

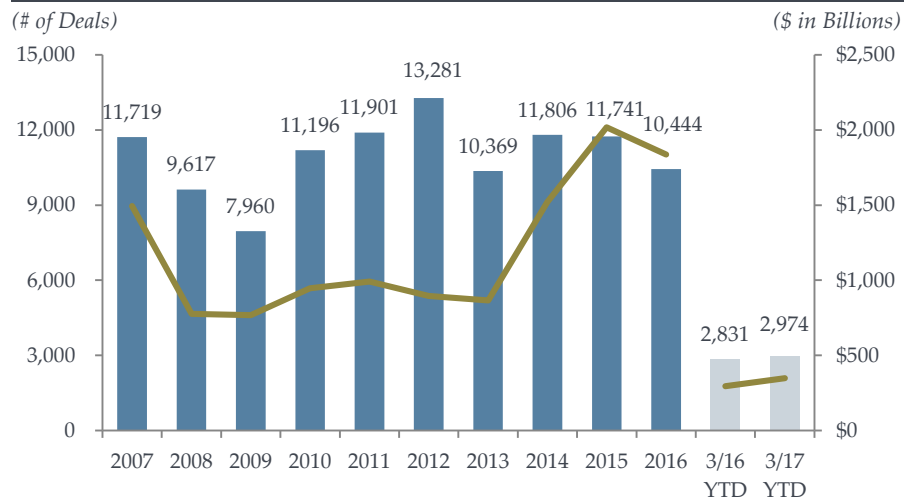


M&A MARKET OVERVIEW

April 2017

M&A ACTIVITY RELATIVELY STEADY AS VALUATIONS INCREASE

TOTAL U.S. M&A ACTIVITY



Source: Dealogic # of Deals Deal Value

MIDDLE-MARKET U.S. M&A ACTIVITY



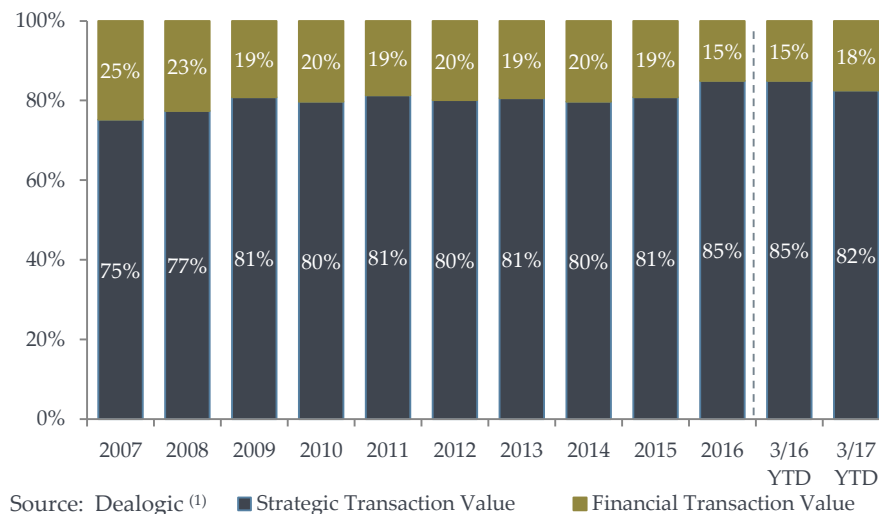
Source: Dealogic ⁽¹⁾ # of Deals Deal Value

