

Harris Williams & Co.
middle market®

Test, Measurement, and Control
Industry Update
Summer 2014

Member FINRA/SIPC

Harris Williams & Co. is pleased to present our global test, measurement, and control industry update for the summer of 2014. This report provides commentary and analysis on current capital market trends and merger and acquisition dynamics within the global test, measurement, and control sector. As set forth in our report, the global test, measurement, and control sector is comprised of companies that provide highly engineered devices, instruments, systems, and services to test, monitor, measure, protect, control, and validate processes and applications across numerous end markets.

We hope you enjoy reviewing this edition and please continue to email and call us with your thoughts and opinions. We want to ensure that this newsletter is informative and helpful as you continue to focus on the test, measurement, and control sector.



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OUR PRACTICE

Harris Williams & Co. is a leading advisor to the test, measurement, and control markets. Our significant experience covers a broad range of end markets, industries, and business models. This particular report focuses on trends and metrics in the following areas:

Test and Measurement

- Instrumentation
- Sensors
- Technology and Software
- Life Sciences and Laboratory

Flow Control

- Pumps and Filtration
- Valves and Fittings

Process / Motion Control

- Motion and Drives
- Actuators and Positioners
- Condition Monitoring

Test Services

- Testing
- Inspection
- Certification
- Engineering
- Consulting

Thermal Imaging Market Expected to Reach \$5.8 Billion in 2018

Research and Markets

04/23/2014

Thermal imaging solutions provide capabilities to improve visibility during difficult conditions. These devices are capable of detecting temperature differences in the infrared range which can then be converted to an electronic signal and be displayed on a screen. Traditionally dependent on U.S. defense spending, the industry has recently been growing into new end markets and future growth is expected to continue to be driven primarily by applications in attractive, growing industrial end markets. End market expansion, price reduction, low environmental impact, and OEM differentiation are expected to be the major drivers behind the increased adoption of thermal imaging solutions. The thermal imaging market is expected to grow from \$3.5 billion in 2013 to \$5.8 billion in 2018, representing a CAGR of 10.9%.

Improved Sanitary Regulations for Food & Beverage Industry Could Spur Growth in Pumps Market

Flow Control Network

03/10/2014

“Efforts by the U.S. Food and Drug Administration (FDA) to improve regulations regarding sanitation and public safety have widened the scope of the pumps market in the United States. The implementation of the Food Safety Modernization Act (FSMA) in particular is expected to spur the adoption of pumps across the food and beverage industry for production, collection, processing, and packaging. Analysis from Frost & Sullivan, *FDA Regulation and Its Impact on the Pump Market*, finds that the food and beverage sector is expected to spend more than \$1.5 billion on pumps over the next three years.”

Read the full article [here](#).

Smart Grid: Transformer Networks, Systems Really Are Getting Smarter

Automation World

04/02/2014

“The hype is real and not only for machine design; networks and systems are getting smarter. A recent report from GTM Research entitled ‘Transformer Monitoring Markets, 2013-2020: Technologies, Forecasts, and Leading Vendors’ sees a huge opportunity for utilities to install ‘smarter’ monitoring devices for critical transformers. The report also finds a solid return on investment for the technology—a key aspect of the smart grid challenge. GTM Research defines the smart grid transformer market as a cocktail of monitors, sensors, software, diagnostics and analytics that promises to guard against outages and better protect utility grid assets. The report projects strong growth from the U.S. market for transformer monitoring hardware, increasing from its current valuation of \$112 million annually to \$755 million by 2020.”

Read the full article [here](#).

Smart Sensor Market Worth \$10.5 Billion by 2020

Markets and Markets

04/03/2014

Smart sensors consist of a sensing element, analog-to-digital converter, and a bus interface, and are capable of making decisions, logic functions, and two-way communications. Smart sensors are an attractive option for customers in a broad range of industrial end markets, as they offer high reliability, minimal cost, high performance, and scalability. Smart sensors are used in various applications, including aerospace & defense, automotive, biomedical, industrial automation, building automation, consumer electronics, and many others, primarily for measuring brightness, acceleration, temperature, humidity, and material properties. Global demand for smart sensors is expected to grow by a CAGR of 36% to reach \$10.5 billion by 2020.

Spectroscopy Shines Brightly at Pittcon

Laboratory Equipment

04/08/2014

“The 65th annual Pittsburgh Conference and Exposition on Analytical Chemistry and Applied Spectroscopy (Pittcon) brought together more than 16,200 conferees and exhibitor personnel seeking the latest instrumentation and technology offerings in laboratory science. With 935 exhibitors from 32 countries occupying 1,763 booths, there was plenty of innovation to go around...The combination of low cost and small size in a spectrometer can create new applications and open up doors that previously did not exist. Portability of these powerful instruments ensures lab-quality performance in the field and on the manufacturing line.”

Read the full article [here](#).

U.S.
Economic
Environment

	GDP <small>As of Mar-14</small>	PMI Index <small>As of Apr-14</small>	ISM Index <small>As of Apr-14</small>	Durable Goods New Orders <small>As of Mar-14</small>	Conference Board Leading Indicators <small>As of Mar-14</small>
Last 3 Months	▲ <0.1%	▲ 7.0%	▲ 7.6%	▲ 3.3%	▲ 1.5%
Last 6 Months	0.7%	(3.0)%	(9.1)%	0.6%	2.7%
Last 12 Months	2.3%	8.3%	5.4%	8.7%	5.3%

U.S.
Economic
Observations

- Although GDP grew at an annual rate of only 0.1% in 1Q 2014, most economists attribute this performance to the unusually severe winter weather and expect stronger growth in subsequent quarters.
- Stuart Hoffman (Chief Economist at PNC) is forecasting U.S. real GDP growth of 2.8% in 2014, primarily being driven by more neutral fiscal policy, an improving global economy, greater business confidence, and continued recovery in the housing market.
- The unemployment rate decreased to 6.3% in April 2014, with the U.S. economy adding the most jobs in one month since January 2012.
- The Conference Board's Consumer Confidence Index decreased slightly from 83.9 in March to 82.3 in April, with the index remaining at its highest levels since 2008 and many consumers expecting a strengthening economy in the months ahead.
- The manufacturing sector expanded for the eleventh consecutive month with a PMI reading of 54.9 in April, representing the index's highest level in four months.

EU – 28
Economic
Environment

	GDP <small>As of Dec-13</small>	Industrial Production Index <small>As of Feb-14</small>	Industrial Confidence Indicators <small>As of Mar-14</small>	New Orders <small>As of Mar-14</small>	Economic Sentiment Indicators <small>As of Mar-14</small>
Last 3 Months	▲ 0.9%	▲ 0.5%	▼ (0.7)	▲ 2.6	▲ 0.5%
Last 6 Months	1.2%	1.1%	2.4	10.2	3.3%
Last 12 Months	1.4%	2.2%	8.9	16.6	15.0%

European
Economic
Observations

- EU-28 GDP grew by 0.9% from the third quarter to the fourth quarter of 2013, as gains in exports and investment offset sluggish consumer spending.
- The Eurozone recovery is expected to gather pace in 2014, with GDP forecast to grow by 1.0% in the year, followed by 1.4% in 2015, as exports and domestic demand strengthens, according to Ernst & Young research.
- The European Central Bank kept interest rates at the record low of 0.25% in March and hinted that further rate cuts could take place in order to counter further strengthening of the Euro.
- The EU unemployment rate was recorded at 10.6% in February, down slightly from 10.7% in January and 10.9% in February 2013.
- In April, the Markit Flash Eurozone PMI Composite Index rose to 54.0, its highest level in approximately three years.

