

M&A WATCH:
Felice Maranz and Gelu Sulugiuc

ECHOSTAR TO BUY HUGHES COMMUNICATIONS FOR \$2 BILLION. Hughes shareholders will receive \$60.70 a share without interest, representing a 31 percent premium over its unaffected closing share price of \$46.43 on Jan. 19.

GE TO BUY JOHN WOOD OIL-SERVICES UNIT FOR \$2.8 BILLION. GE expects the division, which builds equipment to extract more oil and gas from mature fields, to add \$1.1 billion in revenue and \$200 million in Ebitda in 2011. GE has spent about \$5 billion related to energy deals in the past five months.

CHINA TO SET UP COMMITTEE TO REVIEW ACQUISITIONS. China will create a ministerial panel to evaluate takeovers of local companies by foreign investors for national security concerns. The panel will focus on military and industrial companies considered crucial to national defense.

RUSSIA RAISES \$3.3 BILLION SELLING 10% OF VTB GROUP. The sale is the biggest of state assets since the bank's IPO almost four years ago. **Assicurazioni Generali SpA** and **TPG Capital** had planned to buy \$300 million and \$100 million of stock, respectively.

CLAYTON, DUBILIER & RICE BUYING EMERGENCY MEDICAL FOR \$3.2 BILLION. Stockholders would receive, at the closing of the transaction, \$64 in cash for each share of EMSC Class A common stock and Class B common stock and each LP Exchangeable Unit. Private-equity firms announced 397 acquisitions of U.S. health products and services companies in the past five years.

CARL ICAHN, MONARCH AMONG BLOCKBUSTER CREDITORS CONSIDERING A BID AT LESS THAN \$300 MILLION, PERSON FAMILIAR SAYS. Separately, Icahn received FERC approval for its tender for Dynegy shares; the remaining obstacle is meeting the condition for 35% of the shares to be tendered.

Batista's Bid Makes Explorers Cheap

BY CHRISTOPHER DONVILLE

If Brazilian billionaire **Eike Batista** gets his way by acquiring Vancouver-based **Ventana Gold Corp.** for about C\$1 billion (\$1 billion), he will make other North American companies that develop the metal's deposits look cheap for would-be acquirers.

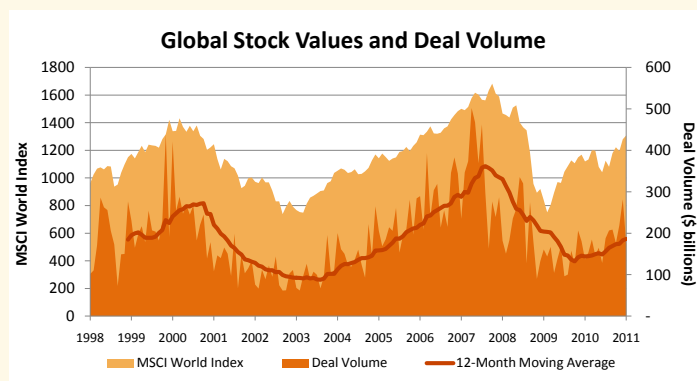
The bid from Brazil's richest man values Ventana at about \$434 for each of the estimated 3.5 million ounces of gold at its **La Bodega** project in Colombia, the second-highest among 68 U.S. and Canadian exploration companies tracked by RBC Capital Markets. Batista is offering 8.3 times the value of Ventana's assets, the most expensive cash deal of \$1 billion or more for a gold company in the past decade, according to Bloomberg data.

Batista is betting the quality of La Bodega's ore will set it apart from rival proj-

continued on next page

Daily Data Comparisons

| SUMMARY | TOTAL | 20-DAY AVG. | YEAR TO DATE |
|-------------------------------|-------------|--------------|---------------|
| Number of Announced Deals | 39 | 92 | 2,828 |
| Volume (\$) | 5.3 billion | 7.63 billion | 235.4 billion |
| Avg Disclosed Deal Size (\$M) | 205.1 | 167 | 170.8 |
| Average Premium | -14% | 18% | 18% |



M&A Announcements

| TARGET NAME | ACQUIRER NAME | TOTAL VALUE (\$M) | TARGET PRICE/EBITDA |
|-----------------------|----------------------------------|-------------------|---------------------|
| Well Support division | General Electric Co | 2800 | 9.61 |
| Hughes Communications | EchoStar Corp | 1824.32 | 7.05 |
| Joyou AG | Glacier Partners LP | 310.49 | - |
| Green Narae Inc | Kolon Industries Inc | 82.68 | - |
| ToLuna PLC | ITWP Acquisitions Ltd | 68.39 | - |
| Land & Building | AIMS AMP Capital Industrial REIT | 56.3 | 4.79 |
| Shihai Co Ltd | Nutreco NV | 54.18 | 6.76 |
| Kolon Glotech Inc | Kolon Industries Inc | 29.18 | - |
| Radius Pharmacy Ltd | Pharmacybrands Ltd | 26.61 | - |

