

# North American power deals—Q4 2011

## Quarter in review

“In addition to the two large deals announced during the quarter, we noted that, as expected, deal activity picked up for renewable projects as tax appetites now have an even bigger role with the expiration of the Section 1603 cash grant program. There was significant renewable activity during the quarter, but the deal value of many of the announced transactions were not made public.”

*John McConomy, US Power and Utilities Transaction Services Leader*

## Key trends

- In Q4 2011, the number of announced deals greater than \$50 million had fallen 33 percent to six from nine deals in Q3 2011, the lowest level in many years. However, the total deal value increased 119 percent from the previous period in 2010 due to one large deal. The Kinder Morgan / El Paso Corp \$36 billion deal accounted for 84 percent of total deal value of \$42.6 billion.
- The average deal value of announced deals greater than \$50 million increased to \$7.1 billion from \$1.5 billion over the same period in 2010, primarily due to one large strategic deal between El Paso Corp and Kinder Morgan.
- Deal volume in the fourth quarter of 2011 was down slightly over the previous quarter, putting the quarter-over-quarter deal volume at 25 announced deals, a decrease of 29 percent.
- The fourth quarter deal value was marked by two large deals greater than \$1 billion, compared to one large deal in the previous quarter. However, large deal activity had fallen 60 percent to two from six large deals in Q4 2010.
- Strategic investors dominated investor group with 100 percent of all acquisitions greater than \$50 million.

## Q4 2011 vs. Q4 2010 comparison

- In reviewing deal value greater than \$50 million, the number of announced alternative energy deals by target remained flat at three in Q4 2011 from three deals in Q4 2010, while the number of announced power deals by target decreased to three compared to ten power deals in Q4 2010.

Period	All deals	Deals >\$50 Mil		
	Number	Number	Value (\$ Mil)	Average value (\$ Mil)
Q4 2010	43	13	\$19,455	\$1,497
Q1 2011	56	14	\$31,928	\$2,281
Q2 2011	41	13	\$20,146	\$1,550
Q3 2011	35	9	\$3,082	\$342
<b>Q4 2011</b>	<b>25</b>	<b>6</b>	<b>\$42,655</b>	<b>\$7,109</b>

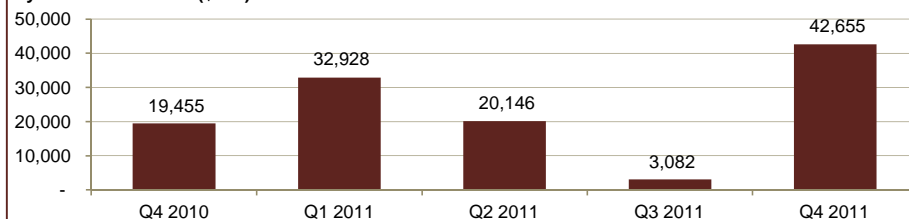
Top 10 Deals				
Rank	Value (\$ Mil)	Acquirer name	Target name	Transaction type
1	36,179	Kinder Morgan Inc	El Paso Corp	Corp.
2	5,575	ITC Holdings Corp	Entergy Corp (Electric Transmission)	Corp.
3	382	Algonquin Power & Utilities	Western Wind Energy Corp	Corp.
4	346	Entergy Corp	NextEra (Rhode Island State)	Assets
5	93	ReEnergy Holdings LLC	Boralex (Wood-Residue Power Stations)	Assets
6	80	Richard-Stryker Cogeneration	FirstEnergy (Power Plant)	Corp.
7	1	MediaTechnics Corp	Clean Energy Production Co	Corp.
8	0	Aqua America Inc	Ideal Developing (Rock Creek)	Assets
9*	-	First Reserve Corp	Arflight Capital (Power Portfolio)	Assets
10*	-	Sapphire Power Holdings Inc	Morris Energy Group (Gas-Fired)	Assets

