

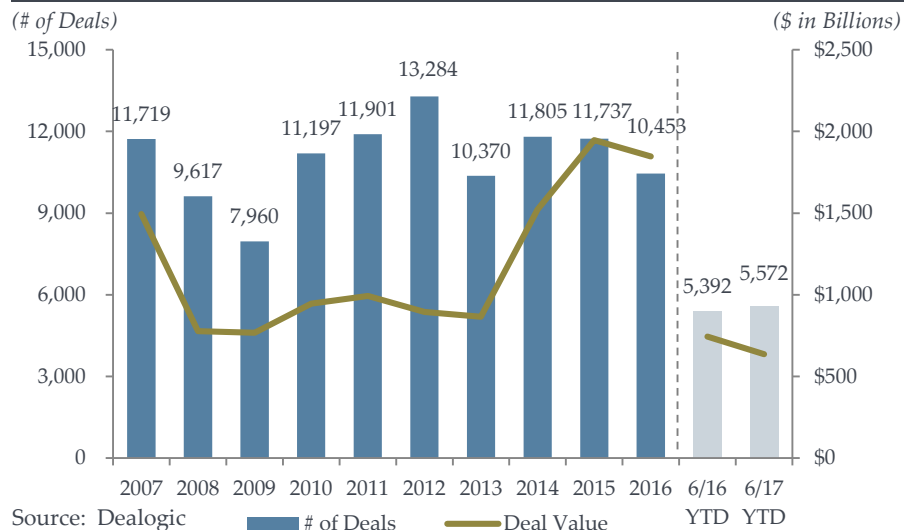


M&A MARKET OVERVIEW

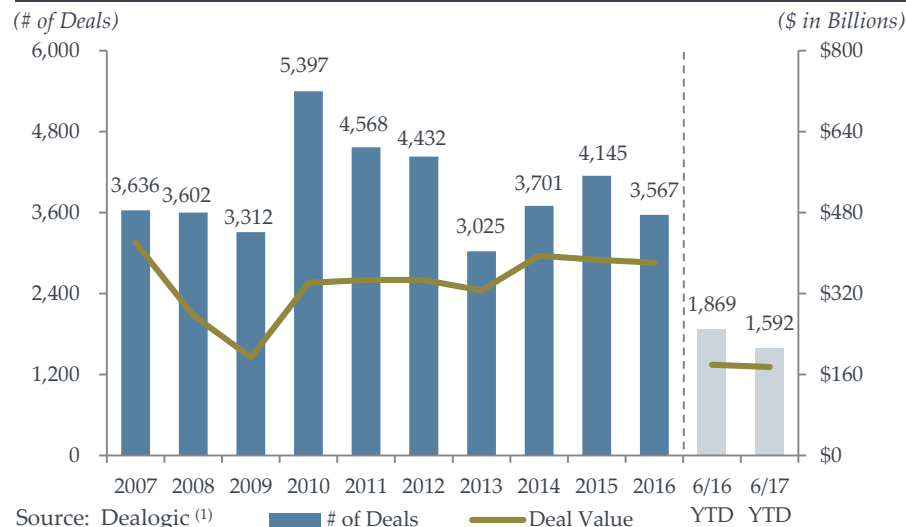
July 2017

M&A ACTIVITY RELATIVELY STEADY AS VALUATIONS INCREASE

TOTAL U.S. M&A ACTIVITY



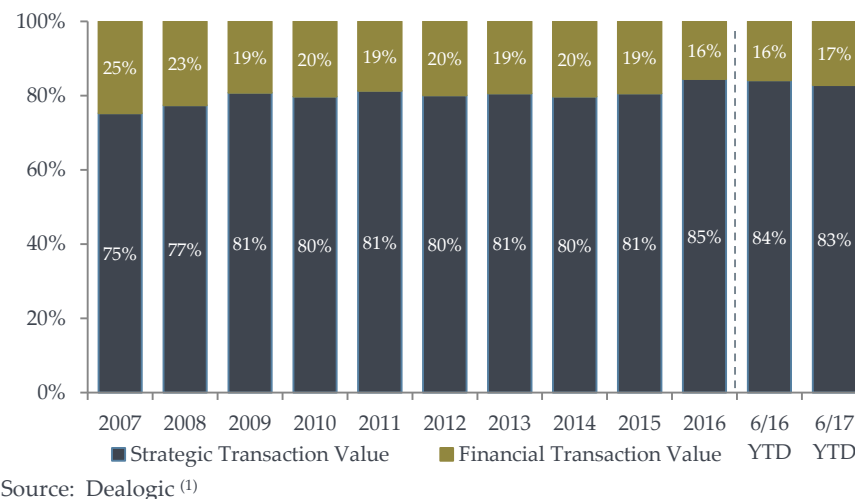
MIDDLE-MARKET U.S. M&A ACTIVITY



MEDIAN MIDDLE-MARKET PURCHASE MULTIPLES