Recent Completed Deals

| DATE | TARGET | ACQUIRER | TOTAL VALUE (\$M) | PREMIUM |
|------|----------------------|-----------------------|-------------------|---------|
| 2/14 | Finishing Tou | Rivington Street Hold | 0.16 | - |
| 2/14 | Noodle | Australie | - | - |
| 2/14 | Certain Assets | Constellation Energy | - | - |
| 2/14 | Two Hills Enviro. | Genoil Inc | 0.73 | - |
| 2/14 | 1800CableTV.com | Elephant Group Inc | - | - |
| 2/14 | Tintinagold Resource | Electrum Strategic | 5.56 | -14.59 |
| 2/14 | Center of Toxicology | QPS Holdings LLC | - | - |
| 2/14 | Three Laws Mobility | Motorola Mobility | - | - |
| 2/14 | TATA Advanced | Lockheed Martin Corp | - | - |

BATISTA'S BID MAKES EXPLORERS CHEAP ...

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ects after bullion's surge to a record drove acquisitions in the industry to the highest level since at least 1998 last year. **Osisko Mining Corp.**, the developer of a Quebec mine, and **Detour Gold Corp.**, seeking to build a project in Ontario, are trading at as much as 81 percent less than Ventana per ounce of gold and 67 percent cheaper based on total assets, data compiled by RBC and Bloomberg show.

"Pretty much every gold company that we have a relationship with is thinking about M&A," said **Jason Neal**, co-head of metals and mining at BMO Capital Markets, an adviser on \$27 billion of gold-mining deals in the past year. "There's a very high level of evaluation going on."

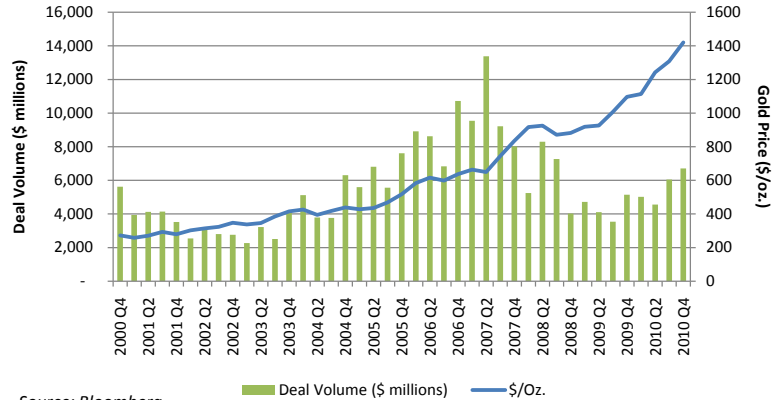
Batista, 53, who bought his first gold mine at age 24, already controls about 20 percent of Ventana. His AUX Canada Acquisition Inc. bid C\$12.63 for the rest of the company on Nov. 17. Ventana rejected it on Dec. 23, saying the offer was "inadequate and opportunistic and fails to recognize the full value of Ventana." The Canadian company said Feb. 8 it was in talks with "third parties" to find a higher bid.

The offer expires tomorrow at 8 p.m. Toronto time.

At C\$12.63, the bid valued Ventana at a 32 percent premium to its average price during the previous 20 days, according to Bloomberg data. That's less than the average 39 percent for completed or pending gold takeovers of more than \$1 billion in the past decade and in line with the 33 percent premium for terminated deals.

Ventana rose 7 cents to C\$12.28 on the Toronto Stock Exchange on Feb. 11, extending its advance during the past year to 42 percent, more than double the 20 percent gain in Canada's Standard & Poor's/TSX Composite Index. Batista's offer price is 2.9 percent above Ventana's current level, Bloomberg data show.

La Bodega, located 400 kilometers (249 miles) northeast of Bogota, may generate 301,000 ounces of gold a year for its first six years of production, according to the company's website. Mexico's **Carlos**

Gold Prices versus Gold-Miner Deal Volume

Source: Bloomberg

Slim, named the world's richest man by Forbes Magazine, said in an interview at Bloomberg News headquarters in New York last week he's seeking to boost his investments in Colombia because of the country's mineral assets.

Batista is betting on La Bodega after his Rio de Janeiro-based shipbuilder **OSX Brasil SA** sank 45 percent since its March initial public offering. He shelved plans for an IPO of his Rio de Janeiro-based **EBX Group Ltd.** investment company in April.

"On a per-ounce basis the bid seems high, but there's likely more gold in the ground," said **Michael Fowler**, an analyst at Loewen, Ondaatje, McCutcheon Ltd. who has a "speculative buy" on Ventana shares. "The grade is good and overall it seems to be a quality project."

