

Relative Value Research

**BOTTOM-UP
VIEW**

Market Spotlight

Hedge Fund and Cross Asset Research

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EXTRACT FROM A REPORT
Weekly Cross Assets «Ongoing stress and back to square one»
(August 26, 2008)

X-Assets Movers

- **Continental** (DJ STOXX 600 Top 10 Abnormal Volumes; Top 10 European Options Volumes; 3M ATM IV +2.01pt)

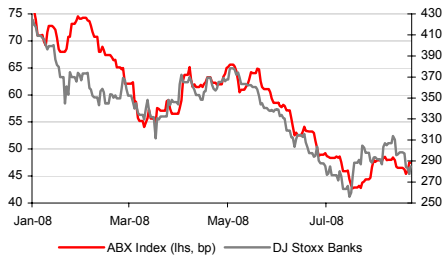
Focus. Ongoing stress and back to square one

The summer has been very volatile. The deterioration in the value of Fannie Mae and Freddie Mac debt securities has increased pressure on financials as they have a significant exposure to agency debt. SG economists estimate that US commercial banks hold about \$1 trillion in agency debt which represents 9% of bank balance sheets. In addition, the Fannie and Freddie problems have spilled over to bank funding, driving up the 6-month and 1-year liquidity spreads. The questions surrounding the GSEs remain at the fore. The plunging values of Freddie-Mac and Fannie-Mae underscore the difficulty in raising fresh capital from private investors. In July, the government approved new legislation allowing the US Treasury to provide new capital to the GSEs if necessary. The government needs a mortgage buyer of last resort that will increase its buying of mortgages from the originating banks. A large injection of US taxpayer funds, an explicit guarantee of agency debt from the government or a full nationalisation of these mortgage agencies remain possibilities. Freddie Mac has already committed to raising \$5.5bn before the end of the quarter and failure to reach some type of resolution is only likely to exacerbate funding concerns at the end of the quarter. An announcement could offer significant relief to the market and particularly to the financials sector. The future performance of the banking sector is likely to depend on the rescue plan as the chart below shows.

There is a strong correlation between the ABX-AAA Index (mortgage-related) and European banks which indicates that only reduced pressure on the credit side would support stock markets. Last week, the cost of senior protection for the GSEs remained well below the mid-July peaks on hopes of a Treasury bailout, while the cost of subordinated protection climbed to 300bp. The relative performance of common stock, subordinated debt and senior debt is likely to be driven by the type of support that the US Treasury offers.

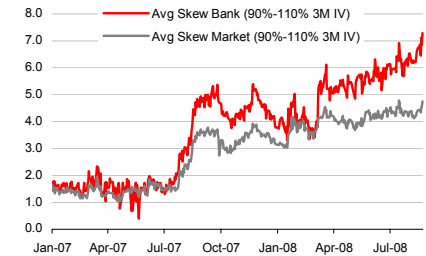
In the derivatives market risk aversion on banks is still on the rise. The average bank's implied skew level (3-month 90%-110% implied volatilities) is now well above that observed in April and the gap with the market is also increasing.

Relief can come with the GSEs' rescue plan



Source: SG Cross Asset Research, Bloomberg

Risk aversion remains high on banks



Source: SG Equity Derivatives Research

News on announced deals

In an Australian Stock exchange announcement, **BG Group** has obtained consent under the New Zealand Overseas Investment Act 2005 and the Overseas Investment Regulations 2005 to complete the acquisition of **Origin Energy**. The consent is subject to confidential conditions, all of which are satisfactory to **BG**. **BG** has therefore waived the condition set out in paragraph 4 of Appendix 2 of the Replacement Bidder's Statement dated 30 July 2008.

GfK is likely to announce today that it will not proceed with a takeover bid for **Taylor Nelson Sofres (TNS)**, the **Financial Times** reported. The report said **GfK's** talks with **Apax Partners** regarding a possible joint bid for **TNS** had broken off due to disagreements over price. **GfK** had been at an advanced stage in its discussions with **Apax**, the article said. A report in the online edition of **The Times** also said **GfK** is likely to announce its withdrawal from the bidding for **TNS** today, a move that could leave the way clear for **WPP** to acquire **TNS**. **TNS** has already rejected a cash plus shares offer from **WPP**. **The Times** report also said negotiations between **GfK** and **Apax** had broken down, with the **Times** report citing governance issues as the sticking point in the talks.

S7 Airlines, the private Russian airline, is not being seen as the ideal strategic partner for **Austrian Airlines (AUA)**, **Oesterreich** reported. **Johann Frank**, the CEO of **Vienna Airport Consulting**, made this statement in the Austrian daily. **Frank**, who has written numerous studies on the Russian airline market, explained in the article that **S7 Airlines** is an outsider in the bidding process for **AUA** given that **S7 Airlines** is not a member of any airline alliance. **Frank** suggested in the report that **S7 Airlines** is aware that it can only acquire **AUA** by offering a very high price, which means that other bidders, such as **Lufthansa** and **Air France-KLM** might be put under pressure to pay more than initially planned. **Frank** stated that **S7 Airlines** would be an excellent partner for eastern European markets, but not more, it added.