STRENGTH FROM ALL BUYERS IN THE MIDDLE MARKET

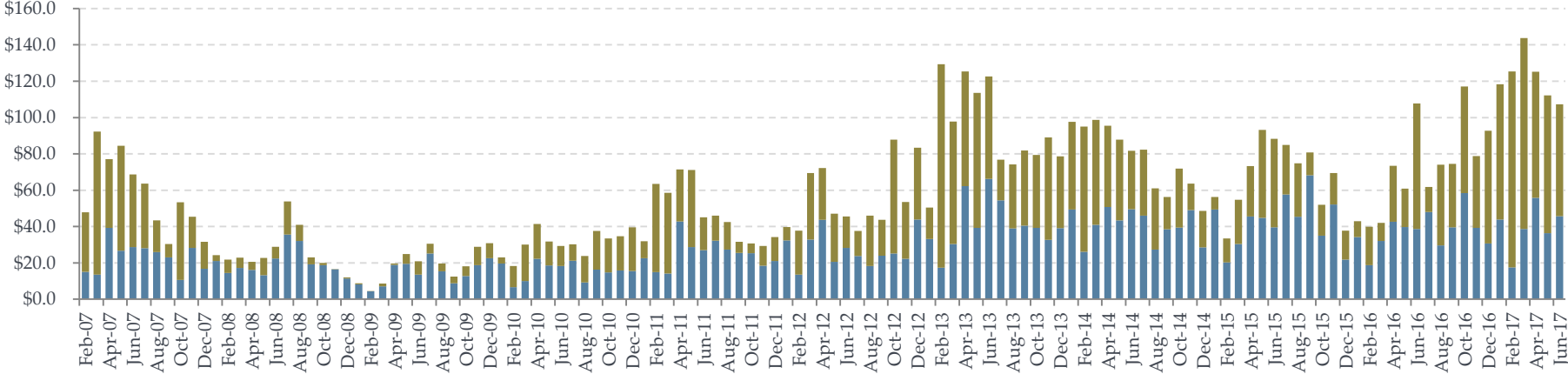


FINANCING MARKETS REMAIN STABLE

FINANCING ACTIVITY

(\$ in Billions)

U.S. Leveraged Loan Issuance



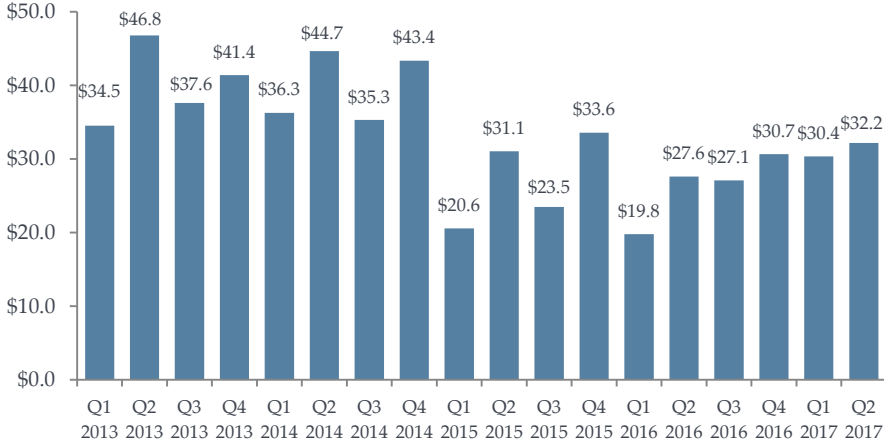
Source: Thomson Reuters

■ Pro rata ■ Institutional

LARGE MIDDLE-MARKET CAPITAL MARKETS

(\$ in Billions)

