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An overview of Spanish M&A legislation

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The legal framework for M&A activity in Spain consists mainly of:

(i) the provisions on general agreements, purchase agreements and assignment of receivables and payables in the Civil Code and the Commercial Code;

(ii) the provisions contained both in the public companies (sociedades anónimas) and in the private limited liability companies (sociedades de responsabilidad limitada) laws, as well as the Regulation of the Commercial Registry;

(iii) the provisions on takeover bids in the Securities Market Law and the Royal Decree on Takeover Bids, applying to listed companies; and

(iv) the provisions on merger control in the Defence of Competition Law, as well as those contained in the EU Merger Control Regulation.

Several other laws and regulations might apply to, and have an impact on, specific M&A transactions. For example, mergers, demergers, asset purchases or specific business combinations can be affected by the rules contained in the Statute of Workers or in the Bankruptcy Law.

Impact of recent legislative changes

The most important recent regulatory developments affecting M&A in Spain have been brought about by Law 25/2005 of November 24 on private equity firms, Law 19/2005 of November 14 on the Societas Europea, Royal Decree 432/2003 of April 11 on public takeover bids, Law 26/2003 of July 17 on transparency of listed companies and Law 22/2003 of July 9 on bankruptcy. These each impact the M&A regulatory framework differently and are explained below. Generally speaking, and although it is probably a little too early to tell, these changes have not had a direct noticeable impact on the nature and amount of M&A activity in Spain.

Through Law 25/2005 of November 24 on private equity firms, the Spanish government intends to provide greater flexibility and modernity to the private equity firms system to promote investment in this sector. The authorization of private equity firms will no longer be carried out by both the Ministry of Economy and the National Securities Market Commission (the Comisión Nacional del Mercado de Valores or CNMV), but rather by the CNMV exclusively. The time required to obtain the authorization has been reduced.

Law 19/2005 of November 14 on the *Societas Europea* modifies the Company Law and the Securities Market Law. In particular, it has simplified the procedure applicable to mergers with wholly-owned subsidiaries, extending this procedure to reverse mergers and mergers between sister companies. Contrary to the general mergers regime, mergers subject to this simplified procedure are exempt from directors' and independent experts' reports on the transaction.

Royal Decree 432/2003 (which modifies Royal Decree 1197/1991) July 26 on public takeover bids (the Takeover Bids Regulation) focuses reform on: (i) establishing new mandatory bid triggers; (ii) permitting bids subject to conditions relating to decisions by the target companies' governing bodies; and (iii) making the process of competitive bids more flexible by allowing all competing bidders to improve their offers. The Takeover Bids Regulation should shortly be adapted to the European directive on takeover bids.

Law 26/2003 on transparency of listed companies has introduced measures concerning corporate governance and the disclosure of corporate governance information to investors. Listed companies must approve internal regulations for their board of directors and must prepare an annual report on corporate governance. Also, the reform of the Securities Market law obliges listed companies to disclose any shareholder agreement or other agreements that could regulate voting rights or limit the transfer of their shares.

Another recent legislative development worth mentioning is Royal Decree-Law 5/2005 of March 11 on urgent reforms to encourage productivity and improve public procurement, which implements, among others, Directive 2003/71 of the European Parliament and of the Council of November 4 2003 on the prospectus to be published when securities are offered to the public, and Directive 2002/47 of the European Parliament and of the Council of June 6 2002 on financial collateral arrangements.

In 2005, the volume of M&A transactions carried out in Spain or with the participation of a Spanish company was $44.2 billion, the highest since 1999. Investment during 2005 was 87% higher than in 2004, but the number of transactions decreased by 5%.

Regulation of foreign involvement in M&A transactions

As a general rule, M&A transactions with foreign involvement are not subject to any further material restrictions in Spain.

Some specific sectors traditionally subject to restrictions, such as energy, transport, insurance, finance and telecommunications (not including television) have been, totally or partially, deregulated for European companies and to a lesser extent for non-European companies. The government keeps certain supervisory and/or veto powers to secure general public interest in these strategic sectors, but these powers apply regardless of whether there is foreign involvement in the transaction.

However, there are still sectors, such as those related to national defence or explosives, where foreign involvement is restricted, on the basis of national interest.

Regulation of takeovers

The main regulatory body is the CNMV. If the takeover meets merger control thresholds, the Competition Service must also be involved. Likewise, if the target company operates in a regulated sector (for example, insurance or energy), the involvement of the competent independent authority is required.

A takeover can be achieved by merger or demerger, takeover bid, assignment or purchase of assets. A takeover can also result from a bankruptcy procedure.

Takeover regulation makes no distinction between friendly and hostile bids. However, in the context of a hostile takeover bid, special attention should be given to the passivity rule that applies to the directors of the target company.

Penalties for violation of regulations

Sanctions for not complying with the Takeover Bids Regulation include, among others:

(i) the political rights of the shares acquired in violation of takeover regulations may not be exercised;
(ii) any resolutions of the target company based on a majority of votes including the shares whose rights have been suspended are deemed void;
(iii) monetary and other fines; and

in the case of senior managers or directors, disqualification from holding the office of director.

Bid and offer thresholds

The Takeover Bids Regulation is based on a system of thresholds that make it compulsory to launch a takeover bid before acquisition of control over the target company:

(i) the acquisition of shares representing 25% or more of the capital of the target company triggers the obligation to launch a bid for shares representing at least 10% of the capital of that target company;
(ii) the acquisition of shares representing 6% or more of the capital of the target company during any 12-month period, when the acquirer already holds a stake between 25% and 50% of the capital, triggers the obligation to launch a bid for at least 10% of the capital of the target company; and
(iii) the acquisition of shares representing 50% or more of the capital of the target company triggers the obligation to launch a bid for 100% of its capital.

Also, to avoid transactions that involve the acquisition of a stake below the thresholds of 25% and 50% mentioned above but that lead to a similar gain of control, the last reform of the Takeover Bids Regulation introduces additional cases of mandatory bids. These new cases are designed for acquisitions where the percentage thresholds are not met but a certain degree of control is gained through appointing directors of the target company.

Banking

Recommended firms
Tier 1
Clifford Chance
Uría Menéndez
Tier 2
Allen & Overy
Freshfields Bruckhaus Deringer
Garrigues
Linklaters
Tier 3
Cuatrecasas
Gómez-Acebo & Pombo
Tier 4
Araoz & Rueda
Baker & McKenzie
Jones Day
Lovells
Ramón & Cajal
DLA Piper
Tier 5
Ashurst
CMS Albiñana & Suárez de Lezo
Ventura Garcés & López-Ibor Abogados

Clifford Chance

With the strength of the firm's London office behind it, Clifford Chance's banking practice is traditionally a big player in the Spanish market, and the firm handles a lot of what purists call "100% banking work". Its competitors are snapping at its heels however, as the top firms vie for work on international deals.

The firm took a blow when respected project finance and banking partner Javier López Antón joined DLA Piper this year, which has taken over the Spanish practice of Squire Sanders & Dempsey. However, many quality lawyers remain. Jaime de San Román, head of banking at the firm, is widely admired by clients and peers for the quality of his structured finance and banking advice, and Pablo Bieger is also well-regarded.

Carlos Hernández-Canut led a team from the Madrid office that advised a syndicate of 40 Spanish resident and non-resident banks when it granted a €1.6 billion credit facility to Grupo Prisa. The credit was granted to refinance Prisa's existing debt and to finance its working capital and ongoing corporate needs. Among the debt now refinanced is the bridge loan that Prisa received in December to finance the acquisition of a larger holding in Sogecable. The syndicate included HSBC Bank (which acted as agent), Citibank International, Banco Bilbao Vizcaya Argentaria, Banco Español de Crédito, Banco Santander Central Hispano, Caixa d'Estalvis i Pensions de Barcelona, BNP Paribas, and the Royal Bank of Scotland.

In July 2005 the firm advised a bank syndicate leaded by BNP Paribas, Citigroup and SG Corporate & Investment Banking on refinancing a syndicated agreement of €500 million for Abengoa. The new credit facility agreement is worth €600 million, comprising a loan of €500 million and a credit line of up to €100 million.

Leading lawyers	Key contact partners
Pablo Bieger	Alberto Manzanares
Alberto Manzanares	Jaime de San Román

Uría Menéndez

Uría Menéndez continues to secure roles on an enviable number of lucrative transactions in the banking and syndicated lending arena, and its high-calibre lawyers retain the firm's strong standing in Spain. "There is no doubt that Uría is tier one," say peers. One lawyer from an international firm commented that Uría is "often seen across the table" on the market's biggest deals.

In one such high-profile transaction, Eduardo Geli led the team advising Banco de Sabadell in the financing of the Valentin Hotels group for the construction and operation of a five-star hotel in Riviera Maya (Mexico). The transaction will allow the Mallorcan company to expand its business into Central America. Banco de Sabadell was lender and agent in a syndicate of credit entities that granted the financing, which was secured by joint and several personal guarantees from companies belonging to the same group as the project company, and a mortgage over the land on which the hotel will be built.

In August last year, Uría Menéndez advised a bank syndicate led by Banco Bilbao Vizcaya Argentaria on a financing advanced to the construction and real estate group of companies owned by Luis Portillo and María Jesús Valero for their acquisition of Grupo Inmocaral shares by means of a public tender. The financing included a €376.6 million credit facility and a €252 million bank guarantee to secure payment obligations to Grupo Inmocaral's shareholders accepting the public offering. A wide variety of real estate mortgages and securities pledges made up the security package. The syndicate included Banco Santander, Barclays Bank, Banco Popular Español, Banco de Sabadell and Caja Madrid. Real estate partner Fernando Azofra led the Uría team, whose dynamism meant that the firm closed the deal, which should have taken three months, in place in three weeks.

The highly regarded Carlos de Cárdenas Smith led the Uría Menéndez team working on a financing deal for Promotora de Informaciones (Prisa), in which Prisa received a credit facility for €1.6 billion. Grupo Prisa is the largest communications group in Spain and one of the largest communications groups in the Spanish-speaking world. The facility will refinance existing debt and finance Grupo Prisa's working capital and other corporate needs. The credit facility was granted by a syndicate of 40 banks (both resident and non-resident in Spain), including HSBC Bank, Sucursal en España, Citibank, Banco Bilbao Vizcaya Argentaria, Banco Español de Crédito, Banco Santander Central Hispano, BNP Paribas, and the Royal Bank of Scotland. Among the debt is the bridge loan that Prisa received in December to finance the acquisition of a larger holding in Sogecable. Uría Menéndez also advised Prisa in 2005 on its offer for Sogecable.

Leading lawyers	Key contact partners
Carlos de Cárdenas Smith	Luis de Carlos
Luis de Carlos	Emilio Diaz Ruiz
Elena Úbeda	Salvador Sánchez-Terán
Carlos Viladás	

Allen & Overy

Allen & Overy's banking team, led by partners Eduardo Sebastián de Erice , Charles Poole-Warren, Ignacio Ruiz-Cámara and the renowned Iñigo Gómez-Jordana, has an excellent reputation. And its position in the market is in the ascendant. The firm has advised on most of the higher profile banking deals of the past year, and clients say they appreciate the firm's "quality and international legal capacity".

The team regularly advises a number of domestic and international banks, including UBS, Société Générale and La Caixa on the €22.5 billion financing of Gas Natural's takeover bid for Endesa, easily one of the biggest recent deals in Spain.

The market reports a trend towards significant leveraged finance deals rather than the so-called jumbo loans seen in the past, and A&O has been active in the area, providing ongoing advice to ING and Royal Bank of Scotland on the €569 million financing to Permira and Carbal for the Tele Pizza takeover.

A&O also worked with JP Morgan, Bank of America and Citigroup on the acquisition by the Blackstone Group and Lion Capital of the beverage division of Cadbury-Schweppes (La Casera and Trina included), worth €1.85 billion, and acted for BBVA on providing facilities worth €315 million to Grupo Alfonso Gallardo in the acquisition of three steel-manufacturing plants from Arcelor.

The team is highly multilingual, and boasts lawyers who speak Spanish, English, German, Portuguese and French.

Leading lawyers	Key contact partners
Iñigo Gómez-Jordana	Iñigo Gómez-Jordana
Ignacio Ruiz Cámara	Eduardo Sebastián de Erice
	Charles Poole-Warren
	Ignacio Ruiz-Cámara

Freshfields Bruckhaus Deringer

Freshfields has retained its presence in the banking market this year, with peers saying that they see the firm regularly advising on international deals. "They are always there," said one competitor.

