

Presentation to:

The Collaborative

Mergers and Acquisitions Panel

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Member: FINRA/SIPC

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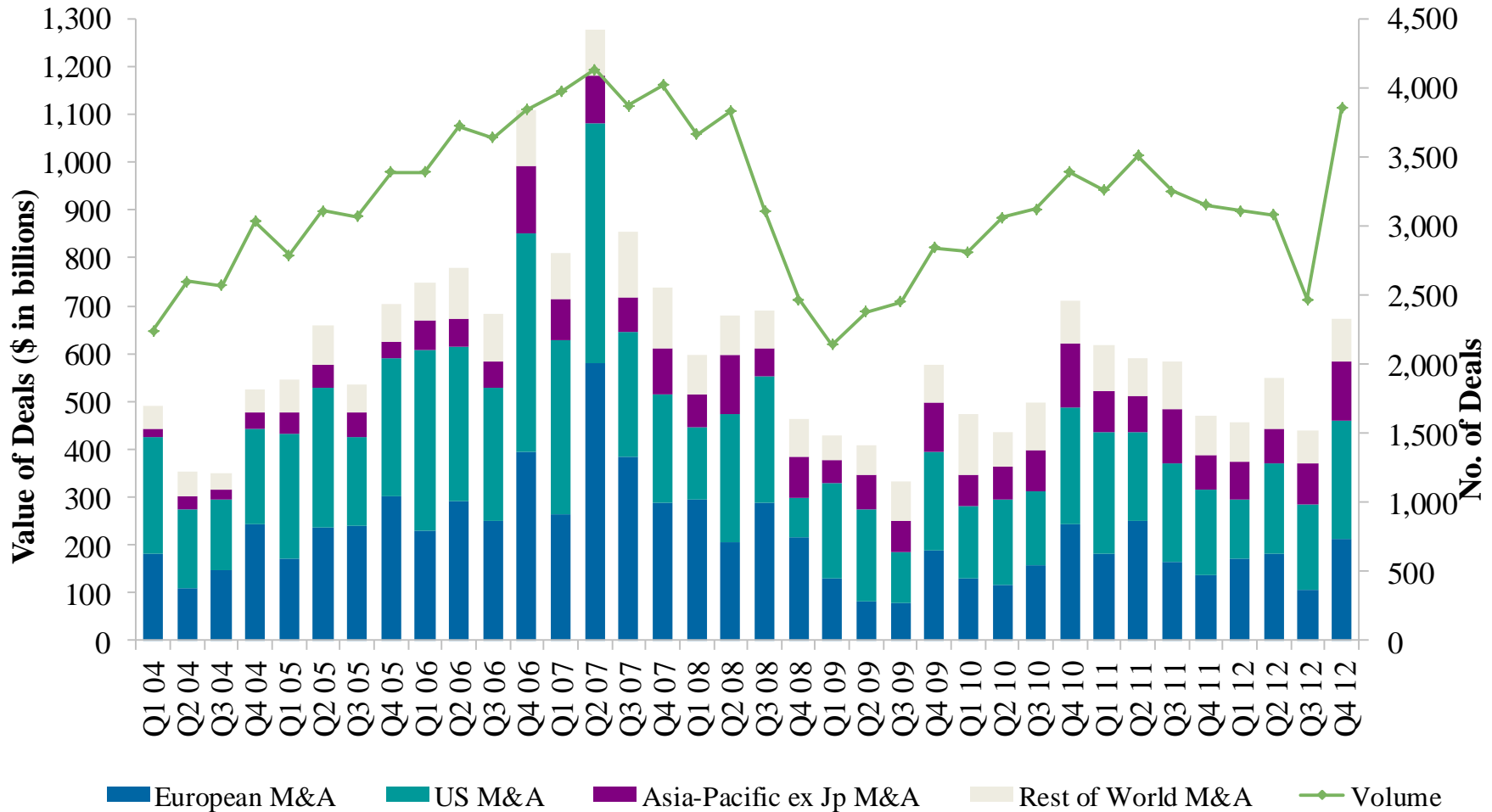
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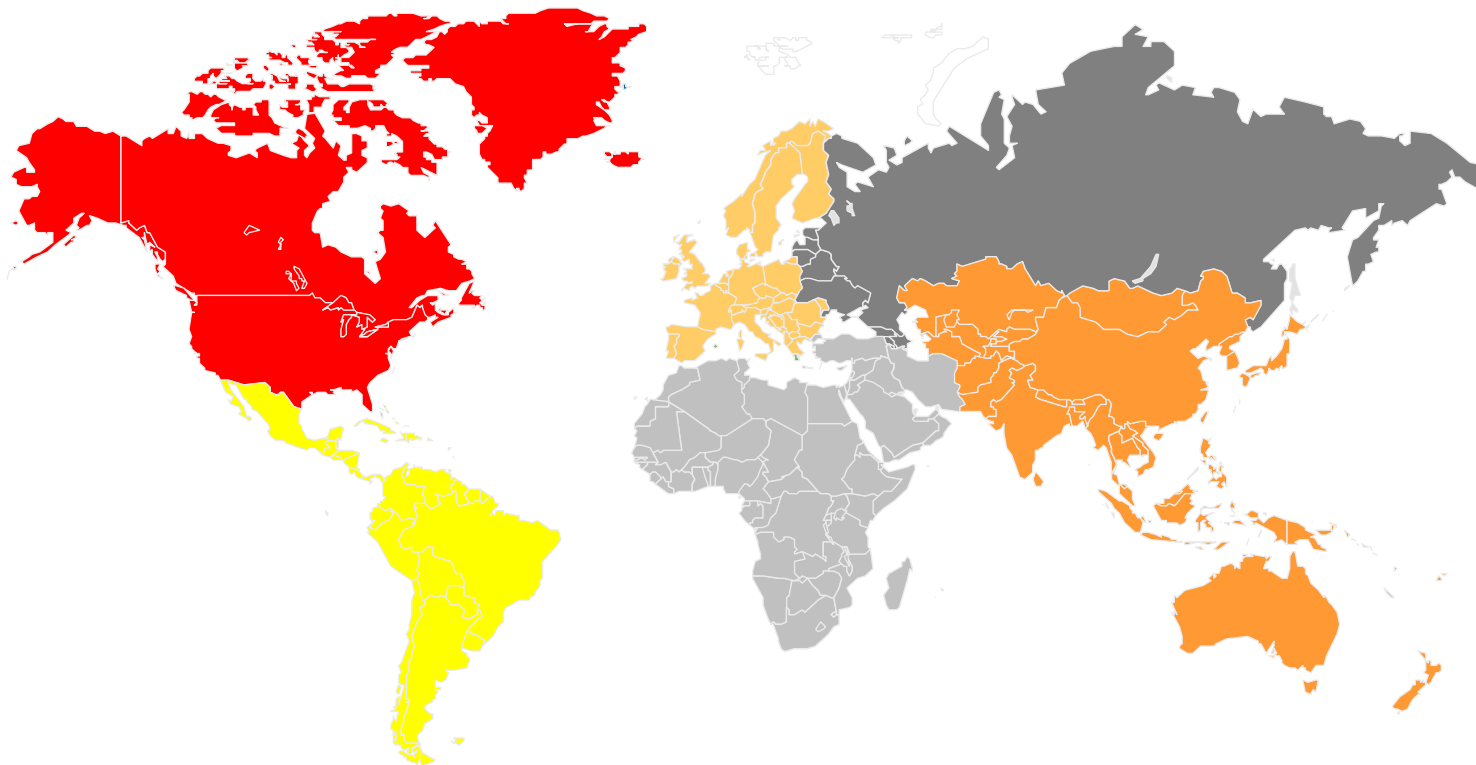
Global M&A Activity is Down Year Over Year; Q4 Was a Bright Spot









Source: Dealogic.

