REGIONAL REPORTS

While 2011 is unlikely to witness any kind of return to the boom years, there is cautious optimism that M&A activity between the US and Europe is recovering, with sectors such as pharmaceuticals leading the way and a greater participation by private equity.

# Fragile recovery in transatlantic M&A

After a poor 2009, European acquisitions of US targets have recovered sharply in 2010 and, while acquisitions in the opposite direction are still subdued, there are hopes of greater activity in 2011. Industries such as pharmaceuticals, technology and fast-moving consumer goods have been particularly active.

While the M&A market clearly is not where it was in 2006–07 there has been year-on-year growth in M&A activity between the US and Europe, with two-thirds of overall deal volumes coming from European acquirers of US businesses, says Paul de Bernier, a partner at law firm Mayer Brown.

De Bernier says: "Previously, companies focused on snapping up distressed assets at low valuations. However, companies now seem to be increasingly looking at striking strategic deals to secure established businesses, and this is probably most true with regards to established market, such as in Europe and the US."

He adds that private equity activity seems to be increasing as well and, although leverage ratios are starting to increase a little they are not back at 2007 levels.

"However, private equity firms are sitting on a fair amount of capital these days and will need to either spend it soon or give it back to investors. We think firms will still not easily be able to launch US$1bn plus bids until the leveraged finance markets return to previous levels," says de Bernier.

Thierry Monjauze, managing director of law firm Harris Williams' London office, says that private equity firms have been under pressure to invest and are often driving up valuations, which explains a spate of secondary buyouts in 2010.

"As a consequence of private equity firms' aggressive bidding, strategic purchasers often feel that they cannot compete, which raises the question of the sustainability of such valuations given that strategics can often expect to benefit from synergies," he says.

Monjauze adds that overall, 2010 has clearly seen a pick-up in cross-border M&A. "However, much of the activity currently is at a preliminary stage, therefore the rate of increase relative to last year in closed deals remains to be seen."

**ANY AMERICAS INVOLVEMENT ANNOUNCED FINANCIAL ADVISERS**

| | 1/1/2010 - 30/9/2010 | | | 1/1/2009 - 30/9/2009 | | |
|---|---|---|---|---|---|---|
| | Ranking value inc. net debt of target (US$m) | Rank | Number of deals | Ranking value inc. net debt of target (US$m) | Rank | Number of deals |
| Goldman Sachs & Co | 312,437.1 | 1 | 177 | 243,711.0 | 2 | 106 |
| JP Morgan | 260,477.2 | 2 | 136 | 219,542.3 | 4 | 120 |
| Morgan Stanley | 245,865.7 | 3 | 153 | 315,529.6 | 1 | 129 |
| Credit Suisse | 227,918.0 | 4 | 147 | 117,140.8 | 8 | 90 |
| Bank of America Merrill Lynch | 211,981.5 | 5 | 137 | 167,496.1 | 5 | 91 |
| Barclays Capital | 195,846.5 | 6 | 88 | 164,169.3 | 6 | 52 |
| Deutsche Bank AG | 147,251.3 | 7 | 99 | 74,277.1 | 11 | 69 |
| Citi | 138,632.0 | 8 | 77 | 234,929.1 | 3 | 89 |
| UBS | 124,197.6 | 9 | 114 | 65,064.3 | 13 | 82 |
| BNP Paribas SA | 92,653.7 | 10 | 27 | 11,040.1 | 26 | 20 |
| Lazard | 85,527.5 | 11 | 93 | 108,454.2 | 9 | 85 |
| Santander | 83,086.8 | 12 | 29 | 17,733.5 | 23 | 19 |
| RBC Capital Markets | 77,008.4 | 13 | 80 | 39,353.4 | 17 | 58 |
| Blackstone Group LP | 64,845.7 | 14 | 25 | 59,529.1 | 14 | 18 |
| TD Securities Inc | 59,447.2 | 15 | 47 | 11,268.3 | 25 | 25 |
| Rothschild | 57,493.2 | 16 | 72 | 90,206.5 | 10 | 70 |
| Societe Generale | 56,966.6 | 17 | 7 | 1,498.0 | 64 | 1 |
| Perella Weinberg Partners LP | 55,550.8 | 18 | 20 | 24,603.2 | 21 | 8 |
| Evercore Partners | 51,428.7 | 19 | 22 | 153,711.4 | 7 | 20 |
| RBS | 47,473.8 | 20 | 13 | 5,655.5 | 37 | 16 |
| Nomura | 38,333.0 | 21 | 17 | 5,871.4 | 35 | 15 |
| Jefferies & Co Inc | 30,947.8 | 22 | 73 | 7,480.2 | 31 | 39 |
| Tudor Pickering & Co LLC | 29,076.3 | 23 | 26 | 3,012.5 | 47 | 8 |
| Banco BTG Pactual SA | 28,999.8 | 24 | 40 | 8,695.8 | 29 | 5 |
| HSBC Holdings PLC | 27,874.6 | 25 | 19 | 28,066.4 | 19 | 14 |
| **Industry total** | **1,011,493.4** | **–** | **10,756** | **747,929.8** | **–** | **10,149** |

