

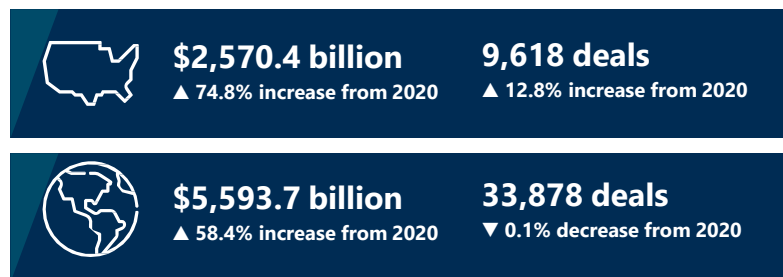
M&A AT A GLANCE

Key Takeaways

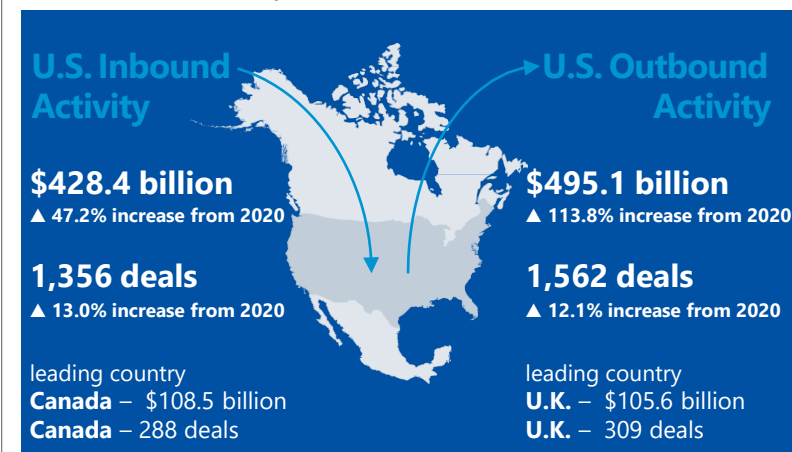
- ▶ What a difference a year makes. After a harrowing start to 2020 marked by previously unseen declines in M&A, signs of recovery emerged as early as May that year. Ultimately, 2020 M&A activity, while still down overall compared to 2019, rebounded in the latter half of the year and gained steam into 2021. The \$2.6 trillion in total U.S. deal value for 2021 was an increase of 75% over 2020, and the \$5.6 trillion in total global deal value for 2021 was an increase of 58% over 2020. Ultimately, both figures were record breakers: total U.S. deal value was 37% higher than the previous record (set in 2015), and total global deal value was 31% higher than the previous record (set in 2007). Deal count was also up domestically in 2021, with 9,618 U.S. deals, a 13% increase from 2020. Global deal count remained flat, with 33,878 deals, a 0.1% decrease from 2020.
- ▶ While both sponsor-related and strategic deals had strong showings in 2021, sponsor-related activity outpaced strategic deals in both the U.S. and globally. U.S. strategic and sponsor deal counts increased 9% and 23%, respectively, and total U.S. deal value increased 62% and 98%, respectively. While global sponsor-related deal counts also increased 15%, the number of global strategic deals declined a modest 3% as compared to 2020. The total deal value of global strategic and sponsor-related deals were both up in 2021, increasing over 2020 by 49% and 79%, respectively.
- ▶ Moving to M&A activity by sector, in 2021, the top five most active target industries in the U.S. by total deal value were Computers & Electronics, Healthcare, Finance, Real Estate/Property and Leisure & Recreation. Oil & Gas and Telecommunications, which were included in the top five in 2020, fell out of the top five by deal value in 2021. By number of deals, the top five target industries for U.S. M&A in 2021 were Computers & Electronics, Healthcare, Professional Services, Finance and Construction/Building, which echoed 2020.
- ▶ Special purpose acquisition companies continued to grow in 2021. In the U.S., the value of SPAC transactions increased 117% to \$415.1 billion in 2021 relative to \$190.9 billion in 2020. Similarly, the number of SPAC transactions more than doubled from 89 in 2020 to 208 transactions in 2021. Globally, the value of SPAC transactions almost tripled from \$220.9 billion in 2020 to \$622.2 billion in 2021, while the aggregate number of transactions increased from 120 in 2020 to 302 in 2021.
- ▶ On the U.S. public merger front, there were a few noteworthy observations from 2021:
 - The percentage of U.S. public mergers that were hostile or unsolicited decreased in 2021 to 15% after reaching 19% in 2020.
 - Reverse break fees (RBFs) as a percentage of equity value increased from 5.3% in 2020 to 5.8% in 2021. This increase was mostly driven by sponsor-related transactions, for which RBFs increased from 6.2% in 2020 to 7.5% in 2021. RBFs in strategic transactions increased more modestly from 4.6% in 2020 to 4.8% in 2021. Target break fees similarly increased from 3.2% in 2020 to 3.7% in 2021.
 - Go-shops in U.S. public mergers decreased from 9% in 2020 to 7% in 2021 overall, but increased in sponsor-related mergers from 22% in 2020 to 31% in 2021, though still far from the 47% seen in 2019. In 2021, there was modest use of go-shop provisions in mergers involving strategic buyers (0.7%), which continued the trend of limited use of such provisions in strategic transactions seen in 2020 and 2019 (4% and 3%, respectively).

