

North American power deals—Q4 2010

Quarter in review

“Q4 2010 transaction activity continued the trend of modest, yet consistently, announced regulated utility transactions which began in Q1 2010. This has been a relative change from 2008 and 2009 when there were virtually no regulated transactions announced. Generation asset transactions continue to illustrate pent up demand to secure investments in the US from Asian investors, while other investors are trying to capitalize on potentially undervalued assets due to regulatory uncertainty, particularly in the environmental area. We expect regulated utility transactions to continue into 2011 with an increase in generation activity as legislative and regulatory uncertainty continues, particularly around the price of carbon, driving opportunistic buying and fuel diversification.”

John McConomy, Partner PwC – US Utilities & Power Transactions Leader

Key trends

- The Largest 25 announced deals for North America increased to \$19.3 billion from \$11.0 billion, an increase of 74%.
- The total number of announced deals for North America increased to 41 from 37 in Q3 2010, a increase of 11%.
- In Q4 2010, the deal value of announced deals greater than \$50 million increased by \$8.3 billion in Q4 2010 due to financial investor contribution relative to prior periods, continuing a trend observed since Q4 2009.
- The top 10 North American deals by transaction value were lead by five large transactions with \$17.3 billion, or 91% of total deal value in Q4 2010. Of these 10 transactions, five were categorized as Corp. type of transaction, with the balance (five transactions) categorized as transaction for Assets.
- The largest 25 deals by transaction value were dominated by the power sector due to larger transaction values, with 96% percentage compared to 4% percentage of alternative energy sources deals.

Q4 2010 vs. Q4 2009 comparison

The largest 25 announced deals by deal value decreased 37% to \$19.3 billion compared to \$30.8 billion in Q4 2009. This was largely driven by one large transaction of \$24.5 billion in Q4 2009. Financial buyers maintained their investment in power deals at 36% compared to 36% in Q4 2009; while corporate buyers continue to lead deal activity due to large amounts of cash to invest.

Period	All deals		Largest 25		
	Number	Value (USD Mil)	Number	Value (USD Mil)	Average value (USD Mil)
Q4 2009	46	30,773	11	30,655	2,787
Q1 2010	39	10,915	7	10,861	1,552
Q2 2010	49	17,348	14	17,191	1,228
Q3 2010	37	11,048	14	10,928	781
Q4 2010	41	19,268	12	19,235	1,603

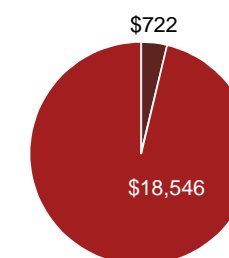
Top 10 Deals

Rank	Value (USD Mil)	Acquirer name	Target name	Transaction type
1	6,930	NU Holding Energy 2 LLC	NSTAR Inc.	Corp.
2	3,019	Icahn Enterprises LP	Dynegy Inc.	Corp.
3	2,493	GIC	Duquesne Light Holdings Inc.	Corp.
4	2,464	China Huaneng Group	InterGen	Corp.
5	2,382	AGL Resources Inc.	Nicor Inc.	Corp.
6	613	Arizona Public Service Co.	Four Corners Power Plant	Assets
7	490	Investor Group	Tenaska Inc.	Assets
8	285	Liberty Energy Utilities Co.	National Grid USA	Assets
9	222	Toyota Tsusho America Inc.	Oyster Creek Ltd.	Assets
10	185	High Plains Diversified Energy	Constellation Energy Group	Assets

Source: Thomson Reuters, PwC analysis

Largest 25 Deals

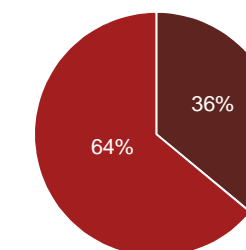
By transaction value (USD Mil)



■ Alternative Energy Sources ■ Power

Source: Thomson Reuters, PwC analysis
Deals have been included as at announcement date.

