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In U.S. and global M&A activity for December 2017, total deal volume by dollar value increased to a 12-month high, while the total number of deals decreased to a 12-month low. In the U.S., deal volume increased by 1.6% to \$240.71 billion while the number of deals decreased by 16.2% to 606. Globally, deal volume increased by 17.1% to \$464.94 billion while the number of deals decreased by 13.7% to 2,597. The global deal volume increase indicates a very robust deal activity in the last month of 2017, with 64 deals valued at over \$1 billion, resulting in deal value of \$345.21 billion, which was a 12-month high for both the number and value of deals. Two notable deals of December 2017 were Walt Disney Co.'s acquisition of Twenty-First Century Fox Inc. at \$68.97 billion (including assumed debt) and CVS Health Corp's acquisition of Aetna Inc. at \$68.86 billion.

Strategic vs. Sponsor Activity

In the U.S., strategic deal volume decreased by 3.3% to \$198.21 billion, and the number of deals decreased by 13.4% to 472. Globally, strategic deal volume increased by 9.5% to \$377.99 billion and the number of strategic deals decreased by 13.2% to 2,302. [Figure 1](#) and Annex [Figures 1A–4A](#). Sponsor-related activity showed similar mixed results. In the U.S., sponsor-related deal volume increased by 32.9% to \$42.49 billion, while the number of deals decreased by 24.7% to 134. Globally, sponsor-related deal volume increased by 68.6% to \$86.95 billion, while the number of deals decreased by 16.9% to 295.

Crossborder Activity¹

Crossborder activity in December 2017 followed similar trends to the overall market. Globally, crossborder deal volume increased by 41.1% to \$120.00 billion, and the number of deals decreased by 10.4% to 603. Meanwhile, U.S. inbound deal volume decreased by 56.5% to \$21.58 billion, and the number of U.S. inbound deals decreased by 17.3% to 105. Outbound U.S. deal volume increased by 88.2% to \$10.37 billion, and the number of U.S. outbound deals stayed the same at 94. [Figure 1](#) and Annex [Figures 5A–7A](#).

In U.S. inbound activity, Japan was the leading country of origin for December 2017, with \$11.36 billion in deal volume, propelled by Softbank Group's minority stake acquisitions of Uber Technologies Inc. for \$9.65 billion. Canada retained the lead for U.S. inbound activity by dollar value over the last 12 months, with \$74.94 billion in volume, and remained the leading country of origin by number of U.S. inbound deals in December (25) and over the last 12 months (410). Australia was the largest target for U.S. outbound activity in December by deal volume (\$3.03 billion), driven by pending acquisitions of Aconex Ltd. by Oracle Corp. for \$1.25 billion, Metronode Pty Ltd by Equinix Inc for \$791 million and Mining Assets (Curragh coal mine) by Coronado Coal LLC for \$537.5 million. Switzerland was the leader in outbound deal volume over the last 12 months (\$36.62 billion), propelled by Johnson & Johnson's acquisition of Actelion Ltd for \$31.4 billion. Canada took the lead in the number of U.S. outbound deals in December (18) while the United Kingdom retained its trailing 12 month lead (262). [Figure 3](#).

U.S. Deals by Industry

Healthcare was the most active target industry by dollar value in December 2017 (\$83.10 billion), driven by CVS Health Corp.'s acquisition of Aetna Inc. Computer & Electronics remained the most active target industry by number of deals in December (181) and over the last 12 months (2,831) and the most active target industry by deal volume over the last 12 months (\$285.63 billion). [Figures 2](#) and [5](#).

U.S. Public Mergers

As for U.S. public merger deal terms in December 2017, average target break fees increased to 5.8%, above the 12-month average of 3.6%. Average reverse break fees increased to 10.6%, above the 12-month average of 5.8%. [Figures 6](#) and [7](#). The use of cash consideration in December 2017 increased to 75.0%, above its 12-month average of 60.7%. [Figure 9](#). The incidence of tender offers as a percentage of U.S. public mergers was 25.0%, above the 12-month average of 20.8%. [Figure 11](#). Finally, the incidence of hostile offers in December 2017 was 7.7%, below the 12-month average of 10.7%. [Figure 12](#).

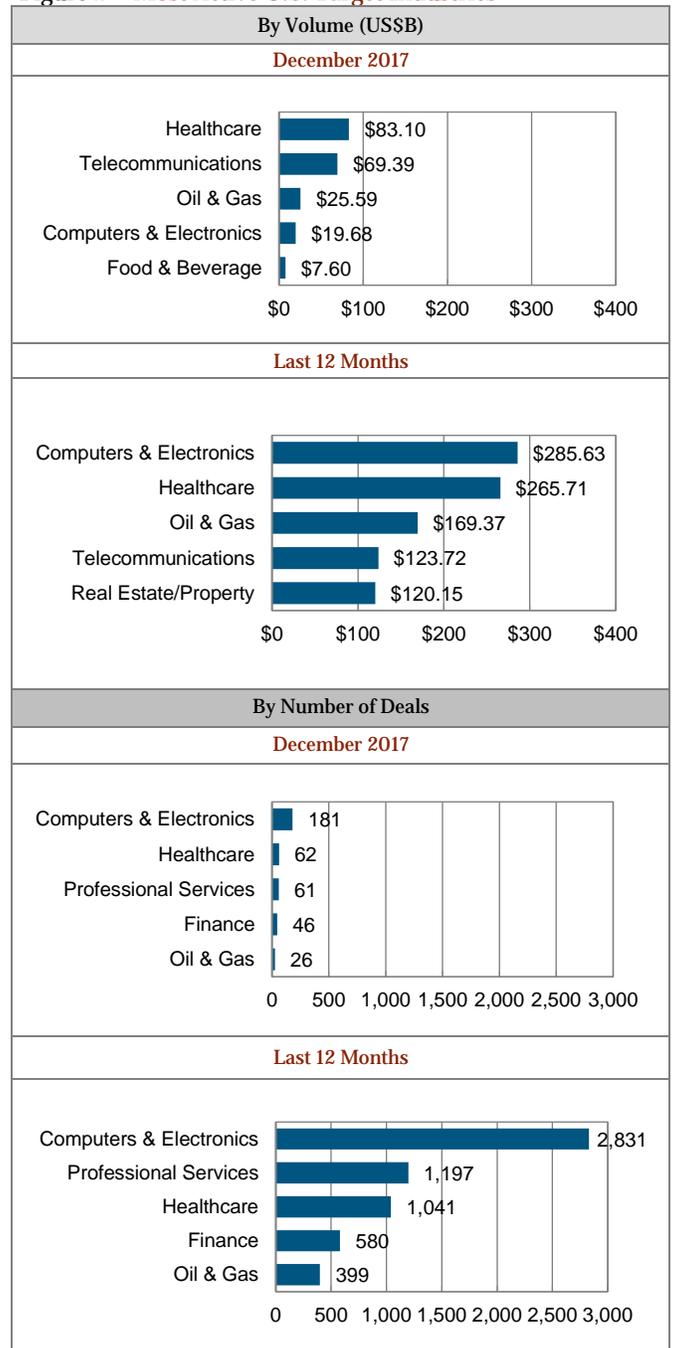
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M&A Activity

