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New draft legislation on corporate modifications

Fernando Vives

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Madrid

On May 30 2008, the much-awaited proposed Bill on Structural Modifications of Commercial Companies was published in the Official Gazette of the Spanish Parliament. If approved, this legislation will be an important milestone for the Spanish concept of corporate structural modifications - that is, changes to a company which go beyond amendments to bylaws to affect its capital or personnel structure and which therefore include changes in corporate form, mergers, spin-offs, transfers *en bloc* of assets and liabilities and the international relocation of registered offices.

The Bill has been prepared on the basis of the proposal drafted by the Corporate/Commercial Law Panel of the General Codification Commission. It seeks, first of all, to transpose into Spanish legislation Directive 2005/56/EC of October 26 2005 on cross-border mergers of limited liability companies as a way harmonising these complex transactions. However, the Bill, acknowledging the importance of the internationalisation of economic operators, does not limit its provisions to the EU sphere and therefore also contemplates mergers of Spanish companies with non-EU companies, which will be governed by their respective national laws.

Another important new feature of the Bill in the area of the internationalisation of economic operators is the regulation (for the first time in Spanish law) of relocations of registered offices of Spanish companies to foreign countries and of relocations to Spain of registered offices of companies incorporated under the laws of other States with a view to facilitating, as recognised in the preamble to the Bill, corporate mobility.

The Bill also seeks to unify the legislation governing business-restructuring transactions, configuring itself as a general corporate/commercial law applicable to any company of this kind, regardless of its form or type, unless expressly established otherwise.

The Bill concerns itself with the specific regulation of certain concepts that, although they have been being used for business-restructuring purposes, led to doubts from a strictly legal standpoint. That is, mainly, transfers *en bloc* of assets and liabilities which are now expressly regulated, thereby providing another regulated instrument for the transfer and restructuring of businesses.

The Bill aims to revise and modernise the legal regime governing mergers and spin-offs, which are now regulated by the Corporations Law. In particular, the Bill incorporates segregations as a procedure falling within the general category of spin-off (and therefore subject to the same rules). Therefore, a segregation is defined as a transaction consisting of a transfer *en bloc* by universal succession of one or more parts of the assets and liabilities of a company (each one of which forms an economic unit) to one or more companies, with the segregated company receiving exchange shares, participation units or ownership interests from the recipient companies.

Maintenance and alteration of capital

Apart from structural modifications, the Bill also aims to transpose into Spanish law Directive 2006/68/EC of September 6 2006, amending the Second Council Directive on Companies to take advantage of the greater flexibility that the new EU regime proposes regarding the maintenance and alteration of capital.

The Bill introduces additional changes into the regime governing non-monetary contributions, adding important exceptions to the independent expert report requirement, as well as into the regime governing treasury

stock and financial assistance. Noteworthy in this connection is the addition of a specific Article to regulate cases of mergers where any of the participating companies have incurred additional debt when financing the acquisition of the control or assets of any other participating company. These transactions, frequent in the world of leveraged buyouts, are subject to a special information regime (in the merger plan, the report from the directors on the merger plan and the report from independent experts). This will fully resolve any doubts raised regarding the compatibility of these kinds of transactions with the prohibition on financial assistance in Article 81 of the Spanish Corporations Law.

Finally, it should be noted that the Bill is configured as a transitional solution until the right moment arrives for a codification or, at least, a compilation of the law on commercial companies into a unified body of law. In this regard, draft additional provision one of the Bill authorises the government to recast in a single legal text the laws regulating capital companies (corporations, limited liability companies and partnerships limited by shares) in order to regularise, clarify and harmonise the legal texts that have to be recast.

The Bill on Structural Modifications marks a real shift in Spanish corporate law, with a practical impact on how business-restructuring transactions will be performed. It will therefore be necessary to pay close attention to its passage through parliament and to the wording that is ultimately approved. The process has only just begun.

Capital markets - equity

Recommended firms
Tier 1
Úría Menéndez
Tier 2
Freshfields Bruckhaus Deringer Garrigues Linklaters
Tier 3
Clifford Chance Cuatrecasas Ramón & Cajal
Tier 4
Allen & Overy Araoz & Rueda CMS Albiñana & Suárez de Lezo Gómez-Acebo & Pombo Lovells Pérez-Llorca

Capital markets - debt

Recommended firms
Tier 1
Allen & Overy Garrigues
Tier 2
Clifford Chance Cuatrecasas Linklaters Úría Menéndez
Tier 3
Freshfields Bruckhaus Deringer Gómez-Acebo & Pombo Ramón & Cajal
Tier 4
Araoz & Rueda Baker & McKenzie CMS Albiñana & Suárez de Lezo DLA Piper Lovells Pérez-Llorca

Capital markets - structured finance and securitisation

Recommended firms
Tier 1
Allen & Overy Clifford Chance Cuatrecasas Gómez-Acebo & Pombo
Tier 2
Freshfields Bruckhaus Deringer Garrigues Linklaters Pérez-Llorca Ramón & Cajal Úría Menéndez
Tier 3
Araoz & Rueda Baker & McKenzie CMS Albiñana & Suárez de Lezo DLA Piper Lovells

Capital markets activity in Spain has decreased drastically in the last year, with several deals postponed or cancelled due to unfavourable market conditions.

“Most IPOs remain frozen; it is one of the worst years for the Spanish market,” says a lawyer. “The crisis happened together with the real-estate bust in Spain, massively affecting the real-estate and construction sectors.”

The difficulties faced by capital markets lawyers have led law firms and their clients to generate interim financing structures - such as MTNs, short-term securities and subprime securities - to overcome the crisis. They are also looking further afield; several recent debt deals have involved entities in Canada, Australia and Singapore.

Spain's appetite for securitisation has been so voracious in recent years, it is difficult to imagine the country's economy without it. With mortgage-backed securitisation almost out of the question following the housing crash, the challenge for the country's many specialists in the practice lies in finding new asset classes to securitise.

Providing they can achieve this, the benefits for lawyers and their clients will include not only the profits from individual deals, but also a wave of legal innovation (in structuring these new deals) and a reduction in risk as the traditional reliance on the real-estate sector is reduced.

