

M&A WATCH:  
Felice Maranz and  
Toby Alder

**ENERGY TRANSFER EQUITY TO BUY SOUTHERN UNION FOR \$4.2 BILLION.** The owner of the general partner in the third-largest U.S. pipeline partnership agreed to pay about \$33 a share, not including net debt, a 17% premium to the closing price.

**ITOCHU BUYS COAL STAKE FOR \$1.6 BLN.** The company is acquiring 20% of Drummond's Colombian mining operations.

**PROVIDENCE EQUITY PARTNERS SAID TO LEAD BLACKBOARD AUCTION.** The on-line teacher's planner is also considering a bid from Hellman & Friedman.

**TEREX WINS DEMAG ON SWEETENED BID.** Terex boost its bid to \$1.36 billion, or 45.50 euros per share from 41.75 euros, a 25% premium to Demag's April 29 closing price.

**DISH OFFERS \$1.38 BILLION FOR TERRESTAR NETWORKS.** Dish has agreed to act as the lead bidder at an auction for TerreStar.

**HCA HOLDINGS TO BUY JOINT-VENTURE STAKE FOR \$1.45 BLN.** HCA agreed to acquire 40% of the HCA-HealthOne joint venture from Colorado Health Foundation.

**COX COMMUNICATIONS MULLS SELLING ITS 3G NETWORK.** The company, which is using Sprint's 4G network services, will either sell or dismantle its wireless holdings, President Pat Esser said.

**AUSTRIAMICROSYSTEMS BUYS SENSOR MAKER.** The Austrian chipmaker agreed to buy Texas Advanced Optoelectronics for about \$320 million.

## Visteon Earnings Are Free in Takeover

BY MARK CLOTHIER AND TARA LACHAPPELLE

**Visteon Corp.** is so cheap that the auto-parts supplier is offering potential acquirers its earnings for free.

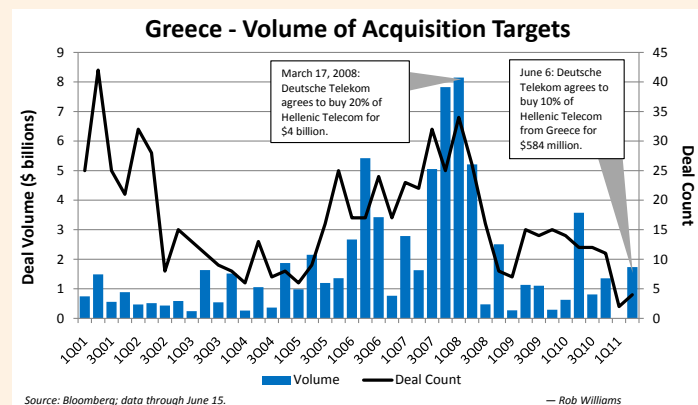
Visteon has fallen 16 percent this year, leaving the company with \$3.17 billion in market capitalization. That's now less than the combined value of its stakes including **Halla Climate Control Corp.** and **Yanfeng Visteon Automotive Trim Systems Co.**, Bloomberg data show. Its 50 percent holding in Yanfeng alone may sell for \$1.4 billion, based on the median earnings multiple for comparable auto-parts producers.

While Visteon exited bankruptcy in October and has the lowest operating

## Daily Data (includes announced and amended deals)

### Comparisons

SUMMARY	TOTAL	YEAR TO DATE	PRIOR YTD
Number of Deals	39	11,619	11,646
Volume	\$11.7 billion	\$1.14 trillion	\$921.9 billion
Avg Disclosed Deal Size	\$417.2 million	\$181.3 million	\$150.3 million
Average Premium	25.7%	22.2%	23.4%



The volume of acquisition targets in Greece sank 32% to \$1.74 billion year to date, according to data compiled by Bloomberg.

## Breaking Deals

TARGET NAME	ACQUIRER NAME	TOTAL VALUE (\$M)	TARGET PRICE/EBITDA
Southern Union Co	Energy Transfer Partners LP	7,853.2	5.16
Demag Cranes AG	Terex Corp	1,508.96	12.63
Wheelock Properties China	Wharf Holdings Ltd	434.3	-
NetVision Ltd	Cellcom Israel Ltd	402.1	5.98
Mediamind Technologies Inc	DG FastChannel Inc	401.9	-
Texas Advanced Opto.	Austriamicrosystems AG	320	-
IP Casino Resort Spa	Boyd Gaming Corp	278	-
East Asia Satellite Television	eSun Holdings Ltd	84.5	-
Land & Building	Multiple acquirers	76.7	-
Amadeus Gas Pipeline	APA Group	66.7	-

