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Stapled finance packages under scrutiny

Richard Hall
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New York

The use of stapled financing in merger and acquisition transactions, both in the US and in Europe, has increased over the last several years. As a result of recent legal developments in the US, however, both sell-side clients and financial institutions are rethinking their attitudes toward stapled financing and this could lead to changes in how and when stapled financing is offered.

In M&A parlance, stapled financing is a proposed financing package offered by the seller's financial adviser to substantially all bidders in an auction. Originally, the proposed terms of the financing package were usually distributed with (or stapled to) the offering memorandum distributed to bidders in the auction. The timing of distribution of the proposed stapled financing package varies based upon particular considerations in each auction. Stapled financing became noticeable in the US a number of years ago, when well-capitalized banks with experience in leveraged acquisition lending sought to use their balance sheet strength to win mandates to act as financial advisers in sell-side auction assignments. The marketing message from banks/potential financial advisers to potential sell-side clients was as simple as "retain us, and we will facilitate the auction by offering stapled financing". The banks/potential financial advisers argued that the availability of a stapled financing package would assure potential private equity sponsor acquirers that the transaction could be financed and so encourage the sponsors to participate in the auctions. The stapled financing product was also pursued by banks that wished to increase their exposure to the leveraged acquisition lending market by offering financing to large private equity sponsors competing in auctions.

While no reliable statistics are available, the US market perception is that few stapled financing packages are used by successful bidders in auctions. Equally, there is no evidence that the offering of a stapled financing package facilitates more aggressive bidding in auctions, at least by large private equity sponsors. There is some anecdotal evidence that the availability of a stapled financing package in an auction might encourage more aggressive bidding by strategic buyers in auctions, as the presence of a stapled financing package could cause a strategic buyer to regard competition from private equity sponsors as more credible. There is also strong anecdotal evidence that the offering of a proposed financing package by the seller's financial adviser acts as a price-signalling mechanism in the auction. A sophisticated private equity sponsor competing in an auction with a stapled financing package should be able to reverse engineer from the stapled financing package (in particular, the ratio of debt to Ebitda) to derive the estimate of the seller's financial adviser as to the price that could be paid by a private equity sponsor for the business being auctioned. This price-signalling effect could be reducing the variability of bids submitted in auctions by private equity sponsors and causing private equity sponsors not to bid in situations in which their proposed bid would be below the price level signalled by the stapled financing package.

Stapled financing raises a number of legal issues for the seller and for its financial adviser/stapled financing source. Most of these issues revolve around broad concepts of conflict of interest. First, the seller's financial adviser will be deriving additional compensation from the transaction as a buy-side financing source; this may be viewed as providing an inappropriate incentive on the part of the seller's financial adviser to recommend a transaction. Traditionally, however, this has not been a practical concern. Most financial advisers with sell-side mandates are compensated on a contingent basis anyway, so the financial adviser always has an incentive to recommend a transaction rather than recommend the seller withdraw the property from sale. At least in the US, courts have consistently approved the use by sellers of contingent fees for sell-side financial advisers on the grounds that such fees more properly align the interests of the adviser with those of the seller. The second concern arises from the fact that the seller's financial adviser is financing one bidder in an auction and so could receive greater compensation based upon who wins the auction regardless of the price. This could be seen to create the potential for conflict of interest on the part of the financial adviser with respect to the management of the auction process by motivating the financial adviser to favour one bidder over another. Once again, assuming that the fact of buy-side financing has been properly disclosed to the seller client, few sellers have been concerned by this potential conflict of interest in the average transaction. In most auctions, the question of who is the winning bidder is clear, and it is only in the rare situation that the advice of the seller's financial adviser will be material to the decision of the seller. A third issue is that of the perception of the bidders. In part in response to the concern discussed above, bidders have expressed concern that they have felt pressure to pursue the stapled financing package to ensure equal treatment in the auction.

Most of these concerns relate not to the offering by the seller's financial adviser of the stapled financing package but to the seller's financial adviser providing any financing at all. In the current market, with private equity sponsor M&A activity high and the number of banks willing and able to lend large amounts in leveraged acquisition financings more limited, the possibility of a commercial bank providing buy-side financing while also providing sell-side advice is quite high, even without stapled financing. By the middle of 2005, most sellers and their legal counsel had become comfortable with sell-side financial advisers offering their stapled financing package and ultimately providing financing to a select number of bidders in auction situations.

Then along came Toys "R" Us. In 2005, Toys "R" Us Inc, a US public company, conducted an extensive review of its strategic options and ultimately agreed to be acquired by a club of private equity sponsors led by Kohlberg Kravis Roberts & Co. In a legal challenge to this proposed acquisition, the public stockholders of Toys "R" Us made a variety of allegations, including a claim that the financial adviser to Toys "R" Us, Credit Suisse First Boston, suffered from a conflict of interest arising out of its possible role in financing the KKR-led group. During the auction process, CSFB raised the possibility of providing buy-side financing to potential bidders. The board of directors of Toys "R" Us rejected that possibility and insisted that CSFB not discuss potential financing with the KKR-led group, or any other bidder, before approval of the merger. After approval of the merger and execution of a merger agreement between the KKR-led group and Toys "R" Us, CSFB again sought permission to finance the KKR-led group. In response to this second request, the board of directors of Toys "R" Us agreed.

The Delaware Court characterized this set of facts as "unfortunate" in that the Court believed these facts raised the possible perception that CSFB's advice to the seller throughout the auction process was tainted by a desire on the part of CSFB to obtain additional fees from financing the successful bidder. The Court ultimately held that, notwithstanding the appearance of conflict raised by CSFB's requests for permission to finance potential bidders and the fact that CSFB ultimately did provide financing to the successful bidder, the advice of CSFB was not in fact motivated by the desire to generate additional fees from providing buy-side financing. In doing so, however, the Court made the following statement:

"By stating this, I do not want to be perceived as making a brightline statement. One can imagine a process when a board decides to sell an entire division or the whole company... when roles on both sides [sell-side adviser and buy-side financing source] for the investment banker would be wholly consistent with the best interest of the primary client company [the seller]. In general, however, it is advisable that investment banks representing sellers not create the appearance that they desire buy-side work, especially when it might be that they are more likely to be selected by some buyers for that lucrative role than by others."

The Toys "R" Us board of directors received fairness opinions from CSFB and also from Duff & Phelps, and there was no claim that Duff & Phelps lacked independence. The challenge to CSFB, and the Court's observations, were directed solely to the possibility that CSFB's conflict of interest would have tainted its advice with respect to the conduct of the auction. Toys "R" Us also involved a difficult judgment as to the conduct of the auction – whether to reopen broadly the auction process in response to a decision by the board late in the process to sell the entire company rather than just a major division.

These judicial observations led to an immediate and extensive review by US investment banks and their counsel, and sellers and their counsel, of the propriety of what had become conventional stapled financing arrangements. Some commentators suggested that the Toys "R" Us decision would lead to the complete demise of stapled financing, as well as the end of the practice of sell-side advisers providing any buy-side financing outside the stapled financing context. As time has passed, however, cooler heads appear to have prevailed, and it now seems the Toys "R" Us decision will result in fewer changes in stapled financing practice than had initially been feared.

First, as a practical matter in the stapled financing arena, US financial advisers and sellers (and their counsel) are reading the Toys "R" Us observations as limited to situations involving the sale of the entire company or at least to M&A transactions that are substantial relative to the size and sophistication of the seller. Anecdotal evidence suggests that now, in mid-2006, sellers and their financial advisers remain generally unconcerned about the use of stapled financing packages in small sell-side auction assignments. This seems to represent a sensible balancing of risk and reward. In a small sell-side auction, the seller will obviously be less dependent upon its financial adviser for advice with respect to selection among competing bids and with respect to the conduct of the auction, while the rewards to the seller from a properly conducted auction with aggressive bidding by private equity sponsors would seem enough to offset any risks.

Market practice in the US does not, however, seem to be consistent with respect to the availability of stapled financing, or of any other form of buy-side financing, in situations directly analogous to Toys "R" Us: the sale of the entire company. Boards of directors of target companies remain justifiably concerned about the comments in the Toys "R" Us decision. One point from the Toys "R" Us decision, as discussed above, was that the challenge related to the conduct of the auction and not merely to the fairness of the final consideration price. For this reason, it is difficult for boards of directors of target companies (and their counsel) to feel comfortable that any conflict of interest created through the sell-side adviser also providing buy-side financing can be solved with a second opinion from another, independent financial adviser. It would, in theory, be acceptable for the target board to have two advisers equally involved in the auction process, but this is a difficult arrangement in practice and it is also difficult to justify the additional cost and transaction complexity for the questionable benefit to the seller of the availability of the stapled financing package. An additional factor in the US is the increasing scrutiny of the independence of directors and their advisers in considering and approving M&A transactions that raise the spectre of a management conflict of interest (such as a leveraged buyout with ongoing management participation). Because any decision by the target board to approve the offer of a stapled financing package must occur at an early stage in the auction process, at a time when the board does not have insight into the likely outcome of that process, the target directors must remain conscious of the need to maintain the independence of their financial adviser and the integrity of the auction process.

The US banks now have policies with respect to stapled financing in the context of a sell-side assignment involving an entire public company. At least for the moment, it seems that conservatism on the part of boards of directors is setting the bar at a level that is not permitting sell-side advisers to provide buy-side financing, at least in the absence of a second investment bank on the sell-side that is fully involved in any auction process.

Capital markets – debt and equity

Recommended firms
Tier 1
Cleary Gottlieb Steen & Hamilton
Davis Polk & Wardwell
Sullivan & Cromwell
Tier 2
Cravath Swaine & Moore
Latham & Watkins
Shearman & Sterling
Simpson Thacher & Bartlett
Skadden Arps Slate Meagher & Flom
Tier 3
Cahill Gordon & Reindel
Gibson Dunn & Crutcher
Sidley Austin
Weil Gotshal & Manges
Tier 4
Debevoise & Plimpton
Dewey & LeBoeuf
Fried Frank Harris Schriver & Jacobson
Kirkland & Ellis
Mayer Brown
Milbank Tweed Hadley & McCloy
Morrison & Foerster
O'Melveny & Myers
Paul Weiss Rifkind Wharton & Garrison
White & Case
Tier 5
Baker Botts
Jones Day
King & Spalding
Pillsbury Winthrop Shaw Pittman
Vinson & Elkins
Wilson Sonsini Goodrich & Rosati

A downturn of the US economy stemming from toxic subprime mortgage investments has effectively reduced capital markets transactions. While capital infusions for investment banks like Citibank and Merrill Lynch added transactions to debt and equity markets, they did little to spur further market activity. "This was really an institutional recession," says one US partner. "The question is how long the recovery will take." Recent volatility has also affected pricing, keeping many deals sidelined until better conditions prevail.

But with the right assets, it's possible to complete a deal. A modest appetite for investment-grade products helped sustain the debt market this year, and lawyers noted continually favourable rates helping return clients to that market. In November 2007, Abu Dhabi Investment Authority purchased nearly 5% of Citibank for $7.5 billion in the form of exchangeable shares. Aside from the issue of writedowns, the purchase highlights the increasing popularity of convertible securities in the current market.

Activity in the equity market also slowed this year. "The general tone is obviously a lot less chummy than it was a year ago," says one partner. "There's really been a sharp falloff in many of the sorts of deals that were - the opportunistic equity, IPOs, and other sorts of opportunistic financings." And all this despite Visa's $19 billion IPO in March.

According to lawyers here, the poor conditions of the US debt and equity markets demand diversity from a firm's approach. "This is a transactional business; you do the deals that are there," says one. Finding international opportunities has become imperative to US firms. The ability to function in cross-border transactions with dynamic solutions for both issuers and lenders is ever more important in the face of domestic uncertainty.

Cleary Gottlieb Steen & Hamilton

The debt and equity groups at Cleary Gottlieb Steen & Hamilton worked through a difficult year in the markets, advising investment banks including JP Morgan, Lehman Brothers and Citigroup. Additionally, the firm worked extensively on capital infusion transactions involving sovereign wealth funds, acting as counsel to issuers and lenders. Cleary Gottlieb Steen & Hamilton is once again at the forefront of the general debt and equity work in the US.

The firm was involved in two sovereign wealth investments in Citigroup throughout the year. In December 2007, Cleary Gottlieb Steen & Hamilton advised Citigroup on its private placement of $7.5 billion in convertible equity units to Abu Dhabi Investment Authority. The deal was named *International Financial Law Review*'s 2007 debt- and equity-linked deal of the year. The firm also advised Citigroup in January 2008 for the sale of $12.5 billion in preferred stock to a syndicate of investors. The syndicate included Government of Singapore Investment Corporation and the Kuwait Investment Authority.

In IPO work, Allan Sperling and David Lopez served as underwriters counsel on the $1.1 billion IPO of computer hardware maker VMware. Citigroup Global Markets, JP Morgan and Lehman Brothers were the underwriters for the August 2007 transaction.

Leading lawyers

David Lopez
Jeffrey Karpf
Leslie Silverman
Allan Sperling
Neil Whoriskey

Davis Polk & Wardwell

Davis Polk & Wardwell's relationships with financial institutions allowed it to work on numerous notable deals this year. JP Morgan, Goldman Sachs, Bank of America, and Washington Mutual appointed the firm to advise on a variety of capital raisings. Such high-profile transactions bring lawyers at Davis Polk & Wardwell respect from competitors. "In my view, the best securities lawyer in the city is Richard Sandler at Davis Polk," says a peer. Sandler co-heads the firm's capital markets group.

In the largest IPO in American history, Davis Polk & Wardwell advised the joint bookrunners and underwriters for Visa's IPO. Richard Sandler and Joseph Hall advised a group which included JP Morgan Securities, Goldman Sachs, and Citigroup Global Markets. The March 2008 offering of common stock raised $19.6 billion for Visa.

In December 2007, Washington Mutual raised $3 billion in an equity offering. Davis Polk & Wardwell advised the investment banks Lehman Brothers and Morgan Stanley as bookrunners of the transaction.

The firm also played a role in the largest public offering of convertible securities. In January 2008, Richard Truesdell represented Bank of America in connection with its $6.9 billion offering of convertible preferred stock.

Leading lawyers

John Brandow
Richard Sandler
Richard Truesdell

Sullivan & Cromwell

Sullivan & Cromwell is known for its representation of underwriters in debt and equity offerings. "My experience with Sullivan & Cromwell has been nothing less than excellent all the way around," says a client. Competitors point out the firm's particularly close relationship with Goldman Sachs. Others single out Robert Buckholz for his capital markets work.

In December 2007, Rodgin Cohen led the firm's representation of Citigroup in connection with its $7.5 billion private placement in Abu Dhabi Investment Authority. Sullivan & Cromwell then represented Citigroup on its $12.5 billion securities offering to a syndicate of investors, led by the Government of Singapore Investment Corporation. The transaction was finalised in January 2008.

In other debt work, Robert Buckholz represented the underwriters of Transocean's dual notes offerings in November 2007. The offshore drilling company's offering raised $6.6 billion from convertible debt and $2.5 billion from straight debt. Underwriters for the transaction included Goldman Sachs and Lehman Brothers. Goldman Sachs and Lehman Brothers again hired the firm in connection with the IPO of the private-equity firm Och-Ziff. Executed in November 2007, the offering raised $1.1 billion.

One client recommends two members of Sullivan & Cromwell's capital markets team, saying: "I've had great experiences with Joseph Shenker and Jay Clayton. They've been consistent and responsive. I've had nothing less than just really spectacular experiences with Sullivan & Cromwell."

Leading lawyers

Robert Buckholz
Jay Clayton
Rodgin Cohen
Joseph Shenker
Mark Welshimer

Cravath Swaine & Moore

Through an even mix of issuer and initial-purchaser representations, Cravath Swaine & Moore stays a top-tier firm this year. It is the firm's breadth of expertise that has allowed it to stay active through this year's benighted market. Acting on IPOs and debt offerings, the firm represented large corporate clients as well as prominent investment banks. Recommended lawyers from the firm include William Fogg and LizabethAnn Eisen.

Cravath Swaine & Moore's issuer work crossed market sectors, ranging from communications to environmental services. In April 2008, William Fogg represented wastewater manager American Water Works on its $1.2 billion IPO. Again in April, Timothy Massad advised business-service provider Genpact in connection with its $568 million IPO. William Roger also represented marine transporter Safe Bulkers on its $190 million IPO in June 2008.

Acting on the other side of the transaction, Cravath Swaine & Moore found work in representing the initial purchasers of debt and equity. In April 2008, LizabethAnn Eisen acted in connection with a $1.5 billion debt offering by computer manufacturer Dell. Barclays Capital, Goldman Sachs and JP Morgan were the transaction's initial purchasers.

In addition, the firm advised on several offerings for asset managers. In November 2007 Cravath represented Credit Suisse, JP Morgan, and Morgan Stanley on the $766 million IPO of portfolio manager EnergySolutions. In August 2007, Cravath acted for Goldman Sachs, JP Morgan, and Credit Suisse on the $896 million equity offering of Apollo Global Management.

Leading lawyers

LizabethAnn Eisen
William Fogg
Kris Heinzelman
Stephen Burns

Latham & Watkins

Though typically known for its work in the debt market, Latham & Watkins advised a number of clients on various equity offerings throughout the year. Client reviews denote a broadening reputation for the firm. "Latham advised us on a very complicated and difficult capital markets financing," says a client. "This took nearly a year to complete and they pursued it throughout the process with diligence and attention to detail in difficult circumstances."