Large U.S. Middle-Market Loan Volume

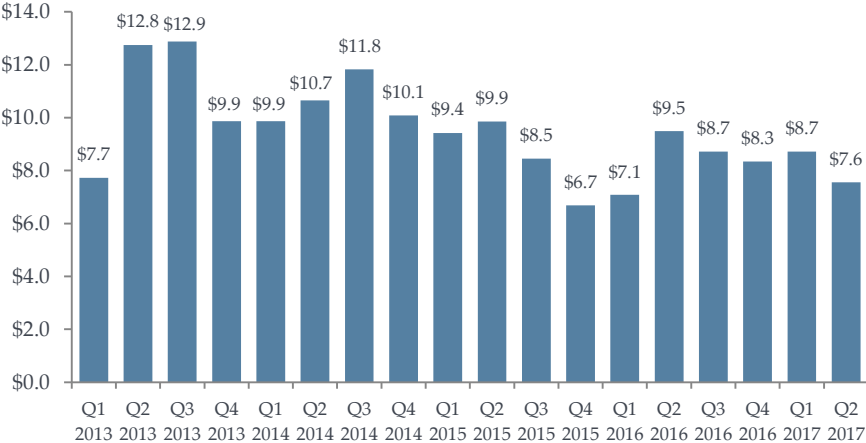


Source: Thomson Reuters (2)

MIDDLE-MARKET CAPITAL MARKETS

(\$ in Billions)

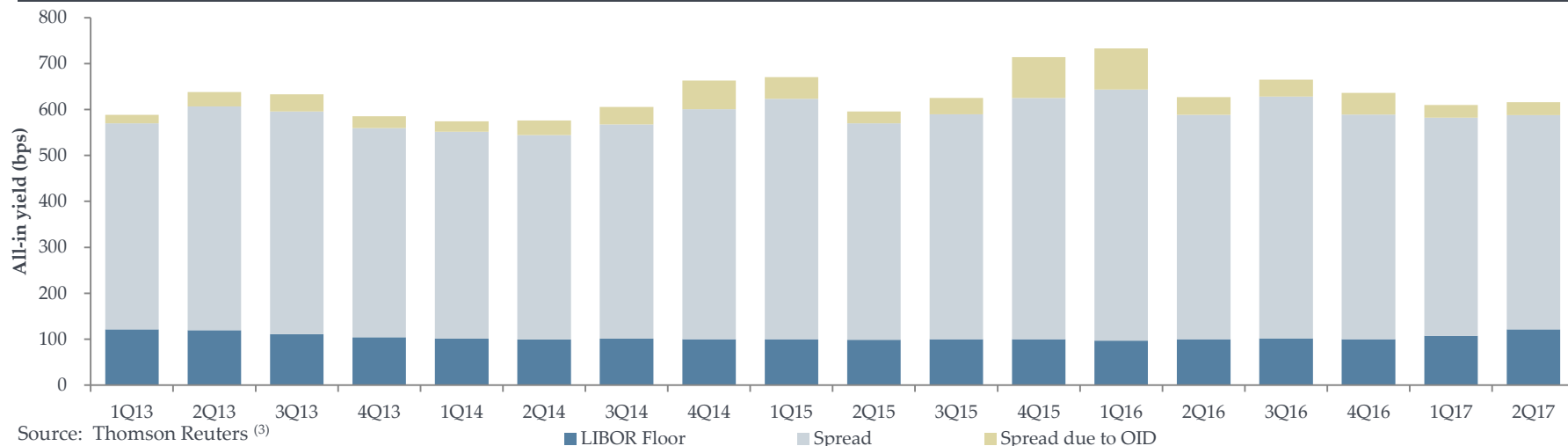
Traditional U.S. Middle-Market Loan Volume



