

## Credit Suisse Leads in Consumer M&A Deals

BY CHRIS BURRITT AND DUANE D. STANFORD

**Credit Suisse Group AG** jumped to No. 1 advising on consumer mergers and acquisitions this year, putting it on pace to return to the top five dealmakers for the first time in eight years.

The Zurich-based bank has advised on 37 consumer transactions in 2010 valued at about \$45 billion to become fourth in all M&A this year, according to data compiled by Bloomberg. Those takeovers include **Coca-Cola Co.'s** \$12.3 billion purchase of the North American

### Top 10 M&A Advisers for Consumer Sector

ADVISER	RANK (MARKET SHARE)	MARKET SHARE (%)	VOLUME (USD, M)	DEAL COUNT
Credit Suisse	1	27.1	45,243	37
Lazard LLC	2	21.7	36,186	26
Goldman Sachs & Co	3	18.6	31,046	30
CITI	4	14.3	23,824	13
Deutsche Bank AG	5	13.0	21,733	21
Allen & Co	6	12.3	20,504	3
Rothschild	7	11.5	19,169	40
Morgan Stanley	8	10.7	17,909	18
JP Morgan	9	8.9	14,901	14
Greenhill & Co	10	8.6	14,270	4

Source: Bloomberg

operations of bottler **Coca-Cola Enterprises Inc.**, the biggest consumer deal of the year.

Consumer companies are making acquisitions to boost earnings growth as they amass cash. Switzerland's second-largest bank benefited from retailers and consumer-goods makers expanding into new product lines and faster-growing regions. Buyout firms are also beginning to do more deals, such as **Apax Partners**

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### DEAL BY DEAL

## Singapore Exchange Takes Top Spot with ASX Bid

BY ALEX SHERMAN

Five deals of more than \$1 billion were announced this week through Oct. 28, a dip from the previous two weeks. The largest was **Singapore Exchange Ltd.'s** \$8.28 billion bid for Australia's main stock exchange, **ASX Ltd.** It's the seventh-largest financial exchange buyout offer, according to data compiled by Bloomberg. The two largest bids — Deutsche Boerse AG's 2006 \$11.3 billion offer for Euronext NV and IntercontinentalExchange's 2007 \$11 billion bid for CBOT Holdings — were both terminated in favor of lower offers that shareholders perceived to have more strategic benefits. NYSE Group purchased Euronext NV for \$10.4 billion and CME Group Inc. won CBOT Holdings for \$9.59 billion.

**Carlyle Group** announced the week's sec-

ond- and third-biggest deals, a \$3.29 billion agreement to buy **CommScope Inc.** and a \$2.58 billion deal for **Syniverse Holdings**.

Other notable deals include Stryker Corp.'s all-cash \$1.5 billion acquisition of the neurovascular division of Boston Scientific Corp., and Suntec Real Estate Investment Trust's \$1.2 billion purchase of a stake in BFC Development Pte. Ltd.

### SPOTLIGHT

**Brian Roberts of Evercore Partners talks about the deal landscape in technology**

## M&A Announcements

TARGET NAME	ACQUIRER NAME	TOTAL VALUE (\$M)
ASX Ltd	Singapore Exchange	8,277
CommScope	Carlyle Group	3,788
Syniverse Holdings	Carlyle Group	2,583
Hermes International	LVMH Moet Hennessy	2,019
Neurovascular Divi	Stryker	1,400
Bfc Development	Suntec Real Estate	1,152
Barnett Shale Assets	Multiple acquirers	967
Citadel Resource	Equinox Minerals	945
Piceance Basin Assets	Williams Partners	782
Gulf of Mexico Assets	Marubeni Corp	650

## Most-Read M&A Stories

**SGX's ASX Bid Prompts Share Slumps**

**ASX Falls as Lawmakers Oppose SGX Bid**

**India Billionaires Buying Assets in Africa**

**JPMorgan's Highbridge Buys Fraga's Gavea**

**Cnooc, GNPC Said to Bid for Jubilee Stake**

**Carlyle to Buy Syniverse for \$2.6 Billion**

**KKR Said to Consider Leaving Seagate Bid**

## Recent Completed Deals

DATE	TARGET	ACQUIRER	TOTAL VALUE
Oct 28	Dana Petrol	Korea National Oil	2,884
Oct 27	Specialty TV	Shaw Communic	1,976
Oct 25	ArcSight	Hewlett-Packard	1,485
Oct 28	Maidstone Baker	Aryzta AG	456
Oct 25	ATC Tech	GENCO Distib	420

## Anticipated Approvals

DATE	TARGET	ACQUIRER	APPROVAL TYPE
Oct 28	Sammy NetWorks	Sega Sammy	Targ
Oct 25	Phoenix Tech	Marlin Equity	Targ
Oct 27	LSB	People's United	Targ
Oct 27	TMS Entertain	Sega Sammy	Targ
Oct 28	Microtune	Zoran	HSR

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	WEEKLY	YTD	IN BILLIONS	WEEKLY	YTD	AVERAGE	WEEKLY	YTD
<b>Deal Count</b>	<b>370</b>	<b>19,304</b>	<b>Volume</b>	<b>\$33</b>	<b>\$1,660</b>	<b>Premium</b>	<b>25.28%</b>	<b>22.22%</b>

**Credit Suisse Leads in Consumer M&A...**

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LLP's \$3 billion sale of **Tommy Hilfiger BV**.

"We expect the bulk of M&A activity in the consumer sector in 2010 to continue to be dominated by bolt-ons and private equity as well as transactions involving emerging markets," said **Jens Welter**, who heads Credit Suisse's consumer and retail investment banking group for Europe, the Middle East and Africa. **Robin Rankin** runs the group in the Americas.

Credit Suisse advised **Heineken NV** on its \$7.7 billion purchase of **Fomento Economico Mexicano SAB's** beer unit in January, the year's second-biggest consumer deal, and **SSL International Plc** on its \$3.89 billion takeover by **Reckitt Benckiser Group Plc** in July. The bank also advised Apax on the sale of **Tommy Hilfiger** to **Phillips-Van Heusen Corp.** in March.

Those deals helped Credit Suisse earn \$116.8 million in consumer M&A fees in the first nine months

of 2010, trailing **Goldman Sachs Group Inc.** by \$32 million and **Bank of America Corp.** by \$9 million, according to **Freeman & Co.**, which researches investment banking. The Swiss bank earned \$58.6 million on consumer deals for all of 2009 and ranked sixth, according to Freeman.

