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NYP

NYC TAXI BIG CLAIMS UBER DRIVING HIS COMPANIES UNDER

Alicia McElhaney writes that New York's largest owner of taxi medallions has alleged Uber Technologies drove several of his companies into Chapter 11. Evgeny Freidman on Wednesday submitted petitions for 22 of his companies in the U.S. Bankruptcy Court for the Eastern District of New York in Brooklyn. The New York and Brooklyn companies, led by Hypnotic Taxi and featuring names such as Bourbon Taxi, Chianti Taxi and Cupcake Taxi, have yet to file any first-day motions for consideration by Judge Carla E. Craig.
page 8

Complete index to the latest news page 2

Anthem-Cigna's $48B merger-to-be would face high antitrust hurdles

BY BILL MCCONNELL IN WASHINGTON

Amid a stampede of proposed mergers between the country's top health insurance providers, the $48 billion planned tie-up between Anthem and Cigna, which the companies said Wednesday they are close to announcing, will face particularly tough hurdles before the Department of Justice, the antitrust regulator responsible for examining the competitive implications of insurance deals.

Anthem, formerly known as WellPoint Inc., has the biggest geographic footprint of private health insurers in the U.S., according to a 2014 study of health insurer competition by the American Medical Association. Anthem is also the largest health insurer by market share in 82 of the country's 388 metropolitan areas. Anthem has a "commanding position" in more than one in five metropolitan areas, the AMA found.

The DOJ's biggest concern will be how the merger impacts health insurer competition in local markets.

By coupling with Cigna, Anthem will increasing its domination of New Hampshire, growing its market share there to 67% from 50%. The merger will also join the top health insurance providers in a number of markets spanning Colorado, Georgia, Illinois, Maine, Tennessee and Virginia, according to the AMA. Oppenheimer analysts have calculated that the two companies would control more than 40% of the large group insurance market in Indiana, Maine and New Hampshire. ■

FULL STORY >

AP

INDEX

TOP STORY

Amid a stampede of proposed mergers between top health insurance providers, the $48 billion planned tie-up of Anthem and Cigna will face particularly tough hurdles erected by the Department of Justice
page 5

M&A

After shifting a number of gears in its sale process, private equity-backed radio operator Digity enters talks with competitor Alpha Media for a merger valuing the former at about $250 million
page 6

With community bank consolidation sweeping the country, private equity-backed Brand Group is an increasingly attractive target for a number of Southeast insitutions *page 7*

BANKRUPTCY

New York's largest owner of taxi medallions alleges that Uber Technologies drove several of his companies into Chapter 11
page 8

PRIVATE EQUITY

KKR and London-based shipping operator Borealis Maritime acquire an 18-vessel container and dry-cargo fleet from German lender Commerzbank for $254.5 million *page 9*

A $1 billion recapitalization by ExteNet Systems will provide an exit for the varied group of backers that the wireless communications infrastructure company has assembled over roughly a decade *page 9*

SENSE OF THE MARKETS

When freshly squeezed juice retailer Jamba reports its quarterly results early next month, the potential is there for more franchising of its Jamba Juice store locations, as well as more share buybacks *page 10*

RESTRUCTURING

Puerto Rico Electric Power Authority's bondholder group unveils a new restructuring plan that hinges on a debt swap for $8.1 billion in bonds and estimates $2.5 billion in bond financing cost savings, but the utility retorts that the plan is "unachievable" *page 11*

REGULATION

A key congressional committee on Thursday attaches a broad financial regulatory bill totalling 200-plus pages to must-pass spending legislation, irritating several Democrats on the panel and setting up a showdown with the White House
page 12

MOVERS & SHAKERS

Personnel changes at Bank of America, FirsherBroyles, Madison Capital Funding and other firms *page 13*

THE DAILY DEALS

A summary of current risk arbitrage situations *pages 14-15*

FEEDBACK

Tell us what's on your mind *page 16*

COMPANY INDEX

page 17

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Top M&A deals in the transportation sector year to date

Target: Toll Holdings Ltd.
Acquirer: Japan Post Holdings Co. Ltd.
Deal value: $6.3 billion
Announced: Feb. 18

Target: ITR Concession Co. LLC
Acquirer: IFM Investors Pty Ltd.
Deal value: $5.7 billion
Announced: March 11

Target: TNT Express NV
Acquirer: FedEx Corp.
Deal value: $4.8 billion
Announced: April 7

Target: Groupe Norbert Dentressangle SA
Acquirer: XPO Logistics Inc.
Deal value: $3.5 billion
Announced: April 28

Target: Air Medical Group Holdings Inc.
Acquirer:
Kohlberg Kravis Roberts & Co. LP
Deal value: $2 billion
Announced: March 11

Source: The Deal

Exclusive video
The Deal speaks with Crowe Horwath
The Deal's Rhonda Schaffler speaks with Marc Shaffer, an M&A transaction advisory partner with Crowe Horwath.

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- *Oceanic Iron Ore Corp. - Warning - 07/22/2015*

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- *Great Atlantic & Pacific Tea Co. - Lien - 07/20/2015*
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MOST RECENT M&A
- *Cisco Systems Inc. - customer premises equipment business - 07/23/2015*
- *Novel Laboratories Inc. | GAVIS Pharmaceuticals LLC - 07/23/2015*
- *Hanseatic Ship Asset Management GmbH - 07/23/2015*

Ahead of the news

An executive summary of events impacting the markets tomorrow

Oil and gas M&A surges in Q2 due to Shell/BG deal - EIA [RDS.A] *Click here*

How Secure is Secure?

To the chagrin of IT managers everywhere, many employees are using the same file sync-and-share platforms at home and work. Consumer file synchronization and sharing tools are cause for serious concerns around data breaches and loss of control over sensitive business documents. The prevalence of mobile computing and the BYOD trend only compounds these security risks.

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TOP STORY

Anthem, Cigna join the health insurance scramble

Deals between six merging companies will face difficult path to DOJ approval

BY BILL MCCONNELL IN WASHINGTON

Amid a stampede of proposed mergers between the country's top health insurance providers, the $48 billion planned tie-up between **Anthem Inc.** (ANTM) and **Cigna Corp.** (CI), which the companies said Wednesday they are close to announcing, will face particularly tough hurdles before the Department of Justice, the antitrust regulator responsible for examining the competitive implications of insurance deals.

Anthem, formerly known as WellPoint Inc., has the biggest geographic footprint of private health insurers in the U.S., according to a 2014 study of health insurer competition by the American Medical Association. Anthem is also the largest health insurer by market share in 82 of the country's 388 metropolitan areas. Anthem has a "commanding position" in more than one in five metropolitan areas, the AMA found.

The DOJ's biggest concern will be how the merger impacts health insurer competition in local markets. By coupling with Cigna, Anthem will increasing its domination of New Hampshire, growing its market share there from 50% to 67%. The merger will also join the top health insurance providers in a number of markets spanning Colorado, Georgia, Illinois, Maine, Tennessee and Virginia, according to the AMA. Oppenheimer analysts have calculated that the two companies would control more than 40% of the large group insurance market in Indiana, Maine and New Hampshire.

Compounding the competitive problems, Anthem's attempt to acquire Cigna comes as four other major insurers are working on deals. On July 3, **Aetna Inc.** (AET) announced it would pay $37 billion for **Humana Inc.** (HUM), and **Centene Corp.** (CNC) announced it would buy **Health Net Inc.** (HNT) for $6.8 billion on June 25.

David Balto, a former Federal Trade Commission official whose law practice includes a focus on health care competition, said all three mergers will face difficulty before the Justice Department.

