



Media Advisory

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SMALL AND MIDDLE-MARKET M&A DEAL ACTIVITY STEADY: M&A Search Firms Uncovering Hidden Deals, Despite Overall M&A Decline

SAN DIEGO, September 4, 2008: According to the Association for Corporate Growth (ACG) and Thomson Reuters Mid-Year 2008 Dealmakers Survey, overall merger and acquisition (M&A) deals are down 36 percent for the first half of 2008, but middle-market deals are seeing less of a decrease. Middle-market deals are classified as any deals under \$500 million. According to the Dealmakers Survey, these types of deals have only declined by 18.2 percent from 2007's record breaking first half. While it may be that mega deals, ones that are defined as exceeding \$10 billion, may be the ones that make headlines, MoneySoft M&A Outlook 2008 points to the reality that small undisclosed deals actually make up two-thirds of all M&A activity. Additionally, PricewaterhouseCoopers LLP released a series of second-quarter M&A reports earlier this month stating that the overall average deal value is down largely due to the lack of mega-deal transactions – but the report doesn't take into consideration the smaller and middle-market deals alone.

With tighter underwriting, credit availability and covenants, the larger deals are much less appealing. As the size of the deal increases, so does the difficulty of the transaction, including the structuring of the deal itself and the eventual post-deal integration process. M&A is one of Wall Street's most important business practices, and investors are looking to get a deal done wherever and whenever they can. While Wall Street typically stays out of the smaller, less lucrative deal pool, investors have begun focusing on smaller deals. So far this year, 70 percent of the deals Credit Suisse has advised on have been under \$1 billion, which is significantly up from 49 percent last year. At Goldman Sachs, deals under \$1 billion make up 55 percent of their total transactions, which is compared to 39 percent one year ago.

Investors polled in a recent Thomson Reuters survey said securing debt for transactions was the biggest concern in today's market. Other difficulties that topped the list were winning and closing good deals, identifying good investments, fundraising and exiting investments.

High-quality, small companies are always in demand. For this reason, MoneySoft's Outlook 2008 states that M&A advisory firms, such as Bainbridge Capital Advisory, stimulate M&A activity in a slow market. Bainbridge's unique approach draws upon its deep consulting roots, and thorough primary-source research, to cultivate hidden deals that have yet to be discovered by large investment banks. As the state of the economy remains unstable, it is imperative to find creative routes to source deals. For instance, Bainbridge's strategy can result in getting even the most reluctant seller to the table; companies can negotiate deals without ever having to experience the burden of going through auction.

Many experts, such as those surveyed by Thomson Reuters, believe that the pace of deal-making may have hit bottom and could even be up a little for the second half of the year. Binky Chadha, a strategist at Deutsche Bank recently said "though financial market concerns continue, the value of announced M&A deals has been recovering notably in recent weeks." *The bottom line:* there are still great deals to be done with money to be put to work and high-quality companies in need of investors.



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We invite you to speak with a representative at Bainbridge about their acquisition search services offered.

Who: Bainbridge Capital Advisory

What: Small deals continue to thrive even though overall M&A activity is down

When: Interviews are available immediately and ongoing

Where: Phone interviews with Bainbridge executives

Who is Bainbridge?

Bainbridge is a management consulting and M&A advisory firm that takes a decidedly non-traditional approach. Bainbridge employs a unique process of Primary-Source Research and Analysis, building relationships with industry experts to gain rich business intelligence, straight from the source. Since 1975, clients have returned to Bainbridge for strategic insight to support business development initiatives from growing and protecting their market position to identifying quality M&A opportunities.

Bainbridge's Capital Advisory group provides a range of services including acquisition search, market feasibility studies, due diligence, and more. Using primary-source research, our team works with private equity groups to provide deal flow outside the auction environment, putting your firm in non-bidding situations for well qualified candidates. Bainbridge's Management Consulting group provides superior business due diligence to foster quality deals and confident negotiations. Our full-service approach is guaranteed to optimize the timing, quality, and quantity of your deal flow pipeline. For more information, please visit www.bainbridge.com.

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