

7 May 2002

Coverage

United Kingdom

Theme

Commerce, Energy and Industry

Mergers and acquisitions involving UK companies

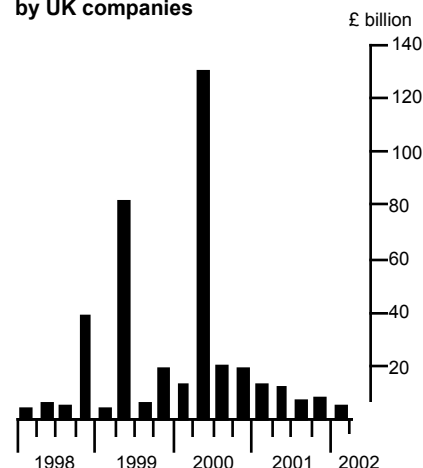
1st quarter 2002

Expenditure on acquisitions of foreign companies by UK companies decreased from £8.2 billion in quarter four 2001 to £5.5 billion in quarter one 2002. One large transaction was the acquisition of Niagara Mohawk Holdings Inc. by National Grid Group Plc for a press reported value of £2.1 billion.

Expenditure on acquisitions in the UK by foreign companies decreased from £3.9 billion in quarter four 2001 to £1.6 billion in quarter one 2002. One large transaction was Skandia Forsakrings AB acquiring Lynx Group Plc for a press reported value of £0.2 billion.

Expenditure on acquisitions in the UK by UK companies increased from £1.8 billion in quarter four 2001 to £2.7 billion in quarter one 2002. One large transaction was the management buy-out of Dignity Caring funeral services for a press reported value of £0.2 billion.

Expenditure on acquisitions abroad by UK companies



Number and value of mergers and acquisitions involving UK companies

Values in £ billion

	Acquisitions abroad by UK companies		Acquisitions in the UK by foreign companies *		Acquisitions in the UK by UK companies *	
	Number	Value	Number	Value	Number	Value
2000	557	181.3	227	64.6	587	106.9
2001	371	41.5	162	24.4	492	29.0
2000 Q4	115	18.7	48	7.4	152	34.9
2001 Q1r	109	13.5	54	9.4	131	6.2
Q2r	111	12.2	36	6.9	108	4.9
Q3r	85	7.6	42	4.1	129	16.1
Q4r	66	8.2	30	3.9	124	1.8
2002 Q1p	43	5.5	19	1.6	51	2.7

r = revised p = provisional

* Both sets of columns include acquisitions by foreign companies routed through their existing UK subsidiary companies.

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Next publication date
6 August 2002

ACQUISITIONS ABROAD BY UK COMPANIES

Number and value of transactions (Table 1)

The largest significant transaction recorded during quarter one 2002 was the acquisition of Niagara Mohawk Holdings Inc. by National Grid Group Plc for a press reported value of £2.1 billion. This transaction accounted for 38 per cent of the total value.

There were 18 disposals and demergers in the first quarter of 2002 valued in total at £1.1 billion.

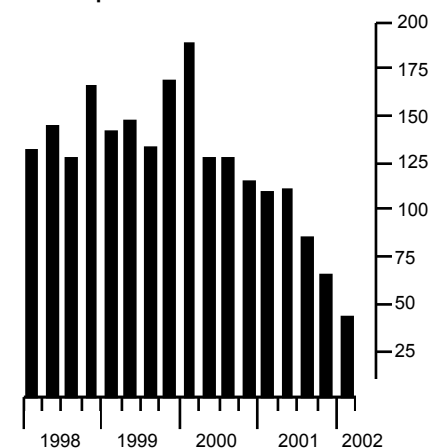
Significant transactions abroad by UK companies include :-

	Value in £ million
National Grid Group Plc acquiring Niagara Mohawk Holdings Inc.	2107
BP Amoco Plc acquiring Veba Oel business of E.ON	1157
Invensys Plc disposing of Energy Storage Group	-348
Marconi Plc disposing of Inkjet Data Systems business	- 324
Powergen Plc disposing of Gujrat Powergen Energy Corp.	- 286

Note: The values used in this table are from press or other media reported sources.

