



## 2017 M&A Global Outlook

Finding opportunities in a dynamic market

J.P.Morgan



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## Executive summary

### 2016 – A year in review

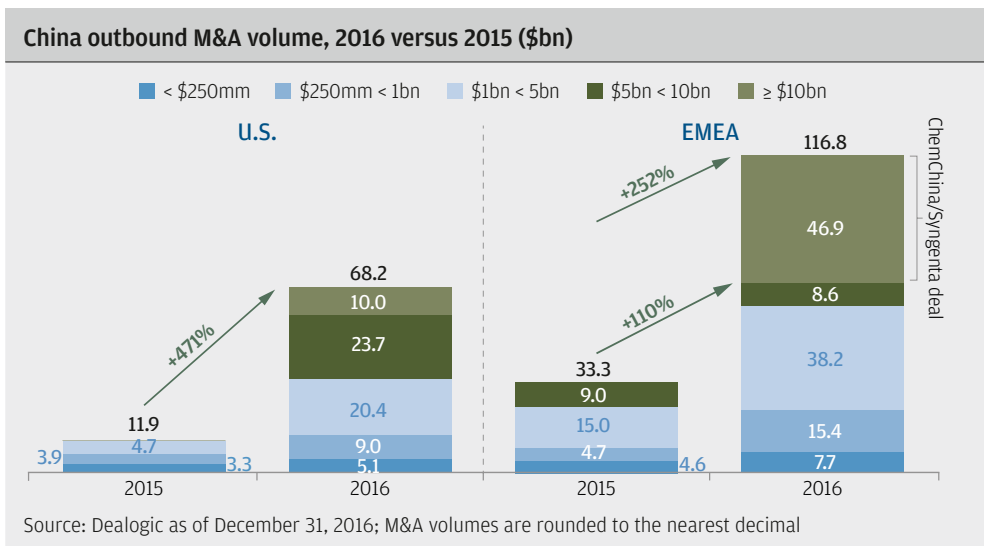
The global M&A market demonstrated its resilience in 2016, posting volumes of \$3.9 trillion, in line with the third best year on record. Much has been made of the year’s challenges, including the highest withdrawn deal volume since 2008 and an 18% year-over-year decline in M&A dollar volume. The latter was impacted by a 39% decrease in megadeals of more than \$10 billion, while deals greater than \$250 million dropped by a more modest 6% year-over-year. 2016 was nevertheless a vibrant year for M&A, where deal volumes and deal count endured amid substantial global uncertainty (geopolitical changes, heightened regulatory scrutiny and speculation around both Brexit and China). Notwithstanding all of these pressures, the market remained dynamic and a source of encouragement for dealmaking in 2017, particularly if the various sources of uncertainty subside.

Despite challenges, a number of positive fundamentals shaped 2016 as companies sought to complement organic growth with acquisitions to access new regions, products and know-how, while benefiting from continued low cost of funding. Acquirers across the globe leveraged strategic combinations to expand both their geographic reach and innovation capabilities, such as proposed transactions that include Qualcomm’s acquisition of NXP Semiconductors, ChemChina’s acquisition of Syngenta, London Stock Exchange’s merger with Deutsche Boerse Group and AT&T’s acquisition of Time Warner.

Cross-border M&A remained an important feature of the market, accounting for 36% of total volume versus 31% in 2015. A surge in China outbound deal volumes contributed to overall cross-border M&A growth, as Chinese companies sought attractive opportunities abroad. China outbound activity into the U.S. and EMEA increased by 471% and 252% year-over-year, respectively.

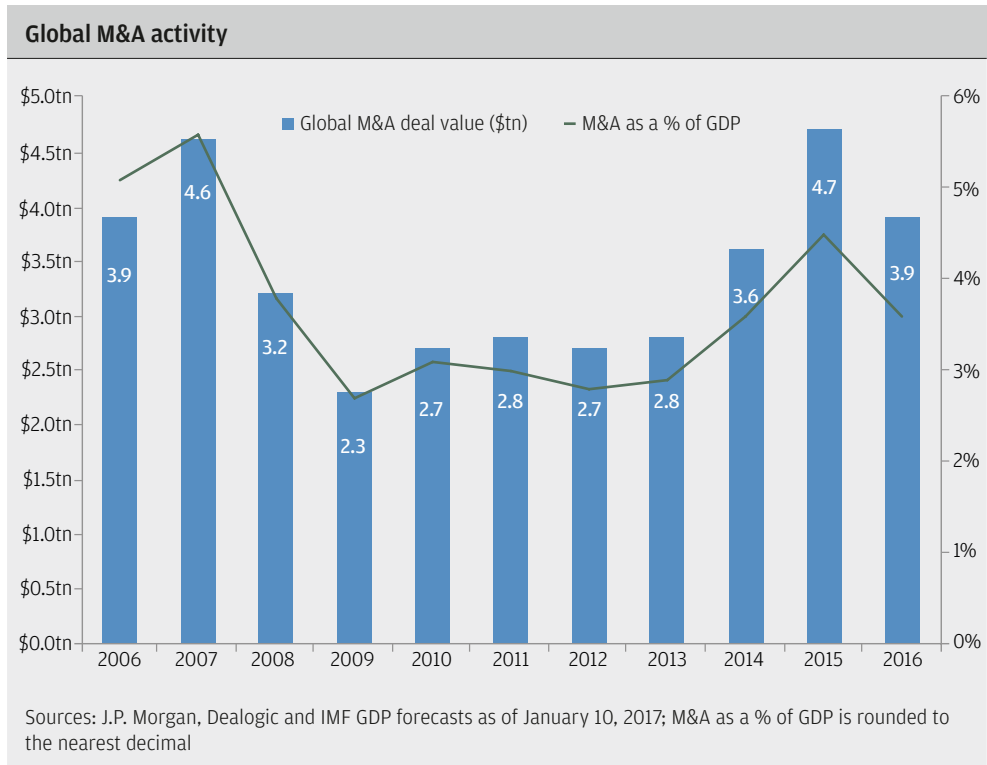
Additionally, market reception to the announcement of significant transactions in 2016, which acquirers have seen positively reflected in their stock prices, was another encouraging sign for the deal environment after facing some more negative price reactions in the second half of 2015.