Allen & Overy

The market praises Allen & Overy's debt capital markets practice for its capabilities to provide both English and Spanish law, as well as

its potential to advise in the Portuguese market.

The firm showed the benefit of this approach when it advised Parública on its issue of exchangeable bonds in the seventh stage of Energias De Portugal's privatisation.

Allen & Overy's Spanish capital markets team is led by Iñigo Gómez-Jordana and Charles Poole-Warren. Both Gómez-Jordana and Poole-Warren advised in several issuances under Rule 144A by Ahorro Corporación, and acted on a number of MTN programmes for lead managers such as Barclays Capital, Goldman Sachs International, Citigroup and Morgan Stanley.

On the equity side, the firm acted for Deutsche Bank in a €6.5 million transaction, advising on the establishment of a holding company for Bancaja's industrial portfolio and on its subsequent private placement. The firm also advised Fortis on the €305 million IPO of Grupo Inmobiliario Tremón, and advised ING Belgium on the €183 private placement of shares in Sol Meliá, a Spanish listed hotel company.

Despite the poor state of the securitisation market, the firm has maintained its activities, advising Standard & Poor's in relation to more than 40 asset-backed securitisations and advising HSBC on the securitisation of Enagás receivables.

Leading lawyers

Iñigo Gómez-Jordana

Clifford Chance

Clifford Chance's debt capital markets practice is a preferred client for numerous domestic and international banks. The firm tends to advise underwriters on issuances, subordinated notes and government bonds.

This year, the firm advised a banking syndicate on €5 billion government bonds issued by the Kingdom of Spain; and advised Barclays Bank, Bayerische Hypo- und Vereinsbank, Citigroup Global Markets and RBS as underwriters of the €1 billion issuance of debt securities by Abertis Infraestructuras.

In the equity capital markets, the firm has done a considerable amount of work for corporate clients such as High Tech Hotels, AISA and Metrovacesa. Due to the present hostile market conditions, the firm has had to postpone many transactions such as High Tech Hotels' IPO, as well as the AISA secondary offering and issue of convertible bonds.

However, the firm is now acting in one significant equity transaction - advising the Sanahuja family (the major shareholders of

Metrovacesa) on a €600 million share capital increase.

Securitisation work at Clifford Chance has involved domestic clients such as Banesto, Banco Bilbao Vizcaya Argentaria (BBVA), Banco Popular and foreign clients such as the RBS, Natixis, Calyon, and HSBC.

In July 2007, lawyers Yolanda Azanza and José Manuel Cuenca acted for a consortium of banks on a \$1 billion public covered-bonds issue by BBVA. In May 2007, the firm acted as legal counsel for Caja Madrid in the first dynamic CLO managed by a Spanish bank.

Leading lawyers

José Manuel Cuenca
Javier García de Enterría

Cuatrecasas

Clients and competitors regard Cuatrecasas as one of the strongest participants in the market, and single out Fernando Torrente for his experience with IPOs. "When Fernando rejoined Cuatrecasas in the 2005, the firm recovered a lot of ground," comments one rival.

Fernando Navarro and Juan Aguayo are also highly regarded by the market. One client comments: "Fernando Navarro of their financing team is very much on top of every detail and has a lot of market experience." Navarro advised Natixis in its €1 billion EMTN programme, and advised Caja Madrid in its €1.2 billion issuance of public covered bonds.

In addition, the team advised a bank syndicate in €783 million IPO of Realia –one of the biggest IPOs of the last 12 months. In a €1.8 million deal, Juan Aguayo advised Automotive Components Europe in relation to its listing on the Warsaw Stock Exchange.

The firm's capital markets team has been strengthened with the appointment of Héctor Bros to the partnership. Juan Aguayo is also praised by clients. Says one: "Juan Aguayo did a great effort in providing capital markets advice and bringing the best resources of the firm to help us on many different fronts."

Rafael Mínguez is also praised by the market for his knowledge and experience in securitisation. In two separate notable deals, the firm advised BBVA in its €2.5 billion leasing fund, and acted for Banco Popular in a €1.6 billion leasing fund.

Leading lawyers

Juan Aguayo
Rafael Mínguez
Fernando Torrente

Freshfields Bruckhaus Deringer

Freshfields is well known in the market for its equity capabilities. "They don't really have a debt capital market practice, but in equity they are one of the best," says one peer. The market particularly praises Armando Albarrán and Fernando Bautista for their excellent capital markets work.

In October 2007, the firm advised Criteria CaixaCorp in its €4 billion IPO – the second-largest IPO ever to take place in Spain.

In June 2007, the firm advised Solaria Energía y Medioambiente in its €192 million IPO, while in December 2007 the firm advised Morgan Stanley and UBS in the €25 million IPO of Laboratorios Farmacéuticos Rovi.

In the structured finance and securitisation market, Bautista acted for Lehman Brothers as mandated arranger and lead manager of the €185 million note issue by Castellana Finance in relation to the securitisation of Bankinter.

Bautista backed this up to advise InterMoney Titulización in its incorporation for the first securitisation of loan receivables by Caixa Girona. Freshfields also advised JP Morgan as underwriter in Titulización de Activos' securitisation fund.

Leading lawyers

Armando Albarrán
Fernando Bautista

Garrigues

Garrigues has had an excellent year, with the market agreeing that the firm belongs in the top tier for debt capital markets work. "They have huge offices and an impressive team," says one competitor. "They are about 1300 lawyers, and have participated in several important operations in the last year."

Clients and competitors single out Javier Ybáñez and Fernando Vives. One client praises Vives "for his impressive knowledge of financial legal matters and his vast experience in different transactions".

The firm has advised in several significant debt capital markets transactions. In July 2007, the firm advised Mapfre in its €700 million issue of subordinated notes. The firm also advised Caja de Ahorros de Valencia Castellón y Alicante in the registration of a €15 billion MTN programme with the Spanish Stock Exchange Commission. In addition, the firm acted for Bancaja in the issue of four mortgage bonds under the programme totalling €810 million.