North America Has Been a “Hot Spot” for M&A Activity

Heat Map: 2012 M&A \$ Volume by Region

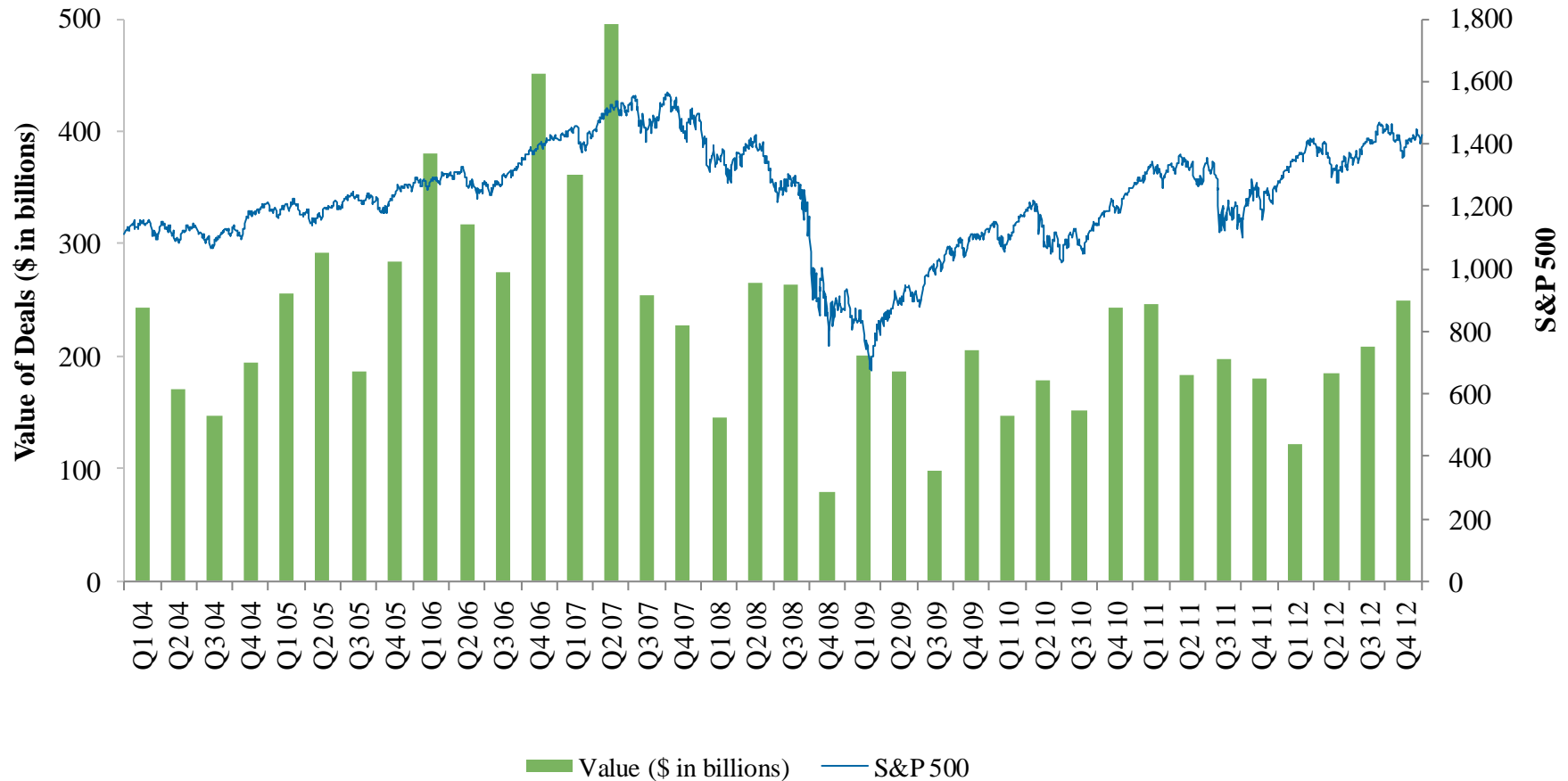


% of Total 2012 Global M&A

 North America	30%	 Latin America & Carib	4%
 Asia Pacific	25%	 Eastern Europe	10%
 Western Europe	29%	 Middle East & Africa	3%

Source: Thomson Reuters.

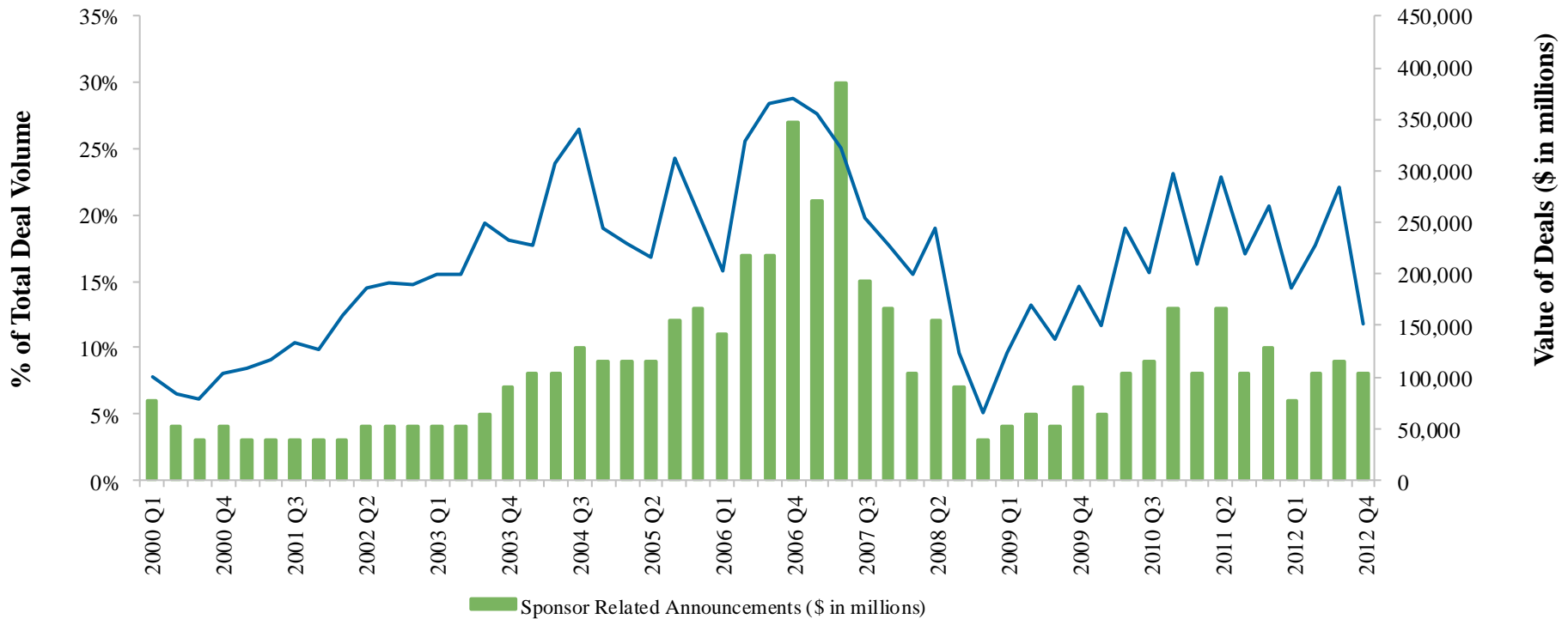
U.S. M&A Market in 2012 Has Not Tracked the S&P 500



