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Mexico's new securities legislation

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A Securities Market Law (the LMV) was published in the Official Gazette of the Federation on December 30 2005, and will come into force in mid-2006. It provides the Mexican stock market with governing legislation, the main objectives of which are to meet the needs of the market, increase stock market activity in Mexico and protect the interests of Mexican and foreign public investors. To achieve these goals, this new legislation ensures transparency in transactions of companies listed on the Mexican Stock Exchange, and encourages competition and efficiency. It also establishes provisions regarding companies' operational aspects, and will introduce corporate governance practices and internal control procedures to the stock market sector.

Although corporate governance is not a new phenomenon in Mexico, it has become more important recently thanks to an initiative of the Business Coordinating Council, which set up the Best Corporate Practices Committee, comprising representatives of government, business and the financial services sector, among others. This committee issued the Best Corporate Practices Code (the Code); the National Banking and Securities Commission soon followed by publishing the Unique Issuers Circular, a set of provisions including the Code. Another factor influencing this subject was the Sarbanes-Oxley Act, a piece of US legislation that applies to public companies registered with the US Securities and Exchange Commission.

Corporate governance practices of companies required to observe the provisions of the LVM and the Unique Issuers Circular, and of other companies voluntarily subject to these regulations, include: (i) the implementation of rules applicable to the board of directors; (ii) the establishment of committees to support the duties of the board of directors; (iii) the establishment of the means to determine the functions of company executives; and (iv) the establishment of supervisory and internal and external audit procedures.

Companies must comply with all business and stock market legislation to which they are subject. Corporate governance practices that companies put in place for their board of directors should also include rules for:

- defining the strategic vision and management of the company, either in the medium or long term;
- approving internal control policies and procedures;

- establishing accounting policies with a view to preparing financial information;
- appointing and assessing the chief executive officer and the senior executive;
- risk management; and
- guaranteeing that all legislation is properly complied with.

The formation of committees must take into account the support required by boards of directors. More than one committee can be set up, and each committee can have a specific profile as regards its members or its constitution and objectives, although it is crucial that they perform their duties as independent bodies. The main functions of these committees include assessing internal control procedures, conducting internal audits and submitting reports on the status of the company. The latter task is part of their supervisory function, because when evaluating internal control procedures, they will be able to determine whether companies have set up policies and procedures to comply with legislation and, if necessary, to ensure that companies have measures in place to verify their internal processes.

As far as independence sought by resorting to external audits is concerned, both technical and economic capacities should be taken into account, as well as the objectiveness of their reports. On the other hand, companies will want to be assured that external auditors assess their internal control procedures, and provide an opinion with regard thereto. Companies should also set up an internal audit department to ensure that information not audited by outside firms is accurate.

One of the most important areas of corporate governance is to establish responsibilities of the company executive resulting from its pre-defined corporate management functions. The liability the senior executive incurs can be determined using internal control procedures. Requirements under the new legislation include signing reports and providing conclusions, although the information provided for which the senior executive is responsible must be backed by internal control procedures.

The aim of corporate governance is to ensure that information is made available to shareholders in a correct manner, to which end this legislation will facilitate communication between boards of directors and shareholders and also ensure that the latter are fully acquainted with how companies are run and managed.

Banking and capital markets

Recommended firms

Tier 1

Galicia y Robles SC
Mijares Angoitia Cortés y Fuentes SC
Ritch Mueller SC
White & Case

Tier 2

Creel García-Cuéllar y Müggenburg SC
González Calvillo SC
Holland & Knight – Gallastegui y Lozano
Jáuregui Navarrete y Nader SC
Kuri Breña Sánchez Ugarte Corcuera y Aznar
Martínez Algaba Estrella de Haro y Galván-Duque
Santamarina y Steta SC

Tier 3

Baker & McKenzie
Bello Escalante Morales y Tsuru
Berdeja Abogados SC
Goodrich Riquelme y Asociados

Mergers and acquisitions

Recommended firms

Tier 1

Creel García-Cuéllar y Müggenburg SC
Galicia y Robles SC
Mijares Angoitia Cortés y Fuentes SC
White & Case

Tier 2

Jáuregui Navarrete y Nader SC
Kuri Breña Sánchez Ugarte Corcuera y Aznar
Martínez Algaba Estrella de Haro y Galván-Duque
Ritch Mueller SC
Santamarina y Steta SC

Tier 3

Baker & McKenzie
Basham Ringe y Correa
Goodrich Riquelme y Asociados
Holland & Knight – Gallastegui y Lozano
Von Wobeser y Sierra SC

