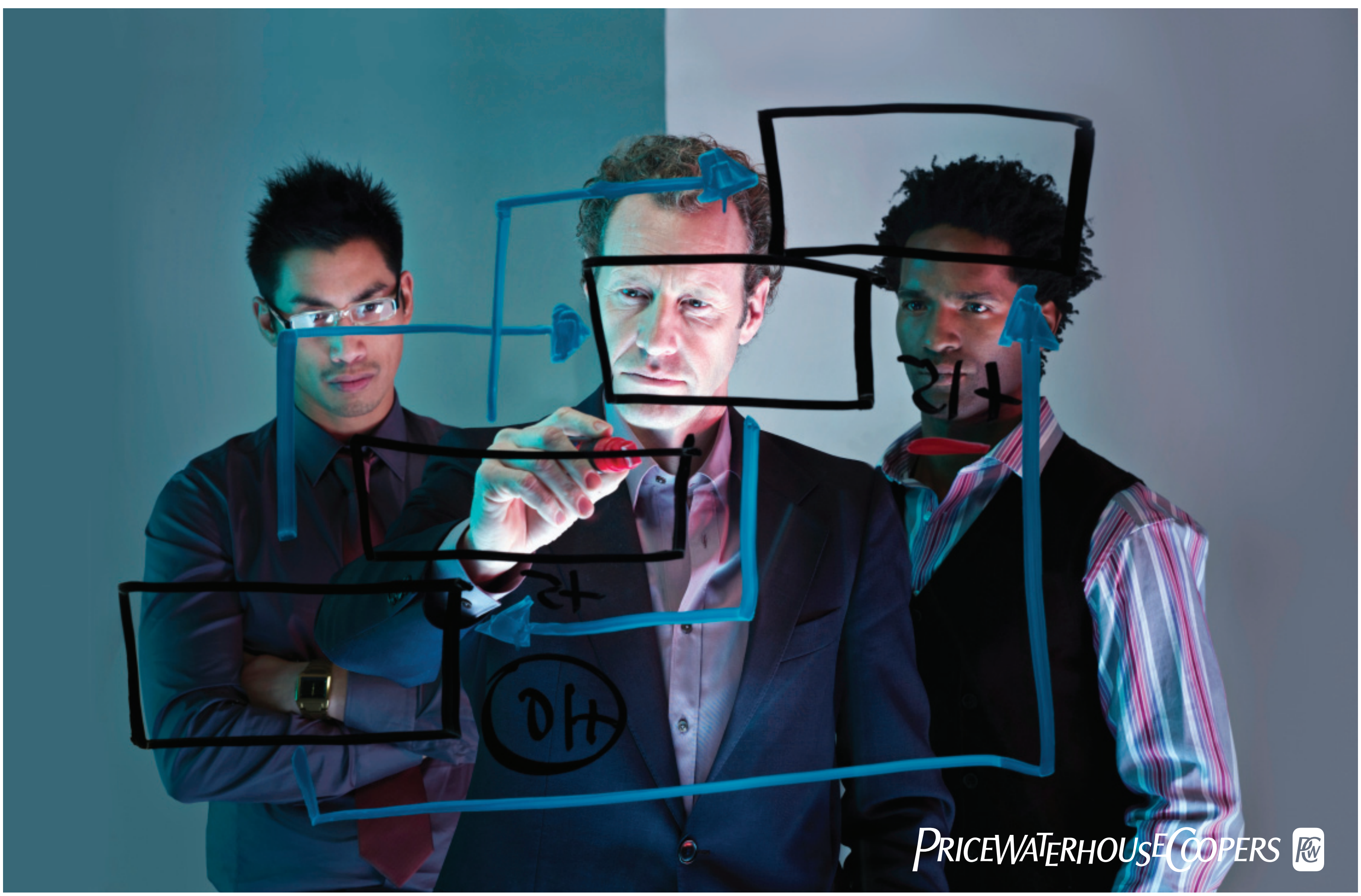
Assembling value

Second-quarter 2010 global industrial manufacturing mergers and acquisitions analysis

Doing better deals in a recovering economy: Merger integration



Welcome to the second-quarter 2010 edition of *Assembling value*, PricewaterhouseCoopers' (PwC) quarterly analysis of mergers and acquisitions (M&A) in the global industrial manufacturing industry. In addition to a detailed summary of M&A activity in the second quarter of 2010, we continue our series of special reports on making smarter deals in a changing environment with a look at merger integration and the increasing importance of capturing synergies to maximize deal value. The discussion explores the importance of containing costs and identifying synergy targets, and also identifies strategies for successful M&A integration.

Special report:
Doing better deals in a recovering economy: Merger integration
Capturing synergies to maximize deal value

It's perhaps the hardest and most important part of a transaction. When done right, it unites two entities and improves the operations and financial well-being of nearly everyone involved, from the owners and investors, to the employees of both organizations. But without a vision and a plan to capture synergies that make the whole better than the sum of the parts, a merger integration is in trouble from the start.

In today's recovering economy, the merger integration planning process is more important than ever. Industrial manufacturing (IM) companies must balance a desire to quickly reach the finish line with a need to systematically leverage synergies and contain costs. Because the IM industry was hit hard by the recession, opportunities to acquire undervalued assets abound. As the number of announced IM deals grows and as more companies enter this toughest phase of the deal process, organizations focused on outpacing their competitors can lose sight of the deal's objectives.

"Multinational industrial products companies strengthened their cash positions during the recession, and as they look forward over the next three to five years, acquisitions are seen as a key enabler for revenue growth," said Jim Smith, a PricewaterhouseCoopers M&A Integration practice leader. "Having done acquisitions in the past, many of these companies are reflecting on how well those deals were executed, and they see opportunities for improvement—opportunities to execute a smooth transaction with an early realization of synergies."

The economic recovery highlights the importance of cost containment

During the economic downturn, IM companies spent considerable time and effort right-sizing their cost and organizational structures. Now that the economy is recovering, the time is ripe for acquisitions that stimulate revenue growth, keeping in mind that capturing value depends on making the most of each company's strengths, consolidating operations, and reducing costs. For the IM industry, consolidation helps the sector improve its financial strength, increase negotiating power with customers and suppliers, and boost capacity utilization.