#### Exhibit 1



Note: M&A market data source: Dealogic, unless otherwise noted

## Exhibit 2



## 2016 takeaways

- **A vibrant and resilient M&A market:** The 2016 global M&A market posted \$3.9 trillion in announced volumes, in line with the third best year on record, notwithstanding substantial global uncertainty.
- **Transformational deals:** A number of highly strategic mergers took place in 2016, as companies looked externally for creative, inorganic growth.
- **Buyers capitalize on low cost of funding:** Cash deals accounted for 62% of transactions in 2016, compared with 54% in 2015.
- **Cross-border activity:** Cross-border transactions accounted for a growing percentage of the market, at 36% of overall volume, up from 31% in 2015.
- **Surge in China outbound activity:** China outbound M&A into the U.S. and EMEA increased by 471% and 252% year-over-year, respectively.
- **Encouraging acquirer stock price reactions:** Median excess returns for acquirers' stock prices were essentially neutral to slightly positive post announcement.
- **Record withdrawals:** The volume of withdrawn deals<sup>1</sup> in 2016 reached \$842 billion (769 deals), the highest such volume since 2008, partly reflecting heightened regulatory pressure.
- **Leading sectors:** Technology was the most active sector by dollar volume in 2016, followed by power, real estate and healthcare.

<sup>1</sup> Withdrawn deal volume reflects deals greater than \$10 million

## 2017 – The year ahead

We anticipate 2017 volumes will be consistent with 2016's solid performance, as we expect companies to continue to seek both innovative and transformative transactions to complement organic growth. Investors' receptivity to enhanced scale and synergistic strategic fits, as demonstrated by encouraging acquirer stock price reactions, should support this trend.

With ongoing modest global GDP growth expected, a strong M&A market performance in 2017 will be necessary to accelerate expansion. As markets adjust to ongoing political and regulatory changes, the M&A market should be buoyed by strong fundamentals and the potential for pro-business policy changes. In particular, opportunities may emerge from potential new U.S. policies, such as cash repatriation, corporate tax reform and more modest regulation.

Alongside regulatory uncertainty, the greatest threat to M&A activity is equity market valuations, which ended 2016 at all-time highs, and the related risk of overpaying for assets. The likely result is a larger stock component in deal offerings to bring some balance to valuations. In addition, regulatory scrutiny for large transformative transactions will most likely continue, at least partially offset by a higher deal count.

We also expect increased activity from private equity funds, which notwithstanding a record \$822 billion<sup>2</sup> in "dry powder" – capital available for investment purposes – did not feature prominently in the 2016 M&A market. These funds are likely to come under pressure to deploy their substantial available capital in the months ahead.

### 2017 key themes

- **An active M&A market continues:** We anticipate consistent deal volume in 2017 as companies face continued pressure to complement modest organic growth. Activity will be encouraged, in part, by low cost of funding and positive acquirer share price reactions.
- **Regulatory uncertainty will remain:** The impact of 2016 electoral and referendum outcomes, in addition to a number of key global elections and administration changes slated for 2017, are likely to contribute to regulatory uncertainty. Such uncertainty may have an adverse effect on companies' readiness to pursue complex deals with a possible lengthy path to completion.
- **Cross-border transactions will continue to provide a source of value creation:** As companies continue to look for strategic growth, new regions provide exposure to different economic, market and consumer dynamics.
- **Activist investors will remain prominent:** Activists continue to prove adept at challenging corporate strategies and expanding their influence globally.

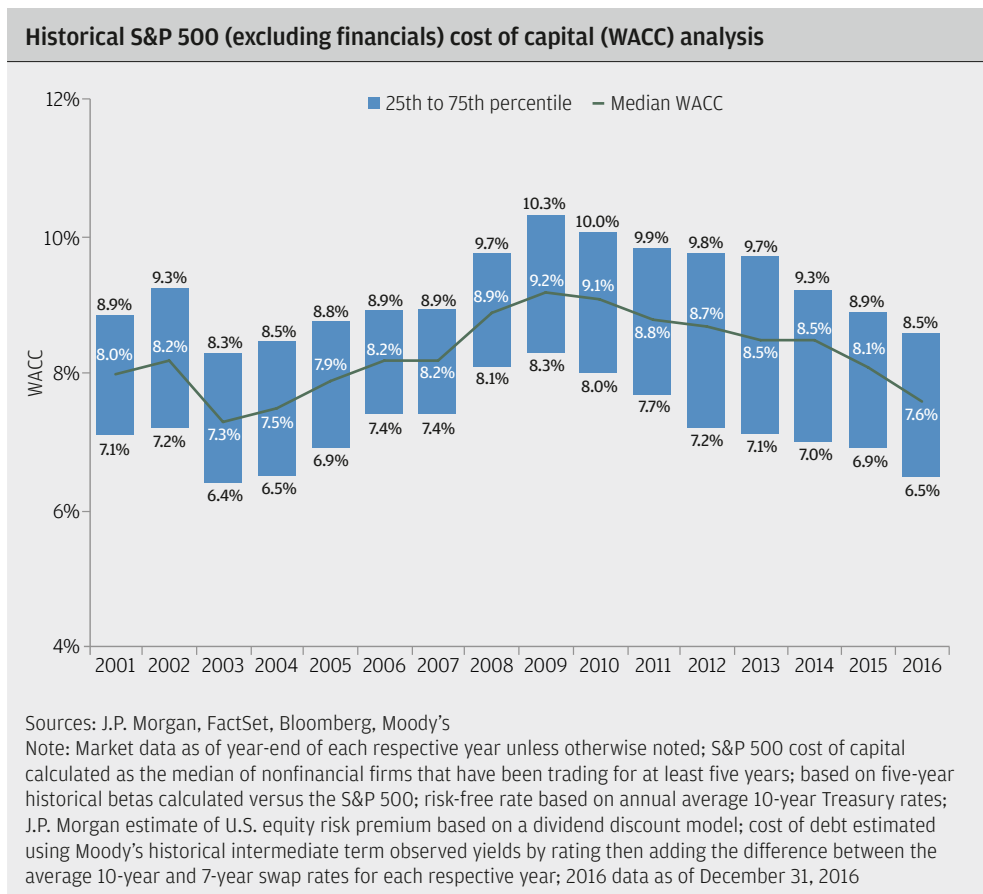
<sup>2</sup> Source: Preqin as of December 31, 2016

# 1. An active M&A market continues

As we move into 2017, a number of factors point toward an active deal environment. With ongoing modest GDP growth expected, companies will look externally for opportunities to complement organic growth, benefiting from their experience navigating 2016's uncertain market conditions. Dealmakers will be further motivated by recent encouraging acquirer stock price reactions, while private equity funds may feature more prominently in the market as they deploy record dry powder.

