

Freeman & Co. LLC

M&A Deal Volume & Premiums

All Financial Institutions - 2004

Mega Deals Return

2004 saw a return of large, mega deal transactions in the Financial Institutions space not seen since the frenzied consolidation that occurred in the 1990's in anticipation of the eventual repeal of the Glass-Steagall Act. Deal dollar volume expanded to \$192.8 billion in 2004 from \$29.3 billion in 2003, an increase of 559%. The broad category of Banks dominated this large dollar volume increase in 2004 accounting for \$170.9 billion, or 88.7% of the total Financial Services pie.

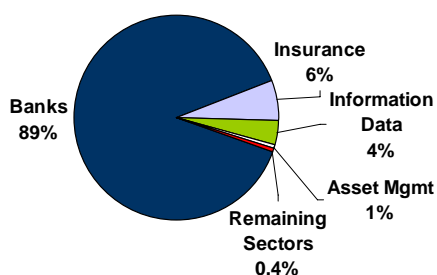
JP Morgan Chase's \$58.8 billion acquisition of Bank One Corp and Bank of America's \$49.3 billion acquisition of FleetBoston Financial Corp dominated the landscape.

Financial Services M&A Deal Volume 2004 vs. 2003

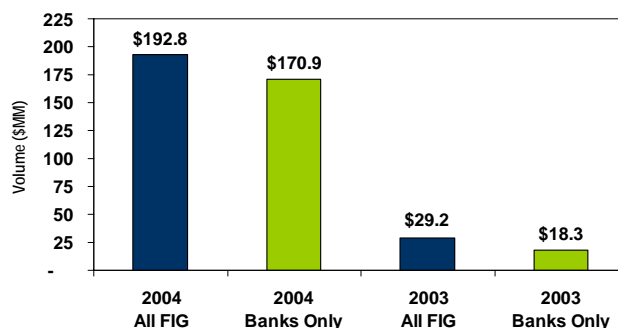
Sub-Industry	All Financial Services Deals		Bank Deals Only	
	2004	2003	2004	2003
Banks, S&L / Thrifts	\$170,884.1	\$18,279.4	\$170,884.1	\$18,279.4
Insurance	12,004.1	131.4	-	-
Financial Services Information Data	7,798.3	117.3	-	-
Asset Management	1,242.4	1,535.6	-	-
Brokerage/Securities	704.3	1,535.6	-	-
Consumer Finance	44.5	7,647.0	-	-
Specialty Finance	72.4	-	-	-
Total	\$192,750.2	\$29,246.3	\$170,884.1	\$18,279.4

Note: Data is limited to transactions with greater than \$50 million in proceeds involving publicly traded companies

2004 Financial Services M&A Deal Volume



2003-2004 M&A Deal Volume: All FIG vs. Banks



Source: Bloomberg, Freeman & Co.

Peter Majar
Principal
+1 (212) 830-6196
pmajar@freeman-co.com

Eric Schwarzbach
Associate
+1 (212) 830-6169
eschwarzbach@freeman-co.com

Patrick Sturgeon
Associate
+1 (212) 830-6176
psturjeon@freeman-co.com

Top Financial Services Deals

The number of transactions involving publicly traded companies valued at greater than \$50 million increased 123% in 2004 to 67 deals from 30 deals in 2003. While this is a significant year over year increase, it is a shadow of the dollar volume increase, which as mentioned previously, expanded 559% year over year. In fact, the top ten transactions in 2004 represented 89% of the total transaction value for the year, demonstrating that the majority of the expanded financial services M&A deal volume in 2004 was the result of a select few mega deal transactions.

2004 Top 10 U.S. Financial Services M&A Deals Ranked by Proceeds

Rank	Acquiror	Target	Proceeds (\$MM)	Effective Date	Premium
1	JP Morgan Chase	Bank One Corp.	\$58,760	7/1/2004	14.0%
2	Bank of America Corp	FleetBoston	49,260	4/1/2004	40.7%
3	Wachovia Corp	SouthTrust Corp	14,156	11/1/2004	24.8%
4	Manulife Financial Corp	John Hancock Finl Svcs	11,063	4/28/2004	18.3%
5	Citizens Financial Group	Charter One Financial	10,529	8/31/2004	28.7%
6	First Data Corp	Concord EFS Inc	7,181	2/26/2004	47.4%
7	SunTrust Banks Inc	Natl Commerce Finl Corp	7,025	10/1/2004	25.5%
8	North Fork Bancorp	GreenPoint Financial Corp	6,270	10/1/2004	9.4%
9	Regions Financial Corp	Union Planters Corp	5,846	7/1/2004	0.0%
10	National City Corp	Provident Financial Group	2,087	7/1/2004	15.7%
Total of Top 10 Deals			\$172,177		

