



Today in Risk Arb

May 14th, 2010

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Quick nickels are still better than slow dimes.

As if last Thursday's rapid torching of the market (and reflexive bounce back) wasn't enough reason to utilize human traders to, in the least, assist with market representation, yesterday's session saw another M&A related example of man's necessity in the marketplace. The last hours of home security acquisition **CFL/TYC** saw .01-.06 levels on spread, depending on election, and the final prints offered a .20 discount to deal terms. Aggressive arbs setting the spread up into the bell saw nickel-plus gains in just under an hour on a totally hedged position. Given the recent volatility swinging for the fences, these kinds of hits always advance the runners on base.

SY/SAP - arbs raged into this one on the murmur at Bloomberg a deal was in the works Wednesday - once the details were officially released, it appears not only was the bit correct, but human traders accounted for accuracy the military would approve of (high on 12th \$65.12 versus deal price \$65).

XTO/XOM - setups remain vigilant .30 and wider with a decent bit of activity in the .28-.33 range most of the last two sessions...we anticipate that to be the tune for this spread barring any major developments to the downside as position-building fills in .35+ in good size and we're in the home stretch to close end of Q2.

SII/SLB - the drilling and exploration concern had been rattled in recent weeks by the Gulf situation, as arbs were quick to scoop up levels wider than \$2.10 two weeks prior, but quickly snapped the spread back inline to 1.65-1.85 levels. We continue to see interest tempo pick up when the opportunities arise at levels 1.85 and wider, as the spread has absorbed most of the Gulf effect at this point.

ME/APA - perhaps because of the elongated timeline and/or perhaps due to the smaller size/scope of this deal, the spread here continues to see swings of .15+ intraday, and has tested a range of .90-1.15 in recent sessions...keep an eye on opportunities wider than 1.20 as that is where considerable interest bulks up...conversely, sub-.85 is

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where unwind/reverse pressure begins to build.

Q/CTL - not much to report, but to round-out the "human element" theme today it may make sense to have a few bids represented wider than .50 in case something wacky happens...one never knows when a chance will arise to put on a position better than the spread has seen since the deal was announced.

--Joe Greco, Meridian Equity Partners

ARG – Airgas and Air Products Saga Heats Up as Air Products Nominates 3 Directors and Proposes 3 Amendments to Airgas’ By-Laws and Requests Airgas’ BOD To Meet to Negotiate \$60 per Share Proposal

[Press Release](#) [Airgas Comments](#) [Air Products Message Re: Proxy](#) [Counsel Solicitation to Meet With ARG BOD](#)

On May 13, 2010, Air Products gave notice to Airgas, as required by Airgas’s By-Laws, that it intends to, among other things, nominate three independent candidates for election at the Airgas 2010 annual meeting of stockholders (the “2010 Annual Meeting”). The nominees are John P. Clancey, Robert L. Lumpkins and Ted B. Miller, Jr.

In addition, Air Products gave notice to Airgas, as required by Airgas’s By-Laws, that it intends to propose the additional items described below for stockholder action at the 2010 Annual Meeting:

- an amendment to Airgas’s By-Laws to provide, among other things, that any director (other than Airgas’s Chief Executive Officer) nominated by the Airgas Board for election, but not elected by Airgas’s stockholders, at any annual meeting will be ineligible to serve on the Airgas Board for three years;
- an amendment to Airgas’s By-Laws to require Airgas to hold the 2011 annual meeting of stockholders, and all subsequent annual meetings of stockholders, in January; and
- the repeal of all By-Law amendments adopted by the Airgas Board without the approval of Airgas’s stockholders after April 7, 2010 (the date of the last publicly disclosed amendment to Airgas’s By-Laws).

Air Products further notified Airgas that it intends to solicit proxies for the election of Air Products’ nominees and the approval of Air Products’ other proposals. The text of the press release announcing Air Products’ nominees and other proposals and Air Products’ notice

to Airgas are filed herewith as Exhibits (a)(5)(xiv) and (a)(5)(xv), respectively, and are incorporated herein by reference.

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DCAI – U.S. Renal Care Extends Tender Offer for Dialysis Corp to 5pm EST June 1st

[Press Release](#)

PLANO, TX — May 13, 2010 — U.S. Renal Care, Inc. (“USRC”), a privately-held leading provider of outpatient dialysis services, today announced that it is extending its previously announced cash tender offer, through its wholly owned subsidiary Urchin Merger Sub, Inc., for all outstanding shares of common stock of Dialysis Corporation of America (NASDAQ: DCAI) (“DCA”), until 5:00 p.m., New York City time, on June 1, 2010, unless further extended. The tender offer was previously set to expire at 12:00 midnight, New York City time, on May 19, 2010.

