

M&A
WATCH

SCOTIABANK TO BUY BANK OF GUANGZHOU STAKE FOR \$727 MILLION. Bank of Nova Scotia, Canada's third-largest lender, plans to acquire a stake in closely held Bank of Guangzhou for about C\$719 million (\$727 million) to add branches and deposits in China.

INVESTEC TO BUY EVOLUTION ON \$371.8 MILLION-POUND VALUATION. The private bank and wealth manager agreed to buy Evolution Group Plc in a transaction valuing the British stockbroker at 233.2 million pounds (\$371.8 million).

PPR HELD TALKS TO BUY ITALIAN SUITMAKER BRIONI, PINAULT SAYS. The French owner of Gucci has held talks to acquire Italian luxury suitmaker Brioni Roman Style SpA, CEO Francois-Henri Pinault said.

HYNIX SEMICONDUCTOR SHAREHOLDERS PLAN 20 PERCENT STAKE SALE. Shareholders of Hynix Semiconductor Inc. plan to sell a 20% stake of the computer-memory chipmaker in what may become the biggest sale of a South Korean technology asset.

GERDAU CONSIDERS COUNTER-OFFER FOR 26% OF USIMINAS, ESTADO SAYS. Gerdau SA may seek to counter Cia. Siderurgica Nacional SA's offer to buy a stake in Usinas Siderurgicas de Minas Gerais SA from Camargo Correa SA and Votorantim Participacoes SA, O Estado de S. Paulo reported, without saying where it got the information.

THAI BEVERAGE OFFERS \$512 MILLION FOR BOTTLER SERM SUK. Thailand's largest beer and whiskey maker offered to buy Serm Suk Pcl, the bottler of PepsiCo Inc. beverages in the Southeast Asian nation, for as much as 15.4 billion baht (\$512 million).

Sunoco Worth 53% More in Pieces

BY BRADLEY OLSON AND RITA NAZARETH

Sunoco Inc., the world's least profitable owner of refineries, already has a valuation 53 percent greater broken up or sold in pieces.

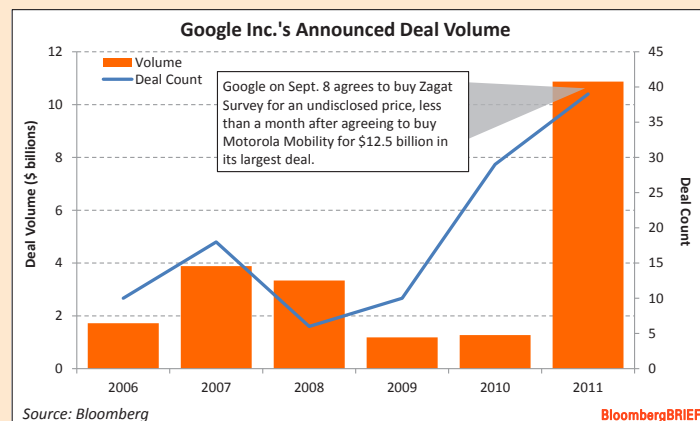
Sunoco, which this week said it will sell or shut its last two refineries and explore all options for the company, was the only oil refining and marketing company greater than \$1 billion to lose money in the last 12 months, according to data compiled by Bloomberg. Breaking up the \$4.06 billion company and valuing its operations separately, Sunoco may be worth as much as \$2.17 billion more, according to **Barclays Plc.**

The operator of refineries has seen

Daily Data (includes announced and amended deals)

Comparisons

SUMMARY	TOTAL	YEAR TO DATE	PRIOR YTD
Number of Deals	33	18,452	17,469
Volume	\$2.07 billion	\$1.73 trillion	\$1.46 trillion
Avg Disclosed Deal Size	\$103.32 million	\$171.55 million	\$157.27 million
Average Premium	-1.16%	21.13%	22.64%



Google Inc. has made 40 acquisitions this year with a total announced deal volume of \$11.57 billion, according to data compiled by Bloomberg.

Breaking Deals

TARGET NAME	ACQUIRER NAME	TOTAL VALUE (\$M)	TARGET PRICE/EBITDA
Bank of Guangzhou	Bank of Nova Scotia	727.51	-
Serm Suk PCL	Thai Beverage PCL	495.11	16.29
Evolution Group PLC	Investec PLC	351.84	-
Royal Oak Development	Pikko Land Corp	240.26	-
Royal Oak Development	Pikko Land Corp	87.93	-
Noble Jewelry Holdings Ltd	Resources Rich Capital Ltd	62.38	20.59
Alert Enterprise	Multiple acquirers	19	-
Unnamed Target	Microport Scientific Corp	17.22	-
KL-Net Corp	Multiple acquirers	14.66	41.1
Noble Jewelry Holdings Ltd	Resources Rich Capital Ltd	11.76	20.59