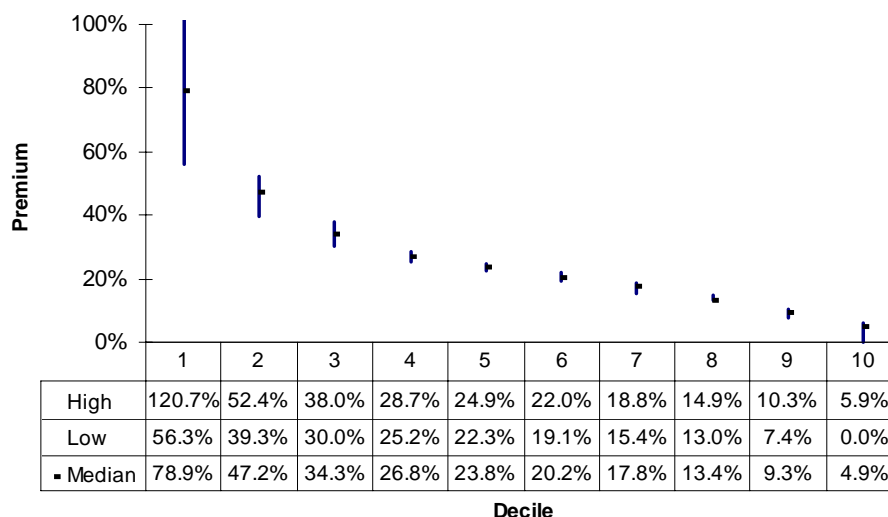
Key figures:	(\$MM)
Volume sub-total of Top 10 deals:	\$172,177
Total Volume of all deals (67 deals):	\$192,750
Top 10 Deal Volume as % of Total:	89%
Premium of Top 10 - High:	47.4%
Premium of Top 10 - Low:	0.0%
Average Premium of Top 10:	22.5%

Source: Bloomberg , Freeman & Co.

M&A Deal Premiums

To determine the premiums paid for financial services firms in 2004 we examined all public transactions with total deal values above \$50 million. The premium paid in each transaction was calculated using the share price from five days prior to the deal announcement . During 2004, 67 transactions exceed the \$50 million threshold which we divided into deciles to observe the range of transaction premiums. Overall, the median premium paid was 22.9%, while the overall mean was 28.3%. Premiums paid in 2004 ranged from a high of a 120.7% paid by Central Pacific Financial Corp for CB Bancshares, both Honolulu, Hawaii-based banks, to a low of a 0% premium in Regions Financial Corp's acquisition of Union Planters Corp.

2004 U.S. Financial Services M&A Deal Premiums

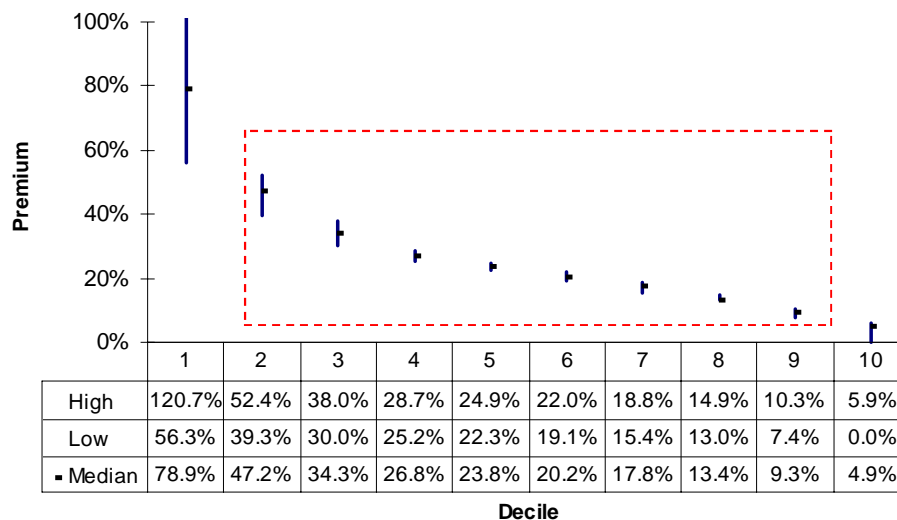


Source: Bloomberg , Freeman & Co.

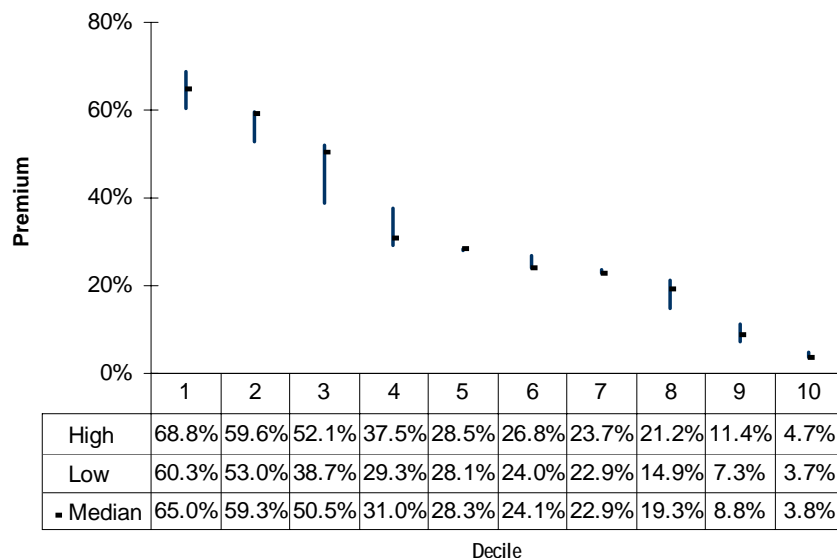
M&A Deal Premiums (Continued)

