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Corporate finance aspects of Italian corporate law reform

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Rome

The comprehensive reform of Italian corporate law (Legislative Decree No 6, dated January 17 2003), effective from January 1 2004 (the Reform) has introduced a new legal framework for Italian corporations. One rationale for the Reform was to provide corporations with greater flexibility, including in the area of corporate finance.

New types of securities

The Reform enables stock corporations to issue several new types of securities.

Preferential economic treatment to holders of non-voting or limited-voting shares is no longer necessary. Stock corporations may issue various classes of shares, bearing different rights, including different voting rights: (i) with regard to specific issues; or (ii) subject to specific contingencies (although their use as a poison pill in a hostile takeover is subject to restrictions). Non-voting shares may also be issued. Unlisted companies may also impose voting caps. The aggregate value of the shares with limited voting rights may not exceed 50% of the share capital.

The Reform allows stock corporations to issue: (i) shares redeemable by the company or the shareholders, provided that in redeeming such shares the company complies with share buyback rules; and (ii) tracking stock. Companies may define the rights carried by any tracking stock, subject to the following restrictions: (i) dividends may only be paid out of funds in excess of the company's capital and legal reserves; and (ii) for listed and unlisted companies with more than 200 shareholders and net assets of more than €5 million (\$6.13 million), tracking stock cannot carry fractional voting rights or be subject to voting caps.

Stock corporations may issue securities other than shares that carry economic or governance rights, except the right to vote in shareholders' meetings. Unlike shares, these securities may also be issued against non-monetary consideration.

Stock corporations' boards of directors may issue bonds and other hybrid securities. An unlisted company may issue such securities in an aggregate amount not exceeding twice its paid-in share capital plus reserves. Bonds may only be issued in excess of the cap if secured by real estate or issued to professional investors. If professional investors transfer such securities to retailers, they are liable to retailers if the issuer becomes insolvent. The aggregate amount of bonds that listed companies may issue is not limited, provided that the bonds are also listed.



Financial segregation of assets

Stock corporations may segregate assets for a specific industrial project by establishing one or more separate pools of assets, not exceeding 10% of the company's net assets, that cannot be attached by the company's creditors, and issue securities that are tied to the profits of such project.

Stock corporations may also segregate assets to promote the financing of a specific project, with priority for the financing party over the proceeds of such project. The financing agreement must describe the project and may provide for repayments to be made entirely or in part with the proceeds of the project.

To ensure that only the financing party (and no other creditors of the company) may have claims against the segregated proceeds of the project and related investments, the company must: (i) file a copy of the financing agreement with the Companies' Registry; and (ii) implement specific collection and accounting procedures so that the proceeds of the financing are properly identified and segregated from the assets and/or proceeds of the company. The financing party will have no claim on any other asset of the company, except with respect to any additional collateral that may secure its financing. However, priority given to the financing party over the proceeds of the project will not survive if the company becomes insolvent. In that case, the financing party will become an unsecured creditor of the company, ranking *pari passu* with any other unsecured creditor.

Subordination of intra-group debt

New rules on equitable subordination of inter-company debt financing apply to legal entities with direction and coordination powers over an Italian company. An entity would be presumed to exercise direction and coordination with respect to: (i) any subsidiary for which consolidation is compulsory; and (ii) any subsidiary under its sole control.

Any form of debt financing from a directing entity to a directed company is subordinated to the claims of third-party creditors of the directed company if: (i) the debt-to-equity ratio of the subsidiary at the time of the financing is excessive, also having regards to the business of the company; or (ii) in the circumstances, an equity contribution would have been more appropriate. If the subsidiary is declared bankrupt, a specific clawback procedure will permit the receiver to collect from the parent any payments made by the subsidiary with respect to any parent loan within the year preceding the bankruptcy declaration.

In the case of a company incorporated as a *società a responsabilità limitata* (as opposed to a *società per azioni*), the above rules would also apply to any loan extended by a shareholder, irrespective of whether the shareholder has direction and coordination powers.

Banking

Recommended firms

Allen & Overy

Bonelli Erede Pappalardo Studio Legale

Chiomenti Studio Legale

Clifford Chance Studio Legale

Gianni Origoni Grippo & Partners

Freshfields Bruckhaus Deringer

Grimaldi e Associati

NCTM

Giliberti e Associati

Pavia e Ansaldo

Ashurst

Carnelutti Studio Legale Associato

Cleary Gottlieb Steen & Hamilton

Latham & Watkins

Lombardi Molinari e Associati

Macchi di Cellere e Gangemi

Pedersoli e Associati

Simmons & Simmons

Studio Legale Tonucci

Ughi e Nunziante

Vita Samory Fabbrini e Associati

Studio Legale Associato a White & Case

Baker & McKenzie

Delfino e Associati Willkie Farr & Gallagher

Morano e Associati

Santilli e Associati

Shearman & Sterling

Studio Legale Montanari e Associati

Studio Legale Sutti

Camozzi Bonisconi

Allen & Overy

Allen & Overy's highest profile banking deal last year was advising the banks on the financing made available to the food manufacturing company Parmalat to enable to continue trading through its administration period. Unicredit Banca d'Impresa acted as coordinator for the 20 banks involved in the deal, a 12-month financing for €105.8 million (\$128.8 million). A&O partner Giancarlo Castorino led the team, assisted by Davide Mencacci and Gianni Vettorello. Gianni Origoni Grippo & Partners advised Parmalat.

Other work in the past year included advising on the financing of the €2.4 billion acquisition by De Agostini of Toro Assicurazioni from Fiat, acting on the acquisition of a 66.85% stake in coffee machine manufacturer Saeco International Group, working on the acquisition of a property-owning vehicle from Fondiaria Sai and Milano Assicurazioni by companies controlled by Morgan Stanley and Pirelli & C Real Estate, and advising on a cross-border lease and lease back of rolling stock for Atac.