Market Observations

Market Observations

- North American middle market deal volume continued its strong momentum in 1Q 2014, increasing by 9.9% year-over-year.
- European middle market M&A activity increased by approximately 20% in Q1 2014, compared to Q4 2013, marking a strong start to the year with overall transaction volumes up 7.6% year-over-year.
- Thomson Reuters recently announced that global M&A deal value in YTD 2014 has topped \$1 trillion, passing that level this early in the year for only the third time since 1980.
- Global private equity dry powder of approximately \$1.1 billion translates to 3.4 years worth of investments at the present transaction rate.
- Global test, measurement, and control deal volume in increased by approximately 44% from Q1 2013 to Q1 2014, making Q1 2014 the most active quarter for TMC deal activity in over two years.
- Strategic buyers continue to pursue aggressive M&A-led growth strategies, prevailing in 90% of all TMC deals in 1Q 2014 as they look to access new products and technologies that will allow them to “play” attractive megatrends.

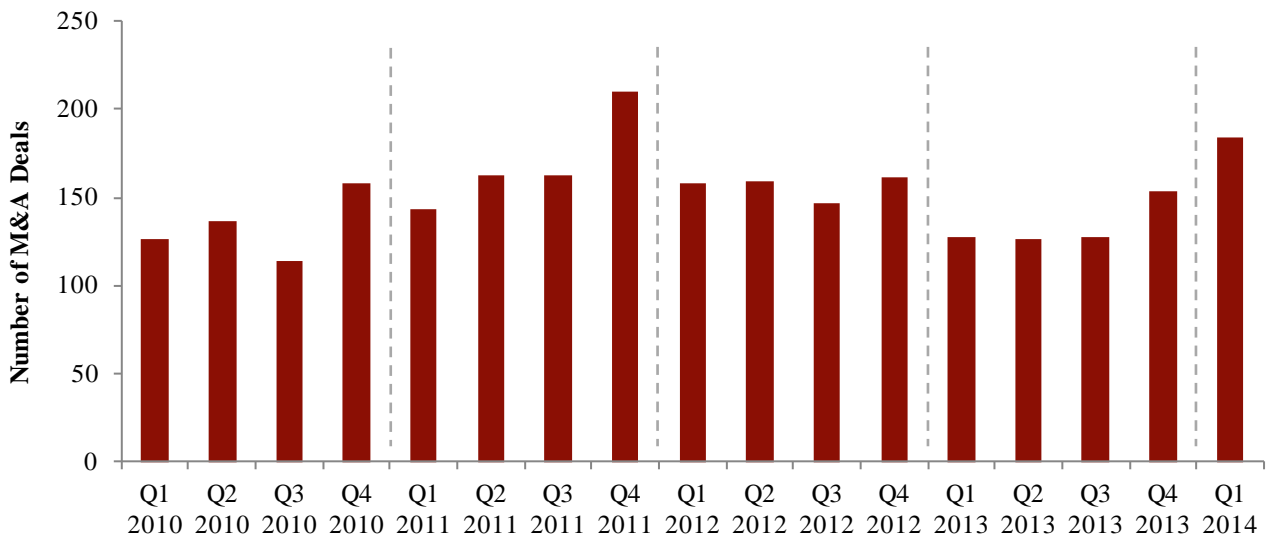
2014 CFO Outlook Survey

PNC recently released its survey of CFOs that addresses their outlook on M&A, growth, and investment for 2014. The full survey results can be found [here](#), with a few key highlights including:

- 59% of CFOs are currently pursuing acquisitions.
- 66% view the current M&A regulatory environment as “about right” for pursuing deals.
- 69% anticipate higher organic growth in 2014 than in 2013, with 12% expecting growth to be 5% higher than last year.

Market Activity

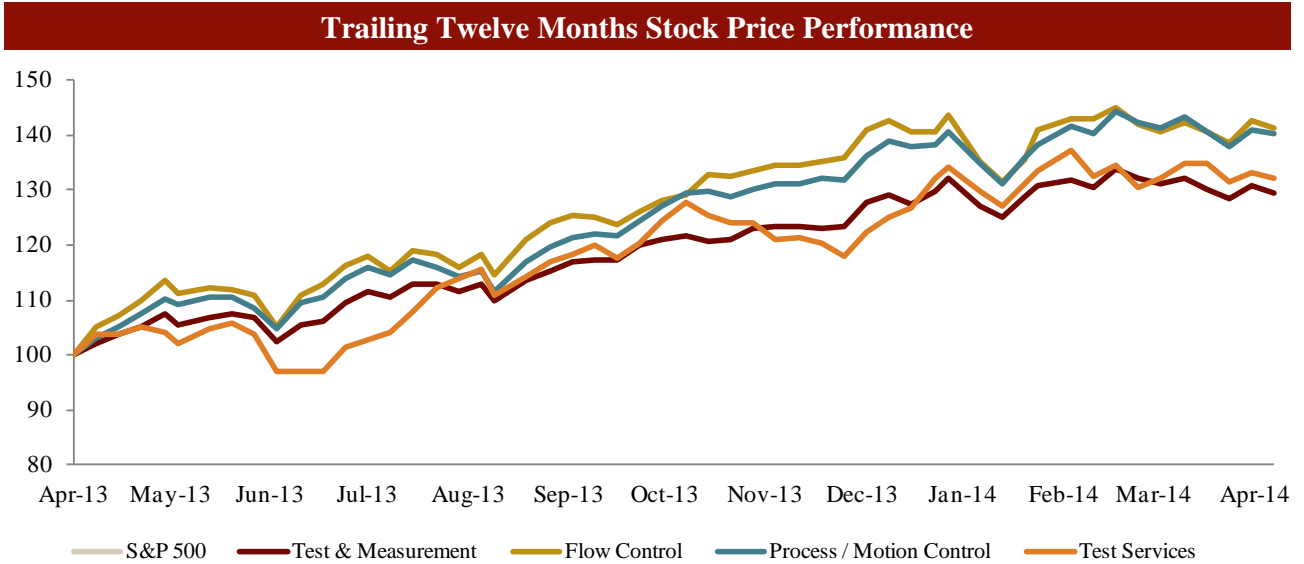
Test, Measurement, and Control M&A Volume Quarterly Activity



Source: CapitalIQ, S&P Leveraged Commentary & Data, Thomson Reuters, Bloomberg, Markit Economics.

