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INTERNATIONAL INSTITUTE FOR THE STUDY OF CROSS-BORDER INVESTMENT AND M&A

跨国投资并购国际研究协会

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XBMA Quarterly Review Q1 2011

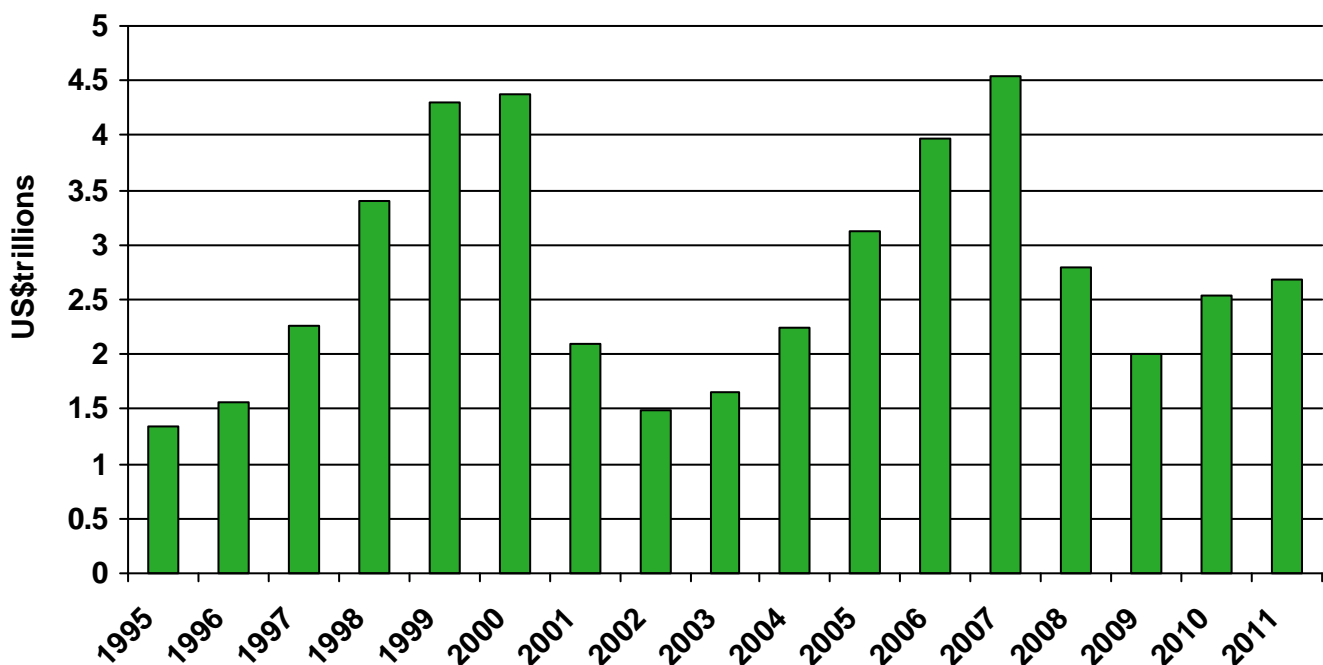
Brian Walker, Editor

The views expressed herein reflect only the views of XBMA's editorial staff and not those of any of XBMA's founders, academic partners, advisory board members, or others.

Global M&A Volume: 1995 - 2011

- Global volume for Q1 2011 was US\$671.8 billion, which on an annualized basis would translate into about US\$2.7 trillion.
 - Up 29% compared to Q1 2010
 - 63% of Q1 2007 high water mark
- Drivers:
 - Growing confidence by corporations, private equity (PE) and sovereign wealth funds (SWFs)
 - Stockpiles of cash (estimated US\$2.4 trillion at corporations and PE firms and more than US\$4 trillion at SWFs)
 - Continued low cost of capital
 - Pent-up demand for acquisitions
 - Concern about inflation and rising interest rates
- But:
 - Uncertain economic conditions remain a concern, including slow recovery, sovereign debt issues, anemic job growth and fear of inflation.

Global M&A Dollar Volume*

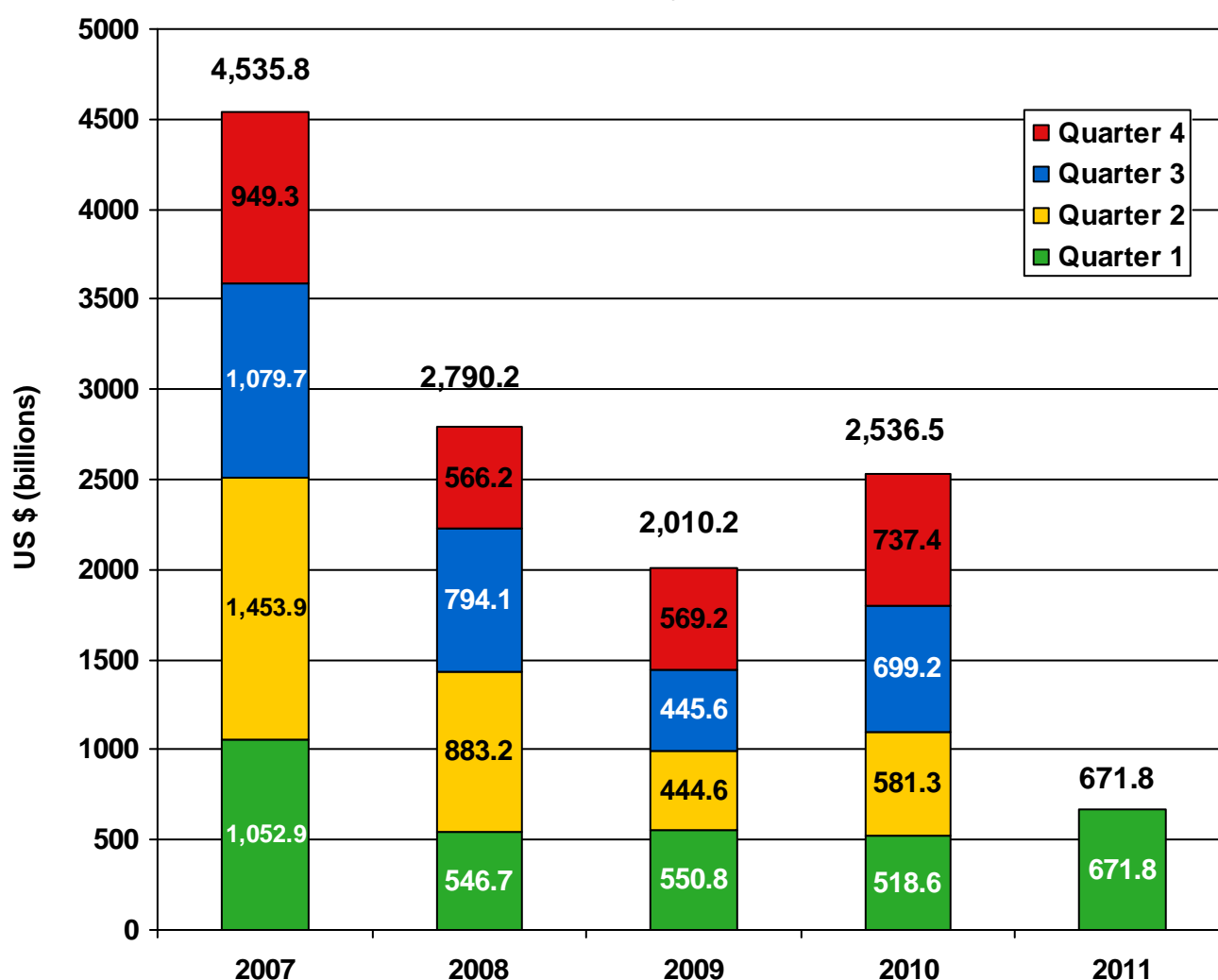


*2011 data are annualized; all figures are inflation-adjusted to 2011 dollars.

Global M&A Volume: Quarterly Snapshot

- Global M&A volume for Q1 2011 was US\$671.8 billion, up 29.5% as compared to Q1 2010.
 - Seven out of the ten largest M&A deals announced in Q1 2011 involved both a U.S. acquirer and a U.S. target.
 - These seven deals accounted for over \$122 billion in deal volume, representing over 18% of global M&A volume during the quarter.

