

THE TALENT

Dealmaker of the Week: Brock Gibson of Blake Cassels

Posted by Julie Triedman

In early December, a few weeks before Brock Gibson took up the reins as chair of 550-lawyer **Blake, Cassels & Graydon**, he got a call from a longtime client, Calgary-based oil conglomerate Suncor Energy Inc.

Suncor's general counsel, Terry Hopwood, told Gibson that the company had initiated merger talks with rival Petro-Canada. Both companies are major players in the oil-rich sands of northwestern Canada, and a Petro-Canada takeover has long been the subject of speculation. A union of the two would create the largest Canadian oil and gas conglomerate by capitalization.

Gibson, 49, who has represented the company for securities work for more than a dozen years, had little choice but to set aside some management duties as merger talks picked up through the late winter. On March 11, Gibson was working out of Blakes New York office when he got another call from Hopwood. The deal was going into hyperdrive and he would have to head back to Calgary to get an agreement signed in ten days. "I have a new big important client called 'the firm'," Gibson notes, chuckling. "And I also have a big important client called Suncor. It can be a little tricky when they both call at the same time."

Gibson immediately flew back to Calgary, where he quickly mobilized his team. The matter was bigger, more complex, and more politically sensitive than any recent deals Brock could recall--in fact, it would rank as the largest oil and gas deal in the country since January 2007. Ultimately, some 150 lawyers and business-side advisers worked on the matter.

Unlike other deals, this one had to conform to a law specifically enacted to limit concentration of control in Petro-Canada, a onetime crown jewel among the country's nationalized industries (it was privatized in 1991). The law, which restricts stock ownership of any party to under 20 percent, has long been viewed by analysts as a drag on Petro-Canada's share price.

A critical concern for both parties was preserving secrecy. "The energy sector in Calgary is a very tight-knit community where everyone generally knows one another," Gibson notes. "It wouldn't have taken much to start speculation on a deal." Gibson and the team from MacLeod Dixon representing Petro-Canada arranged meetings in a series of quiet venues. On days

of important meetings, they had top executives and lawyers arrive in ones and twos.

Ultimately, Brock and his counterpart at MacLeod Dixon, Robert Engbloom, kept the deal under wraps, until last Sunday night when an agreement was signed.

The deal the parties ultimately settled on is what Canadian law terms an amalgamation, which is akin to a merger. As the two parties are merged and no shareholder ends up with more than 20 percent ownership, the transaction complies with the ownership rules.

Under the terms of **the all-stock deal announced Monday**, both companies' shareholders will receive stakes in the amalgamated entity. PetroCanada's shareholders will receive 1.28 shares of a new company, to be known as Suncor. Suncor shareholders will receive one-to-one shares of the new company.

Some hurdles remain. The amalgamation is being completed under a statutory plan of arrangement, which must be approved by a court. That approval is contingent on shareholder approvals and satisfying regulatory conditions. Also, lawyers say the deal is likely to be a test case for new, U.S.-style antitrust review provisions enacted last year. Under the new law, Canadian companies seeking to merge may be subject to the intensive and expensive antitrust regulatory scrutiny known as a "second request" that their U.S. counterparts have long had to submit to. That could delay a close. "I would fully expect they'd do a second request," notes **Davies Ward Phillips & Vineberg's** George Addy, a former head of Canada's Competition Bureau. Frankly, everyone does."

Even with the remaining hurdles, Gibson--who splits his time between his home in Calgary and an apartment in Toronto, home to Blakes's largest office--is back to working with his other major client: the firm. At least until the next big client comes knocking.



Brock Gibson