



press release

mergermarket's Canadian M&A Round-up Q1 2010
April 13 2010, for immediate release

Media Contact: Hannah Bagshawe
hannah.bagshawe@mergermarket.com
Tel: +1 646 378 3194

Deal Submission: Richard Myers
richard.myers@mergermarket.com
Tel: +1 212 500 1393

www.mergermarket.com

mergermarket Canadian M&A Round-up for Q1 2010

Contents

- p.3 M&A Activity trend
- p.4 M&A Activity Table for Q1 2010
- p.5 Expected Deals
- p.6 League Tables of Financial Advisers
- p.7 League Tables of Legal Advisers
- p.8 M&A Industry Breakdown
- p.9 Inbound and Outbound M&A Industry Breakdown
- p.10 Inbound and Outbound M&A Geography Breakdown
- p.11 Criteria and About mergermarket

Deal value drops 60% but activity is up 40%

After a small rebound at the start of Q1 2009, Canadian M&A saw a 60% decline in total deal value from US\$ 24.6bn in Q1 2009 to US\$ 9.9bn in Q1 2010. Deal volume experienced a steady increase in 2009 and started 2010 with 91 deals announced in the first quarter, compared to 65 in Q1 2009 – a 40% increase.

Inbound M&A in Q1 2010 saw Technology Media and Telecoms (TMT), historically not an active sector in Canada, make up the largest portion of inbound deal value (41%), from six deals worth US\$ 215m. This was largely due to US-based Quad/Graphics offering to acquire World Color Press for a deal value of US\$ 1.3bn. Energy, Mining & Utilities was the second most active sector, accounting for 22.5% of inbound M&A activity, down from 27% during the same period in 2009.

Outbound M&A of Canadian firms looking abroad saw a healthy mix of activity across various sectors, with Real Estate representing 39% of the value of Canada outbound deals in Q1 2010, followed by Financial Services (24%) and Energy, Mining & Utilities (14%). In terms of volume, Real Estate deals only made up 5% of outbound M&A. Energy, Mining & Utilities is the top sector (24%), followed by Industrials & Chemicals (21%) and Financial Services.

Energy deal values drop almost 90%

Deal values in the Energy sector have consistently declined since Q1 2009. In Q1 2010 the sector saw 21 deals worth a total of US\$ 2.7bn, a decline of 88.5% from the same period last year. Mining deal values also continue to slump well below their quarterly average, with ten deals worth just US\$ 2.3bn announced in Q1 2010.

US companies the most active acquirers in Canada

US acquisitions of Canadian targets made up over 75% of inbound activity by both value and volume in Q1 2010.

Unsurprisingly, US companies were targeted most by Canadian acquirers, attracting 73% of outbound M&A by value and 45% by deal count. The largest outbound transaction was Brookfield Asset Management acquiring a 26% stake in US based General Growth Properties for US\$ 2.5bn.

Increased Asian interest in Canadian natural resources

Asian businesses are looking at Canada to increase their supply of natural resources by making acquisitions and forming joint venture partnerships. Meanwhile, Canadian banks are expected to look at cross-border opportunities in financial services. Indeed, activity in the Energy, Mining & Utilities sectors will continue to play a major role in Canada's M&A landscape in both overall deal value and volume.

Increased dollar strength could lead to continued foreign investor interest

Amidst the rising price of crude oil, the Canada dollar looms closely at trading on a one-for-one basis with the US dollar. The Canada dollar's average daily bid price opened at approximately CAD 1.0009 on 7 April 2010. As its currency continues to flex its value and peak closer to the dollar, Canada can expect to see continued interest from foreign investors seeking valued assets.

UBS and CIBC lead the league tables

UBS takes the top spot by value with US\$ 3.8bn, just US\$ 347m ahead of CIBC World Markets, Canada's leading firm by volume. TD Securities came second by volume with 12 deals worth a total of US\$ 2.4bn. The firm made a notable jump in the tables from Q1 2009 when it worked on only two deals valued at US\$ 218m.

