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An overview of French insolvency law

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A new insolvency Act, the *Loi de Sauvegarde des Entreprises*, came into force in France on January 1 2006. Its main purpose is to promote restructuring rather than bankruptcy proceedings. Company managers are encouraged through the Act to restructure their business before the company declares the inability to pay its current debts with its available assets (the state of suspension of payments).

The Act not only implemented an adapted version of the US Chapter 11 through the introduction of safeguard proceedings, but also codified the practice of *mandat ad hoc* procedures (whereby a company's legal representative confidentially requests assistance from a receiver appointed by the court) and improved corporate voluntary arrangements through conciliation proceedings.

Strong incentives for conciliation

With the new conciliation and safeguard proceedings, French insolvency law now provides strong incentives for debtors to anticipate their difficulties, and for creditors to help businesses in difficulty and to participate in their financial recovery.

Conciliation proceedings are not only available to businesses experiencing a real or foreseeable difficulty, but also to those that have been in a state of suspension of payments for less than 45 days. Upon the manager's request, the court appoints a conciliator to help the company reach an agreement with its creditors.

Once an agreement has been reached, two types of judicial approvals might be envisaged. Firstly, the agreement can be simply certified by the president of the court, keeping the pro-

ceedings and the content of the agreement entirely confidential.

The agreement might otherwise be approved by a court judgement which is published (thus breaching the confidentiality of the existence of the proceedings and the agreement) without, in principle, disclosing the content of the agreement between the company and its creditors. Such a court approval offers at least two advantages:

(i) Co-contracting partners that grant new financing, new goods or new services in the agreement to ensure the continuity of the business benefit from a preferential claim if safeguard, reorganization, or liquidation proceedings are subsequently commenced.

(ii) If insolvency proceedings are subsequently commenced, the court initiating these proceedings cannot fix a date for the suspension of payments that is prior to the agreement's approval. Securities granted or payments made during conciliation proceedings cannot be subsequently nullified on the grounds that they occurred during the suspect period.

The commencement of the new safeguard proceedings can be requested by debtors who are not in a state of suspension of payments, but can nonetheless demonstrate that they are experiencing difficulties which might lead to such a state. Here, safeguard proceedings result in the approval of a safeguard plan by the court to restructure the debt and/or the business.

Restructuring and liquidation

The reorganization proceedings, available to debtors who are in a state of suspension of payments, follow most of the safeguard proceedings rules, including appointment of judicial agents, stay of lawsuits against the debtor for debts born before the opening of the proceedings, and statement of the claims to a creditors' representative.

The new Act has created creditors' committees in both safeguard and reorganization proceedings in order to give creditors a more

active role in the elaboration of a restructuring plan. Two committees are instituted: one for all credit institutions and the other for main suppliers. The creation of such committees is mandatory for large companies (i.e. companies with at least 150 employees or a turnover of at least €2 million), but is also available to smaller companies.

Liquidation proceedings remain the sole avenue for debtors where business restructuring is impossible.

The reform also insulates creditors who participate in a company's recovery – the risk of an action for damages for abusive extension of credit has almost vanished. The law now sets a presumption that creditors are not liable for credits given to businesses that later become insolvent. This presumption can only be rebutted (i) in the case of fraud, (ii) where there is an intermeddling with the business management, and (iii) where securities are granted in an amount disproportionate to the credit in question.

It is still too early to tell whether the Act will prevent the bulk of insolvency proceedings from ending up in liquidation proceedings, as was the case before 2006. Nevertheless, figures for 2006 already show the reform to be a great success. The number of conciliation proceedings initiated in 2006 has skyrocketed and 500 safeguard proceedings have already been initiated both for small and large companies.

The Eurotunnel proceedings, the safeguard plan of which was approved by the Commercial Court of Paris on January 15, is the most talked about to date due to the social and financial issues at stake. These proceedings, in view of the complexity of the group structure, have already resulted in lawsuits on several legal issues, notably the inclusion of hedge funds in the financial institutions committee (until now, the courts have ruled that hedge funds should be included in the committee) and the treatment of bondholders in the case of foreign bond issues.

Capital markets – equity

Recommended firms
Tier 1 Cleary Gottlieb Steen & Hamilton Shearman & Sterling
Tier 2 Debevoise & Plimpton Freshfields Bruckhaus Deringer Linklaters Skadden Arps Slate Meagher & Flom Sullivan & Cromwell
Tier 3 Bredin Prat Clifford Chance Gide Loyrette Nouel Willkie Farr & Gallagher
Tier 4 Allen & Overy Darrois Villey Maillot Brochier Latham & Watkins
Tier 5 De Pardieu Brocas Maffei Orrick Rambaud Martel White & Case

Capital markets – debt

Recommended firms
Tier 1 Allen & Overy Gide Loyrette Nouel Linklaters
Tier 2 Clifford Chance Freshfields Bruckhaus Deringer Shearman & Sterling
Tier 3 Cleary Gottlieb Steen & Hamilton Jones Day Latham & Watkins Lovells Orrick Rambaud Martel White & Case
Tier 4 De Pardieu Brocas Maffei Debevoise & Plimpton Skadden Arps Slate Meagher & Flom Willkie Farr & Gallagher

Capital markets – structured finance and securitization

Recommended firms
Tier 1 Freshfields Bruckhaus Deringer Gide Loyrette Nouel
Tier 2 Allen & Overy Clifford Chance Linklaters Skadden Arps Slate Meagher & Flom
Tier 3 De Pardieu Brocas Maffei Latham & Watkins Lovells Shearman & Sterling
Tier 4 Jones Day Orrick Rambaud Martel White & Case
Tier 5 Cleary Gottlieb Steen & Hamilton Debevoise & Plimpton Willkie Farr & Gallagher

Equity capital markets activity in the French market, which was practically dead between 2001 and 2004, has been picking up, although the beginning of 2007 was a little slow with fewer initial public offerings (IPOs) than the previous year. There has been a decrease in the number of privatizations using the capital markets – the last one was EDF – although the country's new president Nicolas Sarkozy has announced that he will be signing off state assets. And the buoyant M&A market has meant that equity offerings are quite often made to finance acquisitions.

The surge in private-equity funds has seen a large number of public-to-private transactions and many of the equity deals we are witnessing today are conversely private-to-public in nature, as the funds, having increased the value of their acquisitions, seek an exit. A recent example of this is Rexel's €6.3 billion IPO in April 2007. This came about two years after Rexel was purchased for €3.7 billion by the buyout unit of Merrill Lynch and the private-equity firms Clayton, Dubilier & Rice and Eurazeo.

Dual and triple track deals are becoming more and more common. In the context of strong capital markets, a booming M&A market and the high levels of private-equity money looking to invest, it is a strong sellers' market. One leading lawyer summed it up thus: "The seller is king; that is the market today."

Sellers often have a number of options and sometimes do not make a decision concerning whether to list or sell up until very late. Fraikin, a vehicle hire company, recently dual tracked: a prospectus was drawn up and only two days before the pricing an offer was made by CVC Capital Partners, which was accepted, and Fraikin was sold in a private transaction. A lot of law firms' work is front-ended as it is necessary to prepare for either eventuality. This trend means that firms are finding it useful to achieve ever greater cohesion between their different teams.

The Alternext market, which was formed in May 2005 to offer new opportunities to small companies to go public, has been well received and around half of IPOs in France now take place on it. In particular it is attractive to investors looking for liquidity and companies looking for finance under more relaxed conditions than those at Euronext.

Derivatives are also becoming increasingly important. Equity swaps, which were on the verge of a breakthrough last summer, have really begun to flourish. In spite of some gloomy predictions, the trend towards securitization over the last decade is still going strong and lenders are increasingly seeking to transfer the risk to the market.

Lawyers have reported they are having to work to ever more "crazy deadlines" while they are facing increased fee pressure, partly due to the American firms trying to gain a more secure foothold in the market.

Allen & Overy

"I never see Allen & Overy in equity; never," said one rival. Allen & Overy doesn't do much equity capital markets work because it doesn't need to. Such is the firm's stature on the debt side that it has little need to generate equity-side instructions. And the practice has no lack of capability in structured finance and securitization either.

Pierre Gissinger heads Allen & Overy's renowned international capital markets department in Paris which consists of three other partners, one counsel and 11 associates. In particular, market participants singled out partner Francois Poudelet and senior associate Hervé Ekué for their good work from what all agreed is a very competent team. These sentiments were reciprocated by clients who were "very happy with the work" the firm had carried out, highlighting the team's professionalism. Ekué was praised by another client for being "a very creative person who knows French law very well and provides good counsel" – he is tipped as a star for the future. "He found a solution to a new problem," said another client, adding that Ekué "managed to do something that hadn't been done before".

It is this reputation for innovation across the team that ensures many of the market's juiciest cuts come Allen & Overy's way.

Over the last year, the practice has consolidated its predominant position in the hybrid securities market, providing advice to a range of actors in this area. These have included French and international banks such as Bank of America, Barclays, BNP Paribas, Calyon, Citigroup, JPMorgan, Lehman Brothers, Merrill Lynch, Société Générale and UBS; and leading insurance companies – notably Axa and La Mondiale. The firm also counsels corporates in this field as it did for Eurofins Securities, a French mid-cap company listed on Eurolist B, in relation to the issue of subordinated debt for €100 million, a market first for a mid-cap corporate entity.

The practice has been seeking to develop its US law capability in the capital markets department and Diana Billik, a US-qualified lawyer, was recently nominated as a new partner. And the US law team, which Billik now leads, has had some success in increasing its presence on US law transactions. In 2006 the team advised on, among other things, the establishment of a \$4.5 billion American commercial paper programme for Aegon; a \$1 billion offering of lower Tier II notes under Rule 144A for Société Générale, which was followed in 2007 by a Rule 144A offering of \$1.3 billion Tier I notes; and a number of collateralized loan obligations (CLOs) and collateralized debt obligations (CDOs), representing, among others, Merrill Lynch and Bank of America.

The firm has also earned itself an enviable reputation in the European medium-term notes (EMTN) market for its work updating various EMTN programmes and also establishing new programmes for clients like Autoroutes du Sud de la France (€3 billion), La Banque Postale (€10 billion), Caisse des Dépôts et Consignations (€6 billion), Crédit du Nord (€3 billion) and LaSer Cofinoga (€12 billion).

The practice is a dominant player in liability management, tender offers and exchange offers even though the number of operations has decreased compared to last year. Two instances of the firm's involvement that stand out were representing Suez in relation to its tender offer for two bond issues totalling €2.5 billion, and acting for Citibank in connection with the tender offer by Ciments Français of its €350 million bond issues.

