Analysis of Merger & Acquisition Activity

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Abstract

In this white paper, we present a recent analysis of the U.S. M&A market as well as the analysis of the characteristics of a typical M&A deal and companies involved in it. Time trends reveal continued evidence of considerable cyclicality in aggregate M&A activity, irrespective of the metric employed. With the caveat that there is more limited data availability about private deals, deals involving public acquirers and public targets accounted for the largest share of aggregate deal value, followed by deals involving public acquirers and private targets. However, private deals were considerably more numerous. Within the public acquirer-public target subset of deals, which offers more comprehensive information about acquirer and target financials, acquirers remained significantly larger than targets based on all considered metrics. Further deal-level evidence showed that business and professional services led the industry breakdown of recently completed U.S. M&As. In the past five years, SPAC acquirers were also among top acquirer industries. We also present geographic breakdowns based on acquirer and target locations within the U.S. Additional analyses delve into cross-border M&A activity involving deals with non-U.S.-based acquirers bidding for U.S. companies and deals involving U.S. acquirers and non-U.S.-based targets. M&A deals involving subsidiaries played a significant part in aggregate M&A activity. M&As represent an important form of reallocation of capital and pathway for exit for private company investors.

[1] This white paper is provided in the authors' official capacity as economists in the Commission's Division of Economic and Risk Analysis but does not necessarily reflect the views of the Commission, the Commissioners, or other members of the staff.

Introduction

This white paper presents information on the trends in U.S. merger and acquisition (M&A) activity and the characteristics of recent U.S. M&As, including attributes of a typical deal, acquirer, and target, industry and geographic makeup of completed transactions, M&A-related delistings, cross-border deals involving U.S. firms, and other dimensions of the M&A market.

Extensive academic literature has focused on mergers and acquisitions (M&As) as among the most important events in corporate finance.[2] Acquisitions have important implications for the efficiency of capital allocation as well as for capital formation. Mergers and acquisitions can serve as an external market for corporate control such that assets can be transferred from less efficient management to more efficient management.[3] Companies also engage in acquisitions to achieve growth, in which they either use their internal cash flows or they raise additional capital through share issuance or debt issuance. For target companies, but also for acquirers, M&As often result in significant business restructuring. As a result, mergers and acquisitions also affect the investors of both acquirers and targets.[4] From the standpoint of shareholders in privately held companies, acquisitions have also emerged as an alternative to entering public markets as a standalone company and thus represent an increasingly important path to exit.[5]

In the aggregate, mergers and acquisitions are sensitive to both capital market and macroeconomic conditions. Generally, M&A activity fluctuates with the business cycle and aggregate market conditions. Studies focusing on aggregate trends in M&As have pointed to the existence of merger waves and examined M&A performance in conjunction with merger waves.[6] One study attributed merger waves to a combination of economic, regulatory, and technological shocks in the presence of sufficient overall capital liquidity.[7] Various studies have linked trends in market valuations to merger activity.[8]

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[2] *See, e.g.*, B. Espen Eckbo, *Corporate Takeovers and Economic Efficiency*, 6 ANN. REV. FIN. ECON. 51 (2014). More generally, for a review of M&A research, *see, e.g.*, Sandra Betton, B. Espen Eckbo, & Karin S. Thorburn, *Corporate Takeovers*, in, HANDBOOK OF CORPORATE FINANCE: EMPIRICAL CORPORATE FINANCE 291 (B. Espen Eckbo ed., 2008); Marina Martynova & Luc Renneboog, *A Century of Corporate Takeovers: What Have We Learned and Where Do We Stand?*, 32 J. BANKING & FIN. 2148 (Oct. 2008) [hereinafter *A Century of Corporate Takeovers: What Have We Learned and Where Do We Stand?*]; Andrey Golubov, Dimitris Petmezas, & Nickolaos G. Travlos, *Empirical Mergers and Acquisitions Research: A Review of Methods, Evidence and Managerial Implications*, *in* HANDBOOK OF RESEARCH METHODS AND APPLICATIONS IN EMPIRICAL FINANCE 287 (Adrian R. Bell, Chris Brooks, & Marcel Prokopczuk eds., 2013); Luc Renneboog & Cara Vansteenkiste, *Failure and Success in Mergers and Acquisitions*, 58 J. CORP. FIN. 650 (Oct. 2019).

[3] *Id. See also, e.g.* Henry G. Manne, *Mergers and the Market for Corporate Control*, 73 J. POL. ECON. 110 (Apr. 1965).

[4] *Id.*

[5] *See, e.g.*, Xiaohui Gao, Jay R. Ritter, & Zhongyan Zhu, *Where Have all the IPOs Gone?*, 48 J. FIN. & QUANTITATIVE ANALYSIS 1663 (Dec. 2013); B. Espen Eckbo & Markus Lithell, *Merger-Driven Listing Dynamics*, 60 J. FIN. & QUANTITATIVE ANALYSIS 209 (Feb. 2025).

[6] *See supra* note 2.

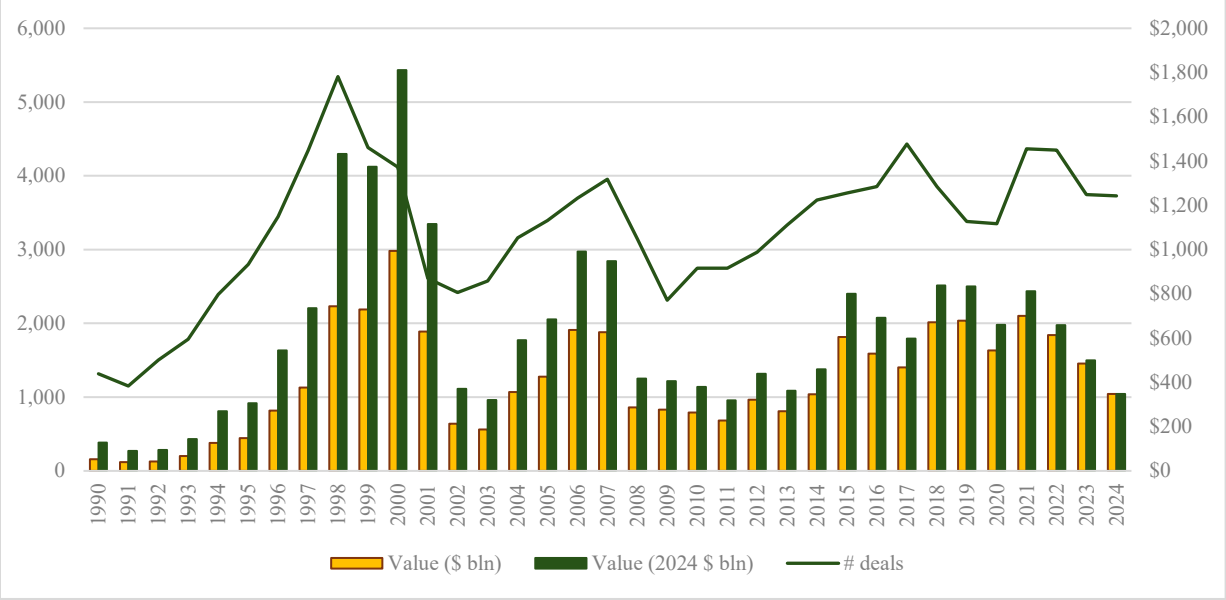
[7] *See* Jarrad Harford, *What Drives Merger Waves?*, 77 J. FIN. ECON. 529 (Sept. 2005).

[8] *See* Sean Cleary & Ashrafee Hossain, *Postcrisis M&As and the Impact of Financial Constraints*, 43 J. FIN. RSCH. 407 (Apr. 2020) (examining the impact of evolving financing constraints of acquirers relative to targets after the 2008-2009 financial crisis on mergers) and Paul A. Pautler, *Evidence on Mergers and Acquisitions*, 48 ANTITRUST BULL. 119 (2003) (providing an overview of the evidence on the interaction between regulation and merger activity). *See also* Kenneth R. Ahern & Jarrad Harford, *The Importance of Industry Links in Merger Waves*, 69 J. FIN. 527 (Apr. 2014).

