CYPRESS
ASSET MANAGEMENT, INC.

MARKET COMMENTARY **JANUARY 2012**

The U.S. equity market performed significantly better than the rest of the world in 2011. Thanks to an 11% gain in the fourth quarter, the S&P 500 posted a positive total return of just over 2% for the year (it was flat on a price only basis), outperforming the MSCI World ex U.S. index by fully 13.7% on the year.

Europe was the eye of the storm in 2011, as its sovereign debt crisis led to a banking crisis and fears of a severe recession. The German Dax fell almost 15% for the year, and Italy and France were worse. But some might be surprised to learn that China was the worst performing market in 2011, declining 21.7% as it tightened monetary policy and removed fiscal stimulus to combat inflation.

2011 Market Returns (Price Only)

S&P 500	0.00%
Russell 2000	-5.45%
NYSE Composite	-6.10%
Europe Stoxx 600	-11.34%
German Dax	-14.70%
Euro Zone Stoxx	-17.70%
UK FTSE 100	-5.60%
DJ Asia Pacific	-17.40%
China Shanghai Composit	-21.68%
Japan Nikkei	-17.30%
Brazil Bovespa	-18.27%
Mexico IPC All-Shares	-3.80%

2011 Key Commodities

	Year End Price		Return
Crude Oil	98.83	$/Bbl	8.15%
Nat Gas (front month contract)	2.99	$/Mmbtu	-32.00%
Gold	1,565	$/troy oz	10.18%
Copper	3.43	$/LB	-22.50%

	12/31/2011	12/31/2010
10 Year Treasury Yield	1.88%	3.30%

Even given recent fiscal reforms and liquidity measures to shore up its banking system, Europe faces the prospect of a significant recession in 2012. In contrast, China's outlook appears improved. Price inflation declined in China during the fourth quarter and growth slowed; conditions now appear much more favorable for a return of a more stimulative economic policy. Growth in the world's second largest economy is likely to be below last year's rate, but still quite healthy at 7.5%-8.5% (by far the fastest growth among the world's major economies) and more sustainable with inflation now down to the 4% level and running at almost half the peak levels of 2011.

The U.S. economy is forecast to perform relatively better than most of the rest of the world in 2012. Domestic economic data has been broadly stronger and gained momentum throughout the last three months. Despite the weakness in Europe and a slowdown in Asian growth, the U.S. economic expansion is becoming self-sustaining. Indeed, the relative strength of our economy and its improving outlook is the major factor behind the recent rally in equities.

2012 Global GDP Forecasts (GDP Growth, %)

	2011	2012
Global	**3.8**	**3.00-3.75**
U.S.	1.8	2.0 – 2.25
Euro Area	1.4	-1.5 – -0.5
Japan	-0.7	1 – 2.25
Pac Rim (ex Japan)	7.2	6.5 – 7.2
China	9.2	7.6 – 8.75
Latin America	4.5	3.0 – 3.75
Global ex US	4.4	3.5 – 4.0

Sources: IMF, ISI Group, BAML

U.S. growth is expected to pick up in 2012, with GDP forecast to increase at 2%-2.25% compared to 1.8% last year. In comparison, Europe is forecast to move into a recession and China to slow from above 9% growth in 2011 to 8% this year. Not surprisingly, the global economy is forecast to moderate from about 3.8% growth in 2011 to around 3.5% in 2012. Thus the U.S. economic story is one of relative improvement. The global economy is still poised to grow at almost twice the rate of our domestic economy, but is likely to moderate in strength during the course of the year.

U.S. Economic Recovery In Perspective

Since the recession low in 2009, U.S. GDP has averaged only 2.4%. While this hardly qualifies as robust growth, and falls well short of a typical recovery, a number of key economic metrics have shown significant improvements. This lends support to the idea of a self-sustaining U.S. expansion, albeit a modest expansion and one that remains well below its potential; and still obviously subject to disruption from global imbalances as bond yields below 2% attest.

