Press Coverage | March 10, 2022

Unusual TD-First Horizon Deal Structure Could Catch On

RELATED PROFESSIONALS

James W. Stevens

James Stevens, a partner in Troutman Pepper's Financial Services Practice Group, is quoted in the *S&P Global Market Intelligencer* article, "Unusual TD-First Horizon Deal Structure Could Catch On."

"There is a greater risk associated with deals taking longer," James Stevens, a partner at Troutman Pepper Hamilton Sanders LLP, said in an interview. "And when there's a greater risk, it's more likely that people are going to agree to things to address that risk."

…

"The parties have to agree to not terminate rather than agree to terminate it," Stevens said. "The way that this is drafted, where it automatically terminates, reflects that there was a lot of concern about this taking a long time and a real intentional, pre-negotiated exit if they get to that date and it's not approved."

Stevens believes the additional compensation clause may have been influenced by First Horizon's expectation that its earnings will rise over time, making the company more valuable to an acquirer in the future.

…

In the future, banks are likely to be more thoughtful about their merger agreements' end dates, Stevens said.

"Earlier in 2021, it's not like people didn't focus on the outside date and what happened at the outside date," he said. "But the idea was you're picking a date that's way off in the future that you think is very unlikely to happen. What you're seeing now is that people are really focusing on what date do they put in there and what happens on that date."

RELATED INDUSTRIES + PRACTICES

- Financial Services
- Mergers + Acquisitions