The leading finance lawyer at the firm is project finance specialist Franco Vigliano, who is also regarded as a leading lawyer in pure banking work. The firm's other clients include banks Royal Bank of Scotland, Medio Banca, Deutsche Bank and Capitalia.

Key contact partners

Andrea Arosio
Giancarlo Castorino
Franco Vigliano

Leading lawyer

Franco Vigliano

Chiomenti Studio Legale

Partners Francesco Ago and Michele Carpinelli are the foundation for Chiomenti's reputation for Italian banking work. Both are recommended in *Euromoney's Guide to the World's Leading Banking Lawyers*. The firm's "excellent" practice is reinforced by a strong London office, where lawyers work closely with UK-based banks.

Chiomenti in general is described by competitors as one of the few Italian independents able to challenge international law firms appearing on the local market. Some, on the other hand, emphasise that the firm needs to react faster to competition from the English firms if it is to maintain that leading reputation.

Key contact partners

Francesco Ago
Giulia Battaglia
Roberto Ghio

Leading lawyers

Francesco Ago
Michele Carpinelli

Clifford Chance Studio Legale

"A pure banking firm," according to one commentator. This is debateable, but it is hard to argue with the banking strength of Clifford Chance's Italian office.

Last year the firm advised JP Morgan Chase and Lehman Brothers Permira Associati on financing the acquisition of Seat Pagine Gialle, a €5.5 billion (\$6.7 billion) deal handled by partners Massimo Novo, Paolo Sersale, Nicholas Wrigley and Charles Adams. It also worked on the Ferretti acquisition for much of the year, advising HVB and Mediobanca as lead arrangers of the mezzanine facilities and Mediobanca as lead arranger of the senior facilities. The deal involved the restructuring, syndication and medium-term refinancing of €384 million senior and €70 million mezzanine acquisition facilities. Other work includes advising the sponsor on financing the acquisition of a leisure resort in Costa Smeralda and advising the lead arrangers on financing the acquisition of Fiat Avio's aerospace business by a vehicle owned by Carlyle and Finmeccanica. The deal, which totalled €1.1 billion, was led by Giuseppe De Palma.

Although some may consider Clifford Chance a rank below local rivals Chiomenti Studio Legale, the firm is aided considerably by the talents of leading lawyers Charles Adams and Massimo Novo.

Key contact partners

Charles Adams
Giuseppe De Palma
Massimo Novo

Leading lawyers

Charles Adams
Massimo Novo

Gianni Origoni Grippo & Partners

Gianni Origoni, a strong mergers and acquisitions firm with a possibly underrated banking and finance team, worked on the largest financing in Europe in 2003 – the facilities granted to toll-road operator Autostrade. The way the transaction was structured necessitated a two-tier level of financing (both at the level of operating company and holding company) and the highly regulated nature of the roads sector required detailed due diligence to allow the financing to be structured to provide lenders with adequate comfort on their security's enforceability. In particular, because security could not be taken over Autostrade's concession assets, a covenant package was devised to ensure that the lenders would be adequately protected in the event of a default. It was the first financing of this type in the Italian roads sector.

Gianni Origoni also worked on the financing of the merger between Olivetti and Telecom Italia, which was required to finance both the tender offer and disbursement deriving from withdrawal of shareholders as a result of the merger.

Competitors in the market say the break-off of the alliance between the Italian firm and Linklaters has “not really affected either firm”. Gianni Origoni “already has an excellent reputation and Linklaters has gained a lot of experience while working with them”. Among the firm’s partners, ex-Simmons & Simmons lawyer Andrea Giannelli is singled out by peers, being described as “excellent, a highly recommended lawyer,” as is name partner Franco Gianni.

Key contact partners

Giandomenico Ciarabella

Alberto Giampieri

Andrea Giannelli

Leading lawyers

Alberto Giampieri

Francesco Gianni

Bonelli Erede Pappalardo Studio Legale

Bonelli’s banking clients and peers say they “would rank the firm above Chiomenti in terms of the quality of advice and service offered,” that “Bonelli is really on the same level as Chiomenti” and that “Bonelli has established itself as an independent Italian firm with excellent capabilities”. Given this and the record of the firm’s work over the last year, Bonelli has been promoted in this edition of the *IFLR1000* into the top tier for banking.

Andrea Novarese heads the firm’s banking practice in Milan, supported by the head of the London office, Alberto Del Din. The office’s work has included advice to Banca Intesa on financing the tender offer on Metrovacesa, work for Autostrade on its innovative refinancing, advice to Immobiliare Rio Nuovo and Deutsche Bank on the real estate financing of Immobiliare Rio Nuovo, and work for JP Morgan on a term loan facility to Olivetti and revolving credit facility to Telecom Italia for their merger.

The volume of lawyers recommended at Bonelli Erede Pappalardo is testament to the depth of talent at the firm. Novarese and Roberto Cera are particularly recommended by peers for their technical skills and name partner Sergio Erede is praised for his business acumen. Riccardo Sallustio, who joined the firm’s London office from Allen & Overy, was also recommended to researchers as a talented lawyer.

Key contact partners

Andrea Novarese (Milan)

Emanuela Da Rin (Rome)

Riccardo Sallustio (London)

Leading lawyers

Roberto Cera

Sergio Erede

Andrea Novarese

Riccardo Sallustio

Freshfields Bruckhaus Deringer

The view in the market is that Freshfields’ Italian operation is generally known as “a good securities and equity capital markets practice, rather than debt or banking”. Hence the firm’s ranking among Allen & Overy, Clifford Chance and Chiomenti in capital markets but not in banking.