2021 YEAR-END ROUNDUP

U.S. and Global Activity



Crossborder Activity

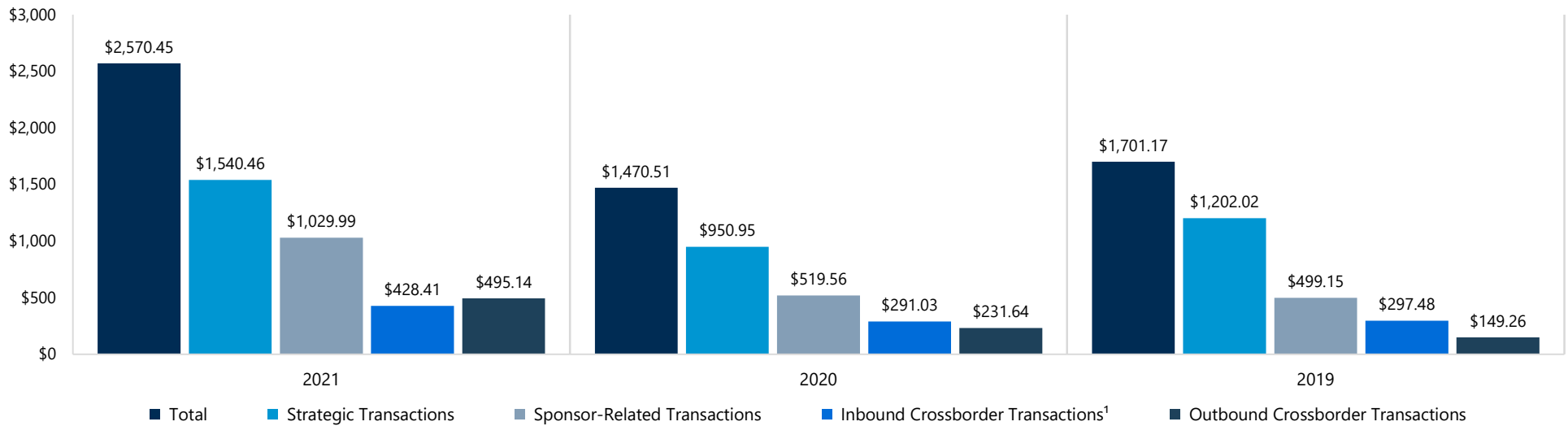


Industry Activity

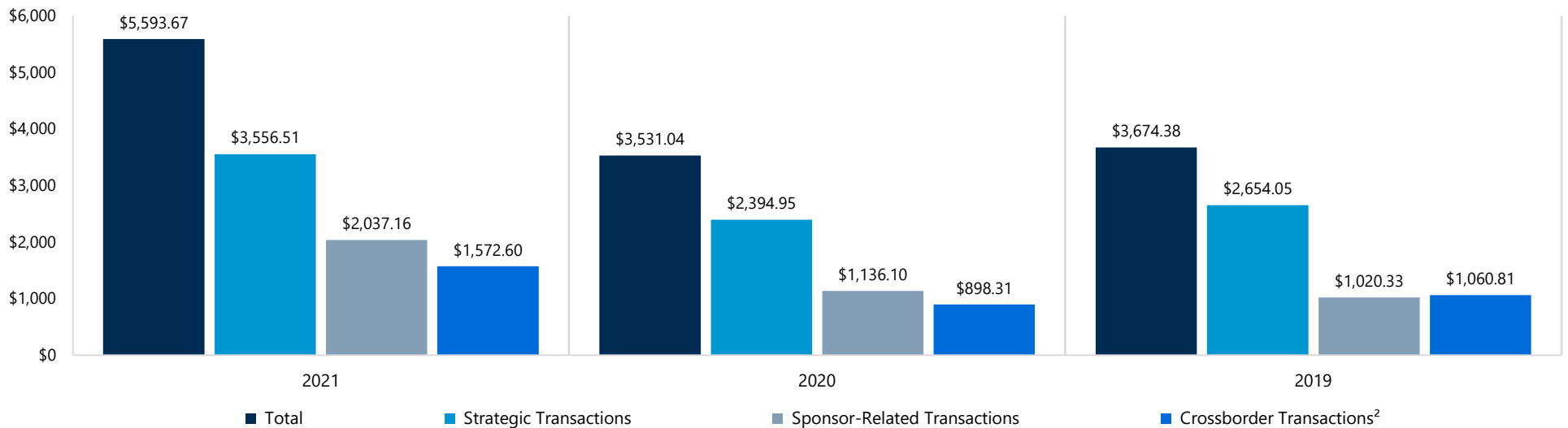


Cortex data is as of January 10, 2022 and data from Deal Point Data is as of January 12, 2022 unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

