar 2010 EBITDA; and

the multiple of Equity Value to calendar 2009 and estimated calendar 2010 Net Income.

Stephens selected the companies below because their businesses and operating profiles are reasonably similar to the Company. No selected company identified below is identical to the Company. A complete analysis involves complex considerations and qualitative judgments concerning differences in financial and operating characteristics of the selected companies and other factors that could affect the public trading values of those selected companies. Mathematical analysis (such as determining the mean or the median) is not in itself a meaningful method of using selected company data.

In choosing similar companies to analyze, Stephens selected the following companies:

AZZ incorporated

Hill & Smith Holdings PLC

Valmont Industries Inc. (pro forma for Delta plc acquisition)

The following table summarizes the results from the analysis of trading multiples of these selected companies:

	North American Galvanizing (based on $7.50 Offer Price)	Median Selected Companies (based on 3/29/10 closing price)
Enterprise Value to:		
2009 EBITDA	6.2x	5.8x
2010 EBITDA Estimate	7.1x	5.2x
Equity Value to:		
2009 Net Income	12.8x	10.8x
2010 Net Income Estimate	18.0x	11.9x

Enterprise Value to trailing EBITDA multiples of comparable companies included in the comparable companies analysis ranged from 7.2 to 5.0, and the range of Enterprise Value to trailing EDITDA multiples applied in the analysis of the indicated valuation range of the Company was 6.0 to 5.0.

Based on this analysis, Stephens derived a range for the implied value per Share of the Company s Common Stock of $5.50 to $7.26. Stephens noted that the merger consideration of $7.50 per Share for the Company s Common Stock was above the upper limit of the range.

Comparable Transactions Analysis. Stephens compared the foregoing calculations to similar calculations for selected industrial acquisitions announced since January 1, 2005. The following transactions were reviewed by Stephens (in each case, the first named company was the acquirer and the second named company was the acquired company):

Valmont Industries, Inc. / Delta plc

Sherwin Williams / Sayerlock

Insituform Technologies / The Bayou Companies

Fujichem, Inc. / Red Spot Paint & Varnish Co., Inc.

AZZ incorporated / AAA Industries, Inc.

Steel Dynamics / The Techs Holdings, Inc.

Duferco US Investment Corporation / Winner Steel

Macsteel, Inc. / Atmosphere Annealing, Inc.

AZZ incorporated / Witt Industries (Galvanizing Operations)

Hill & Smith Holdings PLC / Metnor Galvanizing

Stephens considered these selected merger transactions to be reasonably similar, but not identical, to the Merger. A complete analysis involves complex considerations and qualitative judgments concerning differences in the selected merger transactions and other factors that could affect the premiums paid in those selected transactions to which the Merger is being compared. Mathematical analysis (such as determining the mean or the median) is not in itself a meaningful method of using selected merger transaction data.

For the selected merger transactions listed above, Stephens used publicly available financial information to determine:

the multiple of the Enterprise Value to last-twelve-months Revenue; and

the multiple of the Enterprise Value to last-twelve-months EBITDA.

	North American Galvanizing	**Median Selected Companies**

	North American Galvanizing	Median Selected Companies
Enterprise Value to:		
LTM Revenue	1.5x	0.8x
LTM EBITDA	6.2x	6.9x

In addition, Stephens computed the median of the ranges of the multiples in these selected transactions. This analysis suggested an implied value range of approximately $4.55 to $8.26 per Share of the Company s Common Stock. Stephens noted that the merger consideration of $7.50 per Share for the Company s Common Stock was within the range.

Premiums Paid Analysis. Stephens performed a premiums paid analysis based upon the premiums paid in 70 precedent public merger and acquisition transactions. The transactions utilized in this analysis were completed between January 1, 2008 and March 29, 2010 and involved domestic targets with pre-deal market capitalization between $50 and $500 million, last-twelve-months EBITDA between $0 and $100 million and each contemplated purchase by the acquiror of 100% ownership of the target. The analysis excluded targets in the oil, gas and consumable fuels, banking and real estate industries. In the premiums paid analysis, Stephens analyzed the premiums paid based on (i) the closing stock price of the target one day prior to announcement of the transaction; (ii) the average of the closing stock prices of the target for the 10 trading days prior to announcement of the transaction; and (iii) the average of the closing stock prices of the target for the 30

trading days prior to announcement of the transaction. Stephens calculated the cumulative percentage of the examined transactions completed where the premium paid was less than 10%, 20%, 30%, 40%, 50%, 60%, 70%, 80%, 90% and 150%, respectively. The results of this analysis are set forth below:

	Premiums by Range as % of Total Transactions:		
Premium:	**1 Day**	**10-Day Avg.**	**30-Day Avg.**
Less than 10%	14.3%	11.4%	4.3%
Less than 20%	28.6%	27.1%	28.6%
Less than 30%	51.4%	44.3%	40.0%
Less than 40%	65.7%	60.0%	65.7%
Less than 50%	78.6%	78.6%	77.1%
Less than 60%	87.1%	88.6%	88.6%
Less than 70%	92.9%	90.0%	90.0%
Less than 80%	92.9%	90.0%	91.4%
Less than 90%	92.9%	94.3%	95.7%
Less than 150%	100.0%	100.0%	100.0%

Stephens noted that the merger consideration of $7.50 per Share represented a premium of 33.7% over the closing Share price of the Company on March 29, 2010, a premium of 37.7% over the average of the closing Share prices of the 10 trading days prior to March 29, 2010 and a premium of 43.2% over the average of the closing Share prices of the 30 trading days prior to March 29, 2010.

For Stephens internal purposes only, Stephens put together a discounted cash flow analysis based upon EBITDA margins consistent with the Company s historical EBITDA margins and projected growth rates for U.S. Gross Domestic Product. Stephens believed that this discounted cash flow analysis was not valid and should not form a basis for its opinion, because it did not reflect any informed opinion as to the potential or probable growth rates for the business of the Company. This analysis reflected implied prices per share ranging from $5.17 to $6.50.

For Stephens internal purposes only, Stephens put together an LBO sensitivity analysis based upon EBITDA margins consistent with the Company s historical EBITDA margins and projected growth rates for U.S. Gross Domestic Product. Stephens believed that this LBO sensitivity analysis was not valid and should not form a basis for its opinion, because it did not reflect any informed opinion as to the potential or probable growth rates for the business of the Company. This LBO sensitivity analysis indicated that an implied internal rate of return for an LBO purchaser at the $7.50 per share transaction price might fall into an implied range of 4.7% to 14.4%.

For purposes of advising the Board, Stephens prepared and discussed with the Board an EBITDA growth sensitivity analysis in an effort to assist the Board to assess the EBITDA growth rates that would potentially be associated with a discounted cash flow analysis that would imply a per Share price at or near $7.50. This EBITDA growth sensitivity analysis implied that five-year compound annual EBITDA growth rates ranging from 10.7% to 20.9%, together with a terminal EBITDA in excess of the Company s historical record high EBITDA, could potentially support an implied discount cash flow valuation of $7.50 per Share for the Shares of the Company.

Historical Trading Analysis. Stephens analyzed the historical daily closing prices per Share of the Company s Common Stock for the one-year period ending March 29, 2010. Stephens noted that during this period, the 52-week low and high closing prices per Share of the Company s Common Stock were $2.97 and $7.40, respectively. Stephens further noted that the merger consideration of $7.50 per Share for the Company s Common Stock was above the upper end of the 52-week range for the closing prices per Share of the Company s Common Stock for the one-year period ended March 29, 2010. Additionally, Stephens reviewed the trading ranges over the previous 90-day and 30-day periods and noted that the Company s Common Stock traded within a range of $4.61 to $5.68 and $4.82 to $5.68 over each period, respectively, which, in each case, is below the proposed Offer Price.

As part of Stephens investment banking business, Stephens regularly issues fairness opinions and is continually engaged in the valuation of companies and their securities in connection with business

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reorganizations, private placements, negotiated underwritings, mergers and acquisitions and valuations for estate, corporate and other purposes. Stephens is familiar with the Company and the Parent and regularly provides investment banking services to the Company. During the two years preceding March 31, 2010, Stephens provided investment banking services to the Company in connection with its 2009 subordinated debt capital raise and in connection with its consideration of other strategic alternatives, and Stephens has received investment banking revenues from the Company. Stephens expects to pursue future investment banking services assignments from participants in the Offer and the Merger. In the ordinary course of business, Stephens and its affiliates at any time may hold long or short positions, and may trade or otherwise effect transactions as principal or for the accounts of customers, in debt or equity securities or options on securities of the Company or of any other participant in the Offer and the Merger.

Fee Arrangements

The Company retained Stephens based on its qualifications and expertise and its reputation as a nationally recognized investment banking firm. Pursuant to a letter agreement dated March 30, 2009, a fee of $400,000 became payable to Stephens upon delivery of its opinion. Under the terms of the March 30, 2009 letter agreement, Stephens will be entitled to receive an additional fee of approximately $1.2 million upon consummation of the Merger. In addition, pursuant to the March 30, 2009 letter agreement, the Company has paid Stephens a one-time retainer fee of $50,000 for investment banking services rendered in connection with the Company s analysis of its various strategic and financial options. During the past four years, Stephens has received fees from the Company in the aggregate amount of $794,000. The Company has also agreed to reimburse Stephens for certain of its out-of-pocket expenses (including fees and expenses of its counsel) reasonably incurred by it in connection with its services and will indemnify Stephens against potential liabilities arising out of its engagement, including certain liabilities under the U.S. federal securities laws.

