

Annual Review 2008-09

SEEING THE
UP
SIDE

THROUGH THE
DT
DOWN



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We continued to invest in our teams, at home and abroad, making lateral hires in key areas and expanding our capabilities in Russia, Singapore and the Middle East.



Neville Eisenberg,
Managing Partner

Emerging stronger together

For Berwin Leighton Paisner and our clients, the last year has been challenging and busy. We have worked together to tackle the pressing issues raised by the recession, while maximising our market position for the future recovery.

This review highlights just a few of the areas in which we have helped our clients manage challenges, seize opportunities, and look forward to the future. It also demonstrates the investments we have made in our people and our international capability during the course of the past year.

For BLP, 2008-09 was about collaboration – working together as a team and keeping in close contact with our clients as together we faced tough economic conditions. It was more essential than ever that we responded swiftly to our clients' needs. There was increased demand for restructuring advice, and more and more clients looked to us for advice on tax and disputes.

We set up a multi-disciplinary team of senior partners to work with our clients on issues arising from the credit crisis. This included finding practical solutions in areas like access to lending, unlocking untapped value from real estate assets and achieving tax efficiency in restructurings.

Recognising the budgetary pressures facing our clients, our unique 'Lawyers on Demand' service continued to offer an alternative staffing solution for in-house legal departments. 'Lawyers on Demand' gives clients speedy access to high-quality freelance lawyers to help bridge resourcing gaps. Demand for the service tripled this year. In addition, one in five of our associates also spent time working on location at our clients' offices.

Despite the tough year, BLP's confidence in our market position remains high. Like all organisations we faced difficult decisions, and we were forced to make a small number of redundancies in areas where client demand was significantly impacted by the crisis. We also re-skilled many of our associates and relocated some lawyers to our international offices.

“

Over the past year we have accelerated our transformation strategy into a high quality international firm.”

But elsewhere we continued to invest in our teams, at home and abroad, by making lateral hires in key areas and expanding our capabilities in Russia, Singapore and the Middle East.

BLP places a high premium on the quality of our people, and we want our firm to be a place where the best lawyers want to work. So it was pleasing when, in June 2009, Legal Week ranked the firm first in its Intelligence Survey of Associate Satisfaction at the UK's top law firms.

Client loyalty is equally important to us and it was therefore very significant that 96% of our major clients in 2007-08 continued to work with us in 2008-09.

On the following pages you will find a review of 2008-09. Unlike the traditional annual report, we have selected a handful of examples to show you how we have supported our clients throughout the year, as well as giving you an update on key developments at the firm. This is by no means an exhaustive list of what we've been focusing on, but we hope it gives you an interesting flavour.

Neville Eisenberg, Managing Partner

Assessing the year

We measure our achievements using the usual array of financial measures, but we also look at other important metrics such as the loyalty of our clients, our ability to attract new clients, our employee satisfaction and our investment in sharing knowledge.

CSR:

30% of our staff were actively involved in our Corporate Social Responsibility programme, almost two and a half times the average among the London Benchmarking Group's members.

We believe that building strong relationships with our clients is vital if we are to deepen our understanding of their needs and objectives, and remain responsive and efficient.

As you will see from the statistics opposite, 96% of our key clients continued to place work with BLP last year, despite the challenging economic environment. The majority of our business is with clients that have been with us for more than five years, and many have been with us much longer. What's more, we attracted nearly 1,000 new clients to BLP last year.

An important part of our vision is to provide a working environment which attracts the very best lawyers to work at BLP. We also work hard to ensure we have high employee loyalty - last year it was 92%. The Sunday Times included BLP in their 'Best Companies To Work For' list for the second year running (the only top 25 law firm to have made both the 2008 and the 2009 list).

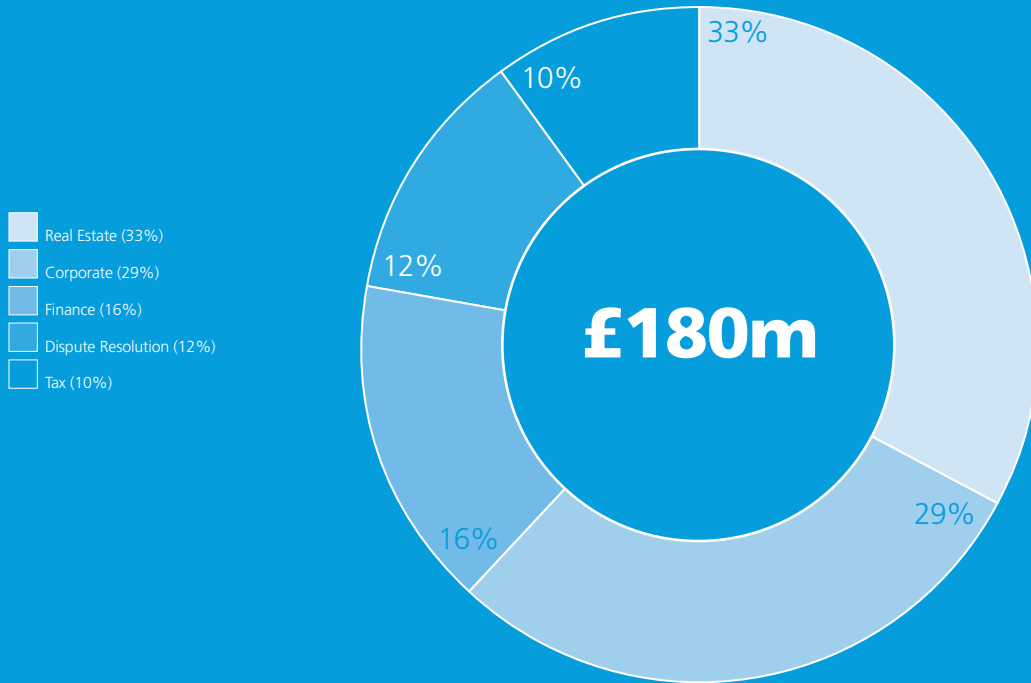
We support a fantastic spread of clients – in a wide and growing number of legal disciplines that are ranked highly in the legal directories – and those clients continue to turn to us for advice across a wide spectrum of large and complex projects. Our portfolio of work continues to include advising well-known corporations, financial institutions, public sector bodies and private clients on substantial deals.

