

Bloomberg BRIEF

Mergers

NEWS, ANALYSIS AND COMMENTARY

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M&A
WATCH

CARPHONE TO SELL U.S. MOBILE STAKE TO BEST BUY FOR \$1.34 BILLION. Carphone Warehouse Group Plc, Europe's largest mobile-phone retailer, plans to sell its stake in its U.S. and Canadian joint venture to partner Best Buy Co.

TEKELEC TO BE ACQUIRED FOR ABOUT \$780 MILLION. The mobile broadband solutions company agreed to be acquired by a consortium led by Siris Capital Group for \$11 a share in cash, an 11% premium to its Nov. 4 closing price, according to a statement.

SANDVIK BIDS \$933 MILLION FOR REMAINDER OF SECO TOOLS. The world's largest maker of metal-cutting tools offered to buy the rest of its subsidiary Seco Tools AB.

BAIN, CARLYLE SAID AMONG FIRMS LINING UP BINDING TAMINCO BIDS. Bain Capital, Apollo Global Management and Carlyle Group are among the private-equity firms poised to submit binding offers for CVC Capital Partners' amine-chemicals business early next month, said people familiar.

CAMPBELL SOUP MAY SEEK TO BUY ETTI BRAND IN BRAZIL, ESTADO SAYS. The world's biggest soup company is interested in buying Hypermarcas SA's food brand Etti, O Estado de S. Paulo reported, citing unidentified people from the industry.

CNOOC PURCHASE OF BP'S \$7.1 BILLION ARGENTINE UNIT SCRAPPED. Cnooc Ltd.'s deal to buy BP Plc's \$7.1 billion stake in Argentine crude producer Pan American Energy collapsed, 10 days after Argentina's president ordered oil companies to repatriate export revenue.

Minmetals May Target Mirabela, Alumina

BY BLOOMBERG NEWS

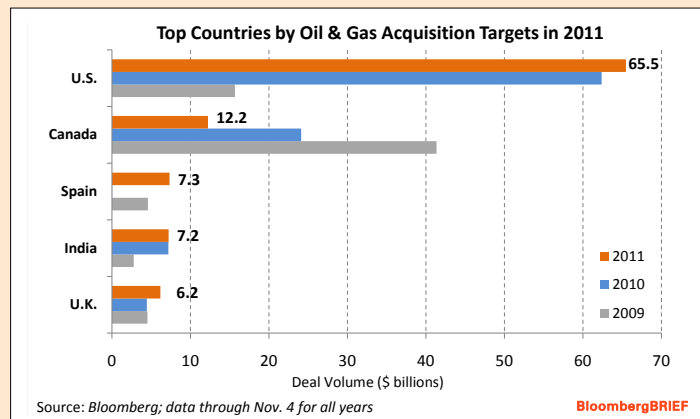
Minmetals Resources Ltd., backed by China's biggest metals trader, is transforming companies from **Mirabela Nickel Ltd.** to **Alumina Ltd.** into takeover targets as it eyes \$7 billion of nickel, bauxite and alumina deals.

Minmetals, which agreed a month ago to buy copper producer **Anvil Mining Ltd.** after losing a bidding contest for **Equinox Minerals Ltd.**, is planning more takeovers, its chief financial officer said Oct. 28. The Hong Kong-listed mining company is turning to dealmaking with its own stock selling for less relative to earnings than any raw-material producer in the world, according to data

Daily Data (includes announced and amended deals)

Comparisons

SUMMARY	TOTAL	YEAR TO DATE	PRIOR YTD
Number of Deals	44	23,043	21,664
Volume	\$3.57 billion	\$2.03 trillion	\$1.79 trillion
Avg Disclosed Deal Size	\$142.7 million	\$161.4 million	\$154 million
Average Premium	32%	22%	23%



The oil & gas industry has \$140.5 billion of transactions globally this year. Purchases of U.S. targets have grown 5% from a year earlier to \$65.5 billion.

Breaking Deals

TARGET NAME	ACQUIRER NAME	TOTAL VALUE (\$M)	TARGET PRICE/EBITDA
Best Buy Mobile profit share	Best Buy Co Inc	1,339.5	-
Seco Tools AB	Sandvik AB	624.4	8.6
Tekelec	Multiple acquirers	497.8	16.3
American Dental Partners	JLL Partners Inc	387.1	3.4
Karakami Kankoh Co Ltd	KKT KK	346.6	0.6
Aker Floating Production	Aker ASA	127.0	0.1
Office and retail portion	Indust. & Comm. Bank of China	94.5	-
VuQo Premium Vodka	MacKay Group Ltd/The	40.0	-
InfoDeliver Corp	EPS Co Ltd	31.5	-
Texas Instruments unit	Tokyo Electron Device Ltd	19.4	-

