

## THE TALENT

# Dealmaker of the Week: Robert Townsend of Morrison & Foerster

Posted by Charlie Mead

With so much of life increasingly lived via the computer, it's easy to see how online-security technology will become even more important as the future unfolds. That's precisely the bet that microprocessor giant Intel Corporation made—to the tune of \$7.7 billion—by acquiring antivirus software maker McAfee Inc.

To aid its surprising entry into the tech-security field, Intel tapped Morrison & Foerster, with San Francisco-based partner Robert Townsend leading a team of nearly two dozen attorneys. While serious negotiations between the two Santa Clara-based corporate neighbors lasted for about a month before the deal was announced Thursday, Intel appears to have been readying itself for a major acquisition for months. The chip maker's cash and cash equivalent holdings grew from nearly \$4 billion in December 2009 to more than \$5.5 billion in June, according to the company's most recent earnings release.

"It's been a great three quarters for them," Townsend says. "Some of the best they've ever had, so that's why they're building up cash."

In fact, Intel ended its best quarter ever in July, racking up \$10.8 billion in sales, and nearly \$3 billion in profit. Having that kind of revenue, Townsend says, makes completing a transaction like the McAfee acquisition a less complicated proposition.

"[Intel is] fortunate to have the war chest to be able to do it," Townsend says. "You don't have to worry about anything in the way of financial conditions to closing or going out and testing the debt markets."

Intel will pay \$7.68 billion, or \$48 per share of McAfee common stock, in an all-cash deal that brings the world's largest dedicated security technology company under the chip maker's corporate umbrella. The price represents a 60 percent premium over McAfee's Wednesday closing price.

Townsend has ample experience in bulking up Intel's clout in the software industry. Just last summer he led a team advising on Intel's

purchase of Wind River System Inc., an Alameda, California-based software developer. In that deal, Townsend worked across from the same Wilson Sonsini Goodrich & Rosati team that handled the McAfee side of these negotiations. "It makes things more predictable," Townsend says of dealing with familiar faces.

Still, a deal of this size requires long hours of research to cut through the sea of corporate noise. "There are thousands of contracts that are not critical to a deal like this," says Townsend, who heaped praise on his various subteams—including groups focused on tech transactions and tax matters—that worked nonstop to complete a deal that Intel says will bind security software to its highly touted chip production.

Intel's announcement to purchase McAfee, reports *The Wall Street Journal*, also pushed global M&A action to nearly \$85 billion for the week, the highest level of the year. "There are a number of deals now coming to fruition," Townsend says. "Strategic acquirers are confident now." That confidence is especially apparent in the tech sector, where so far this year companies have bought 500 more firms than they had at this time a year ago, says *The Wall Street Journal*.

Townsend doesn't confine himself to microprocessors. Along with his tech practice, he advises on the sale and purchase of California wineries, including representing a private equity fund on a \$200 million purchase of eight wineries from Constellation Brands in 2008.

And the fruits of those vineyards have a tendency to seep into the tech sector. "The wine side always makes for interesting conversation on the tech deals," says Townsend, adding that "there's always a great closing party."