These important market trends will be further accelerated by the continued low cost of funding. As 2016 came to an end, the median weighted average cost of capital (WACC) for S&P 500 companies fell to 7.6%, a level not seen since 2004. Since peaking at 9.2% in 2009, the median WACC has drifted downward.<sup>3</sup> While we anticipate interest rate increases in 2017, the cost of capital is unlikely to be substantially impacted, and we do not think any increases will impede M&A activity. Given that in the past few years, corporations around the globe frequently did not lower their hurdle rates as much as the capital asset pricing model (CAPM) would have indicated, there remains an opportunity for more aggressive investment strategies.

## Exhibit 3

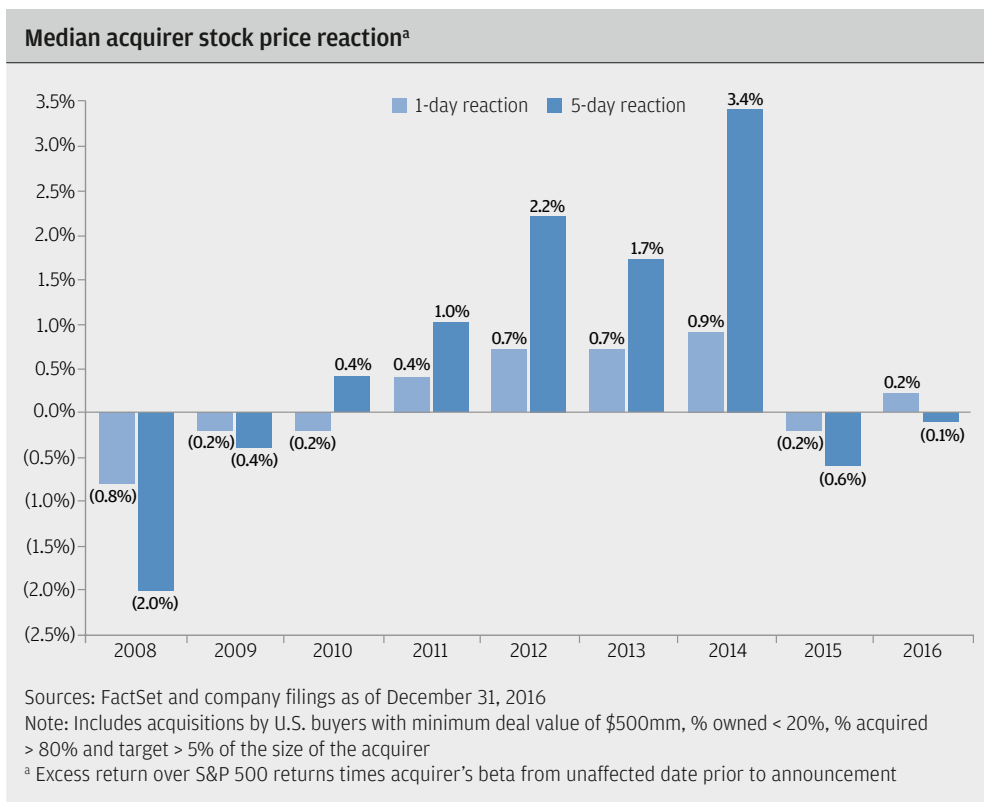


<sup>3</sup> Sources: J.P. Morgan, FactSet, Bloomberg, Moody's

The market reception to the announcement of significant transactions in 2016, which acquirers have seen positively reflected in their stock prices, is another encouraging sign for the deal environment. After some more negative price reactions in the second half of 2015, following several years of positive median excess returns, the median excess returns for acquirers' stock prices were essentially neutral in 2016, +0.2% to (0.1)%, for both the one-day and five-day post-announcement periods. Such reactions indicate that investors are open-minded to new and well thought out transactions. In fact, 20% of all announced transactions with a value in excess of \$500 million resulted in a positive share price five-day reaction of at least 5%.<sup>4</sup>

For deals less well received in 2016, the most common factors impacting their reception were a perceived strategic divergence from what management had led investors to expect and overall regulatory uncertainty about whether the deal would close. With acquirer stock prices generally performing in line with peers in 2016, the boards of potential acquirers may view the market as endorsing deal activity. This may factor into their decision to move forward with a transaction, as opposed to the close of 2015, when the median acquirer stock price reaction underperformed peers.