Project finance

Recommended firms

Tier 1

Galicia y Robles SC
Ritch Mueller SC
White & Case

Tier 2

Creel García-Cuéllar y Müggenburg SC
Mijares Angoitia Cortés y Fuentes SC

Tier 3

Baker & McKenzie
Bello Escalante Morales y Tsuru
Berdeja Abogados SC
Jáuregui Navarrete y Nader SC
Kuri Breña Sánchez Ugarte Corcuera y Aznar
Martínez Algaba Estrella de Haro y Galván-Duque
Santamarina y Steta SC
Von Wobeser y Sierra

Creel García-Cuéllar y Müggenburg SC

Creel García-Cuéllar y Müggenburg SC continues to be one of the most impressive M&A firms in Mexico, and consistently earns praise from the market due to the frequency and size of the transactions it is involved in – which are often among some of the largest seen in Mexico. The market pays special attention to two lawyers in particular at the firm. Creel García houses Jean Michel Enríquez and Samuel Garia-Cuéllar, both of whom are heralded for their work in the M&A arena. Previous clients at the firm include Onex Capital, Oaktree Capital Management, Associated British Foods and the Cypress Group.

The firm is less recognised on the banking and capital markets stage, but Creel García still merits a second-tier ranking due to the quality of work it produces. For example, over the past 12 months, it was involved in two equity markets transactions that caught the eye. First, in December 2005, the firm acted for Accival and Credit Suisse in the \$300 million domestic and international primary and secondary public offering of Axtel. And secondly, Creel García followed this in March 2006 by advising the same clients on the Gap global secondary offering for around \$1 billion.

Leading lawyers

Carlos Aiza
Jean Michel Enriquez Dahlhaus
Javier Gallardo Guzmán
Samuel Garcia-Cuéllar

Key contact partners

Carlos Creel Carrera

Jean Michel Enriquez Dahlhaus

Galicia y Robles SC

Galicia y Robles has comfortably retained its position at the top of all three *IFLR1000* rankings this year, despite initial fears that there may be repercussions after the departure of influential partner Antonio Frank last year. Market observers have carefully followed the fortunes of the firm over the past 12 months, and the overwhelming consensus is that Galicia y Robles remains one of the top financial law firms. Galicia y Robles will be happy to hear this, as it prides itself on its deep expertise on a broad range of financial law subjects. On top of the core areas, the firm offers advice in other areas such as telecommunications, real estate and energy.

In banking, Galicia y Robles is renowned for its work in securities and restructuring. A good example of this was seen in July 2005, when the firm advised Avantel on the refinancing and restructuring of its \$225 million debt. Galicia y Robles played a crucial role in the negotiation and structuring of the deal, which featured ABN Amro and Citigroup as agent and lender respectively. Other notable transactions saw the firm involved in the financing of Teléfonos de México and the \$2 billion financing of América Móvil. However, due to it being a presidential election year, pundits are predicting a slowdown in banking work for the remainder of 2006.

In capital markets, Galicia y Robles represented BBVA and Credit Suisse in relation to the \$260 million primary and secondary public offering of Grupo Famsa, and counselled other investment banks in a similar offering by Axtel for \$300 million. It was also involved in the sale of shares in the El Globo bakery to Grupo Bimbo for \$150 million, the \$50 million sale of shares in the Agusa Printing Company by Grupo Carso, and the \$70 million public offering of Sare Holding, in which it advised BBVA Bancomer as underwriter.

M&A has also been a traditional foothold for Galicia y Robles, and this year the firm once again lived up to this reputation. Market commentators mostly point to the same deal as a highlight for the firm in 2006 – in May, it led representation of a group of investment funds headed by Advent International in relation to the \$200 million leveraged buyout of Controladora Milano. Other notable transactions saw Galicia y Robles play key roles in both Chedraui's \$500 million acquisition of Carrefour and Time Warner's \$70 million acquisition of Grupo Expansion.

Galicia y Robles was involved in one of the largest project finance matters of the past 12 months when Alberto De La Parra spearheaded the firm's advice to Banco Inbursa on the \$400 million construction of a new airport terminal. The firm was also present on proceedings surrounding the construction of a nitrogen plant for the Pemex oil field.