Trends in U.S. M&A Activity Over the Past 35 Years

This section examines trends in the aggregate level of M&A activity involving completed deals with U.S. acquirers and U.S. targets. To maximize data coverage on completed deals the time-series analysis begins in 1990. Data is tabulated by year of completion. This section focuses on deals involving public and private acquirers and targets located in the U.S. (defined based on the primary business location of the acquirer and target, respectively, as shown in LSEG SDC data). Information about cross-border deals involving non-U.S.-based acquirers or targets is presented in Statistics on Other Dimensions of M&A Market Activity on p. 14 below.

Figure 1A. U.S. M&A Activity Over Time (All Completed Deals)[9]



[9] The figures are based on SDC Platinum data, retrieved from LSEG Workspace (hereafter, "LSEG SDC"), on mergers and acquisitions completed during 1990-2024, involving U.S.-based public and private acquirers and targets and at least a 50% stake purchased. Inflation-adjustment to 2024 dollars is performed using annual CPI-U data from BLS.gov. Years are based on the year of deal completion. Subsidiary acquirers and targets are not included. "Public" and "private" acquirer and target status follow LSEG SDC classification, as assigned by the data source. In this context, as used in this report, "public" refers to public trading on a major exchange, and "private" refers to unlisted companies. Deals with undisclosed or missing value are included in the count but omitted from the aggregate value calculations. Data was retrieved as of April 14, 2025. Data from more recent periods may be updated by the data source to include additional transactions at a later time. As a caveat, some deals may be challenged, such as under antitrust laws, or withdrawn for other reasons, and thus not completed. Withdrawn deals are considered separately later in the paper.

Figure 1B. U.S. M&A Activity Over Time (Completed Deals with Public Acquirers & Public Targets)[10]

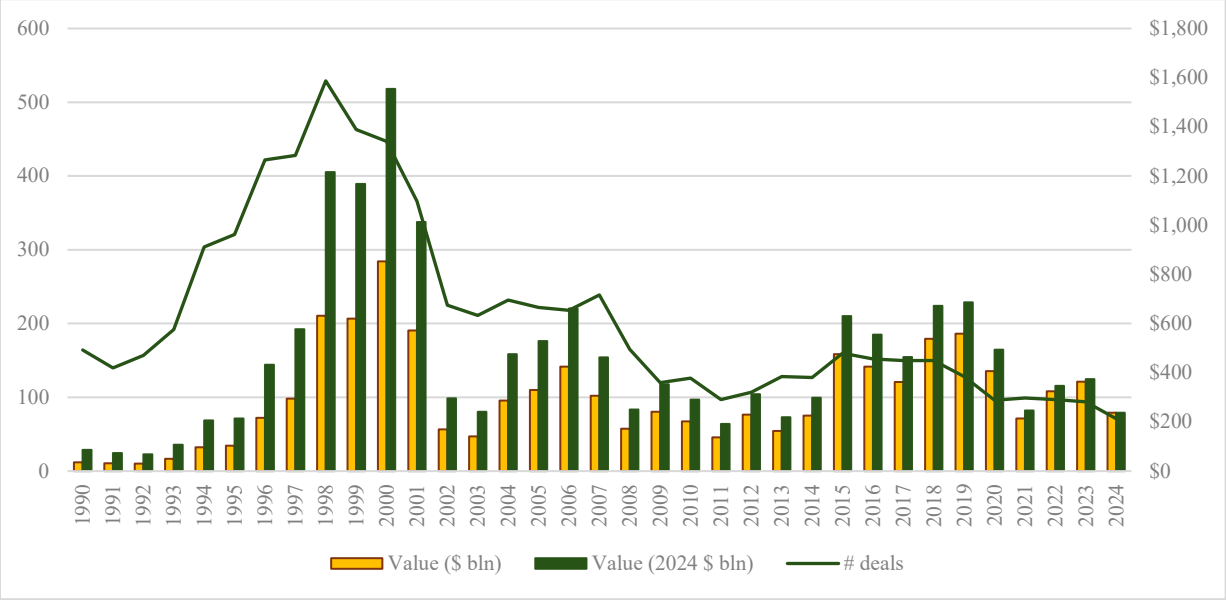
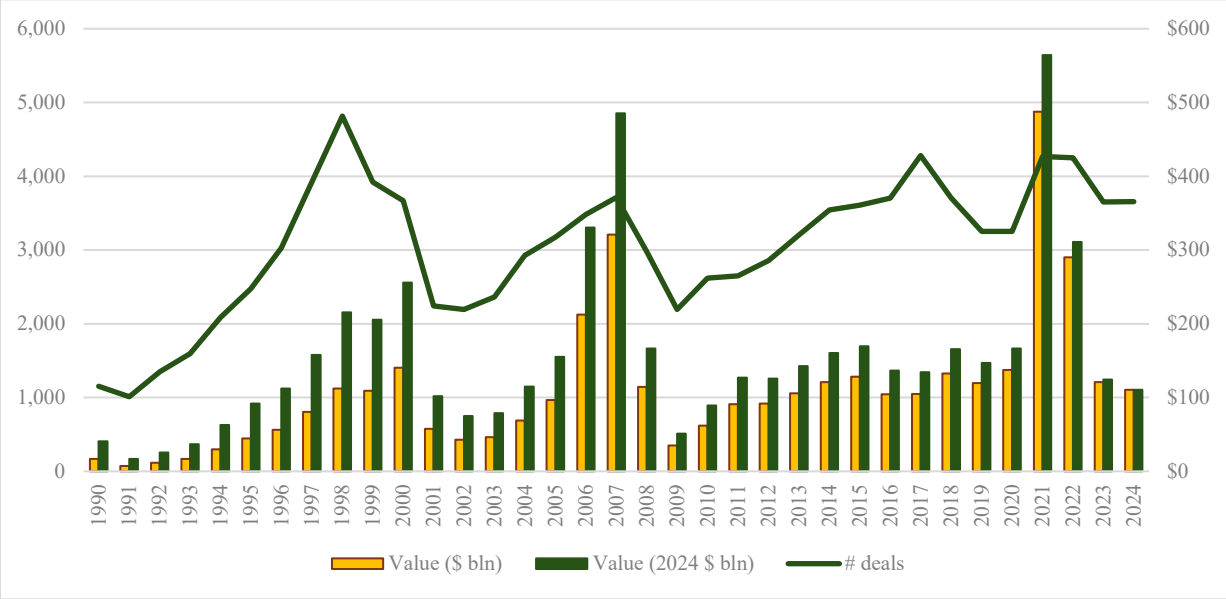


Figure 1C. U.S. M&A Activity Over Time (Completed Deals with Private Acquirers or Targets)[11]

