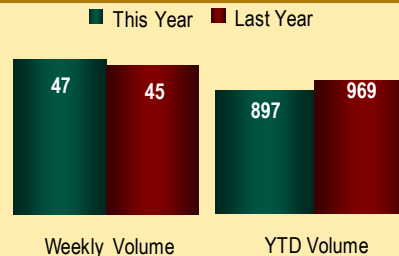
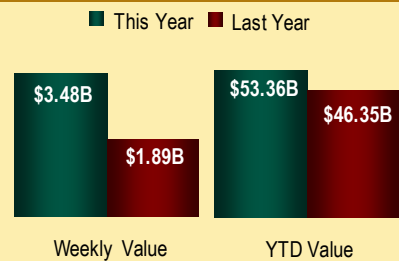


Apr. 26, 2004 | Vol. 1, No. 4

Mid-Market Volume



Mid-Market Values



Hot Sectors This Week

- #1 – **Computer Software Supplies & Services** (8 Deals)
- #2 – **Broadcasting** (5 Deals)
- #3 – **Electical Equipment** (4 Deals)

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On the Wire This Week...

More Warm Weather Forecasted for the Senior Debt Market in 2004

Over the last six months, growing competition among senior debt lenders has caused what bankers commonly refer to as a “warming” of the senior debt market. Whether it’s positive economic indicators from the Fed, corporate earnings, or a sense from big banks that the cycles are shifting from the consumer side to the commercial side, the result is increasingly attractive structures and pricing.

[\(see page 2 or click here for full story\)](#)

Rising Oil and Gas Prices Fuel Takeover Talk Among Producers

It’s no secret that oil-and-gas prices have soared and now hold at record levels. But as consumers take a beating at the pump and oil-and-gas production companies in North America smile, the question is will investment bankers be smiling, too?

[\(see page 3 or click here for full story\)](#)

Will the Southeast US Rise Again?

It’s been four years now since the salad days of the first quarter of 2000. Everyone knows, of course, that M&A has been in a down cycle since the bubble first burst on the economy, but this is 2004 and signs of a recovering mid-market market are springing up all over the US—so why not for the Southeast US, which was one of the busiest US regions in the last M&A boom?

[\(see page 4 or click here for full story\)](#)

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Heavyweights of the Week

\$450 MILLION Advanced Medical Optics makes a deal

\$418 MILLION Moulin Intl and Cole National in tie-up

\$275 MILLION Texas Pacific Group to pick up Sniffer Technologies

\$202 MILLION Headwaters locks up deal for Eldorado Stone Corp

\$190 MILLION BioMarin Pharma strikes agreement with Medicis



More Warm Weather Forecasted for the Senior Debt Market in 2004

Over the last six months, growing competition among senior debt lenders has caused what bankers commonly refer to as a “warming” of the senior debt market. Whether it’s positive economic indicators from the Fed, corporate earnings, or a sense from big banks that the cycles are shifting from the consumer side to the commercial side, the result is increasingly attractive structures and pricing.

With the improved economy, big banks are now looking for new commercial loan growth after a long stretch of inward loan management. Bonnie Kehe, a senior vice president at **Comerica Bank** elaborates: “I think the commercial banking industry, Comerica included, was more inwardly focused in the last couple years during the down cycle and was taking care of problem loans and managing problem assets. The industry as a whole, including Comerica, has relatively clean portfolios today and we’re primed to lend, eager to lend.”

In fact, banks are almost too hungry for loan growth. The opportunities supplied by even this growing economy may not be able to meet their demands, giving rise to a very competitive market. “What we’re seeing is that in the last six months, the senior debt markets have become significantly more competitive,” says Kehe. This is enabling companies that are in-the-know to drive hard bargains and access senior debt for ideal prices and structures. “What we’re seeing at Comerica is companies driving harder for structure and pricing,” adds Kehe.

In the competitive landscape, banks are vying for deals by morphing traditionally stringent senior debt structures. “We’re becoming more flexible on the structure of the deals, not as confining to the borrower,” says Kehe. “For example, whereas before we as an industry may have required a formula or borrowing-base against current assets, now we are doing away with a specific formula and trying to covenant a deal with liquidity or leverage ratios instead.”

Investment bankers are seeing change as well. Eric Wenick of Dallas-based mid-market bank **MHT Partners** comments, “Certainly the lending market has

opened up over the last two quarters.” Wenick has specifically noticed the change in aggressive structures from asset-based lenders, who he says have “become much more aggressive in stretch pieces and non-collateralized pieces such as a term B facility.” In describing the creative deal structures he’s seeing on asset-based stretch pieces, Wenick says, “It’s a little bit art and a little bit science going into structuring; it’s the strength of the sponsor, the strength of the business, certainly cash flow is a consideration, but there’s no set formula.” This is especially the case for sponsor-backed deals, he notes.

Senior debt structures aren’t the only things changing in this borrower’s market. Pricing has also heated up, or come down in the case of lenders. “In all candor,” says Kehe, “we as an industry are not being compensated for the risk profile of our borrowers because it is so competitive and all institutions are looking for asset growth. So we’ve seen pricing become much more aggressive.”

The result of this warming in the senior debt market, according to Kehe, is a very attractive lending environment for the mid-market. Wenick describes how this has helped middle-market companies increase leverage from asset-based lenders in particular: “You can lever a company up to 2.0 or 2.5 times EBITDA in a traditional asset-based formula, but what we’re seeing is people being much more aggressive and adding another turn of leverage on the company by doing some sort of non-formula term loan underneath their traditional asset-based facility. That’s been a big help in the market. Since the mezzanine lenders are still investing at about 1.0 times EBITDA into a deal, it’s really taking total leverage out into the 4.0 to 4.5 times range. That hasn’t been the case since the market was good back in 2000-2001.”



Bonnie E Kehe joined Comerica Bank in April 1998 and currently holds the position of senior vice president and manager of the Technology and Life Science’s Division. Ms Kehe brings with her the experience and insight of more than 23 years of experience in the commercial banking industry. This includes a broad knowledge of senior debt financing, including short and long term working capital needs, equipment financing, and debt used for mergers and acquisitions. She is also moderating a panel of experts on senior debt financing at the upcoming **Investment Capital Conference** in Los Angeles.

“...The industry as a whole, including Comerica, has relatively clean portfolios today and we’re primed to lend, eager to lend...”

Kehe summarizes that the warmth mid-market borrowers are feeling from the senior debt market will continue for the rest of the year. “For the rest of 2004, I believe it will continue to be a very heated market, highly competitive, as institutions who now have relatively clean portfolios attempt to get more aggressive.”

For more information contact Bonnie Kehe of Comerica Bank at 714-433-3266 or bekehe@comerica.com; or Eric Wenick of MHT Partners at 214-661-1290 or ewenick@mhtpartners.com.

Rising Oil and Gas Prices Fuel Takeover Talk Among Producers

It’s no secret that oil-and-gas prices have soared and now stand at record levels. But as the money pours into the coffers of oil-and-gas production companies in North America, the question on everyone’s lips is will investment bankers soon be smiling, too?

Currently, market analysts continue to raise 2005 earnings estimates for oil-and-gas producers and consensus forecasts for 2004 and 2005 oil-and-gas prices are indicating sustained highs. In many recent reports, investment bankers and analysts alike have sounded off that all this is creating a climate conducive to consolidations.

acquisitions will become more attractive as cost barriers increase to discovering and developing new land.

While analyst excitement expects an increase in dealflow, so far in 2004, the number of transactions in the Oil & Gas industry in the US and Canada has not reflected any significant increase. The 41 deals through April 20, 2004 trails the 52 such transactions announced in the same period in 2003. What has changed, however, in both the overall and mid-market, is the size of the deals.

As reflected in recent headlines, the energy industry has been dominated by large transactions in 2004. In the US and Canada this year, \$11.7 billion has been spent on 41 deals, including \$6.2 billion in the first three weeks of April alone. By comparison, all of 2003 showed \$13.2 billion spread across 160 transactions.

Oil & Gas Industry Deals: US and Canadian Targets

Date Period Ending	Base Equity Price (\$mm)	No. of Deals	Average Disclosed Deal Size (\$mm)
15-Apr-2004	\$6,184	12	\$618
31-Mar-2004	\$3,319	11	\$415
29-Feb-2004	\$2,090	12	\$209
31-Jan-2004	\$99	6	\$25
31-Dec-2003	\$536	9	\$89
30-Nov-2003	\$630	10	\$90
31-Oct-2003	\$51	9	\$10
30-Sep-2003	\$1,227	13	\$123
31-Aug-2003	\$684	12	\$98
31-Jul-2003	\$931	18	\$66
30-Jun-2003	\$429	14	\$54
31-May-2003	\$1,371	14	\$114

Large strategic buyers are looking to spend big bucks on targets that are becoming increasingly more attractive. In an April 19 report, **Raymond James** Analyst Wayne Andrews describe how many large-cap oil-and-gas companies “are now experiencing substantial free cash flow, but often have few drilling prospects. As a result, these companies may be contemplating acquiring their smaller peers.” Other industry analysts also note that oil-and-gas assets are more alluring due to long-term windfall expectations. Since no producer is safe from the pressures of increasing reserves, they say,

One contributor to the hefty dollar figures was the April 15 agreement between Canada’s **EnCana** Corp and Denver-based **Tom Brown** Inc. In a US\$2.21 billion cash tender offer EnCana is looking to substantially increase its US crude oil-and-gas production. **JP Morgan Chase & Co** and **Petrie Parkman & Co** advised Tom Brown on the deal, while **Merrill Lynch & Co** advised EnCana.

Oklahoma City’s **Kerr-McGee** Corp also went shopping in Denver with its April 7 agreement to acquire **Westport Resources** Corp for \$2.48 billion in stock. Subsequent to the acquisition, the reserves of Kerr-McGee are scheduled to be increased by nearly 30 percent and its daily production volume is expected to rise by more than 34 percent. **Lehman Brothers** advised Kerr-McGee and **Credit Suisse First Boston** represented Westport Resources on the deal.

In the middle market, bankers have seen the average deal size increase substantially in the wake of larger Oil & Gas deals as well. In 2002 and 2003, the

average deal size in the mid-market of US and Canada was \$72.2 million and \$70 million, respectively. This year, however, the average deal size jumped to \$121 million. Here are some reasons why:

On April 12, US-based **Murphy Oil Corp** divested all of its Canadian oil-and-gas operations in two middle-market deals. Murphy Oil agreed to deal an undisclosed stake to **Pengrowth Energy Trust** for US\$419 million and remaining Canadian assets to an undisclosed buyer for \$212.7 million. Energy acquisition and divestiture firm **Waterous & Co** advised Murphy Oil on both of their deals.