#### Exhibit 4

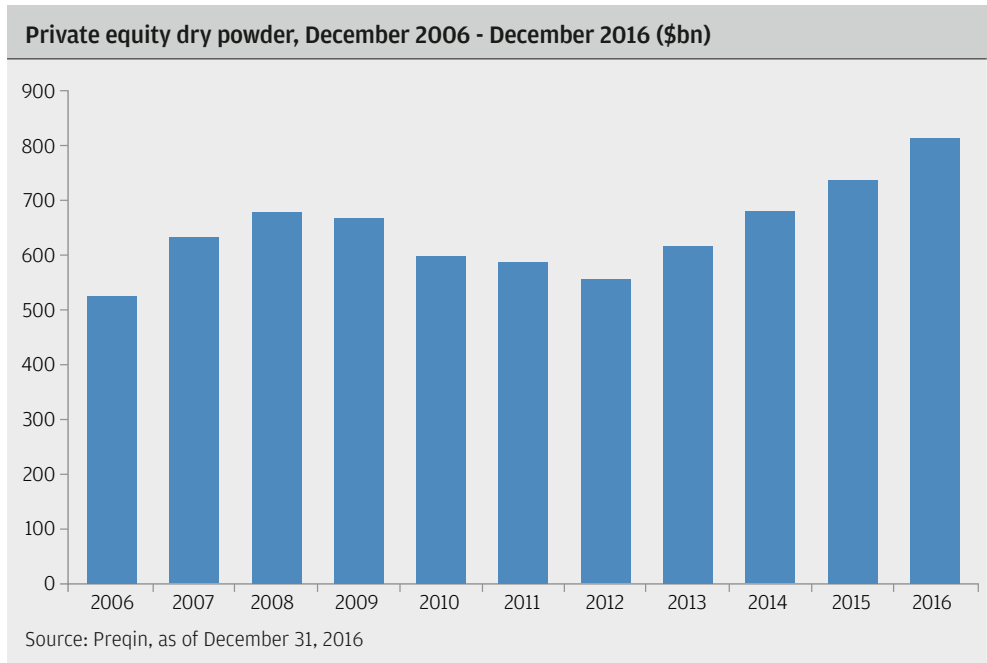


<sup>4</sup> Excess return over S&P 500 returns times acquirer's beta from unaffected date prior to announcement



Corporate decision makers pursuing acquisitions for growth will continue to compete against private equity firms, who are seeking to put to work a record \$822 billion in dry powder, as of year-end 2016. Following several years of robust fundraising and a decline in deal activity in 2016, many private equity players are under pressure to deploy capital in 2017. In an environment of heightened competition for quality assets from corporations and alternative investors (e.g., pension funds, sovereign wealth funds, family offices), these firms are likely to continue to be willing to pay higher transaction multiples and contribute more equity to get deals done. In addition to pursuing traditional buyout/leveraged buyout activity, private equity firms may also look to boost fund returns by allocating increasing amounts of capital to non-control investments and to “buy-and-build” strategies for existing portfolio companies.

### Exhibit 5



### Executive takeaways

- **With ongoing modest GDP growth expected, companies will look externally for opportunities to complement organic growth in 2017**, benefiting from their experience navigating 2016's uncertain market conditions.
- **Low cost of funding will encourage activity.** Notwithstanding likely interest rate increases in 2017, the cost of capital is unlikely to be substantially impacted, and we do not think any increases will impede M&A activity.
- **Acquirers experienced generally neutral to slightly positive stock price reactions to their deals in 2016**, which may be viewed by the boards of potential acquirers as an endorsement of deal activity.
- **Corporate acquirers will face competition from private equity funds looking to deploy record dry powder.**

## 2. The impact of regulatory uncertainty and potential reform

A number of notable elections and administration changes around the globe, both in 2016 and 2017, are likely to contribute to regulatory uncertainty that will continue to affect the M&A market throughout the year. As we continue to assess the impact of the new U.S. administration and the U.K.'s Brexit, we also await the outcome of several key elections in Europe (France, Germany, Netherlands, etc.), along with further clarity regarding foreign exchange restrictions in China. Impediments in all these factors will contribute to companies further scrutinizing the regulatory landscape before evaluating significant transaction opportunities.

### A new administration in the U.S.

Although specific policies have not yet been confirmed, tax reform is high on the agenda for the new administration and the Republican controlled Congress. Current proposals would lower corporate tax rates to 15% to 25% and remove the incentive to retain offshore “trapped cash” by imposing a mandatory tax, likely at a 5% to 10% rate, on current and future unrepatriated foreign earnings. Once implemented, such proposals could provide excess capital available for M&A, although there may be short-term headwinds as companies await the outcome.

Additional policy changes could include an increase in federal spending on infrastructure along with public-private partnerships, which may lead to growth in impacted sectors. Loosened restrictions and regulations in the energy sector should also encourage growth and consolidation.

### Brexit takes shape

While much was made of the impact of the Brexit referendum in 2016, its real effect may start to take shape in 2017. U.K. Prime Minister Theresa May has signaled her intent to trigger Article 50, which will serve as the official start of the EU withdrawal process, by the end of March. The impact of Brexit on other European nations remains to be seen, with some concerned that other countries may follow the U.K.'s lead and vote for similar referendums.

### Increased scrutiny in China

Increased regulatory and political scrutiny in China may have a negative impact on global M&A. While Chinese corporations are likely to remain active in evaluating outbound acquisition opportunities, other headwinds may exist. The impact of ongoing electoral changes around the world could result in different jurisdictions seeking greater reciprocity from China, regarding its support for foreign investment, in return for continued China inbound activity.

Separately, tighter controls on China outbound investments may impact M&A volume. The Chinese government remains supportive of strategic outbound acquisitions, so any impact is expected to be limited for well established Chinese buyers, but certain types of transaction activity may be affected. More opportunistic financial and real estate investments, including Chinese company delistings in foreign exchanges, are likely to be scrutinized, with regulatory approval less forthcoming. This will affect RMB financings and could lead to non-recourse offshore funding and to Chinese companies deploying existing offshore earnings, if available.

## Withdrawn deals in 2016

As we enter 2017, we anticipate continued regulatory scrutiny to have an impact on the M&A market, as was the case in 2016, when the combination of a challenging regulatory environment and acquirers' aggressive pursuit of growth-enhancing targets resulted in withdrawn deal<sup>5</sup> volume reaching \$842 billion (769 deals), the highest withdrawn deal volume since 2008. North American targets accounted for 65% of all withdrawn deals as a result of CFIUS concerns and the U.S. Treasury Department's April ruling on inversions. Additionally, antitrust legislation led to the withdrawal of a number of deals in the U.S. and Europe.