Client diversity:

Our array of valued clients comes from over 20 major industry sectors. These include:

	<i>Approximate number of clients</i>
FTSE 100 Companies	20
Financial Institutions	500
Real Estate and Construction	350
Hotel, Leisure, Gaming and Hospitality	200
Public Sector Bodies	50
Transport and Infrastructure	75
Energy and Utilities	70
Retail	100
Technology, Media, Telecommunications and Entertainment	200

Fee income by practice area



Staff satisfaction

92%

Our employee retention rate.

Client loyalty

96%

Percentage of major clients in 2007-08 who continued to place work with us in 2008-09.

Training

50,000

The number of hours invested in coaching, mentoring and training across the firm.

Industry recognition

50+100

Over **50** ranked legal practices and over **100** ranked individuals in Chambers UK 2009, a guide to the legal profession.

As an employer



For the second year running, ranked as one of the Sunday Times 'Best 100 Companies to Work For' and named 'Best for Wellbeing' 2009.

Knowledge sharing

500+

The number of client companies that sent delegates to our training seminars.



Investing in the future: places

Our clients rely on BLP to have the right people in the right places. To make sure that we continue to have the leading experts on hand whenever and wherever they are needed, we invested in both our London and international capabilities last year.

New and expanded offices around the world now complement our award-winning strategy of supporting clients through a network of preferred international law firms, with whom we continue to work on a regular and seamless basis. Bringing together these strong relationships and our own capabilities, we believe we are better placed than ever to help our clients with their cross-border and overseas needs.

A first in Russia

Driven by increasing client demand for advice in high-growth legal markets, we created the first Russian-international law firm in Moscow, called Goltsblat BLP. Led by Andrey Goltsblat, our team of more than 75 Russian and English lawyers offers international clients an integrated service when they are doing business in Russia and the CIS countries, as well as providing assistance to Russian clients investing globally.

Who we're helping

Example projects include advising:

- Magna International, in consortium with Sberbank, on the proposed acquisition of Opel and other businesses from General Motors in Russia and the CIS.
- Mars on the US\$23bn acquisition of Wrigley, and its post-acquisition integration and restructuring.
- Sheremetyevo International Airport (Moscow) on syndicated lending for terminal reconstruction purposes, including the financing, loan collateral, antimonopoly regulation, public tenders, construction, lease and infrastructure work.
- Banque Fédérale des Banques Populaires and Caisse Nationale des Caisses d'Épargne et de Prévoyance before the Federal Antimonopoly Service of the Russian Federation in respect of Russian antitrust control aspects of their assets consolidation and set-up of the central managing body of the second largest French credit holding.
- Kimberly-Clark, by providing comprehensive support in its project for construction of a manufacturing complex in the Moscow region, including acquisition of land plots and change of their permitted use, permission documentation, construction, engineering infrastructure, environmental matters and related litigation.

Closer to our clients in MENA

We opened in Abu Dhabi this year, with a team on the ground that will serve as an important resource for our clients across the Middle East and North Africa. BLP Partner John Sipling, an expert in the hotel and hospitality sector, heads up a multi-disciplinary office that is focused on partnering with our clients doing business in these dynamic markets.

Who we're helping

Example projects include advising:

- Aldar Properties, which is investing US\$80bn in Abu Dhabi over the coming years, on major hotel contracts.
- Saraya Aqaba in US\$700m negotiations concerning Jordan's largest construction contract.
- Delta Oil in relation to a US\$3bn investment in a joint venture to develop two major facilities in Saudi Arabia.
- Oman Power and Water Procurement Company in the US\$1bn Barka II Independent Water and Power Plant project.
- The National Shipping Company of Saudi Arabia on a US\$1.8bn Shari'a compliant secured ship financing.
- A specialist Kuwaiti contractor to resolve a dispute through international arbitration.

“

The opening of the Abu Dhabi office has made it easier to serve our clients here and give them the outstanding service that BLP is known for. It has also made it easier to serve our UK clients who want advice on doing business in the region, since personal contacts and local knowledge are extremely important in this market.

”

John Sipling, BLP Partner & Regional Head, Abu Dhabi



Expanding our operations in Singapore

Our Singapore office, which moved to significantly larger premises in the heart of the city's business district in November 2008, continues to be busy supporting its blue chip clients with transactions worth some US\$3bn. The year saw rising demand for help with corporate mergers and acquisitions and private equity activities, and in response to client demand, saw the arrival of BLP's leading regional asset finance and Islamic finance teams, led by BLP Partner Tom Budgett.

