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Floating a foreign company: practical considerations

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There has recently been an increase on the Polish capital market in the number of transactions where the initial public offering is made on several markets, including the Polish one, and then shares are introduced to trading on the Warsaw Stock Exchange. The number of situations in which companies registered in another member state enter the Polish capital market as the only regulated market on which shares will be listed has also increased. Although the market's economic situation is a bit uncertain for the time being and there is a relatively short supply of funds from investors interested in shares, it must be expected that the number of transactions involving a foreign element on our capital market will increase over the next few years.

This results from a few factors. First, there is considerable interest in the Polish market among potential issuers from other member states in that region. Second, the Polish market is increasingly being considered an attractive place for making a simultaneous initial public offering and introducing the shares to trading, particularly where a part of the assets or projected investments of the issuer is located or will be located in Poland. It is thus worth considering a few special issues related to introducing shares of a foreign company to the Polish market.

Regulatory framework

Although a number of actions were taken in the EU to harmonise capital market legislation to the fullest possible extent and this is treated as a priority with a decisive effect on the availability and costs of raising capital and therefore the competitiveness of the economy, considerable differences between regulations

applicable in various markets are still apparent in practice.

The issue of prospectus drafting and approval has already been regulated in a relatively uniform manner, but expectations, as well as the timing and manner of proceedings of specific market regulators, differ significantly in practice. These differences concern aspects such as the possibility of filing the draft prospectus without significant parts, including financial data, or the need for advisors, including legal advisors, to sign the representations made in the prospectus.

The speedy and efficient process of passporting a prospectus approved in one member state to another member state is an undisputed advantage of European regulations. This allows for an easy foreign initial public offering and admission of shares to trading in the host country on the basis of a prospectus approved by a regulator from the home country. It is worth keeping in mind that, unlike in many other EU countries, an initial public offering may start in Poland only after the issuer receives a prospectus notification confirmation from the Polish Financial Supervision Authority as the notification itself is not sufficient.

Since the implementation of the directives has been delayed, considerable irregularities still exist with respect to the meeting of reporting requirements by securities issuers. This results from the fact that numerous member states have not yet fully implemented the Transparency Directive in their legal systems.

Another area where considerable differences between specific member states can be noticed is the liability of the issuer, its advisors and natural persons involved in work on the prospectus for the contents thereof and any damage inflicted to the investors. These irregularities concern both the question of who is to be held liable and the basis for and reasons to exempt such liability.

Settlement system

Issues related to the settlement system are of great importance in the case of each transaction on the capital market. For securities introduced to trading on the Polish market, a dematerialisation agreement must be executed with the Polish National Depository for Securities to allow for trade in such securities in Poland. In other words, shares to be traded in Poland must be dematerialised and registered in the National Depository for Securities.

For offerings where shares are introduced to trading simultaneously on a few regulated markets, the issue of such settlement system as to enable exchange of securities between those markets is of special importance. In practice, due to a direct link between the Polish National Depository for Securities and other settlement systems, it is possible to design such relations as to efficiently transfer securities between the Warsaw Stock Exchange and other stock exchanges, and specifically between transaction settlement systems in specific countries.

Reporting requirements

As far as reporting requirements are concerned, one rule should be borne in mind with respect to companies whose shares are listed on a foreign market or markets: requirements applicable in each country where the issuer operates, or in which its shares are listed, must be met. At present, there are still considerable differences in reporting requirements in various EU member states. This generates additional costs for the issuer, as well as the need to meet all of the (often inconsistent) national requirements when preparing continuing and periodic reports.

Nonetheless, because of the expected (but somewhat delayed) implementation of the Transparency Directive, there is hope that the situation will improve considerably. As a rule, if the home country has fully implemented the Transparency Directive in its legal system,

the scope and content of the reporting requirements will be determined by the home country regulations only.

However, as far as the Polish market is concerned, in some cases foreign reports will still have to be summarised and translated into Polish.

Other issues

Naturally, apart from those mentioned above, there are still a number of other legal issues relevant to the initial public offerings of foreign companies. One should remember issues such as the somewhat different regulations concerning so-called close periods, squeeze-out and sell-out requirements or the issues surrounding the delisting of shares. These elements, though significant from a legal perspective, shouldn't dampen the increasing interest among foreign issuers in the Polish capital market.

Capital markets

Recommended firms

Tier 1

Dewey & LeBoeuf Grzesiak
Weil Gotshal & Manges

Tier 2

Allen & Overy A Pedzich
Baker & McKenzie Gruszczynski i Wspólnicy
Linklaters T Komosa i Wspólnicy
White & Case W Danilowicz W Jurcewicz i
Wspólnicy

Tier 3

Chadbourne & Parke Radzikowski Szubielska
i Wspólnicy
Clifford Chance Janicka Namiotkiewicz
Debowski i Wspólnicy
CMS Cameron McKenna Dariusz Greszta
Domanski Zakrzewski Palinka
Salans

Tier 4

Lovells H Seisler
Oles & Rodzynkiewicz
Soltysinski Kawecki & Szlezak
Wardynski & Partners

The recent period which saw the Polish economy rise to become one of the powerhouses of central and eastern Europe has been followed by something of a lull. Deal flows and volumes are down on last year's frenetic benchmark, but the fundamentals remain strong. Thanks largely to Europe's booming construction, energy, food and drink sectors, the Warsaw Stock Exchange is now firmly established as the prime market for companies launching in the region.

With global oil prices projected to keep inching higher, the current trend among energy firms for flotation or dual-listing on the Warsaw exchange looks set to continue - good news for both counsel and underwriters. Local firms are getting a slice of the action too, with several multinationals choosing to use Warsaw-based practices over internationally recognised names.