"These guys are going to face a really tough challenge with the antitrust division," he said. "There is a perfect storm of factors that will make it hard to get them through." Balto noted that both the DOJ and FTC during the Obama Administration have been more willing to challenge mergers in court and largely have been winning when they do. The regulators also have become increasingly skeptical that nationwide competitive problems can be addressed by divestitures in specific geographic markets. Lastly, he said, the Affordable Care Act was passed to restore competition to local healthcare markets, in part by establishing state insurance exchanges, and regulators are reluctant to see gains achieved after enactment be reversed through acquisitions.

For their part, Anthem officials have insisted that they can win antitrust approval. According to numerous press reports Anthem's offer will be worth about $187 a share, up from $184 a share offered previously. The two sides could announce an agreement this week, although the two sides are still working out details of a merger agreement. "We believe there is a consensus of where there is overlap between our companies and that no substantive antitrust or insurance regulatory issues are present that would prevent completion of the transaction," Anthem CEO Joseph Swedish said during a conference call last month.

But critics of health insurer consolidation said that the Justice Department should not look at each of the pending mergers as being independent of each other.

Dr. Robert Wergin, president of the American Academy of Family Physicians, or AAFP, has said the merger wave would reduce consumers' health plan choices and there's no guarantee that cost savings insurers will enjoy will lead to lower premiums for employers and consumers or broader provider networks. In a letter to antitrust regulators last month, the AAFP warned that letting the current wave of health insurer deals go through would result in "increased leverage and unfair power over negotiating rates with hospitals and physicians."

Deals would especially affect smaller physician practice groups, AAFP said.

The AMA study concluded that there is "a significant absence of health insurer competition" in 72% of the metropolitan areas it examined and that these markets are highly concentrated, according to DOJ and FTC guidelines.

There are 17 states where a single health insurer has a market share of 50% or more and 45 where two insurers have a combined market share of 50% or more.

"Competition in the health insurance industry has been consistently eroding with more markets across the county dominated by one or two insurers," AMA president Steven Stack, said when the report was issued. "The dominant market power of big health insurers increases the risk of anti-competitive behavior that harms patients as health insurers substitute corporate policy over good clinical decisions."

A separate study released by the Government Accountability Office in December found that each of the three health insurance segments—individual, small group, and large group enrollment—are concentrated among the three largest insurers in most states.

In each of the segments, the three largest insurers had at least 80% of the total enrollment in 37 states.

In more than half of those states, a single insurer had more than half of the total enrollees, and in five of those states there was at least one market segment in which the largest insurer had at least 90% of all the enrollees.

The GAO also found that the largest insurers increased their share of enrollment between 2002 and 2008. ■

Radio operators Digity and Alpha enter into talks

BY JAEWON KANG

After shifting a number of gears in its sale process, private equity-backed **Digity LLC** has entered into talks with competitor **Alpha Media LLC** about a potential acquisition valuing the radio station operator at about $250 million, according to two sources familiar with the situation.

The Deal previously reported that the West Palm Beach, Fla.-based radio station operator had retained RBC Capital Markets to shop the business after unfruitful talks to shop a majority ownership stake held by its current PE sponsor, **Garrison Investment Group LP** of New York.

However, the RBC Capital Markets-led auction turned into bit of a busted process that didn't produce much result for Digity, said the two sources who asked for anonymity, adding that Digity CEO Dean Goodman and Alpha chairman Larry Wilson have been having one-on-one discussions for months. It is unclear whether RBC Capital Markets is still advising Digity.

The sources went on to say that Stephens Inc.-backed Alpha Media needs more cash to acquire Digity and is working with **Piper Jaffray & Co.** to do so. Alpha's letter of intent for Digity is due at the end of the month, they added.

"Dean Goodman was asking for more than seven times [cash flow]," said one source familiar with the matter, noting that the radio veteran has also acknowledged that anything more than 6.25 to 6.5 times cash flow would be a good deal. Digity was expected to have cash flow of about $40 million by the end of last year. This means Goodman would see a price tag in the $250 million to $260 million range as fair.

Diversified media house Digity is best known for its radio stations across the country, but is also involved in digital media and events marketing. Founded by Goodman, the company has been rolling up assets. It bought Three Eagle Communications Inc. for $67 million in 2014 and NextMedia Group Inc. for about $85 million in 2013.

One source said Goodman had contemplated holding onto the stations in Palm Beach, Fla., where he is based and has a strong reputation. The stations in Florida are also Digity's best assets along with the company's properties in San Jose, Calif., that person added.

Wilson, however, is adamant about the transaction being all or nothing, according to the source.

"I don't think they're looking at doing it with anybody other than Alpha. I think they talked to some people, trying to stir up interest," the source said, explaining that Digity's mixed bag of assets turned potential suitors away.

"I think it will probably get done," the person said of the tie-up between Digity and Alpha, as the latter has a good track record of securing capital to pursue acquisitions."

The Deal previously reported that Portland, Ore.-based Alpha Media is looking to pursue an initial public offering, which could come as early as the third quarter or fourth quarter of this year. One source familiar with the situation said the radio station operator has about $50 million in cash flow, but wants to have between $75 million and $100 million of cash flow when it goes public.

Alpha Media, formerly known as Alpha Broadcasting LLC prior to its merger with **L&L Broadcasting LLC** last year, will have close to $100 million in cash flow and be a step closer to its IPO plans if it is able to purchase Digity, the source said.

That person added that while Alpha has been a busy buyer, Wilson has also been wanting to seal a bigger deal rather than tuck-in acquisitions it had pursued such as **Morris Communications Co. LLC**, as well as clusters of assets from **Wilks Broadcast Group LLC**, **Adelante Medi-Group LLC** and **Sandton Capital Partners LP**, among others.

Another source familiar with the situation wondered whether Alpha would be big enough to go public even with Digity, while noting that a marriage with Alpha would be a "great outcome" for Digity.

The story of broadcast darling Digity has taken unexpected turns, as has its sale process.

Digity was initially selling Garrison's majority ownership stake, which is estimated to be about 80%, with the goal of targeting sponsors that would help grow the company and take it public.

At the start of the year, PE firm **Wasserstein & Co. LP** had emerged as a leading candidate to acquire that stake, but the talks fizzled by March, The Deal has reported. Wasserstein owned **The Deal LLC** until September 2012, when **TheStreet Inc.** (TST) purchased it.

While Goodman eventually dropped his plan to replace Garrison's stake and decided to pitch the entire company, sources had said they didn't see a strategic buyer for Digity outside of Alpha.

The Deal identified Alpha as a potential merger candidate for Digity in September. But some pointed to possible personality clashes, as both companies are run by industry veterans around the same age who wanted to take their respective companies public.

Meanwhile, the radio market has seen been quiet on the deal front so far this year with Alpha Media being one of the few active buyers.

Earlier this month, **Petrus Holding Co. LP** of investment firm Perot Co. acquired Westport, Conn.-based **Connoisseur Media LLC**. Under the arms of a new owner, industry veteran Jeff Warshaw's Connoisseur Media is getting back in the game and is poised to pursue M&A, two sources familiar with the company said.

Officials with Digity, Alpha Media, Garrison Investment, RBC Capital Markets and Piper Jaffray could not be reached for comment Thursday. ■

M&A

Brand Group's Atlanta connection makes it attractive

Sources said it's time for the bank holding company's financial sponsors to cash out, either through a sale or an IPO

BY MICHAEL D. BROWN AND JENNIFER TEKNECI

As community bank consolidation continues to sweep the country, private equity-backed **Brand Group Holdings Inc.**, the parent of Lawrenceville, Ga.-based community bank Brand Banking Co., is an attractive target for a number of financial institutions in the Southeast, according to industry sources.

BRANDBANK

Brand Group, owned by Washington, D.C., PE firm **Carlyle Group LP** (CG), is attractive to a plethora of banks that want to significantly increase their exposure to the Atlanta market, said two industry bankers.

