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Tender offer and squeeze-out transactions emerging

Taro Omoto
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Once rare in corporate Japan, tender offers and subsequent squeeze-out transactions are now becoming more common. According to the *Nihon Keizai Shimbun*, a Japanese financial newspaper, there were 79 tender offers in Japan during the financial year ending March 31 2006, with an aggregate value of about ¥3 trillion (\$25.3 billion), a record high. Cross-border tender offers are increasing as well, such as the Volvo's offer for Nissan Diesel and Citigroup's offer for Nikko Cordial.

Amendment to the tender offer regulations

The tender offer regulations contained in the Securities and Exchange Law of Japan were amended substantially in December 2006. The amendments include, among other things, (i) the introduction of a mandatory purchase obligation, (ii) the expansion of the scope of regulated transactions, (iii) the enhancement of public disclosure requirements, (iv) the extension of the tender offer period and (v) the deregulation of alterations to conditions and withdrawals of offers.

(i) Introduction of mandatory purchase obligation

To protect the remaining minority shareholders after the completion of a tender offer (for example, in cases where shares are to be delisted after the offer), the offeror is now obliged to open its offer for tender by all shareholders of the target company and to purchase all shares tendered if the target acquisition ratio after the tender offer is two-thirds or more.

(ii) Expansion of the scope of regulated transactions

A tender offer is usually triggered when more

than one-third of the shares of the target are acquired in off-market transactions, even if the shares are acquired from a significantly small number of persons. However, before the amendment, there was essentially a loophole in this rule whereby an offeror could acquire, for example, 32% of the target's shares in a series of off-market transactions, and then purchase a small block in the market to surpass one-third without triggering the tender offer requirement. To close this loophole, the scope of the tender offer regulations was expanded to cover such transactions.

(iii) Enhancement of public disclosure requirements

The information that must be disclosed in the tender offer registration statement has been enhanced under the new regulations. A more concrete explanation of the management plan or investment policy after the acquisition is now required. Any plan for an additional acquisition of shares after the tender offer and the prospect of delisting must also be disclosed.

To deal with the conflict of interest in the case of a tender offer by management or a parent company, in such a case the offeror must explain the decision process in the registration statement. A fairness opinion prepared by a third party must also be disclosed in such a case. Finally, in such a case the offeror must state any measures taken to keep the offer price fair and to avoid a conflict of interest.

Also, to help investors and shareholders to make decisions, the target company must file a position statement report within 10 business days of the date of the public notice of commencement of a tender offer (this was merely voluntary under the previous rules), and the target company may pose questions to the offeror and request an extension of the tender offer period to 30 business days in the report.

(iv) Extension of the tender offer period

The length of the tender offer period is now calculated in business days rather than calendar days. This has led to the extension of the tender offer period, and the new minimum and maximum periods are 20 and 60 business days, respectively.

(v) Deregulation of alterations of conditions and withdrawals of offers

The strict restrictions on altering conditions, especially reducing the tender offer price or withdrawing a tender offer, have been relaxed partly to avoid excessive burdens on the offeror. The offeror may now reduce the tender offer price in cases where the target company commences a stock split or an allotment of shares or stock acquisition rights to the shareholders without requiring new payment from the shareholders. Further, the offeror may now withdraw the offer in cases where the target company commences a stock split or an allotment of shares or stock acquisition rights to the shareholders without requiring new payment from the shareholders, or other specified cases prescribed in relation to a takeover defence measure.

Squeeze-out transactions

While Japanese company law was traditionally interpreted as precluding cash-out mergers or other transactions that intend to eliminate minority shareholders through the payment of cash, a number of somewhat complicated squeeze-out methods had nonetheless evolved over time. However, as of May 1 2007, the Company Law of Japan now expressly permits straightforward cash-out mergers, statutory share exchanges and transfers (and triangular mergers as well). This is a historical event, as it breaks with a long history of inflexibility in this area under Japan's company law.

Before this amendment, a new squeeze-out method known as the callable share scheme had been evolving since last year.

The callable share scheme uses a class of stock whose shares may all be acquired by the

issuing company if the general shareholders' meeting resolves to do so (i.e. callable shares), issued pursuant to Article 108 of the Company Law. The callable share scheme works as follows: the target company will hold a general shareholders' meeting after the tender offer, and the shareholders will approve at the meeting: (i) the conversion of outstanding common stock into callable shares, (ii) the target's acquisition of these callable shares, and (iii) the delivery of newly issued stock as the consideration for the acquired callable shares.

The point is the size of a unit of the new stock, which is designed to be so large that remaining minority shareholders (but not the tender offeror, which will own the majority of shares) will be allocated only fractional shares. As the Company Law prohibits the issuance of fractional shares, the target company will sell them to the tender offeror on behalf of the shareholders or purchase them by itself after obtaining the approval of a court and ultimately the minority shareholders will receive cash in lieu of fractional shares. This leads to the squeeze-out of minority shareholders.

The callable share scheme was developed, at least in part, in response to a new tax regime for statutory share exchanges and transfers introduced last October. Under the new regime, traditional squeeze-out methods using a statutory share exchange or transfer are no longer entitled to be treated as a tax-free reorganization at the target company level, and there could be taxation on the built-in gain in respect of the target company's assets, which makes a squeeze-out using a statutory share exchange or transfer less attractive than the callable share scheme in many cases. Having said that, even in the callable share scheme there remain a number of unclear points regarding the tax treatment both at the company level and the level of its shareholders.

Regardless of which squeeze-out method is used, due and fair consideration to minor shareholders is required, and the protection of minority shareholders remains the most important issue in the squeeze-out process.

Capital markets – debt and equity

Recommended firms

Tier 1

Anderson Mori & Tomotsune
Linklaters
Mori Hamada & Matsumoto
Nagashima Ohno & Tsunematsu

Tier 2

Davis Polk & Wardwell
Morrison & Foerster
Nishimura & Asahi
Simpson Thacher & Bartlett
Sullivan & Cromwell

Tier 3

Allen & Overy
Clifford Chance
Freshfields Bruckhaus Deringer
Shearman & Sterling

Tier 4

Paul Weiss Rifkind Wharton & Garrison
Skadden Arps Slate Meagher & Flom

The long-anticipated merger of law firms Nishimura & Partners and Asahi Koma Law Offices has finally materialized, with the newly formed firm, Nishimura & Asahi, standing proudly at 325 lawyers. What this means for the Japanese market has caused much speculation among lawyers, since growing convergence within the capital markets demands not only capacity, but sophistication and experience.

The synergy between practices is the biggest change in this area, where complex structured finance takeouts and derivatives participations are eroding general banking, bond and equity work. While practice-area overlap is being recognized, firms are also capitalizing on the continued flood of activity in the real estate sector. "Real-estate investment trusts are going crazy," remarked one lawyer. "Reit initial public offerings in 2007 have continued very strongly over the last three to four years."

While property has been the buzz word, the trend has not detracted from new developments in the equity market. That is evident from the interest shown by non-Japanese companies in listing on the Tokyo Stock Exchange. Such activities demonstrate strong business ties maintained in Japan, even among companies incorporated abroad.

An increase in hybrid activity is expected in the next year with greater work on convertible bond issuances and other innovative structures that are evolving in Japan.

Anderson Mori & Tomotsune

Anderson Mori & Tomotsune secures its spot in tier one after another glittering year in the market. Experienced in the issuance of samurai bonds, index-linked securities, dual currency bonds, secondary offerings, and exchangeable bonds, the firm is well equipped to handle matters within the debt markets. Possibly stronger than this is Anderson Mori & Tomotsune's equity capability on public offerings, private placements, global offerings by foreign issuers and issuances of equity securities overseas. Partner Akiko Kimura is widely recognized as "a capital markets star", in the words of one partner, admired by peers for her "controlled manner, even pace and creativity".

This year the firm represented Tobu Railway in the issuance of ¥50 billion (\$439 million) zero-coupon convertible bonds listed on the Singapore Stock Exchange and targeted at European institutional investors. Nobuyuki Tomotsune, "a very well known grand master", according to one rival, was also active on the debt side, representing Fuji Electric Holdings on the issuance of euro-yen convertible bonds with stock acquisition rights, worth ¥30 billion. Tomotsune's reputation in the market is undisputed, with one competitor claiming: "Very big clients have moved from Nishimura to work with Tomotsune."

Equally busy in the equity market, Anderson Mori & Tomotsune served as local counsel to the underwriters on the largest J-Reit initial public offering (IPO) for Nippon Commercial Investment Corporation, valued at ¥115 billion. On another global offering for Toyota Motor Corporation, the firm led by Akiko Kimura represented Nomura Securities, Nikko Citigroup and Merrill Lynch Japan Securities, as the underwriters for the offering of 43,411,700 shares of common stock, including those represented by American depository receipts. The year would be incomplete without a market first for the firm, which it achieved by serving as counsel to Secure Design Institute, in their listing on the Alternative Investment Market of the London Stock Exchange. The transaction, valued at ¥296 billion, marked the first for an Asian company to be listed on the market.

Leading lawyers

Akiko Kimura
Nobuyuki Tomotsune

Linklaters

Linklaters boasts an impressive capital markets practice under the leadership of partner Paul Kruger. Playing host to some of the market's most recognized professionals such as Tony Grundy, dubbed by one peer as "the

best-known Englishman in Tokyo”, and Akihiro Wani, the firm has been successful in keeping busy with regular and exciting mandates. Until recently the firm was home to the talented Mitsuhiro Yasuda, who has now moved to rival firm Nishimura & Asahi, leaving the duo of Grundy and Wani to spearhead the practice.

Particularly strong on the debt markets side, Linklaters advised Morgan Stanley in relation to the bond financing for the acquisition by The Shaw Group, of 20% of the shares of the Westinghouse Group for \$1.08 billion. Prior to the closing of Toshiba’s acquisition of the Westinghouse Group, the Japanese multinational conglomerate sold down part of the deal to The Shaw Group. To fund its share of the total acquisition price, The Shaw Group, through its special-purpose issuer, Nuclear Energy Holdings, issued a \$1 billion equivalent amount of Japanese yen-denominated fixed-and-floating-rate bonds.

Dominating the convertible bond market according to some peers, Linklaters has acted on numerous offerings of this kind, including the first large Euro convertible bond offering by a Japanese issuer. Representing Nomura International, Citigroup Global Markets, Daiwa Securities SMBC Europe and Nomura Securities, partners Tony Grundy and Reiko Sakimura advised on the ¥50 billion zero-coupon convertible bond offering for Toray Industries. The firm was also involved in the establishment of a cross-border medium-term note programme for Citibank.

Providing both Japanese and US law advice on the equity front, Linklaters acted for All Nippon Airways on its issue of 230,500,000 new shares, consisting of 100,000,000 shares offered outside of Japan in line with Rule 144A and Regulation S, and 130,500,000 shares offered within Japan, with a total deal value of ¥100 billion.

Market feedback suggests that “Linklaters has a strong capital markets practice”, as one lawyer commented. The departure of Mitsuhiro Yasuda may have repercussions on the practice, but the firm’s solid reputation and the experience of its two leading lawyers could ensure the firm sails through the year without any problems. As one peer said: “UK firms both in debt and equity are not as active in capital markets apart from Linklaters.”

Leading lawyers

Tony Grundy
Akihiro Wani

Mori Hamada & Matsumoto

Mori Hamada & Matsumoto retains its tier one ranking for another consecutive year with its superb capital markets team. Led by capi-

tal markets guru Toru Ishiguro, “a very well known, smart lawyer” according to one peer, the firm has enjoyed high success rates in scoring roles on some of the most notable deals to enter the market. The firm advises both issuers and underwriters on IPOs, global equity offerings, Euro convertible bond offerings and offerings of J-Reits, for which the firm has a reputation as one of the strongest in the market.

The firm recently acted as Japanese counsel to the issuer, Nippon Commercial Investment Corporation, on its global IPO, valued at ¥115 billion. This was Japan’s largest J-Reit IPO listed on the Tokyo Stock Exchange. The firm also provided local law advice to Aeon, for its \$1.5 billion global Rule 144A/Regulation S offering of shares of common stock. On the underwriters’ side, Mori Hamada & Matsumoto featured on the \$1.11 billion offering of shares, sold within Japan and internationally pursuant to Rule 144A/Regulation S, for Elpida Memory.

Under Ishiguro’s leadership, the firm is set to reach new heights. As one lawyer said: “Watch Mori Hamada & Matsumoto; they’ll be involved in the first-ever listings of foreign types on the Tokyo Stock Exchange.” Commenting on Ishiguro’s outstanding achievements, another rival said: “He’s just stellar – he’s fantastic.” But the market has also wondered whether Ishiguro has a natural successor in the firm.

Leading lawyers

Toru Ishiguro

Nagashima Ohno & Tsunematsu

Nagashima Ohno & Tsunematsu plays host to a highly reputable capital markets team, offering advice on foreign bonds issued by Japanese government-related entities, equity securities of Japanese banks, global offerings of shares, bonds, convertible bonds and other securities, public and private placements, and IPOs. Fumihide Sugimoto is regarded as a leading practitioner in the market, together with Miyuki Ishiguro and Hiroyuki Ishizuka, who are singled out by competitors as “good capital markets lawyers”.

