

# Spain

## Chamber of commerce:

Consejo Superior de Cámaras de Comercio  
 Industria y Navegación de España  
 C/ Ribera del Loira 56-58  
 Madrid 28042  
 Spain  
 Tel: + 34 91 538 35 00  
 Fax: + 34 91 538 36 77  
 Email: info@cscamaras.es  
 Website: www.camaras.org

## Professional body:

Consejo General de la Abogacía Española  
 Paseo Recoletos 13  
 Madrid 28004  
 Spain  
 Tel: + 34 91 523 2593  
 Fax: + 34 91 532 7836  
 Email: informacion@cgae.es  
 Website: www.cgae.es

## Changing times

Fernando Vives  
 Garrigues  
 Madrid

The entry into force last year of the Law on Structural Modifications of Commercial Companies was but the first step in an enthralling period of change in the landscape of Spanish corporate/commercial law. Any process of change has its highs and lows, and this one is no exception. In any event, the first year of application of the new law has held an undeniable fascination.

Certain new corporate restructuring mechanisms, such as the new segregations, or certain technical improvements made to others already in place, such as the so-called super simplified merger, have proven to be very effective. The new regulations, together, let's not be coy, with the talent deployed in their application, have enabled us to expedite and improve the manner in which our clients, the economic players, can pursue their business. Their efficiency has been enhanced and their dealings have proven more profitable.

Regrettably, the new Law has not been accompanied by a reform to the Mercantile Registry Regulations, which would supplement and implement the Spanish corporate restructuring system. In part due to this circumstance and in part due to the customary amount of initial puzzlement that always goes hand in hand with major legislative changes, some confusion has arisen when applying some of the provisions of the new law.

In order to mitigate this state of affairs, it would be desirable to update the current Mercantile Registry Regulations. While we are at it, we should not let this opportunity slip by without clarifying the notable disputes that are arising over the need for the involvement of an independent expert in a host of corporate restructuring processes.

Likewise, according to the authorisation granted to the government by the Law on

Structural Modifications of Commercial Companies to recast and harmonise the laws governing corporate enterprises into a single piece of legislation, a new Law on Corporate Enterprises was approved by the Royal Legislative Decree 1/2010, of July 2, that will come into force on September 1 2010 and that, from such date, will replace the existing Corporations Law and Limited Liability Companies Law.

The most noteworthy new legislation is, apart from the Law on Corporate Enterprises (that, nevertheless, does not entail material modifications on the legal regime of corporate enterprises), as follows:

First of all, the Royal Decree-Law on Measures to Promote Economic Recovery and Employment, in a bid to introduce "a raft of initiatives aimed at strengthening the capacity of the Spanish productive framework with a view to fostering the growth of the Spanish economy and, as a result, job creation, and to do so on the basis of more solid and sustainable foundations, guaranteeing the support of public institutions for such growth", has introduced notable new developments in the financial landscape.

The Royal Decree has shed light on certain aspects regarding the so-called institutional protection systems (SIP) (that have been further amended by the Royal Decree-Law 11/2010, of July 9, on saving banks) and the Spanish Central Bank's Orderly Bank Restructuring Fund (FROB), aimed at fast-tracking restructuring in the financial industry and, specifically, mergers among Spanish savings banks.

Thus, under the SIPs or cold mergers, where credit institutions are combined contractually, essentially giving shape to the concentration of their credit risks, the Royal Decree has established the need to bring the contractual agreement between credit institutions forming part of an SIP into line with a range of parameters which, although already required in practice, lacked the relevant statutory backing. Additionally, the new legislation

has served to confirm the possibility that securitisation funds may be converted into the owners of the properties, rights and amounts deriving from the enforcement of the mortgage loans held by them.

Second, it is worth citing the amendment to the current Audit Law. This piece of legislation, which has been the subject of widespread dispute in the media due to the elimination of the limitations on the number of votes that a single shareholder can cast at listed companies, introduces other interesting new developments that have been overshadowed by the media debate and that may have a significant bearing on Spanish listed companies, such as the introduction of the Electronic Shareholders' Forum, a blend of the German system (where a public body is tasked with managing the forum) and the US system (which gives companies ample leeway to manage their own forums), and shareholders' associations, which, from the approval of this new law, must be registered on a special register set up for the purpose at the Spanish National Securities Market Commission.

Lastly, the controversial Sustainable Economy Law, still in its infancy, promises to streamline the creation of companies and the adoption of corporate decisions and to increase transparency regarding the compensation of directors and senior executives at listed companies. It will be necessary to keep a close eye on its passage through parliament in order to see how such grand principles will take shape.

In short, it is safe to say that it appears that the only thing that will not change, at least in the near future, is the need to remain alert to the changes in the Spanish legal arena.

## Capital markets - equity

Recommended firms	
<b>Tier 1</b>	Uría Menéndez
<b>Tier 2</b>	Freshfields Bruckhaus Deringer Garrigues Linklaters
<b>Tier 3</b>	Clifford Chance Cuatrecasas Gonçalves Pereira Ramón & Cajal
<b>Tier 4</b>	Allen & Overy Araoz & Rueda CMS Albiñana & Suárez de Lezo Gómez-Acebo & Pombo Hogan Lovells Pérez-Llorca

## Capital markets - debt

Recommended firms	
<b>Tier 1</b>	Allen & Overy Clifford Chance Garrigues
<b>Tier 2</b>	Cuatrecasas Gonçalves Pereira Linklaters Uría Menéndez
<b>Tier 3</b>	Freshfields Bruckhaus Deringer Gómez-Acebo & Pombo Ramón & Cajal
<b>Tier 4</b>	Araoz & Rueda Baker & McKenzie CMS Albiñana & Suárez de Lezo DLA Piper Hogan Lovells Pérez-Llorca

## Capital markets - structured finance and securitisation

Recommended firms	
<b>Tier 1</b>	Clifford Chance Cuatrecasas Gonçalves Pereira Garrigues Gómez-Acebo & Pombo
<b>Tier 2</b>	Allen & Overy Freshfields Bruckhaus Deringer Linklaters Uría Menéndez
<b>Tier 3</b>	Araoz & Rueda Baker & McKenzie CMS Albiñana & Suárez de Lezo DLA Piper Hogan Lovells Pérez-Llorca Ramón & Cajal

The story of the equity capital markets in Iberia last year was one of large attention-grabbing transactions which, despite all their pomp and bluster, failed to deliver the markets back into the promised land. In Portugal there was the proposed Cimpor takeover, while in Spain the talk was of Amadeus. "On the equity side Spain has been waiting a long time for the equity capital markets to come back on offer. The big expectation was Amadeus which has just gone through," says one capital markets partner.

In April 2010, the day after the rating agency Standard & Poor's cut Spain's debt rating by one step, travel company Amadeus raised €1.3 billion through its IPO on the Spanish stock exchange (*Bolsa de Madrid*). On first impressions this seemed like a quick rebuttal to the world's judgement on the Spanish economy, but swiftly the roar turned to a whimper as the expected capital markets surge failed to materialise. "I think that unfortunately, with the exception of Amadeus, many of the equity offerings have been put on hold," explains one partner. It seems that nothing holds sway over the hearts and minds of investors like economic uncertainty. "We have seen an increasing number of companies saying that they are preparing to be listed again but through the uncertainty in the market they are a number of transactions which have been aborted," says another partner.

One source of work that seems to have avoided the slump are rights issues, as companies seek finance and these have certainly been prevalent in firm's deal lists.

Another notable development is the evolution of the *Mercado Alternativo Bursátil*

(MAB). Based on London's Aim, MAB is a market aimed at small to mid-cap companies, allowing them access to new forms of funding through the stock market. "A new market started last summer, MAB. This has been launched and the first transaction launched in September 2009," says one partner. "We were expecting a lot of investment on MAB and I think we will see a number of listings before the summer."

Debt work has also been sluggish but despite the general malaise, practitioners have seen a growth in hybrid and liability management models. "We have seen two new product types in the last 12 months: Repurchase agreements and liability management transactions," says one partner. "We're going to see more of liability management instruments."

This comes from companies and banks trying to sort out their balance sheets and get themselves on a more stable financial footing. "Hybrids are likely to take off. Hybrid products and the regular senior notes are the issuers which will be more active," explains one partner. "These instruments will enforce the finance structures because a number of smaller banks will need to restructure their balance sheets."

This also brings with it a need for law firms to look even more closely at individual companies' situations to ensure they are promoting the right product, as one partner says. "There is a lot of pressure to find the right instrument for financial services we have to find the right product for the institutions."

There is also some optimism over new work in the form of high yield, traditionally the ease at which companies could gain banking credit reduced the need for alternatives as one partner explains: "Given the availability of bonds financing, here over a three to five year term, there seems to be less high yield available in Spain because you can get the banking finance and there are less tests to meet, it's easier to deal with the banks."

However with the general retreat on bank lending the door could now be open to these issues. "For several years we've been trying to market high-yields products to Spanish issuers but they was no interest whatsoever," says one partner, "this opinion is no longer there, those companies are now calling and saying 'you know what I'm ready for those high yield offerings'."

### Allen & Overy

Allen & Overy's capital markets practice, in Spain as it is everywhere else, is focused squarely on debt and structured finance transactions. "Allen & Overy is very active on the debt side," says one peer.

The debt team at the firm is led by the English qualified Charles Poole-Warren and local partner Iñigo Gómez-Jordana. Clients were taken with Poole-Warren in particular. “He’s extremely responsive, extremely helpful, client focused, always actively involved in all the matters,” says one. There was also appreciation of the firm’s cross-border capability. “The good thing is that they have a good mix between the knowledge and the international experience,” says another client. “They give very good advice, we started with them because they were our general counsel in London.”

The firm used its knowledge of US transactions last year advising Goldman Sachs on the alterations made to Instituto de Crédito Oficial’s MTN programme. This included the incorporation of Rule 114A elements to make the programme eligible for the US market.

Another highlight saw the team advise Barclays Capital and Société Générale Corporate & Investment Banking as joint lead managers in the issue of €450 million of unsecured convertible notes by Formento de Construcciones.

There has been a lot of talk about high yield in the London markets, and though Spain has not seen the same level of activity, the Allen & Overy team still gained one mandate in this area advising BNP Paribas, Société Générale, Deutsche Bank and Santander as the managers in Abengoa’s €300 million high-yield notes.

Santander is a key client for the firm and it also sought advice from the team on its €16.5 billion securitised bond buy-back programme. The team also gave advice to the bank on an offer to securities holders to exchange their existing Tier I and II securities for new Tier I and lower Tier II securities issued by its subsidiaries.

The firm is also active in securitisation market and acted last year for both Iberdrola and rating agency Standard & Poor’s in this area.

One aspect that clients felt the firm could improve on is its commercial sense, the ability to look at the client’s wider business context. “Very responsive very knowledgeable about the Spanish market,” notes one client. “Their technical experience is excellent but perhaps they could improve their commerciality, that’s the only thing I’d say.”

