

**Contents**

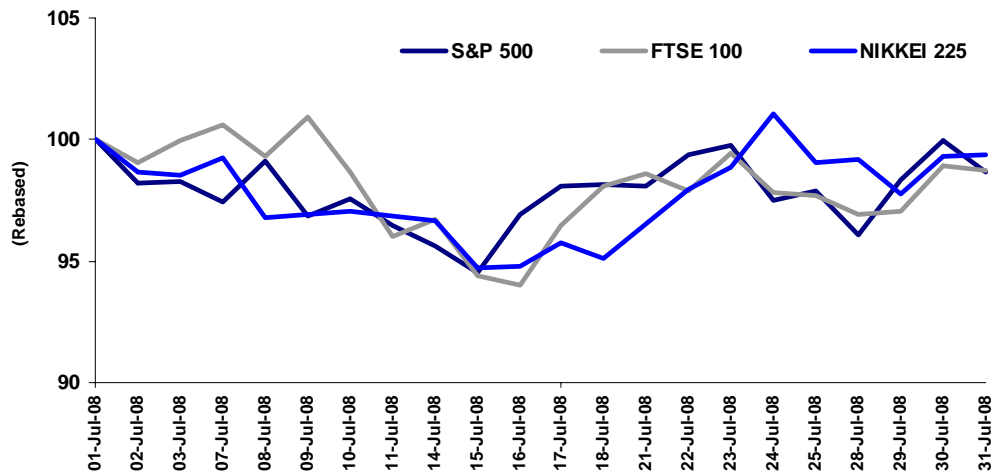
- Market Performance
- M&A Activity
- Initial Public Offerings
- Debt Issues
- Key Highlights – By Sector
  - Financial
  - Healthcare
  - Telecommunications
  - Technology
- \* Historical M&A Studies

**Market Performance**

Bears continued to rule the market in the month of July with all of the major indices delivering negative returns. The S&P 500 recorded a decline of 1% during the month on the heels of an 8% decline in June. The first half of the month looked to send the Index to its lowest level since 2002 driven by a fall in energy stocks (due to an oil price retreat), and concerns over the stability of the two US home financing providers Fannie Mae and Freddie Mac. By months end, however, the S&P 500 Index rebounded amid an unexpected increase in jobs and a recovery in oil prices from an almost three-month low. The month ended with the index down 14% YTD.

The FTSE 100 Index slumped 1% over June, resulting in a YTD decline of 16%. By mid-July, the FTSE 100 hit its 52-week low of 5,151. The NIKKEI 225 performed at par with both the S&P 500 and the FTSE, recording a monthly loss of 1% in July compared to a decline of 7% in June. The NIKKEI 225 Index is now down 13% YTD.

**Indices Performance Comparison**



**Published By:**

**Chicago Research Partners**  
 500 N. Michigan Ave., Suite 300  
 Chicago, IL 60611  
 Tel: 312 375 7911  
[www.chicagoresearchpartners.com](http://www.chicagoresearchpartners.com)

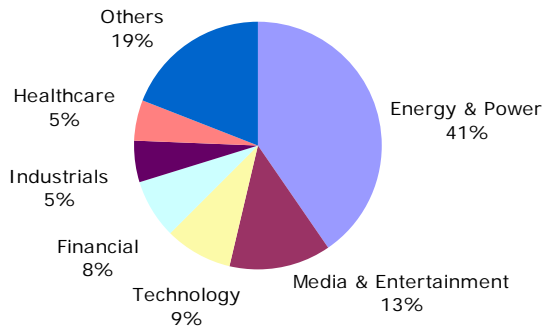
*Chicago Research Partners (CRP) is a provider of custom financial research, financial engineering and quantitative development.*

**M&A Activities**

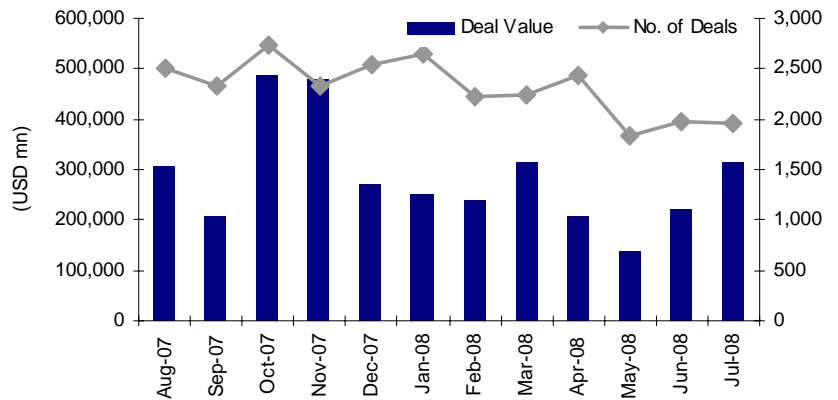
July saw no significant change in the total number of deals but a marked difference in terms of total value and deal sizes when compared to June. A total of 1,966 deals took place in the month with a total deal value of USD 312bn compared to 1,978 deals with a value of 222bn in June.

