What Distinguishes Shearman & Sterling’s M&A Practice?

Ranked among the world’s leading M&A advisors, Shearman & Sterling draws upon decades of experience in sophisticated global markets to deliver integrated strategic and technical advice to its clients. The firm maintains a strong presence in key Asian, European, Latin American and North American markets, providing the highest standard of advice on both international and domestic legal issues through all its offices. Coordinating both global offices and a myriad of practice areas, the firm’s lawyers are market leaders in the disciplines that are key to M&A activity, providing legal work of the highest quality. Shearman & Sterling is dedicated to providing its clients with exceptional legal and business services, using its global presence and an interdisciplinary approach.
WITH A 130-YEAR LEGACY, AN ESTABLISHED INTERNATIONAL PRESENCE AND COMPREHENSIVE KNOWLEDGE OF DIVERSE LEGAL DISCIPLINES, SHEARMAN & STERLING OFFERS A SOPHISTICATED, INTEGRATED APPROACH TO M&A THAT MEETS THE NEEDS OF TODAY’S MARKETPLACE.

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An Integrated Approach to M&A

For each M&A representation, Shearman & Sterling provides a unified network of lawyers who practice in many jurisdictions around the world and who are skilled in the various disciplines necessary to execute intricate M&A transactions. The firm’s integrated approach allows its lawyers to handle significant legal issues quickly, skillfully and effectively.
The complementary areas of expertise that often play important roles in M&A transactions include:

**ANTITRUST/COMPETITION**
The firm represents M&A clients before the US Department of Justice, the Federal Trade Commission and the European Commission, as well as before other national competition authorities.

**EXECUTIVE COMPENSATION & EMPLOYEE BENEFITS**
Shearman & Sterling advises clients on compensation, benefits, ERISA and employment-related aspects of corporate acquisitions, negotiates executive employment and severance agreements, develops and implements employee termination programs, and addresses all relevant corporate governance and compensation and benefits issues in going-private, merger and sales transactions.

**FINANCE**
The firm is unique among the leading M&A firms in the depth of its experience in the senior debt and high-yield markets in both the US and leading European financial centers and is skilled in structuring a wide variety of acquisition financings of public and private companies.

**INTELLECTUAL PROPERTY/INFORMATION TECHNOLOGY**
Shearman & Sterling provides business solutions to the diverse IP issues that arise in M&A transactions, including evaluating patent infringement, trademark conflicts and copyright issues and in negotiating of complex IT arrangements.

**BANKRUPTCY AND REORGANIZATION**
Shearman & Sterling has advised on some of the world’s most significant bankruptcies and insolvencies, as well as distressed company acquisitions. The firm’s lawyers are experienced in developing strategies that maximize value and control risk in the highly volatile environment of insolvencies.

**LITIGATION/ARBITRATION**
The firm assists clients in litigation and arbitrations arising in the course, or as a consequence, of M&A transactions, such as contested takeovers, disputes among shareholders and post-contractual disputes.
Overview of the M&A Practice

The firm handles a full range of transactions, including: acquisitions and dispositions of privately owned companies, divisions and subsidiaries; negotiated and contested public company acquisitions (including tender offers, exchange offers, takeover bids, mergers and schemes of arrangement); joint ventures and strategic alliances; and substantial equity investments. The M&A group also represents companies and shareholders in shareholder meetings and proxy contests and regularly provides advice regarding issues of corporate governance and control.

Shearman & Sterling’s clients include leading industrial, service and financial organizations, as well as growth companies and private equity funds. The firm also represents leading financial institutions in their capacity as financial advisors, as well as representing them in their own acquisition transactions.

Recent noteworthy experience includes the representation of:

