

Capital Markets Group Of The Year: Cahill Gordon

By Tom Zanki

Law360 (January 24, 2020, 3:26 PM EST) -- Cahill Gordon & Reindel LLP's expertise in debt finance guided clients through massive and multilayered deals, spanning from Comcast's \$27 billion bond to fund its acquisition of British broadcaster Sky to Netflix bonds encompassing two continents and Blackstone Group's buyout of Refinitiv, earning the firm a spot among Law360's 2019 Capital Markets Groups of the Year.

The far-reaching transactions reveal Cahill Gordon's strength in debt capital markets — an area of corporate finance that raises far more money than initial public offerings but often receives less publicity. Cahill Gordon said its success hinges upon its deep relationships with investment banks and its ability to steer clients through intricate deals across areas of the world.

"They showcase that dexterity across markets and the value that we think our clients — and ultimately issuers and the whole deal team — find from working with us," Cahill Gordon partner Doug Horowitz said regarding a recent sampling of the firm's work.

For instance, Cahill Gordon twice represented initial purchasers in streaming giant Netflix's high-yield bonds, which raised \$4.5 billion over two transactions in October 2018 and April 2019. Both deals had U.S.-denominated and euro-denominated tranches, which added layers of complexity.

Netflix used the proceeds to expand its product offerings and fund its efforts to fend off entrants to the streaming market, such as Disney.

"It's important for companies, for one reason or another, to be able to raise capital denominated in euro and to tap into European markets, so they can broaden the base of investors that they are addressing," Horowitz said. "That usually results in better outcomes for them."

Netflix's debt consisted of high-yield bonds, which are riskier forms of debt used by many young companies seeking to expand or businesses that are in distressed industries. Such bonds pay investors higher yields to offset the added risk. But Cahill Gordon is also active in the market for investment-grade bonds, which are issued by companies considered most creditworthy.

Cahill Gordon represented underwriters in Comcast's \$27 billion bond offering that closed in October



2018. Comcast's investment-grade bond sale, the fourth largest corporate bond issuance in history according to research firm Dealogic, raised money to help fund its takeover of British broadcaster Sky. The deal followed a high-stakes bidding war in which the telecommunications giant outbid 21st Century Fox in a play to increase its international customer base.

Cahill Gordon played a pivotal role guiding underwriters BofA Merrill Lynch, Wells Fargo Securities and other financial institutions to ensure that all parties agreed on financing terms. The multi-layered investment-grade offering was also complex; it included 12 tranches, some of which had floating rates while others had fixed rates, with maturities ranging from two to 40 years.

"It is a great demonstration of the fact that we are not a one-trick pony," Horowitz said. "This is not your sort of standard leverage-financed transaction and, even in the context of a very high-profile, important investment-grade execution, banks turn to us and trust Cahill to help with their execution."

Cahill Gordon also steered a massive private-equity buyout in 2018 when it advised initial purchasers and lead arrangers that assembled \$13 billion in financing for Blackstone Group's \$20 billion acquisition of Thomson Reuters' financial and risk business Refinitiv.

The law firm organized various capital markets tools in Blackstone's buyout, helping to unite financial parties in a deal that spanned multiple currencies and debt instruments. With so many moving parts, Cahill Gordon said its lawyers had to be diligent to ensure that negotiated changes to any one part of the deal did not cascade and upset the larger deal structure.

"If you are the company, you want to make sure that all of your financings interact appropriately with each other and don't create unexpected or contradictory outcomes," Horowitz said. "The way to best ensure that happens is by having a team that is most capable of working in an integrated way."

Cahill Gordon has about 30 partners who participate in its corporate practice, plus more than 100 associates with expertise on lending and securities matters that are key to the functioning of capital markets. Its lawyers are mostly based in North America, where the lion's share of its work on leverage-financed transactions occurs, plus Europe. Horowitz noted that Cahill Gordon's deal team in London is a huge help to the firm whenever it is working on cross-border transactions.

The fruit of such collaboration ultimately helps clients on whose loyalty the firm relies. This is especially important when the firm is working on a novel or nuanced deal that doesn't have an obvious precedent, Horowitz said.

"Many of our clients and deal participants will tell you that we have a knack for taking our broad cross-market experiences together with that unmatched experience representing banks in leveraged finance deals to help our clients think through those challenging questions," he said.

--Editing by Adam LoBelia.