Source: Thomson Reuters, PwC analysis

\* Deals were selected based on mega-watts generated

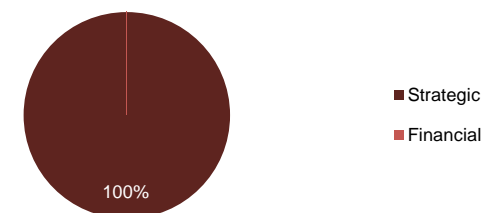
## Deals > \$50 Mil

### By transaction value (\$ Mil)



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

### By investor group



Source: Thomson Reuters, PwC analysis

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Top 10 deals						
Rank	Value (\$ Mil)	Acquirer name	Target name	Transaction type	Date announced	Deal summary
1	36,179	Kinder Morgan Inc	El Paso Corp	Corp.	10/16/11	US - Kinder Morgan Inc (KMI) definitively agreed to acquire the entire share capital of El Paso Corp, a Houston-based provider of gas transmission services, for \$36.1 billion from El Paso Pipeline Partners LP. KMI offered a choice of \$25.9 in cash and 0.64 warrants, or \$14.7 in cash, 0.419 KMI common share and 0.64 warrants, or 0.964 KMI common shares and 0.64 warrants for every El Paso common share.
2	5,575	ITC Holdings Corp	Entergy Corp (Electric Transmission)	Corp.	12/5/11	US - ITC Holdings Corp (ITC) definitively agreed to merge with the electric transmission business of Entergy Corp, a New Orleans-based electric and gas utility company, for \$5.6 billion. The consideration consists of the issuance of 52 million new ITC ordinary shares valued \$3.8 billion and the assumption of \$1.8 billion in liabilities. The shares were valued based on ITC's closing stock price of \$73.8 on 02 December 2011, the last full trading day prior to the announcement.
3	382	Algonquin Power & Utilities	Western Wind Energy Corp	Corp.	10/11/11	CANADA - Algonquin Power & Utilities Corp (Algonquin) Algonquin offered a combination of cash and common share for Western Wind Energy Corp. Alternatively, withdrew its plans to launch an unsolicited offer to acquire the entire share capital of Western Wind Energy Corp, a Vancouver-based owner and operator of wind farms, for a total value of \$382 million.
4	346	Entergy Corp	NextEra (Rhode Island State)	Assets	10/25/11	US - Entergy Corp acquired the Rhode Island State Energy Center, a Johnston, Rhode Island-based owner and operator of power plant, from NextEra Energy Resources LLC, a unit of NextEra Energy Inc, for an estimated \$346 million.
5	93	ReEnergy Holdings LLC	Boralex (Wood-Residue Power Stations)	Assets	11/7/11	US - ReEnergy Holdings LLC, a wholly-owned unit of Riverstone Holdings LLC, acquired the wood-residue power stations of Boralex Inc, a Kingsey Falls, Canada-based owner and operator of renewable energy power stations, for an estimated \$93 million.
6	80	Richard-Stryker Cogeneration	FirstEnergy (Power Plant)	Corp.	10/31/11	US - Richland-Stryker Generation LLC, a unit of Quintana Infrastructure & Development acquired the two power plants, located in Ohio, from FirstEnergy Generation Corp, a unit of FirstEnergy Corp. The transaction included the Richland Plant, located in Defiance, Ohio, and the Stryker Plant, located in Stryker, Ohio.
7	1	MediaTechnics Corp	Clean Energy Production Co	Corp.	10/25/11	US - MediaTechnics Corp acquired Clean Energy Production Co, a San Diego-based provider of waste and energy services, for \$1 million in restricted preferred and common shares.
8	0	Aqua America Inc	Ideal Developing (Rock Creek)	Assets	10/25/11	US - Aqua America Inc, through its North Carolina subsidiary, acquired the Rock Creek water system of Rock Creek water system, a Newton-based provider of water utility services, for a nominal consideration of \$250 dollars.
9	-	First Reserve Corp	Arclight Capital (Power Portfolio)	Assets	11/7/11	US - First Reserve Corp agreed to acquire a 1,068 MW power portfolio of Arclight Capital Partners LLC, a Boston-based private equity firm, in a leveraged buyout transaction. Terms were not disclosed.
10	-	Sapphire Power Holdings Inc	Morris Energy Group (Gas-Fired)	Assets	12/1/11	US - Sapphire Power Holdings Inc, a special purpose acquisition vehicle formed by Carlyle/Riverstone Global Energy & Power Fund, acquired the 778 MW gas-fired power generation portfolio, of Morris Energy Group, an Eatontown.NJ-based company, in a leveraged buyout transaction. Terms were not disclosed.

Source: Thomson Reuters, PwC analysis.