Official M&A Ranking Criteria 2013
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M&A Rankings - Fundamentals

Eligibility as an M&A transaction is defined by the principle of a change of economic ownership. If this fundamental test cannot be applied, it will not be considered for inclusion.

Only companies or their assets, registered and fully operational, are considered for transactions.

Section 1 M&A Criteria - Ranking Guidelines

1.01 Financial advisor rankings include the following roles: Financial Advisor and providers of Fairness Opinions.

1.02 Advisors to the acquiror are eligible for full ranking credit when:
   - Advising the acquiror or its parent.
   - Advising acquiring investor groups, consortia or joint ventures.

1.03 Advisors to minority or controlling shareholders in the acquiror are eligible for ranking credit in proportion to the stake held, as long as the advisor can demonstrate that the minority shareholder has veto rights or board seats.

1.04 Advisors to the target are eligible for full ranking credit when advising a shareholder or a party acting in concert with an interest of at least 50% in the equity of the target or divesting parent company. Advisors to shareholders with minority interests in the target are eligible for ranking credit in proportion to the stake held.

1.05 In the case of competing offers, the target advisor is eligible for ranking credit only once and to the offer with the highest deal value while pending, or the successful offer once completed.

1.06 Advisors to a target not involved in the transfer of a minority stake between seller and acquiror are not eligible for ranking credit, unless clearly proven that the target was separately involved in the negotiations.

1.07 Advisors hired by a target company which is a wholly-owned subsidiary are not eligible for ranking credit, unless clearly proven that the target was separately involved in the negotiations.

1.08 Advisory credit for open market purchase transactions will only be awarded if the claim is substantiated with official documentation demonstrating that M&A negotiations have taken place and advice has been provided.

1.09 Advisors who are terminated, or for any reason are not present at the completion date of the deal, will be removed from the transaction and are not eligible for ranking credit.

1.10 Credit will be assigned only once in transactions on which an advisor is acting on behalf of both target and acquiror.

1.11 Credit in rankings is given only to parent advisor companies. In the case of a merger or consolidation, the surviving company only will receive credit. The group head, which is the investment banking division name of the parent entity, appears in rankings.
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1.12 In the case of joint venture companies, credit will not be assigned to either parent bank, unless there is a clear majority held by one of the parties. In exceptional cases when authorized by both parties, credit may be assigned to the party with the smaller equity stake.

1.13 When the value of a transaction is undisclosed, advisors will receive credit in the accumulation of transaction numbers only.

1.14 Nationality-specific rankings are based upon the target, acquiror, acquiring subsidiary or divestor parent nation.

1.15 Divestor nationality will only be assigned to regional league tables, when there is a shareholder selling a stake of at least 30%. In cases where there are multiple divestors selling 30% or more, the nationality of the largest shareholder will be assigned.

1.16 Rank eligibility will be assigned to any transaction so long as a price, price range, or valuation is officially announced by one of the parties to that transaction. In the case of a price range, the lowest value will be used. The announcement date of the deal will not be amended if full terms are disclosed subsequently.

1.17 Rumors, preliminary discussions, seeking buyer or seeking target transactions, not pursued transactions, intended offers and withdrawn, rejected or offer expired transactions are not included in rankings, unless otherwise specified.

1.18 Any transaction still pending three months (approximately 90 days) after the last official corporate statement or event will be marked as withdrawn.

1.19 Pre-IPO and investments by Strategic, Cornerstone or similar investors will only be considered eligible if it can clearly be demonstrated that they were not part of the bookbuild or offering and official documentation confirms M&A advice.

Section 2 M&A Criteria – Inclusions

2.01 Acquisitions of 100% of another entity.

2.02 Acquisitions of business units, divisions, product lines or other operations of another entity.

2.03 Stake acquisitions if one of the following:
   • 5% or above;
   • $50m or above;
   • The stake breaches the 50% threshold;
   • The acquisition results in 100% ownership.

2.04 Mergers.

2.05 Joint Ventures if two or more companies combine existing assets to form a new entity.

2.06 Spin-offs and split-offs.

2.07 Privatizations, except government carve-outs.

2.08 Government-awarded Personal Communication Service (PCS) or wireless licences.
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2.09 Pharmaceutical rights and brands.

2.10 Real estate property transactions, defined as managed companies, portfolios or completed buildings only, are tracked and eligible if valued at $100m or above.