The offer from Batista's AUX remains the "best choice" for Ventana shareholders as "no alternative transactions have materialized," AUX said in a statement on Feb. 11. His EBX said in an e-mail to Bloomberg News yesterday that it would not have any further comments until the expiration of the bid.

Batista's offer values Ventana at 8.3 times total assets, the second-highest among 20 deals for gold miners worth more than \$1 billion during the past decade and the most expensive all-cash acquisition, Bloomberg data show. The bid is 12.6 times Ventana's book value, the third-highest level of the past 10 years.

Goldcorp Inc. of Vancouver, the second-biggest Canadian gold producer, offered 21 times assets and 23 times book value for **Andean Resources Ltd.** The A\$3.6 billion (\$3.6 billion) deal last month was the most expensive of the past decade on both measures, Bloomberg data show.

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PEOPLE WATCH

■ **Citigroup Inc** plans to hire as many as 20 senior corporate and investment bankers in Europe in the first-half of 2011 as it rebuilds a team weakened by departures. The lender will add managing directors and executive directors in London as well as bankers in Russia, Turkey and the Middle East, **Manuel Falco** and **James Bardrick**, Citigroup's joint heads of banking in Europe, the Middle East and Africa, said. The New York-based firm has about 1,000 investment and corporate bankers in Europe, the Middle East and Africa.

■ British financier **Guy Hands** has been approached about a bid for **Warner Music Group Corp.**, the Mail on Sunday reported.

■ **Martin Donnelly**, a former deputy chief executive officer at **ING Investment Management Australia**, joins Philip Levinson as the second managing director in **Blackstone Group's** Sydney office. Donnelly will head business development and client relations in Australia and the Pacific rim.

■ **Tomonori Ito**, who led **UBS AG's** investment banking business in Japan, will leave the firm in March to become a professor at Tokyo's Hitotsubashi University. Ito, who had been co-head of investment banking at UBS Securities Japan Ltd., will resign by the end of next month, said Eiko Noda, a Tokyo-based spokeswoman.

■ **Dan McNamara**, **Nomura Holdings Inc's** global joint chief of financial institutions advisory, left the firm after less than 18 months with the company, Financial News online reported. Neither the banker nor Nomura were available for comment.

■ **Sir Ronald Cohen**, a founder of **Apax Partners**, and **Nick O'Donohue**, a former JP Morgan Chase & Co. executive, will advise U.K. Prime Minister David Cameron on his Big Society Bank, which is intended as a conduit for philanthropy investments, Sky News reported.

THE WIRE BLOOMBERG NEWS

Apollo Funds Approve EchoStar Purchase of Hughes

Funds affiliated with Apollo Management IV LP approved **EchoStar Corp.'s** agreement to buy **Hughes Communications Inc.** in a transaction valued at about \$2 billion, including debt. Hughes shareholders will receive \$60.70 a share without interest, representing a 31 percent premium over its unaffected closing share price of \$46.43 on Jan. 19. The purchase is expected to close later this year.

—Kristen Schweitzer

GE Plans Bolt-On Takeovers of \$1 Billion-\$3 Billion

General Electric Co. Vice Chairman **John Krenicki**, who oversees the GE energy businesses, said the company plans to "stick to our knitting" in acquisitions, adding so-called bolt-on acquisitions in the \$1 billion to \$3 billion range across the other portions of his businesses, which include the world's biggest provider of power-generation equipment and services including gas and wind turbines, water treatment and solar panels. General Electric Co. agreed to buy the well-support division of John Wood Group Plc for about \$2.8 billion. The transaction may close later this year, with the approval of John Wood holders, GE said. The business, which also helps extract gas from shale, had sales of \$947 million and earnings of \$166 million before interest, taxes, depreciation and amortization last year.

—Rachel Layne

Russia Raises \$3.3 Billion Selling 10% of VTB Group

Russia sold 10 percent of **VTB Group** to a group of investors for 95.7 billion rubles (\$3.3 billion) according to a statement by the bank. The per-share price of 9.1468 kopeks is 33 percent less than the 13.6 kopeks the government got in May 2007, when it raised \$8 billion. The sale is the first major transaction in a three-year privatization plan in which the government aims to raise about \$34 billion to help plug its budget gap and lessen its role in the economy. Three non-state companies, **Nord Gold NV**, **OAo Koks** and **ChelPipe**, all pulled their London IPOs this month, citing market conditions.

—Denis Maternovsky

Preuss Said to Be Deputy CEO After NYSE Merger

Deutsche Boerse AG's Deputy Chief Executive Officer **Andreas Preuss** and Chief Financial Officer **Gregor Pottmeyer** may take similar roles at any combination with NYSE Euronext if the exchanges succeed in merging, according to people familiar with the proposals. Larry Leibowitz, chief operating officer of NYSE Euronext, is in the frame to take on responsibility for cash markets, with Frank Gerstenschlaeger, who has the cash markets job at the German exchange, taking charge of market data, according to two people familiar with the proposed appointments who declined to be identified as no final takeover has been agreed. A spokesman for Deutsche Boerse declined to comment.

