

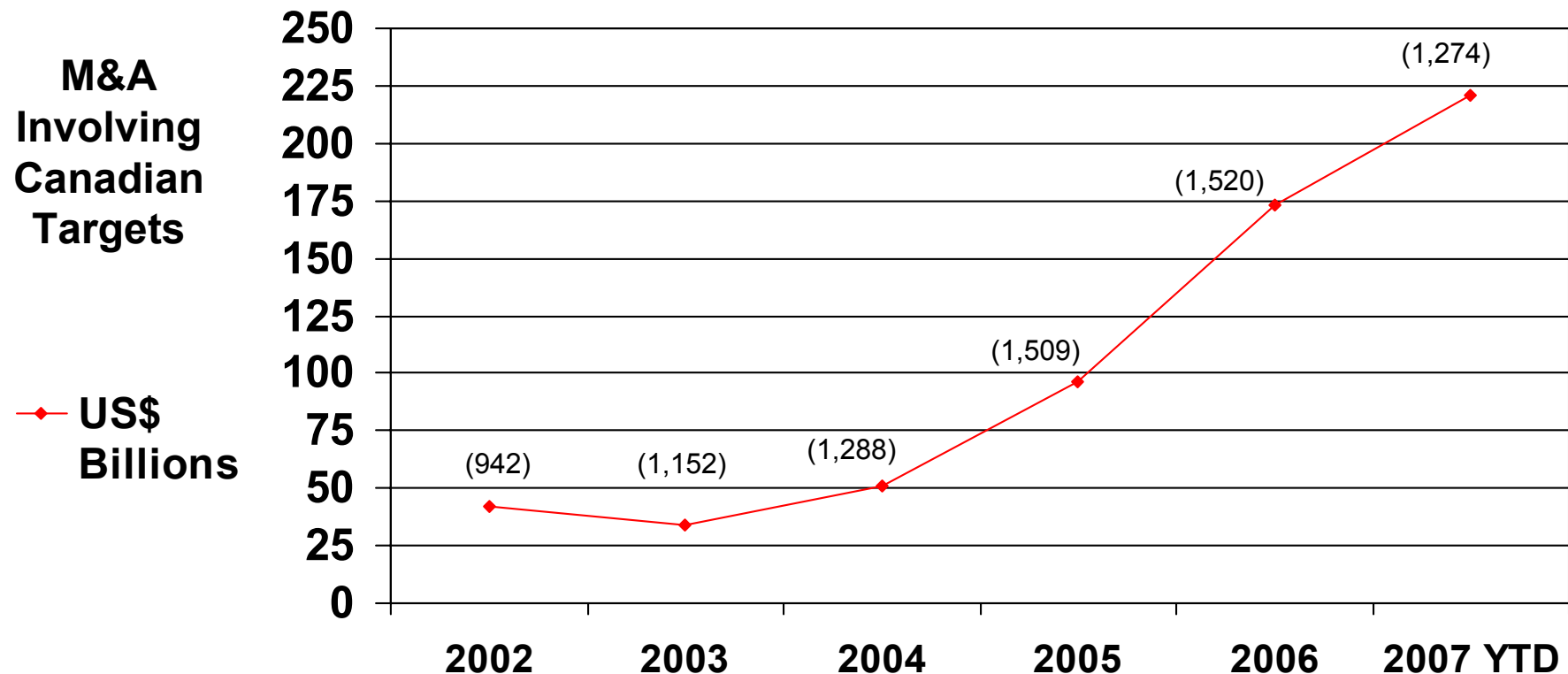
# **Impact of the Credit Squeeze on M&A**

**Presented by  
Craig Thorburn**

*Blakes*



# Record-breaking M&A levels in Canada



Source: Bloomberg

(Numbers in brackets show number of transactions.)