The big banks meanwhile are cautious as European markets enter bear territory. The WIG20, Warsaw's leading index, has lost 30% of its value in terms of market capitalisation over the past 12 months, prompting fears that the surge of the last few years may have been too much, too soon. But the number of new listings on the index as a whole more than doubled last year, and analysts predict that non-OECD countries will be insulated from any global downturn for the foreseeable future, thanks largely to steady domestic growth. Polish investors therefore have, on balance, cause to be cheerful.

Dewey & LeBoeuf Grzesiak

Last year's merger of Dewey Ballantine with LeBoeuf Lamb Greene & MacRae gave greater international backing and an injection of capital to help cement Dewey's market position as a top-tier firm in Poland. "They have quality people on board," a rival partner comments, while a leading investment banker who now uses the firm exclusively says: "I am happy to report that the experience has been highly positive, and believe me I don't say that lightly. They really are extremely good."

The firm appears to be developing into something of a structured finance specialist, with a residential mortgage-backed securitisation deal worth approximately Z12 billion (€615 million) for one of Poland's largest banks set to close soon. The firm also advised Lehman Brothers on the acquisition of a second portfolio of non-performing loans from Bank Gospodarki Zywosciowej, in a Z1600 million transaction. Particular praise has been reserved for experienced securities lawyer Artur Zapala, a former judge at the Warsaw Stock Exchange Court: "He's probably the best lawyer I've seen in Europe," says one London-based client.

Leading lawyers

Jaroslaw Grzesiak
Zbigniew Mrowiec
Artur Zapala

Weil Gotshal & Manges

A busy year in both the debt and equity markets sees Weil Gotshal shore up its position as a cross-market leader in the sector. "We are really very satisfied with them," says one client. "They

are the most committed firm to work with in Warsaw."

In the equity capital markets, the firm advised UniCredit on the IPO and tripartite listing of Dutch coal giant New World Resources - the second-largest debut on the Warsaw Stock Exchange (WSE) and the largest on the Prague Stock Exchange to date, as well as the largest on the LSE so far in 2008. The listing was valued at approximately Z15.5 billion, and was said to be oversubscribed by at least 700%.

Acting for Plaza Centers together with lawyers from the Netherlands, the firm also advised on the dual listing of all the company's shares on the WSE. Lead partner Anna Frankowska's persistence in pushing through such deals has been noted by clients: "She has a very deep pool of experience from which to draw," says one.

Clients have been no less ebullient about the quality of the firm's advice on the debt side: "Their depth of experience in the debt capital markets is unprecedented in Warsaw," says one international client. Headline work includes representing JP Morgan Securities in a \$310 million 3% convertible senior notes offering by Central European Distribution Corporation, a European drinks firm.

Lead partner Pawel Zdort was singled out for praise by clients: "He has an incredible commitment to his work combined with great intelligence," says one.

Leading lawyers

Anna Frankowska
Pawel Zdort

Allen & Overy A Pedzich

In spite of a turbulent year on the international markets, Allen & Overy remains the advisory firm of choice for many banks and multinationals launching on the Warsaw Stock Exchange. Many clients have reverted to the leading international firms as a direct consequence of unrest in the credit markets, to the detriment of local firms. "They are really our top choice," says one client.

A quieter year on the equity markets has been offset by activity on the debt markets and in structured finance. The firm's headline work over the past year includes advising PKO BP on a Z11.7 billion subordinated-bond issue, the pricing of which formed a precedent for future issuances of lower Tier II subordinated bonds.

The firm also advised three large European banking conglomerates on a Z1650 million secured project bond programme for Poludniowy Koncern Energetyczny, with the firm writing credit and project provisions into the terms and conditions of the bonds. With such transactions occurring regularly, the firm

can reasonably claim to have had a hand in the evolution of the fledgling Polish bond market.

A financial client who this year encountered the firm across the table in a securitisation deal comments: "Of the three firms present, their lawyers seemed to be doing their jobs the best."

Leading lawyers

Jacek Michalski

Baker & McKenzie Gruszczynski i Wspólnicy

Baker & McKenzie was at its most active in the equity capital markets in 2008, with Konrad Konarski, the head of the Warsaw office's securities practice group, taking a lead role on almost every deal. "He was relatively available throughout, says one client.

In the past 12 months the firm has advised on two of the largest IPOs for foreign companies on the WSE. Baker & McKenzie acted for Luxembourg-based property developers Orco Group in a €173 million offering - the first-ever parallel listing of shares on the Warsaw, Paris, Prague and Budapest stock exchanges. The team also advised Kernel Holding, a Ukrainian producer of edible oil, on its €160 million flotation.

In the public sector, Baker & McKenzie oversaw the IPO of PKP Intercity - the first flotation of a rail company in Poland. The firm also served as counsel to Citigroup as underwriter of the \$173 million IPO of Orco, and to BGZ and the Polish treasury in the IPO and privatisation of BGZ, likely to be the largest deal of its kind in Poland this year upon its successful completion.

Leading lawyers

Konrad Konarski

Linklaters T Komosa i Wspólnicy

Linklaters' Polish capital markets team has consolidated its already strong position following the arrival of experienced partner Marcin Chylinski from Weil Gotshal & Manges in 2006. "They are a rising company in this sector, backed of course by a huge international network," says one client of the firm.

Foremost among the firm's equity capital markets deals was its role in advising Wroclaw developer LC Corp, the real-estate arm of one of the private business groups owned by Polish banking magnate Leszek Czarnecki, on its €280 million IPO - the largest debut of a private issuer placed in Poland.

The firm also advised on the local IPO and limited international offering of Mercor, one of the largest recent exits by a private-equity

fund (Innova Capital) through the Warsaw Stock Exchange. The team also acted as counsel to UniCredit, who served as placement agent in an accelerated block trade of shares in Polish construction firm PRI Pol-Aqua.