Despite griping from some that Freshfields did “not have a good year last year,” the firm advised Whitehall, part of Goldman Sachs, on the €120 million (\$146 million) acquisition of a real estate portfolio owned by Carrefour, acted for Pirelli Real Estate and Peabody on the €225 million financing of a commercial real estate portfolio, advised Cargill Investments on the €47 million financing of a real estate development, represented Interbanca on the €18 million acquisition financing of SNATT Holding and advised the Milan branch of HSBC on a €51 million loan to Siram.

The firm’s leading lawyers are Stefano Sennhauser and the “excellent banking lawyer” Enrico Castellani.

Key contact partners

Franco Campomori

Stefano Sennhauser

Leading lawyers

Enrico Castellani

Stefano Sennhauser

Other notable firms

Giliberti e Associati is “an excellent M&A firm – one of the best in Italy” but is also good for banking advice, with Carlo Pappalettera highly recommended. **Grimaldi e Associati** has had another good year after its split from English firm Clifford Chance, while **NCTM** “is becoming one of the most important firms in banking” and “is particularly well-known in the Milan market among banks and large corporates”. Its clients include Royal Bank of Scotland, Unicredito, GE Capital, Rabobank Group and Banca Leonardo.

Morano e Associati has a “very good” lawyer in name partner Alberto Morano and the firm is “well known for private equity and acquisition finance work”. **Pavia e Ansaldo** is a “recognized leading Italian banking practice” that advised Banca Nazionale del Lavoro, Interbanca and Unicredit Banca d’Impresa on a €144.5 million (\$175.6 million) acquisition financing deal whereby the banks provided funding to Fondo Opera to purchase B&B. Partner Roberto Zanchi is included in Euromoney’s *Guide to the World’s Leading Banking Lawyers*.

One client of **Studio Legale Tonucci** says it “has done some very good work with Tonucci. The firm was very positive.” **Ashurst** has “a strong practice” as does fellow UK firm **Norton Rose** which, some competitors feel, “should be recognized for its acquisition finance practice”. Maurizio Delfino from **Delfino e Associati Willkie Farr &**

Gallagher is “a well respected lawyer,” as is Claudio Visco from **Ughi e Nunziante**, which is described as “top quality”. Lastly, **Studio Legale Sutti** has had a solid year, advising Deutsche Bank on the restructuring of Vivanco’s debt, acting for the Italian banks on restructuring Argentina’s private debt and consulting with Finco2000 on setting up a new bank in Italy.

Capital markets – debt and equity

Recommended firms

Bonelli Erede Pappalardo Studio Legale

Gianni Origoni Grippo & Partners

Allen & Overy

Chiomenti Studio Legale

Clifford Chance Studio Legale

Freshfields Bruckhaus Deringer

Carnelutti Studio Legale Associato

Cleary Gottlieb Steen & Hamilton

Grimaldi e Associati

Lombardi Molinari e Associati

Macchi di Cellere e Gangemi

NCTM

Pedersoli e Associati

Simmons & Simmons

Studio Legale Beltramo

Studio Legale Associato a White & Case

Grande Stevens Studio Legale

Latham & Watkins

Norton Rose

Studio Legale Montanari e Associati

Studio Legale Tonucci

Vita Samory Fabbrini e Associati

Shearman & Sterling

Ughi e Nunziante

Capital markets – structured finance

Recommended firms

Bonelli Erede Pappalardo Studio Legale

Clifford Chance Studio Legale

Allen & Overy

Chiomenti Studio Legale

Freshfields Bruckhaus Deringer

Gianni Origoni Grippo & Partners

Grimaldi e Associati

Allen & Overy

The English firms tend to dominate debt capital markets work in Italy, though Bonelli Erede Pappalardo, Gianni Origoni Grippo & Partners and Chiomenti all have a share of the deals. A&O is perennially strong in debt work, and Massimiliano Danusso heads a reputable department. Last year, for example, the firm advised on the establishment of a medium-term note programme for Telecom Italia, acting for Lehman Brothers and JP Morgan. It was the first big debt issue of the year and an important step for Italian corporate issuers. A&O also advised on programmes for two Italian regions – Umbria and Molise, closing both in the same week. To date, the firm has advised on the establishment of debt programmes for some 10 Italian regions and provinces.

In structured finance, A&O recently advised joint bookrunners Goldman Sachs, Lehman Brothers and Merrill Lynch on the largest Italian authority securitized bond to date, the Italian region of Sicily’s issue of \$981 million in notes with a 2016 maturity. They were sold under Rule 144A into the US and carried the same AA credit rating as Italy.

The firm’s leading lawyers are the US-qualified Max Aaron, Andrea Cristaudi and Giancarlo Costarino.

Key contact partners

Giancarlo Castorino

Massimiliano Danusso

Anne-Claude Lutz

Leading lawyers

Max Aaron

Giancarlo Castorino

Andrea Cristaudi

Massimiliano Danusso

Bonelli Erede Pappalardo Studio Legale

The market maintains that “at Bonelli, Andrea Novarese and Carlo Montagna are the experts.” Yet there are several more partners recommended as leading lawyers in structured finance

work – Roberto Cera and Alberto Saravalle, the latter particularly for equity work, Paolo Oliviero and Alberto Del Din, who is picked out for his structured finance expertise.

With a team such as this it is no wonder the firm is ranked as one of the best for debt and equity capital markets as well as for securitization. The firm's only problem in the past has been raising its international profile and winning work on the large, cross-border deals. Recently, however, some peers have said the firm has “developed its core competences on the international field” and as a result “has a substantial flow of work coming its way”.