The Energy & Power sector was most active during the month followed by Media & Entertainment, and the Technology sectors, with these three areas accounting for 62% of the total deal value. Venture backed deals contributed 16% and 10% of the total proceeds and total number of deals respectively.

**M&A Deals – By Value**



**M&A Activity - LTM**



(USD mn)

**Top 10 Deals – By Deal Size**

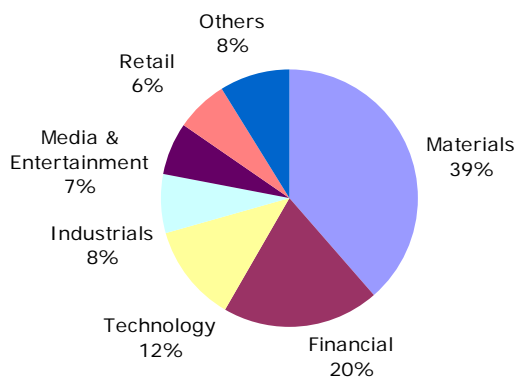
Announcement Date	Completion Date	Target Name	Acquirer Name	% Acquired	Deal size	Company Valuation
02/25/06	07/22/08	Suez SA	Gaz de France SA	100	75,242	75,242
11/16/06	07/30/08	Clear Channel Commun Inc	BT Triple Crown Co Inc	100	25,893	25,893
04/07/08	07/08/08	Alcon Inc	Novartis AG	25	10,547	42,190
09/03/07	07/22/08	Suez Environment SA	Shareholders	65	9,099	13,998
03/31/08	07/24/08	Vin & Sprit AB	Pernod Ricard SA	100	8,888	8,888
10/01/07	07/10/08	NAVTEQ Corp	Nokia Oyj	100	7,562	7,562
12/02/07	07/09/08	Vivendi Universal Games Inc	Activision Inc	100	6,541	6,541
10/16/07	07/01/08	Scripps Networks	Shareholders	100	5,780	5,780
06/26/06	07/29/08	XM Satellite Radio Hldgs Inc	Sirius Satellite Radio Inc	100	5,294	5,294
02/19/08	07/29/08	Corporate Express NV	Staples Inc	100	4,716	4,716

**Initial Public Offerings**

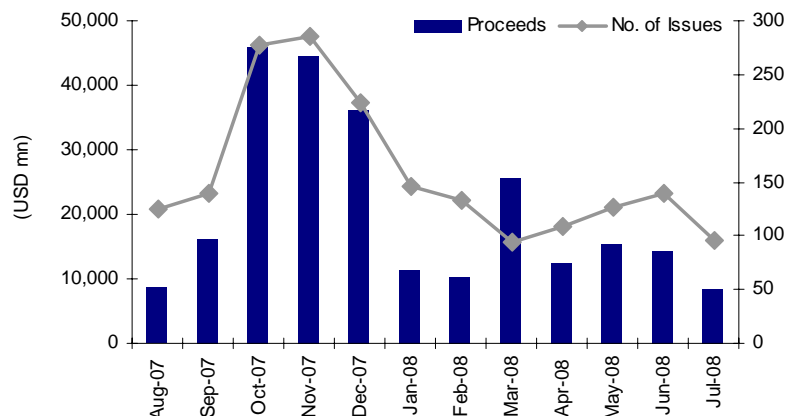
During the month of July there were 95 IPO's with total proceeds of USD 8.3bn, which is lower by 32% in terms of the number of IPO's and 43% in term of proceeds compared to June, which saw 139 IPO's with proceeds of 14.4bn. These figures are significantly lower (by 68% in terms of number of IPO's, and 80% in total proceeds) compared to that of July 2007 when 293 IPO's raised USD 40.6bn.