Leading lawyers

Marcin Chylinski

White & Case W Danilowicz W Jurcewicz i Wspólnicy

Corporate lawyer Witold Jurcewicz was once again very active on the IPO front, with two large flotations on the WSE pending for Lubelski Wegiel Bogdanka, one of Poland's biggest coal mines, and Katowicki Holding Węgłowy - a coal holding company.

The firm's other highlight deals include the secondary listing on the WSE of Belvedere, a Paris-listed beverage company. In addition, the firm is advising on the pending IPOs of companies in the telecoms, real-estate and pharmaceuticals sectors.

White & Case also has a solid reputation in the debt markets amongst international banks and conglomerates, with a regular client list that includes Deutsche Bank, Bank Handlowy w Warszawie (a member of Citigroup), Eurohypo, GE Debt Management and Fortis Group. Rivals have noted the firm's steady rise in the capital markets: "They're a very substantial solid firm," notes one.

Leading lawyers

Janusz Fiszer
Witold Jurcewicz

Clifford Chance Janicka Namiotkiewicz Debowski i Wspólnicy

Rivals admire the versatility that Clifford's depth of partners allows: "They have good people in all areas," says one senior partner at another law firm.

In common with market trends though, Clifford has been more active in debt finance in 2008. The boom in the energy market led Warsaw power company Poludniowy Koncern Energetyczny to issue bonds for the financing of a new coal-fired power station in Silesia, with Clifford Chance landing a role representing the borrowers. The firm also advised Millennium Bank on its issue of Tier II Eurobonds, and acted for Toyota Bank on its debt insurance programme.

Clifford Chance's highlight in the equity market was advising Cyfrowy Polsat as underwriter to the listing of a Polish company owning a digital TV platform, estimated to be the largest share offering in the history of the Warsaw Stock Exchange.

Leading lawyers

Nick Fletcher
Grzegorz Namiotkiewicz

Domanski Zakrzewski Palinka

Domanski secured a coup in May 2008 when it won a role advising Dutch energy firm New World Resources (NWR) on its three-way listing on the London, Prague and Warsaw exchanges, projected to be the largest European IPO in 2008. One industry insider comments: "This was a complicated, high-value transaction - NWR could be eligible for FTSE Index status. No other company is listed on all three stock exchanges. It has an interesting capital structure and is a favourite with the investors."

The company felt that Domanski was able to provide the right level of local knowledge on the deal, along with multinational Weil Gotshal, who acted as counsel to underwriters UniCredit.

The firm was also active on the debt markets, advising on a Zł400 million (€124 million) bond issue programme for LC Corporation, as well as the restructuring of debt related to short-term bonds issued by financial services firm Eurofaktor.

Wardynski & Partners

A good year on the equity markets saw Wardynski & Partners deploy a full range of services whilst acting for Polish waste disposal firm Drop, altering the company's structure from that of limited-liability to joint-stock company, listing its shares on the Warsaw exchange and drawing up internal compliance and good-practice regulations. The firm also acted as counsel in the Zł500 million listing of Jutrzenka on the WSE, with department head Danuta Pajewska's role being particularly prominent.

One standout debt markets deal saw the firm advise Mittal Steel and ZK Zdieszowice (as bondholders) on Polish law on the acquisition and redemption of \$700 million of intra-group bonds, issued by Mittal under English law.

The firm also advised PKO Bank on its sale of 165,000 consumer and corporate debts worth an aggregate Zł1.9 billion.

Leading lawyers

Danuta Pajewska

Banking**Recommended firms****Tier 1**

Allen & Overy A Pedzich
Clifford Chance Janicka Namiotkiewicz
Debowski i Wspólnicy

Tier 2

Dewey & LeBoeuf Grzesiak
Linklaters T Komosa i Wspólnicy
White & Case W Danilowicz W Jurcewicz
i Wspólnicy

Tier 3

Baker & McKenzie Gruszczynski i Wspólnicy
CMS Cameron McKenna Dariusz Greszta
Lovells H Seisler
Norton Rose Piotr Strawa and Partners
Salans
Soltysinski Kawecki & Szlezak
Wardynski & Partners
Weil Gotshal & Manges
Wierzbowski Eversheds

Tier 4

Beiten Burkhardt P Daszkowski
Gide Loyrette Nouel
Gleiss Lutz
Hogan & Hartson Jamka
Miller Cranfield Paddock and Stone
Nörr Stiefenhofer Lutz
Squire Sanders & Dempsey

Bank lending is booming in Poland as the real-estate market flourishes. Many large firms and foreign investors have noted a more stable political climate, with the government nurturing an investor-friendly attitude that seems to be at a premium in the central and eastern European (CEE) markets. Despite this, the Polish government could still face legal action from the European Commission over its late implementation of Mifid, with Donald Tusk's government blaming the country's shortened parliamentary session for its failure to translate the directive into national law by the January 31 2008 deadline.

But there is great cause for optimism for investors in the region, with much of the CEE market shielded from the direct effects of the credit crunch which has wrought havoc on its western European counterparts. Domestic growth remains strong, topping 6.5% last year, and forecasts remain on track to continue the post-1995 average of 4%.

Industries which show signs of growth include the burgeoning media and telecoms markets, with firms across the tiers providing advice on the financing of takeovers of smaller private firms, and the privatisation of state-owned companies. With the multiplier effect of greater access to EU structural funds begin-

ning to kick in, Poland remains on course to become one of the region's most successfully restructured former Soviet states.

