

A True Partnership

An Interview with Martin Lipton,
Founding Partner, Wachtell, Lipton, Rosen & Katz

EDITORS' NOTE Martin Lipton is Chairman of the Board of Trustees of New York University, a trustee and former Chairman of the Board of the New York University School of Law, a member of the Council of the American Law Institute, and a director of the Institute of Judicial Administration. In 1976, Lipton authored, "Corporate Takeovers: Tender Offers and Freezeouts" (American Bar Association, National Institute on Corporate Takeovers). In 1982, he created the Shareholders Rights Plan ("Poison Pill"). In 1992, Lipton served on the Subcouncil on Corporate Governance and Financial Markets of the United States Competitiveness Policy Council. He has served as counsel to the New York Stock Exchange Committee on Market Structure, Governance and Ownership; as counsel to and member of its Committee on Corporate Accountability and Listing Standards (Corporate Governance); and as Chairman of its Legal Advisory Committee. Lipton is a member of the Executive Committee of the Partnership for New York City and has served as its Co-Chair. He has a B.S. in Economics from the Wharton School of the University of Pennsylvania and an L.L.B. from New York University School of Law. He is a member of the American Academy of Arts & Sciences and a Chevalier de la Légion d'Honneur.



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include enterprises of every nature like financial institutions and securities and private equity firms, as well as industrial, health care, pharmaceutical, technology, energy, and media companies, including many Fortune 500 companies.

What is the secret to the success of the firm year after year?

It's a culture built on highly skilled people working together in a collegial environment where the only objective is to accomplish what the clients seek to accomplish in a way that makes sense and is appropriate, and where we feel satisfied that we have not misapplied our skills and abilities. What distinguishes the firm is that it is a true partnership with lockstep compensation and a culture that results in everyone in the firm feeling they are a part of it and doing their best to achieve the best result for the firm's clients.

Looking back on the economic crisis, did you see an impact on your business?

There was a double impact on our business. We acted for the Treasury in connection with the conservatorship of Fannie Mae and Freddie Mac and advised the Treasury on other issues in connection with the crisis, all of which was done pro bono. So there was a major dedication of the firm's resources for months to that activity. We were also involved in just about every one of the major bank mergers that took place in 2008.

With all you've been through in your career, had you ever seen anything like it?

I've never seen anything like it and I was concerned that it was going to result in a total panic and worldwide depression – and it may yet. The situation has not been resolved. We're still in a delicate economic position and Europe is tumbling, and growth has slowed dramatically in China and India. For a while, they've been the engine of the world economy because their purchase of commodities and the kinds of products they don't make internally has fueled the economies of Australia, Africa, South America and, to a certain extent, Europe and the U.S. So the situation in Asia turning down is a threat to the economies of the West.

Many executives suggest that coming out of a crisis, the regulation pendulum swings too far one way or the other. Is there merit to that?

Once there are clear rules, people can deal with them. The problem now is that much of the legislation needs to be implemented by regulations, many of which have not yet been adopted and some of which have not even been proposed. So there is uncertainty with respect to the regulatory climate.

The other uncertainty is created by polarization on the right and the left resulting in a dysfunctional Congress and, in many states, dysfunctional legislatures where the inability to agree on how to handle budgets, taxes, and entitlements creates uncertainty as to where we're going. This has significantly hindered recovery of the economy and is highly likely to create social unrest if we can't resolve these issues and restore growth of the economy. On the one hand, we have regulatory and legislative uncertainty, and on the other hand, we have the uncertainty of a system that has become dysfunctional.

As an active member of the Partnership for New York City, what makes that organization work so well?

The short answer is Kathy Wylde, its President and spectacular leader. Essentially, the Partnership reflects a business community that is not trying to ring the last bit of profit out of what it does – it thrives on a successful, vibrant city, one where everybody is doing well, there are good jobs for everyone, and the city is clean and attractive – that is the objective of the partnership. This city has an enormous number of dedicated people who are not in it just for money or power but are interested in serving the public and the city and the people who live here. It's a pleasure to know them, work with them, and help them in their objectives.

Could you have imagined your law firm would have become as successful as it has?

When we started the firm, we had no idea how it would develop. We had a few principles: collegiality and equality; and a focus on working hard, because if you did, clients would come and one client leads to another. Ultimately, like any professional service firm, it becomes a question of reputation. ●

FIRM BRIEF Wachtell, Lipton, Rosen & Katz (www.wlrk.com) enjoys a global reputation as one of the world's leading business law firms. Their extensive experience in the fields of mergers and acquisitions, strategic investments, takeovers and takeover defense, corporate and securities law, and corporate governance means they regularly handle some of the largest, most complex, and demanding transactions in the United States and around the world. The firm counsels both public and private acquirers and targets. They also have experience handling sensitive investigation and litigation matters and corporate restructurings, and in counseling boards of directors and senior management in the most sensitive situations. Wachtell Lipton is consistently ranked as the most prestigious and desirable law firm to work for in the United States. The firm's clients