



5 questions

with Bruce Jones

Interview conducted by Laurie Winslow, Tulsa World Staff Writer.

Bruce Jones is managing director and co-founder of ClearRidge Capital and is also a registered investment banking agent of Burch & Co. Inc., member FINRA/SIPC, which is a federal- and state-registered broker-dealer that offers securities. Jones, a certified turnaround professional, has led countless restructuring, turnaround, distressed divestiture and M&A projects over the last 30 years for midsize companies.

1 What is ClearRidge Capital, and how long has it been in business?
Our team provides investment banking services for business owners to sell a company, buy a company, raise equity capital, restructure or replace debt, and perform financial, operational and strategic restructuring. We help our clients get a challenging deal done and solve complex financial and business issues. We have deep transactional experience and have represented both sides of the table. ClearRidge was formed in 2008, but I have personally been in this profession 30 years and working with Tulsa-area businesses since the late 1980s.

2 How is merger and acquisition activity faring in the current economic environment?
M&A activity has picked up in 2010. More precisely, M&A volumes for middle-market deals are up 39 percent in the first half of the year over the same period in 2009. The second quarter of 2010 was more active than the first, and we expect this positive trend to continue through the rest of the year.

3 Would you say it's more of a buyer's or seller's market? Why?
For most deals, buyers continue to have an advantage, because they control the checkbook and can adjust the closing date and conditions for closing. Additionally, many sellers want to sell their company prior to 2011's long-term capital gains tax increases, which experts peg at a minimum 5 percent increase over 2010. If that happens and you sell a \$10 million company on Jan. 1, you would receive \$500,000 less in after-tax proceeds, compared to Dec. 31 this year. However, sellers have increasing

leverage for a couple of reasons. Private equity firms are sitting on cash and have aggressive mandates to deploy that cash. If they don't get deals done, their limited partners aren't making any money. Second, strategic buyers who are looking to grow within their markets, expand their offerings or grow into new geographies will often seek acquisitions rather than exclusively pursue slower-pace organic growth. And they'll miss some great buying opportunities if they sit on the sidelines too long.

4 Is there any industry or sector where M&A activity seems particularly busy? If so, what do you attribute that to?
We are seeing heightened activity in light manufacturing in almost all materials (in particular steel, plastic and wood), oil and gas and related service companies, distribution, financial services, aerospace and technology. Activity is higher for sound, well-managed companies that have consistent revenue over multiple years. Buyers understand that 2009 hit industry hard across the board, and they realize that many com-

panies temporarily lost 20 percent to 30 percent or more of their revenues. Those companies that have bounced back with revenue gains in the first half of 2010 over the same period in 2009 are prime candidates. Buyers are always looking to achieve synergies with their existing company and are also looking to leverage the strength of their existing balance sheet while adding the target's revenue and customer base or geographic reach.

5 What is the greatest challenge you encounter in helping get deals done?
Avoiding road blocks. We focus extra effort on both quality of earnings due diligence and determining the likelihood of financing various capital structures the buyer may pursue. These can be major stumbling blocks that hold up a deal at the later stages. With this in mind, we're proactive in our own QoE due diligence, financing analysis and scenario testing prior to going to market with a company. Being prepared for inevitable deal issues helps our clients to keep a deal on track and close on time.

Mortgage rates hit another new low

The average rate for 30-year loans is at 4.42 percent.

BY ALAN ZIBEL
Associated Press



A home is advertised for sale Tuesday in Los Angeles. The average 30-year, fixed-rate home loan is going for 4.42 percent this week, the lowest level since mortgage buyer Freddie Mac began tracking rates in 1971. DAMIAN DOVARGANES/Associated Press

