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A model for European business legislation?

Businesses operating within the UK have faced another year of constant legislative change: in addition to dealing with the introduction of International Accounting Standards, the UK has had the introduction of new Prospectus, Listing and Disclosure Rules, the Companies (Audit, Investigations and Community Enterprise) Act 2004 and, recently and notably, the Pensions Act 2004, with its significant consequences for many corporate transactions. These are just the tip of the iceberg.

Another trend of the last 12 months has been an apparent acknowledgement by government at both the UK and the EU level that there has been too much legislation with too little benefit, or too much burden flowing from it. Jacqui Smith, while she was at the DTI, and Charlie McCreevy, the new Internal Market Commissioner, have particularly sought to recognize these issues. But will this lead to a dropping-off in the volume of legislation?

The agenda for 2005-6 and thereafter does not immediately suggest this is the case, though much of the impending legislation has been in the pipeline for a lot longer than the last 12 months, for example the proposed UK Companies Bill and the implementation of the Takeover Directive, the Transparency Directive and the Markets in Financial Instruments Directive. Initiatives such as the EU's proposals in relation to shareholder rights and corporate governance are still relatively new, but carry with them the prospect of more change.

It would be naïve of the business world to assume that it should be free from new legislation. The way in which businesses conduct themselves affects the communities in which they operate, and accordingly legislation and other government action is inevitable. To the extent that this leads to costs, those are recognized as the licence fees, in effect, for carrying on those businesses in those jurisdictions.

The issue, therefore, is to try to identify the extent to which new legislation and regulation should be imposed on business, as well as considering the extent to which existing regulation is appropriate.

Leaving to one side political perspectives, there is a broadly

shared objective that regulation should provide benefits that, if financially quantifiable, exceed the financial cost of the regulation. Apart from legal and administrative costs, which can rapidly turn into bureaucracy, another cost to consider (but which it is impossible to quantify in advance) is the extent to which new legislative measures will drive out of the UK or the EU business which would have contributed to those economies. There is a widespread recognition that the economic and regulatory impact assessments carried out in relation to prospective regulation are unsophisticated and often wildly inaccurate (take the regulation of money laundering as an extreme example). It is to be hoped that regulators will revisit these analyses with hindsight, as a guide for future legislation.

What can be done to ensure that new legislation or regulation is relevant and of better quality in the sense of achieving its objectives without excessive costs?

Here are three suggestions for the UK and EU.

First, the objectives of regulatory proposals at the EU level need to be examined more closely. In many cases, EU legislation in the company law and financial markets areas is driven by two objectives – first, a wish to create a single European market to compete with, in particular, the US, and second, a desire to provide a more sophisticated infrastructure of regulation for member states that at present have gaps in their systems. In relation to the first objective, EU legislators often seem to miss the point that, although the US seeks to pursue tough enforcement of its rules, it is a market that succeeds not only in part by its size but also in part by its flexibility. Corporate structure and governance is still regarded as largely a matter of private law in the US, a matter for owners and managers to work out amongst themselves.

As regards the second objective, to provide a regulatory infrastructure where there are gaps, the EU should reconsider its whole approach and here again there might be a lesson to be learned from the US. While there are undoubtedly benefits in providing a regulatory infrastructure in relation to an issue for EU states that have not addressed it in their domestic law, why should the EU force a new regime on those that already have such an infrastructure, often more sophisticated than that provided by the EU?

Take, for example, the Market Abuse Directive and the Takeover Directive. The UK, France and Germany (to take a

few non-exhaustive examples) already have their own sophisticated regimes for the regulation of market abuse and takeovers – why force them to implement complicated changes that do not fit easily with their existing regimes? It could be argued that a unified regime is required to provide for easier pan-European understanding: a single regime is easier to comprehend. This misses the point, however, that domestic implementation and other rules still require advice on a jurisdiction-by-jurisdiction basis, as widespread differences will remain.

The US approach of producing model legislation would, in many cases, be a much more effective way for the EU to proceed. After all, if it works in the US federal framework, surely it should have a greater role within the looser association of the EU? A model takeover statute or market abuse statute would have helped member states to raise standards without forcing through ill-fitting and costly compromises on a one-size-fits-all basis. The EU's proposals in relation to shareholder rights, if pursued, would be a clear case for such an approach.

A second way of improving legislative effectiveness and quality is to improve consultation processes. The sheer volume of legislation proposed or subject to consultation at the moment is a drag on its quality. Those potentially affected by it are suffering from regulatory overload – only the biggest organizations have time to look at even some of the measures that might affect them, and small businesses do not in practice have any chance at all. There is still room for improvement in consultation processes at the UK level (avoiding last minute rushes in the drafting, which waste years of painstaking and effective consultation). However, at the EU level legislative processes could be described politely as opaque and more bluntly as largely inaccessible to everyone except insiders. The quality of consultation remains on the whole lamentable, mainly because of a lack of resources at the Commission but also because of the difficulty in feeding in views once legislation has been tabled in draft.

The third approach to improving legislation is the least likely, judged by current moods, to be successful. Hopefully politicians and electorates will hold to account those who have pushed forward legislation for the sake of being seen to do something, when closer scrutiny reveals that problems do not stem from pre-existing deficiencies in legislation but from deficiencies in the effectiveness of regulation within existing regimes.

It would be interesting to see an evaluation now of the costs and benefits of the EU's various company law directives, which on the whole have an undistinguished history. It is doubtful that the Takeover Directive, or proposed directives on cross-border mergers or transfer of registered seat (to take a few examples), will add to the lustre of that history. The adoption of post-legislative economic impact assessments would be an interesting discipline.

Bank lending

Recommended firms

Tier 1

Allen & Overy

Clifford Chance

Tier 2

Freshfields Bruckhaus Deringer

Linklaters

Tier 3

Ashurst

Shearman & Sterling

Slaughter and May

White & Case

Tier 4

CMS Cameron McKenna

Denton Wilde Sapte

DLA Piper Rudnick Gray Cary

Herbert Smith

Lovells

Norton Rose

Tier 5

Baker & McKenzie

Cleary Gottlieb Steen & Hamilton

Latham & Watkins

Macfarlanes

Milbank Tweed Hadley & McCloy

Simmons & Simmons

Simpson Thacher & Bartlett

SJ Berwin

Skadden Arps Slate Meagher & Flom

Weil Gotshal & Manges

Allen & Overy

Few firms can match the size, experience and quality of Allen & Overy's banking practice. One respondent to *IFLR's* research maintained that "Allen & Overy is in a category of its own". The team has 128 partners and 500 associates, 60% of which are stationed outside of the UK. Mike Duncan is the head of the global loans group and, according to one client, is "definitely the leader in the field." Rivals also highlighted the talents of Trevor Borthwick, Stephen Kensell and Timothy Polglase.

At the heart of the group is one of the best and most experienced syndicated lending practices in the UK. Not one respondent doubted the firm's top-tier credentials, the consensus being that "Allen & Overy is still top." Over the past 12 months the practice has worked on more than 100 investment-grade transactions. Among the highlights, it advised the banks on a €10 billion (\$12.3 billion) jumbo facility for France Télécom, acted for BAE on a £1.5 billion (\$2.65 billion) loan and represented the Royal Bank of Scotland and Société Générale on a £2.7 billion revolving credit facility for Vivendi. Allen & Overy also acted for the lenders on a £1.5 billion loan for British American Tobacco, advised the Royal Bank of Scotland and Barclays Capital on financing the £1.2

billion acquisition of Wickes from Focus Wickes, represented the lead arrangers of a £1 billion facility for mmO2, acted for Fokus Bank on a \$2 billion multicurrency revolving credit facility for Statoil, and advised the arrangers of a £1.1 billion credit facility for Old Mutual.

Although Allen & Overy's banking practice tends to lean towards lender-side advice, borrowers often instruct Allen & Overy on large deals too. This year, for example, the firm represented DS Smith in relation to financing its £170 million acquisition of Linpac Containers from Linpac Group Holdings, acted for Royal & Sun Alliance Insurance Group in connection with its £400 million credit facility, and advised Koninklijke KPN on its €1.5 billion syndicated loan. Other standout syndicated lending deals include work for ABN Amro on a \$1.6 billion letter of credit facility, Nordea Bank on a €1 billion revolving facility for Sandvik, and the lead arrangers of a €2.45 billion loan to Carlsberg.

If syndicated lending is at the core of the practice, leveraged finance is its growth area. According to *Dealogic*, the leveraged finance market grew from 147 deals worth €44.9 billion in 2003 to 201 transactions worth €74.2 billion in 2004; Allen & Overy lawyers worked on all of the top five European buyouts in 2004, worth a total of €12 billion. The jewel in the crown of these deals was Apax Partners and Cinven's €2.1 billion acquisition of leading global media and information company VNU World Directories, on which Allen & Overy fielded a team that included partners Robin Harvey, Jonathan Brownson, Peter Bienenstock and Femke Bierman. The VNU deal was the largest on an impressive private equity deal list that also included advice to 3i and Veronis Suhler Stevenson on a €1 billion refinancing, and Kohlberg Kravis Roberts both on the financing of its €1.45 billion acquisition of AutoTeile-Unger Group from Doughty Hanson and on its €1.43 billion acquisition of Koninklijke Vendex.

In the UK, meanwhile, the practice advised Bank of Scotland, Barclays Capital, Lloyds TSB Bank and the Royal Bank of Scotland on the financing of the largest public-to-private transaction to reach successful completion in 2004. George Link, Clive Wells and Jacqueline Evans acted for their clients in relation to the senior and mezzanine debt financing for the £896 million bid for Chelsfield by Duelguide. Meanwhile, Andrew Bamber advised Deutsche Bank on the debt financing of the acquisition of the Unique Pub Company by Enterprise Inns for a value of around £2.3 billion. Deutsche Bank provided a £610 million loan.

The amount of recapitalizations grew steadily in 2004, and Allen & Overy took advantage of the increase in demand. Recapitalizations accounted for 34% of 2004's deals compared with 24% in 2003, according to *Dealogic*. Among the highlights, the group acted for Deutsche Bank on the senior debt and second lien facilities of the refinancing of Invensys International Holdings, and advised JP Morgan in relation to the €180 million refinancing of Yoplait and the £725 million refinancing of TI Automotive.

Leading lawyers

Andrew Bamber
Trevor Borthwick
Mike Duncan
Robin Harvey
Tony Keal
Stephen Kensell
George Link
Timothy Polglase
Clive Wells

Key contact partners

Jonathan Brayne
Mike Duncan

Clifford Chance

With 59 dedicated banking partners in London alone, the sheer scale of Clifford Chance's banking practice distinguishes it from its rivals. This year the practice grew even more with the arrival of US partners Jay Gavigan and Raymond O'Connor from New York, and the appointment of two new partners, James Butters and Faizal Khan. The firm prides itself on its strength in depth and on the ability of its partners to recognize market trends and pass on the benefits of innovative thinking to clients. This approach has won the firm the reputation among clients for doing "the most significant and innovative work in leveraged finance".

Clifford Chance leads the way in leveraged finance because, according to one respondent, it simply "puts more effort and more partner time in than the rest". The practice has many clients in the area, both banks and private equity houses, and a deal list to match.

Clifford Chance acted for CVC and Permira on the financing of the £1.75 billion (\$3.1 billion) acquisition of the Automobile Association from Centrica; Barclays Capital provided a £1.3 billion chunk of this purchase price, in one of the largest buyouts to occur in Europe in 2004. The firm also advised BNP Paribas, HBOS and Deutsche Bank on the €725 million (\$884 million) financing of Charterhouse's acquisition of Autoban, acted for Citibank, ABN Amro, Bank of America and Barclays on the \$4.4 billion loan for the acquisition of Grey Goose Vodka by Bacardi, represented CVC on financing the €1 billion acquisition of BASF Drucksysteme and ANI Printing Inks, and advised Citigroup and Goldman Sachs on financing Bain Capital's acquisition of Brenntag through €1.4 billion-worth of senior, second lien and mezzanine facilities. But the most innovative deal for the practice was the Cognis recapitalization, which won the *IFLR* European debt and equity-linked deal of the year award for 2004. Banking partner Alan Inglis advised Goldman Sachs, JP Morgan Chase and Citibank on the recapitalization, which comprised a €1.3 billion and \$265 million senior facility, a €345 million high-yield issue, a \$125 million and €61 million second lien loan and €235 million-worth of second lien notes. The groundbreaking deal marked the first time a European borrower has participated in a US-style second lien financing.

Clifford Chance also chalked up an active year in syndicated lending, traditionally the preserve of Allen & Overy. Some respondents see this as an area in which Clifford Chance could catch up with its top-tier rival. This year the firm advised the Royal Bank of Scotland on its £600 million loan to Boots, acted for Danske Bank on a €400 million revolving credit facility to Borealis, represented Barclays Capital on a €1.2 million loan to Fortum, and acted for Barclays Bank on the £1.6 billion refinancing of Intercontinental Hotels. Malcom Sweeting landed a rare mandate from borrower Volvo in relation to its €1.45 billion loan facility, and Lee Cullinane acted for ABN Amro, Barclays Capital, BNP Paribas, Citigroup, Dresdner and JP Morgan Chase in respect an €11 billion jumbo loan facility for Volkswagen. Meanwhile, Nicola Wherity advised ABN Amro on the €3 billion refinancing for Imperial Tobacco.

Over the past 12 months Clifford Chance has responded to client demand for bridge loans, growing its experience in this area. For example, the firm advised Citigroup on a €1.2 billion senior loan note, acted for Barclays Bank and Citibank on a £458 million bridge to securitization, and represented Citigroup again when it financed Lone Star's acquisition of a portfolio of non-performing loans in Germany. The deal involved a €1.8 billion loan evidenced by a German law promissory note or *schuld Scheindarlehen*.

Leading lawyers

Michael Bates
Mark Campbell
Lee Cullinane
Margaret Gossling
Alan Inglis
James Johnson
Mark Stewart
Malcolm Sweeting
Chris Wyman

Key contact partners

Mark Campbell
Alan Inglis
James Johnson
Mark Stewart
Malcolm Sweeting

Freshfields Bruckhaus Deringer

Traditionally focused on advice to borrowers, the market has noticed that Freshfields Bruckhaus Deringer's banking practice is "starting to be more assertive in the market" and "is closing on the top tier". Freshfields has surprised its rivals, and "is now on quite a few panels" and is "getting a high volume of work from banks" according to the market. Established banking practitioner Edward Evans leads the 13 partners and 33 associates that make up the department. Of these lawyers, partner David Eriera received most praise for his "high-quality real estate practice."

Alongside Evans, partners Brian Gray, Roger Dyer and Presley Warner have been spearheading the campaign in this

area. One landmark deal saw the firm provide counsel to Barclays, Citigroup, Goldman Sachs, the Royal Bank of Scotland and Merrill Lynch in relation to the £2.275 billion (\$4 billion) refinancing of the Scottish & Newcastle pubs estate in November 2004. The Spirit Group had bought the 2,000 pub estate for £2.5 billion in November 2003, and the refinancing transaction was the largest-ever leveraged recapitalization of a leveraged buyout in the UK. The syndication of the deal proved so successful that the facilities were increased due to over-subscription.

In November 2004 Freshfields advised Citigroup on its £6 billion loan to clearing house Clearstream. The syndication involved 60 participating banks that were brought in on the deal in a short space of time, just before closing. Other bank clients include Credit Suisse First Boston and Deutsche Bank, which instructed Brian Gray on the senior, second lien and mezzanine debt facilities of the €8.8 million (\$10.7 million) acquisition of Sola International by Carl Zeiss and EQT 111.

Freshfield's tradition of excellence in corporate matters makes it ideally positioned to handle complex restructuring and recapitalization transactions for borrowers. For example, Chris Howard steered German retail group KarstadtQuelle through the restructuring of its bilateral facilities during a period of financial distress in the second half of 2004. KarstadtQuelle's 16 creditor banks, led by Bayerische Landesbank, provided a €1.75 billion fully secured syndicated loan to the company, which ensured that the company survived the year intact. Freshfields also provided legal counsel to Invensys in relation to its £2.7 billion recapitalization. On this deal the firm advised on new senior facilities, a second lien facility, intercreditor arrangements, a multi-jurisdictional security package, a bridge to the high-yield bond, the high-yield bond itself, the tender for the outstanding bonds and an equity issue. Other borrower mandates included the £1 billion financing of Group 4 Securicor relating to the demerger of its security businesses from Group 4 Falck, and acting for property firm Grainger Trust on its £900 million-worth of senior debt borrowed from Barclays, Royal Bank of Scotland and Lloyds TSB Corporate.

Over the past 12 months Freshfields has also gathered a range of clients and experience in acquisition financing matters. For example, David Eriera and Presley Warner advised Apax Partners on the £1 billion financing of its purchase of a majority shareholding in Travelex, and the firm acted for Apax Partners, Goldman Sachs and Providence Equity Partners on €2.6 billion-worth of facilities for their acquisition of Kabel Deutschland.

Leading lawyers

David Eriera
Edward Evans
Sean Pierce

Key contact partners

David Eriera
Brian Gray
Sean Pierce

Linklaters

Linklaters boasts over 1,000 lawyers working in its banking practice worldwide, and has strengthened its credentials in the area this year with the hire of banking partners Adam Freeman from Lovells and Stephen Lucas from Clifford Chance. The firm also hired two banking specialists in the US and one each in the Netherlands and Hong Kong, boosting its global presence. The growth of the practice reflects in part the fact that Linklaters “is ahead in terms of volume.” But the quality of practice has not been diluted. The partners are “good hires” and the market now sees Linklaters “gaining ground on Allen & Overy and Clifford Chance in the banking top tier.” Established partners Gideon Moore and Nick Syson are singled out by competitors for the quality of their work.

The firm’s banking work this year has come from a variety of sources and locations. The practice had particular success in Spain, which yielded a €6 billion (\$7.3 billion) highlight deal in which the practice advised ABN Amro, Banco Bilbao Vizcaya Argentaria, Banco Santander Central Hispano, La Caixa, JP Morgan and the Royal Bank of Scotland on the €6 billion multicurrency syndicated revolving credit facility provided to Telefónica, one of the largest telecoms companies in the world, to fund its purchase of Cesky Telecom and refinance its short-term obligations. The transaction closed in June 2005. In 2004 Linklaters had acted for the syndicate on a €3 billion loan to the same company. Also in Spain, the firm advised the Royal Bank of Scotland, Caja de Ahorros y Monte de Piedad de Madrid, Calyon and HSBC Bank on a €350 million loan for Obrascón Huarte Lain, one of Spain’s largest construction companies.

Moving north, Linklaters advised KPMG on the \$340 million and Nkr150 million (\$23.5 million) debt restructuring of Northern Offshore, an energy company registered in Bermuda and listed in Oslo. In Asia, Linklaters acted for BNP Paribas on a \$600 million loan to the Lenovo Group so it could acquire the personal computer division of IBM, the largest-ever overseas acquisition by a Chinese company. And in Russia the firm represented ABN Amro, Citigroup, Deutsche Bank and JP Morgan on a \$650 million three-year facility for Gazprombank, the largest loan ever provided to a Russian bank.

The standout deal for the UK practice was the £1 billion (\$1.76 billion) recapitalization of the Gala Group. Gideon Moore led the team that advised Merrill Lynch, the Royal Bank of Scotland and Intermediate Capital Group on the deal. Other highlight transactions for the practice this year included advice to JP Morgan on the €1.85 billion financing for the acquisition of VNU World Directories by Apax and Cinven, representing Deutsche Bank on the \$2.27 billion financing of Xstrata’s takeover of MIM in Australia, and acting for HSBC on the refinancing of World-Wide Shipping’s \$1.3 billion takeover of Bergesen.

The broad reach of the banking practice at Linklaters is beginning to resemble that of its top-tier capital markets practice. One respondent commented that Linklaters “is the number one capital markets firm, and has successfully used that reputation to get on in bank lending”. It will be interesting to watch Linklaters’ progress in the market over the coming year.

Leading lawyers

Benedict James
Gideon Moore
Nick Syson
John Tucker

Key contact partners

Gideon Moore
John Tucker

Ashurst

Ashurst has a reputation for “acting for market leaders on the biggest deals” when it comes to leveraged finance, which is hardly surprising given the firm’s outstanding private equity credentials. Nigel Ward heads up the 11-partner group, which often appears on large, high-profile acquisition finance deals. Despite the loss of Steven Clarke to Sidley Austin Brown & Wood last year, the deal list for the past 12 months suggests the firm is now more sought after by bank clients. The practice still has a strong core business, and attracts business from an enviable list of corporate and private equity names. From among the team, Mark Vickers is said to have “a good mid-market practice that has had some very high-profile wins”.

On the largest European buyout of 2004, Nigel Ward, Mark Vickers and Jane Fissenden led the Ashurst team that served as counsel to debt provider Barclays Capital in relation to its £1.35 billion (\$2.39 billion) financing of CVC and Permira’s acquisition of the Automobile Association (AA). The debt package comprised £950 million of senior facilities, £325 million of mezzanine facilities and £75 million of junior mezzanine facilities. Centrica sold the AA through a closed auction process run by Cazenove, which was complicated because the insurance part of the AA business was FSA-regulated; FSA approval was not forthcoming until the legal teams had given the regulator detailed assurances that the insurance business was protected from bankruptcy and that the policyholders would not be exposed to risk.

Last year, Nigel Ward also advised Bank of Scotland, Lehman Brothers and Merrill Lynch on financing Charterhouse’s £1.35 billion purchase of Saga. This tricky transaction was one of the biggest deals of 2004, and was run as an auction described as “particularly brutal” by one of the participants. Other highlights in this area included acting for the Royal Bank of Scotland in relation to its financing of the acquisition of Pets at Home Group by equity firm Bridgepoint Capital, and representing Lehman Brothers and the Bank of Scotland on senior and mezzanine debt facilities worth £1.25 billion provided to finance the recapitalization of Coral Eurobet.

The firm’s international reach is not to be underestimated either. Ashurst’s London and Milan offices teamed up to represent the arrangers in €225 million facilities to Compass Partners European Equity Fund for the acquisition of Eco and Coiltech. Ashurst fielded a multi-partner team on the deal, including Jane Fissenden, Mark Vickers and Stephen Thrower in London and Riccardo Agostinelli and Stefano Serbini in Milan, advising

Mizuho Corporate Bank and the Royal Bank of Scotland as lead arrangers and Banca Intesa as senior joint-lead arranger.

Leading lawyers

Helen Burton
Mark Vickers
Nigel Ward

Key contact partner

Mark Vickers
Nigel Ward

Shearman & Sterling

Shearman & Sterling is recommended for expertise in bank lending, especially in the leveraged finance sector; according to one client it “carries out perfectly timed transactions on complex acquisition finance deals”. Shearman & Sterling is one of the few US firms to have broken successfully into the UK banking market, and has the capabilities to compete with many of the established UK firms. The respected Anthony Ward leads the six-partner, 31-associate banking group. His team is “smaller than most, but of high quality ... they do some top-end stuff.”

All of the firm’s highlight deals broke the €1 billion (\$1.22 billion) mark, cementing the firm’s credentials for advice on high-value transactions. In the firm’s largest deal, Ward and Clifford Atkins acted for Morgan Stanley, JP Morgan, the Royal Bank of Scotland, HSBC and Merrill Lynch in relation to the €2.43 billion senior debt financing to a consortium comprising Eurazeo, Clayton Dubillier and Merrill Lynch Private Equity for its acquisition of Rexel.

Shearman & Sterling also advised Bayerische Hypo- und Vereinsbank, Mizuho Corporate Bank and Morgan Stanley on a €1.175 billion credit facility granted to private equity house Kohlberg Kravis Roberts (KKR) for its acquisition of Auto-Teile-Unger Holding, and acted for Citigroup Global Markets, ABN Amro and ING Bank on the €850 million senior debt financing and €350 million subordinated financing of the acquisition of Vendex by a KKR-led consortium.

As well as this, the firm represented the joint venture between Deutsche Bank Real Estate Opportunities Group and CDC IXIS in relation to the bridging facilities provided to Enel to finance its acquisition of a real estate portfolio.

Leading lawyers

Clifford Atkins
Anthony Ward

Key contact partners

Clifford Atkins
Iain Goalen
Anthony Ward

Slaughter and May

Advice to borrowers is at the core of Slaughter and May’s banking practice, and its experience in this area is tough to beat. The

distinguished Andrew Balfour took over from Richard Slater to head up the banking and finance department this year and, in an effort to avoid Slaughter and May’s banking operation becoming too one-dimensional, he has made strides to widen the firm’s client base, pushing further into banks and funds in an attempt to balance the practice.

And the deal list suggests that the efforts have already started to pay off, as Slaughter and May won some notable mandates from bank clients last year. Balfour was counsel to JP Morgan in relation to the €6.5 billion (\$8 billion) revolving credit facility for Telecom Italia, and the firm advised BNP Paribas and Calyon on rescheduling EuroDisney’s senior and subordinated debt, including a new credit facility. The practice also represented Allied Irish Banks in relation to a £230 million (\$402 million) syndicated credit agreement for Hammerson, acted for BNP Paribas on a €1.6 billion revolving facility granted to Faurecia, advised Calyon in connection with a €250 million loan for bioMérieux, and acted for Natexis Banques Populaires in relation to two loans worth a combined €1.5 billion benefiting Auchan and SEB. Slaughter and May also advised Citibank, SG Corporate & Investment Banking and the Royal Bank of Scotland on a €500 million credit facility granted to Société des paiements Pass.

The firm’s expertise on complex financing deals helped to win mandates on several large acquisition finance deals. David Frank advised Cemex on its acquisition of RMC for £2.3 billion, which comprised loan facilities to three different Cemex subsidiaries. The banking practice also acted for Resolution Life, a consortium backed by investors including Prudential and Standard Life, on the financing arrangements for the acquisition of the UK life assurance division of Royal & SunAlliance for £850 million. Other deals in this sector included acting for Kaupthing Bank on senior and term loan facilities for Pub Bidco, and in relation to a €290 million senior term loan for Nord Ocean.

But the real strength of the practice is representing corporate clients in their borrowing arrangements. Clients in this area praised the partners for the “depth of experience and service they provide,” and singled out Stephen Powell for his “ability to find solutions” and his “commercial and legal expertise”.

Among the year’s highlights, Richard Slater was counsel to Arsenal Football Club on the financing of its £357 million Ashburton Grove stadium project, and the practice also advised Old Mutual on a £1.1 billion syndicated facility, Emap on a £500 million loan, Grosvenor on a £400 million senior facility and YTL Power on its \$150 million syndicated loan.

Leading lawyers

Andrew Balfour
Stephen Powell
Richard Slater

Key contact partners

Andrew Balfour
Richard Slater

White & Case

The market reports that White & Case is “pushing hard” in bank lending, and making considerable progress. This is largely down to banking co-heads Maurice Allen and Mike Goetz, who rivals admire for being “great rainmakers” and “the reason the firm is taking so much business.” The practice has recruited 11 associates in the past 12 months, all of them “good lawyers” according to observers. The expansion has clearly paid off, and the group of seven partners and 31 associates is now the principal legal counsel to Deutsche Bank in London. White & Case’s extensive network of international offices has also been a big draw for new clients such as Moscow Narodny Bank and Standard Bank, both of which have instructed the department this year.

As the deal list demonstrates, the practice regularly receives banking mandates on large multinational deals, and this year the firm has had particular success in the telecommunications sector. Maurice Allen – who one peer described as the firm’s “deal jockey” – and fellow partner Kate Allchurch worked on the highest-profile transaction in this area when they advised the banks on the £1.8 billion (\$3.1 billion) refinancing of Telewest, arranged by Barclays Capital, Citigroup, Credit Suisse First Boston, BNP Paribas, Royal Bank of Scotland and Deutsche Bank. The refinancing, which closed at the end of last year, comprised of senior and second lien facilities, a full UK security package from more than 75 companies, and further security in Scotland, Jersey and the US. And on another landmark telecoms deal, earlier in the year the practice represented the banks in relation to NTL’s £2.7 billion refinancing.

Among other highlights, partners Mike Goetz and Emma Webster advised Nordea Bank Norge and Citigroup Global Markets on a \$1 billion credit facility granted to Ship Finance International, a special purpose company set up by Norwegian ship owner Frontline, so it could acquire 47 ships. White & Case’s strong presence in Moscow helped the firm win a role on the largest syndicated facility ever provided to a Russian bank, when Maurice Allen led a team that advised Gazprombank on its three-year \$650 million syndicated credit facility arranged by ABN Amro, Citigroup, Deutsche Bank and JP Morgan. And the firm also represented UPC Broadband Holding in relation to the €3.3 billion (\$4 billion) refinancing of its existing debt. The practice structured the refinancing as three new facilities, each being a sub-tranche in the existing loan. The firm had advised UPC in a refinancing worth €2.2 billion a year earlier.

Leading lawyers

Maurice Allen
Mike Goetz

Key contact partners

Maurice Allen
Mike Goetz

Other notable firms

Denton Wilde Sapte has an eight-partner banking practice with a decent track record advising on syndicated lending

work. This year the firm advised long-term client BayernLB on two deals: a \$600 million facility granted to Turkiye Garanti Bankasi, which was the largest amount ever borrowed by a Turkish institution, and a \$367.5 million dual tranche term loan facility agreement for Investec Bank. Denton Wilde also acted for Natexis Banques Populaires on an \$800 million loan to Russian aluminium group Rual Trade, which was the largest-ever metals pre-export financing in Russia.

It has been an excellent year for **DLA Piper Rudnick Gray Cary**. The market praises the firm for its “very good mid-market banking practice, which is extremely effective”. The Royal Bank of Scotland and HBOS reappointed the firm to their panels in a year that also saw DLA win coveted places on the HSBC and GE Capital Markets panels for the first time. Among the year’s highlights, the firm advised the Bank of Scotland on the £900 million (\$1.67 billion) financing of the Big Food Group public-to-private deal, the £725 million acquisition of the Telegraph Group, and a £500 million loan to Taveta Investments, part of the Arcadia Group.

Herbert Smith’s banking practice has had a year of breakthrough deals with key clients, partly due to an improved leveraged funding and acquisition finance capability. The firm closed its first leveraged finance transaction for Royal Bank of Scotland in a funding package to Cygnet Healthcare, a provider of psychiatric treatment. Herbert Smith and alliance firm Stibbe advised Société Générale on an acquisition finance transaction for the first time, relating to the €215 million (\$298 million) funding provided to Mach Sarl, the Luxembourg mobile telecoms company. Acquisition finance specialist Malcom Hitching led both deals. The practice also advised JP Morgan on a \$600 million senior secured revolving credit facility for Paladin Resources, a British energy company, and acted for HSBC, Lloyds TSB and the Royal Bank of Scotland on £270 million-worth of facilities for WH Smith.

Lovells can boast top-level experience in retail banking and consumer finance matters as well as traditional bank lending and acquisition finance. The firm maintains close ties with Mizuho Bank, which instructed the firm on a loan to BC Partners for its acquisition of New Teknon and on the €280 million financing of Carlyle’s acquisition of Clarian. Lovells is one of Nomura’s preferred law firms, and acted for the bank in relation to the £496 million financing of the public-to-private of the DFS Furniture Company. The firm also advised ING Bank on a \$280 million secured term loan for MSC Mediterranean Shipping Company.

With 69 offices in 38 countries, it is no surprise that most of **Baker & McKenzie’s** instructions involve cross-border transactions. The firm’s banking practice put in a solid year, acting for the Frankfurt branch of the Royal Bank of Scotland in relation to the €234 million refinancing of the Tetra Group, acting for ING Bank on the \$190 million refinancing of Celtel International, advising One Equity Partners in connection with a €274 million facility, and acting for Platinum Equity on its provision of £140 million-worth of facilities for the acquisition of the logistics business of Hays.

The London office of US firm **Cleary Gottlieb Steen & Hamilton** has a six-partner practice, with an equal balance of UK- and US-qualified lawyers. UK partner Andrew Shutter is particularly recommended by the legal market for his expertise in complex mezzanine financing agreements; he was counsel to Goldman Sachs on the £255 million mezzanine financing for the acquisition of Canary Wharf in July, and advised the Spirit Group on its £950 million loan facilities. Cleary Gottlieb also acted for Findexa, Norway's yellow pages business, on Nkr3.1 billion (\$484.6 million) senior credit facilities and acted for Sipca in relation to its SFr230 million (\$182.1 million) leveraged recapitalization.

Christopher Hall chairs **Latham & Watkins'** growing London finance practice, which took on six associates and had a record-breaking 12 months. Its highlight deal was the SFr1.45 billion Cablecom financing, which was first transaction in Europe in which performing bank debt was combined with a series of high-yield notes with no financial maintenance covenants. The Latham & Watkins team that advised Cablecom included Christopher Hall and high-yield specialist Bryant Edwards. The firm also advised Coral Eurobet on its £1.25 billion refinancing, one of the largest UK private equity-backed financings to date, acted for Apax Partners on the £1.25 billion financing arrangements to its portfolio company, Damovo, and represented Merrill Lynch when it provided £155 million-worth of facilities to the Leisure Link Group.

Macfarlanes has a highly developed debt financing department that has experience acting on acquisition finance and lending transactions. For a mid-market firm, Macfarlanes has advised on an impressive list of high-volume deals. In September 2004 the firm advised United Biscuits on the £682 million senior debt facilities provided to it so it could buy the Jacob's Biscuit Group from Danone. The firm also acted for NIB Capital Bank in relation to the €267 million senior and €30 million mezzanine facilities provided to Schoeller Wavin Systems Holding. Mandates from the Royal Bank of Scotland increased this year, the firm advising the bank on the financing of the £50 million acquisition of Clarion Events, the £82 million management buyout of Aqualisa Products, and the £77 million facilities for Quartz Acquisition.

