

An abstract painting by Trevor Bell, featuring a large, textured brushstroke of magenta and purple on the left side, set against a background of muted green and yellow. The brushstrokes are visible, giving the image a sense of movement and depth.

SLAUGHTER AND MAY  
Private Equity Group

Detail from Early Morning by Trevor Bell

"The firm is praised for its depth of expertise: 'Quality is a given' while 'the extra commercial and strategic thinking adds another dimension'"

CHAMBERS UK, 2011

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# Section 1 What are you looking for?

Private equity firms have a high level of transactional experience and know what they want from their lawyers.

So what is it that you are looking for? A top quality level of service which is both professional and client focused. We believe the key credentials are:

- M&A capability – The acquisition is at the very heart of the deal. The success or failure of the acquisition will have a direct impact on your return. To protect your investment you need the best M&A lawyers to handle your transaction.
- Financing expertise – Debt is an integral part of any acquisition. Debt ranges from senior bank debt to high yield bonds and securitisation. Your financing lawyers need the experience to deal with all of this and to work as a seamless team with the acquisition lawyers.
- Equity – Relationships can be complex. You need lawyers who understand the dynamics and who can provide creative solutions to difficult problems.
- Incentivising management – Keeping management on track is critical to the health of the investment.

Your lawyers need to understand what is important to management and be able to devise equity structures which satisfy both you and management.

- Exit strategy – This involves two phases: planning and preparing for the various exits; and delivering the chosen exit route. You need versatile lawyers that have experience of dealing with all exits.
- From beginning to end – The same individual lawyers handling your investment from start to finish means that you get advice from people with a thorough understanding of the investment and the company. This improves the efficiency and value of advice.
- People you can deal with – Commercial judgement, sensitivity to the issues, creative problem solving and a commitment to deliver.

This is our view of what matters. It is your view that counts.

Now, let us tell you something about us.

"They know what is commercially relevant and understand the needs of our organisation."

CHAMBERS UK, 2011

Legal Adviser of the Year

THE FINANCIAL TIMES AND MERGERMARKET GROUP EUROPEAN M&A AWARDS, 2010

## Section 2 How can we deliver?

Slaughter and May is a leading international law firm with a worldwide corporate, commercial and financial practice. We have extensive experience and expertise in advising on all aspects of private equity work and are recognised as one of the leading players in the private equity market. We advise on the full range of transactions from venture capital investments to large cross-border deals and from the initial investment all the way through to exit. Our expertise covers acting for private equity houses, lenders at all levels of the capital structure, companies raising equity and management teams.

We offer technical excellence in the law, a capacity for innovative thought and a positive approach. All our lawyers handle a wide range of work so that they provide not only a depth of legal expertise but also a breadth of experience and sound judgement. We place special emphasis on continuity of service so that our lawyers can develop a thorough understanding of your business. We operate so that you have the same team

of senior lawyers acting for you throughout the life of each investment.

We have the global capability to provide an international service through working with the world's best firms. We have developed those relationships so that our Private Equity Group works closely with these firms in the key jurisdictions. However, these relationships are non-exclusive. This gives you flexibility to choose your own preferred lawyers in any particular jurisdiction for any transaction.

Our Private Equity Group was formed to focus our expertise in this area. It comprises corporate and financing partners as well as partners from specialist departments such as tax and employment. For details of deals that we have done see Appendix 1.

We have the ideal blend of skills and experience to meet your needs. Turn the pages and let us show you how we can deliver a top quality service on your private equity transactions.

"The firm sets the benchmark for quality in the UK market."

LEGAL BUSINESS AWARDS BROCHURE, 2011

"The firm has set the 'gold standard' in terms of clients and partners for some time."

THE LEGAL 500, 2011

## Section 3 The acquisition – ensuring success

We have the strongest corporate practice in the country and are one of the top M&A law firms. Our extensive M&A capability enables us to cover a broad range of transactions including public to private deals and large cross-border transactions.

