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Takeover Talk: What's the Buzz?

By **MIKE HOGAN**

For interested investors, there are a number of sites for tracking mergers and acquisitions activity—including rumored, likely and done deals.

As earnings season concludes, it's evident that cash continues to pile up on corporate balance sheets. Analysts expect at least some of that stash to be spent on mergers and acquisitions. M&A volume began to pick up in the latter half of 2010, and some \$310 billion of deals were announced in January—up 61% from January 2010's total, and the highest level since 2000, according to Thomson Reuters (www.thomsonreuters.com).

Keeping track of the buyers and sellers, the pursuers and pursued, and especially the buzz about would-be pairings—such as **Deutsche Börse's** (ticker: DB1.Germany) bid for **NYSE Euronext** (NYX), which may get a second offer from the **Nasdaq OMX Group** (NDAQ)—is an industry in its own right, and an increasingly sophisticated one at that.

Enter Alacra Pulse (www.pulse.alacra.com), a "business intelligence" service that uses semantic analysis to ferret out rumors and information about potential deal activity. Its search engine trolls the Web-based commentary of about 3,000 analysts, journalists and bloggers, seeking potentially actionable "infobits" for subscribers to its two M&A tracking services.

For \$20 a month, subscribers to Alacra's M&A Announced Deals can follow the twists and turns of a typical corporate courtship as the action unfolds. For \$50 a month, those of a more speculative bent might prefer Alacra's M&A Rumors and Deal Ideas, which provides a steady stream of information about companies in play, those that could be in play, and potential buyers with lots of cash in their pockets.

Alacra's search engine doesn't predict or rate the likelihood of potential deals, nor does it recommend investments in particular transactions. Rather, it prioritizes the flow of deal information, giving greater prominence to rumors and information from a gradually changing group of sources its algorithm determines are most credible. An attentive subscriber can sift this information and try to fit the pieces together before a transaction is announced and the relevant shares get whipsawed by the trading activity of institutional investors.

"There is a very tight lid on official news," says Steven Goldstein, Alacra's CEO. But even rumors can move markets, he notes, presenting trading opportunities for both buyers and those who sell stocks short.

Among significant deals that Alacra has reported on are **BHP Billiton's** (BHP) offer to acquire certain shale-gas operations from **Chesapeake Energy** (CHK), **AOL's** (AOL) planned acquisition of the Huffington Post, and continuing consolidation among Japanese steel companies such as the proposed marriage of **Nippon Steel** (NISTY) and **Sumitomo Metal** (SMMLY). Alacra allows a subscriber to assemble the entire record of reportage on individual deals by searching the tickers of the companies involved.

Only about a quarter of potential deals eventually come to fruition, Goldstein says. And of those, not all are successful. Just recall AOL's prior merger with **Time Warner** (TWX), which it purchased in early 2000 for \$180 billion in stock and debt. As Doug Kass of Seabreeze Partners recalled in a missive last week, that marriage ended in the largest write-down in corporate history.

FOR INVESTORS WHO TRACK takeover talk, the Internet abounds in other, more conventional sources of information. Readers can find running commentary on deals and deal-doers at the New York Times' Dealbook (<http://dealbook.nytimes.com>) and Deal Journal (<http://blogs.wsj.com/deals>), published by our sister publication, The Wall Street Journal. Writers for both also tweet, at twitter.com/nytimesdealbook and twitter.com/wsjdeajournal.

Likewise, Reuters Mergers & Acquisitions (www.reuters.com/finance/deals/mergers) and Financial Times M&A (www.ft.com/indepth/m&a) provide deal information on the Web. The former is a subsidiary of Thomson Reuters, the latter an online feature of London's Financial Times newspaper, with its decidedly global orientation to merger coverage.

Mergers & Acquisitions Daily (www.themiddlemarket.com) is a free e-mail newsletter from SourceMedia, publisher of American Banker (www.americanbanker.com) and a data provider to the financial-services industry. It delivers daily coverage of pending deals and those in discussion. Subscribers can also receive white papers and podcasts about M&A events.

Kass argues that takeovers typically occur at or near the top of the market, and they aren't the bullish indicator many think. All the more reason, then, to pay heed to M&A news.

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