Freshfields' Spanish operation has 14 lawyers dedicated to banking. Fernando Bautista is the head of the practice, and earns plaudits for the quality of his financial advice. The highly respected Iñaki Gabilondo has had a busy year, one peer noting that he is "basically taking most of the banking work" at the firm.

Gabilondo led the Freshfields team on four of the firm's biggest banking deals this year, the most high-profile being the €7.8 billion financing of Gas Natural's hostile takeover bid for Endesa, arranged by La Caixa, Société Générale and UBS. Linklaters advised Gas Natural. In December 2005 Gabilondo advised Goldman Sachs Principal Investment Area on its €1.3 billion acquisition of Italian cable and tyre-maker Pirelli's cable-making business, and worked for Grupo Mahou in connection with a €350 million syndicated loan granted by BBVA for the acquisition of Danone's 33.33% stake in Mahou and related ISDA hedging arrangements granted by JP Morgan Securities.

He also advised the Royal Bank of Scotland and ING Belgium on the €1.36 billion senior, capex, revolving, bridge and mezzanine facilities and €1.43 billion facility arranged by JP Morgan, RBS and ING for Permira and Paribas Affaires

Industrielles (Pai) in relation to their joint counterbid for Cortefiel.

Leading lawyers	Key contact partners
Eduard Arruga	Fernando Bautista
Iñaki Gabilondo	John Byrne
Ana López	Iñaki Gabilondo

Garrigues

Garrigues' sterling financial services department is led by Fernando Vives, Rafael González-Gallarza and Jose Guardo in Madrid, and Ramón Girbau in Barcelona. The firm wins roles on transactions of various types, and is equally visible in the top and middle of the market.

In December 2005 José Guardo advised a bank syndicate led by SCH, Banesto, Fortis Bank, and the Royal Bank of Scotland on the refinancing of the acquisition of Ena Infraestructuras. The new loan agreement refinanced existing debt of €1.2 billion.

In July 2005 Guardo advised a bank syndicate, including such domestic and international banks as BBVA, Barclays, BNP Paribas, Calyon, Citigroup, HSBC, Société Générale and the Royal Bank of Scotland, on the refinancing of ACS's existing debt, which involved a new credit facility agreement for a total of €1.5 billion. The refinancing was structured on a corporate loan to the ACS Group, guaranteed by ACS and its subsidiaries.

Also in July, Guardo advised Abengoa on the refinancing of a syndicated agreement. The new credit facility agreement was worth €600 million (comprising a €500 million loan and a €100 million credit line). The bank syndicate, led by BNP Paribas, Citigroup and SG Corporate & Investment Banking, was advised by Clifford Chance.

Guardo also advised a bank syndicate led by SCH on financing the acquisition by ACS's group company of about 32% of the capital stock of Unión Fenosa. The acquisition and the financing was structured in two different tranches: the acquisition and financing of about 22% of the capital stock of Unión Fenosa for €1.6 billion, and the acquisition and financing of an extra 10% of the capital stock of Unión Fenosa for €754 million.

Garrigues has five partners and six associates dedicated to regulatory work, led by Fernando Vives. Partner Enrique Rodríguez has had an active year, advising Sinergia Advisors on the incorporation of an investment firm (a broker company or *agencia de valores*) in February this year and UBS España/Autofondo on the incorporation of pension funds in November 2005.

In April 2006 Rafael González-Gallarza and Jaime Bragado advised Corpfin Capital Asesores on the incorporation of a venture capital management company and a venture capital fund (worth €115 million). Also, Esperanza Motilla advised Caja Badajoz /Aegon Spanje on the incorporation of a life insurance company.

Leading lawyers	Key contact partners
Fernando de las Cuevas	Ramón Girbau
Rafael González-Gallarza	Rafael González-Gallarza
Fernando Vives	José Guardo
	Fernando Vives

Linklaters

Over the past year, Linklaters has strengthened its position in Spain, working for some of the most active banks in the market and receiving big-ticket work from large Spanish borrowers. Peers say the firm "has a nice franchise" in Spain; "I come across them often" said one lawyer at a rival international firm.

Iñigo Berrícano, Conrado Tenaglia and Pedro de Rojas head the multi-disciplinary and multi-jurisdictional practice. The highly regarded Alejandro Ortiz chips in as well, sharing his time between corporate/ M&A work and finance, and 13 associates round out the team.

Most recently, Pedro de Rojas led the team advising Joaquin Rivero and Bautista Soler on a joint €2.1 billion competing public tender offer for the acquisition of a 26% stake in Metrovacesa (a leading European real estate company, listed in Spain). The financing was the largest ever under Spanish law.

In June 2005 Linklaters showed why the international firms' hold on Spain is increasing when a combined team from the firm's London and Madrid offices advised Permira on the €1.3 billion financing needed for its competing tender offer, together with Pai Partners, to acquire 100% of the Spanish listed company Cortefiel. Conrado Tenaglia advised on English law, and Pedro de Rojas advised on the Spanish law aspects of the deal.

The firm continues to advise Permira and the bidding vehicles on €458 million-worth of financing towards the joint tender offer by Permira and Carbal for the acquisition of 100% of the shares and existing convertible bonds of the Spanish listed company Telepizza. Again, Tenaglia is providing advice on English law and on Spanish law.

In June 2005 Tenaglia and De Rojas advised JP Morgan on the negotiation of a €6 billion multicurrency revolving credit facility for one of the largest telecoms companies in the world to be used for general corporate purposes, including the purchase of Cesky Telecom.

Iñigo Berrícano has also had an active year, representing a syndicate of lenders, including Caja Madrid, Banco Popular Español, Banco Sabadell, Caixa and HSBC Bank, on a €110 million long-term loan granted to Europac (a Spanish listed company) to refinance the acquisition of a majority holding in a Portuguese listed company, Gescartao, and to refinance two syndicated loans. The whole security package was formalized in Spain to avoid triggering Portuguese stamp duty.

Leading lawyers	Key contact partners
Iñigo Berricano	Iñigo Berrícano
Alejandro Ortiz	Pedro de Rojas
Pedro de Rojas	Conrado Tenaglia
Conrado Tenaglia	

Cuatrecasas

Dealing mostly with small to medium-sized transactions, Cuatrecasas enjoys a strong reputation in the mid-market, and Miguel Trias is considered to "add exceptional value" to the team. The banking team, led by Eduardo Ramírez, is large, boasting 37 associates and 10 partners who are able to conduct business in English, German, French and Italian.

In May 2005, Luis Bravo and Jesús Mardomingo advised Inversis Banco on the acquisition of the Safei Group from the Capitalia Group for €110 million. Uría & Menéndez advised Capitalia. And in June 2006 Eduardo Ramírez and Luis Álvarez de la Vega advised on the sale of 50% of stock capital of Seguros Navarra (a subsidiary of Caja Navarra).

At least four of the team's partners are more than capable of advising on regulatory work, having done so in the recent past for such clients as Morgan Stanley and Fidelity Investment

International, on issues such as MiFID, financial entities adaptation, hedge fund management companies' registration preparation, compliance (including money laundering prevention and data protection), and product design and planning.

Leading lawyers	**Key contact partners**
Florentino Carreño	Florentino Carreño
Jesús Mardomingo	Jesús Mardomingo
	Eduardo Ramírez

Gómez-Acebo & Pombo

Gómez-Acebo & Pombo has a strong reputation among its clients, one long-standing client remarking "we are very happy with their work." Two new associates from rival firms, Álvaro Urcola Sousa from Garrigues and Jabier Badiola Bergara from Ramón & Cajal, add depth to the team.

Leading lawyer Angel Varela receives particular recommendation from a happy client: "Varela is an excellent lawyer and has a very practical approach to problems. He solves problems and has ideas, where many lawyers only raise questions."

Varela has led most of the firm's notable transactions on the lending side in the past year, advising Telefónica on a syndicated loan worth €700 million, guiding Tesa through the financing of its acquisition of a building (€680 million) and working with Grupo SOS on a syndicated loan worth €200 million. Meanwhile, department head Carlos Rueda advised Lloyds Bank on a guarantee line for Navantia worth €300 million.

Fernando Igartua is the firm's go-to lawyer for regulatory advice. His ongoing work includes advising Aresbank Banco Árabe Español on its restructuring, acting for GE Money Bank on the development of consumer products in Spain, and guiding Genworth Financial through its restructuring and the process of going public on the stock exchange.

Fernando de las Cuevas has also been active, advising Bloomberg, both directly and in conjunction with its US lawyers Willkie Farr & Gallagher, on Spanish regulations related to the securities markets in general, and specifically on the regulatory implications involved in offering the various Bloomberg systems in Spain.

Gómez-Acebo & Pombo has grown generally as a firm this year following its acquisition of the Madrid office of the now-defunct Mullerat.

Leading lawyers	**Key contact partners**
Miguel Lamo	Fernando de las Cuevas
Carlos Marina	Fernando Igartua
Carlos Rueda	Carlos Rueda
Ángel Varela	Ángel Varela

Araoz & Rueda

Araoz & Rueda entered the rankings last year on the back of the numerous recommendations of its peers and on the strength of the deals it had closed. This year it retains its place among the premier Spanish firms, helped in no small part by its appointment of leading lawyer Andrés Lorrio and associate Guillermo Yuste from Linklaters.

Lorrio now leads the banking team and, together with Yuste, has immediately shown his worth, working on most of the firm's big deals of the past year. The pair advised Bank of Scotland on the senior financing of €75 million, together with a high-yield bond issue for €335 million, for the refinancing of Codere's Group debt. They also aided BBVA in the financing of the sale of the Spanish Alain Afflelou optician stores to various franchisees, in a deal worth €10 million.

Araoz & Rueda was also present on one of the biggest Spanish deals of the year: Gas Natural's takeover bid for Endesa. Name partner Fernández Araoz and Aihnoa Veiga were the lawyers for JP Morgan, Citigroup and Deutsche Bank, all of whom were part of the banking syndicate advising Endesa on its defence.

And in July 2005 Clifford Hendel and Yuste advised Deutsche Bank as part of the banks syndicate in the financing of a bridge loan to KKR and others for the LBO of Toys R Us. The total financing was worth about €5 billion, of which the European financing made up about €1 billion).

Leading lawyers	**Key contact partners**
Fernandez Araoz	Fernandez Araoz
Andrés Lorrio	Clifford J Hendel
	Andrés Lorrio

DLA Piper

In January this year, DLA Piper almost doubled the size of its Madrid office when it absorbed the 25-lawyer Spanish operations of Squire Sanders & Dempsey. The office now numbers around 60 lawyers, making DLA one of the biggest international firms in Spain.

Not content to stop there, DLA has also poached the well-regarded Javier López Anton from Clifford Chance. He comes highly recommended both for project finance work and general banking and finance. Peers say López Anton has retained a lot of his clients and is continuing to carry out the same quality of work. It's really only a matter of time before the banking market begins to notice.

More recently, associate Carlos Pérez joined the Madrid office from Freshfields Bruckhaus Deringer. As a UK-qualified lawyer, he adds considerable depth to the team with his experience on UK law matters in Spanish financing deals.

Key contact partner
López Anton

Jones Day

Jones Day joins rankings for the first time this year, entering the fourth tier on the strength of the notable deals it has handled in the past year. The banking team is a small one – department head Luis Muñoz is joined only by of-counsel Richard Puttré (who practises New York law from the Madrid office) and two associates.

But the team's workload is disproportionate to its size. For example, it handled the €2 billion securitization of a mortgage loan portfolio for Banco Santander Central Hispano and advised Vista Desarrollo in connection with financing the acquisition of 100% of Famosa.

It also provided Telefónica Móviles and Comunicaciones Móviles del Perú with advice in connection with a refinancing credit agreement provided by ABN Amro to the Peruvian subsidiary of Telefónica, and advised Banco Sabadell on the financing of Aspro Ocio's working capital and new investments, as well as on the refinancing of an existing syndicated loan worth €180 million.