Schaeffler has acquired a 0.08% stake in **Continental** outside its takeover offer, **Rheinische Post** reported, citing a company announcement which explained that **Schaeffler** acquired 128,461 **Continental** shares at an average price of €73.88 per share on Monday. **Schaeffler** currently holds roughly 8% in **Continental**, but can acquire another 28% via special security transactions, the report explained.

U.S. Senator **Hillary Clinton** (D-New York) yesterday expressed her support for **Iberdrola's** offer to acquire **Energy East**, **Cinco Dias** reported, citing **Clinton's** spokesperson. The comments were made just before today's meeting of the New York Public Service Commission (NYPSC), the report noted, which is expected to approve **Iberdrola's** acquisition of **Energy East**, with or without conditions. **Iberdrola** will pursue other acquisitions in the US if it fails to acquire **Energy East**, according to a report in **La Razon**. The newspaper cited a source from **Iberdrola** as confirming this yesterday.

Market talk

China Development Bank (CDB) is prepared to pay for **Dresdner Bank** entirely in cash, **Frankfurter Allgemeine** reported, and is also offering a considerably higher price than **Commerzbank**. The report said the chances of **CDB** being the successful bidder have increased in the past few days, with **Allianz** seriously considering selling it a majority stake. The article noted that analysts believe a reasonable price for **Dresdner** could be between €8bn-€9bn. **Allianz** would retain a minority stake, the article claimed. The report said **Commerzbank** intends to pay the purchase price partly in its own shares. It said **Allianz** has doubts about selling to **Commerzbank** because of that bidder's relatively small size and weak capital situation. The newspaper said a sale to **CDB** would offer **Allianz** business possibilities in the growing Chinese market. However, it is thought that **Allianz** CEO **Michael Diekmann** fears political resistance regarding a sale to the Chinese state-owned bank. On the other hand, it is assumed that a sale to **CDB** would result in fewer redundancies at **Dresdner** than if it were sold to **Commerzbank**, and so employees' representatives are pushing for a sale to a foreign bidder, said the report.

Market talk (Cont'd)

3i may be interested in investing in German electricity distribution networks, **Frankfurter Allgemeine** reported, citing **Uwe Danziger**, **3i's** manager for the infrastructure industry in Germany. He also said the firm is interested in projects in Germany such as motorways, harbours, power stations, and wind or solar energy parks. **3i** would only invest in the electricity networks in collaboration with a partner, **Danziger** said. Stability of revenue, as guaranteed by regulation or long-term contracts, is important in such investments, he added. **Danziger** said **3i** has an advantage in bidding for such investments thanks to its focus on long-term investments and the fact that it is content with minority stakes. German daily **Handelsblatt** pointed out that **E.ON** and **Vattenfall** have indicated willingness to shed their networks.

NOL's interest in **Hapag-Lloyd** would depend on the asking price, **Boersen-Zeitung** reported. The German daily cited **Ron Widdows**, CEO of **NOL**, who said he is examining whether or not to submit a binding bid for **Hapag-Lloyd** in September or October. **Widdows** acknowledged that the deal would mean **NOL** assuming a calculated risk. However, he said both companies' good cost structures reduce the risk. He dismissed the idea that **NOL** would be financially over-extending itself with the deal. **Widdows** was also cited as saying that amid ongoing industry consolidation, it is not realistic for **NOL** to rely on organic growth.

ABB would not rule out acquisitions in the solar business segment, **Handelszeitung** reported. **ABB** group chief, **Michel Demare**, told the paper that he would consider acquiring a solar panel manufacturer, and added that anything is possible as he is keeping all options open in this business segment. Regarding the size of **Aguistin**, **Demare** said he is looking at buys of up to CHF 1bn (€621m), though the paper noted **ABB** has around CHF 6bn (€3.724bn) available. **Demare** referred to the recent buy of **Kuhlman Electric** for \$100m (€68m) as the kind of buy he is looking for. **Demare** pointed out to the paper that he is under no time pressure to make acquisitions. When asked if **ABB** could acquire in new business areas, the healthcare sector being named as one example, **Demare** said he wants to concentrate on the core areas and would be surprised if a buy was made in the healthcare sector.

The German government is refusing to modify one of the provisions of the **Volkswagen (VW)** law, **Boersen-Zeitung** reported, referring to a communication it had seen, sent by the German government to the European Commission (EC). The newspaper said the government insists on keeping a provision that gives the German federal state of **Niedersachsen** a veto right over important decisions at **VW**. The newspaper said the German government insists on 20% being the level of ownership in **VW** required for a blocking minority. The EC earlier demanded that this rule be changed. The relevant commissioner, **Charlie McCreevy**, is likely to stand his ground, meaning the case could be taken to the European Court of Justice, the report said. **Frankfurter Allgemeine** reported that opposition to the **VW** law is also growing within Germany. The federal state of **Baden-Wuerttemberg** is to propose the scrapping of the law next week, the newspaper said.

BT is looking into a potential divestment of its 31% stake in **Tech Mahindra**, the **Financial Times** reported. The item said **BT** has reached a decision that its holding in **Tech Mahindra** is not in tune with its strategy in the long run. The report went on to say **BT** is eager to sell its entire holding in **Tech Mahindra** or a large part of it.