The firm’s recent achievements include acting for Nomura International as global coordinator on a \$3.54 billion IPO for Lotte Shopping, through dual listings in London and Korea. The firm was retained as Japanese counsel to Toyota Motor Corporation, for its \$2.6 billion Securities and Exchange Commission (SEC)-registered global equity offering, and also advised the underwriters in relation to the global offering of shares of common stock by Aeon, valued at \$1.5 billion. Other highlights saw the firm acting as

issuer’s counsel for a \$1.1 billion Schedule B bond offering for Japan Finance Corporation for Municipal Enterprises.

Leading lawyers

Miyuki Ishiguro
Hiroyuki Ishizuka
Fumihide Sugimoto

Davis Polk & Wardwell

Davis Polk & Wardwell is one of Tokyo’s leading American practices in the capital markets space, serving a range of clients in relation to global offerings by Japanese companies. Staffed by two partners and eight associates, the firm’s size bears no comparison to its potential in the market.

Some recent highlights came with appointments to act on offerings such as Sumitomo Mitsui Financial Group’s perpetual notes offering, valued at \$1.65 billion and £500 million, for which the firm represented the issuer. Also on the issuer side, Davis Polk and Wardwell advised Orix in connection with a \$1 billion debt offering. Most recently, the firm advised ABN Amro, JPMorgan, Merrill Lynch and UBS as joint lead managers and bookrunners on a Schedule B offering of \$600 million floating-rate notes for Korea Development Bank, while advising the joint lead managers in connection with Export-Import Bank of Korea’s Schedule B debt offering of Kexim notes, valued at €750 million (\$1 billion).

On the equity front, the firm was retained by Aozora Bank for its \$3.3 billion IPO, the largest by a Japanese issuer in eight years. The firm also advised on Nippon Commercial Investment’s J-Reit IPO, valued at \$1 billion, while acting for Goldman Sachs and Morgan Stanley on RHJ International’s €282 million equity offering.

Leading lawyers

Eugene Gregor
Theodore Paradise

Morrison & Foerster

Home to one of Japan’s 10 largest offices, Morrison & Foerster has built a name for itself as a result of its dual capability in advising on Japanese and US law, its vast knowledge of the market, its ability to represent both underwriters and issuers on a wide range of debt and equity offerings, and its excellent client relationships. The impressive range of clients served by the firm includes Hitachi, Morgan Stanley, Nikko Citigroup, Ricoh, Merrill Lynch, Yahoo Japan and Mizuho Corporate Bank. Morrison & Foerster remains popular with its clients, demonstrat-

ing an understanding of their needs while meeting the demands of a competitive market.

“I have a long relationship with Fuyuo Mitomi and Saori Nakamura; they are my favourite lawyers,” said one client. “They have a lot of experience and they’re very knowledgeable about the Japanese market and Japanese clients. They have the right attitude and I can rely on them for client management.”

Morrison & Foerster’s capital markets team this year saw the addition of eight associates, including Andrew Winden from rival firm Sullivan & Cromwell, and Tadashi Wada from Matsuo & Kosugi, who have been appointed to the partnership. A sample of deals from an extensive list of transactions reveals the firm’s wide-ranging capabilities on both equity and debt fronts.

This year the firm received a mandate to represent Nikko Citigroup and UBS, as global bookrunners and lead managers in relation to Japanese law, on Mitsui Trust Holdings’ global common stock offering, valued at \$845 million. The firm was also retained by Daiwa Securities SMBC and Mizuho Securities for a ¥15 billion public offering of yen-denominated bonds for Indian Railway Finance Corporation. Under its Euro medium-term note (EMTN) programme, the firm acted for Merrill Lynch and Mitsubishi UFJ Securities, on a public offering of £250 million of bonds in Europe, while working also on an IPO valued at ¥67.2 billion for Japan Excellent.

Meanwhile, Saori Nakamura was chosen to advise Mizuho Securities and Morgan Stanley on Japan Excellent Investment Corporation’s IPO of investment units, while colleagues Fuyuo Mitomi, Andrew Winden and Stan Yukevich represented UBS Securities and Nomura Securities, in relation to Kenedix Realty Investment’s global follow-on offering, valued at \$410 million.

Leading lawyers

Fuyuo Mitomi
Saori Nakamura
Stan Yukevich

Nishimura & Asahi

Nishimura & Asahi is a strong player in the capital markets, dealing with a myriad of instructions relating to public and private offerings of debt securities, listings for foreign and Japanese-owned companies and samurai bond issuances. The firm boasts specialists like Yoshihiko Kawakami and Takashi Yoneda who one peer described as “excellent for capital markets”. The firm broadens its talent base further with the appointment of capital markets and securitization specialist Mitsuhiro

Yasuda from rival firm Linklaters. Yasuda is widely recognized as an accomplished player in the field, having worked for many years on issuances of equity and debt securities in the domestic and international capital markets.

Important deals of the year for Nishimura & Asahi’s lawyers include acting for the issuer on the IPO of common shares by Aozora Bank and its re-listing on the Tokyo Stock Exchange. This deal was the second-largest listing by a Japanese company and the first offering in which Dubai International Capital and private shareholders offered shares simultaneously. Also on the issuer side, the firm led by Yasutaka Nishikori advised on the Japanese law aspects of the IPO and listing of common shares by Universal Studios Japan, valued at \$242 million.

The firm was also involved on the debt side, acting for Mizuho Corporate Bank on the issuance by Merrill Lynch of two series of samurai bonds, one with a fixed interest rate and another with a floating interest rate, totalling ¥95 billion.

Leading lawyers

Mitsuhiro Yasuda
Takashi Yoneda

Simpson Thacher & Bartlett

Simpson Thacher & Bartlett climbs the ranks this year, winning a place in the second tier for its brilliance in the capital markets space. The firm enjoys success for its work in this area worldwide, boasting experience in high-yield, convertible and investment-grade debt offerings. Simpson Thacher and Bartlett remains a popular choice for foreign corporations on their global debt offerings and cross-border transactions, surpassing other US practices operating in Tokyo. In the words of one honest rival: “I hate to praise competition, but Simpson Thacher is the strongest in the capital markets field. They take 80% of global offerings and they are very, very strong.”

David Sneider and Alan Cannon are the firm’s best known personalities with peers commenting that “Sneider is very good, a very well established, well respected person”, while “Alan Cannon is growing in his own right as an established capital markets practitioner”.

With an impressive repertoire of clients such as Sumco Corporation, Elpida Memory, Ripplewood and Tokyo Star Bank, the firm easily snapped up some great deals this year. Among its achievements was a role as issuer’s counsel to Shinsei Bank, in its issuance of \$700 million non-cumulative perpetual preferred securities of Shinsei Finance II, \$775 million step-up non-cumulative perpetual preferred securities of Shinsei Finance, and €1 billion step-up callable subordinated notes

due in 2016. The firm also advised Mizuho Financial Group in its issuance of \$600 million of non-cumulative perpetual preferred securities and €500 million of non-cumulative perpetual preferred securities. On another deal, Sneider and his team were underwriters’ counsel to Merrill Lynch, JPMorgan, Deutsche Bank, Mitsubishi UFJ Securities and Nomura Securities in connection with Mitsubishi UFJ Financial Group’s issuance of various fixed-and-floating-rate non-cumulative perpetual preferred securities.

As one practitioner said simply: “They’re a class act.”

Leading lawyers

Alan Cannon
David Sneider

Sullivan & Cromwell

Sullivan & Cromwell has continued to compete successfully with its American counterparts in Tokyo, scoring roles on global offerings by Japanese companies and J-Reits. The firm’s strength in the equity markets is due in no small part to leading partner Izumi Akai, whose advice rivals have found “impressive”, and “helpful for securities regulations”.

The variety of work handled by Akai this year is a testament to his reputation. On the issuer side, Akai represented Aeon as US counsel on its \$1.8 billion global offering, consisting of a public offering in Japan, an international Rule 144A/Regulation S offering, and an over-allotment option for shares issued in Japan. In addition the firm acted as US counsel to Idemitsu Kosan on its \$1 billion global offering of shares and listing on the Tokyo Stock Exchange.

On the underwriters side meanwhile, Akai was retained to advise on Elpida Memory’s \$1.11 billion shares sold within Japan and internationally, pursuant to Rule 144A/Regulation S, as well as a global IPO for Universal Studios Japan, valued at \$242 million. Other accomplishments for the firm include acting on the \$1.2 billion global equity offering by Japan Airlines Corporation, advising on the \$406 million global equity offering of Kenedix Realty Investment Corporation, and work relating to the \$5.2 billion global equity offering of Sumitomo Mitsui Financial Group.

While Sullivan & Cromwell dominates a sizeable portion of the foreign equity markets, the team managed to win opportunities in the debt markets too, acting as sole US counsel to the underwriters on four key deals led by John Young and Stanley Farrar this year. These include a schedule B bond offering for Japan Finance Corporation for Municipal Enterprises, valued at \$1.1 billion, and three

SEC-registered global bond offerings for Development Bank of Japan worth between \$212 million and \$900 million.

Leading lawyers

Izumi Akai

Allen & Overy

With an efficient and experienced capital markets team, Allen & Overy has been successful in acting on a range of debt and equity transactions including EMTN programmes, Rule 144A/Regulation S offerings, private placements, primary and secondary offerings of shares and depository receipts, as well as equity warrants and convertible bonds. The firm's best-known personalities are Jason Humphreys and Piyasena Perera who lead the department.

The firm has formally been renamed Allen & Overy Gaikokuho Kyodo Jigyo Horitsu Jimusho, to reflect the addition of Japanese law to its current English and US law capabilities, enhancing its credentials for greater opportunities on international transactions.

Leading lawyers

Jason Humphreys
Piyasena Perera

Clifford Chance

Although the departure of capital markets partner Yasuhiro Akita was a setback for Clifford Chance, the team under the capable leadership of Peter Kilner has managed to maintain a steady pace of work this year. The additional loss of two associates and an of counsel last year, was made up for by the arrival of two new associates, Iwao Kawai and Yinan Zhu, in an attempt to prevent the firm's manpower from depletion.

Clifford Chance was most active within the debt markets, advising Lehman Brothers on two separate occasions, for the issue of \$60 million (\$39 million) and \$125 million of fixed-rate notes, issued under the \$60 billion and \$45 billion EMTN programme, respectively. On another deal, the firm acted for the Trade and Development Bank of Mongolia and ING on a \$150 million EMTN programme and the first issuance by the former party, led by capital markets expert David Poureshagh. Poureshagh also led his team in advising Credit Suisse on the issuance of ¥20 billion of zero-coupon convertible bonds by Don Quijote, a discount store operator.

Leading lawyers

Tim Jeffares
Peter Kilner

Freshfields Bruckhaus Deringer

Freshfields Bruckhaus Deringer continue to win key roles on debt and equity offerings this year with a strong capital markets practice led by partner James Lawden. Benefiting from excellent client relationships with local and international banks, the firm is perceived as a good choice for hybrid bond issuances, structured products, medium-term notes and convertible securities.

Lawden handled a series of deals this year, beginning with the issue of ¥50 billion of samurai bonds, arranged by Mizuho Corporate Bank and Barclays Capital. On another deal, Lawden represented Deutsche Bank, Citigroup Global Markets and Mizuho International, as the arrangers of ¥175 billion of Class B notes, issued as part of the refinancing of SoftBank Mobile's acquisition debt. Earlier in the year, the firm displayed its expertise by scoring roles on medium-term note programmes for Orix and Shinsei Bank, representing Daiwa Securities SMBC Europe on the former deal, and Shinsei in the latter.

The firm's capital markets practice receives a boost this year with the addition of two new associates, Kenta Komatsu and Takashi Kobayashi, along with partner Edward Cole, who recently left the firm's London office to take up a post in Tokyo. Cole is a reassuring addition to the firm, bringing with him expertise in acting for issuers and underwriters on debt and equity offerings, together with cross-border experience on M&A transactions.

Leading lawyers

James Lawden

Shearman & Sterling

Shearman & Sterling's capital markets practice has blossomed over the past two years. The firm welcomed the arrival of three new associates, Kumiko Nishiyama, Taai Ishizuma and Kokoro Motegi, to its team this year. Under managing partner Masahisa Ikeda, the firm advises on capital-raising transactions, IPOs, private placements of securities, debt and equity derivative securities, high-yield debt offerings, equity and debt shelf offerings, and American depository receipt and global depository receipt programmes. The firm represents state-owned entities, leading financial institutions and corporate issuers such as Goldman Sachs, Nomura, Daiwa, JR Central and Toyota Motor Corporation.

Highlights of the year saw the firm involved as counsel to the underwriters' in connection with a \$1.5 billion global Rule 144A/Regulation S offering for Aeon, the largest offering by a Japanese retailing company. Led by Masahisa Ikeda, the firm was also retained by Toyota Motor Corporation for its

\$2.6 billion SEC-registered global equity offering, for which the firm also represented the Japanese government as selling shareholder. In another Rule 144A/Regulation S offering, the firm represented the underwriters on Sumco's \$550 million issue of shares of common stock.

Shearman & Sterling has proved to be a favourable choice among clients who speak highly of Masahisa Ikeda as a "reliable, hard-working, experienced and knowledgeable lawyer". The firm's capital markets team receives full praise from regular clients who point to its "richness in terms of its capital market experience" and its "kindness, goodwill and dependability". As one client said: "We're most comfortable working with Shearman & Sterling; they know us pretty well and they know how we are established. They have stepped up to provide us with good service in a space where we might not have made it, so we owe it to them."

Leading lawyers

Masahisa Ikeda

Paul Weiss Rifkind Wharton & Garrison

Paul Weiss Rifkind Wharton & Garrison runs a capital markets practice under the leadership of partners Tong Yu and Kaye Yoshino, who was recently elected to the partnership. Although the firm lost partner Lisa Yano earlier this year, it has been able to secure roles in some key transactions in the market.

