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## Canadian Mergers Soared to Record in 2006, Crosbie Says

By Doug Alexander

Feb. 23 (Bloomberg) -- The value of mergers involving Canadian companies rose 55 percent to a record in 2006, fueled by the oil and gas industry, according to Crosbie & Co. figures.

The value of announced transactions was C\$257 billion (\$222 billion), compared with C\$165 billion in 2005, the Toronto-based investment bank said today in an e-mailed statement. The number of transactions rose 22 percent to 1,968.

“The conditions for M&A in Canada have never been better,” Crosbie managing director Ed Giacomelli said in the statement. “The breadth of activity across all industry sectors underscores the sheer strength of the M&A cycle.”

The oil and gas sector represented 22 percent of the value of announced deals, with 384 transactions including the C\$8.7 billion offer for a minority stake in Shell Canada Ltd. by Royal Dutch Shell Plc. The mining industry followed with 247 deals including Cia. Vale do Rio Doce's acquisition of Inco Ltd., and Xstrata Plc's takeover of Falconbridge Ltd., the two largest transactions in Canadian history.

Of the deals announced in 2006, 51 were valued at more than C\$1 billion, according to Crosbie. A year before, there were 33 mergers in that category.

Private investment was involved in six of the 12 transactions valued at more than C\$1 billion in the fourth quarter, including the \$3.7 billion acquisition of Four Seasons Hotels Inc. by Bill Gates' Cascade Investment LLC and Saudi Prince Alwaleed's Kingdom Hotels International.

“The global phenomenon of financial sponsors and private equity groups is now a driving force in M&A in Canada,” Giacomelli said. “Private equity pools continue to grow and it seems no company is too large to be acquired.”