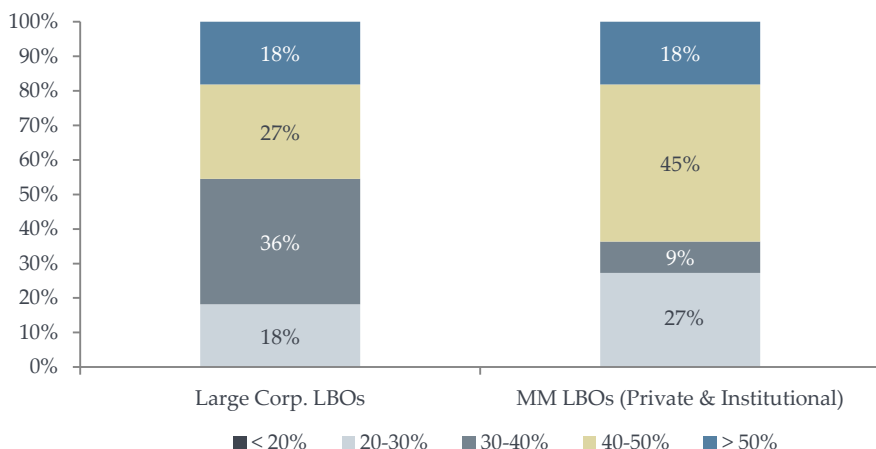
Sources: Thomson Reuters (2)