Figure 1

December 2017	Global	+/- From Prior Month	U.S.	+/- From Prior Month
Total				
Volume (US\$B)	464.94	68.05	240.71	3.76
No. of deals	2,597	(411)	606	(117)
Avg. value of deals (US\$mil)	308.3	55.8	955.2	40.4
Strategic Transactions				
Volume (US\$B)	377.99	32.67	198.21	(6.76)
No. of deals	2,302	(351)	472	(73)
Avg. value of deals (US\$mil)	271.4	33.7	935.0	(36.5)
Sponsor-Related Transactions				
Volume (US\$B)	86.95	35.37	42.49	10.52
No. of deals	295	(60)	134	(44)
Avg. value of deals (US\$mil)	756.1	322.7	1,062.4	396.2
Crossborder Transactions¹				
Volume (US\$B)	120.00	34.94	Inbound 21.58 Outbound 10.37	Inbound (28.07) Outbound 4.86
No. of deals	603	(70)	Inbound 105 Outbound 94	Inbound (22) Outbound 0
Avg. value of deals (US\$mil)	346.8	70.7	Inbound 392.5 Outbound 216.1	Inbound (371.5) Outbound 62.9

Figure 2 – Most Active U.S. Target Industries²



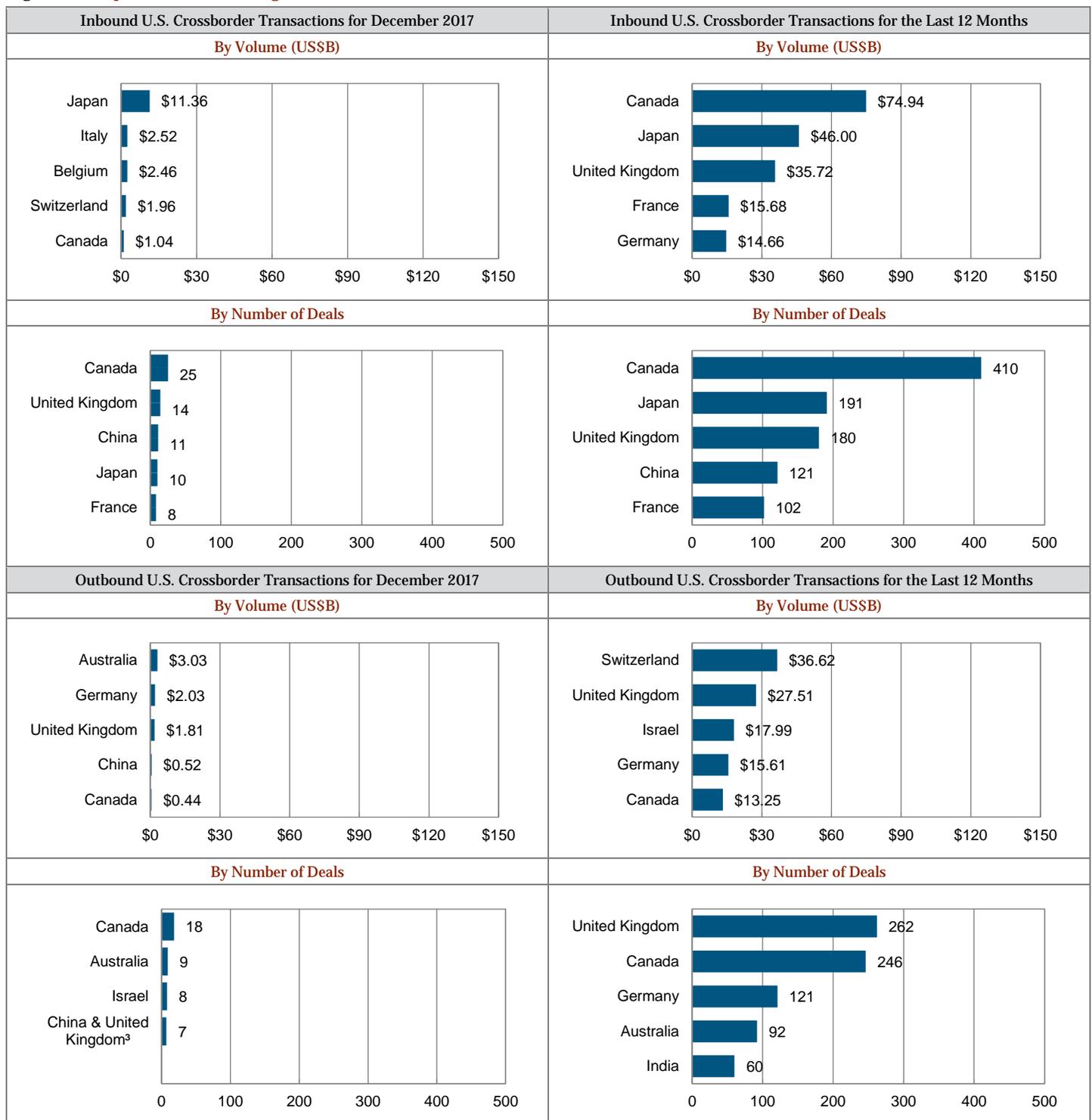
Figures 1-3 were compiled using data from Dealogic, and are for the broader M&A market, including mergers of any value involving public and/or private entities. Figures 4 and 5 were compiled using data from FactSet MergerMetrics, and are limited to mergers involving public U.S. targets announced during the period indicated and valued at \$100 million or higher regardless of whether a definitive merger agreement was reached and filed or withdrawn. All data is as of January 10, 2018 unless otherwise specified. "Last 12 Months" data is for the period from January 2017 to December 2017 inclusive. Data obtained from Dealogic and FactSet MergerMetrics has not been reviewed for accuracy by Paul, Weiss.