#### Leading lawyers

Iñigo Gómez-Jordana

#### Clifford Chance

Like its magic-circle rival Allen & Overy, Clifford Chance’s Spanish team is a key force in debt, structured finance and securitisation.

“They have huge experience in this type of transaction [securitisation] and the general experience is very good,” says one client.

Leading the team is José Manuel Cuenca and clients appreciated his wider perspective on deals. “He’s very familiar with English procedure and he and his team work quite well as a bridge between the clients and the securitisation team in the London HQ, so when they can’t solve or give an answer, they can contact the London team,” says one.

A deal highlight last year saw the team advise the banks on Enagas’s issue of 3.25% and 4.37% notes both valued at €500 million. The firm also worked on the first government-guaranteed bonds denominated in a currency other than the euro, advising Citigroup Global Markets and Nomura International on a ¥35.4 billion (€311 million) 1.2% bond issue and a ¥36.5 billion floating rate bond issue.

Another highlight saw the firm work on the inaugural issue of €3 billion 3% bonds by the *Fondo de Reestructuración Ordenada Bancaria* (bank restructuring fund), guaranteed by the government.

Working alongside Cuenca on all the above deals was Yolanda Azanza who proved popular with clients. “She’s good, really good local domestic knowledge and for a Spanish partner really good international knowledge and understanding.”

On the structured finance side of the market the team advised Caja Madrid on its first Collateralised Loan Obligation (CLO) including a eurobond issue.

On securitisation, the team acted for the banks in a deal involving the securitisation of a government-guaranteed savings bank issue, valued at €2.5 billion.

Although known for other areas, the firm also has a notable equity offering. The main partner here is Javier García de Enterría who last year advised Saint-Gobain Cristalería on two capital increases valued at €477 million and €99.5 million respectively. A similar deal saw García de Enterría again involved acting for Trasmediterranea on a €110 million capital increase.

#### Leading lawyers

Yolanda Azanza

José Manuel Cuenca

Javier García de Enterría

#### Cuatrecasas Gonçalves Pereira

Cuatrecasas Gonçalves Pereira is viewed by the market to have a solid practice in all areas of the capital markets, but with a real strength in securitisation. “On securitisation more than anything, that’s where we see them most,” notes one rival.

One of the firm’s strengths is its capacity, as one of the biggest firms in Spain, it has the ability to work on a high volume of cases.

The key partners in the department are Rafael Minguez and Fernando Torrente. “Cuatrecasas we have met them in many transactions. Fernando Torrente he’s very much involved in equity capital markets,” says another peer.

#### Leading lawyers

Juan Aguayo

Rafael Minguez

Fernando Torrente

#### Garrigues

Garrigues has a strong offering across the capital markets spectrum and this accounts for its top tier ranking in both the debt and structured finance and securitisation tables.

Leading lawyer Javier Ybáñez leads the team at Garrigues and last year he advised Enagas on its first ever debt issuance of two issues of €500 million of fixed-rate notes. On a similar deal Ybáñez again led the team advising Caja Madrid on a €3 billion issue of fixed- and floating-rate retail securities. This was the first issue of such securities where the possibility to exchange existing securities for new ones was allowed.

The team also took on work in the area of Rule 144A/Reg S issuance, advising the Campofrío Food Group on the issue of €500 million fixed rate notes listed on the Luxembourg MTF market. This was the first such issue where a *Comisario* (commissioner) was not appointed. The team also advised BBVA on a four jurisdiction €2 billion MTN programme.

On the equity side Ybáñez was again involved alongside Ignacio Corujo del Valle as the firm took on two mandates from Canaccord Adams and Piper Jaffray & Co on the offer and sale of shares in Telvent GIT.

Key client BBVA also called in the team to advise on the offer of €2 billion of convertible notes. This was the first time such notes had been offered to non-qualified investors. The conditions of the notes allowed BBVA to count the notes as equal to ordinary shares for regulatory capital purposes.

IPOs might be rare but the team still got one deal away advising Caja Inmaculada Desarrollo Empresarial on the €12 million IPO of Imaginarium, consisting of the issue of 2.4 million new shares by the company and 6.6 million old shares by both the bank and company.

The firm’s tier one status in securitisation was justified last year as it advised Barclays Titulización de Activos on a €37 million transfer of mortgage and non-mortgage loans

to a Spanish FTA (asset securitisation fund). Similar work was undertaken for Banco Caixa Geral Intermoney Titulización SGFT fund involving the transfer of residential mortgage loans.

Another highlight saw the team act for Caja Madrid Titulización de Activos on its €20 billion covered bond programme.

#### Leading lawyers

Gonzalo García Fuertes  
Fernando Vives\_  
Javier Ybáñez

### Uría Menéndez

Certainly in terms of equity work, Uría Menéndez is seen as the standard on the Spanish domestic market. "Uría, it's clear the quality they provide, the team they have is very good," says one peer and another agrees: "Uría is one of the leaders and in terms of capital markets advise, they advise the issuers."

One of the firm's biggest deals last year saw them act for Iberdrola on a €1.3 billion primary offering through an accelerated book building process. Similar work was undertaken by partner Gabriel Núñez who acted for Credit Suisse on a €500 million primary offering by Banco Popular.

Núñez was again involved as the firm took a role advising Goldman Sachs, JPMorgan and Morgan Stanley on the headline grabbing Amadeus IPO. Valued at €1.3 billion the transaction was a brief oasis in the Spanish IPO desert.

For peers, the partner who caught the eye last year was Javier Redonet. "Javier Redonet is an impressive guy, an extremely good lawyer and an excellent guy, I have come across him in a couple of deals. And he's a very good lawyer," says one. This view was endorsed last year when Redonet advised the banks on a €200 million rights issue by construction firm OHL. Redonet also acted for Pescanova on the issue of €110 million of convertible notes.

On the debt side, a stand-out transaction was the firm's work on Campofrío Food Group's €500 million high-yield issuance. The team advised Deutsche Bank and the Royal Bank of Scotland on the deal, which is one of the few high-yield issues in Spain in recent years and may be a sign of things to come.

The team was again on the banking side in a number of debt issuances advising the banks on issuances by Iberdrola and Santander US. For the former, the team advised on two issuances of fixed-rate notes with a combined value of €2 billion. On the latter, the deal consisted of issues of fixed and subsequently floating rate notes, with values of €1.5 billion, guaranteed by Santander.

In securitisation, the firm advised Caja de Ahorros del Mediterraneo on the issue of mortgage transfer certificates valued at €153 million for subscription by an Irish based SPV. The team also advised on the restructuring of Visteon's European securitisation programme.

Clients were impressed, as peers were, by the firm's leading partners, but some felt that the firm's key lawyers could be more involved in the day-to-day details of transactions, pointing out that that the devil is in the delegation. "In my view they [the partners] are not as hands on, they are a very big law firm in Spain and you get a lot of calls from the younger guys which is not ideal," says one.

#### Leading lawyers

Luis de Carlos\_  
Gabriel Núñez\_  
Ramiro Rivera\_  
Rafael Sebastián

### Gómez-Acebo & Pombo

Like Spanish rivals Cuatrecasas and Garrigues, Gómez-Acebo & Pombo's main strength in the capital markets area is in securitisation.

Much of the firm's work in this area comes from fund management company and issuer Ahorro y Titulización. Partner Ángel Varela has a strong relationship with the company and worked on all matters relating to it last year, including the €2.5 billion securitisation of senior debt by CEAMI Guaranteed Bonds IFTA. The work was notable for being the first time in such a transaction where underlying assets were listed in a secondary market. Varela also advised on a securitisation of mortgage bonds by AyT Cédulas Cajas Global FTA (asset securitisation fund).

On the debt side the team was involved in state guaranteed issuance, advising Cajasur on the issue of state-backed bonds valued at €200 million. Working alongside Varela on many of the firm's top deals is Fernando Herrero and he led a team in his own right last year advising Instituto de Finanzas de Cantabria over the issuance of €40 million worth of debenture linked to Spanish inflation.

#### Leading lawyers

Fernando de las Cuevas Castresana\_  
Ángel Varela Varas

### Freshfields Bruckhaus Deringer

As you might expect from a firm with a strong corporate M&A pedigree, Freshfields Bruckhaus Deringer's equity team is the flag flyer for the firm's Spanish capital markets practice.

The team underlined its strength in this area acting on the biggest IPO in Spain in recent years, the €1.3 billion Amadeus transaction. The team acted for the company in the deal which closed in May 2010.

Another hefty transaction saw the firm advise Gas Natural on its €3.5 billion rights issue in the context of its acquisition of Unión Fenosa.

Gas Natural also called in the firm to act on placing and sale of two sets of shares in Indra Sistemas valued at €127.2 million and €74 million which combined represented 8% of the company's share capital.

On the bank side, the team acted for Deutsche Bank and BBVA as co-ordinators and joint bookrunners on the rights issue and placing of 98 million shares in NH Hotels.

Leading the team on all these deals was partner Armando Albarrán, who clients praised for his availability: "He's always ready even if it's late at night, his technical skills are good, but he's also very pragmatic person," says one.

This quality permeates the firm. Like its international contemporaries, Freshfields has a smaller body count than the Spanish domestics, but clients point out that as a result they get more time with the key partners instead of being passed around a big team. "You don't get channelled, that doesn't happen in every firm," explains one client. "Sometimes the key guy is not available or they entrust someone else who doesn't have the same experience, but they [Freshfields] don't do this." Another agrees. "They are always available, that's dedication and they really know their stuff."

On the debt side the firm's key clients are Gas Natural and Repsol. Last year Iñaki Gabilondo advised the former over issues of €2 billion and €500 million notes under the companies €8 billion EMTN programme.

#### Leading lawyers

Armando Albarrán\_  
Fernando Bautista

### Linklaters

Linklaters has an enviable reputation among peers and clients for dealing on highly complex transactions. "They do derivatives and funky stuff, really complex things, they investigate a bit more" says one client and another agrees: "I would probably favour Linklaters, they are really excellent, they have really good experts and have big teams, they have more capacity."

The market specifically recognises the firm's expertise in equity-linked transactions "For the equity-linked transactions Linklaters certainly have the most experience," says one peer, and this is reflected by the firm's deal list.

Last year a team led by Iñigo Berricano and Conrado Tenaglia advised Abengoa on its €200 million convertible notes issue, the first to be completed under the new Spanish Companies act. Both partners were again involved advising Fomento de Construcciones y Contratas on its €450 million issue of convertible bonds.

Peers had particular praise for Conrado Tenaglia "He's good a lot of experience and lots of good client relationships," says one.

