

Sullivan & Cromwell LLP

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LOCATIONS

New York, NY (HQ)

Los Angeles, CA • Palo Alto, CA
• Washington, DC • Beijing •
Frankfurt • Hong Kong • London
• Melbourne • Paris • Sydney •
Tokyo

MAJOR DEPARTMENTS & PRACTICES

Estates & Personal • General
Practice/Corporate • Litigation • Tax

THE STATS

No. of attorneys: 646

No. of offices: 12

Summer associate offers: 121
out of 121 (2006)

Managing Partner:

H. Rodgin Cohen

Hiring Partner: Keith A. Pagnani

The following is independent Vault research

THE SCOOP

In 2006, M&A activity accounted for some 46 percent of global investment banking fee revenue. And when the bankers are happy, everyone's happy, right?—especially those Wall Street firms that head up the class in corporate work. In 2006 S&C continued to lead the M&A league tables, and was ranked first by Bloomberg among law firms representing principals in announced transactions by value worldwide for the third consecutive year.

Wherever the water floweth

Founded in 1879 by Algernon Sydney Sullivan and William Nelson Cromwell, Sullivan & Cromwell has the distinction of having kept the same name for 125 years. Equally consistent over the last century is the firm's impact on the domestic and international economy. No exaggeration: as the courtier whispering in J.P. Morgan's ear, the firm weighed in on the formation of Edison General Electric in 1882, and, in 1901, assisted in the creation of U.S. Steel. It also helped secure financing for a little landscaping project called the Panama Canal. Such international involvement led to some of the first international offices for a U.S. firm. Offices in Berlin, Buenos Aires and Paris were opened in the early 20th century (the Berlin office was closed prior to WWII while the Paris office was closed in 1940 and reopened in 1962), and further expansion in Europe, Australia and Asia occurred between 1983 and 2001.

Revival season

Pitch the tents and corral the neighbors, the M&A revival's come to town. Sullivan & Cromwell scooped its share of the pie, working on five of The Wall Street Journal's 10-biggest deals for 2006. The firm served as AT&T's legal advisor during its \$72.7 billion acquisition by BellSouth. Led by Chairman H. Rodgin Cohen, S&C remained the preeminent financial institutions practice in the U.S.: the team handled Wachovia's \$25.5 billion offer for Golden West Financial and the representation of Birmingham-based AmSouth Bank in its \$10.4 billion merger

with hometown neighbor Regions Financial in May 2006. The new entity will have approximately \$140 billion in assets and operate 2,000 branches across 16 Midwestern and Southern states. Other recent activities for the firm include representing The Bank of New York in both its \$16.5 billion pending merger with Mellon Financial and its \$3.1 billion sale of its branch network to, and acquisition of the corporate trust business of JPMorgan Chase—creating the largest securities servicing and asset management firm globally—and representing Merrill Lynch in the \$9.8 billion merger of their investment management business, MLIM, with BlackRock—creating the largest U.S. fixed-income manager and largest listed asset management company in the world. Across the pond, the firm challenges Magic Circle dominance by upstaging such eminent firms as Freshfields Bruckhaus Deringer, and Slaughter and May. One Euro deal that arriviste Sullivan stole from right under Magic Circle noses: representing Spanish energy company Endesa in its battle to fend off a hostile multibillion-euro offer from Spanish utility Gas Natural.

2006 was also a record year for private equity investment. M&A head James Morphy and his merry band featured in the largest private equity deal of the year, the \$21.2 billion buyout of hospital chain HCA. In July 2006, the Tennessee chain agreed to an investor group's takeover bid. In 2005, HCA's 190 hospitals generated \$25 billion in revenue.

You can bank on S&C ...

In October 2006 the firm shared in the largest IPO in history. Sullivan & Cromwell represented Goldman Sachs, Allianz and American Express in the IPO of Industrial and Commercial Bank of China (ICBC), China's largest state-owned bank. The IPO was the first concurrent listing on the Hong Kong and Chinese exchanges; on the first day of trading, ICBC's share price rose 15 percent, valuing the bank at \$139 billion. U.S. investors ponied up \$21.9 billion, helping make ICBC the world's fifth-largest bank.