MEDIAN MIDDLE-MARKET PURCHASE MULTIPLES



Source: Dealogic ⁽¹⁾

STRENGTH FROM ALL BUYERS IN THE MIDDLE MARKET



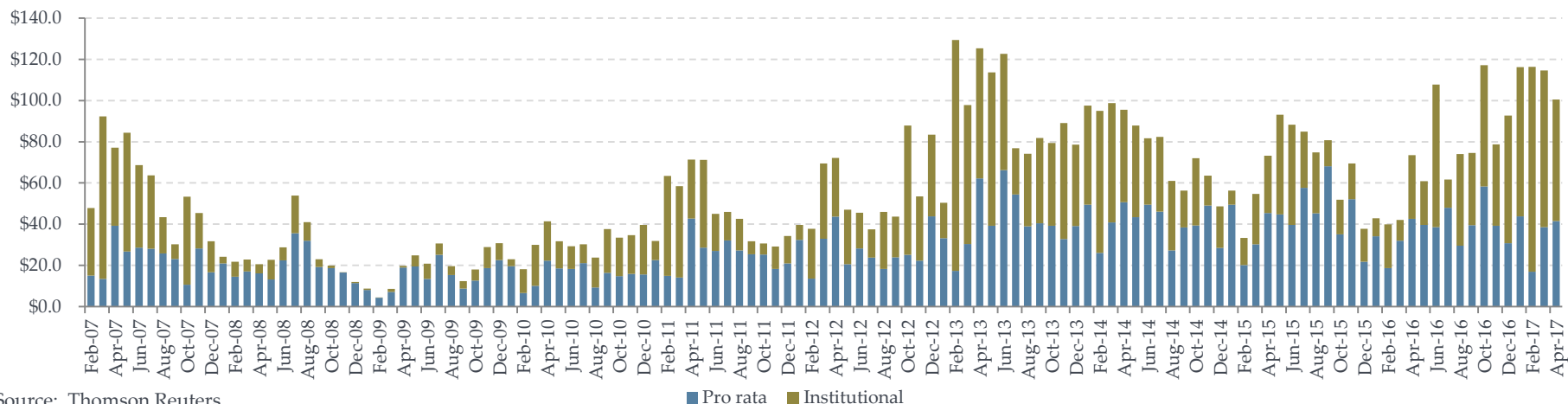
Source: Dealogic ⁽¹⁾ Strategic Transaction Value Financial Transaction Value

FINANCING MARKETS REMAIN STABLE

FINANCING ACTIVITY

(\$ in Billions)

U.S. Leveraged Loan Issuance

