

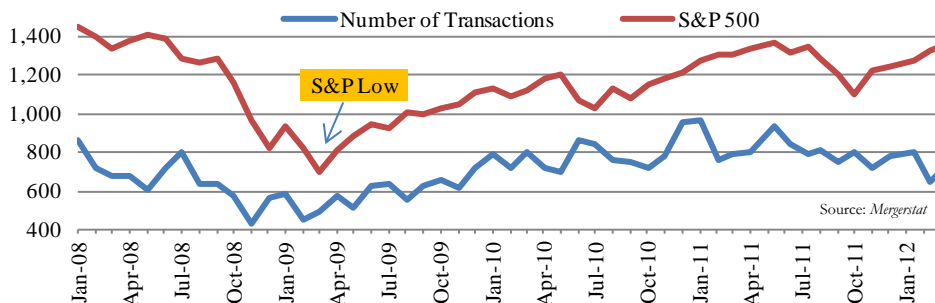
THE MARKET

FOR PRIVATELY HELD COMPANIES

Topics Relevant to Middle Market Mergers & Acquisitions

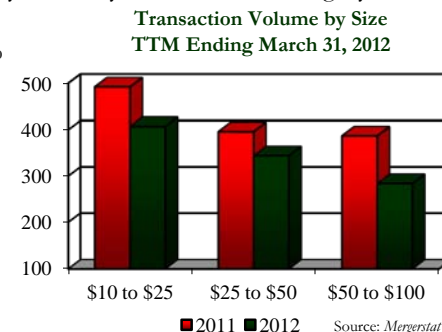
M&A Activity – Q1 2012 Data

Monthly transaction volume, as evidenced by the chart below, has rebounded since the low was reached in November of 2008. Overall transaction volume (including public and private companies of all sizes) for the trailing 12 months ended March 31, 2012 decreased 2.9% versus the same period in 2011.



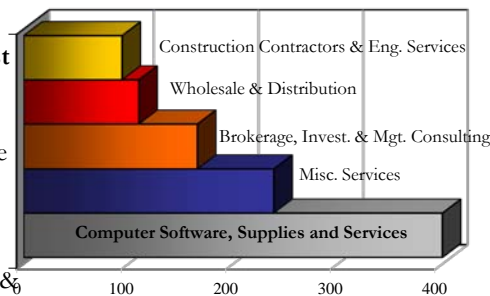
Transaction Volume for the Lower Middle Market

The chart below includes both public and private transactions for the lower middle market and reveals that transaction volume has declined year over year in each size category. The number of reported transactions in the \$50 to \$100 million enterprise value category fell 26.6% compared to the prior year. Transactions in the \$25 to \$50 million enterprise value category fell 13.1%, while transaction volume in the smallest category (\$10 to \$25 million) fell 17.3%. **The number of deals with undisclosed values (72% of all deals) increased by 5.8%. It is highly likely that most of these deals are under \$100 million in value.**



Which Industries are Most Active?

The chart to the right reveals the five most active industries in terms of transactions closed for the 3 months ended March 31, 2012. In addition to the industries listed in the chart, the following industries also exhibited high transaction volume: Health Services; Leisure and Entertainment; Insurance; Banking & Finance; Drugs, Medical Supplies & Equipment; and Retail.



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