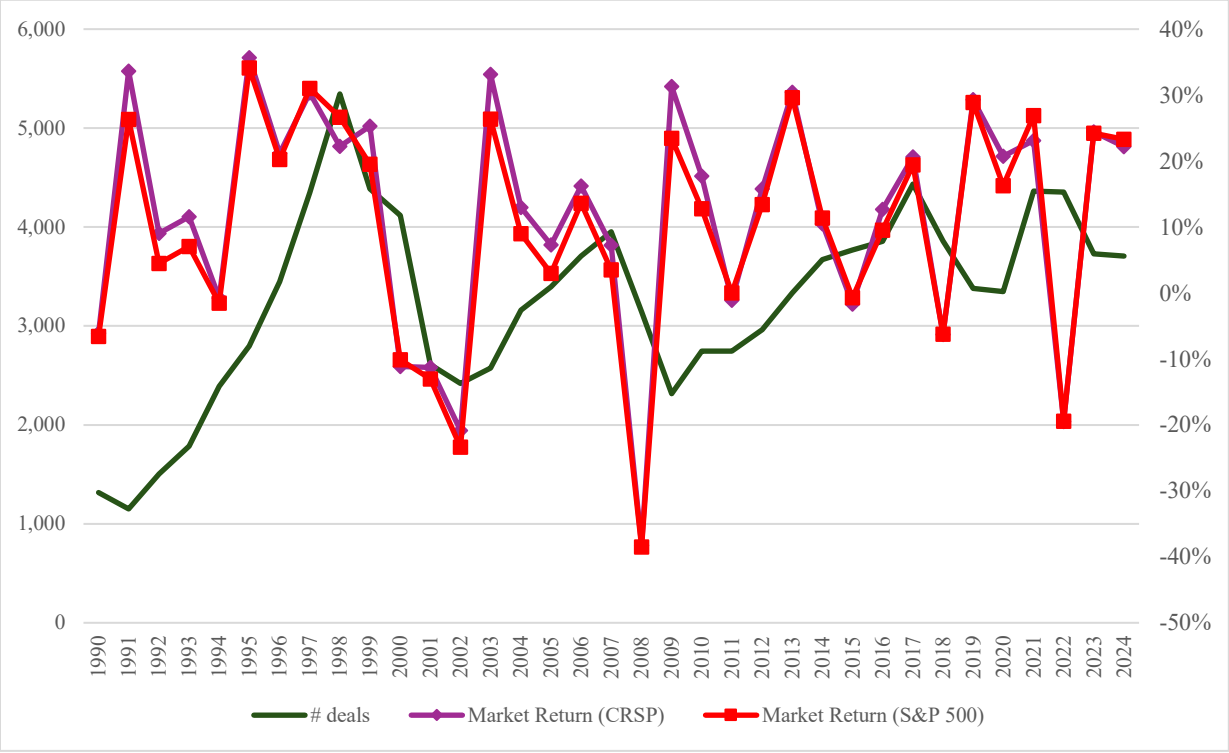


[10] *Id.* Only deals involving public acquirers and public targets are considered in this figure.

[11] *Id.* Only deals involving a private acquirer and/or a private target are considered in this figure. Deals involving public acquirers and public targets are excluded. As a caveat, information on private deals is subject to data availability in the data source.

M&A activity, both in terms of the number and the aggregate dollar volume of completed deals, has exhibited a considerable degree of cyclicality (see Figures 2A and 2B). In other words, years with favorable overall market performance were generally associated with higher deal volume. This is consistent with prior research.[12] As a caveat, lags between deal announcement and deal completion may add some noise to the cyclicality pattern in the volume of completed deals.

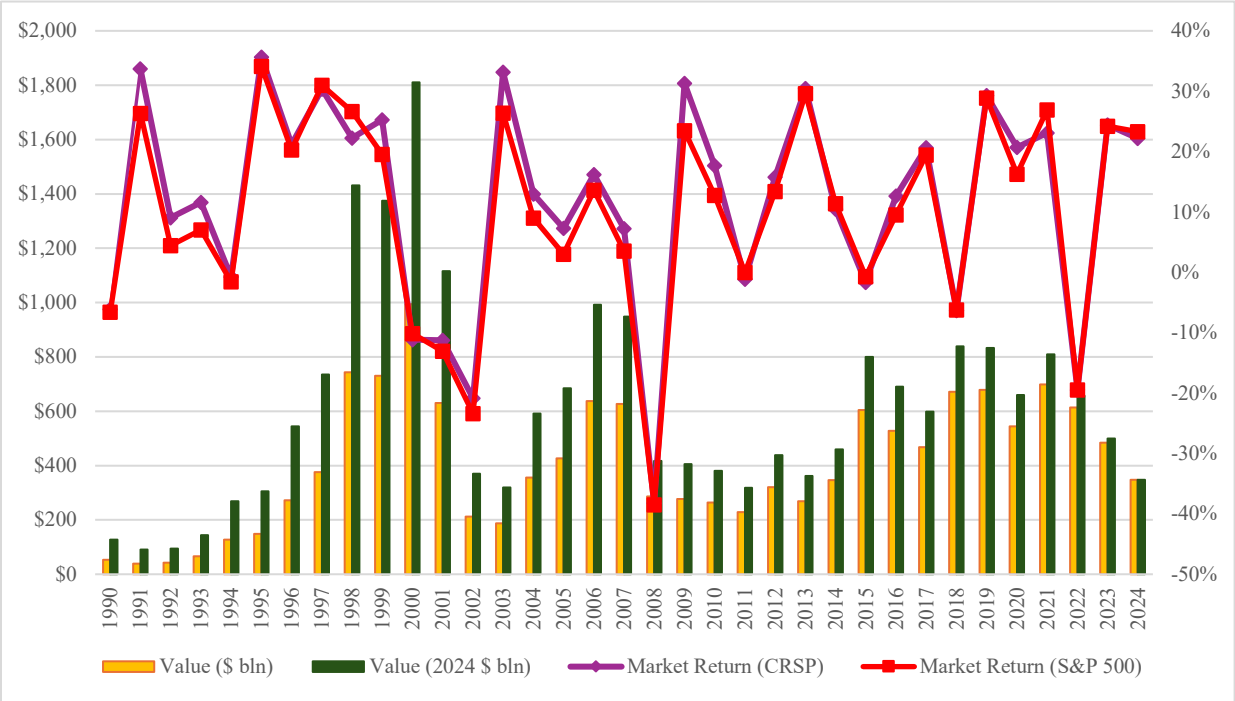
Figure 2A. Trends in M&A Activity (Number of Completed Deals) and Aggregate Market Performance[13]



[12] *See supra* note 2.

[13] *Id.* Market Return (CRSP) (defined as the CRSP -value weighted market portfolio return) and Market Return (S&P 500) are calculated based on data from CRSP Stock, Ctr, Rsch. Sec. Prices. U. Chi. Booth Sch Bus. (2025) (calculated as annualized returns based on monthly return data).

Figure 2B. Trends in M&A Activity (Aggregate Deal Value of Completed Deals in $ bln) and Aggregate Market Performance[14]



[14] *Id.*

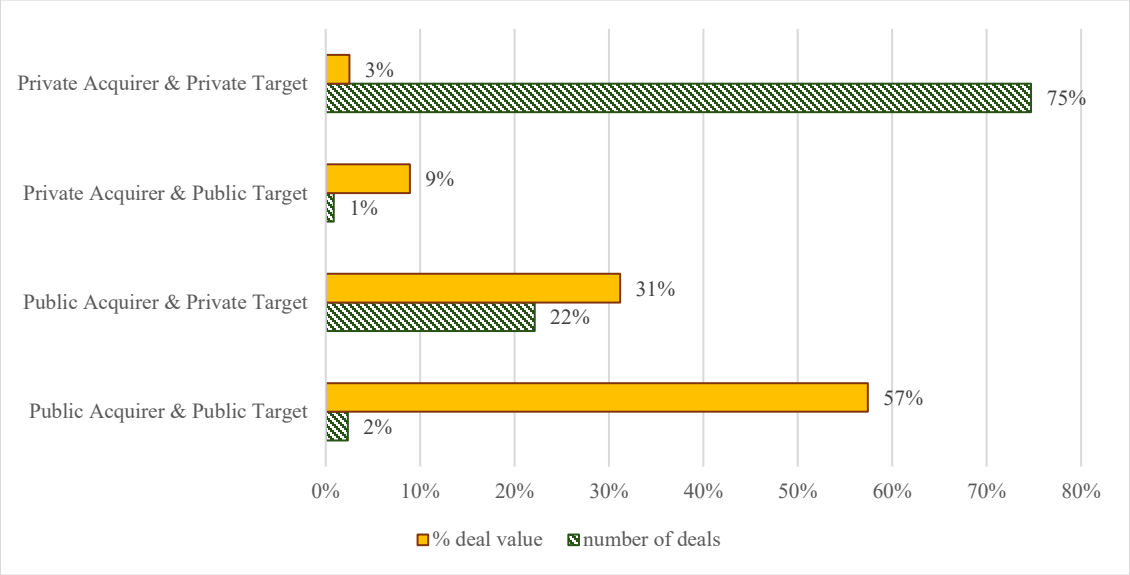
Analysis of the Characteristics of Recent U.S. M&As

To obtain more insight into the typical M&A transaction and its participants, in this section we analyze acquirer, target, and deal characteristics among recent U.S. M&As from the last five years (2020-2024). We focus on completed deals involving U.S. acquirers and U.S. targets. Information about cross-border deals is presented in Statistics on Other Dimensions of M&A Market Activity on p. 14 below.

