

M&A Group Of The Year: Cravath

By **Theresa Schliep**

Law360 (January 18, 2023, 2:02 PM EST) -- Cravath Swaine & Moore LLP guided data center real estate investment trust CyrusOne in its acquisition by two private equity firms for \$15 billion and is aiding Johnson & Johnson in its planned spinoff of its consumer health business, landing it a spot among Law360's Mergers & Acquisitions Groups of the Year.

The CyrusOne acquisition by KKR and Global Infrastructure Partners was the largest data center deal ever and the largest transaction in 2021 involving a U.S. company going private through private equity. It was announced in November that year and ultimately concluded in March 2022, and the already complicated deal was made more complex — yet likely more successful — by the Cravath team's strategy to keep bids from two prospective buyers alive up to the weekend before the deal was disclosed to the public, according to partner Andrew C. Elken.

While working both bids meant that the team had to negotiate two full deals with a lot of documents, Elken said he believes the approach "helped achieve the best outcome for CyrusOne."

"We thought it was in the best interest of our client and the stockholders to run two potential buyers in parallel all the way to the end," Elken said.

"It was incredibly intense and demanding in the lead-up to the announcement," he added.

Elken said the M&A group enjoys helping clients succeed and further their businesses at particularly auspicious times for companies. An M&A deal "is usually a really important part of the growth story of big companies," and the group takes "a lot of pride in coming up with creative, practical solutions and helping guide clients through a very complex process to help them achieve their goals," Elken said.

Keith Hallam, also a partner at the firm, likewise noted that M&A transactions are often the most significant venture going on at a company at any given time.

"It's really a privilege to work with companies on those types of things knowing that's the most



important thing going on at that time for that business," Hallam said.

A lot of this work involves maintaining strong relationships with clients. The firm has worked with CyrusOne going back a decade, when the business first went public through its initial public offering. Cravath's relationship with the company is indicative of its commitment to the firm's M&A clients, partner Bob Townsend told Law360.

"I think this is a great example of how we really try to maintain long-term relationships with our M&A clients," Townsend said.

Another such client is Johnson & Johnson, which Townsend has worked with for nearly 30 years, including on a pending spinoff of its consumer health business, with brands like Band-Aid and Tylenol. The deal will also be tax-free to Johnson & Johnson, and Townsend noted that the tax plan for the deal was hundreds of pages long.

The transaction should pan out to be the largest spinoff ever, and Townsend said it feels crucial to carry out the transaction effectively considering how seriously Johnson & Johnson takes its brand ethos and its focus on patients and employees.

"We want to make sure that we execute things perfectly for them since they care so much about the businesses that they own and operate," Townsend said.

In addition to the Johnson & Johnson spinoff and CyrusOne transaction, the group has also worked on SMBC Aviation Capital's pending acquisition of Goshawk Aviation for \$6.7 billion, which should create the second-largest aircraft lessor in the world. That transaction has involved multiple jurisdictions. SMBC AC and Goshawk are based in Ireland, SMBC AC'S shareholders are located in Japan and NWS Holdings Ltd. and Chow Tai Fook Enterprises Ltd. — the sellers — are in Hong Kong.

The multi-jurisdictional nature of the transaction has added some layers of complexity but has also made it fun to work on, according to Hallam. Even with all of those time zones.

"When you're managing across that number of jurisdictions, there's a whole host of legal and commercial issues that come up," Hallam said. "No matter how many of these deals you do, a lot of them tend to be very bespoke. It really keeps you on your toes and forces you to be very creative in terms of the solutions you come up with."

Other recent and notable deals worked on by Cravath include advising Afterpay, a buy-now, pay-later platform, in its \$29 billion acquisition by Block Inc., formerly known as Square Inc.; representation of Amazon's \$8.45 billion purchase of MGM Studios; and advising German power conglomerate RWE AG in its pending purchase of the clean energy business of New York-based Con Edison Inc. That deal is on track to make RWE Renewables Americas the fourth-largest renewable energy company and second-largest solar operator in the U.S.

Elken said the M&A practice at Cravath is "clearly a focus area for the firm."

"It's one that Cravath has taken pride in, in working on some of the most complicated and high-profile M&A deals and doing an outside proportion of M&A volume relative to our size as a firm and to our

M&A practice relative to many of our peers, most of which are bigger than us in terms of geographic footprint and headcount." Elken said.

"We take a lot of pride in overachieving relative to our size," he added.

--Additional reporting by Sarah Jarvis, Al Barbarino, Matthew Perlman and Benjamin Horney. Editing by Gemma Horowitz.

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