As US counsel to the issuer, the duo worked on a global offering for Japan Airlines Corporation, which included a Rule 144A offering in the United States and a Regulation S offering in Europe and Asia, of 750 million shares of common stock, valued at \$1.35 billion. On another deal handled by Yu, the firm represented the underwriters, Nikko Citigroup and Deutsche Bank, in connection with a Euro and Asian offering under Regulation S of 33 million shares of common stock by Asahi Tec.

In addition, the firm was selected by Mitsubishi UFJ Financial Group to advise on a Regulation S offering of €500 million and £550 million hybrid Tier I capital securities.

Leading lawyers

Kaye Yoshino
Tong Yu

Skadden Arps Slate Meagher & Flom

While Skadden's presence on the capital markets front may be smaller compared with its foreign firm counterparts, practice leaders

Mark Bronson and Nobuhisa Ishizuka ensure a steady flow of interesting work that deserves a mention. Recently the firm represented Credit Suisse and Lehman Brothers as underwriters in a \$200 million Regulation S offering of secured high-yield bonds by GITI Tire, a Singaporean manufacturer of tyres. On the equity markets side, Skadden was retained by Fortress Investment Group to advise on its \$634 million IPO of Class A shares and listing on the New York Stock Exchange.

The firm represents a variety of investment banks, Japanese and foreign issuers on public and private transactions including securities offerings under Rule 144A and Regulation S, global share offerings, convertible and exchangeable securities offerings, American depositary receipt transactions, debt offerings, hybrid securities offerings and medium-term note programmes. The firm is particularly strong in the real estate sector with competitors pointing out that “Skadden is very strong in real estate finance and clearly belongs in real estate securitization”. Clients and peers cited Mark Bronson as particularly knowledgeable in the field.

Leading lawyers

Mark Bronson
Nobuhisa Ishizuka

Capital markets – structured finance and securitization

Recommended firms	
Tier 1	Anderson Mori & Tomotsune Mori Hamada & Matsumoto Nagashima Ohno & Tsunematsu Nishimura & Asahi
Tier 2	Atsumi & Partners Clifford Chance Linklaters
Tier 3	Allen & Overy Baker & McKenzie GJB Tokyo Aoyama Aoki Law Office Freshfields Bruckhaus Deringer
Tier 4	Jones Day Lovells Orrick Herrington & Sutcliffe Paul Hastings Janofsky & Walker White & Case

The landmark whole-business securitization (WBS) of SoftBank was possibly the most publicized transaction of last year, scooping up numerous awards for innovation, sophisti-

cation and novelty. Handled predominantly by former Lovells managing partner Tim Lester, the securitization signalled a departure from convention and into a host of diversified opportunities for complex structuring. Japan is now witnessing a move to highly structured deals including subordinated mezzanine financings such as the Rex Holdings transaction, which involved three layers of debt.

The market is also seeing the use of securitization techniques in non-traditional forms, for leveraged buyouts and the securitization of loans by convertible mortgage-backed securities, a practice that is permeating the practice due to the deluge of real estate-related activity. Although securitization is generally dominated by local firms due to Japanese-language documentation, legal specialists from foreign firms are finding room to use their expertise by assisting Japanese firms on novel and untested transactions.

Anderson Mori & Tomotsune

Anderson Mori & Tomotsune is a solid choice for structured finance transactions, boasting professionals with extensive knowledge in the field such as the highly reputed Isao Shindo, Takashi Akahane and Tatsu Katayama, who is considered by one peer as “a top derivatives lawyer in Japan”.

The firm provides comprehensive advice on consumer finance receivables, corporate debt obligations, residential mortgages, collateralized loan obligations, promissory notes and other securities. This year’s highlight for the firm came in acting for the trustees, Mizuho Trust & Banking (MHTB), on the WBS of SoftBank Mobile. The proceeds funded by the investors were entrusted to MHTB which also acted as a trustee for the cash management trust.

Leading lawyers

Tatsu Katayama
Isao Shindo

Mori Hamada & Matsumoto

Mori Hamada & Matsumoto houses one of Tokyo’s pre-eminent structured finance practices under accomplished securitization lawyer Masanori Sato. Securitization has been a core strength of the firm for many years, with Sato and his team advising on traditional structured products backed by receivables, consumer loan receivables, offerings of products backed by non-performing loans and commercial mortgages, as well as collateralized debt obligations.

The firm received accolades for its important role on the \$12.5 billion WBS of SoftBank Mobile this year. Led by Akira

Marumo and assisted by Takahiro Kobayashi, the firm acted as Japanese counsel to SoftBank on the WBS, elements of which included the creation of two broad classes of debt, split between five sub-classes.

In addition to Masanori Sato, the market points to Takahiro Kobayashi, Toshifumi Ueda, Eviko Ozawa and Atsuko Matsui as specialists in the area, with Matsui and Ozawa building a reputation with their work on commercial mortgage-backed securities (CMBS).

Leading lawyers

Masanori Sato

Nagashima Ohno & Tsunematsu

Nagashima Ohno & Tsunematsu has historically catered for a wide range of structured finance and securitization matters, actively developing new financial structures for the securitization of assets, working on the securitization of loan receivables, the repackaging of bonds and real-estate securitization. While some peers suggest the firm “hasn’t been as active in the area recently”, Nagashima’s role in advising the arrangers on local law issues in connection with the WBS of SoftBank, proves otherwise.

Partners Satoshi Inoue and Kenichi Fujinawa are household names within legal circles, with one lawyer commenting: “Mr Kenichi Fujinawa is highly sought after; he’s very good for everyday deals. He’s an excellent structured finance and securitization lawyer.”

Leading lawyers

Kenichi Fujinawa
Satoshi Inoue

Nishimura & Asahi

Nishimura & Asahi finds another reason for celebration with the arrival of structured-finance specialist Mitsuhiro Yasuda from Linklaters. The newly merged firm opens a window of opportunity for Yasuda, who can take advantage of its expanding resource base, experienced team and excellent track record in the area. In the words of one competitor: “Nishimura is very active in structured finance. It is one of the firms that are at the forefront of structured finance deals.”

In addition to Yasuda, the firm’s best-known figures are Yoshihiko Kawakami, Masaru Ono and Hiroshi Maeda. In the past, the firm has been engaged in securitization across asset classes, lease receivables, credit receivables and housing loans, securitizations related to policy drafting, securitization of real estate, issuances of CMBS, the restructuring of business operations and advice to government officials in relation to the introduction

of new securitization-related statutes and rules.

Leading lawyers

Yoshihiko Kawakami
Hiroshi Maeda
Masaru Ono
Mitsuhiro Yasuda

Atsumi & Partners

Atsumi & Partners is best known for its work in the area of securitization and structured finance, which comprises a large focus of its practice. “They do a lot of structured finance and have a broad securitization practice,” said one competitor. The firm is also attractive to clients for its excellent and cost-effective advice in comparison to some of its counterparts in the market. Hiroo Atsumi is held in high regard by the market as a specialist in the field. The firm has recently taken on board Australian associate Patrick Smith, who will be focusing on structured finance, securitization, banking, swaps and derivatives. Atsumi & Partners prides itself on expertise on such transactions, and Smith’s addition to the team conveys the firm’s desire to remain a strong contender in the area.

The firm was active this year in representing foreign financial institutions in the securitization of loan receivables. The firm also received a mandate to work on a cross-border securitization deal for non-performing loans of a foreign financial institution. In addition, Hiroaki Takahashi and Haruhiko Ogasawara were selected to act on the securitization of credit card receivables, originated by a consumer credit company and arranged by a securities company in Japan.

Leading lawyers

Hiroo Atsumi

Clifford Chance

Clifford Chance’s securitization practice remains well oiled as its team of bright professionals attracts regular clients such as BNP Paribas, Merrill Lynch, Calyon, and Royal Bank of Scotland. The firm recently appointed securitization specialist Masayuki Okamoto from Freshfields’ Tokyo practice, enabling Clifford Chance to further widen its coverage of the market. Okamoto also brings with him good relations with clients like GE, Goldman Sachs and Mizuho, further enhancing the firm’s portfolio.

Partners Peter Kilner and David Poureshagh advised a global financial institution as arrangers on the issuance of \$450 million notes, in connection with the securitization of consumer loan receivables for a con-

sumer finance company. In addition, the team received an appointment to advise a global financial institution as the arranger for ¥50 billion (\$439 million) mono-line wrapped Class A and Class X notes, issued in connection with the securitization of consumer loan receivables, for a consumer credit and real-estate company.

The year would be incomplete without the firm securing a role on the highly publicized securitization for SoftBank Mobile, where the firm advised Citibank, Deutsche Bank and Mizuho Corporate Bank. A team led by Tim Jeffares worked on the refinancing and extension of the term of borrowings under the existing bridge financing, which included the generation of ¥1.4 trillion funding from asset-backed loans, bonds and discount note issuances.

Leading lawyers

Peter Kilner

Linklaters

Renowned for its expertise in the structured finance and securitization space, Linklaters is certainly a top contender for this category, outdoing other foreign firms in the market. With a dedicated team comprising three partners and several associates, the firm is an excellent choice for capital markets transactions. Probably the strongest feature of its practice, securitization and structured finance come easily to the trio who head the department. “Akihiro Wani is a very well known derivatives lawyer,” said one partner, and Wani’s fantastic reputation in the market confirms this. In addition to acting as counsel for the International Swaps and Derivatives Association in Japan, Wani is also a member of the Financial Law Board sponsored by the Bank of Japan, and the Financial System Council of the Financial Services Agency. The team’s strength is enhanced further by securitization specialist Paul Kruger, who boasts years of experience in developing securitization techniques around Asia. Having worked with Paul Kruger for more than a decade, one client said: “He is a gentleman with unparalleled experience in Asia. He has such breadth of knowledge, great business acumen as well as understanding of legal ramifications. In many transactions when there are hurdles, be they regulatory or tax, Paul Kruger always comes up with alternative business solutions.”

Examples of Linklaters’ work include advising the underwriters in relation to Mizuho Financial Group’s issue of both US dollar and Euro denominated non-cumulative perpetual preferred securities, valued at \$600 million. This issue qualified as the first public hybrid Tier I issuance by a Japanese bank,

involving both a holding company and an operating bank. Partners Reiko Sakimura and Kozo Sasaki were counsel to Nippon Steel Corporation on another deal, as the issuer and guarantor of ¥300 billion exchangeable perpetual preferred securities by ion to Nippon Steel Preferred Capital, a subsidiary of Nippon Steel.

Despite the loss of securitization expert David Deck to rival firm Baker & McKenzie GJB Tokyo Aoyama Aoki Law Office, the firm remains well positioned to advise on asset-backed securities, mortgage-backed securities, collateralized debt obligations, medium-term note programmes, repackagings, credit-linked products and derivatives.

Leading lawyers

Paul Kruger
Akihiro Wani

Allen & Overy

Allen & Overy’s structured finance practice experienced a period of uncertainty after the departure of its securitization head, Paul Cluley, who recently relocated to the firm’s Hong Kong office. Cluley was instrumental to the Tokyo practice but left a promising team which continues to be active in the area with experts such as Piyasena Perera and Jason Humphreys leading the market on new developments, such as equity default swaps. The firm has worked on sophisticated repackaging, credit equity and commodity-linked notes, equity derivatives and a range of debt obligations.

Recent highlights for the firm include work on a ¥560 billion balance sheet synthetic collateralized loan obligation, on behalf of Mizuho Corporate Bank. The firm has also been active on loan credit default swaps, including acting for a Japanese bank under which it assumed, through a credit default swap, a silent leveraged exposure to a participation in a €4 billion asset-backed loan secured by German residential mortgages.

The firm also demonstrated its expertise by advising Prudential in connection with synthetic collateralized debt obligations, and working on a €115 million synthetic securitization of asset-backed securities for a Japanese bank, to be listed on the Irish Stock Exchange.

Leading lawyers

Jason Humphreys

Baker & McKenzie GJB Tokyo Aoyama Aoki Law Office

Baker & McKenzie began the year with a promising start after the arrival of partner and securitization specialist David Deck from rival

firm Linklaters. Deck brings with him a wealth of experience, having worked with US, Japanese and international financial institutions and companies, adding to the firm's existing capabilities which are devoted largely to the securitization of loans, real-estate and asset-backed securities.

In the first half of the year, Seishi Ikeda was chosen to assist Deutsche Bank's London office in issuing two yen-denominated samurai bonds, totalling ¥60 billion. In a similar transaction, Ikeda represented JPMorgan Securities Japan on an offering of yen-denominated samurai bonds issued by Morgan Chase, also worth ¥60 billion.

Meanwhile, David Deck lent his expertise, acting for US Auto Finance in relation to a \$4.5 billion securitization of auto loan receivables in Japan, Taiwan and Thailand. In addition, Deck acted for Credit Suisse on the first Japanese CMBS transaction offered in the US, working on innovative structures to capture offshore demand for Japanese CMBS.

Leading lawyers

David Deck
Fusako Otsuka

Freshfields Bruckhaus Deringer

Although Freshfields Bruckhaus Deringer has been renowned in the past for the depth of its securitization practice, the firm has lost a number of key players, leaving peers questioning its market position's sustainability. Along with associate Seiji Matsuzoe, the firm lost securitization experts and partners Masayuki Okamoto and Nobuo Nakata to rival firms Clifford Chance and Allen & Overy, respectively, and Mark Keeler to Carey Olson's London office.