In the equity capital markets, Garrigues has been involved in four of the most important IPOs since October 2007, advising both issuers and underwriters.

In November 2007, the firm advised Codere in its €249 million international offering, as well as acting for the underwriters in the €317 million IPO of Fluidra on the Barcelona Stock Exchange.

One month later, the firm advised the underwriters on the €4.4 billion IPO of Iberdrola Renovables on the Madrid Stock Exchange. The IPO also included an offering outside Spain to institutional investors.

On the securitisation front, the firm acted in one of the most innovative transactions for this year – advising Caja Madrid Ahorro y Titulización in a €1.6 billion securitisation deal which transfers syndicated and bilateral loans to Spanish asset securitisation funds under Spanish and French law.

In addition, the firm advised Caja Madrid as lead manager in the incorporation of *cédulas hipotecarias* (secured mortgage bonds) issued by Spanish credit institutions.

"I think Garrigues offers a better quality, availability and knowledge of the different aspects related to financial transactions," says a client of the firm.

Leading lawyers

Fernando Vives
Javier Ybáñez

Gómez-Acebo & Pombo

Gómez-Acebo & Pombo is highly regarded by the market for its securitisation work. Ángel Varela and Fernando Igartua are the two partners in charge of the firm's structured finance and securitisation work, although it is Varela who leads most deals in this area. This year Varela teamed up with Fernando Herrero to advise Ahorro y Titulización in several high-value transactions this year, including the securitisation of mortgage certificates in two separate deals worth €3.4 billion and €500 million; and the €904 million AyT Caixa Galicia Empresas I securitisation of company loans.

In the debt capital markets, Ángel Varela advised Banco Gallego, Caixanova, Caja Ávila and Caja de Ahorros de Castilla La Mancha in four separate note issuances. The largest of these was Caja de Ahorros de Castilla La Mancha's €2.5 billion issuance, which was made in October 2007.

On the equity front, the firm advised Martinsa-Fadesa on its €12.9 billion listing of shares on the Madrid and Barcelona stock exchanges.

Leading lawyers

Fernando de las Cuevas
Ángel Varela

Linklaters

Linklaters' capabilities in English and Spanish law have given the firm a certain advantage over competitors when advising in international transactions such as the Iberdrola Finanzas deal.

In this particular deal - the first international debt issuance by a Spanish corporate since the arrival of the credit crunch - the firm advised a syndicate of banks as joint lead managers in a €20 billion MTN programme by Iberdrola Finanzas.

Sebastián Albella, Iñigo Berricano and Conrado Tenaglia, are highly praised by the market for their work in capital markets.

"Linklaters have Sebastián Albella, who is a very good practitioner," comments one rival. "He is very active in equity capital markets, and since he joined the practice, the firm improved dramatically, because of his very good connections and involvement in the main transactions."

Leading lawyers

Sebastián Albella
Iñigo Berricano
Conrado Tenaglia

Ramón & Cajal

Ramón & Cajal drops a tier in the debt capital markets after the market notes that the firm hasn't been as visible in recent months. The firm still managed to win some debt mandates this year however, advising Corporacion de Reservas Estratégicas de Productos Petrolíferos in a €500 million bond issue and advising Cores in the registration of its €1.5 billion debt programme with the Spanish Securities and Exchange Commission.

The firm is much more active in the equity capital markets. In November 2007, led by Francisco Palá, the equity capital markets team advised Renta 4 in its IPO - the first IPO of a stock brokering company in Spain.

One month later, the team advised Vertice 360 Degrees in its €350 million listing. The team also advised Colonial in its €2.7 billion stock offering - one of the largest-ever in Spain.

On the securitisation front, the firm worked with Bankinter in a number of high-value deals this year, including three portfolio mortgage loans worth €2 billion, €1.5 billion and €1 billion respectively.

Leading lawyers

Javier Menchén
Francisco Palá

Uría Menéndez

As one of the largest Spanish firms, Uría Menéndez has a good market share and is highly praised by clients and rivals for its capital markets work.

"They are the most active in Spain," says a client. "There is no doubt about it: they are the best. They have lots of experience. Luis de Carlos [the firm's managing partner] is an extraordinary lawyer with a lot of prestige."

The firm has had an active year in equity capital markets, acting in six out of the 10 most significant IPOs in the last year on both the issuer and global coordinators' sides.

One of Uría's standout roles was advising Iberdrola Renovables in its €4.4 billion IPO and listing on the Spanish stock exchanges - the largest IPO of a Spanish company ever. Uría also advised Iberdrola on its €3.4 billion share capital increase. The firm backed this up to win a role advising Laboratorios Almirall in its €698 million IPO.

From June to October 2007, a team led by Rafael Sebastián advised in four significant debt transactions amounting to almost \$10 billion. In June, the firm advised Telefónica Emisiones in its \$2.3 billion issue of notes, and advised La Caixa in its \$2.8 billion issue of extendible state tax notes.

A month later, the firm acted as the Spanish counsel to Banc of America Securities in its \$3 billion issue of notes. In October, acting also as Spanish counsel but for Merrill Lynch and Lehman Brothers, the firm advised on the issue of \$1.5 billion issue of subordinated notes by Santander Perpetual.

On the securitisation front, the firm advised Titulización de Activos in two separate asset securitisations fund deals worth €3 billion and €780 million respectively.

"They have been doing this work for many, many years, and that record of accomplishment helps them to get even more work," says a client of the firm.

Leading lawyers

Luis de Carlos
Gabriel Núñez
Ramiro Rivera
Rafael Sebastián

Other notable firms

Fernando Quicios leads Pérez-Llorca's securities practice, which this year advised Stabilus and Kinopolis in their debt refinancing and the arrangement of subsequent securities packages.

CMS Albiñana & Suáres de Lezo has been strengthened with the appointment of Félix Plasencia, formerly with the Spanish National Securities Market Commission, as partner.

One of the firm's most important mandates was advising Spinvox and TDX Group in relation to stock options schemes for employees of both companies.

On the debt side, the firm advised Ixis CIB in its €350 million issue of convertible bonds. Also for Ixis, but on the securitisation side, the firm acted on the granting of liquidity facilities to several Spanish securitisation funds.

