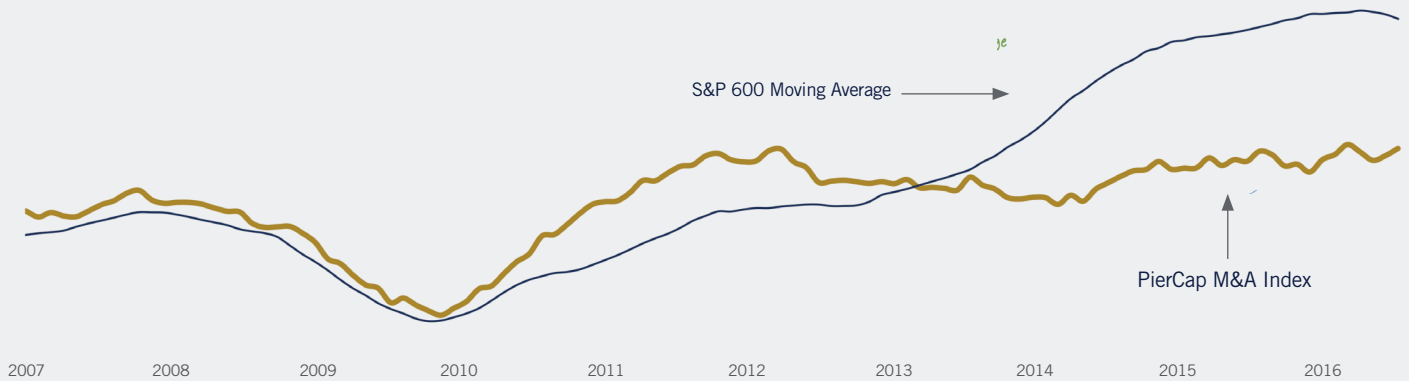


M&A MIDDLE MARKET INSIGHTS: FEBRUARY 2016

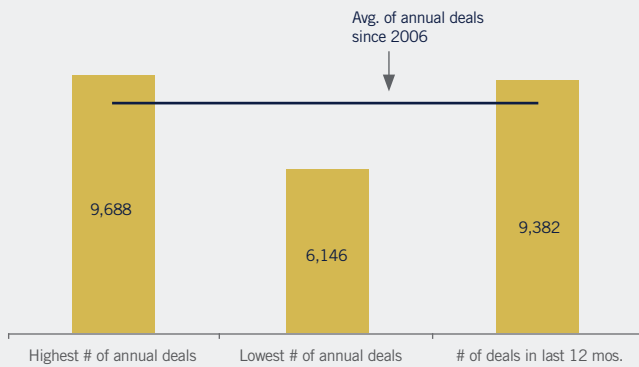
2016 OFF TO A GOOD START...

➤ PierCap's Middle Market M&A Index

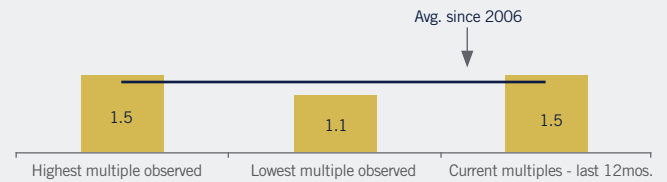


VALUATION AND ACTIVITY AT GOOD LEVELS...