A majority of the activity came from the Materials and Financials sectors which contributed 59% of the total proceeds. The Materials sector accounted for 24% of the deals in June (34 deals) which decreased to a mere 13 in July. In June there were 10 IPO's with proceeds of USD 7.2bn in the Energy & Power sector which constituted 50% of the total proceeds while in July this sector witnessed only 4 IPO's for a total of 0.2bn.

**IPO's – By Proceeds**



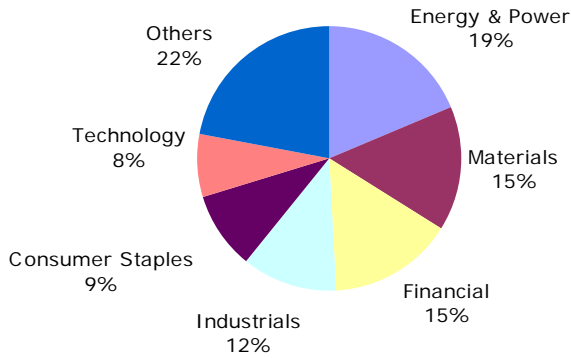
**IPO Activity – LTM**



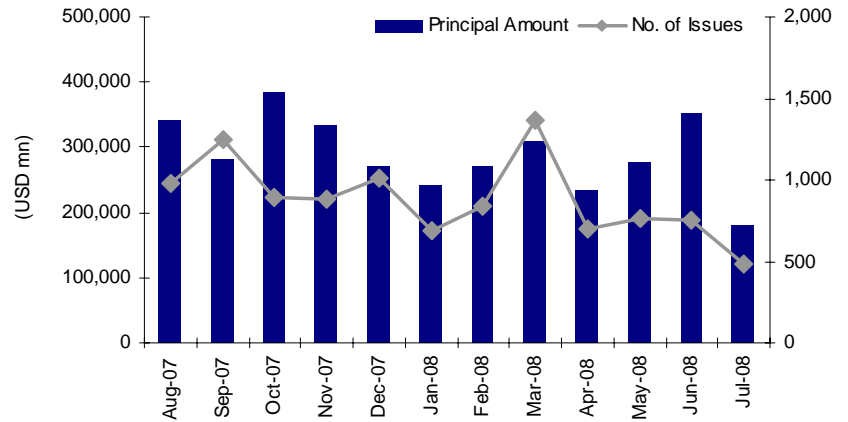
**Debt Issues**

The number of debt issues declined by 36% from 754 in June to 481 in July with proceeds declining by 49% from USD 353.1bn to 179.3bn. Energy & Power, Financials, and the Industrials sectors continued to be the most active, accounting for 46% of activity in both the months of June and July. When compared to the same period in 2007, there was a significant decrease of 156% in the number of debt issues from 1,232 and a 62% decrease in proceeds from USD 494.2bn.

**Issues – By Principal Amount**



**Debt Activity – LTM**



**Key Highlights – By Sector**

**YTD Industry Valuation Metrics - Average Multiples**

Industry	EV/EBITDA	EV/EBIT
Financials	11.9x	14.4x
Healthcare	14.6x	18.7x
Telecommunications	9.6x	14.1x
Technology	10.3x	14.8x

**Financial Sector**

**Market Performance**

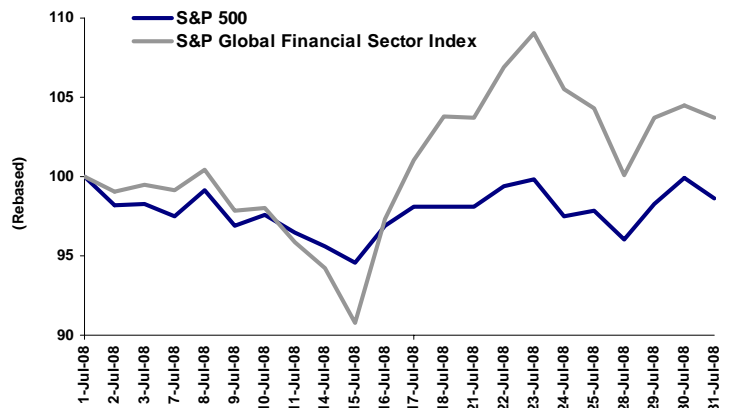
During the month of July, the S&P Global Financial Index outperformed the S&P 500 Index. The S&P Global Financial Sector Index recorded a gain of 4% over June compared to a 1% loss in the S&P 500 Index.

During July, several major banks including Wachovia Corp and Washington Mutual reported weak second-quarter results due to soaring losses from mortgages and other debt. The month also witnessed the failure of IndyMac Bank, the second largest bank failure in US history.