Banking

Recommended firms

Tier 1

Clifford Chance
Uría Menéndez

Tier 2

Freshfields Bruckhaus Deringer
Garrigues

Tier 3

Allen & Overy
Cuatrecasas
DLA Piper
Linklaters

Tier 4

Ashurst
Gómez-Acebo & Pombo
Jones Day
Pérez-Llorca
Ramón & Cajal

Tier 5

Araoz & Rueda
Castro Suiñero & Varela
CMS Albiñana & Suárez de Lezo
Lovells

When the credit crunch became visible in Spain by the second half of 2007, it particularly affected the property bubble, which used to account for much of the jurisdiction's economic growth. The market uncertainty has dried up liquidity in Spanish banks, making access to finance ever more difficult and expensive.

But in some ways the Spanish banking system has been less vulnerable to the crisis. Market commentators believe Spain's heavy reliance on deposits to finance credit, and the strong vigilance of the Bank of Spain, has helped the jurisdiction to fairly escape the worst effects of the crisis in the banking sector.

There may not be the large, leveraged deals in the market any more, but local financial

institutions are perfectly happy to continue lending for mid-cap deals.

Spain's banks have also found new opportunities in other jurisdictions by expanding their services and setting up subsidiaries in jurisdictions in Latin and North America, Asia and Europe.

Clifford Chance

Clifford Chance's bank lending practice has been extremely busy over the last year, advising mainly on the lenders' side on a wide range of transactions. One competitor comments: "Clifford Chance has participated in some very innovative deals this year. Its Madrid practice is very good, especially Jaime de San Román, who is an outstanding lawyer."

Led by Alberto Manzanares, the banking team has worked with clients including HSBC, Barclays, La Caixa and Caja Madrid. One highlight saw the firm advise HSBC in the €4.2 billion financing of Prisa's takeover bid for Sogecable.

The team also advised Barclays, La Caixa and Caixa de Cataluña in the €485 million refinancing of Sacresa. Elsewhere, Clifford Chance acted for a banking syndicate in relation to a €1 billion financing facility to Abertis.

"They do a lot of domestic work and they have an important contact list," says one rival partner. "They also have Alberto Manzanares, who is an amazing lawyer with an impressive academic formation."

Leading lawyers

Jaime de San Román
Alberto Manzanares

Uría Menéndez

Uría gains extensive praise this year from numerous clients and rivals, with one rival commenting: "They have consolidated a strong banking practice in Spain - they have Juan Miguel Goenechea, and Luis de Carlos, both amazing lawyers."

Under the leadership of Carlos de Cárdenas Smith, the firm's banking team acted in two of the largest acquisition finance deals to close in Europe in the last 12 months. In September 2007, Uría represented a consortium comprising Banco Santander, BBVA, Caja Madrid, La Caixa and Banesto in the €1.7 billion financing of the acquisition of Caprabo by Eroski.

And in December 2007 the firm acted for Prisa on the financing of its €4.2 million acquisition of Sogecable. Uría also advised Prisa on its subsequent debt refinancing.

In June 2007, the firm advised RBS, Société Générale, Santander, Fortis Bank and Caixa Catalunya in the €3.6 billion refinancing of Cableuropa following its acquisition of Auna.

"You cannot compare this firm with any other firm in Spain," says one rival partner. "Uría's practice is by far the best."

Leading lawyers

Carlos de Cárdenas Smith
Luis de Carlos
Juan Miguel Goenechea

Freshfields Bruckhaus Deringer

Freshfields Bruckhaus Deringer's banking practice has had an active year, not only in pure lending, but also across acquisition, real-estate, shipping and asset finance. The firm is rapidly evolving into one of the leading banking and finance practices in the jurisdiction. "Freshfields gives us full commitment, dedication, professionalism, and high knowledge about legal and financial issues," says one client of the firm.

The market single outs Iñaki Gabilondo as a particularly skilled lawyer.

This year, the firm acted on several high-calibre transactions for clients including Caja Madrid, Cinven, Inmobiliaria Colonial, Barclays, Banco de Sabadell, Morgan Stanley and HSBC.

Among the firm's most notable transactions for this year, the firm advised private-equity group Cinven in the €587 million debt-and-equity financing for the acquisition of the USP Hospitales group.

The firm also represented a syndicate of banks in the €200 million debt refinancing of Inaer Group, and acted for Inmobiliaria Colonial (formerly known as Grupo Inmocaral) in its debt refinancing and €1.5 billion increase in working capital.

Leading lawyers

Iñaki Gabilondo

Garrigues

"Garrigues is an important player in the market, especially in acquisition finance," comments one rival. "They are the oldest firm in Spain, and still growing."

This growth goes far beyond Spain - in the last year, the firm opened an office in London, which will fortify the firm's links with international clients and UK law firms. Garrigues also followed up last year's establishment of a Warsaw office by opening a further office in Bucharest.

The firm has also strengthened its domestic banking practice with the promotion of

bank lending and leveraged finance lawyer Pablo San Gil to the partnership.

The firm's notable deals for this year include advising Banco Santander in a €333 million financing facility to Grupo Boluda for the acquisition of French group Les Abeilles, and acting for Fortis Bank Nederland in a €600 million acquisition financing to a private investor. Garrigues also represented Caja de Ahorros del Mediterráneo in a €174 million real-estate financing facility to Polaris World.

Leading lawyers

Rafael González-Gallarza

Allen & Overy

Allen & Overy has made the best of the difficult market conditions, acting for several international and domestic companies in areas less affected by the credit crunch such as pre-export, commodity and asset finance.

The firm has also done a substantial amount of acquisition financing work on the banks' side, advising HSBC on an €800 million acquisition financing facility to the Sanahuja family for the acquisition of Metrovacesa.

Credit Suisse Securities also turned to the firm for advice on a €1 billion facility to Petersen Energía for the acquisition of 19.9% of YPF. Allen & Overy also acted for a syndicate of banks led by Banco Popular on a €325 million refinancing facility for Europac.