2.11 Property transactions comprising oil & gas wells or blocks, mining properties, timber tracts, wind farms, solar energy farms, tidal or hydro power and similar alternative energy transactions.

2.12 Land purchases which are advised and where the acquirer has committed an amount to future development already.

2.13 Buyback transactions structured as public tender offers, as divestments or as a defensive technique in response to an unsolicited takeover approach are tracked and rank eligible.

2.14 Debt-for-equity recapitalizations.

2.15 Government concessions awarded or leases granted, if the time period is 30 years or more, and a clear transfer of the assets has taken place, including but not limited to railways, airports, shipping ports, etc.

2.16 The legal transfer of equity or assets will constitute a completed transaction; an unwinding or annulment will not nullify that status, and any such subsequent unwinding or annulment will be considered a separate, legal transfer of equity or assets.

2.17 Preferred share issuance as long as there is either:
   • Profit participation beyond standard preferred share rights;
   • Voting rights and/or board seats; or
   • Convertible features.

   Other non-straight preferred share issuances will only be tracked if sufficient information is available to determine accurately their characteristics.

2.18 Company ownership is determined by equity participation alone, without recourse to voting rights or golden shares.

2.19 Acquisitions of loan, mortgage or credit card portfolios.

2.20 Financial instruments are only tracked upon conversion into equity. Strategically sold Mandatory Convertible Debt (MCD), that is not part of an ECM market offering, will be accounted for at issuance, if it conforms to existing coverage rules.¹

2.21 Patent deals over $100m.

Section 3 M&A Criteria – Exclusions

3.01 Collapsing dual listings and share unification schemes.

3.02 Equity carve outs are tracked if greater than 10% or valued over $100m, but not rank eligible.

¹ All eligible MCD issued prior to 2011 will be accounted for at conversion, in line with previous criteria.
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3.03 Acquisition of rights, except for pharmaceutical rights.
3.04 Acquisition of financial instruments, apart from loan, mortgage or credit card portfolios.
3.05 The sale or exchange of options, warrants or convertible debt (with the exception of MCD in 2.20), will not be tracked until conversion into equity.

Sovereign Wealth Fund acquisitions of convertible warrants or notes are tracked but not rank eligible.
3.06 Buyback programs of stakes over 10% or greater than $100m will be tracked, but are not rank eligible, except as itemized above.
3.07 Government, public or independent regulatory agency consolidations or breakups.
3.08 Land purchases other than those itemized above.
3.09 Unfinished projects, start-ups, strategic alliances, provision of seed capital or the creation of new companies or ventures.
3.10 Acquisition of customer accounts.
3.11 Individual vehicles (ships, trucks etc), except if the whole portfolio or division is being acquired.
3.12 Mergers of two or more wholly-owned subsidiaries.
3.13 Shares sold as part of an offering that has been underwritten.

Section 4 M&A Criteria – Valuation Methodologies

4.01 The value of a transaction is defined as the cost to acquiror for the specific stake acquired. Regardless of structure, only the minimum amount needed to achieve the transaction will be calculated.

4.02 Net debt is included in full only once the ownership threshold of 50%+ one share equity holding is reached. Net debt is never apportioned.

4.03 Deal value is employed in rankings according to the table criteria below:

<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Deal Value</th>
<th>Deal Value excl Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction and debt values are disclosed</td>
<td>Accepted</td>
<td></td>
</tr>
<tr>
<td>Offer for more than 50% of public target</td>
<td>Accepted</td>
<td></td>
</tr>
<tr>
<td>Target is private</td>
<td>Accepted</td>
<td></td>
</tr>
<tr>
<td>Target is a bank, insurance or finance organization, but not an asset rental company, or an MCD</td>
<td>Accepted</td>
<td></td>
</tr>
<tr>
<td>FIG subsidiary of a corporate if reported separately</td>
<td>Accepted</td>
<td></td>
</tr>
<tr>
<td>Offer for less than 50% of a public company</td>
<td>Accepted</td>
<td></td>
</tr>
</tbody>
</table>
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**M&A Criteria – Specific Valuation Considerations**

