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Intersections
First-quarter 2011 transportation and logistics industry mergers and acquisitions analysis

Special report:
Gaining a competitive advantage by retaining top talent through a merger

pwc

Welcome to the first-quarter 2011 edition of *Intersections*, PwC's quarterly analysis of mergers and acquisitions (M&A) in the global transportation and logistics (T&L) industry. In addition to a detailed summary of M&A activity in the quarter, this edition features a special report on retaining top talent and maintaining organizational culture through a merger. With M&A activity increasing across the globe, executives are facing talent management challenges, including organizational design, integration planning, and the cultural blend between acquirer and target. A disciplined approach to people integration helps companies achieve desired synergies, build momentum, and instill confidence among their stakeholders.

Special report
Gaining a competitive advantage by retaining top talent through a merger

Companies engaged in merger and acquisition activity by necessity face numerous integration challenges. Among them are the complexities related to achieving synergies and cost reductions and accessing new markets to sustain growth. With so much at risk, talent issues are too often overlooked. And yet, the effective handling of cultural concerns, compensation issues, and retention of pivotal talent can be vital to the success of the newly combined organization.

Merger integration involves effectively managing multiple priorities. A staggering 70% of deals fail to deliver their intended benefits, often because cultural and people issues are mismanaged.[1] As a result, companies are becoming increasingly aware that M&A value creation, strategic growth, and sustainable business success can hinge on the human side of deal making and integration.

With about $84 billion worth of deals in 2010, as compared with $71.4 billion in 2009, the transportation and logistics industry is enjoying a healthy period of M&A activity and more deal activity is expected in 2011, with potential for a continuing focus on passenger, rather than freight, transportation deals[2] and an emphasis on expansion in Latin America and Asia.[3]

T&L companies have special relationships with their employees and customers. So missteps in this area can quickly lead to low employee morale and significant loss of revenue.

The implications of organizational change

Major change in the workplace can cause fear and uncertainty among employees. When organizational change programs fail, it is largely because employees feel excluded from the process and end up lacking the motivation, skills, and knowledge to adopt new systems and procedures.

These issues come to the forefront during integration. One company, responding to a survey of participants in the recent M&A and Human Capital Roundtable hosted by PwC, reported beginning its retention campaign by posing a key question to incoming employees: "Do you see a future for yourself at this company?"[4]

1 "When two become one," Hourglass, PwC, December 2010

2 "Intersections," PwC, 2010

3 "Growth reimagined: Transportation & Logistics industry summary," from "14th Annual Global CEO Survey," PwC, 2011

4 "Talking about the people side of M&A," PwC, 2010

Acquisitions for talent

Companies traditionally have pursued deals to achieve extensions of product and service offerings or expansion into new geographies. Now talent is becoming a chief reason for M&A activity. Acquisitions often are made specifically to expand the talent pool or gain new capabilities—securing an innovative technology and the talent behind it. With increased spending in highly technical areas, companies are often seeking professionals with very specific skill sets.

These employees are innovators, frequently critical to the building of products and services uniquely identified with the organization being acquired.

Keeping pivotal talent

The T&L industry has expanded in the major markets as well as in the BRIC countries—Brazil, Russia, India, and China—and is seeking additional growth in the booming emerging markets of Vietnam, Indonesia, South Africa, Turkey, and Argentina. Finding, keeping, and motivating employees who have the right skill sets has become a top corporate priority to sustain this growth; 43% of the 60 T&L CEOs in 31 countries responding to the PwC 14th Annual Global CEO Survey reported plans for revising their people policies to boost employee engagement and retention. "Nonfinancial" incentives figured heavily into their strategies.

Survey respondents cited identifying and retaining top talent is essential to successful integration efforts and a primary aspect of the due diligence process, according to PwC research. The acquiring company should define each employee's importance to the business relative to the transition and beyond. The company should make an assessment regarding which employees it needs for short-term transition and long-term value creation. When defining these needs, companies examine three levels of criticality:

- Strategically critical—Employees most essential to the ongoing operations of the newly combined organization—typically, top executives, key business unit leaders, and key individual contributors.
- Integration critical—Employees essential to the integration effort.
- Knowledge-transfer critical—Employees with specialized knowledge essential to the transfer of ongoing information and know-how.

Investing heavily in "pivotal talent" can be a source of major competitive advantage. Pivotal talent comprises the game-changing employees whose performance can make or break the bottom line. They are well positioned to add the greatest value and have the greatest impact on the future success of a company.

In their efforts to retain pivotal talent, companies are augmenting discussions about salary and incentives with information regarding the shape of the corporate culture. For example, should the new organization be one of learning and empowerment or process discipline?

Adding urgency to concerns regarding retention is an issue on the near horizon for railroads and trucking companies: the aging workforce. A high percentage of employees in these industries are nearing retirement, according to statistics from the American Trucking Association (ATA) and the Association of American Railroads (AAR). Trucking companies experienced a driver shortage of about 180,000 in 2010, with an expected shortage of about 500,000 in 2011, according to one analysis.[5] Nearly half of the workforce of the Canadian National Railway Co. plans to retire by 2015, according to the organization's CEO.[6]

Bridging cultural differences

Nearly half of the companies attending the M&A and Human Capital Roundtable reported that cultural alignment—bridging the potentially value-destroying cultural differences between acquirer and target—takes a full calendar year to achieve. The necessity for insight into cultural differences is even more crucial when the two organizations are based in different countries.

