

Deal Premiums Hit Highest Since 1st Qtr 2009

BY CAROL CHUANG, DATA ANALYST

The price of acquisitions is rising.

The average premium global acquirers pay over the trading price for public companies has reached 26.99 percent in the third quarter, the highest since 31.56 percent in the first quarter of 2009.

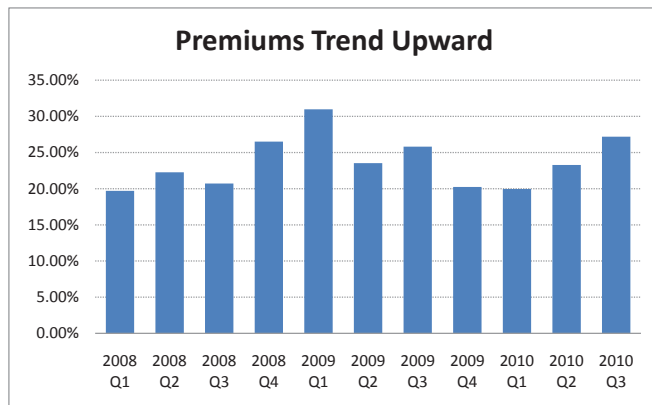
Many of the big deals this quarter carried high premiums. **Goldcorp Inc.**'s \$3.1 billion cash bid for **Andean Resources Ltd.** had a 55.5 percent premium and **Intel Corp.** agreed to pay

a premium of 52.32 percent for its \$6.59 billion acquisition of **McAfee Inc.**

One reason for the higher premiums is there has been an increase in hostile and unsolicited deals. There were 14 such deals this quarter, almost triple the amount in the same quarter last year. Hostile deals paid premiums of 38 percent on average this quarter; friendly deals paid 27.99 percent.

There was also a \$27 billion increase in basic material deals versus the prior quarter. The average premium on basic material deals is 23 percent. It is 11.45 percent for industrial takeovers.

The proportion of all-cash deals is also rising. Sixty-eight percent of deals have all-cash payments, a 7 percent increase from the prior quarter. Over the last five years, the average premium for all-cash transactions has been 24 percent compared with 18 percent for stock deals.



DEAL BY DEAL

Gold Mining M&A Reaches 10-Year High

BY PRATIK M. PATEL, DATA ANALYST

Gold mining company takeovers have reached their highest annual volumes in 10 years. There have been \$37.6 billion worth of transactions so far this year, with the average premium on the deals reaching 39.96%.

Andean Resources received a \$3.2 billion offer from Goldcorp and six more deals worth almost \$1 billion were announced.

There were 297 transactions worth \$34.35 billion announced this week, a 33.4 percent decrease in deal count and a 4.8 percent decrease in dollar volume over the prior week.

Enterprise Products Partners' \$21 billion all-stock offer for **Enterprise GP Holdings** was the largest. So far this year there have been 35 takeovers in the pipeline industry for a total volume of \$40.78 billion.

SPOTLIGHT

Goldcorp Inc. and Eldorado Gold Corp executives discuss their \$3.2 billion merger.

M&A Announcements

TARGET NAME	ACQUIRER NAME	TOTAL VALUE (\$M)
Enterprise GP	Enterprise Products	21,029.7
Associated Materials	Hellman & Friedman	1,300.0
Avoca Resources	Anatolia Minerals Develop	876.7
Arizant Inc	3M Co	810.0
Munters AB	Alfa Laval AB	796.7
Tres Palacios	Inergy LP	735.0
Zymogenetics Inc	Bristol-Myers Squibb	725.2
Gladstone LNG	Total SA	599.0
Overland Pass	Williams Partners	424.0
Ecuador Bottling	Embotelladoras Arca	375.0

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Recent Completed Deals

DATE	TARGET	ACQUIRER	TOTAL VALUE
Sep 8	Healthcare Bus	Abbott	3,720
Sep 9	Inspectorate	Bureau Veritas	668
Sep 7	Bioniche Pharma	Mylan Inc	550
Sep 8	Aabar Invest	Abu Dhabi Invest	526
Sep 9	Overland Pass	Williams Partners	424

Anticipated Approvals

DATE	TARGET	ACQUIRER	APPROVAL TYPE
Sep 14	Allegheny	FirstEnergy	Acq, Targ
Sep 15	Red Back Mining	Kinross Gold	Acq
Sep 17	Continental	UAL Corp	Acq, Targ
Sep 16	Dollar Thrifty	Hertz Global	Targ
Sep 15	Boots & Coots	Halliburton	Targ

Banks, Hit by Drop in Loans, Looming Regulation, Eye M&A

BY DAVID HENRY AND DAKIN CAMPBELL

Midsized bank takeovers are poised to pick up as banks are squeezed by a drop in demand for loans and pressed by impending regulation that will require them to raise capital levels.

The catalyst for deals could be announcements in November of minimums for capital and liquidity from international regulators meeting in the Basel Committee on Banking Supervision, according to **Richard Bove**, analyst at **Rochdale Securities** in Lutz, Florida. Banks that can't meet the thresholds may become targets, and acquirers will know how much capital deals will require, Bove said.