2007-2008 Vault Rankings

Regional Rankings

#5 - New York

Practice Area Rankings

#1 - Securities

#4 - Tax

#5 - Corporate

#5 - Mergers & Acquisitions

Partner Rankings

#2 - Securities

#3 - Overall Prestige

#3 (tie) - Tax

#4 - Corporate

Quality of Life

#8 - Selectivity

Diversity

#11 - Diversity with Respect to GLBT

#20 - Overall Diversity

Sullivan & Cromwell LLP

S&C helped its banking clients to two of the biggest litigation victories scored by the defense bar in recent years. In 2002, Sullivan & Cromwell client Barclays, along with numerous other banks, was sued in a class action by Enron's shareholders, claiming that the banks had devised structures that helped Enron hide losses. The shareholders, led by the University of California, were seeking some \$40 billion, and alleged that Barclays and the others had helped Enron mask its financial woes. In September 2006, Andrew Fastow, former CFO of Enron, gave testimony (in an attempt to get a reduced criminal sentence), and tried to implicate the banks in the energy company's meltdown. As the case headed toward trial several banks (including JPMorgan Chase, Citibank and CIBC) settled for a record-breaking \$6.6 billion. Barclays and certain others refused to settle. That strategy paid off. In July 2006, the judge dismissed the case against Barclays, ruling that no valid legal claim had been stated against the bank. Although the court later allowed plaintiffs to re-plead against Barclays, an appeal filed by Barclays and two other banks was decided in favor of Barclays and the others. Just three weeks before the trial was scheduled to begin, the Fifth Circuit Court of Appeals ruled that the trial could not go forward because the claims were legally baseless.

One more to take to the bank

S&C recorded another big win for the 55 investment banks named as defendants in the mammoth IPO securities litigation. Shareholders in 310 dot-com companies that undertook IPOs during the tech boom of 1999-2000 filed more than 1,000 lawsuits in 2001, alleging that the investment banks and dot-com companies pumped up the companies' stock prices in a giant manipulation scheme. As defense counsel to Goldman Sachs and liaison counsel to the investment banks, an S&C team led by partner Vince DiBlasi coordinated the complex defense. In a landmark decision in December 2006, the federal court of appeals in New York ruled that the litigation could not proceed as a class action and imposed rigorous standards on future securities class-action suits. In the related IPO antitrust litigation, in which plaintiffs contend that the

defendants' same conduct during the dot-com boom constituted violations of the federal and state antitrust laws, the U.S. Supreme Court recently handed down an important victory to S&C and its client Goldman Sachs and the other investment banks, blocking plaintiffs' antitrust claims. The Supreme Court's June 2007 decision reversed the Second Circuit's previous ruling, and agreed with the underwriters that "to allow an antitrust lawsuit would threaten serious harm to the efficient functioning of the securities markets."

Time to play ball!

Sullivan & Cromwell is representing the New York Giants and their owners, the Mara and Tisch families, in their ongoing \$1.5 billion joint venture development with the ownership of the New York Jets of a new football stadium and related sports and retail developments in the New Jersey Meadowlands. This partnership represents the first time that the owning families of two National Football League teams will jointly finance and build a stadium to be the home for two NFL teams, the Giants and the Jets. S&C, led by Vice Chairman Joseph Shenker and partner Ivan Deutsch in New York, acted as counsel to the Giants and the team's co-owners, the Mara and Tisch families, in negotiating the ground lease and related development and lease agreements with the State of New Jersey, in negotiating the Jets joint venture arrangement, and in related agreements with the NFL.

