

2014—The Year of Big Deals and Big Failures

By Kate Kennedy, J.D. Candidate 2016 | October 21, 2014

Last week, Iliad, a French telecommunications company, announced that it would [end its four-month pursuit of T-Mobile](#), a U.S. wireless provider. This failed, \$15 billion-deal ranks among the ten biggest failed deals of 2014 and is just the latest example in a series of failed transactions.

In total, [\\$521.4 billion in deals](#) have been withdrawn this year, marking the highest level in dollar value since the start of the financial crisis in 2007. Other significant failures include [Pfizer's](#) \$122.3 billion bid for AstraZeneca and [21st Century Fox's](#) \$94.3 billion withdrawn attempt to take over Time Warner. These thwarted efforts could have [significant impacts](#) on the companies involved and may also encourage other firms to act more cautiously.

However, while 2014 has seen several large-scale deals fail to materialize, it also stands as the biggest year in deals since the financial crisis began. [Oracle's](#) \$5 billion acquisition of MICROS Systems and [General Electric's](#) \$17 billion acquisition of Alstom's energy assets are just two examples. Furthermore, the [media, entertainment, and communications](#) industry specifically has seen a lot of big-ticket, high-profile deals, with Comcast's \$45 billion merger with Time Warner Cable being one of the largest.

This overall increase in deals can also help to explain why so many have failed. Not only has 2014 seen a lot of deals, they have been big deals. The bigger the deal, the more likely it is to [fall through](#) for a number of reasons ranging from financing to shareholder approval. Additionally, bigger deals are more likely to face regulatory and antitrust issues.

While 2014 has seen a lot of deals materialize and fail, it is not exactly clear what impact this will have on the [wider economy](#). One reason companies combine is to lower costs, which can often lead to layoffs. Additionally, one of the big drivers of mergers this year has been the desire to lower corporate tax bills. However, many feel that the upswing of deals, even in spite of the recent failures, suggests that the economy will continue to improve.