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Modernization of the Czech Republic's financial laws

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Prague

Throughout 2006 and 2007, the Czech Republic has made a number of changes to its legal system to bring it in line both with modern investment practices and EU law. The scope of these changes ranges from real estate funds to banking sector transactions, insolvency, competition law and project finance.

New rules for real estate funds

The Czech Act on Collective Investment has been amended in the area of real estate funds (REFs) with effect from May 26 2006. The amendment is based on the German model and stipulates in greater detail the requirements for establishing REFs, valuing their assets, and creating an investment policy. REFs may be established as open-end funds only and may invest either directly in real estate or in shares of real estate companies. The value of a single property when it is acquired by the REF may not exceed 20% of the REF's total assets, and the value of a stake in a real estate company may not exceed 30% of the REF's total assets. To maintain sufficient liquidity, an REF must invest between 20% and 49% of the value of its assets in demand deposits, term deposits with a maturity of up to one year, or several types of liquid securities defined by the Act on Collective Investment.

Special rules for EU banks acquiring a qualified holding in a Czech bank

The acquisition of a qualifying direct or indirect holding (representing more than 10% of the bank's capital or voting rights) in a Czech bank, or the increase of a holding to at least 20%, 33% or 50% of the bank's capital or voting rights, requires the prior approval of the Czech National Bank (CNB). On April 1 2006 the CNB issued a decree prescribing the mandatory content of applications for approval.

Generally, the application must be accompanied by numerous formal documents. However, if the applicant is an EU-domiciled bank or a financial institution with a single licence, and its home supervisory authority does not object to the acquisition, the applicant is exempted from filing a number of documents with the CNB. Further, an applicant who acquires the qualifying holding through an EU-domiciled bank or a financial institution, or one which has a single licence and is supervised by the home state supervisory authority, need only supply the supervisory authority's opinion on the acquisition.

Implementation of Basel II

The Czech Parliament has approved the statutory basis to implement Basel II. The new Czech law will take effect on July 1 2007, together with implementing regulations from the Czech National Bank. The Czech Republic is thus six months behind the deadline imposed by the EU law.

The Czech framework is based mainly on the recast Directive 2000/12/EC relating to credit institutions' establishment and business practices, and Directive 93/6/EEC on the capital adequacy of investment firms and credit institutions (recast as 2006/48/EC and 2006/49/EC). It also reflects the general principles laid down by the Basel Committee on Banking Supervision relating to the regulation of the banking sector (the Basel Core Principles). In line with the EC directives, regulated entities will be able to choose whether to apply Basel I or Basel II in 2007. Those that decide to apply Basel II may use either the standardized approach or the foundation internal ratings based approach for credit risk, and either the standardized approach or the basic indicator approach for operational risk. It will not be possible to apply either the advanced internal ratings based approach for credit risk or the advanced measurement approach for operational risk in 2007. From 2008, all regulated entities will only be able to apply Basel II and all risk measurement approaches offered by Basel II will be available.

Increase in collateral value under the Bankruptcy Act

A new Bankruptcy Act, which has already been approved in the legislative process, is scheduled to become effective on January 1 2008. The act aims mainly to introduce new forms of insolvency proceedings (reorganization), improve the position of creditors, and increase the transparency and speed of the insolvency process. Under the amended law, secured creditors will be entitled to the full proceeds of the sale of their collateral, minus the related costs. Under current legislation, secured creditors receive 70% of the proceeds and the remaining 30% is distributed to unsecured creditors.

Special legislation for PPPs

New legislation was enacted on July 1 2006 to form the legal basis for public-private partnerships (PPPs). This legislation encompasses a new Public Procurement Act, a new Concession Act and a number of implementing decrees. Contractors may now compete for a PPP in two distinct types of procedure: a traditional award or a concession. The contracting authority selects the procedure, and the criteria for evaluating bids must be determined in advance. Ideally, the award or concession procedure is concluded by the signing of a contract between the contracting authority and the selected supplier or concessionaire.

Ban on financial assistance

According to the existing Czech regulations, a joint-stock corporation or limited liability company must not advance funds, make loans or provide security for the acquisition of its own shares, or for other obligations relating to the acquisition of its shares. Nor may a subsidiary provide such financial assistance for the acquisition of shares in its parent company. This applies not only to public companies (as required by the Second Directive 77/91/EEC), but also to all private companies (limited liability companies and joint-stock corporations). There are no exemptions from this prohibition under Czech law.

Electronic communications in competition law

Following a reasoned opinion from the European Commission, which is the second step of procedures for infringement of the EC Treaty, the Czech Republic has brought its Competition Act into conformity with EU law. The legislation in effect since 2005 has limited the Czech Competition Authority's power to apply Articles 81 (prohibiting cartels and other restrictive business practices) and 82 (prohibiting abuses of dominant position) of the EC Treaty to anticompetitive behaviour in the electronic communications sector. The amendment of the Czech Competition Act, approved in an expedited procedure, removes the offending exemption from May 1 2007.

transaction was the first in which existing shares were introduced for trading to a stock exchange of another EU member state and it involved passporting under the EU Prospectus Directive.

The second was the first simultaneous dual listing of Pegas Nonwovens on the Prague and Warsaw Stock Exchange, valued at €136 million and also completed under the new passporting regime. Lawyers believe that IPOs like this will soon "be the order of the day and will form a large chunk of equity capital markets work".

White & Case

White & Case continues its dominance in an otherwise sedate market. A rival believed that the firm's success in capital markets is because it has "a good client portfolio and network and it is the preferred option for international companies".

Michal Dlouhy is one of the most respected capital markets experts across the region, one client commenting: "He is the go-to man for anything capital markets."

Kvetoslav Krejčí is also highly recommended, and he co-heads the Prague-based securities team together with Dlouhy. He has advised the firm's long-term client Cez in relation to its dual listing in Prague and Warsaw along with a number of bond issues for various clients. He has particular expertise in municipal bond issues.

The firm also advised Central Media European Enterprises on the follow-on offering of its primary shares to the value of \$177 million. The shares were listed simultaneously on the Prague Stock Exchange and on Nasdaq. The firm's client is a US-listed media company which owns a controlling stake in a Czech TV company and also controls commercial TV stations in five other countries in central and eastern Europe.

White & Case acted for Merrill Lynch as lead manager in relation to the issue of \$200 million 9% loan participation notes due 2012. The limited-recourse placement was made by BG Finance to fund a loan to the Bank of Georgia, and was Georgia's first bond issue.

In another key deal, Michal Dlouhy and rising star Eva Svobodová advised Morgan Stanley as an arranger of a €1 billion programme of Euro medium-term notes for the Czech Export Bank, and in connection with the first two issues which amounted to €170 million. The bonds were listed in Luxembourg and the two initial issues closed in May 2007.

White & Case also advised Česká Sporitelna, a Czech bank acting as lead manager, in connection with two bond issues. The first transaction saw the placement of 3,000 floating rate bonds, issued by Home Credit, a

Czech consumer loans provider, with a nominal value of Kc1 million (€35,600) each, due in 2009. The second included the local issue and private placement of Home Credit bonds due in 2009 to the value of Kc3 billion with the possibility of increasing the value to Kc4.5 billion.