Stock Prices

As of April 28, 2014



Key Trading Statistics

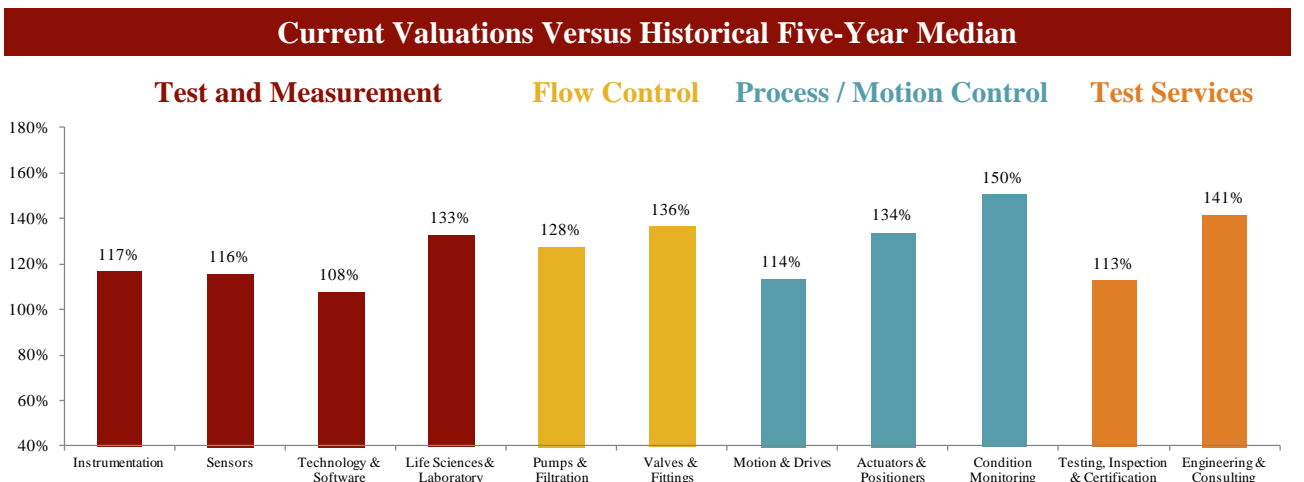
As of April 28, 2014

Key Trading Statistics

Sub-Sector Median	Stock Price % Change		TEV / LTM EBITDA		TEV / EBITDA		LTM Margins	
	1 Month	12 Month	Apr-13	Oct-13	LTM	2014E	Gross	EBITDA
Test and Measurement								
Instrumentation	(1.1%)	16.0%	11.9x	13.5x	13.1x	11.6x	39.6%	14.9%
Sensors	(0.5%)	30.2%	10.0x	11.9x	11.3x	10.1x	41.1%	17.4%
Technology and Software	(3.0%)	16.2%	11.3x	12.3x	14.2x	11.5x	43.3%	13.2%
Life Sciences and Laboratory	(4.1%)	29.6%	12.8x	15.0x	14.4x	12.7x	48.3%	20.5%
Flow Control								
Pumps and Filtration	(1.1%)	26.4%	11.2x	13.2x	12.8x	11.6x	34.7%	16.5%
Valves and Fittings	0.9%	34.9%	9.4x	10.8x	11.0x	9.4x	31.9%	14.0%
Process / Motion Control								
Motion and Drives	(1.8%)	23.4%	10.5x	12.3x	11.4x	10.2x	36.0%	17.2%
Actuators and Positioners	(1.2%)	36.1%	8.2x	10.0x	11.0x	9.3x	30.4%	13.9%
Condition Monitoring	(0.7%)	23.8%	10.7x	11.7x	12.5x	9.3x	48.8%	15.9%
Test Services								
Testing, Inspection, and Certification	(0.6%)	3.0%	12.3x	13.6x	12.6x	11.3x	31.9%	18.7%
Engineering and Consulting	(1.1%)	32.0%	9.7x	10.6x	11.6x	8.8x	19.1%	7.7%

EBITDA Multiples

As of April 28, 2014



Key Trading
Stats

As of April 28, 2014
(\$ in millions, except
per share amounts)

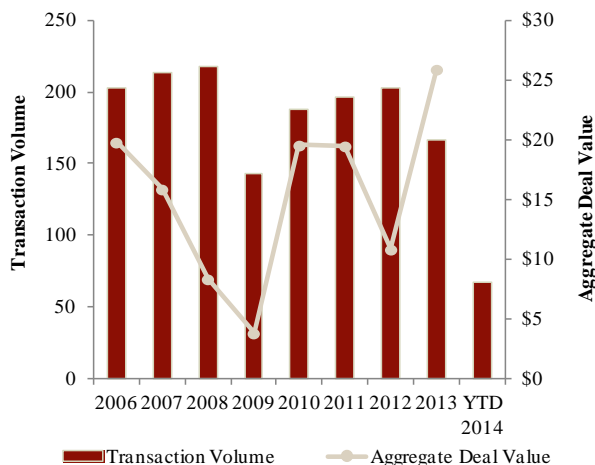
Test and Measurement Public Comparables

	LTM Margins			Stock Performance				R&D / Sales LTM	TEV / EBITDA	
	EBITDA	Gross	TEV	Current Price	1-Month Change	1-Year Change	% of LTM High		LTM	2014E
Instrumentation										
Roper Industries Inc.	32.3%	58.5%	\$15,555	\$137.72	3.7%	16.0%	96.6%	3.6%	14.4x	13.3x
AMETEK, Inc.	26.0%	35.3%	\$13,818	\$51.78	0.9%	27.7%	83.4%	3.9%	14.8x	13.7x
Danaher Corp.	21.9%	52.2%	\$51,623	\$73.50	(0.5%)	22.0%	93.3%	6.6%	12.2x	11.4x
Spectris plc	19.4%	58.0%	\$4,600	\$37.29	(2.5%)	14.5%	86.2%	7.0%	11.9x	11.2x
Badger Meter Inc.	16.7%	35.0%	\$799	\$50.65	(5.2%)	16.6%	88.9%	2.3%	13.8x	13.2x
ESCO Technologies Inc.	14.9%	39.6%	\$1,039	\$33.80	(1.1%)	(5.8%)	90.4%	6.0%	13.1x	11.6x
Teledyne Technologies Inc.	14.5%	36.6%	\$3,979	\$92.87	(2.4%)	23.8%	90.7%	13.5%	11.7x	10.3x
Oxford Instruments plc	13.1%	44.8%	\$1,241	\$22.69	8.5%	(3.7%)	74.0%	7.0%	16.8x	12.6x
National Instruments Corporation	13.1%	74.0%	\$2,987	\$26.81	(5.0%)	(1.1%)	81.4%	19.9%	19.5x	12.9x
Jenoptik AG	11.7%	34.3%	\$1,004	\$16.45	(6.6%)	44.8%	85.8%	6.6%	10.4x	8.6x
Itron, Inc.	9.2%	31.9%	\$1,715	\$38.03	9.8%	(2.9%)	82.5%	8.9%	9.4x	10.9x
Median	14.9%	39.6%			(1.1%)	16.0%	86.2%	6.6%	13.1x	11.6x
Mean	17.5%	45.5%			(0.0%)	13.8%	86.7%	7.8%	13.5x	11.8x
Sensors										
Sensata Technologies Holding NV	27.2%	35.9%	\$8,904	\$43.61	2.5%	30.2%	96.9%	3.0%	15.9x	14.8x
Meggitt PLC	26.1%	40.1%	\$7,251	\$7.90	(0.5%)	7.0%	81.8%	7.0%	10.3x	8.8x
FLIR Systems, Inc.	20.9%	48.2%	\$4,581	\$33.94	(3.7%)	40.5%	90.7%	9.8%	14.6x	13.5x
Measurement Specialties Inc.	17.4%	41.4%	\$1,098	\$63.82	(4.4%)	49.9%	92.6%	5.1%	15.9x	13.2x
Honeywell International Inc.	16.6%	27.6%	\$73,930	\$92.46	1.7%	25.3%	96.4%	4.6%	11.3x	9.9x
MTS Systems Corporation	16.4%	41.1%	\$954	\$63.61	(6.2%)	6.2%	80.6%	4.2%	10.3x	9.0x
First Sensor AG	11.9%	52.3%	\$200	\$14.97	19.0%	49.3%	99.1%	14.2%	11.1x	10.1x
Median	17.4%	41.1%			(0.5%)	30.2%	92.6%	5.1%	11.3x	10.1x
Mean	19.5%	40.9%			1.2%	29.8%	91.1%	6.8%	12.8x	11.3x
Technology and Software										
Hexagon AB	23.9%	55.5%	\$13,125	\$31.50	(5.6%)	13.8%	89.5%	NM	16.4x	13.4x
Muehlbauer Holding AG & Co. KGaA	13.7%	28.5%	\$366	\$25.86	1.7%	(5.3%)	81.8%	10.4%	9.4x	6.2x
FARO Technologies Inc.	12.7%	55.5%	\$642	\$48.27	(5.4%)	29.1%	79.2%	7.7%	17.3x	13.7x
Mistras Group, Inc.	10.4%	31.1%	\$731	\$22.47	(0.6%)	18.6%	89.1%	0.5%	11.9x	9.6x
Median	13.2%	43.3%			(3.0%)	16.2%	85.4%	7.7%	14.2x	11.5x
Mean	15.2%	42.6%			(2.5%)	14.0%	84.9%	6.2%	13.7x	10.7x
Life Sciences and Laboratory										
Waters Corporation	30.4%	58.2%	\$8,695	\$108.24	0.5%	17.1%	94.1%	5.2%	15.0x	13.4x
Mesa Laboratories Inc.	31.2%	60.8%	\$305	\$84.36	(4.6%)	71.4%	87.9%	3.1%	19.6x	NA
Thermo Fisher Scientific, Inc.	21.6%	43.5%	\$61,155	\$113.59	(4.1%)	40.7%	89.0%	3.2%	20.5x	15.1x
Mettler-Toledo International Inc.	20.6%	53.9%	\$7,063	\$230.47	(0.7%)	11.7%	89.2%	4.9%	14.4x	12.8x
Agilent Technologies Inc.	20.5%	52.4%	\$17,871	\$53.73	(1.8%)	29.6%	87.8%	10.2%	12.9x	11.6x
FEI Company	20.1%	47.4%	\$3,309	\$90.00	(12.5%)	42.2%	80.7%	10.8%	17.5x	14.5x
PerkinElmer Inc.	18.4%	45.1%	\$5,461	\$42.14	(5.4%)	37.7%	90.2%	5.8%	13.5x	12.5x
Sartorius Aktiengesellschaft	18.3%	48.3%	\$2,877	\$136.98	2.6%	20.7%	90.8%	6.2%	12.8x	10.9x
Bruker Corporation	13.1%	44.2%	\$3,458	\$21.07	(6.4%)	18.6%	86.4%	10.4%	14.4x	12.2x
Median	20.5%	48.3%			(4.1%)	29.6%	89.0%	5.8%	14.4x	12.7x
Mean	21.6%	50.4%			(3.6%)	32.2%	88.4%	6.7%	15.6x	12.9x
Overall Median	18.3%	44.8%			(1.8%)	20.7%	89.0%	6.4%	13.8x	12.3x
Overall Mean	18.8%	45.5%			(1.1%)	22.8%	88.0%	7.1%	14.0x	11.8x