The Spanish branch of Calyon is a big client for Jones Day, regularly seeking advice from the firm for its project finance deals. The firm advised Calyon in connection with a syndicated counter-guarantee agreement granted by Abengoa to a syndicate of 26 banks for ATE Transmissora de Energía's $270 million construction and operation of an electric transmission line in Brazil, and again advised Calyon on its acquisition of Abengoa Chile's credit rights against HQI Transelec Chile, for the construction of an electric distribution line.

On the regulatory side, Jones Day advised De Lage Landen International on money laundering prevention, and helped ABN Amro set up an asset management branch in Madrid.

Key contact partner
Luis Muñoz

Lovells

Joaquín Sales joined Lovells from Gómez-Acebo & Pombo in January 2005, a move that peers say "was quite good news for Lovells." The firm hasn't looked back since. "Sales was a key player [at Gómez-Acebo] and did a lot of big deals," said one peer. "He's a very good lawyer – very reliable."

In June 2005 Sales provided advice to a syndicate of credit entities including Instituto de Crédito Oficial and Banesto, with BBVA as MLA and agent, when it granted credit worth £200 million to Hispasat to refinance part of its debt. And in July Sales led the team advising Banesto on a €81.5 million loan to an industrial company to purchase a minority stake in a listed construction company.

Associate Rafael Sáez followed Sales from Gómez-Acebo this year, alongside María Pilar García Guijarro, an associate who comes from GE Money Bank. Lovells is a firm to watch in the banking sector, with peers saying that Sales is still settling into his new firm, but that "his move will be good for them."

Key contact partner
Joaquín Sales

Ramón & Cajal

Ramón & Cajal is a boutique firm with a team of lawyers that is considered by its peers to be very strong in banking, although its strongest practice is not traditionally this area.

Francisco J Bauzá heads the department and led on all of the firm's most noteworthy deals recently. In May 2005 he advised Ahorro Corporación Financiera as part of a bank syndicate in structuring a loan granted to Corporación CAN worth €60 million, and in October he again advised Ahorro, as part of the syndicate that granted a €120 million loan to Sociedad de Desarrollo de Navarra.

Bauzá also advised the Spanish branch of Citibank International on a lease agreement in favour of Unión Fenosa Generación.

Key contact partner
Francisco J Bauzá

Other notable firms

Ashurst's international finance department, headed by Gonzalo Jiménez-Blanco, was recently strengthened by the arrival of two associates from Allen & Overy, María Burgos and Mariano López. The firm is acting on the high-profile Cortefiel deal, providing advice to the banks (JP Morgan, ING Bank and the Royal Bank of Scotland) in relation to their €1.36 billion financing of the competing bid by Permira and PAI for Cortefiel, and ultimately on the joint bid by Permira, PAI and CVC. It also advised the banks – Crédit Suisse First Boston, Barclays Capital, Merrill Lynch International, JP Morgan and the Royal Bank of Scotland – in relation to the €4 billion-plus financing of the bid by BC Partners and Cinven for Spain's Amadeus Global Travel Distribution, the leading global distribution system (GDS) and technology provider to the world's travel and tourism industries.

CMS Albiñana & Suárez de Lezo has several bank clients, which it represents in a general corporate law capacity. However, with corporate transactions comes regulatory work, and partners Gracia Sainz Muñoz and José Antonio Rodríguez are building a reputation in this area. For example, the firm handled the necessary authorization procedures when Banco Espírito Santo merged with Banco Inversión in June 2005 and is providing ongoing advice to Espírito Santo Investment on its cross-border merger, which will see the Portuguese Banco Espírito Santo de Investimento take over its wholly owned subsidiary in Spain and allocate all assets and liabilities arising from the merger to a new Spanish branch. The firm also advises Banco Espírito Santo on drafting secured financing agreements, amendments to financing agreements already executed, and drafting model agreements for new products. It provides similar advice to Caja Madrid. Earlier this year the firm advised Commerzbank on implementing a structure to allow the joint use of the interest rate subsidy relating to premiums and financing of shipbuilding, the financial leasing tax regime and the tonnage tax regime in connection with the acquisition of four vessels, as well as on the corresponding drafting and execution of the financing agreements and granting of Spanish securities.

Ventura Garcés & López-Ibor Abogados has undertaken some impressive bank lending work over the past year, advising WestLB on its €100 million syndicated loan facility to Pescanova, acting for Bayerische Landesbank on a €277 million loan to the Madrid City Council, representing Banque du Conseil de l'Europe on a loan to the regional government of the Balearic Islands, and advising the Royal Bank of Scotland in respect of Eden Springs' guarantee of a €100 million syndicated facility to Eden Springs, a company of the Danone Group.

Capital markets

Recommended firms
Tier 1
Uría Menéndez

Tier 2
Clifford Chance
Freshfields Bruckhaus Deringer
Garrigues
Linklaters
Ramón & Cajal

Tier 3
Allen & Overy
Cuatrecasas
Gómez-Acebo & Pombo

Tier 4
Araoz & Rueda
Baker & McKenzie
CMS Albiñana & Suárez de Lezo
DLA Piper
Lovells
Pérez-Llorca Abogados

Uría Menéndez

Uría Menéndez retains its capital markets ranking this year, having advised on most of the transactions completed in Spain in 2006. However, while it has secured first place among the Spanish firms by number and value of deals, peers say it is holding on to the top tier "by the skin of its teeth" as it competes with the international firms in a market that rarely sees domestic capital markets deals.

The renowned Luis de Carlos is described by peers as "an absolute star" and has a wealth of experience in the securities market, being one of the first lawyers to specialize in this field in Spain. Clients identify Ramiro Rivera as a leading lawyer for securitization work. "We appreciate his involvement in our transactions," said one.

Uría Menéndez has been involved in a number of high-profile initial public offerings (IPOs) over the past year. In June Luis de Carlos and Fernando Calbacho led the Uría team advising the underwriting bank syndicate led by Morgan Stanley, which acted as global coordinator, in the IPO of General de Alquiler de Maquinaria (GAM), a leading equipment rental company on the Iberian Peninsula. The IPO involved about 43% of GAM's share capital (after the offering), which was valued over €235 million.

Uría Menéndez also advised on the IPO and listing of Grifols, serving as Spanish legal counsel to the underwriting and placement syndicate. Grifols is a global biopharmaceutical Spanish company that makes plasma derivative products. The offering represented about 33% of the company's share capital, which was valued at close to €1 billion. Luis de Carlos also led the team acting on the IPO and listing of Renta Corporación Real Estate, the first company listed in Spain in 2006, as Spanish legal counsel. The offering was valued at over €725 million.

Bolsas y Mercados Españoles (BME) also turned to the firm for Spanish counsel on its IPO and listing on the Spanish stock exchanges. BME owns and operates the Madrid, Bilbao, Barcelona and Valencia stock exchanges, the Spanish private fixed-income securities market, the Spanish public debt trading platform, the Spanish derivatives markets and the Spanish central securities depository and clearing and settlement system. The offering generated about €780 million for the selling shareholders and a market capitalization for BME of €2.6 billion. Luis de Carlos again led the transaction, which was the largest IPO in Spain since November 2004.

Most recently, Uría Menéndez has advised Santander Investment in its participation as a sole manager of the capital increase of La Seda de Barcelona in June this year. La Seda is the holding company of the Seda Group, which produces PET polymers. The deal, worth €418 million, involved issuing about 280 million new common shares of La Seda with a face value of €1 each and a share premium of €0.50 a share. The funds obtained in this increase will be used to finance La Seda's acquisition of companies in Turkey and Greece.

On the debt side, in June Uría Menéndez advised Telefónica on the issue of senior notes to the US retail market for $5.25 billion, the largest issue of debentures carried out by a Spanish company recently. The issue will refinance part of Telefónica's debt in the acquisition of the British mobile telecommunications operator O2. The issue was structured through four series of notes, which have been admitted for listing on the New York Stock Exchange. This is the first time that a Spanish company issued notes in the US retail market under Law 19/2003. Rafael Sebastián led the team.

Leading lawyers	Key contact partners
Luis de Carlos	Luis de Carlos
Gabriel Núñez	Salvador Sánchez-Terán
Cándido Paz-Ares	
Rafael Sebastian	

Clifford Chance

As the global focus on Spain increases, the international firms' ability to offer a worldwide package puts them in a great position to win work on the bigger deals. Clifford Chance is one such firm, and peers say it is "using its Spanish franchise well." Clients too, are recognizing the firm's value. "We are aware of the good reputation of Clifford Chance," says one, highlighting the expertise of José Manuel Cuenca, who is renowned for his ability in structured finance.

Market commentators report that most of the action in the market this year has been on the debt side. A prominent deal was Bancaja's issue of €500 million fixed/floating rate non-cumulative perpetual subordinated notes, which qualified as Tier II capital of the Bancaja Group. The preferred securities were placed among qualified investors locally and internationally, and the subordinating notes were listed on the AIAF *Mercado de Renta Fija*. Clifford Chance advised Lehman Brothers under Spanish law on the deal.

Pablo Bieger heads debt capital markets work and Javier Garcia de Enterría handles the equity side. Clients include Calyon, Caja San Fernando, Avanzit, Barclays Capital and JP Morgan Securities.

Leading lawyers	Key contact partner
José Manuel Cuenca	José Manuel Cuenca
Alberto Manzanares	

Freshfields Bruckhaus Deringer

Fernando Bautista leads Freshfields' finance team of seven associates and three partners. The firm has forged a good reputation for work in the capital markets sphere, peers saying it is "good on private equity work" in particular. The market regards the firm highly for the quality of its UK and Spanish law advice.

Morgan Stanley is a big equity client for the firm. Morgan Stanley sought the firm's advice when it acted as sole global coordinator on Riofisa's IPO in June. Before that, the firm acted for Morgan Stanley, as sole global coordinator, in relation to the IPO of Renta Corporación worth €208 million, having previously advised Morgan Stanley as sole global coordinator on the IPO of Spanish cosmetic surgery group, Corporación Dermoestética, worth €157 million.

More recently, in May this year Freshfields advised the managers (Citigroup, Goldman Sachs and Morgan Stanley) and the underwriters in relation to the €5 billion global offering of securities of KKR Private Equity Investors, including listing in Amsterdam and private placements in several jurisdictions.

Iñaki Gabilondo has been a prominent player in the debt capital markets over the past year, advising on the bulk of the firm's finance deals. For example, he led the team advising Gas Natural on two medium-term note (MTN) issues, with Gas Natural Finance and Gas Natural Capital Markets as issuers, and Gas Natural SDG as guarantor, arranged by Barclays Bank. The first, in November 2005 was worth €2 billion and the second, in May 2006, was worth €200 million.

Over the past year the firm has advised on around 25 securitization transactions, including big-ticket multi-jurisdictional transactions such as the Bank of America Securities, Banque AIG and the Jefferson Smurfit Group programmes.

Leading lawyer Monica McConville has moved back to London, but given the international nature of the firm's practice this should have little impact, and might even place the firm in a better position to win work on UK/Spanish deals.

Leading lawyers	Key contact partners
Armando Albarrán	Armando Albarrán
Fernando Bautista	Fernando Bautista

Garrigues

Garrigues' highly visible capital markets practice is led by the renowned Fernando Vives. Luis Esquerra heads the office in Barcelona. The practice now has 14 associates and six partners and has an eminent client base, including Banco Bilbao Vizcaya Argentaria and Unión Fenosa. From among the team, one client points out Gonzalo García Fuertes as a young lawyer to watch. Although he is not yet a partner, they felt comfortable with his advice, saying "most of the time we do not miss the partners leading the practice."

Javier Ybañez has had a particularly successful year, leading the firm's teams on most of the firm's high-profile capital markets deals of the past year. On the debt side, he guided Bancaja through the issue of €500 million fixed/floating rate non-cumulative perpetual subordinated notes, which qualified as Tier II capital of the Bancaja Group and were listed on the AIAF *Mercado de Renta Fija*. The preferred securities were placed among qualified investors local and abroad.

The team also advised Unión Fenosa on the issue by Unión Fenosa Preferentes of €700 million floating rate non-cumulative perpetual guaranteed preferred securities, guaranteed by Unión Fenosa. The securities were listed on the Luxembourg Stock Exchange, and the deal marked the first instance of a non-financial corporate issuing preferred securities intended to be treated as equity rather than debt.