Yesterday's Deals

TARGET NAME	ACQUIRER NAME	TOTAL VALUE (\$M)	TARGET PRICE/EBITDA
Multiple (DeBeers stake)	Anglo American PLC	5,100	-
Jadangil Participacoes Rep.	Kirin Holdings Co Ltd	1,353	-
Mid-cont. energy properties	Linn Energy LLC	600	-
Shanxi Huameiao Energy	China Qinfu Group Ltd	454	-
Lac Alfred Wind Project	Enbridge Inc	324	-
Shanghai Renpin Prop. Dev.	Yanlord Land Group Ltd	261	-
Advanced Info Service PCL	Singapore Telecom.	259	7.4
Marsh & Parsons Ltd	LSL Property Services PLC	73	-
Yokohama Baystars Baseball	Dena Co Ltd	61	-
Mole Business Park	Rockspring German Retail Box	61	-

MINMETALS...

compiled by Bloomberg.

Mirabela, which controls the Santa Rita nickel mine in Brazil, and Alumina, which is an owner of the world's biggest producer of the raw material, may attract interest from Minmetals, **Perpetual Ltd.** said. With the company's earnings set to peak this year and the Anvil deal facing increased scrutiny from the Democratic Republic of Congo, Minmetals needs acquisitions to extend the life of its mines and boost valuations, according to **Credit Suisse Group AG.**

"Consummating a few of these would go a long way to closing that valuation gap," **John Stephenson**, of **First Asset Investment Management Inc.** said. "Minmetals' mines have relatively short mine lives. They definitely would be an acquirer and it would certainly help."

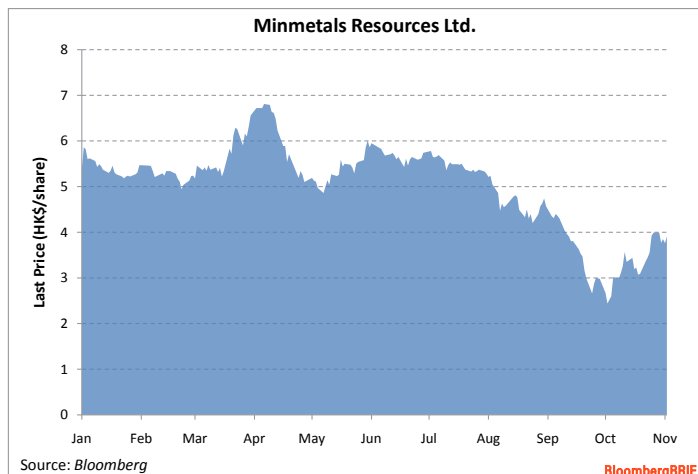
Wang Jionghui, general manager of mining exploration at **China Minmetals Corp.**, the parent of Minmetals Resources, said that the group would be interested in acquisitions to meet demand for commodities in emerging markets.

Minmetals Resources, which produces zinc, copper, lead and gold from mines in Laos and Australia, is run by 59-year-old Australian **Andrew Michelmore**, the most senior non-Chinese executive at a state-owned listed mining company.

Minmetals this year made the largest takeover bid for an overseas mining company by a Chinese buyer when it offered to buy Australia-based Equinox, the owner of Africa's largest copper mine, for C\$6.04 billion (\$5.9 billion). Minmetals, which was trumped in that bid by **Barrick Gold Corp.**, on Sept. 30 agreed to pay HK\$10 billion (\$1.3 billion) for Anvil to gain three copper mines in the Democratic Republic of Congo.

Anvil said last week that the takeover may not be completed if talks with state-owned partner Gecamines don't progress, after Gecamines called for a review of the terms of a lease for one of Anvil's mines. Minmetals said on Nov. 1 that it's "hopeful" talks with the Democratic Republic of Congo will allow the acquisition to proceed.

Minmetals' inability to close this year's deals so far is keeping some investors away from its stock, according to **Tsuyoshi Shiba**, chief investment officer of Hong Kong-based **Triskele Capital Man-**



agement Ltd.

"It is still telling stories," Shiba said. "Its overseas expansion isn't successful so far."

Minmetals is pursuing acquisitions with the mine lives of its four existing holdings set to end by 2020, according to the company's website. The life of its Century mine in Northwest Queensland, Australia, which is the world's second-biggest zinc mine, is projected to end in 2015.

"The focus for us has always been copper and zinc," Minmetals CFO Lamont said in an interview in Hong Kong on Oct. 28. "We would like to have a third wedge in that pie that is another upstream base metal, which leads you to either nickel, bauxite, or alumina."

Minmetals, which may post a 50 percent increase in net profit to \$615.3 million this year, according to analysts' estimates compiled by Bloomberg, will see earnings drop 8.7 percent next year, the data show.

The company already trades at 2.6 times profit, the lowest valuation among 282 raw-material producers in MSCI's indexes of developed and emerging markets, after the shares declined 27 percent this year.

"Attempts in 2011 at buying out Equinox and Anvil show the company's continuous efforts to extend its total mining life," **Owen Li-ang**, Credit Suisse, wrote in an Oct. 26 note. "Future mergers and acquisitions will provide potential upside to the firm's valuation."