Source: Mergermarket M&A Round-up for 2012.

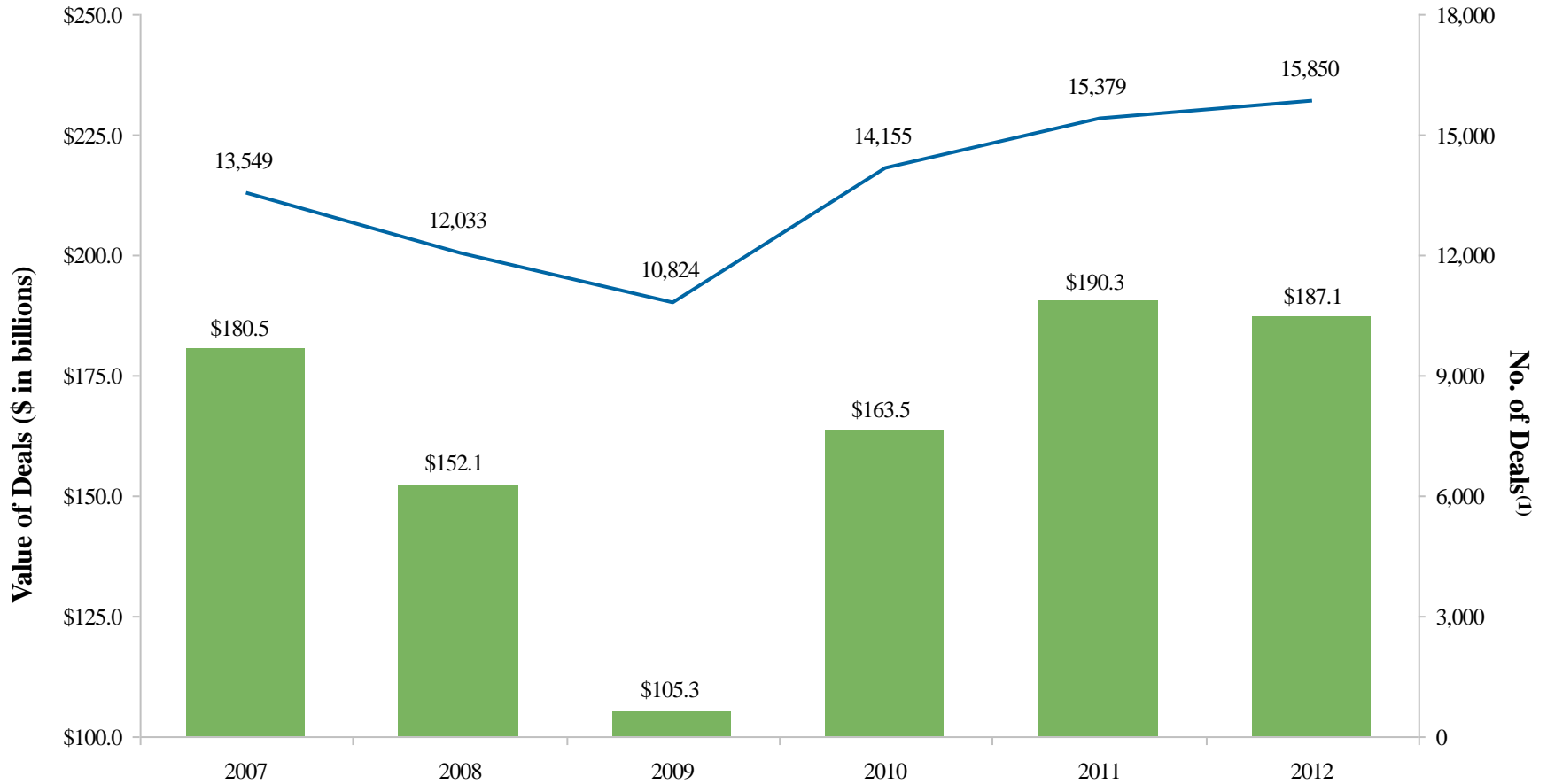
Private Equity M&A Volume As a % of Total Dropped in the 2H of 2012

Sponsor M&A as a % of Total M&A



Source: Dealogic, Goldman Sachs Research.

U.S. Middle Market M&A Has Been More Resilient



(1) Includes all disclosed deal values <\$250M and all undisclosed deal values.

Note: Data is for U.S. & Canada.

Source: CapitalIQ.

Financials and Energy Are Active Sectors in the Middle Market

2012 U.S. Middle Market M&A – By Industry

	\$ Volume	% of Total	YoY Growth
Financials	\$85.2B	46%	↑ 11%
Consumer Discretionary	\$21.4B	11%	↓ (6%)
Energy	\$20.7B	11%	↑ 13%
Healthcare	\$15.8B	8%	↓ (3%)
Technology	\$15.4B	8%	↓ (16%)
Industrial	\$14.4B	8%	↓ (21%)
Other ⁽¹⁾	\$10.6B	6%	↑ 8%
Consumer Staples	\$3.7B	2%	↓ (22%)
Total	\$187.1B	100%	↓ (2%)

(1) Utilities, Telecom and Materials.

Note: Industry based on target location.

Source: CapitalIQ all U.S. and Canada deals with disclosed deal value of less than \$250M.