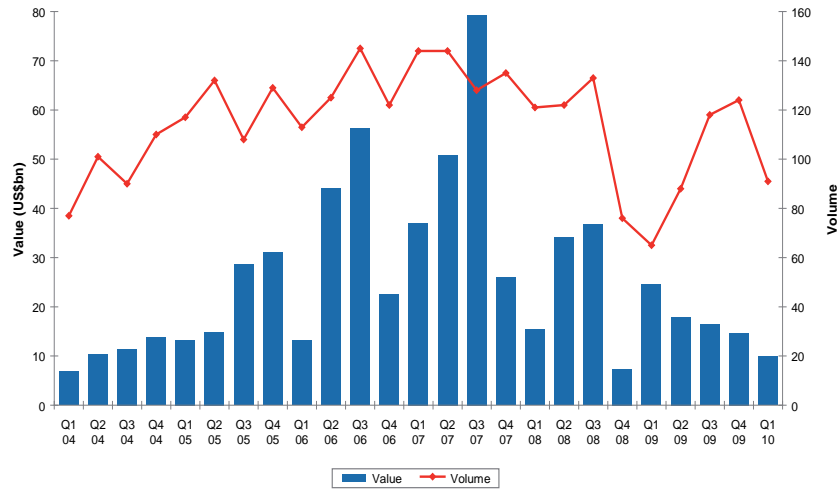
Osler, Hoskin & Harcourt and Stikeman Elliott top the legal league tables

Osler Hosking & Harcourt top the value tables in the region with five deals worth US\$ 4.2bn. The firm has a US\$ 1bn lead over second placed Torys. Stikeman Elliott is the most active law firm in Canada with advising on 18 deals in Q1 2010, up from fourth position in Q1 2009.