Improving Domestic Economic Metrics: Then & Now

	Recession Low/High	Now
Unemployment Rate	10.1%	8.5%
Unemployment Claims	651(K)	373(K)
Household Employment	138(M)	141(M)
Vehicle Sales	9.2(M)	13.5(M)
Consumer Confidence	56.6	86
Corporate Profits	$971(B)	$1,970(B)
S&P	$677	$1,287
Junk Bond Yields	22.21%	8.04%
Crude Oil	$36	$100
O&G Rig Count	876	2007
U.S. Rail Intermodel Traffic (weekly avg)	177,000e	225,000e

Sources: ISI Group, Baker Hughes, Dow Jones, AARR.

The recovery has also broadened. Consumer spending, household debt and balance sheets, bank C&I loan growth, capital spending, rail car loadings, and exports have all shown surprising improvement and point to continued recovery and expansion. In contrast, the housing/residential contractor market remains in recession and federal and local government payrolls continue to downsize by fiscal necessity.

U.S. Equity Market Outlook

Equities are supported by attractive valuation and strong cash flow and fundamentals. While the U.S. market may well continue to outperform in the first half of 2012 ("the best house in a bad neighborhood" according to the cynics), it is unlikely that the U.S., as the largest economy in the world, will decouple from the rest of the world. Our economy and market will be impacted by the recession in Europe, turmoil in the Middle East, and slower growth in China and developing Asia.

So while equity valuations are low in the U.S. (lower still in Asia and Europe, by the way), we should be prepared for things to stay that way in 2012.

All that said, our economy and nation is better positioned than others to withstand the current global changes. As long as fear and risk aversion remains elevated (as indicated by bond yields below 2%, strong gold prices, and a rising dollar), high quality U.S. equities should perform relatively well and offer a solid total return prospect. The investment alternatives in today's historic low rate environment are neither risk free nor very attractive in terms of a reasonable rate of return. For this and other reasons, the potential exists for positive developments in the equity markets in 2012. There are actually a number of pretty good stories out there, some less widely known than others:

A Powerful Micro Trend: Equity Fundamentals

Against the scary backdrop of global macro concerns (European financial crisis, a government debt crisis throughout the developed world, Middle Eastern turmoil, slowing growth and an inflated real estate market in China), a good micro story continues to unfold in equities. S&P 500 profits are at a record level, and set to increase 14% in calendar 2011, before slowing to around 6% in 2012. While this represents a material slowdown, it still compares reasonably well to the historic norm, just below the EPS CAGR of 6.7% from 1960-2010 as calculated by BAML.

The market also trades at a PE of only 13 times current earnings, indicating that investors do not expect a lot in terms of growth in 2012 and are discounting a recession in Europe and slower growth in China.

Dividends are an even better story than earnings, having grown at less than half the rate of corporate profits over the past two years. This should be the year dividends start to catch up, and are projected to increase at 15%, much faster than profits. Also worthy of note, S&P 500 aggregate dividends reached a record level in the second half of 2011, another important post recession milestone.

Dividend growth is also a good real world indicator of underlying equity fundamentals: corporate cash flows and balance sheets are strong, cost structures lean, and productivity is high.

U.S. Energy Renaissance

We have written a good deal about the amazing resurgence in North American oil and gas production. **In 2011, for the first time in 62 years the U.S. was a net exporter of petroleum products.** It is very possible that in the next 5 years the U.S. could overtake Russia and Saudi Arabia as the world's largest producer of energy (liquid hydrocarbons). The U.S. and Canada together are already the largest petroleum producers in the world.

The technology which is driving new production of "tight" oil and gas from ancient shales is also providing a powerful boom to our domestic economy. The state of Texas alone has almost as many drilling rigs operating today as were operating in the entire U.S. when the rig count bottomed at 876 in mid 2009. The overall U.S. rig count has moved back above 2,000 for the first time since September 2008 and is projected over the next 12 months to reach the highest levels since the mid 1980's. U.S. oil service industry employment is also up about 40% from the bottom and is at a 20 year high. The associated infrastructure to transport, store, and process the oil and gas is also booming in terms of investment and employment.

