

# Israel

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## Chinks in the armour of the secured creditor

Ofer Shapira  
Shapira & Co  
Tel Aviv

Secured credit is one of the foundation stones of modern economics. It enables companies and individuals to leverage their assets by charging them in return for receiving credit towards the acquisition of additional assets and businesses. The strength of the protection of a secured creditor and a derivative thereof which reduces the risk imposed on the credit provider, also allows for the interest on the secured credit to be reduced and for leniencies in other criteria which generally are required of a borrower.

Over the years the status of the secured creditor in Israel, as is customary in other legal systems, was as a fortified wall and was granted unequivocal and categorical protection by the courts. Recently, one can identify a trend in case law (which at this stage has no statutory basis, nor has it become legal precedent) whereby the realisation of the secured creditor's legal rights is subject to the court's discretion, and to a stay of the realisation proceedings due to other interests. This trend turns the status of the secured creditor in Israel into one that is most vulnerable and dangerous from the secured creditor's point of view.

Over the course of many years the secured creditor's property right has been granted pedantic and absolute protection by the courts in Israel, while unequivocally determining that the secured creditor's rights could not be prejudiced without his express consent or within the framework of a settlement in which the prejudice was approved by the secured creditors of the same type with the majority as required by law.

The credit crisis that broke out in recent years and perhaps also socialistic winds blowing from other places in the western world have brought about a somewhat different

interpretation of the law and case law. This new spirit undermines the economic logic behind the non-compromised protection of the secured creditor's rights and opines that property rights, too, must be interpreted and balanced against other principles of the legal system - inter alia the protection of other parties' interests in the proceeding such as employees, suppliers and even public interests. With a broader view, this trend for the first time is also willing to read objective justice considerations into the statutory provisions upon realising property rights.

Insofar as companies that refer to the court with a motion to stay proceedings are concerned, there is a specific section in the law that allows the court to prevent the secured creditor from realising its collateral whereupon the secured creditor otherwise benefits from adequate protection. Naturally, the first crack that manifested in the secured creditor's protection armour was expressed in the interpretation of the phrase adequate protection. Without being verbose in respect of this complex term, in practice, secured creditors sometimes stumble across an argument that the adequate protection granted to them is the same property right to the charged asset, which is obviously safeguarded, when in practice they are required (or forced) to wait with the realisation process to allow for an opportunity to save the business whereby there is a recovery plan proposed in respect thereof.

An additional aspect of hurting the secured creditor's rights is expressed (by certain judges) by perceiving the secured creditor's right as an economic right as opposed to a property right - hence the willingness to hurt the secured creditor's rights to obtain a better balance of interests or a more just balance of interests for the rest of the parties privy to the proceeding.

The harm to the secured creditor's rights is also more easily expressed whereby some of the courts in Israel are willing to consider issuing a stay of proceedings order even when the conditions set by the law to issue such order have not been satisfied and primarily when a

clear settlement plan has not been proposed or when the secured creditors (whereby their consent as a group to the settlement is critical pursuant to the law) give notice in advance that they object to the stay of proceedings and the settlement arrangement.

It is important to stress that the new trend is not necessarily expressed in clear case law overturning existing precedents or rulings that are appealable; in most cases the harm to the secured creditor's right is apparently done in a technical manner such as the deferring of a stay-of-proceedings hearing, appointing an investigator to examine the possibilities of action to be taken, deferring dates in order to give a generous right to plead to the various parties to the proceedings and so on. Needless to add that in this manner the secured creditor's option to attack the decision is very limited.

If the Supreme Court does not rule otherwise - and as long as the option of circumventing the charge laws are not actually prevented by way of the courts' creative interpretation - the risks in the new trend are clear and their strength will be expressed in a number of aspects: putting the secured creditors more at risk, reducing credit sources for certain businesses and increasing the interest on loans to the many entities that need them. This trend by the courts will also lead to overt supervision by the secured creditor in respect to the repaying of the credit and the increasing of the credit costs accordingly, and perhaps also lead to more agility in exercising the legal rights of the secured creditor in the event of a crisis. The realisation of these risks may turn the chinks in the secured creditor's armour into a two-edged sword that hurts the public in another area. In this respect, the well-known saying, "hard cases make bad law" will again be borne out.

