

FLASHWIRETM

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Despite Credit Crunch, Activists
Still Active

Private Equity in Asia: An Overview

EU Regulators OK Controversial
Music Deal

Media, Real Estate Execs Talk Shop

From the Data Room:
U.S. M&A Activity 3Q07

FACTSET

Despite Credit Crunch, Activists Still Active

Over the last several years, shareholder activism has played the hammer to private equity's anvil, pounding Companies into Considering a sale. Now that the anvil has weakened, does the hammer still work?

Private Equity in Asia: An Overview

The recent credit crunch was hardly a blip on Asia's radar. Perhaps not at neck-breaking speed, but deal making kept shuffling along. Private equity in the region is finally catching on and foreign investors have sunk their teeth deep into the market. Now Flashwire takes a look at some of the macro trends.

EU Regulators OK Controversial Music Deal

The green lighting of the existing merger of reCORD Company giants Sony and BMG by European Union regulators marks a degree of flexibility in a body that in recent times has often been known for its anti-monopolistic fervor.

Media, Real Estate Execs Talk Shop

It was a meeting of the titans on a typically sunny day in Los Angeles. A roster including legendary newscaster Dan Rather, and the likes of Sam Zell of Equity Group Investments and the Tribune Co... and John Snow, Former Treasury Secretary and chair of Cerberus Capital, spoke on the future of M&A despite the challenging times ahead.

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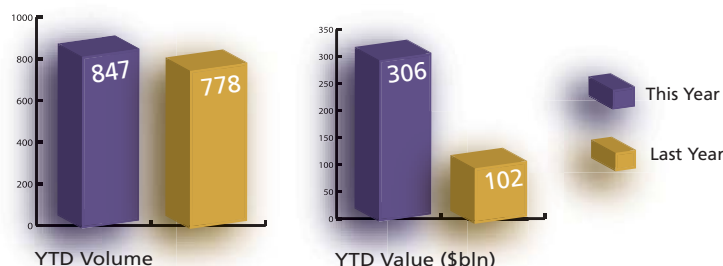
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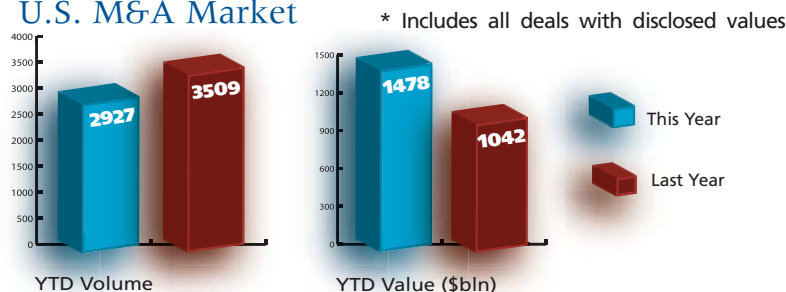
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Private Equity Buyers Index



U.S. M&A Market



Heavyweights of the Week

- \$6.6 Billion** Oracle Tries for BEA
- \$1.4 Billion** Newmont Offers for Miramar
- \$925 Million** Oxygen Media Gets NBC Bid
- \$806 Million** Textron Buys Aerospace firm
- \$775 Million** Electronic Arts Buys BioWare

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Keys to Successful M&A in Media and Real Estate



MICHAEL C. ALCAMO

Mr. Alcamo's firm provides investment banking, restructuring and fundless sponsorship services. He also serves as the President of Baltic Investments Ltd, an institutional fund that holds real estate assets in Central Europe and advises private equity investors and media and Communications firms on M&A related matters. From 2000 to 2004, Mr. Alcamo was the CEO and General Partner of HPJ Media Ventures Fund LLC, a \$21.7 million buyout fund focused on the media and Communications industry. Previously, he practiced law in the capital markets group at White & Case LLP.

Q: How did you start M.C. Alcamo & Co., Inc and what is the firm's vision and investment philosophy?

A: I sold a venture capital portfolio in 2004, and then I tried to take a year off. I started to get calls from owners of media businesses to ask for my advice in arranging a sale. I realized that multiples were remaining strong for sellers, and the overhang in private equity meant that it would be hard to make money again on the buy-side.

Therefore, I launched the investment bank with the aim of providing the highest levels in quality and service to middle market clients in media. Now, we have three divisions. We serve business owners seeking to approach the sale market Confidentially, and we help managers of a family trust seeking to resolve illiquid or problem assets into cash. We sponsor direct acquisitions of good Companies in select industries.

