

Midwest M&A Quarterly Update

First Quarter 2016

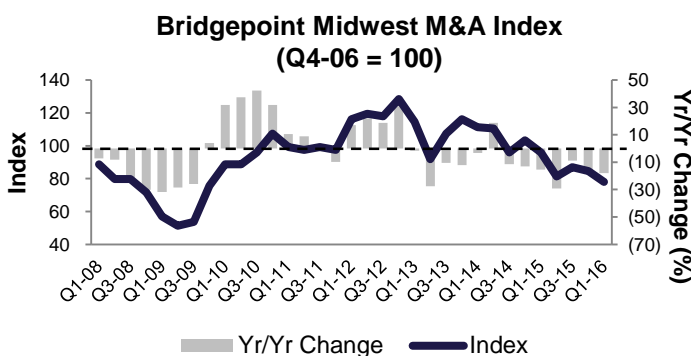
Midwest M&A Quarterly Update

Bridgepoint Midwest M&A Index

Midwest M&A: Limited Supply of Good Deals, Valuations Still High

- Index Summary:** The Bridgepoint Midwest M&A Index, a measure of corporate merger and acquisition activity in the U.S. Midwest region, decreased by 7.8% in Q1-16 after having decreased 2.8% in Q4-15. On a year-over-year basis, the index decreased 18.7% from Q1-15. On a quarter-to-quarter absolute basis, the index fell to 78.0 from 84.6 in Q4-15 (Q3-06=100), its lowest level since Q4-09
- Perspective / Key Drivers:** In the latest quarter, the index dropped 6.6 points below its Q4-15 level. In spite of the substantial drop, valuations remain strong. Transaction volumes in 2015 rose to record levels and valuations also achieved record levels in many sectors. The decline in volume is largely due to a decline in supply of good companies for buyers. Corporate cash is at record levels, private equity funding remains strong and easy access to credit

prevails. These factors, paired with strong acquisitive demand, have allowed valuations to remain elevated across many sectors and buyers are hungry for more. We continue to see less transactional volume over the near-term largely due to lack of supply but also market uncertainty.



Bridgepoint Conversations with the Buy-side

“The buy-side remains a bit challenging of late with lots of capital in the market helping to push valuations ever higher...it’s a good time to be a seller. We anticipated the market to normalize some with the middle market debt markets tightening a bit, but as of yet that has not occurred. We are still seeing high valuations in industrial sectors that historically were selling for 4 to 5x EBITDA. They now trade in the upper 6s and 7s as a multiple of EBITDA, with a few even approaching 8 times.

Part of the flood of capital into the US market is directly attributable to the instability occurring in the rest of the world. We are competing directly in some cases with capital groups from China and Eastern Europe looking for safe havens in US manufacturing businesses. They are often willing to over pay in these type of transactions.

There are lots of broken transaction processes of late. Many firms bid for assets at multiples at which a year or even 6 months ago they would not have had issues with debt support. As their offers are accepted and they move through the due diligence and debt support process, there are many instances where the debt providers are changing their terms/support rather aggressively and at the last minute. This often leaves some GPs in situations where they would need to put too much of their own equity at risk and as such they end up breaking the closing process.”

Dan Needham
Wynnchurch Capital
Chicago, IL

Index Definition

Q3-06 = 100. As defined by Bridgepoint Merchant Banking, the Bridgepoint Midwest M&A Index is assembled by summing the number of transactions (for transactions that meet the Transaction Requirements below, as sorted by announced date) announced over the latest two quarters. Year-over-year and quarter-over-quarter percent change is calculated and then applied to the index number for the previous applicable period.