¹ Global crossborder transactions are those where the acquirer and the target have different nationalities. Nationality is based on where a company has either its headquarters or a majority of its operations. U.S. crossborder transactions are those transactions where the acquirer and the target have different nationalities and either the acquirer ("Outbound") or the target ("Inbound") has a U.S. nationality. Broadcom Ltd.'s unsolicited offer for Qualcomm, Inc. (November 2017) is excluded from Figures 1 and 3's statistics for crossborder transactions per Dealogic definitions. Dealogic does not categorize this proposal as a crossborder transaction because it considers Broadcom to be a U.S. entity, notwithstanding its incorporation in Singapore, based on factors including the locations of its employees, management and "long-lived" assets.

² Industries categories are determined and named by Dealogic.

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Figure 3 – Top 5 Countries of Origin or Destination for U.S. Crossborder Transactions



³ Each of China and United Kingdom was the country of destination for 7 transactions in December 2017.

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Figure 4 – Average Value of Announced U.S. Public Mergers (in US\$mil)

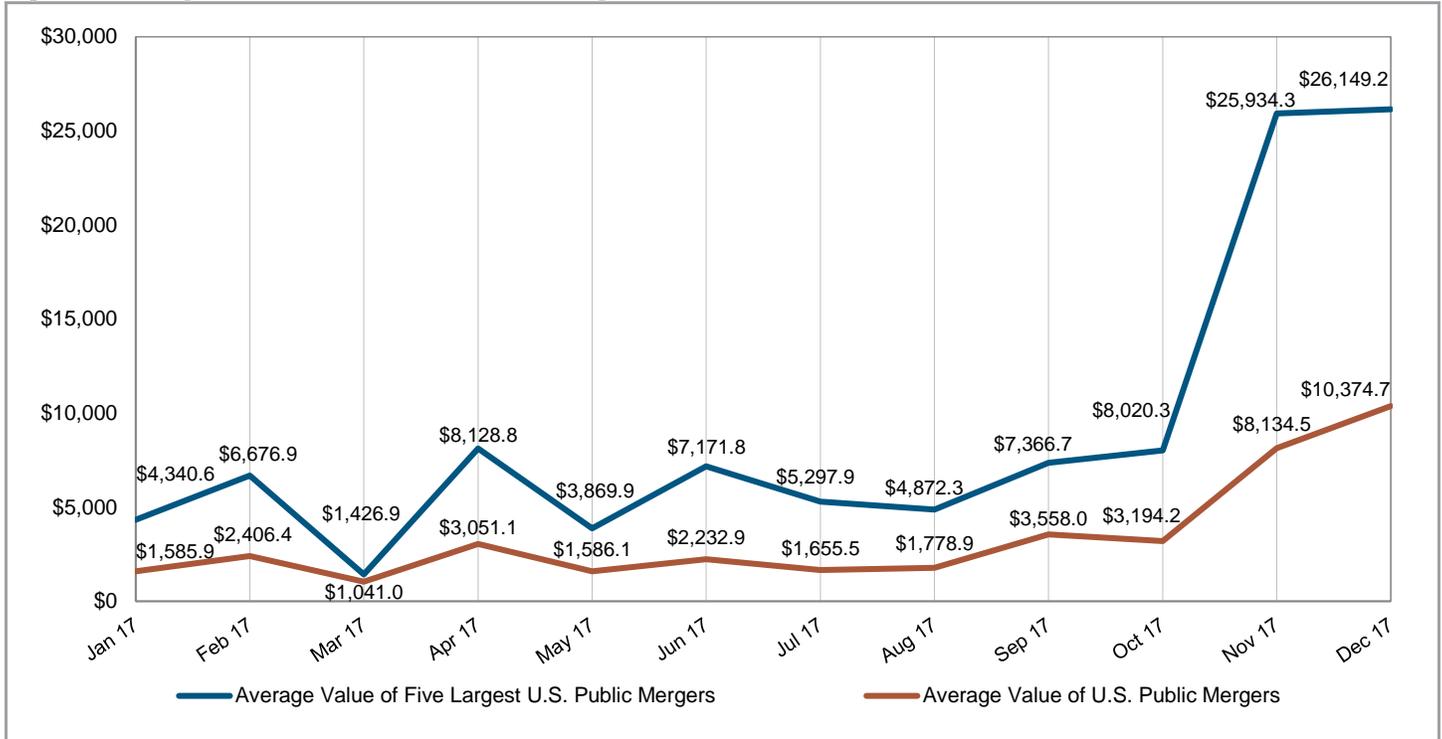
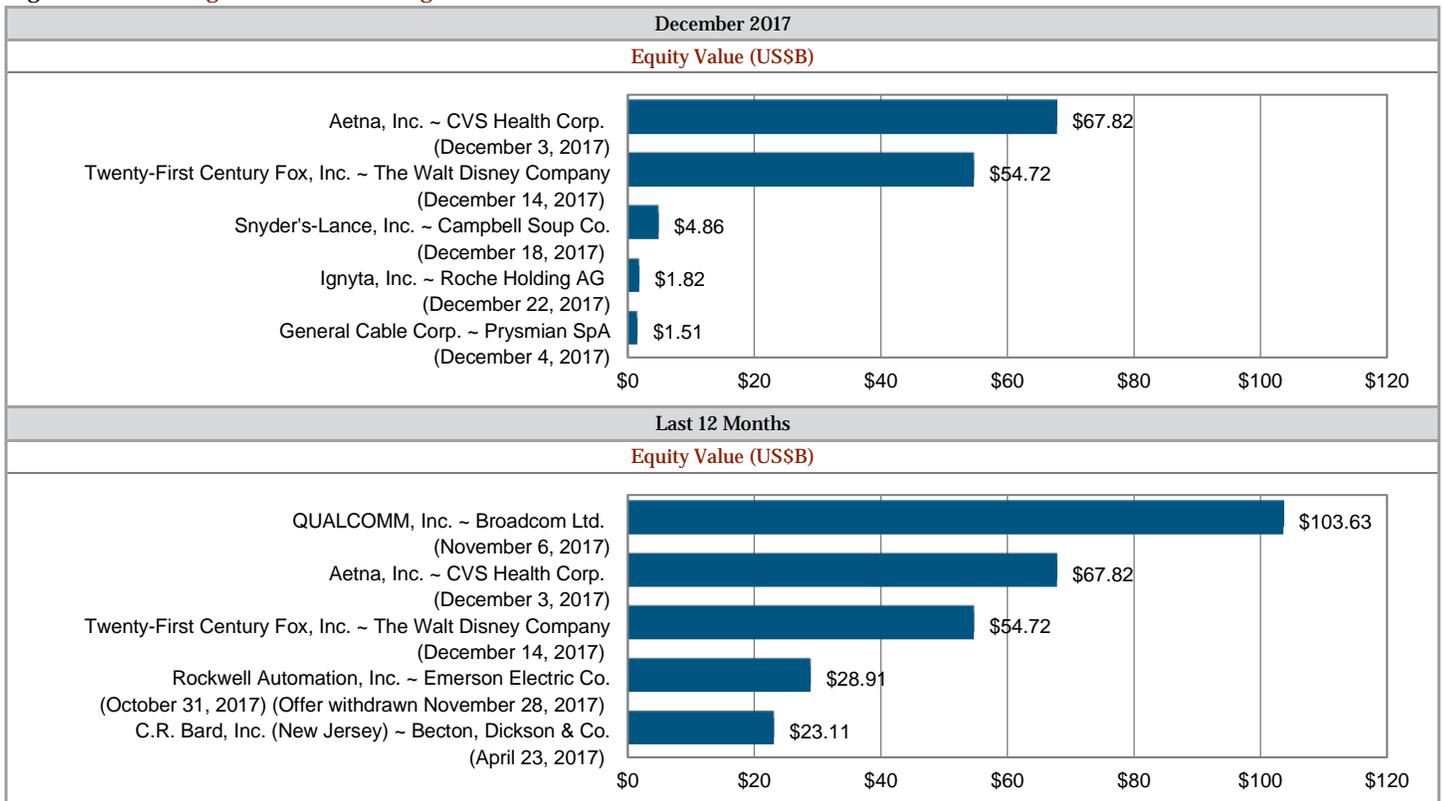