Bilfinger Berger could be interested in the industrial services unit being divested by **ThyssenKrupp**, **Frankfurter Allgemeine** reported, citing a **Bilfinger Berger** spokesperson. The newspaper also cited speculation that **Harsco** could also be interested. The report cited **ThyssenKrupp** CEO **Ekkehard Schulz** as denying that this is connected with unexpectedly rising costs for a new steelworks in Brazil. He also said the company would consider shedding other operations. Another German daily, **Boersen-Zeitung**, cited **ThyssenKrupp** managers as saying they would like to see the strategic partner in the special products division primarily pushing forward the Asian and East European business.

Liberty International shareholder **Sir Donald Gordon** is speculated to be willing to dispose of his stake, the **Daily Mail** said in a market report. The speculation suggested **Gordon**, who together with his family controls a 21% holding in the property company, would sell if he was made the right offer. **SPG Properties**, yesterday announced it had accumulated a 4.22% **Liberty** stake, the report said. It added that property group **Westfield** then revealed its own 2.96% stake in the business, stating that the shares had been acquired as an investment. However, dealers were sceptical and believe **Westfield** may be preparing a full takeover bid, the report said. It went on to note that the two potential predators have previously worked as an acquisition team and may do so again.

Watch list

Watch list

Date	Target	Potential Bidder	Close (1)	Takeover price (2)	Upside	Comments	Source
23/05/08	SSL	Reckitt Benckiser	464 p	n/a	n/a		Daily Telegraph
02/05/08	Safran	Thales	€ 12.0	n/a	n/a	Thales CEO is considering a merger with Safran as Alcatel might be a seller of its stake in Thales	Les Echos
31/03/08	Land Securities	Goldman Sachs	1316 p	n/a	n/a	Goldman has entered informal negotiations with Cinven, regarding a potential role in the GBP 1.5bn auction.	Sunday Telegraph
25/03/08	Deutsche Postbank	Allianz	€ 42.0	n/a	n/a	Deutsche Post and German government will favour Allianz	Handelsblatt
12/03/08	Cairn Energy	ENI	2780 p	4000 p	43.9%		Finanza & Mercati
06/02/08	Paddy Power	William Hill	16 p	n/a	n/a	The merged group would turn into the market leader in the UK for internet gambling.	The Times
30/01/08	Iberdrola	ACS + EDF	€ 8.1	n/a	n/a	ACS holds a 7.7% stake, and held discussions with EDF	FT
23/01/08	Cap Gemini	Wipro / Infosys	€ 41.4	n/a	n/a	Capgemini could attract takeover offers from Wipro and Infosys for certain of its verticals such as BPO or healthcare	The Economic Times
15/01/08	Software AG	Hitachi	€ 13.5	n/a	n/a	IBM could also be interested in SAG. Deal must be agreed with the foundation owning 30% of SAG	Handelsblatt
14/01/08	Actelion	Sanofi-Aventis	CHF 63.7	n/a	n/a	Sanofi-Aventis could offer CHF 75 per share. Gilead Sciences could also be interested	Cash daily
04/12/07	USG People	Adecco	€ 11.9	n/a	n/a	USG people has a great exposure within the Dutch market: 20% market share compared to 6% for Adecco	het Financieele Dagblad
04/12/07	Smiths Group	Smith and Nephew	1097 p	n/a	n/a	Smiths Gp could find its medical unit targeted by Smith&Nephew	Daily Express
01/11/07	Premier Oil	Santos	1333 p	n/a	n/a	Speculation Santos might be planning takeover bid	FT
16/10/07	Johnson Matthey	Praxair	1530 p	n/a	n/a	Praxair thought to be mulling a £20 per share bid	Times/Daily Telegraph
09/10/07	Lonza	BASF	CHF 149.8	n/a	n/a		Handelsblatt
04/10/07	Hellenic Exchange	Dubai Group	€ 7.4	n/a	n/a	Reporter cited Soud Ba'alawy, executive chairman of DIG said that HELEX will be a key player in the Balkans	Reporter (Greece)
28/09/07	Hays	Adecco	94 p	n/a	n/a	According to FT, Hays received a bid approach from Adecco	FT
18/09/07	Sage	Infosys Technologies	205 p	n/a	n/a		The Times
06/09/07	ADP	Vinci	€ 54.9	n/a	n/a	Vinci's chief executive has confirmed its interest in ADP	Les Echos
05/09/07	Lundbeck	Merck & Co Inc	€ 113.5	n/a	n/a	Ex-Merck board member, Per Wold-Olsen, became chairman at Lundbeck	Borsen

Source: (1) Bloomberg

(2) Press release indicated in the last column

Live deals: Week Calendar

Week calendar

	Deal	Event
Tuesday 26 August	Awilco Offshore/ China Oilfield Services Oil & Natural Gas / Imperial Energy	COSL EGM Announcement
Wednesday 27 August	Iberdrola / Energy East	Next PSC meeting to continue deliberating over the operation
Friday 29 August	TNS / WPP	Acceptance deadline

Source: SG Equity Research

Daily volumes (Equity & Derivatives)