## Yesterday's Deals

TARGET NAME	ACQUIRER NAME	TOTAL VALUE (\$M)	TARGET PRICE/EBITDA
HCA-HealthOne LLC	HCA Holdings Inc	1,450	-
Breakwater Resources Ltd	Nyrstar	462.1	4.74
Sensor-NITE NV	Sensata Tech	321.8	-
Conquest Mining Ltd	Catalpa Resources Ltd	279.2	-
Cyber One Group Ltd	Melco Crown Entertainment	260	-
Shanghai Power Corp	Shanghai Electric Group Co Ltd	154.3	-
Parkvale Financial Corp	FNB Corp/PA	135	-
Homeplus Co Ltd	Unnamed Buyer	120.9	-
HPI Resources BHD	OJI Paper Co Ltd	117.4	4.38
East Coast Mall	CapitaMalls Malaysia Trust	102.1	-

## VISTEON EARNINGS ARE FREE IN TAKEOVER...

margin of any auto-parts maker in the world, it may attract **Johnson Controls Inc.** and **Valeo SA, UBS AG** said. A buyer would gain Visteon's venture in China, the world's biggest auto market, and earnings that analysts project will increase 25 percent in 2013. Based on the value of all its businesses, Visteon is worth \$90 a share, or 45 percent more than its price yesterday, according to **Westwood Holdings Group Inc.**

"If Visteon could get a competitive situation going, they could do very well," said **Kirk Ludtke**, an automotive analyst at CRT Capital Group LLC. "Just about all the major suppliers are trying to boost their exposure to China. Assets of the scale and quality of Yanfeng and Halla rarely change hands."

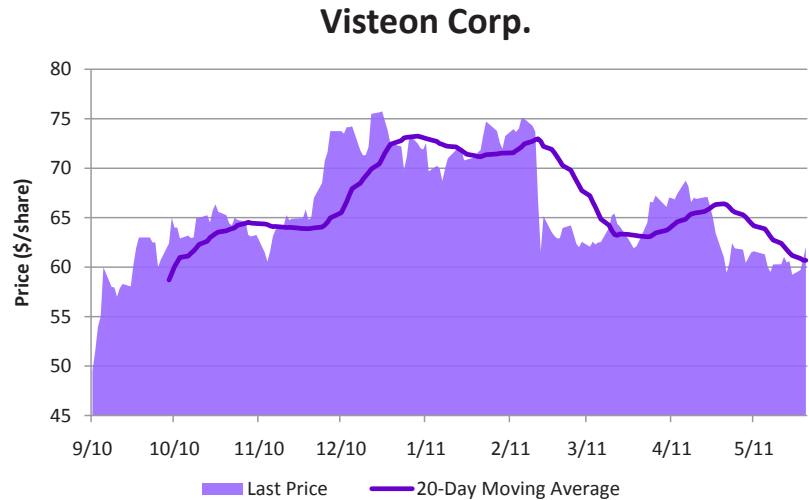
Visteon, spun off from **Ford Motor Co.** in June 2000, makes heating and air-conditioning systems, instrument panels and clusters. It counts **Hyundai Motor Co.** and Ford among its biggest customers.

While Visteon has gained 25 percent since returning as a publicly traded company last year, the shares have slumped since reaching a high of \$75.75 in January. After falling to an eight-month low last week, Visteon has rallied in the past three days amid speculation it may become a takeover target. The stock closed at \$62.06 yesterday.

At that level, Visteon is now cheaper than the sum of its parts. Visteon's 70 percent stake in Halla Climate, the maker of air conditioning systems in cars, is valued at \$1.63 billion, or about \$32 a share.

Visteon also owns half of Yanfeng, which earned \$218 million in net income last year. Based on the median price-earnings ratio of 12.7 times for auto-parts suppliers with market values over \$1 billion, Visteon's venture with China's largest carmaker, **SAIC Motor Corp.**, may be worth as much as \$27 a share.

Together with its other non-consolidated affiliates, the stakes are valued at about \$68 a share, or \$6 more than Visteon's price yesterday. That means investors are undervaluing the business as a whole,



Source: Bloomberg

according to **Grant Taber**, a money manager at Westwood Holdings. Using his own sum-of-the-parts calculation, Taber estimates that Visteon could be worth as much as \$90 a share.

"You've got an opportunity to potentially loosen things up by selling parts or the whole or breaking it up," said Taber, whose firm was among Visteon's 10 biggest shareholders as of March, according to Bloomberg data. "Based on the sum of the parts, it could be a reason they would want to sell. It's being left for dead right now on a valuation basis."

