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Weekly Research Highlighting Activist Investments

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HIGHLIGHTING ACTIVIST INVESTMENTS*Week Ending August 5, 2011*

| SYMBOL | COMPANY | INVESTOR |
|---------|---------------------------------|--|
| AVCA | Advocat Inc. | Covington Health |
| BCSB | BCSB Bancorp | PL Capital |
| CNVO | Convio Inc. | Discovery Group |
| FGF | SunAmerica Focused Alpha Growth | Bulldog Investors |
| FKWL.OB | Franklin Wireless Corp | Steven Sherman; Karen Singer; David Oros |
| INTG | InterGroup Corp | Baker Street Capital |
| LM | Legg Mason | Trian Fund |
| MBND | MultiBand Corporation | Austin Marx & David Greenhouse |
| MHP | McGraw-Hill Companies | Jana Partners; Ontario Teachers' Pension |
| OPWV | OpenWave Systems, Inc. | Starboard Value |
| PBIB | Porter Bancorp, Inc. | Clinton Group |
| QXM | Qiao Xing Mobile Communications | Shah Capital Management |

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Advocat Inc. (AVCA)**Activist Investor:** Covington Health Group**Investor Info**

| | |
|---------------|-----------|
| Shares | 583,560 |
| % Outstanding | 10% |
| Cost Basis | Not Avail |

Company Info

| | |
|------------------|-------------|
| Share Price | 5.88 |
| Revenue | 297M |
| Market Cap | 33M |
| Enterprise Value | 57M |
| Net Cash | -20M |
| EBITDA | 15M |
| 52 wk. range | 4.49 – 7.60 |
| EV/EBITDA | 3.7 |

Catalyst Info**Catalyst:**

Covington Health Group has been aggressively increasing their ownership in AVCA since early May 2011. They now own 10%.

Comment:

We previously covered AVCA in numerous Catalyst Research Reports (most recently on April 2, 2010), highlighting Bristol Investment Fund's (7.44% at an avg. cost of \$10.51/share) offer to buy the Company in July 2006 for \$16.80/share. On February 4 2008 Bristol sent a letter to AVCA requesting (i) the full board be elected annually (ii) the appointment of two institutional shareholders to the board (iii) the company redeem the poison pill (iv) the company decline to renew any and all golden parachutes, (v) the company revise the current Board's compensation and (vi) the company review alternatives, including an immediate stock buyback. On April 2 2008 Bristol nominated two directors and on May 6 withdrew their nominees after AVCA agreed to include their shareholder proposals in the Company's definitive proxy.

On March 17 2009 Bristol nominated two individuals for election to the Board at the 2009 annual meeting. On May 28 2009 Marlin Capital (who at the time owned 11%) publicly announced plans to vote for the company's two director nominees. On May 29 the company's two director nominees were re-elected. Marlin Capital has increased their ownership in AVCA from 11% in May 2009 to 19.4%.

BCSB Bancorp Inc. (BCSB)**Activist Investor:** PL Capital**Investor Info**

| | |
|---------------|---------|
| Shares | 312,924 |
| % Outstanding | 9.8% |
| Cost Basis | 12.79 |

Company Info

| | |
|------------------|--------------|
| Share Price | 12.41 |
| Revenue | 19M |
| Market Cap | 40M |
| Enterprise Value | -32M |
| Net Cash | 71M |
| EBITDA | N/A |
| 52 wk. range | 9.50 – 14.25 |
| EV/EBITDA | N/A |

Catalyst Info**Catalyst:**

On July 29 BCSB entered into a settlement agreement with PL Capital. Under the terms of the agreement BCSB appointed one individual from PL Capital to an expanded board of directors.

Comment:

We previously covered BCSB in our April 29, 2011 and April 3, 2009 Catalyst Research Reports, highlighting BCSB's March 20, 2009 settlement agreement with PL Capital. Under the terms of that agreement BCSB amended its bylaws to remove a local residency requirement for directors. BCSB made an additional commitment with respect to a proposed equity incentive plan. Specifically, as long as PL owns 5%, any options to acquire the common stock granted under the equity incentive plan will be granted at an exercise price equal to the greater of (1) \$10.00 per share, or (2) fair market value of the stock on the date of the grant.

On April 25 2011 Financial Edge sent a letter to BCSB requesting they expand the board of directors by one seat and appoint a representative from Financial Edge as a director.