The firm was particularly active in IPO work this year. In June 2007, Latham & Watkins represented copper producer Sterlite Industries on its $2 billion IPO. The firm also advised infrastructure engineer Aecom Technology on its May 2007 IPO, ultimately worth $808 million. The May 2007 IPO of Accuride, a manufacturing group, was also handled by Latham & Watkins. The offering was valued at $810 million.

In other equity work, Latham & Watkins served as underwriters' counsel to Deutsche Bank on the $681 million stock offering by Wynn Resorts.

Two lawyers drew particular recommendation from one client: "I was involved with Dennis Lamont and Josh Tinkelman. They were both prepared to provide advice and recommendations as well as simply listen, discuss and implement decisions taken by us. I was very pleased with Dennis, Josh and all their team at Latham."

Leading lawyers

Kirk Davenport
Mark Jaffe
Pamela Kelly
Raymond Lin
Charles Ruck

Shearman & Sterling

Shearman & Sterling advised Abu Dhabi Investment Authority on its $7.5 billion investment in Citibank. In perhaps its highest-profile representation of the year, the firm negotiated the private placement of convertible securities for the sovereign wealth fund. Its role in the deal brought Shearman & Sterling *International Financial Law Review*'s 2007 award for the US debt- and equity-linked team of the year.

The firm showed its cross-border capabilities in managing the spinoff of the Dr Pepper Snapple Group from Cadbury Schweppes. In connection with the demerger, Shearman & Sterling provided US counsel. Stephen Giove and Lona Nallengara acted for the firm on the May 2008 transaction. In addition, Robert Evans and Andrew Schleider acted for the underwriters of the $120 million IPO for ATM operator Cardtronics. The underwriters for the December 2007 offering were Deutsche Bank Securities, William Blair & Company and Banc of America Securities

In July 2007, Shearman & Sterling represented the lead arrangers and joint bookrunners for the refinancing of power generator InterGen. The financing structure consisted of a bank facility worth $1.52 billion and a bond offering by InterGen worth $1.9 billion. Merrill Lynch International, Lehman Brothers, Barclays, and Deutsche Bank Securities retained the firm's services on the transaction.

In debt work, the firm advised CIT Group on a convertible bond offering. Michael Schiavone and Abigail Arms represented the issuer, raising $1.7 billion through the April 2008 issuance.

Leading lawyers

Robert Evans
Stephen Giove
Lona Nallengara
Andrew Schleider
Rohan Weerasinghe

Skadden Arps Slate Meagher & Flom

Competitors note that Skadden Arps Slate Meagher & Flom is enjoying carryover success from its large M&A practice. "Skadden is a really good general firm; they do everything well," says a peer.

In November 2007, Richard Aftanas represented the Coca-Cola Company in connection with its $1.8 billion notes offering. Again representing the issuer, Margaret Brown advised software developer VMware on its IPO. The August 2007 offering of common stock raised $1.1 billion. In addition, firm advised Citigroup on its $6.9 billion public offering. The transaction was divided into two tranches of convertible and non-convertible stock, raising $3.2 billion and $3.7 billion respectively.

Skadden Arps Slate Meagher & Flom represented the underwriters of a number of notable IPOs as well this year. In June 2007, Phyllis Korff advised Morgan Stanley and Citigroup in connection with the IPO of the private-equity firm Blackstone Group. Named *International Financial Law Review*'s 2007 equity deal of the year, the offering raised $4.8 billion. Acting from New York, Paul Schnell represented Goldman Sachs and Credit Suisse as the underwriters of the Bovespa's IPO. The offering by Sao Paulo's stock exchange raised $3.7 billion and supplies another reason for the firm's Sao Paulo office opening.

Leading lawyers

Richard Aftanas
Gregory Fernicola
Stacy Kanter
Phyllis Korff
Matthew Mallow

Gibson Dunn & Crutcher

Gibson Dunn & Crutcher saw an abundance of issuers and underwriters as clients this year. Perhaps in recognition of this development, the firm added three capital markets partners through lateral hires over the course of the year.

As underwriters counsel, Stewart McDowell and Douglas Smith advised Citibank and JP Morgan on the $4.5 billion notes offering by Wells Fargo. Steven Finley then advised Goldman Sachs in connection with a series of notes offerings by United Parcel Service, totalling $4 billion. Both transactions occurred in January 2008.

Representing the issuer, Steven Finley and Sean Griffiths advised Covidien on its senior notes offering in October 2007. The transaction raised $2.6 billion for the healthcare device supplier. Finley and Griffiths also represented Tyco Electronics on its $2 billion, three-tranche note issuance in September 2007.

Leading lawyers

Steven Finley
Sean Griffiths
Kevin Kelley
Stewart McDowell
Douglas Smith

Sidley Austin

Sidley Austin found success this year as issuers' counsel on several mid-market deals. Looking to increase its profile in the market, Sidley Austin added three partners in lateral hires from Dewey & LeBoeuf.

In what may have been its highest-profile representation of the last year, Sidley Austin advised Fannie Mae on four preferred-stock offerings worth a total of $14 billion. The offerings ranged from September 2007 through May 2008. Norman Slonaker and Edward Petrosky acted for the firm. Other issuer work included John Sabl's representing Kraft Foods on two notes offerings in August 2007. A $3.5 billion multi-tranche offering led to a subsequent $3 billion offering by the food and beverage company.

Jonathan Freedman represented the underwriters for Ambac Financial Group's $1.2 billion equity offering in March 2008. The underwriter syndicate included Banc of America Securities, Citigroup, Credit Suisse and UBS.

Leading lawyers

Jonathan Freedman
Samir Gandhi
Edward Petrosky
Norman Slonaker

Other notable firms

Always strong in the energy sector, **Baker Botts** benefited from a surge in commodities activity this year. When offshore driller Transocean looked to finance its acquisition of GlobalSantaFe, it hired the firm to advise two debt offerings. The December 2007 issuances raised more than $8 billion for the client. Additionally, Gerald Spedale acted for the issuer on the $2.2 billion debt offering by Valero Energy in June 2007.

Kirkland & Ellis worked evenly in the debt and equity markets this year. In equity work, the firm usually serves as issuer-side counsel due to the strength of its corporate offering. Tom Christopher and Christian Nagler advised chemical material manufacturer Solution on its IPO. The February 2008 offering raised $425 million. In addition, the firm handled the $213 million IPO of zinc producer Horsehead Holding Corporation in August 2007.

High-profile debt work for the firm came in its representation of General Motors and its affiliates. Kenneth Morrison advised the automaker on a $1.5 billion debt issue. Morrison and Kelly Schell then advised General Motors Acceptance Corporation on four separate debt issuances worth between $985 million and $2.5 billion.

Mayer Brown exhibited strong performances in the debt markets as issuer counsel on two offerings. First, in October 2007, Michael Hermsen represented TransCanada in a $1 billion note offering. The transaction will finance the energy company's repayment of commercial-paper debts. Second, Edward Best advised MGIC Investment Corporation on its $420 million debt issuance in March 2008.

Morrison & Foerster moves up a tier this year after impressive representations in the equity market. The firm did a significant amount of work for Banc of America Securities, advising on a tandem offering in January 2008. The first issue of convertible preferred stock raised $6.9 billion. The second, offering fixed-to-floating rate stock, raised $6 billion for the client.

White & Case finds itself moving up in the rankings following its representation of Visa for the credit card company's IPO. Raising $19.7 billion in March 2008, the transaction was the largest IPO in US history. The transaction highlights the breadth of expertise White & Case can draw upon in its global network of offices. Colin Diamond and Mark Mandel spearheaded the transaction from New York.

Capital markets – high-yield debt

Recommended firms
Tier 1
Cahill Gordon & Reindel
Tier 2
Cravath Swaine & Moore
Latham & Watkins
Shearman & Sterling
Tier 3
Davis Polk & Wardwell
Simpson Thacher & Bartlett
Skadden Arps Slate Meagher & Flom
Weil Gotshal & Manges
Tier 4
Cleary Gottlieb Steen & Hamilton
Fried Frank Harris Schriver & Jacobson
Gibson Dunn & Crutcher
Kirkland & Ellis
Sullivan & Cromwell
White & Case
Tier 5
Baker Botts
Mayer Brown
Paul Weiss Rifkind Wharton & Garrison
Vinson & Elkins

The US high-yield debt market saw a drastic reduction in deal flow after the effects of subprime mortgages came to bear on credit markets. Continual deterioration in the debt market left tranches below investment grade, presenting unacceptable risks for investors. According to one lawyer, even those deals that made it to market in the summer and autumn of 2007 suffered: "What did get done didn't get distributed." Through the spring of 2008, firms were still working to finish transactions from the previous year. Suffering credit markets also tempered what had been a surge in private-equity activity in high-yield products.

As leveraged finance structures became unpalatable to lenders, lawyers in this contracted market found themselves forced to create new templates for their clients. "It's coming up with a structure that can help companies finding challenges getting to the market," says a partner. Several lawyers spoke of distressed clients issuing senior secured high-yield products to completely refinance existing bank loans. Others spoke of working to lengthen the maturity of debt and replacing established maintenance covenants for asset-based facilities. The diminished availability of bridge finance has also forced alternative short-term options for borrowers.

This constant reconfiguration of market solutions has allowed many of the firms with premier high-yield practices to stay busy, particularly those with clients in commodities. Nonetheless, this seems to have concentrated high-yield debt work to a select few firms or led to structures for broader capital markets work. "We are hearing and seeing the debt markets might rebound a bit now," says one partner. The general optimism for a rallying of the high-yield market persists, as relative stability slowly returns to the debt markets.

Cahill Gordon & Reindel

Cahill Gordon & Reindel is the market leader when it comes to high-yield debt deals. Clients and competitors alike praise the firm for the quality of its work and its partners. "Cahill is a great high-yield shop," says a lawyer from a competing firm. "They've got a commanding share of the work," says another. One client praises James Clark, saying: "I think that Jim Clark is an amazing lawyer. He is what you pay for when you pay Cahill's bill. He's been doing this forever and his knowledge of this market over time is just phenomenal. I have the highest regard for Jim Clark."

In September 2007, Clark led the firm's representation of the debt financiers for the $11.4 billion acquisition of Biomet by affiliates of Blackstone Group, Goldman Sachs Capital Partners, Kohlberg Kravis Roberts (KKR), and Texas Pacific Group (TPG). Cahill advised Banc of America Securities and Goldman Sachs as the lead arrangers of a $217 million senior unsecured bridge facility. The firm then represented the same two investment banks as the initial purchasers of a $2.3 billion notes offering in connection with the deal.

William Hartnett and Michael Michetti represented Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, Lehman Brothers and Merrill Lynch on the $29 billion acquisition of First Data by KKR. Hartnett and Michetti advised their institutional clients in connection with $15 billion in secured credit facilities, a $6.5 billion senior unsecured term loan, and a $2.5 billion senior subordinated term loan.

Leading lawyers

James Clark
William Hartnett
Michael Michetti
Jonathan Schaffzin
John Tripodoro
Daniel Zubkoff

Cravath Swaine & Moore

Cravath Swaine & Moore has made another successful year of representing financial institutions as both underwriters and initial purchasers. Regular clients like Banc of America Securities, Credit Suisse, JP Morgan and UBS exhibit the firm's preferred status with investment banks. Personnel changes have also been made at the firm: Eric Schiele was promoted to partner in January 2008, and William Rogers moved to the New York office from London. December 2007 saw the retiring of Thomas Brome.

Cravath Swaine & Moore has perhaps been most prolific the initial purchasers in high-yield debt transactions. In May 2008, William Whelan represented initial purchasers Credit Suisse, Banc of America Securities, and Goldman Sachs on a $750 million high-yield debt offering by building supplier Nortek. In June 2008, Whelan then acted for Credit Suisse and UBS as the initial purchasers on a $700 million high-yield, senior secured debt offering by building supplier Ply Gem Industries.

Another high-profile transaction was Andrew Pitts' counsel to Citibank in connection with drugstore chain Rite Aid's $1.2 billion high-yield senior debt offering. The transaction was completed in July 2007.

Cravath Swaine & Moore also represented a syndicate of underwriters for three high-yield debt offerings by the Chesapeake Energy Corporation. Stephen Burns represented the syndicate, which included Banc of America Securities, Barclays Capital, Credit Suisse, and Goldman Sachs. The three offerings totalled $3.5 billion since May 2007.

Leading lawyers

Stephen Burns
LizabethAnn Eisen
Andrew Pitts
William Whelan

Latham & Watkins

Latham & Watkins' strong reputation in the high-yield market is derived largely from its representation of underwriters. The firm's focus on high-yield debt work has rewarded it with longstanding client relationships, particularly with Goldman Sachs. Latham & Watkins also expanded its high-yield finance capabilities this year with the promotion of six associates and one counsel to partner status. The firm gained Guy Dempsey as a partner in 2008 following his leaving Barclays Capital.

Gregory Rodgers, Meredith Mackey and Fredric Glassman advised a host of underwriters on a two-part high-yield offering totalling $1.7 billion for the Computer Sciences Corporation. The February 2008 syndicate included Banc of America Securities, Barclays Capital, Merrill Lynch and a host of other investment banks.

Latham & Watkins again acted for Goldman Sachs on a number of transactions where the investment bank served as underwriter. In June 2007, Marc Jaffe and Senet Bischoff represented Goldman Sachs in a syndicate of underwriters for the $1.2 billion high-yield offering by retailer Dollar General. In November 2007, the firm advised Goldman Sachs again on the $1.3 billion debt offering by Marsico Capital Management. Kirk Davenport and Keith Halverstam led the Latham & Watkins team on the transaction.

In an issuer representation, Latham & Watkins advised biotech Amgen on its offering of $4 billion high-yield notes. Scott Hodgkins, Gregory Rodgers and Charles Ruck acted for Amgen in the May 2007 transaction.

Leading lawyers

Kirk Davenport
Thomas Dobson
Marc Jaffe
Jonathan Rod
Charles Ruck

Davis Polk & Wardwell

Davis Polk & Wardwell's consistent quality and presence in the market bring the firm into the third tier this year.

The firm represented Banc of America Securities and Deutsche Bank Securities as the initial purchasers of $500 million high-yield notes for flash memory developer Spansion. Alan Denenberg and Michael Kaplan led the Davis Polk & Wardwell team on the May 2007 transaction.

In October 2007, Davis Polk & Wardwell again counselled the initial purchasers for the AES Corporation's $2 billion offering of high-yield notes. Richard Truesdell represented Deutsche Bank Securities, Credit Suisse Securities and Merrill Lynch.

The firm advised a syndicate of investment banks on their role as joint bookrunning managers in connection with the Lyondell

Chemical Company's $510 million high-yield offering. Michael Kaplan advised Banc of America Securities, Deutsche Bank Securities, Citigroup Global Markets and JP Morgan Securities on the June 2007 transaction.

Leading lawyers
Michael Kaplan
Richard Truesdell

Simpson Thacher & Bartlett

Simpson Thacher & Bartlett's increasing work in the high-yield market in Latin America is one reason for its planning to open an office in Sao Paulo by the end of 2008. This will allow Simpson Thacher & Bartlett a local presence for files presently staffed out of its New York office.

In July 2007, David Williams represented electric utility Central Térmica Güemes on its $53.6 million high-yield issuance. The transaction worked to extend the maturity of existing debt of the utility to 2017 by swapping out current notes on the market. Simpson Thacher & Bartlett also represented ABN Amro, Calyon and Citigroup for a debt offering by petrochemicals producer Braskem. The firm advised the initial purchasers in connection with $500 million debt offering in June 2008.

In October 2007, the firm advised Texas Competitive Electric Holdings as the issuer of $3 billion senior high-yield notes.

Leading lawyers
Glenn Reiter
David Williams

Cleary Gottlieb Steen & Hamilton

Cleary Steen Gottlieb & Hamilton's strong private-equity practice allows for crossover work in the high-yield market. This culmination of practice areas played a role in significant transactions for clients like Apollo Capital Partners and TPG this year.

In February 2008, Cleary Gottlieb Steen & Hamilton advised Apollo and TPG on their LBO of gaming and resort operator Harrah's. The $17.3 billion acquisition was financed in part by $6 billion high-yield notes and bridge facilities. The firm advised TPG again in November 2007, this time with Goldman Sachs Capital Partners as an investment partner. The two combined for the $27.5 billion acquisition of the telecom Alltel, financed in part by $7.7 billion high-yield bonds and bridge facilities. Craig Brod, Margaret Peponis, and Duane McLaughlin acted for the firm on the transaction.

Again in the telecoms sector, Cleary Steen Gottlieb & Hamilton represented Nortel Networks on its $675 million high-yield offering in May 2008.

Leading lawyers
Craig Brod
Francesca Odell
Margaret Peponis

Gibson Dunn & Crutcher

Gibson Dunn & Crutcher saw mainly issuer-side representations in the market this year. The firm's clients benefit from the strengths of a solid investment-grade debt practice in combination with its high-yield lawyers. This has led to client relationships with Citigroup and Charter Communications, as well as a growing reputation in the market.

In February 2008, Joerg Esdorn acted for TerreStar Networks on the issue of $150 million payment-in-kind notes. Esdorn acted again in March 2008, this time for Charter Communications. The communications company issued $520 million senior second-lien notes to initial purchasers Credit Suisse and Deutsche Bank Securities.