Yesterday's Deals

TARGET NAME	ACQUIRER NAME	TOTAL VALUE (\$M)	TARGET PRICE/EBITDA
Volksbank International AG	Sberbank of Russia	901.58	-
Marquette Exploration LLC	Hess Corp	750	-
Caliper Life Sciences Inc	PerkinElmer Inc	557.17	177.84
Delachaux SA	Multiple acquirers	542.74	9.53
7 TV stations	Sinclair Broadcast Group Inc	200	-
Penn Millers Holding Corp	ACE Ltd	104.15	-
Ozon.ru	Multiple acquirers	100	-
Bradley Group Ltd	Major Drilling Group	96.32	-
Bentoel Internacional Invest.	UBS AG	86.12	8.89
Seoul Mutual Savings Bank	Woongjin Capital	83.68	-

SUNOCO WORTH 53% MORE IN PIECES...

profits curbed as steeper costs for Brent crude oil and lower gasoline prices on the U.S. East Coast crimped margins. Still, Sunoco's 7,600 miles of pipelines may attract **Kinder Morgan Inc.** and **Plains All American Pipeline LP**, according to **Morgan Keegan & Co.** Once valued at \$13 billion, Sunoco may also weigh a spinoff of its 4,900 gas stations, said **Muse Stancil**.

"When the sum of parts is being overlooked and undervalued, it's incumbent upon management teams to benefit shareholders to unlock that value," said **Todd Lowenstein** of Highmark Capital Management Inc. Breakups are "part of an industry trend. Investors have lost interest in unwieldy conglomerates," he said.

Sunoco hired **Credit Suisse Group AG** to conduct a "comprehensive" review of the company to determine how to boost shareholder value, according to a Sept. 6 statement. It also plans to idle the two remaining refineries in Philadelphia and Marcus Hook, Pennsylvania, if buyers can't be found for the unit that lost money in eight of the last 10 quarters.

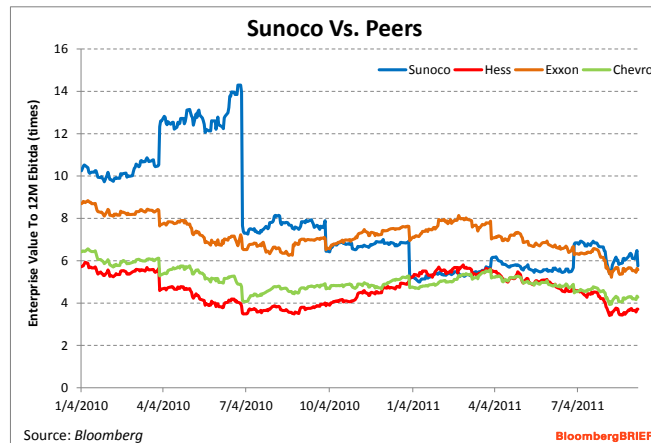
All options are on the table, including a sale of the whole company, converting to a master-limited partnership or buying pipelines, storage and retail fuel assets to expand in those businesses, Chairman and CEO **Lynn Elsenhans** said on Sept. 6.

"With the exit from refining, the company is undergoing a fundamental change that presents an opportunity to take a fresh look at all aspects of our business," said **Thomas Golembeski**, a spokesman for Sunoco. "We will consider all possible options to determine the best next steps."

Companies from **ConocoPhillips** to **Marathon Oil Corp.** and **Chevron Corp.** have been trimming refining holdings to focus on offshore oil drilling and North American crude production.

Since its market value peaked at \$13.1 billion in January 2006, Sunoco shares have declined 61 percent to \$37.56 as profits shrank and the company began to shed assets.

Sunoco lost \$74 million during the last 12 months, the only unprofitable firm among 44 companies with market values greater than \$1 billion in the oil refining and marketing industry worldwide.



Formerly known as the **Sun Oil Co.**, Sunoco started operating its first refinery 116 years ago. In the past year, the company has already been paring back assets with the spinoff of its metallurgical coke-producing unit and the sale of two refineries and its chemicals business.

A sum-of-the-parts analysis by **Paul Cheng**, an analyst at Barclays, shows Sunoco is worth between \$48 a share and \$58 a share. That would give it a combined equity value of \$5.18 billion to \$6.23 billion, as much as 53 percent more than the market capitalization yesterday.

Cheng based the projections on 2012 estimates for EDITDA at each of Sunoco's units and applying earnings multiples for comparable companies. The analysis includes the potential sale of the refining business for \$400 million to \$1 billion.

Sunoco's "sum-of-the-parts far exceeds its current market valuation," Cheng wrote in a report. "This string of announcements provides evidence of management's dedication to unlocking shareholder value by breaking apart the weaker businesses."

According to **Macquarie Group Ltd.**'s analysis that assumes a shutdown of the refinery business and liquidation of the inventory, Sunoco's businesses may be worth \$44 a share to \$49.30 a share. The estimate from **Chi Chow**, an analyst at Macquarie, would be 17 percent to 31 percent more than the current market value.

Plains All American and Kinder Morgan may be interested in Sunoco's oil and refined product pipelines, said **John Edwards**, an analyst at Morgan Keegan. Sunoco owns a 31 percent interest in **Sunoco Logistics Partners LP**, a publicly traded partnership with typically fixed con-

tracts for its pipelines and storage tanks concentrated in the U.S. Northeast, Midwest and South Central regions.