Mirabela would be an appealing target for Minmetals because its Santa Rita nickel sulfide mine could be productive for 30 years, said **James Bruce** at Perpetual in Sydney

"Mirabela has a good, long-life asset and one that could be up for grabs," said **Simon Tonkin** at **Patersons Securities**

Ltd. "There will be a shortage of sulfide nickel concentrates."

Tonkin estimates Mirabela could be worth as much as A\$3.30 a share, or A\$1.6 billion (\$1.7 billion). That's more than double its price of A\$1.655 at 14:11 p.m. in Sydney today.

Perpetual's Bruce said Minmetals may also look to acquire **Alumina Ltd.**, citing Michelmore's relationship with the company from his days with WMC and a global shortage of available alumina and bauxite assets.

Alumina owns 40 percent of the Alcoa World Alumina & Chemical venture with **New York-based Alcoa Inc.**, the largest U.S. aluminum producer. Its assets include two bauxite mines and three alumina refineries in Australia as well as mines in South America and Guinea, according to the company's website.

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PEOPLE WATCH

■ **Charles Bouaziz**, 49, former CEO of **PepsiCo Inc. Western Europe**, was hired as a partner by private-equity firm **PAI Partners**, according to a statement. Bouaziz will be based in Paris as a member of the European firm's food and consumer goods sector team, the statement said. Before joining PAI, Bouaziz was CEO of French supermarket operator **Mono-prix SA**, according to the statement.

■ **Graham Lees**, **Credit Suisse Group AG's** leveraged finance director, has left the bank, according to two people familiar with the matter. Sydney-based Lees used to report to **Michael Tierney**, the Swiss bank's head of leveraged finance for Asia Pacific, who is based in Melbourne, the people said, asking not to be identified because the details are private. A replacement is expected to be announced early next year, one of the people said. Elizabeth Rudall, a Melbourne-based spokesman for Credit Suisse, declined to comment.

■ **BKK Partners Pty**, the advisory firm whose partners include former Australian treasurer **Peter Costello**, 54, is closing its Sydney office and moving most workers to Melbourne, two years after starting up, according to two people familiar with the matter. **John Anderson** and **Jeremy Mead**, both former **Goldman Sachs Group Inc.** bankers, are among the approximately 10 people moving to Melbourne, where Costello works, the people said, declining to be identified as the information is private. BKK plans to rent some office space in Sydney for meetings, one of the people said. BKK, which competes with boutique firms such as **Lazard LLC** and **Rothschild**, formally opened in November 2009 and the lease at its central Sydney office was due for renewal, according to one of the people.

— Wendy Mock, Will Robinson and Angus Whitley

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

THE WIRE

Carphone to Sell U.S. Venture Stake for \$1.34 Billion

Carphone Warehouse Group Plc, Europe's largest mobile-phone retailer, plans to sell its stake in its U.S. and Canadian joint venture to partner **Best Buy Co. Inc.** for 838 million pounds (\$1.34 billion).

As much as 813 million pounds of the proceeds will be returned to shareholders through the issue to investors of Class B shares, the London-based company said in a statement.

Carphone Warehouse also said its Best Buy Europe unit will close all 11 "big box" stores in the U.K. after the outlets posted a wider first-half loss of 46.7 million pounds.

The Best Buy Mobile venture was formed in 2006 with the intention of introducing a store chain in the U.S. offering customers a variety of network options. The unit has dedicated areas inside all Best Buy's 1,106 U.S. large-format stores and 247 smaller standalone outlets. Its 5 percent market share compares with 1 percent when it started, Carphone Warehouse said in June.

— Paul Jarvis

Reported Bourse Merger Sparks Osaka Exchange Rally

Tokyo Stock Exchange Group Inc. has entered late-stage talks to buy **Osaka Securities Exchange Co.**, the Nikkei newspaper reported, a merger that would create an exchange rivaling London's in value.

Osaka Securities rose 7.3 percent to close at 391,500 yen after the Nikkei said Tokyo Stock Exchange, the privately held company that runs the main bourse in the world's third-largest equity market, would offer to buy as much as 66 percent of its rival. TSE has made no decision like that reported today, the exchange said in a statement. Osaka's bourse has made no decision on a merger, it said in a separate statement.

TSE president Atsushi Saito in March began talking publicly about a merger between Japan's two largest bourses. A marriage would give the 133-year-old Tokyo exchange, home to **Sony Corp.** and **Toyota Motor Corp.**, access to OSE's derivatives trading system, where futures on the Nikkei 225 Stock Average are traded. It may also cut computer system costs for the two exchanges.

"From the point of view of efficiency, it makes sense for the OSE and TSE to bring their respective strengths in derivatives and stocks to a merger," said **David DeGraw**, a director in electronic trading services for **Daiwa Securities Capital Markets Co.** in Tokyo. "A merger would reduce IT costs in the long-term if the exchanges decide on a unified trading platform."