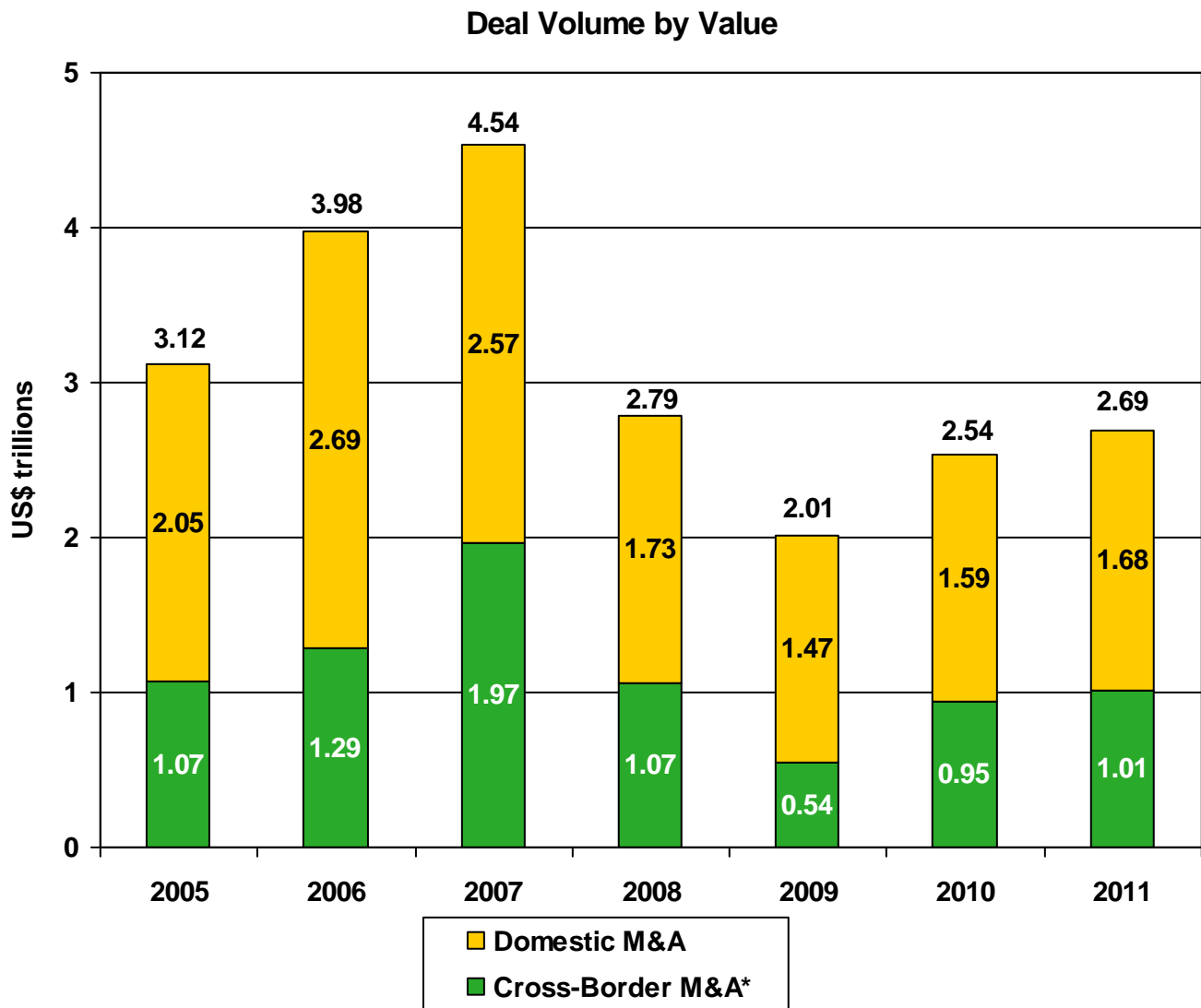
Deal Volume by Value



*All figures are inflation-adjusted to 2011 dollars.

Cross-Border M&A Volume: 2005 – 2011

- Cross-border transactions have rebounded substantially from 2009.
 - 38% of Q1 2011 global M&A was cross-border -- up slightly from 37% in 2010 and up significantly from the low of 26.8% in 2009.

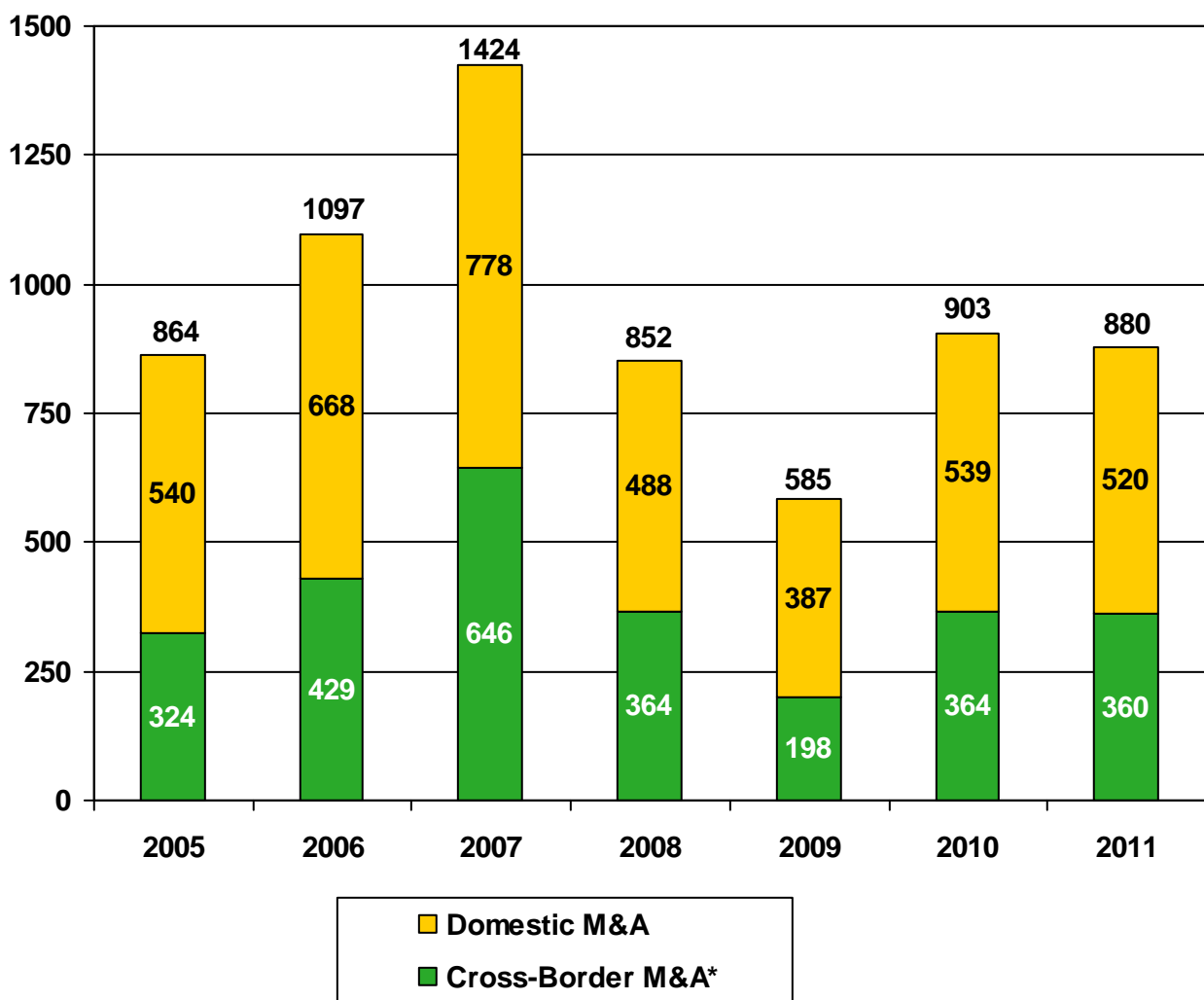


*Cross-border M&A transactions are defined as those in which the parties are headquartered/based in different countries. All figures are inflation-adjusted to 2011 dollars. 2011 data are annualized.

Medium and Large M&A Deals: 2005 – 2011

- The number of medium and large M&A deals valued at more than US\$500 million continued at roughly the same pace as in 2010, decreasing by 1.1% for cross-border deals and 3.53% for domestic deals, and remaining substantially more active than in 2009.

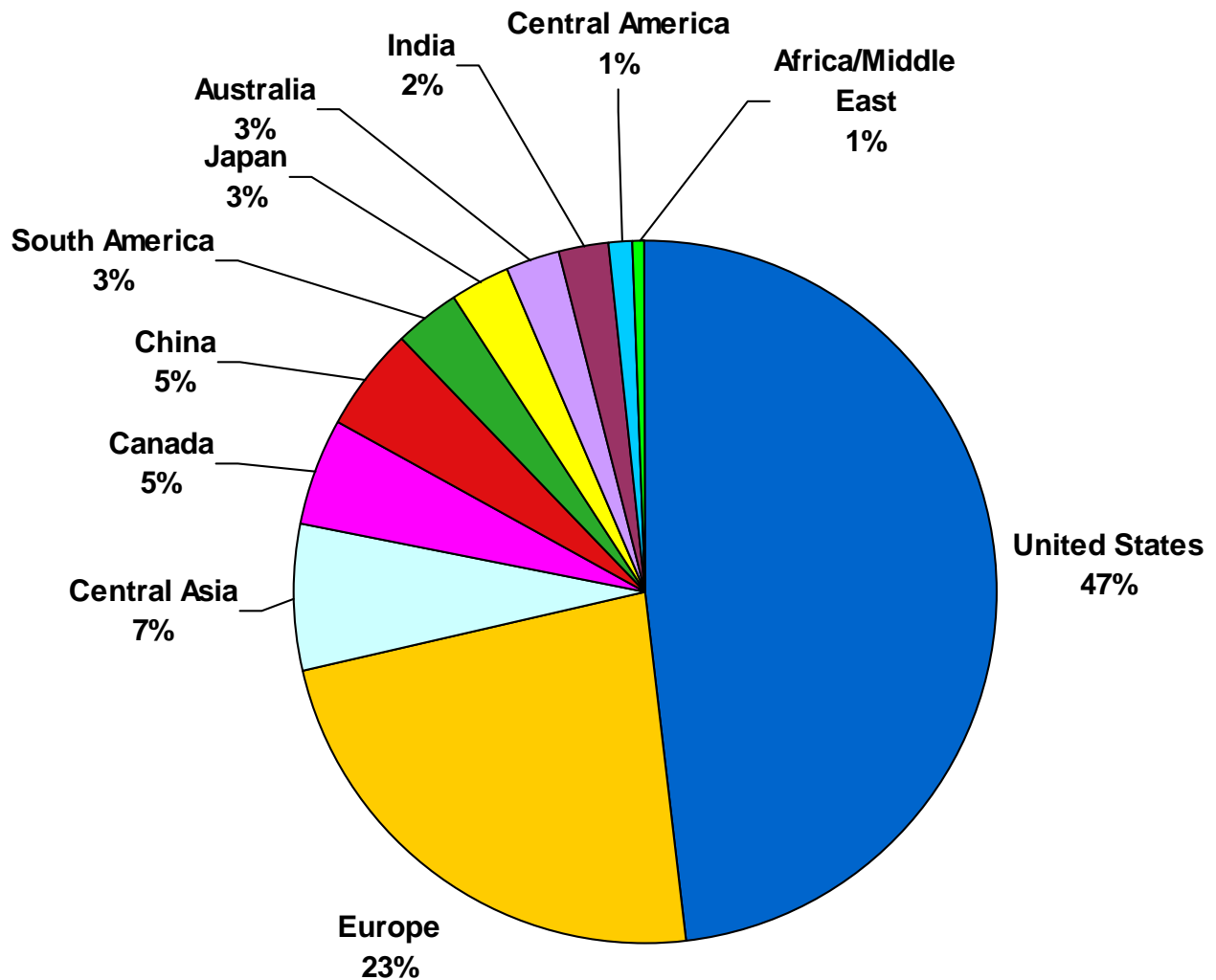
Number of Deals (Deals > US\$500MM)