And Allen & Overy continues to put in some solid work in structured finance and securitization. Notably the firm advised Morgan Stanley on the first securitised A/B notes structure for mortgage loans in France as part of the Odysseus transaction. The practice was also particularly conspicuous in coun-

selling BNP Paribas, Natixis and Standard Chartered Bank as arrangers of a \$1.6 billion senior secured borrowing base facility for Addax Petroleum Holdings, in a transaction that was awarded a structured finance deal of the year 2006 by *Trade Finance*.

Leading lawyers

Dan Lauder
François Poudelet

Bredin Prat

Bredin Prat is better known for corporate transactions but has a number of lawyers who are more than capable of turning their hands to capital markets work. Didier Martin, who heads the department, is regarded by some in the market as “a legend”. He had involvement in many of the large deals in the nineties and one rival even went so far as to label him “an incarnation of securities law”.

Martin is not so involved on the capital markets side these days and it is Patrick Dzielowski and Olivier Saba who are involved in most of the firm's toil in this respect. In recent highlights they advised Rhodia on its launch of a €450 million offering of bonds as well as counselling Banques Populaires in connection with the €5 billion public offering of Natixis shares. In another standout transaction the pair was joined by Barthélémy Courteault to act for Calyon in relation to a €4 billion public offering of shares. In one noteworthy deal that Dzielowski sat out, Saba was joined by Olivier Assant to advise Rexel on its €1.02 billion IPO.

Cleary Gottlieb Steen & Hamilton

Cleary Gottlieb receives praise from all quarters for its work in equity capital markets. One competitor said simply: “Cleary is the best in this field.” And given that the team comprises some of the jurisdiction's biggest hitters, it is not hard to see why the firm is so revered. Andrew Bernstein is one such individual, described by a market commentator as “a pragmatic lawyer on the US side but who stays sensitive to the French issues and knows the market very well”. Another is the “brilliant” Pierre-Yves Chabert. The pair could be seen working together in December 2006, providing counsel to Natixis in a €5.5 billion secondary offering of shares, the largest transaction of its kind on Euronext markets in 2006.

Bernstein was also highly visible in June 2006 when he led a team that guided Aéroports de Paris through its €1.29 billion privatization and IPO, including a listing on Eurolist by Euronext and private placements

internationally, including in the US. He was also joined by leading lawyer John Brintzer and the firm's most active French lawyer in equity capital markets, Marie-Laurence Tibi, to assist the underwriters led by BNP Paribas, Calyon, JPMorgan, Lehman Brothers International and Merrill Lynch International in Rexel's €1.02 billion IPO. In other prominent equity business, Tibi and Bernstein could be found advising Goldman Sachs International, BNP Paribas, Credit Suisse Securities and JPMorgan Securities as underwriters in the €911 million IPO of Neuf Cegetel in October 2006.

Although the firm is not so well known in debt capital markets, another thing that impresses market observers is the ability of the practice's lawyers such as Bernstein, Brintzer and Lemaitre to work in this sphere with the same proficiency they display on the equity side. For this reason the firm has climbed a tier in the rankings this year. Among the most considerable of the firm's efforts was the counsel a team afforded Crédit Agricole in its March 2007 \$4.5 billion and June 2006 \$3.2 billion extendible short-term notes offerings. Also of note, the practice acted for Lafarge in its \$2 billion Securities and Exchange Commission-registered bond offering July 2006 and provided deal counsel in the €750 million offering by BNP Paribas of deeply subordinated Tier I notes in April 2007. A team also advised Nexans on its €280 million convertible bonds offering in July 2007.

Leading lawyers

Andrew Bernstein
John Brintzer
Pierre-Yves Chabert

Clifford Chance

Clifford Chance had another big year in capital markets, advising on a wide range of large transactions of which only a selection are detailed here. In October 2006 a team advised HSBC on a €1.5 billion bond issue by Holding d'Infrastructures de Transport for the refinancing of the debt of motorway concession operator Sanef. Two months later the practice assisted lead managers HSBC, Ixis Corporate & Investment Bank, Natixis, Société Générale and the Royal Bank of Scotland on an €850 million bond issue by Pernod Ricard.

In March 2007 the firm aided Sodexo with its €500 million bond issuance. April 2007 was a big month which saw the firm advise the French motorway concessions operator Autoroutes du Sud de la France and its shareholder Vinci on the establishment of a new €6 billion EMTN programme, while also providing counsel to the joint lead man-

agers Calyon, Natixis and Royal Bank of Scotland in relation to the €500 million bonds issuance by Imerys.

The firm has also continued to lend its expertise in structured finance and securitization on a whole host of deals. In May 2007, for example, a team advised Société Générale as originator and arranger in relation to the commercial mortgage-backed securities (CMBS) securitization of a portfolio of French, German and Spanish commercial mortgage loans. This was the first continental European portfolio securitized under the White Tower programme. In another impressive display of the practice's prowess in this area, the firm counselled Lehman Brothers, the arranger and originator, on the €1.3 billion pan-European true-sale CMBS securitization – Windermere 7 and 11. In another eye-catching deal Clifford Chance acted for Morgan Stanley, Citibank, BNP Paribas and Société Générale in May 2006 in connection with the €1.43 billion financing of the acquisition of a €2.2 billion portfolio of German residential real estate by an affiliate of Foncière Développement Logement.

Clifford's Paris practice is less well known for its work in equity capital markets, but that is not to say that the French office has been idle in this area. Notably, at the time of writing it was representing Gulf Finance House, an investment bank in the Middle East, in its initial offering of global depository receipts, listed on the London Stock Exchange. The firm also represented Accenture in January 2007 in the filing with the Autorité des Marchés Financiers in France, and the passporting into 20 other European jurisdictions, of a prospectus for a public offering to over 50,000 employees. The structure of the deal was novel and governed by the EU Prospectus Directive. Football fans may recall the IPO of Olympique Lyonnais on Eurolist in February 2007. It was a team from Clifford Chance that steered the club through this.

Praise from competitors was directed in particular at Thierry Schoen, "a leading figure", and Frederic Peltier who is "very clever, accurate and one of the best technicians".

Leading lawyers

Jonathan Lewis
Richard Parolai

Debevoise & Plimpton

Since Debevoise began building its capital markets practice in 2000, the firm has moved forward in strides. Market participants report that the firm has been ever more visible over the last year and Debevoise moves up a tier in equity capital markets pursuant to a high number of recommendations.

Pierre Clermontel heads the department, which consists of five partners and 15 associates, who receive acclaim from clients and competitors alike. Clermontel is described as "one of the rising stars in securities law" and commended for being "in touch with the client and the transaction". The "sharp" Marc Castagnède is also noted for his recent level of activity.

But above all the firm's growing stature is illustrated by the magnitude of the deals it has been advising on. Having represented the issuer, Legrand, in the largest IPO in France in 2006 (€6 billion), a year later the firm returned to the limelight to advise Rexel and its shareholders on the company's €6.3 billion IPO in April 2007, in the largest listing in France so far in 2007 at the time of writing.

In other noteworthy work the firm advised the underwriters on the €1 billion IPO of Korian in November 2006, which resulted from the merger of Medidep and Suren. A month later the practice acted for BNP Paribas and ABN Amro Rothschild in connection with the €377 million share capital increase of Scor to finance the acquisition of Revios. In March this year Debevoise could be found representing two sets of underwriters in relation to Adenclassifieds' €223 million IPO and Outremer Telecom's €360 million IPO.

Leading lawyers

Marc Castagnède

Freshfields Bruckhaus Deringer

Freshfields is another firm that has enjoyed great success over the last year. Competitors congratulate the firm on its presence on the deals and clients commend it for the "excellent service" it provides. The firm compensated for Linda Hesse's defection to Jones Day in December 2006 by making two significant signings the following month: David Revcolevschi at partner level from Skadden, and senior counsel Marie-Christine de Nayer from Société Générale.

Patrick Bonvarlet and Suzanne Kowalska have a reputation for appearing quite frequently, and in June 2006 the two worked together to advise Parrot on its €102 million IPO and flotation on Eurolist. The following month, Kowalska showed up on another memorable transaction acting for Iliad, Société Générale and Morgan Stanley in relation to the issue by Iliad of *ocean* bonds (convertible or exchangeable for new or existing shares) for a total amount of €331 million and their admission to trading on Eurolist by Euronext Paris.

It was a busy year for Bonvarlet, and in September 2006 he advised IMS International Metal Service in relation to the

€143 million sale of existing shares by its principal shareholders. This transaction, unlike most of the secondary offerings made in recent times, included a retail offering along with an international placement. In another novel affair later in the year Patrick Bonvarlet assisted Seloger.com, the first operator of real-estate advertising websites in France, in relation to its €208 million IPO on Eurolist.

The practice continued to demonstrate its adeptness in debt transactions, providing guidance in August 2006 on the update of the €75 billion EMTN Programme of Compagnie de Financement Foncier, before assisting with the update of the \$5 billion EMTN programme of Banque AIG the following month. Later in the year the firm helped the Association des Communautés Urbaines de France (association of French local governments) and HSBC CCF with the arrangement of a €104 million joint bond offering involving 13 French local governments.

In structured finance and securitization the firm is shining brightly. One client said of the team: "They have the highest technical skills in securitization," adding that the firm's lawyers are "very capable". The abilities of Hervé Touraine, who leads the team, are lauded by clients and rivals. One client said: "Hervé is the best securitization lawyer there is in France. He is highly technical and very creative." Fabrice Grillo, who is often seen working alongside Hervé, also attracts a lot of praise for his "commercial sense" and for having the "right balance between the technical side and organization".

Given the team's enviable reputation it is hardly surprising that ABN Amro instructed it on three innovative partially funded synthetic collateralized loan obligations (CLOs): Amstel SHER 2006, Amstel CLO 2006 and Amstel SCO 2006-1, in relation to portfolios totalling €27 billion. A Freshfields team also acted for Société Générale Corporate & Investment Bank in November 2006 in connection with the €3.5 billion synthetic CLO of a consumer loans portfolio of Société Générale.

Among the year's other highlights, the practice advised BNP Paribas, HSBC France and PSA Group in July 2006 on the first ever securitization of automotive lease receivables on the French market. The deal allowed the issue, through a compartmentalized French *fonds commun de creances* structure, of €1.12 billion senior notes and €132 million subordinated notes backed by a portfolio of automotive lease receivables relating to Peugeot and Citroën vehicles. In another first, a Freshfields team counselled Calyon on its first pan-European CMBS conduit issuance,

Rivoli pan Europe 2006. The €480 million transaction, which closed in December 2006, includes commercial mortgage loans originated by Calyon in France, Spain and the Netherlands.