By investor group



■ Financial Investor ■ Strategic Investor

Source: Thomson Reuters, PwC analysis

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Top 10 deals						
Rank	Value (USD Mil)	Acquirer name	Target name	Transaction type	Date announced	Deal summary
1	6,930	NU Holding Energy 2 LLC	NSTAR Inc.	Corp.	10/18/2010	US — NU Holding Energy 2 LLC, a wholly-owned unit of Northeast Utilities (Northeast) definitively agreed to merge with NSTAR Inc. (NSTAR), a Boston-based electric and natural gas utility company, in exchange for 135.9 million Northeast common shares valued at USD 4.2 billion. Northeast offered 1.3 common shares per NSTAR common shares. Based on Northeast's closing stock price of USD 30.7 on 15 October 2010, the last full trading day prior to the announcement, each NSTAR share was valued at USD 40.3.
2	3,019	Icahn Enterprises LP	Dynegy Inc.	Corp.	12/15/2010	US — Icahn Enterprises LP definitively agreed to acquire the remaining 90.1% interest, or 108.9 million common shares, which it did not already own, in Dynegy Inc., a Houston-based independent power producer, via a tender offer for USD 5.5 in cash per share, or a total value of USD 629.3 million. The offer was conditioned upon at least 50% of Dynegy's shares being tendered.
3	2,493	GIC	Duquesne Light Holdings Inc.	Corp.	12/3/2010	US — Singapore state-owned Government of Singapore Investment Corp Pte Ltd (GIC) agreed to acquire a 29% stake in Duquesne Light Holdings Inc. (Duquesne), a Pittsburgh-based electric utility holding company, from Duet Group (Duet), a unit of AMP Capital Investors Ltd and Macquarie Capital Group Ltd, for USD 360 million. Originally, in June 2010, Duet announced that it was seeking a buyer for its 29% stake in Duquesne.
4	2,464	China Huaneng Group	InterGen	Corp.	11/28/2010	US — Chinese state-owned China Huaneng Group Corp (CHNG) agreed to acquire a 50% interest in InterGen, a Burlington-based electric utility company, and a 50:50-owned unit of GMR Infrastructure Ltd (GMR), a majority owned unit of GMR Holdings Ltd, and Ontario Teachers Pension Plan (OTPP), from GMR, for USD 1.2 billion in cash.
5	2,382	AGL Resources Inc.	Nicor Inc.	Corp.	12/7/2010	US — AGL Resources Inc. (AGL) definitively agreed to merge with Nicor Inc. (Nicor), a Naperville-based natural gas utility company, in a stock swap transaction valued at USD 2.4 billion. AGL offered USD 21.2 in cash and 0.84 common shares per Nicor share. Based on AGL's closing stock price of USD 37.1 on 06 December 2010, the last full trading day prior to the announcement, each Nicor share was valued at USD 52.3. Upon completion, AGL will own 67% and Nicor will own 33% of the combined company.
6	613	Arizona Public Service Co.	Four Corners Power Plant	Assets	11/8/2010	US — Arizona Public Service Co., a unit of Pinnacle West Capital Corp, agreed to raise its interest to 63% from 15%, by acquiring a further 48% stake in units 4 and 5 of Four Corners Power Plant, an owner and operator of an electric power plant, from Southern California Edison Co, a unit of Edison International Corp, for USD 294 million.
7	490	Investor Group	Tenaska Inc.	Assets	10/19/2010	US — An investor group comprised of Chubu Electric Power Co Inc of Japan and Tyr Energy Inc, a wholly-owned unit of ITOCHU Corp's ITOCHU International Inc subsidiary, agreed to acquire an undisclosed minority stake in 5 gas-fired power generation assets of Tenaska Inc, an Omaha-based independent power producer, for an estimated USD 490.2 million.
8	285	Liberty Energy Utilities Co.	National Grid USA	Assets	12/9/2010	US — Liberty Energy Utilities Co., a unit of Algonquin Power & Utilities Corp, agreed to acquire two regulated electric utility companies of National Grid USA, a Westborough-based electric utility company, a unit of National Grid PLC, for USD 285 million. The two companies are Granite State Electric Co and EnergyNorth Natural Gas Inc.
9	222	Toyota Tsusho America Inc.	Oyster Creek Ltd.	Assets	10/26/2010	US — Toyota Tsusho America Inc., a wholly-owned subsidiary of Toyota Tsusho Corp, acquired a 45% stake in Oyster Creek Ltd, a Texas-based owner and operator of a cogeneration plant, from GE Energy Financial Services Inc for USD 100 million in cash.
10	185	High Plains Diversified Energy	Constellation Energy Group	Assets	12/30/2010	US — Texas state-owned High Plains Diversified Energy Group agreed to acquire the Quail Run natural gas plant, located in west Texas, from Constellation Energy Group Inc, a Baltimore-based electric and gas utility company, for USD 185.3 million.

Source: Thomson Reuters, PwC analysis.