SJ Berwin's eight-partner banking group is, according to one rival, "moving up the scale in terms of quality," and the market picked out senior associate Simon Fraser as a rising star. The firm is known for its funds practice, and advised Wellington Partners on setting up its Wellington Partners III Technology Fund.

In January **Weil Gotshal & Manges** boosted its banking and acquisition finance team in London by relocating Elaine Strangland to London from New York. The move brings the practice up to four partners (Strangland joined Chris Harrison, Richard Ginsburg and Ron Daitz) and strengthened the firm's position in an increasingly competitive market. The US firm has a broad network of clients in the private equity and acquisition finance areas and had an active year negotiating large tranches of financing. Over the past 12 months, for example, Harrison advised DLJ Merchant Banking Partners, JP Morgan, Bain

Capital and Thomas H Lee Partners on the \$2.4 billion financing for their public-to-private acquisition of Warner Chilcott, acted for Apax Partners on the €115 million facilities for the acquisition of the IEE Automotive Group, and represented Hicks Muse Tate and Furst on the €165 million refinancing of the Eurotaxglass group. His colleague Ginsburg, meanwhile, acted for Simon Glick Interests in relation to the £1.15 billion financing of Songbird's acquisition of Canary Wharf (which narrowly missed out on *IFLR's* European M&A deal of the year for 2004), acted for Hicks Muse Tate & Furst in relation to the £670 million bridge financing for its acquisition of Weetabix, and represented Premier Foods on its £580 million senior credit facilities. Other highlight deals included representation of the Texas Pacific Group and DLJ Merchant Banking Partners on the €1.2 billion financing for their acquisition of Grohe, and advising Montagu Private Equity in relation to the €360 million facilities granted for the acquisition of Stabilus.

Banking – financial services regulation

Recommended firms

Tier 1

Clifford Chance

Freshfields Bruckhaus Deringer

Linklaters

Tier 2

Allen & Overy

Tier 3

Herbert Smith

Shearman & Sterling

Travers Smith

Tier 4

Ashurst

CMS Cameron McKenna

Lovells

Norton Rose

Simmons & Simmons

Slaughter and May

SJ Berwin

White & Case

Wilmer Cutler Pickering Hale and Dorr

Tier 5

Dechert

DLA Piper Rudnick Gray Cary

Eversheds

Macfarlanes

Weil Gotshal & Manges

Clifford Chance

Many in the market consider Clifford Chance's financial services practice to be "top of the lot." With 25 dedicated partners, there is also "broad recognition that Clifford Chance's practice is bigger than the rest." Its size helped it absorb the departure of leading lawyer Tim Herrington, who left to take up his new post at the Financial Services Authority (FSA) as chairman of its

regulatory decisions committee. Although some saw Herrington as “heart of the group,” the well-respected Chris Bates “has so much energy” that the practice continues to work on many notable matters for an array of international clients.

Dermot Turing led the team advising Banco Santander on the regulatory aspects of its £8.9 billion (\$15.8 billion) acquisition of Abbey, and the firm also acted for Northern Trust on its £260 million acquisition of Baring Asset Management’s Financial Services Group from ING Group team. Group co-head Tim Plews had a busy year in the Middle East, advising Islamic Bank of Britain on its application for a UK banking licence and steering the European Islamic Investment Bank on its private placement fundraising.

His fellow practice leader, Chris Bates, has consolidated his reputation as one of the leading non-contentious practitioners in the UK market. The introduction of a raft of legislation from the EU has meant his services have been in much demand this year. Bates worked closely with the International Swaps and Derivatives Association (Isda) on the impact of the Markets in Financial Instruments Directive, and led legal counsel in the implementation of the Market Abuse Directive in the UK. Similarly, Lynn Johansen has been advising the Futures and Options Association (the FOA) on the directive’s effects on the commodities and energy markets, and Claude Brown has focused on the regulatory issues surrounding the market in weather derivatives for the Weather Risk Management Association. Other matters saw Claude Brown and Nick O’Neill counsel the Loan Market Association (LMA) on the syndicated loan market, and Dermot Turing advise on a documentation project for the FOA.

The practice benefits from the global reach of the firm, and from the ability of the partners to think internationally. Among the year’s other highlights, Tim Plews has led a project comparing EU and US investor protection regimes for the FOA, and Chris Bates was special European counsel to the Bond Markets Association (BMA) on research into the Guiding Principles for Fixed Income. Bates also led the firm’s work as counsel to the International Association of Credit Portfolio Managers, Isda, the London Investment Banking Association, the LMA and the BMA regarding an EU document addressing the concerns of investors in the credit derivatives and corporate bond markets.

Leading lawyer

Chris Bates

Key contact partner

Chris Bates

Freshfields Bruckhaus Deringer

“Freshfields is pulling ahead,” say the firm’s competitors in financial services. Practice head Guy Morton is the driving force of the group, and is a “high-impact guru of non-contentious work” known as “quite simply the best around.” Market rivals praised Morton for his “incredible depth of experience,” and described fellow partner Annabel Sykes as “a very bright, good

lawyer.” With 23 partners and 39 associates, Freshfields’ practice is also one of the largest, and has a client list that includes such names as Credit Suisse First Boston, Deutsche Bank, Goldman Sachs, Legal & General and the Royal Bank of Scotland.

At the time of writing, the most high-profile mandate handled by the group involved advice to the London Stock Exchange (LSE) on potential bids from Deutsche Börse and Euronext. If either bidder were successful, the deal would create the largest stock exchange in Europe and the second-largest in the world after the New York Stock Exchange. The firm’s largest instruction came from Marsh & McLennan in the wake of investigations carried out by Eliot Spitzer, the attorney-general for the state of New York, into US broking practices. Marsh instructed Freshfields to conduct an investigation into the company’s own UK business practices. The large team of financial services practitioners working on the case was led by Raj Parker and Andrew Hart. Meanwhile, Guy Morton reviewed Marsh’s procedures for conflicts of interest to prepare the company for its bid to comply with the FSMA 2000 Act, which came into force in January 2005.

Freshfields also advised Eureko on its disposal of F&C to Isis Asset Management, the asset management subsidiary of Friends Provident. The reverse takeover required the firm to steer Eureko and F&C through issues of relisting the enlarged group, a secondary placing of a stake, and shareholder matters. David Scott and Simon Orton also represented Legal & General in relation to its fight against a £1.1 million (\$1.96 million) fine imposed by the FSA for the sale of mortgage-linked endowments. It was the first time that a financial institution had challenged the FSA in an independent tribunal.

Leading lawyers

Mark Kalderon

Guy Morton

Annabel Sykes

Key contact partners

Andrew Hart

Guy Morton

Michael Raffan

Linklaters

Linklaters has a strong financial services group, and has had an excellent 12 months. Paul Nelson is head of the practice, and his “innovative, maverick approach” has won him relationships with large investment banks such as JP Morgan Chase, Merrill Lynch, Credit Suisse First Boston, UBS, Goldman Sachs, the Toronto-Dominion Bank and Lehman Brothers. Main partners Michael Kent and Peter Bevan “have a great reputation and get through a huge amount of work,” while the market deems capital markets expert Lachlan Burn a “first-class lawyer who does a lot of work around the Prospectus Directive.”

Linklaters is one of the top firms for cross-border work in this area. The firm advises a number of financial institutions on the impact of the EU’s current Financial Services Action Plan, which includes the Market Abuse Directive and Markets in

Financial Instruments Directive. This has tended to focus on regulatory capital and changes in supervision requirements within the financial groups directive. Here the practice successfully lobbied to retain a waiver for low-risk investment firms (such as asset managers) in the directive. The financial services group gives clients access to online legal advice through the Blue Flag Regulatory system, which can provide advice on financial services in the US, Asia-Pacific, mainland Europe and the UK. The service helps clients find out about disclosure obligations to foreign regulatory authorities.

Corporate governance advice forms an important part of the Linklaters practice. Clients often instruct the Linklaters practice to consult on regulatory systems and senior management responsibility, some seeking counsel on the FSA's Arrow reports. For example, the firm advised JP Morgan on the compliance aspects of its joint venture with Cazenove, and acted for Merrill Lynch on its acquisition of Mortgages.

Leading lawyers

Pauline Ashall
Peter Bevan
Paul Nelson

Key contact partners

Peter Bevan
Michael Kent
Paul Nelson

Allen & Overy

Peers of Allen & Overy commend the financial services practice for having "a good balance between its contentious and non-contentious side." From among the team, Simon Gleeson is recommended for non-contentious work, and Sidney Myers is "unquestionably a leading lawyer in the contentious side."

With over 80 lawyers throughout the firm's many offices, the practice competes well with that of other large firms. Improved coordination between domestic regulators in the EU and around the world makes its international capacity an increasingly valuable commodity.

In London, the group has eight partners and 20 assistants who regularly advise clients such as Barclays Capital, Morgan Stanley, Citibank, Credit Suisse First Boston, JP Morgan and Merrill Lynch. Over the past year, the firm advised a selection of banks on the risks involved in creating structured products to sell to retail investors in the EU and beyond. Simon Gleeson led the team, advising ABN Amro, the Royal Bank of Scotland, Schroders and Rabobank. Gleeson and colleague Bob Penn also worked on Northern Rock's Graphite deal, a synthetic securitization of a covered bond portfolio, the first of its kind. The partners worked closely with the FSA to mark out the regulatory boundaries for the unique transaction.

Transactional work for the last 12 months has included work for Royal & Sun Alliance on the sale of its closed life insurance business to Resolution Life for £850 million (\$1.5 billion), assistance to city player Nicola Horlick on setting up Bramdean Asset Management, and advice to Strategic Value Partners and

ABN Amro Asset Management on the reorganization of its global asset management business. Allen & Overy is often the first port call for building societies, and advised Staffordshire Building Society on the regulatory aspects of its merger with Portman Building Society and other clients, including HBOS, WestLB, Standard Chartered Bank and Munich Re.

The firm enjoys a good reputation advising funds on their relationships with investment managers and brokers. Clients include the French state pension fund FRR, ABP Investments, and more than a dozen state entities. Non-contentious work at the firm also includes an instruction from Apacs in setting up a new cheque and payment clearing system in the UK.

The contentious side of the practice – headed up by Sidney Myers – has been exceptionally active this year, as the FSA and other regulatory bodies have poured more resources into investigations. The firm has an almost unbeatable track record of success defending clients in contentious cases, with 90% of the companies or individuals under investigation avoiding a public sanction and fines. Most have instead received private warnings, crucial to clients wishing to protect their reputation.

Multi-jurisdictional matters have become more common. The investigations by Eliot Spitzer and continuing litigation in the wake of Parmalat's collapse has involved input from the firm's regulatory partners from the US, Italy, Germany and France. Allen & Overy has advised a large investment bank on its dealings with Parmalat, acted for a dual UK- and US-listed company on suspected breaches of the US Foreign Corrupt Practices Act, and represented a fund manager on the FSA's investigation into split capital investment trusts.

Leading lawyers

Simon Gleeson
Sidney Myers

Key contact partners

Simon Gleeson
John Goodhall
Paul Phillips

Herbert Smith

Herbert Smith has made great progress in developing its regulatory practice, and firm is best known for its contentious work, which makes up just over half of its work. Scott Cochrane leads the non-contentious side of the practice, and Martyn Hopper, ex-head of enforcement at the FSA, heads up the contentious team. Both report into Elizabeth McKnight, who is responsible for the group as a whole. Thirty-five partners at Herbert Smith have experience in financial services, and the group can handle a large amount of client work as a result.

The market is full of praise for Hopper because "he is a top man, who understands how things work." His approach has been described as "straight to the point, fair and very measured." Over the past year he has advised Sir Philip Watts, ex-chairman of Shell, on the FSA's investigation into the recategorization of Shell's reserves, and acted for a global investment bank on an investigation into its clearing and settlement services, as well as on

compliance issues surrounding its private client business. Peter Burrell, meanwhile, advised St James' Place on FSA enforcement action concerning the mis-selling of investment products. Clients in this area for the firm include Lazard, Lloyds TSB, Merrill Lynch, Morgan Stanley, Royal Sun Alliance and UBS.

Transactional work is at the core of the practice, reflecting the group's no-nonsense approach to risk management matters. In this field, Herbert Smith represented Bradford & Bingley in relation to the placing of £45 million (\$88.3 million)-worth of ordinary shares, acted for Britannic in relation to its acquisition of Allianz Cornhill Insurance's life insurance business for £110 million, represented Crédit Lyonnais in connection with its disposal of Laing & Cruickshank Investment Management to UBS for £160 million, and advised Friends Provident on a rare life insurance securitization worth £380 million. Herbert Smith's strong corporate practice provides expertise in M&A and joint-venture deals: on the regulatory side the firm acted for Bank of Ireland in relation to a joint venture with the Post Office, and acted for Lazard on regulatory matters surrounding the acquisition of Panmure Gordon, the London stockbrokers.

Herbert Smith is also on hand to pick up the pieces when transactions go wrong, and the practice is experienced in all manner of commercial disputes. Over the past 12 months the firm has advised Rabobank on a dispute with the Royal Bank of Canada involving a \$517 million structured transaction with Enron, acted for a global investment bank on its rights and liabilities in the Parmalat case, and represented Marsh on a dispute with its errors and omissions insurers, with liability estimated to be in the region of €300 million (\$479 million).

Leading lawyer

Martyn Hopper

Key contact partners

Scott Cochrane
Martyn Hopper
James Palmer

Shearman & Sterling

Shearman & Sterling has built up a respected, free-standing financial services practice, successfully going where many US firms fear to tread in the UK market. Ex-Freshfields partner Barney Reynolds leads the group, and is commended by the market for having successfully developed "long-standing relationships with good banking clients." The four-partner practice advises Merrill Lynch on its regulatory capital matters, Morgan Stanley on its worldwide structuring issues, and represents a raft of other large banks such as Citibank and JP Morgan. Other leading clients of the practice include Deutsche Bank, Marsh & McLellan and investment exchange Eurex.

Over the last 12 months Barney Reynolds has led teams advising Citibank International and Citicorp on the sale of Citibank's \$380 million Post Office card account benefits payments business, known as Universal Bank, to JP Morgan Chase, and acting for Merrill Lynch on the restructuring of its group-wide regulatory capital. Last year the group also served as counsel to the Thomson

Corporation in relation to its \$385 million acquisition of the TradeWeb Group, a multilateral trading facility operator with operations both in Europe and in the US.

Leading lawyer

Barney Reynolds

Key contact partner

Barney Reynolds

Travers Smith

Margaret Chamberlain leads the financial services practice at Travers Smith, and few lawyers received so much praise. One respondent said "she is very good, definitely one of the leading individuals at Travers Smith." Chamberlain also has "a strong group at her disposal." Two senior associates joined the department this year, bringing the number of lawyers up to double figures.

The group at Travers Smith won mandates from several new clients this year, including Kinnect, a subsidiary of Lloyd's of London, Värde Partners Europe and Surrey County Council, which the firm advised on its investment management matters. All three of the practice's partners were involved in the tender process for the Kinnect instruction. At the time of writing, the firm is advising on the development of an electronic service to form insurance contracts and disclose information in the Lloyd's market and the general insurance market.

Chamberlain and Jane Tuckley also advised real estate firm Cushman & Wakefield Healey & Baker and CB Richard Ellis on the implementation of the Insurance Mediation Directive, and Mark Evans led a team that provided advice to Western Union Financial Services on the development and launch of an online money transfer service, which launched in October 2004.

Chamberlain and her group also carried out much work for long-term clients. The firm's highest-profile client is arguably Crestco, the company in charge of operating the UK and Ireland's central securities depository. Travers' rivals said that Chamberlain "knows more about Crest than anybody else." This year the team advised on a joint-venture between Crestco, LCH Clearent and SIS to implement the first European cross-border securities counterparty service. The project was finalized this year, after two years of technical and legal development. Chamberlain and Evans also acted for US fund manager the Värde Group in relation to obtaining the necessary authorization to set up a UK subsidiary.

Other clients of the firm include Bloomberg, First Data Corporation, Western Union Financial Services, Bank of New York and 3i.

Leading lawyer

Margaret Chamberlain

Key contact partners

Margaret Chamberlain
Mark Evans
Jane Tuckley

Slaughter and May

Slaughter and May's financial services practice is slightly smaller than those of other firms, but is nonetheless experienced and highly recommended by the legal market. The department gains promotion to the fourth tier this year, reflecting the sheer amount work the team has handled.

Slaughter and May's top-tier M&A practice generates a steady stream of regulatory and advisory mandates for the financial services team, focusing the practice on transactional work. Most notably, Ruth Fox advised Abbey National on the change of control and other regulatory issues raised by Banco Santander Central Hispano's takeover of the UK bank.

As well as this, the team served as counsel to Marks & Spencer on a joint-venture with HSBC to manage the £762 million (\$1.39 billion) Marks & Spencer Money business, regulated by the Financial Services Authority (FSA), acted for the Resolution Life Group on the regulatory issues that surfaced in the wake of the acquisition of the UK life assurance division of Royal & Sun Alliance, and represented the Cazenove Group on its joint venture with JP Morgan. Other deals requiring the input of the regulatory team included advice to AXA Investment Managers on the outsourcing of its fund support group in the UK, France and Germany to State Street Corporation, and advice to the Capital One Financial Corporation on the acquisition of UK home loan broker, the HFS Group.

Meanwhile, in one multi-office matter, the firm's Hong Kong and London offices joined forces to act for Standard Chartered Bank when it set up a banking subsidiary in Hong Kong, which involved advice on the transfer of the business under a scheme pursuant to the UK Financial Services and Markets Act 2000.

Key contact partners

Ruth Fox
Charles Harvey-Kelly
Jan Putnis

Other notable firms

Simon Morris leads the financial services group at **CMS Cameron McKenna**, which is said to have an "excellent reputation as a free-standing practice." Morris has extensive experience dealing with the Financial Services Authority, having represented clients in over 100 disciplinary, enforcement and investigation actions.

Lovells provides its clients with "a nice spread of financial advice," and "is good for litigation because of its breadth of experience." The practice regularly counsels a mixture of companies and financial institutions, including Lloyds, Barclays, Travelex, National Australia Bank, Amex and ING. Lovells has particular expertise in outsourcing and the regulatory issues involved in this process.

At **Norton Rose**, Carmen Reynolds heads up "a young team that does well for its size." The practice is said to be "pushing hard" at the moment, and the market recommends both Reynolds and fellow partner Jonathan Herbst. The firm has an excellent track record advising on advisory matters, and

over the past year has acted for the Toronto-Dominion Bank on its acquisition of 50% of the issued share capital of NatWest Personal Financial Management, represented HSBC on its \$1 billion joint venture with Merrill Lynch, and advised the Seymour Pierce Group on its offer for Antfactory.

Fellow market practitioners praise **Simmons & Simmons** for its "excellent funds regulation practice." Clients have highlighted the talents of Jonathon Melrose, who "is very good and deserves to be mentioned." Although the firm specializes in hedge fund work, its profile is growing among exchanges and investment banks. For example, the firm advised Barclays Bank on its strategic alliance with Legal & General, acted for Credit Suisse First Boston on energy trading in the UK, and represented the Swiss Exchange on its relationship with Tradepoint.

Despite the loss of Margaret Cole to the FSA earlier this year, **White & Case** has enjoyed a strong 12 months, with instructions from UBS, Deutsche Bank and ABN Amro. Promising senior associate Etay Katz took a lead role steering a UBS corporate finance executive through an FSA investigation into split capital investment trusts. The investigation is one of the largest-ever by the UK financial regulatory. The firm's practice is younger than that of rivals, but the team can boast extensive FSA experience. Head dispute partner Alistair Graham wrote the chapter on enforcement and discipline in the *Practitioner's Guide to the FSA Handbook*, and this year advised a securities broker on an investigation carried out by a European securities regulator in conjunction with the FSA. Other clients who have benefited from the advice of rising star Katz, meanwhile, include Lyxor Asset Management, HB Advisors and Nomura Bank.

Capital markets – debt

Recommended firms

Tier 1

Allen & Overy

Clifford Chance

Linklaters

Tier 2

Freshfields Bruckhaus Deringer

Tier 3

Herbert Smith

Slaughter and May

Tier 4

Baker & McKenzie

Cleary Gottlieb Steen & Hamilton

Davis Polk & Wardwell

Sidley Austin Brown & Wood

Simmons & Simmons

Skadden Arps Slate Meagher & Flom

White & Case

Tier 5

Lovells

Norton Rose

Rankings reflect expertise in bonds, MTN programmes, Tier I and equity-linked instruments.

Allen & Overy

Some in the legal market see “clear blue water between Allen & Overy and anyone else” for debt capital markets. Over the years the firm has carved out a world-leading medium-term note (MTN) practice that handles an unparalleled volume of work. Over the past 12 months alone the practice advised on the set up of 45 new MTN programmes, updated a further 211, and completed more than 530 drawdowns from existing programmes. But variety is not lacking; during the same period the firm advised on 175 standalone bond issues, including 10 convertible bonds and 18 Tier I issues. The “superb” Boyan Wells leads the international capital markets practice, and Simon Hill completes the group with his leading corporate trustee practice in London.

Debt partners Stephen Miller and Roger Wedderburn-Day have both been particularly active this year. Miller is renowned for his work in regulatory capital, and led Allen & Overy to the top of the Tier I table in *IFLR*'s annual bond survey. His work this year included advice to EFG Private Bank on its first Tier I issue, Sampo Bank on the first Finnish Tier I issue since new domestic regulations, and Lloyd's of London on its first-ever capital markets transaction in its 300-year history. Miller and his team advised Citigroup and Royal Bank of Scotland as underwriters of the deal. Further regulatory capital assistance came from Boyan Wells, who gave advice to Alliance & Leicester on its £300 million (\$533 million) Tier I capital issue.

Roger Wedderburn-Day, meanwhile, is “well liked by clients,” and comes particularly recommended for his emerging markets practice, which has become increasingly busy in the Middle East and central Europe. In the Middle East, he acted on the first-ever eurobond issues for the states of Lebanon, Iran, United Arab Emirates and the Kingdom of Bahrain, and the first international Islamic *sukuk* issued by a corporate, Tabreed Financing Corporation. In central Europe he worked on the Sazka secured note issue in the Czech Republic, and on Slovak Electricity's bond issue in 2004. Other emerging markets highlights included mandates from Credit Suisse First Boston and ING on the Russian steel group Evraz's \$300 million debt issue, and from ABN Amro on the debut loan participation note issue by NJSC Naftogaz, the largest company in Ukraine.

The in-demand Wedderburn-Day also led the firm on many of its exchangeable bond mandates. For example, his team advised Credit Suisse First Boston on its €370 million (\$457 million) notes exchangeable into shares of Cimpor - Cimentos de Portugal. The notes were issued under the bank's debt issuance programme, one of the first times an exchangeable has been documented as part of a programme. The group also acted for EFG Eurobank Ergasias on the €350 million exchangeable bond issue by EFG Ora Funding Limited II.

The celebrated MTN practice had another exceptional year, deriving much work from its core experience advising deal arrangers. Standout transactions for the practice include acting for Dresdner Bank and Nomura on setting up the £1 billion Investec Finance programme, advising the Royal Bank of Scotland on the establishment of a £2 billion MTN programme

for Boots Group, a rare UK corporate matter, and acting for the dealers of Close Brothers Finance's £1 billion euro MTN programme and the Kingdom of Spain's €8 billion euro MTN programme.

The practice had several highlights on commercial paper deals this year too, advising Barclays Bank, Citibank International and Deutsche Bank on the establishment of Anglo American's \$1 billion programme and acting for the Royal Bank of Scotland on the establishment of Carnival's €600 million programme.

Allen & Overy's lofty status for debt work is confirmed by its role as European counsel to the dealers of the Republic of Argentina's \$85 billion global exchange offer.

Leading lawyers

Stephen Miller
Roger Wedderburn-Day
Boyan Wells

Key contact partner

Boyan Wells

Clifford Chance

Clifford Chance's debt capital markets practice had an excellent year, and appeared in the top three of almost all of *IFLR*'s market surveys this year, earning the firm a promotion to the top tier of the rankings. Rivals of the firm praise its “great deal list” and ability to “come up with a lot of innovation.” David Dunnigan is the firm's global head of capital markets; his group particularly excels in advice on Tier I issues, exchangeable notes and sovereign and municipal bonds in emerging markets.

Clifford Chance's regulatory capital practice benefits from the firm's global network. As a result, the team has picked up a number of mandates from continental Europe, including deals in France, Portugal and Greece. In the UK this year, banks returned to non-cumulative preference shares, and the firm's London office advised several frequent issuers such as the Royal Bank of Scotland and Barclays. With a strong performance this year, Clifford Chance came second in *IFLR*'s Tier I table, pipped to the post by Allen & Overy by just one deal.

The equity-linked practice, led by partners Tim Morris and Simon Sinclair, grew both in number of deals completed and also in reputation, thanks to instructions on some innovative issues. Work highlights for the firm included its first Indian convertible, issued by Ashok Leyland, and its first US convertible, from United Industrial Corporation. In both cases Clifford Chance served as counsel to the underwriters. Other equity-linked mandates came from Italian issuers such as Capitalia, Banco Popolare di Vicenza and Banca Monte dei Paschi di Siena.

But where the firm really stands out from its competitors is in relation to bonds issued by emerging market municipals. Practice leader David Dunnigan is the specialist in this area and led his team advising Morgan Stanley and Deutsche Bank on the issue of \$200 million loan participation notes for the city of Kiev, acting for Dresdner Bank, JP Morgan and UBS in connection with a separate \$150 million bond issue by the city of

Kiev, and representing Deutsche Bank on the €100 million (\$132 million) bond issue by the city of Ostrava.

Other emerging markets highlights included representing Dresdner Kleinwort Wasserstein on UkrSibbanks' \$100 million loan participation notes, acting for Promsvyazbank on its \$100 million loan participation note issue, and advising ABN Amro and Goldman Sachs in connection with a \$150 million bond issue for Czech Export Bank.

An increase in the number of emerging market corporates tapping the debt markets, meanwhile, also proved a fruitful source of work for the firm. Among the year's highlights, the firm worked on Severstal's \$375 million offering, Evraz Group's \$300 million eurobond issue and Kyivstar GSM's two issues worth a total of \$160 million.

Leading lawyers

David Bickerton
David Dunnigan
David Eatough

Key contact partners

John Connolly
David Dunnigan
Robert MacVicar
Tim Morris

Linklaters

Linklaters is a "standout firm" firm for debt capital markets, and "its numbers agree with its reputation." The firm is "streets ahead" in the convertibles market, and advised on more than 100 issues this year – more than all of its rivals combined. Up-and-coming young partner Carson Welsh drew admiration from the market for his work in this area. Linklaters is also a leading firm for medium-term note (MTN), Tier I and sovereign advice. Linklaters' international capital markets practice has 32 partners in London, led by Nick Eastwell, who have been involved in a variety of innovative transactions this year.

In the often-innovative and always tricky Tier I market, the firm steered Barclays through an issue of euro-denominated preference shares in bearer form, acted for the Royal Bank of Scotland on the issue of €1.5 billion (\$1.85 billion) upper Tier II notes in June 2004, and represented Barclays on an issue of €1 billion preference shares structured as core Tier I capital.

In MTNs, Linklaters leads the way with Allen & Overy, both in size and quantity of issues. The standout deal for this year was ING Bank's new €40 billion global issuance programme, which Linklaters structured to comply with the EU Prospectus Directive. The practice also advised HSH Nordbank on setting up its €15 billion programme, which the German regulator, BaFin, approved just three days after the Prospectus Directive came into force in Germany. The capital markets group is also adept at corporate MTN issuance, which has been driven by infrastructure companies in the last few years. Among the highlights, Linklaters represented Network Rail in relation to its £10 billion (\$17.8 billion) MTN programme, and on subsequent

drawdowns under the programme (which included some of the largest euro- and sterling-denominated tranches ever), and advised on the establishment of a €10 billion global MTN programme for Autostrade, the Italian motorway operator. On this deal, Linklaters advised Barclays Capital, Goldman Sachs, Mediobanca and Uincredit Banca Mobililare and additional dealers.

Strong though it is in vanilla debt work, equity-linked products are the real speciality of Linklaters' debt practice, and here the firm dominates the market. This year the firm's strong presence in Japan, Hong Kong and Taiwan, coupled with a growing market in India, helped the firm reach 119 deals. The jewel in the group's deal list was the €672 million Swiss Re mandatory convertible, the first bond of its kind to get equity credit from the rating agencies. Carson Welsh and his team counselled the joint lead-managers BNP Paribas and Merrill Lynch.

As with its fellow top-tier firms, Linklaters wins plenty of instructions advising banks on deals across the globe, thanks to an extensive world network of offices and a vast depth of experience in cross-border transactions. For example, the firm advised Citigroup Global Markets and Morgan Stanley on a \$500 million issue by Norilsk Nickel Finance, Russia's largest gold producer. Conrado Tenaglia in Madrid and Nigel Pridmore in London teamed up to advise Citigroup Global Markets, HSBC Bank and Merrill Lynch on the \$1.75 billion issue from Pemex, Mexico's state-owned oil company, which marked the first ever sale of perpetual bonds by a Latin American company. Other highlights saw the firm act for Deutsche Bank and UBS on the Republic of Lithuania's €600 million offering, and advise Deutsche Bank and HSBC on the establishment of the first programme for *sukuk* issues, in the form of a \$1 billion Trust Certificate Issuance Programme.

Leading lawyers

Jane Brown
Michael Canby
Charles Clark
Nick Eastwell
Nigel Pridmore
Keith Thomson

Key contact partner

Keith Thomson

Freshfields Bruckhaus Deringer

Freshfields Bruckhaus Deringer's 12-partner capital markets practice closely follows the firm's excellent reputation for corporate work. Although the group does not handle the same volume of dealer-side instructions as its magic circle competitors, it has developed its strength in advising corporate issuers. Tim Jones is the head of a practice that features leading lawyer Jeremy Pitkin, considered a real asset by the firm's rivals. "There is only one Jeremy Pitkin," says a fellow practitioner.

Pitkin has cultivated relationships with a number of investment banks active in the debt markets, and worked on several high-profile deals that deserve a mention. In the first part of

2005, he and his team advised Citigroup and the other lead managers on the Hellenic Republic's issue of €5 billion (\$6.2 billion) notes, and acted for Lehman Brothers on a separate €5 billion issue. A month later, in April, Pitkin acted for BNP Paribas and UBS on a €435 million guaranteed convertible bond by Groupe Bruxelles Lambert. In 2004, the firm represented Citigroup, Merrill Lynch and Morgan Stanley in relation to Prudential's issue of \$250 million bonds, and advised corporate client Vedanta Resources on its \$500 million issue. The bonds were listed on the London Stock Exchange, and marked the largest ever issue from a company with major interests in India. Other successes for the firm have come from exchangeable issues. Among these, the group acted for Deutsche Lufthansa on its €750 million convertible bond issue, represented JP Morgan Securities on an undated €1.25 billion Tier 1 exchangeable bond for Fortis, and acted for Morgan Stanley on a €740 million offering by Iberdrola International.

Freshfields also has experience advising on setting up medium-term note programmes, again usually being found on the issuer side rather than advising the dealers. Among the year's highlights, the firm acted for mmO2 on its €5 billion programme, Energie Baden-Württemberg on its €3 billion programme and the Bank of England on setting up its euronote programme – the first time the Bank has contemplated issuing listed securities.

Leading lawyer

Jeremy Pitkin

Key contact partners

Tim Jones
Sarah Murphy
Jeremy Pitkin

Herbert Smith

The emphasis on corporate work at Herbert Smith provides the capital markets group with a plentiful supply of issuer-led mandates. However, Jason Fox became head of the finance division earlier this year, and his concerted effort to develop a better-balanced practice has led to improved relationships with investment banks such as Credit Suisse First Boston, Lehman Brothers and Morgan Stanley. This year, for example, Herbert Smith advised Morgan Stanley on Iceland Funding's €366.5 million (\$452 million) secured pass-through notes and on two issues by Elva Funding worth a combined €65 million.

For the time being, though, issuer work is still the firm's strongest suit. Corporate specialist Martina Asmar had a fantastic year. Among the standout deals, she advised Swiss Life on an issue of a variety of convertible securities worth SFr908 million (\$718 million), and her international experience came to the fore in a mandate from the Development & Investment Projects Fund of the Jordan Armed Forces, which she advised in relation to a \$145 million bond. Also recommended is Charles Howarth, an equity specialist who has led the firm's charge into convertibles work. One success in this area saw a

team comprising lawyers from Herbert Smith and its alliance partner, Stibbe (under the guidance of partner Fons Leijten) advise on the €610 million offering by Hagemeyer, which included a €150 million subordinated convertible bond.

Leading lawyers

Martina Asmar
Charles Howarth

Key contact partner

Dina Albagli

Slaughter and May

Slaughter and May provides the full range of legal services for its corporate clients, and this includes advice on issuing debt capital market products. Marc Hutchinson and his capital markets group has experience advising issuers on all types of products, including vanilla bonds, convertibles, regulatory capital and medium-term notes (MTNs).

The firm's work in the latter category has been exemplary. Slaughter and May acted for Boots on the establishment of its £2 billion (\$3.4 billion) euro MTN programme, advised Diageo Capital on its debt programme, represented Rodamco Europe on the establishment of its €2 billion (\$2.6 billion) MTN programme and acted for Standard Chartered Bank on a \$10 billion debt issuance programme listed both on the London and Hong Kong stock exchanges. Instructions in relation to new commercial paper programmes, meanwhile, included acting for Kaupthing Bunadarbanki on its €500 million programme arranged by Barclays Capital, and advising Old Mutual when it set up its £600 million programme. Other clients for commercial paper programme work included Abbey National Treasury Services and Crédit Agricole.

