



JONES
DAY®

2017 ANNUAL M&A REVIEW



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A MESSAGE FROM LYLE GANSKE, WORLDWIDE M&A PRACTICE LEADER

Early expectations for an outstanding year for M&A activity in 2017 (based on the very promising conditions in place at the end of 2016) were fulfilled in part, but the overall theme for 2017 could be said to be “deferred potential.” In short, 2017 was a strong year for dealmakers but not a great one.

Globally, the M&A market in 2017 saw an uptick in the number of transactions, but it held steady in terms of deal value. Worldwide, 49,448 deals were announced at an aggregate value of \$3.6 trillion, with 2016 at 48,250 deals and \$3.6 trillion. In the United States, the number of transactions increased—from 11,504 to 13,069—but the aggregate value of those transactions declined—from \$1.7 trillion to \$1.4 trillion. This is consistent with what we saw in many boardrooms throughout the year—companies continuing to do deals, but on a smaller scale, with fewer large-scale transformative acquisitions being inked. Europe saw a decline in the number of deals, but aggregate value increased, while Asia saw a decrease in value and a slight increase in deal count. Overall, the picture is one of incremental acquisition, with transformative transactions (especially those involving the United States) potentially deferred into 2018 in the face of considerable tax, antitrust, CFIUS, trade, Brexit, Chinese capital control, and other regulatory and policy uncertainty.

Some sectors in 2017 showed continued strength. As highlighted in our review, real estate was an area of significant activity, with dealmaking in the sector reaching an all-time annual record of approximately \$530 billion. Technology acquisition was a primary driver for deals across sectors (including “traditional” industrial companies seeking to unlock the potential of new business methods and capabilities), although “pure play” technology deals were few and far between relative to prior years. Health services, pharma/biotech, and energy continued to be very active in M&A in 2017.

It may be that 2018 is the year that unlocks 2017’s underachieved potential. A recent Deloitte survey found that 68 percent of corporate executive respondents and 76 percent of private equity sponsor respondents anticipated increased deal flow in 2018, with sizable majorities of both also expecting deal size to increase. A number of factors undoubtedly contribute to this outlook, including cheap capital relative to historical levels, buoyant stock markets, significant corporate cash stockpiles (and the anticipated repatriation to the United States of a portion of more than \$2.5 trillion in overseas profits), an agreed pathway to Brexit, and resolution of U.S. tax policy. Continuing pressure on companies to achieve growth—driven by globalization and technology—and on financial sponsors to achieve



returns is also driving expectations for a strong year. Acquirors with an increased confidence in their financial and regulatory environment should be more willing to explore the sort of transformative acquisition that was not prevalent in 2017, while the conditions for mid-market deals remain excellent. Overall, we see considerable cause for optimism for 2018's M&A market.

Nevertheless, there are substantial risks going into 2018. Economic uncertainty in South America, the potential for disruptions in bond markets due to rising interest rates, stock market valuations that may return to historic norms, and geopolitical conflicts such as North Korea are among the risks that could disrupt anticipated growth.

As we have for 18 years running, Jones Day ranked #1 globally in 2017 in the Thomson Reuters and Bloomberg M&A tables. We are grateful for the opportunity to have advised our clients on more than 540 transactions in 2017, including 42 transactions involving \$1 billion or more. As you will see in the examples contained in the following pages, those transactions spanned the globe, as our clients engaged us to handle complex work in every significant industry sector. As always, we seek to deliver to our clients top-quality legal advice in a timely, efficient, and seamless manner. Our Firm's commitment to client service is reflected in industry recognition, but more importantly in the continued willingness of our clients to entrust us with their most critical and time-sensitive matters. Thank you for that trust and confidence in the Firm.

Lyle Ganske

Practice Leader

NOTE: Deal data came from Thomson Reuters *Mergers & Acquisitions Review Legal Advisors Full Year 2017*.

2017 BY THE NUMBERS



TOTAL NUMBER OF TRANSACTIONS INVOLVING JONES DAY:

540+

DEAL COUNT BY VALUE

42

> \$1 BILLION

115+

> \$100 MILLION
< \$1 BILLION

500+

< \$1 BILLION

KEY SECTORS



REAL ESTATE



CONSUMER PRODUCTS AND RETAIL



ENERGY AND UTILITIES



CHEMICALS



INDUSTRIALS



TECHNOLOGY



FINANCIALS

ACCOLADES

TOP-RANKED 2017 M&A PRACTICE

Ranked #1 globally by Bloomberg and Thomson Reuters in M&A deal count for 18 consecutive years (since year-end 2000).

Ranked #1 by Bloomberg in M&A deal count in Europe, as well as in France in 2017.