In straight equity the firm was also busy and advised Obrascón Huarte Lain over its €199 million capital increase. The team also advised Cementos Portland Valderrivas on its €201 million capital increase. Another substantial deal saw Berricano advise JPMorgan Securities as lead pre-funding bank and coordinator and bookrunner on Iberdrola's €1.32 billion accelerated book built offer of shares to QIBs (qualified institutional buyers).

In debt transactions, although seen by the market as slightly below the standard of magic-circle rivals Allen & Overy and Clifford Chance, the Linklaters team still packs a decent punch. A notable example was the firm's advise to the banks, including Goldman Sachs International and Barclays on Criteria CaixaCorp's primary issue of €1 billion unsecured notes.

The firm also closed two deals which took advantage of Spain's guaranteed debt issuance programme advising a consortium of banks as the joint lead managers on a €900 million issue by Banco Cooperativo. On a similar issue the team acted for the banks again on the issue of €1.12 billion guaranteed notes by Caixa Galicia.

A securitisation highlight saw the team acting on the bank side advising Barclays and Banco Popular Español on a €1.18 billion issue of mortgage backed securities by Caja Madrid.

#### Leading lawyers

Sebastián Albella\_  
Iñigo Berricano\_  
Conrado Tenaglia

#### Other ranked firms

**Baker & McKenzie's** capital markets team is led by Enrique Carretero while structured finance and securitisation duties are handled by Rossana D'Onza and Fernando de la Mata. One of the firm's main clients is Banco Popular Español and the bank called in the firm last year to act on both its issue and public offer of €700 million exchangeable bonds and also on a capital increase carried out through an issue of new shares valued at €500 million through an accelerated book building.

On the securitisation side the team acted for Integrated Service Solutions over the establishment of a multi-jurisdictional securitisation programme with funds of up to €500 million.

An equity capital markets highlight for **CMS Albiñana & Suárez de Lezo** last year was its advice to Banco Espirito Santo de Inversión as the placer and agent in the capital increase of Dinamia Capital Privado.

On the debt side the team advised Banco Espirito Santo over its issue of promissory notes.

The **DLA Piper** capital markets team in Spain is led by María Segimón who last year advised Aracruz Celulose on the de-listing of its shares from Latibex (the market for Latin-American stocks in euros). This comes as part of the firm's acquisition of the shares in Votarantim.

The team has also gained a reputation for deals related to the Spanish alternative market (MAB) which deals in mid- to small-cap companies looking for access to potential investors.

In terms of its Spanish capital markets offering, the May 2010 merger that resulted in **Hogan Lovells** did not change much. "The merger can only be good for the Madrid office," says one peer. "Hogan & Hartson did not have a presence so there will be no overlap or conflict."

The department still largely consists of the former Lovells team as led by counsel Miguel García Stuyck. Last year Stuyck advised Global Emerging Markets on the structuring and implementation of an equity line valued at €100 million. On the securitisation side the team acted for Dexia and Depfa on the first-ever securitisation in Spain of credits relating to the financing of an anticipated power deficit.

The team's capacity was reduced in November 2009 when securitisation and banking partner Joaquín Sales left to join the fledgling Madrid office of Watson Farley & Williams.

A key figure in **Pérez-Llorca's** team is Vicente Conde who is recognised by peers. "Vicente Conde formally in Uría is a specialised lawyer and he's very good," says one. The team's corporate capacity gives them a good base for equity transactions and last year the team acted for the underwriters consisting of Santander, BBVA and Caja Madrid on the €130 million rights issue by wood pulp producer ENCE.

#### Other notable firms

**Davis Polk & Wardwell** has something of a unique position in Spain. The team is small and dedicated to the US aspects of Spanish

capital markets deals particularly on equity. In this area of work the team has a strong standing, which is recognised by the market. "They only do US aspects of the deals, but they do a lot and even though they are not a Spanish law firm they deserve a mention," says one peer. "The funny thing about Davis Polk is that they only do capital markets work, it's really a different animal."

The firm has a close relationship with Uría Menéndez and the combination of the two firms makes it a powerful force. "They work a lot with Uría because Davis Polk, they don't have a Spanish capability," says one partner. "Say Uría has been in 80% [of deals], Davis Polk has been in 90%, they are really doing a great job here, they have a monopoly here [Rule 144A/Reg S], Freshfields are their only competitors."

Leading the team is Michael Willisich and last year he and firm showed its standing acting for Goldman Sachs, JPMorgan Securities and Morgan Stanley on the €1.3 billion Amadeus IPO.

Another highlight saw the firm closely with Uría advising Telefónica and Telefónica Emisiones on the latter's issues of notes valued at \$2.25 billion and €3.5 billion.

On the debt side Willisich advised BBVA and BBVA US as guarantor and issuer respectively on a €1 billion Rule 144A/Reg S offering under the Bank's global MTN programme. The team also advised on a €200 million private placement of floating rate notes.

## Banking

### Recommended firms

#### Tier 1

Clifford Chance  
Uría Menéndez

#### Tier 2

Allen & Overy  
Freshfields Bruckhaus Deringer  
Garrigues

#### Tier 3

Cuatrecasas Gonçalves Pereira  
DLA Piper  
Gómez-Acebo & Pombo  
Linklaters

#### Tier 4

Ashurst

#### Tier 5

Araoz & Rueda  
Castro Sueiro & Varela  
CMS Albiñana & Suárez de Lezo  
Jones Day  
Hogan Lovells  
Pérez-Llorca  
Ramón & Cajal

Spain has often been spoken of in the same hushed terms as Portugal and Greece in the last 12 months as a country fearful of feeling the chill touch of financial meltdown. These rumours were not abated in July 2010 when five Spanish banks, including Diada and Cajasur, failed the stress test initiated by the Committee of European Banking Supervisors (CEBS). The country's financial sector took another blow in early 2010 as Spain's credit rating was dropped by all three main rating agencies.

How much stock investors put by these developments is yet to be seen, but it has done nothing to improve the image of the jurisdiction in the eyes of the financial world.

For firms this has caused a slump in new lending. "Spain has been affected dramatically by the crisis, the banks have had funding issues and don't have much cash to lend," says one partner. "Nobody wants to talk about Spain as far as the foreign banks are concerned."

Banking lawyers have also been taking a key interest in the developments surrounding the Spanish savings banks. "The government is requiring that these banks merge, there are many of them and they are somewhat politically organised and the government is encouraging them to merge and to merge fast," explains one lawyer. With no shareholders and a fair amount of involvement from local counsellors, these entities are quite a different beast

compared to more mainstream banks and there is a feeling in political circles that for their continued survival, mergers are vital.

From the perspective of banking lawyers, the real question is how these changes will affect lending and what restructuring and refinancing of loans and debt may need to be done. "The sector is under serious restructuring, we expect to have some restructuring in regard to that," says one partner.

### Clifford Chance

Clifford Chance maintains a strong reputation in the Spanish banking market and is seen as having the greatest depth of practice of all the international firms in this area. "Clifford Chance has been very active, they're doing very well, they are the usual suspects," says one peer and clients agree. "A great experience as always, we are clients of this team for years and they work very well," says one.

The firm took a hit in October 2009 when partner Jaime de San Román left to join Uría Menéndez. The market will wait to see if this has any effect on the firm's offering.

Heading the department is Alberto Manzanares and he received specific praise from clients: "He has a very broad experience in these matters, he's a very good negotiator and he knows everyone in this world here in Madrid."

Manzanares led on one of the team's main deals advising the banks, including Santander as arranger and Banesto as agent on the €800 million financing for the acquisition of Gas Natural's distribution network by Morgan Stanley Infrastructure Fund.

In line with the market, most of the firm's work came in restructuring and refinancing. On one deal, the firm acted for the banks on the restructuring of the capital and debt of Inmobiliaria Colonial. Building materials company Cemex also called in the firm to advise over the refinancing of €15 billion worth of debt. Similar work was completed for Prisa with the firm again acting for the banks on the €4.5 billion debt refinancing.

#### Leading lawyers

Alberto Manzanares

### Uría Menéndez

"If I had a choose a law firm for banking my number one choice would be Uría. They are a great firm and I would put my trust in their hands." This glowing praise from one of the firm's competitors highlights the firm's standing in the market, which is based on strong connections to local banks and the capacity to deal with a high volume of work. The latter was increased in October 2009 with the

notable hire of Jaime de San Román from Clifford Chance.

Restructuring and refinancing work dominated the firm's workload last year. Leading on a number of key mandates was Sebastián Sáenz de Santa María. "He's the kind of lawyer who can deal with a lot of things at one time and he's always respectful of the other side which is important because there are so many partners," says one client. Last year he advised the banks including Santander and Caja Madrid on the debt restructuring of Sacyr Vallehermoso. He also acted for a banking syndicate of 20 institutions in the €1 billion refinancing of Grupo Bergé.

Another substantial deal, worked on by lead partners Alberto Núñez-Lagos and Carlos de Cárdenas Smith, was the refinancing of the Cemex Group. The team advised Cemex on the €15 billion deal and worked alongside *best friends* Slaughter and May, among others.

Capacity is one of the firm's main attributes, and one client who worked with De Cárdenas Smith explains the benefits that this can bring: "He is a very good negotiator and he has a broad experience. He has a better spread team and therefore he can work in many transactions at the same time."

Other clients of De Cárdenas Smith pointed out however that despite spinning many plates he kept an impressive degree of control. "Carlos he's extremely senior and being extremely senior it's amazing that he gets so involved in the transaction, he actually reads the deal documentation. He's involved in all the conference calls, he reviews all the documents, that's much appreciated, he never signs things off until he's read it."

The firm's large capacity and range of specialisations allows it act on every element of a deal. "Always legal advisors on LBOs. Uría are the best lawyers in Spain because compared to the international firms it's a complete firm, they cover all the legal issues," says one peer.

Where clients feel the firm could improve though is in its international offering, although it maintains strong links with its *best friend* firms, clients still see the firm's international capacity as a slight weakness. "Uría is a leading firm in the Spanish market but when it comes to English law we feel more comfortable with international firms," explains one.

#### Leading lawyers

Carlos de Cárdenas Smith\_  
Luis de Carlos\_  
Juan Miguel Goenechea

### Allen & Overy

Like its international contemporaries, Allen & Overy's banking team focus on a smaller vol-

ume but higher complexity deal portfolio. This allows the partners to take a very hands-on approach. “They have senior people working on the deal, they don’t just rely on juniors to do things, the senior lawyers are directly involved,” says one client.

Leading partner Juan Barona exemplifies this approach. “He is very senior, he has a lot of experience and we appreciate that,” says one client.

With refinancing and restructuring dominating the market, Allen & Overy took its share. One notable deal saw the team act for Barclays, Barclays Capital and the Royal Bank of Scotland on the €650 million debt restructuring of USP Hospitales. A similar deal saw the team again advise the banks in the finance restructuring of hotel company High Tech.