### Exhibit 6

Select deals affected by regulatory intervention (withdrawn year, 2016)								
Ann. date	Withdrawn date	Value (\$bn)	Target	Acquirer	Target country	Acquirer country	Sector	Reason for withdrawal
Nov 23, 2015	Apr 6, 2016	160.0	Allergan	Pfizer	U.S.	U.S.	Healthcare	Treasury Department's ruling on inversions in April 2016
Feb 26, 2016	Mar 1, 2016	102.8	United Technologies	Honeywell	U.S.	U.S.	Diversified industries	Failed negotiations/potential antitrust
Nov 17, 2014	Apr 30, 2016	38.7	Baker Hughes	Halliburton Co.	U.S.	U.S.	Oil & Gas	Inability to construct a divestiture package that met antitrust regulators' demands
Jan 23, 2015	Jun 30, 2016	15.4	Telefonica UK Ltd - O2 UK	Hutchison 3G UK Holdings	U.K.	Hong Kong	Telecom-munications	Regulatory – blocked by European Commission

Sources: Dealogic and company filings as of December 31, 2016  
Includes expired, rejected and withdrawn transactions

## Executive takeaways

- **Regulatory uncertainty will continue to affect the M&A market in 2017**, as we assess the impact of 2016 electoral and referendum outcomes, in addition to notable elections and potential policy changes around the globe.
- **A new administration in the U.S. may result in lower corporate tax rates, tax reform and new policies** that may benefit certain sectors.
- **Further definition around the extent of Brexit and its impact on other European countries is expected.** Concern remains that other European countries may follow the U.K.'s lead and vote for similar referendums.
- **Tighter controls on China outbound investments may impact M&A volume;** however, the Chinese government remains supportive of strategic outbound acquisitions and any impact is expected to be limited for well established Chinese buyers.

<sup>5</sup> Source: Dealogic (M&A Analytics) as of January 10, 2017

Note: Deals with value greater than or equal to \$10 million. Includes expired, rejected and withdrawn transactions  
Region based on target information

### 3. Cross-border transactions will remain important

Despite a number of headwinds, cross-border transactions will provide an important source of value creation for corporations in 2017, as companies continue to look to new regions for exposure to different economic, market and consumer dynamics.

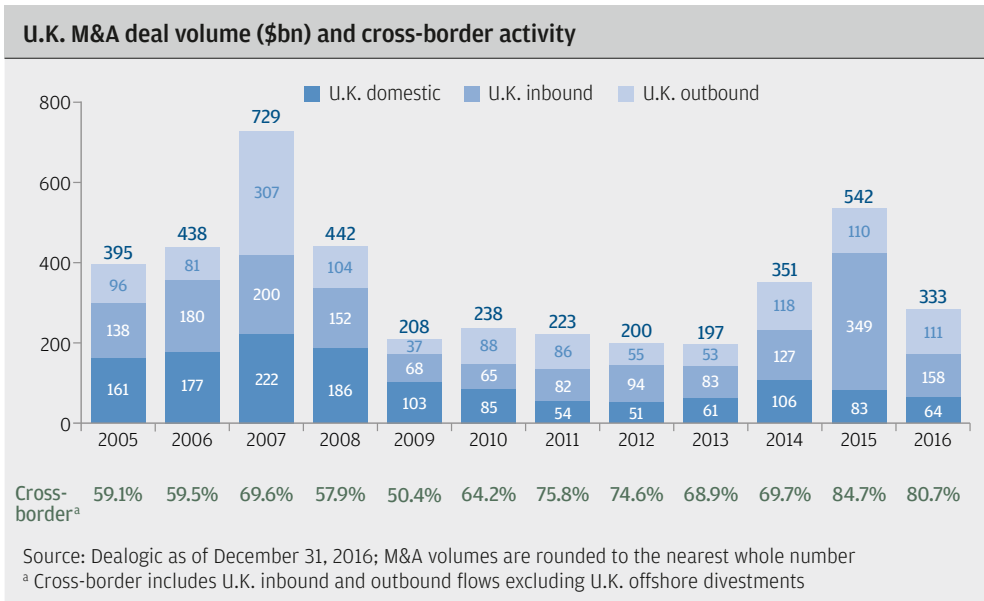
#### Impact of Brexit on U.K. cross-border M&A flows

The U.K. electorate’s June 2016 decision to exit the EU sent a shudder through global equity markets – with major global indices down an average of 4.5% that week – adding to rising levels of global market uncertainty. Since then, the markets have rebounded strongly, but uncertainty remains around the true impact of the U.K.’s exit from the EU, where volumes for deals involving a U.K. target declined 48% in 2016, when compared to 2015.

Whether we witness a “hard” or “soft” Brexit, a formal departure from the EU is likely to force U.K. companies to be more dynamic in international markets and to seek opportunities for expansion and growth around the world. Similarly, foreign companies are likely to remain interested in acquiring or partnering with U.K. companies, benefiting from global operations, world-class capabilities and, in some instances, the likely continued weakness in sterling.

Despite the tumult around Brexit, the U.K. M&A market remains one of the most open, structured and transparent markets globally. While populist demands for curbs on overseas buyers of U.K. assets persist, cross-border M&A continues to make up the largest proportion of total U.K. M&A volume, accounting for approximately 69%<sup>6</sup>, on average, for the 10 years from 2007 through 2016.

Exhibit 7



<sup>6</sup> Cross-border includes U.K. inbound and outbound flows excluding U.K. offshore divestments

## The evolution of China outbound interest

As previously discussed, following a surge in China outbound M&A deal activity in 2016, we anticipate Chinese buyers will continue to look for attractive opportunities abroad, although transaction activity is likely to be curbed by different jurisdictions seeking greater inbound reciprocity from China and tighter controls on outbound investments.

We anticipate that Chinese buyer interest in 2017 will focus on a number of sector-based strategic factors:

- Consumer and leisure/recreation opportunities associated with growing demand from the rising middle class, with significant focus on established brands.
- Industrials acquisitions focusing on industrial know-how, such as robotics and automation, to address the partial erosion of manufacturing competitiveness.
- Technology transactions in pursuit of a strong technology edge. Despite greater regulatory scrutiny from both the U.S. and Europe, interest for technology targets remains strong.
- Investments in power, utilities and infrastructure, as well as natural resources, which have seen recoveries, partially due to the government-backed “One Belt, One Road” initiative.
- Chinese buyers have also become increasingly receptive to a variety of transaction structures, such as strategic minority investments, public tender and controlling deals with pre-agreed mitigation measures to preserve jobs and operational independence.