As a result, companies are focusing heavily on:

- Assessing the cultural compatibility between the target and the acquirer.
- Developing a culture integration roadmap in the first 30 days, or even before close if there is sufficient information about the two organizations' cultural compatibility.
- Holding the C-suite members accountable for sponsoring and leading culture change, while empowering functions and local teams to adapt and begin culture integration programs.

Launching an effective communications plan

A solid communications plan is paramount during integration. Continual communications about the acquisition's status and the multiple cultural and other issues that employees should face are integral to a satisfactory transition in which the company retains valuable talent and prevents productivity slowdowns. In such an uncertain environment, employees require communications that are regular and accurate, including clarity around leadership, to avoid misinformation.

Managing people and talent issues during and after mergers and acquisitions comes with its own set of challenges. Failure to properly meet these challenges can result in:

- Reduced employee morale
- Employee exodus
- Stakeholder risk
- Loss of valuable intellectual property
- Continuity concerns
- Ultimately, adversely impacted deal value

Companies that merge successfully strive to understand and empathize with the emotional and financial impact on employees facing major workplace changes. Often employees face revisions in their roles, relocations, and potential cultural conflicts. Acquirers can provide salary and other incentives robust enough to appeal to those professionals of greatest value to the organization—during the transition and going forward. Companies that successfully employ these strategies can increase their prospects for achieving mergers and acquisitions that bring the intended results, including a post-merger integration that proceeds smoothly from Day One.

5 "Improving economy squeezes truck driver supply," by A. Ananthalakshmi, *The Economist*, April 21, 2010

6 "Canadian National May Hire 10,000 Over Five Years as Rail Workers Retire," by Frederic Tomesco, *Bloomberg*, July 7, 2010

Perspective
Thoughts on deal activity in the first quarter of 2011

The number of deals announced in the first quarter of 2011 approximated the pace of last year, but total value was lower. This decline was mostly driven by the absence of mega deals (deals with a disclosed value of at least $1 billion) for the quarter compared with 14 such transactions announced during 2010.

This quarter seemed to be an anomaly in the recovering deal market of the last several quarters. Deal sizes were smaller and valuations declined. However, both of these trends seem likely to reverse with freight and passenger volumes continuing their improvement. We base this conclusion on our examination of value and valuation trends post-recession over the last several business cycles.

Even though there were no mega deals this quarter, it is interesting that several of the largest deals involved transportation infrastructure. Infrastructure investment was a theme of the previous quarter as well, and we expect interest in these assets to continue because of their predictable returns and the potential to use privatization to address fiscal pressures.

Shipping and logistics activity picked up, accounting for four of the top five deals this quarter. Logistics M&A should likely see a boost later this year with the planned TNT spinoff. In contrast, the passenger air mode may not be as active, particularly as it concerns Western carriers, because of the current focus by many large industry players on integrating recent acquisitions.

Asia was the most active region this quarter, which is likely related to the size and growth rates of its economies. We expect the importance of Asia as a driver of overall deal activity to continue, supported by the prevalence of emerging market nations that tend to have more fragmented transportation sectors.

The deal market this quarter can be described as smaller but still active. This is likely to change over the balance of 2011. Buoyed by accommodative capital markets, financial investors remain interested in the sector, and strategic investors have continued to improve their liquidity. Accordingly, we are optimistic that deal flow over the full year should be robust by historical standards.

Commentary

Quarterly T&L deal activity
Measured by number and value of deals worth $50 million or more

	2008			2009				2010				2011
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Number of deals	42	50	49	23	14	26	33	36	33	38	48	37
Total deal value ($ billions)	34.4	19.4	22.6	5.6	4.8	8.1	52.8	17.3	14.2	16.9	36.4	8.2
Average deal value ($ billions)	0.8	0.4	0.5	0.2	0.3	0.3	1.6	0.5	0.4	0.4	0.8	0.2

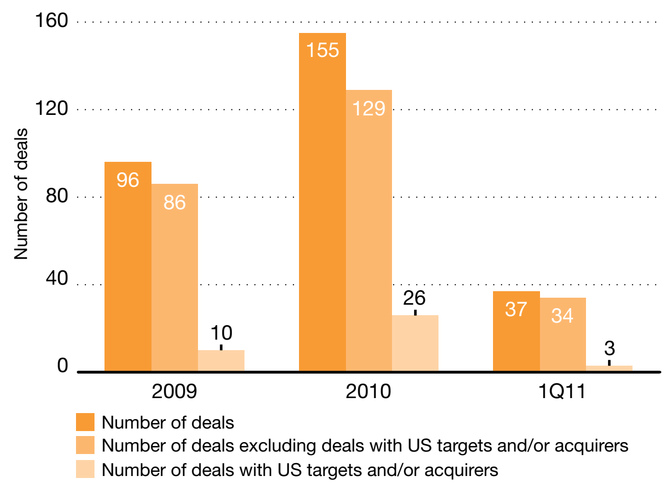
Smaller targets temper deal value bottom line for T&L companies

M&A activity in the transportation and logistics sector generally continued its recovery from the recession during the first quarter of 2011, with the number of deals announced approximating the pace of deals last year and exceeding the level of the year prior. However, the recovery in deal value took a step back this quarter as small and middle-market deals dominated. This change contributed to a decline in average deal value.