Minnesota is a Bright Spot in the Great Lakes Region

2012 U.S. Middle Market M&A – By Region				
	\$ Volume	% of Total	YoY Growth	
West Coast	\$33.2B	18%	↑	1%
Canada	\$26.6B	14%	↓	(11%)
Great Lakes	\$25.8B	14%	↓	(2%)
Northeast	\$24.4B	13%	↓	(6%)
Southwest	\$22.6B	12%	↓	(2%)
Southeast	\$22.0B	12%	↑	2%
Mid Atlantic	\$16.5B	9%	↓	(8%)
Mountain	\$9.0B	5%	↑	38%
Midwest	\$7.1B	4%	↑	9%
Total	\$187B	100%	↓	(2%)
Minnesota % of Great Lakes	\$3.6B	14%	↑	42%

Note: Geography based on target location. Total does not tie to total volume, as not all deals are tracked for target location and analysis excludes cross-border targets.

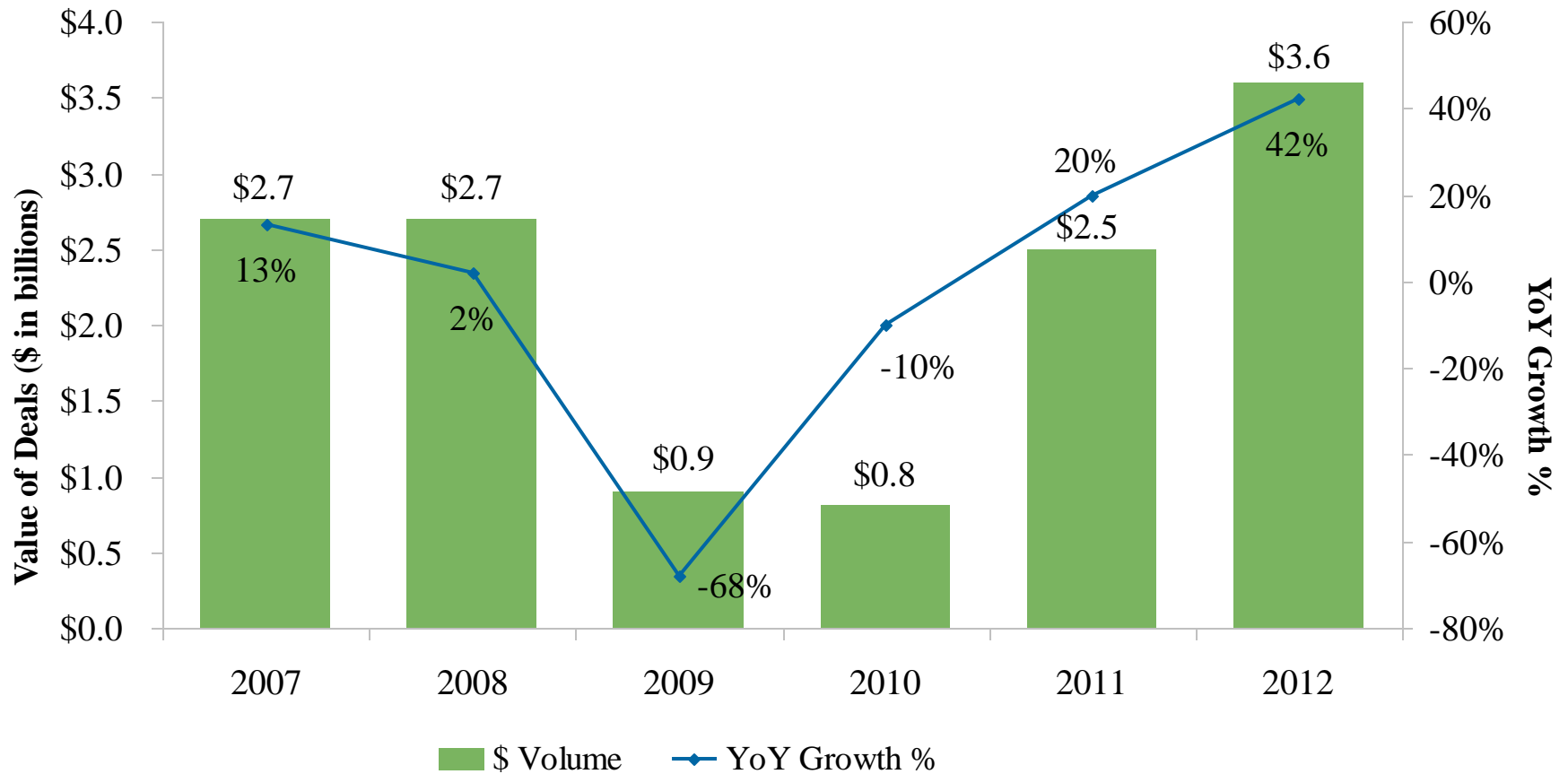
Note: Great Lakes includes: Indiana, Illinois, Michigan, Minnesota, Ohio, Pennsylvania, and Wisconsin. Midwest includes: Iowa, Kansas, Missouri, Nebraska, North Dakota, Oklahoma, and South Dakota.

Note: Middle market defined as <\$250M transaction size.

Source: CapitalIQ.

Minnesota Middle Market M&A Volume is at a 5-Year High

2012 Minnesota M&A Activity – \$ Volume



Note: Middle market defined as less than \$250M transaction size.
Source: CapitalIQ.

Financials, Healthcare and Consumer Are Active Sectors

2012 Minnesota Middle Market M&A – By Industry

	\$ Volume	% of Total	YoY Growth
Financials	\$1.4B	38%	↑ 77%
Industrials	\$640M	18%	↑ 16%
Healthcare	\$552M	15%	↑ 1,117%
Consumer Discretionary	\$476M	13%	↑ 22%
Consumer Staples	\$300M	9%	↑ 453%
Utilities	\$156M	4%	↑ 47%
Technology	\$47M	1%	↓ (86%)
Energy and Materials	\$20M	1%	↓ (90%)
Total	\$3.6B	100.0%	↑ 42%

Note: Middle market defined as less than \$250M transaction size.
Source: CapitalIQ.