In April 2006 Luis Ezquerra and Alex Pujol advised a syndicate of prominent banks on the establishment of a euro medium-term note programme (EMTN) by a Dutch special purpose vehicle (SPV) wholly owned by La Caixa. The EMTN was registered with the Luxembourg Stock Exchange. Under the EMTN, the SPV can issue notes up to €5 billion, irrevocably and unconditionally guaranteed by La Caixa.

Fernando Vives led the team advising Codere on the issue by Codere Finance (Luxembourg) of €500 million senior notes, guaranteed by Codere, one of the biggest Spanish gambling companies. The issue was launched in June 2005 at €335 million, and was extended by another €165 million in March 2006.

Looking at equity work, in May 2006 Javier Ybañez advised Parquesol Inmobiliaria y Proyectos, a real estate company, and Metropolitan Summa and New GP Cartera (the selling shareholders) on Parquesol's IPO. The offering, which raised about €285 million, was launched to institutional investors and to Spanish institutional investors through a separate prospectus complaint with the EU Prospectus Directive. He also advised Corporación Dermoestética, a leading European provider of aesthetic medical and non-medical services, on its €157 million IPO in July 2005.

Recently Javier Ybañez and José Luis Palao helped Astroc Mediterráneo, a real estate company, with its IPO, which raised €186 million, and in March this year the same pair advised Iberia Líneas Aéreas de España on its capital increase. Over four million shares were sold at €1.62 a share, listed on the Madrid, Barcelona, Valencia and Bilbao stock exchanges and admitted to the Spanish automated quotation system.

Javier Ybáñez has also been active on the firm's structured finance mandates, and recently advised Titulización de Activos Caja Madrid on Programa Cédulas TDA, FTA. For the first time in Spain, CNMV allowed sub-liquidation of the compartment funds on different dates. Garrigues had previously advised Titulización de Activos Bancaja and Deutsche Bank on CM Bancaja 1, FTA – the first CMBS transaction in Spain.

In June 2005, José Guardo advised Cajamadrid, Dexia Sabadell, BBVA and La Caixa on the €1.1 billion financing of the land concentration works and water network of the Sistema Segarra-Garrigues. It was the first transaction of this kind in Spain, and involved the establishment of a contractual frame by which the bank's consortium committed to purchase the present and future receivables arising for the company, Aigues del Segarra-Garrigues.

Leading lawyer	Key contact partners
Javier Ybañez	Luis Ezquerra
	Rafael González-Gallarza
	Fernando Vives
	Javier Ybañez

Linklaters

Linklaters is considered by its peers to be "great" for capital markets advice in Spain, its international reach securing it a solid amount of work from international private equity firms. "They have a good franchise going," said one competitor. Three partners and 11 associates make up the capital markets team. The widely admired Sebastián Albella, who joined the firm from Ramón & Cajal in 2005, has settled well into his new role and is still regarded as the one of the leading corporate lawyers in Spain.

However, it is his partners Conrado Tenaglia and Iñigo Berrícano that have been most visible in the market, heading up teams advising on many significant debt and equity deals. Berrícano advised the managers and global coordinators on an initial offering by certain selling shareholders of about 19.5 million ordinary shares of Técnicas Reunidas, and the listing of the shares on the Spanish stock exchanges under the new EU Prospectus Directive.

Tenaglia and Berrícano together advised HSBC as financial advisor to Zelita on the issue of 10.7 million new ordinary shares by Zeltia through a documented accelerated bookbuilt offering raising about €65 million to finance the activities of its bio-technology subsidiary, Pharma Mar. The offer included a greenshoe option in favour of HSBC for an additional 750,000 ordinary shares. This was the first time a Spanish listed issuer had taken advantage of the recent implementation in Spain of the EU Prospectus Directive and, in another first, the transaction was designed so that the exact amount offered (including any over-allotment) was determined at pricing.

The pair also acted for Goldman Sachs on the issue of 15.7 million new ordinary shares of Banco Popular, through an accelerated bookbuilt offering raising €792 billion.

Even more active on the debt side, Tenaglia and Berrícano guided Barclays Capital through the issue by Altadis of €500 million bonds, one of the first standalone issues of a Spanish company to be fully compliant with Spanish law 19/2003 (establishing a new tax regime in Spain), the EU Prospectus Directive, and Spanish corporate requirements.

The pair also advised Barclays Bank on the amendment and update of Iberdrola International and Iberdrola Finanzas' €10 billion MTN programme. The programme comprises both a Spanish and a Dutch issuer, one of the first programmes to reflect this issuing structure since the new Spanish tax regime was introduced in 2004. The update required the inclusion of separate sets of terms and conditions for each issuer, and consequential changes to the programme documentation. The programme was also amended to reflect the implementation of the EU Prospectus Directive. The international team working on the deal included lawyers in Linklaters' New York and Amsterdam offices.

Tenaglia and Berricano represented both BNP Paribas and Barclays Capital on their respective EMTN programmes, and guided Barclays Bank and Merrill Lynch (as bookrunners and underwriters) through the €1.25 billion bond offering by Caixa Catalunya, which was the first debt issue registered in Spain that was EU Prospectus Directive-compliant. Last but not least, Berricano led the team advising Credit Suisse First Boston and Barclays Bank as lead managers and underwriters on the €1.2 billion senior bonds issue by Ente Público Radio Televisión Española.

Pedro de Rojas has done some innovative securitization work over the past year, in two issues using asset securitization funds (FTAs), a more flexible securitization vehicle under which it is possible to group mortgage loans not meeting the relevant requirements. In the first, he acted for Banco Cooperativo Español (the arranger), Europea de Titulización (the fund management company) and Rural Hipotecario VII FTA (the fund) on the fund's issue of €1.1 billion mortgage securitization bonds. In the second, he advised CAM Titulización de Activos and TDA CAM 6 FTA on the €1.3 billion securitization of mortgage loans of Caja de Ahorros del Mediterráneo.

Leading lawyers	Key contact partners
Sebastián Albella	Iñigo Berricano
Iñigo Berricano	Pedro de Rojas
Conrado Tenaglia	Conrado Tenaglia

Ramón & Cajal

Ramón & Cajal is gaining strength and solidity in the Spanish market, providing sterling advice mainly on domestic deals. One peer pointed out that, in this respect, the firm is picking up similar work to the top-tier Uría Menendez. The well-known Francisco Palá heads the team, which this year saw the addition of two new partners. David Lozano joined the firm from an in-house role at Grupo Telefónica, and Daniel Alaminos was legal counsel of Sepi. Alaminos in particular will be focusing on capital markets work. One senior associate to watch, meanwhile, is Florentino Vivancos, one client saying they felt "very comfortable with his advice."

Ramón & Cajal recently represented Caja España (a Spanish saving bank) in registering a €1 billion debt programme with the Spanish Securities and Exchange Commission and in a simultaneous €500 million triple note offering thereunder. The firm also acted as Spanish counsel to Endesa Capital in relation to the ¥3 billion offering of fixed-rate notes under its €5 billion EMTN programme registered with the UK Listing Authority, and advised Endesa on a €36 million offering of floating-rate notes under the same programme.

On the equity side, in May the team advised Inmocaral in relation to a €2.7 billion combined equity offering, one of the largest-ever in the Spanish market, and in December 2005 acted for Azkoyen on its issue of 853,500 bonus shares by conversion of the reserves in a deal worth €512.1 million. The team also provided Spanish law advice to Zeltia in relation to the €65 million increase of its capital, subscribed by HSBC as a pre-funding entity on behalf of domestic and international qualified investors.

Ramón & Cajal often provides external counsel to security funds. In May, for example, it acted as independent counsel to Titulización de Activos in the incorporation of a mortgage-backed securitization fund (TDA Ibercaja 3, Fondo de Titulización de Activos) and in the subsequent bond issue. The deal was valued at €1 billion. It also advised Europea de Titulización on setting up one mortgage-backed and two asset-backed securitization funds, and on the related bond issues.

Leading lawyer	Key contact partners
Pedro Ortiz	José Blanco
	Javier Menchén
	Francisco Palá

Allen & Overy

Allen & Overy's highly capable finance and capital markets team is made up of partners Iñigo Gómez-Jordana, Eduardo Sebastián de Erice and Charles Poole-Warren plus 10 associates. "We know Iñigo Gómez Jordana and his team well," says one client, pointing out that it "sees the firm regularly advising rating agencies and underwriting entities".

The firm's structured finance deal list backs up this comment. This year A&O advised Standard & Poor's on asset securitization Cédulas TDA 7, worth €2 billion, and on asset securitization

AYT Cedulas Territoriales Cajas II FTA, worth €2.5 billion. It also represented Citigroup on asset securitization Santander Hipotecario 1 for €1.875 billion. Further securitization work saw the firm guide GMac through its mortgage-backed participations issue and its transfer certificates for their subsequent securitization.

Partners at Allen & Overy report that the debt markets are seeing much more activity than the equity side, an understandable perception given the number of debt instructions that have come their way over the past year. The firm is perhaps missing private equity specialist Fernando Torrente and his team too, since they recently returned to Cuatrecasas. Over the course of the year, the team advised Credit Suisse First Boston and Morgan Stanley on the Codere high-yield bond issue and a senior financing, and at press time was providing ongoing advice to Bancaja in relation to a bond issue.

Among the year's other highlights, the firm represented Morgan Stanley on each of Banco Pastor's and Caixa Terrasa's Tier I preferred securities issues, both of which involved a novel step-up feature and obtained equity treatment from Moody's. The team also advised UBS in connection with ICO's issue of £150 million fungible notes under its €200 billion EMTN programme.

Leading lawyer	**Key contact partners**
Iñigo Gómez Jordana	Iñigo Gómez Jordana
	Eduardo Sebastián de Erice
	Charles Poole-Warren

Cuatrecasas

Last year the *IFLR1000* reported that Cuatrecasas was forging ahead in the securitization arena, securing roles on a number of high-value transactions. The same is true of the firm this year. The firm is also back to form in the private equity financing market, following the return of the well-regarded Fernando Torrente and his team from Allen & Overy.

Cuatrecasas' capital markets team is a formidable force in the Spanish market, and has taken part in most of the high-profile deals in Spain of the past year. Pere Kirchner is leading the team advising Arcelor as it faces Mittal Steel's €25.8 billion takeover bid. And Jose Luis Blanco is leading the team advising Gas Natural on its €22.5 billion takeover bid for Endesa.

In June ex-A&O lawyers Torrente and Juan Aguayo advised General Alquiler de Maquinaria on its IPO, worth around €300 million, and in April Torrente and Jose Luis Blanco advised Yell on its takeover bid for TPI worth €3 billion. Lastly, in April 2006 Torrente led the team advising Sogecable on its €110 million capital increase, achieved by a contribution-in-kind of a stake in Canal Satélite Digital and Cinemanía by Warner.

Three partners and 20 associates are dedicated to debt capital markets and structured finance work in Cuatrecasas' corporate finance department, led by Rafael Mínguez. Fernando Navarro is particularly active on the debt side, advising Morgan Stanley and Credit Suisse on the Codere's high-yield bond issue, acted for Caja Sur on a promissory notes programme, and represented CCM on its issue of promissory notes and on an issue of subordinated debt.

Rafael Mínguez is highly regarded for securitization work and is largely responsible for the firm's rapid progress in this market. Clients say they are particularly happy to work with him; "he is a top lawyer," said one. He guided Santander Central Hispano Titulizacion through the establishment of the Santander Público 1 asset-backed securities fund and issue of €1.85 billion-worth of securitization bonds, and advised Grupo Ence on the design and legal structure of a new CMB cellulose plant in Uruguay for €800 million.

Among the year's other deals, the Royal Bank of Scotland and Banco Santander Central Hispano sought the firm's advice on their €2.7 billion financing to Ferrovial Infraestructuras, in the scope of a takeover bid for British Airports Authority, and Clayton Dubilier & Rice turned to the firm for advice on financing the acquisition of a rental business, and refinancing by means of a securitization transaction worth €2 billion.

Leading lawyers	**Key contact partners**
Antonio Baena	Fernando Bernad
Pere Kirchner	Rafael Mínguez
Fernando Torrente	Fernando Navarro

Gómez-Acebo & Pombo

Although Gómez Acebo & Pombo has a small team, clients state that they use the firm because "they have good capital markets specialists," and that they are "very happy with their work." And the team is growing, joined by two new associates: Álvaro Urcola Sousa from Garrigues and Jabier Badiola Bergara from Ramón & Cajal. The firm also recently acquired the Madrid office of the now-defunct Spanish firm Mullerat, generally increasing its size and capabilities.