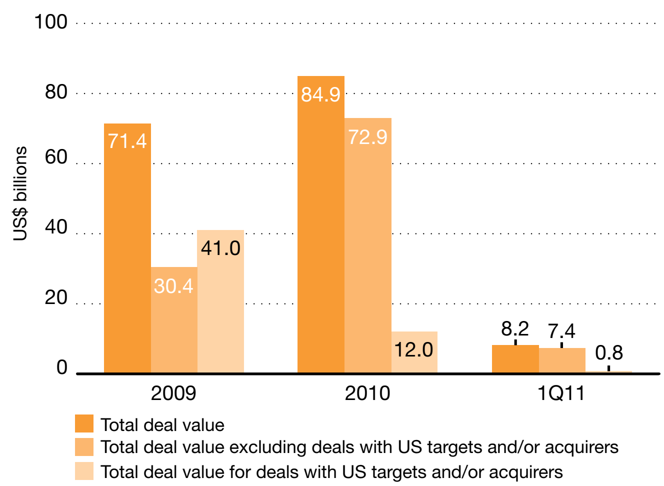
In short, we would characterize the transportation and logistics deal market as fairly active but with a focus on smaller transactions. An examination in the nearby chart of the sector deal volume and value relative to all global merger and acquisition activity supports this smaller yet still active interpretation.

Looking forward, a recovery in deal totals is expected to continue but note that 2010 was a very robust year for T&L deal activity, which should make year-over-year comparisons seem less robust. In addition, 2010 featured a large jump in the number of deals from the year before. The increase in 2010 value over the year prior is even more significant considering it represents a much broader base of deals than in 2009, when the Burlington Northern railroad acquisition accounted for more than half of deal value announced. So we expect a high level of deal activity this year but note that, at this time, it seems more likely that deal volume, rather than value, should match 2010 levels.

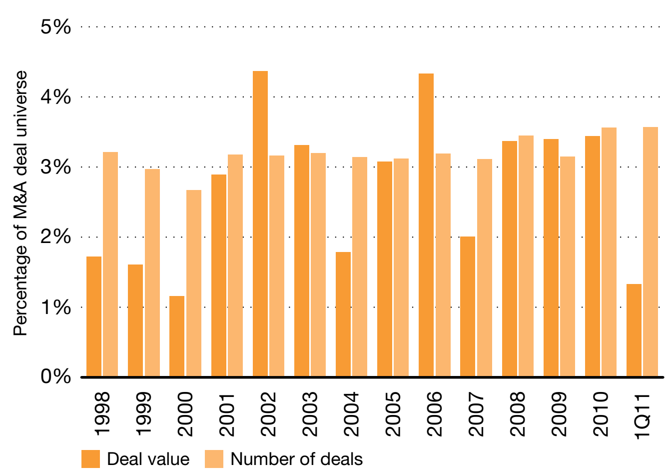
Deal activity by number of deals
Measured by number of deals worth $50 million or more



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



Transportation & logistics deal activity relative to all M&A deals
Measured by value and number of all deals

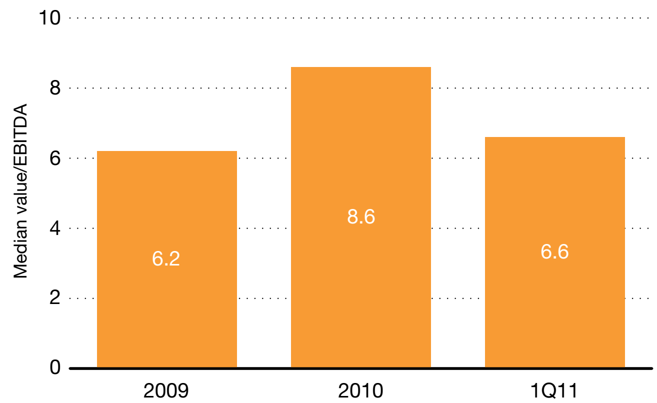


Deal valuations decline

Deal valuation, as measured by value/EBITDA, declined during the first quarter to near a 10-year low. This drop was somewhat surprising in light of the continued level of deal activity, and the low total does not seem likely to persist. As indicated in the nearby chart, multiples had a similar rise and then dip after the 2001 recession. They then increased through the economic expansion as they also did following the 1991 recession. Therefore, if the economic recovery continues, we would expect to see a rise in deal valuation going forward.

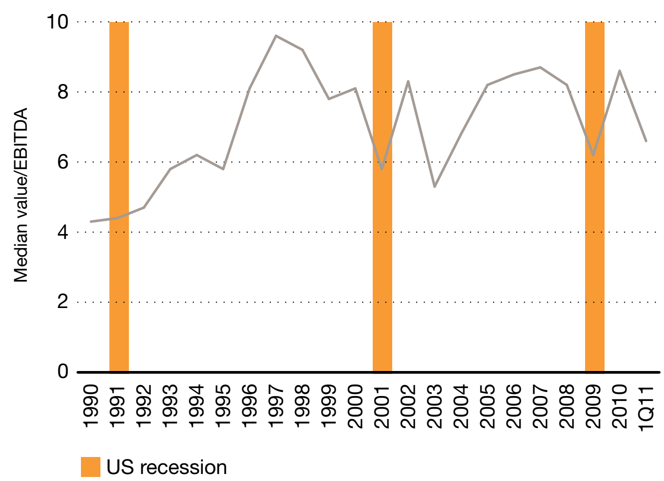
In addition, the low proportion of targets in restructuring or bankruptcy for the quarter signifies that distressed deals remain less common. Accordingly, valuation multiples are more likely to expand than contract over the rest of 2011.