Drivers and Inhibitors to Global M&A and Capital Markets

Drivers

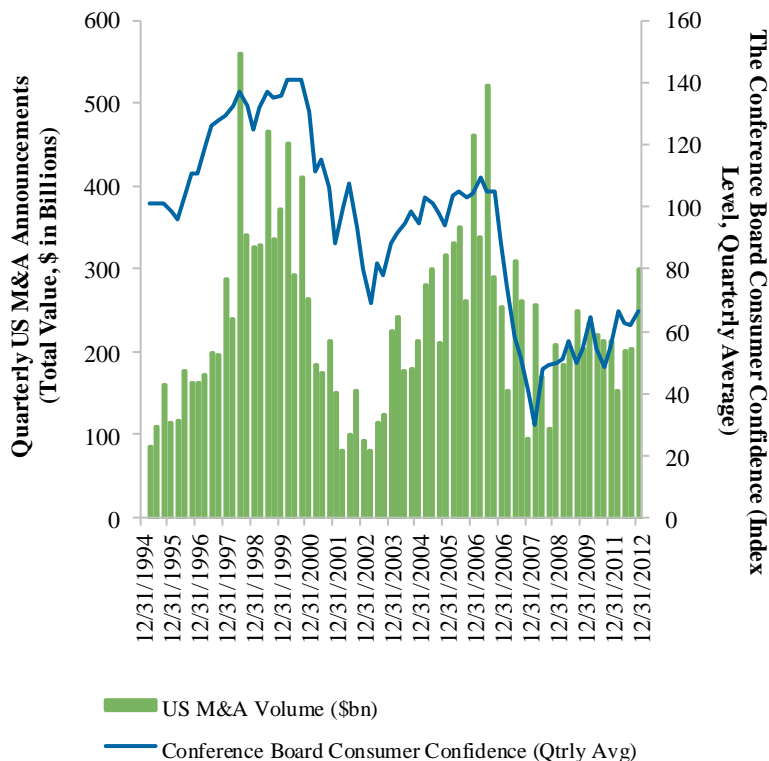
- **PE Capital – Use it or Lose it**
- **Bulging PE Portfolios**
- **Low Cost of Borrowing**
- **Inorganic Growth**
- **Cross-border M&A Increasing**
- **Cash on the Sidelines**
- **Public Valuation Are Attractive**
- **Growth and Margin Pressure**

Inhibitors

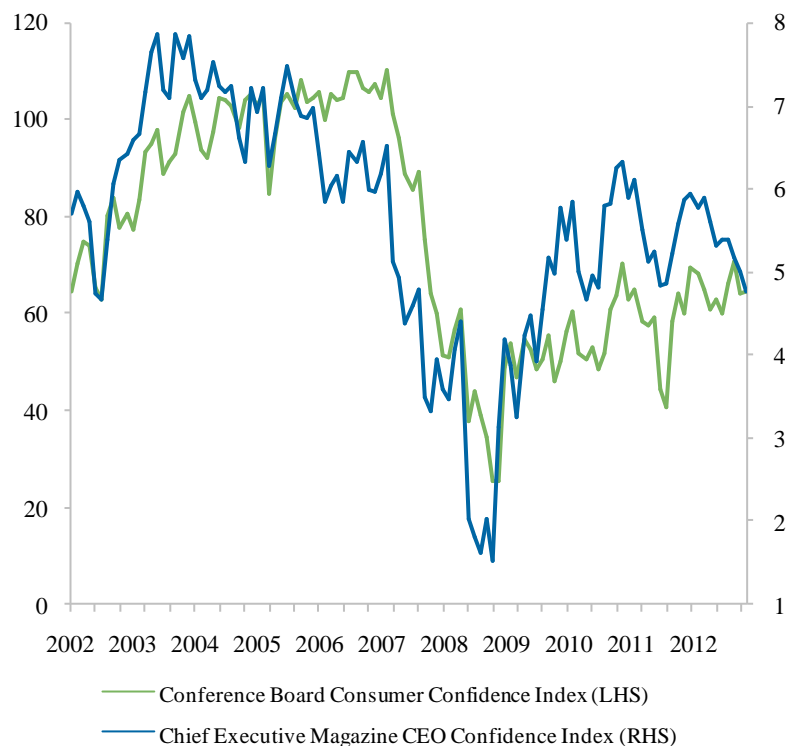
- **Slowing Growth in China/Asia**
- **Europe's Woes**
 - Sovereign Debt
 - Unemployment
 - Lack of Growth
- **Fragile U.S. Economy And Uncertainty**
 - Weak Recovery
 - Debt Ceiling
 - Mixed or Weak Economic Indicators

Consumer Confidence and M&A Volume Are Closely Linked

Quarterly U.S. M&A Volume (\$ in billions) vs. Consumer Confidence



Consumer Confidence (The Conference Board) vs. CEO Confidence (CEO Magazine)

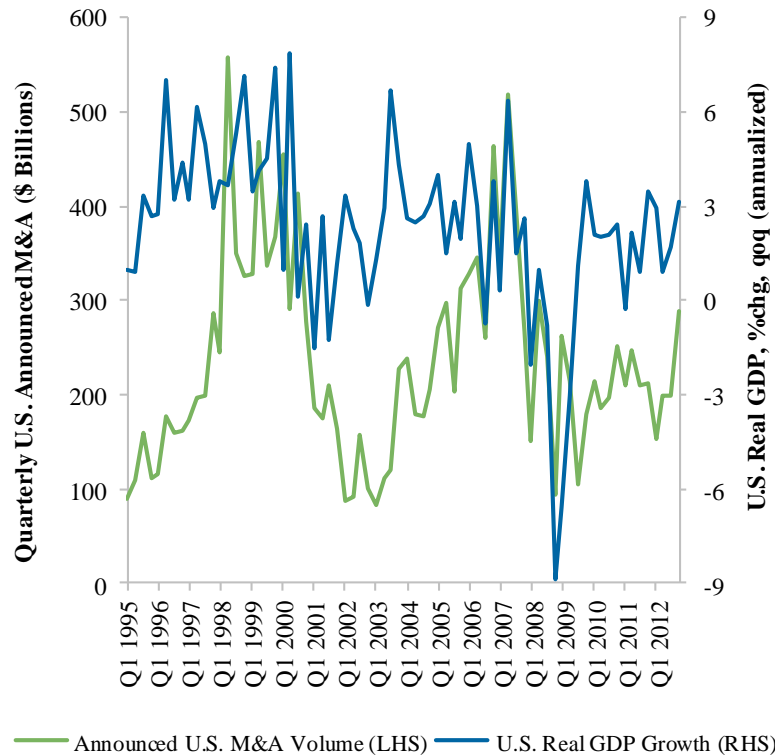


Source: Dealogic, The Conference Board, Goldman Sachs Research.

Source: Bloomberg, The Conference Board, Chief Executive Magazine, Goldman Sachs Research.