Transaction Requirements

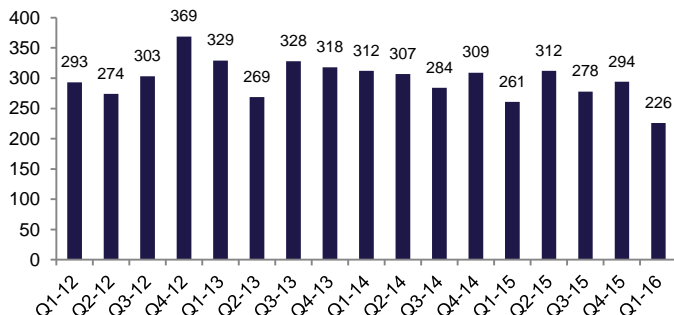
Buyer, target and/or seller must be located in the Midwest, and the Midwest participant must have purchased or sold majority control. Total Enterprise Value must be \$10mm or greater. Midwest defined as Iowa, Kansas, Missouri, Nebraska, North Dakota, Oklahoma, and South Dakota.

Source: Bridgepoint Merchant Banking, Capital IQ (4/26/2016), PitchBook

Midwest M&A Quarterly Update

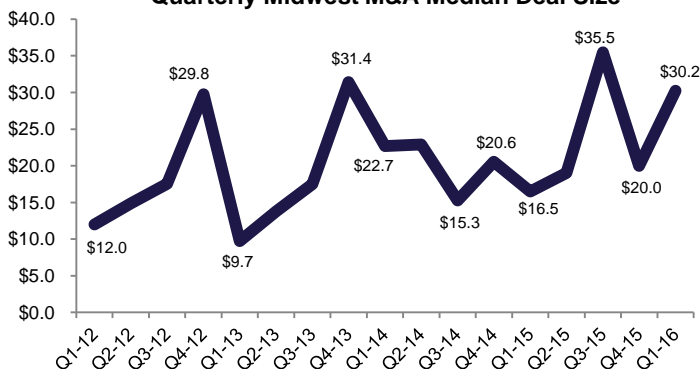
Selected Midwest Q1-16 M&A Transaction Statistics^(a)

Quarterly Midwest M&A Transaction Volume



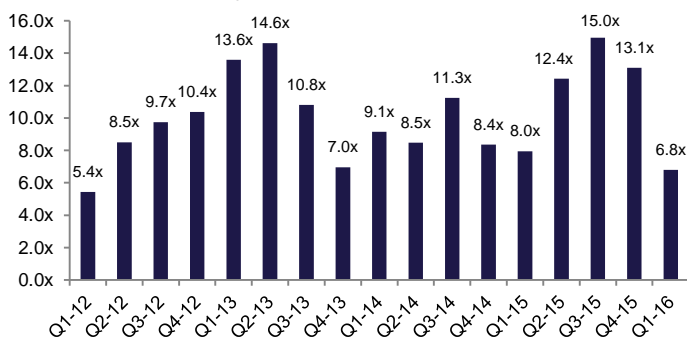
- Quarterly Midwest M&A volume decreased by 23.1% from 294 transactions in Q4-15 to 226 transactions in Q1-16. On a year-over-year basis, quarterly Midwest M&A volume decreased by 13.4% from Q1-15. Q1-16 levels were the lowest since Q1-15
- M&A demand persists but there is limited supply. Q1-15 exhibited similar characteristics to Q1-16, yet M&A activity subsequently increased
- Broader US middle market M&A volume tumbled to its lowest point since 2009

Quarterly Midwest M&A Median Deal Size



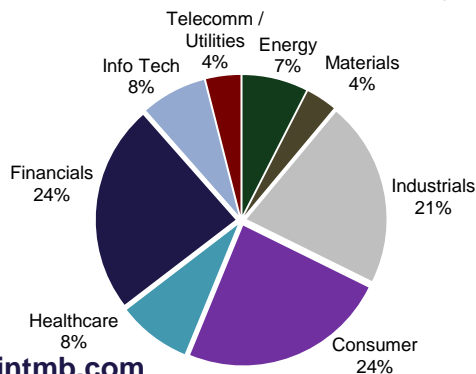
- Of the Midwest M&A transactions with transaction values, quarterly median deal size increased from \$20.0mm in Q4-15 to \$30.2mm in Q1-16
- Notwithstanding the volume decline, the median transaction value increased in Q1-16. Buyers remain patient; willing to pay premium valuations given the right opportunity
- Deal sizes show a clear upward trend over the previous four years, signaling an increasingly healthy Midwest M&A market