Brand Banking has seven branches in the Atlanta metropolitan market, including Gwinnett County, Ga., and north Atlanta.

Among potential acquirers are Tupelo, Miss.-based **Renasant Corp.** (RNST), which acquired Albany, Ga.-based Heritage Financial Group Inc. in December for $258 million, and Blairsville, Ga.-based **United Community Banks Inc.** (UCBI), which bought Greenville, S.C.-based Palmetto Bancshares (PLMT) for $240.5 million in April, said one source.

Birmingham, Ala.-based **ServisFirst Bancshares Inc.** (SFBS) indicated its interest in the Atlanta market through its acquisition of Douglasville, Ga.-based Metro Bancshares Inc. in October for around $41 million, allowing the bank to enter Georgia for the first time, leading this person to believe ServisFirst could have an interest.

This source said Memphis-based **First Horizon National Corp.** (FHN) would also make sense as a potential acquirer, given its interest in the Atlanta market and having acquired Raleigh, N.C.-based TrustAtlantic Financial Corp. in October for $81 million

Carlyle Group, alongside Little Rock, Ark., PE firm **Stephens Group LLC** and **Nonami LLC**, an investment vehicle owned by the family of Atlanta businessman Tom Cousins, invested $200 million in the Brand Group in October 2010 to provide extra stability to the bank's balance sheet. Carlyle completed the deal in April 2011 through its Carlyle Global Financial Service Partners fund. At the time, Brand Group had about $1.3 billion in assets.

One banker said the bank has grown to about $1.9 billion in assets.Carlyle officials declined comment. Stephens and Nonami officials didn't respond to calls.

Banks with sizable asset bases—generally considered to be around $2 billion—have been trading hands for 1.5 times to 2 times tangible book value. While the tangible book value for Brand Group wasn't readily available, one industry analyst said it was likely that Brand Group would fetch somewhere around what Heritage and Palmetto Bancshares were able to obtain in their respective sales.

Heritage, in particular, had about $1.8 billion in assets and, at a sale price of $258 million, was sold to Renasant at 1.9 times its $136 million tangible book value. The analyst noted that Brand Group's presence in the desirable and rapidly consolidating metro Atlanta market could push Brand Group's valuation north of Heritage's.

While an outright sale of the company is the preferred exit strategy, one industry banker said that if Brand Group is successful in cleaning up "legacy credit issues" before it is sold, it would also be a likely candidate for an initial public offering.

Those legacy credit issues include mortgages and other loans that went bad during the Great Recession, when many PE firms took over or invested in community banks. Carlyle and the bank's managers have spent the past four years cleaning up Brand Group's loan portfolio and sources said it's about time they cashed in.

"It is a reasonably large franchise in Georgia, but they've still got a little bit of work to do," the banker said. "I wouldn't be surprised to see an IPO about 12 to 18 months out, but I think they are also a s sale candidate in the meantime."

The banker noted that the Brand Group is still working through credit issues that would make a sale more likely in the immediate future, since a strategic buyer would be able to smooth out some of these inefficiencies. The source said an IPO would be tough if the bank wasn't in good shape financially.

Brand Group will need to have a plan to sell or at least do a secondary offering in order to give liquidity to its PE owners, said another banker.

Other PE-backed banks have been sold once their legacy credit issues have been resolved.

San Francisco-based **Friedman Fleischer & Lowe LLC**, for example, recapitalized SKBHC Holdings LLC, the holding company for Spokane, Wash.-based AmericanWest Bank, with **Goldman Sachs Capital Partners**, **Oaktree Capital Group LLC**, and other investors in 2011. On Nov. 5, the bank agreed to be acquired by Walla Walla, Wash.-based **Banner Corp.** (BANR) for $702 million in cash and stock, or about 1.5 times tangible book value.

Brand Group officials which didn't respond to calls.

The chairman of Brand Group is John McKinley III, who served as principal operating officer at BankSouth Corp. in the 1990s prior to its sale to NationsBank NA, which became **Bank of America Corp.** (BAC). Also on the Brand Group board is Patrick Flinn, the former CEO of BankSouth.

Nonami's J.T. King and Carlyle managing director R. Keith Taylor also serve as directors. ■

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New York taxi operators skid into Chapter 11

BY ALICIA MCELHANEY

New York's largest owner of taxi medallions has alleged **Uber Technologies Inc.** drove several of his companies into Chapter 11.

Evgeny Freidman on Wednesday submitted petitions for 22 of his companies in the U.S. Bankruptcy Court for the Eastern District of New York in Brooklyn. The New York and Brooklyn companies, led by **Hypnotic Taxi LLC** and featuring names such as Bourbon Taxi LLC, Chianti Taxi LLC and Cupcake Taxi LLC, have yet to file any first-day motions for consideration by Judge Carla E. Craig. A summary of schedules, statement of financial affairs and list of equity holders must be filed by Aug. 5.

In a Wednesday affidavit, Freidman, who manages at least 850 taxis, blamed the filings on the companies' relationship with lender **Citibank NA** and its relationship with Uber, developer of a popular ride-hailing application.

Citibank sued parties including the debtors on March 6 in the Supreme Court of the State of New York in Manhattan after a default on some of the parties' loans with the bank. A May 19 order allowed Citibank to seize the debtors' 46 medallions—the licenses for operating official cabs in New York—on June 9. The Freidman parties appealed the ruling and won a stay on July 14, but the appellate division of the court required the debtors to post a $50 million bond, which triggered the bankruptcy petitions.

The debtors owe Citibank $32.09 million on 22 separate loans. In addition, the lender asserts it is owed $1.64 million on a loan to Freidman's **Taxi Club Management LLC**, which he disputes. The company on its website claims to have a fleet of more than 1,000 taxis, while Freidman's profile on the website of the Greater New York Taxi Association, where he serves as principal, puts the total at 850 vehicles and over 3,000 drivers.

The debtors' relationship with the lender began in September 2011. According to Freidman's affidavit, Citibank worked with his companies to create a unique cash management system to remedy the problems his companies were having with fraudulent checks from third parties and to streamline operations.

In 2014, though, Freidman said the companies began to experience "major issues" with the way Citibank managed their funds. The companies could not secure refinancing for their outstanding loans, which Freidman alleged was a result of bounced checks to other lenders. Citibank's alleged mismanagement of the debtors' accounts led to hundreds of thousands of dollars in fees, the loss of hundreds of drivers and governmental investigations.

On May 23, 2014, Citibank terminated Freidman's cash management accounts, which Freidman said "created a state of chaos for the debtors and [four nondebtor] management companies."

Citibank on Nov. 6 said it would completely terminate its relationship with the companies on Dec. 15. That gave them five weeks to find a new lender, Freidman said.

"It appears that Citibank and other lenders were concerned about the effect that Uber and other nontraditional ridesharing companies would have on the traditional medallion-based taxi business model," he alleged. "In the debtors' view, this concern was misplaced as Uber only has approximately 4% of the market in New York City."

After Citibank dropped Freidman's companies, Uber obtained a $2 billion line of credit from the bank.

Citibank director of public affairs Andrew Brent, however, offered a different viewpoint.

"Following Mr. Freidman's failure to agree to terms to settle his outstanding obligations with Citibank, we moved forward to take possession of the medallions securing his loans, and the companies subsequently filed for bankruptcy," Brent said via e-mail. "It is not the best outcome for any party, but we will move to conclude the repossession and resale of the medallions as quickly as the court will allow."

Brent called Freidman's claims that the bank dropped his companies in order to curry favor with Uber a "laughable conspiracy theory."

He continued: "The reason we are in this position is simple. We extended loans to Mr. Freidman's businesses, they defaulted on them, and he has repeatedly refused to make a good-faith effort to work with us to resolve the matter. Period."