Peers highlight Ángel Varela as "the man" at the firm, and he certainly has been visible on most of the firm's biggest deals. "He is an excellent lawyer and has a very practical approach to problems," said one client. On the debt side, Varela advised Caixanova on its €700 million bond issue, and also provided advice on an issue of subordinated debt worth €400 million. Late last year he guided El Monte through its issue of subordinated debt worth €200 million, and in January this year helped Banco Gallego to set up a programme to issue €200 million-worth of subordinated debt.

In terms of structured finance, Varela also is generally seen at the helm. This year he advised on AyT Cédulas Cajas IX – the securitization of Cédulas Hipotecarias (once for €5 billion and once for €3.9 billion), AyT Bonos Tesorería II – the securitization of treasury bonds worth €1.45 billion, and on AyT BBK I – the securitization of mortgage certificates for €1 billion.

Leading lawyer Fernando de las Cuevas and Fernando Igartua lead the team on the equity side. Earlier this year Igartua provided counsel to the management teams in MBO transactions by Dinak and Fuschosa. In October 2005, Varela advised private equity house Madrigal Participaciones in the acquisition of the El Árbol chain of supermarkets. And de las Cuevas worked on some of the biggest deals in the market in the past year, providing advice on the Cortefiel takeover to several hedge funds holding significant participations, and on the Arcelor deal to interested buyers.

Leading lawyers	**Key contact partners**
Fernando de las Cuevas	Fernando de las Cuevas
Ángel Varela	Fernando Igartua
	Carlos Rueda
	Ángel Varela

Other notable firms

Araoz & Rueda retains its place in the rankings for capital markets this year, not least because of leading lawyer Andrés Lorrio's move to the firm from Linklaters. Lorrio is already getting stuck in, teaming up with associate Guillermo Yuste (who also moved over from Linklaters) to advise the Bank of Scotland on a €335 million high-yield bond issue for the refinancing of the Codere's Group debt.

CMS Albiñana & Suárez de Lezo has handled some notable securitization work this year, guiding Alstom through its pan-European securitization transaction and on the deal's recent cancellation, and advising Ixis Corporate & Investment Bank on granting liquidity facilities to several Spanish asset securitization funds and on the subscription, placement and underwriting of the bonds issued.

Lovells has hit gold this year, luring securitization specialist Joaquín Sales away from Gómez-Acebo & Pombo. Clients no doubt will follow: "we are particularly happy to work with him," said one. In a taste of the securitization work that the firm can expect more of in future, Joaquín Sales and Rafael Sáez advised Europea de Titulización on the securitization of loans granted by Banco Pastor and guaranteed by EIF, and on the incorporation of the asset-backed securitization fund EdT FTPYME Pastor 3 FTA. The deal was valued at €520 million. Lovells enters the rankings for the first time this year but, as peers report, "they will go up."

Vicente Conde joined **Pérez-Llorca Abogados** in 2005 to head up the capital markets team, and provides considerable expertise in this area. Javier Folguera also joined the firm, moving over from Ashurst. Both bring substantial equity capabilities with them, and the firm is becoming increasingly visible on the major capital markets deals. Its steady deal flow and increasingly high-profile status has prompted its addition to the capital markets rankings this year. For example, in one of the biggest deals to hit the market in the past year – Mittal Steel's €18.6 bid for Arcelor – Pérez-Llorca is advising the financing banks on Spanish law.

Insolvency and restructuring

Recommended firms
Tier 1
Garrigues
Uría Menéndez
Tier 2
Clifford Chance
Cuatrecasas
Tier 3
Allen & Overy
Baker & McKenzie
Bufete M Vega Penichet
Castro Sueiro & Varela
CMS Albiñana & Suárez de Lezo
DLA Piper
Freshfields Bruckhaus Deringer
Gómez-Acebo & Pombo
Landwell Abogados y Asesores Fiscales
Linklaters
Ramos & Arroyo
SJ Berwin
Ventura Garcés & López-Ibor Abogados
Tier 4
Broseta Abogados
Deloitte & Touche Juridico y Fiscal
Lupicinio Eversheds
Ernst & Young Abogados
KPMG Abogados
Pintó Ruiz & Del Valle

Garrigues

Garrigues remains at the pinnacle of the insolvency and restructuring market in Spain. From among the 12 partners and 14 associates in the team, Jose Maria Alonso and Antonio Fernandez are most highly regarded.

Antonio Fernández, who leads the team, and María Teresa Fernández Mateos have been providing ongoing advice to entertainment park Terra Mítica since it filed for Chapter 11-type insolvency with the aim of an overall restructure. More than 530 creditors are involved, including a banking pool led by BSCH, owning credits up to €218 million. The proceedings, involving €520 million, are some of the biggest in Spain.

Antonio Fernández and Pablo de la Vega continue to advise pharmaceutical company Bioferma since it filed for voluntary insolvency in May 2005. Up to €210 million is owed to more than 100 creditors. Within the proceedings, the firm preserved company viability, gaining new financing and maintaining strategic contracts.

The firm also advised Grupo Dorlast, which makes consumer goods, in the first petition filed under the new Insolvency Law. With liabilities of €101 million, the group has more than 450 creditors, including a banking pool. The group was thoroughly restructured, some of its plants were closed and more than 120 workers' contacts were terminated. The deal involved an agreement with creditors to avoid liquidation, and sale of a profitable plan to a third party.

Lastly, the firm filed for voluntary insolvency of Boliden Apirsa, a mining company with liabilities of €298 million that is closing down operations in Spain. The firm is still managing the court case, and assisting the debtor in connection with tax authority claims.

Leading lawyers	Key contact partners
Jose Maria Alonso	Antonio Fernandez
Antonio Fernandez	Fernando González de la Peña
	Fernando Pantaleón

Uría Menéndez

Uría Menéndez leads the market in insolvency and restructuring due to the size of its firm and the quality of its lawyers across the country. Leading lawyer Rafael Sebastian is highly recommended.

Recent work for the firm includes advising a syndicate of 19 lenders, including Banco Español De Crédito (which acted as agent), in the restructuring of Pullmantur's cruise branch activity, including the acquisition of two new cruise liners. The syndicate agreed to lend €220 million to Pullmantur Cruises. Banesto also granted a second priority €50 million facility to the company to complete Pullmantur's funding needs.

Pullmantur's cruise business was separated from the rest of the activities of the group, three existing cruise vessels were refinanced and two new ones were acquired, all re-registered and reflagged in Malta by Pullmantur Cruises' subsidiaries incorporated in the island. The deal closed on May 23 2006.

Leading lawyer	Key contact partner
Rafael Sebastián	Rafael Sebastián

Cuatrecasas

Cuatrecasas has acted on a number of interesting matters this year, fielding a large team of nine partners and 12 associates. From among the well-respected team, Alejo Lopez Mellado is considered by peers to be a star in the insolvency and restructuring area, and Javier Castrodeza also received positive comments from the market. Castrodeza heads the department in Barcelona, while López-Mellado runs things in Bilbao.

This year Cuatrecasas provided legal advice to Construcciones y Accesorios Turbo Paconsa on its bankruptcy proceedings, acting as counsel during the debt restructuring process which involved nine banks as creditors (€48 million), and throughout the company's insolvency judicial proceedings under the new Insolvency Act. The company's total debt was €158 million.

The firm also guided Gas Gas Motos through its debt restructuring process with creditor banks, who were owed €25 million, and represented Red Elite Electrodométicos in its debt restructuring process, with 16 banks as creditors, and in its insolvency judicial proceedings.

Lastly, the firm acted for Endesa (and its affiliates), which have insurance policies covering pension schemes worth €150 million with the now-insolvent Centro Asegurador.

Leading lawyers	Key contact partners
Diego Bilbao	Diego Bilbao
Javier Castrodeza	Javier Castrodeza
	Alejo López-Mellado

Gómez-Acebo & Pombo

Miguel Ángel Fernández-Ballesteros heads Gómez-Acebo & Pombo's insolvency and restructuring department, which comprises three partners and 10 associates.

In one of the biggest proceedings in the Spanish market in the past year, José Paz-Ares advised the group of banks, who were owed €213 million, through Terra Mítica's insolvency process. The firm represented 25% of the total amount of the debt.

Among other standout work, José María Álvarez advised Teleconsorcio regarding a suspension of payment worth €99 million, and the group worked with Columbia Tristar Films in an insolvency proceeding in connection with the Lauren Group, and acted for the Hexcel Corporation on a €60 million debt refinancing transaction for the Spanish subsidiaries of the American carbon fibre producer group.

Leading lawyer	Key contact partners
José María Álvarez	MA Fernández-Ballesteros
	José María Álvarez
	Mª José Paz-Ares

Other notable firms

CMS Albiñana & Suárez de Lezo has several lawyers that have developed a strong reputation for restructuring advice, and the firm retains its place among the leaders in the market. Over the past year the team advised Mecánica de la Peña on suspension of payments and bankruptcy, Avanzit and Adegas on suspension of payments, and Tracoinsa on its insolvency proceedings. Alberto Muro left CMS in February this year to establish his own firm.

The highlight of the past year for **Ventura Garcés & López-Ibor Abogados** was its role advising the Royal Bank of Scotland on financing the Danone Group's restructuring. Partners Ana Ribó and Jordi Vilalta head the team in the firm's Barcelona office, while the well-regarded Alfonso López-Ibor is based in Madrid.

Antonia Magdaleno heads **Broseta Abogados**' small insolvency department, backed by five associates. Magdaleno has established a reputation for litigation deriving from bankruptcy and insolvency cases, and has been named insolvency commissioner in three insolvency proceedings carried out before the commercial courts of Valencia.

Mergers and acquisitions

Recommended firms
Tier 1
Uría Menéndez

Tier 2
Clifford Chance
Cuatrecasas
Freshfields Bruckhaus Deringer
Garrigues
Linklaters

Tier 3
Allen & Overy
Araoz & Rueda
DLA Piper
Gómez-Acebo & Pombo
Lovells
Pérez-Llorca Abogados

Tier 4
Ashurst
Baker & McKenzie
CMS Albiñana & Suárez de Lezo
Jones Day
Ramón & Cajal
SJ Berwin

Uría Menéndez

Uría Menéndez retains its rank and reputation as a leading mergers and acquisitions practice in Spain. Peers say the firm has a "strong presence" in the market. "Uría continues to have a good position," said one. However, others point out that it has been conspicuously absent from the biggest deals in the market over the past year. The increased deal flow in Spain, driven by just a handful of big local companies, is giving the international firms a chance to shine, and they are certainly giving Uría a run for its money.

Clients still rate the firm highly, though, praising its international reach and the uniform high quality of its lawyers. "You know you are in good hands," said one. Clients identified Jaime Folguera as a "top lawyer" for competition work, and Christian Hoedl is recommended for private equity.

Private equity seems to have been Uría's strong suit over the past year. In June the firm worked with Goldman Sachs Capital Partners when funds it advised acquired a stake in Sigla, the parent company of Grupo Vips, one of the leading restaurant operators in the Spanish market. And in July the firm acted for CVC Capital Partners when Sàrl, a company participated in by funds managed by CVC sold its stake in Miralita to a company participated in by funds managed by Bridgepoint. Miralita is the parent company of the Dorna Group, which has the exclusive rights to promote and manage MotoGP (the motorcycle road racing world championship).

The firm has also been active in M&A, advising Ercros when it acquired Derivados Forestales, the holding company of an industrial group that makes chemical products. The acquisition makes Ercros the largest basic chemical company in Spain. The deal was carried out using a share capital increase with a contribution in kind for over €109 million.

Lastly, in May this year Uría Menéndez advised United Cinemas Internacional in relation to its acquisition of AMC in Spain and Portugal. The transaction, worth €15.4 million in Spain and €16 million in Portugal, has made UCI one of the largest cinema groups in Spain. Uría fielded teams from its Barcelona and Portugal offices on the deal.