Demand for loans is also waning. The amount of bank loans outstanding has tumbled 10 percent since October 2008, the deepest contraction in more than 35 years, according to **Goldman Sachs Group Inc.** That's left banks with unused lending capacity, idle cash and depressed market values, making laggards ripe for consolidation, according to **KBW Inc.**, **Rochdale Securities LLC** and **CreditSights Inc.**

Executives at Minneapolis-based **U.S. Bancorp**, Pittsburgh-based **PNC Financial Services Group Inc.**, **BB&T Corp.** and **People's United Financial Inc.** have all made acquisitions and say they're hunting for more. U.S. Bancorp, ranked fifth by deposits among commercial banks, acquired at least 10 banks since the credit crunch started, while PNC is sixth after buying **National City Corp.**

Bove listed 17 banks and lenders that are potential takeover candidates, each meeting five criteria: more than \$10 billion in assets, a stock-market value that's less than 10 percent of assets, reserves plus common equity that's more than 10 percent of assets, cash plus securities divided by assets of more than 20 percent (although this was ignored in three cases), and non-performing loans accounting for less than 8 percent of the total.

Buyers may also find bargains since they won't have to bid against

Bove's Targets

Bank Name	Stock Symbol	Market Cap (\$ Millions)	Price/Book	YTD stock change
Webster Financial Corp.	WBS	1,311	0.94	41%
Susquehanna Bancshares Inc.	SUSQ	1,174	0.59	54%
Wilmington Trust Corp.	WL	828	0.74	-27%
Capital One Financial Corp.	COF	17,997*	0.71	3%
First Horizon National Corp.	FHN	2,543	1.16*	-15%
SunTrust Banks Inc.	STI	12,398	0.69	22%
Regions Financial Corp.	RF	8,691	0.62	31%
KeyCorp	KEY	7,157	0.89	47%
Fifth Third Bancorp	FITB	9,540	0.95	23%
MB Financial Inc.	MBFI	891	0.78	-16%
Citizens Republic Bancorp Inc.	CRBC	314**	0.33**	14%
Marshall & Ilsley Corp.	MI	3,641	0.72	27%
BancorpSouth Inc.	BXS	1,161	0.94	-41%**
Whitney Holding Corp.	WTNY	813	0.59	-8%
International Bancshares Corp.	IBOC	1,098	0.88	-14%
Zions Bancorp	ZION	3,534	0.77	59%*
Cathay General Bancorp	CATY	839	0.71	41%

*Highest in category

**Lowest in category

the four biggest U.S. lenders. **Bank of America Corp.**, **JPMorgan Chase & Co.** and **Wells Fargo & Co.** each controls about 10 percent or more of U.S. deposits, the most permitted by regulators when considering takeovers, and **Citigroup Inc.** is trying to sell assets. Their absence leaves the field to the biggest regional banks such as U.S. Bancorp and PNC.

The price-to-book ratio for the 24 companies in the KBW Bank Index is 0.9, down from an average of 2.1 times from 1993 through 2006, according to Bloomberg data. The ratio, comparing the stock price to the theoretical amount shareholders would own if liabilities were subtracted from assets, is one of Wall Street's main gauges for bank

shares. A lower figure could make a bank vulnerable.

While the biggest U.S. banks are sidelined, competition may emerge from Canada and Europe. **Banco Santander SA** has been stalking Buffalo-based **M&T Bank Corp.**, according to the Financial Times, while **Bank of Montreal** and **Royal Bank of Canada** said they may expand in the U.S.

Takeovers will start with smaller banks, said Paul J. Miller, an analyst at **FBR Capital Markets Corp.** in Arlington, Virginia, and a former examiner for the Philadelphia Federal Reserve Bank. Examples include **First Niagara Financial Corp.**'s \$1.5 billion offer in August for **NewAlliance Bancshares Inc.**, Miller said.

THE WIRE BY BLOOMBERG STAFF

■ **7-Eleven Inc.**, operator of the eponymous convenience-store chain, is in talks to buy **Casey's General Stores Inc.**, thwarting **Alimentation Couche-Tard Inc.**'s purchase attempts, two people with knowledge of the matter told Bloomberg News. The unit of Japan's **Seven & I Holdings Co.** offered \$40 a share, trumping Couche-Tard's \$38.50 bid, said the people. Casey's said Sept. 7 it was in discussions with a third party that made a \$40-a-share bid. The offer is an all-cash deal, fully financed, valued at more than \$2 billion, the people said. It potentially sets up a battle for Casey's more than 1,500 stores through the U.S. Midwest. Couche-Tard has sought to buy Casey's for the past five months, raising its bid twice in an effort to sway the board.

■ **Enterprise Products Partners LP**, the largest U.S. pipeline operator, agreed to buy Enterprise GP Holdings LP for more than \$8 billion, combining two of the partnerships founded by the late billionaire **Dan Duncan**. Owners of Enterprise GP will receive 1.5 Enterprise Products units for each of their units. The purchase comes five months after

the death of Duncan, whose \$9 billion fortune made him Houston's richest man. **Barclays Plc** advised Enterprise Products. **Credit Suisse Group AG** advised a committee of its general partner. **Morgan Stanley** advised Enterprise GP's general partner committee.