— Toshiro Hasegawa and Eleni Himaras

Bain, Carlyle Said Among Firms Lining Up Taminco Bids

Bain Capital LLC, **Apollo Global Management LLC** and **Carlyle Group LP** are among the private equity firms poised to submit binding offers for **CVC Capital Partners Ltd.**'s amine-chemicals business early next month, people with knowledge of the process said.

Advent International LLC and **Rhone Capital LLC** also progressed beyond the first round of bidding for Belgium-based Taminco NV, said the people, who declined to be identified because the talks are private. Initial bids came in at about 1.2 billion euros (\$1.7 billion) and second-round offers are due next month, one of the people said.

CVC restarted the sale process for Taminco, whose products are used in agrochemicals, cosmetics and detergents, after talks over a 1.1 billion-euro deal with Lanxess AG of Germany broke down. CVC, which bought Taminco in 2007 for 800 million euros, canceled a planned initial public offering of the chemical company in February 2010 because of market volatility. It's also preparing another chemical investment, **Evonik Industries AG**, for a share sale.

— Andrew Noel and Matthew Campbell

PRIVATE EQUITY

■ **Carlyle Group LP** plans to develop homes, offices and stores on a site close to the City of London financial district in a project that will be valued at about 2 billion pounds (\$3.2 billion), a person with knowledge of the plan said. The development on the south bank of the Thames river will include as many as 1,000 apartments, said the person, who declined to be identified because the plan hasn't yet been submitted for planning approval. There will also be 200,000 square feet (18,600 square meters) of retail properties and 300,000 square feet of office buildings.

■ **KKR & Co.** posted a third-quarter loss after writing down the value of its private-equity holdings by 8.5 percent as global equity markets tumbled. Pretax economic net income, a measure of profit excluding some costs, swung to a loss of \$592.1 million, or 91 cents a share, from a profit \$317.3 million, or 39 cents, a year earlier, New York-based KKR said in a statement. Results were better than the average loss of \$1.02 a share estimated by 12 analysts in a Bloomberg survey. KKR's \$4.9 billion of holdings in its own private-equity deals – mostly stemming from the combination last year with its publicly traded European fund – accounted for the bulk of the negative investment income of \$688.5 million.

■ **Pharmaceutical Product Development Inc.**, a provider of drug discovery and development services, will host a lender meeting on Nov. 8 in New York to discuss a \$1.325 billion term loan to finance its buyout by **Carlyle Group** and **Hellman & Friedman LLC**, according to a person with knowledge of the transaction. The seven-year debt will pay 5.5 percentage points more than Libor, said the person, who declined to be identified because the terms are private. Libor will have a 1.25 percent floor.

—Cristina Alesci, Michael Amato,
Neil Callanan

THE WIRE...

Korea Exchange Bank Workers to Oppose Sale to Hana

Korea Exchange Bank's unionized workers, who account for more than two-thirds of its employees, will meet during work hours tomorrow to oppose **Lone Star Funds'** planned sale of the lender to **Hana Financial Group Inc.**

About 5,000 union members plan to gather in Seoul to discuss how to keep the lender independent, and ways to collect funds to support staff that may be cut as a result of the sale, **Kim Bo Heon**, a union spokesman, said by phone today. Branches will operate normally, said Lee Sun Hwan, a bank spokesman.

The workers claim the proposed 4.4 trillion won (\$4 billion) takeover by Hana threatens jobs and won't improve Korea Exchange's competitiveness. Lone Star's November 2010 agreement to sell its 51 percent stake has been delayed for a year amid legal wrangling over ownership and stock trading violations. Lone Star agreed to cut the price by 6 percent in July and extended the sale deadline to Nov. 30.

— Seonjin Cha

Zijin Looks to Spend \$1.6 Billion on Deals, Expansions

Zijin Mining Group Co., China's biggest gold producer by market value, aims to spend as much as 10 billion yuan (\$1.6 billion) a year on acquisitions and expanding mines as global growth concern drives down valuations.

"The prices of mining assets have returned to reasonable levels," **Chen Jinghe**, Zijin's chairman, said on the sidelines of a conference in Tianjin. The company will target gold, copper and other metals that are in short supply in China, he said.

There may be an acceleration of mergers and acquisitions in the gold mining industry, **BlackRock Inc.**, which manages \$36 billion in natural resources fund, said last month. The Bloomberg World Mining Index has dropped about 16 percent this half as Europe's debt crisis drags on global recovery.

The company aims to spend between 5 billion yuan and 10 billion yuan a year on acquisitions and expansion to sustain "normal growth," Chen said.

Zijin's two overseas acquisition attempts were thwarted last year after it spilled acid-laced waste into a river in Fujian province. It canceled its plan to buy Australia's **Indophil Resources NL** because of delays in gaining Chinese approval and copper miner Platmin Congo after the Congo government objected.