One of the firm's most prominent capital markets clients is Abbey, which the firm advised on many deals again this year, including its issues of €1 billion and \$1.5 billion floating rate notes. Other straight debt deals for clients featured advice to Amcor on its debut €350 million issue, FirstGroup on its £250 million (\$444 million) note issue, SVG Diamond Private Equity on its issue of €260 million notes, Taylor Woodrow on a £200 million bond and Prudential on the issue of \$250 million subordinated securities exchangeable into preference shares.

The Prudential deal highlighted the amount of trust banks and building societies put into their relationship with Slaughter and May when performing regulatory capital transactions. The firm's most prominent deals in this area also include advice to the Britannia Building Society on its issue of £200 million-worth of lower Tier II notes, Bupa Finance on its issue of £330 million upper Tier II callable subordinated perpetual bonds, Legal & General on its debut £400 million upper Tier II issue, and Sampo Oyj, the Finnish banking group, on its issue of €600 million subordinated bonds.

Key contact partner

Marc Hutchinson

Other notable firms

Baker & McKenzie has a respected debt capital markets practice, headed up by Tom Philip. The firm often acts for banks on emerging markets or cross-border international transactions due to the expansive global network the firm has developed. Deals include the representation of Citigroup, Credit Suisse First Boston and Dresdner Kleinwort Wasserstein in relation to the Ukraine's offering of \$500 floating rate notes, advice to Citigroup on Dresdner Bank's \$135 million loan participation notes, and advising the issuer, Mauser Beteiligungs, on a €185 million offering of senior notes.

Cleary Gottlieb Steen & Hamilton boosted its debt practice in London over the past year with the arrival of three experienced capital markets specialists: Alan Dunning, Simon Ovenden and Sebastian Sperber. The firm acted on a number of notable transactions, including serving as US, English and Russian counsel to Gazprom in relation to its landmark \$1.25 billion bond issue, the first-ever export receivables-backed bond issue by a Russian company. The London office also advised Escada on its €200 million Regulation S/Rule 144A notes, acted for Sberbank on its \$1 billion loan participation notes offering, and represented Vneshtorgbank on a \$750 million offering in February this year, the first Tier II capital offering by a Russian bank.

Davis Polk & Wardwell has an excellent reputation for debt capital markets work, and the London office's Jeffrey Oakes is particularly recommended. This year Oakes advised Merrill Lynch and UBS on Aegon's \$925 million, and fellow partners Jeffrey Berman and John Baner acted for Rabobank Nederland on its \$2.5 billion Rule 144A/ Regulation S multi-tranche offering, which was the largest-ever offering of structured Tier I capital. Other highlight deals for the US firm included advice to the Royal Bank of Scotland Group and two of its US trusts on \$3.7 billion-worth of SEC-registered offerings, and to AstraZeneca on note issues worth \$750 million.

White & Case has been steadily and successfully growing its overall presence in the UK, and its increased visibility on large deals in the debt markets is no exception. With excellent knowledge on how banks, governments and large companies work in the emerging markets, White & Case has made particularly impressive strides in central and eastern Europe. UBS is a particularly active client in this area, and London partner Rachel Hatfield advised the bank on loan participation notes offered by Sberbank, one of the first Russian Tier II offerings. White & Case also advised UBS and Merrill Lynch on Alfa Bank's issue of \$190 million notes, and group head Tim Jevons acted for Deutsche Bank and Morgan Stanley on setting up the Czech Republic's debut €3 billion (\$3.8 billion) debt programme. The firm reinforced its London capital markets practice this year with the hire of two associates: Christopher Whiteley and Bradley Kurkowski.

Capital markets – derivatives

Recommended firms

Tier 1

Allen & Overy

Tier 2

Clifford Chance

Linklaters

Tier 3

Freshfields Bruckhaus Deringer

Tier 4

Ashurst

Herbert Smith

Lovells

Shearman & Sterling

Sidley Austin Brown & Wood

Simmons & Simmons

Slaughter and May

White & Case

Tier 5

Baker & McKenzie

Cadwalader Wickersham & Taft

CMS Cameron McKenna

Denton Wilde Sapte

Milbank Tweed Hadley & McCloy

Norton Rose

Weil Gotshal & Manges

Allen & Overy

Allen & Overy's derivatives practice is "second to none." The firm dominates the market and peers and clients agree that it is "clearly number one." One client commented that "no-one has yet challenged Allen & Overy; I would have to turn to them first." More than 100 lawyers work in the derivatives group in London alone, with a further 150 specialists operating across the firm's network. Of those lawyers, a few names come up time and time again. Simon Gleeson "gives clients the confidence needed," while the market heaps praise on the "excellent" Jeff Golden and Richard Tredgett, the "extremely able" Simon Haddock, and Ed Murray, "who everyone says is brilliant."

The firm's role as European, US and south-east Asian counsel to the International Swaps and Derivatives Association (Isda) gives it "distinct advantages over its competitors" because its lawyers advise on the early drafting of Isda documentation and agreements. Last year this included advice on the growing credit derivatives sector, and developing Isda's documentation for energy and emissions trading. Allen & Overy also served as counsel to Isda in relation to the development of the documentation for *Shariah*-compliant derivatives. Demand for Allen & Overy's advice also meant that the firm played a role in the development of the new CDX and iTraxx credit derivatives indices. The sponsors of the indices instructed the firm to develop the documentation for OTC derivatives and the collateralized loan note programmes linked to the indices both in the US and in Europe.

Allen & Overy's work for Isda and several international exchanges has become a big attraction for prospective clients, and led to a lot of transactional instructions as a result. For example, the practice is retained as regular advisor to Barclays, Goldman Sachs and Deutsche Bank on their contractual and regulatory requirements in energy trading.

In 2004 the firm advised on six new warrant and certificate programmes and 17 updates, as well as on a number of Constant Portfolio Protection Insurance (CPPI) products for Deutsche Bank, Citigroup, ABN Amro, Barclays Capital, BNP Paribas and KBC Financial Products. Sovereign entities such as the UK government's Debt Management Office, the Federal Reserve Bank of New York, the Belgian government, the European Central Bank, the French state and the Hong Kong Monetary Authority have all sought advice on derivatives from A&O specialists.

In the growing collateralized debt market the practice acted on several cutting-edge transactions, including the Skye I CLO, the first public synthetic CDO of leveraged loans and the KC CLO, a hybrid cash and synthetic leveraged loan deal. The firm has vast experience advising clients on every type of collateralized debt transaction including single tranche CDOs, CDO-squared, CDO-cubed, CLO-squared deals, and syndicated CDO programmes, such as the Ocelot and Amber programmes that the firm helped to set up towards the end of 2004.

The variety of derivative products available has also kept the practice busy. The firm acted for ABN Amro, Deutsche Bank and Citigroup in relation to several iBoxx and iTraxx transactions and for Credit Suisse First Boston, Dresdner Kleinwort Wasserstein, Merrill Lynch, Morgan Stanley, Nomura and WestLB on their structured funds under the new Ucits III European regime. The regime allows regulated funds to obtain returns from derivatives for the first time. Parmalat has also become a driver of demand for derivatives advice, and the firm counsels dealers on their exposure to the troubled Italian company in a number of transactions.

Leading lawyers

David Benton
Jeffrey Golden
Simon Haddock
Ed Murray
Richard Tredgett

Key contact partners

Jeffrey Golden
Simon Haddock
Ed Murray

Clifford Chance

Clifford Chance topped *IFLR* magazine's annual CDO survey this year with over 50 deals, each worth more than \$50 million. The results are testament to the fact that, according to one rival, Clifford Chance "does more derivative work in more places than almost anyone." Clients say that practice head Habib Motani "is excellent at what he does" and that he has 99 "very good lawyers" in the global derivatives group. Market rivals also praised the "excellent" Jane Bush. The firm's "vast" practice grew further this

year with the hire of Matthew Grigg in London, and some in the market believe Clifford Chance "runs A&O pretty close". It will be interesting to chart Clifford Chance's progress in the market, and to see how the firm jostles for top spot in the coming years.

With so many resources at its disposal, Clifford Chance is equipped to handle innovative transactions as well as a large volume of homogenous deals. As such, the firm's work on the monetization of Germany's Russian Paris Club debt deserves special notice. Through a complex transaction linked to Russian Paris Club debt claims, the German state managed to raise €5 billion (\$6.2 billion) in 2004. Clifford Chance provided cross-border legal advice on the derivative, sovereign rescheduling and German law aspects in the deal.

In terms of volume, Clifford Chance is "right up there." Over the past year the firm acted on 25 structured note programmes, including multi-issuance, multi-issuer and multi-firm programmes. The practice has also been at the forefront of fund-backed derivatives, weather and property products, and economic variable hedging.

Among the firm's CDO deals, many highlights emerged last year in several different jurisdictions. The Spanish practice was particularly active, advising Intermoney Titulización and Banco Popular on a €2 billion CDO of loans and acting for Banco Bilbao Vizcaya Argentaria as originator of a €1 billion securitization of a portfolio of small- and medium-enterprise loans.

Clifford Chance also acted for Wachovia Bank in relation to the Camber I cash flow CDO and represented Dresdner Kleinwort Wasserstein on the Camber IV deal. The \$400 million N-Star Real Estate CDO saw Clifford Chance in the role of counsel to managers Citigroup Global Markets and Banc of America Securities, and N-Star Real Estate CDO II as the issuer. In other deals, the group advised David L Babson & Company on the \$400 million Whately CDO I and Merrill Lynch on the €300 million Rhodium I deal.

The derivative group's extensive list of clients also includes sovereign entities, supranational bodies, banks, dealers and companies. The firm provides advice to Isda as well as eight other industry associations.

Key contact partners

Claude Brown
Jane Bush
Habib Motani

Leading lawyers

Claude Brown
Jane Bush
Habib Motani

Linklaters

Linklaters has earned a promotion to the second tier of this year's derivatives rankings, reflecting the market perception that the practice "has some extremely good people" that "often do the most difficult work." The firm couples its ability to innovate with a large practice capacity, with an emphasis on repacking deals. Linklaters came second in this year's *IFLR* CDO survey

and worked on more than 1050 repackagings in 2004. The “very strong” Michael Voisin leads the 15-partner practice in London, which has a long history of excellence in derivatives work. Partner Simon Firth is a specialist advisor to clients on how to interpret Isda documentation, one peer describing him as “a bit of a guru on the subject.” His skill in leading clients through complex matters makes him “one of the most user-friendly derivatives lawyers” and “the guy to go to in a crisis.”

2004 heralded the return of celebrated derivatives practitioner Michael Canby, said to be “outstanding, one of the best.” Canby was global head of capital markets at Linklaters for three years, and this management role meant that he “dropped off the radar a bit” as a result, but last year he returned to a client-facing role. In August, he led a team advising Deutsche Bank as lead manager on the €485 million (\$600 million) synthetic Asgard CDO-squared. The CDO comprised eight different series of AAA/Aaa rated notes in five different currencies, and was rated by both Standard & Poor’s and Moody’s. The reference portfolio comprised six CDOs and 28 AAA-rated asset-backed securities. Canby’s team achieved the seemingly impossible, encompassing this complex web of transactions in a single, common prospectus. It had one of the largest combined values to date.

Another complex deal saw Alan Davies advise Citigroup on the first ever synthetic CDO-squared to be issued as 15 separate series under a secured note programme. A few months later, Mark Fletcher acted for Citigroup on a similar deal, the Cloverie CDO-squared, which was issued as 14 separate series of notes. Davies then confirmed the group’s excellent working relationship with Citigroup, providing advice on four series of equity-linked notes tracking the Nikkei, S&P500 and Eurostoxx indices and a Danish investment fund. The transaction was worth Dkr2.26 billion (\$375 million) and was the first completed by Citibank’s new European structured credit desk, bringing together the credit derivatives and equity derivatives sales desks in the bank.

In another first, Linklaters advised Goldman Sachs on the \$25.8 million (\$15.8 million) Straits Lion CDO, the first managed synthetic CDO to be targeted at the Singapore dollar market.

Leading lawyers

Michael Canby
Simon Firth
Michael Voisin

Key contact partners

Simon Firth
Michael Voisin

Freshfields Bruckhaus Deringer

Freshfields Bruckhaus Deringer’s derivatives practice is “doing well, especially with its German network.” Comprising five partners and 40 associates, the group is “renowned for its technical quality” and “good quality people” rather than the amount of lawyers and deals that flow through the practice yearly. The department slots into the overall structured finance group within the firm. Ex-tax lawyer Simeon Rudin “stands out” and fellow market practitioners see him as “a technically gifted

lawyer.” His background in tax allows him to analyse transactions both from yield and tax structuring viewpoints. The configuration of the firm’s derivatives practice ensures the partners are able to give advice on all types of derivatives, working in any part of the structured finance group.

One of Rudin’s most complex transactions was the Iona CDO I for the Royal Bank of Scotland and RBS Greenwich Capital, under which Iona issued \$150 million-worth of funded notes and hedged the remaining \$1.35 billion of risk with a senior swap. AXA Investment Managers managed the \$1.5 billion synthetic CDO of asset-backed securities.

Other deals in a busy year for the derivatives practice included practice head Alan Newton’s advice to the Canadian Imperial Bank of Commerce on Stanton MBS I’s €300 million (\$372 million) issue of a portfolio of mortgage and other asset-backed securities in November 2004. Freshfields also acted for Banque AIG on the update of its warrant programme, and for a variety of swap counterparties on hedging facilities under a project finance loan.

Leading lawyer

Simeon Rudin

Key contact partners

Peter Green
Simeon Rudin
Jonathan Shann

Ashurst

Ashurst has “an excellent cash CDO practice” led by Chris Georgiou. The six-partner team forms part of the structured finance group at the firm.

Among the year’s highlights, Georgiou acted for Calyon on two deals: the first, a €80 million (\$100 million) synthetic CDO-squared transaction that referenced a portfolio of credit default swaps, and the second, a \$45 million multi-tranche synthetic CDO referencing a portfolio of asset-backed securities. Ashurst also acted for Dresdner Kleinwort Wasserstein on a €130 million synthetic CDO sold under Regulation S and Rule 144A in the US, and represented JP Morgan as the arranger of structured notes and OTC swap products known as Equity Target Redemption Notes. Michael Logie led the transactions with his assistant Juan Hormaechea.

Key contact partner

Chris Georgiou

Herbert Smith

Herbert Smith’s derivatives practice is said to be “doing very well.” The group focuses on CDOs and structured repackagings, and works closely with Morgan Stanley and other large investment banks. Despite the fact that the firm as a whole is best known for its corporate relationships, the derivatives team has successfully cultivated an impressive list of arranger-side clients. The practice has experience advising on single- and multi-tranche transactions and correlation trades, as well as on traditional cash-funded CDOs.

Last year the practice gained new client BlueBay Asset Management and also did much work for established client Morgan Stanley, as arranger of various deals. These included the €367 million (\$454 million) Iceland Funding secured pass-through notes, the €65 million Elva Funding Series 2004-1 and 2004-3, Elan Series 2004-6 and 2004-7, Arosa Funding Series 2004-6, 2004-10 and 2004-11 and Heather Finance Series 2004-1.

Herbert Smith also advised the Royal Bank of Scotland on the €7.7 million Solar Funding asset-backed notes and the issue of €15 million notes due 2017 under its structured euro medium-term note programme. Allied Irish Banks also instructed the practice to advise the bank as collateral manager on a portfolio of CDOs.

Key contact partners

Dina Albagli
Jason Fox

Slaughter and May

Slaughter and May's derivatives operation is smaller than that of other city firms, but this has not prevented the firm developing a high-quality group. Three high-profile new client wins for Slaughter and May this year – Uniqa Alternative Investments, SNS Reaal Group and Nordea – confirmed the team's reputation. Sanjev Warnakulasuriya, who "really knows his stuff," leads the practice. Well respected by peers and clients, Warnakulasuriya came in for plenty of praise from the market, one client noting that "Sanjev is always there when it matters."

This year, Warnakulasuriya and his practice were there for Citigroup Global Markets on a host of transactions. He advised the bank, in its capacity as hedge counterparty, on Self-Storage Securitization's issue of €325 million (\$402 million) floating rate notes, the proceeds of which were then on-lent to Shurgard Self Storage. Citigroup conducted interest rate and currency swaps, as well as cap arrangements, with the company to provide various hedges with respect to the subsequent loan. The group acted for Citigroup again on the interest-rate hedging arrangements in connection with Sagres' issue of €1.66 billion-worth of collateralized securitization notes relating to a portfolio of receivables comprising Portuguese tax and social security contributions, and in connection with New Seat's financing of a leveraged buyout facility in Italy. The firm also advised Saudi American Bank on *Sharia*-compliant derivatives.

Over the past 12 months Slaughter and May's pre-eminence in M&A work has also begun to feed into its derivatives practice. The firm has noted the rise of equity derivatives, such as contracts for differences, as a way of building stakes in companies.

Leading lawyer

Sanjev Warnakulasuriya

Key contact partner

Sanjev Warnakulasuriya

White & Case

White & Case has four partners in its London derivatives practice, which has a reputation for innovative work on CDOs and bespoke equity derivative transactions. Ex-Linklaters partner Heather Pilley heads up the group, which includes structured finance head Rich Reilly and capital markets chief David Barwise. Both funds and large investment banks make up the firm's client list in this area, and White & Case often receives instructions from Citigroup, Calyon, Credit Suisse First Boston, Deutsche Bank, JP Morgan, Merrill Lynch, Morgan Stanley and Société Générale.

The firm's extensive experience on emerging markets transactions helped steer JP Morgan through the \$87 million Hemisphere CDO, one of the first publicly distributed CDOs to have credit default swaps written both on emerging markets companies and on sovereign issuers. The deal was handled by Gavin McLean, Rich Reilly and Heather Pilley, and closed in March last year. The practice also advised Solent Capital on its debut as portfolio manager for a €300 million (\$371 million) CDO referencing several corporate and sovereign entities.

Other standout deals saw White & Case act on Orpheus I and II, worth ¥14.3 billion and \$10 million respectively, and work on ABSolute III and V, valued at \$49 million and €57.7 million respectively. All these transactions were semi-static synthetic CDOs of asset-backed securities and notional credit default swaps.

Leading lawyer

Heather Pilley

Key contact partners

David Barwise
Gavin McLean
Heather Pilley

Other notable firms

Cadwalader Wickersham & Taft makes the rankings this year in recognition of its growing presence in the UK. The firm's structured finance practice made two high-profile appointments this year, hiring Christian Parker from Norton Rose and CDO specialist Angus Duncan from Allen & Overy. Overall the derivatives group grew by 11 lawyers in just seven months. It will be interesting to watch the firm's progress over the coming year.

James Curtis leads the four-partner derivatives team at **Denton Wilde Sapte**. Clients of the firm include Man Financial, HBOS Treasury Services and the Bank of America. ABN Amro continues to instruct the derivatives group on large matters; for example, this year Chris Borg led a Denton team that advised ABN Amro on setting up its energy trading operation.

Lovells has a solid derivatives practice, and excellent relationships with a number of large banks, such as Deutsche Bank, BNP Paribas and Lehman Brothers. In fact, Lovells can boast a role on almost every Lehman Brothers derivatives transaction since early 2001.

The market thought Patrick Clancy's derivatives practice at **Shearman & Sterling** was underrated last year and so the firm earns a promotion to the fourth tier in this year's rankings. The growing practice took on three lawyers this year, including esteemed partner Julian Tucker from Allen & Overy. Highlights of the past year saw Shearman's derivatives team advise VDXK Acquisition, a company controlled by a private equity consortium led by Kohlberg Kravis Roberts & Co, on its acquisition of the Dutch retail chain Vendex, act for a consortium of banks on the financing of Mitsui's purchase of 10 projects from Edison Mission Energy, and represent Deutsche Börse and Eurex on market infrastructure arrangements.

Sidley Austin Brown & Wood has a celebrated structured finance practice, and often acts for clients Bank One, Deutsche Bank, ING Bank and Liberty Hampshire. Sidley is steadily building its London practice in this area and hired Matthew Denning from Baker & McKenzie this year.

Lastly, **Simmons & Simmons** had a breakthrough year in 2004, winning an instruction from Chicago Climate Exchange in its venture with the International Petroleum Exchange for the listing of climate cash and futures contracts. Derivatives head Jonathan Melrose advised the new client, and also helped The Futures and Options Association prepare a set of standard metals futures trading terms for members of the London Metal Exchange. Meanwhile Steven Whittaker advised the Gracchi Capital Partners on the establishment of the Drusus Fun, which trades in futures and options.

Capital markets – equity

Recommended firms

Tier 1

Allen & Overy

Freshfields Bruckhaus Deringer

Linklaters

Slaughter and May

Tier 2

Ashurst

Clifford Chance

Tier 3

Cleary Gottlieb Steen & Hamilton

Herbert Smith

Skadden Arps Slate Meagher & Flom

Weil Gotshal & Manges

White & Case

Tier 4

Latham & Watkins

McDermott Will & Emery

Norton Rose

Shearman & Sterling

Simmons & Simmons

Sullivan & Cromwell

Travers Smith

Rankings are based on English law capabilities on UK and European deals

Allen & Overy

Allen & Overy's equity team put in an excellent performance this year. In 2004 European equity issuance grew to €124 billion (\$200 billion) and Allen & Overy was quick to take advantage, grabbing roles on €24 billion-worth of deals. The practice worked on a "number of deals that warrant the top tier," with an average value of €1.1 billion. This put the firm in second place in the *IFLR* equity survey and also earns it a ranking in the top tier. Vanessa Blackmore heads up the 17-partner practice, and has led the Allen & Overy charge from the front, directing multi-jurisdictional teams on many of the firm's top equity instructions.

The firm had a particularly fruitful year advising on initial public offerings (IPOs), with important contributions from US-qualified lawyers Daniel Epstein and Thomas Werlen. Epstein worked with the firm's Polish office on the €1.76 billion PKO Bank Polski IPO, the largest-ever equity offering in Poland. Blackmore and Epstein teamed up to advise HSBC on the BorsodChem offering, which at €357 million was the largest IPO in Hungary for seven years. Werlen led a team that advised Lecico Egypt on its \$132.6 million IPO, the first Egyptian flotation since 2000. Allen & Overy also acted for Spanish toll-road operator Cintra on its €1.3 billion IPO, the largest in Spain in 2004, and provided US and English law advice to Virgin Mobile on its London listing and global offering. Partners Helen Harrison-Hall and Richard Browne advised on English law, with Adam Kupitz advising on the US securities law aspects. Mark Dighero also handled his fair share of work, advising UBS on HHG's London listing and £190 million (\$340 million) global offer. The market noticed his work on the deal, saying "he has done very well with his UBS connections." Dighero also advised Cable & Wireless on the £233 million market placement of shares in PCCW and on the European aspects of a £915 million global offer by NEC.

Werlen had an active year in the area of rights issues, too. Among the year's highlights, he worked on the €750 million Lufthansa rights issue, the €231 million rights issue of Wienerberger and the €3 billion Bayerische HypoVereinsbank rights issue, the largest of the year in Europe. Epstein had a similarly strong year in the area, acting for ABN Amro and Dresdner Kleinwort Wasserstein on the €535 million rights issue of Karstadt Quelle in conjunction with German partner Michael Schlitt.

Lastly, Allen & Overy helped clients on some complex accelerated book builds and block trades. For example, the firm acted for TPG on the Dutch government's sale of shares worth €1.5 billion, and guided Koramic Building Products through the sale of a stake in Wienerberger valued at €160 million.

Leading lawyers

Mark Dighero

Roger Wedderburn-Day

Thomas Werlen

Key contact partner

Vanessa Blackmore

Freshfields Bruckhaus Deringer

Freshfields Bruckhaus Deringer has a long tradition of excellence in equity capital markets offerings, and combines the strengths of its corporate practice with close relationships with large investment banks. Competitors say this allows the firm to provide “the broadest representation in UK equity capital markets”.

The US capability of the London equity practice received a boost in November with the arrival of partner Linda Hess. She joins a practice “full of recognizable names,” which this year advised JP Morgan and Morgan Stanley on the initial public offering (IPO) and London Stock Exchange (LSE) listing of Virgin Mobile Holdings. The listing gave Virgin a value of £811 million (\$1.47 billion) and was the first IPO of a mobile operator. Partners Simon Witty, Patrick Bonvarlet and Geert Verhoeven acted for Euro Disney on its €253 million (\$320 million) rights issue, listed on Euronext in Paris, Brussels and also on the LSE. Lazard-IXIS, BNP Paribas, Calyon, Citigroup Global Markets, ABN Amro Rothschild and Natexis Bleichroeder were the underwriters of the deal, which formed part of the financial restructuring of Euro Disney. Simon Witty and Tim Jones also led a team advising sponsors JP Morgan, Cazenove, Morgan Stanley, Lehman Brothers and Merrill Lynch on the £5 billion PartyGaming IPO in June 2005. The IPO was the largest in the UK for more than a year and reinforced the firm’s reputation as a leading equity player.

Other highlights for the Freshfields practice over the past year included acting for the joint financial advisers, joint sponsors and joint underwriters UBS, Cazenove and Goldman Sachs in relation to Prudential’s £1 billion rights issue, and advising Merrill Lynch and Citigroup as underwriters of the £266.7 million IPO by Halfords. The latter transaction involved a £140 million primary offer and a £126.7 million secondary offer, the result valuing the company at £593 million.

The respected Tim Jones leads the 12-partner Freshfields equity practice in London.

Leading lawyers

Tim Jones
Christopher Mort
Stephen Revell

Key contact partners

Tim Jones
Chris Mort
Sarah Murphy

Linklaters

“I would put Linklaters in the top tier in equity, no questions,” said a rival of the firm’s capital markets practice. Nick Eastwell and Keith Thompson manage the 32-partner London capital markets practice, which acts regularly for issuers and investment banks including Citigroup, Merrill Lynch, Morgan Stanley, ABN Amro, Barclays, Credit Suisse First Boston, Deutsche Bank, HSBC, UBS and JP Morgan. The market praises Charles Jacobs who “turns up on a lot of deals,” and Matthew Middleditch, known to be “very sensible” and “a jolly good lawyer.”

In the past 12 months the firm has topped the *IFLR* equity survey for work volume, and has also been successful in winning roles on pioneering transactions, such as the Tallinn Water initial public offering (IPO). Linklaters acted as international counsel to Estonian water company Tallinna Vesi on the €55 million (\$72 million) equity offering that was listed on the Tallinn Stock Exchange. The deal, which closed in May 2005, was the first Estonian IPO in six years and was the first in the Baltic states to have more than one selling shareholder. Another market first saw Linklaters advise HSBC as the bookrunner on Lecico Egypt’s E£827 million (\$133 million) offering of shares and global depository receipts, which was the first deal of its kind in Egypt for four years and the first under new Egyptian regulations. Phil Charlton and Cecil Quillen led the Linklaters team that advised on the UK- and US-law aspects of the transaction.

Another deal for Linklaters was its role on the complex SFr834 million (\$660 million) rights issue by Swiss Life Holding, on which partners John Lane, Steve Thierbach and Mike Bienenfeld advised Goldman Sachs and UBS. The full transaction was worth over SFr1 billion as it also included a Linklaters signature convertible bond structured by Nigel Pridmore; Linklaters’ Rob Moulton also provided regulatory advice. Swiss Life Holding used the proceeds to acquire Banca del Gottardo from Swiss Life/Rentenanstalt. Also last year, Thompson led a team that advised Merrill Lynch and ABN Amro on Genmab’s DKr489 million (\$80.5 million) issue of five million shares, one of the largest-ever non-pre-emptive share issues by a Danish company.

Among the year’s other highlights, Thierbach and Stephen Edelmann joined forces with James Inglis to act for Credit Suisse First Boston on the £90 million (\$167 million) IPO of CSR, the largest technology offering in the UK for almost three years. And the firm acted for ABN Amro and Nordea Bank on the offer of 84 million shares in Boliden through an international private placement and a public retail offering in Sweden. The deal was worth a total of SKr2.1 billion (\$276 million) and featured advice from Jason Manketo, Alison Higgins and Carson Welsh.

Leading lawyers

Nick Eastwell
Charles Jacobs
Matthew Middleditch

Key contact partners

Phil Charlton
Nick Eastwell

Slaughter and May

Slaughter and May boasts one of the most extensive corporate client lists in the equity markets, and the firm’s lawyers are, according to one peer, “the usual suspects, that are always there on deals for the issuer.” The firm handled a constant stream of equity work from issuer clients this year, but also gained ground in the battle to win mandates from investment banks. For example, Slaughter and May acted for the lead managers on the

Catlin Group's \$1 billion initial public offering and advised Morgan Stanley on the placing of 28 million new shares in Frontera Resources, worth \$81 million.

A large portion of Slaughter and May's equity work came from rights issues, and the firm built up experience acting on both sides of transactions for issuer and bank clients alike. The largest deal of this nature was Prudential's £1 billion (\$1.8 billion) rights issue, which closed in October 2004. Slaughter and May advised Prudential on the deal. Another issuer-side instruction for the firm came from Standard Chartered, which the practice advised on its \$60 million accelerated bookbuild, while on the borrower side David Johnson acted for Cazenove and JP Morgan in relation to an accelerated placing of a \$205 million holding in AngloGold Ashanti on behalf of Lonmin in July 2004. Johnson then teamed up with colleague Stephen Cooke to advise Friends Provident on its placing of new shares, representing 10% of its existing issued share capital. Lastly, BAE Systems instructed Slaughter and May on a £360 million placing as part of a fundraising effort for a merger. Corporate partners Frances Murphy and Richard Hall worked with Michael Rowe from the competition department on the deal.

Leading lawyers

David Frank
Charles Randell

Key contact partner

Peter Brien

Ashurst

Ashurst's equity capital markets practice forms part of the overall corporate group at the firm, and the 12-partner equity team has an excellent corporate client base as a result. With 88 companies on its books, Ashurst acts for more UK listed companies than any other firm. The corporate client list combined with the firm's top-tier private equity practice and experience acting on large Alternative Investment Market (Aim) deals ensures Ashurst's team handles a steady stream of equity mandates. Market respondents also praised the firm's "strong relationships with investment banks" and "good European network."

In the past, Ashurst often missed out on larger deals due to the lack of US legal capabilities in the practice. But the hire of US partner Daniel Bushner last year boosted the firm's options. Bushner and colleague Eric Stuart provided US counsel on the Catlin Group initial public offering (IPO), the largest of Ashurst's deals with a value of almost \$1 billion. Jeremy Hill led the UK Ashurst team advising on the English law aspects of the IPO. Bushner and Stuart teamed up again, this time to advise biotechnology company Ark Therapeutics on its IPO and London Stock Exchange listing, which valued the company between £160 million (\$288 million) and £190 million. Corporate partner Anthony Clare advised on the English law aspects of the IPO.

Ashurst is well known for its Aim work, and last year advised Hoare Govett and Canaccord Capital on the Aim listing of Nelson Resources. The placing price valued the company at

£491 million, making it one of the largest Aim IPOs to date. The practice acted for the same clients in relation to the placing of 7.5 million new shares in Cairn Energy, 5% of its total share capital. The deal was completed through an accelerated bookbuilding process, and raised £103 million for the company.

Key contact partners

Daniel Bushner
Richard Kendall

Clifford Chance

In 2004 and 2005, Clifford Chance's equity practice benefited from improved market conditions in Europe, and peers noticed that the firm "got a great deal stream going from the continent to London" and "showed up on a lot of transactions."

In one highlight, the firm scooped a role on the deal that won *IFLR's* equity deal of the year award, advising the underwriters on the Belgian law aspects of the €3.6 billion (\$4.4 billion) Belgacom initial public offering (IPO), and Ted Kamman in the Paris office advised Maroc Telecom on its €800 million IPO, which involved a dual listing on the Casablanca Stock Exchange and Euronext Paris, and a US offering under Rule 144A.

Not to be outdone by their European counterparts, partners in the London office made the headlines by winning a role on the \$690 million IPO of Inmarsat in June this year. Adrian Cartwright and John Connelly supervised the Clifford Chance capital markets team, which was supported by tax, banking and employee benefits partners. The Inmarsat IPO was the icing on the cake for the London office's equity team, which had an excellent year. Among the long list of instructions, the team advised the underwriters on the £776 million (\$1.4 billion) IPO of the Admiral Group, acted for the Halfords Group on its \$562 million London flotation, and represented the underwriters on the \$97 million SEC-registered IPO of Xyratex on Nasdaq. Most recently, Banco Santander instructed the firm to advise it on its secondary listing in London and admission to trading on the London Stock Exchange – the first listing of shares under the new UK listing regime, which came into effect at the start of July 2005 – and PartyGaming's management shareholders requested the firm's counsel on the sale of their shares in connection with the company's IPO.

Meanwhile, in response to the increase in market activity this year, the firm set up a pan-European equity capital markets group led by Adrian Cartwright. Other European deal highlights for Clifford Chance included advice to Morgan Stanley and Goldman Sachs as underwriters of RHJ International's listing on Euronext Brussels, and advice to Ice Finance on the disposal of its stake in Gestelevision Telecinco through a €250 million IPO on the Madrid Stock Exchange.

Leading lawyer

Adrian Cartwright

Key contact partner

David Dunnigan

Herbert Smith

Observers of Herbert Smith's equity practice have been impressed by the way it "consistently does high-profile work with a small number of lawyers." The market commends Charles Howarth in particular, "who does very well in the London market." At the time of writing, the firm was advising issuers and investment banks on 10 initial public offerings (IPOs) with an expected combined value of more than \$1 billion, indicating that the future standing of the firm's equity capital markets practice is looking rosy.