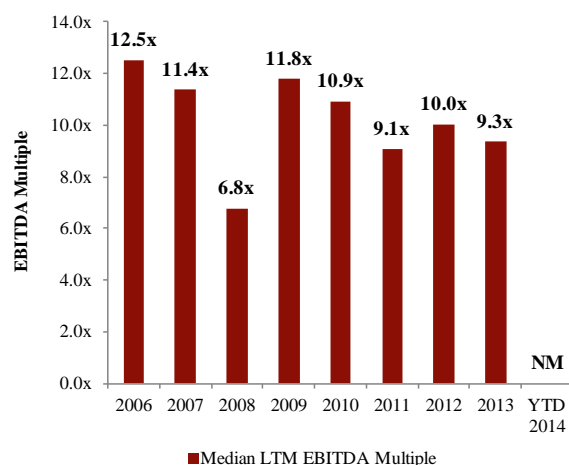
Test and Measurement
M&A Trends

(\$ in billions)

Number of Deals and Aggregate Deal Value



Median LTM EBITDA Multiple



Announced
M&A
Transactions

(\$ in millions)

Notable Recent Transactions

Date	Target	Target Description	Acquirer	Enterprise Value	EV/EBITDA Multiple
Pending	Arvus Tecnologia Ltda.	Provides precision solutions and software for the agriculture industry.	Hexagon AB	NA	NA
Pending	B Global Metering Ltd.	Manufactures smart meters for homes and businesses.	Energy Assets Group Plc	\$ 3.9	NA
Pending	Zygo Corporation	Manufactures optical metrology instruments.	AMETEK, Inc.	295.4	13.9x
Pending	Schneider Custom Sensors	Manufactures sensor, control, and actuation products.	The Carlyle Group and PAI Partners	NA	NA
Pending	Truesense Imaging	Manufactures image sensor devices.	ON Semiconductor Corp.	92.0	NA
Pending	Granville - Phillips Company	Manufactures vacuum measurement and control instruments.	MKS Instruments, Inc.	87.0	NA
04/15/14	BGI Instruments, Inc.	Manufactures particulate air sampling solutions.	Mesa Laboratories Inc.	9.1	NA
04/03/14	Compañía Industrial y Comercial	Manufactures water meters for drinking water utilities.	Arad Ltd.	4.0	NA
04/02/14	Ettore Cella Spa	Manufactures pressure, temperature, and level measure and control instruments.	WIKA Alexander Wiegand GmbH & Co.	NA	NA
03/31/14	Photon Machines, Inc.	Manufactures laser-based sample introduction systems and analytical instruments.	Teledyne Technologies Inc.	NA	NA
03/27/14	SERES Environnement S.A.S.	Manufactures environmental control and analysis systems.	Private Investors	NA	NA
03/13/14	SAFemine AG	Provides traffic safety solutions for the surface mining industry.	Hexagon AB	NA	NA
02/27/14	Dairy Automation Limited	Manufactures analytical sensors for the agriculture industry.	Livestock Improvement Corporation Limited	NA	NA
02/25/14	Enwave Optronics, Inc.	Manufactures Raman spectroscopy solutions.	TSI Incorporated	NA	NA
02/18/14	Harvest Engineering LLC Wireless	Manufactures wireless hazard monitoring systems.	Electro-Sensors Inc.	1.8	NA
02/11/14	H. Schreiner Test- und Sonder.	Manufactures leak measurement products.	Private Investors	NA	NA
02/10/14	VTI Instruments Corporation	Manufactures precision instrumentation for electronic signal distribution.	AMETEK, Inc.	NA	NA
02/10/14	Photon Technology International, Inc.	Manufactures electro-optical instruments.	HORIBA, Ltd.	NA	NA
02/07/14	Mapro Sistemas de Ensayo, S.A.	Manufactures test equipment for automotive component manufacturers.	Carbures Europe S.A.	NA	NA
02/05/14	General Tools and Instruments	Manufactures specialty hand tools and electronic test instruments.	High Road Capital Partners	NA	NA
01/31/14	Hilase kft.	Manufactures process analyzers for the oil & gas industry.	Hobré Instruments B.V.	NA	NA

Top Acquirers

From 2006 - Present
(\$ in millions)

Company	Number of Transactions	Aggregate Transaction Value ⁽¹⁾
Danaher Corp.	34	10,977
Thermo Fisher Scientific, Inc.	23	30,264
Agilent Technologies Inc.	17	1,579
AMETEK Inc.	17	1,255
General Electric Company	15	3,204
Measurement Specialties Inc.	15	253
Emerson Electric Co.	13	1,087
Spectris plc	12	660
Teledyne Technologies Inc.	12	488
Illinois Tool Works Inc.	12	48
Bruker Corporation	10	431
Roper Industries Inc.	8	1,896
Schneider Electric S.A.	8	308
Halma plc	8	109

(1) Transaction values only for pending and closed transactions with disclosed terms.