Taber says Visteon can cut more costs to boost its profits. The company earned less than a penny in operating income for each dollar of sales in the past 12 months, the lowest among auto-parts makers with more than \$1 billion in value. The median supplier had a margin of 7.22 percent.

Profitability will also increase as Visteon wins back more customers, he said. Once the second-largest U.S. maker of auto parts, Visteon emerged from bankruptcy last October after filing for protection from creditors in May 2009.

The former division of Ford was hobbled by its labor costs, the faltering economy and slowing auto sales.

There's an "opportunity for Visteon to expand margins to peer levels as management begins to run the

company for growth rather than with the goal of bankruptcy," said UBS analyst **Colin Langan**. Visteon is a "solid takeover candidate," he said.

While it once relied on sales to Ford, Visteon now gets about 40 percent of its revenue from Asia. Including results from unconsolidated joint ventures, Visteon gets 56 percent of its sales from the region.

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## PEOPLE WATCH

■ **UBS** hired **Doug Brengel** and **Bill Frauenhofer** for its technology group, according to an internal memo. Brengel will join as a managing director and chairman of technology banking. Frauenhofer will join as a managing director in the technology group. Both were previously with **Citigroup**; at Citi Brengel held a similar position and Frauenhofer was global head of semiconductor and capital equipment banking. Brengel will be based in Los Angeles and Frauenhofer will be based in San Francisco. Both will report to **Mark Zanolli**. Brengel founded Salomon Brothers' global technology group in 1992. Both will start working at UBS in late August.

■ **San Francisco Equity Partners** said it hired **Julie Bell** as a partner, the private equity firm said in a press release. Bell was previously with **JH Partners**, a middle market consumer private equity firm where she was a senior investment professional. At San Francisco Equity Partners she will focus on investments in consumer products, consumer services and retail sectors.

■ **UBS** appointed **Stephen Cruise** and **Jonathan Herbst** as its co-heads of Midwest coverage and investment banking in Chicago. The banking firm announced the appointments in a memo on Wednesday. Cruise, a managing director, joined UBS in 2004. Herbst, a managing director in the TMT group, joined UBS in 2001. Both will become part of the UBS group Chicago executive committee.

■ **Houlihan Lokey** said it hired **Jerome M. Schwartzman** and **Andrew Deren** for its transaction advisory services group, the company said in a press release. Previously, Deren was a senior vice president at **Mesirow Financial** where he specialized in distressed M&A. Schwartzman joined from **Duff & Phelps** where he led the M&A tax services group. Schwartzman will be based in New York and he will be a director and head of Houlihan's M&A tax due diligence services.

— by Aleksandrs Rozens

E-mail people news to [mergerbrief@bloomberg.net](mailto:mergerbrief@bloomberg.net).

## THE WIRE BLOOMBERG NEWS

### Itochu Agrees to Buy Stake in Drummond Mines

**Itochu** agreed to pay 130 billion yen (\$1.6 billion) for a 20 percent stake in **Drummond's** Colombian operations.

The agreement will allow Itochu to sell its share of output from coal mined near La Loma, which has annual capacity of 25 million metric tons, and new projects to power plants in Japan and the rest of Asia, Yasuhiro Terashita, a spokesman for Itochu, said. Drummond said in a separate statement the investment amount was \$1.5235 billion.

Closely held Drummond said the investment will help fund a \$1.3 billion expansion of the operations over five years.

—Ichiro Suzuki

### Providence Equity Said in Lead to Buy Blackboard

**Providence Equity Partners** is in the lead to buy **Blackboard**, a person with knowledge of the situation said. The shares surged as much as 5.5 percent.

Blackboard has also been considering a bid from Hellman & Friedman, said the person, who declined to be identified because the matter is private. The company has a market value of almost \$1.5 billion.

Blackboard said in April it's working with Barclays Capital to review unsolicited buyout offers.

Providence last year acquired educational services provider Study Group. The private equity company also joined with Goldman Sachs Capital Partners and Leeds Equity Partners to acquire for-profit college operator Education Management, which sold shares to the public in 2009.

—Serena Saitto, Cristina Alesci and Douglas MacMillan

### Terex to Buy Demag for \$1.4 Bln on Sweetened Bid

**Terex** agreed to buy **Demag Cranes** for out 963 million euros (\$1.36 billion) after raising its offer to win over management of the German company.

Terex is now offering 45.50 euros a share, up from a previous bid of 41.75 euros, Demag said in a statement. The price is 25 percent higher than Demag's close on April 29. Terex overcame resistance to a combination from both Demag and shareholders such as Cevian Capital.

Shares of Demag, which had attracted an approach from Konecranes Oyj in February, have gained 70 percent since Terex's initial approach.

