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LSI Logic/C-Cube Microsystems

With a nine-attorney team on its side at **COOLEY GODWARD**, LSI Logic Corp. said March 26 that it has inked a deal to acquire C-Cube Microsystems Inc. in a stock swap worth approximately \$878 million.

"The LSI, C-Cube transaction shows that large, strategic, stock-for-stock deals can still be done, even in this volatile stock market," said **Richard Climan**, firmwide head of Cooley's M&A group. "I predict we'll be seeing more stock swaps of this type in the technology sector over the next several months."

WILSON SONSINI GOODRICH & ROSATI represented C-Cube.

Instead of creating a series of collars to adjust the stock exchange rate to make up for fluctuating stock prices, the team at Cooley set-up a somewhat new two-step process that guards the companies from any Nasdaq rumblings.

Under the terms of the agreement, LSI will dish out .79 of its shares for each share of C-Cube. Although the fixed exchange rate has the potential to significantly alter the overall value of a deal with actual stock exchanges happening months down the line, the two-step process gave LSI and C-Cube the speed they needed to work in a fluctuating market.

Using Securities and Exchange Commis-

sion rules amended in January 2000, the two-step process allows C-Cube shareholders to tender their shares almost immediately before the stocks have much chance to fluctuate.

In addition to providing speed that can be vital to a deal's stability in a shaky market, the structure requires fewer backups with shareholders and delays from the SEC. The first step comes with the exchange offer, the latter with a back-end acquisition to tie up any loose ends.

The acquisition is expected to close by June 30.

At Cooley, Climan worked alongside partners **Keith Flaum** and **Eric Reifschneider** and special counsel **Philip Fries Jr.**, as well as associates **Jaimee King**, **Paul Gibson**, **Max Ochoa**, **Peter Burns** and **Jody Willson**.

LSI Logic's vice president, general counsel and secretary **David Pursel** represented the company in-house with a team that included **Sandeep Jaggi**.

At Wilson Sonsini, partners **Larry Sonsini**, **Steve Camahort** and **Nora Gibson** represented C-Cube with corporate associates **Kelly Boyd**, **Lora Blum** and **Vicente Reyes**. Partner **Ivan Humphreys** came on in tax with fellow partner **John Aguirre** in employee benefits and compensation. Partners **Charles "Chris" Compton**, **Selwyn Goldberg** and **Terry Johnson** lent their talents to the deal with associates **Noah Brumfield**, **Elizabeth Hewitt** and **John Shinn**.

— Ross Hanig