Q: In your experience, what three elements are crucial to successful M&A in the media and real estate industries?

A: Crucial to success in media are three things: understanding the audience and its growth potential; having a defensible market position; and emphasizing quality in every aspect of the business. In those ways, you can serve a growing audience. You can defend an incumbency position against your Competitors; and you can provide your audience with an informative and enjoyable media and information that they will be happy paying for. That goes for business-to-business media as well as Consumer, and we Consider advertisers to be clients as important as the audience or end-user.

In real estate, our success has been based on working very hard to find deals that nobody else is working on.

Q: During your time at HPJ Media Ventures, the fund sold **APN Media LLC** to its management and yielded a 21.1% per annum IRR over a four-year holding period. Do you think returns like this are possible now in the media industry?

A: We acquired APN Media from a Corporate owner who decided the business was non-Core. So in fact, we did the seller a favor by acquiring a business from them at a price that was attractive to u.s.. We acquired it in May 2001, and, you'll recall, the following six months were a very difficult time in media. Fortunately, we hired a talented and motivated publisher who worked tirelessly to increase sales.

To get those kinds of IRRs, you have to focus on defensible niches. APN publishes all the guidebooks in all of the national parks, and it has the exclusive right to do so. Also, only one out of six Americans has a passport. We knew that Americans vacation in national parks, and they would Continue to do so despite an eConomic downturn. That analysis supported our decision.

Q: Do you have any Comment on the deals for **Dow Jones** and **Tribune**, as well as issues surrounding the newspaper business in general?

A: As far as newspapers go, I got my start in newspapers, and nobody loves them more than I do. As an experiment, though, I turned off my New York Times subscription for three months to see if I would enjoy it online. Strangely, I actually like it more now. When you think of the paper, ink, production, trucking, and distribution that goes into delivering a newspaper, you have to Conclude that more and more people will be opting out of paper delivery. The million dollar question is, how will ad revenues hold up in

an age of electronic-only newspapers? Not that well, I think.

The Dow Jones sale looks like the inevitable end to the world's best business newspaper, and one of the world's five best newspapers. Whether you were Conservative or liberal, you always respected the Journal's principled and eloquent Coverage of Controversial international issues – such as individual and eConomic liberties in China. Under **News** Corporation, that will be a thing of the past.

The jury's still out on the acquisition of Tribune. If the newspapers can be made entertaining, the deal will be a success. But it's hard to see how newspapers can Court younger readers, who divide their time among **Facebook**, **YouTube**, and instant messaging.

Q: When do you think things will turn around in the U.S. real estate industry?

A: In U.S. real estate, cap rates are still just too low. Prices will have to ease off Considerably, and I think that means a sustained soft period in the market. Many parts of the Country – Florida, for example – are in for a longer time of weakness.

Q: Were there any ripple effects of the U.S. subprime problem to Central Europe? What are the opportunities currently present in that region?

A: The subprime meltdown is having two big effects in Europe. First, Conservative money managers, like the Swiss, held assets that they thought were AAA-rated money market assets. It turned out that the AAA ratings were seriously flawed, and these institutions lost a lot of money they didn't expect to.

But more importantly, though, aggressive sales tactics that mortgage brokers used in the U.S. were also employed in the U.K., in Germany and elsewhere. Anyone who took a mortgage with a low introductory offer and a reset after five years is going to feel the pain, and default and foreclosure rates will jump in Europe.

In Central Europe, the opportunities still exist when investors can add value – to buy a C-class office building at a very low price, utilize low wage Costs to improve it, and then sell it on to an institutional buyer.

Q: With the recent trouble in the debt market, has the fact that your firm offers restructuring and unfunded sponsorship services protected your firm from much of the damage?

A: We might see purchase multiples ease a bit on the M&A side. For our sponsor transactions, as private equity funds seek bigger and bigger deals, they are less interested in the deals we are looking for. It's getting easier to find Companies of \$20 million in revenue or less, and we are still able to engage sellers at multiples that are attractive both to the seller and to ourselves. Therefore, because private equity funds rose the threshold for the size of deals they will Consider, our own business has gotten more active.

Q: Do you have a new strategy as more opportunities for distressed investing arise?

A: As more investors get into trouble, we expect more of them to be asking for our help. We're glad to help in any way we can.

Q: When do you think there will be a turnaround in credit markets?

A: With the S&P at historically high levels, we think that the strategy of investing in the index Continues to be the most sensible thing for retail and institutional investors alike. We follow John Bogle and Yale's David Swensen.

