

Ken King '87 Shares Details of Recent Yahoo!-Alibaba Deal in China

Just hours after China's biggest-ever Internet deal was closed, Ken King '87 gave the Boalt community an insider's perspective on the newly forged partnership between Yahoo! Inc. and Alibaba.com, the largest e-commerce company in China. "It was one of the most complex, difficult deals I've ever been involved with," said King, a partner in charge of the Palo Alto and San Francisco offices of Skadden, Arps, Slate, Meagher & Flom, in an October 24 talk at Boalt Hall. An expert in corporate and securities law, King represented Sunnyvale-based Yahoo in the transaction valued at more than \$4 billion.

Announced last August, the deal was completed on October 24 with a \$1 billion cash transfer plus \$700 million in assets from Yahoo's China operation, King said. In exchange, Yahoo now owns a 40 percent stake in Alibaba.com. Alibaba is China's top e-commerce company with a network of online marketplaces-including an auction site- that reach more than 20 million registered users worldwide. King noted that the transaction also creates a partnership for Yahoo with Alibaba's "very sophisticated" management team in China under the leadership of the company's CEO, Jack Ma. "I think what Yahoo was looking for was domestic management expertise in China," King said. "That was really what was informing a lot of the approach."

King's talk, "Cross-Border M & A: Doing the Yahoo!-Alibaba Deal in China," was sponsored by the Berkeley Center for Law, Business and the Economy (BCLBE), Boalt's new research center focused on the impact of law on business and the U.S. and global economies. Part of BCLBE's ongoing speaker series, King's presentation drew about 200 people. "You can think about the deal in lots of different ways," explained King, who serves as a member of BCLBE's advisory board. "Ultimately, it was something of a joint venture."

King said the negotiations included 20 days of on-site talks in both Hong Kong and Palo Alto, along with daily conference calls that began for him at 6:30 p.m. on the West Coast and often ended in the early hours the following morning. In addition, lawyers from some eight different firms were dealing with governing laws from multiple jurisdictions, King explained. The new entity, like most of China's Internet companies, was incorporated in the Cayman Islands, King said.

The deal creates a partnership in one of the largest and most attractive Internet markets in the world, he said. Currently, China ranks just second to the United States in the overall number of Internet users. China has 103 million people online compared to 203 million users in the United States. But with an overall Internet penetration rate of just 8 percent of China's 1.3 billion residents compared to 69 percent of the United States' 296 million residents, "It's pretty easy to do the math and understand why China is an important market for any company," he said.

King heads Skadden's Corporate Group in the San Francisco Bay Area and has represented technology and other firms in a number of high-profile transactions, including cross-border mergers and acquisitions. While at Boalt, he served as editor-in-chief of the California Law Review and was a member of the Order of the Coif.

(10/25/05)