Ranked #1 by Bloomberg for deal count in Mid-Market M&A (Up to \$500 million) globally, in the United States and in Western & Eastern Europe in 2017.

Ranked in the top five by Bloomberg for M&A deal count in each of the United States, United Kingdom, and Benelux in 2017.

OTHER 2017 RECOGNITION

Ranked #1 in the BTI Consulting Group's 2018 "Client Service A-Team" survey for the second consecutive year and the 10th time since BTI has been publishing the results, an accomplishment unmatched by any other law firm.

Ranked #1 in the *2017 Acritas U.S. Law Firm Brand Index*, which surveyed 600 U.S.-based general counsel on "Awareness" and "Favorability" of law firms generally, and specifically for "Top-Level M&A" and "High Value Work in the U.S. from Non-U.S. Multinationals," among other areas.

For 17th year in a row, ranked as one of America's Best Corporate Law Firms in an annual survey of corporate directors by NYSE Governance Services and FTI Consulting.

CLIENT OBSERVATIONS

Chambers Global 2017: Europe-wide

“They make co-ordinating across many jurisdictions seamless.”

Chambers Latin America 2018: Latin America-wide

“The team’s level of expertise in local markets is exceptional. They are knowledgeable of individual markets and M&A practices within those markets.”

The Legal 500 2017: United States

Providing “extraordinary response times” and an “overall service that is outstanding,” Jones Day is hailed as “exceptional in every way.” In particular, the firm is praised for its “focus on practical business issues, not the technical points which have no value,” its “understanding of a client’s business, industry and M&A goals,” and its “seamless” and “collaborative” approach across offices.

Chambers Global 2018: Asia-Pacific Region

“The team worked well together as a team, providing thoughtful and detailed guidance across very complex subject matters.”

