

mergermarket Canadian M&A Round-up for H1 2008

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Table of Contents:

Canadian League Tables and Data	2-4
Canadian M&A Breakdown	5
Top 10 Announced Deals	6
Criteria	7
About mergermarket	8

Canadian deal flow took a sharp dive in the first half of 2008. There have been no blockbuster buys, and deal volume is down 24.7% from the same period last year. Even in this time of decreased activity, the energy, mining and industrials sectors continue to dominate, taking up 74.1% of value and 9.3% of volume in announced deals.

Despite a slow start, transactions in the second quarter totaled \$32.2 billion, up from \$13.5 billion in the first quarter, but they were still approximately 67% down as compared to the same period last year. Six of the top ten deals were in energy and mining, showing that Canadian M&A is still driven by the resource sector. Mid-tier players, particularly those with market capitalizations under \$1 billion, are looking at combinations as a way to spur growth, a trend likely to continue into 2009.

More manufacturing and industrial deals are expected, as tighter market conditions push entities into early exit situations. The expectation in financial services is that more Canadian banks, as a result of poor credit conditions in the US, will look south for acquisitions. Both RBC and BMO have been rumored to be considering such plays, for instance.

Merrill Lynch jumped from 14th place in 2007 to top the Canadian financial advisor charts in deal value, while CIBC World Markets held on to first place for the second year in a row, in terms of deal volume. Last year's value leader and volume runner-up, RBC Capital Markets, dropped to third place in both respective categories.

So far this year, McCarthy Tetrault is leading the league tables in terms of value, up from last year's 7th place showing; McCarthy advised on EnCana's \$21 billion spinoff of its oil sands business. Bennett Jones is also having a stellar first half in second position, up from last year's 28th place in deal value. Blake, Cassels & Graydon has held onto its position atop the deal volume chart from last year, although McCarthy Tetrault is trailing by one deal.

Canadian League Tables of Financial Advisers

League Table of Financial Advisers to Canadian M&A: Value

Y/E 07	H1 08	Company Name	Value (\$m)	No of Deals
14	1	Merrill Lynch	27,531	6
15	2	Scotia Capital	26,048	13
1	3	RBC Capital Markets	25,544	13
2	4	CIBC World Markets	24,548	20
27	5	Lehman Brothers	21,545	1
6	6	Deutsche Bank	7,438	4
20	7	GMP Securities	3,758	11
23	8	Handelsbanken Capital Markets	3,500	1
9	9	Morgan Stanley	3,350	4
28	10	ABN AMRO	2,519	2
11	11	Credit Suisse	2,324	2
4	12	Goldman Sachs	2,310	1
10	13	BMO Capital Markets	2,164	7
8	14	UBS	2,153	4
30	15	FirstEnergy Capital	2,099	6
24	16	National Bank Financial	2,023	6
32	17	Macquarie Group	1,997	8
21	18	Canaccord Adams	1,927	5
5	19	TD Securities	1,677	8
33	20	Paradigm Capital	1,673	4

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10	8	Merrill Lynch	27,531	6
17	9	FirstEnergy Capital	2,099	6
15	10	National Bank Financial	2,023	6
13	11	Canaccord Adams	1,927	5
23	12	Peters & Co	702	5
49	13	Jefferies & Company	412	5
11	14	KPMG Corp Fin	117	5
30	15	Deutsche Bank	7,438	4
18	16	Morgan Stanley	3,350	4
6	17	UBS	2,153	4
47	18	Paradigm Capital	1,673	4
19	19	Tristone Capital	742	4
34	20	Raymond James & Associates	662	4

Canadian League Tables of Legal Advisers*

League Table of Legal Advisers to Canadian M&A: Value

Y/E 07	H1 08	Company Name	Value (\$m)	No of Deals
7	1	McCarthy Tetrault	28,241	34
28	2	Bennett Jones	26,256	9
49	3	Dewey & LeBoeuf	24,300	4
30	4	Paul Weiss Rifkind Wharton & Garrison	21,745	2
69	5	Felesky Flynn	21,545	1
4	6	Blake, Cassels Graydon	9,382	35
15	7	Linklaters	8,879	4
10	8	Osler Hoskin & Harcourt	6,336	19
1	9	Stikeman Elliott	4,361	27
51	10	White & Case	3,506	3
31	11	Borden Ladner Gervais	3,253	12
44	12	Simpson Thacher & Bartlett	3,024	2
16	13	Skadden Arps Slate Meagher & Flom	2,978	3
18	14	Hogan & Hartson	2,875	2
60	15	Mayer Brown	2,861	2
-	16	Hiscock & Barclay	2,800	1
13	17	Ogilvy Renault	2,619	12
20	18	Mallesons Stephen Jaques	2,547	2
70	19	Gibson Dunn & Crutcher	2,512	3
109	20	DLA Piper	2,498	4