Acquirer, Target, and Deal Characteristics in Recently Completed U.S. Deals

Figure 3 shows the distribution of deals based on acquirers' and targets' public vs. private status. With the caveat that there is limited data availability about private deals, deals involving public acquirers and public targets accounted for the largest share of aggregate deal value, followed by deals involving public acquirers and private. However, private deals were considerably more numerous.

Figure 3. Distribution of Completed Public vs. Private Deals[15]



[15] The figures are based on LSEG SDC data on mergers and acquisitions completed during 2020-2024, involving U.S.-based public and private acquirers and targets and at least a 50% stake purchased. Years are based on the year of deal completion. Subsidiary acquirers and targets are not included. Deals with undisclosed or missing value are included in the count but omitted from the aggregate value calculations. Public and private status is based on LSEG SDC data.

Tables 1 and 2 summarize acquirer, target, and deal characteristics for recent U.S. M&As. To ensure more complete and comparable data coverage, in this section we focus on deals involving public acquirers and public targets. Many of the variables have a right tail, meaning that a small number of deals had large values, resulting in means exceeding medians. For example, the average deal value was $3.5 billion, while the median deal value was $0.5 billion. The average acquirer had assets of $40 billion, but the median was close to $7 billion. In contrast, targets were significantly smaller, with the average target reporting assets of $5 billion and the median target reporting assets of $1 billion. These contrasts between acquirers and targets were also seen with respect to revenues, EBITDA, and net income leading up to the deal. During the sample period, deals frequently relied on stock consideration as a method of payment. Targets generally received a significant premium over the market price. The average deal required five and a half months from announcement to completion. While the sample selection criteria require a majority stake (50%+) deal, almost all deals involved a full acquisition of the target. We next turn to the industry and location of acquirers relative to targets as commonly used proxies for business and geographic diversification aspects of acquisition deals, respectively. Close to three-quarters of the deals involved acquirers and targets in the same two-digit SIC industry. Approximately a third of the deals involved targets and acquirers headquartered in the same state.

Table 1. Acquirer and Target Characteristics in Completed Deals[16]

	Obs	Mean	Median
Acquirer assets, $ mln	433	$39,608	$6,834
Acquirer sales, $ mln	425	$18,096	$997
Target assets, $ mln	393	$4,974	$1,154
Target sales, $ mln	367	$1,284	$201
Acquirer EBITDA, $ mln	408	$4,175	$302
Target EBITDA, $ mln	351	$298	$33
Acquirer net income, $ mln	432	$2,401	$143
Target net income, $ mln	387	-$2	$6

Table 2. Characteristics of Completed Deals[17]

	Obs	Mean	Median
Deal Value, $ mln	447	$3,458	$502
# days from deal announcement to completion	447	162.9	136
% stake acquired	447	99%	100%
% same-industry deals	447	73%	
% same-state deals	447	33%	
% stock consideration	447	56%	80%
% cash consideration	444	39%	9%
% other consideration	444	5%	0%

[16] The figures are based on LSEG SDC data on mergers and acquisitions completed during 2020-2024, involving U.S.-based public acquirers and targets and at least a 50% stake purchased. Years are based on the year of deal completion. Subsidiary acquirers and targets are not included. Public status is based on LSEG SDC data.

[17] *Id.* "# days from deal announcement to completion" is the number of days that elapsed between the announcement date and the effective date (with the announcement date being collected by the data vendor from press releases, news reports, and other sources and referring to the date on which one or more parties involved in the transaction made the first public disclosure of common or unilateral intent to pursue the transaction (no formal agreement is required), such as the disclosure of discussions between parties, disclosure of a unilateral approach made by a potential bidder, and the disclosure of a signed Memorandum of Understanding or other agreement). "% stake acquired" is the percentage of common shares or economic ownership acquired in the transaction. "% same-industry" statistic is based on a 0/1 indicator for the acquirer and the target having the same primary SIC at the two-digit SIC level; for ease of interpretation, only the average (and not the median) of this 0/1 indicator is reported, referring to the percentage of same-industry deals in the sample. As an important caveat, diversified (conglomerate) acquirers and/or targets may operate in multiple industries, thus, this figure contains noise. "% same-state deals" statistic is based on the 0/1 indicator for the acquirer and target having the same state of headquarters or primary business location; for ease of interpretation, only the average (and not the median) of this 0/1 indicator is reported, referring to the percentage of same-state deals in the sample. Relatedly, as an important caveat, geographically diversified acquirers and/or targets may operate in multiple states outside of the state of headquarters, thus, this figure contains noise. "% stock consideration", "% cash consideration", and "% other consideration" refer to the percentage of deal value that the acquirer paid using stock, cash, or other payment/form of consideration, respectively.

Industry Distribution

Table 3A shows the distribution of top 10 industries of acquirers (defined at the primary two-digit SIC level) based on the number of deals and the aggregate deal value. Acquirers from business services, holding companies,[18] and professional services industries accounted for the largest number of deals. Acquirers from holding companies, chemicals, and business services industries accounted for the largest share of the overall deal value. Table 3B shows the distribution of top 10 industries of targets (defined at the primary two-digit SIC level) based on the number of deals and the aggregate deal value. Targets from business services, professional services, and health services industries accounted for the largest number of deals during this period. Targets from business services, chemicals, and oil and gas industries accounted for the largest share of deal value during this period.

Table 3A. Top Industries of Acquirers by Number of Deals and Aggregate Deal Value[19]

Primary Industry [SIC2]	% Number of Deals	Primary Industry [SIC2]	% Deal Value
Business Services [73]	20.2%	Holding and Other Investment Offices [67]	29.7%
Holding and Other Investment Offices [67]	17.6%	Chemicals and Allied Products [28]	13.0%
Engineering, Accounting, Research, Management, and Related Services [87]	8.0%	Business Services [73]	11.4%
Health Services [80]	5.5%	Electronic and Other Electrical Equipment and Components, Except Computer Equipment [36]	6.6%
Security and Commodity Brokers, Dealers, Exchanges, and Services [62]	3.9%	Oil and Gas Extraction [13]	4.6%
Insurance Agents, Brokers, and Service [64]	3.8%	Measuring, Analyzing, and Controlling Instruments; Photographic, Medical and Optical Goods; Watches and Clocks [38]	4.0%
Wholesale Trade-Durable [50]	3.2%	Transportation Equipment [37]	3.4%
Depository Institutions [60]	3.2%	Depository Institutions [60]	3.3%
Chemicals and Allied Products [28]	2.4%	Security and Commodity Brokers, Dealers, Exchanges, and Services [62]	3.3%
Real Estate [65]	2.4%	Petroleum Refining and Related Industries [29]	3.0%

[18] Given the time period considered, Special Purpose Acquisition Companies (SPACs) going through a de-SPAC transaction – essentially, a reverse merger between a public SPAC and a private target - appear in the data as acquirers with two-digit SIC code 67 (holding companies). SPAC transactions are considered in greater detail below.

[19] This table shows the top 10 industries of acquirers (defined at the two-digit primary SIC level) based on the number of deals and the aggregate deal value, as specified. The table is based on LSEG SDC data on mergers and acquisitions completed during 2020-2024, involving U.S.-based public acquirers and targets and at least a 50% stake purchased. Inflation-adjustment to 2024 dollars is performed using annual CPI-U data from BLS.gov. Years are based on the year of deal completion. Subsidiary acquirers and targets are not included. Public status is based on LSEG SDC data.

