

Asia M&A May Top Europe for First Time

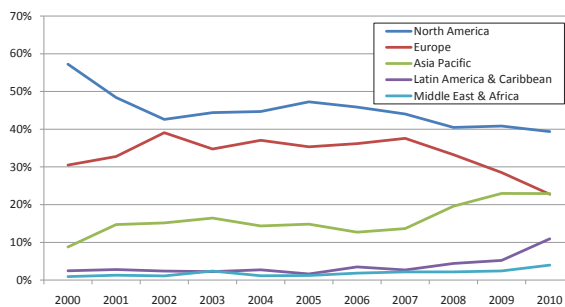
BY ALEX SHERMAN
AND TARA LACHAPPELLE

The Asia-Pacific region may overtake Europe in foreign takeovers for the first time, according to data compiled by Bloomberg.

With two weeks remaining in December, \$466.6 billion has been spent on completed or pending deals for Asian companies this year, just \$800 million less than the \$467.4 billion on European deals. Four years ago, European companies commanded \$825 billion more than those in Asia.

While global M&A volume is up 20 percent from last year, money spent on European targets is set to decline for a third consecutive year, down more than 59 percent from 2007. A lack of confidence in the euro, poor financing conditions, and a stagnant industrial sector have contributed to the European decline, according to M&A bankers and lawyers.

Share of Global M&A Investments



Source: Bloomberg

“Do you really want to put your dollars in Spain, Portugal, Italy?” said **Scott Wieler**, chairman of **Signal Hill Capital Group LLC**, a Baltimore-based investment banking firm.

More than half of the senior bankers and business executives polled in Clifford Chance/FinanceAsia M&A Survey 2010, released in October, either strongly or partially agreed that economic concerns were making Asian buyers wary of U.S. and Eu-

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M&A Announcements

TARGET NAME	ACQUIRER NAME	TOTAL VALUE (\$M)
Alcon Inc	Novartis AG	11,743
Real Estate Assets	HCP Inc	6,100
Dynegy Inc	Icahn Enterprises	4,733
Polska Telefonia	Deutsche Telekom	2,797
Retail Businesses	Origin Energy Ltd	2,301
Dionex Corp	Thermo Fisher Scientific	2,068
Cardo AB	Assa Abloy AB	1,670
Kingston Capital Asia	Golden Resorts Group	1,544
Areva SA	Kuwait/France	1,191
Solar Silicon	Contel Corp Ltd	1,185

Recent Completed Deals

DATE	TARGET	ACQUIRER	TOTAL VALUE
Dec 14	Dimension Data	Nippon Telegraph	2,739
Dec 13	Daewoo Eng	Korea Dev Bank	1,911
Dec 15	Trade House Kop	X5 Retail Group	1,675
Dec 14	Bresnan Comm	Cablevision	1,365
Dec 15	BSS Group	Travis Perkins	1,123
Dec 16	WIND Hellas	Multiple	1,058
Dec 15	Bumble Bee	Lion Capital LLP	980
Dec 16	Sugar Cane Mills	Noble Group Ltd	939
Dec 17	Sibneftegas	NovaTek OAO	876

Weekly Data

Comparisons

SUMMARY	TOTAL	52-WEEK AVG.	YEAR TO DATE
Number of Announced Deals	612	466	23,284
Volume (\$)	79.9 billion	40.6 billion	2.05 trillion
Avg Disclosed Deal Size (\$M)	228.9	163.2	166.1
Average Premium	21%	23%	22%

Deal Multiples

MEASUREMENT	NUMBER OF DEALS	MIN-MAX	MEDIAN
Free Cashflow	25	1.37 - 738.92	32.94
Income B/F XO	28	1.73 - 2242.95	25.17
Net Income	27	1.73 - 2242.95	23.56
EBIT	27	1.56 - 337.04	17.58
Cash Flow From Operations	33	1.36 - 302.00	14.43
Net Income + Depreciation	32	1.62 - 354.23	14.31
EBITDA	28	1.47 - 145.25	9.90
Stockholder Eqty	45	0.06 - 12.58	1.57
Book Value	45	0.06 - 14.14	1.57
Revenue	45	0.18 - 10.63	1.23
Market Cap	45	0.00 - 7.28	1.10
Enterprise Value	44	0.07 - 6.53	1.07
Total Assets	49	0.05 - 11.74	0.85

Deal Type

DEAL TYPE SUMMARY	DEAL COUNT	VOLUME (\$)	PERCENT
Company Takeover	258	46.45 bln	58.15
Cross Border	246	45.03 bln	56.37
Additional Stake Purchase	62	23.22 bln	29.07
Asset sale	163	22.08 bln	27.64
Private Equity	47	10.67 bln	13.36
Tender Offer	15	9.65 bln	12.08
Minority purchase	85	7.08 bln	8.86
Private Placement	20	2.52 bln	3.16
Majority purchase	54	2.52 bln	3.15
Secondary Transaction	5	696.94 mln	0.87
Venture Capital	6	336.77 mln	0.42
Management Buyout	4	94.49 mln	0.12

Top Industries

TARGET INDUSTRY	DEAL COUNT	VOLUME (\$)	PERCENT
Healthcare-Products	15	12.7 bln	16%
Oil&Gas	16	9.8 bln	12%
Healthcare-Services	11	7.12 bln	9%
Electric	7	5.34 bln	7%
Energy-Alternate Sources	13	3.56 bln	4%
Global Total	612	79.9 bln	100%

Asia Pacific M&A continued...
continued from page 1

European acquisitions. The percentage of North American deal value compared to total volume fell to a decade-low 39 percent.

"Europe is not going to solve itself in a matter of months," said **Chris Williams**, co-founder of middle-market M&A firm **Harris Williams & Co.** in Richmond, Virginia. "But the pendulum will swing. There are pockets of robust growth. We're seeing action in European tech assets and business services, and I don't see that abating."

The decline in European activity is not expected to continue in 2011, according to **Michael Hatchard**, co-head of European M&A at **Skadden Arps Slate Meagher & Flom LLP** in London. Fourth-quarter M&A volume in Europe is on pace to be the highest since the first quarter of 2009.

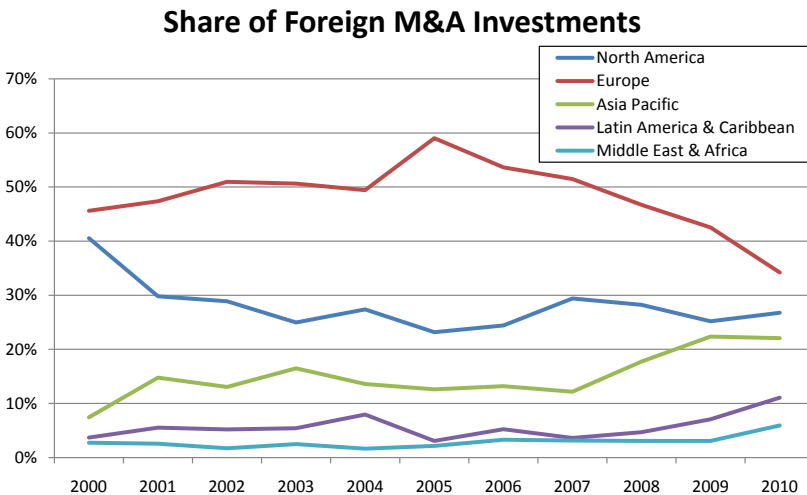
"We have already seen a turnaround," said Hatchard. "You take account of sentiment, but if there's a good strategic motivation, deals can happen and are happening."