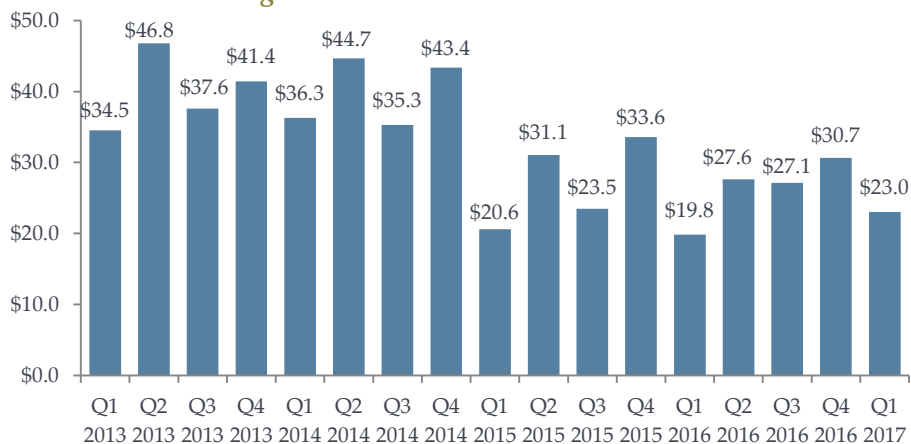


Source: Thomson Reuters

LARGE MIDDLE-MARKET CAPITAL MARKETS

(\$ in Billions)

Large U.S. Middle-Market Loan Volume



Source: Thomson Reuters (2)

MIDDLE-MARKET CAPITAL MARKETS

(\$ in Billions)

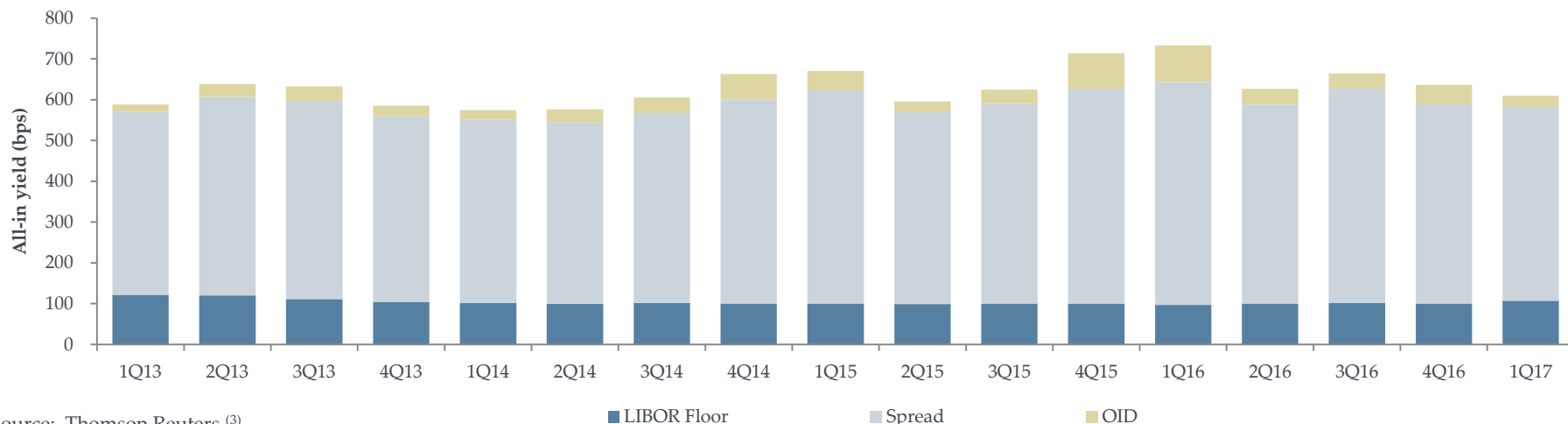
Traditional U.S. Middle-Market Loan Volume