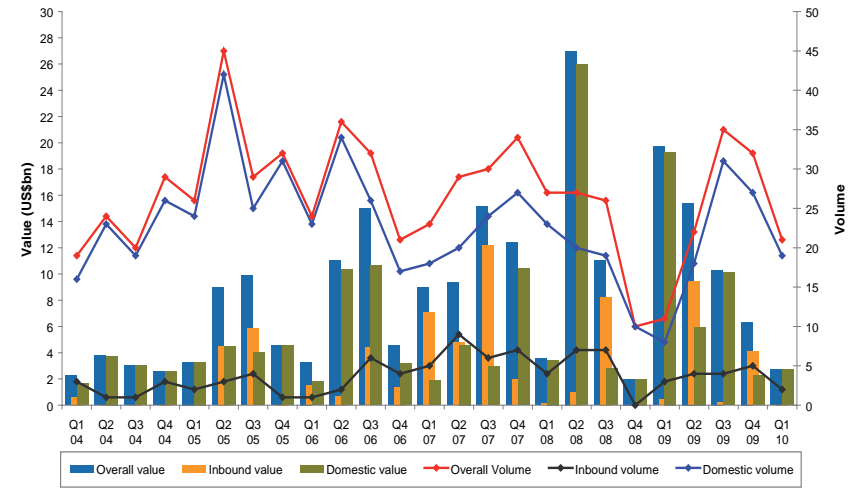
Canada: M&A Activity Trend



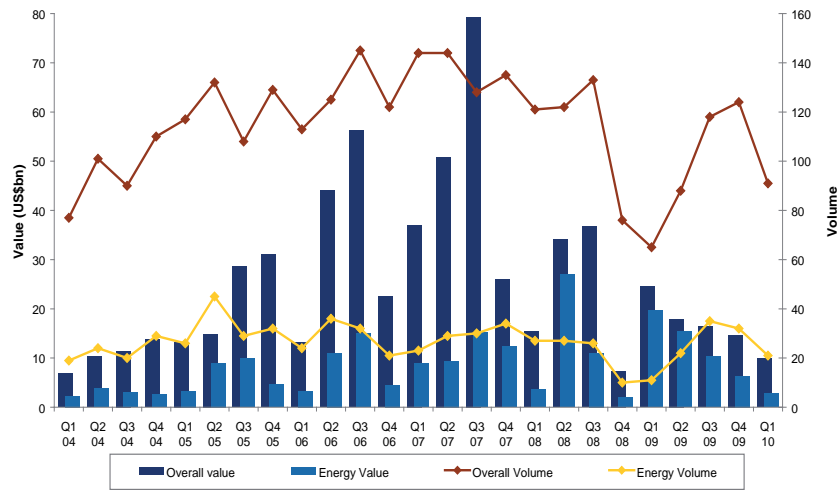
Canadian M&A Activity - Quarterly



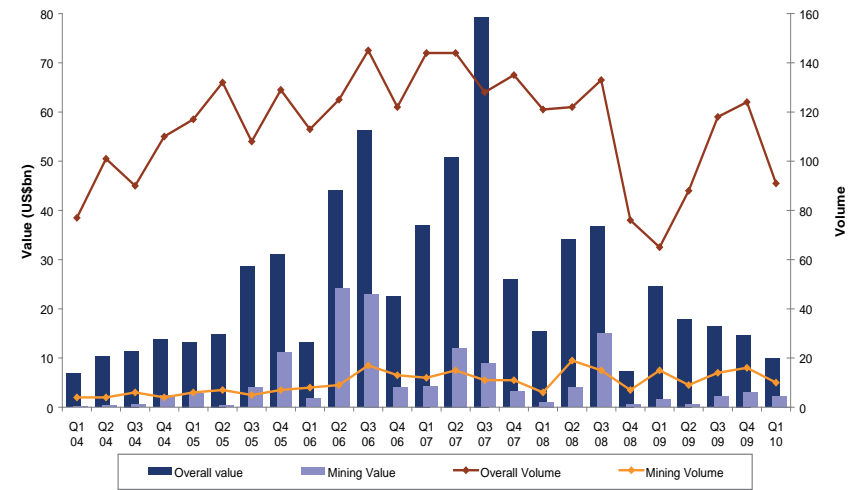
Canadian Energy M&A Activity - Quarterly



Canadian M&A Activity and Energy sector analysis - Quarterly



Canadian M&A Activity and Mining sector analysis - Quarterly



Canada: M&A Activity Table for Q1 2010

Activity Table of Canadian M&A for Q1 2010								
Announced Date	Bidder Company	Bidder Financial Advisor	Bidder Legal Advisor	Target Company	Target/seller Financial Advisor	Target/seller Legal Advisor	Seller Company	Deal Value (US\$m)
01-Jan-10*	Hydro Quebec International Inc		Davies Ward Phillips & Vineberg	NB Power (7 hydroelectric facilities and 2 diesel peaking units)		<i>Advising Seller:</i> Osler, Hoskin & Harcourt	NB Power	1,752
23-Mar-10	Quadra Mining Limited	CIBC World Markets; Credit Suisse	Blake, Cassels & Graydon	FNX Mining Company Inc	BMO Capital Markets	Cassels Brock & Blackwell		1,304
26-Jan-10	Quad/Graphics Inc	JPMorgan	Foley & Lardner; Torys	World Color Press Inc	Morgan Stanley; UBS Investment Bank	Osler, Hoskin & Harcourt; Sullivan & Cromwell		1,267
08-Jan-10	Bank of Montreal; Bank of Nova Scotia; Canadian Imperial Bank of Commerce; Royal Bank of Canada; and TD Bank Financial Group	Alvarez & Marsal	Davies Ward Phillips & Vineberg; McMillan	Canwest LP	RBC Capital Markets	Lenczner Slaght Royce Smith Griffin; Ogilvy Renault; Osler, Hoskin & Harcourt		892
05-Mar-10	Daylight Resources Trust	GMP Securities	McCarthy Tetrault	West Energy Ltd	CIBC World Markets	Stikeman Elliott		552
11-Jan-10	Georgia Pacific Group	Internal	Alston & Bird; Jones Day; Lang Michener	Grant Forest Products Inc (OSB facilities located in Englehart, Earleton, Allendale and Clarendon)		<i>Advising Seller:</i> Debevoise & Plimpton; Fraser Milner Casgrain	Grant Forest Products Inc	400
09-Feb-10	Progress Energy Resources Corp			Suncor Energy (northeast British Columbia Foothills assets)	<i>Advising Seller:</i> TD Securities		Suncor Energy Inc	364
01-Feb-10	Innergex Power Income Fund	BMO Capital Markets; National Bank Financial	Fasken Martineau	Innergex Renewable Energy Inc	TD Securities	Davies Ward Phillips & Vineberg; McCarthy Tetrault	TD Capital Canadian Private Equity Partners	330
22-Mar-10	Osisko Mining Corporation	Cormark Securities	Fraser Milner Casgrain	Brett Resources	Dundee Securities; Genuity Capital Markets	Blake, Cassels & Graydon; DuMoulin Black		291
28-Jan-10	BHP Billiton Ltd	TD Securities	Fasken Martineau	Athabasca Potash	CIBC World Markets; Genuity Capital Markets	Fraser Milner Casgrain		279

