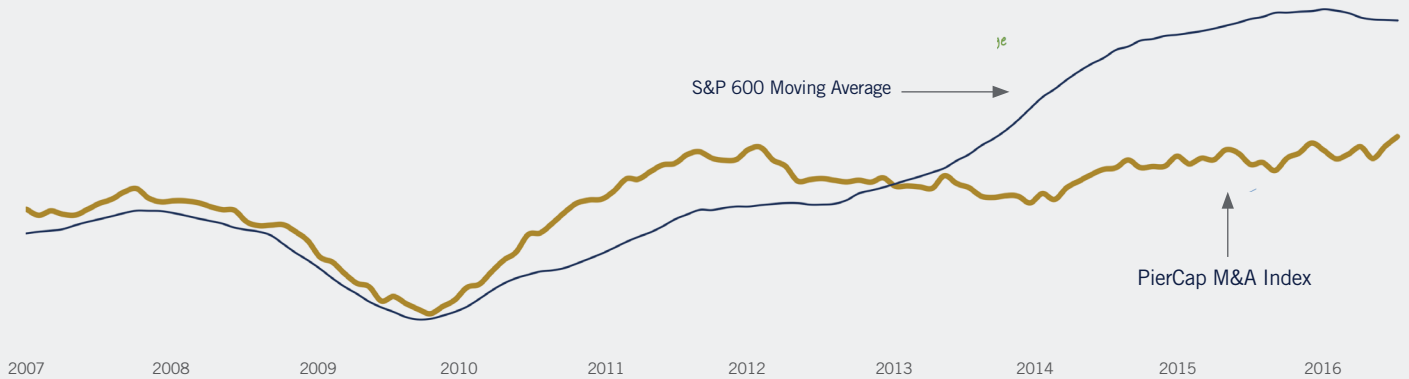


## M&A MIDDLE MARKET INSIGHTS: MAY 2016

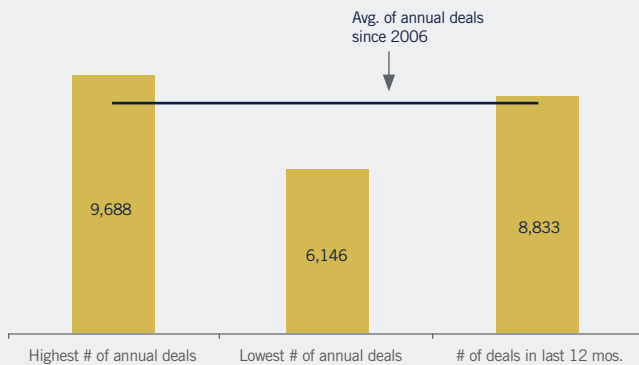
### INDEX REACHING FOR NEW HEIGHTS...