While Freshfields has been stripped of some of its key practitioners, credit must go to James Lawden for doing a fantastic job in steering the group ahead. Renowned for his work on derivatives, securities and general finance matters, Lawden has been with the firm since 1979 and continues to act as a pillar of the firm. Also holding the team up is managing partner and *bengoshi* Naoki Kinami, who was present on some key deals won by the firm, including the securitization of lease receivables originated by Shoko Lease using a trust structure. Kinami also represented Mizuho International on as lead manager in the securitization of a portfolio of auto loan receivables originated by Orient Corporation.

Freshfields' ability to pick up these deals is an indication of its skills, but some form of restructuring may be necessary for the firm to maintain its standing in the market.

Leading lawyers

James Lawden

Lovells

While celebrating its outstanding deal achievements this year, Lovells suffered a loss, bidding farewell to managing partner Tim Lester, who has relocated to Allens Arthur Robinson in Australia. Having practised with the firm as a global partner since 2001, Lester, a renowned securitization specialist, was responsible for many of Lovells' accomplishments in Japan. Lester was an instrumental figure on the landmark WBS of SoftBank, which involved the refinancing of its Vodafone acquisition, for its mobile communications business. The WBS, valued at \$12.5 billion, has been dubbed the largest in the world to date, providing a structure that enabled SoftBank to tap long-term financing, at rates substantially better than it may have enjoyed using other structured finance techniques. In addition to his work with SoftBank, Lester's team completed a \$12.5 billion portfolio risk transfer for Japanese insurer, Tokyo Marine.

Although Lester's departure will certainly impact on the firm's growth in the market, talented lawyers such as Lloyd Parker and Mark Goodrich, who was also present on the securitization for SoftBank, may emerge as Lovells' saving grace. But the firm's limited capacity could cause difficulties in the short term.

Orrick Herrington & Sutcliffe

Building on the strength of its structured finance practice worldwide, Orrick Herrington & Sutcliffe shares its expertise in Tokyo, acting frequently on residential mortgage loans, credit card receivables, non-performing loans, project finance debt, collateralized loan obligations, equipment leases, commercial paper programmes, senior and subordinated transactions, derivatives, and government receivables. Orrick's clients in the past have included Nomura International, Sanwa Bank and Credit Suisse.

Handling both local and cross-border transactions in relation to structured finance and securitization, Orrick has been a quiet but successful player in the market, under the leadership of partners like Eugene Chang, and of counsel Madoka Hashimoto and Minako Wakabayashi who have developed the practice. The team has often been a pioneer in the market, acting on a number of firsts including the first Japanese mortgage securitization, the first securitization of non-conforming residential loans in Japan, the first future-flow securitization of airline ticket receivables in Japan and the first WBS in Asia.

The firm's most recent accomplishments include representing DTC Six Funding, in the issuance of approximately ¥30 billion structured secured notes due in 2037. This conduit

loan CMBS was backed by loans originated to finance Daito's construction of single-family and multiple-family apartment residences in Japan. The firm also represented The Korea Development Bank as a credit facility provider in the ¥40 billion future-flow securitization of passenger ticket receivables for Korean Airlines.

Leading lawyers

Eugene Chang
Madoka Hashimoto
Minako Wakabayashi

Banking

Recommended firms

Tier 1

Anderson Mori & Tomotsune
Mori Hamada & Matsumoto
Nagashima Ohno & Tsunematsu
Nishimura & Asahi

Tier 2

Atsumi & Partners
Clifford Chance
Linklaters

Tier 3

Allen & Overy
Baker & McKenzie GJBJ Tokyo Aoyama Aoki Law Office
Freshfields Bruckhaus Deringer
Morrison & Foerster
Paul Hastings Janofsky & Walker
White & Case

Tier 4

Jones Day
Latham & Watkins
Lovells
O'Melveny & Myers
Orrick Herrington & Sutcliffe
Skadden Arps Slate Meagher & Flom

With the explosion of M&A activity in Japan, foreign and Japanese firms alike have seen an upsurge in banking activities, particularly where financing for acquisitions is concerned. The slide of pure bank lending and credit facility arrangements has been compensated for by the uptake in leveraged financing and real-estate financing. In addition the market offers a continued spate of regulatory work in relation to the establishment of new businesses and takeover activity in Japan, which is dominated by local firms and foreign firms with dual capability. Where foreign firms have remained most active is on arrangements for cross-border loans, representing international financial institutions and global banks.

Since banks have overcome the days of heavily debt-ridden, non-performing loans,

the market should continue to experience heightened liquidity and a larger role for banks, reaping benefits from the financing of large-scale power projects and property constructions, to acquisitions of strategic assets and business setups. Lawyers have also been active in shaping regulatory reforms, which will inevitably result in the decreasing role of government authorities in banking affairs, and an enhanced position for law firms to handle such matters.

Anderson Mori & Tomotsune

Anderson Mori & Tomotsune has recently appointed finance specialist Tomoaki Ikenaga to the partnership. An internationally experienced finance lawyer, Ikenaga has served as general counsel at Deutsche Bank, regional counsel at JPMorgan Chase and partner at Latham & Watkins in New York. His insight into the financial industry and knowledge of financial institutions increases the firm's potential in working on complex structures and building crucial relationships with banks. In addition to Ikenaga, Anderson Mori & Tomotsune plays host to a range of renowned banking practitioners including Isao Shindo, Tatsu Katayama, Takashi Akahane and Kunihiko Morishita.

Representing both banks and borrowers, the firm has the full capability to deal with banking transactions across the board, engaging in secured and unsecured syndicated loans, real-estate financing, and public-sector financing. A highlight for the Anderson Mori & Tomotsune team this year came in securing a ¥360 billion (\$3.15 billion) debt and equity financing for e-Mobile in relation to its entrance in the mobile phone industry, a deal led by partner Koji Fujita. The issuance of common shares in four tranches of preferred shares was underwritten by Goldman Sachs and Temasek Holdings, amounting to ¥143 billion, while the syndicated non-recourse loan was valued at ¥220 billion. The firm has worked on high-profile syndicated loans in the past, boasting an impressive repertoire of clients including leading investment and commercial banks.

Leading lawyers

Koji Fujita
Tatsu Katayama

Mori Hamada & Matsumoto

Although Mori Hamada & Matsumoto has developed a reputation for its securitization practice, the firm's dedicated banking practitioners have contributed to its overall success. The firm has expertise in advising both lenders and borrowers in mezzanine financ-

ing, bridge financing and syndicated loans, acting for leading banks, financial institutions and multinational companies. Star lawyers include Satoko Kuwabara who is "highly regarded for banking", according to one competitor, while Kanako Muraoka who specializes in financing techniques for leveraged buy-outs. The firm has positioned itself to handle a range of financing transactions requiring negotiation and the drafting of documentation, as well as regulatory issues in conjunction with these deals. Hideki Matsui and Yukinaga Kojima are two lawyers who have developed a wealth of experience on these fronts.

The firm's recent activity centred around the SoftBank takeover of Vodafone, for which its team was appointed as Japanese counsel to the lead arrangers, Deutsche Bank and Mizuho Corporate Bank, in relation to the \$12 billion bridge financing of Vodafone's Japanese mobile business.

Leading lawyers

Satoko Kuwabara
Masanori Sato

Nagashima Ohno & Tsunematsu

Nagashima Ohno & Tsunematsu fields an accomplished banking team composed of lawyers with extensive experience in the domestic market. The firm has dealt with appointments in relation to syndicated loans, aircraft and ship financing, acquisition finance transactions and project finance initiatives. Well-versed on the regulatory front, Nagashima frequently provides legal advice to banks, securities houses and financial institutions on their business regulations in addition to educating foreign clients on regulatory compliance with regards to their setup of operations in Japan.

Probably the firm's most renowned finance practitioner is partner Satoshi Inoue, who is praised by a peer for being "a top banking lawyer". The firm kept its grip on the market with a role in advising the lead arrangers Mizuho and Deutsche Bank on local law issues relating to the \$12 billion bridge facility for the financing of Vodafone's Japanese telecoms business. In addition the firm was selected to advise Merrill Lynch International and Merrill Lynch Japan Securities, on one of the largest loan facilities given by a single investment bank group to Japanese company. The £3.6 billion term loan facility was granted to Japan Tobacco and its subsidiary for the purpose of financing its acquisition of the Gallaher Group.

Leading lawyers

Satoshi Inoue

Nishimura & Asahi

Having taken on a substantial number of lawyers from Asahi Law Offices, Nishimura & Asahi has elevated its banking practice to new levels. With former Asahi partner and banking specialist Takashi Ejiri spearheading the practice, along with its own respected professionals like Masaru Ono, Kei Ito and Katsu Sengoku, Nishimura & Asahi is determined to outdo its Japanese and foreign rivals on the financial front.

The firm serves a range of clients, offering advice on structuring, documentation, mezzanine loans, secured and unsecured loans, the establishment and expansion of businesses, acquisition financing and asset financing across the market.

Some of the firm's achievements this year saw the banking team represent Japanese banks on the arrangement of loans in connection with the management buyout of a Japanese restaurant chain, and a Japanese telecoms equipment trading company.

Leading lawyers

Takashi Ejiri
Kei Ito
Masaru Ono
Katsu Sengoku

Atsumi & Partners

In an effort to boost its finance and securities practice, Atsumi & Partners has been aggressive in hiring a number of associates to bolster its team's capability to serve a rapidly growing market. Over the past year, the firm has seen the arrival of 15 associates who will devote their energies to the firm's banking and financial endeavours. The firm's banking activities extend from pure lending transactions and syndicated loans to aircraft and real-estate financing, advice on compliance issues and the structuring of new financial products. Atsumi & Partners has also been active in advising foreign banks on regulatory issues in relation to their establishment in the country.

Leading lawyers

Hiroo Atsumi

Clifford Chance

Clifford Chance's banking practice suffers a setback this year with the departure of renowned finance expert Peter Avery, who has relocated to the firm's Dubai branch. Although Clifford Chance continues to be supported by Tim Jeffares, and newly appointed partner David Wilson, from the firm's Hong Kong office, the absence of Avery is perceived as a disadvantage by Clifford Chance's competitors. But the firm is keen to

maintain its reputation in the market and has already bolstered its practice with the addition of four new associates, and former Freshfields partner Masayuki Okamoto.

Following the wave of takeover activity in Japan, Clifford Chance has been successful in securing key roles on deals which demand the presence of finance experts in generating funds for proposed acquisitions. In addition to its lending practice, the firm also handles aircraft financing under the capable hand of Paul Greenwell and also provides regulatory advice to banks. Okamoto's Japanese law capability and her knowledge of Financial Services Agency regulations will be instrumental in boosting the firm's banking practice in this respect.

Among the firm's accomplishments this year was its role in advising on the \$12 billion bridge financing used by SoftBank in its takeover of Vodafone's mobile business in Japan. The deal, led by Tim Jeffares and Peter Kilner, comprised the raising of ¥1.4 trillion of funding from asset-backed loans, bonds and discount note issues, both onshore and offshore of Japan. Another highlight for the firm was its appointment by the arrangers in negotiating a \$12.5 billion acquisition facility for Citigroup in its proposed takeover of Nikko Cordial. The firm also acted for Citigroup and Nikko Citigroup as arrangers of the senior and mezzanine loan facilities for the acquisition by private-equity houses Bain Capital and Advantage Partners of MEI Conlux's global vending machine business from Mars Corporation. The transaction was valued at \$600 million.

Leading lawyers

Tim Jeffares
Peter Kilner

Linklaters

Armed with Japanese, English and US law capability, Linklaters has been a consistently strong force in the banking market in Japan. Experienced in providing advice on plain-vanilla and structured loan facilities, regulatory compliance and restructuring, Linklaters has sealed its reputation in the market, largely due to a team of highly knowledgeable professionals with varied backgrounds. Some of the firm's best known personalities include *ben-goshi* partner and figurehead Akihiro Wani, for his financial acumen and regulatory sharpness, in addition to Tony Grundy, who has advised both lenders and issuers on various banking transactions across Europe, Asia and North America for more than 25 years.

Highlights of the firm's work this year include advising long-time client Vodafone on providing \$3.4 billion vendor finance for the sale of its subsidiary to SoftBank, through the

use of preference shares and a subordinated loan. The firm, led by Hiroya Yamazaki, later worked on the restructuring of Vodafone's subordinated debt and preference shares, in parallel with the refinancing of SoftBank, through a whole-business securitization.

The firm is currently working on the reorganization of a global bank – whose name is confidential – which is restructuring its entire Japanese operations.

Leading lawyers

Akihiro Wani

Allen & Overy

Allen & Overy's banking practice in Tokyo is heavily weighted towards project financing, but its team is also highly reputed for its ability to act on sophisticated banking transactions, and substantial leveraged work. In the past, Allen & Overy's team has worked on global loan products, syndicated loans, Nexi-backed loans, export credits and other financings. The firm maintains its close relationship with Japan Bank for International Cooperation (JBIC), advising borrowers on JBIC-guaranteed loans, secured and unsecured loan financings.

The firm has been busy with the upsurge in acquisition financing deals that have swept Japan. Partners Jason Humphreys and Piyasena Perera are advising Lehman Brothers as the arrangers in connection with the \$450 million acquisition financing, and leveraged recapitulation, for a principle equity group with respect to their equity interests in a Japanese portfolio company. In addition, managing partner Aled Davies played a vital role in acting as counsel to the lenders of a consortium comprising Calyon, ING, Mizuho and others, on the acquisition financing for Mirant Asia-Pacific's power assets and related businesses in the Philippines. The transaction is valued at \$3.7 billion.

