



2015 Award Winners

Deal of the Year Award

LDI, Ltd.

Indianapolis-based LDI Ltd., LLC (LDI) acquired a majority interest in the combined entity resulting from the merger of LDI's Tucker Rocky/Biker's Choice distribution companies with Motorsport Aftermarket Group (MAG). LDI, with its majority interest has not only funded the merger but will be actively involved in the daily management of the company.

Corporate Value Award Winners

Indiana Limestone Company

Indiana Limestone Company dates back to the mid-1800s and is headquartered in Oolitic, Indiana. Indiana Limestone has provided limestone for many notable structures in the United States, including the Empire State Building and the Pentagon. The company owns and operates quarries and holding reserves covering over 4,000 acres in Indiana.

Telemon Corporation

Founded in 1985, Telamon is a privately-held business based in Carmel, Indiana. Telamon's roots are in providing solutions to telecommunications providers, but over the past few years, Telamon has expanded its service offerings across five unique business units.

ACG: Setting the Standard for Middle Market Corporate Growth

Join us in recognizing outstanding achievement at the **ACG Indiana Annual Awards Dinner**

With these awards, ACG Indiana strives to set new standards in corporate value and wealth creation by recognizing those entities and service providers who achieve great things within our Indiana economy and community, as well as exhibit commitment and determination to continue investing.

This event is a great opportunity to acknowledge award winners while also networking with experienced professionals in the middle market community. This year's event theme is titled "Riding the Wave," reflecting the current state of middle market growth and private equity in which businesses are continuing to ride the wave of the ever-changing market as it rises and falls.

WHEN

Thursday
April 23, 2015
5:30 pm - 8:30 pm

WHERE

Union Station
Grand Hall
Downtown Indianapolis

AGENDA

Cocktail Reception
5:30 pm
Dinner 6:45 pm
Awards Presentation
8:00 pm

PRICING

ACG Indiana
Member \$160
Non-Member \$190

To register, visit <http://bit.ly/ACGAwardsDinner>

Board of Directors

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Pete Munson, Cardinal Equity Partners

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Ron St. Clair, St. Clair Group

Brian Sullivan, BMO Harris Bank

Steve Warner, Katz, Sapper & Miller, LLP

Sandy Wilcox, Morgan Stanley Wealth Management

PRESIDENT'S MESSAGE

ACG Indiana: One-Stop Networking for Corporate Growth



“Be fearful when others are greedy and greedy when others are fearful” - Warren Buffett.

Unfortunately most do not have Mr. Buffett on their smartphone's quick-dial, and thus are left with a void when seeking sound investment advice. Adding to this nuisance, the mergers and acquisitions (M&A) industry has evolved at a rapid pace over the last ten years with one important trend at the heart of it: M&A deal-making is becoming more complicated. New types of capital have emerged, due diligence timelines have compressed, and acquisition techniques and tools constantly change. There are some things that haven't changed however, such as the deal you want is ALWAYS too expensive, and that The Association for Corporate Growth (ACG) is there to help navigate through these complicated times.

With more than 56 chapters and 14,500 global members, ACG is the preeminent organization where professionals of all types including C-Level executives, advisors, private equity firms, strategic acquirers, investment banking intermediaries, and other specialty finance companies gather to learn and network with other professionals. Indiana's chapter of ACG has grown considerably over the past ten years and currently stands at more than 170 active members. If growing your business network is important, ACG delivers the right people, in the right way, right to you. Face-to-face events, online tools, structured networking opportunities, exclusive member events and leading-edge market intelligence provide our members with powerful business-building resources.

ACG Indiana holds a number of monthly events throughout the year. The Capital Markets Showcase highlights the majority of Indiana's private equity and junior capital sources. The Annual Awards Dinner honors several Indiana companies on their individual growth initiatives. The ACG Indiana Golf outing hosts some of the state's worst golfers in an epic event that reinforces why a college education can be so important to mediocre athletes. ACG Cup is a business case competition bringing together Indiana's future leaders and MBA students with ACG membership. ACG Indiana members can also participate in regional events, such as the Great Lakes Capital Connection Conference, and in national events such as InterGrowth, which is usually held in warmer climate locations making it a popular ACG membership gathering.

ACG is the home for middle-market deal-making. I would encourage you to attend one of our monthly events in order to determine if membership is right for you. Please visit our website at www.acg.org/indiana to learn more.

Luke Phenicie
President, ACG Indiana
Lead Transaction Partner, Hammond, Kennedy, Whitney & Company (“HKW”)

Questions?

For questions or assistance please contact Mike or Michelle Daley, Chapter Executives.