Neither the Company nor any other person acting on its behalf currently intends to employ, retain or compensate any person to make solicitations or recommendations to the Company s stockholders on its behalf in connection with the Offer, the Merger or the other transactions contemplated by the Merger Agreement.

Purpose of the Merger

The purpose of the Merger is to enable Parent, through Purchaser, to acquire the remaining equity interest in the Company not currently owned by Purchaser. As a result of the Merger, the Company will become an indirect wholly-owned subsidiary of Parent. The Merger is the second and final step in the acquisition of the Company by Parent. The Offer was the first step, which resulted in Purchaser owning approximately 84% of the outstanding Shares.

The acquisition of the Company has been structured as a cash tender offer and a cash merger in order to provide a prompt and orderly transfer of ownership of the Company from the public stockholders of the Company to Parent. The purchase of Shares pursuant to the Offer essentially assured that the Merger will be consummated.

Certain Effects of the Offer and the Merger

As a result of the Merger, Parent will own indirectly the entire equity interest in the Company. Therefore, following the Merger, present holders of Shares will no longer have an equity interest in the Company and will no longer share in future earnings and potential growth of the Company, if any. Instead, each holder of Shares immediately prior to the Effective Time (other than the Company, Purchaser or Parent or any subsidiary of the Company or Parent and any stockholders who are entitled to and have properly exercised appraisal rights under Delaware law, subject to the agreement described under Appraisal Rights above) will have the right to receive the Merger Consideration to which such holder is entitled under the Merger Agreement.

The Company has notified NASDAQ of its intention to cause the Shares to cease to be listed on NASDAQ, and the Company expects the termination of such listing to be effective prior to the Special Meeting. Upon completion of the Merger, the Shares will be deregistered under the Exchange Act.

Plans for the Company

Upon the consummation of the Merger, the separate existence of Purchaser will cease and the Company will continue its existence as the Surviving Corporation. The Surviving Corporation will possess all the rights, privileges, immunities, powers, liabilities and duties of the Company. It is expected that, initially following the Merger, the business and operations of the Company will be continued by the Company substantially as they are currently being conducted. Parent will continue to evaluate the business and operations of the Company after the Merger, and will take such actions as it deems appropriate under the circumstances then existing. Parent intends to seek additional information about the Company during this period. Thereafter, Parent intends to review such information as part of a comprehensive review of the Company s business, operations, capitalization and management with a view to optimizing exploitation of the Company s potential.

Except as indicated in this Information Statement, Parent does not have any present plans or proposals which relate to or would result in an extraordinary transaction, such as a merger, reorganization or liquidation, involving the Company, a sale or transfer of a material amount of assets of the Company, any material change in the Company s capitalization or dividend policy or any other material change in the Company s corporate structure or business.

Going Private Transactions

The SEC has adopted Rule 13e-3 promulgated under the Exchange Act, which is applicable to certain going private transactions and which may, under certain circumstances, be applicable to the Merger. However, Rule 13e-3 would be inapplicable if (1) the Shares are deregistered under the Exchange Act prior to the Merger or other business combination or (2) the Merger or other business combination is consummated within one year after the purchase of the Shares pursuant to the Offer and the amount paid per Share in the Merger or other business combination is at least equal to the amount paid per Share in the Offer. The Company, Parent and Purchaser believe that Rule 13e-3 will not be applicable to the Merger because it is anticipated that the Merger will be effected within one year following the consummation of the Offer and, in the Merger, the Company s stockholders will receive the same price per Share as paid in the Offer. If applicable, Rule 13e-3 requires, among other things, that certain financial information concerning the fairness of the proposed transaction and the consideration offered to minority stockholders in the transaction be filed with the SEC and disclosed to stockholders prior to the consummation of the transaction.

Agreements among Parent, Purchaser and the Company

The Confidentiality Agreement. In connection with the process leading to the execution of the Merger Agreement, the Company and Parent entered into a confidentiality agreement, dated as of July 22, 2008 (the ***Confidentiality Agreement***). Under the Confidentiality Agreement, the Company and Parent agreed, subject to certain exceptions, to keep confidential for a period of two years any non-public information concerning the other party and to refrain for one year from acquiring or seeking to acquire the other parties assets, business or securities. On February 3, 2010, the Parent and the Company amended the Confidentiality Agreement to renew the applicability of such standstill provisions until July 22, 2010. This summary of the Confidentiality Agreement does not purport to be complete and is qualified in its entirety by reference to the Confidentiality Agreement and the Amendment to Confidentiality Agreement, which have been filed as Exhibits (e)(4)(A) and (e)(4)(B), respectively, to the Schedule 14D-9 filed with the SEC by the Company on May 7, 2010 (the ***Schedule 14D-9***) and are incorporated herein by reference.

The Merger Agreement. The Merger Agreement governs the contractual rights between the Company, Parent and Purchaser in relation to the Offer and the Merger. The Merger Agreement is attached hereto as Annex 1 to provide Company stockholders with information regarding its terms. See The Merger Agreement below for an additional description of the terms of the Merger Agreement. It is not intended to provide any other factual information about the parties. In particular, the representations, warranties and covenants set forth in the Merger Agreement (1) were made solely for purposes of the Merger Agreement and solely for the benefit of the contracting parties, (2) may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures made to Parent and Purchaser in connection with the Merger Agreement, (3) will not survive consummation of the Merger, (4) are qualified in certain

circumstances by a materiality standard which may differ from what may be viewed as material by investors, (5) were made only as of the date of the Merger Agreement or such other date as is specified in the Merger Agreement, and (6) may have been included in the Merger Agreement for the purpose of allocating risk between the parties rather than establishing matters as facts. Investors are not third party beneficiaries under the Merger Agreement, and should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or conditions of the parties. Moreover, information concerning the subject matter of the representation and warranties may change after the date of the Merger Agreement, which subsequent information may or may not be fully reflected in subsequent public disclosure.

Representation on the Board. The Merger Agreement provides that, subject to the requirements of Section 14(f) of the Exchange Act and Rule 14f-1 promulgated thereunder, upon the purchase by Purchaser pursuant to the Offer of such number of Shares as shall satisfy the Minimum Condition, and from time to time thereafter, Purchaser is entitled to designate directors to serve on the Board up to such number of directors equal to the product (rounded up to the next whole number) obtained by multiplying (x) the total number of directors on the Board (giving effect to any increase in the number of directors pursuant to the Merger Agreement) by (y) the percentage that the aggregate number of Shares beneficially owned by Purchaser bears to the total number of Shares then outstanding. The Company has agreed, upon Purchaser s reasonable request, to promptly increase the size of the Board and use its commercially reasonable efforts to secure resignations of such number of its incumbent directors, and to cause Purchaser s designees to be elected or appointed to the Board at such time. The Company shall also cause the directors elected or designated by Purchaser to the Board to serve on and constitute the same percentage as is on the Board of (i) each committee of the Board and (ii) each board of directors of each subsidiary of the Company. Pursuant to the Merger Agreement, on June 14, 2010 Messrs. Bundy, Evans, Klemann, Lynch and Sununu resigned from the Board and Purchaser elected to designate four persons for election to the Board; Messrs. Dingus, Perry, Kolady and Pendley were those designees. The Board has accordingly decreased in size from seven directors to six directors.

Until the Effective Time, the Board will have at least 2 directors who were directors of the Company on March 31, 2010 and who were not officers of the Company and who are independent directors for purposes of the applicable listing and corporate governance rules and regulations of NASDAQ (the ***Continuing Directors***). However, if the number of Continuing Directors is reduced below 2 for any reason, the remaining Continuing Director shall be entitled to elect or designate a person meeting the foregoing criteria to fill such vacancy who shall be deemed to be a Continuing Director for purposes of the Merger Agreement or, if no Continuing Directors then remain, the other directors shall designate 2 persons meeting the foregoing criteria to fill such vacancies, and such persons shall be deemed to be Continuing Directors for purposes of the Merger Agreement.

So long as there is at least 1 Continuing Director, (i) any amendment or termination of the Merger Agreement requiring action by the Board, (ii) any extension of time for the performance of any of the obligations or other acts of Parent or Purchaser under the Merger Agreement, (iii) any waiver of compliance with any of the agreements or conditions under the Merger Agreement that are to the benefit of the Company, or (iv) any exercise of the Company s rights or remedies under the Merger Agreement shall require the concurrence of both of the Continuing Directors (or of the sole Continuing Director if there is only 1 Continuing Director).

The foregoing summary concerning representation on the Board does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement, which has been attached hereto as Annex 1 and is incorporated herein by reference.

