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Lights and shadows of the parent company guarantee

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General overview of the Italian regulatory provisions on entities performing financial activities

In the current turmoil of these years of crisis, the phrase financial activity has become an enemy to be turned into a weapon of mass destruction. But to hold the enemy, first you have to recognise it, analyse it and then finally hit it, trapping a shadow may result in coming to nothing.

We are witnesses in Europe to new proposals from EU governments to support financial stability in the euro zone, trying to foster the capital adequacy of banks and financial entities.

Looking backwards and forwards, the implementation of Ministerial Decree no. 29/2009 (the Decree), is a clear mark of a regulatory provision aimed at defining the financial activity reserved to financial institutions pursuant to Legislative Decree no. 385/1993 (the TUB).

The Decree seeks to regulate and define the lending activity in any form, the foreign exchange intermediary activity, the holding activity and any related instrumental activity to the foregoing in compliance with the TUB (the Financial Activities).

In particular, it is interesting to dwell on the lending activity, defined by art. 3 of the Decree as "the granting of loans, such as guarantees provided in substitution of loans or stand-by facilities". Such activity includes, *inter alia*, any type of financing related to:

- (i) leasing, purchase of receivables, consumer credit, either assisted by mortgage or pledge; and
- (ii) the granting of guarantees (including documentary credits) or any other type of endorsements.

The Decree clears up also when Financial Activities can be deemed as "exercised vis-à-vis the public", conditioned upon the occurrence of which an entity must be enrolled in a registry kept by Bank of Italy pursuant to art. 106 of TUB.

The purpose of this article is to analyse the essence of lending activity by way of granting guarantees. As we may appreciate, in comparison with the previous ministerial decree 6 July 1994, the definition of the exercise of the activity vis-à-vis the public seems substantially changed.

In fact, art. 9 of the Decree sets out, as preamble, that the lending activity is carried out vis-à-vis the public basis if exercised professionally towards third parties. Then, par. 5 of art. 9 provides that the activity of granting guarantees is deemed vis-à-vis the public in case either the guaranteed party or the beneficiary are not part of the same group of the financial entity acting as guarantor or the beneficiary is not a bank or a financial intermediary enrolled in the 107 registry.

As far as it concerns this article, it seems relevant to understand:

- (i) when the lending activity (financing) is exercised in relation to the granting of guarantees (see art. 3 of the Decree); and
- (ii) if such activity is carried out vis-à-vis the public (see art. 9 of the Decree).

Issuance of guarantees as financial activity

Can we state that the Ministry, by defining any "financing related to the granting of guarantees" as Financial Activity under the Decree, has expressly included any granting of guarantees "not connected to a financing"?

This is a hot topic since the activity of issuance of guarantees on a corporate basis may be widely connected to a financial activity upon the occurrence of certain circumstances. Art. 9, par. 1 of the Decree suggests that a lending activity is exercised on a public basis (subject to the provisions of art. 106 of TUB) only if carried out professionally.

Differently, with reference to the lending activity exercised by way of granting guarantees, art. 9 par. 5 of the Decree, by providing a specific definition of the exercise "vis-à-vis the public", does not refer to the professional conduct that a financial intermediary should observe.

Such article in details sets out that:

- (i) in the positive, any financing, exercised in the form of issuance of guarantees, is deemed carried out towards the public when either the guarantor/the beneficiary party or both are not part of the same group of the guarantor; and
- (ii) in the negative, such activity is not exercised towards the public if
 - a. the guaranteed party is part of the same group of the guarantor; and
 - b. the beneficiary is a bank/financial intermediary enrolled in a special registry (art. 107 of TUB).

The above creates room for interpretation with difficulties for the operators to grant guarantees without any risk of being in breach of the TUB provisions. It is worth it to recall that the consequences of a violation of the provisions set forth in art. 106 of TUB are severe. According to art. 132 of TUB, the exercise of a Financial Activity on a public basis by an entity not enrolled in the Bank of Italy's registry is deemed as a criminal offence.

The analysis of the Decree has a considerable impact on the Italian market with regard to the structuring of certain transactions, such as project finance and group lending deals. By way of example, in a project finance deal, the project contract structure commonly provides a guarantee from the parent company of a contractor, whose creditworthiness is not deemed satisfactory to the relevant lenders, guaranteeing the punctual performance by the contractor of the works vis-à-vis the project company.

Can such activity of granting guarantees fall within the application of art. 3 of the Decree? May such activity be deemed as related to the project financing? Despite the

answer to such queries, after the entry into force of the Decree, the issuing of a guarantee by a parent company has been perceived by the market as no longer being a valuable solution, as such guarantee may be at risk of being found to be null and cause the parent company to incur in a criminal offence.

As result of the above and as a final suggestion, it would be opportune to provide corrections and/or clarifications to an activity which, if not properly regulated, may risk to negatively affect the operators in different sectors of the Italian economy.

Capital markets

Recommended firms	
Tier 1	Bonelli Erede Pappalardo Chiomenti Clifford Chance
Tier 2	Allen & Overy Latham & Watkins Linklaters
Tier 3	Cleary Gottlieb Steen & Hamilton d'Urso Gatti e Bianchi Studio Legale Freshfields Bruckhaus Deringer Gianni Origoni Grippo & Partners Labruna Mazziotti Segni Legance NCTM Shearman & Sterling
Tier 4	Dewey & LeBoeuf Grimaldi e Associati Macchi di Cellere Gangemi Norton Rose Pedersoli e Associati Riolo Calderaro Crisostomo Simmons & Simmons Studio Legale Beltramo
Tier 5	Ashurst Giliberti Pappalettera Tricornia e Associati Studio Legale Grande Stevens Tonucci & Partners Ughi e Nunziante

The equity markets in Italy are struggling, as they are across the continent, and though there are some signs of recovery, deals are still low on the ground. "We are in the financial crisis and the equity markets are still dead," says one partner.

Optimism has been highest on the IPO side where firms have been anticipating a return of activity for some time, "On the other side there is work to get ready for new IPOs, there's a certain perspective change in the equity market," says one partner.

However with the volatility brought about by the crisis in Greece and subsequently the wider eurozone, the wait may continue for some time yet. "People are quite positive that the equity capital markets would come back quickly and it did in the respect that people were prepared for IPOs but the markets have not been particularly kind," says one partner. "The stock market has gone back to where it was a year ago so the IPOs that were due to happen have been postponed."

There was better news on the debt side where firms saw activity return. "The last year was a real bonanza for debt," says one partner. "Because all the main issues took this opportunity to refinance."

Most notably there has been a return of the EMTN market. "We were doing a lot of EMTN programmes," says one partner. "People are looking at anticipating the EMTN market will open again."

In the structured finance area the driver of the market in the last year has been covered bonds. "On the covered bond side there has been a real re-opening of the market in the last six months," says one partner. The instrument has only been used on the Italian market for a short time but it has proved to be popular during the downturn, thanks in part to the decline of other forms of finance.

"We see now more on covered bonds, they are a fairly recent addition to the Italian market we're very, very busy in this sector," says one capital markets lawyer. "The banks that approach that kind of market will look at covered bonds because the pricing is so much better."

A key development on the structural side of the Italian capital markets in recent years has been the establishment of the Aim (alternative investment market) Italia market. Based on the successful London model, the market is designed to attract small to mid-cap companies.

In theory at least, Italy's large proportion of small and medium sized, usually family owned, companies should guarantee the markets success, but opinion remains divided. "It can be a very successful market for Italy because we have a lot of small to medium size businesses so eventually it can become a successful market," says one partner, but another disagrees: "We will certainly not see a huge number of Italian listed companies listing on the market. It's not taken off, the big international banks, the big players, are not interest-

ed. I'm not sure it will take off as they expect it to."

Another area where there is more hope than concrete activity is in high yield. There has been a lot of talk across Europe about the take off in this market, but in Italy at least the wait will continue. "In December we were hoping that the high-yield market would be successful but it's not happened," says one partner, and another agrees: "There's always been rumours of high yield. For Italian deals it might make sense, the problem is that you need a high amount of due diligence."

Bonelli Erede Pappalardo

As one of the largest Italian firms Bonelli Erede Pappalardo has a long established reputation in the capital markets area, particularly on the debt side. "Very good, really very good, we have been working with Bonelli for many many years and the experience is very good, they are really always very smart," says one client.

As the Italian bond market returned in the summer of 2009, Bonelli was involved in a number of notable offerings. Vittorio Lupoli advised Carige and BPVI on the issue of €400 million and €350 million respectively of convertible notes.

Head of the banking and finance department Emanuela Da Rin was also kept busy. As well as advising Prysmian on a €400 million Eurobond issue, she also acted for the banks on a substantial €2 billion placement for Eni, one of the largest retail placements in 2009.