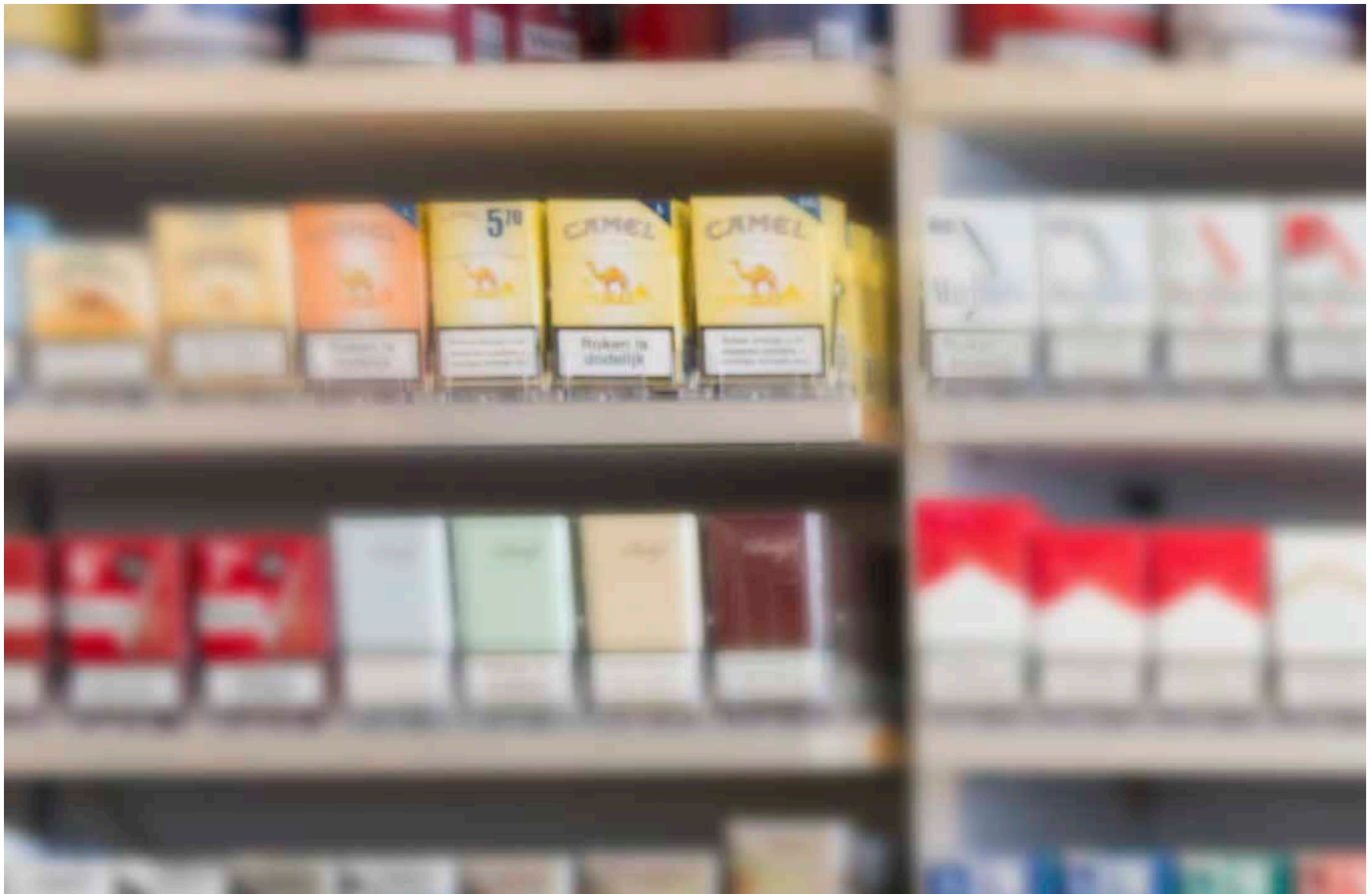


HIGHLIGHTED 2017 CLIENT REPRESENTATIONS

Clients engaged Jones Day in 2017 for an extraordinary breadth of M&A matters.

From consumer products to energy, real estate, technology, and beyond, from complex acquisitions and divestitures to proxy contests, activism defense, and corporate governance matters, Jones Day's experienced and talented attorneys helped clients navigate a wide range of opportunities and challenges in 2017.

The following pages highlight a few of our clients' transactions that we believe exemplify the recurring themes in M&A today. Jones Day is honored to have had the opportunity to work side by side with our clients on these and other important engagements.



REYNOLDS AMERICAN

Jones Day advised **Reynolds American** (“RAI”) in the acquisition by British American Tobacco (“BAT”) of the shares of RAI it did not already own. The transaction, valued at \$49 billion, was effected through a merger of a wholly owned subsidiary of BAT with and into RAI.

With the addition of RAI’s operating companies, BAT’s portfolio now includes three out of the four best-selling cigarette brands in the United States. The acquisition occurred as the tobacco industry undergoes a significant shift to next-generation products, such as e-cigarettes.

Jones Day has advised RAI on \$90 billion in transactions, beginning with its formation in 2004 through the combination of R.J. Reynolds and BAT’s Brown and Williamson.



ITRON

Jones Day advised **Itron** in the acquisition of Silver Spring Networks for \$16.25 per share in cash. The transaction is valued at approximately \$830 million.

Itron and Silver Spring are both leaders in the smart-city and smart-grid sectors in the United States. With the acquisition of Silver Spring, Itron strengthens its presence in the smart-city and industrial IoT (Internet of Things) markets. Silver Spring's platform, which provides solutions for critical infrastructure, such as smart street lights, complements Itron's existing energy and water resource management technology.

