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Dealmaker of the Week: Alexander Dye of Dewey & LeBoeuf

By Julie Triedman

The insurance industry might be coming off of a bad few years — deals in that sector in 2009 were roughly half the number of transactions in 2008 — but don't tell that to Alexander Dye. The head of Dewey & LeBoeuf's US M&A group has been busy as ever in recent weeks, handling client MetLife's \$15.5 billion proposed acquisition of AIG's Alico unit while also seeing through negotiations for client Zenith National Insurance on its sale to Fairfax Financial for \$1.4 billion.

The work for MetLife started in early 2009. The longtime Dewey client tapped Dye and colleague John Schwolsky to handle due diligence efforts on a potential acquisition of AIG's American Life Insurance Co. (known as Alico). The addition of Alico, which operates in 54 countries, would propel MetLife, the largest seller of life insurance in the US, into the industry's global elite, as the [as *The Economist*](#) and other news sources observed.

The work would prove to be especially complicated, for logistical reasons and more. Dye and Schwolsky coordinated due diligence efforts on a grand scale. The work took nearly a year and involved hundreds of lawyers from several of Dewey's global offices and from other firms advising on areas outside of Dewey's scope, according to MetLife senior chief counsel Nick Latrenta. By the end of last year, with the due diligence completed, the active negotiations began.

As Dye describes it, there was "layer upon layer of complexity" on the MetLife/Alico deal. One layer: Alico's parent, AIG, is 80 percent owned by the U.S. government; the U.S. Treasury holds its interest in AIG via a three-person trust, though its involvement in deal negotiations is by definition indirect. Second, AIG's CEO, Robert Benmosche, had been MetLife's CEO until 2006 and reportedly had held MetLife stock as recently as August 2009. According to *The Wall Street Journal*, to avoid potential conflicts of interest, AIG had to conduct negotiations via a special transaction committee. Another layer of complexity: Alico was in trouble with the IRS over billions of dollars in reported [back taxes](#) involving its non-US customers, so a decision by the IRS could make or break a deal.

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As if this wasn't enough, in late January, as rumors appeared in the business press about a potential MetLife deal, Dye got a call from longtime client Stanley Zax, the CEO of specialty insurer Zenith National Insurance Corporation. Zax asked Dye if he could work on a possible acquisition of Zenith by Canadian insurer, Fairfax Financial Holdings Limited for \$1.4 billion. Was Dye interested in handling a proposed deal for Zenith?

"I told him I was exceptionally busy," says Dye. Then he signed on to handle Zenith's potential deal. MetLife's negotiations for Alico [paused in February](#) as AIG, the U.S. Treasury, and MetLife negotiated with the IRS for a release of the back-tax liability. "This hit exactly at the time I was able to take it on," Dye says.

Dye went into hyperdrive for Zenith, a workers compensation insurance company based in Woodland Hills, California. "MetLife and AIG went on for months, and at times it was hard to see the light at the end of the tunnel," says Dye. "Zenith was a straightforward sale with a finite beginning, middle, and end."

Zenith signed a deal with Fairfax on February 18. (That deal is expected to close by the end of the second quarter of this year.) And without missing a beat, Dye was back to handling the final negotiations for MetLife. "I did kind of know he had other things to tend to, but we were at a stage in our transaction where he had the time," says Latrenta.

On March 5, the IRS released its claim on Alico. Three days later, MetLife and AIG signed a \$15.5 billion agreement for Alico's sale. By that point, scores of Dewey lawyers had touched the deal at one time or another, including a core of 25 partners. The financing is unusually complex, involving a cash payment and three kinds of securities — MetLife is required to raise capital via debt and equity offerings to complete the sale. The closing document alone numbered 240 pages, three times the usual length, Dye says.

And while he enjoys keeping busy, in retrospect Dye says, "you'd sort of like to space the deals out."