*Blakes*

# Canadian M&A after the Credit Crunch

---

- **On August 13, 2007, Coventree's shares are cease traded and Coventree announces that it is been unable to place new asset-backed commercial paper (ABCP) to fund the repayment of previously issued ABCP**
- **For the 12 months to August 15, 2007, there was an average of 150 transactions per month with an average value of USD 186 million per transaction**
- **Since August 15, 2007, there has been an average of 112 transactions per month with an average value of USD 101 million per transaction**

*Blakes*



# CDN Private Equity Deals To August 15, 2007

Announcement Date	Target Name	Acquirer Name	Seller Name	Announced Total Value (Mil.)
6/30/07	BCE Inc	Multiple Acquirers		42435.09
5/11/07	Higher Education Assets	Multiple Acquirers	Thomson Corp	7750
6/29/07	CCS Income Trust	Multiple Acquirers		2555.71
7/12/07	Legacy Hotels Real Estate	LGY Acquisition LP		2263.06
1/10/07	Alliance Atlantis Comm-b Shs	Multiple Acquirers		2145.19
8/1/07	Rally Energy Corp	Citadel Capital Corp/Cairo		773.25
4/2/07	KCP Income Fund	Caxton-Iseman Capital Inc		641.37
6/22/07	Acts LP	Multiple Acquirers	Ace Aviation	639.3
5/7/07	Van Houtte Inc	Littlejohn & Co LLC		424.03
8/13/07	Golf Town Income Fund	Ontario Municipal ER System		225.24
4/30/07	Custom Direct Income Fund	GMP Capital Trust		204.55
7/9/07	Embanet Corp	Multiple Acquirers		160

*Blakes*

# CDN Private Equity Deals Since August 15, 2007

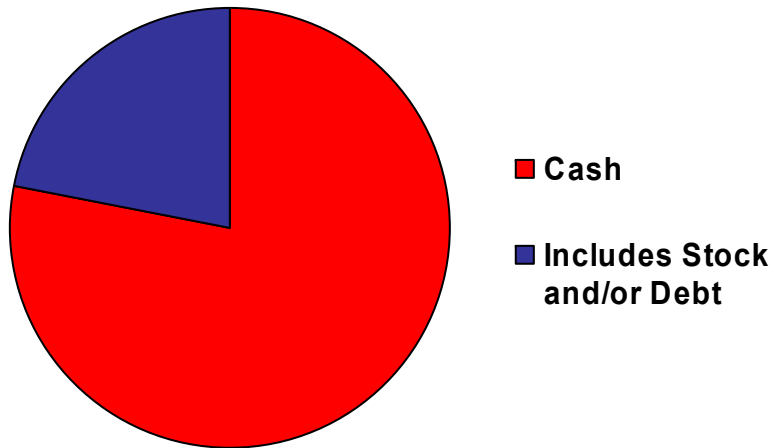
Announcement Date	Target Name	Acquirer Name	Seller Name	Announced Total Value (Mil.)
9/28/07	Husky Injection Mldg Sys	Onex Corporation		988.52
9/19/07	Oceanex Income Fund	South Coast Partners LP		206.38
9/18/07	Gienow Windows & Doors Income Fund	HIG Capital LLC		181.56
9/4/07	Spinrite Income Fund	Sentinel Capital Partners		70.37
9/10/07	Hearing Instrument Products	Gores Group Llc/The	Gennum Corp	13.29
10/3/07	Rosco Enterprises	Torquest Partners Inc		N/A
8/27/07	Skyservice Airlines Inc	Gibralt Capital Corp		N/A
9/15/07	Doug Chalmers Construction	First Reserve Corp		N/A
9/13/07	Bento Nouveau	Whitecastle Private Equity		N/A
9/17/07	Hamilton Specialty Bar	Multiple Acquirers	Delaware Street	N/A
9/28/07	Nu-gro Corp/The	Multiple Acquirers	Spectrum Brands	N/A
9/19/07	Totten Insurance Group Inc	Multiple Acquirers		N/A