During the integration phase, companies must guard against inadvertently adding unnecessary overhead by failing to recognize redundant processes. Instead, companies are challenged to stay lean and hold on to cost benefits achieved during the downturn. To meet that goal requires identifying and quantifying synergy targets. With a disciplined approach and the right tools, companies can accelerate the integration process and realize savings of 30 percent to 40 percent.

"As companies are doing acquisitions, they must be focused, structured, and fast-moving to take out excess overhead and leverage the economy of scale or cost advantages that businesses obtain as a result of an acquisition," said PwC's Michael Wright, an M&A Integration practice leader. "The value driver initiative could be combining the two back-office finance functions, or consolidating and implementing best practices that eliminate redundancy." Synergy can also be created by combining purchasing power and driving better costs and terms with strategic vendors and service providers.

Identifying synergy targets

The synergies identified during the merger integration phase can be divided into three categories: revenue and market growth, cost reduction and efficiency leverage, and capital optimization.

Revenue and market growth

The deal strategy may anticipate synergies from entering into new markets, expanding to new geographies, or accessing new distribution channels. Other synergies can be realized by leveraging an expanded sales force to reach new customers. Still more could result from product innovation by combining each company's research and development efforts and leveraging existing production platforms to deliver new products or services.

Cost reduction

Typically, opportunities for cost reduction can be found in the income statement, particularly in back-office functional areas such as procurement, payroll, finance, human resources, and information technology. These synergies can result from permanent reductions in departmental operating costs (e.g., headcount reductions), better management of combined spend (e.g., policy alignment), or increased productivity from consolidated operations (e.g., economies of scale, better use of technology, vendor consolidation, leveraged purchasing, etc.), among others. The human capital a company acquires can also provide opportunities for cost reduction. The employees acquired may be more efficient at performing their responsibilities.

Capital optimization

A company's balance sheet might also reveal synergy opportunities. For example, "hard" assets such as property, plant, equipment, and inventory can be rationalized through combination or closure, or more optimized utilization. "Soft" asset synergies can be realized through better management of working capital, cost of capital, and accounts receivable (e.g., collection periods, A/R turnover, etc.), and by optimizing debt-to-equity levels.

Staying on track during the integration phase

During the integration phase, each company must maintain its customer base. They can achieve this by making preparations during the due diligence process to define the marketing and sales strategy of the combined company. Once the deal is announced, they should educate their sales force on how the deal will impact each customer segment. They should also contact their most loyal customers from both companies to communicate ways the new company will better serve them and quickly serve as a unified entity to the customer. This is particularly important when purchasing a complementary product or where the acquired business has a similar customer base.

It also is critically important for the finance function to deliver a centralized process for monitoring, tracking, and reporting synergies to ensure the new company stays on task and delivers measurable results. Companies depend on their finance function to structure the tracking to measure the capture of deal value, integrate business operations, maintain common controls, provide accurate and consistent financial reporting, ensure tax compliance, and establish interim legal structures and business processes that provide the new company with the flexibility it needs to grow and thrive.

Strategies for successful M&A integration

Companies seeking profound organizational change through a deal should consider the following strategies:

- Manage diligence and integration in lockstep—In a merger or acquisition, an integrated process for due diligence and integration can help companies better identify issues and opportunities.
- Envision and plan for day one—During the deal process, companies that focus on all of the operational details for their new company will be well positioned to hit the ground running as soon as the deal concludes.
- Secure leadership commitment—When companies pursue transformation, it is essential to establish executive leadership both for the deal itself and for the organization going forward. This includes defining the span of control, responsibility, accountability, and reporting relationships.
- Aspire to excellence in deal communication—How companies communicate about a deal, both internally and externally, matters. This includes the deal announcement, integration progress, and people plans.
- Prioritize initiatives for maximum impact—During a deal, companies that don't try to boil the ocean but rather focus on those projects that either generate revenue or drive down cost tend to be more successful.
- Establish an integration management office—Integration in particular requires rigorous program management and realistic time lines. Without a central governance structure and a methodology driving the integration, people might fail to complete important tasks.
- Execute quickly and methodically—Companies should consider all areas touched by the transformation and engage the various stakeholders, such as finance, information technology, human resources, legal, operations, and sales and marketing. They should also focus on speed, particularly during an integration.

- Remember to put people issues first—Especially during a transformative deal, it's critical that the goals for individuals align with the goals of the overall company. People should understand where they fit, what they are being asked to do, and how what they do is associated with the value they provide every day.

Closing deals is tough, but capturing deal value is even tougher. In some ways, deciding whether to go forward with a merger or acquisition is the easy part. The act of "owning" after the transaction is complete is the real challenge. In the end, the market will reward or punish shareholders of the combined company depending on how well its management succeeds at achieving stated deal objectives. So, it is imperative that synergies are realized, deal value is captured, and the resulting performance is communicated to all those with a stake in the outcome.

Perspective:
Thoughts on deal activity in the second quarter of 2010

Heading into the second quarter, we expected to see a sequential improvement in deal activity because of the low activity in the preceding period (only 14 deals were announced in the first quarter of 2010). With 33 transactions announced in the second quarter, the first half of 2010 concluded on a strong note. In terms of value, deals totaled $8.5 billion in the second quarter of 2010 compared with $2.3 billion in the first quarter. As deal volumes and values trended higher, average deal values increased over the first quarter of 2010, remaining steady compared with the second quarter of 2009.

As global economic trends continue to improve, smaller deals and transactions with undisclosed values remain the drivers of overall activity, which has been the tendency historically. At the same time, the level of middle-market, large, and mega-deal activity is improving, and the near-term outlook remains favorable for further improvement. There were two mega-deals (transactions of $1 billion or more) in the second quarter. This compares favorably to the first quarter, during which there was no mega-deal activity.

In the second quarter of 2010, strategic investor contribution increased relative to prior periods. With asset valuations constrained by market fundamentals, large corporations with adequate capital resources or access to capital markets may be looking to achieve their long-term strategic goals (e.g., higher growth rates, improved margins, etc.) through increased acquisition activity. During the second quarter of 2010, the industrial machinery and electronic and electrical equipment manufacturer categories were the primary drivers of activity.

