



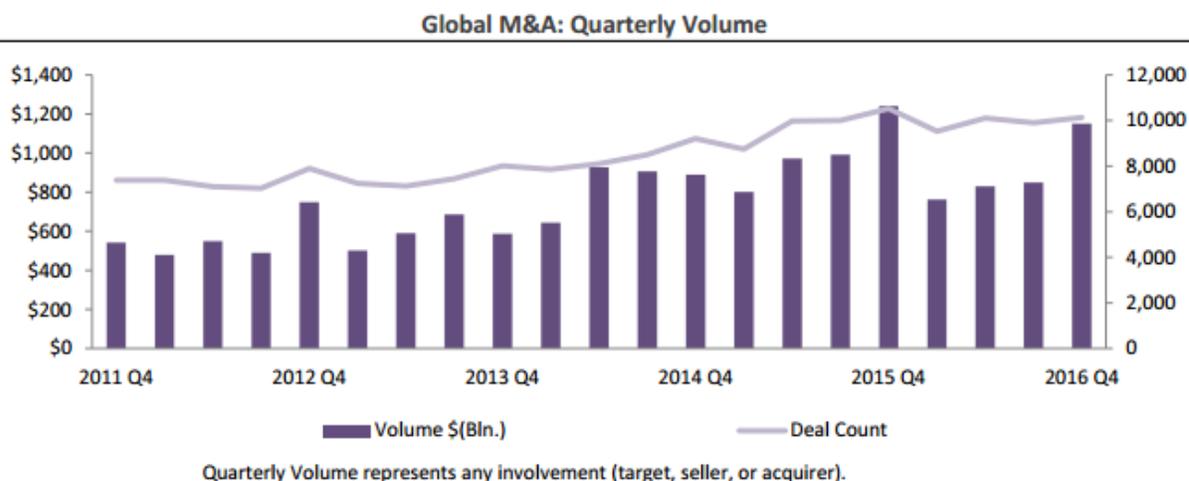
## Quarter 4 2016 U.S. Market M&A Update

*Though it has been three months since the election and more than one month since the inauguration, the heated discussion over the new administration has been relentless. The domestically oriented focus has lifted the confidence in the public and spurred a rally in the stock market. The global economy has been heading toward the right direction which could be further stimulated as China's economy started to show strength again in late 2016.*

The recovery from a global industrial recession during 2016 set the stage for rising bond yields and inflation expectations in the second half of the year. With Trump winning the presidential election, the market is betting big on the pro-growth change in U.S. economy policies. The uncertainties under a new president may spur volatility, but the solid U.S. and global expansions provide a positive context to start the year. The Dow Jones Industrial Average improved 7.9%, the S&P 500 increased 3.6%, while the NASDAQ gained by 6.3 %.

### M&A Activity Overview

Global M&A activity reached \$3.6 trillion in volume and 39,664 in deal count, representing a 10.5% decrease year over year.



Source: Bloomberg

North American maintained its traditional dominance in terms of M&A value, with more than \$1.5 trillion worth of transactions. However, Europe won the first place in terms of number of deals with 6,756, compared to 5,585 in North America and 3,675 in Asia.

Energy, Mining & Utilities led the market in 2016 with the highest transaction value of \$608.5 billion. This was driven by the large number of megadeals in the industry. There were 11 transactions in the sector worth more than \$10.0 billion each over the course of the year. Two of them came in December: a consortium led by the Qatar Investment Authority's \$11.3 billion purchase of a 19.5% stake in Russia's Rosneft; and a consortium led by Macquarie



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Infrastructure and Real Assets' \$14.4 billion acquisition of a 61% stake in UK-based National Grid Gas Distribution.

Industrial & Chemicals took the second place with \$520.1 billion and Technology had the third place with \$410.2 billion. The largest announced deal of 2016 was in the Media sector – The \$105.0 billion bid for Time Warner by AT&T.

