

Capital Markets Group Of The Year: Cleary Gottlieb

By Natalie Rodriguez

Law360, New York (January 4, 2016, 7:45 PM ET) -- Cleary Gottlieb Steen & Hamilton LLP has fielded a number of record-setting capital markets financings over the last year, including guiding Actavis PLC in securing \$30 billion of securities offerings, landing it a spot on Law360's Capital Markets Groups of the Year.



Buoyed by a firm culture that the attorneys say breeds camaraderie rather than in-fighting, the Cleary Gottlieb team has landed the opportunity to helm some of the more complicated and market-shaking deals of the past year.

“One thing that really distinguishes us from just about every other firm in New York is that we are a lockstep firm in terms of compensation, so we are really the ‘anti-silo’ firm as all clients are clients of ‘the firm’ and we have every incentive to bring the best expertise to every matter,” said Craig Brod, a capital markets partner.

The Actavis deal — which broke down to \$21 billion in senior notes, \$4.1 billion of ordinary shares and \$4.9 billion of mandatory convertible preferred shares — broke a number of records. The deals, which were used to finance Actavis’ acquisition of Allergan Inc., marked the largest acquisition financing securities offerings ever, the second largest debt issuance ever, the largest health care equity offering and the largest non-financial mandatory convertible preferred shares offering.

Cleary’s M&A team was also advising Actavis in the Allergan deal. In some other firms, there could have been disputes about what group gets credit for which billings, but the Cleary compensation structure meant the attorneys could focus on the deal rather than elbowing for credit, according to the attorneys.

“It was really a classic example of seamless acquisition financing by the capital markets and M&A teams,” said Brod.

Actavis was also far from the only precedent-setting deal to land on the Cleary team’s desks. The group also advised the underwriters and initial purchasers in \$6.5 billion of capital markets transactions done by Citizens Financial Group, which included the second largest U.S. equity offering of 2015. In 2014, it counseled Medtronic Inc. in issuing \$17 billion of senior notes, which marked the largest bond offering of 2014 and the third largest of all time.

Along with the firm's collegial nature, much of the team's success lies in the fact that all the attorneys are able to do the full range of capital markets work, rather than focusing on certain sub-specialties. This helps with problem-solving solutions in complicated deals.

"We're less likely to be caught up in any one particular set of circumstances or point-of-view," said Michael J. Volkovitsch, a Cleary partner.

Further, it has helped build strong relationships with clients looking to do various types of offerings over the years.

Among the group's roster of long-time clients are Genting, whose Hong Kong arm was recently represented by Cleary in a trio of registered secondary block trades of Norwegian Cruise Line Holdings Ltd. shares totaling \$3.2 billion.

"Genting is an extraordinarily long-term client where we represent them not only in capital markets work, but also in a wide range of matters globally," said Brod.

Cleary has also served as designated underwriters counsel for American International Group Inc. deals since serving in that role for the first debt deal that AIG did post-financial crisis. Among the latest work to come out of that relationship, the Cleary team advised an underwriter group led by Citigroup Global Markets and Goldman Sachs in AIG's \$3.4 billion registered secondary public offering of AerCap Holdings NV ordinary shares, which was then upsized.

"This was a classic example of us coming up to speed very quickly and efficiently, as we had not been involved in AerCap financings before," said Brod.

The deal, which closed in June, was quickly followed by the offer and sale of AIG's remaining AerCap stake for about \$500 million.

Another firm that has regularly turned to Cleary in the past is Credit Suisse Group AG. And in 2015, as the company was seeing a change in management, Cleary once again was tapped to help lead it through a capital increase in an approximately six-week time period.

"It was an extremely aggressive timetable," said Volkovitsch. "The new CEO really wanted to get [the deal] through seamlessly and on a very aggressive timetable."

Within that time period, Volkovitsch and the team had to survey almost two dozen countries for potential regulatory issues and had to develop disclosures regarding the evolving strategic plan for Credit Suisse, which includes the company's overhaul of its business structure.

In tackling this task, it helped that the team had a deep breadth of experience with Credit Suisse.

"One of the things they look to us for is institutional memory and depth of knowledge of the institution," said Volkovitsch.

The team's ability to handle complex cross-border deals also came to the fore with its representation of Wester Digital in securing a \$3.8 billion equity investment from a unit of China's Tsinghua Holdings, which in turn helped finance Western Digital's larger \$19 billion deal to snap up fellow flash storage device and software maker SanDisk.

"It was a very Cleary transaction, with lots of experts working around the clock and across the globe in a seamless effort," said Adam Fleisher, a partner who is now in New York, but also spent five years working out of the firm's London base.

Here again the firm's compensation structure bolsters the firm's efforts to create a seamless experience for clients, according to the attorneys.

"We're very frequently working on complicated cross-border deals. The ability to pick up the phone without the distraction of worrying about who is getting credit for the transaction is a hugely beneficial feature of working for one of the very few remaining lockstep firms," said Fleisher.

—Additional reporting by Chelsea Naso and Tom Zanki. Editing by Kelly Duncan.

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