"It would create a presence in the Northeast for Plains," Edwards said. "The footprints match up."

Kinder Morgan's Plantation pipeline system moves refined products to the East Coast from the Gulf, and Sunoco could provide additional access, he said.

Sunoco also owns 81 percent of **SunCoke Energy Inc.**, which it spun off in July.

The stake in the biggest independent metallurgical coke producer in the Americas may draw interest from **ArceIorMittal** and **AK Steel Holding Corp.**, said **Arun Viswanathan**, an analyst with Susquehanna International Group LLP.

Large steelmakers without their own supply of metallurgical coke, used as fuel to make steel, may be interested in such a producer, Viswanathan said.

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PEOPLE WATCH

■ NBC Universal, the entertainment company controlled by **Comcast Corp.**, named **Morgan Stanley** investment banker **Stuart J. Epstein** as chief financial officer. Epstein was the global head of media and communications at Morgan Stanley and a managing director of the firm, New York-based NBC Universal said Thursday in an e-mailed statement. Comcast is bringing aboard a long time adviser, according to the statement. Epstein played a key role in creating the venture that gave Comcast, the largest U.S. cable service, a 51 percent stake in NBC Universal, owner of the broadcast network, movie studio and cable channels Bravo and USA. "He is a smart, capable leader with a deep understanding of the media business," NBC Universal Chief Executive Officer **Stephen Burke** said in the statement. "He will be a great cultural fit for NBCU."

■ **Piper Jaffray** said it hired **Michael Kim** as a managing director to focus on software companies, and **Deepak Chugh**, as a principal to focus on the electronics sector. Kim joined from **Stone Key Partners LLC**, a technology-focused mergers and acquisitions and strategic advisory boutique, where he was a managing director and which he co-founded. Chugh was previously with **Deutsche Bank Securities** where he worked with the semiconductor investment banking team.

■ **Compass Point Research & Trading, LLC** said it hired **Burke Hayes** as a managing director and head of investment banking. Hayes, 35, will oversee the expansion of the Washington D.C. firm's investment banking business. Hayes joined from **FBR Capital Markets Corp.** where he was a managing director focused on specialty finance and real estate.

— Alex Sherman and Aleksandrs Rozens

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

THE WIRE

Investec to Buy British Stockbroker Evolution

Investec Plc, a private bank and wealth manager, agreed to buy **Evolution Group Plc** in a transaction valuing the British stockbroker at 233.2 million pounds (\$371.8 million).

Evolution shareholders will receive about 53.8 million new Investec shares, they said in a statement. **Canaccord Financial Inc.** said in a separate statement that it won't make a rival offer to buy Evolution.

Investec said on Aug. 4 it was in talks to buy Evolution in an all-stock transaction. Investec is seeking to gain access to Evolution's wealth management unit, Williams de Broe, whose assets increased by 7 percent to 6.2 billion pounds in the year through April. London-based Evolution also runs a fixed-income sales and trading platform, unlike most of its U.K. rivals, which target equities.

— Ambereen Choudhury

PPR Held Talks to Buy Suitmaker Brioni, Pinault Says

PPR SA, the French owner of Gucci, has held talks to acquire Italian luxury suitmaker **Brioni Roman Style SpA** and could consider buying a Chinese brand, Chief Executive Officer **Francois-Henri Pinault** said.

"We have had discussions with them, like others, but it's not finalized," Pinault said in an interview today in Beijing, referring to Penne, Italy-based Brioni.

The CEO said PPR is competing against rivals and private-equity investors for the clothier, which is controlled by three families and had revenue of about 206.5 million euros (\$286.3 million) in 2008, the last year for which figures are available. He declined to comment on whether he's made a binding offer.

PPR would be interested in acquiring a Chinese brand "with its own identity," Pinault said. "I've never seen such an opportunity yet. There's no reason why it couldn't happen."

— Andrew Roberts

Hynix Shareholders Plan 20 Percent Stake Sale

Shareholders of **Hynix Semiconductor Inc.** plan to sell a 20 percent stake of the computer-memory chipmaker in what may become the biggest sale of a South Korean technology asset.

Hynix will sell 101.85 million new shares together with 44.25 million existing ones held by the shareholders including **Korea Finance Corp.**, **Korea Exchange Bank** said in an e-mailed statement. Korea Exchange is leading the sale of the world's second-biggest computer-memory chipmaker.

The shareholders will receive the main bids for Hynix by Oct. 24 and will select a preferred bidder by the end of October, Korea Exchange Bank said. **STX Group** and **SK Telecom Co.** are competing to buy the shares, worth 2.9 trillion won (\$2.7 billion) based on today's closing price of 19,900 won.

— Seonjin Cha and Kyunghee Park

Nestle Said in Talks With Russian Baby Food Maker

Nestle SA, the world's largest food company, is in talks to buy Russian baby food producer **Progress**, Kommersant reported, citing unidentified people with knowledge of the deal.