-- Nandini Sukumar

Rusal Surges to Record After Norilsk's Buyback Offer

United Co. Rusal jumped to a record in Hong Kong trading after **OAo GMK Norilsk Nickel** increased its offer to buy back shares held by the aluminum producer to \$12.8 million, prompting speculation the bid will rise further. Rusal climbed 9 percent to HK\$13.60 at the 4 p.m. close in the city, the highest price since the shares started trad-

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PRIVATE EQUITY

■ **SVG Capital Plc**, the biggest backer of private equity firm **Permira Advisers LLP**, said the value of its assets jumped 42 percent last year as equity markets rebounded and it marked up the value of its investments. Net asset value advanced to 315.9 pence a share at the end of December from 222.9 pence a year earlier, London-based SVG said. SVG marked up the value of its stake in **Hugo Boss** and Italian luxury label **Valentino Fashion Group SA**, Permira's largest single investment, by 44.7 million pounds after operating profit jumped. The investor also marked up the value of its holdings in casino operator **Galaxy Entertainment Group Ltd.** by 71.6 million pounds, or 64 percent.

■ **Reynolds Group Holdings Ltd.** and **Mivisa Group** are among speculative-grade borrowers pushing for cheaper loans in Europe as banks and funds awash with cash compete for leveraged deals. Spanish can maker Mivisa last week cut the interest margin on 667.5 million euros (\$898 million) of loans to fund its takeover by firms led by **Blackstone Group LP** by 25 basis points and reduced the level of a base rate floor, according to data compiled by Bloomberg. Reynolds, an Auckland-based maker of aluminum foil, shaved 25 basis points from the interest margin on 250 million euros of seven-year loans to refinance debt.

■ A record \$1.05 billion poured into loan mutual funds in the week to Feb. 9, Standard & Poor's LCD reported, citing data from Lipper FMI. Borrowers paid back more than 20 billion euros to collateralized loan obligations and other investors last year, LCD data show.

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ing on Jan. 27 last year. The stock has gained 14 percent this year, valuing the Moscow-based producer at \$26.5 billion.

— Denis Maternovsky

Kirin to Sell Stake in China Brewery

Kirin Holdings Co. will sell all of its shares in China's **Dalian Daxue Brewery Co.** to **Anheuser-Busch InBev NV**. Jun Sato, a Kirin spokesman, confirmed a Kyodo News report.

— Shunichi Ozasa

Goenka's CESC Seeks Stake Sale to Expand

CESC Ltd., a utility controlled by Indian billionaire **Rama Prasad Goenka**, may sell a stake in a unit to a private equity firm to raise part of the \$7.7 billion it plans to spend to boost capacity seven-fold by 2017. The company aims to raise power output by 7,000 megawatts from the current 1,225 megawatts by 2017, Vice Chairman **Sanjiv Goenka** said. He declined to say how much may be realized from selling a stake in Haldia Energy, a unit that's developing three projects with a total capacity of 2,540 megawatts.

— Pratish Narayanan and Pradipta Mukherjee

Credit Suisse Agrees to Sell \$6.2 Billion of CoCos

Credit Suisse Group AG, Switzerland's second-biggest bank, agreed to sell about 6 billion Swiss francs (\$6.17 billion) of contingent convertible bonds to shareholders in Qatar and Saudi Arabia. The notes will be issued to **Qatar Holding LLC** and the **Olayan Group** no earlier than October 2013, in exchange for cash or Tier 1 capital notes the bank sold to the investors in 2008, the Zurich-based company said.

— Elena Logutenkova and Matthias Wabl

Korea Resources, Daewoo Bid for Whitehaven

Korea Resources Corp. and **Daewoo International Corp.**, the trading company controlled by **Posco**, made an initial bid for **Whitehaven Coal Ltd.**, an Australian producer with a market value of A\$3.6 billion (\$3.6 billion). The two companies made a preliminary offer, Kang Shin Young, a spokesman for state-run, Seoul-based Korea Resources, said without giving details. Korea Resources is leading the bid, Kim Beom Suk, a spokesman for Daewoo International, said. Whitehaven, which offered itself for sale in October, short-listed potential buyers this month. Whitehaven won't comment on which parties have made bids, Managing Director Tony Haggarty said by phone.

— Sungwoo Park and Elisabeth Behrmann

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COMMENTARY TOM BURNETT, GUEST COLUMNIST

California Law May Prolong Tender/Exchange Deals

The increased number of mergers structured as tender/exchange offers in recent months has highlighted an interesting provision of the California General Corporate Law, Section 1203.