Prior to that, on April 6, **TD Securities Inc** and **Putnam Lovell NBF Securities** advised Calgary-based **Provident Energy Trust** in its agreements with **Olympia Energy Inc** for US\$161.48 million, and **Viracocha Energy Inc** for US\$138 million, both in stock and assumed liabilities. **GMP Securities Ltd** advised both targets in these transactions.

Back in the US mid-market, on March 31, **Plains All American Pipeline LP** acquired the Houston-based crude-oil marketing, pipeline, and trucking transportation business of **Link Energy LLC** for \$330 million. Lehman Brothers and **Petrie Parkman & Co** advised Link Energy on the deal.

Also in Houston, oil-and-gas exploration services provider **Plains Resources Inc** was the subject

Will the Southeast US Rise Again?

It's been four years now since the salad days of the first quarter of 2000. Everyone knows, of course, that M&A has been in a down cycle since the bubble first burst on the economy, but this is 2004 and signs of a recovering mid-market are springing up all over the US—so why not for the Southeast US, which was one of the busiest US regions in the last M&A boom?

FactSet Mergerstat data shows that for the first quarter of 2004 this region, represented by Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, South Carolina, and Tennessee, exhibited a deal flow akin to that of the M&A recession years of 2001-2003.

During those three years, the average number of mid-market announcements each quarter was 287. In the first quarter of 2004, the Southeast reported 289 announcements. What's more, the aggregate value of the deals recorded each quarter from 2001 through 2003 was about \$4.9 billion, while the aggregate deal value for the region for the first quarter was actually lower at about \$4.0 billion.

of multiple mid-market buyers' attention. On February 23, **Leucadia National Corp** placed a new offer of \$446.2 million after its \$432.8 million cash-and-note offer was rejected. In a separate competing bid, a group led by **Vulcan Capital** and management of Plains Resources Inc offered \$395.3 million in cash.

PricewaterhouseCoopers says it is advising Plains Resources on its multiple bids.

Whether or not increasingly large transactions portend consolidation remains to be seen. In opposition to market chatter and bulge-bracket hopes, looms possible legislation impeding future mergers. After giving expert testimony before the US Senate Subcommittee on Antitrust, Competition Policy, and Consumer Rights on April 7 regarding gasoline prices, Yale Professor of Economics Dr. Justine Hastings says: "Given the high profile of hearings and gas prices right now, I feel that consolidation in the industry may come under tougher scrutiny. Some senators have proposed a moratorium on all oil company mergers."

It will be interesting to see if the heightened media coverage over gasoline prices, legislation proposed by Senators like Ron Wyden of Oregon, and Federal Trade Commission scrutiny of newly proposed mergers will affect the predicted consolidation in the Oil & Gas industry.

But, as we mentioned, it was not always this chill for M&A in the Southeast. From 1997 through 2000, the region delivered four strong mid-market performances. On average, dealmakers in the region announced 357 deals per quarter for Southeast-based firms and disclosed an aggregate deal value of about \$7.5 billion.

What has changed since those golden days? A comparison of FactSet Mergerstat data from the first quarter of 2004 against the first quarter of 2000, the best quarter on record for mid-market activity in the region, highlights a significant decline in three important industries: Computer Software, Supplies & Services, Brokerage, Investment & Management Consulting, and Communications.

Another unfortunate long-term trend appears to be the decline of strategic buyers in the area. The number of companies wanting to buy in the Southeast shrank from 388 in the first quarter of 2000 to 216 in the first quarter of 2004. Back in the first quarter of 2000, the hungriest acquirer was **CraftClick.com** with five acquisitions. **First American Financial Corp** came

next with 4 deals, followed by **Grace Development Corp**, **Primis Inc**, and **Synagro Technologies Inc** with three acquisitions a piece. In contrast, only two firms, **First Service Corp** and **Inergy LP**, reported three agreements in the first quarter of 2004.

Yet with the decline of strategic buyer interest, more and more private equity firms appear to have found attractive properties in the region. In the first quarter of 2000, financial buyers trumpeted 42 deal announcements, but in the first quarter of 2004, that number jumped to 53.

Among the key private equity agreements signed this last quarter were **Cerberus Capital Management's** \$104 million deal to buy **Guilford Mills**, a Greensboro, North Carolina-based seller of knit fabrics; Stamford, Connecticut-based **Olympus Partners'** \$100 million deal for **Harbor Group's Homax Products Inc** unit, which supplies branded, specialty application products to the homecare and repair markets; Canada's **Onex Partners'** agreement to pay \$83 million for a 33 percent stake in **ResCare Inc**, which provides residential, therapeutic, job training, educational and support services to populations with special needs; Santa Monica-based **The Yucaipa Cos'** \$80 million deal to buy **Piccadilly Cafeterias Inc**, a Baton Rouge, Louisiana-based operator of 136 home-style cafeterias primarily in the southeast and mid-Atlantic regions of the US; and finally **WF Holdings Inc's** \$74.6 million deal for **Workflow Management Inc**, a Palm Beach, Florida-based company that provides graphic arts products and services.

In addition to the relatively better private equity environment, the Southeast also showed some signs of life in two key industries compared to its first quarter heyday in 2000. Both Banking & Finance and

Broadcasting recorded eight more transactions than they did four years ago: Banking & Finance jumped to 25 deals from 17 deals and Broadcasting grew to 16 deals from 8 deals.

Still, the regional data needs to tell a better story

before an end to the M&A recession can be declared in the Southeast. Perhaps the hotter lending climate (see "More Warm Weather Forecasted for the Senior Debt Market in 2004" on page 2 for more details) can help to stimulate greater mid-market activity in the area, where the most popular place to shop this year has been Florida, which reported 166 deals and aggregate deal value of \$1.6 billion in the first quarter.

Other states in the group didn't fare quite as well. According to deal flow numbers, Georgia ranks next on the list of Southeast states with

54 transactions and \$361.2 million in deal value, followed by North Carolina with 31 deals (\$628.9 million), Missouri with 31 deals (\$821.8 million), Tennessee with 17 deals (\$274.7 million), Alabama with 11 deals (\$45.5 million), Louisiana with 11 deals (\$97.3 million), South Carolina with 10 deals (\$4.5 million), Kentucky with 8 deals (\$147.8 million), and Arkansas with two deals (\$27.0 million) and Mississippi with two deals (no values disclosed).

Wherever buyers want to go in the Southeast, though, they will certainly encounter a different pricing profile than four years ago. For example, the average enterprise value-to-EBITDA for the mid-market during the first quarter of 2004 was 4.93 times, based on seven transactions, the median was 4.12 times, and the high-low range was 9.22 times and 0.03 times. In the first quarter of 2000, the average EV-to-EBITDA was 9.76 times, based on 19 deals, the median was 8.82 times, and the high-low range was 23.11 times and 1.69 times.

Mid-Market Activity for the Southeast US

Year	Quarter	No. of Deals	Value (\$mm)
1997	1st	304	\$5,790.71
1997	2nd	313	\$6,764.30
1997	3rd	379	\$8,269.11
1997	4th	331	\$7,575.23
1997	Total	1327	\$28,399.34

1998	1st	340	\$9,752.90
1998	2nd	379	\$8,663.85
1998	3rd	358	\$7,078.84
1998	4th	276	\$6,029.64
1998	Total	1353	\$31,525.22

1999	1st	338	\$6,101.38
1999	2nd	385	\$7,989.79
1999	3rd	380	\$7,040.54
1999	4th	350	\$8,640.37
1999	Total	1453	\$29,772.07

2000	1st	465	\$10,119.23
2000	2nd	398	\$8,212.28
2000	3rd	360	\$6,001.69
2000	4th	358	\$5,961.13
2000	Total	1581	\$30,294.32

For deals between \$1 million to \$500 million, including undisclosed deals
 Source: FactSet Mergerstat

Year	Quarter	No. of Deals	Value (\$mm)
2001	1st	335	\$4,955.23
2001	2nd	334	\$5,112.95
2001	3rd	272	\$5,018.14
2001	4th	262	\$4,736.01
2001	Total	1203	\$19,822.32

2002	1st	292	\$4,460.31
2002	2nd	289	\$3,806.38
2002	3rd	271	\$6,388.52
2002	4th	262	\$4,316.80
2002	Total	1114	\$18,972.00

2003	1st	262	\$4,555.01
2003	2nd	271	\$4,073.29
2003	3rd	277	\$4,289.98
2003	4th	316	\$7,289.16
2003	Total	1126	\$20,207.43

2004	1st	289	\$3,961.09
2004	Total	289	\$3,961.09

[h](#) Click here to return to the front page.



One-on-One Roundtable with Key Speakers at the Investment Capital Conference in Los Angeles

On Tuesday, April 27, an estimated one thousand dealmakers will flock to Los Angeles for the **Los Angeles Venture Association (LAVA)** annual **Investment Capital Conference (ICC)** for emerging growth and middle-market companies. The event is one of the largest meetings of the year for middle-market private equity funds, mezzanine funds, lenders, investment bankers, and middle market companies. This week, *Flashwire Weekly* stretches our One-on-One segment to cover four of the major players involved in this event.

First in our discussion is Michael Montgomery, president of **Montgomery & Co**, an investment bank based in Santa Monica, California, focused on technology, healthcare, and media transactions.

Q: Starting with you, Mr. Montgomery, what is your connection with upcoming Investment Capital Conference?

A: We're a big supporter of the Los Angeles Venture Association; it has been a good source of networking and market intelligence. I am moderating a break-out session on Technology Buy-Outs. At Montgomery & Co one of our principal focuses is technology, with a sweet spot from \$20 million to \$500 million. In fact, over the weekend we were the banker for the sale of a German company, **Element 5**, to Minnesota-based **Digital River Inc** [Element 5 develops and manages e-Business solutions; the deal was announced April 19 for US\$120 million].

Q: In the symposium on Tech Buy-outs what do you expect to hear?

