

Mayer Brown Reps Caterpillar In \$8.6B Bucyrus Deal

By Jocelyn Allison

Law360, New York (November 15, 2010) -- Caterpillar Inc. said Monday it has agreed to buy Bucyrus International Inc. in a deal valued at \$8.6 billion, as the world's largest manufacturer of construction and mining equipment seeks to expand its reach in the global mining industry.

Under the deal, which includes the assumption of net debt, Bucyrus shareholders will receive \$92 per share in cash, or about \$7.6 billion total, which represents a 32 percent premium to Bucyrus' share price Nov. 12, the companies said.

Peoria, Ill.-based Caterpillar said it plans to fund the transaction through a combination of cash from the balance sheet, debt and up to \$2 billion in equity. The companies expect the deal to close in the middle of 2011.

Caterpillar Chairman and CEO Doug Oberhelman said in a statement that the proposed acquisition of Bucyrus was a "strong statement" about the company's belief in the future of the mining industry.

"For several years, mining customers have been asking us to expand our range of products and services to better serve their increasingly complex requirements," Oberhelman said. "This announcement says to those customers, 'We heard you loud and clear.'"

Caterpillar plans to locate the headquarters of its mining business in South Milwaukee, Wis., where Bucyrus is headquartered. It also plans to keep the Bucyrus brand for some of the company's main legacy products.

The company said it expects the transaction will result in \$400 million in annual savings starting in 2015. The deal is subject to customary closing conditions, regulatory approval and the approval of Bucyrus shareholders.

Bucyrus President and CEO Tim Sullivan called the deal an "outstanding and financially compelling transaction for our shareholders."

"We are very pleased that Caterpillar has committed to locate its mining business headquarters in Milwaukee and we are confident that the combined global platform will be extremely well-positioned to capitalize on the substantial growth opportunities in this market in the years ahead," he said in a statement.

J.P. Morgan Securities LLC served as exclusive financial advisor to Caterpillar and provided financing for the deal. Simpson Thacher & Bartlett LLP represented J.P. Morgan in connection with its role as financial advisor.

Deutsche Bank Securities Inc. and UBS Investment Bank served as financial advisors to Bucyrus.

Mayer Brown LLP, Sidley Austin LLP and Howrey LLP served as legal advisors to Caterpillar. The Mayer Brown corporate and securities team was led by partner John Sagan and included partner William Kucera and associates Andrew Noreuil, Rachel Spehler and Joseph Hable.

Sullivan & Cromwell LLP and Arnold & Porter LLP served as legal advisors to Bucyrus. The Sullivan & Cromwell team was led by M&A partners Scott Miller and Eric Krautheimer, while partner David Spitzer advised on tax matters and partner Matthew Friestedt advised on benefits matters.