Some of that work last year took in, on the debt side, a \$350 million private placement of notes issued by Barilla Finance, a placement of notes issued by HMS Host and guaranteed by Autogrill, an exchange offer of notes due 2010 and 2013 issued by Banco Hipotecario, and an issue of convertible bonds by Enertad. Equity was quiet in Italy last year, yet the firm was involved with Fiat's capital increase and the listing elements of the Pirelli and Autostrade mergers.

Key contact partners

Roberto Cera
Alberto Del Din
Alberto Saravalle

Leading lawyers

Roberto Cera
Carlo Montagna
Andrea Novarese
Paolo Oliviero
Alberto Saravalle

Chiomenti Studio Legale

“Chiomenti has a strong equity capital markets practice.” These words from a competitor will be encouraging for the firm, which has tried hard over the last few years to improve its all-round capital markets capabilities. The firm is also a good choice for debt advice and securitization, with lawyers Francesco Ago and Roberto Ghio highly recommended.

The firm's work in recent years has included advising on the innovative SCIP Società Cartolarizzazione Immobili Pubblici securitization, which was nominated for IFLR's securitization deal of the year. Other highlights include representing Banca di Bologna on a €125 million (\$141 million) securitization of mortgage loan receivables.

Key contact partners

Francesco Ago
Roberto Ghio
Manfredi Vianini Tolomei

Leading lawyers

Francesco Ago
Roberto Ghio

Clifford Chance Studio Legale

Clifford Chance is highly recommended for its debt capital markets advice and the securitization expertise that is inevitable given its world-leading practice in London.

The firm remains a strong outfit despite losing the whole of the Grimaldi alliance and securitization star lawyer Luigi Chessa in the space of a year. Paolo Calderaro is highly recommended for structured finance, fortunately, as is managing partner Nicholas Wrigley. Examples of recent structured work include advising MCC and Dresdner Kleinwort Wasserstein on the €450 million (\$549 million) securitization of receivables derived from personal loans from Banca Fineco, and advising arrangers Banca IMI, JP Morgan Chase and Lehman Brothers on a €3 billion securitization of the national social security contributions made to INPS.

Alberto Figari and Filippo Emanuele are also highly recommended for debt and other finance work. Emanuele led the team that advised the joint lead managers on the issue by Unipol of €300 million-worth of fixed and floating rate subordinated notes due 2023.

Key contact partners

Paolo Calderaro
Filippo Emanuele
Nicholas Wrigley

Leading lawyers

Paolo Calderaro
Filippo Emanuele
Alberta Figari
Nicholas Wrigley

Freshfields Bruckhaus Deringer

Freshfields has a strong debt capital markets and securitization practice in Italy. Last year the firm worked on a securitization programme of consumer loan receivables for Findomestic Banca, structured as a true master trust, advised arranger Crédit Lyonnais on a pan-European trade receivables securitization for Italian fashion group LMA, acted for arrangers UniCredit Banca Mobiliare, ABN AMRO and Euro Capital Structures on the Nixes securitization programme for car loans originated by Fiat Sava, and worked for BNP Paribas, Crédit Agricole Indosuez and Finanziaria Internazionale on the issue by Cars Alliance Funding of asset-backed securities backed by auto loan receivables originated by RNC, an Italian subsidiary of Renault. Enrico Castellani, who is recognized as a leading lawyer in Italy and even referred to as a “*primitissimo*” by some of his peers, led the Freshfields team on the last deal. Securitization partner Stefano Sennhauser, who led the team on the other three deals, is also recommended as a leading lawyer.

The firm has also been active in the synthetic securitization market in Italy over the past few years, using credit default swaps to give investors exposure to a basket of Italian corporates. The UK firms and Gianni Origoni Grippio & Partners have been leading the way on such structures.

Key contact partners

Corrado Angelelli
Bruno Castellini
Carlo Kostka

Leading lawyers

Enrico Castellani
Stefano Sennhauser

Gianni Origoni Grippo & Partners

Although also a recommended debt capital markets and structured finance practice, Gianni Origoni is one of the best in Italy for equity capital markets work. “Gianni is clearly an important player in equity,” as one commentator puts it, while another says “on the Italian side, Gianni Origoni is the leader”.

Partner Antonio Segni does “a lot of initial public offering work at Gianni”. Last year it was Segni that led the Gianni Origoni team advising Morgan Stanley on the largest equity deal of the year – the bought deal of 400 million ordinary shares in Enel. The deal required Morgan Stanley to buy the shares through a spot trade and then to place them in the market. The sale, by the Italian Treasury, was the first ever by way of a bought deal in Italy and only the third in Europe. Segni also advised JP Morgan on an issue of fresh (floating rate equity-linked subordinated hybrid) securities for Banca Monte dei Paschi di Siena, that were the first instruments of their kind to be issued by an Italian bank and the only the second ever in Europe.

In structured finance, the firm leaders are the “Alberto Giampieri and Andrea Giannelli ensemble”. Giannelli is an ex-Simmons & Simmons lawyer who is highly rated for his securitization expertise.

Key contact partners

Alberto Giampieri
Andrea Giannelli
Francesco Gianni

Leading lawyers

Alberto Giampieri
Andrea Giannelli
Francesco Gianni
Antonio Segni

Other notable firms

The Italian office of US firm **Cleary Gottlieb Steen & Hamilton** is highly recommended for its debt and equity capital markets work. One competitor admires the firm’s ability to “offer both the Italian and international aspects of the law,” while another describes the firm as “small, offering quality rather than quantity”. **Grimaldi e Associati** is well regarded, and the firm’s capital markets and structured finance practice has recovered well from its split from Clifford Chance. As one peer puts it “despite its separation

from Clifford Chance, Grimaldi continues to do many capital markets transactions and deserves a high ranking.”