A: Technology buy-outs mean higher growth and higher margin companies than middle-market companies in the manufacturing industries. This will be quite informative because we really do have the leaders of this sector. We have one executive, Ashok Belani of **NPTest Inc**, and three very esteemed private equity leaders in Peter Chung of **Summit Partners**, Bruce Rauner, the 'R' in

GRCR, and Ajay Shah of **Shah Management**. Each one is going to examine a particular technology buy-out that they have done recently and we will be discussing the nuances, pitfalls, and challenges of the deals. For example, NP Test was a very successful buy-out of a division of **Schlumberger Ltd**. The buy-out group improved its operating results, took it public, and sold it, all in less than one year. [According to FactSet Mergerstat data, a private group led by **Francisco Partners LP** and Shah Management acquired NPTest for approximately \$220 million in cash on July 31, 2003. After subsequently going public, NPTest agreed to sell to **Credence Systems Corp** on February 23, 2004 for approximately \$632.3 million.]



Michael D Donahue is a corporate and securities attorney with Richardson & Patel LLP. He concentrates on representing emerging growth and middle market companies and the firms that finance them. This includes forming and structuring business entities, advising and guiding them on their legal matters, venture capital and private equity transactions, public offerings, reverse mergers, PIPEs, strategic alliances, and mergers and acquisitions. Mr. Donahue was a co-founder and chairman of the **Investment Capital Conference**.

Next, we spoke with Michael Donahue and Bob Pearlman. Mr. Donahue is the chairman of this year's ICC and specializes in representing emerging growth and middle-market companies in general business, corporate, and securities matters for **Richardson Patel LLP**. Bob Pearlman is a partner with **BDO Seidman**, one of the world's largest accounting and consulting firms, and is moderating a panel on how to use M&A as a source of growth capital for companies in the middle-market.

Q: Mr. Donahue, there are hundreds of companies involved in this conference, with everyone from bulge-bracket advisors to the smallest private equity shops, what do you expect the mix of attendees to be?

A: DONAHUE: Well, the objective is to bring together in one day the entire community; companies that are looking for capital, acquisitions, or to be acquired; the investors; the investment bankers; and the consultants and service providers. The mix is generally 40 percent companies, 40 percent capital providers, and 20 professional advisors. This year we are

seeing an up-tick in the interest.

Q: Mr. Pearlman, what do you expect to hear from the panel on mid-market M&A?

A: I do expect the indication of an up-tick in activity in all sectors; there is a lot of money on the sidelines and private equity firms are looking for opportunities very actively. Their multi-billions of dollars are not doing anything for them sitting in their bank accounts. Private equity buyers will be talking about growing platform companies via ad-on acquisitions and what industries will be ripe for roll ups. It will be a very interactive discussion with several different angels. The panel is made up of a variety of people: we have a lawyer, a couple of investment bankers, a couple private equity firms, and we have middle-market companies who are active on the acquisition trail. On the panel will be Jim Freedman from **Barrington Associates**; Neil Wertlieb from **Milbank, Tweed, Hadley & McCloy LLP**; Steve Gundersen of **Equity Marketing Inc**; Pat Haden of **Riordan, Lewis, & Haden**; Jeff Kabot from **Levine Leichtman Capital Partners**; and Sanjay Sabnani of **OSI Systems Inc**.

Q: When you were putting this convention together from the four corners of venture capital, private equity, investment banking, and corporations, was there any overriding themes you heard in your discussions?

A: DONAHUE: Yes. From the early-stage middle-market private equity funds, as well as early-stage VC funds, it is interesting how much of what they're doing is influenced by the IPO market. Even today, after three years of a very poor IPO market, many were still saying, 'We are building companies for an IPO exit. That's what we're looking for.' Now I am hearing is there is an up-tick in the IPO market, there's a lot more interest, and there's a lot in the pipeline. The early-stage middle-market funds and early-stage VC funds are sitting on money waiting to see how the IPO market goes. Once they get some clear vision of what is going to be hot in the IPO market, they are going to start putting a lot more money in those areas. One company told me they have their eye on 20 companies that they think are great investments and they are just waiting to see a little more visibility on the IPO market before they plow forward. The interest will only pick up more when there is more activity in the IPO market.

A: PEARLMAN: I agree. I am working on an IPO right now that we will be filing next week in the business process outsourcing sector. My understanding is that the

SEC has hired a significant number of additional staff because they anticipate a lot of registration statements coming in.

Q: Do you expect deals getting done as a direct result of this conference?

A: PEARLMAN: Absolutely. We have a very good history of deals getting done as a result of this event. It might not be that people sit down on the couch outside the break-out room and map out the deal, but this is clearly the top choice of networking events.

A: DONAHUE: I've been the chairman of this conference since its inception in 1994 and we've had reports of tremendous amounts of deals as a result of this conference. Some private equity fund managers tell me they did four or five deals as a result of the people they met at the conference. **Roth Capital Partners** has reported putting together deals as a result of connections from the conference, **Kline Hawkes & Co** has invested in companies they met at the conference.

Speaking of Roth Capital Partners, *Flashwire Weekly* also had the privilege of speaking with Chairman and CEO Byron Roth. Here are his thoughts:

Q: Mr. Roth, what is your firm's area of expertise that you will be presenting at the conference?

A: Roth Capital Partners specializes in public companies that are under traditional Wall Street firm's radar screen. Today that means under \$1 billion market cap. We're a full service firm within that group, from banking to institutional sales to trading to research. We cover about 180 different companies; 75 percent are within \$50 million to \$1 billion in market cap. People look to us to know what's going on in small-to-micro-cap public companies relative to the availability of capital, that's our niche.

Q: We've heard Mr. Donahue and Mr. Pearlman talking about the IPO market, what is your perspective on IPO activity?

A: I will tell you the IPO market today is different than it was in the mid-to-late 1990s when we did about 75 IPOs. In those times there was a market for a very small-cap IPO; meaning \$50 to \$150 million market-cap IPOs were not uncommon. Obviously, after the meltdown there were no IPOs. In fact, Roth Capital Partners went from June of 2000 to December of 2003 without any IPOs. Then we did two in December, we filed one last week, and we're in many drafting sessions right now. The two that we did both had an Internet

angle to them. One is **Provide Commerce** Inc, a farmer's market online, and **Kintera** Inc, also Internet-based, which helps charitable organizations with online-giving. Both were right at \$200 million in market-cap and both have performed very well. [Provide Commerce (PRVD) had an IPO price of \$15.00 on December 17, 2003, on April 22, the closing price was \$23.00; Kintera (KNTA) went public at \$7.00 on December 19, 2003 and on April 22, the closing price was \$16.48.] So IPOs have come back, but what is different now is that the market-caps are really \$200 million and above.

Q: What about the market for PIPEs? What are you seeing at the small and micro-cap level?

A: I think it has become a much more accepted, legitimate, financing tool for small public companies. I think that you have a period of time after Sarbanes-Oxley and a depressed public market where a lot of public companies were sitting around asking themselves why they were public. All they saw was cost and liability in being public, and in the meantime you can't raise capital when you're stock price is depressed. A lot of people were probably receiving invite after invite to go to a seminar on going-private. Now stocks have performed well, and the smaller you get into market-cap the better they have performed. Because of that performance, the amount of available capital for

investment in public small-cap stocks is as good as I've ever seen it, and I've been doing this for over 15 years. I'm excited that our institutional customers had a fantastic year last year from a performance standpoint and because of that they've grown their assets and they have a lot of new money coming into them. Money follows performance and a lot of the small-cap funds have had to close because they are getting more money than they can manage. Investor sentiment is very good because they have cash that they have to put to work. I tell companies, you're odds are great when you walk into a room to pitch an idea to an institutional client and he's saying in his mind, 'I hope this is a good one because I have money to spend.' You still have to have a quality company, but a year and a half ago, we were seeing just the opposite mind frame.

For more information on the Los Angeles Venture Association's Investment Capital Conference, visit www.lava.org. To contact Michael Montgomery of Montgomery & Co call 310-260-6941 or Michael@monty.com; Michael Donahue of Richardson Patel can be reached at 310-208-1182 or mtonahue@richardsonpatel.com; for Bob Pearlman of BDO Seidman, call 310-557-8228 or bpearlman@bdo.com; or Byron Roth of Roth Capital Partners call 949-720-5721 or broth@rothcp.com.

Dealmaking Tip of the Week

"While it is wise to learn from experience, it is wiser to learn from the experience of others."

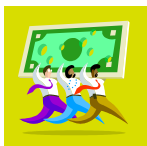
-Rick Warren

This week's perspective comes from **Mike McGill**, managing director at **MHT Partners**, a Dallas-based middle-market investment bank. McGill says more than half of his firm's deals derive from doing some level of strategy work on how to maximize value for their client's business. Basically leveraging the consulting backgrounds of its team, MHT starts with strategy sessions with the client leading up to a financing or M&A assignment. Here is Mr. McGill on this approach to mid-market banking:

"The really unique twist is some of our professionals have spent meaningful time as consultants. In consulting, you get paid for delivering smart thinking and skills in terms of helping a company think through its strategic options to maximize value. In a lot of cases, our client relationships start with a formal strategy assignment focused on how you maximize value. We're doing consulting work and then executing the transaction on the back-end. As we've done it, we've received feedback that execution of this business model is a clear differentiation. In the end, we develop meaningful client relationships and we can execute better transactions with that knowledge base because we can convey the real value that exists in our clients.

In one particular instance in doing the strategy work for a company looking to doing some ad-on acquisitions, the front end involved not only going to the executive level, but spending time with middle-management folks who were going to be responsible for the actual execution of the business post-integration. Understanding their points of view helped us shape and modify the list of targets at the macro and micro level to make the acquisitions successful post-transaction.

It can lengthen the deal process, but it's well worth it. A typical assignment is four to eight weeks for the consulting. So it may be adding a month or two to a process, but that's in a case for a management team or owners don't have a specific path to go down. We're just as happy to go the traditional path where the owner of the business decides to sell. We can do that without there being a formal strategy assignment on the front end. Then it's just pure execution to bring the company's best foot forward." For more information contact Mike McGill at 214-661-1290 or mmcgill@mhtpartners.com.



Private Equity & Advisor Update

Financial advisor alert: Last week, **Baird** released the following announcements:

Baird served as exclusive financial advisor to APW Ltd in its recently announced completion of the divestiture of Wright Line LLC, an indirect wholly owned subsidiary of APW. The proceeds from the transaction will be used primarily to reduce debt. Other terms of the transaction were not disclosed.

Baird also served as co-advisor to Newell Rubbermaid Inc in its completed sale of its Burnes Picture Frame, Anchor Glass, and Mirro Cookware businesses to Global Home Products LLC, an affiliate of Cerberus Capital Management LP, a New York-based private equity firm, effective on April 13, 2004. This marks the 20th completed M&A transaction for which Baird has advised Newell Rubbermaid since 1995.