Leading lawyers	Key contact partners
Luis de Carlos	Juan Miguel Goenechea
Christian Hoedl	Christian Hoedl
Rafael Sebastian	Salvador Sánchez-Terán

Clifford Chance

"Clifford Chance has had an outstanding year," said one lawyer, "with a good mix of international and domestic deals." Ignacio Ojanguren, who heads the team alongside Jose Mª Fernandez-Daza, is singled out by the market as excellent in M&A. He has certainly acted on most of the firm's notable deals over the past year. Clifford Chance has tended to work on the seller side of M&A, more often than not representing the seller or target on deals.

Ojanguren is leading the team working on what is undoubtedly the biggest deal to hit the market in Spain over the past year, advising Endesa in its defence against the hostile takeover bid by Gas Natural for €22.5 billion and the counter bid by E.On for €29.1 billion. He also advised Air France on the sale of its shareholding in Amadeus to BC Partners and Cinven, and the subsequent restructuring of the company.

Jose Mª Fernandez Daza has also had a busy year, representing Red Eléctrica on the sale of its telecommunications subsidiary Albura to T-Online, and again advising Red Eléctrica when it acquired a 75% holding in Inalta from CVC Capital Partners. He also worked with Pliva Pharma Iberia in relation to its unsuccessful bid for various divisions put up for sale by Almirall Prodesfarma.

Leading lawyers	Key contact partners
Javier Amantegui	Javier Amantegui
Pablo Bieger	Jose Mª Fernandez-Daza
Ignacio Ojanguren	Ignacio Ojanguren

Cuatrecasas

"We have had experience with several firms in Spain, and have found Cuatrecasas to be best for our needs," says one client. "They have the scale and breadth we require, with expertise in all corporate areas. They are also very customer responsive and flexible, helpful in finding solutions."

Fernando Torrente has returned to the fold after a brief stint at Allen & Overy. Peers say his return is likely to consolidate the firm's position in the market. Also joining the firm this year were Juan Antonio Aguayo, also from A&O, and Bernat Mullerat.

However, Cuatrecasas' team was already strong in depth, with many "fantastic M&A lawyers" capable of producing quality work on complex deals. José Luis Blanco, who heads the Barcelona team, has had a busy year, and Miguel Angel Melero receives rave reviews from clients. Said one: "He is very client focused; highly responsive and practical; able to understand issues quickly, provide immediate advice and search for additional expertise when needed." Clients also recommend Cani Fernández for competition work.

Already proving his value to the firm, Torrente is working alongside Blanco advising the Yell Group, the UK directory information services group, on its €3 billion bid for Telefónica's shareholding in Telefónica Publicidad e Información, Telefónica's telephone directory and directory enquiry business with activities in Spain, Italy and Latin America. Other M&A work by Blanco included advice to Swiss Re on the Spanish law and regulatory aspects of its €6.8 billion acquisition of GE Insurance Solutions, the world's fifth-largest reinsurer. The well-regarded Melero also worked on the deal.

On the private equity side, Blanco's team advised JP Morgan Partners, Providence Equity Partners, Quadrangle Capital Partners and Thomas H Lee Partners on the acquisition of a majority stake in the share capital of Grupo Corporativo Ono and on Grupo Corporativo Ono's subsequent acquisition of Auna Telecomunicaciones. The total deal was worth over €2 billion.

Lastly, Cuatrecasas joined the group of prestigious firms advising Cortefiel on its various deals through the year, including advising Cortefiel's management on the €1.4 billion acquisition of 100% of the shares of Swissport, the leading independent airport handling group, from the venture-capital company Candover.

Leading lawyers	Key contact partners
Miguel Angel Melero	José Luis Blanco
Javier Villasante	Raimon Segura
Fernando Torrente	Javier Villasante

Freshfields Bruckhaus Deringer

The market has noted Freshfields' work over the past year with interest, saying it has "done very well." Lawyers said that the firm has worked on a number of large deals and that this should have a positive effect of Freshfields' position in the market. Based on peer recommendation, Freshfields moves up into the second tier in the rankings this year. As for the team's individuals, peers say the firm's star lawyers are Armando Albarrán and Antoni Valverde. "He's the guy," said one lawyer of Albarrán. Leading lawyer Fernando Bautista also "has a good name."

At the time of writing, Freshfields was fielding a strong team, including Albarrán, Bautista, and department head Joaquín Hervada, on a key role in the Spanish deal of the year, providing ongoing advice to Gas Natural on its €22.5 billion hostile takeover bid for Endesa. The team also had a role on Europe's largest takeover in 2005, acting for UK mobile phone company O2 on the €24 billion takeover bid for 100% of its share capital by Spanish telecommunications company Telefónica. More recently, Freshfields advised Aguas de Barcelona on its €250 million takeover bid for Bristol Water.

Peers report that Freshfields is particularly well respected for its private M&A work, one example being its ongoing advice to Grupo Ferrovial and the other consortium members on the €12.6 billion takeover bid for BAA.

Leading lawyers	Key contact partners
Fernando Bautista	Armando Albarrán
David Franco	Joaquín Hervada
Alfonso de Marcos	Antoni Valverde

Garrigues

Garrigues enjoys an outstanding reputation, and holds its own against the other prominent players in the market. It has had a great year, working on a variety of interesting deals. Peers all agree it should retain its much-deserved position in the second tier. Clients can't speak highly enough of Garrigues. "We have found the firm to be highly skilled, and very practical," said one. "We appreciate the 'resolve the issue' approach that its members have taken to the issues we have presented. I can make the highest recommendation for the firm."

Ramón Bustillo was recommended by clients, as was Javier Urbano. "Urbano has done an excellent job in representing us in our acquisitions and divestitures, displaying excellent judgment and technical ability." Head of department Fernando Vives is also extremely well respected by his peers. "He's a star lawyer," said one peer.

This year Vives led the Garrigues team advising Spanish energy companies Endesa, Union Fenosa and Grupo Santander, in the acquisition of 80% of the capital stock they held in their parent company Auna. The firm also advised the three energy companies when Grupo Corporativo Ono acquired the Auna Group's fixed cable broadcasting and telecommunication business through the acquisition of 100% of subsidiary Auna Telecomunicaciones. The total value of the deals was €12.6 billion.

In another high-profile deal, Garrigues guided Cortefiel, a leading company in Spanish textiles, through the sale of the majority of its capital stock. Cortefiel is a listed company, so the stock was sold through a public offering on the Spanish Stock Exchange in September last year. Fernando Vives and Álvaro López Jorrin worked on the €1.3 billion deal.

On the private equity side, meanwhile, Fernando Vives and Alvaro Lopez Jorrin advised private equity house Mercapital on Acciona's acquisition of 84.72% of the capital of Ceatesalas, and on the grant by the minority shareholders to Acciona of put/call options over the remaining 15.28%, bringing the total deal value to €824 million.

Leading lawyers	Key contact partners
Rafael González-Gallarza	Ramón Girbau
Fernando Vives	Fernando Vives
	Ignacio Urbistondo

Linklaters

The past year has been a particularly successful one for Linklaters, and the M&A team has advised a broad spread of national and international clients. "Linklaters has had a good year – it has been involved in major deals," said one peer. "They're still doing well, and are recruiting well," said another. Alejandro Ortiz is visible on many of the firm's biggest deals, and is considered one of the leading corporate lawyers in Europe. "I would like to have him at my firm, no doubt" said one lawyer at a rival international firm.

Private equity is Ortiz's specialty, and he heads the practice, which has made quite an impression on the Spanish market this year. Ortiz's team advised Alteco and Mag-Import (investment vehicles of Joaquín Rivero Valcarce, chairman of Metrovacesa, and Bautista Soler Crespo, respectively) on the €2.1 billion joint competing tender offer for the acquisition of 26% of the shares of Metrovacesa (a leading real estate company, listed in Spain).

The financing was one of the largest ever completed under Spanish law.

Permira is a big client for the firm. This year the private equity team guided Permira through its €572.6 million joint tender offer, with Carbal, to acquire 100% of the shares and outstanding convertible bonds of the Spanish listed company TelePizza. And Permira again turned to Linklaters when it made a competing tender, jointly with Pai Partners, to acquire 100% of the Spanish listed company Cortefiel for €1.4 billion.

In another high-profile deal, in July last year Álvaro Sainz led a team that advised Grupo Corporativo on the acquisition of 100% of the share capital of Auna Telecomunicaciones for €2.2 billion, and on the negotiation of a subscription agreement with a series of equity sponsors (including Providence, Quadrangle, and Thomas H Lee) worth €1.3 billion.

Linklaters hasn't slacked on the M&A side, though. In what has been easily the biggest M&A deal of the year, Linklaters has provided Gas Natural with advice on some of the aspects of its €22.5 billion hostile takeover bid for Endesa. This has been the largest-ever tender offer in Spain, and one of only a few hostile bids launched in the country.

Meanwhile, Sainz led the team advising Grupo Multitel in the negotiations of various investment agreements with several investors in relation to their acquisition of stakes in Grupo Corporativo. Indeed, Linklaters has strengthened its position the domestic market, as demonstrated by its role advising the selling family shareholders of the Alsa group of companies on the integration of the coach business of Alsa, a leading coach operator in Spain, into the National Express Group, a deal that did not feature a domestic Spanish firm.

Linklaters' capability on the competition aspects of deals is set to improve as well. Jaime Pérez-Bustamante, one of the leading competition lawyers in Spain, has joined Linklaters as head of competition and antitrust matters in Madrid.

Leading lawyers	Key contact partner
Sebastián Albella	Alvaro Sáinz
Alejandro Ortiz	
Alvaro Sáinz	

Allen & Overy

Allen & Overy has forged a sterling reputation as a specialist in banking and finance, yet over the past year it also has kept a hand in on some of Spain's biggest mergers and acquisitions deals, providing advice to private equity houses in particular.

Unfortunately, M&A star Fernando Torrente left A&O this year to rejoin Cuatrecasas, taking partner Juan Aguayo and four other lawyers with him. While it's fair to say that the firm has missed him – one peer even suggesting that "Torrente's move back to Cuatrecasas has meant A&O has dipped in M&A" – the team remains chock-full of good lawyers. Juan Barona moved over from Clifford Chance last year to join leading lawyer Graham Donnell as head of the practice, and Antonio Vázquez-Guillén joined as an of-counsel in December 2005. Associate Gonzalo Martín de Nicolás, who joined from Uría in March this year, adds further depth to the team, which now numbers three partners and 15 associates.

The new team has worked hard to retain the position in the market, advising on the two top deals of the past year. A&O advised UBS as financial advisors on Gas Natural's €22.5 billion takeover bid launched for Endesa, and represented GE Structured Finance (the shareholders of Grupo Corporativo, one of Spain's leading broadband service providers) and Caisse de Depot et Placement du Quebec on Grupo Corporativo's acquisition of Auna Telecomunicaciones, the fixed-line and cable business of the Auna Group, for €22.5 billion.

Allen & Overy also guided Nuon through the auction sale of its Spanish wind energy group of companies, Desa, to EDP for €700 million, and advised Severstal on its proposed €46 billion merger with Arcelor.

One the private equity side, A&O advised a number of financers and private equity houses on some of the year's main deals. Among the highlights, it advised JP Morgan, Bank of America and Citigroup on Cadbury-Schweppes' sale of its European Beverages business, guided Pai Partners through the Cortefiel deal, and acted for ING and Bank of Scotland on the TelePizza deal.

Leading lawyer	Key contact partner
Graham Donnell	Juan Barona
	Graham Donnell
	Iñigo Gómez-Jordana

Araoz & Rueda

Araoz & Rueda is well known as a generalist corporate law firm, and is extremely active in M&A and private equity. "Araoz & Rueda is strong because it is one of the few independent Spanish firms" said one lawyer in our interviews. While most of the firm's lawyers cover both general corporate and M&A matters, Francisco Aldavero and Pedro Rueda place a particular focus on M&A.

In November 2005 Rueda advised the major shareholder of the Inmocaral Group, Greenland Trust (through its participating companies La Constructora Moderna Barcelonesa, Sandobella, and Park Field Trading) on the sale of its stake, by an initial process of auction and a final OPA process, to Zent Inversiones (owned by Luis Portillo) for €252 million. Tax partner Alberto Baeza also advised on the deal.

Aldavero, along with Ainhoa Veiga, acted for the Santana Cazorla Group on its €115 million acquisition of the Aldiana hotel chain from German group Thomas Cook, which owns several vacation resorts in Spain. Late last year Alejandro Fernández de Araoz and Veiga advised Deutsche Bank on its acquisition from Endesa of 5% of its stake in France Télécom Operadores de Telecomunicaciones (formerly Auna Operadores) for about €378 million.