Also during the second quarter, targets located in Asia and Oceania took the lead in deal activity, as 46 percent of all transactions valued at $50 million or more were announced in the region. In relative terms, North America remained a strong region for deal activity; on an absolute basis, nine transactions were announced in the region for the quarter compared with 27 for all of 2009. As for BRIC-related deals, India and China continued to be the most active. For the second quarter, seven deals were announced with BRIC targets (two from India and five from China), and seven deals were announced by BRIC acquirers (one from India and six from China).

Looking ahead, we expect the deal environment will continue to improve as credit access eases, equity markets advance, and economic growth rates stabilize. However, although many factors have improved, others remain weak, such as stubbornly high unemployment and weak residential construction activity. Nevertheless, we believe that buyers are becoming increasingly optimistic in their near-term economic outlooks. Cash conservation, cost containment, and margin expansion all remain relevant considerations. However, valuations, although improving, remain constrained relative to historical levels and this continues to present buying opportunities for companies possessing strong balance sheets and access to capital markets. The first half of 2010 ended on a strong note, and we believe that an improving global economy should continue to drive a strong recovery in deal activity as the year progresses.

Commentary

Second-quarter activity advances significantly

For the second quarter of 2010, both the volume and value of transactions above $50 million increased significantly on a year-over-year basis. In addition, both the volume and value of deals greatly exceeded the first quarter of 2010. The increase in deal value was fueled by the two mega-deals announced in the quarter (competing bids for Chloride Group). The year is off to a good start, and we believe the deal environment will improve through 2010 as risk aversion continues to moderate. It should be noted, however, that based on the increased proportion of local deal values and minority stakes in the second quarter, some characteristics of risk avoidance remain.

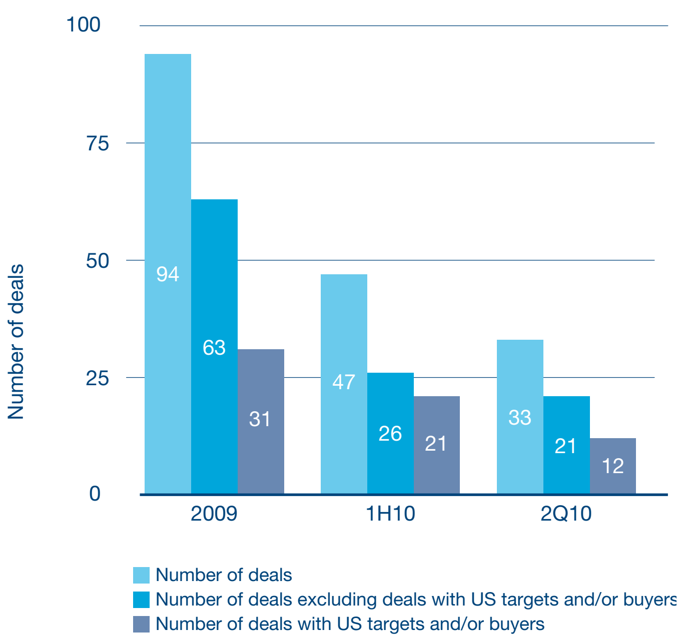
Quarterly industrial manufacturing deal activity
Measured by number and value of announced deals worth $50 million or more (3Q07-2Q10)

	2007		2008				2009				2010	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Number of deals	42	72	43	47	41	11	16	12	32	34	14	33
Total deal value (US $ bil.)	15.8	40.4	8.0	20.1	8.2	2.3	2.0	3.2	7.5	10.0	2.3	8.5
Average deal value (US $ bil.)	.4	.6	0.2	0.4	0.2	0.2	0.1	0.3	0.2	0.3	0.2	0.3

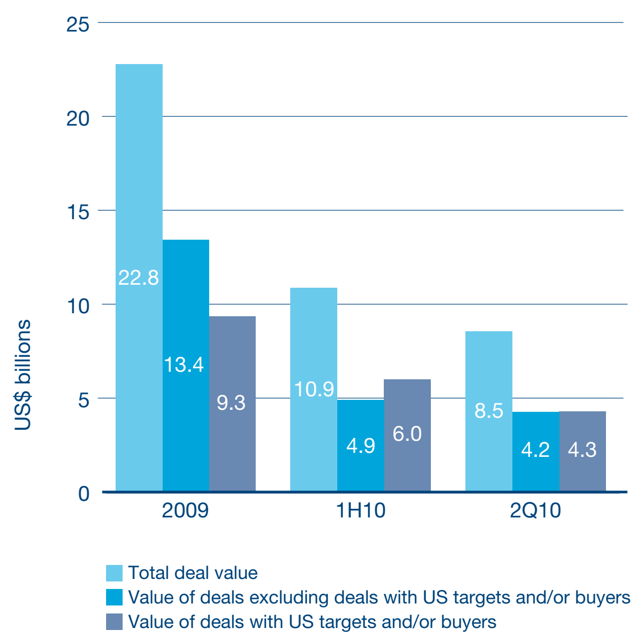
US-affiliated transactions remain key drivers of total deal value

Transactions including US targets and/or buyers continued to drive deal activity during the second quarter. During the period, of the 33 total transactions, 12 (36 percent) involved a US entity. This compares with an average 61 percent over the prior four years (2006–2009). Similarly, 50 percent of total deal value during the second quarter was attributable to US-affiliated activity, compared with an average of 49 percent over the prior four years. While willingness to engage in deal-making by US entities has not fully recovered, it seems to making a comeback.