See background notes 3 and 4.

Number of acquisitions abroad by UK companies



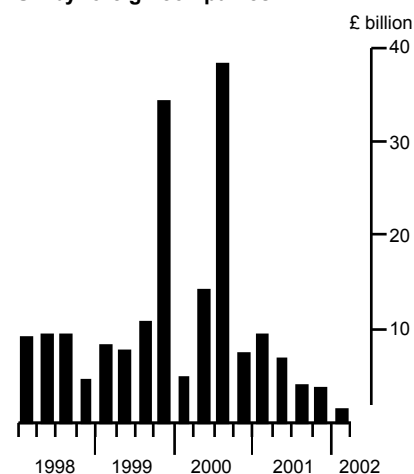
ACQUISITIONS IN THE UK BY FOREIGN COMPANIES

Number and value of transactions (Table 1)

The largest significant transaction recorded during quarter one 2002 was the acquisition of Lynx Group Plc by Skandia Forsakrings AB for a press reported value of £0.2 billion. This transaction accounted for 12 per cent of the total value.

There were 11 disposals and demergers in the first quarter of 2002 valued in total at £2.0 billion.

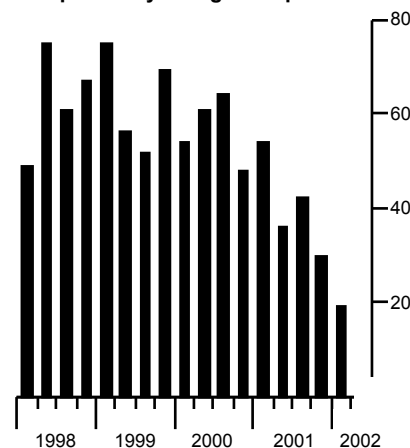
Expenditure on acquisitions in the UK by foreign companies



Significant transactions in the UK by foreign companies include :-

	Value in £ million
TXU Corporation disposing of EPN Distribution	- 560
Electricite de France acquiring EPN Distribution	560
Skandia Forsakrings AB acquiring Lynx Group Plc	210
General Electric Inc. acquiring Time Retail Finance Ltd	149
Danaher Corporation acquiring Viridor Instrumentation Ltd	103
Enron Corporation disposing of Enron Metals Ltd	- 102
Sempra Energy acquiring Enron Metals Ltd	102

Number of acquisitions of UK companies by foreign companies



Note: The values used in this table are from press or other media reported sources.

See background notes 3 and 4.

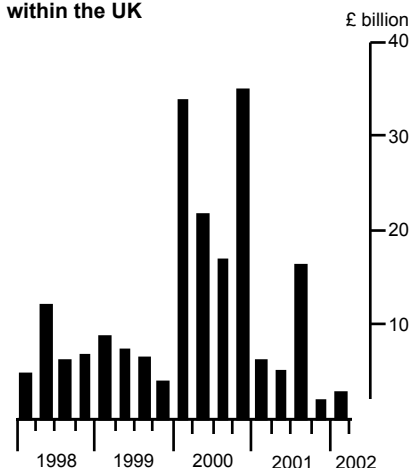
MERGERS AND ACQUISITIONS IN THE UK BY UK COMPANIES

Number and value of transactions (Table 8)

The largest significant transaction recorded during quarter one 2002 was the management buy-out of Dignity Caring funeral homes for a press reported value of £0.2 billion. This transaction accounted for 7 per cent of the total.

There were 51 transactions in the first quarter of 2002. These consisted of 31 transactions involving independent companies with an initial value of £2.3 billion and 20 transactions by company groups involving their subsidiaries with an initial value of £0.4 billion.