"Credit Suisse has certainly risen overall," said **Jeffrey Nassof**, an associate at New York-based Freeman. "They've advanced in the fee-based table in the first three quarters for overall global investment banking, and consumer appears to be a key."

Credit Suisse's global M&A group is led by **Boon Sim**, who was appointed to the role in December after a shake-up following a decline in advisory revenue. **Andrew Lipsky** took over U.S. M&A, and **Giuseppe Monarchi** became head of European M&A. Credit Suisse ranked eighth in global mergers in 2009.

Recent hires contributed to the bank's advance this year, Credit Su-

isse Chief Financial Officer **David Mathers** said.

Moving to fourth globally "has been a question of some good recruits," Mathers told journalists on an Oct. 21 conference call. "A lot of people actually wanted to join our franchise, and I think that provided us some opportunity."

The last time Credit Suisse made the top five advisers was 2002, when it finished fifth, data show. In 2004, Credit Suisse was 11th in global M&A following a period when about a third of the investment bank's workforce was cut.

The total value of deals in the consumer industry this year rose to \$167 billion from about \$128 billion through the same period of 2009, according to Bloomberg data. Bloomberg defined the industry as transactions in clothing, appliances, beverages, home and personal care, toys, tobacco, food, sporting goods, home furnishings, housewares, travel and leisure and retail.

**Singapore Exchange's ASX Bid Boosts Rivalry with Hong Kong**

BY LYNN THOMASSON AND GARFIELD REYNOLDS

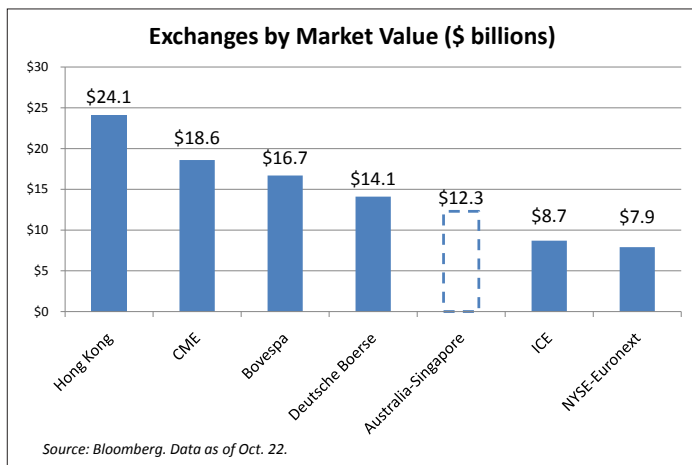
**Singapore Exchange Ltd's** A\$8.4 billion (\$8.3 billion) offer for **ASX Ltd.** in Australia would create the world's fifth-biggest bourse operator by market value, and give the company resources to compete with its Hong Kong rival.

The enlarged firm, to be called **ASX-SGX Ltd.**, would be worth about \$12.3 billion, surpassing capitalizations of **NYSE Euronext** and **IntercontinentalExchange Inc.** The value of Hong Kong Exchanges & Clearing Ltd., the

biggest listed bourse, would be about double that of the Singapore-Australian company, according to data compiled by Bloomberg.

"It helps Singapore establish itself as a global asset-management platform," said **Michael Preiss**, the Singapore-based chief equities strategist at Standard Chartered Plc. "Singapore is a small market and they needed to branch out. The only way to compete against the Hong Kong market, which has China, was to grow."

Singapore Exchange on Oct. 25 said that it plans to buy ASX, Australia's main equities-exchange, for A\$48 per ASX share in cash and shares. The bid is 37 percent more than the Sydney-based company's last price on Oct. 22. The bourses will remain separate legal entities and be regulated locally, according to the Singapore exchange.



## ARB ANALYSIS

TOM BURNETT, GUEST COLUMNIST

## Gymboree Buyout Points to Potential Takeover Targets Among Retailers

**Gymboree Corp.**'s agreement to be bought by **Bain Capital LLC** for about \$1.8 billion highlights how merger or acquisition targets can be identified among retailers with strong balance sheets.

One such company is **Finish Line Inc.**, an athletic footwear chain that has several financial metrics resembling Gymboree's.

Finish Line has the top spot among 12 retailers identified by a quantitative

screen that also found 101 companies with net cash on their balance sheets and significant free cash flow. None of the 12 companies has more than \$10 billion in enterprise value, making each reasonably acquirable through a leveraged buyout or strategic acquisition.

Before speculation that Gymboree was in talks to be acquired, its stock traded at similar multiples to the potential targets we identified: a price-to-earnings ratio of 12.2 times, an enter-

prise-value-to-Ebitda ratio of 5.5 times, net cash equaling about 11 percent of its market capitalization and free-cash-flow yield of 11.0 percent.

Finish Line, based in Indianapolis, runs more than 660 stores in 47 states and sells merchandise through its website.

The company ranks high among comparable firms in terms of balance sheet cash, shows strong free cash flow and has among the lowest earnings and Ebitda multiples in the group.

Finish Line reported earnings per share of 31 cents in the second quarter, missing the estimate of 36 cents among 10 analysts surveyed by Bloomberg. Company insiders have been consistent sellers of stock. With the smallest unadjusted enterprise value in the group, a takeover could easily be financed by strategic or private-equity buyers.

*Tom Burnett, CFA, is director of research at Wall Street Access, an NYSE firm. Analyst Daniel Daniel contributed to this report.*

## Potential Specialty-Retail Buyout Targets

COMPANY		NET CASH AS % OF MARKET CAP	FCF YIELD <sup>1</sup>	P/E
Finish Line	FINL	33.30%	20.10%	13.3X
AnnTaylor Stores	ANN	21.80%	12.50%	22.5X
Men's Wearhouse	MW	18.80%	12.70%	18.3X
Pier 1 Imports	PIR	16.90%	12.40%	21.4X
Foot Locker	FL	16.20%	11.00%	21.7x
Children's Place	PLCE	14.20%	12.80%	14.3X
The Gap	GPS	11.90%	10.50%	11.0X
Williams-Sonoma	WSM	11.80%	11.80%	20.6X
Cato Corp	CATO	8.90%	11.50%	14.6X
Signet Jewelers	SIG	8.40%	17.40%	14.7X
Genesco	GCO	6.80%	14.90%	14.8X
DSW	DSW	5.70%	10.30%	15.5X
Russell 2000 Specialty Retailer Index			15.60%	
S&P 500			14.10%	