Gibson Dunn & Crutcher occasionally acted as underwriters' counsel as well this year. Jeff Hudson and Jonathan Layne represented Citigroup as the underwriter of MGM Mirage's senior notes offering in May 2007. The offering raised $750 million for the gaming company.

Leading lawyers
Joerg Esdorn
Jeff Hudson
Jonathan Layne

Kirkland & Ellis

Kirkland & Ellis draws upon its strong private-equity practice for a large portion of its high-yield work. Because of this, an interdisciplinary practice has developed with regard to these transactions. The firm specialises in issuer-side counsel, representing clients like Madison Dearborn Partners, Bain Capital, and Innophos Holdings.

In September 2007, Windy City Acquisition Corporation issued $785 million in senior high-yield notes to finance its acquisition of Nuveen Investments. Dennis Myers advised Madison Dearborn Partners, Windy City's parent company, on the transaction. Universal Hospital services retained Christian Nagler in connection with its issuing $460 million in senior secured notes in May 2007. The firm also acted for Windstream Regatta Holding as issuer of $211 million senior subordinated notes. Joshua Korff acted for Kirkland & Ellis in the November 2007 transaction.

Leading lawyers
Joshua Korff
Dennis Myers
Christian Nagler

Capital markets – structured finance and securitisation

Recommended firms
Tier 1
Mayer Brown
Orrick Herrington & Sutcliffe
Sidley Austin
Skadden Arps Slate Meagher & Flom
Tier 2
Cadwalader Wickersham & Taft
Cleary Gottlieb Steen & Hamilton
McKee Nelson
Simpson Thacher & Bartlett
Tier 3
Dewey & LeBoeuf
Latham & Watkins
Thacher Proffitt & Wood
Weil Gotshal & Manges
Tier 4
Cravath Swaine & Moore
Dechert
Freshfields Bruckhaus Deringer
Schulte Roth & Zabel
Stroock & Stroock & Lavan
White & Case
Tier 5
Hunton & Williams
Kirkland & Ellis
Milbank Tweed Hadley & McCloy
Morrison & Foerster
O'Melveny & Myers
Paul Weiss Rifkind Wharton & Garrison
Shearman & Sterling

Volatility in the structured finance and securitisation market has effectively led to a standstill in mortgage-backed CDO activity this year. Investor scepticism significantly slowed the arrival of new products in the market. "You couldn't overstate how big a change there is in the CDO market from a year and a half ago," says one partner. "The ABS [asset-backed securities] market is virtually dead."

Shaken confidence in rating agencies has led to calls for more transparency of structured products. This lack of confidence has threatened to diminish any future market for low-transparency materials, and forced a re-evaluation of the entire credit analysis process. Partners note that investors want simpler products, and predict a measured return of the steady, identifiable income stream of CLOs.

Firms offering a broad range of products and a global network suffer less from the credit crunch. Lawyers and clients emphasise the need for a globalised strategy, relying on strong cross-border relationships to fill the void left by a laggard domestic pace. A structured finance lawyer says: "If you look at the work I'm doing now, it's really as diverse as my practice has ever been."

Firms also returned to standard securitisation products - auto loans and credit card receivables - to further stabilise their practice. Securitisation specialists agree that the demand for such products will go on, no matter what kind of market emerges from the slowdown.

Structured finance has become a gateway for interdisciplinary work within law firms as clients find themselves with broader needs. For example, there has been an increased call for private-equity fund formation, in order to invest in distressed assets. Restructuring work has also become a priority, as has ensuring that existing Siv (structured investment vehicle) structures comply with higher credit standards.

Surprisingly, optimism prevails. "[Securitisation] got caught up in a bubble and hopefully comes out the other side," says a market insider. Others spoke of the downturn as a means of better educating investors in the marketplace. They will demand transparent structured products, which will ultimately revitalise the practice. One partner says: "I think it's sort of like a bottleneck that will inevitably have to break and give way."

Mayer Brown

Mayer Brown retains its top-tier ranking through the breadth of its worldwide practice. The firm maintains an excellent reputation for expertise in structured products among competitors and clients.

The firm delivered a series of notable deals throughout the year. Bradley Keck represented GE in the securitisation of a $2.8 billion trade receivables master trust. The deal was completed as credit markets became increasingly restricted.

Additionally, Keith Oberkfell and David Ciancuillo spearheaded the firm's role as lender's counsel for Deutsche Bank, Barclays, RBS and Credit Suisse in the $28 billion conduit financing facility of federally-guaranteed student loans for Sallie Mae.

The firm has taken an optimistic approach with its structured finance group, and is expanding its New York and London offices. More significantly, Mayer Brown merged with Johnson Stokes & Masters in Hong Kong in December 2007. This allows the firm to enhance its footprint in Asia.

Other firms may be suffering from lateral moves and outright departures, but this is not the case at Mayer Brown. Top domestic talent has chosen to stay, including the highly-rated Paul Jorissen, Joel Telpner and Stuart Litwin. All three receive high praise from clients and competitors.

Leading lawyers

Carol Hitselberger
Paul Jorissen
Bradley Keck
Jason Kravitt
Stuart Litwin
Keith Oberkfell
Joel Telpner

Orrick Herrington & Sutcliffe

Despite market comments that the firm is overly dependent on domestic transactions, Orrick Herrington & Sutcliffe finds itself in the top tier for another year. The consistent quality of its representations is cited by peers as a key strength of the practice. One competitor recommends Michael Mitchell from the firm's Washington DC office: "He is really regarded as one of the top securities law specialists in the securitisation space."

The reaction from clients is similarly positive: "I have done multiple securitisation transactions with Orrick overt he past seven years," says one. "Orrick provided the best customer service and focus that I experienced with any law firm over this time. They have a very deep bench and they have great communication amongst their different divisions so that one partner can always help a client by tapping into that network."

In November 2007, James Croke and Peter Manbeck represented Ceres Capital Partners in connection with a Siv refinancing worth $1.8 billion. Croke and Manbeck created a new investment vehicle that allowed the Siv to cancel a large portion of its senior debt without selling any assets.

"It is always a people business in the end, and the partner I started with and work with to this day is Al Sawyers," says a client of the firm. "Al is a very talented lawyer and will work tirelessly to get the job done in a timely and efficient manner. He is the major reason why Orrick has developed a very good reputation in the securitisation field."

Leading lawyers

James Croke
Katharine Crost
Peter Manbeck
Michael Mitchell
Joshua Raff
Al Sawyers

Sidley Austin

Sidley Austin touts a strong domestic - and increasingly international - client base, two factors have helped Sidley Austin through the past year's market volatility: the firm has the geographic breadth to do deals in relatively unaffected markets, and it has a stable corporate client list.

Competitors point out that Sidley has not had to downsize in response to lacklustre credit markets. In fact, the firm added a partner, Xiaowen Qiu, to its New York structured finance practice this year.

In September 2007, Sidley Austin represented Bank of America and Royal Bank of Canada on the securitisation of a $2.8 billion master trust for GE. The trust's securitisation was based on the conglomerate's trade receivables.

The firm saw increased activity from its private-equity clients in fund formations, to enable investments in distressed assets. Other clients have been looking to restructure existing Siv structures. This work reinforces Sidley's interdisciplinary approach, which makes the firm competitive despite troubled market conditions.

Competitors recommended partners such as Renwick Martin and Teresa Harmon as standouts in the practice. One competing partner adds: "Rob Robinson works very hard to get deals done, and is a pleasure to work with across the table."

Leading lawyers

Thomas Albrecht
Teresa Harmon
Renwick Martin
Robert Robinson
Gary Stern

Skadden Arps Slate Meagher & Flom

Despite a high exposure to the market due to its highly specialised model, Skadden Arps Slate Meagher & Flom retains its position as a top-tier firm. Skadden unquestionably delivered on a mix of large and mid-market deals throughout a volatile year.

For example, the firm served as special counsel to Ihop on its $2.1 billion acquisition of Applebee's International. The transaction was leveraged through notes offered on existing Siv structures.

Another high-profile deal was Skadden's representation of DaimlerChrysler in the securitisation aspects of its sale of an 80% stake to Cerberus Capital Management. Andrew Faulkner and David Midvidy headed the transaction for the firm.

Skadden represented MacroMarkets on the creation of an investment vehicle funded by two separate trusts in the oil futures market:

MacroShares $100 Oil Up Trust and MacroShares $100 Oil Down Trust. The combined issue of these trusts into the market in May 2008 was $500 million.

One sign of the firm's resilience during these difficult markets is that Skadden retained much of its senior talent in the structured finance and securitisation practice. Considering that more than a few firms have lost partners or had to lay off lawyers, this is an achievement in its own right. Only Thomas Kunz was lost; when he retired from the practice.

Leading lawyers

Susan Curtis
Andrew Faulkner
Paula Greenman
Richard Kadlick
David Midvidy

Cadwalader Wickersham & Taft

Cadwalader Wickersham & Taft is a significant player in the structured finance and securitisation marketplace, though the last year has had its effects on the firm's large mortgage-backed securitisation practice.

Cadwalader found consistent activity throughout 2007, however. The firm is acting for Goldman Sachs in securitisation aspects of a private-equity deal, Blackstone's $21 billion bid for Hilton Hotels. This is a hybrid transaction combining whole-business securitisation and CMBS structures.

In August 2007, Lary Stromfeld acted for Goldman again in connection with an interest-rate swap for $140 million in auction-rate securities. The securities were issued by the New York Giants in order to finance the construction of their new stadium in New Jersey.

The firm also counselled Deerfield Capital Management and Ixis Asset Management on the issuance of CDOs based on US and European assets. Issued by Credit-Linked Enhanced Asset Repackagings, the $250 million transaction resulted in a nomination for the firm for *International Financial Law Review*'s securitisation team of the year.

Cadwalader controversially laid off 35 lawyers in January 2008, a move it made for strategic reasons. Despite criticism from rivals, Michael Gambro and Richard Schetman are highly recommended by competing firms. One rival partner described Schetman as "a terrific lawyer".

Leading lawyers

Michael Gambro
Anna Glick
Robert Link
Ira Schacter
Richard Schetman
Lary Stromfeld

Cleary Gottlieb Steen & Hamilton

Competitors describe the securitisation practice at Cleary Gottlieb Steen & Hamilton as a go-to practice for many US investment banks. This makes Cleary one of the chief participants for nearly any domestic CDO opportunity. This focus on CDOs, however, has led some to question whether the firm's practice is too narrowly focused. Cleary has suffered in the languishing CDO markets of the last year, but the quality of the firm's work is beyond question.

Cleary Gottlieb Steen & Hamilton advised Babson Capital Management on two issuances based on different synthetic loan funds. Issues for the Cameron I and Nett Loan Fund were both completed in May 2007 with a value of $500 million each. Robin Bergen and Scott Goodwin acted for the firm on both transactions. Bergen also acted as counsel to Invesco Senior Secured Management in August 2007. The synthetic CLO of Hudson Canyon Funding provided the basis for the $500 million issuance.

Mitchell Dupler and Scott Goodwin acted for Morgan Stanley in October 2007. The investment bank was the underwriter to a nine-tranche CLO offering by KKR Financial, raising $1.5 billion. Additionally, a $507 million notes offering by the Rampart CLO in October 2007 found the firm as counsel to the transaction's placement agent. Cleary Gottlieb Steen & Hamilton advised Banc of America Securities.

Leading lawyers

Robin Bergen
Raymond Check
Scott Goodwin
Michael Mazzuchi
Joyce McCarty
Linda Soldo

McKee Nelson

With a strong concentration on securitisation and structured products, McKee Nelson suffered when the credit markets contracted. The firm maintained mid-market deals throughout the year, however, even as larger deals fell off.

In August 2007, Kenneth Yellen and James Gouwar represented Citigroup in the creation of $1 billion emerging-markets CLOs. John Arnholz, Peter Morreale, and Thomas Lyden represented an ABN Amro-led underwriter syndicate in the $1.5 billion public offering of automotive asset-backed securities. The firm is also representing JP Morgan Securities on a series of credit card ABS offerings totalling nearly $60 billion.

In February 2008, McKee Nelson advised Merrill Lynch with regard to the University of Pennsylvania's auction-rate securities. The firm was able to create a capital structure that brought an estimated $196 million to the university and several non-profit organisations.

Competitors say the presence of partners Edward De Sear and James Johnson offsets other personnel losses throughout the year. One competing partner, speaking of Johnson, says: "He is a constructive force." A notable addition to the team was Alice Yurke, who joined from Morrison & Foerster in November.

Leading lawyers

John Arnholz
Reed Auerbach
Edward De Sear
Thomas Lyden
Alice Yurke

Weil Gotshal & Manges

Weil Gotshal & Manges performed strongly this year, frequently acting for leading financial clients such as Citigroup and Barclays Capital. The firm managed to ride out a difficult year through interdisciplinary work: its structured finance partners have been successful in transferring their expertise to the private-equity and restructuring practices of the firm.

In one securitisation deal, Frank Nocco acted for Citigroup in creating a $120 million residual-credit facility, insured by securitised automobile receivables. John Dedyo again advised Citibank, this time in February 2008, on the restructuring of various existing Siv structures.

In addition to transactional work, Weil Gotshal & Manges played a large role on the structuring of investment vehicles. The firm represented Barclays Capital as the placement agent of an offshore secured-loan investment vehicle. The Siv will be managed by Highland Capital Management at an estimated value of $570 million. In June 2007, Robert Chiperfield advised Brigade Capital Management. The new $500 million Siv specialises in loan and debt securities.

Leading lawyers

Robert Chiperfield
John Dedyo
Daniel Mette
Frank Nocco
Eric Peterman

Schulte Roth & Zabel

Competitors and clients feared Schulte Roth & Zabel would be hard-pressed to maintain its ranking this year due to its exposure to the dwindling CDO market. But future investment in distressed assets of the subprime fallout could propel the firm's practice in the coming years via its strong stable of client funds.

The firm acted for Siv structures created by Apollo Investment Management aimed at selling credit protection for leveraged loans. Craig Stein acted as counsel to private investment fund GoldenTree MultiStrategy in the creation of a leveraged financing facility that issued investment-grade notes to investors.

In May 2007, Paul Watterson acted for Schiller Park CLO's eight-tranche offering through Lehman Brothers. The Cayman Siv raised $372 million through the offering. Acting in July 2007, Watterson advised another fund in Koch Financial Products for the issue of an undisclosed amount in subordinated notes. Watterson is singled out by competitors as the practice's leading figure.

Leading lawyers

Phillip Azzollini
Craig Stein
Joseph Suh
Paul Watterson

Bank lending

Recommended firms
Tier 1
Cravath Swaine & Moore
Latham & Watkins
Simpson Thacher & Bartlett
Tier 2
Cahill Gordon & Reindel
Davis Polk & Wardwell
Shearman & Sterling
Weil Gotshal & Manges
Tier 3
Cleary Gottlieb Steen & Hamilton
Milbank Tweed Hadley & McCloy
Skadden Arps Slate Meagher & Flom
Sullivan & Cromwell
White & Case
Tier 4
Jones Day
O'Melveny & Myers
Sidley Austin
Tier 5
Bingham McCutchen
Cadwalader Wickersham & Taft
Fried Frank Harris Schriver & Jacobson
Mayer Brown
Tier 6
Baker Botts
King & Spalding
Vinson & Elkins

Financial services regulatory

Recommended firms
Tier 1
Sullivan & Cromwell
Tier 2
Cleary Gottlieb Steen & Hamilton
Davis Polk & Wardwell
Simpson Thacher & Bartlett
White & Case
Tier 3
Morrison & Foerster
Shearman & Sterling
Skadden Arps Slate Meagher & Flom
WilmerHale
Tier 4
Alston & Bird
Arnold & Porter
Cadwalader Wickersham & Taft
Covington & Burling
Debevoise & Plimpton
Mayer Brown
Milbank Tweed Hadley & McCloy
Sidley Austin

The wounding of US financial institutions by subprime mortgage investments has made regulatory issues a foremost concern. Investment banks like Citibank and Merrill Lynch recorded losses in the billions as unsound assets depreciated and sent them searching for fresh capital. Similar circumstances led to a Federal Reserve bailout of Bear Stearns and that investment bank's subsequent acquisition by JP Morgan. "The need for capital is just rife," says a partner. But these capital infusions bring new entrants, and new concerns, into the banking sector.

Sidelined in other markets, private-equity made significant purchases in US financial institutions this year. Particularly active were sovereign wealth funds like Abu Dhabi Investment Authority and Singapore's Temasek. Oversight concerns and issues of investor access to capital meant new transaction structures had to be created.

Lawyers describe an increased demand for innovative solutions in response to this market. "I have seen a marked difference in the quality of associates that we need," says one partner. Strong private-equity relationships have also become coveted for their crossover work in the banking market. Many see this as concentrating the pool of relevant firms even further as plain-vanilla deals become scarce. Firms also reported a backlog of deals due to their constant renegotiation. "Believe it or not, we are still spending time defending bids that were made before July [2007]," says a partner.

Any government response to transparency concerns, however, has been stymied by the indecision of an election year. Regulatory lawyers see no response until late in 2009 when the new administration begins appointing its agency directors. "Everyone is assuming there will be some new line-up of either new regulators or existing regulators taking on new responsibilities," says a partner. For now, there is only speculation about how heavy an imprint any new regulation will have on the marketplace.

