

M&A WATCH:
Felice Maranz and
Toby Alder

FIAT BUYS REST OF U.S.'S CHRYSLER STAKE. The Italian car-maker will pay \$500 million for the U.S. government's remaining 6% stake in Chrysler, ending the Treasury's involvement.

MODELO, MOLSON COORS SAID TO MULL FOSTER'S BID. The brewers have been exploring a possible joint bid for Australia's Foster's, said five people with knowledge of the situation.

NEWS CORP., REGULATORS AGREE ON BSKYB DEAL IN PRINCIPLE, FT REPORTS. The media company reached an agreement with U.K. regulators to remove hurdles to its bid for full control British Sky Broadcasting, the Financial Times reported.

WAL-MART LOOKS FOR ACQUISITIONS TO EXPAND IN BRAZIL, VALOR SAYS. The U.S. retailer is looking for M&A opportunities in Brazil, Valor Economico reported, citing J.P. Suarez, senior vice president for development of international business.

ROME MUST BUY PARMALAT FACTORY IN COURT ORDER, ANSA SAYS. The city must buy the operation within 60 days, a Lazio court ruled, the Ansa news agency reported.

KBC MAY SELL PRIVATE BANK UNITS SEPARATELY, HANDELSBLATT SAYS. The Belgian bank may sell units of its KBL European Private Bankers business separately, Handelsblatt reported, citing unidentified people from the financial industry.

VIMPELCOM MAY CONSIDER BUYING TISCALI, 3 ITALIA, GIORNALE SAYS. Vimpelcom may consider buying Italian operators including Tiscali SpA and 3 Italia SpA, Il Giornale reported, without saying how it obtained the information.

Nokia Breakup May Be Worth 52% Gain

BY OLGA KHARIF, TARA LACHAPPELLE AND RITA NAZARETH

Nokia Oyj, the world's largest mobile-phone maker, has destroyed so much shareholder value that it may be worth 52 percent more if sold and broken into pieces.

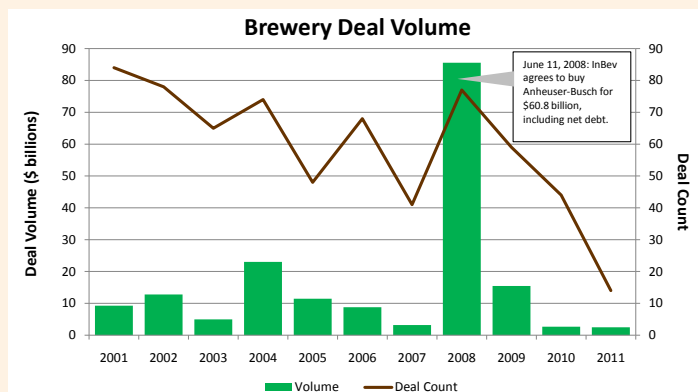
The company, once worth almost \$300 billion, has seen its market value tumble 77 percent to \$25.6 billion yesterday since **Apple Inc.** introduced the iPhone in June 2007. Including net cash, Nokia is cheaper than its 10 biggest rivals based on earnings before interest, taxes, depreciation and amortization, according to Bloomberg data.

By separating its mobile phone, infra-

Daily Data (includes announced and amended deals)

Comparisons

SUMMARY	TOTAL	YEAR TO DATE	PRIOR YTD
Number of Deals	38	10,736	10,799
Volume	\$2.21 billion	\$1.06 trillion	\$875.6 billion
Avg Disclosed Deal Size	\$78.98 million	\$183.3 million	\$153.7 million
Average Premium	27.96%	21.58%	23.9%



Deal volume among brewers hasn't surpassed 2008 levels, when InBev agreed to buy Anheuser-Busch.

Breaking Deals

TARGET NAME	ACQUIRER NAME	TOTAL VALUE (\$M)	TARGET PRICE/EBITDA
Certain Assets	Cia Energetica de Minas	702.6	-
Horserace Totaliser	Betfred Ltd	431.7	-
Beales Ltd	ITOCHU Corp	277.5	-
Certain Assets	Petrolim Nasional Bhd	273.4	-
Multiple Targets	Qube Logistics	141.9	-
Bashinformsvyaz	Rostelecom OJSC	130.5	-
Certain Assets	Wilmar International Ltd	123.1	-
Garden Polymers Pvt	Multiple acquirers	19.9	-
Toyota Tsusho Corp	Hokkan Holdings Ltd	15.3	3.43
Hipluscard Corp	TK Chemical Corp	15.1	-

Yesterday's Deals

TARGET NAME	ACQUIRER NAME	TOTAL VALUE (\$M)	TARGET PRICE/EBITDA
Rakuten KC Co Ltd	J Trust Co Ltd	513.3	-
Kurt Geiger Ltd	Jones Group Inc/The	350	-
Multiple Targets	AT&T Inc	320	-
Asuka Shokuhin KK	Showa Holdings Co Ltd	223.4	-
OF Air Holdings Corp	Air Methods Corp	200	-
Maverick Group of Cos	Basic Energy Services Inc	180	-
Central Electricity	ACWA Power Development	144	-
Lunda Construction Co	Tutor Perini Corp	135.5	-
Frontier-Kemper	Tutor Perini Corp	113	-
Four Points by Sheraton	Gehr Group/The	112	-

NOKIA BREAKUP MAY WORTH 52% GAIN ...

structure equipment and mapping software businesses and accounting for its patents, Nokia could be worth \$39 billion, based on the valuations of comparable companies. While Nokia cut its revenue forecast at its mobile-phone unit and may earn less this year than any time in almost two decades, sales of its assets could attract companies from **Microsoft Corp.** to **Samsung Electronics Co.** and **HTC Corp.**, according to **Jefferies Group Inc.**

"It's a classic situation where the parts are worth more than the whole," said **Matt McCormick**, a money manager at Bahl & Gaynor Inc. "The clock is ticking. Nokia is a good brand, but it's a tired brand and they need to come up with something. They are going to be a strong candidate for a takeover."