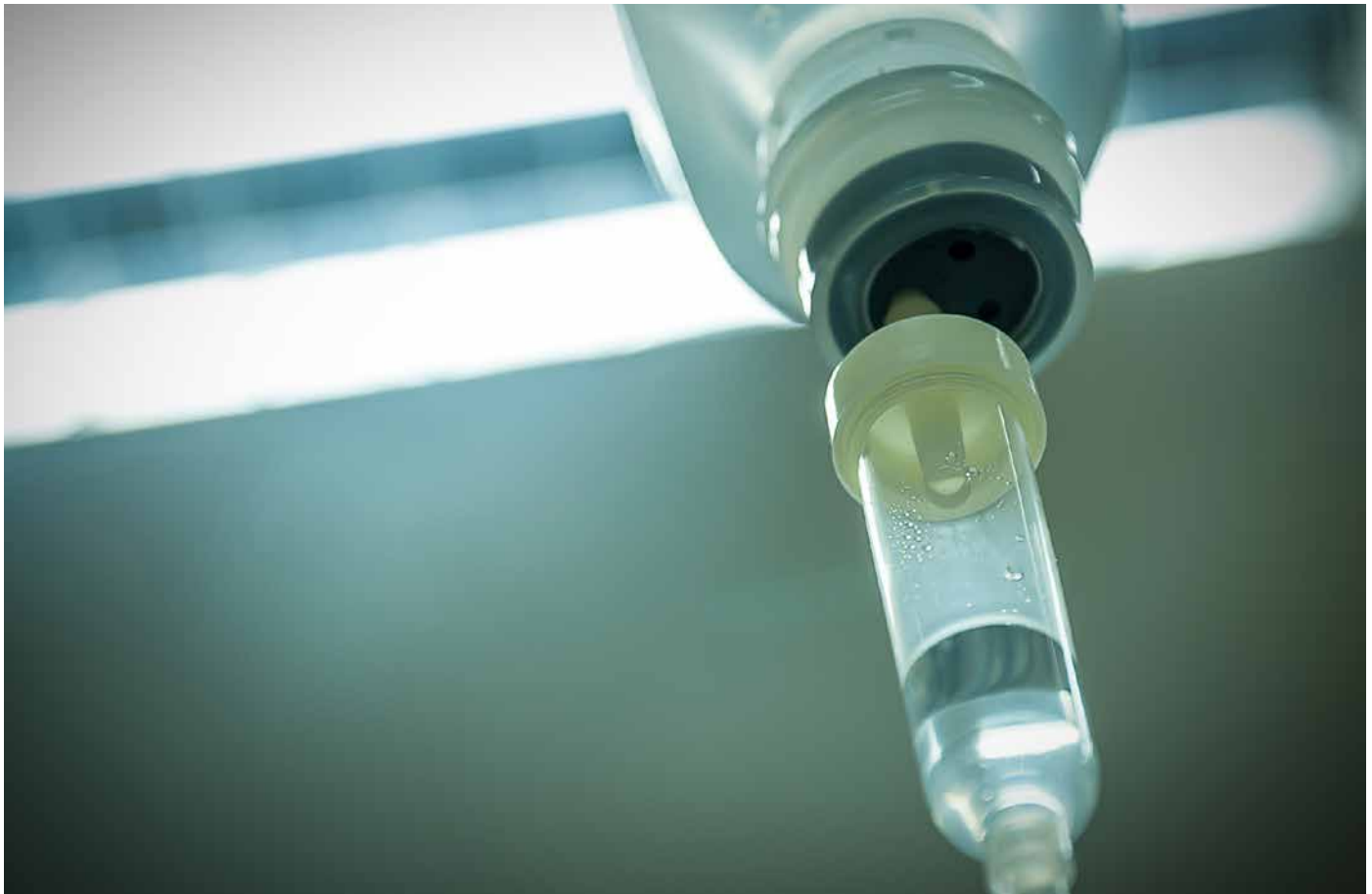
Jones Day also advised Itron in the \$100 million acquisition of Converge, an industry-leading provider of integrated cloud-based demand response, energy efficiency, and customer engagement solutions.



CARDINAL HEALTH

Jones Day is advising **Cardinal Health**, the global, integrated health care services and products company, in the \$1.2 billion sale of its Cardinal Health China business to Shanghai Pharmaceuticals Holding Co. The transaction is expected to close by the end of the second quarter of 2018, subject to customary closing conditions and regulatory clearances.

The sale includes Cardinal Health's pharmaceutical and medical products distribution business in China; it does not include Cardinal Health's remaining businesses in China, such as Cordis—its interventional vascular business—or the recently acquired Patient Recovery business.



NORDSON

Jones Day advised **Nordson** in its \$705 million acquisition of Vention Medical's Advanced Technologies ("Vention AT") business.

Nordson makes precision dispensing equipment for adhesives, coatings, sealants, biomaterials, polymers, plastics, and other materials. The acquisition of Vention AT, a leading manufacturer of minimally invasive interventional delivery devices, catheters, and advanced components for the global medical technology market, aligns with Nordson's medical growth strategy and brings significant scale to what was already one of its fastest-growing businesses.



NEWDAY CARDS

Jones Day advised the management team of **NewDay Cards** in the sale of the company by Värde Partners to funds managed and/or advised by Cinven and CVC Capital Partners.

NewDay is one of the fastest-growing specialty finance companies in the United Kingdom. It operates in two business segments: Near-Prime, which provides credit cards to customers who are new to credit or wish to rebuild their credit history, and Co-brand, which provides credit cards in partnership with retailers such as Debenhams and House of Fraser.

The transaction was one of the largest private equity transactions in the UK financial services sector in 2017.



SECTOR SPOTLIGHT: REAL ESTATE

Real estate M&A remained strong in 2017, continuing its multi-year upward growth trend. Jones Day advised on more than 65 real estate deals in 2017, with an aggregate value exceeding \$29 billion. The following eight transactions showcase Jones Day's strength across asset classes, including hotels, residential, industrial, and retail.



Jones Day advised the independent directors of **FelCor Lodging Trust** in its \$7 billion all-stock merger with RLJ Lodging Trust. The combination, in the wake of activist campaigns, created one of the largest REITs dedicated to owning focused-service and compact full-service hotels.



Jones Day advised **Greystar Growth and Income Fund** in a number of related transactions culminating in the acquisition of Monogram Residential Trust, an owner, operator, and developer of luxury apartment communities. The transaction was valued at approximately \$4.4 billion, including the debt assumed or refinanced.

For Greystar—already the largest operator of apartments in the United States—the acquisition advanced its strategy to be the global leader in rental housing.