Leading lawyers

Juan Barona
Iñigo Gómez-Jordana

Cuatrecasas

Cuatrecasas has one of the broadest practices in the jurisdiction, covering the whole range of banking services. "They have lots of people," comments one rival, "so they can always have people involved in most of the deals, regardless of the price."

The market highlights Rafael Mínguez and Fernando Navarro for their excellent banking work. One client says of Navarro: "He is very much on top of each detail and has a lot of market experience."

One of the firm's highlights was advising Texas Pacific Group in the €2.9 billion financing of its bid for Spanish airline Iberia. In September 2007, Rafael Mínguez advised Nefinsa in the financing of its €850 million takeover bid for Uralita, while in June 2007 the firm advised Banco Santander, Société Générale and RBS in an €800 million corporate loan to Fomento de Construcciones y Contratas.

Leading lawyers

Rafael Mínguez
Fernando Navarro

Other notable firms

The market notes that since DLA Piper's Spanish managing partner Javier López Antón joined the firm in 2005, its banking practice has improved considerably.

On one of the firm's most notable mandates, López Antón and César Herrero advised Banco Bilbao Vizcaya as administrative agent in a \$1.7 billion credit facility for Grupo Ence Empresarial. The same team also advised ICG on the leverage financing for its acquisition of Laboratorios Indas. The team also advised RBS on the provision of a financing facility to Gecina.

Gómez-Acebo & Pombo's banking practice works under the lead of Javier Santos, and has been recently strengthened with the addition of Vanesa Sañudo Teja from Iberdrola and Teresa Villarroja from Grupo Vocento.

A team comprising Ángel Varela and Miguel Lamo de Espinosa advised Martinsa Fadesa on the €4 billion refinancing of the company's existing debt. The two-man team also advised Eurohypo in the €704 million mortgage financing for Testa Inmuebles en Renta.

Mergers and acquisitions**Recommended firms****Tier 1**

Uría Menéndez

Tier 2

Clifford Chance
Cuatrecasas
Garrigues

Tier 3

Allen & Overy
Araoz & Rueda
CMS Albiñana & Suárez de Lezo
Freshfields Bruckhaus Deringer
Linklaters
Pérez-Llorca

Tier 4

Ashurst
Baker & McKenzie
DLA Piper
Gómez-Acebo & Pombo
Jones Day
Lovells
Ramón & Cajal
SJ Berwin

Last year's surging M&A activity and the liberalisation of the Spanish energy market made the market believe that another solid year with a similar flow of M&A transactions would follow.

But the reality has been rather different. "There are not many M&A transactions this year because of the volatile state of the market," says one partner. "The main difference with last year is that we don't have big-ticket transactions."

But while multi-billion-euro and private-equity transactions have certainly been affected, the M&A mid-market is still providing plenty of work, particularly with transactions from 2007 which have been carried over to this year. There are also plenty of funds wanting to invest their capital in the country.

Banks are more reserved with their lending policies, particularly towards real-estate borrowers, and this is itself leading to activity in certain areas. Portfolios have to be restructured, while in some cases sales have prompted by property owners needing to reduce their debts.

"To get finance for a deal is now complicated," says one partner. "The risk is higher, and there are not many sales options, but we are seeing individuals or private firms providing the money to clients."

Uría Menéndez

The market roundly acknowledges Uría's position as the number one corporate practice in Spain. "They deserve to be on their own in tier one, they do more M&A than any other firm does," says one competitor.

Another adds: "In the last few years, they have been the best in M&A. The difference with the rest of the firms is their prestige and education - they usually hire excellent people." But the firm cannot afford complacency: others in the market warn that Garrigues and Clifford Chance are gradually closing the gap.

The firm's reputation has allowed it to win roles on the largest M&A transactions in Spain. In February 2008, Uría advised Imperial Tobacco Group in its €16.2 billion tender offer for Altadis. The firm also advised Banco Santander in its €9 billion sale of Banca Antonveneta to Banca Monte dei Paschi di Siena.

In another high-value transaction, the firm acted for Saudi Basic Industries in local aspects of its €8.6 billion acquisition of the plastics division of General Electric.

Market commentators praise Luis de Carlos, Juan Miguel Goenoechea, Salvador Sánchez-Terán and Christian Hoedl for their M&A work. "Their lawyers are great," says one client. "They are an excellent firm that

has become one of the best Spanish firms in the last five years."

Leading lawyers

Luis de Carlos
Juan Miguel Goenoechea
Christian Hoedl
Salvador Sánchez-Terán

Clifford Chance

Clifford Chance's corporate department receives mixed opinion in the Spanish market. Some commentators believe the firm is rapidly closing the gap with Uría's capabilities in M&A, while others think the firm is losing ground.

"They are without a doubt one of the best firms in Spain, at least the best foreign firm, but I have not seen them that much in M&A transactions," says one peer. "They used to do quiet a lot of private equity, and because of the crisis their practice has suffered a lot."

The firm has still managed to land roles in several significant transactions this year. In October 2007, the firm advised Abertis Telecom its €199 million acquisition of a 28% stake in Hispasat, and advised Alliance One International on the sale of Compania General de Tabacos de Filipinas.

The firm is also advising Mapfre on the \$2.21 billion purchase of Commerce and advising Undertake Options in its €766 million takeover bid for Metrovacesa.

Leading lawyers

Javier Amantegui
José María Fernández-Daza
Ignacio Ojanguren

Cuatrecasas

Cuatrecasas is praised by the market for its strong corporate team, which has won roles in many significant public M&A transactions this year. Fernando Torrente receives particularly high praise for his M&A expertise. "He is one of the best lawyers in the market, probably one of the firm's more consistent lawyers, and very active in the market," says one client.

The firm's standout deal this year was its role advising energy company Enel in its high-profile €40.6 billion takeover bid for Endesa. Torrente also led the M&A team when it was mandated by Sacresa for advice on its €14.4 billion bid to acquire Metrovacesa.

Another notable deal saw the firm advising Criteria Caixacorp on its launch of a cash tender offer for the remaining share capital of Aguas de Barcelona. On the sell side, one of the firm's most notable roles was acting for Spanish grocer Caprabo on its €1.5 billion sale to Grupo Eroski.