After nearly a year of conservative lending practices, signs of broader return to the market can be seen by some banks. "I think pricing has stabilised to levels of predictability," says one partner. "There are institutions out there again affirmatively calling on customers, which none of the banks were doing for the longest time." Albeit at a higher cost, the settled pricing environment has led to larger transactions and LBOs again being proposed.

Cahill Gordon & Reindel

Cahill Gordon & Reindel has carved out a strong reputation in the market through its focus on banking and debt work specifically. Competitors note that with a more focused model than larger firms, Cahill enjoys fewer conflicts in potential clients. According to clients, Cahill excels at creating sophisticated financial structures. "I think Cahill does a better job thinking outside of the box than other firms," says a client.

In December 2007, Cahill represented the administrative agent, joint lead arrangers and joint bookrunners for the financing of Basell's acquisition of the Lyondell Chemical Company. With a total value of approximately $20 billion, Cahill worked to create $12.4 billion secured credit facilities and an $8 billion secured bridge loan for the acquisitions. The firm's clients on the transaction included Citibank, Citigroup Global Markets, Merrill Lynch Capital Corporation, ABN Amro and UBS.

James Clark and Corey Wright advised Bank of America and JP Morgan Chase for the financing of Nasdaq's $3.7 billion purchase of OMX Group. The merger was finalised in February 2008, creating the world's largest exchange company. Susanna Suh advised Bank of America, Banc of America Securities and Wachovia Capital Markets in December 2007. The investment banks converged to create the $2.5 billion credit facilities used by CommScope to acquire the Andrew Corporation. The deal combines two industry leaders in the communications infrastructure market.

One client particularly recommends James Clark: "He's got a really delicate but practical touch," adding: "I think Cahill excels at the practical business side."

Leading lawyers
James Clark
William Hartnett
Michael Michetti
Jonathan Schaffzin
Susanna Suh
Daniel Zubkoff

Cleary Gottlieb Steen & Hamilton

Fuelled by a strong M&A practice, Cleary Gottlieb Steen & Hamilton's regulatory work brought the firm into several high-profile deals in the financial sector this year. The firm has provided regulatory advice with regard to exchange platforms, bank mergers, and sovereign wealth investment, all in the last year. Cleary Gottlieb's international platform has aided in many of these transactions, supplementing its US practice with a regional presence.

In January 2008, the firm advised Bank of America for regulatory matters in connection with its $4 billion acquisition of countrywide Financial. The all-stock transaction allowed Bank of America to increase its previous investment in the wounded mortgage lender to full ownership. Cleary Gottlieb then advised the Swedish exchange OMX on the regulatory hurdles involved with its merger with Nasdaq. The $3.7 billion transaction saw David Becker, Chris Austin, and Kenneth Bachman acting for OMX.

In overflow from its M&A clients, Cleary Gottlieb counselled sovereign wealth funds for the regulatory issues surrounding investments in US investment banks. In December 2007, David Hirsch, Neil Whoriskey, and Paul Glotzer advised Temasek on its $4.4 billion investment in Merrill Lynch. Additionally, Christ Austin, David Gottlieb, and Sang Jin Han were retained by the Korea Investment Corporation. The sovereign wealth fund invested $2 billion in Merrill Lynch in January 2008.

Leading lawyers
Chris Austin
Kenneth Bachman
Derek Bush
Paul Glotzer
Bob Tortoriello

Cravath Swaine & Moore

With return clients like Citibank, Credit Suisse, and JP Morgan, Cravath Swaine & Moore delivers a high volume of transactions while showing its capabilities in complex transactions. Clients and competitors confirm Cravath's ranking with positive reviews of its work and personnel. "They are great," says one banking client.

Credit Suisse retained the firm for its varying roles as lead arranger, joint bookrunner and administrative agent this year. In July 2007, Michael Goldman represented Credit Suisse and Credit Suisse Securities on a credit agreement in the healthcare sector. The investment bank and its subsidiary combined to provide a $7.2 billion credit facility for Community Health Systems. The two hired Cravath again to provide a $4.3 billion credit facility and $1.7 billion mezzanine credit to Houghton Mifflin Harcourt Publishing and an affiliated company. James Vardell and Damien Zoubek led the Cravath team on the December 2007 transaction.

Cravath conducted similar work for JP Morgan. In May 2008, Robbins Kiessling represented JP Morgan Chase and JP Morgan Securities in the provision to Blackstone Group of a $1 billion credit facility. JP Morgan Chase was the administrative agent on the transaction while JP Morgan Securities served as lead arranger and bookrunner. The firm also represented the investment bank and its affiliate for the creation of several credit facilities for Wal-Mart, worth $10.2 billion in total. James Cooper acted for Cravath on the transaction, which consisted of three amended and restated letter-of-credit facilities.

Leading lawyers
James Cooper
Robbins Kiessling
James Vardell
George Zobitz
Damien Zoubek

Davis Polk & Wardwell

Through a mixture of work for borrowers and lenders, Davis Polk & Wardwell's finance practice is well-rounded and well-respected in the market. Work for JP Morgan in particular has dominated the firm's practice in the last year. These transactions exemplify the cross-sector expertise that allows Davis Polk to maintain institutional client relationships.

In June 2007, JP Morgan and Banc of America Securities amended a credit facility for defence contractor Lockheed Martin. Bradley Smith advised the lenders on the $1.5 billion revolving credit facility and a $2 billion letter of credit. December 2007 saw Davis Polk acting again for JP Morgan, this time in syndication with Citigroup Global Markets. The lenders combined to create a $3.5 billion credit facility for auto parts maker, Federal-Mogul Corporation, as it emerged from a bankruptcy filing.

More recently, Karin Day represented JP Morgan in the provision to ExxonMobil of a $5.4 billion letter-of-credit facility.

Davis Polk also advised the Comcast Corporation with regard to the creation of a new revolving credit facility. In January 2008, the telecoms company received a $7.5 billion revolving credit facility from a syndicate of lenders. Bradley Smith led Davis Polk's team on the transaction.

Leading lawyers
Karin Day
James Florack
Joseph Hadley
Bradley Smith

Latham & Watkins

While Latham & Watkins' private-equity practice provides a large proportion of its financing work, the firm has aimed to diversify in representing corporate and institutional clients. This year's work for Best Buy and Apollo Group exemplify the firm's borrower-side counsel. Latham & Watkins retains many of its clients through the appeal of the interdisciplinary strategy practised by its partners, and competitors reinforce the quality of the firm's practitioners.

The firm represented the retailer Best Buy as the borrower of $3 billion bridge loan facilities from Goldman Sachs. Carlos Alvarez and Hendrik de Jong led the June 2007 transaction from the New York office. Advising adult education provider Apollo in January 2008, David Rathberger secured a $500 million revolving facility from a syndicate of lenders.

In lender work, Latham & Watkins showed cross-border proficiency on the acquisition of Reuters Group by Thomson Financial. The firm represented Barclays Bank on the creation of a revolving bridge facility worth £4.8 billion in May 2007. Ronan Wicks led the file from New York. Out of the Los Angeles office, Don Berger represented Deutsche Bank Trust Company Americas in July 2007, in relation to the placement of a $15 billion revolving facility for Macerich Partnership, a commercial real-estate trust.

Leading lawyers
David Crumbaugh
Hendrik de Jong
Marc Hanrahan
John Mendez

Mayer Brown

Mayer Brown appears to already be reaping the benefits of reorganising its lending and regulatory lawyers into a new working group. The structure aims to capitalise on the firm's global presence through an interdisciplinary strategy. This group targets multinationals that require seamless cross-border execution.

In January 2008, the firm advised UBS on the reconfiguration of two accounts owned by Aetna insurance. The accounts were merged into a private investment fund with assets equalling $12 billion. Charles Horn and Jerome Roche advised UBS on the transaction. Horn and Roche also advised Canadian Imperial Bank of Commerce (CIBC) and its affiliate regarding the sale of US banking services to Oppenheimer & Company. Completed in January 2008, CIBC successfully sold its US investment banking, leveraged finance, and capital markets practices for an undisclosed amount.

In addition, Mayer Brown represented insurer Ace in connection with the regulatory hurdles faced during the acquisition of a rival. Ace acquired Combined Insurance Company of America and the Aon Corporation in April 2008 for $2.4 billion. Lawrence Hamilton acted on the file, settling state and federal regulatory requirements for the insurance company.

Leading lawyers

Thomas Delaney
Lawrence Hamilton
Charles Horn
Jerome Roche

Morrison & Foerster

Morrison & Foerster enjoys a small but selective practice of regulatory work. In the past year, the firm has counselled several US and international funds in connection with acquisitions in the banking sector. Though smaller in size, the complexity of these deals helps keep Morrison & Foerster in the rankings again this year. Barbara Mendelson comes recommended by competitors. Acting out of the firm's New York office, Mendelson is the head of the financial services group.

In November 2007, Mendelson led the firm's representation of Union Bank of California. The transaction involved the disposal of the bank's retirement bookkeeping business to Prudential Financial for $103 million. Regulatory concerns arose in a non-bank entity owning the estimated $8 billion in retirement accounts.

Additionally, Morrison & Foerster served as US counsel on the sale of Link Asset & Securities. The British financial services provider was acquired by the electronic broker Icap for $268 million in April 2008. Morrison & Foerster represented Link Asset's US subsidiary, LinkBrokers.

Leading lawyers

Henry Fields
Barbara Mendelson

Shearman & Sterling

Following talk of a dwindling bench in its lending and regulatory practice, Shearman & Sterling has added a partner and several counsels from its associate ranks. The firm is regularly associated with its work for Morgan Stanley, though its transactions this year showed a wider array of clients. Financing work for clients like Bank of America and Citigroup, as well as corporate borrowers, give the firm a solid practice in the market.

On the acquisition of the electric utility TXU by a group of private-equity investors, Shearman & Sterling represented the arrangers, bookrunners, and agents for the financing. The firm worked to structure $37.8 billion in financing for the buyout, including two unsecured bridge facilities totalling more than $11 billion. Shearman's clients for the October 2007 transaction included Citigroup Global Markets, Credit Suisse Securities, Goldman Sachs, JP Morgan Securities, Lehman Brothers and Morgan Stanley.

In July 2007, Cynthia Urda Kassis and Robert Freedman represented the lead arrangers and bookrunner for the refinancing of InterGen, an energy producer. The firm worked to create a $720 million revolving credit facility and an $800 million term loan for the company. Shearman represented Merrill Lynch International, Lehman Brothers, Barclays Capital and Deutsche Bank Securities in connection with the deal's finance structures.

Leading lawyers

Robert Freedman
Patricia Hammes
William Hirschberg
Maura O'Sullivan
Cynthia Urda Kassis

Sidley Austin

Sidley Austin has become a preferred firm for financial institutions such as Bank of America and JP Morgan Chase. These relationships have allowed the firm a healthy deal flow in spite of market restriction.

Representing JP Morgan Chase, Sidley Austin created a $1.5 billion loan facility for Energizer's acquisition of Playtex Products. James Clark and Allison Satyr led Sidley Austin's team on the September 2007 deal. Representing JP Morgan Chase with SunTrust Bank and Credit Suisse, the firm worked to create a $2.5 billion credit and term loan facility for Fiserv. The credit facility allowed Fiserv to acquire the CheckFree Corporation, a rival in the financial services sector, in November 2007.

In regulatory work, the firm advised Alliance Data Systems during its acquisition by Blackstone Capital Partners. Regulatory concerns stemmed from Alliance Data's government-insured banking institutions being passed to a private-equity group. William Eckland led the April 2008 transaction for Sidley Austin.

Leading lawyers

Zulfiqar Bokhari
James Clark
William Eckland
Allison Satyr

Simpson Thacher & Bartlett

With an even mix of institutional clients and crossover work from its private-equity practice, Simpson Thacher & Bartlett is well-regarded for its finance work. "I think their work is outstanding, and I would say that both strategically and tactically," says a client. "What's really great about Simpson as a business partner - and that's really what they are - is their ability to advise on overall strategy."

Representing the arrangers, Simpson Thacher & Bartlett worked to create the financing for Cerberus Capital Management's buyout of automaker Chrysler in May 2007. The $58 billion raised went toward refinancing debt with Chrysler's parent company and restructuring manufacturing facilities. The arrangers included Bear Stearns, Citigroup Global Markets, Goldman Sachs Credit Partners, JP Morgan Securities and Morgan Stanley. The firm also advised a syndicate of arrangers on the $2.5 billion exit financing for Delta Air Lines as it recovered from bankruptcy. Patrick Ryan led the May 2007 transaction.

In October 2007, James Cross and Brian Steinhardt completed the financing for Kohlberg Kravis Roberts' and Texas Pacific Group's leveraged buyout of TXU. In order to acquire the energy utility, the private-equity groups first had to secure $24.5 billion credit facilities and $11.3 billion bridge loans.

One client praises Cross for his work: "James Cross, who is a financing specialist, has an encyclopaedic knowledge of any bank financing ever done. He knows every tree within the forest but he also knows the forest, too."

Leading lawyers

James Cross
David Eisenberg
Steve Feder
Frank Huck

Laura Palma
Patrick Ryan
Brian Steinhardt

Sullivan & Cromwell

For complicated regulatory matters, Sullivan & Cromwell is the market leader. With a high amount of activity in the financial sector this year, the firm served high-profile institutional clients as well as sovereign wealth funds. The firm's preferred status in the market is summarised by one peer: "Without a doubt, Sullivan & Cromwell deserves to be in a category all of its own." The work of Hydee Feldstein is particularly recommended by both clients and competitors.

A large portion of Sullivan & Cromwell's regulatory work this year was generated by foreign investments in domestic financial institutions. In July 2007, the firm advised Barclays on its sale of 3% ownership to the China Development Bank. Retaining the firm's top regulatory talent including Rodgin Cohen and Michael Wiseman, the transaction was valued at $3 billion.

Wiseman and Michael Escue also advised UBS on its sale of a minority stake to the Government of Singapore Investment Corporation. The March 2008 transaction was valued at $11.6 billion. The deal came after the investment bank suffered billions in connection with investments in the US mortgage market.

In addition, Sullivan & Cromwell's banking practice has gained prominence in the last year. Hydee Feldstein represented the pharmaceutical Eisai for the financing of its $3.9 billion acquisition of MGI Pharma in December 2007.

"We've worked with Sullivan & Cromwell on a number of occasions and they are among the best attorneys we've ever worked with," says a client. "They're the kind of law firm you want with you when you're in a foxhole."

Leading lawyers

Rodgin Cohen
Andrew Dietderich
Mitchell Eitel
Michael Escue
Hydee Feldstein
Erik Lindauer
Michael Wiseman

Weil Gotshal & Manges

"I always tell people I think Weil does a great job for their clients," says one competitor of Weil Gotshal & Manges. The firm's lending practice draws from a mix of institutional and private-equity clients, which has led to a successful year for the practice. Competitors note the firm's visibility as counsel to both lenders and borrowers. Additionally, Weil Gotshal added a partner to its lending practice this year with Andrew Yoon graduating from his associate level.

The firm helped secure the acquisition finance for an investor group purchasing the Asurion Corporation. Advising the private-equity groups Madison Dearborn Partners, Providence Equity Partners and Welsh Carson, Weil Gotshal structured the $2.43 billion lien financing that completed the transaction. Angela Fontana, Andrew Yoon and Kimberly Purdue led the firm's team on the deal.

In addition, Thomas H Lee Partners and Fidelity National Information Systems retained the firm for acquisition finance work. In November 2007, Weil Gotshal negotiated the $2.5 billion financing the private-equity groups needed to acquire Ceridian, a corporate logistics servicer.

Weil Gotshal also represented the bookrunners, lead arrangers and syndication agents involved with the financing of Dr Pepper Snapple Group's spinoff. The firm worked to achieve $4.4 billion in financing to allow the beverage maker to demerge from its parent, Cadbury Schweppes. Weil Gotshal's clients on the March 2008 transaction included JP Morgan Securities, Goldman Sachs Credit Partners, Bank of America, Morgan Stanley Senior Funding and UBS Securities.

Leading lawyers

Andrew Colao
Daniel Dokos
Angela Fontana
Douglas Urquhart

White & Case

Following departures of staff and the perception of lower visibility in the market by competitors, White & Case faces the challenge of bolstering its lending and regulatory practices. Subsequently, Duane Wall, the former managing partner of the firm, has returned to head the White & Case's banking regulatory practice. Despite any difficulties, the firm still brings its cross-border expertise to transactions through its global office locations.

In connection with Visa's $19 billion IPO in April 2008, White & Case handled the reorganisation of the credit card company's financial network. This meant that for nearly two years the firm negotiated new agreements with foreign banks to achieve the company's new subsidiary agreements. Alan Avery, Ward Atterbury and Mark Mandel led White & Case's team on the transaction.

Another complex, cross-border transaction came in the firm's transaction with information services company Ceridian. Acting for Deutsche Bank and Credit Suisse, the firm created a series of US and Canadian loan facilities totalling $2.1 billion. The November 2007 transaction ultimately helped finance Ceridian's acquisition by Thomas H Lee Partners and Fidelity National Financial.