— Bloomberg News

Cnooc's \$7.1 Billion Deal for BP Argentine Unit Scrapped

Cnooc Ltd.'s deal to buy **BP Plc's** \$7.1 billion stake in Argentine crude producer **Pan American Energy LLC** collapsed, 10 days after Argentina's president ordered oil companies to repatriate export revenue.

BP will repay a \$3.5 billion deposit it had received for the sale by Nov. 14, the company said after **Bridas Corp.**, equally owned by Cnooc and the billionaire **Bulgheroni** family, announced that the deal was canceled for "legal reasons." Bridas owns 40 percent in Pan American and the purchase of the remaining 60 percent was pending Argentine antitrust approval.

The failure of the deal to buy Argentina's biggest oil exporter means Cnooc, China's biggest offshore energy explorer, may struggle to meet its production growth targets next year, according to **Gordon Kwan**, **Mirae Asset Securities Ltd.**'s head of regional energy research in Hong Kong.

"It's going to be very challenging for the company," **Simon Powell**, a **CLSA Ltd.** analyst, said. "Cnooc is going to have to try do more M&A deals globally to make up for it."

BP sought to sell Pan American as part of its pledge to divest as much as \$45 billion of fields after the Gulf of Mexico spill last year to shore up its balance sheet.

— Rodrigo Orihuela

M&A ROUNDUP

MF Global Holdings' Asia Liquidators Extend Bid Deadline

The provisional liquidators of **MF Global Holdings Ltd.**'s Hong Kong units extended the offer deadline for the company's Asia-Pacific operations as more potential bidders emerged. More than 50 parties have shown interest in buying the brokerage's operations in the region, Nina Mehra, a spokeswoman for KPMG International's China affiliate, said in an e-mail. The deadline for offers has been extended to 8 p.m. on Nov. 7. There were as many as 40 bids as of Nov. 4.

"As we have received a significant increase in the number of interested parties in the last 24 hours, in order to run a full and fair process, and to generate the most value for stakeholders, we have taken the decision to extend the window of opportunity for bidders to prepare," **Patrick Cowley**, a principal at KPMG in Hong Kong, said.

—Billy Chan

Plains Exploration Agrees to Sell Acreage for \$785 Million

Plains Exploration & Production Co. agreed to sell certain oil and natural-gas assets in Texas and Oklahoma for \$785 million as part of a plan to reduce debt.

The company is selling acreage largely in the Granite Wash formation of Texas and Oklahoma to **Linn Energy LLC** for \$600 million, Linn said. Plains said in a separate statement it's selling stakes in South Texas conventional gas holdings to an unnamed third party for \$185 million.

Barclays Plc advised Plains on both sales. **JPMorgan Chase & Co.** provided a fairness opinion on the transaction with Linn. **Citigroup Inc.** and **RBC Richardson Barr** acted as financial advisers to Linn in the acquisition. **Simmons & Co. International** provided a fairness opinion on the sale of the South Texas properties.

—Edward Klump

Sagard Said to Be Lead Bidder for Sara Lee French Dough Unit

Sagard Private Equity Partners has emerged as the frontrunner to buy the French frozen-dough unit of **Sara Lee Corp.**, a person familiar with the process said. Sagard is the lead bidder ahead

of rival **Trilantic Capital Partners**, the person said. The Sara Lee unit is valued at between 110 million euros and 115 million euros (\$158 million), said the person, who declined to be identified because the talks are private.

The sales are part of a strategic shift, announced in January, to separate Sara Lee's beverage and meat operations while selling its bakery business. The company agreed to sell its North American frozen-dough unit to **Ralcorp Holdings Inc.** in August for \$545 million. **Rothschild** is advising Sara Lee in the sale of the French unit, the person said. Trilantic, a U.S. private equity fund, was formerly owned by **Lehman Brothers Holdings Inc.**

—Serena Saitto

Texas Teacher Fund Hires KKR, Apollo to Oversee 6% of Assets

KKR & Co. and **Apollo Global Management LLC** will manage almost 6 percent of the assets held by the **Teacher Retirement System of Texas**, plan overseers decided, to help broaden the fund's investments.

The trustees agreed to hire both New York-based companies to invest as much as \$3 billion, at a meeting today in Austin. Both will have an individual "fund of funds, master limited partnership agreement" with the pension, **Howard Goldman**, a system spokesman, said by e-mail. The plan's assets rose to \$107.4 billion as of Aug. 31.

Adding KKR and Apollo will give the fund broader and faster access to market information and investment opportunities, while helping it diversify away from traditional equity and bond holdings, **Steve LeBlanc**, the system's senior managing director of private markets, said at the meeting.

—David Mildenberg

McGraw-Hill to Merge S&P Indexes With CME Unit

McGraw-Hill Cos., **CME Group** and **News Corp.**'s Dow Jones agreed to join their index businesses, bringing the Standard & Poor's 500 Index and Dow Jones Industrial Average under common ownership. McGraw-Hill will own 73 percent of the business. **Alex Matturri**, head of S&P Indices, will oversee the venture.

