



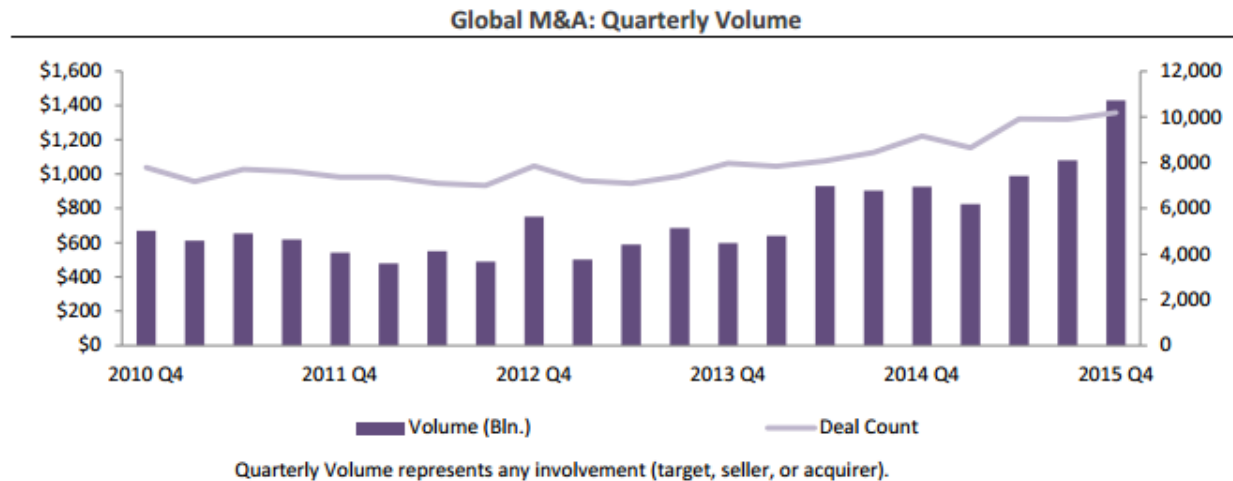
Quarter 4 2015 U.S. Market M&A Update

U.S. economy expanded only 0.7% as the Fed finally raised interest rate in late December. Weakness in commodity prices, slowdown in the emerging market, and a divergence of monetary policies among the major central banks around the world have introduced more volatility into the market. During the first month of 2016, most major indices around the world have dropped sharply. In late January, Bank of Japan (BOJ) surprised the market by cutting the interest rate below zero, signaling a continued weakness in the region.

The Federal Reserve finally raised interest rates at the end of 2015 while China and Europe were still maintaining their expansive policies to aid growth. Commodity prices continue to fall as the gap between supply and demand widens. Though the U.S. economy remains solid in its mid-cycle expansion, the investors became increasingly cautious as the concerns of global slowdown dominated the market in the final quarter of 2015. The Dow Jones Industrial Average improved 5.8%, the S&P 500 increased 4.8%, while the NASDAQ gained by 6.4%. The rally in the last quarter is merely a short-term recovery from a chaotic Q3. It is expected that volatility might stay elevated going into 2016.

M&A Activity Overview

Global M&A activity surged in 2015, reaching \$4.3 trillion in volume and 38,644 in deal count, marking it the most active year on record.



Source: Bloomberg

North American finished 2015 with another record year with 5,402 M&A deals worth \$2.1 trillion, crossing the \$1.0 trillion value threshold for the second year in a row. Despite seeing 502 fewer deals compared to 2014, total deal value rose 36.4%. Average deal size also reached an all-time high in 2015 of \$380.6 million, 49.1% higher than 2014's average deal size and surpassing 2006's previous record of \$300.7 million.



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Private equity buyouts increased in value for the sixth consecutive year with 937 deals worth \$194.8 billion, a 15% value increase from 2014 but far below the record set in 2007 with 1,111 deals worth \$457.4 billion. The stronger buyout market could be partially reinforced by last year's sell-off of 1,087 exits worth \$280.8 billion. It is expected the buyout market will continue to stay active as the 948 exits in 2015 have returned \$211.5 billion to the investors. In addition, a volatile market with lower valuation multiples and cheap money would allow the private equity firms to explore more opportunities.