Figure 5 – Five Largest U.S. Public Mergers



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M&A Terms

Figure 6 – Average Break Fees as % of Equity Value⁴

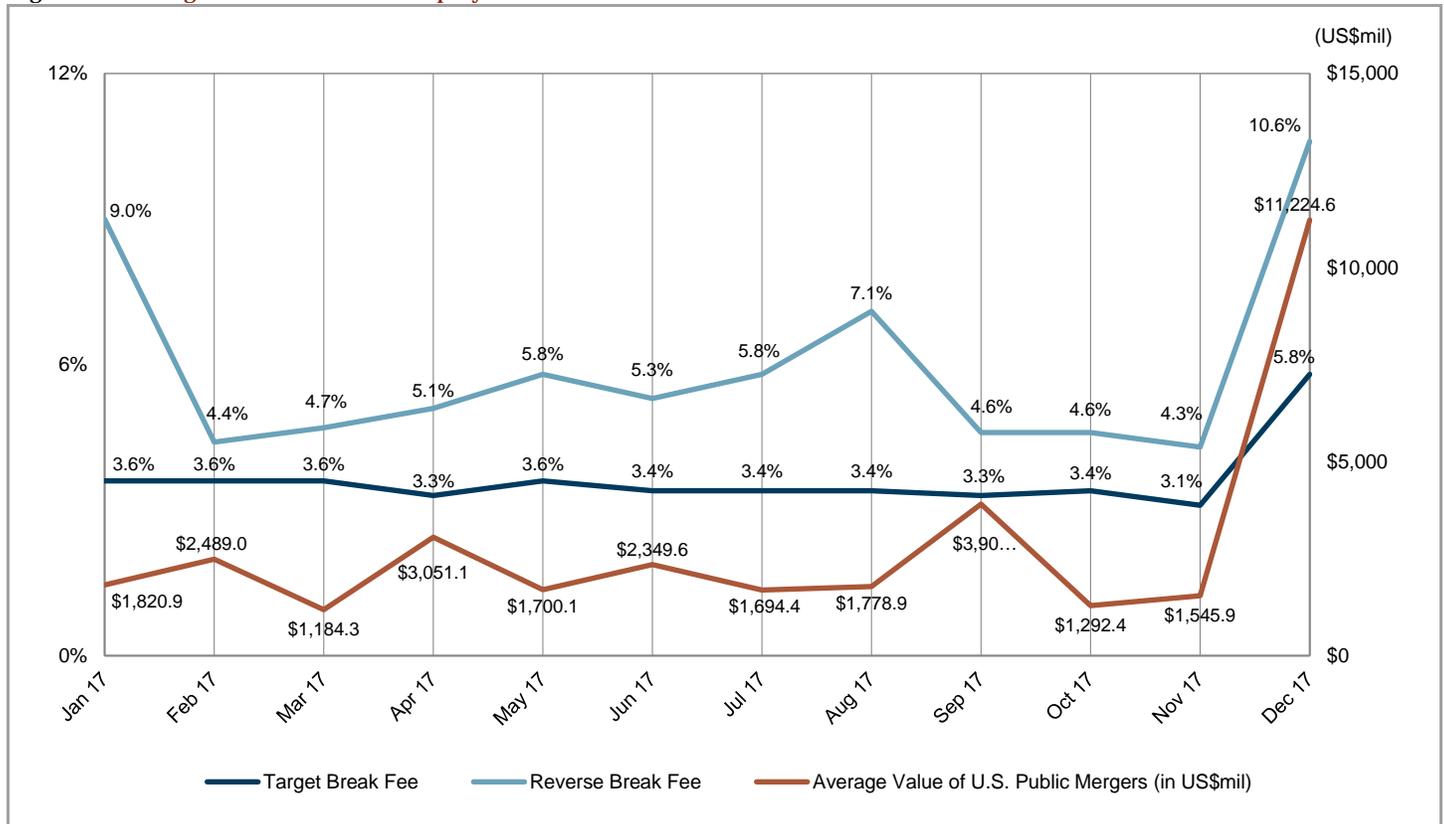


Figure 7 – Average Break Fees as % of Equity Value

	December 2017	Last 12 Months
Target Break Fee for All Mergers	5.8	3.6

	December 2017	Last 12 Months
Reverse Break Fee for All Mergers	10.6	5.8
Reverse Break Fee for Mergers Involving Financial Buyers ⁵	N/A	7.0
Reverse Break Fee for Mergers Involving Strategic Buyers	10.6	5.3

Figures 6-12 were compiled using data from FactSet MergerMetrics, and are limited to select mergers involving public U.S. targets announced during the period indicated, valued at \$100 million or higher and for which a definitive merger agreement was reached and filed (unless otherwise indicated). Data obtained from FactSet MergerMetrics has not been reviewed for accuracy by Paul, Weiss.

⁴ Based on the highest target break fees and reverse break fees payable in a particular deal.
⁵ No transactions in December 2017 involving a financial buyer had a reverse break fee.
⁶ No transactions in December 2017 involved a financial buyer.
⁷ No transactions in December 2017 had a go-shop provision.
⁸ No transactions in December 2017 involving a financial buyer had a go-shop provision.
⁹ No transactions in December 2017 involving a strategic buyer had a go-shop provision.

Figure 8 – U.S. Public Merger Go-Shop Provisions

	December 2017	Last 12 Months
% of Mergers with Go-Shops	0.0	6.2
% of Mergers Involving Financial Buyers with Go-Shops ⁶	N/A	10.7
% of Mergers Involving Strategic Buyers with Go-Shops	0.0	5.3
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops ⁷	N/A	36.4
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops ⁸	N/A	46.7
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops ⁹	N/A	32.5

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Figure 9 – Form of Consideration as % of U.S. Public Mergers¹⁰

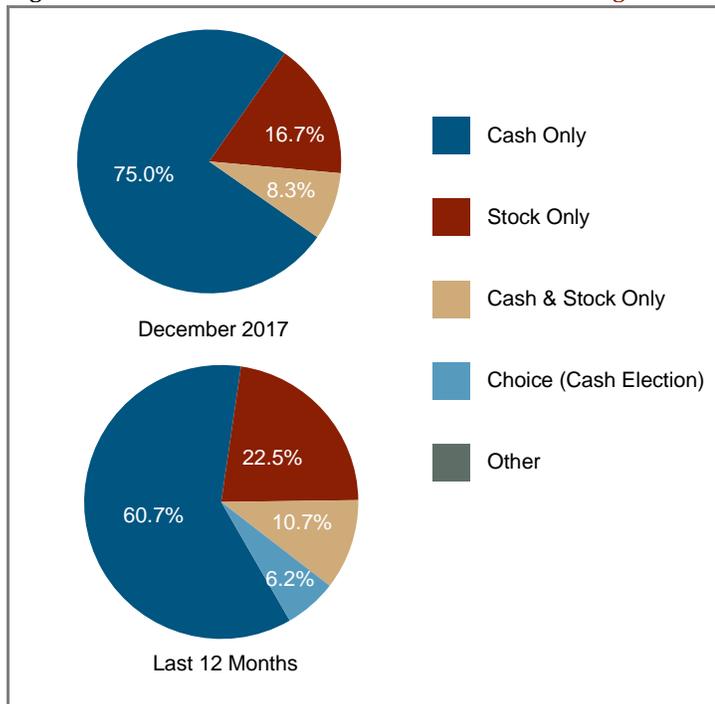


Figure 10 – % of Partial and All Stock Deals That Have a Fixed Exchange Ratio

December 2017	100.0
Last 12 Months	88.1

Figure 11 – Tender Offers as % of U.S. Public Mergers

December 2017	25.0
Last 12 Months	20.8

Figure 12 – Hostile/Unsolicited Offers as % of U.S. Public Mergers¹¹

December 2017	7.7
Last 12 Months	10.7

¹⁰ Due to rounding, percentages may not add up to 100%.

¹¹ This data includes both announced transactions for which a definitive merger agreement was reached and filed and those for which a definitive merger agreement was never reached and filed (including withdrawn transactions).