Leading lawyers

Michal Dlouhy
Kvetoslav Krejčí

Allen & Overy

The London firm's Prague team has benefited from the slight increase of IPOs in the Czech Republic and in the surrounding region. It advised Pegas Nonwovens on listings in Prague and Warsaw, one of the first Czech IPOs to involve a real dual listing concurrently on two markets. The €136 million offering comprised both the issue of new shares and a partial sell-down of existing shares held by a private-equity fund managed by Pamplona.

Another highlight was advising Credit Suisse Securities in a £262 million international offering and Alternative Investment Market listing of Ablon Group, a central eastern European real-estate development group.

According to a client, the firm has "excellent knowledge of the details of derivatives and collateral transactions", and has provided derivatives advice to international banking clients including BNP Paribas. It acted for Deutsche Bank and Société Générale as the joint lead managers of Cez's fourth Eurobond issue. €500 million notes due 2013 were listed on the Luxembourg Stock Exchange. Other noteworthy transactions for the firm included acting for Barclays Bank on an equity swap, and Crédit Agricole in spot and forward foreign-exchange transactions.

Allen & Overy has recently provided collateral advice to Citigroup, Julius Baer, ABN Amro, HSBC and Komerční Banka. It represented Goldman Sachs International in connection to private placements, stock lending transactions and investment services, and advised Lehman Brothers International on a sale of debt securities.

Leading lawyers

Václav Valvoda

Clifford Chance

Clifford Chance has an impressive client list and has been particularly active on the debt capital and derivatives front. It advised JPMorgan Chase Bank as security trustee on the €215 million refinancing of €175 million secured amortizing bonds issued by Sazka, a Czech monopoly lottery provider.

Capital markets**Recommended firms****Tier 1**

White & Case

Tier 2

Allen & Overy
Clifford Chance
Linklaters
Procházka Randl Kubr
Weil Gotshal & Manges

Tier 3

Baker & McKenzie
Brzobohatý Broz & Honsa
CMS Cameron McKenna
Glatzová & Co
Havel & Holásek
Kocián Solc Balastík
Weinhold Legal

Tier 4

Balcar Polansky & Spol
Gide Loyrette Nouel
Gleiss Lutz
Lovells
Squire Sanders & Dempsey

It wasn't a very active year for capital markets, and most of the work in this area was concentrated among a few firms. However, most lawyers feel that, like in Poland, capital markets will expand and there will soon be more activity on the initial public offering (IPO) and bonds front.

According to a market commentator, the situation is quite natural. "This market is evolving and unless companies and lawyers are inventive not much will happen," he said.

On the IPOs side there were two highlights. The first was the dual listing of Cez on the Prague and Warsaw Stock Exchanges. The Cez

It also acted for Orco Property Group as the issuer of bonds in connection with a Czech legal opinion addressed to Česká Sporitelna as mandated lead arranger. Two of the spearheads of Clifford Chance's team, Vlad Petrus and Martin Glajch, acted for Bayerische Hypo- und Vereinsbank on the restructuring of the Home Credit Finance credit card securitization structure, which was first established in the autumn of 2003. It also advised the German bank on the issuance of notes listed in Ireland.

On the derivatives front, Clifford Chance was consulted by Morgan Stanley regarding the capacity of the Max 7 Global Guaranteed Fund to enter into derivatives transactions. Vlad Petrus advised Cez in connection with its adherence to a multilateral carbon credit fund sponsored by the European Bank for Reconstruction and Development and the European Investment Bank.

Lastly, the firm advised Raiffeisen Bank on the first synthetic securitization in eastern Europe through German bank KfW. The transaction was arranged by Dresdner Kleinwort Wasserstein and Raiffeisen Zentralbank Österreich.

Leading lawyers

Vlad Petrus

Linklaters

Despite the lack of activity in the capital markets, Linklaters had its fair share of work to keep it busy. Rising star Kamil Blazek was promoted to counsel in May 2007 and he led the team on ECM Real Estate Investment's pre-IPO bond issue and its subsequent flotation. The €25.6 million bonds were issued with repayable warrants and the work also included due diligence of the underlying portfolio. This transaction was multi-jurisdictional, combining Czech, Luxembourg, French and English law, and included a review of 18 projects in various development phases from the pre-planning stage through to completion. Linklaters was also involved in the IPO of Grisoft.

Lukás Sevcík, the head of the corporate and M&A practice group, was often cited by peers as a leading lawyer with strong negotiation skills. He advised Sazka, a dominant Czech lottery company, on the exchange of its existing €175 million bond issue with a new €215 million issue, the first Eurobond exchange for a Czech issuer.

Leading lawyers

Kamil Blazek
Lukás Sevcík
Ludék Vrána

Procházka Randl Kubr

Led by partner Martin Aschenbrenner, described by a competitor as "a brilliant securities lawyer", the debt capital markets practice of Procházka Randl Kubr has been very active. Aschenbrenner's team represented New World Resources as the issuer of €300 million senior notes due 2015. On another transaction, he acted for Komerční Banka, as the issuer of a standalone fixed-rate note issue totalling €150 million, due in 2016. Lastly, the firm advised HVB Bank Czech Republic in establishing its second debt issuance programme up to Kc20 billion. The notes had a maturity of 30 years and the firm represented the bank in three issuances under the programme.

Leading lawyers

Martin Aschenbrenner

Baker & McKenzie

Baker & McKenzie is acting for KBC Bank in connection with the squeeze-out of minority shareholders of Československa Obchodni Banka. Among other highlights, the firm represented Citigroup as the underwriter's counsel in the proposed additional listing of Orco Property Group (a Luxembourg company) on the Prague Stock Exchange. Elsewhere, it guided JPMorgan Chase through an analysis of issues relating to securities lending and collateral management products to be offered to the bank's customers in the Czech Republic. Finally, Baker & McKenzie worked on behalf of ING Securities as underwriter's counsel in the listing of Pegas Nonwovens, a Luxembourgian company, on the Prague Stock Exchange.

Leading lawyers

Tomas Skoumal

Brzobohaty Broz & Honsa

Partner Tomáš Otruba and senior associate Petr Precechtel advised Cez in connection with a share buyback programme implemented in accordance with EU regulations. The duo also acted for PPF Investments in the creation of an equity investment structure including legal support for the funding. It provided advice to Home Credit, with the issuance of bonds with a face value of €107 million, and the bonds' subsequent listing on the Prague Stock Exchange.

Leading lawyers

Tomáš Otruba
Tomáš Pesek
Petr Precechtel

Other notable firms

Weil Gotshal & Manges remains in the second tier after an impressive 12 months. In June 2006, rising star Karolina Horakova along with Petr Hanzal represented Credit Suisse First Boston in connection with the exchange offer of secured €215 million Eurobonds issued by Sazka, a dominant Czech lottery company. It also advised Franklin Templeton Investment Funds in connection with the public distribution of its shares in the Czech Republic.

Led by name partner Vladmira Glatzova, Glatzova & Co advised Skofin in Volkswagen's multi-currency commercial paper programme, worth €10 billion. The firm also advised Commerzbank in connection with the restructuring of security of loans provided by the EBRD.

Havel & Holásek was consulted by Sal Oppenheim on all regulatory aspects of the distribution by foreign investment funds of the bank's securities in the Czech Republic. Finally, Josef Otčenášek and Jan Topinka advised Julius Baer on all aspects of the operation and distribution of its foreign investment funds in the Czech Republic.