WASHINGTON — Mortgage rates have fallen to the lowest level in decades over the past two months and could dip below 4 percent if the economy worsens. The average rate for 30-year fixed loans fell this week to 4.42 percent, mortgage buyer Freddie Mac said Thursday. It was the eighth time in nine weeks that rates have fallen to the lowest level since Freddie Mac began tracking rates in 1971. Investors fear the recovery is slowing. The latest sign came Thursday when the government reported a half-million people applied for jobless benefits last week, a nine-month high. Mortgage rates are following the economic jitters. Rates track the yields on U.S. Treasuries. Those yields have lowered in recent months as more investors put their money into safer Treasuries. Rates could fall to 4 percent sometime next year if the economy slips back into a

recession, said Michael Moskowitz, chief executive of Equity Now, a New York-based mortgage lender with operations in six states. "The economy is going nowhere for a very long time," he said. The average rate on 15-year fixed loans dropped to 3.9 percent. That was down from 3.92 percent last week and the lowest on records dating back to 1991. More people are taking advantage of the rates to refinance their existing loans, with activity reaching the highest level since May 2009. Many lenders are having a hard time keeping up. Like many employers, they have also slashed jobs because of the tough economy. Now they have fewer people available to process loans. "They're trying to slow the number of loans they have coming in because they can't handle the volume," said Cameron Findlay, chief economist at LendingTree.

com. Rates are unlikely to fall to 4 percent in the next few weeks but could easily do so in the coming months, Findlay said. To calculate the national average, Freddie Mac collects mortgage rates on Monday through Wednesday of each week from lenders around the country. Rates often fluctuate significantly, even within a given day. Average rates on five-year adjustable-rate mortgages were unchanged at 3.56 percent. Rates on one-year adjustable-rate mortgages also were unchanged at an average of 3.53 percent. The rates do not include add-on fees known as points. One point is equal to 1 percent of the total loan amount. The nationwide fee for loans in Freddie Mac's survey averaged 0.7 a point for 30-year and one-year mortgages. They averaged 0.6 of a point for 15-year and five-year mortgages.

Loss narrows at Sears Holdings

Profit margins perked up at its Kmart chain.

BY ASHLEY M. HEHER
Associated Press

CHICAGO — Sears Holdings Corp. cut its second-quarter loss by more than half as profit margins perked up at its Kmart chain, the retailer led by billionaire Edward Lampert said Thursday. Still, the company's results fell short of expectations. Weak shopper spending and increased competition, especially on food, led to a revenue decline. Shares of Sears plunged Thursday, losing \$6.22, or 9.2 percent, to close at \$61.03 on the Nasdaq Stock Market. Kmart, long considered an also-ran behind heavyweights like Wal-Mart Stores Inc. and Target Corp., had shown signs of resilience as the economy headed south. But in the three-month period that ended in late July, the bigger competitors fought back, particularly at cheap-chic Target, which put a heightened emphasis on selling groceries. At the same time, big supermarket chains also began dropping prices, hammering Kmart on both sides. "Competition really did ramp up this quarter," said Morningstar analyst R.J. Hottovy. "And retailers are fighting each other for a share of consumers' wallets." For the three months that ended in late July, the own-



A banner hangs from the exterior of a Sears department store in downtown Chicago. The holding company for Sears and Kmart lost \$39 million in the fiscal second quarter, but it was better than a loss of \$94 million in the year-earlier period. CHARLES REX ARBOGAST/Associated Press

loss amounted to 19 cents per share. Thursday's results were the fourth quarterly loss for the retailer in the past two years. Revenue slipped slightly to \$10.46 billion, down from \$10.55 billion last year. Analysts surveyed by Thomson Reuters expected the company to post slightly better results, predicting a loss of 18 cents per share with revenue of \$10.62 billion. Those estimates typically exclude one-time items. Interim CEO W. Bruce Johnson said the company's long-struggling Kmart brand was able to improve its profit margins during the quarter. Revenue at stores open at least a year declined 1.4 percent at the brand as the discount chain recorded lower sales of food. It was the first in four quarters for the discount chain that briefly received a surprising boost from shoppers looking for discounts. The measure fell 2.8 percent at Sears as shoppers spent less on lawn and garden items, tools and consumer electronics. Revenue at stores open at least a year is considered an important measure of retailer performance because it excludes stores that open or close during the year. "Overall, our total revenues declined only slightly despite the uncertain economic environment faced by our customers," Johnson said in a statement.