Table 3B. Top Industries of Targets by Number of Deals and Aggregate Deal Value[20]

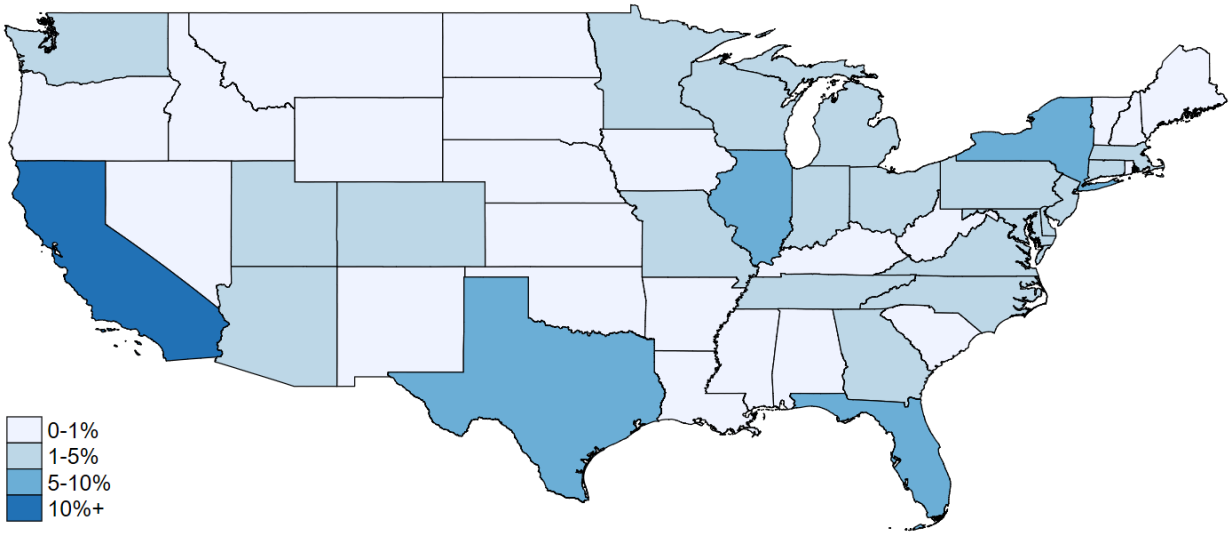
Primary Industry [SIC2]	% Number of Deals	Primary Industry [SIC2]	% Deal Value
Business Services [73]	23.8%	Business Services [73]	27.4%
Engineering, Accounting, Research, Management, and Related Services [87]	8.6%	Chemicals and Allied Products [28]	11.3%
Health Services [80]	7.1%	Oil and Gas Extraction [13]	7.8%
Real Estate [65]	5.2%	Measuring, Analyzing, and Controlling Instruments; Photographic, Medical and Optical Goods; Watches and Clocks [38]	6.9%
Wholesale Trade-Durable [50]	3.9%	Engineering, Accounting, Research, Management, and Related Services [87]	5.2%
Insurance Agents, Brokers, And Service [64]	3.5%	Holding Companies and Other Investment Offices [67]	5.2%
Security and Commodity Brokers, Dealers, Exchanges, and Services [62]	3.2%	Electronic and Other Electrical Equipment and Components, Except Computer Equipment [36]	4.7%
Depository Institutions [60]	3.0%	Depository Institutions [60]	3.6%
Construction Special Trade Contractors [17]	2.7%	Security and Commodity Brokers, Dealers, Exchanges, and Services [62]	2.6%
Chemicals and Allied Products [28]	2.5%	Transportation Equipment [37]	2.5%

[20] This table shows the top 10 industries of targets (defined at the two-digit primary SIC level) based on the number of deals and the aggregate deal value, as specified. The table is based on LSEG SDC data on mergers and acquisitions completed during 2020-2024, involving U.S.-based public acquirers and targets and at least a 50% stake purchased. Inflation-adjustment to 2024 dollars is performed using annual CPI-U data from BLS.gov. Years are based on the year of deal completion. Subsidiary acquirers and targets are not included. Public status is based on LSEG SDC data.

Geographic Distribution of Acquirers and Targets in Recent U.S. M&As

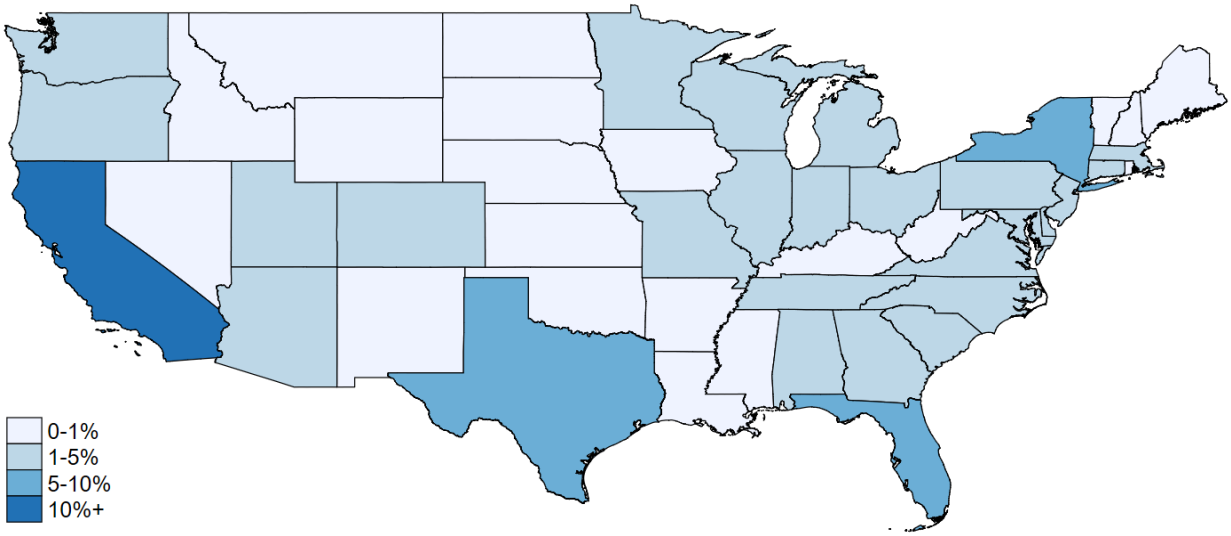
The data also identify the headquarters location – we use the state – of the acquirer ("acquirer state") and the target ("target state"), defined at the two-digit SIC level. Table 4A and Figure 4A show the geographic distribution of acquirer locations in recently completed U.S. deals. Table 4B and Figure 4B show the geographic distribution of target locations. As a caveat, while headquarters locations are commonly used proxies for firm location due to data availability, we recognize that acquirers and targets—especially larger companies—may have significant operations across multiple regions and states, which would introduce some noise into geographic definitions. As can be seen from Table 4A, California, New York, and Texas were the most common acquirer locations, both based on the number of deals and aggregate deal value. As can be seen from Table 4B, California, Texas, and Florida had the most deals based on target location, while deals with targets located in California, Texas, and Massachusetts accounted for the largest share of aggregate deal value.

Figure 4A. Geographic Distribution of Deals by Acquirer Location (Number of Deals)[21]



[21] This figure shows the geographic distribution of the number of deals based on the location of the acquirer for the lower 48 US States and DC. The figure is based on LSEG SDC data on mergers and acquisitions completed during 2020-2024, involving U.S.-based public acquirers and targets and at least a 50% stake purchased. Years are based on the year of deal completion. Subsidiary acquirers and targets are not included. Public status is based on LSEG SDC data.

Figure 4B. Geographic Distribution of Deals by Target Location (Number of Deals)[22]



[22] This figure shows the geographic distribution of the number of deals based on the location of the target for the lower 48 US States and DC. The figure is based on LSEG SDC data on mergers and acquisitions completed during 2020-2024, involving U.S.-based public acquirers and targets and at least a 50% stake purchased. Years are based on the year of deal completion. Subsidiary acquirers and targets are not included. Public status is based on LSEG SDC data.

