



Kirkland & Ellis' mergers and acquisitions team racked up a series of blockbuster deals in 2011 that were noted as much for their complexity as their dollar totals, earning the team a spot on *Law360's* list of practice groups of the year.

From guiding Teva Pharmaceuticals in its \$7.8 billion crusade to crush a hostile takeover attempt of Cephalon Inc. by Valeant Pharmaceuticals International Inc., to helping Avis Budget Group gain the upper hand in the car rental wars with its \$1 billion acquisition of Avis Europe PLC, Kirkland's M&A group has executed a number of intricate, multi-jurisdictional deals that have become the team's hallmark.

Fending off hostile takeovers, working against tight deadlines, and navigating the linguistic, cultural and governmental obstacles of emerging markets — "those are deals ... that require great creativity and are a great example of the type of complexity we're attracted to," New York M&A partner Daniel E. Wolf told *Law360* Tuesday. "Those are the types of deals people come to us for."

The group tends to shy away from the beaten path in favor of devising new approaches to legal maneuverings and team structure.

The firm has a relatively small team handling a large number of marquee deals at any given time. The group worked on more than a dozen multibillion-dollar deals in 2011 alone. Yet, of Kirkland's 1,500 attorneys spread across 10 offices worldwide, the firm has just 15 partners focused full-time on M&A within a group of about 75 lawyers whose primary focus is M&A. The team might be small compared with some of Kirkland's other practice groups or M&A teams at other firms, but the partners feel their focus on quality over quantity is paying off.

M&A Group of the Year: KIRKLAND

New York partner David Fox, one of the leading members of Kirkland's corporate group and a member of the firm's Worldwide Management Executive Committee, told *Law360* that Kirkland is "very much" interested in growing its M&A practice, but will be doing so "very selectively."

"We don't intend to end up having hundreds of lawyers engaged in this," Wolf added. "We won't grow just for the sake of growth."

Kirkland took "a slightly different angle" from its peers in assembling a small, nimble group of highly skilled M&A attorneys by placing an emphasis on youth and its accompanying creativity, Fox said.

"At a lot of other firms, you see senior people running these deals, while here, you have a lot of younger attorneys playing absolutely key, leading roles in a lot of transactions, which contributes to the group's driving energy," Fox said.

Standouts include partners like Wolf and William B. Sorabella, both in their 30s, who worked on some of Kirkland's biggest M&A matters this year.

Fresh from being named one of *Law360's* 2010 M&A MVPs for his work with senior partner Stephen Fraidin on on 3G Capital Management LLC's acquisition of Burger King Holdings Inc., Sorabella — together with partners George Stamas and Mark Director — represented Baltimore-based Constellation Energy Group in its proposed merger with utilities giant Exelon Corp. The \$7.9-billion deal, one of the largest domestic energy deals of the year, would create the No. 1 competitive power generator and the No. 1 competitive energy products and services supplier. Announced in April, the merger is currently awaiting antitrust approval.

Wolf was part of the Kirkland team that worked on a September mining assets swap that turned around the struggling Oklahoma chemical-maker Tronox Inc. Less than a year prior, Kirkland's bankruptcy team had shepherded Tronox through some dark times, but just a few months after emerging from Chapter 11, the M&A group worked out a \$3.4-billion deal that gave Tronox all of South African mining company Exxaro Resources Ltd.'s mineral sands operations in Australia and South Africa in exchange for a 39 percent stake in the merged company, New Tronox.

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"Being able to bring that cross-border experience and creativity, that was something where we were able to shine," Wolf said. "To think that we had seen the company at its lowest point in bankruptcy, where they almost completed a sale [of the company] for \$400 million, to a \$3.4-billion acquisition less than a year later, it's really a testament to the firm."

The Tronox deal also epitomized the Kirkland M&A team's emphasis on working with other branches of the firm to offer comprehensive solutions to their clients' most complicated problems.