Lastly, Wolf Theiss advised regular client Erste Bank on all aspects of the passporting of its structured notes and medium-term notes programme in the Czech Republic.

Banking and project finance

Recommended firms

Tier 1

Allen & Overy
Clifford Chance
White & Case

Tier 2

Linklaters
Procházka Randl Kubr
Weil Gotshal & Manges

Tier 3

Baker & McKenzie
Brzobohaty Broz & Honsa
CMS Cameron McKenna
Glatzová & Co
Havel & Holásek
Kocián Solc Balastík
Weinhold Legal

Tier 4

Balcar Polankys & Spol
Dvůrák & Spol
Gide Loyrette Nouel
Gleiss Lutz
Lovells
Squire Sanders & Dempsey

The Czech Republic's banking and finance market has matured over the last couple of years and become both dynamic and competitive. There has been tremendous development since 2006, especially in the credit card and mortgage businesses.

The financing market was one of the busiest this year according to most firms. One lawyer said: "The transactions we are dealing with these days are much more complex, sophisticated and interesting compared to what we did, say, four or five years ago."

The competition for such work has become fierce and getting the right lawyers with the right technical know-how and expertise has become a priority for investors.

Syndicated loans were particularly active. Czech banks have made a big impact across central and eastern Europe, and law firms that possess cross-border capabilities have been able to take advantage of this trend.

The legal market is pretty stable, but the domestic firms seem to be catching up slowly but surely with the international firms, by setting up new offices across the country, and expanding their teams. The more successful local practices have also attracted foreign lawyers.

Allen & Overy

The banking and finance team maintains its top-tier position with some key deals under its belt this year. Partners Václav Valvoda and Mikuláš Touska are regarded by rivals as the driving force behind the firm's success in this category.

The finance team was involved in several noteworthy refinancing deals including acting for CAJ Prague in the refinancing of its €4 million loan arranged by Raiffeisenbank.

Allen & Overy has been involved in some of the prominent acquisition financing instructions. The firm also advised FleetCor Technologies in the financing of its acquisition of CCS, a leading fuel card operator in the Czech Republic, from Advent International. The finance package for the takeover included two senior secured tranches with an eight-year maturity, and was used both in the acquisition and to refinance CSS's debt.

Komerční banka, a Société Générale subsidiary, came to the firm for counsel on a number of acquisitions and disposals of insurance and savings scheme companies, notably its €144 million acquisition of Modrá Pyramida.

A client praised the firm's "good connections within the financial community as well as within government entities". Mikuláš Touska attracted particular praise from clients, and was called "a solid lawyer with years of experience to back his credentials up" by a rival.

These financial-sector connections came to the fore as the firm acted for Citibank, Česká Sporitelna and ABN Amro on the acquisition financing and working facilities worth Kc4.25 billion (€151 million) awarded to CGS group.

Leading lawyers

Mikuláš Touska
Václav Valvoda

Clifford Chance

Clifford Chance continued its strong work in the last year to maintain a top-tier position. According to a client: "The firm is professional, loyal, and discreet... with a highly experienced team of lawyers." Clifford Chance's Prague office claims to have almost doubled its turnover and believes that this is a reflection of the changes occurring across eastern Europe.

The firm's banking team represented ING Bank on a €750 million facility as part of the acquisition of Česká Radiokomunikace by a consortium consisting of Lehman Brothers, Al Bateen and Mid Europa Partners. This was one of the biggest private-equity acquisition financings in the Czech Republic and in the region.

Vlad Petrus's team led HSBC Bank in a €125 million loan to Finitrading for the acquisition of RFG, and also advised Eurohypo in a €148 million financing for TMW Pramerica's acquisition of six properties in Prague and one in Warsaw, Poland.

Clifford Chance also frequently acts for ING Bank on regulatory issues relating to internet banking, cash management and foreign-exchange transactions among other things. Two other clients it advises on regulatory aspects are Barclays Capital and Deutsche Bank. Senior lawyer Daniel Hurych was singled out for praise, and Zuzana Barttova identified as a rising star in the market.

Leading lawyers

Milos Felgr
Daniel Hurych
Vlad Petrus

White & Case

White & Case was named as one of the top banking firms in the country by almost all of its competitors, and the volume and size of the firm's deals reflect this perception. One of its highlights was the financing for Czech Airlines worth €400 million. It advised BNP Paribas, Natexis Transport Finance, Ceskoslovenská Obchodní Banka and the export credit agencies of France, Germany and the UK in the second large purchase of aircraft by Czech Airlines.

In a particularly innovative transaction, White & Case advised Raiffeisenbank in a loan

financing and two subsequent refinancings for SPV Tower in connection with the development of an office project in the Czech Republic. The development is to become the tallest building in the Czech Republic.

According to a client, the firm is "proactive in finding solutions, and possesses cross-border capabilities". David Plch led the team in assisting Commerzbank in the \$200 million acquisition financing of Vitkovice Steel, a European manufacturer of rolled steel products. This transaction effectively concluded the privatization of Vitkovice Steel by the Russian Evraz Group.

Clients said that the firm has high-quality partners. Jan Matejcek attracted praise for his "great depth of knowledge of the market and the banking business". David Plch was regarded as "very strong from a legal and technical perspective" and Ivo Bárta was called "an excellent lawyer".

White & Case was involved in the first bioethanol plant project financing in the Czech Republic where it represented Ceskoslovenská Obchodní Banka and Česká Sporitelna, two Czech commercial banks, as arrangers of the transaction.

It also represented Czech Export Bank in the preparation and signing of a frame loan agreement with Transport 21 Veka, a company guaranteed by a Russian state enterprise, which is a leading manufacturer of railway cars in the world. This was one of the largest export financings in the Czech Republic, with a loan amounting to €255 million.

White & Case assisted Ceskoslovenská Obchodní Banka, a Czech subsidiary of Belgian KBC Bank, with a term loan facility to finance the acquisition of GZ Digital Media, the largest producer of CDs and DVDs in the Czech Republic, by EG Investments.

Another key project that won the firm several accolades was advising Cez, the dominant energy producer in the Czech Republic, in connection with the implementation of its real time cash-pooling program. It was a very complex transaction involving 12 of Cez's subsidiaries along with three Czech commercial banks.

Leading lawyers

Ivo Bárta
Kvetoslav Krejčí
Jan Matejcek
David Plch

Linklaters

Linklaters has significantly improved since Robert David, renowned as one of the country's best banking lawyers, joined the firm in January 2006 after leaving Allen & Overy.

David oversaw the financial aspects of the Radiokomunikace acquisition, which consisted

of a leveraged buyout, senior and mezzanine debt financing and complex structuring of the entire transaction. The multi-jurisdictional, cross-practice team included lawyers in Prague, Brussels, Dubai, London and Luxembourg.

The firm also advised Al Bateen, Lehman Brothers Private Equity and Mid Europa Partners on the acquisition of Radiokomunikace and a 39.23% stake in T-Mobile Czech Republic, one of the largest private-equity transactions in the country.

Linklaters also represented JPMorgan on the acquisition and securitization of non-performing loans. It also advised Eurohypo on the restructuring, expansion and financing of three shopping centres worth €48 million. Other standout deals include the refinancing of Central Park Praha, a residential development project valued at €107 million, on behalf of HVB Bank.