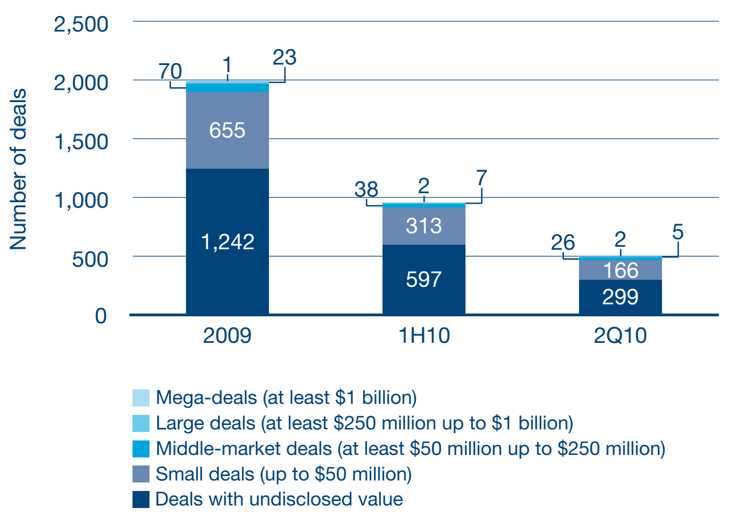
Deal activity by number of deals
Measured by number of announced deals worth $50 million or more



Deal activity by total deal value
Measured by value of announced deals worth $50 million or more



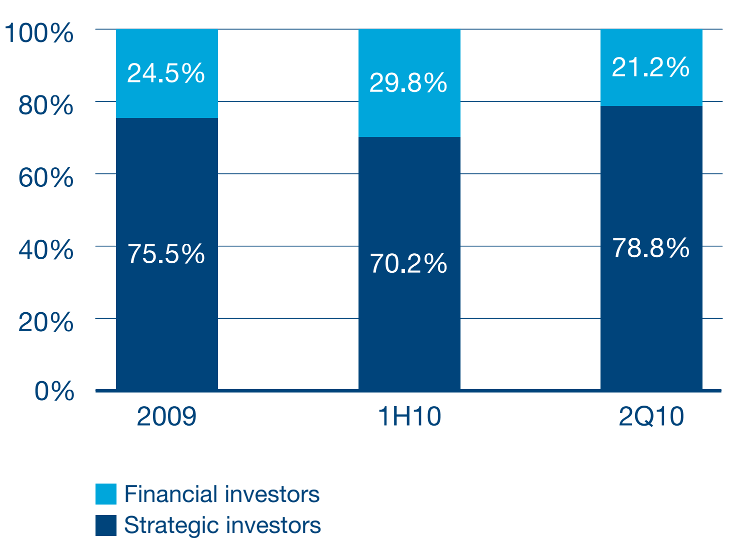
Deal activity by volume and range of deal value (including transactions with undisclosed values)
Measured by number of announced deals



Smaller deals continue to dominate, but larger deals increasing

As global economic trends continue to improve, smaller deals and transactions with undisclosed values continue to drive overall activity, which has been the historical tendency. However, middle-market, large, and mega-deal activity is increasing and the near-term outlook points to their continued growth.

Deal activity by investor group
Measured by number of announced deals worth $50 million or more



Second-quarter strategic investments increase, inch closer to historic levels

In the second quarter of 2010, strategic investor contribution increased relative to prior periods. Current market valuations of targets are attractive by both relative and absolute standards. Based on deal value-to-EBITDA and deal value-to-sales, valuations have been increasing since 2009. Companies may be turning to acquisitive growth with the belief that organic growth will not be sufficient during the current recovery. In addition, large corporations with adequate capital access may be looking to achieve other long-term strategic goals through increased acquisition activity.

Mega-deal activity still low, but improving

There were two mega-deals (transactions of $1 billion or more) in the second quarter, compared with the first quarter, when no mega-deals were announced. Both transactions involved UK-based target Chloride Group PLC. The potential acquirers were US-based Emerson Electric Co. (deal value of $1.49 billion) and Swiss-based ABB Ltd. (deal value of $1.25 billion). Emerson's offer was made in an effort to prevent ABB from gaining market share through the acquisition. Emerson's offer was taken directly to the shareholders on June 29, 2010, after it was rejected by Chloride Group's management. More recently, Chloride Group's management accepted the offer by Emerson Electric after Emerson increased the bid to $1.5 billion. US-based Emerson's bid reflects the overall trend of US acquirers returning to the market.

Mega-deal activity has already increased over all of 2009, during which only one deal was announced. In fact, the Chloride Group deals were the first mega-deals announced since November 2009, and that deal, for US-based target Black & Decker, was the first announced since December 2008. The small number of mega-deals partly reflects capital constraints (i.e., the difficulty in raising capital at an attractive cost) and the internal focus of many corporations during the recession. Although mega-deal activity remains sluggish, over the long-term we believe deal activity should increase as buyer interest expands and risk premiums contract to account for improving outlooks.

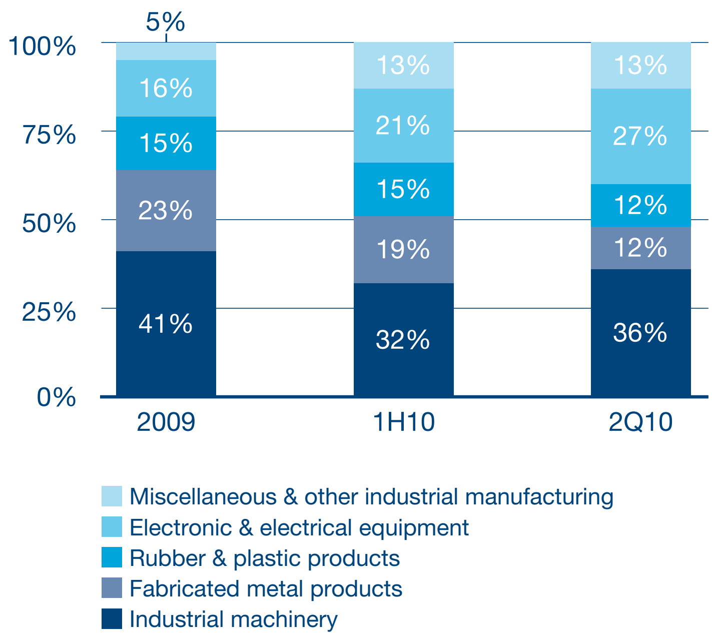
Mega-deals in 2009

Month announced	Target name	Target nation	Buyer name	Buyer nation	Status	Value of transaction in US$ bil.	Category
Nov	The Black & Decker Corp	United States	The Stanley Works	United States	Completed	3.47	Industrial Machinery