## Capital markets

Recommended firms
<b>Tier 1</b>
Goldfarb Levy Eran Meiri Tzafrir & Co Gross Kleinhendler Hodak Halevy Greenberg & Co Herzog Fox & Neeman Meitar Liguornik Geva & Leshem Brandwein
<b>Tier 2</b>
Fischer Behar Chen Well Orion & Co Gornitzky & Co Naschitz Brandes Yigal Arnon & Co
<b>Tier 3</b>
Rosenberg Hacoen Goddard & Ephrat Shibolet & Co S Horowitz & Co Weksler Bregman & Co Yehuda Raveh & Co Zellermayer Pelossof & Co

## Banking

Recommended firms
<b>Tier 1</b>
Herzog Fox & Neeman Kantor Elhanani Tal & Co S Horowitz & Co Yigal Arnon & Co
<b>Tier 2</b>
Gornitzky & Co Gross Kleinhendler Hodak Halevy Greenberg & Co Weksler Bregman & Co
<b>Tier 3</b>
Caspi & Co Goldfarb Levy Eran Meiri Tzafrir & Co Naschitz Brandes Fischer Behar Chen Well Orion & Co Shibolet & Co Yaacov Saloman Lipschütz & Co Yehuda Raveh & Co Zellermayer Pelossof & Co

## Mergers and acquisitions

Recommended firms
<b>Tier 1</b>
Goldfarb Levy Eran Meiri Tzafrir & Co Gross Kleinhendler Hodak Halevy Greenberg & Co Herzog Fox & Neeman Meitar Liguornik Geva & Leshem Brandwein Yigal Arnon & Co
<b>Tier 2</b>
Fischer Behar Chen Well Orion & Co Gornitzky & Co Naschitz Brandes & Co S Horowitz & Co Zellermayer Pelossof & Co
<b>Tier 3</b>
Amit Pollak Matalon & Co Erdinast Ben Nathan & Co M Firon & Co Ori Rosen & Co Shibolet & Co Tadmor & Co

## Project finance

Recommended firms
<b>Tier 1</b>
Gornitzky & Co Herzog Fox & Neeman Yehuda Raveh & Co Yigal Arnon & Co
<b>Tier 2</b>
Caspi & Co Goldfarb Levy Eran Meiri Tzafrir & Co Gross Kleinhendler Hodak Halevy Greenberg & Co Levy Meidan & Co M Firon & Co S Horowitz & Co Tadmor & Co Yaacov Saloman Lipschütz & Co Zellermayer Pelossof & Co
<b>Tier 3</b>
Aaronsohn Sher Aboulafia Amoday & Co Shibolet & Co Weksler Bregman & Co

Israel, a country that has historically prided itself on self-reliance and innovation, has had to summon all of its nous and guile to get it past the worst financial crisis for 80 years; and it seems to have done the trick.

Israeli capital markets have been fairly dead over the past year with lawyers attempting to predict when and where the first international IPO will be coming from. "For a brief moment we gained the ability to see what was going to happen," says one partner.

"But then a series of crashes in Greece and Eastern Europe halted that luxury."

The reason for this drop-off in the international capital markets is that investors have been cautious and would rather put their money into solid debentures that can guarantee a return. Despite this, however, it does appear that the capital markets are beginning to make a return. One partner says: "In the second half of 2009 we started to see something rising in the market again with the first offering for almost a year around May 2009."

The market however is still not stable enough for IPOs according to many capital market lawyers. "You still get a lot of delays and people being hesitant," says one partner. Nevertheless, lawyers are optimistic that there will be an upturn in activity, which might simply ignore how the world got into financial crisis. "People tend to forget what has gone on before," says one partner. "It's a bit like a new year's resolution where you start the year by promising good intentions but by the summer you forget all about them."

Israel's banks have managed to battle the crisis due to their relative independence compared with their European and north American peers who have subsidiaries all over the world, tying them more tightly into the global system.

"The banks here continue to lend on a regulatory basis," says one partner. "We are in a much better situation than the US." The two main banks in Israel, who between them make up over half the market share, Bank Leumi and Bank Hapoalim, were able to keep lending, even if cautiously. "The deals were more complicated as the banks were interested in covering themselves," says one partner. "There were a lot of cookie-cutter deals working on standard forms."

As a result of the stronger banking sector, the M&A market was also able to thrive more than in other Western countries. "Despite the economy there have been some really hot deals," says one M&A partner. "It's a nice time to be buying."