Italian firm **NCTM** has a lot of strong contacts with local companies, particularly De Agostini, who provides the firm with a lot of capital markets work. **Pedersoli e Associati**, meanwhile, is “very good on the debt side”. **Studio Legale Beltramo** “does a lot of regional debt work” and has “a very good equity lawyer in Susanna Beltramo”. Beltramo has expertise advising on derivatives transactions by local governments. The firm’s clients include the regions of Lombardy and Marche. In recent years the firm also advised Finmeccanica on a €330 million (\$402 million) bond issue.

Studio Legale Associato a White & Case continues to build a respected practice in Italy. The practice is headed by Andreas Ughi and includes a number of associates formerly with Grimaldi Clifford Chance. Work includes advising co-arrangers CIBC World Markets and Banca Akros in a €125 million securitization of mortgage loan receivables originated by Banca di Bologna. The firm has also been active in tapping the growing demand from Italian regions and municipalities that want to access the capital markets, an example being the City of Venice’s €150 million bond issue. It will be interesting to see the effects of name partner Alessandro Varrenti’s departure, however; Varrenti left to set up his own firm in June 2004.

Insolvency and restructuring**Recommended firms**

Bonelli Erede Pappalardo Studio Legale

Chiomenti Studio Legale

Gianni Origoni Grippo & Partners

Allen & Overy

Clifford Chance Studio Legale

Freshfields Bruckhaus Deringer

Carnelutti Studio Legale Associato

Cleary Gottlieb Steen & Hamilton

Grimaldi e Associati

Lombardi Molinari e Associati

Macchi di Cellere e Gangemi

NCTM

Pedersoli e Associati

Studio Legale Tonucci

Ughi e Nunziante

Pirola Pennuto Zei e Associati

Studio Legale Bruni Gramellini e Associati

Vita Samory Fabbrini e Associati

S Adonnino Ascoli e Cavasola Scamoni

De Berti Jacchia

Morano e Associati

Studio Legale Sutti

Studio Legale Associato a White & Case

Bonelli Erede Pappalardo Studio Legale

Like most of Europe, insolvency and restructuring work is split between local court advice and large international restructurings. Although the *IFLR1000* focuses on international transactions, the fact that all insolvency work in Italy begins at a local level gives a big advantage to any firm that is able to offer both national and international expertise. The three Italian firms in the first tier of this section all have this capability. And although Bonelli Erede Pappalardo is probably the least known of the three, its competitors recognize the fact that the firm “is handling some very complex matters” and “is good for litigation”.

Bonelli has acted for the commissioners in the administration of Morteo and of Coproa and the liquidators of Gepco. It also advised the liquidator in the out-of-court restructuring of Cameli, as well as representing Santaeurosia in its petition for the bankruptcy of SCI.

Key contact partners

Marco Arato
Franco Bonelli

Chiomenti Studio Legale

Chiomenti is “doing very well” in the insolvency and restructuring arena. Its advice on the high-profile restructuring of bonds issued by food company Cirio in the Rome courts won the firm a lot of praise, despite the failure of the bondholders to accept the final proposition and the case’s descent into litigation.

Litigation and regional reach is important in Italian insolvency, and fortunately Chiomenti “is well known in litigation” and has a deep regional expertise. Partners Francesco Ago and Michele Carpinelli are “very respected professionals” and are viewed as leading lawyers in Italy.

Key contact partners

Francesco Ago
Michele Carpinelli

Leading lawyers

Francesco Ago
Michele Carpinelli

Gianni Origoni Grippo & Partners

Franco Gianni is “the name” for insolvency work, according to his peers, and his reputation “is not dissimilar to the reputation of Franco Bonelli”. Gianni’s reputation has soared over the last couple of years as he has led the team advising Enrico Bondi, the Italian government’s appointed administrator, on the restructuring of debt-ridden dairy group Parmalat. The work has won him accolades such as “a very serious and key player in his field” and “an admired and esteemed lawyer”.

In recent years the reorganization and insolvency team has helped Diners Club International restructure its European subsidiaries, thereby helping it to avoid becoming insolvent, and advised I&T Informatica e Telecomunicazioni on the restructuring of its holding company and subsidiaries.

Leading lawyer

Francesco Gianni

Other notable firms

Clifford Chance Studio Legale partner Silvio Riolo wins consistent praise for his insolvency and restructuring work, with one competitor describing him as having “a significant insolvency profile”. **Allen & Overy** also has very strong insolvency and restructuring practice in which Alberto Nanni, an insolvency and litigation specialist, plays a key role. Peers also say that A&O’s “outstanding banking practice” is a big help on insolvency work.

Freshfields Bruckhaus Deringer has a good international profile for large insolvency and restructuring, its most high-profile deal of the past year being advice to Crognotti on the Cirio bonds restructuring. The firm also advised Teleglobe on the liquidation of its Italian subsidiary after the company launched Chapter 11 proceedings in the US. Other insolvency clients include Deutsche Bank and Rolls Royce. Enrico Castellani is highly rated.

Carnelutti Studio Legale Associato is one of the largest independent firms in Italy, with offices in Milan, Rome, Naples, Padua and Paris, and is involved in all aspects of insolvency work, with particular expertise in company reconstructions, entitlement of employees, single-asset and real estate bankruptcies, receiverships, court liquidations and voluntary liquidations.

Pedersoli Lombardi e Associati split up last year into **Pedersoli e Associati** and **Lombardi Molinari e Associati**. Both firms are highly regarded for insolvency work. Pedersoli has many well-regarded practitioners, and Lombardi benefit from its role on the Parmalat insolvency. And **Studio Legale Sutti** has had a busy year in the insolvency field, working on the restructurings of Cartoflex and Italfilm and advising on the bankruptcy proceedings of Vrot and Sapi.