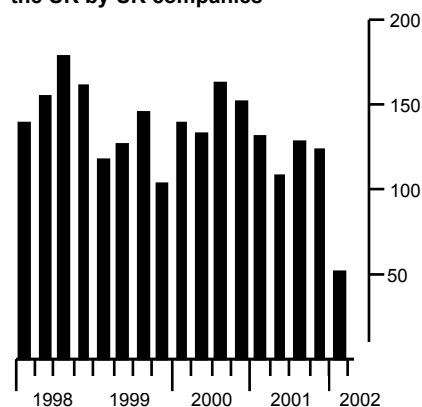
Expenditure on acquisitions within the UK



Significant transactions in the UK by UK companies include :-

	Value in £ million
Management buy-out of Dignity Caring funeral homes	220
Management buy-out of Palmer and Harvey Mclane (Holdings) Ltd	165
Bridgepoint Capital acquiring Virgin Active Holdings Ltd	110
Management buy-out of IT businesses of Lynx Group Plc	60

Number of companies acquired in the UK by UK companies



Note: The values used in this table are from press or other media reported sources.

See background notes 3 and 4.

REVISIONS TO EARLIER PERIODS

Data for all quarters of 2001 have been revised in the light of new information.

BACKGROUND NOTES

1. Types of transaction covered

I Cross border acquisitions

This denotes transactions where a company in one country acquires, either directly or indirectly, a controlling interest in a company in another country.

Direct transactions are those where a company in one country acquires a controlling interest in a company incorporated in another country.

Indirect transactions are those where a company uses an existing, or sets up a new, foreign subsidiary to acquire a controlling interest in a company incorporated in another country. The acquiring foreign intermediate company may be located in the same country in which the acquisition is being made, or in a different country.

I Acquisitions within the UK by UK companies

This denotes mergers and acquisitions involving only UK registered companies.

Where the acquired company was a subsidiary of another company, the transaction is classified as a sale between company groups.

Acquisitions of UK companies by the UK based subsidiaries of foreign parents are included in both the analysis of acquisitions in the UK by foreign companies and acquisitions within the UK.

2. Financing

This release provides details of the application of funds to effect mergers and acquisitions and the proceeds raised from disinvestment and demergers.

For indirect foreign transactions there is the added complication of considering the movements of funds either as a capital injection or in the form of loans between parent companies and their foreign subsidiaries making the acquisition. Occasionally the foreign subsidiary obtains the funds required partly or entirely outside the UK from sources such as:

- | own resources
- | borrowing from banks or other local sources
- | share, bond and other capital or notes issued abroad.

A transaction may involve funding by more than one method.

3. Source of data

The information collected is based on reports in the financial press, specialist magazines, company and financial websites supplemented by special inquiries to businesses to determine the form, value and timing of each acquisition.

If the information is not yet in the public domain, then such transactions may not be reflected in the analysis. Where full information has not yet been received on the details of the acquisition, the value of the transaction indicated in the public domain is used as an interim estimate.

4. Tables of significant transactions

These tables show the reported figures for a selection of significant transactions which occurred in the quarter - where "significance" is defined as the absolute value of the deal. The figures shown are usually the ones available from the financial press or other sources in the public domain although occasionally, **with the consent of the company**, the value returned to National Statistics is used in the tables instead of the press reported figure. If the company's consent cannot be obtained then the deal is excluded. Occasionally, therefore, a large deal may be missing from the lists and so it is best to regard these tables as an indication of the ranking of deals rather than a completely exhaustive listing. Press reported figures often differ to some extent from those supplied by companies to National

Statistics and it is the latter which are used in compiling statistical aggregates in tables 1 to 9. Included in the prices quoted in the tables is the total published price paid for the company excluding any assumed debt where known. Deferred payments are included in the reported price even if the payment is made in a different quarter.

5. Notes to tables

For the cross border mergers and acquisitions inquiries, please note that from 1996, the European Union includes Austria, Finland and Sweden.

Symbols used in the tables are:

- .. Figure suppressed to avoid disclosure of information relating to individual enterprises.
- Nil or less than half the final digit shown.

The sum of constituent items in tables may not always agree exactly with the totals shown due to rounding.

6. The data in this First Release can be obtained in computer readable form via the National Statistics Databank service.
7. Details of the policy governing the release of new data are available from the press office.
8. **National Statistics** are produced to high professional standards set out in the National Statistics Code of Practice. They undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference. © Crown copyright 2002.