<sup>1</sup>Index values reflect cash-flow yield rather than free cash flow yield

## Stock Performance of Targeted Specialty Retailers

COMPANY		9/30/10	10/26/10 <sup>1</sup>	PERFORMANCE
Finish Line	FINL	13.91	16.34	17.50%
DSW	DSW	28.7	33.09	15.30%
Genesco	GCO	29.88	33.38	11.70%
Signet Jewelers	SIG	31.74	35.17	10.80%
AnnTaylor Stores	ANN	20.24	22.32	10.30%
Foot Locker	FL	14.53	15.84	9.00%
The Gap	GPS	18.64	19.68	5.60%
Men's Wearhouse	MW	23.79	24.73	4.00%
Pier 1 Imports	PIR	8.19	8.51	3.90%
Williams-Sonoma	WSM	31.7	32.44	2.3t%
Cato Corp	CATO	26.76	27.2	1.60%
Children's Place	PLCE	48.77	46.13	-5.40%
Russell 2000 Specialty Retailer Index		114.4	120.8	5.60%
S&P 500		1,141.20	1,185.60	3.90%

<sup>1</sup>Last day prior to publication of Gymboree takeout speculation.

Source: Bloomberg

## Gymboree to Raise Debt of \$1.47 Billion for LBO

**Gymboree Corp.** is seeking \$1.47 billion of loans to pay for its leveraged buyout by **Bain Capital**.

**Credit Suisse Group AG** and **Morgan Stanley** agreed to provide a \$720 million term loan maturing in seven years and a one-year, \$520 million senior unsecured bridge facility with an increasing interest rate, according to a commitment letter attached to a regulatory filing on Oct. 25. **Bank of America Corp.** is arranging a \$225 million asset-based revolving credit line due in five years.

Bain agreed to purchase Gymboree for \$65.40 a share, according to an Oct. 11 statement, paying a 57 percent premium. That's the biggest retail-apparel leveraged buyout in three years, according to data compiled by Bloomberg.

Bain will fund about 70 percent of the \$1.8 billion acquisition with debt, the filing shows.

— Emre Peker

## COMMENTARY *Ray Murphy, Guest Columnist*

### Genzyme Target Price Opens Arbitrage on Sanofi-Aventis Bid

Sanofi-Aventis recently gained some clarity in its bid for Genzyme Corp. after months of stalemate: a target price of \$89 a share.

Sanofi began its pursuit of Genzyme in July and formalized its interest with a tender offer of \$69 a share on Aug. 30, which is set to expire on Dec. 10. Genzyme's board of directors has been consistently unanimous in rejecting the offer as inadequate.

In Sanofi's earnings commentary on Oct. 27, it reiterated that its offer of \$69 per share represents "compelling, immediate and certain value" to Genzyme shareholders.

Genzyme has been trading in the \$72 range, suggesting that investors expect Sanofi to bump the price up.

There is no financing condition to the offer and Sanofi has gradually made progress with regulators. Sanofi on Oct. 20 announced it had received approval under the Hart-Scott-Rodino Antitrust Improvements Act, giving the deal momentum.

The company also needs approvals from the European Union, Brazil, Japan and Korea, which are not expected to present problems, since Sanofi-Aventis makes chemically based drugs and Genzyme uses biological production processes.

No other bidders for Genzyme have emerged since Sanofi's interest in a deal surfaced in July, further strengthening views in the merger-arbitrage community that Sanofi is a preferred buyer with a strong negotiating position.

Because Genzyme is incorporated in Massachusetts, the company has broad corporate-governance protection under a constituency-style law. Such laws allow the boards of takeover targets to consider a broad range of interests in reaching a decision on an offer.

That protection is considered absolute during hostile takeovers.

Typically, buyers do not attempt legal challenges in these states. In recent years, Genzyme has taken

some steps to loosen the legal protection it enjoys by de-staggering its board – it recommended all nine members seek re-election in March -- and allowing shareholders to call a special shareholder meeting through a 40 percent vote.

Because directors can only be removed for violating rules or laws, the special meeting approach is considered a non-starter. Additionally, Sanofi recognizes that it has no

ing soundness and robust portfolio of patents and products. More important, the focus was on financial performance.

Genzyme forecast fourth-quarter non-GAAP earnings of \$0.90 to \$0.95 per share and 2011 earnings of \$4.30 to \$4.60 per share. With that guidance, Genzyme effectively put forward a counter offer to Sanofi's tender offer:

"Sanofi-Aventis has stated that the \$69-per-share tender offer price represents a multiple of 20 times consensus earnings estimates. Applying this multiple to the midpoint of Genzyme's 2011 guidance would yield an offer price of \$89 per share.

After the presentation, Genzyme management provided major shareholders with more detailed projections and gauge reaction to the \$89 price target."

Sanofi refuted the Genzyme projections as "lacking in realism" and cited Genzyme's "aggressive financial forecast" and its "disregard for manufacturing issues" for its conclusion that it sees "nothing of substance to change our offer."

Sanofi also said again that it prefers a friendly and negotiated transaction with Genzyme.

This arbitrage opportunity has been hampered by the absence of specific prices.

Sanofi put forward its \$69 offer and then did not budge or offer any kind of price range for the market to contemplate. Genzyme, on defense, had been completely silent, bluntly rejecting the offer as inadequate but offering no specific counterproposal.

A negotiated transaction has long been considered the most likely outcome for Genzyme and Sanofi. That is still the case, and with Genzyme's forecasts, arbitrageurs and deal speculators now have a concrete range of price expectations.

*Ray Murphy is the owner and editor of Arb-Journal, an online research service for merger arbitrage and event-driven investment funds. Reach him at raymurphy@arbjournal.com.*

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*Arbitrageurs and deal speculators now have a concrete range of price expectations.*  
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legitimate chance at completing an outright hostile deal.

"Given that ultimately a deal cannot progress without the consent of the board of directors, our belief is that at some point we will actually have an opportunity to do the due diligence that is necessary," Sanofi said on Oct. 5.

This explains the stalemate. The cooperation that Sanofi seeks may be near, given Genzyme's financial guidance.