■ **Anglo Irish Bank Corp.** will be split into two banks by Ireland's government and part of the lender will be wound down over time or sold. Dublin-based Anglo Irish will be split into a "Funding Bank" and an "Asset Recovery Bank," the finance ministry said in a statement. "It is intended that in due course the Recovery Bank will be sold in whole or in part or that its assets will be run off over a period of time," it said. Ireland's central bank will determine by October how much capital will be needed by both institutions.

■ **Anatolia Minerals Development Ltd.**, which is developing a gold mine in Turkey, agreed to buy **Avoca Resources Ltd.** for C\$1.01 billion (\$970 million) to add production in Australia. Anatolia will pay 0.4453 of a share for each Avoca share, the companies

said. The enlarged company will be renamed **Alacer Gold Corp.**

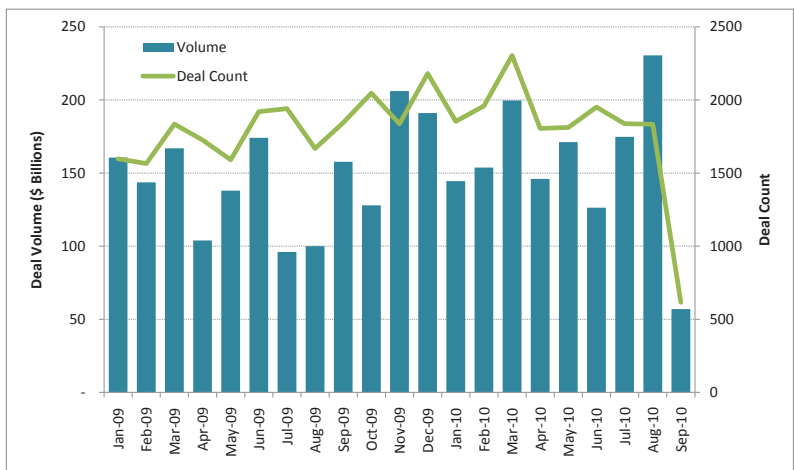
■ **Bristol-Myers Squibb Co.** said it plans to buy **ZymoGenetics Inc.** for \$885 million to gain full ownership of a hepatitis C drug the companies are developing. Bristol-Myers said the acquisition is expected to reduce earnings about 3 cents a share in 2010 and about 7 cents a share in 2011. The companies entered into a \$1.1 billion agreement in January 2009 to co-develop and share profits for ZymoGenetics's hepatitis C drug PEG-interferon lambda.

■ **Foster's Group Ltd.** rose to the highest in two and a half years in Sydney trading Sept. 8 on speculation suitors will raise bids for its wine unit after the company rejected an offer worth as much as A\$2.7 billion (\$2.5 billion). Foster's may spin off its wine business next year after A\$2.7 billion of writedowns in the past decade almost halved the unit's book value to about A\$3.1 billion amid grape gluts and a rising Australian dollar. News reports have linked the company to potential offers from London-based **SABMiller Plc.**, Japan's **Asahi Breweries Ltd.**, as well as China's **Tsingtao Brewery Co.** and **Bright Food Group Co.**

■ **J.C. Flowers & Co.** and three other bidders could be seeking to create another financial mega player in the European region as they look to buy and merge several lenders. J.C. Flowers, **Carlisle Group**-backed **Cardinal Asset Management** and **Doughty Hanson & Co.** are vying with Irish Life & permanent in order to take control of EBS, said the sources. Each of the possible buyers said that they intend to merge EBS, the nation's largest customer-owned lender, with other building societies.

■ **Procter & Gamble Co.** Chief Executive Officer **Bob McDonald** said his company is on the lookout for brands with international appeal. McDonald, 57, said P&G has the ability to pounce if anything comes along. P&G generated \$16.1 billion in cash from operations last year.

M&A Volume, Deal Count



THE WIRE

BY BLOOMBERG STAFF

continued from page 2

ON THE MOVE

■ **Jefferies Group Inc.** hired **Barclays Plc's Frank Cicero**, an adviser to savings institutions such as **Toronto-Dominion Bank**, two people with knowledge of the matter told Bloomberg News. Cicero is joining Jefferies along with **Jason Reid**, another managing director in the Barclays Capital financial-institutions group, said one of the people.

■ **Nomura Holdings Inc.** named **Adrian Fisk** and **Andrew McNaught** to run its European mergers and acquisitions advisory business after M&A banker **Adrian Mee** left for **Bank of America Corp.** Mee, 47, in December will become head of international M&A at Bank of America. The appointments of Fisk, 44, and McNaught, 47, are effective immediately, said Patrick Meyer, a spokesman for Nomura. Mee, who formerly ran European M&A at **Lehman Brothers Holdings Inc.**, most recently held that same title at Nomura. He joins former Nomura banker **Christian Meissner**, who was hired by Bank of America in April as head of investment banking for Europe, the Middle East and Africa.

■ **Jeffrey M. Peek**, the former chief executive officer of **CIT Group Inc.**, has been named a vice chairman at **Barclays Capital's** Investment Banking division. Peek will provide senior counsel to clients with a focus on financial services firms, Barclays said in a statement.