Asia Pacific volume is up 14.7 percent from last year but down 4.7 percent from 2008. Money will continue to flow into China as long as its economy grows, said **Michael O'Bryan**, co-chairman of mergers and acquisitions at **Morrison & Foerster LLP** in San Francisco. China's GDP grew 9.6 percent in the third quarter.

Rising stock prices make "companies want to get in before it becomes too expensive," he said. Hong Kong's Hang Seng Index is up more than 100 percent since its March 2009 low. While M&A activity tends to rise while stocks increase, elevated equity prices throughout Asia may curb M&A activity in the years to come, said **Steven Kaplan**, a professor at the **University of Chicago Booth School of Business**.

"I wouldn't be surprised to see some Asian companies buy outside of Asia," said Kaplan.

Acquisitions in the Latin Ameri-



Source: Bloomberg

can and Caribbean region reached a record high relative to total annual volume at 11 percent. M&A activity has jumped 141 percent in the Latin American and Caribbean region this year, mirroring the 30 to 60 percent gains in the major Colombian, Peruvian, Chilean and Argentinean stock indexes.

Global flows to the Middle East & Africa account for 4 percent of overall volume, also a record high, according to Bloomberg data.

Thirty-four percent of cross-border deals have been European acquisitions this year, the lowest percentage this decade, according to Bloomberg data. Cross-border deals for Asian, Latin American and Middle East and African companies were all at record highs, on a percentage basis.

"I think the places where U.S. money will flow out in the coming years are largely in consumer-related businesses, like we saw with Pepsi buying a juice company in Russia, or companies in faster growing economies like Brazil," said **Gerald Rosenfeld**, deputy chairman of **Rothschild Inc.** and former Salomon Brothers CFO. **PepsiCo Inc.** bought a controlling stake in **Wimm-Bill-Dann Dairy & Juice Co.** for \$3.8 billion earlier this month.

Cross-border deals for North American companies made up 27 percent of all deals, a proportion that has fluctuated between 24 percent and 30 percent since 2001.

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Correction: Michael N. Sohn, an attorney with Davis Polk & Wardwell LP who was listed in last week's Deal Roster, represented PepsiCo in the acquisition of Quaker Oats. He left the Federal Trade Commission in 1980 to go into private practice.

THE WIRE BLOOMBERG NEWS

■ **OAO GMK Norilsk Nickel** offered \$12 billion to **United Co. Rusal** to buy back a 25 percent stake held by the aluminum company. Rusal, headed by billionaire **Oleg Deripaska**, rebuffed the approach. Norilsk's bid follows a \$9 billion offer to Rusal in October from fellow billionaire **Vladimir Potanin**, who also holds a 25 percent stake. "From Norilsk Nickel's perspective, it's a good investment given its excessive cash flows," said **Vladimir Zhukov**, an analyst at Nomura International Plc.

■ **Royal Bank of Scotland Group Plc** sold about 3.9 billion pounds (\$6.1 billion) of non-core project finance assets to **The Bank of Tokyo-Mitsubishi UFJ, Ltd.**

■ **Bank of Montreal** agreed to buy Wisconsin's **Marshall & Ilsley Corp.** for \$4.1 billion. The deal values Marshall & Ilsley at \$7.75 a share, compared with yesterday's closing price of \$5.79 on the New York Stock Exchange.

■ **Total SA** will pay C\$1.75 billion for stakes in several Suncor projects. It raised its stake in Fort Hills to 39 percent and bought a 49 percent stake in the Voyageur upgrader project. The oil company also bought 38.25 percent stake in Joslyn.

■ **General Electric Co.**'s agreement to buy **Wellstream Holdings Plc** brings its acquisitions of natural gas- and oil-exploration equipment makers to \$4.3 billion in the past two months as Chief Executive Of-

ficer Jeffrey Immelt taps emerging market growth and energy demand. GE's purchase, valued at 800 million pounds (\$1.3 billion) and offering sales and earnings multiples in line with industry averages, follows the company's agreement to buy Dresser Inc. for \$3 billion in October.

■ **Dell Inc.** plans more data-storage acquisitions following the \$960 million purchase of **Compellent Technologies Inc.** to strengthen its hand in the market against rivals Hewlett-Packard Co. and EMC Corp. About 3.5 percent of Dell's \$15.4 billion in sales last quarter came from storage products.

■ A takeover of **St. Joe Co.**, the largest private landholder in northern Florida, is unlikely because the company's financial condition would make financing a leveraged acquisition "very tough," said hedge-fund manager **David Einhorn**, who is short the shares. Einhorn responded on Bloomberg Television to speculation that holders of the company may be discussing a buyout.

■ Australia's lawmakers, including Treasurer **Wayne Swan**, are still not convinced that **Singapore Exchange Ltd.**'s bid for **ASX Ltd.** is in the national interest. The \$7.7 billion offer for the nation's main bourse won the approval of Australia's competition regulator on Dec. 16. It still needs the support of Swan, the **Foreign Investment Review Board**, the **Reserve Bank of Australia**, the **Australian Securities and Invest-**

ments Commission, and parliamentarians, several of whom are opposed to the sale.

■ **Lend Lease Group** is in talks with **Bilfinger Berger SE** to buy **Valemus Ltd.** The companies haven't reached an agreement, and there's no certainty that a transaction will occur, Lend Lease said. No price was stated. The Australian newspaper reported today that an agreement to buy Valemus for A\$1 billion (\$1 billion) was "imminent."

■ **Aeropostale Inc.** hired **Barclays Capital** as strategic adviser to help ward off a takeover by a private-equity firm, the New York Post reported. "Management is in this for the long haul, and they want the company to stay public," a person who asked not to be named said to the newspaper. Aeropostale fell 14 percent on Dec. 2, a day after reporting third-quarter earnings of 67 cents a share, a penny more than estimated.

■ **Korea Gas Corp.** agreed to acquire a 15 percent stake in the **Santos Ltd.**-led **Gladstone LNG** venture in Australia. The state-run utility will pay about \$610 million for the stake, **Lee Jeong Ju**, an assistant director of gas at South Korea's energy ministry, said. The LNG venture is among A\$200 billion (\$197 billion) of proposed developments in Australia targeting Asian demand for cleaner-burning alternatives to coal. To help fund the project, Santos agreed to sell a 15 percent stake in the venture to Total SA for A\$650 million.

continued on next page

Snapshot

Top M&A Financial Advisers

	2006	2007	2008	2009	2010
Morgan Stanley	2	2	5	1	1
Goldman Sachs & Co	1	1	1	2	2
JP Morgan	3	3	2	3	3
Credit Suisse	6	8	8	8	4
Barclays Capital	n/a	63	11	7	5

*Credit Suisse made the biggest jump among the top five M&A financial advisers from last year, rising from eighth place to fourth. The firm was buoyed by its advisory role in **Carso Global's** \$25.7 billion all-stock bid for **America Movil** and **Weather Investments'** proposed buyout of **VimpelCom** for \$21.9 billion in cash. Credit Suisse wasn't in the top five in the four years prior to 2010.*

THE WIRE

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PRIVATE EQUITY

■ **Carlyle Group** received a \$500 million investment from **Mubadala Development Co.**, part of the Abu Dhabi government, as the world's second-biggest private-equity firm prepares for an initial public offering. Mubadala will receive convertible subordinated notes and additional equity in the firm, Carlyle said. The private-equity firm sold a 7.5 percent stake to Mubadala in 2007 after shelving plans for an IPO amid the credit crisis.

■ **Onex Corp.** is in talks to sell its **Husky Injection Molding Systems** unit to rival buyout firms and may reap as much as \$2 billion, said people with direct knowledge of the matter. Onex hired Goldman Sachs Group Inc. and JPMorgan Chase & Co. to handle the auction. Apollo Global Management LLC and Carlyle Group are among the firms weighing a bid. Most of the interest in Husky is coming from buyout firms.