Stockholders Agreement. Concurrently with the execution and delivery of the Merger Agreement and as a condition to Parent s and Purchaser s willingness to enter into the Merger Agreement, Parent and Purchaser have entered into the Stockholders Agreement with the directors of the Company and certain trusts for the benefit of their families, pursuant to which each director and trust, in his or her capacity as a stockholder of the Company, agreed, subject to the terms and conditions of the Stockholders Agreement, to, among other things, (1) tender his or her Shares in the Offer, (2) provide Purchaser with an option to purchase any Shares held by such stockholders that were not tendered in the Offer (including any Shares that were issuable upon exercise of Options, that were held in trust pursuant to the Program or that constituted Restricted Stock), (3) vote his or her Shares in favor of the Merger, and (4) refrain from disposing of his or her Shares and soliciting alternative acquisition proposals to the Merger. The directors and trusts also granted Purchaser a proxy to vote any Shares held by such individuals in favor of the Merger. The Stockholders Agreement will terminate upon the earlier to occur of (A) the effective time of the Merger, (B) the termination of the Merger Agreement in accordance with its terms or (C) the closing of the exercise of the option described in clause (2) above or the expiration of the option described in clause (2) above, whichever occurs earlier. The obligations in the Stockholders Agreement are obligations of the directors solely in their capacities as stockholders of the Company, and nothing in the Stockholders Agreement limits or restricts in any manner the discharge of the signatories fiduciary duties as directors and/or officers of the Company. Purchaser has exercised the option described in clause (2) above, and the purchase of Shares pursuant to such option was consummated on Friday, June 25, 2010.

The foregoing summary of the Stockholders Agreement does not purport to be complete and is qualified in its entirety by reference to the Stockholders Agreement, a form of which is attached as Exhibit A to the Merger Agreement, which has been attached hereto as Annex 1 and is incorporated herein by reference.

Interests of Certain Persons in the Merger

Certain members of management and the Board may be deemed to have certain interests in the transactions contemplated by the Merger Agreement that are in addition to the interests of the Company s stockholders generally, and are described below in this section. The Board was aware of these interests and considered that such interests may be different from or in addition to the interests of the Company s stockholders generally, among other matters, in approving the Merger Agreement and the transactions contemplated thereby. As described below, consummation of the Offer constituted a change of control of the Company under the Company s executive employment agreement with its President and Chief Executive Officer, Ronald J. Evans, and under the Company s Pay to Stay program, under which the Company s Vice President and Chief Financial Officer, Beth B. Pulley, is a participant.

Executive Employment Agreement. The Company entered into a three-year written employment agreement with Mr. Evans, effective April 1, 2007, that provided Mr. Evans an annual base salary of $325,000 during the term, subject to possible increase by the Board. On February 18, 2010, the Company extended the term of the employment agreement with Mr. Evans for one year or until March 31, 2011. The Company extended Mr. Evans employment agreement because it wished to retain him as Chief Executive Officer for another year because of the value that he provided to the Company in that capacity. Under the agreement, Mr. Evans was eligible to participate in all Company benefit plans.

If Mr. Evans employment was terminated for any reason other than a change in control or for cause or because of a permanent disability, then the employment agreement provided that Mr. Evans (or his estate) was entitled to a one-time termination payment equal to his then annual base salary. Under the agreement, cause meant any of (i) Mr. Evan s gross negligence or willful misconduct in the performance of the duties and services required pursuant to the agreement, (ii) Mr. Evans final conviction of a felony, or (iii) Mr. Evans material breach of any material provision of the agreement which remains uncorrected for thirty (30) days following written notice to Mr. Evans by the Company.

In the event either Mr. Evans or the Company elected to terminate the agreement upon the occurrence of a change in control, then Mr. Evans was entitled to receive a one-time payment equal to 2.99 times his annual base salary as of the date of termination. On June 14, 2010, in connection with the consummation of the Offer, Mr. Evans resigned from his position as Chief Executive Officer of the Company, and on June 16, 2010, pursuant to the terms of his employment agreement, the Company paid Mr. Evans a cash payment equal to $996,750, which included the one-time payment described above and payment for un-used vacation time accrued by Mr. Evans.

The foregoing summary is not intended to be complete and is qualified in its entirety by reference to the Executive Employment Agreement for Mr. Evans and the First Amendment to Executive Employment

Agreement for Mr. Evans, which have been filed as Exhibits (e)(2)(A) and (e)(2)(B) to the Schedule 14D-9 and are incorporated herein by reference.

Pay to Stay Program. In connection with the entry into the Merger Agreement, the Company established a Pay to Stay program, under which Ms. Pulley is a participant. Pursuant to the Pay to Stay program, within two weeks after consummation of the Offer, a determination will be made by the Company regarding Ms. Pulley s continued employment with the Company and she will be informed of that determination. In the event Ms. Pulley is notified that her services to the Company are no longer required or that such services are only required through a specified period, she will be paid a Pay to Stay payment equal to six months of her current base pay at the time of her termination of employment. In the event Ms. Pulley is notified that her employment will continue following consummation of the Offer but her employment is instead involuntarily terminated without cause within three months of the date that she was notified her employment will be continued, then Ms. Pulley will be paid the Pay to Stay payment described above. In the event Ms. Pulley is notified that her employment will continue following consummation of the Offer and she continues to work for at least three months after the date that she was notified her employment will be continued, she will not be paid a Pay to Stay payment. Pursuant to the Pay to Stay program, Ms. Pulley will receive a Pay to Stay payment of $100,000 (equal to six months base salary) in the event she is informed that her services are no longer required or are required only through a specified period or in the event she is terminated within three months of the notification described above. Execution of a Severance Agreement is a required condition for receipt of the Pay to Stay payment.

The purpose of the Pay to Stay program is to induce key employees to remain in the Company s employ during the transition of ownership of the Company to Parent. Mr. Evans was not a participant in the Pay to Stay program.

Any Pay to Stay payment pursuant to the Pay to Stay program will be in addition to any amounts to which Ms. Pulley may be entitled under the Company s severance policy (which would be approximately $19,230 if Ms. Pulley s termination had occurred as of June 30, 2010, based on one week of salary for each of her five years of service). Under the Pay to Stay program, cause means Ms. Pulley s conviction of a felony; negligent failure to carry out her duties with the Company after she has been provided with notice of the willful failure and has been given an opportunity to cure it; insubordination; violation of company rule or policy; misconduct; job abandonment; gross negligence or resignation.

The foregoing summary is not intended to be complete and is qualified in its entirety by reference to the Pay to Stay program letter agreement for Ms. Pulley, which has been filed as Exhibit (e)(2)(C) to the Schedule 14D-9 and is incorporated herein by reference.

Tender of Shares; Treatment of Restricted Stock and Shares subject to the Company s Director Stock Unit Program. The Company has granted forfeitable Shares (the ***Restricted Stock***) under the Plans (as defined below) to its management employees and its non-management directors. Restricted Stock vests and becomes nonforfeitable on the date of the earliest to occur of the following:

the date that is four (4) years for management employees and two (2) years for non-management directors after the date of grant;

the date of a change in control;

the date the participant terminates employment due to a disability; and

the date of the participant s death.

Non-management directors are required to defer 100% of their director fees under the Director Stock Unit Program (the ***Program***). The deferred fees are converted into stock unit grants on the first day of each quarter, at the average of the fair market value for a Share for the 10 trading days before quarter end, the date the fees otherwise would be payable in cash. The Company makes a matching stock unit contribution equal to 100% of the amount deferred by the directors as of the same quarterly payment dates. Shares under the Program are eligible for delivery five calendar years following the year for which the deferral is made subject to acceleration upon the resignation or retirement of the director or a change in control. Directors may elect,

at least one full year before the end of any automatic deferral period, to further defer their receipt of the Shares for at least five years.

The consummation of the Offer constituted a change of control with respect to the Restricted Stock and the Program, which resulted in the vesting of the Restricted Stock and the acceleration of the delivery of Shares under the Program, except that Mr. Evans will receive delivery of his Shares (or if the Merger is consummated, delivery of the Merger Consideration in respect of his Shares) held under the Program six months following his separation from service from the Company.

Pursuant to the terms of the Stockholders Agreement, the directors of the Company (as of the time immediately preceding the consummation of the Offer) and certain trusts for the benefit of their families have tendered their Shares in the Offer. In addition, following the consummation of the Offer, the Purchaser has exercised its option under the Stockholders Agreement to purchase any Shares held by such stockholders that were not tendered in the Offer (including any Shares that were held in trust pursuant to the Program or that constituted Restricted Stock).

The table below sets forth the number of Shares tendered in the Offer and sold to Purchaser pursuant to the Stockholders Agreement by Mr. Evans and each non-management director of the Company and the number of Shares tendered in the Offer and sold to Purchaser by Ms. Pulley.