■ **Steven Winegar**, previously a managing director and senior counsel at **Goldman Sachs Group Inc.** in Hong Kong, has joined Paul Hastings as a partner in its Hong Kong office. Mr. Winegar's appointment will strengthen the firm's growing Asia capital markets, M&A and private equity practices, the firm said. During his 12-year career with Goldman Sachs, Winegar worked in both New York and Hong Kong.

■ **Rodney Cohen** has joined **Carlyle Group** as a managing director

and head of its new U.S. equity opportunity team. He previously worked at **Pegasus Capital Advisors**.

■ **GlaxoSmithKline Plc** named **Simon Dingemans**, a **Goldman Sachs Group Inc.** investment banker, as chief financial officer at a time when the U.K. drugmaker is counting on acquisitions to help boost sales. Dingemans, 47, leads Goldman's European mergers business and has more than 25 years of investment banking experience, London-based Glaxo said in a statement. He will become CFO-designate Jan. 4 and replace Julian Heslop, 57, as chief financial officer when he retires at the end of March, the company said.

■ **Jefferies Group Inc.**, the securities firm that has increased staff by more than 25 percent in two years, named **Dominic Lester** head of European technology and telecommunications investment banking and hired two other former **UBS AG** bankers. Lester spent nearly 20 years at UBS, most recently as head of technology investment-banking for Europe, the Middle East and Africa. The New York-based investment bank also named **Daniel Aharoni** senior vice president and **Guillaume Taurignan** vice president and said both will focus on European technology. Aharoni most recently was an executive director in UBS's technology banking group and Taurignan was a director in the same division. The three bankers will be based in London.

■ **Morrison & Foerster** has added **Hendrik Jordaan** as a partner in the firm's Denver office who will serve as co-chair of the firm's private equity and buyouts practice. Jordaan formerly was a global partner with **Holme, Roberts & Owen**.

■ **King & Spalding** announced that corporate lawyer **John S. Herbert** had joined the firm's New York office as partner. Herbert will serve as a senior member of the firm's private equity, mergers & acquisitions and securities practices. He was previously a partner at **McDermott Will & Emery LLP**.

Nasdaq IPOs Lag Market on LBO Castoff Sales

For the first time on record, initial public offerings on the Nasdaq Stock Market are lagging behind U.S. equities after more than doubling the Standard & Poor's 500 Index's return every year in the past decade. One reason: All of the companies taken public by leveraged buyout firms this year have fallen in value.

Anyone who spent an equal amount on shares of **Dehaier Medical Systems Ltd.**, **Anthera Pharmaceuticals Inc.** and 41 other Nasdaq-listed IPOs this year would have lost 5.2 percent, more than the 3.5 percent drop in the S&P 500 during the same period, data compiled by Bloomberg show. From 1999 to 2009, initial offerings by Nasdaq companies from **Google Inc.** to **Priceline.com Inc.** beat the benchmark by 42 percentage points a year on average.

Newly listed Nasdaq companies aren't growing fast enough to justify higher valuations, according to **Tim Loughran**, a finance professor at Notre Dame's Mendoza College of Business. Sales will increase 20 percent as fast as the historic average for Nasdaq IPOs, analysts' estimates compiled by Bloomberg show.

This year's six Nasdaq IPOs backed by private equity firms will report average revenue growth of 11 percent. That's 61 percent less than the average for all IPOs. Buying their shares would have resulted in a loss of 24 percent this year, versus 2.1 percent from IPOs of companies that weren't backed by LBO firms.

IPOs of companies on the Nasdaq climbed in nine of the past 10 years, outperforming both the S&P 500 and the Nasdaq Composite. The only time before this year that new Nasdaq shares declined was in 2008, when they fell 13 percent on average. The S&P 500 and the Nasdaq Composite both slid 30 percent.

— by Michael Tsang

Private Equity

■ **KKR & Co.** and **Perella Weinberg Partners LP** are in talks to hire members of **Goldman Sachs Group Inc.**'s U.S. principal-strategies group, according to two people briefed on the negotiations. **Bob Howard**, who heads the Goldman group in the U.S., is leading the discussions, said one of the people. The Goldman group is led by Hong Kong-based **Morgan Sze**, who may start his own hedge fund focused on Asia, the people said. Perella Weinberg, which invests client money in five hedge funds including a credit fund called Xerion, earlier this year hired hedge fund **Tokum Capital Management LP**'s investment team. **BlackRock Inc.** has also held talks to hire one or more people from the Goldman group, according to a person with knowledge of the talks.

■ **Lion Capital LLP**, the buyout firm that owns Weetabix and Kettle Chips, is exploring possibilities to exit its investment in variety-store chain **Hema BV**. It will probably take

several months before a final decision is made, according to a spokeswoman for Hema. London-based **Lion Capital** bought Hema in 2007 for an undisclosed amount from **Maxeda BV**, which is owned by a **Kohlberg Kravis Roberts & Co.**-led buyout group. Hema has annual net sales of 1.1 billion euros (\$1.4 billion), a staff of about 10,000, and 530 stores in the Netherlands, Belgium, Germany, France and Luxembourg. "It's most likely going to attract a private equity buyer, or it's going to be an initial public offering," said **Ton van Ooijen**, an analyst at **Kepler Capital Markets**. Hema may be sold for as much as 980 million euros, which equals about 7 times its 2009 earnings before interest, taxes, depreciation and amortization of 140.2 million euros, Van Ooijen estimated.

