

The Oak Ridge Financial Emerging Growth Team, Market Financial Overview

We are excited to launch our inaugural newsletter from the emerging growth team at Oak Ridge Financial. We want to keep you up to date on trends and activity in the capital markets including recent Mergers and Acquisitions (M&A), Private Equity and Venture Capital transactions. We want you to know who we are and how we can help accommodate your business needs.

Oak Ridge Financial is a private investment bank providing Investment Banking and Private Client Services. The Emerging Growth Group offers Capital Raisings and Investment Banking Advisory Services to both earlier-stage and established growth companies.

Summary: The overall market trend for M&A and fund raising continues to improve, with valuations and deal volume showing steady increase over recent years. This is reflective of a strengthening economy and a bounce back from the last recession, with 2014 average deal volumes at the highest levels since 2007. Mirroring deal volumes, we at Oak Ridge Financial are seeing good deal flow and strong investor interest in the emerging growth sector. While the U.S. markets seem to be strengthening at the time of this report (August 2014), we are reading more press indicating that foreign markets could be a drag on the U.S. by the end of this year into next year. We are also mindful that at some point the fed will raise interest rates.

As you review this remember that multiples paid in transactions tend to increase along with deal size, and a more detailed individual valuation analysis will need to be conducted in order to evaluate any specific transaction. As a routine part of our business, we provide valuation services for companies and would be happy to help you with any valuation needs.

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If you would like to be included in our mailing list please email us at the following:

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tstewart@oakridgefinancial.com

For more information on Oak Ridge Financial and our services please visit <http://www.oakridgefinancial.com/>
You can also find a more detailed analysis on transaction values and volume for the sub industry level.

I. Definitions and Information about Data Sources

Definitions:

Overall M&A Market Trend: This encompasses all of the data points located within the United States Mergers & Acquisitions from the selected time period shown.

This also applies to the following:

- Overall Healthcare Sector (Includes: Biotechnology, Healthcare Equipment & Supplies, Healthcare Providers & Services, Hospitals, Pharmaceuticals and Other Healthcare).
- Overall Information Technology Sector
- Overall Emerging Growth Sector (Includes: Transportation, Construction and Waste Management sub industries).

M&A Under \$50M Market: This is encompasses of all Mergers & Acquisitions located within the United States that have a deal value of under 50M from the selected time period shown. This is more representative of the Emerging Growth markets and the clients that are involved with Oak Ridge Financial.

This also applies to the following:

- Healthcare Under 50M Market
- Information Technology Under 50M Market
- Emerging Growth Under 50M Market

Overall M&A Median EBITDA and Revenue Multiples: This is the Median value for each quarter of all Merger and Acquisition EBITDA and Revenue Multiples greater than 0 from the selected time period shown.

This also applies to the following:

- Overall Healthcare Median EBITDA and Revenue Multiples
- Overall Information Technology EBITDA and Revenue Multiples
- Overall Industrials EBITDA and Revenue Multiples
- Overall Energy and Power EBITDA and Revenue Multiples

Overall Private Equity U.S. Market Trends: This encompasses all U.S. Private Equity transactions in the Thomson Reuters database and is inclusive of Venture capital deals and they are considered Private Equity in the Thomson Platform.

- This also applies to the Overall Private Equity Midwest Market Trends.

Overall Venture Capital U.S. Market Trends:

- This also applies to the Overall Venture Capital Midwest Market Trends

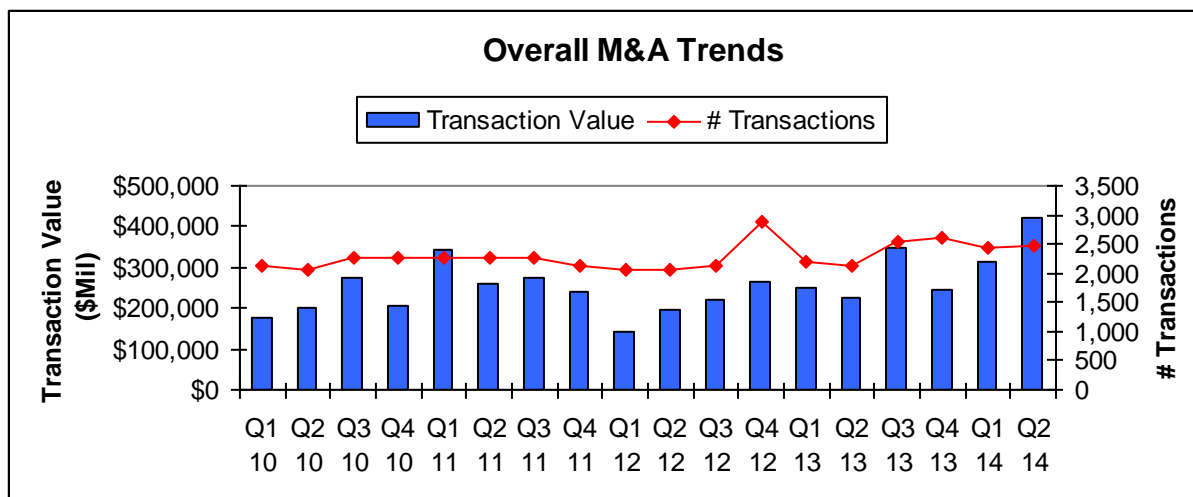
Data Sources:

Unless otherwise specified, the information contained is obtained from Thomson Reuters. We believe this information is accurate and reliable. However the opinions based thereon, are not guaranteed.

II. Mergers and Acquisitions Market Analysis

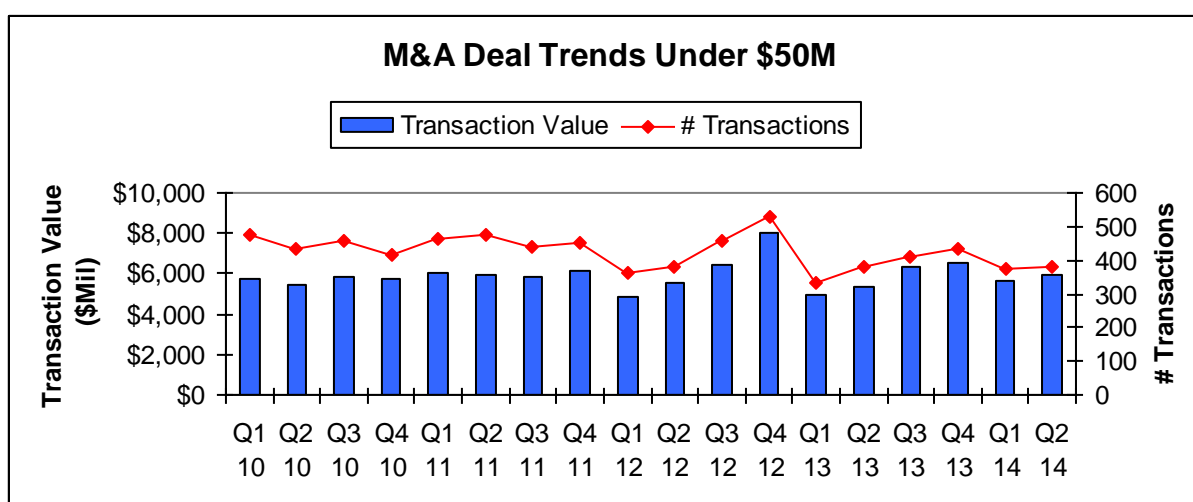
Overall M&A Market Trend

The second quarter of 2014 saw a continued rise in the overall value of transactions. This quarter marked the highest quarterly deal value in the last four years. Overall deal value for Q2 increased by 24.7% from Q1 while deal volume has remained fairly constant. Quarterly results can fluctuate so but the overall trend of the M&A market continues to improve.