“As we grow the M&A practice, one of the core elements of that growth is ensuring that we tap into the relationships and the opportunities that exist from the other practice groups,” Wolf said, noting Tronox worked with Kirkland’s bankruptcy and tax teams before coming to M&A. “We have a two-way street where a lot of other firms have a one-way street. ... It is definitely a strength of the firm’s.”

The Kirkland M&A group orchestrated another reversal of fortune when it helped Avis Budget Group Inc. ink a \$1 billion deal to acquire independently traded Avis Europe PLC.

At the time, Avis and competitor Hertz Global Holdings Inc. were locked in a battle for Dollar Thrifty Automotive Group Inc. In May, Hertz bid \$2.25 billion for Dollar Thrifty, eclipsing Avis’ earlier offer of \$1.52 billion. Kirkland helped Avis turn what could have been a defeat into a victory, deftly sidestepping the bidding war and going instead for a deal that gave Avis control of a cross-continent car rental empire. Four months after Avis absorbed its European counterpart, Dollar Thrifty took itself off the market.

“In these situations, there’s no playbook to open up,” Wolf said. “You need a range of experience and knowledge to know what type of novel tactics might work.”

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Novel tactics again came into play when a Kirkland team headed by Fox and partner Jeffrey Symons helped Teva Pharmaceutical swoop in to buy Pennsylvania-based Cephalon in May, thwarting the latest in a series of unsolicited offers from Canadian pharmaceutical corporation Valeant. The Israeli pharmaceutical company’s \$7.8-billion

offer dwarfed Valeant’s \$5.7-billion bid in a decisive victory that belied the challenges Kirkland’s M&A team faced in putting the deal together “before the short fuse of Valeant ran out,” Wolf said.

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“We do well with cross-border transactions where we work ... with people in foreign offices, or we are working with counsel in local jurisdictions,” New York partner Sorabella told *Law360*.

In August, Kirkland raided eight senior partners from three major law firms to launch a full-service transactional practice in Hong Kong as it pushed toward its goal of having approximately 50 lawyers in Asia.

Wolf extolled Kirkland’s careful cherry-picking method as “a reflection of our focus on that market and our commitment to that market.”

Even before the addition of the new partners, Kirkland’s M&A group was already making a splash in the emerging Asian market.

In January 2011, Kirkland’s Srinivas Kaushik guided iGate Corp. in its \$1.2 billion acquisition of a 46 percent majority stake in Indian IT and outsourcing company Patni Computer Systems. The transaction is the largest acquisition of an information technology company in India and one of the largest leveraged acquisitions of an Indian company to date. The deal was also the first to utilize high-yield financing from a U.S. issuer for the acquisition of an Indian public company, according to Kirkland.

Ten months later, Kirkland oversaw the largest outbound M&A deal in China to date, when Israel-based Koor Industries sold part of its holdings in Israeli crop-protection product-maker Makhteshim Agan Group to a subsidiary of ChemChina for \$2.4 billion.

The M&A team has a strong hunch that Kirkland’s American and European clients

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will be looking to put a new focus on transactions in Asia and, perhaps even more significantly, that outbound deals from China and India will continue to grow, according to Wolf.

“That’s why we want the best and the brightest people on the ground in both markets,” Wolf said.

The M&A attorneys in Kirkland’s Shanghai and Hong Kong offices will face a unique set of challenges as they take on the increased workload coming out of Asia, Wolf said. Doing business in emerging markets like China and India means dealing with language barriers that are not typically encountered with more traditional partners. Additionally, “the line between private enterprise and government is a lot less clear,” particularly in China, Fox said.

Other businesses and law firms in emerging markets are typically less experienced when it comes to managing the big, thorny, cross-border deals the Kirkland M&A team is accustomed to handling.

“They’re starting with a blank piece of paper,” Wolf said. He quickly added, “Though, the experience gap, like everything else, is something I’m sure they will quickly catch up on.”

In the meantime, “it is so important for us to have that experience on the ground, people who have relationships and experience and know how to navigate all three of those challenges,” Wolf said.