Leading lawyers

Ward Atterbury
Alan Avery
Eric Berg
David Bilkis
Eric Leicht
Mark Mandel
Duane Wall

Mergers and acquisitions

Recommended firms
Tier 1
Cravath Swaine & Moore
Davis Polk & Wardwell
Simpson Thacher & Bartlett
Skadden Arps Slate Meagher & Flom
Sullivan & Cromwell
Wachtell Lipton Rosen & Katz
Tier 2
Cleary Gottlieb Steen & Hamilton
Latham & Watkins
Shearman & Sterling
Weil Gotshal & Manges
Tier 3
Cadwalader Wickersham & Taft
Debevoise & Plimpton
Fried Frank Harris Schriver & Jacobson
Gibson Dunn & Crutcher
Paul Weiss Rifkind Wharton & Garrison
Tier 4
Jones Day
Kirkland & Ellis
Sidley Austin
Willkie Farr & Gallagher
Tier 5
Baker Botts
Covington & Burling
Dewey & LeBoeuf
Mayer Brown
Vinson & Elkins
White & Case
Wilson Sonsini Goodrich & Rosati

The M&A market in the US has become a stage for strategic players. The credit crunch has dried up liquidity, and the lack of leveraged financing means that private-equity deals are limited to mid-market transactions. In the words of one partner: "You're never going to get a hundred dollars for a dollar again."

Firms acknowledge a slower pace in transactions, but many are quick to point out they are busier than expected. Lawyers note an increase in the number of spinoffs, which companies use to unlock shareholder value. Perhaps the most notable was Dr Pepper Snapple Group's $13.5 billion spinoff from Cadbury Schweppes in May.

This is still a market for large strategic deals, despite the slowdown. Mars's $23 billion takeover of Wrigley in April was the showcase deal. Delta Air Lines merger with Northwest Airlines that same month demonstrated that the market could find liquidity for the appropriate situations. The consensus is that the market is showing sparks of life.

The relative weakness of the dollar has also contributed to strong cross-border activity. Firms are benefiting from existing relationships with foreign clients, and activities from their own overseas offices. The renewed interest in American assets from foreign investors brings speculation of larger roles for hedge funds and other alternative financiers in a future M&A market. "You're seeing again another evolution of how we finance transactions," says a partner.

Overall deal volume has been relatively modest, however, and is expected to remain tempered for the rest of the year. The pending presidential election, combined with market volatility, means that foreign appetite for US deals could be restricted to the most attractive deals.

Cravath Swaine & Moore

Cravath Swaine & Moore maintained its stable of high-profile clients this year, acting in strategic acquisitions and divestitures across sectors and borders. The practice also maintained its number of partners with the retirement of Thomas Brome in December and the subsequent promotion of Eric Schiele in January. These factors combine to make Cravath Swaine & Moore competitive with any top-tier firm. "Cravath is a spectacular corporate firm," says one competitor.

Representing Banco Santander Central Hispano in a consortium with RBS and Fortis, partners Richard Hall, William Rogers and B Robbins Kiessling acted in the $100 billion acquisition of ABN Amro. This deal illustrates Cravath's cross-border capabilities as well as its broad client base.

The firm is also representing established client Time Warner in its pending $25 billion divestiture from Time Warner Cable.

Despite a relatively quiet M&A market, Cravath is involved in several other deals, representing such diverse clients as pharmaceutical producer Bristol-Myers Squibb and pulp manufacturer Weyerhaeuser. The firm is also representing Nestlé on the sale of its $39 billion stake in the medical company Alcon to Novartis, a pharmaceutical company. Alan Stephenson, Robert Townsend, and Michael Schler lead the Nestlé deal team for Cravath.

Leading lawyers

Stephen Gordon
Mark Greene
Richard Hall
William Rogers
Alan Stephenson
Robert Townsend

Davis Polk & Wardwell

Davis Polk & Wardwell remains in the top tier this year, thanks to a number of complex cross-border transactions that exemplify the firm's global capabilities. The firm was particularly active throughout Latin America via its New York office.

The firm advised the Brazilian mining company MMX Mineração e Metálicos in its divestment and sale of the created subsidiary to AngloAmerican for $5.5 billion. John Amorosi and Manuel Garciadiaz led the New York team through the deal's closure, in May 2008.

Davis Polk also served as lead counsel to ABN Amro in its $101 billion sale to a consortium led by RBS, Fortis and Banco Santander. Davis Polk also acted in the $21 billion divestiture of LaSalle Bank to Bank of America, a deal which resulted from the ABN Amro takeover.

In July 2007, the firm acted for Ipsco, an energy services provider. George Bason and Michael Davis represented Ipsco during its acquisition by Swedish steelmaker SSAB Svenskt Stal for $8.2 billion. Additionally, Davis Polk is acting as US counsel to the Swedish government for the sale of the beverage-maker Vin & Sprit. The proposed $8.9 billion transaction would sell the parent company of Absolut Vodka to Pernod Ricard, a French liquor producer. Phillip Mills acts for Davis Polk on the transaction.

Leading lawyers

John Amorosi
George Bason
Manuel Garciadiaz
Paul Kingsley
William Taylor

Simpson Thacher & Bartlett

Simpson Thacher & Bartlett executed some of this year's marquee deals, representing household names like Dow Jones and Sirius Satellite Radio. The firm continues to show its resilience in even the toughest markets with an impressive base of both expertise and clients. "I think because they have such broad and deep capability, I would say they are particularly good for complex transactions," says a client. "Certainly financing and M&A is an extraordinary capability of theirs."

Competitors noted the departure of senior practitioner David Sorkin as an important loss, though most were quick to point out the firm's remaining bench strength.

Simpson partners Richard Beattie, Robert Spatt and Alvin Brown advised the Dow Jones board of directors in its acquisition by News Corp for $5 billion in December. The firm is also representing Sirius Satellite Radio in its proposed merger with XM Satellite Radio.

"The M&A practice tends to be the point people on a transaction and are able to harness all the expertise in the firm," says a client.

Leading lawyers

Richard Beattie
Charles Cogut
Todd Crider
Mario Ponce
Gary Sellers
Kathryn Sudol

Skadden Arps Slate Meagher & Flom

Skadden Arps Slate Meagher & Flom recently admitted five new partners to its M&A practice, expanding what is already regarded as a juggernaut in the M&A market. It is this type of aggressive planning that reinforces the firm's brand and makes it a contender in nearly every sector of the marketplace: Skadden has consistently represented high-profile clients in strategic corporate deals throughout the year, and receives regular praise from competitors and clients.

Skadden acted in several high-profile, strategic mergers. In a deal that created the largest oil-and-natural-gas contractor, Skadden's Peter Atkins represented GlobalSantaFe in its $17 billion merger with Transocean. Similarly, Rodd Schreiber led the Skadden team in representing the CME Group in its $10.6 billion merger with CBOT Holdings to create the world's largest financial market.

The firm had several high-profile deals in the media and entertainment sectors this year. In December 2007, Howard Ellin represented News Corp on its $5.6 billion acquisition of The Wall Street Journal. In addition, Brian McCarthy represented the video game developer Activision. The company merged in 2008 with rival Vivendi for $18.9 billion.

Other notable deals included Skadden partner Ken King representing Yahoo after the Internet company received an unsolicited takeover bid of $44.6 billion from Microsoft, and Peter Atkins acting for Bear Stearns in its acquisition by JP Morgan Chase.

Leading lawyers

Peter Atkins
Howard Ellin
Kenton King
Brian McCarthy
Rodd Schreiber

Sullivan & Cromwell

Sullivan & Cromwell is known for advising on the most complex of transactions. Competitors particularly note the firm's expertise in cross-border transactions. This was perhaps best highlighted during the sale of Alcan, an aluminium producer. Advised by Sullivan & Cromwell, the Canadian company was sold to rival miner Rio Tinto for $43 billion in November 2007.

Sullivan & Cromwell again had a busy year in the financial sector. In July 2007, the firm represented the Bank of New York on its merger with the Mellon Financial Corporation. Valued at $16.5 billion, the transaction was led by Rodgin Cohen and Mitchell Eitel of Sullivan & Cromwell. Cohen, Eitel and Jay Clayton advised the board of directors for Bear Stearns following difficulties at the investment bank. Bear Stearns was ultimately sold to JP Morgan Chase for $1.2 billion in March 2008. Sullivan & Cromwell acted in cooperation with Skadden Arps Slate Meagher & Flom and Cadwalader Wickersham & Taft in advising on various aspects of Bear Stearns' sale. Competitors singled out Jay Clayton for the quality of his work on the Bear Stearns deal.

Additionally, the firm played a role in Microsoft's unsolicited bid for rival Yahoo in February 2008. Sullivan & Cromwell advised Microsoft, although the lead counsel was Cadwalader Wickersham & Taft.

Leading lawyers

Jay Clayton
Rodgin Cohen
Mitchell Eitel
Joseph Frumkin
Eric Krautheimer
James Morphy

Wachtell Lipton Rosen & Katz

Wachtell Lipton Rosen & Katz is highly commended by peers for its sustained presence in marquee deals this year. Representative clients of the firm's high-profile work include Delta Air Lines, Borders Group, JP Morgan and Alltel.

Edward Herlihy, Stephanie Seligman and Lawrence Makow represented Delta Air Lines in its merger with Northwest Airlines in a deal valued a $3.6 billion. In June 2008, the firm acted for the telecoms company Alltel during its acquisition by Verizon Wireless. Competitors Verizon and Vodafone Group created a joint venture to purchase Alltel for $28.1 billion.

In one of the most controversial acquisitions of the year, Herlihy and Nicholas Demmo led the Wachtell team representing JP Morgan Chase in the acquisition of investment bank Bear Stearns for $2.2 billion. Another notable file in the transaction market was Wachtell's representation of NYSE Euronext in January 2008. The firm helped the exchange acquire American Stock Exchange for $260 million.

Other representations for the firm included bookseller Borders Group on its $283 million refinancing plan with Pershing Square Capital Management Borders Group, and Circuit City Stores in its ongoing bid for Blockbuster. In July 2008, Wachtell represented Rohm and Haas, during the chemicals manufacturer's acquisition by Dow Chemical for $18.8 billion. Daniel Neff and Stephanie Seligman acted for Wachtell on the transaction.

Leading lawyers

Nicholas Demmo
Edward Herlihy
Lawrence Makow
Daniel Neff
Stephanie Seligman

Cleary Gottlieb Steen & Hamilton

Cleary Gottlieb Steen & Hamilton manages to strike a healthy balance between its public and private M&A work. Despite a large amount of work from sovereign wealth funds and private-equity houses, the firm was also highly visible on a number of public deals this year, with recurring representations for clients such as Hewlett-Packard, SABMiller, and Bank of America.

In January 2008, Cleary Gottlieb acted for long-time client Bank of America in its purchase of United Stateswide Financial, a suffering mortgage lender. Jack Murphy, Paul Shim, Derek Bush and Benet O'Reilly acted on the transaction.

Cleary Gottlieb also advised SABMiller on its joint venture with international brewer Molson Coors. The firm helped to define a power-sharing agreement which gives SABMiller 58% ownership of the joint venture. The breweries will combine their US operations under the name MillerCoors. Victor Lewkow led the Cleary Gottlieb team on the transaction.

In addition, the firm advised computer manufacturer Hewelett-Packard on its purchase of Electronic Data Systems Corporation. Announced in May 2008, the transaction has an estimated value of $13.9 billion.

Leading lawyers

Victor Lewkow
Paul Marquardt
Benet O'Reilly

Michael Ryan
Paul Shim

Latham & Watkins

Latham & Watkins comes highly recommended for the strong gains the firm has made in its M&A work. "Latham is an up-and-comer," one competitor says. While the firm sees a large amount of work through its private-equity clients, Latham is active in public M&A as well. The firm added two new partners to its corporate team this year, increasing its bench strength from an already impressive practice.

In the financial sector, Mark Gerstein advised CBOT Holdings on its merger with the Chicago Mercantile Exchange. Closing in May 2007, the transaction was valued at $12 billion.

In November 2007, the firm acted for Goldman Sachs on the merger of oil services companies Transocean and GlobalSantaFe. Charles Nathan advised the investment bank on the $18 billion transaction.

In a deal closing in April, Latham partners John Newell and Paul Tosetti also represented Oracle in its acquisition of software maker BEA Systems. The transaction was valued at $8.5 billion.

Leading lawyers

Marc Gerstein
Charles Nathan
John Newell
Charles Ruck
Paul Tosetti

Shearman & Sterling

Shearman & Sterling receives praise from competitors and clients for its representations this year. "I've been impressed with Shearman & Sterling as one of the few firms that delivers the level of service that I held myself to when I was in private practice," says a client. "That doesn't mean much to others, but it is a meaningful benchmark to me." The firm was named *International Financial Law Review*'s 2007 M&A team of the year following complex representations of financial institutions such as Morgan Stanley and ABN Amro.

One prominent deal for Shearman & Sterling was its representation of Nokia in its acquisition of digital mapmaker Navteq for $8.1 billion. George Casey and Peter Lyons spearheaded the acquisition for the firm, receiving rounded praise from clients. "Both are experts in their field, take a commercial approach and are enjoyable to work with," says one.

Leading lawyers

Ronald Bayer
Stephen Besen
George Casey
Robert Evans
Peter Lyons
Bradley Sabel

Weil Gotshal & Manges

Weil Gotshal & Manges further diversified its M&A practice this year, covering broad sectors in its representations. The firm maintained its level of partners with the addition of Matthew Gilroy and the departure of Waajid Siddiqui.

Weil Gotshal represented the New York Mercantile Exchange through its acquisition by the Chicago Mercantile Exchange. The March 2008 transaction had an estimated worth of $9.5 billion. The firm also acted for Yildiz Holdings on its purchase of Godiva Chocolatier. Yildiz purchased Godiva for $850 million from the Campbell Soup Company.

As a co-advisor, the firm acted for Lehman Brothers on its sale of the Archstone-Smith Trust to Tishman Speyer Properties. Weil Gotshal shared the lead counsel position with Sullivan & Cromwell on the $22.2 billion transaction.

The firm represented Reuters during its acquisition by Thomson for $18.2 billion in April 2008. Other highlights include Weil Gotshal's work for the Port Authority of New York & New Jersey in relation to the sale of Dubai Ports to American International Group for an undisclosed amount.

Leading lawyers

Michael Aiello
Howard Chatzinoff
Frederick Green
Michael Lubowitz
Thomas Roberts
Jay Tabor
Glenn West

Other notable firms

A leader in the energy sector, **Baker Botts** acted on the oil services merger of Transocean and GlobalSantaFe. Gene Oshman, John Geddes, and James Mayor advised on the $58 billion merger. In December 2007, the firm acted for Lyondell Chemical Company during its acquisition by Basell, a chemicals manufacturer. The December 2007 transaction was valued at $19 billion.

Cadwalader Wickersham & Taft had several high-profile representations this year with Dennis Block leading the firm's practice. Along with Skadden Arps Slate Meagher & Flom and Sullivan & Cromwell, the firm advised Bear Stearns during its $1.2 billion sale to JP Morgan. In addition, Cadwalader represented Six Flags Theme Parks on its $175 million acquisition of Dick Clark Productions.

Debevoise & Plimpton acted on a string of mid-market transactions this year. Its representation of ABN Amro for the sale of a subsidiary bank proved one of the firm's most prominent of the year. ABN Amro sold LaSalle Bank to Bank of America for $21 billion in October 2007. Michael Blair led Debevoise's on the transaction.

Additionally, the firm advised Energy Brands during its acquisition by the Coca-Cola Company for $4.1 billion. Debevoise also advised Verizon Wireless on its acquisition of Rural Cellular for $2.7 billion. Jeffrey Rosen led both transactions for Debevoise & Plimpton.

Fried Frank Harris Shriver & Jacobson sees a great deal of M&A work from long-time client Goldman Sachs. The firm also found work for the mining company Rio Tinto and pharmaceuticals manufacturer Merck in mid-market work throughout the year.

Gibson Dunn & Crutcher's M&A practice saw two prominent deals come to the firm in the media and entertainment sectors. Ruth Fisher advised video game developer Vivendi during its acquisition of Activision. Completed in July 2008, the transaction was valued at $18.9 billion. Acting out of the firm's Los Angeles office, Jonathan Layne advised Goldman Sachs and Lehman Brothers in connection with Microsoft's $44.6 billion offer for Yahoo! in March 2008.

Private equity – transactions

Recommended firms
Tier 1
Debevoise & Plimpton
Kirkland & Ellis
Simpson Thacher & Bartlett
Tier 2
Cleary Gottlieb Steen & Hamilton
Davis Polk & Wardwell
Fried Frank Harris Shriver & Jacobson
Latham & Watkins
Skadden Arps Slate Meagher & Flom
Weil Gotshal & Manges
Tier 3
Gibson Dunn & Crutcher
Ropes & Gray
Schulte Roth & Zabel
Sullivan & Cromwell
Wachtell Lipton Rosen & Katz
Willkie Farr & Gallagher

Despite the scarcity of debt to fund large LBOs, private equity has maintained a healthy transaction volume in the mid-market. "A huge difference from last year is that the big-ticket deals that people were dealing with last year we're not seeing," says one partner. What has emerged in response to conservative lending by financial institutions are alternative financiers and new footholds for private-equity investors.

The financial sector has perhaps been the most visible of private-equity's interests in the last year. Rescue capital supplied by domestic and international private-equity funds proved some of the largest and most controversial. After billions in asset write-downs, investment banks like Citibank and Merrill Lynch were forced to seek debt-and-equity solutions to suffering balance sheets. Transactions such as these are a growing phenomenon in the short term, with opportunism leading private equity to play the lender.