Leading lawyers

Patrick Bonvarlet

Hervé Touraine

Gide Loyrette Nouel

Along with Allen & Overy, Gide is pre-eminent in the French derivatives market. Gide's derivatives group has reported steady growth over the last year, buoyed by a strong market in both its two main traditional areas of focus, strategic equity derivatives and structured credit derivatives. Gide is widely respected for its expertise in these areas and its standing in the market was recently attested by the nomination of Alban Caillemer du Ferrage in April 2007 to the Markets & Exchanges Consultative Commission at the Financial Markets Authority.

The hiring in June 2007 of Lina Armoogum, a derivatives lawyer from Axa Investment Managers, has gone some way to plugging the gap left by Karine Imbrosciano's 18-month secondment to London to hone her structured credit skills, and the team has been involved with a whole string of impressive transactions. These include the €1 billion equity financing on 3% of the share capital of Vivendi; the €350 million equity financing on 4.5% of the share capital of a French listed company; and the €450 million structured share options of a French CAC40 listed company.

Gide's international capital markets team has had another big year in debt capital markets, although competitors have testified that it has been rather less visible on the equity side. But the firm did act as counsel to lead managers Lazard-Ixis Société Générale and UBS in Icade's €707 million combined offering which consisted of a public offering in France, an international offering, and an offering of shares to employees. The practice also represented Total in the €1.63 billion listing of shares of Arkema, a spin off of Total's chemical activity. In addition a team advised CNP Assurances in relation to a €700 million rights issue, comprising a retail public offering in France and an international private placement to institutional shareholders.

On the debt side the team acted as counsel to Eurazeo and Europcar in connection with the issuances of €550 million senior subordinated secured floating-rate notes and advised the lead managers in connection with Crédit Logement's issuance of €800 million undated deeply subordinated notes. It also advised

Agence Française de Développement's on the issuance of €500 million undated subordinated fixed-to-floating rate notes. In other stand-out work the team assisted CNP Assurances in connection with its €1.25 billion undated junior subordinated fixed-to-floating rate notes issuance and represented the lead managers of Air France's €550 million and Klépierre's €700 million standalone bond issuances.

Gide's three-partner and 13-associate securitization group has had a good year too. In one key instalment it advised Merrill Lynch International in a €250 million transaction which involved setting up a securitization platform, Expansion Finance Holding, for the refinancing of loans granted to small and medium companies in France. In April 2007 the team represented Caisse Centrale du Crédit Immobilier de France on a €1.61 billion issuance of units listed on the Paris Stock Exchange relating to the refinancing of a real-estate portfolio. Gilles Saint-Marc in particular frequently draws compliments from peers and clients.

Leading lawyers

Xavier de Kergommeaux

Jean-Marc Desaché

Patrice Doat

Gilles Saint-Marc

Linklaters

Gilles Endréo heads a "first-rate" and prolific capital markets team which is particularly respected for its work in the debt side. The "competency" and "experience" of the teams' seven partners and 30 associates is frequently praised by competitors and clients. In particular they tend to be impressed with Philippe Herbelin and Séverin Robillard who is "pragmatic and interested in getting the deal done".

Despite the team's reputation for debt work, it has reminded the market over the last 12 months of its competence on the equity side with its involvement in some high-level deals. In May 2006 the firm advised the underwriters Calyon, Citigroup, Morgan Stanley and HSBC in the €1.4 billion privatization and IPO of Aéroports de Paris. And the advice the practice gave in January 2007 on the high-profile \$3.8 billion CGG Veritas merger also notably covered the offering of common stock to former Veritas shareholders and arranging a complex debt financing package which included high-yield debt securities.

On the domestic front the firm was kept busy in the same month advising BNP Paribas and Calyon on Olympique Lyonnais Groupe's €84 million IPO. This followed a change in French legislation and was the first time a football club had made such a move. In

another notable transaction two months later, the practice acted as deal counsel on the €750 million convertible or exchangeable bonds issue by Michelin, the largest *oceanic* issue since 2004.

Other noteworthy IPOs involving Linklaters as underwriters' counsel recently include the June 2006 offering by Scient'x and those of Fraikin Groupe and Klémurs, both in December 2006. Additionally, the team advised the underwriters on a whole host of share capital increases throughout the last year such as Axa's €4.1 billion offering in June 2006, Teleperformance's €259 million offering in December 2006, CNP Assurances' €700 million offering in January 2007, NicOx's €130 million offering in February 2007 and Schneider Electric's €1 billion offering in March 2007.

Linklaters' Paris operation has again confirmed its market ascendancy in debt capital markets, advising on more public debt deals for French issuers than any other firm and maintaining a significant share of the growing market for the issuance of high-yield debt securities for French issuers. The firm also acts as adviser to arrangers and issuers for more than 40 French and English law EMTN programmes and their updates.

Over the last year the, Linklaters has been working on a large number of innovative and high profile debt financings. In July 2006 the firm counselled Cades, the French social security debt agency, on a close-run series of bond deals totalling €3.5 billion, €1.25 billion and \$1 billion respectively. And in March 2007 the firm was advised Barclays capital, JPMorgan, Société Générale and UBS on the offering by OATei of €4 billion 1.8% inflation-linked treasury notes due 2040.

The practice has also demonstrated that it remains a leader in hybrid and regulatory capital with its involvement in a number of prominent transactions. In June 2006 for instance, Linklaters advised Axa as issuer of €1 billion and £0.85 billion undated deeply subordinated debt, the first offering by a French issuer to be placed in basket D by Moody's; as part of the financing of the Winterthur acquisition. Also, in September 2006 the practice advised Caisse Nationale des Caisses d'Epargne on two parallel series of \$300 million and €350 million bonds eligible as Tier I regulatory capital.

Linklaters has also been very active on the liability management side, most notably advising Natixis on the partial cash tender offer by Ciments Français to the holders of its €350 million 5.875% notes due 2009 in March 2007. The firm has additionally worked on a substantial portion of the high-yield debt offerings in the French market, as it has continued to do for Compagnie Générale

de Géophysique-Veritas, the most frequent issuer of high-yield debt securities in France. This has included its issuance in February 2007 of two tranches of high-yield debt securities worth \$600 million to refinance part of the cash consideration of CGG's merger with Veritas.

Some observers suggest that the firm has struggled a little on the structured finance side since Basil Zotiades left the firm in 2004, taking many of his clients with him, to Latham & Watkins. There is no partner in the team that focuses exclusively on securitization and this is an area the firm is likely to seek to address in the near future.

But the firm has preserved some momentum in this area, and has been involved in a number of sizeable transactions, in particular advising Ixis Corporate & Investment Bank in connection with a complex €1.03 billion synthetic securitization deal in May 2007, eight months after having counselled the same client in relation to an innovative €436 million synthetic securitization of Italian commercial mortgage loans. In other memorable deals the team acted for HVB in May 2006 in connection with a €470 million wind farm securitization, and for Citigroup in July in connection with the bank's first CMBS involving one of its pan-European property portfolios.

Leading lawyers

Gilles Endréo
Philippe Herbelin

Shearman & Sterling

Despite losing a number of associates, Shearman & Sterling has consolidated its tier one ranking in equity capital markets over the last year, advising on a large proportion of the market's most impressive deals.

One competitor said: "It is almost invariably Hervé Letréguilly and one of his younger partners that one comes across in this area." The reason for this is the reputation the firm has built up among clients for offering an excellent service. One said: "As issuers counsel they are one of, if not the, leading counsels in Paris."

"Hervé is probably the best French lawyer," commented another client, adding: "If you're looking for innovative and complex answers in novel situations, that is the person to ask." In addition to Letréguilly, praise is heaped upon Robert Treuhold, who is described as "a very smooth operator, very good with clients". One client explained: "He brings a lot of his experience and gravitas into the transactions – he knows how to reassure clients at the top level." In addition, Bertrand Sénéchal, who was only recently made a partner, is coming to be seen as a rising star.

Among the year's equity highlights, in October 2006 Treuhold and Letréguilly provided counsel to Société Générale as issuer, in its share capital increase of €2.4 billion, realized through the issuance of preferential subscription rights to existing shareholders. Société Générale carried out the deal through a public offer in France and a private placement abroad. In the same month the pair advised Neuf Cegetel in its €911 million IPO on Eurolist through a capital increase and offering of existing shares, combining a retail offering in France and institutional private placements in and outside of France. Then in December 2006 the duo were joined by Sénéchal to give counsel to the underwriters in the sale of €4.8 billion of Natixis shares through a public offering in France and an international private placement.

Although the firm is better known for its equity work it has been involved in some sizeable debt transactions. In October 2006, the practice provided French counsel to ExonHit Therapeutics in connection with a set-up equity financing and a subsequent €34.2 million issuance of bonds convertible into shares. In February 2007, the firm advised Havas on the €270 million issuance of *obsars* (bonds with callable subscription an/or acquisition warrants), the largest such issuance ever implemented. And in May 2007 Letréguilly provided French counsel to Business Objects in connection with its €450 million net share settled convertible bond issue, the first in France, on Eurolist.

Leading lawyers

Hervé Letréguilly
Sami Toutounji
Robert Treuhold

Skadden Arps Slate Meagher & Flom

Established in 1990, the Paris office of Skadden now comprises five partners, one of counsel, four counsel and 15 associates, focusing primarily on equity capital markets and M&A work. The team is very popular with clients because it is "very efficient and professional" and, as one put it: "The quality of the service is really outstanding. You can reach them at any time and there is always someone there to help you." The team, and especially Pierre Servan-Schreiber, is also held in high regard by peers. Said one: "Pierre stays above the fray so can be more imaginative than some of the other deal turners."

Highlights of the last year have included advising Capgemini in its €507 million capital increase, including a public offering in France and an international private placement, in December 2006. The previous month the team

had represented Alcatel in its €8.9 billion capital increase, including the offering of American depositary receipts, in connection with the merger, under US Delaware law, with Lucent Technologies in November 2006. Also in November, the practice gave counsel to Scor on its €377 million share capital increase, including a public offering in France and an international private placement, to refinance the acquisition of a reinsurance company.