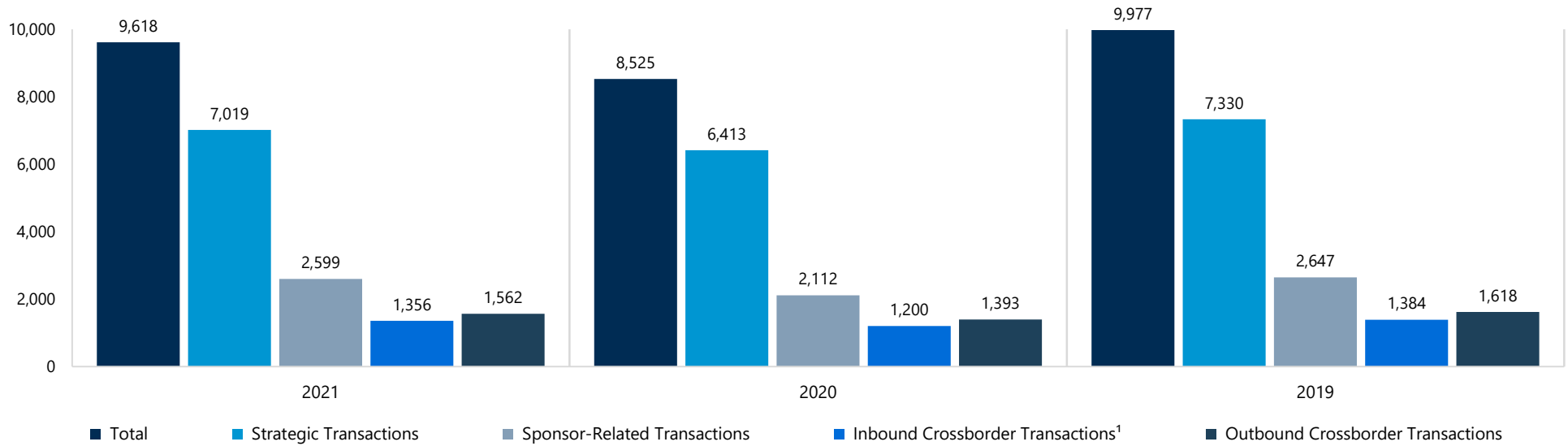
U.S. Deal Value (US\$B)¹



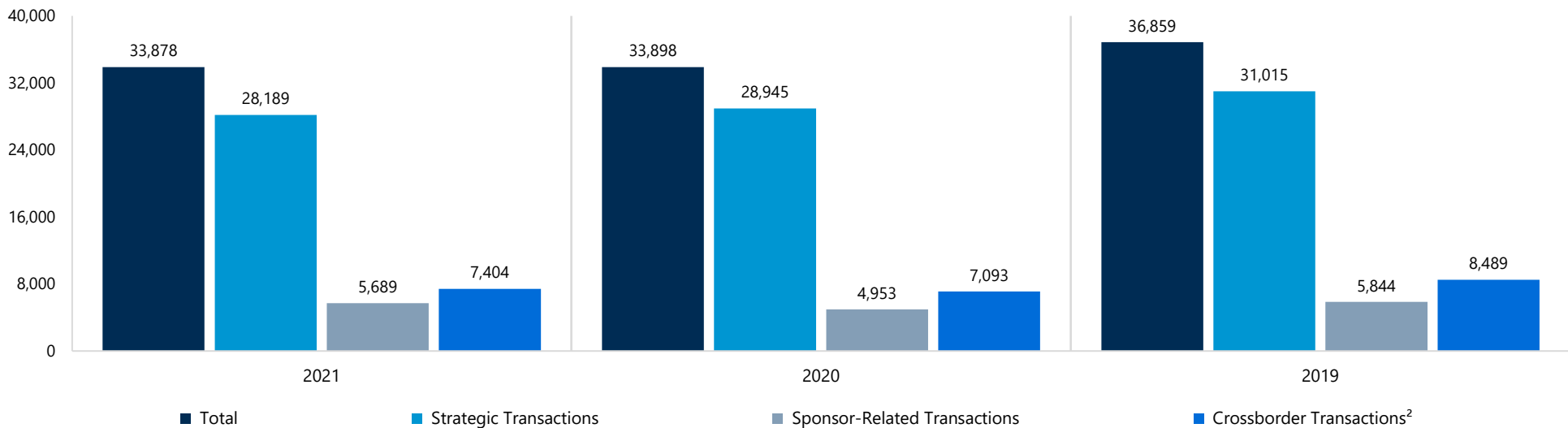
Global Deal Value (US\$B)²



U.S. Number of Deals¹

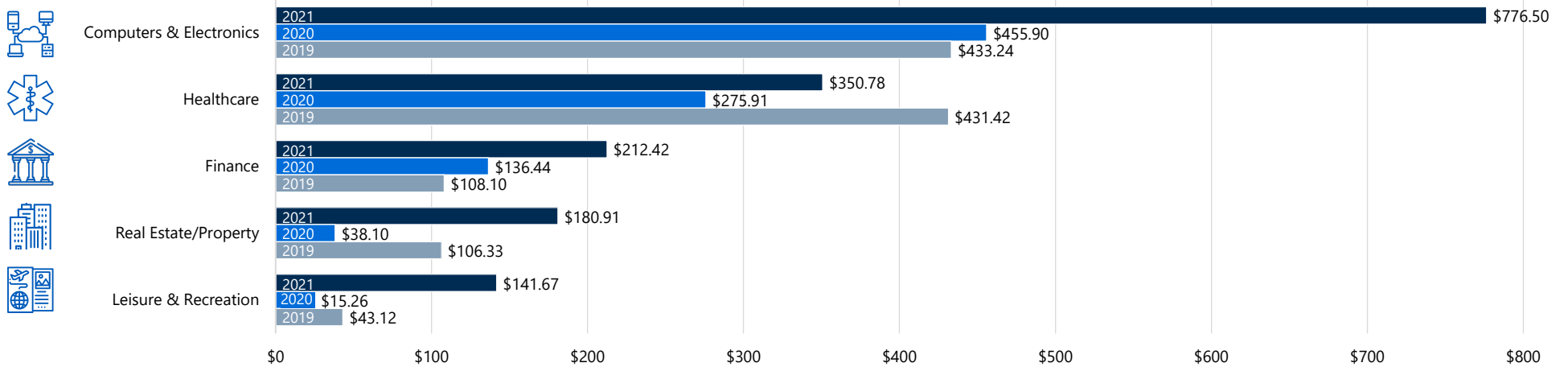


Global Number of Deals²



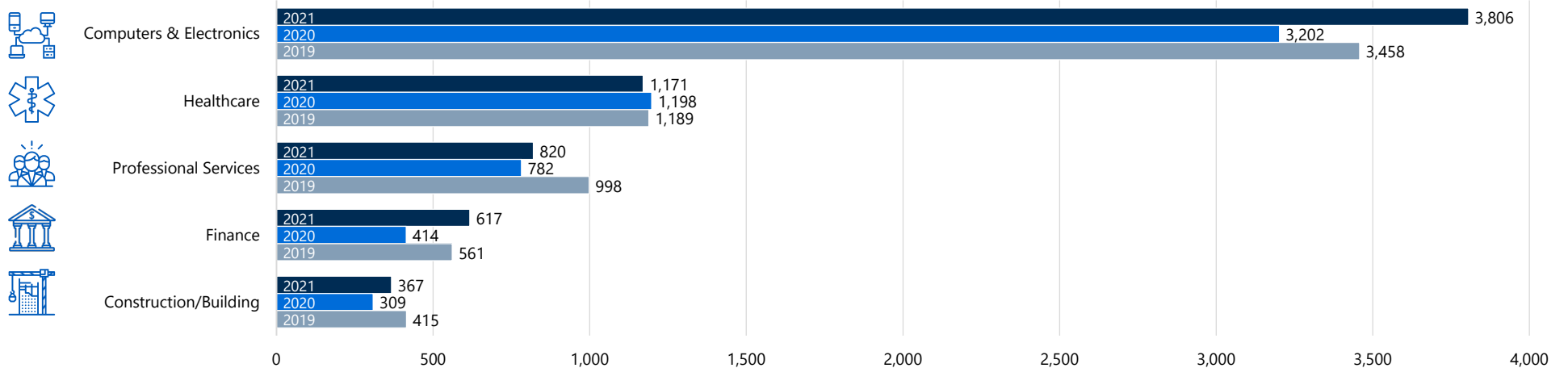
Most Active U.S. Target Industries³