Jones Day is advising **DDR Corp.**, a leading U.S. shopping center REIT, in its spin-off of a \$3 billion portfolio into a separate publicly traded REIT. The portfolio includes 50 assets, 38 assets in the continental United States, and all of its assets in Puerto Rico.

The spin-off, together with a previously announced disposition program, allows DDR to focus on creating a high-quality, high-growth portfolio.



Jones Day advised **Hansteen Holdings**, an investor in UK and continental European industrial property, in the €1.28 billion disposal of its German and Dutch property portfolios and real estate management business. The portfolios were sold on a debt-free basis for cash to entities owned by funds advised by affiliates of The Blackstone Group and M7 Real Estate.



Jones Day advised **CBRE Global Investors** in the acquisition of a portfolio of 22 UK logistics assets and about 20 associated property holding companies and management companies, and the formation of an associated 85/15 joint venture with Prologis UK. The portfolio value is expected to be in excess of £1 billion.



Jones Day advised **PHH Corporation**, one of the largest subservicers of residential mortgages in the United States, in the sale of substantially all of its assets, following a comprehensive review by the company and its board of strategic options to maximize shareholder value. The transactions included the \$122 million sale of its Ginnie MAE MSR portfolio to Lakeview Loan Servicing and the \$912 million sale of its remaining MSR portfolio and related servicing advances to New Residential Investment Corp.



Jones Day advised **Henderson Park**, a European real estate investment platform, in its acquisition of the London and Birmingham Hilton Metropole hotels. The Hilton London Metropole is one of Hilton's flagship hotels in the United Kingdom. The Hilton Birmingham Metropole is the United Kingdom's largest hotel outside London. The acquisition marks Henderson Park's entry into the UK hotel market, following investments in the hotel sector in Paris and Athens.



Jones Day advised a consortium that includes **Digital Bridge Holdings**, Public Sector Pension Investment Board, and TIAA Investments in the acquisition and related financing of Vantage Data Centers. Founded in Silicon Valley, Vantage is a leading provider of data center solutions in support of mission-critical applications. Digital Bridge focuses on the ownership, investment, and management of companies in the mobile and internet infrastructure sector.



PEPPER GROUP

Jones Day advised **Pepper Group** in its acquisition by KKR Credit Advisors. The cash payment of A\$3.70 per Pepper share, comprising A\$3.60 cash and a special dividend of A\$0.10, valued Pepper’s fully diluted equity at approximately A\$697 million.

Pepper is a non-bank lender in property, consumer, auto, and equipment finance, and a third-party loan servicer in Australia, Asia, EMEA, and certain other jurisdictions.

The Pepper transaction was subject to shareholder and court approval using a court supervised “scheme of arrangement” process common in Australian M&A. It was one of the most complex schemes in Australia in 2017 and represented KKR’s first successful takeover of an Australia-listed target.



DIGNITY HEALTH

Jones Day is advising **Dignity Health** in the combination of its U.S. HealthWorks subsidiary with Concentra Group Holdings. The transaction values U.S. HealthWorks at approximately \$753 million.

Both Concentra and U.S. HealthWorks provide occupational medicine. The combination is expected to standardize best practices and improve access to health and wellness services for employers and employees.