Finally, the firm acted for Citibank, Česká Sporitelna and Raiffeisenbank in connection with the restructuring of the Zetor group and its impact on a Kc1 billion syndicated facility.

Leading lawyers

Robert David
Jason Mogg

Procházka Randl Kubr

Procházka Randl Kubr receives competitors' acclaim for "its professional approach and stellar work". It experienced an active year with a string of transactions, especially in the financing of syndicated loans.

Firms like Procházka Randl Kubr have "pioneered the emergence of domestic firms and bridged the gap between international firms and domestic firms" according to a client. Meanwhile, a competitor praised the firm's partners, and felt the firm "can only get bigger and better".

Partner Martin Aschenbrenner represented OKD in connection with a term syndicated loan of €1.1 billion, and Václav Bílý prepared the security documentation for a €95 million loan for Landesbank Hessen. Bílý also acted for HVB Bank Czech Republic in connection with a €75 million long-term amortizing facility for the acquisition financing of Agrofert group.

One of the firm's more innovative deals this year included working for IKB Deutsche Industriebank in preparing collateral documents under Czech law to secure syndicated loans of €15 million. It also assisted Unicredit and Freshfields Brickhaus Deringer in connection with a €32 million term facility to Palcor Czech to finance the development of the Prague airport outlet. The firm also advised on regulatory aspects of the merger between Italian banks Banca Intesa and Sanpaolo.

Leading lawyers

Martin Aschenbrenner
Václav Bílý
Radan Kubr
Robert Nemeč

Weil Gotshal & Manges

As the market gets bigger and more sophisticated, a firm like Weil Gotshal & Manges with its "aggressive attitude" is set to benefit. In the last 12 months, the firm appeared on a litany of headline-grabbing transactions, including advising Evraz Vitkovice Steel in connection with the loan financing provided by a group of banks.

Meanwhile, the firm deployed a team including Karel Drevinec and Petr Hanzal to act for a Czech Savings Bank-led syndicate in the financing of a manufacturing group with Czech and Slovak subsidiaries. It also guided Unipetrol, a Czech refining and petrochemicals company, in connection with its intended cash-pooling financing.

In another standout deal, Weil represented Prague Airport in extending the guarantees provided by banks in respect of a Kc9 billion loan by the European Investment Bank.

In regulatory work, the firm acted for Czech Savings Bank on an IT outsourcing project in conjunction with Erste Group.

Leading lawyers

Karel Drevinec
Karel Muzikar
Petr Severa

Baker & McKenzie

Baker & McKenzie has continued its strong work of previous years. The banking and finance team headed by the highly recommended Libor Basl and Tomáš Skoumal saw the firm advise aAIM, a real-estate investment group, on the bidding process, due diligence, drafting and negotiation of the €135 million financing of its acquisition of a number of commercial premises in Prague.

The firm was also part of TK Development's €45 million project financing of an outlet. Elsewhere, it represented HVB in connection with financing the acquisition of a water utility company and acted for JPMorgan in a Kc800 million loan to a Czech borrower.

Leading lawyers

Libor Basl
Tomáš Skoumal

Brzobohaty Broz & Honsa

Petr Mlejnek and his team consolidated Brzobohaty Broz & Honsa's banking practice

with a string of transactions. According to a client, the firm has "a good mix of lawyers who combine the technical know-how of Czech law firms along with the attitude of its counterparts from foreign firms".

The firm advises a list of reputable financial institutions and companies such as the Czech National Bank, Bawag Bank, Komerční Banka, Skoda and Cez. It provided legal counselling for Česká, a Czech insurance company. The advice included documentation relating to the International Swaps and Derivates Association, along with a syndicated loan for €143 million arranged by Calyon.

Brzobohaty Broz & Honsa also advised a Czech consumer finance company on various financial regulatory matters, including the preparation and negotiation of several loan facilities, one of which was a Kc3 billion loan arranged by ING Bank.

Since opening an office in Moscow in 2006, the firm has been involved in a fair share of transactions in that region, showing the versatility of its practice.

Brzobohaty Broz & Honsa provided legal services for PPF, a Czech financial group, in the purchase of an administrative building located in Prague for €60 million. It is also advising the same client in connection with the syndicate financing of the acquisition of the E-Gate project.

Finally, the practice acted for a Czech financial group in the purchase and financing exceeding \$20 million of a turbo-jet transport aircraft and its registration with the Czech Civil Aviation Authority.

Leading lawyers

Petr Mlejnek
Petr Precechtel

CMS Cameron McKenna

CMS Cameron McKenna is particularly strong in the real-estate sector and has made more of a mark on the market in the last two years. It strengthened its banking and finance practice in the last 12 months and one rival was "quite impressed by the firm's performance" in this period.

The firm advised Aareal Bank on the financing of the acquisition of the Mandarin Oriental Hotel in Prague worth €46 million. In another standout deal, Paul Stallebrass advised Citibank and Česká Sporitelna, as lead arrangers in the €150 million financing of Pegas Nonwovens, the second-largest producer of non-woven textiles in Europe.

Paul Stallebrass has a good reputation among peers, extending to the entire eastern European region. Apart from him, Pavla Krecková also comes highly recommended.

Elsewhere, CMS Cameron McKenna advised Credit Suisse on the €113 million senior and mezzanine financing of the acquisition of Skoduv Palác in Prague. Finally, it acted for Bank Austria Creditanstalt as lead arranger in the syndicated financing of the acquisition of CCS Česká by Fleetcor Technologies.

Leading lawyers

Pavla Krecková
Paul Stallebrass

Glatzová & Co

Glatzová & Co has increased its banking and finance work over the last 12 months. Although it is not yet in the top two tiers, it seems to have the foundations to become as strong in this category as it is in M&A.

The banking and finance team, headed by Dana Schweigelová, recently advised Citibank in a syndicated financing for RPG Group. It was also consulted by EBA Euro1 Payment System and in another transaction it acted for Modrá Pyramida in connection with reviewing the amendments and preparing the client documentation for mortgage lending. It also acted for Liquidnet Europe in legal and regulatory issues relating to a passive decentralized trading system.

Finally, it advised Ruesch in connection with licensing, foreign exchange and other regulatory matters in connection with regulatory changes such as the Czech Republic's compliance with the Markets in Financial Instruments Directive (Mifid).

According to a client, the firm's integration with leading law firms in the US, UK and Germany is "seamless and helped get things done at an astounding speed".

Leading lawyers

Dana Schweigelová

Havel & Holásek

Havel & Holásek added Josef Otcenásek as a new banking and finance partner and the team was expanded to include seven lawyers, which boosted its practice. It advised Kapsch TrafficCom on its successful bid to the Czech government to supply and operate an electronic road toll system on Czech motorways and other main roads. The firm's work also included its representation of Kapsch in connection with the €700 million financing of this project by a consortium of Czech and Austrian banks.

Josef Otcenasek represented České Sporitelny and its subsidiary Corfina Trade on the sale of non-performing loans and objects of lease contracts from its assets with a total value of Kc690 (€24.62 million).

Havel & Holásek also worked for Kord Group, a Czech and Slovak technical fabrics producer, on a syndicated €135 million loan provided by a group of Czech banks. The facility was used for a combination of investments and operation financing.

The firm is on the panels of leading Czech and foreign banks like KBC, Česká Sporitelna, HVB and ING Bank. It has also successfully expanded into the segment of private banks in the Czech Republic, adding Fortis Bank, Constantia Privatbank and Sal Oppenheim to its clients.