Leading lawyers
Fernando Torrente

Freshfields Bruckhaus Deringer

Freshfields' M&A team is particularly strong on cross-border transactions, where competitors describe it as one the leading foreign firm for M&A work in Spain. But commentators believe the firm has fallen behind its peers in the second tier in regards to domestic work over the past few years.

The M&A team is led by highly recommended partner Antonio Valverde. Valverde teamed up with Armando Albarrán to advise La Caixa in its €3.9 billion bid for Aguas de Barcelona.

The firm must have impressed, as it was again mandated by La Caixa in its €1.1 billion sale of a 20% stake in Caprabo. Private-equity firm Cinven also turned to the firm in October 2007 for advice on its acquisition of USP Hospitales.

Leading lawyers
Armando Albarrán
David Franco
Joaquín Hervada
Antonio Valverde

Garrigues

Headed by one of the jurisdiction's most respected lawyers, Fernando Vives, Garrigues has one of the largest corporate M&A teams in the Spanish market, and habitually acts in the jurisdiction's leading transactions.

Competitors are particularly impressed by the firm's ability and scope to participate in almost every deal that enters the jurisdiction: "Garrigues's lawyers are always at the other side of the table, as they have a huge number of lawyers," says a rival. "They can literally participate in every deal."

Being a firm with so many lawyers can sometimes cause problems. "Sometimes people-rotation is difficult to avoid but, in general, it represents a break in the continuity of work that ends up impacting the results," says one client of the firm.

The firm's highest-profile mandate of recent months saw Vives team up with fellow partner Álvaro López Jorrín to act for Altadis in its €14 billion bid for the public takeover of Imperial Tobacco. Vives also led a team which advised listed company Europistas Concesionaria Española and unlisted company Itinere Infraestructuras in their €6 billion merger.

February 2008 was a busy month for Garrigues, with the firm advising Grupo Petersen in its €3 billion purchase of 25% of Argentine company YPF, and representing

Crédit Agricole in its €1 billion acquisition of a 20% interest in Bankinter.

Leading lawyers
Ramón Girbau
Rafael González-Gallarza
Fernando Vives

Araoz & Rueda

Araoz & Rueda's M&A team is headed by Francisco Aldavero and Pedro Rueda, who are praised by peers for their strong work. "They are the two stars of the firm," comments one rival. "They don't compete directly with the biggest firms, as they usually act in medium-sized and small private-equity and M&A transactions; however, their quality of work is great."

Clients are also happy with the firm's work, and praise the firm's partners' close involvement in various assignments. "They have very good partners in Alejandro Araoz, Pedro Rueda and Francisca Aldavero, and clients very much like them for their commercial vision and legal acumen," says one.

One of the firm's most notable deals this year was advising Telefónica on its agreement with Orizonia in January 2008. This consisted of Orizonia's purchase of a stake in Spanish travel agent Rumbo, and Rumbo's subsequent acquisition of Viajar.com.

The same month the firm advised Gala Capital on the sale of its 6.9% stake in Acciona Eólica Cesa to Acciona. The firm also advised 3i on its acquisition of Grupo Cares.

Leading lawyers
Francisco Aldavero
Alejandro de Araoz
Pedro Rueda

CMS Albiñana & Suárez de Lezo

César Albiñana and Rafael Suárez de Lezo head CMS Albinana & Suarez de Leso's M&A team. Both Albiñana and de Lezo are highly praised by clients for their M&A capabilities. "I am absolutely happy with their services," says one client. "They were the key to the success of the deal".

On one of the firm's standout deals, De Lezo led a team which advised Acciona on the €43.7 billion takeover bid (along with Italy's Enel Energy Europe) for Endesa. De Lezo also teamed up with Mariano Bautista to advise Huson Big on the €4.5 billion non-hostile takeover of Fadesa, launched jointly by Martinsa and Huson Big.

Meanwhile, managing partner César Albiñana advised Iberdrola on the €17 billion non-hostile cash and share swap tender offer

for Scottish Power. Albiñana was again mandated by Iberdrola on its €6.4 billion acquisition of Energy East Corporation.

Leading lawyers
Rafael Suárez de Lezo

Pérez-Llorca

Rivals believe Pérez-Llorca raised its game after advising E.On in its purchase of Endesa last year, but also commented that this year the firm hasn't yet been able to fully capitalise on this improved visibility.

The firm still managed to win a role on one high-value deal, again advising E.On on its €10 billion deal acquisition of Viesgo and three of Endesa's power plants. The firm represented the same client on the €722 million acquisition of Energi E2 Renovables Ibéricas from Denmark's Dong Energy.

The firm also advised Schenker on its acquisition of Spanish land transport service provider Tir.

Leading lawyers
Pedro Pérez-Llorca

Project finance

Recommended firms
Tier 1 Garrigues Uría Menéndez
Tier 2 Clifford Chance Cuatrecasas DLA Piper
Tier 3 Allen & Overy Gómez-Acebo & Pombo Linklaters
Tier 4 Ashurst Castro Sueiro & Varela CMS Albiñana & Suárez de Lezo Freshfields Bruckhaus Deringer Lovells Ramón & Cajal

With the credit crunch bringing much of the intense corporate activity of last year to a halt, project finance is suddenly back in vogue. While it might not bring in as many fees as corporate work, investors are interested in project finance due to its lower risk - a key factor in the present market.

The EU and the Spanish Government's focus on renewable energy has brought a new vigour to the sector, with photovoltaic plants a particular growth area. "This sector works under premiums - the price now for this sort of project is quite high, so we are seeing many investors interested in this field," says one partner.

One of the hot topics this year was the implementation of a Royal Decree which will establish a new, more attractive subsidy structure for solar energy production in October 2008. While this is good news for investors, firms are struggling to correctly structure deals until the Decree becomes effective.

"Operations executed before October will hold a cheaper price. But after October, we don't know what is going to happen with the project prices," says one partner. "There is a huge uncertainty among partners and that is why everybody wants to finish the deals before the deadline."

Garrigues

Garrigues holds its position in the first tier after winning a number of important mandates, particularly representing banks.