Key Trading
Stats

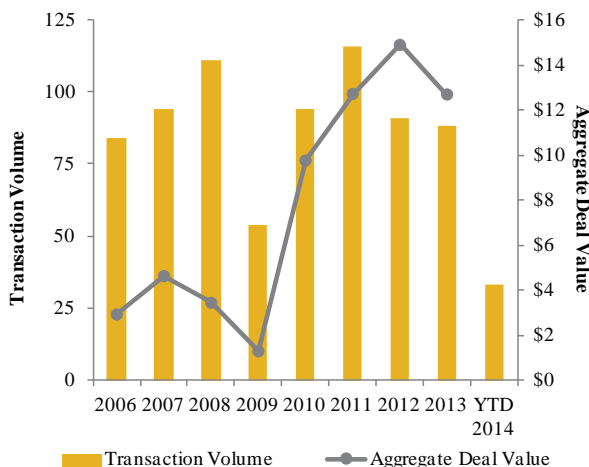
As of April 28, 2014
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Flow Control Public Comparables

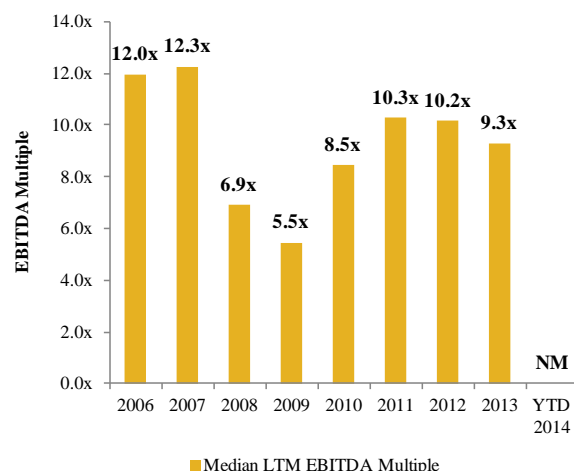
	LTM Margins			Stock Performance				R&D / Sales LTM	TEV / EBITDA	
	EBITDA	Gross	TEV	Current Price	1-Month Change	1-Year Change	% of LTM High		LTM	2014E
Pumps and Filtration										
Graco Inc.	28.7%	54.9%	\$4,450	\$72.30	(1.8%)	21.0%	90.8%	4.6%	13.8x	12.8x
IDEX Corporation	24.1%	43.8%	\$6,236	\$73.15	2.4%	41.8%	92.3%	1.7%	12.5x	12.0x
Pall Corporation	21.9%	51.5%	\$8,922	\$82.94	(6.3%)	24.8%	90.3%	3.6%	15.3x	13.8x
IMI plc	20.2%	45.6%	\$7,193	\$24.93	3.1%	13.2%	82.3%	1.4%	12.3x	11.5x
Essentra plc	19.6%	57.3%	\$3,584	\$13.75	(4.9%)	26.4%	88.5%	NM	13.8x	11.9x
Donaldson Company, Inc.	17.6%	35.7%	\$5,952	\$41.92	(0.1%)	16.6%	95.8%	2.6%	13.9x	12.9x
Pentair Ltd.	17.5%	34.2%	\$16,960	\$73.11	(5.9%)	34.0%	87.7%	1.6%	13.1x	12.5x
Flowsolve Corp.	17.5%	34.3%	\$10,949	\$72.19	(5.2%)	37.2%	87.8%	0.7%	12.7x	11.8x
Franklin Electric Co., Inc.	16.5%	34.3%	\$1,959	\$39.76	(4.5%)	25.0%	86.2%	0.8%	12.3x	11.0x
Xylem Inc.	15.9%	39.0%	\$7,252	\$35.36	(1.8%)	25.2%	88.9%	2.7%	11.8x	10.9x
Trelleborg AB	15.5%	34.7%	\$6,605	\$20.97	5.2%	45.6%	96.1%	1.5%	12.8x	11.4x
Gorman-Rupp Co.	15.1%	24.4%	\$792	\$30.82	(1.4%)	35.3%	87.7%	NM	12.8x	10.8x
ESCO Technologies Inc.	14.9%	39.6%	\$1,039	\$33.80	(1.1%)	(5.8%)	90.4%	6.0%	13.1x	11.6x
ITT Corporation	14.3%	32.0%	\$3,294	\$42.19	0.9%	54.7%	93.5%	2.7%	9.2x	8.3x
Colfax Corporation	13.3%	31.1%	\$9,595	\$70.38	2.7%	51.3%	95.1%	0.6%	16.7x	13.6x
Sulzer, Ltd.	12.0%	30.7%	\$5,224	\$152.07	13.0%	(10.2%)	78.3%	2.2%	11.8x	11.0x
SPX Corporation	10.2%	28.8%	\$5,387	\$97.81	1.1%	31.1%	89.0%	1.6%	11.1x	10.4x
Median	16.5%	34.7%			(1.1%)	26.4%	89.0%	1.7%	12.8x	11.6x
Mean	17.3%	38.3%			(0.3%)	27.5%	89.5%	2.3%	12.9x	11.7x
Valves and Fittings										
The Weir Group PLC	21.1%	35.9%	\$10,928	\$45.39	6.9%	31.6%	98.8%	0.7%	13.0x	12.1x
Crane Co.	15.1%	32.7%	\$4,767	\$70.24	0.6%	30.9%	95.7%	2.4%	11.7x	9.4x
Cameron International Corporation	14.6%	28.2%	\$16,430	\$64.50	4.9%	4.8%	96.4%	0.6%	11.0x	10.3x
Aalberts Industries NV	14.5%	60.0%	\$4,353	\$33.14	(4.5%)	47.4%	92.4%	NM	10.7x	9.4x
Curtiss-Wright Corporation	14.2%	32.3%	\$3,861	\$63.03	1.2%	94.2%	90.2%	2.7%	10.8x	9.4x
Mueller Water Products, Inc.	13.9%	27.9%	\$1,990	\$9.40	0.6%	59.3%	93.6%	1.1%	12.3x	9.9x
Parker-Hannifin Corporation	13.1%	22.9%	\$18,890	\$122.73	2.9%	38.2%	94.6%	2.8%	11.0x	9.4x
CIRCOR International, Inc.	12.7%	31.6%	\$1,331	\$79.13	10.6%	65.8%	94.9%	0.7%	12.1x	11.4x
Watts Water Technologies, Inc.	12.5%	35.8%	\$2,031	\$56.61	(2.4%)	22.5%	90.3%	1.5%	11.0x	9.4x
Mueller Industries Inc.	7.6%	13.6%	\$1,657	\$28.57	(2.6%)	12.0%	88.9%	NM	10.2x	8.7x
Median	14.0%	31.9%			0.9%	34.9%	94.1%	1.3%	11.0x	9.4x
Mean	13.9%	32.1%			1.8%	40.7%	93.6%	1.6%	11.4x	9.9x
Overall Median	15.1%	34.3%			0.6%	31.1%	90.4%	1.6%	12.3x	11.0x
Overall Mean	16.1%	36.0%			0.5%	32.4%	91.0%	2.0%	12.3x	11.0x