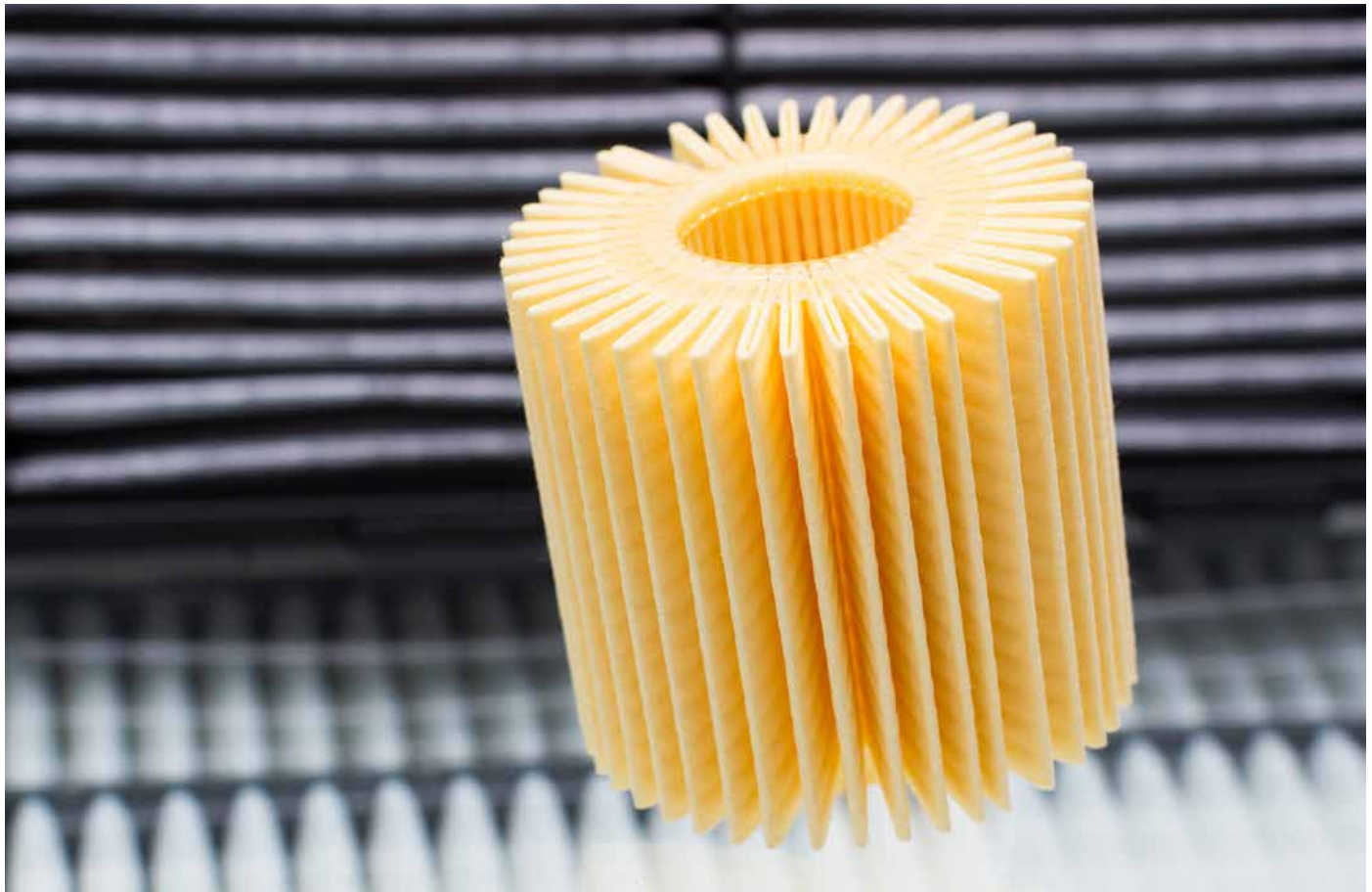
Dignity Health will receive a 20 percent equity interest, valued at \$238 million, in the combined entity holding Concentra and U.S. HealthWorks, and the remainder of the transaction value in cash. The transaction is expected to close in the first quarter of 2018, subject to customary regulatory reviews.



TOTAL

Jones Day is advising **Total** in its proposed formation of a joint venture to build a \$1.7 billion ethane steam cracker and a new Borstar polyethylene plant. The new facilities will be combined with Total's existing Bayport polyethylene facilities on the U.S. Gulf Coast. Total is expected to hold a 50 percent interest in the joint venture, with chemical companies Borealis and Nova Chemicals holding the remaining 50 percent.

The new steam cracker is scheduled to start up in 2020. The joint venture signals France-based Total's focus on strengthening its presence in the U.S. petrochemicals market.



PARKER HANNIFIN

Jones Day advised **Parker Hannifin** in its \$4.3 billion acquisition of filtration company CLARCOR. Parker Hannifin purchased all of the outstanding shares of CLARCOR for \$83.00 per share in cash.