Q: There have been disputes over the material adverse clause in recent buyouts that have threatened to end the deals. What is your opinion on the issue?

A: The material adverse change clause usually focuses on two things: either a MAE in the seller's business, or in "general eConomic Conditions." The MAE clause is supposed to give the buyer the opportunity to rationally make the argument about changing his or her mind. However, too many buyers simply stop returning telephone calls. It's essential that every step in the acquisition process be a Confidence building process. In everything that we do, we only work with people who act honorably – even if they want to change their mind, they should do so with respect for the other parties on the deal.

In the **SLM** transaction, **J.C. Flowers** agreed to a \$900 million break-up fee because they really wanted the deal. And a deal's a deal. Now, there's going to be a battle because the MAE clause is inherently ambiguous. We expect to see some better definitions of "material adverse event" in future deal documents.

To Contact Mr. Alcamo, please email him at XXXXXXXXXXXXX.

Bankruptcy

U.S. Automotive Parts & Accessories

Champion Parts Inc last week filed for Chapter 11 bankruptcy protection with the U.S. Bankruptcy Court in Little Rock, Arkansas. The Company had \$26.4 million in assets and \$25.3 million in debt at the time of its Chapter 11 filing, according to Court documents.

U.S. Brokerage, Investment & Management Consulting

Discount real estate broker **Foxtons** Inc last week filed for bankruptcy with the U.S. Bankruptcy Court in Trenton, New Jersey, and will put up its assets for sale at a scheduled October 25 auction. Judge Michael Kaplan approved the auction rules following a hearing on October 11. The Company is seeking to auction off its more than 4,000 property-listing agreements with customers in New Jersey and New York. The Company is also putting on the block its customer databases and any equipment, furniture and vehicles that haven't been leased.

U.S. Drugs, Medical Supplies & Equipment

IsoTis Inc, an orthobiologics Company, last week announced that it adjourned the special meeting of stockholders it called to approve the acquisition of IsoTis by **Integra LifeSciences Holdings** Corp. An insufficient number of shares was

present at the meeting to establish the quorum necessary to approve the proposed transaction. As a result, IsoTis determined to adjourn the meeting to October 23, 2007 until 7.30 a.m. Pacific time to permit additional time to collect the proxies necessary to establish a quorum and approve the acquisition by Integra. If IsoTis is unable to obtain the vote necessary to approve the proposed transaction, the Company said it believes it will have to seek bankruptcy protection.

Las Vegas-based **MediCor** Ltd wants more time to file its Chapter 11 reorganization plan. The Company, which is trying to auction off its breast-implant businesses and is facing lawsuits alleging stolen funds, has asked a bankruptcy judge to extend to December 26 from October 27 the deadline by which it alone can submit a plan for reorganizing its business.

U.S. Leisure & Entertainment

Roadhouse Grill, which once had more than 80 locations in eight states, filed for Chapter 11 last week with the U.S. Bankruptcy Court in West Palm Beach. The 53-restaurant chain had \$116 million in sales in 2006.

U.S. Retail

Judge Peter J. Walsh of the U.S. Bankruptcy Court in Wilmington, Delaware last week gave **Tweeter Home Entertainment Group** Inc an

extension on its sole right to file a Chapter 11 bankruptcy plan. The deadline that was set for October 9 was moved to December 8. The judge also granted Tweeter an extension on the time in which it may solicit creditor support for a Chapter 11 plan, moving the date to April 7, 2008 from December 8, 2007.

Activist Wire

U.S. Aerospace, Aircraft & Defense

United Industrial Corporation / **Steel Partners II**, LP

10/11/2007 — 13D/A to disclose that it has entered into a tender and support agreement for the Company's proposed acquisition by Textron Inc. for \$81 per share. Dissident will tender its stake and vote in favor of the adoption of the merger proposal at every meeting of stockholders. (In 2003, Dissident submitted proposal to reduce expenses and threatened a proxy fight. The campaign was later withdrawn.)

U.S. Automotive Products & Accessories

Keystone Automotive Industries, Inc. / **Rockhampton Management UK** LLP

10/10/2007 — Company's press

U.S. Electric, Gas, Water & Sanitary Services

Aquila, Inc. / Pirate Capital LLC

10/9/2007 — Company's press release to announce that at the special meeting held today, shareholders approved the Company's proposed acquisition by Great Plains Energy Incorporated for \$1.80 cash and 0.0856 shares of Great Plains Energy Common stock in exchange for each Aquila share. (Pirate Capital had opposed the merger due to its belief that the Consideration was inadequate.)