**Flow Control
M&A Trends**
(\$ in billions)

Number of Deals and Aggregate Deal Value



Median LTM EBITDA Multiple



**Announced
M&A
Transactions**
(\$ in millions)

Notable Recent Transactions

Date	Target	Target Description	Acquirer	Enterprise Value	EV/EBITDA Multiple
Pending	Stanadyne Corp. Filtration Division	Manufactures filtration systems for mobile applications.	CLARCOR Inc.	\$ 325.0	NA
Pending	Dorot Water Technologies Ltd.	Manufactures control valves for the water market.	Riegos Iberia Regaber Sa	49.0	NA
Pending	Frank Mohn AS	Manufactures pumping systems for the offshore industry.	Alfa Laval AB	2,166.8	NA
Pending	Fabbrica Italiana Pompe S.r.l.	Manufactures centrifugal and hydraulic pumps.	CRI Pumps Private Ltd.	NA	NA
Pending	Nexus Valve, Inc.	Manufactures valves for HVAC applications.	Aalberts Industries NV	NA	NA
05/01/14	Filter Specialists, Inc.	Manufactures filtration products and solutions.	Pall Corporation	NA	NA
04/28/14	AEGIS Flow Technologies	Manufactures specialty chemical processing valves.	IDEX Corporation	26.0	NA
04/17/14	Pressure Products Industries, Inc.	Manufactures specialty fluid handling equipment.	Neodyne Industries	NA	NA
04/15/14	Green Turtle Technologies Ltd.	Manufactures wastewater pretreatment solutions.	Rexnord Corporation	NA	NA
03/31/14	Naval Oy	Manufactures welded ball valves.	Vexve Oy	NA	NA
03/28/14	Pumpeteknikk Nord AS	Provides pumps and pump system solutions.	MOMEK Group AS	NA	NA
03/24/14	Alpha diffusion SAS	Manufactures fuel pumps.	ALX Technologies SAS	NA	NA
03/15/14	ELBA-WERK Maschinen-Gesellschaft mbH	Manufactures concrete pumps and production machines.	Ammann Schweiz AG	NA	NA
03/06/14	Max Seal, Inc.	Manufactures pipe seal gaskets and other rubber solutions.	Trelleborg AB	NA	NA
03/05/14	SyncroFlo, Inc.	Manufactures water pumps.	Kirloskar Brothers Limited	NA	NA
02/18/14	Valco Group France SAS	Manufactures cryogenic valves for industrial applications.	Argos Sodic	NA	NA
02/05/14	William Eagles Limited	Manufactures pressure regulating valves.	Wrekin Shell Mouldings Limited	NA	NA
02/04/14	Superior Products, Inc.	Manufactures compressed gas fittings and management systems.	Engineered Controls International	NA	NA
02/02/14	Veris, Inc.	Manufactures flow measurement solutions.	Armstrong International, Inc.	NA	NA

Top Acquirers
From 2006 - Present
(\$ in millions)

Company	Number of Transactions	Aggregate Transaction Value ⁽¹⁾
Parker Hannifin Corporation	14	\$285
Dover Corp.	10	\$847
Pentair, Inc.	9	\$6,507
The Weir Group plc	9	\$1,335
ITT Corporation	9	\$863
Curtiss-Wright Corp.	9	\$537
IDEX Corporation	9	\$464
Franklin Electric Co. Inc.	8	\$318
IMI plc	7	\$730
Rotork plc	7	\$62
SPX Corporation	6	\$2,065
Interpump Group SpA	6	\$144
Eaton Corporation	5	\$872
Flowserve Corp.	5	\$348

(1) Transaction values only for pending and closed transactions with disclosed terms.

**Key Trading
Stats**

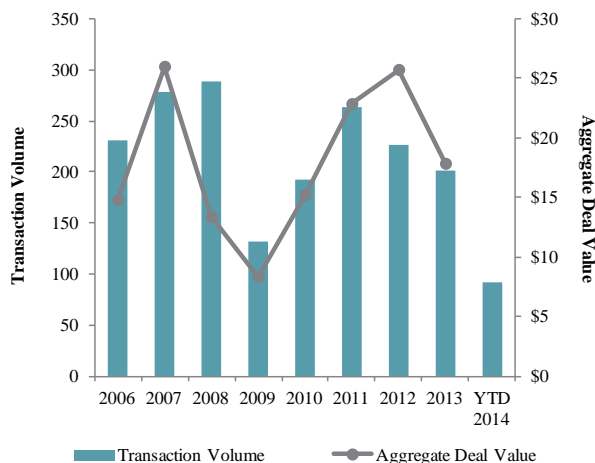
As of April 28, 2014
(\$ in millions, except
per share amounts)

Process / Motion Control Public Comparables

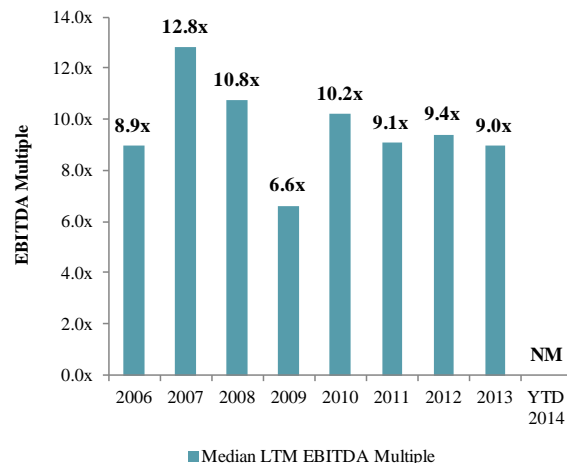
	LTM Margins			Stock Performance				R&D / Sales LTM	TEV / EBITDA	
	EBITDA	Gross	TEV	Current Price	1-Month Change	1-Year Change	% of LTM High		LTM	2014E
Motion and Drives										
AMETEK Inc.	26.0%	35.3%	\$13,818	\$51.78	0.9%	27.7%	83.4%	3.9%	14.8x	13.7x
Danaher Corp.	21.9%	52.2%	\$51,623	\$73.50	(0.5%)	22.0%	93.3%	6.6%	12.2x	11.4x
Rexnord Corporation	19.1%	36.7%	\$4,495	\$26.82	(5.8%)	47.9%	86.7%	0.8%	11.5x	10.2x
Rockwell Automation Inc.	18.7%	40.9%	\$16,828	\$124.53	0.2%	46.8%	96.9%	3.9%	13.7x	12.6x
Aeroflex Holding Corp.	18.4%	50.7%	\$1,182	\$7.70	(7.3%)	2.8%	85.7%	13.9%	10.0x	9.2x
Schneider Electric S.A.	16.0%	37.8%	\$58,432	\$93.89	5.9%	23.3%	98.3%	2.3%	11.2x	10.2x
Nidec Corporation	15.0%	22.9%	\$17,008	\$57.20	(3.1%)	70.4%	90.3%	4.3%	13.3x	11.3x
ABB Ltd.	13.5%	28.7%	\$62,298	\$26.17	2.3%	16.3%	92.9%	3.5%	11.1x	9.6x
Siemens Aktiengesellschaft	10.3%	27.7%	\$121,249	\$128.83	(4.9%)	23.5%	91.9%	5.7%	11.4x	8.0x
Yaskawa Electric Corp.	9.6%	29.7%	\$3,283	\$11.59	(13.7%)	(3.3%)	70.0%	3.4%	9.6x	8.3x
Median	17.2%	36.0%			(1.8%)	23.4%	91.1%	3.9%	11.4x	10.2x
Mean	16.9%	36.3%			(2.6%)	27.7%	88.9%	4.8%	11.9x	10.5x
Actuators and Positioners										
Pentair Ltd.	17.5%	34.2%	\$16,960	\$73.11	(5.9%)	34.0%	87.7%	1.6%	13.1x	12.5x
Eaton Corporation plc	15.1%	30.8%	\$43,447	\$74.50	0.4%	23.6%	95.3%	2.9%	12.9x	11.5x
Altra Industrial Motion Corp.	13.9%	29.7%	\$1,116	\$33.61	(2.7%)	29.5%	84.9%	1.8%	10.7x	8.9x
Moog Inc.	13.9%	29.9%	\$3,485	\$65.45	3.6%	43.5%	93.5%	5.2%	9.5x	9.1x
Parker-Hannifin Corporation	13.1%	22.9%	\$18,890	\$122.73	2.9%	38.2%	94.6%	2.8%	11.0x	9.4x
CTS Corporation	13.1%	30.8%	\$598	\$18.95	(7.8%)	80.0%	87.5%	5.5%	11.1x	9.3x
Median	13.9%	30.4%			(1.2%)	36.1%	90.6%	2.9%	11.0x	9.3x
Mean	14.4%	29.7%			(1.6%)	41.5%	90.6%	3.3%	11.4x	10.1x
Condition Monitoring										
Cognex Corporation	27.5%	76.2%	\$2,778	\$34.51	4.5%	81.4%	86.0%	13.6%	28.5x	22.4x
AMETEK Inc.	26.0%	35.3%	\$13,818	\$51.78	0.9%	27.7%	83.4%	3.9%	14.8x	13.7x
Isra Vision AG.	19.0%	54.5%	\$364	\$73.40	3.1%	76.1%	97.9%	13.1%	15.3x	8.8x
Augusta Technologie AG	18.5%	48.8%	\$216	\$37.52	3.0%	19.4%	95.5%	9.1%	7.8x	6.8x
Basler AG	15.9%	50.0%	\$178	\$49.84	(0.7%)	90.1%	93.5%	10.0%	12.5x	9.3x
MKS Instruments, Inc.	15.9%	41.9%	\$892	\$27.79	(4.2%)	3.1%	85.5%	8.7%	7.7x	7.1x
Teledyne Technologies Inc.	14.5%	36.6%	\$3,979	\$92.87	(2.4%)	23.8%	90.7%	13.5%	11.7x	10.3x
AB SKF	13.6%	25.0%	\$14,034	\$25.32	(1.8%)	9.9%	89.3%	2.3%	10.2x	8.6x
National Instruments Corporation	13.1%	74.0%	\$2,987	\$26.81	(5.0%)	(1.1%)	81.4%	19.9%	19.5x	12.9x
Median	15.9%	48.8%			(0.7%)	23.8%	89.3%	10.0%	12.5x	9.3x
Mean	18.2%	49.2%			(0.3%)	36.7%	89.3%	10.5%	14.2x	11.1x
Overall Median	15.9%	35.3%			(0.7%)	27.7%	90.3%	4.3%	11.5x	9.6x
Overall Mean	16.8%	39.3%			(1.5%)	34.3%	89.5%	6.5%	12.6x	10.6x