Leading lawyers

Pierre Servan-Schreiber

Sullivan & Cromwell

Sullivan & Cromwell has an excellent reputation in capital markets, but moves down a tier because it has been less active of late even though it maintains its high-quality team. Clients attest to this quality in the practice, explaining that they choose to use the firm because a combination of good service, focus on excellence, and the assurance of "getting the right answer and getting it fast". Another client praised the practice for "not finding unnecessary technical issues, just finding the solution".

Nik Andronikos received particular praise for his technical skills, his experience and trustworthiness, while Gauthier Blanluet is described as having "a broad view on a transaction". But it is Dominique Bompont who is applauded most. One competitor said: "He is very quick... He has an impressive knowledge of listed company law – he is some kind of computer on legs." Clients echoed these sentiments: "He really understands the intricacies of French M&A and of the issues," said one, adding: "He is very creative in finding ways of addressing our objective."

Despite a slight downturn in visible activity the firm has been involved in a number of deals worthy of mention. In May 2006 it advised on the listing of Arkema, a spin-off of Total's chemicals business. June 2006 the practice provided counsel to the underwriters of Axa International's €4.1 billion rights offering as part of the financing for the acquisition of Winterthur, and the following November it guided EDF Energies Nouvelles through its €391 million IPO and Euronext listing. At the time of writing the firm was advising on the IPO and Euronext listing of a financial institution.

Leading lawyers

Dominique Bompont
Richard Vilanova

Banking

Recommended firms

Tier 1

Allen & Overy
Ashurst
Clifford Chance
Gide Loyrette Nouel
Linklaters
White & Case

Tier 2

De Pardieu Brocas Maffei
Freshfields Bruckhaus Deringer
Latham & Watkins
Lovells
Norton Rose

Tier 3

Herbert Smith
Jones Day
Orrick Rambaud Martel
Shearman & Sterling

Tier 4

Cleary Gottlieb Steen & Hamilton
Jeantet Associés
Mayer Brown
Simmons & Simmons
Sullivan & Cromwell

The leveraged M&A market is generating much banking work and there is strong deal flow. A growing number of players – bidders, law firms and banks – are now vying for the deals, and many are not based in France. More and more documentation is being driven by English law as British banks establish themselves in the market.

Vendor auctions are becoming more common and as funds are competing for deals, so banks are competing to lend. As one banking lawyer reported: “Banks are falling over themselves to lend money”. There has been a convergence of the high-yield market and the bank loans market, and a proliferation of covenant-lite type packages. Due to the breadth of financing options on the French market, as well as its spirit of innovation, the country’s instruments and finance structures are becoming ever more intricate.

Allen & Overy

Clients turn to Allen & Overy’s “well organized team” because its members “work quickly and effectively and understand the business matters”. Luc Rentmeesters’ move to Norton Rose in 2006 was a loss for the firm – he had set up the banking practice eight years previously – but the remaining 35-lawyer banking and finance team hardly broke its stride and went on to advise on some of the jurisdiction’s biggest financings of the last year. Indeed the number of partners has

increased to seven, with the appointment of Carine Chassol and Fabrice Faure-Dauphin as partners in May 2006, a few months prior to Rentmeesters’ departure.

The team profited from the buoyant M&A and private-equity market, being called in to advise on many of the large acquisition financings. Most notably the firm was involved in France’s largest ever leveraged buyout (LBO) when advising Deutsche Bank and other arrangers on the financing of the €8.11 billion LBO of Pages Jaunes Group. The practice also advised Pai Partners on the €2.4 billion acquisition financing of Lafarge Roofing Business, the world number one in its sector, and BNP Paribas as mandated lead arranger of the €4.5 billion financing of the acquisition by Schneider Electric of American Power Conversion. A team also provided counsel to Goldman Sachs and Bank of America as mandated lead arrangers on the €1 billion financing and subsequent recapitalization and refinancing of the LBO from Areva of Framatome Connectors International by Bain Capital.

The firm also continued to advise on large syndicated loans. A team acted for Calyon, BNP Paribas, ABN Amro and Citigroup in the €1.1 billion revolving syndicated facility to Arkema (a spin-off of Total), as well as for BNP Paribas, Calyon, Royal Bank of Scotland and HSBC France on a €2.1 billion facility for Rexel, a crossover refinancing of the LBO financing for Rexel. The practice also advised Areva on a €2 billion credit facility, as well as counselling BNP Paribas on a € 4.5 billion multicurrency term loan and revolving credit facility agreement for Schneider Electric.

Allen & Overy’s aptitude in finance commands market-wide respect and competitors report that the practice is frequently seen on the other side of the table on the large financings. In particular Rod Cork’s name is frequently mentioned. Clients appreciate Cork’s services because he is a “capable negotiator and a good solution finder”. On client added: “He understands the financial issues quickly and how to translate this swiftly into a well packaged legal structure.”

Leading lawyers

Rod Cork

Ashurst

Ashurst’s Parisian international finance team is another group that has been benefiting from the spate of acquisitions. The practice is perceived as a leader in the field of leveraged finance and over the last year it has been sustained this reputation by advising on some of the largest buyouts and financings in the market.

In March 2007, for example, the firm advised Mediobanca on the €1.8 billion financ-

ing of the acquisition by Santé Développement Europe of blocks of shares in Générale de Santé. Then in May a team counselled Cegedim on the \$751 million financing by Banc of America Securities and Société Générale of the acquisition of Dendrite International.

The firm’s solid reputation on the market is helped by uncommon client loyalty. For instance, having taken counsel from the practice in relation to the €1.1 billion LBO financing of Cegelec in March 2006, the Royal Bank of Scotland recalled the team’s services in relation to the €880 million refinancing of the Picard Surgelés group in June, and then again on the €740 million acquisition financing of Médica by funds advised by BC Partners in August. Similarly, having sought guidance from the firm in June 2006 in relation to the financing of Holding Bercy Investissement’s bid to take over Elior, Charterhouse re-summoned the firm to give counsel on the €3.5 billion financing of Pai Partners’ acquisition of Vivarte in December.

Of the international finance team’s five partners, two counsel and 16 associates, the individual who most frequently attracted praise from competitors was Laurent Mabilat. Said one rival: “He is definitely a leading lawyer. He is very professional, very thorough and I like working with him.”

Leading lawyers

James Collis
Laurent Mabilat
Diane Sénéchal

Clifford Chance

Clifford Chance has a “solid finance practice” and “an active and established presence in the market” according to interviewees. 10 partners and six counsel make up the firm’s prolific finance operations, which advises a number of heavyweight clients.

One such client is Natixis, which the firm advised along with other arrangers in the €924 million financing of the acquisition of France Printemps by Rreef and the Borletti Group in October 2006. The practice represented Natixis again in January 2007 in connection with a financing granted to Compagnie Générale de Géophysique for its acquisition of Veritas.

Another regular customer is BNP Paribas. In July 2006 a team assisted the bank with the €76 million financing for 21 Centrale Partners’ acquisition of Batisanté and in January 2007 the firm advised the same client in connection with the financing of the € 747 million acquisition of Quick Restaurant by CDC Capital Investissement. The biggest break came in December 2006 though, when a team guided BNP Paribas through a €1.2 billion financing for the acquisition of a participation in

Autoroutes du Sud de la France, and a €3.5 billion financing to the target.

In other standout work, the firm advised Cinven in connection with a recapitalization of the Bonhom SAS Group in March 2007. This included a full refinancing of the company's mezzanine facility, senior D facility and the second-lien facility with new senior debt of €592 million. The following month a team advised ABN Amro, JPMorgan and Credit Suisse on the financing of Permina's acquisition of Povimi.

Leading lawyers
Thierry Arachtingi

Gide Loyrette Nouel

It is rare that a firm's description by rivals as "very active" seems to be an understatement. Gide has cashed in on the surge of private-equity investment in the French market and has been offering its expertise on an extensive string of LBO financings and recapitalizations. This is facilitated by the firm's 86-strong finance department, which makes it one of the largest in Paris.

Highlights of 2006 included advising Eurazeo on the €3.65 billion financing of the acquisition of Europcar International and the asset financing of its vehicles fleet, and representing Royal Bank of Scotland in connection with the €545 million financing of the acquisition of the Fives-Lille Group. Into 2007 the firm was visible acting for Royal Bank of Scotland and Goldman Sachs on the €2.94 billion LBO financing of the acquisition of Vivarté Group by Charterhouse.

Standout deals in 2007 have included the counsel provided to BNP Paribas, Royal Bank of Scotland and Ixis Corporate & Investment Bank as mandated lead arrangers of the €1.94 billion LBO and infrastructure financing of the acquisition of Novasaur and Investisaur and their subsidiaries by Axa IM, CDC and Séché Environnement. The firm also rendered assistance to Calyon and Intermediate Capital Group in connection with the €596 million LBO financing of the acquisition of Santé Partenaires by funds managed by LBO France, Barclays Private Equity and the management.

On the recapitalization front, the firm's most notable involvements in 2006 were on the €2.7 billion LBO financing of the acquisition of Galbani by BSA; the €1.5 billion refinancing of existing indebtedness of Tereos Group; and the €700 million refinancing of the LBO debt of Editis. The €850 million partial refinancing of existing indebtedness of Gecina had been the most conspicuous work of its kind in 2007 at the time of writing.

In a striking real-estate transaction, the firm acted for Morgan Stanley in the €30.6 billion financing of the acquisition of Parisian properties by a subsidiary of Invalis.

Leading lawyers
Kamel Ben Salah
Eric Cartier-Millon

Linklaters

The prevailing view of the market is that Linklaters' banking and finance team is a "well balanced and solid unit" which sits squarely in the first tier. The five-partner and 19-associate department has had a good year and was visible advising on a number of high-profile transactions. Nathalie Hobbs comes in for market praise. One rival said: "She is the most active lawyer there in acquisition finance and she is very good."

In June 2006, the team advised BNP Paribas, Calyon, Lehman Brothers Bankhaus and Morgan Stanley on the €3.3 billion refinancing of Altice/Numéricable and the acquisition of UPC France-Noos, and in December 2006 the practice assisted CVC Capital Partners with its acquisition of Fraikin Group. April 2007 was a busy month which saw the firm provide financial counsel on the €1.05 billion acquisition of Group Keolis and the €2.25 billion acquisition of the Saur group.

The firm's two most impressive performances of the year, however, both came in October 2006. In the first, the firm advised Citigroup Global Markets on the €5 billion financing of the acquisition of a majority stake in continental Europe's biggest owner of broadcast and telecoms masts and transmitters, Télédiffusion de France, in one of the largest LBOs in France. In the second, the practice provided counsel to Société Générale on the financing of Axa Investment Managers' private acquisition of Eliokem. In the same month the firm assisted Schneider Electric with the €4.4 billion funding arrangements for its acquisition of American Power Conversion.

