

M&A Group Of The Year: Davis Polk

By Andrew Strickler

Law360, New York (January 03, 2014, 5:53 PM ET) -- Deal makers at Davis Polk & Wardwell LLP drew on expertise in a range of industries to land some of the biggest M&A wins of 2013 — including the year's biggest media deal and a multibillion-dollar energy company takeover — landing them among Law360's M&A Practice Groups of the Year.

Tapping the firm's historical knowledge in financial services, Davis Polk lawyers last year helped pen a merger set to outsize Nasdaq. The firm also advised iconic American company H. J. Heinz Co. on a historic food industry acquisition by Berkshire Hathaway and Brazilian global investment firm 3G Capital.

David Caplan, Davis Polk's global co-head of the mergers and acquisition practice, said complex structures and regulatory issues involved in many recent deals mirrored ongoing trends for M&A work that are showing no signs of slowing.

"There is no doubt that deals are becoming more complicated as companies want to satisfy themselves that they are doing the absolute best they can in terms of structuring and tailoring them to be tax efficient," he said. "I think this plays to our strengths, as people are thinking of deals less in terms of 'what's the standard form?' and more about how we can craft the most effective structure."

Globalization and branding were at the forefront of one of the firm's most closely watched deals of 2013. In June, lead Davis Polk lawyers John Bick and Michael Davis, advising Pennsylvania-based condiment giant Heinz, closed the massive sale to Berkshire Hathaway and 3G Capital, the largest deal ever for the food industry. The \$28 billion buyout called for a cash consideration of \$23 billion, and the buyers taking on \$5 billion in outstanding debt.

"The [buyers'] stated strategy was to take the brand, which is a household name here but perhaps less so in some places overseas ... and exploit it even more around the world," Caplan said. "It was a very concrete example of the way that the savviest investors are thinking about the world economy right now."

Another Davis Polk deal that got the M&A world's attention last year was the firm's representation of CNOOC, China's largest producer of offshore crude oil and natural gas, in a \$15.1 billion acquisition of Canadian global energy company Nexen Inc., representing a significant expansion to CNOOC's presence in Canadian oil sands, the Gulf of Mexico, the North Sea and West Africa.

The cross-border deal team led by George Bason, Howard Zhang and Leonard Kreyenin also drew widely from the experience of the firm's approximately 20 U.S.-based M&A partners, about 50 associates, as well as on lawyers in Asia and elsewhere. D.C.-based corporate partner John Reynolds III led a critical and lengthy effort to clear the deal through federal regulators.

“What we could bring to bear was the Chinese experience and the business understanding, plus the M&A skills, plus the critical national security experience,” Caplan said. “A real development, no question about it, over the last couple of years for cross-border transactions is that national security questions are becoming increasingly important.”

Davis Polk teams led by Paul Kingsley and Marc Williams also completed big energy industry deals for client Freeport-McMoRan Copper & Gold Inc., which purchased two independent oil and gas companies last year for \$6.9 billion and \$3.4 billion, respectively.

The firm’s long track record working with financial services firms was in play as Kreymin, a New York-based corporate partner, advised BATS Global Markets, a Kansas City-based operator of securities markets, in an announced merger with trading platform company Direct Edge. The deal, announced in August, is expected to push the combined company past Nasdaq to become the nation’s second-largest stock exchange.

Davis Polk M&A lawyers were also at the center of one of the year’s most significant media deals of 2013, advising cable giant Comcast Corp. on a \$16.7 billion acquisition of General Electric’s 49 percent common equity stake in the NBCUniversal joint venture that it didn’t already own.

NBCUniversal also purchased the properties used by NBCUniversal at 30 Rockefeller Plaza in Manhattan and CNBC’s headquarters in Englewood Cliffs, N.J., from GE for approximately \$1.4 billion. The deal, completed in March, was the year’s largest media transaction, and one that drew particularly on the experience of Davis Polk tax attorneys, Caplan said.

“This was anything but a straightforward transaction, with an elaborate tax-efficient structure,” Caplan said. “We were able to bring preeminent M&A experience, preeminent tax experience as well as the financing expertise.”

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