Mergers and acquisitions

Recommended firms

Allen & Overy

Bonelli Erede Pappalardo Studio Legale

Chiomenti Studio Legale

Gianni Origoni Grippo & Partners

Clifford Chance Studio Legale

Freshfields Bruckhaus Deringer

Grimaldi e Associati

Carnelutti Studio Legale Associato

Cleary Gottlieb Steen & Hamilton

Giliberti e Associati

Grande Stevens Studio Legale

Lombardi Molinari e Associati

Macchi di Cellere e Gangemi

NCTM

Pavia e Ansaldo

Pedersoli e Associati

Ughi e Nunziante

Vita Samory Fabbrini e Associati

Baker & McKenzie

De Berti Jacchia

Galgano

Lovells

Morano e Associati

Simmons & Simmons

Studio Legale Montanari e Associati

Studio Legale Sutti

Studio Legale Tonucci

Studio Legale d'Urso

Allen & Overy

Allen & Overy has suffered with the departure last year of its star lawyer Roberto Casati, who left to become the senior partner at US firm Cleary Gottlieb Steen & Hamilton. The

firm still deserves its top-tier ranking, however, given the residual skill of its M&A lawyers and other leading individuals such as Guido Brosio and head of department Paolo Cerina.

The firm's biggest deals of late have been advising Fiat on its €1.5 billion (\$1.83 billion) sale of Fiat Avio's aerospace business to Avio Holdings, acting for British American Tobacco on its €2.3 billion acquisition of ETI, the Italian state-owned tobacco company, advising ING on the €170 million sale of its retail network of financial advisors, ING Sviluppo Finanziaria, as well as the affiliated Italian life insurance, asset management and private banking activities, to Unicredito and Aviva, and advising national airline company Alitalia on the €36 million sale of its majority shareholding in Eurofly, the Alitalia subsidiary specializing in charter flights.

Key contact partners

Guido Brosio

Paolo Cerina

Leading lawyer

Guido Brosio

Bonelli Erede Pappalardo Studio Legale

"Everyone has been talking about Bonelli over the past years, especially Franco Bonelli and Sergio Erede," says one of the firm's M&A competitors. "They are the so-called It boys of the legal market." Or as another puts it, "Bonelli's name is on everyone's lips," "they are *a la moda*". The reason for such enthusiasm? Most of it seems to be rooted in the reputations of a few partners. Apart from Bonelli and Erede, Umberto Nicodano is also recommended as having "good depth" and Roberto Cera is recommended as a capital markets and corporate specialist – "a good guy that works on some very complex deals, a very smart guy". Alberto Saravalle is also recommended as a younger lawyer who "will certainly be a big player in the M&A market in the future".

Recent work includes acting as Italian counsel to Doughty Hanson on the sale of FL Selenia, the largest independent blender and distributor of automotive lubricants in Europe and South America, to US private equity firm Vestar Capital Partners, and advising the creditor bands of Piaggio on IMMSI's takeover of the Piaggio group. The Piaggio transaction was structured through a €350 million (\$426.9 million) capital increase by Piaggio and the subsequent restructuring of Piaggio's remaining bank debt. Bonelli also acted as counsel to several members of the Manuli families on the tender offer for Manuli Rubber Industries and subsequent squeeze-out.

Key contact partners

Roberto Cera

Umberto Nicodano

Alberto Saravalle

Leading lawyers

Franco Bonelli
Roberto Cera
Sergio Erede
Umberto Nicodano

Chiomenti Studio Legale

Chiomenti's M&A reputation, like that of Gianni Origoni Grippo & Partners, rests chiefly on the shoulders of one man. In Chiomenti's case, this is Michele Carpinelli, who is "fabulous" according to one client, and "a smart man".

The firm has also benefited over the last few years from a working relationship with US firm Skadden Arps Slate Meagher & Flom. This brings the firm the international connections it otherwise lacks and gives Skadden access to a network of offices throughout Italy. The two firms teamed up to advise Novuspharma, for example, on its acquisition by US biotech group Cell Therapeutics.

Carlo Croff is also a recommended lawyer at Chiomenti: both he and Carpinelli are listed in Euromoney's *Guide to the World's Leading Mergers and Acquisitions Lawyers*.

Key contact partners

Michele Carpinelli
Massimo Colozza
Carlo Croff

Leading lawyer

Michele Carpinelli

Gianni Origoni Grippo & Partners

Gianni Origoni is "the leading player in the Italian M&A market" according to one competitor. The firm worked on the merger of Telecom Italia into Olivetti last year, which was the largest merger of the year in Italy and one of the largest ever by market capitalization. The transaction produced a number of innovative solutions, including: a share-capital redistribution among existing Olivetti shareholders and Telecom Italia shareholders to reduce the impact of the merger on the reserves of the resulting entity; a cash tender offer launched by one of the merging entities on the shares of the other, aimed at granting Telecom Italia shareholders an exit; and a new methodology for the calculation of the merger exchange ratio to take into account tax assets deriving from the merger and the expected effects of the exit of Olivetti shareholders.

The firm also worked on the demerger and subsequent sale of Seat Pagine Gialle, which was the largest demerger ever completed in Italy and one of the largest private equity transactions ever in Europe. The deal required an efficient separation of the businesses to be demerged from those to be retained, allowing potential purchasers to conduct due diligence on the listed company, and a highly confidential auction procedure for the disposal of a majority stake in a listed company.

Key contact partners

Francesco Gianni
Alessandro Giuliani
Filippo Troisi

Leading lawyers

Alberto Giampieri
Francesco Gianni

Clifford Chance Studio Legale

As in most other practice areas, Clifford Chance has managed to maintain its ranking in mergers and acquisitions despite the departure of Vittorio Grimaldi and his team of lawyers. Silvio Riolo and managing partner Nicholas Wrigley are both considered leading lawyers and, while not yet having quite the same standing as Roberto Casati or Francesco Gianni, they are both recommended as good, technical lawyers.

