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Kirkland's deal team rises in first-quarter M&A rankings

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While many of the deals that Kirkland & Ellis LLP's mergers and acquisitions practice worked on this year made headline news, the practice itself made jumps in first-quarter M&A legal rankings.

Kirkland ranked No. 1 in the first quarter's "U.S. counsel to principals" by value of deals category, says Bloomberg's latest Global Legal Advisory Mergers & Acquisition Rankings.

Jones, Day ranked No. 1 globally and in the U.S. in deal count for "total announced deals" and in the category "U.S. counsel to principals," says Bloomberg's first quarter rankings.

"We're often very, very high in the league tables ranked by volume of deals," said Partner R. Scott Falk. "But this may be the first time we've ever been No. 1 in the league tables by value."

A hot streak in January helped set the tone for a strong quarter when Kirkland represented clients in three deals valued at \$4.7 billion, \$4 billion and \$2.5 billion.

Historically well-known for its private equity practice, which ranked No. 1 by global deal value in the same Bloomberg rankings, Partner Jon A. Ballis said in the past few years the firm built up talent to bolster its strategic M&A practice where companies typically represent both sides of a deal.

As part of that effort, David Fox, a New York-based partner and one of the leaders in the corporate practice, came to



R. Scott Falk

Kirkland along with Daniel E. Wolf about three years ago from Skadden, Arps, Slate, Meagher & Flom LLP.

"Between great people who were here, us coming and having such an amazing platform at Kirkland on so many different business areas, it's been a great situation," Fox said.

He said the firm's first quarter results "are not an aberration," but come after a strong 2011.

In Bloomberg's year-end 2011 rankings, the firm ranked 13th by deal volume in the "U.S. counsel to principals" category. In 2010, the firm ranked No. 8, the rankings say.

In 2011, Skadden — where Fox and Wolf used to work — ranked No. 2 in the same category.

Along with an increase in large deals, many of the firm's recent deals on the private equity and strategic side "are not cookie-cutter transactions," Fox said.

For example, Kirkland represented Prestige Brands Inc., the consumer products company that makes Clear Eyes and



Jon A. Ballis

cleaning products, in its defense of a hostile takeover bid. It also counseled Teva Pharmaceutical Industries Ltd. as it outbid a rival to buy Cephalon Inc.

"If you look at Prestige Brands, that's a hostile defense," Fox said. "Look at Teva buying Cephalon, that's a company swooping in to buy another company after it has been under hostile attack. So each one of these is different, but they're not cookie-cutter transactions."

Falk said he led the Kirkland team representing Molson Coors Brewing Co. in its \$3.5 billion acquisition of StarBev L.P., a European brewer, from funds advised by private equity firm CVC Capital Partners.

The deal involved creating a 500 million euro debt note that Molson Coors must pay to CVC after 18 months if all the terms of the sale prove out, Falk said.

If something in the terms fails to pan out and Molson Coors asks to recoup some of the purchase price from CVC, it would receive that money by



David Fox

paying less of the debt it owes CVC as opposed to CVC paying in cash, Falk said.

"Like a lot of private equity firms," Falk said, "CVC ... wanted to be able to distribute to its limited partners the proceeds of the transaction without being at risk of having to claw back any of those proceeds to be able to make good on an indemnity."

Falk said the deal also involved a unique "synthetic equity upside" agreement to compensate CVC for agreeing to wait 18 months before receiving the 500 million euro.

Recruiting talented M&A lawyers created momentum for Kirkland's practice, Ballis said.

Fox said the firm continues to recruit M&A lawyers in places like New York and Hong Kong as a way to grow its practice internationally.

"There is this sort of inexplicable tumbleweed effect; the more you do, then the more people want to do with you," Ballis said.