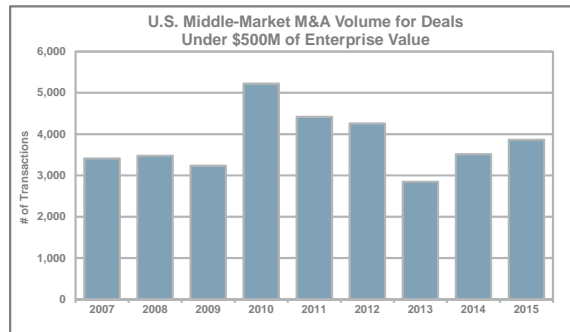


M&A DEAL VOLUME RISES IN 2015



Source: Robert W. Baird & Co.

Transaction Volume Increases

2015 was a strong year for middle-market transaction volume. According to Robert W. Baird, the number of U.S. transactions with values less than \$500 million increased 10.0% over 2014.

The number of transactions with values greater than \$1 billion increased an even stronger 17.9%, as an abundance of credit made it a favorable transaction environment.

However, the recent tightening of the credit market and early 2016 stock market correction may be putting a damper on the start to 2016. According to Robert W. Baird, January transaction volume for deals below \$1 billion declined 4.4% from the year earlier period, albeit a small sample size and early in the year.

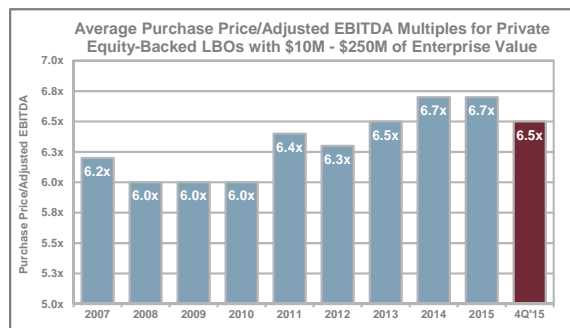
Purchase Prices Strong

Middle-market purchase price multiples for LBO transactions reported to GF Data remained stable during 2015. The average purchase price multiple for LBOs (enterprise values of \$10 to \$250 million) held firm at 6.7x EBITDA during 2015, the same multiple as realized during 2014.

Larger transactions multiples reached record levels during 2015. Average EBITDA multiples reported for LBO transactions with enterprise values between \$100 and \$250 million increased to 9.0x EBITDA during 2015 compared to 7.8x in 2014.

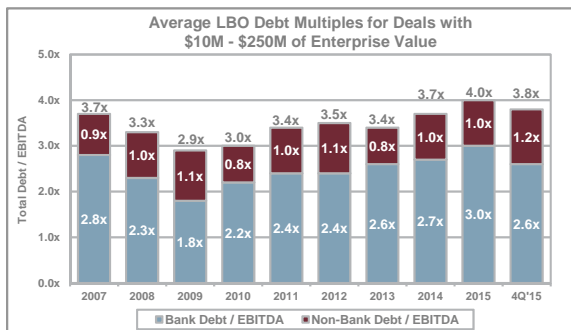
However, the fourth quarter of 2015 saw a moderation in prices, with average EBITDA multiples declining to 6.5x during the quarter compared to an average of 6.7x during 2015.

PURCHASE PRICES REMAIN HIGH



Source: GF Data®

LEVERAGE REMAINS STRONG



Source: GF Data®

Strong Lending Market But Not as Strong in the Fourth Quarter

Senior debt market support for lower middle-market LBOs further strengthened during 2015. According to GF Data, average senior debt/EBITDA multiples for \$10 to \$250 million enterprise value private equity-backed buyouts was 3.0x during 2015 compared to 2.7x during 2014. 2015 was a great year to be a borrower.

Total debt/EBITDA for the LBO segment of the market increased to 4.0x during 2015 compared to 3.7x during all of 2014. Mezzanine debt remained stable at 1.0x EBITDA, the same as during 2014.

However, leverage moderated during the fourth quarter of 2015, with senior debt/EBITDA declining to 2.6x during the quarter and total debt/EBITDA also declining to 3.8x for the fourth quarter.

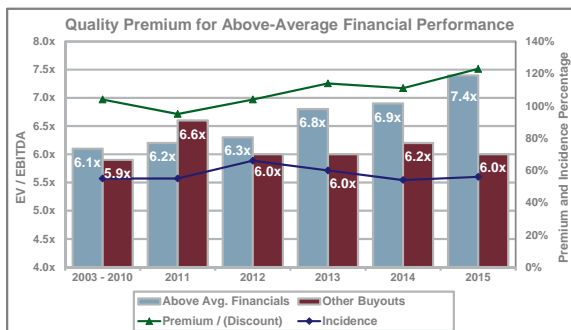
Buyers Driving Quality Premium Higher

According to GF Data, LBO purchase price multiples during 2015 were significantly higher for companies with above average financial characteristics. For this purpose, “above average financial characteristics” is defined as companies having either latest twelve months (LTM) EBITDA margins or LTM revenue growth above 12%, with the combined metrics greater than 20% or both above 10%.

Companies with these characteristics sold for average EBITDA multiples of 7.4x compared to 6.0x for other transactions. The 1.4x EBITDA difference represents a 23% premium, the highest premium since GF Data began tracking this statistic. During 2003-2010, the gap was only 0.2x.

As in many areas of the investment world, the emphasis on quality has increased.

BUYERS PAYING FOR QUALITY



Source: GF Data®

FIRM OVERVIEW

Cleary Gull Inc. is an employee-owned firm providing specialized financial services since 1987 to individuals, institutional investors, and middle-market companies through two operating divisions: Investment Banking and Investment Management Services. *"A Firm Belief in the Entrepreneurial Spirit"* is our core ideology and the foundation for all of our client engagements.

Cleary Gull's investment bankers help clients throughout the U.S. achieve their financial and business goals with advice on exclusive sales, mergers, acquisitions, raising debt and equity in private capital markets and other transactions, working through complex financial, legal, tax, accounting and other technical issues.

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