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Structured Finance Group Of The Year: Cahill Gordon

By **Kevin Pinner**

Law360 (February 27, 2024, 2:02 PM EST) -- Cahill Gordon & Reindel LLP's structured finance team guided the $16 billion take-private of audience measurement company Nielsen, corralling more than 10 banks to cooperate amid difficult market conditions, earning a place among Law360's 2023 Structured Finance Groups of the Year.

Cahill Gordon's practice group for leveraged finance is the firm's largest group overall, with 30 partners and 90 to 100 associates, Timothy Howell, a partner and executive committee member at the firm, told Law360. Ninety percent of the group works at the New York office, while the rest are primarily in London, Howell said.

Regarding plans for expanding the group, the firm is "opportunistic when the right talent and people present themselves" but prefers to grow internally and organically, Howell said.

Cahill Gordon's structured finance group is the primary focus of its corporate practice, Josiah Slotnick, a partner and executive committee member, told Law360. As a top adviser to U.S. leveraged lenders, Cahill Gordon has represented the largest banks in the leveraged buyout market, which rotate over time but have included J.P. Morgan, Goldman Sachs, Bank of America, Morgan Stanley and Citigroup, Slotnick said.

"It's a practice group that we've excelled in for the last 30 or 40 years that leveraged finance products have existed," Slotnick said.

During the spring of 2022, when geopolitical uncertainties were weighing on the market for leveraged loans, Brookfield Business Partners LP and Elliott Investment Management LP sought to take Nielsen Holdings private, according to Cahill Gordon's attorneys. At the time, there were few to no successful loan syndications, defined by all participants selling at one price, Howell said.

The group had to ensure none of the banks participating in the transaction became "rogue operators" by selling individually, which could have tanked the company's share price, Slotnick said.

The banks wanted to close the deal with their own funds and wait until buyers were more receptive, Slotnick said. Cahill Gordon helped them close in October 2022, working with the banks to quickly move the loans off their balance sheets and into the market at a more opportune time, according to Slotnick. This provided a model for future leveraged buyouts under poor market conditions, Slotnick said.

Another deal closed by Cahill Gordon's team that shaped the market for leveraged finance products was Apollo Global Management Inc.'s take-private of chemical distribution giant Univar Solutions Inc. for $8.1 billion. It closed in August.

"The unique thing about this one was it was a combination of both cash-flow loans and asset-based loans," Slotnick said.

Asset-based loans depend on the appraised or internally determined value of certain assets at a company, such as inventory or accounts receivable, whereas cash-flow loans are based on discounted cash-flow analysis, according to Slotnick. To complicate matters, the deal took place across seven jurisdictions in Europe and North America.

"We were one of the few people that would get a call for this type of deal," Slotnick said.

Another big deal during the period was the exit financing for the bankruptcy of Talen Energy, a power company in Texas, for which Cahill Gordon was the sole adviser to a group of banks led by Citigroup, according to the firm's attorneys. Cahill Gordon delivered when the banks found a window in the market for a full debt capital restructuring rather than just a loan restructuring transaction that had been underway, Howell said.

"It was emblematic of our ability to pivot quickly when market conditions change," Howell said.

The deal, which involved $2.9 billion in debt, including $1.75 billion in exit credit facilities, wrapped up in May.

Finally, Cahill Gordon's team helped Apollo close a $6 billion take-private of Tenneco, a leading manufacturer of automobile parts, in November 2022, according to Slotnick.

"Tenneco has one of the most complicated sort of [asset-driven liability] structures you'll find anywhere, with assets in a lot of very difficult jurisdictions to legally structure, and so we're also very proud of the work on that," Slotnick said.

Cahill Gordon was the sole outside counsel and lead adviser to a group of banks that were on the hook for a large amount of debt during a tough time in the market for such financial products, according to the attorneys. As with the Nielsen deal, the banks wanted to close the deal with their own funds and wait for a better time to sell, which created an extra layer of complexity, the attorneys said.

"There's a lag in time between when the banks agreed to provide the financing and then when the purchased part of the deal was ready to be closed," Slotnick said. "And with Nielsen and with Tenneco, that lag of that period of time was from a relatively healthy period in the operating of the syndicated market."

Nevertheless, Cahill Gordon's team developed appropriate terms and ensured the banks' products went to market in a coordinated manner, according to the attorneys.

--Editing by Linda Voorhis.