Clifford Chance, particularly partner Silvio Riolo, advised Kraft Jacobs Suchard on its disposal to Lactalis of the Invernizzi business, an operator in the cheese industry, in September 2003. Other work included advising Aviva on its exchange of shares with Fondazione CRT involving Société Générale shares held by the former and Unicredito shares held by the latter, advising Pacifica Group on its acquisition of Automotive Products Italia for €37.5 million (\$45.7 million) and advising Acciaierie Venete on its acquisition of a subsidiary of Lucchini, consisting of factories and plants for steel production.

Key contact partners

Filippo Emanuele
Alberta Figari
Nicholas Wrigley

Leading lawyers

Silvio Riolo
Nicholas Wrigley

Freshfields Bruckhaus Deringer

Freshfields advised Fondazione Cassa di Risparmio di La Spezia last year on its sale of a stake in the holding company, Carinord, that controlled two banks, Cassa di Risparmio di La Spezia and Cassa di Risparmio di Carrara. It also advised Goldman Sachs on the cross-border merger of Goldman Sachs SIM into Goldman Sachs International, Commerzbank on the sale of Commerzbank Asset Management Italia to RasBank, and TelefonicaDataCorp, a subsidiary of Telefonica, on the sale of its 34% stake in Atlanet to a subsidiary of Fiat. Paulo Colucci, who is recommended as a leading lawyer by his peers, led the team on the last deal.

The M&A practice has grown in recent years with two associate hires from Bonelli Erede Pappalardo and one from Allen & Overy.

Key contact partners

Fabrizio Arossa
Massimo Benedettelli
Mario Ortu

Leading lawyer

Paulo Colucci

Other notable firms

Roberto Cappelli and Vittorio Grimaldi at **Grimaldi e Associati** are listed in Euromoney's *Guide to the World's Leading Mergers and Acquisitions Lawyers*. The firm advised Unicredit and Aviva when they acquired ING's retail network of financial advisers, ING Sviluppo Finanziaria, for €170 million (\$193 million). **Carnelutti Studio Legale Associato** has scooped several headline-grabbing deals in recent years, acting as Italian counsel to Danone Dickson Minto on the €1 billion leveraged buyout of Galbani from Danone and advising MTV on the €600 million sale of the company to the Seat-Cecchi Gori Group. It also represented Azimut on its management buyout worth €550 million and advised brewer Birra Peroni on SAB Miller's €563 million unconditional offer in a deal involving a series of put and call options.

Cleary Gottlieb Steen & Hamilton already had a "particularly strong Rome office" but the arrival of leading lawyer Roberto Casati has enabled it to open an office in Milan. **Giliberti e Associati** partner Carlo Pappaletta is highly recommended at the boutique M&A firm, which, in the words of one rival, "has been the revelation of the year following its role on the Seat Pagine Gialle deal".

Grande Stevens Studio Legale partner Franco Grande Stevens is highly recommended, as is Vittorio Nosedà at **NCTM**. Clients say they were "impressed with his general efficiency," that he "made a very good impression" and that they "were impressed with his Italian commercial awareness".

Pedersoli e Associati is "well known" and continues to do good work despite its split from **Lombardi Molinari e Associati**. Pedersoli also has a "phenomenal relationship with Intesa BCI". Although the market was silent as to the merits of **Studio Legale Sutti's** M&A practice, the firm has worked on some good deals over the past year, including acting for Sound & Vision on the acquisition of the largest Italian authoring company by a DVD publisher, and in October 2003 advising Cartoflex on the acquisition of the assets of a chemical company. **Studio Legale d'Urso** has merged with **Studio Molinari Gati**, which should improve the firm's reach. D'Urso often works for Lehman Brothers and Mediobanca and competitors see the firm as "on the way up".

Project finance**Recommended firms**

Allen & Overy

Bonelli Erede Pappalardo Studio Legale

Chiomenti Studio Legale

Clifford Chance Studio Legale

Freshfields Bruckhaus Deringer

Grimaldi e Associati

Gianni Origoni Grippò & Partners

NCTM

Lombardi Molinari e Associati

Pedersoli e Associati

Macchi di Cellere e Gangemi

Norton Rose

Ughi e Nunziante

Vita Samory Fabbrini e Associati

Baker & McKenzie

Carnelutti Studio Legale Associato

Cleary Gottlieb Steen & Hamilton

Coudert Brothers

Giliberti e Associati

Santilli e Associati

Studio Legale Sutti

Allen & Overy

A&O is simply the number one firm for project finance work in Italy, and partner Franco Vigliano is the number one lawyer. "The firm we like to work with best is Allen & Overy" says one client, "I definitely agree with its ranking in the top tier." Or, as another says: "Allen & Overy was our best experience in Italy, the firm was very experienced in our firm's products." And one more: "We worked with Franco Vigliano from A&O and our experience of them was by far the best".

The firm worked on the FIBE project, the financing of a 125MW waste-to-energy plant, and the IVPC 2000 project, the financing of a 167MW wind-powered energy plant, last year. But its most impressive work was on two deals that had yet to close at the time of writing, the Messina Strait Bridge and Brebemi – the first project finance of a toll road in Italy.

Vigliano is leading the A&O team on the last two. Catia Tomasetti, also a highly recommended lawyer, led the team on the first two.