Da Rin and the team were also active in the returning mortgage-backed securitisation market. One of the most substantial deals saw Da Rin and her team acting for Banca IMI on a €1.3 billion notes issue in a framework of a securitisation of mortgage-backed loans. The team completed a similar deal for JPMorgan and Banca delle Marche on a €2 billion issue of mortgage-backed notes. Paolo Oliviero also received a key mandate from Banco Popolare di Vicenza and JPMorgan on a €1.2 billion notes issue by Berica Residential MBS in the framework of the securitisation of residential mortgage loans.

In equity, as might be expected, there has not been a raft of IPO work, but the firm did get one notable deal away. Alberto Saravalle and Gianfranco Veneziano advised the banks on a public offering of shares in Fideuram and a private placement to institutional investors on the Milan Stock Exchange.

The firm also had some notable deals in terms of capital increases. In one, Barbara Napolitano and Silvia Romanelli advised Merrill Lynch as financial advisor to Telecom Italia Media on the company's €240 million capital increase. The team also acted for Pirelli

& C Real Estate on a share capital increase of €400 million.

Leading lawyers

Carlo Montagna

Paolo Oliviero

Alberto Saravalle

Chiomenti

Along with Bonelli Erede Pappalardo, Chiomenti is the Italian firm with the strongest footprint in capital markets and rivals had praise for the team's offering. There was also a feeling that of the two, Chiomenti perhaps has the more complete offering: "Chiomenti are quite well balanced, they are stronger on the equity side," says one peer, and another agrees: "Chiomenti, they are quite complete, we get a different feeling working with them compared to Bonelli."

Heading the capital markets team is Enrico Giordano and he was involved in most of the firm's key mandates last year. One of the biggest saw the firm acting for the banks, including Deutsche Bank, JPMorgan and BNP Paribas, on Enei and Enei International's €25 billion global MTN programme. The deal consisted of a private placement of a multi-tranche bond listed on the Dublin Stock Exchange in September 2009 and a private placement in the US in October.

Giordano also advised Enei on a public offering of fixed and floating rate bonds in a number of EU jurisdictions and on the Italian Stock Exchange. Valued at a combined €3 billion the deal was notable as the first pan-European offering made by an Italian corporate issuer.

The team also acted on two large private placements. In one they advised the Lottomatica Group on a €750 million issue of senior bonds on the Euro MTF market. This was combined with a €350 million capital increase of the group and the subsequent private placement of mandatory exchangeable bonds.

The second saw the team advise Finmeccanica as the guarantor of a private placement of notes by Meccanica Holdings USA. Two issues were made in July and October 2009 for €332 million and €570 million respectively.

On the debt side, the key figure at the firm is Francesco Ago. Last year his time was largely taken up by covered-bond work. In one highlight Ago advised Banca IMI as the arranger of a €3 billion covered bond issue by Intesa San Paolo. The deal was notable as the first covered-bond transaction in Italy to be guaranteed by public assets.

Ago also advised the issuer, UBI Banca, and the sellers - Banco di Brescia and Banca

Regionale Europea - on the first issuance under a €10 billion covered bonds programme. Banco Popolare had a similar mandate for the firm who advised the bank as issuer on the structuring of a €1 billion covered bond programme.

Leading lawyers

Francesco Ago

Roberto Ghio

Enrico Giordano

Clifford Chance

After the departure of several key partners to spin off firm Riolo Calderaro Crisostomo in 2009, the market was waiting to see what impact this would have on Clifford Chance's capital markets offering - in particular on the securitisation side. Although there was little doubt that the firm's capacity has been reduced, there was still recognition of its presence in the market. "It has not changed that much," says one rival. "Clifford Chance has good coverage in terms of their capital markets practice."

Clients certainly seemed in no doubt of the firm's ability to remain at the top of the market. "We have a long term relationship with Clifford Chance and I'm completely satisfied," says one. "Thanks to their counsel we can use them as a one-stop shop, they are in a competent position to follow up on the local and international side."

There was specific praise for Paolo Sersale: "Paolo is one of my reference lawyers I know and have known him for more than ten years and in any kind of transaction he's good. I see him as my personal partner and I appreciate him in terms of his problem solving," says one client.

On the debt side, one of the firm's largest transactions saw Franco Grilli advise the arrangers, Deutsche Bank, the Royal Bank of Scotland and Citi Bank, on a €1.3 billion high-yield bond for Seat Pagine Gialle. The team also advised the joint lead managers on two notable eurobond issues. The first which closed in October 2009 was by David Campari Milano and valued at €350 million. The second, by Mediaset was closed in February 2010 and had a value of €300 million.

Another notable debt highlight saw Filippo Emanuele advising HSBC as the dealer manager and sole structuring advisor of an exchange offer made by UBI Banca of a series of existing subordinated securities, valued at €2.1 billion, for new senior notes.

On the equity side the team advised Mediobanca and Goldman Sachs on its €120 million IPO and listing on the Italian Stock Exchange. A team led by Alberta Figari and

Filippo Emanuele acted for Snam Rete Gas on a €3.5 billion rights issue. The proceeds were used to finance two acquisitions from the issuer's parent company. Both partners were again involved as the firm acted for both Mediobanca and BNP Paribas as joint book runners in regard to a €1 billion of convertible bonds designed to improve the capital ratio of the bank.

In the securitisation area the firm's main contact now is Tanja Svetina who last year advised Barclays as the sole arranger of the securitisation of a portfolio of receivables from residential mortgage loans. Barclays also called in Svetina to advise it as the arranger of two €1 billion issues of covered bonds by Unione di Banche Italiane. Issued in September and December 2009, the bonds were among the first issued on the resumption of the market after the economic downturn.

Leading lawyers

Filippo Emanuele

Alberta Figari

Allen & Overy

Allen & Overy's strength in the capital markets area in Italy is on the debt side, specifically advising the banks. "A&O is always very, very strong on the debt side because they have excellent connections with the London banks," says one peer.

Clients had particular praise for leading lawyer Massimiliano Danusso: "The maximum standard, I can't find the words to express my opinion. I think he's absolutely conscious of our specific requirements he targeted all of the issues in line with our requests," says one.

When it comes to bond work, a key partner at the firm is Paola Leocani. Last year she advised the banks as the lead managers on the issue of €3 billion worth of fixed rate notes and €1.3 billion of floating rate notes. This was the largest domestic public offer by an Italian corporate to date.

Leocani also advised three banks: Deutsche Bank, Barclays and Credit Suisse on separate public offers and listings of notes by Poste Italiane. The issues were valued at €1.3 billion and €900 million respectively.

In the area of covered bonds, the team took the role of banking advisors on three key deals last year. The first saw it advise Bayerische Hypo- und Vereinsbank and the other lead managers on a €2 billion issue of fixed rate covered bonds, becoming floating rate under certain conditions. Massimiliano Danusso and Annalisa Dentoni-Litta were the partners leading the deal and both were again involved as the team took on work advising Intesa Sanpaolo as the issuer and Banca

Infrastrutture Innovazione e Sviluppo as the seller in regard to the formers' €10 billion covered bond programme, the first to be guaranteed by public assets. The programme included an issue of €3 billion floating rate covered bonds.

The firm also took on work advising the arrangers and lead managers including the Royal Bank of Scotland and UBS in a €5 billion covered bond programme by Banco Popolaire - Società Cooperativa.

On the equity side, a team led by Max Aaron advised the Delta Lloyd Group on its €1 billion IPO in November 2009 with the shares listed on Euronext Amsterdam.

The team also took differing roles on two notable rights issues. In the first, the team advised the National Bank of Greece on a €3 billion issue in July 2009, while in October of the same year they were across the table advising a syndicate of underwriters on PKO Bank Polski's €1.2 billion rights issue; the largest transaction of its type to date in Poland.

Leading lawyers

Max Aaron
Massimiliano Danusso
Stefano Sennhauser

Linklaters

The three partner team at Linklaters is led by Luigi Sensi. The team moves to tier two this year after the market commented that the firm is beginning to steal a march on its Italian rivals.

The team's strength is seen to be in the equity and securitisation areas. "Linklaters has some areas of excellence particularly on the structured finance side and they have a strong equity practice," says one peer. This focus is reflected by the firm's deal list last year.

On the equity side a clear highlight was the firm's advise to UniCredit on its €4 billion rights issue. Completed in February 2010 the deal was the largest in the market since 2008 with the firm advising on both Italian and US aspects.

The distressed real-estate sector also provided a good stream of work in the form of both rights issues and securitisation work. In one deal a team led by Luigi Sensi and Claudia Parzani was active in advising the placement agents, including Deutsche Bank and Morgan Stanley in Pirelli Real Estate's €400 million rights issue.

In the securitisation area a team led by Dario Longo acted for Banco Popolaire as the underwriter, guarantor and arranger in a €4 billion securitisation of set and floating rate mortgage backed notes. These are to be used as collateral in an ECB financing.

Longo was again involved in August 2009 when Banca Popolaire dell'Emilia Romagna (BPER) called on the firm to advise on a €2 billion securitisation of residential mortgage loans.