The firm's magnified focus on property financing has started to pay dividends as both Olivier Jauffret and Arnaud Fromion have been involved in a number of significant property financing transactions for clients such as Beacon Capital Partners, Bear Stearns and Axa. In the most notable case, the practice advised Citigroup Global Markets as arranger and Citibank International acting as agent, security agent and initial lender on the financing of four properties in Miromesnil acquired by Lehman Brothers and Atemi from Orco Property Group in December 2006.

Leading lawyers
Bertrand Andriani
Nathalie Hobbs
Olivier Jauffret

White & Case

Gilles Peigney, described by one rival as "the father figure of leveraged finance in Paris", heads a dynamic bank finance team of four other partners and 15 associates. He and fellow partner Raphaël Richard have a reputation in the market for being big hitters and over the last year they have not disappointed.

Peigney's most conspicuous recent work has included advising BNP Paribas, Calyon, Deutsche Bank and Société Générale as mandated lead arrangers during the €2.9 billion financing of Eurazeo's acquisition of the Europcar Group, and assisting KKR and Goldman Sachs Capital Partners in connection with the €6 billion financing for the acquisition of shares of Pages Jaunes Groupe from France Télécom. Peigney also counselled BNP Paribas on the €310 million staple financing granted to Axa Private Equity for the acquisition of the Gerflor Group.

Meanwhile Raphaël Richard represented JPMorgan and Royal Bank of Scotland in relation to the \$800 million financing of Wendel Investissement-controlled entities for the acquisition of the Deutsch Connectors Group, and acting for Apax in respect of the €280 million refinancing of both the tender offer for, and the indebtedness of, Séchilienne-Sidec. He also acted for Gilde Buy Out Partners in connection with its €390 million financing for the acquisition of Novasep.

In another standout deal, Peigney and Richard joined forces to advise BNP Paribas on the €1.7 billion financing granted to an *ad hoc* company formed by Wendel Investissement to acquire Materis Holding Luxembourg, and to finance future acquisitions and the operational needs of the Materis Group.

Leading lawyers
Gilles Peigney
Raphaël Richard

De Pardieu Brocas Maffei

Founded in 1993, De Pardieu Brocas Maffei has blossomed into attractive local firm of 90 lawyers, including 23 partners. And as its numbers have grown so has its reputation for expertise in finance. Partner Antoine Maffei was recently appointed to a steering committee for the Ministry of Finance tasked with making the country's economy more competitive, while Pierre Minor is fast establishing himself as one of the country's main banking players.

The firm is regarded as "very present on real-estate finance" and this impression is borne out by the firm's deal list. Most notably the firm advised Foncière des Régions, a listed

French real-estate holding company, in connection with a €500 million facility arranged by Société Générale. In four other noteworthy transactions the firm acted for Société Générale, Royal Bank of Scotland and BNP Paribas, CIC Lyonnaise de Banque, and again for Société Générale in their respective capacities as facility agents of corporate facilities for Roullier (€200 million), Dolmea Real Estate (€450 million), MGM Constructeur (€147.6 million) and Via Location (€116 million).

Although the practice has traditionally been less well known for its work in acquisition finance, a number of deals it had involvement in over the last year rose to prominence. These include the €100 million acquisition financing of Shell Pacific assets attained by local investors, in which the firm represented Société Générale as facility agent; and the €365 million financing of CFF Recycling's acquisition of JCP Participation, in which De Pardieu acted for Société Générale, Crédit Lyonnais, Natexis BP and BNP Paribas.

Leading lawyers

Thierry Brocas

Freshfields Bruckhaus Deringer

Hervé Touraine leads Freshfields' finance group, which is composed of nine partners, two counsels and more than 30 associates. The group's highest-value work continues to come from the assistance it is rendering Eurotunnel with the cross-channel fixed link operator's restructuring and refinancing, and in March 2007 a team led by Antonin Besse helped put in place a £1.5 billion and €1.97 billion credit agreement arranged by Goldman Sachs International and Deutsche Bank.

Market commentators report that Freshfields has endured some internal reorganization and has been less present in the deals over the last year. Nevertheless, Michel Quéré, who heads the acquisition finance team, is acknowledged on the market as "an expert". He could be seen in action in July 2006, counselling Société Générale in connection with the financing of the €1.04 billion acquisition by Pai Partners of the SPIE Group, a provider of electrical engineering and communication services in the energy and rail industries.

In other prominent labour, the practice advised Cinven and its portfolio companies Ypsos and Eno on the €3.2 billion senior second-lien and mezzanine facilities for the merger of the companies and the subsequent acquisition of UPC-Noos. The firm also advised Cinven and its portfolio company Ypsos on the refinancing of the €500 million mezzanine and €250 million second-lien

facilities by the introduction of an €800 million senior facility. To date this is the largest-ever facility change executed in the European leveraged loan market.

Jean-Luc Michaud heads the firm's banking team which, at the time of writing, was representing a consortium made up of Rreef, Deutsche Bank's real-estate and infrastructure investment management arm, and Italian group Borletti, in connection with its probable purchase of France Printemps from PPR. The offer valued the assets of the France Printemps group at €1.01 billion.

Leading lawyers

Michel Quéré

Latham & Watkins

Latham & Watkins climbs a tier this year after receiving consistent praise from the market. One rival said: "I would put Latham & Watkins in tier one; the firm has had a remarkable last 24 months – they are everywhere and all the banks seem to be using them." The team has been growing in order to accommodate this extra work, with three hires in the last year – most notably Maud Manon was brought in at counsel level in September 2006 to bolster the firm's acquisition finance capacity. But much of the firm's success in the finance market is attributed to Xavier Farde.

Farde this year counselled BNP Paribas on the €320 million financing of CDC Capital's acquisition of Feu Vert. And at the time of writing he was advising Sagard and Cognetas in connection with the financing by Royal Bank of Scotland of its €700 million leveraged acquisition of Saint Gobain Desjonquères from Saint Gobain.

Farde is not Latham's only mover. Etienne Gentil can also move a deal along as he showed in March 2007 when he advised Royal Bank of Scotland on the €1.2 billion financing of the leveraged acquisition of Camaieu by Cinven.

Leading lawyers

Dominique Basdevant

Xavier Farde

Etienne Gentil

Lovells

Lovells has demonstrated its dexterity in a number of different ways, advising on a mixed bag of deals over the last year.

The firm has been providing counsel on the financing of the Rascom Telecommunications Project, entailing the construction, launch and operation of a communication satellite intended to cover the African continent to supply integrated com-

munication services in rural areas. This deal involves 45 jurisdictions.

On the acquisition finance side the firm represented BNP Paribas and Group CIC on the €80 million financing of the acquisition of shares of Profalux by La Liévoise de Participations. At the time of writing, a team was also advising a private-equity fund on a €500 million secondary LBO financing.

Mergers and acquisitions

Recommended firms

Tier 1

Bredin Prat
Cleary Gottlieb Steen & Hamilton
Darrois Villey Maillot Brochier
Linklaters

Tier 2

Gide Loyrette Nouel
Skadden Arps Slate Meagher & Flom
Sullivan & Cromwell

Tier 3

Ashurst
Clifford Chance
Freshfields Bruckhaus Deringer
Orrick Rambaud Martel
Shearman & Sterling
Weil Gotshal & Manges
Willkie Farr & Gallagher

Tier 4

Allen & Overy
Brandford-Griffith Baverez Pasturel
De Pardieu Brocas Maffei
Debevoise & Plimpton
Jeantet Associés
Jones Day
Latham & Watkins
White & Case

Tier 5

Davis Polk & Wardwell
Fried Frank Harris Shriver & Jacobson
Lovells
Mayer Brown
Salans
Veil Jourde La Garanderie

Tier 6

August & Debouzy
Baker & McKenzie
CMS Bureau Francis Lefebvre
Franklin
Herbert Smith
Norton Rose
Paul Hastings Janofsky & Walker
Proskauer Rose
Simmons & Simmons
Sokolow Carreras & Associés

Private equity

Recommended firms

Tier 1

Latham & Watkins
Weil Gotshal & Manges

Tier 2

Cleary Gottlieb Steen & Hamilton
Linklaters
Willkie Farr & Gallagher

Tier 3

Allen & Overy
Ashurst
Bredin Prat

Tier 4

Clifford Chance
Freshfields Bruckhaus Deringer
Gide Loyrette Nouel
Lovells
Mayer Brown
Salans
SJ Berwin

Tier 5

Debevoise & Plimpton
Jones Day
Shearman & Sterling
White & Case

In recent years France has seen a steep rise in private equity. Hedge funds also now wield much more influence and funds are often demanding changes in the way companies are run. This phenomenon has been labelled as shareholder activism, and the expectations of these investors, which are often rooted in short-term gains, can be very different to those of classical public shareholders. And they frequently get their own way – the possession of large equity blocks, and the ability to band together, allows these funds to push through even the most drastic of changes.

Although the market is awash with money and buyers' enthusiasm, the number of targets is failing to meet demand. As attractive assets have become rarer, competition has intensified, giving sellers more leverage. Deals are getting done more quickly and private-equity firms are turning around their investments at speed, with companies changing hands after three years or so.

As transactions get ever larger, more and more are made in consortium, with private-equity houses bidding together to win, as happened, for example, when KKR teamed up with Goldman Sachs to bid for PagesJaunes. This helps to spread the cost, gives the allies extra clout and helps to avoid a messy fight where only one bidder can win.

On the flipside there has been an increase of strategic deals by large corporates. Between 2002 and 2005 most of the biggest deals were done by private-equity houses. Since then, and particularly in the last year, the big corporates, who have restructured, are now once again in a position to compete for strategic assets.

Allen & Overy

Nicolas Bichot leads Allen & Overy's 10-lawyer private-equity team, which has presided over a range of transactions in the last year. TowerBrook Capital Partners is a key client of the firm, and the team has advised the private-equity house in several instances including its sale of the InfoPro Group to Apax Partners; its leveraged buyout (LBO) of GSE, a French real-estate engineering company; and its LBO of Clariant's pharmaceutical fine chemicals business.

The team was also in evidence advising other clients including UBS Private Equity on the disposal of Eugene Perma Group; Heritage Partners on the disposal of French group Diam to Bayside Capital (a fund of HIG); and GE on the acquisition of the water division of Idex.