Allen & Overy A Pedzich

The bank lending business remains Allen & Overy's strongest suit in Poland, and another fine year sees clients praising the firm's professionalism and responsiveness: "They are one of the most reliable firms for banking in Poland. Their knowledge and understanding of the financial sector is second to none," says one client, while a rival comments: "The quality of their banking people is really very good."

Leading attorney Tomasz Kawczynski was made a partner in May 2008, and clients have been quick to praise his efforts over the past year: "He's one of those lawyers you can always count on and he's very personable," says one banking client.

Clients have also been quick to praise the firm's pan-European operations: "I think they benefit from their great cross-border network, because they have resources in so many countries," says one.

The sector's largest deal of the year saw Allen & Overy advise Bank Polska Kasa Opieki on a Z16.5 billion (€2 billion) credit facility to the Polish media firm Vectra, for the financing of a large-scale cable television investment. In addition, Bank PKO sought the firm's counsel on both the Polish and English law aspects of a SFr9.5 billion (€5.8 billion) syndicated credit facility agreement for the re-financing of the bank.

Leading lawyers

Tomasz Kawczynski
Arkadiusz Pedzich

Clifford Chance Janicka Namiotkiewicz Debowski i Wspólnicy

Another steady year for Clifford Chance in the banking sector sees the firm both solidifying its position and diversifying its key practice areas. "Clifford Chance is one of the three legal firms of choice for banks in Poland. If you look at the market from a helicopter perspective, Clifford is beginning to specialise and advertise themselves as unique," says one client.

The firm would indeed appear to be the country's first choice for advice on syndicated corporate loans, acting for Bank Pekao on a €320 million facilities grant to a leading Polish media group, and advising PKN Orlen on a €300 million advance.

Clifford also advised banking groups such as HSBC, Citi, AIG bank and ABN Amro on

the preparation and implementation of their personal finance products and the implementation of EU legislation.

Clients also praise the firm's strong corporate banking team, with experienced partner Jan Zdzenicki singled out for praise: "He is my first port of call," says one client.

Leading lawyers

Grzegorz Namiotkiewicz

Dewey & LeBoeuf Grzesiak

Financial services specialist Dewey & LeBoeuf Grzesiak provides cross-market support at the highest level in Poland. The firm has advised both the Polish Chamber of Brokerage Houses and the Polish Chamber of Fund and Asset Management on legislative projects, such as the drafting of new regulations regarding investment funds and brokerage houses.

Such prestigious work has been noted by leading international banks, with the firm advising Deutsche Bank on regulatory issues during its start-up of brokerage activities in the country. The firm also advises local firms on asset management services and fund management issues, along with compliance advice in light of the implementation of the new Mifid rules.

Leading lawyers

Jaroslav Grzesiak
Andrzej Wysokinski

Linklaters T Komosa i Wspólnicy

Linklaters is now well established in the Polish bank lending market, with the firm widely respected amongst the leading domestic banks. The year's top deal saw it advise on Asseco Poland's at Z1580 million acquisition of a 21.5% stake in Prokom Software. A deal for another prominent bank saw the firm act as counsel on a €270 million master investment facility.

In the real-estate market, the firm advised Hypo Real Estate bank on a €174 million facility for the acquisition of five of Simon Ivanhoe's shopping centres. The firm also advised Landesbank Hessen-Thüringen as creditor on its provision of a €300 million financing facility for the acquisition of several property portfolios in CEE for the Polonia Property Fund.

Many international clients have also sought the firm's counsel when opening branches in Poland or on cross-border takeovers, with several large deals slated for completion in the near future.

Leading lawyers

Jaroslav Miller

White & Case W Danilowicz W Jurcewicz i Wspólnicy

A busy year for White & Case saw the firm advise a number of domestic and international clients in different practice areas. "We've been using them for three or four years now and we're very happy with them; their service was outstanding," says one client.

In the lending sector, the firm was active on both sides of the table on two prominent infrastructure projects. The firm advised the China Development Bank in a €640 million credit facility for telecoms operator P4.

The firm is also becoming more active in private equity, winning a role on the stand-out deal of the year when it advised Mid Europa Partners in the leveraged recapitalisation of the Aster Group. The deal involved the granting of a Zł1.6 billion senior mezzanine loan, and was the largest leveraged recapitalisation in Poland to date.

The restructuring and dissolution of older companies is still big business in Poland, and The World Bank sought the firm's advice in the assessment of the current application of Polish law on restructuring and insolvency; White & Case also prepared a report for the World Bank on creditors' rights. Lech Gilicinski is especially praised by clients in the financial sector: "He's very good, he's a got a great team behind him," says one.

Leading lawyers

Jacek Czabanski
Piotr Galuszynski
Lech Gilicinski

Baker & McKenzie Gruszczynski i Wspólnicy

A second year of reshuffles saw senior Baker & McKenzie attorneys Tomasz Stawecki and Peter Swiecicki join Squire Sanders & Dempsey. But Baker & McKenzie is still a favourite of international lenders, and recently advised Credit Suisse on the establishment of its first branch in Poland, as well as acting for Swedbank on the organisation of a representative office in Warsaw.

In addition, the firm acted for Innova Capital on its €25 million acquisition of a majority stake in Bank Wspólpracy Europejskiej. The firm also advised Immofinanz as borrower in a €165 million financing facility from Landesbank Hessen-Thüringen for the purchase of a large real-estate project in Poland.

CMS Cameron McKenna Dariusz Greszta

CMS Cameron McKenna boasts one of the largest dedicated banking teams in Poland, with two more attorneys - Malgorzata Chrusciak and Dominika Uberman-Smigielska - being made partners in 2008.

The firm was active in the real-estate sector this year. One notable role was acting for Bank Pekao on the financing of its Zł444 million acquisition of property and the development of residential projects in Lublin, Poland.