LEVERAGE AVAILABILITY & PRICING REMAIN ATTRACTIVE

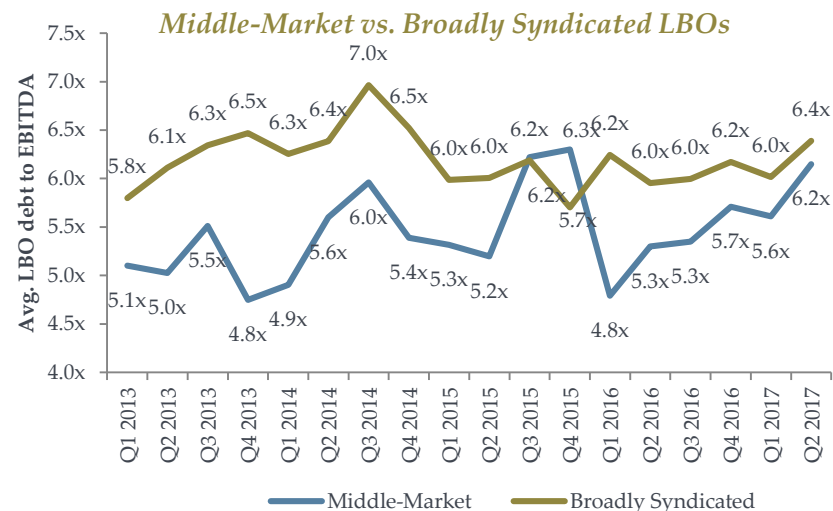
MIDDLE-MARKET TERM LOAN YIELDS



EQUITY CONTRIBUTION DISTRIBUTION ACROSS MARKETS



LEVERAGE MULTIPLES COMPARISON

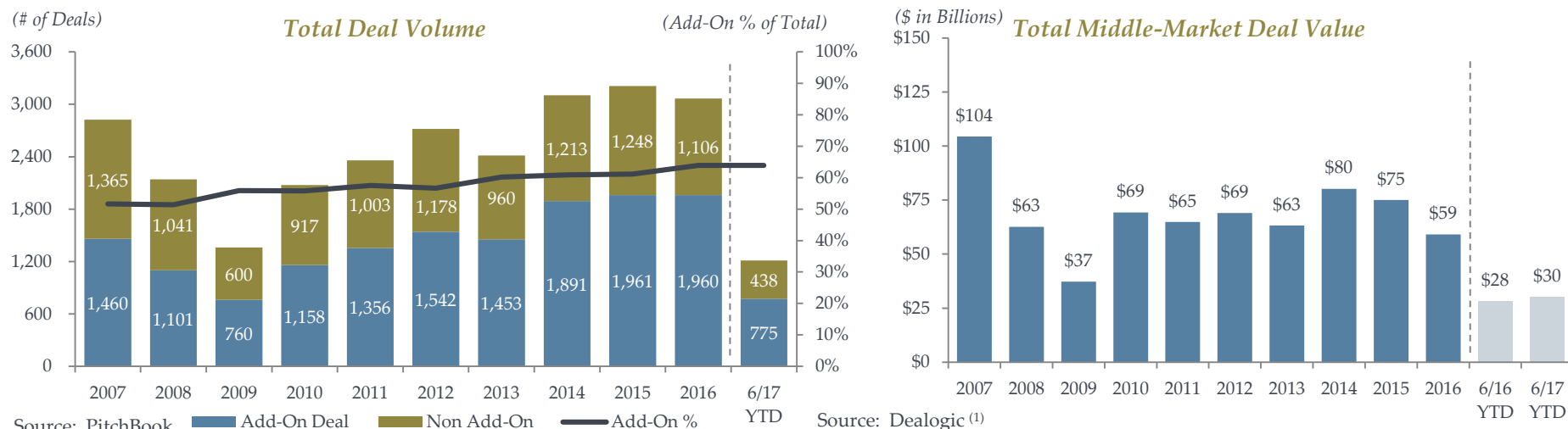


Source: Thomson Reuters ⁽³⁾

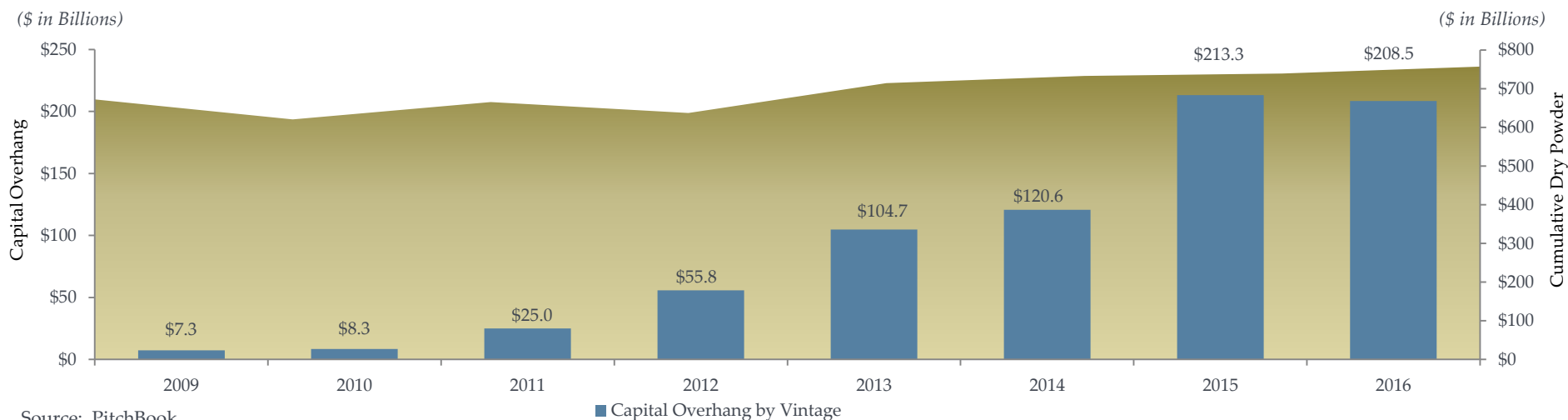
Sources: Thomson Reuters ⁽³⁾

FINANCIAL SPONSORS REMAIN ACTIVE WITH CAPITAL TO DEPLOY

PRIVATE EQUITY M&A ACTIVITY



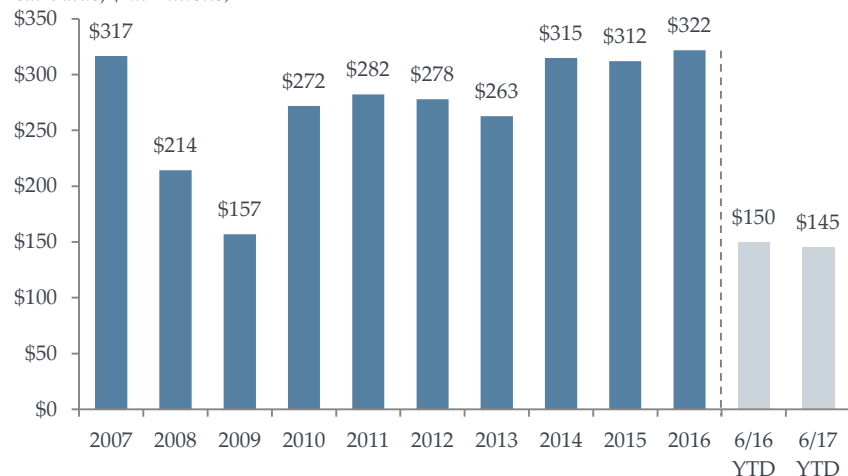
REALLOCATION OF OVERHANG TO NEXT VINTAGE OF FUNDS



STRATEGIC BUYERS ARE LOOKING TO M&A TO AUGMENT GROWTH