Convio Inc. (CNVO)**Activist Investor:** Discovery Capital Group**Investor Info**

| | |
|---------------|-----------|
| Shares | 1,382,000 |
| % Outstanding | 7.7% |
| Cost Basis | 10.86 |

Company Info

| | |
|------------------|--------------|
| Share Price | 10.14 |
| Revenue | 71M |
| Market Cap | 180M |
| Enterprise Value | 142M |
| Net Cash | 49M |
| EBITDA | 6M |
| 52 wk. range | 7.01 – 13.00 |
| EV/EBITDA | 23.6 |

Catalyst Info**Catalyst:**

Discovery continues to increase their ownership stake in CNVO. They now own 7.7% (up from 5.3% in late May)

Comment:

We previously covered CNVO in our July 1 and May 27 Catalyst Research Reports, highlighting Discovery's "active" ownership stake in the Company.

SunAmerica Focused Alpha Growth, Inc. (FGF)**Activist Investor:** *Bulldog Investors***Investor Info**

| | |
|---------------|-----------|
| Shares | 2,794,460 |
| % Outstanding | 19.61% |
| Cost Basis | Not Avail |

Company Info

| | |
|------------------|---------------|
| Share Price | 19.24 |
| Revenue | 4M |
| Market Cap | 260M |
| Enterprise Value | 274M |
| Net Cash | N/A |
| EBITDA | N/A |
| 52 wk. range | 13.62 – 21.83 |
| EV/EBITDA | N/A |

Catalyst Info**Catalyst:**

On July 27 FGF announced shareholders will vote at a special meeting on or around December 19, 2011 to restructure into an open-end fund. On August 5 Bulldog announced that the length of time to achieve this liquidity event is excessive.

Comment:

We previously covered FGF in our March 19, 2010; December 4, November 20 and November 6 2009 Catalyst Research Reports, highlighting Bulldog's ownership position along with their intention to communicate with the Company's management and shareholders about the persistent discount to intrinsic value at which the shares have traded. On November 12 2009 Bulldog sent a letter to FGF announcing their intention to (i) nominate two directors to the board at the 2010 annual meeting and (ii) submit a shareholder proposal recommending that stockholders be afforded an opportunity to realize net asset value.

On March 17 2010 Bulldog announced they would not make any director nominations or present any proposal at the 2010 annual meeting because they believed the board was addressing the variance between market price and its NAV.

As of August 5, 2011 FGF was trading at a -4.33% discount to net asset value.

Franklin Wireless Corp. (FKWL.OB)**Activist Investor:** *Steven Sherman; Karen Singer; David Oros***Investor Info**

| | |
|---------------|---------|
| Shares | 934,822 |
| % Outstanding | 8.0% |
| Cost Basis | 2.73 |

Company Info

| | |
|------------------|------|
| Share Price | 2.30 |
| Revenue | 82M |
| Market Cap | 25M |
| Enterprise Value | 12M |
| Net Cash | 13M |
| EBITDA | N/A |
| 52 wk. range | N/A |
| EV/EBITDA | N/A |

Catalyst Info**Catalyst:**

On August 4 Sherman, Singer and Oros (the "Investors") formed an investment group and sent a letter to the board of directors. In the letter the Investors said that the Company's stock price performance reflects poor corporate governance and that the board has failed to provide adequate public disclosures and regular communications with shareholders. Accordingly, the Investors have demanded a written plan to (i) improve the stock performance, (ii) schedule an annual meeting, (iii) investigate any irregularities in approving the Company's 2009 stock option plan, and (iv) improve public disclosure and communications. If the Company does not provide this plan and assurances of the board's immediate action, the Investors will seek to elect two new directors to the board.

InterGroup Corp (INTG)**Activist Investor:** *Baker Street Capital***Investor Info**

| | |
|---------------|---------|
| Shares | 127,112 |
| % Outstanding | 5.3% |
| Cost Basis | 22.83 |

Company Info

| | |
|------------------|---------------|
| Share Price | 24.00 |
| Revenue | 47M |
| Market Cap | 57M |
| Enterprise Value | 154M |
| Net Cash | -97M |
| EBITDA | 11M |
| 52 wk. range | 14.04 – 25.94 |
| EV/EBITDA | 14.10 |

Catalyst Info**Catalyst:**

On August 1 Baker Street filed an "active" ownership stake with INTG.