Most recently, in May 2006 the team guided 3i through its acquisition from Gamesa of Gamesa Energía Servicios and Siemsa Este (in the wind plants sector) for €275 million (€175 million of which was equity). Veiga advised on the competition aspects of the deal.

Key contact partners
Francisco Aldavero
Pedro Rueda

Gómez-Acebo & Pombo

As well as acting on a steady stream of M&A work, Gómez-Acebo & Pombo has made an acquisition of its own this year, acquiring the Madrid office of the now-defunct Spanish firm Mullerat. In July Gómez-Acebo incorporated a team of 15 ex-Mullerat lawyers into the firm. M&A specialists among this team include partner Alberto Echarri and senior associates Ángel Pendás and Carlos Vázquez.

Francisco Peña and Fernando de las Cuevas still head the department, which now numbers eight partners and 41 associates. Peña has been highly visible this year, acting on a variety of US group Fortune Brands' acquisitions. In January he completed work on Fortune Brands International Holdings Spain's acquisition of 99.99% of the share capital of Allied Domecq España for €2.4 billion, having previously worked for Fortune Brands when its subsidiary, Jim Beam España, bought Larios Pernod Ricard for €126 million in September 2005.

Other big-ticket deals in a busy year for the firm included Fernando Igartua's advice to Acciona Energía on the acquisition of 93% of Cesa for €1.3 billion, and finance star Ángel Varela's ongoing work for Tavex on its merger with Santista Téxtil for €456 million.

Leading lawyer	**Key contact partners**
Fernando de las Cuevas	Fernando de las Cuevas
	Manuel Martin
	Francisco Pena

Lovells

Lovells appeared in the rankings for the first time last year, and its work over the past 12 months has proved the firm worthy of its place among Spain's top firms. While the small team doesn't handle a large quantity of work, it delivers on quality. "They have impressed," said one peer. Practice head José Balañá is supported by seven associates, of which Alex Dolmans is the one to watch, according to the market.

Lovells is providing ongoing advice on Spain's über-deal of the year, representing Gas Natural on aspects of its hostile takeover bid for Endesa. Other ongoing work includes advice to Iberdrola Energías Renovables on its acquisition of renewable energy companies/projects throughout Europe.

Lovells' connections with London stood it in good stead when it advised Cintra on its unsuccessful acquisition of National Car Parks in the UK. Balañá and Alex Dolmans worked on the deal, together with Lovells' London team. The firm is also extending its reach into Latin America, last year advising SABMiller on its acquisition of Bavaria (Colombia), the second-largest brewer in South America, for $7.8 billion.

Key contact partner
José Balañá

Pérez-Llorca Abogados

After "another good year," Pérez-Llorca Abogados seems to be getting stronger and stronger. The firm is reaping the benefits of Spain's increase in corporate activity and is increasingly being seen as a viable alternative to the traditional market leaders. Peers highly recommend name partner Pedro Pérez-Llorca, and colleagues Ivan Delgado and Marta Eizaguirre also came in for praise.

Pérez-Llorca's relationship with long-term client E.On paid off in spades earlier this year, when the firm won the role as advisor to E.On on its €29.1 billion counter-bid for Endesa. No stranger to competitive offers, the firm also represented Autogrill in its successful white-knight bid for Aldeasa worth €750 million.

In other big roles on large deals, Pérez-Llorca is advising the financing banks on the Spanish legal aspects of Mittal Steel's €18.6 bid for Arcelor, the world's second largest steelmaker, and is guiding Cadbury-Schweppes through the sale of the group's European Beverages business for €1.85 billion.

The firm has also been active in private equity, advising Acciona in the acquisition of Cesa from Bridgepoint and Mercapital funds for €1.37 billion, and advising Pai Partners in relation to the joint acquisition of Cortefiel, together with CVC and Permira. Pai initially joined forces with Permira to file a tender offer competing against that previously filed by CVC. Subsequently, Pai, Permira and CVC joined forces and gained control over Cortefiel for €1.5 billion.

Leading lawyers	**Key contact partners**
Iván Delgado	Iván Delgado
Marta Eizaguirre	Marta Eizaguirre
Pedro Pérez-Llorca	Pedro Pérez-Llorca

CMS Albiñana & Suárez de Lezo

CMS Albiñana & Suárez de Lezo is another of the smaller firms doing well in Spain's booming M&A market. Says one lawyer at an international law firm: "They have had a very good year." Clients, too, have been impressed by the firm's quality of legal advice and capacity to act in a variety of legal areas. Cesar Albiñana is singled out for his ability to "analyse the problems and to propose feasible solutions, always in a very short period of time and working under high pressure."

Yet another firm cashing in on the Gas Natural-Endesa deal, CMS is advising utilities company Iberdrola on its acquisition of certain assets (worth up to €9 billion) resulting from the attempted merger between the two energy heavyweights. Other ongoing work for the firm includes working opposite Uría Menendez advising AMC Entertainment International on the sale a Spanish subsidiary to United Cinemas Internacional, and acting for Lazard-Iberostar on aspects of the auction sale of part of Iberostar's business units in Spain.

Leading lawyer	**Key contact partner**
Cesar Albiñana	Cesar Albiñana

SJ Berwin

Carlos Pazos heads SJ Berwin's M&A department, supported by partner Robert Pomares and 12 associates. Despite the team's small size, it carries out a wide array of interesting work.

Earlier this year the team worked opposite Uría & Menéndez advising Nicolás Correa on an unprecedented simultaneous demerger and merger with Industrias Anayak. And late last year the team concluded work for Neo (Nuevas Energías de Occidente, an EDP-Energias de Portugal group) on the acquisition of the 100% of the Spanish wind farm division of Nuon International Renewables Projects for €700 million, and advised ONI DGPS, a major Portuguese telecommunications operator, on the sale of its subsidiary Comunitel to Tele2, a pan-European telecommunications company, for €257 million.

Also active on the private equity side, the firm represented Inversiones Ibersuizas on promoting a new private equity fund, with Goldman Sachs as lead investor, and transferring to the fund a portfolio in 11 companies in Spain and Portugal.

Key contact partner
Robert Pomares

Other notable firms

New to the *IFLR1000* M&A rankings this year, **Ashurst** is starting to make inroads into the Spanish market. Said one lawyer: "They have good M&A lawyers and international capabilities." One such good lawyer is Cristina Calvo, who one peer called an "outstanding individual." The firm also scored a bit of a coup this year when it lured partner María José Menéndez away from Clifford Chance. Exciting work for the firm included advising National Express on its €700 million merger with the shareholders of Alsa, and acting for Apax Partners España on the acquisition and financing aspects of the management buyout of the Spanish food company Panrico from the Costafreda family and other shareholders for €900 million.

Jones Day also enters the rankings for the first time this year after some impressive work advising on the Spanish aspects of large international deals. This year the team advised France Télécom in relation to the $7.7 billion acquisition of a controlling interest in Auna, the parent company of Amena, Spain's third-largest mobile operator. It also guided Electricité de France through its divestiture of ASA Abfall Service to FCC for €229 million, and guided Trader Classified Media through the sale of its business to Schibsted for €580 million.

Francisco J Bauzá heads the team at **Ramón & Cajal**, another new entry to the M&A rankings. As a corporate specialist, it's not surprising to see the firm advising on such deals as the Zent Group's €325 million acquisition of up to 100% of the shares of Inmocaral through a public tender offer, and Spanish manufacturer Azkoyen's acquisition of the total shareholdings of Italian company Coges for €47.6 million.

Project finance

Recommended firms
Tier 1
Clifford Chance
Garrigues
Uría Menéndez
Tier 2
Allen & Overy
Cuatrecasas
Gómez-Acebo & Pombo
Linklaters
Tier 3
CMS Albiñana & Suárez de Lezo
Baker & McKenzie
Castro Sueiro & Varela
DLA Piper
Freshfields Bruckhaus Deringer
Ramón & Cajal
Tier 4
Ashurst
Broseta Abogados
Jones Day
Lovells

Clifford Chance

Clifford Chance has traditionally been one of the main players in the Spanish project finance field, and this year retains its place as a top-tier firm. Unfortunately, it has lost high-profile lawyer Javier López Antón to DLA Piper, which took over Squire Sanders & Dempsey's Spanish operation this year.

Leading lawyer Jose Manuel Cuenca is still with the firm, however, and comes highly recommended by clients for the quality of his project finance advice. "He has an excellent reputation," said one client. Cuenca advised Société Générale, Dexia Sabadell Banco Local and Caja Madrid, the arrangers, on financing the €2.5 billion project to manage the refurbishment, maintenance, and exploitation of the M-30 ring road using a company owned jointly by the Council of Madrid and a private consortium.

Meanwhile, Carlos Hernandez-Canut, who heads the team alongside Alberto Manzanares, guided the Royal Bank of Scotland through the project financing for the construction of the M-407 shadow toll road in Madrid, sponsored by FCC and Construcciones Sarrión. He also worked on Project Olivo, advising Babcock & Brown on financing its acquisition of six windfarm projects from Gamesa. Financing for the acquisition was provided in two tiers by HBOS, Dexia and a syndicate of domestic and international banks.

Manzanares has been active too, advising Depfa Bank and Caixa d'Estalvis de Catalunya as lenders in the financing of up to €19 million (including the VAT credit facility) for the construction by Sociedad Conjunta de Gestión de Infraestructuras of three judicial premises in Catalunya on a public-private partnership (PPP) basis. Under the PPP structure, the Catalonian government will grant a private company the right to use public land, build the court buildings on it, finance the construction works and then lease the building to the government.

At the start of this year Clifford Chance advised the borrower on the €657 million financing for the development of the Valdebebas area in Madrid. This was the first time that an urban development was financed using a project finance structure, and the first financing of this kind that did not include mortgage-backed securities. Uría Menendez advised the banks.

Leading lawyer	Key contact partners
Jose Manuel Cuenca	Jose M Cuenca
	Carlos Hernandez-Canut
	Alberto Manzares

Garrigues

Garrigues won *IFLR*'s Spanish law firm of the year award in 2006, mainly for its role representing the lead arrangers on the €1.1 million Perpignan-Figueras high-speed rail line project, which *IFLR* also short-listed for European project finance deal of the year. This tricky deal was the first European joint-rail financing since the Channel Tunnel and presented two legal headaches for its advisers. The first was that all the traffic volume risk is passed on to the sponsors and lenders, with no minimum revenue guarantees or traffic agreement. Second, the concession is not governed by Spanish or French law but by the common principles of both. This introduced new legal risks and meant that two different security packages had to be implemented covering the concessionaire's assets.

IFLR is not the only one to recognize the quality of the firm – Garrigues is also lauded by market commentators for the quantity of transactions that it closes and the quality of its advice. José Guardo is the star of the department, leading the teams working on all of the firm's higher-profile transactions over the past year. Rafael González-Gallarza also comes in for praise from peers, one lawyer saying "I think very highly of him."

In March 2006 Guardo led the team advising Banco Sabadell and syndicated banks on the €100 million financing for Aeropuerto Castellón, the first Spanish airport whose construction was financed using a project finance structure. The month beforehand, the firm advised the banks, including Dexia Sabadell Banco Local, ING Bank and Ahorro Corporación Financiera, on the Hospital Majadahonda project. The €222.6 million project was the first Spanish hospital financed under the private finance initiative (PFI) structure.

Late last year, the team worked with Banco Santander Central Hispano and Banco Sabadell on the first Spanish project finance, with the participation of a monoline insurance company and rating agencies, to use the PFI structure. The financing for the Urbicsa project includes one long-term credit given by a syndicated bank, a contract of coverage of risks of the interest rates and a cash facility. It was valued at over €32 million.

Also at the back end of 2005, Rafael Gonzélez-Gallarza led a team that acted for Madrid Calle 30 when it needed €2.5 billion-worth of senior long-term credit facilities to finance the construction of new trenches and maintenance of the M-30 Madrid ring highway. The finance was structured on two credit facilities of €1.25 billion each.

Most recently, in May this year, the team acted on Andasol, the first thermo-solar project carried out in Spain. The risk in the construction phase of this 49.9MV plant is in the construction contract, so the constructor assumes the risk of delay as well as deficit in production until it is finished. Garrigues advised the banks, including Westelby, BNP Paribas, Dexia Sabadell Banco Local, Banco Sabadell and BEI on this €250 million deal.