## The importance of Japan cross-border activity

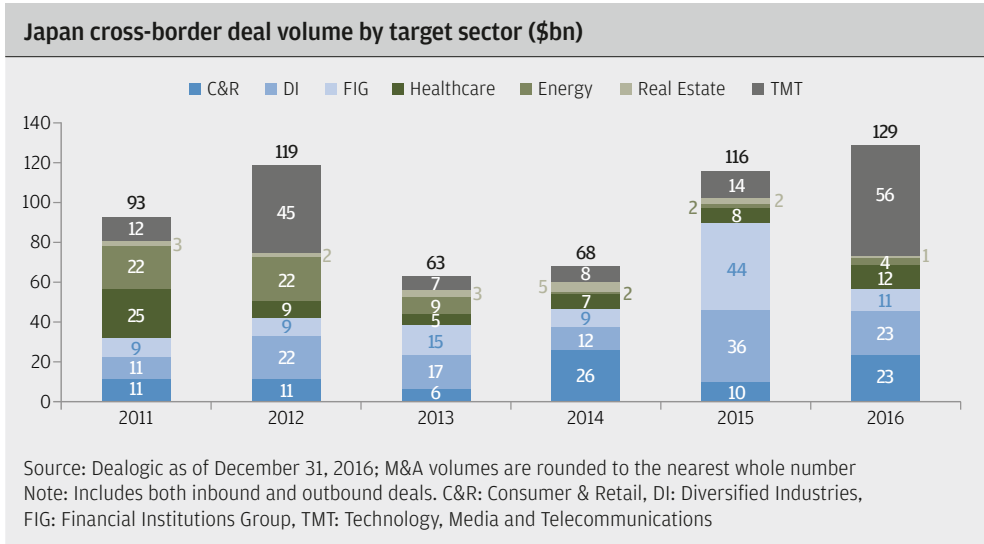
For Japan, the 2016 M&A market showed activity levels similar to 2015, with little growth, a possible result of an uncertain economic and business environment, as reflected in the flat performance of the Nikkei during 2016. This is consistent with the historical correlation between Japanese stock market performance and M&A transaction volumes, with the exception of certain megadeals (e.g., Softbank’s acquisition of Sprint Nextel in 2012 and Softbank’s acquisition of ARM in 2016).

The likely continued uncertainty of Japan’s GDP growth, along with inflation relative to Japanese companies’ excess exposure to the local economy, should encourage corporations’ search for growth through cross-border M&A, which accounted for 58% of all deals in 2016, compared with 44% in 2011.

We anticipate a pickup in outbound M&A activity during 2017 to continue, driven by a number of factors:

- Increasing pressure from shareholders to achieve higher return on equity and growth, following the introduction of the Corporate Governance Code in 2015.
- Historical local diversification into different sectors that may lead to the sale of non-core assets, as companies face pressure from shareholders to achieve higher return on equity and expand core operations.
- Expected strengthening of the yen.

Exhibit 8



### Executive takeaways

- Despite a number of headwinds, cross-border transactions will provide an important source of value creation for corporations in 2017, as companies continue to look to new regions for exposure to different economic, market and consumer dynamics.
- Whether we witness a “hard” or “soft” Brexit, uncertainty in the U.K. market is likely to bring M&A opportunities from both U.K. acquirers entering new markets to seek opportunities for growth and expansion and from foreign buyers encouraged by the prospect of combining with world-class companies, further facilitated by continued weakness in sterling.
- Chinese buyers will continue to look for opportunities abroad in 2017, following a surge in China outbound M&A activity in 2016. However, transaction activity is likely to be curbed by different jurisdictions seeking greater inbound reciprocity from China as well as tighter controls on outbound investments.
- A pickup in Japan outbound M&A activity is anticipated, resulting from uncertain economic recovery and Japanese companies having excess exposure to the local market.

## 4. Activism: What's ahead in 2017?

We anticipate activism to continue to be a prominent theme in 2017, as activists prove themselves adept at navigating the ongoing evolution and global expansion of the strategy.

After several years of strong growth, activist hedge fund assets under management (AUM) dropped to \$121.2 billion at the end of 2016, down roughly 1.4% from their 2015 peak, but up from earlier in the year when AUM was down 8.5% from year-end 2015 levels. The asset class suffered from a combination of underperformance by a number of activist funds, redemptions by hedge fund investors and a shift from active to passive/index investment strategies.

Issuers should not view this decline in activist AUM as a reason to become complacent about shareholder activism, however, as we expect the storm has passed for activist hedge funds. The pressures exerted upon shareholder activists have resulted in better developed activist campaigns and more aggressive activist actions. We also expect more direct engagement from traditional long-only investors, who are more comfortable flexing their muscle by taking direct action at portfolio companies they view as underperformers.

After seeing a record in 2015 with respect to activist campaigns ending in settlements putting an activist representative on the board, 2016 saw reduced settlement activity. This pullback was driven in part by slightly lower levels of activism overall following significant activist headwinds leading into the 2016 proxy season, but also by increased pushback from institutional investors, who increasingly view settlements as usurping shareholders' right to determine the composition of a company's board. We expect this shareholder pressure to continue in 2017, resulting in less frequent settlement, particularly settlements reached very quickly after an activist campaign is launched. Where settlements do still occur, we expect companies to increase their engagement with non-activist shareholders before entering into a settlement agreement.

### The evolution of institutional investor involvement in activism

Major institutional investors have demonstrated a willingness to support activists calling for change. No longer averse to confrontation, these investors are now not only prepared to support a dissident, but also are becoming more directly involved in shareholder activism. The first seeds of activism sown by long-only institutional investors began to emerge a couple of years ago when investors started reaching out to activists and inviting them to target their portfolio companies. Some are now submitting shareholder proposals and initiating full-scale campaigns on their own.

Conversely, as targeted companies have looked to settlement in an effort to avoid the negative impact of a full-scale activist campaign, institutional investors – mainly index funds – are beginning to push back, arguing that ceding board seats in a settlement usurps shareholders' right to determine the makeup of the company's board. These investors are calling upon companies to resist activists' short-term interests, encouraging corporates to impose tougher terms when negotiating settlements and engaging with shareholders prior to finalizing a settlement agreement.

