

THE AMERICAN LAWYER

An **ALM** Publication

americanlawyer.com

APRIL 2014



DEALMAKERS 2014

WORKING WEEKENDS



FRANCESCA ODELL

Brazil's state-controlled oil and gas company was planning a record-breaking offering, and it likes to work fast. So it called Francesca Odell.

By Chris Johnson

PETRÓLEO BRASILEIRO S.A. CLEARLY DOESN'T LIKE TO BE KEPT WAITING. WHEN THE BRAZILIAN STATE-CONTROLLED OIL AND GAS COMPANY, KNOWN AS PETROBRAS, DECIDED TO TAP THE MARKETS IN A RECORD-BREAKING \$11 BILLION U.S. SECURITIES AND EXCHANGE COMMISSION-REGISTERED NOTES ISSUE,

it allowed Francesca Odell and her team at Cleary Gottlieb Steen & Hamilton the grand total of three days to get the deal done. The offering, designed to help finance the company's ambitious five-year, \$237 billion spending and investment plan—including its development of the “pre-salt” reserves in the Brazilian continental shelf, believed to contain over 50 billion barrels of oil—was the largest debt offering ever by an emerging markets company.

“Petrobras is a pretty frequent issuer in the market and has developed a habit of doing offerings very quickly,” says Odell, who explains that the narrow offering window helps the company avoid significant fluctuations in pricing or changes in market conditions. “For this particular deal, we launched on Friday and priced on Monday. For any emerging markets company to be able to get all that

documentation together that quickly is really a feat—particularly when you're working over a weekend.”

Odell, who has acted for Petrobras for more than a decade and is now Cleary's relationship partner for the client, is at least partly to thank for the fact that the company can turn deals around so quickly. When Odell drew up Petrobras' Securities and Exchange Commission shelf registration in 2002, she built flexibility into the documentation in order to allow the company to issue a wide range of financial instruments.

“We set it up so that they could issue

meaning that it is readily available for any new financing. Petrobras has even gone so far as insisting that Shearman & Sterling is used as underwriter's counsel for all of its financings, to provide consistency and further help speed the process. (On this latest offering, Shearman's team was led by New York capital markets partner Stuart Fleischmann, financial institutions advisory and regulatory partner Russell Sacks, and Washington, D.C.-based tax partner Michael Shulman.)

That's not to say that putting these deals together is easy.

THE DEAL WAS COMPRISED OF SIX DIFFERENT TRANCHES—INCLUDING FIXED-RATE NOTES AND, FOR THE FIRST TIME IN A PETROBRAS ISSUE, FLOATING-RATE NOTES—EACH WITH DIFFERENT TERMS.

pretty much anything under the sun: debt, equity, floating-rate, fixed-rate, any currency, equity-linked instruments, you name it,” says Odell.

Cleary also regularly sends lawyers to Petrobras' headquarters in Rio de Janeiro as part of an ongoing due diligence to ensure that the company's corporate documentation is kept up-to-date,

“We still work around the clock,” says Odell, who spent a period working on this latest notes offering out of her home in the Hamptons, where she was supposed to be celebrating her daughter's third birthday. (Odell still made it to the party.)

Indeed, the structuring of the \$11 billion deal was “really tricky,” Odell says.

DEAL IN BRIEF

PETROBRAS NOTES OFFERING

DEAL VALUE	\$11 billion
FIRM'S ROLE	Issuer's counsel

PHOTOGRAPHY BY **PAUL GODWIN**



FRANCESCA ODELL
Cleary Gottlieb

DEAL FACT *In 2010 Odell helped advise Petrobras on a \$67 billion equity offering. At the time it was the world's largest corporate share sale.*

The notes were issued in six different tranches by Petrobras' Dutch finance subsidiary, Petrobras Global Finance B.V., and listed on the New York Stock Exchange. The tranches comprised four series of fixed-rate notes and, for the first time in a Petrobras issue, two series of floating-rate notes—each with different terms, and with maturities ranging from three to 30 years.

The hard work paid off: The book was almost four times oversubscribed, capping what Odell describes as a “monumental” offering for the company. (It wasn't the first marquee deal Cleary has handled for the company: Nicholas Grabar, a securities partner in Cleary's New York office, was named a Dealmaker of the Year in 2011 for his work advising Petrobras on a record-breaking \$67 billion follow-on offering [“Priming the Pump,” April 2011].)

Theodore Helms, executive manager for investor relations at Petrobras, was quick to praise Odell. “Francesca is great,” he says. “She's worked with us for 15 years, so really understands us. She knows the documentation, the history, and she's really pragmatic and flexible. Sometimes issues do come up at the last moment, but she's a great problem solver and always finds practical solutions. We rely on her and Cleary, and they've never let us down.”

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