

M&A Quarterly Report – Q1/06

Overview

The Canadian M&A market maintained its torrid pace in the first quarter of 2006, picking up where it left off in 2005, led by strong activity in the mid-market (transactions between \$1 million and \$500 million). Based on the data compiled from the *Financial Post Crosbie: Mergers & Acquisitions in Canada* database, the total number of transactions announced during the first quarter of 2006 was 424, the most active start in over ten years, compared to 264 in the same period last year and 463 in the record fourth quarter of 2005. The total value of the announced transactions was \$25B compared to \$26B in the first quarter of 2005 and \$61.9B in the previous quarter. Mid-

market activity during the first quarter saw 327 transactions totalling \$12.5B, 50% of transaction value, significantly higher than the 201 transactions valued \$8.7B, 34% of transaction value, in the same period last year.

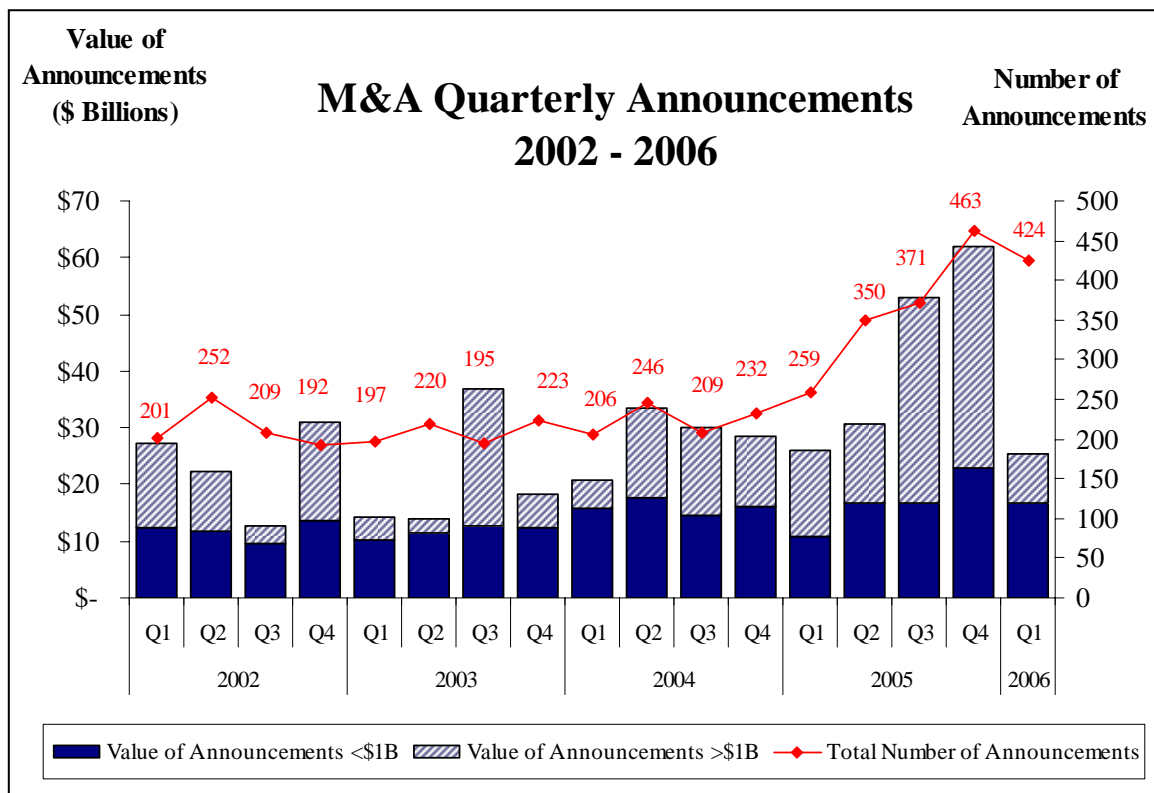
Mega-Deals

The strength in the mid-market was partially offset by a decline in mega-deals (transactions greater than \$1B), with only four mega-deals valued at \$8.6B in the first quarter of 2006 versus six mega-deals valued at \$15.0B during the same period last year and ten mega-deals worth \$44.1B in the prior quarter. All four mega-deals during the quarter had an

international component to them, with three of the deals involving the acquisition of Canadian companies by foreign firms.

Industry Activity

The resource sectors accounted for 38% of the transactions and 42% of the dollar volume in the first quarter of 2006 compared with 23% of the transactions and 31% of the dollar volume in the same period last year. **Oil & Gas** was the most active sector by transaction value with 85 transactions valued at \$5.8B, lead by the **Carlyle/Riverstone Global Energy and Power Fund's** acquisition of five **EnCana Corporation** gas storage facilities for \$1.7B. **Metals & Minerals**



Largest Transactions Announced During Q1 2006

VALUE (*ESTIMATE)	NAME	ROLE	ANNOUNCED
US\$ 3,900,000,000	Fairmont Hotels & Resorts Inc. Colony Capital, LLC Kingdom Hotels International	Target Acquiror Acquiror	30-Jan-06
US\$ 1,500,000,000	Natural gas storage facilities Carlyle/Riverstone Global Energy and Power Fund EnCanada Corporation	Target Acquiror Vendor	6-Mar-06
US\$ 1,080,000,000	FirstCaribbean International Bank Limited Canadian Imperial Bank of Commerce Barclays Bank PLC	Target Acquiror Vendor	13-Mar-06
\$ 1,200,000,000	Western Silver Corporation Glamis Gold Ltd.	Target Acquiror	24-Feb-06
\$ 935,500,000	Producers Oilfield Services Inc. Mullen Group Income Fund	Target Acquiror	14-Feb-06
US\$ 785,000,000	American Medical Instruments Holdings, Inc. Angiotech Pharmaceuticals, Inc.	Target Acquiror	1-Feb-06
\$ 823,480,000	The Town and Country Trust Sawyer Realty Holdings LLC Morgan Stanley Real Estate Onex Corporation	Target Acquiror Acquiror Acquiror	31-Mar-06
\$ 760,000,000	ZENON Environmental Inc. General Electric Company	Target Acquiror	14-Mar-06
US\$ 500,000,000	Desert Sun Mining Corp. Yamana Gold Inc.	Target Acquiror	22-Feb-06
\$ 402,900,000	Barplats Investments Limited Eastern Platinum Limited	Target Acquiror	15-Feb-06
\$ 393,500,000	GSW Inc. A.O. Smith Corp.	Target Acquiror	3-Feb-06
\$ 355,000,000	Credit and financial services business General Electric Company Hudson's Bay Company	Target Acquiror Vendor	7-Feb-06
\$ 326,000,000	VFC Inc. The Toronto-Dominion Bank	Target Acquiror	16-Feb-06
\$ 315,000,000	SNC Technologies Inc. General Dynamics Corp. SNC-Lavalin Group Inc.	Target Acquiror Vendor	24-Feb-06
US\$ 256,900,000	Tone Resources Limited Coral Gold Resources Limited Nevada Pacific Gold Ltd. White Knight Resources Ltd. U.S. Gold Corporation	Target Target Target Target Acquiror	6-Mar-06

The information above and on preceding pages is a summary of Crosbie & Company Inc.'s analysis of each quarter's M&A activity. The data is compiled from Financial Post Crosbie: Mergers & Acquisitions in Canada, the most extensive database on M&A activity in Canada. To subscribe to Financial Post Crosbie: Mergers & Acquisitions in Canada, contact CanWest Interactive Inc. (phone 416-442-2121 toll free 1-800-661-7678 e-mail helpdesk@canwest.com).