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contingent Stake Purchase</td>
<td>The right to purchase additional stakes in a company via options, warrants or convertible securities, will be included in the value of an applicable acquisition as part of the cost to the acquiror, as long as those options are acquired in conjunction with the purchase of a significant equity stake. The cost of the option, not the exercise price, if disclosed, will be included in the valuation.</td>
</tr>
<tr>
<td>Debt-for-Equity Recapitalizations</td>
<td>Valued on the new equity issued at completion of the reorganization. Only reinstated debt of the reorganized company is considered for inclusion. If the equity and reinstated debt values are not known at announcement, the transaction value will remain undisclosed until information is made available.</td>
</tr>
<tr>
<td>Earn-outs</td>
<td>Future performance-based payments are included in the transaction value, as long as a value amount is provided. The assumption in all cases is that all the performance goals will be met.</td>
</tr>
<tr>
<td>Estimated Values</td>
<td>Private target transactions are valued using multiple reliable third parties sources, a regulatory body, or a stock exchange. Valuation figures provided will be accepted only if available for further public scrutiny. The lowest figure reported will be used if values from different sources conflict. Analyst estimates and projected values are treated as undisclosed.</td>
</tr>
<tr>
<td>Joint Ventures</td>
<td>Covered only where existing assets or businesses are being acquired by, or merged into, a joint venture. Valuation is based on the minimum amount required to achieve the transaction. Selection of target will be dependent on this rule. All accepted methods will be employed to assign a value to the assets contributed. Failing that, a joint venture will remain undisclosed. Joint ventures are not valued on the total combined enterprise value.</td>
</tr>
<tr>
<td>Mandatory Convertible Debt</td>
<td>Value will be assigned based on the principal amount of the Mandatory Convertible Debt invested, not on the future conversion rate. Net debt will be excluded from any MCD deal valuation.</td>
</tr>
<tr>
<td>Mergers</td>
<td>The valuation is based on the share exchange ratio, and its effect on the smaller of the two companies. The target will be identified as the smaller company, either in terms of the percentage needed to achieve the full merger, or in terms of market capitalization prior to the merger. If the merger is a 50/50 split of equals, and there is no clear indication of the larger firm, Dealogic will use its discretion in the selection of target. The market capitalization of two merged entities is not considered in the valuation.</td>
</tr>
</tbody>
</table>
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### Mortgage, Loan or Credit Card Portfolios
A fixed capitalization rate of 8% will be applied to all eligible FIG asset sales, where the cost to acquiror is not disclosed but a portfolio size is confirmed. If the cost to the acquiror can be established and this figure is not more than +/-50% outside the calculated rate figure, it will be used for valuation purposes.

### On-sales
Identified when transaction negotiations are between the original buyer and a new counterpart. Each portion will be valued in its entirety.

### Preferred Shares
Included in transaction valuation as part of target’s fully diluted shares. For valuation purposes, when such shares are not listed and are convertible into common shares, the conversion price will be used to value the transaction.

### Price Range
The lower end of any price range or valuation will be used until a definitive price is provided.

### Sale to partially owned Subsidiaries
If the same parent company sells assets or a subsidiary to a majority-owned subsidiary, both the stake acquired and the transaction value will be apportioned to reflect the stake that effectively changes control alone.

### Share-for-share Considerations
Are not valued for private targets and remain undisclosed. If the number of shares in the target, or the aggregate number of shares issued, is later disclosed, the transaction may then be valued.

### Special Dividends
Included in the deal value if part of the consideration package paid to the target shareholders, defined by the offer price within the acquisition terms.

### Spin-offs
Valued according to the number of shares being distributed to shareholders. Unless a target is already listed, spin-offs are undisclosed at announcement and tracked as preliminary discussions only. Upon distribution of the shares, the spin-off will be valued on the new company’s share price and made rank eligible.

### Stock Considerations for a Private Target
When offered by a public company are valued based on the number of shares issued and the acquiror’s closing share price on the last trading day prior to announcement, or completion date closing price.

### Stock Considerations offered by Private Acquirors
Will not be valued and will remain undisclosed, unless value is stated in public sources.

### Stock Swap
Value is based on target’s fully diluted shares using acquiror’s closing stock price on the last trading day prior to announcement. If terms are revised, the transaction value is recalculated using acquiror’s closing price on the last trading day prior to revision. At completion date the transaction will be revalued using the acquiror’s closing stock price at completion.
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Tender Offers
Public companies are valued using target’s fully diluted shares.

Three-way Mergers
Represented as two separate transactions, where the transactions are announced jointly, and are inter-connected (and four-way mergers are represented as three separate transactions and so on). The largest company is considered the acquiror in both transactions. Advisors to the transactions will be subject to the standard accreditation procedures on a deal-by-deal basis.