Source: Thomson Reuters

**George Karafotias**

Following the recession, many companies have struggled to find sustained growth, says Monjauze, and with generally improved balance sheets, many are now looking to extend geographic remits.

"Due to the economic instability in the European Union, valuations have been somewhat depressed over the last 12 months, which has caused a relative increase in opportunistic M&A," he adds.

Another reason there appears to have been less US interest in making European acquisitions is the exchange rate uncertainty, according to Peter Laveran, a corporate partner at law firm Covington & Burling in London.

"US private equity funds have been cautious because of concerns about what will happen with the euro – some have been worried about acquiring a European asset and investing time, effort and money to increase its value, only to see the gain diminished or wiped out if the euro weakens significantly against the dollar," Laveran says.

This concern is also mirrored, to a degree, by potential European acquirers of US assets, who fear a possible weakening of the dollar in the future.

Paul Wiszniewski, a transaction services partner at Deloitte, says that in 2008 there were a lot of opportunities for US acquirers in Europe because of the weaker euro but that more recently the euro has strengthened against the dollar and pound.

Pharmaceuticals has been one of the most active sectors for deals. France's Sanofi-aventis has been trying to acquired the US's Genzyme for US$18.5bn in a hostile bid, while earlier in the year Germany's Merck completed its US$7bn acquisition of Millipore and Spanish blood plasma products business Grifols agreed to buy Talecris Biotherapeutics for about US$3bn. Other deals included Johnson & Johnson's US$2.4bn takeover of Dutch vaccines group Crucell.

Covington's Laveran says he still expects to see significant M&A in

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the pharmaceuticals industry, as consolidation continues and companies refill their patent pipeline through acquisitions rather than organic R&D. Many of the mid-market pharmaceutical acquisitions are easier to complete as all-cash deals, he points out, because "big pharma" has plenty of cash and does not necessarily need third-party financing.

Louise Nash, another Covington partner, says that at the lower end of the market big pharma is looking for pipeline assets to replace products that are soon to come of patent.

"We're seeing deals through investment and, at a later stage, through M&A for pharmaceutical companies that have identified strategic assets," she says. "But what these companies are also looking for are strong management teams and that component has become a lot more important in the past 12 months."

According to Peter Laveran, although the M&A market has improved compared with last year's low base, it can still be hard to get


Louise Nash


Paul Wiszniewski

deals done. There are pockets of enthusiasm and activity, in which some deals get done, he says, "but then some bad news comes along, such as the Greek crisis, which halts the momentum".

"In the past, that kind of bad news story would not have had such a big impact but today, with the banks and investors still nervous, everyone pulls back, re-evaluates and sits on their hands for a few months," he says.

Technology is another sector that has produced significant deals.

"The technology sector has traditionally come out of recessionary periods faster than other sectors, which explains the significant activity led by some of the global firms, such as HP, IBM, Intel and SAP," says Harris Williams' Thierry Monjauze. "UK companies such as ARM, Autonomy and Sage have caught the eye of investors, but as speculation mounts, so do the prices."

There are likely to be an increasing number of transatlantic deals focusing on the acquisition of specialist technology, says Deloitte's Wiszniewski. He points to transactions such as MasterCard's £333m acquisition of UK e-commerce business the DataCash Group.

"I think we'll see more examples of corporates acquiring financial technology companies in order to get hold of that technology," he says. "Smart investors will also be looking to acquire the technology that underpins the green agenda."

Another sector that could yield deals, going forward, is defence. The UK's BAE Systems, for example, is reported to be looking to acquire in the US, following cuts to defence spending at home.

BAE was among several bidders thought to have approached mid-sized defence technology businesses, such as ManTech International. Mergers and takeovers in the defence sector are being driven by an attempt to move away from traditional armaments to faster growing defence areas such as cyber warfare.

Deloitte's Wiszniewski says an important shift in the M&A market between the US and Europe is that, today, it is all about strategic fits and there is no place for trophy assets, especially for private equity players.