*Cross-border M&A transactions are defined as those in which the parties are headquartered/based in different countries. 2011 data are annualized.

M&A Volume by Target's Region:* Q1 2011

- The United States and Europe accounted for 70% of global M&A volume, but M&A in emerging markets is growing fast.

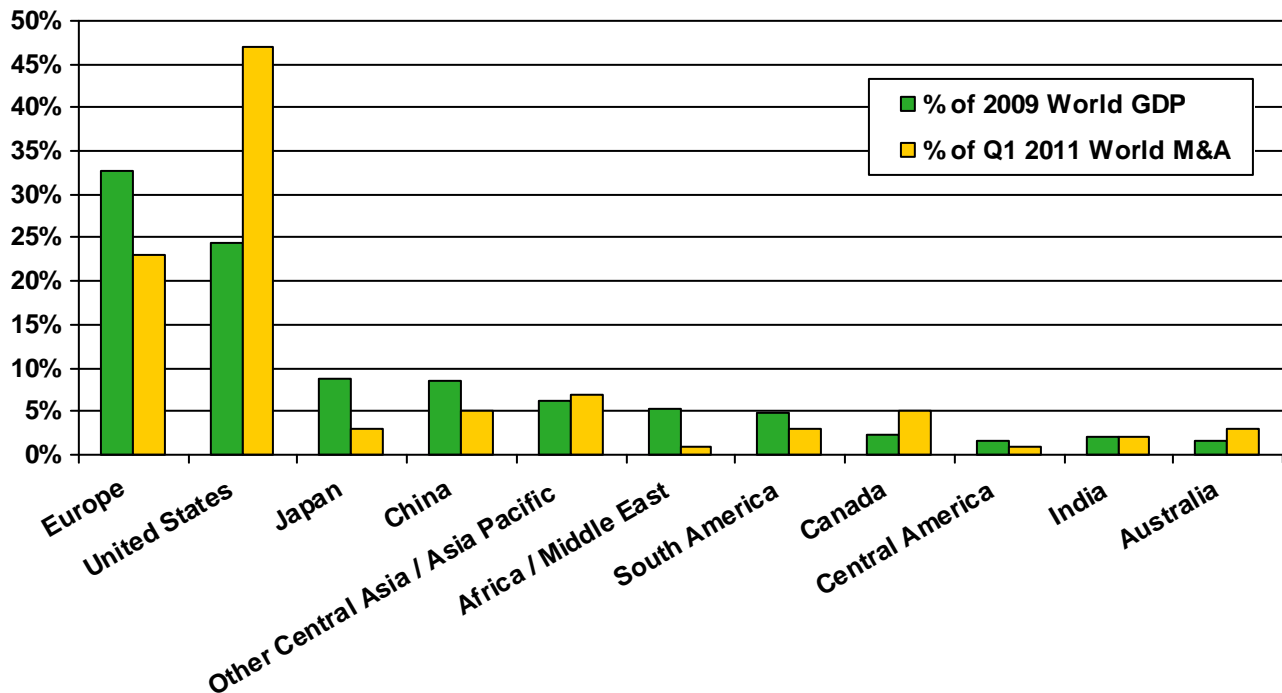


* Represents share of global M&A volume based on target's headquarters

GDP vs. M&A Volume

- The U.S. remains the most active M&A market. The U.S.'s share of global M&A (47%) continues to far exceed the U.S.'s contribution to world GDP (24%).
- China and Japan's shares of global M&A (5% and 3%, respectively) are approximately two-thirds of their respective contributions to world GDP (8.6% and 8.8%, respectively), indicating substantial room to grow.
- Europe's share of global M&A (23%) is also substantially smaller than its contribution to world GDP (32.8%).
- Canada and Australia's shares of global M&A each more than double their respective shares of world GDP, perhaps reflecting the large number of deals involving natural resources.

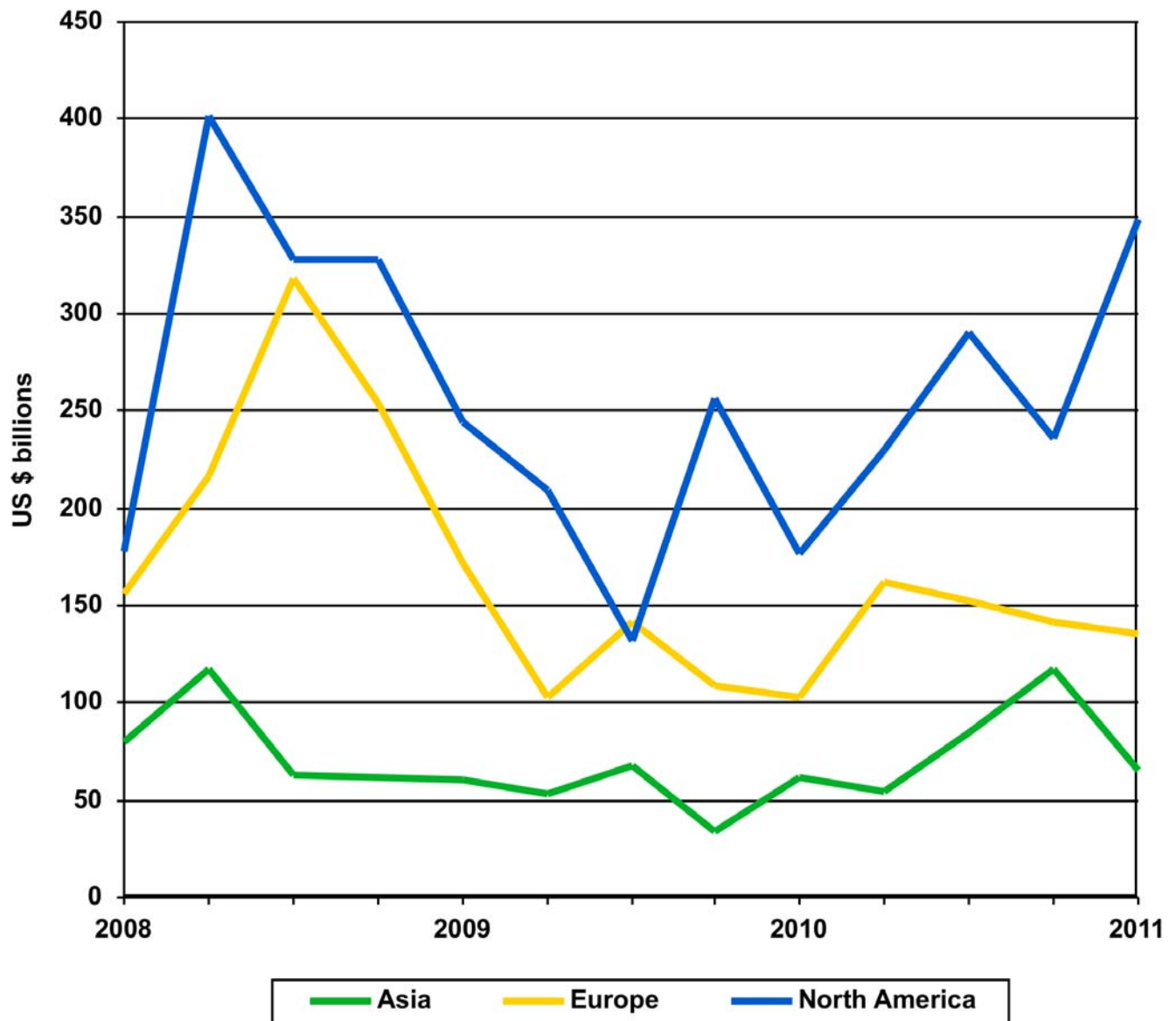
Proportionate Share of GDP vs. M&A by Region



Absolute GDP by Region	GDP (\$US trillions)	Per Capita GDP (\$US)
Europe	18.988	23,529
United States	14.119	45,934
Japan	5.069	39,740
China	4.985	3,739
India	1.237	1,031
World	57.825	8,587

Trends in M&A Volume by Target's Region: 2008-Q1 2011 (Asia, Europe and North America)

- Activity in Asian M&A markets decreased significantly in the first quarter of 2011.
- European M&A has stagnated since the end of Q1 2010, as economic uncertainty lingers in many countries.
- North American M&A increased by a sharp 48% over fourth quarter 2010.