M&A Under \$50M Market

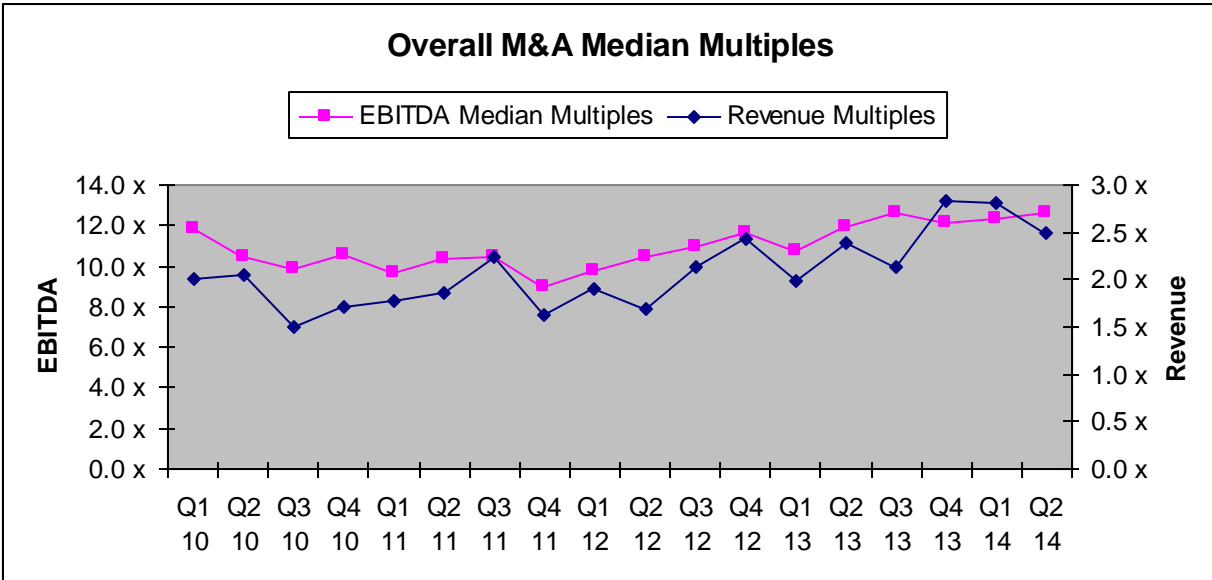
On the other hand, M&A within the Emerging growth markets have been fairly steady. Q2 transaction value in this market has increased by 4.3% from Q1 and transaction volume has increased by 1.6%. Both categories have remained relatively constant since Q1 2013.



II. Mergers and Acquisitions Market Analysis

Overall M&A Median EBITDA and Revenue Multiples

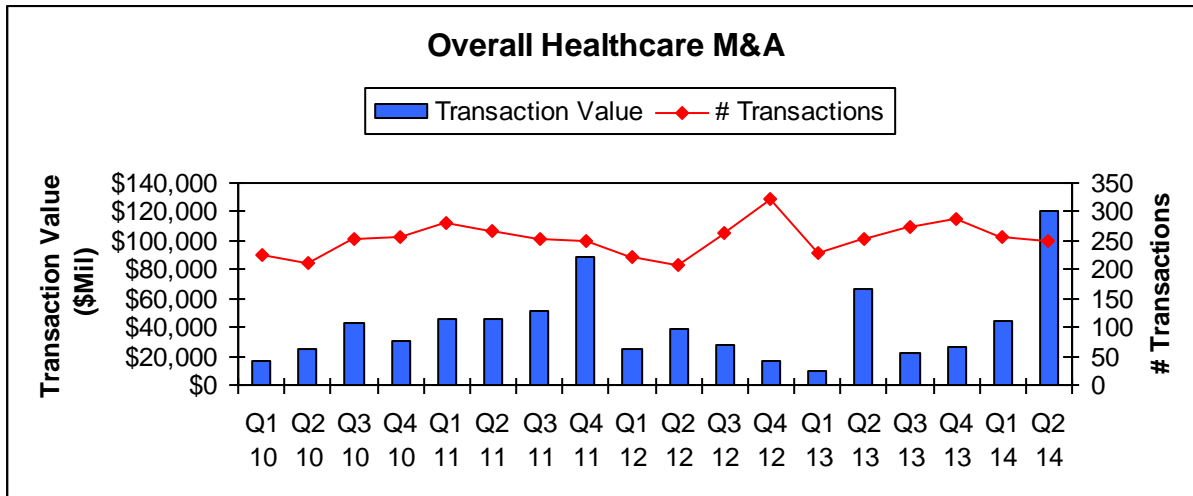
EBITDA multiples as well as multiples of revenue continue to gradually improve as investors and corporate sponsor regain faith in the economic recovery. Additionally, associated multiples of EBITDA and Revenues continue to improve in the second quarter of 2014.



i. Healthcare M&A Market Analysis

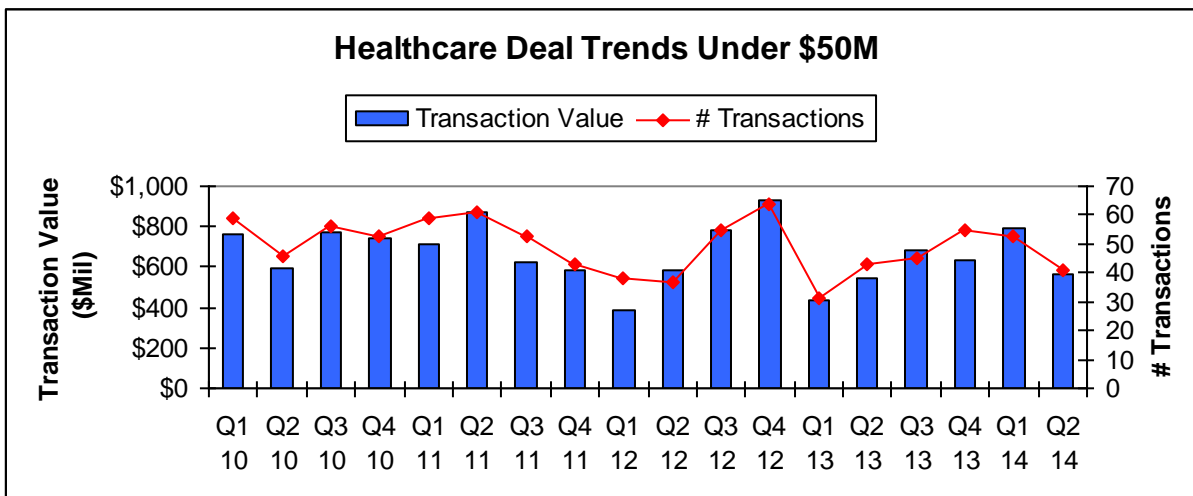
Overall Healthcare M&A

Healthcare M&A deal volume has remained fairly constant from Q1 of 2014. However, deal value has been continually rising since Q3 of 2013. Q2 of 2014 is no different with a 171% increase from Q1 making this quarter an all time high in terms of transaction value.