DJ STOXX 600 Top 10 Abnormal Volumes

S&P500 Top 10 Abnormal Volumes

Name	%Wgt In Index	Δ Volume	ΔPx / MA 10d	Next Results	Name	%Wgt In Index	Δ Volume	ΔPx / MA 10d	Next Results
Continental	0.2210%	556%	0.16%	30/10/2008	Fannie Mae	0.0670%	543%	-7.94%	07/11/2008
Liberty International	0.0590%	513%	13.67%	04/11/2008	Darden Restaurants	0.0440%	530%	-15.25%	16/09/2008
Sulzer	0.0370%	500%	5.71%	27/02/2009	Freddie Mac	0.0300%	508%	-6.32%	20/11/2008
Telekom Austria	0.0840%	487%	7.72%	14/11/2008	Big Lots	0.0250%	463%	-6.97%	28/11/2008
Lindt & Spruengli	0.0460%	483%	5.05%	17/03/2009	Lorillard	0.1110%	405%	0.35%	28/10/2008
Boskalis Westminster	0.0400%	481%	11.68%	19/03/2009	Titanium Metals	0.0100%	398%	12.20%	31/10/2008
Atel holding	0.0280%	478%	0.86%	12/03/2009	Kraft Foods	0.4420%	371%	-1.68%	31/10/2008
Arcandor	0.0140%	473%	-10.29%	15/12/2008	JDS Uniphase	0.0230%	365%	-8.53%	31/10/2008
Kerry Group	0.0470%	469%	-0.62%	26/02/2009	Coach	0.0930%	360%	-3.40%	21/10/2008
C&C Group	0.0150%	454%	-5.59%	09/05/2009	Harman International	0.0180%	337%	-8.64%	24/10/2008

Source: Bloomberg, SG Equity Research

European Options Top 10 Volumes

US Options Top 10 Volumes

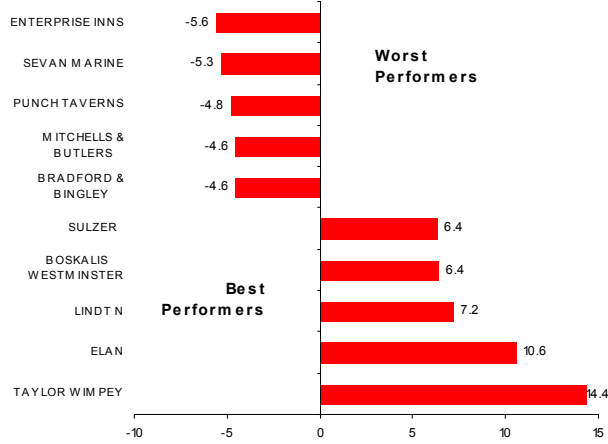
EUROPE	Volume (m€)	Maturity	Strike (% Spot)	US	Volume (mUS\$)	Maturity	Strike (% Spot)
Call Siemens	62	Mar-09	80 (109%)	Put Merrill Lynch & Co	153	Oct-08	45 (186%)
Call Siemens	59	Dec-09	84 (114%)	Call Qualcomm	145	Sep-08	40 (74%)
Put Volkswagen	41	Jun-09	160 (78%)	Put Valero Energy	101	Sep-08	52.5 (156%)
Put Siemens	41	Dec-08	100 (136%)	Put Lehman Brothers Holdings	81	Oct-08	45 (320%)
Put Nestle	38	Jun-09	40 (82%)	Put Lehman Brothers Holdings	67	Oct-08	40 (285%)
Put Nestle	38	Dec-09	40 (82%)	Put Metlife	65	Sep-08	75 (144%)
Put Bayer	35	Dec-08	48 (90%)	Put Archer-Daniels-Midland	64	Sep-08	40 (158%)
Put Munich Re	31	Dec-08	100 (95%)	Call Wyeth	62	Oct-08	42.5 (100%)
Put Roche	31	Jun-10	160 (87%)	Put Valero Energy	61	Sep-08	55 (163%)
Put Continental	31	Sep-08	70 (95%)	Put Wyeth	59	Oct-08	42.5 (100%)

The column "Strike (%spot)" shows the option strike in local currency and the ratio of this strike over the underlying stock level in brackets
The notional volume is calculated as the number of traded option contracts times the stock level times the lot size

Source: SG Equity Derivatives Research

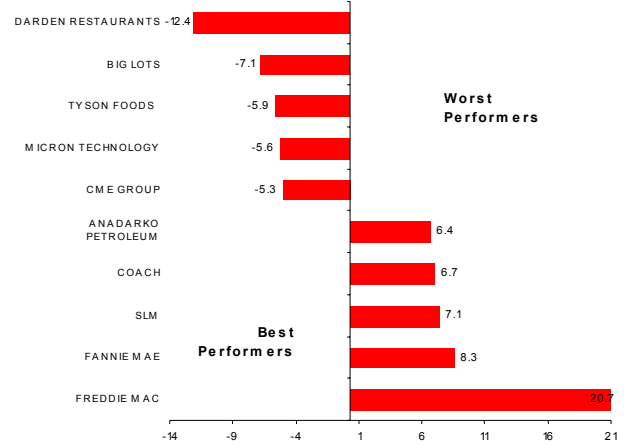
Top 5/Worst 5 movers (Equity, CDS, Volatility)

