

## M&A Group Of The Year: Cleary Gottlieb

By **Bonnie Eslinger**

*Law360, Los Angeles (January 12, 2016, 4:19 PM ET) --* Cleary Gottlieb Steen & Hamilton LLP capped a remarkable year of complex deal-making in 2015 with the announcement that its client Allergan PLC entered into a record-breaking \$160 billion merger agreement with Pfizer Inc., helping place the firm's mergers and acquisitions team among Law360's M&A Groups of the Year.



It was the sort of high-profile transaction that Cleary Gottlieb thrives on, with a multidisciplinary team led by the firm's M&A partners handling the deal that created the new global biopharmaceutical leader.

Partner Ethan Klingsberg said the extensive experience of the M&A lawyers working within Cleary Gottlieb provides the backbone for its headline-grabbing deals.

"There's a huge amount of trust that you have to have with clients when you're doing things in M&A. They need to trust you on a broad spectrum of due diligence, on execution issues, timing issues," Klingsberg said. "It's almost like a mini crisis potentially for the client, and for you to be able to step up and keep everybody calm, give everybody a sense of perspective and give them guidance, it's a great responsibility."

Earlier in 2015, Cleary Gottlieb closed on a \$70.5 billion deal representing Actavis PLC in its cash-and-stock acquisition of Allergan Inc., which thwarted a hostile takeover attempt by Valeant Pharmaceuticals International Inc. and activist investor Bill Ackman's Pershing Square Capital Management LP. The combined company took on the name Allergan PLC.

"It's almost easier in some ways to do the hostile deal, because you're out there just shouting at the shareholders, 'Here's a great price,' and mocking the resistance you're getting from the target board," Klingsberg said. "But when you're coming in with the white knight role, you really have to be able to speak with a sense of authority and convince the other side that you're able to deliver something with certainty that is sensible."

Partner Glenn McGrory emphasized that lawyers within the international firm's 16 offices work collaboratively to provide the indispensable guidance their M&A clients have come to count on.

“What we do is inherently multidisciplinary. We're the quarterback and we're expected to be the ones to have a line of sight on the range of issues: antitrust, business-related issues, diligence and the like and bring it all together,” McGrory said.

Cleary Gottlieb specializes in cross-border deals, McGrory said, calling them “our sweet spot.”

Among transactions within that scope, Cleary Gottlieb represented The Coca-Cola Co. in a knockout transaction that combined the bottling operations of Coca-Cola Enterprises with Coca-Cola Iberian Partners and Coca-Cola Erfrischungsgetränke AG, creating the world's largest independent Coca-Cola bottler, now called Coca-Cola European Partners PLC. The merger closed in August.

In another notable deal, Cleary Gottlieb's longtime client Asahi Kasei Corp. dropped \$2.7 billion to snap up Polypore International Inc., a deal completed in August, and **concurrently** entered into an agreement to divest Polypore's Separations Media segment to 3M Co. for \$1 billion.

“We often talk about public company merger agreements being relatively similar. There's maybe eight or 10 or 12 issues that get negotiated and there's a variance of terms, but many public M&A transactions, particularly for cash, can be negotiated quickly. This deal was inherently more complex given the need to provide for this separate, simultaneous divestiture to 3M,” McGrory said.

Dutch fertilizer maker OCI NV was also represented by Cleary Gottlieb for **the sale** of its North American, European and global distribution businesses to U.S.-based CF Industries Holdings for a combination of cash and stock. Announced in August, the transaction is valued at \$8 billion and will result in the creation of the world's largest publicly traded nitrogen company.

Additionally, Cleary Gottlieb deal makers were behind Western Digital's \$19 billion cash-and-stock agreement to acquire SanDisk, announced in October. The deal was layered upon Chinese information technology company Unisplendor's planned \$3.8 billion investment in Western Digital, reported by the companies one month earlier.

Another billion-dollar deal inked with Cleary Gottlieb's help was Home Depot Inc.'s \$1.6 billion cash purchase of Interline Brands, Inc. from a private equity consortium led by Goldman Sachs Capital Partners, a deal signed in July that allows the home improvement retail giant to continue its expansion into professional contracting.

Closing out the year for Cleary Gottlieb, longtime French client Air Liquide acquired Airgas Inc. for \$13.4 billion, creating the world's largest supplier of gas products and services to the industrial and health sectors.

Airgas was previously targeted by Air Products & Chemicals and a protracted hostile takeover battle ensued in 2010 that ended when a Delaware court upheld Airgas' poison-pill strategy, noted McGrory, a lead on the Air Liquide transaction.

“While the deal we did was friendly, it was certainly in the context of a target company that was very alert to the dynamics around competitive transactions, which added complexity and made things very interesting.” McGrory said.

The diversity of M&A deals Cleary Gottlieb is called to work upon gives the firm a sense of pride,

Klingsberg said.

“All of these are really great signs for the firm, in the sense that it’s not like we’re relying on one type of deal to bring us home,” he said.

Cleary Gottlieb employs approximately 1,200 lawyers from more than 50 countries who are admitted to practice in numerous jurisdictions around the globe. Nearly 10 percent work within its mergers, acquisitions and joint ventures practice.

But all of the practice areas work “very arm and arm” with the the M&A team, Klingsberg said.

“That enables us to go into these boardrooms and talk fluently about these subjects and with confidence,” he said. “It’s not just about purely M&A technical issues but it’s about delivering a whole package. I’m not sure how many other folks are putting that investment into those resources as we are. And it’s paying off because that’s where the value-add is.”

--Editing by Aaron Pelc.

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