Who we're helping

Example projects include advising:

- Axia NetMedia Corporation in negotiating and establishing OpenNet, a consortium comprising Axia (30%), SingTel (30%), Singapore Press Holdings (25%) and SP Telecommunications (15%) in relation to the US\$4bn Next Generation National Broadband Network of Singapore
- A major international bank in connection with the structured refinancing of a fleet of vessels in Korea. Deal value US\$300m.
- Investec Bank in connection with the financing of a Global Express XRS corporate jet. Deal value US\$45m.
- Emaar Properties PJSC (listed on the Dubai Financial Market) in connection with security and escrow arrangements relating to its multi-billion US dollar joint venture in India, with MGF Developments Ltd.
- A leading MNC in connection with the sale of its non-performing loan exposures in Asia.
- A major defence conglomerate on a SE-Asian defence procurement contract.

All-round global support

Beyond our own offices, we continue to support clients in over 65 jurisdictions through our established panel of over 100 preferred firms: leading, independent law practices with whom the firm has strong, non-exclusive relationships. This approach provides clients with access to the best legal advice in a flexible way that reflects the circumstances in individual markets and specific legal transactional requirements.

How we're helping

- Over 300 senior partners from our preferred firms spent time with us in London this year, reviewing how we offer a seamless service to our joint clients.
- In Europe alone, we offer an aggregate of approximately 250 top-tier ranked legal disciplines when we combine forces with our preferred firms – far higher than any single firm. We handpick the best international legal minds to suit our clients.
- Our effort was rewarded in 2008 when our international approach was recognised as 'Best Client Initiative' at the Managing Partners' Forum European Practice Management Awards.
- We are regularly being asked by clients to advise them internationally; project managing the work from firms in multiple jurisdictions around the world.



We are particularly pleased that after just two years in the market, we have been ranked as one of the top international firms for regional M&A work.

Paul Supramaniam, BLP's Regional Head and Managing Partner, Singapore





Investing in the future: people

At BLP we work hard to attract, promote and keep the best people – and we make sure those people have the right specialist skills to help our clients meet their objectives. In the last year we have added some truly talented individuals to our team.

From within: promotions

We continued to nurture our own talented people within the firm. Ten of BLP's brightest lawyers were elected to Partner or Associate Director level this year.

Juliet Thomas
Partner, Real Estate

Paul Grace
Associate Director, Planning

Richard Stewart
Associate Director, Corporate Finance

Samant Narula
Partner, Real Estate

Scott Dickson
Partner, Projects

Simon Brayton
Associate Director, Finance

Stephen Kettleley
Partner, Betting & Gaming

Sunita Chawla
Partner, Real Estate

Vicky Fowler
Partner, Planning

Victoria Gardner
Partner, Real Estate

From outside: lateral hires

We are delighted to have welcomed 25 new partners and industry experts to the firm, at home and overseas, since May 2008.

Adam Bogdanor
Partner, Corporate Finance

Alan Sinyor
Partner, VAT

Andrew Bamber
Partner, Finance

Andrew Yates
Partner, Real Estate - Regeneration and Public Sector

Craig Rattray
Director, Outsourcing

David Irving
Director, Tax

Eleanor Hunwicks
Partner, Structured Finance

Graham Shear
Partner, Litigation & Dispute Resolution

Jayne Black
Partner, Structured Finance

Kevin Cummings
Partner, Corporate Tax

Nic Fletcher
Partner, Litigation & Dispute Resolution

Peter Harvey
Consultant, Banking

Raymond McKeeve
Partner, Private Equity

Richard Hughes
Partner, Banking & Capital Markets

Russell Clifford
Partner, Asset Finance

Sidney Myers
Partner, Financial Services

New Russian office

Andrey Goltsblat
Managing Partner, Goltsblat BLP

Anna-Stefaniya Chepik
Partner, Corporate / Employment

Anton Rogoza
Partner, Corporate / M&A

Anton Sitnikov
Partner, Corporate

Ekaterina Tilling
Partner, Intellectual Property

Elena Barinova
Partner, Real Estate Finance

Maxim Kulkov
Partner, Litigation & Dispute Resolution

Vitaly Mozharowski
Partner, Real Estate

Vladimir Tchikine
Partner, Customs & Foreign Exchange

Broader restructuring expertise

The economic climate led to an increased demand for restructuring advice last year, and we bolstered our teams in response to our clients' needs.

We now have nearly 100 restructuring experts across the firm, working together across our Corporate Finance, Dispute Resolution, Employment, Finance, Real Estate, Real Estate Finance and Tax practices. These teams have supported our clients with all forms of restructuring, insolvency and turnaround advice.

“

BLP offers the genuine opportunity to be a part of a growing success story.”

Andrew Bamber, Partner, Finance

Picking up the pieces

When Lehman Brothers filed for bankruptcy, the entire European securitisation market was left in disarray. BLP stepped in to help some of the key players sort out the mess, and is today advising clients in their efforts to make sure the same systemic uncertainty can never happen again.

Lehman Brothers



Tamara Box,
Partner, Banking
& Capital Markets



Paul Severs,
Partner, Banking
& Capital Markets



Jayne Black,
Partner,
Structured Finance



Eleanor Hunwicks,
Partner,
Structured Finance

“

Tamara and her team essentially guided us through the whole process of what to do, how to do it, and in what order. It was an incredibly complicated situation, and they were fantastic. It was so far removed from what we ever intended to do that we just wouldn't have been able to resource it without them. ”

Emma Hamley, SPV Services Manager, Capita Trust Company

In September 2008 Lehman Brothers, the world's fourth largest investment bank, filed for bankruptcy. Because the bank was one of the most active arrangers and originators of securitisations in the European market, there was an immediate impact on the many deals in which it had played a role, and particularly where it had provided interest rate or currency swaps.