The Lipetsk-based company, Russia's fifth biggest maker of baby food, may be valued at as much as \$350 million and the deal may be completed by the end of the year, according to the Russian newspaper.

— Denis Maternovsky

PRIVATE EQUITY

■ **NewPage Corp.**'s bankruptcy may ignite a "power struggle" among four of the biggest debt investment firms as they fight for a controlling stake in the largest North American coated paper maker, according to **CreditSights Inc. Cerberus Capital Management LP**, which purchased NewPage in 2005, and **Oaktree Capital Management LP**, which bought some of the company's most-senior bonds, are poised to jockey for controlling positions in the restructured company, CreditSights analyst **Rahul Gandhi**, wrote in a report Wednesday. That would reduce the stakes of **Apollo Global Management LLC** and **Avenue Capital Group**, which own the company's second-lien notes, he said. The Miamisburg, Ohio-based company, which has struggled amid lower demand from publication and directory manufacturers, had \$3.4 billion in assets and \$4.2 billion in debt as of June 30, according to Wednesday's Chapter 11 filing in Wilmington, Delaware. It has been unprofitable since 2006. "This could lead to a power struggle between Cerberus and Apollo/Avenue during the court process," wrote Gandhi. "Court proceedings are not likely to be simple or short."

■ **Penta Investments Ltd.**, a Czech private equity group, and **E-Invest**, led by investor **Martin Ulcak**, will bid for bankrupt Czech lottery company **Sazka AS**. Penta and E-Invest will lodge their bids with a solicitor rather than submit them to the lottery operator's administrator, **Josef Cupka**, as required by the tender rules, said Penta partner **Marek Dospiva** and Ulcak at a joint press conference in Prague Thursday. Penta and E-Invest will also lodge the amount offered to Komerční Banka AS rather than to the bank named by the administrator and ask Cupka to open and assess their offers, they said.

— by Lenka Ponikelska and Lisa Abramowicz

THE WIRE...

Scotiabank Wins Bid for Stake in Bank of Guangzhou

Bank of Nova Scotia, Canada's third-largest bank, said it was selected as the winning bidder to buy almost 20 percent of closely held **Bank of Guangzhou** for about C\$719 million (\$727 million).

The transaction, which is subject to regulatory approval, will add to earnings next year, Toronto-based Scotiabank said in a statement. The lender said it expects to complete the deal in December.

The acquisition would give Scotiabank deposits and corporate and treasury operations in China as it seeks to develop retail banking and wealth management there. The Canadian lender, has spent about \$2 billion on foreign acquisitions in the last five years.

— Chitra Somayaji

Omron Enters China's Smart-Grid Market

Omron Corp. plans to take over **Shanghai Best Electric Appliance Manufacturing Co.** to gain a foothold in China's smart-grid market, Omron said in a statement today.

The Japanese company plans to acquire the maker of smart-grid parts at the end of October, subject to approval from Chinese authorities, **Masayuki Atsumi**, a spokesman said by phone.

He declined to say how much Omron will pay for the acquisition. The Nikkei newspaper reported today the Japanese company is expected to spend a "few billion yen."

Shanghai Best Electric makes power latching relays used in products like smart meters to control the supply of power. The company has a share of about 30 percent of the Chinese market, according to the statement. Omron is targeting 5 billion yen (\$65 million) in power latching relay sales in 2015, it said.

— Chisaki Watanabe

Chelpipe Owners May Sell Stake After Consolidation

Chelpipe's majority shareholders aim to consolidate full ownership of the company, Russia's third-largest maker of steel pipes for oil and gas, and may later seek a strategic investor.

"We may use 150 million new shares, and we assume these shares will be acquired mainly by the existing majority shareholders," Chairman **Sergei Moiseyev** said by phone from Moscow. The owners may cross a 95 percent ownership threshold, allowing them to squeeze out minority shareholders, he said.

The majority shareholders may borrow about \$400 million from one of Chelpipe's lenders to buy new shares, Moiseyev said.

The owners may sell a stake to a strategic partner after the consolidation, Moiseyev said. There are no "active" talks with investors now, he said. Businessmen **Andrei Komarov** and **Alexander Fedorov** control Chelpipe. The Russian newspaper Kommersant reported, citing unidentified people with knowledge of the plan, that French pipe producer **Vallourec SA** is in talks to buy a 25 percent stake in ChelPipe.

— Yuliya Fedorinova

Thai Beverage Offers \$512 Million for Bottler Serm Suk

Thai Beverage Pcl, the nation's largest beer and whiskey maker, offered to buy **Serm Suk Pcl**, the bottler of **PepsiCo Inc.** beverages in the Southeast Asian nation for as much as 15.4 billion baht (\$512 million). Thai Beverage will pay 6.4 billion baht, or 58 baht a share, for the 42 percent that PepsiCo and its affiliates hold in Serm Suk, and will offer to buy the remaining shares at the same price, Serm Suk said in a regulatory filing.

— Anuchit Nguyen

M&A ROUNDUP

Google Buys Zagat Review Service to Target Local Content

Google Inc. acquired **Zagat Survey LLC**, the review service known for its burgundy-colored restaurant guides, adding features designed to boost ad revenue from local businesses. Zagat rates hotels, eateries, retailers and other vendors, Google said in a blog post. Google didn't disclose terms of the transaction.