Why, thank you kindly

Your magnolia-mouthed Southern granny had it right: you catch more flies with honey. Espousing this philosophy, in February 2006 Sullivan & Cromwell partners viewed a slide presentation on the care and emotional feeding of associates. Among other suggestions, the presentation recommended that partners acknowledge associates' efforts with such odd phrases as "thank you" and "good work." Attrition rates at most big New York firms, including S&C, ran high in 2005, but this trend has been reversed at S&C in 2006, perhaps in part because of the firm's morale-boosting efforts, which include weekly associate lunches with Rodge Cohen, the firm's chairman; \$1,000 entertainment budgets for senior associates

to entertain more junior associates; and greater attention to the performance review process, including the introduction of 360° reviews, where associates provide feedback on working with partners and senior associates to the practice group heads. Recent "town halls" with firm leaders have focused on enhancing internal communications with associates about firm finances and strategy.

Sources at the firm say that the wealth is shared with associates in places where other firms will nickel and dime, at significant cost to the firm. In fact, S&C is at the top of the industry when it comes to support staff levels on a per-lawyer basis. For example, the ratio of lawyer to secretary is low in an industry where many firms have three or four (and sometimes more) attorneys per secretary. At S&C, it's generally 2:1. Another example: unlike most of its peer firms, S&C offers a \$100,000 down-payment loan assistance program to associates. Other seemingly little things add up—S&C associates don't have to worry about fiddling around punching client matter numbers into copy machines or telephones, or sharing printers—"Clients don't choose S&C because they're worried about the cost of a copy" as a firm source puts it.

Doing unto others

On average, Sullivan & Cromwell lawyers devote nearly 40,000 hours a year to pro bono and public service. Recent pro bono activities for the firm include staffing a legal clinic for New York Presbyterian Hospital, which provides estate planning for AIDS victims, and representing the Council of New York in its efforts to enforce the Equal Benefits Law, which prohibits discrimination against and provides for marital benefits to same-sex domestic partners. Pro bono highlights for the firm include landmark case *Bivens v. Six Unknown Agents*, the 1971 Supreme Court case that established damages for illegal searches; working with The Legal Aid Society to prevent prisoner abuse and force system reform at Rikers Island; and obtaining political asylum for a Cote d'Ivoire citizen who was arrested and tortured due to his political beliefs and Djoula Muslim ethnicity.

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It's not quite boiling bunnies ...

... but when Aaron Charney boiled his hard drive in February 2007, legal gawkers scratched their heads. In a case obsessively covered by cyberscribes (for a full rundown, we recommend David Lat's *Abovethelaw.com*, as well as *The New York Observer's* terrific coverage), ex-S&C associate Charney sued his former firm in January 2007, alleging harassment and discrimination. Soon after, blawgs were ablaze with reports of Charney and S&C talking settlement—and then Charney went and poured a kettle on his hard drive. And bashed it to bits with a hammer. (What do you deduce from this, Watson?) As of this writing, *Sullivan v. Charney* shows no signs of coming to a conclusion anytime soon ... nor becoming any less of a legal soap opera.

GETTING HIRED

Top school not required, but top grades are

Snobbery is not the norm at Sullivan & Cromwell. "Sullivan & Cromwell will take anyone, from any school, if they can prove they are smart enough to hack it and willing to work," reports one attorney. "My class was tremendously diverse with lawyers from Yale to Rutgers to New York Law School." "Although most Sullivan & Cromwell lawyers are from the elite law schools, [the firm] definitely considers top candidates from other law schools," agrees a source. Of course, the lower your school is in the ranking, the better your credentials need be. "If you attended a 'lesser' school, you will have to be in the top two or three in your class," warns a contact. "But if you demonstrate that you are capable, it doesn't matter where you come from." Another insider notes that "if you aren't from a top school, journal experience is basically a must." Additionally, while grades are important regardless of where you're from, "strong character and a history of achievement can override a lousy semester."

Once you're past the grade hurdle, try to present yourself well. The firm "stresses collegiality and fitting in, which simply means no jerks or potential jerks." "Once

you're at the office, it's entirely a question of personality," concurs a source. "We like friendly, non-pretentious people who exhibit good judgment." Don't expect a cakewalk, either. "The interviewers go behind pat questions and actually grill applicants on substantive issues," advises a lawyer. "During the interview process, we look for people who are sharp—people who can discuss an issue intelligently and will come across well to clients," notes a contact.