Nam Ki-yung, a spokesman for Samsung, said speculation about an acquisition is "groundless."

Nokia this week scrapped its full-year sales and margin forecasts for handsets and services, and said revenue at the unit would fall "substantially" short of its projected range this quarter.

The stock slumped 18 percent to a 13-year low on May 31, exceeding the 14 percent slide on Feb. 11, when Nokia announced a deal to adopt Microsoft's Windows platform after determining that its own Symbian system couldn't keep up with Apple's iOS and **Google Inc.**'s Android. Nokia's share of the smart-phone market fell to 25 percent in the first quarter of 2011, according to **Gartner Inc.**

Including net cash, Nokia is valued at 3.45 times its Ebitda in the past 12 months, Bloomberg data show. That's cheaper than the 10 biggest communications equipment providers by market value globally, which trade at a median multiple of 8.7 times. HTC is valued at 15.9 times.

"There have to be some players thinking about Nokia," said **Michael Mahoney**, senior managing director and portfolio manager at Falcon Point Capital LLC. "This is the point to look at Nokia very seriously."

In a breakup, Nokia's three units

Nokia 2010 Segment Breakdown

	EURO MILLIONS	%
REVENUE	42,446	100
DEVICES & SERVICES	29,134	68
NOKIA SIEMENS NETWORKS	12,661	30
NAVTEQ	1,002	2
GROSS PROFIT	13,044	100
DEVICES & SERVICES	8,800	67
NOKIA SIEMENS NETWORKS	3,395	26
NAVTEQ	849	7

Source: Bloomberg

may be worth about 21.9 billion euros, based on the sales multiples of its competitors this year, Bloomberg data show. The breakup value may not include Nokia's patents, which **Tero Kuittinen**, an analyst with MKM Partners LP, estimates are worth 5 billion euros. That would bring the total to 26.9 billion euros.

Nokia also has about 6.4 billion euros more in cash than debt.

Based on analysts' projections for 40 billion euros in revenue in 2011 and using each unit's historical rate of growth in the past two years, Nokia's mobile-phone division may have 26.7 billion euros in sales.

The business would then be worth 14.4 billion euros based on **Motorola Mobility Holdings Inc.**'s multiple of 0.54 times revenue this year.

Nokia's infrastructure equipment unit, which may have sales of 11.6 billion euros this year, would be valued at 6 billion euros using **Alcatel-Lucent SA**'s 0.52 times valuation. The Navteq maps unit, Nokia's only division to boost revenue since 2008, may be worth about 1.5 billion euros based on **TomTom NV**'s price of 0.84 times sales.

Samsung and HTC are among the companies that would potentially be interested in Nokia's handset business for its market share, according to **Lee Simpson**, an analyst at Jefferies.

Huawei Technologies Co. and **ZTE Corp.** may also be interested in buying Nokia's assets, he said.

Michael Mullaney, who helps manage \$9.5 billion at Fiduciary Trust, said splitting up Nokia won't change the fact that it's still a "value trap" because it hasn't found a way to compete against the iPhone and Android.

Nokia is also unlikely to attract any buyers now because the shares have further to fall, according to American Century Investments' **Michael Liss**.

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PEOPLE WATCH

■ **Goldman Sachs Group Inc.'s** recruiting efforts are concentrated on China, India and Brazil to benefit from the world's fastest-growing economies, its president and chief operating officer, Gary D. Cohn, said. "China would be No. 1" for hiring, Cohn, 50, said at a conference sponsored by **Sanford C. Bernstein & Co.** in New York. With "India and Brazil, those would be the top three," Cohn said, adding that the New York-based firm also hired "a lot of people" in Singapore and Bangalore, India. Goldman Sachs cut 300 jobs in the first three months of the year to reduce the total number of employees to 35,400 at the end of March.

■ **Ethan James** joined **Debevoise & Plimpton LLP** as a partner in its New York office and a member of the firm's insurance industry, financial institutions and securities groups. James joins from **Davis Polk & Wardwell LLP**, where he was a partner in its financial institutions group, focused primarily on the insurance industry. He most recently served as a lead counsel to the Federal Reserve Bank of New York and the U.S. Department of Treasury in connection with the government's support of **AIG**.

■ **Karsten Langer**, a partner at Brussels-based private-equity firm the **Riverside Co.**, has been elected chairman of the **European Private Equity & Venture Capital Association** until June 2012. He succeeds **Uli Fricke**, managing partner of Germany's **Triangle Venture Capital Group**, the Brussels-based private-equity lobbying group said in an e-mailed statement.

■ **Stephen Pho** joined **WhaleShark Media**, an Austin, Texas, Internet coupon business backed by venture capital firms, as a senior director for business development. Pho was previously with **Thomas Weisel Partners** where he was involved with mergers and acquisitions involving Internet businesses. WhaleShark said in a press release that Pho will help expand its portfolio of online coupon sites

— by Christine Harper, Aleksandrs Rozens and Anne-Sylvaine Chassany

E-mail people news to mergerbrief@bloomberg.net.

THE WIRE BLOOMBERG NEWS

Fiat Buys Rest of U.S.'s Chrysler Stake

Fiat SpA will pay \$500 million for the U.S. government's remaining 6 percent stake in Chrysler Group LLC, ending the Treasury's involvement in the auto-maker.

The U.S. Treasury said it will receive an additional \$60 million as part of a deal for Fiat to acquire the government's rights to buy a union trust fund's stake in Chrysler. The Canadian government will get \$15 million from that part of the transaction, the Treasury said in a statement.