Adding Zagat's rankings helps Google vie with **Yelp Inc.** and **OpenTable Inc.** in offering restaurant information. The purchase also escalates competition with social-networking leader **Facebook Inc.** and daily-deal providers **Groupon Inc.** and **LivingSocial.com**.

—Brian Womack and Danielle Kucera

in their attempts to combine by the end of the year as lawsuits left them unable to determine a valuation, raising doubts over whether a merger of the German automakers will ever take place.

VW will now either have to exercise an option to buy the 50.1 percent of Porsche's auto-making business it doesn't already own, or the two carmakers will need to come up with a new agreement. The original deal required the final merger decisions by the end of 2011.

VW in coming weeks will "analyze whether other potential courses of action exist for achieving the goal of creating an integrated automotive group with Porsche in addition to the put/call options," the carmaker said.

—Andreas Cremer

VW-Porsche Merger Fails as Lawsuits Stymie Valuation

Volkswagen AG and Porsche SE failed

CSN Offers to Buy 26% of Brazil's Usiminas, Estado Says

Cia. Siderurgica Nacional SA's owner

Benjamin Steinbruch offered to acquire a 26 percent stake in **Usinas Siderurgicas de Minas Gerais SA** from **Camargo Correa SA** and **Votorantim Participacoes SA**, O Estado de S. Paulo reported, citing unidentified people involved in the process.

Camargo and Votorantim haven't yet responded to the offer, made several weeks ago, the newspaper said. The two shareholders have informed Nippon Steel Corp., which also holds a stake in Usiminas, of the proposal, O Estado said. The value of the proposed transaction was not disclosed, according to O Estado.

Camargo and Votorantim declined to comment, O Estado said. CSN said actions related to Usiminas would be disclosed in a press release or regulatory filing when appropriate, according to the newspaper.

—Karen Eeuwens

Biggest Announced Acquisitions by Russian Companies in 2011

DATE	TARGET	COUNTRY	INDUSTRY	ACQUIRER NAME	% SOUGHT	ANNOUNCED TOTAL VALUE (\$ MLN)
Mar. 29	Multiple targets	Russia	Electric	Federal Grid Co Unified Energy System JSC	-	2,770
Feb. 4	RTS Stock Exchange	Russia	Finance - other services	Moscow Interbank Currency Exchange	100	1,500
Apr. 1	360buy Jingdong Mall	China	E-Commerce/Products	Multiple acquirers	-	1,500
May. 23	CTC Media Inc.	Russia	Television	Multiple acquirers	25	1,072
Mar. 11	Troika Dialog Group Ltd.	Russia	Financial services	Sberbank of Russia	100	1,000
Apr. 26	OGK-6 OAO	Russia	Electric	OGK-2 OAO	65	989
Apr. 11	TransCredit-Bank OAO	Russia	Commercial banks	VTB Bank OJSC	57	973
Jan. 10	Groupon Inc.	U.S.	E-Commerce/Services	Multiple acquirers	-	950
Mar. 24	CJSC International Power Corp.	Armenia	Energy - alternate sources	Federal Hydrogenerating Co JSC	90	936
Sep. 8	Volksbank International AG	Austria	Commercial banks	Sberbank of Russia	100	902
Dec. 15	Mantra Resources Ltd.	Australia	Non-ferrous metals	Rosatom Corp.	100	828
Mar. 29	Certain assets	Russia	Electric	Federal Grid Co Unified Energy System JSC	100	779
Feb. 15	Siber Energy PLC	Britain	Oil refining & marketing	Gazprom Neft JSC	22	740
Mar. 2	Certain assets	Russia	Oil company - integrated	Gazprom OAO	100	700
Feb. 3	Victoria Group	Russia	Food - retail	DIXY Group OJSC	100	680

Source: Bloomberg

Brazil Oil M&A to Pick Up as Service Suppliers Seek Partners

Mergers and acquisitions will likely accelerate in Brazil's oil services industry as suppliers such as **Halliburton Co.** and **Schlumberger Ltd.** struggle to meet local content requirements, **Ernst & Young LLP** said.

Foreign service suppliers looking to benefit from state-controlled **Petroleo Brasileiro SA's** \$224.7 billion in investments over the next five years will need to form joint ventures or buy out local competitors, Carlos Assis, head of oil, natural gas and mining for South America at Ernst & Young, said in an interview.

—Peter Millard

SABMiller Fails to Get Intervention in Hostile Foster's Bid

An Australian government body rejected **SABMiller Plc's** application to review statements from Foster's Group Ltd. about earnings forecasts and debt levels amid a A\$9.25 billion (\$9.8 billion) hostile bid.

"The panel concluded there was no reasonable prospect it would make a declaration of unacceptable circumstances," the Melbourne-based Takeovers Panel, which arbitrates on acquisition disputes, said in a filing. "The panel has declined to conduct proceedings," it said.