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Legal counsel to Baker Street

Legg Mason Inc. (LM)**Activist Investor:** *Trian Fund***Investor Info**

| | |
|---------------|------------|
| Shares | 13,912,269 |
| % Outstanding | 9.4% |
| Cost Basis | Not Avail |

Company Info

| | |
|------------------|---------------|
| Share Price | 27.03 |
| Revenue | 2.8B |
| Market Cap | 4.0B |
| Enterprise Value | 4.2B |
| Net Cash | 200M |
| EBITDA | 541M |
| 52 wk. range | 24.94 – 37.82 |
| EV/EBITDA | 7.8 |

Catalyst Info**Catalyst:**

Trian increased their ownership in LM from 7.6% to 9.4%.

Comment:

We previously covered LM in our June 11, 2010 and June 29, 2007 Catalyst Research Reports, highlighting Pershing Square Capital's acquisition of 1.5% of LM shares outstanding when the stock was trading around \$98. Pershing no longer holds this position.

We also covered LM in our January 1, 2010 and October 23 2009 research when LM announced Nelson Peltz, the CEO and founding Partner of Trian, would be elected to an expanded board of 14 members. In exchange for the board position Trian agreed to vote its shares in favor of LM's Director nominees for a period of two years. On March 31, 2010 LG's board authorized a share repurchase program for up to \$1 billion of common stock.

We also highlighted Trian's increase in ownership in by 1,709,600 shares between January and June 2010.

MultiBand Corporation (MBND)**Activist Investor:** *Austin Marxe & David Greenhouse (AM&DG)***Investor Info**

| | |
|---------------|-----------|
| Shares | 1,674,029 |
| % Outstanding | 7.7% |
| Cost Basis | Not Avail |

Company Info

| | |
|------------------|-------------|
| Share Price | 3.02 |
| Revenue | 270M |
| Market Cap | 57M |
| Enterprise Value | 102M |
| Net Cash | -39M |
| EBITDA | 21M |
| 52 wk. range | 1.62 – 6.72 |
| EV/EBITDA | 4.8 |

Catalyst Info**Catalyst:**

On August 3 AM&DG sent a letter to MBND supporting Unitek's proposal to acquire the Company for \$4.50/share, payable in the form of cash and stock, and encouraged the Company to engage with Unitek to discuss their proposal.

Comment:

On June 9 MBND sent Unitek a letter saying, "Multiband's board of directors has considered your offer and we do not believe it is in the best interests of our shareholders. We will not have further dialogue about this matter."

McGraw-Hill Companies (MHP)**Activist Investor:** *Jana Partners; Ontario Teachers' Pension***Investor Info**

| | |
|---------------|------------|
| Shares | 15,724,793 |
| % Outstanding | 5.2% |
| Cost Basis | 33.76 |

Company Info

| | |
|------------------|---------------|
| Share Price | 41.72 |
| Revenue | 6.4B |
| Market Cap | 11.7B |
| Enterprise Value | 12.5B |
| Net Cash | 120M |
| EBITDA | 1.6B |
| 52 wk. range | 27.08 – 45.47 |
| EV/EBITDA | 7.6 |

Catalyst Info**Catalyst:**

On August 1 Jana Partners and Ontario Teachers' Pension Fund disclosed that they have formed an investment group with respect to their mutual investment in MHP.

Schulte Roth & Zabel**Legal counsel to Jana Partners**

OpenWave Systems Inc. (OPWV)**Activist Investor:** Starboard Value (Ramius)**Investor Info**

| | |
|---------------|-----------|
| Shares | 8,513,000 |
| % Outstanding | 9.9% |
| Cost Basis | 2.23 |

Company Info

| | |
|------------------|------------|
| Share Price | 1.55 |
| Revenue | 156M |
| Market Cap | 117M |
| Enterprise Value | 51M |
| Net Cash | 81M |
| EBITDA | -15M |
| 52 wk. range | 1.45 -2.67 |
| EV/EBITDA | Negative |

Catalyst Info**Catalyst:**

Starboard has increased their ownership in OPWV from to 6.8% to 9.9%. On July 28 OPWV announced they have increased the size of the board from seven to eight directors and appointed one individual from Ramius to the board.