FOREIGN EXCHANGE						
MAJORS	CLOSE	CHG.	%CHG.	6MO. AGO	1YR. AGO	
USD per British Pound	1.5596	-0.012	-0.08%	1.5464	1.6545	
Canadian Dollar	1.0395	+0.0119	+1.14%	1.0405	1.0963	
USD per Euro	1.2824	-0.0041	-0.32%	1.3599	1.4239	
Japanese Yen	85.32	-14	-16%	91.71	93.95	
Mexican Peso	12.7320	+1.220	+9.6%	12.8250	12.8995	
EUROPE/AFRICA/MIDDLE EAST						
Israeli Shekel	3.7908	+0.0172	+0.45%	3.7690	3.8100	
Norwegian Krone	6.1881	+0.0305	+0.49%	5.9555	6.0588	
South African Rand	7.2886	+0.0264	+0.36%	7.6449	8.0015	
Swedish Krona	7.3910	+0.0542	+0.73%	7.2254	7.1942	
Swiss Franc	1.0331	-0.0088	-0.85%	1.0271	1.0646	
ASIA/PACIFIC						
Australian Dollar	1.1215	+0.0091	+0.81%	1.1134	1.2064	
Chinese Yuan	6.7935	-0.0046	-0.07%	6.8320	6.8390	
Hong Kong Dollar	7.7760	+0.0060	+0.08%	7.7659	7.7516	
Indian Rupee	46.512	-2.17	-4.7%	46.215	48.723	
Singapore Dollar	1.3543	+0.0037	+0.27%	1.4121	1.4486	
South Korean Won	1170.70	-5.60	-0.48%	1152.40	1251.00	
Taiwan Dollar	31.95	-0.00	-0.00%	32.12	32.98	

ENERGY FUTURES						
EXP.	OPEN	HIGH	LOW	SETTLE	CHG	
HEATING OIL (NYMEX)						
42,000 gal.	204.61	206.61	201.42	202.35	-2.49	
Sep 10	199.80	204.19	198.97	200.07	-2.42	
Oct 10	202.06	206.61	201.42	202.35	-2.49	
Nov 10	204.69	209.12	204.11	204.88	-2.55	
Dec 10	207.22	211.71	206.75	207.42	-2.63	
Est. sales 89,814. Wed's sales 113,359						
Wed's open int. 297,940, -429						
LIGHT SWEET CRUDE (NYMEX)						
1,000 bbl.	74.11	76.10	73.96	74.43	-0.99	
Sep 10	74.11	76.10	73.96	74.43	-0.99	
Oct 10	74.50	76.47	74.32	74.77	-1.01	
Nov 10	75.20	77.21	75.04	75.42	-1.09	
Dec 10	75.95	77.99	75.81	76.15	-1.15	
Est. sales 561,122. Wed's sales 790,116						
Wed's open int. 1,265,123, -2,217						
NATURAL GAS (NYMEX)						
10,000 mm btu's	4.180	4.375	4.141	4.171	-0.68	
Sep 10	4.180	4.375	4.141	4.171	-0.68	
Oct 10	4.209	4.400	4.170	4.205	-0.61	
Nov 10	4.412	4.620	4.377	4.402	-0.71	
Dec 10	4.666	4.850	4.638	4.663	-0.71	
Est. sales 239,885. Wed's sales 216,870						
Wed's open int. 828,944, -1,749						
NY HARBOR GAS BLEND (NYMEX)						
42,000 gallons	1.9260	1.9707	1.9195	1.9287	-0.025	
Sep 10	1.9260	1.9707	1.9195	1.9287	-0.025	
Oct 10	1.8725	1.9210	1.8680	1.8765	-0.0305	
Nov 10	1.8762	1.9259	1.8718	1.8804	-0.0301	
Dec 10	1.8882	1.9350	1.8843	1.8926	-0.0302	
Est. sales 78,612. Wed's sales 116,841						
Wed's open int. 250,139, -914						