Members of our banking and capital markets team quickly received calls from a number of concerned clients. Securitisation Partner Tamara Box, for example, was swiftly asked by two significant corporate service providers for help.

Corporate service providers offer services to the Special Purpose Vehicle (SPV) issuers of securitisations, often including the provision of directors. They needed advice fast on the many obligations facing those SPVs in relation to the defaults caused by Lehman's collapse.

One of our clients, who provides directors and corporate services to many issuers of bonds originated or arranged by Lehman, says: "We found that we had 30-plus issuers who were suddenly confronted with the fact that their swap counterparty had ceased to exist. This represented true uncharted waters for us, and for many other market participants, and posed us problems from the point of view of resources and appropriate expertise to resolve the issues raised, which were many and complex."

Our Structured Finance team began acting for more than 40 issuers affected by Lehman's default, with issuances totalling over US\$25bn. We have since been investigating the underlying documents to establish the issuers' rights and obligations, liaising with counterparties,

helping determine the losses involved, drafting swap termination documents and putting together new agreements. In many cases the documentation on the original deals made no mention of what should happen in the event of an investment bank failure, as it was simply unforeseen.

A BLP client says: "The advice, guidance and assistance given by Tamara and her team has been invaluable. They are always available and in control of the situations that they are handling for us."

Other members of our Securitisation practice stepped in to work with special servicers, who deal with the borrower and property-specific aspects of these transactions. Partners Jayne Black and Eleanor Hunwicks pulled together the resources of both our finance group and our experienced real estate team to assist clients with issues such as whether they were permitted to agree a loan extension if a borrower couldn't refinance, or whether they had to take enforcement action.

Whilst the clean-up work from Lehman's collapse continues over a year on, our experts are now helping clients embark on the next wave of structured finance deals. We are advising a broad range of participants on the new generation of securitisations, with revised documentation to clarify obligations should an event such as the Lehman bankruptcy happen again.

What's more, our funds and tax lawyers are working closely with the securitisation team to help other clients put together new investment vehicles that will invest in sophisticated structured products, helping them capitalise on the opportunities thrown up by the market's wholesale overhaul.



At a time when the UK's property industry is under unprecedented pressure, BLP is working with some of the sector's most influential players as they bid to break the deadlock.



Robert MacGregor,
Partner,
Real Estate



Andrew Yates,
Partner, Commercial
Real Estate



Chris de Pury,
Partner, Commercial
Real Estate

Taking up residence

The real estate market has been hit hard by a lack of liquidity that has impacted purchasers and builders in both the commercial and residential market.

While the majority of BLP's real estate clients are large commercial property investors and developers, we also advise government and industry bodies on new initiatives in the sector. Real Estate Partner Andrew Yates, for example, has been helping to unlock a new potential asset class in the form of residential property.

Andrew has been working with the Homes and Communities Agency (HCA) and the British Property Federation (BPF) on the Private Rented Sector Initiative, which is the government's attempt to attract institutional investment into the housing sector to fund new homes for private rent.

"Housing that is built for sale is only going to get more unaffordable, especially for first-time buyers," says Liz Peace, Chief Executive of the BPF, "so renting is going to become more important. The challenge is to get the institutions to accept it as something they can invest in."

One problem is that costs of development and management of rental homes often leave little return from rental income. Another identified by the BPF is the fact that stamp duty costs increase disproportionately according to the size of a purchase, thus putting off large investors.

Ms Peace says, "The way you would hope to put this right is with government intervention to drive down the costs of development. Along with the disaggregation of stamp duty, there is then the possibility that, with rising rents and increased demand, potential incomes will look healthier."

Our Real Estate practice has been working on the legal issues such innovations throw up. Andrew Yates has also been advising the HCA on Kickstart Home Delivery, a £400m programme to support construction of stalled developments, and with the BPF lobbying for the introduction of Tax Increment Financing to the UK, to allow local authorities to fund developments using future business-rate revenues.

Ms Peace says: "We need experts like BLP to advise us on how to put together the best possible cases for these changes."

As well as driving industry initiatives, our team continues to work with real estate clients as trusted advisers in difficult market conditions. Partners such as Robert MacGregor and Chris de Pury are helping clients deal with distressed real estate portfolios, and devising ways to bridge the funding gaps. They are also working with new investors, and with our funds and tax specialists, to help clients set up real estate investment vehicles to capitalise on opportunities in the residential market.

There are signs of an upturn, but it remains to be seen how the massive refinancing requirements due over the coming years will be met, whether equity will fill the funding gap, or if a return to forward funding or the provision of mezzanine financing is likely. BLP is helping clients prepare for every eventuality.

“ We need experts like BLP to advise us on how to put together the best possible cases for these changes. ”

Liz Peace, Chief Executive of the British Property Federation

Tesco markets a securitisation revival

In June 2009 we acted for Tesco on the sale of £430m of commercial mortgage-backed securities, supported by rental income from 12 UK stores and two distribution centres. We understand the single tranche, fixed-rate deal was the first European CMBS deal for almost two years, and was a landmark transaction in the current economic climate.

debt equity

A corporate turnaround

As the credit crunch has impacted on the day-to-day operations of UK plc, BLP has been helping clients restructure and reshape their balance sheets both to survive and to prepare for the future.



*Ben Larkin,
Partner, Restructuring
& Insolvency*



*David Liebowitz,
Partner, Restructuring
& Insolvency*



*Charles Goddard,
Partner, Tax-based
Restructuring*

“
...rely on lawyers here to ‘steer a sensible
path through choppy waters’.”