"Pre-crisis, a lot of the acquisitions were driven by the expectation that you could simply ride the bull market and make a good return, but today it needs to be for the strategic fit," he says.

The M&A market is likely to be challenging in the coming months, says Laveran, but he stresses that the environment is improving, saying: "There is more activity in the pipeline and if we can build some momentum through a window of two or three months in which there's no bad economic news I think we'll see more deals done and more finance made available."

There is a backlog of private equity-backed IPOs, he says, and if a handful of those can be achieved, then private equity firms will begin to be able to return capital to investors and raise new funds.

The problem is that banks and investors are still nervous about how much bad debt and over-valued assets there still are in the system, says Laveran.

"When I talk to bankers and private equity investors, there is a still a belief that not enough pain has washed through the system yet, that

**ANY AMERICAS INVOLVEMENT COMPLETED FINANCIAL ADVISERS**

| | 1/1/2010 - 30/9/2010 | | | 1/1/2009 - 30/9/2009 | | |
|---|---|---|---|---|---|---|
| Financial advisers | Ranking value inc. net debt of target (US$m) | Rank | Number of deals | Ranking value inc. net debt of target (US$m) | Rank | Number of deals |
| Goldman Sachs & Co | 179,012.6 | 1 | 129 | 203,190.4 | 3 | 78 |
| Citi | 164,560.3 | 2 | 72 | 204,458.3 | 2 | 78 |
| Barclays Capital | 160,150.4 | 3 | 70 | 63,090.6 | 12 | 37 |
| JP Morgan | 151,245.4 | 4 | 126 | 80,941.1 | 8 | 88 |
| Morgan Stanley | 148,818.2 | 5 | 115 | 253,698.5 | 1 | 103 |
| Credit Suisse | 139,321.1 | 6 | 101 | 46,392.2 | 20 | 62 |
| Deutsche Bank AG | 117,384.9 | 7 | 83 | 87,401.0 | 6 | 56 |
| Bank of America Merrill Lynch | 114,089.3 | 8 | 105 | 181,941.2 | 4 | 82 |
| UBS | 92,534.4 | 9 | 86 | 63,903.5 | 11 | 64 |
| Evercore Partners | 67,027.0 | 10 | 22 | 99,987.1 | 5 | 15 |
| Lazard | 55,533.4 | 11 | 82 | 74,190.4 | 9 | 67 |
| Jefferies & Co Inc | 55,509.0 | 12 | 54 | 1,597.8 | 56 | 27 |
| Centerview Partners LLC | 45,881.3 | 13 | 11 | 12,137.7 | 29 | 2 |
| Rothschild | 44,754.5 | 14 | 68 | 86,297.9 | 7 | 58 |
| Santander | 36,310.4 | 15 | 18 | 14,670.0 | 28 | 17 |
| Houlihan Lokey | 29,790.3 | 16 | 82 | 47,036.9 | 19 | 73 |
| HSBC Holdings PLC | 26,923.4 | 17 | 17 | 7,995.6 | 34 | 12 |
| Tudor Pickering & Co LLC | 22,893.0 | 18 | 15 | 2,892.5 | 46 | 7 |
| RBC Capital Markets | 22,786.4 | 19 | 65 | 33,358.8 | 23 | 50 |
| Perella Weinberg Partners LP | 22,425.0 | 20 | 13 | 11,618.0 | 30 | 3 |
| Blackstone Group LP | 16,285.0 | 21 | 22 | 52,042.4 | 16 | 12 |
| BMO Capital Markets | 14,850.1 | 22 | 34 | 5,709.8 | 40 | 29 |
| CIBC World Markets Inc | 14,330.6 | 23 | 32 | 25,172.7 | 26 | 23 |
| Societe Generale | 14,057.4 | 24 | 8 | 0.0 | 251* | 1 |
| Greenhill & Co, LLC | 13,793.9 | 25 | 22 | 71,887.7 | 10 | 15 |
| **Industry total** | **738,329.6** | **-** | **8,149** | **659,928.6** | **-** | **7,911** |

Source: Thomson Reuters

there are still a lot of assets which are being held at unrealistic valuations and until people write them down or accept more realistic valuations it won't be possible to clear the backlog," he says.

According to de Bernier of Mayer Brown, there has been an increase in debt levels in deals in 2010 but they are not yet back to 2007 levels.