Deal valuation by median value/EBITDA
Measured by value/EBITDA for deals worth $50 million or more

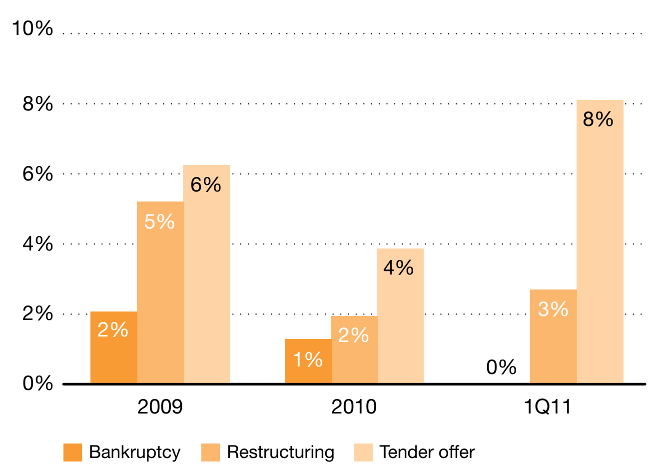


Deal value/EBITDA: 10-yr. median = 7.7x, 5-yr. median = 8.1x

Historical deal valuation by median value/EBITDA
Measured by value/EBITDA for deals worth $50 million or more



Acquisition techniques
Measured by percentage of deals worth $50 million or more

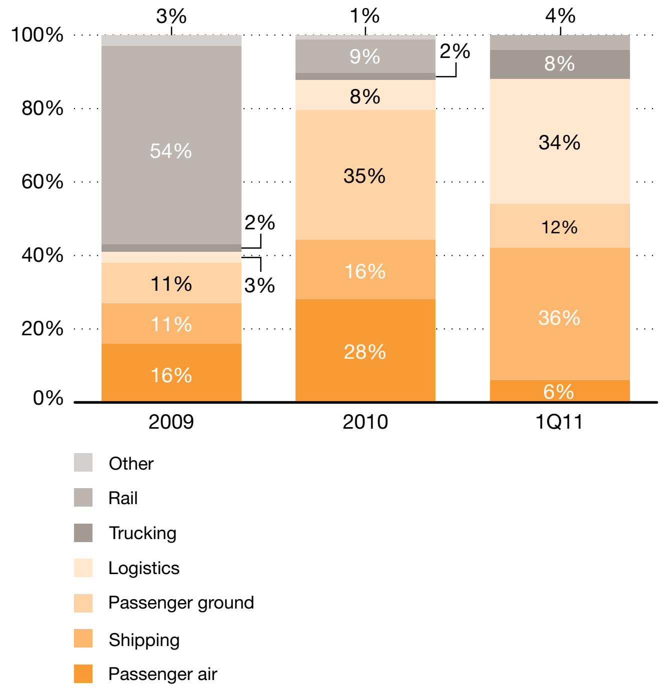


Shipping, logistics companies see greatest deal movement in T&L industry

Shipping and logistics targets have become more popular. In fact, four of the five largest deals announced this quarter fall into these modes. Looking forward, shipping could remain a popular mode for M&A because of lingering concerns about overcapacity as demand recovers. It is more difficult to say whether the shift toward logistics targets may also continue. However, the planned spinoff of TNT's express business and the potential interest in the spun-off unit as a takeover target could drive a focus on logistics targets in future quarters.

Passenger air M&A may take a breather for the next few quarters with a number of the largest global players, such as British Airways-Iberia, United-Continental, Southwest-AirTran, and LAN-TAM, focusing on integration. In addition, improved airline profitability could increase the regulatory hurdle for getting these deals in Western markets approved.

Deals by transportation & logistics mode
Measured by value of deals worth $50 million or more

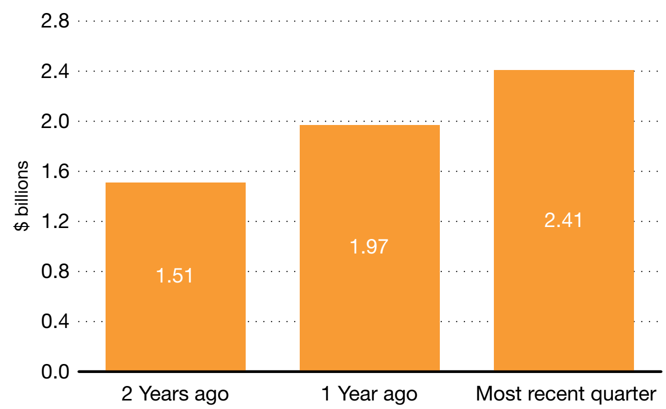


Note: Columns may not total 100 because of rounding.

T&L companies build cash

In previous reports we have noted that acquirers were able to use the recession to focus on internal initiatives, such as cost reduction, and are now better positioned to engage in M&A thanks to their strengthened balance sheets. This trend continued during the most recent quarter as top global transportation and logistics companies increased their cash positions significantly compared with the last several years.