Chambers UK, May 2009

Recognising the interests of all stakeholders, and the crucial role of good corporate governance in a downturn, BLP has been at the forefront of a wave of corporate rescues.

No business has found itself immune from the impact of the credit crunch over the last 18 months, as a squeeze on corporate lending has collided with plummeting consumer demand to put corporations under pressure.

With many companies finding themselves facing a debt burden that has become impossible to service, and a multitude of lenders often reluctant to crystallise losses, BLP teams have been working to find innovative solutions. The UK's insolvency regime makes limited provision for debtor-in-possession turnarounds, and so lawyers have been drafted in to find alternative means of keeping businesses running through tough trading conditions.

Many in our Corporate Restructuring team have been asked to do just that, including our Partner Ben Larkin, who was called by the management of Robert Dyas, the hardware retailer, in Spring 2009. The private equity owner of Robert Dyas, Change Capital, had tried to negotiate a debt-for-equity swap with the company's bankers without success. With time running out, it had looked likely that the business would be put into administration, threatening about 1,250 jobs.

Instead, BLP's team of experts was able to negotiate a rescue deal with the company's bankers, who backed a management buyout that wiped out Change Capital's stake in the business. The management team of five directors was joined by Ian Gray, a turnaround expert, and all took equity in the business as the banks, which own Robert Dyas's £30m worth of debt, effectively took control.

Our restructuring team, which includes Tax Partner Charles Goddard, came up with a similarly groundbreaking proposal when Stylo, which owns shoe chains Barratt and Priceless, went into administration. BLP worked with the company to propose plans to place the retailers into a Company Voluntary Arrangement, under which creditors and landlords were asked to change the terms of their contracts. Doing so would have given Stylo the opportunity to continue trading and potentially turn itself around, and though the Stylo plan was ultimately rejected, it has served as a model for troubled retailers facing similar circumstances.

This downturn is characterised by businesses that have complex financing structures, often with many layers of debt and many different lenders. Company bosses must react quickly and negotiate with a raft of stakeholders, including employees who in many cases have been promised bonuses or share options that no longer have value.

Our employment team, led by Partner Fraser Younson, has been giving clients advice on ways of avoiding redundancies through schemes like flexible working initiatives and staff sabbaticals. Where lay-offs have been necessary, the team has helped multinationals co-ordinating these programmes across borders to take account of different requirements across jurisdictions, as well as advising clients avoiding and defending discrimination claims.

For all our clients, good corporate governance has never been as important as it is in a downturn. Our partners continue to advise businesses on a daily basis as to the roles and responsibilities of directors, who find themselves under ever-increasing scrutiny.

Standing firm

In a tough economic climate, many organisations have found themselves facing untold pressures from their customers, suppliers, shareholders and regulators. Disputes inevitably arise in a downturn, and BLP has been working with clients to defend their interests and resolve issues as efficiently as possible, not least in the face of a more intrusive and aggressive style of supervision from the FSA.

STANDING

BLP
STANDING
FSA



Jonathan Sacher,
Partner, Dispute Resolution



Sidney Myers,
Partner, Financial Services



Jonathan Marsh,
Partner, Financial Services



Nathan Willmott,
Partner, Financial Services

“ [BLP] is noted for ‘maintaining excellent relationships with the regulators’ and for delivering ‘great advice that’s always spot-on’. ”

Chambers UK, May 2009

National Grid turns up the heat in landmark cartel case

We advised National Grid in a landmark case that came before the Chancellor of the High Court, regarding a private ‘follow on’ claim for £250m damages against 22 defendants across six countries. The judgment, described by the Financial Times as “the biggest cartel damages action to surface in the English courts”, was a great success for National Grid and BLP, in the face of united opposition from law firms and leading silks.

As economic conditions worsened in the UK last year, many businesses found that commercial agreements previously entered into no longer made financial sense. Some sought to extricate themselves from deals or arrangements, and our international disputes practice has been helping clients resolve often complex issues.

Whether these cases involved the restructuring of joint ventures, shareholder disputes, insolvency-related matters or property and construction disagreements, our team sought to resolve problems as quickly and effectively as possible, with minimum cost and disruption.

And defending our clients did not just mean handling litigation, arbitration or other dispute resolution procedures, but also interacting with increasingly aggressive and proactive regulators. Nowhere has the impact of the credit crunch been more dramatic than in financial services and, with the Financial Services Authority (FSA) under pressure to take action, the crisis led to urgent initiatives like the introduction of a prohibition on short-selling, increased capital requirements, a new solvency regime for banks, and proposals for the stricter oversight of hedge funds.

The FSA now regularly uses dawn raids, unannounced telephone interviews about suspected market abuse, document and interview demands without notice and the threat of criminal prosecutions wherever possible. There were four insider dealing prosecutions launched in 2008, the first since the creation of the FSA in 2001, and BLP’s Financial Regulatory practice has grown in response to these pressures on our clients.

In January 2009, our Disputes team was joined by Sidney Myers, one of the UK’s pre-eminent specialists in contentious financial services work, who now leads our Financial Services and Markets Group. Sidney joined our dedicated team of financial services specialists, including

Jonathan Marsh, Head of our financial services advisory practice, and Nathan Willmott, who leads our FSA investigations and enforcement team – bringing together a litigation and advisory capability to protect our clients’ interests.

Leading institutions in the banking, investment, insurance and mortgage sectors now regularly instruct us to advise and represent them in their dealings with the FSA. Over the last year we have represented clients on a range of high-profile investigations into issues from bribery and corruption to mispricing, from market abuse to mortgage arrears management, and from transaction reporting to regulatory capital deficiencies.