The renaissance in U.S. energy has enormous positive and far reaching implications for our national security, our balance of trade, the strength of the dollar, GDP growth (low cost and abundant energy are a major industrial competitive advantage; on a basic accounting level, a trade deficit subtracts from GDP – so any improvement in our balance of trade adds to GDP growth), employment, and our standard of living.

Favorable U.S. Demographics

The population in the U.S. is growing, in contrast to the rest of the developed world, and reached 313 million early in the new year. Japan and Europe are struggling with the economic consequences of a declining population (GDP essentially represents the total sum of output per person, so it is hard for an economy to grow without an increase in the workforce), but here in the U.S. one new American is born every 8 seconds. One dies every twelve seconds too, but another immigrates into the U.S. every 46 seconds…so the end result is a net gain of one new American every 17 seconds! Mind boggling. This has positive implications for our future growth, keeps our society relatively younger and better able to support a population that is living longer. At the same time it may portend stresses to our infrastructure and resources.

Wild Cards

Presidential Election

Typically the stock market "votes" or discounts the election result well before election day. History indicates the presidential election will play a significant role in the market this year. ISI Group looked at five presidential elections in modern times when the incumbent party was defeated – 1952, 1968, 1976, 1980, and 1992. It found that the election result typically was reflected in the market by early to late spring and produced a strong rally in equities.

This year's election does shape up to be particularly close and evenly contested. It may delay the "election" impact but we suspect it will be a focal point for the market in 2012.

Europe

It is hard to have any certainty over a resolution of the European debt crisis given the lack of political leadership thus far and the inherent conflict between a monetary union that lacks fiscal and political union. Despite a general progression of inadequate policy responses throughout 2011, some encouraging progress finally occurred toward the close of the year. New governments have come to power in Italy and Spain and have instituted reforms that put them on a better path to fiscal sustainability. Germany has now gotten from its poorer neighbors almost all that it demanded in terms of "austerity." New "growth" measures are needed not only in Spain and Italy, but across the Eurozone, in order to avoid a potentially crippling recession. Under new leadership, the ECB has finally moved to be more accommodative. It is essentially providing "unlimited" liquidity to European banks, allowing the banks to pledge "toxic" sovereign bonds as collateral for intermediate term funding.

China

The economic challenges confronting China have been discussed briefly above. But China is also undergoing a once in a decade leadership change when Premier Wen Jiabao and President Hu Jintao step down at the end of 2012. This is something to watch both in terms of future economic policy but also international relations.

Arab Spring And Middle East Turmoil

"Arab Spring" is an innocent and hopeful sounding description of the historic change that is unfolding in the Middle East. Thus far the reality is one of severe economic downturn across most of the Arab Middle East, social and political chaos, and a power vacuum which threatens to be filled by Muslim fundamentalists. Growth in Egypt, a major regional economy and a linchpin state in the Middle East, has slowed significantly since the fall of President Mubarak in February, 2011. The Middle East and Iran are likely to remain in turmoil and remain potentially disruptive threats to the global economy and markets for the foreseeable future.

Cypress Asset Management – January 2012

Good News

China

China's fourth quarter GDP still strong at 8.9%, down from 9.1% in third quarter. *Market Watch 1.16.12*

China PMI points to soft landing, inflation still key. Industrial production still running at 13-14 percent and PMI is returning back to a positive. Smaller players in China's manufacturing sectors are starting to see the benefits of the government's recent selective easing policy. *CNBC 11.1.11*

China Equity Markets May Be Awakening:
New China Life, state backed insurer part owned by Zurich Financial, may raise up to $2.3 billion in an IPO. *Bloomberg 11.29.11*