Executive Officer/ Director(1)	**Number of Shares Tendered Including Shares Underlying Restricted Stock Awards and Shares Held in the Program(2)**	**Aggregate Price Payable for Shares**
Ronald J. Evans(3)	510,853(4)	$ 3,831,397.50
Beth B. Pulley	102,554	$ 769,155.00
Linwood J. Bundy(3)	445,581	$ 3,341,857.50
Janice K. Henry	60,933	$ 456,997.50
Gilbert L. Klemann, II(3)	365,585	$ 2,741,887.50
Patrick J. Lynch(3)	365,363	$ 2,740,222.50
Joseph J. Morrow	2,197,793	$16,483,447.50
John H. Sununu(3)	299,089	$ 2,243,167.50

(1) Excludes Messrs. David H. Dingus, Dana L. Perry, Ashok E. Kolady and Timothy E. Pendley, who were designated by Purchaser for election and elected to the Board, and, in the case of Mr. Dingus, also appointed as President and Chief Executive Officer of the Company, on June 14, 2010 pursuant to the Merger Agreement. None of these persons tendered any Shares in the Offer or otherwise sold any Shares constituting Restricted Stock or held in trust under the Program.

(2) Includes Shares tendered or sold by certain trusts for the benefit of the families of certain of the executive officers and directors.

(3) Resigned from the Board, and in the case of Mr. Evans from the positions of President and Chief Executive Officer of the Company, as of June 14, 2010.

(4) Excludes 124,302 Shares held in trust for Mr. Evans under the Program, which are not subject to an option to purchase under the Stockholders Agreement.

In addition, Purchaser provided any holders of Shares constituting Restricted Stock who are not parties to the Stockholders Agreement with an opportunity to exchange such Shares directly for the Merger Consideration (through execution of a stock power for the benefit of Purchaser). Such holders were not required to exchange such Shares in this manner and had the opportunity to elect to either so exchange such Shares or to exchange such Shares for the Merger Consideration following the Merger. Approximately 167,999 Shares were exchanged in this manner, for an aggregate purchase price of $1,259,992.50. In an effort to minimize administrative expense, Purchaser authorized and directed the Company to directly pay this purchase price with respect to such exchange.

Treatment of Options. Pursuant to the Merger Agreement, the Company has agreed to take all actions necessary so that, immediately prior to the Effective Time, each option to purchase Shares (an ***Option***)

granted under the Company s 2004 Incentive Stock Plan (the ***2004 Plan***) or 2009 Incentive Stock Plan (the ***2009 Plan*** , and together with the

2004 Plan, the ***Plans***) that, in each case, is outstanding and unexercised as of the Effective Time (whether vested or unvested) shall be converted into the right of the holder to receive at the Effective Time an amount in cash equal to the product of (i) the total number of Shares subject to such unexercised portion of such Option and (ii) the excess, if any, of the Merger Consideration (to be equal to the Offer Price) over the exercise price per Share set forth in such Option, less any required withholding taxes (the ***Option Cash Payment***), and as of the Effective Time shall cease to represent an option to purchase Shares, shall no longer be outstanding and shall automatically cease to exist, and each holder of an Option shall cease to have any rights with respect thereto, except the right to receive the Option Cash Payment.

The table below sets forth the value of the Option Cash Payment that each executive officer was entitled to receive upon the Effective Time. Instead of making such payment at the Effective Time, Purchaser and the executive officers agreed that Purchaser would purchase the Shares underlying the Options held by such executive officers in exchange for the respective Option Cash Payments set forth in the following table, with such purchases to be effective as of June 25, 2010.

Executive Officer(1)	**Option Cash Payment(2)**
Ronald J. Evans(3)	$2,282,500
Beth B. Pulley	$ 187,000

(1) Excludes Mr. David Dingus, who was appointed President and Chief Executive Officer of the Company on June 14, 2010. Mr. Dingus will not realize any Option Cash Payment upon the Effective Time.

(2) The dollar amount for each executive officer in the Option Cash Payment column is equal to the difference between the Merger Consideration and the exercise price of the relevant Options multiplied by the number of Shares underlying Options held immediately prior to the Effective Time. The calculations above are based on the Offer Price of $7.50 per Share.

(3) Resigned from the positions of President and Chief Executive Officer of the Company as of June 14, 2010.

Pursuant to the Stockholders Agreement, Purchaser held an option to purchase the Shares underlying the Options held by Mr. Evans, the non-management directors and certain trusts for the benefit of their families. Purchaser exercised this option effective as of June 25, 2010. Upon exercise of Purchaser s option, Purchaser made a cash payment to the directors and such trusts in an amount equal to the Option Cash Payment and made a payment to the Company in the amount of the aggregate exercise price of such Options. The table below sets forth the value of the Option Cash Payment that each non-management director realized upon consummation of this purchase.

Non-Management Directors(1)	**Option Cash Payment(2)**
Linwood J. Bundy(3)	$ 0
Janice K. Henry	$ 0
Gilbert L. Klemann, II(3)	$498,223
Patrick J. Lynch(3)	$ 98,000
Joseph J. Morrow	$ 0
John H. Sununu(3)	$ 98,000

(1) Excludes Messrs. David H. Dingus, Dana L. Perry, Ashok E. Kolady and Timothy E. Pendley, who were designated for election and elected to the Board on June 14, 2010 pursuant to the Merger Agreement. None of these persons will realize any Option Cash Payment upon the Effective Time.

(2) The dollar amount for each non-management director in the Option Cash Payment column is equal to the difference between the Merger Consideration and the exercise price of the relevant Options multiplied by the number of Shares underlying Options held immediately prior to the Effective Time. The calculations above are based on the Offer Price of $7.50 per Share.

(3) Resigned from the Board as of June 14, 2010.

In addition, Purchaser provided any holders of Options who are not parties to the Stockholders Agreement with an opportunity to exchange such Options directly for the Option Cash Payment (*i.e.* to have such Options cashed-out prior to the Merger). Such holders were not required to exchange such Options in this manner and had the opportunity to elect to either so exchange such Options, exercise such Options prior to the Merger and exchange the Shares received for the Merger Consideration or exchange such Options for the Option Cash Payment following the Merger. On June 25, 2010, Options to purchase approximately 182,500 Shares were exchanged in this manner, for the payment of an aggregate Option Cash Payment of $987,050. In an effort to minimize administrative expense, Purchaser authorized and directed the Company to directly make this payment with respect to such exchange.

The foregoing summary is not intended to be complete and is qualified in its entirety by reference to the Merger Agreement, which is attached hereto as Annex 1 and is incorporated herein by reference.

Treatment of Warrants. At the date and time of the acceptance for payment by Purchaser of Shares pursuant to the Offer (the ***Acceptance Time***), each warrant to purchase Shares that was issued, unexpired and unexercised immediately prior to the Acceptance Time (the ***Warrants***) was converted into the right of the holder thereof to receive, upon exercise at any time after the Acceptance Time, a payment from Parent or Purchaser in cash of an amount equal to the product of (i) the total number of Shares previously subject to such Warrant and (ii) the amount in cash of the excess, if any, of the Offer Price over the exercise price per Share previously subject to such Warrant, less any applicable withholding taxes (the ***Warrant Cash Payment***). From and after the Acceptance Time, any Warrant shall no longer be exercisable by the former holder thereof for Shares, but shall only entitle such holder upon exercise after the Acceptance Time to the payment, if any, of the Warrant Cash Payment. The Company has notified the holders of the Warrants of their right to receive the Warrant Cash Payment, and, on June 21, 2010, paid the Warrant Cash Payment to the Warrant holders electing to then receive such payment.

The table below sets forth the value of the Warrant Cash Payment paid to each director who beneficially owned Warrants.

Non-Management Directors	**Warrant Cash Payment(1)**
Linwood J. Bundy(2)	$345,000
Janice K. Henry	$ 86,250
Patrick J. Lynch(2)	$ 69,000
Joseph J. Morrow	$948,750
John H. Sununu(2)	$ 86,250

(1) The dollar amount for each director who beneficially owns Warrants in the Warrant Cash Payment column is equal to the difference between the Offer Price and the exercise price of the relevant Warrants multiplied by the number of Shares underlying the Warrants beneficially owned immediately prior to the Acceptance Time. The calculations above are based on the Offer Price of $7.50 per Share.

(2) Resigned from the Board as of June 14, 2010.

In addition, a charitable foundation of which Mr. Morrow s spouse is a trustee received a Warrant Cash Payment of $345,000. Including this payment to the foundation and the payment of the Warrant Cash Payment paid to non-management directors, the Company paid an aggregate Warrant Cash Payment of $2,518,500 to holders of Warrants. The Warrant holders acquired their Warrants as partial consideration for a subscription of subordinated notes and Warrants from the Company.

The foregoing summary is not intended to be complete and is qualified in its entirety by reference to the Merger Agreement, which is attached hereto as Annex 1 and is incorporated herein by reference.

Indemnification and Insurance. Section 102(b)(7) of the DGCL authorizes the inclusion of a provision in the certificate of incorporation of a Delaware corporation to eliminate or limit the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provision may not eliminate or limit the liability of a director: (i) for any breach of the

director s duty of loyalty to the corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) for willful or negligent conduct in paying dividends or repurchasing stock out of other than lawfully available funds; or (iv) for any transaction from which the director receives an improper personal benefit. This provision pertains only to breaches of duty by directors in their capacity as directors (and not in any other corporate capacity, such as officers). The Company s Certificate of Incorporation exonerates the Company s directors from monetary liability to the fullest extent permitted by this statutory provision.