Healthcare Under \$50M Market

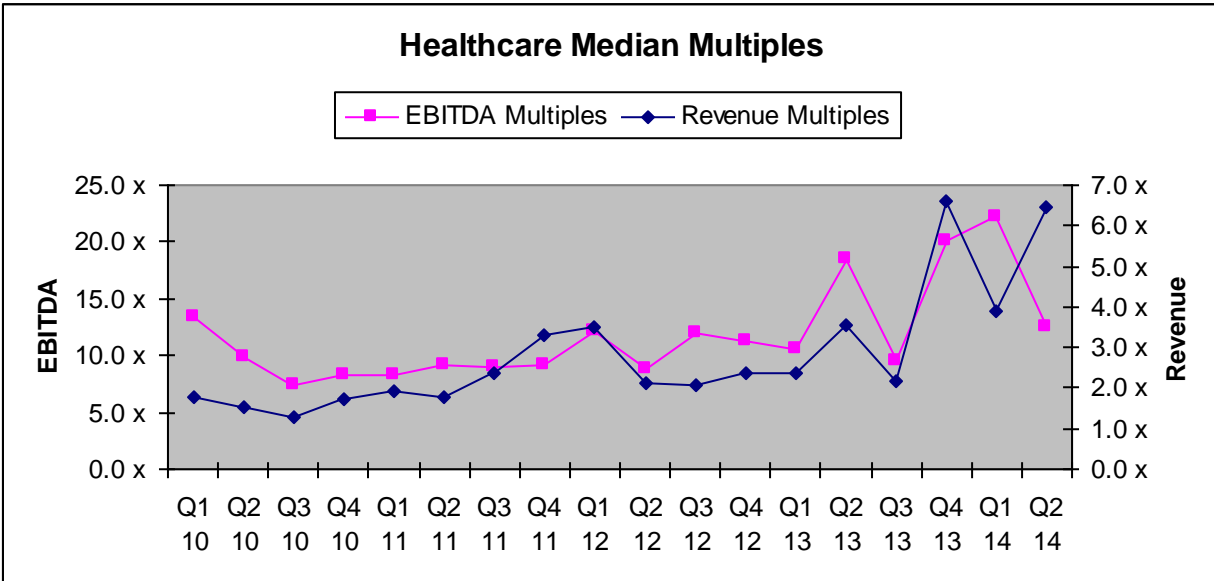
Healthcare lower markets have remained fairly steady with a general increasing trend for both deal activity and spending since the dip in Q1 2013.



i. Healthcare M&A Market Analysis

Overall Healthcare Median EBITDA and Revenue Multiples

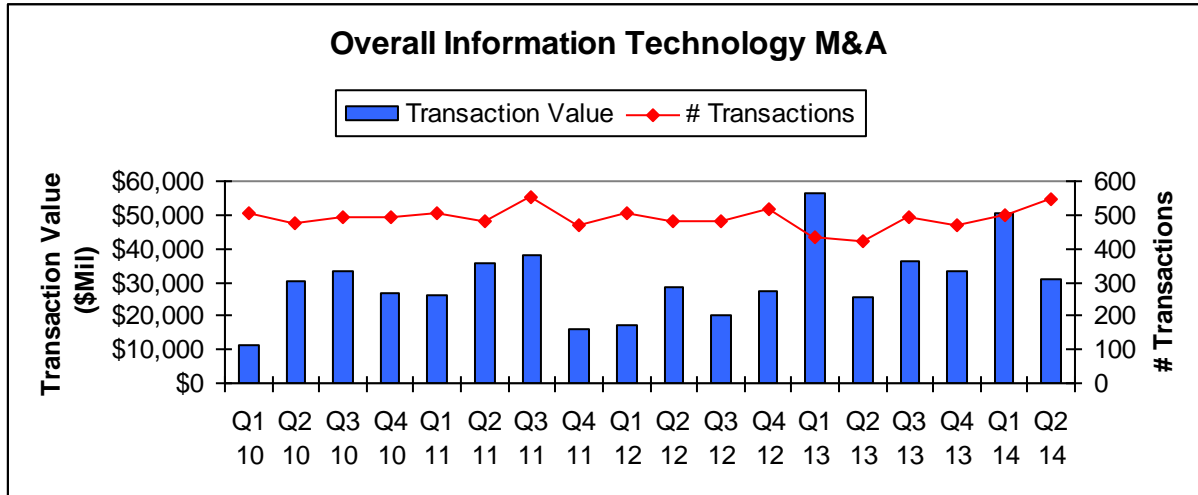
Multiples of EBITDA and Revenues continue to gradually improve from lower levels in 2010, 2011, and 2012.



ii. Information Technology M&A Market Analysis

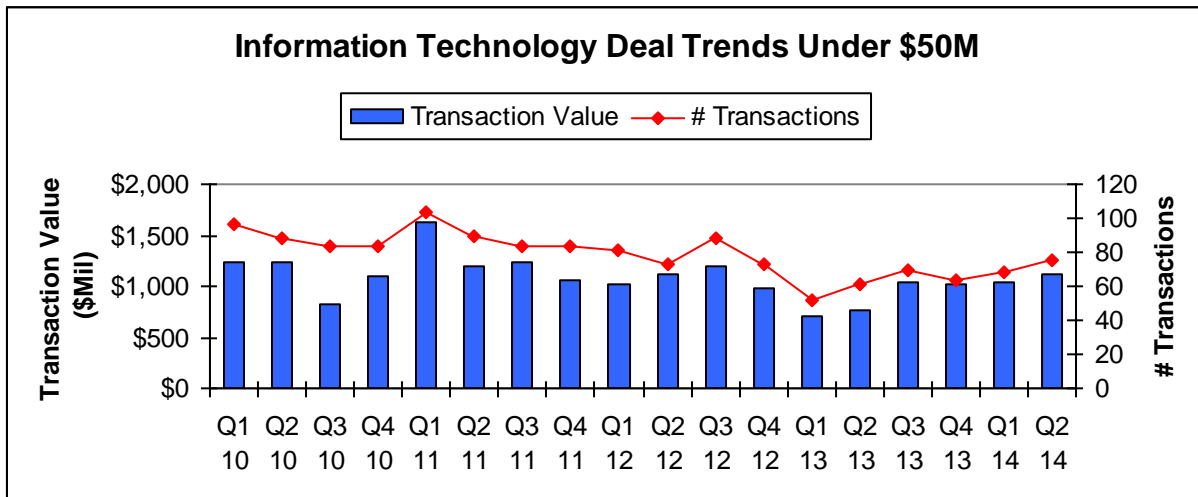
Overall Information Technology M&A

The number of deals continues to rise in the High Tech industry. Q2 deal volume has risen by 10% from that of Q1. However, overall deal value remains in a relatively narrow band.