Liquidity – Cash and equivalants
Measured by average of top 50 global T&L public competitors

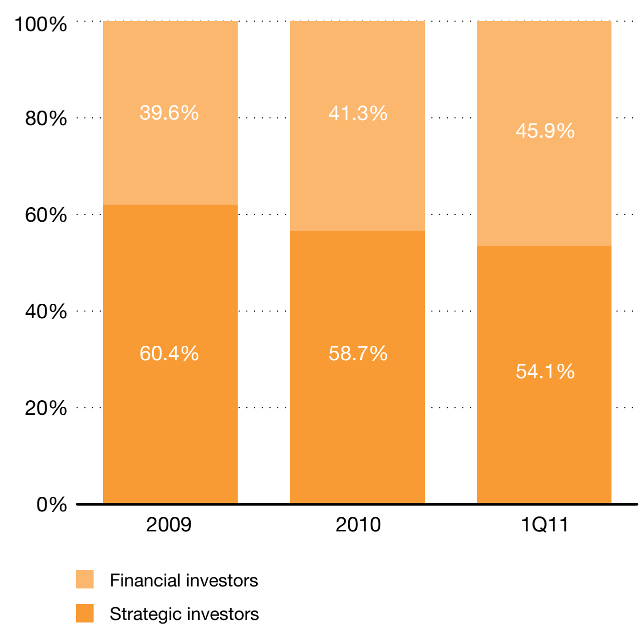


Source: Company reports

Financial investor activity grows

We have previously indicated that healthier capital markets would likely lead to an increase in financial investor participation, and this held true during the most recent quarter. In fact, the largest deal of the quarter, the Arcus Infrastructure Partners acquisition of Forth Ports, involved a financial investor.

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



Mega deals

Mega deals in 2010 (deals with a disclosed value of at least $1 billion)

Month announced	Target name	Target nation	Acquirer name	Acquirer nation	Status	Value of transaction in US$ billions	Category
Dec	Plus Expressways Bhd	Malaysia	Jelas Ulung Sdn Bhd	Malaysia	Pending	8.30	Passenger ground
Jan	Japan Airlines Corp	Japan	ETIC	Japan	Completed	8.17	Passenger air
Oct	Plus Expressways Bhd	Malaysia	Investor Group	Malaysia	Intended	7.46	Passenger ground
May	Continental Airlines Inc	United States	United Continental Holdings	United States	Completed	3.69	Passenger air
May	Transurban Group	Australia	Investor Group	Canada	Withdrawn	3.68	Passenger ground
Aug	TAM SA	Brazil	LAN Airlines SA	Chile	Pending	3.43	Passenger air
Nov	Eversholt Rail Group	United Kingdom	3i Infrastructure PLC	United Kingdom	Completed	3.42	Rail
Nov	HS1 Ltd	United Kingdom	Investor Group	Canada	Completed	3.40	Rail
Mar	Arriva PLC	United Kingdom	Deutsche Bahn AG	Germany	Completed	2.43	Passenger ground
Sep	OOO "Primorskiy torgovyi port"	Russian Fed	Kadina Ltd	Russian Fed	Completed	2.15	Shipping
Oct	La Poste SA	France	France	France	Pending	2.11	Logistics
Dec	DP World Australia Ltd	Australia	Citigroup Inc	United States	Completed	1.48	Shipping
Sep	Odebrecht Transport Participacoes SA	Brazil	Fundo de Garantia do Tempo de	Brazil	Completed	1.11	Passenger ground
Sep	AirTran Holdings Inc	United States	Southwest Airlines Co	United States	Completed	1.04	Passenger air

Top 5 1Q11 deals

Month announced	Target name	Target nation	Acquirer name	Acquirer nation	Status	Value of transaction in US$ billions	Category
Mar	Forth Ports PLC	United Kingdom	Arcus Infrastructure Partners	United Kingdom	Pending	0.93	Shipping
Mar	Vantec Corp	Japan	Hitachi Ltd	Japan	Pending	0.66	Logistics
Mar	Arcapita Bank BSC–Undisclosed Joint Ventures(2)	Belgium	Public Storage Inc	Belgium	Completed	0.59	Logistics
Mar	K-Sea Transportation Partners LP	United States	Kirby Corp	United States	Pending	0.57	Shipping
Mar	Gobierno del Distrito Federal–Periferico Sur Tollroad	Mexico	Investor Group	Mexico	Completed	0.52	Passenger ground

Infrastructure focus continues in largest transactions

No mega deals, defined as deals with a disclosed value above $1 billion, were announced during the quarter. This contrasts with the relative flurry of mega deals announced during the fourth quarter of 2010. However, several themes from the fourth quarter carried over into 2011 as they pertain to the largest deals of the quarter.

A major fourth-quarter mega-deal theme was the involvement of financial investors and interest in infrastructure deals. Notably, the largest deal in the first quarter of 2011, the $932 million acquisition of Forth Ports by Arcus Infrastructure Partners, had both of these characteristics. Forth Ports is the last publicly traded UK port operator, and the Arcus offer was accepted after several previous bids were rejected because of price. In addition, the fifth-largest deal announced this quarter, the $520 million concession to build and operate the Periferco Sur Toll Road in Mexico City, also involved an infrastructure target.