1 Summary of cross-border mergers, acquisitions and disposals

£million

	Transactions abroad by UK companies				Transactions in the UK by foreign companies ¹			
	Acquisitions		Disposals		Acquisitions		Disposals	
	Number	Value	Number	Value	Number	Value	Number	Value
	CBAQ	CBBI	CBAS	CBBT	CBAU	CBCQ	CBAW	CBDB
1992	679	7 264	219	3 536	210	4 139	29	1 407
1993	521	9 213	221	4 779	267	5 187	73	1 111
1994	422	15 164	149	5 733	202	5 213	38	1 476
1995	365	11 967	117	5 989	131	12 817	21	1 511
1996	442	13 377	178	7 807	133	9 513	18	1 033
1997	464	19 176	176	7 348	193	15 717	28	1 478
1998	569	54 917	218	12 814	252	32 413	46	3 471
1999	590	111 193	198	12 586	252	60 860	39	5 518
2000	557	181 285	168	29 857	227	64 618	43	4 899
2001	371 [†]	41 473 [†]	139 [†]	28 494 [†]	162 [†]	24 382 [†]	62 [†]	4 464 [†]
1998 Q2	144	6 048	63	6 469	75	9 488	12	1 490
Q3	128	5 589	51	3 092	61	9 458	11	1 176
Q4	165	38 438	49	1 198	67	4 491	12	239
1999 Q1	141	4 021	47	2 188	75	8 179	11	482
Q2	147	81 224	75	6 573	56	7 774	5	335
Q3	133	6 725	43	2 271	52	10 744	9	236
Q4	169	19 223	33	1 554	69	34 163	14	4 465
2000 Q1	188	13 401	48	8 290	54	4 920	12	898
Q2	127	129 390	34	2 367	61	14 097	12	2 743
Q3	127	19 749	50	15 314	64	38 192	6	..
Q4	115	18 745	36	3 886	48	7 409	13	..
2001 Q1	109 [†]	13 473 [†]	30 [†]	7 601	54	9 373	27	2 076
Q2	111	12 208	39	7 675 [†]	36 [†]	6 948 [†]	12 [†]	747 [†]
Q3	85	7 555	26	7 750	42	4 148	9	557
Q4	66	8 237	44	5 468	30	3 913	14	1 084
2002 Q1	43	5 517	18	1 122	19	1 592	11	1 974

[†] Indicates earliest revision.

¹ Includes acquisitions by foreign companies routed through their UK subsidiary companies.

2 Mergers and acquisitions abroad by UK companies: source of funding

£million

	Total ¹		Direct transactions ²		Indirect transactions of which:			
	Number	Value	Funds paid directly by UK parent		Funded by loan from UK parent		Funds raised locally abroad	
			Number	Value	Number	Value	Number	Value
	CBAQ	CBBI	CBBU	CBBV	CBBW	CBBX	CBBY	CBBZ
1992	679	7 264	578	5 766	45	578	67	921
1993	521	9 213	380	5 971	46	911	86	2 331
1994	422	15 164	296	7 853	51	1 423	70	5 888
1995	365	11 967	275	5 174	68	4 210	53	2 583
1996	442	13 377	321	6 982	85	3 764	64	2 631
1997	464	19 176	340	14 152	81	2 567	70	2 457
1998	569	54 917	403	43 671	112	7 923	88	3 323
1999	590	111 193	414	95 209	116	9 788	108	6 196
2000	557	181 285	384	159 630	114	12 393	93	9 262
2001	371 [†]	41 473 [†]	268 [†]	29 545 [†]	90 [†]	8 003 [†]	35 [†]	3 925 [†]

[†] Indicates earliest revision.

¹ Where a transaction is funded in more than one way, it is included in 'Number' in each method but only once in 'Total'. Therefore numbers may not sum exactly across the columns.

² Transactions for which details about financing have not been confirmed are included amongst direct transactions. The figures are subsequently revised when details become available.