Sources: Thomson Reuters (2)

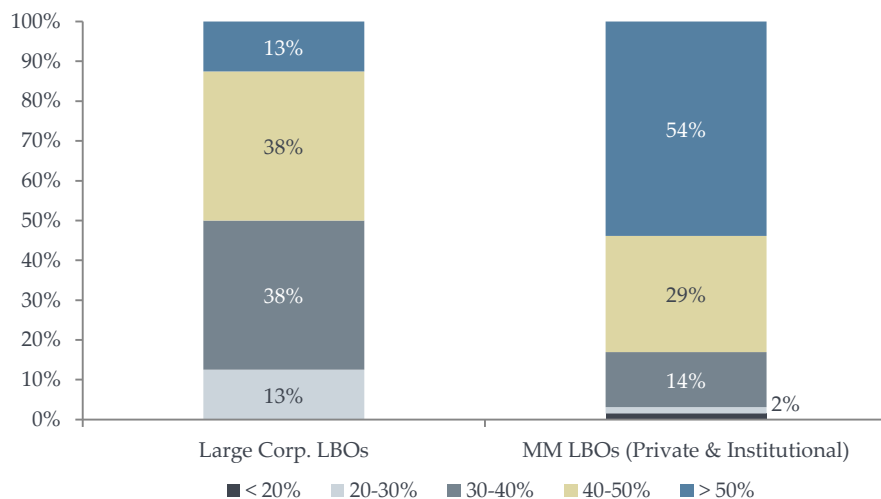
LEVERAGE AVAILABILITY & PRICING REMAIN ATTRACTIVE

MIDDLE-MARKET TERM LOAN YIELDS



Source: Thomson Reuters ⁽³⁾

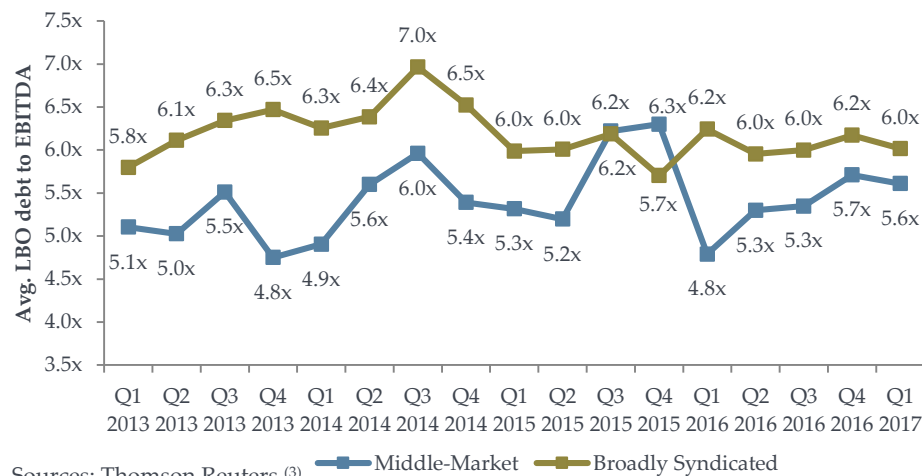
EQUITY CONTRIBUTION DISTRIBUTION ACROSS MARKETS



Source: Thomson Reuters ⁽³⁾

LEVERAGE MULTIPLES COMPARISON

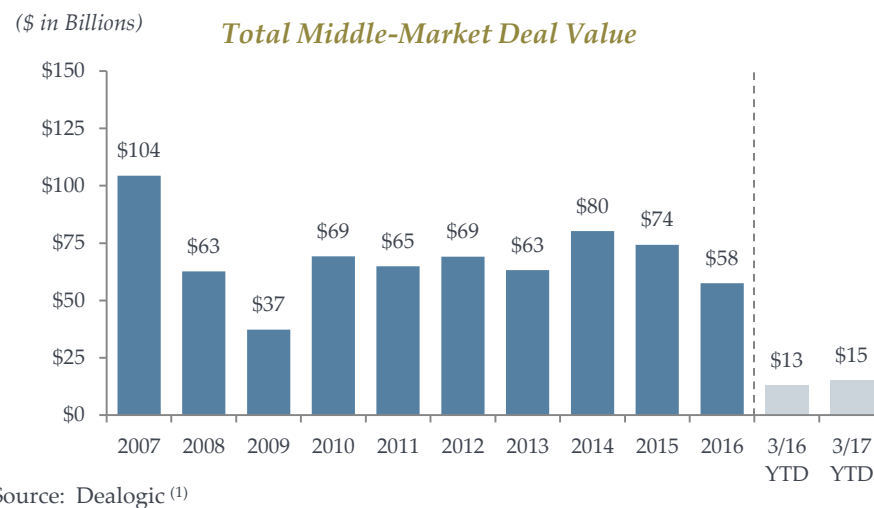
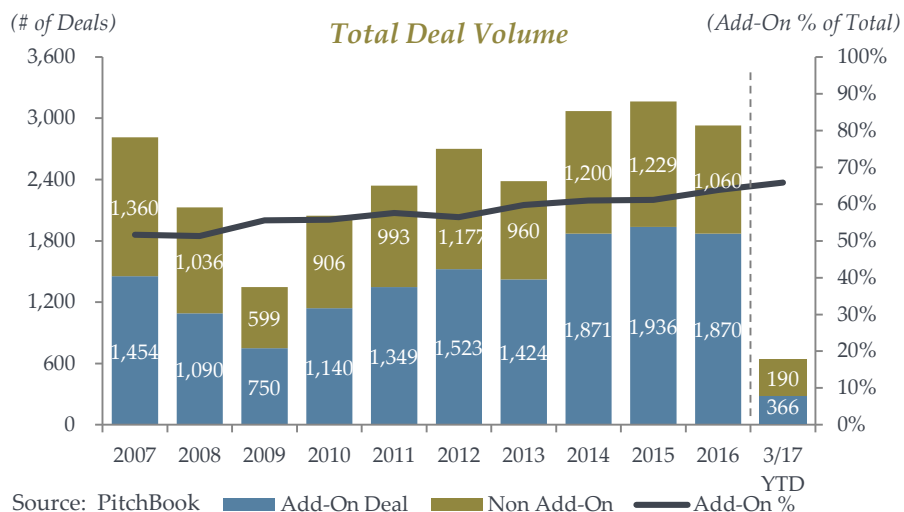
Middle-Market vs. Broadly Syndicated LBOs