Despite capturing only one of the top 10 deals, Energy, Mining & Utilities was the leading sector by value with 494 deals worth \$324.4 billion, representing 15.8% of North American M&A market share. The Defense sector increased 7,748% compared to last year with nine deals worth \$14.4 billion in 2015, due to Lockheed Martin's \$9.0 billion acquisition of Sikorsky Aircraft Corporation and Harris Corporation's \$4.6 billion acquisition of Exelis.

The largest deal in North America was the \$77.8 billion acquisition of Time Warner Cable by Charter Communication. This is followed by the \$77.0 billion acquisition of Dow Chemical by E.I. du Pont de Nemours.

The year of 2016 might not be another record-breaking year for the M&A market, but optimism is pointing to another solid year for the industry. Though the emerging market and Europe are still struggling, U.S. economy is doing relatively well. There are concerns over the continual drop in commodity prices and the hard landing of China affecting the overall M&A market, but it is unclear how much it may affect North American M&A in 2016.

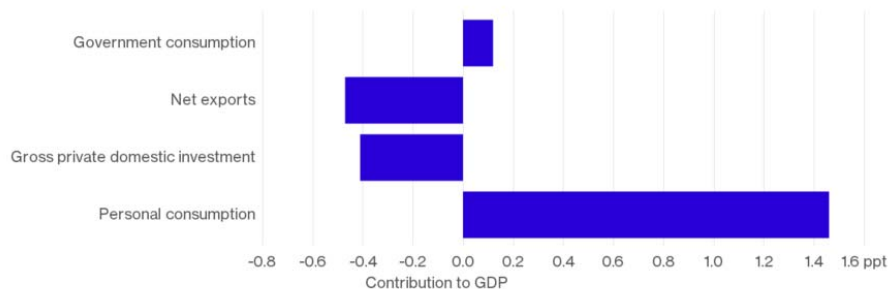
Source: Mergermarket

Slower GDP Growth in Q4 2015

As mentioned, the U.S. economy expanded at a much slower pace in the fourth quarter as households tempered spending and business cut back on capital investment and adjusted inventories. The 0.7% annualized rate is in line with the forecast of 0.8%.

GDP Breakdown

Consumer spending carried growth, despite its slowdown from the previous quarter



Source: Commerce Department

Bloomberg

A weaker market abroad certainly has some negative affect on U.S. producers. A tightening environment has caused the dollar to further appreciate, widening the net export gap. A pickup in household purchases will be needed to help the economy fight against the negative effects of the global slowdown and the rout in commodities that is diminishing investment.

Source: Bloomberg



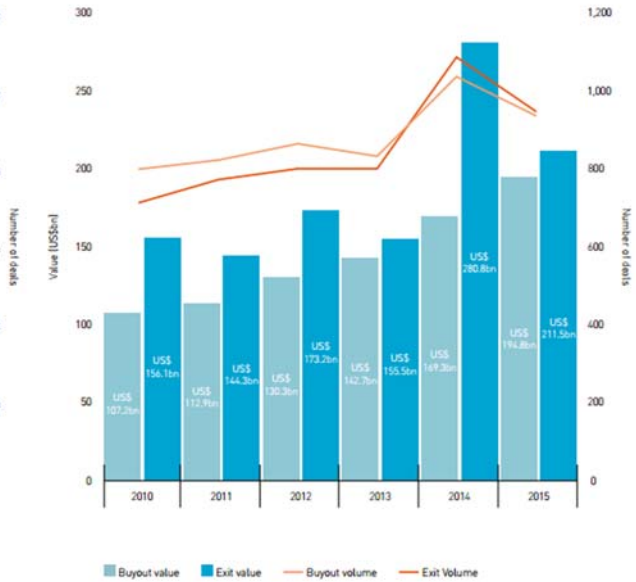
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M&A Trend Graphs

