



2012 Practice Group of the Year

Private Equity

With nearly 350 attorneys and almost as many clients, Kirkland & Ellis LLP boasts what is likely Big Law's biggest and broadest private equity practice. In 2012, it proved it was one of its most capable, too, tackling a dozen billion-dollar buyouts from large-cap investors and covering the middle market from Chicago to Shanghai.

Within a three-week stretch in October, Kirkland closed a \$1.1 billion software buy for Thoma Bravo LLC; sealed a nifty division of Collective Brands Inc. among three buyers; guided Bain Capital LLC on a \$1.6 billion corporate carveout; advised Spectrum Equity Investors LP in the \$1.6 billion management buyout of Ancestry.com Inc.; and spun billion-dollar exits for Oaktree Capital Management LP and Madison Dearborn Partners LLC, the latter nearly doubling its original equity investment.

That's six deals for six different clients, all either signed up or closed within 20 days, and valued at nearly \$9 billion, proof of the deep bench and enviable client list that has earned Kirkland a spot among *Law360's* Private Equity Practice Groups of the Year.

"Depending on where you looked in the market, it was an uneven year for private equity, but we really didn't see that with our business," said David

Breach, a dealmaker in the firm's San Francisco office. "With a client group like we have, we've managed to stay very busy."

That roster spans the entire private equity marketplace, from top-20 firms like Bain Capital Management LLC, Apax Partners LLP, Oaktree and Madison Dearborn to middle-market powerhouses like Golden Gate Capital Partners LLC, Summit Partners LP, Cinven and TA Associates Management LP. Look for Apollo Global Management LLC to join the list, thanks to Kirkland's pickup in August of Taurie Zeitzer, who handled much of Apollo's work at Latham & Watkins LLP.

Name a trend that featured in 2012 dealmaking, and Kirkland touched it.

Private equity firms reaping the castoff of big bank slim-downs? The firm advised longtime client GTCR LLC in its acquisition of Premium Credit Ltd. from a Bank of America Corp.

European affiliate. Telecom consolidation? Kirkland guided MidOcean Partners in the sale of Insight Communications Company Inc., the ninth-largest U.S. cable provider, to Time Warner Cable Inc. for \$3 billion. Corporate spinoffs finding homes in private equity portfolios? See its two deals for Bain, which acquired Danaher's tool-making business for \$1.6 billion, and Physio-Control Inc., a maker of heart-saving defibrillators, from Medtronic Inc. for \$487 million.

Perhaps no trend saw Kirkland shine brighter than private equity's stampede for the exits. Investments made at the height of the boom, marked by inflated valuations and cheap debt, aren't necessarily the easiest to swing a profit on, but Kirkland secured successful exits for several clients.

It closed three sales for Madison Dearborn Partners LLC, starting with the \$3 billion sale of credit reporting

agency TransUnion Corp. to Advent International Corp. The deal valued the company at a 50 percent premium to the valuation implied in 2010, when Madison Dearborn bought its majority stake.

In July, corporate partners Michael Paley and Tana Ryan closed a \$1.55 billion deal to sell Bolthouse Farms Inc., a major supplier of carrots and vegetable juice, to Campbell Soup Co. After a seven-year hold period, Madison Dearborn more than doubled its original \$260 million equity investment, according to a 2005 *Moody's* report, and saw a 42 percent bump in the company's enterprise value.

And in October, Chicago partners Carol Anne Huff, Richard Campbell, Jon-Micheal Wheat and Michael Wright closed the sale of another Madison Dearborn company, aerosol spray can manufacturer BWAY Parent Co. Inc., to Platinum Equity LLC for \$1.24 billion. Madison Dearborn had acquired BWAY in 2010 in a deal that included about \$294 million in equity, according to regulatory filings — another pretty payday.

Other exits followed for MidOcean, for Oaktree, which reaped \$1.3 billion in the sale of Jackson Square Aviation, and for Vista Equity Partners, which unloaded Sunquest Information Systems Inc. for \$1.4 billion.

All three buyers were cash-rich strategics — Time Warner, Mitsubishi Corp. and Roper Industries Inc. — and the deals highlight a trend that kept Kirkland's group busy even as mega-buyouts remained scarce. Companies with huge cash reserves drove most of the year's deal activity, and Kirkland helped its buyout clients ride the wave to sorely needed exits.

"As the year progressed, market for exits got better, and many of our clients took advantage of that," Breach said. "It's no secret that companies are sitting on large stockpiles of cash. We thought it would be a good year for exits and it turned out that way."

A solid M&A group is only half of a good global private equity practice, though, and Kirkland's fund formation team rounds out the firm's complete package. Big closes for Thoma Bravo and Golden Gate cap a year that saw limited investors reward some hot fund managers but punish others.

"Kirkland is a very entrepreneurial place, and it permeates the work we do as a practice group."

Back in 2008, Kirkland had helped Golden Gate form an evergreen buyout fund, one that would allow Golden Gate more flexibility in its hold times and its conversations with limited partners. Last year, the fund was up for its second close, and partner Bruce Ettelson headed a team that steered Golden Gate to \$3.7 billion, passing its \$3.5 billion goal.

"It's a true hybrid of private equity and hedge fund mechanics," said Ettelson, who heads the firm's fundraising practice from Chicago.

Kirkland also closed a \$1.25 billion generalist buyout fund for Thoma Bravo, beating a \$900 million target just two months into its year-long fundraising window. It is Thoma Bravo's biggest fund to date and first over \$1 billion.

Kirkland is growing its European practice to match its efforts in New York and Chicago. The London office now boasts 25 private equity lawyers, about 15 working in fund formation. In July, the group closed a €200 million (\$267 million) pool for Procuritas AB, a Scandinavian buyout shop.

"The eurozone crisis made for very sporadic business across the industry, but we have the biggest dedicated private equity practice in Europe, and a long list of clients, so we have managed to stay very active," said Graham White, who heads the firm's European private equity group.

Ettelson said Kirkland works hard to move its private equity clients across the firm, with notable success.

Kirkland has handled Vista Equity Partners' transactional work for years — most recently running its joint acquisition of cable TV and Internet provider WaveDivision Holdings LLC last spring — and last year won fund work for two new vehicles Vista was raising. It was the same story with GI Partners, a \$4 billion fund manager. Marlin Equity, a Los Angeles-based sponsor, went the other way around, moving from the fundraising side to the M&A side.

"Kirkland is a very entrepreneurial place, and it permeates the work we do as a practice group," Ettelson said. "We do a good job of cross-selling between our fund work and our deal work, and bringing in litigation and restructuring as well, where necessary. We're always trying to get a more seamless product."

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