Leading lawyers

Aled Davies

Baker & McKenzie GJB Tokyo Aoyama Aoki Law Office

Baker & McKenzie runs an active finance practice which focuses heavily on project financing. The firm has worked with a variety of clients in the past including foreign banks, Japanese banks, securities companies and insurance companies. Financial services regulation forms a crucial component of the firm's banking practice, and with the addition of regulations specialist Kaoruko Suzuki, the firm increases its potential in the area. In the past, the firm has advised foreign banks, secu-

rities and insurance companies on Japanese regulatory systems, dealing also with regulatory requirements pertaining to the introduction of new financial products in the market.

While general banking activity was more sporadic for the firm this year, partner Naoaki Eguchi successfully advised on a series of private finance initiatives for the redevelopment of the House of Councillors buildings and the House of Representatives in Tokyo. In addition, Eguchi and his team later represented Mitsui Corporation as sponsor of the \$240 million Apron Project at Haneda Airport. Financial elements of the practice are also exhibited on both onshore and offshore structured finance deals with Japanese banks.

Leading lawyers

Naoaki Eguchi

Freshfields Bruckhaus Deringer

Freshfields Bruckhaus Deringer was no stranger to a market that witnessed considerable movement over the last 12 months. In a situation comparable to Clifford Chance, Freshfields saw the exit of one of its banking stalwarts, partner Mark Keeler, in December last year. Keeler was responsible for much of the firm's success in Japan, leaving his colleague James Lawden to shoulder the burden of work on his own. Although there is general consensus in terms of the firm's high capability with regards to acquisition financing, competitors have questioned the breadth of Freshfields' banking potential and point to a diminishing presence in the market.

Despite these comments, Freshfields continues its work, representing Deutsche Bank this year on sizeable loans to various Japanese companies, and Goldman Sachs on its loan to finance the acquisition of an investment management company. As a result the firm has kept fairly busy this year. But its Tokyo practice may require additional hires and a new strategy focus, to continue enjoying the success shared by its offices worldwide.

Leading lawyers

James Lawden

Morrison & Foerster

Morrison & Foerster cruises along with a stable banking practice which keeps active through work brought by regular high-profile clients such as Nikko Citigroup, Merrill Lynch, Hypo Real Estate, Japan Bank for International Cooperation, Mizuho and Shinsei Bank.

The firm was recently involved in advising the agent, lead lender and arranger in connection with a \$210 million syndicated leveraged

financing relating to the acquisition of companies located in the US and Japan, including the extension of revolving and letter of credit facilities to multiple borrowers. The firm also represented various lenders in connection with \$300 million secured credit facilities, provided for the acquisition of manufacturing lines for semiconductors, flat panel displays, and other high-end consumer electronics.

Offering foreign and local law capability, Morrison & Foerster's banking team has advised on acquisition financings, convertible term facilities, asset-based lending facilities, vendor and trade financing programmes, and revolving credit loans. The firm specializes in real-estate financing with 25 lawyers devoted to the field, advising on a string of financings for property developments and acquisitions in and out of Tokyo in the last few years.

Leading lawyers

Dale Caldwell
Katsuhiko Fujihira
Theodore Seltzer

White & Case

White & Case continues to maintain its standing in the banking sector as a result of its global reputation and its accomplished practitioners based in Tokyo. In addition to bank financing the firm is dedicated to asset and project financing, two areas in which it excels. Under specialists like Christopher Wells, Robert Grondine, Keiko Tashiro and Tetsuya Morimoto, the firm has also expanded its practice by tapping into property, acquisition and leveraged financing.

Recent triumphs for the firm include acting for SanDisk Corporation on two financing transactions in 2006 in relation to its joint venture with Toshiba Corporation in Japan. White & Case also provided advice to foreign and domestic clients in relation to the financing of acquisitions of non-performing loans in Japan worth up to \$300 million. Further, the firm represented JBIC and BTMU in the restructuring of a project-based financing for operating leases and also advised WestLB as overall arranger and debt syndicator agent in the Japan Operating Lease financing of B777 aircraft under existing operating leases being sold out of its portfolio by Singapore Aircraft Leasing Enterprise. The latter deal, which was handled by Robert Grondine and Keiko Tashiro, implemented innovative structuring which incorporated elements in Singapore, the Labuan offshore financial centre, and US residual value insurance, into a Japanese lease structure for domestic equity investors and a debt syndicate of international banks.

Leading lawyers

Robert Grondine
Keiko Tashiro
Christopher Wells

O'Melveny & Myers

O'Melveny & Myers regularly advises on a range of financial matters including syndicated loans and more recently funding for acquisitions. Clients appointed by the firm for such deals include Bain Capital, Deutsche Bank, Capmark Asia, Goldman Sachs, Deutsche Securities and Shinsei Bank. The firm continues to bolster its capacity with the hire of a number of associates with a joint interest in general finance and M&A.

Naosuke Fujita, the co-head of the firm, led his team in providing advice to a financial institution which partially funded Advantage Partner's ¥7.5 billion acquisition of the finance subsidiaries of Livedoor, an internet service provider. In addition, Fujita acted as counsel to another financial institution which contributed to NIF SMBC's acquisition of Kyusai. The firm is now involved in various senior secured syndicated acquisition financing transactions for Deutsche Bank, valued at more than ¥100 billion each.

Leading lawyers

Naosuke Fujita

Other notable firms

In line with the frenzy of activity in the M&A sector, Jones Day worked on an acquisition financing for the Kyoto Park Hotel, on behalf of Morgan Stanley's investment banking division. The financing comprised the issue of a series of senior bonds to Shinsei Bank, valued at ¥2.8 billion. Led by John Roebuck and Rob Davies, the bond was secured by a general security interest over the assets of the issuer.

Although Latham & Watkins' Tokyo practice is smaller in comparison to many of its rivals, the firm still managed to steal roles on some notable transactions this year. One example of its work in the banking sector, involved advising Jupiter Telecommunications in relation to a ¥225 billion refinancing, which consisted of a ¥150 billion credit and revolving facility, a ¥25 billion guarantee facility from a syndicate of commercial banks, and a ¥50 billion subordinated loan from a number of commercial banks.

The loss of Lovells' managing partner Tim Lester has proved a blow for the firm, due to the strength of his presence in the market. Despite Lester's ultimate departure, the firm managed to win a role advising Sojitz Corporation with regards to a total return swap of debt assets worth \$47 million from

the Monterrey Power Project in Mexico. The firm also acted for Mizuho Corporate Bank in relation to senior and mezzanine facilities for the leveraged buyout of specific business divisions of the Clariant by Carlyle Group, a private-equity firm.

With a finance team consisting of 20 lawyers including six partners and 14 associates, Paul Hastings Janofsky & Walker has represented numerous Japanese and international financial institutional clients such as Barclays, Credit Suisse, Nomura Securities, JBIC, Commerzbank, UBS, Lehman Brothers and Resona. The firm places a huge emphasis on project financing, winning accolades for its representation of JBIC in financing for the Tangguh liquefied natural gas project in Indonesia.

Mergers and acquisitions

Recommended firms

Tier 1

Anderson Mori & Tomotsune
Linklaters
Mori Hamada & Matsumoto
Morrison & Foerster
Nagashima Ohno & Tsunematsu
Nishimura & Asahi

Tier 2

Allen & Overy
Clifford Chance
Freshfields Bruckhaus Deringer
O'Melveny & Myers
Orrick Herrington & Sutcliffe
Skadden Arps Slate Meagher & Flom
Sullivan & Cromwell

Tier 3

Baker & McKenzie GJB Tokyo Aoyama Aoki Law Office
Jones Day
Paul Hastings Janofsky & Walker
Shearman & Sterling
White & Case

Tier 4

Herbert Smith
Paul Weiss Rifkind Wharton & Garrison
Simpson Thacher & Bartlett
TMI Associates

Tier 5

Ashurst
Latham & Watkins
Lovells

The Japanese legal market has been in flux this year, following the merger of Nishimura & Partners and Asahi Koma Law Firm, leaving some firms to mourn the loss of key figures while allowing others to celebrate privileged additions. In particular, Baker &

McKenzie's Tokyo practice welcomed partner Fumio Koma and his team. And the market heard opportunity knocking – Freshfields relocated partners James Wood and Edward Cole from its London office to its Tokyo branch.

There were endings: notably the loss of Bryan Dunn from Clifford Chance, and the end of a career with the retirement of Allen & Overy's managing partner Cees Vellekoop. But there were beginnings too: the market is witnessing the emergence of rising stars and young lawyers such as Hiroki Kodate from Anderson Mori & Tomotsune, who are credited for their contributions on increasingly complex deals.

The upset caused by this movement in legal circles has been increased by changes in the market, with a surge of interest from private-equity investors entering Japan, and growing aggressiveness among Japanese companies looking at outbound transactions. The acquisition of Westinghouse by Toyota and Sapporo's takeover of foreign breweries are prime examples of a trend which is demanding greater prominence from foreign firms.

Another trend has been the development of hostile takeover bids by established, reputable companies, and management buyout structures, which have caused a stir. While such structures are not commonplace, they are certainly becoming a feasible option and an attractive feature of the market for acquirers. Hoya's hostile bid for Pentax, the management buyouts of Skylark and Rex Holdings, and Oji's hostile bid for Hokuetsu Paper Mills are just a few recent examples. This year triangular mergers are also becoming a popular option. With the introduction of the new corporate law, permitting foreign companies to acquire or merge with Japanese companies using a share-for-share exchange, this has only recently become possible. Before the legislation, only cash could be used.

Both inbound and outbound transactions are on the rise, resulting in American investment banks bulking up their teams, competing to finance the same acquisition. Private-equity houses are getting busier with more deals and proposals in a market one lawyer described as “expanding but not exploding”. Complex multi-level financings will continue to be a feature of the market with offshore sales encountering tax issues, restructuring and regulatory constraints.

Anderson Mori & Tomotsune

Anderson Mori & Tomotsune captures a sizeable segment of the market with an established team of professionals including enterprising young lawyers such as Hiroki Kodate, dubbed by one peer as “a young and upcom-

ing lawyer at Anderson Mori & Tomotsune, a reputed person and ranked quite highly by Nikkei”. Other partners who come strongly recommended in the M&A market include Nobuyuki Tomotsune, Osamu Hirakawa, Masaakira Kitazawa, Kenichi Masuda and Tsutomu Miyano, whose Western-friendly approach is admired clients and competitors.

Among the firm's achievements this year was a role on the ¥271 billion (\$2.37 billion) management buyout of Skylark, a restaurant chain operator listed on the Tokyo Stock Exchange. The firm, led by Masaakira Kitazawa and Tetsuya Itoh, represented CVC Asia Pacific Japan on the deal. Acting on another management buyout, Anderson Mori & Tomotsune advised Sumitomo Mitsui Banking Corporation, the lead arranger of a senior loan to a special-purpose company established by the management of Rex Holdings and Advantage Partners, to acquire 75.43% of shares in Rex, by conducting a tender offer which amounted to ¥45.7 billion.

This year, the firm also acted for long-standing client IB Daiwa, on its acquisition of 99% of shares in Lodore Resources, through a tender offer valued at ¥26 million.

Leading lawyers

Osamu Hirakawa
Masaakira Kitazawa
Hiroki Kodate
Kenichi Masuda
Tsutomu Miyano

Linklaters

Linklaters continues its reign at the top of the M&A league after the success of its work last year on the highly publicized sale of Vodafone to Japanese telecoms operator SoftBank. Although the year appears to have been a relatively quiet one for Linklaters, this may be an illusion: the firm has seen a shift of sorts, moving from intensely public to highly private matters, with the growing intensity of private-equity investors in the market. As one competitor commented: “There has been a drastic increase in private-equity work and Casper Lawson is on top. He should be in the first tier.”

The firm boasts a 19-strong team of lawyers devoted exclusively to mergers and acquisitions, many of whom remain highly acclaimed and well respected in the market. “Lawson is a very good lawyer and M&A is definitely his area of expertise,” said one peer.

While the firm is currently working on a string of confidential deals, it recently completed a deal surrounded by much controversy, for PricewaterhouseCoopers (PwC). Following a press scandal about some accountants of the company's former Japanese repre-

sentative, ChuoAoyama, PwC consulted Linklaters to prevent further damage to the company's Japanese operations. Performing a delicate M&A transaction, the firm assisted PwC in dividing its operations into two entities, by creating a new licensed audit corporation and partial transfer of business, involving intense negotiations with the regulators and discussions to retain its clients, partners and staff. Linklaters' team in the deal was led by Casper Lawson and Akihiro Wani.

Leading lawyers

Casper Lawson

Mori Hamada & Matsumoto

Mori Hamada & Matsumoto's involvement in complex M&A transactions over a number of years has resulted in a sharp and fully qualified team that is prepared to advise on strategic alliances, takeovers and sales for clients from diverse industries. Some of the firm's most promising lawyers include Satoko Kuwabara who is described by one rival as “very pragmatic,” having worked on “many leading deals”. The firm is also cultivating new talent in the firm of Gaku Ishiwata, who one competitor calls “a very young, promising lawyer who works on defence strategies against hostile takeovers”. Ishiwata is keen to cement his reputation in the market, and so far has been quite successful in his pursuits. “He devised the poison pill,” commented one lawyer. “He's a renowned expert in defence tactics.”