Herbert Smith has closed several large deals over the past year. Among these, it advised Friends Provident on a 10% equity placing, the proceeds going to a subsidiary, acted for the Virgin Group in relation to Virgin Mobile's £500 million (\$920 million) IPO and in relation to the subsequent £125 million secondary share offering, and represented UBS on the IPO of the Phoenix IT Group. Over the course of the year Herbert Smith's equity practice also won roles on various other IPOs of companies in the technology, media and telecommunications sector.

Key contact partners

Martina Asmar
Charles Howarth
James Palmer

Weil Gotshal & Manges

Weil Gotshal & Manges is one of the leading US firms for equity work, and its London office "has done well off the back of its great private equity practice." In June last year the firm sent distinguished capital markets practitioner Jeremy Dickens to head up the practice in London. Dickens is one of the firm's most respected transactional partners and has a history of representing investment banks such as Lehman Brothers, Citigroup, Credit Suisse First Boston and Bank of America. His versatile London team has experience advising both on US and UK legal matters for issuer and underwriter clients.

During 2004, Weil chalked up a most impressive roster of deals. The firm's most notable equity deal to come out of the London office last year was the £527 million (\$950 million) Premier Foods flotation. Lead partners Mike Francies and Michael Brady advised the company on the deal, and were supported by more than 70 lawyers across Weil Gotshal's international network. The past 12 months have also seen the practice advise the selling shareholders on the €220 million (\$279 million) IPO of Media Capital, and act for the placing agent in relation to the £74 million secondary offering by Collins Stewart.

The Polish market was an extremely fruitful source of equity work, and Weil Gotshal enjoyed a flurry of equity market activity. In November 2004, for example, the firm advised Credit Suisse First Boston on the sale of a 37.7% stake in PKO Bank Polski by the Polish government. The deal made more than Z17.6 billion (\$2.4 billion) for the state, and the domestic retail shares were so popular that the Polish army was drafted in to supervise queuing. The transaction was the largest ever equity deal in central Europe, and was led by a team spearheaded by London partners James Cole and Jeremy Dickens, and Anna Frankowska in Warsaw. Other

Polish highlights included advising Global Trade Centre on its Z1442 million IPO and CA-IB on TVN's Z1509 million flotation.

The firm's most significant rights offering instruction came from Lehman Brothers and Danske Markets, in relation to their management of Carlsberg's DKr3.4 billion (\$560 million) offering in November 2004. Partners Wayne Rapozo and Dickens handled the transaction from the London office.

Leading lawyer

Jeremy Dickens

Key contact partner

Jeremy Dickens

White & Case

White & Case enjoyed another successful year in equity capital markets. Over the year the firm has won new clients, built on its reputation for emerging markets work, and hired two senior associates from close rivals. The success is partly due to the flexibility of Josh Kiernan's five-partner practice, which can provide US, UK and local law advice to a range of issuers and underwriters looking to come to market on stock exchanges across the world. Kiernan also supervises the White & Case Israel office from his London base, and "has accomplished a lot in a short space of time" according to competitors. Over the past 12 months White & Case has begun to dominate Israeli capital market advice.

For example, White & Case represented Citigroup on the \$80 million initial public offering (IPO) and Nasdaq listing of Israeli technology company PowerDsine, the first SEC-registered offering the firm has completed for the bank. Kiernan also led a team that advised Lehman Brothers on the \$110 million IPO and New York Stock Exchange listing of Ormat Technologies, which represented both the firm's largest Israeli IPO and the first time the practice had worked with Lehman Brothers on an SEC-registered equity transaction. Further Israeli deals saw Kiernan serve as advisor to UBS Investment Bank in relation to a \$40 million secondary offering from Aladdin Knowledge Systems, and to Frutarom Industries in relation to its \$91.5 million flotation.

White & Case has long had a presence in plenty of jurisdictions outside the world's main financial hubs, and this has led to it winning mandates on plenty of emerging markets deals in recent times. In the first quarter of 2005, it closed an extremely impressive 12 emerging capital market transactions, together worth \$4.5 billion. One of these deals saw Francis Fitzherbert-Brockholes serve as US counsel to Canaccord Capital in the £16.6 million (\$29 million) private placement of shares of Caspian Energy, which coincided with the company's listing on the Alternative Investment Market (Aim). The year before, White & Case had advised Kazakh energy company Nelson Resources on its admission to Aim, valuing the company at £490 million.

Among the year's other highlights, in July 2004 White & Case advised Merrill Lynch International as global coordinator, bookrunner and lead manager of the IPO by Zentiva, a

Dutch holding company for Czech and Slovak pharmaceutical companies, in the first-ever IPO on the Prague Stock Exchange.

Leading lawyer

Josh Kiernan

Key contact partners

Francis Fitzherbert-Brockholes

Josh Kiernan

Other notable firms

Cleary Gottlieb Steen & Hamilton was nominated for *IFLR*'s equity team of the year and advised on three of the seven transactions shortlisted for the deal of the year award. These highlights comprised advice to the Belgian state on the €3.6 billion (\$4.4 billion) Belgacom initial public offering, the biggest flotation of the year (and the eventual winner of the *IFLR* award for equity deal of the year), acting for Enel in relation to the sale of a €7.6 billion stake in the company by the Italian Ministry of Economy and Finance (the biggest equity deal of 2004 in Europe) and advising Deutsche Post and Postbank in relation to Deutsche Post's sale of Postbank, its savings bank subsidiary (which was the first time an exchangeable bond and an IPO have been done together, and which was so tricky that one banker called it an "almighty mess".) These deals give an idea Cleary Gottlieb's focus: large mandates in a variety of different jurisdictions. Among the year's other highlights, the firm also represented Energias de Portugal (EDP) in relation to its €1.2 billion rights offering, registered in the US in December 2004. And in the Nordic region, the firm represented Findexa in relation to its Nkr1.1 billion (\$159 million) IPO and listing on the Oslo Stock Exchange, and acted for Nokian Tyres, a leading Finnish tyre manufacturer, in relation to its private placement of one million new shares.

Over the past year **Latham & Watkins** appointed 10 associates and a partner, White & Case's Ian Clark, to its equity capital markets group in London. The firm "does a lot of good things in equity," according to one market observer, and the practice's deal roster bears this out. Some of the best deals were accomplished by Michael Immordino, who advised C&C Group on its €440 million IPO on the London and Dublin Stock Exchanges and teamed up with the firm's German office to advise Epigenomics on its €60 million flotation on the Frankfurt Stock Exchange. A good showing for the equity practice also included work for Xyratex on its \$97.4 million IPO and advice on M-Real Corporation's issue of Series B Shares worth €447.5 million.

Appearing for the first time in the UK equity rankings, **McDermott Will & Emery** has developed a solid equity practice in London, not least by recruiting Andrew Caunt and Andrew Croxford, who joined the firm as partners in January 2005 from Allen & Overy. Over the past year the firm has won roles on some impressive deals. For example, it advised Arbutnot Securities as underwriter of a rights issue by Umeco to raise £22 million to part-fund its proposed acquisition of

Advanced Composites Group Holdings, acted for Collins Stewart as sponsor in relation to the £30 million equity fundraising by Development Securities, and represented Numis Securities and IBS OpenSystems on the first accelerated IPO of 2005, by which IBS OpenSystems raised £56 million through a flotation on Aim.

Travers Smith has a superb domestic practice, and won roles on 13 IPOs this year, both for Alternative Investment Market (Aim) and London Stock Exchange listings. On main market deals, the firm advised Hawkpoint and Collins Stewart on the £125 million flotation of Raymarine, and acted for Pinewood Shepperton on its £83 million IPO. Secondary offerings have also proved to be a good source of work for the practice, and Travers Smith acted on 16 transactions with an aggregate value of £273 million over the last 12 months. Travers' Aim instructions, meanwhile, included acting for Evolution in relation to Torex Retail's £60 million (\$107 million) IPO, representing Numis and Centaur Holdings in connection with Centaur's £145 million accelerated flotation, and advising Cazenove on the £154 million Aim IPO of Dealgic.

US law advice

Recommended firms

The equity practices of Cleary Gottlieb Steen & Hamilton, Davis Polk & Wardwell, Shearman & Sterling, Sullivan & Cromwell and Debevoise & Plimpton all provide extremely high-quality US law advice from offices in London. The practices are almost exclusively staffed by US-qualified lawyers, all with top-level experience advising clients on the US law aspects of large transactions registered with the Securities and Exchange Commission (SEC) or sold through Rule 144A placements. **Davis Polk & Wardwell** has a team of US-qualified lawyers, which this year advised Fortis Insurance on the \$832 million secondary offering of common stock of Assurant and acted for Boliden on its SEK2.1 billion (\$311 million) Rule 144A/Regulation S stock offering. **Cleary Gottlieb Steen & Hamilton** was counsel to BNP Paribas, Merrill Lynch and Attijari Finances in relation to the €800 million (\$980 million) Rule 144A initial public offering of Maroc Telecom, and **Shearman & Sterling** advised Goldman Sachs, Morgan Stanley, UBS, Banco Comercial Português and Caixa Banco de Investimento on EDP's €1.2 billion rights offering. Meanwhile, fellow US firm **Debevoise & Plimpton** advised the Catlin Group on its \$190 million initial public offering. **Sullivan & Cromwell** built on an excellent reputation for equity, winning the *IFLR* equity team of the year in March for the second time in a row. With 12 US-qualified partners in the London office, the firm has one of the biggest teams in the city. Standout deals completed by the group this year include acting as US counsel to the underwriters of Sampo Oyj's \$572 million block trade of 60 million shares and advice to SBC Communications on its \$2.95 billion sale of shares in TDC A/S.

The most sought after US equity lawyers in London include Ahsar Qureshi at Cleary Gottlieb, William Plapinger at Sullivan & Cromwell, Jeffrey Oakes and Paul Kmleben at Davis Polk and Walt Looney at **Simpson Thacher & Bartlett**.

Alternative Investment Market (Aim) listings

Recommended firms

Despite smaller deal values, competition for roles on Alternative Investment Market (Aim) listings is just as intense as for main market listings. The market gives smaller businesses access to potential investors and, since it opened in 1995, more than 1900 companies have listed, raising more than £17 billion (\$30.7 billion). Mid-market UK law firms have taken most of the work, leaving the large international firms to concentrate on main market listings. Of those smaller firms, **Charles Russell** and **Hammonds** both have excellent reputations advising companies on their admission to the market. **Memery Crystal** has much experience in this area and advised on six Aim listings in April alone. **Lawrence Graham**, **Field Fisher Waterhouse** and **Berwin Leighton Paisner** all have reputations for advising on high-value listings, the latter acting for Cyberscan Technology in relation to its £91 million Aim IPO. **Simmons & Simmons** has a history of pioneering work on Aim, and one client described partner Tim Field as “the daddy of Aim floats.”

Capital markets – high-yield

Recommended firms

Tier 1

Cravath Swaine & Moore

Latham & Watkins

Simpson Thacher & Bartlett

Tier 2

Shearman & Sterling

Tier 3

White & Case

Tier 4

Allen & Overy

Cleary Gottlieb Steen & Hamilton

Clifford Chance

Davis Polk & Wardwell

Freshfields Bruckhaus Deringer

Linklaters

Skadden Arps Slate Meagher & Flom

Cravath Swaine & Moore

Cravath Swaine & Moore’s high-yield team is “very busy at the moment,” according to one peer, and the perception in the market is that the firm has certainly made the most of the relatively quick growth in this area over the past couple of years. Despite close ties with Credit Suisse First Boston and Citigroup, the firm benefits from a broader client base than some of its competitors, which kept the firm in the top three in the *IFLR* annual survey.

Lawyers Phillip Boeckman and Bud Rogers are recommended practitioners in a practice that advised on 18 deals this year, the instructions coming from a wide variety of European

sources. Cravath advised the issuer on only three of these deals – including Cirsa Finance, which the firm advised on its €60 million (\$74 million) issue and Editis, which turned to the firm for advice on its €150 million issue.

However, the firm received a host of mandates acting for the lead managers, with several deal highlights. Among these, Cravath served as counsel to Credit Suisse First Boston on six deals, including the \$120 million issue by Dunlop Standard Aerospace Holdings, Esselte’s €150 high-yield note issue, Riverdeeps’s €225 million bonds and a €275 million bond issue by MTU Aero Engines.

But the firm’s standout deal of the past year was its role acting for the arrangers on the SEAT Pagine high-yield issue which, at €1.3 billion, was Europe’s biggest ever high-yield issue at the time. The deal had to cope with a quickly evolving body of Italian corporate and tax rules, while simultaneously being the first high-yield involving an Italian listed guarantor. The deal was a breakthrough commercially, sold largely in Europe, and showed the increasing appetite for high-yield bonds among European investors. At this year’s *IFLR* Awards, the deal made the shortlist for *IFLR*’s European debt and equity-linked deal of the year.

Other noteworthy transactions for the firm included acting for JP Morgan on the Investa \$675 million bond and representing the Royal Bank of Scotland on the €1.3 billion Lighthouse International deal.

Leading lawyers

Philip Boeckman

Bud Rogers

Key contact partners

Phillip Boeckman

Bud Rogers

Latham & Watkins

“Latham & Watkins is in a very special place when it comes to high-yield,” claims one market observer. The firm topped the *IFLR* high-yield survey with 28 deals, establishing itself “in a league of its own,” according to one client. The high quality of the individual partners has led to a reputation for dominance in the market and a steady flow of work. Bryant Edwards leads the practice; one peer described Edwards as “a great lawyer who has done fantastic things for Latham & Watkins.” His colleague Gay Bronson also comes highly recommended, and new partner Jacques McChesney is seen to “work well within the team.”

The firm’s high-yield credentials are an attractive proposition for lawyers looking for the opportunity to work with the market’s biggest players. Over the past 12 months the firm has taken on 11 associates from competitors, making Latham’s practice one of the largest in London, with five dedicated partners and 21 associates in total. The lawyers derive much of their work from the firm’s traditionally strong relationship with Credit Suisse First Boston, but have a proven track record winning instructions from a range of bank and issuer sources.

This year, the firm's more innovative deals have included Cablecom's series of SFr390 million (\$307 million), €200 million (\$245 million) and €375 million high-yield issues, on which Bryant Edwards and his team advised Cablecom. The firm also advised Goldman Sachs, JP Morgan and Citigroup as arrangers of Cognis' groundbreaking subordinated high-yield issue of €345 million notes, winner of the award for *IFLR* European debt equity-linked deal of the year.

In another deal that made the shortlist for *IFLR*'s European debt and equity-linked deal of the year, the Royal Bank of Scotland and WestLB turned to the firm for advice in connection with the €625 million Tui crossover bond. Europe's first crossover bond combined some of the benefits of high-yield with elements of investment-grade debt, and included a highly unusual step-up clause that would require the company to increase the interest rate by 75 basis points if it did not obtain a rating within 18 months. Latham's lawyers also put together a much looser covenant package than is the norm in European high-yield deals, as a result of which the bonds contained no restrictions on indebtedness at the issuer level. The bonds also did away with the line-of-business covenant, standard in high-yield bonds. However, the deal did include a negative pledge, and also restricted the incurrence of indebtedness by Tui's subsidiaries, protecting the company's investment-grade debt structure and preventing future debt from becoming structurally or effectively senior to the bonds.

Latham & Watkins also represented the initial purchasers on two issues: the first, WDAC Subsidiary's €100 million payment-in-kind notes and the second, a €150 million high-yield offering by Gerresheimer Holdings.

Leading lawyers

Gay Bronson
Bryant Edwards
Jacques McChesney

Key contact partners

Michael Bond
Bryant Edwards
Michael Immordino

Simpson Thacher & Bartlett

For high yield, Simpson Thacher & Bartlett is "just terrific," and this year came second in the *IFLR* high-yield survey with 22 deals worth over \$50 million. The legal market reserved special praise for practice leaders Greg Conway and Walt Looney, who "are both excellent lawyers." Looney, who heads up the London office, is a capital markets veteran with over 20 years' experience as a partner at Simpson Thacher.

But the real strength of the Simpson Thacher practice lies with the "awesome quality" of its associates. The firm exposes its junior lawyers to high-yield products at an early stage in their development, and as a result the firm can field a team that has impressive strength in depth.

The versatility of the lawyers in the practice has led to good relationships with investment banks such as JP Morgan

and Deutsche Bank, and these clients provide more than half of Simpson Thacher's high-yield instructions. Among the past year's highlights, for example, they instructed the firm on Cablecom Luxembourg's €290 million (\$355 million) high-yield note issue, Preem Petroleum's €100 million high-yield offering, Polypore's €150 high-yield deal and Cirsa Finance Luxembourg's senior note issue worth €210 million. The two banks also jointly instructed Simpson Thacher on the ProSiebenSat.1 Media €150 million high-yield deal last year.

Simpson Thacher's high-yield practice is popular among issuers too, however. Over the past 12 months the firm has advised Rockwood Specialties Group on its €375 million issue, acted for Hornbach-Baumarkt on its €250 million note issue, represented WDAC Subsidiary on a €395 high-yield offering, and advised Vendex International on its €275 million high-yield bond.

Leading lawyers

Greg Conway
Walt Looney

Key contact partners

Greg Conway
Walt Looney

Shearman & Sterling

Shearman & Sterling's high-yield practice head Dave Beveridge "really knows his stuff" and, according to one client, is "the name in high yield." Beveridge's London high-yield practice came fourth in this year's *IFLR* high-yield survey.

The team of four partners and 15 associates advised issuers and lead managers on a number of high-value deals this year, establishing a strong presence in the market for high-yield work. One rival said that if his firm were conflicted out of working on a particular deal, "Shearman & Sterling is the firm I would recommend."

In December, Beveridge led a team that advised Deutsche Bank, Barclays Capital and Merrill Lynch on the £500 million (\$901 million) high-yield offering by WRG Finance. Then, in April 2005 he spearheaded the firm's advice to Apax and Texas Pacific in relation to the high-yield financing of the acquisition of TIM Hellas, a Greek mobile phone company. The €1.1 billion (\$1.35 billion) deal was the first leveraged buyout in Greece. Last year the Shearman & Sterling team also advised the Corus Group on its issue of €600 million senior notes and represented Rhodia on its €658 million high-yield bond issue in May.

Leading lawyers

Clifford Atkins
David Beveridge

Key contact partners

Clifford Atkins
David Beveridge

White & Case

White & Case was one of the first firms to integrate its high-yield and banking practices, an idea that has allowed the firm to provide a one-stop shop approach to clients in London. US-qualified banking partner Mike Goetz and capital markets specialist Rachel Hatfield work together to consolidate the strengths of the two services for clients, which has proved especially sought after in the leveraged buyout market.

Over the course of the year, White & Case has built a solid relationship with Deutsche Bank, and confirmed its status as one of the leading firms for emerging market advice. In March 2005 Goetz and Hatfield teamed up to advise Deutsche Bank in relation to a €350 million (\$428 million) high-yield bridge financing package provided to the Damovo Group, and the following month Hatfield advised the bank again, this time on Damovo's €358 million high-yield bond issue, which comprised €218 million senior secured notes and €140 million floating rate notes. A similar deal saw Deutsche Bank and Bayerische HypoVereinsbank instruct the firm on a €200 million high-yield offering by Escada. The deal refinanced the company's existing senior debt and was three times over-subscribed.

Flexing its emerging market muscles, meanwhile, in August 2004 the firm advised issuer Magyar Telecom and guarantor Invitel on Magyar Telecom's €142 million senior note issue. The deal was the first high-yield issue in Hungary since 1999.

At the time of going to press White & Case was advising UGC Europe on a €300 million high-yield bond issue. The issuer intends to put the offer to investors on a bought-deal basis, an organic way of determining the best market price.

Leading lawyers

Mike Goetz
Rachel Hatfield

Key contact partner

Rachel Hatfield

Other notable firms

Allen & Overy has gradually built up a respectable high-yield practice, headed by Adam Kupitz. The firm's standout transactions over the past 12 months include advice to Schefenacker on its issue of €200 million (\$245 million) notes underwritten by Citigroup and Deutsche Bank, and its representation of Goldman Sachs and JP Morgan in relation to Concordia Bus Nordic's offering of €130 million high-yield notes.

Clifford Chance has three US capital markets partners that perform high yield in Europe. John Connolly, Robert Trefny and Chris Walton form the team that has advised issuers such as Cableuropa and Aker Kvaener. This year, Clifford Chance advised long-standing client Inmarsat on a \$927 million high-yield senior note issue, acted for Cableuropa on a €280 million offering, represented Aker Kvaener on its issue of €260 million second lien notes, and guided Waterford Wedgwood through its issue of secured high-yield notes worth €166 million.

Paul Kumleben manages **Davis Polk & Wardwell's** high-yield team, which falls under the umbrella of the firm's capital markets group. This year Jeffrey Oakes advised the Terra Firma Group, the principal shareholder of Waste Recycling Group, on the company's £500 million (\$901 million) high-yield offering, and John Banes acted for Deutsche Bank and Morgan Stanley on Thiel Logistik's €130 million senior subordinated note issue.

The market has been impressed with **Freshfields Bruckhaus Deringer's** efforts to build a high-yield practice, one client commenting that the firm "has done well in Germany with its high-yield practice." Sarah Murphy and Don Guiney lead the team from the London office, which one respondent said is "the best of all the English magic circle firms" for high-yield advice. Freshfields receives more instructions from issuers than banks; as such, highlights for the firm include Murphy's issuer-side work on Tui's groundbreaking €625 million senior note issue and Heidelberg Cement's €700 million bond offering. The experienced Don Guiney, meanwhile, advised William Hill on its high-yield note issue, acted for Clondakin on a €170 million senior bond offering and represented Heckler & Koch on its €120 million offering.

Lastly, **Linklaters** landed a respectable amount of high-yield mandates this year, working on two high-yield note issues by Invensys (worth €475 million and \$550 million respectively) and acting for the underwriters of the high-yield issues by the Corus Group and Sistema.

Capital markets – securitization and structured finance

Recommended firms

Tier 1

Allen & Overy

Clifford Chance

Freshfields Bruckhaus Deringer

Tier 2

Linklaters

Sidley Austin Brown & Wood

Tier 3

Ashurst

Lovells

Slaughter and May

Weil Gotshal & Manges

Tier 4

Cadwalader Wickersham & Taft

Herbert Smith

Simmons & Simmons

White & Case

Tier 5

Baker & McKenzie

Mayer Brown Rowe & Maw

Milbank Tweed Hadley & McCloy

Shearman & Sterling

Tier 6

Norton Rose

Orrick Herrington & Sutcliffe

Allen & Overy

Allen & Overy's 13-partner securitization and structured finance team is backed up by a "deep pool of talented associates." According to one member of a US firm's securitization team, Allen & Overy's practice is "driven by the strength of the brand, but this itself stems from the great lawyers they have." Others note that A&O might have a smaller group than some of its rivals, but that "they are out on their own in terms of quality, both for securitization and structured products." As one rival at a top-tier securitization firm put it, "we see them as the main competitor." The firm has an impressive stable of leading practitioners, of whom Paul Bedford is considered "a very good lawyer," while Angela Clist is seen as a leading specialist in the mortgage master-trust market. David Krischer and Christian Lambie were also singled out for praise by contemporaries.

The firm has continued to build on its expertise in the covered bond market, cementing its market-leading position through roles as adviser on the €10 billion (\$12 billion) covered bond programmes for Northern Rock and Bradford & Bingley. The bonds issued under the programme were guaranteed by, and secured against, the assets of the special purpose vehicle (SPV), and in both cases the firm advised on the creation and execution of new programmes. In 2003 Allen & Overy advised on the first English law-governed covered bond.

Allen & Overy's commercial-mortgage backed securitization (CMBS) practice remains at the forefront of the market, advising banks on setting up their European CMBS conduit lending platforms and creating market-standard loan, security and due diligence document packages. The team advised on several high-profile deals over the last year, including Sandwell Commercial Finance No 1, Epic Opera and Opera Lakeside.

On the Epic Opera securitization, the A&O team advised Eurohypo and the Royal Bank of Scotland (RBS), as joint arrangers on the £300 million (\$540 million) CMBS by Epic Opera (Arlington), a joint venture between the CMBS conduit-lending practices of Eurohypo and RBS. The deal, which was the third issue by Eurohypo under its Opera programme and the second under its Epic programme, was the first securitization for a non-SPV borrower to rely on the complex over-reaching structure used in transactions such as Telereal and Canary Wharf. Over-reaching allows bondholders to benefit from a property-holding structure that removes the risk of an administration moratorium on the enforcement of security.

Eurohypo also instructed A&O's securitization specialists on Opera Lakeside, the £550 million CMBS of a UK shopping centre. The transaction, which was the second Opera deal from Eurohypo, involved the refinancing of existing debt and included an additional £100 million A/B note structure that provided further debt capacity in the borrower (CSC Lakeside), without affecting the rating of the senior public debt, which was tranching into AAA/AA and A(+) pieces. The London practice also joined forces with a team from the firm's German office to advise on structuring the first true-sale German CMBS deal, CentrO Oberhausen.

Allen & Overy advised on many of 2004's most innovative deals too, securing roles on Tube Lines, Spirit Group and Titan 2004.

On the £2.1 billion Tube Lines refinancing the firm advised Goldman Sachs and JP Morgan in their respective capacities as arranger and joint-lead manager. The financing for the consortium responsible for maintaining parts of the London Underground transport system used elements of a typical whole-business securitization to issue multiple tranches of bonds, with exposure to different parts of the company's risk. The deal allowed Tube Lines to go to the capital markets without a monoline wrap – the first time unwrapped project bonds had been offered into the public market.

The firm won an instruction from regular client Barclays Capital in relation to the Spirit Group deal, on which Barclays was acting as lead arranger, facility agent and lender of a tranching credit facility to the Globe Pub Company. The facility funded the acquisition of 364 pubs from the private equity-backed Spirit Group. A&O also advised Credit Suisse First Boston, as lead manager and arranger, on Titan 2004-1, the first deal for CSFB's newly established European CMBS platform. The firm was also involved in creating the standard form origination documents for the platform. Titan was the first European CMBS deal to replicate a US-style capital structure, including AAA-rated interest-only bonds and certificated residual interest debt. The firm also advised ABN Amro, as trustee, on the deal.

In other notable deals in 2004, A&O advised Mitchells & Butlers on the £1.9 billion securitization of managed pubs, the largest pub deal to date, acted for Nordea Bank on Midgaard Finance's €775 million multi-jurisdictional CMBS involving the sale and leaseback of four Scandinavian properties and transaction documentation governed by Swedish, Finnish, Norwegian, Jersey, English and US law, and represented Citigroup, Deutsche Bank and EFG Telesis Finance, as joint-lead arrangers and managers on Themeleon Mortgage Finance's €750 million issue. And on the Flint Consumer Loans No 1 securitization, A&O advised Deutsche Bank, as arranger, on the securitization of unsecured consumer loans. The Flint transaction is believed to be the first unsecured consumer loan securitization using master trust technology. The receivables trust structure created for the deal allows for new issuers to accede to the trust as new beneficiaries.

Allen & Overy continues to advise on all of the residential mortgage-backed securitization (RMBS) programmes for, among others, Southern Pacific Financing, Gmac RFC Mortgages and E-Mac NL. The firm also worked on a range of master trust RMBS transactions for Abbey, Northern Rock, HBOS and Bradford & Bingley.

The market sees Bear Stearns, Deutsche Bank, Goldman Sachs, GMac-RFC, HBOS, JP Morgan, Lehman Brothers, Merrill Lynch International, Morgan Stanley, Northern Rock, Rabobank and ABN Amro as key clients to the practice, which has also been involved in a number of recent auto-finance transactions and notable SEC-registered deals, including Permanent 5 and 6, Holmes 8 for Halifax, and a fourth Granite deal for Northern Rock.

David Shearer's return from Allen & Overy's Tokyo office has boosted the London securitization team. Over the past 12 months Shearer has worked on a number of CMBS transactions, most recently the Picts transaction for HBOSTS.

However, the departure of rainmaker Julian Tucker, who moved to head up Shearman & Sterling's London structured finance practice in March 2005, was a less welcome development for the firm.

Leading lawyers

Paul Bedford
Angela Clist
Geoff Fuller
David Krischer
Christian Lambie

Key contact partners

Angela Clist
David Krischer

Clifford Chance

IFLR's European securitization law firm of the year for 2005, Clifford Chance was involved in more deals than any other firm over the past year, as well as in many of the most complex ones. A "well-balanced and broad portfolio of products" means that, as well as the prodigious volume of deal flow, Clifford Chance advised on many of the market's most challenging transactions over the last year, participating on Marlin, Land Securities, and Depfa Bank and others. "Clifford Chance handles a huge amount of transactions, both complex, bespoke and flow," said one commentator, and for another, the firm is "all things to all people: a lot of partners covering every asset class, and low-margin and high-margin work." The practice is said to be particularly prolific in the whole-business securitization market, where Andrew Forryan is identified as a leading individual. Other sources were more than impressed with the "technically brilliant" Kevin Ingram, while Neil Hamilton is considered "one of the very best."

On Land Securities, Clifford Chance advised Citigroup on the multi-award-winning deal (including *IFLR's* European securitization deal of the year 2004) that one commentator described as "a novel transaction that represents a significantly different way of funding a property company." British property company Land Securities successfully cut its debt-servicing costs thanks to its hybrid securitization platform, which combined features of whole-business securitization with aspects of commercial mortgage-backed deals. The radical reorganization introduced hitherto unseen levels of flexibility, with the borrower's covenant package loosening or tightening depending on the quality of assets in the pool. At the heart of the deal was a security package using flexible covenants that allowed Land Securities to move assets in and out of the pool of assets backing the platform.

In another innovative deal, the firm advised MBNA in structuring and executing the first European delinked master trust securitization platform, which cut necessary documentation to allow MBNA to issue notes in weeks rather than months and also eliminated the need to set up a new issuing vehicle for each issue, by using one vehicle constantly repackaging and segregating assets. Depfa Bank also turned to Clifford Chance for advice in relation to a £392 million (\$705 million) synthetic, partially

funded collateralized loan obligation (CLO) deal that was the first ever UK private finance initiative (PFI) loan securitization. Other landmark deals saw the team advise Norwich Union Life and Pensions on the £200 million securitization of future new business profits (the first time that securitization has been used to fund a new business activity in the insurance sector), and act for Lehman Brothers on Windermere III, the first true-sale securitization of loans secured by Swedish commercial property.

In a commercial mortgage-backed securitization (CMBS) market that rose by 36.9% on last year – reaching €15.2 billion (\$18.9 billion) in 2004 – Clifford Chance remained at the forefront of the market, advising on many of the most significant deals and winning roles on most of the growing number of CMBS conduit transactions. Clients of the CMBS practice included Citigroup, which the firm advised on the first stand-alone European self-storage transaction, the Blackstone Group, who used the firm for advice on the Marlin (EMC II) transaction, which involved the tricky mixing of true-sale and synthetic techniques to achieve a pan-European CMBS, Lehman Brothers, the Royal Bank of Scotland, Morgan Stanley and NM Rothschild.

On the residential side of the mortgage-backed sector (RMBS), the group advised Irish Life & Permanent and Capital Home Loans on Auburn Securities 4, Capital Home Loan's fourth securitization of a £1 billion pool of UK mortgages. The group also advised Preferred Mortgages on a £460 million RMBS issued under Regulation S and Rule 144A, and acted for Britannia Building Society and Platform Home Loans on issues under the Leek programme. Other clients of the firm in this area include Standard Life Bank and the Royal Bank of Scotland in the UK, Provide Mortgage Loans in France, Land Rheinland-Pfalz in Germany, Dresdner Kleinwort Wasserstein and the MPS Group banks in Italy, and Barclays Bank and Credit Suisse First Boston in Spain.

The Clifford Chance team has also been active in a covered-bond sector that has seen the introduction of a new asset class in social housing loans. The firm advised HBOS Treasury Services, as issuer and arranger, in relation to the first UK-structured social housing loan covered bond and the first widely distributed public issue of a sterling covered bond backed by UK assets. The firm also advised HSBC and Citigroup as arrangers of Bradford and Bingley's €10 billion global covered bond programme.

Despite investor appetite for corporate risk declining during 2004, Clifford Chance advised on a number of whole-business corporate transactions, including acting for Dresdner Kleinwort Wasserstein as arranger of Three Valleys Water's corporate bond issue, advising Barclays Capital as arranger of South East Water's whole-business securitization, and representing Morgan Stanley as lead manager and sole arranger of the structuring and execution of Tesco's £632.5 million rental income securitization from a portfolio of 35 of its properties.

During 2004, the European collateralized debt obligation (CDO) market continued to expand, reaching €25.2 billion for the year, with UK collateralized securities accounting for 43.2% of total European issuance. Amid buoyant market conditions the Clifford Chance group, which was ranked first in the *IFLR's* inaugural survey of advisers in the CDO sector, advised

on all types of CDO products and structures, both cash and synthetic, and acted for arrangers, collateral managers, issuers and trustees on a range of transactions.

Highlights from among the firm's structured products instructions included acting for InterMoney Titulizacion and Banco Popular on a €2 billion CDO of small- and medium-enterprise (SME) loans originated by Banco Popular, advising Banco Bilbao Vizcaya Argentaria as originator in relation to a €1 billion securitization of loans granted to Spanish SMEs, and representing Wachovia Bank as collateral administrator on the first cashflow CDO in Europe backed by 100% AAA-rated asset-backed securities. On the synthetic side, meanwhile, the firm's work includes advising Depfa Bank on Essential Public Infrastructure Capital's £392 million partially funded CLO and acting for Morgan Stanley as lead manager on Melrose Financing's three synthetic CDO-squared (that is, a CDO of a CDO) deals. Other clients of the firm's CDO practice include Citigroup, Banc of America, HSBC, JP Morgan, CSFB, Fortis Bank, Banco Comercial Português, Lehman Brothers, Mizuho Corporate Bank and M&G Investment Management.