Information Technology Under \$50M Market

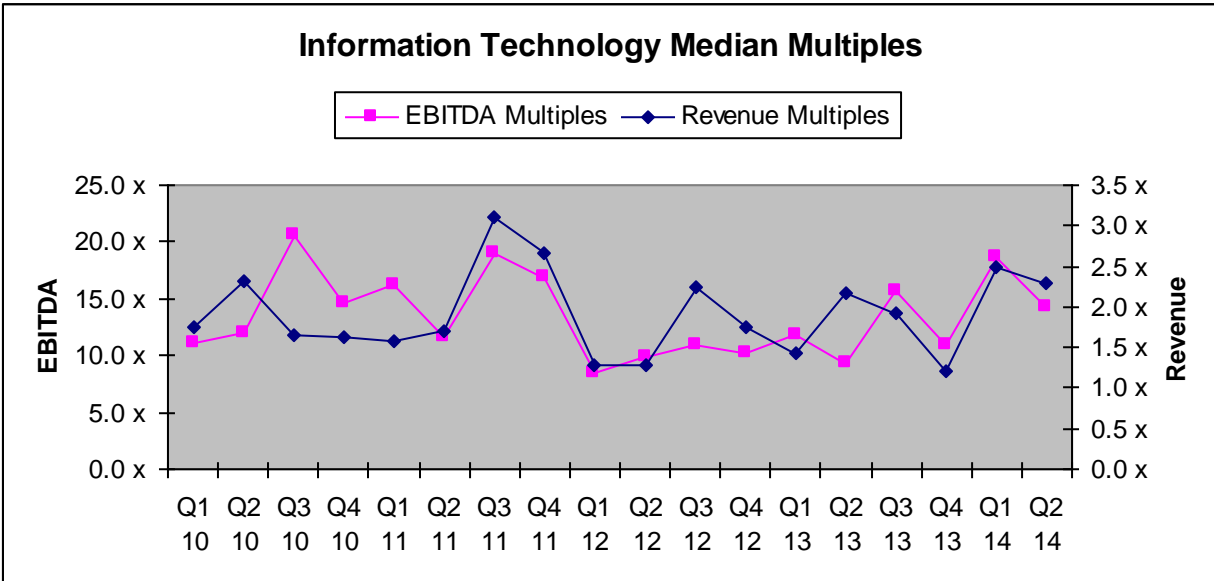
The number of deals in the under \$50 million market continues to fluctuate within a fairly narrow band.



ii. Information Technology M&A Market Analysis

Overall Information Technology Median EBITDA and Revenue Multiples

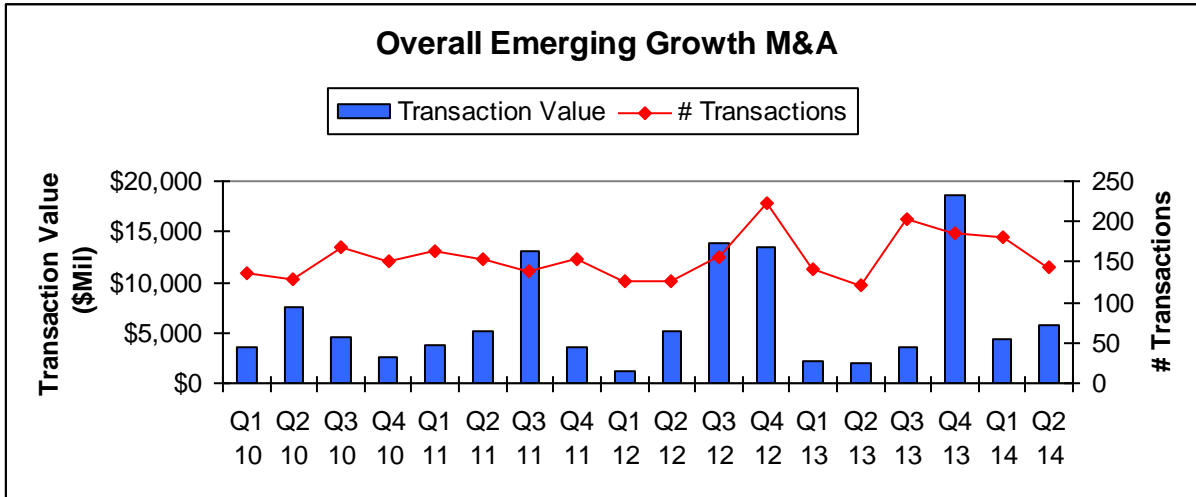
Multiples of EBITDA and Revenues have shown a gradual increase since 2011.



iii. Emerging Growth M&A Market Analysis

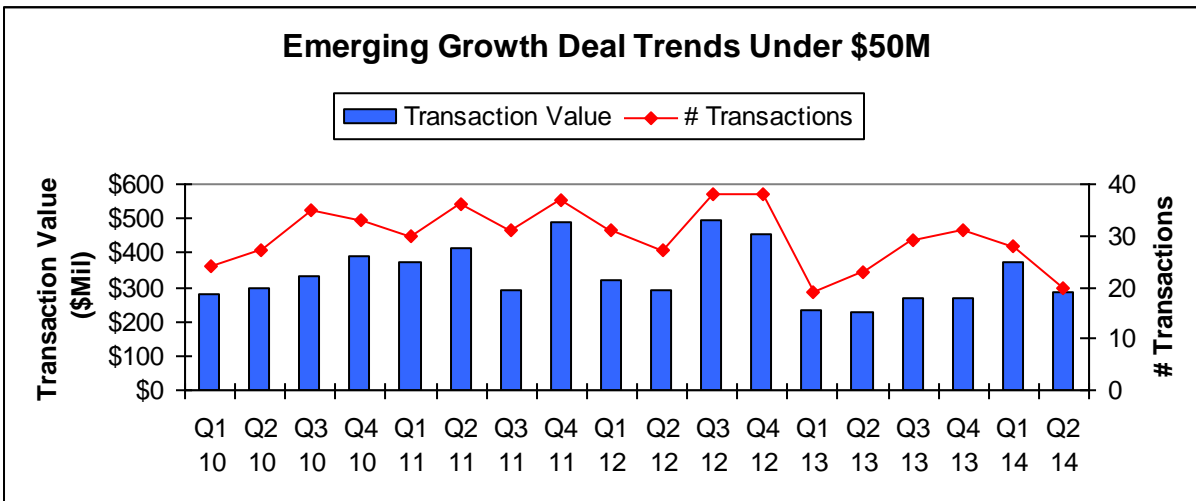
Overall Emerging Growth M&A

The Emerging growth section of this report encompasses companies in the sub industries of Transportation, Construction and Waste Management. Over the past four years transaction values and activity have fluctuated.