LEVERAGED FINANCE

■ **Transtar Industries Inc.'s** \$375 million of term loans to help pay for its leveraged buyout by **Friedman Fleischer & Lowe LLC** rose in their first trades, two people familiar with the transaction told Bloomberg News. The \$240 million first-lien debt, issued at 99 cents on the dollar, first changed hands at 101 cents. Transtar's \$135 million second-lien loan rose to 99.5 cents from its issue price of 98.5 cents.

■ **Healthscope Group**, the Australian hospital operator bought by **TPG Capital** and **Carlyle Group** for A\$2.7 billion (\$2.6 billion), raised A\$200 million from its retail bond offer. The 11.25 percent notes will trade on the Australian stock exchange from Dec. 20.

ON THE MOVE

■ **Peter Nachtwey**, the chief financial officer of **Carlyle Group**, is leaving to become CFO of **Legg Mason Inc.** **Glenn Youngkin** will assume the role of interim CFO at Carlyle.

■ **Samir Assaf** was named head of investment banking at **HSBC Holdings Plc**, the second management shakeup following a succession battle there. He previously was head of bank's global markets division.

■ **Kathleen Brown**, who ran the West Coast municipal finance team at **Goldman Sachs Group Inc.**, will move to a newly created post in Chicago — chairman of investment banking for the Midwest — after her brother Jerry Brown was elected California's next governor.

■ **Michael Chae**, a senior managing director in **Blackstone LP's** private-equity group, was appointed to head buyout investing business in Asia. Chae will also oversee marketing in the region while **Ben Jenkins** will continue to focus on deal-making. **Antony Leung** remains chairman for greater China and will join the firm's executive committee.

■ **Robert Masella** joined **Clifford Chance** as a partner, returning to law after five years as a managing director in the Mergers & Acquisitions Group at Bank of America Corp. Before working at Bank of America, Masella was an attorney at Cravath, Swaine & Moore for nearly a decade. He has closed more than \$250 billion in M&A transactions.

NOTED

Art Newman, who created a team at **Blackstone Group LP** advising companies on bankruptcy, has died. He was 67. Newman, who retired as co-head of the firm's restructuring group last year, died yesterday of cancer, according to Peter Rose, a Blackstone spokesman.

Big Oil Sets Asset-Sale Record as China Buys

The world's largest oil companies sold assets at a record pace this year, finding buyers at higher prices as China and other emerging economies vie for reserves. **BP Plc**, **Royal Dutch Shell Plc** and **ConocoPhillips** led 95 sales in 2010 valued at \$49.5 billion, the most in at least 12 years, data compiled by Bloomberg show. The pace of disposals has picked up through the year -- deals in the fourth quarter topped \$20 billion -- signaling momentum may carry into 2011.

BP has agreed to \$21 billion of sales in less than six months to help cover the cost of the Macondo oil spill. Even without the troubled London-based explorer, deals would have topped 2007's \$16 billion tally. Explorers are using funds from asset sales to meet the rising costs of production projects including deepwater drilling and liquefied natural gas plants.

"There's a bit of a sellers' market, they're getting premium prices," said **Lucy Haskins**, an oil industry analyst at **Barclays Capital** in London. "It's a wave of new buying interest from emerging markets."

China's state-controlled oil companies were the biggest buyers. **Cnooc Ltd.** and **Bridas Corp.'s** \$7.06 billion purchase of BP's 60 percent interest in Argentina's **Pan American Energy** was the largest acquisition of an energy asset from a major. Last week, **Occidental Petroleum Corp.** agreed to sell its fields in Argentina to **Sinopec Group** for \$2.45 billion.

The sales also showed buyers paying a premium to secure supplies. The average price per barrel of BP reserves sold in Argentina, Venezuela, Vietnam, Colombia, Canada and Egypt is about \$11 a barrel of oil equivalent, Evolution Securities said in a Dec. 6 note. That compares with a valuation of less than \$8 a barrel based on BP's market capitalization.

— by Brian Swint

Deal Sheet

Target: Dynegy Inc.
Acquirer: Icahn Enterprises LP
Total Value: \$4.73 billion, including net debt
Target Net Debt: \$4.13 billion
Announced Premium: 4.96%

Multiples
EBIT: 24x (industry median 8x)
Revenue: 2x (industry median 2x)
Cash Flow from Operations: 9x (industry median 10x)
Enterprise Value: 1x (industry median 1x)

Analysis:

- » Seventh-largest M&A deal in the electric-integrated industry announced in past 12 months. The largest deal was International Power PLC takeover of GDF Suez Energy International for \$25.8 billion announced in August.
- » Announced premium paid is 5%, compared with average industry premium of 21% in the past 12 months and 9.5% in the past five years in this industry.
- » The second-largest company takeover attempt ever made by Icahn Enterprises. The largest was the proposed acquisition of Reckson Associates Realty Corp in 2006 for \$6 billion that was terminated after the board of directors rejected the offer.

Target: Alcon Inc.
Acquirer: Novartis AG
Percent Owned: 76.85%
Percent Sought: 23.15%
Total Value: \$11.74 billion
Announced Premium: 4.45%

Multiples
EBIT: 21x (industry median 20x)
Revenue: 7x (industry median 2x)
Cash Flow from Operations: 21x (industry median 23x)
Enterprise Value: 1x (industry median 1x)

Analysis:

- » If completed, will be the largest acquisition in the optical supplies industry announced in past 12 months.
- » This is the second attempt to acquire full ownership of Alcon by Novartis. The first offer of \$10.6 billion for the remaining 23% was blocked by the Alcon's board of directors in January.
- » Announced premium paid is 4.5%, compared to average industry premium of 17% in past 12 months and 36% in the past five years for the industry group.

Hedge Funds Bloomberg BRIEF NEWSLETTERS

Hedge Funds | 09.07.10

Outflows Reach Highest Level Since January

BY MICHAEL E. BAKER

The hedge fund industry posted an outflow of \$2.3 billion, or 0.2% of its total assets, this July, the most since January, according to the survey by research firm TrimTabs.

July's number follows an outflow of \$2.1 billion in June. The industry has posted 4 percent outflows in May and June. Flows have been negative five of the last eight months (see chart, this page), the worst eight-month stretch since the September 2006 to April 2009 period.

The funds in the BarclayHedge database, Commodity trading advisors fared better, attracting \$3.8 billion in July. It was the healthiest month of inflows in the past 14 months, a sign of demand even as returns posted by the CTAs are down 1 percent so far this year.

TrimTabs said that hedge funds appear to have missed out on market gains in the S&P 500 index during July because of conservative positions. The S&P 500 surged 6.9 percent during the month, while hedge funds gained only 1.83 percent.

A survey by TrimTabs shows hedge fund managers remain bearish on equities. That may reflect the difficult start to the year, economic uncertainty and the reluctance of hedge funds to take on risk, having only recently recovered many of the losses that occurred in 2009.

The industry continues to show signs of consolidation.

The funds with more than \$5 billion in assets have recorded net inflows of \$7.7 billion this year, while funds with less than \$200 million have posted net losses of \$19.2 billion, equivalent to 15.7 percent of assets.

SPOTLIGHT
Liam Dalton, CEO and founder of Action Capital Management
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ARE FOREIGNERS SELLING U.S. TREASURIES? CHECK FUND FLOWS FOR HOLDINGS.



