

Meet the deal makers who profited the most from M&A in a tough 2011.

FOR ANYONE EXPECTING A BIG REBOUND IN MERGERS AND acquisitions, 2011 was a disappointment. A sluggish world economy and a spiraling euro zone crisis muted deal activity. Through early December announced global M&A volume stood at \$2.6 trillion, up just 4 percent from \$2.5 trillion a year earlier, according to Dealogic. But for rainmakers things looked brighter: Fee revenue rose 9 percent, to \$17.7 billion.

The bankers featured in *Institutional Investor's* 2011 Rainmakers of the Year claimed a big chunk of those earnings. The top ten deals by fees, as estimated by investment consulting firm Freeman Consulting, fetched a combined \$800 million, just shy of the \$839 million total for 2010.



Woody Young of Lazard (No. 2) brought telecoms Qwest and CenturyLink together

2/ **GEORGE (WOODY) YOUNG III & TEAM/LAZARD**

Pick a major U.S. telecommunications player and chances are that Woody Young has advised it. The lanky, quick-witted banker can also trace that company's history back a decade or two, recounting deals as if they happened yesterday. Young's encyclopedic knowledge and his long-term outlook make him a go-to banker for telecom CEOs. Lazard's New York-based head of technology, media and telecoms advised Cingular Wireless Corp. on its \$41 billion merger with AT&T Wireless Services in 2004, Sprint Corp. on its \$47 billion takeover of Nextel Communications in 2005 and AT&T on its \$89 billion acquisition of BellSouth Corp. the following year.

When Qwest Communications International began considering a \$22 billion sale to then-CenturyTel in late 2009, Young had strong ties to both sides. That year he and his team had represented CenturyTel during its \$12 billion acquisition of Embarq Corp. (the combined company later renamed itself CenturyLink). His relationship with Qwest dates back to 1999, when he advised the Denver-based phone company on its \$45 billion merger with U.S. West.

Young, 52, ended up as lead financial adviser to Qwest in the top telecom deal of 2011 by estimated fees, earning \$20 million for Lazard. Early on he helped clarify Qwest's best strategic option when a major private equity firm was vying with Monroe, Louisiana-based CenturyLink. "Knowing CenturyLink's management and how they had garnered synergies from their previous transaction gave us great confidence that they were the ideal partner to create significant value with the combined company," says Young, referring to the almost \$1 billion in synergies achieved by CenturyLink since its Embarq purchase.

Young joined Lazard in 2009 from Merrill Lynch & Co., where he was global head of TMT. He'd moved to Merrill the previous year after 14 years at Lehman Brothers, most recently as head of the global

communications group. Young did his first telecom deal in 1990; then at First Boston Corp., he helped take Telecom Corp. of New Zealand private in its NZ\$4.25 billion (\$2.54 billion) sale to Ameritech Corp. and Bell Atlantic Corp.

He's since built lasting company relationships that transcend personal ties with chief executives. When advising Qwest on its merger with U.S. West, for example, Young worked with then-CEO Joseph Nacchio. Three years later he counseled Nacchio's successor, Richard Notebaert, on the \$7 billion sale of the company's directories businesses to private equity firms Carlyle Group and Welsh, Carson, Anderson & Stowe. During the CenturyLink tie-up, completed in April, Young advised Edward Mueller, CEO of Qwest since 2007. — *X.J.*

5/ **VINCENT LE STRADIC & TEAM/LAZARD**

Vincent Le Stradic, Lazard's head of European technology and telecommunications, has worked on some of the biggest mergers in history. But none was tougher than advising Naguib Sawiris on the \$22.4 billion sale of Weather Investments, the bulk of the Egyptian entrepreneur's telecommunications empire, to Russia's VimpelCom. That's saying something, given that Le Stradic represented German conglomerate Mannesmann during its unsuccessful defense against a \$183 billion hostile bid by British telecom Vodafone Group in 2000, when he was at Morgan Stanley. "This deal was the most complex," the Paris-based banker says of the Weather transaction. "There were a number of challenges that seemed insurmountable, but we got through them all."

French-born Le Stradic, who has known Sawiris for many years, remembers his starting out with a single mobile phone license in Egypt and building it into Weather, which owns Italy's Wind Telecom and half of Middle Eastern provider Orascom Telecom Holding. "Naguib was always a strong believer in consolidation in the telecom industry," says Le Stradic, 43. "He believed that scale was important and had been looking at a number of options before VimpelCom came along."

That was in May 2010, after Le Stradic and Lazard had been advising Sawiris on his failed merger discussions with South African rival MTN Group. "We were initially skeptical, because VimpelCom had recently changed its ownership and the discussions with MTN had just ended," Le Stradic recalls.

Earlier that year VimpelCom had incorporated itself in Amsterdam to defuse a five-year governance feud between its two biggest shareholders, Altimo — the telecom investment arm of Moscow-based Alfa Group Consortium — and Norway's Telenor. Weather carried \$24 billion in gross debt and had to carve out assets for the deal to proceed, principally Orascom's investments in Egypt and North Korea.

Lazard's status as an independent advisory firm with no other products meant it could assemble a small, focused team comprising Le Stradic and three fellow members: vice president Sergio Barbosa, executive director Maxence Kasper and associate Marc Verrier. Though Lazard was lead adviser, Cairo-based investment bank EFG-Hermes shared advisory duties and handled all the Egyptian details.

The key for Lazard and UBS, lead adviser to VimpelCom, was to focus on what they could control. Alfa supported the transaction but Telenor said no, partly because it held assets that competed with Weather in such countries as Bangladesh and Pakistan. VimpelCom won shareholder approval anyway, and the deal closed in April.

UBS's effort was run by Mark Lewisoohn, the Swiss bank's global head of TMT, and Lucas Wilson, who leads its Central and Eastern European investment banking business. Lazard, Credit Suisse and EFG-Hermes each earned \$12.1 million for advising Weather, while VimpelCom advisers UBS, Deutsche Bank and JPMorgan Chase merited \$10.6 million apiece. — *David Rothnie*