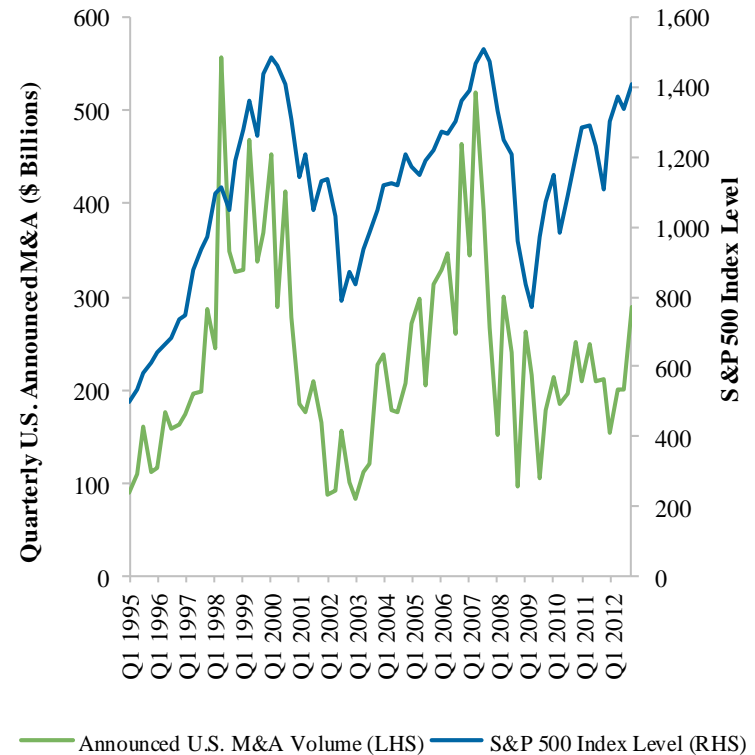
M&A Growth is Positively Correlated to the GDP Growth and Equity Market Performance

U.S. M&A Deal Volume has Trended with GDP Growth...



Source: Dealogic, Goldman Sachs ECS Research.

... and the S&P 500 Historically

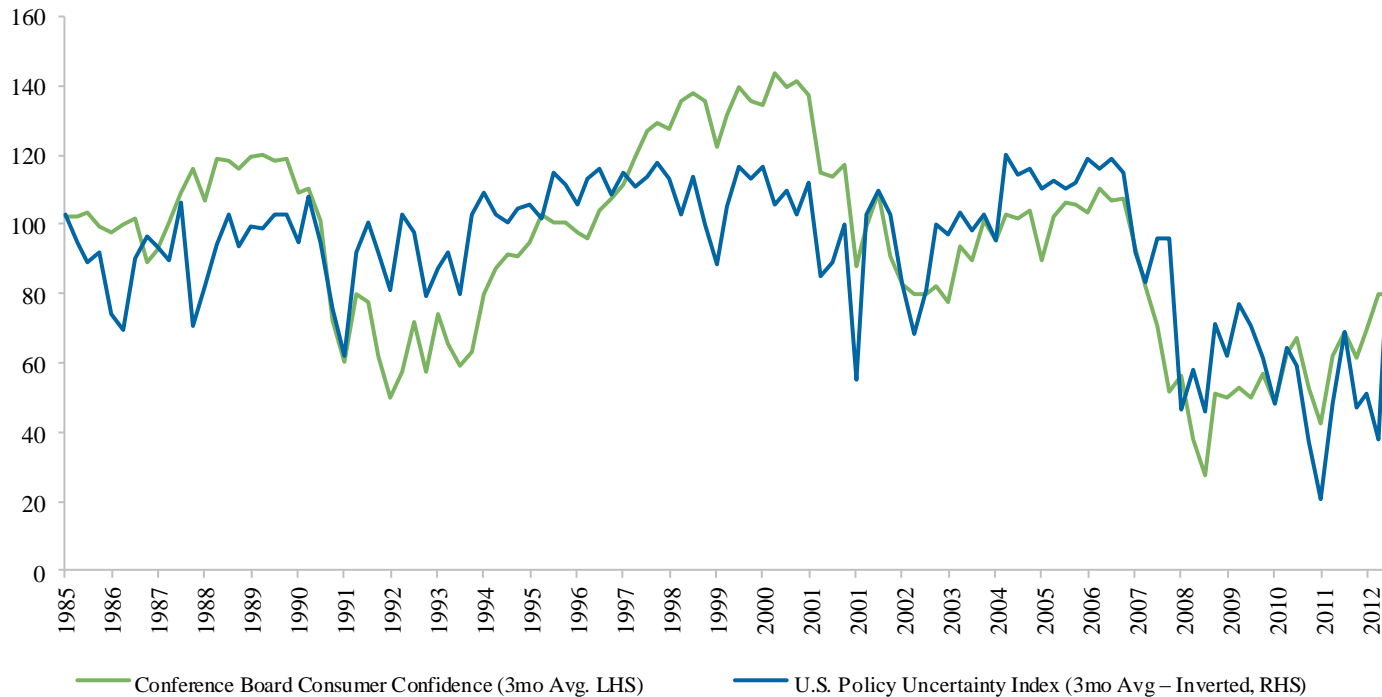


Source: Dealogic, Bloomberg, Goldman Sachs Research.

U.S. Policy Uncertainty Has Adversely Impacted M&A Growth and Impacted Consumer Confidence

Consumer Confidence Has an Inverse Correlation of 67% With Policy Uncertainty

Rolling 3-month average of the Conference Board Consumer Confidence Index vs. the U.S. Policy Uncertainty Index (Inverted)