Leading lawyers

Manuel Galicia
Rafael Robles Miaja
Carlos Segura

Key contact partners

Rafael Robles Miaja
Carlos Segura

Holland & Knight – Gallastegui y Lozano

Peer opinion has thrust Holland & Knight into the *IFLR1000* rankings this year. In particular, the firm is well respected in banking and finance work. For example, the market was impressed by Holland & Knight's involvement in several shipping financings where it represented international lenders. Specifically, the most notable of these was the first synthetic lease transaction in the Mexican shipping industry. But the firm also covered new ground by using a \$260 million guaranty trust as an alternative to the traditional shipping mortgage.

Holland & Knight also advised the investor in the \$120 million acquisition of one of the largest Spanish savings companies. Another notable finance deal for the firm was when it represented a Mexican hotel in a \$12 million financing by a major international insurance company. In addition, the restructuring department worked on a transaction where mortgage loans maintained by the largest state owned Mexican lender will be discounted to a major US mortgage loan insurance company.

Key contact partner

Gerardo Lozano Alarcón

Jáuregui Navarrete y Nader SC

2006 marks Jáuregui Navarrete y Nader's fifteenth year on the Mexican financial law market and the firm continues to make good progress towards being one of the major players. It also indicates an anniversary of the same length of the firm's independent correspondent relationship with US firm Mayer Brown Rowe & Maw. Disappointingly, six associates have left in the past year, although Jáuregui Navarrete y Nader has recovered by hiring eight replacements to maintain year-on-year growth. There are now 13 partners and 52 associates working for the firm in Mexico City. Such high turnaround has not affected the impression left on high-profile clients. Jáuregui Navarrete y Nader is described by one client as "a very reliable, well organized team of experts."

In particular, Michell Nader Schekaiban's leadership of the banking department is well-respected in the marketplace due to the fact that he "delivers very good solutions." Indeed, this year has seen Jáuregui Navarrete y Nader's banking department prosper once again in many large transactions. The jewel in the crown this year was the representation of the Bank of Nova Scotia as lead arranger in its participation in the \$1.5 billion financing for the worldwide acquisition of Masonite International Corporation by an affiliate of Kohlberg Kravis Roberts. The financing was partially secured with substantially all the assets of Masonite México. The firm has also been kept busy by GE Real State México. Principally, work centred on the client's financings of over \$500 million to industrial, commercial, office and hotel developers and investors. Other notable transactions this year have included advising MSD Capital in the \$63 million initiation of its real estate investment activities in Mexico and representing Bank of America in its participation in a \$75 million syndicated loan transaction with Alltech. With regard to financial services and regulatory advice, clients from the past year have included Assurant Solutions, GE Capital Bank, Asociación de Arrendadoras Financieras and Prudential International Investments.

In capital markets, Jáuregui Navarrete y Nader tends to focus on debt-market work. The largest transaction dealt with this year was the firm's advice to Televisión Azteca and Azteca Holdings. The focus of this activity was the issuance and placement in European markets for the first time of euro-commercial paper and medium-term notes under programmes, each issue being worth \$200 million. The pick of the other deals was when the firm represented Dresdner Kleinwort Wasserstein Securities in its arranger role for Metrofinanciera's \$210 million private placement of residential mortgage-backed floating notes in the US. Jáuregui Navarrete y Nader still actively pursue – and win – work in the structured finance arena too, and recent clients in this area include GMAC Hipotecaria, Export Finance and Insurance Corporation, Espirito Santo Bank and the Export Credit Agency of the Australian government.

After the greatly heralded expansion of the M&A department last year, Jáuregui Navarrete y Nader has been rewarded by roles on larger deals. First, the firm advised General Electric Company and its foreign counsel Clifford Chance in Swiss Reinsurance's takeover of all its Latin American reinsurance operations. The firm also worked through the regulatory impacts of the deal in all the countries concerned. Another major M&A transaction for Jáuregui Navarrete y Nader was ASF-K de México's Mex\$113 million acquisition of all the assets in the bankruptcy estate of National Castings de México in a public auction in September

2005. This strengthened ASF-K de México's position as one of the largest manufacturer's of railway industry parts worldwide. Although not strictly M&A, the team must be congratulated for its 12-month representation of Intramerica in the biggest industrial real estate transaction ever in Mexico. The deal was worth \$453 million and the acquisition totalled one million square metres of space across 11 sites. This advice was led by the "excellent" Michell Nader Schekaiban, who once again must be considered one of the best M&A lawyers in Mexico on top of his banking pedigree.

In project finance, Jáuregui Navarrete y Nader has remained as active as possible in a sluggish market. This year did see it represent the Export-Import Bank of the United States in the negotiations with Fuerza y Energía de Naco Nogales. The main thrust of discussions was the change of the operator of the 292MW gas-fired combined cycle electric generation plant in Agua Prieta, Sonora. Previous project finance clients have included Exxon Mobil, BP Amoco, General Electric, EDF International and BNP Paribas.