Clients are impressed with the firm's quality of advice. "The firm's work, for several years now, is a sign of excellence in the market," says one client. "Their services are just perfect in our business, and for us they are the best, and that is why we always come back to them."

One of the firm's most notable deals was advising BNP Paribas and Banco Santander as agents in €133 million financing for the construction and development of Canal de Navarra.

In March 2008, the firm participated in the €397 million development of the largest photovoltaic farm in the world, acting for a syndicate of banks headed by Banco Español de Crédito.

Acting for another bank syndicate, the firm advised in the €323 million financing of the construction of eight solar farms in Spain.

"Their capacity for innovation is one of the firm's qualities," comments one client. "They have optimal understanding of the client's needs in each operation, and their capacity to adapt to the always-changing market environment is just phenomenal."

Leading lawyers

José Guardo

Uría Menéndez

Uría retains its position at the top of the ranking after receiving positive recommendation from both clients and rivals: "They are regard-

ed as the Slaughter and May of Spain: very homogenous quality, impressive execution capacity, full availability of senior seasoned lawyers and an unmatched expertise in complex transactions," says one client.

Another client adds: "They are widely recognised by clients and peers as the second-to-none, top-notch firm."

One of the firm's highlights was advising Tirme and its shareholders (Endesa, Iberdrola, Urbaser and FCC) in the €590 million financing of the enlargement of a power plant in Majorca. The financing of the transaction was made available before the construction contracts were in place, and with very limited options to shareholders.

In addition, Juan Francisco Falcón of the firm's Madrid office advised Grupo Tuin Zone in the €862 million financing for the construction of a portfolio of solar photovoltaic plants in Spain.

Clients praise the quality of Juan Martín Perrotto's service. "I would single out Perrotto's full availability, impressive knowledge of both technical legal matters and outstanding negotiation skills," one client says. "He is the type of lawyer that fully understands his client's needs, and works hand-in-hand with his client to meet them."

Leading lawyers

Carlos de Cárdenas Smith
Emilio Díaz Ruiz
Juan Martín Perrotto

Clifford Chance

Clients have many positive words to say about Clifford Chance's project finance practice. One client, who has worked with the firm for many years, comments: "They have always been knowledgeable, with a strong commercial approach, and extremely responsive."

Clients and rivals single out Carlos Hernandez-Canut, José Manuel Cuenca and Alberto Manzanares for their excellent projects work.

One of the firm's highlights for this year saw the firm advise Banco Santander and BBVA in the €275 million financing for the development of the Son Dureta hospital.

Manzanares won a role advising Dexia in the €60 million project financing to Laxtron Energías Renovables for the construction of a photovoltaic park in Olmedilla. The firm also advised Babcock & Brown in the €53 million financing for a power plant in Murcia.

"Clifford Chance has performed extremely well and if I would have to pick a particular firm I would pick Clifford because of its depth in all matters," says one client.

Leading lawyers

José Manuel Cuenca
Carlos Hernandez-Canut
Alberto Manzanares

Cuatrecasas

Cuatrecasas is acclaimed by rivals and clients for its project finance practice, advising in several public infrastructure financing deals under the concessions regime. The project finance practice is headed by the well-regarded Rafael Mínguez, who was joined this year by newly appointed partner Héctor Bros.

One of the firm's highlights saw Mínguez advise Iridium and FCC in the €296 million financing of the Son Dureta hospital. Fernando Bernad and Cristóbal Cotta backed this up to advise Abengoa on the structuring and financing of two solar projects in Spain.

Bernad teamed up with Iñigo Rubio to advise RBS in the €110 million financing of another photovoltaic project, while the team also advised Abengoa, Sacyr Vallehermoso and the Algerian Energy Company on a €200 million financing facility for a desalination plant in Tlemcen, Algeria.

Leading lawyers

Fernando Bernad
Rafaél Mínguez

DLA Piper

Headed by Javier Santos, DLA Piper boasts a strong Spanish project finance offering. Santos is praised heavily by the market, which believes that since Santos's arrival at the firm its partner and client roster have improved markedly.

In the last year, the firm strengthened its projects offering with the appointment of Jesús Zapata as partner and Juan Gelabert as a senior associate.

DLA Piper uses its Spanish office as a springboard into north African energy projects. In one notable deal, Santos and Israel Gómez-Caro led a team which advised Abener Energía in the €245 million financing of a power plant in Algeria.

The firm was also active on the domestic level as well. The same Santos and Gómez-Caro led a team which advised Banco Sabadell in the €200 million financing of four wind parks in Spain.

Gómez-Caro teamed up with Javier López to advise Banco Español de Crédito and RBS in the €86 million refinancing for the M30 ring-road project in Spain. This team is also advising Unión de Energías Renovables in the €50 million development of a photovoltaic plant in Murcia.

Leading lawyers

Javier López Antón
Javier Santos

Allen & Overy

Market commentators noted Allen & Overy's commitment to the project finance sector. The firm has advised in numerous photovoltaic finance transactions for both sponsors and banks and acting in several solar, thermal, wind and monohydric power transactions.

The market also recognises the firm's ability to raise money for clients using its close connections at financial institutions.

One of the firm's highlights was advising Barclays on the bridge financing for the construction of a wind farm in Mingorrubio. The firm also advised Spanish bank Caja Madrid on the financing for the construction of the SR-5 Highway in Florida.

Gómez-Acebo & Pombo

"I am very happy with Gómez-Acebo & Pombo - they give us excellent quality work," says one client about the firm's project finance practice. "They've got Carlos Rueda and Fernando Igartua, who are excellent lawyers and provide our client with one-stop shop services."

One of the firm's highlight for this year saw Carlos Rueda advise ING Bank in the financing of the construction of two wind parks by Endesa totalling e95 million.

Rueda teamed up with Verónica Romani to advise BBVA, Caja de Madrid and RBS in the e494 financing to Tirme for the construction of a waste treatment plant. The two-lawyer team also advised the underwriter, West L, in the e145 million financing of the construction of a photovoltaic park in Spain.

