

HALF YEAR
2004 EDITION

DEAL DRIVERS

The Comprehensive Review of North
American Mergers & Acquisitions

Published by



In association with



WEIL, GOTSHAL & MANGES LLP



Technology

Financial Advisers Top 20 - Ranked by Value

YE 2003	H1 2004	Company Name	Value \$ (m)	No. of Deals
3	1	Credit Suisse First Boston	4,658	10
8	2	JP Morgan	4,650	5
1	3	Goldman Sachs	4,411	7
4	4	Morgan Stanley	3,987	15
18	5	Deutsche Bank	1,571	6
10	6	Bear, Stearns & Co.	1,365	2
54	7	Jefferies & Co	1,158	14
5	8	UBS	1,074	5
2	9	Citigroup	1,037	8
9	10	Thomas Weisel Partners	742	9
-	11	Global M&A	675	1
7	12	Lehman Brothers	610	4
15	13	Houlihan Lokey Howard Zukin	577	9
-	14	Dresdner Kleinwort Wasserstein	558	3
13	15	Merrill Lynch	464	3
6	16	Allen & Company	409	2
-	17	Friedman Billings Ramsey Group	321	1
-	18	ICICI Securities	308	1
-	19	Corporate Finance Partners	273	2
11	20	Lazard	263	3

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1	3	Credit Suisse First Boston	4,658	10
9	4	Thomas Weisel Partners	742	9
10	5	Houlihan Lokey Howard Zukin	577	9
2	6	Citigroup	1,037	8
3	7	Goldman Sachs	4,411	7
28	8	CIBC World Markets plc	160	7
20	9	Deutsche Bank	1,571	6
4	10	JP Morgan	4,650	5
7	11	UBS	1,074	5
12	12	RBC Capital Markets	197	5
8	13	Lehman Brothers	610	4
18	14	SG	225	4
-	15	Dresdner Kleinwort Wasserstein	558	3
15	16	Merrill Lynch	464	3
13	17	Lazard	263	3
48	18	Wachovia Corporation	215	3
14	19	Update Capital	195	3
24	20	Alliant Partners	124	3

The financial adviser league tables by value and volume have been run from 01/01/2004 to the 06/30/2004, excluding lapsed and withdrawn deals. The tables are based on advisers advising on deals including either a North American bidder, target or seller and cover the following sectors: Computer - software, hardware and semiconductors; Telecoms Hardware; and Internet/e-Commerce.

Legal Advisers Top 20 - Ranked by Value

YE 2003	H1 2004	Company Name	Value \$ (m)	No. of Deals
2	1	Davis Polk & Wardwell	5,975	10
13	2	Wilson Sonsini Goodrich & Rosati	5,834	26
22	3	Fenwick & West	5,576	16
1	4	Sullivan & Cromwell	5,395	7
12	5	Shearman & Sterling	3,448	9
4	6	Skadden Arps Slate Meagher & Flom	2,187	13
85	7	Kirkland & Ellis	2,012	4
67	8	Pillsbury Winthrop	1,613	6
6	9	Dewey Ballantine	1,584	4
-	10=	Allen & Gledhill	1,456	1
-	10=	Rajah & Tann	1,456	1
18	11	Cooley Godward	1,365	13
-	12	Sidley Austin Brown & Wood	1,293	1
15	13	Weil, Gotshal & Manges	1,162	10
55	14	Hogan & Hartson	949	4
38	15	Baker & McKenzie	844	7
92	16	Stikeman Elliott	826	4
47	17	Cravath Swaine & Moore	822	5
46	18	Dechert	822	1
-	19	Heenan Blaikie	675	1

Legal Advisers Top 20 - Ranked by Volume

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2	1	Wilson Sonsini Goodrich & Rosati	5,834	26
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4	3	Skadden Arps Slate Meagher & Flom	2,187	13
14	4	Cooley Godward	1,365	13
10	5	Jones Day	251	13
11	6	Davis Polk & Wardwell	5,975	10
8	7	Weil, Gotshal & Manges	1,162	10
5	8	Shearman & Sterling	3,448	9
16	9	Wilmer Cutler Pickering Hale and Dorr	524	9
9	10	Heller Ehrman White & McAuliffe	355	8
6	11	Sullivan & Cromwell	5,395	7
25	12	Baker & McKenzie	844	7
1	13	Latham & Watkins	561	7
39	14	Osler Hoskin & Harcourt	460	7
26	15	Pillsbury Winthrop	1,613	6
63	16	Bingham McCutchen	560	6
46	17	Dorsey & Whitney	437	6
21	18	Gray Cary Ware & Freidenrich	226	6
84	19	Cravath Swaine & Moore	822	5
19	20	Morgan Lewis & Bockius	472	5