Genzyme last week presented its case for a deal valuation significantly higher than Sanofi's bid. Genzyme made a number of arguments in its presentation such as its manufactur-

## THE WIRE BLOOMBERG NEWS

■ **Morgan Stanley** moved to the top spot among advisers on financial mergers and acquisitions in the Asia-Pacific region after working for **Singapore Exchange Ltd.** on its \$8.3 billion offer for **ASX Ltd.** Singapore Exchange's Oct. 25 announcement that it will buy Australia's main stock-exchange operator lifted Morgan Stanley to first from fourth, its best showing since 2005, according to data compiled by Bloomberg. The bank ranked No. 4 advising on financial mergers last year, trailing **Nomura Holdings Inc.**, **JPMorgan Chase & Co.** and **Goldman Sachs Group Inc.**

■ **Stryker Corp.** agreed to buy a **Boston Scientific Corp.** unit that makes devices to treat strokes for \$1.5 billion. The all-cash deal includes a \$100 million payment to Boston Scientific contingent on development of a device for stroke victims and on the transfer of manufacturing plants, Stryker said in a statement today. **Barclays Capital** was Stryker's financial adviser. Boston Scientific is also looking for a buyer for its neuromodulation unit, said **Rick Wise**, a **Leerink Swann & Co.** analyst.

■ **Green Mountain Coffee Roasters Inc.** may be a "compelling target" for takeover, Reuters reported Oct. 27. **Anthony Gikas**, an analyst at **Piper Jaffray**, said **Nestlé**, **McDonald's**, **Coca-Cola**, **Procter & Gamble** and **Kraft Foods** may be possible acquirers, according to the newswire. Green Mountain has a "strong poison pill,"

according to **Mitchell Pinheiro**, a **Janney Montgomery** analyst who said he wouldn't be surprised if it were acquired in next two years, Reuters reported.

■ **Warren Buffett's Berkshire Hathaway Inc.** agreed to buy **Horizon Wine and Spirits Inc.** to expand its liquor distribution business and enter the Tennessee market. Berkshire's **McLane Co.** unit and its **Empire Distributors Inc.** will make the purchase, they said in a statement. Terms weren't disclosed.

■ **Berkshire Hathaway Inc.** agreed to buy **Sun Life Financial Inc.'s** reinsurance business. The business has about 70 employees in Canada, the U.S. and Ireland, with life insurance in force of about C\$113 billion (\$109 billion), according to a statement from Sun Life. Terms weren't disclosed.

■ **Fortune Brands Inc.** plans to meet with **William Ackman**, the founder of **Pershing Square Capital** who bought 11 percent of the company, four people with knowledge of the matter said to Bloomberg. The meeting to discuss Ackman's proposals is scheduled for next week, and both sides recently hired advisers, said the people, who declined to be named because the talks are private. **Credit Suisse Group AG** and **Centerview Partners** are advising Fortune Brands and its board, the people said. Ackman retained **Moelis & Co.**, they said.

■ **JPMorgan Chase & Co.** agreed to buy a majority stake in Brazil's **Gavea Investimentos Ltda.**, the fund manager founded by former Brazilian central banker **Arminio Fraga**. JPMorgan's **Highbridge Capital Management** struck the deal, which is expected to be completed "shortly," according to a company statement. Gavea, which runs private-equity and hedge funds, manages about \$6 billion and has 119 employees, according to the firm's website.

■ **Lazard Ltd.** reported third-quarter earnings rose 18 percent from a year earlier to \$62.2 million, or 46 cents a share, more than the 42-cent average estimate of 10 analysts surveyed by Bloomberg. Operating revenue from M&A advisory jumped 29 percent to \$160.7 million.

■ **Northern Trust Corp.** rose the most in three months in U.S. trading after the U.K.'s Daily Mail newspaper said **HSBC Holdings Plc** may make an offer for the bank. The stock climbed 5.3 percent to \$50.57 in Nasdaq trading on Oct. 26, the most since July 7. HSBC is considering a \$65-a-share bid, said the Mail without naming a source.

■ The biggest four-month jump in corn prices in two and a half years is signaling to investors **BHP Billiton Ltd.** will raise its \$40 billion bid for **Potash Corp. of Saskatchewan Inc.**, the world's largest fertilizer producer. As of Oct. 26, Corn climbed 35 percent and soybeans 19 percent in

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## Snapshot

ANNOUNCED DATE	COMPLETION DATE	TARGET	ACQUIRER	TOTAL VALUE (MIL.)	PREMIUM	EBITDA	REVENUE	CASHFLOW FROM OPS
3/25/2008	8/20/2008	BOVESPA HOLDING	BOLSA DE MERCADORIAS E FUTUROS	\$10,567.2	7.70%	87.77X	37.72X	97.18X
3/17/2008	8/22/2008	NYMEX HOLDINGS	CME GROUP	\$9,743.3	5.10%	17.19X	12.35X	34.02X
10/17/2006	7/13/2007	CBOT HOLDINGS	CME GROUP	\$9,591.5	50.55%	31.87X	16.57X	56.78X
10/25/2010	6/30/2011	ASX LTD	SINGAPORE EXCHANGE	\$8,276.8	41.78%	18.46X	14.34X	20.92X
8/17/2007	5/5/2008	OMX AB	BORSE DUBAI	\$4,398.5	22.32%		8.67X	
4/30/2007	12/20/2007	INTERNATIONAL SECURITIES EXCHANGE	DEUTSCHE BOERSE	\$2,794.8	37.22%	25.22X	12.65X	39.71X
6/23/2007	10/1/2007	BORSA ITALIANA	LONDON STOCK EXCHANGE	\$2,179.6				
3/27/2006	7/27/2006	SFE CORP	ASX LTD	\$1,577.1	24.69%		8.63X	28.97X
12/10/2007	5/5/2008	MONTREAL EXCHANGE	TMX GROUP	\$1,200.7	21.92%			
9/14/2006	1/12/2007	NEW YORK BOARD OF TRADE	INTERCONTINENTAL EXCHANGE	\$1,052.4				

*The vast majority of takeover activity in financial exchanges occurred in 2007 and 2008.*

*Singapore Exchange's \$8.2 billion cash and stock offer is the second-most expensive transaction as measured by announced premium, and at 41.78 percent, it is also almost double the weighted average premium of the top 10 transactions by size.*

— Pratik M. Patel, data analyst

## THE WIRE

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Chicago since Aug. 17, when Potash rejected BHP's bid as too low and said it's seeking other offers. Higher grain prices can prompt farmers to use more fertilizer to boost yields.