Section 145 of the DGCL authorizes a Delaware corporation to indemnify its officers, directors, employees or agents for attorneys fees and other expenses as well as judgments or amounts paid in settlement in civil cases. The person seeking indemnification must have acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation in respect to the claim made against him or her. In criminal cases, the person seeking indemnification may be indemnified for fines and costs provided that, in addition to the foregoing standard of conduct, he or she did not have a reasonable cause to believe his or her conduct was unlawful. Section 145 also permits a Delaware corporation to indemnify its directors, officers, agents and employees for expenses and attorneys fees (not judgments) in actions brought by or in the right of the corporation, except that it does not permit such indemnification for any claim as to which such person is adjudged to be liable to the corporation, unless the court determines otherwise. Section 145 requires a Delaware corporation to indemnify any director, officer, employee or agent of the corporation to the extent he or she has been successful on the merits or otherwise in defense of any action, lawsuit or proceeding, or in defense of any claim, issue or matter therein, for expenses, including attorneys fees, actually and reasonably incurred in connection with that defense.

In addition to such rights as they may be provided by law, the Certificate of Incorporation and the Company s Amended and Restated Bylaws (the ***Bylaws***) provide broad indemnification rights to directors, officers, employees and agents of the Company and its subsidiaries with respect to various civil and criminal liabilities and losses which may be incurred by such director, officer, agent or employee pursuant to any pending or threatened litigation or other proceedings, to the fullest extent permitted under the DGCL. The Company is also obligated under the Certificate of Incorporation and the Bylaws to advance payment of expenses incurred by directors, officers, employees and agents of the Company or its subsidiaries which are incurred by any such person in defending a proceeding brought by reason of the fact that he or she is or was a director, officer, employee or agent of the Company or its subsidiaries, provided that he or she provides an undertaking to the Company to repay any such advances if it is ultimately determined that he or she is not entitled to indemnification. Any amendment or other modification to the Certificate of Incorporation or Bylaws that limits or otherwise adversely affects the rights to indemnification currently provided shall apply only to proceedings based upon actions and events occurring after such amendment and delivery of notice thereof to the indemnified parties.

The Company has entered into separate indemnification agreements with each of its directors, whereby the Company has agreed, among other things, to provide for indemnification and advancement of expenses in a manner and subject to terms and conditions similar to those set forth in the Bylaws. These agreements may not be abrogated by action of the stockholders. The foregoing summary of the indemnification agreements does not purport to be complete and is qualified in its entirety by reference to the indemnification agreements, a form which has been filed as Exhibit (e)(3) to the Schedule 14D-9 and is incorporated herein by reference.

The Company has a standard policy of directors and officers liability insurance covering directors, officers, employees and agents of the Company and its subsidiaries with respect to liabilities incurred as a result of their service in such capacities.

The Merger Agreement provides that for a period of 6 years from and after the Effective Time, Parent shall (or shall cause the Surviving Corporation to) provide indemnification and exculpation for each person who is now or has been prior to the date of the Merger Agreement or who becomes prior to the Effective Time an employee, officer or director of the Company or any of its subsidiaries or any fiduciary under certain employment and employee benefit plans of the Company (the ***Indemnified Persons***) to the same extent such persons are indemnified as of March 31, 2010 by the Company or its subsidiaries pursuant to applicable law, the charter documents of the Company and its subsidiaries and any indemnification agreements in existence as of March 31, 2010 and identified in a schedule to the Merger Agreement.

For a period of 6 years after the Effective Time, Parent shall (or shall cause the Surviving Corporation to) either (i) maintain the current policy of the Company s directors and officers fiduciary liability insurance (the ***D&O Insurance***) covering acts or omissions prior to the Effective Time with respect to the Indemnified Persons or (ii) if substantially similar coverage is not available from the Company s current insurance carrier, obtain the best available coverage for such persons from another carrier with the same or better credit rating as the Company s current carrier. Notwithstanding the foregoing, the Company may, after prior consultation with Purchaser, obtain a prepaid directors and officers liability insurance policy covering acts and omissions at or prior to the Effective Time with respect to the Indemnified Parties that is no less favorable to such indemnified persons than those of the D&O Insurance, in which case the Parent s obligations to maintain the D&O Insurance or obtain similar coverage shall be deemed satisfied. In accordance with the Merger Agreement, Parent will not be required to pay any annual premium for the D&O Insurance or any substitutes with respect thereto in excess of 250% of the current annual premium.

The foregoing summary of the indemnification of employees, officers and directors and directors and officers liability insurance pursuant to the Merger Agreement does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement, which has been attached hereto as Annex 1 and is incorporated herein by reference.

Certain Federal Income Tax Consequences

The following is a summary of certain United States federal income tax consequences of the Merger to stockholders of the Company whose Shares are converted into the right to receive cash in the Merger. The discussion is for general information only and does not purport to consider all aspects of United States federal income taxation that might be relevant to stockholders of the Company. The discussion is based on current provisions of the Internal Revenue Code of 1986, as amended (the ***Code***), existing, proposed and temporary regulations promulgated thereunder and administrative and judicial interpretations thereof, all of which are subject to change, possibly with a retroactive effect. This discussion applies only to stockholders of the Company in whose hands Shares are capital assets within the meaning of Section 1221 of the Code. This discussion does not discuss all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances, and does not address the tax consequences to investors subject to special tax rules (for example, financial institutions, insurance companies, broker-dealers, partnerships and their partners, and tax-exempt organizations (including private foundations)), investors that hold Shares as part of a straddle, hedge, swap, conversion, constructive ownership, or other integrated security transaction for U.S. federal income tax purposes, investors that have a functional currency other than the U.S. dollar, or persons who acquired their Shares through the exercise of employee stock options or other compensation arrangements, all of whom may be subject to tax rules that differ significantly from those summarized below. This discussion does not discuss the United States federal income tax consequences to any stockholder of the Company who, for United States federal income tax purposes, is a non-resident alien individual, a foreign corporation, a foreign partnership or a foreign estate or trust, nor does it consider the effect of any foreign, state or local tax laws.

Because individual circumstances may differ, each stockholder should consult his or her own tax advisor to determine the applicability of the rules discussed below and the particular tax effects of the Merger on a beneficial holder of Shares, including the application and effect of the alternative minimum tax and any state, local and foreign tax laws and of changes in such laws.

The exchange of Shares for cash pursuant the Merger will be a taxable transaction for United States federal income tax purposes and possibly also for state, local and foreign income tax purposes. In general, a stockholder who receives cash in exchange for Shares pursuant to the Merger will recognize gain or loss for United States federal income tax purposes in an amount equal to the difference, if any, between the amount of cash received and the stockholder s adjusted tax basis in the Shares exchanged for cash pursuant to the Merger. Gain or loss will be determined separately for each block of Shares (*i.e.* Shares acquired at the same cost in a single transaction) exchanged for cash pursuant to the Merger. Such gain or loss will be long-term capital gain or loss provided that a stockholder s holding period for such Shares is more than one year at the time of consummation of the Merger. Capital gains recognized by an individual upon a disposition of a Share

that has been held for more than one year generally will be subject to a maximum United States federal income tax rate of 15%. In the case of a Share that has been held for one year or less, such capital gains generally will be subject to tax at ordinary income tax rates. Certain limitations apply to the use of a stockholder s capital losses.

Accounting Treatment of the Merger

The Merger will be accounted for as a business combination under the FASB Accounting Standards Codification 805. Representatives of Deloitte & Touche LLP, the Company s principal accountants, are not expected to be present at the Special Meeting.

Regulatory and Other Approvals

Except as described above and except for the filing of the Certificate of Merger with the Delaware Secretary of State to effectuate the Merger, there are no other federal or state regulatory requirements which remain to be complied with in order for the Merger to be consummated in accordance with the terms of the Merger Agreement.

CERTAIN INFORMATION CONCERNING THE PARTIES TO THE MERGER AGREEMENT

The Company. The Company is a Delaware corporation with its principal executive offices located at 5314 South Yale Avenue, Suite 1000, Tulsa, Oklahoma 74135. The telephone number of the Company is (918) 494-0964. The Company is a leading provider of corrosion protection for iron and steel components fabricated by its customers. The Company s galvanizing and coating operations are composed of eleven facilities located in Colorado, Kentucky, Missouri, Ohio, Oklahoma, Tennessee, Texas and West Virginia. These facilities operate galvanizing kettles ranging in length from 16 feet to 62 feet and have lifting capacities ranging from 12,000 pounds to 40,000 pounds. For more information about the Company, visit www.nagalv.com and see Available Information.

Purchaser. Purchaser is a Delaware corporation and to date has engaged in no activities other than those incident to its formation, the Offer and the Merger. Purchaser is an indirect wholly-owned subsidiary of Parent. The principal executive offices of Purchaser are located at One Museum Place, 3100 West 7th Street, Suite 500, Fort Worth, Texas 76107. The business telephone number for Purchaser is (817) 810-0095.