**M&A Activity**

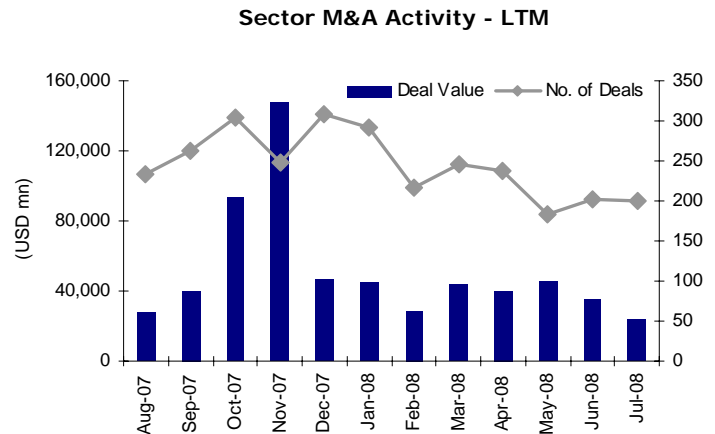
M&A activity in the space marginally declined in terms of the number of deals to 200 in July from 203 in June but the total deal value declined by 32% to USD 23.7bn in July from 35.0bn in June.

**Sector Index Performance vs. Benchmark**



In recent months, the number of deals and the total deal value in the sector have declined sharply compared to 298 deals and USD 75.1bn of total deal value in July 2007; in fact the total deal value in July was the lowest in the last twelve months. During July 2008, the contribution of venture backed deals was 22% of the total deal value compared to a 15% contribution in the previous month and a 4% contribution in July 2007.

During the month, Spain's Banco Santander agreed to buy Alliance & Leicester for USD 2.6bn; National Australia Bank announced plans to buy ABN AMRO's Australian and New Zealand operations, worth around USD 769mn; and Deutsche Bank announced its intention to buy Fortis' commercial-lending units in the Netherlands for USD 1.1bn.



**Top Deals Financial Sector – July 2008**

(USD mn)

Announcement Date	Completion Date	Target Name	Acquirer Name	% Acquired	Deal size	Company Valuation
01/11/08	07/01/08	Countrywide Financial Corp	Bank of America Corp	100	4,144	4,144
02/29/08	07/02/08	Banque de Savoie	Banque Federale des Banques	100	3,188	3,188
10/25/07	07/02/08	Fidelity Natl Info Svcs Inc-Le	Shareholders	100	2,956	2,956
03/14/08	07/01/08	Ashikaga Bank	Investor Group	100	2,829	2,829
02/12/08	07/22/08	ING Seguros SA de CV	AXA SA	100	1,500	1,500

**IPO Activity**

IPO activity in the sector resulted in proceeds of USD 1.6bn through 29 public offerings compared to proceeds of 2.7bn from 34 public offerings in the previous month. IPO activity also declined on a YOY basis compared to USD 18.0bn from 80 public offerings in July 2007. The largest IPO in this sector in the month of July was made by Global MENA Financial Assets for total proceeds of USD 505.4mn.

**Debt Issues**

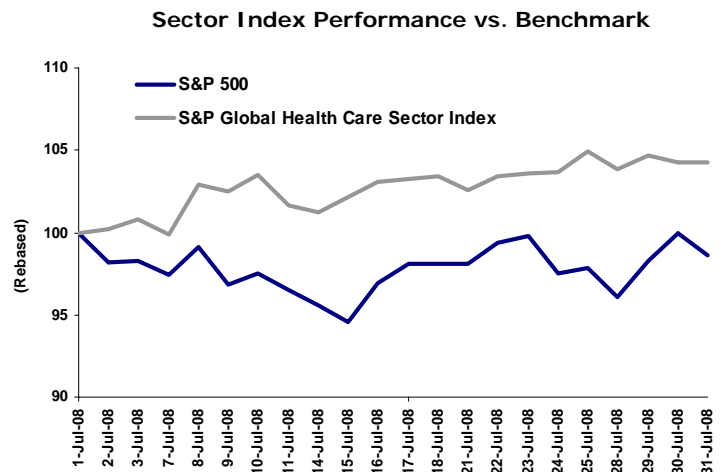
The total number of debt issues during the month of July was 77 for a total principal amount of USD 27.2bn compared to 100 issues and a total principal amount of 121.7bn in June. On a YoY basis, the activity witnessed a decline of 50% in terms of the number of issues and 36% in terms of total principal amount. The biggest issuer last month was CME Group Inc. who raised USD 3.2bn.