With the new option to buy all of the Chrysler shares held by the United Auto Workers' retiree health-care trust, Chief Executive Officer Sergio Marchionne may not need to hold an initial public offering. As recently as this week he said an IPO was "still the easiest route" for the fund to sell its shares.

As Fiat takes a majority position, an IPO becomes less likely, said Maryann Keller, principal of a self-titled consulting firm in Stamford, Connecticut. Investors won't be keen to buy stock in a company in which Fiat has a controlling position, she said.

"What would be the point of an IPO?" Keller said. "Why would anyone buy shares in a situation where you are perpetually a minority investor. In that situation, you would buy stock in Fiat, not Chrysler."

President Barack Obama is scheduled to visit a Chrysler plant in Toledo, Ohio, today.

— Tim Higgins and David Welch

Modelo, Molson Coors Said to Mull Bid for Foster's

Grupo Modelo SAB de CV, the Mexican brewer of Corona beer, and Molson Coors Brewing Co. have been exploring a possible joint bid for Australia's Foster's Group Ltd., said five people with knowledge of the situation.

The brewers are working with banks including Bank of America Corp. and Deutsche Bank AG on lining up financing for a potential purchase, said the people, who declined to be identified because the matter is private. Shares of Melbourne-based Foster's surged 3.5 percent today, giving it a market value of about A\$8.6 billion (\$9.2 billion).

A takeover of Foster's may face challenges if Anheuser-Busch InBev NV, which owns 50 percent of Modelo, seeks to block a purchase, the people said. A bid looks less likely now than it did a few weeks ago because of concerns about the structure of a deal, they said. The companies could also pursue Foster's on their own or with other partners, the people said.

"They do need a partner to finance a deal," Philip Gorham, an analyst with Morningstar Inc. in Chicago, said of Molson Coors in a telephone interview. "Australia is a mature market that Molson understands."

— Serena Saitto, Jeffrey McCracken and Jacqueline Simmons

Betfred Acquires U.K. Bookmaker Tote for \$433 Mln

The U.K. government said it agreed to sell the Horserace Totalisator Board, the state-owned bookmaker known as the Tote, to Betfred Ltd. in a deal worth 265 million pounds (\$433 million). Betfred's bid beat that of a group led by International Consolidated Airlines Group SA's Deputy Chairman Martin Broughton. The deal should be completed in the next four to eight weeks, the Department for Culture, Media and Sport said in an e-mailed statement today. The U.K. government was advised by Lazard & Co. Ltd., Linklaters LLP, and Ernst and Young.

— David Altaner

PRIVATE EQUITY

■ **Bank of America Corp.** spun off a private-equity fund to comply with legal reforms enacted after the global financial crisis. The fund, named **North Cove Partners**, will have more than \$6 billion under management, according to a company statement. **Chris Birosak**, **Brian Gorczynski** and **Angel Morales** will lead North Cove, which plans to raise money for another investment fund.

■ **3i Group Plc**-backed **Indiareit Fund Advisors Pvt** plans to start a commercial rental yield fund and a domestic debt fund in the next few months as borrowing costs rise for developers and the office market picks up. The company will also spend 2.46 billion rupees (\$55 million) in three residential developments in North Mumbai's Versova area and in Bangalore, while pulling out of an 825 million rupee project in central Mumbai, CEO **Ramesh Jogani** said.

■ A group led by **Lend Lease Group** made a A\$4.96 billion (\$5.3 billion) offer for the Australian assets of **Centro Properties Group** in February, the *Financial Times* reported, prior to the mall operator's agreement to sell its U.S. assets to **Blackstone Group LP**. The offer had financial backing from **Government of Singapore Investment Corp.** and **Canada Pension Plan Investment Board**, the newspaper said, citing two people familiar with the situation.

■ U.K. nursing home operator **Southern Cross's** financial troubles are causing problems for the **Blackstone Group**, the *New York Times* reported. Blackstone, which used to own Southern Cross five years ago, was accused Thursday by trade union representatives and some analysts of having at least partly contributed to Southern Cross's financial situation. Blackstone denied it had a role in the company's current troubles.

— Pooja Thakur, Rob Williams

THE WIRE

continued from page 3

Goldman Sachs Said to Be Poised to Sell Litton Unit

Goldman Sachs Group Inc. is closing in on the sale of Litton Loan Servicing LP to Ocwen Financial Corp., two months after writing down the value of the mortgage-servicing business by about \$200 million, according to a person briefed on the negotiations. The sale of the unit to Ocwen, a mortgage servicer based in West Palm Beach, Florida, may be announced within days, said the person, who spoke on condition of anonymity because the talks are private.

Litton is among the mortgage-servicing businesses cooperating with investigations by 50 state attorneys general into foreclosure practices. The probe began after authorities discovered some firms used faulty paperwork to seize homes.

— Christine Harper

Tribune Shareholders Sued Over Buyout

Former shareholders of Tribune Co. were sued by a Deutsche Bank AG unit and retirees over claims that the media company's 2007 leveraged buyout was a fraud that pushed it into bankruptcy.

The unit of Frankfurt-based Deutsche Bank, in its role as trustee for senior noteholders, sued dozens of shareholders, brokers and other defendants yesterday in federal courts in Philadelphia and Boston. The creditors are owed about \$2.5 billion, Deutsche Bank Trust Company Americas said.

"The LBO lined the pockets of Tribune's former shareholders with \$8.5 billion of cash at the expense of Tribune's creditors, and precipitated Tribune's career into bankruptcy," the Deutsche Bank unit said in the complaints. It asks to recover money paid to shareholders in the buyout that creditors labeled "fraudulent transfers."

Bank of America Corp., Goldman Sachs Group Inc. and Scottrade Inc. were among defendants named in the retirees' complaint, which seeks \$109 million.

