

The Texas Lawbook

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Mergermarket: Kirkland, then V&E Dominate Texas M&A

By Mark Curriden

(Jan. 31) – Kirkland & Ellis represented more Texas companies in a single year doing mergers, acquisitions and divestitures in 2018 than any law firm in Texas history.

New Mergermarket data provided exclusively to The Texas Lawbook shows that the Chicago-based firm was the legal advisor on 100 deals in Texas in 2018 – the first time any firm has ever reached triple digits.

The previous high was in 2014 when Vinson & Elkins represented 86 Texas businesses in M&A transactions.

For the third consecutive year, Kirkland ranked No. 1 in M&A dealmaking in Texas – not bad for a law firm that's only had an office in the state since 2014.

V&E ranked second for the third consecutive year. The Houston-based firm and Kirkland have been locked in a heated battle for the top spot in the Texas M&A rankings for the past five years.

The new 2018 Mergermarket rankings, however, show that there is a growing separation between Kirkland and V&E and even more separation between V&E and the rest of the pack.

In 2015, V&E, Kirkland and Latham were nearly tied in the Mergermarket rankings. Five deals separated the top three firms.

The Mergermarket data shows that a dozen law firms were separated by 27 transactions from the No. 1 spot.

By contrast, Kirkland's 100 deals in Texas are 27 more than V&E, which is in second place.

Similarly, V&E's 73 transactions are also 27 more than the third place law firm, Locke Lord. Twenty-two law firms were the legal advisors in 19 to 46 deals, which is the third set of 27 transactions.

That's not to say that the third segment of law firms did poorly in 2018.

Mergermarket data shows that 22 of the top 30 corporate law firms increased the number of Texas deals they handled during 2018. Eight law firms – Kirkland, Locke Lord, Baker Botts, Sidley, McGuireWoods, Shearman & Sterling, Wilson Sonsini and Pillsbury – increased their deal count by double-digits last year.

By contrast, only one law firm – Latham & Watkins – saw its M&A deal count decline by double-digits. Even then, the sizes of the deals that Latham handled in 2018 increased by 62 percent over the previous year.

Twenty-three of the top 30 law firms in the Texas M&A rankings are headquartered outside the state – 18 of the 23 non-Texas based firms now have offices in Dallas, Houston or Austin.

The law firms in Texas are benefiting from a strong M&A market, which meant more work for more legal advisors.

The Texas Lawbook reported Wednesday that M&A activity set new records in 2018 with 1,072 transactions involving Texas-based companies. The Mergermarket data shows that Kirkland represented businesses in one in every 10 of those deals, while V&E was involved in another one of 12.

Rank	Company Name	2018		2017
		Value (US\$m)	Deal Count	Deal Count
1	Kirkland & Ellis	42,076	100	84
2	Vinson & Elkins	133,741	73	69
3	Locke Lord	11,772	46	36
4	Baker Botts	51,342	42	27
5	Gibson, Dunn & Crutcher	44,404	42	33
6	Jones Day	39,049	42	36
7	Latham & Watkins	101,814	40	55
8	DLA Piper	5,793	40	39
9	Weil Gotshal & Manges	15,864	35	34
10	Sidley Austin	40,359	31	18
11	McGuireWoods	1,704	31	17
12	Akin Gump Strauss Hauer & Feld	35,634	26	26
13	Haynes and Boone	3,221	26	26
14	Bracewell	41,864	25	22
15	Simpson Thacher & Bartlett	37,613	24	23
16	McDermott Will & Emery	30,570	24	17
17	Sullivan & Cromwell	92,325	23	15
18	Shearman & Sterling	63,205	23	12
19	White & Case	120,163	21	30
20	Wachtell, Lipton, Rosen & Katz	41,108	19	12
21	Winston & Strawn	4,424	19	12
22	Willkie Farr & Gallagher	2,282	19	17
23	Wilson Sonsini Goodrich & Rosati	2,146	19	6
24	Goodwin Procter	688	19	20
25	Hogan Lovells International	3,119	18	21
26	Orrick Herrington & Sutcliffe	1,940	18	13
27	Ropes & Gray	8,974	17	18
28	Norton Rose Fulbright	3,052	17	23
29	Pillsbury Winthrop Shaw Pittman	887	16	5
30	Davis Polk & Wardwell	35,661	15	13