Quarterly Midwest M&A Median Valuation



- On a TEV/EBITDA basis, median Midwest M&A valuations decreased from 13.1x in Q4-15 to 6.8x in Q1-16. Due to lack of reported data, the Q1-16 multiple is not representative of transaction multiples observed in the broader market
- Given the inadequate data, Bridgepoint believes it is not meaningful to draw valuation conclusions from the Q1-16 data. We continue to see elevated Midwest valuations relative to broader market historical averages of approximately 7.0x – 8.5x EBITDA

Q1-16 Midwest M&A Transaction Volume by Sector



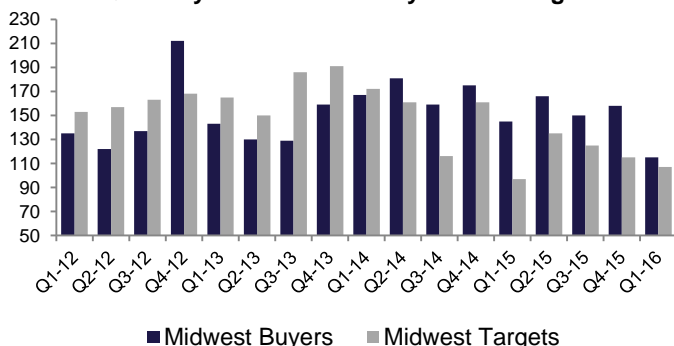
- Financial Services, Consumer Products & Services and Industrials accounted for 69% of total Midwest M&A transaction volume in Q1-16
- Transaction volume share by sector in Q1-16 was largely unchanged relative to Q4-15. The Financials sector saw the biggest increase in Q1-16, up 4% from Q4-15. The Healthcare sector saw the biggest decrease, down 4%



Midwest M&A Quarterly Update

Selected Midwest Q1-16 M&A Transaction Statistics (Continued)^(a)

Quarterly Midwest M&A Buyers and Targets



- Transactions with Midwest buyers decreased 27.2% from 158 in Q4-15 to 115 in Q1-16, the lowest level since Q2-12
- Transactions with Midwest targets decreased 7.0% from 115 in Q4-15 to 107 in Q1-16
- Targets decreased only slightly while volatility forced buyers to show more discretion in their acquisition selections. Additionally, there was an elevated level of broken deals

Selected Midwest Q1-16 M&A Transactions^(a)