■ **Grupo Bimbo SAB** is in the lead to buy **Sara Lee Corp.**'s North American bakery business, two people with knowledge of the bidding said to Bloomberg. The sale may fetch more than \$1 billion, said the people, who declined to be identified as the process isn't public. Any deal is probably a few weeks away, and an agreement could still fall apart, said the people.

■ **Walgreen Co.** hired an adviser to run an auction for its pharmacy-benefits business, three people with knowledge of the matter said to Bloomberg. The sale of the unit may fetch \$500 million to \$1 billion depending on what assets are included in the deal, said the people, who declined to be identified because the talks are private. Walgreen is being advised by Bank of America Corp., the people said. **Medco Health Solutions Inc.**, **Express Scripts Inc.** and **CVS Caremark Corp.** are among the companies that have expressed interest, the people said.

## ON THE MOVE

■ **Todd Combs** was hired by **Berkshire Hathaway Inc.** to manage part of the investment portfolio built by Warren Buffett. Combs previously worked at Castle Point Capital, a hedge-fund firm in Greenwich, Connecticut.

■ **Matthew Schultz** was named managing director in **Jefferies Group Inc.**'s investment banking division for the Internet sector. Previously at **Merrill Lynch**, Schultz will be located in Jefferies' Silicon Valley office.

■ **Johnny Cameron**, Royal Bank of Scotland Group Plc's former investment banking chief, received approval from Britain's Financial Services Authority to join merger boutique **Gleacher Shacklock LLP** as an ad-

viser. He reached an agreement with U.K. regulators in May that he would never again hold a senior management role at a financial company in order to resolve an investigation into RBS's near-collapse in 2008.

■ **Rob Heller** was appointed by **UBS AG** to head gaming and leisure investment banking in the Americas. He will join as a managing director in New York, UBS said in an internal memo obtained by Bloomberg. Heller will report to Jackson Hsieh, head of real estate, lodging and leisure banking at UBS.

■ **Peter Reikes** joined **Stifel Nicolaus Weisel** as vice chairman of healthcare investment banking after holding the same title at **Cowen Group Inc.** Healthcare bankers **Declan Quirke**, **Jack Kiernan**, **Bill Reiland** and **Mark Secrest** are also joining Stifel Nicolaus Weisel from Cowen.

■ **Geoffrey Fink**, **TPG Capital's** head of Russia and central and eastern Europe, left to start an emerging markets fund at **Delta Partners Group** in Dubai. He worked on the firm's purchase of a 35 percent stake in supermarket operator **OOO Lenta** last year.

■ **Maria Boyazny**, a managing director with **Siguler Guff & Co.**, is leaving to start a firm for credit and distressed debt deals in a joint venture with G2 Investment Group. The new company, **MB Global Partners**, plans to raise money to make investments in other funds as well as directly, focusing on areas such as corporate debt, residential mortgage debt and commercial real estate.

■ **Petter Sternby**, a financial institutions banker at **Nomura Holdings Inc.**, is moving to Hong Kong from London as managing director of the firm's Asian financial institutions group, people with knowledge of the matter said to Bloomberg.

■ **Ryan Craig** and **Stephanie Ho** were promoted to principals at **Bertram Capital**.

## India's Billionaires Buying Up Africa

Indian billionaire **Ravi Ruia** flew to Africa every month for the past 18 months, buying coal mines in Mozambique, half an oil refinery in Kenya and a call center in South Africa for his \$15 billion **Essar Group**.

Ruia, who controls the company with his older brother, Shashi, is not alone among the Indian billionaires who have invested \$15.8 billion in Africa since 2005. The list includes **Sunil Mittal**, chairman of **Bharti Airtel Ltd.**, **Adi Godrej**, chairman of **Godrej Consumer Products Ltd.**, and **Harsh Mariwala**, founder of **Marico Ltd.**

"Africa looks remarkably similar to what India was 15 years ago," said **Firdhose Coovadia**, director of Essar's African operations. "We can't lose this opportunity to replicate the low-cost, high-volume model we've perfected in India."

Indian companies acquired or invested in at least 79 companies in Africa, chasing business in less crowded markets. Indian acquisitions in Africa peaked in 2008 with 26 deals valued at \$3.1 billion, according to data compiled by Bloomberg.

**Bharti Airtel** paid \$9 billion in June for mobile-phone operations in 15 countries and will rebrand them by year's end. **Godrej** bought a hair-color company in South Africa and a maker of personal care products in Nigeria. **Marico** paid 520 million India rupees (\$12 million) to buy the consumer unit of **Enaleni Pharmaceuticals Consumer Division (Pty) Ltd.** in October 2007. Two months ago, it bought South African health-care brand **Ingwe** for an undisclosed price.

"Compared to India, valuations are quite attractive," said Anuj Chande, the London-based head of the South Asia Group at advisory and accounting firm **Grant Thornton U.K. LLP**. "We're expecting to see a lot of midsize deals across a variety of sectors."

— Mehul Srivastava and Subramaniam Sharma

## Private Equity

### Carlyle's BankUnited Said to Target New York Banks

**BankUnited**, the Florida lender owned by investors including **Blackstone Group LP**, **Carlyle Group** and **WL Ross & Co.**, plans to use proceeds from an initial public offering to take over New York-based banks, a person with direct knowledge of the bank's plans said to Bloomberg. **John Kanas**, BankUnited's chief executive officer, built North Fork Bancorp. through acquisitions and sold it to Capital One in 2006 for about \$15 billion, four times the company's book value, according to Carlyle. BankUnited filed on Oct. 29 to raise as much as \$300 million in an IPO.

— *Cristina Alesci and Zachary R. Mider*

### Ross Says \$4 Billion Fund to Include Real Estate

**Wilbur Ross** is raising \$4 billion for a new fund whose investments probably will include troubled real estate companies, he said. "A lot of real estate brokerage firms have been hurt;

property-management businesses have been hurt; and commercial mortgage businesses, particularly special servicers, also have had their share of difficulties," Ross told the **Oregon Investment Council**, which approved a \$100 million investment in the WLR Recovery Fund V. Ross said the fund will also target financial services, health care, natural gas and manufacturing companies.