**Healthcare Sector**

**Market Performance**

During the month of July, the S&P Global Health Care Index outperformed the S&P 500 Index. The S&P Global Financial Sector Index recorded a gain of 4% over July compared to a 1% loss in the S&P 500 Index.

During the month the European Union approved Schering-Plough's Bridion Injection, a selective relaxant binding agent to reverse the effect of anesthesia after surgery, and Roche Holding won US Panel support for its arthritis drug. Eli Lilly and Teva Pharmaceuticals both reported increases in second-quarter earnings while Bayer and Sanofi-Aventis recorded a decline in their profits.

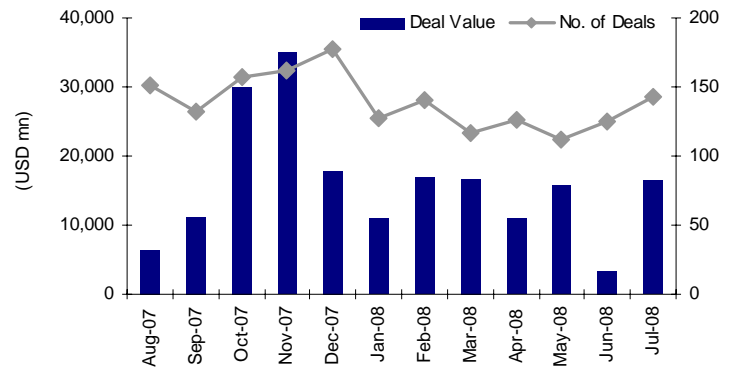


M&A Activity

The month of July witnessed increased activity both in terms of the number of deals as well as the total deal value. The total number of deals went up by 14% to 143 from 125 in June and the total deal value increased by 381% to USD 16.5bn from 3.4bn. Though both the number of deals and the total deal value declined compared to 159 deals with a total deal value of USD 37.1bn in July 2007, the sector has witnessed an uptick in activity compared to the prior 3 months. During July 2008, the contribution of venture backed deals was 7% of the total deal value in comparison to an almost negligible contribution in the previous month and a 26% contribution in July 2007.

Major M&A announcements during the month included Roche Holding's offer to buy the remaining 44% of its U.S partner Genentech for USD 43.7bn, an announcement by Thermage Inc. to buy Reliant Technologies for USD 87mn, and Bristol-Myers Squibb's offer to buy ImClone Systems for USD 5.2bn.

Sector M&A Activity - LTM



Top Deals – By Deal Size

(USD mn)

Announcement Date	Completion Date	Target Name	Acquirer Name	% Acquired	Deal size	Company Valuation
04/07/08	07/08/08	Alcon Inc	Novartis AG	25	10,547	42,190
07/05/08	07/18/08	Craegmoor Healthcare Ltd	Advent International Corp	100	535	535
06/09/08	07/24/08	Third Wave Technologies Inc	Hologic Inc	100	526	526
07/09/08	07/09/08	Speedel Holding AG	Novartis AG	52	511	988
04/01/08	07/07/08	Del Pharmaceuticals Inc	Church & Dwight Co Inc	100	380	380

IPO Activity

IPO activity in the sector resulted in proceeds of USD 61.1mn through 4 public offerings compared to proceeds of 325.8mn from 6 public offerings in the previous month. IPO activity also declined on a YOY basis from USD 668.7mn from 10 public offerings in July 2007. The largest IPO in this sector this month was made by Healthway Med Corp Ltd. for total proceeds of USD 35.7mn.

Debt Issues

The total number of debt issues during the month of July was 23 for a total principal amount of USD 3.6bn compared to 21 issues with a total principal amount of USD 4.0bn in June. When compared to July 2007, the activity witnessed a decline of 41% in terms of the number of issues and 75% in terms of total money raised. The biggest issuer in this space was Labco International who raised USD 1.2bn.