"As companies have striven to cut their costs and increase cashflow over the last two years, some now have large cash war chests to spend, so cash consideration will remain a big part of financing structures over the next year," he says. "However, companies remain cautious and we have seen an increase in concurrent

**EUROPEAN/US ACQUISITIONS**

| European acquisitions of US targets | | | US acquisitions of European targets | | |
|---|---|---|---|---|---|
| Rank date | Rank value (US$m) | Number of deals | Rank date | Rank value (US$m) | Number of deals |
| 1998 | 200,616.4 | 705 | 1998 | 63,380.3 | 1,279 |
| 1999 | 250,205.5 | 933 | 1999 | 111,839.2 | 1,254 |
| 2000 | 269,905.0 | 1,177 | 2000 | 97,313.6 | 1,256 |
| 2001 | 87,232.6 | 695 | 2001 | 56,436.4 | 891 |
| 2002 | 56,426.1 | 514 | 2002 | 46,601.9 | 700 |
| 2003 | 21,577.0 | 490 | 2003 | 85,852.9 | 861 |
| 2004 | 48,253.3 | 535 | 2004 | 90,536.8 | 964 |
| 2005 | 87,490.5 | 657 | 2005 | 120,829.9 | 959 |
| 2006 | 121,700.5 | 818 | 2006 | 142,987.3 | 1,120 |
| 2007 | 195,806.5 | 925 | 2007 | 191,006.9 | 1,207 |
| 2008 | 185,392.9 | 768 | 2008 | 80,597.3 | 1,010 |
| 2009 | 41,305.2 | 475 | 2009 | 71,762.7 | 729 |
| 2010 | 111,798.8 | 399 | 2010 | 62,661.0 | 731 |

Source: Thomson Reuters

**TOP 20 AMERICAS TARGET DEALS 2009-2010**

| Rank date | Status | Target name | Target advisers | Acquirer name | Acquirer advisers | Ranking value (US$m) |
|---|---|---|---|---|---|---|
| 26/01/2009 | C | Wyeth (US) | Morgan Stanley/ Evercore Partners | Pfizer Inc (US) | Bank of America Merrill Lynch/ Goldman Sachs & Co/ JP Morgan/ Barclays PLC/ Citi | 64,479.70 |
| 09/03/2009 | C | Schering-Plough Corp (US) | Goldman Sachs & Co/ Morgan Stanley | Merck & Co Inc (US) | JP Morgan | 45,704.36 |
| 17/08/2010 | P | Potash Corp of Saskatchewan (CA) | Bank of America Merrill Lynch/ Goldman Sachs & Co/ RBC Capital Markets | BHP Billiton PLC (UK) | Barclays Capital/ JP Morgan/ BNP Paribas SA/ RBS/ TD Securities Inc/ Santander | 43,180.46 |
| 01/06/2009 | C | General Motors-Cert Assets (US) | Morgan Stanley/ Evercore Partners/ Blackstone Group LP/ AP Services/ Houlihan Lokey/ Lazard | Vehicle Acq Holdings LLC (US) | Rothschild/ KPMG Corporate Finance | 42,979.55 |
| 14/12/2009 | C | XTO Energy Inc (US) | Barclays Capital/ Jefferies & Co Inc | Exxon Mobil Corp (US) | JP Morgan | 40,659.14 |
| 03/11/2009 | C | Burlington Northern Santa Fe (US) | Goldman Sachs & Co/ Evercore Partners | Berkshire Hathaway Inc (US) | – | 35,948.00 |
| 30/07/2009 | C | Citigroup Inc (US) | Citi | Preferred Shareholders (UN) | – | 28,078.25 |
| 13/01/2010 | C | Carso Global Telecom SAB de CV (MX) | Santander | America Movil SAB de CV (MX) | Credit Suisse Group/ Citi | 27,483.40 |
| 10/08/2010 | P | GDF Suez Energy International (US) | Goldman Sachs & Co/ Rothschild/ BNP Paribas SA/ Blackstone Group LP/ Ondra Partners/ Societe Generale | International Power PLC (UK) | Nomura Securities/ JP Morgan Cazenove/ Morgan Stanley | 25,090.20 |
| 02/11/2009 | C | Cenovus Energy Inc (CA) | Merrill Lynch/ RBC Capital Markets/ CIBC World Markets Inc/ Scotia Waterous Inc/ Barclays Capital | Shareholders (CA) | – | 23,490.90 |
| 22/04/2010 | P | Qwest Commun Intl Inc (US) | Lazard/ Deutsche Bank AG/ Morgan Stanley/ Perella Weinberg Partners LP | CenturyLink Inc (US) | Barclays Capital/ Evercore Partners/ JP Morgan | 22,170.24 |
| 29/08/2010 | P | Genzyme Corp (US) | Credit Suisse Group/ Goldman Sachs & Co | Sanofi-Aventis SA (FR) | Evercore Partners/ JP Morgan/ BNP Paribas SA/ Societe Generale | 19,259.76 |
| 23/03/2009 | C | Petro-Canada (CA) | RBC Capital Markets/ Deutsche Bank AG | Suncor Energy Inc (CA) | CIBC World Markets Inc/ Morgan Stanley | 18,245.80 |
| 08/03/2010 | P | American Life Insurance Co Inc (US) | Morgan Stanley/ Goldman Sachs & Co/ Citi/ Blackstone Group LP | MetLife Inc (US) | Credit Suisse Group/ Barclays Capital/ Bank of America Merrill Lynch/ Deutsche Bank AG/ HSBC Holdings PLC | 15,543.54 |
| 04/05/2009 | C | Liberty Entertainment Inc (US) | Goldman Sachs & Co/ JP Morgan | DirecTV Group Inc (US) | Morgan Stanley | 14,499.05 |
| 03/12/2009 | P | NBC Universal Inc (US) | JP Morgan/ Goldman Sachs & Co/ Citi | Comcast Corp (US) | Morgan Stanley/ UBS Investment Bank/ Bank of America Merrill Lynch | 14,400.00 |
| 25/02/2010 | C | Coca-Cola Entr Inc-NA Bus (US) | Greenhill & Co, LLC/ Credit Suisse Group/ Lazard | Coca-Cola Co (US) | Allen & Co Inc/ Goldman Sachs & Co | 13,440.65 |
| 11/06/2009 | C | Barclays Global Investors Ltd (US) | Barclays Capital/ Lazard/ JP Morgan Cazenove | BlackRock Inc (US) | Citi/ Credit Suisse/ Bank of America Merrill Lynch/ Morgan Stanley/ Perella Weinberg Partners LP | 13,345.20 |
| 21/02/2010 | C | Smith International Inc (US) | UBS Investment Bank | Schlumberger Ltd (US) | Goldman Sachs & Co | 12,223.64 |
| 19/01/2010 | C | The Williams Cos Inc-Gas (US) | Barclays Capital/ Citi | Williams Partners LP (US) | Tudor Pickering & Co LLC | 11,750.37 |