This section provides that the merger consideration paid to stockholders of a target company incorporated in California may not be cash if the buyer directly or indirectly owns more than 50 percent but less than 90 percent of the outstanding shares of the target company, unless certain conditions are met.

Either all the shareholders of the target company must consent to the merger or the state's commissioner of corporations must approve it after holding a hearing.

If a buyer doesn't obtain more than 90 percent of the outstanding shares in the tender offer

and there is no "top-up" option or insufficient shares are available for purchase through the top-up option for the buyer to be able to own more than 90 percent of the outstanding target shares, the terms of the merger may need to be altered to conform to the law.

Three large recent acquisitions of California companies that have involved tender/exchange offers illustrate the potential implications of Section 1203.

The **Raytheon Co.** acquisition of **Applied Signal Technology Inc.** had a minimum tender condition of 76.3 percent so that with the "top-up" shares Raytheon would hit the 90 percent threshold if the minimum condition were met.

Raytheon was permitted to terminate the tender offer and proceed with a cash merger had the minimum condition not been met. This would have only required the approval of a majority of the outstanding Applied Signal shares.

The **Rovi Corp.-Sonic Solutions Inc.** and **Microsemi Corp.-Actel Corp.** merger agreements provided that if the 90 percent threshold couldn't be met, the amount of shares purchased in the offer would be prorated so that the buyer owned no more than 49.9 percent of the outstanding shares of the target. The merger would then proceed as a cash merger, with a required vote of the target company's shareholders.

The Rovi-Sonic merger, which is structured as a cash and stock exchange offer, also provides that Rovi may choose to buy between

50 percent and 90 percent of the Sonic shares, at which time Rovi would either: seek a fairness ruling from the Commissioner of Corporations; pay all-stock consideration in the back-end merger; or attempt to obtain the vote of all of the remaining Sonic shareholders.

Microsemi and Raytheon obtained sufficient shares through the tender offer and subsequent exercise of "top-up" options to complete a tender offer without triggering the "50-90" provisions of California's law.

About 91.1 percent of the outstanding Actel shares were tendered into the Microsemi offer, with approximately 87.8 percent of the outstanding Applied Signal shares tendered into the Raytheon offer.

It is unclear whether Section 1203 will delay the Sonic-Rovi merger or cause the consideration to be adjusted. Rovi said it doesn't intend to pay all-stock consideration in the back-end of the merger.

This provision of California law is worth important to consider with respect to companies incorporated in California, given the trend toward tender/exchange offers.

The need for a reduced purchase of target company shares in the tender offer and the subsequent clearance of a proxy statement and holding of a shareholder vote may delay the closing of the merger beyond the usual expedited timeframe for a tender/exchange offer.

Tom Burnett, CFA, is director of research at Wall Street Access. Linda Varoli, CFA, vice president of M&A research at the firm, assisted with this article.

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Tender/Exchange Offers

| BUYER | TARGET | ANNOUNCEMENT DATE | TENDER/EXCHANGE OFFER COMPLETION DATE | MERGER COMPLETION DATE | RESOLUTION |
|-----------------|----------------------|-------------------|---------------------------------------|------------------------|---------------------------|
| Microsemi Corp. | Actel Corp. | October 4, 2010 | November 2, 2010 | November 2, 2010 | "top-up" option exercised |
| Raytheon Co. | Applied Signal Tech. | December 20, 2010 | January 28, 2011 | January 31, 2011 | "top-up" option exercised |
| Rovi Corp.* | Sonic Corp.* | December 22, 2010 | February 11, 2011 (Scheduled) | Pending | Pending |