Process / Motion Control
M&A Trends
(\$ in billions)

Number of Deals and Aggregate Deal Value



Median LTM EBITDA Multiple



Announced
M&A
Transactions
(\$ in millions)

Notable Recent Transactions

Date	Target	Target Description	Acquirer	Enterprise Value	EV/EBITDA Multiple
Pending	Changzhou REGAL-BELOIT Sinya	Manufactures micro-electromotors.	WEG Participações e Serviços S.A.	NA	NA
Pending	Zhuhai Wanlida Electric Co., Ltd.	Manufactures power quality solutions, AC drive systems, and protection relays.	Zhuhai Seine Technology Co., Ltd.	NA	NA
Pending	Rolls-Royce Power Systems AG	Manufactures engines, propulsion systems, drive systems, and industrial drives.	Rolls Royce Holdings plc	\$ 6,740.2	NA
Pending	Metso Corporation	Manufactures systems, automation solutions, and equipment for process industries.	The Weir Group PLC	NA	NA
Pending	Electrical Components International	Manufactures wire harnesses, subassemblies, and other value-added assemblies.	KPS Capital Partners, LP	NA	NA
Pending	R. Stahl AG	Manufactures explosion protection solutions.	Weidmüller Holding AG & Co.	399.4	8.1x
Pending	Young Tech Co., Ltd.	Manufactures electronic positioners and volume boosters.	Rotork plc	106.7	NA
Pending	Power-One Inc., Power Solutions	Manufactures high density power conversion solutions.	Bel Fuse Inc.	117.0	NA
04/24/14	Pujol Muntalà, S.A.	Manufactures geared motors for power transmission applications.	Private Investors	2.8	NA
04/16/14	Robichaux Automation and Control	Provides electrical, control and automation systems for marine vessels.	USJ-IMECO Holding Company, LLC	NA	NA
04/14/14	HiTek Power Ltd	Manufactures high voltage power supplies.	Advanced Energy Industries, Inc.	NA	NA
04/01/14	UEC Electronics LLC	Manufactures electronic components and subsystems for military and industrial markets.	Arotech Corporation	38.3	NA
04/01/14	Professional Power Products, Inc.	Manufactures products and systems for the power generator industry.	Power Solutions International, Inc.	63.5	NA
03/31/14	Genetec Technology Automation, Inc.	Provides manufacturing solutions related to assembly, test, and packaging of products.	Calgary Global Group Limited	NA	NA
03/27/14	EAE Ewert Ahrensburg Electronic	Provides controls, automation solutions, and software for newspaper printers.	Q.I. Press Controls B.V.	NA	NA
03/24/14	NOVAL	Manufactures mechatronic solutions for industrial automation applications.	Groupe Ermic Developpement	NA	NA
03/21/14	Advance Products Corp., Automation	Manufactures tool temperature control systems and reciprocating die sprayers.	Industrial Innovations, Inc.	NA	NA
03/18/14	Tracoinsa Systems UK Ltd.	Manufactures material handling systems.	Expert Tooling & Automation Limited	NA	NA

Top Acquirers
From 2006 – Present
(\$ in millions)

Company	Number of Transactions	Aggregate Transaction Value ⁽¹⁾
Schneider Electric S.A.	16	\$6,878
Emerson Electric	13	\$1,764
Regal Beloit Corporation	12	\$366
Eaton Corporation	11	\$14,739
Parker-Hannifin Corporation	11	\$545
ABB Ltd.	10	\$6,886
Nidec Corporation	10	\$1,885
ESCO Technologies Inc.	10	\$316
AMETEK	9	\$1,007
Wabtec	8	\$653
Curtiss-Wright	8	\$374
Moog Inc.	8	\$181
Siemens Aktiengesellschaft	8	\$19
Robert Bosch Stiftung GmbH	7	\$743
Andritz AG	7	\$481

(1) Transaction values only for pending and closed transactions with disclosed terms.

**Key Trading
Stats**

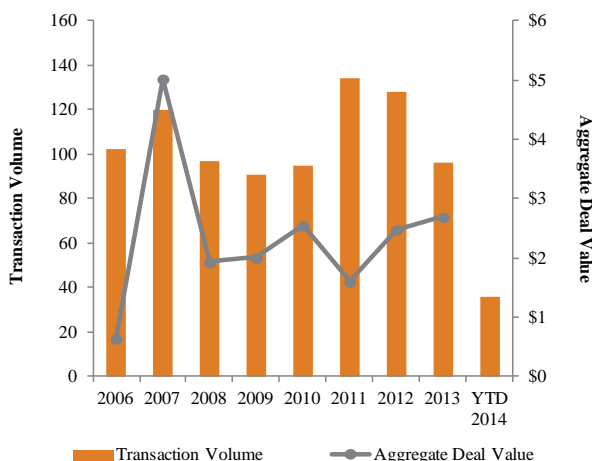
As of April 28, 2014
(\$ in millions, except
per share amounts)