Parent. Parent is a Texas corporation with its principal executive offices located at One Museum Place, 3100 West 7th Street, Suite 500, Fort Worth, Texas 76107. The telephone number of Parent is (817) 810-0095. Parent is a specialty electrical equipment manufacturer serving the global markets of industrial, power generation, transmission and distributions, and is a leading provider of hot dip galvanizing services to the steel fabrication market nationwide. Parent and its affiliates offer products through two distinct business segments, the Electrical and Industrial Products Segment and the Galvanizing Services Segment.

THE MERGER AGREEMENT

The following is a summary of certain provisions of the Merger Agreement. This summary does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement, a copy of which is attached hereto as Annex 1 and is incorporated herein by reference. For a complete understanding of the Merger Agreement, you are encouraged to read the full text of the Merger Agreement. The Merger Agreement is not intended to provide you with any other factual information about Parent, Purchaser or the Company. Such information can be found elsewhere in this Information Statement.

The Offer. The Merger Agreement provides for the making of the Offer. The obligation of Purchaser to accept for payment and pay for Shares tendered pursuant to the Offer is subject to the satisfaction of the Minimum Tender Condition and certain other conditions.

Directors. The Merger Agreement provides that, promptly upon the purchase by Purchaser pursuant to the Offer of such number of Shares that shall satisfy the Minimum Condition, and from time to time thereafter, Purchaser shall be entitled to designate such number of directors, rounded up to the next whole number, to the

Board as shall give Purchaser representation on the Board equal to the product of (i) the total number of directors on the Board (after giving effect to any increase in the number of directors) and (ii) the percentage that such number of Shares so purchased bears to the total number of Shares outstanding. The Company shall, upon request by Purchaser, promptly increase the size of the Board or use its reasonable best efforts to secure the resignations of such number of directors as is necessary to provide Purchaser with such level of representation and shall cause Purchaser s designees to be so elected or appointed. At minimum, Parent shall be entitled to designate at least a majority of the directors on the Board (as long as Parent and its affiliates beneficially own a majority of the Shares of the Company). The Company shall also cause individuals designated by Purchaser to constitute at least the same percentage as such individuals represent of the entire Board (but no less than a majority) on the following: (i) each committee of the Board and (ii) each Board of Directors of each subsidiary of the Company.

Following the election or appointment of Purchaser s designees to the Board and prior to the Effective Time, the Company shall cause the Board to maintain at least 2 directors who were members of the Board on the date of the Merger Agreement, who are not officers of the Company and who are independent directors for purposes of the continued listing requirements of NASDAQ (the ***Continuing Directors***). If the number of Continuing Directors is reduced below 2 for any reason, the remaining Continuing Director shall immediately elect or designate a person meeting the foregoing criteria to fill such vacancy who will be deemed to be a Continuing Director for purposes of the Merger Agreement. If no Continuing Directors then remain, the other directors will designate 2 individuals meeting the foregoing criteria to fill such vacancies, and such persons will be deemed to be Continuing Directors for purposes of the Merger Agreement. So long as there is at least 1 Continuing Director, (i) any amendment or termination of the Merger Agreement requiring action by the Board, (ii) any extension of time for the performance of any of the obligations or other acts of Parent or Purchaser under the Merger Agreement, (iii) any waiver of compliance with respect to any of the agreements or conditions under the Merger Agreement for the benefit of the Company or (iv) any exercise of the Company s rights or remedies under the Merger Agreement shall require the concurrence of both of the Continuing Directors (or of the sole Continuing Director if there then is only 1 Continuing Director). In connection with the consummation of the Offer, on June 14, 2010 Messrs. Bundy, Evans, Klemann, Lynch and Sununu resigned from the Board, and Purchaser designated four persons for election to the Board; Messrs. Dingus, Perry, Kolady and Pendley were those designees. The Board has accordingly decreased in size from seven directors to six directors.

The Merger. The Merger Agreement provides that, at the Effective Time, Purchaser will be merged with and into the Company, with the Company continuing as the Surviving Corporation and an indirect wholly-owned subsidiary of Parent. The Effective Time shall be the time that the certificate of merger regarding the Merger is duly filed with the Secretary of State of the State of Delaware or such other date and time as is agreed upon by the parties and specified in the certificate of merger.

Charter, Bylaws, Directors and Officers. At the Effective Time, the Certificate of Incorporation and Bylaws, as in effect immediately prior to the Effective Time, will be amended and restated as of the Effective Time to be in the form of (except with respect to the name of the Company) the Certificate of Incorporation and Bylaws of Purchaser and as amended will be the Certificate of Incorporation and Bylaws of the Surviving Corporation. The directors of Purchaser immediately prior to the Effective Time will, from and after the Effective Time, be the initial directors of the Surviving Corporation, each to hold office in accordance with the Certificate of Incorporation and Bylaws of the Surviving Corporation until their respective successors are duly chosen by the directors of the Surviving Corporation or until their earlier death, resignation or removal in accordance with the Certificate of Incorporation and Bylaws of the Surviving Corporation. The officers of the Company immediately prior to the Effective Time, from and after the Effective Time, will continue as the officers of the Surviving Corporation, each to hold office in accordance with the Certificate of Incorporation and Bylaws of the Surviving Corporation until their respective successors are duly elected, designated or qualified, or until their earlier death, resignation or removal in accordance with the Certificate of Incorporation and Bylaws of the Surviving Corporation.

Conversion of Securities. Pursuant to the Merger Agreement, each Share held in treasury by the Company and each Share that is owned by Parent or Purchaser or any of their respective wholly-owned subsidiaries

shall be cancelled and shall cease to exist, without any conversion thereof and no payment shall be made with respect thereto.

Each Share issued and outstanding immediately prior to the Effective Time (other than Shares cancelled in accordance with the immediately preceding paragraph or any Dissenting Shares (as defined below)) will be cancelled and converted into the right to receive the Merger Consideration, payable to such holder in cash, without interest, subject to any withholding taxes, upon the surrender of the certificate formerly representing such Shares.

Shares that are outstanding immediately prior to the Effective Time and that are held by any person who is entitled to demand, and who properly demands, appraisal of such shares pursuant to, and who complies in all respects with, Section 262, subject to the immediately following paragraph (such Shares, ***Dissenting Shares***), will not be converted into the right to receive the Merger Consideration and will instead represent the right to receive payment of the fair value of such Dissenting Shares in accordance with and to the extent provided by Section 262. Subject to the immediately following paragraph, if any such holder fails to perfect or otherwise waives, withdraws or loses his right to appraisal under Section 262 or other applicable law, then the Shares held by such holder shall cease to constitute Dissenting Shares, the right of such holder to be paid the fair value of such Shares will cease and such Shares will be deemed to have been converted, as of the Effective Time, into and will be exchangeable solely for the right to receive the Merger Consideration, without interest and subject to any withholding of taxes.

As set out in Amendment No. 1, the Company, Parent and Purchaser each has agreed that it will not assert that a stockholder s demand for appraisal is not timely under Section 262 if such stockholder who otherwise satisfies the requirements of Section 262 submits a written demand for appraisal within 30 calendar days of the special meeting of stockholders held to adopt the Merger Agreement (with any such deadline being extended to the following business day should the 30th day fall on a holiday or weekend). In addition, the Company, Parent and Purchaser will not assert that (i) a stockholder who is entitled to appraisal rights may not file a petition in the Court of Chancery of the State of Delaware demanding a determination of the value of the Shares held by all stockholders if such petition is not filed within 120 days of the Effective Time as long as such petition is filed within 150 days of the Effective Time, (ii) a stockholder may not withdraw such stockholder s demand for appraisal and accept the terms offered by the Merger if such withdrawal is not made within 60 days of the Effective Time and (iii) a stockholder may not, upon written request, receive from the Surviving Corporation a statement setting forth the aggregate number of Shares not voted in favor of the Merger with respect to which demands for appraisal have been received and the aggregate number of holders of such Shares if such request is not made within 120 days of the Effective Time as long as such request is made within 150 days of the Effective Time. The foregoing summary is not intended to be complete and is qualified in its entirety by reference to the Amendment No. 1, which is attached hereto as Annex 2 and is incorporated herein by reference.

Each share of common stock, par value of $0.01 per share, of Purchaser issued and outstanding immediately prior to the Effective Time will be converted into and will become one newly and validly issued, fully paid and nonassessable share of common stock, par value $0.01 per share, of the Surviving Corporation.

Treatment of Options. Pursuant to the Merger Agreement, as of the Effective Time, each Option will be converted into the right of the holder to receive from the Surviving Corporation at the Effective Time an amount in cash equal to the Option Cash Payment. As of the Effective Time, such Option will cease to represent an option to purchase Shares, will no longer be outstanding and will cease to exist, and each holder of an Option will cease to have any rights with respect thereto, except for the right to receive the Option Cash Payment.

Treatment of Warrants. The Merger Agreement provides that each Warrant shall entitle the holder thereof to receive, upon exercise at any time after the Acceptance Time, a payment of the Warrant Cash Payment. As of the Acceptance Time, each such Warrant will cease to represent a right to purchase Shares and each holder of a Warrant will only have the right to receive the Warrant Cash Payment upon the exercise of the Warrant.