Mega-deals in 1H10

Month announced	Target name	Target nation	Buyer name	Buyer nation	Status	Value of transaction in US$ bll.	Category
Apr	Chloride Group PLC	United Kingdom	Emerson Electric Co	United States	Intended	1.49	Electronic & Electrical Equipment
Jun	Chloride Group PLC	United Kingdom	ABB Ltd	Switzerland	Pending	1.25	Electronic & Electrical Equipment

Deal volume by industrial manufacturing category
Measured by number of announced deals worth $50 million or more



Deal activity seen across multiple industrial products categories

PwC segments the industrial manufacturing sector into five categories by comparing SIC codes to our internal classification system. Based on this process, we group deals (measured by number) into five product and service segments:

- Industrial machinery
- Fabricated metal products
- Rubber and plastic products
- Electronic and electrical equipment
- Miscellaneous and other industrial manufacturing

Based on this methodology, during the second quarter of 2010, targets classified as industrial machinery and electronic and electrical equipment manufacturers were the primary categories driving activity. Industrial machinery's contribution to deal activity declined in the second quarter relative to 2009, as electronic and electrical equipment's contribution increased. Notably, the two mega-deals for the second quarter (bids for Chloride Group PLC) fell within the electronic and electrical equipment category. The Chloride Group offers were both tendered with a view toward increasing market share and all but one of the remaining deals were aimed at increasing the acquirer's stake in the target business.

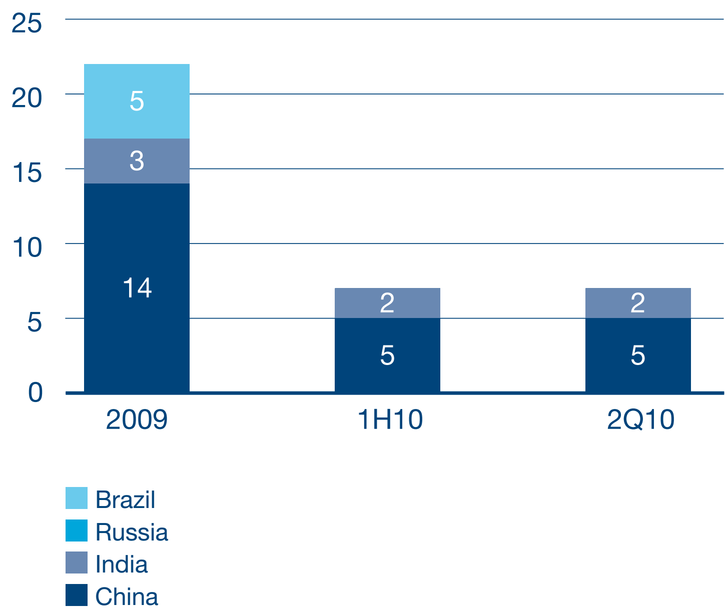
BRIC-affiliated transactions increasing with overall increase in deal activity

Just as overall deal activity improved during the second quarter, the level of activity affiliated with BRIC countries also grew. After a constrained first quarter, in which only one BRIC transaction (BRIC acquirer) was announced, BRIC transactions increased considerably in the second quarter.

China was the key driver of BRIC-related activity. Of the seven deals announced for BRIC targets, five were for targets in China. Of the seven deals announced by BRIC acquirers, six were by Chinese companies. The Chinese deals were predominantly local market (five deals) and about one-third were for electronic and electrical equipment manufacturers and another third were for industrial machinery manufacturers, which is consistent with overall sector activity.

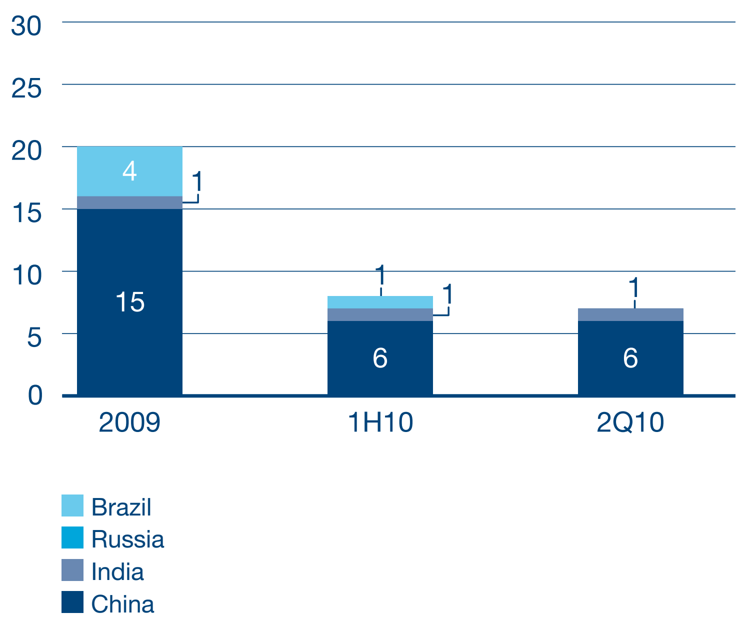
Distribution of BRIC deals by target nation

Measured by number of announced deals worth $50 million or more



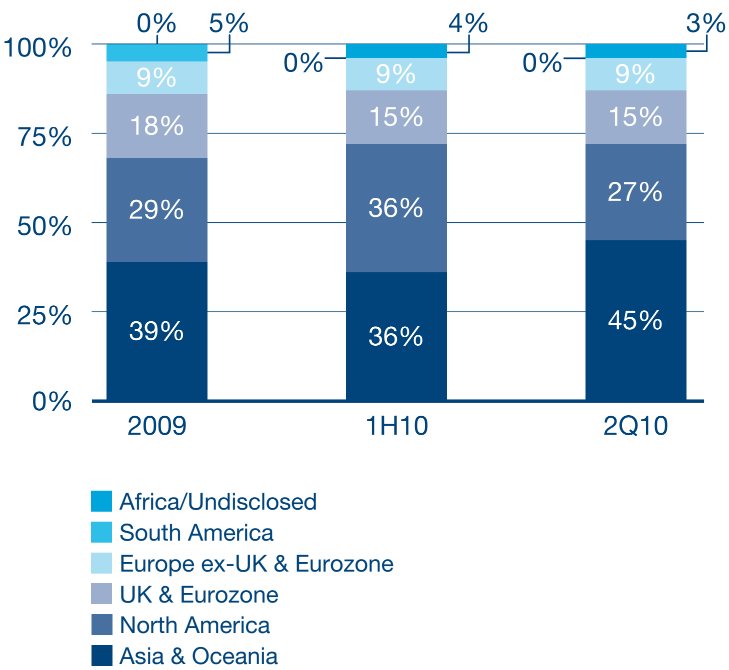
Distribution of BRIC deals by acquirer nation