## The changing regulatory environment for activists

In reaction to the demonstrated ability of activists to quickly and radically affect the companies they target, recent regulatory developments in the U.S. are set to shape the evolution of shareholder activism:

- In October 2016, the U.S. Securities and Exchange Commission voted 2-1 to propose a universal proxy card rule for contested board elections. If implemented, this would result in all director nominees – those nominated by the company, as well as those nominated by the dissident – being placed on a single proxy card, allowing investors to split their votes between all nominees.
- Both the U.S. Department of Justice and the Federal Trade Commission are evaluating activist investors’ requirements under the Hart-Scott-Rodino Act (HSR) and imposing fines for violations. Historically, however, activists have relied on an exemption for investors that are accumulating shares “solely for the purpose of investment.” Given an activist’s typical strategy to influence the management, board and strategy of the companies they target, regulators are reexamining whether this exemption should continue to apply to activists.
- The U.S. Congress is considering tightening other disclosure requirements that directly affect activists’ ability to accumulate shares. The Brokaw Act, a bill that would shorten the SEC’s Schedule 13D filing window from 10 days to two, was recently placed on hold in the Senate.

## Continued globalization of shareholder activism

While the U.S. has historically been the focus of the vast majority of shareholder activism, international activist campaign volume<sup>7</sup> has significantly increased. 2016 saw new peaks in campaign activity in Europe and Asia Pacific, where year-over-year activity grew by 51% and 10%, respectively. Despite cultural, structural and regulatory differences, international activism is expected to develop along the same lines it has in the U.S., where campaign themes became progressively more sophisticated and large-cap companies became increasingly vulnerable.

**Exhibit 9**



<sup>7</sup> Defined as Europe, Asia and Australia



International campaign volume has been and will continue to be driven by both domestic and foreign investors, the latter looking for opportunities outside of a saturated U.S. market, capitalizing on the changing face of international shareholder registers, which increasingly resemble U.S. companies' shareholder registers. These registers have already shown they are receptive to activist agendas.

## Executive takeaways

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- **Despite a decrease in activist AUM in 2016, the strategy will remain prominent, and continue to evolve, in 2017.**
- **Pressures exerted upon shareholder activists are likely to result in better developed activist campaigns and more aggressive activist actions,** as shareholder activists look to demonstrate to their own investors that they are working hard to deliver returns.
- **2017 campaigns are less likely to result in settlement.** Where settlements occur, we expect companies to increase their engagement with non-activist shareholders before entering into a settlement agreement.
- **Institutional investors are increasingly engaging in shareholder activism,** shedding their historical supporting roles for more direct engagement.
- **Recent regulatory developments in the U.S. are set to shape the evolution of shareholder activism.**

## About J.P. Morgan M&A advisory solutions

We advise corporations and institutions of all sizes on their most complex strategic needs, in their home markets and around the world. Whatever your strategic challenge or opportunity, J.P. Morgan provides a full M&A offering to address your needs. Drawing upon our in-depth industry-specific expertise and regional market acumen, we can evaluate your business with a long-term view to provide a tailored, comprehensive and integrated solution.

We have a track record of strategic defense. Our scale and breadth of experience with shareholder activism mean we provide a differentiated approach toward defense for clients. We have successfully engaged with all the major activists in some of the most sophisticated campaigns around the world, and our deep understanding of activist tactics and firsthand knowledge bring experience to your defense. As we advise only corporate clients and do not counsel any shareholder activist campaigns, our interests are fully aligned with your company's priorities.

Clients benefit from J.P. Morgan's global experience leveraging our specialized advice, swift strategic execution and strong resources to help you seize opportunities and solve problems.

### Our bespoke solutions combine:

- In-depth knowledge of sector and market dynamics with M&A bankers based locally in most major markets globally.
- Innovative advice on valuation, transaction structures and deal tactics and negotiations.
- Rigorous execution delivered with responsive and agile service.
- Ability to partner with product experts across our full range of competencies, including comprehensive financing through our debt and equity issuance platforms, as well as derivatives and treasury services, such as escrow services.

### J.P. Morgan provides M&A advisory solutions across the full strategic life cycle of our clients:

#### Strategic expansion

- Acquisitions, including cross-border opportunities
- Mergers and joint ventures

#### Enhancing business value

- Corporate combinations
- Divestures
- Capital restructuring projects
- Spinoffs and other repositionings

#### Shareholder strategy

- Defense preparations for publicly announced and non-public approaches
- Dedicated shareholder activism advice

## Select J.P. Morgan-advised M&A transactions in 2016

<p><b>Pending</b> <b>\$107.9bn</b></p> <p>Advisor to <b>AT&amp;T</b> on its acquisition of Time Warner</p>	<p><b>Pending</b> <b>\$58.1bn</b></p> <p>Advisor to <b>Reynolds American</b> on its sale of remaining 57.8% stake to British American Tobacco</p>	<p><b>Pending</b> <b>\$46.9bn</b></p> <p>Advisor to <b>Syngenta</b> on its sale to ChemChina</p>	<p><b>Pending</b> <b>\$43.0bn</b></p> <p>Advisor to <b>Enbridge</b> on its merger with Spectra Energy</p>	<p><b>Pending</b> <b>\$23.1bn</b></p> <p>Advisor to <b>Twenty-First Century Fox</b> on its acquisition of remaining 61.6% stake in Sky plc</p>
<p><b>Pending</b> <b>\$18.4bn</b></p> <p>Advisor to <b>NextEra Energy</b> on its acquisition of Energy Future Holdings</p>	<p><b>2017</b> <b>\$18.0bn</b></p> <p>Advisor to <b>Colony Capital</b> on its merger of equals with Northstar Asset Management and North Realty Finance</p>	<p><b>Pending</b> <b>\$14.2bn</b></p> <p>Advisor to <b>London Stock Exchange</b> on its merger with Deutsche Boerse</p>	<p><b>2016</b> <b>\$14.3bn</b></p> <p>Advisor to <b>Medivation</b> on its sale to Pfizer</p>	<p><b>Pending</b> <b>\$11.3bn</b></p> <p>Advisor to <b>Sherwin-Williams</b> on its acquisition of Valspar</p>
<p><b>2016</b> <b>\$10.3bn</b></p> <p>Advisor to <b>Progressive Waste Solutions</b> on its sale to Waste Connections</p>	<p><b>Pending</b> <b>\$10.0bn</b></p> <p>Advisor to <b>CIT Group</b> on the sale of its of aircraft leasing business to Avolon Holdings</p>	<p><b>Pending</b> <b>\$8.9bn</b></p> <p>Advisor to <b>Harman International</b> on its sale to Samsung Electronics</p>	<p><b>Pending</b> <b>\$8.8bn</b></p> <p>Advisor to <b>Micro Focus</b> on its merger with HP Software Business Segment</p>	<p><b>Pending</b> <b>\$8.4bn</b></p> <p>Advisor to <b>Alere</b> on its sale to Abbott Laboratories</p>
<p><b>Pending</b> <b>\$8.2bn</b></p> <p>Advisor to <b>Rockwell Collins</b> on its acquisition of B/E Aerospace</p>	<p><b>2016</b> <b>\$8.0bn</b></p> <p>Advisor to <b>Hon Hai Precision Industry</b> and <b>SIO International</b> on its acquisition of 66% stake in Sharp Corp</p>	<p><b>Pending</b> <b>\$7.7bn</b></p> <p>Advisor to <b>Gamesa Corporacion Tecnologica</b> on its acquisition of wind business from Siemens</p>	<p><b>2016</b> <b>\$7.5bn</b></p> <p>Advisor to <b>Multiplan</b> on its sale to Hellman &amp; Friedman</p>	<p><b>2016</b> <b>\$7.2bn</b></p> <p>Advisor to <b>Johnson Controls</b> on the spinoff of its automotive seating business</p>
<p><b>2016</b> <b>\$7.0bn</b></p> <p>Advisor to <b>AMSURG</b> on its merger with Envision Healthcare</p>	<p><b>2016</b> <b>\$6.8bn</b></p> <p>Advisor to <b>Energy Future Holdings</b> on its spinoff of Texas Competitive Electric Holdings</p>	<p><b>2016</b> <b>\$6.6bn</b></p> <p>Advisor to <b>Markit</b> on its sale to IHS</p>	<p><b>Pending</b> <b>\$6.5bn</b></p> <p>Advisor to <b>HNA Group</b> on its acquisition of a 25% stake in Hilton Worldwide from Blackstone</p>	<p><b>Pending</b> <b>\$6.4bn</b></p> <p>Advisor to <b>Quironsalud</b> on its sale to Fresenius</p>

