



Business in Vancouver's Biggest Deals of 2009

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M&A: Pre-Credit Bubble Burst

- 2001-2005: Age of the Income Trust



- 2005-2008: Age of the PE Fund & Strategic Buyer



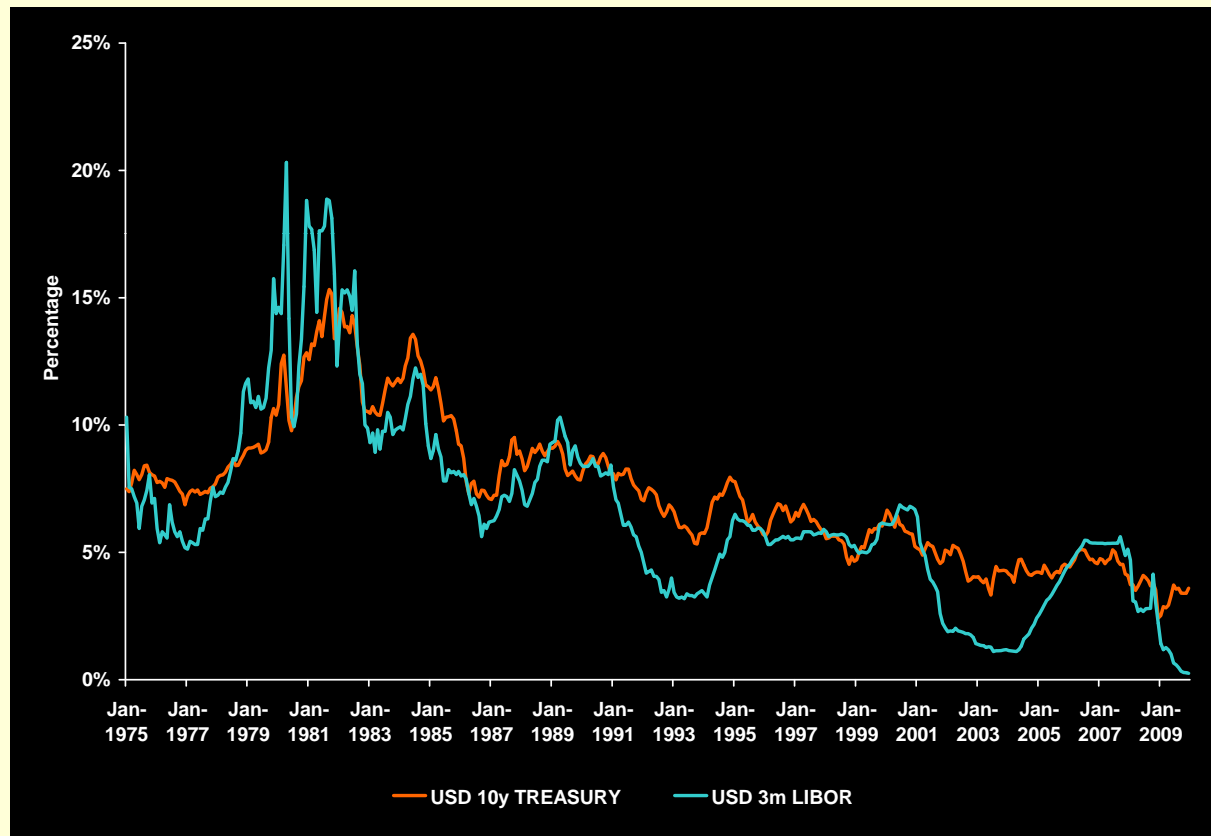
And then the bubble really burst in late 2008...