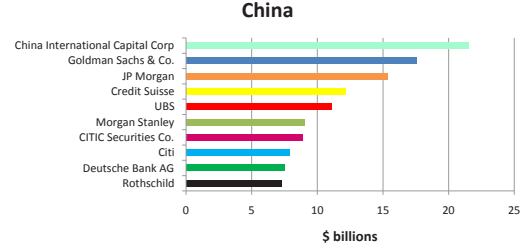
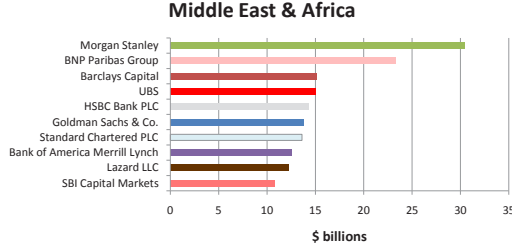
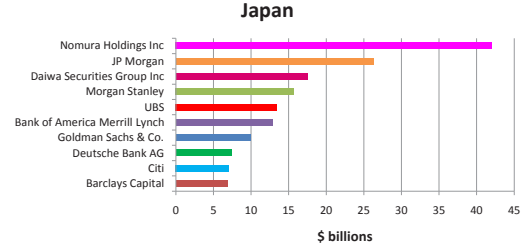
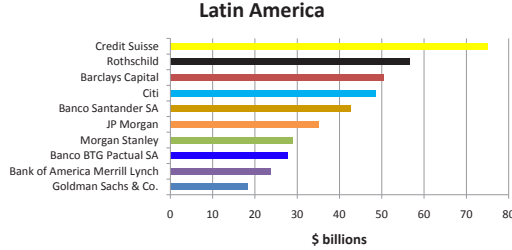
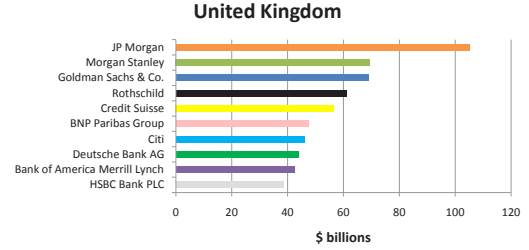
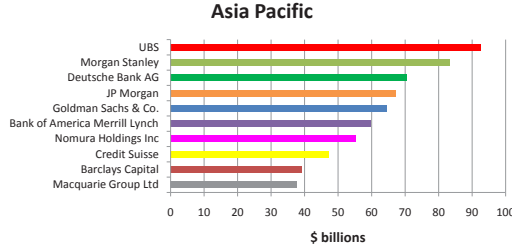
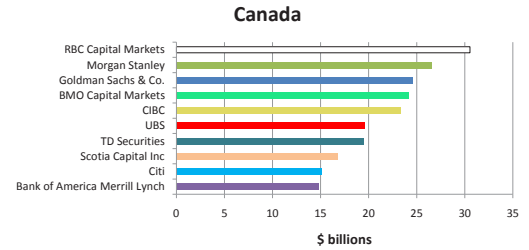
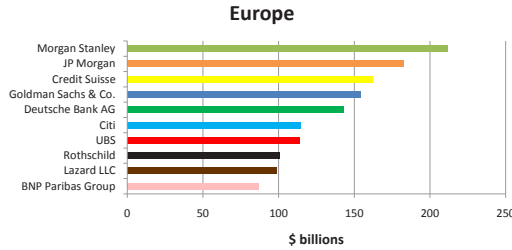
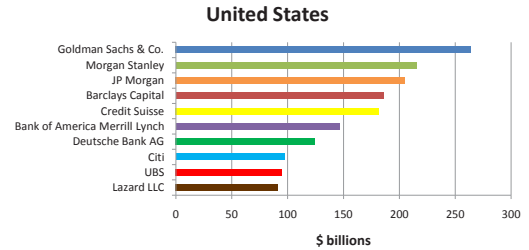
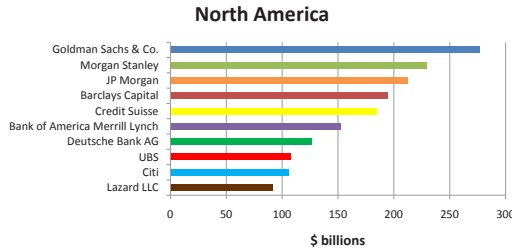
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TOP M&A ADVISERS BY REGION

- Banco BTG Pactual SA
- Banco Santander SA
- Bank of America Merrill Lynch
- Barclays Capital
- BMO Capital Markets
- BNP Paribas Group
- China International Capital Corp
- CIBC
- Citi
- CITIC Securities Co.
- Credit Suisse
- Daiwa Securities Group Inc
- Deutsche Bank AG
- Goldman Sachs & Co.
- HSBC Bank PLC
- JP Morgan
- Lazard LLC
- Macquarie Group Ltd
- Morgan Stanley
- Nomura Holdings Inc
- RBC Capital Markets
- Rothschild
- SBI Capital Markets
- Scotia Capital Inc
- Standard Chartered PLC
- TD Securities
- UBS

Data as of Dec.14



Deal Data

AGL Resources Agrees to Buy Nicor for 22% Premium

AGL Resources Inc. agreed to buy **Nicor Inc.** for \$2.4 billion in cash and stock in a deal that values the company at \$53 a share. The price is a 22 percent premium to Nicor's stock value on Dec. 1, before news of the company's potential sale was first reported.

The transaction is the biggest for AGL and the largest in the U.S. gas utilities sector this year, according to data compiled by Bloomberg. The price is more than 2 times Nicor's book value and "looks like an expensive acquisition," **Gordon Howald**, an analyst for **East Shore Partners Inc.**, said. "That's usually a harbinger of challenges."

The 22 percent premium, based on the \$53 per-share offer using AGL's 20-day moving average price, compares with a 23 percent average premium for U.S. gas-distribution companies purchased during the past five years, Bloomberg data show.

Including about \$700 million in assumed debt, AGL is paying 6.8 times profit before interest, taxes depreciation and amortization, compared with a median of 8.68 for seven of the 129 deals announced in the last five years, according to the data.

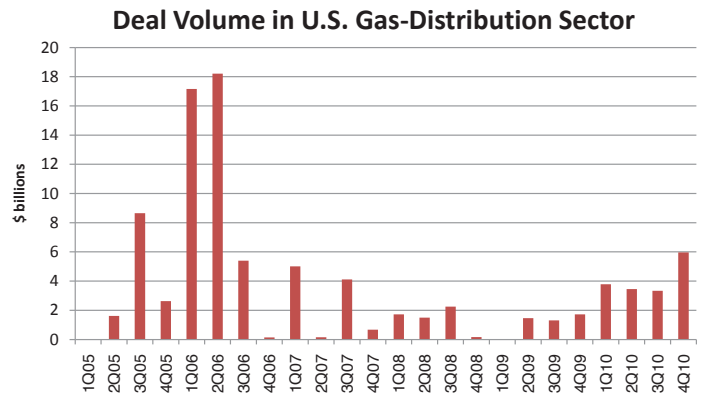
"It's tough to say if this is cheap or expensive because we don't have the strategy for

the combined businesses, particularly the regulated side," said **David Parker**, an analyst for **Robert W. Baird & Co.** who rates Nicor shares "neutral" and owns none. "The regulated side is the dog here, not the tail."

Goldman Sachs Group Inc. will finance the \$1 billion cash payment to Nicor shareholders and advised AGL on the transaction. **JPMorgan Chase** advised Nicor. Law firms **Dewey & LeBoeuf LLP** advised AGL, **Latham & Watkins LLP** advised Nicor and **Sidney Austin LLP** advised Nicor's board.