Longo also acted on a notable covered bond deal. The team advised key client Banco Popolaire as the issuer and a number of other banks as the sellers in the establishment of a €5 billion bank bond programme and subsequently the issue of the first issue of covered bonds worth €1 billion.

Leading lawyers

Dario Longo
Luigi Sensi

Latham & Watkins

Latham & Watkins moves up a tier in capital markets this year after the market pointed out that the firm's investment in the country is beginning to pay off. "I would see Latham's moving up the table because of their investment in Italy over the last few years," says one rival.

A catalyst for this rise seems to be partner Michael Immordino. "He's the best known capital markets lawyer and has great execution skills. Latham are emerging beyond their traditional scope," says one peer.

As you might expect from a major US firm, Latham have been heavily involved in the 144A/Reg S market. A notable example saw Antonio Coletti, Michael Immordino and Maria Cristina Storchi advise Hera on its €500 million Eurobond issue. Coletti and Immordano also acted on a similar deal advising the joint bookrunners including Banca IMI and BNPP in relation to A2A's €1 million eurobond issuance of notes due in 2016.

Another highlight saw the team acting for Atlantia in a €149 million private placement of bonds to foreign institutional investors. This follows on from the update of the company's €10 million EMTN programme which the firm also advised on.

In a similar deal the team acted for Enel in the issue of a multi-tranche eurobond valued at €6.5 billion. This was issued under a new subsidiary Enel finance International. Under the same EMTN programme the firm advised on the company's issue of yankee bonds with a combined value of \$4.5 billion.

Leading lawyers

Michael Immordino

Other ranked firms

The Cleary Gottlieb Steen & Hamilton capital markets team was reduced slightly in July

2009 when partner Michael Volkovitsch moved to the firm's New York office.

On the equity side in 2009 the team acted as US and English law counsel to Yoox an internet fashion retailer in its €105 million 144A/Reg S IPO. Closed in December 2009 the deal was notable as the first IPO to be completed in Italy since 2008. Another highlight saw the equity team act for utility company Enel on its €8 billion rights issue.

On the debt side a clear highlight and one of the largest deals completed by the team was a €15 billion issue of Argentina's sovereign external debt, the process was completed through a series of bond issues. Another substantial deal saw the firm advising the co-ordinators and bookrunners of Enel Finance International's \$4.5 billion 144A/Reg S offering.

In July 2009 the firm acted as Italian, US and international counsel to both Fiat Finance and Trade as issuer and Fiat as guarantor in a €1.25 billion Regulation S MTN offering.

The reputation of the capital markets team at Gianni Origoni Grippo & Partners lies on the debt side. The team is led by Marco Zaccagnini and last year both he and Francesca Carbonaro advised the Goldman Sachs Group over the establishment of two programmes for the offer and listing of plain vanilla and structured notes. The deal was closed in December 2009.

Leading lawyers: Francesco Gianni

One of Freshfields Bruckhaus Deringer's strengths in Italy is in securitisation. Last year the team worked on deals for Société Générale and BNP Paribas regarding trade receivables and also for UBS and UBF Merchant as the co-arrangers of a residential mortgages loan receivables securitisation originated by UGF Banca. A similar mortgage based transaction saw the firm advise Morgan Stanley as arranger of a €300 million securitisation originated by Credito Fondiario.

On the bond side the team advised Mediobanca Banca di Credito Finanziario as the arrangers of a €1.3 billion bond issue by Telco.

The Legance capital markets team has more of a strength on the debt side of the market where Andrea Gianelli leads the team. Gianelli was involved in the set up of two notable EMTN programmes last year for Edison and Unipol Gruppo Finanziario. Both programmes were valued at €2 billion and the firm also advised on the first issue of notes under the programmes. The firm also acted on the issue of notes by Acca valued at €500 million on the Luxembourg Stock Exchange. The team acted for a consortium of banks on the deal.

On the equity side, the team advised the Omnia Network on a share capital increase

for a value of €12 million. Filippo Troisi led the team.

The team also acted on two notable securitisations. In the first it advised Agos in the securitisation of loans originated by the company through the use of SPV sunrise. The deal was valued at €2.5 billion. In the second Andrea Gianelli and Emanuela Camparis Bernacchi advised Unicredito-Mediocredito Centrale and Mediobanca in relation to the issue of £215 million bonds by Romulus as part of a securitisation originated by Aeroporti di Roma.

Leading lawyers: Bruno Bartocci and Andrea Gianelli

Last year NCTM's capital markets team advised Deutsche Bank, Finanza & Futuro and the Erste Group Bank with regards to bond issues. Another highlight saw Corrado Verna and Matteo Gallanti advise Emilia Romagna Factor over an ABS issue.

Macchi di Cellere Gangemi advised Cassa di Risparmio di Cento last year in relation to an EMTN programme for the issuance of notes valued at €600 million on the Luxembourg stock exchange. The team is also involved in ongoing work for Morgan Stanley Mortgage Servicing and Hatfield Philips over securitisation matters.

By most estimations 2009 did not seem an ideal year to set up a capital markets boutique, but the ex-Clifford Chance partners at **Riolo Calderaro Crisostomo** have already gained some traction in the market.

Last year Paolo Calderaro alongside Marcello Maienza advised MPS Capital Services Banca per le Imprese as the arranger and lead manager on the €4.1 billion securitisation of a portfolio of receivables deriving from mortgage loans. Another substantial deal saw the team advise Intesa Sanpaolo on the issuance of €1.5 billion tier one notes. Banca Popolare di Milano also called in the team to advise on its recapitalisation plan including a public tender offer relating to €460 million Tier one notes, the issuance of €500 million of securities and the issuance of €700 million mandatory convertible notes.

Another highlight saw named partner Michele Crisostomo advise Credito Valtellinese on a €625 million soft-mandatory convertible notes issue along with an issuance of warrants and €200 million of *Tremonti* (government secured) bonds.

The capital markets practice at **Simmons & Simmons** comes under the wider bracket of banking and finance. Last year one of the largest deals undertaken saw the team advise Crédit Agricole Corporate & Investment Bank and Credit Suisse as the swap counterparties and joint lead managers on the €1.6 billion restructuring of two healthcare securitisations. Also in the securitisation area the

team acted for Dexia Crediop in regard to the securitisation of certain corporate loans valued at €500 million. In the debt area the team acted for Mediobanca on the update of its €40 billion EMTN programme.

Capital markets matters at **Studio Legale Beltramo** are handled by named partner Susanna Beltramo. Among the firm's clients are Finmeccanica who the firm advised on an EMTN programme and Agri Securities who the firm advised on issues surrounding securitised lease receivables.

Banking

Recommended firms

Tier 1

Chiomenti
Clifford Chance
Linklaters

Tier 2

Allen & Overy
Bonelli Erede Pappalardo
Freshfields Bruckhaus Deringer
Legance

Tier 3

Gianni Origoni Grippo & Partners
Grimaldi e Associati

Tier 4

Ashurst
Cleary Gottlieb Steen & Hamilton
Giliberti Pappalettera Tricornia e Associati
Latham & Watkins
NCTM
Pedersoli e Associati

Tier 5

Dewey & LeBoeuf
Macchi di Cellere Gangemi
Pavia e Ansaldo
Simmons & Simmons
Ughi e Nunziante

Tier 6

Baker & McKenzie
Carnelutti
Delfino e Associati Willkie Farr & Gallagher
DLA Piper
Hogan Lovells
Tonucci & Partners

The banking markets in Italy remain hamstrung by nervousness and fear. A situation not improved by the crisis in the eurozone brought on by the Greek bailout. "Now most banks are just managing their portfolio of existing deals," says one partner.

Lending is particularly low in sectors like construction, which are still viewed with suspicion after the slump experienced during the

downturn, as one partner says: "The banks are cautious to lend to sectors connected to real estate such as construction."

With the M&A markets still lethargic, with the exception of the energy sector, acquisition finance has also been sluggish, although firms have still picked up work in the restructuring of debt and loan agreements. "We have seen a slowdown in the transactions related to acquisition finance," says one partner, "but this has been countered by an increase in restructuring and project finance in renewable energy."

Firms have also witnessed a slight retreat of foreign lenders as banks try to consolidate in their home markets. "What we have seen is international banks trying to reduce their activity out of Italy," says one partner and another agrees: "We don't know what will happen now in relation to the new Europe crisis, all of us are concluding that this will put a big question mark over the amount of work and interest in the market."

On a more positive note there has been evidence of new work appearing in the form of mezzanine financing. "Mezzanine yes we have seen that, Italian mezzanine funds have been active and foreign lenders have been interested in deals," says one partner.

Allen & Overy

Despite the problems faced by international firms in Italy, Allen & Overy's banking team still maintains an outstanding reputation in the market and this is backed up by both rivals and clients. "They are really well prepared and the experience is totally positive, they are totally competent," says one client. "They did very well considering we did a facility in the worst possible time for doing a facility."

