

Global 20: Latham & Watkins

By **Stewart Bishop**

Law360, New York (July 26, 2013, 8:16 PM ET) -- With a penchant for closing highly complex, cross-border deals by drawing on its deep bench in offices around the world, Latham & Watkins LLP has earned a spot on Law360's Global 20 for the third year as it continues to expand its reach in Europe by eschewing the top-down approach for a more decentralized, collective structure.

Founded in Los Angeles in 1934, Latham's roughly 2,124 attorneys staff its 32 offices in 14 countries across North America, Europe, the Middle East and Asia, with approximately a third of those lawyers stationed outside of the U.S.

To underscore its commitment to being a truly global firm, Latham has no head office. Instead its leadership and management are distributed widely across its many locations, giving its top decision makers a broader context in which to plot the firm's direction, according to Daniel T. Lennon, the global chair of the firm's corporate department.

While a full-service firm, its worldwide approach is especially evident in the success of its transactional practices, as the firm has advised clients on at least 74 M&A transactions with values above \$1 billion since the start of 2012, with nearly 90 percent of those deals involving attorneys from multiple Latham offices.

Lennon said the firm is unique in that its high level of integrity, collaboration and cooperation can be reliably found in every Latham location around the globe.

"I can call our office in Hamburg and expect the same level of support as I would in Washington," Lennon said. "You work with people in other offices as frequently as you work with someone down the hall."

During the past year, Latham has worked to grow in a number of markets and industries in places across Asia and in the U.S., but the most notable area of the firm's expansion has been in Europe.

"We are probably one of the strongest, if not the strongest, firms in Europe. We have made a lot of progress," said vice chair of the corporate department and M&A and private equity specialist Jörg Kirchner. "We have become a very serious competitor for firms that have been in this market much longer."

Kirchner, who works out of Latham's Munich office, said from an M&A perspective, the firm has been working aggressively to boost its transactional footprint in Europe, noting the recent hire of veteran M&A partners in Paris as well as the May opening of Latham's Duesseldorf office, the firm's fourth location in Germany, which is situated in a major industrial hub.

"Not only is that a sign of the strength of the firm in the market, but it is also proof of the implementation of our global strategy," Kirchner said.

Lennon called Latham a long-term player in Europe.

"While some firms are struggling in Europe and wanting to cut back, we're investing," he said. "In London, we have a leading capital markets practice and a leading private equity practice. Very few firms can say that."

Among many deals over the past year in which it drew on its firepower from both sides of the Atlantic, Latham represented New Jersey-based Watson Pharmaceuticals Inc. in its acquisition of Swiss pharmaceutical company Actavis Group, a \$5.65 billion deal that created the world's third largest generic-drug maker, Actavis Inc.

Executed under U.K. law, Latham successfully navigated the politically charged transaction in part through the use of representation and warranty insurance to bridge a debt indemnification disagreement between the parties. This unique strategy allowed Watson to obtain significant escrow protection post-closing in light of Actavis' connection to the Icelandic banking crisis and its enormous debt to Deutsche Bank AG.

Led by Latham teams in London and Orange County, the truly global deal was backed up by attorneys in Beijing, Brussels, Los Angeles, Madrid, Milan, Moscow, Munich, New York, Paris, San Diego, Silicon Valley, Tokyo and Washington, D.C.

"Watson demonstrated the marrying of our deep industry expertise with our M&A expertise," Lennon said. "We executed a highly complex deal in multiple jurisdictions. It's a great example of our capability."

In another nuanced transaction, Latham was called in by Toronto-based Onex Corp. to navigate its €568 million (\$736 million) buy of German machinery manufacturer KraussMaffei AG, the first ever European-based investment for its flagship private equity fund.

One of the largest European private equity transactions in 2012, the deal was unique in that the target company was a German entity offered for sale in an auction run out of Germany, governed by German law, while Onex bucked tradition and used U.S. financing by way of a high-yield bond instead of going through a German bank.

"There are very few firms who can handle these type of deals, who have a strong finance practice in both the U.S. and Europe," Kirchner said. "When Dan got involved and our U.S. finance team, we were able to merge our expertise in Germany with our expertise in the U.S."

In another tricky acquisition in 2012, Latham represented global asset management firm The Carlyle Group in its \$4.9 billion purchase of E.I. du Pont de Nemours and Co.'s DuPont Performance Coatings unit, an automotive and industrial coatings business.

DuPont Performance Coatings, a global business with 11,000 employees and projected 2012 sales numbers north of \$4 billion, was deeply integrated with other DuPont businesses which brought thorny intellectual property issues as well as transactional challenges.

"So we had not only our M&A and finance lawyers on the deal, but also our IP lawyers to work to separate businesses that weren't meant to be separated," said Lennon, who took the lead on the deal along with Latham partner David Dantzig.

Latham also made waves in international project finance in 2012, as it represented eight export credit agencies from Japan, Australia, South Korea, France, Germany and The Netherlands, and a syndicate of 24 commercial lenders, on a \$20 billion financing of Ichthys LNG, a liquefied natural gas project in Australia sponsored by Inpex Corp. and Total SA.

Like other big LNG projects to have locked down loans recently, Ichthys relied heavily on export credit agencies and its own sponsors for debt, in what is billed as the largest project financing ever arranged in the international finance market. The project comprises the development of two gas liquefaction trains with a combined design capacity of 8.4 million tonnes per annum.

The firm's capital markets team had a banner year in global business as well, advising clients such as the storied Manchester United Football Club on its \$233 million debut on the New York Stock Exchange, and counseling Infraestructura Energetica Nova SAB de CV, or IEnova, on its \$598 million global initial public offering of common stock. IEnova is the first energy company to conduct an IPO in Mexico and list shares on the Mexican Stock Exchange, according to the firm.

Latham has also been increasing its energy industry focus in the past year and has expanded its global energy practice. Previously concentrated in Washington, D.C., Asia, the Middle East and London, Latham has invested heavily in its new Houston office, which now boasts 65 attorneys.

The Houston office has advised on a number of top energy-related transactions over the past year, including over \$45 billion in announced M&A acquisitions, more than \$35 billion in debt and equity capital market transactions and over \$30 billion of bank finance transactions.

"The Houston office has been a great story for us. We've added talent in the oil and gas area, which is critical for the transactional world," Lennon said. "Our capital markets and energy practices have been one of our busiest."

--Additional reporting by Kaitlin Ugolik and Liz Hoffman. Editing by Katherine Rautenberg.