Other notable transactions that rounded off another outstanding year included advising the Royal Bank of Scotland as arranger of Epic Caspar's £532 million UK CMBS transaction, acting for Deutsche Bank and Goldman Sachs as lead managers on Aries, a unique deal that saw Germany securitize €5 billion-worth of Russian Paris Club debt, and representing Commercial First Mortgages on two securitizations that combined RMBS and CMBS features and created a new asset class.

Leading lawyers

Andrew Coats
Steve Curtis
Debashis Dey
Andrew Forryan
Neil Hamilton
Kevin Ingram
Chris Oakley
Laura Stuart
Peter Voisey

Key contact partners

Kevin Ingram
Peter Voisey

Freshfields Bruckhaus Deringer

Freshfields' "quality operation" was described to *IFLR1000's* researchers as being "particularly strong on trade receivables and conduit work." Although the market notes that Freshfields handles fewer transactions than magic-circle rivals Allen & Overy and Clifford Chance, it is an "excellent practice" full of "very talented people" who "regularly work on the highest-quality deals." But the firm's relative lack of deal volume is not seen as a negative – indeed quite the opposite, for Freshfields' approach is to advise on the trickiest, most innovative deals to come to the market. Says one client: "Freshfields is a firm of highly

skilled and thorough technical lawyers that concentrates on the very best deals." The practice is said to be "fantastic for infrastructure deals," again concentrating on the "groundbreaking, innovative and all-encompassing work that not everyone else can do."

The Freshfields team acted for Barclays, Citigroup, Goldman Sachs, the Royal Bank of Scotland and Merrill Lynch as managers of the award-winning £2.125 billion (\$3.825 billion) Spirit Group refinancing of more than 2,000 Scottish & Newcastle pubs. The refinancing consisted of a five-tranche £1.25 billion debenture bond issue (combining elements of whole-business securitization and a debenture issue) together with traditional senior syndicated bank financing and subordinated bank financing. The transaction involved an unusual structure in which two new separately financed operating companies were set up, with a services company providing employees to both.

Freshfields has advised on most of the UK's embedded value securitizations to date, including standout deal Box Hill Life, in which the firm advised lead manager Barclays Capital on independent UK life insurer Friends Provident Life and Pensions' £380 million securitization. Friends Provident is the first UK proprietary life insurer to raise cost-effective tax-deductible core Tier 1 capital by securitizing the surplus from a defined block of its policies. The transaction was the first to use a UK-regulated reinsurance special purpose company as provider of unfunded reinsurance to Friends Provident, in a structure that reduced linkage to originator corporate credit risk. In view of the complexity involved in advising on embedded-value transactions it seems unlikely that Freshfields will be absent from any team sheet of any deal of this type launched in 2005 or beyond.

Joint-lead managers ABN Amro and Banc of America Securities instructed the Freshfields team on all aspects of the banks' €389 million (\$483 million) commercial mortgage-backed securitization (CMBS) of the pan-European property portfolio of ProLogis European Properties Fund. The transaction's modified structure introduced sub-participation-financed Italian assets for the first time in a rated ProLogis CMBS deal, and avoided initial mortgage registration fees in France. The €389 million proceeds were advanced to Pan-European Industrial Properties Series IV, a multi-issuer vehicle company incorporated under the new Luxembourg securitization law.

Freshfields also advised Henderson Global Investors on Epic, a commercial property securitization from Henderson's life fund. This was the first transaction from the Royal Bank of Scotland's (RBS) CMBS conduit, and involved the transfer of properties into a Jersey property unit trust, Caspar. Rather than initially using its balance sheet before recycling capital through securitization, like most CMBS conduit sponsors, RBS engaged Caspar on more of an agency basis.

Leading lawyers

Marcus Mackenzie
Alan Newton
Simeon Rudin
David Trott

Linklaters

Consolidating the progress made by the firm since deciding to set up a dedicated structured finance group in 1998, last year the firm became one of the prime movers in the market. Over the past year Linklaters has managed to handle an ideal blend of flow work and innovative deals. While keeping a tight lock on areas such as UK residential mortgage-backed securitization, the firm also advised on some of the more complex deals of 2004, and won lots of work on the conduit side. Linklaters' securitization practice is described by commentators as being particularly strong in the water and gas sectors – “they have a sensational infrastructure practice,” said one interviewee – and trade receivables is thought to be another area of strength.

Linklaters used its projects experience on the Tube Lines deals and on an unusual transaction called Project Eiffel, which saw the firm's London and Lisbon teams advise Deutsche Bank on securitizing public-private partnership (PPP) road construction contracts in Portugal. The Eiffel deal was the first to monetize infrastructure construction contracts, and the first Portuguese transaction to be fully structured onshore, using a Portuguese securitization vehicle in place of the traditional offshore special purpose vehicle (SPV). The deal was backed only by payments due to the contractors during the construction phase of the project.

Gazprom's monetization of over €1 billion (\$1.2 billion)-worth of future gas receivables saw Linklaters advise lead arrangers ABN Amro, Merrill Lynch and Morgan Stanley on English, Russian, Swedish, Luxembourg and US securities law. The deal had to not only manage Russian currency and political risk, but also be structured around problems caused by the negative pledge in Russia's World Bank loans. The firm also advised Barclays Capital on the MBNA delinked master trust, which eliminated the need to set up a new issuing vehicle for each issue by using one vehicle constantly repackaging and segregating assets, and which cut necessary documentation to allow MBNA to issue notes in weeks rather than months, acted for Citigroup on the Marlin (EMC II) deal, and represented monoline insurer Ambac on Box Hill Life, which for the first time used a UK-regulated reinsurance special purpose company as provider of unfunded reinsurance to Friends Provident, in a structure that reduced linkage to originator corporate credit risk. These four transactions were all short-listed for European securitization deal of the year at the 2005 *IFLR* European awards.

Arranging bank the Royal Bank of Scotland (RBS) instructed Linklaters on the Norwich Union securitization of new business strains. The three-tier security structure used a secure loan with special purpose finance company, Anglia Funding, borrowing from the Tags conduit under a £200 million secured facility and on-lending the proceeds of that loan. As with all conduit-financed transactions, if Anglia is ever unable to borrow under the loan from Tags, RBS will provide funding under a 364-day renewable liquidity facility.

Network Rail turned to Linklaters on the UK rail operator's structurally complicated and sensitive £10 billion medium-term note (MTN) programme. The firm also advised on the

establishment of Network Rail's long-term finance platform through a debt issuance programme, supported by a financial indemnity provided by the UK Strategic Rail Authority. The latter transaction includes a £20 billion multicurrency note programme, a hedging programme and a £3.5 billion working capital facility.

Linklaters also advised the Securitization Group on Shurgard Storage Centers' securitization, which marked only the second time a US real estate investment trust had tapped the European commercial mortgage-backed market, and acted for Financial Security Assurance on Northumbrian Water's £248 million securitization of Kielder Reservoir revenues, effected through a monoline-wrapped bond issued by Bakethin Finance.

On the collateralized debt obligation (CDO) and structured products side, Linklaters' London practice has experienced double digit growth rates in its revenues in each year since the practice was set up in 2002. The practice ranked second in *IFLR*'s inaugural survey of legal advisors to European CDOs, and the UK dominates the European collateralized debt market, accounting for 43.2% of total European securitized issuance in 2004.

Although most CDO transactions are private, unlisted and usually confidential, the firm worked on a number of high-profile public deals last year, including advising Deutsche Bank on the €485 million Asgard CDO, acting for Citigroup on the Cloverie managed synthetic CDO-squared deals, and representing Goldman Sachs on the Straits Lion Singapore dollar CDO. Linklaters also advised Axa Investment Managers in its capacity as asset manager on the \$1.3 billion Aria deal, the first widely offered managed synthetic CDO to come to market as a programme.

Leading lawyers

Andrew Carmichael
Julian Davies
Anne Hoe
Jim Rice

Key contact partner

Julian Davies

Sidley Austin Brown & Wood

Sidley Austin Brown & Wood's London securitization and structured finance team consists of 20 partners and over 50 lawyers in total. The firm's decision to lure an entire real estate finance team away from a UK firm appears to have paid off handsomely. As a direct consequence of the hires, Sidley Austin has a two-partner, six-lawyer specialist real estate team that has been no end of help to the firm in its campaign to become a recognized strength in the commercial mortgage-backed securitization (CMBS) market. Sidley Austin is continually described as “highly visible” in the market by commentators.

The firm's experience covers the securitization of all types of asset class, including trade receivables, future flows and whole business transactions, as well as commercial and residential mortgages. The practice is recognized as a market leader in the

US conduit industry, and in London acts as counsel to conduits sponsored by Bank One, Deutsche Bank, ING Bank and Liberty Hampshire. Leading lawyers Graham Penn, Sarah Smith and “the seemingly everywhere” John Woodhall front a “very strong team that does an awful lot of work.”

The practice continues to maintain a productive relationship with Morgan Stanley. Recently Sidley Austin advised Morgan Stanley on two key deals: the £537 million (\$967 million) Morpheus securitization, a deal featuring around 432 loans secured by 856 commercial properties in a single commercial mortgage-backed transaction, and a £813 million bond issue to fund the redevelopment of BBC headquarters, Broadcasting House. Sidley Austin also advised on the £129 million bond issue to provide funding for the construction of the BBC’s Scottish headquarters, this time acting for lead manager Barclays Capital, the first time an unauthorized unit trust has been used as a securitization vehicle in a public, rated securitization transaction. Another deal for Morgan Stanley saw the firm advise on the first pan-European true-sale CMBS in Europe. The €302 million transaction included assets originated in France, Belgium and Ireland.

The residential mortgage-backed (RMBS) side of Sidley Austin’s securitization practice is one of the most highly rated in London. The firm acted on every transaction for two of the three largest issuers of residential mortgage-backed securitizations (RMBSs) in the UK: Northern Rock and HBOS.

Other significant recent instructions included acting for HBOS Treasury Services in relation to the establishment of an asset-backed commercial-paper conduit, advising Barclays Capital as lead manager and arranger of the Pacific Quay securitization, and representing Northern Rock on three issues under the Granite Master trust as well as in relation to amendments to the Granite Master trust to enable it to collateralize delinked note issuances – a first in the RMBS sector. Sidley Austin was responsible for establishing the Granite master trust RMBS programme, which has issued over £25 billion-worth of RMBS.

The practice has been advising on the use of credit derivatives and collateralized debt obligations (CDOs) since 1997. Recent instructions for the firm’s structured finance and CDO specialists include acting for the KBC Group on an innovative €2.25 billion reference portfolio of corporate and asset-backed securities entities, involving the issue by Aldersgate Finance of \$188 million Irish Stock Exchange-listed notes. The group also advised ING Bank on a synthetic transaction in respect of a €1.3 billion portfolio of corporate loans.

Leading lawyers

Graham Penn
Sarah Smith
John Woodhall

Key contact partners

Graham Penn
Sarah Smith
Howard Waterman

Ashurst

With a “good corporate base and superb collateralized debt obligation practice,” Ashurst’s securities and structured finance practice is a dynamic and fast-growing group. The team offers specialist advice on structured products including CDOs, structured credit and equity and hybrid transactions, over-the-counter (OTC) derivatives, repackagings, securitizations and project bonds. The firm’s reach in CDOs and other structured finance and securitization products is enhanced by its collaboration with US adviser McKee Nelson. From among the team, structured finance partner Erica Handling is identified by commentators as a “first-rate lawyer” with “a fantastic knack for generating confidence” and “an excellent cash CDO practice.”

In the opinion of one practitioner at a rival law firm, “the strength of Ashurst’s CDO practice justifies the firm’s position in the rankings.” In the cash CDO arena, *IFLR*’s 2005 bond survey of leading advisers notes that Ashurst, together with US firm White & Case, leads the market. The firm has advised arrangers, collateral managers, trustees and monoline insurers on over 120 European CDOs to date. The standalone asset transfer unit within the group has transferred more than 300 different assets into leveraged loan CDOs.

Investment bank Dresdner Kleinwort Wasserstein instructed Ashurst on 29 separate transactions during 2004, including G-Square Finance, Alexandria Capital, Classic Finance and Skylark. The firm also maintains a thriving collateralized loan obligation (CLO) business, advising AXA Investment Managers on Adagio, a €309 million (\$383.5 million) portfolio deal, Deutsche Bank on Avoca’s €368 million multi-tranche issue, and Intermediate Capital Managers on a €355 million Eurocredit CLO.

Most recently, Ashurst advised Deutsche Bank as arranger in relation to a €408 million CLO with CDI structure. International finance partners Michael Smith and Richard Kendall led the Ashurst team acting for the arranger. Of the firm’s other work over the last year, two deals – G2 and H2 – were hybrids of cash and synthetic deals, with super-senior debt sourced in the repo market or the total returns swap market instead of the more commonly used credit default swap market. Other clients of the firm include UBS, Calyon, Citigroup Global Markets, Invesco, BNP Paribas, Credit Suisse First Boston, M&G Investment Management, JP Morgan Henderson Global Investors, Morgan Stanley and ABN Amro.

Leading lawyer

Erica Handling

Key contact partners

Christopher Georgiou
Erica Handling
Michael Smith

Lovells

Commentators are impressed with the balance of Lovells’ securitization and structured finance practice. “They have a good

practice both in securitization and collateralized debt obligation (CDO) work” said one structured products specialist at a UK firm. The firm receives a steady stream of underwriter instructions thanks to a “great banking practice.” Nomura is said to be a key client of the practice, while David Hudd is a “top lawyer and a great guy.” Tamara Box is also highly recommended by the market.

BNP Paribas is a “good, active client,” for whom Lovells acted on 21 issues in 2004 under the successful Thunderbird Investments and Serena Finance series. Lovells’ securitization and structured finance partners also act for UBS, Credit Suisse First Boston, Citigroup, WestLB, Merrill Lynch, Lehman Brothers, Goldman Sachs and Cambridge Place Investment Management.

Leading lawyers

Tamara Box
David Hudd

Key contact partner

David Hudd

Slaughter and May

Described as “one of the most improved firms of the year” in *IFLR*’s 2005 bond survey, rival practitioners noted that Slaughter and May is staffed with “fabulous lawyers,” of whom Chris Smith and Sanjev Warna-kula-suriya were singled out for special praise. The firm might act on a smaller number of transactions than its magic-circle rivals, but, says one peer, “the deals they are involved in are guaranteed to be highly profitable, and they have a wonderful client base.” Slaughter and May continued to act on some of the most high-profile, complex and innovative transactions last year, both domestic and international, across all sectors of the market.

One particular highlight was the firm’s work for Land Securities, in relation to the British property company’s £2 billion (\$3.6 billion) refinancing. Using a structure that combines elements of whole-business securitization and commercial mortgage-backed securities, the financing was secured over the business and assets of a security group comprising nearly 90 companies in the Land Securities group, and a property portfolio valued at over £6 billion. The deal’s innovative features are expected to be copied in subsequent whole-business and CMBS transactions. Land Securities won a number of awards, including the *IFLR* securitization deal of the year for 2005.

Regular corporate client Abbey National turned to Slaughter and May on Holmes Financing (No 8), the eighth securitization under the Abbey National master trust of US dollar-, euro- and sterling-denominated floating rate notes worth £4 billion and secured on residential mortgage loans in England, Wales and Scotland. On the commercial property side, Slaughter and May advised Nordea in relation to the Irish Stock Exchange-listed €775 million (\$951.6 million) Midgaard Finance sale and leaseback of properties in Sweden, Finland and Norway. Citigroup and Nordea Markets acted as joint lead managers of the deal, which was the largest Scandinavian CMBS to date.

Another prominent mortgage-backed deal saw the firm advise Norwich Union on its fourth securitization of equity release mortgages. The £418.5 million five-tranche issue featured an entirely new mortgage trust structure, providing beneficiaries interests in particular loans.

Slaughter and May also represented Citigroup Global Markets, as the hedge counterparty and manager, in relation to Self-Storage Securitization’s €325 million floating rate note issue. Citigroup entered into interest rate-swap and cap arrangements with Self-Storage Securitization to provide an interest rate hedge with respect to the notes, and cross-currency swap arrangements with Shurgard Self Storage to provide a currency hedge with respect to the loan. The deal’s structure combined whole-business and mortgage-backed features across England, France, Netherlands, Belgium, Sweden and Finland.

The firm continues to act on transactions for established originator clients, such as Abbey National, the Paragon Group of Companies, Punch Taverns, the Spirit Group, Norwich Union/Aviva and Corus. In addition, during 2004, Slaughters acted for new originators, and increased the work handled for arrangers, including Citigroup Global Markets, SVG Advisers, Nordea, HSH Nordbank, Uniqa Alternative Investments and Skandinaviska Enskilda Banken.

Leading lawyers

Marc Hutchinson
Stephen Powell
Christopher Smith
Sanjev Warna-kula-suriya

Key contact partners

Marc Hutchinson
Christopher Smith

Weil Gotshal & Manges

Weil Gotshal & Manges has three dedicated securitization partners and 12 associates in London, backed up by a support team that takes the number of lawyers who regularly act on securitization instructions to 25. Described as “the counsel of choice for arrangers of UK residential mortgage-backed securitization programmes” in the *IFLR*’s 2005 bond survey, Weil Gotshal continues to show that it is possible to maintain a successful securitization practice without a large flow of issuer mandates. The “vastly experienced” Jackie Kelly’s name repeatedly came up during interviews.

As well as good deal flow for credit card, RMBS and collateralized debt obligation (CDO) business, 2004 was notable for Weil’s success in forging new client relationships in different areas of structured finance. For example, the firm had represented Morgan Stanley on CDO and RMBS deals, but the GHG healthcare refinancing gave the firm its first instruction from the bank on a whole-business deal. The transaction was the refinancing of a deal that took place in July 2001, and involved the redemption of 2001 securities, the issuance of around £578 million (\$1.04 billion) of new securities and the

repayment of inter-company debt within the General Healthcare Group of companies.

The practice also formed a new relationship with AIG in London, and set up Curzon, a US and euro asset-backed, commercial-paper medium-term note and collateralized-loan note programme representing Lehman Brothers.

Weil advised the underwriters on all three RMBS issues undertaken by Kensington Mortgages in 2004, cementing its role as Kensington's underwriters' counsel of choice. One of these transactions, RMS 17, involved the introduction of a senior class-A1 note, which is re-marketable annually – the first time that such an instrument has been used in a UK mortgage-backed securitization. This feature involved the combination of complex UK and US advice, one of the group's strengths. Weil also advised the underwriters on all four mortgage-backed securitization issues undertaken by GMac in 2004.

The securitization team worked closely with the firm's private equity group on a number of matters, culminating in the Boxclever transaction, where Weil advised Fortress and Cerberus in connection with the consortium's investment in the distressed TV rental securitization.

In other standout deals of last year, Weil advised Harbourmaster Capital and Bear Stearns on the fourth CLO transaction completed by collateral manager Harbourmaster Capital, acted for Deutsche Bank and JP Morgan as joint lead managers of First Flexible No 6's £500 million issue of multicurrency notes backed by flexible mortgages originated by Mortgage Trust, and provided US and UK advice to Barclays Capital on asset-backed issues by Gracechurch Card Funding.

Leading lawyer

Jacky Kelly

Key contact partners

Jacky Kelly
Andrew Norwood
Steven Ong

Cadwalader Wickersham & Taft

Cadwalader Wickersham & Taft is a recognized market leader for capital markets work in the US, and is seeking to build a reputation for all types of securitization and structured finance transactions in international markets. According to UK market commentators, the firm has put a lot of effort and energy into commercial mortgage-backed securitization (CMBS), where it has been able to build on its successful US practice. The firm captured the top spots in the rankings as both issuer counsel and underwriter counsel, according to figures released by *Commercial Mortgage Alert's* CMBS database. With more than three times the number of deals as its nearest competitor, Cadwalader ranked first as issuer counsel, with 53 deals valued at \$61.9 billion, and ranked first as counsel for the underwriter, with 27 deals valued at \$28.7 billion.

Of the firm's structured finance and securitization work over the last year, the standout instruction for the London office was

Charles Roberts' work on Titan Europe 2004-2. The €267 million (\$328 million) CMBS Titan issue contained an interest-only bond, and was the first European transaction to include a class V note. The V note was created to pay unanticipated collections on the underlying loans and a principal reallocation structure to prevent the accrual of interest on principal amounts anticipated to be written down. The Titan deal included German and French assets, and was the first time multiple German loans had been used in a true sale. The deal closed in December 2004, and is already being duplicated in the market.

Charles Roberts, Angus Duncan and Conor Downey are all well regarded by the market. Duncan recently joined Cadwalader from Allen & Overy. A specialist in structured transactions, with particular emphasis on repackagings and collateralized debt obligation (CDO) transactions, Duncan represents arrangers and asset managers and has been involved in a number of significant CDO transactions, including Robeco, Balthazar, Stanton, Sterlingmax, AIG MezzVest and Callisto.

Cadwalader's London office now has five structured finance and securitization partners, backed up by seven associates.

Leading lawyer

Angus Duncan

Key contact partner

Neil Weidner

Herbert Smith

Herbert Smith's "very personable" Jane Borrows was frequently recommended to *IFLR1000's* researchers. The firm has a well-balanced practice, acting for underwriters and lead managers, as well as large corporate issuers and originators, trustees and rating agencies, covering a range of products including cash and synthetic securitizations, whole-business deals and structured notes. Herbert Smith's securitization and structured finance team comprises 15 partners, supported by a recently expanded group of 35 associate solicitors. Although the market notes that the firm "does not get the biggest deals," it does have "good breadth of practice" and "outstanding corporate links."

In terms of the firm's deal highlights from last year, Herbert Smith advised Deutsche Bank and JP Morgan Securities, as lead managers, on the £1 billion (\$1.81 billion) issue of multicurrency mortgage-backed floating rate notes by Paragon Mortgages. The transaction, denominated in sterling and euros, was structured to include fast and slow pay triple-A notes and is the first deal by Paragon to exceed £1 billion.

The practice also advised Windermere IV on the issue of £440 million-worth of commercial mortgage-backed notes, advised Friends Provident on the £380 million securitization of a book of life insurance business by Friends Provident Life and Pensions, and represented Barclays Capital, as lead manager and arranger, on a £273 million asset-backed floating rate note issue by Paragon Secured Finance, the first securitization in the UK backed solely by second-ranking mortgages. Herbert Smith also worked alongside its German alliance partner Gleiss Lutz in relation to a German true-sale securitization initiative.

Other clients of Herbert Smith's securitization team include the Anglo-Irish Bank, Bluebay, Deutsche Genossenschafts-Hypothekenbank, Friends Provident, Grattan and Freemans, HBOS, Morgan Stanley, Société Générale and the Royal Bank of Scotland.

Leading lawyers

Jane Borrows
Jake Jackaman

Key contact partners

Dina Albagli
Jane Borrows
Jake Jackaman

Simmons & Simmons

Although Simmons & Simmons reportedly handles "lots of asset repackagings," last year was not the busiest at the firm. But commentators point out that the firm has "the capacity to handle a variety of work both in terms of quantity and quality." James Bresslaw is considered a leading practitioner by commentators.

On the deal front last year, partners Neil Simmonds and Steven Whittaker led a Simmons & Simmons team advising on the rollover of two existing Jupiter Asset Management-managed investment trusts and the launch of another, together with Jupiter's first structured product. The £680 million (\$1.23 billion) deal sees the rollover of Jupiter Enhanced Income Investment Trust and Jupiter Financial Trust, Jupiter Split Trust and Second Scottish National Trust, into two new investment trusts and the Defined Capital Return Fund (DCRF). Simmons & Simmons also acted for two of the three rollover vehicles: Jupiter Second Enhanced and the DCRF, a structured product offering a defined capital return designed to be similar to that of a zero dividend preference share in a split capital investment trust.

The firm also advised Banco Santander Central Hispano, a new client for the firm in London, on the bank's first managed collateralized debt obligation (CDO). The deal is the first transaction of this type structured by a Spanish bank and is representative of the move away from static to managed pools of reference entities, which is an attractive proposition to potential investors for reasons of increased flexibility in adjusting credit exposure and risk management purposes.

In other structured finance work in 2004, Simmons advised Bank of America on the first managed multi-sector synthetic CDO for investors in Asia, and acted for CSFB on Cheyne Correlation CDO 1, the first managed cash CDO that combines cash CDO and synthetic CDO technology.

Leading lawyers

James Bresslaw
John Davies

White & Case

A comparative newcomer to the European collateralized debt obligation (CDO) market, the firm has built a solid reputation

for CDO work and is now moving from this base into more traditional securitization, recently winning roles on the Kensington mortgage-backed securities series. The market notes that White & Case has made "great strides" in the area, and partners Richard Reilly and David Barwise are well thought-of among peers. The firm is now recognized, along with Ashurst, as one of the UK's two leading advisers for cash CDO work. *IFLR's* 2005 bond survey revealed that White & Case advised on 19 European CDOs in 2004.

The firm's traditional strength is in its "great emerging markets practice," and is described as being "particularly strong in Turkey". One practitioner at a rival US firm pointed to White & Case's excellent banking practice as the reason the firm's securitization team has enjoyed such a good year. An impressive pipeline of deals means that, at the time of writing, the firm had eight cash CDO mandates for 2005.

Recent standout deals for White & Case included a €400 million (\$480 million) collateralized fund obligation (a CDO of private equity investments) arranged by Nomura. The deal marks the first public arbitrage CDO for three years. The firm also advised on deals such as the Bruckner CDO, one of the few cash deals of asset-backed securities to close in 2004.

Leading lawyers

David Barwise
Rich Reilly

Key contact partner

Rich Reilly

Baker & McKenzie

Baker & McKenzie's securitization and structured finance practice received a big boost in May 2005, when the firm announced the addition of four partners from UK firm Norton Rose. The team comprises Vincent Keaveny, Bruce Somer, Simon Porter and the "flamboyant" former head of international securities at Norton Rose, Jonathan Walsh. The market believes the hires represent a serious enhancement to Baker's structured finance and capital markets practices in London.

Last year the firm's team advised Bayerische Hypo -und Vereinsbank, as arranger, in relation to the €10 billion (\$12 billion) Arabella Funding and Salome Funding European and US asset-backed commercial-paper conduits. In both conduits, the commercial paper issued can be listed on the Luxembourg Stock Exchange. Arabella Funding features a global backstop facility guaranteeing the letter of credit and each existing and future liquidity agreement.

The practice also advised New Bond Street Asset Management in connection with setting up a new asset-backed commercial-paper credit arbitrage programme. The new entity will invest in a portfolio of asset-backed securities and funds through an asset-backed commercial-paper conduit. The programme's structure is geared towards off-balance-sheet treatment and Basel II optimization, and makes use of the derivative credit annex in the liquidity context.

Key contact partners

Chris Hogan
James MacLachlan
Paul-Michael Rebus

Mayer Brown Rowe & Maw

Mayer Brown Rowe & Maw's securitization and structured finance operation has plenty of experience in cross-border transactions. Particular areas of expertise include the asset-backed commercial-paper market, where Mayer Brown regularly represents conduit sponsors, liquidity and credit enhancement providers, sellers of assets and other parties in structuring and documenting conduit programmes, collateralized debt obligations, and future flow transactions, where the firm has applied emerging market technology to manage various kinds of inter-bank transfers and other cash flows. Market commentators are particularly impressed with the "very good" Mark Nicolaides.

The firm's lawyers have structured transactions involving a wide variety of asset types, including consumer and commercial loans and account receivables, automobile and equipment leases, commercial and residential real estate mortgages and future royalty payments, bank remittances and export receivables. The firm's client base covers a broad spread of institutions that handle a variety of transactional roles, from sellers and servicers to arrangers and underwriters, credit enhancers, investors and rating agencies.

Leading lawyer

Mark Nicolaides

Milbank Tweed Hadley & McCloy

Milbank Tweed Hadley & McCloy is one of the leading firms in the European market for collateralized debt obligations (CDOs), acting for lead arrangers as well as portfolio managers. The team has also acted for a range of clients in the securitization of auto loans and leases, commercial property receivables, hire purchase contracts, mortgages, trade and swap receivables, natural resource receivables, aircraft and loan portfolios and pools of telecom vendor receivables. The firm's work on repackaging structures includes warrant strips, duration and credit enhancement structures, single issue and portfolio repackaging and stripped, prepaid and accelerated coupon issuances. Partner John Walker is described by peers as an "excellent lawyer."

The market notes that Deutsche Bank is an "important client," which Milbank advises on a large volume of residential mortgage-backed securitization (RMBS) work. As well as its experience on the RMBS side, Milbank is reputed to have a "very good" CDO practice, which handles a lot of work for Goldman Sachs. In total the firm advised on 11 European CDO deals in 2004, placing the firm seventh in *IFLR's* 2005 bond survey CDO table of advisers.

The firm's structured finance team advised on one of 2004's most innovative transactions, acting for arranger JP Morgan on the \$1.3 billion Aria deal. Aria closed in August 2004, and

involved 27 separate issues, using the flexibility of a programme to create bespoke tranches of notes and adopting the documentation accordingly. The team had to adapt two-year-old medium-term note documentation to create what became the first widely offered managed synthetic CDO to come to market as a programme.

Leading lawyer

John Walker

Other notable firms

Norton Rose has maintained its niche advising on almost all the available Portuguese securitizations, while the market believes Julian Tucker is "a great hire" for **Shearman & Sterling's** structured finance and securitization group. Tucker joined Shearman & Sterling from Allen & Overy in March 2005. And US powerhouse **Orrick Herrington & Sutcliffe** continues to provide excellent US law advice from its London office through partners Paul Weiffenbach and James Waddington.

Insolvency and restructuring**Recommended firms**

Tier 1

Allen & Overy

Clifford Chance

Tier 2

Denton Wilde Sapte

Freshfields Bruckhaus Deringer

Linklaters

Lovells

Tier 3

Bingham McCutchen

Cadwalader Wickersham & Taft

Herbert Smith

Slaughter and May

Tier 4

Latham & Watkins

Norton Rose

Weil Gotshal & Manges

White & Case

Tier 5

Ashurst

CMS Cameron McKenna

Simmons & Simmons

Travers Smith

Tier 6

Berwin Leighton Paisner

DLA Piper Rudnick Gray Cary

Hammonds

Jones Day

Lawrence Graham

Nabarro Nathanson

Sidley Austin Brown & Wood

Stephenson Harwood

Allen & Overy

Over 35 restructuring associates support a core team of 10 partners in Allen & Overy's London insolvency and restructuring practice. The group acts for lenders and corporates on "a high volume of deals, including some of the largest corporate restructurings around." In the words of one leading practitioner at a UK magic-circle firm: "It is impossible to argue that they are not a top-tier practice." Many commentators point to A&O's spectacular banking practice as the source of much of the group's work, while others note that the practice also has relationships with some of the largest corporates. There are more than 30 partners at Allen & Overy worldwide advising on restructuring and insolvency deals on a full or part-time basis. Of the firm's individual partners, Ian Field is "very pugnacious, fights his corner hard and is technically excellent," according to one restructuring lawyer at a firm in London.

On the deal front last year, the firm appeared on a litany of headline-grabbing transactions, three of which – British Energy, MyTravel and the Welcome Break Group – were shortlisted for restructuring deal of the year at *IFLR*'s 2005 European awards (British Energy walked away with the award), while TXU and Telewest have been shortlisted for *IFLR* awards in the past. On TXU, the firm's team advised the joint administrators on proposals for 28 interlocking company voluntary arrangements (CVAs) for TXU's operating companies, enabling almost £2 billion (\$3.4 billion)-worth of assets to be distributed to creditors. The TXU deal marks the first time that CVAs have been used in preference to a scheme of arrangement in a large insolvency, and is likely to form a blueprint for many future deals.

Securing a role on *IFLR*'s 2005 restructuring deal of the year, Allen & Overy advised one of the creditor groups (the Eggborough bank syndicate) in connection with the restructuring of British Energy, the country's biggest nuclear power generator. The £16 billion restructuring involved a £1 billion debt-for-equity swap and the negotiation and implementation of new finance arrangements for the British Energy group.

Allen & Overy also acted for the coordinating banks on MyTravel's £1.35 billion restructuring. The restructuring involved the conversion into new equity of a £250 million revolving credit facility, a £209 million minority interest preference share loan facility, \$100 million-worth of privately placed notes, £63 million-worth of aircraft lease indebtedness, and £216.3 million-worth of subordinated convertible bonds. On the Boxclever matter, meanwhile, the firm acted for PricewaterhouseCoopers on the £700 million long-term trading receivership, which returned the group to operating profitability and led to the sale and restructuring of the company's whole-business securitization.

Katrina Buckley led an A&O team that advised the coordinators CIBC, JP Morgan Chase and the Royal Bank of Scotland in relation to Telewest's restructuring under a scheme of arrangement. The deal involved cancellation of around £3.8 billion-worth of outstanding notes and debentures, the noteholders being issued with shares in Telewest Global, the new

US holding company. One of the main challenges for the A&O team was to set up a structure to protect the banks against the risk of Chapter 11 proceedings in the US.

Bahrain private equity house Investcorp turned to the firm's restructuring specialists on the successful restructuring of Welcome Break Group, the motorway services operator, while the firm also represented the joint international managers on European aspects of the Republic of Argentina's \$85 billion global exchange offer, and acted for Barclays in connection with the bank's involvement in the restructuring of the Jarvis Group's public-private partnership (PPP) projects. Jarvis represents the first restructuring of a PPP project ever in the UK market.

Other instructions for the Allen & Overy team included roles on Greenwich, Parmalat and Mitchell's & Butler. The firm's long-standing clients include PricewaterhouseCoopers, Barclays Capital, HSBC and KPMG, while last year the group won new business from Eurohypo, 3i and Citigroup.