DJ Stoxx 600: Top/Worst 5 movers performance

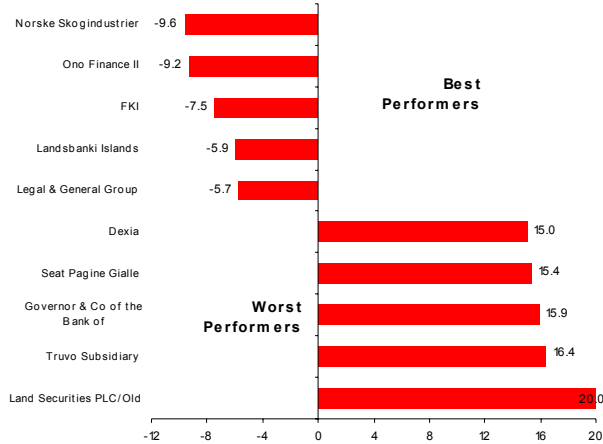


Source: Datastream, SG Equity Research

S&P500: Top/Worst 5 movers performance

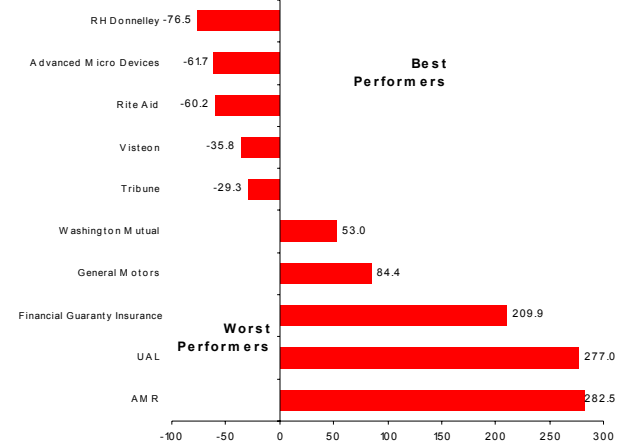


CDS (Europe): Top/Worst 5 movers performance

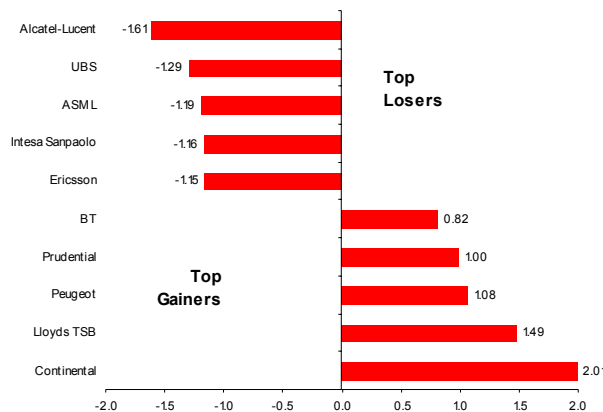


Source: CMAN Data Vision, SG Equity Research

CDS (US): Top/Worst 5 movers performance

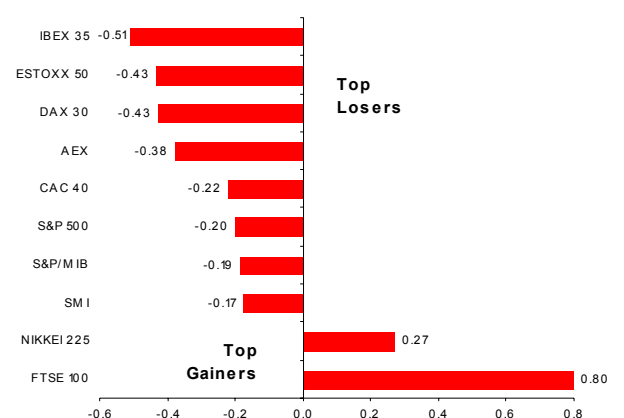


Volatility (European Stocks): Top/Worst 5 volatilities



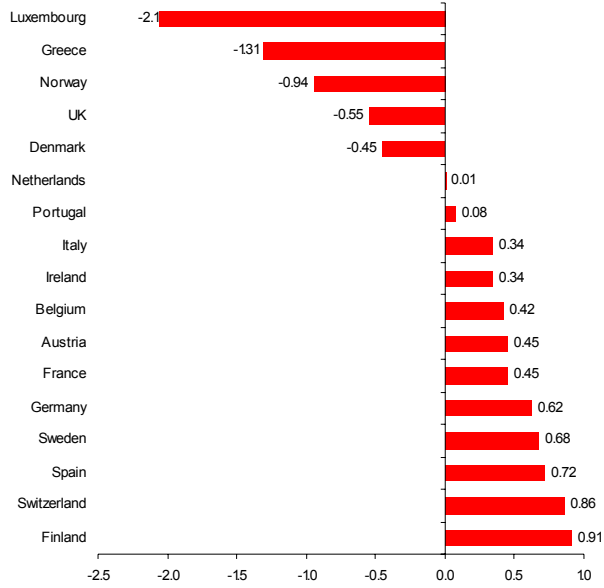
Source: SG Equity Derivatives Research (3M ATM Implied volatility)

