

Capital Markets Group Of The Year: Sullivan & Cromwell

By Tom Zanki

Law360 (February 7, 2023, 2:02 PM EST) -- Sullivan & Cromwell LLP has helped its clients raise vast capital worldwide over the past year despite market headwinds, ranging from China Mobile's \$8.2 billion initial public offering to AT&T Inc.'s \$30 billion bond that funded its acquisition of WarnerMedia, earning the firm a spot among Law360's 2022 Capital Markets Groups of the Year.

With some 250 attorneys around the globe working on capital markets transactions at any given time, Sullivan & Cromwell responded to a wide range of corporate needs. Beijing-based China Mobile Ltd. tapped the law firm for representation in its \$8.2 billion IPO on the Shanghai Stock Exchange, becoming the first company incorporated in Hong Kong to have its shares listed on the Chinese mainland.

China Mobile sought the listing after being removed from the New York Stock Exchange in January 2021. The NYSE removal followed executive orders by President Joe Biden and former President Donald Trump to delist companies with ties to the Chinese military, part of long-running tensions between U.S. and Chinese capital markets regulators.

Sullivan & Cromwell helped China Mobile revise its constitutional documents to comply with Hong Kong and mainland Chinese laws. The telecom's stock also trades in Hong Kong, which provides broader access to international investors, helping companies stay closer to their home region while still attracting global capital.

"China has made their listing process more attractive," Sullivan & Cromwell partner Robert Downes said. "We have found, over the past decade, more Chinese and other international issuers have considered listing in China."

Sullivan & Cromwell also steered consumer health care business Haleon PLC's \$36 billion spinoff from pharma giant GSK PLC, another transaction with cross-border impact. The spinoff resulted in Haleon, a maker of household products including pain reliever Advil and multivitamin brand Centrum, becoming a stand-alone company with shares trading on the London and New York stock exchanges.

The firm's capital markets teams collaborated with other Sullivan & Cromwell specialists, including mergers and acquisitions lawyers, on the Haleon deal. The July 2022 transaction was executed as a



demerger of GSK's interest in Haleon, creating a new publicly listed company in which GSK shareholders were compensated with Haleon stock. Haleon was initially formed through a 2019 joint venture between GSK and Pfizer Inc.

Apart from equity, Sullivan & Cromwell guided massive debt transactions over the past year. The firm advised an AT&T Inc. subsidiary in connection with a \$30 billion debt offering that funded a merger of Discovery Inc. and WarnerMedia.

The bond sale was a multilayered transaction that followed AT&T's 2021 spinoff of WarnerMedia, enabling WarnerMedia to merge with Discovery and create a new stand-alone media giant. The March 2022 bonds were also sold at a tense moment for capital markets, coming just weeks after the start of Russia's war with Ukraine.

"The uncertainty of the world that was going on right after the Russian invasion of Ukraine added challenges to execution during that window," Downes said.

The AT&T-Discovery bonds followed other smaller, but still sizable, landmark debt issuances guided by Sullivan & Cromwell, including a \$12 billion bond sale in January 2022 by Goldman Sachs Group Inc. The firm advised underwrites for the debt offering, which was the largest ever for Wall Street behemoth Goldman Sachs.

Sullivan & Cromwell's overseas teams were in position to seize opportunities. Ten of the firm's 13 offices are located abroad in Europe, Asia and Australia.

The firm represented the now-privatized Japan Post Holdings Co. Ltd. as issuer and Japan's Finance Ministry as selling shareholder in a \$7.4 billion debt offering in October 2021. The transaction combined a domestic offering in Japan and an international offering overseas and marked Sullivan Cromwell's latest work for Japan Post, whom the firm represented in the company's 2015 IPO.

Looking ahead, Sullivan & Cromwell, like many capital markets practices, is guiding clients through an uncertain time in which companies are skittish about raising money.

Given economic turbulence and rising interest rates, IPOs plunged in 2022 from record levels during the prior two years and have yet to generate any spark in 2023. Lawyers are not expecting a noticeable pickup until at least the second half of this year.

In the meantime, the firm's attorneys say they are working behind the scenes to prepare clients to seize opportunities when markets turn around.

"In terms of IPOs going forward, we're hopeful that the market will open more broadly," Sullivan & Cromwell partner Catherine Clarkin said. "We have a strong pipeline here at S&C in terms of clients that are looking to go to market in 2024."

--Editing by Andrew Cohen.