— Steven Church and Sophia Pearson

ONGC Plans Bids for Oil Areas to Fend Off Rivals

Oil & Natural Gas Corp. and Oil India Ltd. plan to bid jointly with other Indian state-run explorers and refiners to acquire assets overseas to compete with Chinese rivals as rising oil prices increase valuations.

"Oil assets around the world are getting expensive as crude prices increase and for us it makes sense to pool in money," A.K. Hazarika, chairman of ONGC, India's biggest energy explorer, said by telephone. "Bidding jointly helps us distribute risks and increases our chances of winning."

State-run explorers and refiners had 381 billion rupees (\$8.5 billion) of cash and reserves that they can pool and bid for assets from Russia to Canada, according to Bloomberg calculations based on company data as of March 31. Chinese companies have announced about \$44 billion of oil and gas acquisitions overseas since January 2010, compared with \$6.6 billion by Indians, data compiled by Bloomberg show.

"Jointly bidding may be the only way Indian companies can beat Chinese competition," said Kamlesh Kotak, the Mumbai-based vice-president of research at Asian Markets Securities Pvt. "Going out alone to Angola possibly meant ONGC lost that bid."

— Rakteem Katakey

NEW

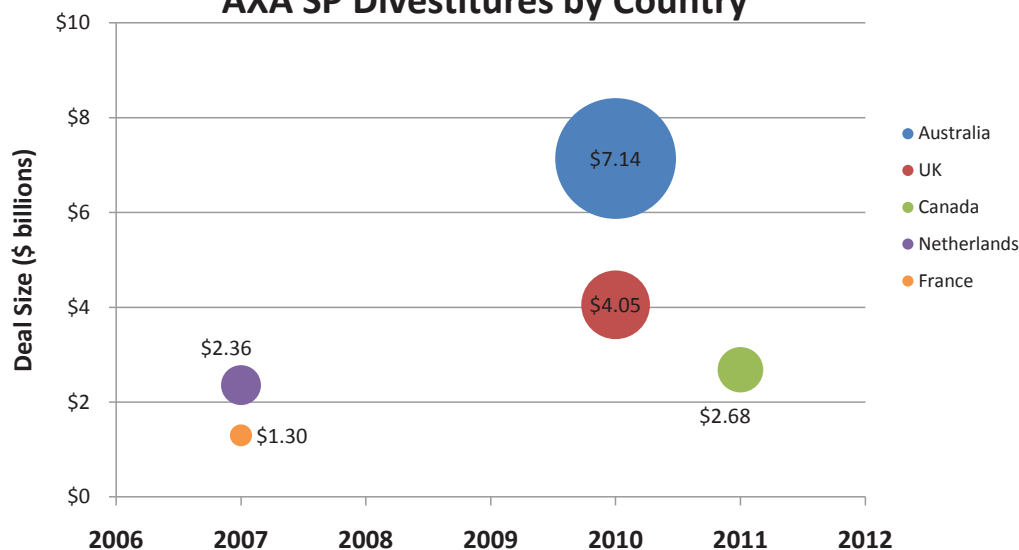
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Snapshot

AXA SP Divestitures by Country



Source: Bloomberg

AXA SA, the Paris-based insurance company, continues to pursue its strategy of exiting mature, developed markets to free up capital to enter emerging markets with long-term growth prospects.

Five of the company's largest divestitures have come within the last four years, including this week's sale of AXA Canada Inc. to Intact Financial Corp. for \$2.7 billion.

— Pratik M. Patel, Data Analyst

League Tables

Global Financial Advisers

FINANCIAL FIRM	2011 Year-to-Date			
	RANK	MKT SHARE	VOLUME USD (Mln)	DEAL COUNT
Goldman Sachs & Co	1	24.4	249,926	135
Morgan Stanley	2	21.9	224,034	128
Credit Suisse	3	21.4	219,219	103
JP Morgan	4	20.7	212,092	111
Deutsche Bank AG	5	15.1	154,800	80
Citi	6	13.4	137,356	83
Barclays Capital	7	13.3	136,845	57
Bank of America Merrill Lynch	8	12.7	130,693	112
Lazard LLC	9	10.3	105,755	65
UBS	10	8.5	86,844	79
Evercore Partners Inc	11	7.1	73,160	21
Rothschild	12	6.6	67,530	69
Societe Generale	13	4.5	46,015	33
HSBC Bank PLC	14	4.4	45,466	38
Nomura Holdings Inc	15	4.4	45,463	75
BNP Paribas Group	16	4.1	41,689	30
Greenhill & Co	17	4.1	41,600	9
Moelis & Co	18	3.1	32,111	16
RBC Capital Markets	19	3.1	31,619	44
Perella Weinberg Partners	20	3.0	30,274	10

Source: Bloomberg

Excludes terminated deals.

As of: 6/3/2011

Global Legal Advisers

LEGAL FIRM	2011 Year-to-Date			
	RANK	MKT SHARE	VOLUME USD (Mln)	DEAL COUNT
Simpson Thacher & Bartlett	1	15.2	155,315	90
Wachtell Lipton Rosen & Katz	2	13.7	140,110	29
Sullivan & Cromwell	3	13.5	138,106	56
Skadden Arps Slate Meagher & Flom	4	13.3	136,596	94
Allen & Overy LLP	5	10.3	105,819	82
Shearman & Sterling LLP	6	10.0	102,154	53
Latham & Watkins LLP	7	8.8	90,688	93
Cleary Gottlieb Steen & Hamilton	8	8.6	88,617	44
Cravath Swaine & Moore	9	8.4	86,148	25
Freshfields Bruckhaus Deringer	10	6.5	67,074	67
Weil Gotshal & Manges LLP	11	6.3	64,424	46
Davis Polk & Wardwell	12	6.0	61,787	34
Fried Frank Harris Shriver & Jacobson	13	5.0	51,388	14
Greenberg Traurig LLP	14	5.0	51,076	37
Jones Day	15	4.6	47,489	160
Arnold & Porter	16	4.1	42,138	9
Linklaters LLP	17	3.8	39,262	45
Crowell & Moring LLP	18	3.8	39,000	1
Wiley Rein LLP	18	3.8	39,000	1
Dewey & LeBoeuf LLP	20	3.6	37,383	18

Source: Bloomberg

Excludes terminated deals.

