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Capital Markets MVP: Cleary Gottlieb's Jeffrey Karpf

By **Linda Chiem**

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Jeffrey Karpf

Cleary Gottlieb Steen & Hamilton LLP's Jeffrey Karpf was instrumental in the $2 billion initial public offering of Banco Santander SA's U.S. auto loan unit and steered the $13.35 billion sale of orthopedic products maker Biomet Inc., earning him a spot on Law360's list of Capital Markets MVPs.

Karpf's zeal for crafting complex corporate and financial transactions helped him see through a number of noteworthy deals in 2014's robust capital markets climate, but his practice has shifted along with the improving economy. What was once a practice filled to the brim with bet-the-company transactions for financial institutions in the wake of the 2008 financial crisis is now filled with a steady capital markets and M&A deal flow cutting across industries such as health care and pharmaceuticals, he told Law360.

Karpf started the year off by delicately balancing the interests of the banks and the private equity players behind Santander Consumer USA Holdings Inc.'s $2 billion IPO in January.

"I like working on large complex transactions that require a lot of focus because they're high profile for the client or there's a lot of analytical structuring that has to go into them," Karpf said. "They are more fun than smaller cookie cutter things."

Karpf represented Citigroup Inc. and J.P. Morgan, the joint book-running managers for the offering, in a public float that saw controlling shareholder Banco Santander, private equity giants Centerbridge Partners LP, KKR & Co. LP, and Warburg Pincus LLC, as well as Santander Consumer USA's co-founder and CEO Thomas G. Dundon, slash their respective stakes in Santander Consumer USA by offering a total 75 million shares priced at $24 apiece.

"All were on the board, all had strong views as to the business, how it should be run, how it should be IPO'd and how it should be structured," Karpf said. "The banks, as the underwriters, had to navigate the complexity of balancing the desires of those three parties, such as how much of a commitment Banco

Santander going forward would make to the company and when it would sell down its stake and at what point the private equity firms would lose their board seats."

Karpf followed up that successful IPO with another standout deal in March by steering what was initially envisioned as an IPO for private equity-backed orthopedic products maker Biomet Inc. that later turned into a proposed $13.35 billion cash-and-stock sale of Biomet to rival manufacturer Zimmer Holdings Inc.

Karpf represented Biomet and its shareholders, which included private equity giants TPG Capital, Blackstone LP, and KKR, as well as Goldman Sachs & Co., deftly planning and executing the dual track process on both the capital markets and M&A sides.

Under the terms of the deal, Zimmer would pay $10.4 billion in cash and $3 billion in stock to give Biomet's private equity backers a 16 percent stake in the combined company. The deal is currently undergoing antitrust review in the U.S. and is also being scrutinized by the European Union's antitrust watchdog. Biomet, which makes braces and other products for patients with orthopedic injuries, would boost Zimmer's knee- and hip-related operations, already a big moneymaker for the company, and boost Zimmer's sports medicine operations.

"I find that the switching gears is the thing that keeps you on your toes more," Karpf said. "You're constantly uncertain of what the next step is going to be."

As evidenced by the Biomet deal, the healthcare and pharmaceutical sectors have been bustling with deal-making activity. As such, Karpf has been plenty busy working on the financing aspects of those deals, adjusting quickly and responding to deadline pressures.

Karpf guided Forest Laboratories Inc. as the drug maker launched two notes offerings in December 2013 and January 2014 worth a total $3 billion to help fund its $2.9 billion acquisition of Aptalis Holdings Inc., a specialty pharmaceutical company. The notes offerings marked the first capital markets transaction for Forest Laboratories in over 30 years.

The first offering was comprised of $1.2 billion of 5 percent senior notes due 2021 with registration rights. The second offering was comprised of $1.8 billion of senior unsecured notes, that included $1.05 billion of its 4.375 percent senior notes due 2019 and $750 million of its 4.875 percent senior notes due 2021, each with registration rights.

The deal enabled Forest Laboratories to strengthen its gastrointestinal franchise in the U.S. and Canada and complement its growing cystic fibrosis business in Europe, setting Forest up to later be acquired by Actavis PLC in a $25 billion cash-and-stock deal.

"[That deal involved] working on disclosures and the structuring of transactions for a company undergoing very rapid change with a much more dynamic business strategy under a very compressed timetable," Karpf said.

It's those sort of multilayered transactions in a constantly evolving landscape that continue to keep his practice exciting, fun and motivating, which Karpf says he expects will continue to keep his calendar busy well into next year.

--Editing by Emily Kokoll.