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This publication is not intended to provide legal advice, and no legal or business decisions should be based on its content. Questions concerning issues addressed in this memorandum should be directed to:



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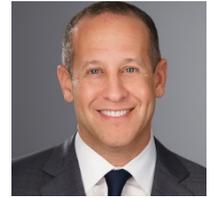
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M&A Activity – 12-Month Trends

Figure 1A – U.S. Deal Volume (US\$B)

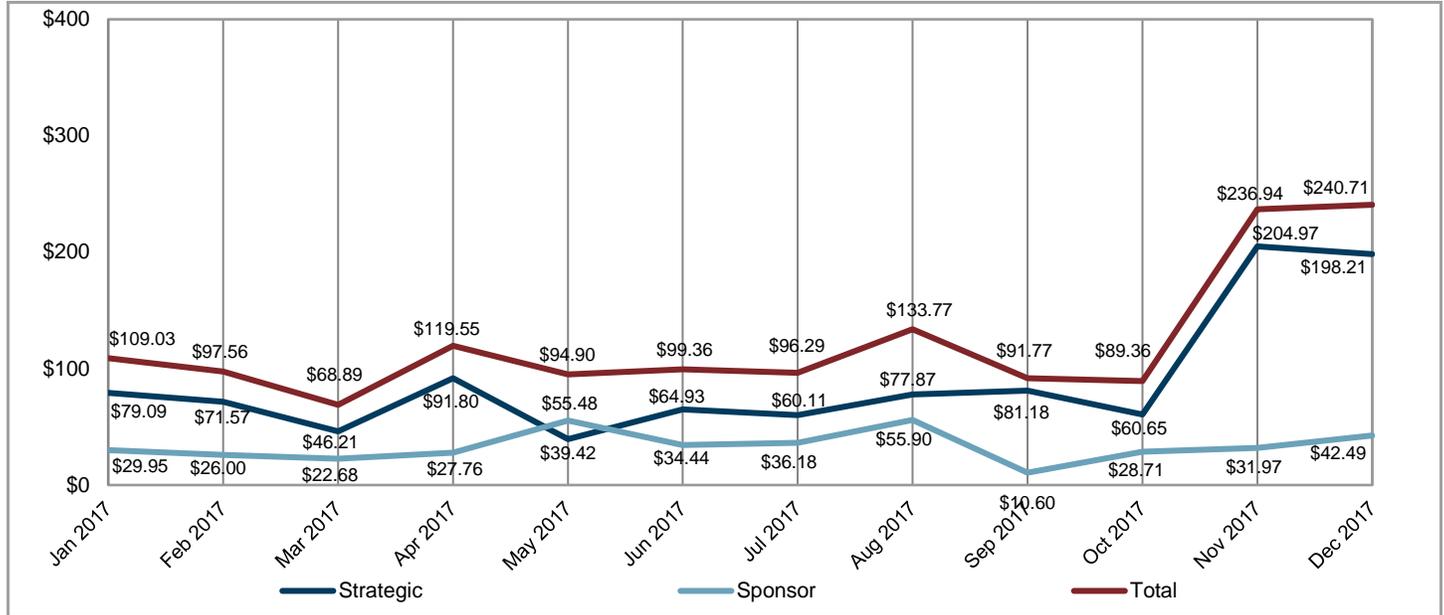
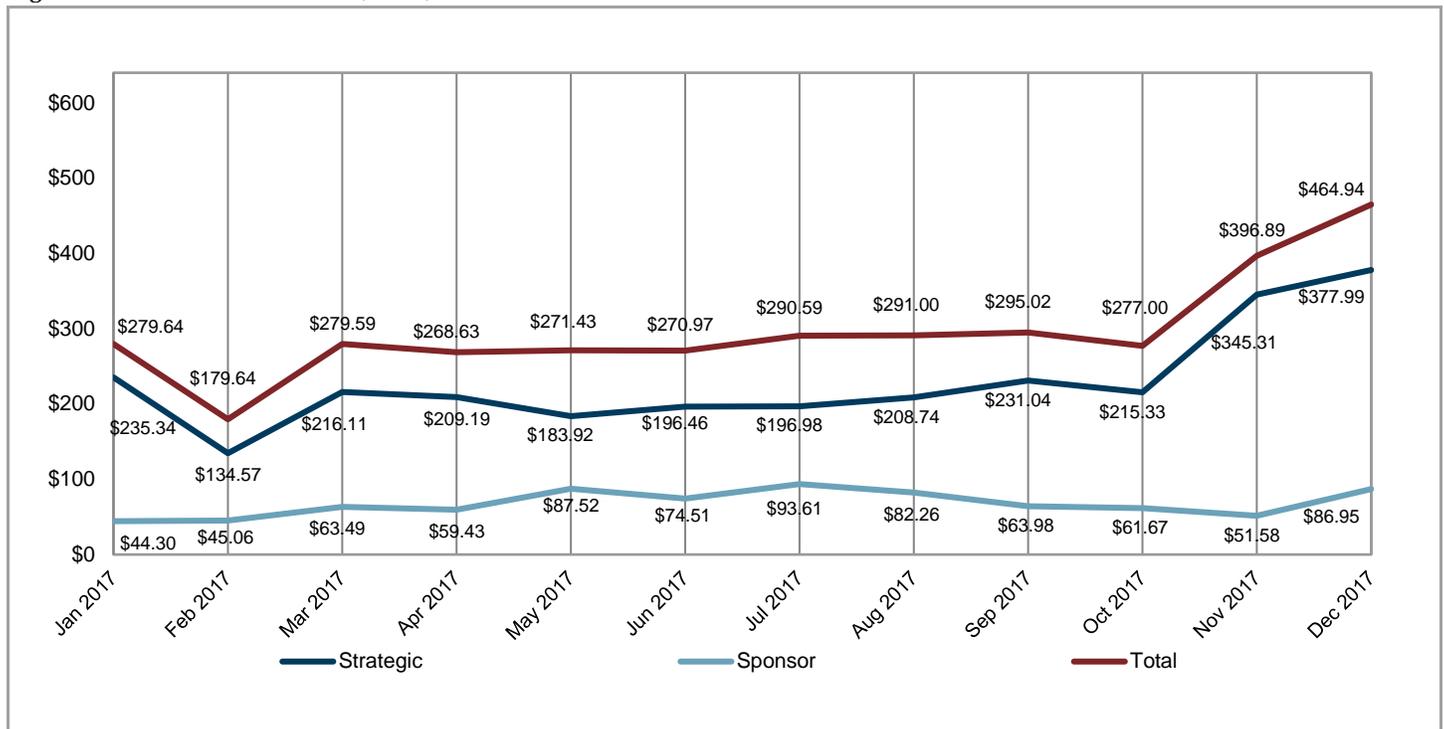