Section 5 M&A Criteria – Submission Guidelines

5.01 For any transaction over $250m, valid advisory claims must be submitted within 15 business days of a definitive merger agreement.

If this deadline is missed, or documentation not provided as requested, ranking credit will only be awarded after publication of league tables for the quarter in which the advisory claim was received.

5.02 All advisory claims and questions on deal structure or valuation relating to deals announced before the Submission Deadline must be received by that date. Any questions pertaining to revaluations or structural changes of deals announced before the Submission Deadline, but received after that date will be resolved after quarter end.

5.03 Ranking credit will only be assigned to advisors for deals over $1bn announced before the Submission Deadline but claimed after the deadline, on production of official documentation (i.e. engagement letter). This rule applies to quarter end only.

5.04 Advisory claims for deals over $1bn announced after the Submission Deadline must be accompanied by official documentation, such as press release or regulatory filing, which must name the advisor and their role on the transaction. If advisors are not named in any official documentation, an engagement letter must be provided.

5.05 Advisory claims for deals announced after the Submission Deadline must be submitted by the Press Deadline for inclusion in financial media, and by the Publication Deadline for inclusion in the Dealogic final end of quarter release. Dealogic cannot guarantee deal information submitted after the Press Deadline will be credited in the quarter in question.

### Submission deadline dates for 2013

<table>
<thead>
<tr>
<th>Submission deadline dates for 2013</th>
<th>Q1 2013</th>
<th>Q2 2013</th>
<th>Q3 2013</th>
<th>Q4 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 Day Claim Rule – 5.01</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Submission Deadline</td>
<td>08 Mar</td>
<td>07 Jun</td>
<td>06 Sep</td>
<td>29 Nov</td>
</tr>
<tr>
<td>Bank Confirmation Packs Distribution</td>
<td>01 Mar</td>
<td>31 May</td>
<td>30 Aug</td>
<td>22 Nov</td>
</tr>
</tbody>
</table>

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2 Dealogic considers an advisory claim valid with written notification of a bank’s involvement on a specific transaction. A request by Dealogic for further clarification or documentation will invalidate a previous notification.
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5.06 Advisors will receive credit if retained before a definitive merger agreement has been agreed. Advisors retained after that date will not receive ranking credit unless:
   - Advisor is retained to advise on a new competing offer, or
   - Advisor is retained to renegotiate the transaction structure beyond an increase in offer price alone
   - The transaction is hostile
   - Advisor is to a minority divestor in a public offer

5.07 All challenges to advisor accreditation must be received within 60 days of the completion of the transaction or date on which advisory credit is awarded, if after completion. In order to resolve the challenge before final figures are published, the challenge must be received no later than the Submission Deadline, in order to ensure resolution within the quarter. The advisor challenged will be allowed 10 business days to substantiate its claim for credit. During the challenge period an advisor will remain on a transaction until resolution.

5.08 Once a challenge has been received, the challenged party must provide a complete copy of an engagement letter, with full confidentiality guaranteed, as proof of eligibility.

5.09 To avoid ambiguity any engagement letter submitted must clearly show:
   - Details of the specific transaction relating to the deal challenge
   - A clear indication of the firm’s role in the transaction beyond the words ‘Financial Advisor’
   - The scope of work undertaken is eligible for league table credit, including but not limited to negotiation, structuring and valuation of the deal
   - The letter is signed by a recognized Company Officer
   - The letter is dated prior to, or cites an effective date prior to, a definitive merger agreement date
   - The date is within two years preceding the transaction announcement date
   - The advisor has not been subsequently terminated, if applicable

5.10 Dealogic will accept client letters to substantiate an advisory claim or to settle a challenge as long as the letter submitted conforms in every other respect with clause 5.09. Dealogic may still request an engagement letter or further documentation if any ambiguity persists.

5.11 Letters in respect of a broking engagement will be accepted as long as the engagement mentions the transaction for which the broker is claiming ranking credit.

5.12 Engagement letters in respect of a Fairness Opinion will be accepted if dated after a definitive merger agreement only in exceptional circumstances. In other respects, Fairness Opinions will be subject to the same rules governing credit for Financial Advisors.

5.13 Client letters refuting the claims of an advisor’s involvement that have otherwise satisfied the standard criteria will not be accepted.