—Sheenagh Matthews

### Dish to Buy Bankrupt TerreStar for \$1.38 Billion

**Dish Network** offered to buy **TerreStar Networks** for \$1.38 billion.

Dish has agreed to act as the lead bidder at an auction for TerreStar, according to a filing. TerreStar filed for bankruptcy last year and put itself up for sale after an earlier restructuring effort fell apart.

The deal for TerreStar follows moves by Charlie Ergen, the billionaire chairman and co-founder of Dish, to buy out of bankruptcy video-rental chain Blockbuster and DBSD North America, another a satellite communications company.

TerreStar said in court papers that it will extend the deadline for rival bids for the company to June 27 and hold the auction on June 30.

—David McLaughlin

## PRIVATE EQUITY

■ **Russell Glass**, founder of **RDG Capital**, said he made an offer to buy **DST Systems Inc.** and still seeks a takeover even after being rejected by the seller of data-processing software and services. Glass said in a phone interview today his offer was “in the \$60s” per share. DST said it had also been approached by three other private-equity firms, according to Glass. Jill Patton, a spokeswoman for DST, didn’t immediately return requests for comment. DST Systems, a seller of data-processing software and services, jumped the most since 1995 in New York trading after a report the company received buyout offers from private-equity firms.

■ Mexican glassmaker **Vitro SAB** received authorization on June 13 from the U.S. Bankruptcy Court in Dallas to sell its U.S. businesses for a gross price the creditors’ committee described as being \$64.4 million. The buyer is **American Glass Enterprises LLC**, an affiliate of **Sun Capital Partners Inc.** The opening bid at auction was \$44 million under a contract Vitro negotiated with **Grey Mountain Partners LLC** of Boulder, Colorado, before the U.S. companies consented in April to being in Chapter 11.

■ Businesses owned by private equity firms likely will see the same or higher default rates than publicly-traded companies in the next 12 months, according to a survey of 80 restructuring experts, investment bankers and fund managers conducted by **AlixPartners**. AlixPartners revealed the results in a press release on Wednesday. The poll also found that workout professionals expect retail, restaurants and commercial real estate industries will face the most distress in the next year. AlixPartners, which advises troubled companies, said 61% of those surveyed expect higher default rates in the next year.

— by Beth Jinks, Bill Rochelle and Aleksandrs Rozens

### THE WIRE

continued from page 3

## Austriamicrosystems to Acquire Sensor Maker

**Austriamicrosystems** agreed to buy **Texas Advanced Optoelectronic Solutions** for about \$320 million.

Austriamicrosystems will acquire closely held TAOS in a share and cash transaction, the manufacturer said.

TAOS’s sales doubled last year to \$81 million, and operating profit exceeded 30 percent of revenue, Austriamicrosystems said.

The Austrian manufacturer had sales of 209 million euros (\$296 million) and an operating margin of 13 percent last year, according to Bloomberg data. The new unit will add to earnings per share in the third quarter, the company said.

—Cornelius Rahn

## Cox Communications Considers Selling 3G Network

**Cox Communications** is considering selling its wireless network to a large telecommunications company, President **Pat Esser** said.

Cox will either sell the infrastructure to a company such as AT&T, Verizon Communications or Sprint Nextel, or tear down the network, Esser said. Cox has no plans to upgrade the network, which uses third-generation technology, to support the faster 4G standard, Esser said. Cox is also in talks with Philip Falcone’s LightSquared to use that venture’s network to further boost its wireless coverage, Esser said.

—Alex Sherman

## Casino Increases Stake in Brazil’s Pao de Acucar

**Casino Guichard-Perrachon SA** raised its stake in **Cia. Brasileira de Distribuicao Grupo Pao de Acucar** to 37 percent, strengthening its position after the Brazilian retailer reportedly held talks with rival **Carrefour SA**.

Casino bought 8.6 million Pao de Acucar preferred shares, equivalent to a 3.3 percent stake, the Saint-Etienne, France-based grocer said. The purchase doesn’t change control of Grupo Pao de Acucar by the holding company through which Casino and the Diniz Group share command of the Brazilian retailer.

—Andrew Roberts

## Acquisitions Boost Buyers’ Share Prices

The typical takeover announcement pushed a buyer’s shares more than 1.1 percentage point over its benchmark stock index both this year and last, the most in at least a decade, based on a Bloomberg analysis of more than 3,800 transactions worldwide since 2000.

The increases challenge the notion on Wall Street that acquirers should brace for a selloff and show companies are being rewarded for pursuing growth after exhausting internal options to cut costs and boost sales.