Leading lawyers

Miguel Jáuregui
Michell Nader Schekaiban

Key contact partners

Hans Goebel
Yves Hayaux-du-Tilly
Miguel Jáuregui
Michell Nader Schekaiban

Kuri Breña Sánchez Ugarte Corcuera y Aznar

Kuri Breña is a Mexico City firm of 10 partners and 17 associates that has seen a small amount of personnel change this year. Associates Sandra Naveda and Carlos Valladares left the firm in the autumn of 2005 to go in-house at Scotiabank Inverlat and Casa Pedro Domec respectively. However, Kuri Breña had already added Gustavo Struck Creel before they left, and reacted to their departure by hiring Andrés Estrada Vergara and Mónica de la Serna in 2006.

Kuri Breña is well-respected for its capital markets credentials, and again this has been backed up with multiple transactions this year. At the end of 2005, for example, the firm represented Tapazeca in the \$300 million initial public offering of Axtel. Kuri Breña advised the same client in May 2006 in respect of Grupo Famsa's \$260 million offerings. The firm also had success on the issuer side, such as in its instruction to advise Grupo Maseca on its \$130 million offering.

The pick of the bunch from the debt side over the past 12 months was Kuri Breña's advice to Kenworth Group subsidiary Paccar México in relation to its Mex\$4 billion placement of short-term notes. With regard to structured finance, meanwhile, Kuri Breña worked on trade receivables securitizations for Rabobank, Copamex and Vitro with values of \$90 million, \$40 million and \$21.5 million respectively.

In banking, the firm advised Vitro on its granting of secured syndicated loans of \$300 million to its subsidiaries and represented Citibank in its \$102 million secured loan to Promotora de Proyectos de Terrenos, a subsidiary of Iamsa. Kuri Breña also handled secured loans from Banamex to Grupo Alcea and from HSBC to Hospital Cima Puebla. Boeing Capital has proved to be a frequent finance client for the firm this year. First, Daniel Kuri Breña led the team in several aircraft financings for the client before handling the sale of an aircraft financing portfolio to GE Capital. In a project finance crossover, Kuri Breña counselled

Banobras in a Mex\$3 billion syndicated loan facility to finance the Mexico City to Tuxpan toll road.

The firm has also been mildly active in insolvency and restructuring. Among the highlights, it restructured the syndicated debt of Sicartsa and advised GE Commercial Finance in asset liquidation of \$62 million in settlement of loans to a Mexican paper producer in March 2006.

M&A is probably Kuri Breña's strongest arm, and the department has not disappointed this year as it has been involved in some large and impressive deals. The largest of these was the \$200 million leveraged buyout of Controladora Milano. Kuri Breña advised the target, as well as NewBridge Latinamerica, Painewebber Capital, MetLife and Lehman Brothers, during the process in May 2006. However, at the time of writing, the firm was about to trump this sizeable deal by representing Banorte in the \$428 million acquisition of Inter National Bank from Texas.

Leading lawyers

Manuel Aznar
Antonio Casares
Daniel Kuri Breña

Key contact partner

Daniel Kuri Breña

Martínez Algaba Estrella de Haro y Galván-Duque

Martínez Algaba has been established in Mexico for more than 35 years, and now consists of more than 25 lawyers. It has offices in Mexico City and Monterrey, and is a member of the International Lawyer's Network – an association of 75 law firms from over 60 countries. Martínez Algaba offers services in litigation, real estate, telecommunications, energy, antitrust and environmental issues, although it is for its core banking, finance and general corporate expertise that the market praises the firm. It is generally considered to be a sturdy tier-two firm that is more than capable of holding its own in a highly competitive market.

Judging by consistently positive peer reviews, Carlos Galván-Duque is widely seen as the best lawyer at the firm. That said, Martínez Algaba as a whole is held in high regard for its quality advice on securities, financial and regulatory issues. It is for this reason that it is not surprising to see that the firm can boast financial institutions such as Citigroup, Société Générale, Lloyds Bank and Deutsche Bank on its client roster. In addition, international corporations such as Mitsubishi, Heineken, Warner Music and Mercedes Benz have been equally attracted to Martínez Algaba.