Contact

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ACG[®] Indiana
NEXT EVENT
ESKENAZI
HEALTH



Thursday, May 21, 2015
5:00 pm - 7:00 pm

Evening Networking Event with Guest Speaker
Ernest Vargo II, President & CEO, Eskenazi Health Foundation

Agenda

5:00 - 5:45 pm – Cocktails
5:45 - 6:15 pm – Speaker
6:15 pm – Questions
& Tour of Hospital
7:00 pm – Adjourn

Location

Eskenazi Health
720 Eskenazi Ave.
Indianapolis, IN 46202

Register

www.ACGIndiana.org

The Indiana Private Capital Community – Small, but Growing

BY MARK HOLLIS – PAST PRESIDENT AND BOARD MEMBER, ACG INDIANA – PARTNER, CENTERFIELD CAPITAL PARTNERS

To the layman the term “private equity” may conjure thoughts of well-heeled profiteers trying to turn a quick buck by raiding corporations, slashing jobs and cutting expenses. These stories of greed have created some negative perceptions, however, those familiar with private equity firms know the vast majority are in business for exactly the opposite reason. That certainly holds true of our private capital community in Indiana who seek to build businesses and in doing so successfully, generate solid investment returns.

Companies with private capital investment experienced:

135% increase in sales &

47% boost in job growth from 1995-2010.

(Source - GrowthEconomy.org)

While neither large nor highly visible, Indiana’s private equity community is active and growing. While tiny in comparison to New York, Chicago, or even Cleveland for that matter, local firms CID Capital, Hammond Kennedy Whitney & Co. (HKW) and my firm, Centerfield Capital Partners, have raised new funds in recent years. Others are active as well, including the \$150 million Indiana Investment Fund II,

which seeks to invest in Indiana-based companies and funds for the Indiana Public Employees Retirement System (INPRS), the pension fund’s second such vehicle. Others active include Cardinal Equity Partners, North River Capital, Heron Capital and 40/86 Advisors, the fixed income investment arm of CNO Financial Group. Collectively, these Indiana firms have hundreds of millions of dollars available for investment.

Indiana’s private capital investors have a strong interest in Indiana and a history of making investments in the State. For instance, Angie’s List, Aqua Systems, NESCO Rentals, and Matilda Jane Clothing are among several companies that have benefited from local investment. In addition to interest from local private investors, Indiana is also on the radar of out of state investors as private equity funds seek to deploy record amounts of capital.

The amount of capital available is good news for Indiana companies seeking investment to pursue growth plans (such as building a new facility or making an acquisition) or affect ownership transitions. Our local investment firms generally target “middle market” companies generating \$10 to \$200 million in revenue, with investments ranging from \$1 to \$50 million or more in size. Investment structures vary from various debt securities, including mezzanine, to minority and majority equity stakes. In addition to providing capital, private investment firms can also bring valuable experience and resources to help companies grow. Research shows private capital backed businesses in Indiana grow at faster rates than their peers. According to GrowthEconomy.org, a joint research effort led by ACG and Edward Lowe Foundation, Indiana companies with private capital investment grew sales 135% and jobs by 47% from 1995 to 2010. This compares to 20% sales growth and 9% job growth for all companies in Indiana during the same period.

ACG Indiana is the best place to meet and interact with the Indiana private capital community. Our members include senior level partners and managers of firms active in Indiana. We welcome guests interested in learning about the private capital markets.

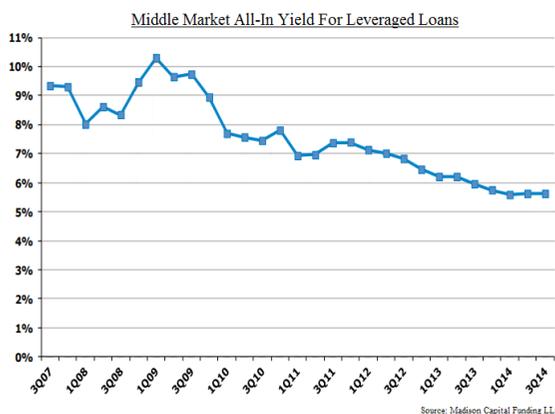
Middle Market Trends for 2015 and 2016

BY TIM TROSTLE – VICE PRESIDENT, CORPORATE FINANCE, CITY SECURITIES CORPORATION

2015 continues a period of financial recovery as well as M&A growth that has occurred since the Great Recession. Middle market business owners are optimistic, according to a recent survey conducted by The National Center for the Middle Market, with 74% of reporting companies expecting revenue growth in 2015. The same survey indicates that middle market companies are increasing employment, with well over 90% of reporting companies expecting employee headcount to remain consistent or increase in 2015.

From our observation at City Securities, the market for quality middle market companies is active and valuations are high, driven by low costs of capital, a high level of deployable capital and increased interest in companies below \$5-\$10 million in EBITDA. Put plainly, we are in the sixth consecutive year of the current “sellers’ market.”