Comment:

We previously covered OPWV in our May 27, 2011 and October 22, 2010 Catalyst Research Reports, highlighting S Squared Technology's (11.7% shareholder) change in their filing status from "passive" to "active" investor. At that time S Squared disclosed they had suggested an individual with capital markets experience to join the board of directors.

We also highlighted that Starboard disclosed a 6.1% "active" ownership stake in early May 2011.



Legal counsel to Starboard

Porter Bancorp, Inc. (PBIB)**Activist Investor:** Clinton Group**Investor Info**

| | |
|---------------|---------|
| Shares | 744,135 |
| % Outstanding | 6.2% |
| Cost Basis | 7.42 |

Company Info

| | |
|------------------|--------------|
| Share Price | 3.80 |
| Revenue | 37M |
| Market Cap | 44M |
| Enterprise Value | -58M |
| Net Cash | 102M |
| EBITDA | N/A |
| 52 wk. range | 3.64 - 11.43 |
| EV/EBITDA | N/A |

Catalyst Info**Catalyst:**

On August 2 Clinton attempted to meet with PBIB management at a scheduled investor conference. According to Clinton, PBIB management refused to meet with them and requested that they leave the conference.

On August 5 Clinton sent a letter to the Chairman of PBIB's Risk Policy and Oversight Committee of the Board of Directors, calling on the Committee to study a number of issues at the Bank including: (i) underwriting standards; (ii) due diligence and documentation processes; (iii) appraisal process; (iv) failure to recruit and retain qualified personnel to handle NPAs; (v) the "Friends of the Bank" policy; (vi) restructuring of loans on favorable terms; (vii) methodology for valuing real estate on the balance sheet; (viii) concentration of construction and development loans; and (ix) the late recognition of real estate trends in Kentucky. The letter also requested that Clinton be permitted to present their concerns to the Committee and that the Committee report to shareholders on its activities regularly. The letter furthermore called on the Board to replace the Chief Executive Officer.

Comment:

We previously covered PBIB in our July 15, 2011 Catalyst research Report, highlighting Clinton's July 11 letter to PBIB expressing their concerns about the executive leadership team and its ability to properly manage the Bank's operations. Clinton suggested the Company take the following steps to increase shareholder value: (i) Replace the bank's CEO, (ii) Augment the board by expanding to eight members and filling the vacancy with a Clinton representative, (iii) Create a special committee (including the Clinton representative) to oversee asset sales, (iv) Raise additional capital, if necessary.

A copy of the July 11 letter is available here:

<http://www.sec.gov/Archives/edgar/data/1134119/000090266411001145/p11-1344exhibit4.htm>

A copy of the August 5 letter is available here:

<http://www.sec.gov/Archives/edgar/data/1134119/000090266411001211/p11-1430exhibit6.htm>

SchulteRoth&Zabel

Legal counsel to Clinton Group

Qiao Xing Mobile Communications (QXM)**Activist Investor:** *Shah Capital Management***Investor Info**

| | |
|---------------|-----------|
| Shares | 5,549,378 |
| % Outstanding | 9.58% |
| Cost Basis | Not Avail |

Company Info

| | |
|------------------|-------------|
| Share Price | 1.74 |
| Revenue | 123M |
| Market Cap | 81M |
| Enterprise Value | -224M |
| Net Cash | 316M |
| EBITDA | -34M |
| 52 wk. range | 1.67 – 5.96 |
| EV/EBITDA | 6.5 |

Catalyst Info**Catalyst:**

On August 3 Shah Capital disclosed that they have had discussions with QXM management about ways to create value, including (i) addressing the Net Cash Value issue of the Company that has remained unnoticed and unrecognized by the market for a prolonged period; (ii) taking such standard, common measures that other cash-rich companies often take that could enhance the worth of this undervalued asset; and (iii) increasing the manpower for facilitating timely informational filings with authorities and to stay in touch with the investment community on a regular basis to keep them informed with the latest corporate information.

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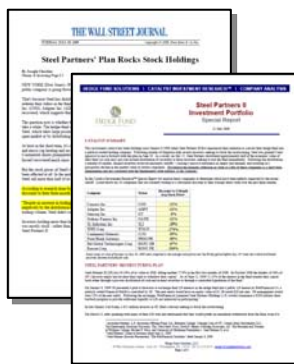
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