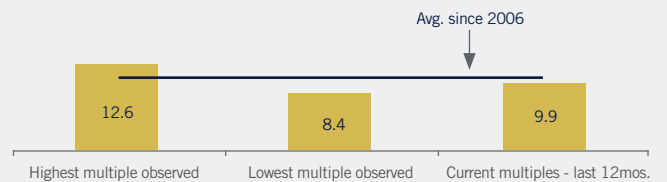
➤ All M&A transaction volumes



➤ Middle Market M&A Revenue multiples

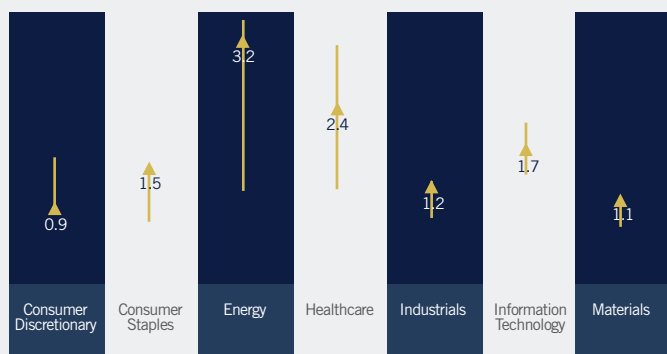


➤ Middle Market M&A EBITDA multiples

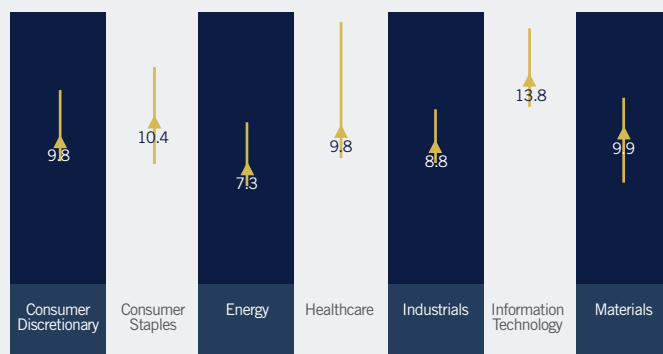


PRICE POINTS CONTINUE TO BE STRONG, BUT ALSO VARY ACROSS SECTORS

➤ Middle Market M&A Revenue multiples by sector



➤ Middle Market M&A EBITDA multiples by sector



NOTEWORTHY TRANSACTIONS...

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
2/24/16	PowerSecure International, Inc.	Southern Company (NYSE:SO)	Heavy Electrical Equipment	\$445	0.96x	18.61x
<p>Buyer will acquire 22.5 million shares of Target at \$18.75 per share and 0.44 million options in the deal. Post-closing, Target's operations, including its management team and corporate headquarters, will continue to be based in Wake Forest. The merger agreement also provides that, upon termination of the merger agreement in specified circumstances, Target will be required to pay Buyer a termination fee of \$12 million. The transaction is also subject to the notification and clearance and reporting requirements under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and regulatory approvals.</p>						

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
2/17/16	Brasher's Auctions, Inc. And West Coast Auto Auctions, Inc.	ADESA, Inc.	Diversified Support Services	\$283	2.02x	8.33x
<p>Buyer signed a definitive agreement to acquire substantially all assets of Target for approximately \$280 million in cash. The aggregate cash consideration payable in connection with the asset purchases is \$283.15 million subject to increase or decrease, as determined in accordance with each purchase agreement. Buyer signed three separate asset purchase agreements to acquire the Brasher Groups' Salt Lake Operating assets for \$50.83 million, Brashers' Salt Lake parent group assets for \$88.66 million and West Coast Group Assets for \$143.66 million.</p>						

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
2/5/16	Akron Brass Company	IDEX Corporation (NYSE:IEX)	Office Services and Supplies	\$224	1.87x	8.80x
<p>Buyer entered into a conditional agreement to acquire Target for approximately \$220 million in cash. The consideration is subject to post-closing working capital adjustments. Target will operate within the IDEX Fire and Safety/Diversified Products segment. Upon certain events of termination, Target would be required to pay a \$2.24 million termination fee. The transaction is conditional upon the approval of shareholders, regulatory approvals and customary closing conditions.</p>						

CONTINUED

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
2/5/16	LeapFrog Enterprises Inc.	Vtech Holdings Ltd. (SEHK:303)	Leisure Products	\$60	0.15x	-

Buyer entered into a merger agreement to acquire Target for \$73.3 million in cash. Buyer will acquire Target through an all cash tender offer followed by a second-step merger. Buyer will offer \$1 per share for Target's Class A and Class B shares. Target will be required to pay Buyer a termination fee of \$2.9 million. The tender offer is expected to commence on or about March 3, 2016, and will be open for a minimum of 20 business days. The closing of the transaction is subject to tender of at least majority of the shares of LeapFrog, expiration or termination of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; all clearances, consents, approvals, third party approvals, orders and authorizations of governmental bodies required by the antitrust or competition Laws of any non-U.S. jurisdiction shall have been obtained, and all waiting periods (and extensions thereof) applicable to the transaction shall have expired or otherwise been terminated; any significant required governmental approval shall have been obtained and the net cash balance of LeapFrog being at least \$25 million as of March 31, 2016.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
2/4/16	Pakedge Device & Software, Inc.	Control4 Corporation (NasdaqGS:CTRL)	Communications Equipment	\$34	1.71x	43.95x

Buyer acquired Target for \$32.7 million in cash. After customary working capital adjustments and net of cash in Pakedge as of the Closing Date, the total purchase price is expected to be approximately \$32.7 million. Approximately 15% of the purchase price will be held in escrow for up to 18 months to cover any of the sellers' post-closing obligations, including without limitation any indemnification obligations that may arise. In addition, Buyer committed to grant retention restricted stock units ("RSUs") in an aggregate amount up \$1.8 million to certain key employees of Target upon their acceptance of employment offers with Buyer. These RSUs will vest over three years.

Notes: Middle Market defined as all M&A activity between \$10 million - \$1billion in transaction value. EBITDA and Revenue multiples are based on median observations and calculated for disclosed transactions only. Our data includes majority sales and excludes Financials, Telecommunication Services and Utilities sectors. Data Source: PlerCap Partners, S&P, CapitalIQ.

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