— *Hui-yong Yu*

### Carlyle Takes Syniverse, CommScope Private

**Carlyle Group** agreed to pay about \$2.6 billion to take **Syniverse Holdings Inc.** private and to pay \$3.9 billion for **CommScope Inc.** Carlyle offered Syniverse investors \$31 a share in cash, a 30 percent premium to its closing price on Oct. 27. The private-equity firm's offer of \$31.50 a share for CommScope was about 36 percent more than its Oct. 22 closing price. Carlyle paid investors about 11.4 times Syniverse's earn-

ings before interest, taxes, depreciation and amortization. That's in line with the median Ebitda multiple of 11 that similar deals have commanded in the past nine years, according to Bloomberg data.

— *Amy Thomson*

### KKR Is Said to Consider Leaving Seagate Bidding

**KKR & Co.** may drop out of a group of investors in talks to buy **Seagate Technology Plc**, two people with knowledge of the matter said to Bloomberg. **TPG Capital**, which is leading buyout talks, is looking for ways to complete a deal, said one of the people, who asked not to be named because the talks are private. KKR and TPG considered offering about \$16 a share for Seagate, people familiar with the matter said earlier this month. **Bain Capital LLC** was also interested in the buyout, the people said at the time.

— *Cristina Alesci and Jeffrey McCracken*

## Bloomberg

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## Deal Roster

**R. Newcomb Stillwell**, a partner in the corporate department of **Ropes & Gray** since 1993, advised **Bain Capital LLC** on its Oct. 11 agreement to buy **Gymboree Corp.** for \$1.8 billion. He worked on Bain's 2007 \$8.5 billion takeover of **Home Depot Supply Inc.**, the 2006 \$5.5 billion buyout of **Michaels Stores Inc.** and its \$2.4 billion consortium purchase of **Dunkin' Donuts Inc.**, announced in 2005.

**Wilson Sonsini Goodrich & Rosati** has

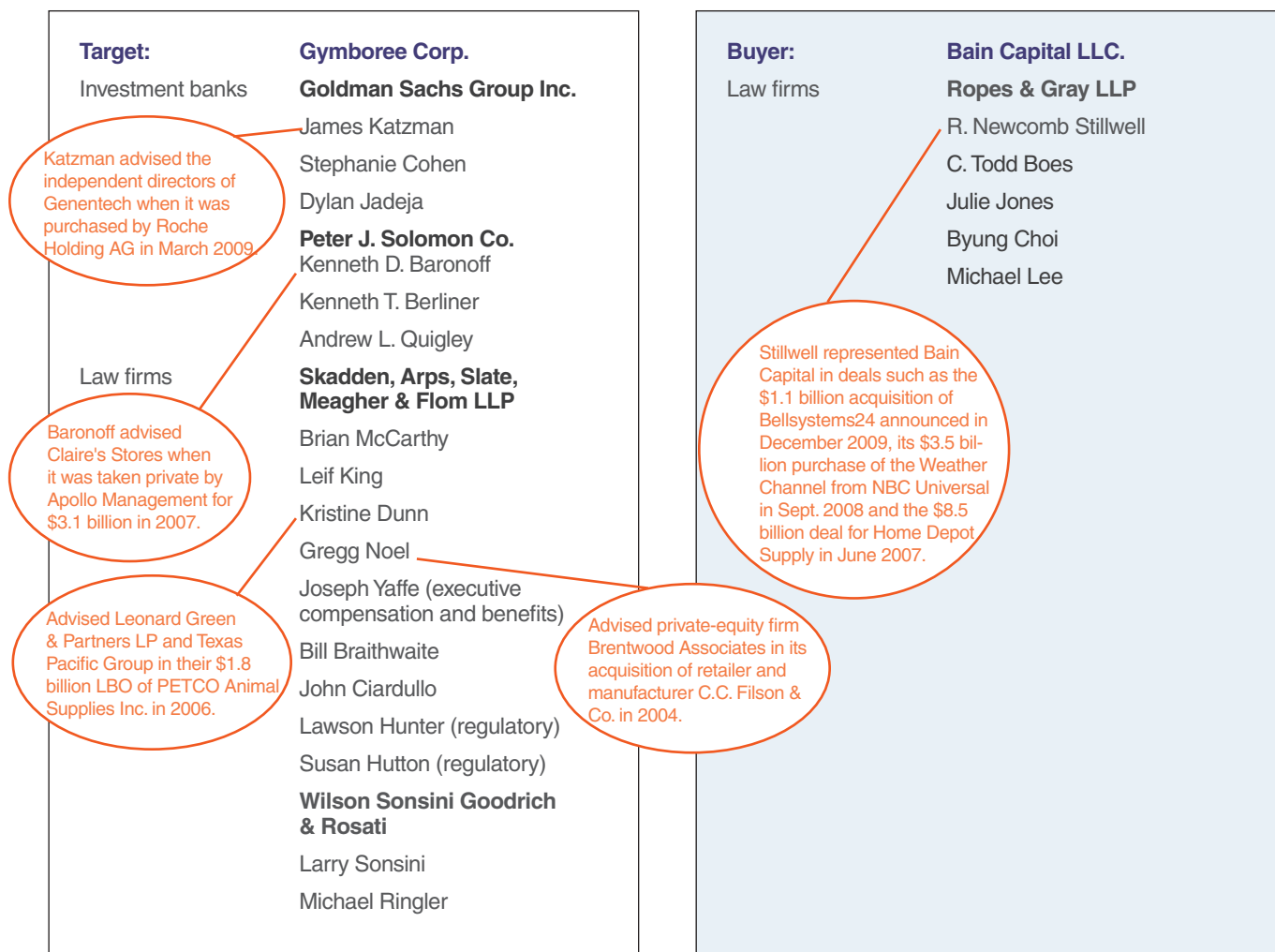
advised Gymboree for almost 20 years on transactions, including its venture capital financings, its initial public offering in March 1993 and its secondary offering in August of that year.

**Credit Suisse Group AG**, **Morgan Stanley** and **Bank of America Corp.** agreed to provide a \$225 million revolving credit line due in five years, a \$720 million term loan maturing in seven years and a one-year, \$520 million

senior unsecured bridge facility with an increasing interest rate, according to a commitment letter Gymboree filed Oct. 25.

**Goldman Sachs & Co.** was Gymboree's exclusive financial adviser to the special committee of its board of directors. Goldman Sachs and **Peter J. Solomon Co.** provided fairness opinions. **Cravath, Swaine & Moore LLP** represented Goldman Sachs in the transaction.