Figure 2A – Global Deal Volume (US\$B)



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Figure 3A – U.S. Number of Deals

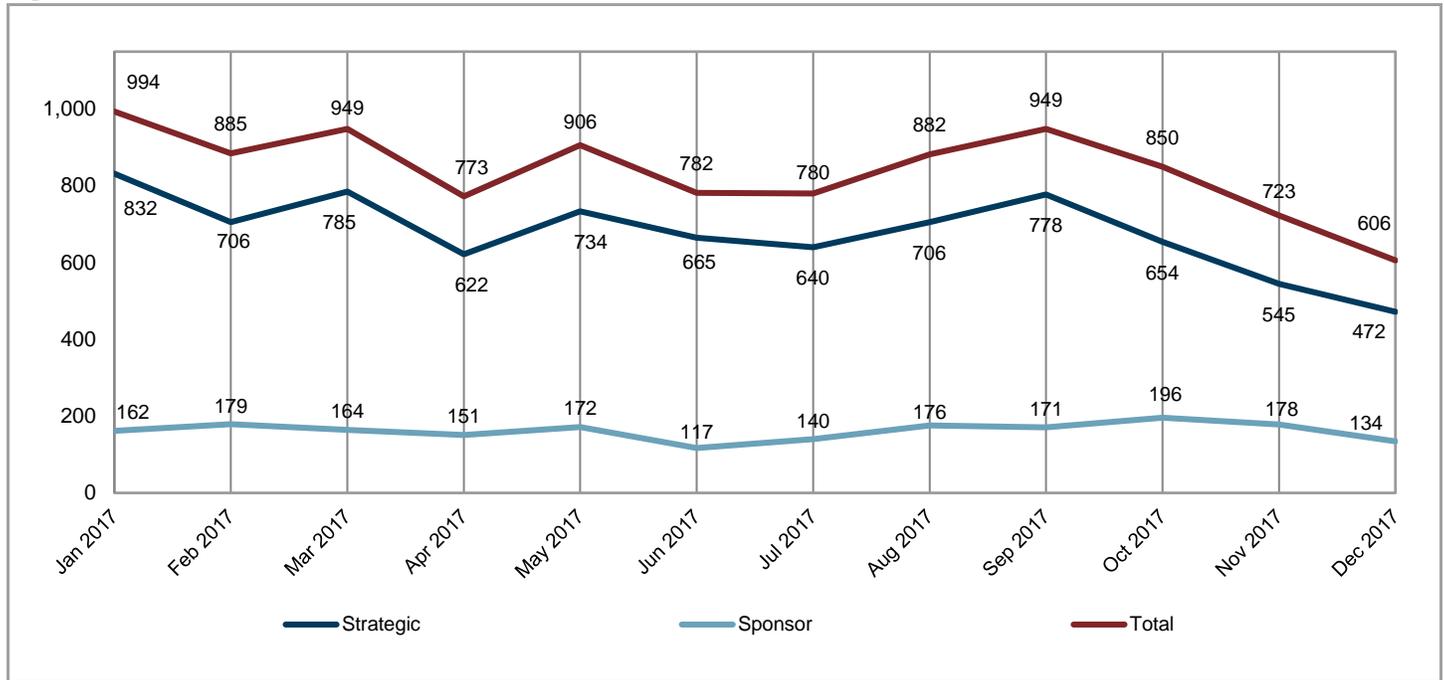
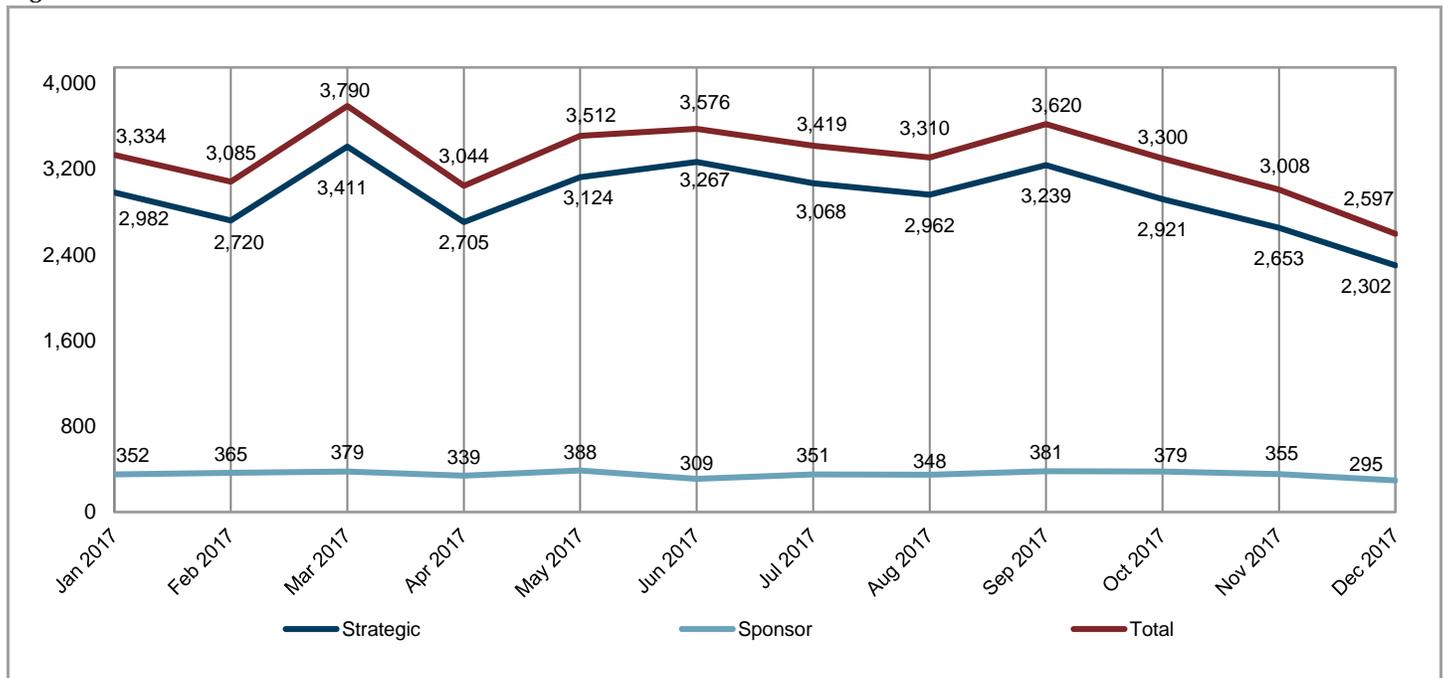