By Deal Value (US\$B)

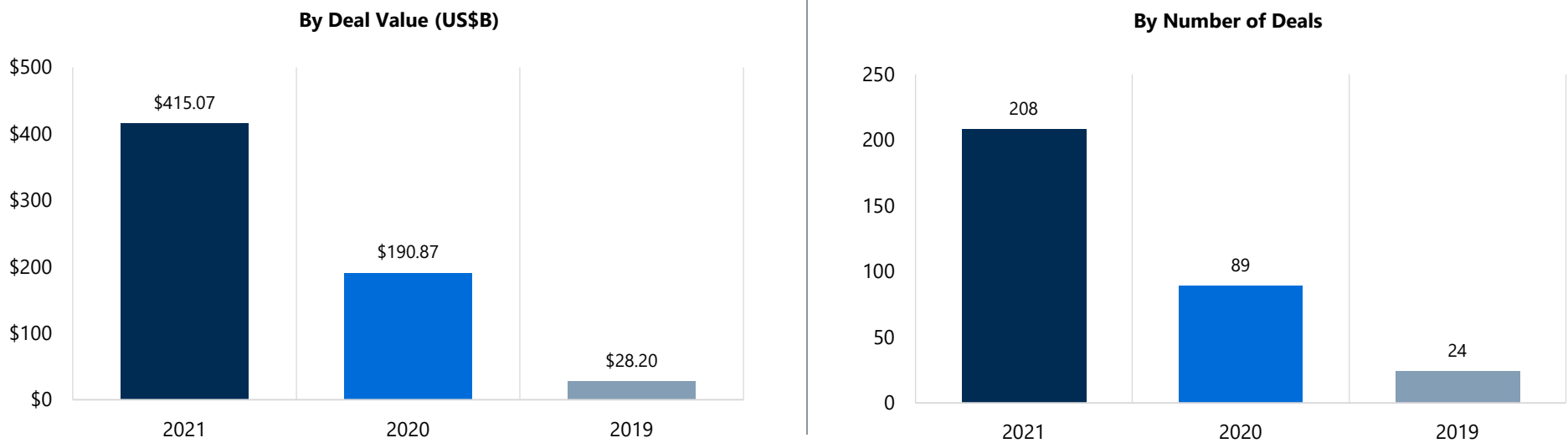


Note: In 2020, Oil & Gas and Telecommunications ranked among the top five industries with US\$B 105.77 and US\$ 63.55 total deal volumes, respectively. In 2019, Oil & Gas ranked among the top five industries, with US\$B 146.14 in total deal volume.