*Blakes*

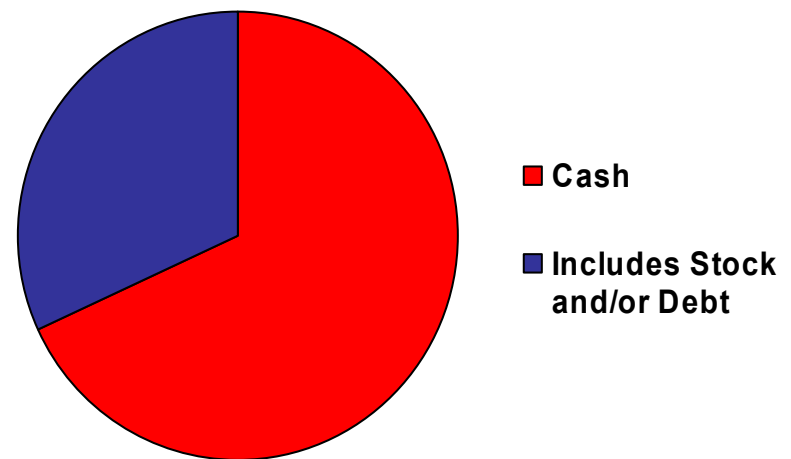
# Top 100 Transactions Involving Canadian Targets

---

2007 to August 15



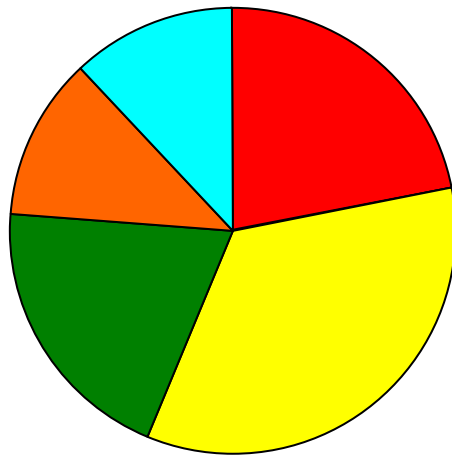
Since August 15, 2007



# Top 50 Transactions Involving Canadian Targets

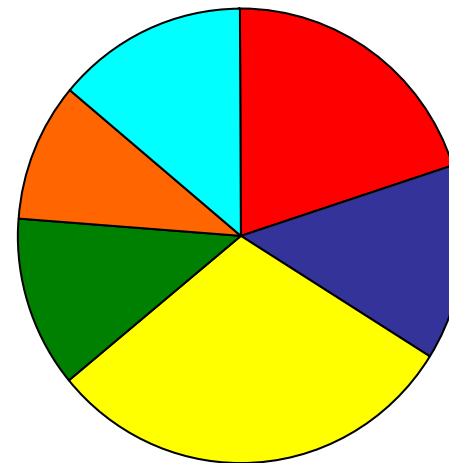
---

2007 to August 15



- Energy
- Financial Services
- Manufacturing
- Mining
- Real Estate
- Technology & Media

Since August 15, 2007



- Energy
- Financial Services
- Manufacturing
- Mining
- Real Estate
- Technology & Media

*Blakes*

# ABCP Considerations

---

- Does the target rely upon ABCP for funding its business?
- Does the target hold ABCP of third parties?
- Does the defined benefit pension fund of the target hold ABCP?

*Blakes*



# MACs

---

- **Onex/Husky Injection Molding “Material Adverse Effect” carve-out from definition relating to financial and capital markets:**
- **...except for any such effect resulting from or arising in connection with: ... (iii) any change in global, national or regional political conditions (including the outbreak of war or acts of terrorism) or in general economic, business, regulatory, political or market conditions or in national or global financial or capital markets**

*Blakes*



# Purchase Agreement in Insolvency

---

- **The acquisition by Macquarie of Cervus Financial, a TSX-listed company, began as a discussion of a take-over bid, but, as solvency issues arose, became an acquisition through a purchase agreement under an insolvency process:**
  - **Court approval instead of shareholder approval.**
  - **“As is, where is” basis.**
  - **Payment of “breakup fee” for purchasers’ reasonable fees and expenses if the sale was not completed for a variety of reasons.**

*Blakes*