CORPORATE M&A ACTIVITY

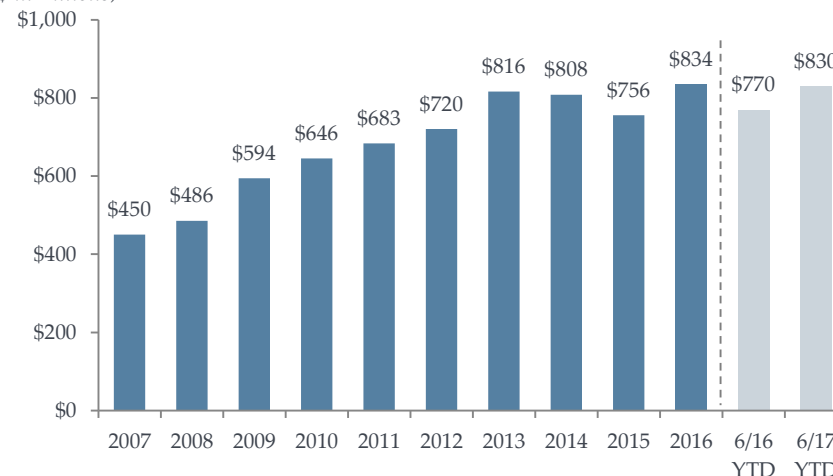
(Deal Value, \$ in Billions)



Source: Dealogic

CORPORATIONS HAVE HEALTHY CASH BALANCES

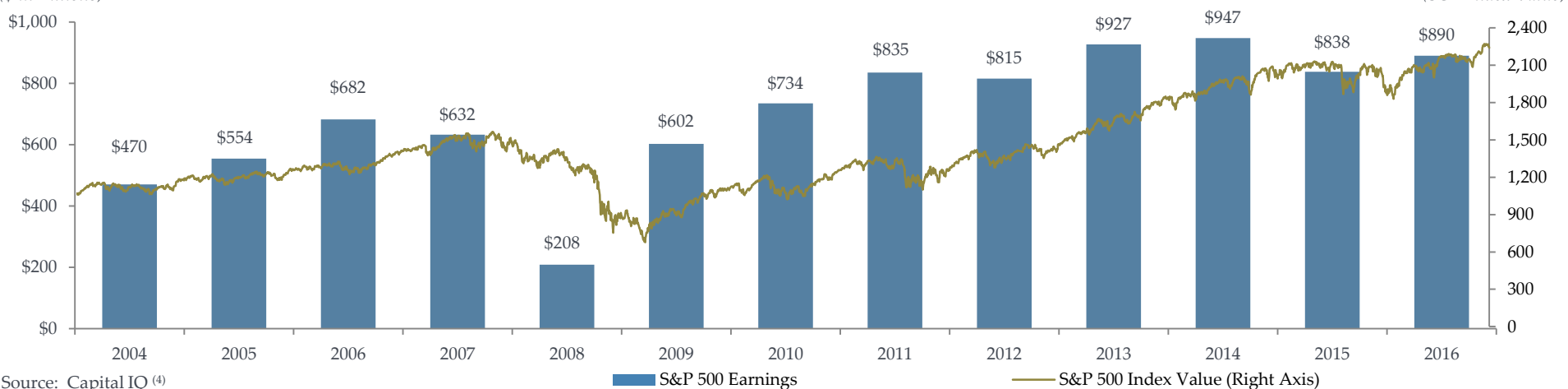
(\$ in Billions)



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 July 18, 2017 for transactions June 31, 2017
- Thomson Reuters: Data through June 31, 2017
- Capital IQ: Data as of July 18, 2017, for transactions through June 31, 2017
- Pitchbook: Data through June 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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