U.S. Energy Services

Pulse Data Inc. / ValueAct Capital Partners LP

10/9/2007 — Dissident press release extending its \$3.30 per share cash tender offer to acquire the Company until 10-19-2007, to address alleged misleading statements by the Company to shareholders in order to its thwart tender offer. If the proposal is not accepted by shareholders by the expiration date, Dissident intends to sell its entire stake in the open market. (Dissident entity Seitel previously made an unsolicited offer to acquire the Company which was rejected by the board. Seitel later launched a tender offer bid and the Company responded by adopting a poison pill which was approved by shareholders on 9-21-2007.)

U.S. Food Processing

The Topps Company, Inc. / GAMCo Investors, Inc.

10/11/2007 — 13D/A reporting increased ownership stake of 4,133,367 shares (10.66%), up from 3,683,067 shares (9.5%). (GAMCo voted in favor of the Company's proposed merger with The Tornante Company and Madison Dearborn Partners at the 9-19-2007 special meeting. The merger proposal received the required vote and was approved.)

U.S. Household Goods

Crown Crafts, Inc. / Wynnefield Capital Management, LLC

10/11/2007 — 13D/A Contains letter to the board urging board to retain an independent investment bank to assist in evaluating strategic alternatives, including a sale. Dissident also urged Company to promptly declassify the board. (At the 2007 annual meeting, 1 of 2 dissident nominees seeking election to the board was elected along with 2 management nominees.)

Shareholder & Regulatory Approvals

U.S. Automotive Parts & Accessories

Keystone Automotive Industries Inc said last week that its

shareholders approved a proposed purchase of the Company by **LKQ Acquisition Co.**, a subsidiary of **LKQ Corp.**

U.S. Drugs, Medical Supplies & Equipment

Bristol-Myers Squibb Co. got federal regulatory clearance last week to acquire **Adnexus Therapeutics Inc** for \$430 million in cash.

U.S. Electric, Gas, Water & Sanitary Services

Shareholders of **Great Plains Energy Inc**, the parent Company of **Kansas City Power & Light**, approved the proposed purchase of **Aquila Inc.**

U.S. Industrial & Farm Equipment & Machinery

Federal regulators last week cleared **Hewlett-Packard Co.** to acquire **MacDermid ColorSpan Inc** from **MacDermid Printing Solutions**, a subsidiary of **MacDermid Inc**, for an undisclosed amount.

U.S. Miscellaneous Services

Human resources outsourcing firm **Ceridian Corp** last week said it received all regulatory approvals to Complete its sale to private equity firm **Thomas H. Lee Partners LP** and **Fidelity National Financial Inc.**

Companies Seeking Acquisitions

U.S. Food Production

Representatives from the **Hershey Trust**, which Controls most of the voting rights in American Confectionary Company **Hershey Co.** held talks with **Cadbury Schweppes** about a merger, the *Wall Street Journal Europe* reported October 10.

U.S. Medical Services

Lantis Laser Inc formed a wholly-owned subsidiary, **Lantis Acquisition** Corp., to acquire new technologies in the dental industry, it said in an October 9 press release.

U.S. Primary Metals

Activist fund manager **Steel Partners** LLC wants to raise up to \$400 million in a special purpose acquisition vehicle to buy Companies, *Reuters* reported October 9. Steel Partners is looking for potential purchases in the United States, Europe and Asia, excluding China.

African Manufacturing

Olympia Capital Holdings wants to make two new acquisitions in South Africa, *The Nation* reported October 12. Olympia manufactures building finishing products such as tiles, curtain rails and mirrors.

Asian Primary Metals

South Korea's **POSCO** Co. Ltd, the world's fourth-largest steel maker, is looking to merge with a large U.S. or European steel Company, its CEO told *Financial Times* on October 10.

Canadian Transportation

The Canadian government promised to give **Via Rail** nearly \$700 million over the next five years, including \$516 million for acquisitions, *CTV* reported October 11. Via Rail operates trains.

European Banking & Finance

Winton Capital Management, a \$10 billion London-based hedge fund manager, sold a 10% stake in itself to **Goldman Sachs** to buy stakes in hedge funds, *FT* reported October 8.

European Energy Services

RWE AG does not rule out acquisitions in the future, *AFX* reported October 11. RWE is a German electricity, gas and water Company. RWE is most interested in buyouts outside of Germany.