According to court papers, Freidman's companies want to restructure the Citibank loans so they can eventually pay the bank's allowed claim while in bankruptcy.

"The debtors require some breathing room from Citibank and its unexplained aggression so that [they] can formulate and propose a plan that makes sense for all the debtors' stakeholders, the hundreds of men and women that make a living using the debtors' medallions and taxi vehicles, and the industry as a whole that is threatened by the actions of one lender," Freidman wrote.

The debtors have signed nondisclosure agreements with two potential lenders and have meetings set over the next three weeks with potential lenders, Freidman said.

"This Chapter 11 reorganization is necessary to protect hard-working taxi drivers, taxi operators and the entire taxi medallion industry from overly aggressive lenders,"Freidman spokesman Ronn Torossian said via e-mail. Freidman's companies will continue to operate, according to Torossian.

The bankruptcy cases come as a battle wages between Uber and taxis in New York.

On Wednesday, New York Mayor Bill de Blasio threw out a plan to cap the number of Uber vehicles that can operate in the city at once.

Uber representatives could not be reached for comment Thursday.

Debtor counsel Maeghan McLoughlin and Fred Stevens of **Klestadt Winters Jureller Southard Stevens LLP** directed requests for comment to Torossian. ■

PRIVATE EQUITY

KKR and Borealis Maritime buy Hanseatic Ship

BY JONATHAN BRAUDE

Kohlberg Kravis Roberts & Co. LP (KKR) and London-based shipping operator **Borealis Maritime Ltd.** set sail on Thursday with an 18-vessel container and dry-cargo fleet, acquired from German lender **Commerzbank AG** for $254.5 million.

Commerzbank is selling **Hanseatic Ship Asset Management GmbH**, a wholly owned internal restructuring platform within its bad bank, **Inlandsbanken Holding GmbH**. It was set up to take over individual ships from existing, nonperforming credit relationships.

"In a favorable market environment we were able to divest HSAM GmbH earlier than expected," said said Stefan Otto, a board member of Commerzbank's noncore shipping assets division NCA Deutsche Schiffsbank, in a statement, stressing that the unit is continuing upon a "consistent path of value-preserving run-down."

Commerzbank will take a write-down of €40 million ($44 million) on the book value of the holding, which will be recorded in its second-quarter results. But it said that a release of risk-weighted assets in the third quarter would mean the overall net capital effect would be more or less neutral. KKR and Borealis Maritime will buy Hanseatic Ship Management throught Embarcadero Maritime III, a joint venture they formed to invest in distressed shipping assets.

Describing the 13 container ships and 5 dry-bulk carriers in a statement as vessels that are "second to none," Borealis Maritime CEO Christoph Toepfer said: "The acquisition of HSAM will significantly increase our managed fleet, making us one of Europe's leading container vessel operators."

The buyers said that following the purchase, their investment vehicles would jointly operate over 50 vessels in the container, chemical, product and LPG sectors.

They said they had already spent more than $600 million on vessel acquisitions and would continue to pursue additional transactions opportunistically.

The pair also bought 9 container vessels from Commerzbank in 2014.

"Partnering with maritime lenders to offer feasible solutions to problematic lending engagements remains a core component of our expansion strategy," said Brian Dillard, a member of KKR's special situations team, in the same statement.

The purchase comes after years of struggle for Germany's shipping industry and its lenders, following the 2008 financial crisis. Before the collapse of **Lehman Brothers Holdings Inc.**, Germany's favorable tax treatment for shipping investment had led to a buying spree which saddled the country with the largest container fleet in the world and built it up into the world's No. 4 seafaring nation.

Last month, The Deal reported that Commerzbank, as Germany's second-largest ship financier after **HSH Nordbank AG**, had €17 billion in ship financing on its books, though the part of the total classed as nonperforming loans was "in single digits." HSH Nordbank, with €21 billion, regarded about 50% of the total as nonperforming.

Commerzbank was up 0.3% at €12.05 in late trading on Frankfurt's Xetra exchange on Thursday. ■

ExteNet Systems receives $1 billion

BY CHRIS NOLTER

A $1 billion recapitalization by **ExteNet Systems Inc.** will provide an exit for the varied group of backers that the wireless communications infrastructure company has assembled over roughly a decade.

Digital Bridge Holdings and **Stonepeak Infrastructure Partners** are providing new capital, it was announced Thursday, replacing current backers **Columbia Capital**, **Centennial Ventures**, Sevin Rosen Funds, **CenterPoint Ventures**, **Palomar Ventures**, a vehicle of **Soros Fund Management** and **SBA Communications Inc**. (SBAC).

ExteNet CFO Dan Timm said in an interview that the capital will fund expansion of small cell networks and distributed antenna systems, which boost wireless network capacity in areas with high traffic. Timm would not discuss the composition of the new financing.

"There is so much new build going on in this industry that a lot of our growth by definition will be organic," Timm said. "There certainly can be some opportunities to do acquisitions to fuel our growth too."

ExteNet has acquired assets. In 2012, the company bought distributed antenna systems in New York, Chicago, Las Vegas, and Auburn, Ala., from SBC for $125 million. SBC also contributed DAS assets to ExteNet as part of a 2010 fundraising.

The company's new investors have a background in infrastructure investment.

Former **Blackstone Group** senior managing director Ben Jenkins and ex-**Global Tower Partners** founder and CEO Marc Ganzi formed Digital Bridge in 2013. Before co-founding Digital Bridge, Ganz sold Global Tower Partners to **American Tower Corp**. for $4.8 billion. Digital Bridge's portfolio includes wireless tower operator Vertical Bridge Acquisitions LLC, which acquired a tower portfolio from radio station group **iHeartMedia Inc.** (IHRT) for $400 million last year.

Blackstone veteran Michael Dorrell and Macquarie Group PE executive Trent Vichie founded Stonepeak Infrastructure Partners

CONTINUED >

SENSE OF THE MARKETS

Activists continue to squeeze value out of Jamba

BY RONALD OROL

When freshly squeezed juice retailer **Jamba Inc**. (JMBA) reports its quarterly results early next month, the potential is there for more franchising of its Jamba Juice store locations, as well as more share buybacks.

All of this is thanks, in part, to a recently concluded campaign from activist investors that resulted in two of the dissidents being added to the company's board.

After threatening a proxy contest, Glenn Welling, of **Engaged Capital LLC**, and **JCP Investment Management LLC**'s James Pappas were both added to Jamba's board in January, with the stated purpose of getting the company to consider franchising most of their company-owned stores.

And while Welling and Pappas are only two voices on a nine-person board, their presence a little over half a year later appears to be having the desired impact: Jamba CEO James White recently announced that the company is on track to reach its goal of 90% franchised stores and only 10% company-owned units by the end of the year, a move that is expected to generate between $60 million and $70 million in cash.

Jamba announced recently that it has hiked its share repurchase authorization to $40 million from $25 million and that it planned to use some proceeds from the franchising initiative to buy back shares.

In May, Jamba said it had repurchased about $21.8 million worth of shares, leaving $18.2 million of unspent buyback funds that had already been authorized by the board.

However, that's just the beginnning.

Analysts expect Jamba to use the bulk of the proceeds from new franchising deals over the next few months to buy back shares—a move that is expected to drive stock price appreciation in the coming months.

The cash-generation power of franchising could be even greater—as The Deal previously reported, people close to the situation said it could rise to as high as $100 million.

The franchising moves, the company's zero debt and a recent move to open nine co-branded locations with Bruggers Bagels has convinced Wedbush analysts to give Jamba an "outperform" market rating. "We've seen the franchising model become more successful in the way the street perceives things," said Wedbush analyst Phil Terpolilli. "When a company goes through this process they've been rewarded from a valuation perspective."