With four partners the Allen & Overy team is split evenly between English and Spanish qualified practitioners. Last year the English contingent acted on one of the largest deals last year as Charles Poole-Warren and Mark Williams acted for BNP Paribas on the rescheduling of a €3 billion credit facility for Iberdrola. The deal included an extension option.

In the troubled real-estate sector Juna Barona acted for the banks in a €1 billion debt restructuring of Realia.

One element that clients felt the team could improve on was negotiation. “Maybe negotiation is not one of their strong points, they are not strong negotiators,” says one.

#### Leading lawyers

Juan Barona\_  
Iñigo Gómez-Jordana

### Freshfields Bruckhaus Deringer

Leading the Freshfields Bruckhaus Deringer banking team, and clearly considered by peers and clients to be its star, is partner Iñaki Gabilondo. “I think he’s directly involved in all the aspects of the deal and now he’s taken on a senior position he works a lot with us,” says one client and another agrees: “First of all he has very good knowledge of the letter of the law, from a technical point of view he’s on top of the legal issues, he provides good advice not only on legal matters but also how to handle transactions, he goes beyond the legal aspects.”

The firm is best known in the market for its specialisation in debt restructuring, this is backed up by its deal list last year. Fernando Bautista took on one of the largest mandates acting for Inmobiliaria Colonial on the real-estate company’s €4.9 billion debt restructuring. In the acquisition finance area the team acted for Permira on the restructuring of its €488 million debt used for the acquisition of Dinisol.

Another clear highlight saw Gabilondo leading the team acting for healthcare operator the USP group in the restructuring of its €605 million senior and PIK (payment in kind) facilities. The deal included the additional borrowing of €100 million of debt financing.

#### Leading lawyers

Iñaki Gabilondo

### Garrigues

Garrigues has a focus and a strong reputation in the area of project finance where it is considered one of the market leaders. The banking team is not quite as well known but is still a notable force.

One of the largest deals worked on last year by the firm saw Pablo San Gil and Javier Pérez-Ardá advise Grupo San Jose on the refinancing of its €2.2 billion debt.

With the market in new lending providing little joy for firms, Garrigues will be pleased that it managed to complete two notable new money deals. In one Gonzalo Rivera advised YPF as the borrower in a deal with the banks to provide €300 million financing for investment and general financing for the company.

On the other side of the table the team acted for the banks including BNP Paribas, Rabobank and the Royal Bank of Scotland over the grant of a €55 million credit facility to Campofrio.

On the regulatory side Luis de la Peña advised KBL Private Bankers Luxembourg on the incorporation of its Spanish entity Sucursal en España.

#### Leading lawyers

Rafael González-Gallarza Granizo

### Other ranked firms

Banking and project finance are perceived to be two of DLA Piper’s strengths in the Spanish market and its growth in recent years can be traced back to 2008 and its hire of a team of lawyers from Clifford Chance. “DLA Piper they had a very intensive banking practice. They have a team from Clifford Chance working with them,” says one peer.

The market has noticed the firm’s increased activity. “DLA has been quite active lately, the talk of the town is that they originally accessed clients through price but now they have consolidated,” says one lawyer.

In the busy restructuring area the team acted for BBVA and Santander as the leading banks of a syndicate in the restructuring of Renta Corporación’s €500 million worth of debt. BBVA also called in the team to act on an amendment to ENCE’s €250 million

debt. The deal included the cancellation of US facilities and hedging instruments.

#### Leading lawyers: Javier López Antón

The Spanish savings banks have made the headlines in recent months mainly due to the talk of mergers and consolidations. In this area of the market **Gómez-Acebo & Pombo** can claim to be a key player. “Gomez-Acebo are very active they are the main advisors of the small savings banks,” says one peer and another agrees. “Gomez have a strong relationship with the Spanish banks, they have some good guys in there.”

An example of this came in the form of advice to Caixa Galicia and a banking syndicate on the restructuring of the €1.5 billion debt of real-estate group Afirma Grupo Inmobiliario. In a similar deal, the team acted for Caja de Ahorros among other lenders in the restructuring of the €300 million debt of automotive supplier Grupo Antolin.

In terms of new money the team acted for Aareal Bank on €300 million worth of mortgage guaranteed loans provided to real-estate companies Sacresa and Vartelia.

There’s no doubt that **Linklaters’** reputation in banking is closely linked to that of Pedro Rojas. “Linklaters they have Pedro Rosas leading the Spanish practice, he has a very strong reputation in the market and Linklaters have been involved in very good transactions in the past,” says one peer and clients agree. “Pedro Rojas is one of the best lawyers in Spain, I think technically speaking, he’s above the others, he works deeply, the way he states things very in depth we appreciate that very much.”

Some clients however did question the depth that exists beneath the key partners. “They are our preferred partners in large European transactions. However at the end of the day if they have an extremely large transaction and the resources are not available in Spain, they need to call London and ask for more resources, and at the end of the day English lawyers are not used to Spanish standards,” says one.

Last year the team assisted a consortium of banks over the granting of a €1.2 billion forward start facility to sustainable energy technology company Gamesa Corporación Tecnológica. Another substantial deal saw the team acting for the banks on the €1 billion financing for the sale and lease back of a real-estate portfolio owned by BBVA.

The team managed a run of new money deals last year including advice to Fomento de Construcciones y Contratas (FCC) and Fedemes as the borrowers in a €250 million mortgage relating to the Torre Picasso skyscraper in Madrid. Another highlight saw the team advising Nomura on a €200 million credit facility for Telefónica.

In the busy restructuring area the team acted for Realia Business on the restructuring of its €1 billion loan facility.

The **Ashurst** team is led by Gonzalo Jiménez-Blanco and had a mix of both acquisition financing and debt restructuring work last year. One of the firm's largest deals saw them act on the financing of the acquisition of a significant stake in Itinere by Citi Infrastructure Partners. The team acted for the lenders as they did when they acted for Barclays, among others, over the restructuring of the debt of Grupo Empresarial San José. In a similar deal the firm acted for Electrostocks over the restructuring of its debt.

The banking team at **Araoz & Rueda** is led by Clifford Hendel who last year advised the World Bank on the restructuring of its debt and equity holdings in the Occidental Hoteles Group. Hendel also acted for Deutsche Bank advising on the refinancing of a €122 million facility extended to Toys R Us Iberia.

Other highlights include Ainhoa Veiga and Guillermo Yuste advising BNP Paribas as the lender in the financing for Spanish Aerospace group Sener Aeronautica.

The firm's capacity was reduced in July 2009 as partner Juan Ignacio Trillo left to join Bufete Pérez de la Cruz.

**CMS Albiñana & Suárez de Lezo** focuses its efforts more on the mid-cap market and has been very successful in this regard having completed a high volume of deals. Last year a team led by leading partner José Antonio Rodríguez advised a banking syndicate on a €23 million syndicated loan granted to Grupo Urbina to refinance its debt. Antonio Rodríguez was again involved as the team acted for a large bank syndicate advising on the €52 million refinancing of the Composan group.

**Hogan Lovells** suffered a notable setback in November 2009 as finance partner Joaquín Sales and a team of associates left the pre-merger Lovells team to join the Spanish practice of Watson Farley & Williams.

Taking over the leadership of the banking and finance team in the wake of his departure is counsel Magdalena Bertram who joined from Clifford Chance where she had been a senior associate. Bertram advised TI Automotive last year on the refinancing of its debt.

One of the biggest deals worked on by **Pérez-Llorca** last year saw them advise housing developer Polaris World on the refinancing of its €1 billion debt. Other refinancing work includes advising Oaktree Capital and a bank syndicate on the Spanish aspects of the €104 million debt restructuring of the SGD group. In the acquisition finance area the team acted for a bank syndicate advising on a facility granted for the acquisition of Gabinete Técnico Gescobro

Leading the team at **Ramon & Cajal** is Francisco Bauzá Moré and last year he advised a bank consortium on the refinancing of a €450 million of debt for real-estate group Procisa. On the other side of the table the firm also advised the Volconsa Group in its €350 million debt restructuring.

The firm has a close co-operation with Mayer Brown and often acts with the firm on the Spanish aspects of deals.

## Mergers and acquisitions

Recommended firms	
<b>Tier 1</b>	
Garrigues Uría Menéndez	
<b>Tier 2</b>	
Cuatrecasas Gonçalves Pereira Freshfields Bruckhaus Deringer Linklaters	
<b>Tier 3</b>	
Allen & Overy Ashurst Clifford Chance CMS Albiñana & Suárez de Lezo Gómez-Acebo & Pombo Pérez-Llorca	
<b>Tier 4</b>	
Araoz & Rueda Baker & McKenzie DLA Piper Jones Day Latham & Watkins Lovells Ramón & Cajal SJ Berwin	

Spanish M&A lawyers have been looking at two wells in the last year at which they can quench their thirst, renewable energy and the Spanish savings bank sector.

Renewable energy has been on the rise in Iberia for a number of years, mainly thanks to the favourable feed-in tariff regimes in both Spain and Portugal. The sector is still providing a decent stream of work as investors look for safe and consistent options amidst continuing financial uncertainty.

Unfortunately uncertainty has managed to seep into this sector as well due to the Spanish Government releasing mixed messages regarding negative and possibly retroactive (back dating) changes to the tariff regime. However a lack of other options means that the impact has been limited and deals are still being done. "There's a lot of interest in wind, companies going outside of Spain," says one M&A partner. "The hard talk in the last month has been

photovoltaic, it's a mid market and there's opportunities you can package the deal to suit certain investors so this is the sector which is developing."

The second key area of activity is related to the consolidation being seen in the Spanish saving banks. "There's a lot going on in savings banks in Spain," explains one partner. "The Bank of Spain is willing to reduce dramatically the number of savings banks in Spain there a lot of deals to form groups to reduce the number of active entities." This trend was hastened in July 2010 when five Spanish banks failed the Committee of European Banking Supervisors' (CEBS) Europe wide financial stress test.

The sector is providing plenty of work but equally requires plenty of nous from the firms involved due to the unique nature of these financial entities, as one lawyer explains: "Savings banks are very, very strange animals, any market trend you try to apply to them fails, they have no shareholders and they are run by politicians. Regional politicians are reluctant to give up useful assets so to the extent that they see any opportunity to back them out, that's the preferred option."

This political element can prove challenging in negotiations and firms with a good knowledge of the sector are best placed to take them on. "The vast majority of the savings banks are still looking at opportunities, all the transactions are politically driven which introduces an extra level of complexity to those transactions," says another lawyer.

Outside of these two sectors the general picture is one of sluggish activity, although deals have been born out of distressed transactions. "Generally the main focus is on distressed M&A," says one partner. "The biggest companies filed for insolvency and this may present an opportunity but there is still a long way to go before people accept the dramatic drop in the price of assets."

The key sector in distressed work is real estate and a lot is being driven by the Spanish banks who have become some of the biggest agents in the market. "Because the banks had to take so much real estate as part of what they were owed they are now some of the biggest real-estate agents," explains one partner. "There is some distressed activity in real estate, the banks will have to sell their assets and some retail will be put into the market."