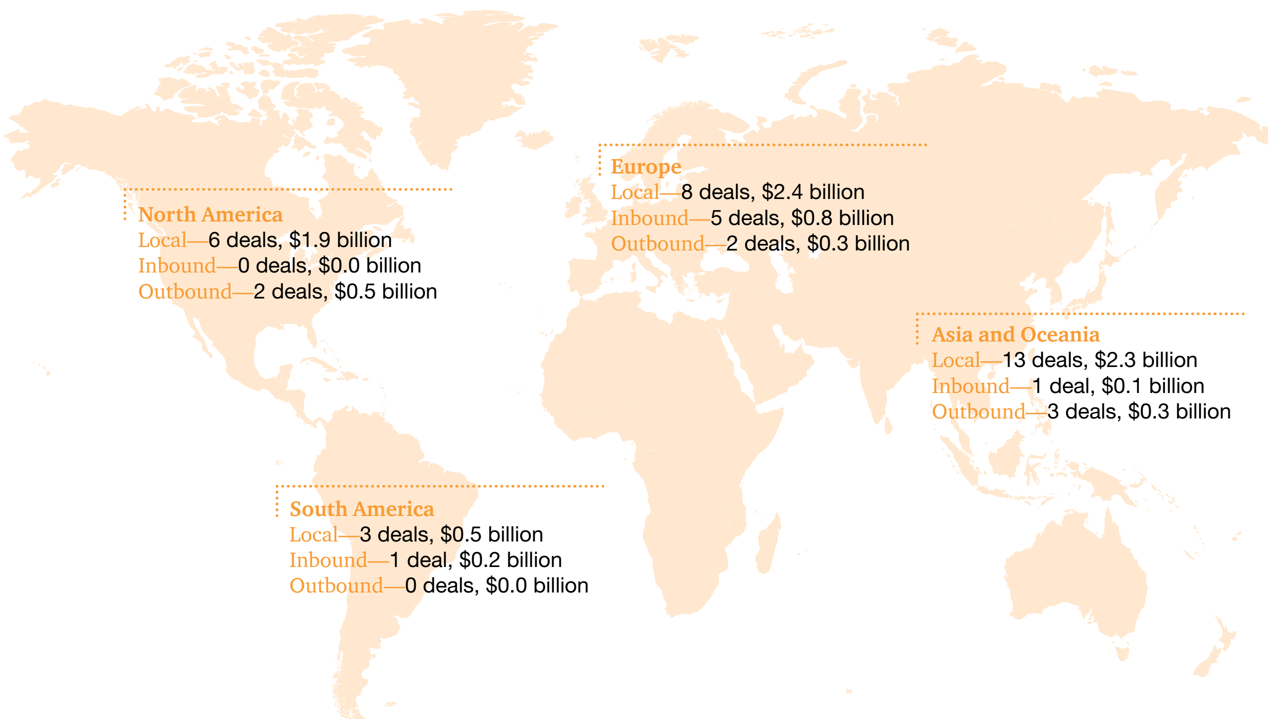
The characteristics of the rest of the top five deals this quarter were more varied. The second-largest deal announced during the first quarter was the $657 million acquisition of logistics service provider Vantec Corp. by Hitachi Transport. Hitachi Transport has been active as a consolidator of logistics companies with multiple acquisitions over the last year, and its acquisition of Vantec, which focuses on transporting auto parts and finished vehicles, would reportedly make Hitachi Transport the fifth-largest logistics firm in Japan, excluding Japan Post Service Co.

Rounding out the top five are the third-largest deal of the quarter, the $586 million divestiture of Arcapita Bank's controlling interest in two self-storage joint ventures to minority investor Public Storage Inc., and the fourth-largest deal of the quarter, the $573 million merger between Kirby Corp. and K-Sea Transportation Partners. The latter deal is noteworthy because Kirby has acted as a consolidator in the shipping industry and because it signals the potential for shipping M&A to drive future deal totals.

Mega-deal activity came to a halt during the first quarter, yet the outlook for deals of this size remains positive. While transportation infrastructure deals should likely contribute to mega-deal activity this year, key factors are in place that would also support mega-deal announcements outside this category.

Regional analysis

Global transportation and logistics M&A activity
Measured by number and value of deals worth $50 million or more (1Q11)



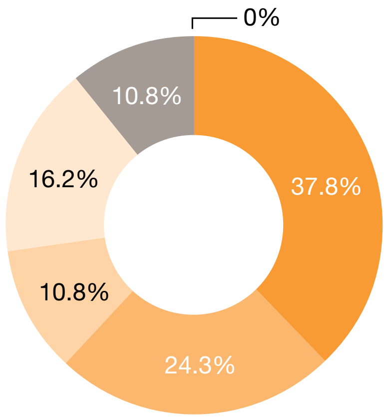
Companies turn to in-country consolidation; Asian acquirers most active

The regional distribution of transportation and logistics deal activity during the first quarter indicates that acquirers mainly were focused on consolidating local markets. In fact, these deals accounted for more than 81% of deal volume, a marked increase from the previous two years.

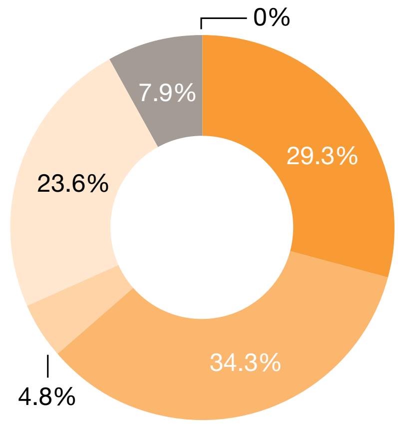
The Asia and Oceania and UK and Eurozone regions were the most active as measured by both value and number of deals. Looking forward, Asia and Oceania may lead regional deal totals by acquirer because of the aggregate size of economies there. In addition, local-market deals in this region could be driven by the preponderance of emerging markets, where transportation industries are likely to be relatively fragmented.

Inbound deals to Asia could increase because of interest in the faster-growing economies in this region, and North America could see more inbound attention because of continued weakness in the US dollar.