As well as guiding clients through emergency situations, our team is helping clients avoid such circumstances arising. For example, Jonathan has been advising the Futures and Options Association to develop a new regulatory guide for its members, called the Market Misconduct Monitoring Guidance. This guidance will go to leading investment banks and financial institutions, helping them ensure that not only do they avoid engaging in illegal market abuse, but also that they put in place robust systems to prevent and detect such activity by their employees and others.

BLP’s Financial Services team acts for major financial institutions including AIG, The Bank of New York Mellon, BNP Paribas, Investec and Citigroup, and is an expanding part of our broader Disputes and Regulatory practice. We worked for one financial institution resolving a US\$1bn dispute, and the director told us: “Your unwavering clear strategy paid out very well”.

Together, our dispute resolution lawyers help clients avoid, identify and resolve contentious issues, always with minimum fuss.

Taxing times

HM Revenue & Customs (HMRC) is getting tough – it no longer thinks twice about challenging tax claims made by companies, even where tax was overpaid. BLP is helping clients protect their tax positions and pursue claims against HMRC as part of the firm's broader tax offering. Like all the litigators at BLP, the team works with clients to resolve disputes with minimum fuss and expense.





Michael Wistow
Partner, Tax



John Overs
Partner, Tax



Liesl Fichardt
Partner, Corporate Tax

“

Liesl and her team acted in an extremely professional manner throughout, and in my opinion at times went a step further to ensure that the result was achieved in very difficult circumstances.”

”

David Hudson, Partner, Begbies Traynor

Two years ago, HMRC announced a Litigation and Settlement Strategy that set out its intention to litigate against companies it deemed to have either avoided or underpaid their taxes. It was an unprecedented and aggressive approach from a government agency that had historically steered clear of costly court cases, as it only took on cases it thought it could win.

For UK companies, this heralded a new era of complex relations with the tax authorities, with tax planning structures increasingly subject to challenge, and difficulties in reclaiming overpaid tax. A unified tax tribunals system was introduced in 2009, and companies found themselves not only facing more disputes, but in need of specialist lawyers to defend their interests.

BLP's Tax and Litigation departments rose to the challenge, through our combined specialist Tax Litigation team. We act for a raft of big-name clients including the Aegis Group, International Power, The Football Association, Guinness Peat, British Land, and Old Mutual.

We try to avoid costly court cases by acting decisively from the outset. In August 2009, we secured a victory for insolvency practitioners Begbies Traynor, who were appointed as liquidators of a London business. BLP Partner Liesl Fichardt advised them on a multi-million pound VAT input claim against HMRC, and won an out-of-court settlement establishing an important right on the part of liquidators to pursue claims for input VAT.

Begbies Traynor Partner David Hudson says: "Liesl and her team acted in an extremely

professional manner and, in my opinion, at times went a step further to ensure that the result was achieved in very difficult circumstances. The BLP team was focused, efficient, and solutions-driven."

Other ground-breaking cases being handled by our team include work for a group of eight multinationals who are jointly pursuing a claim over corporation tax, concerning tax planning arrangements through which the companies generated losses, and the tax treatment of those losses. In another instance, a group of claimants, including one of the largest UK tobacco companies, is jointly pursuing VAT repayment claims with BLP's guidance.

There is a marked increase in cross-border cases, and so we work with our panel of preferred law firms around the world. It is mirrored in our broader Litigation practice, led by Partner Jonathan Sacher, where we are also seeing an increased number of disputes.

Our approach is to work with clients to resolve issues with minimum fuss. Full-blown litigation and arbitration is just part of the toolkit and is only necessary once all other options have been exhausted. Instead, BLP advocates alternatives like mediation, expert determination and adjudication.

Above all, our view is that early, fast and commercial advice is the key. However, where litigation is the right course of action, BLP always defends its clients' cases vigorously.

Мы работаем СОВМЕСТНО

Rising from the rouble

The Russian economy took a surprise hammering last year, but foreign investors continue to see its strategic significance. BLP is partnering with many leading international companies as they make their mark on the world's largest country.

*We work together



Andrey Goltsblat,
Managing Partner,
Goltsblat BLP

“
[BLP has] deep knowledge and
understanding of the local issues.”

Legal 500 EMEA, 2009

Despite the dramatic downturn in the Russian economy brought about by the global credit crisis and the ensuing global recession, multinational corporations continue to invest in the country. As one of the world's largest emerging markets, Russia remains a key target for foreign direct investment, and BLP has witnessed increasing client demand for its services on the ground.

In January 2009, BLP opened in Moscow with a team of more than 70 lawyers under the leadership of Andrey Goltsblat, formerly of Russia's largest law firm, Pepeliaev Goltsblat & Partners. The new office, called Goltsblat BLP, was launched to give our clients access to the best lawyers in Russia alongside the leading lawyers of BLP – the practice handles corporate, M&A, real estate and litigation work, as well as advising on energy and natural resources, employment law, IP, customs and excise, tax and trade law.

Multinational investors require considerable support as they enter the Russian market, whether they are entering into joint ventures with local businesses, investing in development projects, or establishing their own operations. The new Russian President, Dmitry Medvedev, took power in May 2008 and immediately promised reform of the judiciary to attract investors, after high-profile disputes such as that surrounding BP's joint venture with TNK heightened concerns about the treatment of foreign entities. At the same time, Russian businesses are making investments in Russia and beyond, and are increasingly doing so under UK law.