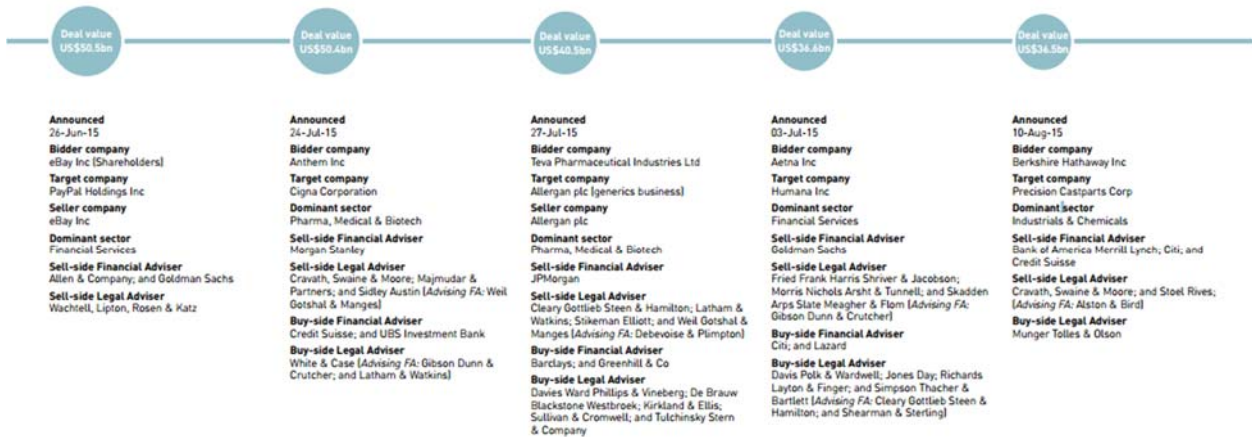
NORTH AMERICA M&A TREND



NORTH AMERICA PRIVATE EQUITY TREND



Top 5 Transactions in 2015



Source: Mergermarket



Lawrence, Evans & Co., LLC provides investment banking, finance, and consulting services for small and middle market healthcare, transportation, manufacturing, energy and service companies. We are very active on the buy-side, sell-side, capital raising and turnaround and restructuring.

SERVICES

Investment Banking & Corporate Finance	<ul style="list-style-type: none"> -Private Company Sales -Division/Subsidiary Divestitures -Distressed Transaction Advisory 	<ul style="list-style-type: none"> - Acquisition Advisory Services - Private Market Financings - LBO's and Recapitalizations
Turnaround & Restructuring	<ul style="list-style-type: none"> -Turnaround Management -Debt Restructuring/Refinancing -Orderly Liquidations 	<ul style="list-style-type: none"> - Chief Restructuring Officer (CRO) - Bankruptcy Planning/ 363 Sales - Receivership/Trustee
Consulting	<ul style="list-style-type: none"> -Strategic Options Analysis -Valuations & Financial Assessments -Interim CEO/CFO 	<ul style="list-style-type: none"> - Strategic Planning - Organizational Reviews - Expert Testimony & Opinions

REPRESENTED TRANSACTIONS

<p>Acute Care Hospital Texas</p> <p><i>Acquisition Capital Private Placement Senior and Sub-Note Working Capital Line</i></p> <p> Acted as advisor</p>	<p>Skilled Nursing Facility Michigan</p> <p>\$4,000,000 <i>Cashout Nonrecourse Refinancing Term Note and Revolver</i></p> <p> Acted as advisor</p>	<p>Robotic Integrator Midwest</p> <p>\$1,600,000 <i>Growth Capital Term Note</i></p> <p> Acted as advisor</p>
<p>Electronic Wholsaler Midwest</p> <p><i>Buy-side search for Geographic Expansion</i></p> <p> Acted as advisor</p>	<p><small>GLOBALNET SOLUTIONS</small> 2012</p> <p>Multi Specialty Medical Billing Company <i>Sale to a Strategic Buyer</i></p> <p> Acted as advisor</p>	<p>125 Acres Land California</p> <p>Real Estate \$10,000,000 <i>Bridge and Placement of Acquisition financing</i></p> <p> Acted as advisor</p>

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