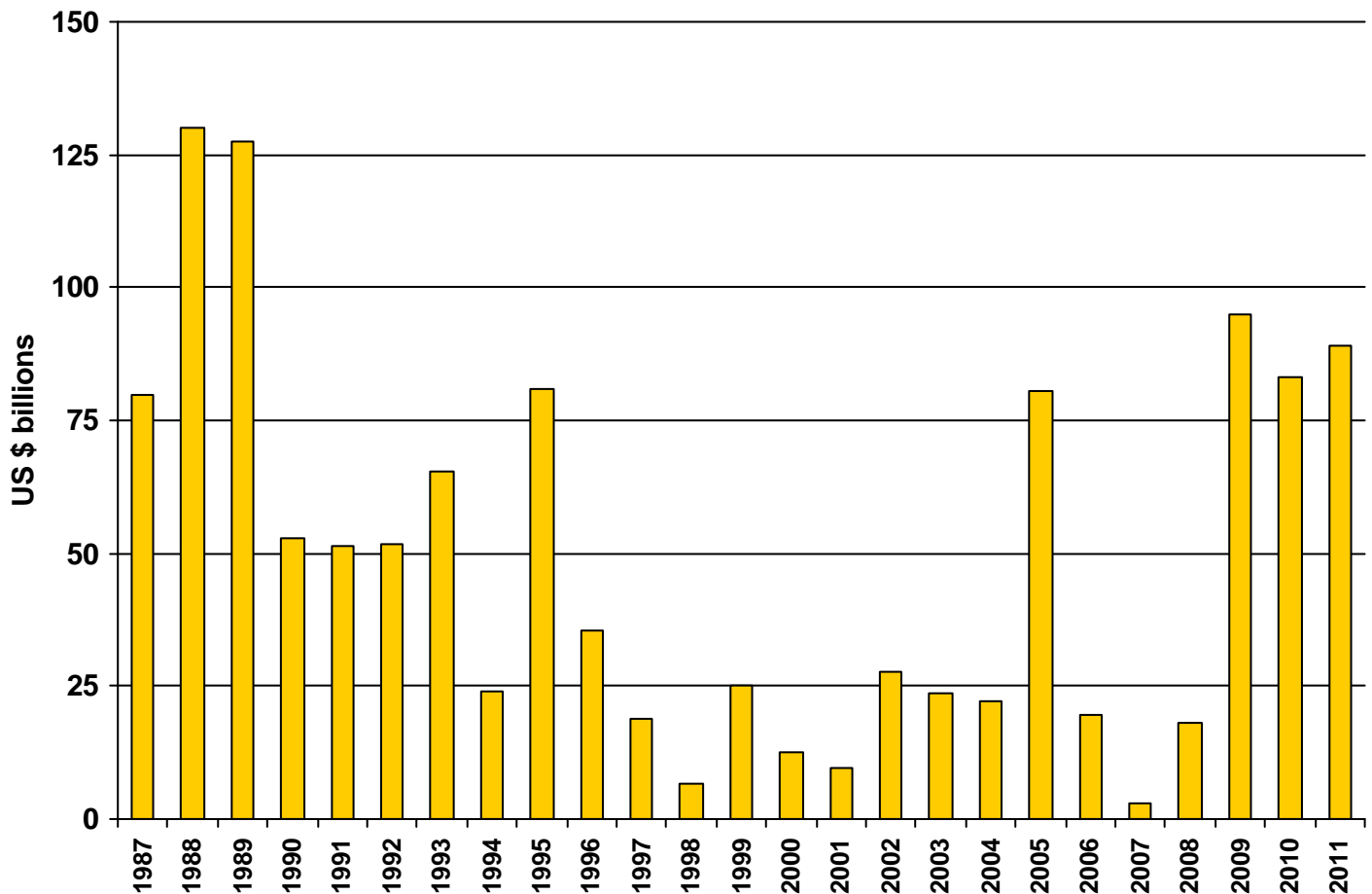


*All figures are inflation-adjusted to 2011 dollars.

Distressed Deals

- Distressed deals have exceeded US\$75 billion per annum since 2009.
- Distressed deals since 2009 have been at higher volumes than at any time since 1989, the last high.

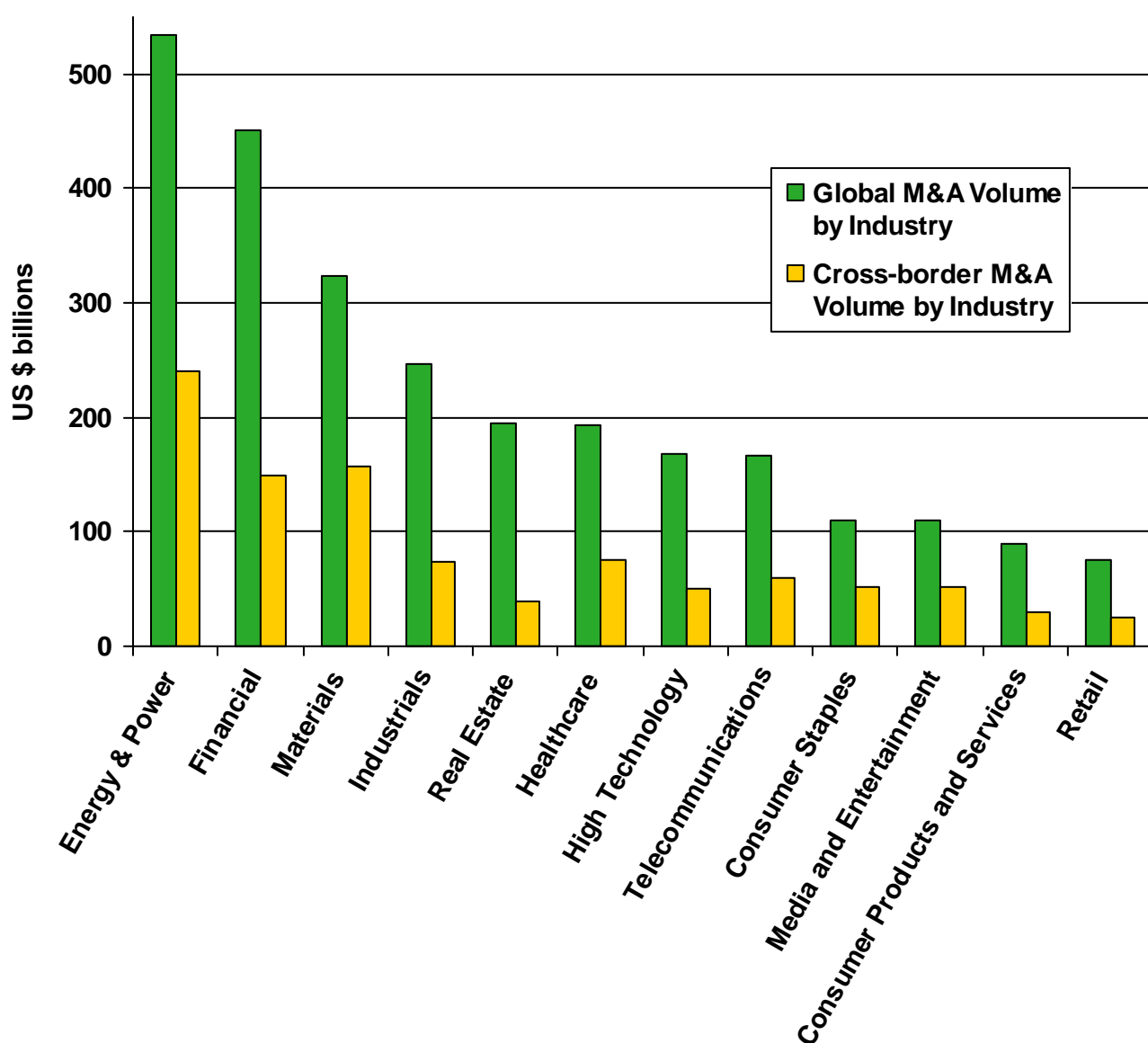
Total Deal Value of Distressed Deals*



*2011 data are annualized; all figures are inflation-adjusted to 2011 dollars. Distressed transactions include those in which the target entity is undergoing restructuring or has reduced the debt on its balance sheet through a bankruptcy sale, a tender offer or an exchange offer for existing debt securities or a loan modification. An entity is considered to be undergoing restructuring if it has publicly confirmed retention of a restructuring advisor, plans to restructure its debt, has filed for bankruptcy or has defaulted on its debt, has received an S&P or Moody rating of CCC+/Caa1 or below before or in reaction to the announcement of a transaction, or its credit facility or debt securities carry a yield 1,000 bps above that of U.S. Treasuries.