China property executives buy stock after curbs damp values. Executives of Chinese developers are buying the most stock in their companies since 2008, betting the government will ease curbs on the property market that had depressed shares. *Bloomberg 12.18.11*

Companies are planning to sell as much as $7 billion of new shares in Hong Kong before the end of 2011, betting on a revival after the value of IPO's slipped almost 70 percent in 2011. *Bloomberg 11.29.11*

China Loves Consumer Brands:
Maker of Mao's 106 proof liquor overpowers with TV buys, retail. The company that controls the world's second largest distiller by market value bids the most among alcoholic beverage makers to advertise on China Central TV. *Bloomberg 11.12.11*

Apple Inc. said China has become its largest market after the U.S.

December Chinese retail sales grew 18% year over year, the fastest pace since January 2011. *ISI 1.17.12*

China Rebalancing Economy Toward More Consumer Demand:
China will take measures to stabilize it exports and imports as slowing global growth creates a "grim situation" for trade, said Zhang Xiaoqiang, vice chairman at the nation's top economic planning agency. China will actively expand imports, lower import taxes for some consumer goods and also for some raw materials, energy and imports of advanced equipment. China will also help the nation's small and medium companies obtain financing. *Bloomberg 1.14.12*

Chinese National Bureau of Statistics announced that the urban population in 2011 (up 21 million to 691 million) overtook the rural population (down 15 million to 657 million). *ISI 1.17.12*

Europe

Daily Debt Debacle Déjà Vu
German Chancellor Merkel said euro-area downgrades by S&P reinforce Germany's stance that European leaders must redouble their efforts to resolve the debt crisis as governments prepare to sell more debt this week. *Bloomberg 1.15.12*

European leaders added 200 billion euros to their crisis fighting warchest and tightened anti-deficit rules, seeking to lure the European Central Bank into more accommodative policy. *Financial Times 12.19.11*

Bad News

China

Baltic Freight & Chinese Property: The Baltic Day shipping index has fallen for 19 days in a row, down almost 50%; the reason - slowing Chinese demand for iron-ore cargos…Chinese steel mill output has dropped 15% since May 2011…the reason is clearly the softness in Chinese real estate construction caused by weakness in house prices. *ISI 1.17.12*

China passenger car sales rise at slowest pace since May as monetary tightening and the removal of government incentives dented demand. *Bloomberg 12.9.11*

Chinese Global Assertion:

Finland 'finds Patriot missiles" on China bound ship. Found 69 Patriot missiles and around 160 tons of explosives. *Reuters 12.22.11*

U.S. hunting for Chinese telecom spyware. The U.S. is invoking Cold War era national security powers to force telecom companies to divulge confidential information about their networks in a hunt for Chinese cyber spying. *Riley 11.30.11*

China targets GE wind turbine business with $15.5 billion war chest. China's biggest windmill makers won their first major foreign orders in 2011. They plan to set up plants abroad, including in the US. *Bloomberg 10.14.11*

Japan and Rest of Asia:

Yen strength seen costing Toyota more than quake. Operating profit of the world's top carmaker will be cut in the year ending March 2012 because of currency strength. *Bloomberg 10.12.11*

Thailand Floods Disrupt Global Tech and Auto Markets:

Thailand flooding in summer and fall 2011 is worst in more than half a century; World Bank estimated damages reach $45 billion as of December, 2011. Now ranks as world's 4th most costly disaster in history, after the earthquake/tsunami in Japan in 2011, 1995 Kobe Earthquake, and Hurricane Katrina in 2005. *Wikipedia 12.2011*

Ford Motor said floods in Thailand caused a 2011 loss for its entire Asia Pacific and Africa region…*Bloomberg 12.8.2011*

Toyota lowers annual profit forecast after Thailand floods. Toyota poised to lose crown as world's largest carmaker in 2011 after Thailand's worst floods in almost 70 years disrupted production.