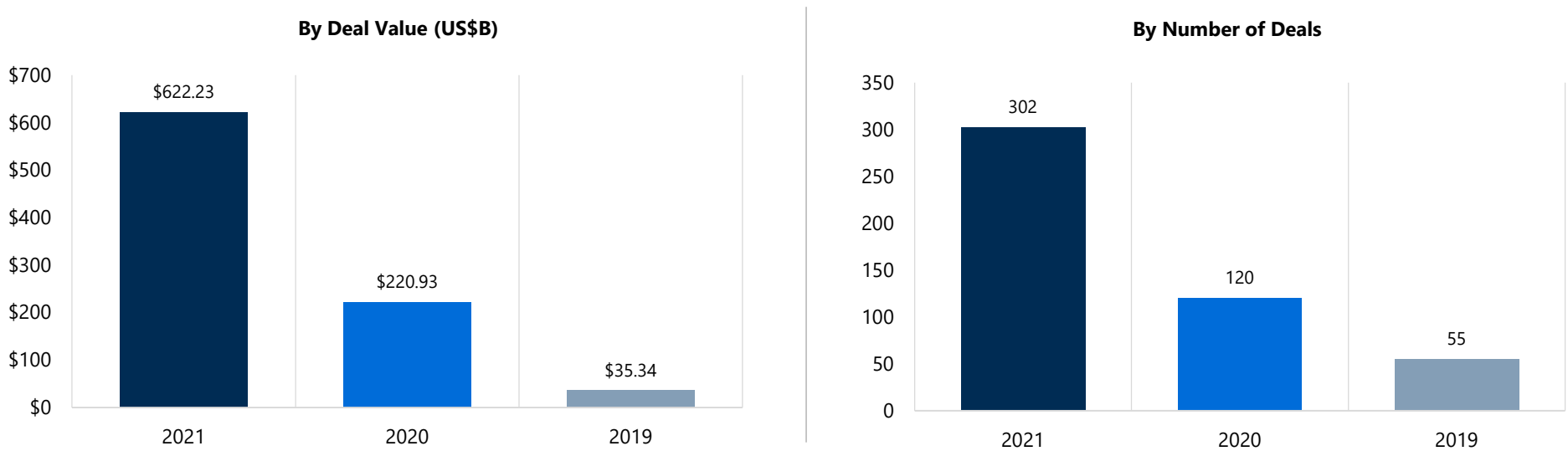
By Number of Deals



U.S. SPAC Acquisitions^{4,5}

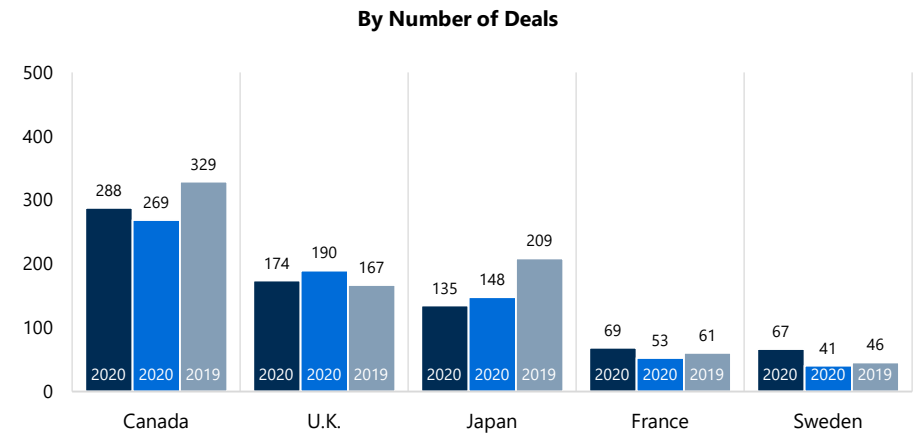
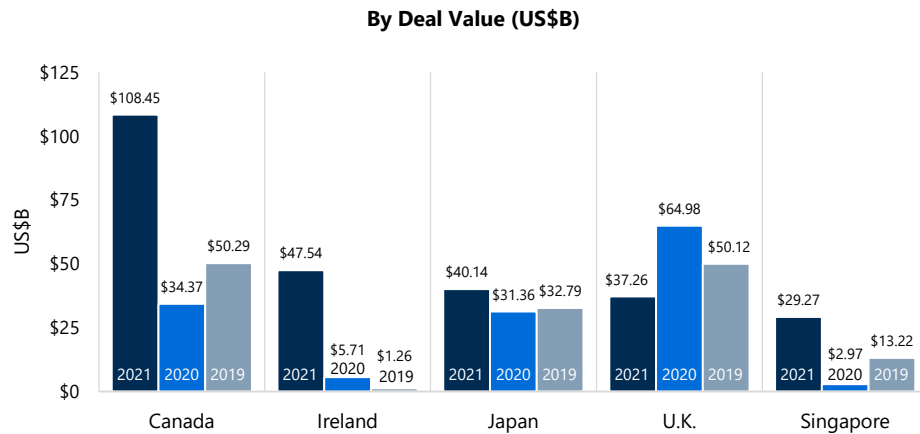


Global SPAC Acquisitions^{4,6}



Top 5 Countries of Origin or Destination for 2021 U.S. Crossborder Transactions and Prior Year Comparisons¹

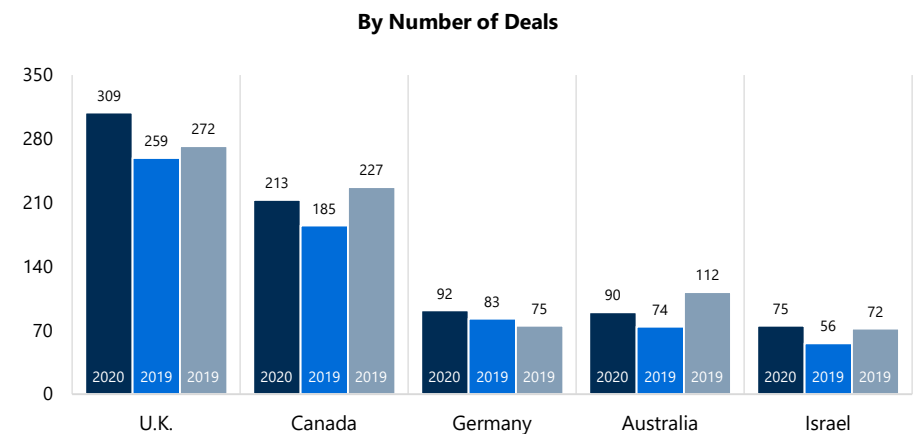
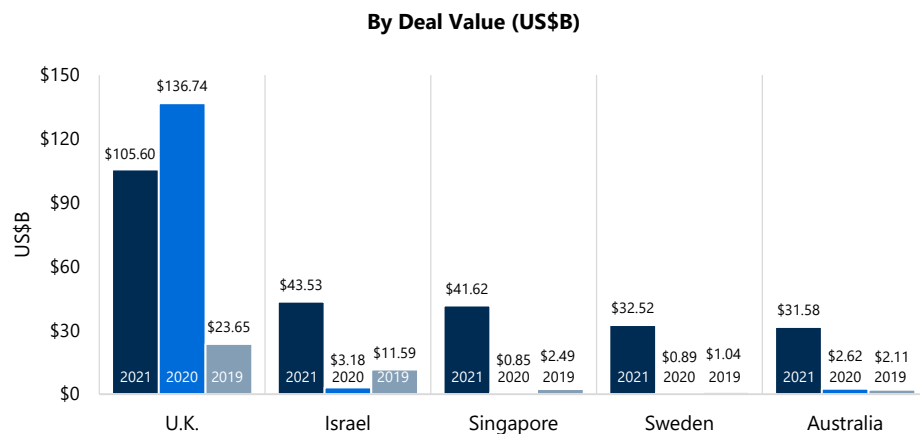
Inbound U.S. Crossborder Transactions



Note: In 2020 and 2019, Germany and France ranked among the top five countries of origin with deal volumes in 2020 of US\$B 35.44 and US\$B 16.72, respectively, and deal volumes in 2019 of US\$B 27.65 and US\$B 35.89, respectively.