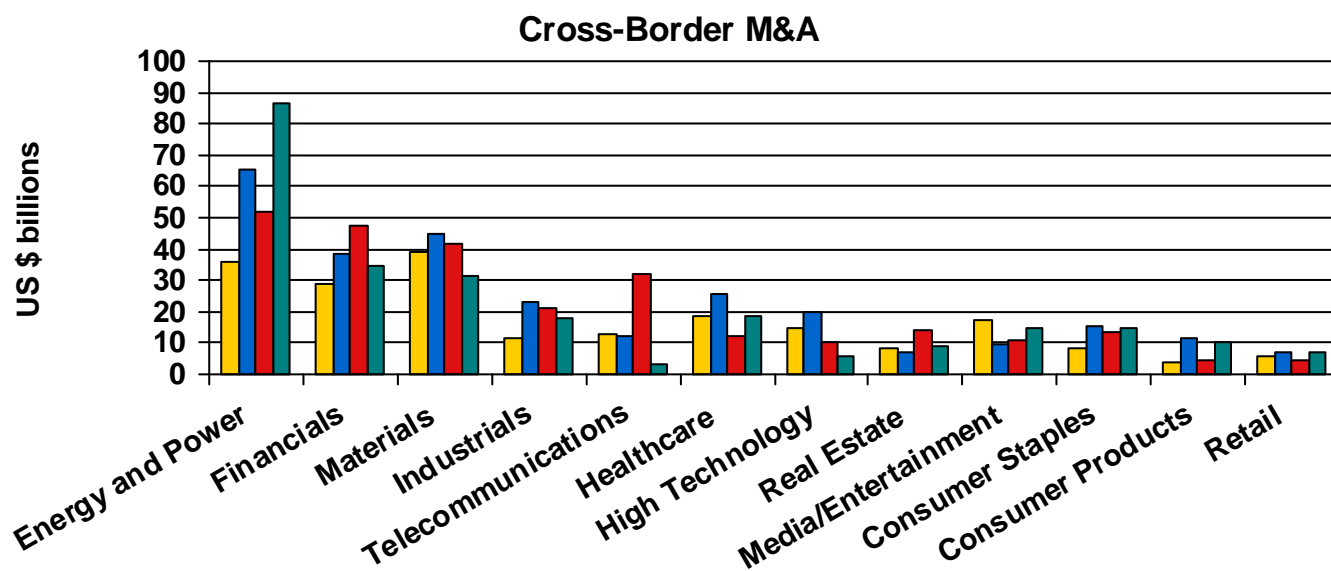
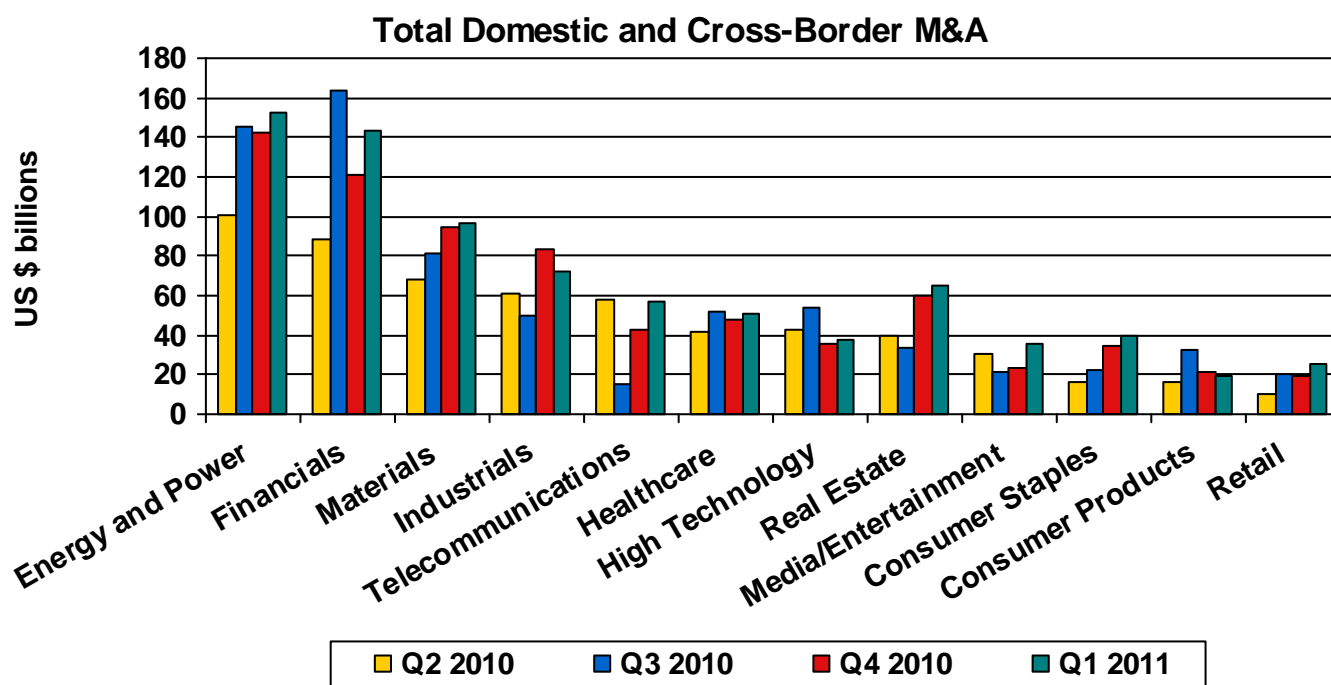
Global M&A by Industry: Last 12 Months

- Energy M&A leads globally by a wide margin, with Financial and Materials M&A in second and third places.
- Energy M&A also remains the most active among cross-border transactions – reflecting the ongoing pressure to acquire natural resources to fuel emerging economies and the churn created by political instability in the Middle East and by the widespread adoption of technological improvements in the natural gas industry – with Materials and Financials cross-border M&A in the second tier.



Trends in Global M&A by Industry: Last Four Quarters

- Cross-border M&A in the Financials and Materials sector gave up their fourth-quarter gains, while cross-border Energy M&A increased significantly.
- Other industries remained within the ballpark of recent quarters.



Top 10 Global Deals Announced in Q1 2011

Acquirer*	Target*	Target Industry	Value of Deal (US\$mil)	Date Announced
 AT&T Inc (United States)	 T-Mobile USA Inc (United States)	Telecom	39,000	20 Mar 2011
 Duke Energy Corp (United States)	 Progress Energy Inc (United States)	Electric, Gas and Water Distribution	26,015	10 Jan 2011
 AMB Property Corp (United States)	 ProLogis (United States)	Investment & Commodity Firms, Dealers, Exchanges	15,156	26 Jan 2011
 Deutsche Boerse AG (Germany)	 NYSE Euronext Inc (United States)	Investment & Commodity Firms, Dealers, Exchanges	10,154	9 Feb 2011
 Blackstone Group LP (United States)	 Centro Properties Group-US (United States)	Real Estate; Mortgage Bankers and Brokers	9,400	1 Mar 2011
 Berkshire Hathaway Inc (United States)	 Lubrizol Corp (United States)	Chemical and Allied Products	9,249	14 Mar 2011
 Pride International Inc (United States)	 Ensc0 PLC (United Kingdom)	Oil and Gas; Petroleum Refining	8,685	07 Feb 2011
 Massey Energy Co (United States)	 Alpha Natural Resources Inc (United States)	Mining	8,033	29 Jan 2011
 International Petroleum Investment Co (United Arab Emirates)	 CEPSA (Spain)	Oil and Gas; Petroleum Refining	7,432	16 Feb 2011
 Ventas Inc (United States)	 Nationwide Health Properties (United States)	Investment & Commodity Firms, Dealers, Exchanges	7,263	28 Feb 2011

* Company nationality determined by location of headquarters

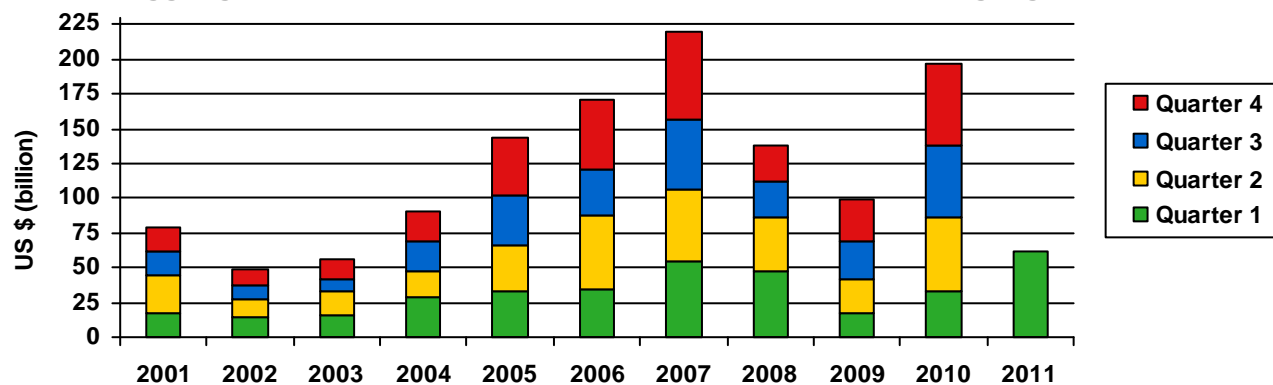
Top 10 Deals from Developed into Emerging Economies* Announced in Q1 2011

Acquirer**	Target**	Target Industry	Value of Deal (US\$mil)	Date Announced
 BP PLC (United Kingdom)	 Reliance Industries Ltd (23 oil and gas blocks) (India)	Oil and Gas; Petroleum Refining	9,000	21 Feb 2011
 BP PLC (United Kingdom)	 NK Rosneft (Russian Fed)	Oil and Gas; Petroleum Refining	7,869	14 Jan 2011
 Total SA (France)	 Novatek (Russian Fed)	Oil and Gas; Petroleum Refining	4,000	2 Mar 2011
 Iberdrola SA (Spain)	 Elektro Electricidade e Servico (Brazil)	Electric, Gas and Water Distribution	2,897	19 Jan 2011
 Diageo PLC (United Kingdom)	 Mey Icki Sanayi ve Ticaret AS (Turkey)	Food and Kindred Products	2,095	21 Feb 2011
 Investor Group (Japan)	 CBMM (Brazil)	Mining	1,950	3 Mar 2011
 Zurich Financial Services AG (Switzerland)	 Banco Santander SA (Latin American Ins Bus) (Brazil)	Insurance	1,667	22 Feb 2011
 EPIC (Austria)	 Urtelekom (Ukraine)	Telekom	1,330	18 Feb 2011
 Groupe Delhaize (Belgium)	 Delta Maxi Group (Serbia)	Retail Trade – Food Stores	1,293	3 Mar 2011
 Investor Group (United States)	 Taikang Life Insurance Co Ltd (China)	Insurance	1,200	11 Mar 2011

* Developed/Emerging economies are defined by IMF classification, available at <http://www.imf.org/external/pubs/ft/weo/2010/01/weodata/groups.htm>. Developed economies include the United States, Japan, Germany, France and the United Kingdom. Emerging economies include China, Brazil, India, Russia and Mexico.