One of the firm's biggest deals saw the team represent a consortium of banks on the financing related to the purchase of Enel Rete Gas by Axa Private Equity and F2i, an infrastructure investment fund. The transaction was the third largest LBO of 2009.

The market considers Stefano Sennhauser to be one of the team's leading lights. "Stefano is a great presence, always available, a hard worker we had many meetings and late nights and he's well prepared and well known in the banks environment," says one client. One of Sennhauser's biggest mandates last year saw him act for Barclays who he advised as the agent and a consortium of banks as the mandated lead arrangers and bookrunners of a €1.25 billion revolving-credit facility for Telecom Italia.

Sennhauser also advised on a €81 million secured real-estate financing for the Prologis group acting for arranger Goldman Sachs

International. The deal formed part of a wider financing worth €300 million.

Another key client is Nordea Bank who the team advised as lender, arranger and agent of a €60 million term and revolving facilities agreement and a €460 million expert credit facilities agreement to H3G.

On the restructuring side, the firm scored a first when it advised the lenders in the restructuring of financing made available to the Global Garden Products Group. The deal was the first senior-led debt restructuring in Italy, where banks take over ownership of the debtors. The team also took on debt restructuring for the Dometic group advising on a debt for equity swap.

Elsewhere, the firm advised the Monier Group over its €2 billion restructuring and refinancing.

Leading lawyers

Paul Flanagan
Stefano Sennhauser

Bonelli Erede Pappalardo

“They are very wide in terms of departments, they are really a one-stop shop and the depth and expertise is quite outstanding. I find them really commercial but at the same time very picky and very attentive,” was one client’s view of the banking team at Bonelli Erede Pappalardo.

Head of banking and finance Emanuela Da Rin acted for Beni Stabili last year securing in a €100 million credit facility for the financing and refinancing of the acquisition of asset back securitisation notes. Da Rin also acted for Beni Stabili Gestioni and Parsitalia over a €281 million credit facility granted to a closed-ended fund managed by the former for the acquisition and development of real estate.

Another highlight saw the team advising Ares Life Sciences over the €70 million financing provided by a consortium of banks to LBO SPV Tutti for the acquisition of Esaote.

Clients were also impressed by Riccardo Sallustio: “Riccardo is very good he helped more on the preparation of the loan agreement, he’s very diligent very commercial,” says one.

Last year a team led by Sallustio and Andrea De Tomas advised Deutsche Bank and Commerzbank, among others, over the Italian aspects of the bailout of the Hypo Real Estate Group and Depfa Bank. De Tomas was also involved as the firm advised Fondo CAAM RE Europa and Italia on the refinancing of its real-estate debt with Credit Agricole Corporate and Investment Bank.

Leading lawyers

Emanuela Da Rin
Riccardo Sallustio

Chiomenti

Francesco Ago is one of the leading figures in the Chiomenti banking team and last year he led a team advising a syndicate of banks including Banca Nazionale del Lavoro as the arranger in the structuring and negotiation of a facility for the restructuring of the debt of AMA.

One of the firm’s largest deals saw Giulia Battaglia advise a consortium of banks over a €1.3 billion loan to Telco in a deal which formed part of its refinancing. The team also advised BNP Paribas over a €90 million syndicated financing for Piaggio.

In the oil and gas sector the team assisted the lenders in the €1 billion financing to Enel Rete Gas combined with the transfer of 80% of Enel Distribuzione to F2i Reti Italia.

Leading lawyers

Francesco Ago
Luigi Bendi

Clifford Chance

The Clifford Chance banking team in Italy suffered a slight setback in August 2009 when Massimo Novo left to join the European Investment Bank.

In step with the general market, one of the firm’s biggest deals last year was a refinancing. A team led by Giuseppe De Palma advised Telefonica and Telco over its €2.6 billion refinancing. The deal required the team to look at shareholders loans, bank facilities and a bond issue.

De Palma was also called in, alongside Charles Adams to advise the Royal Bank of Scotland on the refinancing of Sear’s €1 billion debt through a senior secured bond issue. The deal was notable for being Italy’s first para-bond; a transaction where part of the debt is replaced by senior secured bonds.

Adams was again involved as the team advised Unicredit and Mediobanca over the recapitalisation of Gruppo Argentina by Cognetas. The deal also included the restructuring of the groups senior and mezzanine facilities including the issue of hybrid instruments in a debt and equity swap.

Leading lawyers

Charles Adams
Giuseppe De Palma

Freshfields Bruckhaus Deringer

One of Freshfields Bruckhaus Deringer’s key deals last year saw department head Corrado Angelelli advise UniCredit Corporate Banking as lender of the financing granted to a vehicle of the Blue Skye Group for the acquisition of performing and non-performing loans.

The firm often acts as borrowers counsel in banking transactions and this is highlighted by three deals last year. In September 2009 Emiliano Conio advised Chrysler over the financing granted by the US treasury connected with the quotas of the Italian group company Chrysler Italia. Corrado Angelelli advised Valore Reale SGR over the finance granted for the acquisition of real-estate assets by Margot and he also advised Prysmian and its subsidiaries over its €1 billion refinancing.

Leading lawyers

Corrado Angelelli

Legance

Legance moves up to tier two in banking this year after a number of strong recommendations from the market. “I think that Legance should be moved up, they are quite strong,” says one rival. “It’s a firm which was born out of Gianni and I think they are a strong team.”

Although the firm has only been in the market since 2007, the quality of its lawyers has gained it a strong foothold in the banking area. “I think Legance are good and they should be moved up,” says a peer, “I suspect they are in tier three because they are a relatively new firm, but the individuals are well known.”

Leading the team are Alberto Giampieri and Andrea Gianelli. The firm has a strong presence in the real-estate financing area and this was reflected by its work last year.

In one deal Giampieri and fellow partner Emanuele Esposito advised a pool of banks on a loan made available to SAI Investimenti SGR over the contribution of 15 real estate assets to RHO Immobiliare. The deal was valued at €266 million and closed in December 2009.

Both partners also worked alongside Giandomencio Ciaramella advising a pool of banks over the financing of a contribution of real estate assets by UniCredit Real Estate into two funds. The financings were for €376 million and €320 million respectively. The team also advised Hines Italia over the €760 million financing for the development of a real estate project Porta Nuova Garibaldi.

In acquisition finance, Giampieri was again involved advising Atlantia on three financings, valued at a combined €125 million, granted by Santander for the acquisition

of three Chilean motorway project companies. Another acquisition deal saw the team advise Intesa Sanpaolo on the €70 million financing provided for the part purchase of the shares of Esaote.

Leading lawyers

Alberto Giampieri

Linklaters

One of the most significant deals handled by the Linklaters team last year saw a team led by Davide Mencacci advise Banca IMI/Intesa Sanpaolo act as the co-ordinator, bookrunner, arranger and lender and another consortium of banks as arrangers and lenders in the acquisition of a majority stake in Permasteelisa. Valued at €136 million the deal represented the largest LBO in Italy in 2009.

The firm was also active in acquisition finance. In January 2010 a team led by Andrea Arosio advised the lenders in the €187 million acquisition of retailer Upim by Gruppo Coin. Arosio was also involved in two other notable deals. In June 2009 he led a team acted for the arrangers and lenders of the financing for the acquisition of Publimethod. In the same month the team acted for capital goods company Gruppo Mandelli as the borrowers in the acquisition of Mandelli Sistemi.

The firm, in step with the market, also took on refinancing work, most notably for Camfin as the borrower in its €420 million refinancing and new financing. The team also assisted the lenders in a deal to provide emergency funding to Banca MB, an Italian investment bank in administration. The deal was one of the few occasions when financing has been provided to an Italian bank in administration.

Leading lawyers

Andrea Arosio
Davide Mencacci

Other ranked firms

Ashurst's banking team in Italy was seen to be in a state of flux last year with some partners leaving while others were hired. Heading out the door was partner Riccardo Agostinelli, who along with junior partner Lorenzo Vernetti left to join Latham & Watkins. Passing them were both Ugo Giordano and Fabio Pizzoccheri who join the firm from Dewey & LeBoeuf.

Like its contemporaries the team has been focused on restructuring and refinancing over the last year. An example of this and one of the largest deals the team worked on last year was the €1 billion refinancing of H3G, where the firm advised the company. The team also

acted for Dominion Funds in its debt restructuring.

Gianni Origoni Grippo & Partners advised the Cassa depositi e prestiti last year over the €8 billion framework agreement with the Italian Banking Association. The team also advised F2i and Axa Private Equity in relation to a €1 billion financing for the acquisition of ENEL Rete Gas.

Linking with the capital markets team, another highlight saw the firm act for the lender in regard to a €230 million facility in connection to an IPO on the shares of Sorin.

Like many of its contemporaries **Cleary Gottlieb Steen & Hamilton** had a fair share of restructuring and refinancing work last year, including work for the Royal Bank of Scotland over the refinancing of a senior and subordinated facility for a holding company. In a similar deal the team also acted for Mediobanca in the restructuring of the mezzanine debt of yacht maker Ferretti.