Measured by number of announced deals worth $50 million or more



Regional analysis

Regional distribution of deal volume by target region
Measured by number of announced deals worth $50 million or more



Note: May not sum to 100 percent due to rounding

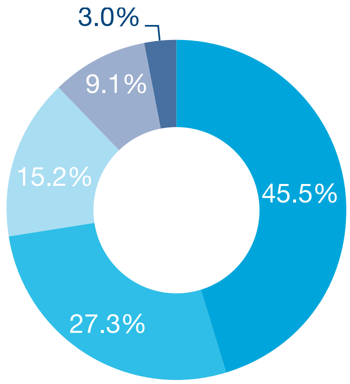
Asia and Oceania leads deal activity

During the second quarter, targets located in Asia and Oceania took the lead in deal activity, as 45 percent of all transactions valued at $50 million or more were announced in the region. In relative terms, North America remained a strong region for deals as well, and on an absolute basis, nine transactions were announced in the region for the quarter compared with 27 in all of 2009. Similarly, the UK and Eurozone region contributed substantially on a relative basis (although the relative level is down), and in absolute terms, five transactions were announced in the region compared with 17 in 2009.

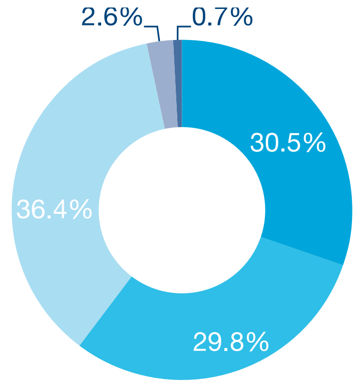
Geographic trends for acquirers continued to tilt toward the North America and the Asia and Oceania regions. We expect that deal activity will continue to be driven by these regions, as they benefit from regulatory environments that generally support both foreign investment and domestic consolidation. These regions also continue to boast more efficient capital markets systems and infrastructures relative to the other regions (South America, Europe ex-UK and Eurozone, and Africa). This makes it easier for companies in these regions to raise capital (secondary offerings, divestitures, etc.) for M&A transactions. A considerable portion of the activity in Asia involved local-market deals, particularly in China, where Chinese companies increased their stakes in subsidiaries and joint ventures.

Regional distribution of second-quarter 2010 deals

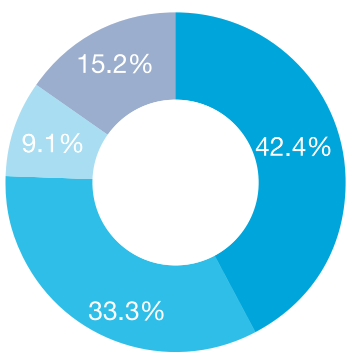
Regional distribution of deal volume by target region
Measured by number of announced deals worth $50 million or more



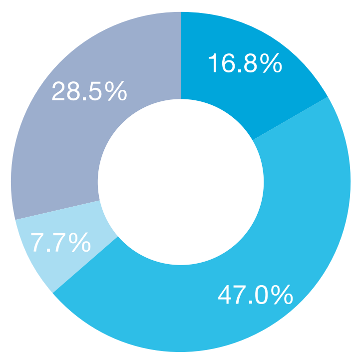
Regional distribution of deal value by target region
Measured by value of announced deals worth $50 million or more



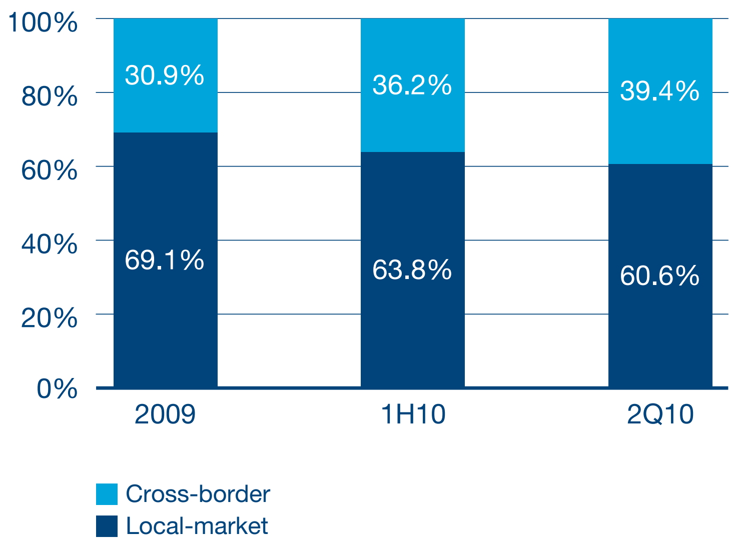
Regional distribution of deal volume by acquirer region
Measured by number of announced deals worth $50 million or more



Regional distribution of deal value by acquirer region
Measured by value of announced deals worth $50 million or more



Local-market versus cross-border deals (all nations)
Measured by number of announced deals worth $50 million or more



Allocation of cross-border deals shows continued improvement

Historically, cross-border transactions have been an integral part of the M&A story, and although recent trends temporarily revealed a lower concentration of cross-border transactions relative to historic levels, the contribution of cross-border activity is increasing. Owing to political, socioeconomic, and currency risks, cross-border transactions generally entail greater risks than local-market transactions, so the greater concentration of local-market activity during 2009 relative to the historical record was not surprising. As the economy continues to improve, cross-border deal activity should continue to increase as perceived rewards begin to outweigh perceived risks. This increase in cross-border activity will also be aided by the perceived need of corporations to augment slow organic growth by entering into new, faster growing geographies, repositioning product portfolios for increased growth, etc.