Emerging Growth Under \$50M Market

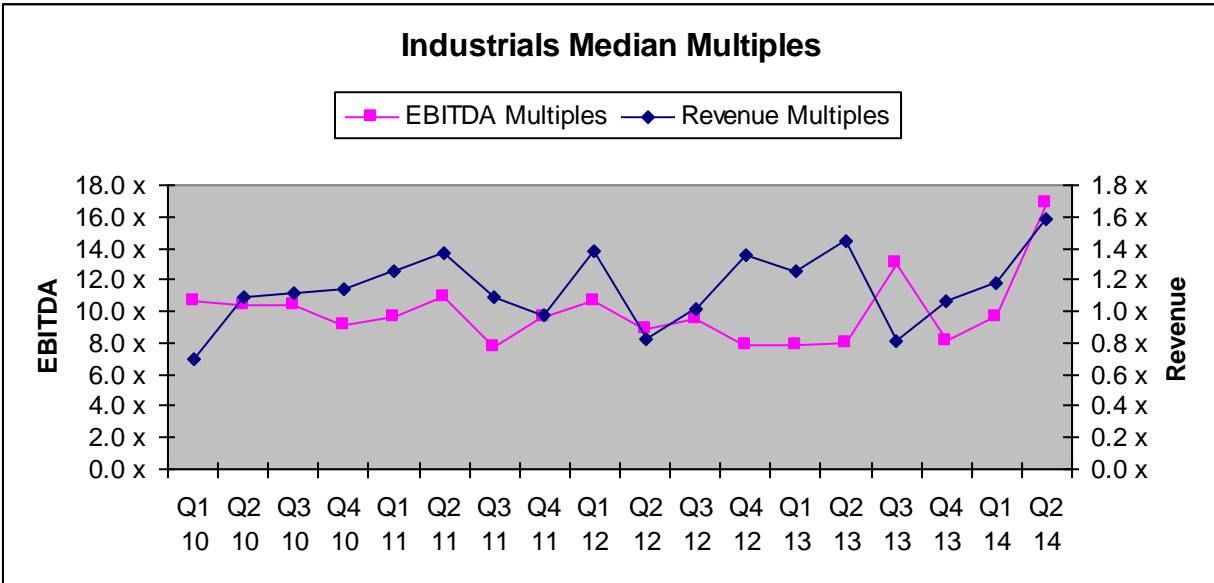
Deal trends continue to fluctuate in a relatively narrow band.



iii. Emerging Growth Market Valuation Analysis

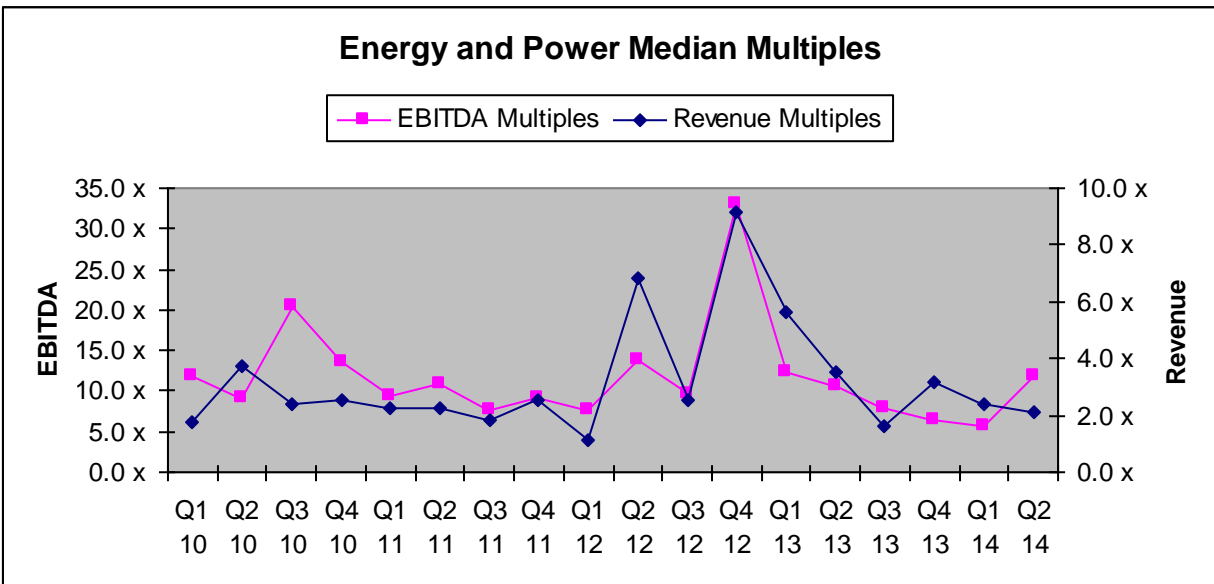
Overall Industrials Median EBITDA and Revenue Multiples

Median EBITDA and Revenue Multiples show a moderate increase since 2013.



Overall Energy and Power Median EBITDA and Revenue Multiples

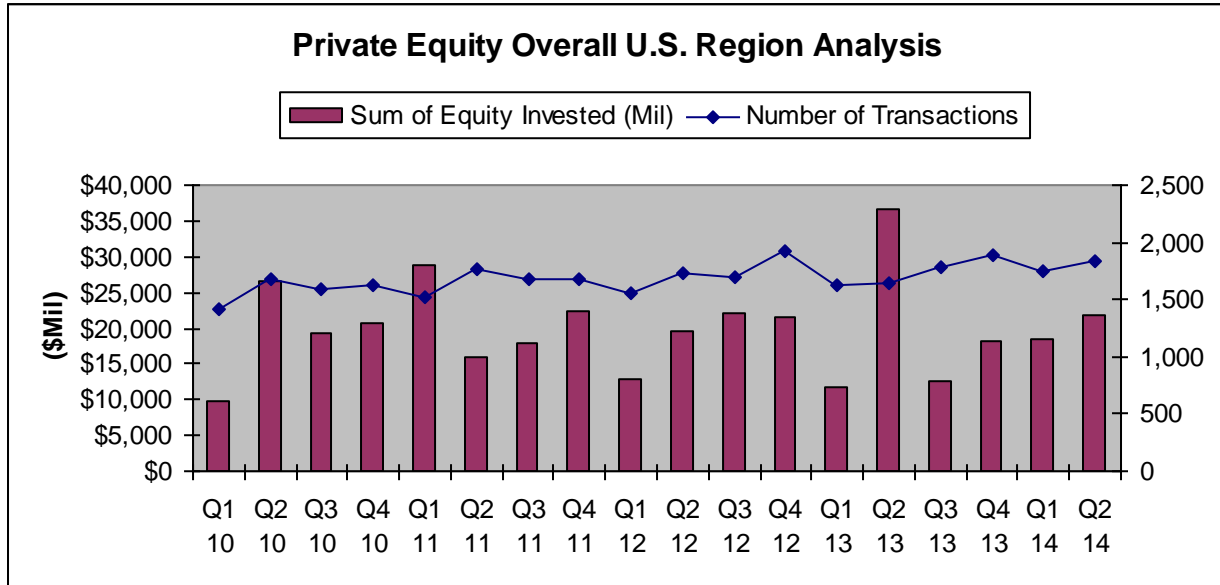
Multiples of EBITDA and Revenue have moderated since 2012.



