

## Coronavirus Insights Calls

March 27, 2020 | Client Update | 3-minute read

In light of the many questions our clients have been asking about the legal implications of the coronavirus (COVID-19) crisis and government responses to the pandemic, Davis Polk this week offered a series of live audio discussions. Lawyers from across the firm shared their insights and analysis on the most pressing legal issues for businesses in these unprecedented times. The five discussions included and were moderated by Nora Jordan, a partner and head of the Investment Management Group.

### **March 23, 2020: Disclosure and Capital Market Implications of the Coronavirus Crisis**

In today's inaugural call, Richard Truesdell, a partner and co-head of the global Capital Markets Group, and Deanna Kirkpatrick, a Capital Markets partner and member of the firm's Senior Leadership Team, discussed questions we are receiving from clients relating to disclosure, bolstering liquidity and stock buyback plans.

Among the topics discussed:

- How companies should communicate COVID-19-related business impacts and earnings ramifications to the market
- Steps companies are taking to bolster liquidity, including drawing down revolvers and issuing commercial paper or debt securities
- The suspension of stock buyback plans by some companies, and some political considerations about these plans

### **March 24, 2020: Shareholder Defenses and Credit Facilities in the Coronavirus Era**

The coronavirus (COVID-19) crisis is leading many companies to consider the implications for their takeover defenses and credit facilities. These subjects were discussed by Louis Goldberg, co-head of Davis Polk's global Mergers and Acquisitions Group, and Sartaj Gill, a partner in our Finance Group, today in our second 20-minute Morning Call on coronavirus issues.

Among the specific topics discussed:

- Factors companies are weighing as they consider responding to the sharp drop in stock prices by adopting a shareholder rights plan (a "poison pill")
- Possible ways to customize a rights plan to make it more palatable to third parties including proxy advisory services
- Multiple strategies companies are implementing or considering to increase cash on the balance sheet
- Possible implications of a prolonged economic slowdown on debt covenant compliance

## **March 25, 2020: Federal Reserve Emergency Programs and Fiscal Stimulus**

Today's Morning Call on the coronavirus (COVID-19) emergency focused on the Federal Reserve's alphabet soup of emergency programs and fiscal stimulus legislation. Our speakers were Randall Guynn, head of our Financial Institutions Group, and Margaret Tahyar, a Financial Institutions partner.

Among the specific topics discussed:

- A rundown of key Fed programs aimed at getting funds to businesses and households, in part by keeping the financial markets working
- The crucial role of the Treasury Department's financial backing in magnifying the reach of the Fed's efforts
- A key difference between the current round of support programs and those of the financial crisis era
- Questions about how programs announced by the U.S. and other countries to support businesses will apply to companies with cross-border operations

## **March 26, 2020: Tax Provisions of the Senate Stimulus Bill**

In today's Morning Call on the coronavirus (COVID-19) emergency, Rachel Kleinberg and Michael Mollerus, partners in our Tax Department, discussed significant business tax provisions in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as passed by the Senate yesterday.

These Cares Act provisions include:

- Expanded opportunities to use net operating losses to reduce taxes, including a carry-back provision allowing companies with losses to get refunds for taxes paid in prior years
- Relaxation of limits on deducting interest, a benefit to highly leveraged companies
- Payroll-tax relief, including a new refundable credit and extended deadlines for employers' Social Security tax payments

## **March 27, 2020: Compensation Issues for Companies During the Coronavirus Crisis**

In the final session of our live daily Morning Calls on the coronavirus (COVID-19) emergency, Edmond FitzGerald and Kyoko Takahashi Lin, partners in our Executive Compensation Group, discussed corporate leadership and compensation issues during the crisis.

Topics they discussed included:

- The need for companies to review their emergency succession plans given that a number of executives could potentially become ill with COVID-19 at the same time
- Changes that some companies are making, and others are considering, in the areas of executive pay and incentive compensation programs
- Compensated-related provisions in the Senate-passed CARES Act, including funding for state programs for furloughed employees and limits on executive compensation at companies receiving the new government aid

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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