Q2 M&A VOLUME SLOWED, WITH STRATEGICS THE MOST ACTIVE

**TOTAL U.S. M&A ACTIVITY**

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<tr>
<td>11,197</td>
<td>11,916</td>
<td>13,304</td>
<td>11,858</td>
<td>11,795</td>
<td>10,547</td>
<td>9,340</td>
<td>10,825</td>
<td>5,471</td>
<td>4,188</td>
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**MIDDLE-MARKET U.S. M&A ACTIVITY**

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<tr>
<td>5,396</td>
<td>4,578</td>
<td>4,439</td>
<td>3,044</td>
<td>4,163</td>
<td>3,608</td>
<td>3,493</td>
<td>3,572</td>
<td>1,762</td>
<td>1,562</td>
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Source: Dealogic (1)

**MEDIAN MIDDLE-MARKET PURCHASE MULTIPLES**

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<tr>
<td>8.6x</td>
<td>9.2x</td>
<td>9.2x</td>
<td>9.2x</td>
<td>9.4x</td>
<td>10.1x</td>
<td>9.6x</td>
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Source: Dealogic (1)

**STRATEGIC VERSUS FINANCIAL BUYER ACTIVITY**

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<tr>
<td>21%</td>
<td>19%</td>
<td>20%</td>
<td>21%</td>
<td>21%</td>
<td>21%</td>
<td>22%</td>
<td>20%</td>
<td>19%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Source: Dealogic (1)
FINANCING VOLUME CONTRACTED IN Q2

FINANCING ACTIVITY

U.S. Leveraged Loan Issuance

LARGE MIDDLE-MARKET CAPITAL MARKETS

Large U.S. Middle-Market Loan Volume

Source: Thomson Reuters (2)

Source: Thomson Reuters (2)

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LEVERAGE AVAILABILITY AND PRICING BEGAN TO TIGHTEN IN MARCH

MIDDLE-MARKET TERM LOAN YIELDS

AVERAGE LBO EQUITY CONTRIBUTION

MIDDLE-MARKET LEVERAGE MULTIPLES

Source: Thomson Reuters
Sources: Thomson Reuters
FINANCIAL SPONSOR M&A ACTIVITY SOFTENED IN Q2

PRIVATE EQUITY M&A ACTIVITY

Source: PitchBook

REALLOCATION OF OVERHANG TO NEXT VINTAGE OF FUNDS

Source: PitchBook

M&A MARKET UPDATE

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STRATEGIC BUYERS ARE USING M&A TO ACCELERATE GROWTH

CORPORATE M&A ACTIVITY

(Deal Value, $ in Billions)

CORPORATIONS HAVE HEALTHY CASH BALANCES

($ in Billions)

CORPORATE EARNINGS STUMbled IN Q2, STRONG REBOUND IN PUBLIC MARKETS

($ in Billions)

(S&P Index Value)

Source: Dealogic (1)

Source: Capital IQ (6)

Source: Capital IQ (6)

S&P 500 Earnings
S&P 500 Index Value (Right Axis)
SOURCES AND DEFINED TERMS

Sources

- Dealogic: Data as of July 31, 2020
- Thomson Reuters: Data through July 2020
- Capital IQ: Data as of July 31, 2020 for transactions through December 31, 2019
- Pitchbook: Data as of July 31, 2020 for data through December 31, 2019

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 deals with an average EBITDA around $50 million ($40-$60 million EBITDA range)
(4) Estimate assuming a 1.21% MM yield premium (avg. MM premium from 2009-1Q20)
(5) Data for Q2 2020 not available
(6) Capital IQ: Represents current members of S&P 500; excludes banks, insurance companies and REITs
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