

TheDeal Magazine

Voice of the deal economy

Davis Polk swigs more Pepsi

By David Marcus

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A decade ago, **Davis Polk & Wardwell** and Merrill Lynch & Co. advised **PepsiCo Inc.** on its \$2.3 billion spinoff of **Pepsi Bottling Group Inc.** The law firm and investment bank, since Jan. 1 a unit of **Bank of America Corp.**, are working with PepsiCo as it tries to buy back Pepsi Bottling Group, as well as No. 2 bottler **PepsiAmericas Inc.** **George Bason Jr.** and **John Bick** lead Davis Polk's team on the deal. PepsiCo owns about 33% of PBG and 43% of PepsiAmericas.

Davis Polk and Merrill have a long history with Pepsi. The pair advised the soda giant in 1997 when it spun off **Tricon Global Restaurants Inc.**, the holding company for Pizza Hut, Taco Bell and Kentucky Fried Chicken. And in 2000, Merrill's **Steve Baronoff** and Davis Polk's **Winthrop Conrad Jr.** and **Paul Kingsley** counseled Pepsi when it acquired Quaker Oats Co. for \$14.4 billion. In addition to Baronoff, **Blair Effron** of **Centerview Partners Holdings LLC** is advising PepsiCo on its bid for its bottlers.

PBG is using **Robert Townsend III** and **George Schoen** at **Cravath, Swaine & Moore LLP** with **Stephen Gordon** on tax and **Morgan Stanley's Robert Kindler**, himself a former Cravath partner. Morgan Stanley's **Joe Rault III**, **David Ciagne** and **Carmen Molinos** are working with Kindler on the deal. The bank advised PBG and PepsiCo last year on their \$1.4 billion purchase of a 75% stake in Russian juice manufacturer JSC Lebedyansky. **Chadbourne & Parke LLP's** Moscow office handled the legal work on the deal for the buyers.

PBG has been fairly active in buying foreign Pepsi bottlers. In 2002, it used **Citigroup Inc.**'s Salomon Smith Barney Inc. and **Proskauer Rose LLP** on the \$1.25 billion purchase of Mexico City-based Pepsi-Gemex SA de CV.

Minneapolis-based PepsiAmericas is using **Adam Taetle** at **Goldman, Sachs & Co.** for banking advice and, on the legal side, **James Morphy** and **Audra Cohen** of **Sullivan & Cromwell LLP** and **Brian Wenger** at **Briggs and Morgan PA**, PepsiAmericas' regular outside counsel. The bottler was formed in 2001 through the merger of Whitman Corp. and PepsiAmericas Inc., at the time the country's second- and third-largest Pepsi bottlers. Two years ago, PepsiCo and PepsiAmericas used Citigroup when they teamed up to pay \$542 million for 80% of Ukrainian juicemaker Sandora LLC.

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