

Freshfields Reps. Starbucks In \$7.1B Nestle Coffee Tie-Up

By **Matthew Guarnaccia**

Law360 (May 7, 2018, 1:24 PM EDT) -- Starbucks Corp. on Monday said Nestle SA will pay \$7.15 billion to take over the company's marketing, sale and distribution rights for most of its retail and grocery store items, with Freshfields Bruckhaus Deringer LLP guiding the Seattle-based coffee giant.

According to Starbucks, the deal, which the companies are calling a "global coffee alliance," includes packaged coffees and teas from brands including Starbucks, Seattle's Best Coffee and Teavana, among others. The deal allows Starbucks to maintain a "significant stake" as a licensor and supplier for its ground and roast coffee products.

"This global coffee alliance will bring the Starbucks experience to the homes of millions more around the world through the reach and reputation of Nestle," Starbucks President and CEO Kevin Johnson said in a statement Monday. "This historic deal is part of our ongoing efforts to focus and evolve our business to meet changing consumer needs, and we are proud to work alongside a company that is committed to our shared values."

Excluded from the agreement are ready-to-drink coffee, tea and juice products, and those sold within Starbucks' coffee shops, Nestle noted.

As for Switzerland-based Nestle, the deal adds to an existing lineup of coffee products under the Nescafe brand, as well as its Nespresso line of coffee machines and espresso makers, coffee, and drink accessories. Starbucks noted that its coffee will now be offered through Nestle's single serve capsule systems.

Nestle said the agreement with Starbucks means around 500 Starbucks employees will move to Nestle, helping to improve the existing business and aid global expansion.

"We are delighted to have Starbucks as our partner," Nestle CEO Mark Schneider said in a statement. "Both companies have true passion for outstanding coffee and are proud to be recognized as global leaders for their responsible and sustainable coffee sourcing."

Meanwhile, Starbucks plans to use the funds from the deal to accelerate share buybacks, saying it now expects shareholders to receive \$20 billion in cash through the buybacks, as well as dividends, through the 2020 fiscal year. The deal is expected to close "this summer or early fall," according to Starbucks.

Nestle said it expects a “smooth and efficient integration” of the business, which has generated more than \$2 billion in annual sales, as the deal does not involve the transfer of any fixed assets.

Nestle is represented by a Mayer Brown LLP team including partners David A. Carpenter, John P. Boelter, Richard M. Assmus, James R. Barry, Adam L. Hudes and Mark W. Ryan, counsel Meytal McCoy and associates Kelly C. Camp, Nora Shafie, Michael D. Russo, Sydney R. Fields and George K. Haines, as well as Nestle senior legal M&A counsel Phil Mellor.

Starbucks is represented by a Freshfields Bruckhaus Deringer LLP team led by M&A partner Matthew Herman and including M&A counsel Sebastian Fain, Technology partner Mena Kaplan, employee benefits partner Howard Klein, tax partner Claude Stansbury and antitrust partner Mary Lehner.

--Editing by Pamela Wilkinson.