** Company nationality determined by location of headquarters

Aggregate Value of Deals from Developed into Emerging Economies



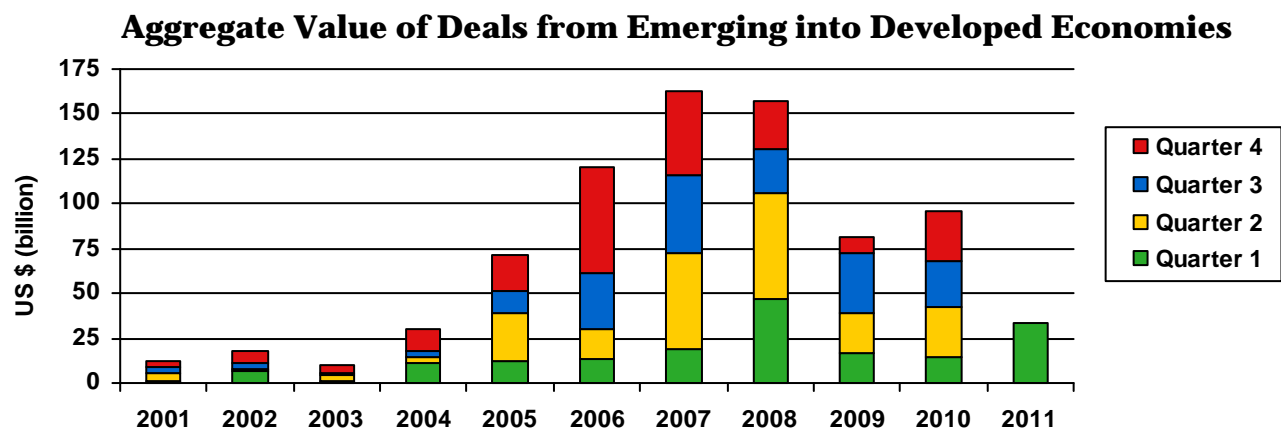
*All figures are inflation-adjusted to 2011 dollars.

Top 10 Deals from Emerging into Developed Economies* Announced in Q1 2011

Acquirer**	Target**	Target Industry	Value of Deal (US\$mil)	Date Announced
 CNPC (China)	 EnCana Corp-Cutbank Ridge (Canada)	Oil and Gas; Petroleum Refining	5,433	9 Feb 2011
 United Arab Emirates (UAE)	 CEPSA (Spain)	Oil and Gas; Petroleum Production	5,381	16 Feb 2011
 Qatar (Qatar)	 Iberdrola SA (Spain)	Electric, Gas, and Water Distribution	2,666	14 Mar 2011
 China National Agrochemical (China)	 Elkem SA (Norway)	Metal and Metal Products	2,000	11 Jan 2011
 Steinhoff Intl Hldg Ltd (South Africa)	 Conforama SA (France)	Miscellaneous Retail Trade	1,653	31 Jan 2011
 Investor Group (South Africa)	 Lexshell 44 General Trading (United Kingdom)	Investment & Commodity Firms, Dealers, Exchanges	1,336	Feb 10 2011
 Sasol Ltd (South Africa)	 Talisman Energy Inc-Cypress A (Canada)	Oil and Gas; Petroleum Refining	1,081	8 March 2011
 Aditya Birla Mgmt Corp Pvt (India)	 Columbian Chemicals Co (United States)	Chemicals and Allied Products	875	31 Jan 2011
 Malayan Banking Bhd (Malaysia)	 Kim Eng Holdings Ltd (Singapore)	Investment & Commodity Firms, Dealers, Exchanges	764	6 Jan 2011
 Gazprom (Russian Fed)	 Sibir Energy PLC (United Kingdom)	Oil and Gas; Petroleum Refining	744	15 Feb 2011





















*Developed/Emerging economies defined by IMF classification

** Company nationality determined by location of headquarters



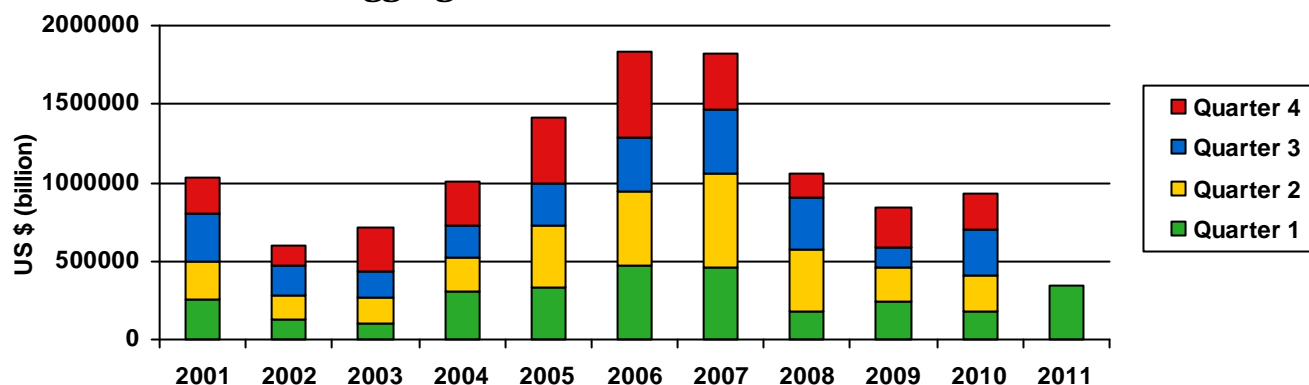
*All figures are inflation-adjusted to 2011 dollars.

Top 10 North American* Deals Announced in Q1 2011

Acquirer*	Target*	Target Industry	Value of Deal (US\$mil)	Date Announced
 AT&T Inc (United States)	 T-Mobile USA Inc (United States)	Telecom	39,000	20 Mar 2011
 Duke Energy Corp (United States)	 Progress Energy Inc (United States)	Electric, Gas and Water Distribution	26,015	10 Jan 2011
 AMB Property Corp (United States)	 ProLogis (United States)	Real Estate	15,156	26 Jan 2011
 Deutsche Börse AG (United States)	 NYSE Euronext Inc (United States)	Investment & Commodity Firms, Dealers, Exchanges	10,155	9 Feb 2011
 Blackstone Group LP (United States)	 Centro Properties Group (United States)	Real Estate; Mortgage Bankers and Brokers	9,400	1 Mar 2011
 Berkshire Hathaway Inc (United States)	 Lubrizol Corp (United States)	Chemicals and Allied Products	9,249	14 Mar 2011
 Ensc0 PLC (United Kingdom)	 Pride International Inc (United States)	Oil and Gas; Petroleum Refining	8,685	7 Feb 2011
 Alpha Natural Resources Inc (United States)	 Massey Energy Co (United States)	Mining	8,034	29 Jan 2011
 Ventas Inc (United States)	 Nationwide Health Properties (United States)	Real Estate	7,263	28 Feb 2011
 Danaher Corp (United States)	 Beckman Coulter Inc (United States)	Measuring, Medical, Photo Equipment; Clocks	6,576	7 Feb 2011




* Deal location determined by location of target; company nationality determined by location of headquarters

Aggregate Value of North American Deals



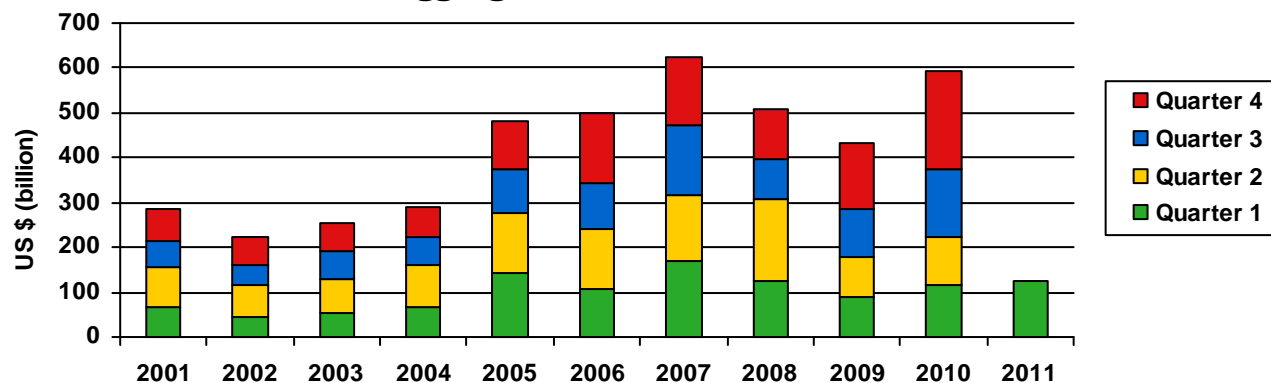
*All figures are inflation-adjusted to 2011 dollars.