Bank Pekao also sought the firm's counsel when providing financing for the purchase of Polish tour operator wakacje.pl by three private investment funds.

2009 looks set to be busy as well, with the firm advising Bank Pekao on the development of several residential projects throughout the country and acting for Grupa Lotos in the financing of an undisclosed project worth over €10 billion.

Leading lawyers

Marek Król

Wardynski & Partners

Wardynski & Partners has strengthened its practice in the region, advising several prominent multinational clients as lenders ahead of other foreign-associated firms. Chief among these was the firm's work for Rabobank on a \$350 million term and revolving credit facility to Chiquita Group, as well as a related securities package concerning its Polish assets.

The firm also advised Mediocredito Centrale on its €250 million financing deal for Polish mill owners Celsa Huta Ostrowiec, which included the establishment of security interests which arose from the credit facility agreement. Lenders HBOS and Commerzbank also mandated the firm on two high-profile multi-million-euro deals.

The firm's experience in the regulatory sector was also noted by large European clients, with Cantor Fitzgerald, Crédit Agricole and Crif all seeking advice on regulatory issues regarding the outsourcing of credit risk assessment activities.

Leading lawyers

Jan Nowicki

Weil Gotshal & Manges

A year of change saw Weil Gotshal's banking department swell to one of the largest practices in Poland, hiring some 13 associates and releasing five. One client notes: "I have to say ever since we started dealing with them we've found them an absolutely top-class firm."

The firm's expertise has been noted by market leaders, with the country's largest IT company Asseco Poland seeking its counsel in relation to the company's Zł580 million acquisition of 21.5% of the shares in Prokom Software.

Another innovative deal for a lender involved the firm advising CEZ over the transfer of part of Elektrownia Chorzow from the control of international banks to a commercial entity, one of the largest refinancing transactions in Poland during 2007 at €270 million. The deal also marked the first time that Polish banks transferred a performing facility (as opposed to a non-performing loan) to an entity which is not a bank.

High-profile lawyer Artur Zawadowski is singled out for praise by one borrower, who notes: "We work a lot with him in the bank lending sector and he's a great lawyer."

Another client adds: "They're expanding quite aggressively in this sector and beginning to specialise in advising borrowers; they're much quicker and more committed than other firms."

Leading lawyers

Pawel Rymarz
Artur Zawadowski

Other notable firms

Changes are afoot in Lovells H Seisler's expanding practice, with Piotr Zawislak being made a partner in May 2008 and heading up a new dedicated banking department. The team advises on all general lending practices and also on debt capital markets transactions.

Gide Loyrette Nouel secured a coup in the real-estate sector when it advised Nowe Ogrody (an SPV established by Pirelli RE) as borrower in an Zł1.5 billion facility for the purchase of several residential portfolios throughout Poland. This was one of the largest real-estate deals on the market this year, and was carried out on a non-cross collateralisation and non-recourse basis.

Norton Rose caused a stir in April 2008 when it hired Chadbourne & Parke's four-strong real-estate team, comprising department heads David Dixon and Agnieszka Stankiewicz and counsels Magdalena Zyczkowska-Józwiak and Robert Adam Kozłowski. This follows the firm's hiring of CMS Cameron McKenna's experienced energy partner Radał Hajdu earlier in the month.

Spanish newcomer Garrigues has been active in the Polish real-estate market since establishing its first Warsaw office in 2007, hiring several experienced lawyers to complement the vast experience of its home-grown counterparts. The firm appears equally keen

to develop a full range of services, advising firms on EU and antitrust legislation, as well as labour and employment law.

Squire Sanders & Dempsey's rapidly expanding practice sees the firm flexing its American-backed financial muscle, hiring talent from rivals to boost its Warsaw headcount. The firm specialises in advising foreign investors on privatisation and investment matters.

Mergers and acquisitions

Recommended firms

Tier 1

Dewey & LeBoeuf Grzesiak
Weil Gotshal & Manges

Tier 2

Baker & McKenzie Gruszczynski i Wspólnicy
Clifford Chance Janicka Namiotkiewicz
Debowski i Wspólnicy
Linklaters T Komosa i Wspólnicy
Soltysinski Kawecki & Szlezak
White & Case W Danilowicz W Jurcewicz
i Wspólnicy

Tier 3

Allen & Overy A Pedzich
Chadbourne & Parke Radzikowski Szubielska
i Wspólnicy
CMS Cameron McKenna Dariusz Greszta
Domanski Zakrzewski Palinka
Gessel
Gide Loyrette Nouel
Lovells H Seisler
Norton Rose Piotr Strawa and Partners
Salans
Wierzbowski Eversheds

Private-equity activity is on the increase in the Polish corporate sector, a sign that the market is in rude health. The pro-business measures recently passed by the government have proved a boon to private investors, particularly those from western Europe, with foreign firms cashing in as a result.

But many practices are looking to diversify their key practice areas as traditional markets stutter. There has been a notable increase in the number of LBOs, as Polish subsidiaries of western banks hit by the credit crunch are sold off.

The banking sector saw several large deals close, with the merger of two of Poland's largest banks, Bank BPH and Bank Pekao, finally coming to a successful conclusion. Oil and gas also saw a lot of movement, as Polish energy companies begin to make their presence felt in the global market.

Dewey & LeBoeuf Grzesiak

Dewey & LeBoeuf has developed a market-leading M&A team that is the envy of its competitors and a dream for clients: "They have quality people," comments one rival partner, while a client in the banking sector says: "I believe the M&A sector is set to grow in Poland, and Dewey are firmly in the process of meeting those demands. I think they have a really good team on board."

UniCredit sought the firm's counsel during its protracted takeover of Bank BPH through its Polish subsidiary Bank Pekao. The deal, which eventually came to a close in the third quarter of 2007, was valued at an estimated €625 million.