3 Disposals abroad by UK companies: funds realised

£million

	Total ¹		Direct transactions ²		Indirect transactions of which:			
	Number	Value	Funds paid directly to UK parent		Repayment of loan made by UK parent		Funds retained abroad	
			Number	Value	Number	Value	Number	Value
	CBAS	CBBT	CBCA	CBCB	CBCC	CBCD	CBCE	CBCF
1992	219	3 536	180	2 758	5	33	38	745
1993	221	4 779	172	3 509	2	7	35	1 264
1994	149	5 733	124	3 934	2	522	26	1 277
1995	117	5 989	89	4 191	11	366	27	1 432
1996	178	7 807	144	5 497	17	1 034	35	1 276
1997	176	7 348	134	3 707	20	1 274	39	2 367
1998	218	12 814	175	6 405	24	1 609	41	4 800
1999	198	12 586	139	8 021	29	1 250	52	3 315
2000	168	29 857	127	14 741	20	6 347	44	8 769
2001	139 [†]	28 494 [†]	102 [†]	22 875 [†]	17 [†]	582 [†]	40 [†]	5 037 [†]

4 Mergers and acquisitions in the UK by foreign companies: source of funding

£million

	Total ¹		Direct transactions ²		Indirect transactions of which:			
	Number	Value	Funds paid directly to UK by foreign company		Funded by loan from foreign company		Funds raised in the UK	
			Number	Value	Number	Value	Number	Value
	CBAU	CBCQ	CBDC	CBDD	CBHZ	CBIA	CBIB	CBIC
1992	210	4 139	171	3 157	15	220	38	762
1993	267	5 187	204	3 874	19	225	45	1 087
1994	202	5 213	132	3 615	24	883	30	715
1995	131	12 817	96	8 697	27	2 465	26	1 655
1996	133	9 513	102	4 555	20	1 820	21	3 138
1997	193	15 717	146	8 594	27	3 030	31	4 093
1998	252	32 413	207	21 052	38	5 991	32	5 368
1999	252	60 860	179	34 888	59	19 949	36	6 023
2000	227	64 618	172	56 892	54	4 223	34	3 503
2001	162 [†]	24 382 [†]	113 [†]	11 697 [†]	33 [†]	7 797 [†]	36 [†]	4 888 [†]

5 Disposals in the UK by foreign companies: funds realised

£million

	Total ¹		Direct transactions ²		Indirect transactions of which:			
	Number	Value	Funds paid directly to foreign parent		Repayment of loan to foreign parent		Funds retained in the UK	
			Number	Value	Number	Value	Number	Value
	CBAW	CBDB	CBID	CBIE	CBIF	CBIG	CBIH	CBII
1992	29	1 407	17	859	–	–	13	548
1993	73	1 111	58	689	4	126	15	295
1994	38	1 476	25	679	4	105	12	692
1995	21	1 511	16	1 273	–	–	7	238
1996	18	1 033	13	961	1	53	4	19
1997	28	1 478	16	582	5	156	10	740
1998	46	3 471	39	3 186	..	..	..	..
1999	39	5 518	22	4 323	11	232	12	963
2000	43	4 899	29	3 985	8	471	10	443
2001	62 [†]	4 464 [†]	40 [†]	1 528 [†]	7 [†]	504 [†]	23	2 432 [†]

[†] Indicates earliest revision.

1 Where a transaction is funded in more than one way, it is included in 'Number' in each method but only once in 'Total'. Therefore numbers may not sum exactly across the columns.

2 Transactions for which details about financing have not been confirmed are included amongst direct transactions. The figures are subsequently revised when details become available.