Global Semiconductor sales plummet as the *Semiconductor Industry Association* said floods in Thailand heavily impacted chipmakers and computer makers. *Market Watch 1.7.11*

Europe

European stocks close 2011 with 11% decline. *Marketwatch 12.30.11*

Daily Debt Debacle Déjà Vu

Eurozone Recession Watch: Economists forecast Eurozone real GDP declines of -1% to -2% in 2012. *ISI 1.11.12*

Good News (continued)

Last Euro country, Slovakia, approves Euro bailout fund. *Financial Times 10.12.11*

ECB reintroduces longer-term bank loans and resumes purchases of covered bonds, measures "necessary to help restore a better transmission of interest rates to the real economy." *Bloomberg 10.13.11*

G-20 said to be weighing additional IMF lending power to aid Europe. New funding expected from China, Brazil, and Japan. *Bloomberg 10.14.11*

Central banks ease most since 2009 to avert Europe led slump. Central banks across continents are undertaking the broadest reduction in borrowing costs since 2009. Monetary easing will push the average worldwide weighted central bank interest rate to 1.79 percent by next June from 2.16 percent in September, the largest drop in two years. *Financial Times, ISI Group 12.27.11*

United States

Consumer

Consumer spending on goods and services continues to increase because spending on housing is depressed. *ISI 1.11.12*

More US Part-time workers find full time jobs. *Bloomberg 1.9.12*

Dealers see Fed buying $545 billion mortgage bonds in QE3. *Bloomberg 11.28.11*

US consumer credit surges $20.4 billion in November, largest monthly gain in a decade. *Marketwatch 1.9.12*

Corporate

Boeing says 777 orders may set annual record, remain strong. *Bloomberg 11.9.11*

Apple Iphone sell out pre-orders at ATT, Verizon. *Bloomberg 10.13.11*

US Construction equipment dealers 6 month sales outlook exceeds global outlook: US up 11% in 4Q, global up 9%. *ISI 1.11.12*

Lower natural gas prices: Natural gas at $2.86 on 1.11.12. Lowers costs to consumer and business. *ISI 1.11.12*

Bank Debt (leverage ratios) near record lows. *CNBC 11.28.11*

US auto sales, retail sales, manufacturing and employment all post better results in 4Q 2011. *CNBC 11.16.11*

Bad News (continued)

France loses AAA status as S&P wields ax on debt. France and Austria lost their top credit ratings in a string of downgrades that left Germany with the euro area's only stable AAA grade as S&P warned that crisis fighting efforts are still falling short. *Bloomberg 1.14.12*

European Central Bank chief offers no "bazooka" for markets. Mario Draghi has almost completely closed off the prospect of aggressive bond buying from the ECB or the prospect of quantitative easing. *CNBC.com 12.9.11*

Up to $266B needed for Europe Bank bailout, according to IMF European Department Director. *CNBC 10.5.11*

Moody's may cut European banks' subordinated debt ratings. *Fox Business 1.13.12*

Italy auction yields seen at new record above 7 percent. *CNBC.com 11.29.11*

Securities firms are forced to scale back and close divisions that trade equities in Europe as the region's debt crisis worsens a decline in profitability. *Bloomberg 11.29.11*

Banks build contingency for breakup in the Euro. *NYT, 11.26.11*

Greenspan: The European Union is doomed. *CNBC 10.25.11*

Phillips Electronics will slash 4.500 jobs after an 85% fall in third quarter operating net profit. *CNBC 10.17.11*

Germany Asserts Control on Continent:
Franco-British alarm of 1989 comes true as German Chancellor Merkel call EU shots. As Europe's financial crisis intensifies after two years and with 1.1 trillion euros of short and long term euro area government debt due in 2012, Merkel has forced French President Sarkozy into retreat and left UK Premier Cameron on the sidelines. *Bloomberg 12.9.11*