Source: Thomson Reuters P=Pending, C=Completed

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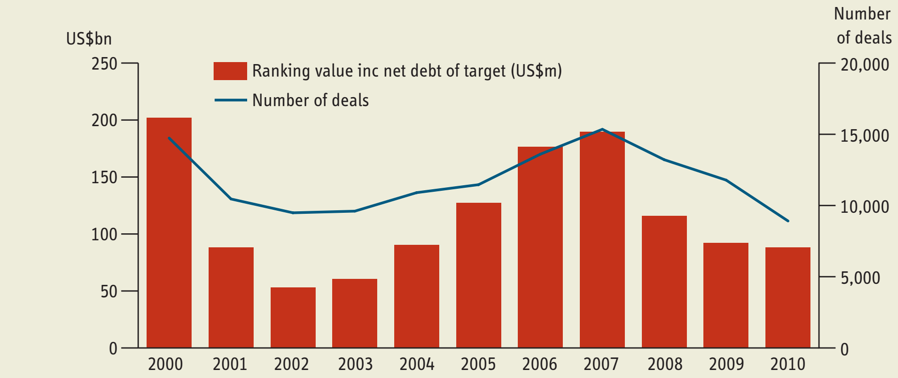
**AMERICAS TARGET ANNOUNCED DEAL VOLUMES**




Source: Thomson Reuters

equity financings to keep debt as small a proportion of acquisition financing as possible."

De Bernier adds that there has also been an increase in deal-protection mechanisms. "For example, we've seen higher break fees in the US (trending from 3% to 4%)," he says, adding that in the UK these break fees are capped at 1%.

On the corporate side, one of the highest profile transactions of the year was the US$18.9bn acquisition of UK confectionery business Cadbury by the US's Kraft Foods, despite intense opposition from trade unions and some politicians and media commentators, who saw Cadbury as a British institution.

The deal was a hostile takeover and Deloitte's Paul Wiszneiwski says that in the current climate if you are an attractive asset you could find yourself the target of a hostile takeover.

"A lot of corporates with strong balance sheets, particularly in the US, are willing to make hostile bids for targets that are strategic," he says. Many US corporates are more experienced in M&A and hostile bids than European companies.

