

Berkshire Joins 3G Capital to Buy Heinz in \$23 Billion Deal (2)
2013-02-14 13:28:31.255 GMT

(Updates with Berkshire cost in second paragraph.)

By Zachary Tracer

Feb. 14 (Bloomberg) -- Warren Buffett's Berkshire Hathaway Inc. and Jorge Paulo Lemann's 3G Capital agreed to buy HJ Heinz Co. for about \$23 billion as the billionaires increased their bets on consumer products.

The buyers will pay \$72.50 a share, compared with yesterday's closing price of \$60.48, according to a statement today. Berkshire will spend about \$12 billion to \$13 billion on the deal for the maker of condiments and Ore-Ida potato snacks, Buffett told CNBC. The deal will also be financed with cash from 3G affiliates, plus the rollover of existing debt, and is valued at about \$28 billion including debt, according to the statement. Buffett has been seeking deals after the cash pile at Omaha, Nebraska-based Berkshire climbed to more than \$45 billion. He has previously wagered on consumer products through equity investments in Coca-Cola Co. and he helped finance Mars Inc.'s purchase of chewing gum maker Wm. Wrigley Jr. Co. Lemann is worth about \$19 billion based on holdings in Anheuser-Busch InBev NV and Burger King Worldwide, according to the Bloomberg Billionaires Index.

"Heinz has strong, sustainable growth potential based on high quality standards, continuous innovation, excellent management and great tasting products," Buffett, 82, said in the statement.

Heinz shares climbed to \$72.68 in early trading at 8:19 a.m. in New York. The company had gained 17 percent in the past 12 months as it boosted sales in developing economies. Heinz in November said fiscal second-quarter sales in emerging markets rose 13 percent, excluding the effects of foreign currency fluctuations and acquisitions or divestitures.

Pittsburgh Roots

Heinz will retain its corporate headquarters in Pittsburgh, according to the statement. The company traces its roots back to 1869, when Henry John Heinz and neighbor L. Clarence Noble began selling grated horseradish, according to Heinz's website. The company introduced its famous Tomato Ketchup in 1876. Centerview Partners LLC and Bank of America Corp. acted as financial advisers to Heinz, while Davis Polk & Wardwell LLP provided legal counsel to the ketchup maker. Lazard Ltd. served as lead financial adviser to the

investment group. JPMorgan Chase & Co. and Wells Fargo & Co. also gave financial guidance, and the two banks have committed debt financing, according to the statement.

For Related News and Information:

Top Insurance Stories: [TOP INS <GO>](#)

Most Popular Insurance Articles: [MNI INS <GO>](#)

Bloomberg Industries Life Insurance [BI LIFE <GO>](#)

--With assistance from Kevin Orland in Chicago and Julie Alnwick in New York. Editors: Dan Kraut, Dan Hauck

To contact the reporter on this story:

Zachary Tracer in New York at +1-212-617-1673 or

ztracer1@bloomberg.net

To contact the editor responsible for this story:

Dan Kraut at [+1-212-617-2432](tel:+1-212-617-2432) or

dkraut2@bloomberg.net