Leading lawyer

Carlos Galván-Duque

Key contact partner

Carlos Galván-Duque

Mijares Angoitia Cortés y Fuentes SC

Mijares Angoitia was founded in 1994, and it continues to increase its presence on the Mexican market. Jaime Alejandro Agudelo, Claudia Martínez, Gonzalo Sainz Gout, José Ignacio Rivero Andere and Iván Sabbagh López have all been hired as new associates as the firm looks to consolidate its future. There are now 13 partners, 24 associates and 15 legal assistants at Mijares Angoitia who offer financial law advice in Spanish, English, Portuguese and French. The good reputation of this firm is confirmed by a strong client list that includes Grupo Televisa, Deutsche Bank, Goldman Sachs, Merrill Lynch, GMAC, ABN Amro, Standard Bank London and Credit Suisse First Boston.

One leading client described Mijares Angoitia as "a young and energetic team of excellent lawyers," while another emphasised

that the firm is “very competent and skilful.” Indeed, it seems that the strong work ethic as a team is noticed and liked by clients. One refused to pick out a star lawyer at the firm “as they all deserve the best comments for their work.”

That said, José Raz-Guzmán has been highlighted frequently in the past for being “especially good” and this was again confirmed this year in some strong bank lending arrangements. In February 2006 Raz-Guzmán, alongside Manuel Echave Pintado, represented JP Morgan in a series of high-profile transactions. First, he led the structuring of two lines of credit to Medam which totalled Mex\$163 million, and then acted on the implementation of a Mex\$55 million credit facility to Laboratorios. Finally, the hectic month was rounded off by advising JP Morgan in relation to the structuring of the collateral security granted by Toter de México to guarantee the payments obligations derived from a credit facility granted to Toter for \$17 million. Across the past 12 months, Mijares Angoitia’s bank lending department has also been kept busy by Standard Bank London on a \$20 million credit facility to Grupo Minsa and Banco Serfin in a Mex\$615 million loan extended to Aeropuertos Mexicanos.

The firm’s capital markets department is also well respected, and it has been equally busy. One particular highlight came in July 2005 when Mijares Angoitia advised the Instituto del Fondo Nacional para la Vivienda de los Trabajadores in its second, third and fourth issuances totalling \$911.2 million. At a similar time, the firm led Controladora Comercial Mexicana, one of the major retailers in Mexico, through a \$200 million senior note issue. 2005 also saw Mijares Angoitia counsel Sistema de Crédito Automotriz in the implementation of a Mex\$300 million short-term debt programme.

On the equity side, the turn of 2006 saw a great deal of activity for Mijares Angoitia. First, it represented Promotora Ambiental in the global primary and secondary offering of shares by the company and by several shareholders worth a total of \$1.06 billion. Even more impressively, this was followed by advising Axtel in a similar transaction, this time valued at Mex\$3.35 billion. A quick-fire hat-trick was completed in January 2006 when Desarrolladora Homex called on Mijares Angoitia to represent it on its SPO. This eventful and successful time was concluded in January 2006 by counselling Deutsche Securities, Ixe Casa de Bolsa and Casa de Bolsa as underwriter of the \$100 million global public offering of shares in Gruma.

Structured finance has been a particularly fruitful source of work for Mijares Angoitia over the past year. The pinnacle of the mountain of notable instructions was without doubt at the end of 2005. The firm represented Inmobiliaria Fumisa in its joint role as underwriter with Merrill Lynch on the structuring of the securitization of collection rights to lease agreements in Mexico City’s international airport, achieved through the issuance of \$180 million fixed-rate notes and UDI190.2 million fixed-rate notes. Most recently, Patricio Trad Cepeda was hired by Hipotecaria Crédito y Casa on their structuring of two programmes to issue individual mortgage-backed certificates through various issuing trusts. This was completed in May 2006 at a value of Mex\$400 million.

Mijares Angoitia’s M&A arm has had another stellar year which once again places the firm at the top of the rankings. Francisco Fuentes Ostos and Jaime Cortés Rocha are well respected in the market, and commentators have also noticed Patricio Trad Cepeda’s important work too. The biggest deal of the past 12 months was also one of the most recent. In May 2006, the

firm advised Capital International Research in their joint acquisition of Controladora Milano with Advent International, FMO and BBVA worth \$200 million. This was the first-ever leveraged buyout transaction in Mexico.

Another highly notable deal for Mijares Angoitia was its representation of Grupos Posados, a leading hotel operator in Latin America and the largest in Mexico, on the \$165.5 million acquisition of Grupo Mexicana de Aviación (the second largest Mexican airline) through a public bidding process. Other recent M&A clients include ZN Mexico II, EIP Investment Holdings, Grupo Chartwell, Empresas Chocolates La Corona and Desarrolladora Homex.