Representations and Warranties. In the Merger Agreement, the Company has made customary representations and warranties to Parent and Purchaser, including representations, among others, relating to

organization and qualification, capitalization, authorization, the absence of conflicts, required filings and consents, compliance with laws, SEC filings and financial statements, disclosure controls and procedures, absence of undisclosed liabilities, employee benefit plans, labor matters, material contracts, litigation, environmental matters, intellectual property, tax matters, insurance, real property, opinion of financial advisors, brokers and takeover statutes.

In the Merger Agreement, Parent and Purchaser have made customary representations and warranties to the Company, including representations, among others, relating to organization, authorization, the absence of conflicts, required filings and consents, litigation, sufficiency of funds, ownership of Purchaser, brokers, and investigation by Parent and Purchaser.

The representations and warranties contained in the Merger Agreement have been negotiated with the principal purpose of establishing the circumstances in which Purchaser may have the right not to consummate the Offer, or a party may have the right to terminate the Merger Agreement, if the representations and warranties of the other party prove to be untrue due to a change in circumstance or otherwise, and to allocate risk between the parties, rather than establish matters as facts. The representations and warranties may also be subject to exceptions set forth on disclosure schedules.

Pursuant to the terms of the Merger Agreement, the representations and warranties will not survive consummation of the Merger.

Operating Covenants. The Merger Agreement provides that, from the date of the Merger Agreement to the Acceptance Time and unless consented to by Parent in writing (such consent not to be unreasonably withheld, conditioned or delayed), (i) the business of the Company and its subsidiaries shall be conducted in all material respects in the ordinary course of business, and in compliance in all material respects with applicable laws, and (ii) the Company shall use its commercially reasonable efforts to preserve intact its business organization and its present relationships with customers, suppliers, employees, licensees, licensors, partners and other persons with which it or any of its subsidiaries has significant business relations.

The Merger Agreement also provides that, from the date of the Merger Agreement until the Acceptance Time, subject to certain exceptions, the Company and its subsidiaries will not take specified actions without the prior written consent of Parent (such consent not to be unreasonably withheld, conditioned or delayed), including, among other things, (i) amending its organizational documents, (ii) issuing or selling its securities or any options, warrants or convertible securities, (iii) selling, pledging, mortgaging, disposing, leasing or encumbering any assets with a value in excess $175,000, (iv) transferring, leasing, assigning, encumbering or abandoning any intellectual property, (v) declaring or paying any dividends or declaring any stock split, (vi) acquiring any corporation, partnership or other business organization with a value in excess of $175,000, entering into a new line of business incurring any indebtedness or authorizing any capital expenditures or purchase of fixed assets in excess of $175,000, other than pursuant to existing contracts or agreements or in the ordinary course of the Company s business, (vii) increasing the compensation payable to its current or former directors, officers or employees, (viii) materially changing the accounting policies or procedures, (ix) making, changing or revoking any material tax election, (x) failing to pay material accounts payable and other material obligations in the ordinary course of business, (xi) accelerating the collection of accounts receivable, (xii) adopting a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization, (xiii) engaging in a plant closing or a mass layoff (as such terms are defined in the Worker Adjustment and Retraining Notification Act or any comparable state or local law), (xiv) authorizing or terminating any material contracts, (xv) settling litigation that would result in amounts payable to or by the Company in excess of $175,000, or (xvi) taking any action that would reasonably be expected to result in any of the conditions to the Offer not being satisfied.

No Solicitation Provisions. The Merger Agreement provides that during the period beginning on the date of the Merger Agreement and continuing until 11:59 p.m., Central Daylight Saving Time, on April 30, 2010 (the ***Go-Shop Termination Date***), the Company may (i) initiate, solicit or encourage the submission of Acquisition Proposals (as defined below) from one or more persons, and (ii) participate in discussions or negotiations regarding, and take any other action to facilitate any inquiries or the making of any proposal that constitutes, or could reasonably be expected to lead to, an Acquisition Proposal (as such term is defined

below). During this period, prior to providing material non-public information to any such person, the Company must execute a confidentiality agreement with each such person. The Company also must promptly provide to Parent any material non-public information concerning the Company or its subsidiaries that is provided to any such person that was not previously provided to Parent.

The Merger Agreement also provides that, from the Go-Shop Termination Date until the earlier of the Effective Time or the termination of the Merger Agreement, the Company shall not, and shall cause its subsidiaries and shall direct its and their respective directors, officers, employees, agents or advisors (including attorneys, accountants, consultants, bankers and financial advisors) (collectively, ***Company Representatives***) not to (i) initiate, solicit or knowingly take any action to facilitate or encourage (including by way of providing information) the submission of any inquiries, proposals or offers or any other efforts or attempts that constitute, or may reasonably be expected to lead to, an Acquisition Proposal, or engage in any discussions or negotiations with respect thereto, (ii) approve or recommend, or publicly propose to approve or recommend, an Acquisition Proposal, (iii) withdraw (or change, amend, modify or qualify in a manner adverse to Parent or Purchaser), or propose publicly to withdraw (or change, amend, modify or qualify, in a manner adverse to Parent or Purchaser), or otherwise make any statement or proposal inconsistent with, the Company Board Recommendation (as defined below) (any action or failure to act set forth in the foregoing clauses (ii) or (iii), a ***Change of Board Recommendation***), or (iv) enter into any merger agreement, letter of intent, agreement in principle, share purchase agreement, asset purchase agreement, share exchange agreement, option agreement or other similar contract relating to an Acquisition Proposal or enter into any contract or agreement in principle that is intended or would reasonably be expected to lead to an Acquisition Proposal or that would reasonably be expected to cause the Company to abandon, terminate or breach its obligations under the Merger Agreement or fail to consummate the transactions contemplated by the Merger Agreement. However, following the Go-Shop Termination Date, the Company and the Company Representatives may continue discussions and negotiations with, and provide information to, any person (i) with whom the Company was having ongoing discussions or negotiations prior to the Go-Shop termination Date regarding a possible Acquisition Proposal and (ii) that has been identified in writing to Parent (a ***Go-Shop Party***), if the Board determines in good faith that such person could reasonably be expected to make an Acquisition Proposal that after further discussions or negotiations could reasonably result in a Superior Proposal (as defined below).

Pursuant to the Merger Agreement, if at anytime following the Go-Shop Termination Date and prior to obtaining stockholder approval of the Merger, (i) the Company receives a bona fide written Acquisition Proposal from any third party that is not a Go-Shop Party, and (ii) the Board determines in good faith, after consultation with its financial advisors and outside counsel, that (A) such Acquisition Proposal constitutes, or could reasonably be expected to lead to, a Superior Proposal, and (B) the failure of the Board to take the actions set forth in clauses (x) and (y) below with respect to such Acquisition Proposal could be inconsistent with the directors exercise of their fiduciary obligations to the stockholders under applicable law, then the Company may (x) furnish non-public information to such third party making such Acquisition Proposal (provided, that, prior to furnishing such information, (1) the Company shall have received from the third party an executed confidentiality agreement and (2) all such non-public information shall previously have been provided to Parent and Purchaser or is provided to Parent and Purchaser prior to or substantially contemporaneously with the time that it is provided to the third party making the Acquisition Proposal) and (y) engage or participate in discussions or negotiations with such third party with respect to such Acquisition Proposal.

As set out in Amendment No. 1, Parent and Purchaser have agreed that the Company may release any person who entered into a confidentiality agreement with the Company from the standstill obligations contained therein. The foregoing summary is not intended to be complete and is qualified in its entirety by reference to the Amendment No. 1, which is attached hereto as Annex 1 and is incorporated herein by reference.

The Company shall promptly, and in any event within 48 hours, notify Parent of the receipt of (1) any proposal that constitutes, or could reasonably be expected to lead to, an Acquisition Proposal and the material terms of such proposal and (2) any request for non-public information relating to the Company or its subsidiaries or access to the Company s properties, books or records. The Company must disclose the name of the person or entity making such Acquisition Proposal and provide Parent with copies of any documents or correspondence evidencing such proposal or inquiry. The Company must keep Parent reasonably informed on a current basis of the status and any material developments concerning such Acquisition Proposal.

As used in the Merger Agreement, ***Acquisition Proposal*** means any offer or proposal, or filing of any regulatory application or notice (whether in draft or final form), or public disclosure of an intention to do any of the foregoing, by any person other than Parent, Purchaser or any of their respective subsidiaries concerning any (a) merger, consolidation, other business combination or similar transaction involving the Company or any of its subsidiaries, (b) sale, lease, license or other disposition, directly or indirectly, whether by merger, consolidation, business combination, share exchange, joint venture or otherwise, of assets of the Company (including equity interests of any of its subsidiaries) or any subsidiary of the Company representing 20% or more of the consolidated assets, revenues or net income of the Company and its subsidiaries, (c) issuance or sale or other disposition (including by way of merger, consolidation, business combination, share exchange, joint venture or similar transaction) of equity interests representing 20% or more of the voting power of the Company, (d) transaction or series of transactions in which any person would acquire beneficial ownership or the right to acquire beneficial ownership, or any group (as defined in Section 13(d) of the Exchange Act) has been formed that beneficially owns or has the right to acquire beneficial ownership, of equity interests representing 20% or more of the voting power of the Company or (e) any combination of the foregoing.