The firm acted on a number of key deals this year including acting for Rex Holdings on its management buyout, through the setup of a special-purpose company formed by Advantage partners and the management of Rex. The tender offer for the acquisition of 75.4% of shares in Rex cost ¥45.7 billion. The firm also profited from another appointment to represent the management of Skylark, on the ¥270 billion management buyout of the company.

Leading lawyers

Satoshi Kawai
Satoko Kuwabara

Morrison & Foerster

Under the direction of managing partner Ken Siegel, Morrison & Foerster has consistently given a strong performance in the corporate sector. With one of the largest M&A teams among the foreign firms in Japan, comprising 30 American and Japanese attorneys, Morrison & Foerster has appealed to domestic and international companies equally, although it is focused largely on work offshore. “They have some good domestic cor-

porate lawyers,” said one lawyer, “but their emphasis is on cross-border M&A.”

The firm has also been called a “private-equity powerhouse” by one competitor, illustrating the depth of its activity with the growing presence of private-equity clients in the market. This year the firm worked on a number of deals including Air Liquide’s acquisition of the remaining 45% in Japan Air Gases, for which the firm represented the acquirer. Handled by Dale Caldwell and Fuyuo Mitomi, the transaction was valued at \$780 million. Representing the seller, Morrison & Foerster advised Kajima Corporation on its \$500 million sale of the Four Seasons Resort Hualalai in the Hawaii, and Toshiba on the sale of its silicones joint venture, GE Toshiba Silicones, to General Electric. Ken Siegel also roped in a deal, advising TDK Corporation on the \$300 million sale of its media business to Imation.

Leading lawyers

Fuyuo Mitomi
Ken Siegel
Stan Yukevich

Nagashima Ohno & Tsunematsu

Nagashima Ohno & Tsunematsu is a standout firm for M&A transactions, sharing a top-tier spot with its Japanese counterparts who together comprise a legal group informally known as the big four. The firm’s most famous personality is Kenichi Fujinawa, who has worked successfully on defence strategies for public companies against hostile takeover bids. Hiroki Inoue also receives a mention from peers for being “a rising star” and “good for M&A work”. Another competitor described the firm as “good and quite gentle to work with”.

Some highlights for the firm this year include work on the \$40 million joint venture between ANA and the InterContinental Hotels Group. Covering a range of practice areas including intellectual property, corporate law, real estate, tax and labour law, Nagashima Ohno & Tsunematsu demonstrated its adeptness, representing ANA from the planning of the bid strategy through to the closing of the complex deal.

The firm also secured a role on the management buyout of Rex Holdings, representing Credit Suisse, while acting as counsel to Nomura Principal Finance on the management buyout of the \$270 billion management buyout of Skylark, a restaurant chain operator.

Leading lawyers

Kenichi Fujinawa

Nishimura & Asahi

Having swiped leading lawyers Yuji Onuki and Gaku Suzuki from the former Asahi Koma Law Offices, Nishimura is now reaching for the sky in terms of its M&A achievements. Nishimura retains its own leading lights in the form of Koichi Kusano and Masakazu Iwakura, described as “such a big star here” by one rival. In addition, “Kazuhiro Takei needs to be mentioned,” said one peer. “He’s the best-known M&A lawyer in Japan and lost his exposure in 2006 because he was reforming M&A regulations.” The firm is definitely in the league of leading practices in the market especially in terms of volume, where it has a definite edge over its competitors.

The firm secured a string of transactions for its portfolio this year, advising Citibank on its acquisition of the Nikko Cordial Group, and representing KDDI Corporation on its takeover of Tokyo Electric Power’s fibre-optic cable network business and its related assets. The firm also worked on the merger between department stores Daimaru and Matsuzakaya, representing the former, while closing a deal for the business integration of Millennium Retailing and Seven I, in which the firm advised Seven I.

The firm was active on a number of other mergers including the joint venture between Tomy and Takara, the merger of Mitsubishi Pharma Corporation and Tanabe Seiyaku, and an alliance between Mizuho Securities and Shinko Securities.

The newly merged firm can only see the opening of more doors and significant opportunities to expand its practice. “Nishimura is a really good firm,” remarked one competitor. “It is more active than everyone else in terms of volume and level.”

Leading lawyers

Masakazu Iwakura
Koichi Kusano
Yo Ota
Kazuhiro Takei

Allen & Overy

Magic circle firm Allen & Overy bids farewell to long-time managing partner Cees Vellekoop who retires this year. A highly respected veteran in the field, Vellekoop has been with the firm for 26 years, counting among his accomplishments an impressive repertoire of transactional clients and high-profile deals. Aled Davies succeeds Vellekoop as managing partner, leading the firm to increased prominence in the Japanese and international markets.

The firm continues to create a name for itself acting on transactions for Japanese and international clients in the domestic market

and offshore, on local and cross-border transactions. One highlight for the firm this year came in its role as adviser to General Electric on the Japan and Asia aspects of its \$3.8 billion divestiture of the GE Advanced Materials business to an affiliate of private investment firm Apollo Management. In addition the firm acted for Nippon Sheet Glass on its £2.2 billion recommended cash acquisition of Pilkington in the UK.

Clifford Chance

Clifford Chance maintains a steady M&A practice in Tokyo, scoring a spate of regular deals each year. Unfortunately the firm saw the departure of its leading practitioner Bryan Dunn, who spent 11 years with the firm, working on cross-border M&A transactions around Asia. Dunn moved to Canadian law firm Davis where he continues to specialize on takeover activity and strategic alliances with a Japanese element.

Although this represents a significant loss for the firm, Clifford Chance has managed to find appointments on some noteworthy deals such as the joint venture between cable industry company Nexans, and Viscas, a joint venture between Furukawa Electric and Fujikura in Japan. The deal was handled by attorneys Naoki Watanabe and Tracy Whiriskey, who advised Nexans on the newly-formed venture, called NVC, which will be dedicated to the manufacturing of underwater high-voltage power cables. Watanabe was also instrumental in advising French company GL Trade, a global provider of front-to-back-office solutions for financial institutions, on the Japanese and Thai legal aspects of its acquisition of the FNX Group. The takeover was achieved through the acquisition of 100% of the shares in US Company FNX Solutions, which specializes in the management and processing of over-the-counter products for capital markets and hedge funds.

Freshfields Bruckhaus Deringer

There is widespread consensus in the market that Freshfields’ main focus is M&A. A quick look at the range of its assignments indeed reveals that Freshfields’ M&A practice is its greatest strength. Credit is due to Julian Pritchard who comes highly recommended in the market, leading the firm on its activities in this category. In a market seeing considerable movement, the firm’s Tokyo practice benefited from the relocation of two M&A practitioners, partners James Wood and Edward Cole, from Freshfields’ London office, bolstering its capacity to act on a larger volume of deals. The firm also made up for the loss of partner Nobuo Nakata to rival Allen & Overy by hir-

ing three new associates, Akiko Miyake, Kaori Yamada and Mitsuharu Kataoka.

Freshfields' deal list this year includes advising EMI in relation to its acquisition of Toshiba's interest in Toshiba-EMI, the joint venture between the two companies. Late last year, the firm also represented British Telecom on its joint venture with KDDI Corporation, to provide outsourcing and managed network services to Japanese companies.

Earlier this year, the firm scored a role in advising Goldman Sachs on its acquisition of a 9% stake in Aruze, a manufacturer of *pachinko* gaming and slot machines. To round off a good year, the firm advised Barclays Global Investors on the disposal of its trust administration and custody operation in Japan, Barclays Global Investors Japan Trust & Banking, to the Sumitomo Trust & Banking Company.

Leading lawyers

Julian Pritchard

O'Melveny & Myers

O'Melveny & Myers has had a fantastic year with an active presence in the market under Gary Smith, a renowned specialist in M&A transactions. The team found success this year in representing Goldman Sachs in its ¥25 billion equity investment in USEN Corporation, a Japanese listed broadcasting and media company. Increasing Goldman Sachs's presence in the Japanese private-equity market, 13 O'Melveny lawyers across the firm's Asia and US offices collaborated in this highly publicized transaction.

Another noteworthy transaction saw the firm advising Japanese internet and telecoms group SoftBank on its joint venture with News Corporation's online service MySpace, to launch MySpace Japan. The 50-50 venture will first offer services for personal computers, and later will allow users to post photos and other web content via mobile devices.

The firm's accomplishments were further extended by its role on the acquisition of MSK Corporation, a Japanese photovoltaic (PV) energy cell manufacturer, by Suntech Power Holdings, a leading manufacturer of PV cells. Ending the year on a high note, the firm advised CCMP Capital Asia in its co-investment with Bain Capital in the acquisition of the worldwide sensors and controls manufacturing business of Texas Instruments. The acquisition, valued at \$3 billion, created a standalone global company, Sensata Technologies.

Leading lawyers

Naosuke Fujita
Gary Smith

Orrick Herrington & Sutcliffe

This year marks the 10th anniversary of Orrick Herrington & Sutcliffe's Tokyo practice. The firm recently announced the appointment of new managing partner Mark Weeks, who will replace James Tervo. Tervo is leaving Tokyo to pursue a post as head of the Asian real-estate practice in the firm's Shanghai office. The firm's M&A practice couldn't be more pleased with its achievements on complex multi-jurisdictional transactions this year, which place the firm two tiers above its ranking from last year.

The firm recently welcomed Toshihiko Tsuchiya, a real-estate practitioner who will enable the team to handle the increase in Japanese-language work from real-estate clients based in Tokyo. While property law is an area of focus for Tsuchiya, he also has experience in a broad range of other practices areas including securitization, M&A, general corporate matters, and capital markets. Tsuchiya couldn't have joined at a better time after an Orrick real-estate team, led by partner Asahi Yamashita, recently represented DaVinci Advisors, the largest independent real-estate fund in Japan, in the acquisition and financing of the Shiba Park Building in Tokyo for ¥143 billion. The deal was the largest single property transaction ever completed in Japan.

The firm's impressive array of M&A work continued in its advisory role to Gas and Power Investment, a wholly owned subsidiary of Osaka Gas, through the complex acquisition of the remaining 50% ownership of a power plant located in Guam. The independent power plant, operated by Marianas Energy Company, supplies electricity to Guam Power Authority through a long-term power purchase agreement. Orrick also demonstrated its expertise by representing Toyota Tsusho Corporation, a trading arm of the Toyota group, on the \$200 million sale of its more than 40% equity stake in global agro-chemical company Arysta LifeScience Corporation to a group of investors led by Olympus Capital.

Other fantastic deals saw the firm act as counsel to Nomura Holdings, on its \$1.2 billion acquisition of global agency-broker Instinet from Silver Lake Partners, a private-equity firm. Further cross-border opportunities came when partner Laurent Develle led his team in assisting Veolia Water, a water treatment and wastewater company, in all aspects of a strategic alliance and joint venture project with a Japanese listed environmental and engineering group in Japan and China. Develle displayed his flair further by advising Georg Jensen, a Danish luxury-goods company, in the strategic acquisition of its Japanese joint venture from Takashimaya, a Japanese department store chain. In addition, Develle

represented Publicis, a French advertising and media group, in several acquisitions of Japanese competitors, including a strategic alliance with Dentsu.

Overall Orrick's presence in the market this year has been striking. Its dynamic, experienced and multi-lingual team looks set to deliver another promising decade in the market.

Leading lawyers

Eugene Chang
Laurent Develle
Mark Weeks

Skadden Arps Slate Meagher & Flom

Skadden secures its spot in the second tier for another year, revealing the strength of its practice and its consistent flow of outstanding deals. With the firm's 30 lawyers divided almost exclusively between corporate work and real estate, Skadden is poised and fully equipped to handle the surge of M&A work that has swept the country. Partners such as Nobuhisa Ishizuka and Kenju Watanabe, armed with international experience, frequently put their expertise to use on cross-border deals, while acclaimed corporate partner Mitsuhiro Kamiya takes on roles representing Japanese and foreign companies and financial institutions on M&A and joint-venture transactions. "Kamiya is a very famous lawyer, who is very active in M&A," said one partner, whose perspective echoes the general perception of Kamiya among clients and competitors.

Recent highlights for the firm include representing Toshiba Japan in its \$1.2 billion sale of a 23% stake in Westinghouse Electric. It also advised asset management firm BlackRock in its acquisition of Merrill Lynch's asset management business and purchase of a 50% interest in joint venture with Nomura Asset Management. The firm also acted as counsel to KDDI Corporation in connection with BT Group's \$965 million all-cash acquisition of Infonet Services. On another notable transaction, the firm advised Morgan Stanley Japan on its \$2.4 billion acquisition via an auction of 13 hotels in Japan from All Nippon Airways, while acting as counsel to Tokyu Corporation in its proposed joint venture with Isetan.

Skadden has been one of the few firms at the forefront of the market's sudden tumult of activity in relation to hostile takeovers. Kenju Watanabe was a key figure in representing Oji Paper with regard to its proposed \$1.5 billion hostile acquisition via a tender offer of Japan's Hokuetsu Paper Mills.

Leading lawyers

Nobuhisa Ishizuka
Mitsuhiro Kamiya
Kenju Watanabe

Sullivan & Cromwell

Generally stronger on the US side of M&A transactions, Sullivan & Cromwell has been active in winning roles on several deals this year. As the principal M&A practitioner at the firm, Izumi Akai manages most of Sullivan & Cromwell's appointments such as Hoya Corporation's \$922 million acquisition of Pentax. Akai also acted as counsel to Daimaru for its acquisition of Matsuzakaya holdings, Sumitomo Mitsui Financial Group on its \$1.6 billion acquisition of SMBC Friend Securities, and Advantage Partners on its acquisition of Rex Holdings.