Source: Bloomberg, company reports

Note: the Sonic-Rovi merger is followed by Wall Street Access Merger Research

Deal Arbitrage

| TARGET | ACQUIRER | DEAL SIZE (\$M) | ANNOUNCED DATE | EXPECTED COMPLETION DATE | OFFER PER SHARE | ANNOUNCED PREMIUM IN % | LAST TARGET PRICE | CURRENT PREMIUM % | SPREAD | LAST SPREAD MOVE |
|------------------------------|--------------------------------|-----------------|----------------|--------------------------|-----------------|------------------------|-------------------|-------------------|--------|------------------|
| Solvay Pharma India Ltd | Abbott India Ltd | 7,314 | Nov. 24, 2010 | - | 1815.30 | -28.96 | 1778.00 | 2.10 | 37.30 | 34.40 |
| Whitney Holding Corp/LA | Hancock Holding Co | 7,497 | Feb. 5, 2010 | Feb. 4, 2011 | 70.00 | 48.32 | 63.14 | 10.86 | 6.86 | -0.47 |
| Ladish Co Inc | Allegheny Technologies Inc | 3,902 | Jun. 7, 2010 | - | 28.99 | 53.94 | 24.50 | 18.34 | 4.49 | 0.11 |
| Compellent Technologies Inc | Dell Inc | 11,743 | Dec. 15, 2010 | Jun. 30, 2011 | 168.00 | 4.45 | 163.74 | 2.60 | 4.26 | -0.88 |
| ProLogis | AMB Property Corp | 102 | Dec. 16, 2010 | Sep. 30, 2011 | 22.05 | 0.00 | 18.00 | 22.52 | 4.05 | 0.41 |
| Copper Canyon Resources Ltd | Novagold Resources Inc | 320 | Nov. 18, 2010 | Jun. 30, 2011 | 12.63 | 39.23 | 9.10 | 38.83 | 3.53 | -0.41 |
| Technology Research Corp | Coleman Cable Inc | 39 | Oct. 11, 2010 | - | 31.00 | 51.32 | 27.75 | 11.71 | 3.25 | 0.25 |
| CNA Surety Corp | CNA Financial Corp | 197 | Nov. 3, 2010 | - | 11.50 | 19.79 | 9.62 | 19.54 | 1.88 | 0.02 |
| Petrolifera Petroleum Ltd | Gran Tierra Energy Inc | 607 | Dec. 6, 2010 | - | 15.00 | 68.26 | 13.16 | 13.98 | 1.84 | 0.18 |
| Valley High Ventures Ltd | Levon Resources Ltd | 25,531 | Jan. 10, 2011 | Dec. 31, 2011 | 47.08 | 6.13 | 45.49 | 3.49 | 1.59 | -0.20 |
| Matrixx Initiatives Inc | Priv. Adv. FIC FI Multimercado | 25 | Dec. 15, 2010 | Jun. 30, 2011 | 18.75 | 76.04 | 17.30 | 8.35 | 1.45 | -0.41 |
| Smurfit-Stone Container Corp | Rock-Tenn Co | 8,609 | Nov. 15, 2010 | Jun. 30, 2011 | 92.00 | 31.29 | 90.79 | 1.33 | 1.21 | -0.03 |
| Beckman Coulter Inc | Danaher Corp | 3,138 | Dec. 7, 2010 | Jun. 30, 2011 | 52.51 | 17.61 | 51.31 | 2.33 | 1.20 | -0.30 |
| Abington Bancorp Inc | Susquehanna Bancshares Inc | 1,525 | Sep. 21, 2010 | - | 27.86 | 11.73 | 26.74 | 4.20 | 1.12 | -0.10 |
| Dionex Corp | Thermo Fisher Scientific Inc | 34 | Oct. 22, 2010 | Mar. 31, 2011 | 9.09 | 29.86 | 8.06 | 12.78 | 1.03 | -0.02 |
| Capital Gold Corp | Gammon Gold Inc | 195 | Nov. 12, 2010 | - | 29.00 | 21.34 | 28.02 | 3.50 | 0.98 | -0.02 |
| Occam Networks Inc | Calix Inc | 21 | Oct. 18, 2010 | Mar. 31, 2011 | 8.03 | 55.47 | 7.20 | 11.60 | 0.83 | 0.00 |
| Badger Daylighting Ltd | Clean Harbors Inc | 621 | Jan. 30, 2011 | Jul. 31, 2011 | 66.50 | 8.19 | 65.72 | 1.19 | 0.78 | 0.12 |
| CPEX Pharmaceuticals Inc | Footstar Inc | 2,319 | Dec. 17, 2010 | - | 31.00 | 13.24 | 30.25 | 2.48 | 0.75 | -0.20 |
| Bucyrus International Inc | Caterpillar Inc | 25 | Aug. 27, 2010 | - | 3.50 | 34.96 | 2.89 | 21.11 | 0.61 | -0.19 |

Deal Sheet

| | |
|--|-----------------------------|
| Target: | Beckman Coulter Inc. |
| Acquirer: | Danaher Corp. |
| Total Value: | \$6.97 billion |
| Target Net Debt: | \$1.05 billion |
| Multiples | |
| EBITDA: | 7.3x (industry median 25x) |
| Revenue: | 1.6x (industry median 5.3x) |
| Enterprise Value: | 1.3x (industry median 1.3x) |
| Cash Flow from Operations: | 9.2x (industry median 39x) |
| Net Income: 27.6x (industry median 52x) | |
| Analysis: | |
| » Largest deal in the medical instruments industry since Boston Scientific Corp. bought Guidant LLC. for \$25.2 billion in 2005. | |
| » Danaher's biggest takeover, exceeding the \$6.7 billion purchase of Cooper Industries PLC in 2001. | |
| » Cash flow from operations multiple of 9.2x is lowest among comparable deals. | |

| | |
|--|-----------------------------|
| Target: | RehabCare Group Inc. |
| Acquirer: | Kindred Healthcare Inc. |
| Total Value: | \$1.27 billion |
| Target Net Debt: | \$390.7 million |
| Multiples | |
| EBITDA: | 6.7x (industry median 7.9x) |
| Revenue: | 0.7x (industry median 1.1x) |
| Enterprise Value: | 1x (industry median 1x) |
| Cash Flow from Operations: | 13x (industry median 16x) |
| Analysis: | |
| » Biggest takeover in the physical therapy and rehabilitation center industry since Universal Health Services Inc. bought Psychiatric Solutions Inc. for \$3.1 billion last year. | |
| » Third-largest takeover in the industry behind the Universal Health-Psychiatric Solutions deal and the \$1.65 billion merger of Healthsouth Corp. and Horizon/CMS Healthcare Corp. in 1997. | |