Private equity has been as slow as the public M&A. "I think there's been very little activity particularly on private equity because there has been no financing so they couldn't leverage their deals, also buyers were expecting the prices to go down and they didn't this has resulted in a stalemate in the private-equity market," says one partner.

As well as the obvious problems of liquidity funding, private-equity houses have had much of their time taken up by housekeeping. “We have been dedicating most of our time to solving problems on the client’s portfolios, working on the restructuring of debt or problems with the deals,” says one M&A partner.

There is some light on the horizon however due to the obligations these entities have to their investors. “Private-equity houses need to make transactions to keep their obligations to investors and if you add to this the fact that these houses have a lot of equity in place we should start seeing deals.

## Garrigues

Garrigues moves into the top tier this year to join its compatriot Uría Menéndez; this comes after numerous recommendations from market practitioners that the two firms can now be considered equals in terms of volume and quality of work. “Garrigues has made a big effort, I think that Garrigues is now at the same level as Uría,” says one partner and another agrees: “I think that before you would say that Uría was slightly ahead on quality, but Garrigues has built really well and they’re up there.”

Underlining this status is the firm’s deal list which last year included a role on one of the year’s headline grabbing deals, the €5.2 billion airline merger between British Airways and Iberia Líneas Aéreas de España. A team led by Fernando Vives, Álvaro López-Jorrín and Felipe Quintero advised the Spanish airline on the deal which creates a new entity with 408 aircraft and more than 58 million passengers. The deal also includes the creation of a new holding company International Consolidated Airlines Group.

The airline sector provided to be a good hunting ground for the firm last year and the team also worked on the merger between Vueling airlines and Clickair for a combined total of €88.9 million.

Another high-profile deal saw the team act for the Lactalis Group on its acquisition of the Forlasa Group; partners Mónica Martín de Vidales Felipe Martínez-Caballero led the team.

One of the largest transactions worked on by the firm drew on the expertise of leading partner Fernando Vives and Álvaro López-Jorrín who advised Sacyr Vallehermoso on a €7.5 billion sale of its controlling interest in Itínere Infraestructuras. This led to a takeover bid by Pear Acquisition Corporation and a subsequent merger between the two entities.

### Leading lawyers

Ramón Girbau Pedragosa  
Rafael González-Gallarza  
Fernando Vives Ruiz

## Uría Menéndez

Uría Menéndez is still one of the flag bearers of Spanish domestic M&A. “We give all the credit for Uría to be in tier one,” says one peer. “The best thing about them is that they have a lot of specialists in a lot of areas.”

Although there is a sense that other firms have closed the gap in recent years, most notably Garrigues, the reputation and continued quality of the firm have kept it at the top of the M&A tree. “I think Uría has a very good reputation it has very good quality services,” says one client.

One area which has kept the firm busy over the last six months is the activity surrounding the mergers of the local Spanish saving banks. In one example Rafael Sebastian advised Caja de Ahorros de Castilla La Mancha on its merger with another Spanish credit entity. A similar mandate came from Caja de Ahorros y Monte de Piedad de Navarra, Caja General de Ahorros de Canarias and Caja de Ahorros Municipal de Burgos who Cándido Paz-Ares advised on the issues surrounding their integration, including the creation of a new jointly participated bank Banca Civica.

Also in the banking sector, but with a more international flavour, the team was called on by Santander to act on the sale of its €750 million interest in Banco de Venezuela.

The team also took on work on the headline grabbing British Airways/Iberia merger. The deal allowed the firm to take full advantage of its best-friend network, working alongside Slaughter and May advising British Airways.

Although uncertainty regarding the regulations in the renewable energy field has slightly stalled the activity in this sector, there is still work to be had and Uría is advising Iberdrola Renovables on its joint venture with Gamesa Energua and Gamesa Corporación Tecnológica for the promotion and development of wind farms in Spain and other parts of continental Europe. The deal, which will be worth approximately €6.5 billion, is being led by Rafael Sebastián.

### Leading lawyers

Luis de Carlos  
Juan Miguel Goenechea  
Christian Hoedl  
Salvador Sánchez-Terán

## Cuatrecasas Gonçalves Pereira

When describing the M&A offering at Cuatrecasas Gonçalves Pereira, the main attribute that the market highlighted was the firm’s size and its ability to deal with a high volume of work. “They come high up the

table because they do a lot of work,” says one peer. “We see them a lot.”

In one sense this capacity is a boon, but some commentators also pointed out that with large teams you can also get varying degrees of individual ability. “Cuatrecasas is a big firm, a lot of lawyers but this means that you have a very different level of quality,” says one.

This aside, the market had no doubt about the firm’s activity levels, which have been as brisk as ever. One highlight and also one of the largest deals the team tackled saw it advise Ferrovial on its €5.7 billion merger with Cintra Concesiones de Infraestructuras de Transporte.

With savings banks providing plenty of potential M&A activity Cuatrecasas took advantage with advice to Unicaja on its merger with Caja Jaén for €3 billion.

Another substantial deal saw the team act for Amcor on its acquisition of certain divisions of Alcan Packaging from Rio Tinto for a value of €1.4 billion.

### Leading lawyers

Fernando Torrente

## Freshfields Bruckhaus Deringer

Freshfields Bruckhaus Deringer moves up a tier this year after the market pointed out that the firm’s focus and investment in M&A has paid off and brought it into the company of the markets biggest movers. “Freshfields did a lot of big deals last year,” notes one peer. “They had an extremely good year.”

There was also a feeling in the market that compared to its UK contemporaries, the firm has had more success breaking into a market long dominated by the domestic firms. “By far of all the magic-circle firms Freshfields has managed to gain the most ground in M&A in Spain,” notes one peer. “They have that focus and it’s paying off.”

An example of this comes in the gas and electricity sector where the firm worked for Gas Natural in its merger with Unión Fenosa and Unión Fenosa Generación creating one of Europe’s largest utilities.

As the savings bank took on their process of consolidation the firm was itself heavily involved. David Franco led a team advising Caja de Ahorros de Asturias (CajAstur) on the merger between the deposit and loan businesses of Caj de Ahorros de Castilla-La Mancha (CMM) and Banco Libertaria (which is controlled by CajAstur). The combined entities are valued at €20 billion.

Franco was also called on by Suez Environnement on its takeover of Agbar, including a delisting offer to the companies shareholders, the acquisition of shares held by

Criteria and a subsequent sale of Agbar's 54.8% stake in health insurer Adeslas for €687 million.

In the troubled real-estate sector the team also found work acting for a consortium of private equity real estate funds on its acquisition of 1,000 branches and buildings of the bank BBVA, including a long-term lease back of these assets to the bank. The deal was worth €1.2 billion.

#### Leading lawyers

David Franco  
Iñaki Gabilondo

#### Linklaters

Linklaters is still taking steps to recover from the loss of a number of key partners to the fledgling Spanish practice at Herbert Smith. "Linklaters have suffered because they have lost a lot of partners to Herbert Smith," says one peer. "Because of that substantial loss of partners the whole firm has been hit." The market will wait to see what the long-term effects of this will be.

Despite the upheaval, the team still worked on some notable transactions. One of the largest saw Sebastián Albella and Alexander Kolb advising Cintra Concesiones de Infraestructuras de Transporte (Cintra) on its reverse merger with parent company Grupo Ferrovial. The deal resulted in the original assets of Cintra subsequently being spun off to form a new entity.

Among the largest transactions completed in the Spanish market last year was the merger of Gas Natural and Unión Fenosa. Due to competition regulations this transaction resulted in the subsequent €800 million sale of Gas Natural's distribution assets. Linklaters advised two of the final four bidders with Alejandro Ortiz advising Macquarie and Sebastián Albella acting for Magnum Industrial Partners and The Carlyle Group.

Another notable transaction and Spain's largest real-estate transaction last year saw the team advise Apollo Real Estate Advisers and Europa Capital Partners on their investment in Spanish SA, a joint venture company set up to acquire and lease back key real-estate assets of BBVA.

The team also found itself active in the distressed area on two notable deals. In one the team acted for Colonial in relation to a number of investments by third parties as the company opened up its capital. The team also acted for ING Bank in relation to the sale of a 25% stake in Electrostocks for €290 million.

#### Leading lawyers

Alejandro Ortiz

#### Other ranked firms

**Allen & Overy's** reputation in Spain is squarely in the financing area, but they are no stranger to M&A mandates as well. Last year the firm advised Kedge Capital Partners on its intended acquisition of the Inaer Group and GMAC on the sale of its credit establishment to Fortress.

Banking client Morgan Stanley also called on the firm to act on its disinvestment in Codesport.

**Ashurst** moves up a tier this year after a number of positive references by the market. This was backed up by a strong portfolio of deals including advising the banks on the acquisition by Citi Infrastructure Partners of a stake in highway manager Itinere Infraestructuras. Another highlight saw the firm acting for the ACC Group on the sale of its Spanish subsidiary to a US Investor.

In the private equity space the team acted for Partners Group on its acquisition of 20% of the Palacios Group.

The M&A team at **Clifford Chance** is led by José María Fernández-Daza and last year he led a team advising Neinver over a €350 million joint venture agreement with MAB Development Group for the development of outlet centres. Another highlight saw the team act for Abertis Teelcom on the €160 million acquisition of Extreme Satellite Communications.

On the private-equity side the team took on work for Ibersuizas Gestión in the acquisition of a 75% stake in Mediterranea de Catering by Inversiones Ibersuizas Private Equity Fund.

**CMS Albiñana & Suárez de Lezo** has a clear focus in the mid-market and in this area it is one of the most active practices around. "They are not aiming for the big ticket deals, their national clients are the middle-size operators," says one peer.

A key deal last year was the team's advise to Citi Infrastructure partners on its acquisition of Itinere Infraestructuras from Sacyr Vallehermoso and the subsequent sale of certain assets to Abertis Infraestructuras and Atlantia. The deal was led by managing partner Rafael Suárez de Lezo.

In the chemical sector the firm acted for PCC in the acquisition of Industrias Químicas Asociadas for a value of between €50 million and €100 million.

Renewable energy is still a vibrant area despite the regulatory problems surrounding it, and last year Carlos Peña acted for Acciona Energía Internacional in the sale of 34.4% of the Amper Central to the Mitsubishi Group.

**Gómez-Acebo & Pombo's** gaze last year was focused on the Middle East as it took roles on two noteworthy deals in the oil sector. In one a team led by department head

Fernando de las Cuevas acted for the state owned International Petroleum Investment Company (IPIC) in an acquisition of 37.5% stake in exploration company Compañía Española de Petroleos from Santander. Similar work was undertaken for Oman Oil Holdings who acquired a 5%, €155 million stake in natural gas producer and distributor Enagás.