As used in the Merger Agreement, ***Superior Proposal*** means an Acquisition Proposal (except the references therein to 20% shall be replaced by a majority) made by a third party which, in the good faith judgment of the Board (after consultation with its financial advisors and outside counsel), taking into account the various legal, financial and regulatory aspects of the proposal, including the financing terms thereof, any antitrust or competition law approvals or non-objections, and the person making such proposal, (a) if accepted, is reasonably likely to be consummated, (b) is not subject to any financing condition, and (c) if consummated, would result in a transaction that is more favorable to the stockholders, from a financial point of view, than the Offer and the Merger.

Change of Recommendation. Pursuant to a meeting duly called and held, the Board, among other things, has (i) determined that the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger, are fair to, and in the best interests of, the Company and its stockholders, (ii) duly approved and declared advisable the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger, and (iii) recommended that the stockholders accept the Offer, tender their Shares to Purchaser pursuant to the Offer, and, if required by law, adopt the Merger Agreement and approve the Merger (the ***Company Board Recommendation***). The Board may withdraw, modify or amend the Company Board Recommendation in certain circumstances as summarized herein and as specified in detail in Section 5.4(d) of the Merger Agreement. Pursuant to the Merger Agreement, if the Company receives an Acquisition Proposal that the Board concludes in good faith, after consultation with its financial advisors and outside counsel, constitutes, or could reasonably be expected to lead to, a Superior Proposal, the Board may prior to the Acceptance Time (1) effect a Change of Board Recommendation with respect to such Superior Proposal and/or (ii) terminate the Merger Agreement and enter into a definitive agreement with respect to such Superior Proposal. However, the Company may not effect a Change of Board Recommendation or terminate the Merger Agreement unless the following conditions have been met (a) the Company has not willfully or in bad faith breached the no solicitation provision of the Merger Agreement with respect to such Superior Proposal, (b) the Board shall have taken into account any changes to the terms of the Merger Agreement proposed by Parent in response to the Superior Proposal, and (c) the Company shall have (1) provided written notice to Parent at least 5 days in advance of its intention to take such action with respect to such Superior Proposal, (2) provided Parent and Purchaser with an opportunity to amend the terms and conditions of the Merger Agreement in a manner such that such Acquisition Proposal would cease to constitute a Superior Proposal, in which event the Company shall have negotiated with Parent (to the extent Parent desires to negotiate) in good faith to make such adjustments to the terms and conditions of the Merger Agreement and (3) permitted Parent to make a presentation to the Board regarding the Merger Agreement and any adjustments with respect thereto (to the extent Parent desires to make such presentation).

Reasonable Best Efforts to Consummate the Merger; Regulatory Filings. Pursuant to the Merger Agreement, the Company, Parent and Purchaser agreed to use their reasonable best efforts to take, or cause to

be taken, all appropriate action, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by the Merger Agreement. In addition, each of the Company, Parent and Purchaser agreed that, in the event of any action, suit proceeding or investigation relating to the

Merger Agreement or the transactions contemplated thereby is commenced by any person other than a party to the Merger Agreement, each party will cooperate and use its reasonable best efforts to defend vigorously against such action, suit, proceeding or investigation and respond thereto.

Director and Officer Indemnification and Insurance. The Merger Agreement provides that for a period of 6 years from and after the Effective Time, Parent shall (or shall cause the Surviving Corporation to) provide indemnification and exculpation for each person who is now or has been prior to the date of the Merger Agreement or who becomes prior to the Effective Time an employee, officer or director of the Company or any of its subsidiaries or any fiduciary under certain employment and employee benefit plans (as described in Section 3.14 of the Merger Agreement) (the ***Indemnified Parties***) to the same extent that the charter documents of the Company and its subsidiaries and the indemnification agreements identified in a schedule to the Merger Agreement provide for the exculpation and indemnification provided to the Indemnified Parties by the Company and its subsidiaries as of March 31, 2010.

For a period of 6 years after the Effective Time, Parent shall (or shall cause the Surviving Corporation to) either (i) maintain the current policy of the Company s directors and officers fiduciary liability insurance (the ***Current D&O Policy***) covering acts or omissions prior to the Effective Time with the respect to the Indemnified Parties or (ii) if substantially similar coverage is not available from the Company s current insurance carrier, obtain coverage for such persons from another carrier with the same or better credit rating as the Company s current carrier. Notwithstanding the foregoing, the Company may, after prior consultation with Purchaser, obtain a prepaid directors and officers liability insurance policy covering acts and omissions at or prior to the Effective Time with respect to the Indemnified Parties that is no less favorable to such indemnified persons than those of the Current D&O Policy, in which case the Parent s obligations to maintain the Current D&O Policy or obtain similar coverage shall be deemed satisfied. In accordance with the Merger Agreement, Parent will not be required to pay any annual premium for the Current D&O Policy or any substitutes with respect thereto in excess of 250% of the current annual premium.

Conditions to Consummation of the Merger. The Merger Agreement provides that the obligations of the Company, Parent and Purchaser to consummate the Merger are subject to the satisfaction or waiver at or prior to the Effective Time of the following conditions: (i) the adoption of the Merger Agreement and the approval of the Merger by a requisite vote of the stockholders, if required by applicable law, (ii) the consummation of the Merger shall not then be restrained, enjoined or prohibited by any order, judgment, decree, injunction or ruling (whether temporary, preliminary or permanent) of a court of competent jurisdiction or any other governmental authority and no law shall be in effect or have been enacted, promulgated or deemed applicable to the Merger by any governmental authority which prevents or prohibits consummation of the Merger, (iii) all statutory waiting periods applicable to the Merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the ***HSR Act***) have been terminated or have expired and (iv) Purchaser shall have accepted for payment and paid for, or caused to be accepted for payment and paid for, all Shares validly tendered in the Offer and not properly withdrawn prior to the Expiration Date; provided that this condition shall be deemed to have been satisfied with respect to Parent and Purchaser if the Purchaser fails to accept for payment or pay for Shares pursuant to the Offer in violation of the terms of the Offer.

Termination. The Merger Agreement provides that it may be terminated, and the Merger may be abandoned as follows:

(a) by mutual written consent of the Company and Parent at any time prior to the Effective Time;

(b) by either the Company or Parent, if at any time prior to June 30, 2010 (the ***Termination Date***), the Purchaser has not accepted for payment Shares tendered pursuant to the Offer, except that this right to terminate shall not be available to any party whose breach of the Merger Agreement has been the cause of, or resulted in, such failure to accept for payment the Shares on or prior to such date;

(c) by either the Company or Parent, if prior to the Acceptance Time, any governmental entity having jurisdiction over the Company, Parent or Purchaser shall have issued an order, decree or ruling or taken any other action, in each case permanently restraining, enjoining or otherwise prohibiting the consummation of the Offer or the Merger substantially as contemplated by the Merger Agreement and such order, decree, ruling or other action shall have become final and non-appealable;

(d) by Parent, at any time prior to the Acceptance Time, if (i) a Change of Board Recommendation shall have occurred; (ii) the Company or the Board shall have approved or adopted any Acquisition Proposal or approved or entered into a merger agreement, letter of intent, asset purchase agreement or other similar contract relating to an Acquisition Proposal; (iii) after the Go-Shop Period Termination Date, the Board shall have failed to reaffirm its recommendation regarding the Merger Agreement and the transaction contemplated thereby within 10 business days of receipt of a written request by Parent to provide such reaffirmation following an Acquisition Proposal (provided only one such reaffirmation request per Acquisition Proposal and one additional reaffirmation request per each amendment thereof and supplement thereto may be made by Parent) or, if an Acquisition Proposal is received within 5 to 10 business days prior to the Termination Date, on the business day immediately preceding the Termination Date; (iv) the Company shall have breached the no solicitation provision in the Merger Agreement in any material respect, or (v) the Company or the Board authorized or publicly proposed to do any of the actions specified in clauses (i) or (ii) above;

(e) by the Company, at any time prior to the Acceptance Time, if the Board determines to accept a Superior Proposal, but only if the Company has complied in all respects with the no solicitation provision of the Merger Agreement with respect to such Superior Proposal and has paid the Break-Up Fee (as defined below) to Parent substantially concurrent with such termination;

(f) by the Company, if Parent or Purchaser fails to commence the Offer in accordance with the Merger Agreement, except that this right to terminate the Merger Agreement is not available to the Company if (i) a Company Material Adverse Effect has occurred, (ii) the failure of Parent or Purchaser to commence the Offer is a result of the breach of any representation or warranty, covenant or other agreement of the Company, or (iii) the commencement of the Offer has been restrained, enjoined or prohibited by any order, judgment, decree, injunction or ruling (whether temporary, preliminary or permanent) of a court of competent jurisdiction or any other governmental entity;

(g) by Parent, at any time prior to the Acceptance Time, if (i) there exists a breach of or inaccuracy in any representation or warranty of the Company contained in the Merger Agreement or breach of any covenant of the Company contained in the Merger Agreement, in any case, such that any condition to the Offer is not or would not be satisfied, (ii) Parent delivered to the Company written notice of such inaccuracy or breach and