6 Area analysis of cross border activity by UK companies

£million

	EU ¹		USA		Other developed		Developing		World	
	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value
Mergers and Acquisitions										
	CBAJ	CBAZ	CBBA	CBBB	CBBE	CBBF	CBBG	CBBH	CBAQ	CBBI
1992	272	2 994	138	2 139	140	1 363	129	770	679	7 264
1993	206	2 978	136	4 683	84	1 128	95	425	521	9 213
1994	175	5 012	114	8 366	79	1 230	53	556	422	15 164
1995	127	2 927	130	6 979	48	1 454	60	607	365	11 967
1996	182	3 100	108	6 754	71	2 791	81	732	442	13 377
1997	183	6 564	135	8 928	53	2 659	93	1 025	464	19 176
1998	225	5 642	165	45 273	80	2 207	99	1 795	569	54 917
1999	218	35 016	196	68 939	85	3 440	91	3 798	590	111 193
2000	231	125 868	190	39 567	79	13 480	57	2 370	557	181 285
2001	137 [†]	18 340 [†]	117 [†]	9 496 [†]	57 [†]	11 497 [†]	60 [†]	2 140 [†]	371 [†]	41 473 [†]
Disposals										
	CBBJ	CBBK	CBBL	CBBM	CBBP	CBBQ	CBBR	CBBS	CBAS	CBBT
1992	78	1 180	59	1 158	52	982	30	216	219	3 536
1993	70	860	70	2 369	42	1 079	39	472	221	4 779
1994	50	627	39	2 746	34	2 023	26	337	149	5 733
1995	44	1 165	46	4 132	10	370	17	322	117	5 989
1996	59	933	52	5 929	38	737	29	208	178	7 807
1997	76	2 250	39	1 786	33	1 930	28	1 382	176	7 348
1998	87	2 779	52	3 907	50	4 831	29	1 297	218	12 814
1999	77	2 482	65	6 408	33	2 461	23	1 235	198	12 586
2000	62	4 896	61	8 097	29	..	16	..	168	29 857
2001	61 [†]	12 040 [†]	36	11 113 [†]	23 [†]	2 471 [†]	19 [†]	2 870 [†]	139 [†]	28 494 [†]

7 Area analysis of cross border activity in the UK by foreign companies

£million

	EU ¹		USA		Other developed		Developing		World	
	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value
Mergers and Acquisitions										
	CBCG	CBCJ	CBCI	CBCJ	CBCM	CBCN	CBCO	CBCP	CBAU	CBCQ
1992	96	1 603	64	1 591	41	880	9	67	210	4 139
1993	67	941	128	2 764	51	1 126	20	358	267	5 187
1994	59	2 312	93	2 115	44	759	6	27	202	5 213
1995	42	6 697	64	4 793	19	1 294	6	33	131	12 817
1996	39	1 890	67	5 824	20	1 443	7	356	133	9 513
1997	51	4 084	106	9 823	25	914	11	896	193	15 717
1998	60	5 559	152	21 898	32	4 388	8	568	252	32 413
1999	108	36 875	117	22 597	20	882	7	506	252	60 860
2000	105	41 554	81	18 844	29	3 826	12	394	227	64 618
2001	70 [†]	15 820 [†]	55 [†]	7 061	22 [†]	1 288 [†]	15 [†]	213 [†]	162 [†]	24 382 [†]
Disposals										
	CBCR	CBCS	CBCT	CBCU	CBCX	CBCY	CBCZ	CBDA	CBAW	CBDB
1992	11	601	7	206	11	599	–	–	29	1 407
1993	28	305	26	400	16	403	3	3	73	1 111
1994	15	119	12	342	9	973	2	42	38	1 476
1995	10	253	6	801	3	246	2	211	21	1 511
1996	9	607	5	265	2	4	2	157	18	1 033
1997	11	394	11	645	..	..	..	..	28	1 478
1998	22	1 623	19	1 701	..	..	..	..	46	3 471
1999	17	1 433	..	..	..	..	..	..	39	5 518
2000	16	3 152	15	754	12	993	–	–	43	4 899
2001	23 [†]	1 638 [†]	22 [†]	2 119 [†]	62 [†]	4 464 [†]

[†] Indicates earliest revision.