Table 4A. Top Acquirer States Based on the Number and Aggregate Value of Deals[23]

Acquirer State	% Number of Deals	Acquirer State	% Deal Value
California	15.1%	California	20.0%
New York	9.5%	New York	15.5%
Texas	9.0%	Texas	11.8%
Florida	6.9%	Illinois	7.0%
Illinois	6.7%	Washington	5.9%
Massachusetts	3.7%	New Jersey	4.3%
Pennsylvania	3.6%	Connecticut	4.1%
Georgia	3.4%	Massachusetts	3.9%
Ohio	3.3%	Delaware	3.5%
Virginia	2.7%	Florida	3.3%

Table 4B. Top Target States Based on the Number and Aggregate Value of Deals[24]

Target State	% Number of Deals	Target State	% Deal Value
California	15.4%	California	30.4%
Texas	8.6%	Texas	10.8%
Florida	6.9%	Massachusetts	9.9%
New York	6.6%	Florida	4.7%
Illinois	4.0%	New Jersey	4.6%
Massachusetts	3.7%	New York	4.5%
Pennsylvania	3.6%	Illinois	3.1%
Colorado	3.3%	Washington	2.6%
Ohio	3.2%	Connecticut	2.2%
Georgia	3.0%	Colorado	2.1%

[23] This table shows the top 10 states of location of the acquirer based on the number of deals and the aggregate value of the deals, as specified. The table is based on LSEG SDC data on mergers and acquisitions completed during 2020-2024, involving U.S.-based public acquirers and targets and at least a 50% stake purchased. Years are based on the year of deal completion. Subsidiary acquirers and targets are not included. Public status is based on LSEG SDC data.

[24] This table shows the top 10 states of location of the target based on the number of deals and the aggregate value of the deals, as specified. The table is based on LSEG SDC data on mergers and acquisitions completed during 2020-2024, involving U.S.-based public acquirers and targets and at least a 50% stake purchased. Years are based on the year of deal completion. Subsidiary acquirers and targets are not included. Public status is based on LSEG SDC data.

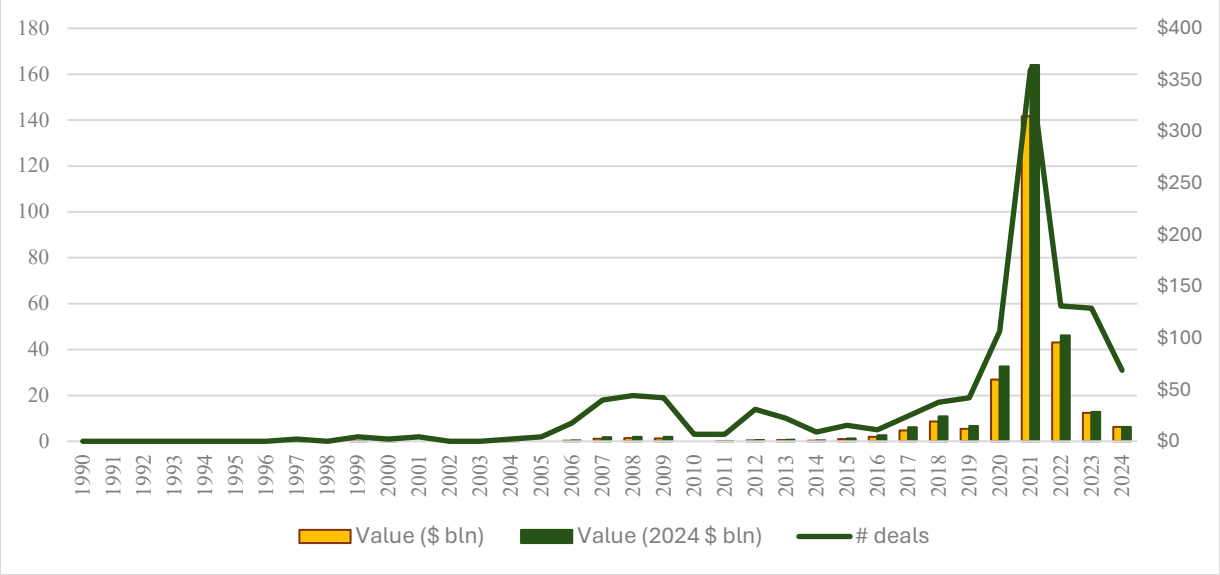
Statistics on Other Dimensions of M&A Market Activity

Below we consider additional aspects of M&A market trends, including deals involving SPACs, M&A-related delistings from U.S. exchanges, cross-border deals, deals involving subsidiaries, and withdrawn deals.

Deals Involving SPAC Acquirers

Figure 5 disaggregates information on trends in M&As involving SPAC acquirers shown as completed based on LSEG SDC data. The majority of transactions involving such acquirers, both by number and deal value, occurred during the 2020-2022 period, with a peak in 2021.

Figure 5. U.S. M&As Involving SPAC Acquirers[25]

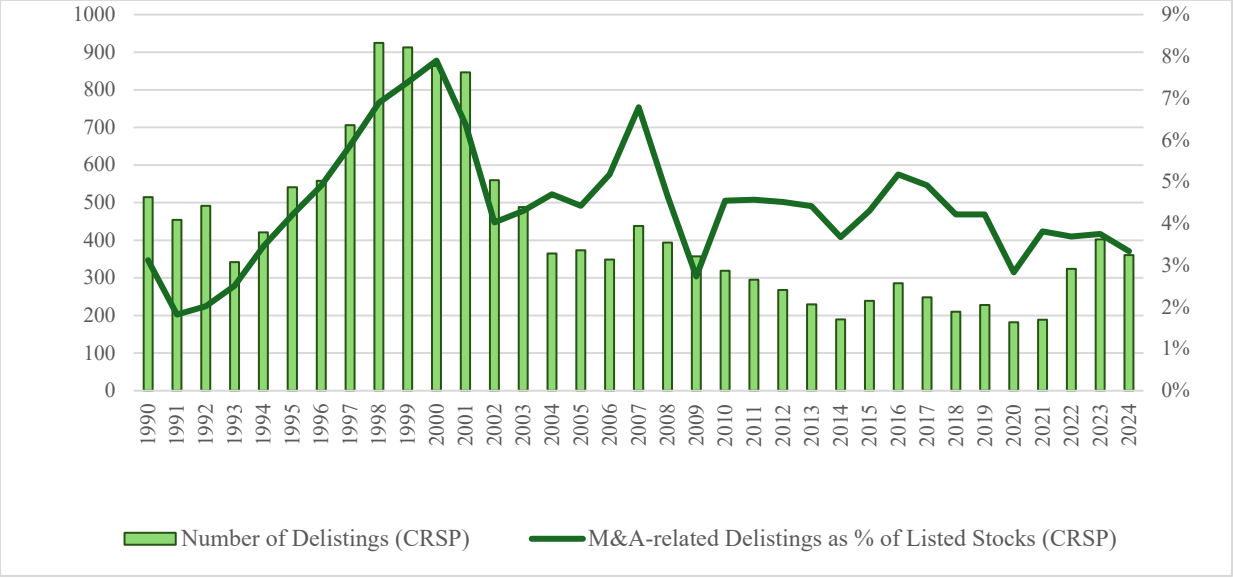


[25] The figures are based on LSEG SDC data on mergers and acquisitions completed during 1990-2024, involving U.S.-based public SPAC acquirers and US-based targets, with relevant transactions identified by the SPAC flag and at least a 50% stake purchased. Inflation-adjustment to 2024 dollars is performed using annual CPI-U data from BLS.gov.

M&A-Related Delistings from US Exchanges

Figure 6 shows the trend in M&A-related delistings for U.S.-listed stocks. With the caveat that there are differences in data coverage between LSEG SDC and CRSP data sources, we observe that fluctuations in the overall level of M&A activity examined above, in particular, the fluctuations in the deals involving public targets, generally correlate with trends in M&A-related delistings from U.S. exchanges. The figure also plots the trends in M&A-related delistings as a percentage of the overall number of listed stocks. On average, M&A-related delistings affected approximately 3% of U.S. exchange-listed companies over the past five years.