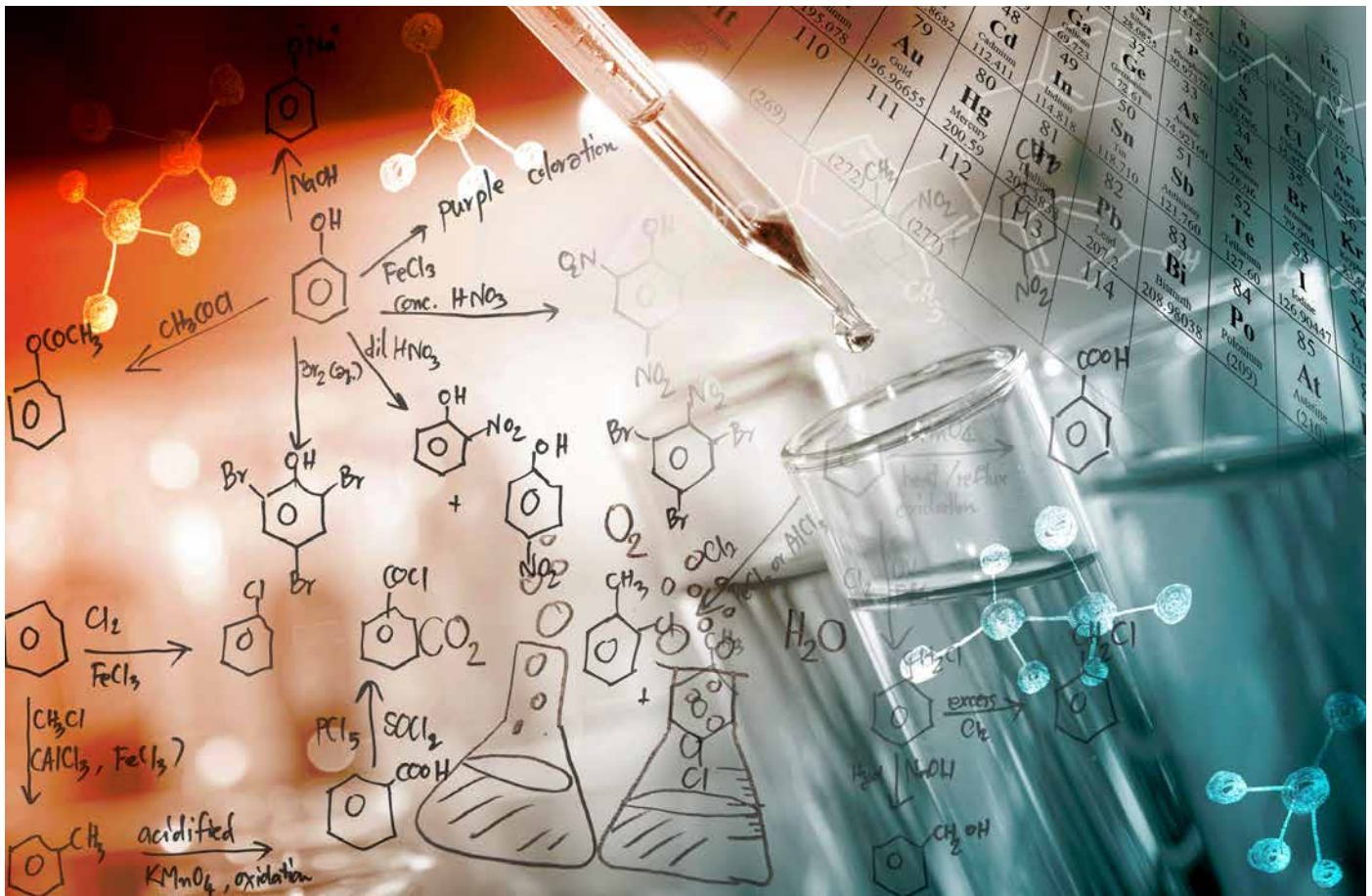
Parker Hannifin is a global leader in motion and control technologies, serving customers in a wide range of industrial and aerospace markets. CLARCOR makes a variety of mobile, industrial, and environmental filtration products. The acquisition established Parker Hannifin as one of the top filtration companies in the world.



ASTELLAS

Jones Day advised **Astellas** in its €800 million acquisition of Ogeda, a privately owned Belgian drug discovery company.

Tokyo-based Astellas is a global pharmaceutical company focusing on therapeutic areas with high unmet medical needs, including urology, oncology, immunology, nephrology, and neuroscience. The acquisition of Ogeda expanded the company's late-stage pipeline.



SANOFI

Jones Day advised **Sanofi** in the formation of a joint venture with Lonza Group to build and operate a large-scale mammalian cell culture facility for monoclonal antibody production in Visp, Switzerland. The initial investment of €270 million will be split equally between each company.

The joint venture combines the strong biologics development pipeline of Sanofi with Lonza's expertise in the design, construction, start-up, and operation of a state-of-the-art large-scale mammalian cell culture facility.

Construction on the site began in 2017. Sanofi and Lonza anticipate completion of the facility in 2020.



THE CARLYLE GROUP

Jones Day is advising **The Carlyle Group** and its affiliates in connection with the sale of Signode Industrial Group, a Carlyle portfolio company, to Crown Holdings for approximately \$4 billion.

Signode is a worldwide manufacturer and distributor of protective packaging systems. Crown is a worldwide leader in the design, manufacture, and sale of packaging products for consumer goods.

The transaction is expected to close in the first quarter of 2018, subject to regulatory approvals.



SHAREHOLDER DEFENSE

With \$200 billion in assets under management in 2017, activist investors have become a regular topic in public company board rooms. In 2017, Jones Day represented a number of high-profile campaigns against many of the leading activist investors.

Noteworthy representations include Marathon Petroleum in its defense against Elliot Management and comScore in its settlement with Starboard Value. These representations highlight Jones Day's cross-practice approach to client service.