* Lapsed deal

Canada: Expected Deals



Pipeline of Canadian Expected Deals				
Target Company	Potential Bidder Company	Financial Advisor (T/B/S)	Estimated Value (US\$m)	Comments
Suncor Energy Inc (natural gas assets)			3,568	Suncor Energy is looking to sell natural gas assets in 2010.
OPTI Canada Inc	Nexen Inc; Total SA; China Petroleum & Chemical Corporation; China National Offshore Oil Corporation Ltd	Scotia Capital (T); TD Securities (T)	630	OPTI Canada is considering strategic alternatives which is likely to result in an outright sale.
Painted Pony Petroleum	Crescent Point Energy Corp; Glamis Resources Ltd; PetroBakken Energy Ltd		333	Painted Pony Petroleum is an increasingly likely acquisition target for Saskatchewan energy majors.
Naikun Wind Energy Group	ENMAX Green Power Inc		21	Naikun Wind Energy Group will become a takeover target should it receive an Electricity Purchase Agreement (EPA) award from BC Hydro. A likely suitor is ENMAX Green Power, Naikun's partner in its 396MW offshore wind energy project.
Questerre Energy (Liard Shale play)	Undisclosed bidder	Bordner Ladner Gervais (S); Rundle Energy Partners (S)	-	Questerre Energy has confirmed that it has hired Rundle Energy Partners to find a joint venture partner for its Liard shale play at Beaver River Field in northeast British Columbia. The company is in talks with a number of potential partners.

Canada: League Tables of Financial Advisors



League Table of Financial Advisors to Canadian M&A: Value				
Q1 2009	Q1 2010	House	Value (US\$m)	Deal Count
5	1	UBS Investment Bank	3,767	4
4	2	CIBC World Markets	3,420	13
11	3	Goldman Sachs	2,782	3
-	4=	Barclays Capital	2,500	1
-	4=	Miller Buckfire & Co	2,500	1
20	6	TD Securities	2,384	12
2	7	Morgan Stanley	1,768	5
7	8	BMO Capital Markets	1,678	3
12	9	Bank of America Merrill Lynch	1,440	1
1	10	RBC Capital Markets	1,329	5
15	11	JPMorgan	1,267	1
14	12	GMP Securities	1,103	5
-	13	Alvarez & Marsal	892	1
16	14	Rothschild	832	3
8	15	Macquarie Group	768	3
21	16	Genuity Capital Markets	702	4
38	17	KPMG	527	2
9	18	Scotia Capital	479	4
33	19	National Bank Financial	440	3
-	20	Cormark Securities	427	2

League Table of Financial Advisors to Canadian M&A: Volume				
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7	11	Rothschild	832	3
3	12	Macquarie Group	768	3
33	13	National Bank Financial	440	3
25	14	Peters & Co	412	3
-	15	Paradigm Capital	124	3
12	16	Haywood Securities	109	3
38	17	KPMG	527	2
-	18	Cormark Securities	427	2
31	19	Ernst & Young	369	2
16	20	Credit Suisse	363	2

Canada: League Tables of Legal Advisors

League Table of Legal Advisors to Canada M&A*: Value				
Q1 2009	Q1 2010	House	Value (US\$m)	Deal Count
	1	Osler, Hoskin & Harcourt	4,174	5
3	2	Torys	3,129	9
-	3	Weil Gotshal & Manges	3,074	4
33	4	Davies Ward Phillips & Vineberg	2,916	6
2	5	Blake, Cassels & Graydon	2,852	14
-	6	Willkie Farr & Gallagher	2,500	1
30	7	Dewey & LeBoeuf	1,956	4
14	8	McCarthy Tetrault	1,919	12
1	9	Shearman & Sterling	1,674	2
17	10	Cassels Brock & Blackwell	1,616	4
-	11	Simpson Thacher & Bartlett	1,440	1
16	12	Stikeman Elliott	1,331	18
82	13	Sullivan & Cromwell	1,267	2
-	14	Foley & Lardner	1,267	1
43	15	Ogilvy Renault	1,258	8
-	16	Fraser Milner Casgrain	1,094	4
28	17	Fasken Martineau	959	6
-	18=	Lenczner Slaght Royce Smith Griffin	892	1
38	18=	McMillan	892	1
20	20	Heenan Blaikie	563	3