Famous for its high-tech market, Israel has seen the sector become stronger not weaker, with many multinational corporations snapping up Israeli businesses in an attempt to expand their portfolios. "There are so many software engineers and innovative, outside-the-box thinking, inspired by the R&D training units in the army," says one partner. "So for a company like Google they have to come here to buy up some promising businesses."

There is still, however, a long way back to the glory days of 2006/7 when deals were flowing. "Cash is the king," says one partner. "Lots of deals now need to be 100% cash as opposed to stock as people are unsure of the price of stock as an asset."

There is also plenty of unglamorous portfolio management to do: "We do a lot of reorganisation work for the large conglomerates which may not sound sexy but it's an important side," says one partner.

Project finance in Israel is a relative new practice area in the jurisdiction, having only been around since the mid-90s. "It's an emerging market that has only taken off in the past 15 years," says one partner. "The trend was towards entrepreneurial and privatisation spending which was seen as more efficient as it wasn't money coming off the government's budget".

But since then, the government has become involved with a series of projects, which in turn have all had their individual problems. "Most projects have got stuck," says one partner. "The common denominator was that the bids were simply too low ending up with unfinished projects or the concessionaire losing a ton of money."

One example of this is the Jerusalem light railway that has stalled a number of times. "It hasn't even hit financial closing yet," says a partner. "It runs through five different cities all with their own individual building permits that have to be negotiated. All of this is at the risk of the concessionaire and not at the risk of the state despite being a state function."

Israel has also had high activity in the energy sector, which has been boosted since the government announced it would set a target of 10% from renewables, with the main focus on solar energy. The solar panels will be based in the south of the country where the sun is hottest. One partner says, "We act for land owners who suddenly realise their land is worth something," says a partner.

Another big development in energy has been the discovery of the offshore natural gas exploration in the Tamar lease, based in the Mediterranean Sea based near the northern shore of Israel, which could potentially provide gas for Israel for the next 25 years.

### **Goldfarb Levy Eran Meiri Tzafir & Co**

"It couldn't be better, it's just perfect" says one client of Goldfarb Levy Eran Meiri Tzafir. "Ashok Chandrasekhar is a special character. I call him whenever I need to; whether it's during or outside of office hours."

In capital markets Adam Klein led a team in representing Retalix in a partial tender offer which raised \$33 million and issued ordinary shares and warrants.

On the banking side Nechama Brin and Noam Nativ led the negotiations with IDB for the refinancing and restructuring of a \$625 million loan by Goldman Sachs and Credit Suisse for a luxury hotel. The deal was

a joint venture with El Ad Group, and affiliate of Yitzhak Tshuva in the Las Vegas strip.

The firm represented Mobixell Networks in a merger with competitor 724 Holdings in a deal worth \$25 million and more recently, in another acquisition, Ashok Chandrasekhar advised Google on their acquisition of LabPixies in April 2010.

In terms of project finance, the firm advised the Ayalon Freeway in connection with the planning and licensing proceedings for some large transportation projects in the area. These projects have included, the Fast Lane Project, which enters the Tel Aviv business centre. Tamar Migdal was involved with the Sharon Bus Rapid Transit (BRT) project as well.

#### **Leading lawyers**

Ashok Chandrasekhar

### **Gornitzky & Co**

"I would recommend this firm to anyone," says a client of Gornitzky. The firm has built on last year's practice in capital markets by promoting two associates to partners in Meir Levin and Yair Shiloni. The latter was involved in the public offering of two series of bonds to finance a shopping mall in the Tel Aviv area in July 2009.

In banking, leading lawyer Pinhas Rubin represented Bank Hapoalim in the cross-border security and refinancing transaction of Memorand and the LevivGroup in a deal valued at NIS2 billion (\$515 million). "PD Rubin is a mover and shaker," says one rival.

On the M&A side, the firm advised Melisron on the acquisition of Ramat-Aviv Mall Savyonim Mall in a deal valued at NIS1.35 billion that closed in April 2009. One partner says: "They have a lot of deals, no doubt." The firm has also completed a series of successful transactions over the past year and are no strangers to telecommunications, automobiles and high-tech.