Finally, on April 21, Baird and Northwestern Mutual announced that they reached an agreement that enabled Baird to purchase all of Northwestern Mutual's interest in Baird. Northwestern Mutual was a majority shareholder in Baird, owning approximately 57 percent of the financial services firm, with Baird associates owning approximately 43 percent. The agreement, which is expected to take effect in May following a vote by Baird shareholders, will mean that after 22 years, Baird will again become an independent, associate-owned business.

Aderson LeNeave & Co, a Charlotte-based investment banking firm announced the closing of two transactions announced on April 22:

Security Services of America LLC was acquired by ABM Industries Inc for \$41 million. North Carolina-based Security Services of America is the 12th largest contract security guard company in the US. Anderson LeNeave & Co was exclusive financial advisor to Security Services, raising numerous rounds of private equity, mezzanine financing, and senior debt.

JW Fergusson & Sons, was acquired by **Hilco Equity Partners** LLC. Founded in 1845, Fergusson is a leading provider of rotogravure and offset printed labels to the tobacco and consumer products industry. Anderson LeNeave & Co advised JW Fergusson.

Private Equity alert: On April 20, **Castle Harlan** Inc, said that an investment group it led had

completed the sale of Verdugt BV, the world's largest manufacturer and global marketer of organic acid salts, to **CVC Capital Partners**. Terms of the transaction were not disclosed. CVC had been part of the investment group that acquired Verdugt in February 1999 from BP Amoco. Along with Castle Harlan, the sellers included **Wachovia Capital Partners**, **Demetree Investment Group** and the principals of **US Salt Holdings** LLC. Verdugt's management participated with CVC in the latest transaction.

An affiliate of Dallas-based **Wingate Partners** completed the recapitalization of Corpro Companies Inc. Wingate invested \$10.5 million in the form of preferred stock and received voting control of the company. Additionally, Wingate secured new senior and subordinated debt facilities of approximately \$55 million and an additional \$2.5 million of preferred stock to complete the recapitalization. Corpro, based in Medina, Ohio, is the leading provider of corrosion control engineering services and products in North America and the UK with annual revenues of approximately \$120 million.

On April 22, **Colony Capital Asia Pacific** Pte Ltd, a unit of **Shanghai Industrial Investment** Corp, announced the initial closing of the first China-focused special situations fund. The **Yangtze Special Situations Fund** LP, sponsored by a joint venture between Colony Capital and Shanghai Industrial, had a first closing of approximately \$100 million. The fund will invest in the People's Republic of China and, to a lesser extent, Hong Kong and Macau, targeting nonperforming loans, distressed assets, and distressed companies and financial institutions. The investments will be sourced and managed by Colony and Shanghai Industrial professionals in China. Colony is one of the earliest private equity firms in Asia and has invested more than \$600 million in over 3,500 assets in the region since 1998.

Legal advisors alert: **Jones Day** (Randi Strudler in the firm's New York office) advised the Lanter Company in its sale of Lanter Logistics and Lanter Refrigerated Distributing to Ozburn-Hessey Logistics announced and completed April 23. **Lazard** (James Kempner and Gautam Patel) and **Republic Partners** (Rob Levin) advised Lanter. **Weil Gotshal** (Chris Aidun and Stephen Solursh) acted as legal counsel to Ozburn-Hessey.

On April 19, **Davis Polk & Wardwell** announced it is advising Banc of America Securities LLC as financial

adviser and dealer manager of a tender offer commenced by Circuit City Stores Inc to acquire InterTan Inc. InterTan is a Canadian consumer electronics chain that operates more than 980 stores and dealer outlets in Canada under the RadioShack, Rogers Plus, and Battery Plus names. Circuit City is offering \$14 per InterTan share, valuing the transaction at approximately \$284 million. The Davis Polk corporate team includes partner Leonard Kreyenin and associates William J Chudd and Zhen Xing. All lawyers work in the New York office.

The following are **Cleary Gottlieb's** announcements for the week:

On April 20, Cleary Gottlieb announced that

it represented Ahlstrom Corp in the combination of its European paper-based tube/core and coreboard operations into a joint venture with Sonoco Products Company. The deal was signed on April 19 and is subject to the approval of the competition authorities. In a separate but

related transaction, Sonoco signed an agreement to acquire Ahlstrom's paper tube/core operation in China.

Cleary Gottlieb represented **Texas Pacific Group** in connection with its acquisition (together with **Francisco Partners**) of SMART Modular Technologies, Inc from Solectron Corp. The transaction closed on April 16. SMART Modular, based in Fremont, California is a leading manufacturer of memory and communications products for the computing, networking and telecommunications industries.

Cleary Gottlieb represented IBM Deutschland GmbH in the sale of the assets of its archive services business subsidiary DISOS GmbH to Iron Mountain Inc. The acquisition was effective as of April 1, 2004.

On April 23, Cleary Gottlieb represented United Technologies Corp in connection with the acquisition of Automated Logic Corp by Carrier Corp, a subsidiary of UTC. Automated Logic is a technology leader in building automation systems. Terms of the deal were not disclosed.

New hiring alert: **Rockpoint Group LLC**

announced on April 21 that Hisashi Furukawa will join the firm May 1st as a principal and member of the firm's Investment Committee. He will be based in the firm's

Tokyo office. Furukawa will work on further expansion of the firm's real estate investment program in Japan, including the acquisition of hard assets, either from distressed owners or with a value creation component, as well as investments in opportunities such as non-

This Week's Top 5 Advisor Firms

	Private Equity	Financial	Legal
1.	Headwaters Inc (1 deal, \$202 million)	Thomas Weisel Partners (3 deals, \$431 million)	Weil Gotshal & Manges and Skadden Arps (1 deal, \$450 million)
2.	American Capital Strategies (1 deal, \$77 million)	Morgan Stanley and Lehman Brothers (1 deal, \$450 million)	Shumaker Williams PC and Blank Rome LLP (1 deal, \$173 million)
3.	Drayton Richdale Corp (1 deal, \$18 million)	Sandler O'Neill & Partners and Keefe Bruyette & Woods (1 deal, \$173 million)	Stradling Yocca Carlson & Rauth and Latham & Watkins (1 deal, \$66 million)
4.	Rockwood Equity Partners (1 deal, \$17 million)	Peter J Solomon Co Ltd (1 deal, \$155 million)	Morgan Lewis & Bockius and Jenner & Block (1 deal, \$49 million)
5.	Strategic Alliance Group Inc (1 deal, \$7 million)	Montgomery & Co LLC (1 deal, \$120 million)	

performing loans and corporate spin-offs of real estate subsidiaries. Furukawa, 45, brings more than 20 years of real estate and finance experience to the firm. For four years prior to joining Rockpoint, Furukawa was co-head of the Real Estate Sector Team in Japan for **UBS Securities Japan Ltd**. From 1990 until 2000, Furukawa worked in Tokyo for **Morgan Stanley Realty** and the **Morgan Stanley Real Estate Fund**.



In the Rumor Mill

As the European drug-maker drama continues, **Aventis** welcomed the decision of the board of Swiss rival **Novartis** to begin merger talks. This is the latest in Aventis' attempts to fight off **Sanofi-Synthelabo's** US\$59.4 billion hostile bid announced January 23.

Global entertainment content maker, **Metro-Goldwyn-Mayer Inc (MGM)**, witnessed a 14 percent jolt to its share price last Wednesday after news surfaced that **Sony Corp**, with cash from private equity investors **Texas Pacific Group** and **Providence Equity**, was in advanced talks to acquire the company. Analysts are not expecting a significant premium to be offered. Sony is rumored to be mostly interested in the film library of MGM.

Australian-headquartered **Hardman Resources**, an oil-and-gas exploration firm, saw its

stock jump 14 percent last week due to speculation that energy giant **British Gas** is preparing a takeover bid. The rumors circulating say a bid may be in the neighborhood of \$2.30 to \$2.50 per share.

Britain's largest clothing retailer **Marks & Spencer** is rumored to be the takeover target of a possible private equity play. **Philip Green**, a UK retail entrepreneur, and an undisclosed US buy-out firm are said to be the most interested bidders. Irina Dimitrova, of **Dresdner Kleinwort Wasserstein** was quoted saying, "The bid would be funded through a loan that would be paid back by asset-stripping."

In more UK merger speculation, **Reuters** reported that drug distributor **Alliance Unichem** might be bought by a venture capital firm and commercial property developer **Slough Estates** was a possible target as well.

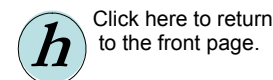
This Week In History: April 19 - April 23

April 22, 2003 – Viacom Inc acquired the remaining 50 percent ownership stake in Comedy Central and an asset, which is the website of Comedy Central comedycentral.com that is currently owned by AOL Time Warner Inc for \$1.2 billion in cash. As a result of the closing, Comedy Central was expected to become wholly owned by Viacom Inc and join the lineup of MTV Networks basic cable channels. The acquisition was part of the strategy of Viacom Inc to expand its interest in cable networks.

April 22, 2002 – Micron Technology terminated its discussions to acquire the memory chip operations of Hynix Semiconductor for approximately \$3.2 billion (KRW4.2 trillion) in stock to enhance its product offerings. Under the terms of the agreement, Micron Technology would have issued 108.6 million shares of Micron common stock in exchange for the memory chip operations. Micron would also have invested \$200 million in Hynix in return for a 15 percent equity stake in the continuing non-memory business of Hynix.

April 23, 2001 – A private group led by Carl Icahn announced a proposal to acquire VISX for \$32 per share, for a total consideration of approximately \$1.8 billion in cash. VISX was touted as a worldwide leader in the development of refractive laser technology.

April 19, 2000 – Vitesse Semiconductor acquired Sitera for \$750 million in stock in a move to extend Vitesse capabilities from OC-192 down to OC-3 and DS3 and providing significant flexibility to implement services for switches, routers, and services platforms.



Recent Mid-Market Deals in Review

Apparel

NCI Holdings Inc agreed to acquire Black Chandelier Inc

NCI Holdings Inc acquired Black Chandelier Inc for \$4.2 million in stock in a reverse acquisition. The principal designer and originator of the collections, Jared Gold, has been retained as president and director to ensure the firm's consistency of design.

Automotive Products & Accessories

Pickups Plus Inc agreed to acquire Automotive International Inc

Pickups Plus Inc signed a binding letter of intent to acquire certain assets of Automotive International Inc for approximately \$1.7 million in cash and stock.