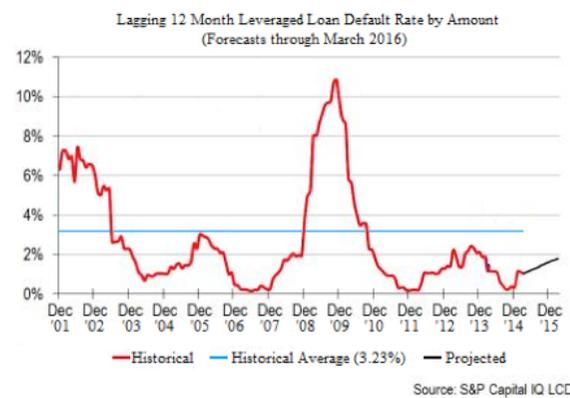
The demographic shift of middle market business ownership in the United States is a real phenomenon, as many business owners are either approaching - or have passed - typical retirement age. Middle market business owners who likely would have pursued ownership transition in 2008-2009 did not do so as a result of declining market conditions, which may have impacted the financial performance and resulting value of their businesses. For the business owners that survived the recession, the last couple of years have been marked by (i) financial results



which approach—or exceed—those of their last peak earnings period, and (ii) financial results which have shown steady growth for a period long enough to provide comfort for investors.

While the circumstances for any company’s M&A process are unique, City Securities expects the supportive market for middle market M&A to continue through 2015 and into 2016, although we are seeing the formation of headwinds that could make the market more challenging for sellers.

An important driver of business valuation is the cost of debt capital, which, as depicted in the ‘all-in yield’ chart (above), has been declining for some time. This has been spurred by a large pool of investable capital, accommodative Federal Reserve monetary



policy and relatively aggressive lenders, who are more apt to compete when the loan default rate is low as it has been in recent years. According to a March 2015 S&P survey of loan portfolio managers, the default rate is projected to rise to 1.63% by 2015 year-end, and to 1.81% by March 2016, still below average but an increase versus today’s default rate of around 1%. A meaningful increase in the default rate is likely to be accompanied by increased interest rates on new loans, which would negatively impact M&A valuation.

With signs of caution and slow down visible in the distant horizon, City Securities expects 2015 and 2016 to continue to be active years for M&A and recapitalization transactions.

75% of ACG members report having done business with fellow members

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Connecting with Other Professional Problem Solvers

BY JIM BIRGE – PARTNER, FAEGRE BAKER DANIELS

If I were to distill sixteen years of legal practice into a single industry trend, I'd submit that our clients today want efficient and timely solutions to problems (as defined by the client), rather than expert legal advice (as defined by the attorney). Although this evolution has been unsettling for many law firm attorneys, I believe it creates opportunities to strengthen client relationships for those service providers who embrace the challenge of thinking as problem-solvers instead of merely advisors. ACG provides a forum for precisely these types of individuals, by allowing them to engage with experts in disciplines that extend beyond one's own professional silo—be it legal, accounting, investment banking, insurance, or other professional services.



During the past year alone, clients have asked me to provide guidance on the following matters: how to select the right investment bank to assist with a sale process, the differences between selling your business to a strategic company versus a private equity firm, and how to structure a fair valuation process for an exiting shareholder in a closely-held business. In each instance, my client asked questions that were not legal in nature, but were critical to

achieving a successful outcome for the transaction in question. And, in each instance, I was able to reach out to ACG colleagues in investment banking, private equity and valuation firms so that my responses were not limited to my personal experience, but further informed by recent trends on these topics from industry insiders.

If you become involved in ACG, you will also find yourself, over time, on the receiving end of these inquiries from your counterparts in other fields. For instance, investment bankers frequently call corporate attorneys like me to compare notes on what we see as current “market terms” for baskets, caps, and escrows on mergers and acquisitions. Through these consultations, you will have the chance to demonstrate the qualities—expertise, judgment, and responsiveness—that an investment banker will want to have in evidence before he recommends you for a client's transaction.

Coming full circle, if you share my conviction that our clients no longer rely on us for counseling on the easy issues (that often fall squarely within our expertise), but instead want our solutions to their high-stakes challenges (that often straddle the fields of legal, finance, accounting, and other disciplines), ACG will provide you a community of like-minded, subject matter experts to help you adapt and thrive to this changing landscape.

2015 UPCOMING ACG[®] Indiana EVENTS

May

Evening Event at Eskenazi Health
Thursday, May 21
5:00 pm - 7:00 pm

June

Joint Meeting with The Venture Club of Indiana
Thursday, June 18
5:00 pm - 7:30 pm

July

Joint Breakfast with The American Society of Appraisers
Thursday, July 16
7:30 am - 9:00 am

August

Annual Golf Outing
Thursday, August 20
12:00 pm - 5:00 pm

September

Evening of Organized Networking
Thursday, September 17
5:30 pm - 7:30 pm

October

ESOP Panel
Thursday, October 15
Time TBD

November

Joint Luncheon with The Alliance
Thursday, November 19
11:30 am - 1:30 pm

December

Holiday Event
To be determined

Events are subject to change. Learn more about ACG Indiana monthly events at ACGIndiana.org.