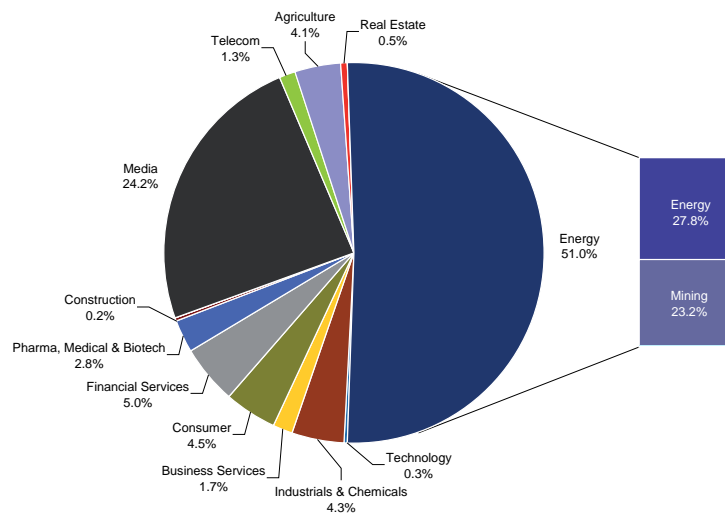
* Includes lapsed and withdrawn bids

League Table of Legal Advisors to Canada M&A*: Volume				
Q1 2009	Q1 2010	House	Value (US\$m)	Deal Count
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14	6	Davies Ward Phillips & Vineberg	2,916	6
12	7	Fasken Martineau	959	6
2	8	Osler, Hoskin & Harcourt	4,174	5
-	9	Jones Day	408	5
-	10	Weil Gotshal & Manges	3,074	4
37	11	Dewey & LeBoeuf	1,956	4
13	12	Cassels Brock & Blackwell	1,616	4
-	13	Fraser Milner Casgrain	1,094	4
22	14	Heenan Blaikie	563	3
5	15	Dorsey & Whitney	59	3
7	16	Shearman & Sterling	1,674	2
82	17	Sullivan & Cromwell	1,267	2
-	18	CMS	554	2
15	19	Baker & McKenzie	538	2
45	20	Mayer Brown	527	2

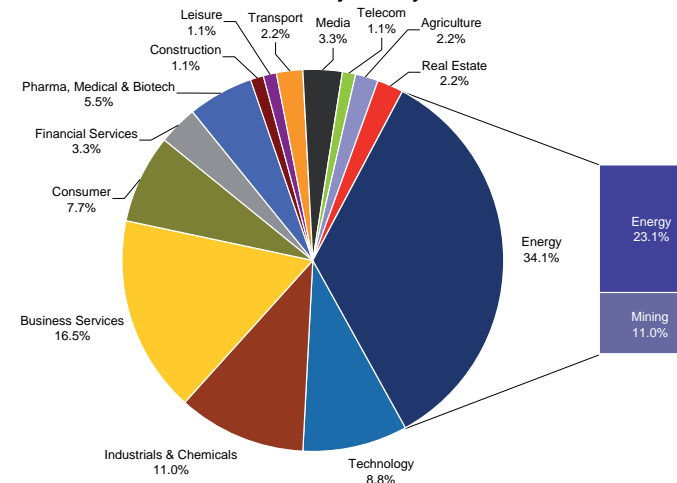
Canada: M&A Industry Breakdown



Mix of Canadian Deals by Industry Sector Q1 2010 - Value



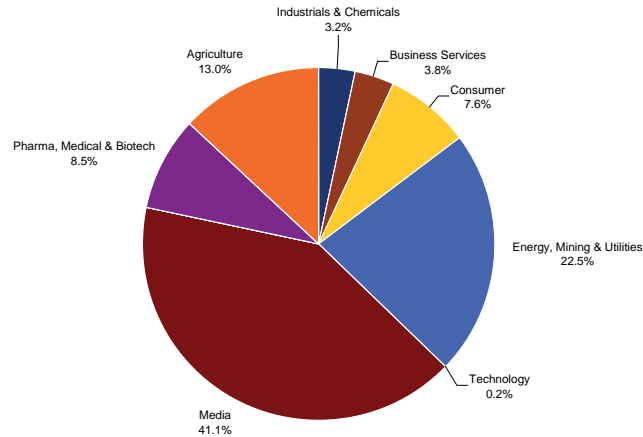
Mix of Canadian Deals by Industry Sector Q1 2010 - Volume