<p><b>2016</b> <b>\$5.8bn</b></p> <p>Advisor to <b>Lockheed Martin</b> on its sale of IT systems and Global Solutions business to Leidos Holdings</p>	<p><b>Pending</b> <b>\$5.8bn</b></p> <p>Advisor to <b>Regency Centers</b> on its merger with Equity One</p>	<p><b>Pending</b> <b>\$5.6bn</b></p> <p>Advisor to <b>Bass Pro Group</b> on its acquisition of Cabela's</p>	<p><b>Pending</b> <b>\$5.5bn</b></p> <p>Advisor to <b>Yahoo</b> on sale of its operating business to Verizon</p>	<p><b>Pending</b> <b>\$5.2bn</b></p> <p>Advisor to <b>Petrobras</b> on its sale of South American natural gas transmission utility to Brookfield Infrastructure Consortium</p>
<p><b>2016</b> <b>\$5.0bn</b></p> <p>Advisor to <b>E.ON</b> on spinoff of Uniper</p>	<p><b>2016</b> <b>\$4.8bn</b></p> <p>Advisor to <b>Post Properties</b> on its combination with Mid-America Apartment Communities</p>	<p><b>2016</b> <b>\$4.7bn</b></p> <p>Advisor to <b>Symantec</b> on its acquisition of Blue Coat</p>	<p><b>Pending</b> <b>\$4.6bn</b></p> <p>Advisor to <b>GE</b> on its sale of GE Money Bank to Cerberus Capital Management</p>	<p><b>Pending</b> <b>\$4.5bn</b></p> <p>Advisor to <b>Siemens</b> on its acquisition of Mentor Graphics</p>
<p><b>2016</b> <b>\$4.5bn</b></p> <p>Advisor to <b>Thermo Fisher Scientific</b> on its acquisition of FEI Company</p>	<p><b>2016</b> <b>\$4.5bn</b></p> <p>Advisor to <b>Ant Financial Group</b> on its sale of 7.5% stake to China Investment Corp and others</p>	<p><b>2016</b> <b>\$4.5bn</b></p> <p>Advisor to <b>Lions Gate Entertainment</b> on its acquisition of Starz</p>	<p><b>Pending</b> <b>\$4.5bn</b></p> <p>Advisor to <b>Intrum Justitia</b> on its merger with Lindorff</p>	<p><b>Pending</b> <b>\$4.4bn</b></p> <p>Advisor to <b>CST Brands</b> on its sale to Alimentation Couche-Tard</p>
<p><b>2016</b> <b>\$4.0bn</b></p> <p>Advisor to <b>Ultimate Fighting Championship</b> on its sale to a consortium of investors</p>	<p><b>2016</b> <b>\$4.0bn</b></p> <p>Advisor to <b>Emerson Electric</b> on the sale of its Network Power business to Platinum Equity</p>	<p><b>Pending</b> <b>\$3.9bn</b></p> <p>Advisor to <b>CIBC</b> on its acquisition of PrivateBancorp</p>	<p><b>2016</b> <b>\$3.8bn</b></p> <p>Advisor to <b>EPH</b> on its acquisition of Lignite</p>	<p><b>2017</b> <b>\$3.8bn</b></p> <p>Advisor to <b>Evonik</b> on its acquisition of Air Products Performance Materials</p>
<p><b>2016</b> <b>\$3.7bn</b></p> <p>Advisor to <b>Casino Guichard-Perrachon</b> on the sale of 58.6% stake in its Big C Supercenter to TCC Group</p>	<p><b>2016</b> <b>\$3.6bn</b></p> <p>Advisor to <b>Cousins Properties</b> on its merger with Parkway Properties</p>	<p><b>2016</b> <b>\$3.6bn</b></p> <p>Advisor to <b>Thomson Reuters</b> on the sale of its Intellectual Property &amp; Science business to Onex and Baring Private Equity</p>	<p><b>Pending</b> <b>\$3.6bn</b></p> <p>Advisor to <b>Equinix</b> on its acquisition of 29 data center assets from Verizon</p>	<p><b>2016</b> <b>\$3.6bn</b></p> <p>Advisor to <b>Microchip Technology</b> on its offer to acquire Atmel Corp</p>







*J.P. Morgan*

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