Despite the overall drop in M&A activity globally, the number of private equity buyouts reached a five-year high in 2016. There were 2,785 deals, which is 41 more than the previous high set in 2014, reaching \$399.4 billion. The Carlyle Group had the highest number of transactions with 64 worth \$13.0 billion, while KKR achieved the highest deal value with 54 transactions worth \$44.8 billion.

With Trump winning the presidency, political forces opposed to globalization achieved major victories; but deal activity across sovereign borders remained strong with announced transaction value worth \$1.3 trillion. The top transactions include Germany-based Bayer's \$63.4 billion bid for US-based Monsanto, US-based Qualcomm's \$45.9 billion purchase of Netherlands-based NXP Semiconductors, and China National Chemical's \$45.9 billion acquisition of Switzerland-based Syngenta.

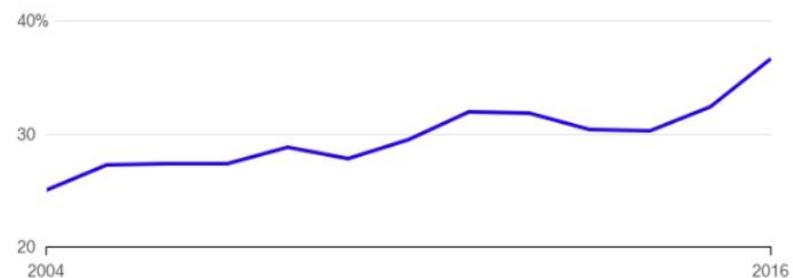
Source: Mergermarket

### Landlords are taking over the U.S. Housing Market

The U.S. is increasingly a country of renters and landlords as rising home prices, slow new home construction, and demographic shifts push homeownership rates to 50 year lows. In 2016, about 37% of homes sold were acquired by buyers who did not live in them, according to tax-assessment data compiled in a new research report. That

#### Rent Collectors

The share of U.S. home sales for which the owner doesn't live in the home



Source: ATTOM Data Solutions

Bloomberg

number may include second homes, or properties acquired by investors who seek to fix up old homes and resell them at a profit. This is also a strong indicator that landlords are playing a larger role in the U.S. housing market. In 2012, institutional investors accounted for 7.8% of home sales, compared to 2.9% in 2016. The slack is picked up by the smaller investors, particularly those who have already paid off their mortgages on the homes they live in.

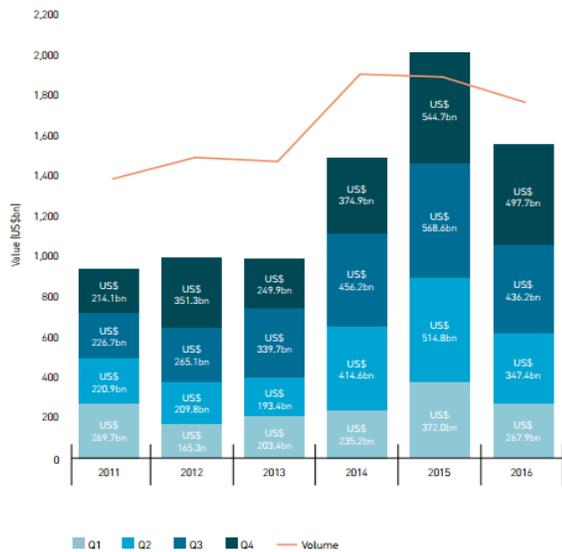
Source: Bloomberg



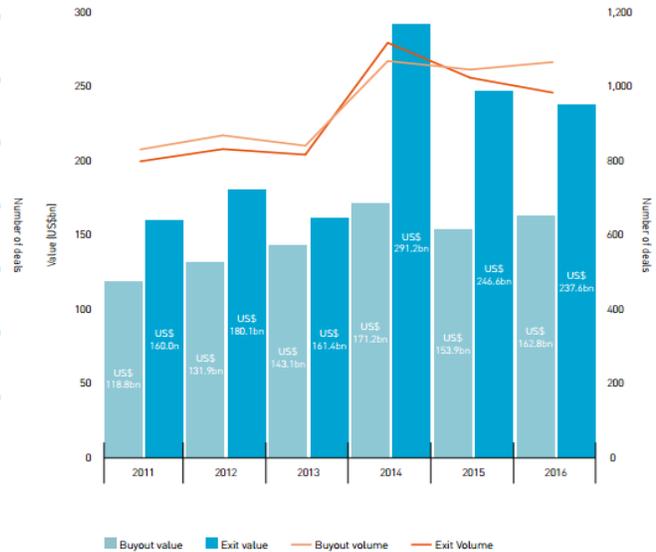
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## M&A Trend Graphs