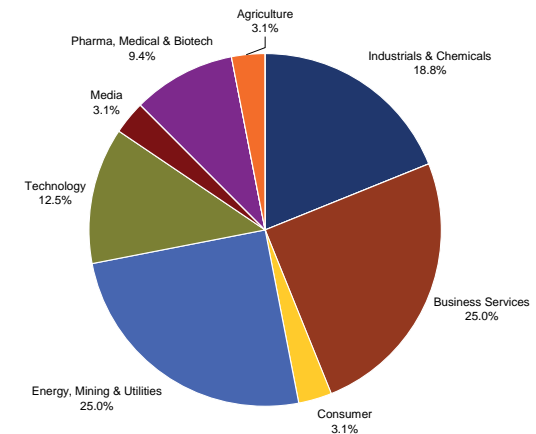
Canada: Inbound and Outbound M&A Industry Breakdown



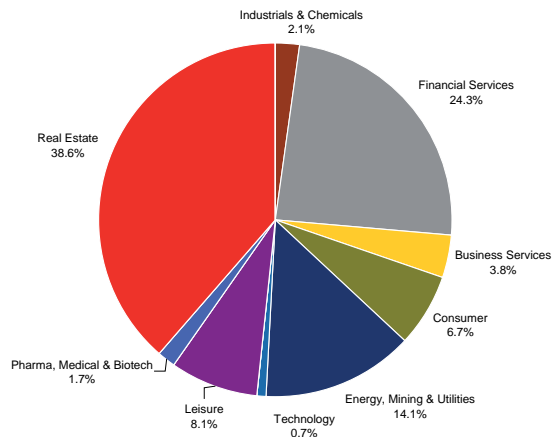
Mix of Canadian Inbound Deals by Industry Sector Q1 2010 - Value



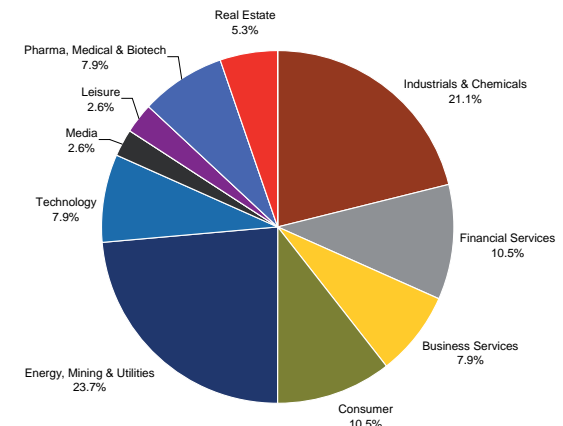
Mix of Canadian Inbound Deals by Industry Sector Q1 2010 - Volume



Mix of Canadian Outbound Deals by Industry Sector Q1 2010 - Value



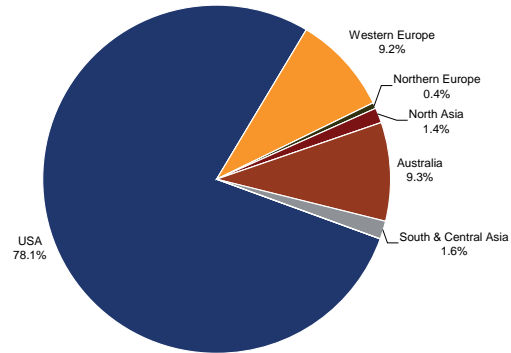
Mix of Canadian Outbound Deals by Industry Sector Q1 2010 - Volume



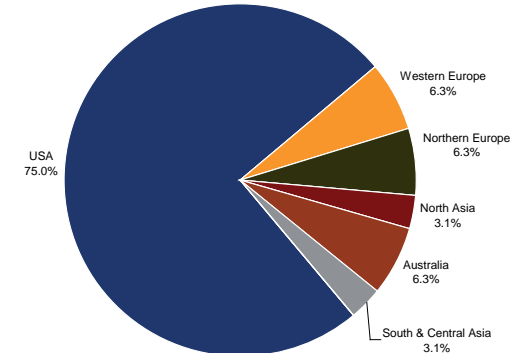
Canada: Inbound and Outbound M&A Geography Breakdown