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Top 15 Announced Deals

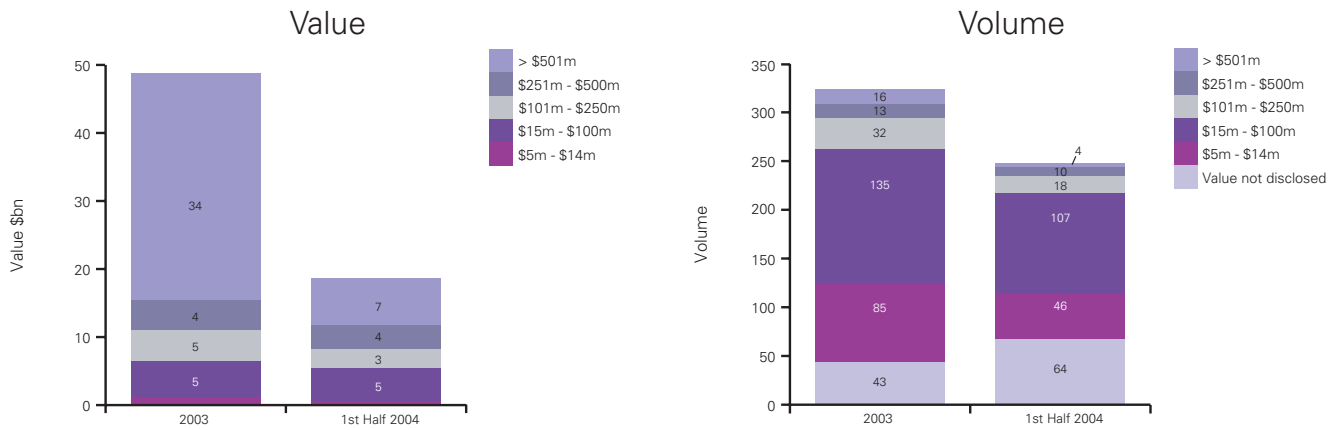
Announced Date	Status	Bidder Company	Target Company	Seller Company	Deal Value (\$ (m))
9-Feb-04	C	Juniper Networks Inc	NetScreen Technologies Inc.		3,765
10-Feb-04	P	ST Assembly Test Services Ltd.	ChipPAC, Inc.		1,456
20-May-04	P	Tellabs Inc.	Advanced Fibre Communications Inc (AFC)		1,293
1-Jun-04	P	Citigroup Venture Capital Equity Partners	Hynix Semiconductor (Non-Memory operations)	Hynix Semiconductor Inc.	822
29-Jun-04	P	Flextronics International Ltd	Nortel Networks (supply chain operations)	Nortel Networks Corporation	675
26-Mar-04	P	Yahoo! Inc.	Kelkoo SA	Banexi Capital Partenaires	576
19-Feb-04	C	CIENA Corporation	Catena Networks, Inc.		487
5-Feb-04	C	Belden CDT Inc	Belden Inc.; Cable Design Technologies Corp (CDT)		406
19-May-04	P	Symantec Corporation	Brightmail		370
4-Mar-04	C	Ask Jeeves, Inc.	Interactive Search Holdings, Inc.		361
25-Mar-04	C	ADC Telecommunications Inc	Krone	GenTek Inc.	350
29-Jun-04	P	Tektronix Inc.	Inet Technologies, Inc.		325
13-Apr-04	P	Pitney Bowes Inc.	Group 1 Software Inc		321
27-Jan-04	C	Hewlett-Packard Leiden BV	Digital Globalsoft Limited (49.4% stake)		308
6-May-04	C	Metavante Corporation	Advanced Financial Solutions, Inc.		305

C = Completed; P = Pending; L = Lapsed

Includes deals where the Bidder, Target or Parent of either is a North American company.

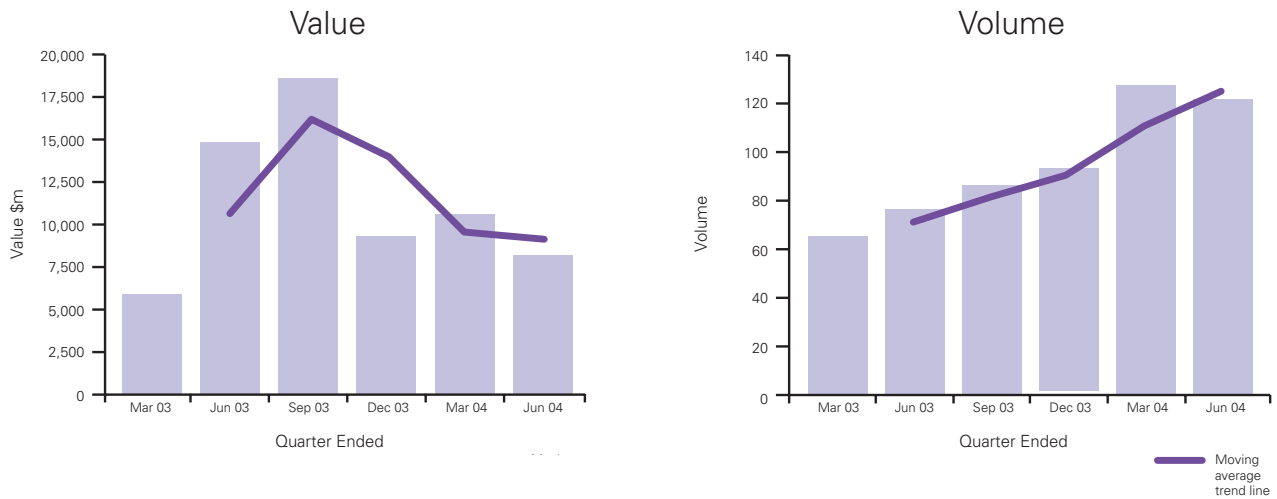
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North American Technology M&A Split by Deal Size