Gornitzky was also involved in a few interesting project finance deals this past year. Led by Itay Geffen, the firm are advising a consortium headed by Housing and Construction regarding a solar thermal power BOT (build-operate-transfer) project and the transfer of the finance, design, construction and operation to the state. The project, which consists of two solar energy thermal power stations, is expected to produce up to 110MW.

#### **Leading lawyers**

Pinhas Rubin

### **Gross Kleinhendler Hodak Halevy Greenberg & Co**

Gross Kleinhendler Hodak Halevy Greenberg continues to have a strong practice in capital markets and, despite the market being slow and tedious, has maintained a strong portfolio of work over the past year. Led by head of department Aya Yoffe, the firm successfully advised Tempo Beverages to an IPO of debentures worth NIS120 million (\$31 million) in February 2010. Another highlight in capital markets was the deal advising Plaza Centers in four debentures to institutional investors, which was valued at \$452 million.

On the banking side, the firm has advised some of the larger banks on Israeli related activities, including the Bank of America, Merrill Lynch, Deutsche Bank, UBS and Bank of Scotland.

"Rick Mann is a lovely guy," says one rival. The head of M&A at Gross is one of most liked and respected lawyers in the country and the market has repeatedly referred work to him over the years. One highlight of 2010 was the representation of LabPixies, a leading developer of web widgets such as iGoogle and the iPhone, in its acquisition by Google. Although the value has not been disclosed the deal represents a sign that the larger technology players are coming back to the market.

In project finance the firm's biggest client has been Hutchinson Water, who has been involved in several projects in the region with one, the Ashdod Desalination, coming to fruition.

#### **Leading lawyers**

Richard Mann

### **Herzog Fox & Neeman**

Herzog Fox & Neeman has enjoyed another year at the top of the tree in all practice areas after demonstrating a truly successful enterprise and business model to match. The law firm boasts expertise in all areas by having dedicated lawyers in all parts of a deal. Lawyers have found it the firm to do deals with. "There are not that many firms that can do banking work very well, with a lot of lawyers filing through endless amounts of paperwork," says one partner. "But with this lot, I don't have to go through the bullshit about going over every clause. They are a good firm to deal with."

On the capital markets side, the firm advised one of the largest holding groups, the Azrieli Group, in connection to a public offering of its ordinary shares on the Tel Aviv Stock Exchange (Tase) which is expected to be the largest IPO of 2010. The amount raised in the offering was NIS2 billion (\$517 million)

which reflects the NIS10.5 billion market capitalisation of Azrieli.

The firm also advised Beresheit Leverage Fund on the NIS140 million loan to Kardan Israel. The firm then advised the same company and KCPS Leverage Fund on providing credit facilities and investment to Mishkenot Senior Citizens' Housing group in a deal worth NIS145 million.

In M&A, the firm advised Advent Investments in a sale of its entire 51.3% share of Partner Communications Company to Scailex Corporation in deal worth \$1.4 billion. A subsidiary of Hutchison Telecommunications International, Advent Investments is part of the second largest mobile telecommunications service provider in Israel with nearly three million mobile phone customers to its name.

Project finance is a strong practice area for the firm as it has been involved since its effective creation in the mid 90s. Herzog has been involved in most of the major deals in the market over the past year with Mark Phillips winning particular praise from the market. "There's no doubt that they are number one in project finance," says one client. "Mark Phillips has a strong appearance and influence at the table. He makes strong eye contact with the people he faces and, with him, you feel complete comfort you know what he is doing."

In energy the firm has advised Deutsche Bank in the financing for the development of the Tamar Gas field; in transportation, the Jerusalem Light Railway Project and in desalination the Ashdod and the Sorek Seawater Desalination Facility Projects.

#### Leading lawyers

Mark Phillips  
Alan Sacks  
Ehud Sol

### Naschitz Brandes

No one can deny the quality of Naschitz Brandes, with individual lawyers receiving special praise from peers and the firm as a whole being commended by clients for its high standards. It was felt in the market, however, that its capital markets practice is no longer what it was, and despite a few headline deals, its presence wasn't felt as strongly compared to years gone by. One client says: "I think they are much more capable in M&A than they are in capital markets."

Aaron Lampert, who advised EZChip Semiconductor in an underwritten secondary public offering on Nasdaq, won praise from a number of clients for his expertise in capital markets. "We used their services especially for the US market," says one client. "Aaron

Lampert and Tuvia Geffen are excellent and have licences to practice their law in the US. Their knowledge of the market is excellent."