The firm has also emerged as one of the leaders in public-sector work with government clients including the Ministry of Finance, the Ministry of Defence, the Ministry of Regional Development and the Czech Directorate of Roads and Motorways. At the time of writing, it was advising the Ministry of Transportation on preparing feasibility studies for the implementation of PPP projects.

Havel & Holásek was consulted this year by Kilkullen Kapital Partners, a Czech venture capital fund, on the financing provided by a Czech bank for the acquisition of ZPA, an electronics manufacturer, and TNS Servis, a manufacturer of automotive plastic and carbon parts.

Leading lawyers

Josef Otcenásek

Other notable firms

Kocián Solc Balastík is one of the largest domestic firms in the country. It assisted the Anglo Irish Bank Corporation in the establishment of a security in its financing of the acquisition of shares of a hotel management company in the Czech Republic. At the time of writing, the firm was acting for regular client Czech National Bank Complex in its involvement in the fall of Agrobanka and IPB.

Another firm that maintains its tier three position is **Weinhold Legal**. It advised DBG, a private-equity fund, in relation to the financing of its acquisition of Vues Bruno and assisted it in the subsequent negotiation of the financing documentation. The firm was also consulted by HVB Bank on an acquisition loan agreement and the formulation of its security documents.

Gide Loyrette Nouel had an encouraging 12 months as well; among other work it advised Calyon on the financing of real-estate projects involving the purchase by ING Real Estate Fund of a building belonging to Skanska.

Squire Sanders & Dempsey represented the Czech Export Bank in a financing with multiple tranches and a framework loan agreement for the financing of a railway reconstruction. Another project saw it advise KBC and

CSOB on the financing of the construction of new premises for two radio stations in Prague.

Mergers and acquisitions

Recommended firms

Tier 1

Weil Gotshal & Manges
White & Case

Tier 2

Allen & Overy
Baker & McKenzie
Brzobohaty Broz & Honsa
Clifford Chance
Glatzová & Co
Havel & Holásek
Kocián Solc Balastík
Linklaters

Tier 3

CMS Cameron McKenna
Gide Loyrette Nouel
Procházka Randl Kubr
Salans
Weinhold Legal

Tier 4

Balcar Polanksy & Spol
Dvorák & Spol
Gleiss Lutz
Lovells
Peterka & Partners
Squire Sanders & Dempsey

The M&A market continued to flourish, driven by an increase in the amount of pan-regional work, considered by some to be a delayed response to the country's EU membership. Private, mid-market and real-estate deals are the mainstay of the market, but transactions are also getting more sophisticated, with investors eager to establish joint ventures. Czech companies like Zentiva and Cez have expanded into neighbouring companies and this trend is bound to continue.

According to a PricewaterhouseCoopers study on M&A activity in the Central Eastern European region, the Czech market has in 2006 grown by 11% to 269 transactions with a total value of \$6.2 billion and all the firms clearly profited from this development.

Firms like White & Case and Weil Gotshal & Manges were still fighting for the number one spot in 2006 and 2007 as domestic firms like Brzobohaty Broz & Honsa, Glatzová & Co, Havel & Holásek and Kocián Solc Balastík proved more and more profitable and with a healthy number of medium-sized deals. The successes of the domestic firms can be linked to the growing strength of Czech companies. And with the emergence of private-equity funds in the Czech market like Advent International

and Mid Europa Partners, the firms could not be busier.

Weil Gotshal & Manges

Weil Gotshal & Manges remains in the top tier and justifies its position with its involvement in big-ticket deals, the most competitive and challenging market in the Czech Republic. It provided legal advice to Telefónica O2, a Czech fixed-line phone operator, in connection with the upstream merger by acquisition of Eurotel Praha, a mobile company, into Cesky Telecom and the integration of its business operations.

Partners Karel Muzikar and Karel Drevinek assisted Cez, an electricity generator and distributor and the only Czech company listed in New York, in connection with the planned purchase of seven Ukrainian electricity distribution companies. *International Financial Law Review* awarded Weil Gotshal & Manges its award for the Czech law firm of the year on the strength of its deals.

Known by peers and clients to be “experts in privatization and a firm with the right contacts”, Weil Gotshal was involved in the combination of Vitkovice Steel and its sole shareholder Aba Assets into a new company, Evraz Vitkovice Steel.

Unipetrol, the largest Czech refining and petrochemical company, turned to the firm in the €190 million pending divestiture of its share interest in Kaucuk, the largest Czech producer of styrene butadiene rubbers and polystyrene plastics.

Leading lawyers

Karel Drevinek
Karel Muzikar
Petr Severa

White & Case

Public and private M&A work are at the core of White & Case’s practice in the Czech Republic and this year was testament to that. With a team of 30 lawyers and tax advisers dedicated to the corporate and M&A sector, the firm has the capacity to advise on multiple headline deals, a capacity which increased as it hired four new associates in 2006. Its team has also gained experience in handling regional transactions in a very short time.

It advised PPF Group along with Czech domestic firm Brzobohaty Broz & Honsa in the creation of one of central and eastern Europe’s largest insurers through a joint venture with Generali Group, an Italian insurance company. The deal involves the transfer of the insurance assets of both groups to a new joint venture company. This was the largest-ever M&A transaction involving the Czech

Republic and the joint venture will create one of the largest insurance companies in the region, with a turnover of €2.6 billion and more than 9 million clients. The team was led by partner Michael Dlouhy working closely with Damian Beaven, Michal Smrek, Robert Vydra and Tomáš Hlaváček.

Besides having a good number of multinational clients the firm has also obtained a strong foothold in the domestic market and has participated in some of the largest purely Czech M&A deals. It assisted Cez, the state-controlled energy company, in its acquisition of TPP Varna, the company that owns and operates the 1200MW Varna thermal power plant in Bulgaria. The transaction value is €320 million, including an investment commitment of €40 million into the Bulgarian energy sector. This was the Bulgaria’s largest privatization in 2006, and the largest generation asset Cez has acquired outside of the Czech Republic.

The international expansion of Czech business through foreign acquisitions is a new phenomenon and White & Case has been particularly active in such deals. Although the privatization era is almost over in the Czech Republic, some Czech clients are expanding abroad through participation in privatizations across the region.

The firm has an active private-equity practice as well, advising the likes of Mid Europa, DBG, Riverside, Genesis Capital and Bancroft. Another standout deal saw White & Case advise private-equity firm Mid Europa Partners in the sale of Karneval Media and Forcable to Unite Holdco III for €323 million.

Finally, the firm helped the Gazprom Group in the acquisition of a 19.4% stake in Novatek, a Russian natural gas producer and the second-largest gas producer after Gazprom.

Leading lawyers

Ivo Bárta
Michal Dlouhy
Jan Matejcek

Allen & Overy

Allen & Overy witnessed an increase in its activity in the M&A market, especially in the financial institutions sector. One prime example was its advice to Komerční Banka, a subsidiary of Société Générale, on a number of acquisitions, notably its €144 million acquisition of Modrá Pyramida.

It also helped FleetCor technologies acquire CCS from Advent International, in a cash and stock transaction. Allen & Overy advised FleetCor on the global structure of the deal, consisting of an acquisition, acquisition financing and refinancing of the company’s existing debt.