Key contact partners

Fiona FitzGerald
Catia Tomasetti
Franco Vigliano

Leading lawyers

Catia Tomasetti
Franco Vigliano

Bonelli Erede Pappalardo Studio Legale

Bonelli's strong finance team ensures that Bonelli has a highly-ranked project finance department, one that has improved in the last two years with the addition of Riccardo Sallustio and his team of lawyers from Allen & Overy.

Bonelli recently worked on the acquisition of several project companies, including the takeover of SET and subsequent financing of its electric power supply station, the acquisition of Energia Sud and the subsequent financing of a wind farm project, and the acquisition and repowering of Interpower, now Tirreno Power. The firm also advised on the financing of a project for the design, development, testing, implementation, operation and maintenance of an electronic tolling system in Austria.

Banking partner Andrea Novarese is recommended for project finance work and acts for clients including Banca Intesa, Energia Italiana, Electrabel, Acea and Salini Costruttori. She advised a consortium of Electrabel, Acea and Energia Italiana on the refinancing of the final generation company Interpower by a consortium of companies in the electricity sector in a deal worth €900 million (\$1 billion).

Key contact partners

Andrea Novarese (Milan)
Emanuela Da Rin (Rome)
Riccardo Sallustio (London)

Leading lawyer

Andrea Novarese

Chiomenti Studio Legale

Luca Bonetti from Chiomenti is "an admired partner and a sharp lawyer," according to one competitor, who also says Chiomenti is "a good firm" for project finance. Other lawyers at Chiomenti who come in for praise are Michele Carpinelli and Francesco Ago, although Bonetti takes much of the credit for the firm's improving reputation in this area. Despite Chiomenti's links with US firm Skadden Arps Slate Meagher & Flom, however, rivals say the firm is suffering from the lack of an international network in the last couple of years.

Key contact partners

Francesco Ago
Luca Bonetti
Michele Carpinelli

Leading lawyer

Luca Bonetti

Clifford Chance Studio Legale

Other project finance lawyers highlight Clifford Chance partner Charles Adams as one of the market's leaders, justifying his position as a leading lawyer in Italy.

The firm's key deal last year was the financing of the Interpower and Edipower projects. Italy's new rule that a company's share of generation capacity be limited to 50% forced Enel to divest of Elettrogen, Eurogen (now Edipower) and Interpower (now Tirreno), all three portfolios being spun off from in multibillion euro deals. Edipower and Interpower required a commitment from the buyers to repower some of the plants, converting them from old-fashioned oil to gas-fired plants, while the financing itself was complicated by a post-closing injection of equity, the possibility of converting tranches of the junior facility into the senior (and releasing relevant portions of the industrial sponsors' guarantee) when the power plants become operational, and a tolling agreement that was the first of its kind in Italy (involving a multi-toller structure).

Key contact partners

Charles Adams
Massimo Novo
Gian Luca Rabitti

Leading lawyer

Charles Adams

Freshfields Bruckhaus Deringer

Freshfields has four partners and 10 associates dedicated to project finance work in Italy, the four partners being Massimo Benedettelli, Franco Campomori, Enrico Castellani and Tommaso Salonic. The firm has also benefited from the addition of administrative law specialist Marcello Clarich in recent years, who has worked on several of the firm's public-private partnership transactions.

The firm's work last year included advising Finlombarda on the standardization of concession agreements in the health sector in the Lombardy Region, and advising Infrastrutture on state aids and contractual issues deriving from its financial support of small and medium size corporates. Franco Campomori led the Freshfields team on both these matters. Other clients include Bouygues Construction, EdF, Interbanca, Edison and Edison Gas.

Key contact partners

Massimo Benedettelli
 Franco Campomori
 Enrico Castellani

Grimaldi e Associati

Francesco Novelli is the leading project finance lawyer at Grimaldi e Associati, a banking and finance specialist who came to the firm with Vittorio Grimaldi when he split from UK law firm Clifford Chance to launch his own practice. Novelli has since helped the firm win a role advising the Italian government on a key infrastructure project. Its role on the scheme – a high-speed rail link between Turin, Milan and Naples – serves as evidence against any rival that questions whether or not Grimaldi can remain a big player in the Italian project finance market after its demerger from Clifford Chance.

Key contact partner

Francesco Novelli

Gianni Origoni Grippo & Partners

Since Gianni Origoni split from Linklaters, its clients feel it has “developed a good franchise” for banking and finance work in Italy. The firm also has an excellent reputation for the quality of its work. Name partner Eugenio Grippo heads the projects department.

Work highlights in recent years have included advising Enel Produzione on a €600 million (\$748 million) project financing deal in Bulgaria for the construction and redevelopment of a lignite-fuelled power station for the national electricity company, NEK. Eugenio Grippo has also led teams representing Banca Mediocredito (Unicredito) on a project financing for waste-to-energy projects in southern Italy and AES on the financing and tolling arrangements for the recently acquired Edigen.

Key contact partners

Eugenio Grippo
 Giovanni Nardulli
 Cesare Vento

Other notable firms

Norton Rose has a good reputation for project finance work in Italy, and last year the firm worked on the Milan-Brescia direct highway, advising Banca Intesa, advised the Mestre Hospital on one of the most important projects in the sector last year, and worked on a wind farm project for Banca Mediocredito (Gruppo Unicredito).

Alessandro Triscornia from **Giliberti e Associati** is “excellent” on project finance work. Fellow Italian firm **Macchi di Cellere e Gangemi**, though small, is regarded as a specialist in project finance. It has less experience in big-ticket international deals than some of its larger domestic

rivals but has an excellent reputation for quality of work. And **Studio Legale Sutti** also gets its share of work; in September 2003 it advised on the €5 million (\$6.1 million) restructuring of the Accademia delle belle arti in Milan, having two months beforehand acted for Consorzio Parco del Ticino on the financing of leisure facilities for the largest park in Europe, in a deal worth €15 million.