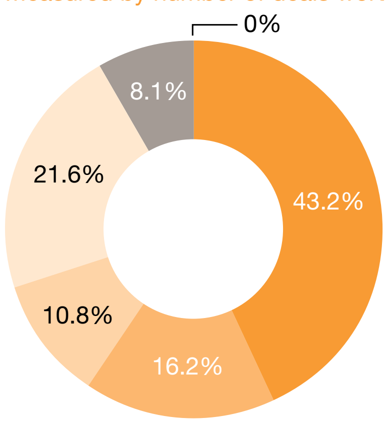
Regional distribution of deals by target region
Measured by number of deals worth $50 million or more (1Q11)



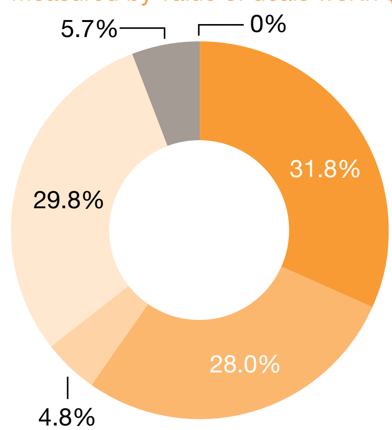
Regional distribution of deals by target region
Measured by value of deals worth $50 million or more (1Q11)



Regional distribution of deals by acquirer region
Measured by number of deals worth $50 million or more (1Q11)



Regional distribution of deals by acquirer region
Measured by value of deals worth $50 million or more (1Q11)



Asia & Oceania | UK & Eurozone | Europe ex-UK & Eurozone | North America | South America | Africa/Undisclosed

PwC spotlight

With M&A activity steadily increasing across the globe, many companies are facing complex talent-management challenges. A number of people issues need to be addressed, including organizational design, integration planning, and the cultural fit between the acquirer and the target.

M&A transactions often fail to achieve their desired results for a variety of reasons. Companies can greatly enhance the success of their deals by properly understanding, addressing, and resolving important concerns related to these issues during the due diligence stage.

How PwC can help

PwC's People and Change (P&C) practice supports clients by using interviews and surveys to conduct cultural assessments to help identify critical issues during merger integration.

PwC helps companies:

- Use a culture tool that assesses the operational norms of the organizations coming together and identifies how the norms might affect the integration. The goal is to map the differences between the operating styles, cultural drivers, and HR policies and practices of the companies to give the acquirer a clear picture of the size of the gulf between the organizations and decrease any cultural roadblocks to integration progress.
- Hold workshops with each organization's senior teams and agree on an integration culture, a process that helps the teams learn to respect each other's differences and to start to speak the same language.
- Build an elite integration team, relocating star performers from their usual roles to work with leadership and an effective integration management office—companies can no longer afford to choose members of their integration teams based solely on availability.
- Execute a strong, clear communications strategy by providing the right communications at the right time, and accounting for different levels of employee understanding of the changes. Steady communication is vital, even when there is no major news to announce, as a critical element in combating the distractions and anxiety that result from an integration effort.
- Determine whether there are likely to be any significant employee-related costs.

Organizations considering a merger or acquisition should devote appropriate time and resources to merging the companies' cultures, HR policies and processes, and organizational reporting relationships. PwC's disciplined approach to delivering people integration helps companies achieve early wins, build momentum, and instill confidence among stakeholders. PwC takes a proactive approach to helping clients focus on the right things at the right times, thereby enhancing the value of the deal.

PwC's integration processes support client integration teams and supplement them with experienced professionals who fill resource and technical gaps as needed.

T&L company case study
Integrating cultures through a shared work style

T&L company expands its global footprint

Issue

When a US-based T&L company extended its reach beyond the border, it needed to learn more than a new language or two. Suddenly, by acquiring a Europe-based company, the operator became a global logistics provider with several billion dollars in annual revenue and thousands of employees operating in 30 countries. It needed to transform itself from a domestic company to a global one—quickly—and integrate multiple organizational cultures and ways of thinking.

Action

PwC worked with the client to develop a 100-day communications plan to inform employees, customers, and shareholders about the business combination, telling them about the work ahead.

We also conducted a thorough cultural assessment to determine how people conducted their work in different business units and geographic areas of the companies, looking at the implications for behaviors, processes, and systems. During this assessment, we helped senior leadership engage employees in conversations about integration, finding a common way of working and developing metrics that would help the business measure performance and productivity around the globe.

We helped the client develop a framework for goals, objectives, and behaviors to guide both corporate actions and individuals. We also worked with the client to issue daily communications and updates, using new and traditional media.

Impact

With PwC's help, the client quickly transformed itself into a global organization that embraces many cultures, yet focuses on shared business objectives and understands the importance of collaboration and a common work style. Employees felt a greater sense of ownership because they were engaged in discussions with leadership as changes were made.