NORTH AMERICA M&A TREND



NORTH AMERICA PRIVATE EQUITY TREND



## Top 5 Transactions in 2016

<p>Deal value US\$105.0bn</p> <p><b>Announced</b> 22-Oct-16 <b>Bidder company</b> AT&amp;T Inc <b>Target company</b> Time Warner Inc <b>Dominant sector</b> Media <b>Sell-side Financial Adviser</b> Allen &amp; Company; Citi; and Morgan Stanley <b>Sell-side Legal Adviser</b> Crawath, Swaine &amp; Moore; and Herbert Smith Freehills (Advising FA: White &amp; Case) <b>Buy-side Financial Adviser</b> Bank of America Merrill Lynch; JPMorgan; and Perella Weinberg Partners <b>Buy-side Legal Adviser</b> Sullivan &amp; Cromwell (Advising FA: Weil Gotshal &amp; Manges; Advising Debt Providers: Simpson Thacher &amp; Bartlett)</p>	<p>Deal value US\$63.4bn</p> <p><b>Announced</b> 14-Sep-16 <b>Bidder company</b> Bayer AG <b>Target company</b> Monsanto Company <b>Dominant sector</b> Industrials &amp; Chemicals <b>Sell-side Financial Adviser</b> Ducera Partners; and Morgan Stanley <b>Sell-side Legal Adviser</b> Debevoise &amp; Plimpton; Franceschini e Miranda Advogados; Paul Weiss Rifkind Wharton &amp; Garrison; Wachtell, Lipton, Rosen &amp; Katz; and WilmerHale (Advising FA: Crawath, Swaine &amp; Moore; Morrison &amp; Foerster) <b>Buy-side Financial Adviser</b> Bank of America Merrill Lynch; Credit Suisse; and Rothschild <b>Buy-side Legal Adviser</b> Allen &amp; Overy; Luthra &amp; Luthra Law Offices; Stikeman Elliott; and Sullivan &amp; Cromwell (Advising FA: Linklaters; and Shearman &amp; Sterling; Advising Debt Providers: Clifford Chance)</p>	<p>Deal value US\$51.4bn</p> <p><b>Announced</b> 21-Nov-16 <b>Bidder company</b> Sunoco Logistics Partners LP <b>Target company</b> Energy Transfer Partners LP <b>Dominant sector</b> Energy, Mining &amp; Utilities <b>Sell-side Financial Adviser</b> Barclays <b>Sell-side Legal Adviser</b> Latham &amp; Watkins; and Potter Anderson &amp; Corron <b>Buy-side Financial Adviser</b> Citi <b>Buy-side Legal Adviser</b> Richards Layton &amp; Finger; and Vinson &amp; Elkins (Advising FA: White &amp; Case)</p>	<p>Deal value US\$41.4bn</p> <p><b>Announced</b> 06-Sep-16 <b>Bidder company</b> Enbridge Inc <b>Target company</b> Spectra Energy Corp <b>Dominant sector</b> Energy, Mining &amp; Utilities <b>Sell-side Financial Adviser</b> Barclays; BMO Capital Markets; Citi; Goldman Sachs; and Morgan Stanley <b>Sell-side Legal Adviser</b> Goodmans; Skadden Arps Slate Meagher &amp; Flom; and Wachtell, Lipton, Rosen &amp; Katz (Advising FA: White &amp; Case) <b>Buy-side Financial Adviser</b> Bank of America Merrill Lynch; Credit Suisse; and RBC Capital Markets <b>Buy-side Legal Adviser</b> Sullivan &amp; Cromwell; and McCarthy Tetrault (Advising FA: Alston &amp; Bird; and O'Melveny &amp; Myers)</p>	<p>Deal value US\$39.2bn</p> <p><b>Announced</b> 11-Jan-16 <b>Bidder company</b> Shire Plc <b>Target company</b> Basalta Inc <b>Dominant sector</b> Pharma, Medical &amp; Biotech <b>Sell-side Financial Adviser</b> Citi; and Goldman Sachs <b>Sell-side Legal Adviser</b> Jones Day; Kirkland &amp; Ellis; Matheson; and Skadden Arps Slate Meagher &amp; Flom (Advising FA: Fried Frank Harris Shriver &amp; Jacobson; and White &amp; Case) <b>Buy-side Financial Adviser</b> Barclays; Deutsche Bank; Evercore Partners; and Morgan Stanley <b>Buy-side Legal Adviser</b> Arthur Cox; Crawath, Swaine &amp; Moore; Davis Polk &amp; Wardwell; Ropes &amp; Gray; and Slaughter and May (Advising FA: Freshfields Bruckhaus Deringer)</p>
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Source: Mergermarket