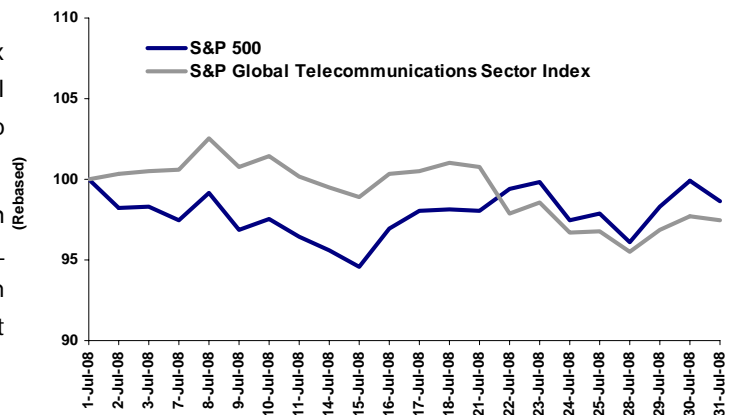
Telecommunications Sector

Market Performance

During the month of July, the S&P Global Telecom Index underperformed the S&P 500 Index. The S&P Global Telecom Sector Index recorded a loss of 3% compared to 1% loss in the S&P 500 Index.

During the month, Ericsson signed an agreement with Telecom Liechtenstein to upgrade and expand its ADSL network with new VDSL2 technology, France Telecom witnessed a downside of 18% in net income for the first half as higher taxes wiped out growth in its wireless

Sector Index Performance vs. Benchmark

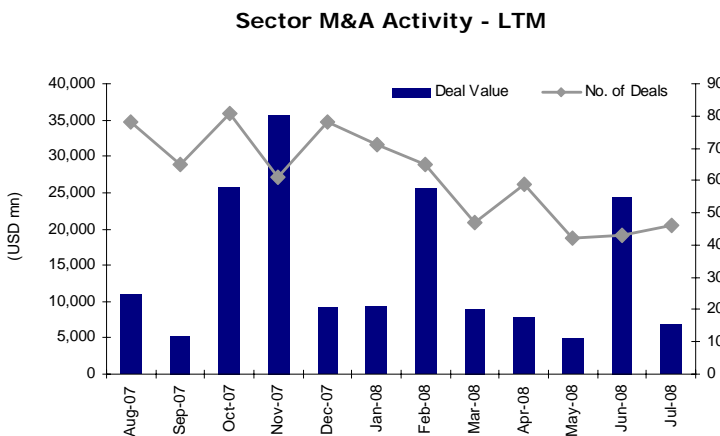


earnings, and Comcast Corp. the largest U.S. cable television operator saw a rise of 7.5% in net income in the second quarter.

**M&A Activity**

M&A activity in this space in July declined sharply by 72% in terms of total deal value with a slight increase in the number of deals compared to June. The total deal value decreased from USD 24.4bn in June to 6.9bn in July. On a YoY basis, the total deal value recorded an increase of 23% despite a fall in the number of deals from 69 in July 2007 to 46 in July 2008.

In July, the contribution of venture backed deals was low at 13% in terms of the number of deals, with the balance coming from non-venture backed funds, following the trend that existed in the previous month. In July, China Telecom finalized a deal to buy China Unicom's CDMA business for USD 6.41bn.



(USD mn)

**Top Deals – By Deal Size**

Announcement Date	Completion Date	Target Name	Acquirer Name	% Acquired	Deal size	Company Valuation
01/21/08	07/21/08	Oger Telecom	Saudi Telecommunications Co	35	2,850	8,143
04/27/08	07/05/08	debitel AG	freenet AG	100	2,546	2,546
07/07/08	07/07/08	Limnotex Developments	Vimpel-Communications OJSC	25	562	2,248
07/04/08	07/04/08	Kar-Tel Ltd	Vimpel-Communications OJSC	25	562	2,247
06/06/08	07/16/08	Trapeze Networks	Belden Inc	100	133	133

**IPO Activity**

IPO activity in the sector, in terms of total proceeds, increased by approximately 91% from USD 23.6mn in June to 44.9mn in July. The total amount of proceeds went up by 50% on a YoY basis from the level of USD 30.0mn in July 2007. The largest IPO in the month was made by Hunan Talkweb Information for total proceeds of approximately USD 44.9mn.