Ashurst

Ashurst has not been seen as strong in private equity since Thomas Forschbach went to Latham & Watkins in September 2004, but the 21-lawyer team has recovered ground since then and enjoys a healthy deal flow. The practice advised on 40 private-equity deals in 2006, with a total value of €21 billion.

The firm notably advised Charterhouse, a key client, on the €3.5 billion acquisition of Vivarte from Pai Partners which closed March 2007. The practice had counselled the same client in relation to the €4.9 billion sale of Tower Participations to Texas Pacific Group and Axa Private Equity in January 2007, and in connection with Holding Bercy Investissement's €1.8 billion bid for listed French catering company Elicor in June 2006.

In other outstanding work the practice gave advice to Advent International on the €865 million sale of Sportfive Group to Lagardère SCA in January 2007. It also counselled Dubai International Capital on the €850 million acquisition of Mauser, a packaging manufacturer, from One Equity Partners in May 2007.

Bredin Prat

"Jean-François Prat [of Bredin Prat] and Jean-Michel Darrois [of Darrois Villey Maillot Brochier] remain the outstanding figures in

the market. They have been the top M&A lawyers in Paris for the last decade and they are still head and shoulders above the rest." This appraisal is shared by many in the market, and Prat is only one name in a star-studded line-up at the firm. "Didier Martin is colourful," said a competitor. "He's known as a guru... He is very knowledgeable and well respected and combative – and I have high respect for him." In addition, Jean-François Prat's son Sébastien has been making a name for himself as "an actor and a contributor to the legal structure".

Comprising 17 partners, Bredin Prat's corporate team is one of the largest transactional teams on the Paris market and no one is in any doubt about the firm's tier one status. Even besides its heavyweight team, the practice's deal flow cannot help but impress.

During the summer of 2006 the firm advised the target in one of the most talked-about M&A transactions in the world. It represented Arcelor, the world's largest steel company by revenue, in its takeover by the world's largest steelmaker by production, Mittal Steel. The price: €25.8 billion.

Shortly after the deal closed the firm was again visible on another of the market's most prominent transactions, guiding KKR on its €6.4 billion acquisition of PagesJaunes, which closed in October 2006. Then in 2007, Didier Martin led a Bredin Prat team advising Euronext on its €15 billion merger-of-equals with the New York Stock Exchange (NYSE) in April 2007, which created the first transatlantic securities exchange company.

One client of Jean-François Prat commented: "He is very experienced, positive in negotiations and a real leader." Recently Allianz sought his counsel in relation to its €10.5 billion public tender offer to acquire the remaining 42.4 % of AGF shares that it does not already hold.

Leading lawyers

Patrick Dziewolski
Didier Martin
Jean-François Prat

Cleary Gottlieb Steen & Hamilton

Cleary Gottlieb is another stalwart of the top tier for M&A, and over the last year it has advised on many of the same deals as Bredin Prat, such as the Euronext-NYSE merger, simply because these have been the most high-profile transactions in the market.

Market participants report that Pierre-Yves Chabert has been very evident in the market over the last year. Many remember him most for his efforts on behalf of Mittal Steel in its initially unsolicited then recom-

mended €27.9 billion negotiated cash-and-stock bid for Arcelor. One rival said of Chabert: "He is very smart so you always need to be cautious. He is good at making things happen."

In another highlight deal at the end of 2006, Jean-Marie Ambrosi led a team that guided Nortel Networks through the \$320 million sale of a mobile communications business to Alcatel. And at the time of writing Ambrosi was providing counsel to Deutsche Telekom in the sale of T-Online France (Club Internet) to Neuf Cegetel for more than €450 million.

Clary Gottlieb has a further string in its bow, possessing an enviable capacity in private equity that Bredin Prat lacks. In this respect Ambrosi is the most prolific of the firm's lawyers. He had a busy start to the year, providing counsel to Texas Pacific Group in connection with its €3.31 billion acquisition of Télédiffusion and the €516 million sale of its stake in Eutelsat Communications to Abertis Telecom.

Leading lawyers

Jean-Marie Ambrosi
Pierre-Yves Chabert

Gide Loyrette Nouel

The last year was a big one for Gide's 61-lawyer M&A group, which advised on 47 transactions in 2006 with a total deal value of €57.4 billion.

During Mittal Steel's takeover of Arcelor, the firm acted as counsel to JPMorgan, the financial adviser to the Grand Duché de Luxembourg, which was the main shareholder in Arcelor. Many of the practice's other largest transactions derived from Christophe Eck's key client Société Générale, which has a reputation for aggressive expansion. In one such deal, the practice counselled Société Générale in its acquisition of Splitska Banka, the fourth-largest retail banking network in Croatia, from Bank Austria Creditanstalt. The acquisition was one of the biggest deals ever done in Croatia with a purchase price of more than €1 billion.

In September 2006, Gide again provided counsel to the bank in its acquisition, together with European Bank for Reconstruction and Development, of 70% of Bank Republic, the first western European investment in the Georgian banking sector. Then in December 2006, the firm advised Société Générale on its acquisition of more than 70% of the share capital of the Moldovan commercial bank Mobiasbanca through a public tender offer, in the biggest deal ever completed on the Moldovan Stock Exchange.

Leading lawyers

Antoine Bonnasse
Didier Martin
Jean-Emmanuel Skovron

Latham & Watkins

Latham & Watkins was commands market-wide respect for its private-equity operation and competitors accorded the firm tier one status almost unanimously. This is in large part due to the presence in the team of Thomas Forschbach. "He has been on the scene for a long time and has the experience to deliver very large heavy deals," said one rival.

This view is borne out by his and the team's performances over the last year. In the autumn of 2006 the firm assisted Axa Private Equity with its €4.9 billion acquisition, together with TPG, of Télédiffusion de France, the largest owner of broadcast and telecoms infrastructure in continental Europe. During the same period the practice also steered the Carlyle Group through the €2.5 billion sale of its stake in Avio, an aerospace company, including in the transaction the sale of French companies Europulsion and Regulus. In December the firm advised Intermediate Capital Group on its and 3i's €1 billion sale of Keolis, a French private-sector transport group, to Deutsche Bank.

And the team celebrated the new year in style, helping Spectrum Equity Investors and Goldman Sachs Private Equity to close their €3.3 billion sale of Eutelsat Communications, the leading European satellite provider, to Abertis Telecom on new year's day.

Clients approach Forschbach for counsel because he is "a very good lawyer with a very commercial approach and he will take that further step to make the deal". At the time of writing, he and Xavier Farde had been advising Wendel Investissement on its €2 billion acquisition of Materis Group, a supplier of building materials.

Leading lawyers

Thomas Forschbach

Linklaters

Thierry Vassogne is said to be less present on the market at the moment as a result of health problems, and this would have left many firms short, but Linklaters' strong corporate team retains "strength in depth" and a powerful deal flow.

On the M&A front the team notably advised Compagnie Générale de Géophysique on its \$3.5 billion merger with Veritas DGC September 2006. Then in December it counselled Alcatel Lucent on the €1.67 billion sale

of its safety and transport business and its space activity to Thales, as well as Alcatel Lucent's \$320 million acquisition of Nortel's universal mobile telecommunications systems business. The firm also spent much of 2006 advising Deutsche Börse on its proposed combination with Euronext.

The private-equity and LBOs team was also very active over the last year, advising on important transactions such as the €3.5 billion sale of the French retail clothing chain Vivarte by Pai Partners and Sagard Private Equity Partners to Charterhouse in December 2006. The firm also provided counsel in connection with the €1.35 billion acquisition of Fraikin group by CVC Capital Partners; the €1.05 billion acquisition of a majority stake in the Keolis group by Axa Private Equity and Caisse de Dépôt et Placement du Québec in April 2007; and the €2.25 billion acquisition by Caisse des Dépôts et Consignations, Axa Infrastructure Investment and Sèche Environnement of the Saur group, also in April 2007.

Michel Friehe recently left Linklaters to set up a boutique firm concentrating on smaller transactions. This is a setback to the firm as Friehe is often cited as one of the top lawyers in the market because, as one competitor put it: "He is a quick, bright guy and technically very well positioned. He has his own style and certainly knows his business."

Leading lawyers

Thierry Vassogne

SJ Berwin

SJ Berwin's corporate and M&A team comprises 18 lawyers and is led by Maxence Bloch, Christophe Digoy and Pierre-Louis Périn. It has been very active lately and is fast earning itself a rock-solid reputation in the mid-cap LBO and venture capital sections of the market.

Among the year's transactional highlights, the firm acted for Barclays Private Equity in the €530 million disposal of its majority interest in the Fives Lille group; for ISTA in the €270 million acquisition of CIS Group; for Alpha Private Equity and AlpInvest in the €425 million disposal of a majority interest in the KP1 Group; and for Fraikin in its €1.3 billion sale to CVC Capital Partners by WestLB and Eurazeo.

Maxence Bloch is the lawyer at the practice that stands out for competitors and clients. One rival said "She is very competent and really helps to make the deal."

Leading lawyers

Maxence Bloch

Skadden Arps Slate Meagher & Flom

The five partners, three counsel and 15 associates in Skadden's Paris office make a "neat outfit" according to one rival. Market observers agree that "clearly the leader is Pierre Servan-Schreiber" who is described by a competitor as "easy to work with and open-minded".

"The service is always impeccable," said a client of the firm. The client added: "they always deliver on time and the execution is perfect." Armand Grumberg is a favourite choice. "He is very good at negotiating and knows the market very well," according to one client.

Some competitors reported seeing less of Skadden over the last year. Nevertheless the team did secure a prominent share of the market. Skadden's most visible instruction was helping to defend Arcelor against an unsolicited \$22.8 billion bid from Mittal Steel, and ultimately representing the steel company in its \$33.8 billion merger with Mittal. The firm also represented Arcelor in its €12 billion acquisition of Severstal, the largest Russian steel company.

Skadden advised UCB, a Belgian biopharmaceutical company, on its \$5.6 billion acquisition via a tender offer of Schwarz Pharma, a German pharmaceutical company, as well as counselling Capgemini on its \$1.25 billion acquisition of Kanbay International, a global information technology company focused on financial services. In another notable deal, Skadden represented Alcatel in its \$13.4 billion merger with Lucent Technologies. Alcatel, based in France, and Lucent, based in New Jersey, were two of the world's leading providers of telecoms products and services.

Leading lawyers

Pierre Servan-Schreiber

Sullivan & Cromwell

Said one competitor of Sullivan & Cromwell: "They are a very solid contender for all large acquisitions. They have been in most large cross-border transactions involving a French company and they have a very strong team." And the firm's rivals' deferential comments were more than matched by its clients. "They are simply outstanding," said one. "They are simply the best in Paris."