The breadth and depth of our experience in M&A means that our lawyers are particularly efficient at identifying and dealing with important legal issues that could impact on your transaction. Prompt and clear legal advice will help you make an informed assessment of the commercial risks involved. In auction situations our ability to respond in such a clear and prompt manner will ensure that you get the advantage.

Private equity M&A transactions raise their own particular issues and the areas where we believe we can add significant value include:

- Due diligence – Focusing the due diligence on the key sensitivities and delivering the results in a meaningful way.
- Corporate tax – Our Corporate Tax Department is regarded as the top London practice. It advises on both structuring and documenting M&A transactions and has extensive experience in structuring cross-border transactions to maximise tax efficiencies. The department is also involved in fund establishment. So it appreciates the complex tax requirements of some private equity investors.
- Acquisition – You can leverage off our extensive experience in negotiating and structuring the acquisition. We have particular experience on public to private transactions.
- Competition – Private equity transactions often raise competition issues. Our Competition Group is one of the leading EC and UK merger control practices.

"Slaughter and May's 'outstanding M&A offering and excellent service' is spoken of in tones of reverence across all corners of the market."

THE LEGAL 500, 2010

"Perhaps the best firm for big-ticket M&A in the UK, and with access to a superb 'best friends' network that puts great lawyers onto work no matter where it is in the world."

CHAMBERS UK, 2010

## Section 4 Debt finance – leveraging the deal

We have a leading and extensive finance practice. We frequently advise on the financing of all types of private equity transactions in the UK and overseas. Our work in this area covers the full life of private equity deals from the financing of the original acquisition to refinancings whether by way of issue of high yield bonds, securitisation or on exit.

Financings of private equity transactions are often highly structured and complex. Our experience in advising on the most complex cross-border financings makes us ideally suited for this type of work. We can provide significant value-added advice, in particular in terms of structuring the deal and devising innovative solutions to the legal and technical issues which arise.

Key aspects to financing private equity transactions include:

- Structuring the intercreditor arrangements to reflect the rights and ranking of the different debt providers and other investors.
- Arrangements for the upstreaming of funds to service mezzanine and subordinated debt.
- Covenant packages that allow borrowers the flexibility they need to run their businesses effectively, and avoid hair trigger default provisions.
- Upstream and cross stream guarantee and security arrangements, and the financial assistance issues that can arise in relation to such arrangements in the UK and overseas.

"Thanks to the partners' broad expertise, the team is skilled in matters beyond traditional buyouts, which is of particular appeal to private equity houses wanting more diverse refinancing and restructuring advice in the current economic climate."

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CHAMBERS UK, 2010  
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"There is broad expertise, top-quality analysis, a highly customer-oriented approach and the ability to put the legal aspects of a deal into a business context."

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CHAMBERS UK, 2010  
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## Section 5 Equity – upside / downside

Equity is the key; this is where you make your return. Equity rights protect the value of your investment and provide downside protections.

The equity structure often needs to cater for a variety of investors with different interests. We are familiar with dealing with all types of investors including vendors rolling over or trade investors, and can advise you on the implications. We also understand the need to regulate effectively your relationship with management, and for you to monitor and manage your investment. We can provide you with the legal armoury to tackle these issues.

Venture capital investments will give rise to different issues such as the vesting of management's equity, liquidation preferences and the desire for anti-dilution rights to protect existing investors on down-rounds. We have extensive experience negotiating these transactions and can advise you on all these issues.

We all know that equity investments do not remain static.

Where the business meets its targets and ratchets may be triggered. The drafting and operation of ratchets is an area where our technical expertise can really make a difference.

Where the business underperforms some form of restructuring may be required. Our corporate practice has considerable experience in all types of restructuring both on the debt and equity side and can advise on all related issues, including changes in the management team.

Whatever the situation, we have the skills and experience to protect your investment.

"Slaughter and May's strategy of high-end corporate generalists attracts steady work from leading private-equity clients."

IFLR 1000, 2010

"Slaughter and May provides 'thorough, technically sound, pragmatic and commercial advice'."

THE LEGAL 500, 2011

## Section 6 Management – keeping them focused

Getting the right management team in the first place is hard enough. The concern then will be to keep them focused and motivated. A key issue will be to ensure that the equity arrangements work properly for the management team.