Note: In 2020, Germany ranked among the top five countries of origin with 62 deals. In 2019, Germany and Australia ranked among the top five countries of origin with 69 deals and 66 deals, respectively.

Outbound U.S. Crossborder Transactions

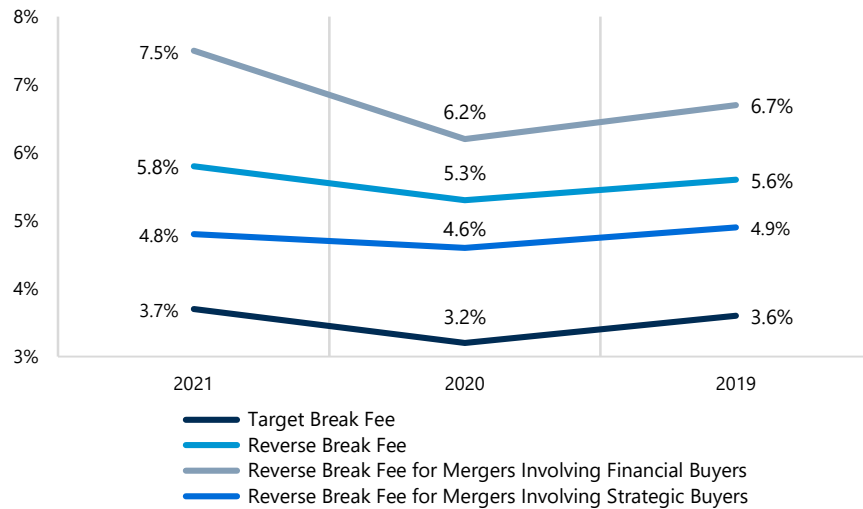


Note: In 2020, India, Canada, Jersey and the Isle of Man were ranked among the top five countries of destination, with volumes of US\$B 15.87, US\$B 14.64, US\$B 8.85, and US\$B 7.29 respectively. In 2019, Canada, the Netherlands and Germany were ranked among the top five countries of destination, with volumes of US\$B 31.55, US\$B 12.13 and US\$B 10.09 respectively.

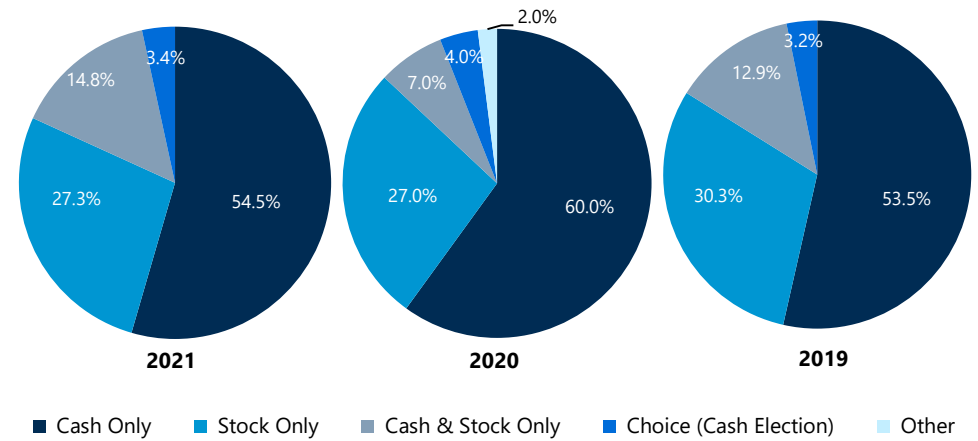
Note: In 2020, India was ranked among the top five countries of destination, with 93 deals. In 2019, India and France were ranked among the top five countries of destination, with 81 and 79 deals, respectively.

2021 YEAR-END ROUNDUP

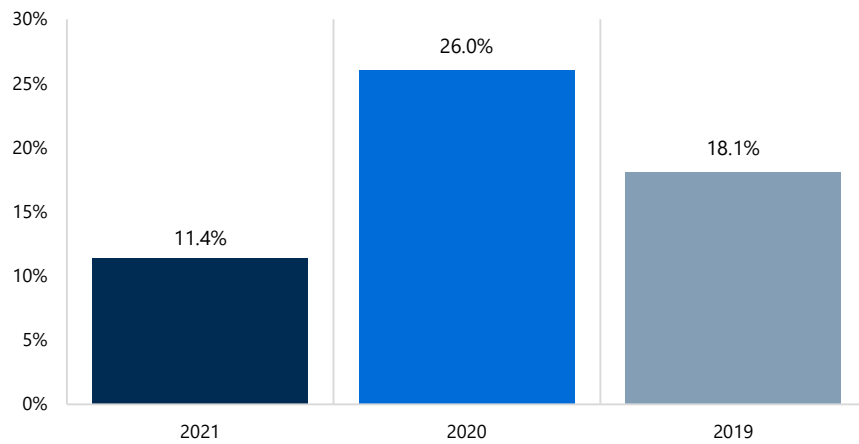
Average Break Fees as % of Equity Value^{7,8}