Banking & Finance

Leesport Financial Corp agreed to acquire Madison Bancshares Group Ltd

Leesport Financial Corp entered into an agreement to acquire Madison Bancshares Group Ltd for \$17.9 million in stock. Under the terms of the merger agreement, Madison shareholders will be entitled to receive 0.6028 shares of Leesport common stock for each share of Madison common stock.

Banking & Finance

Omega Financial Corp agreed to acquire Sun Bancorp Inc

Omega Financial entered into a definitive agreement to acquire Sun Bancorp Inc for approximately \$173.5 million in cash and stock. Under the terms of the agreement, a portion equal to 80 percent of the

total will be paid in stock and the remaining 20 percent will be paid in cash. Sun Bancorp Inc will retain its name and operate as a unit of Omega Bank. The transaction is expected to be completed by the end of the third quarter 2004.

Broadcasting

Outdoor Channel Holdings Inc agreed to acquire The Outdoor Channel Inc

Outdoor Channel Holdings Inc entered into an agreement to acquire the remaining 18 percent of The Outdoor Channel Inc to acquire all of the company for \$61 million in stock. Outdoor Channel Holdings Inc believes that the acquisition makes strategic sense to fully integrate The Outdoor Channel Inc, its principal asset, to benefit its shareholders, customers, and employees.

Broadcasting

Citadel Broadcasting Corp agreed to acquire WMAS Springfield Radio Stations Of Lappin Communications Inc from Lappin Communications Inc

Citadel Broadcasting Corp, subsidiary of Citadel Communication Corp, signed an agreement to acquire WMAS Springfield Radio Stations of Lappin Communications Inc for US\$22 million. Under the terms of agreement, Citadel Broadcasting Corp will acquire the WMAS (AM) and the WMAS-FM radio stations of Lappin Communications. The transaction will enhance Citadel's position in New England.

Broadcasting

GS Capital Partners 2000 LP agreed to acquire a minority stake in C&M Co Ltd

GS Capital Partners 2000 LP, an investment arm of Goldman Sachs Group Inc, agreed to acquire a 30 percent equity interest in South Korea-based C&M Co Ltd for approximately KRW 140 billion (USD \$122.08 million). The Korean firm will use the capital for the development of digital cable-TV services which will begin in Korea in 2007.

Broadcasting

Davidson Media Group agreed to acquire WCXT-AM from The ADD Radio Group

Davidson Media Group acquired WCXT-AM from The ADD Radio Group for \$1.4 million in cash.

Broadcasting

Entercom Communications Corp agreed to acquire WZPL-FM from MyStar Communications Corp

Entercom Communications Corp agreed to acquire the assets of WXNT-AM, WZPL-FM, and WIPI-FM from MyStar Communications Corp for US\$73.5 million. The acquisition provides Entercom with entry into the Indianapolis market. Entercom expects to commence operations of these stations under a time-brokerage agreement in mid-June 2004.

Brokerage, Investment & Mgmt. Consulting

American Capital Strategies Ltd agreed to acquire

Cottman Transmission Holdings LLC from Sentinel Capital Partners

American Capital Strategies Ltd acquired Cottman Transmission Holdings LLC, a subsidiary of Sentinel Capital Partners, for US\$77.3 million. Cottman Transmission is a franchisor of automotive transmission centers that repair, remanufacture, and service transmissions and related components. The company has franchise locations in 43 states and Canada. Todd Leff, CEO of Cottman Transmission, as well as his senior management team have been retained.

Chemicals, Paints & Coatings Trinity Biotech PLC agreed to acquire Fitzgerald Industries International Inc

Trinity Biotech PLC acquired Fitzgerald Industries International Inc for \$16 million in cash and stock. The acquisition positions Trinity Biotech PLC in the life sciences market with significant potential for future growth. The firms say that the combination of the product line of Fitzgerald Industries International Inc with the marketing capabilities of Trinity Biotech PLC, through its distributor base in 80 countries worldwide, will result in continued ongoing growth within Fitzgerald Industries International Inc.

Communications Broadcom Corp agreed to acquire Widcomm Inc

Broadcom Corp signed a definitive agreement to acquire Widcomm Inc for \$49 million in stock. Broadcom Corp may elect to pay up to \$3 million of the consideration in cash. The number of share the company will issue will be dependent on the

Broadcom stock price over a specified period prior to closing. Both companies develop products for Bluetooth wireless applications.

Communications TelCove agreed to acquire PECO TelCove from Exelon

TelCove, a unit of Adelphia Communications, entered into an agreement to acquire the remaining 50 percent stake in PECO TelCove from its joint venture partner Exelon Corp for \$49 million. The sale price covers the interest of Exelon in the partnership, certain fiber network assets, and the settlement of existing claims between the parties.

Communications SkyTerra Communications Inc agreed to acquire AfriHUB

SkyTerra Communications Inc acquired on an undisclosed majority interest in AfriHUB for \$1.5 million. AfriHUB provides satellite-based broadband Internet access in the African continent particularly in the Nigerian market.

Computer Software, Supplies & Services DuraSwitch Industries Inc agreed to acquire Active Recognition Technologies Inc

DuraSwitch Industries Inc agreed to acquire Active Recognition Technologies Inc for US\$3.18 million in stock. In addition, DuraSwitch will make an earn-out payment of 850,000 restricted shares (US\$2.85 million, according to the DuraSwitch closing price of US\$3.35 on April 21, 2004) upon accumulated EBIT of the Active Recognition division of US\$4 million over a three-year period. Active Recognition Technologies develops vehicle and license plate

recognition software. Prior to transaction closing, revenue and profit for Active Recognition must include two consecutive quarters of at least US\$0.4 million in revenue and US\$0.1 million average EBIT by July 30, 2005.

Computer Software, Supplies & Services Texas Pacific Group agreed to acquire Sniffer Technologies from Network Associates Inc

Texas Pacific Group and Silver Lake Partners reached a definitive agreement to acquire Sniffer Technologies from Network Associates for US\$275 million in cash. This unit will become a standalone company called Network General Corp. The new Network General Corp will continue to develop, support, sell, and market Sniffer Technologies products and will focus exclusively on network and application performance management solutions.

Computer Software, Supplies & Services Siebel Systems Inc agreed to acquire Eontec Ltd

Siebel Systems Inc acquired Eontec Ltd for EUR57 million (US\$70 million) in cash, plus up to an additional EUR58.8 million (US\$60 million) in cash, payable in 2005, if certain performance criteria is met. The acquisition expands the banking software Siebel Systems can offer to include bank branch teller and Internet banking systems.

Computer Software, Supplies & Services SurfControl PLC agreed to acquire Messagesoft Inc

SurfControl PLC, a subsidiary of JSB Software Technologies PLC, agreed to acquire Messagesoft for

up to US\$14.69 million.

Consideration will be made in two stages, consisting of an initial US\$9.69 million cash payment and another payment of US\$5 million by December 31, 2004, contingent upon sales of the Messagesoft product. Messagesoft develops a secure email gateway for large enterprise and service providers that depend on email to run business operations. The acquisition is expected to enhance the product offerings of SurfControl in the market for software that filters junk emails.

Computer Software, Supplies & Services

Daily Mail & General Trust PLC agreed to acquire Trepp

Daily Mail & General Trust PLC acquired Trepp LLC for \$42 million payable in cash.

Computer Software, Supplies & Services

Integrated Device Technology Inc agreed to acquire Zettacom Inc

Integrated Device Technology Inc also known as IDT acquired Zettacom Inc for approximately \$35 million in cash. Zettacom is a Santa Clara, California-based provider of optical silicon solutions for Internet infrastructure.

Computer Software, Supplies & Services

Drayton Richdale Corp agreed to acquire Matlink Inc

Drayton Richdale Corp acquired Matlink Inc for US\$18 million. Matlink is an application service provider for the construction industry. Concurrent with the transaction, Drayton Richdale has appointed new directors and officers of Matlink.

Computer Software, Supplies & Services

Digital River Inc agreed to acquire Element 5 AG

Digital River Inc acquired Element 5 AG for US\$120 million in cash. No further details about the transaction were available.

Computer Software, Supplies & Services

Tucows Inc agreed to acquire Boardtown Corp

Tucows Inc entered into an agreement to acquire Boardtown Corp for \$4 million in cash and stock with an addition \$1.75 million contingent payment. Boardtown's applications are expected to complement Tucows Inc existing wholesale Internet services, which will allow its customers to further rationalize their back office costs and focus on revenue generation.

Construction Contractors & Eng. Svcs.

Enterprise Outsourcing Holdings Ltd agreed to acquire KPMG Consulting (South Africa) from KPMG Consulting

Enterprise Outsourcing Holdings Ltd acquired KPMG Consulting (South Africa) from KPMG Consulting for ZAR20 million (US\$3.1 million). The acquisition is the most significant change to Enterprise for several years, and gives it the critical mass to take on bigger projects in the future.

Drugs, Medical Supplies & Equipment

BioMarin Pharmaceutical Inc agreed to acquire Pediatric Business from Medicis Pharmaceutical Corp

BioMarin Pharmaceutical Inc agreed to acquire the assets of the pediatric business of Medicis Pharmaceutical Corp for US\$175 million in stock and cash. The purchase price consists of an initial US\$10 million cash payment upon transaction closing, plus payments of US\$145 million in cash and US\$20 million in stock through 2009. The deal includes a patent-protected drug named Orapred, which treats asthma in children, as well as two further formulations of Orapred in development. Net sales of Orapred are expected to be approximately US\$42 million in 2004. The acquisition is expected to be immediately accretive to earnings and is expected to generate significant cash flow as well.

Drugs, Medical Supplies & Equipment

Advanced Medical Optics Inc agreed to acquire Surgical Ophthalmology Business from Pfizer Inc

Advanced Medical Optics Inc agreed to acquire the surgical ophthalmology business of Pfizer Inc for US\$450 million in cash. The transaction includes the Healon, CeeOn, Tecnis, and Baerveldt line of products, which generated annual sales of approximately US\$150 million in 2003. Also included are manufacturing and R&D facilities in Groningen, Netherlands; Uppsala, Sweden; and Bangalore. The acquisition is expected to be accretive to the pro-forma earnings of Advanced Medical Optics and to create cost synergies in marketing, distribution, purchasing, and other areas. Lehman Brothers and Bank of America have provided financing commitments to Advanced Medical Optics.