5.14 Consultation papers may be employed to address disputes or challenges. In such circumstances a one business week deadline will be granted for submission of arguments.
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## M&A Criteria – Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Announcement date</td>
<td>The first date on which the full terms of a transaction are officially announced, or a price, price range, or valuation, is announced by one of the parties concerned.</td>
</tr>
<tr>
<td>Completion date</td>
<td>The date on which a transaction is completed or declared wholly unconditional by one of the principal parties involved.</td>
</tr>
<tr>
<td>Definitive agreement date</td>
<td>The date on which the parties sign an agreed contract or, without a statement of definitive agreement at announcement, the date of recommendation by the target board.</td>
</tr>
<tr>
<td>Deal Value</td>
<td>The current amount paid by the acquiror for the percentage of the target acquired, including net debt assumed.</td>
</tr>
<tr>
<td>Deal Value at Announcement</td>
<td>The amount paid by the acquiror for the percentage of the target acquired, including net debt assumed, at announcement date.</td>
</tr>
<tr>
<td>Deal Value excl Debt</td>
<td>The declared amount paid by the acquiror for the target. No debt figure is included.</td>
</tr>
<tr>
<td>Equity</td>
<td>Instruments representing an ownership interest with voting rights, board seats if applicable and profit participation.</td>
</tr>
<tr>
<td>Exchange rate</td>
<td>Based on the announcement date median exchange rate price for that currency. Transactions not denominated in US dollars will be converted to a US dollar equivalent at the announcement date only.</td>
</tr>
<tr>
<td>Fairness Opinion</td>
<td>Professional evaluation of the terms of an M&amp;A transaction, often as to the fairness of the price. Also known as Independent Expert Report in Australia.</td>
</tr>
<tr>
<td>Financial Advisor</td>
<td>A professional institution rendering financial advice in relation to any Mergers &amp; Acquisition activity, to a company, board, special committee or individual, whose services include independent valuations, deal structure and negotiation, but exclude due diligence, transaction and accounting services.</td>
</tr>
<tr>
<td>Fully diluted shares</td>
<td>All issued and scheduled to be issued shares of a company, excluding convertible debt. In-the-money options and warrants are included by Treasury Stock Method. Restricted stock is included by If-Converted Method. In-the-money convertible securities are included by Net Share Settlement Method. Without available information, the number of options will be added to the shares outstanding. Multiple trading share classes are converted into the equivalent common shares, based on the pre-announcement date trading price. Non-trading classes of shares are aggregated to the common shares.</td>
</tr>
<tr>
<td>Investor group</td>
<td>Consortiums are identified when it is established that the parties involved are acting in concert.</td>
</tr>
</tbody>
</table>
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Nationality
Where possible, headquarters location is used as the business nationality for a company. If an entity is a holding company, and has no business operations of its own, a business nationality is identified as the center of business of its operating subsidiaries.

Transactions that involve the sale of multinational assets are classified as to nationality as follows:
- The nationality where the majority of the assets are based,
- The nationality from which most revenue is derived, or
- The nationality of vendor parent.

Net Debt
Either published in the offer documentation or calculated as target short-term and long-term debt minus cash on the balance sheet and marketable securities, based on the latest figures available prior to announcement of the transaction. Neither pension liabilities, liabilities with no further obligations for repayment nor debt already owed to the acquiror, will be included as part of the calculation.

Parent Company
Owner of 50% + 1 share in the equity of a company on a fully diluted basis. If the parent is a government, the level below, whether a trading company, a ministry, or a regional government, will be taken into account.

Preliminary Discussions
Either when an individual company announces that it has received an approach, or when parties are in talks but terms have yet to be agreed or released.

Press Deadline
4pm local time (based on target nationality of the transaction) on the penultimate business day of the quarter.

Publication Deadline
4pm local time (based on target nationality of the transaction) on the last business day of the quarter.

M&A Criteria – Contact Details
For more information on the 2013 Rankings criteria please contact the following members of the Dealogic M&A team.

Americas
Jordan Ring
+1 212 557 4495
jordan.ring@dealogic.com

Asia
Chunshek Chan
+852 3698 4710
chunshek.chan@dealogic.com

Europe
Luis Galindo
+44 207 440 6314
luis.galindo@dealogic.com

Japan
Makoto Miyata
+813 6731 2043
makoto.miyata@dealogic.com