Source: Bloomberg

Calendars

To submit an event email mergerbrief@bloomberg.net

Anticipated Approvals

| DATE | TARGET | ACQUIRER | DEAL VALUE | TYPE |
|------|---|------------------------------------|------------|-------------------------------|
| 2/16 | Penn Virginia GP Holdings LP | Penn Virginia Resource Partners LP | 1,525 | Acquirer, target shareholders |
| 2/16 | Atlas Energy Inc. | Chevron Corp. | 3,067 | Target shareholders |
| 2/18 | International Container Terminal Co Ltd | Utoc Corp | 39 | Acquirer, target shareholders |
| 2/18 | BS Fuji Inc | Fuji Media Holdings Inc. | 50 | Target shareholders |
| 2/21 | CLICK Securities Inc | GMO internet Inc | N/A | Acquirer board |
| 2/23 | Allis-Chalmers Energy Inc. | Seawell Ltd/ Bermuda | 779 | Target shareholders |
| 2/23 | American Surgical Holdings Inc. | Great Point Partners LLC | 33 | Target shareholders |
| 2/24 | Meltex Inc. | Iwaki & Co Ltd. | 12 | Target shareholders |
| 2/24 | Certain Assets | Encompass Digital Media Inc | 120 | Seller shareholders |
| 2/28 | Franconia Minerals Corp | Duluth Metals Ltd | 72 | Target shareholders |
| 3/1 | J Crew Group Inc. | Multiple acquirers | 2,637 | Target shareholders |
| 3/2 | Atheros Communications Inc. | Qualcomm Inc. | 2,917 | Hart-Scott-Rodino expiration |

Calls and Meetings

| DATE | TIME | COMPANY | EVENT | RELEVANCE |
|------|--------------------|---|------------------------------------|---|
| 2/14 | 11 a.m. | Qualcomm Inc. | Mobile World Congress, Barcelona | Expects to close \$2.92 billion takeover of Atheros Communications by June 30. |
| 2/14 | | Blue Coat Systems Inc. | RSA Conference, San Francisco | Tal Liani, an analyst at BofA Merrill Lynch, on Jan. 24 said Blue Coat is unlikely takeover target because of revenue growth, inferior technology and management in transition. |
| 2/14 | 3:30 p.m. | Talecris Biotherapeutics Holdings Corp. | Extraordinary shareholders meeting | Grifols SA agreed with U.S. regulators to extend the deadline for antitrust approval of the \$3.6 billion purchase of Talecris until March 6. |
| 2/15 | Before market open | CenturyLink Inc. | Quarterly earnings | Expects to close \$22.2 billion takeover of Qwest by June 30. |
| 2/15 | 7 a.m. | Qwest Communications | Quarterly earnings | Takeover by CenturyLink expected to close by June 30. |

Conferences

| DATE | EVENT | FEATURING | LOCATION | CONTACT/REGISTRATION |
|--------------|---|--|--|---|
| Feb. 16 | 2011 UNC Alternative Investments Conference | Forum for private equity, hedge fund, venture capital and limited partner professionals | The Carolina Club in Chapel Hill, North Carolina | uncaic.com |
| Feb. 17-18 | IQPC's Global Private Equity Summit | Andrew Kandel, Cerberus Capital Management; Ziad Abdellour, Blackhawk Partners | TBD, New York | summitforprivateequity.com |
| Feb. 23-25 | Oil & Gas Outlook Brazil 2011 | Keynotes include Luis Carlos Alfonso, Petros - Fundação Petrobrás de Seguridade Social. | Sheraton Barra Hotel, Rio de Janeiro | terrapin.com/2011/brasiloil |
| Feb. 24, 6pm | M&A Atlas Awards Gala, Global Major Markets | "The only program in the industry to exclusively honor top deals, dealmaker teams and firms for completed transactions valued above \$1 billion in size. | New York | globalmanetwork.com/globalmaMarkets.php |
| March 10 | Risk Conference 2011: Global Mergers and Acquisitions | "Quest of the east." | Martiniplaza, Groningen, Netherlands | riskconference.nl |
| March 17 | 9th Annual Merger Conference | British Institute of International and Comparative Law | The Law Society, 113 Chancery Lane, London | biicl.org/events |
| March 21 | Distressed Investing Summit and Turnaround Awards | "Assembles the distressed investing, restructuring and turnaround deal-making professionals to share insights and honor excellence." | Palm Beach, Fla. | maadvisor.com/events |
| March 21-23 | ACG Intergrowth 2011 | General Stanley McChrystal - Wednesday Luncheon Keynote Speaker. | Manchester Grand Hyatt, San Diego | acg.org/global/intergrowth2011.aspx |
| March 22 | Asian Mergers & Acquisitions | "The Best of Breed M&A Awards 2011" | Singapore (exact location TBD) | asianmergers2011.tpgi.org |
| March 23-24 | Opal Financial Group's Clean and Green Investment Forum | "Attendees will represent many of the nation's pension funds, endowments, and trusts, utility companies, federal and state government agencies, and energy-equipment companies." | TBD, San Francisco | +1 212-532-9898 x 233; opalgroup.net |