But this time around, private-equity investors are treating the market with caution. "These deals are taking much longer. There's a tremendous amount of time and money spent on diligence," says a lawyer. This diligence includes regulatory concerns for players who have historically avoided bank ownership - given the recent emergence of this activity, the rules are still being defined.

While the market slowly returns, lawyers note a changing approach of the larger players. "Private-equity funds now own enough portfolio companies that they're starting to think like strategics," says one lawyer. This adaptability leaves little doubt for many lawyers that business will return. "We've seen this movie many times in the past," says one partner. "As long as liquidity comes back, it's going to be another boom time for private equity."

Debevoise & Plimpton

Debevoise & Plimpton represents a host of portfolio managers and acquisitions funds in the mid-market and in larger transactions. Two partners were added to the practice in 2007, increasing the firm's presence in private-equity deals.

In June 2007, Debevoise & Plimpton represented the Carlyle Group on its $1.5 billion acquisition of PQ Corporation, a chemicals producer. This led to follow-on work as the firm represented PQ in the subsequent acquisition of silica manufacturer Ineos Silicas. The merger was completed in July 2008 for an undisclosed amount.

The firm also acted on behalf of several private-equity syndicates this year. In August 2007, the firm represented a syndicate of buyers on the $8.5 billion acquisition of a subsidiary of Home Depot, HD Supply. The syndicate included Bain Capital, Carlyle Group and Clayton Dubilier & Rice. Debevoise & Plimpton also acted on the divestiture of the CCS Income Trust in September 2007, which was sold for $3.3 billion to an investment consortium comprising CAI Capital Partners, Goldman Sachs Capital Partners and Kelso & Company.

Debevoise & Plimpton also represented the Dolan Family Group on its acquisition of cable provider Cablevision. The $22 billion transaction was completed in May 2008, with Richard Bohm leading the firm's counsel.

Leading lawyers

Franci Blassberg
Richard Bohm
Margaret Davenport

Kirkland & Ellis

Kirkland & Ellis's consistency, size and prominence in the private-equity market combined to keep it in the top tier this year. The firm was well-positioned following a decrease in big-ticket deals, as it has built a reputation in serving funds whose acquisitions range from $1 billion to $5 billion. Longstanding relationships with clients such as Madison Dearborn Partners serve as evidence of the quality of the firm's work.

In September 2007, Kirkland & Ellis represented Madison Dearborn Partners on its $5.7 billion acquisition of portfolio manager Nuveen Investments. Richard Porter, Robert Hayward and Linda Myers acted out of the firm's Chicago office, along with Scott Price in New York. The firm also represented Bain Capital on its acquisition of instrument retailer Guitar Center in October 2007. Jeffrey Hammes, Matthew Steinmetz, Jon Ballis, Linda Myers and Marc Browning acted for Bain Capital for the $2.1 billion transaction.

Despite a majority of its private-equity work emanating from its Chicago office, the firm's New York branch acted as the lead on several highlight transactions. Kirk Radke and Kimberly Taylor are acting for Apax Partners in connection with its $1.4 billion buyout of TriZetto Group. The acquisition of the healthcare technology provider is still in progress. In February 2008, the New York office led the representation of Vestar Capital Partners in another healthcare-related acquisition. Vestar acquired Radiation Therapy Services for $1.1 billion. Michael Movsovich and Greer Phillips acted for Vestar out of New York.

Leading lawyers

Richard Campbell
Jeffrey Hammes
Linda Myers
Kirk Radke

Simpson Thacher & Bartlett

Known by peers for its prestigious client base, Simpson Thacher & Bartlett maintains close ties with large buyout funds including Kohlberg Kravis Roberts (KKR) and Blackstone. These relationships consistently place the firm on transactions like Blackstone's $26 billion acquisition of Hilton Hotels and KKR's $29 billion acquisition of First Data. One competitor names Charles Cogut, who heads the firm's global M&A practice, as an integral part of the firm's team: "He's certainly on anybody's A-list of private-equity practitioners."

In September 2007, the firm represented KKR on its acquisition of payment processing company First Data Corporation. Gary Horowitz and Sean Rodgers acted for the firm on the $29 billion transaction.

In representing Blackstone, the firm closed a couple of notable transactions. In June 2007, Brian Stadler represented the private-equity group on its sale of the Extended Stay Hotels to the Lightstone Group. The acquisition had a closing price of $8 billion. Stadler, Gregory Ressa and Sas Mehrara again represented Blackstone on its $26 billion acquisition of Hilton Hotels in October 2007.

Simpson Thacher & Bartlett also represented a buyout consortium led by KKR on the $45 billion acquisition of energy provider TXU.

Although the firm has numerous prominent lawyers, it is Casey Cogut who gains most client praise. Says one client: "He is one of the best M&A thinkers - he's great. Obviously there are only a handful of those guys around."

Leading lawyers
Richard Capelouto
Charles Cogut
Gary Horowitz
Gregory Ressa
Brian Stadler

Cleary Gottlieb Steen & Hamilton

Cleary Gottlieb Steen & Hamilton is known primarily for its work with one large buyout fund, Texas Pacific Group (TPG), and has a consistent presence on transactions in the mid-market and above. A strong banking and finance practice also benefits the firm's private-equity group, leading to numerous representations of financial institutions. "On the transactions side, I don't know anybody any better," says a client. "They also know their clients so well. They know what you want and what you're sensitive to, and that's rare that you get somebody with that judgment and perspective."

Cleary Steen Gottlieb & Hamilton represented TPG twice in November 2007 on acquisitions for the investment group. The firm acted for TPG and Affinity Equity Partners for the $1.6 billion acquisition of semiconductor servicer United Test and Assembly Center. Acting for TPG and Goldman Sachs Capital Partners, the firm worked on the $27.5 billion acquisition of the telecoms company Alltel.

In connection with Blackstone's $36 billion acquisition of Equity Office Properties Trust, Cleary Steen Gottlieb & Hamilton acted for the lending syndicate, which included Goldman Sachs, Bank of America, and Bear Stearns.

Cleary Gottlieb Steen & Hamilton has also acted for various sovereign wealth funds on their US investments. Neil Whoriskey and Leslie Silverman represented Temasek on its $5 billion investment in Merrill Lynch in December 2007. In January 2008, the firm also represented the Korea Investment Corporation on its $2 billion investment in Merrill Lynch.

One client praises the firm's cross-border capabilities: "The way that they organise themselves globally and growing their own talent really means that they work across jurisdictional boundaries really well."

Leading lawyers
David Leinwand
Benet O'Reilly
Robert Raymond
Michael Ryan
Paul Shim

Davis Polk & Wardwell

Davis Polk & Wardwell is well-received as a mid-market player in the private-equity market. The firm had a particularly strong year in the media and communications sector, acting on transactions involving Dennis Publishing, E*Trade, and Getty Images. Positive client reviews reward the firm after an active year. "We think they are terrific," says a client. "Davis Polk & Wardwell is highly intelligent, thoughtful, responsive, creative and hard-working."

William Aaronson represented Quadrangle Capital Partners II on its August 2007 acquisition of Dennis Publishing. The multinational publisher was sold for an undisclosed amount. The firm also served as counsel to E*Trade when the online investment company received a $2.5 billion investment from Citadel Investment Group. The January 2008 transaction was led by the firm's Menlo Park office with support from New York.

Again out of the Menlo Park office, Daniel Kelly and Sarah Solum represented Getty Investments in February 2008. The private-equity group Hellman & Friedman purchased Getty Images, the principal subsidiary of Getty Investments, for $2.4 billion.

A client recommends the firm for its professionalism: "Although we are a small client at this stage, we always feel like we are getting their best work and are just as important as Morgan Stanley or anyone else. We rely on their judgment for every major decision at our firm."

Leading lawyers
George Bason
John Bick
Daniel Kelly
Carole Schiffman

Fried Frank Harris Shriver & Jacobson

Much of Fried Frank Harris Shriver & Jacobson's private-equity work relates to its links with long-time client Goldman Sachs. The firm is well-known for its representations of the investment bank in connection with large buyouts through the years. This year was no exception - Fried Frank acted for Goldman Sachs on such acquisitions as BCE, Biomet, First Data, and TXU.

In October 2007, Robert Schwenkel and Brian Mangino represented Goldman on the $45 billion acquisition of energy producer TXU. The investment bank was part of a syndicate of investors which included KKR, TPG, Lehman Brothers, Morgan Stanley and Citigroup. The firm acted as US counsel to Goldman again during the acquisition of Canadian telecoms company BCE. Goldman served as the company's financial advisor in connection with its $48.5 billion buyout by a syndicate of investors. John Sorkin and Stuart Katz led Fried Frank's team on the deal.

A similar representation for Goldman was the Biomet acquisition in July 2007. Private-equity groups such as KKR, Blackstone, and TPG acted with Goldman to acquire the medical products manufacturer for $11.4 billion. Robert Schwenkel headed Fried Frank's counsel on the transaction.

In September 2007, Fried Frank also represented Goldman Sachs groups regarding the $29 billion acquisition of First Data by KKR and other private-equity funds. The firm represented Goldman Sachs Capital Partners regarding a $350 million equity investment in First Data's parent company, New Omaha Holdings. The firm subsequently represented Goldman Sachs Mezzanine Partners in issuing $1 billion in payment-in-kind notes through New Omaha Holdings and a $250 million equity investment in the company.

Leading lawyers
Christopher Ewan
Stuart Katz
Robert Schwenkel
David Shine
John Sorkin

Latham & Watkins

Latham & Watkins enjoys relationships with the Carlyle Group and BC Partners, as well as several investment banks who keep it involved on a range of deals. One client recommends several of the firm's lawyers: "Teresa Baer in Washington was excellent on the FCC approval. Josh Tinkelman and Denis Lamont did extremely well on complex financing discussions as well. Overall, the Latham work was of the greatest quality." September 2007 also saw the addition of two partners to the practice through lateral hires.

Latham & Watkins represented the Carlyle Group repeatedly this year on acquisitions. In May 2007, the firm advised the private-equity group on its $22 billion acquisition of the storage company Kinder Morgan. Daniel Lennon, John Holland and Barton Clark led the Latham & Watkins team on the transaction from its Washington DC office. Clark, Lennon and James Hanna advised Carlyle again for its acquisition of nursing provider Manor Care. The December 2007 transaction totalled $6.3 billion at closing.

In other work for Carlyle, the firm advised the private-equity group and the Onex

Corporation on their acquisition of Allison Transmission. The August 2007 acquisition of the vehicle parts maker was valued at $5.6 billion.

Additionally, Raymond Lin and John Giouroukakis represented BC Partners on its acquisition of Intelsat for $16.9 billion in February 2008.

Latham also represented Harrah's Entertainment after it received an unsolicited buyout offer from Apollo Management and Texas Pacific Group. Charles Ruck, Michael Treska and Charles Nathan headed the team in the $28 billion deal which closed in January 2007. Several competitors noted Charles Nathan's prominence in the market.

Leading lawyers

John Holland
Raymond Lin
Daniel Lennon
Charles Nathan

Skadden Arps Slate Meagher & Flom

Skadden Arps Slate Meagher & Flom's presence in private-equity transactions is due largely to its thriving general corporate practice. Relationships with Fortress Investment Group, Vulcan Capital and TPG have led to another year of solid work for the private-equity practice. "Skadden's private-equity practice is top-notch, and is primarily distinguished by the breadth of their practice: by geography, by sector, by specialty," says a client. "Our key relationships have been with Nick Saggese, followed by Evan Levy, Barney Phillips, Allan Mutchnik and a handful of non-US partners."

July 2007 saw Skadden representing the Fortress Investment Group on two occasions. First, Joseph Coco advised the investment group on its $3.5 billion acquisition of Florida East Coast Industries. Coco also represented Fortress on its $2.4 billion acquisition of Interpool. The deal gives Fortress operations in the leasing of shipping containers.

TPG Capital retained the firm in acquiring Midwest Air Group and subsidiary Midwest Airlines. Nick Saggese and Rick Madden acted for the firm on the $450 million transaction. The completion of the transaction without the use of leverage was one of the deal's highlights.

Leading lawyers

Joseph Coco
Howard Ellin
Peter Krupp
Eileen Nugent
Nicholas Saggese
Allison Schneirov

Weil Gotshal & Manges

The variety in Weil Gotshal & Manges' private-equity work brings the firm consistent praise from competitors. This variety has also allowed the firm to sidestep the pitfalls suffered by firms with narrow practices in a difficult year.

The firm had involvement with two of the year's larger buyouts. Weil Gotshal represented Goldman Sachs Capital Partners in the $27.5 billion buyout, with TPG, of Alltel in November 2007. The firm followed this to advise Providence Equity Partners, Ontario Teachers' Pension Plan Board, and Madison Dearborn Partners in their $48.5 billion acquisition of BCE, which closed in July 2008.

Weil Gotshal was also active in mid-market work. Thomas H Lee Partners provided the firm with crossover work from in both fund formations and transactions this year. Weil Gotshal advised the group, with Fidelity National Financial, on its $5.3 billion acquisition of the information services provider Ceridian. In September 2007, the firm advised Lindsay Goldberg & Bessemer on its sale of Alliant Management. The healthcare organisation was sold to the Blackstone Group for an undisclosed amount.

Leading lawyers

David Kreisler
Glenn West
James Westra
Barry Wolf

Other notable firms

Gibson Dunn & Crutcher was active in mainly mid-market acquisitions for its private-equity clients this year. An exception to this was the firm's representation of the Kuwait Investment Authority. In January 2008, the sovereign wealth fund was part of an investor group which purchased an estimated $18.5 interest in Citigroup. In addition, Gibson Dunn & Crutcher acted for Aurora Capital Group on its acquisition of NuCO2. Aurora acquire the food services company $487 million. The firm also acted for AIG Global Investment Group in relation to a $214 million investment in 28 private funds owned by Eurazeo.

With returning clients Cerberus Capital Management and Veritas Capital, **Schulte Roth & Zabel** remained busy despite an otherwise slow market. The firm represented Cerberus Capital Management on several occasions in 2007. Schulte Roth & Zabel handled the acquisition of an 80% stake in Chrysler for Cerberus, totalling roughly $7.4 billion. The firm also represented Cerberus and its subsidiary, New Page Corporation, in acquiring the Finnish papermaker Stora Enso Oyi for $2.5 billion in December 2007.

Additionally, Schulte Roth & Zabel acted for an investment fund of Veritas Capital, Veritas Capital Fund III. In August 2007, the fund acquired Aeroflex, a manufacturer of aerospace tools, for an undisclosed amount.

Private equity – fund formation

Recommended firms
Tier 1
Debevoise & Plimpton
Kirkland & Ellis
Simpson Thacher & Bartlett
Tier 2
Cleary Gottlieb Steen & Hamilton
Davis Polk & Wardwell
Ropes & Gray
Weil Gotshal & Manges
Tier 3
Akin Gump Strauss Hauer & Feld
Gibson Dunn & Crutcher
Latham & Watkins
Morrison & Foerster
O'Melveny & Myers
Paul Weiss Rifkind Wharton & Garrison
Schulte Roth & Zabel

The changing role of private-equity funds this year provided ample work for law firms. Financial institutions suffering losses tied to subprime investments created new opportunities for fund work this year. As the marketplace searches for a bottom to its current crisis, distressed-debt funds have seized upon the opportunity. The financial sector in particular is desperate in its need for fresh capital. "Obviously you're seeing more debt funds taking advantage of the situation," says a partner.

Abu Dhabi Investment Authority's $7.5 billion investment in Citibank. Pershing Square Capital Management's increased stake in bookseller Borders Group. While admittedly a short-term situation, private-equity funds have emerged as opportunistic lenders in the market. This is private equity's working solution to the muddled credit markets that have sunk many of their would-be acquisitions in the past year. The financial institutions aren't complaining. And while borrowers are only too grateful to untangle their balance sheets, the coalescence of the fund's ultimate identity with its new role begins.

The task of providing liquidity while maintaining investor returns has proved a challenge to investment houses and their legal counsel. Concerns such as how to create the equivalent of a revolving facility through an investment fund are one of many hurdles in the transformation of fund work. Subsequently, lawyers see the private-equity market becoming more demanding of a law firm's capabilities. Practitioners see a strong interdisciplinary platform becoming essential in serving private-equity clients going forward. "The answer is you can't be small and do this well. It's too hard. It's too complex," says a partner. "I do have a belief that it's going to be winners take most. The complexity has gone so far."

Debevoise & Plimpton

Debevoise & Plimpton's expansive fund formation practice highlights the firm's overall global strategy. The practice looks to insulate itself through market volatility with a wide range of private-equity clients, both in geographic and industry terms. Many of the firm's fund clients retain Debevoise for work on their transactional work as well. Competitors note the firm's progress in its global strategy, but also point to its domestic work as consistent and of the highest quality. "Debevoise is an excellent firm," says one peer.

In June 2007, Debevoise created Clayton Dubilier's Rice Fund VII. Representing Kelso Associates in January 2008, the firm created the $5.1 billion buyout fund Kelso Associates VIII. The fund was created for various investments in the US.

The firm also created several funds looking to operate in both the US and Canada. For example, in September 2007, Debevoise helped to structure a $1.2 billion cross-border investment fund for Metalmark Capital Partners.

Returning clients for the firm include Barclays Ventures, Carlyle Group, Credit Suisse, Deutsche Bank and Providence Equity Partners.