As of: 6/3/2011

M&A ROUNDUP

M&A ‘Specialist’ Mexichem Lines Up ‘Big’ Deal Cash

Mexichem SAB, the Latin American chemical producer that has bought more than 15 companies since 2007, is lining up \$750 million to expand in Europe, U.S. or India.

The company expects to sign an agreement for a revolving credit facility to prepare for a “large potential acquisition,” said **Rafael Davalos**, Mexichem’s CEO. The company estimates it will spend about \$3 billion in the next five years as it searches for deals in Asia, the U.S. and Europe, he said.

“We want to grow and we’re going to go wherever we need to go,” Davalos said. “We grew to like acquisitions; we’ve become an acquisitions specialist.”

— Carlos Manuel Rodriguez

Arden Takes Over Robeco Group’s Fund of Funds

Arden Asset Management LLC plans to take over **Robeco Group’s**

\$1.3 billion hedge fund of funds business. The transfer, scheduled to close on Oct. 1, will bring its assets to \$8.5 billion, Arden said. Terms weren’t disclosed.

— Katherine Burton

Genband Plans More Purchases After Nortel Deal

Genband Inc., the maker of Internet-calling gear that bought **Nortel Networks Corp.’s** Web-phone unit last year, plans more acquisitions helped by **One Equity Partners LLC**, the buyout arm of **JPMorgan & Chase Co.**

“We’re not afraid to buy businesses that are larger than ours,” CEO **Charlie Vogt** said. “You’re going to see us do deals that make sense.”

Genband has grown by acquiring other companies that supply equipment used to provide Internet-calling services. The company purchased Internet-phone switching provider **Cedar Point Communications Inc.** in January, seven months after buying the Nortel unit

for \$282 million.

“There’s plenty of opportunity for companies like Genband to continue to consolidate and simplify the equipment-supplier side of this market,” especially among companies with sales of under \$500 million, he said.

— Hugo Miller

ProLogis and AMB Merger Approved by Shareholders

ProLogis and **AMB Property Corp.** shareholders approved a merger of the industrial landlords. The combination of the two biggest U.S. industrial real estate investment trusts will result in a company with \$46 billion in assets. The REITs expect about \$80 million in annual general and administrative savings from the merger.

— Brian Louis

Tam Confident Antitrust Probe Won’t Stop Takeover

Tam SA is confident it will get Chilean antitrust approval for its takeover by **Lan Airlines SA** by “about July,” CFO **Libano Barroso** said.

The merger should be completed by the fourth quarter or early 2012 at the latest, Barroso said. The airlines expect to get antitrust approval because there is little overlap of their networks, he said.

“We are not considering any plan B,” Barroso said. “We are truly confident that it will happen.”

— Steven Rothwell

Remy Could Buy Whiskey Brand, Barclays Says

Remy Cointreau SA, the French distiller that sold its champagne unit this week, could buy a whiskey brand for at least 600 million euros (\$870 million), **Barclays Capital** analyst **Samar Chand** wrote in a research note. The sale of its champagne unit cut Remy’s net debt to about 60 percent of Ebitda, which could lead to the acquisition of a whiskey brand, he wrote.

— Clementine Fletcher

Mexichem — Most Recent Acquisitions

ANNOUNCE DATE	TARGET NAME	SELLER NAME	ANNOUNCED TOTAL VALUE (MIL.)
12/17/10	AlphaGary Plastic Compounding Bus.	Rockwood Holdings Inc	300
10/28/10	Multiple Targets	Cydsa SAB de CV	-
9/24/10	Platisur SA		-
2/2/10	Ineos Fluor Ltd	Ineos Group Ltd	-
10/16/09	Geon Polimeros Andinos	PolyOne Corp	14
6/11/08	Certain Assets	Comindustrias del Peru	-
4/30/08	Fiberweb Bidim Indust.	Fiberweb PLC	33
4/7/08	Fluorita de Rio Verde SA		-
4/7/08	Colpozos SA		-
3/28/08	Quimir SA de CV	Grupo KUO SAB De CV	-
3/13/08	Tubos Flexibles SA de CV	Grupo Carso SAB de CV	-
1/24/08	DVG Plastubos SA		-
9/19/07	Pavco SA		-
9/4/07	Frigocel Mexicana SA de CV		-
7/11/07	Grupo Pochteca SAB de CV	Mexichem SAB de CV	-
7/9/07	Geon Polimeros Andinos		-
2/22/07	Petroquímica Colombiana SA		250
2/7/06	Bayshore Group		N/A
10/4/05	Grupo Pochteca SAB de CV		11
12/3/04	Grupo Primex SA de CV		N/A
6/3/04	Atofina Colombia	Total SA	2
5/24/04	Sociedad de Química Fluor SA de CV	Grupo Carso SAB de CV	N/A
11/27/03	Mexichem SA de CV/Old	Total SA	N/A
11/25/99	Grupo Empresarial Privado Mexicano SA		143

Source: Bloomberg

ARB ANALYSIS

TOM BURNETT, GUEST COLUMNIST

Marathon Purchase Puts Premium on Domestic Energy Reserves

Marathon Oil Corp. on June 1 agreed to pay \$3.5 billion for acreage and reserves in the Eagle Ford shale formation in Texas. The seller of these assets is **Hilcorp Resources**, whose 33 percent owner is an affiliate of **KKR & Co.**, the private-equity firm. The transaction is subject to regulatory approval and the parties expect it to close by the end of 2011.