Nevertheless, there are also hostile bids in the other direction, such as Sanofi-aventis's attempt to acquire biotech company Genzyme in the US. The deal has become contentious, with arguments about what level of valuation Sanofi is willing to make on the company.

Paul de Bernier of Mayer Brown says: "There appears to be a shortage of good assets available for would-be acquirers, as boards of well-performing companies are currently reluctant to recommend bids.

"Therefore, bidders often have to look to bypass a target's board of directors and appeal directly to the shareholders by means of a hostile bid. As companies compete over these well-performing companies there has been an increase in premiums."

He adds that in the US certain courts have recently reaffirmed the effectiveness of "poison pills" where they protect a legitimate corporate interest. "These hostile bid defences may pose an obstacle to European corporates looking across the Atlantic for potential strategic acquisitions," he says.

The Kraft-Cadbury deal was also significant in terms of the regulatory issues it raised. Roger Carr, outgoing chairman of Cadbury, called for regulations to limit the activities of hedge funds during hostile bids.

Carr said that he believed these funds, which built up a 30% stake in the UK company, made it much easier for Kraft to acquire it and he called for an increase from 50.1% to 60% in the proportion of shareholder support needed in a takeover.

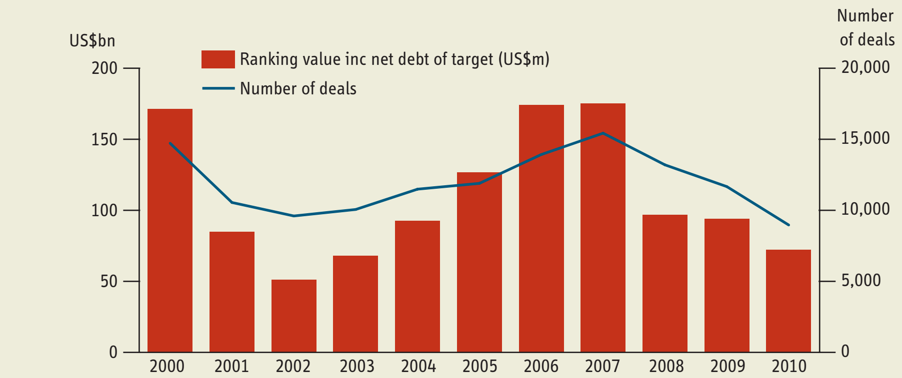
The UK's Takeover Panel carried out a consultation on whether there should be changes to the rules to make it harder for foreign companies to acquire UK assets, particularly in hostile situations. There was speculation that the government could bring in some kind of public interest test for takeovers.

De Bernier says: "The coalition government that was elected in May had indicated it might take a protectionist standpoint after the public and union protest over the takeover of Cadbury. However, this stance has now shifted, with recent indications that there will be no return to the public interest test nor any distinction between domestic and foreign bidders in any changes to the takeover code."

George Karafotias, a partner in the M&A practice at law firm Shearman & Sterling in London, which advised Cadbury, does not expect any changes that would restrict takeovers, saying: "The UK has traditionally been one of the most open economies to overseas acquisitions."

As well as the more traditional sectors for cross-border M&A, there are emerging niche sectors, such as sports teams, says Karafotias, pointing to Shearman's work on the acquisition of Liverpool football club by New England Sports Ventures in October this year. The firms also advised on the acquisition of a majority stake in Brawn GP by Arabar and Daimler last year and the purchase of Manchester City football club by Abu Dhabi United Group in 2008.

**AMERICAS ACQUIRER ANNOUNCED DEAL VOLUMES**




Source: Thomson Reuters

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Among the deals highlighted by de Bernier of Mayer Brown are URS Corporation's takeover of UK engineering consultancy Scott Wilson, in which the 233% premium on the deal was the second highest since 2000.

Other transactions the firm was involved in included the acquisition by FXCM Holdings of the US of ODL Group to create a major non-bank foreign exchange broker and US-based AECOM's US$324m takeover of project consultancy Davis Langdon.

De Bernier says there may be opportunities, going forward, in the US banking sector for European acquirers. The Dodd-Frank reforms, Consumer Protection Act and other financial sector reforms in the US could force banks, especially regional ones, to sell their businesses.

**Peter Laveran-Stiebar**

"This may be an opportunity for European banks looking to expand their US operations and establish regional banks in the country," he says. Banks such as Santander, which currently only has a presence in the north-east US, could be interested.