PwC experience

Deep transportation and logistics experience

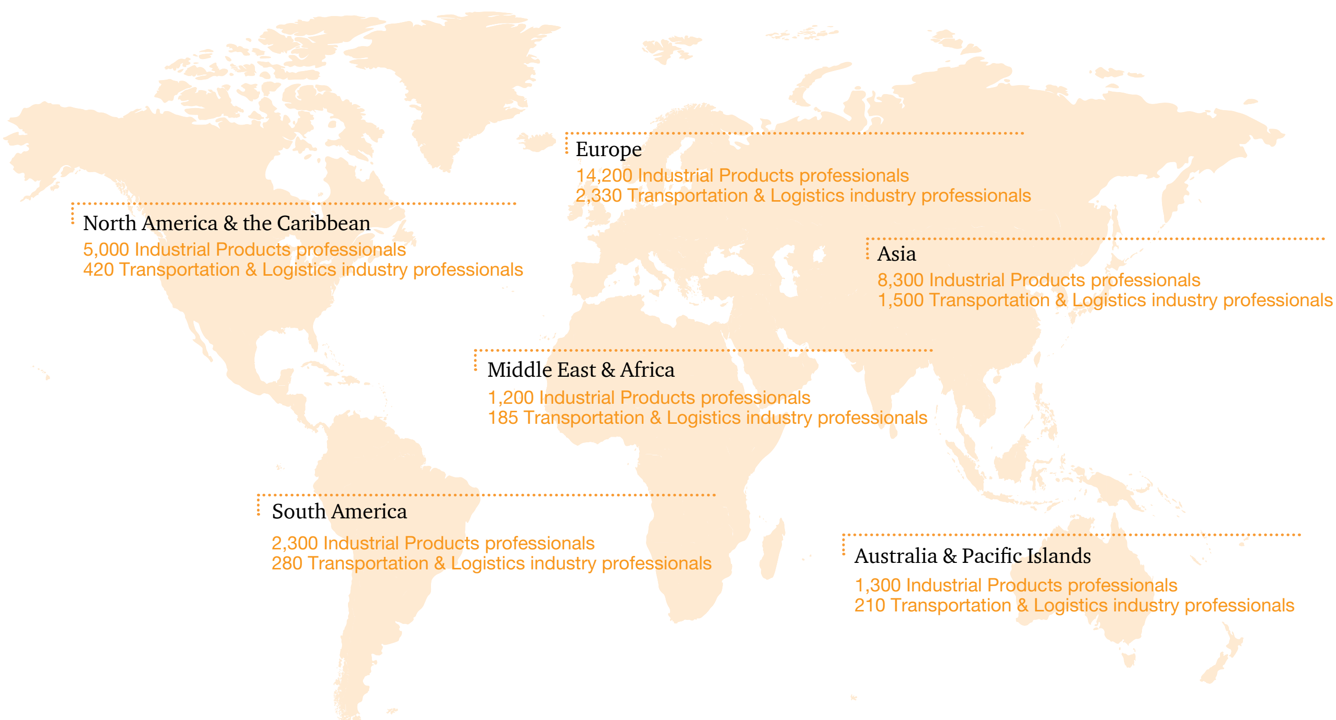
PwC provides advisory, assurance, or tax services for more than 93% of the transportation and logistics companies listed on the Fortune 500. Our Transportation & Logistics practice is composed of a global network of approximately 4,900 industry professionals who service nearly 300 public and private companies around the world. Central to the successful delivery of our services is an in-depth understanding of today's industry issues and our commitment to delivering economic value through specialized resources and international leading practices. Our highly skilled team encourages dialogue regarding complex business issues through active participation in industry conferences and associations, such as the Air Transport Association, American Trucking Association, American Railroad Association, and European Logistics Association.

Quality M&A deal professionals

PwC's Transaction Services practice consists of more than 6,500 dedicated deal professionals worldwide. The depth of their industry and functional experience enables them to advise clients regarding factors that could affect a transaction across the deal continuum. From initial due diligence and evaluation to preparation for Day One and post-close merger integration, our teams are committed to capturing value throughout the deal process and achieving our clients' objectives. These functional areas include, but are not limited to, sales and marketing, financial accounting, tax, human resources, information technology, risk management, and supply chain. Teamed with our Transportation & Logistics industry practice, our deal professionals can bring a unique perspective to your transaction, addressing it from a technical and industry point of view.

Local coverage, global connection

In addition to global transportation and logistics resources, our team is part of a large Industrial Products group that consists of more than 32,000 professionals, including approximately 17,000 providing assurance services, 8,300 providing tax services, and 7,000 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.



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Methodology

Intersections is an analysis of mergers and acquisitions in the global transportation and logistics industry. Information was sourced from Thomson Reuters and includes deals for which targets have primary NAICS codes that fall into one of the following NAICS industry groups, NAICS industries, or national industries: scheduled air transportation; nonscheduled air transportation; rail transportation; deep-sea, coastal, and Great Lakes water transportation; inland water transportation; general freight trucking; specialized freight trucking; urban transit systems; interurban and rural bus transportation; taxi and limousine service; school and employee bus transportation; charter bus industry; other transit and ground passenger transportation; support activities for air transportation; support activities for rail transportation; support activities for water transportation; other support activities for road transportation; freight transportation arrangement; other support activities for transportation; postal service; local messengers and local delivery; general warehousing and storage; refrigerated warehousing and storage; other warehousing and storage; and process, physical distribution, and logistics consulting.

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, 2007, and March 31, 2011, with a deal status of completed, intended, partially completed, pending, pending regulatory approval, unconditional (i.e. initial conditions set forth by the acquirer have been met but deal has not been completed), withdrawn, seeking buyer, or seeking buyer withdrawn. The term *deal*, when referenced herein, refers to transactions with a disclosed value of at least $50 million unless otherwise noted.

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 North America and Latin and Caribbean UN groups), the Asia and Oceania region (includes Asia and Oceania UN groups), and Europe (divided into United Kingdom plus Eurozone and Europe ex-UK and Eurozone regions). The Eurozone includes Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain. Oceania includes Australia, New Zealand, Melanesia, Micronesia, and Polynesia. Overseas territories were included in the region of the parent country. China, when referenced separately, includes Hong Kong. International Monetary Fund classifications were used to categorize economies as advanced or developing and emerging.

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