Chicago-based CME, the world's second-largest exchange operator by market value, will control 24.4 percent and News Corp. will have the rest, the companies said in a statement.

The deal "creates a tighter bond between CME and McGraw-Hill," **Larry Tabb**, founder of Westborough, Massachusetts-based research and advisory firm **Tabb Group LLC**, said. "This whole deal really is about the CME maintaining and extending their licensing agreement across the major indices in the U.S. It's a huge source of trading revenue."

The venture, known as S&P/Dow Jones Indices, will have more than \$400 million in annual sales and own indexes with about \$6 trillion in assets benchmarked to them. CME currently has 90 percent of its index joint venture with Dow Jones.

Bank of America Corp., **Goldman Sachs Group Inc.** and **Deutsche Bank AG** advised McGraw-Hill on the deal. CME worked with **Barclays Plc.**

—Oliver Staley and Kaitlyn Kiernan

Elliot Advisors Backs OpCapita Bid for Comet, Sky News Says

Elliot Advisors (UK) Ltd., a unit of the U.S. hedge fund founded by **Paul Singer**, is backing **OpCapita LLP's** bid to buy **Kesa Electricals Plc's** U.K. Comet chain, Sky News's Mark Kleinman reported on his blog, without citing anyone.

Elliot's support may help OpCapita beat a competing offer for Comet, an electrical retail chain, from restructuring company **Hilco Capital LP**, Kleinman wrote. OpCapita declined to comment on Elliot's backing, according to Kleinman.

—Jesse Westbrook

Santander Bid for Kredyt Bank Is Below Initial Offer, Rp.pl Says

Banco Santander SA's bid for **Kredyt Bank SA**, the Polish lender owned by **KBC Groep NV**, is well below its initial offer, Rzeczpospolita reported on its Rp.pl website without citing anyone.

According to the Warsaw daily, Spain's biggest bank also wants KBC to assume part of the risk related to the foreign currency mortgage loans of Kredyt Bank, the newspaper said, citing a source close to the talks that it didn't name.

—Marek Strzelecki

ARB ANALYSIS TOM BURNETT, GUEST COLUMNIST

Statoil's Above-Average Bid for Brigham Shouldn't Be Considered New Industry Norm

Statoil ASA, Norway's largest oil and gas company, is planning to pay an above-average premium for **Brigham Exploration Co.** that may be supported by the Austin, Texas-based company's specialized drilling expertise.

The companies announced a merger agreement on Oct. 17. The deal terms call for Statoil to pay \$36.50 in cash for each Brigham share. The \$36.50 price represents a 20.2 percent premium over the Brigham closing price on Oct. 14 and a 32.6 percent premium over the average Brigham price for the 30 trading days prior to the Statoil announcement.

Statoil estimated it will pay \$4.4 billion for the Brigham equity, plus another \$240 million in net debt which it will assume upon closing. Statoil started its cash tender offer for Brigham on Oct. 28, and the initial expiration date for the offer is Nov. 30.

Brigham is a domestic oil and gas producer specializing in fields where high-technology drilling expertise is required. It is clear from the price that Statoil is paying to acquire Brigham that this transaction is not just about reserves and current resource production. If it completes the Brigham merger, which seems highly likely, Statoil will take this Brigham expertise to other fields in Europe and the Middle East where it is not actively employed. As the information in the accompanying table suggests, Statoil is making a big bet on future Brigham production and earnings.

The Brigham technical drilling expertise is clearly a "hidden" asset that does not show up when Brigham's earnings, production or reserves are valued.

Based on the data in the nearby table, the \$36.50 cash offer price appears to far exceed the range of values derived from more traditional valuation metrics. **Jefferies Group Inc.** examined 17 precedent transactions in which a domestic energy producer was acquired. Looking at the three benchmarks covering multiples of Ebitda, reserves and production, investors can see that the \$36.50 price is more than what Brigham's reserves and earnings would justify, if traditional multiples are utilized.

For example, Jefferies used a range of 10 times to 13 times for the "transaction value" to latest 12 months' Ebitda, even though the mean and median values from the 17 prior transactions were 8.3 times and 7.2 times, respectively. This range of 10 times to 13 times only derived an implied Brigham value between \$15.90 and \$21.26, less than the \$36.50 deal price. Similarly, the Jefferies analysis for proved reserves employed a range of \$20 to \$30 per BOE even though the prior transactions yielded prices with a mean and median level of \$20.88 and \$20.95, respectively. Again, even with this aggressive multiple range, the Brigham implied value came in between \$9.12 and \$14.67, nowhere near the \$36.50 deal price.

It is only when the Brigham "Prospective Financial Information" is reviewed that the \$36.50 price begins to make more sense. Brigham is looking for excellent growth in production and earnings. It appears that Statoil is betting on Brigham's ability to attain these aggressive growth targets which, if met, will make the \$36.50 price seem reasonable.