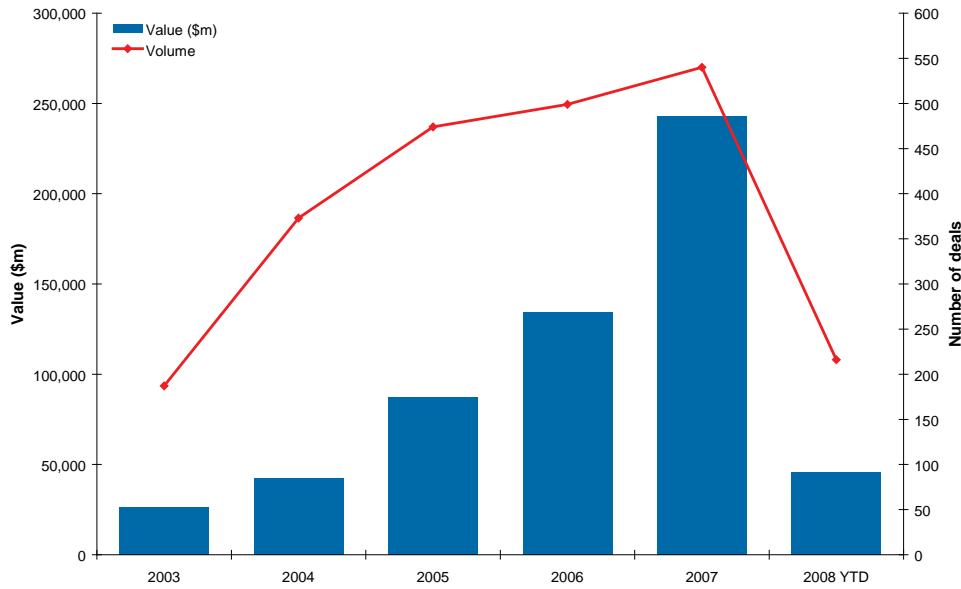
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3	4	Osler Hoskin & Harcourt	6,336	19
5	5	Fasken Martineau	1,738	19
7	6	Torys	1,687	14
11	7	Davies Ward Phillips & Vineberg	1,588	13
10	8	Borden Ladner Gervais	3,253	12
12	9	Ogilvy Renault	2,619	12
20	10	Burnet Duckworth & Palmer	1,906	12
8	11	Bennett Jones	26,256	9
6	12	Goodmans	856	8
16	13	Lang Michener	743	8
9	14	Dorsey & Whitney	1,371	7
13	15	Fraser Milner Casgrain	1,714	6
19	16	Macleod Dixon	1,519	6
17	17	Cassels Brock & Blackwell	2,220	5
23	18	Weil Gotshal & Manges	669	5
25	19	Baker & McKenzie	272	5
28	20	Dewey & LeBoeuf	24,300	4