OUR SURVEY SAYS

The mixed bag

For the most part, Sullivan & Cromwell associates are happy with life at their firm, though there are numerous qualifiers. "Sullivan & Cromwell provides the best work, great colleagues, more responsibility and experience than I could get at any other place," brags a midlevel associate. "What more could one want? Well, maybe a little more sleep, but what other big firm lawyer wouldn't want that?" "I like my work. I like the people I work with. I like the level of responsibility I have," says one source. "I don't like how much work I have." Indeed, the workload is an issue. "The work is stimulating and the people generally are nice," states a senior associate. "The workload is heavy however, and the unpredictability of the workload can be wearing." There are other quirks. "Associates are given much responsibility and client interaction from the beginning, which is challenging and rewarding," notes one attorney. "On the negative side, there is not much consideration given to associates' personal life."

There seems to be a correlation between associate satisfaction and the amount of responsibility given to associates. "The amount of responsibility you get as a junior lawyer is unique among other comparable firms," says one source. "As a third-year associate, I am often the senior associate on a deal and I often find myself negotiating against partners at other firms." Another insider shares a similar experience, reporting that "I'm a second-year negotiating deals against sixth-years at other firms." The firm's system helps perpetuate that. "The assigning partners

take great effort to take into account associates' preference in terms of assignment," says a corporate lawyer. "Most associates can get the work they want to do in the long term."

Pros through and through

Sullivan & Cromwell associates use one adjective to describe themselves and their firm: professional. "I would describe the firm's culture as very professional," says a midlevel. "But this doesn't mean stuffy or formal. It means everybody's eye is on making the finished work product as perfect as it can be." "The culture can only be described as professional," echoes another source. "Everyone respects one another and enjoys working together." The word keeps popping up. "Sullivan & Cromwell is a very professional environment," reports another associate. "Everyone with whom I've interacted has been cordial and respectful." Some are pleasantly surprised at how pleasant professional can be. "The firm's culture is definitely not what I anticipated—and I mean that in the best way possible," says a junior associate. "The Currier & Ives décor incorrectly reinforces an impression that Sullivan & Cromwell remains a 'white shoe' firm. While undoubtedly there are traditions that the firm is attempting to maintain—as an aside, why wouldn't you want to hold onto some customs with a history as remarkable as Sullivan & Cromwell's—there is no doubt that S&C has long ago developed into much more than a 'white shoe' firm." That "much more" appears to embody teamwork from the top all the way down. "The firm's culture could not be better," gushes a contact. "The partners are friendly, always available and helpful. The other associates are smart and interesting people. The support staff is amazing—loyal and hardworking people."

The professional culture extends beyond your tenure at S&C—the firm really big deals the alumni network. There's an annual reception for alumni, a web site for alumni, and other events involving alumni that keep it all in the family. Which helps when you're looking to network with heavy hitters.

Sullivan & Cromwell LLP

Money bags

Associates “can’t complain about salary” because “Sullivan & Cromwell appears to pay higher than other firms for senior classes.” There’s less jockeying for bonuses, too, as they are “lock-step, although there are grumbling from associates about wanting to go to some non-hours-based merit system.” “I make gobs of money,” says an international associate. “Base salary doesn’t begin to tell the story: benefits, COLA, currency adjustment, bonus, etc.” American lawyers get lots of extras, too. “In addition to our salaries and bonuses being top of the market, we are also very well taken care of otherwise—good health benefits, gym membership, free food in the kitchens, etc.,” reports one junior associate. “I love that we do not have to meet a minimum billable requirement to get a bonus,” states another attorney. “I think it is much fairer and allows you to spend the time you need on assignments without inflating or taking on stupid work just to churn time.” Some associates are philosophical about all the money being thrown around. “If I’m looking at my compensation from an outside point of view and comparing compensation for people my age in different jobs, I should be very satisfied,” says one lawyer. “But being in this profession and looking at the profits per lawyer that this firm generates, I should be paid more.”