Figure 6. M&A-Related Delistings from U.S. Exchanges[26]



As a caveat, it is important to note that aggregate trends do not necessarily establish causal relations.[27]

[26] Calculated based on data from CRSP Stock, Ctr, Rsch. Sec. Prices. U. Chi. Booth Sch Bus. (2025). The figures are based on CRSP data on M&A-related delistings from U.S. exchanges (delisting code 200-299) during 1990-2024, in absolute terms, and as a percentage of the number of all the total number of securities in CRSP in a given year. Only common stocks (share code 10 or 11) listed on NYSE, Amex, or NASDAQ are included.

[27] For example, a robust M&A market can mean more acquisitions of public companies, and more delistings (*e.g.*, Craig Doidge, G. Andrew Karolyi, & René M. Stulz, *The U.S. Listing Gap*, 123 J. FIN. ECON. 464 (Mar. 2017)), as well as more alternatives to an IPO as a method of exit for early investors (*e.g.*, Gordon M. Phillips & Alexei Zhdanov, *Venture Capital Investments and Mergers and Acquisitions Around the World*, (Nat'l Bureau of Econ. Rsch., Working Paper No. 24082, 2017). However, a third factor, such as changes in the underlying product market and industry dynamics that increase economies of scope (where being bought by a larger firm offers potential advantages to a smaller company, including speeding a product to market) may also lead private companies to pursue the acquisition exit instead of new listings. *See, e.g.*, *Where Have all the IPOs Gone?*, *supra* note 5. Other examples of a "third factor" affecting both listing/delisting activity and M&As include market valuation, the set of available investment opportunities, and the phase of the business cycle, and the regulatory environment for public companies.

Cross-Border M&A Activity

Figure 7A plots time trends in the number and aggregate value of deals involving U.S. companies that acquire non-U.S.-based public and private targets (targets with a primary business location outside the U.S.). Figure 7B shows trends in the number and aggregate value of deals involving U.S. targets acquired by non-U.S.-based bidders (acquirers with a primary business location outside the U.S.) over time. As a caveat, there may be more data gaps in foreign M&A deals, particularly private deals. Further, acquirers and targets may have considerable operations in multiple countries, which introduces noise in location-based definitions applied here.

Tables 5A and 5B focus on the top countries of acquirers and targets in cross-border deals involving U.S. companies. Similar to the statistics presented above on U.S. deals, these tables consider data on completed deals over the last five years (2020-2024). As can be seen from Table 5A, the U.K. accounted for the most target companies in completed deals involving U.S. acquirers during this period, with Canada, Australia, Germany, Israel, France, and Singapore also accounting for a significant share (depending on whether the number or the aggregate deal value is considered). As can be seen from Table 5B, Canada and the U.K. also led the list of acquirer countries in cross-border deals involving U.S. targets, with France, Sweden, Germany, Ireland, and Australia also accounting for a significant share (depending on whether the number or the aggregate deal value is considered).

Figure 7A. Cross-Border M&As Involving U.S. Acquirers and non-U.S. Targets[28]

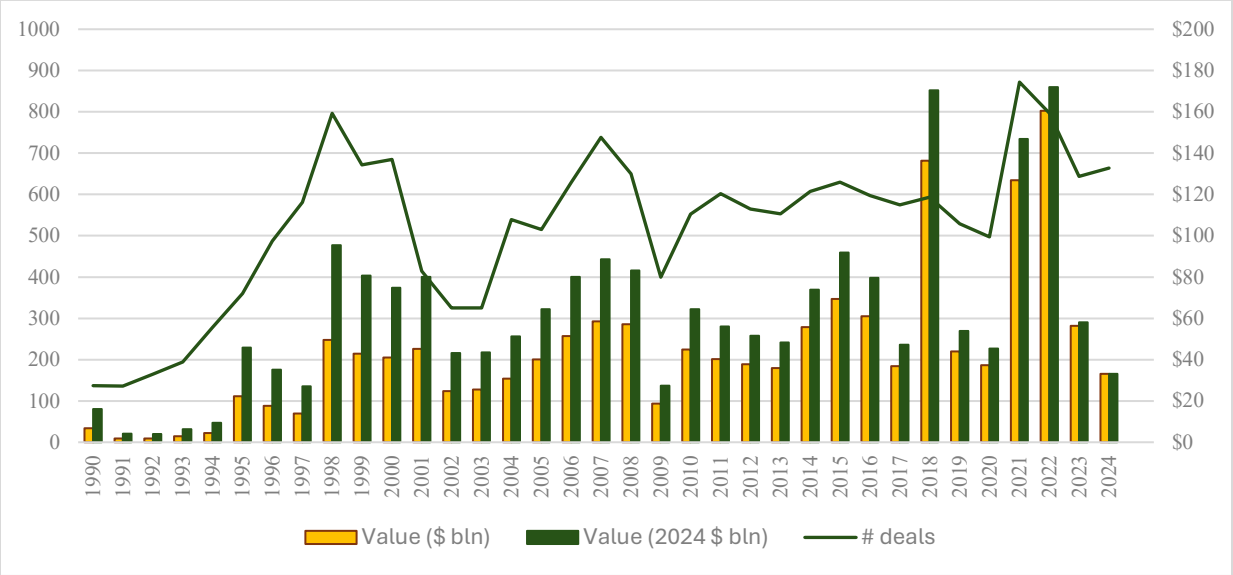
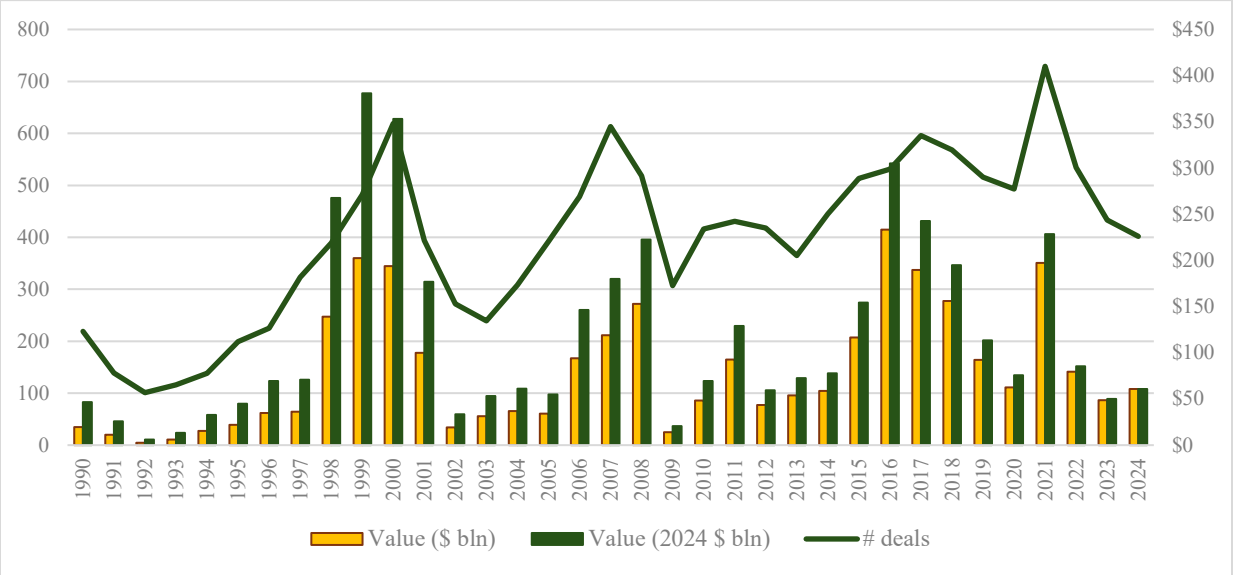


Figure 7B. Cross-Border M&As Involving Non-U.S. Acquirers and U.S. Targets[29]



[28] The figures are based on LSEG SDC data on mergers and acquisitions completed during 1990-2024, involving U.S.-based public and private acquirers and non-U.S.-based public and private targets, and at least a 50% stake purchased. Inflation-adjustment to 2024 dollars is performed using annual CPI-U data from BLS.gov. Years are based on the year of deal completion. Subsidiary acquirers and targets are not included. Deal values are reported in $ billion.

