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DEALMAKERS OF THE YEAR



DAVID KARP, VIKTOR SAPEZHNIKOV, AND RON CHEN

IT WAS THROUGH A HIGHLY PUBLICIZED FAILED deal that a team of lawyers at Wachtell, Lipton, Rosen & Katz forged a bond with client Broadcom so deep that the firm has been called in on several large deals since, including the company's pending \$61 billion acquisition of software company VMware.

Wachtell aided Broadcom in its bid to acquire Qualcomm, but the deal was scuttled by the Trump Administration. The semiconductor company didn't want to give up on its goal to grow into other offerings, such as software. So the Wachtell team, led by David Karp, Ronald Chen and Viktor Sapezhnikov, helped it acquire CA Technologies in a \$19 billion deal in 2018 and was brought in to guide Broadcom through the larger, more complex VMware deal last year.

"Part of their business strategy is M&A, so we feel like core partners in what they do," Karp says, noting Broadcom's CEO, general counsel and other strategists are working directly with them on these deals.

Given VMware was spun out of Dell Technologies about six months before this deal was inked, there were significant tax implications the Wachtell team had to work through to ensure they didn't approach VMware within six months of the spinoff, but that they created a plan to allow VMware to move very quickly once a bid was made.

Michael Dell and Silver Lake combined to be 50% shareholders in VMware and Karp said the team worked hard to ensure the deal treated all shareholders equally and wasn't held up by any special treatment for those shareholders that would have led to the need for separate committees and voting.

While other deals certainly allow for the target company to shop around for better offers before signing an agreement, Wachtell and Broadcom

included a go-shop provision in this deal that allowed VMware to look for a better deal after the agreement was signed—a rare component of a strategic acquisition like this one.

"Putting our client in a position to move quickly by making it easy for the other side to move quickly was a huge value add," Karp says of the Wachtell team's role.

On top of the other structural hurdles, the half-stock, half-cash transaction included an "extremely large bank commitment" of \$32 billion, Karp notes, adding there were some unique risk-sharing features of that financing.

At Broadcom, the senior leadership, up to and including CEO Hock Tan, general counsel Mark Brazeal, head M&A lawyer Connie Chen and lead M&A strategist Ric Chi, have a vested interest in knowing the businesses they are acquiring and how it actually works, Karp says. That meant that, despite the quick timeframe, teams of Wachtell lawyers were reviewing VMware's largest contracts to understand the nuance of how the company does business and reporting that back to the CEO.

The deal is expected to close later this year. While Broadcom faced regulatory hurdles in its Qualcomm bid, the company sees an easier path forward in expanding in adjacent areas such as software, Karp says.

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