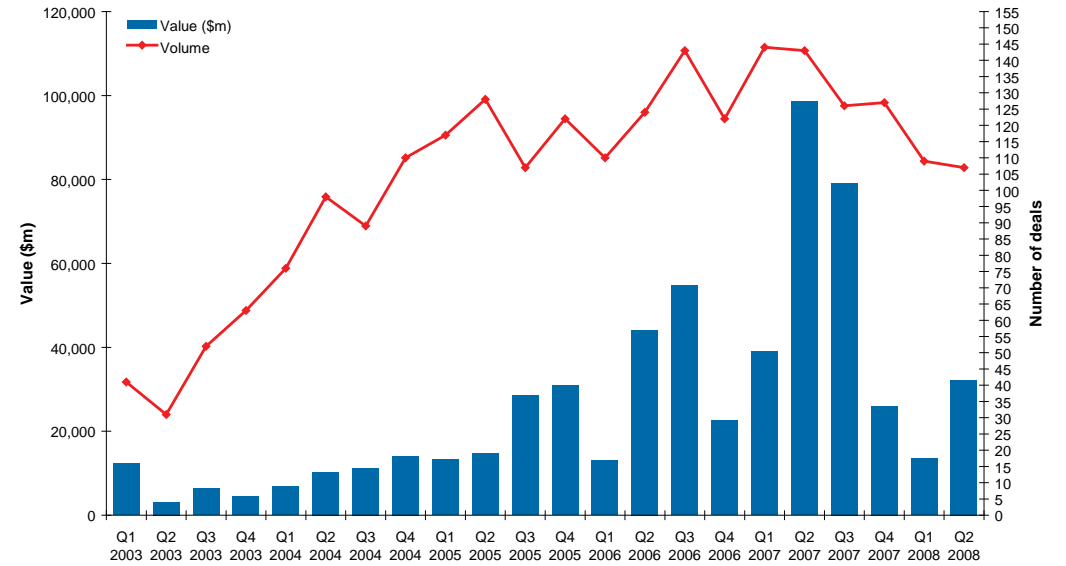
*Includes lapsed and withdrawn bids

Canadian M&A Trend Data

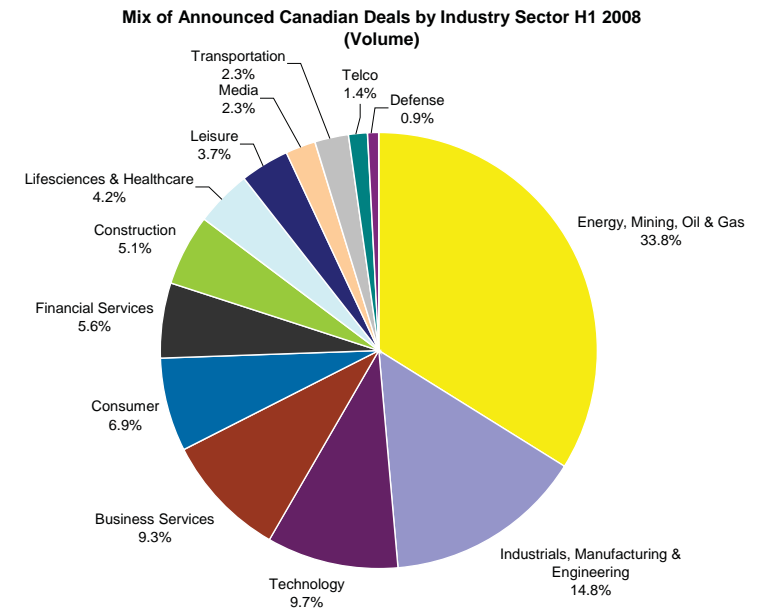
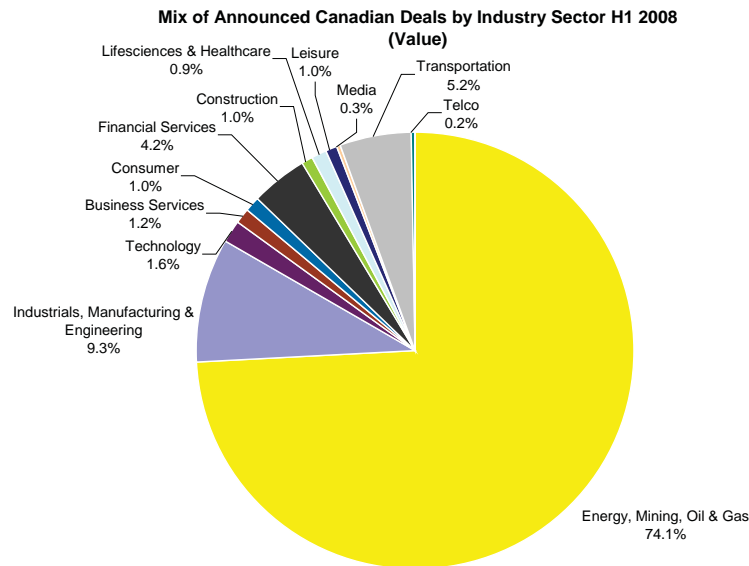
Canadian M&A trend (Annual)



Canadian M&A trend (Quarterly)