The franchising initiative is moving faster than the company expected—Jamba initially was scheduled to complete it in early 2016 but in May the company said it planned to get to its 90%/10% goal by year's end.

Emeryville, Calif.-based Jamba has already completed the franchising of 34 company-owned stores since the beginning of 2015 and it also struck a deal in April to franchise 100 additional Jamba Juice locations in California to **Vitaligent LLC** for $36 million.

"They will reach their goal faster than expected," Terpolilli said.

For Welling and Pappas, that's good news. The stock is trading at about $15.59 a share, higher than the $10.54 to $12.54 a share price originally paid by Welling's Engaged Capital to acquire its 7% stake in July 2014, according to a regulatory filing.

Engaged has since raised its stake to 10.2%.

Another analyst suggested that the move to franchise most of the remaining stores made a lot of sense because Jamba Juice executives have "tended to be poor operators."

In addition, the shift allows Jamba to concentrate on innovating in new areas—cold-pressed fresh juice anyone?

It also assists them in setting up new franchise operations in the U.S. and abroad. In June, Jamba announced it set up a franchise arrangement for 70 stores in Indonesia over the next 10 years, following on stores in Canada, the Philippines, South Korea and a number of other countries.

Terpolilli suggested that it makes sense to keep a few company-owned stores to help test and innovate. "They can see in terms of actual dollars what works and what desn't," he said.

A Jamba spokesman declined to comment further on the company's strategy.

Jamba is set to announce second-quarter financial results on Aug. 6. Look for more juicy franchising and buyback announcements then. ■

< PREVIOUS

in 2011. The New York firm invests in infrastructure in sectors ranging from energy to water and communications.

ExteNet's biggest customers are wireless carriers such as **Verizon Communications Inc.** (VZ), **AT&T Inc.**, **Sprint Corp.** (S) and **T-Mobile USA Inc.** (TMUS).

The company also constructs networks for venue operators.

Other companies with small cell or DAS assets include **InSite Wireless Group LLC**, backed by Catalyst Investors and Cox Communications Inc., and **Crown Castle International Corp.** (CCI).

Though wireless data usage has a double digit compound annual growth rate, Timm does not expect a land rush of competitors. "Its not an easy business to get into. It's got high capital intensity. It requires specific expertise," he said. "It takes some scale to be an effective participant."

TAP Advisors represented ExteNet and its shareholders.

Reed Smith LLP lawyers Michael Lee and included Jeff Schumacher, Ben Brimeyer, Morley Fortier and DeJohn Allen provided counsel to ExteNet,

Paul, Weiss, Rifkind, Wharton & Garrison LLP represented preferred stockholders of ExteNet.

Simpson, Thacher & Bartlett LLP represented Digital Bridge and Stonepeak.

SunTrust Robinson Humphrey is the agent for the debt financing. ■

Bondholders optimistic about new PREPA fix

BY LISA ALLEN

Puerto Rico Electric Power Authority (PREPA)'s bondholder group has revealed a new restructuring plan that hinges on a debt swap for $8.1 billion in bonds and estimates $2.5 billion in bond financing cost savings, but the utility retorted that the plan is "unachievable" and said it lacks support from key stakeholders.

"Compared to PREPA's most recent proposal, this framework provides better financial terms for PREPA across the board—including lower interest rates, lower debt outstanding, and a longer and more flexible debt maturity profile," said PREPA bondholder group's financial adviser, **Houlihan Lokey Inc.**'s Stephen Spencer in an e-mailed statement on Thursday.

A spokeswoman for PREPA, the state-owned utility that provides 99% of the power in the Commonwealth of Puerto Rico, responded Thursday that "Although [the proposal] contains several positive elements—including an acknowledgment of the importance of keeping rates affordable and the need for substantial debt service relief for a number of years—it does not provide a path for a successful restructuring."

PREPA's statement contended that the bondholder proposal "is not achievable because it imposes disproportionate risks on ratepayers and other creditors—it does not share the burden."

The statement also asserted that the proposal lacks the support of creditors such as PREPA's bond insurers and revolving fuel line lenders.

The bondholder group acknowledged in a presentation released Thursday that the bond insurers haven't come out in support of their proposal, and noted that "some changes to the proposal may be necessary to accommodate the insured bonds."

A source familiar with the bondholder group, who requested anonymity, said by phone, "We plan to work with them and the other creditors to refine the framework and take into account their potential adjustments, while recognizing what their needs are."

The source added that "their support is necessary. We are focused, and confident that we can win their support."

PREPA's bond insurers expressed concerns about the new plan, but emphasized their commitment to reaching a restructuring agreement.

A spokesman for PREPA bond insurer National Public Finance Guarantee Corp., a unit of **MBIA Inc.**, responded via e-mail, "While National believes that a well-structured, market-based securitization financing represents the foundation of a long-term durable solution for PREPA, its creditors and rate payers, the current ad hoc group proposal was developed without consultation with the bond insurers and disproportionately impacts our interests. "

A spokeswoman for PREPA bond insurer **Assured Guaranty Ltd.** said via e-mail, "While we do not support the recovery plan proposal released last evening by the ad hoc bondholder group, we believe that a properly structured securitization transaction could play an important role in PREPA's recovery plan. ."

A spokesman for the bondholder group declined to comment.

PREPA and its creditors are operating under a forbearance agreement that extends through Sept. 15, as long as the parties reach a restructuring agreement by Sept. 1. That deadline comes on the heels of the **Commonwealth of Puerto Rico**'s Aug. 30 deadline for releasing an economic recovery and fiscal adjustment plan for its own $72 billion debt restructuring.

Despite PREPA's resistance to the latest plan, the source familiar with the bondholder group said it is absolutely realistic for the parties to succeed in drawing up a restructuring support agreement by that date. The bondholder presentation stressed that the electricity rates under their plan would be 15% lower than PREPA's average rates during August 2014. Ratepayers would be charged a fee to cover payments on the new bonds.

Under the proposed bond swap, PREPA would ask holders of its existing $8.1 billion in secured revenue bonds to exchange their securities for new debt.

The new debt would be split into two tranches, with 70% of the principal amount in so-called tranche A bonds, and the remaining 30% in tranche B bonds.

Tranche A bonds would bear interest at an average of 4.1% across a variety of debt maturity dates. Principal payments would be deferred for three years. Debt service payments would be made between 2019 and 2043.

Tranche B bonds would offer up to 19 years of principal and interest deferral, bearing interest at a base rate modeled on the bonds' credit score under Standard & Poor's municipal bond rating system plus 200 basis points. They would start bearing interest at a rate of 10% of the final maturity amount in 2035 and continue until a final maturity in 2044.

According to documents outlining the restructuring proposal, PREPA's current bonds bear interest at an average rate of 5.24%.

The proposal notes that the anticipated $2.5 billion in bond financing savings was calculated based on 90% participation in the bond swap.

The plan is designed to work in scenarios in which PREPA either continues to own its power generators, or alternatively, privatizes its generation capacity.

PREPA had released certain details about its own restructuring plan on June 1, and bondholders said the utility provided an amended plan to them on June 25, which they rejected.

The bondholder group presented its latest plan to PREPA at a July 7 meeting.

The group consists of **BlueMountain Capital Management LLC**, **Marathon Asset Management LP**, **Knighthead Capital Management LLC**, **Franklin Resources Inc.**, **Oppenheimer Funds Inc.**, **DE Shaw Galvanic Portfolios**, **Angelo Gordon**, and **Goldman Sachs Asset Management LP**, a source previously told The Deal.

PREPA operates under the guidance of chief restructuring officer Lisa Donahue. ■

REGULATION

Bank rules overhaul pinned to crucial spending bill

BY RONALD OROL IN WASHINGTON

A key congressional committee on Thursday included a broad financial regulatory bill totalling 200-plus pages to must-pass spending legislation, irritating several Democrats on the panel and setting up a showdown with the White House.