Top 10 Asian* Deals Announced in Q1 2011

Acquirer*	Target*	Target Industry	Value of Deal (US\$mil)	Date Announced
 BP PLC (United Kingdom)	 Reliance Industries Ltd-23 (India)	Oil and Gas; Petroleum Refining	9,000	21 Feb 2011
 Fairfield Securities LP (New Zealand)	 Fletcher Building Ltd (New Zealand)	Construction Firms	5,935	18 Mar 2011
 PTT Chemical PCL (Thailand)	 PTT Aromatics & Refining PCL (Thailand)	Wholesale Trade-Nondurable Goods	5,726	25 Feb 2011
 Investor Group (South Korea)	 Hyundai Engineering & Construction (South Korea)	Business Services	4,454	4 Mar 2011
 Chow Tai Fook Nominee Ltd (Hong Kong)	 Ping An Insurance (Group) Co (China)	Radio and Television Broadcasting Stations	4,141	21 Feb 2011
 West Australian Newspapers (Australia)	 Seven Media Group Pty Ltd (Australia)	Radio and Television Broadcasting Stations	4,141	21 Feb 2011
 Ruentex Group (Taiwan)	 Nan Shan Life Insurance Co Ltd (Taiwan)	Insurance	2,160	12 Jan 2011
 PLDT (Philippines)	 Digitel (Philippines)	Telecommunications	1,965	29 Mar 2011
 Samsung Electronics Co Ltd (South Korea)	 Samsung Mobile Display Co Ltd (South Korea)	Electronic and Electrical Equipment	1,516	23 Mar 2011
 Siemens AG (Germany)	 Siemens Ltd (India)	Construction Firms	1,354	31 Jan 2011

* Deal location determined by location of target; company nationality determined by location of headquarters

Aggregate Value of Asian Deals



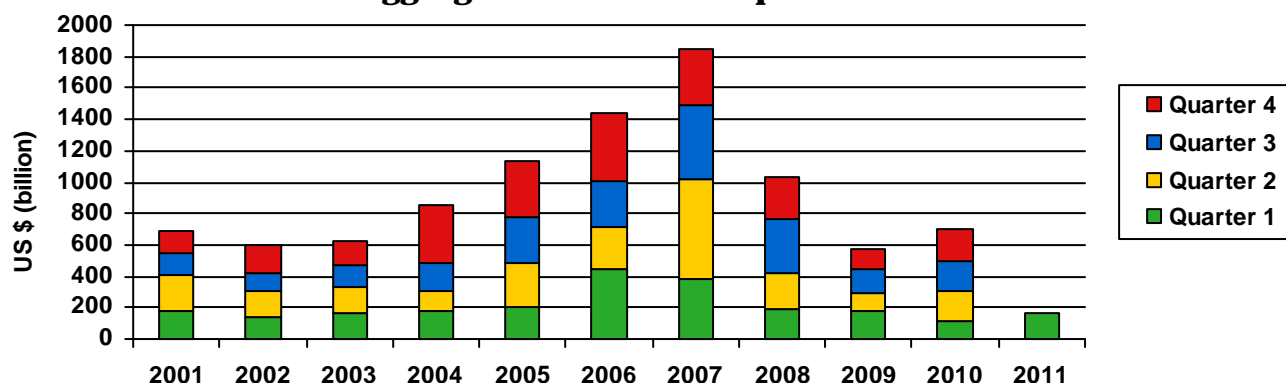
*All figures are inflation-adjusted to 2011 dollars.

Top 10 European* Deals Announced in Q1 2011

Acquirer*	Target*	Target Industry	Value of Deal (US\$mil)	Date Announced
 BP PLC (United Kingdom)	 NK Rosneft (Russian Fed)	Oil and Gas; Petroleum Refining	7,869	14 Jan 2011
 PPL Corp (United States)	 Central Networks PLC (United Kingdom)	Electric, Gas, and Water Distribution	6,505	1 Mar 2011
 United Arab Emirates (UAE)	 CEPSA (Spain)	Oil and Gas; Petroleum Production	5,381	16 Feb 2011
 Liberty Global Inc (United States)	 Musketeer GmbH (Germany)	Radio and Television Broadcasting Stations	4,495	21 Mar 2011
 Total SA (France)	 Novatek (Russian Fed)	Oil and Gas; Petroleum Refining	3,999	2 Mar 2011
 Iberdrola SA (Spain)	 Iberdrola Renovables SA (Spain)	Electric, Gas and Water Distribution	3,554	8 Mar 2011
 Citigroup Inc (United States)	 EMI Group PLC (United Kingdom)	Motion Picture Production and Distribution	3,548	1 Feb 2011
 GE (United States)	 John Wood Group PLC- Well (United Kingdom)	Oil and Gas; Petroleum Refining	3,200	29 Mar 2011
 Denmark (Denmark)	 Amagerbanken A/S (Denmark)	Commercial Banks, Bank Holding Companies	2,767	6 Feb 2011
 La Caixa (Spain)	 Criteria CaixaCorp SA (Spain)	Investment & Commodity Firms, Dealers, Exchanges	2,674	27 Jan 2011




















* Deal location determined by location of target; company nationality determined by location of headquarters

Aggregate Value of European Deals



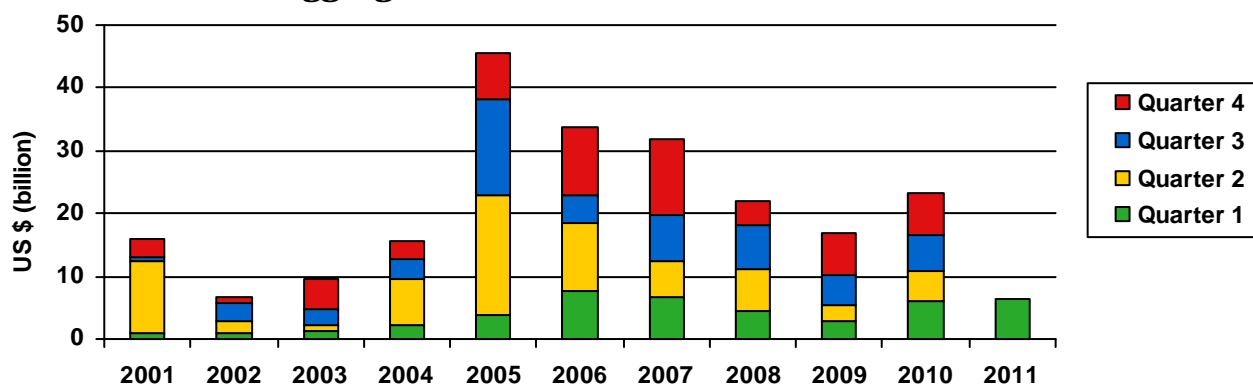
*All figures are inflation-adjusted to 2011 dollars.

Top 10 Inbound Chinese Deals Announced in Q1 2011

Acquirer*	Target*	Target Industry	Value of Deal (US\$mil)	Date Announced
 Investor Group (United States)	 Taikang Life Insurance Co Ltd (China)	Insurance	1,200	11 Mar 2011
 Seb SA (France)	 Zhejiang Supor Co Ltd (China)	Metal and Metal Products	525	17 Feb 2011
 Singapore (Singapore)	 Great Ocean Investment Ltd (China)	Holding Companies, Except Banks	376	4 Jan 2011
 Singapore (Singapore)	 Airport City Dvlp Co Ltd (China)	Transportation and Shipping (except air)	375	4 Jan 2011
 Kyodo-Allied Industries (Singapore)	 Great Spirit Management Ltd (China)	Real Estate; Mortgage Bankers and Brokers	361	10 Mar 2011
 Perennial China Retail Trust (Singapore)	 Shenyang Summit Re Dvlp Co Ltd (China)	Real Estate; Mortgage Bankers and Brokers	298	24 Feb 2011
 Fubon Financial Holding Co Ltd (Taiwan)	 Fubon Bank (Hong Kong) Ltd (Hong Kong)	Investment & Commodity Firms, Dealers, Exchanges	195	10 Jan 2011
 Delta Electronics Inc. (Taiwan)	 Drake Overseas Financial (China)	Electronic and Electrical Equipment	172	10 Mar 2011
 Sony Corp (Japan)	 Suzhou Epson Co Ltd (China)	Electronic and Electrical Equipment	118	Feb 2 2011
Undisclosed Acquirer (Unknown)	 Cooper Kenda Global Hldg Co (China)	Rubber and Miscellaneous Plastic Products	116	Mar 3 2011





















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Aggregate Value of Inbound Chinese Deals



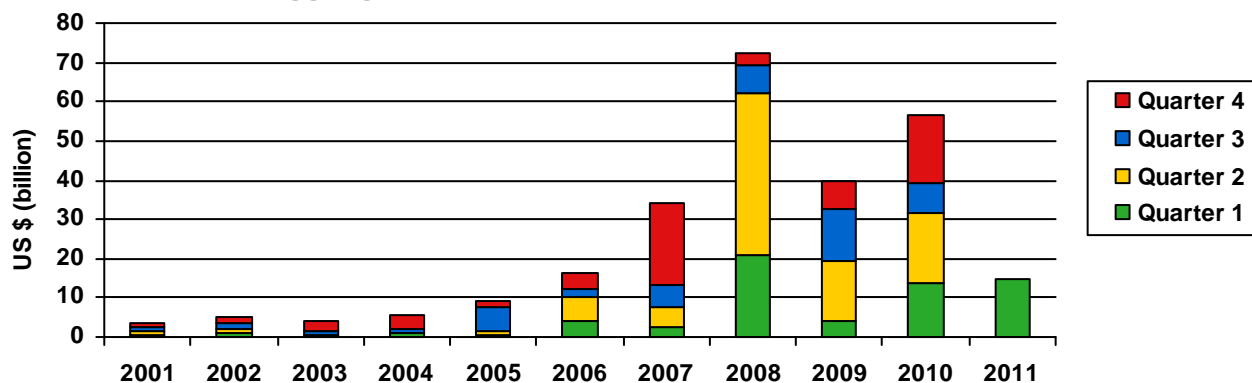
*All figures are inflation-adjusted to 2011 dollars.