The Brigham growth targets include a tripling in production and Ebitda from 2011 to 2013. Production of 5.3 million BOE in 2011 is projected to reach 15.5 million BOE in 2013. Similarly, the 2011 Ebitda of \$319 million is seen reaching \$1.0 billion in 2013.

If this Ebitda target is achieved, the TV-to-Ebitda multiple of 14.4 times based on 2011 earnings would only be 4.6 times 2013 earnings.

One important caveat remains for Brigham and Statoil – Brigham capital spending of \$1.24 billion in 2012 and \$1.22 billion in 2013 will need to be financed if Brigham is to reach its production and Ebitda goals. Having an asset-rich parent like Statoil will certainly help Brigham to finance this expansion.

Investors might be tempted to assume that the Statoil bid for Brigham is a revaluation of the traditional multiples of reserves, production and earnings. Upon closer review, it appears that Statoil is paying for the Brigham drilling/development technology expertise. It is also clear that Statoil is willing to accept Brigham's aggressive growth targets for earnings and production.

Statoil is also comfortable supporting the Brigham capital spending budget, which is expected to average \$1.2 billion annually from 2012 through 2016. It appears that the Statoil bid for Brigham is a special, one-off transaction that should not be used to adjust traditional benchmarks upward.

Future acquisitions of domestic energy producers are not likely to draw TV-to-Ebitda multiples of 15 times or TV-to-reserves ratios above the currently accepted level of \$20 per BOE. The Brigham bid is a unique case whose valuation multiples shouldn't be considered the industry norm.

Note: Wall Street Access M&A Research is covering the Brigham-Statoil merger.

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

Selected Transaction Multiples Provided In Connection With Brigham-Statoil Merger

(cash tender offer at \$36.50 per Brigham share as per Jefferies' presentation to Brigham)

COMPARABLE PAST TRANSACTIONS	LOW	HIGH	MEAN	MEDIAN
TV To Long-Term Ebitda	4.9x	15.9x	8.2x	7.2x
TV to Proved Reserves ¹	\$9.06	\$38.70	\$20.88	\$20.95
TV to Daily Production ²	\$43	\$208	\$91	\$83
BRIGHAM-STATOIL TRANSACTION	LOW	HIGH	LOW IMPLIED VALUE	HIGH IMPLIED VALUE
TV to Ebitda	10.0x	13x	\$15.90	\$21.26
TV to Proved Reserves ¹	\$20	\$30	\$9.12	\$14.67
TV to Daily Production ²	\$175	\$225	\$15.76	\$20.82

¹ Dollars per BOE

² Thousands of dollars per BOE per day

Source: Statoil, Brigham Exploration SEC filings

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
Brigham Exploration Co	Statoil ASA	4,541	10/17/11	11/30/11	36.50	36.37	36.38	0.33	0.12	0.00
Complete Production Services Inc	Superior Energy Services Inc	3,357	10/10/11	12/31/11	34.76	59.26	34.11	1.92	0.65	0.12
Constellation Energy Group Inc	Exelon Corp	10,165	04/28/11	03/31/12	40.94	16.09	39.21	4.41	1.73	0.12
DPL Inc	AES Corp/The	4,640	04/20/11	-	30.00	9.46	30.38	-1.25	-0.38	-0.03
El Paso Corp	Kinder Morgan Inc/Delaware	37,572	10/16/11	06/30/12	26.50	40.88	24.96	6.18	1.54	-0.02
Goodrich Corp	United Technologies Corp	17,975	09/21/11	-	127.50	43.57	122.50	4.08	5.00	0.19
Healthspring Inc	CIGNA Corp	3,803	10/24/11	06/30/12	55.00	45.15	53.99	1.87	1.01	-0.01
Kinetic Concepts Inc	Multiple	5,727	07/13/11	11/07/11	68.50	16.52	68.47	0.04	0.03	-0.01
Medco Health Solutions Inc	Express Scripts Inc	34,322	07/21/11	-	65.42	30.72	55.06	18.82	10.36	-0.64
Motorola Mobility Holdings Inc	Google Inc	9,813	08/15/11	-	40.00	72.94	38.97	2.64	1.03	0.08
Nalco Holding Co	Ecolab Inc	8,042	07/20/11	12/31/11	38.62	37.71	38.32	0.79	0.30	-0.02
Netlogic Microsystems Inc	Broadcom Corp	3,397	09/12/11	06/30/12	50.00	68.82	49.30	1.42	0.70	0.00
NSTAR	Northeast Utilities	6,842	10/18/10	-	45.47	0.03	45.34	0.30	0.13	0.02
NYSE Euronext	Deutsche Boerse AG	9,532	02/15/11	-	26.53	8.10	26.66	-0.51	-0.13	0.54
Pharmaceutical Product Develop.	Multiple	3,449	10/03/11	12/31/11	33.25	19.51	33.06	0.57	0.19	-0.04
Progress Energy Inc	Duke Energy Corp	25,531	01/10/11	12/31/11	53.92	6.13	52.66	2.40	1.26	0.08
Southern Union Co	Energy Transfer Equity LP	9,331	06/16/11	03/31/12	40.92	48.34	42.08	-2.77	-1.17	0.00
Temple-Inland Inc	Multiple	4,276	06/06/11	03/31/12	32.00	37.19	31.84	0.50	0.16	-0.02
TMX Group Inc	Multiple	3,732	05/13/11	01/31/12	50.00	24.77	44.69	11.88	5.31	1.07
Varian Semiconductor Equipment	Applied Materials Inc	4,572	05/04/11	12/31/11	63.00	41.12	62.63	0.59	0.37	0.15