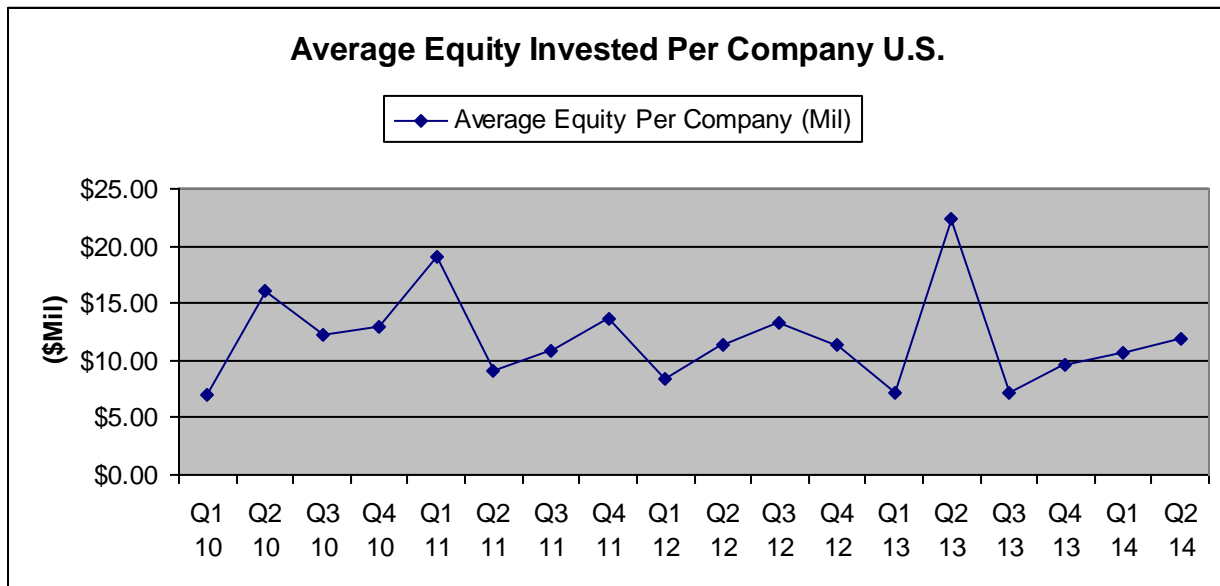
III. Private Equity U.S. Region Analysis

Overall Private Equity U.S. Market Trends

Private Equity markets remain healthy and activity levels fluctuate in a relatively narrow range.



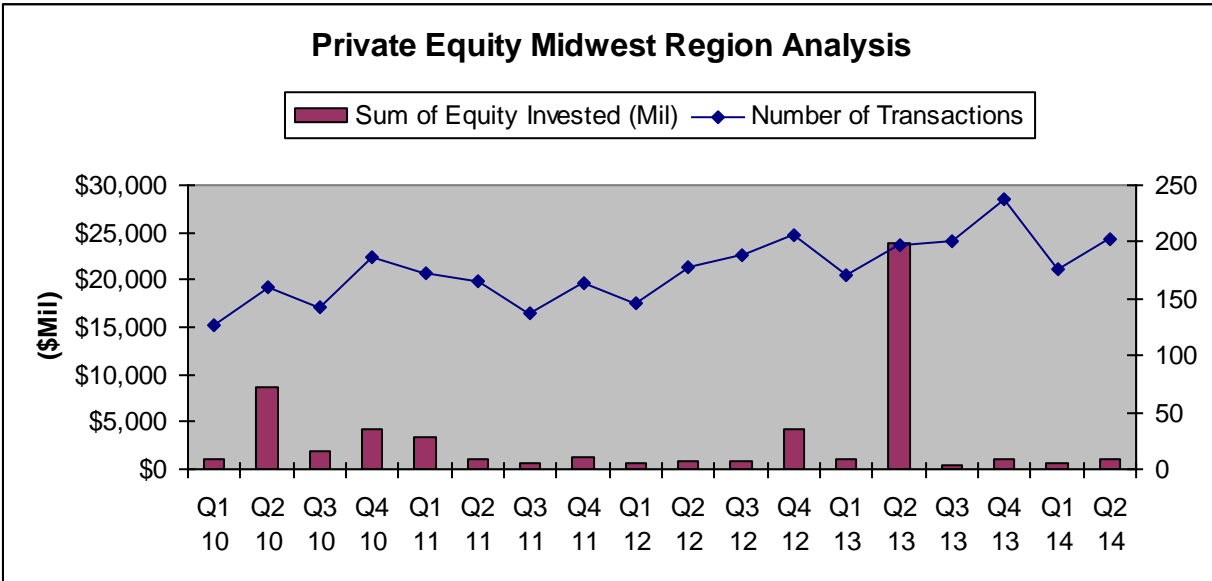
Average equity invested also fluctuates in a relatively narrow band.



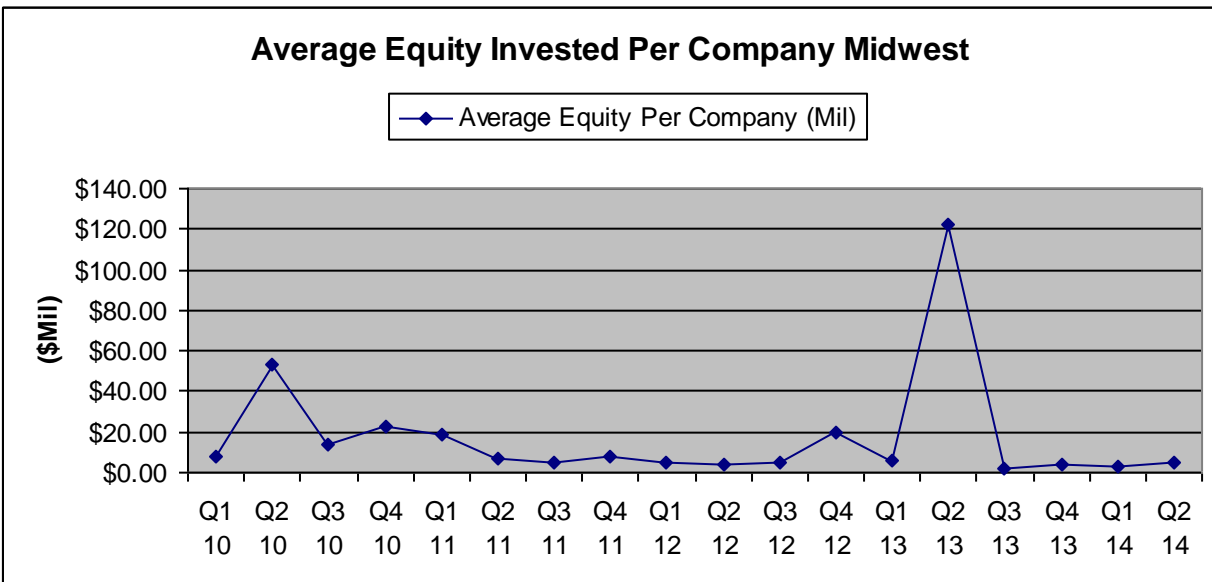
i. Private Equity Midwest Region Analysis

Overall Private Equity Midwest Market Trends

Midwest private equity trends continue to show moderate improvement with some quarterly spikes in activity.