—Robert Fenner

ARB ANALYSIS

TOM BURNETT, GUEST COLUMNIST

Capital One's Proposed ING Direct Deal Marks Important Test for 'Too Big to Fail' Rules

Capital One Financial Corp.'s proposed acquisition of **ING Direct USA** will mark a significant test of financial reform laws enacted after the global credit crisis. The **Federal Reserve** must review the transaction in accordance with the Dodd-Frank Act signed by President **Barack Obama** in July 2010.

Capital One on June 16 agreed to purchase ING Direct from its Dutch parent, **ING Groep NV**. The Mclean, Virginia-based bank agreed to pay \$9.0 billion, with \$6.2 billion paid in cash and 55.9 million new shares issued to ING. The proposal is not subject to the approval of the ING or Capital One shareholders, but it must be cleared by the Dutch banking authorities and by the Federal Reserve.

Capital One is the eighth-largest bank by deposits in the U.S. and it will become the fifth-largest depository institution once the ING transaction is completed. The companies expect to complete the transaction in late 2011 or early 2012.

Capital One said the purchase will add to EPS in 2012 and to its tangible book value at closing. Even though the \$9.0 billion price tag is not immaterial, it equates to a price-to-tangible book value multiple of only 1.0 times.

Going forward, Capital One expects to generate operating synergies of \$90 million annually. In addition, by altering its overall deposit source base, Capital One said it can realize annual funding cost reductions of \$200 million. These positive

synergies will be realized in 2013 at the one-time cost of \$210 million for integration and severance actions.

Less than one month after Capital One announced the ING proposal, Capital One agreed to purchase **HSBC Holdings Plc's** U.S. credit-card business, which had \$30 billion in receivables, for \$2.6 billion.

Subject to the receipt of various approvals — mainly, the **Office of the Comptroller of the Currency** — Capital One expects to close the HSBC transaction in the second quarter of 2012.

These two proposals have placed Capital One in the high-profile spotlight of the "too big to fail" financial-services firms that are subject to greater government scrutiny.

The ING proposal has drawn criticism from the 600-member **National Community Reinvestment Coalition**, which represents community and housing groups. The NCRC has petitioned the Federal Reserve to hold public hearings on the ING proposal before ruling on the Capital One application.

"Ending 'too-big-to-fail' bailouts and protecting the American taxpayer were major goals of Dodd-Frank," **John Taylor**, president and CEO of NCRC, wrote in a Sept. 1 letter to government officials. "We believe these goals are threatened by Capital One's plan to acquire ING Direct and HSBC's credit card business."

Among other factors, the NCRC doesn't see the benefits to the public from the transaction, which the NCRC says will add material risks to the banking system "if Capital One should fail."

These protests have succeeded in persuading the Federal Reserve to extend the Capital One-ING application comment deadline from Aug. 18 to Oct. 12. In addition, the Federal Reserve has decided to conduct three public hearings on the Capital One-ING application. The Federal Reserve released the hearing schedule on Aug. 31. They will be held in Washington, Chicago and San Francisco, and will conclude on Oct. 5.

Investors should monitor this Federal Reserve review closely, since it will cover the largest merger proposal since the Dodd-Frank Act was adopted. If the Federal Reserve should reject this proposal, it would have a chilling impact on bank stocks. It would also send a negative message to the markets that even non-dilutive acquisitions will be blocked in order to avoid the "too big to fail" label. The effect on ING cannot be ignored, since the Capital One transaction will provide valuable liquidity to ING's Dutch parent, which faces financial pressures from the weak European economy.

We expect the central bank to approve the Capital One-ING application, but if the Federal Reserve does not approve it, the financial market effect will be negative and pronounced.

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 article.

Capital One-ING Ranking Among U.S. Banks

BANK	NUMBER OF ACCOUNTS (DECEMBER 2010)
Bank of America	106 million
JPMorgan Chase	88 million
Citibank	76 million
Wells Fargo	70 million
Capital One-ING	47 million

BANK	TOTAL U.S. DEPOSITS (AT 12/31/10)
Bank of America	\$930 billion
Wells Fargo	\$780 billion
JPMorgan Chase	\$685 billion
Citibank	\$310 billion
Capital One-ING	\$190 billion

Source: Capital One Financial Corp

Economics **Bloomberg**
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Snapshot

Global M&A Volume by Industry

	2010*	2011	YoY
Consumer, Non-cyclical	\$ 297	\$ 248	-17%
Financial	\$ 290	\$ 250	-14%
Communications	\$ 220	\$ 172	-22%
Energy	\$ 192	\$ 239	24%
Industrial	\$ 173	\$ 110	-37%
Consumer, Cyclical	\$ 161	\$ 130	-19%
Basic Materials	\$ 130	\$ 105	-19%
Utilities	\$ 117	\$ 98	-16%
Technology	\$ 71	\$ 52	-27%
Diversified	\$ 25	\$ 20	-20%
Total	\$ 1,676	\$ 1,423	-15%

* As of 9/8/10, all figures in \$ billions
Source: Bloomberg

BloombergBRIEF

M&A volume in 2011 has dropped 15% globally compared with the same period a year earlier.