2009:
The Year of Survival

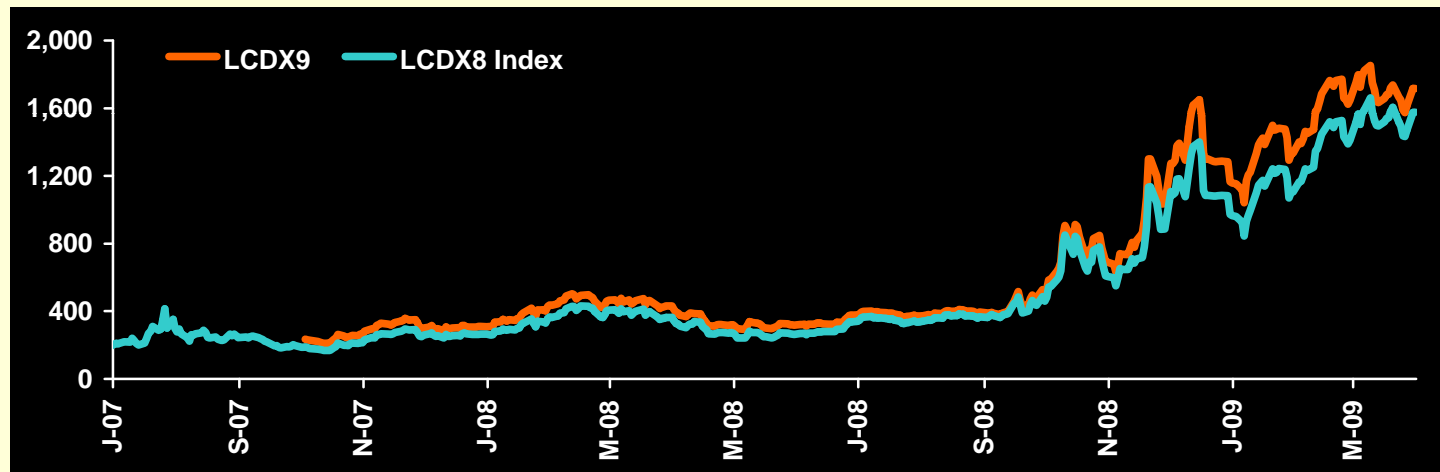
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Central Bank Rates Low, but...

