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## CANADIAN M&A ACTIVITY – THIRD QUARTER 2004 Steady Quarter Contributing to Stellar Year

The Canadian M&A market did not break records in the third quarter of 2004, but nevertheless advanced the year-to-date performance to the highest level since 2001. According to data released today by investment bank Crosbie & Company Inc., there were 200 transactions totalling \$31.8 billion in the third quarter, bringing the cumulative year-to-date total to 649 transactions valued at \$86.5 billion. Activity was down compared to last quarter when there were 250 transactions worth \$34.8 billion. However, year-to-date value is up almost 40% compared to the first three quarters of 2003 when we recorded 611 transactions valued at \$62.7 billion.

Activity in the third quarter was fuelled by the continued pace of transactions of over \$1 billion. Three of this year's top five largest transactions were announced in the third quarter, including the two largest deals announced all year: **TD Bank Financial Group's** \$4.9 billion offer for **Banknorth Group** and the proposed merger between **Molson Inc.** and **Adolph Coors Company**, valued at approximately \$4.5 billion. Rounding out the top three largest deals in the quarter was the proposed combination of **IAMGold Corp.** with certain assets of **Gold Fields Limited** to create one of the world's largest gold producers.

Excluding these three largest transactions in the quarter, **Oil & Gas** and **Communications & Media** were the top two sectors in terms of dollar volume. There were 14 transactions in the Communications & Media sector worth \$3.8 billion, driven largely by **Bain Capital's** acquisition of the **SuperPages Canada** directory for about \$2.0 billion and the proposed sale of **AT&T Wireless Services Inc.'s** investment in **Rogers Wireless Communications Inc.**, valued at \$1.8 billion. In addition, there were 24 **Oil & Gas** transactions totalling \$3.7 billion in the quarter. While this level is lower than recent Oil & Gas activity in terms of both number of transactions and dollar volume, there continues to be steady consolidation in the sector, largely driven by record oil prices.

"Market conditions continue to be favourable for M&A. Both financial and strategic buyers are active, valuations are reasonable, and the availability of financing is strong," said Colin Walker, Managing Director of Crosbie.

Cross-border transactions have also been a significant driver of Canadian M&A activity this year. All ten of the largest transactions announced in this year were cross-border deals, seven of which involved a Canadian company acquiring a foreign interest. "Canadian companies have become more acquisitive internationally in recent years, given competitive pressures and the need for global strategies," commented Mr. Walker. "Overall, we have seen strongly disproportionate buying by Canadian companies relative to foreign interests acquiring Canadian businesses."

Canadian acquisitions of foreign companies continue to outpace foreign acquisitions of Canadian companies by about 3 to 1. In particular, expansion by Canadian companies into the U.S. increased to 112 transactions worth \$32.2 billion in the first three quarters this year, from 95 transactions totalling \$23.3 billion for the same period in 2003. This compares to only 47 acquisitions worth \$6.6 billion of Canadian targets by U.S. companies.

*The information above is a summary of Crosbie & Company Inc.'s analysis of each quarter's M&A activity. The data is compiled from Mergers & Acquisitions in Canada, the most extensive database on M&A activity in Canada. Crosbie & Company Inc. provides specialized investment banking services to the mid-size corporate market.*

*For Further information or to subscribe to Mergers & Acquisitions in Canada, contact: Tilak Dias, Crosbie & Company Inc. (416) 362-7726 or visit [www.crosbieco.com](http://www.crosbieco.com)*