De Bernier adds that cheap assets appear to be available in Eastern Europe for companies that wish to expand their geographical footprint.

There is certainly interest in markets on the fringe of Europe, notably Russia, says Deloitte's Wiszniewski, adding: "A lot of US private equity funds based in London are very interested in Russia, which they see as a hybrid of Asia, India and Europe."

Corporates continue to dominate M&A activity, says Karafotias, but private equity is becoming increasingly active after having spent much of the crisis on the sidelines. The challenge for private equity firms is access to debt

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| 26/01/2009 | C | Wyeth (US) | Morgan Stanley/Evercore Partners | Pfizer Inc (US) | Bank of America Merrill Lynch/Goldman Sachs & Co/ JP Morgan/Barclays PLC/Citi | 64,479.70 |
| 09/03/2009 | C | Schering-Plough Corp (US) | Goldman Sachs & Co/Morgan Stanley | Merck & Co Inc (US) | JP Morgan | 45,704.36 |
| 01/06/2009 | C | General Motors-Cert Assets (US) | Morgan Stanley/Evercore Partners/ Blackstone Group LP/AP Services/ Houlihan Lokey/Lazard | Vehicle Acq Holdings (US) | Rothschild/KPMG Corporate Finance | 42,979.55 |
| 14/12/2009 | C | XTO Energy Inc (US) | Barclays Capital/Jefferies & Co Inc | Exxon Mobil Corp (US) | JP Morgan | 40,659.14 |
| 03/11/2009 | C | Burlington Northern Santa Fe (US) | Goldman Sachs & Co/ Evercore Partners | Berkshire Hathaway Inc (US) | – | 35,948.00 |
| 30/07/2009 | C | Citigroup Inc (US) | Citi | Preferred Shareholders | Unknown | 28,078.25 |
| 13/01/2010 | C | Carso Global Telecom SAB de CV (MX) | Santander | America Movil SAB de CV (MX) | Credit Suisse Group/Citi | 27,483.40 |
| 02/11/2009 | C | Cenovus Energy Inc (CA) | Merrill Lynch/RBC Capital Markets/ CIBC World Markets Inc/ Scotia Waterous Inc/Barclays Capital | Shareholders (CA) | – | 23,490.90 |
| 22/04/2010 | P | Qwest Commun Intl Inc (US) | Lazard/Deutsche Bank AG/ Morgan Stanley/ Perella Weinberg Partners LP | CenturyLink Inc (US) | Barclays Capital/Evercore Partners/JP Morgan | 22,170.24 |
| 07/09/2009 | C | Cadbury PLC (UK) | Morgan Stanley/Goldman Sachs & Co/ UBS Investment Bank | Kraft Foods Inc (US) | Lazard/Centerview Partners LLC/Citi/Deutsche Bank AG/ Credit Suisse/Barclays Capital/Houlihan Lokey/ HSBC Holdings PLC | 21,418.01 |
| 23/03/2009 | C | Petro-Canada (CA) | RBC Capital Markets/ Deutsche Bank AG | Suncor Energy Inc (CA) | CIBC World Markets Inc/Morgan Stanley | 18,245.80 |
| 08/03/2010 | P | American Life Insurance (US) | Morgan Stanley/Goldman Sachs/Citi Blackstone Group LP | MetLife Inc (US) | Credit Suisse Group/ Barclays Capital/Bank of America Merrill Lynch/ Deutsche Bank AG/HSBC Holdings PLC | 15,543.54 |
| 04/05/2009 | C | Liberty Entertainment Inc (US) | Goldman Sachs & Co/JP Morgan | DirecTV Group Inc (US) | Morgan Stanley | 14,499.05 |
| 03/12/2009 | P | NBC Universal Inc (US) | JP Morgan/Goldman Sachs & Co/ Citi | Comcast Corp (US) | Morgan Stanley/UBS Investment Bank Bank of America Merrill Lynch | 14,400.00 |
| 15/06/2010 | I | British Sky Bdcstg Grp PLC (UK) | Morgan Stanley/ UBS Investment Bank/ Bank of America Merrill Lynch | News Corp (US) | Deutsche Bank AG/JP Morgan Cazenove | 13,730.42 |
| 25/02/2010 | C | Coca-Cola Entr Inc-NA Bus (US) | Greenhill & Co, LLC/ Credit Suisse Group/ Lazard | Coca-Cola Co (US) | Allen & Co Inc/Goldman Sachs & Co | 13,440.65 |
| 11/06/2009 | C | Barclays Global Investors Ltd (US) | Barclays Capital/Lazard/ JP Morgan Cazenove | BlackRock Inc (US) | Citi/Credit Suisse/Bank of America Merrill Lynch/ Morgan Stanley/Perella Weinberg Partners LP | 13,345.20 |
| 21/02/2010 | C | Smith International Inc (US) | UBS Investment Bank | Schlumberger Ltd (US) | Goldman Sachs & Co | 12,223.64 |
| 19/01/2010 | C | The Williams Cos Inc-Gas (US) | Barclays Capital/Citi | Williams Partners LP (US) | Tudor Pickering & Co LLC | 11,750.37 |
| 01/06/2009 | C | Delphi Corp (US) | Rothschild/Evercore Partners | Creditors (US) | Moelis & Co/Jefferies & Co Inc | 10,982.00 |

