

Merger Consideration List

3rd Quarter 2017

Hunters & Hunted

Over the past several decades we have watched a dramatic increase in the number of mergers and acquisitions that have taken place throughout all industries. We wondered if there was a stock based valuation rationale behind mergers that indicated the probability that a company would be involved in a merger within a reasonable period of time. While we do not have a clear signal that our valuation model is a crystal ball, we have noticed a higher frequency of M&A activity amongst stocks we have categorized as A+ in the Merger, Acquisition, Buyout Factor (MAB) calculation.

The MAB Factor is based on a simple premise; if companies have extremely high market relative valuation scores respective to their sector counterparts, they have a higher probability to be seeking acquisitions (**Hunters**). They will take advantage of the premium within their stock price and acquire other less relatively valued companies. Companies with valuations that are lower relative to their sector counterparts have a higher probability of being acquired (**Hunted**).

Consideration for inclusion on the list is totally based on the securities relative fair value position. There may be other rational reasons why a company would or would not be a likely merger candidate. However, we have also watch less than rational actions taken when mergers are underway. Therefore, we have not filtered the consideration list in an effort to be rational.

Consumer Discretionary

Ticker	B/S	Name	Sector	Industry	MBA	Index	%Fair	CMA
LL	S	Lumber Liquidators Holdings	Consumer Discretionary	Retailing	A+	S&P600	258.4%	MARKET
SGMS	S	Scientific Games Corp.	Consumer Discretionary	Consumer Services	A+	S&P600	254.7%	ASPIRATIONAL
IRBT	S	iRobot Corp.	Consumer Discretionary	Consumer Durables & Apparel	A+	S&P600	197.4%	MARKET
PETS	S	Petmed Express, Inc.	Consumer Discretionary	Retailing	A+	S&P600	188.3%	CORE
NFLX	S	Netflix Inc	Consumer Discretionary	Retailing	A+	S&P500	187.7%	ASPIRATIONAL
CECO	S	Career Education Corp	Consumer Discretionary	Consumer Services	A+	S&P600	166.4%	ASPIRATIONAL
CABO	SW	Cable ONE	Consumer Discretionary	Media	A+	S&P400	164.7%	CORE
BEL	S	Belmond Ltd. Class A	Consumer Discretionary	Consumer Services	A+	S&P600	163.1%	MARKET
BLD	S	TopBuild Corp.	Consumer Discretionary	Consumer Durables & Apparel	A+	S&P600	160.2%	MARKET
IBP	S	Installed Building Products	Consumer Discretionary	Consumer Durables & Apparel	A+	S&P600	156.9%	MARKET
FOXF	S	Fox Factory Holding Corp.	Consumer Discretionary	Automobiles & Components	A+	S&P600	151.8%	CORE
LYV	S	Live Nation Entertainment, Inc	Consumer Discretionary	Media	A+	S&P400	150.2%	MARKET
OLLI	S	Ollie's Bargain Outlet Holding	Consumer Discretionary	Retailing	A+	S&P600	143.4%	MARKET
CORE	B	Core Mark Hldg Co. Inc.	Consumer Discretionary	Retailing	A+	S&P600	64.6%	CORE
F	B	Ford Motor Company	Consumer Discretionary	Automobiles & Components	A+	S&P500	64.4%	MARKET
DKS	B	Dicks Sporting Goods Inc	Consumer Discretionary	Retailing	A+	S&P400	64.3%	MARKET
GCO	B	Genesco Inc.	Consumer Discretionary	Retailing	A+	S&P600	62.5%	MARKET
UA	B	Under Armour, Inc. Class C	Consumer Discretionary	Consumer Durables & Apparel	A+	Other	62.4%	ASPIRATIONAL
UFH	B	Unifi Inc.	Consumer Discretionary	Consumer Durables & Apparel	A+	S&P600	61.7%	MARKET
UAA	B	Under Armour, Inc. Cl A	Consumer Discretionary	Consumer Durables & Apparel	A+	S&P500	61.0%	MARKET
CROX	B	Crocs, Inc.	Consumer Discretionary	Consumer Durables & Apparel	A+	S&P600	60.8%	MARKET
ANF	B	Abercrombie & Fitch Co.	Consumer Discretionary	Retailing	A+	S&P600	59.7%	MARKET
RCII	B	Rent-A-Center, Inc.	Consumer Discretionary	Retailing	A+	S&P600	59.1%	MARKET
GIII	B	G-III Apparel Group Ltd.	Consumer Discretionary	Consumer Durables & Apparel	A+	S&P600	58.7%	MARKET
TGNA	B	TEGNA Inc.	Consumer Discretionary	Media	A+	S&P400	58.5%	MARKET
FRGI	B	Fiesta Restaurant Group, Inc.	Consumer Discretionary	Consumer Services	A+	S&P600	57.7%	MARKET
FRED	B	Fred's Inc.	Consumer Discretionary	Retailing	A+	S&P600	57.4%	MARKET
BKS	B	Barnes & Noble Inc.	Consumer Discretionary	Retailing	A+	S&P600	56.8%	MARKET
ICON	B	Iconix Brand Group, Inc.	Consumer Discretionary	Consumer Durables & Apparel	A+	S&P600	56.0%	MARKET
BBBY	B	Bed Bath & Beyond Inc	Consumer Discretionary	Retailing	A+	S&P400	55.7%	MARKET
CATO	B	Cato Corporation Cl A	Consumer Discretionary	Retailing	A+	S&P600	55.3%	MARKET
FRAN	B	Francesca's Holdings Corp	Consumer Discretionary	Retailing	A+	S&P600	52.2%	MARKET
DIN	B	DineEquity, Inc.	Consumer Discretionary	Consumer Services	A+	S&P600	50.1%	CORE
ODP	B	Office Depot Inc.	Consumer Discretionary	Retailing	A+	S&P400	48.5%	MARKET
HIBB	B	Hibbett Sports, Inc.	Consumer Discretionary	Retailing	A+	S&P600	48.3%	MARKET
BKE	B	Buckle Inc.	Consumer Discretionary	Retailing	A+	S&P600	47.2%	MARKET
EXPR	B	Express, Inc.	Consumer Discretionary	Retailing	A+	S&P600	36.5%	MARKET
RT	B	Ruby Tuesday Inc.	Consumer Discretionary	Consumer Services	A+	S&P600	34.8%	MARKET
ASNA	B	Ascena Retail Group, Inc.	Consumer Discretionary	Retailing	A+	S&P600	26.1%	MARKET
FOSL	B	Fossil Group, Inc.	Consumer Discretionary	Consumer Durables & Apparel	A+	S&P600	20.2%	MARKET