**Pérez-Llorca** is seen by the market to be a talented, active practice, somewhat limited by its size. "Perez-Llorca are not very big, they have limits, what they do is take the problems [conflicts] of Uría and because of that they are in big transactions," says one peer. "Perez-Llorca is very active, they have a strong team," notes another.

A deal highlight last year saw Vicente Conde and Pablo Gonzalez advising Impress Metal Packaging Ibérica on the acquisition of the operational assets of Megasa.

The biggest deal the **Araoz & Rueda** team worked on last year was the sale of 45% in Adeslas to Criteria Caixa. The team advised French company Malakoff Médéric on the deal which was valued at €490 million.

Renewable energy, specifically photovoltaics also proved to be a good hunting ground for the team who advised both Altan Energías Renovables and Abraxa Integrated Financial Solutions on their acquisitions of solar plants in Badajoz and Huesca respectively.

**Baker & McKenzie** beefed up its corporate offering in early 2010 with the hire of two new partners. In January, Luis Casals arrived from Gomez-Acebo & Pombo and shortly after in February Manuel Toledano arrived from Freshfields Bruckhaus Deringer.

Much of the firm's work comes from its international network and this was demonstrated last year as it advised CNOOC International in a €3.1 billion joint venture with Bidas Energy Holdings in the oil and gas sector. Another example saw the firm act for Solplas Industria de Plásticos, the Brazilian subsidiary of Illinois Tool Works, on its acquisition of Gymcol Brasil Adesivos and GMB Administracao de Moveis from its insolvent Spanish owner Gymcol.

**DLA Piper** focuses slightly more on the private-equity end of the M&A spectrum and the firm is starting to carve out a niche in the mid-market area.

Last year department head José Antonio Sánchez-Dafos acted for private-equity firm Mercapital Servicios Financieros in its acquisition of a 75% stake in hospitals operator Grupo Diagnostico Recoletas. Another example saw Sánchez-Dafos advise Nazca Capital in a deal which saw Fortis Bank sell its interest in the firm to the management team and its interest in subsidiary Nazca II to AlpInvest Partners.

**Latham & Watkins** enters the ranking this year after the market admitted that the firm was making progress after strong investment in its formative years in the country. “Latham should also be included, I think they have been active, they have a good specialisation in energy,” says one peer.

There was also a general belief that the firm would be making more of an impact if it hadn't been for the slump in the private-equity market. “Latham & Watkins, they came to advise on the private-equity sector and the private-equity sector has disappeared,” notes one peer.

A sign of the firm's growing status was its advice to newly merged entity Gas Natural Unión Fenosa in the €800 million sale of certain distribution assets to Morgan Stanley Infrastructure and GALP Energía.

The firm also backed up its reputation in energy by advising Gamesa Corporación Tecnológica in the sale of eight wind farms in Catalonia and Galizia to Gestamp Eólica and Genera Avante. In a similar vein, a team led by Juan Manuel de Remedios advised Enel on the acquisition of 25% stake in Endesa for €11 billion.

As in most financial and corporate practice areas, the new **Hogan Lovells** M&A team is largely made up of former Lovells partners and as a result the merger changes little in terms of personnel, although it does enhance the firm's links with the US market.

In the troubled real-estate sector last year the team advised Barclays in its acquisition of a €225 million stake in a Spanish real-estate company through a debt-for-equity swap.

Another highlight saw the team act for Metrovacesa in the sale of Metropark Aparcamientos to Interparking. Lucas Osorio, who acts as secretary general to the company's board of directors, led the deal.

As in the UK and elsewhere in Europe, **SJ Berwin** has a clear private-equity focus. The firm has always had strength in fund formation but it also has a notable presence in mid-market private transactions.

A clear highlight for the team last year saw it act on a deal linked to Gas Natural's merger with Unión Fenosa. The team acted for Spanish EDP subsidiary Naturgás Energía on its acquisition of Gas Natural's distribution business in Murcia and Cantabria. The €330 million deal was entered into due to the competition restraints placed on Gas Natural.

Also in the energy sector, a team led by Roberto Pomares and Teresa García acted for RREEF Pan-European Infrastructure Fund on its acquisition through its SPV of two separate stakes in Spanish LNG (liquefied natural gas) regasification plants, one for 30% and one for 25% for a combined value of €20 million.

## Other notable firms

**Herbert Smith** broke into the Spanish market in June 2009 with the establishment of its Madrid office. The firm had been active in the country before, but normally through close connections with domestic firms, most notably Cuatrecasas Gonçalves Pereira. The office was launched through the acquisition of a talented corporate and finance team from Linklaters led by Álvaro Sáinz.

The market was convinced by the firm's quality, which stems from Sáinz, but it is waiting to see what impact the team will make on the ground and how many of their former clients they can bring with them. “They have Álvaro Sáinz from Linklaters, he's a fine lawyer and Herbert Smith is an incredible powerhouse and I'm sure they will enhance their reputation,” says one peer.

One of the qualities the new partners bring to the practice is strength in projects work and in particular energy. This has fed into the corporate offering, for example last year the team acted for RWE Innogy Iberia on its acquisition of two biomass projects. In a similar deal Miguel Riaño and Alberto Frasset are advising Itochu on the purchase of shares in two renewable energy projects in Spain.

wind farms and solar thermal,” explains one partner.

From an investor's perspective, a negative change to the tariff level would be hard enough to swallow on its own, but rumours also circulated that the government was considering retroactively fitting the new levels to existing agreements. “There's a huge uproar from the renewable energy industry about the tariff changes. What they were proposing was not just changing the tariff for new projects but for existing ones as well,” says one partner. In other words the new less favourable purchase prices for electricity would be applied not only to new projects but also inserted into previously agreed contracts.

The key problem with the proposal was that it would undermine the main attribute that had led to the energy sector's upsurge during the downturn, the promise of a guaranteed return on investment. “In our view and investors view it [retroactivity] would be catastrophic because investors need some certainty in terms of cashflow,” explains one partner.

Retroactivity was eventually left off the review agenda, but the Spanish government's dithering and refusal to dismiss the rumours caused rifts to develop between the administration and investors, which has done nothing for the image of the country. “If they change the rules in the middle of the game it changes the image of Spain in the eyes of investors,” explains one partner. “I'm a little pessimistic about how foreign investors will view the sector.”

What could exacerbate the situation is the abundance of other options available. Europe is experiencing a boom in renewables and jurisdictions such as Italy, Germany and the Czech Republic are all offering incentives to investors, as one lawyer starkly puts it: “If retroactivity is put forward or the market is changed in any other way foreign investors are unlikely to come back to Spain and will find other jurisdictions to invest their funds.”

Outside of energy, infrastructure has been fairly quiet with a lot of talk but unfortunately not much action. “There are a great number of plans by the government to embark on PPP (public-private partnership) and PFI (private finance initiative) projects but due to budgetary cuts some of these might not go ahead,” explains one partner. Once again the government has come in for criticism. “The government has been very erratic in its decision making, a month ago they released a statement announcing huge infrastructure projects, then a month later they said it would be frozen,” says one partner.

The administration is of course working under dramatic budgetary constraints which partly explains their non-committal attitude,

## Project finance

Recommended firms	
<b>Tier 1</b>	Garrigues Uría Menéndez
<b>Tier 2</b>	Clifford Chance Cuatrecasas Gonçalves Pereira DLA Piper
<b>Tier 3</b>	Allen & Overy Gómez-Acebo & Pomo
<b>Tier 4</b>	Ashurst Castro Sueiro & Varela CMS Albiñana & Suárez de Lezo Freshfields Bruckhaus Deringer Herbert Smith Hogan Lovells Linklaters Ramón & Cajal Watson Farley & Williams

All the talk among Spanish project finance lawyers in the last year has been about the potential change in the levels of the countries feed-in tariffs in the photovoltaic sector. “The government is suggesting a 50% reduction in photovoltaic sector and also reductions for

but until that improves it is unlikely that many new projects will be put forward for lawyers to get their teeth into, as one partner says: “The activity could pick up if the economy does pick up but it’s difficult to see things improving dramatically.”

### **Garrigues**

“Our view is that we only have one main competitor which is Garrigues. They cover everything and anything with a large team,” says one rival of the firm who backs up the wider market opinion that, along with Uría, the firm is leading the field. “It’s hard to find a project finance deal without Uría or Garrigues being involved, whenever we do project finance deals it’s hard to think of a deal they are not on,” says one peer.

One of the firm’s biggest deals last year came in the shipping area where they advised the concessionaire over the €189 million financing for the management and operation of the Isla Verde Exterior Container Terminal in the port of Algeciras.

The firm’s handling of negotiations and discussions impressed clients: “Magnificent, the team for me is a very high quality, from a human standpoint and a professional standpoint. In discussions they take the issues with intelligence,” says one.

The firm demonstrated these skills last year as Marco Botella advised a bank syndicate including BBVA, Santander and Banco Sabadell as the agents in the financing of two wind farm projects in Taragona. The deal was valued at €94.3 million with an additional €28 million bridge loan.

Another deal that involved the firm acting on the bank side was in the financing for the airport at Murcia. The firm advised the lenders in the €200 million financing.

Leading that deal was José Guardo who is a hit with clients who appreciated his judgement. “He’s magnificent, just magnificent, I would say the assessment of any legal situation is impressive,” says one. “When we have asked him the interpretation of any legal situation, his interpretation of the situation is always the right one.”

Guardo also led the team in a road deal in Mexico, The firm advised Cointer as the sponsor and Autopistas de Tapachula as the borrower on a Ps740 million (€44.7 million) financing of the Tapachula Highway, which highlights the firm’s international capabilities.

#### **Leading lawyers**

José Guardo

### **Uría Menéndez**

Alongside Garrigues, Uría Menéndez has one of the most highly regarded teams in the country. With most of the finance partners having a hand in both straight bank lending and project work, the firm can draw on a formidable array of talent to work on deals.

Alongside its financing expertise, clients highlighted the firm’s specific sector knowledge on the project side. “We mainly call Uría for projects with some aspects of administrative law, so if we do something in the electricity sector we call Uría because they know the regulation very well,” says one.

One of the firm’s biggest deals last year saw them act for the borrower, Cedinsa Ter, on the €230 million financing for the construction of preferential road C17. The deal was led out of Barcelona by partner Javier Valle Zayas.

Key client Santander also called on the firm’s expertise particularly that of partner Juan Ignacio González-Ruiz in two notable deals. In November 2009 the team advised the bank and Nord L/B on the €70 million financing for a 10MW photovoltaic plant in the Canary Islands. In January 2010 the team acted again for the bank alongside Banco de Sabadell in the €16 million financing of a gas pipeline.