[29] The data description is similar to Figure 7A, except that deals involving non-U.S.-based public and private acquirers and U.S.-based public and private targets are included instead. Observations where the country is "Unknown" are omitted.

Table 5A. Top Target Countries in Cross-Border Deals by U.S. Acquirers (by Number of Deals and Deal Value)[30]

Target Country	% Number of Deals	Target Country	% Deal Value ($ bln)
United Kingdom	21%	United Kingdom	26%
Canada	20%	Australia	13%
Germany	7%	Israel	10%
Australia	6%	Canada	10%
France	4%	Singapore	9%
Israel	4%	Germany	5%
Netherlands	3%	Netherlands	3%
Spain	3%	Finland	3%
India	3%	China (Mainland)	2%
Ireland	2%	Bermuda	2%

Table 5B. Top Acquirer Countries in Cross-Border Deals Involving U.S. Targets (by Number of Deals and Deal Value)[31]

Acquirer Country	% Number of Deals	Acquirer Country	% Deal Value ($ bln)
Canada	32%	United Kingdom	19%
United Kingdom	17%	Canada	18%
Sweden	5%	France	8%
France	4%	Germany	8%
Australia	4%	Ireland	6%
Germany	4%	Japan	6%
Ireland	4%	Switzerland	5%
Japan	3%	Australia	5%
India	3%	Sweden	4%
Israel	2%	Bermuda	4%

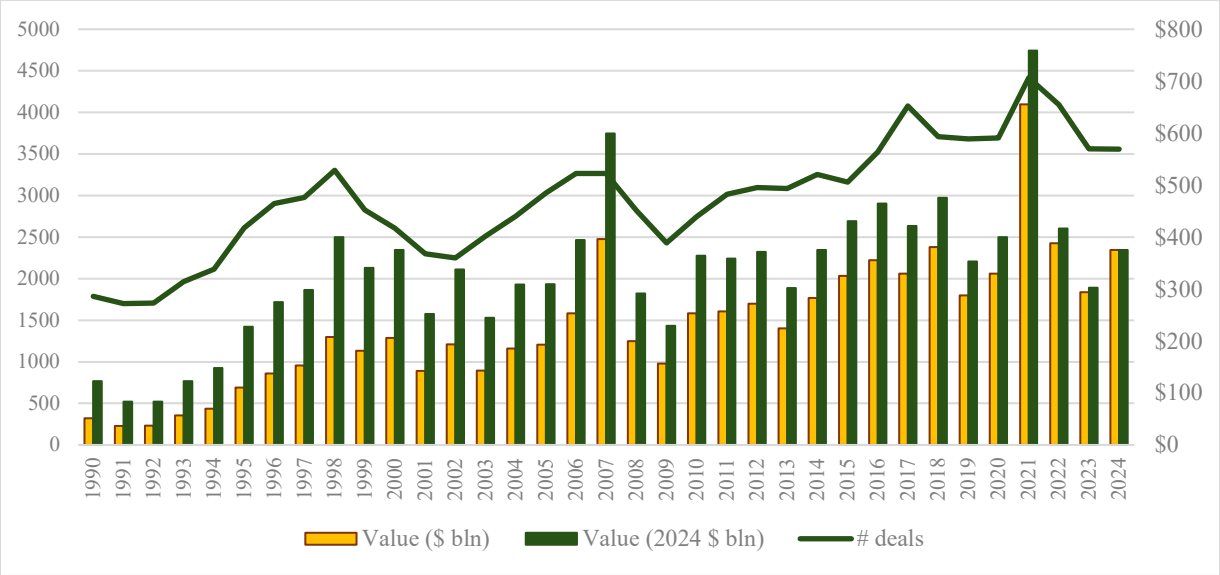
[30] The data description is similar to Figure 7A, except only data from 2020-2024 is considered.

[31] The data description is similar to Figure 7B, except only data from 2020-2024 is considered.

Deals Involving Subsidiary Targets and Acquirers

The main analysis considered deals with standalone public or private acquirers and targets (except where the analysis specified that only public companies were considered). Figure 8 presents supplemental tabulations of time trends in deals involving an acquirer that is a subsidiary of another company or a target that is a subsidiary of another company, based on LSEG SDC data, which were not included in the prior analysis. The broad pattern of trends mimics the evidence in Figure 1A. In terms of the number and aggregate value of completed deals, deals involving subsidiaries appear to play a considerable role in the M&A market.

Figure 8. U.S. M&As Involving Subsidiary Acquirers or Targets[32]

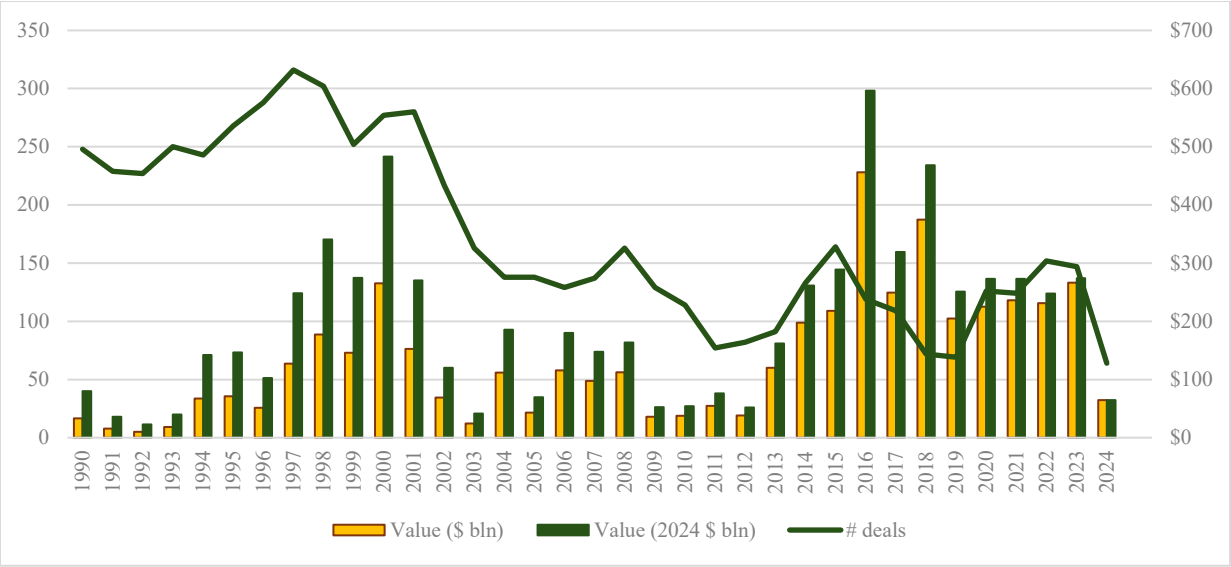


[32] The figures are based on LSEG SDC data on mergers and acquisitions completed during 1990-2024, involving U.S.-based subsidiaries, which have been excluded from the main analysis. The sample consists of deals involving: (i) a U.S.-based subsidiary target and a U.S.-based public, private, or subsidiary acquirer; and (ii) a U.S.-based subsidiary acquirer and a U.S.-based public, private, or subsidiary target. Inflation-adjustment to 2024 dollars is performed using annual CPI-U data from BLS.gov. Deals with undisclosed or missing value are included in the count but omitted from the aggregate value calculations.

Withdrawn Deals

The main analysis focuses on completed deals. Figure 9 below shows the trends in withdrawn deals (announced but subsequently withdrawn). While the incidence of withdrawn deals varied with the overall level of M&A activity, and market conditions, on balance they accounted for a modest share of the M&A market.

Figure 9. U.S. M&As Withdrawn After Announcement[33]



[33] The figures are based on LSEG SDC data on mergers and acquisitions withdrawn during 1990-2024, involving U.S.-based public and private acquirers and targets. Inflation-adjustment to 2024 dollars is performed using annual CPI-U data from BLS.gov. To avoid downward bias in the number of withdrawals for recently announced deals, the year is based on the year of withdrawal.