Companies for Sale (or not)

U.S. Printing & Publishing

Hearst, a privately owned U.S. newspaper and magazine publisher, has made a £700 million offer for

EMAP's Consumer publishing division, *Financial Times* reported October 8.

European Banking & Finance

London-based **SRM Global**, a \$3 billion hedge fund, took a 4% stake in troubled UK mortgage bank **Northern Rock**, *Financial Times* reported October 10. The stake Could allow it, along with other investors, to block any takeover attempts. Northern Rock recently secured a £10 billion funding from **Citigroup**, which helps its chances of staying independent.

European Insurance

Clive Cowdery, chairman of UK life insurer **Resolution**, met Hugh Osmond, who Controls the **Pearl** life insurance business, *The Daily Telegraph* reported October 10. There are rumors that Pearl is about to bid for Resolution.

European Retail

Qatari's government-backed investment fund **Delta Two** is said to be close to nailing a £10.6 billion takeover deal for UK retailer **J Sainsbury**, *Financial Times* reported October 10.

Multiples & Premiums

PREMIUMS ANNOUNCED FOR DEALS LAST WEEK

Announce Date	Buyer	Seller	Enterprise Value (\$mm)	5-Day Premium Offered	Percent Sought (%)	Method of Payment
10/12/2007	Oracle Corp.	BEA Systems, Inc.	6175.9	21.3%	100.0%	Cash
10/9/2007	Newmont Mining Corp.	Miramar Mining Corp.	1268.0	28.6%	100.0%	Cash
10/8/2007	Textron, Inc.	United Industrial Corp. (New York)	950.4	6.1%	100.0%	Cash
10/8/2007	Spansion, Inc.	Saifun SemiConductors Ltd.	334.7	13.3%	100.0%	Combo
10/12/2007	L.V.I. Holding NV	Oglebay Norton Co..	256.7	8.4%	100.0%	Cash
10/11/2007	Independent Bank Corp. (Boston)	Slade's Ferry BanCorp	210.4	72.2%	100.0%	Combo
10/10/2007	Natus Medical, Inc.	Excel-Tech Ltd.	64.6	112.4%	100.0%	Cash
10/8/2007	Trustcash Holdings, Inc.	Paivis Corp.	48.7	945.5%	100.0%	Stock
10/9/2007	Inverness Medical Innovations, Inc.	Panbio Ltd.	33.4	58.5%	100.0%	Cash

INDUSTRY EV/EBITDA MULTIPLES FOR DEALS ANNOUNCED LAST WEEK

Target Industry	Volume	Avg EV/EBITDA	52-week Avg
Wholesale & Distribution	1	7.0	10.5
Stone, Clay & Glass	1	4.8	13.5
Instruments & Photographic Equipment	1	11.9	12.7
Electronics	1	13.9	13.9
Drugs, Medical Supplies & Equipment	1	31.5	16.8
Computer Software, Supplies & Services	1	20.9	15.4

The FactSet Mergerstat deal premiums show 5-day premiums. Only positive premiums are listed.

The FactSet Mergerstat EV/EBITDA industry multiples show the number of deals with EV/EBITDA multiples for the week in a Mergerstat industry and the average EV/EBITDA multiple of those deals for the week. It also indicates in parentheses the average EV/EBITDA multiple for the Mergerstat industry over the past 52 weeks.

The FactSet Mergerstat EV/EBITDA deal multiples are calculated on transactions that have disclosed an Enterprise Value and an EBITDA figure. Only EV/EBITDA multiples of between 0 to 35 are shown on the list.

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ANNOUNCED DEALS WITH EV/EBITDA MULTIPLES LAST WEEK

Announce Date	Buyer	Seller	Unit Sold	Enterprise Value (\$mm)	EV/EBITDA
10/9/2007	Inverness Medical Innovations, Inc.	Panbio Ltd.		33.4	31.5
10/12/2007	Oracle Corp.	BEA Systems, Inc.		6175.9	20.9
10/8/2007	Spansion, Inc.	Saifun SemiConductors Ltd.		334.7	13.9
10/8/2007	Textron, Inc.	United Industrial Corp. (New York)		950.4	11.9
10/11/2007	Independent Bank Corp. (Boston)	Slade's Ferry BanCorp		210.4	8.7
10/8/2007	Trustcash Holdings, Inc.	Paivis Corp.		48.7	7.0
10/12/2007	L.V.I. Holding NV	Oglebay Norton Co..		256.7	4.8