Leading lawyers

Francisco Fuentes-Ostos
José Raz-Guzmán-Castro
Pablo Mijares-Ortega
Horacio de Uriate-Flores

Key contact partners

Jaime Cortés-Rocha
José Raz-Guzmán-Castro
Pablo Mijares-Ortega
Horacio de Uriate-Flores

Ritch Mueller SC

“Ritch Mueller has an outstanding group of financial experts.” With client opinion such as this, it is unsurprising that the firm, which counts more than 30 years’ experience in Mexico, once again sits in the upper echelons of the rankings this year. Ritch Mueller is “highly recommended for sophisticated transactions” due to it having “some of the best practitioners in the country,” say clients. The biggest beneficiaries of the firm’s expanding presence on the market this year are Ricardo Gomez Palacio and Carlos Obregon, who were made partners focusing on banking and capital markets. This now makes the lawyer count at Ritch Mueller 11 partners and 20 associates.

Despite these promotions, it is the heavyweight team of Luis Nicolau and Thomas Mueller-Gastell that remain the top dogs at the firm, especially in banking and capital markets. However, the rest of the team should in no way be underestimated; many of the large deals are group efforts with different individuals getting their chance to shine. For example Guillermo Perez Santiago and Pablo Perezalonso advised Citigroup in Ritch Mueller’s largest banking deal this year. In May 2006 the firm counselled the bank in the \$2.6 billion financing for the purchase of Fairmont Hotels. Earlier in the year, the firm represented the same client with regard to a refinancing of Desc’s \$375 million bank debts. This was akin to July 2005’s counselling of ABN Amro as agent and Citigroup as lender in the refinancing and restructuring of Avantel’s \$225 million debt.

In finance services and regulatory work, Ritch Mueller concluded the provision of collateral opinion for ISDA in July 2005. More recently, the firm advised Barclays Bank in the \$100 million establishment of a financial group, banking subsidiary and broker-dealer subsidiary. Over the past 12 months, Ritch Mueller has also regularly counselled ABN Amro, Credit Suisse, Deutsche Bank, Merrill Lynch, JP Morgan and others on regulatory matters and on over-the-counter derivatives transactions.

In past years, Ritch Mueller’s success in banking has been matched by successes in capital markets. This year has been no exception, especially on the equity side. In March 2006 James Ritch, Ricardo Gómez Palacio and Carla Valencia counselled the Mexican government as shareholder and issuer in the GAP global secondary offering for around \$1 billion. Six months earlier, the firm had advised Citigroup and JP Morgan on Cemex’s secondary share offering, worth \$1.3 billion. Other notable transac-

tions saw Ritch Mueller represent Citibank in Fomento Economico Mexicano's \$450 million share issue, and act for Santander in its May 2006 share issue on the Mexican stock exchange for \$70 million. With regard to debt capital markets, Ritch Mueller represented ING, Citibank and Santander in Pemex's \$1 billion issuance of Certificados Bursátiles. Equally impressively, it also advised BBVA Bancomer and Scotia Capital in Cemex's \$1 billion program of Certificados Bursátiles.

The turn of 2006 saw a burst of structured finance and securitization activity for the firm, and it was more than adept at handling the workload. In January, Ritch Mueller represented GMAC Commercial Mortgage in the \$425 million secured financing and securitization of the Law Ventanas al Paraiso Hotel and four other luxury hotels in the US. This was followed in April by the \$111 million structured financing of the Hilton Los Cabos acquisition and the Mex\$5.6 billion securitization of the Mexico Toluca Highway. Ritch Mueller counselled JP Morgan in the first transaction and BBVA Bancomer and HSBC in the latter.

Leading lawyers

Thomas Mueller-Gastell
Luis Nicolau
Guillermo Pérez Santiago

Key contact partners

Thomas Mueller-Gastell
Luis Nicolau
Guillermo Pérez Santiago
James Ritch

Santamarina y Steta SC

Santamarina y Steta was founded in 1947 and the firm has offices in Mexico City and Monterrey. It is also a keen member of Terralex, World Law Group and PRAC. Unfortunately, the firm lost two lawyers over the past months: Rafael Villar Calvo retired in February 2006, and Juan Pablo Martínez-Parente left at a similar time to set up his own practice. However, the market does not expect there to be an impact on the set up at Santamarina y Steta. This is especially the case considering the firm has recruited four new associates recently, including Germán Brito Alonso from JP Morgan and Ana Paula Ibarra from an in-house position at DuPont Mexico. In addition, clients consider the "excellent" Santamarina y Steta as "one of the most respectable firms in the country," seeing it continuing to go from strength to strength.