Top 10 Outbound Chinese Deals Announced in Q1 2011

Acquirer*	Target*	Target Industry	Value of Deal (US\$mil)	Date Announced
 CNPC (China)	 EnCana Corp-Cutbank Ridge (Canada)	Oil and Gas; Petroleum Refining	5,433	9 Feb 2011
 Investor Group (China)	 Tullow Oil-Exploration Areas (Uganda)	Oil and Gas; Petroleum Refining	2,900	30 Mar 2011
 China National Agrochemical (China)	 Elkem AS (Norway)	Metal and Metal Products	2,000	11 Jan 2011
 Chinese Estates Group (Hong Kong)	 River Court Properties (United Kingdom)	Real Estate; Mortgage Bankers and Brokers	444	14 Jan 2011
 MIE Holdings Corp (China)	 Emir Oil LLP (Kazakhstan)	Oil and Gas; Petroleum Refining	170	14 Feb 2011
 ICBC (China)	 Bank of East Asia(USA)NA (United States)	Commercial Banks, Bank Holding Companies	140	22 Jan 2011
 eForce Holdings Ltd (Hong Kong)	 Fastport Invest Hldg Ltd (Indonesia)	Mining	130	11 Feb 2011
 Chinese Estates Group (Hong Kong)	 River Court Holdings Ltd (Isle of Man)	Holding Companies, Except Banks	129	14 Jan 2011
 Interchina Holdings Co Ltd (Hong Kong)	 Universe Glory Ltd (Indonesia)	Mining	103	2 Mar 2011
 Investor Group (Hong Kong)	 TransAlta Cogeneration,Husky (Canada)	Electric, Gas, and Water Distribution	94	28 Feb 2011


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Aggregate Value of Outbound Chinese Deals



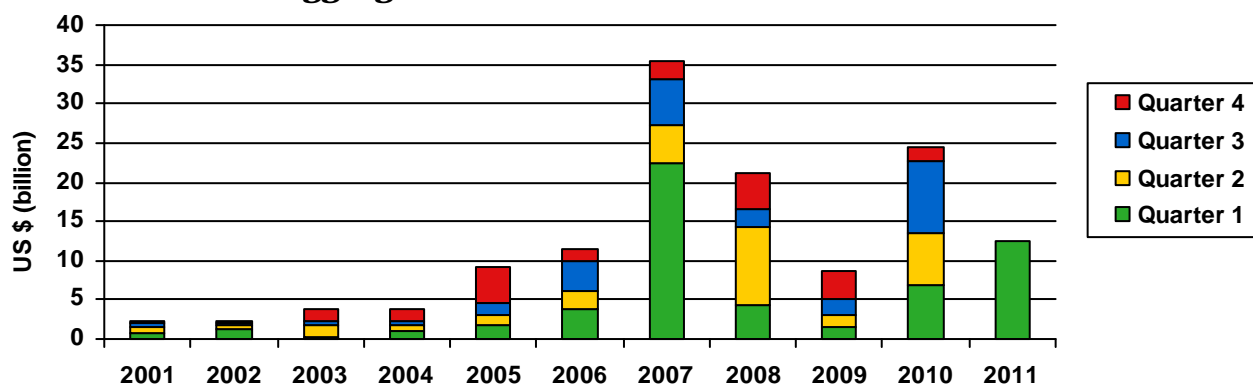
*All figures are inflation-adjusted to 2011 dollars.

Top 10 Inbound Indian Deals Announced in Q1 2011

Acquirer*	Target*	Target Industry	Value of Deal (US\$mil)	Date Announced
 BP PLC (United Kingdom)	 Reliance Industries Ltd-23 Oil (India)	Oil and Gas; Petroleum Refining	9,000	21 Feb 2011
 Siemens AG (Germany)	 Siemens Ltd (India)	Construction Firms	1,354	31 Jan 2011
 International Paper Co (United States)	 The Andhra Pradesh Paper Mills (India)	Paper and Allied Products	257	29 Mar 2011
 Pearson PLC (United Kingdom)	 TutorVista Global Pvt Ltd (India)	Business Services	127	18 Jan 2011
 Schneider Electric SA (France)	 Smartlink Network Sys-Structure (India)	Wholesale Trade-Durable Goods	112	31 Mar 2011
 Infrastructure India PLC (Isle of Man)	 Vikram Logistics & Maritime (India)	Metal and Metal Products	94	11 Feb 2011
 Koninklijke Philips (Netherlands)	 Maya Appliances(P)Ltd-Preethi (India)	Electronic and Electrical Equipment	77	24 Jan 2011
 Carson Cumberbatch PLC (Sri Lanka)	 Arani Agro Oil Industries Ltd (India)	Food and Kindred Products	39	7 Feb 2011
 CapitaLand Ltd (Singapore)	 Rattha Citadines Aparthotel (India)	Investment & Commodity Firms, Dealers, Exchanges	31	9 Mar 2011
 Sun-Apollo India Real Estate (United States)	 Moser Baer Projects Pvt Ltf (India)	Real Estate; Mortgage Bankers and Brokers	22	11 Jan 2011





















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Aggregate Value of Inbound Indian Deals



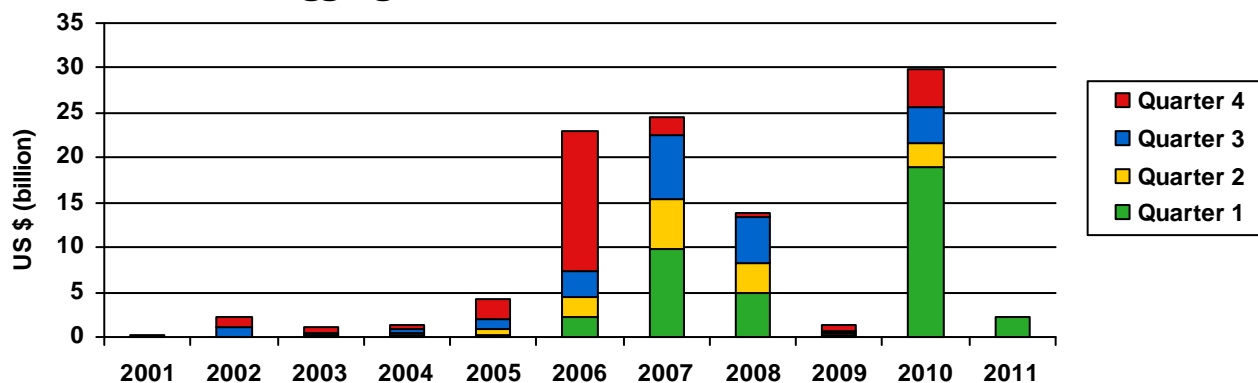
*All figures are inflation-adjusted to 2011 dollars.

Top 10 Outbound Indian Deals Announced in Q1 2011

Acquirer*	Target*	Target Industry	Value of Deal (US\$mil)	Date Announced
 Aditya Birla Mgmt Corp Pvt (India)	 Columbian Chemicals Co (United States)	Chemicals and Allied Products	875	1 Jan 2011
 Cals Refineries Ltd (India)	 Hardt Group GmbH-Cenco Asts (United States)	Oil and Gas; Petroleum Refining	417	16 Mar 2011
 Essar Global Ltd (India)	 Shell UK Ltd-Stanlow Refinery (United Kingdom)	Oil and Gas; Petroleum Refining	350	18 Feb 2011
 India (India)	 Undisclosed Bank (Botswana)	Commercial Banks; Bank Holding Companies	100	8 Jan 2011
 Tega Industries Ltd (India)	 Acotec SA (Chile)	Chemicals and Allied Products	30	8 Feb 2011
 RHC Holding Pvt Ltd (India)	 Adam Road Hospital (Singapore)	Health Services	26	23 Feb 2011
 Monnet Ispat & Energy Ltd (India)	 Sarwa Sembada Karya Bumi PT (Indonesia)	Mining	24	9 Feb 2011
 TV Sundram Iyengar & Sons Ltd (India)	 MESCO Inc (United States)	Stone, Clay, Glass, and Concrete Products	11	18 Jan 2011
 Omnitech InfoSolutions Ltd (India)	 Aventus Netherland BV (Netherlands)	Business Services	9	6 Jan 2011
 Arcopetal Technologies Ltd (India)	 Optech Consulting Inc (United States)	Business Services	5	22 Mar 2011

* Company nationality determined by location of headquarters

Aggregate Value of Outbound Indian Deals



*All figures are inflation-adjusted to 2011 dollars.