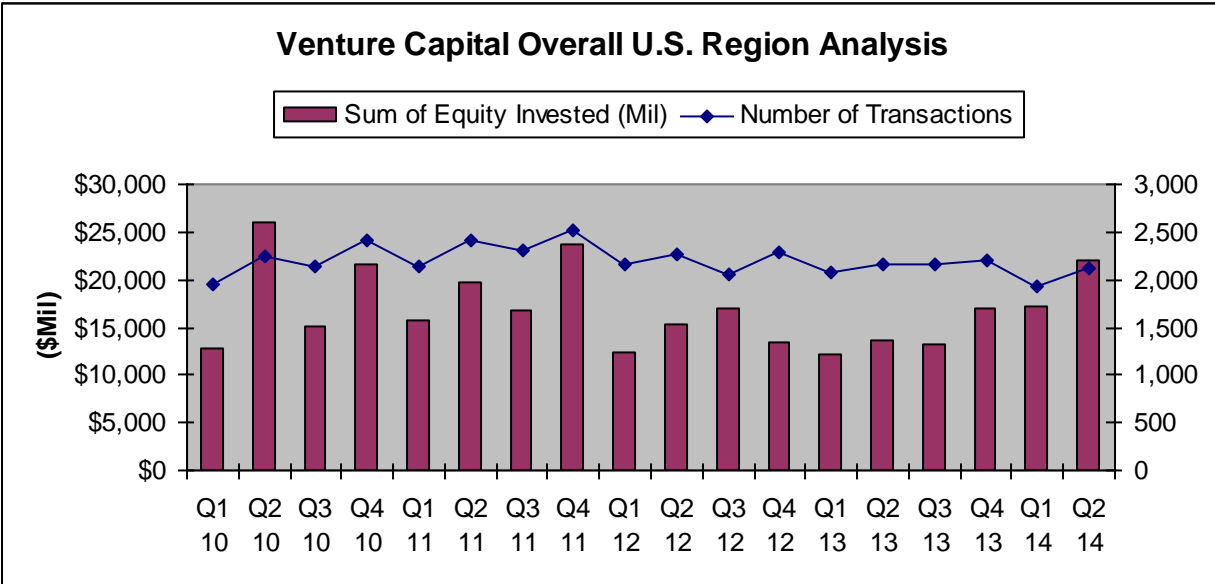
Average equity invested generally remains in a moderate trend with some activity related surges.



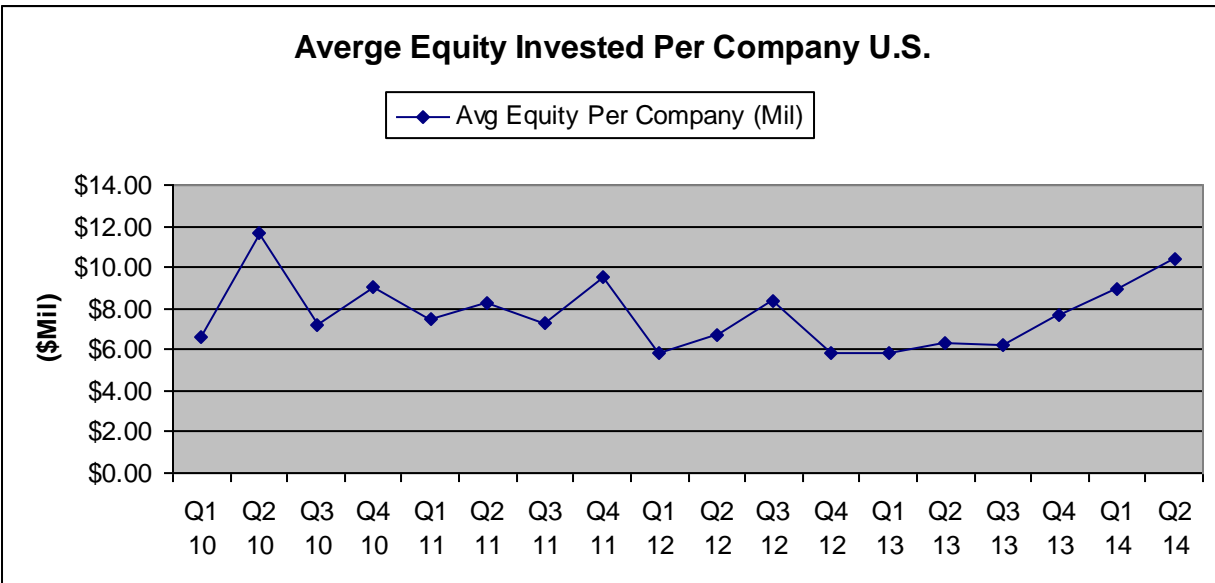
IV. Venture U.S. Region Analysis

Overall Venture Capital U.S. Market Trends

Venture Capital activity is slowly increasing.



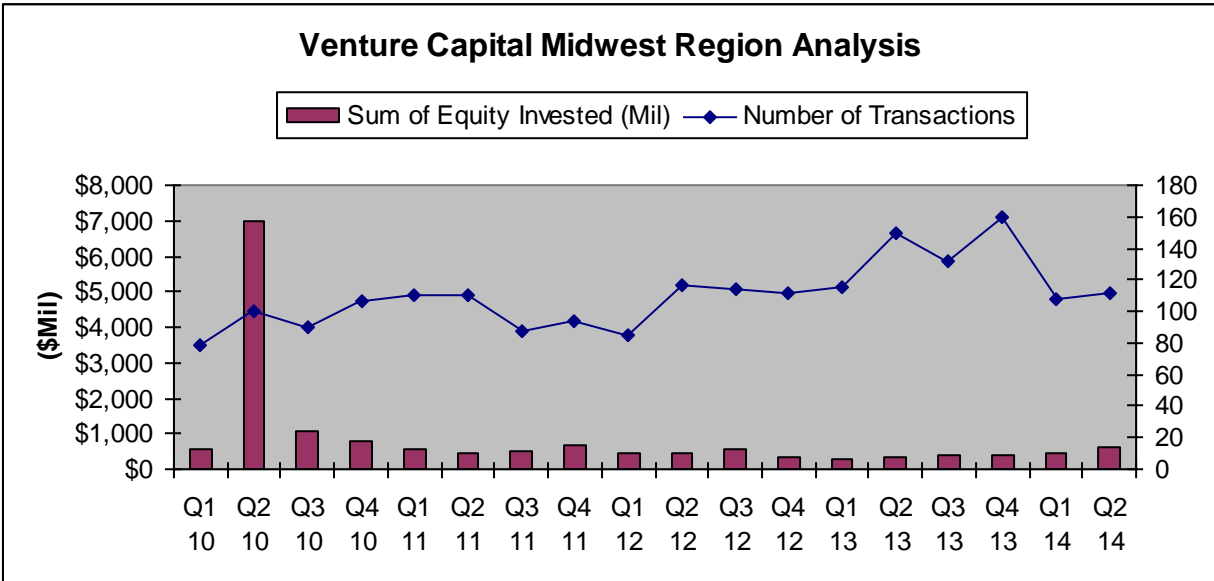
Average Venture Capital Equity investments have shown improvements since 2012.