KKR formed the Hilcorp venture in June 2010 with a \$400 million investment. If the deal closes on the announced terms, the KKR stake will be valued at \$1.13 billion. The KKR role was crucial to the expansion of Hilcorp and enabled Hilcorp to increase its Eagle Ford interests from 100,000 acres to 140,000 acres.

The transaction comes at a critical point in Marathon Oil's history. It will spin off its **Marathon Petroleum Corp.** downstream affiliate (each Marathon share will entitle its holder to 0.5 shares of MPC) at the end of June.

The Hilcorp purchase by Marathon will be funded by cash on hand and future operating cash flow and will represent one of the largest single investments for Marathon.

Marathon averaged \$3.3 billion in annual capital spending for its non-downstream operations in 2009 and 2010. In its initial reaction to the Marathon Hilcorp announcement, Standard & Poor's said it wouldn't change its Marathon credit rating of BBB+, but that it did intend to lower the rating to BBB after the spin-off transaction is completed.

At first glance, it would appear that Marathon is paying \$3.5 billion for 141,000 net acres and an estimated 100 million barrels of oil-equivalent in proved reserves at the end of 2011. The company disclosed adjustments on its conference call that appear to lower the price per acre from \$24,822 to \$21,483.

Additional Purchase Rights

Marathon disclosed that it has the right to acquire another 14,000 net acres for a price of \$118 million. In addition, the purchase includes 36 producing wells whose average cost of \$8.0 million each will not need to be incurred.

The adjusted per-acre price is well above the level of recent similar Eagle Ford shale transactions.

Talisman Energy Inc. and **Statoil**

ASA on Oct. 11 announced the purchase of 97,000 net acres for an adjusted cost of \$10,900 per acre. **Cnooc Ltd.** in November paid \$2.2 billion (upfront plus carry funding) for 200,000 acres it acquired from Chesapeake Energy, equivalent to a price of \$11,000 per acre.

Korea National Oil Corp. on March 21 agreed to pay \$1.6 billion to **Anadarko Petroleum Corp.** for the rights to 96,000 net acres in Eagle Ford and surrounding basins. While 80,000 net acres of the total purchase was pure Eagle Ford shale, the remaining 16,000 net acres of nearby Pearsall Shale equate to a cost of between \$16,000 and \$18,000 per net acre, depending on the assumed lower per-acre value for the Pearsall Shale.

On-Shore Acreage Price

At \$21,483 per net acre, Marathon has set a new standard for domestic, on-shore acreage in the liquid-rich shale formations.

With oil prices trading in the \$95 to \$105 per barrel range, and natural gas prices mired in the \$4.50 to \$5.00 per 1,000 cubic feet range, crude reserves are much more attractive than natural gas assets.

Marathon expects to expand crude oil production to 80,000 barrels of oil equivalent a day by 2016 from 7,000 currently, but the \$33.30 per barrel of oil equivalent for the reserves is significantly higher than any recent large transaction has shown.

If crude oil prices remain in the range of \$100 a barrel, the Marathon purchase will be successful. The price is high and will establish a new valuation metric for on-shore, liquid reserves in safe geopolitical locations.

Note: Wall Street Access M&A Research is covering the Marathon spin-off.

Tom Burnett, CFA, is Director of Research at Wall Street Access. Linda Varoli, CFA, vice president of M&A research, and William Harrington, vice president of M&A research, assisted with this article.

MRO PURCHASE OF HILCORP EAGLE FORD SHALE ASSETS

CORE PURCHASE PRICE (141,000 NET ACRES)	\$3,500 MILLION
OPTION ON TAG-ALONG ACRES (14,000 NET ACRES)	\$118 MILLION
TOTAL COST	\$3,618 MILLION
LESS 36 WELLS PRODUCING AT \$8 MILLION PER WELL	(\$288 MILLION)
NET COST	\$3,330 MILLION
TOTAL NET ACRES ACQUIRED	155,000
NET COST PER NET ACRE ACQUIRED	\$21,484
NET COST PER PROVED RESERVE AS OF DECEMBER 2011 (100 MILLION)	\$33.30 PER BOE
CURRENT PRODUCTION	7,000 BOEPD
ESTIMATED PRODUCTION AT YEAR-END 2011	12,000 BOEPD
ESTIMATED PRODUCTION BY 2016	80,000 BOEPD