— Jim Polson and Mark Chediak

Target	Nicor Inc.	
Acquirer	AGL Resources Inc.	
Announced Date	Dec. 7	
Expected Completion Date	June 30	
Payment Type	Cash and Stock	
Cash Terms (per share)	21.2	
Stock Terms (acquirer sh/target sh)	0.8382	
Announced Value (\$)	3.1 billion	
Announced Premium (20-day avg.)	22%	
Gross Spread USD	1.31	
Short Interest % Float		
Nicor Inc.	Nov. 30	4.95%
AGL Resources	Nov. 30	0.87%
Dividend (Next Period)		
Nicor Inc.	Dec. 29	0.465
AGL Resources	-	-



Source: Bloomberg

Target Name	Announced Date	Announced Value (\$ millions)	Deal Multiples (times)							
			EBITDA	EBIT	Revenue	Net Income	Net Income + Depreciation	Income before XO	Cash Flow from Operations	Free Cash Flow
Nicor Inc	12/07/10	3,138.10	5.22	9.23	0.88	15.69	6.8	15.69	8.03	
Comparable Deals Median			9.32	24.36	1.67	22.09	10.16	21.21	8.02	28.84
Jemena Ltd	04/26/06	4863.3	9.32	24.37	1.67	7.13	4.84	26.4	11.57	17.92
Italgas Hellas SpA	11/25/02	3406.07	6.92	9.68	1.27	26.81	12.73	22.43	13.98	44.42
Peoples Energy Corp	07/10/06	2534.93	10.94	76.43	0.51	1226.06	12.64	0	7.47	40.01
Hong Kong & China Gas Co Ltd	10/03/07	1899.68	21.98	24.77	8.74	20.08	18.21	19.99	21.82	38.43
Enia SpA	10/12/08	1718.4	0	0	0	0	0	0	0	0
Reliance Natural Resources Ltd	07/04/10	1417.2	256.89	341.32	25.3	95.47	87.43	95.47	79.32	103.52
Amga SpA	01/25/06	926.05	6.6	10.16	1.06	22.09	10.16	19.95	5.4	0
NGC Holdings Ltd	10/11/04	907.18	9.8	24.36	3.59	15.71	8.02	15.41	8.02	12.13
Fluxys	03/23/10	858.35	5.42	9.08	2.4	16	7.31	15.71	5.12	19.26
SEMCO Energy Inc	02/23/07	759.01	3.31	5.27	0.45	27.81	6.74	27.81	3.78	8
Comp Deals Min			3.31	5.27	0.45	7.13	4.84	15.41	3.78	8
Comp Deals Avg			36.8	58.38	5	161.91	18.68	30.4	17.39	35.46
Comp Deals Max			256.89	341.32	25.3	1226.06	87.43	95.47	79.32	103.52

COMMENTARY BY RAY MURPHY

Allegheny's Merger with FirstEnergy Offers Attractive Spread

The **Allegheny Energy** and **FirstEnergy** merger got approval from the Federal Energy Regulatory Commission approval this week, positioning the deal for its final run to completion.

The remaining regulatory reviews suggest a closing by Feb. 15, and the available arbitrage return until then is attractive.

The deal, announced on Feb. 11, is structured as a share exchange, with Allegheny shareholders receiving 0.667 shares of FirstEnergy common stock in exchange for each Allegheny share. The exchange ratio is fixed. Based on the closing stock prices for the companies on Feb. 10, the exchange ratio equated to a value of \$27.65 per Allegheny share.

The price per share represented a premium of 31.6% to the closing stock price of Allegheny on February 10, 2010, and a 22.3% premium to the average stock price of Allegheny over the 60-day period ending Feb. 10, 2010.

FirstEnergy is also assuming approximately \$3.8 billion in Allegheny net debt. At announcement, the companies used a 12- to 14-month estimate of closing by April 2011.

This transaction has progressed along a timeline comparable to other similarly sized transactions in the utility arena. Utility mergers typically are driven by multiple state public utility commission reviews. It is not uncommon for such deals take a year or more to close. Allegheny's public utilities commission approvals are pending in Pennsylvania, West Virginia and Maryland.

The closing timelines vary considerably from deal to deal, as shown in the table below, but the common theme is that the state power commission reviews govern the timing of the closing.

While the FERC and HSR reviews are generally important components of the regulatory landscape, they rarely drive the timeline. FERC clearance is usually obtained a month or two or more in advance of the more material PUC reviews. HSR reviews generally expire without incident after the statutory 30-day waiting period.

It is likely the conclusion of the HSR review and the finalization of the PUC settlements will dovetail later this year or early next year. HSR is ripe for a decision at this point. The HSR was filed on May 25 and a "second request" was issued on June 24, so the deal

has been in second request territory for over four months.

Allegheny has coal-fired, gas-fired, oil-fired and hydro plants in Pennsylvania, West Virginia, Maryland and Virginia. FirstEnergy operates coal-fired, hydro and nuclear energy generation plants in Ohio, Pennsylvania, Indiana, Michigan and New Jersey.

The companies' service territories overlap only in Pennsylvania, and there is only one location in southwestern Pennsylvania where both companies have a plant. Given the general lack of overlap in assets, there have not been significant anti-trust worries with the transaction.

Allegheny closed at \$23.41 a share yesterday in New York Stock Exchange trading. FirstEnergy closed at \$36.02 a share. With the fixed 0.667 exchange ratio, the implied value of Allegheny stock is \$23.92 per share.

The \$0.70 per share spread with a February 2011 closing would offer an 18% annualized return.

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

Utilities Mergers – Days to Completion

DEAL	ANNOUNCEMENT DATE	CLOSING DATE	DAYS TO COMPLETION	APPROVALS
Mirant Corp., RRI Energy Inc.	4/11/2010	12/3/2010	236	HSR, FERC and New York PUC
Florida Public Utilities Co., Chesapeake Utilities Corp.	4/9/2009	10/29/2009	203	HSR; PUC in Delaware and Maryland
Puget Energy Inc., multiple acquirers	10/26/2007	2/9/2009	472	The deal required HSR, FERC, CFIUS and the WA PUC approval. HSR terminated early. FERC cleared months in advance of the WA PUC approval.
Aquila Inc., Great Plains Energy Inc.	2/7/2007	7/15/2008	524	Merger required HSR; FERC and PUC reviews in Missouri and KS. Asset sale required HSR; FERC and PUC reviews in Missouri, Kansas, Colorado, Nebraska and Idaho.
Energy East, Iberdrola SA	6/25/2007	9/17/2008	450	Subject to HSR; FERC, CFIUS, and PUCs in Connecticut, Maine, Massachusetts, New Hampshire and New York. HSR expired with 30-day waiting period. FERC cleared ahead of gating item: New York PUC review.
KeySpan Corp., National Grid PLC	2/27/2006	8/27/2007	546	HSR; FERC, CFIUS and PUC clearances in New York, New Hampshire and New Jersey. Received early termination of HSR review. FERC cleared months prior to the key state PUC reviews.