- BASF AG in its unsolicited US$4.9 billion proposed acquisition of Engelhard Corporation.
- DaimlerChrysler AG and its subsidiary, DaimlerChrysler Off-Highway Holding GmbH, in their acquisition of the 11.65% interest in MTU Friedrichshafen GmbH i.L. that they did not already own and their subsequent €1.6 (US$1.89) billion sale of MTU Friedrichshafen GmbH i.L. and the off-highway activities of Detroit Diesel Corporation to EQT Partners AB.
- Deutsche Bahn AG in its US$1.12 billion acquisition of BAX Global Inc. from The Brink’s Company.
- E.ON AG and its subsidiary, E.ON Ruhrgas AG, in their sale of Ruhrgas Industries GmbH to an affiliate of CVC Capital Partners Ltd.
- Citigroup Inc. and its subsidiary, Citibank, N.A., in their Real4.4 (US$1.5) billion acquisition with Banco Itaú Holding Financeira S.A. of a 33% interest in Credicard Banco, S.A. from Unibanco-União de Bancos Brasileiros S.A. and the Real400 (US$141) million sale of their interest in Orbitall Serviços e Processamento de Informações Comerciais Ltda. with Unibanco-União de Bancos Brasileiros S.A. to Banco Itaú Holding Financeira S.A., as well as in Citigroup Inc.’s US$6.6 billion acquisition of the credit card receivables portfolios of Federated Department Stores, Inc. and The May Department Stores Company.
- France Télécom in its sale of a 23.7% interest in MobilCom AG to Texas Pacific Group and in its €6.4 (US$7.6) billion acquisition of an 80% interest in Amena S.A.
- Gerling-Konzern Versicherungs-Beteiligungs AG in its sale of a 100% interest in Gerling Beteiligungs-GmbH, as well as a 5% interest in Gerling-Konzern Lebensversicherungs-Aktiengesellschaft to Talanx AG.
- Georgia-Pacific Corporation in its US$21 billion acquisition through a tender offer and subsequent merger with Koch Forest Products, Inc., a subsidiary of Koch Industries, Inc.
Hunan Valin Iron & Steel Group Co., Ltd. and its subsidiary, Hunan Valin Steel Tube & Wire Co., Ltd., in the US$338 million sale of a 37% interest in Hunan Valin Steel Tube & Wire Co., Ltd. to Mittal Steel Company N.V.

International Petroleum Investment Company in its acquisition of a 50% interest in Borealis A/S with OMV Aktiengesellschaft from Statoil ASA.

Legg Mason, Inc. in its US$3.7 billion acquisition of substantially all of Citigroup Inc.’s worldwide asset management business in exchange for Legg Mason, Inc.’s private client brokerage and capital markets businesses; approximately $1.15 billion in Legg Mason, Inc. stock, which consists of shares of common stock and non-voting convertible preferred stock; and approximately $500 million in the form of a loan facility provided by Citigroup Inc.’s corporate and investment bank.

Merrill Lynch International Inc. as a member of a consortium in its US$3.1 billion acquisition of a 10% interest in Bank of China with The Royal Bank of Scotland Group plc and Merrill Lynch, Pierce, Fenner & Smith Incorporated in its acquisition of The Advest Group, Inc. from AXA Financial, Inc.

Novartis AG and its subsidiary, Novartis GmbH, in their €5.65 (US$7.3) billion acquisition of Hexal AG.

Quest Diagnostics Incorporated in its US$934 million merger with LabOne, Inc.

Seven-Eleven Japan Co., Ltd. and its subsidiary, IYG Holding Company, in their US$1.38 billion tender offer for the remaining 23.7% interest in 7-Eleven Inc. that they did not previously own.

Siemens AG in its US$1 billion tender offer for the outstanding shares and subsequent acquisition of the remaining shares of CTI Molecular Imaging, Inc.

The Longreach Group Limited in its JPY75 billion (US$670 million) acquisition of a 24% interest in McDonald’s Holdings Company (Japan) Ltd., a division of McDonald’s Corporation, from the Fujita Family.

The Permal Group in its US$1.386 billion acquisition by Legg Mason, Inc.

Viacom Inc. in the sale of its 81.5% interest in Blockbuster Inc. via a split-off exchange offer and in its subsidiary Paramount Pictures Corporation’s US$1.6 billion acquisition of DreamWorks L.L.C. and distribution arrangements with DreamWorks Animation SKG, Inc., and Viacom Inc.’s subsidiary, Viacom Outdoor International, in its acquisition of a 70% interest in Magic Media.

A list of other noteworthy transactions can be provided upon request.
In a record-breaking deal, SunGard Data Systems Inc. agreed to be acquired by a consortium of seven leading private equity investment firms in a transaction valued at approximately US$11.4 billion, making it the largest going private transaction in the technology sector, as well as the second largest leveraged buy-out completed since Kohlberg Kravis Roberts & Co. L.P. bought RJR Nabisco in 1989. The $36 paid for each SunGard share in the merger represented a premium of over 44% to the closing price for the company’s shares immediately prior to the announcement of merger discussions.