On the acquisition finance side the team acted for Terex Corporation over the financing for the purchase of the port equipment business of Fantuzzi Industries. The team also advised on the restructuring of the bank and bond debt of Fantuzzi.

In terms of straight lending the team acted for a sovereign wealth fund over the granting of a syndicated credit facility.

Latham & Watkins hired Riccardo Agostinelli in September 2009 from Ashurst to boost its banking team and he hit the ground running closing two notable deals for Banca Popolare di Verona. In one he advised over the €150 million financing for Calzedonia while in the other he advised the bank along with UniCredit over the €180 million financing granted to Valdagige Sistemi Urbani.

On the restructuring side the team acted for both banks again alongside others in the restructuring of the financing to Morotti Holding and Morotti using a bridge facility technique.

A major client for NCTM is Unicredit Corporate Banking and last year the bank called on the firm to advise on various financing matters. In one the firm acted for the bank on the €100 million financing for Alitalia, while in another the team advised on the €80 million structured financing for Gamenet.

One of the team's most substantial deals saw it act for Mediobanca on the €310 million financing for provided to Italcementi.

Macchi di Cellere Gangemi boosted its banking capability significantly in January 2010 hiring two partners from Grimaldi with both Claudia Brusciaglioni and Alessandro Sergio joining the team. Restructuring dominated the firm's portfolio of work and in one clear highlight the team acted Ammeral

Beltech a member of the Gamma group in its €285 million debt restructuring. This included a \$120 million term loan, a €120 million revolving credit agreement and a €45 million credit facility.

One of **Simmons & Simmons'** biggest deals last year was its advise to a consortium of banks over a €420 million syndicated loan provided to Cam Finanziaria to finance its activity. The team also took on two notable mandates from Unicredit Corporate Banking, one saw it advise over a €100 million revolving credit facility to Acea, while in another a team led by Fabrizio Dotti advised over a €60 million facility given to the Intercarta Group.

A key figure in the banking department at **Carnelutti** is Luca Arnaboldi who was involved in a number of the firm's key deals last year including assistance to Leaf Italia and Sails in the restructuring of the financing with Svenska Handelsbanken. Another highlight saw the team acting for the banks including Credit Agricole and Deutsche Bank as the lead arrangers on the restructuring of the senior asset financing in connection with the Europcar group and its acquisition by Eurazeo.

The firm increased its number in May 2009 hiring Marco Lantelme from the former practice at Lovells.

Mergers and acquisitions

Recommended firms

Tier 1

Bonelli Erede Pappalardo
Chiomenti

Tier 2

Cleary Gottlieb Steen & Hamilton
Gianni Origoni Grippo & Partners
Giliberti Pappalettera Tricornia e Associati
Grimaldi e Associati
Pedersoli e Associati

Tier 3

Clifford Chance
d'Urso Gatti e Bianchi Studio Legale
Labruna Mazziotti Segni
Legance
NCTM

Tier 4

Delfino e Associati Willkie Farr & Gallagher
Dewey & LeBoeuf
Freshfields Bruckhaus Deringer
Latham & Watkins
Lombardi Molinari e Associati
Pavia e Ansaldo
Simmons & Simmons
Studio Legale Grande Stevens

Tier 5

Allen & Overy
Ashurst
Carnelutti
De Berti Jacchia
Hogan Lovells
Linklaters
Montanari Brescia e Associati
Pirola Pennuto Zei & Associati - Agnoli
Bernardi
Ughi e Nunziante

Tier 6

DLA Piper
Macchi di Cellere Gangemi
Paul Hastings Janofsky & Walker
Tonucci & Partners

It would be fair to say that the buzzword across the M&A sector last year was energy. “Energy, the investment is in energy, in particular in the renewable sector,” says one partner. Energy production is one of the few sectors across Europe to remain active in the downturn thanks mainly to its promise of a guaranteed return on investment.

Italy has been no different in this regard and thanks to a favourable feed-in tariff regime and the use of green certificates, the market is extremely popular with investors. “The renewables market has played a big part in the first few months of the year,” says one M&A partner. “There is an incentivised market. Even if the green certificates are reduced, Italy is still an attractive place.”

The lure of incentives is even being seen at a regional level as local governments try to capitalise on the interest. “Some of the regions of the south have tried to create a friendly legal environment for the players in the renewables sector,” says one lawyer. “For example they introduced fast-track applications.”

Outside of energy, the market has remained sluggish and restructuring remains the order of the day. “What we have seen is a market that is very, very slow, most of the corporate department has focused their effort on restructuring rather than M&A activity,” says one partner, and another agrees: “The market is being driven by restructuring and reorganisations.”

The scarcity of new deals is caused by the twin issues of a lack of liquidity and the differing expectations of buyers and sellers. “The gap between sellers and buyers which was closing now is becoming again large and that is due partly to the difficulty of raising finance,” says one M&A lawyer. “It’s a market where sellers are still trying to find the right price for their assets.”

What new work is around is being born out of the mid-cap sector, and the market is

still waiting for the larger cogs to begin moving: “There’s some activity in mid-size M&A there are some large transactions potentially there but nothing that’s come to agreement,” says one partner.

On the private-equity side too it is the mid-market that is providing the work, most of which is born out of funds and private equity houses reassessing their assets. “What we have seen is management of portfolio companies, people have been acquiring small portfolio companies,” says one private-equity lawyer. “Also what we expect is that some banks will be looking at divesting some assets which are considered non-core.”

This should create opportunities for new investors especially given the nature of the Italian market as one dominated by small- to medium-sized companies, as one lawyer says: “We are the kingdom of the mid-size companies, the kingdom of the family companies so there is a lot to do in this sector and it would be a good idea for the private-equity houses to focus their activity in Italy.”

Bonelli Erede Pappalardo

M&A is still a major focus of the main Italian domestics and Bonelli Erede Pappalardo is no different. Peers had no doubts about the firm’s standing in the market: “I think there’s very little doubt that they are the best in the market,” says one.

One of the firm’s biggest transactions last year saw them advise BC Partners in a €585 million management buy-out transaction. The deal saw the company acquire a 66% stake in the Spotless Group from several entities including Axa Private Equity.

Another substantial deal saw founding partner Sergio Erede working alongside Paolo Daino advising BNP Paribas and the bank’s personal finance entity (BNP PF) in a €500 million, 25% capital acquisition in Findomestic Banca from Banca CR Firenze. The deal also included a subsequent capital increase and an option for BNP PF to buy CR Firenze’s remaining 25% stake through either a share sale or an IPO or trade sale.

A further highlight saw the heads of the firm’s banking and finance and corporate departments Emanuela Da Rin and Alberto Saravalle link up to advise Meridiana on a €52 million merger between Meridiana and Eurofly creating Meridiana Fly, creating the second largest aviation company in Italy.

In the private-equity field the firm advised Ares Life Sciences in its acquisition of Esaote for €280 million. The deal was notable for its complex structure including a number of capital increases.

Leading lawyers

Roberto Cera
Paolo Oliviero
Alberto Saravalle

Chiomenti

One of the firm’s biggest deals last year saw corporate head Francesco Tedeschini advise Telco in the acquisition €605 million deal which saw Sintonia acquire Telcom’s shares in cash while simultaneously Telco bought back and annulled the shareholding by means of a share capital reduction.

In the still active renewable energy sector, the team assisted the acquirer Actelios in the €853 million acquisition of Falck Renewables against the shares of Actelios. Another substantial deal which closed in April 2010 saw the team advise Veneto Banca on a €797 million acquisition of the shares of the largest stake holder in Banca Intermobiliare.

In March 2010 Carlo Croff advised Gallerie Commerciali Italia in its €440 million sale of Galleria Commerciale Porta di Roma. Stefano Mazzotti Croff also advised Intesa Sanpaolo on its €200 million acquisition of 50 branches of Banca Monte dei Paschi di Siena.

Another highlight saw the team advise in one of the most significant deals in the bank insurance sector, acting for Unipol in the acquisition of 60% of Arca Vita from two banks.

In the private-equity market the team advised construction firm Permasteelisa its acquisition by Investindustrial for €219 million.

Leading lawyers

Michele Carpinelli
Carlo Croff
Francesco Tedeschini

Cleary Gottlieb Steen & Hamilton

The M&A team at Cleary Gottlieb Steen & Hamilton is led by Roberto Casati and peers highlighted him as the firm’s main force: “They are a good bunch of people, their reputation is based on Casati,” says one.

The firm took advantage of the increase in work in the energy sector last year acting on two notable deals. In one the team acted for ENI in the dismissal of gas transportation assets in Austria and Germany, the team also acted as counsel to A2A in the sale of electricity transmission assets to the Terna.

A2A sought further advice from the firm on the winning bid for the privatisation of the state owned Montenegrin energy company

EPCG. The company acquired a 44% stake for €436 million.