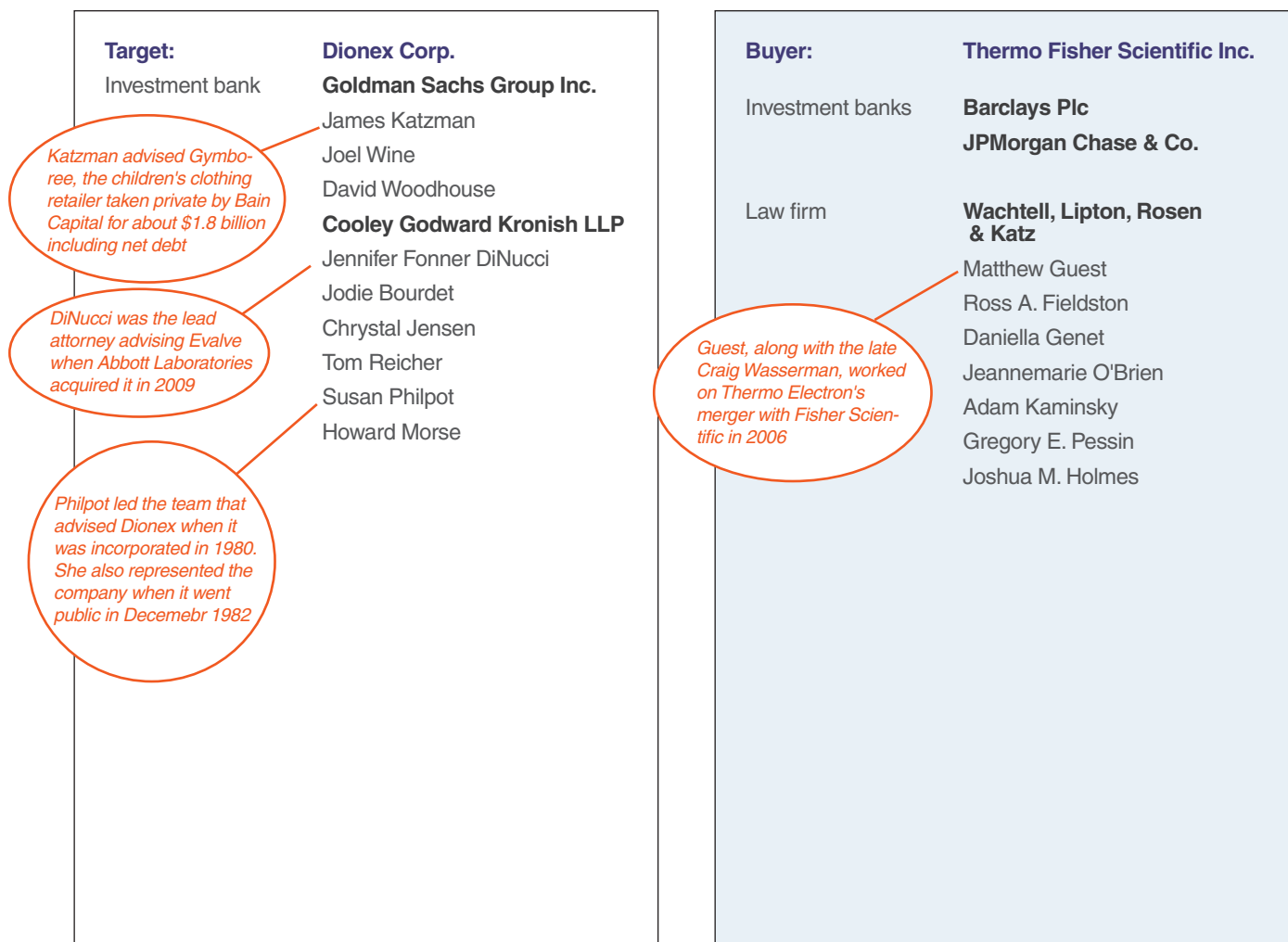
Deal Roster

Matthew Guest, a partner in the corporate department of **Wachtell, Lipton, Rosen & Katz**, led a team that advised **Thermo Fisher Scientific Inc.** on its Dec. 13 agreement to buy **Dionex Corp.** for \$2.1 billion. **Jennifer Fonner DiNucci**, M&A partner at **Cooley Godward Kronish LLP**, represented Dionex. Cooley also was legal counsel in its initial public offering in December 1982.

James Katzman and **David Woodhouse**, the **Goldman Sachs** bankers who advised Dionex, also advised biotechnology company **Genentech Inc.** when it was acquired in March 2009 by **Roche Holding AG**, the world's largest maker of cancer treatments, for \$43.7 billion. **Barclays Plc** was financial adviser to Thermo Fisher Scientific. Barclays predecessor Lehman Brothers represented Thermo Electron Corp. in its 2006 \$10.6 billion

takeover of Fisher Scientific International Inc. Thermo Fisher has made six acquisitions this year, including the takeover of Australia-based Lomb Scientific, which is pending after the Nov. 30 announcement. The Dionex acquisition is Thermo Fisher's largest since Thermo Electron and Fisher Scientific merged in 2006. The transaction represented a 21 percent premium to its closing price on Dec. 10, the last trading day before the announcement.

— By Tara Lachapelle



ARB ANALYSIS

TOM BURNETT, GUEST COLUMNIST

Medical-Device Deals Trigger Search for Value Among Possible Targets

We have examined the medical device and technology industry as merger-and-acquisition activity in the sector increases.

Beckman Coulter Inc., a maker of laboratory equipment, rose 26 percent on Dec. 10 after Bloomberg News reported the company was exploring a sale after being approached by private-equity firms. Beckman Coulter, based in Brea, California, didn't comment on the talks.

Thermo Fisher Scientific Inc., the world's largest maker of laboratory instruments, and **Dionex Corp.** on Dec. 13 announced a friendly merger agreement calling for Thermo to pay \$118.50 in cash for each Dionex share. This deal price is almost a 21 percent premium to Dionex's closing price before the announcement.

The companies expect to generate \$60 million of annual cost and revenue

synergies on a seasoned basis for the combined company. In a slow-growth economy, revenue growth is difficult to achieve and cost-cutting opportunities arising from mergers can provide important bottom-line benefits.

In the accompanying table, we present five companies active in the medical device and technology industries.

Each one has a market capitalization of between \$400 million and \$1.5 billion. All five companies are profitable and each one generates annual revenues of at least \$100 million. All five stocks are down so far in the 2010 year.

These companies could become merger targets if this medical technology industry continues to consolidate, and each one is big enough to make a difference to all but the very largest players in the industry.

While we are not recommending any of these companies as merger targets, we believe that they repre-

sent potential value in a consolidating sector.

For example, **Wright Medical Group Inc.** has a long record of success in the design and manufacture of reconstructive joint devices. The company has grown revenues from \$319 million in 2005 to \$487 million in 2009, and has been profitable in each of the last five calendar years. Revenues were up 6.7 percent in the first nine months of 2010 from the same period a year earlier. Operating income reached \$22 million in that period, compared to \$19.5 million for the first nine months of 2009.

Its balance sheet is strong, with net debt of \$67 million compared to total equity of \$459 million. If the recent consolidation trends continue, Wright could be a logical target for a buyer such as **Medtronic Inc.**, **Johnson & Johnson** or **Stryker Corp.**

Tom Burnett, CFA, is director of research with Wall Street Access, and NYSE firm.

Medical Device Companies

COMPANY	SYMBOL	NET DEBT	MARKET CAPITALIZATION	YTD RETURN	TTM REVENUES	ESTIMATED 2010 EPS	RECENT PRICE	EV/TTM EBITDA
American Medical Systems	AMMD	\$200 million	\$1.44 billion	-2.50%	\$541 million	\$1.25	\$19.14	9.6x
Immunocor Inc.	BLUD	N/A	\$1.3 billion	-4.20%	\$349 million	\$1.20	\$19.83	8.3x
NuVasive, Inc.	NUVA	\$53 million	\$895 million	-28.50%	\$455 million	\$1.43	\$23.08	16.4x
Wright Medical Group	WMGI	\$44 million	\$589 million	-20.50%	\$510 million	\$0.87	\$15.10	9.5x
Conceptus, Inc.	CPTS	\$13 million	\$421 million	27.60%	\$141 million	\$0.36	\$13.50	23.4x

Source: Bloomberg, Company Reports

Pfizer Extends Tender Offer for King After Delay

Pfizer Inc. extended its \$14.25-a-share offer for **King Pharmaceuticals Inc.** to Jan. 21 while the companies await regulatory approval for the \$3.6 billion deal. It was the second time the offer has been delayed as the companies await approval from U.S. regulators. Pfizer and King are targeting a first-quarter completion of the offer.