The market’s support this year is most pronounced for cash takeovers. Returns are limited, with the yield on a 10-year U.S. Treasury note hovering near 3 percent. The largest 1,000 non-financial companies are holding out \$3.5 trillion of cash and equivalents, according to data compiled by Bloomberg.

—Zachary R. Mider and Jeffrey McCracken

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## M&A ROUNDUP

### Transatlantic Shareholder Tweedy Browne Opposes Deal

**Transatlantic Holdings Inc.** investor **Tweedy Browne Co.** said it opposes the reinsurer's planned \$3.2 billion merger with **Allied World Assurance Company Holdings AG** because price is too low.

"It is really puzzling to us why they would want to sell the company at a 20 percent discount from book value," said **Tom Shrager**, one of four managing directors at Tweedy Browne. "Simply doing it for size is not a good enough reason to sell at this big discount."

— Noah Buhayar

### Sara Lee Spinoff Shift Rattles Bond Traders; Swaps Jump

**Sara Lee Corp.**'s change of heart over which division to spin off is shaking the confidence of debt investors.

Credit-default swaps tied to the bonds of the maker of Jimmy Dean breakfast foods and Douwe Egberts coffee have jumped to the highest since Feb. 23 and prices of its debt fell after the company said June 14 it will spin off its beverage business, reversing an earlier plan to divest its meat operations.

The switch means lenders will be left with debt in a company that dropped its fastest-growing division. Sara Lee decided to split

itself up after rebuffing leveraged-buyout advances in January. Sara Lee has \$2.2 billion of long-term debt, including a \$300 million euro (\$425.1 million) bond that matures in March, Bloomberg data show.

"The coffee and tea business is showing greater revenue growth and its margins are generally higher; in that regard you'd say that might be the better business," said **Dave Novosel**, an analyst at debt research firm **Gimme Credit LLC**.

— Mary Childs

### Brazil's Cade Delays Antitrust Vote on Brasil Foods, Folha Says

Brazil's antitrust agency Cade agreed to postpone a vote on **BRF-Brasil Foods SA's** acquisition of **Sadia SA** after the company asked for more time to negotiate the sale of assets, Folha de S. Paulo reported, without saying where it obtained the information.

Brasil Foods presented a proposal to Cade to sell certain "important" assets, the newspaper said. The vote was scheduled to be taken today, Folha said.

— Laura Price

### Jimmy Choo Proposes Terms on \$326 Million of Buyout Loans

Celebrity shoe designer **Jimmy Choo** started syndicating 200 million pounds

(\$326 million) of senior loans to fund its buyout.

**Labelux**, the luxury venture formed in 2008 by Germany's billionaire Reimann family, agreed last month to buy Jimmy Choo from **TowerBrook Capital Partners LP** for 533 million pounds, or 13.5 times the fashion designer's Ebitda, according to a statement from lenders sent by loan coordinator **UBS AG**.

The financing includes 160 million pounds of seven-year term loans with an initial interest margin of 450 basis points more than the London interbank offered rate. As much as 135 million pounds of this portion will be reserved for funds and institutional investors, lenders said in the statement.

— Patricia Kuo

### Iberdrola Says No Truth to Reports of RWE Merger Talks

A spokesman for **Iberdrola SA** who asked not to be named in line with company policy said there is no truth to a report in the London-based Times that the power company is holding merger talks with Essen-based RWE AG.

— Ben Sills

### Credit Suisse to Cut Jobs, Handelszeitung Says

Credit Suisse Group AG plans to cut "several hundred" jobs at its investment bank, Handelszeitung reported, citing unidentified people at the bank.

The job cuts will take place in the U.S. and Switzerland, according to the newspaper.

— Matthias Wabl

### Einhorn Has \$1 Option to Obtain Control of Mets, Forbes Reports

**David Einhorn**, the hedge-fund manager who obtained a minority stake in the **New York Mets**, obtained a \$1 option to take control of the team in three years, Forbes reported, citing a banker familiar with the agreement.

The agreement, which would allow Einhorn to boost his stake from 33 percent to 60 percent, isn't final and is subject to the approval of MLB, the magazine reported in its online edition.