#### **Leading lawyers**

Carlos de Cárdenas Smith  
Emilio Díaz Ruiz  
Juan Martín Perrotto

### **Clifford Chance**

Of all the international firms in the Spanish market, Clifford Chance has certainly made the biggest in roads in the project finance area. “We have been working with several law firms but for us they are the best, we have worked with them in Spain and also abroad in the US and South America,” says one client.

The firm works across all sectors but is highlighted by the market as having a specialisation in the electricity sector where they are familiar with all the main players in the market. “I could say that I’d choose Clifford Chance for the electricity sector because they have done other work for these companies,” says one client.

This reputation was backed up last year as the firm acted on different parts of two different photovoltaic projects. In the first a team led by Alberto Manzanares acted for BBVA on the €36 million financing of a 10MW plant in Casa Tejada. In the second the team advised Natixis on the €69.5 million refinancing of five plants with a capacity of 14.7MW.

Other refinancing work was undertaken for Accesos de Madrid and its shareholders on

the €600 million refinancing of toll roads R3 and R5.

Outside of energy, the team acted on the substantial Airport of Murcia deal advising the concessionaire Sacyr on the €200 million deal including negotiations with banks and issues surrounding the concession contract and the public guarantee.

Leading the Clifford team on the deal was José María Fernández-Daza who was praised by clients for his public-sector knowledge. “José María, an excellent knowledge of the Spanish law and the Spanish clients and the public administration because before he was working for the state he has a lot of experience in the administration and also a great knowledge of our company,” says one.

#### **Leading lawyers**

José Manuel Cuenca  
Carlos Hernandez-Canut  
Alberto Manzanares

### **Cuatrecasas Gonçalves Pereira**

The projects team at Cuatrecasas Gonçalves Pereira split its time last year between roads and renewable energy projects.

In the first area, the joint department head Fernando Bernad led the team advising Iridium on the €250 million financing for the maintenance of part of the Eje Diagonal highway. In a similar vein the team acted for a bank consortium including BBVA and Caja Madrid on the financing for the C-17 Vic-Ripoll road in Catalonia.

Alongside Bernad, the firm’s other leading figure in this area is Rafaél Mínguez whose practice is focused on the energy field. An example last year was his advice to Espelsa on the financing of two photovoltaic plants for a combined amount of €130 million.

#### **Leading lawyers**

Fernando Bernad  
Rafaél Mínguez

### **DLA Piper**

DLA Piper has grown significantly in the finance area in Spain since hiring a team from Clifford Chance in 2008. This growth has been seen in the banking area but more prominently in project finance where the firm maintains its tier two ranking this year.

One of its key clients is BBVA and the bank handed a number of notable mandates to the firm last year. In one César Herrero and Javier López Antón acted for the bank, among others, in the €1.3 billion financing for the refurbishment of railroads in the areas of Logroño, Gijón, Barcelona-Sagrera and

Valladolid, the work being linked to Spain's high speed rail project.

Both partners were again involved as the bank also called in the team to advise on the Ps12.5 billion (€755 million) financing for a toll road in Mexico.

The firm also involved itself in the renewables sector acting once again for BBVA on the financing for a photovoltaic plant in Albacete, and for Solaria Energía y Medioambiente over the financing for a plant in Extremadura.

The only criticism from clients was regarding a possible lack of depth at the firm. "The partner (Javier López Antón) is very good, but the people working with him are not so good as him," notes one.

#### Leading lawyers

Javier López Antón  
Javier Santos

#### Other ranked firms

Project finance duties at **Allen & Overy** are split largely between partners Ignacio Ruiz-Cámara and Juan Barona. Last year Ruiz-Cámara acted on the financing of the 7MW solar parks L'Ollería and Beniabeig by HSH Nordbank. Barona meanwhile acted for La Caixa in the financing to extend a Commercial Centre in Las Palmas. He also advised Autopista del Sol on adjustments to the financing for its construction.

Another highlight saw Iñigo Gómez-Jordana advising the European Investment Bank on the financing for Metro de Barcelona.

**Gómez-Acebo & Pombo** received praise from peers for its renewable energy offering. "In the renewables sector they probably should get more acknowledgement than Linklaters or Allen & Overy, they are heavily involved in those deals," says one.

Clients were also positive "All my experiences have been very positive, they have worked very well," says one.

A clear highlight for the team last year saw it advise Banesto and BBVA on the €33 million financing for the construction of various aspects of 49 ecoparks in Castellón. The team was again on the banking side advising Banco Espirito Santo and La Caixa over a €37 million credit facility granted to a subsidiary of the Bergé Group in relation to a vehicle terminal in port of Sagunto in Valencia.

*Leading lawyers:* Fernando Igartua Arregui, Carlos Rueda Gómez-Calcerrada and Ángel Varela Varas

One of **CMS Albiñana & Suárez de Lezo's** largest deals last year saw it advise Santander on the €60 million financing for the construction of a new office building as part of the bank's financial city project.

Santander is a key client for the firm and they also called in the team to act on the €13.9 million financing granted to Ortiz for the construction of a housing development in Madrid. In addition the bank mandated the firm along with La Caixa on the financing for the construction of a number of semi-public schools in several locations across Spain.

In a similar deal the team also acted for Caja Madrid on the €14 million financing for a semi-public school in San Sebastián de los Reyes in Madrid.

**Herbert Smith** made a big splash in the Spanish project finance pool when it opened its Madrid office in June 2009 with the hire of a team of lawyers from Linklaters, including projects lawyer Miguel Riaño. In February 2010 the firm was enhanced further with the hire of former Allen & Overy counsel Gonzalo Martín de Nicolas who joins as a finance partner.

The market was impressed by the firm's ambition and the quality of the partners but was quick to stress that building a competitive practice will take time. "Herbert Smith has taken some people from Linklaters and these people have taken some work with them, but having existing work is one thing, making your place in the market is another," says one peer and another agrees: "Herbert Smith, they certainly have reinforced their energy practice, they are well placed to build on that experience but they still have to make it."

The team has been quick to get involved in deals and one highlight from last year was its work advising the banks including Natixis and the Royal Bank of Scotland on the €270 million refinancing of a thermosolar power plant in Sevilla.

Renewable energy proved to be a good source of work for the team who advised Solar Reserve on the financings of a solar plant in southern Spain and Acciona Energía who called in the firm to act on the financing for two separate wind farm projects in Korea and Australia.

Outside of this the team also acted for RREEF on amendments to project finance documentation for a motorway concession.

*Leading lawyers:* Miguel Riaño

Following the loss of a team of lawyers to the new Spanish office of Herbert Smith the market is waiting to see how **Linklaters** will react. One partner sums up the general feeling. "Linklaters we do see them, how they manage in future I'm not sure."

Pedro de Rojas now leads the three partner team at the firm who will look to consolidate and restructure.

**Ashurst's** project finance offering is part of its wider banking and finance team and is led by Gonzalo Jiménez-Blanco. The firm is best known in the project finance space as counsel

to the borrowers and this is backed up by its deal list last year. This included work for Citi Infrastructure Partners and Itinere Infraestructuras over a €300 million facility for the recapitalisation of the financing of a toll motorway in northern Spain. TP Ferro Concesionaria also called in the firm to advise on the restructuring of the financing of the Figueras-Perpignan high-speed rail link.

Finally in the concession space the team acted for the Itochu Corporation as part of one of the bidding consortiums for the public concession for the construction of the third Tagus crossing in Lisbon.

Entering the market this year is UK firm **Watson Farley & Williams**. Although best known for shipping work, the firm is making a large push to enter the European renewable energy market.

The Madrid office launched in November 2009 with the notable hire of Joaquín Sales from the former office of Lovells and the market will wait to see what impact he can make. "Joaquín Sales is an extremely good lawyer," says one peer. "It's a brave move, and I like brave moves; project finance is not a main area and it's difficult to catch the big deals and its difficult to have a boutique in this area."

The firm will be hoping that the drop-off in investor confidence in renewables is only temporary and that it can build itself a niche in the market. "It's a bad time to be moving into a new market," says one rival. "Borrowers are more worried, however I think in time someone offering a good practice at a good price will succeed, the opportunity arose and they jumped at it."

The firm has already received some notable mandates. In one the team advised the Bank of Tokyo Mitsubishi in the financing of a photovoltaic plant in Tenerife.

In the refinancing area, the team acted for the project company and sponsors, among them the Sultanate of Oman, in the €400 million refinancing of an LNG regasification terminal in Sagunto and on the financing of its expansion. The total value was €400 million. The team is also advising the European Investment Bank on the refinancing of two toll roads.

#### Other notable firms

**Jones Day's** offering in Spain, though small, is starting to break into the market in certain areas. "Jones Day is someone missing here ... they do renewable energy and infrastructure," says one peer.

The firm's banking links are developing and the firm is likely to grow further in coming years. "I'm surprised that Jones Day doesn't turn up they have very good relationship with Banco Santander," says another rival.

## Restructuring and insolvency

### Recommended firms

#### Tier 1

Cuatrecasas Gonçalves Pereira  
Freshfields Bruckhaus Deringer  
Garrigues  
Uría Menéndez

#### Tier 2

Clifford Chance  
Gómez-Acebo & Pombo

#### Tier 3

Allen & Overy  
Baker & McKenzie  
Broseta Abogados  
Bufete M Vega Penichet  
Castro Sueiro & Varela  
CMS Albiñana & Suárez de Lezo  
DLA Piper  
Linklaters  
Ventura Garcés & López-Ibor Abogados

#### Tier 4

Deloitte Abogados y Asesores Tributarios  
KPMG Abogados  
Landwell Abogados y Asesores Fiscales  
Lupicinio Eversheds  
Ramón Hermosilla & Gutiérrez de la Roza  
Ramos & Arroyo  
SJ Berwin

The Spanish restructuring and insolvency market is still learning to adapt to the reform of the Spanish insolvency law brought about by the Royal Decree Law 3/2009. The amendment was deemed necessary because the previous overhaul of legislation had come in 2003 and of course the world has changed a lot since then.

The amendments have three main aims: to allow for refinancings independent of insolvency proceedings; to reduce the cost of the procedure; and to improve the position of employees within proceedings. "The insolvency act was amended in 2009 to allow refinancings to be excluded in the two-year claw-back period," explains one partner. "The amendment is not the best solution but at least 80 companies have adhered to the new rules."

Although generally the reforms were seen as an improvement, they are certainly a long way from being perfect. "There were two questions, the possibility of reaching out of court agreements and Provision 4 which tried to protect refinancing agreements, it causes law firms to provide a lot more advise on the grey areas, we have a wait to see how the commercial courts deal with that and they have both different outcomes," explains one partner.

The potential for reform is certainly there and practitioners would like to see more options introduced. "There are elements of rigidity in the insolvency law which have proved quite a problem, the length of the proceedings, ordinary proceedings might take two years and the lack of flexibility of the law," says one partner.