The acquisition would be Pfizer's biggest since its \$68 billion purchase of **Wyeth** last year. King gives Pfizer access to the Flector pain patch and Embeda morphine pill. Pfizer has said it's looking to expand its pain products beyond the arthritis treatment Celebrex and nerve pain remedy Lyrica. King had \$1.78 billion in revenue last year.

Pfizer is still within its original timeframe for completion of the offer, said **Joan Campion**, a spokeswoman.

Pfizer has done 30 deals in the past five years with an average size of \$4.13 billion. The average premium paid for pharmaceutical acquisitions over the past 12 months was 24 percent, according to data compiled by Bloomberg.

Pfizer's financial adviser was **J.P. Morgan Securities LLC** and its legal adviser was **Cadwalader, Wickersham & Taft LLP**. **Credit Suisse** was King's financial adviser and **Covington & Burling LLP** was its legal adviser.

— Tom Randall

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
AIRGAS INC	AIR PRODS & CHEM	7,496.88	02/05/10	01/14/11	70	48.32	63.2	10.76	6.8	-1.36
ALCON INC	NOVARTIS AG	11,742.65	12/15/10	06/30/11	168	4.45	162.25	3.54	5.75	-
LTX-CREDENCE COR	VERIGY LTD	320.21	11/18/10	06/30/11	12.95	39.23	7.46	73.6	5.49	-0.27
TALECRIS BIOTHER	GRIFOLS SA	3,901.90	06/07/10	12/31/10	27.7	53.94	22.35	23.94	5.35	-0.18
BUCYRUS INTERNAT	CATERPILLAR INC	8,608.90	11/15/10	06/30/11	92	31.29	89.58	2.7	2.42	-0.38
EXCO RESOURCES I	PRIVATE INVESTOR	5,183.24	11/01/10		20.5	37.71	18.99	7.95	1.51	-0.3
MCAFFEE INC	INTEL CORP	6,593.67	08/19/10		48	52.32	46.56	3.09	1.44	0.41
PENN VIRGINIA GP	PENN VIRGINIA RE	1,525.05	09/21/10		26.72	11.73	25.45	5.01	1.27	0.21
NICOR INC	AGL RESOURCES	3,138.10	12/07/10	06/30/11	51.36	17.61	50.12	2.47	1.24	-0.18
ALLEGHENY ENERGY	FIRSTENERGY CORP	9,216.11	02/11/10	04/30/11	24.03	36.15	23.41	2.63	0.62	-0.04
LADISH CO INC	ALLEGHENY TECH	801.67	11/17/10		48.58	49.75	48.03	1.14	0.55	-0.09
HYPERCOM CORP	VERIFONE SYSTEMS	444.4	09/29/10	06/30/11	9.3	70.37	8.76	6.18	0.54	-0.02
AIRTRAN HOLDINGS	SOUTHWEST AIR	1,014.63	09/27/10	06/30/11	7.75	67.51	7.38	5.01	0.37	0.06
NEWALLIANCE BANC	FIRST NIAGARA FI	1,522.73	08/19/10	06/30/11	14.85	23.83	14.5	2.39	0.35	0.01
ALBERTO-CULVER	UNILEVER NV-CVA	3,701.34	09/27/10		37.5	20.63	37.18	0.86	0.32	0.07
MEDIACOM COMM	MANAGEMENT GROUP	3,623.59	06/01/10	06/30/11	8.75	54.88	8.45	3.55	0.3	0.05
DIONEX CORP	THERMO FISHER	2,068.14	12/13/10	03/31/11	118.5	27.6	118.23	0.23	0.27	-
BALDOR ELECTRIC	ABB LTD	4,146.40	11/30/10	01/10/11	63.5	43.66	63.24	0.41	0.26	0.18
COMMSCOPE INC	Private	3,787.80	10/25/10	03/31/11	31.5	37.66	31.24	0.83	0.26	0.03
DEL MONTE FOODS	Multiple	5,098.61	11/25/10	03/31/11	19	25.68	18.76	1.28	0.24	0.05

League Tables

Global Financial Advisers

FINANCIAL FIRM	2010 Year-to-Date			
	RANK	MKT SHARE	VOLUME USD (Mln)	DEAL COUNT
Morgan Stanley	1	21.7	443,623	305
Goldman Sachs & Co	2	18.9	386,446	280
JP Morgan	3	17.7	362,206	251
Credit Suisse	4	17.0	346,297	201
Barclays Capital	5	13.8	281,266	146
Deutsche Bank AG	6	12.9	263,979	196
UBS	7	12.1	247,532	196
Bank of America Merrill Lynch	8	11.3	231,513	207
Citi	9	11.1	227,212	161
Lazard LLC	10	9.5	194,779	159
Rothschild	11	8.3	168,689	189
BNP Paribas Group	12	5.5	112,671	80
Nomura Holdings Inc	13	4.9	100,955	163
HSBC Bank PLC	14	4.5	92,407	64
Societe Generale	15	3.5	70,647	26
Evercore Partners Inc	16	3.2	65,351	33
Perella Weinberg Partners	17	3.1	63,249	19
RBC Capital Markets	18	3.0	61,285	127
Blackstone Group	19	2.9	59,527	29
Greenhill & Co	20	2.8	56,538	49

Source: Bloomberg
Excludes terminated deals.

As of: 12/16/2010

Global Legal Advisers

LEGAL FIRM	2010 Year-to-Date			
	RANK	MKT SHARE	VOLUME USD (Mln)	DEAL COUNT
Skadden Arps Slate Meagher & Flom	1	11.9	243,465	207
Sullivan & Cromwell	2	10.4	212,125	142
Freshfields Bruckhaus Deringer	3	8.7	177,598	233
Simpson Thacher & Bartlett	4	8.6	175,264	143
Latham & Watkins LLP	5	8.2	167,584	227
Cleary Gottlieb Steen & Hamilton	6	7.4	150,386	96
Dewey & LeBoeuf LLP	7	6.2	125,612	92
Linklaters LLP	8	6.1	125,243	150
Wachtell Lipton Rosen & Katz	9	6.0	123,043	49
Shearman & Sterling LLP	10	5.7	116,054	127
Davis Polk & Wardwell	11	5.2	105,325	86
Stikeman Elliott	12	5.0	101,106	103
Allen & Overy LLP	13	4.9	99,924	155
Clifford Chance LLP	14	4.1	82,805	108
Weil Gotshal & Manges LLP	15	4.0	81,694	114
Cravath Swaine & Moore	16	3.8	77,796	54
Blake Cassels & Graydon LLP	17	3.8	76,757	117
Gibson Dunn & Crutcher	18	3.7	75,674	100
Vinson & Elkins LLP	19	3.4	68,601	61
Debevoise & Plimpton LLP	20	3.0	62,086	62

Source: Bloomberg
Excludes terminated deals.