AGRICULTURE FUTURES						
EXP.	OPEN	HIGH	LOW	SETTLE	CHG	
CORN (CBOT)						
5,000 bu minimum	414.25	423	411	414.25	-4.25	
Sep 10	414.25	423	411	414.25	-4.25	
Oct 10	429	437.50	426	429.25	-4	
Nov 10	438.75	449.75	438	441.25	-4.75	
Dec 10	445	455.75	444.25	447.50	-5.25	
Est. sales 632,237. Wed's sales 294,393						
Wed's open int. 1,357,711, +14,946						
COTTON 2 (ICE)						
50,000 lbs.	87.95	88.33	87.74	87.98	+0.56	
Sep 10	87.95	88.33	87.74	87.98	+0.56	
Oct 10	83.55	84.39	83.42	84.14	+0.87	
Nov 10	82.41	82.85	82.25	82.51	+0.39	
Dec 10	82.15	82.61	82.12	82.38	+0.26	
Est. sales 11,582. Wed's sales 10,542						
Wed's open int. 210,295, +1,752						
OATS (CBOT)						
5,000 bu minimum	288.25	288.25	273.25	274	-2.75	
Sep 10	288.25	288.25	273.25	274	-2.75	
Oct 10	295	295	285	287	-2.75	
Nov 10	297	301	296	296	-2.75	
Dec 10	305.25	305.25	302.50	302.50	-2.75	
Est. sales 1,352. Wed's sales 838						
Wed's open int. 10,918, -223						
SOYBEAN MEAL (CBOT)						
100 tons	303.60	309.60	301.30	302.50	-4.90	
Sep 10	303.60	309.60	301.30	302.50	-4.90	
Oct 10	295.60	302.20	293.50	295.10	-4.80	
Nov 10	295.40	302.50	293.10	295.10	-4.90	
Dec 10	293.90	300.00	291.80	293.50	-4.80	
Est. sales 112,313. Wed's sales 45,397						
Wed's open int. 209,236, +5,593						

AGRICULTURE FUTURES						
EXP.	OPEN	HIGH	LOW	SETTLE	CHG	
SOYBEAN OIL (CBOT)						
60,000 lbs.	39.87	41.04	39.74	39.89	-0.97	
Sep 10	39.87	41.04	39.74	39.89	-0.97	
Oct 10	40.05	41.21	39.92	40.07	-0.96	
Nov 10	40.47	41.69	40.34	40.48	-0.97	
Dec 10	40.73	41.87	40.68	40.76	-0.96	
Est. sales 193,458. Wed's sales 106,392						
Wed's open int. 308,498, -4,796						
FEEDER CATTLE (CME)						
40,000 lbs.	99.25	99.70	98.37	99.17	+1.97	
Aug 10	99.25	99.70	98.37	99.17	+1.97	
Oct 10	98.47	100.00	97.50	99.17	+1.70	
Dec 10	99.80	101.00	99.20	100.27	+1.20	
Feb 11	100.55	101.80	100.10	100.92	+0.62	
Est. sales 54,315. Wed's sales 38,390						
Wed's open int. 340,662, +3,062						
FEEDER CATTLE (CME)						
50,000 lbs.	113.95	114.50	113.50	114.05	+0.35	
Aug 10	113.95	114.50	113.50	114.05	+0.35	
Oct 10	115.62	116.42	114.30	115.65	+1.08	
Dec 10	116.40	116.87	114.90	116.57	+1.62	
Nov 10	116.40	116.80	115.00	116.62	+1.60	
Est. sales 5,692. Wed's sales 5,865						
Wed's open int. 32,819, +543						
HOGS-LEAN (CME)						
40,000 lbs.	77.72	79.35	77.50	77.85	-0.22	
Oct 10	77.72	79.35	77.50	77.85	-0.22	
Dec 10	74.45	75.87	74.27	74.42	-0.88	
Feb 11	76.90	77.97	76.65	76.82	-1.08	
Apr 11	77.65	78.15	77.30	77.35	-0.82	
Est. sales 39,579. Wed's sales 47,427						
Wed's open int. 206,513, +3,047						
PORK BELLIES (CME)						
40,000 lbs.	136.50	139.50	136.50	139.50	...	
Aug 10	136.50	139.50	136.50	139.50	...	
Feb 11	106.50	106.50	102.00	102.00	-3.00	
Mar 11	101.50	101.50	101.50	101.50	-3.00	
May 11	101.50	101.50	101.50	101.50	...	
Est. sales Wed's sales 3						
Wed's open int. 16, +2						