



With more than 300 attorneys who work in the world of private equity, Kirkland & Ellis is an 800-pound gorilla in the buyout jungle. Despite a down year for the industry overall, the Chicago-based firm worked 174 deals totaling \$33 billion in 2011 and also expanded its practice abroad, earning it a spot on *Law360's* list of Private Equity Groups of 2011.

PRIVATE EQUITY Group of the Year: KIRKLAND

Kirkland's muscle was on display in July when it provided financing counsel to Apax Partners LLP as the buyout giant put together a consortium of funds to take control of San Antonio-based medical technology company Kinetic Concepts Inc. in a \$6.3 billion deal.

"We've been in private equity almost since its origins. We cover the full range of the market — including clients like Apax — who do the very large transactions," San Francisco-based Kirkland corporate group co-founder David Breach said.

Kirkland, which worked with fellow private equity legal titan Simpson Thacher & Bartlett LLP on the Apax-Kinetic Concepts deal, helped coordinate a financing team that included Morgan Stanley & Co. LLC, Bank of America Merrill Lynch and Credit Suisse AG.

"We've been in private equity almost since its origins. We cover the full range of the market — including clients like Apax — who do the very large transactions..."

Apax was also joined by an investment group that included affiliates of the Canada Pension Plan Investment Board and the Public Sector Pension Investment Board in the Kinetic Concepts deal, which closed in November.

"Since 2007, the size of the largest private equity deals has come down so you're not seeing as many \$10 billion-plus transactions," Breach said. "But the Apax deal shows the scope of the work that we do in deals with complex financing requirements."

Some of Kirkland's other heavy-hitting private equity clients who closed deals in 2011 included Oaktree Capital Management LP and Bain Capital LLC. Apax, Oaktree and Bain all have more than \$60 billion under management.

"We also have a very extensive practice in the middle market," Breach said, referring to a slew of deals and mid-market fundraising successes.

Kirkland showed its expertise in 2011 at the high end of the mid-market, for example, by guiding private equity firm Golden Gate Capital LP in the \$470 million purchase of California Pizza Kitchen Inc., which closed in July after shareholders approved it.

Some of Kirkland's other heavy-hitting private equity clients who closed deals in 2011 included Oaktree Capital Management LP and Bain Capital LLC.

Breach noted that the parties to the pizza chain purchase were prepared to attempt to complete the deal through a one-step merger process if difficulties with shareholders emerged.

"We incorporated a structure that's being referred to in the mergers and acquisitions world as the 'Burger King' structure," Breach said, referring to Kirkland's work with private equity client 3G Capital Management LLC in its 2010 purchase of Burger King Holdings Inc. for \$4 billion. "We simultaneously launched a tender offer while also preparing to do a one-step merger if it became necessary."

In the California Pizza Kitchen deal, Plan B did not become necessary, but Breach noted that it takes a large, experienced law firm to execute on such a dual-track plan.

“By running them in parallel you can hold open the prospect of completing a tender but you’ve also got a backup plan,” Breach said.

Despite dark clouds hanging over the buyout industry in 2011, not every Kirkland deal was a nail-biter, the firm noted. A good example was Kirkland’s representation of Industrial Growth Partners in its November sale of oil and gas wellhead equipment and solutions provider Seaboard Holdings Inc. to the Weir Group PLC for \$675 million.

The sale was a big hit for Industrial Growth Partners, which bought a stake in Seaboard in 2007 at a fraction of that price.

“There was strong interest from strategic buyers,” Breach said. “It was one of those transactions that resulted in an attractive outcome for our client.”

On the crucial issue of fund formation, Kirkland was no less a standout, aiding private equity players of all stripes in closing out major capital-raising efforts.

“Fundraising, like many businesses, is cyclical,” Chicago-based Kirkland private funds group leader Bruce Ettelson said. “It’s clear by the numbers that it’s a difficult environment right now.”

“We’ve represented GTCR and its predecessor firms since Fund I back in 1980. They’re one of the oldest and most storied private equity firms and they’ve had fabulous returns over a long period of time...”

In February, for example, Kirkland lawyers worked with GTCR LLC, a private equity firm that has invested \$8.5 billion in its long history, as GTCR closed its 10th investment fund by raising \$3.25 billion.

GTCR overshot its \$3 billion target and Fund X, which is targeting financial services, technology, health care and information services investments, became its biggest close in 31 years.

“We’ve represented GTCR and its predecessor firms since Fund I back in 1980. They’re one of the oldest and most storied private equity firms and they’ve had fabulous returns over a long period of time,” Ettelson said.

Kirkland also helped several middle-market private equity players — including Wynnchurch Capital Partners III LP, Edgewater Growth Capital Partners III LP and Comvest Investment Partners IV LP — hit their fund caps in 2011.

And the firm also represented a relative newcomer to the private equity world, Revolution Growth, which was formed by former AOL Inc. CEO Steve Case and Washington sports mogul and former AOL President Ted Leonsis, as it closed out its \$450 million initial fund that will target East Coast “high-growth companies that have the potential to disrupt existing business models” for investment.

That total surpassed Revolution Growth’s goal of raising \$400 million and the company has vowed to begin investing the money quickly.

“Even in this difficult fundraising environment there are going to be a lot of attempts at first-time funds. Some will be successful and some won’t be,” Ettelson said.

“Revolution fits the bill as a new fund with potential. You’ve got those successful entrepreneurs from AOL with a tremendous track record and excellent operational skill sets.”

Deals and fundraising successes aside, Kirkland also expanded its transactional practice in 2011. The expansion was especially notable in Asia when, in August, the firm brought in eight new partners from

Kirkland also helped several middle-market private equity players — including Wynnchurch Capital Partners III LP, Edgewater Growth Capital Partners III LP and Comvest Investment Partners IV LP — hit their fund caps in 2011.

competing law firms including Skadden Arps Slate Meagher & Flom LLP, Latham & Watkins LLP and Allen & Overy LLP.

“We intend to be the leading adviser to sponsors of complex deals in Asia,” Hong Kong-based Kirkland private equity partner David Patrick Eich said at the time.

Kirkland now counts more than 280 private equity firms among its client base and, according to industry watchers, is likely the world’s largest private equity legal practice.