In particular Dominique Bompont is singled out for praise by clients because "he knows his clients' needs perfectly", possesses "a phenomenal wealth of experience and contacts", and is "very creative" and "so client focused, so deal driven". One client said: "Dominique is seen by many as the best M&A lawyer of his generation... the number of major transactions he has been in is unbelievable". But it is not only Bompont that is

lauded: Francois Kopf is also said to have great potential, and Gauthier Blanluet is an established figure in the French corporate field.

The firm has had a fine year with involvement in a number of the highest-profile transactions on the market. In October 2006 it represented France Télécom in its \$4.1 billion sale of a 54% interest in PagesJaunes to Mediannuaire, a unit of KKR, in the largest leveraged buyout ever in France. The following month it gave counsel to Goldman Sachs, the financial advisor to Alcatel, on the \$13.4 billion announced merger between Lucent Technologies and Alcatel. On the acquirer's side the team notably advised Axa on its \$11.3 billion acquisition of Winterthur in December 2006 and at the time of writing it had been advising Allianz on its \$13.6 billion tender offer for the outstanding shares of Assurances Générales de France.

Leading lawyers

Gauthier Blanluet
Dominique Bompont

Weil Gotshal & Manges

Weil Gotshal is famed for its prowess in private equity and interviewees across the market had no hesitation in recommending it among the leading firms in this respect. Market observers were unanimous in their admiration for David Aknin who is recognized as a "very strong presence, very clever and a very good negotiator". He is also regarded as "a great technician".

In standout work last year, Aknin advised Montagu Private Equity in its \$507 million acquisition of Astorg Partners in September 2006 and led a team representing Apax Partners in its \$400 million acquisition of Telenor Satellite Services the following month. In May 2007 Aknin's team acted for Pai Partners in connection with its \$2.29 million sale of Saur, a water company, to Caisse des Dépôts et Consignations, Sèche Environnement and Axa Investment Managers. At the time of writing Aknin was advising Axa Private Equity in its \$2.16 billion sale of Camaieu to Cinven.

Leading lawyers

David Aknin

Project finance

Recommended firms

Tier 1

Clifford Chance
Freshfields Bruckhaus Deringer
Gide Loyrette Nouel
Linklaters

Tier 2

Allen & Overy
De Pardieu Brocas Maffei
White & Case

Tier 3

Ashurst
Lovells
Norton Rose

Tier 4

Herbert Smith
Jeantet Associés
Simmons & Simmons

Tier 5

Baker & McKenzie
Cleary Gottlieb Steen & Hamilton
Orrick Rambaud Martel

The French government has identified the need for huge investment in roads, railways and various utilities as well as in prisons and hospitals. Recent legislation in France has boosted project finance, especially public-private partnership (PPP) projects. For the next three to five years, billions of euros will be invested in all of these sectors using new legal techniques combined with traditional project finance.

On July 1 2007 the French energy market was completely liberalized. The increased work in the energy sector to replenish France's capacity – particularly in the areas of renewables and greenfield power projects – should provide a boost to project finance law practices.

After a lull of several years there have been a growing number of projects in Africa, largely as a result of the huge needs of China and India combined with the rise in prices of commodities and raw materials. Many projects that were dead for years are finally being restarted. This is also leading to the need for investment in other infrastructure such as the country's transport network. French companies and their attendant legal counsel are taking the lead in these developments.

Clifford Chance

Clifford Chance has a well regarded project finance team that is involved in a good mix of domestic and international work in all the

active sectors. Market observers point out that many of the domestic work stems from David Pr at's connections. Said one rival: "David's bringing the transactions because of his personal contacts." But this should not detract from the fact that clients appreciate the services of the firm. "Daniel Zerbib and David Pr at are extremely good professionals," said one. "They have in-depth knowledge and very high standards of work."

In one standout international affair the practice counselled a bidder in relation to the build-transfer-operate (BTO) project to develop the Queen Alia International Airport in Jordan. At the time of writing the firm was providing counsel to a bidder in connection with the build-transfer-operate (BTO) for a new international airport and the concession of the Monastir and Enfidha airports in Tunisia, while at the same time advising a number of banks on the \$1.1 billion financing of a mobile telephone company in Turkey.

The firm has considerable expertise in the telecoms sector and has been advising Sagem on all its concession projects in telecommunication networks and infrastructure. It has also been offering its expertise to sponsors Macquarie, Alcatel-Lucent and CSC in connection with the bidding procedure for the telecoms network PPP for the ground railway.

In other PPP work the team has been advising various clients in connection with the bidding procedure for the PPP to construct and operate the La R union train-tramway. And the practice continues to profit from transport sector projects in other contracts too. In July 2006 the firm advised a consortium in relation to the concession of a tramway infrastructure in Reims and at the time of writing it was providing counsel to the Ministry of Transport in relation to the tender procedure for the  1 billion A65 motorway project.

In addition the practice is advising Goldman Sachs and Deutsche Bank on the refinancing of the Eurotunnel Concession following the adoption of the *sauvegarde* bankruptcy plan. In other refinancing work the firm has been acting for mono-line institutions, commercial banks and the European Investment Bank in relation to the refinancing of the Millau viaduct concession while also counselling financial institutions and commercial banks in relation to the refinancing of the Sanef/SAPN motorway concessions.

Having advised Eiffage in relation to the construction, maintenance and  300 million financing of the construction of four prisons in April 2006, the firm has been recalled by Eiffage to counsel it, Sodexho and Barclays Private Equity in connection with the La Sant  prison.

Leading lawyers

Anthony Giustini
David Pr at
Daniel Zerbib

Freshfields Bruckhaus Deringer

Despite some comings and goings at Freshfields, the firm retains "a highly effective project finance team that never fails to do the business".

This efficiency was well demonstrated in the firm's recent representation of Dexia and the Royal Bank of Scotland in connection with the  155 million financing of the construction and maintenance of three prisons in the second such PPP project. This project set a record as the financial close occurred within 12 weeks of the state announcing the preferred bidder.

In other noteworthy infrastructure work, in April 2007 the firm advised Natixis and Soci t  G n rale in connection with the  160 million financing of a greenfield hospital project in Bourgoin-Jallieu. It also gave counsel two months earlier to Poweo, the French independent power trader and producer, in connection with the drafting and negotiation of the energy performance contract and the operation and maintenance contract for a  185 million project involving the construction and operation of a 412MW combined-cycle gas turbine plant.

Like many Parisian legal operations, the practice is cashing in on increased investment activity in Africa. In 2006 a team notably advised Holmarcom, a Moroccan private conglomerate, in connection with the design, financing, construction, operation and maintenance of two grain terminals situated in the Casablanca and Jorf Lasfar seaports.

Leading lawyers

Thierry Laloum
Jean L'Homme

Gide Loyrette Nouel

Gide's project finance team has been immersed in project finance work over the last year. One market observer commented: "Emmanuel Fontaine and Thomas Courtel are doing some fantastic domestic work."

In this respect the firm was particularly visible advising a consortium consisting of Spie Batignolles, Suez, Axa Investment Managers and CDC on both the PPP Prisons Lot 3 and the A88 motorway. A team also advised a separate consortium, comprising Vinci, Veolia and CDC, on the Lyon rail link project. In another notable project the practice gave counsel to a consortium made up of Eiffage and Colony Capital for the construction and financing of a soccer stadium in Lille, as well

as representing the international developers Babcock & Brown in connection with the  180 million project financing of wind farm facilities with an installed capacity of 64MW.

Gide's team also demonstrated its ability for cross-border work, advising the government of Monaco in connection with the project for the 275,000m² sea-land extension of the principality with an estimated cost of between five and 10 billion euros; counselling the Senegalese government on the award of a PPP in air freight and packaging; and assisting the International Finance Corporation and the government of Egypt on PPPs for water and wastewater facilities in New Cairo as part of the first wave of pilot PPPs in the country.

The firm was also conspicuous representing Maurel & Prom, a French petroleum company, on the  350 million reserve-based financing of its production fields in Congo and Colombia. In another large international undertaking, a team acted for a Chinese mining company in Gabon in the course of the \$3.5 billion development of an iron ore mine, including negotiation of the mining convention, shareholders' agreement and railway facilities, port facilities and hydropower station construction, operation and maintenance contracts.

Leading lawyers

Emmanuel Fontaine

Linklaters

Bertrand Andriani leads Linklaters' industrious projects team which has recorded another bumper year. Competitors are full of praise for the practice's proficiency in this area, chiefly picking out Andriani and Simon Ratledge for being especially "experienced and capable".

The firm has capitalized on the growing amount of work in the energy sector, such as assisting lenders with the multi-billion euro secured financing of the purchase of blocks under long-term power purchase arrangements by the Exeltium special-purpose vehicle, owned by a group of European electro-intensive companies. The team also advised the Bank of Tokyo-Mitsubishi, Royal Bank of Canada and BNP Paribas as arrangers on a  225 million limited-recourse refinancing and project financing of a 200MW portfolio of wind farms in France, the UK and Ireland where the sponsor is Renewable Energy Systems.

Some of the firm's most impressive work was in Africa. In one standout episode the practice advised the sponsors on the Groupe Ouest copper and cobalt brownfield mining project in the Katanga province of the Democratic Republic of Congo. Linklaters provided counsel on the development's initial joint-venture negotiations, London listing, strategic investment and potential project financing. The

project is one of the largest foreign investments into the country in recent times and has required complex legal structuring to take into account its new Mining Code.

Leading lawyers

Bertrand Andriani
Paul Lignières

Allen & Overy

Allen & Overy's Paris projects practice has grown significantly in recent years, particularly since the appointment of Tim Scales as a partner in 2003. Shaun Beaton, who specializes in energy and infrastructure project development and finance, was promoted to counsel in 2007.

The 10-lawyer team is led by Scales and Rod Cork, and clients are invariably satisfied with its "first-class service". One client drew attention to the firm's ability to "provide accurate, precise and thorough answers to our questions". Cork was most frequently the object of clients' compliments but Rita Abinader has also impressed, with one client describing her as "quite brilliant".

The team has been consolidating its position in the domestic project finance sector, most notably advising the Ministry of Justice on a prisons project. This has entailed the construction of 18 prisons to hold 8,900 prisoners at a cost of approximately €900 million, and is the first large-scale application of a PPP scheme by the French government. The practice also gets credit for assistance to the cities of Le Havre and Toulouse on a number of PPP projects, and to candidates during the tendering process of hospital building and maintenance projects. Allen & Overy has also advised on a Ministry of Sports-led project for the renovation of the National Sports Institute, and a street lighting project tendered by the city of Rouen.