Partner Matteo Montanaro also had a busy year acting on key deals for Medtronic and UTC. In one he advised Medtronic on a \$500 million acquisition of Invatec and related companies Fogazzi and Krauth Cardio-Vascular. Montanaro also acted for UTC on the acquisition of General Electric's security business.

Leading lawyers

Roberto Casati

Gianni Origoni Grippo & Partners

The corporate team at Gianni Origoni Grippo & Partners was boosted last year by the hire of two new partners and their respective teams. In May 2009 Silvio Tersilla joined from Allen & Overy, while Francesco Puntillo joined from Pavia e Ansaldo.

The team scored a notable coup in September 2009 when Francesco Gianni led a team acting for F2i SGR and Axa Private equity on the acquisition of an 80% stake in Enel Rete Gas a distributor of natural gas. Valued at €1.3 billion, the deal was the largest European LBO in 2009.

Gianni was again involved in October 2009 acting for HAL Holding in its acquisition of a stake in the Safilo Group through a capital increase and subsequent recapitalisation.

Another deal of note saw Alessandro Giuliani and Fabio Parisi acting for Istituto Bancario Del Lavoro in its acquisition of 30 banking branches from Citicorp Finanziaria.

On the private equity side, Giuseppe Cannizzaro and Mauro Sambati advised the Sator private-equity fund on its acquisition of a majority stake in Banca Profilo, valued at €110 million, through the subscription of a capital increase.

Leading lawyers

Francesco Gianni

Other ranked firms

One of Clifford Chance's biggest deals last year saw the team advise the holding company of the Ministry of Economy and Finance, Fintecna over the privatisation of Tirrenia di Navigazione, the state owned shipping line. The deal was valued at approximately €1 billion.

Going against the trend for green energy the team also acted on a joint venture agreement between EDF and Enei, with the firm advising the former, to develop nuclear power in Italy, including the construction of four new plants.

Legance acted on a notable joint venture last year acting for Total Raffinage Marketing in a joint venture with ERG worth €1.5 billion. The agreement is in regard to oil refining and marketing activities. The firm also dissolved a joint venture between STMicroelectronics and its partners in the flash memory sector.

The team's three key partners are Bruno Bartocci, Filippo Troisis and Giovanni Nardulli.

The market recognises that NCTM as a firm is focused on corporate M&A and there was recognition of the firm's attempts at expansion. "I think NCTM is very rapidly growing firm." says one peer.

Alberto Toffoletto leads the team who last year acted in the sale by NSN Italia of a business in the micro wave radio sector to ILC for a total of €10 million.

Another highlight saw the team advise the San Benedetto Group in the acquisition of Spanish company Dasanbe for €25 million.

A clear highlight for the Freshfields Bruckhaus Deringer banking team last year saw it advise the State Street Corporation in relation to the acquisition of Intesa Sanpaolo Servizi Transazionali and Sanpaolo Bank for €1.75 billion. Mario Ortu also had an active year including advising Prysmian (Lux) II and Goldman Sachs International over the disposal of a portion of the shareholding in Prysmian. Ortu also advised the Bonazzi Group and its subsidiary Aquafil on the sale of a stake in the latter to Hutton Collins.

Latham & Watkins continues to try to expand its presence in Italy particularly in the areas of M&A and capital markets. For the M&A team highlights last year included advise to Giuliani Pharma over the acquisition of a majority stake in MIKA Pharma and work for Smeraldo in the acquisition of Apremare from Ferretti. On the joint venture side the team acted for Eurofly in its combination with Meridiana. The €52 million deal created the second largest airline in Italy. Another joint venture deal saw the team act for Castello SGR in a joint venture with Catella Real Estate for the set up and launch of a real estate fund.

Lombardi Molinari maintained quite a focus on private equity last year including advising Alto Capital II fund on the purchase of the share capital of PVC producer Diquigiovanni. The team also acted for 3i over an agreement with Antichi Pellettieri to increase its stake in Mosaicon to 64%.

In the vibrant renewables sector the firm acted for Irene in relation to the acquisition of various properties and equipment for the production of thermal energy. One of the largest deals involving the firm was Effeti's €635 mil-

lion purchase of a 2.26% stake in Assicurazioni Generali.

With renewable energy being one of Italy's main growth areas in the current climate it is perhaps unsurprising to see the team at Allen & Overy completing their fair share of deals. In one the team acted for Abantia Sun Energy on the acquisition of our energy companies from Solar Refeel. The firm also acted for Elementpower over an agreement to acquire four photovoltaic plants in the Puglia region.

Outside of this the team acted for Merck Sharp & Dohme on the sale of its Italian subsidiaries Istituto Gentili and Neopharmed to Mediolanum Farmaceutici and General Electric on the spin off of its security division.

The firm also worked on joint venture agreements for the likes of Intralot and Fortis Insurance. The team increased its numbers this year with the promotion of Paolo Ghiglione to partner in the corporate department.

Carnelutti's corporate department was boosted in June 2009 with the hire of partner Emanuele Rossi from La Scala. A key figure in the team is Luca Arnaboldi who last year acted for Intesa Sanpaolo in the acquisition of 5% of Pirelli RE Societa di Gestione del Risparmio. Arnaboldi also acted for Class Editori an Italian publisher in the transfer of 30% of MF Honyvem Italy's second largest player in business information.

Another highlight for the firm was its work for Banca Carige in the acquisition of 22 branches from banking group Banca Monte dei Paschi di Siena for €130 million.

Linklaters in private equity last year advised Cognetas in the acquisition of Italian vending machine manufacturer Gruppo Argenta. The team also had a role on one of the market's high profile deals advising Ferretti over the auction for the disposal of boat manufacturer Apremare and the sale of its interest in Pinmar. Another highlight saw the firm act for BNP Paribas in relation to a joint venture with UBI Banca and the team also advised the bank on the divestment its joint venture with Intesa Sanpaolo.

Another significant client is Citigroup and in September 2009 the team advised the bank on its sale of 30 branches of its consumer credit subsidiary to IBL Family.

In the thriving renewables sector the team advised the Sharp Corporation on a substantial joint venture with Enel Green Power and STMicroelectronics. The deal is in regard to the manufacture of photovoltaic panels and the development of solar farms.

A major client of Pirola Pennuto Zei & Associati - Agnoli Bernardi is Aviva Italia Holding and last year Francesca de Fraja advised the Insurance company on both the sale of a 2.8% stake in Banca delle Marche to

Fondazione Carifano and the restructuring of the company's shareholdings in UBI. Another notable deal saw the team act for the BNP Paribas Group on the acquisition of depositary bank activity from Banco Popolare di Milano for €55 million.

With the hire in December 2009 of Andrea de Santis from Grimaldi, **Macchi di Cellere Gangemi** boosted its corporate offering. A highlight last year saw Claudio Visco act for EDP Renováveis on the acquisition of 85% of Italian Wind a group operating a number of wind projects in the country.

Paul Hastings Janofsky & Walker was kept busy in the energy sector last year, in one deal the team advised ENI over its joint venture with BP over a coal bed methane production contract. The team also advised Eni over the acquisition of the East El Burullus Offshore oil and gas block in Egypt and the formation of a joint venture with EGAS and Total.

On the private equity side the team acted for Oaktree in the potential acquisitions of household appliance maker Saeco and also debt and equity stakes in an aerospace and defense group. The team also acted for Gordon Brothers in the attempted distressed acquisition of the Mariella Burani Fashion Group.

Project finance

Recommended firms	
Tier 1	Allen & Overy Gianni Origoni Grippo & Partners
Tier 2	Ashurst Bonelli Erede Pappalardo Chiomenti Clifford Chance Grimaldi e Associati Norton Rose
Tier 3	Baker & McKenzie DLA Piper Freshfields Bruckhaus Deringer Legance Lombardi Molinari e Associati NCTM Pedersoli e Associati
Tier 4	Carnelutti Cleary Gottlieb Steen & Hamilton Giliberti Pappalettera Triscornia e Associati Lexjus Sinacta Linklaters Macchi di Cellere Gangemi Paul Hastings Janofsky & Walker

Simmons & Simmons
Studio Legale Sutti
Ughi e Nunziante

Thanks to a favourable incentive regime, consisting of green certificates and feed-in tariffs, the Italian renewable market continues to be thrive, and indeed project finance partners have found themselves doing little else in the last year. "In general, yes we have seen frantic activity trying to benefit from the cost regime," says one partner. "A lot of the investment signs in the renewables sector are there."

The real boom has come in photovoltaic energy. "We have been very much involved in the photovoltaic sector because the tariff in Italy is one of the most favourable in Europe," says one partner, and another concurs: "There's a huge interest in photovoltaic plants."

This new trend for renewables looks set to continue while other sectors feel the after effects of the economic downturn, however changes are afoot and the end of 2010 will signal a change to the current tariff levels. "The tariff will expire at the end of 2010 and this will be replaced but the rate will not be as favourable," says one partner.