This is especially the case in the banking and capital markets arena, where the firm has been promoted to the second tier of the *IFLR1000* rankings this year. This rise was mooted by persistent peer promotion of Santamarina y Steta, but the firm's activity over the past 12 months more than speaks for itself in justifying the move.

The strongest piece of evidence backing up the firm's promotion was its representation of AMC Entertainment, Grupo Cinemex and Cadena Mexicana de Exhibición in a \$850 million syndicated credit agreement in January 2006. The banks involved included Citigroup North America, JP Morgan Securities and Bank of America. Around the same time, Santamarina y Steta advised Sanitarios Lamosa in relation to its borrowing of \$65 million under two syndicated loans. Further banking work saw the firm oversee Corporación GEO's \$50 million loan from Banorte.

Capital markets have been equally profitable for Santamarina y Steta this year as they had an extremely busy time. In equity, things started to happen for the firm in September 2005, when Sare hired it for advice regarding its \$70 million global public offering to finance expansion and to pay bridging loans. This was

soon followed by the firm representing BBVA Bancomer and Accival as joint underwriters in the first global offering by Promotora Ambiental, a domestic non-hazardous solid waste collection company, worth \$100 million. On the debt side, December 2005 saw Santamarina y Steta counsel Spira de México as issuer, and Invex Casa de Bolsa as underwriter, in the implementation of a shelf registration for the issuance and public offering of debt securities on the Mexican stock exchange worth \$185 million. Similar work was done for Ruba and Sare that were valued at \$27 million and \$50 million respectively.

Santamarina y Steta boasts solid M&A credentials too, and the highlight of the year in this arena was the advice given to Fortune 200 company Pulte Homes in December 2005. Pulte Homes is one of the largest home builders in the US, and Santamarina y Steta advised it on the sale of its Mexican operation to a group of investors led by affiliates of Walton Street Capital. The outstanding project finance deal for the firm this year, meanwhile, was its role representing Nacional Financiera in a financing of a new \$400 million airport terminal.

Leading lawyer

Agustín Santamarina

Key contact partner

Agustín Gutiérrez

White & Case

Javier Pérez Rocha joined the growing team at White & Case in the past year, and this international firm, hugely respected in the Mexican market, now boasts 10 partners at 24 associates. This is shown by the fact that peer review has pushed the firm into tier one of project finance, completing the full set of top-tier positions. For evidence to justify this move, one need look no further than the firm's advice to MBIA Insurance in the past 12 months. White & Case counselled the monoline insurance company in relation to the launch of a Mex\$25 billion (\$2.25 billion) insured infrastructure programme in Mexico. Another notable project financing involved the construction of an oxygen treatment plant for Pemex Exploración y Perforación, in which the firm represented Air Products & Chemicals. White & Case advised the same client in a \$250 million joint venture with Grupo Infra.

The Alberto Sepúlveda Cosío-Vicente Corta partnership has yet again yielded a profitable year in the banking sector for White & Case. While Cosío is renowned for the strength of his contacts at many international banks, Corta is respected for his ability to problem-solve on complicated issues. This year's standout banking deal was the firm's role advising HSBC México as debt provider to homebuilder Desarrolladora Homex, when it acquired competitor Controladora Casas Beta for \$186 million. HSBC financed the cash portion of the deal, which equated to \$98.4 million, and secured 53% of the Beta shareholding. White & Case also has a sturdy regulatory department that recently acted as special legal counsel to Grupo Autofinanciamiento México, guiding the leading automobile retailer through the process of obtaining a multiple banking authorization with the Ministry of Finance and Public Credit.

Respect for White & Case's ability at capital markets rolls on, and justifiably so. One of the beneficiaries from this service this year was Banamex, which has proved to be a regular client. Firstly White & Case advised Banamex in the incorporation of a special purpose vehicle for the repackaging of securities (issued in Mexico or abroad) by the government. It also represented the large financial group on the implementation of a debt issuance programme for up to Mex\$30 billion, and in relation to the first

issuance under the programme, worth Mex\$2.2 billion. White & Case also represented Desarrolladora de Concesiones Omega as transaction counsel in its \$50 million issuance of Mexican stock exchange-listed bonds.