The firm also advised on numerous deals in 2006 including the \$632 million Coca-Cola West Japan acquisition of Kinki Coca-Cola Bottling, the \$719 million Hitachi Metals acquisition of NeoMax, the \$416 million Itochu Techno-Science Corporation acquisition of CRC Solutions Corporation, and the \$1.5 billion Sumitomo Corporation acquisition of Sumisho Lease.

Pending work for the firm involves an advisory role on the \$325 million acquisition of US company Morphotek by Eisai Corporation of North America, a wholly owned subsidiary of Eisai Japan, and \$532 million acquisition of Steel Technologies by Mitsui & Co USA, a subsidiary of Mitsui & Co.

Leading lawyers

Izumi Akai

**Baker & McKenzie GJB Tokyo
Aoyama Aoki Law Office**

Baker & McKenzie's Tokyo practice thrives on the bubbling M&A activity that has overtaken the market in the last year. Equally proficient on both domestic and cross-border transactions, the firm has advised companies across a range of industries including pharmaceuticals, telecoms, insurance and property. In the past, the firm has seen a client base including Prudential, British Telecom, Eli Lilly, Pacific Century Cyberworks and Jafco.

Baker & McKenzie was delighted this year to welcome a group of distinguished lawyers from the now disbanded Asahi Koma Law Offices. The most significant addition from the team is prominent partner Fumio Koma, who possesses a remarkable reputation in the market for his work on M&A deals.

The joint venture partnership between InterContinental Hotels Group (IHG) and

All Nippon Airways, was one of the firm's most promising assignments this year. Acting as counsel to IHG, the firm, led by partners Chris Hodgens and Hideo Ohta, worked on the formation of the ¥4.5 billion IHG ANA Hotel Group, which is now the largest international hotel operator in Japan.

Aside from this, the firm also received a mandate from Sunstar SA, in connection with the leveraged buyout of Sunstar Inc by way of a tender offer and subsequent minority squeeze-out. Hiroshi Kondo, a well known figure in the market, was consulted on this deal, as well as another for Daio Paper, on its plan to acquire Procter & Gamble's Japanese adult disposable diaper business. A final highlight saw the firm assist Murata Manufacturing in its acquisition of the power electronics division of C&D Technologies, a US company.

Leading lawyers

Fumio Koma
Hiroshi Kondo

Jones Day

Jones Day keeps its momentum in the M&A market, strengthening its practice with the addition of six associates and two partners, Ken Kiyohara and Stephen DeCosse. Kiyohara moves to the firm from Ashurst, while DeCosse arrives from Morrison & Foerster.

Under the leadership of department head Nobutoshi Yamanouchi, the firm completed a deal for Norinchukin Bank, in relation to the stock-for-stock merger of its subsidiary Kyodo Credit Service and UFJ Nicos as part of a business alliance between Norinchukin and Mitsubishi UFJ Bank. The firm was also mandated to work on Parker Hannafin's acquisition of a controlling interest in Taiyo from Kyoei Steel. The deal was done through Parker increasing its voting stock in Taiyo to approximately 60% by purchasing all of Taiyo's voting stock previously held by Kyoei Steel.

Another highlight for the firm was its supporting role to its team in London, on the \$1.5 billion acquisition of all of the outstanding shares of Bandag by Bridgestone Americas. The firm's team, led by Toru Yamada, acted as a key liaison to the Bridgestone headquarters, providing advice to Bridgestone America Holdings and Bridgestone Japan on the decision to proceed with the deal and its structuring and documentation.

Paul Hastings Janofsky & Walker

Paul Hastings profited from the growth of M&A activity in Japan, acting on a number of key deals over the year. Led by Ted Johnson and Jun Usami, the firm was appointed to represent Tokyo Electric Power Company in its successful \$3.7 billion bid, together with Marubeni Corporation, to acquire Mirant Corporation's power generation business in the Philippines. The firm was also involved in advising Sumitomo Corporation in a groundbreaking onshore acquisition of state-owned non-tradeable shares in China's state-owned pharmaceutical company, Henan Topfond Pharmaceutical.

In a transaction at the end of last year, the team was appointed as counsel to Toshiba Corporation in the negotiation of the Flash Alliance joint venture with SanDisk Corporation to construct and operate a \$4 billion factory to produce 300mm flash memory wafers in Japan. The firm looks set to find more opportunities in the field with the addition of *bengoshi* and New York-qualified partner Etsuo Doi from rival practice Orrick Herrington & Sutcliffe, and four new associates including Troy Van Orman from Sullivan & Cromwell's Tokyo office.

Leading lawyers

Ted Johnson
Jun Usami

Shearman & Sterling

Shearman & Sterling continues to build its M&A practice, winning appointments on a variety of high-profile deals this year. The firm benefits from its dual US and English law capability with managing partner Masahisa Ikeda offering additional language capabilities, enabling the firm to advise Japanese corporations on outbound transactions as well as non-Japanese corporations and private-equity funds on inbound deals. Together, the team has managed to hold onto to key clients such as Nomura, Mitsubishi UFJ, Seven-Eleven Japan, Kirin Breweries and the Longreach Group.

Kenneth Lebrun was recently appointed to the partnership and, with Ikeda, acted on various acquisitions including AB Volvo's tender offer for Nissan Diesel Motor, valued at \$1.07 billion. The pair also scored a role on Japan's largest management buyout ever, representing Nomura Principal Finance as international counsel in connection with a \$2.3 billion tender offer for shares of Skylark, Japan's largest restaurant chain operator, through an entity financed by Nomura Principal Finance and CVC Capital Partners Asia. Other highlights saw the firm act as US counsel to Kirin Breweries in its \$675 million tender offer for

Kirin Beverage Corporation, while advising Merrill Lynch Japan Securities as financial adviser to Mitsubishi UFJ Securities in relation to its \$3.23 billion share exchange agreement with Mitsubishi UFJ Financial Group, to make the former a wholly owned subsidiary.

Other interesting deals include representing Merrill Lynch International as a financial advisor to Daiichi Pharmaceutical in its \$7.4 billion merger with Sankyo, and advising the Longreach Group in its acquisition of a 24.98% interest in McDonald's Holdings Japan from the Fujita Family for ¥75 billion.

Clients are attracted to Shearman & Sterling for its professionalism and ability to provide "first-tier global service". Speaking in relation to the firm, one client commented: "For cross-border M&A deals we turn to US law firms to get things done. Firms like Shearman & Sterling manage relationships for particular clients; all you have to do is give them a call and they will find the best people and products that they have."

Leading lawyers

Masahisa Ikeda
Kenneth Lebrun

White & Case

White & Case has maintained a steady practice in the field of mergers and acquisitions during its tenure in Japan. Although it is not necessarily the strongest of the foreign firms ranked in this category, its client relationships with companies like Sumitomo Chemical, General Motors, Kelly Services Japan, Pacific LNG Shipping, JR Central and Sony ensure that the firm is regularly consulted for advice on takeovers, joint ventures and leveraged buyouts. The firm's ability to provide recommendations on tax, intellectual property and regulatory issues in relation to M&A transactions further strengthens its position in the market.

Achievements for the firm this year came with advising General Motors Corporation and General Motors Canada in relation to the sale of its 20% interest in Suzuki Motor Corporation. General Motors sold the majority of its stake back to Suzuki Motor Corporation in a share repurchase valued at \$1.96 billion. The firm also advised on the sale by General Motors to Mitsubishi Corporation, Itochu and Mizuho Corporate Bank of its 7.9% interest in Isuzu Motors for \$300 million. In addition the team, led by Robert Grondine, was retained by Ishikawajima-Harima Heavy Industries, advising on its purchase of a 3% interest in Westinghouse Electric.

Other highlights saw the firm represent Eagle Industry in acquiring 75% of the shares of its joint venture company in Pune, India for \$52.8 million, and acting for Kelly Services Japan, in its acquisition of an additional 40% equity interest in Tempstaff Kelly, from Sony Corporation. Current appointments for the firm include a joint venture and M&A transaction between Haier and Sanyo Electric, involving Sanyo's consumer refrigeration division, for which the firm is acting as counsel to Haier.

Leading lawyers

Robert Grondine

Herbert Smith

With a three-pronged focus on M&A, project finance and dispute resolution, Herbert Smith has never spread itself too thinly, ensuring clients receive quality advice in areas where the firm has traditionally been most successful. Regular clients of the firm include Panasonic, Mitsubishi, Marubeni Corporation, Lehman Brothers, Sumitomo Corporation, Toshiba, Sojitz and Swiss Re.

This year the firm advised on Japanese aspects of Swiss Re's acquisition of GE Insurance Solutions. This landmark acquisition, valued at \$6.8 billion, makes Swiss Re the biggest reinsurer in the world. Managing partner Steve Lewis was active this year in acting as counsel to Japan's second-largest trading house, Itochu Corporation, on its ¥9 billion acquisition of a significant stake and exclusive licensing rights in global fashion retail company Paul Smith.

Leading lawyers

Steve Lewis

Paul Weiss Rifkind Wharton & Garrison

Although Paul Weiss may not be among the very leading contenders in the M&A market due to its lack of domestic capability, the firm tends to do well, bringing its language abilities and expertise in US law to the table for international clients. For example, a team led by Kaye Yoshino recently advised Citigroup on its \$10 billion all-cash tender offer to acquire 61% of Nikko Cordial, a Japanese securities brokerage, asset management and investment banking firm. The firm also advised long-time client Polo Ralph Lauren on its acquisition of the outstanding shares of Impact 21, its Japanese sub-licensee for jeanswear and accessories. Soon after, the firm also acted as counsel to Polo Ralph Lauren on its purchase of the remaining 50% interest in its Japanese mas-

ter licensee, Polo Ralph Lauren Japan, for ¥2.7 billion.

Partner Tong Yu was also active on various transactions including Sumitomo Corporation's acquisition of a 25% interest in Pacific Telecom, a provider of internet, wireless and long-distance telecoms services in Northern Mariana Islands. The firm acted for Sumitomo on the transaction, which was valued at \$25 million.

Leading lawyers

Kaye Yoshino
Tong Yu

Project finance

Recommended firms

Tier 1

Allen & Overy
Milbank Tweed Hadley & McCloy
Nagashima Ohno & Tsunematsu
Nishimura & Asahi
White & Case

Tier 2

Anderson Mori & Tomotsune
Ashurst
Baker & McKenzie GJB Tokyo Aoyama Aoki
Law Office
Clifford Chance
Herbert Smith

Tier 3

Atsumi & Partners
Freshfields Bruckhaus Deringer
Latham & Watkins
Morrison & Foerster
Paul Hastings Janofsky & Walker
Shearman & Sterling

While the realm of structured finance is dominated by domestic firms, project finance is an area where foreign firms have always excelled. Although local project financings exist, they are confined to real-estate constructions and private finance initiatives. Much traditional project financing is handled from Tokyo for projects abroad, such as the sale of Mirant in the Philippines, which was refinanced with JBIC debt to build new power stations.

There has been considerable Japanese investment into the Middle East, with current projects in Saudi Arabia and Abu Dhabi, not to mention Bahrain where an independent water and power production has recently been financed. Banks have also been investing in liquefied natural gas projects which are seeing a sudden resurgence, as well as water, wind and electricity projects based in Brazil, Indonesia, India, Vietnam and China. Japan has been successful in capitalizing on rising commodity prices and the urgent need for

infrastructure and energy in developing countries.

Allen & Overy

Heralded as one of Japan's pre-eminent project finance practices, Allen & Overy has solidified its presence in the market, winning appointments on notable projects worldwide year after year. Managing partner Aled Davies "is one of the best-respected non-Japanese lawyers in town", according to a rival, and is widely recognized as being one of Japan's finest project finance lawyers. "I work opposite Aled Davis a lot," said another competitor. "He's a good lawyer and gets the deals done; he's a really significant player in the market."

Allen & Overy has been involved in project financing since the early nineties, and has a number of excellent mandates to add to its extensive portfolio this year. The firm recently advised JBIC and the commercial lenders on the financing of the third expansion of the world's largest ethylene glycol and polyethylene production project, owned by Eastern Petrochemical Company (Sharq) in Saudi Arabia. The \$2.43 billion package, negotiated by Aled Davies and associate Gwenael Perhirin, was one of the largest loan facilities ever provided by the bank.

Another highlight for the firm came with an appointment to represent the lead arrangers, Calyon, ING, Mizuho, and SMBC for the winning consortium of Tepco and Marubeni, as well as the lead arrangers of the consortium of OneEnergy and Tanjong, in the bid for the \$3.4 billion acquisition of Mirant's assets in the Philippines. The firm also continues to represent JBIC on the long-term take-out financing of the bridge facility.

Additional work for the firm came with an appointment for the \$900 million restructuring of a loan for the modernization of Petrobras's Henrique Lage Refinery in São Paulo State, Brazil. The funds will be used for the construction of new assets and machinery to be installed in the refinery. The team is now heavily involved in projects in Qatar, Marafiq and Iran. The firm is currently working on building up its *bengoshi* capability to strengthen its existing practice which provides US and English legal advice.