The practice also won a role advising Aon Holdings in connection with its acquisition of Stach group of companies. The new organization, Aon Stach, is the Czech Republic’s largest insurance brokerage and risk management company.

Another standout deal saw Allen & Overy’s lawyers advise Lycos Europe, an internet portal provider and online advertiser, in the sale of its 30% stake in Czech portal provider Seznam.cz for €65 million.

A client reported that Jan Myska is one of the best M&A lawyers at the moment, and with him at the helm of Allen & Overy’s practice it will continue to do well. Lastly, along with the London team, the firm’s Czech office acted for Liberty Global on the acquisition of Karneval Media from a consortium of private-equity investors for €323 million. The deal received widespread media coverage due to its complexity. Liberty Global entered into an equity derivative instrument, Unite Holdco III, as part of the transaction.

Leading lawyers

Jan Myska

Baker & McKenzie

Baker & McKenzie participated in some of the key M&A deals in 2006 and 2007. It acted for the sellers in the disposal of Radiokomunikace, a TV and radio broadcast transmission services company, and a 39.2% interest in T-Mobile’s Czech operations, in one of the largest private-equity transactions in the region.

The firm advised Siemens in connection with the acquisition of participation interest in OEZ, a Czech manufacturer of electronic components. This involved negotiating transfer documentation, clearances and tax advice, as well as negotiations between the parties.

A client reported that Baker & McKenzie is capable of handling extremely complex transactions and boasts a very efficient team including the “excellent” Alexandr Cesar and Tomas Skoumal. The firm boosted its practice with the arrival of associate Tereza Zidlicka from Havel & Holásek in May 2007. An example of the firm’s capabilities came during the acquisition of a majority stake in Tatra, the largest Czech trucks manufacturer. Baker & McKenzie advised Meadow Hill and Blue River, a consortium of private-equity investors including KBC Private Equity and Ron Adams. The deal closed in October 2006.

Leading lawyers

Alexandr Cesar
Tomas Skoumal

Brzobohaty Broz & Honsa

In today's sophisticated market, Brzobohaty Broz & Honsa has kept in touch with the times and has built a very credible M&A practice. Along with White & Case, it was selected as one of the principal legal advisers for Cez, the largest energy company in the Czech Republic, and provided legal services in various corporate issues and M&A projects.

The firm is now making its presence felt in a tough market. According to a lawyer, the firm had impressed him by its "professional and steadfast approach and change in attitude over the last five years". "No wonder we see them more often in transactions these days," he added.

A key client of the firm is PPF Investments. It acted as legal counsel for them on a number of occasions in connection with their acquisitions and sales of several projects with a combined value of more than €500 million.

Brzobohaty Broz & Honsa was also consulted by Skoda Holding, the holding company of the Czech engineering group, in connection with the company's merger with another holding company. The resulting entity with equity has a value of nearly €200 million.

The firm represented several clients in the negotiation and drafting of contracts for joint ventures in Hungary, Russia, Germany and the Czech Republic. This service line has been extended to various industries including heavy machinery, biological products, and vehicles. It also acted as the Czech legal counsel in the sale of a holding company in the music industry in 2006. This transaction included elements in more than 10 jurisdictions in Europe and North America.

Leading lawyers

Tomás Pesek
Petr Precechtel

Glatzová & Co

According to a long-standing client, Glatzová & Co is "the favourite port of call for those who seek sound, reasoned, and structurally creative advice when getting complex deals done, despite the presence of other big names in the market".

Glatzová's links with leading law firms in the US, UK and Germany helps its clients tremendously. A client also said: "In terms of coverage, the firm's cross-sector capital markets and M&A advice is excellent, its private-equity investment is well covered, and its energy practice is coming up too."

The firm advised ConocoPhillips in the sale of petrol stations to Lukoil and in the sale of a refinery and wholesale business to ENI. The deals amounted to a combined \$281 million.

Vladimíra Glatzová and Lukáš Nyvlt worked on the acquisition of Dekonta by Sita, a member of the Suez Group. The practice was also consulted by Bayer, in cooperation with Hengeler Mueller, in the sale of its diagnostics business to Siemens for €4.2 billion. It also advised MVV Energie in the acquisition of several heating plants from J&T Group.

Leading lawyers

Vladimíra Glatzová

Clifford Chance

Led by the "efficient" Alex Cook, Clifford Chance is still in the process of building its M&A practice to top-tier level but it has had a fairly successful year. Its services were deployed by Office Depot in the acquisition of Papirius, a stationery business with operations throughout the region. Clifford Chance acted with its office in Budapest and also instructed firms in the Slovak Republic and Lithuania. It continues to instruct Office Depot on other regional deals.

A team led by Emil Houlb advised Carrefour on the sale of its Czech and Slovak operations to Tesco, and its acquisition of Tesco's Taiwanese business – part of a pan-European transaction relating to more than 30 shopping centres in Poland, the Czech Republic, the Slovak Republic and Turkey.

The firm is also acting on the sale of a regional telecoms operator with operations in Poland, Czech Republic, Slovak Republic, Hungary and Romania. Furthermore it has recently represented International Power on an energy supply project and the possible acquisition of local energy providers.

Leading lawyers

Alex Cook

Havel & Holásek

Domestic firms have got stronger with the consolidation of the Czech M&A market and Havel & Holásek is no exception. It is one of the strongest public-sector firms in the country and is renowned by clients and peers for its "good contacts and network".

Jaroslav Havel led the acquisition of the Czech subsidiary of Siemens Group by BenQ Mobile. It was part of BenQ's worldwide acquisition of Siemens' mobile phone business and the subsequent bankruptcy proceedings.

Private equity has emerged as one of the firm's main focuses. Its private-equity clients include Apax Partners, Benson Oak, BenQ Mobile, and Bibby Group of Factors. The firm's lawyers are advising Benson Oak and a consortium of investors in the €180 million purchase of Aero Vodochody, a manufacturer

of military aircraft trainers and operator of airports.

Some of the firm's new clients in the last year were Apax Partners, Osaki Electric, Sistema and JC Decaux. It also boosted its practice by hiring seven new associates and one partner bringing the firm's M&A practice up to 25 lawyers. Havel & Holásek is advising Hoop, a Polish drinks manufacturer, on its merger with Kofola, and the deal is estimated to be worth more than €100 million.

The transport industry is one of the firm's mainstays and it represents virtually all the state-controlled entities and enterprises related to that sector.

Elsewhere, Havel & Holásek advised Unilever on two acquisitions of ice cream manufacturers. The transaction value exceeded €40 million, and also covered Slovak Republic and Hungary.

In another significant deal, the firm acted for the majority owners of TCHAS, one of the largest Czech construction companies, on its sale to the third-largest European construction company.

Leading lawyers

Jaroslav Havel
Michael Mullen

Kocián Solc Balastík

Kocián Solc Balastík moves into the second tier after recommendations by many peers and clients. Name partner Martin Solc comes highly recommended especially in M&A, securities and capital markets work and one rival was impressed by the work of partner Dagmar Dubecká.

It advised RPG Industries Public Limited in a cross border-merger in the establishment of a European Company, Societas Europaea for approximately €1.7 billion.

A lawyer observed that the 17-year-old firm "has a good future". He added, "With Czech companies getting bigger and more sophisticated, a firm like Kocián Solc Balastík is clearly benefiting from this trend."