As of: 12/16/2010

Calendars

To submit an event email mergerbrief@bloomberg.net

Anticipated Approvals

DATE	TARGET	ACQUIRER	DEAL VALUE	TYPE
12/20	NewAlliance Bancshares Inc	First Niagara National	1523	Target and acquirer shareholders
12/20	Trafford Centre Group	Capital Shopping Centres	2584	Acquirer shareholders
12/21	Art Technology Group Inc.	Oracle Corp	844	Target shareholders
12/22	Sumitomo Trust & Banking Co. Ltd	Chuo Mitsui Trust Holdings	9200	Target and acquirer shareholders
12/23	Bucyrus International Inc.	Caterpillar Inc.	8609	Hart-Scott-Rodino
12/23	Cellu Tissue Holdings Inc.	Clearwater Paper Corp	492	Target shareholders
12/29	Atlas Energy Inc.	Chevron Corp	4916	Hart-Scott-Rodino
12/30	ON*Media Corp	O Media Holdings Co Ltd	344	Target and acquirer shareholders
12/30	CommScope Inc.	Carlyle Group	3788	Target shareholders
12/30	Polymerlatex Deutschland	Yule Catto & Co PLC	593	Acquirer shareholders
12/31	Novell Inc	Private equity consortium	1090	Hart-Scott-Rodino

Calls and Meetings

DATE	TIME	COMPANY	EVENT	DESCRIPTION
12/20	1pm	Genzyme Corp	Analyst and Investor Meeting	Hostile bid from Sanofi-Aventis SA.
12/20		Hansen Natural Corp	Investor Meeting	Exploring strategic options including a potential sale, per Stifel Nicolaus.
12/23		NutriSystem Inc.	Annual General Meeting	Shares were 3.5 percent higher on Nov. 22 with active call option volume, according to Theflyonthewall.com.
12/30	2pm	CommScope Inc.	Extraordinary Shareholders Meeting	Shareholder vote on Carlyle Group takeover. Chinese antitrust review may conclude in early January.

Conferences

DATE	EVENT	FEATURING	LOCATION	CONTACT / REGISTRATION
Jan. 11-13	AM&AA Winter Conference	"Back in the Game - The New Winning Strategies."	Hilton New Orleans Riverside	amaaonline.com
Jan. 13	Argyle Forum's 2011 Leadership in the Distressed Markets	Wilbur Ross, Steve Rattner.	New York (exact location disclosed to attendees)	Request an invite by emailing lgochanour@argyleforum.com
Jan. 18-19	M&A Leadership Council's Art of M&A Integration	"Creating your 'playbook' for success in business integration."	Marriott, Irving, Texas.	macouncil.org
Jan. 20, 6pm	ACG New York	Annual Winterbash	Midtown Executive Club, New York	acg.org/nyc
Jan. 25	Bloomberg Debt Crisis Briefing	Didier Reynders, Deputy Prime Minister and Minister of Finance, Belgium.	Museum of Arts and Design, New York	Tracy David, 646-834-5021, mdavid20@bloomberg.net
Jan. 25-26	Investment and M&A Opportunities in Health Care	"Poster presentations' from CEOs, CFOs and other corporate development executives."	Nashville (Tenn.) Convention Center	ibig.com/conferences/F1101
Feb. 2	Bloomberg China Investment Strategies	Key topics to be provided by Bloomberg Greater China news team.	New York Public Library	Caroline Richenberg, 646-834-5018, crichenberg@bloomberg.net
Feb. 2-4	Private Equity World Australia	Keynotes include John Brakey, KKR Australia.	Park Hyatt Melbourne	terrapin.com
Feb. 7-11	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."	Graziadio Executive Conference Center, Malibu, Calif.	amaaonline.com
Feb. 8-9	Institutional Investor's 2nd Annual Global Real Assets Investment Forum	Participation by invitation only. Apply for an invitation. No fee to attend.	Union League Club, New York	iiconferences.com
Feb. 8-9	M&A Leadership Council's Art of M&A Integration	"A practical guide to achieving success in business integration."	Institute of Directors, London	macouncil.org

Q&A

Robert Profusek, head of mergers & acquisitions at law firm **Jones Day**, spoke with **Alex Sherman** about the evolution of deals since the 1970s and why 2011 should be a blockbuster year.

Q: You've worked in M&A for several decades. How has the world changed?

A: I started in the M&A field when there's wasn't an M&A field. There wasn't any such thing as an M&A specialist when I began in the late 70s. What changed everything was the span of hostile takeover activity in the late 70s and early 80s. I worked on the first billion-dollar deal, between **Exxon** and **Reliance Electric Co.**, when the golden parachute was invented. I worked on what was at the time the biggest hostile deal when **Mobil** went after **Marathon**. I worked on the T. Boone Pickens raids and when the poison pill was created in 1986. In the last 10 years, since the dot-com bust, risk has become a much more focused aspect of the M&A process. Due diligence in the broad sense is much more important now. When you go into the board room, sure there's talk about the numbers, the break-up fees, but really, you talk about all the issues. Management now comes in with a strategic assessment that is much more sophisticated and deals with downside scenarios. It's at odds with the environment in the 70s and 80s, when the auction process was sped up.

Q: You said a few months ago that 2011 would be a huge year for M&A. Do you still stand by that?

A: I think it's going to be a huge year, maybe the biggest year ever. My only concern is the roles of the board and the roles of management have been pushed closer together. Smart managements no longer take a deal to the board if they think there's any chance the board won't be comfortable with it. I think that's

why we've seen so few transformative deals since the financial crisis. It makes for a more cautious environment. Otherwise, next year should be a barnburner of a year. You have virtually free money, oodles of cash, equity prices that have recovered enough so that you don't feel like a dope if you sell now, and a pretty lax regulatory environment.

Q: You represented Potash Corp. of Saskatchewan in its negotiations with BHP Billiton. If BHP had simply offered more, would the deal still have died for regulatory reasons?

A: If you sort through the communications, you will never find a press release when Potash said, "We're not for sale." What they said was, "This is a wholly inadequate offer" at \$130 a share. Some have wondered, in hindsight, of the wisdom of bidding \$130 when the market was in the upper \$140s. BHP Billiton said publicly they were only game in town, and they thought the market would come back to them, but it didn't happen. If they had made a more robust offer, it's not possible to know for sure what the outcome would have been. You might say the deal was blocked on regulatory grounds, but nothing happens totally in isolation. The Potash board never said, "Never." They just said, "Not this deal."

Q: Will we see more hostile tender offers in 2011?

A: There's usually a big ramp-up of hostile activity after a market correction. Some companies' values don't recover quickly enough. But hostile deals are still pretty rare in this environment because you don't get the due diligence. Hostile is not

black-and-white, though. Look what's going on with BJ's Wholesale Club Inc. and Leonard Green & Co. This is Leonard Green, not Carl Icahn — this is a pretty down-the-middle-of-the-fairway private-equity shop. They communicate that BJ's should do strategic activities, next thing you know, they're doing it. Is that hostile? Kind of. I think you'll see more of that type of deal.

Q: Will 2011 be a particularly big year for private-equity firms because they'll be forced to invest cash or return it to investors?

A: I don't think so. The private-equity community is way too sophisticated for that. Sure, if they raised a fund in 2006, the five-year investment period ends next year. But I don't think it's the end of the world for those guys to not spend it. They're in it for the long term, they're not in it for that fund. I do think we'll see more private equity because the debt markets are much better, but I don't think it's going to be bananas.

Q: Will private-equity activity be particularly robust in a space maybe some people aren't thinking about?

A: It's been fits and starts so far, but I think you'll see a lot privatization in 2011. Why do governments own parking lots and airports anyway? They only own it because when they were built, there wasn't financing for it. Now there's financing for everything. So I think you'll see privatization.

Profusek was named The American Lawyer Dealmaker of the Year in 2005, when he represented Nextel Communications in its \$46 billion dollar merger with Sprint Corp.