Energy companies represented the only major industrial sector to post a year-over-year gain in volume, with an increase of 24%.

Leading the decliners this year are the industrial and technology industry groups, which experienced a drop of 37% and 27% in total deal volume.

— Pratik M. Patel, Data Analyst

League Tables

Global Financial Advisers

FINANCIAL FIRM	2011 YEAR-TO-DATE			
	RANK	MKT SHARE	VOLUME USD (MLN)	DEAL COUNT
JP Morgan	1	22.5	379,700	207
Goldman Sachs & Co	2	20.7	350,231	201
Morgan Stanley	3	19.8	334,225	221
Credit Suisse	4	18.4	311,380	161
Citi	5	14.1	238,389	135
Bank of America Merrill Lynch	6	13.5	227,492	175
Deutsche Bank AG	7	12.6	212,178	130
Barclays Capital	8	12.1	205,235	98
Lazard Ltd	9	11.1	188,157	131
UBS	10	8.2	139,155	130
Rothschild	11	6.8	114,589	144
Evercore Partners Inc	12	4.9	83,338	39
Nomura Holdings Inc	13	4.4	73,739	128
HSBC Bank PLC	14	4.1	70,000	70
BNP Paribas Group	15	3.2	54,397	52
Greenhill & Co	16	3.2	53,847	19
Moelis & Co	17	3.2	53,628	35
Societe Generale	18	3.0	51,274	54
RBC Capital Markets	19	2.8	47,399	80
Perella Weinberg Partners	20	2.5	42,075	16

Source: Bloomberg
Excludes terminated deals.

As of: 9/8/2011

Global Legal Advisers

LEGAL FIRM	2011 YEAR-TO-DATE			
	RANK	MKT SHARE	VOLUME USD (MLN)	DEAL COUNT
Sullivan & Cromwell	1	14.9	252,576	94
Skadden Arps Slate Meagher & Flom	2	13.3	225,060	154
Simpson Thacher & Bartlett	3	13.3	224,164	120
Wachtell Lipton Rosen & Katz	4	13.1	221,694	53
Dewey & LeBoeuf LLP	5	9.7	164,446	78
Latham & Watkins LLP	6	9.0	151,256	170
Shearman & Sterling LLP	7	8.8	149,265	89
Cleary Gottlieb Steen & Hamilton	8	8.1	136,602	74
Linklaters LLP	9	7.7	129,312	144
Allen & Overy LLP	10	7.1	119,823	145
Cravath Swaine & Moore	11	6.3	106,549	40
Freshfields Bruckhaus Deringer	12	6.1	103,772	121
Davis Polk & Wardwell	13	5.7	95,837	73
Weil Gotshal & Manges LLP	14	4.7	79,992	70
Gibson Dunn & Crutcher	15	4.0	67,169	71
Jones Day	16	3.9	66,462	246
Blake Cassels & Graydon LLP	17	3.7	62,839	68
Fried Frank Harris Shriver & Jacobson	18	3.6	61,606	26
Dechert	19	3.5	58,879	43
Greenberg Traurig LLP	20	3.5	58,668	59

Source: Bloomberg
Excludes terminated deals.

As of: 9/8/2011

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
Cephalon Inc	Teva Pharmaceutical Industries Ltd	6,155	05/02/11	09/30/11	81.50	6.81	80.72	0.97	0.78	-0.01
Clorox Co	Icahn Enterprises LP	11,979	07/15/11	-	80.00	17.90	68.91	16.09	11.09	0.78
Constellation Energy Group Inc	Exelon Corp	10,165	04/28/11	-	39.93	16.09	38.52	3.67	1.41	0.08
DPL Inc	AES Corp/The	4,640	04/20/11	-	30.00	9.46	30.01	-0.03	-0.01	-0.01
Family Dollar Stores Inc	Private	7,710	02/15/11	-	60.00	39.28	52.01	15.36	7.99	1.13
Graham Packaging Co Inc	Private	4,365	06/14/11	09/09/11	25.50	13.58	25.51	-0.04	-0.01	-0.01
Kinetic Concepts Inc	Multiple buyers	5,727	07/13/11	12/31/11	68.50	16.52	67.22	1.90	1.28	-0.48
Lubrizol Corp	Private	9,218	03/14/11	09/30/11	135.00	24.17	134.72	0.21	0.28	0.03
Medco Health Solutions Inc	Express Scripts Inc	34,322	07/21/11	-	65.96	30.72	53.44	23.43	12.52	0.10
Motorola Mobility Holdings Inc	Google Inc	9,813	08/15/11	-	40.00	72.94	37.62	6.33	2.38	0.00
Nalco Holding Co	Ecolab Inc	8,042	07/20/11	12/31/11	37.29	37.71	36.47	2.25	0.82	-0.19
National Semiconductor Corp	Texas Instruments Inc	6,407	04/04/11	11/30/11	25.00	74.63	24.88	0.48	0.12	0.00
NSTAR	Northeast Utilities	6,842	10/18/10	-	44.37	0.03	44.70	-0.73	-0.33	0.11
NYSE Euronext	Deutsche Boerse AG	9,532	02/15/11	-	29.04	8.10	26.50	9.59	2.54	0.57
Progress Energy Inc	Duke Energy Corp	25,531	01/10/11	12/31/11	49.14	6.13	48.72	0.86	0.42	-0.01
Ralcorp Holdings Inc	ConAgra Foods Inc	7,349	05/04/11	-	94.00	32.14	85.14	10.41	8.86	0.91
Southern Union Co	Energy Transfer Equity LP	9,134	06/16/11	03/31/12	41.34	48.34	41.98	-1.51	-0.64	0.13
Temple-Inland Inc	International Paper Co	4,276	06/06/11	03/31/12	32.00	37.19	31.00	3.23	1.00	-0.01
TMX Group Inc	Multiple buyers	3,732	05/13/11	09/30/11	50.00	24.77	40.39	23.79	9.61	1.71
Varian Semiconductor Equipment	Applied Materials Inc	4,572	05/04/11	-	63.00	41.12	61.90	1.78	1.10	-0.04