It advised the OKD Company when it split itself into six new companies and the merger with the existing company, which amounted to approximately €1.5 billion.

It participated in the first spin-off of a commercial company in the Czech Republic, by advising Česká. The project was realized within the PPF Group in which a part of the assets from Česká were spun off to establish the new company Home Credit Grand Holding.

The firm also worked on behalf of Indian pharmaceutical company Glenmark Pharmaceuticals in completing a deal via its Swiss subsidiary Glenmark Holding to acquire a majority shareholding in Medicamenta, a

company involved in the production, sale and marketing of pharmaceutical products in the Czech Republic and the Slovak Republic.

In another deal, it represented Cyprus company Torpera, a member of the PPF Financial Group, in preparing a joint-venture agreement with the Chinese company Sichuan Changhong Electric for the manufacture of plasma televisions.

Leading lawyers

Dagmar Dubecká
Martin Solc

Linklaters

Linklaters was involved in many of the top M&A deals in the Czech Republic this year and demonstrated its capabilities and potential among the law firms in the Czech market. The corporate and M&A practice led by partner Lukás Sevcík advised in a total of 28 transactions (both completed and aborted) in the last 12 months. The acquisition was funded partly by equity provided by each of Al-Bateen Investment Company, Lehman Brothers Private Equity and Mid Europa Partners and partly by a €750 million senior and mezzanine debt package provided by ING Bank. This was the largest debt package to date for a central European leveraged acquisition.

Another standout deal saw Linklaters act for Dwory in the 100% acquisition of the shares in Kaučuk. Kaučuk belongs to the group of companies controlled by Unipetrol, the largest petrochemical group in the Czech Republic, which was recently privatized. In addition to that it acted for a consortium of international bidders in a privatization bid for a controlling interest in a subsidiary of a state-owned company specializing in credit export insurance.

Linklaters assisted JPMorgan and Deutsche Bank in the acquisition of Karneval, a Czech cable operator, by Liberty/UPC. The €327 million transaction represents a merger of the two largest domestic cable operators in the Czech Republic.

Ludek Vrána who is known for his “successful track record” advised Deutsche Post on complex merger-control proceedings relating to the acquisition of PPL, a Czech postal operator, by the Deutsche Post Group.

Elsewhere, it advised Bouygues Bâtiment International, one of the world’s top-three construction companies, on the acquisition of VCES, a Czech building and construction company. Linklaters has been advising this client on similar projects since 1992.

Leading lawyers

Lukás Sevcík
Ludek Vrána

CMS Cameron McKenna

Because of its broad regional network, CMS Cameron McKenna’s Prague office has developed a good M&A practice over the years. It participated in one of the biggest transactions last year by advising Mid Europa Partners on due diligence regarding the €323 million sale of Karneval Media to UPC and Liberty Global.

The firm has one of the most solid real-estate practices in Czech Republic and in the surrounding region, and this has given the firm a strong presence in M&A. In a deal that closed in October 2006, managing partner Iveta Plachá advised Merrill Lynch in its joint venture with Pinnacle in relation to the acquisition, development and asset management of commercial real-estate across the region.

In a transaction that was still going on at the time of writing, the firm was acting for Pfizer on its agreement to sell Pfizer Consumer Healthcare to Johnson & Johnson for \$16.6 billion.

CMS’s services are also being used by the Export Guarantee and Insurance Corporation in relation to the €25 million tender for selection of a strategic partner for Komerční.

Leading lawyers

Ian Parker
Helen Rodwell

Procházka Randl Kubr

Procházka Randl Kubr is not yet as strong in corporate work as it is in the finance categories but it worked on a number of medium-sized transactions. Partner Martin Kríz assisted ISS Facility Services on a series of acquisitions in the Slovak Republic and the Czech Republic. He also advised an eastern European group in connection with the acquisition of software and IT companies in the Czech Republic, the Slovak Republic, Ukraine, Russia, Slovenia, Bosnia and Italy.

It was consulted by the individual sellers as well as BNP Paribas Corporate Finance in connection with the sale to a western European private-equity fund of a Czech producer of electric engines. Elsewhere, it acted for Fyffes with Czech aspects of its demerger and buyout of minority shareholders in its Czech subsidiary.

It provided advice on Czech and Slovak legal aspects of a merger between Soluziona and Indra, two Spanish public information technology companies.

An innovative deal Procházka Randl Kubr worked on included representing Raiffeisen International Bank Holding in its acquisition of eBanka, a Czech retail and internet bank from Česká. Another prominent deal saw it act for a multinational company with the acquisi-

tion of a cement production facility in the Czech Republic.

The firm has been a member of Lex Mundi since 2001.

Leading lawyers

Martin Kríz
Radan Kubr

Gide Loyrette Nouel

The Prague office of Gide Loyrette Nouel continues to compete effectively against the magic circle firms as well as the domestic firms in a challenging market. M&A is one of the firm’s main areas, and the corporate practice is boosted by its strength in real estate and competition law. The firm acted for Innéov on all corporate issues relating to its establishment of a subsidiary in the Czech Republic (a joint venture between L’Oréal and Nestlé).

Partner François Veit advised CFM (a company jointly owned by Snecma and General Electric) on the conclusion of a complex contract for the sale of engines with CSA, a Czech airline. This deal involved complex issues of international commercial and contract law and required the firm to analyze international aviation treaties.

Gide naturally has a strong relationship with key French players in the Czech and Slovak markets, particularly Arcelor, BNP Paribas and France Télécom.

Leading lawyers

François Veit

Weinhold Legal

Weinhold Legal experienced an active year, and with a reputable client list that boasts some of the world’s leading companies including ABN Amro, Accenture, Anglo Irish Bank, Chevron Texaco, and DaimlerChrysler Bank. It advised the Ministry of Defence on a multi-billion Czech koruna agreement just before the privatization of Aero Vodochody, an aircraft producer.

Weinhold advised Indian automobile manufacturer Ashok Leyland, part of the Hinduja Group, on the acquisition of the entire truck production business of a large automotive company.

In another pan-European transaction, the firm worked on behalf of International Railway Systems in the acquisition of Vagónka Studénka, a railcar producer, together with several related smaller companies.

Leading lawyers

Dusan Kmoch
Daniel Weinhold

Other notable firms

From the rest of the firms in tier four, **Peterka & Partners** provided legal advice to an international food retailer on the sale of its 96 Delvita stores in the Czech Republic, a deal with a value of €100 million.

Dvorák & Spol makes it into our rankings for the first time and 2007 saw the firm hire two new associates and one counsel from two of the leading domestic firms. Key deals included working for Metso Minerals in the acquisition of a 100% stake in a manufacturing operation and it also advised CE Energy Holding on an equity investment into a renewable-energy holding company.

Squire Sanders & Dempsey represented Avia in the sale and transfer of its truck and utility vehicle business to a wholly owned subsidiary of Ashok Leyland, a utility vehicle manufacturer. It also advised the Czech and Slovak Property Fund on its acquisition of Nove Butovice office buildings which also included €89 million financing.

Finally, **enwc** advised Sophus Berendsen during the planned acquisition of the Czech Renatex Group and also acted for Gruppo Minerali during the joint venture negotiations with the Czech KMK group. Both companies produce industrial minerals.