Source: Thomson Reuters C=Completed, I=Intended, P=Pending

LEAD FEATURE

finance for transactions, he says, given that the bank finance market is still tight.

He highlights, however, a potentially growing role for the high-yield market in acquisitions, pointing to Ardagh Glass's issuance of high-yield bonds in the European market to help finance its acquisition of multinational Impress Co-operative and the increasing use of high yield in stapled financings to support acquisitions. High-yield bond supply in Europe in 2011 is expected to exceed record volumes of about €40bn euros for this year.

There is an improving outlook for transatlantic deals in 2011, barring a double-dip recession or other extremely negative news stories. But the recovery in deal-making is still fragile.

"It seems that corporates are still slightly hesitant and that is why deals are being conservatively financed with, for example, concurrent equity raise or cash forming the majority of the financing structure," says de Bernier: "Any further negative macroeconomic news or market volatility could derail the nascent M&A recovery."

# OPTIMISM EMERGING IN US SURVEYS

Recent surveys by law firms Allen & Overy, Dykema, and Norton Rose have all examined the state of the M&A market in the US or on a more global basis.

The survey by Allen & Overy, which looked at the US M&A market, talked of the significant return of hostile activity seen in the third quarter of this year as well as "a willingness among strategic buyers to submit topping bids to attempt to break up negotiated acquisitions by competitors in the same industry".

Hostile activity has recently been seen in the form of the Hertz and Avis bidding war for the Dollar Thrifty Automotive Group as well as Hewlett-Packard and Dell tussle to secure 3PAR.

The survey went on to say that the increased willingness of buyers to go hostile "at a time when many corporates had taken down takeover defences like poison pills and staggered boards in response to pressure from the corporate governance community" is forcing target companies to dust off strategies not seen in years.

Dykema issued its 2010 M&A Outlook Survey recently, its sixth annual survey, which found that among respondents confidence in the US M&A market was slowly improving for the second year in a row. Confidence had been at its lowest in 2008 when only 16% of those taking part felt that the market would be strong in the following year compared with 38% this time.

The survey also found that for the second year in a row, strategic buyers were seen as the group that had the biggest impact on deal valuations over the previous year and that strategic buyers were most likely to increase their presence in the M&A market over the next 12 months. In addition, 49% of respondents said they had been involved in an M&A deal over the last year that had been hampered by the availability of funding.

As Jay Berlinsky, co-leader of the corporate finance practice at Dykema, says: "When it came to financing matters, respondents showed that although there may have been delays or increased costs associated with deals, they have not signalled the failure of the transaction and deals have got done."

He goes on to say: "The market is not anywhere near where it was in 2007, but people are beginning to compare conditions with those in 2007 and 2008. The mere fact that people are starting to think in those terms is an indication of healing and optimism."

"That said, although people feel optimistic and things are getting stronger," he adds, "there is a real sense of fragility to the situation."

Norton Rose also published the findings of its global survey, entitled "Global financial recovery: a matter of perspective", recently in which one of the areas of investigation was which regions were felt by respondents to offer the best prospects for business in the current financial landscape. Asia came top, with nearly 87% of respondents choosing that region, whereas South America came third with 26% and North America came sixth with just 7% of respondents selecting that area.

Given the wide ranging views, how are 2010 deal volumes standing up? Figures compiled by Thomson Reuters show that as of October 6 there was very little difference between the number of deals announced during 2010 involving Americas targets and those made by Americas acquirers.

Firms in the Americas have been on the receiving end of 8,912 bids valued at US$880.1bn compared with the US$723.9bn attributed to 8,966 transactions involving acquirers in the Americas.

The figures also showed that deal activity with a US involvement in the first nine months of 2010 increased by 21.9% over the same period last year to US$732bn, which represented the first year-on-year increase since 2007.