Clients have been quick to praise high-flying attorney Lejb Fogelman's incisive role in pushing through large deals in the sector: "Well of course, he is the king in the Polish M&A market, what else can you say?" comments one client.

A further high-profile deal saw the firm advise the majority shareholder of Wan, a Warsaw real-estate development company, in its sale of a 25% stake in the business to Morgan Stanley Real Estate's Special Situations Fund III. The high-value deal marked the investment bank's first direct investment into the Polish M&A market.

Leading lawyers

Lejb Fogelman
Jaroslaw Grzesiak

Weil Gotshal & Manges

The energy and logistics sectors again proved fruitful ground for Polish firms in 2008, and Weil Gotshal continues to attract the market's biggest deals. The largest foreign acquisition in Poland's history, PKN Orlen's \$2.5 billion takeover of Mazeikiu Nafta from Yukos, was finally completed in late 2007, with the firm overseeing the squeeze-out of the company's remaining shares held by the Lithuanian Government (30.7%) and a successful mandatory tender offer to minority shareholders. The scope of the deal was unprecedented in Polish legal history, requiring the cooperation of six cross-border offices, several governments and the EU.

In a similarly innovative deal, the firm advised Petrolinvest on €635 million worth of investments in several companies holding licences for oil exploration and extraction in Russia and Kazakhstan, making Petrolinvest the first Polish company to hold such licences (via proxy) in the region. Rivals note the strength of managing partner Pawel Rymarz in the sector, who has a wealth of experience in advising strategic and financial investors.

On the other side of the table, the firm advised Jaroslaw Pawluk - the founder of CEE private rail logistics company CTL Logistics, on its sale to a fund managed by private-equity firm Bridgepoint Capital. In addition, the firm advised Pawluk on his acquisition of a 25% stake in the purchasing fund. The deal's value was undisclosed, but it is said to be the second-largest investment made by a private-equity fund in Poland to date, valuing it at anywhere up to €400 million.

Weil Gotshal also provided legal advice to both parties in Asseco Poland's €1.4 billion acquisition of Prokom Software.

Leading lawyers

Pawel Rymarz
Piotr Tomaszewski

Baker & McKenzie Gruszczynski i Wspólnicy

As private-equity groups begin to make their mark in Poland, few firms have been as quick to respond to their demands as Baker & McKenzie. The firm has developed a specialist private-equity team to complement its existing M&A practice, hiring seven attorneys from rival firms in the past 12 months. The team already boasts AIG, Novator, Innova Capital and the Riverside Group amongst its clients.

The firm has also been particularly active in the real-estate sector of late, and clients have been quick to praise the team's responsiveness. "I would say that, with respect to M&A and real estate, they were not just good but exceptionally so - for me, they are the best firm in Poland," says one client.

Baker & McKenzie has won a role advising Alysian on the acquisition of several SPVs holding real-estate assets in Warsaw and Lodz, in a series of purchases valued at €400 million. The firm also advised Dutch supermarket company Royal Ahold on the €300 million sale of its Polish operations to Carrefour.

Lead partners Tomasz Krzyzowski and Marcin Gmaj have been widely praised for their efforts by several clients. As one puts it: "They know their stuff very well. They've got years of experience in Polish law, and they are able to put that into commercial practice brilliantly - these guys will work 24/7 if they have to." The client adds: "Being a lawyer myself I am normally hard on lawyers, but they are a pleasure to work with."

Leading lawyers

Marcin Gmaj
Tomasz Krzyzowski

Clifford Chance Janicka Namiotkiewicz Debowski i Wspólnicy

Clifford Chance provides a high quality of service to some of Poland's biggest industrial clients, with positive feedback from both sides of the table. "They are just really great people to deal with," says one client. "I would say they were one of the top three law firms in Poland, perhaps the best on specifics."

The firm has been engaged by the Polish national gas company PGNiG on two prominent transactions. Clifford Chance is advising the company on its acquisition of 15% of shares in three oil and gas deposits on the Norwegian Continental Shelf from Exxon Mobil for \$360 million, and more recently on an \$108 million exploration and production sharing agreement regarding gas and oil extraction in Libya.

In addition, the firm advised Kerten Investments on its acquisition of three Polish manufacturing and component assembling businesses, as well as advising on senior financing and a mezzanine loan for the deal.

It is perhaps attention to detail on such complex deals that sets Clifford apart from its Warsaw rivals: "I am very satisfied with their performance, particularly their engagement with and concern for our business interests," reports one client. Long-time managing partner Agnieszka Janicka was also singled out for praise by clients: "She knows our business inside out, which we greatly appreciate."

Leading lawyers

Nick Fletcher
Agnieszka Janicka

Linklaters T Komosa i Wspólnicy

A widely-used firm among international clients looking for a practice with a trusted reputation, Linklaters' M&A department enjoyed a strong year in 2008. "They were excellent; they're probably the strongest firm in the Polish market," says one leading venture capitalist.

A recent reshuffle sees experienced partner Jolanta Tropaczynska replace Cezary Wisniewski at the helm of the Warsaw corporate practice, with the latter being made a managing partner. Clients are full of praise for Tropaczynska - as one leading financial client puts it: "She's absolutely excellent, very responsive: a top-notch lawyer."

Last year's most valuable disclosed deal saw the firm advise Penta Investments in its €140 million LBO of Polish supermarket chain Zabka Polska. Linklaters also advised UK company Stanley International, the owner of betting firm Stanleybet, on its acquisition of

two-thirds of the shares of Star Typ Sport - a Polish sports betting operator.

