

## Capital Markets Group Of The Year: Cleary Gottlieb

By Tom Zanki

*Law360 (December 4, 2020, 5:33 PM EST)* -- Cleary Gottlieb Steen & Hamilton LLP steered giant debt offerings that went beyond vanilla structures to include funding for environmental and social goals despite unprecedented economic volatility caused by the coronavirus pandemic, earning the firm a spot among Law360's 2020 Capital Markets Groups of the Year.

Cleary's landmark deals featured a \$10 billion bond offering by Alphabet Inc. in August, of which the Google parent raised \$5.75 billion to fund environmentally-friendly projects and fight social inequality.

Alphabet, advised by Cleary, specified that proceeds would pay purchasing electric vehicles and making energy improvements to its buildings. This is a common feature of so-called green bonds, which stipulate that proceeds benefit the environment.

The Google owner also, for the first time, earmarked proceeds to fund social goals including affordable housing. The company said certain bond funds will pay for rezoning Alphabet-owned land to allow for residential development intended to relieve housing shortages. Alphabet also pledged to expand economic opportunity by funding Black-owned businesses, among other things.

In addition to environmental and social goals, Alphabet's dedicated its remaining \$4.25 billion in proceeds for general corporate needs including debt repayment.

Cleary partner Jeffrey Karpf said Alphabet's disclosure documents served as a benchmark for other issuers because the company had to describe an unusually large array of objectives. He said steering such offerings requires marshalling the savvy of both the firm's capital markets and corporate governance teams, given the social goals connected to these transactions.

The firm "ties together a lot of different practices to focus on ESG issues," Karpf said, referring to environmental, social and governance matters. "That's one of the things that we're proud of."

Cleary also represented longtime client Citigroup Inc. in a \$1.5 billion green bond offering in May, which marked the financial conglomerate first U.S.-dollar denominated green bond. Citi previously issued a euro-denominated green bond that raised €1 billion in January 2019.



Verizon Communications Inc. tapped Cleary's expertise to complete a \$1 billion green bond, this deal being notable in that the telecommunications titan hired two minority-owned firms, Loop Capital Markets and Seibert Williams Shank, as lead underwriters. Verizon is using proceeds to buy fund construction of solar and wind projects that will bring renewable energy to its grids.

New York-based Cleary's capital markets practice employs about 250 lawyers globally, including two locations in Latin America, extending the firm's reach and the variety of deals it guides.

Cleary guided Brazilian pulp and paper manufacturer Suzano's \$750 million debt sale in September, which is tied to meeting specified reduction in greenhouse gas emissions by the end of 2025 confirmed by an external verifier. If Suzano's goal is not met, the interest rate it pays on its bonds will step from 3.75 to 4%.

Suzano's recent offering, known as a sustainability linked bond, came one year after Italian energy company Enel raised \$1.5 billion through a similar bond, also guided by Cleary.

"That hasn't been done in the U.S. yet, but it's been done now in Latin America and in Europe," Karpf said. "There's only two of them and we worked on both. It's a big part of our integrated capital markets, corporate governance practice to build up expertise in this area."

Apart from environmentally or socially-minded bonds, Cleary also guided pivotal debt offerings involving General Electric, which returned to capital markets in spring for the first time in three years. The company was spurred by a need to improve its liquidity amid economic turmoil caused by the coronavirus pandemic.

GE raised three investment-grade offerings from April to June totaling \$12 billion, of which Cleary advised the underwriters. These offerings marked GE's first debt sales following a corporate restructuring in May 2017.

Many more companies raised money from capital markets in spring in order to better navigate pandemic-related uncertainty, taking advantage of historically low interest rates. Cleary also guided underwriters for an \$8 billion bond offering by energy giant Chevron Corporation in April. Chevron again tapped debt markets \$4 billion in August as Cleary represented the underwriters.

Cleary's worked on key equity deals too, helping companies from around the globe access U.S. capital markets. The firm represented Chinese fintech company OneConnect Financial Technology in its \$312 million U.S. initial public offering last December. OneConnect raised \$356 million in a subsequent follow-on offering in August, guided by Cleary.

Closer to home, Cleary steered a \$630 million IPO by blank-check company Artius Acquisition Inc., which plans to acquire a fintech company. Blank-check IPOs, whereby shell entities raise money through in order to acquire a private company, have taken off in 2020. This is partly in response to the pandemic since blank-check acquirers can offer a faster and more certain route to public markets than the traditional IPO market, which is sometimes prone to volatility.

"There's been a tremendous amount of evolution in relatively short order in this space," Cleary partner Adam Fleisher said.

--Editing by Amy Rowe. All Content © 2003-2020, Portfolio Media, Inc.