Form of Consideration as % of U.S. Public Mergers⁹



Tender Offers as % of U.S. Public Mergers

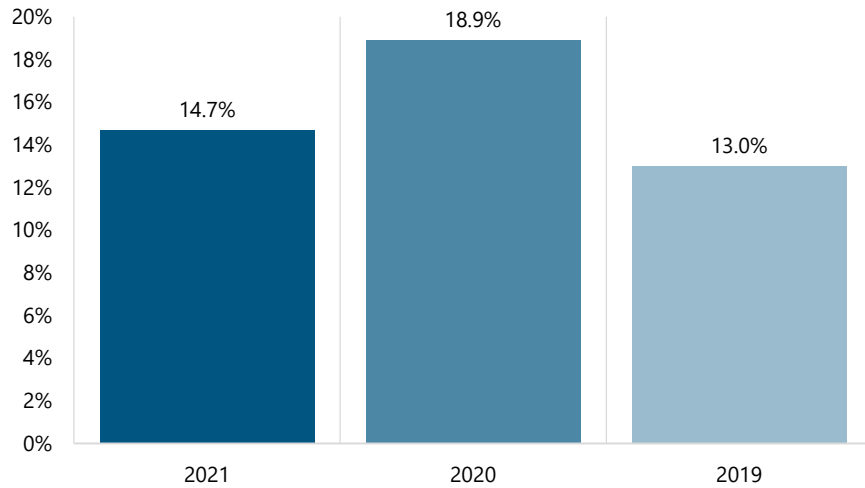


U.S. Public Merger Go-Shop Provisions⁷

	2021	2020	2019
% of Mergers with Go-Shops	7.4	9.0	12.9
% of Mergers Involving Financial Buyers with Go-Shops	30.8	22.2	47.1
% of Mergers Involving Strategic Buyers with Go-Shops	0.7	4.1	3.3
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops	36.2	37.9	34.7
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops	35.4	36.7	34.9
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops	45	40.3	33.8

2021 YEAR-END ROUNDUP

Hostile/Unsolicited Offers as % of U.S. Mergers



Unaffected Premium %¹⁰

2021	38.7
2020	41.0
2019	34.1

Total Target Adviser Fees as % of Equity Value

2021	1.2
2020	1.3
2019	1.2

Endnotes

1. 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. Nationality is based on where a company has either its headquarters or a majority of its operations.
2. Global crossborder transactions are those where the acquirer and the target have different nationalities.
3. Industry categories are determined and named by Cortex.
4. This data includes all SPAC acquisitions for which a deal agreement has been announced.
5. This data reflects U.S. targets that have been acquired by a SPAC of any nationality.
6. This data reflects both U.S. and non-U.S. targets that have been acquired by a SPAC of any nationality.
7. Financial and strategic categories are determined by Deal Point Data.
8. Based on the highest target break fees and reverse break fees payable in a particular deal.
9. Due to rounding, percentages may not add up to 100%.
10. Unaffected Premium % indicates the difference between the current price per share offered as consideration in the transaction and the “unaffected price”, reflected as a percentage. The “unaffected price” is the target’s closing stock price on the date that is one calendar day prior to the first public disclosure regarding a potential deal involving the target and on which the target’s stock price was unaffected by the news of the deal.

The charts on p. 1–6 were compiled using Cortex, and are for the broader M&A market, including public and private transactions of any value. The charts on p. 7–8 were compiled using Deal Point Data, and include acquisitions seeking majority or higher control of U.S. targets valued at \$100 million or higher announced during the period indicated and for which a definitive merger agreement was reached and filed (except with respect to data regarding premiums and hostile/unsolicited offers, which is for all announced deals). “2021” data is for the period from January 1, 2021 to December 31, 2021 inclusive. “2020” data is for the period from January 1, 2020 to December 31, 2020 inclusive. “2019” data is for the period from January 1, 2019 to December 31, 2019 inclusive. Data obtained from Cortex and Deal Point Data has not been reviewed for accuracy by Paul, Weiss.

Our Mergers & Acquisitions Practice

Paul, Weiss is a leading law firm serving the largest publicly and privately held corporations and financial institutions in the United States and throughout the world. Our firm is widely recognized for achieving an unparalleled record of success for our clients, both in their bet-the-company litigations and their most critical strategic transactions. We are keenly aware of the extraordinary challenges and opportunities facing national and global economies and are committed to serving our clients' short- and long-term goals.

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Our M&A Group is among the most experienced and active in the world. We represent publicly traded and privately held companies, leading private equity firms, financial advisors, and other financial institutions and investors in their most important mergers and acquisitions, joint ventures and other strategic transactions. Our expertise advising corporations and private investors in a broad range of sophisticated transactions enables us to identify new opportunities for our clients to realize value. We have particular experience in guiding clients as they engage in proxy battles, company-altering and market consolidating transactions or capital markets transactions.