■ **Intermedica Sistema de Saude SA**, a closely held Brazilian health-insurance company, is seeking bids in a sale that may fetch more than \$800 million and draw interest from U.S.

private-equity firms, said two people with knowledge of the situation. **Bain Capital LLC** and **Summit Partners** are among potential buyers, according to the people. **Credit Suisse Group AG** is running the auction, the people said.

■ Private-equity firms including **Kohlberg Kravis Roberts & Co.** and **TPG Capital** are working on bids for **Foster's Group Ltd.** Foster's rejected a bid worth as much as A\$2.7 billion (\$2.5 billion) for its wine business on Sept. 8, saying it "significantly undervalues" the unit. The spurned offer, from a private-equity firm Foster's didn't identify, may prompt the brewer's rivals to team up with investors or other partners to acquire and then split up the beer and wine units, said **Carl Short**, an analyst at **Standard & Poor's**. **SABMiller** is working with **JPMorgan Chase & Co.** to study Foster's beer business, a person with direct knowledge of the matter told Bloomberg News.

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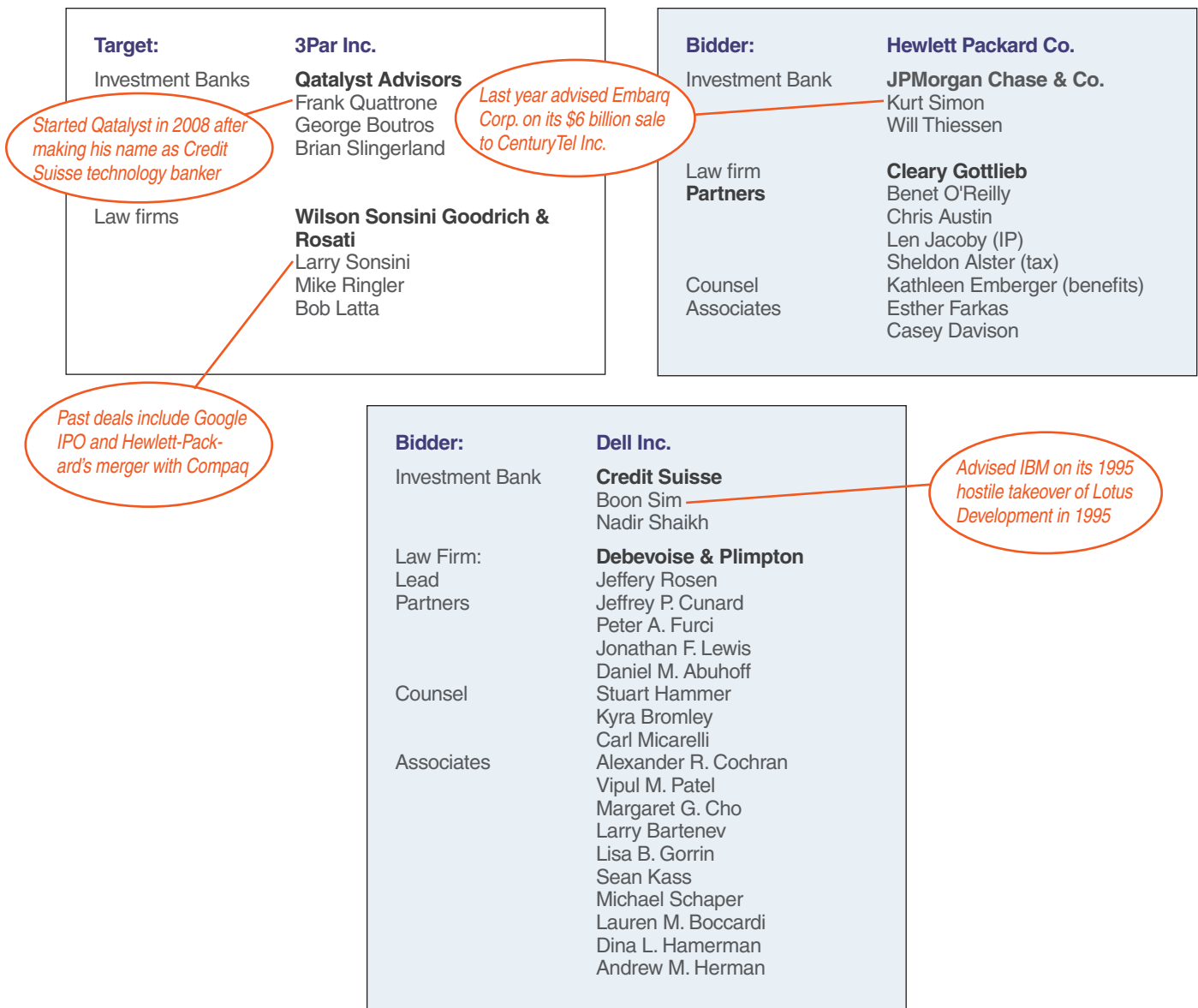
Deal Roster