Announced	Target	Target Location	Buyer	Buyer Location	Target Sector	TEV (\$mm)
03/31/2016	Caithness Energy, L.L.C	NY	Global Infrastructure Partners	MO	Utilities	\$20.0
03/29/2016	Rockies Express Pipeline LLC	TX	Tallgrass Development, LP	KS	Energy	440.0
03/23/2016	Netsmart Technologies Inc.	KS	GI Partners, LLC; Allscripts Healthcare Solutions, Inc. (NasdaqGS:MDRX)	IL, CA	Healthcare	950.0
03/10/2016	1st Century Bancshares, Inc. (NasdaqCM:FCTY)	CA	Midland Financial Company	OK	Financials	108.5
03/10/2016	Mid-States Supply Company Inc.	MO	Staple Street Capital LLC	NY	Industrials	25.0
03/09/2016	Crown Media Holdings Inc. (NasdaqGS:CRWN)	CA	Hallmark Cards, Inc.	MO	Consumer	175.7
03/03/2016	Carmike Cinemas Inc. (NasdaqGS:CKEC)	GA	AMC Entertainment Holdings, Inc. (NYSE:AMC)	KS	Consumer	1,201.4
02/23/2016	Lexington B & L Financial Corp. (OTCPK:LXMO)	MO	NASB Financial, Inc. (OTCPK:NASB)	MO	Financials	15.8
02/22/2016	CSI Leasing, Inc.	MO	Century Tokyo Leasing Corporation (TSE:8439)	JPN	Consumer	203.5
02/16/2016	The ADT Corporation (NYSE:ADT)	FL	Protection 1, Inc.	KS	Industrials	12,458.4
02/09/2016	The Empire District Electric Company (NYSE:EDE)	MO	Liberty Utilities (Central) Co.	AZ	Utilities	2,398.5
02/01/2016	TDC Filter Manufacturing Inc.	IL	BHA Altair, LLC	KS	Industrials	11.2
01/26/2016	Christensen Farms and Feedlots, Inc., Certain Assets	MN	Seaboard Foods LLC	KS	Consumer	71.1
01/25/2016	Labarge Electronics, Inc.	MO	Intervala, LLC	PA	Industrials	38.5
01/12/2016	MVP Laboratories, Inc.	NE	Phibro Animal Health Corporation (NasdaqGM:PAHC)	NJ	Healthcare	46.5
01/08/2016	JMF Company	IA	Zhejiang Hailiang Co., Ltd. (SZSE:002203)	CHN	Industrials	30.0
01/06/2016	Thomas Russell, LLC	OK	UOP LLC	TX	Energy	240.0
01/05/2016	The Cedars of Town and Country LLC	MO	Lutheran Senior Services	MO	Healthcare	34.0
01/04/2016	Tallgrass Pony Express Pipeline, LLC	KS	Tallgrass PXP Holdings, LLC	KS	Energy	743.6
01/04/2016	Underground Solutions, Inc.	CA	Aegion Corporation (NasdaqGS:AEGN)	MO	Industrials	85.0

(a) Midwest defined as Iowa, Kansas, Missouri, Nebraska, North Dakota, Oklahoma and South Dakota. Either buyer, target, or seller must be located in the Midwest, and the Midwest participant must have purchased or sold majority control.

Source: Bridgepoint Merchant Banking, Capital IQ

Midwest M&A Quarterly Update

Bridgepoint Merchant Banking Contact Information

<p>Matt Plooster Managing Principal mplooster@bridgepointmb.com 402.817.7900</p>	<p>Adam Claypool Managing Principal aclaypool@bridgepointmb.com 515.325.7615</p>	<p>Wm. Lee Merritt Managing Principal wmerritt@bridgepointmb.com 402.817.7904</p>	<p>Bill Oliver Managing Principal bill@oliverinvestmentbanking.com 303.425.0733</p>
---	---	--	--

Lincoln, Nebraska
Omaha, Nebraska



Des Moines, Iowa
Denver, Colorado

About Bridgepoint Merchant Banking

Bridgepoint Merchant Banking, a Division of Bridgepoint Holdings, LLC, is a lower and middle market investment banking firm that serves clients throughout the corporate lifecycle by providing merger and acquisition and corporate finance advisory services.

With more than 94+ years of cumulative experience, Bridgepoint Merchant Banking professionals have completed over \$104 billion of merger and acquisition and capital raising transactions across a wide range of industries.

When considering a sale of your business, the acquisition of a business, and/or raising capital for a business or transaction, the Principals of Bridgepoint Merchant Banking, through our broker dealer relationship, can help you to achieve your personal and business goals. Our specialized expertise helps our clients achieve better value, identify better transaction partners, reach smarter decisions and negotiate more favorable outcomes. Please reach out to us at the contact information above to discuss how we can help you.