— Alex Sherman, with assistance from Emre Peker



## ACROSS THE STREET BLOOMBERG NEWS

### Atkinson Gives \$80 Million to Cornell for Research

**David R. Atkinson** and his wife Patricia gave \$80 million to **Cornell University** to fund the David R. Atkinson Center for a Sustainable Future, according to a statement from the school in Ithaca, New York. The gift is the largest individual gift ever given to a university for sustainability research, according to the school. Atkinson retired in 1992 as general partner of **Miller, Anderson & Sherrerd LP**, an investment-consulting firm in Philadelphia.

### Chicago's Rajan Wins Prize for 'Fault Lines'

**Raghuram G. Rajan's** "Fault Lines," a look at why markets are prone to asset bubbles, won the **Financial Times** and **Goldman Sachs** Business Book of the Year Award, edging out Andrew Ross Sorkin and other authors on the financial crisis.

Rajan, a former International Monetary Fund chief economist who teaches at the University of Chicago, overcame competition from Sorkin's "Too Big to Fail," Michael Lewis's "The Big Short" and other finalists to claim the award of 30,000 pounds

(\$47,414) during a dinner last night at the Pierre hotel in Manhattan.

"This is totally unexpected," Rajan said in accepting the award. "As I was leaving the house tonight, my wife told me to remember to smile when the winner is announced."

— James Pressley

### Qatar Mulls Christie's Bid as Emir Plans Cultural Hub

A possible Qatari bid for **Christie's International Plc** would help its emir make the country into a Middle Eastern hub of the global art market, dealers said. **Sheikh Hamad bin Khalifa al-Thani** has already purchased artworks at Christie's and other auction houses, the dealers said. The emir said he may be interested in acquiring the London-based auction house, the Financial Times reported.

"Qatar is interested in Christie's for three reasons," Philip Hoffman, chief executive of the London-based Fine Art Fund, said. "It wants long-term value in the art market, it's looking to diversify its economy and it's after advice."

— Scott Reyburn

### Ropes & Gray Donates Office Furniture to Charity

**Ropes & Gray LLP** donated furniture from 17 floors of its former Boston office to **The Furniture Trust**, a non-profit corporation in Newton, Massachusetts. The Furniture Trust will give the furniture to local non-profits, the law firm said in a statement. It relocated its Boston office this year.

### Soros Gives \$1 Million to Back Pot Legalization

**George Soros** gave \$1 million to support passage of marijuana legalization in California a week before the election. "Regulating and taxing marijuana would simultaneously save taxpayers billions of dollars in enforcement and incarceration costs, while providing many billions of dollars in revenue annually," Soros, chairman of **Soros Fund Management LLC**, wrote in a Wall Street Journal op-ed article Oct. 26. Proposition 19, a referendum on the Nov. 2 ballot, would make it legal for Californians over 21 to possess and grow pot for personal use.

—Alison Vekshin

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## Deal Arbitrage

Spreads for select M&amp;A deals with U.S.-listed targets

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
TALECRIS BIOTHER	GRIFOLS SA	3,919.78	06/07/10	12/31/10	29.33	54.74	24.34	20.51	4.99	0.01
BUCKEYE GP HOLDI	BUCKEYE PARTNERS	2,720.89	06/11/10	12/31/10	44.39	30.42	42.7	3.97	1.69	0.04
PENN VIRGINIA GP	PENN VIRGINIA RE	1,525.05	09/21/10		26.11	11.73	24.59	6.17	1.52	0.41
ALLEGHENY ENERGY	FIRSTENERGY CORP	9,216.11	02/11/10	04/30/11	24.13	36.15	23.06	4.62	1.07	-0.2
MCAFFEE INC	INTEL CORP	6,593.67	08/19/10		48	52.32	47.33	1.42	0.67	0.06
SYNIVERSE HOLDIN	CARLYLE GROUP	2,583.21	10/28/10	03/31/11	31	34.06	30.5	1.64	0.5	-
T-3 ENERGY SERVI	ROBBINS & MYERS	407.07	10/06/10		33.88	23.17	33.4	1.43	0.48	0.05
ENTERPRISE GP	ENTERPRISE PRODU	8,841.36	09/07/10	12/31/10	62.93	14.27	62.46	0.74	0.47	-0.21
NEWALLIANCE BANC	FIRST NIAGARA FI	1,522.73	08/19/10	06/30/11	13.34	23.83	12.91	3.34	0.43	0
AIRTRAN HOLDINGS	SOUTHWEST AIR	1,049.68	09/27/10	06/30/11	7.75	73.2	7.41	4.59	0.34	0.07
GYMBOREE CORP	BAIN CAPITAL LLC	1,673.27	10/11/10	11/22/10	65.4	45.9	65.08	0.49	0.32	-0.22
QWEST COMMUNICAT	CENTURYLINK INC	22,161.55	04/22/10	06/30/11	6.86	12.49	6.56	4.51	0.3	0
ALBERTO-CULVER	UNILEVER NV-CVA	3,589.41	09/27/10		37.5	20.63	37.26	0.64	0.24	0.19
LIONS GATE	ICAHN ENTERPRISE	904.03	07/20/10	11/01/10	7.5	10.42	7.28	3.02	0.22	0.13
L-1 IDENTITY SOL	SAFRAN SA	1,582.23	09/20/10	03/31/11	12	31.13	11.81	1.61	0.19	0.06
BOWNE & CO INC	RR DONNELLEY & S	451.37	02/23/10		11.5	78.96	11.35	1.32	0.15	0.02
HAWK CORP	CARLISLE COS INC	406.34	10/15/10	12/31/10	50	14.74	49.88	0.24	0.12	0.01
INTERNET BR-	HELLMAN & FRIEDM	537.34	09/20/10	12/31/10	13.35	31.12	13.24	0.83	0.11	0.07
KING PHARMACEUTI	PFIZER INC	3,312.50	10/12/10	11/19/10	14.25	45.69	14.15	0.71	0.1	0.02
MARINER ENERG	APACHE CORP	3,801.50	04/15/10		24.9	60.85	24.81	0.38	0.09	-0.03