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Consumer Staples

Ticker	B/S	Name	Sector	Industry	MBA	Index	%Fair	CMA
LW	S	Lamb Weston Holdings, Inc.	Consumer Staples	Food Beverage & Tobacco	A+	S&P400	169.4%	CORE
SAFM	H	Sanderson Farms Inc.	Consumer Staples	Food Beverage & Tobacco	A+	S&P600	165.8%	CORE
SFM	B	Sprouts Farmers Market, Inc.	Consumer Staples	Food & Staples Retailing	A+	S&P400	47.1%	CORE
SVU	B	SUPERVALU, Inc.	Consumer Staples	Food & Staples Retailing	A+	S&P600	44.5%	ASPIRATIONAL

Energy

Ticker	B/S	Name	Sector	Industry	MBA	Index	%Fair	CMA
CLD	S	Cloud Peak Energy Inc.	Energy	Energy	A+	S&P600	168.0%	ASPIRATIONAL
BHGE	S	Baker Hughes, a GE Co. Cl A	Energy	Energy	A+	S&P500	162.3%	MARKET
CXO	S	Concho Resources Inc.	Energy	Energy	A+	S&P500	161.4%	ASPIRATIONAL
CNX	S	CONSOL Energy Inc.	Energy	Energy	A+	S&P400	154.6%	ASPIRATIONAL
MCF	B	Contango Oil & Gas Co	Energy	Energy	A+	S&P600	66.6%	ASPIRATIONAL
NE	B	Noble Corporation plc (UK)	Energy	Energy	A+	S&P600	66.5%	ASPIRATIONAL
TESO	B	Tesco Corporation	Energy	Energy	A+	S&P600	66.4%	ASPIRATIONAL
NFX	B	Newfield Exploration Co.	Energy	Energy	A+	S&P500	65.6%	ASPIRATIONAL
ERA	B	Era Group Inc.	Energy	Energy	A+	S&P600	62.9%	ASPIRATIONAL
CKH	B	Seacor Holdings Inc	Energy	Energy	A+	S&P600	59.3%	MARKET
SM	B	SM Energy Company	Energy	Energy	A+	S&P400	53.6%	ASPIRATIONAL
CRZO	B	Carrizo Oil & Gas Inc.	Energy	Energy	A+	S&P600	50.0%	ASPIRATIONAL
SWN	B	Southwestern Energy Co.	Energy	Energy	A+	S&P400	47.2%	ASPIRATIONAL
RRC	B	Range Resources Corp	Energy	Energy	A+	S&P500	41.4%	MARKET
TTI	B	TETRA Technologies, Inc.	Energy	Energy	A+	S&P600	38.9%	ASPIRATIONAL
CRR	B	Carbo Ceramics Inc.	Energy	Energy	A+	S&P600	31.3%	ASPIRATIONAL
BRS	B	Bristow Group, Inc.	Energy	Energy	A+	S&P600	28.0%	ASPIRATIONAL
NOG	B	Northern Oil & Gas Inc.	Energy	Energy	A+	S&P600	23.0%	ASPIRATIONAL