Capturing deal value through successful integration

Patience is not a virtue when it comes to integration. Yet in mergers and acquisitions, the chaos surrounding post-deal activities often impedes companies' ability to simultaneously focus on maintaining current operations, realizing valuable synergies, and achieving timely operational integration.

Research shows that most mergers and acquisitions fail to meet expectations. Despite the best intentions, deals often fall short when the time comes to begin translating carefully developed strategy into the right mix of people, process, and technology. Smart buyers can improve their odds by taking steps to execute a fast-paced integration that makes early use of disciplined planning, a well coordinated launch, and a relentless focus on the value drivers behind the deal.

Successful acquirers are both quick and thorough in making the transition to the new entity because they plan for the process well in advance. They use the time between the deal's announcement and its closing to draw up plans for integrating the two companies and implementing synergies. As a result, their integration plans and major players are set before the transaction closes. They also transfer all the knowledge gained from their due diligence to the integration effort. They act quickly and decisively, prioritizing integration activities to reduce uncertainty among workers. And they limit the integration time frame, realizing there is more willingness to change if it is done quickly.

These companies maximize shareholder value by aligning integration strategies and priorities with strategic goals, addressing stakeholder concerns through ongoing communications, reducing workers' concerns over who will be responsible for what by assigning managers to specific responsibilities and accountabilities early, and treating integration as they would any other business process—in a highly disciplined, consistent manner.

How PricewaterhouseCoopers can help

Over the years, PwC has developed a winning approach to launching and managing enterprise-wide integrations. Our solution includes a proven integration methodology and an expansive set of process tools, templates, and guides to support the overall integration.

Through a centralized integration management office (IMO) staffed by experienced PwC integration management professionals, we are able to uniformly roll out our methodology and facilitate the overall integration process across the combined organization.

PwC's M&A integration specialists help clients achieve rapid integration to capture desired synergies and allow for a quick return to "business as usual." This helps increase shareholder value and free up human and financial capital for reinvestment in core operations. Our capabilities include both integration specialists and functional specialists to assist in the management and coordination of overall integration activities enterprise-wide, and to provide tactical experience in critical functional areas as needed.

Our merger integration services and capabilities include:

- Design the integration program and IMO
- Day-one planning and execution readiness
- Conduct robust synergy analysis, implementation, and tracking
- Blueprint and execute business process and systems integration
- Provide functional integration assistance and tactical implementation support
- Help deliver effective communications as well as effective people and change management

Specialty case study:
Well executed integration enables rapid realization of deal synergies

Client: US manufacturer purchasing a UK company

Issue

A US-based equipment manufacturer purchased a subsidiary of a UK-based company for $500 million. The acquirer expected the acquisition to adversely impact margins and earnings per share based on the time likely required to realize the desired synergies. Management was concerned that the anticipated costs associated with the acquisition, and the corresponding integration, would depress earnings per share for up to three years and drive down the parent's stock price.

Action

PwC and the company had a history of partnering together on various projects over a 10-year period, and PwC was able to bring its depth of experience with the client to the engagement. For example, during the due diligence phase, a PwC internal audit team already in place at the acquirer was able to quickly assess the balance sheets of the target's worldwide subsidiaries to identify millions of dollars in potential purchase adjustments.

PwC's range of integration assistance included:

- Supporting the client's IMO work with the functional teams
- Developing a plan to communicate with key stakeholders and providing communication templates and focused deliverables
- Identifying and tracking deal synergies
- Developing and executing the finance function integration work plans
- Developing the transition services agreement and related processes with the target's former parent
- Configuring and deploying an updated financial consolidation software package at the target
- Leveraging internal audit resources to perform balance sheet reviews, Sarbanes-Oxley compliance visits, and purchase accounting reviews at the target's locations around the globe

Impact

PwC partnered with the acquiring company to identify, plan, and realize synergies, and quickly integrate operations. Through rapid identification, prioritization, and realization of the desired deal synergies—and the achievement of higher-than-expected margins—the client was able to project an increase in earnings per share well ahead of schedule.

The client also was able to raise $550 million in capital to finance the deal. The PwC team and the client collaborated with speed and precision. Together, they were able to complete the first phases of the integration in less than six months.

