

## **PRESS RELEASE**

16 December 2009

### **Luther's Survey of Small-Cap / Mid-Cap M&As: Examining the impact of the Lehman collapse**

**Cologne / Düsseldorf, 16 December 2009 – Luther's lawyers who specialise in providing M&A advice have examined a representative selection of asset and share deals and mergers in the small-cap (up to €10m) and mid-cap (up to €500m) market segments in the year before and after the Lehman Brothers collapse. Their findings have now been published in a survey which focuses in particular on the reasons for the failure or postponement of transactions.**

For the survey, Luther examined a total of 150 transactions which the law firm had dealt with between 15 September 2007 and 15 September 2009. Unlike most M&A surveys, it includes not only completed but also discontinued and ongoing transactions with a transaction volume of up to €500m. The analysis not only allows a comparison regarding the impact which the Lehman collapse has had on the different industries, it also allows further conclusions to be drawn.

The expectations as to the obviously negative impact of the financial crisis have only partially been confirmed in the small-cap and mid-cap market segments. "The deterioration in the economic environment is indeed the most frequent reason for discontinuing transactions," said Dr. Markus Schackmann, Head of M&A Services with Luther. "Yet the lack of financing has surprisingly seldom been a reason for termination," continued Schackmann, qualifying his own statement by adding that

due to the deteriorating financial situation, acquisition financing was often not even requested.

The survey outlines the crucial point in time in a transaction where the probability that it will fail starts to rise significantly: from a statistical point of view, the risk of failure increases considerably after 6.5 months. The most significant causes for discontinuation were the deterioration of the economic environment in general and the findings of due diligence reviews. In contrast, the insufficient financing of takeovers was a less important reason for failure.

The survey, which has been published under the title “M&A Transactions 2007/2008/2009 – Review, analysis and trends”, can be ordered free of charge by sending an email to [contact@luther-lawfirm.com](mailto:contact@luther-lawfirm.com).

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## **Brief Profile of Luther Rechtsanwaltsgesellschaft mbH**

Luther is one of the leading German commercial law firms providing comprehensive services in all the relevant fields of legal and tax consulting. The full-service law firm employs more than 320 lawyers and tax advisors and is represented at 12 German economic centres and at important investment locations in Europe and Asia with its five international offices in Brussels, Budapest, Istanbul, Shanghai and Singapore. Our clients include medium-sized enterprises and large corporations, as well as the public sector. Luther is also part of the PMLG international group of law firms and is the German member of Taxand, a worldwide network of independent tax firms.

Luther is a law firm with an entrepreneurial approach: our innovative awareness aspires us to provide our clients with customised legal advice that addresses individual needs and delivers the greatest possible economic benefit. Our lawyers and tax advisors have a solid

understanding of interdisciplinary matters and a wealth of experience  
in collaborating on complex tasks.

Further information is available at: [www.luther-lawfirm.com](http://www.luther-lawfirm.com)

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