3M ATM Implied volatilities daily changes



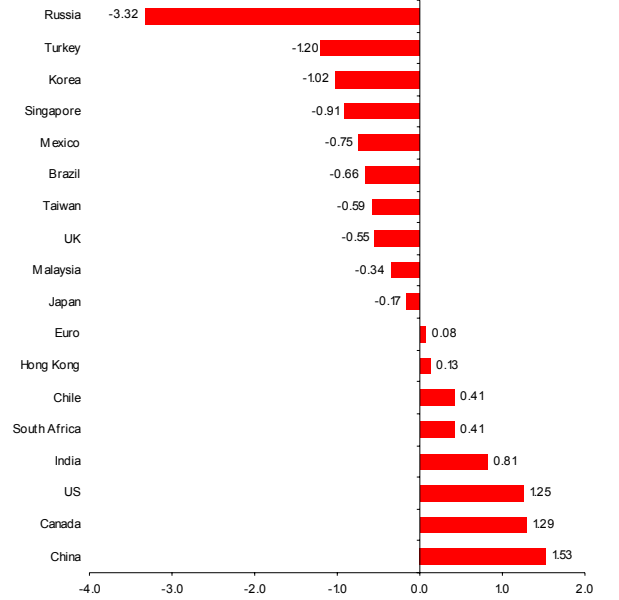
Equity Snapshot

European countries: 1 day performance

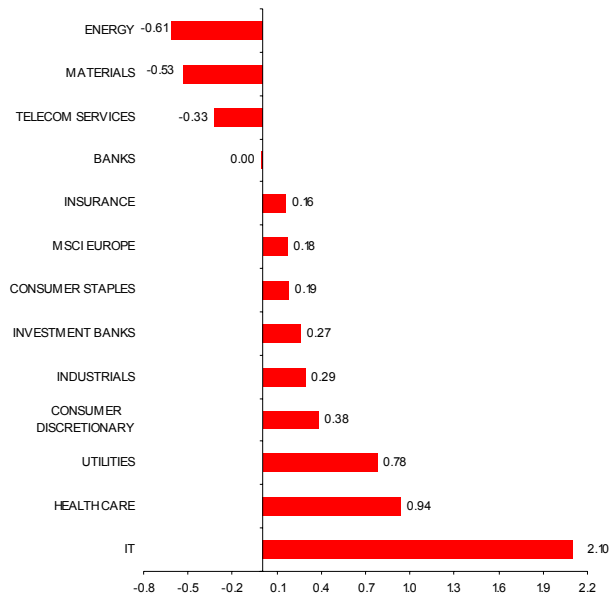


Source: Datastream, SG Equity Research

World countries: 1 day performance

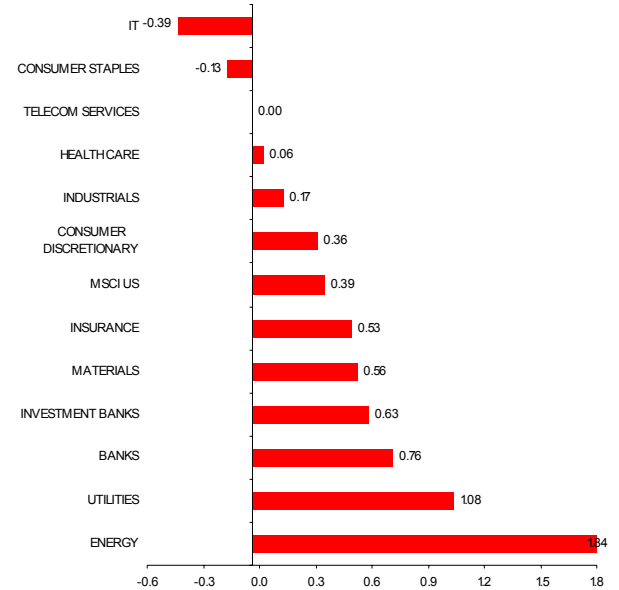


European sectors: 1 day performance



Source: Datastream, SG Equity Research

US sectors: 1 day performance



Main equity, credit and bond indices, short-term rates, currencies and commodities