Test Services Public Comparables

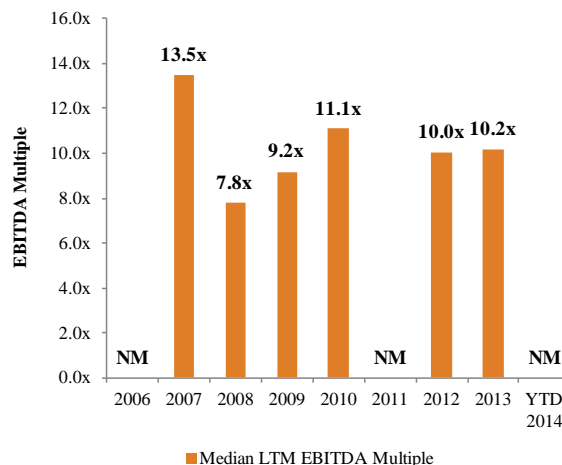
	LTM Margins			Stock Performance				TEV / EBITDA	
	EBITDA	Gross	TEV	Current Price	1-Month Change	1-Year Change	% of LTM High	LTM	2014E
	Testing, Inspection, and Certification								
ALS Limited	25.3%	88.1%	\$3,430	\$6.83	1.1%	(34.0%)	69.4%	10.2x	10.5x
SAI Global Limited	20.4%	35.9%	\$1,016	\$3.90	2.8%	4.6%	91.5%	11.1x	9.8x
SGS SA	20.3%	44.5%	\$19,146	\$2,441.71	(0.6%)	1.4%	91.1%	14.4x	12.6x
Bureau Veritas SA	18.8%	32.8%	\$15,182	\$30.40	(0.7%)	0.1%	92.2%	14.9x	13.2x
Intertek Group plc	18.7%	16.0%	\$8,990	\$49.12	(3.7%)	(4.2%)	84.2%	13.3x	12.2x
Eurofins Scientific SA	16.3%	16.7%	\$4,690	\$273.59	(7.9%)	27.8%	89.8%	17.0x	14.0x
Mistras Group, Inc.	10.4%	31.1%	\$731	\$22.47	(0.6%)	18.6%	89.1%	11.9x	9.6x
Furmanite Corporation	8.5%	28.4%	\$410	\$10.05	1.6%	58.8%	79.1%	11.3x	9.0x
Median	18.7%	31.9%			(0.6%)	3.0%	89.4%	12.6x	11.3x
Mean	17.3%	36.7%			(1.0%)	9.1%	85.8%	13.0x	11.4x
Engineering and Consulting									
AMEC plc	8.0%	13.7%	\$5,975	\$20.71	12.6%	32.0%	99.0%	11.3x	9.5x
Fomento de Construcciones y Contratas, S.A.	8.0%	62.2%	\$11,317	\$22.01	(1.1%)	110.5%	72.5%	14.6x	9.2x
ARCADIS NV	7.7%	19.1%	\$2,821	\$34.54	(9.9%)	25.9%	87.7%	10.6x	8.8x
WSP Global Inc.	7.0%	20.9%	\$2,195	\$34.00	7.1%	39.1%	99.0%	16.5x	10.7x
Tetra Tech Inc.	6.8%	13.6%	\$1,902	\$28.56	(2.2%)	9.8%	92.4%	13.8x	7.6x
Jacobs Engineering Group Inc.	5.8%	15.3%	\$8,326	\$62.20	(1.5%)	19.5%	93.0%	11.6x	8.7x
Median	7.7%	19.1%			(1.1%)	32.0%	92.4%	11.6x	8.8x
Mean	8.4%	26.2%			0.8%	48.4%	89.8%	12.6x	9.0x
Overall Median	10.4%	28.4%			(0.6%)	19.5%	89.8%	11.9x	9.6x
Overall Mean	13.1%	31.8%			(0.2%)	27.5%	87.6%	12.8x	10.3x

Test Services
M&A Trends
(\$ in billions)

Number of Deals and Aggregate Deal Value



Median LTM EBITDA Multiple



Announced
M&A
Transactions
(\$ in millions)

Notable Recent Transactions

Date	Target	Target Description	Acquirer	Enterprise Value	EV/EBITDA Multiple
Pending	Heritage Labs & Hooper Holmes Services	Provides testing services for the insurance industry.	Clinical Reference Laboratory, Inc.	\$ 3.7	NA
Pending	Quiktrak, Inc.	Provides field inspections, verifications, and inventory auditing services.	Bureau Veritas SA	NA	NA
Pending	UL LLC, Water Testing Business	Provides water quality testing services.	Eurofins Scientific SA	NA	NA
Pending	Central Laboratories Friedrichsdorf	Provides laboratory analytical services for food safety.	Eurofins Scientific SA	NA	NA
04/29/14	Andes Control S.A.	Provides chemical analytical and testing services related to food and environmental safety.	Bureau Veritas SA	NA	NA
04/23/14	Steward Health Care Laboratory Services	Provides laboratory testing services for the medical industry.	Quest Diagnostics Inc.	NA	NA
04/08/14	Acajutla Refinery Laboratory	Provides quality testing services for the oil & gas industry.	Intertek Group plc	NA	NA
04/03/14	Blohm + Voss Inspection Service GmbH	Provides testing and inspection services for industrial customers.	ZEPPELIN GmbH	NA	NA
03/31/14	South Florida Environmental Services	Provides air quality testing services.	Montrose Environmental Corporation	NA	NA
03/26/14	Climatic Vehicle Chamber	Provides HVAC testing services for the automotive industry.	T/CCI Manufacturing LLC	NA	NA
03/21/14	Maintpartner Oy, Food Testing Lab	Provides environmental testing and sampling services.	Eurofins Scientific SA	NA	NA
03/19/14	LGAI Technological Center S.A., Applus	Provides food and agro-environmental testing services.	Eurofins Scientific SA	NA	NA
03/19/14	Genon Laboratories Ltd	Provides allergen testing services.	Synergy Health plc	NA	NA
03/10/14	VIKO Test Labs	Provides semiconductor test and engineering services.	CORWIL Technology Corporation	NA	NA
03/07/14	Omegam Laboratoria B.V.	Provides laboratory testing services for environmental and water testing.	Eurofins Scientific SA	NA	NA
03/05/14	PTS Ltd.	Provides inspection and consultancy services for the civil engineering industry.	Glacier Energy Services	NA	NA
03/03/14	International Inspection Services Ltd	Provides non-destructive testing services to the energy industry.	Intertek Group plc	66.2	NA
02/28/14	KBBL Inspectie b.v.	Provides analytical services to the food & beverage industry.	Eurofins Scientific SA	NA	NA
02/28/14	Wyle Laboratories, Inc., Test Labs	Provides laboratory testing and engineering services.	National Technical Systems Inc.	NA	NA
01/31/14	Air Quality Consulting, Inc.	Provides indoor air quality consulting services.	NV5 Holdings, Inc.	NA	NA
01/15/14	Nemko Oy	Provides testing services to the telecom and electronics industries.	SGS SA	NA	NA

Top Acquirers
From 2006 - Present
(\$ in millions)

Company	Number of Transactions	Aggregate Transaction Value ⁽¹⁾
SGS SA	37	\$85
Intertek Group plc	33	\$512
Bureau Veritas SA	30	\$1,793
Eurofins Scientific SA	26	\$211
ALS Limited	25	\$675
UL LLC	11	\$24
DEKRA e.V.	10	\$192
Pace Analytical Services, Inc.	8	--
TÜV SÜD AG	8	--
National Technical Systems Inc.	7	\$53
Element Materials Technology B.V.	7	--
EAG Inc.	5	\$7
TÜV Rheinland Holding AG	5	--

(1) Transaction values only for pending and closed transactions with disclosed terms.

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