The firm has also been active on the M&A side of the market having represented Digital Sky Technologies in the \$188 million acquisition of ICQ, a division of AOL, known better in Israel as Mirabilis.

#### Leading lawyers

Aaron Lampert

### Kantor Elhanani Tal & Co

It's a fairly well known that Kantor Elhanani Tal & Co's banking practice, led by the highly qualified Dalia Tal, is right up there with the best in country. "Dalia Tal is our legal advisor and she is quite exceptional," one client says. "She advises the management and the board on all aspects of the law. I can tell you there doesn't get any better."

One of the firm's major clients and a source of much of their work is Bank Leumi. This is partly down to the close relationship between Tal and Galia Maor, the CEO of Bank Leumi. One partner says: "She's [Dalia Tal] best friends with Galia Maor. They're nicknamed Galia & Dalia." Another partner says: "She earned the connection. She's a star."

One of the more significant deals completed this year was led by Tal involving four key Israeli banks: Mizrahi Tefahot Bank, Israel Discount Bank, Bank Leumi and The First International Bank of Israel. The deal was the largest rearrangement of debt ever in Israel and was valued at NIS7.5 billion (\$1.9 billion).

In another important deal, the firm advised Bank Leumi on the partial financing for the controlling stake in the telecommunications giant Bezeq in a deal worth NIS800 million (\$207 million).

Dalia Tal also led an M&A team advising Viola Private Equity on the 10% acquisition of Aeronautics in a deal worth \$20 million.

#### Leading lawyers

Dalia Tal

### Meitar Liquornik Geva & Leshem Brandwein

There is a general feeling among competitors that Meitar Liquornik Geva & Leshem Brandwein is the "best of the best" in M&A. One partner says: "I would put Meitar slightly ahead of the other four [tier one] law firms in mergers and acquisitions." Another partner agrees: "If there was another tier, I would put Meitar out there on its own."

In capital markets the firm are as equally as competent. In June 2009, the firm completed

two offerings of subordinated notes by Bank Hapoalim which were valued at \$430 million and \$460 million.

In another offering of subordinated notes the firm advised Bank Mizrahi in a series of seven offerings in both the public and institutional sectors. The deal, completed in the second half of last year, had an accumulated value of \$380 million.

"They are a great firm," says one client. "I was pleased in particular to work with Cliff Felig. He has an incredible knowledge of the market and we had a great opportunity to work with him." Another client says: "He brings the can-do approach to the deal. He is very much one of the best lawyers in Israel."

The firm are also building up their banking practice in the wake of the financial crisis hiring partner Assaf Oz who joined from Cravath Swaine & Moore in New York in October 2009. One of the law firm's highlights was the deal with Lumenis on their debt restructuring worth \$138 million in June 2009.

Meitar's M&A practice has increased significantly in size in the past year with no less than nine associate lawyers joining the firm over the past nine months. Its book of business has been able to match the increase in manpower with significant deals completed. Their jewel in the crown was its deal advising Amdocs in the deal advising MX Telecom, which was valued at \$120 million completed in March 2010. Another exciting deal for the firm was its representation of Nice Systems in its acquisition of Fortent. The acquisition for Nice will strengthen the company's position on the anti-money laundering and help prevent financial fraud.

On the project finance side the firm has also had a couple of deals of note. It is advising Dahlia Energy on a potential conventional Independent Power Producer (IPP) in Israel on its gas purchase contract and power purchase agreement worth in the vicinity of \$1 billion.

#### Leading lawyers

Clifford Felig

### S Horowitz & Co

S Horowitz won outstanding acclaim from the market for its banking practice. One partner says: "They are a great banking firm. Easily one of the best." Leading lawyer Anthony Bloch and his team, involving Clifford Davis, Ruth Oren and Michelle Liberman, represented Bank Hapoalim and Bank Discount on the amendment of the €400 million (\$507 million) loan to Gazit Globe. The loan financed the acquisition of

Atrium European Real Estate, a Jersey company quoted on the Austria Stock Exchange.

The firm also had something to be proud about in M&A with the 20% sale of share capital of Bezeq to Zeevi Communications in a deal worth \$800 million. Partners Amit Steinman and Guy Firer oversaw the deal, which was the one of the three largest secondary offerings of publically traded shares in Israel's history.