— James Kraus

### RANK GROUP LTD. BIGGEST ACQUISITIONS

ANNOUNCE DATE	TARGET NAME	SELLER NAME	ANNOUNCED TOTAL VALUE (\$ MLN)	DEAL STATUS	TARGET PRICE/EBITDA
8/17/10	PACTIV CORP.	-	5,945	COMPLETE	6.47
6/14/11	GRAHAM PACKAGING CO.	-	4,312	PENDING	3.41
12/22/07	PACKAGING AND CONSUMER BUSINESSES	ALCOA INC.	2,700	COMPLETE	-
8/17/05	CARTER HOLT HARVEY LTD.	INTERNATIONAL PAPER CO.	1,589	COMPLETE	-
8/22/06	BURNS PHILP & CO.	-	1,006	COMPLETE	-
11/29/10	UCI INTERNATIONAL INC.	CARLYLE GROUP	980	COMPLETE	-
1/28/11	CONSUMER PRODUCTS BUSINESS	HONEYWELL INTERNATIONAL INC.	950	PENDING	-
8/31/05	CARTER HOLT HARVEY LTD.	-	798	COMPLETE	-
12/19/06	BEVERAGE PACKAGING BUSINESS	INTERNATIONAL PAPER CO.	413	COMPLETE	-
2/3/06	CARTER HOLT HARVEY LTD.	-	347	COMPLETE	-

Source: Bloomberg

## ARB ANALYSIS

TOM BURNETT, GUEST COLUMNIST

## Delaware Litigation May Result in Improved Merger Consideration

Lawsuits filed by shareholders of several takeover targets incorporated in Delaware have resulted in an increase in final merger consideration.

Most of this target holder litigation in the past resulted in amended merger agreement conditions, such as a reduced termination fee, a longer go-shop period, and/or enhanced merger proxy disclosures.

In several recent examples, takeovers were announced, leading to litigation from target company shareholders alleging that the merger terms were not fair to those shareholders. The parties then reached a memorandum of understanding that provided for improved merger consideration and a path to resolution of all litigation claims (the MOUs need to be formally approved by the court, which process can take several months).

## Insider Involvement

One common factor in all three cases was the involvement of insiders in the transaction that may have motivated the companies to settle the litigation. In the **Talecris-Grifols** merger, the 49 percent shareholder agreed to the merger; in the **J. Crew-Leonard Green** transaction, the J. Crew chairman and CEO rolled over his ownership into the post-merger company; in the **GSI Commerce-Ebay** merger, Ebay agreed to sell certain GSI businesses to the GSI CEO as part of the transaction.

Because of a lengthy Federal Trade Commission investigation, the Grifols purchase of Talecris was completed on June 2, almost one year from the June 6, 2010, announcement date.

The merger proposal led to Talecris shareholder litigation, which was settled when an MOU was reached on October 29. The primary focus of the MOU was an increase in the merger exchange ratio from 0.641 Grifols non-voting

ADRs to 0.6485 Grifols non-voting ADRs per Talecris share.

This increase was not given to Talecris insiders, who controlled approximately 49 percent of the outstanding stock. The last sale for Talecris stock prior to the closing of the merger was \$28.50, and the increase in terms was worth about \$0.55 per Talecris share, based on the trading level of Grifols non-voting ADRs near the June 2 closing date.

In the GSI Commerce-Ebay example, the period was much shorter. The companies announced a friendly cash tender offer at a price of \$29.25 a share on March 28. Again, GSI shareholders sued to block the transaction, alleging that the merger price and terms were not fair to GSI shareholders.

On June 13, the parties negotiated a MOU that led to an additional payment of \$0.33 per GSI share. In this case, all GSI shareholders will benefit from the additional consideration. Clearly, Ebay wanted to close this deal quickly (the deal is scheduled to close on June 17), once all the regulatory clearances were obtained, and paying an additional 1.1 percent of the original price to settle the litigation was worthwhile. For Ebay, the distraction, risk and uncertainty surrounding the litigation were muddling the attraction of the GSI purchase. The \$24 million payment to settle the litigation was a small, rational price to pay.

## Extended Go-Shop

The Leonard Green-J. Crew Group transaction was a cash merger, announced on November 23. J. Crew shareholder litigation alleged the unusual unfair terms and merger consideration. On January 18, the parties announced that they had reached an MOU that would settle the litigation and amend the merger terms. According to the memorandum, the go-shop period was extended by

one month and the termination fee was reduced to \$20 million if J. Crew were to accept another offer (subject to certain limitations).

Finally, a fund of \$10 million was to be made available to the holders of the 63.9 million J. Crew shares not owned by insiders. This payment has been delayed by disputes among the parties as to the exact terms of the settlement, even though the merger closed on March 7, and the ultimate payment, if any, is still somewhat uncertain.

## Celera Shareholders

Not all litigation in connection with deals with target companies incorporated in Delaware has led to increased merger consideration. On March 18, Quest Diagnostics announced a friendly tender offer for all shares of Celera Corp. Celera shareholders launched the expected litigation alleging unfair merger terms and consideration. The parties negotiated a MOU on April 18, but in this case, only the terms (termination fee, standstill provision, offer expiration date) were changed, and the \$8 per-share cash merger consideration was not altered. The merger closed on May 18.