Proper due diligence and an understanding of the operating environment is essential in Russia, as it remains an economy dominated by state-controlled businesses. Andrey and his team advised on M&A transactions worth in

excess of US\$28bn in 2008, and have advised on more than 450 real estate and construction projects across Russia in the last five years.

Our work with major investors such as Danone, Kimberley-Clark, Mars and a number of Japanese and European car manufacturers illustrates the continued attractions that Russia has to offer. Andrey advised Mars on the Russian elements of its US\$23bn acquisition of Wrigley, and its post-acquisition integration and restructuring. Goltsblat BLP also worked for Nissan Motor on the construction of its car assembly plant in St Petersburg, which required an investment agreement, acquisition of title to the land, permission for change of use, and then construction advice.

We have provided legal support to Debenhams, the British retailer, setting up a distribution network in Russia, and have worked with the likes of Motorola, Nike and Volkswagen in office leasing projects to accommodate their Russian national headquarters.

The combination of Russian and English law expertise in Moscow, means we are helping both domestic and international clients, on inbound and outbound investments. Andrey's team participated in drafting the package of laws regulating preparations for the holding of the 2014 Winter Olympics in Russia, drawing on our involvement with the Olympic Delivery Authority in the UK for London 2012.

A round-up of other key trends

It was an eventful year, to say the least. Here are a handful of other important areas where we helped our clients through the recession.

Protecting and enforcing our clients' rights

A number of our clients found that opportunities or commercial agreements that made sense before were much less workable during the credit crisis. Many businesses were concerned over the viability of suppliers and other counterparties. These conditions led to more businesses wishing to extricate themselves from deals or arrangements, with a resultant increase in commercial and financial disputes.

With the rumour-mill generating allegations of financial difficulties, we have been providing increased support to clients on reputation management issues. We also saw clients focusing more on registering IP rights to bolster their position on expected recession-driven infringements, and those are beginning to come through. We acted for employers in civil fraud, to counteract false invoicing and other fraudulent activity, and, in the insurance sector, increased financial regulation led to insurers improving claims handling and other processes.

So, while we saw a marked upturn in contentious and dispute-related work, our clients didn't experience the predicted explosion in litigation. We also did not see the anticipated wave of claims against the financial community for losses but, given our well-respected insurance and financial disputes track record, we are well placed to help our clients if or when these cases arise.

Overall, our clients naturally looked harder to make recoveries and worked to prevent recoveries being made against them, while wishing to avoid the distraction, time and cost of litigation. This outlook sat well with our preferred approach of proactively warning clients of potential dangers, collaborating closely to find quick and cost-effective ways to protect their businesses, and responding rapidly to manage crises should they occur.

Unlocking real estate

The lack of available debt impacted the real estate market in a multitude of ways this year, and many lenders needed to manage their exposure to distressed real estate assets. The number of cases of tenant insolvency increased, and some developers found it hard to meet obligations in their planning consents.

Companies struggled to reconcile the increasing need and legislation for sustainability with the near-term cost implications. Overall, businesses in the real estate sector needed the best legal advice to help them through such unprecedented economic gloom. Our real estate

expertise (covering planning, commercial real estate, construction, finance, M&A, disputes and more) was in demand and we were called upon particularly to develop innovative structures, offer strategic advice and facilitate key introductions to off-market contacts to help our clients resolve the strain on pre credit-crunch deals and deliver a number of major projects, including the opening of the flagship £1bn Liverpool One regeneration scheme and Westfield Shopping Centre in London. We're extremely proud to have helped clients succeed in a difficult climate.

Tackling the funding challenge

In the debt-starved environment, clients have found it harder to get deals approved by lenders' credit committees. Banks were much more risk-averse and demanding in their terms than they had been in the recent past. We also saw more club deals, with fewer single parties being willing to underwrite an entire position.

The more complex, cautious and slower lending climate was particularly felt by businesses wishing to embark on major projects or conclude other major financing transactions.

That said, the need and appetite to do deals did not simply dry up. Despite the challenging operating environment, we were still able to help our clients achieve project financing and close key developments in sectors such as roads and defence. Two well-publicised examples of our work were advising on a joint venture between Balfour Beatty Infrastructure Services Limited, Egis Road Operation UK Limited and Atkins Limited on the terms of its operation and maintenance sub-contract with Connect Plus (the preferred bidder on the £5bn project to extend and maintain the M25) and advising Ascent on the £6bn UKMFTS project to procure and provide army, navy and air force flight training.

As well as providing legal advice, we helped corporations by clarifying the realities of the lending market, we advised on what was realistically achievable in the current climate, and we structured projects so that the risk-and-return profiles were acceptable to lenders. When funding was finally approved, we completed transactions rapidly.

Looking at tax strategically

In troubled times, when cash is king, effective tax planning plays an evermore vital role. The BLP Tax team has advised on some of the largest and highest profile deals of the

year, with a particular focus on restructurings, distressed asset acquisitions and funds, tax efficient structured finance and disputes with the tax authorities. We have helped clients review their tax policies, with some choosing to migrate to what are considered to be more favourable tax jurisdictions. Other important developments this year have included advising clients on the controversial new Tax Code of Conduct for banks and the Senior Accounting Officers' Obligations.

As tax has taken an increasingly strategic and high profile role in our clients' business models the BLP Tax team has grown to accommodate the increased need for cutting edge tax advice, creating the largest and broadest based Tax team in any UK legal practice. With 23 Tax Partners including market leaders in the field, coupled with a strength and depth of resources at senior and junior level, BLP is now the only large city firm to offer the full range of contentious and non-contentious tax advice across funds, real estate, corporate, finance and indirect taxes. In recognition of our unique offering, we won 'Best Tax Team in a Law Firm' in the UK's 2009 Taxation Awards.