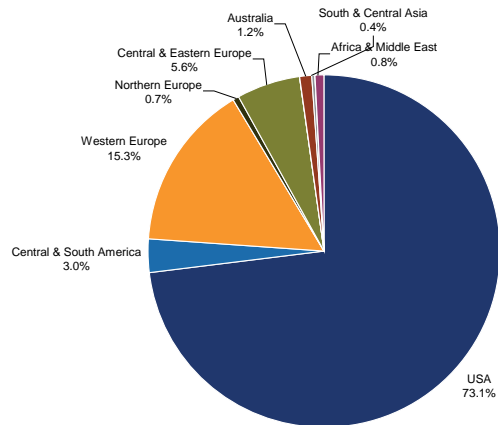
Mix of Canadian Inbound Deals by Target Geography Q1 2010 - Value



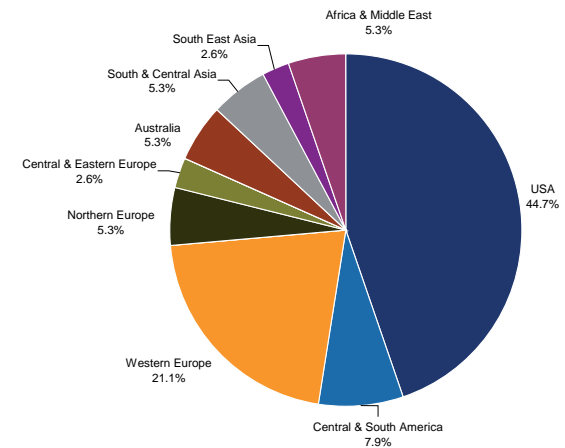
Mix of Canadian Inbound Deals by Target Geography Q1 2010 - Volume



Mix of Canadian Outbound Deals by Target Geography Q1 2010 - Value



Mix of Canadian Outbound Deals by Target Geography Q1 2010 - Volume



Criteria



All data is based on transactions over US\$5m announced between January 1, 2010 and March 31, 2010, unless stated otherwise. Deals with undisclosed deal values are included where the target's turnover exceeds US\$10m. Deals where the stake acquired is less than 30% will only be included if their value is greater than US\$100m. Activities excluded from the league tables include property transactions and restructurings where the ultimate shareholders' interests are not changed.

The league tables are based on the dominant geography of any of the target, bidder or seller. The activity table, trend graph and pie charts are based on the dominant geography of the target being Canada. All sector breakdowns are based on the dominant sector of the target only.

The trend graphs are based on transactions announced in the given time periods.

For this report, "inbound" refers to deals where the dominant geography of the target is Canada and the dominant geography of the bidder is outside Canada; "outbound" refers to deals where the dominant geography of the target is outside Canada and the dominant geography of the bidder is Canada.

Unless stated otherwise, all data excludes lapsed and withdrawn bids.

All data correct as of April 12, 2010.

Media Contact: Hannah Bagshawe
hannah.bagshawe@mergermarket.com
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Deal Submission: Richard Myers
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About mergermarket

mergermarket is a mergers & acquisitions (M&A) intelligence service.

mergermarket is part of The Mergermarket Group which has over 450 employees worldwide and regional head offices in New York, London and Hong Kong.

In any market, the life blood of advisers is deal flow. mergermarket is unique in the provision of origination intelligence to the investment banking, legal, private equity, acquisition finance, public relations (PR) and corporate markets.

With an unrivalled network of analysts covering M&A in the Americas, Europe, Middle-East, Africa and Asia-Pacific, mergermarket generates proprietary intelligence and delivers it together with daily aggregated content, on its mergermarket.com platform and by real-time email alerts to subscribers.

This wealth of intelligence, together with a series of deal databases, individual and house league tables, profiles and editorial have proven time and time again that this product can and does generate real revenues for clients. This is apparent when you see that mergermarket is used by over 1500 of the world's foremost advisory firms to assist in their origination process.

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www.mergermarket.com

80 Strand
London, WC2R 0RL
United Kingdom

11 West 19th Street
2nd Floor
New York
NY 10011, USA

Suite 2401-3
Grand Millennium Plaza
181 Queen's Road, Central
Hong Kong

t: +44 (0)20 7059 6100

t: +1 212-686-5606

t: +852 2158 9700