

“I made my money by selling too soon”

- Bernard Baruch

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WATERVIEW ADVISORS
 M&A ADVISORY • VALUATIONS • CAPITAL SOURCING

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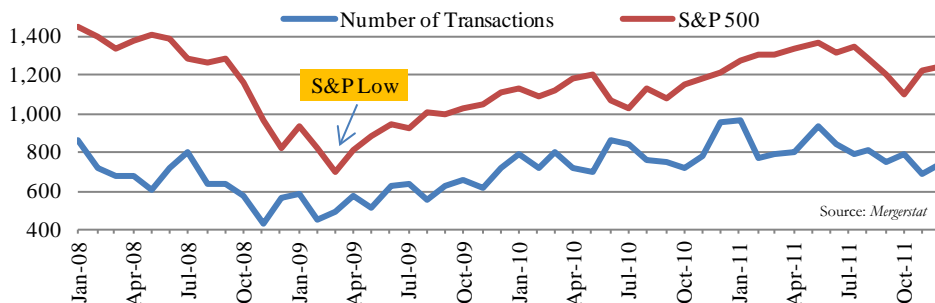
THE MARKET

FOR PRIVATELY HELD COMPANIES

Topics Relevant to Middle Market Mergers & Acquisitions

M&A Activity – Q4 2011 Data

Monthly transaction volume, as evidenced by the chart below, has rebounded significantly since the low was reached in November of 2008. Overall transaction volume (including public and private companies of all sizes) for the trailing 12 months ended December 31, 2011 increased 42.2% and 2.3% versus the same period in 2009 and 2010, respectively.

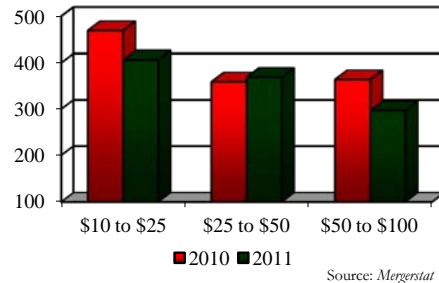


Transaction Volume for the Lower Middle Market

The chart below includes both public and private transactions for the lower middle market and reveals that transaction volume has improved year over year in two of three size categories.

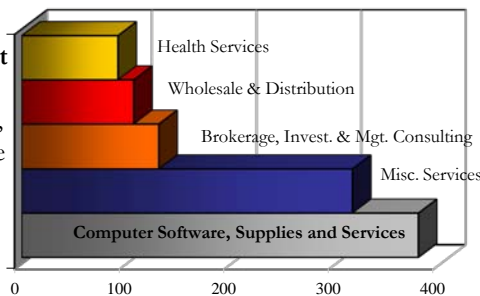
The number of reported transactions in the \$50 to \$100 million enterprise value category fell 18.4% compared to the prior year. Transactions in the \$25 to \$50 million enterprise value category increased 2.8%, while transaction volume in the smallest category (\$10 to \$25 million) fell 18.1%. **The number of deals with undisclosed values (71.6% of all deals) increased by 10.9%. It is highly likely that most of these deals are under \$100 million in value.**

Transaction Volume by Size TTM Ending December 31, 2011



Which Industries are Most Active?

The chart to the right reveals the five most active industries in terms of transactions closed for the 3 months ended December 31, 2011. In addition to the industries listed in the chart, the following industries also exhibited high transaction volume: Construction Contractors and Engineering Services; Banking & Finance; Insurance; Drugs, Medical Supplies & Equipment; and Retail.



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