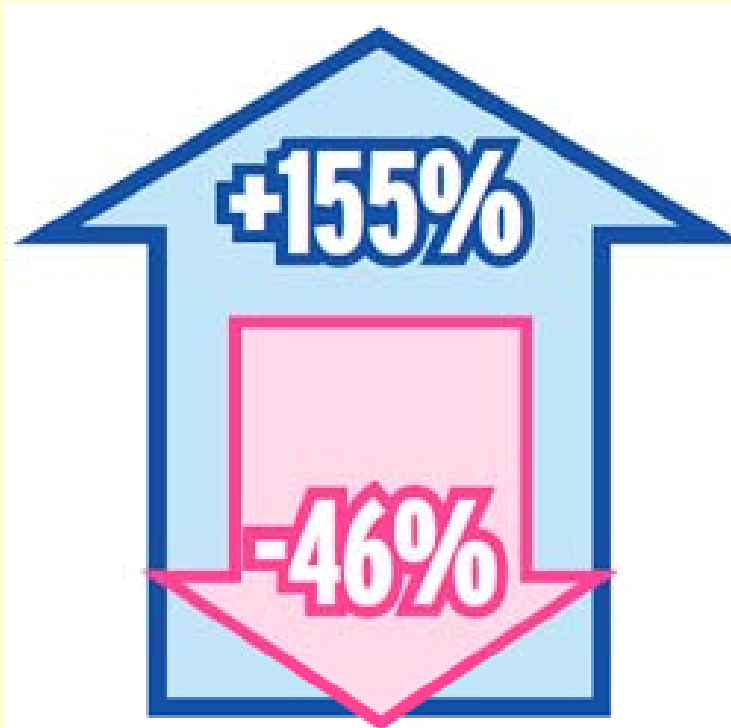


Spreads jumped as Credit Crunch turned into Crisis

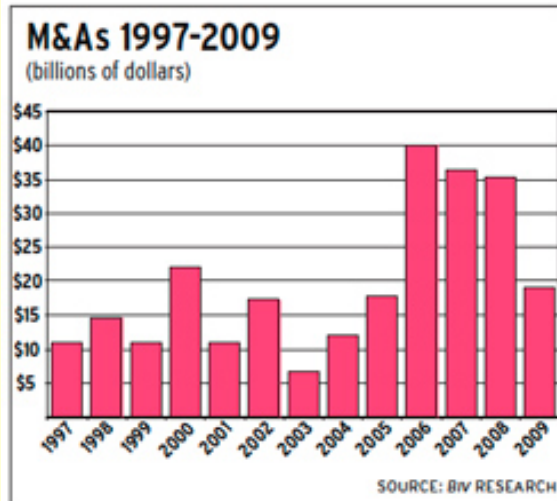
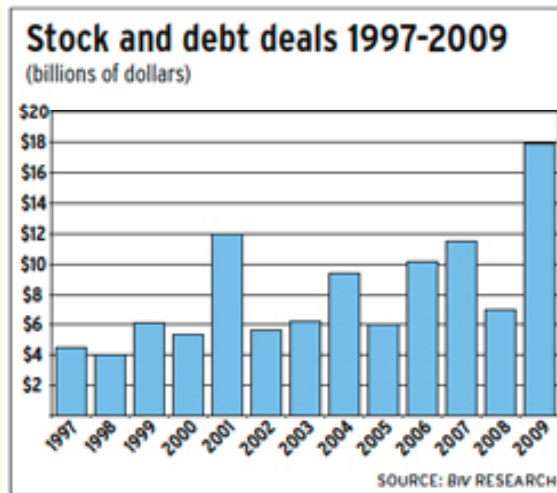
(and capital was no longer cheap, if you could find it)



2009: Financings Rose 155%, M&A off 46%

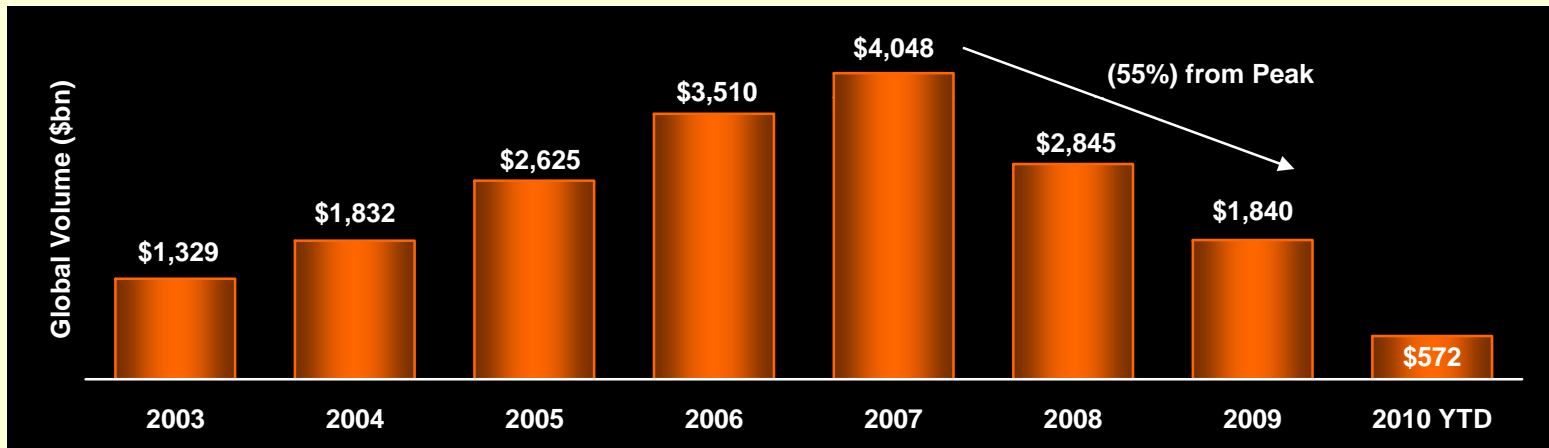


Stock and debt deals were up 155% from 2008 to 2009, while M&A activity declined by 46% over the same period