**Debt Issues**

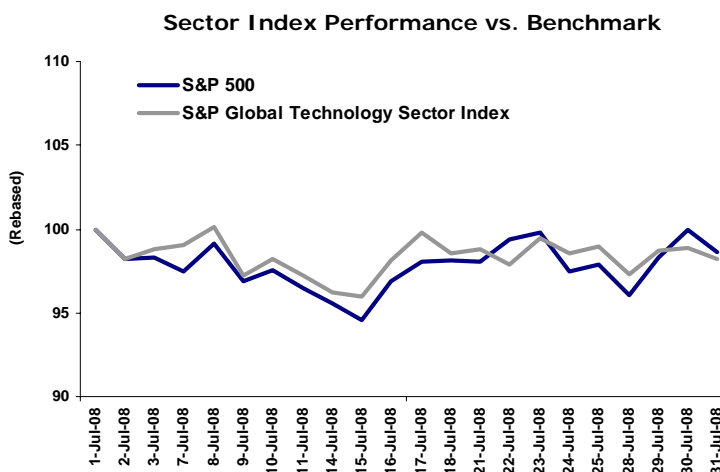
The total principal amount almost tripled in the month of July to USD 6.1bn from 2.1bn in June; however the number of issues remained the same. On a YoY basis, there was a decline of around 80%, both in terms of the number of issues and the principal amount raised. The biggest issuer last month was Vodafone Group PLC who raised USD 5.5bn.

**Technology Sector**

**Market Performance**

During the month of July, the S&P Global Telecom Index underperformed the S&P 500 Index. The S&P Global Telecom Sector Index recorded a loss of 2% compared to a 1% loss in the S&P 500 Index.

Several companies including Yahoo, Google, and Xerox reported declines in their 2<sup>nd</sup> quarter profits while Samsung, EMC, and Broadcom witnessed positive movement in their bottom lines.



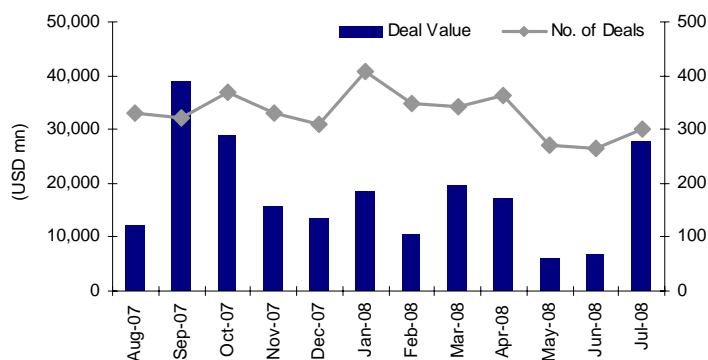
**M&A Activity**

The month of July witnessed an uptick in activity with total deal value spiking to USD 27.8bn from 6.7bn in June, an increase of more than 300%, though the number of deals increased only 13% from 266 to 300. Compared to the same period in 2007, the space saw a 28% decrease in the number of deals but a 128% improvement in total deal value.

Venture backed deals accounted for 3% by value and 10% by number in the month of July.

During July, US antitrust regulators cleared Invitrogen Corp.'s buyout of Applied Biosystems, IBM signed an agreement for a proposed acquisition of ILOG for USD 340mn, EDS received European Commission approval for its proposed acquisition by HP and a settlement of outstanding stockholder litigation.

**Sector M&A Activity - LTM**



**Top Deals – By Deal Size**

(USD mn)

Announcement Date	Completion Date	Target Name	Acquirer Name	% Acquired	Deal size	Company Valuation
10/01/07	07/10/08	NAVTEQ Corp	Nokia Oyj	100	7,562	7,562
12/02/07	07/09/08	Vivendi Universal Games Inc	Activision Inc	100	6,541	6,541
07/16/08	07/17/08	Bloomberg LP	Bloomberg LP	20	4,425	22,125
07/23/07	07/30/08	Tele Atlas NV	TomTom NV	100	3,669	3,669
04/28/08	07/02/08	Metrologic Instruments	Honeywell International Inc	100	720	720

**IPO Activity**

In July, a total of 8 IPO's came to market raising USD 1bn compared to 0.6bn through 9 IPO's in the month of June. By comparison, in July 2007, a total of USD 2.4bn was raised through 32 IPO's. Major IPO's this month included GT Solar International Inc (USD 500mn) in the United States and LG Innotek Co (USD 484mn) in South Korea.

**Debt Issues**

In the month USD 14.2bn was raised through 27 debt issues compared to 57 issues with proceeds of USD 10.7bn in June. On a comparative basis, July 2007 saw 81 total debt issues worth USD 20.7bn. The major raise this month was Hewlett-Packard Co for USD 8bn.

