

M&A Group Of The Year: Cravath

By Kaitlyn Kiernan



Law360, New York (January 28, 2015, 6:02 PM ET) -- The team at Cravath Swaine & Moore LLP has proven itself adept at meeting the needs of its clients, whether friendly or hostile, with standout efforts on behalf of both Time Warner to fend off the unwelcome advance of 21st Century Fox and InterMune in inking a \$8.4 billion sale, earning it billing as one of Law360 M&A Practice Groups of the Year.

The law firm distinguishes itself in representing clients across the spectrum without any particular industry focus, which allows it to do strong work year after year for some of its biggest clients ranging from band-aid and Tylenol manufacturer Johnson & Johnson to computing giant International Business Machines.

“The way we are structured as a firm is that associates grow up with a rotational system, rotating through practice areas,” said Robert I. Townsend III, co-head of Cravath’s mergers and acquisitions group. “But even when we specialize as partners, there is no industry specialization and we retain that generalist mentality.”

And last year was busier than most — with the firm drawing its typical mix of new and existing clients — as strategic buyers returned to the market en masse and as private equity groups looked to deploy mountains of cash.

“There was a lot more confidence in the market last year,” said Faiza Saeed, co-head of Cravath’s mergers and acquisitions group. “For several years companies were waiting for the other shoe to drop, but that never happened.”

Last year was distinguished by work representing long-time client British American Tobacco in its fairly complicated deal with Reynolds American Inc. as part of its pending \$27.4 billion acquisition of rival Lorillard Inc. Under that deal, Reynolds is issuing new shares to BAT, which is injecting \$4.7 billion for the transaction, to give the company a 42 percent stake in the combined tobacco giant.

Meanwhile, the firm also helped guide a pair of Brazilian suitors, the Cutrale Group and the Safra Group, to a rare win for deal jumpers. The pair of companies in August surfaced with a heftier offer for Chiquita Brands International Inc. after the company had already agreed to a stock swap merger in March with Fyffes PLC.

On the new client front, Cravath helped guide California biotech InterMune to a \$8.4 billion cash sale announced in August to Swiss pharmaceutical giant Roche.

Of the dozens of multibillion deals Cravath advised on last year, Saeed said it is hard to pinpoint any one deal as being more interesting than most, noting that M&A transactions regardless of the type of deal tend to be interesting.

But she said that defense against activist investors or hostile bid situations are always noteworthy for the different dynamic they present, which requires that an attorney takes on more of an advisory role.

“The dynamics are different because those deals require us to think more strategically about what the other side’s next move is going to be,” she said. “There is more of a communication challenge when it comes to getting the client’s point of view across.”

Cravath demonstrated its prowess in the hostile arena with its work on behalf of Time Warner, which was hit with a \$80 billion unsolicited takeover bid by 21st Century Fox in July. The firm helped Time Warner ward off that offer and to do so rapidly. Rupert Murdoch’s media empire withdrew its offer just three weeks after it was unveiled.

Through it all, Saeed said the firm is distinguished by a culture of “true partnership” that motivates attorneys to deliver the entire firm to clients.

Townsend noted that this is especially true with regard to complicated transactions where there is a premium to be had in offering a strong antitrust group, tax group, or other specialty.

“Developing long-standing relationships is critical to our firm’s success,” said Townsend, who noted he views it as a welcome part of his job.

That means keeping in touch with clients even “on a clear day,” when there is no transaction work to be had, Saeed added, and being available to the client to bounce ideas around even when not actively working on a project for them.

“It’s a much more holistic relationship,” Saeed said. “We want to be part of the internal core group that advises on a variety of issues even when we’re not working on something for them.”

--Editing by Emily Kokoll.

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