Leading lawyers

Woodrow Campbell
Michael Harrell
David Schwartz

Kirkland & Ellis

Competitors note Kirkland & Ellis's large roster of regular private-equity clients. The firm consistently represents private-equity groups like Bain Capital, Golden Gate Capital, and Madison Dearborn Partners on their fund formations. In addition, the firm has admitted three new partners to the practice since May 2007.

Over the last year, Kirkland & Ellis has worked to create more than 130 private-equity funds for clients. In April 2008, the firm helped create Madison Dearborn Partners VI, a $10 billion buyout fund. Paul Capital Partners retained the firm in April 2008 to create Paul Capital Partners IX, a $1.65 billion fund. KRG Capital Fund IV was launched in November 2007 with $1.9 billion in commitments with Kirkland & Ellis's help. Additionally, the firm set up the $2.25 billion buyout fund CHS Private Equity VI.

Leading lawyers

Bruce Ettelson
Jeffrey Hammes

Simpson Thacher & Bartlett

Competitors cite Simpson Thacher & Bartlett's client base of private-equity groups and financial institutions as stabilising the firm against tough market conditions. Peers also consider many of the lawyers at the firm to be of the highest quality. "My personal favourite private-equity lawyer is Mike Wolitzer at Simpson," says a competitor.

Clients give similarly positive reviews. "Simpson Thacher & Bartlett continues to be the preeminent private-equity law firm in the world from my perspective," says one. "They do all our fundraising work and understand the fund market better than any other firm. We also use them as our primary M&A firm, led by Bill Curbow and Andrew Smith."

This year the firm worked to set up the Lehman Brothers Merchant Banking Partners IV fund. Simpson Thacher was successful in helping the fund raise $3.3 billion to go toward investments in small and mid-market companies. The firm also established a second private-equity fund for New Horizon Capital. Though its size is undisclosed, the fund's interest lies in the privatisation of state-owned businesses in China.

Leading lawyers

Charles Cogut
Michael Wolitzer

Cleary Gottlieb Steen & Hamilton

Similarly to its private-equity transactions practice, Cleary Gottlieb Steen & Hamilton's fund formations practice centres around several large clients. Texas Pacific Group (TPG), Citigroup and Bank of America were particularly active for the firm this year. The broad range in focus of the different funds highlights the breadth of the firm both geographically and in terms of its sector-specific knowledge.

"They're great. They have their finger on the pulse of what's going on in the industry," says a client. "The cross-border aspect is so important. They don't just do a cookie-cutter fund. They really think about what you'll be doing once you're up and running."

Cleary Gottlieb recently helped to create several large buyouts funds for TPG. The first was TPG Partners VI, which raised $20 billion with a goal of buyouts in the US and Europe. The second was TPG Financial Partners. This fund raised an estimated $9 billion for investment in the financial services industry.

The firm's work with investment banks yielded other high-profile fund formations. Acting for Conversus Capital and Bank of America, the firm worked on the notes offering that raised $1.8 billion for the Conversus investment vehicle. Cleary Gottlieb also helped create DLJ South American Partners through its sponsor, Credit Suisse. After an undisclosed fundraising in July 2007, the fund went to work making investments throughout Latin America.

Leading lawyers

Michael Gerstenzang
Elizabeth Lenas
Robert Raymond

Weil Gotshal & Manges

Weil Gotshal & Manges delivered fund formations for a variety of mid-market private-equity groups this year. The firm was well-positioned throughout the last year because of its exposure to smaller clients, allowing it to benefit from a large number transactions of less than $3 billion in value. The exception to the rule proved to be the creation of a fund for Thomas H Lee Partners worth $8.1 billion in October 2007.

Weil Gotshal advised on the creation of several noteworthy mid-market funds. Acting for Genstar Capital, the firm worked on the $1.6 billion fundraising for Genstar Capital Partners V. Barry Wolf led the Weil Gotshal team with Jonathon Soler, Paul Asofsky and Andrew Gaines. The Gores Group also retained Weil Gotshal for the $1.3 billion fundraising in connection with the creation of a new fund. Asofsky and Soler again acted for the firm along with David Kreisler.

Jeffrey Tabak led the formation of the WLR Recovery Fund IV in December 2007. Representing WL Ross & Co, Weil Gotshal helped source the fund with $4 billion upon its creation.

Leading lawyers

Paul Asofsky
Shukie Grossman
Jonathon Soler
Jeffrey Tabak
Barry Wolf

Other notable firms

Gibson Dunn & Crutcher was able to take advantage of a year with high mid-market activity. In August 2007, the firm represented Warburg Pincus and its subsidiary, Sheridan Production Partners, to create a $1.4 billion energy investment fund. Gibson Dunn also advised the private-equity group Hamilton Lane in creating Hamilton Lane Coinvestment Fund II. Edward Sopher, Peter Turza and Michael Collins advised on the establishment of the $1.2 billion fund.

Udi Grofman and Marc Weingarten of **Schulte Roth & Zabel** acted on two of the practice's larger files this year. In July 2007, they advised Pershing Square Capital Management to create a $2 billion investment fund, Pershing Square IV. Grofman and Weingarten also advised Bayview Financial. The new Bayview Opportunity Master Fund raised $7.5 billion for investment in the mortgage sector.

Project finance

Recommended firms
Tier 1
Latham & Watkins
Milbank Tweed Hadley & McCloy
White & Case
Tier 2
Chadbourne & Parke
Simpson Thacher & Bartlett
Skadden Arps Slate Meagher & Flom
Tier 3
Dewey & LeBoeuf
Mayer Brown
Orrick Herrington & Sutcliffe
Shearman & Sterling
Sullivan & Cromwell
Tier 4
Allen & Overy
Baker Botts
Bingham McCutchen
Davis Polk & Wardwell
Debevoise & Plimpton
Vinson & Elkins
Tier 5
Cleary Gottlieb Steen & Hamilton
Fulbright & Jaworski
Jones Day
King & Spalding
Morrison & Foerster

The energy industry is still a driving force for both domestic and cross-border project finance work. Commodities offer a counterpoint to flagging sectors of the US economy, and financial institutions looking for safer investments are entering the energy sector. Some question whether these are committed investors or just short-term opportunists, but either way there is work for the financial law firms.

Energy sector projects requiring large capital investments, such as oil and liquefied natural gas, are particularly active. Some energy lawyers report that they are as busy as ever, if not more so. In addition, law firms are looking towards increasing - if tentative - demand for alternative energy sources, such as wind and solar projects.

The European PPP financing model has become popular in the US, allowing infrastructure projects to proceed without incurring any initial expense to the controlling agency. The royalties generated are also an attractive feature. The amount of work needed nationwide to repair ageing infrastructure means that PPP will become more common.

At the same time, international investors are becoming attracted to these projects. Foreign companies tend to be more comfortable obtaining concessions rather than seeking equity positions. Portuguese toll operator Brisa Auto-Estradas de Portugal, for example, leased Colorado's Northwest Parkway for $603 million in December. While not a mega-deal in dollar value, Northwest Parkway highlights a new trend - upfront payments from private entities to lease assets from the state.

But even as these works minimise investment risk, the lengthy timelines of project finance work leaves it vulnerable to political risk. Proposed clean-coal projects, for example, face large regulatory hurdles from new carbon regulations. Biofuels have to deal with the so-called barnyard lobby, which challenges the cleanliness of ethanol and the effect of depleting the corn available for livestock feed. "That market has largely dried up, but it hasn't died," says one partner.

As well as in the US, lawyers are finding increasing opportunities for cross-border work in emerging markets like Brazil and India. Electricity demand has surged in these markets, creating opportunities like the Bujagali project, Uganda's 250MW hydroelectric dam. Companies like Petrobras are also creating commercial infrastructure work. And as the dollar grows weaker, US legal counsel becomes ever more accessible to foreign clients. "There has not been a slowdown globally," says one partner. "In fact, just the opposite in emerging markets."

Latham & Watkins

Latham & Watkins is an unquestioned leader in project finance. The firm is involved across all sectors and has a presence in nearly every prominent deal in the market. This year, Latham's work specifically illustrated its expertise in the energy sector, showcasing deals in coal, wind, ethanol and natural gas. It is this ability to adapt to a changing market that allows Latham to be one of the leading firms in project finance annually. "They are problem solvers," says one client. "I think the work that they have done has been superb and better than anyone else in the industry."

John Sachs, one of the firm's leading projects partners, representing Noble Environmental Power on a $562 million wind project finance deal in New York state in June 2007. "He's an exceptional lawyer; one of the standouts," says a competitor of Sachs.

The firm provided counsel both on international and domestic coal projects throughout 2007 and 2008. Latham & Watkins represented Credit Suisse in the $1 billion financing for a coal-fired power facility in Texas, with Jonathan Rod acting as lead counsel to the arrangers.

The firm also represented Royal Bank of Canada in its $478 million financing for the construction of a gas-fired power plant in Ontario, Canada. John Kenney led Latham & Watkins' team on the deal.

Leading lawyers

David Gordon
Jeffrey Greenberg
John Kenney
Jennifer Massouh
Jonathan Rod
John Sachs

Milbank Tweed Hadley & McCloy

Milbank Tweed Hadley & McCloy's market presence is relatively secure against market volatility, thanks to a balanced list of domestic and international clients.

The firm's renewable-energy highlights include two deals in the wind sector. Karen Wong represented Babcock & Brown Wind Partners in the $1.45 billion refinancing of its asset portfolio. Then Edwin Feo represented a lending consortium in the acquisition financing of wind turbines for an affiliate of Babcock & Brown. Though the amount was undisclosed, the deal's cumulative transactions are estimated at $600 million.

In addition, the firm was active for lenders this year. In July 2007, Milbank acted for Calyon and Lehman Brothers as the lenders to Lea Power Partners. A $327 million senior secured bond was issued to fund the construction of a natural-gas power plant in New Mexico.

Milbank represented WestLB and Banco Santander as part of a syndicate offering $300 million financing for two midwestern ethanol plants for Abengoa Bioenergy Holdings US. Dan Bartfeld headed Milbank's deal team out of New York for the deal.

Edwin Feo and Dan Bartfeld are named by competitors and clients as leaders in the practice. "Milbank has a stable of stars," says one peer.

Leading lawyers

Dan Bartfeld
Edwin Feo
Jonathan Green
Eric Silverman
Karen Wong

White & Case

White & Case's project finance practice succeeds through its global approach to projects. The firm's New York office acted on projects throughout Latin America as well as those of domestic origin this year.

A client of the firm recommends several other partners from the firm's global network. "In New York, I have principally worked with Troy Alexander. In London, I worked extensively with Peter Finlay, and in Washington, I worked with George Crozer. These are all partners in the project finance practice and ones I hold in high regard."

A domestic highlight for the firm was the Sandy Creek power project in Texas. Arthur Scavone and Larry Gannon acted for LS Power and Dynegy Energy to secure the $1 billion financing for the construction of a new power plant. The coal-fired plant's $800 million construction loan and $200 million term loan were arranged by Credit Suisse Securities and RBS Securities.

Internationally, Victor DeSantis acted for a syndicate of lenders for the construction of a drilling platform in Brazil. ABN Amro, Citibank, Calyon, Société Générale, Natixis, Mizuho, Banco do Brazil, and Banco Santander made up the syndicate. The $534 million Norbe VI platform will be operated by Petrobras. One competitor recommends Victor DeSantis: "He is a skilled lawyer, but he's also a skilled diplomat."

"I appreciate White &Case for their extensive background in structuring project finance transactions," says a client. "Having a strong practice means that they understand the project risks facing lenders and how to mitigate those risks. Also, they are familiar with current market practice, which is important as project finance transactions are always syndicated to other banks."

Leading lawyers

Troy Alexander
George Crozer
Victor DeSantis
Edward Neaher
Arthur Scavone
Sandra Warren

Chadbourne & Parke

Clients and competitors alike praise Chadbourne & Parke's energy work this year, including a significant role in the renewable-energy sector. The firm seeks to expand geographically, and aims to entrench itself in Latin America's biofuel and infrastructure markets from its new office in Mexico City.

A client singles out David Schumacher for his strong regulatory and financing knowledge. "These areas of understanding are critical to make sure the development and commercial plans are not in conflict with the financing plan," says the client. "David works well through negotiations and is idea- and solution-driven."

Schumacher, along with John Andrew Prisner and Jocelyn Leary, represented RBS in its role as lead arranger in the $1.1 billion Gulf Clear Energy project in Mississippi.

Chadbourne also acted in numerous cross-border projects. Douglas Fried represented Portuguese toll-operator Brisa affiliate Companhia de Concessões Rodoviárias in its successful $603 million bid for Colorado's Northwest Parkway in November.

Additionally, Rohit Chaudhry counseled WestLB in the $550 million syndicated financing of five Pacific Ethanol plants in Oregon, California and Idaho. Internationally, Todd Martin and Robert Shapiro represented the sponsors of the $870 million Bujagali project in Uganda.

Says one client: "In general, I view Chadbourne as one of the preeminent energy finance law shops. Top to bottom, they have a deep bench in all areas of energy."

Leading lawyers

Todd Alexander
Rohit Chaudhry
Douglas Fried
Kenneth Hansen
Keith Martin
David Schumacher
Robert Shapiro
Chaim Wachsberger

Skadden Arps Slate Meagher & Flom

The project finance team at Skadden Arps Slate Meagher & Flom has succeeded in weathering market volatility through its established clients and wide spread of offices. The firm represented ArcLight Capital partners on a number of mid-market deals this year. For example, it counselled both ArcLight and its subsidiary, Terra-GenPower, in the financing and acquisition of a renewable-power portfolio worth more than $1 billion. In another energy transaction, the Skadden team acted for ArcLight in the acquisition of a 50% stake in natural-gas pipeline operator National Energy & Trade Holdings.

In September 2007, Skadden acted for Babcock & Brown affiliate Trans Bay Cable on an underwater cable project. The firm helped secure the $513 million in financing needed to pass an 85km cable from Pittsburg to San Francisco. Trans Bay received its financing via $267 million senior credit facilities and $247 subordinated credit facilities.

Additionally, the firm represented energy provider National Grid USA in the $2.9 billion divestiture of the Ravenswood generating station to TransCanada in March 2008. The deal highlights Skadden's strong cross-border experience as well as its ability to lend impressive M&A expertise in any project finance deal.

Leading lawyers

Glenn Berger
Jeffrey Christie
Stacy Kanter
Martin Klepper
Erica Ward

Mayer Brown

Mayer Brown advanced in the rankings this year following a number of impressive representations. The firm's team was awarded the accolade of project finance team of the year by International Financial Law Review for its infrastructure expertise work across the Americas.

Mayer Brown represented the city of Chicago in the privatisation of Midway Airport, the first such deal for a prominent US airport. The deal's complexity includes negotiations with leading airlines and the development of alternative financing structures such as spinoffs and IPOs.

Also in infrastructure work, Mayer Brown represented the Northwest Parkway Public Highway Authority in the road's $603 million privatisation by Brisa Auto-Estradas de Portugal. The firm is also representing the Port of Corpus Christi Authority in its proposed development of a greenfield container facility. Both deals signify the firm's increasing expertise in representing municipalities.

Mayer Brown expanded its practice this year, admitting three new partners in lateral hires from US and UK firms. This added bench strength further enables the firm to increase its presence in the market to challenge that of more established competitors.

Leading lawyers

Bruce Bedwell
Bob Kelman
Barry Machlin
David Narefsky
John Schmidt
Joe Seliga

Orrick Herrington & Sutcliffe

Orrick Herrington & Sutcliffe' project finance practice has a domestic emphasis. In March 2008, the firm represented the lead arrangers for a $41.3 billion toll road project in Texas. The arrangers included Banco Santander, Banco Espirito Santo, Caja de Ahorros y Monte de Piedad de Madrid, Fortis Bank, and Caixa Geral de Depositos.

In other domestic work, Orrick advised the Transurban Group in connection with the Beltway toll expansion in Washington DC. The firm secured $1.9 billion in financing for the construction of a new toll lane to relieve congestion on the city's traffic artery.

Additionally, the firm represented Transurban on another highway renovation. In July 2007, the firm refinanced existing debt for the company in order to finance additions to the Pocahontas Parkway. The refinancing was made possible through a $150 million loan from Tifia, a government-controlled subsidiser of transit projects.

Leading lawyers

Vincent Casey
Kyle Drefke
Daniel Matthews

Shearman & Sterling

Shearman & Sterling's project finance group maintained its ranking this year with the firm receiving positive feedback from clients and competitors alike for its work in the energy sector. "I think they're an extraordinarily good firm, very on the market," says a client. Competing firms note the high quality of the work done by the project finance group.

Advising HSH Nordbank as lead arranger, Shearman & Sterling's Patricia Hammes helped arrange the $232 million loan and construction facilities for Terrawinds Resources' wind power projects in Quebec, Canada. "Patricia Hammes is probably the one we work with the most, and she is extraordinary," says a client. "She's pretty much cornered the market in the space she's involved in."

The firm is also representing the lead arrangers in the acquisition of power provider Puget Energy by a consortium of Australian and Canadian investors. The deal is pending, with a value of around $7.4 billion.

Aside from energy work, Shearman & Sterling was named the international legal advisor for the Panama Canal Authority in its planned expansion of locks and overall capacity. Cynthia Urda Kassis leads Shearman's New York team on the deal, which is valued at $5.25 billion.

