

Inside this Issue

Welcome to the first quarter 2008 issue of our Consumer DealReader newsletter.

With this issue, we plan to offer insight into the luxury brand market, provide statistics regarding trends and developments in the global consumer sector and provide an update on Lincoln International's Consumer Group activities to date in 2008.

Key topics covered in this issue include:

- Spotlight Interview: Damien Dernoncourt, CEO, John Hardy Group (pages 1-2)
- Recent Transaction Overview (page 2)
- Q1 Key Statistics: Consumer Products (page 3)
- Announcement regarding the opening of Lincoln International's office in Madrid, Spain (page 4)

We hope that you find this issue interesting and we welcome your comments and suggestions.

Spotlight Interview: Damien Dernoncourt, CEO, John Hardy Group

Damien Dernoncourt is the CEO of the John Hardy Group ("John Hardy" or the "Company"), one of the world's recognized leaders in luxury handmade designer jewelry and lifestyle accessories.



Prior to joining John Hardy, Mr. Dernoncourt began his career in Hong Kong, where he led a buying office. In 1997, Mr. Dernoncourt started a packaging and logistics company in China, which he subsequently sold prior to earning his MBA from INSEAD. In 2003 Mr. Dernoncourt started his tenure with John Hardy as CFO Asia and was quickly promoted to President of John Hardy in November 2004. In 2007, Mr. Dernoncourt, helped by an investment by 3i Group plc and selected members of his management team acquired the Company from its founders in a process initiated by Lincoln International. Mr. Dernoncourt is currently the Hong-Kong based CEO of the John Hardy Group, managing the daily business operations and the international executive team based in the United States and Asia.

Q. One of the many great things that John Hardy is known for is the Company's emphasis on "sustainable luxury". Describe what exactly this means and how it offers a competitive advantage over your competitors.

A. John Hardy is different from other designer jewelers – not only because of its enduring designs and artisans' work – but also for the Company's vision of responsibility. At the design center and

workshop in Bali, the human and natural environment is of passionate concern. The Company recently launched a policy of 'sustainable advertising', whereby the carbon emissions generated by the firm's print advertising will be compensated for by planting bamboo in a reforestation project on Nusa Penida, a barren island off the coast of Bali.

Q. John Hardy has exhibited significant recent growth – more than doubling in size over the last four years. Describe the primary drivers of this growth, both industry-related and Company-specific.

A. The Company has grown substantially in the last four years because we were able to turn a small and fast growing business into an operationally and financially sound company while respecting the creative team. The key to our success was to hire seasoned executives from large corporations to implement the necessary changes. We sought those individuals who not only wanted to experience a change, but also wanted to join an organization where the company culture is in line with their personal values.

From an industry perspective, the branded jewelry market segment has seen much success in the past three years and is expected to double in the next five years.

Finally, the answer is all about the choice our customers are making in choosing and selecting our jewelry for its high quality, impeccable craftsmanship and enduring designs. Other prominent factors

which contributed to the Company's growth, include:

- Product breadth & depth (providing options for every market)
- Design evolution
- Handmade luxury product with a soul
- Brand authenticity
- Affordable and sustainable luxury
- Strong retailer relations
- Strategic marketing initiatives
- Concentrated advertising campaigns

Q. What attributes do you believe are most important to successfully compete in the luxury jewelry market?

A. Respecting the retailers with whom we are developing stronger partnerships every day and as a result respecting our customers in offering a high quality, handmade, luxury product that is unique from others in the marketplace.

"Growing and developing market share while maintaining the value of a brand and product exclusivity, alongside the ability to appeal to a broad range of consumers, will be increasingly crucial to sustain in the luxury market."

I also strongly believe that it begins with taking care of the employees who infuse the jewelry with its power by giving their heart, mind and soul. At John Hardy, the value of an object

depends not only on the quality of its materials and the expertise of its craftsmanship, but also on the feeling of

(Continued on page 2)

well-being of the artisan who makes it. I think you can feel the hand of the artisan in our pieces – there is a warmth of spirit that remains in the silver and the gold.

Growing and developing market share while maintaining the value of a brand and product exclusivity, alongside the ability to appeal to a broad range of consumers, will be increasingly crucial to sustain in the luxury market.