Leading lawyers

Ian Field
Mark Sterling
Gordon Stewart

Key contact partners

Mark Sterling
Gordon Stewart

Clifford Chance

Clifford Chance has a "great, well-respected" restructuring and insolvency team. Commentators feel that, in common with fellow top-tier firm Allen & Overy, the strength of Clifford Chance's "excellent" banking practice ensures that the firm is involved in many of the best restructuring deals around, and wins a prodigious amount of work.

The high point of a good year for the Clifford Chance insolvency and restructuring group saw the firm advise British Energy on the company's £16 billion (\$31 billion) restructuring. The company and its creditors resisted attempts by US hedge funds to unwind the deal, which represents the UK's largest-ever corporate restructuring and the culmination of three years' work for the Clifford Chance team. Daniel Kosoff and Mark Poulton led the corporate side of the transaction, and Philip Hertz and Mark Hyde headed the restructuring group's efforts. Clifford Chance was named insolvency and restructuring team of the year at *IFLR*'s 2005 European awards, and British Energy was awarded *IFLR* deal of the year.

In another notable restructuring last year, Nicholas Frome led a Clifford Chance team advising a syndicate of bank lenders on the Yukos restructuring. The banks, led by Société Générale, provided the company with a \$1 billion facility.

Among the firm's insolvency work over the previous financial year, Ilford Imaging and TXU were the standout instructions. The firm's work on TXU was particularly admired by the market. Adrian Cohen led the firm's efforts, acting on behalf of International Power in relation to its claims against TXU Europe Energy Trading, achieving a big settlement for

International Power. On Ilford Imaging, Clifford Chance acted for insolvency officeholders Grant Thornton, on one of the highest-profile domestic insolvencies in 2004.

Further restructuring work for the Clifford Chance team included advising the bondholders on Marne et Champagne, acting for the Volvo Group on the Henleys Group restructuring, representing the senior lenders on PrimaCom, and working for three sets of PFI project lenders on the Jarvis restructuring. The firm also won restructuring instructions on the Treofan, Meridien, Concordia Bus and APW matters.

On the formal insolvency side of the practice, Clifford Chance continued to act for one of the large US bank creditors of the Parmalat group, advised JP Morgan Chase Bank in the Federal Mogul case, and represented GATX in relation to a winding-up petition in the Cayman Islands. The practice also acted for a number of US and UK creditors to the Enron estates.

Clients of the group for whom Clifford Chance conducts a lot of repeat instructions include JP Morgan Chase, KPMG, Citigroup, Deloitte, Ernst & Young and PricewaterhouseCoopers.

Leading lawyers

Adrian Cohen
Nicholas Frome
Mark Hyde

Key contact partner

Mark Hyde

Denton Wilde Sapte

Denton Wilde Sapte's 10-partner insolvency and restructuring group is backed up by a team of 35 associates. The market clearly holds Denton Wilde Sapte's practice in high regard, with commentators noting the firm "has some great people" and "has always been one of the top firms for UK insolvency work." The firm's clients include Kroll, the Royal Bank of Scotland, PricewaterhouseCoopers, KPMG and Ernst & Young. Practice head Mark Andrews is recognized as one of the UK's foremost insolvency specialists.

In addition to the deal flow generated by the firm's formal insolvency expertise, Denton Wilde Sapte has been involved in some of the most complex and rewarding restructuring matters around. The firm's impressive recent deal list includes roles on Federal Mogul, Mayflower Corporation, Independent Insurance and Global Marine Systems.

On Federal Mogul – one of the largest cross-border restructuring proceedings in history – Dentons advised the administrators in a massive, complex and multi-faceted assignment requiring the deployment of a substantial team, on which the firm is likely to be heavily engaged for the whole of 2005. Acting for the administrators throughout 2004 and the first part of this year involved the firm in a stream of High Court and Court of Appeal litigation, dealing with all manner of issues, including conflicts between UK administration and US Chapter 11 proceedings, the T&N pension deficit, insurance and reinsurance matters, and the extent to which the UK court can communicate with and assist the US Court.

The Denton Wilde Sapte team acted for the syndicate of banks providing £165 million (\$297 million)-worth of facilities to the Mayflower Corporation Group in relation to Mayflower's initial refinancing and subsequent workout. The instruction involved complex intercreditor negotiations and standstill arrangements with bondholders and other financial creditors. The firm also subsequently acted for Deloitte as administrators of the Mayflower Corporation. Part of the group's work for the administrators involved applications to court to clarify changes to insolvency law brought in by the Enterprise Act 2002. The court ruled in the administrators' favour in respect of the continuing ability to sell the company's business ahead of creditors' meetings.

In another notable instruction, the firm was engaged advising the provisional liquidators on the Independent Insurance matter, one of the largest professional negligence claims to arise from insolvency in the past decade. Denton Wilde Sapte's restructuring specialists also acted for a number of companies in the Royal Bank of Scotland (RBS) group, in connection with an exposure of around £40 million to Global Marine Systems. The company was successfully restructured, and exited administration through a creditors' voluntary agreement. As well as advising RBS, the firm also assisted the administrators in drafting the secured loan note documentation, part of the package negotiated on behalf of impaired creditors.

Leading lawyer

Mark Andrews

Key contact partners

Mark Andrews
Rachel Anthony
Graham Paine

Freshfields Bruckhaus Deringer

The highlight of a strong year for Freshfields Bruckhaus Deringer's 11-partner restructuring practice saw the firm advise Queens Moat Houses (QMH) on the company's restructuring and strategic review, which began in June 2003. In June 2003 QMH agreed a vital deal that secured the option to prepay £215 million (\$387 million)-worth of mortgage-debenture stock. The bonds carried interest rates well above market rates, and did not allow for early repayment. The deal unlocked the group's complex debt structure and enabled QMH to restructure without the need to litigate. Queens Moat Houses was shortlisted for *IFLR's* restructuring deal of year 2005. The strength of the firm's practice is revealed by the fact that it advised on each of the three other deals shortlisted for the award: British Energy, MyTravel and the Welcome Break Group. Freshfields' team is reported to be "exceptionally strong on the corporate side." Ken Baird, Chris Howard and Sandy Shandro are all much recommended by the market.

The British Energy restructuring was one of the largest and most complex of any in UK corporate history. Freshfields advised British Nuclear Fuels on the project, which combined a number of discrete transactions brought together under a single

restructuring. The total amount involved was £16.2 billion: £15 billion-worth of nuclear liabilities and £1.2 billion-worth of debt, in a deal conducted over a three-year period. Court approval of creditor and member schemes was obtained in January 2005, leading to one of the largest new London listings in the past two years. The deal was awarded *IFLR* restructuring deal of the year 2005.

On Telewest's £6 billion restructuring, Freshfields acted for the company, and led the restructuring process throughout. Leading negotiations, structuring the deal, drafting the documentation, liaising with the UK Listing Authority and defending the proceedings required a sizeable, dedicated team with a variety of skills, including cross-border expertise. The Telewest restructuring was shortlisted for, and has won, various restructuring awards.

In MyTravel's £1.35 billion restructuring, Freshfields advised the aircraft financiers. The deal was opposed by the company's bondholders, although agreement was eventually reached that allowed the original proposal to proceed without recourse to a court scheme. The firm also won a role on the Welcome Break Group matter, advising the security trustee in one of the shortest receiverships on record. The deal followed three previous attempts to restructure the group, and had to be structured around one of the first whole-business securitizations.

Leading lawyers

Ken Baird
Chris Howard
Sandy Shandro

Key contact partners

Ken Baird
Peter Bloxham
Sandy Shandro

Linklaters

Linklaters' restructuring and insolvency group is reported to be strong on the bank lending side, and some commentators feel that "the practice is up there with the top two in terms of volume." Last year Linklaters' restructuring and insolvency team advised Deloitte in its capacity as administrative receiver of Welcome Break Finance, a special purpose vehicle used to facilitate the financing of the Welcome Break Group.

The firm performed well last year, despite a comparatively lean year in the UK restructuring market. It advised Stolt Offshore on refinancing the company's existing \$700 million senior facilities by way of a secured multicurrency revolving credit and guarantee facility underwritten by a consortium of banks, and has also been engaged in the final stage of selling the Boxclever Group business to a US private equity fund, following a bidding process that began at the end of 2003.

On the formal insolvency side, meanwhile, Linklaters advised PricewaterhouseCoopers, as administrators, on the sale of business and assets of the SFI Group. The sale, to

Yates's Wine Lodge, was structured as an administration pre-pack, the selling companies being placed in administration immediately before completion. The implementation of the sale, through the appointment of administrators, was an innovative method of minimizing risk both for the buyer and the seller, and the sale was structured to allow continuous operation of pubs and bars with no discernable disruption to the business.

Leading lawyers

Tony Bugg
Richard Bussell
Robert Elliott

Key contact partners

Tony Bugg
Richard Bussell
Robert Elliott

Lovells

Although some commentators feel that Lovells is not as active as some of its rivals in the corporate restructuring and workout market, others note the firm has a strong insolvency practice thanks, in part, to "excellent relationships with lending banks." Infrastructure is reported to be an area of expertise for Lovells, and Robin Spencer is considered to be "a top man for insurance insolvency." The firm also has close ties with big accountancy firms PricewaterhouseCoopers, Ernst & Young and KPMG. In one standout instruction last year, the firm represented the official committee of the asbestos claimants in relation to Federal Mogul, and advised the European holding companies of the TXU Group on the restructuring of the group's European liabilities.

In another high-profile deal last year, Lovells acted for issuer Welcome Break Finance on the Welcome Break Group insolvency. Welcome Break Finance was set up in 1997 after Investcorp's acquisition of Welcome Break. The deal had to be structured around one of the first whole-business securitizations, and was conducted under the accelerated timescale of the new Enterprise Act. Lovells consulted and lobbied regarding the corporate insolvency provisions of the Enterprise Act 2002 and the amended insolvency rules, which came into force in 2003. The Act makes fundamental changes to corporate insolvency law by prohibiting the appointment of administrative receivers, streamlining the administration process and abolishing preferential payment to Crown creditors.

Leading lawyers

Debbie Gregory
Robin Spencer

Key contact partners

Stephen Foster
Debbie Gregory
Robin Spencer

Bingham McCutchen

Restructuring and insolvency specialist Bingham McCutchen has made a big impact in European bondholder representation. The seven-partner firm boasts a number of highly talented and well-regarded lawyers who are, at least in part, responsible for securing bondholders more of a say at the negotiating table. The firm has revelled in challenging the previously entrenched dominance of bank creditors in insolvencies. Last year's highlights include working with Close Brothers Corporate Finance in advising the steering group, and acting for the agent of the junior term noteholders in relation to the Queens Moat Houses restructuring.

Queens Moat Houses had been left heavily over-indebted after a previous restructuring in 1995. Bingham was involved in resolving a serious commercial problem arising from £215 million (\$387 million)-worth of long-term mortgage debenture stock secured on the group's UK hotels. The stock carried a high rate of interest but no right of prepayment, and therefore operated as a poison pill to any sale or restructuring. Using an administration filing and court application under the administration provisions of the Enterprise Act 2002, however, the steering group was able to negotiate prepayment terms for the mortgage debenture stock and discharge the expensive stock. Bingham's clients recovered more than 90 pence in the pound from the transaction.

Bingham McCutchen also represented the senior lenders of UK rail renewal and infrastructure development company, Jarvis, in relation to its restructuring negotiations. Bingham took a leading role in negotiating the revised financing terms, as well as the intercreditor arrangements among the lenders. The firm also represented Sisu Capital in negotiations with the equity sponsor, Investcorp, on the Welcome Break deal, which was complicated by the company's whole-business securitization. The firm also won a role in the Mayflower restructuring, and is advising a group of Parmalat bondholders. Other clients of the practice include the Prudential Insurance Company of America, ING Investment Management, Cargill Financial Markets, Matlin Paterson Global Partners and Elliott Associates.

Leading lawyers

James Roome
Barry Russell

Key contact partners

Sarah Coucher
James Roome
Barry Russell

Cadwalader Wickersham & Taft

Cadwalader Wickersham & Taft's "bullish" approach to bondholder representation continues to produce results, as confirmed by the firm's presence on many of the most high-profile corporate restructuring transactions of last year. The firm acted for the subordinated convertible bondholders of the MyTravel Group, which included Fidelity and Lehman Brothers, in connection

with bondholder opposition to the proposed restructuring of the company. Cadwalader also advised the bondholder committee on British Energy, which involved the renegotiation of merchant power trading contracts and long-term power purchase agreements, as well as a unique nuclear liability debt-for-equity hybrid exchange.

As well as MyTravel and British Energy – both of which were shortlisted for insolvency and restructuring deal of the year at *IFLR's* 2005 European awards – Cadwalader was involved in numerous other high-profile transactions, including Eurostar, TXU, Meridien and NTL. The practice's clients include M&G Investment Management, Cargill Financial Markets, Goldman Sachs Whitehall Fund and KPMG. The firm is highly recommended to all types of bondholder investors, and from among the talented team, Andrew Wilkinson stands out as "an excellent and extremely effective lawyer."

Leading lawyer

Andrew Wilkinson

Key contact partners

James Douglas
Richard Nevins
Andrew Wilkinson

Herbert Smith

Herbert Smith's eight-partner corporate recovery and insolvency group has a growing reputation for its work in complex restructuring and insolvency transactions. The breadth and size of the firm's wider team enables Herbert Smith to work on the largest transactions, such as TXU, in addition to providing pre-insolvency advice to directors. The firm receives a great deal of referral work from US firms seeking transatlantic support, and has developed a European corporate recovery group with allied firms Gleiss Lutz and Stibbe.

Herbert Smith advised the administrators and liquidators of the TXU European group on one of the most complex creditors' voluntary agreements (CVAs) ever accomplished, involving 28 interlocking CVAs, around £4 billion (\$7.2 billion)-worth of debt, £2 billion-worth of assets, and a wide range of complex and contentious legal issues. Kevin Pullen has considerable experience advising on tricky restructurings of this type, and was praised highly by the market for his work on the TXU deal.

In other notable deals last year, the firm advised CIBC World Markets in connection with the restructuring and disposal of its noteholding in the Boxclever group, acted for Greycoat on the proposed restructuring of its £150 million bank and bond debt, represented the Department of Trade and Industry on the restructuring of the nuclear industry, and guided Del Monte through the restructuring of the Cirio group of companies.

Herbert Smith was also instructed by the Department for Work and Pensions, on provisions of the Pensions Protection Fund in the Pensions Act 2004.

Leading lawyers

Stephen Gale
Kevin Pullen

Key contact partners

Laurence Elliott
Stephen Gale
Kevin Pullen

Slaughter and May

In a quieter market for restructuring and insolvency work generally in the UK, the consensus in the market is that Slaughter and May has nonetheless “done some great deals of late.” The practice has acted on most of the large transactional matters to reach the market this year, and moves up the rankings as a consequence. Commentators noted that “although the firm does not have a huge banking practice, its corporate connections mean it acts on the best restructuring work.” Practice head Jonathan Rushworth is highly regarded by peers and clients alike, and leads a team of 11 partners who regularly advise on restructuring matters.

The firm acted for MyTravel in relation to the company’s £1.35 billion (\$2.43 billion) restructuring. In light of bondholder challenges to the company’s original proposal, Slaughter and May sought to implement the restructuring by way of scheme of arrangement. Settlement of the bondholder litigation however, allowed the deal to conclude on its original terms. The practice also represented the UK government on the *IFLR* award-winning £16.2 billion British Energy restructuring, acted for Jarvis in respect of the refinancing of the company’s debt and of 14 private finance initiative projects operated by the group, and represented the Mayflower Corporation on its refinancing.

As well as debtor-led instructions, the practice also acts for banks and other creditors, representing BNP Paribas and Calyon when Euro Disney announced the signing of a memorandum of agreement with its creditors, and acting for Capita IRG Trustees in its capacity as trustee of two mortgage debenture stock issues of Queens Moat Houses. The firm was shortlisted for restructuring team of the year at this year’s *IFLR* European awards.

Leading lawyer

Jonathan Rushworth

Weil Gotshal & Manges

Weil Gotshal & Manges has 19 insolvency and restructuring lawyers in its London office. Commentators note that Weil’s success in developing a reputation in the London market has been due in no small measure to its “superb” US practice, which has played key roles on the high-profile Enron, Parmalat and WorldCom restructurings.

Last year the London team was retained by Eurotunnel to advise on the company’s potential restructuring of its UK and French operations. Weil also continues to advise Parmalat generally regarding its global operations, and particularly relating to the jurisdictional issues in the Cayman Islands and those in Ireland regarding the EU insolvency regulations. The firm has been involved in almost every other large restructuring instruction over

the past year, advising Bear Sterns on MyTravel, acting for Enron on British Energy, representing Telewest Communications in relation to its restructuring, and advising the official committee of asbestos property damage claimants on the Federal Mogul matter.

Key contact partner

Chris Mallon

White & Case

White & Case maintains a solid blend of US and UK law capacity, and practice head Dan Hamilton is well respected by the market. Although much of the firm’s recent instructions have been confidential in nature, over the past year White & Case has acted for a number of large US banks on cross-border matters.

Clients of the practice include Bank of New York, the Canadian Imperial Bank of Commerce, Cordiant, Deutsche Bank, Ernst & Young, Grant Thornton, JP Morgan Chase, KBC Bank, KPMG, Morgan Stanley and PricewaterhouseCoopers.

Leading lawyer

Dan Hamilton

Key contact partner

Dan Hamilton

Other notable firms

Ashurst has had a busy year, and moves up the rankings as a result. Much of the firm’s work over the year has been debtor-led, with instructions from Teesside Power, Henlys Group and Welcome Break Group. But Ashurst has also acted for a number of lenders in bank-led restructurings. For example, a team led by partner Nick Angel acted as special European counsel to the official committee of unsecured creditors of Federal Mogul. The collapse of Federal Mogul is one of the world’s largest insolvencies, with liabilities of around \$10 billion, and the unsecured creditors committee is one of the drivers of the restructuring process. In other notable instructions, Ashurst acted for Welcome Break on its £376 million restructuring, advised the liquidators of Baring Futures Singapore, represented Teesside Power as a major creditor in the restructuring of British Energy, steered the Henlys Group through its \$365 million refinancing, and advised Parmalat Food Holdings UK in relation to the sale of Parmalat’s UK dairy business and related assets to United Dairy Farmers through a pre-packaged administration.

Latham & Watkins continues to build on its experience in this practice area, and is recommended for advice on any cross-border matter with a US element. Last year Latham advised Deutsche Bank on the *IFLR* award-winning British Energy deal, and acted for the private placement noteholders on MyTravel’s restructuring. In other matters, the firm advised KPMG on the receivership sale of Atlantic Electric and Gas to Scottish and Southern Energy, and acted for the New York Life Insurance Company on the financial reorganization of the Del Monte Foods Group. Latham & Watkins’ other restructuring clients include KPMG, Sempra Energy and the Unum Provident Corporation.

Although the market feels that **CMS Cameron McKenna** is less likely to appear on the larger corporate restructurings, the firm remains one of the UK's best choices for domestic insolvency advice: "They advise on a huge amount of UK insolvency instructions and are very competitive," said one partner at a magic-circle practice.

And **DLA Piper Rudnick Gray Cary** boasts one of the UK's largest law firms by partner numbers, and provides full service legal advice from London and the largest UK commercial centres (Birmingham, Edinburgh, Glasgow, Leeds, Liverpool, Manchester and Sheffield). The market notes that the firm's business support and restructuring group maintains a "great mid-market practice" that "handles a large amount of work."

Mergers and acquisitions

Recommended firms

Tier 1

Freshfields Bruckhaus Deringer

Linklaters

Slaughter and May

Tier 2

Allen & Overy

Clifford Chance

Herbert Smith

Tier 3

Ashurst

Lovells

Macfarlanes

Norton Rose

Tier 4

Skadden Arps Slate Meagher & Flom

Tier 5

Shearman & Sterling

Simmons & Simmons

Sullivan & Cromwell

Travers Smith

Weil Gotshal & Manges

Tier 6

CMS Cameron McKenna

Denton Wilde Sapte

DLA Piper Rudnick Gray Cary

Jones Day

Mayer Brown Rowe & Maw

Sidley Austin Brown & Wood

White & Case

Tier 7

Baker & McKenzie

Berwin Leighton Paisner

Dickson Minto

Latham & Watkins

McDermott Will & Emery

Milbank Tweed Hadley & McCloy

SJ Berwin

Wragge & Co

Freshfields Bruckhaus Deringer

IFLR1000's market commentators had a lot to say about Freshfields Bruckhaus Deringer's mergers and acquisitions practice, with attention drawn to the firm's "strength in depth," "calibre of lawyers" and "incredible corporate links." Other commentators stressed that, although Freshfields did not have its busiest year last year, it is "very impressive," "full of excellent lawyers" and "a top, cutting-edge practice". Mark Rawlinson is praised by contemporaries for his work on the Focus Wickes transaction and is described as "a commercial and sensible operator."

Freshfields Bruckhaus Deringer's corporate partners advised on two of the deals shortlisted for IFLR's European M&A deal of the year. In the first, Freshfields acted for the financial advisers on Sanofi-Synthelabo's €57 billion (\$68 billion) acquisition of Aventis, an instruction complicated by the vagaries of the French presenting bank concept and by the groundbreaking defence launched by Aventis centered around a warrant relating to Plavix, Sanofi's leading product. And the second saw Freshfields advise two members of the DLJ Consortium on its \$3 billion purchase of Warner-Chilcott.

Freshfields unfortunately missed out on further appearances on the M&A deal of the year shortlist – on two of other short-listed deals (Songbird's purchase of Canary Wharf and Centrica's sale of the AA) the firm landed roles advising the bidding consortium that ultimately lost out. Sanofi's takeover of Aventis was the largest acquisition by value in Europe in 2004, and was awarded IFLR European M&A deal of the year.

Elsewhere, the firm advised Aggregate Industries on its £2.5 billion sale to Holcim, acted for the London Stock Exchange on the various bids launched to take it over, and represented Messer Griesheim when the company's UK, US and German businesses were acquired by Air Liquide for \$3.3 billion. The firm has a team of 44 partners specializing in M&A work, backed up by over 160 associate solicitors.

Leading lawyers

Ed Braham

James Davis

Patrick Gaynor

Will Lawes

Barry O'Brien

Mark Rawlinson

Key contact partners

Tim Jones

Martin Nelson-Jones

James Wood

Linklaters

Despite a quiet start last year, the mergers and acquisitions market gradually improved as the year progressed. Linklaters' corporate team responded by continuing to win a host of client mandates and advise on the more complex and challenging deals, including some of the highest-profile cross-border deals worldwide. The 44-partner practice was named 2005 *IFLR* team of the year for European M&A, winning the biggest roles on four

out of the six shortlisted deals of year. In terms of volume, too, the firm appeared at the top of the M&A league tables, advising on over €190 billion-worth of deals in Europe last year.

The practice contains many excellent lawyers, but lead partner David Cheyne is singled out for particular praise from rival practitioners who note that he “heads up the team well” and “has some gifted people around him.” One of those gifted people is Iain Fenn, described as “superb and highly active in the market.”

The firm acted for the buyer on three standout deals last year. Most notably, it landed a plum role on the deal that won *IFLR*'s M&A deal of year, acting for Sanofi-Synthelabo on its €57 billion (\$68 billion) takeover of Aventis, a role that required both tricky navigation around the complications presented by the French presenting bank concept, and skillful negotiation in the face of Aventis' attempts to thwart the takeover through its groundbreaking defence centered around a warrant relating to Plavix, Sanofi's leading product. The three other shortlisted deals on which Linklaters acted saw the firm advise Interbrew on its merger with Ambev to create the world's largest brewing company, represent Goldman Sachs in its capacity as part on the Songbird consortium that acquired Canary Wharf, and act for Centrica when it sold the Automobile Association to CVC Capital Partners and Permira for £1.75 billion.

Meanwhile, Linklaters deployed a team spanning London, Bucharest, Prague and Luxembourg to act for the winning consortium on its purchase of Bulgarian mobile operator MobilTel for €1.2 billion. The deal was the largest leveraged buyout in central and eastern Europe last year.

The practice also won a role advising JP Morgan Chase on the creation of UK investment bank JP Morgan Cazenove. The transaction combines Cazenove's investment banking business and JP Morgan's UK investment banking business in a jointly owned company. In a smaller deal Linklaters advised AstraZeneca UK on the acquisition of a stake in the Cambridge Antibody Technology Group for £75 million.

Another standout deal saw Linklaters, led by partner Charlie Jacobs, act for Goldfields in its defence against a hostile \$8 billion offer from Harmony.

Leading lawyers

David Cheyne
Richard Godden
Charlie Jacobs
Matthew Middleditch
Jeremy Parr
Lee Taylor
Steven Turnbull

Key contact partner

David Cheyne

Slaughter and May

With 87 deals totalling over £120 billion (\$216 billion) in value for 2004, the firm stands out both in terms of quantity and the usual quality associated with this pre-eminent corporate prac-

tice. “They have a deep seam of enormously talented corporate lawyers,” commented one practitioner at a US firm in London. Other commentators pointed to the strength of the firm's support departments outside acquisitions, with particular mention made of the pensions team: “Pensions are the big issue in M&A, along with environment and competition, and Slaughters have a top-notch pensions practice,” said one lawyer at a rival UK firm. Of the firm's many leading practitioners, Frances Murphy is described as “very professional, tough and pragmatic,” while David Johnson is said to be “excellent with clients.”

Slaughter and May's biggest instructions of the past 12 months saw it advise on the UK's largest recommended public takeover of 2004, Banco Santander's £8.9 billion offer for Abbey National, as well as the largest hostile public offer, Philip Green's approach to Marks & Spencer.

Unlike its top-tier rivals, the firm does not maintain an extensive network of overseas offices, preferring instead to work with leading independent lawyers on the largest and most complex international deals. “Slaughters has a different, but highly successful business model” said one interviewee at a mid-tier practice. Recent highlights show that this trend is continuing to be extremely successful for the firm, particularly in northern Europe. Last year, for example, the practice worked with leading Dutch M&A firm De Brauw Blackstone Westbroek on the reorganization of the Shell group of companies, teamed up with German market leaders Hengeler Mueller and Dutch experts Nauta Dutilh on Palamon Partners' acquisition of Six Flags, and worked alongside De Brauw, Hengeler Mueller and leading French M&A boutique Jeantet et Associés on the General Electric Capital Corporation's acquisition of Haslemere.

The firm's independent status means that it is also able to work in conjunction with the US legal market's *crème de la crème* on global M&A deals involving US law. In 2004, for example, Slaughter and May joined forces with Cravath Swaine & Moore on the restructuring of the Shell Group of Companies, worked with Sullivan & Cromwell on Diageo's sale of its stake in General Mills, acted with Simpson Thacher & Bartlett on the merger of WPP and Grey Global and teamed up with Davis Polk & Wardwell on the acquisition by Regus of HQ Global Holdings.

The firm regularly acts for a cornucopia of FTSE 100 companies, including Abbey National; British Airways; BOC; Diageo; Marks & Spencer; Shell Transport; Whitbread and Unilever. Slaughters is often seen working alongside UK corporate broker Cazenove, recently advising the bank on its joint venture with JP Morgan Chase. Last year the firm added Morgan Stanley Real Estate to its client roster.

Leading lawyers

Nigel Boardman
Stephen Cooke
Martin Hattrell
Kathy Hughes
Neil Hyman
Glen James
David Johnson
Frances Murphy

Charles Randell
 Andy Ryde
 Christopher Saul
 William Underhill

Key contact partners

Nigel Boardman
 Stephen Cooke

Allen & Overy

Although the perception of some in the market is that the Allen & Overy's core strength is its pre-eminent finance practice, the firm's corporate credentials are certainly not to be sniffed at. The department boasts 52 corporate partners and over 120 associates in London alone, and the practice achieved a number of panel wins over the last year, with appointments to Accenture, National Australia Bank, GE, HSBC and Lehman Brothers. While it is still true to say that finance is the firm's strongest suit, the corporate practice is definitely catching up, and it will be interesting to chart the practice's progress over the coming years.

Although some feel the firm did not have its most prolific year in terms of deal flow, Allen & Overy's corporate practice still managed to advise on some of the largest and highest-profile transactions in the market last year. For example, the firm landed a key role on the first deal in the consolidation of the closed-life-book sector when it advised Royal & Sun Alliance on the £850 million sale of its UK life business to Resolution Life Group. The practice also advised on the \$1.6 billion battle for Nasdaq- and London-listed Warner-Chilcott. The deal was the first in the UK to adopt a right-to-match-competing-offer clause, and was one of the deals shortlisted for IFLR's European M&A deal of the year.

Among the year's other highlights, Allen & Overy advised BT on its \$965 million acquisition of California's Infonet Services Corporation, acted for Standard Chartered on its \$3.3 billion acquisition of Korea First Bank (the largest-ever investment into Korea), and represented a Macquarie Communications Infrastructure Group-led consortium on its £1.27 billion agreement to acquire NTL's antenna towers business in the UK. In other deals, Allen & Overy acted for the WPP Group on its \$1.3 billion acquisition of Grey Global, represented the Celltech Group on the £1.53 billion offer from UCB, and advised the Malcolm I Glazer Family Limited Partnership in relation to its bid for UK soccer club Manchester United.

The strength of the firm's finance practice means that Allen & Overy is a regular firm of choice for investment banks and companies requiring all manner of corporate finance advice. In addition to the banks, the firm's list of corporate clients includes Cable & Wireless, WPP, Collins Stewart Tullett, Imperial Tobacco, ICI, Centrica, Pfizer, RWE and United Business Media.

Leading lawyers

Alan Paul
 David Wootton

Key contact partner

Richard Cranfield

Clifford Chance

Clifford Chance's large M&A operation comprises 48 partners who are supported by over 130 assistants. With this sort of capacity, it is hardly surprising that the firm carries out a phenomenally large volume of mergers and acquisitions work, and regularly appears at the top of the various M&A league tables. According to one information provider, during 2004 Clifford Chance advised on 114 UK M&A deals with a total value of €64 billion (\$76.8 billion). However, the firm is not all about volume – over the past 12 months it also won roles on a number of standout bespoke transactions. Of the leading corporate M&A specialists at the firm, Adam Signy is singled out by the market as “a star,” “very successful” and “clearly destined for greatness.”

Clifford Chance's corporate group advises on many of the world's largest and most complex M&A transactions, and recent mandates show that it is equally adept at advising buyers, targets and sellers. The firm won roles on four of *IFLR*'s shortlisted European M&A deals of the year. On the target side, Clifford Chance's standout deal saw it win a role on the ultimate *IFLR* M&A deal of the year award-winner, steering Aventis through its €57 billion takeover by Sanofi-Synthelabo, an innovative deal made even more complex by the groundbreaking defence launched by Aventis centered around a warrant relating to Plavix, Sanofi's leading product, and by the effect of the French presenting bank concept. Another *IFLR* shortlisted deal of the year on which Clifford Chance acted for the target saw the firm instructed by Canary Wharf and its board on its £1.7 billion acquisition by the Morgan Stanley Real Estate Fund-led consortium, Songbird.

On the buyer side, meanwhile, the firm acted for CVC Capital Partners and Permira as they acquired The Automobile Association from Centrica for £1.75 billion, and represented Banco Santander on its acquisition of Abbey National for \$15.8 billion. Clifford Chance also played a part in the DLJ Consortium's \$3 billion acquisition of specialist pharmaceutical company Warner-Chilcott, advising the debt providers. The Warner-Chilcott deal was the first in the UK to adopt a right-to-match-competing-offer clause.

Outside *IFLR*'s M&A deal of the year shortlist, Neil Harvey and retail specialist Kathy Honeywood spearheaded Clifford Chance's advice to leading UK supermarket chain Safeway in relation to its £4.3 billion takeover by WM Morrison Supermarkets. Morrisons had agreed a recommended bid with Safeway in January 2003, only for the offer to lapse after referral to the Competition Commission. The parties then agreed a second bid, effected by scheme of arrangement, which completed in March 2004, ending the firm's involvement in one of the longest-running takeovers in recent British corporate history.

Among the year's cornucopia of other highlights, the firm advised International Power and Mitsui & Co on the £2.9 billion acquisition of power plants from Edison International, acted for Multiplex, as part of a consortium, on the £2.2 billion cash

offer for Duelguide, represented the Halfords Group and CVC Capital Partners in relation to Halfords' flotation on the London Stock Exchange, and provided advice to Morgan Stanley in its capacity as financial advisor to Securicor in relation to its £967 million merger with Group 4 Falck.

Clifford Chance's corporate group maintains an impressive client list that features public and private corporations as well as investment banks and financial institutions. The firm's long-standing clients include the Arcadia Group, Aviva, Barclays Bank, Credit Suisse First Boston, Collins Stewart Tullet, Daily Mail & General Trust, the Gala Group, PPM Ventures and Standard Life. The London corporate team also acquired a number of new clients during 2004, including Banco Santander, Cantor Fitzgerald, Halfords, Intelsat, MNS, Multiplex, Reuters, Shell, Warburg Pincus and Vision Capital.

Aside from mainstream M&A, the corporate group encompasses specialist practices in commercial contracts, private funds advice and competition and antitrust.

Leading lawyers

David Childs
Daniel Kossoff
Guy Norman
David Pearson
David Pudge
Adam Signy

Key contact partners

Daniel Kossoff
David Pearson
Adam Signy

Herbert Smith

With around 60 partners backed up by over 130 assistants turning their hands to corporate matters, Herbert Smith has considerable strength in depth. Through recent instructions, the practice has shown it is capable of competing with the best on the most complex and rewarding cross-border mergers and acquisitions work. "Herbert Smith has made great strides, and its relationship with Bank of Scotland has been prolific," said one M&A specialist at a leading UK practice.