Electric, Gas Water & Sanitary Services

Terasen Inc agreed to acquire a minority stake in Fairbanks Sewer & Water Inc

Terasen Inc entered into an agreement to acquire a 50 percent stake in Fairbanks Sewer & Water Inc for \$30 million. About \$8.6 million will be used to reduce the debt of Fairbanks Sewer & Water Inc. The acquisition builds on the existing presence of Terasen Inc in Alaska, where Terasen Inc has been operating the Fairbanks gas distribution system since 2001 under an operating contract with the owner of the gas utility.

Electric, Gas Water & Sanitary Services

Centrica PLC agreed to acquire Bastrop Energy Partners LP from FPL Group

Centrica PLC entered into an agreement to acquire Bastrop Energy Partners LP from FPL Energy LLC, a unit of FPL Group Inc, for \$143 million (£79.9 million) in cash. Bastrop Energy Partners LP manages a 540-megawatt power plant. Centrica PLC provides power services to 900,000 customers in the state of Texas. All the employees at the plant are expected to be retained.

Electrical Equipment

UTStarcom Inc agreed to acquire TELOS Technology Inc

UTStarcom Inc has made an asset purchase agreement to acquire Vancouver-based TELOS Technology Inc for an initial cash consideration of US\$29 million and is subject to an additional payment of up to US\$19 million based upon the achievement of certain revenue milestone. This acquisition will allow UTStarcom Inc to accelerate

its global wireless strategy and give UTStarcom Inc access to new market segments. The transaction is expected to close in the second quarter 2004.

Electrical Equipment

Zhone Technologies Inc agreed to acquire Sorrento Networks Corp

Zhone Technologies Inc agreed to acquire Sorrento Networks Corp for US\$36.21 million in stock. Sorrento Networks manufactures and markets optical networking equipment designed to enhance the performance of data and telecommunication networks. Its client base consists of telephone companies, Internet service providers, and governmental agencies, among others. The acquisition is expected to expand the customer base of Zhone Technologies as well as enhance its offerings to current customers. It is also expected to be immediately accretive to earnings, excluding any acquisition related charges, and to create significant cost savings from the reduction of operating expenses.

Electrical Equipment

Rockwood Equity Partners LLC agreed to acquire Global Thermolectric Inc from FuelCell Energy Inc

Rockwood Equity Partners LLC entered into a definitive agreement to acquire Global Thermolectric Inc, the thermoelectric generator product line subsidiary of FuelCell Energy Inc, for CDN \$22.8 million (US \$17.3 million).

Electrical Equipment

SK Telecom Co Ltd agreed to acquire a minority stake in SkyCross Inc

SK Telecom Co Ltd agreed to acquire a minority 6.4 percent stake in SkyCross Inc for US\$1 million. SkyCross designs, develops, and manufactures next-generation RF and antenna technology for mobile telecommunications, automotive, and wireless computing markets. SK Telecom plans to receive royalties from handset manufacturers worldwide for using the technology of SkyCross.

Electrical Equipment

Comtech Telecommunications Corp agreed to acquire Memotec Inc

Comtech Telecommunications Corp agreed to acquire certain assets and assume certain liabilities of Memotec Inc, a subsidiary of Kontron Embedded Computers AG, for CDN3.4 million (US\$2.6 million). Memotec develops next-generation solutions for telecommunications service providers, mobile network operators, and corporate customers. The company generates annual revenues of CDN7.9 million (US\$6 million). Comtech will also purchase inventory owned by Kontron Canada Inc, the current manufacturer of the products of Memotec for CDN3 million (US\$2.5 million). The transactions are expected to be neutral to fiscal 2004 diluted earnings per share and slightly accretive in 2005.

Energy Services

UTS Energy Corp agreed to acquire TrueNorth Energy LP from Koch Industries Inc

UTS Energy Corp entered into an agreement to acquire TrueNorth Energy Corp and TrueNorth Energy LP from Koch Industries Inc for an undisclosed price in cash and stock. Under the terms of

agreement, cash will consist of CDN \$125 million (\$95.11 million) and 7 million common-share-purchase warrants. Each warrant is convertible into one common share of UTS Energy at a price of \$0.75 per common share for a period of five years.

Fabricated Metal Products **Maverick Tube Corp agreed to acquire Texas Arai Inc from Grant Prideco Inc**

Maverick Tube Corp signed a definitive agreement to acquire the business and assets of Texas Arai Inc from Grant Prideco Inc for approximately \$20 million.

Household Goods **Strategic Alliance Group Inc agreed to acquire GRP Inc**

Strategic Alliance Group signed an agreement to acquire GRP Inc for \$6.5 million in stock. At the completion of the transaction, the combined company will operate as Cruise Cam International Inc.

Instruments & Photographic Equipment **Leitch Technology Corp agreed to acquire Videotek**

Leitch Technology Corp entered into a definitive agreement to acquire Videotek Inc in \$18 million in cash. Headquartered in Pottstown, Pennsylvania, Videotek is a leading manufacturer of test and measurement equipment, video demodulators, routing switchers, color correctors and processors, and related equipment for the professional video and television broadcast markets.

Insurance **First Health Group Corp agreed to acquire COMP Medical**

First Health Group Corp entered into an agreement to acquire COMP Medical for \$6 million in cash. The acquisition is expected to add approximately \$20 million in annual revenue.

Mining & Minerals **Wexford Capital LLC agreed to acquire AEP Coal Mining Operations**

Wexford Capital LLC acquired the AEP coal mining operations of American Electric Power Co for \$8.8 million in cash, plus \$10.8 million in future reclamation liability.

Miscellaneous Services **SeraCare Life Sciences Inc agreed to acquire BBI Diagnostics from Boston Biomedica Inc**

SeraCare Life Sciences Inc agreed to acquire the BBI Diagnostics and BBI Biotech divisions of Boston Biomedica Inc for US\$30 million in cash, plus the assumption of certain liabilities. Of the US\$30 million purchase price, US\$2.5 million will be held in escrow for an 18-month period. BBI Diagnostics manufactures a comprehensive line of quality control products used in infectious disease testing. BBI Biotech provides research and support services in the areas of genomic research, diagnostics of genetic and infectious diseases, identification of genes in human hereditary disease, vaccines and therapeutics, and viral transmission studies. The acquisition is expected to create a company with an expanded product line and customer base as well as enhanced access to capital.

Miscellaneous Services **Guidant Corp agreed to acquire BioStent Inc**

Guidant Corp acquired the remaining 49 percent interest in BioStent Inc for \$6 million. The new stents in development are designed to be fully absorbed by vascular tissue following the restoration of blood flow in patients with coronary artery disease.

Miscellaneous Services **Parexel International Corp agreed to acquire 3 ClinicalResearch AG**

Parexel International Corp acquired 3 ClinicalResearch AG for US\$12 million in cash. No further details about the transaction were available. 3 ClinicalResearch AG has facilities in Berlin and in Hennigsdorf. The German research company specializes in Phase I and Phase IIa Proof-of-Concept studies.

Oil & Gas **Output Exploration LLC agreed to acquire White Oak Energy LLC**

Output Exploration LLC acquired White Oak Energy LLC for \$67.5 million. White Oak Energy is a Gulf Coast oil-and-gas company with proved reserves located primarily onshore along the Texas Gulf Coast.

Real Estate **Watabe Wedding Corp agreed to acquire Meguro Gajoen KK from EA Investments One LLC**

Watabe Wedding Corp, a Japanese wedding service provider, agreed to acquire a 66 percent stake in Meguro Gajoen from EA Investments One LLC for approximately JPY\$332 million (US\$3.2 million). Meguro Gajoen is a wedding center operator in Tokyo,

Japan with approximately 118 employees. For the five months from May 1, 2003 to September 30, 2004, Meguro Gajoen posted sales of about JP¥1.9 billion (US\$18.6 million) and net loss of about JP¥27 million (US\$259,524.0). Watabe Wedding said it planned to acquire the remaining 34 percent stake by January 31, 2005.

Real Estate
HRPT Properties Trust agreed to acquire Hallwood Realty Partners LP

HRPT Properties Trust entered into an agreement to acquire Hallwood Realty Partners LP for \$219.8 million in cash. HRPT Properties Trust agreed to pay \$137.91 in cash for each outstanding partnership unit of Hallwood Realty Partners LP. All management agreements with the managers of the properties of HRPT Properties Trust will be terminated. An acquisition group,

led by Carl Icahn, has also made a bid for the company.

Retail
Moulin International Holdings Ltd agreed to acquire Cole National Corp

Moulin International Holdings Ltd entered into a non-binding agreement to acquire Cole National Corp for \$417.9 million in cash. Moulin International Holdings Ltd also delivered written financial commitments from other financing sources for additional financing required for the transaction, other than from HAL Holdings, NV which owns approximately 19.2 percent of the shares outstanding. Luxottica Group SpA is in a competing bid to acquire Cole National Corp.

Stone, Clay & Glass
Headwaters Inc agreed to acquire Eldorado Stone Corp from Graham Partners

Headwaters Inc entered into an agreement to acquire Eldorado Stone Corp from Graham Partners for \$202 million. The acquisition allows Headwaters Inc to expand its use of environmentally friendly coal combustion products. Eldorado Stone Corp manufactures fly ash stone products. The company had sales of \$100 million in 2003.

Transportation
Kirby Corp agreed to acquire a minority stake in Osprey Line LLC

Kirby Corp acquired a 33.3 percent minority stake in Osprey Line LLC for \$4.2 million. Osprey Line was formed in 2000 and operates a barge feeder service for cargo containers between Houston, New Orleans, and Baton Rouge. The company had revenues of \$11.7 million in 2003.

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M&A Deals in the US M&A Market: Week of Apr 19 - 23

For a deal to be included on Flashwire's official US M&A deal list, the following criteria to be met: (1) A formal transfer of ownership of at least 10.0 percent of a company's equity; and (2) At least one party in the agreement is a US entity. Please note: We may cover stories outside of this list in any given issue of *Flashwire Weekly*.