Leading lawyers

Aled Davies
Adam Moncrieff

Milbank Tweed Hadley & McCloy

Milbank has been renowned throughout the world for its excellent advice on large and complex project financings. With a deep understanding of the market, and substantial

global experience, the firm is positioned to advise with ease on diverse cross-border project financings in various sectors. Milbank boasts an impressive list of loyal clients such as JBIC, Mizuho Bank, ING, Keppel Energy, Sojitz, Tokyo Electric, Orix, Salamander Energy, BNP Paribas, Standard Chartered and Hynix. Rivals unanimously agree that Milbank is a frontrunner in the market. As one competitor said: "Milbank should be in the top tier for project finance with Gary Wigmore, who's worked around Asia and is now based in Japan." commented one peer, noting that Wigmore has added significantly to the firm's market presence.

Some of the firm's finest achievements this year include advising the sponsors, in relation to the \$1.3 billion financing of the acquisition of an existing plant, and a 750MW expansion of the Al Hidd independent water and power facility in Bahrain.

On another interesting deal, the firm worked on the financing for a toll road in Peru, which saw Intersur Concesiones issue \$562 million in senior secured notes through a special-purpose vehicle, Interoceanica IV Finance. The proceeds will finance the construction, operation and maintenance of the road. Representing BNP Paribas Securities, Gary Wigmore worked on the negotiation and closing of the transaction. The firm was also retained by JBIC in connection with a financing to an affiliate of a Japanese trading company for the acquisition of oil and gas properties, including a portfolio of Gulf of Mexico upstream assets. This transaction marks the first time JBIC has made an acquisition finance loan through a limited-recourse borrowing base facility for oil and gas properties in the US. It is also the first time JBIC has used a synthetic borrowing base facility. "Milbank has done a pretty good job lately," commented one rival. "They've secured a lot of finance work with JBIC so hats off to them."

The firm recently welcomed former Ashurst senior attorney Mark Plenderleith to its team. Plenderleith bolsters the department's capabilities further with more than six years' experience on limited-recourse multi-sourced financings, restructurings, joint ventures and acquisition financings, encompassing project development and financings in the power, transport, petrochemical and oil sectors. In addition to completing deals in North and Sub-Saharan Africa, Asia, the Caspian region and the Middle East, Plenderleith has also worked with JBIC for two years, supporting Japanese investors and lenders in JBIC's overseas investment loan, co-financing and untied loan programmes.

Leading lawyers

Gary Wigmore

Nagashima Ohno & Tsunematsu

With an exceptional finance practice, Nagashima Ohno & Tsunematsu is an obvious choice for project financing. The firm's extensive experience on structured financing transactions, regulatory matters and acquisition financing contribute to its capability in the project finance market. The firm has advised on non-recourse loans in the past, as well as aircraft and shipping finance, and real-estate development projects. The firm's specialists in the area include Takao Higuchi, who is the firm's best-known personality.

Leading lawyers

Takao Higuchi

Nishimura & Asahi

Nishimura & Asahi offers wide-ranging advice on drafting financing agreements and other related agreements for financial institutions in relation to project development. The firm has been a market leader for private finance initiatives providing advice to the public and private sector, as well as financial institutions, on projects across the industrial sectors. In addition to documentation, the firm is well equipped to raise funds for projects, representing banks and other lenders on the construction of infrastructure and power plants. Attorneys Masaru Ono, Hiroshi Maeda, Katsu Sengoku and Masahiro Ueno are among the team members advising on projects of this kind.

Leading lawyers

Hiroshi Maeda

White & Case

With a formidable global presence in project financing, White & Case brings a highly refined practice to Tokyo, built by a wealth of experience around Asia. Practice head Hendrik Gordenker and his team regularly advise on liquefied natural gas (LNG) projects, water and power plants, manufacturing facilities and other infrastructure developments. Offering a well integrated team including senior *bengoshi* Toshio Dokei, the firm is comfortable representing both sponsors and lenders on varied Japanese and cross-border projects. The firm's success in winning *IFLR's* award for the project finance team of the year in 2007, for its work on the \$2.6 billion financing of the Tangguh LNG project in Indonesia, is a testament to the quality of its advice and its professional capabilities.

This year, the firm is acting as common lenders' counsel in the JBIC-led financing of a methanol project in Brunei, sponsored by Brunei Petroleum, Mitsubishi Chemical and Itochu. Hendrik Gordenker, together with associates Simon Collins and Lupus Sabene, is handling the transaction, which will be the first-ever project financing in Brunei.

The firm continues its work as advisors to the export credit agencies, multi-lateral lenders and commercial bank lenders on the project financing of the \$20 billion Sakhalin II LNG project in Russia. Apart from being exponential in size, this project is unique due to the integrated nature of the financing, which will have upstream, midstream and downstream components, in both the oil and LNG sectors.

As part of a series of deals for Tokyo Electric Power (Tepco) that has run since 2001, White & Case acted for Cygnus LNG Shipping and Pacific Hope Shipping in closing deals for the financing of two 145,400m³ tankers, late last year. Hendrik Gordenker, Toshio Dokei, Keiko Tashiro and Alex Woody advised on the structuring of the arrangements, shipbuilding, ship management and financing, some of which was completed on a non-recourse project finance basis.

The firm remains inundated with work, currently providing advice on a range of projects including LNG offtake agreements and extension contracts; advising a Japanese sponsor in connection with its interest in two independent water and power projects in the Middle East; and representation of Japanese LNG buyers with regard to the proposed purchase of LNG from, and potential partnering in, four planned greenfield LNG projects in Australia.

Leading lawyers

Toshio Dokei
Hendrik Gordenker

Anderson Mori & Tomotsune

Although project finance work for local firms in Japan is dwarfed by opportunities in other areas such as capital markets, M&A and securitization, domestic practices such as Anderson Mori & Tomotsune offer expertise on commercial advice relating to the structuring and implementation of projects in various sectors. Project specialists Takashi Akahane and Reiji Takahashi focus on helping clients develop effective financing and security packages appropriate to their commercial needs, meeting the requirements of lenders and satisfying export credit agencies.

The firm is considered a market leader by peers for private finance initiatives. "There is little project finance work in Japan, it's limit-

ed here," explained one practitioner. "There are private finance initiatives and if this is a focus then Anderson Mori & Tomotsune should be in tier one for their work in the area." The firm acts for a variety of project sponsors, companies, commercial lenders, development banks, export credit agencies, international financial organizations and governments.

Leading lawyers

Takashi Akahane
Reiji Takahashi

Ashurst

Although Ashurst has traditionally been a market leader in project finance, its team has had a quiet year compared with previous years, when the firm was handling a greater number of cross-border projects. But the firm still boasts an excellent team with vast experience in the field, offering dual Japanese and English legal advice. "They don't get big juicy projects, but they're good people and they have good connections," said one project finance specialist.

Managing partner John McClenahan has been involved in advising on a number of key infrastructure, power, petrochemical and transportation projects, advising lenders, sponsors, project companies and contractors, while projects specialist Rupert Burrows has represented Japanese parties in relation to power projects in Malaysia, Vietnam and elsewhere in Asia. With the urgent need for infrastructure, water and power projects in developing Asian countries, the market should be expecting greater activity, presenting more opportunities for Ashurst to pursue.

Leading lawyers

Rupert Burrows
John McClenahan

Baker & McKenzie GJB Tokyo Aoyama Aoki Law Office

While Baker & McKenzie GJB Tokyo Aoyama Aoki Law Office is less recognized for its work in the banking sector, in comparison to other areas of its Tokyo practice, it maintains its reputation in the market for its strength in real-estate acquisition and project financing. Mandates in the past have offered the firm opportunities to work on the financing of the Universal Studios Theme Park in Osaka, in addition to its refinancing years afterwards. This year, a team led by Naoaki Eguchi acted for the lenders on the \$358 million private finance initiative for the redevelopment of the House of Councillors buildings in Tokyo, in addition to the \$675 million

redevelopment of the House of Representatives. Eguchi and his team later represented Mitsui Corporation as sponsor in relation to the Apron Project at Haneda Airport, valued at \$240 million.

Project finance expert Paul Davis was also involved in the energy sector this year, acting for Tokyo Gas on its shared agreement with Woodside Energy to supply more than 1.5 tonnes of LNG a year, for 15 years, from Woodside's Pluto gas field in Western Australia. The agreement also allowed Tokyo Gas to purchase a 5% equity interest in the Pluto project.

Leading lawyers

Paul Davis

Clifford Chance

Clifford Chance has slipped in the project finance rankings due to a gradual decline in activity after the relocation of projects specialist Peter Avery to the firm's Dubai office. Since Avery was largely responsible for the firm's reputation in the area, it will be no surprise to find the firm's operations on project financing becoming slightly more sporadic than in previous years.

But the firm is not without hope, as the newly appointed David Wilson from the firm's Hong Kong office continues to advise Japanese financiers in relation to the restructuring of the Saba power plant in Pakistan. Continuing work as lenders' counsel also involves the firm acting for JBIC, Bank of Tokyo-Mitsubishi UFJ, Calyon and ING Bank in relation to the \$376 million financing for the construction of a 648MW coal-fired power generation plant by a subsidiary of Mitsubishi Corporation in Mexico. Clifford Chance's team on the deal include Hidehiko Suzuki, Izumi Nishida, Tsuguhito Omagari and Yusuke Abe.

While Avery was still based in Tokyo, the firm also advised JBIC in relation to the \$1.3 billion acquisition financing for an existing plant and a 750MW expansion of the Al Hidd independent water and power production in Bahrain.

Herbert Smith

Herbert Smith has continued to attract a stable of high-profile clients for project finance, as a result of its solid reputation and consistency in the practice. Known for its wealth of knowledge in the oil and gas industry, the firm is an obvious choice for clients looking to complete deals in the energy and natural resources sector. David Clinch maintains his standing in the market, leading his team on some landmark deals this year, with support

from senior partner James Watson, who has relocated to Tokyo from the firm's London office.

The firm's outstanding work includes advising Sumitomo Chemical on the development and project financing of the complex \$9.8 billion Rabigh Project, which will become one of the world's largest integrated refining and petrochemical projects. Mandated by Sumitomo Corporation on another transaction, the firm advised on its interest in the Ambatovy nickel and cobalt mining project in Madagascar. Ongoing work includes the development of an LNG plant in Indonesia, upstream projects for Inpex, and advising Marubeni on a confidential mining deal.

A notable feature of the firm's efforts to stay abreast of new trends in the market and retain its relations with key clients is through its secondment programmes, which have seen the firm's lawyers gain experience through working with oil and gas companies such as Inpex, Japex, Marubeni, Mitsubishi and Mitsui.

The firm continues to attract clients to its portfolio and boasts a following comprising names such as Daicel Chemical Industries, Inpex Corporation, Idemitsu Kosan, Japan Energy and Sumitomo Corporation.

Leading lawyers

David Clinch

Atsumi & Partners

Traditionally, Atsumi & Partners' activity in the project finance market has been fairly minimal. But this year the firm proved that it has always maintained a capacity for work in the area and is as capable as its Japanese counterparts in advising on project financing.

The firm's recent accomplishments include work on four water and sewage treatment facilities, and management projects including a water plant in Chita. The firm also advised on the Moriyama sports centre facility and management project in addition to working on the Nagoya Port Authority facilities project. The firm received appointments to advise on the financing for wind power projects including one in Otsuki, Kochi prefecture. Lawyers active on these deals include Jun Mamiya, Hiroaki Takahashi and Miho Niunoya.

Paul Hastings Janofsky & Walker

Paul Hastings has gradually built a reputation as a strong contender in project finance. The firm won some interesting mandates this year which were handled out of Tokyo with support from the firm's Hong Kong office. Raj

Pande and Tomohisa Aiko are the most active lawyers in the team, having acted together on four of the most significant deals handled by the firm this year.

In the latter half of 2006, the duo represented JBIC in its \$1.2 billion financing for a gas liquefaction facility in Indonesia being developed by British Petroleum, Mitsubishi, Inpex, Nippon Oil, Sumitomo Corporation, Sojitz, Kanematsu and others. Later in the year, the pair acted for Tepco in its successful \$3.7 billion bid, together with Marubeni Corporation, to acquire Mirant Corporation's power generation business in the Philippines.

The firm represented Sui Southern Gas, which spans southeast Asia, this year in the development of an LNG importation to Pakistan and the development of an integrated LNG terminal in Karachi. The firm also successfully advised NYK Lines and Mitsui in the LNG ship project and financing for LNG supply to Chinese Petroleum.

Leading lawyers

Raj Pande

Shearman & Sterling

Under the leadership of highly reputed projects specialist Etienne Gelencser, Shearman & Sterling has crafted a permanent place for itself in the project finance market. Gelencser replaces David Platt as head of the project finance department after being recently promoted to the position of counsel. Since the firm's capital markets and M&A practices usually steal the limelight, its project finance capability is sometimes hidden, although never overshadowed as the team showed competitors this year.

Recent achievements for the firm came with advising the lenders in connection with a \$1.49 billion multi-sourced project financing for the development by Sembcorp of the Iran Water & Power Resources Development Company in the United Arab Emirates. Other opportunities saw the firm retained by Mitsubishi Heavy Industries in the development, and €37 million financing, of a 35MW wind farm in Kaliakra, Bulgaria.

The firm's expertise is further illustrated by its position as counsel to The Asian Development Bank, the Islamic Development Bank, National Bank of Pakistan and Habib Bank for the financing of the New Bong Escape hydropower project in Azad Jammu and Kashmir. Gelencser and his team are supported by the firm's projects team in Singapore on the transaction.

Leading lawyers

Etienne Gelencser