The Senate Appropriations Committee approved a financial services spending bill on party line 16-14 vote.

The bill includes a package of authorization-focused provisions that are typically outside the purview of a spending bill, including a major one seeking to roll back aspects of the Dodd-Frank financial reform law enacted in the wake of the 2008 financial crisis.

The author of the amendment to rewrite Dodd-Frank, Sen. Richard Shelby, R-Ala., sits on the Appropriations Committee and at the same time is chairman of the Senate Banking Committee, the panel responsible for financial legislation.

Speaking during the Appropriations Committee vote, Shelby said he attached the package in a bill that would fund federal financial regulators as a way of encouraging Democrats on the panel to work on compromise legislation with him. (The package of Shelby-backed Dodd-Frank reform changes were approved on a party line vote by the Senate Banking Committee in May.)

"I believe the inclusion of this in the bill presents another opportunity to explore areas of bipartisan agreement in an effort to make the changes that both sides of the aisle believe need to be made," Shelby said. "After five years of Dodd-Frank, even the Federal Reserve and other regulators have said that we need to revisit some of these issues. We will have two trains running here."

The package has a variety of components but a key measure seeks to raise the asset size threshold at which a bank automatically becomes designated systemically important from $50 billion to $500 billion, even though it continues to allow regulators discretion to designate some smaller regional midsize banks based on their risk profile.

As part of the Dodd-Frank Act, which was written in the wake of the 2008 financial crisis, banks designated as systemically important financial institutions, or SIFIs, are subject to tougher capital, liquidity requirements as well as required to draft living wills explaining how they would unwind themselves in bankruptcy.

Proponents of a higher threshold argue that midsize regional banks did not cause the 2008 crisis and should receive relief while some opponents, including Sen. Elizabeth Warren, D-Mass., point out that certain regional banks did fail or required government-backed rescuing during the credit crunch. They add that studies demonstrate how several midsize banks collapsing at the same time could also cause a future systemic crisis.

At the appropriations bill debate, Sen. Susan Collins, R-Maine, said she supported most of the bill. However, she argued that raising the SIFI threshold to $500 billion was a step too far. "The concern I have is the financial crisis was triggered in part by collapse of institutions that had less than $500 billion, such as Bear Stearns and Washington Mutual," Collins said.

She acknowledged that many banks in the $50 billion to $500 billion range don't engage in systemically risky practices and she also said she understood that Shelby's bill would give regulators the ability to designate institutions between $50 billion and $500 billion as SIFIs. Nevertheless, she said she wanted to work with Shelby to "consider an alternative" that raises the threshold but not to as high as $500 billion.

Democrats on the committee had even more issues with the bill, complaining that Shelby's Dodd-Frank provisions aren't germane and shouldn't be included in an appropriations bill.

Democrats took issue with provisions changing the SIFI threshold and measures related to the Consumer Financial Protection Bureau, which writes rules for mortgages and other credit products.

One provision would require the CFPB get its funding from the appropriations committee, rather than the current way it is automatically funded from the Federal Reserve.

Sen. Chris Coons, D-Del., said he was disappointed that the bill would dismantle Wall Street reforms. "This appropriations bill makes significant changes to how we would address systemic risk and makes changes to the CFPB and other elements of Wall Street reform," Coons said.

Sen. Richard Durbin, D-Ill., noted that 236 pages of the spending bill are the Shelby provision, representing more than half of the overall 420-page spending bill. "What they've offered is an amendment that is longer than your bill. And it's a substantive amendment. It is literally changing Dodd-Frank rules and laws," he said.

The House is also taking steps to make changes to Dodd-Frank.

For example, in June, the House Appropriations Committee approved a bill that would subject the CFPB budget to approval by Congress.

If the Senate bill remains the same, a White House veto is all but certain. Treasury Secretary Jacob Lew on Monday raised concerns about efforts to use the appropriations process to make changes to Dodd-Frank. He suggested that the White House would veto bills that "threaten to turn the clock back to 2008."

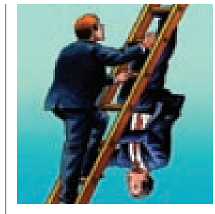
"This tactic of using riders on must-pass legislation to chip away at crucial financial reforms is unacceptable," Lew said. "And let me be clear: this administration will strongly oppose these efforts." ■

HOW TO USE THE DAILY DEAL DIGITAL

This version of The Daily Deal is based on eMprint. Readers can move around the publication using the navigation bar at the bottom of the screen. The index lists every article and feature in the current edition and serves as a map for the entire publication. ■

MOVERS & SHAKERS

COMPILED BY BAZ HIRALAL



Pressured by meeting government standards and the financial performance of its peers, **Bank of America Merrill Lynch** CEO **Brian Moynihan**, 55, is making changes, though he stated the moves were a result of "decisions two senior leaders have made about their own futures." After five and a half years as chief risk and financial officer, **Bruce R. Thompson** will leave the bank. Despite a recent history of flipping CFO's, the announcement is a surprise. Thompson, who was seen as a possible Moynihan replacement, will be replaced by **Paul Donofrio** on Aug. 1.

Thompson, 51, was part of a team overseeing BofA's stress test dealings with the Federal Reserve. The Wall Street Journal, citing a person familiar with the matter, reported "the once-close relationship between Moynihan and Thompson deteriorated in recent months. A person close to Thompson said he was interested in pursuing jobs where he would get to work more closely with clients."

BofA, which has failed the tests in the past, most recently got off with a Fed warning that its internal controls were weak and that it has deficiencies in predicting how healthy it would remain in a crisis. The bank will have to resubmit its capital spending plan, notably affecting dividend increases or buybacks, by the end of September.

Thompson joined Banc of America Securities LLC's high-yield origination group as a managing director in 1996 and was named head of U.S. leveraged finance debt capital markets in 2006. He took the CFO role from **Chuck Noski**, who was finance chief since 2010. **Joe Price** was the previous CFO, assuming the role in 2006 from **Alvaro G. de Molina**, who held the job for 18 months, having replaced **Marc Oken**, who was in the role since April 2004. Moynihan was named CEO in January 2010 and took the chairman job in 2014.

Donofrio has been with BofA since 1999. Prior to being named strategic finance executive for the bank, serving as CFO of consumer banking and global wealth and investment management, Donofrio was co-head of global corporate and investment banking, co-head of global investment banking, and head of global corporate banking.

In addition, global human resources executive **Andrea Smith** will assume a new position as chief administrative officer. Vice chairman **David Darnell** will retire by the fourth quarter, after more than 35 years with the bank. Smith, who joined Bank of America in 1988, will also partner with **Terry Laughlin** and begin a transition of responsibility for the company's annual Comprehensive Capital and Review (stress test) submission and global resolution and recovery planning. Laughlin remains responsible for the resubmission of the 2015 CCAR. Both will work on the spring 2016 submission. Replacing Smith as global human resources executive is **Sheri Bronstein**, who will join the management team and report to Moynihan. When Darnell retires, Laughlin will assume responsibilities as leader of GWIM and be appointed vice chairman. Laughlin, who is president of strategic initiatives, has worked with BofA and Merrill Lynch & Co., including serving as CRO for Bank of America, and chairman and CEO of Merrill Lynch Bank & Trust. Also, **Anne Finucane** was appointed vice chairwoman and continues as global chief strategy and marketing officer.

One notable mention in an internal memo from Moynihan was the work of chief operating officer **Tom Montag**, whom he praised for leadership. Montag also oversees the high-profile investment banking unit. Though there's no indication Moynihan is going anywhere, the fast-rising Montag is now on a shorter list to replace him. In 2008, Montag was recruited by former **Goldman, Sachs & Co.** colleague **John Thain** to become Merrill's head of global sales and trading. After the merger in 2009, former BofA CEO **Ken Lewis** named him president of global banking and markets, replacing former Merrill chairman and CEO Thain, who left the bank.