In addition, a team led by Fernando Igartua and Santiago Gómez-Acebo advised Dexia Bank in the e78 million financing of Lledoners prison through a PPP funding structure.

Leading lawyers

Fernando Igartua
Carlos Rueda
Ángel Varela

Restructuring and insolvency**Recommended firms****Tier 1**

Garrigues
Uría Menéndez

Tier 2

Clifford Chance
Cuatrecasas

Tier 3

Allen & Overy
Baker & McKenzie
Bufete M Vega Penichet
Castro Sueiro & Varela
CMS Albiñana & Suárez de Lezo
DLA Piper
Freshfields Bruckhaus Deringer
Gómez-Acebo & Pombo
Landwell Abogados y Asesores Fiscales
Linklaters
Ramos & Arroyo
SJ Berwin
Ventura Garcés & López-Ibor Abogados

Tier 4

Broseta Abogados
Deloitte & Touche Jurídico y Fiscal
KPMG Abogados
Lupicinio Eversheds

The restructuring of the Spanish energy sector has been one of the main sources of work for law firms in recent years.

This year, the crisis and the quick decline in the property sector pushed a number of companies towards bankruptcy, forcing law firms to place a stronger emphasis on their restructuring and insolvency practices.

But while lawyers were expecting to see a sharp increase in insolvency proceedings in the jurisdiction, the reality expressed something quite different.

"Although we have had the Prisa, Llanera, Colonial and Martinsa-Fadesa deals, we did not have as many insolvencies as we thought," says one partner. "I can't say it is disappointing, as there are many restructurings, but we honestly thought there was going to be more work - this has been a year of restructurings and not insolvencies."

Commentators believe the reduction in insolvencies is primarily due to the lengths businesses will go to avoid going into receivership. Businesses close to insolvency now consider all the options before entering into proceedings, preferring to negotiate directly with creditors to avoid time-consuming and reputation-damaging meetings with the liquidators.

Garrigues

Garrigues's restructuring and insolvency team, headed by Antonio Fernández, retains its spot in the top tier after another strong year. The practice was boosted this year by the appointment of Ramón Trenor and Pedro Regojo as partners.

Clients have nothing but positive words for the practice. "In insolvency and restructuring matters, they perform at an outstanding level," says one client. "By far, Garrigues is the best firm. Their knowledge and expertise in all the different legal grounds help in obtaining excellent results."

Antonio Fernández, with the help of Ramón Trenor and Juan Verdugo, advised Lehman Brothers as a creditor in the insolvency order against Llanera. The firm's client managed to claim more than e160 million, and simultaneously managed to persuade the Mercantile Court to authorise the sale of land to a vehicle company. This is one of the largest and most important sales of assets under insolvency proceedings to have been carried out in Spain.

"They show commitment, awareness and are very much involved even in the minimum details with the customer," says one client of the firm. "Their attitude is such that you feel confidence and it is easy to work with them."

Leading lawyers

José María Alonso
Antonio Fernández

Uría Menéndez

Headed by Alberto Núñez-Lagos, Uría's restructuring and insolvency practice maintains its strong position as one of the most respectable teams in the market, and is especially noted for its education and experience.

One of the firm's most notable matters saw Alberto Núñez-Lagos and Ángel Alonso advise Goldman Sachs on pre-insolvency issues regarding Inmobiliaria Colonial. The matter is still pending and its estimated value is e1.5 billion.

In the insolvency litigation side, Ariadna Cambroner and Raimon Tagliavini advised Grupo Labiana in its insolvency proceedings before the Commercial Court of Barcelona. The Court approved advance creditor agreements for two of the five companies that filed for insolvency - the first time that an insolvency Court in Barcelona had approved this type of creditor agreement.

The same team also advised Agfa Gevaert Group in its defence of insolvency proceedings against one of its subsidiaries.

Leading lawyers

Rafael Sebastián

Clifford Chance

Although insolvency deals are usually handled in Spain by the leading domestic firms, Clifford Chance is the only international firm competing directly with Garrigues and Uría Menéndez in such matters.

The firm's restructuring and insolvency work is part of the litigation and dispute resolution practice. All of this work involves the counsel of Iñigo Villoria, who is highly regarded by lawyers for his work in this area.

The firm is an active advisor to debtors and lenders. On the debtor side, the firm is advising Lábaro in its €1.4 billion insolvency proceedings. Lábaro is a real-estate company which requested insolvency protection to overcome cash difficulties by restructuring the business.

On the creditor side, the firm is also advising RBS, Rabobank, Morgan Stanley and Banco Espirito Santo in Construcciones Accesorios Turbo Paconsa's bankruptcy proceedings before the Mercantile Court in Murcia.

against Driver Pack, which is under bankruptcy proceedings.

Gómez-Acebo & Pombo lawyer José María Álvarez is advising Pirelli in the company's insolvency proceedings. The firm also advised a mayor in the insolvency procedure initiated by the Ábaco group of companies.

Cuatrecasas

In the last year, Cuatrecasas has acted on two of the highest-profile distressed matters in Spain. Javier Castrodeza won a role advising Habitat in its €1.5 billion corporate recovery - the largest-ever by value in Spain. Following this mandate, Castrodeza teamed up with Manuel Monzó and Luis Montés to advise Grupo Inmobiliario Llanera on its €780 million insolvency procedure - the country's first real-estate bankruptcy.

Javier Castrodeza and Fedra Valencia also teamed up to advise Paconsa on its €140 million bankruptcy proceedings, and Diego Bilbao advised Grupo Carneus on its €125 million insolvency process.

Leading lawyers

Javier Castrodeza
Alejo López-Mellado
Francisco Pérez-Crespo

Other notable firms

Partners Fernando de la Mata and Víctor Mercedes lead **Baker & McKenzie's** insolvency and restructuring team in Barcelona. The firm's most significant matters this year include advising real-estate company Senoicca and Valls as creditors in the €30 million voluntary bankruptcy proceeding of Eurovalls. The firm also defended Kraft SLU as creditor in Aurgi's €20 million voluntary bankruptcy proceedings.

Freshfields Bruckhaus Deringer this year advised Kühne & Nagel in its litigation case