In summary, investors in shares of target companies incorporated in Delaware – especially those with substantial insider ownership and/or participation in the merger – may benefit from patiently awaiting settlements of shareholder litigation as buyers pay for peace to settle annoying litigation and avoid the risks of unfavorable judgments or delays to the closing of the merger.

Note: Wall Street Access M&A Research is covering the GSI-Ebay merger.

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

## Deal Arbitrage

TARGET	ACQUIRER	DEAL SIZE (\$M)	ANNOUNCED DATE	EXPECTED COMPLETION DATE	OFFER PER SHARE	ANNOUNCED PREMIUM IN %	LAST TARGET PRICE	CURRENT PREMIUM %	SPREAD	LAST SPREAD MOVE
Family Dollar Stores Inc	Triun Fund Management	7,710	02/15/11	-	60.00	39.28	52.25	14.83	7.75	0.46
TMX Group Inc	Multiple	3,583	05/13/11	08/08/11	48.00	19.45	43.23	11.03	4.77	1.73
Constellation Energy Group Inc	Exelon Corp	10,165	04/28/11	-	38.21	16.09	36.17	5.65	2.04	-0.09
Temple-Inland Inc	International Paper Co	4,118	06/06/11	-	30.60	31.19	28.66	6.77	1.94	0.89
Cephalon Inc	Teva Pharmaceutical Industries	6,155	05/02/11	09/30/11	81.50	6.81	79.80	2.13	1.70	0.09
Varian Semiconductor Equipment	Applied Materials Inc	4,638	05/04/11	-	63.00	41.12	61.30	2.77	1.70	0.02
EXCO Resources Inc	Multiple	5,183	11/01/10	-	20.50	37.71	18.88	8.58	1.62	0.20
NYSE Euronext	Deutsche Boerse AG	9,532	02/15/11	12/31/11	35.42	8.10	34.04	4.05	1.38	-0.02
TMX Group Inc	London Stock Exchange Group	1,941	02/09/11	06/30/11	28.61	8.06	27.28	4.90	1.34	-0.18
Progress Energy Inc	Duke Energy Corp	25,531	01/10/11	12/31/11	48.04	6.13	46.93	2.37	1.11	0.05
Lubrizol Corp	Berkshire Hathaway Inc	9,218	03/14/11	09/30/11	135.00	24.17	134.18	0.61	0.82	0.06
Global Crossing Ltd	Level 3 Communications Inc	2,451	04/11/11	12/31/11	34.96	57.10	34.16	2.34	0.80	0.21
SAVVIS Inc	CenturyLink Inc	2,978	04/27/11	12/31/11	40.00	10.11	39.37	1.60	0.63	0.14
L-1 Identity Solutions Inc	Safran SA	1,582	09/20/10	06/30/11	12.00	31.13	11.39	5.36	0.61	0.04
Nicor Inc	AGL Resources Inc	3,138	12/07/10	06/30/11	53.86	17.61	53.37	0.91	0.49	0.08
National Semiconductor Corp	Texas Instruments Inc	6,407	04/04/11	11/30/11	25.00	74.63	24.60	1.63	0.40	0.02
NSTAR	Northeast Utilities	6,842	10/18/10	-	44.48	0.03	44.15	0.74	0.33	0.06
Bucyrus International Inc	Caterpillar Inc	8,609	11/15/10	06/30/11	92.00	31.29	91.68	0.35	0.32	0.03
Citadel Broadcasting Corp	Cumulus Media Inc	1,720	12/17/10	12/31/11	33.08	35.16	32.85	0.69	0.23	-0.26
SRA International Inc	Private	1,372	04/01/11	09/30/11	31.25	14.52	31.07	0.58	0.18	0.00

## Deal Sheet

**Target:** Graham Packaging Co.  
**Acquirer:** Rank Group Ltd. (Reynolds Group Holdings Ltd.)  
**Total Value:** \$4.31 billion  
**Terms:** \$25 a share  
**Announced Premium:** 11.35%  
**Target Legal Adviser:** Simpson Thacher & Bartlett  
**Acquirer Legal Adviser:** JP Morgan

**Total Value Multiples:**  
**Ebitda:** 8.96x vs 8.21x industry median  
**Revenue:** 1.61x vs 0.84x industry median

**Deal Facts:**

- » Second-largest deal by Rank Group recorded by Bloomberg data.
- » Fifth-largest deal in container-paper/plastic industry recorded by Bloomberg.
- » YTD largest deal in container-paper/plastic industry.

