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## DEALS

### WATCH WARREN WIN WITH WELLS

A boon for Buffet in Wells  
Fargo's run at First Interstate

**W**arren E. Buffett wins again. On Oct. 18, just a bit more than two months after the investor logged a big gain from Disney's deal to purchase Cap Cities/ABC, another major Buffett holding, San Francisco-based Wells Fargo & Co., made an uninvited bid for Los Angeles-based First Interstate Bancorp. The deal, valued at more than \$10 billion, would be among the largest in U.S. banking history and the industry's first major hostile purchase since Bank of New York Co.'s bid for Irving Bank Corp. in 1987. "It's a brilliant move," says Lloyd Greif, owner of Los Angeles' Greif & Co. and an investor in both banks.

Wall Street couldn't have agreed more. Both stocks shot up on the news: First Interstate climbed 32%, to 140¼, and Wells Fargo closed at 229, up 15½— a \$98 million gain for Buffet's 13.3% of the company. Wells Fargo called the market's move a clear vote of support for its offer of approximately \$143 per First Interstate share.

**"DEEPLY DISAPPOINTED."** The two banks have talked in the past—as recently as the night before the announcement, according to Wells Fargo CEO Paul Hazen. He said he decided to step up the stakes as a way of accelerating the mating dance. First Interstate, though, hardly welcomed the move: "I am deeply disappointed that Wells Fargo would take this uninvited action," Chairman William E.B. Siart said in a statement. Siart said the bank's board is considering its options.

#### THE \$10 BILLION BANK BID Wells Fargo goes after First Interstate

Analysts see the deal as too compelling not to get done. "You get in-market cost savings and Wells management being able to apply itself to a much bigger and more geographically diverse franchise," says Thomas K. Brown, a banking analyst at Donaldson, Lufkin & Jenrette.

Anyway, there are few other bidders likely to match Wells Fargo's offer. Reluctant though it may be, First Interstate will likely find itself the latest casualty in a binge of banking buyouts. Buffett, meanwhile, will be able to count Wells Fargo's conquest as another victory for his books.

*By Nanette Byrnes in Los Angeles, with Kelly Holland in New York*