International clients have reserved particular praise for the manner in which Linklaters is able to provide local knowledge to clients unfamiliar with the Polish markets, which was aided by its merger with local firm Komosa Wisniewski Grzybowski & Partners eight years ago. "They explain the intricacies of Polish law so well to their clients, what it actually means. They're very good at hand-holding," says one client.

Leading lawyers

Jolanta Tropaczynska

White & Case W Danilowicz W Jurcewicz i Wspólnicy

Rivals are widely respectful of White & Case's experienced M&A practice, which has grown once again in 2008 with the addition of three further attorneys. "They have a very strong classical M&A team" comments a partner at a Warsaw-based rival.

Witold Danilowicz, Witold Jurcewicz, Zdzislaw Wieckowski and Janusz Fiszer head up a team which is experienced in the private-equity market, which means that many of its deals are highly confidential. However the firm can boast several venture capital groups, private-equity funds and investment banks amongst its international client list.

In one transaction, the firm advised MCI Management on its €47 million sale to ABC Data Holding. The firm's advice included a due diligence report on five companies in different countries, tax planning, preparation and negotiation of the share purchase agreements and shareholders' agreement, and the establishment of ABC Data Holding itself as a stable investment vehicle.

In common with global trends, the Polish media sector has been unsettled in 2008, leaving it fertile territory for strategic takeovers. White & Case represented MIH, a subsidiary of the South African media firm Naspers, in its successful ZI450 million tender for Gadu-Gadu - Poland's largest social-networking website.

Leading lawyers

Witold Danilowicz
Witold Jurcewicz

Allen & Overy A Pedzich

Allen & Overy was active in the banking acquisitions market in 2008, advising Rabobank International on its purchase of a 12.9% stake in Polish Bank Gospodarki Zywnosciowej.

Leading insurance companies also sought the firm's counsel during the period. Allen &

Overy advised Royal and Sun Alliance on its acquisition of 50% of shares in Global Direct Insurance Investments. The move allows the company access to the rapidly expanding eastern European and Russian insurance markets.

Allen & Overy also maintained its long-standing relationship with Aegon, advising it in relation to the merger of its pension fund management company Aegon PTE with BRE Bank's PTE Skarbiec-Emerytura.

In the media market, the firm advised Apollo Real Estate, the parent company of Silver Screen World Cinemas, on Silver Screen's sale to the ITI Holding Group. This resulted in Silver Screen being incorporated into the Multikino network of cinemas, and Apollo becoming a shareholder in the combined Multikino group.

Allen & Overy also acted for SanomaWSOY on its acquisition of Polish educational publisher Nowa Era.

Leading lawyers

Jaroslaw Iwanicki
Jacek Michalski

Chadbourne & Parke Radzikowski Szubielska i Wspólnicy

In a move which shocked market analysts, one of the largest European mergers of the year - that of pharmaceutical giants Polpharma and Hungarian rival Gedeon Richter - was abandoned at the last minute when Genefar, parent company of Polpharma, pulled out of the deal, despite Chadbourne having gained the permission of the Competition and Consumer Protection Office for the merger to go ahead in early July.

Chadbourne had advised Genefar on the \$5.5 billion transaction, which would have resulted in the establishment of the largest generic-pharmaceuticals company in CEE. The deal was agreed in principle in late 2007.

Leading lawyers

Gabriel Wujek

CMS Cameron McKenna Dariusz Greszta

Cameron McKenna has become a favourite firm of international private-equity groups, advising on Polish investments for a number of clients including Mid Europa Partners, 3i and Intel Capital. "We have a global relationship with them, so they're a logical choice when dealing with this market," says one client. Another client adds: "I would say they were a strong second choice."

The firm has developed a particularly close relationship with Oresa Ventures, advising it

on the sale of Polish video rental store chain Beverly Hills Video to an undisclosed party, and acting for Oresa on the MBO of the Trinity group of companies in Poland and Romania.

Leading lawyers

Dariusz Greszta

Domanski Zakrzewski Palinka

Domanski's M&A practice group advised on some 40 transactions in 2007, the total value of which amounted to approximately \$1.5 billion. Most notably, the firm advised Emax and its main shareholder BB Investment on its \$168 million merger with Computerland.

In the communications market, the firm advised Bauer Media Invest on its \$147 million acquisition of a majority block of shares of interia.pl from Comarch. A technology client also sought the firm's counsel on its \$51 million acquisition of shares in Call Center Poland.

Gide Loyrette Nouel

French firm Gide Loyrette Nouel is rapidly expanding its Warsaw operations, hiring four attorneys in the past 12 months and splitting its M&A and private-equity practices. The firm advised Dalkia Polska on its €220 million public offer for all outstanding shares in Polish heating firm Praterm, and represented Bank DnB Nord Polska on its €150 million acquisition of 76.3% of shares in Bise and their subsequent merger.

In the private-equity market, the firm advised Société Générale Asset Management Alternative Investments on the purchase of Fornetti Wrocław - the first investment by Société Générale's new fund in Poland. Gide also oversaw the fund's second investment, the €20 million acquisition of a majority stake in Polish security firm Agencja Ochrony.

Leading lawyers

Rafal Dziedzic

Project finance

Recommended firms

Tier 1

Allen & Overy A Pedzich
CMS Cameron McKenna Dariusz Greszta
Wardynski & Partners

Tier 2

Clifford Chance Janicka Namiotkiewicz
Debowski i Wspólnicy
Weil Gotshal & Manges

Tier 3

Baker & McKenzie Gruszczynski i Wspólnicy
Chadbourne & Parke Radzikowski Szubielska
i Wspólnicy
Dewey & LeBoeuf Grzesiak
Linklaters T Komosa i Wspólnicy
White & Case W Danilowicz W Jurcewicz
i Wspólnicy

Tier 4

Gide Loyrette Nouel
Gleiss Lutz
Hogan & Hartson Jamka
Lovells H Seisler
Nörr Stiefenhofer Lutz
Salans
Softysinski Kawecki & Szlezak

The multi-billion-zloty project finance deals seem a distant memory, as the hectic pace of public works in Poland after its EU accession in 2004 has slowed. Many firms had anticipated a breakthrough in 2008, but, as one projects partner put it: "Increased expectations... [were] not matched by the actual projects."

