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CATALYST EQUITY RESEARCH REPORT™

Weekly Research Highlighting Activist Investments



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HIGHLIGHTING ACTIVIST INVESTMENTS*Week Ending December 25, 2009*

SYMBOL	COMPANY	INVESTOR
ALOG	Analogic Corporation	Ramius Capital
FMMH.OB	Fremont Michigan InsuraCorp	Steak & Shake
JTX	Jackson Hewitt Tax Service	JTH Tax Inc.
PMO	The Putnam Funds	Karpus Management
RRGB	Red Robin Gourmet Burgers	Clinton Group; Spotlight Advisors
VRX	Valeant Pharmaceuticals	ValueAct Capital
YORW	York Water Co	GAMCO

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Analogic Corporation (ALOG)**Activist Investor:** Ramius Capital**Investor Info**

Shares	809,000
% Outstanding	6.3%
Cost Basis	37.26

Company Info

Share Price	36.20
Revenue	390M
Market Cap	487M
Enterprise Value	304M
Net Cash	159M
EBITDA	22M
52 wk. range	24.39 – 42.01
EV/EBITDA	14.1

Catalyst Info**Catalyst:**

On December 7 ALOG entered into a settlement agreement with Ramius Capital. Under the terms of the Agreement ALOG agreed to nominate one individual recommended by Ramius to the board and a second independent director approved by Ramius no later than March 31, 2010.

Fremont Michigan Insuracorp, Inc. (FMMH.OB)**Activist Investor:** Steak & Shake Co**Investor Info**

Shares	172,500
% Outstanding	9.9%
Cost Basis	20.53

Company Info

Share Price	26.13
Revenue	55M
Market Cap	48M
Enterprise Value	38MM
Net Cash	7M
EBITDA	5M
52 wk. range	12.25 – 26.14
EV/EBITDA	8.5

Catalyst Info**Catalyst:**

On December 21 Steak & Shake (Ticker: SNS - an entity controlled by activist investor Sadar Biglari from The Lion Fund) sent a letter to the board of FMMH proposing to acquire 100% of the Company's shares for \$24.50 per share for a consideration (1) cash, (2) stock of SNS, or (3) a combination of cash and stock. In the letter Biglari stated that he wanted all members of the management team to remain in place other than the CEO.

On December 23 the board of FMMH rejected the offer stating that the execution of the Company's current strategic plan represents a better long-term value for shareholders.

Comment:

We previously covered FMMH in our October 30, June 12 and March 20 Catalyst Research reports, highlighting Steak & Shake's 9.9% ownership disclosure (accumulated since early September) along with the expanded activist efforts of Harry Long (2.5% shareholder) when he launched a website (<http://buildfremont.com>) aimed at highlighting his concerns regarding CEO compensation, related-party transactions/transparency and corporate governance.

Long nominated himself for election to the board at FMMH's 2009 annual meeting. FMMH's attorney responded saying that the attempt was invalid because of insufficient evidence documenting Long's beneficial ownership. Long provided broker statements indicating his ownership in the company but FMMH's legal counsel responded stating that "following a search of its records and a recent NOBO listing" they were still unable to prove sufficient beneficial ownership. Long then sent a letter to the board and an additional letter to the SEC stating that (i) the company is not adhering to the nomination procedures as laid out in the articles of incorporation, and (ii) a conflict of interest may exist since a Partner with the company's outside legal counsel (and the firm handling the director nomination process) is a board member at FMMH.

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Jackson Hewitt Tax Service (JTX)**Activist Investor:** JTH Tax Inc.**Investor Info**

Shares	1,493,187
% Outstanding	5.2%
Cost Basis	Not Avail

Company Info

Share Price	4.50
Revenue	248M
Market Cap	130M
Enterprise Value	447M
Net Cash	-311M
EBITDA	70M
52 wk. range	2.80 – 16.06
EV/EBITDA	6.5

Catalyst Info**Catalyst:**

On December 21 JTH Tax Inc. (the Holding Company for Liberty Tax Service - the third largest tax service behind H&R Block and JTX) disclosed a 5.2% ownership position. This increase in ownership follows JTH's reduction in ownership from 7% to 3.9% in June.

Important Note: On December 24 JTX issued a 8K disclosing that their primary lender, Pacific Capital Bancorp, will not be able to originate their Refund Anticipation Loans (equivalent to 75% of JTX's financial products) for the 2010 tax season because the Office of the Comptroller of the Currency did not give Pacific the necessary approval to provide the loans. On the same day Pacific Capital announced they expect to sign a definitive agreement with a private equity fund to acquire the tax portion of their business prior to the start of the 2010 tax season in January. **JTX stock value has declined by 30% since this disclosure.**

Comment:

We previously covered JTX in our November 20, June 26, May 22, May 15, January 16 2009; December 5 and April 18 2008; and December 14, November 16 and October 26 2007 Catalyst Research Reports, highlighting Discovery Capital's 7% ownership disclosure in November. Previous to this we reported that Shamrock Activist Fund (8.3% ownership at an avg. \$29.99/sh) requested that the Company (i) de-stagger its current board and institute annual elections for all directors, (ii) adopt a majority voting standard for the election of directors who are running unopposed, and (iii) remove the poison pill.