On Sept. 2, **Hewlett-Packard Co** agreed to buy **3Par Inc.** for \$2.35 billion. HP's winning \$33-a-share offer ended an 18-day bidding war with **Dell Inc.**, which first bid \$18 a share for the maker of storage systems on Aug. 16. The deal's price is more than three times the \$9.65 closing price for 3Par stock on Aug. 13, before Dell's initial bid was made public. 3Par's financial advisor was **Qatalyst**, the firm founded in 2008 by **Frank Quattrone**, Credit Suisse's former head of technol-

ogy; **George Boutros**, who recently left Credit Suisse in San Francisco to join Qatalyst; and **Brian Slingerland**, a former tech banker at Goldman Sachs.

The venture capitalists who backed 3Par, including **Menlo Ventures**, **Worldwide Technology Partners** and **Mayfield Fund**, reaped a combined \$560 million windfall by holding onto shares acquired near the time of the company's initial public offering in 2007.

—By Serena Saitto



Across the Street

Carlyle Founder Gives Chicago Law School \$10 Mln

David M. Rubenstein, co-founder of **Carlyle Group Inc.**, donated \$10 million to the University of Chicago Law School for 60 scholarships.

The gift, the largest from an individual in the law school's 108-year history, will pay the full tuition for 20 students from each entering class during a three-year period, the university said today in a statement on its website.

Rubenstein, 61, is a trustee of the University of Chicago and a 1973 graduate of the law school, which he attended on a scholarship, according to the statement. The donation will enable the law school to compete for students with Harvard University, in Cambridge, Massachusetts, and Yale University, in New Haven, Connecticut, said Dean **Michael Schill**. The grants will be awarded on the basis of academic merit, not financial need, Schill said.

"In terms of quality, we know that Harvard and Yale are our peer institutions," Schill said. "In terms of financial ability, when you look at their endowments, you're talking about orders of magnitude in difference."

Chicago's law school endowment was \$263 million on June 30, Schill said in an e-mail. Harvard Law School's endowment was \$1.36 billion as of June 30, 2009, according to the university's annual report.

Rubenstein's gift will be spent in full instead of being added to the endowment, so that it has an immediate effect and spurs other donations from graduates, Schill said.

"It's sending out a message to our alumni that one of our own is making a major commitment to the law school and they should, too," Schill said.

Rubenstein is a managing director of Washington-based Carlyle Group. The closely held company managed \$90.6 billion of assets as of June 30, according to its website.

The University of Chicago Law School opened in 1902. Graduates include U.S. Senator Amy Klobuchar, a Democrat from Minnesota; former U.S. Attorney General John Ashcroft,

and Robert Bork, a retired federal judge, whose nomination for the U.S. Supreme Court by then-President Ronald Reagan was rejected by the Senate in 1987.

— *Oliver Staley*

Lagerfeld Tribute Lures Finance Fashionistas

A **Karl Lagerfeld** tribute set for today is being supported by such Wall Street sponsors as **Bear Stearns Cos. LLC** and **BNY Mellon Wealth Management**.

At a luncheon in Manhattan's Avery Fisher Hall, Lagerfeld will receive the Fashion Visionary Award from the Museum at the Fashion Institute of Technology, where **Elizabeth Peek**, a former investment analyst, serves as chairman of the Couture Council's board of directors.

The attendees with Wall Street ties include Peek, philanthropist and former partner at **Wertheim Schroder**; **Alexandra Lebenthal**, chief executive officer of **Lebenthal & Co.**; and **Marie-Josée Kravis**, president of the Museum of Modern Art's board and wife of financier Henry Kravis.

The \$1,000-a-person event will be the institution's most successful fundraiser, said Valerie Steele, the museum's director.

— *By Patrick Cole*

Irish Bank in Capital Crisis Sells Artworks

Bank of Ireland Plc is to start selling its art collection.

The collection, begun in the 1970s primarily to support emerging Irish artists, has about 2,000 works including local favorites such as **Paul Henry**, **Louis le Brocqy** and **Robert Balogh**. It is expected to raise more than 4 million euros (\$5.1 million) in funds for charity over the next five years, **Audrey Nolan**, the bank's head of corporate social responsibility, said.

The sale by the country's biggest lender by market value, which said Aug. 11 its first-half profit fell 66 percent, may be followed by some of its

rivals such as **Allied Irish Banks Plc** and **Anglo Irish Bank Corp.**, which also have art collections and made losses in the first half.

"It's an exercise in face-saving," **Dominic Milmo-Penny**, a Dublin-based art dealer, said in an interview. "The banks have to show they're doing the right thing. It's not going to have much of an effect on their financial situation."

— *By Scott Reyburn*

BGC Charity Day

BGC Partners holds its sixth annual BGC Charity Day on Monday, Sept. 13. BGC, the interdealer broker that separated from **Cantor Fitzgerald LP** in 2004, will have "celebrity brokers" such as **Barbara Walters** and **Russell Simmons** conduct real trades with BGC's investment bank clients. Last year, BGC raised \$10 million from the event. Charities participating this year in New York include Baby Buggy, the Eli Manning Foundation, the Wounded Warrior Project, and Tuesday's Children.