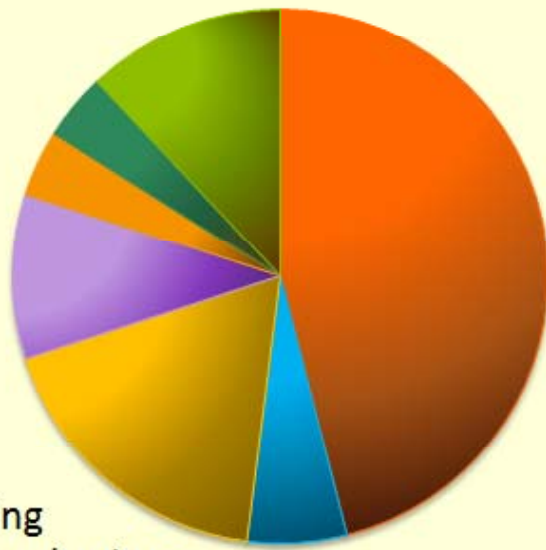
M&A Volume Dropped 50% from 2007 to 2009

2009 Global M&A Volume



BC's Biggest M&A Deals by Sector

2007



- Mining
- Energy/Utilities
- Tech/Biotech
- Other
- Retail
- Recreation/Hospitality
- Forestry/Pulp

Total: \$41.3 billion

2009



- Mining
- Energy/Utilities
- Tech/Biotech
- Other
- Retail
- Recreation/Hospitality
- Forestry/Pulp

Total: \$19.0 billion

2009: The Untold Story

- Many companies in survival mode
- Profit and credit evaporated
- Contingency plans revamped
- Buyers in 2006-2008 switched to defense
- Insolvency boom never really hit BC. Why?

What Happened to the Insolvency Boom?

- Ontario hogged it all
- Corporate balance sheets relatively strong in BC
- Banks were patient
- Public markets open for big companies
- Companies reacted quickly
- Insolvency was too expensive

A photograph of several purple crocuses with yellow centers, growing through a layer of snow. The flowers are in various stages of bloom, with some fully open and others as buds. The snow is bright white and textured. The background is a soft, out-of-focus white.

**2010:
A Year of
Transition**

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Best Quote from an Optimist in 2009

“Never let a good recession go to waste”

Expectations for 2010

1. Transaction level will pick up in the fall as value gap closes due to:
 - Improving LTM performance
 - Stabilizing credit markets
 - Possible IPO window

Expectations for 2010

2. Corporate housekeeping and housecleaning will continue:

- Working capital still tight
- Times still tough

- Meaning:
 - Shareholder disputes/separations will continue
 - Founder fatigue will continue and provide opportunities
 - Asset Backed Finance (ABL) and creative sources of funding will continue (15% to 25% money)
 - Tax reorgs and restructurings