PricewaterhouseCoopers' industrial manufacturing experience

Deep industrial manufacturing experience

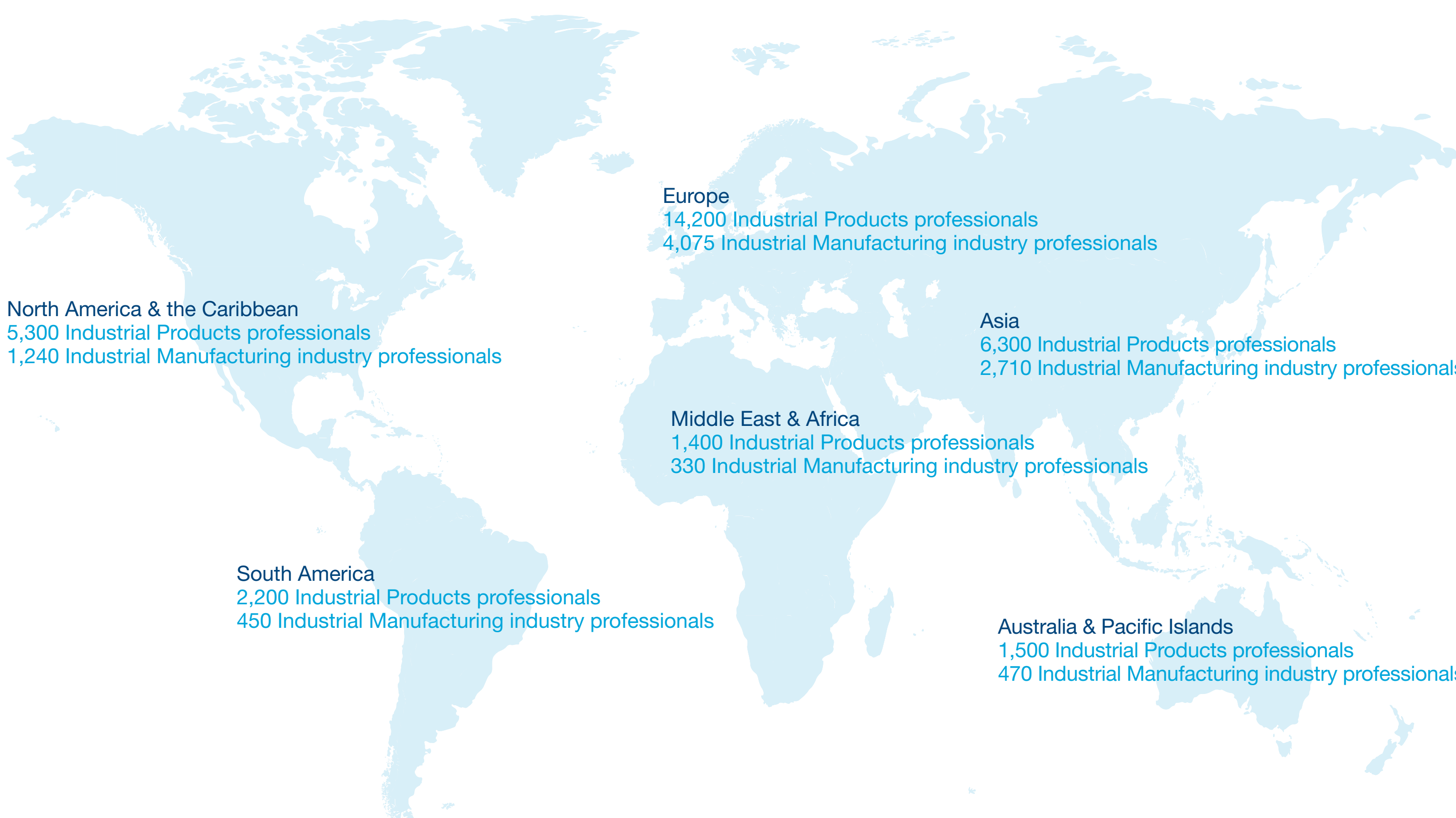
Our Industrial Manufacturing practice is comprised of a global network of industry professionals who provide assurance, tax, and advisory services to public and private companies around the world. Central to the successful delivery of our services is an in-depth understanding of today's industry issues, in addition to a wealth of specialized resources and "best practices" that help solve complex business challenges. Our highly skilled team encourages conversations on top-of-mind trends and issues through active participation in industry conferences and associations, as well as through industry-focused publications and Web forums. To address your industry needs wherever they arise, our professionals are concentrated in areas where the industrial manufacturing industry operates today and in the emerging markets where it will operate in the future.

Quality deal professionals

PwC's Transaction Services practice, with more than 6,500 dedicated deal professionals worldwide, has the right industry and functional experience to advise you on factors that could affect a transaction, including market, financial accounting, tax, human resources, operating, IT, and supply chain considerations. Teamed with our Industrial Manufacturing practice, our deal professionals can bring a unique perspective to your deal, addressing it from a technical aspect as well as from an industrial manufacturing industry point of view.

Local coverage, global connection

In addition to the approximately 9,300 professionals who serve the industrial manufacturing industry, our team is part of an Industrial Products group that consists of 31,000 professionals, including approximately 15,800 providing Assurance services, more than 9,000 providing Tax services, and 6,200 providing Advisory services. This expands our global footprint and enables us to concentrate efforts in bringing clients a greater depth of talent, resources, and know-how in the most effective and timely way.



Contacts

PricewaterhouseCoopers' Industrial Manufacturing practice

Our Industrial Manufacturing practice, strategically located in more than 30 countries around the world, comprises a global network of industry professionals serving manufacturing clients. We bring experience, international industry best practices, and a wealth of specialized resources to help solve business issues.

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Methodology

Assembling value is an analysis of deals in the global industrial manufacturing industry. Deal information was sourced from Thomson Reuters and includes deals for which targets have primary SIC codes that fall into one of the following SIC industry groups: millwork, plywood and structure; wood buildings and mobile homes; partitions, shelving, and lockers; gaskets, packing, and sealing devices; fabricated rubber products; miscellaneous plastics products; heating equipment, except electric air; fabricated structural metal products; bolts, nuts, screws, and other machine products; metals forgings and stampings; coating, engraving, and allied services; miscellaneous fabricated metal products; engines and turbines; farm and garden machinery; metalworking machinery; special industry machinery; general industrial machinery; refrigeration and service industry machinery; miscellaneous industrial and commercial machinery; electric transmission and distribution equipment; electrical industrial apparatus; electrical lighting and wiring equipment; miscellaneous electrical machinery and equipment; and miscellaneous manufacturing industries.

This analysis includes all individual mergers and acquisitions for disclosed or undisclosed values, leveraged buyouts, privatizations, minority stake purchases, and acquisitions of remaining interest announced between January 1, 2006, and June 30, 2010, with a deal status of completed, intended, partially completed, pending, pending regulatory approval, unconditional (i.e., initial conditions set forth by the buyer have been met but deal has not been completed), or withdrawn.

Regional categories used in this report approximate United Nations (UN) Regional Groups, as determined by the UN Statistics Division, with the exception of the North America region (includes Northern America and Latin and the Caribbean UN groups), the Asia and Oceania region (includes Asia and Oceania UN groups) and Europe (divided into UK and Eurozone and Europe ex-UK and Eurozone regions). The Eurozone includes Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, Netherlands, Portugal, Slovenia, and Spain. Oceania includes Australia, New Zealand, Melanesia, Micronesia, and Polynesia. Overseas territories were included in the region of the parent country, and China, when referenced separately, includes Hong Kong. The term “deals,” when referenced herein, refers to deals with a disclosed value of at least $50 million unless otherwise noted.

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