**Target:** Timberland Co.  
**Acquirer:** VF Corp.  
**Total Value:** \$1.97 billion  
**Terms:** \$43 per share  
**Announced Premium:** 36.11%  
**Target Fin, Advis.:** Goldman Sachs  
**Target Legal Advisers:** Richard Layton & Finger, Ropes & Gray  
**Acquirer Legal Adviser:** Davis Polk & Wardwell

**Total Value Multiples:**  
**Ebitda:** 12.30x vs 9.64x industry median  
**Revenue:** 1.35x vs 0.88x industry median

**Deal Facts:**

- » Largest acquisition by VFC in U.S. in the last 10 years.
- » Second-largest deal YTD with any involvement in the apparel manufacturers industry.
- » Largest takeover YTD for target in apparel industry.
- » Goldman Sachs is leader this month in large deals, this being the fourth deal over \$1 billion advised by the bank.

## Calendars

To submit an event email mergerbrief@bloomberg.net

## Anticipated Approvals

DATE	TARGET	ACQUIRER	DEAL VALUE (\$M)	TYPE
6/17	GSI Commerce Inc.	EBay Inc.	1,909	Target shareholders
6/17	Verigy Ltd.	Advantest Corp.	607	Target shareholders
6/21	National Semiconductor Corp.	Texas Instruments Inc.	6,407	Target shareholders
6/21	Pre-Paid Legal Services Inc.	MidOcean Partners	621	Target shareholders
6/24	Wesco Financial Corp.	Berkshire Hathaway Inc.	548	Target shareholders
6/28	Frontier Oil Corp.	Holly Corp.	2,610	Target, acquirer shareholders
6/30	Green Valley Ranch Resort	Station Casinos LLC	500	Bankruptcy Court
6/30	TMX Group Inc.	London Stock Exchange Group PLC	1,941	Target shareholders
7/1	Nationwide Health Properties Inc.	Ventas Inc.	6,819	Target, acquirer shareholders
7/7	NYSE Euronext	Deutsche Boerse AG	9,532	Target, acquirer shareholders
7/28	Hite Brewery Co.	Jinro Ltd.	1,739	Target, acquirer shareholders

## Calls and Meetings

DATE	TIME	COMPANY	EVENT	DESCRIPTION
6/16	After market close	Smithfield Foods Inc.	Quarterly earnings	Agreed on April 27 to sell hog production facility in Texas to Cargill Inc. Terms weren't disclosed.
6/21	2:30 p.m.	General Electric Co.	Analyst meeting	Agreed on March 29 to buy most of Converteam from Barclays Private Equity Ltd. and LBO France for \$3.2 billion.
6/21	Before market open	Barnes & Noble Inc.	Quarterly earnings	Liberty Media on May 19 offered to buy Barnes & Noble for \$17 a share.
6/21	11:40 a.m.	Colgate-Palmolive Co.	Jefferies & Co. Global Consumer Conference, Nantucket, Massachusetts	Received on June 6 EU antitrust approval on proposed purchase of Unilever's Sanex personal-care unit for \$940 million.

## Conferences

DATE	EVENT	FEATURING	LOCATION	CONTACT / REGISTRATION
June 17	Distressed M&A Forum and Turnaround Atlas Awards Gala	Keynote speakers Lynn Tilton, Patriarch Partners; Tony Hunter, Chicago Tribune Co.	Allerton Hotel, Chicago	globalmanetwork.com/distressedma.php#
June 23	EU Merger Control 2011	Gain an insightful legal review of current policies and challenges at the EU Merger Control Conference 2011	Raddisson Blu Royal, Belgium	informaglobalevents.com/division/ibc-legal
June 27-30	SuperReturn Emerging Markets	90 LPs and fund of funds share their experiences of investing in emerging markets.	Intercontinental Hotel, Geneva	icbi-events.com
July 19-21	Alliance of Merger & Acquisition Advisors Summer Conference	"AM&AA members convene regularly for training and continuing education."	Hilton, Chicago	amaaonline.com
Aug. 26	KC Standard's Global Mining M&A Outlook in 2011	Breakfast roundtable briefing bringing together "leading Chinese mining and minerals executives."	TBD, Beijing	kcstandardconferences.com
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. 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
Oct. 25-26	NextGen Private Equity Executive Summit	"Interactive roundtable sessions representing a diverse cross-section of the most knowledgeable players from the private equity investment community."	Venetian Hotel, Las Vegas	iibig.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
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		Sao Paulo	latinlawyer.com/events
Dec. 10	Latin Lawyer M&A Conference	"Bringing together the best legal minds from international and local private practice, the banking and finance community, the in-house world, and regulatory bodies."	Sao Paulo	latinlawyer.com/events/ma