It is critical that the equity is structured at the outset in a manner which meets management's needs. Our job, even when acting for you, is to understand the management equity issues (which are often tax driven) and to agree with you and deliver a package to management that works.

You may also want to incentivise some key executives to create value. This may involve some type of ratchet or share scheme. A key issue in designing such arrangements will be to ensure that they are consistent with your exit strategy.

Tax consequences will always be important. Executives will want to minimise the amount charged to income tax and maximise the capital gains tax taper relief. That may well lead to a desire for executives to acquire shares at as low a valuation as possible. You will want to ensure that the shares delivered can, however, be clawed back if individuals do not perform. That tension will involve structuring the arrangements around the UK legislation relating to restricted and conditional shares.

We have experience of advising on and structuring incentive arrangements for all types of private equity transactions, from small start-ups to large cross-border transactions. Where desirable we will also work with your accounting advisers to resolve any valuation issues.

"This is one of the best shops for complex private equity matters, particularly in the regulated market."

.....  
CHAMBERS UK, 2010  
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"This thriving team continues to grow thanks to its strong UK practice and its 'best friends' abroad."

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CHAMBERS GLOBAL, 2010 (UK); CHAMBERS UK, 2010  
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## Section 7 Exits – covering all angles

From the very beginning you will be planning for the exit. You will have in place an exit strategy which may contemplate a number of different exit routes. Our leading M&A practice means that our lawyers are able to handle whatever exit route you choose. Some of the options available to you are:

- Trade sales, including secondary buyouts, remain an important exit route. We have been widely recognised as the leading firm for UK M&A. The depth of our expertise enables us to advise on the largest and most complex structures. In auction situations our ability to deliver clear and prompt legal advice will ensure you keep the advantage.
- Appetite for IPOs remains muted but if you are contemplating this route we have the experience and expertise to make it happen. We have a substantial practice in this area handling IPOs

around the world and have experience of the competitive IPO process.

- Other ways of generating cash out of your investment are by refinancing or securitisation. Our finance lawyers are highly experienced in these areas. The technical excellence of our lawyers and their ability to provide practical and innovative solutions makes them ideally suited to structuring and implementing securitisations.

This is not the end of the story. We understand the dynamics of private equity transactions and how this can impact on the timing and implementation of the exit strategy. It can also lead to particular issues arising on exit. Our experience in this field and our first class corporate practice makes us an obvious choice to take you to the finishing line.

“Exuding class in everything it does, Slaughters has made a habit of developing talented lawyers and handling headline deals.”

CHAMBERS GLOBAL, 2010 (UK)

“Slaughter and May has a growing sponsor-side practice, on the back of its reputation as corporate counsel par excellence.”

THE LEGAL 500, 2010

## Section 8 Global coverage

By far the greater number of projects we work on involve a significant international or cross-border element. Every day we work in countries around the world. Transactions may involve overseas assets or buyers, sellers, investors or lenders who are not UK based. Debt financing under English law for European private equity deals is an area that we are particularly familiar with.

We have unparalleled access to the world's leading law firms. We create integrated teams, for transactions and for clients, sourced from the Private Equity Group here at Slaughter and May and from appropriate experts from these law firms. These leading law firms have acted on some of the largest European private equity transactions and include some of the leading private equity practices in Europe.

Our working relationships are strong because we work together frequently and share knowledge, experience and objectives to deliver the very best. In particular we share knowledge of relevant changes in law and practice and produce pan-European bulletins on topics such as Thin Capitalisation.

What you see is one team and one purpose. We may not have a global 'one stop' organisation, but we can offer something that we believe is much more important – the best lawyers where you want them.

Examples of the relevant expertise of some of the European law firms that we regularly work with are set out in Appendix 2.