Figure 4A – Global Number of Deals



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Figure 5A – Inbound U.S. Crossborder Transactions

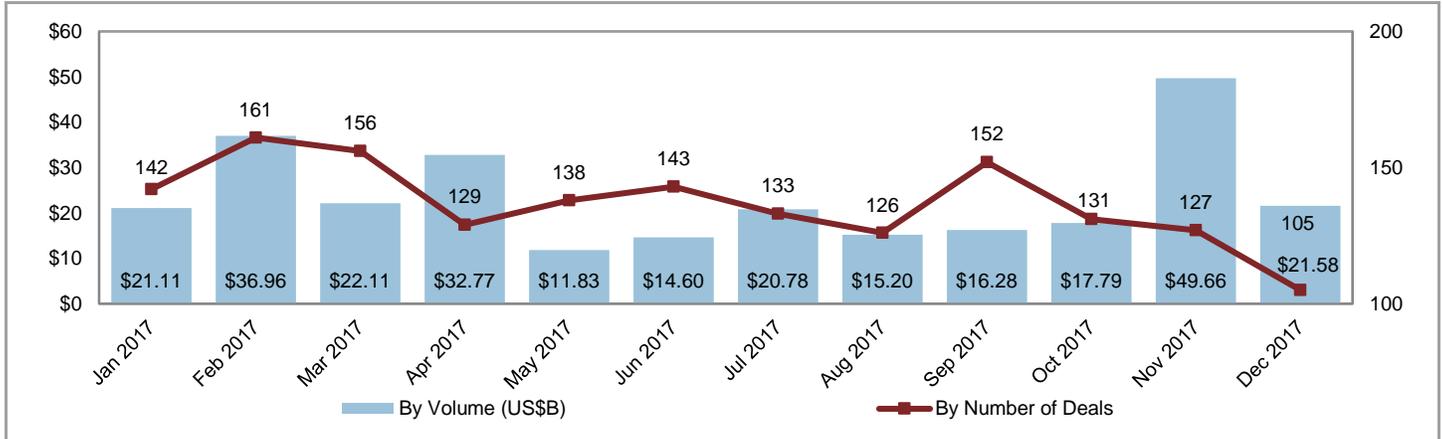


Figure 6A – Outbound U.S. Crossborder Transactions

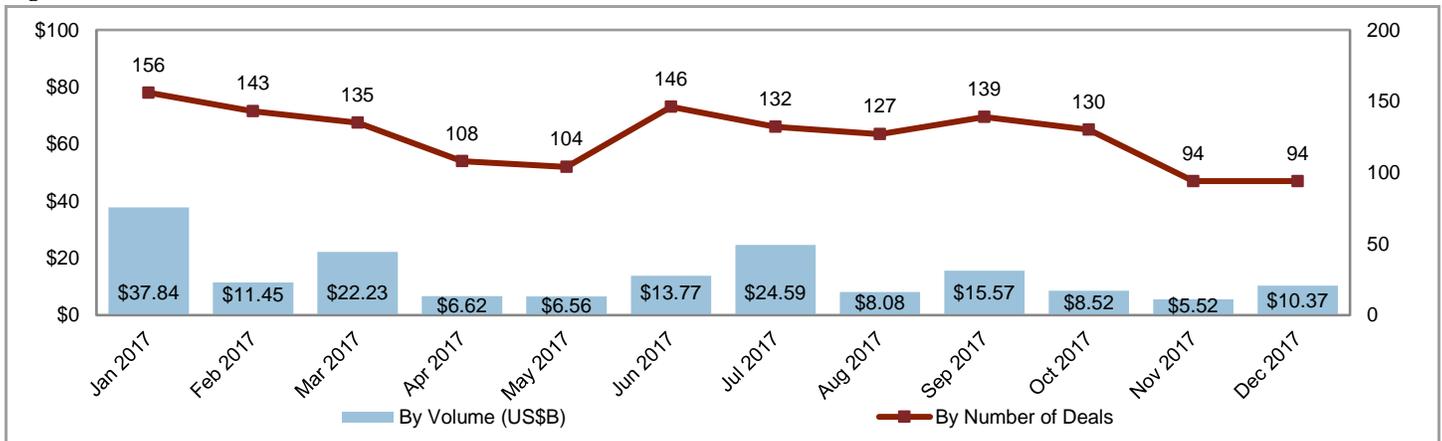


Figure 7A – Global Crossborder Transactions