Leading lawyers

Patricia Hammes
William Hirschberg
Maura O'Sullivan
Cynthia Urda Kassis

Other notable firms

Baker Botts enjoyed a robust year due to the firm's focus on the energy market. Positive feedback from clients reinforces a reputation for dependability. "I guess there's a lot of things I like about them," says a client. "The partners really do their own work, more so than other firms I've worked with. They've got a great staffing structure."

The firm represented the Hunt Refining Company in its $455 million Alabama refinery expansion, as well as representing Centerpoint Energy and its affiliates in establishing credit facilities of more than $1.2 billion.

An international highlight for the firm was Washington partner Steven Miles' representation of Brass LNG in a $10 billion greenfield liquefied natural gas project in Nigeria.

Bingham McCutchen represented GE Energy Financial Services on a number of projects this year. GE provided the $384 million financing for the Noble wind energy project in upstate New York. Bingham again advised the company on its financing of another wind project in Martin County, Texas. The $233 million transaction closed in November 2007.

Additionally, Bingham advised GE Energy Financial Services on its financing of a solar power plant in California.

Fulbright & Jaworski joins the *IFLR1000* rankings this year due to a growing reputation for domestic project finance work. Known for its work in the energy sector, the firm represented CPS Energy in 2007 for the development of a $6 billion nuclear power facility in Texas.

In addition, the firm represented the New York Mets and parent group, Queens Ballpark Company, on the construction of a new stadium for the baseball team. Joel Moser negotiated the $612 million financing with Citigroup and Ambac Financial Group.

Restructuring and insolvency

Recommended firms
Tier 1
Kirkland & Ellis
Skadden Arps Slate Meagher & Flom
Tier 2
Cadwalader Wickersham & Taft
Davis Polk & Wardwell
Milbank Tweed Hadley & McCloy
Wachtell Lipton Rosen & Katz
Weil Gotshal & Manges
Willkie Farr & Gallagher
Tier 3
Akin Gump Strauss Hauer & Feld
Latham & Watkins
Paul Weiss Rifkind Wharton & Garrison
Shearman & Sterling
Simpson Thacher & Bartlett
White & Case
Tier 4
Bingham McCutchen
Debevoise & Plimpton
Fried Frank Harris Shriver & Jacobson
Jones Day
Kasowitz Benson Torres & Friedman
Kramer Levin Naftalis & Frankel
Tier 5
Gibson Dunn & Crutcher
Morgan Lewis & Bockius
Stroock & Stroock & Lavan
WilmerHale
Tier 6
Arnold & Porter
Baker & McKenzie
Mayer Brown
McDermott Will & Emery
Orrick Herrington & Sutcliffe

A year after the first signs of the US downturn appeared, restructuring lawyers are still anticipating the fallout. "One striking thing with the market is there hasn't been as large an upsurge in work yet as I think many people anticipated," says one partner. "There are more filings and more workouts, but most of what's out there is small and mid-market in size." This anticipation is shared by firms' clients as lawyers see companies readily structuring contingency plans for the near future. "It's the quiet before the storm," says a lawyer. "It's just [a question of] how big the storm is going to be."

Companies have responded to a hostile financing environment with resistance towards formal bankruptcy proceedings. This has driven demand for alternative capital solutions from firms.

Workouts for monoline insurers provided high-profile restructuring work to firms. In one of the most widely publicised of these cases, Ambac proposed to divest in an effort to keep lowering bond evaluations from spreading company-wide. The bond insurer ultimately avoided divestment after raising $1.5 billion through a rights offering.

Similar rescue financings could be seen in the market since the beginning of 2008 as the bond market saw continued writedowns. This made the restructuring of Sivs (structured investment vehicles) a priority. Lawyers say the restructuring process of these investment vehicles has been made even more complex by their offshore structures.

The credit crunch has strengthened - and in some cases introduced - interdisciplinary platforms at law firms. Restructuring departments swelled to include not only additions to staff, but working groups that included lawyers with backgrounds in financing and M&A as well. Chapter 11 expertise is no longer sufficient: expertise in rights offerings, divestments, and alternative lenders became key to staffing a restructuring file this year. With this in mind, the sentiment that things will get worse before they get better persists. Says one restructuring and insolvency lawyer: "I don't think we've seen anything near the bottom yet."

Kirkland & Ellis

Competitors note the particular surge in restructuring work Kirkland & Ellis has seen since the beginning of 2008. Files like Tropicana Entertainment and Movie Gallery have maintained deal flow. Additionally, several other restructurings came to a close this year under Kirkland & Ellis's guidance, including Calpine and Solutia.

In January 2008, power producer Calpine emerged from bankruptcy. In progress since 2005, the file included the cross-border restructuring of an estimated $18 billion debt. Kirkland & Ellis acted for Calpine in creating new lending facilities, including a $5 billion debtor-in-possession facility.

Additionally, the firm saw an end to Solutia's restructuring. Four years after the building supplies manufacturer entered into bankruptcy, Kirkland saw its client emerge in February 2008. Actions of the file included the creation of a $2 billion exit financing facility with Citigroup Global Markets, Goldman Sachs Credit Partners and Deutsche Bank Securities.

One competitor notes the expertise of Jonathan Henes in the firm's New York office: "He has, for all intents and purposes, run the Solutia case for the last few years."

Clients also compliment the firm. "A large part of our success during our restructuring... was due to the great work of attorneys at Kirkland & Ellis," says one. "Our restructuring team was led by Rick Cieri, Marc Kieselstein and David Seligman, all fantastic lawyers who not only have a great deal of technical expertise but also a real common sense of how to get a deal done."

Leading lawyers

Paul Basta
Rick Cieri
Jonathan Henes
Marc Kieselstein
David Seligman

Skadden Arps Slate Meagher & Flom

Anticipating an increase in restructuring work, Skadden Arps Slate Meagher & Flom has spent the last year preparing its practice. The firm added Timothy Pohl as a third co-head to its restructuring group with Jack Butler and Gregory Milmoe. The firm also promoted Patrick Nash from its associate ranks to join the group. These changes supplement an already robust practice.

After fallout from mortgage-related investment in March 2008, Skadden advised Carlyle Capital and its parent, Carlyle Group. As one of the private-equity group's investment funds saw more than $16 billion in defaults, Skadden advised on the restructuring of its credit funds. Jay Goffman and Mark McDermott acted from New York in cooperation with Skadden's London office.

In addition, Goffman represented Ion Media Network through August 2007. Skadden helped to create a recapitalisation plan that would remove the company from bankruptcy through several capital markets transactions. After a cash tender offer and the issuance of new debt, Ion gained nearly $1.3 billion fresh capital.

Another prominent representation for the firm came in Solutia's restructuring. Skadden represented Citigroup in its role as lead arranger for the $2 billion exit financing of the building supply manufacturer. DJ Baker, Gregory Milmoe and Timothy Pohl acted on the file.

Additionally, Skadden still holds the lead counsel position for the restructuring of electronics and logistics manufacturer Delphi.

Leading lawyers

DJ Baker
Jack Butler
Jay Goffman
Gregory Milmoe
Timothy Pohl

Cadwalader Wickersham & Taft

Additions made to Cadwalader Wickersham & Taft's restructuring practice through the last couple of years appear to be paying off. After adding four partners through lateral hires from rival Weil Gotshal & Manges last year, the firm is said by competitors to be gaining ground in the market. "They are fantastic," says a client. "From my standpoint, they are the type that understands how to get the deal done. Transactions are one thing, but really being able to think through business strategies, that's where the difference lies. I think they are phenomenal."

In May 2007, the firm completed the restructuring plan that allowed Northwest Airlines to emerge from bankruptcy. The plan included a $1.2 billion revolving credit facility and $750 million through a rights offering. In total, the restructuring handled $13 billion debt. Bruce Zirinsky, Greg Petrick and Mark Ellenberg acted on behalf of Northwest.

Through January 2008, Zirinsky and George Davis represented the note holders on the Calpine restructuring. As the energy provider waded through the restructuring of $18 billion debt, Cadwalader acted on behalf of the noteholders' $1 billion interest in unsecured notes.

In creditor work, Cadwalader acted for Merrill Lynch on the restructuring of the Twin River Casino. Acting for the first-lien lender, Steve Cohen, George Davis and John Rapisardi worked to restructure $560 million debt held by the investment bank.

One client recommends Andrew Troop: "He's exceptionally good from a strategic business point of view. That's a huge advantage when you have your counsel doing that for you."

Leading lawyers

George Davis
Deryck Palmer
John Rapisardi
Andrew Troop
Bruce Zirinsky

Davis Polk & Wardwell

Davis Polk & Wardwell is a consistent force in the restructuring market. The firm had another impressive year through its various representations in the airline industry. This sustained activity is due largely to the reputation of the firm's personnel. "It's impossible to say anything bad about Don Bernstein," says a competitor. Clients of the firm's restructuring work echo the sentiment. "They did an excellent job," says a client. "They put together a very deep and very capable team."

Since 2005, the firm has advised Delta Air Lines on its corporate restructuring. During that time, Davis Polk has negotiated $2.5 billion in new financing structures and warded off potential takeover attempts. The $28 billion airline exited bankruptcy protection in May 2007. John Fouhey, Marshall Huebner and Kirtee Kapoor acted for Delta.

In addition, Davis Polk is advising Frontier Airlines through its bankruptcy proceedings. The airline announced its intentions to restructure the $1.5 billion international franchise in April 2008.

The firm has also been active in the mortgage sector. In March 2008, Davis Polk advised a syndicate of investment banks in connection with Thornburg Mortgage. A syndicate comprising Bear Stearns, Citigroup, Credit Suisse, RBS and UBS acted on reverse repurchases and auction swap agreements with the mortgage lender.

"Marshall Huebner is a force of nature," says one client of the firm. "There was early on a strategy; the company's desire was to move quickly. Marshall really is a very good dealmaker and he was really the perfect guy for this task."

Leading lawyers
Donald Bernstein
John Fouhey
Marshall Huebner
Karen Wagner

Weil Gotshal & Manges

Following the departure of noted personnel like Marty Bienenstock over the last two years, Weil Gotshal & Manges looks to reaffirm its restructuring practice in the market. The firm has been particularly active in the mortgage sector in representing creditors. And despite staff losses, recent clients praise the firm's quality of work. "I give the highest rating to Richard Krasnow," says one client. "He is knowledgeable, practical, tactical, and articulates options, risks and mitigants clearly and thoroughly. He's the best in the business."

Weil Gotshal advised the creditors of American Home Mortgage (AHM) following the mortgage lender's sudden collapse in August 2007. Lori Fife, Marcia Goldstein and Christopher Marcus advised AHM's parent, Credit Suisse First Boston Mortgage Capital.

Again in the mortgage sector, Martin Sosland is representing Washington Mutual. Following the bankruptcy of mortgage lender Magnus Financial, the bank secured more than $1 billion in home loans.

Two high-profile cases for the firm see it acting for large corporate clients. The firm is advising General Motors on its involvement with the restructuring of vehicle parts maker Delphi. Additionally, Weil Gotshal is acting as counsel to GE and its subsidiaries in relation to the bankruptcy of marine transport company Sea Containers.

Leading lawyers
Paul Asofsky
Marcia Goldstein
Gary Holtzer
Richard Krasnow

Akin Gump Strauss Hauer & Feld

Akin Gump Strauss Hauer & Feld was again a consistent presence in the restructuring market. The firm represented creditors' committees on some of the year's largest restructuring files, including Calpine and Solutia. The firm's presence in the private-equity market also led to its involvement on the restructuring of two of Bear Stearns' offshore investment funds.

Akin Gump represented the committee of unsecured creditors during the restructuring of energy producer Calpine. The firm advised on the company's exit strategy from bankruptcy and the eventual workout of $18 billion debt. Philip Dublin and Michael Stamer acted out of the firm's New York office through the restructuring's close in January 2008.

The firm acted in a similar fashion during Solutia's restructuring. Akin Gump represented the committee of unsecured creditors for the building supplies manufacturer through February 2008.

In Addition, Fred Hodara and Lisa Beckerman advised the joint liquidators for two Bear Stearns hedge funds in July 2007. Based heavily in subprime-related CDOs, the funds were liquidated under Chapter 15 protection in the US. Additional insolvency work was done by the firm in the Cayman Islands, the country of origin for the offshore funds.

Leading lawyers
Lisa Beckerman
Ira Dizengoff
Philip Dublin
Daniel Golden
Fred Hodara
James Savin
Michael Stamer

Latham & Watkins

Latham & Watkins' network of international offices has allowed the firm to undertake several prominent cross-border files in the last year. In December 2007, the firm acted for Venezuelan ExxonMobil affiliate Cerro Negro - Mitchell Seider and Bill Voge helped restructure $600 million debt incurred by the crude oil producer.

In other cross-border work, Richard Levy and Peter Knight advised Royal Bank of Canada as the agent for a syndicate of lenders to the printing company, Quebeccor World USA. Levy and Knight helped establish a $750 million credit facility for the ailing printer. The transaction is part of a Companies' Creditors Arrangement Act proceeding in Canada for the printer's parent company, Quebeccor World.

Latham & Watkins was also active in the automotive sector this year. The firm is involved with the $4 billion restructuring of auto-parts maker Delphi. Robert Rosenberg and Mark Broude are representing the unsecured creditors' committee on the deal.

In addition, the firm is representing Goldman Sachs on the bankruptcy of Plastech Engineered Products. Goldman is the arranger of all facilities with the auto-parts maker, totalling $260 million.

Leading lawyers
Mark Broude
David Heller
Peter Knight
Richard Levy
Robert Rosenberg
Mitchell Seider

Shearman & Sterling

Shearman & Sterling has become known for its debtor-side counsel across market sectors. The firm represented auto-parts maker Remy on its reorganisation in *International Financial Law Review*'s 2008 restructuring deal of the year. Clients of the firm speak of its expertise in creating workable restructuring strategies. "They were extremely good," says a client. "I do not lavish praise, especially on law firms, but they were incredible."

This year's work highlights the firm's cross-border capabilities. The firm served as US counsel in two high-profile Canadian files this year. Shearman & Sterling advised pulp maker Pope & Talbot on its $365 million restructuring. Similarly, the firm acted for paper producer Tembec during its $1.2 billion prenegotiated bankruptcy process.

In creditor work, the firm represented a syndicate of bookrunners and arrangers in connection with Quebeccor World's restructuring. Credit Suisse and Morgan Stanley Senior Funding provided the printing company with a $1 billion debtor-in-possession credit facility. Credit Suisse also served as the administrative agent on the transaction.

Leading lawyers
Douglas Bartner
Andrew Tenzer
Michael Torkin

White & Case

White & Case's restructuring work reflects the firm's versatile nature. The firm saw successful representations across market sectors in the mid-market. Files like Calpine, Delphi, and First Magnus were some of the prominent names from this year's clientele.

Through Calpine's restructuring, Thomas Lauria and Sandeep Qusba represented the lead arrangers of $8 billion financing commitments. White & Case also implemented $2.1 billion term loans. The facilities - which were provided by Credit Suisse, Deutsche Bank, Goldman Sachs and Morgan Stanley - ultimately allowed the energy producer to exit bankruptcy in January 2008.

White & Case is also representing two private-equity firms as stockholders in connection with the restructuring of auto-parts maker Delphi. With 5% and 10% equity ownership of Delphi respectively, Harbinger Capital Partners and Appaloosa Management retained the firm in connection with an exit strategy. Despite a plan's approval in January 2008, the matter is once again mired in litigation.

In the forestry products sector, White & Case is representing Maxxam, the parent company of Pacific Lumber and Scotia Pacific, both of which are restructuring a combined $1 billion debt. Alan Gover is leading the negotiations from the firm's New York office.

Leading lawyers

Craig Averch
John Cunningham
Alan Gover
Thomas Lauria

Other notable firms

Bingham McCutchen acted as debtors' counsel in several high-profile restructurings this year. The firm acted for the senior secured creditors of Delta Air Lines during its $28 billion restructuring. Bingham is also advising the committee of unsecured creditors for the restructuring of Sea Containers. Ron Silverman and Scott Seamon are acting for the marine transporter's creditors' committee.

Fried Frank Harris Shriver & Jacobson landed roles on the restructurings of Calpine and Pope & Talbot. For Calpine, the firm acted for the official committee of equity security holders in the $18 billion reorganisation. For Pope & Talbot, the firm advised the official committee of unsecured creditors.

Another prominent case for Fried Frank is its representation of the official committee of equity security holders of Delphi. The automotive electronics outfitter's restructuring is valued at $27 billion. Brad Eric Scheler, Jean Hanson and Bonnie Steingart spearhead the firm's representation of the committee.

As counsel to ABN Amro, **Mayer Brown** was one of many law firms drawn into the Canadian asset-backed commercial-paper restructuring. Following the market's freezing after subprime-related concerns, $32 billion third-party commercial paper was negotiated through 2007 and 2008.

The firm is also representing Philip Morris Capital on its interest in the restructuring of Delta Air Lines, Northwest Airlines and United Airlines. The group is the owner and lessor of more than 54 aircraft, valued at $600 million. David Curry is acting for Philip Morris Capital out of the firm's Chicago office.

Because of the deteriorating structured finance market, Mayer Brown found work restructuring investment vehicles for new and existing clients. In one notable restructuring, Carol Hitselberger and Stephen Day are advising Deloitte & Touche as receiver for the Golden Key Siv.