Financials

Ticker	B/S	Name	Sector	Industry	MBA	Index	%Fair	CMA
SIVB	S	SVB Financial Group	Financials	Banks	A+	S&P400	208.4%	ASPIRATIONAL
GDOT	S	Green Dot Corp cl A	Financials	Diversified Financials	A+	S&P600	191.5%	MARKET
CINF	S	Cincinnati Financial Corp	Financials	Insurance	A+	S&P500	162.7%	MARKET
EHTH	S	eHealth, Inc.	Financials	Insurance	A+	S&P600	154.5%	ASPIRATIONAL
TREE	S	LendingTree, Inc.	Financials	Banks	A+	S&P600	153.6%	ASPIRATIONAL
LNC	S	Lincoln National Corp	Financials	Insurance	A+	S&P500	150.2%	ASPIRATIONAL
MHLI	B	Maiden Holdings Ltd.	Financials	Insurance	A+	S&P600	52.4%	MARKET
GNW	B	Genworth Financial Inc	Financials	Insurance	A+	S&P400	48.4%	ASPIRATIONAL
OFG	B	OFG Bancorp	Financials	Banks	A+	S&P600	46.8%	ASPIRATIONAL
UIHC	B	United Insurance Hldgs Corp	Financials	Insurance	A+	S&P600	40.7%	MARKET

Health Care

Ticker	B/S	Name	Sector	Industry	MBA	Index	%Fair	CMA
ALGN	S	Align Technology Inc	Health Care	Health Care Equipment & Services	A+	S&P500	214.5%	MARKET
MTD	S	Mettler-Toledo Intl	Health Care	Pharmaceuticals & Biotechnology	A+	S&P500	187.4%	MARKET
INGN	S	Inogen, Inc	Health Care	Health Care Equipment & Services	A+	S&P600	181.8%	MARKET
BIO	S	Bio-Rad Laboratories Cl A	Health Care	Pharmaceuticals & Biotechnology	A+	S&P400	169.8%	CORE
MMSI	S	Merit Medical Systems, Inc.	Health Care	Health Care Equipment & Services	A+	S&P600	166.6%	MARKET
AMN	S	AMN Healthcare Services	Health Care	Health Care Equipment & Services	A+	S&P600	157.6%	MARKET
BEAT	S	BioTelemetry, Inc.	Health Care	Health Care Equipment & Services	A+	S&P600	157.0%	MARKET
OMCL	H	Omniceil Inc.	Health Care	Health Care Equipment & Services	A+	S&P600	152.1%	MARKET
TVTY	S	Tivity Health, Inc.	Health Care	Health Care Equipment & Services	A+	S&P600	148.8%	CORE
EGRX	BW	Eagle Pharmaceuticals, Inc.	Health Care	Pharmaceuticals & Biotechnology	A+	S&P600	65.4%	ASPIRATIONAL
MD	B	Mednax, Inc.	Health Care	Health Care Equipment & Services	A+	S&P400	63.5%	CORE
ENDP	B	Endo International plc	Health Care	Pharmaceuticals & Biotechnology	A+	S&P400	61.8%	ASPIRATIONAL
PGNX	B	Progenics Pharmaceuticals	Health Care	Pharmaceuticals & Biotechnology	A+	S&P600	60.3%	ASPIRATIONAL
AMAG	B	AMAG Pharmaceuticals	Health Care	Pharmaceuticals & Biotechnology	A+	S&P600	57.2%	ASPIRATIONAL
DPLO	B	Diplomat Pharmacy, Inc	Health Care	Health Care Equipment & Services	A+	S&P600	54.4%	MARKET
IPXL	B	Impax Laboratories, Inc.	Health Care	Pharmaceuticals & Biotechnology	A+	S&P600	54.1%	MARKET
LCI	B	Lannett Company	Health Care	Pharmaceuticals & Biotechnology	A+	S&P600	46.9%	ASPIRATIONAL
CYH	B	Community Health Systems	Health Care	Health Care Equipment & Services	A+	S&P600	45.9%	MARKET
DEPO	B	DepoMed Inc	Health Care	Pharmaceuticals & Biotechnology	A+	S&P600	43.9%	ASPIRATIONAL
QHC	B	Quorum Health Corp	Health Care	Health Care Equipment & Services	A+	S&P600	26.8%	MARKET