Selected Bridgepoint Merchant Banking Transactions

<p>USD1.9 million Investor Exit and Preferred Equity Placement</p> <p>Sole Financial Advisor</p>	<p>NOT DISCLOSED Buy-side advisory on its potential acquisition of publicly traded technology services company and related acquisition financing</p> <p>Sole Financial Advisor</p>	<p>NOT DISCLOSED Sell-side advisory and Buy-side acquisition financing</p> <p>Sole Financial Advisor</p>	<p>USD1.0 million Follow-on equity offering</p> <p>Senior Co-Manager</p>	<p>USD300 million Joint Bookrunner and Joint Arranger for new revolving credit facility and senior note offering</p> <p>Bookrunner</p>	<p>USD200 million Exit financing facilities</p> <p>Bookrunner</p>	<p>USD3.0 billion Joint Bookrunner on senior notes offering</p> <p>Joint Bookrunner</p>	<p>USD300 million Secondary equity offering</p> <p>Joint Lead Bookrunner</p>	<p>USD200 million Bridgepoint Monroe Capital Investors, LLLP</p> <p>Lead Bookrunner & Sole Financial Advisor</p>
<p>GOOD YEAR</p> <p>SD1.9 billion Senior secured credit facilities</p> <p>Joint Bookrunner</p>	<p>THE CORPUS GROUP</p> <p>USD1.17 billion Buy-side advisory to private equity consortium on its acquisition Coogen Standard Automotive</p> <p>Sole Financial Advisor</p>	<p>INTEGRITY'S SOLUTIONS</p> <p>Not Disclosed Buy-side advisory and acquisition financing for management buyout</p> <p>Sole Financial Advisor</p>	<p>VALUE PLACE</p> <p>USD5.1 million Secured Promissory offering</p> <p>Lead Bookrunner</p>	<p>Complete nutrition</p> <p>Not Disclosed Sell side and acquisition financing advisory on sale of Complete Nutrition Austin</p> <p>Sole Financial Advisor</p> <p>December 2015</p>	<p>QCommerce</p> <p>USD10 million+ Preferred stock offering</p> <p>Joint Bookrunner</p>	<p>KOCH INDUSTRIES INC</p> <p>USD20 billion Joint Lead Arranger for the financing supporting Koch's acquisition of Georgia Pacific</p> <p>Joint Lead Arranger</p>	<p>Constar redbox</p> <p>USD200 million Convertible notes offering</p> <p>Joint Bookrunner</p>	
<p>SARI TEC</p> <p>SD1.2 billion Buy-side Advisor to Asahi Tec (Chinese automotive supplier) in its acquisition of N.A. automotive supplier</p> <p>Financial Advisor</p>	<p>Nutraceutical Company</p> <p>Not Disclosed Sell side and acquisition financing advisory on sale of Complete Nutrition Austin</p> <p>Sole Advisor</p> <p>December 2015</p>	<p>LKQ</p> <p>USD765 million Senior secured credit facilities (financing for LKQ's acquisition of top competitor)</p> <p>Joint Bookrunner</p>	<p>BirdDog</p> <p>Not Disclosed Equity Capital Raise</p> <p>Sole Bookrunner</p> <p>June 2014</p>	<p>T-STONE</p> <p>100 million Senior secured credit facilities</p> <p>Sole Financial Advisor</p>	<p>METLCAST PRODUCTS, INC.</p> <p>Not Disclosed Buy-side advisory and financing on acquisition of metal foundry</p> <p>Sole Financial Advisor & Sole Financing Arranger</p>	<p>Powderhook</p> <p>Not Disclosed Unsecured Promissory Note</p> <p>Financial Advisory</p>	<p>RCI</p> <p>Not Disclosed Sell-side advisory on sale to Beacon Roofing Supply, Inc.</p> <p>Sole Financial Advisor</p>	
WCC	YORK LABEL	Hertz	Wantowoc	IWCODIRECT	SOHO DEVELOPMENT	ACCURIDE	KamDann	NAVTEQ

This update is for informational use only. Information contained in this update is based on data obtained from sources believed to be reliable. Nothing in this publication is intended as investment advice. Use of any of the included proprietary information for any purpose without the written permission of Bridgepoint Merchant Banking is prohibited. The list contained herein represents selected transactions completed by Bridgepoint Principals while associated with Bridgepoint Merchant Banking, as well as securities transactions on which they advised in their capacity as investment bankers registered with various broker-dealers.