Announced	Seller (Unit Sold)	Buyer Name Target Address	Deal Size (\$mm)	Target Ownership	Buyer Phone Buyer Website Contact Name Contact Title	Target Phone Target Website Contact Name Contact Title	Seller SIC	Percent Sought	Method of Payment
4/21/04	Pfizer Inc (Surgical Ophthalmology Business Of Pfizer Inc)	Advanced Medical Optics Inc 235 East 42nd Street, New York, NY, US	\$450.00	Division	1-714-247-8200 Erika Richmond Investor Contact	1-212-573-2323 David L Shedlarz Executive VP/CFO	3841	100	Cash
4/19/04	Cole National Corp	Moulin International Holdings Ltd 1925 Enterprise Parkway, Twinsburg, OH, US	\$417.92	Public	852-2707-3800 Ma Lit Kin Cary Executive Director	1-330-486-3100	5995	100	Cash
4/22/04	Network Associates Inc (Sniffer Technologies)	Silver Lake Partners / Texas Pacific Group 3965 Freedom Circle, Santa Clara, CA, US	\$275.00	Division	1-650-233-8120 Ken Hao Managing Director	1-408-988-3832 Stephen C Richards CFO/COO	7372	100	Cash
4/21/04	Graham Partners (Eldorado Stone Corp)	Headwaters Inc Chesterbrook Corporate Center, 1325 Morris Drive, Suite 205, Wayne, PA, US	\$202.00	Division	1-801-984-9400	1-610-408-0500 Steven C Graham	3281	100	
4/20/04	Medecis Pharmaceutical Corp (ORAPRED And Ascent Pediatrics Assets Of Medecis Pharmaceutical Corp)	BioMarin Pharmaceutical Inc 8125 North Hayden Road, Scottsdale, AZ, US	\$190.00	Division	1-415-884-6700 Raymond W Anderson VP: Finance & Admin/CFO/COO	1-602-808-8800	2834	100	
4/21/04	Medicis Pharmaceutical Corp (Pediatric Business Of Medicis Pharmaceutical Corp)	BioMarin Pharmaceutical Inc 8125 North Hayden Road, Scottsdale, AZ, US	\$175.00	Division	1-415-884-6700 Raymond W Anderson VP: Finance & Admin/CFO/COO	1-602-808-8800	2834	100	Cash
4/20/04	Sun Bancorp Inc	Omega Financial Corp 155 North 15th Street, Lewisburg, PA, US	\$173.48	Public	1-814-231-7680	1-570-523-4300 Wilmer Leinbach Exec VP/CFO	6022	100	Combo
4/23/04	Loehmanns Holdings Inc	First Islamic Investment Bank EC 2500 Halsey Street, Bronx, NY, US	\$154.77	Public	97-3-218-333 Atif Abdulmalik Chief Executive Officer	1-718-409-2000	5621	100	Cash
4/22/04	FPL Group Inc (Bastrop Energy Partners LP)	Centrica PLC 700 Universe Boulevard, Juno Beach, FL, US	\$143.00	Division	44-1753-494-000 Sir Roy Gardner Chief Executive Officer	1-561-694-4000 Moray Dewhurst CFO	4911	100	Cash
4/20/04	Eontec Ltd	Siebel Systems Inc Block P6, East Point Business Park, Dublin, IE	\$142.29	Private	1-650-477-5000 Julia Ritter Press Contact	353-1-4335-300	7372	100	Cash
4/20/04	C&M Co Ltd	Goldman Sachs Group Inc 186 Sunghak Building, Song-pa 2-dong, Song-pa gu, Seoul, KR	\$122.12	Private	1-212-902-1000 David Viniar Exec VP/CFO	822-2240-9700	4841	30.0	
4/19/04	Element 5 AG	Digital River Inc Vogelsanger Str. 78, Cologne, DE	\$120.00	Private	1-952-253-1234	Gerrit Schumann CEO	7372	100	Cash
4/20/04	Koch Industries Inc (TrueNorth Energy Corp / TrueNorth Energy LP)	UTS Energy Corp 4111 East 37th Street North, Wichita, KS, US	\$95.11	Division	1-403-531-7599	1-316-828-5500 Mary Beth Jarvis Business Communications Director	1381	100	Combo
4/23/04	Adecco SA (Jobpilot GmbH)	Monster Worldwide Inc Rue de Langallerie 11, Case Postale 2, Lausanne, CH	\$92.83	Division	1-212-351-7000 Andrew McKelvey CEO	41-21-31-66-66 Jerome Caille CEO	7361	100	Combo
4/19/04	Sentinel Capital Partners (Cottman Transmission Holdings LLC)	American Capital Strategies Ltd 777 Third Avenue, 32nd Floor, New York, NY, US	\$77.30	Division	1-301-951-6122 John R Erickson Exec VP/CFO/Secretary	1-212-688-3100	6794	100	
4/22/04	MyStar Communications Corp (WXNT-AM / WTPI-FM / WZPL-FM)	Entercom Communications Corp 9245 N Meridian, Suite 300, Indianapolis, IN, US	\$73.50	Division	1-610-660-5610	1-317-218-2235	4832	100	
4/22/04	White Oak Energy LLC	Output Exploration LLC TX, US	\$67.50	Private	1-281-879-3666 Gary Grinsfelder		1311	100	
4/19/04	Widcomm Inc	Broadcom Corp 9645 Scranton Rd Suite 205, San Diego, CA, US	\$49.00	Private	1-949-450-8700 William J Ruehle VP/CFO	1-858-453-8400	4812	100	Stock

Announced	Seller (Unit Sold)	Buyer Name Target Address	Deal Size (\$mm)	Target Ownership	Buyer Phone Buyer Website Contact Name Contact Title	Target Phone Target Website Contact Name Contact Title	Seller SIC	Percent Sought	Method of Payment
4/21/04	Exelon Corp (PECO TelCove)	Adelphia Communications Corp 10 South Dearborn Street, 37th Floor, PO Box A-3005, Chicago, IL, US	\$49.00	Division	1-814-274-9830	1-312-394-7398 Linda C. Byus VP - Investor Relations	4812	50.0	
4/21/04	Outdoor Channel Inc (The)	Outdoor Channel Holdings Inc 43445 Business Park Drive Suite 103, Temecula, CA, US	\$48.00	Private	1-909699-4749	1-800-770-5750	4833	18.0	Stock
4/22/04	TELOS Technology Inc	UTStarcom Inc 4600 Jacombs Road, Richmond, CA	\$48.00	Private	1-510-864-8800 Michael J Sophie VP: Finance/CFO	+1 604 276-0055 Jack Mar CEO and President	3663	100	Cash
4/22/04	Sorrento Networks Corp	Zhone Technologies Inc 9990 Mesa Rim Road, San Diego, CA, US	\$36.21	Public	1-510-777-7000 David Markowitz	1-858-558-3960	3661	100	Stock
4/21/04	Fairbanks Sewer & Water Inc	Terasen Inc PO Box 70217, Fairbanks, AK, US	\$30.00	Private	1-604-443-6559	1-907-479-3118	4941	50.0	
4/21/04	Lappin Communications Inc (WMAS Springfield Radio Stations Of Lappin Communications Inc)	Citadel Communications Corp Springfield, MA, US	\$22.00	Division	1-702-804-5200	Bob Lappin Chairman	4832	100	
4/20/04	Grant Prideco Inc (Texas Arai Inc)	Maverick Tube Corp 1330 Post Oak Boulevard, Suite 2700, Houston, TX, US	\$20.00	Division	1-636-733-1600 Pamela Boone VP:Finance/CFO	1-832-681-8000 Jay Mitchell Director of Finance and Investor Relations	3498	100	
4/22/04	CIT Group Inc (The) (Capita Corp de Argentina SA (The))	Banco Comafi SA 1211 Ave of the Americas, New York, NY, US	\$20.00	Division	54-11-4347-0400	1-212-536-1390	6099	100	
4/19/04	Videotek Inc	Leitch Technology Corp 243 Shoemaker Road, Pottstown, PA, US	\$18.00	Private	1-416-445-9640	1-610-327-2292	3823	100	Cash
4/20/04	Matlink Inc	Drayton Richdale Corp 31805 Hwy 79S, PO Box 332, Temecula, CA, US	\$18.00	Private	1-866-813-7230	1-909-699-4627	7372	100	
4/20/04	FuelCell Energy Inc (Global Thermolectric Inc)	Rockwood Equity Partners LLC 3 Great Pasture Road, Danbury, CT, US	\$17.31	Division	1-212-634-3372	1-203-825-6000	3612	100	
4/20/04	Fitzgerald Industries International Inc	Trinity Biotech PLC 34 Junction Square Drive, Concord, MA, US	\$16.00	Private	353-1-276-9800 Jonathan OConnell	1-978-371-6446	2869	100	Combo
4/19/04	Messagesoft Inc	JSB Software Technologies PLC 4170 Business Center Drive, Fremont, CA, US	\$14.69	Private	44-126-029-6200 Rob Barrow	1-510-438-9400	7372	100	Cash
4/22/04	3 ClinicalResearch AG	Parexel International Corp Berlin, DE	\$12.00	Private	1-781-487-9900		8731	100	Cash
4/20/04	GRP Inc	Strategic Alliance Group Inc Troy, MI, US	\$6.56	Private	1-561-283-4490		3651	100	Stock
4/23/04	American Hospitality Concepts Inc (Ground Round Restaurants Inc)	US Restaurant Properties Inc 703 Granite St, Braintree, MA, US	\$6.50	Division	1-972-490-9119	1-781-380-3100 Brian P. Connell CFO	5812	100	
4/22/04	Active Recognition Technologies Inc	DuraSwitch Industries Inc 3507 N. Central Ave, Ste 403, Phoenix, AZ, US	\$6.03	Private	1-480-833-3131	1-602-277- 7262	7372	100	Stock
4/19/04	COMP Medical	First Health Group Corp 21800 Oxnard St, Woodland Hills, CA, US	\$6.00	Private	1-630-737-7900 Joseph Whitters VP:Finance/CFO	1-818-593-2264	6324	100	Cash
4/20/04	BioStent Inc	Guidant Corp 2180 Sand Hill Road, Santa Clara, CA, US	\$6.00	Division	1-317-971-2000		8731	49.0	
4/21/04	Boardtown Corp	Tucows Inc 116 East Main Street, Starkville, MS, US	\$5.75	Private	1-416-535-0123 Michael Cooperman CFO	1-662-324-5816	7372	100	Combo
4/19/04	Black Chandelier Inc	NCI Holdings Inc Los Angeles, CA, US	\$4.20	Private	1-305-466-2411		2326	100	Stock
4/23/04	DataWave Systems Inc	Integrated Data Corp 101 West 5th Avenue, Vancouver, CA	\$3.98	Public	1-610-825-6224	1-604-874-1302 Marc Belsky CFO	7373	49.9	Stock
4/21/04	EA Investments One LLC (Meguro Gajoen KK)	Watabe Wedding Corp Austin, TX, US	\$3.19	Division	81-75-352-4111		6512	66.0	
4/22/04	KPMG Consulting (KPMG Consulting (South Africa))	Enterprise Outsourcing Holdings Ltd 345 Park Avenue, New York, NY, US	\$3.17	Division	27-011-607-8100	1-212-758-9700	8748	100	
4/19/04	Kontron Embedded Computers AG (Memotec Inc)	Comtech Telecommunications Corp Oskar-von-Miller-Str. 1, Eching/Munich, DE	\$2.60	Private	1-631-777-8900	49-81-65-77-666	3663	100	

Announced	Seller (Unit Sold)	Buyer Name Target Address	Deal Size (\$mm)	Target Ownership	Buyer Phone Buyer Website Contact Name Contact Title	Target Phone Target Website Contact Name Contact Title	Seller SIC	Percent Sought	Method of Payment
4/19/04	Automotive International Inc	Pickups Plus Inc 823 Delta Avenue, Suite #104, Gladstone, MI, US	\$1.70	Private	1-513-943-4100	1-906-428-9330	3714	100	Combo
4/22/04	AfriHUB LLC	SkyTerra Communications Inc VA, US	\$1.50	Private	1-212-730-7540		4822	100	
4/19/04	ADD Radio Group (The) (WCXT-AM)	Davidson Media Group 5 Division St, East Greenwich, RI, US	\$1.40	Division	Peter Davidson President		4832	100	Cash

Top 5 Owners of Public Sellers: Week of Apr 19 - 23

A look at the top five institutional or insider holders of public deals announced this week.