Q. What do you see as the biggest opportunities for designer jewelry companies over the next five years?

A. The main opportunity is the size of the market, which is growing. As I have mentioned earlier, the branded jewelry market is still quite small but growing very fast. In 2000, branded jewelry was 3% of the total jewelry market, it was 5% in 2005 and it is expected to double by 2010. I would add that the current economic situation is an opportunity to gain market share, the strong will become stronger and the weak will become weaker, if not disappearing altogether.

“The main opportunity is the size of the market, which is growing ... In 2000, branded jewelry was 3% of the total jewelry market, it was 5% in 2005 and it is expected to double by 2010.”

Q. Certain members of the management team (including you) along with the Hong Kong arm of the private equity firm 3i Group plc (“3i”) recently acquired John Hardy. What did you learn from going through the sale process?

A. I have learned a great deal about analyzing our competition, markets and strategy throughout the process. I’ve also gained a more financial perspective of our business model. My biggest learning curve was translating the unique philosophies of our company culture in a way that appealed to potential investors. During the due diligence process with the 3i team, we were able to identify a number of opportunities to streamline the organization’s processes.

Q. As you look forward to the next few years, how do you see John Hardy continuing to grow and how do you think 3i will help you get there?

A. We had selected 3i, for their efficiency, experience, and authenticity. My reason for choosing 3i was simple – the people. The 3i professionals are very genuine, they are great listeners, and they have a clear approach in executing with tact and passion. Ultimately, 3i wanted to

understand the business and how they could contribute a significant difference. Their primary focus was not only on the bottom line, but on the brand as a whole.

We see ourselves as “retailer without stores” -- meaning that we will continue to

“The immediate objective is to triple the business in four years and to become a truly global brand while staying true to our core philosophy of sustainable luxury.”

support our retail partners such as Neiman Marcus and Saks,

who in turn, will help us grow the brand. We do not plan to initiate a strong own retail expansion, but we are considering opening a few selected flagships in cities such as New York, Los Angeles, Las Vegas and Hong Kong in the near future.

The immediate objective is to triple the business in four years and to become a truly global brand while staying true to our core philosophy of sustainable luxury. Our long term goal is to become the recognized leader in luxury handmade designer jewelry and lifestyle accessories inspired by the essence of the earth. Additionally, John Hardy is committed to becoming an internationally respected “green” company; something we continue to aspire to each day.

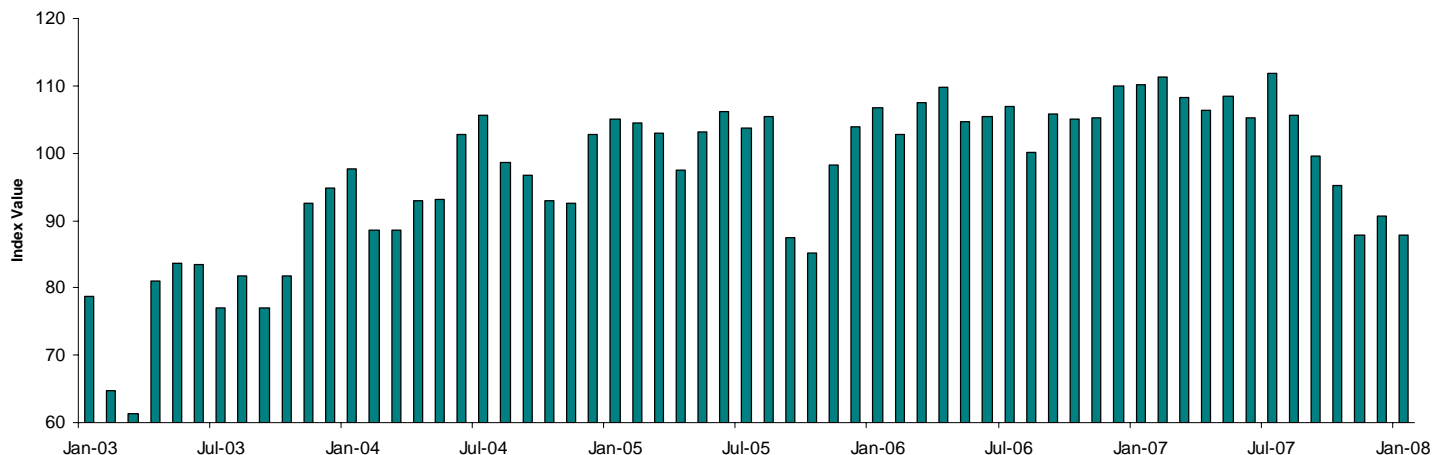
Recent Consumer Industry Transactions

The image displays six transaction announcements in a grid-like format. Each announcement features the logo of the company being sold or acquired, the name of the company, and the name of the acquiring or selling entity. The background is a dark teal color.