S Horowitz, still considered to be one of the leading project finance law firms, represents some of Israel's major energy projects. These include Paz and Sonol, two of the country's largest energy companies as well as Israel's Electric Corporation, Israel's State owned electric company. These companies account for the majority of energy project in the country.

#### Leading lawyers

Anthony Bloch

### **Yigal Arnon & Co**

Yigal Arnon & Co had an impressive year and the market deemed that the firm should be ranked with the best in banking receiving a promotion to tier one. The firm now had a "solid book of clients that they could rely on" according to one partner.

For capital markets, the firm enjoyed a successful time. Led primarily by Shiri Shaham and Gil Oren, the firm advised British Israel Investments on three exchange offers under which the company offered the shareholders publically traded debentures. The unique transaction was the first time such a deal had been completed in Israel. The deal was worth an accumulated value of NIS670 million (\$172 million). The firm also represented Cham in a public offering of debentures to the Tel Aviv Stock Exchange (Tase) which raised NIS40 million (\$10 million) which closed in March 2010.

Yigal Arnon represented CitiGroup Global Marketing in a credit facility valued at CHF 330 million (\$310 million) in banking. The transaction also involved a stock credit agreement. The firm also represent the First International Bank of Israel (FIBI) regarding the bankruptcy of the Heftziba Group after it collapsed after its management was convicted of illegal activities and subsequently had to be dissolved.

On the M&A side, Barry Levenfeld has impressed many of his peers both professionally and personally. "Barry is a really nice guy and should get a lot more publicity than he does," says one partner. "All the big M&A in 2006 and 2007, he acted on."

The firm advised the electronics and electrical engineering powerhouse Siemens on the

acquisition of Solel Solar Systems, a private Israeli company with advanced technology for solar energy in a deal worth \$420 million. Another strong deal for the firm involves the merger between Taro Pharmaceutical Industries and Alkaloida and Aditya Acquisition Company with Yigal Arnon advising the former. The total value of the deal was \$454 million but is impending review by the US Federal Trade Commission.

Project finance has been another active area with the firm involved in a plethora of deals involving the state, concessionaires and banks. Led by Doron Tamir, the firm represented the State of Israel in relation to the solar thermal and the photo-voltaic BOT (build-operate-transfer) tender processes. This involved the implementation of two solar power plants with a capacity of 220MW and another photo-voltaic power plant with the capacity of 15-30MW.

#### Leading lawyers

Barry Levenfeld  
Shiri Shaham

### **Zellermayer Pelosof & Co**

Zellermayer Pelosof's close relationship with Apax has brought the firm a nice book of work over the past few years, with the venture capitalist fund needing acquisition finance, purchase advice and legal counsel. There is a perception in the market however that the firm's client base is rather narrow. However there are no complaints about the firm's quality, as one client says: "For me, they are as good as it gets. Doni Toledano, Lior Oren and Michael Zellermayer are intelligent lawyers and all commercially orientated which I liked."

On the banking side, the firm raised acquisition finance for an SPV (owned by Saban Capital Group & Apax Partners) from a syndicate of banks to acquire 76% of the shares of Psagot Investment House, the largest investment house in Israel. The finance was valued at NIS2.35 billion (\$603 million) and the acquisition side is expected to close in September 2010.

Another deal involving Apax Partners was the sales of all its holdings of 31% to 012 Communications for NIS6.5 billion. In terms of value and in scope it was one of the largest deals ever completed in Israel involving numerous parties such as the Antitrust Authority, Ministry of Communications and the Prime Minister.

Doni Toledano led a project finance deal advising Neshet on the construction and operation of one of the largest waste treatment plants in the world. The plant, which is valued at NIS200 million, will process half of the

waste and turn it back into a combustible energy called Refuse Derived Fuel (RDS).

#### Leading lawyers

Lior Oren  
Doni Toledano  
Michael Zellermayer

### **Other ranked firms**

**Caspi & Co** is recognised by the market for one asset: Ram Caspi. He is branded as "the dealmaker" and is considered to be one of the leading individuals in the Israeli market. However some peers note that the firm may be too reliant on its star partner. "If Caspi was to leave then you don't have a law firm," says one.

*Leading lawyers:* Ram Caspi

**Fischer Behar Chen Well Orion & Co** moves up a tier in capital markets this year having received high praise from the market. In one of its top deals, the firm advised Harel Insurance on the issuance of a new capital instrument, which allows the purchase of debentures with the option to defer principal and interest payments. The first-of-its-kind instrument is valued at NIS630 million (\$162 million).