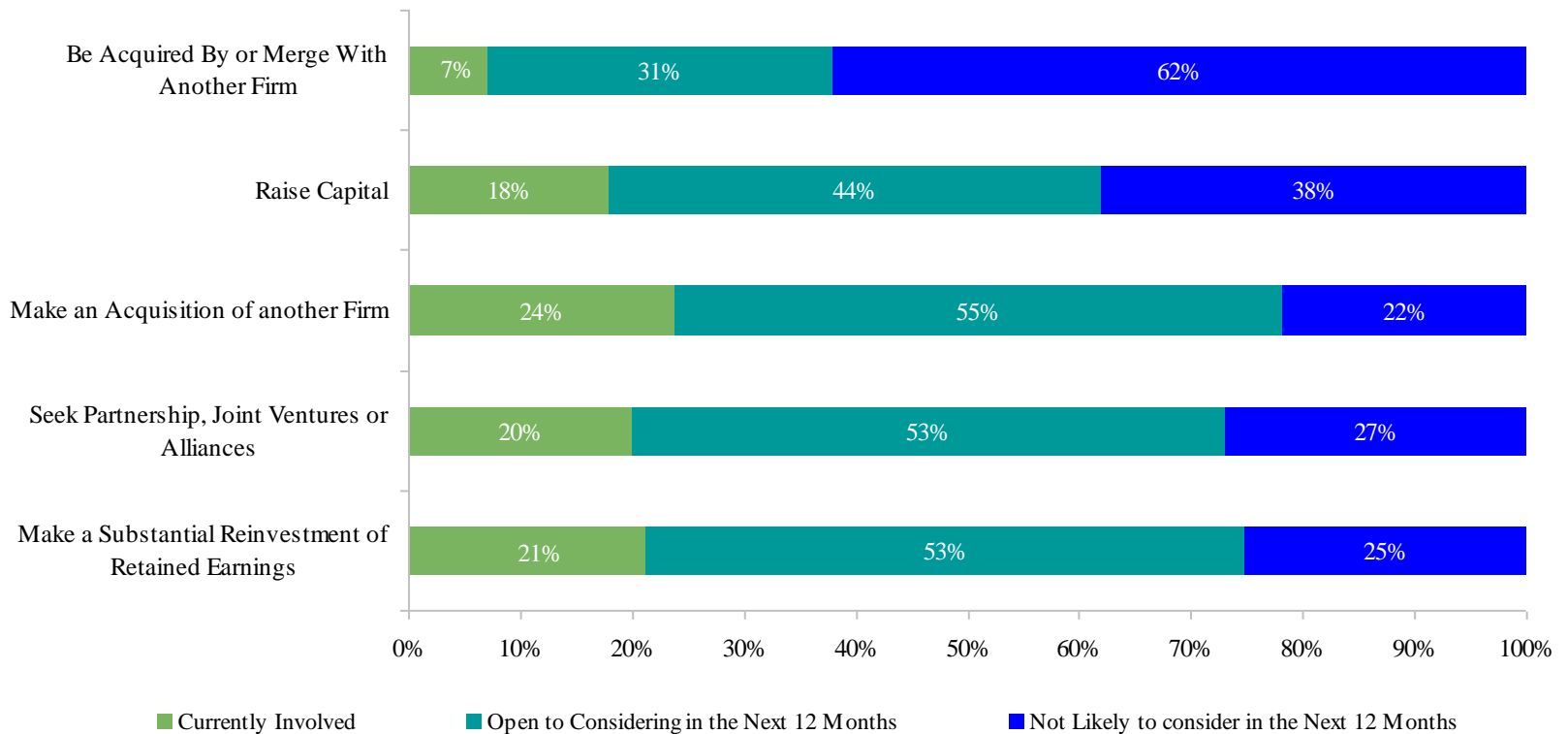


Source: The Conference Board, Economic Policy Uncertainty, Goldman Sachs Research.

Mid Market Executives View Corporate Development as Key to Driving Growth

Corporate Development Activity Involvement – 330 Survey Respondents

Type of Activity

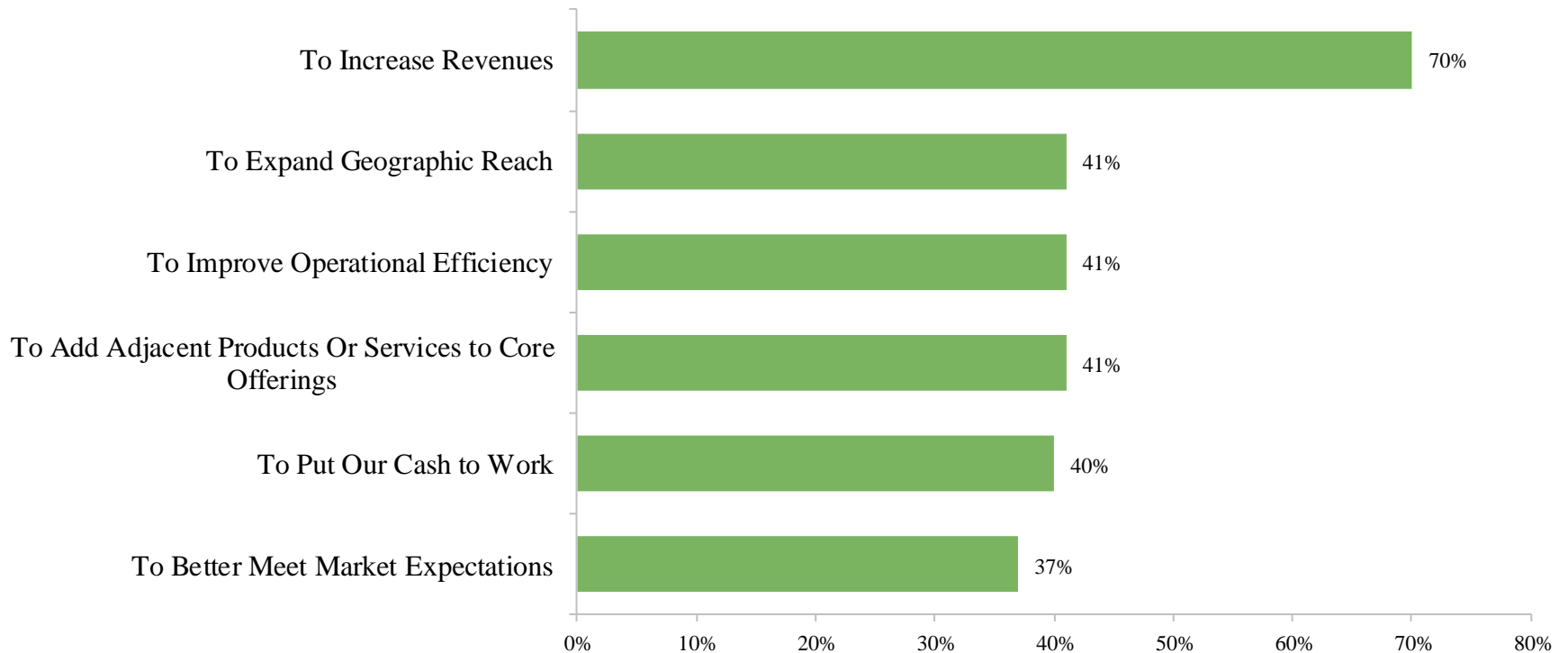


Source: Survey conducted by Cogent Research of U.S. Middle Market (\$5M - \$2B in revenue) business executives (CEO or CFO).

Driving Revenue Growth and Expanding Geographically Are Key M&A Drivers for Middle Market Companies