Expanding in Florida and Ohio, **FisherBroyles LLP**, a cloud-based law firm founded in 2002, tapped eight attorneys from **Roetzel & Andress LPA**. In addition to a white collar litigation practice and a health, drug and pharmacy litigation and compliance practice, the group brings residential and commercial real estate, transportation and logistics, and commercial litigation capabilities. Partners include **Brian E. Dickerson**, **Daniel K. Weidenbruch**, **Robert G. Menzies**, **Nicole Hughes Waid**, **Anthony J. Calamunci**, **Robert B. Graziano**, **Michael R. Traven** and **Amy L. Butler**.

Madison Capital Funding LLC took on **Jon Leisinger** as a director and head of mezzanine credit. Leisinger joins from Sankaty Advisors, the credit affiliate of **Bain Capital**, where he was an executive vice president.

Brown Rudnick LLP appointed London-based **Philip Rogers** as a partner and head of emerging markets, corporate. He was previously head of corporate at **Clyde & Co.**

Squire Patton Boggs said **Dylan O. Drummond** joined the firm as of counsel in its global litigation and dispute resolution practice, based in Dallas. Drummond joins from **K&L Gates LLP**.

Brian Graham joined the Austin office of **K&L Gates LLP** as a partner in its labor, employment and workplace safety practice and global employer solutions offering. Graham joins from **Strasburger & Price, LLP**, where he was chair of the immigration law team and EB-5 task force.

Magnolia D. Levy joined **Pryor Cashman LLP** as counsel in the New York office, where she will practice in the family law group. She joins from **McLaughlin & Stern LLP**. ■

THE DAILY DEALS

July 23, 2015 4:00 p.m.

TARGET	ACQUIRER	$	SPREAD with dividends	%	CHANGE F/ PREVIOUS DAY	5 days ago	10 days ago	Annualized return	Est. close
Alcatel-Lucent	Nokia OYJ	0.14	0.14	3.82	0.00	0.14	0.14	7.3	1/31/16
Altera Corp.	Intel Corp.	4.33	4.51	9.08	0.25	3.62	4.72	10.6	5/31/16
Ann Inc.	Ascena Retail Group Inc.	0.16	0.16	0.34	0.02	0.17	0.21	3.1	9/1
Associated Estates Realty Corp.	Brookfield Asset Management Inc.	0.05	0.05	0.17	-0.02	0.06	0.07	1.6	8/31
Baker Hughes Inc.	Halliburton Co.	7.11	7.08	11.94	0.14	5.13	5.09	27.1	12/31
BG Group Inc.	Royal Dutch Shell plc	14.42	14.42	87.52	0.10	14.85	14.52	165.5	2/1/16
Bio-Reference Laboratories Inc.	Opko Health Inc.	0.65	0.65	1.39	0.04	0.55	1.96	3.9	11/30
Broadcom Corp.	Avago Technologies Ltd.	3.84	3.84	7.34	0.02	3.25	3.89	10.6	3/31/16
Caesars Acquisition Co.	Caesars Entertainment Corp.	-3.49	-3.49	-50.54	-0.08	-3.51	-2.57	222.2	5/1
Catamaran Corp.	UnitedHealth Group Inc.	0.03	0.03	0.05	0.04	0.03	0.30	0.4	9/1
China Mobile Games & Entertainment	Pegasus Investment Holdings	0.54	0.54	2.52	-0.01	0.63	1.92	9.1	11/1
Chubb Corp.	Ace Ltd.	3.97	3.55	2.89	-0.07	3.79	3.98	5.5	1/31/16
Cigna Corp.	Anthem Inc.	32.64	32.64	21.15	3.23	34.01	32.27	14.6	12/31/16
City National Corp.	Royal Bank of Canada	1.20	1.20	1.34	-0.06	1.71	1.92	7.1	9/30
Cleco Corp.	Macquarie Infrastructure	1.46	1.86	3.45	-0.24	1.53	1.74	18.0	10/1
Dealertrack Technologies Inc.	Cox Automotive	1.10	1.10	1.77	-0.01	0.92	1.03	71.8	8/1
Delhaize Group SA	Ahold NV	1.41	1.41	6.45	-0.00	1.42	1.55	6.9	6/30/16
Depomed Inc.	Horizon Pharma plc	0.15	0.20	0.63	-0.01	0.32	2.06	N/A	N/A
DirecTV	AT&T Inc.	0.95	0.95	1.03	0.01	1.93	1.76	16.3	8/15
Excel Trust Inc.	Blackstone Property Partners LP	0.02	0.02	0.13	0.01	0.03	0.05	0.7	9/30
Freescale Semiconductor Ltd.	NXP Semiconductors NV	0.74	0.74	1.97	0.06	0.63	0.74	10.4	9/30
Gramercy Property Trust Inc.	Chambers Street Properties	-7.78	-7.79	-32.20	-0.27	-7.89	-6.63	68.7	2/2
Hawaiian Electric Industries Inc.	NextEra Energy Inc.	-3.92	-3.92	-13.50	0.43	-5.48	-5.45	-49.3	10/31
HCC Insurance Holding Inc.	Tokio Marine Holdings Inc.	0.84	0.84	1.09	0.03	0.56	0.84	2.7	12/15
Health Net Inc.	Centene Corp.	5.25	5.25	7.84	0.84	6.21	5.52	9.1	5/31/16
Home Properties Inc.	Lone Star Funds	2.13	2.13	2.91	-0.08	1.78	2.06	9.2	11/15
Hospira Inc.	Pfizer Inc.	0.74	0.74	0.83	0.06	0.77	0.87	4.4	9/30
Humana Inc.	Aetna Inc.	34.08	34.08	18.44	0.19	33.14	32.99	15.4	10/1/16
Informatica Corp.	Permira Funds, Canada PPIB	0.25	0.25	0.52	0.00	0.19	0.27	4.7	9/1
Integrated Silicon Solution Inc.	Uphill Investment Co.	1.29	1.29	5.92	0.07	1.14	1.15	13.4	12/31
Kythera Biopharmaceuticals Inc.	Allegran plc	0.63	0.63	0.85	-0.05	0.62	-0.27	4.5	9/30
LNB Bancorp Inc.	Northwest Bancshares Inc.	0.09	-0.12	-0.62	-0.01	0.11	0.15	-10.4	8/14

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N/A = not available

Spreads, including deals with collars that are not yet in the pricing period, are calculated using stock figures available at market close. The final terms for deals with collars may be different. When estimations for pricing periods are not available, the spread is determined by the acquirer's share price at the market close. The close date is estimated. Spreads do not include dividend payments that have not been announced.