Recent highlights include advising: 3G Capital in its proposed \$7.1 billion acquisition of the controlling interest of Hunter Douglas; Rocket Companies in its \$1.275 billion acquisition of Truebill; Global Infrastructure Partners in its proposed \$15 billion acquisition (together with KKR) of CyrusOne; General Electric in the spin-offs of its healthcare and power businesses into separately traded public companies; Oak Hill Advisors in its \$4.2 billion sale to T. Rowe Price Group; Qualcomm, alongside SSW Partners, in its \$4.5 billion topping bid for Veoneer; Neustar in its \$3.1 billion sale, by a private investment group led by Golden Gate Capital and with minority participation from GIC, to TransUnion; Continental Grain Company in its joint venture with Cargill to acquire Sanderson Farms for a total equity value of \$4.53 billion; Translate Bio in its \$3.2 billion sale to Sanofi; Carrier Global Corporation in the proposed \$3.1 billion sale of its Chubb fire and security business to APi Group Corporation; KPS Capital Partners in its \$1.7 billion acquisition of a controlling stake in the Primary Products Business in North America and Latin America of Tate & Lyle; KPS Capital Partners and its portfolio company DexKo Global in the \$3.4 billion sale of DexKo to Brookfield Business Partners; Bowlero Corp in its \$2.6 billion business combination with Isos Acquisition Corporation; the Special Committee of the Board of Directors of QAD in its \$2 billion sale to Thoma Bravo; QTS Realty Trust in its \$10 billion sale to Blackstone; MGM in its proposed \$8.45 billion sale to Amazon; Lehigh Hanson in the \$2.3 billion sale of its U.S. West region business to Martin Marietta Material; Advance in the \$150 billion Reverse Morris Trust transaction that will combine AT&T's WarnerMedia business with Discovery; funds managed by affiliates of Apollo Global Management in their \$5 billion acquisition of Verizon Media; Univision Holdings in its proposed \$4.8 billion combination with the content and media assets of Grupo Televisa, S.A.B.; Nuance Communications in its proposed \$19.7 billion sale to Microsoft Corp.; KPS Capital Partners in its \$2.7 billion acquisition of the EMEA food, aerosol and promotional packaging business from Crown Holding; General Electric in the more than \$30 billion combination of its jet leasing unit GE Capital Aviation Services (GECAS) with AerCap Holdings; PRA Health Sciences in its approximately \$12 billion sale to ICON; The Goodyear Tire & Rubber Company in its \$2.5 billion acquisition of Cooper Tire & Rubber Company; Perspecta Inc. in its \$7.1 billion sale to Peraton and Veritas Capital; Inspire Brands in its \$11.3 billion acquisition of Dunkin' Brands Group; Cenovus Energy in its Cdn. \$23.6 billion combination with Husky Energy; The Kraft Heinz Company in the \$3.2 billion sale of its cheese business to Groupe Lactalis; an affiliate of Roark Capital Group in its approximately \$1.5 billion acquisition of the ServiceMaster Brands businesses of ServiceMaster Global Holdings; Teladoc Health in its \$18.5 billion acquisition of Livongo Health; Chevron in its \$13 billion acquisition of Noble Energy; National General Holdings in its \$4 billion sale to The Allstate Corporation; affiliates of Roark Capital in its \$200 million investment in The Cheesecake Factory; General Atlantic, as lead investor in a consortium, in its \$8.7 billion acquisition of 58.com; The Medicines Company in its \$9.7 billion sale to Novartis; the Special Committee of the Board of Directors of Pattern Energy Group in its approximately \$6.1 billion sale to Canada Pension Plan Investment Board; Aptiv in its \$4 billion autonomous driving joint venture with Hyundai Motor Group; the Special Committee of the Board of Directors of CBS Corp. in its merger with Viacom to form ViacomCBS, a combined company with an enterprise value of more than \$40 billion; Elanco Animal Health in its \$7.6 billion acquisition of the animal health business of Bayer AG; funds managed by affiliates of Apollo Global Management in their \$2.7 billion acquisition of Shutterfly; the Independent Directors of Avon in its \$3.7 billion sale to Natura & Co.; KPS Capital Partners in its \$1.8 billion acquisition of Howden from Colfax; Trane Technologies in the \$15 billion Reverse Morris Trust spin-off and merger of its industrial business with Gardner Denver Holdings; Chevron in its proposed \$50 billion acquisition of Anadarko Petroleum; General Electric in the \$21.4 billion sale of its BioPharma business to Danaher Corporation; Encana Corp. (now known as Ovintiv) in its \$7.7 billion acquisition of Newfield Exploration Company; IBM in its \$34 billion acquisition of Red Hat; the Board of Directors of Harris Corporation in its \$37 billion merger of equals with L3 Technologies to form L3Harris Technologies; CSRA in its \$9.7 billion sale to General Dynamics; Bioverativ in its \$11.6 billion sale to Sanofi; ADP in its successful proxy contest against Pershing Square; and Agrium in its \$36 billion merger of equals with Potash Corp. of Saskatchewan.

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

Matthew W. Abbott
+1-212-373-3402
[Email](#)

Scott A. Barshay
+1-212-373-3040
[Email](#)

Angelo Bonvino
+1-212-373-3570
[Email](#)

Ariel J. Deckelbaum
+1-212-373-3546
[Email](#)

Jeffrey D. Marell
+1-212-373-3105
[Email](#)

Robert B. Schumer
+1-212-373-3097
[Email](#)

Krishna Veeraraghavan
+1-212-373-3661
[Email](#)

Taurie M. Zeitzer
+1-212-373-3353
[Email](#)

Counsel Frances F. Mi, legal consultant Cara Grisin Fay, associates Andrew Forgy, Joseph Krmpotich and Ceecee Q. Yao, and law clerk Dylan Rogalin contributed to this publication.

Our M&A Partners

[Matthew W. Abbott](#)

[Edward T. Ackerman](#)

[Scott A. Barshay](#)

[Angelo Bonvino](#)

[Gerald Brant](#)

[Ellen N. Ching](#)

[Ariel J. Deckelbaum](#)

[Ross A. Fieldston](#)

[Brian P. Finnegan](#)

[Adam M. Givertz](#)

[Neil Goldman](#)

[Bruce A. Gutenplan](#)

[Ian M. Hazlett](#)

[Jeffrey L. Kochian](#)

[Kaisa Kuusk](#)

[David K. Lakhdir](#)

[Brian C. Lavin](#)

[Xiaoyu Greg Liu](#)

[Jeffrey D. Marell](#)

[Alvaro Membrillera](#)

[Judie Ng Shortell](#)

[Austin Pollet](#)

[Carl L. Reisner](#)

[Justin Rosenberg](#)

[Kenneth M. Schneider](#)

[Robert B. Schumer](#)

[John M. Scott](#)

[Brian Scrivani](#)

[Kyle T. Seifried](#)

[Cullen L. Sinclair](#)

[Sarah Stasny](#)

[Laura C. Turano](#)

[Krishna Veeraraghavan](#)

[Jeremy M. Veit](#)

[Michael Vogel](#)

[Ramy J. Wahbeh](#)

[Samuel J. Welt](#)

[Steven J. Williams](#)

[Adam Wollstein](#)

[Kaye N. Yoshino](#)

[Tong Yu](#)

[Taurie M. Zeitzer](#)