

# MERGERS & ACQUISITIONS

## Lenders Show Optimism

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*By JONATHAN MARINO*

Lenders say that, spurred by other companies' success as sellers, and fearing a tax hike, the fourth quarter of 2010 will provide dealmakers with a perhaps unprecedented M&A blizzard.

Lenders are anticipating a dealmaking flood to cap off an already-frothy 2010.

"I don't think people realize the size of the wave of M&A that is out there," said **Leonard Tannenbaum**, chief executive of **Fifth Street Capital**. "You may see the biggest fourth quarter [of dealmaking] in history; there is going to be a massive tax hike coming."

Tannenbaum, speaking on a panel at ACG's InterGrowth conference in Miami, went on to predict that up to \$500 billion of deals could unfold in just those three months alone.

Others agreed. "We are seeing a flood of sellers," said **Stuart Aronson**, vice president with **GE Capital**.

While the capital gains tax increase has been on the horizon for some time, and it's been a continued theme in M&A circles, the dour markets forced many business owners to hold off. While their window is quickly shutting, the return of the debt markets will accommodate companies looking to sell.

2009's first quarter saw a paltry \$17 billion in new loan volume; this year, that number jumped 225% percent, to more than \$55 billion. Still, that figure pales in comparison to every prior quarter—save last year's.

Lenders are seeing more capital made available; healthy companies can secure high yield debt and even regional banks have gotten back into the act.

"There has been an enormous surge in asset-based lending," Aronson said.