Based on announced deals, excluding those that lapsed or were withdrawn, where the dominant industry of the target is in the Technology sector and the dominant location of the target is in North America.

North American Quarterly Technology M&A Activity



Based on announced deals, excluding those that lapsed or were withdrawn, where the dominant industry of the target is in the Technology sector and the dominant location of the target is in North America.

Frankel said, "Silicon Valley seems to be making a moderate comeback, with most of the deals involving small- and mid-caps. And Oracle proved with its PeopleSoft bid that hostiles in the tech space are extremely hard to pull off."

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Billion-dollar deals extended to various areas of software and hardware in the first half of 2004 as market conditions improved and sellers eased their downsizing trend.

Some of the boldest M&A moves came from companies entering new markets to broaden their exposure to healthier segments of technology. Telecom router manufacturer Juniper Networks broke into office-place networking by acquiring security software developer NetScreen Technologies for \$3.8bn in stock. Telecom equipment manufacturer Tellabs, which specializes in a networking product known as digital cross connects, said it would enter next generation access by acquiring a company that creates home-based optical networks, Advanced Fibre Communications, for \$1.3bn in cash and stock.

Some companies made large deals to beef up their existing offerings. ST Assembly Test Services' \$1.5bn merger with ChipPac was a case of two semiconductor test and packaging concerns combining to gain critical mass and better compete with industry leader Advanced Semiconductor Engineering in Taiwan.

Mark Woodward, CEO of Serena Software, says that with improved valuations and sales, survivors are acquiring companies to grow their revenues or preparing to be acquired. Consolidation is helped, he says, by the fact that target companies are more realistic in their valuations than they were a year ago. "A company that receives two-and-a-half times revenue in an acquisition now might have wanted three-to-eight times revenue last year," Woodward remarked. Serena announced it acquired UK-based enterprise change management software provider Merant plc for an equity value of \$379m (deal value \$302m) in March.

Although technology has experienced no mega-deals since Hewlett-Packard's 2001 acquisition of Compaq Computer Corp for \$25bn in stock, bankers got wind of potential blockbusters. Operating systems giant Microsoft Corp said it had briefly considered buying Germany's SAP, with a market capitalization of \$50bn, to break into business automation. Motorola's CEO Ed Zander remarked at a recent Bear Stearns technology conference that everyone in networking equipment is still considering options. Zander said, "All of us are looking at scale and size and trying to understand how big we have to be to remain a player."

In terms of active situations, Science Applications International Corp has retained JP Morgan to sell Telcordia Technologies, its telephone billing software company, in a deal expected to fetch \$1.5bn, said deal-makers. Although a telecom infrastructure banker characterized the bulk of the transactions as in the \$100m to \$300m range, he added that these are twice as plentiful as they were last year.

In the security software space, Nasdaq-listed RSA Security in Massachusetts, with a market capitalization of \$1.3bn, has attracted potential buyers, according to several bankers. Jeremy Swan, a vice president at Kaufman Brothers, said, "There are a lot of security deals in the channel" with large players attempting to create a one-stop shop complete with antivirus, antispam, identity management, managed security and secure sockets layer functionality.

New Jersey-based networker Lucent Technologies has made its first deal in four years with the purchase of Telica for \$295m in stock, and indicated it is continuing to consider opportunities. And amid the news emerging from Oracle's trial with the Justice Department to clear an acquisition of PeopleSoft, the enterprise software developer said it has considered acquiring Siebel Systems and BEA Systems.

Michael Shea, vice president at JP Morgan, which acted as advisor in four of the top ten US tech deals in the first half of 2004, said, "People have felt the market firm up and digested the new reality. Now, they're looking for intersections of value."

Credit Suisse First Boston ranked as the investment bank receiving the highest value of advisory work at \$4.7bn for 10 deals in the first half of 2004. Morgan Stanley advised the most deals in tech, advising 15 companies in the first half of the year, for a value of \$4bn.

Davis Polk & Wardwell ranked as the legal firm working on the highest value of deals at \$6bn for 10 deals, in the first half of 2004. Wilson Sonsini Goodrich & Rosati advised the most deals in tech, advising 26 companies for a value of \$5.8bn.

Sarah Cohen



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Published by:
Remark
3 East 28th Street
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