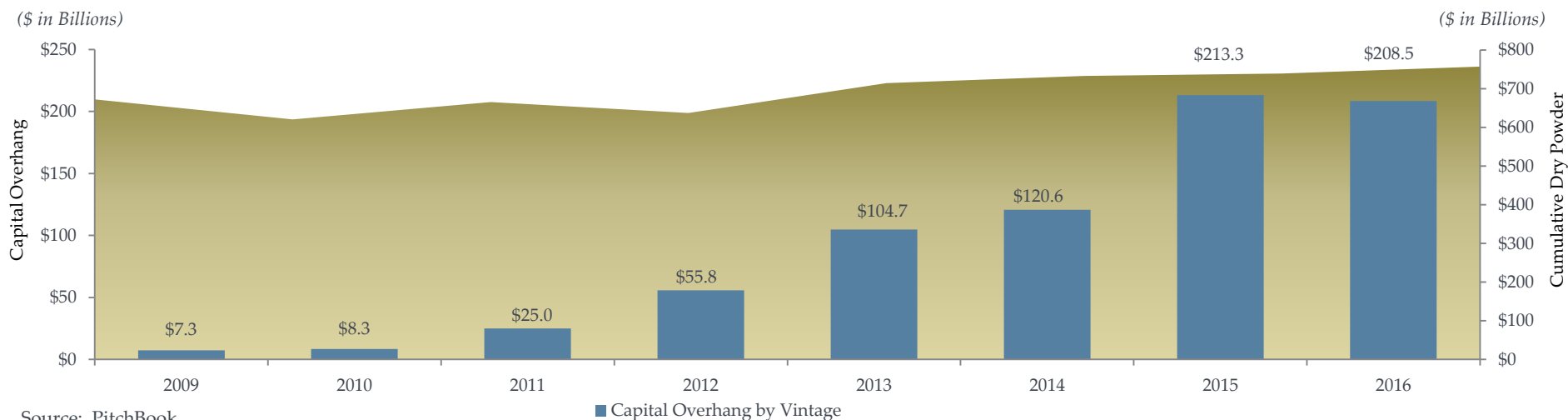
Sources: Thomson Reuters ⁽³⁾

FINANCIAL SPONSORS REMAIN ACTIVE WITH CAPITAL TO DEPLOY

PRIVATE EQUITY M&A ACTIVITY



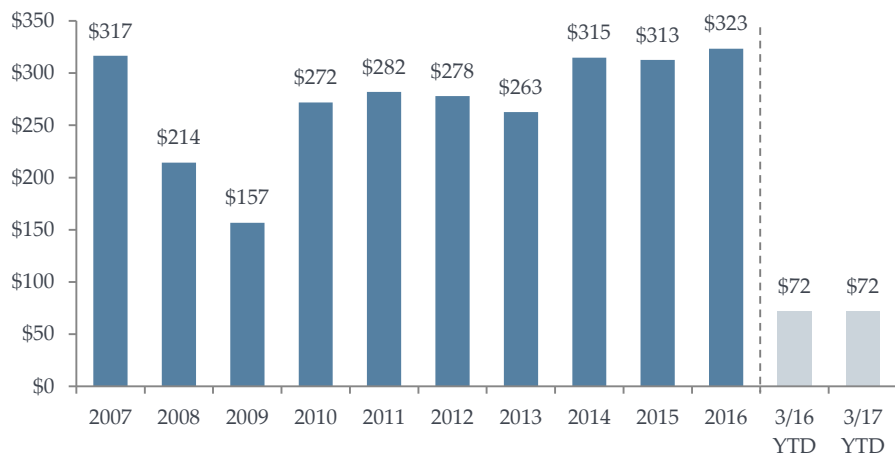
REALLOCATION OF OVERHANG TO NEXT VINTAGE OF FUNDS



STRATEGIC BUYERS ARE LOOKING TO M&A TO AUGMENT GROWTH

CORPORATE M&A ACTIVITY

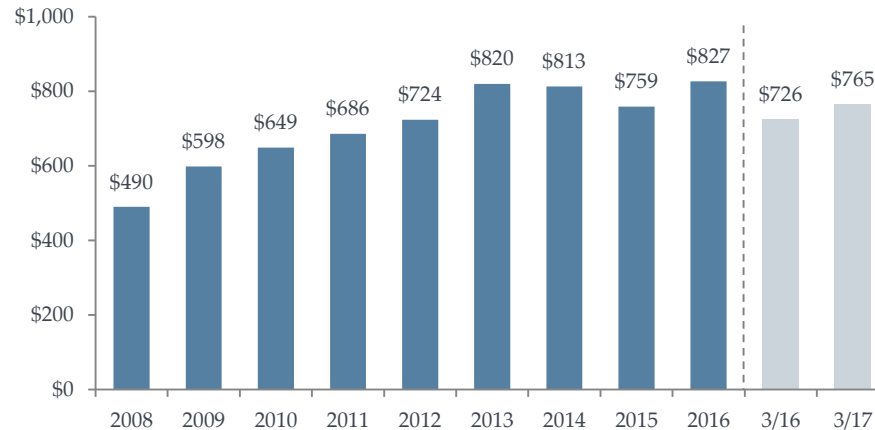
(Deal Value, \$ in Billions)



Source: Dealogic

CORPORATIONS HAVE HEALTHY CASH BALANCES

(\$ in Billions)



Source: Capital IQ ⁽⁴⁾

STABLE CORPORATE EARNINGS AND RISING PUBLIC MARKETS OVER THE PAST 5 YEARS

(\$ in Billions)



Source: Capital IQ ⁽⁴⁾

SOURCES AND DEFINED TERMS

Sources

- Dealogic: Data as of May 5, 2017 for transactions through March 31, 2017
- Thomson Reuters: Data through April 30, 2017
- Capital IQ: Data as of May 5, 2017, for transactions through March 31, 2017
- Pitchbook: Data through March 31, 2017

Footnotes and Defined Terms

- (1) Dealogic: Middle Market is defined as transactions under \$1 billion
- (2) Thomson Reuters: Traditional Middle Market defined as deal size <=\$100 million; Large Middle Market defined as deal size >\$100 million and <=\$500 million
- (3) Thomson Reuters: Middle Market defined as deal sizes <\$500 million
- (4) Capital IQ: Represents current members of S&P 500; excludes banks, insurance companies and REITs

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