Source: Mergermarket

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1	Vinson & Elkins	133,741	73	50,072
2	White & Case	120,163	21	68,515
3	Cleary Gottlieb Steen & Hamilton	108,579	10	23,597
4	Latham & Watkins	101,814	40	62,616
5	Sullivan & Cromwell	92,325	23	50,520
6	Richards Layton & Finger	84,568	8	6,478
7	Potter Anderson & Corroon	70,321	3	2,679
8	Shearman & Sterling	63,205	23	31,632
9	Baker Botts	51,342	42	15,456
10	Gibson, Dunn & Crutcher	44,404	42	30,146
11	Kirkland & Ellis	42,076	100	83,253
12	Bracewell	41,864	25	18,179
13	Wachtell, Lipton, Rosen & Katz	41,108	19	23,652
14	Sidley Austin	40,359	31	32,078
15	Skadden Arps Slate Meagher & Flom	39,971	13	41,746
16	Jones Day	39,049	42	46,089
17	Simpson Thacher & Bartlett	37,613	24	36,539
18	Davis Polk & Wardwell	35,661	15	12,527
19	Akin Gump Strauss Hauer & Feld	35,634	26	18,239
20	McDermott Will & Emery	30,570	24	636
21	Morgan Lewis & Bockius	28,115	12	9,704
22	Cravath, Swaine & Moore	19,718	6	46,072
23	Paul Weiss Rifkind Wharton & Garrison	18,840	13	43,454
24	Debevoise & Plimpton	16,704	8	13,584
25	Alston & Bird	16,038	15	7,463
26	Weil Gotshal & Manges	15,864	35	8,204
27	McCarthy Tetraut	13,491	3	2,500
28	Morris Nichols Arshat & Tunnell	12,124	3	6,805
29	Locke Lord	11,772	46	8,530
30	Freshfields Bruckhaus Deringer	11,313	3	4,066

Source: Mergermarket

There are other factors also at work in the state that impact law firm rankings, including law firm consolidation and aggressive hiring practices of firms such as Kirkland to hire away experienced M&A lawyers from competitors.

The strong M&A data is an early indication that law firms operating in Texas will likely report record revenues when they release their annual financials in March.

By any measurement, the Mergermarket M&A data shows Kirkland had a blockbuster 2018.

The firm's lawyers were legal advisors in exactly 100 Texas transactions in 2018 – a 19 percent increase from 2017 and more than double the number of deals it handled in 2015. V&E excluded, Kirkland did more than twice the number of M&A transactions as any other law firm.

In 2015, 35 deals separated the No. 1 ranked M&A firm on deal count from the 30th spot. In 2018, the separation between No. 1 Kirkland and No. 30 David Polk is 85 transactions, according to Mergermarket.

The one slippage for Kirkland came in the deal value category, where it dropped from first in 2017 to 11th last year.

Houston-based V&E used its insider edge in the oil patch and strength in private equity to work on 73 deals in 2018 – four more than 2017 and 55

percent more transactions than 2015, according to Mergermarket. V&E's 73 transactions in 2018 are the second highest in the firm's history. In 2014, Mergermarket reported that the Houston firm advised in 86 M&A transactions.

V&E took top honors for deal value in 2018, as the firm represented Energy Transfer Partners in its \$60 billion simplification restructuring and RSP Permian in its \$9 billion sale to Concho. In all, the firm worked on deals with a combined value of \$133.7 billion.

The Mergermarket data shows that the M&A practices at several law firms had strong years. Several law firms saw significant jumps in the number of deals they handled in 2018, including:

- Locke Lord's M&A deal count jumped 28 percent;
- Baker Botts' increased 56 percent;
- Weil Gotshal shot up 72 percent;
- McGuireWoods jumped 82 percent;
- Shearman & Sterling nearly doubled its Texas deal count.

Wilson Sonsini and Pillsbury witnessed the biggest percentage increases in 2018, as both firms more than tripled the number of Texas transactions the firm's lawyers handled last year compared to 2017.