

DONNELLY PENMAN & PARTNERS

INVESTMENT BANKING

Pavilion Bancorp, Inc. has been Acquired by First Defiance Financial Corporation

Pavilion Bancorp, Inc.

Pavilion Bancorp, Inc. ("Pavilion"), headquartered in Adrian, Michigan, was the holding company for Bank of Lenawee with assets of \$273.6 million and eight banking offices located in Southeastern Michigan as of December 31, 2007. Bank of Lenawee provides a full range of banking services to commercial businesses and individuals. Bank of Lenawee makes business and personal loans and offers a variety of deposit products, including checking, savings, money market accounts and certificates of deposit.

First Defiance Financial Corporation

First Defiance Financial Corporation ("First Defiance"), headquartered in Defiance, Ohio, operates as the holding company for First Federal Bank of the Midwest ("First Federal") and had pro forma assets including the acquisition of approximately \$1.7 billion as of December 31, 2007. First Federal provides commercial and consumer banking, in addition to wealth management, investment and insurance services, with 28 full service branches and 36 ATM locations in northwest Ohio and northeast Indiana. First Federal also offers checking accounts, savings deposits, money market accounts, certificates of deposit and individual retirement accounts. Additionally, First Federal extends business lines of credit and originates commercial mortgages as part of its business lending services. First Insurance & Investments, a subsidiary of First Defiance, is the largest property and casualty insurance company in Defiance, Ohio and specializes in life and group health insurance and financial planning.



The Transaction

On March 14, 2008, First Defiance completed the acquisition of Pavilion. First Defiance paid \$37.50 per share in cash, or approximately \$27.2 million in total, to acquire all outstanding shares of Pavilion common stock, in addition to issuing 1.4209 shares of First Defiance common stock for each share of outstanding Pavilion common stock.

First Federal Bank of the Midwest will continue to operate eight Bank of Lenawee offices in Michigan's Hillsdale and Lenawee counties which will operate under the First Federal Bank name, and will close the branch in Waldron, Michigan.

Donnelly Penman & Partners initiated the transaction, acted as financial advisor to Pavilion and assisted in the negotiations in connection with the transaction. Please contact **John Donnelly** at (313) 393-3054 or **Andrew Christians**, CFA at (313) 393-3074 for further information.

Donnelly Penman & Partners

Donnelly Penman & Partners is one of the largest independently owned investment banking firms headquartered in the Midwest. We provide comprehensive advisory services to both public and private companies, including mergers and acquisitions, capital raising, due diligence, and general financial advisory services. In addition, we are a [FINRA](#) licensed broker dealer and member [SIPC](#).

Donnelly Penman & Partners is owned by the employees of the firm, who have participated in more than 225 transactions since the firm's inception in September 2000 and collectively have more than 85 years of investment banking experience.

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