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Sep 27, 2011

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Calendars

To submit an event email mergerbrief@bloomberg.net

Anticipated Approvals

DATE	TARGET	ACQUIRER	DEAL VALUE (\$M)	TYPE
9/15	Citadel Broadcasting Corp.	Cumulus Media Inc.	1,720	Target shareholders
9/16	Blackboard Inc.	Providence Equity Partners Inc.	1,714	Target shareholders
9/20	Transatlantic Holdings Inc.	Allied World Assurance Co Holdings AG	3,324	Target shareholders
9/29	Central Vermont Public Service Corp.	Multiple acquirers	657	Target shareholders
9/30	Primero Mining Corp.	Northgate Minerals Corp.	453	Target, acquirer shareholders
9/30	TSI Acquisition Holdings LLC	Hunting PLC	775	Acquirer shareholders
10/7	Vastned Offices/Industrial NV	Nieuwe Steen Investments NV	1,187	Acquirer shareholders
10/14	Ichigo Real Estate Investment Corp.	FC Residential Investment Corp.	806	Target shareholders
10/18	Ichigo Real Estate Investment Corp.	FC Residential Investment Corp.	806	Acquirer shareholders

Calls and Meetings

DATE	TIME	COMPANY	EVENT	DESCRIPTION
9/12	Before market open	WW Grainger Inc.	Sales and revenue call	Grainger on Aug. 31 completed its acquisition of Fabry Group for \$344 million.
9/12	8:15 a.m. New York	Wells Fargo & Co.	Barclays Capital Global Financial Services Conference, New York	Wells Fargo has announced 12 acquisitions in the past 12 months with a total deal value of \$1.52 billion, according to data compiled by Bloomberg.
9/12	8:15 a.m. New York	NYSE Euronext	Barclays Capital Global Financial Services Conference, New York	Nasdaq OMX Group Inc. on Sept. 8 told the European Union that a combined Deutsche Boerse AG and NYSE Euronext would "drive competing platforms out of the market."
9/12	12 p.m. New York	Apollo Global Management LLC	Barclays Capital Global Financial Services Conference, New York	Apollo has participated in 22 deals with a total announced value of \$2.98 billion in the past 12 months, according to data compiled by Bloomberg.

Conferences

DATE	EVENT	FEATURING	LOCATION	CONTACT / REGISTRATION
Sept. 12-16	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
Sept. 14-16	Private Equity World Brazil 2011	"Brings together the leading Brazilian and international investors and fund managers to discuss sourcing deals, growing investments, successful exits."	Sofitel São Paulo Ibirapuera	terrapinn.com
Sept. 15-16	5th Annual Private Equity Summit for Institutional Investors	"New Relationships, New Markets, New Models: How to navigate the evolving and shifting landscape"	Hyatt at Fisherman's Wharf, San Francisco	opalgroup.net
Sept. 22	Latin Lawyer Private Equity Conference 2011	The 2011 conference will "offer the best of legal minds from banks, funds, law firms and government."	New York	latinlawyer.com/events
Sept. 27	Bloomberg Link Dealmakers Summit	Speakers include Henry Kravis, Daniel Akerson, Barry Sternlicht, Guy Hands, James B. Lee, Nouriel Roubini and J. Christopher Flowers.	Merkin Concert Hall at Kaufman Center, New York	bloomberglink.com
Sept. 27-28	Dow Jones Private Equity Analyst Conference	Topics include social media frenzy, international opportunities, Washington regulation	Waldorf Astoria, New York	peaconference.dowjones.com
Oct. 16-19	SuperReturn Middle East	Bringing together global experts from around the region and the world; Dedicated Turkey Summit	Ritz-Carlton, Dubai International Financial Centre	informaglobalevents.com
Oct. 31-Nov. 4	AM&AA's Certified Merger & Acquisition Advisor Credentialing Program	"Course objectives taught by seasoned M&A professionals. The 2011 conference will "offer the best of legal minds from banks, funds, law firms and government."	Chicago	amaaonline.com