

## Stout state economy ups mergers and acquisitions

By Don Mecoy  
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TULSA — Oklahoma's strong economy has made the state an improving site for buying and selling companies, several financial experts said during a conference on mergers and acquisitions.

Albert "Kell" Kelly, president and chief executive officer of SpiritBank, said his bank is handling an increasing number of transactions.

In Oklahoma, however, such deals are rarely called mergers or acquisitions, Kelly said.

"We think of mergers and acquisitions as AT&T taking over Cingular," Kelly said. "The reality is that most of the deals are small deals. There is a vibrant mergers and acquisitions market here."

About 150 people attended the mergers and acquisitions seminar titled "Keys to Successful Acquisitions for Corporate Growth" held last week in Tulsa.

A worldwide record year

The program was hosted by The M&A Source, an international organization of merger and acquisition intermediaries focused on the middle market.

The conference chairs were Rob Firestone and John C. Johnson, principals of Bluestem Resources Affiliated Group LLC in Tulsa.

Walter Lipski, principal of Capital Advice LLC in Scottsdale, Ariz., said 2006 was the third-biggest year ever in the United States in terms of dollars that changed hands.

Worldwide, it was a record year for the total value of mergers and acquisitions, Lipski said.

"It's a good time to be a seller, a very good time to be a seller right now," Lipski said.

"There is intense competition for good deals."

Lipski, whose business represents buyers and sellers, said it also can be a good time for buyers.

"The market is very robust," he said.

The strength of the mergers and acquisitions market has prompted a shift in how potential target companies are evaluated, Lipski said.

Traditionally, due diligence involved tracking the business' past earnings. Now, potential buyers use earnings projections to help determine a company's worth, Lipski said.

"It also adds a lot of responsibility on buying parties to do due diligence," he said. "You really have to satisfy yourself that those earnings are going to materialize."

'Can get overheated'

Kelly said Oklahoma bankers have become more willing to include a company's future earning potential when evaluating the company's worth. Although the market for such deals is heating up, some buyers can get overly exuberant, he said.

"You want to be careful," Kelly said. "It can always get overheated."

Mike Seney, senior vice president of operations for The State Chamber, said a recent survey showed Oklahoma has overcome some of its less favorable perceptions.

The state can establish some good new impressions during this centennial year, Seney said. "We are becoming recognized more as the central location for what I call the NAFTA continent," Seney said. "Our perception on the global stage is growing and we need to take advantage of it."