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Industrials

Ticker	B/F	Name	Sector	Industry	MBA	Index	%Fair	CMA
BCO	S	The Brinks Company	Industrials	Commercial & Professional Services	A+	S&P600	173.8%	MARKET
SPXC	S	SPX Corporation	Industrials	Capital Goods	A+	S&P600	172.6%	ASPIRATIONAL
CDI	SW	CDI Corporation	Industrials	Commercial & Professional Services	A+	S&P600	164.0%	MARKET
LKSD	S	LSC Communications, Inc.	Industrials	Commercial & Professional Services	A+	S&P600	163.8%	ASPIRATIONAL
RAVN	S	Raven Industries Inc.	Industrials	Capital Goods	A+	S&P600	163.3%	MARKET
NSP	S	Insperty, Inc.	Industrials	Commercial & Professional Services	A+	S&P600	158.9%	MARKET
OA	H	Orbital ATK, Inc.	Industrials	Capital Goods	A+	S&P400	156.0%	MARKET
MSA	S	MSA Safety Incorporated	Industrials	Commercial & Professional Services	A+	S&P400	153.8%	MARKET
MRCY	S	Mercury Systems Inc	Industrials	Capital Goods	A+	S&P600	152.1%	MARKET
ALGT	B	Allegiant Travel Company	Industrials	Transportation	A+	S&P600	67.5%	MARKET
TISI	BW	Team Inc.	Industrials	Commercial & Professional Services	A+	S&P600	58.4%	MARKET
TGI	H	Triumph Group Inc.	Industrials	Capital Goods	A+	S&P600	58.2%	ASPIRATIONAL
ESND	B	Essendant Inc.	Industrials	Commercial & Professional Services	A+	S&P600	47.7%	MARKET
RRTS	B	Roadrunner Trans. Sys.	Industrials	Transportation	A+	S&P600	37.7%	ASPIRATIONAL