In prominent international project financings in the power sector the team advised SNC Lavalin and Mubadala Development Company on the construction, development and \$640 million financing of the Hadjret-en-Nous 1227MW power plant in Algeria. The development was financed in Algerian dinars by local banks and was the largest limited-recourse project to be funded in this way. The practice also provided counsel to AES-Sonel on a €260 million financing of the company's five-year capital investment programme to renew and refurbish its power production, transmission and distribution assets in Cameroon. This was one of the largest financings ever provided to a privatized utility in Sub-Saharan Africa.

On the renewables side a team advised a consortium of banks on the €220 million financing of four wind farm projects in Portugal, while in oil and gas the practice counselled the mandated lead arrangers (BNP

Paribas, Natixis and Standard Chartered Bank) on a \$1.5 billion reserve-based lending facility for Addax Petroleum in Nigeria.

Leading lawyers

Rod Cork

De Pardieu Brocas Maffei

De Pardieu has a solid project finance practice which has recently been heavily involved in the renewables sector. The firm is respected to a high degree in the market and, in particular, rivals and clients single out Antoine Maffei who is regarded as "a good experienced finance lawyer; a practical guy who knows the banking community quite well".

A key client in the renewables sector is Société Française d'Eoliennes, which the firm advised as borrower in the €70 million wind farms project located in the Meuse area in France, and in the €61 million financing made available for it by Banque Sabadell for the financing of wind farms.

The practice is also active on an international level. In its most considerable recent overseas deal, the team advised Calyon and Citigroup as co-arrangers in the \$480 million restructuring of the Orascom mobile telecoms project in Algeria.

Leading lawyers

Antoine Maffei

White & Case

White & Case's project finance team has established itself as a significant presence in the market, having played a leading role on some of the biggest French domestic projects in the last year, as well as some notable project financings overseas.

The practice was present in two of the landmark domestic PPP financings, representing Calyon and Natexis in the €300 million financing of the first prisons PPP, as well as advising Dexia Crédit Local in relation to the €250 million renovation project of the National Institute of Sports and Physical Education. The team has also been involved in a number of important motorway projects, most notably advising mandated lead arrangers in relation to the €1.2 billion construction project of the French A65 motorway connecting Langon to Pau.

Ashurst

The firm's position in the market is further confirmed by its appointment by two public authorities to advise on two highly visible and complex PPP projects: the Ministry of Justice for the structuring and implementation of the PPP project for the refurbishment of the Prison de la Santé in Paris; and the Urban

Community of Lille for the structuring and implementation of a 50,000-seat sports arena project in Lille, a first in this field.

Ashurst also has a substantial market share in the road and rail sector, having advised or advising French sponsors on all the recent and current French motorway projects (A19, A41, A63, A65, A355 and A88) and rail projects (Perpignan-Bettembourg freight project, Charles de Gaulle Express and GSM-R train communication project).

The international reach of Ashurst's projects practice is best illustrated by its current work on the €5 billion Monaco urbanization PPP project and on the recently closed financing of the €290 million Brussels-North wastewater treatment plant, on two motorway projects in Germany (A1 and A5) and on several projects in Algeria.

Michel Lequien is especially well received by the market. One rival described him as a "leading guy", another commented: "He is a very thorough lawyer who leaves no stone unturned until the deal has reached a satisfactory conclusion."

Restructuring and insolvency

Recommended firms

Tier 1

De Pardieu Brocas Maffei
Gide Loyrette Nouel
Poulain & Associés
Santoni Paccioni & Associés
Veil Jourde
Weil Gotshal & Manges

Tier 2

Bernard Lagarde
Fried Frank Harris Shriver & Jacobson
Jeantet Associés
Linklaters
White & Case
Willkie Farr & Gallagher

Tier 3

Allen & Overy
Clifford Chance
Freshfields Bruckhaus Deringer
Latham & Watkins
LeBoeuf Lamb Greene & MacRae
Proskauer Rose
Saigne Sigrist & Associés

Tier 4

Fauvet La Giraudière & Associés
Paul Hastings Janofsky & Walker
Salans
Vatier & Associés

Many of the leveraged buyouts (LBOs) structured between 1998 and 2002, or even later, are becoming more and more stretched in the

upstreaming of dividends from the operating companies to the acquisition holding companies. A number of these deals have now floundered and ended in restructuring. One victim is the games and toys industry, where cases such as Smoby and Heller stand out.

But the largest number of failures has been of suppliers in the automobile sector, with companies such as CAT/GAL and Teksid Group entering distress. Car manufacturers are now ruing their enthusiasm over a number of years for outsourcing the production of spare vehicle parts. Renault led the charge in this and prospered in the short term – the move enabled Renault to buy Nissan – but it also made producers vulnerable to failures by newly independent sole suppliers of vehicle parts. Another sector in trouble is computer chips, with companies such as Gespac experiencing an extraordinarily reversal in fortunes.

In times gone by you knew exactly the cost of debt instruments and until four or five years ago it was essential for lawyers to know the restructuring office of the banks to have their trust. Now debt changes hands so frequently – for example with CAT/GAL it has done so three times and with Smoby it has done so twice – that the cost per investor of the debt can be a mystery, as everyone bought it at different times. Debt is placed and traded on the grey market in London, the natural home of mezzanine debt trading, and nowadays it is essential to understand this market to restructure a company's debt.

Despite the inherent challenges of the practice, more players are entering the French restructuring market. AlixPartners and Alvarez & Marsal, for instance, have both set up offices in Paris. London hedge funds are also becoming active in French restructuring in France, and other British and American investors and consultancies, including Ernst & Young, are entering the fray. As a result the market is growing and changing at the same time, and the French legislature and courts are finding they now have a reduced role as a result of the foreign presence.

"Gabriel Sonier has been the number one for 30 years," said one rival. This view chimes with those throughout the insolvency market, which is undivided in its praise for the man. Sonier briefly joined forces with Jean-Paul Poulain, but it was not long before **Sonier Poulain & Associés** experienced its own restructuring with its demerger back to the two former entities, **Sonier & Associés** and **Poulain & Associés**. Shortly afterwards he left behind the enterprise he had fashioned, to join **Veil Jourde**, which shoots up the rankings this year on the recommendations of rivals who say that since the arrival of the "legend" Sonier, the firm is now among the leaders in the field.

Poulain retains an excellent reputation for representing heavily indebted clients. One rival commented on the fierce effectiveness with which he represents borrowers' interests. Poulain has negotiated many favourable settlements, and has recently assisted Euralcom and MGA Entertainment with their restructuring plans as well as advising DK Trans on the cessation plan of Nexia/Ebrex.

Aymar de Mauléon de Bruyères and Cécile Dupoux, both former partners of Gabriel Sonier, joined Bertrand Andriani at **Linklaters** in May 2006, providing the firm's practice with a considerable boost. Linklaters is advising the agent banks Calyon and HSBC in the €6.3 billion Eurotunnel restructuring and has also been advising the *ad hoc* committee of creditors in the Eurotunnel restructuring. In other highlights this year the team counselled Belgian newspaper *Libre Belgique* on the restructuring of French newspaper *Libération* in March 2007. In July 2006 the practice provided counsel to Marineland and its main shareholders on its restructuring linked to its acquisition by Parques-Reunidos, a Spanish entertainment company, financed by investment funds.

In other developments, the longstanding collaboration between **Santoni Paccioni & Associés** and **Allen & Overy** in restructuring and insolvency related matters in France was formalized in July when the two parties entered into an exclusivity agreement. This is the first time a large London law firm has made such a move. Major restructurings that the two firms have worked together on include those of Eurotunnel, Smoby, Alstom, Photoservice and GAL/CAT. "Top drawer" lawyer Marc Santoni and his team have a solid reputation in the market and commentators believe that "A&O is going to be much stronger with the French counterpart".

In spring **Freshfields** experienced a split. Philippe Hameau has left and is now heading the restructuring practice at **LeBoeuf Lamb Greene & MacRae**. He took with him his "fantastic associate" Fabienne Goubault and one analyst commented: "It is now the same team under a different name." This has significantly diminished Freshfield's restructuring capacity and the firm drops a tier this year.

"**Gide Loyrette Nouel** are the undisputed leaders" according to one rival. Olivier Puech comes in for much praise from the market and lately he has been busy advising AutoLogic in the CAT/GAL restructuring as well as assisting administrators in the Eurotunnel saga.

Hot on Gide's heels is **De Pardieu Brocas Maffei**, whose practice is headed by the "omnipresent and inexhaustible" Jacques Henrot. The team has advised on a number of the recent highest-profile restructurings in the market and the firm is promoted a division for

the second year running. Notable restructurings the firm has been involved include those of CAT/GAL, where it has been acting for Wallenius Wilhelmsen Lines in its capacity as shareholder of GAL, and Eurotunnel, in which a team has been representing the European Investment Bank and the European Commission. The firm has also been advising BlueBay and Bank of America in the restructuring of the debt and equity of computer games company Infogrames, as well as providing counsel to Société Générale in the restructuring of the debt of Orebi.

The five partners and nine associates involved in restructuring and insolvency at **White & Case** have also had a big year. The firm has advised both Celestica and Fila France on their reorganizations as well as the convertible bond holders of Infogrames on the games company's financial restructuring. Furthermore, the team is advising the administrators and liquidators of the French Emtec group in the first-ever instance in France of main insolvency proceedings in favour of foreign entities under the European Insolvency Regulation.

Latham & Watkins' deal flow also "looks quite peachy" as one rival observed. Late in 2006 the firm advised on the restructuring of three businesses of Dollfus Mieg & Cie, including Craft Sportswear and the Loisirs & Créations chain, as well as the financial restructuring of the France Champignon group. At the time of writing it was providing advice to the former management of the French subsidiaries of the KPNQWest group in their €1 billion bankruptcy proceedings, while also counselling Deutsche Bank as the most pivotal creditor to Eurotunnel in its massive €9.2 billion debt restructuring. The matter will be seen as the inaugural test of the new insolvency procedures in France.

At **Jeantet Associés**, Jean-Maurice Gaillard and Christophe Perchet are said to be "very good in restructuring and doing some excellent work in this area". Meanwhile at **Cabinet Bernard Lagarde**, sole practitioner Bernard Lagarde, "a renowned bankruptcy lawyer", provides clients including the treasury with "expert advice".