Meet the Mets Alumni

Citigroup Inc. is hosting an evening with New York Mets alumni and award-winning chefs at Citi Field Sept. 22 to benefit the James Beard Foundation and the Queens Economic Development Corp. Citi said the event, "Teammates in the Kitchen," brings together "two of America's favorite pastimes, baseball and food," letting fans of both meet Mets alumni and well-known chefs including **David Pasternack**, **Anita Lo** and **John Schenk**.

Youth Inc. to Honor Schifter

Youth I.N.C. and its 14 partner charities will honor **TPG Capital LP** partner **Richard Schifter** for his commitment to the organization at its "A Celebration to Benefit New York Kids" gala Nov. 15 at the Waldorf-Astoria. Schifter is secretary of Youth I.N.C.'s board of directors. Youth I.N.C. is a philanthropic organization founded in 1995 by former Goldman Sachs banker Steve Orr and others to coach nonprofit organizations that serve young people.

Deal Arbitrage

Spreads for select M&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	27.32	54.74	22.81	19.76	4.51	-0.16
ALLEGHENY ENERGY	FIRSTENERGY CORP	9,216.11	02/11/10	04/30/11	25.08	36.15	23.42	7.08	1.66	-0.06
ENTERPRISE GP	ENTERPRISE PRODU	21,029.65	09/07/10	12/31/10	57.12	14.27	55.93	2.13	1.19	-5.24
BUCKEYE GP HOLDI	BUCKEYE PARTNERS	2,720.89	06/11/10	12/31/10	43.6	30.42	42.43	2.77	1.17	-0.01
PACTIV CORP	Private	5,945.19	08/17/10	12/31/10	33.25	8.58	32.21	3.23	1.04	0.04
MCAFFEE INC	INTEL CORP	6,593.67	08/19/10		48	52.32	47.21	1.67	0.79	0.03
ATC TECHNOLOGY	Private	419.96	07/19/10	12/31/10	25	47.19	24.31	2.84	0.69	-0.05
AIRGAS INC	AIR PRODS & CHEM	7,111.83	02/05/10	10/29/10	65.5	38.78	64.83	1.03	0.67	0.06
INERGY HOLDINGS	INERGY LP	3,214.98	08/09/10	12/31/10	29.1	8.89	28.47	2.21	0.63	-0.02
BOWNE & CO INC	RR DONNELLEY	451.37	02/23/10		11.5	78.96	11.02	4.36	0.48	-0.01
NBTY INC	Private	3,812.00	07/15/10	12/31/10	55	55.42	54.56	0.81	0.44	-0.06
NEWALLIANCE BANC	FIRST NIAGARA FI	1,522.73	08/19/10	06/30/11	12.82	23.83	12.42	3.23	0.4	-0.8
MARINER ENERG	APACHE CORP	3,801.50	04/15/10	09/30/10	23.6	60.85	23.22	1.64	0.38	-
HEWITT ASSOCIA	AON CORP	4,628.12	07/12/10	11/30/10	49.82	40.68	49.47	0.72	0.35	-0.04
PSYCHIATRIC SOLU	UNIVERSAL HLTH	3,114.41	05/17/10	12/31/10	33.75	6.1	33.42	0.99	0.33	0.07
BURGER KING HOLD	Private	3,933.94	09/02/10	12/31/10	24	41.49	23.68	1.35	0.32	-0.01
LIONS GATE	ICAHN ENTERPRISE	904.03	07/20/10	10/22/10	7.5	10.42	7.23	3.73	0.27	-0.01
QWEST COMMUNICAT	CENTURYLINK INC	22,161.55	04/22/10	06/30/11	6.07	12.49	5.82	4.27	0.25	0.78
AMERICREDIT CORP	GENERAL MOTORS	3,306.53	07/22/10	12/31/10	24.5	25.13	24.26	0.99	0.24	0
ALLIS-CHALMERS E	SEAWELL LTD	779.42	08/13/10	12/31/10	4.25	69.76	4.03	5.46	0.22	-0.03

League Tables

Global Announced Deals

FINANCIAL FIRM	2010 Year-to-Date			
	RANK	MKT SHARE	VOLUME USD (Mln)	DEAL COUNT
Goldman Sachs & Co	1	21.9	305,617	177
JP Morgan	2	19.8	276,854	162
Morgan Stanley	3	19.8	276,613	200
Credit Suisse	4	17.1	239,200	138
Bank of America Merrill Lynch	5	16.0	222,941	151
Barclays Capital	6	15.3	213,813	88
Deutsche Bank AG	7	12.3	171,537	137
Citi	8	11.2	157,048	101
UBS	9	10.1	141,346	133
Lazard LLC	10	8.7	121,778	107
BNP Paribas Group	11	7.7	107,876	51
Nomura Holdings Inc	12	6.8	94,969	119
Rothschild	13	6.7	93,261	128
Banco Santander SA	14	6.0	83,948	27
RBC Capital Markets	15	5.4	75,199	74
RBS	16	5.2	72,054	31
Blackstone Group	17	4.5	63,524	21
HSBC Bank PLC	18	4.2	58,699	43
TD Securities	19	3.8	52,845	35
Greenhill & Co	20	3.7	51,645	32