¹ Includes Austria, Finland and Sweden from 1996

8 Summary of mergers and acquisitions in the UK by UK companies

£million

	Total all mergers and acquisitions ¹		Mergers and acquisitions of independent companies		Sales of subsidiaries between company groups	
	Number	Value	Number	Value	Number	Value
	AIHA	DUCM	DWVH	HIKB	DWVL	HIKC
1992	432	5 941	232	4 108	200	1 833
1993	526	7 063	337	2 986	189	4 078
1994	674	8 269	465	5 743	209	2 526
1995	505	32 600	299	25 647	206	6 953
1996	584	30 742	336	23 348	248	7 394
1997	506	26 829	384	22 453	122	4 376
1998	635	29 525	485	24 086	150	5 439
1999	493	26 163	400	22 211	93	3 952
2000	587	106 916	466	100 513	121	6 403
2001	492 [†]	28 994 [†]	319 [†]	21 029 [†]	173 [†]	7 965 [†]
1998 Q2	155	11 956	114	11 150	41	806
Q3	178	6 193	143	4 546	35	1 647
Q4	162	6 586	125	5 378	37	1 207
1999 Q1	117	8 735	95	7 891	22	844
Q2	127	7 212	101	6 477	26	735
Q3	145	6 479	115	4 747	30	1 732
Q4	104	3 737	89	3 096	15	641
2000 Q1	139	33 739	115	32 533	24	1 206
Q2	133	21 469	111	19 510	22	1 959
Q3	163	16 852	125	14 583	38	2 269
Q4	152	34 856	115	33 887	37	969
2001 Q1	131 [†]	6 181 [†]	69 [†]	3 495 [†]	62	2 686
Q2	108	4 890	79	2 292	29	2 598
Q3	129	16 079	87	14 164	42 [†]	1 915 [†]
Q4	124	1 844	84	1 078	40	766
2002 Q1	51	2 702	31	2 294	20	408

[†] Indicates earliest revision.

¹ Includes Financial Institutions from 1995 Q1.

9 Mergers and acquisitions in the UK by UK companies: category of expenditure

£million

	Expenditure ¹					Percentage of expenditure		
	Total	Cash		Issues of ordinary shares ²	Issues of fixed interest securities ²	Cash	Issues of ordinary shares	Issues of fixed interest securities
		Independent companies	Subsidiaries					
	DUCM	DWVW	DWVX	AIHD	AIHE	DWVY	DWVZ	DWVA
1992	5 941	2 028	1 744	2 122	47	64	36	1
1993	7 063	1 799	3 891	1 162	211	81	17	3
1994	8 269	3 063	2 239	2 823	144	64	34	2
1995	32 600	19 802	5 722	6 617	459	78	20	2
1996	30 742	11 567	7 984	10 926	265	64	36	1
1997	26 829	6 851	4 072	15 583	323	41	58	1
1998	29 525	10 471	5 298	13 160	595	53	45	2
1999	26 163	12 605	3 615	9 592	351	62	37	1
2000	106 916	33 906	6 168	65 570	1 272	37	62	1
2001	28 994 [†]	8 489 [†]	1 445 [†]
1998 Q2	11 956	3 091	738	7 932	195	32	66	2
Q3	6 193	3 530	1 618	817	228	83	13	4
Q4	6 586	2 090	1 181	3 255	59	50	49	1
1999 Q1	8 735	2 299	625	5 735	76	33	66	1
Q2	7 212	4 893	728	1 509	82	78	21	1
Q3	6 479	2 618	1 682	2 098	81	66	32	1
Q4	3 737	2 795	580	250	112	90	7	3
2000 Q1	33 739	17 483	1 136	14 960	160	56	44	-
Q2	21 469	4 224	1 881	15 045	319	28	71	1
Q3	16 852	6 934	2 237	7 367	314	54	44	2
Q4	34 856	5 265	914	28 198	479	18	81	1
2001 Q1	6 181 [†]	2 606 [†]	2 255	982 [†]	338	79	16	5
Q2	4 890	1 679	2 214 [†]	555	442	80	11	9
Q3	16 079	3 457	..	..	447 [†]	3
Q4	1 844	747	709	170	218	79 [†]	9 [†]	12 [†]
2002 Q1	2 702	2 083	372	72	175	91	3	6

[†] Indicates earliest revision.

² Issued to the vendor company as payment.

¹ Includes Financial Institutions from 1995 Q1.