

by Business-Wire

LOS ANGELES--(BUSINESS WIRE)--June 30, 2006--The mergers and acquisitions market has put on a real fireworks show in the first half of 2006.

According to global M&A tracker FactSet Mergerstat, M&A spending worldwide reached over US\$1.3 trillion through June 28 as a surge in mega-deals pushed the market ahead of last year's total of US\$839.7 billion for the same period.

As much as US\$1 trillion of this year's M&A spending worldwide has come from 226 deals valued at over US\$1 billion. In the first half of last year, US\$645.6 billion in M&A spending came from 172 such deals.

That's saying something, as 2005 was the second-best market for M&A spending since 2000.

#### M&A Spending Across World Regions

In just the US M&A market alone, US\$561.6 billion in spending was recorded through June 28. By comparison, in the first half of 2005, the US M&A market posted US\$422.9 billion in spending. Today, the average price of a US deal has risen to US\$324.6 million this year from US\$286.4 million for the same period last year.

In the broader context of the North America M&A market, overall spending climbed to US\$647.3 billion through June 28 from US\$538.4 billion for the same time period in 2005. The average price of a North America deal through June 28 was US\$293.81 million versus US\$241.3 million for the same period in 2005.

Heading the list of top five announced deals (or bids) in the North America region this year was: AT&T Inc's agreement to buy BellSouth Corp for US\$66.7 billion, followed by Wachovia Corp's deal to acquire Golden West Financial Corp for US\$25 billion, Johnson & Johnson's agreement to acquire the assets of Pfizer Inc's consumer healthcare business for US\$16.6 billion, Anadarko Petroleum Corp's agreement to buy Kerr-McGee Corp for US\$16.0 billion, and Capital One Financial Corp's agreement to acquire North Fork Bancorp Inc for US\$14.8 billion.

Europe has seen dramatic growth in M&A spending as well. Overall, dealmakers have invested US\$628.1 billion through June 28 from US\$340.6 billion for the same time last year. The average price of a Europe M&A deal has jumped to US\$360.8 million from US\$191 million for the same period last year.

The top announced deal (or bid) in Europe this year has been Gaz de France's agreement to merge its operations with SUEZ SA in a combination valued at EUR37.9 billion (US\$46 billion). EON AG's bid to acquire the Spanish utility company Empresa Nacional de Electricidad SA (Endesa) for EUR29.1 billion (US\$35.4 billion) claims the second spot, followed by Mittal Steel Co NV's hostile takeover bid for Arcelor SA for EUR25.6 billion (US\$32.9 billion), Merck KGaA's offer to buy Schering AG for EUR14.95 billion (US\$17.8 billion), and (the actual bidder was Grupo Ferrovial) Airport Development & Investment Ltd's friendly tender offer to acquire BAA Plc for GBP10.3 billion (US\$19.2 billion).

Following the trend of the North America and Europe M&A markets, the Asia and Middle East M&A markets have shown an overall rise in spending as well. Through June 28, dealmakers in the two regions disclosed a combined US\$138.2 billion in spending on M&A compared to US\$103.6 billion for the same time period in 2005. The average price of an Asia/Middle East deal has jumped to US\$78.6 million from US\$53 million for the same period last year.

The biggest announced deal (or bid) in the two world regions this year has been Softbank Corp's agreement to acquire a 97.7% majority stake of Vodafone KK from Vodafone Group Plc for JPY1.8 trillion (US\$15.1 billion). BP Plc's agreement to acquire a 25% minority stake in China Petroleum & Chemical Corp for RMB113 billion (US\$14 billion) occupies second place, followed by MTN Group Ltd's agreement to acquire Investcom LLC for LBP8.3 trillion (US\$5.5 billion), Kookmin Bank's offer to acquire approximately 50.5% controlling stake in Korea Exchange Bank from Lone Star Management Co Ltd for KRW4.3 trillion (US\$4.4 billion); and Berkshire Hathaway Inc's agreement to acquire an 80% stake in Iscar Ltd for US\$4 billion.

Yet despite the boom in M&A spending this year, M&A announcements worldwide have been slowing somewhat. Global M&A activity clocked in at 13,482 announcements through June 28, down from the 14,864 announcements made during the same time in 2005.

#### World Region Deal Activity

The US M&A market saw its deal volume drop slightly to 4,418 deals through June 28 from 4,636 deals for

the same time last year. The drop off helped push deal activity in the North America M&A market lower as well. Through June 28, dealmakers in the region posted 5,342 deal announcements versus 5,646 deals for the same time period last year.

According to FactSet Mergerstat, the most popular industries in the region have been: Computer Software, Supplies & Services (791 deals), Brokerage, Investment & Management Consulting (356 deals), Broadcasting (278 deals), Leisure & Entertainment (244 deals), and Wholesale & Distribution (234 deals).

M&A activity also has trended downward in the Europe M&A market, where 4,913 M&A deals have been announced through June 28 compared to 5,310 for the same period in 2005.

To date, the most attractive industries in the region have been Computer Software, Supplies & Services (489 deals), Wholesale & Distribution (268 deals), Construction Contractors & Engineering Services (267 deals), Brokerage, Investment & Management Consulting (244 deals), and Leisure & Entertainment (232 deals).

Completing the cycle, the Asia and Middle East M&A markets have experienced a slowdown in deal volume as well. Through June 28, the combined number of announced deals in the two regions has declined to 3,024 from 3,470 deals for the same period in 2005.

As it stands, the most active industries in the Asia/Middle East M&A markets have been Brokerage, Investment & Management Consulting (432 deals), Computer Software, Supplies & Services (277 deals), Miscellaneous Services (235 deals), Real Estate (178 deals), and Wholesale & Distribution (161 deals).

\* Data for this release is complete through Jun 28, 2006.

To get more data on mergers and acquisitions, visit the FactSet Mergerstat website at [www.mergerstat.com](http://www.mergerstat.com). Complete coverage of M&A statistics can be found in FactSet Mergerstat's M&A publications, Flashwire Weekly and Flashwire Monthly, and on FactSet Mergerstat's Flashwire website.

For custom M&A data reports, contact FactSet Mergerstat at 1-800-455-8871. FactSet Mergerstat, LLC tracks global mergers and acquisitions involving business entities excluding the exchange of business assets, private placements, spin-offs, and open-market transactions.

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