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THE 2020 CLAY AWARDS

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24TH ANNUAL CALIFORNIA LAWYER ATTORNEYS OF THE YEAR

Lyft lights the way as one of 2019's first unicorns to become a publicly-traded company

CAPITAL MARKETS

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LYFT IPO

Ride share company Lyft Inc., which introduced itself by slapping big furry pink mustaches on the grills of its drivers' cars, was one of the first "unicorns" to announce plans to go public in 2019. The company selected Wilson Sonsini Goodrich & Rosati PC to guide it through the deal; Goodwin Procter LLP represented the underwriters.

Unicorns, or privately-held startups valued at \$1 billion or more, don't wear mustaches, and indeed Lyft retired the colorful facial hair in 2015. Wilson Sonsini board chair Katharine A. Martin, whose practice focuses on corporate and securities law and who led her firm's team in the Lyft IPO process, called the deal exciting.

"We've had a great relationship with Lyft since at least 2013," she said. "Of course, given the nature of its business, some of the most complex legal issues imaginable were in play, and for the IPO we pulled in some of our best capital market partners to support the process."

Working with Martin from Wilson Sonsini were corporate and securities partners Rezwan D. Pavri, Lisa L. Stimmell and Andrew T. Hill.

While the lawyers worked on drafting the prospectus, they maintained a high level of secrecy about Lyft's plans.

"Until the company was ready to say something, everyone was very, very focused on maintaining confidentiality. You have to be very careful about what you say in these cases," Martin said. "Lyft was one of a kind in

the transportation service space. You are helping define the very market you have built. This was very innovative for the gig economy."

As the process went forward and dialog with the SEC was well underway, the 2018-2019 federal government shutdown jolted the parties. "I thought at first it would throw a bigger twist into the deal than it eventually did," Martin said. "In the end, we maintained our timeline and kept moving forward."

The outcome was a prospectus hundreds of pages long, printed on Lyft-pink paper.

"It was a pleasure to work with a company that understands its own business, and to work alongside investment bankers and their lawyers. They played a big role," Martin said.

Anthony J. McCusker, co-chair of Goodwin's technology practice, worked with an underwriting syndicate led by J.P. Morgan Securities LLC, Credit Suisse Securities (USA) LLC and Jefferies LLC. Twenty-nine financial institutions were involved.

As they worked, they knew that rival Uber Technologies Inc. was on a similar path.

"One interesting was how Lyft and Uber were racing to the IPO market," McCusker said. "One aspect of that was that neither had the benefit of seeing the other's prospectus. It's always easier to write the second prospectus when companies compete."

McCusker's team included Richard A. Kline, co-chair of Goodwin's capital markets practice; An-Yen E. Hu, a



KATHARINE A. MARTIN
WILSON SON SINI GOODRICH & ROSATI PC

partner in Goodwin's technology companies and capital markets practices; Sarah B. Axtell, a partner in the business law department and a member of the technology and life sciences group.

A key element of the document they produced was the way in which it accounted for Lyft's financial condition. The company had a net loss of nearly \$1 billion the prior year.

"Its unprofitability informed the importance of highlighting Lyft's long-term strategy: how over time, profits will develop," McCusker said. The drafting process took five or six months, he added.

"It was a great collaborative process among the banks, Lyft's lawyers, Wilson Sonsini's lawyers and the auditors," McCusker said. "I love getting IPOs done for companies. It was deeply satisfying to see Lyft trading on the New York Stock Exchange."

— John Roemer

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