Of the practice's recent work, three deals in particular merit attention. In a deal that narrowly missed the shortlist for *IFLR*'s M&A deal of the year, the firm acted for Hollinger International on the £729.5 million (\$1.3 billion) sale of the Telegraph Group, where the Herbert Smith team worked with Hollinger International's US lawyers, Paul Weiss Rifkind Wharton & Garrison. Secondly, the practice advised the majority shareholder on the £1.35 billion sale of Saga to a management buyout team supported by Charterhouse. And thirdly, the firm won an instruction from Morgan Stanley to advise Securicor on its £1.7 billion merger with Group 4 Falck to create Group 4 Securicor.

The firm's roles on the Hollinger and Saga transactions were both the result of auction success.

Demonstrating increasing presence at the top end of the market for cross-border M&A work, Herbert Smith has worked

on a number of major deals over the last year, including advising L'Air Liquide on its €2.7 billion acquisition of Messer Griesheim, acting for lastminute.com on its acquisition of German travel companies, representing Time Inc on its disposal of Time Life, and guiding TXU through the sale of its stake in Stadtwerke. The practice's list of recent cross-border transactions shows the firm's association with allies Gleiss Lutz and Stibbe has proved a fruitful one, boosting all three practices' standings in the various M&A league tables published last year.

At the same time, though, the firm's independent status means it has been able to develop and maintain excellent relationships with a number of leading US M&A practices. One example of this saw the firm join forces with US firm Cravath Swaine & Moore, alliance firms Gleiss Lutz and Stibbe, and Cuatrecasas, to advise Associated British Foods on its \$1.35 billion acquisition of the Australian group Burns Philp and Co, and to act for Bank of Ireland on its £49 million acquisition of Wachovia International Banking Corporation subsidiary Burdale Financial Holdings.

Leading lawyers

Gavin Davies
Caroline Goodall
Anthony Macaulay
Greg Mulley
James Palmer
Michael Walter
Steve Wilkinson

Key contact partners

Caroline Goodall
Stephen Hancock
Michael Walter

Ashurst

Ashurst worked on some large and challenging deals in 2004, the most high-profile of which was its role acting for Philip Green's company Revival Acquisitions on its failed bid to acquire Marks & Spencer. In total, the firm's 33 mergers and acquisitions partners in the UK worked on 97 deals, worth a total of over €38 billion (\$45.6 billion). Commentators report that the firm maintains "great deal flow" and that "in terms of numbers of listed corporate clients, Ashurst is one of the top firms."

Other highlights from last year include advising Deutsche Börse on its proposed cash offer for the London Stock Exchange, acting for the Taylor & Francis Group in relation to its merger with the Informa Group, and representing Kingston Communications on the proposed £169 million acquisition of the Omnetica Group. Ashurst also advised Terra Firma on the acquisition of the Odeon cinema chain for £400 million and the UCI cinema chain for £150 million. The Terra Firma instruction involved two competitive auction processes running on different timetables to enable Terra Firma to sign both acquisition agreements on the same day.

The firm's real standout instruction from last year, however, was its instruction from Warner-Chilcott to advise it on its sale to winning bidder the DLJ Consortium. The deal was complicated by the company's dual listing in the UK and the US, and was the

first in the UK to adopt a right-to-match-competing-offer clause. Under this clause, the leading bidder had 48 hours to match any higher bid received by Warner-Chilcott and retain the company's recommendation. The Warner-Chilcott deal was also the first to use an implementation agreement for the benefit of the target; such agreement is usually for the benefit of the bidders.

Longstanding Ashurst clients include Amvescap, Centrica, Cambridge Antibody Technology, Danisco, Helical Bar, Imerys, iSoft, the Man Group, P&O, Royal & Sun Alliance and Protherics.

Leading lawyers

Chris Ashworth
Adrian Clark
Charlie Geffen

Key contact partner

Adrian Clark

Lovells

Lovells' mergers and acquisitions practice is widely regarded as one of the top 10 in the London market. Internationally, the firm has advised over 400 M&A transactions with a total value of €108.7 billion since 2003. Commentators feel much of the firm's corporate work stems from advising financial institutions such as sponsors, brokers or providers of finance, and Lovells is also noted as particularly strong in the insurance M&A sector. Other surveyors of the UK acquisitions market noted that, although the firm has undergone a rationalization in recent years, it still has a larger group than some of its UK rivals.

Television company ITV and Barclays have proved to be productive clients for the firm over recent years, and Hugh Nineham is well respected. "Fundamentally, the firm remains a very good business" said a senior practitioner at a leading London M&A practice.

Leading lawyer

Hugh Nineham

Key contact partner

Hugh Nineham

Macfarlanes

"An unusually excellent firm" was how one leading lawyer at a top-ranked UK firm described Macfarlanes' mergers and acquisitions practice. The firm is smaller than many of its rivals but punches well above its weight, thanks, in part, to its "outstanding" lead partner Charles Martin and a "first-class" private equity practice. "Macfarlanes is a top notch firm ... it appears on significant transactions and has a tremendous links with private sponsors," commented an M&A lawyer at one of London's largest law firms. The firm is highly recommended for purely UK domestic mergers and acquisition work.

At the time of writing, the firm was engaged advising Pernod Ricard in relation to the €295 million (\$354 million) sale of the Bushmills distillery, undertaken as part of Pernod's

bid for Allied Domecq. Macfarlanes is also advising Pernod on a €469 million call option (in favour of Diageo) over Pernod's Montana New Zealand wine business.

Last year the practice was instructed by Erikem Luxembourg, a Luxembourg holding company backed by PPM Ventures, Montagu Private Equity, and MB Funds on the €345 million sale of Finnish Chemicals Oy to Kemira Oyj.

Macfarlanes also advised private equity-backed vehicle IPC in relation to its bid for Canary Wharf. Although IPC's bid was ultimately unsuccessful, the deal spilt Canary Wharf's major shareholders in a protracted bidding war that led to three appeals to the Takeover Panel.

Other regular clients of the practice include, Alchemy, Omnicom, 3i, JP Morgan, Dresdner Kleinwort Wasserstein and Virgin Management.

Leading lawyer

Charles Martin

Key contact partners

Tim Lewis
Charles Martin
Robert Sutton

Norton Rose

The market continues to be impressed with the quality of Norton Rose's lawyers and clients. Says one practitioner, "they have a smaller number of partners, but good people and some excellent corporate clients." These clients include some of Europe's most prominent corporates and names such as Carlsberg, Nestlé and HSBC have all turned to the firm for advice in recent times. Other commentators were impressed with the firm's "excellent" niche insurance practice. Although the firm's practice is indeed smaller than some of its rivals, Norton Rose still has 33 mergers and acquisitions partners, backed up by a team of over 70 associates.

Last year the firm was engaged twice on big instructions involving HSBC. In the first, Norton Rose acted for the bank in relation to its £275 million (\$467 million) acquisition of Marks & Spencer Retail Financial Services Holdings, and in the second, it found itself across the negotiating table from HSBC, advising TBI on HSBC's £551 million cash offer for the company, made on behalf of Airport Concessions and Development.

In other recent deals the firm advised Nexen on its \$2.1 billion acquisition of EnCana UK, and acted for Isis Asset Management on Isis' £1 billion merger with the F&C Group.

Leading lawyers

Laurence Levy
Chris Pearson
Simon Sackman

Key contact partners

Martin Scott
Barbara Stephenson
Mark Lloyd Williams

Skadden Arps Slate Meagher & Flom

Rival practitioners at UK firms continue to identify Skadden Arps as the foremost US competitor for mergers and acquisitions advice in London. The firm is often present on any large cross-border M&A deal with a US component, but has also been successful in building a genuine European M&A capability. "They are first-tier in terms of quality, but handle less deals than the established UK M&A practices" said one leading lawyer at a UK magic circle firm. "Skadden genuinely competes for UK M&A instructions," says another practitioner, "... they are able to handle the work here in London and have less referrals going out than some of their competitors." From among the strong team, Michael Hatchard is "a great guy, highly experienced and always does a great job for his client." Alan Murray-Jones is also well known and respected in the UK market.

Skadden's standout mandate of the past year saw it represent Goldman Sachs, Morgan Stanley and Rothschild as financial advisors to Aventis, when Aventis was acquired for €57 billion (\$68 billion) by Sanofi-Synthelabo. This *IFLR* award-winning M&A deal was extremely complicated, not least because of the problems arising out of the French presenting bank concept and because of Aventis' attempts to defend the takeover through its groundbreaking defence centered around a warrant relating to Plavix, Sanofi's leading product.

Among the year's other highlights, Skadden represented Gold Fields in relation to its defence of a \$7.8 billion takeover bid from the Harmony Gold Mining Company, acted as US counsel to Cemex in connection with its \$5 billion acquisition of the RMC Group, and represented the Westfield Group, as part of a consortium that also featured the Multiplex Group and Aldersgate Investment, on its £2.1 billion cash offer for Duellguide.

Leading lawyers

Michael Hatchard
Alan Murray-Jones
Scott Simpson

Key contact partners

Michael Hatchard
Scott Simpson

Shearman & Sterling

Along with Skadden Arps Slate Meagher & Flom, Shearman & Sterling is one of few US firms in London that is seen as a genuine competitor for UK M&A work. Commentators view Shearman as a good choice for UK mergers and acquisitions work: in the words of one seasoned M&A lawyer, "it is an expanding practice that appears more and more active in the market of late." Practice leader Peter King is described as an "excellent operator" by peers.

On the deal front last year Shearman & Sterling displayed its cross-border capabilities when it advised Viacom and Vivendi Universal in relation to their sale of United Cinemas International to Terra Firma Investments. The deal involved assets in the UK, Ireland, Germany, Austria, Italy, Spain, Portugal and Brazil. The practice also advised R20 in connection with the £151 million acquisition of Laurel's pub business from Morgan Grenfell Private

Equity, and guided mmO2 through an innovative corporate restructuring and scheme of arrangement. The reorganization is intended to allow the British mobile-phone operator to pay dividends, buy out small shareholders and reduce the number of US shareholders, with a view to deregistration under the US Securities Exchange Act of 1934.

Shearman & Sterling also advised ABN Amro, as financial advisor to Royal Dutch Petroleum, in relation to the £43.8 billion unification of Royal Dutch and Shell Group.

Leading lawyers

Peter King
Adrian Knight

Key contact partners

Bonnie Greaves
Peter King
Adrian Knight

Other notable firms

Mayer Brown Rowe & Maw is said to have strengthened its M&A practice considerably in recent years, and is tipped as one to watch by some commentators. And the market feels that, although **Milbank Tweed Hadley & McCloy** has a small team of UK mergers and acquisitions lawyers, Tim Emmerson is "fantastically talented" and "a key M&A practitioner."

Sidley Austin Brown & Wood appeared on some exciting instructions last year, most notably acting for the CIT Group in relation to its \$950 million acquisition of CitiCapital's western European vendor-finance leasing business. As well as the UK, the target business had operations in France, Spain and Germany. The firm also acted for First Data International in connection with its €206 million purchase of Delta Singular Outsourcing Services, the largest credit-card issuer and processor in Greece. As well as its role on the acquisition itself, the firm also counselled First Data on the negotiation of a 10-year exclusive card-issuing and processing agreement with Alpha Bank, Greece's second-largest bank. Sidley Austin also completed a number of smaller M&A instructions, including acting for Aon Limited (the Aon Corporation's UK subsidiary) in relation to the sale of its Axiom insurance services division.

Last year, corporate and commercial partner Charles Mayo led a **Simmons & Simmons** team advising PA Consulting Group, the management, systems and technology consulting firm, on the \$125 million sale of its interest in Meridica to Pfizer. The practice also advised the Royal Dutch/Shell Group of companies on the sale of Shell's oil products businesses in Belize, Guyana and Suriname to the Sol Group.

Sullivan & Cromwell comes highly recommended for any large cross-border transactions with a US law dimension. Sullivan & Cromwell does not seek to compete on the UK domestic front, but the firm's recent deal record for US law advice speaks for itself. Proving that the London team can handle deals at the highest level, on the landmark deal that won *IFLR*'s European M&A deal of the year, George Sampas spear-headed Sullivan & Cromwell's advice to Aventis on its €57 bil-

lion (\$68 billion) acquisition by Sanofi-Synthelabo. In another deal shortlisted for *IFLR* European M&A deal of the year, Sullivan & Cromwell advised Interbrew on its \$11.4 billion merger with AmBev. Among the year's other work, the firm represented TeliaSonera on its \$3.1 billion acquisition of a stake in Turkcell and Richard Morrissey led a team that acted for France Télécom on its \$4.9 billion acquisition of Wanadoo.

Lastly, **Weil Gotshal & Manges** is said to have had a particularly good time in the UK mergers and acquisitions market of late. The "impressive" Mike Francies wins plenty of plaudits from peers and clients, and the practice received a boost with the hire of Mark Soundy from Travers Smith. Hicks Mews – described by one rival practitioner as "a client to die for" – uses Weil for its M&A advice. The firm's M&A practice is complemented by its "superb" private equity credentials.

Private equity

Recommended firms

Tier 1

Ashurst

Clifford Chance

Tier 2

Lovells

Macfarlanes

Travers Smith

Tier 3

Allen & Overy

Freshfields Bruckhaus Deringer

Tier 4

Linklaters

SJ Berwin

Slaughter and May

Tier 5

Simpson Thacher & Bartlett

Skadden Arps Slate Meagher & Flom

Weil Gotshal & Manges

White & Case

Tier 6

CMS Cameron McKenna

Dickson Minto

DLA Piper Rudnick Gray Cary

Herbert Smith

Kirkland & Ellis

Latham & Watkins

McDermott Will & Emery

Milbank Tweed Hadley & McCloy

Norton Rose

Tier 7

Debevoise & Plimpton

Oiswang

Shearman & Sterling

For the purposes of these rankings, private equity covers buyouts, fund formation and equity and investment. Debt is more explicitly covered in the banking section

Ashurst

Ashurst's private equity practice made good progress during the year with a rich vault of impressive deals for clients such as Advent International, Candover, Cinven, Compass, Bain, Electra, General Atlantic, Legal & General, PPM Ventures, Stirling Square and Veronis Suhler. The firm also won a place as preferred legal adviser to Apax, and obtained first instructions from US private equity house Blackstone and Terra Firma, Guy Hands' private equity fund, as well as being reappointed to the Legal & General panel. Although the market notes that Ashurst's practice is smaller in number than top-tier rival Clifford Chance, it is among the best-established and active mid-market advisers, and focuses on private equity to an extent that many of its rivals do not.

In one of the firm's more noteworthy deals of the past year, Graeme Ward led an Ashurst team that advised Candover Partners on its €320 million (\$384 million) acquisition of the global films business of UCB, the listed Belgian pharmaceutical and chemical company. Ashurst also worked on a number of care home deals for Blackstone last year. The team acted for the house on two unsuccessful bids (Four Seasons and Westminster Health Care) before advising on its successful £162 million (\$293 million) acquisition of Southern Cross, the fourth-largest provider of long-term residential nursing care for the elderly in the UK, operating 160 care homes with 8,200 beds. Since then the firm has been leading on the restructuring and refinancing of Blackstone's healthcare homes business, which now comprises NHP and Southern Cross.

Another standout instruction saw Ashurst advise Terra Firma Capital Partners in relation to its acquisition of two of the country's largest cinema chains (Odeon and UCI) with a combined value of £550 million. Ashurst had to manage two competitive auction processes, running on different timetables, to ensure that Terra Firma signed agreements to acquire both cinema chains on the same day. The UCI transaction involved a wealth of complex cross-border legal issues, including German tax issues, seller guarantees and Italian real estate risks. But the real challenge came in dovetailing the resolution of these problems with the need to sign both deals at the same time.

In other deals Ashurst acted for Legal & General Ventures on the leveraged buyout of the Total Fitness chain, advised Barclays Bank and Barclays Private Equity on the sale of the Astron Group and the refinancing of Edotech, and represented Electra Partners Europe and Candover on the €662.5 million sale of the Baxi Group to Global Heating Products, a new company formed by funds under management of BC Partners. Baxi is a large European heating group supplying a range of space and water heating products both for residential and commercial applications.

In addition to the firm's impressive buyout practice, Ashurst is one of the few top private equity firms in London that also operates a leading fund formation practice.

Leading lawyers

Charlie Geffen

Bruce Hanton

Key contact partner

Charlie Geffen

Clifford Chance

Private equity deals are becoming larger and more complex and the Clifford Chance team seemed to be involved on everything during 2004. The firm advised on 44 deals last year worth a total £28 billion (\$47 billion), completing a range of transactions for a host of leading buyout houses, including CVC, Permira, Candover Partners, 3i Group, JP Morgan Partners and AlpInvest Private Equity. The firm is universally regarded as first class in terms of the quantity and quality of instructions it handles. "Clifford Chance has stolen a march on its magic-circle rivals in private equity," said one partner at another UK practice. Other commentators focused on the strength of the firm's debt practice as the key point of difference between Clifford Chance and its competitors.

Recently the firm advised CVC Capital Partners and Permira, on the £1.75 billion joint offer for the UK roadside assistance and financial services group, the Automobile Association, from Centrica. Debt facilities of £1.3 billion were provided by Barclays Capital, and the Clifford Chance team was led by private equity specialists James Baird and Simon Tinkler. The complex instruction saw the firm's buyout lawyers working closely with its insurance practice, which advised on the acquisition of the FSA-regulated insurance business of the AA, and its finance practice, which advised on the debt and mezzanine arrangements associated with the deal. The deal won 'Buyout of the Year' in the *Acquisitions Monthly* 2005 Awards, and was shortlisted for *IFLR* European M&A deal of the year for 2004.

Clifford Chance also advised Candover Partners, 3i Group, JP Morgan Partners and AlpInvest Private Equity on Vetco's \$975 million acquisition of the oil, gas and petrochemicals (OGP) business of Swiss-Swedish engineering group, ABB. Vetco's equity was funded by the consortium, while the debt portion was provided by a club consisting of JP Morgan, the Bank of Scotland and Credit Suisse First Boston. The OGP business operates in over 30 countries, including Nigeria, the US, the UK, Norway, Brazil, Singapore, Thailand, Australia and India.

Demonstrating a capacity that few other practices can emulate, Clifford Chance completed a clutch of other notable instructions: advising Blackstone on the recommended £563.5 million cash offer for NHP; acting for the Focus Group and shareholders Duke Street Capital and Apax Partners on the £950 million debt-free sale of UK retailer Wickes to Travis Perkins; representing Sun Capital Partners and its co-investor TDR Capital on the acquisition of HHG's life insurance business for £1 billion; and acting for PPM Ventures on its acquisition of the administrative service provider TMF Group from the SNS Group. Meanwhile, David Walker led a global Clifford Chance team that advised the Carlyle Group on its €339 million (\$419.3 million) acquisition of AZ Electronic Materials from Swiss chemicals group Clariant.

Leading lawyers

James Baird
Matthew Layton
David Pearson
Adam Signy
Simon Tinkler

Key contact partner

James Baird

Lovells

Against a background of patchy M&A activity for traditional corporates, private equity players became the main source of activity in 2004 for the market in general, and Lovells in particular.

The trend for competitive auctions is now firmly entrenched in the market, and this has led to a lower conversion rate of deals than has previously been the case at Lovells and its competitors. As the mid-market becomes increasingly crowded in the US, more and more US players are looking to emulate the success of Advent International, Hicks Muse and KKR by venturing into Europe. The trend is evidenced by deals such as the €237 million (\$284 million) buyout of Southern Cross Healthcare by Blackstone, on which Lovells acted for the banks.

Private equity house 3i has taken the unusual approach of nominating preferred partners and teams rather than law firms to their panel, and both Marco Compagnoni and Derek Baird of Lovells in the UK have been included as preferred suppliers of legal services to 3i. Marco Compagnoni and his team handled the highly successful and groundbreaking auction of Westminster Health Care for them in the summer. The appointments reflect the market's confidence in Compagnoni and Baird – peers concur in identifying the two partners as leading operators in the UK market.

Having gained Charterhouse as a client in late 2002, Lovells acted for the house on the Autobar buyout and has received instructions from the same client on other potential acquisitions. Autobar is a vending and distribution business that Charterhouse acquired from the Kuwait Investment Office for over €800 million. Fifteen jurisdictions were involved in the deal, on which Derek Baird led the Lovells teams' combined efforts. Lovells first acted for Charterhouse at the end of 2002 in relation to its unsuccessful bid in the auction for Bertelsman Springer. However, the client retained Lovells during 2003 on various instructions, one of which led to the successful acquisition of the Autobar Group in early 2004.

Advent International continues to provide Lovells with a steady stream of work too. Although most of the instructions from Advent have been in Germany and Italy, the London team advised it when it sharply increased its equity investment in Danish company Mach, which acquired Dan Net during the course of 2004.

In one of the UK's most intriguing deals last year, Lovells acted for Sir David and Sir Frederick Barclay, and their acquisition vehicle, Press Acquisitions, in relation to the acquisition of the Telegraph Group, owner of leading national newspaper the *Daily Telegraph*. Unsurprisingly, the fate of the *Telegraph* was well chronicled in the UK press. The firm acted for the Barclay brothers' bid throughout the auction process, which comprised a number of principal bidding rounds and several mini-rounds in between. Marco Compagnoni led the Lovells team on the highly competitive auction.

The firm's European private equity teams were also involved in two large US buyouts during 2004. First, the firm acted for Bain Capital on the European aspects of its \$2.05 billion acquisition of the UGS PLM Solutions Group, and secondly, it guided Thomas H Lee Partners through the European dimensions of its \$1.95 billion acquisition of Nortek.

The firm also remains a key adviser to HgCapital, which the London team advised on its acquisition of Clarion Events, and Terra Firma, which the firm has advised on a number of UK deals, most notably its bid for NTL Masts. The firm also represented BC Partners in relation to its unsuccessful bid for Saga.

Leading lawyers

Derek Baird
Marco Compagnoni

Key contact partner

Marco Compagnoni

Macfarlanes

Although commentators feel Macfarlanes is less likely to appear advising on the largest private equity deals, the market remains extremely impressed with the way the firm occupies its niche: "clearly Macfarlanes continues to be, with Travers Smith, a leading small-to-mid-market and management firm," was the opinion of partners at one leading UK corporate finance practice. Others point to the leading buyout houses the firm counts among its list of clients (such as Alchemy Partners, 3i and PPM Ventures) as evidence of Macfarlanes' sustained success in the UK market.

Last year Macfarlanes acted for Alchemy and its management in relation to the £775 million (\$1.3 billion) sale of Four Seasons Health Care, represented 3i on the £1.1 billion sale of Travelex to UK private equity group Apax, advised PPM ventures in relation to the €345 million (\$427.3 million) Finnish Chemicals deal, and steered Kleinwort Capital through its £110 million Vivista acquisition.

Leading lawyers

Charles Martin
Kevin Tuffnell

Key contact partners

Charles Martin
Charles Meek
Kevin Tuffnell

Travers Smith

Last year was one of the strongest ever for UK buyouts, and both new investments and exits were running at healthy levels. Travers Smith's share of this increased dealflow last year reflected the firm's status as one of the UK mid-market's leading players. The value of completed private equity transactions on which Travers worked during 2004 was £9.2 billion (\$16 billion), up from £7.16 billion for 2003. The firm handled a total of 29 larger investments, the total number of completed private

equity transactions for the year coming in at 62, up from 52 in 2003.

The market perceives the practice to be firmly established within its peer group, and the firm rubs shoulders with rivals Macfarlanes for the title of leading mid-tier UK private equity practice. The firm is also increasingly likely to appear on transactions with a market value of over £500 million than was previously the case.

Private equity work is at the core of the firm's practice, but it is not just the transactional group that is regularly involved in work for the private equity community. Travers Smith also boasts an active fund formation group. Examples of the firm's transactional instructions last year included advising Bridgepoint in relation to the £230 million secondary buyout of UK pet food retailer Pets at Home, and acting for Phoenix on the £101 million disposal of Jimmy Choo shoes to Hicks Muse Tate & Frost.

Other clients of the firm include 3i, Exponent Private Equity and Bank of Scotland Joint Ventures. In the past the firm has also won instructions from Apax, Candover, Cazenove Private Equity and ECI Ventures.

Leading lawyers

Chris Hale
Spencer Summerfield

Key contact partners

Chris Hale
Spencer Summerfield

Allen & Overy

Weighing in with the same number of instructions on the larger private equity transactions last year as top-tier rival Clifford Chance, Allen & Overy is fast becoming one of the jurisdiction's leading private equity buyout advisers. Although the market feels the firm does not yet have the sort of track record necessary to enter the upper tiers, others feel it is only a matter of time before the firm has a private equity business to match that of its leading bank finance practice: "Allen & Overy is incredibly strong on the bank side," said one partner at a UK magic circle firm. Alan Paul, Alison Beardsley and Cindy Cook are all viewed as leading practitioners by commentators.

The past year has seen a sharp increase in activity in the private equity sector. While the volume of deals has not increased dramatically (rising to €98 billion (\$117 billion) in 2004 compared with €71.2 billion in 2003), the average deal value has soared. Allen & Overy's practice focuses on large, complex acquisitions, often with a cross-border dimension.

Private equity firms have become increasingly interested in infrastructure and energy sector acquisitions over the past year, and Allen & Overy took advantage of this growing area when it acted for Macquarie Communications Infrastructure Group on its competitive auction acquisition of NTL Broadcast for £1.27 billion.

During 2004 Allen & Overy was instructed on all types of work in the private equity sector. Highlights including advising

Englefield and Electra in relation to the €310 million acquisition of Global Solutions, acting for the Baugur Group on the £600 million recommended offer for the Big Food Group, representing Copthorn, a bid vehicle for the Cherry family and Uberior Ventures, on the public-to-private cash offer for Countryside Properties, and guiding Apax Partners and Cinven through their acquisition of VNU World Directories for €2 billion from VNU, the publicly listed Dutch information and media business.

Among the firm's other notable private equity instructions over the past year, Allen & Overy advised Apax and Medeus on the \$120 million acquisition of the Elan Corporation's European pharmaceutical business, acted for the Bank of Scotland on Prestbury Hotels' acquisition of Travelodge, represented BLB Investors in connection with its bid for Wembley, and advised Citigroup Investments, ABN Amro and ING on the acquisition of MobilTel, Bulgaria's largest mobile operator, for €1.2 billion.

Leading lawyers

Alison Beardsley
Cindy Cook
Alan Paul

Key contact partners

Alison Beardsley
Jeremy Hunt
Alan Paul

Freshfields Bruckhaus Deringer

According to the market, "Freshfields' deal volume last year was second only to Clifford Chance," and rivals were quick to point out that landing a role on the Four Seasons deal for Allianz was a "significant coup" for the firm's private equity team. Freshfields has built up its private equity practice quickly over the past few years in response to the rapid increase in deals in the area. The firm has a core group of 12 partners who act on private equity transactions for over 15 different buyout houses, reflecting those houses' avoidance of exclusivity in their advisory panels. "Freshfields has had a terrific year for private equity," says one practitioner at a top-tier practice.

A glance at Freshfields' deal list from last year reveals why the market is so upbeat about the firm's prospects. Instructions such as Amadeus, British Vita, Four Seasons and Travelex prove the firm is a match for anyone in terms of big-ticket private equity work. In one standout deal, Freshfields acted for Cinven and BC Partners on the €4.3 billion (\$5.16 billion) buyout of Amadeus, the world's largest travel bookings company. The sale, by Air France, Iberia and Lufthansa, marks the largest leveraged buyout in Spain to date and ranks among the largest-ever private equity deals in Europe.

Another highlight saw the firm act for the Texas Pacific Group on its €1 billion take-private of British Vita, the UK chemicals group. Freshfields helped Texas position itself to gain access to due diligence on British Vita, to obtain maximum support from the

company's shareholders and, ultimately, to obtain a recommendation from the British Vita board. On the Four Seasons deal, meanwhile, Freshfields acted for Allianz Capital Partners on the acquisition of the healthcare group from Alchemy Partners. The team advised on all aspects of the deal, including legal due diligence, part-financing, management equity, acquisition documents and process. And Freshfields also won a role advising Apax Partners on the €1.5 billion Travelex acquisition, Apax's largest equity investment to date.

Other standout deals for the Freshfields team included advising on the €675 million take-private of DFS, acting for Warburg Pincus in relation to the €630 million Clondalkin deal, and advising Englefield Capital on the €583 million Beaufort Wind transaction.

Leading lawyer

Laurie McFadden

Key contact partners

Christopher Brown
Patrick Gaynor
Laurie McFadden

Linklaters

Private equity activity in 2004 continued its growth trend of the past four years, accounting for 21% of European M&A market in the year. Linklaters was able to take advantage of the upturn in private buyouts, as evidenced by the European team's involvement in advising Amadeus and its management team on bids from eight private equity houses for its €4 billion (\$4.8 billion) leveraged buyout. Peers feel the firm "has recruited well" and has "made a big effort to put together a strong European practice."

Although commentators feel the UK market proved a quiet one for the firm's private equity practice in 2004, Linklaters did score a leading role advising Centrica when it sold the Automobile Association to CVC Capital Partners and Permira for £1.75 billion, the largest European buyout in 2004. Despite the size and complexity involved in the transaction, the sale was completed in a mere three-and-a-half weeks, less than half the time a deal such as this would normally take. Complications arose because the insurance part of the AA's business was FSA regulated. FSA approval for the deal was not forthcoming until the legal terms had given the regulator detailed assurances that the insurance business was protected from bankruptcy and that policyholders would not be exposed to risk. The deal was shortlisted for deal of the year at *IFLR's* 2005 European awards.

Private equity funds form a substantial part of the practice of Linklaters' investment management group, and the team is one of a small number of firms operating at the top end of this specialist market in London and Europe. The practice covers all aspects of private-equity house establishment, fundraising, reorganizations and transaction support, and advice to investors on investment and portfolio management, including secondary market and other specialist transactions in the sector. The London funds team is led by Jonathan de Lance-

Holmes and counts buyout firms BC Partners and Terra Firma Capital Partners as clients. Linklaters also acts for specialist houses and secondary players such as the Bregal Group and Axa Private Equity, placing agents such as Lazards, institutional investors such as the BP, British Coal and Unilever Pension Schemes, and individual management teams.

Global head of private equity, Graham White, is well respected in the market and has an impressive track record of completed European buyout deals to match this reputation.

Leading lawyer

Graham White

Key contact partner

Graham White

SJ Berwin

On the investment funds side SJ Berwin is widely considered one of the UK market's leaders. With one of the largest dedicated teams in the UK, SJ Berwin is active in the full range of private equity services, both in connection with setting up private equity funds and their associated incentive schemes, and on management buyouts, public-to-privates and venture capital investments. The firm comes highly recommended to any new fund.

Among the team, corporate finance partner Tim Wright is recommended by peers. Wright advises private equity houses and management, and his recent experience includes advising Duke Street Capital on its £225 million (\$382 million) secondary buyout of Accantia from ABN Amro, working on the refinancing and subsequent sale of HEV's stake in Focus Wickes to Apax for £340 million, and advising on the €53 million offer for Sporting Index. Head of private equity Jonathan Blake, and Steven Davis, are held in similar high regard.

The SJ Berwin team has extremely strong links with industry bodies, including the British Venture Capital Association and the European Private Equity and Venture Capital Association.

Leading lawyers

Jonathan Blake

Steven Davis

Tim Wright

Key contact partner

Jonathan Blake

Slaughter and May

Last year was a benchmark year for Slaughter and May in private equity. The firm was one of *Mergermarket's* top ranked legal advisers for announced private equity deals, the number of deals on which the firm advised increasing from under 30 in 2003 to over 50 in 2004. The practice advised on one of the leading private equity deals of the year, Canary Wharf, and a number of other high-profile transactions, including Resolution Life. The firm's private equity group consists of

over 20 partners, including partners from the firm's corporate and finance practices as well as partners who focus on tax, employee incentives and competition. One senior partner at a US practice remarked that "magic circle firms are moving into private equity in a big way ... expect Slaughter and May to be increasingly present on the big deals going forward."

The strength of the firm's relationship with a number of key private equity clients, including Permira, Goldman Sachs, Palamon Capital and Francisco Partners, can be seen from the number of transactions on which Slaughter and May advised these houses in 2004. On the €2.5 billion (\$3 billion) Canary Wharf transaction, the firm advised purchaser Songbird, a Morgan Stanley Real Estate Fund-led consortium, in a deal riddled with legal hurdles from start to finish. Songbird's rival in the bid was a significant shareholder in the company, and the on-off deal led to three Takeover Panel appeals, an unprecedented number for a single deal. Songbird won all three appeals and, midway through the process, transformed its offer from a leveraged scheme of arrangement into an offer, a first for the UK market. The deal was shortlisted for, and narrowly missed out on winning, *IFLR's* award for European M&A deal of the year.

In April 2004 the firm acted for Palamon Capital Partners on the €155 million acquisition of the European division of theme park operator Six Flags. The Six Flags acquisition was one of the six transactions on which Slaughter and May advised Palamon last year.

On the Resolution Life deal, meanwhile, the firm advised a consortium backed by investors including Prudential and Standard Life, formed to act as a consolidator of closed book life assurance companies. In September Resolution acquired the UK life assurance division of Royal & Sun Alliance for £850 million, with Slaughters advising on the acquisition and financing arrangements. Since its acquisition of the Royal and SunAlliance business, the firm has also acted on a further acquisition from Swiss Life.