#### ➤ PierCap's Middle Market M&A Index

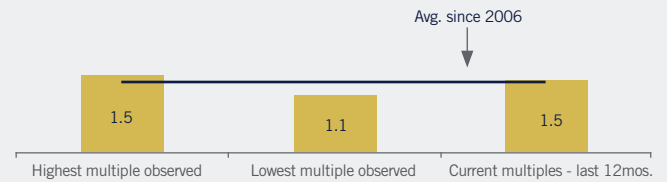


### BUT ACTIVITY DECLINES, WHILE PRICING SOLIDIFIES...

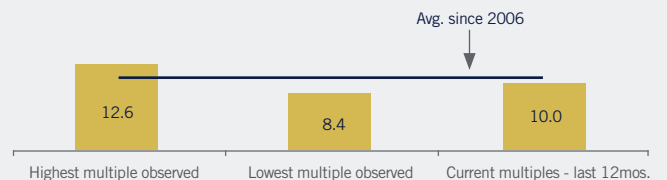
#### ➤ All M&A transaction volumes



#### ➤ Middle Market M&A Revenue multiples

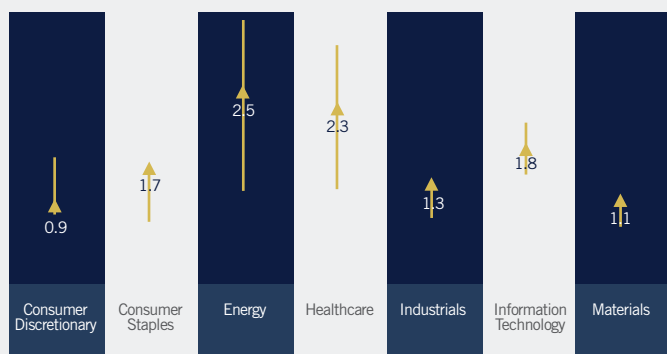


#### ➤ Middle Market M&A EBITDA multiples

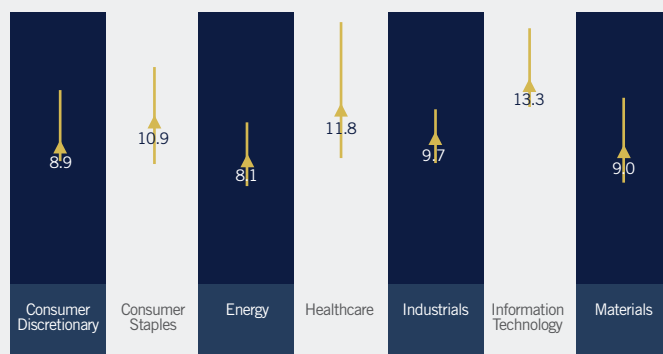


## PRICE POINTS RESILIENT ACROSS SECTORS...

### ➤ 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
5/17/16	Herndon Aerospace & Defense Company	KLX Inc. (NasdaqGS:KLXI)	Aerospace and Defense	\$210	1.58x	10.34x

The consideration is subject to a standard working capital adjustment. Target's business will be integrated into the existing Buyer's aerospace distribution platform. The deal is expected to be accretive to second half of 2016 and substantially accretive to earnings in 2017.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
5/9/16	Friendly's Ice Cream, LLC, Manufacturing and retail ice cream business	Dean Foods Company (NYSE:DF)	Packaged Foods and Meats	\$155	0.93x	-

Buyer will also acquire the Target's trademark as well as all intellectual property associated with the ice cream business. Target's Restaurants will continue to be owned and operated by an affiliate of Sun Capital Partners, Inc. and will license use of the Target's trademark under a license agreement entered into as part of the transaction. The transaction is subject to regulatory approvals and other customary closing conditions. The proceeds shall be used by Friendly's to pay down debts and step up investment.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
5/2/16	Symmetry Surgical Inc.	RoundTable Healthcare Management, LLC	Healthcare Equipment	\$153	1.69x	15.64x

Company stock-based awards, including restricted stock, will generally be cancelled and converted automatically into a right to receive the merger consideration upon completion of the merger. Target must pay Buyer a termination fee of \$5.6 million if the merger agreement is terminated. If the agreement is terminated because the stockholder approval is not obtained by Target, the termination fee is not payable. But Target has agreed to pay the reasonable and documented out-of-pocket fees and expenses of Buyer up to a cap of \$2.8 million. As on May 20, 2016, Early termination of Antitrust Approval Waiting Period was granted.

CONTINUED

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
5/9/16	Baby Tula LLC	The ERGO Baby Carrier, Inc.	Home Furnishings	\$82	3.31x	6.26x

As per the terms of the deal, Buyer will pay \$73.8 million, excluding working capital and a potential earn-out payment of \$8.2 million based on 2017 financial performance of Target. The deal is a strategic add-on acquisition. Each brand will continue to design and manufacture products under their current brand names and operate their businesses from San Diego and Los Angeles, respectively. The transaction is subject to customary closing conditions and is expected to close within next 45 days.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
5/5/16	Natural Habitat, Inc.	Lindblad Expeditions Holdings Inc. (NasdaqCM:LIND)	Hotels, Resorts and Cruise Lines	\$20	0.61x	6.76x

Buyer acquired 80.1% stake in Target. The purchase price for the 80.1% interest in Target was financed through a combination of cash on hand of \$14.85 million, issuance of 0.26 million shares and an unsecured promissory note of approximately \$2.5 million. The remaining 19.9% interest is subject to an arrangement providing for put/call rights that generally cannot be exercised, with certain exceptions, until 2020.

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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