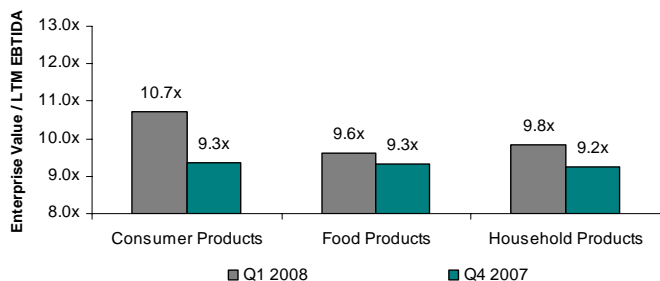
- Tropitone** has been acquired by **PFP PFLINGSTEN PARTNERS LLC**.
- SVOBODA, COLLINS L.L.C.** has sold **coffee bean INTERNATIONAL** to **Farmer Brothers COFFEE**.
- JOHN HARDY** has been sold to **Management and 3i**.
- Silver Ventures, Inc.** has sold **SAN ANTONIO FARMS** to **TreeHouse**.
- Woodard** has sold to **Craftmade BETTER BY DESIGN**.

Q2 Key Statistics — Consumer Products

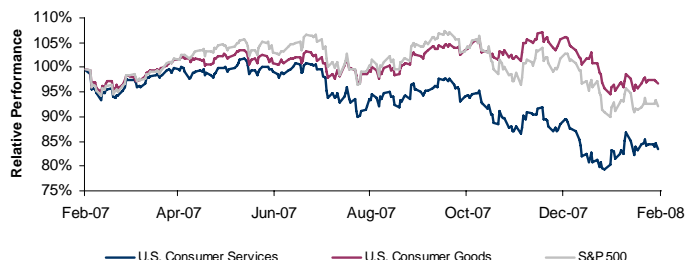
United States Consumer Confidence Levels¹



Valuations of Consumer Product Companies²



Consumer Industry Stock Performance³



1. Source: Capital IQ

2. Source: Lincoln International indices

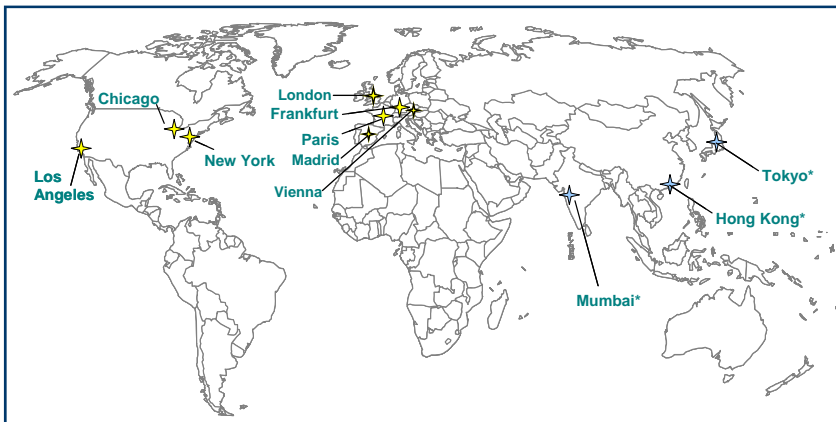
3. U.S. Consumer Services Index comprised of the Dow Jones U.S. Consumer Services Index and U.S. Consumer Goods Index comprised of the Dow Jones U.S. Consumer Goods Index. Note: Indices are stock price weighted.