On December 3 2008 Shamrock submitted a shareholder proposal to repeal the Company's poison pill. On January 12 2009 Shamrock sent a letter to the Chairman expressing their concerns with the Company's current compensation policies. In the letter Shamrock stated their belief that the Company's efforts to maximize shareholder value will increase if they add an independent director with knowledge and direct experience in the field of executive compensation to lead an effort to revamp the company's executive compensation programs to appropriately match pay with performance.

On June 24 JTX agreed to: (i) include a new independent director on the company's slate to be elected at its annual meeting and (ii) submit to a stockholder vote a proposal to redeem the poison pill. The Company also disclosed that they have hired Goldman Sachs to "review strategic alternatives".

Putnam Municipal Opportunities Trust (PMO)**Activist Investor:** Karpus Management**Investor Info**

Shares	6,265,008
% Outstanding	14.61%
Cost Basis	Not Avail

Company Info

Share Price	11.02
Revenue	44M
Market Cap	473M
Enterprise Value	508M
Net Cash	-36M
EBITDA	N/A
52 wk. range	8.55 – 11.60
EV/EBITDA	N/A

Catalyst Info**Catalyst:**

On December 23 Karpus nominated eight individuals for election to the board of PMO at the next annual meeting. Karpus believes the closed-end fund should be liquidated.

Comment:

As of December 24 PMO was trading at a -5.81% discount to Net Asset Value.

Richmont Mines Inc. (RIC)*Activist Investor: Gregory Chamandy***Investor Info**

Shares	4,020,854
% Outstanding	15.4%
Cost Basis	Not Avail

Company Info

Share Price	3.80
Revenue	72M
Market Cap	100M
Enterprise Value	75M
Net Cash	22M
EBITDA	8M
52 wk. range	1.50 – 4.36
EV/EBITDA	10

Catalyst Info**Catalyst:**

On December 16 RIC entered into a Mutual Undertaking with Greg Chamandy pursuant to which the Company agreed to appoint Chamandy to the Board immediately and appoint four others to an expanded board, subject to shareholder approval at a special meeting of shareholders. Chamandy will serve as Chairman.

Red Robin Gourmet Burgers (RRGB)*Activist Investor: Clinton Group; Spotlight Advisors***Investor Info**

Shares	890,750
% Outstanding	5.7%
Cost Basis	14.71

Company Info

Share Price	18.40
Revenue	857M
Market Cap	286M
Enterprise Value	478M
Net Cash	-191M
EBITDA	93M
52 wk. range	9.27 – 26.44
EV/EBITDA	5.1

Catalyst Info**Catalyst:**

On December 21 Clinton Group and Spotlight Advisors formed an investment group for the purpose of communicating with each other about their investment in RRGB. On the same day, the two funds disclosed a 5.7% ownership and said they met with RRGB's CEO and CFO on December 15 to discuss performance and business strategy.

The activists further stated that they "may conduct further communications with the Board of Directors (the "Board") and management of the Issuer in order to discuss concerns about the direction of the Issuer, including (i) rigidity of the business strategy in the rapidly changing economic and competitive environment; (ii) operational issues over the past few years, especially with respect to advertising, real estate, new product introduction, marketing and restaurant operations; (iii) returns earned on invested capital; (iv) executive compensation arrangements; (v) Board and management accountability and (vi) management of the Issuer in general."

Valeant Pharmaceuticals International (VRX)*Activist Investor: ValueAct Capital***Investor Info**

Shares	17,775,903
% Outstanding	21.9%
Cost Basis	Not Avail

Company Info

Share Price	32.48
Revenue	773M
Market Cap	2.6B
Enterprise Value	2.6B
Net Cash	-212
EBITDA	300M
52 wk. range	15.64 – 34.44
EV/EBITDA	9.5

Catalyst Info**Catalyst:**

On December 17 VRX entered into a Standstill and Board Nomination Agreement with ValueAct. Under the terms of the Agreement VRX has agreed to appoint a nominee of ValueAct's to the board and ValueAct has agreed not to increase their ownership above 30%.

York Water Co. (YORW)

*Activist Investor: GAMCO***Investor Info**

Shares	116,650
% Outstanding	0.93%
Cost Basis	13.70

Company Info

Share Price	14.73
Revenue	37M
Market Cap	185M
Enterprise Value	270M
Net Cash	-84M
EBITDA	22M
52 wk. range	9.74 – 17.95
EV/EBITDA	12.5

Catalyst Info**Catalyst:**

On December 21 GAMCO announced they were withdrawing their shareholder proposal for the removal of the Company's poison pill because YORW's board agreed to its termination.

Comment:

We previously covered YORW in our October 9 Catalyst Research report, highlighting GAMCO's shareholder proposal for the removal of the pill to be included in the Company's proxy materials.

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