## League Tables

## Global Financial Advisers

FINANCIAL FIRM	October 2010 Month-to-Date			
	RANK	MKT SHARE	VOLUME USD (Mln)	DEAL COUNT
Morgan Stanley	1	25.5	40,423	14
Lazard LLC	2	22.6	35,834	10
JP Morgan	3	21.3	33,684	13
Credit Suisse	4	19.9	31,569	10
UBS	5	19.8	31,439	7
Deutsche Bank AG	6	16.2	25,623	8
Citi	7	15.9	25,143	8
EFG-Hermes	8	13.9	21,985	1
Barclays Capital	9	12.5	19,807	12
Goldman Sachs & Co	10	10.1	16,018	22
Bank of America Merrill Lynch	11	5.2	8,250	13
Scotia Capital Inc	12	5.1	8,042	5
Ropes & Gray	13	4.3	6,842	1
Lexicon Partners	13	4.3	6,842	1
Rothschild	15	4.3	6,778	10
Jefferies Group Inc	16	3.9	6,122	8
Allen & Co	17	3.1	4,988	2
RBC Capital Markets	18	2.5	3,990	8
Evercore Partners Inc	19	2.0	3,232	3
Centerview Partners LLP	20	1.9	3,081	1

Source: Bloomberg  
Excludes terminated deals.

As of: 10/28/2010

## Global Legal Advisers

FINANCIAL FIRM	October 2010 Month-to-Date			
	RANK	MKT SHARE	VOLUME USD (Mln)	DEAL COUNT
Skadden Arps Slate Meagher & Flom	1	20.1	31,871	10
Cleary Gottlieb Steen & Hamilton	2	14.8	23,450	6
Akin Gump Strauss Hauer & Feld LLP	3	13.9	21,985	1
Latham & Watkins LLP	4	9.7	15,405	10
Freehills	5	6.8	10,733	5
Sidley Austin LLP	6	6.5	10,326	5
Vinson & Elkins LLP	7	6.0	9,534	5
Clayton Utz	8	5.5	8,636	2
Allen & Gledhill	9	5.2	8,277	2
Stamford LLC	9	5.2	8,277	1
Alston & Bird LLP	11	4.0	6,371	2
Wachtell Lipton Rosen & Katz	12	3.6	5,771	8
Gibson Dunn & Crutcher	13	3.2	5,081	2
Allen & Overy LLP	14	3.2	5,009	6
Weil Gotshal & Manges LLP	15	3.0	4,703	9
Sullivan & Cromwell	16	2.5	4,003	7
Davis Polk & Wardwell	17	2.1	3,337	6
Covington & Burling	18	2.1	3,313	1
Cadwalader Wickersham & Taft	18	2.1	3,313	1
Barack Ferrazano Kirschbaum	20	1.9	3,081	1

Source: Bloomberg  
Excludes terminated deals.

As of: 10/28/2010

## SPOTLIGHT

*Brian Roberts*, senior managing director of *Evercore Partners'* corporate advisory business, spoke this week with *Serena Saitto*, a *Bloomberg News* reporter who covers mergers and acquisitions, in an exclusive interview from his San Francisco office.

Roberts explains how Microsoft, Apple and VMWare fit in the deal landscape.

**Q: The rumor mills of potential acquisitions in the technology sector are intensifying. Is technology M&A hot?**

**A:** Yes, U.S. technology M&A volume is up 50 percent year to date compared to the same period a year ago. While the number of deals is relatively flat, the size of the transactions is getting larger.

**Q: Why are deals getting bigger?**

**A:** As the demand curve evaporated overnight in 2008, a number of companies focused entirely on rationalizing their cost structures and postponed key strategic decisions. It's hard to be outward looking when you have to triage internal issues. Now with demand slowly returning, it is becoming clear that the information technology profit pool will never grow at historical rates. As such, the major players are using acquisitions to consolidate existing profit pools as well as enter adjacent growth segments to increase wallet share.

Oracle is a great case study, as it has written the playbook of consolidation in the industry."

**Q: What's the trend?**

**A:** Ten years ago, you could argue that IBM was the only true vertical stack player. Today, the world looks very different with the emergence of a number of "systems" companies including Oracle, HP, EMC, and Cisco. VMware is definitely the one to watch as it tries to set the agenda for the emerging new cloud computing stack.

**Q: Is M&A a substitute for investments in research and development?**

**A:** Companies continue to spend an enormous amount of money in R&D, but with so much cash on their balance sheets and declining investment opportunities, acquisitions can often be a preferred solution. That's Larry Ellison's approach to creating shareholder value.

**Q: Do you see a bubble in technology companies' valuations?**

**A:** There's a bifurcation in the market. For companies that are projected to grow EBITDA in excess of 12 percent, forward multiples have actually significantly expanded over the past year while multiples of maturing companies are contracting. Investors are definitely chasing growth. As the multiples have increased, some of the companies have increasingly become expensive and more difficult

takeover targets. We shall see if the rumored deals will occur.

**Q: Microsoft and Apple have been in the news recently given the cash on their balance sheets and the potential for acquisition activity. What do you make of it?**

**A:** Microsoft faces a number of challenges, but I don't see them making a transformational acquisition as they have plenty of opportunities -- it's just about execution. Acquisitions don't help execution. In fact, in certain areas, rationalization may help them increase the level of internal focus. Apple is a different story. It's not in their DNA to do a big deal. I believe they will continue to be more acquisitive but will focus on tuck-ins that accelerate their vision.

*Roberts advised IronPort on its \$830 million sale to Cisco, BlueLithium on its \$300 million sale to Yahoo!, and TPG and Silver Lake Partners on the sale of Network General to NetScout, among his technology deals. Prior to Evercore, he spent five years at Microsoft, where he led a group that handled all acquisitions and investments.*

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### Evercore Profit Beats Estimates on Surge in Deal Fees

**Evercore Partners Inc.** reported profit that beat analysts' estimates on a surge in fees for advising on takeovers and restructurings. Third-quarter earnings excluding certain items were \$14.6 million, or 38 cents a share, compared with \$11 million, or 29 cents, a year earlier, the company said. The average estimate of 10 analysts surveyed by Bloomberg was 33 cents. Investment-banking revenue rose to \$99.6 million from \$71.6 million a year earlier.

**Ralph Schlosstein**, the firm's chief executive officer, is diversifying the business, which last year got more than 90 percent of revenue from advising on M&A and financial restructurings. He's acquiring money-management businesses and building a stock research, sales and underwriting team. The company is also hiring investment bankers outside the U.S., the source in the past of more than 70 percent of the firm's revenue.

— David Henry