There is optimism, however, that the changes will not adversely affect the level of investment in the market, particularly as other jurisdictions such as Spain are considering much more radical and negative changes. "I don't think there is a reason for a slow-down because there is a sense that all the incentives will be renewed," says one partner. "We also have good incentives in the form of green certificates for other areas of renewables."

Others though are not quite so positive. "There may be some sort of a fiesta there which may stop sooner or later," says one partner.

Allen & Overy

Allen & Overy has a strong reputation in project finance right across its network and the Italian office is no exception. "We have done three transactions with them so we have seen right across the breadth of their practice and its absolutely outstanding, they are a league above everyone else," says one client.

One of the key reasons behind the firm's success is its relationship with the banks, as one client explains: "I think Allen & Overy gives more comfort to the banks due to the background experience and the number of deals they have in this sector, to give an example in photovoltaic projects Allen & Overy have the totality of photovoltaic projects in Italy and you can rely on this experience."

Leading the department is partner Catia Tomasetti, and clients were also quick to praise her skills: "When we took Allen & Overy to advise us I had two of the banks immediately approve her. Her reputation is second to none. If she negotiates something she knows where the banks are coming from and also they trust her."

With the photovoltaic sector continuing to provide a constant stream of work to the market, Allen & Overy was right at the forefront. Last year the team advised on the largest solar financing ever completed in Italy acting for AES over a 48MW project in Puglia. The team also acted for the borrower Cassiopea on a 24MW solar park in Montalto di Castro, the largest such project in Italy. In Sicily the team further enhanced their reputation advising the mandated lead arrangers on the 16.5MW VeronaGest project.

Outside of the photovoltaic sector, the team also took on work in the wind sector advising Natixis as the lead arranger on the financing of a wind farm that at 100MW is Italy's biggest.

In Milan, more energy work was completed for ACCAM as the team advised on the financing of a waste to energy plant in Busto Arsizio.

Leading lawyers

Catia Tomasetti

Gianni Origoni Grippo & Partners

"They are a very well respected firm," says one client. "We were pushing the market in terms of our documentation and Gianni reacted quite well to that, these were new precedents. They had a good depth of services."

There was also specific praise for named partner Eugenio Grippo: "I know that Grippo is a very good lawyer," says one peer. "I know some lawyers working with him and they say he is a very good team leader, they have quite a wide team."

One substantial deal completed by the firm last year was the €450 million financing facility provided to Cassa depositi e prestiti for a major toll road.

Leading lawyers

Eugenio Grippo

Ashurst

Leading the team at Ashurst is Franco Vigliano who is a well respected figure in the market: "Franco is a leader in the market he has very wide experience," says one peer, and clients agree: "Franco Vigliano is one of the most experienced lawyers in infrastructure finance in Italy," says one. "Franco has the

capability to understand how the business administration works.”

Vigliano led on most of the team's key transactions last year including acting for the sponsors on the \$6 billion Gebze-Orhangazi-Izmir motorway project in Turkey, which includes a 3km long suspension bridge.

The team were also involved in two notable toll road projects. In one the team acted for the banks in the €1.6 billion Brebemi toll road, the first such project to be financed on a build operate transfer (BOT) basis. The team again acted for the banks in on the €800 million financing for the Cremona - Mantova road project, which forms part of a larger project to span the whole of northern Italy.

In the energy sector Vigliano was again involved as the firm acted for the banks in the €1 billion funding of a LNG (liquefied natural gas) regasification terminal in Italy. The terminal will be a floating unit constructed off the coast of Tuscany and is the first of its kind to be constructed in Italy.

Leading lawyers

Franco Vigliano

Bonelli Erede Pappalardo

In Bonelli Erede Pappalardo's project finance team, head of banking and finance Emmanuela Da Rin was a figure held in high regard by clients. “She's a very good lawyer. The capacity to analyse the different framework and the knowledge to identify the best solution for the borrower, she's very different in negotiations and gets the best deal for the borrower,” says one

One of the firm's largest deals last year saw the team advise Autostrade per l'Italia to secure the financing for a bank consortium on the €400 million financing for the highway junction Signa-Prato.

Another infrastructure project of note saw the head of banking and finance Emanuella Da Rin advise Cassa Depositi e Prestiti on the €1 billion financing granted to Autostrade per l'Italia, guaranteed up to €500 million by Sace, for the A14 motorway project.

In the thriving energy sector, a team led by Riccardo Salustio advising the Global Solar Fund over the €235 million financing for a photovoltaic plant in Apulia.

Chiomenti

One of the main transactions for the Chiomenti team last year saw the team go slightly against the grain by advising on a non-renewable energy deal. A team led by Carola Antonini acting for Sorgenia Power in the €600 million financing for the construc-

tion of two gas power plants in Aprilia and Lodi.

The team were also active on the renewable side as Giulia Battaglia acted for Gemsa Energia Fonti Rinnovabili and Veronagest over the €115 million financing for the construction of a 60MW wind farm in Cortale. Other wind related work included acting for the banks, including Société Générale in the refinancing of three wind plants in Sardinia managed by the Fri-El Campidano joint venture.

On the infrastructure side Giovanni Diotallevi advised BNL and BNP Paribas on a €150 million financing of the II Maxilotto Quadrilatero Umbria to Marche highway

Leading lawyers

Francesco Ago

Clifford Chance

One of Clifford Chance's biggest deals last year came on the international side as a team led by Giuseppe De Palma advised a consortium of banks including BNP Paribas, the Royal Bank of Scotland and Sace on a €900 million financing for MMK Atakas for a steel producing complex in Turkey.

Another cross border deal saw De Palma called in again by Sace to advise on a €480 million financing granted to Gazprom for the construction of a gas treatment unit in Russia.

In the domestic market a significant deal in the energy sector saw the team advising the mandated lead arrangers on the €330 million financing to ERG for a cogeneration (power and gas) plant in Sicily.

Like its contemporaries the Clifford Chance team also took on a number of mandates in the solar energy sector. One of the biggest deals saw a team led by Charles Adams advise Sorgenia on the €70 million financing of its countrywide photovoltaic portfolio

The team also advised Investec on the €35 million financing of ten solar parks in Italy and similar work was undertaken for Banco Santander and Deutsche Bank for the financings of a number of solar plants in Puglia.

Leading lawyers

Charles Adams

Other ranked firms

The project finance offering at Legance falls under the umbrella of the wider banking practice and is led by Monica Colombera. In the vibrant renewables area, the firm advised STMicroelectronics on a joint venture for the construction of a plant to create parts for photovoltaic plants. The team also advised Aero

Rossa on the €120 million financing of an 84MW wind farm in Sicily.

In the road sector, Colombera acted for Dexia SoGen on the financing for the link between Highways 24 and 25.

Lombardi Molinari advised Banca Firenze last year over a €32 million financing facility for the construction of power, heat and refrigeration plants at the University Careggi in Florence.

Another key client is Siram who the team advised in two notable projects. In one the firm acted for the company on a joint venture with Cartiere Pigna over amendments to project finance documents surrounding a steam plant in Alzano Lombardo. The team also acted for the company over the financing for a new cogeneration powerhouse in the hospital of the University of Santa Maria della Misericordia in Udine.

NCTM like many contemporaries had work in the thriving photovoltaic sector last year, most notably advising MLA over the financing of a 2MW plant in the Puglia region. Valued at €12.5 million, the deal was led by Federico Manili and Eugenio Siragusa.

In the active renewables sector Linklaters advised Unicredit MedioCredito Centrale and Banca per le imprese as lenders of €70 million to renewable energy company Sorgenia for the development and refinancing of new and existing solar sites.

A similar deal saw the firm work for the European Investment Bank in relation to the €1 billion financing to Edf Energies Nouvelles for various wind and solar projects in both Italy and France. The team also acted for Société Générale and BNP Paribas on a €200 million project bond issued by SunRay to fund a photovoltaic project in Montalto di Castro.

Driving the project finance practice at Macchi di Cellere Gangemi are Claudio Visco and Silvia Dell'Atti who last year worked for MPS Capital Services Banca, Efibanca and UniCredit MedioCredito Centrale over the financing for a number of wind farms in Sicily. UniCredit called on the firm again along with Banca Infrastruttura Innovazione e Sviluppo for the €115 million financing of a wind farm in Cortale. In a similar deal Sol In Build called in the firm to act on the financing for the development and construction of 6 photovoltaic plants with a capacity of 16.5 MW.

Simmons & Simmons had its share of the booming renewables market last year with a number of photovoltaic and wind farm deals. In one the team advised UniCredit MedioCredito Centrale as the lenders in a €60 million deal related to a wind park in Campania. Similar work was undertaken for Agrileasing who the firm assisted as lenders in

the €30 million financing of a photovoltaic plant in Puglia.