Many cite a lack of will from the government to push through new financing initiatives as part of the problem, which in turn means private-sector collaborations haven't yet developed to the extent that they could have.

There is however a great sense of optimism amongst Polish firms that this will change in the near future. Huge public works are on the horizon as the construction sector expands, with foreign investment already at record levels. Boom time may still be a couple of years away, but large public works become ever more necessary as the economy grows, making external investment more likely.

One factor affecting infrastructural growth is Poland's successful tender for the Euro 2012 football championships. The competition is hosted jointly with Ukraine, although world football governing body Fifa has ordered the country to be ready to host the tournament by itself in the event of its co-host's public infrastructure being deemed insufficient, which

could prove a potential windfall for domestic firms.

The other factor is the country's massive increase in power consumption, coming at a time when its ageing stock of fossil-fuelled power stations are coming to the end of their natural lives or commercial viability.

"Poland sees immense potential for projects in the power sector, including construction of new coal-fired plants, but also the development of green power generation facilities," one partner says.

Allen & Overy A Pedzich

International clients report a high level of satisfaction with Allen & Overy's project finance team: "We are very satisfied with their services and their diligence," says one client. "They are very good at deal closing and dealing with the customer, which one does not always find in this sector."

In one of the largest project finance deals in the power sector during 2007, Allen & Overy advised WestLB in a financing facility for a gas-fired combined heat and power plant in Nowa Sarzyna, Poland. The financing including a syndicated facility and project bonds. "The scope and professionalism of their team is most impressive - they present a very good knowledge of the market, and their deal flows are very smooth," reports one client.

The role of managing partner Arkadiusz Pedzich in achieving the completion of such large deals has been noted by both domestic and international clients. Says one: "He is only the supervising partner, but he is involved directly behind the scenes on the most difficult transactions all the time. The knowledge of his backing gives me the utmost confidence in working with A&O."

Leading lawyers

Arkadiusz Pedzich

CMS Cameron McKenna Dariusz Greszta

CMS Cameron McKenna maintains its market-leading position in 2008, with its energy, projects and construction department - headed by Andrew Kozłowski - focusing on corporate, regulatory and environmental aspects of all project finance deals.

The firm oversaw one of the trophy deals of the sector when it advised WIG20 company Grupa Lotos on a \$400 million four-year revolving facility for the refinancing of its inventory.

In addition, Energo-Utech, a company providing leasing and financial services to the electricity sector, sought the firm's counsel in a

Zl92 million (€28.1 million) leaseback deal for a new energy block. CMS Cameron McKenna also recently advised Bank DnB Nord Polska as lender to a consortium attempting to finance the construction of a new power plant.

Leading lawyers

Andrzej Blach
Andrew Kozlowski

Wardynski & Partners

One of the year's largest deals saw Wardynski & Partners advise Mediocredito Centrale (now part of the UniCredit group) on the Polish aspects of a €250 million facility to Celsa Huta Ostrowiec for a new mill.

In addition, the firm oversaw a €49 million credit facility granted by Banco Comercial Portugues to energy firm Megawatt Polska, a subsidiary of Global Renewable Power International, for the financing of a development of wind farms in Poland.

Leading lawyers

Jan Nowicki

Clifford Chance Janicka Namiotkiewicz Debowski i Wspólnicy

"We see Clifford as the top provider of legal advice in Poland, not just in project finance but in all other sectors as well," says one client of Clifford Chance's project finance team. "They are certainly our first-choice provider, along with Linklaters and A&O."

Clifford Chance's reputation seems to precede it when multinationals are financing deals in Poland, though this has proved both a blessing and a curse in recent times: "They have frequent conflicts of interest because so many people want them to represent them," explains one would-be banking client.

The firm was active in the wind farm sector this year, advising Mitsui on a wind farm project in Poland, and acting for a UK sponsor on the financing of the development of a renewable-energy plant utilising waste

The firm's expanding team of lawyers have also been praised by clients. Says one: "All of their lawyers are specialists - very, very professional. They are all fine lawyers."

Leading lawyers

Peter Deegan
Jan Zdzienicki

Other notable firms

A booming power sector has kept Weil Gotshal & Manges occupied in an otherwise fairly quiet market during 2008.

Weil Gotshal's standout role was representing CEZ in the transfer of a facility of Elektrownia Chorzow from international banks to a commercial entity in one of the largest refinancing transactions in Poland in 2007. This was also the first time Polish banks had transferred a performing facility to a non-bank entity.

Linklaters T Komosa i Wspólnicy's highlight for the year was advising a consortium of credit agencies and international lenders on a €1.5 billion upgrade at Grupa Lotos's biggest refinery in Gdansk.

White & Case W Danilowicz W Jurcewicz i Wspólnicy's finance team has a client list which encompasses all sectors in the projects market in Poland, focusing especially on the energy market. "They're great on classic Polish stuff - they've got good local lawyers with good local contacts and a great team of associates. I wouldn't use anyone else in Poland," says one client of the firm.

One of White & Case's most notable mandates was advising Polish power producer Poludniowy Koncern Energetyczny on the construction of the Halemba II power plant, one of the largest energy sector builds in recent years. The firm also represented Cintra Concesiones de Infraestructuras de Transporte on a tender process for the A1 and A2 motorway projects.