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Anticipated Approvals

DATE	TARGET	ACQUIRER	DEAL VALUE (\$M)	TYPE
11/10	Ocean Properties Pte	K-REIT Asia	1,237	Acquirer shareholders
11/10	Nalco Holding Co.	Ecolab Inc.	8,042	European Commission
11/11	Evolution Group PLC	Investec PLC	220	U.K. Office of Fair Trading
11/14	Encore Energy Partners LP	Vanguard Natural Resources LLC	808	Target, acquirer shareholders
11/14	Brigham Exploration Co.	Statoil ASA	4,541	Hart-Scott-Rodino expiration
11/17	Constellation Energy Group Inc.	Exelon Corp.	10,165	Target, acquirer shareholders
11/17	Motorola Mobility Holdings Inc.	Google Inc.	9,813	Target shareholders
11/22	Toyota Auto Body Co.	Toyota Motor Corp.	960	Target shareholders
11/22	Netlogic Microsystems Inc.	Broadcom Corp.	3,396	Target shareholders
11/29	Pharmaceutical Product Development Inc.	Multiple acquirers	3,449	Target shareholders
11/30	Adamus Resources Ltd.	Endeavour Mining Corp.	325	Acquirer shareholders

Calls and Meetings

DATE	TIME	COMPANY	EVENT	DESCRIPTION
11/8	Before market open	Societe Generale SA	Quarterly earnings	Societe Generale is ranked No. 15 in Bloomberg's financial adviser league tables with \$68.9 billion in announced transactions this year.
11/8	Before market open	Vodafone Group Plc	Quarterly earnings	Vodafone on Nov. 3 got Turkish regulator approval to purchase a unit of Koc Holding AS.
11/8	Before market open	Olympus Corp.	Quarterly earnings	A Japanese investor in Olympus threatened to file a shareholder suit against managers responsible for controversial M&A deals, Reuters reported Nov. 2.
11/8	9:40 a.m., New York	MetroPCS Communications Inc.	Wells Fargo Securities Technology, Media & Telecom Conference, New York Palace Hotel	MetroPCS has emerged as the frontrunner to buy assets from AT&T Inc. and T-Mobile USA, people familiar with the matter said last month.

Conferences

DATE	EVENT	FEATURING	LOCATION	CONTACT / REGISTRATION
Nov. 10	Credit Suisse Financials 1x1 Conference	Features executives from banking, brokerage and insurance industries for one-on-one and small-group meetings.	Boston Harbor Hotel	www.csfb.com/conferences
Nov. 15-16	Bank of America Merrill Lynch Banking and Financial Services Conference	Presentations, 1-1 and small group meetings with senior management of more than 35 industry banking and financial services companies.	St. Regis Hotel, New York	gems.bankofamerica.com
Nov. 15-18	SuperInvestor Conference	SuperInvestor 2011 will see even bigger numbers than last year's 750 senior attendees, including more than 230 LPs.	Westin Paris	informaglobalevents.com
Dec. 5-9	AM&AA's Certified Merger & Acquisition Advisor Credentialing Program	Course objectives taught by seasoned M&A professionals.	Graziadio Executive Conference Center, Malibu, Calif.	amaaonline.com
Dec. 6	Latin American M&A 2011	Conference chairs: Paul Schnell & Richard Aldrich of Skadden, Arps, Slate, Meagher & Flom LLP, and Francisco Müssnich and Paulo Aragão of Barbosa, Müssnich & Aragão.	Sao Paolo	latinlawyer.com/events
Jan. 17-19	AM&AA 2012 Winter Conference	Collaborating for Success: A Winning Bet in 2012	Caesars Palace, Las Vegas	amaaonline.com
Jan. 25-26	Dow Jones Private Equity Analyst Outlook	Private equity's premier forecasting event.	Grand Hyatt, New York	peaoutlook.dowjones.com
Feb. 7-10	Credit Suisse 13th Annual Financial Services Forum		Miami	www.csfb.com/conferences
March 19-23	Credit Suisse Asian Investment Conference 2012	Meeting of policymakers and leading corporates with more than 2,000 institutional and high net worth investors.	Hong Kong	www.csfb.com/conferences
March 21-22	NextGen Private Equity Executive Summit	A forum for the mid-market-focused private-equity community	Venetian, Las Vegas	iibig.com