LEGAL FIRM	2010 Year-to-Date			
	RANK	MKT SHARE	VOLUME USD (Mln)	DEAL COUNT
Skadden Arps	1	14.5	202,936	125
Cleary Gottlieb Steen & Hamilton	2	10.3	143,374	69
Simpson Thacher & Bartlett	3	9.6	134,831	79
Sullivan & Cromwell	4	9.1	126,724	77
Stikeman Elliott	5	8.9	124,002	63
Dewey & LeBoeuf LLP	6	7.6	106,839	70
Blake Cassels & Graydon LLP	7	7.2	100,720	77
Latham & Watkins LLP	8	7.1	99,429	144
Wachtell Lipton Rosen & Katz	9	6.6	92,337	32
Shearman & Sterling LLP	10	6.2	86,463	65
Allen & Overy LLP	11	6.1	85,440	102
Jones Day	12	5.8	81,651	236
Davis Polk & Wardwell	13	5.8	80,567	59
Linklaters LLP	14	5.7	79,806	98
Slaughter and May	15	5.6	78,583	46
Freshfields Bruckhaus Deringer	16	5.3	73,785	117
Vinson & Elkins LLP	17	4.3	59,763	39
Clifford Chance LLP	18	4.2	58,900	70
Debevoise & Plimpton LLP	19	4.1	57,747	37
Cravath Swaine & Moore	20	3.6	50,058	40

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SPOTLIGHT

Goldcorp Inc. agreed to acquire Andean Resources Ltd., trumping an offer from Eldorado Gold Corp. Goldcorp President and CEO Chuck Jeannes and Andean President and CEO Wayne Hubert discuss the rationale for the deal and the environment for investing in Argentina.

Q (Haytham Hodaly, Salman Partners): Just curious as to how the process played out. I'm sure that Goldcorp has been following us for quite sometime. But in terms of actually beginning discussions regarding a potential acquisition/merger whatever you want to call it, was this prompted by the reactions of others or the actions of others?

A (Jeannes): Well, Haytham, maybe I can tell you what prompted our action and that was the Mariana discovery. We've been following this quite closely. We have someone in our corporate development group who has been a champion of this project for a couple of years, but we always knew it was a very high-quality, low-cost deposit, low capital requirements, good infrastructure and all that, but it just wasn't big enough to interest us as a Goldcorp style, world-class size deposit. The Mariana discovery changed that. We believe that that is in fact a game changer and we were on it immediately. Once that happened - which is very recently, just several weeks ago, we got very busy and approached Wayne and today's announcement is a result of that.

Q (Kerry Smith, Haywood Securities): Chuck in your presentation, you make a comment about making this into a "Goldcorp size mine", what - what would that be? Would that be 500,000 ounces a

year or something less than that?

A (Jeannes): We don't have the specific numbers, Kerry and we've seen too many examples in the past where people miss out on opportunities because it just doesn't get to some sharp number that's been defined. But, yeah, anything above I think 3 to 400,000 ounces is a very meaningful gold producer in the world today. And primarily again we don't focus as much on ounces as we do on cash flow, when you're doing it is less than \$200 an ounce and a capital investment of, well, very low relative to worldwide standards, this thing generates a lot of cash.

Q (Jorge Beristain, Deutsche Bank): Just on the tax rates in Argentina. Some provinces - and I believe at the federal level, there's about a 10% export tax in some provinces. Could you comment on what tax assumptions you're using in the feasibility study or mine plan?

A (Hubert): In Argentina, we have a 35% tax rate. That's on net income. There's also a 5% royalty on Doray from the central government, an export tax that you were referring to; and in the province, there's a 1 to 2% royalty as well. Those numbers were factored into the feasibility study numbers that I just shared with you.

Q (John Bridges, JPMorgan): I'd like to dig a little bit deeper into the Argentinean thing. I know you were surprised by that 10% - we all were - and just wondered how you feel about Argentina as a location to invest.

A (Jeannes): Actually, as you know, John, we've been active in Argentina for the last seven years as a participant in the Alumbrera joint venture. So we're quite up to speed on what's going on politically and with the government there. I'm not going to say that Argentina doesn't have its issues; most countries do. But we're very comfortable being in Santa Cruz, a province that approximately 50% of economic activity there comes from the extractive industry.

There's a long tradition of support for mining. And in terms of Argentina itself, there's political questions as to the upcoming election and which party will win. And those are things that we'll always be staying on top of. But certainly don't see any red flags in terms of investing in Argentina. And in a lot of ways, from a personal security standpoint, for example, in terms of security for our employees and stakeholders, it's a very positive place to be.

Q (John Bridges, J.P. Morgan): What level of CapEx are we talking about for this project?

A (Jeannes): Well, the feasibility studies that are in existence now have \$275 million. As I said, one should assume that that will change with growth over time. But to double the size of the plant, you certainly don't need to double the size of the CapEx.

(This interview was condensed and edited.)

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