Source: *Marathon Oil documents, Wall Street Access*

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
Family Dollar Stores Inc	Triun Fund Management	7,710	02/15/11	-	60.00	39.28	53.05	13.10	6.95	1.75
TMX Group Inc	Multiple	3,583	05/15/11	-	48.00	19.45	44.90	6.90	3.10	1.01
Constellation Energy Group Inc	Exelon Corp	10,165	04/28/11	-	38.73	16.09	36.77	5.34	1.96	0.07
Cephalon Inc	Teva Pharmaceutical Industries	6,155	05/02/11	09/30/11	81.50	6.81	79.70	2.26	1.80	-0.04
Varian Semiconductor Equipment	Applied Materials Inc	4,638	05/04/11	-	63.00	41.12	61.49	2.45	1.51	-0.08
Progress Energy Inc	Duke Energy Corp	25,531	01/10/11	12/31/11	48.62	6.13	47.18	3.05	1.44	0.12
NYSE Euronext	Deutsche Boerse AG	9,532	02/15/11	12/31/11	36.85	8.10	35.61	3.48	1.24	0.01
Global Crossing Ltd	Level 3 Communications Inc	2,451	04/11/11	12/31/11	35.36	57.10	34.12	3.63	1.24	-0.25
TMX Group Inc	London Stock Exchange Group	1,941	02/09/11	06/30/11	29.09	8.06	28.13	3.43	0.96	-0.23
Citadel Broadcasting Corp	Cumulus Media Inc	1,720	12/17/10	12/31/11	34.48	35.16	33.60	2.63	0.88	-0.77
L-1 Identity Solutions Inc	Safran SA	1,582	09/20/10	06/30/11	12.00	31.13	11.22	6.95	0.78	-0.11
Nicor Inc	AGL Resources Inc	3,138	12/07/10	06/30/11	55.12	17.61	54.35	1.42	0.77	0.08
SAVVIS Inc	CenturyLink Inc	2,978	04/27/11	12/31/11	40.00	10.11	39.29	1.81	0.71	0.00
Hughes Communications Inc	EchoStar Corp	1,824	02/14/11	-	60.70	3.96	60.00	1.17	0.70	-0.05
Nationwide Health Properties Inc	Ventas Inc	6,819	02/28/11	09/30/11	42.93	15.16	42.40	1.26	0.53	0.01
Lubrizol Corp	Berkshire Hathaway Inc	9,218	03/14/11	09/30/11	135.00	24.17	134.48	0.39	0.52	-0.10
NSTAR	Northeast Utilities	6,842	10/18/10	-	45.78	0.03	45.31	1.03	0.47	0.14
EXCO Resources Inc	Multiple	5,183	11/01/10	-	20.50	37.71	20.05	2.24	0.45	0.06
Timberwest Forest Corp	Multiple	1,260	04/11/11	06/30/11	6.48	26.38	6.10	6.23	0.38	0.01
National Semiconductor Corp	Texas Instruments Inc	6,407	04/04/11	11/30/11	25.00	74.63	24.62	1.54	0.38	-0.06

Bloomberg

MONEY MANAGERS CONFERENCE

The **Bloomberg Money Managers Conference: Preparing for the Next Black Swans** will gather together mutual fund, hedge fund and private equity investors to consider events that could rock the markets, portfolio strategies for managing the unforeseen and the future of actively-managed investing. Topics include catastrophic events in the currency markets, extreme inflation, a collapse in the debt market, political change and upheaval, implosion of China's economy, when passive investing overtakes active investing, and what money managers believe is the safest investment in a chaotic world.

To request an invitation, visit www.bloomberglink.com



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Calendars

To submit an event email mergerbrief@bloomberg.net

Anticipated Approvals

DATE	TARGET	ACQUIRER	DEAL VALUE (\$M)	TYPE
6/6	G Steel PCL	ArcelorMittal	246	Target shareholders
6/9	Lubrizol Corp.	Berkshire Hathaway Inc.	9,218	Target shareholders
6/13	Niscayah Group AB	Securitas AB	7,053	Acquirer shareholders
6/14	Nicor Inc.	AGL Resources Inc	3,138	Target, acquirer boards
6/15	LaBranche & Co.	Cowen Group Inc.	182	Target, acquirer shareholders
6/15	Savvis Inc.	CenturyLink Inc	2,978	HSR expected expiration
6/15	American Medical Systems Holdings Inc.	Endo Pharmaceuticals Holdings Inc.	2,667	Target shareholders
6/17	GSI Commerce Inc.	EBay Inc.	1,909	Target shareholders
6/17	Verigy Ltd.	Advantest Corp.	607	Target shareholders
6/21	National Semiconductor Corp.	Texas Instruments Inc.	6,407	Target shareholders
6/21	Pre-Paid Legal Services Inc.	MidOcean Partners	621	Target shareholders
6/24	Wesco Financial Corp.	Berkshire Hathaway Inc.	548	Target shareholders
6/28	Frontier Oil Corp.	Holly Corp.	2,610	Target, acquirer shareholders
6/30	Green Valley Ranch Resort	Station Casinos LLC	500	Bankruptcy Court

Calls and Meetings

DATE	TIME	COMPANY	EVENT	DESCRIPTION
6/6		Dollar Thrifty Automotive Group Inc.	Goldman Sachs Lodging, Gaming, Restaurant and Leisure Conference, New York	Hertz Global and Avis Budget Group may push Dollar Thrifty's share price as high as \$100 as they bid to be the second-largest U.S. rental-car company, analysts said.
6/6		Tenet Healthcare Corp.	Jefferies Global Healthcare Conference, N.Y.	Community Health dropped a \$7.3 billion offer to buy Tenet on May 10 after Tenet had rejected a takeover three times.
6/7	9:45 a.m.	Morgan Stanley	Deutsche Bank Global Financial Services Conference, New York	Morgan Stanley ranks No. 2 on Bloomberg's financial advisory league table with \$224 billion of announced deals as of May 31.
6/7	10 a.m.	Danaher Corp.	Jefferies Global Healthcare Conference, N.Y.	Danaher agreed on Feb. 7 to buy Beckman Coulter for \$6.97 billion, including net debt.
6/7	10:20 a.m.	Teradata Corp.	Bank of America Merrill Lynch Telecommunications, Media & Technology Conference, London	Teradata agreed on March 3 to buy 89% Aster Data Systems it didn't own for \$263 million.