*Lawrence, Evans & Co., LLC provides investment banking, finance, and consulting services for small and middle market healthcare, transportation, manufacturing, energy and service companies. We are very active on the buy-side, sell-side, capital raising and turnaround and restructuring.*

**SERVICES**

<p>▪ <b>Investment Banking &amp; Corporate Finance</b></p>	<ul style="list-style-type: none"> <li>-Private Company Sales</li> <li>-Division/Subsidiary Divestitures</li> <li>-Distressed Transaction Advisory</li> </ul>	<ul style="list-style-type: none"> <li>- Acquisition Advisory Services</li> <li>- Private Market Financings</li> <li>- LBO's and Recapitalizations</li> </ul>
<p>▪ <b>Turnaround &amp; Restructuring</b></p>	<ul style="list-style-type: none"> <li>-Turnaround Management</li> <li>-Debt Restructuring/Refinancing</li> <li>-Orderly Liquidations</li> </ul>	<ul style="list-style-type: none"> <li>- Chief Restructuring Officer (CRO)</li> <li>- Bankruptcy Planning/ 363 Sales</li> <li>- Receivership/Trustee</li> </ul>
<p>▪ <b>Consulting</b></p>	<ul style="list-style-type: none"> <li>-Strategic Options Analysis</li> <li>-Valuations &amp; Financial Assessments</li> <li>-Interim CEO/CFO</li> </ul>	<ul style="list-style-type: none"> <li>- Strategic Planning</li> <li>- Organizational Reviews</li> <li>- Expert Testimony &amp; Opinions</li> </ul>

**REPRESENTED TRANSACTIONS**

<p><b>Acute Care Hospital</b> Texas</p> <p><i>Acquisition Capital Private Placement Senior and Sub-Note Working Capital Line</i></p> <p> Acted as advisor</p>	<p><b>Skilled Nursing Facility</b> Michigan</p> <p>\$4,000,000 <i>Cashout Nonrecourse Refinancing Term Note and Revolver</i></p> <p> Acted as advisor</p>	<p><b>Robotic Integrator</b> Midwest</p> <p>\$1,600,000 <i>Growth Capital Term Note</i></p> <p> Acted as advisor</p>
<p><b>Electronic Wholesaler</b> Midwest</p> <p><i>Buy-side search for Geographic Expansion</i></p> <p> Acted as advisor</p>	<p><small>GLOBALNET SOLUTIONS</small> Multi-Specialty Medical Billing Company <i>2012</i> <i>Sale to a Strategic Buyer</i></p> <p> Acted as advisor</p>	<p><b>125 Acres Land</b> California</p> <p>Real Estate \$10,000,000 <i>Bridge and Placement of Acquisition financing</i></p> <p> Acted as advisor</p>

**Lawrence, Evans & Co., LLC**

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