Undoubtedly Fischer Behar's top deal of 2010 was the representation a series of companies from the Eurocom Group in connection with the funding of the acquisition of the controlling stake in Bezeq, Israel's largest telecom provider. In one of the largest transactions ever in Israel, the deal was worth NIS6 billion. The financing led onto the successful acquisition of Bezeq, where the firm advised 012 Smile, one of Israel's major telecommunication providers.

One partner says: "Fischer Behar is an up and coming firm. They've done some really nice deals this year."

In project finance **Levy Meidan & Co** has been one of the key firms in most deals across the market. "We see them almost every other deal on project finance," says one partner. The law firm has gained its venerable reputation by representing the state on the major transportation projects including the Carmel Tunnels, Highway 431 and Highway 531. One partner says: "I do a lot of work with Noa [Meidan]. She's excellent."

One deal of note is the financing for two pumped storage facility hydro-electric power plants. Levy Meidan represents Electra and Ortam who are involved with the entrepreneurship of the two projects which involve the licensing, design, financing, construction, operation and maintenance of the power plants. The deal, expected to close in December 2010, is valued in the region of \$500 million.

*Leading lawyers:* Noa Meidan

**M Firon & Co** had an active year on the domestic capital markets with one highlight coming in November 2009 when Dan Alon and Udi Efron advised IDI Direct Holdings on a public offering of rights for NIS200 million (\$52 million). The offering was to finance the acquisition of 50% of Edgar Investments and Development for NIS304 million.

On project finance - the firm's strongest practice area - the team, led by Noemi Schmayer, are advising Librija I for Solel Solar Systems for the development of a 50MW solar thermal power plant in Las Carolina, Spain which was completed in November 2009.

**Shibolet & Co** has experience across all practice areas in the Israeli market and received positive reviews from other law firms. "I think they are doing some pretty good stuff," says one partner. The firm advised Spacecom Communications on the filing of a shelf prospectus with the Israeli Authority and the Tel Aviv Stock Exchange (Tase). The filing will allow the company to raise equity through debentures and options within the next two years.

Shibolet advised Arad on the 51% acquisition of Spanish company Contadores de Agua de Zaragoza for €8 million (\$10 million). The deal also included the option to purchase the remaining shares at a later date.

In project finance, the firm has been involved in the energy sector with the highlight being the deal with Arava Power Company. Led by Richard Roberts the firm represented the energy company on the finance and operation of a photovoltaic solar power plant in southern Israel. The value of the deal, completed in March 2010, was \$15 million.

**Tadmor & Co's** head of project finance Jonathan Finklestone has received non-stop praise from peers and clients alike following his move from Yahuda Raveh in January 2007 and has escalated the fortunes of his new firm. "He's a nice person and one of the top project finance lawyers in the country," says a competitor.

Finklestone has led many teams on a multitude of different deals over the past year. One highlight is the BOT (build-operate-transfer) project of the seawater desalination facility at Sorek in a project valued at €500 million (\$630 million). This is the largest reverse osmosis method facility (SWRO) in Israel and one of the largest in the world.

*Leading lawyers:* Jonathan Finklestone

**Yehuda Raveh & Co** had a strong year in project finance, remaining a top tier law firm. One highlight was its second financial closing of the Tel Aviv & Jerusalem Fast Lane Project

advising Bank Leumi and Migdal Insurance Group. Leading project finance lawyer Yehuda Glatt also worked on the extension of the Ashkelon Sea Water desalination plant with Bank Leumi.

"The firm has represented all three sides of project finance which means it has the experience across all areas," says one peer.

*Leading lawyers:* Yehuda Glatt

### **Other notable firms**

**Dr Zeev Holender Law Offices**, a boutique capital markets firm, advised Modiin Energy on the public offering of securities to the Tel Aviv Stock Exchange (Tase) with the total amount raised NIS60 million (\$15 million). The firm also advised Israel Opportunity Energy Resources on the largest IPO in the oil and gas sector in Israel in July 2010 worth NIS 119 million.

One of **Balter Guth Aloni & Co's** highlights was advising Johnson & Johnson on the acquisition of Omrix followed by the restructuring of the company in a deal valued at \$438 million.