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The 451 Group: New Contenders Join ‘Bulge Bracket’ Investment Banks to Grab a Share of the US Technology M&A Advisory Market at the Expense of Midmarket Full-service Banks

New Report from Leading Innovation-focused Technology Industry Analyst Company Ranks the Top US M&A Deal Advisers in the Technology Sector for 2006

New York, March 13, 2007 – A new report analyzing the US technology M&A business from The 451 Group reveals that traditional ‘bulge bracket’ investment banks and a small group of so-called ‘new bulge’ banks (which The 451 Group describes as the ascendant advisers owned by money center banks, namely Deutsche Bank, JPMorgan and UBS) significantly increased their market share within the US technology M&A advisory sector over the course of 2006.

The new bulge bracket saw its share of the market increase from 11% to 18% year over year. At the same time, the traditional bulge bracket banks – Goldman Sachs, Morgan Stanley, Credit Suisse, Merrill Lynch, Lehman Brothers and Citigroup – also consolidated their positions, accounting for nearly 54% of all announced spending in 2006, up from 51% in 2005. The growth in share for both new and old bulge brackets came particularly at the expense of the 33 full-service midmarket banks, which saw their share decline dramatically from 21% of deal value to only 14% in the year-on-year period.

“While the largest banks serving the technology sector increased their share of the M&A market in 2006 – at least in the US – several firms were able to give the traditional leaders a run for their money,” said Rob Glen, Managing Director, Financial Markets, with The 451 Group.

These findings were released today by New York-based The 451 Group, a technology-industry analyst company focused on the business of enterprise IT innovation. The firm devotes significant research resources to tracking and forecasting M&A, a key indicator of the overall health of (and liquidity environment for) technology innovation. The firm also publishes regular reports on technology M&A via its 451 TechDealmaker service.

‘Tech M&A Banking Review, Calendar Year 2006’ covers all technology-related M&A transactions announced in 2006 that involve the purchase of 51% or more of targets based in the US. The report draws its data from the 451 M&A KnowledgeBase – a proprietary transaction database service that tracks deal advisory activity for more than 300 technology-industry sectors and subsectors. This report provides a practical tool to help executives, board members, VCs and attorneys identify appropriate sector-experienced bankers for their buy- or sell-side engagements.

A second consecutive year of record post-boom M&A activity in the technology sector created a generally healthy marketplace for merger advisers in 2006. Data from The 451 Group indicates that strategic and financial acquirers spent about \$412bn last year to acquire IT and telecommunications firms, up 22% from the already record-setting 2005 and more than they spent in the entire 2002-2004 period. Within the IT sector alone, aggregate announced deal value rose 32% to \$207bn. About 30% of the 2,000 IT transactions, representing more than 95% of spending, involved financial advisers on one or both sides of the deal.

The rising tide of 2006 M&A activity not only floated many boats, it also supported the launch of a few new ones in the technology sector. Nearly 60 advisory firms that were not on the 2005 list appeared for the first time on this year's list, by virtue of advising at least one technology transaction. Full-service midmarket banks accounted for a half-dozen of the newcomers, with large and small boutiques making up the remainder. Overall, in the 2005 to 2006 period more than 180 unique advisory firms advised at least one technology-related transaction.

Requesting a copy of the report

To request a copy of the 'Tech M&A Banking Review, Calendar Year 2006' report, please go to:
- http://www.the451group.com/intake/ltr2006-pressrelease-mar2007?utm_source=LTR%2B2006%2BPress%2BRelease%2BMarch%2B2007&utm_medium=email

About the 451 M&A KnowledgeBase

The 451 M&A KnowledgeBase is a transaction database service that combines the most-granular and best-categorized set of data on mergers and acquisitions in the technology industry with analytical insight from the well-recognized analyst team at The 451 Group. The KnowledgeBase service complements the well-established 451 TechDealmaker M&A analysis service, which examines opportunities for future mergers and acquisitions as well as the implications of current, announced deals within core areas of enterprise IT innovation covered by 451 analysts. By integrating the detailed transaction data with the analysis of The 451 Group, the KnowledgeBase service provides technology-industry professionals with a single source of deep insight into the rationales that drive both sector M&A activity and individual deals.

For more information about 451 M&A KnowledgeBase, please visit:
<http://www.the451group.com/intake/TechBankingKB-Jan06>

About The 451 Group

The 451 Group is an independent technology-industry analyst company focused on the business of enterprise IT innovation. The company's analysts provide critical and timely insight into the market and competitive dynamics of innovation in emerging technology segments. Clients of the company – at vendor, investor, service-provider and end-user organizations – rely on 451 insight to support both strategic and tactical decision-making for competitive advantage.

The 451 Group is headquartered in New York, with offices in key locations, including San Francisco, London and Boston. The company also operates Tier 1 Research – an independent division of The 451 Group, headquartered in Minneapolis – which analyzes the financial and industry implications of developments impacting public and private companies within the IT, communications and Internet sectors.

For additional information on The 451 Group or to apply for trial access to its services, go to:
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