Killer hours

Like working? You’ll love Sullivan & Cromwell. “The hours are great, if by ‘great’ you mean that you love billing a minimum of 12 hours a day for at least six days a week,” says one lawyer who lays on the sarcasm pretty thick. “The hours are brutal,” complains another insider. “And with the newer BlackBerry culture, you are truly on call 24/7/365 and expected to respond.” At least you won’t have to be around for no good reason. “While we are expected to work until the job is done, there is no emphasis on face time here, and there are no minimum billable requirements,” says a source. “So while that means that there have certainly been some weekends and late nights, there are also days when I am able to stroll out the door at 5 p.m. because I have finished my

work.” Weekends are common. “Every weekend my goal is to not come into the office on the weekend,” says a litigator, who estimates that “I hit that goal about 50 percent of the time.” Maybe the worst part: no one seems to know when they’ll be required to put in weekend hours (or overtime, etc.). “The lack of predictability is irritating, but this must be common to all Wall Street law firms,” observes a lawyer. According to firm sources, the average associate client billable annual total is 1,950.

Back to school

Learning the ropes is not a problem at Sullivan & Cromwell. “The firm has a solid two-week orientation program and offers several first-year and second-year associate courses during the year in addition to other trainings. The firm has emphasized the importance of the training programs and has asked for feedback from junior associates to revamp the orientation to make it more useful.” The feedback we’re getting is virtually entirely positive. “The firm really has quite an excellent training program in place,” notes a source. “Classes are offered every week to help you brush up on, or learn for the first time, various topics.” “The formal training programs—especially the hands-on litigation training programs—are top notch,” says a litigator. The training opportunities make it easy for lawyers to fulfill their CLE requirements. “The formal training program is amazing. Within days of arriving at the firm, I fulfilled all my New York CLE requirements,” reports one junior associate.

According to the firm, “S&C subscribes to the belief that associates learn best by doing. The premise is that associates will become better lawyers and develop more quickly if exposed to substantive legal work and given real responsibilities at junior levels. To make this model work, S&C relies on a culture of knowledge sharing and ‘on-the-job’ training across all levels.”

The efforts are there

Insiders say Sullivan & Cromwell is doing its best when it comes to diversity, with some improved results. The firm has

instituted several programs aimed at retention of top women and minority associates as they climb through the ranks for consideration as partner. The recent installation of a former Assistant United States Attorney (and Sullivan & Cromwell alum) as its director of diversity, is deemed a great success as the firm has begun to see these efforts bear fruit. For example, although Sullivan & Cromwell and peer firms have about the same percentage of women partners (13 to 14 percent), since 2000 the firm has made 16 women partners, representing 23 percent of the overall partners made during such period. “The female partners are a force within the firm, and generally believe that recruiting and retaining other women is very important,” says one attorney. “There are women’s cocktail parties and monthly coffee breaks to discuss issues for mothers at the firm, [and] there are a lot of female associates and a number of highly visible female partners,” notes another contact. “But there seem to be very few female partners who had kids as associates, and there’s still a sense that most female associates leave after they have kids.” Additionally, “there are a ton of diversity programs aimed at recruiting and retaining minorities.” And in the broader sense, even the partnership is surprisingly diverse, with 56 law schools and 34 countries represented among them, and where 61 percent of the partners are under the age of 50. In fact, 48 percent of the partners were named in the past 10 years. Still, “the number of minority lawyers is alarmingly low, but I don’t really understand why because I think there is a huge effort put into recruiting minority lawyers and into making them feel comfortable at the firm.” Also, the firm is “one of the most welcoming workplaces for gays and lesbians imaginable,” according to one associate. “I know a lot of openly gay associates and partners, and have never seen anyone take issue with their sexuality,” reports a lawyer. “That being said, there is always the possibility of some bad apples in the bunch that I have not had exposure to.” With regard to the Charney lawsuit, a source summed up the general view, saying that “I have always been proud of the firm in this regard, which is why the lawsuit alleging otherwise is so hard to stomach.”