SunGard turned to Shearman & Sterling for legal advice in connection with the merger. The Pennsylvania-based company, which employs more than 10,000 people, supports three out of every four stock trades on Nasdaq. At the time discussions with the private equity consortium commenced, the firm was acting as counsel to the company in connection with the announced plan to spin off the company’s Availability Services business.

Industry observers point to the SunGard transaction as further evidence of the growing ambitions of buyout firms, both in terms of size and complexity of acquisitions. The acquiring consortium – the largest of its kind ever assembled – was organized by Silver Lake Partners and otherwise consisted of Bain Capital, Blackstone Group, Goldman Sachs Capital Partners, Kohlberg Kravis Roberts & Co. L.P., Providence Equity Partners and Texas Pacific Group.

**SUNGARD DATA SYSTEMS INC.’S US$11.4 BILLION ACQUISITION BY A CONSORTIUM OF PRIVATE EQUITY FIRMS WAS NAMED OVERALL AND PRIVATE EQUITY “DEAL OF THE YEAR.” —Investment Dealers’ Digest, January 16, 2006**

SunGard Data Systems/ Private Equity Consortium
Shearman & Sterling advised Eurazeo S.A., as part of a consortium of investors, and the Eutelsat group in connection with the €2.55 (US$3.1) billion leveraged recapitalization of Eutelsat S.A., one of the world’s leading satellite operators and the leading operator in Europe. As part of the transaction, the main shareholders of Eutelsat S.A., Eurazeo S.A., Nebozzo Sarl, Cinven Limited and Goldman Sachs Capital Partners contributed and sold their Eutelsat shares to the holding company, Eutelsat Communications. As a result, Eutelsat Communications currently holds more than 95% of Eutelsat S.A.’s share capital.

The transaction included three components: Senior Facilities, Second Lien Loan and PIK Loan. The Senior and Second Lien Debt were not made available at the level of the direct parent of Eutelsat, but at the level of an intermediate entity part of a five-layered capital structure, thus making the subordination, security and tax structure highly complex. The Senior Facilities were non-amortizing A and B tranches and included a revolving facility piece allowing the borrower to service interest in case of lower dividend flows. The previously arranged €1.3 billion Eutelsat credit facility remained in place without being refinanced by the new syndicate. The terms and conditions of the Senior, Second Lien and PIK Facilities allowed for an IPO to be completed with a still important leveraged recapitalization and without full refinancing.

The transaction enabled Eutelsat to put its debt/equity ratio in line with market expectations in view of its IPO, which was completed successfully at the end of 2005. The deal is the largest European leveraged recapitalization ever completed, with the largest Second Lien piece ever syndicated in Europe. Shearman & Sterling advised on all aspects of the transaction, including financing, tax structuring, corporate and the shareholders’ agreement. Shearman & Sterling was later retained by Eutelsat Communications to represent the company in its IPO.
Shearman & Sterling advised PetroChina Company Limited in connection with its privatization of Jilin Chemical Industrial Company Limited. Jilin Chemical, a majority owned affiliate of PetroChina, had domestic invested shares or “A shares” listed on the Shenzhen Stock Exchange and foreign invested shares or “H shares” listed on the Hong Kong Stock Exchange and the New York Stock Exchange, in the form of American depository shares.

The transaction, which was announced on October 28, 2005, was structured as a pre-conditional offer and represented the first ever voluntary offer for a company with domestic invested shares and foreign invested shares and was valued at approximately US$470 million. Six of Shearman & Sterling’s nineteen offices were enlisted in order to successfully complete the transaction. To complete the transaction, it was necessary to reconcile laws and regulations of Hong Kong, the People’s Republic of China and the United States and to obtain relief from regulators in each of those jurisdictions.

PetroChina Company Limited is one of the largest companies in the People’s Republic of China in terms of sales and is engaged in a broad range of activities related to petroleum and natural gas. Jilin Chemical Industrial Company Limited is one of China’s leading producers of basic chemicals and chemical raw materials.
For nearly two decades, Viacom Inc. has called upon Shearman & Sterling’s global M&A capabilities to assist in achieving its worldwide business objectives. The firm’s relationship with Viacom began with Sumner Redstone’s acquisition of a controlling interest in Viacom in 1987. Since then, the firm has represented Viacom on substantially all of its major transactions – transforming the company into a global entertainment giant. Most recently, the firm advised Viacom Inc. in the strategic division of its businesses into two separate publicly traded companies – CBS Corporation and Viacom Inc.

