

## Capital Markets Group Of The Year: Sullivan & Cromwell

By **Morgan Conley**

*Law360 (January 30, 2020, 3:35 PM EST)* -- Sullivan & Cromwell spent the last year shepherding numerous billion-dollar transactions across the globe, including SoftBank's \$23.5 billion IPO, earning the firm a spot among Law360's 2019 Capital Markets Groups of the Year.

To keep pace with a busy year, the firm drew on the expertise from its 13 offices around the world, which boast 250 lawyers who work in the capital markets space.

"We're thought leaders, we're always following what's happening. We're writing about it, we're publishing about it," Cathy Clarkin, co-head of the firm's capital markets practice, said. "And I think that's really important. The market has become incredibly competitive and it's so important to be efficient, to deliver high-quality legal advice in a very efficient manner. And I think we're just good at that and we work hard at doing that."



Sullivan & Cromwell entered 2019 with momentum after advising Japanese multinational holding company SoftBank Group Corp. on its 2.65 trillion yen initial public offering of its Japan-based telecommunications unit SoftBank Corp., which began trading on the Tokyo Stock Exchange in December 2018.

Bob Downes, co-head of the firm's capital markets practice, told Law360 that Sullivan & Cromwell's Tokyo office helped navigate SoftBank through multiple challenges leading up to the offering. One such challenge was that following the listing, both SoftBank and its majority-owned subsidiary would be listed companies, a type of structure that is rare outside of Japan.

"We were able to bring the experience that we gained in other IPOs, including Japan Post, to explain the structure and work through the disclosure," Downes said.

"In addition, the deal came to market at a time when the Japanese telecom industry was facing some negative commentary and competitive pressures, and we were able to work with the client on putting together a disclosure document that addressed those matters, which were magnified given the size of the IPO, which was then the second-largest of all time after Alibaba," he said.

In September, the firm's London and Hong Kong offices worked together to guide Anheuser-Busch InBev and Budweiser Brewing Co. APAC through its \$5.75 billion global offering and listing of shares on the Hong Kong Stock Exchange.

"It brought together our London capital markets team that has historically assisted AB InBev and our Hong Kong capital markets team and their experience in IPOs on the Hong Kong stock exchange," said Downes. "That led to a US\$5.75 billion offering that valued Budweiser APAC at \$45 billion in what ended up as the largest IPO on the Hong Kong stock exchange in 2019 and the third-largest worldwide."

Sullivan & Cromwell also had a busy year steering bond deals. One company that was a frequent participant in the debt market throughout 2019 was AT&T, which the firm advised on offerings totaling more than \$30 billion.

One notable transaction the firm worked on was AT&T's \$11 billion exchange offer for 26 different series of debt securities of Warner Media LLC and Historic TW Inc., partner Patrick Brown told Law360.

"As you can imagine, a large company like Time Warner is going to issue debt securities over the course of its existence and covenants are going to change and indentures are going to multiply and become convoluted," Brown said. "Part of what we do after an acquisition, as represented by this transaction, is to help the company rationalize the debt structure."

Brown said that can involve everything from exchanging debt for the now-subsidary entity for the parent entity to helping the company rationalize the covenant that might be part of the target entities' debt indentures and helping them conform to the parent company's debt indenture.

"They can be somewhat complex again because each indenture of the target might be different. It might have just developed differently over time," Brown said. "So you really have to be careful about how you piece through the covenants to make sure that you capture what's important to the client."

The firm also represented the underwriters of Levi Strauss & Co.'s \$717 million IPO out of its Palo Alto, California, office in March. The underwriters fully exercised their option to acquire 5.5 million additional shares, which accounted for \$93.5 million of the total offering size.

Reflecting back on the past year, Downes said it was active and interesting as companies continued to take advantage of low-interest rates to get into the market, both to refinance debt and raise capital for acquisitions.

"It was a year similar to probably the last two or three years in terms of a busy schedule of capital markets activity across a range of different types of transactions," Downes said. "2020 started the year in the exact same way and I am optimistic that 2020 will continue that trend."

--Editing by Bruce Goldman.