Equity Indices	Close	1D %	1M %	3M %	6M %	12M %
S&P 500	1271.5	0.4	1.1	-8.2	-7.9	-13.3
RUSSELL 2000	723.5	0.4	1.9	-1.5	1.0	-8.4
DJ STOXX 50	2861.4	0.3	0.1	-9.0	-13.3	-23.1
DJ STOXX Mid 200	256.1	0.2	2.5	-11.4	-12.9	-25.3
FTSE 100	5470.7	-0.6	2.2	-9.7	-10.0	-12.0
FTSE 350	2847.8	-0.6	2.3	-9.6	-10.3	-12.7
TOPIX 100	896.04	-0.4	-6.0	-11.1	-10.6	-22.4
TOPIX MID 400	1167.8	-0.2	-4.9	-9.3	-10.2	-23.3
Credit Indices	Close	1D (bp)	1M (bp)	3M (bp)	6M (bp)	12M (bp)
X-Over	563.9	10.9	42.9	102.0	18.1	243.9
iTraxx Main	100.6	3.6	9.9	19.1	-3.7	59.1
Hivol	200.0	6.6	21.0	46.2	38.9	143.4
Bonds	Close	1D (bp)	1M (bp)	3M (bp)	6M (bp)	12M (bp)
10Y US Govt Bond	3.776	0.00	-0.32	-0.14	-0.07	-0.79
10Y GER Govt Bond	4.114	-0.01	-0.49	-0.18	0.04	-0.15
10Y UK Govt Bond	4.494	-0.11	-0.50	-0.43	-0.22	-0.59
10Y JP Govt Bond	1.450	0.03	-0.13	-0.32	-0.03	-0.17
Short Term Interest Rates	Close	1D (bp)	1M (bp)	3M (bp)	6M (bp)	12M (bp)
Libor USD 3M	2.8	0.00	0.02	0.16	-0.28	-2.70
Euribor 3M	5.0	0.00	0.00	0.11	0.58	0.24
Libor GBP 3M	5.8	0.00	-0.04	-0.11	0.07	-0.86
Libor JPY 3M	0.9	0.00	-0.03	-0.05	-0.03	-0.12
Currency	Close	1D %	1M %	3M %	6M %	12M %
EURUSD	0.68	0.4	-7.0	-6.6	-2.7	7.3
GBPEUR	0.797	-0.1	-1.0	-0.4	-4.4	-17.6
USDGBP	1.847	-0.3	7.4	6.6	6.8	8.2
JPYGBP	201.320	0.2	6.0	2.3	4.6	13.6
USDJPY	0.917	-0.5	1.4	4.4	2.3	-6.3
EURJPY	0.623	-0.1	-5.4	-1.9	-0.3	1.5
Commodity	Close	1D %	1M %	3M %	6M %	12M %
Copper	347.9	-1.2	-6.1	-7.4	-8.0	3.4
Aluminium	125.8	-0.6	-6.7	-7.5	-5.8	14.8
Natural Gas	8.4	1.9	-7.1	-28.5	-5.5	56.8
Gold	822.2	0.3	-11.3	-11.2	-13.1	23.1
WTI Crude	116.8	0.5	-5.2	-9.3	17.3	62.3

Source: Bloomberg

Economic calendar today

Economics indicators

		GMT	Period	Last	SG Fcst	Cons
AU	Construction Work Done	01:30	2Q	2.3%	1.5%	1.5%
SW	Consumer Confidence	07:00	AUG	-18.2	na	na
	Economic Tendency Survey	07:00	AUG	89	na	na
	Manufacturing Confidence s.a.	07:00	AUG	-10	na	na
	Household Lending (YoY%)	07:30	JUL	10.6%	na	na
IT	Consumer Confidence Ind. sa	07:30	AUG	95.8	na	96.6
NO	Unemployment rate (AKU)	08:00	JUN	2.5%	na	2.5%
US	MBA Mortgage Applications	11:00	AUG 22	-1.5%	na	na
	Durable Goods Orders	12:30	JUL	0.8%	0%	0.1%
	Durables Ex Transportation	12:30	JUL	2%	-0.5%	-0.5%
	Atlanta Fed's Lockhart to Speak on Inflation at Georgia State	12:35	AUG 27			

Source: SG Equity Research

Live deals

Country (target)	Start date	Deal type	Status	Target company					Spread		Bidding company Last price	Deal terms			Deal value (bn)	SG expect closing	Minimum acceptance Level	Borrow availability of acquirer
				Last price	Bid value	Spread (value)	Spread (%)	YTM (%)	Max (value) (%)	Min (value) (%)		Nb. of shares	Cash	Divid (Lo./Sh.)				
AUS.	24/06/08	Tender Offer	Hostile	Origin Energy 16.0	15.6	-0.4	-2.3	-10.4	-0.17	-0.79	BG Group 11.64	15.5	0.03	\$13.75	15/11/08	50.1%	Available	
CZK.	18/06/08	Tender offer	Hostile	Zentiva 1,078	1,057	-20.6	-1.9	-29.9	-3.6	-93.6	Sanofi 47.43	1,050	7.40	CZK 40.33	19/09/08	n/a	Available	
GER.	21/08/08	Scheme of Arrangement	Friendly	Continental 73.7	75.00	1.3	+1.8	+13.0	3.5	0.7	Schaeffler	75.00		€ 12.13	15/10/08	n/a	n/a	
NO.	07/07/08	Tender offer	Friendly	Awilco Offshore 84	85	1.2	+1.4	+14.7	3.2	1.2	China Oilfield Services 9.3	85		NOK 12.70	01/10/08	90.0%	Available	
SP.	31/07/08	Tender offer	Friendly	Union Fenosa 17.4	18.3	1.0	+5.6	+10.9	2.39	0.98	Gas Natural 30.72	18.3		€ 16.75	01/03/09	n/a	Available/ Hard	
SWI.	10/07/08	Tender Offer	Friendly	Speedel Holding 129.7	130.0	0.3	+0.2	+4.4	0.90	0.30	Novartis 60.50	130.0		SFr. 1.02	15/09/08	n/a	Available	
UK	26/08/08	Tender Offer	Friendly	Imperial Energy 1,215	1,250	35.0	+2.9	+5.7	35.00	35.00	Oil & Natural Gas 1,025	1,250		£1.28	26/02/09	n/a	Difficult	
UK	06/08/08	Tender Offer	Hostile	Lonmin 3,434	3,300	-134.0	-3.9	-14.8	-102.00	-168.00	Xstrata 3023	3,300		£5.16	30/11/08	n/a	Available	
UK	14/07/08	Scheme of Arrangement	Friendly	Alliance & Leicester 317.5	316.0	-1.5	-0.5	-3.6	3.96	-41.04	Santander 11.35	0.33	-10.60	£1.33	15/10/08	n/a	Available	
UK	20/05/08	Scheme of Arrangement	Friendly	Enodis 319.5	296.0	-23.5	-7.4	-47.3	-7.00	-24.00	Manitowoc 24.72	294.0	1.99	£1.09	22/10/08	n/a	Available/ Hard	
UK	03/06/08	Merger	Friendly	TNS 268.8	269.5	0.8	+0.3	+1.6	-1.05	-20.19	WPP 506.5	0.19	173.0	1.80	£1.12	01/11/08	n/a	Available
UK	06/02/08	Tender Offer	Hostile	Rio Tinto 5,150	5,863	712.8	+13.8	+52.4	1327.80	-1215.20	BHP Billiton 1676	3.40	50.76	£70.95	30/11/08	>50%	Available	
USA	21/07/08	Merger agreement	Hostile	Genentech 98.1	89.0	-9.1	-9.3	-35.9	7.18	-9.81	Roche 183.8	89.0		\$93.95	28/11/08	n/a	Available	
USA	07/07/08	Tender Offer	Friendly	APP Pharmaceuticals 23.7	23.0	-0.7	-3.0	-16.4	-0.08	-1.00	Fresenius 56.7	23.0		\$3.70	31/10/08	n/a	Available	
USA	11/06/08	Tender Offer	Friendly	Anheuser Busch 67.8	70.6	2.9	+4.2	+16.1	12.27	2.19	Inbev 46.28	70.0	0.62	\$50.33	30/11/08	n/a	Available	

