

Capital Markets Group Of The Year: Cravath

By **Benjamin Horney**

Law360, New York (January 6, 2016, 2:42 PM ET) -- Cravath Swaine & Moore LLP's capital markets practice flourished in 2015, aiding more than \$293 billion worth of financial offerings for a roster of companies including Actavis, Mylan and Ferrari, earning the firm a spot among Law360's Capital Markets Groups of the Year.



The firm had a hand in 205 total offerings between October 2014 and October 2015, representing both issuers and underwriters in a variety of deals, including a handful of equity transactions that shattered records and together secured \$30 billion to help finance Actavis PLC's \$66 billion acquisition of Allergan, as well as Ferrari's highly publicized initial public offering.

According to Bill Whelan, a corporate partner at Cravath and leader of the firm's securities practice group, the law firm separates itself from the competition in a number of ways, including by insisting that its attorneys build significant strength in a multitude of areas rather than sticking to one practice group or industry. Thus, while it's hard to pin down the exact number of attorneys who focus primarily on capital markets transactions, it's easy to determine who at the firm can lend a helping hand on pretty much any kind of deal: everyone.

"A partner [at Cravath] who primarily works in capital markets has the versatility and experience to do other work, like bank lending, M&A or general corporate work," Whelan said.

"All of us have done everything from tech to health care to building products to you-name-it," he added.

The firm accomplishes the feat of having a roster filled with all-purpose attorneys through what it calls a "rotation training system" that sees associates shuffling from one practice area to the next until they eventually settle in and start naturally becoming more focused in their work.

"You develop more specialties in particular areas as you get a little long in the tooth, but we all keep our

hands in a variety of things,” Steve Burns, a corporate partner at the firm, told Law360.

Whelan also said Cravath is “one of the few firms” that are “completely lockstep” when it comes to compensation, meaning there are never any battles over who’s going to do the work and get the credit.

The camaraderie Cravath cultivates within has led to a tight-knit group of lawyers who strive for greatness, Whelan said, and together the attorneys at Cravath have been able to establish long-term relationships with major corporate clients, lesser known entities and rival law firms alike.

“One of the ways we develop business is by doing good work on deals with those who are on the other side a lot,” Whelan said. “Then in the future when they are looking back they’ll say ‘I had a good experience with those Cravath lawyers.’”

Cravath helped break records in 2015 through its work with Actavis, which saw the issuance of \$21 billion in senior notes, \$4.1 billion of ordinary shares and \$4.9 billion of mandatory convertible preferred shares. The deals, which helped finance Actavis’ acquisition of Allergan, marked the largest acquisition financing securities offerings in history, the second-largest debt issuance ever, the largest health care equity offering and the largest nonfinancial mandatory convertible preferred shares offering.

“Actavis came from long-standing relationships on both the securities and bank side,” Burns, who worked on the Actavis transactions, said. “It’s pretty complicated any time you’re trying to juggle various equity and debt pieces around acquisitions.”

Cravath’s dedication to building relationships paid off in other ways last year as well, such as its representation of the underwriters for Ferrari’s \$982 million IPO, a transaction Whelan called “sexy.”

“There’s a long history there,” Will Fogg, a corporate partner at Cravath and head of the firm’s corporate department, explained.

According to Fogg, Cravath’s ties to the Ferrari deal stem from way back, when the firm counseled banks on “various Chrysler financings,” including a proposed IPO that wound up not happening because Fiat jumped in and bought the remaining Chrysler stake that it did not already own prior to the flotation.

“Following that, we got to know the company,” he said. “They brought us into a series of Fiat financings, so we did a bunch of financings for Fiat Chrysler and then Ferrari happened.”

Actavis and Ferrari are likely the two most well-known transactions that Cravath had a hand in this past year, though the list of deals the firm worked on is dizzying. It represented the initial purchasers in connection with a \$1.8 billion high-yield senior debt offering of Rite Aid Corp., the proceeds of which were used to finance the retail pharmacy chain’s \$2 billion acquisition of EnvisionRx, as well as Mylan NV in connection with its \$2.35 billion registered secondary offering of ordinary shares. The firm also handled the €1.2 billion (\$1.27 billion) IPO of Deutsche Pfandbriefbank AG, known as PBB, among many other transactions.

Discussing the firm’s ability to handle so many meaningful transactions in a mere 12-month time span, Whelan circled back to the principles that are instilled in each and every attorney who calls Cravath home.

“We only promote to partner from within,” Whelan said. “None of our capital markets partners are

lateral transfers. They've all been Cravath lawyers their whole careers, which instills a great sense of camaraderie."

"You're dealing with people you've worked with for a good part of your respective careers," he added. "That's a very special part of our practice."

--Editing by John Quinn.

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