Q&A

James R. Craigie, chairman & CEO of **Church & Dwight Co.**, discussed deal valuations while answering analysts' questions during the company's fourth quarter earnings call.

Craigie: M&A activity will pick up because the economy's going to lead to a tough time for organic growth. We continue to be focused on acquisitions. This past year, we could have done a couple of deals. They would have been dilutive. You'd be sitting here yelling at me about them. Sellers right now still have an inflated opinion of what businesses are worth. We have very tight criteria for acquisitions. Got to be a No. 1 No. 2 share brand. Asset-light — we don't want plants, headquarters. It's got to leverage our existing asset base.

Q (Alice Longley, Buckingham Research): Could you give us some more color on the kind of acquisitions you want to do?

A: Our greatest strength is North America, no doubt about it. We are looking at acquisitions overseas. If you study hard the acquisitions going on right now in the BRIC countries in particular, the price tags are out of this world. A lot of companies are going in out of this desperate move to get into Brazil, Russia, India or China, paying 30 times earnings, 40 times. I'm not sure they're ever going to get it back. We hear the word 'strategic investment.' That means 'highly dilutive' to us. It isn't a management issue. It's the price tags. The economy's got a lot of companies scared. A lot of companies are deciding to focus on what they do best and get rid of brands that are in side categories. We're starting to see books cross our desk like crazy. Last week, we were in a major presentation listening to a No. 1 brand being sold by another company.

Q (Longley): Would you be willing to be bought?

A: Yeah, any day, but I have to do what's right for the company. At our share price, that's going to be very hard. Add 30%, 40% premium to that, and if somebody wants to talk a price like that, we'll have to look at it.

Q (Lauren Lieberman, Barclays Capital): One thing I've been thinking a lot lately is the risk for all the companies in this industry being too wedded to double-digit earnings growth. What if things don't go according to plan?

A: One of the biggest keys to our business is drive that gross margin. On the other side, more guys have destroyed shareholder value and earnings through bad acquisitions, and we will not do that. I would have loved to buy SSL but the price that went at, you would be screaming at me. **Reckitt** could more afford that because they're Western European-based, so they had greater synergies than we had over there. They promised a huge synergy number to justify that price. Some of my competitors have just killed themselves with bad acquisitions that they are digging out from or writing off and things like that. In some of the recent deals, we've been complimented by investment bankers for finding things in due diligence that the investment bankers for the seller didn't see. We pointed out issues — issues like taxes — which surprised the other side and actually caused two sellers to back off on deals. The team that does our acquisitions is my 'A' Team. **Brian [Buchert]** is the entire M&A department. When we make a deal, we know what the synergies are supposed to be because we calculated them ourselves, not some third party who hands it off to the operational team. Because of

that bottom line, we've walked away from some deals. More often than not, we see the buyer made a big mistake. Some of the big pharma guys out there are really reeling from prices they paid on some of these deals.

Q: (Lieberman) The rumor was that Unilever was contemplating a bid [for Colgate].

A: That'd be interesting. When I saw their [Colgate's] earnings forecast for the year, it was stunning to me how low it was. Everybody's rushing to these emerging markets. The wars breaking out in these emerging markets are sometimes more fierce because it's going back home on stuff, because everybody's going in there beating each other's brains out for share, cutting prices and things like that. Some of the share wars going on in those marketplaces drive profits into the bottom, the basement. A great company like Colgate — which for years has thrived in its foreign markets, with 80% of its earnings outside of the United States — is in battles across the world with the other big dogs. I'm not surprised to see **Pfizer** opening up to M&A, because with low organic growth, lower earnings forecast organically, buying other companies, matching them together, knocking out some of the synergies, is a great way to get to bottom line. We buy companies and we just safely keep their brands, a few key people. We get rid of their operations, their headquarters, we get rid of everything extraneous. Acquisitions can be a way out when you're struggling organically. And I think that's why you've seen the **Chattems**, the **SSLs**, the **Alberto Culvers** get out. That's a rumor, right? Crap, I want to buy Colgate.