For the past three years, White & Case has acted as external legal advisor to Consorcio Aeroméxico (formerly known as Cintra) the largest airline holding company in Mexico. Recently, the firm acted for Grupo Aeroméxico and Grupo Mexicana de Aviación, two sub-holding companies of Aeroméxico, in relation to the preliminary listing of their shares on the Mexican stock exchange.

During 2005, the firm's successful M&A department worked for Consorcio Aeroméxico on the sale of the second-largest Mexican airline, Compañía Mexicana de Aviación (Mexicana) and its low-cost subsidiary airline Click Mexicana. In a long-awaited settlement in September 2005, White & Case also represented Kansas City Southern (KCS) and its subsidiaries, TFM and Grupo Transportación Ferroviaria Mexicana, in an agreement with the Mexican government. This concerned the payment of a value-added tax refund to TFM and the purchase of the remaining shares of TFM owned by the Mexican government. As a result of the settlement, KCS and its subsidiaries now own 100% of TFM and the legal obligation of the Mexican government to issue a VAT refund to TFM for \$1.2 billion was satisfied.

Relatively new partner Thomas Heather must also be congratulated for his role in the restructuring of Satmex's \$900 million debt. He was appointed by Mexico's Ministry of Communications and Transportation to serve as mediator in the process, and his adroit handling of the restructuring means that the Satmex 6 satellite can now be launched without external financing.

Leading lawyers

Alberto Sepúlveda Cosío
Thomas Heather

Key contact partners

Vicente Corta
Rodrigo Orozco
Alberto Sepúlveda Cosío
Juan Pablo Rico

Other notable firms

Baker & McKenzie is a new addition to the banking & capital markets and M&A rankings this year. This is due to a combination of excellent peer review and a good deal flow. In banking this year, the firm advised Scotiabank Inverlat in relation to the granting of a \$60 million credit facility, acted for Comerica Bank on a \$23 million secured term loan, and represented GE Real Estate in loans worth \$45 million and \$21.3 million for hotel and industrial financing respectively. In regulatory work, Baker & McKenzie represented Grupo Financiero Banorte in corporate governance structure issues. The department also advises on insolvency proceedings for clients such as the Bank of New York, the Viewsonic Corporation and Enterasys Networks. M&A has also been busy for the firm, the highlight of the past year being its representation of Yara in its acquisition of Fertilizantes Olmeca y SQM for \$30 million.

Making its first appearance in the rankings this year, the four-partner, eight-associate team at **Bello Escalante Morales y Tsuru** represented clients such as ING Bank and Institución de Banca Múltiple and Bank of Tokyo over the past year. In particular, it advised the latter on several financings, including the \$6 million project financing of an industrial plant in the State of

Aguascalientes. Similarly, it advised the same client with respect to a \$1.9 million financing of an industrial plant in Nuevo Leon.

Berdeja Abogados SC represented HSBC Seguros in connection with the \$670 million merger of its subsidiary HSBC Pensiones with the insurance company Allianz Rentas Vitalicias. It also advised HSBC Overseas Holdings (UK) Limited in connection with its acquisition of a 19.99% stake in the capital stock of Financiera Independencia, a limited purpose financial corporation, through a subscription of \$70 million-worth of newly issued capital stock. Finally, Berdeja Abogados counselled the International Finance Corporation in relation to a €20 million umbrella financing for a number of subsidiaries of auto parts manufacturer Epiq/Elex.

Another new entrant to the rankings this year, **Goodrich Riquelme y Asociados** represented a German lender in relation to an €80 million secured loan to a Mexican food company. It also advised a major auto parts manufacturer in obtaining a working capital loan of \$25 million, and served as legal counsel on the sale in Mexico of securities of an investment fund listed in Euronext Amsterdam. At the time of writing, Goodrich Riquelme y Asociados was representing Sofol in the sale of 49% of its shares to a foreign investor.

Von Wobeser y Sierra SC has expanded this year with the hiring of three new associates. More importantly, its impact on the market has increased, which has led to its entry on the project finance rankings. This is chiefly because of the advice it gave to Cryoinfra and affiliates in the construction of a nitrogen plant for supply to the Pemex oil field. Meanwhile, the M&A department – an area in which the firm had already made an appearance – has continued to prosper. In January 2006 the firm advised Villeroy & Boch in relation to the stock and asset purchase of a sanitary ware manufacturer, and provided guidance to KS Kolbenschmidt in relation to an asset-backed purchase of a piston manufacturing plant. Claus von Wobeser is described by a major client as an “excellent corporate lawyer” and the firm is “highly recommended for sophisticated transactions.”