Managing legal risk with a commercial head

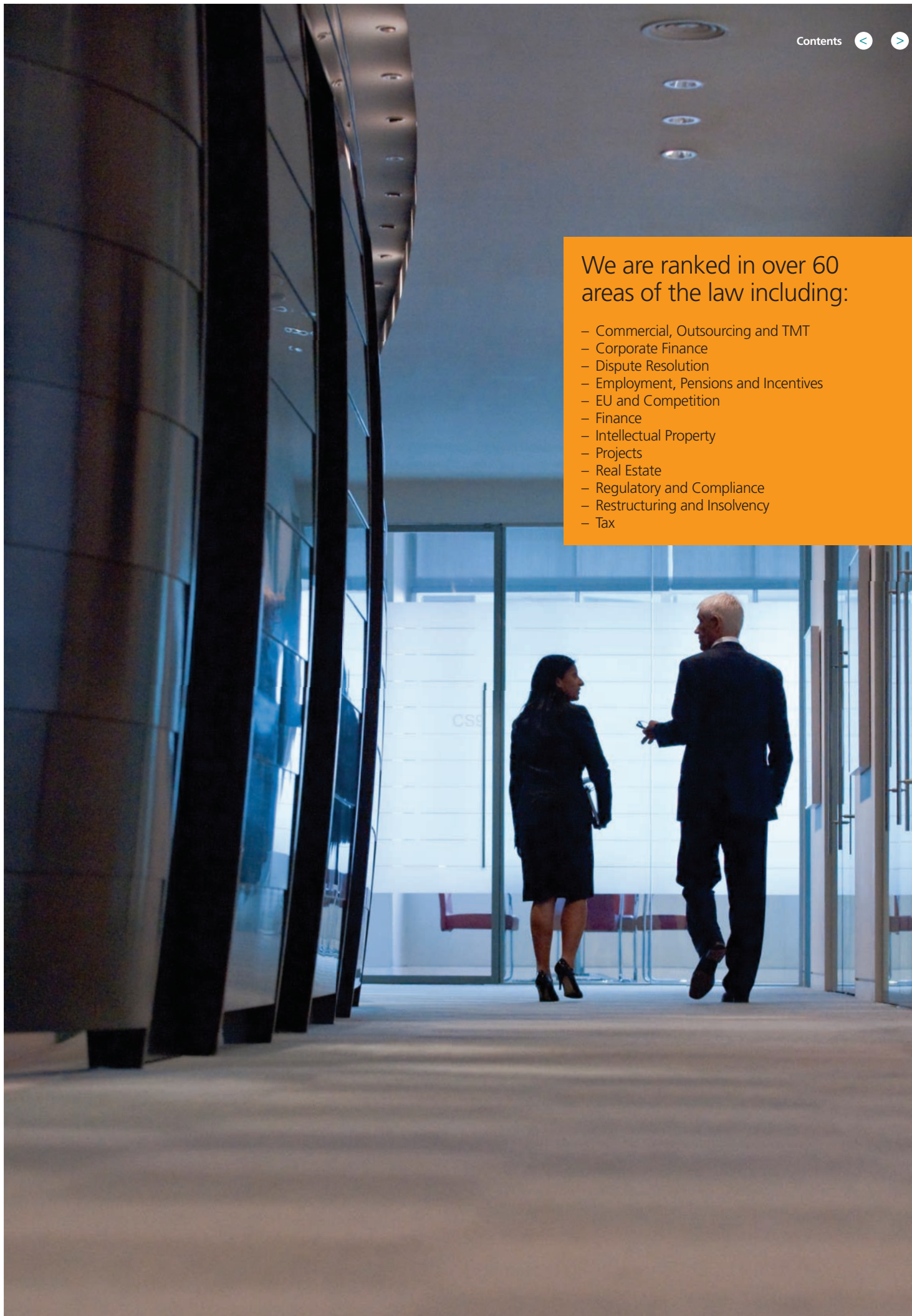
There was a marked increase in demand last year for legal risk-management advice. Clients came to us at the early stages of structuring their deals so that our commercial lawyers could give a robust commercial view and clarify what was key if the transactions were to be viable. Our EU and Competition team have also witnessed an increased willingness on behalf of regulators to enforce competition law, and of private parties to assert their rights.

There was a rise in international commercial activity, with some recent transactions involving 20 or more countries. Clients that had traditionally managed legal work on a country-by-country basis rapidly moved towards handling commercial work across multiple borders. Looking ahead, we're seeing the first signs of an expected increase in outsourcing and other commercial work as businesses restructure, focus on core activities and seek to reduce fixed costs and protect margins by taking advantage of new opportunities arising from lower prices and increased willingness amongst suppliers to trade.

Our substantial Commercial, Outsourcing and Competition teams, operating across our offices and in collaboration with our international preferred firms network, mean that we're ready and waiting to meet our clients' needs.

We are ranked in over 60 areas of the law including:

- Commercial, Outsourcing and TMT
- Corporate Finance
- Dispute Resolution
- Employment, Pensions and Incentives
- EU and Competition
- Finance
- Intellectual Property
- Projects
- Real Estate
- Regulatory and Compliance
- Restructuring and Insolvency
- Tax



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This document provides a general overview only and is not intended to be comprehensive. Specific legal advice should always be sought in relation to the particular facts of a given situation.