Restructuring and insolvency

Recommended firms	
Tier 1	Weil Gotshal & Manges White & Case
Tier 2	Brzobohaty Broz & Honsa Clifford Chance Glatzová & Co Havel & Holásek Kocián Solc Balastík Peterka & Partners Procházka Randl Kubr Linklaters Weinhold Legal
Tier 3	Balcar Polanksy & Spol Kocián Solc Balastík Wolf Theiss

Restructuring and insolvency was not one of the busiest sectors in the Czech Republic. Yet with many Czech companies venturing abroad for the first time, there will be casualties eventually. The government seems to have anticipated this, with the adoption of a new Insolvency Act from 2008.

The new Act is supposed to be clearer and more straightforward than its predecessor, which was heavily criticized as being inefficient

and open to corruption. Firms feel that it will clear up areas of confusion and help bankruptcy cases run more smoothly.

Court proceedings have been relatively rare in the Czech Republic, since the country's legislation favours corporate reorganization rather than liquidation. But firms like White & Case and Procházka Randl Kubr are starting to emerge as the natural choice for litigation. "If I had to recommend two firms for this category they would be White & Case and Procházka Randl Kubr as they both have a team of specialists in these areas," said a market observer.

Weil Gotshal & Manges

Weil maintains its position for another year. With a change in legislation around the corner, most companies are waiting for it to come into effect, and next year promises to be a rather active one.

The highly recommended and talented Karolina Horakova, along with colleague Nomura Vojta, provided legal services to Nomura International and its affiliates in connection with the bankruptcy of IPB, a Czech bank.

Leading lawyers

Karel Muzikar

White & Case

"It is one of the only firms in the country that have a real emphasis on the insolvency practice" said one lawyer of his rival firm, White & Case. Thus, it is no surprise that the firm continues to be the first choice for cases dealing with restructuring and insolvency. David Plch and Ivo Bárta are two of its most active partners in this field.

Michal Dlouhy and senior associate Zdenek Mikuláš assisted Global Financial Restructuring Czech, a subsidiary of GE Capital, on its purchase of non-performing loan portfolios from the Czech Consolidation Agency. This transaction was the last sale of non-performing loans by the Czech Consolidation Agency and was one of the largest ever.

In the course of the last year, White & Case was a member of the Ministry of Justice's working group to draft the Insolvency Act. The firm also advised on the application of the legislation. Senior associate Petr Kuhn was one of the specialists who were included on this panel.

Leading lawyers

Ivo Bárta
Petr Kuhn
David Plch

Brzobohaty Broz & Honsa

Brzobohaty Broz & Honsa recently advised Amádeus Real, a real-estate investor, in the restructuring of its subsidiary Inwest-K. The company owns a large property in the Czech Republic and the firm successfully represented the client in insolvency proceedings dealing with the shares of Inwest-K. The firm is now representing the client in the structuring of the financing and purchase of lands under the Inwest-K buildings. It performed the financial restructuring of Inwest-K and also negotiated several agreements with its contractors.

Brzobohaty Broz & Honsa also advised Zapadocecky Drevarsky Prumysl (ZDP) in a change of management, along with a review of its court disputes. Besides this, the firm assisted ZDP in a negotiation with the company's main creditor and formulated an agreement on sale of the property.

Leading lawyers

Petr Holesínský
Jan Petřík

Clifford Chance

Traditionally, Clifford Chance has not been very active in this practice area but it has had a very successful year. It was consulted by Cadence Innovation in relation to an internal corporate restructuring in the Czech Republic to regain control of its Czech subsidiaries.

The firm advised JPMorgan as an agent, along with a syndicate of 47 other banks, on the restructuring of the Czech subsidiary of LG Philips Displays, one of the largest corporate insolvencies in the recent years. The matter also involved one of the few restructurings that took place through a series of formal composition proceedings and was accomplished without direct aid from the state.

The team was also part of the panel that advised the government in the new Insolvency Act to be introduced in 2008.

Lastly, Clifford Chance is advising Citigroup and Citileasing on the Czech law aspects of the administration of Collins & Aikman Automotive. This matter is taking place in the UK under the EC Regulations on Insolvency Proceedings. These issues are also related to the leasing of a production plant in Hodonin between Citileasing and Collins & Aikman Automotive; the plant was subsequently sold to the International Automotive Components Group.

Leading lawyers

Jindrich Arabasz
Vlad Petrus

Glatzová & Co

Glatzová & Co had another good year in restructuring and insolvency and is hopeful that with the change in law, the work will increase as well. Name partner Vladimíra Glatzová and Petr Kincl worked on the restructuring of regular client Mittal Steel Ostrava. It involved the separation of the company's pipes and tubes business, as well as a contribution into a newly incorporated company.

Another example of the firm's expertise in this practice area was witnessed in the restructuring of the production and retail business of Bosch Group in the Czech Republic. This involved the amalgamation of BBT Thermotechnology and Buderus Tepelná Technika Praha, followed by the separation and transfer of a part of the enterprise of Robert Bosch to the successor company.

In another restructuring, Glatzová & Co worked on with ConocoPhillips to separate the company's refining and retail businesses.

Leading lawyers

Vladimíra Glatzová

Havel & Holásek

Havel & Holásek was established in 2001 by lawyers from international and domestic firms and in a short period of time it has made an impact on the competitive market. It advised the bankruptcy trustee of Union Banka, a Czech bank, on the administration and disposition of approximately €300 million of bankruptcy assets.

It also acted for Sisu Capital, a UK trustee of Cayman Islands funds, on the purchase and collection of a portfolio of non-performing consumer credit loans from Santander Consumer Finance with a value of €3 million.

Meanwhile, the firm counselled CzechInvest, a quasi-governmental agency, and the Association of Foreign Investment in relation to the restructuring of LG Philips' operations in the Czech Republic.

Leading lawyers

Jaroslav Havel
Marek Vojáček

Peterka & Partners

Another domestic firm that observed a steady growth in this sector was Peterka & Partners. Among the firm's highlights this year was its involvement in bankruptcy proceedings for LG Philips Displays International. The firm advised its clients on the procedure for registering receivables.

Elsewhere, Partner Pavla Prikrylová advised Sylea, a subsidiary of Valeo, an automotive supplier, in recovering a real-estate investment.

The firm also guided Solvay and Fournier Pharma, both pharmaceutical groups, on the restructuring and concentration of their operations in the Czech Republic.

Lastly, Peterka & Partners acted for Austria Hotels in restructuring its Czech operations.

Leading lawyers

Hynek Peroutka

Weinhold Legal

Weinhold Legal has a strong insolvency practice, and the last year was a fruitful period for the firm. It represented Ashok Leyland on its acquisition of a distressed company's truck production business, and this deal included a number of bankruptcy and forced-execution matters.

It also participated in the closure of one of the largest retail chains, Elektrocity, and acted for an American investment bank on bids for non-performing loans and advised it on portfolio management.

On the restructuring front, the firm worked for Siemens on the spin-off of its remaining business into a new entity, forming a Czech Nokia-Siemens subsidiary. In another case, Weinhold worked on the restructuring and merger of the Drinks Union Group, valued at €3.5 billion.

In addition to the above deals, the firm was engaged in a large number of corporate restructuring procedures, including liquidation proceedings. It also dealt with various bankruptcy matters for clients such as ICAP, Komerční Banka, Société Générale, developers and private investors.

Leading lawyers

Hynek Peroutka