USRC anticipates that on or about May 24, 2010, the conditions set forth in the debt commitment letter, dated as of April 13, 2010, between USRC and Royal Bank of Canada (including the entering into of definitive credit agreements with the lenders) will have been satisfied, other than those customary conditions which by their nature must be satisfied substantially simultaneously with the funding of the financing underlying the debt commitment letter. Accordingly, to comply with applicable rules of the Securities and Exchange Commission, USRC is extending the expiration date of the offer as set forth above, such that five business days remain in the offer following the satisfaction of the financing condition. USRC is filing an amendment to its Schedule TO to reflect this extension of the offer.

Upon the satisfaction of the conditions in the debt commitment letter, USRC will make a further announcement to that effect and will file an amendment to its Schedule TO expressly stating that the applicable conditions specific to the financing set forth in the debt commitment letter have been satisfied. At such time, USRC will ensure that at least five business days remain in the offer, or will extend the offer so that at least five business days remain in the offer.

As of the close of business on May 12, 2010, 2,119,383 shares of DCA common stock had been tendered in and not withdrawn from the offer.

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TWPG – Thomas Weisel Partners Files Supplemental Slides Relating to Merger with Stifel

[Slides](#)

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NADX – National Dentex Announces End of “Go-

Shop” Period

[Press Release](#)

During the “go-shop” period, BB&T Capital Markets contacted 63 potential transaction partners at the request of and on behalf of National Dentex, including strategic partners and financial sponsor firms. Of the 63 parties contacted, five entered into confidentiality agreements and reviewed nonpublic information regarding National Dentex. Despite this solicitation of interest, none of the contacted parties submitted a written acquisition proposal with respect to National Dentex.

National Dentex is now prohibited by the “no shop” provisions of the merger agreement with GDC from, among other things, encouraging or soliciting third-party proposals, or providing information and engaging in discussions with third parties, regarding alternative acquisition proposals. Until the merger agreement is approved by its shareholders, however, National Dentex may respond to certain unsolicited third party written offers in accordance with the terms and conditions of the merger agreement to permit National Dentex’s board of directors to comply with its fiduciary duties.

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PRPX – Portec Rail Amends ‘Drop Dead Date’ and States Desire to Enter Into Letter of Agreement with DOJ Relating to Timing of Certain Notices

[Press Release](#)

Following discussions with the DOJ, the Company, Parent and Acquisition Co. desire to enter into a letter agreement with the DOJ related to the timing of certain notices to be made to the DOJ and the closing of the transactions contemplated by the Agreement (the “[Timing Agreement](#)”).

Additionally, the parties desire to extend the Drop Dead Date, as such term is defined in the Agreement, to accommodate the execution of the Timing Agreement.

May 13 (Reuters) - L.B. Foster Co (FSTR.O) said it entered into an agreement with the antitrust division of the U.S. Department of Justice, under which it would not complete its acquisition of Portec Rail Products Inc (PRPX.O) before July 16, without the division's consent. In March, the companies had received a request for additional information from the Justice Department's antitrust division.

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IDC – Silver Lake and Warbug Pincus File 13D for Interactive Data Corp

[Schedule 13D](#)

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NADX – Gabelli Files Updated 13D Showing They Increased Their Ownership To 633,147 Shares or 10.71% From 445,900 Shares or 7.74% Previously Reported on April 15

[Schedule 13D](#)

The aggregate number of Securities to which this Schedule 13D relates is 633,147 shares, representing 10.71% of the 5,913,464 shares outstanding as reported in the Issuer's most recent Form 10-K/A for the fiscal year ended December 31, 2009. The Reporting Persons beneficially own those Securities as follows:

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BELM – Gabelli Files Updated 13D Showing Increase in Ownership to 3.3mm Shares or 10.2% From 1.2mm Shares of 5.62% Previously Reported on April 9th

[Schedule 13D](#)

The aggregate number of Securities to which this Schedule 13D relates is 3,324,219 shares, representing 10.20% of the 32,575,278 shares outstanding. This latter number is arrived at by adding the number of shares reported as being outstanding in the Issuer's most recently filed Form 10-K/A for the fiscal year ended December 31, 2009 (32,392,759) to the number of shares which would be receivable if the Reporting Persons were to actually convert all of the Issuer's Convertible Preferred Stock held by them into the Common Stock of the Issuer (182,519). The Reporting Persons beneficially own those Securities as follows:

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DTG – Avis Budget Filed Notification Under HSR Act

[Press Release](#)

Says antitrust scrutiny same as that of rival alliance (Adds details, background)

May 13 (Reuters) - Avis Budget (CAR.N), the No. 2 car rental firm in the U.S., said it filed with U.S. regulators for antitrust approval of its potential acquisition of smaller rival Dollar Thrifty Automotive Group Inc (DTG.N).

Dollar Thrifty is being wooed by both Avis Budget and the No. 3 car rental firm, Hertz Global Holdings Inc (HTZ.N), with Avis looking to defend its market share and Hertz aiming to displace Avis.

Avis reiterated its stance that the antitrust analysis and clearance timetable for an Avis Budget-Dollar Thrifty deal are comparable to those in a Hertz-Dollar Thrifty deal.

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