Swiss Banking Debacle

Swiss banks may pay billions, disclose names. Swiss banks will likely settle a sweeping US probe of offshore tax evasion by paying billions of dollars and handing over names of thousands of Americans who have secret accounts. Banks include Credit Suisse, HSBC, Basler, Wegelin, Zuecher, Julius Baer group, three Israeli banks, and a Liechtenstein bank. UBS had previously turned over names to the IRS. *Bloomberg 10.24.11*

Hildebrand steps down at SNB. Phillipp Hildebrand stepped down as the head of the Swiss central bank after investigations into his wife's currency trades exposed that she purchased over $500,000 of currency three weeks before the Swiss government imposed a cap on their currency that favored the currency bet.

Public anger and shareholder unease threaten tax haven's tranquility. In a deal signed October 6th, Switzerland agreed to tax money held in its banks by British residents. These customers face a levy of up to 34% as well as, from 2013, a withholding tax. *Financial Times 10.18.11*

United States

Biggest economies face $7.6 trillion bond tab coming due. Led by Japan's $3 trillion, the US's $2.8 trillion and rising debt issuance from Brazil, Russia, India and China, the amount is up from $7.4 trillion last year. *Bloomberg 1.2.12*

MF Global files for bankruptcy. MF Global, run by Jon Corzine, former head of Goldman Sachs, senator and governor of New Jersey, filed for bankruptcy and admitted that there are hundreds of millions of dollars unaccounted for. *Bloomberg 11.1.11 and NYT 11.1.11*

Energy Renaissance

Kinder Morgan buying El Paso for $38 billion. *Market Watch, 10.16.11*

Shale assets inflate to near record prices. Chinese, French, Japanese energy explorers committed more than $8 billion in the past two weeks to shale rock formations from Pennsylvania to Texas after 2011 set records for international average crude prices and US gas demand. Exxon Mobil and Royal Dutch Shell are revisiting onshore prospects passed by in recent decades in favor or deep water finds in West Africa and the Gulf of Mexico. *Bloomberg 1.8.12*

US wind market may "fall off a cliff." US wind turbine sales may dry up in 2013 unless lawmakers extend tax credits supporting the market beyond the end of next year, Vestas Wind Systems CEO, Ditlev Engel. *Bloomberg 11.10.11*

EU faces 20 years of rising energy bills. European businesses and consumers face at least 20 years of electricity price rises. *Financial Times 10.17.11*

Statoil makes substantial oil find in Barents Sea. *Bloomberg 1.9.12*

Natural gas prices end year with 32% loss, while crude oil rises 8%. *Market Watch 12.30.11*

EU poised to impose stricter sanctions on Iranian oil and banking sectors for continued pursuits of nuclear weapons. *Oil & Gas Journal 1.1.12*

Reduced drilling could help gas market by year end. Below $3/Mcf, gas prices are now at a level that, without hedges and drilling carries form joint ventures, it is not economic to drill for gas except in the lowest cost areas like the Marcellus shale. *Oil & Gas Journal 1.1.12*

A major PR agency joined the anti-fracking lobby, a curious development as their services would not come cheap. Turns out Gazprom (the Russian natural gas producer) and the Government of Russia may be paying the bills. *Jeffries 1.12. 12*

U.S. rig count and oil service employment end 2011 at decades high levels. *Raymond James, 12.2011*

Bad News (continued)

US deficit increased to $1.3 trillion in fiscal 2011. *Bloomberg 12.15.11*

Jefferson County Alabama files for bankruptcy. 11.9.11 *WSJ 11.9.11*

Investors cut stocks, buy US debt in October. 10.31.11 *Reuters 10.31.11*

GM's Chevy Volt, plug in hybrid, is subject of federal probe following fires in the lithium ion battery. *Bloomberg 11.29.11*

New home prices facing pressure. Sales of newly built homes are bouncing around a bottom, but prices are now at the lowest levels of the year. New home sales are still half the normal historical volume. *CNBC 11.28.11*