Leading lawyer	Key contact partners
José Guardo	Ramón Girbau
	Rafael González-Gallarza
	José Guardo

Uría Menéndez

Uría Menéndez continues to be a formidable presence in the project finance sphere, acting on a number of innovative projects from PPPs to urban development. Clients appreciate the firm's "good international reach" and "quality lawyers." From among the team, partner Emilio Diaz is recommended highly by clients for the quality of his project finance advice.

One highlight of the past year for the firm was its role advising Sociedad Conjunta de Gestión de Infraestructuras on the €19 million financing required in a PPP transaction to build three new court buildings on public land in Catalonia, which will then be leased back to the Catalonian government. Antonio Herrera, Juan Pablo Fernández Agras and Julio Martínez from the firm's Barcelona office handled the deal.

In another fit of innovation, Uría advised in the first project finance structure used for urban development in Spain: a €657 million financing for the development of the Valdebebas area in Madrid. Real estate partner Fernando Azofra and town planning specialist Felipe Iglesias advised BBVA and Caja Madrid in the financing of the infrastructure works of the Valdebebas development, a 10.6 million square metre urban development in the north of Madrid. It is the first structure of its kind not to include mortgage-backed securities.

On a more conventional deal, Uría Menéndez advised a syndicate of lenders, led by Banco Bilbao Vizcaya Argentaria and Caixa d'Estalvis i Pensions de Barcelona, on granting a €76.87 credit facility to Spanish company Eólica de Rubió for the construction of two wind farms in Cataluña with a total installed capacity of 75MW.

Most recently, in June this year the team advised Interbiak, Bizkaiko Hegoaldeko Akzesibilitatea on the financing for the construction of the €1.16 billion Variante Sur Metropolitana and other road infrastructures in Bizkaia. Mario Fernández and Hipólito Suárez from the Bilbao office worked on the deal.

Uría Menéndez has also been kept busy advising on the Spanish law aspects of wind farm projects in Brazil. In the country's first-ever wind farm project financing, Uría advised on the Ventos do Sul wind farm project. The farm has a capacity of 150MW and will be the largest-ever in South America. The financing is divided into two tranches – a direct financing provided by Banco Nacional de Desenvolvimento Econômico e Social (BNDES) for about R$105 million ($46.5 million) and another tranche, worth about R$360 million, of funds passed through BNDES to an international syndicate of banks. Javier Valle, in the São Paulo office, took care of the Spanish law aspects of the deal.

More recently, in March this year Valle advised on a similar finance structure for a 49.3MW wind farm in Rio do Fougo. Again, the financing has two tranches: R$68 million-worth of direct financing provided by BNDES and a second tranche that has been underwritten entirely by ABN Amro Real, amounting to R$68 million.

Leading lawyers	Key contact partners
Emilio Diaz	Emilio Diaz
Antonio Herrera	Antonio Herrera

Allen & Overy

Allen & Overy's project finance workload in the past year has comprised an interesting mix of large cross-border deals and smaller, local work. Graham Donnell and Eduardo Sebastián de Erice, who head the practice, are widely regarded for their project finance expertise.

At the time of writing A&O was providing ongoing advice to Union Fenosa Gas on a contractual framework for the ongoing Damietta project, a major project producing liquefied natural gas. The project has potential for expansion, as it can increase its production capacity by building more units.

Other deal highlights saw the firm advise Ibernova on various potential renewable projects in the UK and China, and act for Deutsche Bank, Credit Suisse, Calyon and other sponsors on financing the construction of several hospital facilities throughout Spain. BBVA sought A&O's advice, meanwhile, on granting €150 million to several wind-farm companies controlled by Energi E2 Spain to restructure their debt and finance the construction of new wind farms. The firm was providing ongoing advice to BBVA on the financing of a wind farm in Almatre.

Last but not least, the firm advised Lehman Brothers in relation to the financing aspects of investments made by Mintra, a Madrid public law entity.

Leading lawyers	**Key contact partners**
Graham Donnell	Graham Donnell
Eduardo Sebastián de Erice	Eduardo Sebastián de Erice

Cuatrecasas

Rafael Mínguez heads Cuatrecasas' three-partner, 20-associate department, and receives much praise from peers for his finance expertise. But it is Fernando Bernad who has been the most visible over the past year, spearheading the firm's advice on all of the firm's high-profile deals.

It what was one of the biggest deals in the Spanish market, Bernad and leading lawyer Cristóbal Cotta advised the concession company and the sponsors (Sacyr, Dragados, and Bovis Lend Lease) on the €222.6 million financing of Hospital de Majadahonda.

Cuatrecasas has devoted much time over the past year to toll-road projects. Bernad led the team advising Caja Madrid, La Caixa, and Espíritu Santo on the €296 million financing for the construction, maintenance and operation of the Alicante toll motorway bypass, the El Campello toll-free diversion, and other operations. Société Générale and Dexia Sabadell sought Bernad's advice when they financed the shadow toll highway Brion-Santiago for €95 million. He also advised a syndicate of banks, including Caja Madrid, Royal Bank of Scotland, La Caixa, Caixa Catalunya and Santander Central Hispano, on their €250 million financing of the shadow toll road Eje Llobregat.

Setting its sights abroad, Cuatrecasas advised the project company (comprising Befesa, Dragados and Sacyr) on the financing and all other relevant contracts for the construction and exploitation of two desalination plants Algeria – one in Skikda and one in Beni-Saf. Cuatrecasas also boasts an extensive Latin American network, thanks to strong alliances with Machado Meyer Sendacz e Opice in Brazil and Argentina's Perez Alati Grondona Benites Arntsen & Martinez.

Leading lawyers	**Key contact partners**
Fernando Bernad	Fernando Bernad
Cristóbal Cotta	Rafael Minguez
Rafael Minguez	Fernando Navarro

Gómez-Acebo & Pombo

"It helps being a Spanish firm to succeed in project finance," said one Spanish lawyer in our interviews. Gómez-Acebo & Pombo has certainly proved that this statement carries some weight, and peers say it fully deserves its second-tier status alongside some of the bigger firms. The practice is headed by the highly regarded Ángel Varela and Carlos Rueda, both of whom have been involved in all of the firm's notable project finance deals. The esteemed Fernando Igartua is still with the firm, but has been less visible in the projects arena over the past year. Two new associates, Álvaro Urcola Sousa from Garrigues, and Jabier Badiola Bergara from Ramón & Cajal, enhance the firm's back bench.

In 2006 alone the firm has handled an impressive array of deals. In July Varela advised the lead arrangers, Ahorro Corporación Financiera and Banesto, on financing the construction of the Autopista Cartagena-Vera road for €540 million, and in April he acted for Banco Santander Central Hispano in financing the award of the Hospital de Vallecas, a deal worth €138 million.

Varela is also providing ongoing advice to BNP Paribas and Caja Castilla La Mancha in relation to the financing of the construction and exploitation of the Tranvía de Parla (a tramline in the city of Parla) for €120 million. Meanwhile, in May this year Carlos Rueda advised WestLB on a photovoltaic solar project worth €120 million.

Leading lawyers	**Key contact partners**
Fernando Igartua	Fernando Igartua
Carlos Rueda	Carlos Rueda
	Ángel Varela

Linklaters

Linklaters has continued to make its mark in the Spanish project finance market, working extensively in the infrastructure, energy and mining sectors. There are now two partners in the project finance team – Ignacio Paz was made a partner in the firm's Madrid office in May, and he now heads the team alongside Miguel Riaño.

The combined experience of Riaño and Paz has broadened the scope of advice provided by the Linklaters team. Much of its work over the past year remains confidential, but the firm has certainly been active, designing new structures for PPP projects (particularly for hospitals), and structuring financing packages for alternative energy sources such as wind farms and solar power projects.

Of the deals we are able to report, the highlight of the past year for the Linklaters team was its advice to Cobre Las Cruces on the €309 million credit agreement and security package to finance the biggest copper mining plant in Spain. This was the only mining project of this nature being financed in Spain at the time of writing.

Leading lawyer	**Key contact partners**
Miguel Riaño	Ignacio Paz
	Miguel Riaño

Other notable firms

As part of the international CMS group, **CMS Albiñana & Suárez De Lezo** brings a global standard of legal quality and capacity to local projects. José Antonio Rodríguez has had a particularly active year, advising Spanish banks such as Banco Santander Central Hispano on financing the construction and management of various semi-public schools on public land in Madrid, and leading a team that advised Constructora San José on financing issues regarding its presentation of binding offers before local authorities to build and manage nine hospitals under administrative concession. And in March this year, the firm advised Jiménez Belinchón on the financing of the construction and exploitation of a production plant in Toledo that makes biodiesel from vegetable oils.

Castro Sueiro & Varela has been visible in the market despite its small size, advising XL Capital Assurance (UK) on the Urbicsa project, the first Spanish project finance using the PFI structure with the participation of a monoline insurance company and rating agencies.

The ever-present Iñaki Gabilondo of **Freshfields Bruckhaus Deringer** has had a busy year, advising the Canadian Imperial Bank of Commerce and Société Générale as arranging banks/underwriters of the €320 million financing given to Cobre Las Cruces for an open-pit copper mine near Seville, and guiding Goldman Sachs through its €160 million subordinated financing to support Ferrovial's bid for the Madrid M-30 ring-road project.

Ramón & Cajal is a boutique corporate outfit that continues to punch above its weight in the project finance field. Javier Menchén, who leads the team of three partners and two associates, advised Banco de Sabadell (and Bankinter) when it financed the construction of a wind farm in Toledo for €13 million, and guided it through its financing of the construction of a wind farm in Ciudad Real for €16.5 million. More recently, in May this year José Blanco advised EBN Banco de Negocios as lead manager of the €30 million financing of the construction of Tetra network and digital TV in the Castilla-La Mancha region.

Javier López Antón has moved from Clifford Chance to **DLA Piper**, which this year took over the Spanish office of Squire Sanders & Dempsey. Peers observe that he has retained a lot of his clients and is carrying out the same high standard of complex work. "People will notice," said one lawyer at a rival international firm.

Gonzalo Jiménez-Blanco heads a specialist project finance team of seven associates at **Ashurst**. The team is handling some interesting ongoing work, acting for Servisair in relation to the tenders for handling services for 19 airports in Spain, and representing Veolia and Compagnie Générale des Eaux in relation to water concession procurement tenders across Spain, as well as in relation to several desalination projects to be launched soon.

Based in Valencia, **Broseta Abogados** handles some interesting local work. The firm recently advised the successful bidder on the public bid promoted by the local governments of Valencia for the construction of the new international airport of Castellón. Garrigues advised the banks on the deal. The firm also worked for SCH Investment and the local government of Valencia on the design of the finance structure for new subway and streetcar lines in Valencia and Alicante, worth €210 million. Its role on this deal has led to further work for the Valencia government on infrastructure projects, and on the region's wind energy plans.

Jones Day has done a lot of work for the banks providing finance on a variety of projects. For example, it advised Banco Español de Crédito (Banesto) and Caixa Banco Investimento on financing the conversion of the AS-18 highway between Oviedo and Gijón into a four-lane highway for €122.5 million, and acted for Caja Madrid on the €73 million financing of the La Brújula wind energy park. Caixa Banco Investimento and Bank of Scotland also sought its advice in connection with the financing of a €140 million highway project in Valencia, and Banco Santander Central Hispano consulted the firm on its financing of two wind parks in Malaga and Castilla La Mancha.

Lastly, Joaquín Sales joined **Lovells** from Gómez-Acebo & Pombo in January 2005. A specialist in project finance, peers say Sales is "a key player" in the market and "a very good lawyer." Sales is already delivering an exceptional standard of work for his new firm, and Lovells enters the rankings for project finance this year on this basis. Among the highlights, Sales and his team worked on the project finance of the Reganosa LNG regasification terminal in Mugardos, the first financing of an LNG terminal in Spain carried out by commercial banks, representing Caixa Galicia and BBVA on the €400 million deal. BBVA again sought the firm's advice when it financed telecoms equipment for the Madrid subway for €25 million in May this year. Lovells is also advising the European Investment Bank on the €600 million financing of roads in the Basque Country, managed by Interbiak.