Drivers of Acquiring Business – 76 Survey Respondents

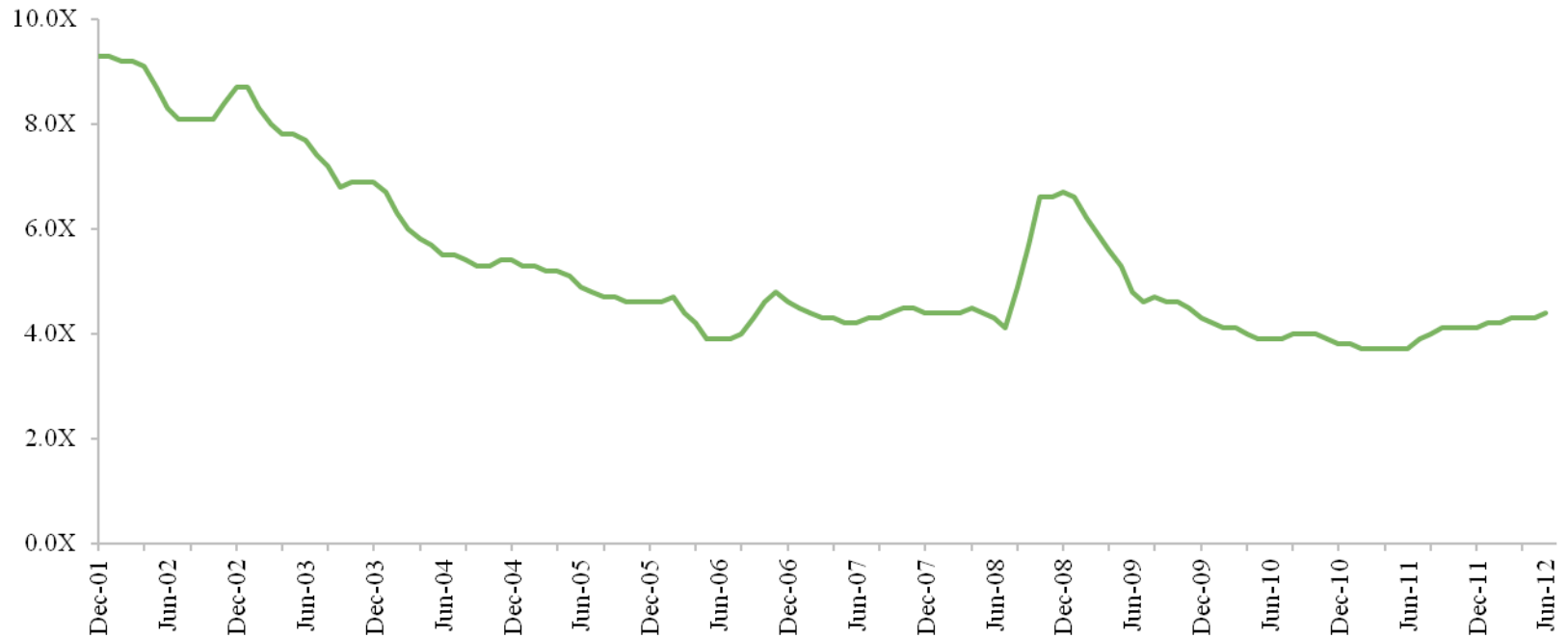
% of Respondents Citing as Top 3 Reason:



Source: Survey conducted by Cogent Research of U.S. Middle Market (\$5M - \$2B in revenue) business executives (CEO or CFO).

Strong Balance Sheets Provide Necessary Headroom to Fund Acquisitions

Balance Sheets Remain Healthy: Leverage, as Measured by Net Debt/EBITDA, is Still Below Pre Crisis Levels



Source: FactSet.

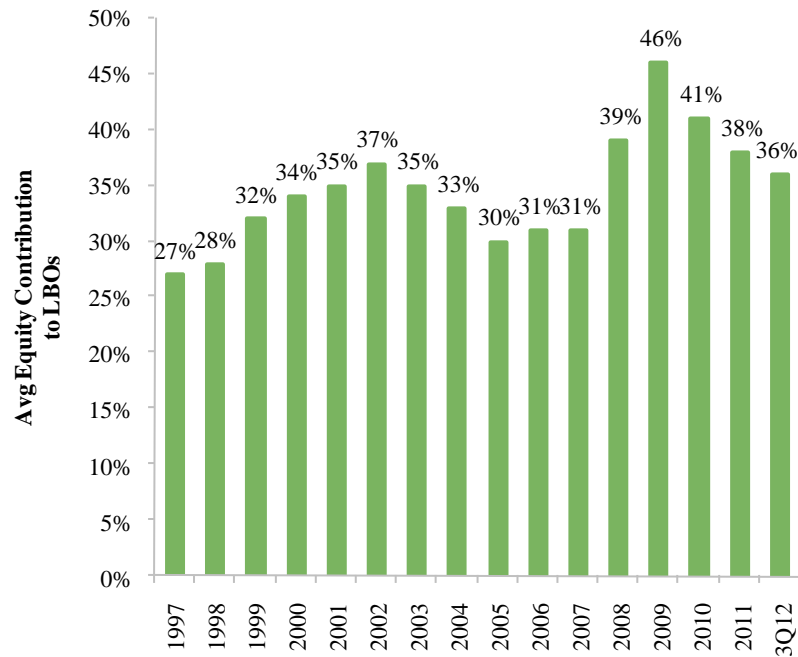
Despite Corporate Cash Balances Having Soared Nearly 60% Since the End of 2007, Strategic Acquirers Have Been Disciplined

Exit Multiple Matrix – Enterprise Value/LTM EBITDA Exit Multiple		
	2012	2011
Consumer Products and Services	9.8x	11.4x
Consumer Staples	12.0x	11.5x
Energy and Power	11.4x	11.1x
Healthcare	14.3x	12.9x
High Technology	11.9x	13.1x
Industrials	10.5x	11.7x
Materials	10.3x	11.9x
Media and Entertainment	10.8x	11.7x
Real Estate	18.3x	18.8x
Retail	11.1x	11.2x
Telecommunications	9.6x	10.9x
Average All Industries	11.6x	12.2x

The figures in **red** indicate a decline, while **green** indicates an increase, compared to the figures from the same time period last year listed in black. Additionally, for rank value/EBITDA the data is capped at 50x. Source: Thomson Reuters.

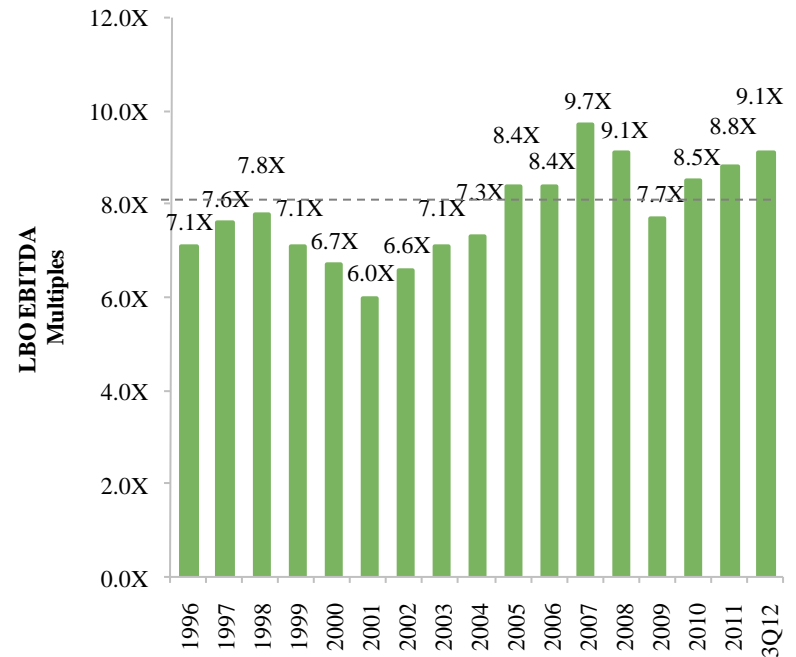
Sponsors Have Been Able to Finance Deals With More Debt, Even as the Purchase Multiples Have Moved Higher

Equity Contributions for LBOs Have Drifted Lower...



Source: CapitalIQ, Goldman Sachs Research.

... and Purchase Price Multiples Have Moved Higher



Source: S&P Capital IQ, Goldman Sachs Research.