Drug makers favorite targets for deficit cutters. Drug makers have begun to emerge as the favorite target for cost-cutting proposals. *Reuters 10.16.11*

Wall Street may experience an era of decline and disappointment that may not end for years. New rules from the Basel Committee will more than double capital requirements, fixed income revenue may fall 25% under the Volker Rule, leverage has been cut by half and regulation may reduce return on equity by 4 to 6 percentage points. *Financial Times 10.12.11*

The Big Picture

The global population hits 7 billion. *WSJ 10.31.11*

"In 2011, for the first time in 62 years, America was a net exporter of petroleum products. For the indefinite future, a specter is haunting progressivism, the specter of abundance. Because progressivism exists to justify a few people bossing around most people and because progressives believe that only government's energy should flow unimpeded, they crave energy scarcities as an excuse for rationing — by them — that produces ever-more-minute government supervision of Americans' behavior. Imagine what a horror 2011 was for progressives as Americans began to comprehend their stunning abundance of fossil fuels — beyond their two centuries' supply of coal. Progressives responded with attempts to impede development of the vast, proven reserves of natural gas and oil here and in Canada. They bent the willowy Obama to delay approval of the Keystone XL pipeline to carry oil from Canadian tar sands; they raised environmental objections to new techniques for extracting gas and "tight" oil from shale formations."
George Will 12.2011

The U.S. has many inherent advantages over other areas of the world for economic growth and investment:

- U.S. vs. fractured Eurozone: unity, one language, Constitution
- Good demographics: growing population
- Mobility of labor markets
- Cheap energy sources: natural gas fracking
- Undervalued currency
- Entrepreneurial culture: Silicon Valley, availability of funding for startups
- Best universities
- Many of best companies: multinationals
- Deep liquid capital markets: fairest markets, insider trading convictions
- Rule of law in commerce and investment
- America will be biggest oil and gas producer by 2020

Barton Biggs Blog 12.14.11

Mergers and Acquisitions

Biggest Worldwide Announced Deals in the Fourth Quarter, 2011

Ranked by deal, net of debt as of announced date, in $billions

Summary

For deal makers, 2011 was disappointing. Not only did the year fail to live up to the high expectations set amid a flurry of early action, but the total mergers and acquisitions volume also endeded at less than 2010. *WSJ 1-12-12*

Buyer	Seller	Deal Value ($B)
Kinder Morgan (US)	El Paso (US)	$21.2
Gilead Sciences (US)	Pharmasset (US)	$11.0
Itochu, KKR, (Japan, US)	Samson Investments (US)	$7.2
Anglo American (UK)	DeBeers (40%) (Lux)	$5.1
Martin Marietta Mtls	Vulcan Mtls (US)	$4.7
Statoil (Norway)	Brigham Exploration (US)	$4.4
UCL Holding (Rus)	First Freight (75%) (Rus)	$4.1
Carlyle, Hellman&Friedman (US)	Pharmaceutical Product Dev (US)	$3.9
Cigna (US)	HealthSpring (US)	$3.8
ITC Holding (US)	Mid South Transco (US)	$3.8
SAP (Ger)	SuccessFactors (US)	$3.7
Alleghany (US)	Transatlantic (bid 3) (US)	$3.4
Lam Research (US)	Novellus Systems (US)	$3.3
Skandia Liv (Sweden)	Skandia Indurance (Sweden)	$3.2
KGHM Polska Miedz (Pol)	Quadra FNX Mining (Canada)	$2.9
Amerigas (US)	Heritage Oper, Tital Energy (US)	$2.8
Superior Energy Services (US)	Complete Production Services (US)	$2.7
Tokio Marine (Jap)	Delphi Financial (US)	$2.7
Gazprom (Rus)	Beltrangaz (50%) (Belarus)	$2.5
Eldorado Gold (Can)	European Goldfields (UK)	$2.4
		$98.8

Source: WSJ/Dealogic 1.3.12