There have also been mutterings of discontent about the state of the Commercial Courts. "The Commercial Courts started work in 2004 and the number of people and judges are not sufficient to deal with this situation," says one partner and another agrees. "We have specialised courts in Madrid we started with six and it's increased to 12 but it's still not enough, there are things which are helping but there is still a substantial amount of companies going bust."

The judges have not escaped criticism either. "There are times when a judge doesn't understand the question and the clauses so they are a huge amount of insolvency cases that have collapsed in the courts and have caused logistical problems," says a partner.

As with the law itself, the infrastructure is proving insufficient simply because no one could have predicted the perfect financial storm which has hit the world markets. "The new law from 2003 has been tested in an extreme manner, especially as the courts have to deal with small companies as well. It's difficult for the commercial courts to deal with that," says one partner.

### Cuatrecasas Gonçalves Pereira

Led by Javier Castrodeza, the Cuatrecasas Gonçalves Pereira insolvency team advised the shareholders of Martinsa-Fadesa last year on its bankruptcy proceedings. The substantial transaction which involved one of Spain's biggest property developers, had a full value of €4 billion.

Another substantial deal saw the team act for Grupo Empresarial Sando on its €2.1 billion global restructuring of its debt.

Peers respect the firm's offering but point out that insolvency is perhaps where the firm's strength lies. "Cuatrecasas they do a lot of insolvency but not so much on the restructurings, they don't do more than Freshfields," says one.

#### Leading lawyers

Javier Castrodeza\_  
Alejo López-Mellado\_  
Fedra Valencia

### Freshfields Bruckhaus Deringer

Freshfields Bruckhaus Deringer was highlighted by peers as one that is focused and gunning

for the top of the market in restructuring and insolvency. "Freshfields have done massive amounts of work, they're such a fine firm," says one peer and another agrees. "Freshfields they do both debt and corporate, I think that Freshfields is the law firm that we come across most often."

Clients were equally forthcoming. "The quality is very high, they are a very professional and they are very quick and I think they have a considered control of legal points," says one.

The firm draws on partners from its corporate and finance teams to handle most of the work with the likes of Iñaki Gabilondo and David Franco taking prominent roles. One of the biggest deals led by the former was the restructuring of real-estate developer Reyal Urbis. The deal includes a disposal programme, a number of debt-for-equity swaps and the transfer of the company's primary project to an SPV. Valued at €5.2 billion it was closed in May 2010. With the real-estate sector reeling there was more work to come and Gabilondo also advised Metrovacesa in a €6 billion debt restructuring following its debt for equity swap in 2009.

The firm also had a role on the Martinsa-Fadesa insolvency advising the agent bank of a syndicate of warrant holders and other financial institutions. At €7 billion the deal is one of the largest Spanish insolvencies in recent times. Another highlight saw the team advise a German bank on the insolvency of Mayer España.

One area for improvement suggested by clients was internal communications. "I think that probably they have to increase the level of communication between internal areas of the firm," says one. "They need a more positive approach of the firm, they need a more positive approach to the company, they need to bear in mind the opinion of the people in the company in a more intensive way."

#### Leading lawyers

Iñaki Gabilondo

### Garrigues

Garrigues' reputation in this area is built on its negotiating skills. "In a time when banks were asking difficult questions we needed someone who could negotiate with all of them," says one client. "They were very tough negotiators."

Part of this comes from an ability to consider the success of the transaction as a whole rather than getting caught up with its own role. "In this particular part of our insolvency process they have played more of a role of team player, a very important team player and in some parts of the process they had to

become the leader,” explains one client. “But when the team loses that and they just have to follow, they work very well with others.”

These attributes were demonstrated in December 2009 when the firm led by Antonio Fernández entered negotiations with over 30 creditors of Grupo Urvasco and the Silken Hotel Group over the two companies’ restructuring including an accelerated sale of assets, which reduced the debt by €1.4 billion and a rescheduling of a further €1 billion. Fernández was again involved as the team advised the lenders in an enforced pledge of shares in SOS Cuétara. This was the first time such an action had happened in Spain against the borrower’s will.

On the insolvency side, a team led by Adrian They and Jan Verdugo advised three companies of real-estate developer Grupo Urbalia in their requests for insolvency protection. The team successfully negotiated a standstill period with the court, freezing threatened foreclosures.

“They have a lot of knowledge and expertise in a variety of subjects, not just in restructuring but they have a wide knowledge of laws in Spain,” says another client. “That helps a lot when you deal with them because they don’t have to keep going back for specialised advice.”

#### Leading lawyers

José María Alonso Puig  
Antonio Fernández Rodríguez

#### Uría Menéndez

The Uría Menéndez restructuring and insolvency offering is led by Alberto Núñez-Lagos Burguesa and Carlos de Cárdenas Smith and was given a boost in October 2009 with the arrival of senior finance partner Jaime de San Román from Clifford Chance.

In the substantial Martinsa-Fadesa insolvency proceedings, the team advised Morgan Stanley in an attempt to renegotiate a security previously offered as part of an out-of-court restructuring.

The issues surrounding the restructuring of Habitat created a lot of work for firms and Uría took its place advising Promociones Habitat on its insolvency, including the negotiation and approval of creditors. In the distressed airline sector, Alberto Núñez-Lagos advised Air Comet on its pre-insolvency and subsequent insolvency proceedings.

“Uría has been really involved in transactions as has Clifford Chance but they [Uría] do more refinancings.” was one peer’s view of the practice, and this was shown when the firm advised the lenders including Banco Santander and BBVA on the restructuring of Eroski, which was one of the few deals closed

with an independent expert report under Section 4 of the Insolvency Law.

#### Leading lawyers

Alberto Núñez-Lagos Burguera  
Rafael Sebastián

#### Clifford Chance

Most firms reacted to the downturn by focusing more on their restructuring and insolvency departments and Clifford Chance has been seen to be doing more in this respect than most. “I know Clifford Chance are well respected and they have invested a lot of time in this,” says one peer and another agrees. “I would say that Clifford Chance is well positioned there, they have the capability to advise on both insolvency issues and restructuring and there have been investing a lot of money.”

The fruits of this investment are roles on some of the markets biggest deals including the Martinsa-Fadesa insolvency. One of the department’s leading figures Iñigo Villoria acted on the deal advising the banks including the Royal Bank of Scotland and Natwest over their respective positions and stakes in the company’s debt. Villoria advised the lenders again on another of the market’s key deals, the Habitat insolvency and those of its group companies.

Another highlight saw the team act for real-estate developer Lábaro in its request for insolvency protection as the company tries to restructure its substantial liabilities.

Clients were pleased with the team’s performance: “I’m really comfortable working with the team. They are really on top of things, they are really knowledgeable on the issues at stake,” says one. “The only issue is that they work with so many banks that sometimes they cannot work with us.”

The firm’s strength in banking influences its roles in this area and the team generally acts as banker’s counsel. Another example of this is the firm’s work advising the banks on the insolvency of Nozar and its affiliated companies, this consisted of advice on the court proceedings including claw-back claims and previously advice on the pre-insolvency stage.

#### Gómez-Acebo & Pombo

“It’s a good corporate law firm and they have a guy called José María Álvarez and he’s done very well and started up a good practice,” says one peer commenting on the firm’s offering. “They have got a group of lawyers who can market themselves as a restructuring and insolvency law firm.”

Álvarez also proved popular with clients: “He managed to deal with the problems quite

well, he didn’t pass them onto others and it makes it easier to work with him,” says one.

Much attention has been bestowed on the Martinsa-Fadesa insolvency and the Gómez-Acebo team acted for the company itself on the proceedings before the Commercial Court.

Insolvency is the firm’s main focus and the firm has also acted on the insolvency proceedings of Rottneros Miranda and its subsidiaries, Realiza and Masal Desarelllos Integrales.

The firm has also taken on the role of judicial administrator in a number of insolvency proceedings most notably those of Anclaflix, Tacoba and Creamuebles.

#### Leading lawyers

José María Álvarez Arjona

#### Other ranked firms

Drawing on its banking experience, the team at Allen & Overy has acted for various financial institutions in insolvency matters this year. “Allen & Overy; they are doing restructuring, they are quite active,” says one peer.

In the insolvency of Nozar the team advised the Royal Bank of Scotland on the proceedings, along with the enforcement of a collateral pledge over shares. Caja Madrid called in the firm to act on the insolvencies of Martinsa-Fadesa and Aifos.

On the other side of the table, the team acted for Grupo Ferrovia in the insolvency of Promociones Habitat.

The Baker & McKenzie restructuring and insolvency team is split fairly evenly between its offices in Madrid and Barcelona. Last year the firm advised a car component manufacturer on the issues surrounding its voluntary insolvency. The team also acted in the pre-insolvency proceedings of a property developer.

Antonia Magdaleno is one of the leading figures at Broseta Abogados and last year she took on the substantial job of acting as bankruptcy trustee in the Martinsa-Fadesa proceedings. This consisted of acting as trustee to one of the largest groupings of creditors in Spain in recent years. She was also appointed administrator of six of the company’s overseas subsidiaries. Magdaleno was also appointed trustee for Grupo Llanera, a property development company.

Spanish football (soccer) club Levante also found itself in trouble last year and Magdaleno was appointed as administrator.

A highlight for CMS Albiñana & Suárez de Lezo last year saw the team advise SOS Cuétara on the issues surrounding its insolvency. The team also acted for Elyo Suez and Axima on their respective insolvencies.

The team also acted on two voluntary insolvencies advising GFB Cantabria and Proyectos Inversiones Arena on their respective proceedings.

A key mandate for **Linklaters** last year saw the firm advise on the insolvency litigation of Lehman Brothers. The team advised Pricewaterhouse Coopers in its role as administrators, and both Francisco Málaga and Gonzalo Sánchez del Cura acted on the deal.

Both partners were also involved as the team acted for property consultants King Sturge on its insolvency proceedings.

The team was also called in to advise an investment vehicle of Merrill Lynch and various subsidiaries on the insolvency of the former.

Managing partner of **Ventura Garcés & López-Ibor Abogados** Alfonso López-Ibor is also a key player in the firm's restructuring and insolvency department. Last year he advised Gecas and CFMI on the recovery of respective claims of €3 million and €1 million in the insolvency of LTE.

Another highlight saw Ana Ribó appointed as administrators in the bankruptcy of a Spanish electric company in Barcelona.

The law wings of the large accountancy firms have had a big part to play in the numerous restructuring and insolvency proceedings that have hit Spain since the start of the global financial crisis. **Deloitte Abogados y Asesores Tributarios** is the Spanish legal entity of Deloitte and is led by Luis Fernando Guerra. Last year the team acted for CR Aeropuertos, an airport management company on its defence against compulsory insolvency proceedings.

### **Other notable firms**

Based primarily in Barcelona, **Roca Junyent** has a focus on insolvency and corporate restructuring. A highlight last year saw partner Joan Antoni Borrás appointed administrator of Promiciones Habitat in the real-estate company's insolvency.