

# The New York Times

## DealBook

Edited by Andrew Ross Sorkin

### Hopeful Signs for Smaller Deals in 2008

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The merger world isn't what it used to be. Multibillion-dollar deals dropped off noticeably in the second half of 2007, in large part because leveraged buyout firms were kept at bay by the choppy credit markets.

But a new survey conducted by CFO Research Services and CIT suggests that the gloom and doom does not extend to the middle market. Midsize companies continue to quietly assemble smaller deals, despite the ongoing credit crunch. It is a trend that CIT, a financing company that recently acquired middle-market merger adviser **Edgeview Partners**, probably hopes will continue.

According to the survey, smaller companies are generally upbeat about merger activity for 2008. A clear majority of the 529 senior-level finance executives who took part in the survey said they expect M&A activity to increase or stay the same in 2008.

Respondents in the United States were slightly less optimistic than their Canadian counterparts: 75 percent of the 442 American executives predicted the same or higher levels of mergers next year, while 87 percent of the 80 Canadian respondents said they foresee the same results.

The mood from the energy industry was especially positive. Two-thirds of respondents who work in the energy sector said they expect mergers to increase in 2008.

Walter J. Owens, president of corporate finance at CIT, suggests that the uptick may have already begun: "We've seen a significant increase in the number of M&A transactions and deals in [the energy] sector," he said in this week's CIT podcast. "In particular, the oilfield services sector has been very, very hot." (Consider [Monday's \\$7.4 billion deal](#) — hardly a middle-market transaction — between **National Oilwell Varco** and **Giant Priceco**.)

CIT said its survey found fewer people who thought mergers would be driven by "easy credit or abundant cash" next year. Instead, more respondents predicted that pressure from investors to show growth and the need to outmaneuver competitors would keep smaller M&A deals coming in 2008.

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