The transaction created a new public company (now named “Viacom”) that includes the cable networks business (including MTV Networks), Paramount Pictures’ feature motion picture production and distribution business, and Famous Music’s music publishing business. The previously existing company (now named “CBS Corporation”) consists of the CBS and UPN television networks, Showtime Networks, broadcast television stations, and the television production and syndication, radio, outdoor advertising, parks and publishing businesses.

The separation of Viacom Inc. into two publicly traded companies is the largest transaction of its type ever completed. The transaction entailed a massive restructuring of Viacom’s subsidiaries and assets in order to properly allocate the businesses that are now being conducted by CBS and the “new” Viacom, and an initial public offering of the “new” Viacom. The separation was completed in less than six months from its public announcement and involved more than one hundred Shearman & Sterling lawyers from eleven practice areas in its New York, Washington DC, Bay Area, London, Paris and German offices.
When UK mobile operator mm02 plc decided to implement a major corporate reorganization, it turned to Shearman & Sterling for advice. The firm represented mm02 plc in its €5.9 (US$7.74) billion restructuring and acquisition through a UK scheme of arrangement by 02 plc. In completing its reorganization, mm02 had three corporate objectives: to be able to pay dividends; to reduce the size of its share register; and to remove the need for US registration.

To accomplish these objectives, the firm designed an innovative plan to achieve all three aims, under which a new holding company was superimposed, immediately reducing its capital and creating significant distributable profits. The transaction was the culmination of previously announced proposals by the company to implement a sustainable dividend policy and make distributions to shareholders.

mm02’s shareholders included a large number of individuals (over one million) with very small shareholdings, as well as a significant number of US shareholders. As part of the plan designed by Shearman & Sterling, the number of small shareholders was reduced by nearly 750,000, and the number of US shareholders was also reduced, allowing 02 to terminate its SEC registration and the resultant US reporting and compliance requirements.
Shearman & Sterling is representing Allianz AG in its €5.7 (US$7.1) billion voluntary cash tender offer to acquire all of the shares of its subsidiary Riunione Adriatica di Sicurtà SpA (RAS) that it does not yet own and, after the cross-border merger of RAS into Allianz has become effective, Allianz will convert into a European company (SE – Societas Europaea).

The conversion into an SE will dramatically affect corporate governance. As a result, the structures of the entire Group will be further simplified and reduced, the two-tier system consisting of a management board and a supervisory board will be maintained under the new SE structure, and the size of the supervisory board will be reduced. The future Allianz SE will be the first European company in the DJ EURO STOXX 50.

The full acquisition of RAS will enable Allianz to reorganize its Italian activities and directly reallocate its holdings in key European markets, such as Austria, Switzerland and Spain. Italy, where the Allianz Group generated almost €14 billion in premium income, is the Group's second most important European insurance market following Germany.
Shearman & Sterling: Aligned for Excellence

Founded in 1873, Shearman & Sterling is one of the few genuinely global firms providing legal advice that is integrated across jurisdictions, industries and legal disciplines. The firm’s international network comprises more than 1,000 attorneys in 19 financial centers throughout the Americas, Europe and Asia. The firm strives to deliver people, expertise and resources aligned to meet clients’ needs wherever they arise. More than one-third of our attorneys practice outside the United States, and our lawyers are collectively fluent in more than 30 languages. The firm’s lawyers practice US, English, French, Italian, German and EU law. Areas of practice include:

- Antitrust
- Asset Management
- Bankruptcy & Reorganization
- Capital Markets
- Commodities, Futures and Derivatives
- Corporate Governance
- Criminal Law, Regulation and Enforcement
- Environmental
- Executive Compensation & Employee Benefits
- Finance
- Financial Institutions Advisory
- Global Oil & Gas
- Insurance
- Intellectual Property
- International Arbitration
- International Trade & Government Relations
- Latin America
- Litigation
- Mergers & Acquisitions
- Outsourcing
- Private Client
- Privatization
- Project Development & Finance
- Property
- Sports
- Structured Finance
- Tax

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