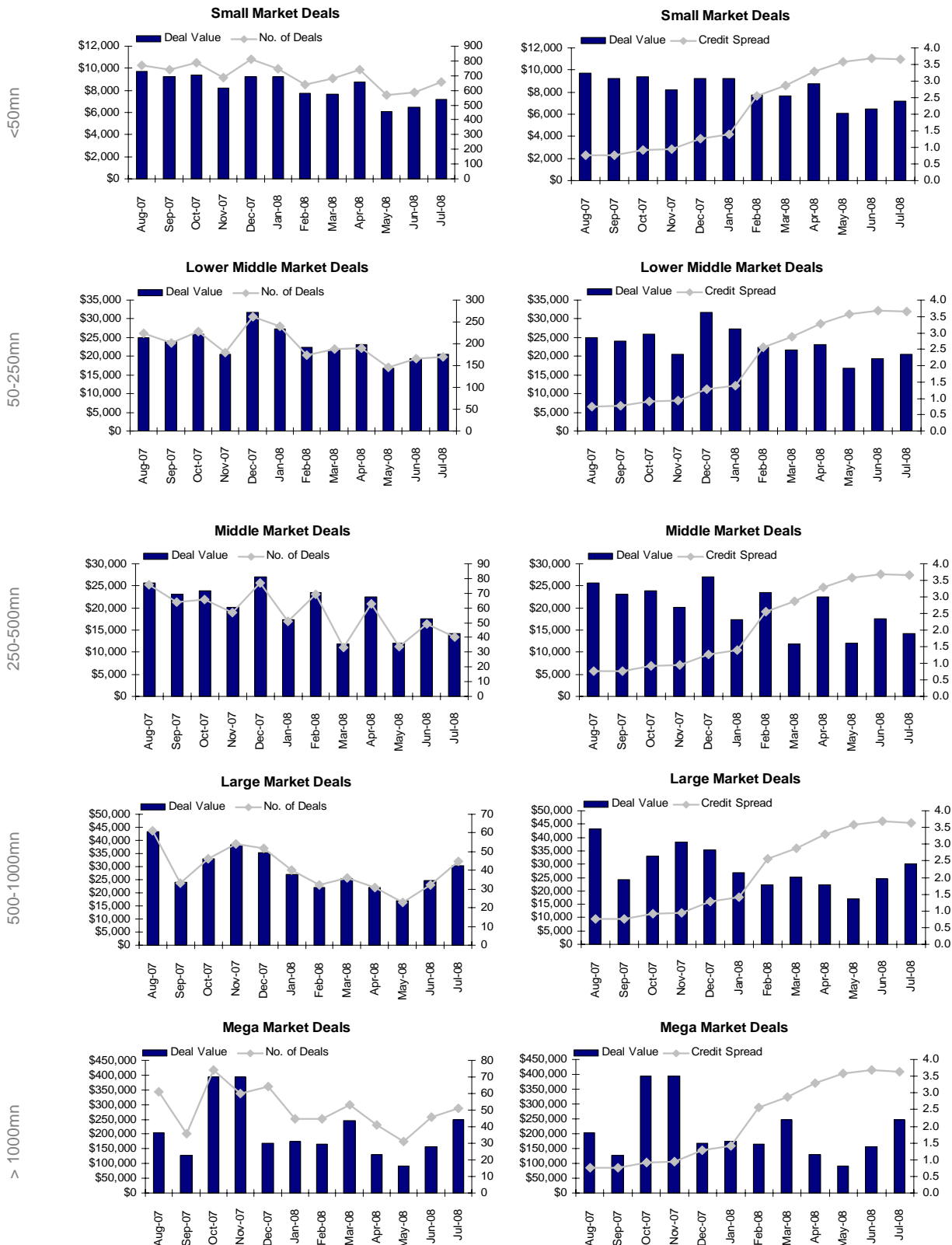
Source: Thomson Banker, CRP Research

**Disclaimer**

The Newsletter is a general circulation publication. The information on which the newsletter is based upon has been obtained from reliable sources, but we have not independently verified such information and therefore we do not guarantee its accuracy or completeness. No representation, warranty or undertaking (express or implied) is given and no responsibility whatsoever or liability is accepted by Chicago Research Partners or any Board or staff member of Chicago Research Partners as to the accuracy of the information contained herein.

Note: Data sourced from databases is subject to continuous update, and hence may vary from data shown in July Newsletter

Historical M&A Studies



About Chicago Research Partners

Chicago Research Partners is a leading provider of custom financial research and quantitative development. Our single client dedicated analysts and associates work in support of in house research teams, bankers, and fund managers in a collaborative support role. For further information on our financial research offerings please contact Dan Bergtholdt at [db@chicagoresearchpartners.com](mailto:db@chicagoresearchpartners.com).