Outside of energy the team also assisted the lenders in the €45 million financing for a water pipeline and purification plants in the Veneto region

Restructuring and insolvency

Recommended firms	
Tier 1	Bonelli Erede Pappalardo
Tier 2	Chiomenti Clifford Chance Lombardi Molinari e Associati
Tier 3	Allen & Overy Cleary Gottlieb Steen & Hamilton Freshfields Bruckhaus Deringer Gianni Origoni Grippo & Partners Linklaters NCTM Paul Hastings Janofsky & Walker Pedersoli e Associati Simmons & Simmons
Tier 4	Carnelutti Giliberti Pappalettera Triscornia e Associati Grimaldi e Associati Legance Macchi di Cellere Gangemi Pirola Pennuto Zei & Associati - Agnoli Bernardi Studio Legale Bruni Gramellini e Associati Tonucci & Partners Ughi e Nunziante
Tier 5	Baker & McKenzie CMS Adonno Ascoli & Cavasola Scamoni De Berti Jacchia Studio Legale Sutti

Restructuring continues to be a major area of activity for firms and it shows no signs of slowing down, particularly as the market is now seeing deals that have already been restructured returning to the table. "The wave of restructuring cases is still increasing," says one partner.

There is also a feeling that after the headline grabbing deals of last year, the drip-down effect will now cause an increase in activity in the mid-cap area. "The expectation of the banks is that now the restructuring will regard the medium- to small-sized companies although in the last year it involved the large companies," explains one restructuring lawyer.

One sector where new work is definitely expected is in real estate. "I think real estate will change, everyone is waiting to see," says one partner. "I don't know if it will be six or 12 months but at some point all those portfolios will need to change hands and I think what we'll continue to see is more general restructurings."

On the technical side a major talking point in the market last year regarded the changes to the *concordato preventivo* (agreement among creditors), which has evolved into a major restructuring tool. "Before the change in the law *concordato preventivo* was seen as an equivalent to bankruptcy," explains one partner. "In Italy this was seen as something shameful. With the reform the *concordato* has been changed into one of the restructuring instruments."

The process gives companies another option in terms of forming a recovery plan, although it is perhaps not as streamlined as it could be. "In the past the *concordato* was used to liquidate the company now it can be used to re-launch the company, but it can be said that the involvement of the court can make the process slow and bureaucratic," says one partner.

Criticism has also come from banks who believe the process puts them at a disadvantage. "I have been trying to encourage clients to use this but the banks don't like it," says one partner, and another relates a similar experience: "The banks often ask us to get involved to notify them on these agreements because they can't allow the market to receive the message that people can restructure at the expense of the banks."

Bonelli Erede Pappalardo

In a response to the increased market demand for restructuring Bonelli Erede Pappalardo now has a dedicated corporate restructuring team working alongside its current R&I offering. Peers recognise the team's quality: "Bonelli is definitely a tier one firm," says one.

A key deal for the firm last year saw them advise Risanamento in a €3 billion restructuring which was achieved through a Article 182bis debt restructuring agreement. As well as rescheduling the debt, the team advised on a debt-equity swap, an issuance of convertible bonds and a disposal of assets. The deal is notable for clarifying the relationship between an Article 182bis agreement and bankruptcy proceedings when they occur concurrently.

The team worked on another restructuring linked to an Article 182bis when they advised Gabetti Proprty Solutions and its subsidiaries on a €235 million debt restructuring deal.

Another notable deal saw the team act for the creditors on the restructuring of Antichi Pellettieri and Mosaicon after the bankruptcy of the Mariella Burana Fashion Group the controller of Antichi Pellettieri's parent company. The transaction saw a rescheduling of €60 million worth of debt and the confirmation of the existing revolving short term facility lines and the establishment of a new facility line.

Another substantial mandate was the restructuring of the Permira/Valentino Fashion Group. Alongside restructuring its debt the team had to submit a reorganisation plan to an independent expert for assessment under an Article 67 report.

Both Paolo Oliviero and Vittoria Giustiniani acted for the banks in the restructuring of the debt of the Aedes Group. The €700 million deal included a rescheduling of mortgage loans, two capital increase of €150 million and €700 million and a rescheduling of the remaining 15% of unsecured credit.

Leading lawyers

Franco Bonelli
Emanuela Da Rin

Chiomenti

One of Chiomenti's biggest deals last year saw them advise Tiscali on its €500 million debt restructuring including a write-off and partial conversion into ordinary shares and a launch of three capital increases.

Another notable deal saw a team led by Giorgio Cappelli advise on the debt restructuring of Rinascente and Upim. The deal included a rescheduling of debt an assumption of part of Upim's debt by the holding company and an equity injection.

Another active partner was Giulia Battaglia who acted for Ferretti in the restructuring of the debt of the Ferretti Group. The deal which included a rescheduling/write off the current debt combined with a capital increase was valued at €1.2 billion.

A similar deal saw Battaglia called on by Consorzio Latterie Virgilio to advise on the €270 million debt restructuring of the Virgilio group.

Lombardi Molinari

Lombardi Molinari has a good reputation in restructuring and insolvency, mainly down to the strength of its litigation offering. "Lombardi is a strong litigation boutique and would rank highly in R&I," says one peer. Clients highlighted named partner Giuseppe Lombardi in this area: "He's strong in negotiations and always sticks to the plan," says one.

The market also recognised the firm's ability to work outside of the court environment in restructuring deals: "Lombardi is a good restructuring firm on the debtors side," says a peer. A client added: "They were always trying to analyse the aspects and not just giving quick counsel and also gave very pro-active advice."

Last year the team advised watch producer and distributor Binda over its €100 million debt restructuring as part of a reorganisation plan agreed with the banks and certified by an expert under the Italian Bankruptcy law.

Another notable deal saw the firm advising the Kartogroup in a *concordato preventivo* (agreement among creditors) procedure pursuant to Article 160 of the Italian bankruptcy law. Procedures were also opened in other jurisdictions, notably France and Germany however all procedures acted under the supervision of the Italian judge.

The team also advised the Metal Group on its €200 million debt restructuring as part of a reorganisation plan under Article 67, paragraph 3 of the bankruptcy law.

The team also had a role on the insolvency proceedings of real-estate developer Risanamento. This included a declaration of bankruptcy and the validation of a subsequent restructuring agreement under Article 182bis.

The team also advised some of the main shareholders of Banca Italease on its reorganisation including the forming of two separate going concerns in to two new incorporated companies.

Leading lawyers

Giuseppe Lombardi
Ugo Molinari

Other ranked firms

The **Allen & Overy** team in Italy is led by senior partner Massimiliano Danusso. One of the firm's key matters last year saw it advise the facility agent on behalf of a syndicate of lenders in the restructuring of a garden facilities company. The team also advised Natixis on the insolvency proceedings of the Mariella Burnai Group.

Two other highlights included the restructuring of the debt of the Dometic group via a debt for equity swap and advise to various companies of the Monier group over its €2 billion restructuring and refinancing.

The restructuring team at **Cleary Gottlieb Steen & Hamilton** advised the Isola Group last year over its insolvency. The team also advised Mediobanca over the restructuring of yacht maker Ferretti, following its purchase of an equity interest in the company.

Leading the team at **Freshfields Bruckhaus Deringer** is Enrico Castellani. Last year he

advised the Royal Bank of Scotland on the restructuring of two companies of the Risanamento group. He also worked for Aurebis on the *concordato preventivo* (agreement among creditors) proceedings surrounding Sitcuprio.

The team were also involved in the restructuring of the distressed yacht manufacturer Ferreti, advising the lenders.

Leading lawyers: Enrico Castellani

Gianni Origoni Grippo & Partners boosted its capacity in June 2009 with the hire of Silvio Tersilla from Hogan Lovells. Partner Antonio Auricchio was kept busy last year advising both Maia Due and Socotherm on their respective *concordato preventivo* (agreement among creditors) proceedings.

Linklaters moves up this year after the market noted its substantial involvement in the market particularly on the debt restructuring side. This is largely due to their strong connections and involvement in the banking market.

"Linklaters, they are involved because they do so many financings that they are always working for the banks," says one peer. "The client says: 'well you know the agreements so you do the restructuring.'"

Another peer agrees: "Linklaters is quite active particularly on the debt side. They started only recently, they started with two very good finance lawyers."

The two key figures in NCTM's restructuring and insolvency department are Maurizio Cimetti and Filippo Cesaris. Cesaris was involved last year as the firm acted for Hayes Lemmerz over the negotiation of a security package including \$300 million loan facilities as part of the company's emergence from US Chapter 11 proceedings.

Two notable bankruptcy highlights included advising both Intek Capital and Fineuro over the composition of a bankruptcy plan for Fallimento Seleco and Finsipa respectively.

Like many of its peers **Paul Hastings Janofsky & Walker** also had a role last year on the restructuring of yacht manufacturer Ferretti. The team advised Deutsche Bank and hedge funds Marathon Asset Management and Anchorage Advisors on the deal. Another highlight saw the team act for the liquidator of Bertone in regard to the extraordinary administration of the company and the restructuring of its distressed subsidiary Carrozzeria Bertone.

In the insolvency area, one highlight saw the firm act for Costume Nazionale over contractual arrangements as part of the insolvency proceedings of IT Holdings.