Information Technology

Ticker	B/F	Name	Sector	Industry	MBA	Index	%Fair	CMA
AMD	S	Advanced Micro Devices	Information Technology	Semiconductors and Semiconductor Equipr	A+	S&P500	274.2%	ASPIRATIONAL
TTWO	S	Take-Two Interactive Software	Information Technology	Software & Services	A+	S&P400	204.9%	MARKET
COHR	S	Coherent Inc.	Information Technology	Technology Hardware & Equipment	A+	S&P400	202.2%	MARKET
NVDA	S	NVIDIA Corp	Information Technology	Semiconductors and Semiconductor Equipr	A+	S&P500	200.6%	MARKET
ROG	S	Rogers Corporation	Information Technology	Technology Hardware & Equipment	A+	S&P600	189.7%	MARKET
KLIC	S	Kulicke & Soffa Industries	Information Technology	Semiconductors and Semiconductor Equipr	A+	S&P600	181.0%	MARKET
CGNX	S	Cognex Corporation	Information Technology	Technology Hardware & Equipment	A+	S&P400	172.6%	MARKET
AEIS	S	Advanced Energy Industries	Information Technology	Semiconductors and Semiconductor Equipr	A+	S&P600	168.3%	MARKET
IPGP	S	IPG Photonics Corporation	Information Technology	Technology Hardware & Equipment	A+	S&P400	168.1%	MARKET
LITE	S	Lumentum Holdings Inc.	Information Technology	Technology Hardware & Equipment	A+	S&P600	167.6%	CORE
ADSK	S	Autodesk Inc.	Information Technology	Software & Services	A+	S&P500	166.2%	ASPIRATIONAL
AAOI	S	Applied Optoelectronics, Inc.	Information Technology	Technology Hardware & Equipment	A+	S&P600	166.0%	ASPIRATIONAL
ITRI	S	Itron Inc.	Information Technology	Technology Hardware & Equipment	A+	S&P600	162.4%	MARKET
FICO	S	Fair Isaac Corp	Information Technology	Software & Services	A+	S&P400	157.3%	MARKET
CACI	S	CACI International, Inc.	Information Technology	Software & Services	A+	S&P600	156.6%	MARKET
II-VI	S	II-VI Inc.	Information Technology	Technology Hardware & Equipment	A+	S&P600	154.4%	MARKET
TECD	S	Tech Data Corporation	Information Technology	Technology Hardware & Equipment	A+	S&P400	154.2%	MARKET
SNPS	S	Synopsys Inc.	Information Technology	Software & Services	A+	S&P500	153.5%	MARKET
NSIT	S	Insight Enterprises, Inc.	Information Technology	Technology Hardware & Equipment	A+	S&P600	152.3%	MARKET
BLUCR	S	Blucora, Inc.	Information Technology	Software & Services	A+	S&P600	152.0%	MARKET
CRAY	B	Cray Inc	Information Technology	Technology Hardware & Equipment	A+	S&P600	63.9%	ASPIRATIONAL
SNCR	B	Synchronoss Technologies	Information Technology	Software & Services	A+	S&P600	48.8%	ASPIRATIONAL
DHX	B	DHI Group, Inc.	Information Technology	Software & Services	A+	S&P600	31.4%	MARKET
CBIRQ	B	CIBER Inc.	Information Technology	Software & Services	A+	Other	0.6%	ASPIRATIONAL

Materials

Ticker	B/F	Name	Sector	Industry	MBA	Index	%Fair	CMA
CC	S	Chemours Company	Materials	Materials	A+	S&P400	342.4%	ASPIRATIONAL
FCX	S	Freeport-McMoRan Inc.	Materials	Materials	A+	S&P500	289.8%	ASPIRATIONAL
CENX	S	Century Aluminum Co.	Materials	Materials	A+	S&P600	208.6%	ASPIRATIONAL
MTX	S	Minerals Technologies	Materials	Materials	A+	S&P400	181.3%	ASPIRATIONAL
AVD	S	American Vanguard Corp	Materials	Materials	A+	S&P600	179.1%	MARKET
ASIX	S	AdvanSix Inc.	Materials	Materials	A+	S&P600	169.2%	ASPIRATIONAL
MOS	B	Mosaic Co. (The)	Materials	Materials	A+	S&P500	63.6%	MARKET
FTK	B	Flotek Industries Inc	Materials	Materials	A+	S&P600	51.7%	ASPIRATIONAL
LXU	B	LSB Industries Inc	Materials	Materials	A+	S&P600	36.3%	ASPIRATIONAL

Telecommunication Services

Ticker	B/F	Name	Sector	Industry	MBA	Index	%Fair	CMA
GNCMA	S	General Communication	Telecommunication Services	Telecommunication Services	A+	S&P600	184.9%	MARKET
LMOS	S	Lumos Networks Corp.	Telecommunication Services	Telecommunication Services	A+	S&P600	149.3%	MARKET

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Utilities

Ticker	B/S	Name	Sector	Industry	MBA	Index	%Fair	CMA
PNM	S	PNM Resources, Inc.	Utilities	Utilities	A+	S&P400	175.7%	CORE
NFG	S	National Fuel Gas Co.	Utilities	Utilities	A+	S&P400	154.9%	MARKET

Table Index:

Ticker – identifier for a traded security recognized on the exchange.

B/S – Consideration for the stock B=Buy Consideration, BW=Buy Watch Consideration, H=Hold, SW=Sell Watch Consideration, S=Sell Consideration.

Name -Name of the enterprise.

Sector – sector S&P Global has assigned the security.

Industry – industry group S&P Global has assigned the security.

MAB – merger, acquisition, buyout classification A+, A, B, B+ or C.

Index – market capitalization assignment: S&P500 (Large Cap), S&P400 (Mid Cap), S&P600 (Small Cap).

%Fair – relative valuation of the individual security. 100%=fair value, < 100% movement to the undervalued side, > 100% movement to the overvalued side.

CMA – price movement classification as: Core, Market or Aspirational.