Conferences

DATE	EVENT	FEATURING	LOCATION	CONTACT / REGISTRATION
June 6-9	SuperReturn U.S.	"Premier U.S. Private Equity Conference"	Westin Boston Waterfront	informaglobalevents.com
June 6-7	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."	Hotel Nikko San Francisco	+1 212-532-9898 x 233; opalgroup.net
June 6-7	Investment and M&A Opportunities in Energy	"Where energy entrepreneurs, suppliers, investors and deal-makers meet."	Anatole Hotel, Dallas	iibig.com/conferences/F1104
June 6-10	AM&AA's Certified Merger & Acquisition Advisor Credentialing Program	"Course objectives taught by seasoned M&A professionals are designed to improve leadership competencies to a new 'gold standard' level of excellence."	TBD, Chicago	amaaonline.com
June 8	Northeast Private Equity Conference		Roosevelt Hotel, New York	nasbic.org
June 9-10	Post-Merger Integration Conference	"Join top integration leaders from some of the most acquisitive, global corporations as they discuss proven ways to unlock the most value after the deal has been done."	Hotel Nikko San Francisco	conference-board.org
June 13-14	Investment and M&A Opportunities in Health Care	"In 2011, experts are predicting an increase in middle-market M&A deal flow in all sectors; healthcare will continue to lead all others."	Wit Hotel, Chicago	iibig.com
June 13-14	Reverse Merger Conference 2011	"Premier event for serious professionals in the business of alternative IPO transactions."	Hyatt Regency Century Plaza, Los Angeles	dealflow.com/conferences
June 15	Midwest Private Equity Conference		Brit's Pub, Minneapolis	nasbic.org
June 16-17	Investment and M&A Opportunities in Health Care	"Where healthcare executives, investors and deal-makers meet."	The Drake Hotel, Chicago	iibig.com/conferences/F1103
June 17	Distressed M&A Forum and Turnaround Atlas Awards Gala	Keynote speakers Lynn Tilton, Patriarch Partners; Tony Hunter, Chicago Tribune Co.	Allerton Hotel, Chicago	globalmanetwork.com/distressedma.php#
June 23	EU Merger Control 2011	Gain an insightful legal review of current policies and challenges at the EU Merger Control Conference 2011	Raddisson Blu Royal, Belgium	informaglobalevents.com/division/ibc-legal
June 27-30	SuperReturn Emerging Markets	90 LPs and fund of funds share their experiences of investing in emerging markets.	Intercontinental Hotel, Geneva	icbi-events.com

Q&A

Dahlman Rose's O'Malley: Mining Companies May Buy Energy Producers**Geoffrey O'Malley**

Geoffrey O'Malley joined Dahlman Rose & Co. on Thursday as part of the firm's buildout of its metals and mining team. He was previously chief financial officer at European Metals Recycling's wholly owned U.S. subsidiary, where he led two acquisitions. Prior to that, he also held senior investment banking positions. Bloomberg's Aleksandrs Rozens caught up with O'Malley on Thursday after Dahlman Rose announced that he was brought on to its deal team.

Q: Will high commodity prices continue to drive M&A activity?

A: There are a bunch of different factors. Commodity prices across metals and mining have been, on average, high for the past not quite 10 years. They have had some downs from time to time, but on average, prices are higher than they were before the emergence of the BRIC countries. Certain aspects of metals and mining remain relatively unconsolidated so there will be some additional M&A activity to help some of the bigger companies gain market share and market presence. They may want to move into metals that are adjacent to what they are doing currently or try to enter new geographies as what was once, in certain metals, a pretty regional market has become a global one. Over time, recycling of metals is becoming a bigger part of the value chain.

Q: So is this industry fragmented?

A: Certain subsectors of metals and mining are relatively fragmented.

Q: Which of the subsectors are fragmented?

A: Distribution, recycling, certain specialty metals. Steelmaking and aluminum, to a lesser extent, are becoming more concentrated. For example, iron ore is a pretty concentrated sector. The seaborne iron ore trade is pretty concentrated.

Q: Looking back to your work at European Metals Recycling. How big of an industry is this and what metals do these businesses focus on?

A: Mostly ferrous metals, which would be steel, and then the base metals family, which would be aluminum. And the red metals, mostly copper and brass. There's all sorts of sources for these materials and steel and aluminum are infinitely recyclable. Generally speaking, a can – once you throw it in the recycling bin – is back filled with Coke in six weeks. That takes five percent of the energy needed to make aluminum from scratch.

Q: How does the recent drop in commodity prices have any effect on M&A activity?

A: It's hard to say that it doesn't. The mood and demand for commodities is one aspect but we at **Dahlman Rose** believe that will continue, certainly through the medium term. If you think how much metal needs to go in place to bring India and China up to the same level of industrialization or modernization as you see in Europe and the U.S. there is a lot of steel, copper and aluminum that needs to go into that. We believe that natural resources are going to have a relatively long run because the large factors will outweigh any short-term macro influences that will take place.

Q: Do you expect more cross-border M&A involving metals and mining companies?

A: You've seen it already in met-

als and mining. Mining is a more global sector than metals are, partly because those businesses are already bigger so they are trying to manage a portfolio of assets. Then, the metal-producing companies are slightly more regional in their focus of customers and production. But there are exceptions along the way.

Q: Does the weakness of the dollar prompt more acquisitions of U.S. businesses?

A: Yes, but not just because a foreign company would find a U.S. business cheap. It helps the continuation of the commodities cycle. A relatively weak U.S. dollar makes the U.S. mining companies more competitive on the global stage.

Q: A weak U.S. dollar is not a primary reason to buy a U.S. company?

A: Right. But if you believe that the U.S. dollar will stay relatively weak in comparison to the Euro, a U.S. metal producer would be more attractive to you than a European one.

Q: One the biggest expenses for metals and mining companies must be energy. Is this driving any M&A?

A: It's an asset-intensive business, so scale is always helpful. The number one cost, generally, for a producer of metal is the raw materials, and the number two cost would be energy. Companies have been looking at securing raw materials and maybe even thinking about securing energy sources.

Q: An energy business could be bought up by a metals mining business that wants a regular source of fuel?

A: I would think natural gas is looking particularly attractive right now for industrial businesses that are large consumers of that source of energy.