Breakdown of Announced Canadian Deals by Industry



Top 10 Announced Canadian Deals H1 2008

Announced Date	Bidder Company	Bidder Financial Adviser	Bidder Legal Adviser	Target Company	Target/Seller Financial Adviser	Target/Seller Legal Adviser	Seller Company	Deal Value (\$m)
11-May-08	EnCana Corporation (Shareholders)	CIBC World Markets; Lehman Brothers; Scotia Capital	McCarthy Tetrault	EnCana Corporation (Integrated Oil and Canadian Plains divisions)	<i>Advising seller:</i> Merrill Lynch; RBC Capital Markets	<i>Advising seller:</i> Bennett Jones; Dewey & LeBoeuf; Felesky Flynn; Paul Weiss Rifkind Wharton & Garrison	EnCana Corporation	21,545
14-Mar-08	Evrax Group SA; and Trubnaya Metallurgiczeskaya Kompaniya	ABN AMRO; Credit Suisse; Goldman Sachs; UBS	Blake, Cassels & Graydon; Cleary Gottlieb Steen & Hamilton; Gibson Dunn & Crutcher; Linklaters (Advising ABN AMRO); McCarthy Tetrault	SSAB (North American tubular operations)	<i>Advising seller:</i> Deutsche Bank; Handelsbanken Capital Markets	<i>Advising seller:</i> Bennett Jones; White & Case	SSAB	3,500
22-Feb-08	First Reserve Corporation	Deutsche Bank; Morgan Stanley	Blake, Cassels & Graydon; Linklaters; Mallesons Stephen Jaques; Simpson Thacher & Bartlett; Slaughter and May	CHC Helicopter Corporation	Merrill Lynch; Scotia Capital	Bowman Gilfillan; DLA Piper; Ogilvy Renault; O'Melveny & Myers; Osler Hoskin & Harcourt		2,370
21-Feb-08	Royal Bank of Canada	RBC Capital Markets	Osler Hoskin & Harcourt; Sullivan & Cromwell	Phillips, Hager & North Investment Management Ltd	Internal	Borden Ladner Gervais		1,364
8-Jan-08	Alliant Techsystems Inc	Goldman Sachs	Gibson Dunn & Crutcher; Stikeman Elliott	MacDonald, Dettwiler & Associates (Information Systems and Geospatial Information Services units)	BMO Capital Markets; <i>Advising seller:</i> Banc of America Securities	Blake, Cassels & Graydon (Advising BMO Capital Markets); <i>Advising seller:</i> Dewey & LeBoeuf (Advising Banc of America Securities); Farris, Vaughan, Wills & Murphy	MacDonald, Dettwiler and Associates Limited	1,322
25-Mar-08	Sherritt International Corporation	National Bank Financial	Torys	Royal Utilities Income Fund (58.80% stake)	RBC Capital Markets; <i>Advising seller:</i> GMP Securities; National Bank Financial	Osler Hoskin & Harcourt; Stikeman Elliott	Ontario Teachers Pension Plan	867
12-May-08	New Gold Inc	GMP Securities; Macquarie Group	Fraser Milner Casgrain	Metallica Resources Inc	Canaccord Adams; Paradigm Capital	Cassels Brock & Blackwell; Stikeman Elliott		732
5-May-08	First Reserve Corporation; and Schlumberger Limited	CIBC World Markets; RBC Capital Markets	Davies Ward Phillips & Vineberg; Osler Hoskin & Harcourt; Simpson Thacher & Bartlett	Saxon Energy Services Inc	Thomas Weisel Partners Group	Blake, Cassels & Graydon		654
26-Mar-08	Crescent Point Energy Trust; GS Capital Partners; Kelso & Company; Riverstone Holdings LLC; and Trafelet & Company LLC			Shelter Bay Energy (undisclosed stake)	BMO Capital Markets; FirstEnergy Capital; GMP Securities; Scotia Capital			609
12-May-08	New Gold Inc	GMP Securities; Macquarie Group	Fraser Milner Casgrain	Peak Gold Ltd	Paradigm Capital	Cassels Brock & Blackwell; Dorsey & Whitney; Freehills		588

Criteria

- The Canadian H1 2008 house league tables are based on announced Canadian transactions (where the dominant target, bidder or seller company is based in Canada) over USD 5m in the period from **1 January 2008 to 30 June 2008**. Deals with undisclosed deal values are included where the target's turnover exceeds USD 10m. Activities excluded from the league tables include property transactions and restructurings where the ultimate shareholders' interests are not changed.
- The trend graphs and pie charts are based on the dominant geography of the target being Canada and include announced transactions over USD 5m in the given time period. Deals with undisclosed deal values are included where the target's turnover exceeds USD 10m. Activities excluded from the graphs and charts include property transactions and restructurings where the ultimate shareholders' interests are not changed.
- The top deals tables are based on announced Canadian transactions (where the target is based in Canada) between **1 January 2008 and 30 June 2008**.
- Unless stated otherwise, all data excludes lapsed and withdrawn bids.
- All data correct as of July 14, 2008.

About mergermarket

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