Date of Merger	Seller	Ticker	Deal Size (\$mm)	Payment Method	5-Day Premium (%)	Top 5 Holders	Last Publicly Reported Position	Date Reported	Outstanding Shares Held (%)	Market Value (\$)
4/21/04	Pfizer Inc (Surgical Ophthalmology Business Of Pfizer Inc)	PFE	\$450.00	Cash		Barclays Global Investors, N.A.	341,085,696	12/31/03	4.47%	12,463,270,000
						Fidelity Management & Research Co.	238,824,448	12/31/03	3.13%	8,726,650,000
						SSgA Funds Management	203,020,224	12/31/03	2.66%	7,418,359,000
						Alliance Capital Management, Inc.	161,798,112	12/31/03	2.12%	5,912,103,000
						The Vanguard Group	159,493,168	03/31/04	2.09%	5,827,880,000
4/19/04	Cole National Corp	CNJ	\$417.92	Cash	14.60%	HAL Trust	3,196,100	04/15/04	19.12%	82,874,872
						Quaker Capital Management Corp.	1,449,392	12/31/03	8.67%	37,582,736
						GAMCO Investors, Inc.	1,347,020	03/03/04	8.06%	34,928,228
						Wells Capital Management, Inc.	826,975	12/31/03	4.95%	21,443,462
						BlackRock Advisors, Inc.	826,700	12/31/03	4.95%	21,436,332
4/22/04	Network Associates Inc (Sniffer Technologies)	NET	\$275.00	Cash		MFS Investment Management	21,281,184	12/31/03	13.04%	420,303,360
						T. Rowe Price Associates, Inc.	17,004,210	12/31/03	10.42%	335,833,120
						Fidelity Management & Research Co.	14,868,809	12/31/03	9.11%	293,658,976
						TCW Asset Management Co.	5,544,920	12/31/03	3.40%	109,512,168
						The Boston Company Asset Management LLC	4,750,390	12/31/03	2.91%	93,820,200
4/20/04	Medecis Pharmaceutical Corp (ORAPRED And Ascent Pediatrics Assets Of Medecis Pharmaceutical Corp)	MRX	\$190.00			AIM Management Group, Inc.	4,802,400	12/31/03	8.75%	213,706,800
						Capital Research & Management Co.	4,760,000	12/31/03	8.68%	211,820,000
						MFS Investment Management	4,116,250	12/31/03	7.50%	183,173,120
						Delaware Investment Advisers	2,559,528	12/31/03	4.67%	113,899,000
						Putnam Investment Management, Inc.	2,049,938	12/31/03	3.74%	91,222,240
4/21/04	Medecis Pharmaceutical Corp (Pediatric Business Of Medecis Pharmaceutical Corp)	MRX	\$175.00	Cash		AIM Management Group, Inc.	4,802,400	12/31/03	8.75%	213,706,800
						Capital Research & Management Co.	4,760,000	12/31/03	8.68%	211,820,000
						MFS Investment Management	4,116,250	12/31/03	7.50%	183,173,120
						Delaware Investment Advisers	2,559,528	12/31/03	4.67%	113,899,000
						Putnam Investment Management, Inc.	2,049,938	12/31/03	3.74%	91,222,240
4/20/04	Sun Bancorp Inc	SUBI	\$173.48	Combo	1.70%	FNB INVESTMENT CORP	1,090,122	03/05/04	14.89%	24,484,140
						MORAN JOHN D SR	553,558	03/05/04	7.56%	12,432,913
						KELLER GEORGE F	193,344	03/05/04	2.64%	4,342,506
						FETTEROLF M MITCHELL	141,715	03/07/03	1.94%	3,182,919
						First Commonwealth Bank	116,098	12/31/03	1.59%	2,607,561
4/23/04	Loehmanns Holdings Inc	LHMS	\$154.77	Cash	9.70%	Alpine Associates LP	2,091,180	12/31/03	31.08%	45,483,164
						Slater Capital Management LLC	541,500	12/31/03	8.05%	11,777,625
						JPMorgan Investment Management, Inc. (US)	300,340	12/31/03	4.46%	6,532,395
						EBF & Associates LP	259,294	12/31/03	3.85%	5,639,645
						Royce & Associates LLC	244,900	12/31/03	3.64%	5,326,575
4/22/04	FPL Group Inc (Bastrop Energy Partners LP)	FPL	\$143.00	Cash		Capital Research & Management Co.	11,784,600	12/31/03	6.38%	757,985,472
						Deutsche Bank Investment Management, Inc.	8,355,738	12/31/03	4.52%	537,441,088
						Wellington Management Co. LLP	8,230,743	12/31/03	4.46%	529,401,376
						Barclays Global Investors, N.A.	6,664,407	12/31/03	3.61%	428,654,656
						SSgA Funds Management	5,673,260	12/31/03	3.07%	364,904,096
4/23/04	Adecco SA (Jobpilot GmbH)	ADEN	\$92.83	Combo		FORIEL-DESTEZET PHILIPPE	34,163,580	11/30/03	18.25%	1,630,605,440
						JACOBS FAMILY	21,961,710	12/19/03	11.73%	1,048,218,112
						DWS Investment GmbH	3,154,189	12/31/03	1.69%	150,547,392
						UBS Global Asset Management (Switzerland)	2,928,504	11/30/03	1.57%	139,775,584
						T. Rowe Price Global Investment Services Ltd.	1,984,167	12/31/03	1.06%	94,703,000
4/21/04	Exelon Corp (PECO TelCove)	EXC	\$49.00			Wellington Management Co. LLP	22,024,776	12/31/03	6.67%	1,458,260,352
						Barclays Global Investors, N.A.	20,535,412	12/31/03	6.22%	1,359,649,664
						SSgA Funds Management	11,108,743	12/31/03	3.36%	735,509,888
						The Vanguard Group	6,544,156	03/31/04	1.98%	433,288,576
						Putnam Investment Management, Inc.	6,506,329	12/31/03	1.97%	430,784,032
4/20/04	Grant Prideco Inc (Texas Arai Inc)	GRP	\$20.00			Fidelity Management & Research Co.	18,195,800	12/31/03	14.95%	305,689,440
						Smith Barney Asset Management	15,422,431	12/31/03	12.67%	259,096,848
						Merrill Lynch Investment Managers, Inc.	9,034,451	12/31/03	7.42%	151,778,784
						T. Rowe Price Associates, Inc.	8,341,375	12/31/03	6.85%	140,135,104
						The Boston Company Asset Management	4,217,890	12/31/03	3.47%	70,860,552

Date of Merger	Seller	Ticker	Deal Size (\$mm)	Payment Method	5-Day Premium (%)	Top 5 Holders	Last Publicly Reported Position	Date Reported	Outstanding Shares Held (%)	Market Value (\$)
						LLC				
4/22/04	CIT Group Inc (The) (Capita Corp de Argentina SA)	CIT	\$20.00			Dodge & Cox, Inc. Fidelity Management & Research Co. Brandes Investment Partners LLC Wellington Management Co. LLP PIMCO Equity Advisors LP	27,910,300 16,478,720 16,130,061 7,354,700 6,934,350	12/31/03 12/31/03 12/31/03 12/31/03 12/31/03	13.18% 7.78% 7.61% 3.47% 3.27%	998,630,528 589,608,576 577,133,568 263,151,168 248,111,040
4/20/04	FuelCell Energy Inc (Global Thermolectric Inc)	FCEL	\$17.31			Wellington Management Co. LLP MTU MOTOREN UND TURBINEN UNION FRIEDRICHSHAFEN GMBH Heartland Advisors, Inc. GERSON JAMES D Dimensional Fund Advisors, Inc.	4,077,360 2,746,548 1,402,900 1,326,796 1,113,564	12/31/03 02/10/04 12/31/03 02/10/04 12/31/03	8.55% 5.76% 2.94% 2.78% 2.34%	76,776,688 51,717,500 26,416,608 24,983,568 20,968,410
4/23/04	DataWave Systems Inc	DTV	\$3.98	Stock	127.50%	INTEGRATED DATA CORP EMANUEL JOSHUA /NJ/ TURNER BILL GUNN JOHN /BC/ BOZEK RONALD A	21,976,382 550,000 88,000 50,000 34,500	01/15/03 01/14/03 01/14/03 01/14/03 01/14/03	50.07% 1.25% 0.20% 0.11% 0.08%	2,417,402 60,500 9,680 5,500 3,795
4/19/04	Kontron Embedded Computers AG (Memotec Inc)	KBC	\$2.60			NIEDERHAUSER HANNES 3i Group plc Fidelity Investments International (UK) Ltd. Fidelity Management & Research Co. DWS Investment GmbH	3,098,192 2,492,916 1,608,139 1,559,224 1,438,837	06/30/03 12/31/03 10/31/03 10/31/03 12/31/03	6.79% 5.46% 3.52% 3.42% 3.15%	26,171,296 21,058,360 13,584,400 13,171,202 12,154,259

Deal data provided by FactSet Mergerstat

Holdings data provided by Lionshares