Jones Day advised **Marathon Petroleum** and a special committee of its board of directors in connection with Elliot Management's public demands for splitting off certain of Marathon Petroleum's business lines. Through a disciplined engagement effort, Marathon Petroleum was able to resist Elliot's demands without having Elliot run a public campaign against it. Elliot ultimately issued a press release supporting Marathon Petroleum's strategic path.



Jones Day advised **comScore** in its successful settlement agreement with Starboard Value. Starboard, a 4.8 percent stockholder, launched a public campaign for changes at comScore, filing a lawsuit in Delaware to compel an annual meeting of stockholders. Jones Day advised the company and its board on litigation strategy and governance issues along the way.

ADDITIONAL 2017 CLIENT REPRESENTATIONS: TECHNOLOGY

 <p>CANYON BRIDGE</p> <p>£550 million Takeover offer for Imagination</p>	 <p>BIRCH Communications Connectivity Commitment</p> <p>\$738 million Acquisition by Fusion Telecommunications International</p>	 <p>\$118 million Acquisition of Grid Dynamics International</p>
 <p>Acquisition of Advanced Card System Holdings</p>	 <p>Acquisition of Gigya</p>	 <p>GE Digital Acquisition of IQP Corporation</p>
 <p>Acquisition of Tegile Systems</p>	 <p>Acquisition of Verba Technologies Kft</p>	 <p>Acquisition of Plum Analytics from EBSCO Information Services</p>

ADDITIONAL 2017 CLIENT REPRESENTATIONS: ENERGY AND UTILITIES



\$815 million

Counsel to Special Committee in the sale of certain assets and merger of Southcross Energy Partners



\$757 million

Sale to Kirby Corporation



A\$700 million

Acquisition of the Curragh coal mine from Wesfarmers



\$594 million

Sale of the Agua Caliente and Utah solar projects to NRG Yield



\$500 million

Acquisition of oil and gas assets from Halcón Resources

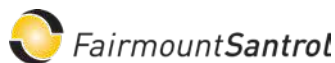


\$170 million

Acquisition of the propane businesses of American Midstream Partners



Sale of oil and gas interests in the Rangely Field to Merit Energy Company



Merger with Unimin Corporation



Acquisition of a minority stake by OHL Concesiones and IFM

ADDITIONAL 2017 CLIENT REPRESENTATIONS



Market Cap €2 billion

Public tender offer for all shares by KKR

LETTERONE

£1.77 billion

Acquisition of Holland & Barrett from The Nature's Bounty Co. and The Carlyle Group



\$1.3 billion

Acquisition by Kuraray Co.



€900 million

Acquisition of Paroc Group

\$560 million

Acquisition of Pittsburgh Corning



Ambry Genetics[®]

Up to \$1 billion

Sale to a newly formed joint venture between Konica Minolta and Innovation Network Corporation

INVESTCORP

€605 million

Sale of Esmalglass



\$495 million

Acquisition by KMG Chemicals



\$410 million

Acquisition of Hudson Products

CENTRAL
ASI
METALS
PLC

\$402.5 million

Acquisition of Lynx Resources

ADDITIONAL 2017 CLIENT REPRESENTATIONS

 <p>\$330 million Acquisition of Mortara Instrument</p>	 <p>\$280 million Acquisition of Groeneveld Group</p>	 <p>\$240 million Sale of Winter Sports businesses to Kohlberg & Company</p>
 <p>Sale of wireless communications towers to a subsidiary of American Tower Corporation in Colombia</p>	 <p>Sale of the Designed Structures and Solutions business to Arsenal Capital Partners</p>	 <p>Acquisition of Wells Fargo Insurance Services</p>
 <p>Acquisition of Thanasi Foods and BIGS</p>	 <p>Sale of its "Lindor" brand in Spain and Portugal</p>	 <p>Acquisition of Norwegian Oglænd System Group</p>



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JONES DAY GLOBAL LOCATIONS

ALKHOBAR	COLUMBUS	LONDON	NEW YORK	SILICON VALLEY
AMSTERDAM	DALLAS	LOS ANGELES	PARIS	SINGAPORE
ATLANTA	DETROIT	MADRID	PERTH	SYDNEY
BEIJING	DUBAI	MEXICO CITY	PITTSBURGH	TAIPEI
BOSTON	DÜSSELDORF	MIAMI	RIYADH	TOKYO
BRISBANE	FRANKFURT	MILAN	SAN DIEGO	WASHINGTON
BRUSSELS	HONG KONG	MINNEAPOLIS	SAN FRANCISCO	
CHICAGO	HOUSTON	MOSCOW	SÃO PAULO	
CLEVELAND	IRVINE	MUNICH	SHANGHAI	