Retail Sales Performance (LTM)⁴

	Year-Over-Year Same Store Sales Growth											
	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08
Club Stores	3.6%	6.3%	2.4%	5.8%	6.3%	4.5%	2.5%	4.7%	5.3%	7.9%	4.5%	6.6%
Department Stores	5.7%	9.2%	0.6%	3.2%	1.9%	5.4%	4.5%	2.2%	1.3%	9.3%	(0.7%)	(3.5%)
Dollar Stores	0.5%	5.8%	(4.9%)	2.5%	1.5%	0.5%	1.0%	0.5%	0.0%	(3.4%)	(0.7%)	0.0%
Drug Stores	4.2%	5.2%	3.4%	4.3%	4.9%	4.1%	4.5%	3.2%	2.8%	2.5%	0.4%	2.6%
Mass Merchants	3.1%	7.7%	(5.4%)	3.1%	2.5%	3.7%	4.5%	1.0%	2.1%	5.9%	(1.2%)	(0.5%)
Specialty Apparel	(2.5%)	5.4%	(11.2%)	(2.7%)	(2.1%)	(4.8%)	2.2%	(3.6%)	(5.1%)	(0.3%)	(6.4%)	(2.5%)
Average	2.4%	6.6%	(2.5%)	2.7%	2.5%	2.2%	3.2%	1.3%	1.1%	3.7%	(0.7%)	0.5%

4. Club Stores comprised of Costco, Sam's Club and BJ's; Department Stores comprised of Federated, Neiman Marcus and Nordstrom; Dollar Stores comprised of Family Dollar; Drug Stores comprised of non-pharmaceutical sales of Rite-Aid, Walgreen Co. and CVS; Mass Merchants comprised of Wal-Mart and Target; Specialty Apparel comprised of Abercrombie & Fitch, Gap, Limited Brands and Ann Taylor Loft. Note: Growth rates consist of an average of aforementioned components.

Lincoln International's Global Footprint



Over 60 professionals in the U.S.

Over 45 professionals plus a 19-person advisory board in Europe

*Strategic partnerships in Asia

Lincoln International Opens Office in Madrid, Spain

On February 27, 2008 Lincoln International announced the opening of its Madrid office. This is the second new office opened by the firm this year, following its London office opening in January 2008.

With an investment banking staff of approximately 130 professionals, Lincoln International has established a strong presence in the key global economies, with offices in Chicago, Frankfurt, London, Los Angeles, New York, Paris, Vienna and now Madrid.

Spain and Portugal represent one of the Europe's most dynamic and growing economic regions. Lincoln International's local presence will help to expand and strengthen the firm's relationships with current and prospective clients in this important market.

The Madrid office – initially comprising 11 professionals - will be led by Ramon Vecino

and Dr. Guido Siebiera who recently joined the firm as President and Managing Director, respectively. Both are seasoned professionals and have been involved in M&A transactions and privatizations as well as business development within the Iberian financial and industrial communities for many years. Vecino previously spent 29 years in top positions within the industrial and financial services sectors, and Siebiera's professional background includes 7 years spent with ThyssenKrupp as director for business development and 10 years as an M&A practitioner.

"As we continue to expand, Spain and Portugal offer a multitude of opportunities for us in a wide range of industries," said Hans Peter Peters, Co-Chairman of Lincoln International. "Our Madrid office provides us with a dedicated local team and will allow us to deepen our ties with Spanish and Portuguese private companies and public

sector entities. Also, Ramon, Guido and the team will provide increased access to private equity firms from that region for our global sell-side business."

"We are convinced that bringing the Lincoln International platform into Spain and Portugal will create huge opportunities. I am very impressed by the quality of the client relationships, execution skills and industry expertise that Lincoln International is able to offer," stated Ramon Vecino.

Jim Lawson, Co-Chairman of Lincoln International, said "We are very excited about the addition of the Madrid office as part of our global expansion. I am convinced that it will be a great stepping stone on the path of consolidation on the European continent."

About Lincoln International

Lincoln International specializes in merger and acquisition services and private capital raising for leading organizations involved in mid-market transactions. With offices in Chicago, Frankfurt, London, Los Angeles, Madrid, New York, Paris and Vienna, and strategic partnerships with China Everbright and other partner firms in Asia, Lincoln International has strong local knowledge and contacts in the key global economies. The organization provides clients with senior-level attention, in-depth industry expertise, and integrated resources. By being focused and independent, Lincoln International serves its clients without conflicts of interest. More information about Lincoln International can be obtained at www.lincolninternational.com

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