In another standout deal, the practice advised Terra Firma on the recapitalization of the Waste Recycling Group (WRG), having acted for Terra Firma on its initial acquisition of WRG. The WRG transaction featured a second-lien financing structure, a relatively novel structure in the UK context. At the time of writing, Slaughter and May was working on the acquisition finance side of various private equity transactions, including acting for Morgan Stanley Real Estate Funds, Kaupthing Bank, Permira and Wendel. The firm also advises on the English law aspects of European private equity transactions on which its best-friend firms are acting.

Key contact partner

Mark Horton

Other notable firms

The increasingly busy US mid-market has prompted more and more US players to look towards Europe. And they haven't just been looking at the mega-deals. Deals such as the €237 million (\$284 million) buyout of Southern Cross Healthcare by

Blackstone and the €51 million buyout of Kingston In Media by Carlyle took place last year. Other houses have also been testing the waters by joining consortia alongside established European players and the market is braced for an influx of new entrants to the European marketplace. US firms **Simpson Thacher & Bartlett**, **Skadden Arps Slate Meagher & Flom**, **Milbank Tweed Hadley & McCloy**, **Kirkland & Ellis**, **Latham & Watkins**, **Shearman & Sterling** and **White & Case** are all well placed to take advantage of US private equity moves into the European market.

Dickson Minto's Alistair Dickson is "highly competent and always does a great job," while the firm "punches well above its weight in UK private equity."

Herbert Smith's reputation for corporate and M&A work is fantastic, and it is making every effort to match this reputation in the private equity markets. Its efforts seem to be paying off, too, because over the past year the firm has landed roles on various notable deals and as a result makes its first appearance in the rankings this year. In one standout matter, Herbert Smith closed the long-running auction for the sale of Saga, the provider of travel, financial and media products and services tailored exclusively to people aged 50 and over in the UK, to Platinum 400, the acquisition vehicle of the management team and supported by Charterhouse, for £1.35 billion. Herbert Smith acted for Roger De Haan, the majority shareholder of Saga and the son of the late Sidney De Haan, who founded the business in 1951. Among the firm's other highlights, it advised (in conjunction with its alliance partners Gleiss Lutz and Stibbe) Ripplewood Holdings on the acquisition of Honsel International Technologies (HIT) from the Carlyle Group, and acted for Barclays Private Equity on the sale by third-party funds managed by Barclays Private Equity of around 15 million shares in the Admiral Group, raising around £52 million.

Latham & Watkins' London office has been performing well in many areas of practice, and its private equity effort has been no exception. Led by the highly regarded Bryant Edwards, the team took on six new associates over the past year to cope with the increased amount of work. Such work has included advising the Carlyle Group in relation to its joint acquisition, with Meggitt, of the Dunlop Standard Aerospace Group, representing Indigo Partners on financing a new European budget airline Wizz Air, acting for Inmedia Communications when it bought Cable and Satellite Transmissions from Bandler Limited/Barnes Trust Television, and advising Benchmark Europe II in relation to its investment in Scotland's Saw-You, a mobile social networking company and creators of the Weemee Intelligent Digital Identity.

McDermott Will & Emery is another US firm whose London office has been strengthening its position in the UK private equity market. The London team is headed by William Chamley, and on the firm's standout deal of the year, it acted for Advising Aldersgate Investments as part of a consortium on the agreed cash offer for Duelguide for £2.1 billion, which comprised £585 million cash and £1.5 billion in assumed debt. Over the past year the team advised Aldersgate Investments again, this time on a recommended offer for Chelsfield, acted

for investors in Private Capital in relation to the £400 million acquisition of Wellington Investments, owner of over 850 pubs around the UK, represented the Saviso Group on the latest investments made by the Pentech Funds, Cambridge Gateway and several 3i group companies, and assisted a leading US/UK hedge fund with its investment in Resolution Life when it acquired the closed-end life business of Royal & Sun Alliance for £850 million.

Many UK market commentators identified **Skadden Arps Slate Meagher & Flom** as the pick of the US firms active in the UK market. Although Skadden does not yet have the UK capacity of some of its domestic rivals, the firm does compete for UK work and Alan Murray-Jones is well respected by the market. Over the course of the year, Skadden has represented Doughty Hanson on various transactions, including its \$276 million acquisition of Tumi Holdings, the \$1.5 billion sale of its subsidiary Dunlop Standard Aerospace Group, and its \$730 million acquisition of Balta Industrie. Other highlights saw the firm represent Sun Trade International in connection with the \$733 million sale of its entire stake in Sun Interbrew to Interbrew, act for Celanese in connection with Celanese Chemicals' acquisition of the National Starch and Chemical Company's US, Canadian and European vinamul polymers business for \$208 million, and advise Highland Capital Management on its acquisition of ING Capital Management from ING Wholesale Banking.

Weil Gotshal & Manges has one of the largest private equity teams of any of the US firm operating in the UK. The market has been impressed with both Mike Francies and head of private equity Mark Soundy, while Hicks Muse Tate & Furst is described as a "pivotal client" for the practice. In 2004, Weil Gotshal & Manges' London office was involved in four of the 10 largest buyouts in Europe: the firm advised on the €2.5 billion (\$3.5 billion) take-private of Canary Wharf, as well as other standout take-private deals for Warner Chilcott, Royal Vendex and the €2.1 billion buyout of VNU World Directories.

Private equity is an area of strength for **White & Case** globally, particularly on the debt side, and Alan Greenough – the former head of corporate at Pinsent Masons – is considered one of the leading equity operators in the UK market. The firm has secured a number of new clients for its London practice in the form of Quadriga Capital and WestLB, and increased deal flow from the big US houses is expected to follow in the coming year. The London team has advised on many of the headline transactions of recent years, including roles on Linpac, Grohe, Celanese and Clondakin. Some standout deals saw the firm advise UGC in relation to its joint venture acquisition of an 87.5% stake in Zone Vision Networks, a satellite channel, from the company's founder and Advent International, advise Actis Capital and AIG African Infrastructure Fund on the acquisition of a controlling stake in Starcomms, a fixed/wireless telecommunications company in Nigeria, act for the management of Aqualisa in relation to its management buyout backed by Close Brothers Private Equity, and advise West LB, The Patrimonio Uno Fund (a Peruvian

private equity investment fund) and Banco Wiese Sudameris, on the sale of their portfolio investments in a leading owner and operator of South American mines to Glencore SA, Xtrata's Swiss mining arm.

Project finance

Recommended firms

Tier 1

Allen & Overy

Clifford Chance

Freshfields Bruckhaus Deringer

Linklaters

Tier 2

Latham & Watkins

Lovells

Milbank Tweed Hadley & McCloy

Norton Rose

Shearman & Sterling

White & Case

Tier 3

Ashurst

CMS Cameron McKenna

Denton Wilde Sapte

Herbert Smith

Slaughter and May

Sullivan & Cromwell

Tier 4

Baker & McKenzie

Cadwalader Wickersham & Taft

Chadbourne & Parke

DLA Piper Rudnick Gray Cary

Simmons & Simmons

Tier 5

Masons

Taylor Wessing

Wragge & Co

Allen & Overy

Allen & Overy's 22-partner projects group continues to focus on global projects in the infrastructure and energy sectors. Both sectors have seen considerable activity in the last year, with Allen & Overy performing particularly well in the expanding energy sector. The firm topped *Dealogic's* 2004 survey of project finance activity, registering 51 deals worth a total of over \$15 billion, or 9.3% of the global market for projects advice. As one partner at a rival UK magic-circle practice remarked: "Allen & Overy is the best-known firm internationally, and it is in a class of its own right now." The strength of the firm's relationships both with sponsors and with lenders marks the practice out from the competition. Anne Baldock, Tony Humphrey and Graham Vinter are all held in high regard by the market, while structured finance specialist Chris Rushdon is described as a "seriously good operator" and "the best project financier in town."

As a way of delivering gas to market, pipelines are all the rage right now and the Allen & Overy team has scored notable successes here. The practice, led by head of projects Graham Vinter, advised the banks (the European Bank for Reconstruction and Development and the International Finance Corporation) on the Baku-Tbilisi-Ceyhan (BTC) pipeline. The deal closed in the first quarter of 2004, and received the award for *IFLR* European project finance deal of the year. A&O also acted on the financing of the ACG oil field, which feeds into the BTC pipeline. The firm also acted for Sasol on the \$1.2 billion Mozambique-South Africa pipeline, and at the time of writing was advising the project company on the proposed \$18 billion pipeline between Russia, China and Korea.

In further energy sector deals, the group was involved on liquefied natural gas (LNG) projects in Nigeria, the UK and Oman. The Qalhat LNG project in Oman saw some of the lowest pricing ever for projects in the region, while the Dragon LNG at Milford Haven in Wales is a receiving terminal, demonstrating the group's ability to handle all aspects of the LNG chain. The Nigerian project involves the group in advising on LNG sales directly into the US.

In the power sector, the group's notable mandates in 2004 included acting for the lenders in both the \$2 billion Taweelah B project in Abu Dhabi and the Ras Laffan project in Qatar. The projects group also continued to build on its experience in the renewable energy sector, winning roles on the Kent Enviropower project in Allington as well as on various wind farm transactions. The group also closed the \$404 million Plock refinery project in Poland and was involved in ongoing work advising the project company on the \$4.3 billion Nanhai petrochemicals project. The London team also worked in conjunction with the firm's Paris office to close the \$500 million Goro nickel mine financing in New Caledonia.

The firm has an enviable track record in European infrastructure, where the group represented the French government on its €900 million (\$1.1 billion) prison public-private partnership (PPP) programme, acted on all PPPs to have yet closed in the Netherlands, and advised the funding consortium on the Antwerp Mobility Plan PPP. One of the group's biggest infrastructure projects outside the PPP arena, meanwhile, was acting for the lenders on the financing of UK soccer club Arsenal's new stadium in Islington, London.

Leading lawyers

Anne Baldock

Tony Humphrey

Graham Vinter

Key contact partner

Graham Vinter

Clifford Chance

Commentators point to Clifford Chance's market-leading London bank-lending practice as the foundation for the firm's continuing success in projects advice. The Clifford Chance pro-

jects practice has long been recognized as one of the leading London teams and its lawyers continue to cover all sections of the market, working on the most innovative and complex projects around the world. The firm has a reputation for a thoroughly commercial approach to transactions and Clifford Chance stands out in particular for its work on European infrastructure projects. On the UK domestic front, the firm has been instructed on a number of healthcare public-private partnership (PPP) projects, advising on hospital deals in Manchester, Romford and Dartford.

Clifford Chance was present both on the M5 and M6 motorway projects in Hungary. The M5 deal was the first public-private partnership motorway deal to close in Hungary and, at €750 million (\$950 million), the largest-ever in central and eastern Europe. The firm also advised the Bank of Scotland on the Leeds hospital project, under which the Bank of Scotland became the first financial institution to participate as a credit guarantor in the government's credit guarantee financing model for private finance initiative (PFI) projects. Clifford Chance has also been active in the energy and power sectors. The firm advised Qatar Petroleum on the commercial aspects of the Qatargas II deal, and Robert Smith led the London team advising the arrangers, Société Générale and RBC Finance, on the non-recourse lending package granted in connection with Macquarie Airports' €735 million acquisition of a stake in Brussels International Airport Company.

Two other standout deals for Clifford Chance last year were the Portsmouth roads project and the Tihama cogeneration project, the first privately run independent power project in Saudi Arabia. On the Portsmouth roads deal, Clifford Chance acted for Colas subsidiary Ensign Highways in relation to the £500 million (\$902 million), 25-year PFI contract with Portsmouth City Council to upgrade and maintain the city's road network. The project was the pilot for a new model for PFI procurement of urban highways maintenance and renewal.

In the Tihama deal, Clifford Chance advised the sponsors on the financing for a 1000-MW Saudi Aramco natural-gas-fired captive-cogeneration project in Saudi Arabia. The financing comprised a non-recourse, \$510 million facility and the deal was the first large independent power project (IPP) ever undertaken in the Kingdom by the private sector. The schemes are seen as forerunners to other IPPs in the region, as the Kingdom continues to expand its power generation facilities.

Clifford Chance ranked second in the 2004 *Dealogic* project finance league tables. The firm advised on 44 deals worldwide worth a total of over \$12 billion, giving Clifford Chance a 7% share of the market for global project finance legal advice.

Leading lawyers

Peter Blake
Margaret Gossling
Andy Grenville

Key contact partners

Peter Blake
Rodney Short

Freshfields Bruckhaus Deringer

Freshfields Bruckhaus Deringer's project finance team was involved in a number of sensitive and complex cross-border deals last year, securing roles on a range of projects covering different sectors. Its steady deal flow and top roles on many of the year's best projects gained the firm promotion to the top tier this year and, in further recognition of an excellent year, the firm won the award for *IFLR* European project finance team of the year at the 2005 awards ceremony.

Freshfields had roles on two of the projects shortlisted for *IFLR* European project finance deal of the year. On the winning deal – the \$3.6 billion BTC Pipeline project – Freshfields acted for the seven export credit agencies. This project, which allowed one million barrels of oil a day to be carried from Azerbaijan to Turkey's Mediterranean coast through Georgia, was of enormous political significance, not least because Georgia underwent a revolution three months before the signing ceremony. And on the other *IFLR* shortlisted deal, Freshfields acted for the concession awardee on the Offenbach schools project, which marked the first time that a German local authority (who have a reputation for conservatism) had put all of its schools into a public-private partnership project.

Over the past year Freshfields proved itself to be one of Europe's leading advisers on cross-border infrastructure projects. On the \$610 million M6 Hungary toll road project, partner Kent Rowey led Freshfields' London team advising Bilfinger Berger BOT, Porr Infrastructure and Swietelsky International Baugesellschaft on the 22-year availability-fee concession for the design, financing, construction, operation and maintenance of a 58km stretch of motorway between Erditeto and the intersection of the M6 and the M8 at Dunaújváros in Hungary. Indeed, the firm has been on something of a roll as far as eastern European roads projects are concerned: Freshfields also advised Walter Bau and its special purpose affiliate Walter Concession Holding on the €360 million (\$442.5 million) project to finance the construction and rehabilitation of the 60km Croatian toll motorway that runs from Zagreb to Macelj on the Slovenian border. The Croatian deal's debt package included a mezzanine facility insured by the German government under the General Terms and Conditions for the Assumption of Federal Guarantees for Foreign Direct Investments (the so-called GKA).

Another infrastructure deal saw the firm advise the Royal Bank of Scotland (RBS) in relation to the ongoing £160 million (\$288.5 million) Woolwich extension to London's Docklands Light Railway. The project is a continuation of the City Airport extension, on which the lending consortium is also involved. The financing of the project involves funding from RBS and the European Investment Bank, and an innovative de-risked finance structure has been adopted involving credit enhancements provided by Transport for London for capital adequacy purposes. The de-risked element also has the advantage of achieving reduced debt pricing, enabling lower availability fees to be paid to the consortium.

At the time of writing, Freshfields was also advising the Ministry of Defence in relation to Project Allenby, a £1.5 billion garrison refurbishment project. The project was one of the largest PFI projects in the London market, and involved a funding competition for lead arrangers and monoline insurers, leading to the appointment of Ambac and MBIA as monoline insurers and Citigroup and HSBC as lead arrangers.

Leading lawyers

Nick Bliss
Kent Rowey

Key contact partners

Nick Bliss
Kent Rowey

Linklaters

The market feels Linklaters has an “impressively well-balanced practice” that regularly advises sponsors and lending banks across a range of industry sectors and geographical markets. Linklaters’ project finance team advised on an impressive 45 deals worth a total of over \$6.5 billion in 2004, performing excellently in the European infrastructure, private finance initiative (PFI) and public-private partnership (PPP) markets. Among the impressive quantity of deals handled by the Linklaters team were some precedent-setting transactions.

Given the global oil price surges in the past 12 months, it is hardly surprising that the oil and gas sector has seen an increase in activity, and Linklaters’ global energy group had continued to deliver top-notch advice across the oil and gas value chain. The firm has both English and New York law capabilities in London, and over recent years has been involved in the development and financing of many of the large pipeline and transportation projects across the world. Over the past year Linklaters has closed a number of high-profile projects, including the north-west European propylene integrated pipeline grid project and the multi-jurisdictional financing of the upgrade and expansion programme of the Transredes oil and gas transportation company.

On the domestic front, 2004 has seen some big market developments in the UK, with the introduction of the Treasury’s credit guarantee facility (CGF) financing structure. Linklaters acted for the Treasury on the development of partnering arrangements, which extend PFI techniques to PPPs, and which show the first signs of private-sector finance use for enhancement projects in the rail industry.

In total, Linklaters closed nine private-finance and public-private deals in 2004, including the groundbreaking financing of the oncology wing at St James’ Hospital in Leeds. Linklaters acted for the UK Treasury on the project, which was the first to be funded using the government’s CGF model, whereby the secretary of state for health loaned money directly to the project company on the basis that the loan was to be guaranteed by a financial institution, thus allowing the parties to separate risk from fundraising. The government has already announced its intention to use the CGF model again.

Linklaters secured its position as a regular legal advisor to the government with two other mandates, advising the UK Ministry of Defence on both the Colchester Garrison PFI (the largest PFI bond financing in 2004) and on the MSHATF helicopter simulator refinancing. And in education the firm has been mandated to advise on all PFI deals for the government’s ‘building schools for the future’ programme. Other instructions included roles on the Dartford refinancing PFI, as well as PFI deals for Oxford, Havering, Lewisham and the Queen Mary Roehampton hospitals.

Leading lawyers

Richard Holden
Clive Ransome
Stuart Salt
Bruce White

Key contact partner

Bruce White

Latham & Watkins

Although Latham & Watkins might act on a smaller number of deals than some of its UK competitors, the market still recognizes that the firm “appears on some huge international projects” and “has a fantastic oil and gas practice.” Although the Latham team is rarely found advising on UK domestic private finance initiative or public-private deals, the firm came in third in *Dealogic’s* global project finance review for 2004. In total, the firm advised on over \$10 billion-worth of deals across 27 individual transactions, consolidating its third place position in the same table for 2003.

Latham & Watkins’ standout deal of the past year was its role advising the lenders on QatarGas II. With a total value of more than \$11.2 billion, the deal was the largest project financing of the past year. The size of the project was matched by its complexity: it was the first time the sponsors financed the entire supply chain for liquefied natural gas (LNG), from extraction to delivery. The financing arrangements also involved the largest long-term Islamic project financing. In total, 57 financial institutions raised \$7.6 billion-worth of debt for the project, and the appetite for the investment was such that an extra LNG train was added to the deal. The deal was shortlisted for *IFLR* European project finance deal of the year at the 2005 awards.

The firm also advised Mobil Producing Nigeria Unlimited and Nigerian National Petroleum Corporation on the \$1.28 billion NGL (II) expansion financing. Other clients of Latham’s projects practice include ExxonMobil Development Company, Ras Laffan Liquefied Natural Gas Company and BP.

Leading lawyer

Joseph Blum

Key contact partners

Joseph Blum
David Miles
Dennis Nordstrom

Lovells

Lovells' 14-partner project finance team is one of the most prolific practices of any firm in the UK. The firm regularly tops the league tables for transport projects and last year was no exception, with Lovells winning roles on a clutch of roads projects throughout Europe. In the highest-profile of these, Lovells advised the project company on the €795 million (\$954 million) Litoral Centro motorway in Portugal, the first project finance motorway with a variable concession in Europe. While Portuguese toll road concessions are usually established for 30 years, the length of the Litoral Centro concession will be dictated by the performance of the motorway. The first new Portuguese road project to have reached financial close in the past two years, the deal is predicted to serve as a template for future toll projects in Portugal, and was shortlisted for project finance deal of the year at *IFLR's* 2005 European awards.

In other road deals, Lovells advised a consortium, led by Egis and Fluor, on the recently started German roads programme, represented the parties funding one of the bidders on the Maliakos-Kleidi project in Greece, acted for TriGranit in relation to its bids for the M5 and M6 road projects in Hungary, advised the Icon consortium on its bid for the M3 Clonee-Kells Irish road project, and served as counsel to the international sponsors on the €1 billion Trakia road financing in Bulgaria.

Although the firm's core strength remains in Europe, Lovells has made progress in terms of accessing the different markets in south-east Asia and North America. Last year, for example, the firm advised the Singapore government on its S\$700 million (\$422 million) sports hub project, and acted for the lenders RBS and Société Générale on Macquarie Funds' unsuccessful bid for the Edmonton ring road project in Canada.

The public-private partnership (PPP) market is beginning to take off in Europe, and last year Lovells was involved in the €3.3 billion Galileo project, one of the continent's largest and most complex PPPs. In other European projects, Lovells advised Astaldi on the €230 million Mestre Hospital project in Italy, acted for Eurocopter on a German air force simulator project, represented Macquarie on the Arlanda Swedish light rail refinancing, and advised a shortlisted bidder on the first Portuguese hospital project. The firm's most prominent European PPP instruction however, came in the firm's role advising the project company on the Offenbach schools project. The €780 million deal related to 88 southern German schools, marked the first time a German local authority had placed all of its schools into a PPP project, and was shortlisted for *IFLR's* project finance deal of the year award.

Leading lawyers

Gavin McQuater
Mike Matheou

Key contact partners

Gavin McQuater
Jason Radford

Milbank Tweed Hadley & McCloy

Milbank Tweed Hadley & McCloy is one of the top firms in the US, and consequently the world, for project financing work. The firm is famed for its power and energy practice and, although it does not seek to participate in the market for domestic PFI and PPP work, regularly appears on some of the world's largest and most complex transactions.

Last year Milbank's London office advised the project company in relation to the \$544 million Sohar IWPP debt package, which involved the construction of a 585MW, 30 million gallons per day plant. The loan facility was split into a \$413 million commercial loan and a \$131 million equity bridge, and was led by BNP Paribas. Milbank also acted as counsel to the Al Ezzel Power Company in relation to the \$495 million financing of Bahrain's first independent power project (IPP), a natural gas-fired plant near the capital, Manama. *Project Finance* magazine recently named the deal Middle East power deal of the year for 2004. Remarkably, the Milbank team closed the Sohar and Al Ezzel projects on concurrent days, in Oman and Bahrain respectively.

In other power deals, Milbank advised the Overseas Private Investment Corporation, Credit Suisse First Boston and a syndicate of Nigerian lenders in relation to the \$1 billion financing for the Bight of Benin natural gas liquids project; and acted for the lenders again on the \$510 million financing of the Tihama Power Generation Company's cogeneration projects at Saudi Aramco's processing facilities in the eastern province of Saudi Arabia. The financing structure of the Bight of Benin project is a Nigerian first, whereby the debt was secured against future revenues with no hard-asset security. The Tihama project, meanwhile, was the first large-scale power project in Saudi Arabia and established a benchmark for future IPP financings in the Kingdom.

The practice also has considerable expertise in the mining sector. In one standout deal, last year Milbank advised the lenders on the \$269 million financing of the Moma Titanium project in Mozambique which, at \$400 million, is thought to be the largest single investment in Africa made by a UK non-FTSE 100 company. Of the \$400 million total project costs, equity made up \$131 million and debt \$269 million, and the debt portion was split into \$203 million-worth of senior debt and a \$66 million, euro-denominated subordinated piece. Dutch development bank FMO and the European Investment Bank provided the subordinated debt, and the African Development Bank and three other lenders (supported in part by comprehensive insurance from export credit agencies ECIC of South Africa and Hermes of Germany) provided the rest. The Moma Titanium deal was named African mining deal of the year by *Project Finance* magazine.

Of the individuals that make up Milbank's projects team, Phillip Fletcher wins the plaudits, while one client described John Dewar as "a very smart guy."

Leading lawyers

John Dewar
Phillip Fletcher

Key contact partners

John Dewar
Phillip Fletcher
Cathy Marsh

Norton Rose

Norton Rose has “a strong lender practice” with some “great individuals.” Although some commentators feel the practice does not have the presence in power and energy of the US firms in its tier, others were keen to stress that the projects team at Norton Rose handles “a really good mix of projects work.”

Last year Norton Rose acted for the European Investment Bank, a syndicate of 29 banks, Ambac and the hedge providers (in relation to refinancing and original financing interfaces) on the refinancing of the Jubilee, Northern and Piccadilly lines of the London Underground. The firm also advised a consortium, led by the Marubeni Corporation and BTU Ventures, on the Taweelah B power and water desalination plant, acted for the Bouygues-, Hermes- and Egis-led consortium on Larnaca and Paphos airports project, and represented Corus in relation to a 10-year off-take agreement for the supply of slab from its Teeside steel plant.

Leading lawyers

Jeffery Barratt
Martin McCann
Andrew Newbery

Key contact partners

Jeffery Barratt
Simon Currie
Andrew Newbery

Shearman & Sterling

Although some commentators feel Shearman & Sterling does not have the breadth of some of its domestic competitors, most agree the practice is one of the top firms internationally. The firm’s London practice is particularly well thought-of for its energy practice, and Shearman & Sterling is regularly seen on the largest Middle-Eastern power projects. The firm’s five-partner, two-counsel and 15-associate London practice is headed by Nicholas Buckworth.

Last year, for example, Shearman & Sterling advised on the development and financing of a \$550 million, 585MW power generation and water desalination facility at the Sohar industrial port complex in Oman, and won a role on the construction of a \$500 million, 950MW combined-cycle gas-turbine power plant in Bahrain’s Hidd industrial area. On each deal, Suez-Tractebel were the co-sponsors (together with local partners), and Shearman & Sterling represented the lenders to each project. Another Middle East project saw Shearman & Sterling represent Dolphin Energy, the project company sponsored by the Mubadala Development Company, Total and Occidental Petroleum, on the Dolphin project, a \$4 billion scheme to deliver gas produced in Qatar’s North Field through a pipeline to customers in the United Arab Emirates and Oman.

In power projects outside the Middle East, meanwhile, the firm represented Dragon LNG, a joint venture between the BG Group, Petronas and Petroplus, in relation to the development of a £250 million (\$450.4 million) liquid natural gas importation terminal at Milford Haven in Wales. Shearman & Sterling also advised a consortium of banks (comprising ABN Amro, Calyon, HSBC, the Royal Bank of Scotland and the Bank of Tokyo-Mitsubishi) as arrangers in relation to the innovative financing of International Power and Mitsui’s purchase of a portfolio of 10 projects from Edison Mission Energy.

Leading lawyers

Nick Buckworth
Kenneth MacRitchie

Key contact partners

Nick Buckworth
Kenneth MacRitchie
Nigel Thompson

White & Case

The projects team at White & Case’s London office has enjoyed some successes of late. And these successes have not gone unnoticed; peers noted that the firm “appears on more high-profile international deals than some of its US competitors,” and the practice finished fourth last year in *Dealogic’s* project finance league table. White & Case advised on a total of 25 deals last year, worth a total of over \$9 billion, representing 5.6% of the market. It must have been a particularly pleasing year for the partnership, as the firm finished ninth in 2003. White & Case expanded its projects capacity considerably in 2004 by a series of hires, most notably of Tom Winsor. Winsor joined the firm in July 2004 after spending five years as the UK’s rail regulator.

On the deal front, the firm was particularly active in the key Middle East and north African regions. White & Case landed a lead role on the Qatargas II deal, advising the joint sponsors, ExxonMobil and Qatar Petroleum. The \$9.3 billion Qatargas deal was the largest project financing in the world last year, and was shortlisted for *IFLR* European project finance deal of the year because of its complexity. The financing arrangements involved the largest long-term Islamic project financing – a total of 57 financial institutions raised \$7.6 billion-worth of debt for the project – and the appetite for the investment was such that an extra LNG train was added to the deal. It was also the first time a sponsor financed the entire supply chain for liquefied natural gas (LNG), from extraction to delivery.

In another *IFLR* shortlisted deal, White & Case was involved in the Hungarian M5 Motorway project, advising the lead arrangers. The M5 deal was the first public-private partnership motorway deal to close in Hungary and, at €750 million (\$950 million), the largest-ever in central and eastern Europe.

Among the year’s other highlights, White & Case’s projects specialists handled the synchronization of the financing

of liquefied natural gas trains, ships and the South Hook processing terminal in Milford Haven, Wales. And, following on from its role on Qatargas II, the firm has been retained by the sponsors on Qatargas III.

Leading lawyers

Philip Stopford
Neil Upton
Tom Winsor

Key contact partner

Philip Stopford

Herbert Smith

Herbert Smith's projects team continues to build credibility in the global projects market, and is reported to be "gaining ground on the competition" both in the infrastructure and energy sectors. Liquid natural gas (LNG) projects is a particular focus for the Herbert Smith team, which last year advised BG on both the Dragon LNG terminal in the UK and the Damietta project in Egypt, and acted for Mitusi on the Altamira project in Mexico.

Other recent standout deals for the firm include advising Sumitomo Chemical on a \$4.5 billion project to develop the Rabigh refinery and petrochemical complex in Saudi Arabia with Saudi Aramco, acting for London Underground on a number of PPP and PFI projects, and representing the UK government's Department for Trade and Industry on setting up the Nuclear Decommissioning Authority and on the statutory and contractual framework for the clean-up of public-sector nuclear liabilities in the UK.

Leading lawyer

Andrew Preece

Key contact partners

Paul Griffin
Nicholas Tott

Slaughter and May

The market feels that pre-eminent corporate practice Slaughter and May does not actively target project finance work in the same way that some of its magic circle rivals do, but that "the deals Slaughters is involved in are invariably the largest and most complex," and that "although the firm does not specialize, they do have fabulous lawyers." The firm is making efforts to build a more visible presence in this area, however, as evidenced by it landing new mandates on some high-profile transactions across a range of industry sectors.

Although the firm is more likely to be seen advising on big-ticket international projects, Slaughter and May has been involved in some prominent domestic UK deals of late. For example, the firm acted for Arsenal on the leading UK soccer club's stadium financing, and represented Jarvis on the reorganization of, and new funding arrangements for, 14 private finance initiative (PFI) projects, which constituted the largest-

ever PFI rescue by a considerable margin. In Ireland, Slaughter and May acted for the European Investment Bank (EIB) on the N8 and N4 public-private partnership road projects.

Elsewhere in Europe, the firm advised on a telecoms project for Alcatel in Turkey and, in the Netherlands, acted for the senior lenders on the Q7 wind farm project.

In the Middle East and Africa, Slaughter and May has also experienced increased activity. Among the year's highlights it acted for the lenders and the EIB on the Egyptian LNG Train 1 project, and at the time of writing was acting for the initial group of lead arrangers and the EIB on Egyptian LNG Train 2. The firm's prominent position in LNG financing was also evidenced in two further lender-side instructions in Oman: in the first, Slaughter and May represented the lenders on the expansion financing for Oman LNG, and in the second, it acted for the lenders on the Qalhat LNG project. At the time of writing, the practice was also acting for Svenska Petroleum Exploration on the upstream development and financing of the offshore Baobab oil field in the Ivory Coast.

Key contact partners

Steven Galbraith
Christopher Saunders

Sullivan & Cromwell

Last year was one of Sullivan & Cromwell's best for project finance. The firm capitalized on the increased activity in the energy sector and shot up 38 places in *Dealogic's* 2004 global project finance rankings to reach ninth place.

Among the year's highlights, Sullivan & Cromwell advised the project company on two big energy deals: the BTC Pipeline and the Tengizchevroil oilfield expansion project in Kazakhstan. The BTC Pipeline deal – which received the award for *IFLR's* European project finance deal of the year for 2004 – allowed one million barrels of oil a day to be carried from Azerbaijan to Turkey's Mediterranean coast through Georgia and was of great political significance, not least because Georgia underwent a revolution three months before the signing ceremony. The \$4.4 billion Tengizchevroil project, meanwhile, broke volume records for the CIS region, and was financed through the largest-ever project bond for any deal.

Elsewhere, Sullivan & Cromwell acted for the oil companies that participated in the financing of the \$3.2 billion ACG oilfield in Azerbaijan. ACG will provide the oil to be transported by the BTC pipeline.

Leading lawyer

Jamie Logie

Key contact partner

Jamie Logie

Other notable firms

Commentators feel the strength of **Ashurst's** project finance practice lies in its "excellent" position in the UK private finance and public-private market, for which it is "certainly top tier," as

well as in its presence in South African infrastructure. Mark Elsey is highly regarded in the UK market.

Baker & McKenzie is recommended for its work in Middle East energy and power work. The firm is particularly active in Saudi Arabia, and also maintains an impressive central and eastern Europe network.

A new entrant to the UK project finance rankings this year, **Chadbourn & Parke** has had a solid year that has helped it boost its presence across Europe. Among the year's highlights, the firm represented the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC) as senior lenders in relation to the €100 million project financing of a float glass factory to be constructed in Moscow by Pilkington Glass (one of the largest joint EBRD/IFC project financings to date in Russia), and in December 2004 acted for the EBRD again, this time in relation to a loan to affiliates of the State Oil Company of Azerbaijan for the development of two Caspian gas projects that will generate large revenues for the region and will help to establish Azerbaijan as a key natural gas supplier.

CMS Cameron McKenna is one of the UK's most active advisers for domestic projects work and the firm also has a "strong energy practice." **Denton Wilde Sapte** has a solid practice advising domestic borrowers on energy and PFI work, and one peer described Charles Wood as "the guru of electricity regulation."

DLA Piper Rudnick Gray Cary has had an eventful year that has seen the projects team involved in deals both for banks and sponsor bidding groups. The London team has been strengthened by the addition of partners Debbie Barbour from Clifford Chance and Anil Mehta from Allen & Overy, and DLA's merger with Piper Rudnick Gray Cary brought in an additional five infrastructure partners. Last year DLA advised Catalyst Healthcare on the £400 million (\$721.3 million) wrapped-bond financed Central Manchester Hospitals PFI project. Other healthcare sector UK deals for the firm included the Addenbrookes hospital project and Leeds oncology unit (which was shortlisted for *IFLR's* European project finance deal of the year award for 2004), and the practice advises on as many schools projects as any other in the UK.