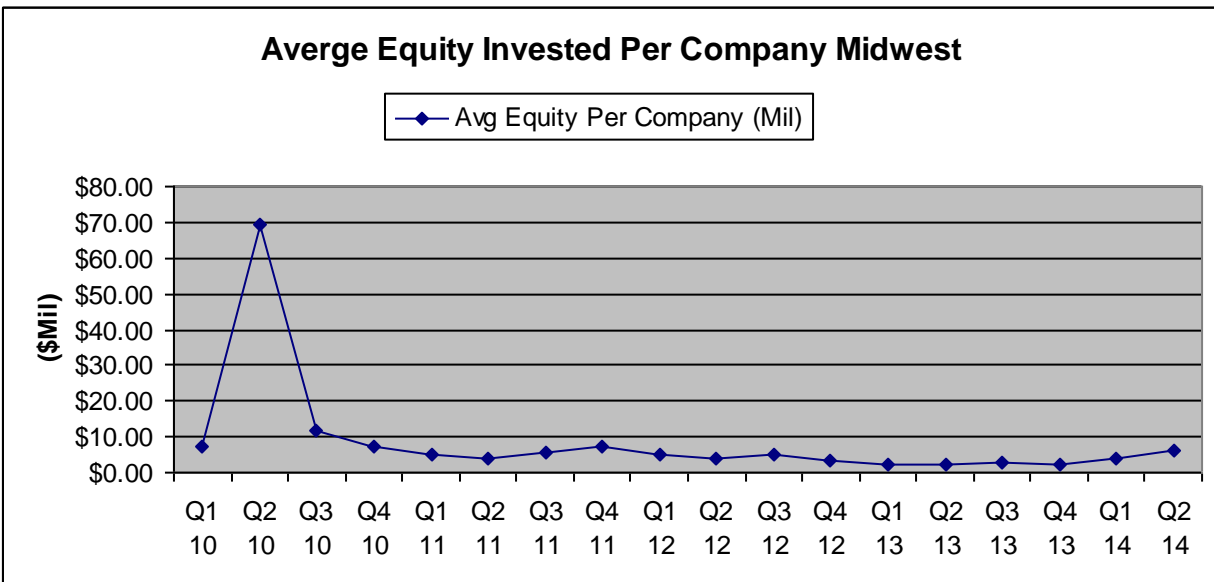
i. Venture Capital Midwest Region Analysis

Overall Venture Capital Midwest Market Trends

Overall Midwest Venture Capital activity has shown moderate improvement since 2011.



Average equity invested remains fairly constant since 2011 for the Midwest region.



V. About the Oak Ridge Financial Emerging Growth Team

Introduction to Oak Ridge

Oak Ridge Financial is a privately held investment bank headquartered in Minneapolis Minnesota. We are a full service firm with 6 Investment Bankers and 50 Wealth Managers.

- Investment Banking – Emerging Growth and Financial Service Companies.
 - Emerging Growth Members - Randy Hines, Terry Stewart, David Bayer
 - Financial Institutions Group Members - Craig Mueller, David Stieber, Dave VanHove, Ben Crabtree
- Private Client Services – Stocks, Bonds, Private Placements, Annuities/Mutual Funds, Privately Managed Money.

Our industry focus:

- Life Sciences
- Information Technology
- Manufacturing and Industrial Technology
- Business Services
- Clean Technology and Special Opportunities

Experienced Senior Team

David Bayer Managing Director:

David Bayer has over 30 years of experience in investment banking, emerging growth stock research, portfolio management, and the technology industry. He has experience in initial public offerings, secondary offerings, and merger and acquisition assignments at Bank of America Securities, and has also worked on the buy side as an analyst and portfolio manager at long oriented companies such as Ameriprise. He has also worked at hedge funds such as Whitebox Advisors. David has a B.S. in Biological Sciences and a M.S. in Civil Engineering from Stanford University and an MBA in Finance and Marketing from Wharton.

Terry Stewart Managing Director:

Terry has over thirty years experience in investment banking, finance, and corporate development He has extensive experience with emerging growth companies in a variety of industries. He began his career as a financial analyst and later concentrated on corporate finance activities such as mergers and acquisitions, public offerings, and private placements. Terry has experience with Craig-Hallum, Delphi Financial, BlackTorch Capital, acquisitions for Browning-Ferris, and as CFO for a life sciences company. Terry has a B.S. in chemical engineering from the University of Arkansas and an MBA in Finance from UT Austin.

Customized Client Relationships

We provide senior-level, individual attention to all of our clients. We seek to build relationships that last beyond single transactions where our expertise can assist clients in building their businesses over the long term. We view our personal interaction, experience, contacts and relationships as a hallmark of what sets us apart from our competitors.

While we are selective in choosing our clients, here is a sample of our recent engagements:

- A convertible debenture offering for a logistics company
- The sale of a specialized healthcare bio-processing company
- The recapitalization of a small manufacturer
- A note financing for an environmental services company
- Co-agent in arranging a financing facility for a food processor
- Assist an existing medtech client in raising their next equity round

We are always looking at opportunities and hope you keep us in mind if you or someone you know is looking for debt or equity capital, wants to sell their company, needs a valuation or fairness opinion, or requires any other investment banking advice.

Select Emerging Growth Clients



Valuation of Business Entities

We are pleased to have acted as Financial Advisor



The Oak Ridge Financial Services Group, Inc.

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Healthy Food Ingredient Producer

\$10,640,000

Credit Facility Co-Advisor



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Raise your expectations.™

\$9,000,000

Private Placement of Common Stock



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MIROMATRIX MEDICAL INC.

\$5,300,000

Private Placement of Convertible Preferred Stock



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\$1,600,000

Private Placement of Promissory Notes



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Fairness Opinion related to Merger Transaction

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\$8,700,000

Private Placement of Common Stock



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Fairness Opinion in conjunction with Merger with AxoGen, Inc.

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Valuation related to Merger of Entities

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\$4,500,000

Note Conversion and Warrant Exercise

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\$3,000,000

Private Placement of Convertible Preferred Stock



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\$2,700,000

Private Placement of Convertible Preferred Stock



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