Excluding both the top and bottom decile, we find that 80.0% of the transactions range from a low of a 7.4% premium to a high of 52.4%. Note that the median for the second decile is 47.2%, while the ninth decile has a median premium paid of 9.3%. The top two mega deals for 2004 spanned this range. JP Morgan Chase paid a low end range of a 14.0% premium in its \$58.8 billion acquisition of Bank One Corp, while Bank of America paid a hefty 40.7% premium for its \$49.3 billion acquisition of FleetBoston Financial. The third largest deal in 2004, Wachovia Corp's \$14.2 billion buyout of South Trust Corp, however, had a premium paid of 24.8%, which is almost spot on with the fifth decile's 23.8% median premium paid figure. The mega deals reflected the overall market's range of values, with individual auctions and circumstances dictating the premiums paid.

2004 U.S. Financial Services M&A Deal Premiums



2003 U.S. Financial Services M&A Deal Premiums



Source: Bloomberg , Freeman & Co.

Appendix: Schedule of Premiums Paid in All Financial Institution Acquisitions

2004 Summary of Premiums Paid

2004 Deal Premiums		
Decile	Premium	Tier Summary
1	120.7%	High: 120.7%
	87.0%	Low: 56.3%
	79.6%	Mean: 79.7%
	78.9%	Median: 78.9%
	75.0%	
	60.8%	
2	52.4%	High: 52.4%
	52.2%	Low: 39.3%
	47.4%	Mean: 46.0%
	47.2%	Median: 47.2%
	42.7%	
	40.7%	
3	38.0%	High: 38.0%
	37.0%	Low: 30.0%
	36.5%	Mean: 34.1%
	34.3%	Median: 34.3%
	32.0%	
	30.9%	
4	28.7%	High: 28.7%
	27.8%	Low: 25.2%
	26.8%	Mean: 26.8%
	26.8%	Median: 26.8%
	26.7%	
	25.5%	
5	24.9%	High: 24.9%
	24.8%	Low: 22.3%
	23.8%	Mean: 23.7%
	23.8%	Median: 23.8%
	23.7%	
	22.9%	
6	22.0%	High: 22.0%
	21.3%	Low: 19.1%
	21.2%	Mean: 20.4%
	20.2%	Median: 20.2%
	19.5%	
	19.3%	
7	18.8%	High: 18.8%
	18.3%	Low: 15.4%
	17.8%	Mean: 17.1%
	17.8%	Median: 17.8%
	15.8%	
	15.7%	
8	14.9%	High: 14.9%
	14.0%	Low: 13.0%
	13.6%	Mean: 13.6%
	13.2%	Median: 13.4%
	13.1%	
	13.0%	
9	10.3%	High: 10.3%
	9.4%	Low: 7.4%
	9.4%	Mean: 9.1%
	9.2%	Median: 9.3%
	9.0%	
	7.4%	
10	5.9%	High: 5.9%
	5.2%	Low: 0.0%
	5.2%	Mean: 3.7%
	4.6%	Median: 4.9%
	1.1%	
	0.0%	

2003 Summary of Premiums Paid

2003 Deal Premiums		
Decile	Premium	Tier Summary
1	68.8%	High: 68.8%
	65.0%	Low: 60.3%
	60.3%	Mean: 64.7%
		Median: 65.0%
2	59.6%	High: 59.6%
	59.3%	Low: 53.0%
	53.0%	Mean: 57.3%
		Median: 59.3%
3	52.1%	High: 52.1%
	50.5%	Low: 38.7%
	38.7%	Mean: 47.1%
		Median: 50.5%
4	37.5%	High: 37.5%
	31.0%	Low: 29.3%
	29.3%	Mean: 32.6%
		Median: 31.0%
5	28.5%	High: 28.5%
	28.3%	Low: 28.1%
	28.1%	Mean: 28.3%
		Median: 28.3%
6	26.8%	High: 26.8%
	24.1%	Low: 24.0%
	24.0%	Mean: 24.9%
		Median: 24.1%
7	23.7%	High: 23.7%
	22.9%	Low: 22.9%
	22.9%	Mean: 23.1%
		Median: 22.9%
8	21.2%	High: 21.2%
	19.3%	Low: 14.9%
	14.9%	Mean: 18.5%
		Median: 19.3%
9	11.4%	High: 11.4%
	8.8%	Low: 7.3%
	7.3%	Mean: 9.2%
		Median: 8.8%
10	4.7%	High: 4.7%
	3.8%	Low: 3.7%
	3.7%	Mean: 4.1%
		Median: 3.8%

Source: Bloomberg