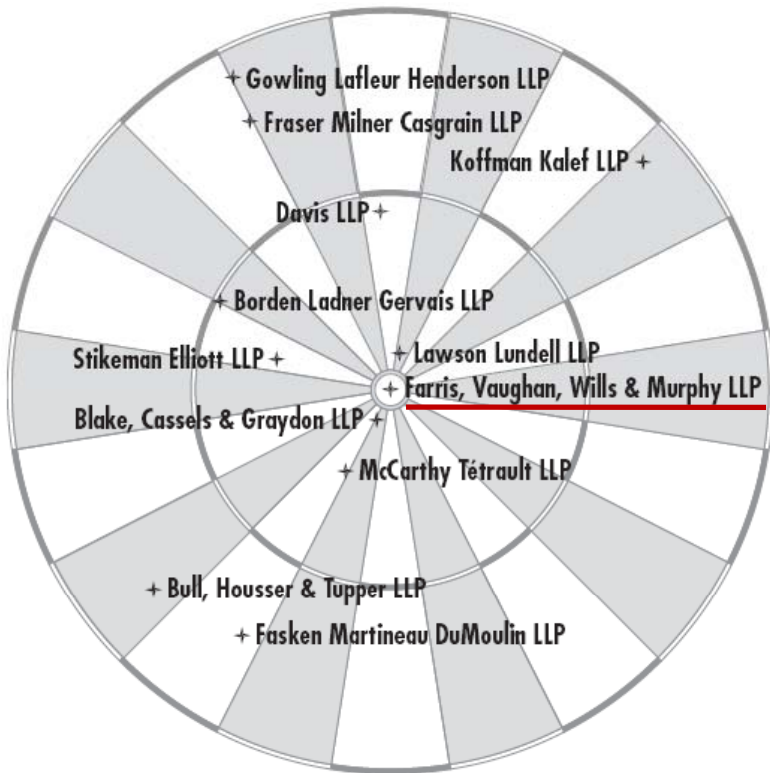
Expectations for 2010

3. Strategic buyers will continue to dominate M&A market
 - Flush entrepreneurs and PE funds will continue to be selective
 - PE Funds will not be able to fully compete until robust credit markets return
 - Early signs are good with high yield debt markets returning or emerging in Canada

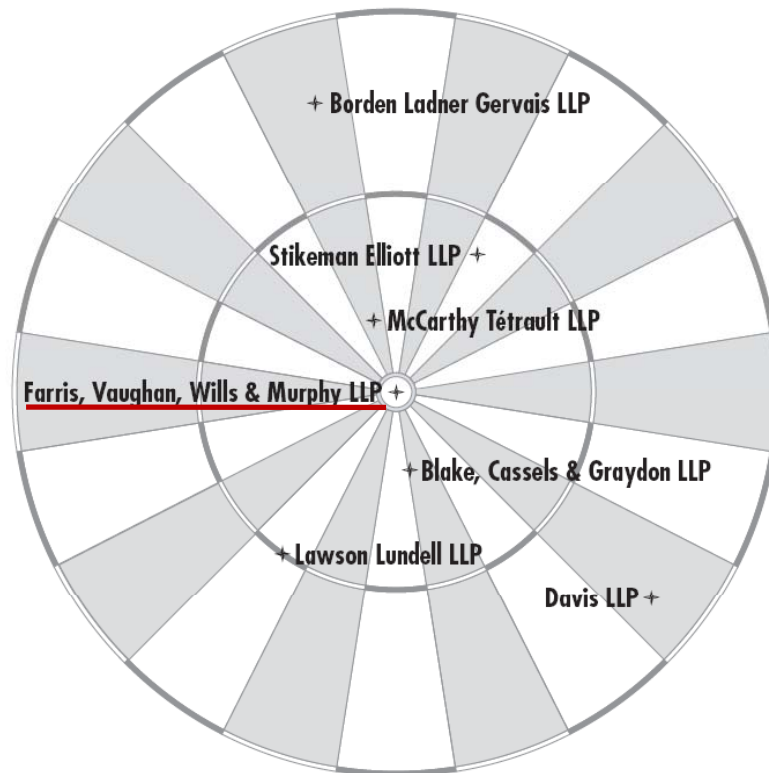
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Farris has been recognized as the top corporate law firm in BC for eight consecutive years.

Corporate Law - Vancouver



Corporate Transactions - Vancouver



As published in the 2009 Lexpert Guide to the Leading 500 Lawyers in Canada.

About Farris:

High performance law firm with a 100 years history.

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- Experienced cross-border deal team - we possess more leading cross-border lawyers than any other law firm in the city (Lexpert)
- Leading deal makers (life sciences, mining, energy & real estate) with international reputation

Culturally structured for quality, speed, and results.

- Experienced deal team, licensing and partnering expertise, and technical strengths
- Our approach: results oriented – value driven – service focused – innovative – dedicated – experienced – hands-on

More than 80 lawyers with offices in Vancouver, Kelowna, and Victoria, BC.

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