THE DAILY DEALS

< PREVIOUS

TARGET	ACQUIRER	$	SPREAD with dividends	%	CHANGE F/ PREVIOUS DAY	5 days ago	10 days ago	Annualized return	Est. close
MarkWest Energy Partners LP	MPLX LP	-0.58	-0.14	-0.22	-1.71	-1.21	19.99	-0.6	12/1
Martha Stewart Living Omnimedia Inc.	Sequential Brands Group Inc.	0.02	0.02	0.33	0.00	-0.04	-0.11	-1.4	4/30
Micrel Inc.	Microchip Technology Inc.	0.04	0.04	0.29	0.04	0.04	0.07	4.5	8/15
Momo Inc.	Tang consortium	2.90	2.90	17.90	-0.20	3.13	3.85	N/A	N/A
Mylan NV	Teva Pharmaceutical Industries Ltd.	15.44	15.44	23.20	-1.34	13.56	11.65	N/A	N/A
Office Depot Inc.	Staples Inc.	2.43	2.43	30.53	-0.22	2.00	1.88	278.6	9/1
OM Group Inc.	Apollo Group Management LLC	0.02	0.02	0.06	-0.07	-0.25	-0.50	0.2	10/31
Omnicare Inc.	CVS Health Corp.	2.72	2.72	2.85	-0.36	2.31	3.23	8.0	11/30
Orbitz Worldwide Inc.	Expedia Inc.	0.84	0.84	7.53	0.05	0.79	0.72	39.8	9/30
Pall Corp.	Danaher Corp.	1.49	1.49	1.19	0.01	1.40	1.79	6.3	9/30
PartnerRe Ltd.	Axis Capital Holdings Ltd.	1.62	1.62	1.19	0.12	2.76	7.23	11.2	8/31
PartnerRe Ltd.	Exor SpA	5.11	5.11	3.77	-0.71	6.21	9.37	N/A	N/A
Pepco Holdings Inc.	Exelon Corp.	0.84	0.84	3.18	-0.48	0.20	0.36	29.8	8/31
Perrigo Co. plc	Mylan NV	38.38	38.38	20.23	3.74	45.60	56.79	N/A	N/A
Polypore International Inc.	Asahi Kasei Corp.	0.48	0.48	0.80	-0.07	0.44	0.45	36.5	7/31
RealD Inc.	Starboard Value LP	-0.16	-0.16	-1.32	0.00	-0.64	-0.32	3.7	3/15
Receptos Inc.	Celgene Corp.	3.73	3.73	1.63	-0.13	2.98	41.73	-4.6	3/15
Remy International Inc.	BorgWarner Inc.	0.00	0.00	0.00	0.11	0.04	9.11	0.0	5/1
Renren Inc.	Chen and Jain Lui	0.56	0.56	15.38	0.04	0.65	0.64	N/A	N/A
Rexam plc	Ball corp.	50.14	50.14	9.03	-2.96	-156.71	-150.82	13.1	3/31/16
RTI International Metals Inc.	Alcoa Inc.	-0.06	-0.14	-0.51	-0.62	-0.14	0.28	-20.6	8/1
Ryland Group Inc.	Standard Pacific Corp.	-0.16	-0.16	-0.35	0.34	0.08	-0.63	-1.0	11/30
SFX Entertainment Inc.	Robert Sillerman	1.29	1.29	32.58	0.05	1.52	1.27	91.5	11/30
Sigma-Aldrich Corp.	Merck KGaA	0.44	0.44	0.32	0.03	0.45	0.68	-2.2	6/1
Square 1 Financial Inc.	PacWest Bancorp	0.69	0.69	2.46	-0.03	0.30	0.66	10.7	10/15
Susquehanna Bancshares Inc.	BB&T Corp.	0.04	0.04	0.27	-0.02	0.00	0.01	4.3	8/15
Synergy Health plc	Steris Corp.	630.90	630.90	36.36	-9.99	547.24	485.95	N/A	N/A
Time Warner Cable Inc.	Charter Communications Inc.	8.90	8.90	4.67	1.27	12.02	12.04	10.6	12/31
Towers Watson & Co.	Willis Group Holdings plc	1.59	1.59	1.26	-0.12	0.30	0.32	3.5	11/30
Williams Cos. Inc.	Energy Transfer Equity LP	1.93	1.44	2.69	-0.27	1.62	3.43	N/A	N/A
Williams Partners LP	Williams Cos. Inc.	13.66	14.51	31.98	-0.14	16.56	17.18	169.2	9/30
Wright Medical Group Inc.	Tornier NV	-0.20	-0.20	-0.77	0.14	-0.22	-0.06	-35.1	7/31
WuXi PharmaTech Cayman Inc.	Li consortium	3.29	3.29	7.70	0.06	4.00	6.46	N/A	N/A

N/A = not available

Spreads, including deals with collars that are not yet in the pricing period, are calculated using stock figures available at market close. The final terms for deals with collars may be different. When estimations for pricing periods are not available, the spread is determined by the acquirer's share price at the market close. The close date is estimated. Spreads do not include dividend payments that have not been announced.

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COMPANY INDEX

A-H

Adelante MediGroup LLC 6
Aetna Inc.............................. 5
Alpha Media LLC 6
American Tower Corp.................. 9
Angelo Gordon 11
Anthem Inc. 5
Assured Guaranty Ltd. 11
AT&T Inc. 10
Bain Capital.......................... 13
Bank of America Corp. 7
Bank of America Merrill Lynch 13
Banner Corp........................... 7
Blackstone Group 9
BlueMountain
Capital Management LLC.............11
Borealis Maritime Ltd. 9
Brand Group Holdings Inc............... 7
Brown Rudnick LLP 13
Carlyle Group LP....................... 7
Centene Corp........................... 5
Centennial Ventures 9
CenterPoint Ventures 9
Cigna Corp. 5
Citibank NA............................ 8
Clyde & Co. 13
Columbia Capital........................ 9
Commerzbank AG....................... 9
Commonwealth of Puerto Rico...........11
Connoisseur Media LLC................. 6
Crown Castle International Corp........ 10
DE Shaw Galvanic Portfolios 11
Digital Bridge Holdings 9
Digity LLC............................. 6
Engaged Capital LLC................... 10
ExteNet Systems Inc.................... 9
First Horizon National Corp. 7
FisherBroyles LLP 13
Franklin Resources Inc..................11
Friedman Fleischer & Lowe LLC 7
Garrison Investment Group LP 6
Global Tower Partners 9
Goldman, Sachs & Co. 7, 11, 13
Hanseatic Ship
Asset Management GmbH 9
Health Net Inc.......................... 5
Houlihan Lokey Inc. 11
HSH Nordbank AG....................... 9
Humana Inc............................ 5
Hypnotic Taxi LLC 8

I-Z

iHeartMedia Inc......................... 9
Inlandsbanken Holding GmbH 9
InSite Wireless Group LLC 10
Jamba Inc. 10
JCP Investment Management LLC 10
K&L Gates LLP 13
KKR.................................... 2
Klestadt Winters
Jureller Southard Stevens LLP 8
Knighthead Capital Management LLC...11
Kohlberg Kravis Roberts & Co. LP 9
L&L Broadcasting LLC.................. 6
Lehman Brothers Holdings Inc. 9
Madison Capital Funding LLC.......... 13
Marathon Asset Management LP........11
MBIA Inc. 11
McLaughlin & Stern LLP............... 13
Morris Communications Co. LLC........ 6
Nonami LLC 7
Oaktree Capital Group LLC 7
Oppenheimer Funds Inc..................11
Palomar Ventures 9
Paul, Weiss,
Rifkind, Wharton & Garrison LLP 10
Petrus Holding Co. LP................... 6
Piper Jaffray & Co. 6
Pryor Cashman LLP.................... 13
Puerto Rico Electric Power Authority....11
Reed Smith LLP........................ 10
Renasant Corp........................... 7
Roetzel & Andress LPA................ 13
Sandton Capital Partners LP............. 6
SBA Communications Inc................ 9
ServisFirst Bancshares Inc............... 7
Simpson, Thacher & Bartlett LLP....... 10
Soros Fund Management 9
Sprint Corp............................ 10
Squire Patton Boggs.................... 13
Stephens Group LLC 7
Stonepeak Infrastructure Partners 9
Strasburger & Price, LLP 13
SunTrust Robinson Humphrey 10
T-Mobile USA Inc. 10
TAP Advisors 10
Taxi Club Management LLC 8
The Deal LLC 6
TheStreet Inc........................... 6
Uber Technologies Inc................... 8
United Community Banks Inc............ 7
Verizon Communications Inc. 10
Vitaligent LLC 10
Wasserstein & Co. LP................... 6
Wilks Broadcast Group LLC............. 6