Source: Bloomberg, Companies statements

Live deals

Country	Start (target) date	Deal type	Status	Target company					Spread		Bidding company Last price	Deal terms			Deal value (bn)	SG expect closing	Minimum acceptance Level	Borrow availability of acquirer
				Last price	Bid value	Spread (value)	Spread (%)	YTM (%)	Max (value) (%)	Min (value) (%)		Nb. of shares	Cash	Divid (Lo./Sh.)				
USA	13/05/08	Tender Offer	Friendly	DRS Technologies					3.42	1.22	Finmeccanica	81.0	-0.36	\$3.36	31/12/08	n/a	Available	
				79.4	81.1	1.7	+2.1	+5.9	+4.4	+1.5								17.75
USA	21/02/08	Tender Offer	Friendly	ChoicePoint					2.55	1.00	Reed Elsevier	50.0	-0.05	\$3.44	29/08/08	n/a	Available	
				49.0	50.0	1.0	+2.0	+367.3	+5.4	+2.0								606.5
USA	26/06/07	Tender Offer	Friendly	Energy East Corp					6.01	0.60	Iberdrola	28.5		\$4.50	31/12/08	n/a	Available	
				26.5	28.5	2.0	+7.6	+21.8	+26.7	+2.2								8.14

* Assumes that all minorities either accept cash or shares Source: Bloomberg, Companies statements

Relative Value Research

IMPORTANT DISCLOSURES

Arcandor	SG acted as co-manager in the issue by Arcandor of bonds exchangeable into Thomas Cook shares.
BG Group	SG is acting as Mandated Lead Arranger and Bookrunner in the acquisition financing of BG Group's bid for Origin Energy
BHP Billiton plc	SG is acting as advisor to Rio Tinto in its defense against the proposed takeover bid by BHP Billiton
EDF Energies Nouvelles	SG is acting as financial advisor to EDF Energies Nouvelles
Eni	SG makes a market in Eni warrants
Fimmeccanica	SG makes a market in Fimmeccanica warrants
Fresenius SE	SG acted as co-manager in Fresenius SE's capital increase
Fresenius SE	SG acted as co-manager in Fresenius SE Mandatoty Exchangeable bonds into shares of Fresenius Medical Care
GFK AG	SG is acting as lead arranger of the refinancing of the debt of the group resulting from the tentative merger between Taylor Nelson Sofres and GfK
Iberdrola	SG acted as co-lead manager of the Iberdrola Renovables' IPO
MERCK KGAA	SG acted as Joint lead manager and bookrunner in the Merck's senior bond issue (4.75% 26/11/10 EUR).
Rio Tinto	SG is acting as advisor to Rio Tinto in its defense against the proposed takeover bid by BHP Billiton
Rio Tinto	SG acted as Joint Lead Arranger, Underwriter and Bookrunner in the acquisition financing of Rio Tinto's bid for Alcan
Santander Central Hispano	SG provided an independent fairness opinion on the valuation of the EUR 7bn mandatory convertible bonds (ORA) issued by Banco Santander
Taylor Nelson	SG is acting as lead arranger of the refinancing of the debt of the group resulting from the tentative merger between Taylor Nelson Sofres and GfK
Union Fenosa	SG is acting as Bookrunner and Mandated Lead Arranger in the acquisition financing of Union Fenosa by Gas Natural

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