"A team of amazing quality. Its 'best friends' network is much the same as being one firm all over the world"

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CHAMBERS GLOBAL, 2010  
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# Appendix 1 Deals we have done

Examples of our relevant expertise and experience include advising:

- **Global Infrastructure Partners** on its acquisition of Edinburgh Airport
- **Terra Firma** on its acquisition of Four Seasons Health Care
- **First Reserve Corporation** on the accelerated bookbuild sale of Glencore convertible bonds and associated investment
- **3i Infrastructure** on the acquisition of Eversholt Rail Group
- **Francisco Partners** on the recommended cash acquisition of SmartFOCUS Group
- **Resolution** on the acquisition and three-tiered debt financing of the AXA UK Life business
- **Advent International** on the sale of Takka to Apax
- **New Look** on its proposed flotation and advising Permira on the transaction
- **Global Infrastructure Partners** on its acquisition of London Gatwick Airport
- **Francisco Partners** as part of a consortium on a recommended offer for Dmatek
- **Global Infrastructure Partners** on the acquisition of an additional interest in London City Airport
- **JC Flowers** on a tender offer for a minority interest in Hypo Real Estate Holding AG
- **Public Sector Pension Investment Board** as a consortium member on the acquisition of Angel Trains
- **JP Morgan Cazenove** on the flotation of Jupiter Asset Management
- **Palamon Capital Partners** on the sale of Loyalty Partner and SAV Credit
- **Gatwick Airport Limited** (initially acquired by **Global Infrastructure Partners**) on the second single-airport securitisation in the UK
- **Palamon Capital Partners** on the acquisition financing for Associated Dental Practices
- **Songbird Estates** on the restructuring of, and acquisition financing for, **Canary Wharf** initially acquired by **Morgan Stanley Real Estate Funds**
- **RHJ International SA** on the financial restructuring of the Honsel group
- **Castle HoldCo 4 Ltd** on the restructuring of **Countrywide**, initially acquired by **Apollo funds**
- **Goldman Sachs** and **Royal Bank of Canada** on their recommended offer for Expro International Group
- **First Reserve Corporation** on the acquisition of CHC Helicopter Corporation
- **Global Infrastructure Partners** on a recommended cash offer to acquire Biffa valued at approximately £1.23 billion
- **First Reserve Corporation** on its recommended offer for Abbot Group
- **Goldman Sachs Capital Partners** in relation to its interest in the acquisition of GET for €724 million
- **Apollo** on its offer to acquire Countrywide which values Countrywide at £1,008 million
- **Terra Firma** in relation to the sale by Waste Recycling Group of its waste disposal business
- **Palamon Capital Partners** and **Star Parks** on the refinancing of the acquisition finance facilities and the subsequent sale by Star Parks Group of five of its seven European theme parks

## Appendix 2 European law firms' deals

Examples of the relevant expertise and experience of some of the European law firms we regularly work with include advising:

### BONELLI EREDE PAPPALARDO

- **Eurazeo** on the acquisition of a 45% shareholding in Moncler
- **Vision Capital** on the acquisition of a portfolio of investments from Banco Popolare Italiano, including a majority stake in Bormioli Rocco & Figlio
- **VimpelCom** on the acquisition, through a share swap transaction, of Weather Investments from Apax Partners, TA Associates and Madison Dearborn Partners, as minority shareholders of Weather Investments
- **BC Partners** on the acquisition of Spotless Group SAS from AXA Private Equity and European Capital Limited and the Gualandi family
- **Charme II** on the acquisition, a fund managed by the Montezemolo family, of a majority shareholding in Octo Telematics

### BREDIN PRAT

- **AXA Private Equity** on its long-term investment in Carbone Lorraine
- **Advent International** on the acquisition of Gérard Darel
- **Eurazeo** on the acquisition of APCOA Parking AG
- **Texas Pacific Group** on the acquisition of TDF
- **KKR** on the acquisition of Pages Jaunes
- **Wendel Investissement** and the **Carlyle Group** on the acquisition of Stahl Holdings B.V.

### HENGELER MUELLER

- **Cinven** on the acquisition of SLV from HgCapital
- **Advent International** on the sale of Takko to Apax
- **EQT** on the sale of Tognum stake to Daimler
- **Blackstone** on the Gerresheimer exit
- **MSREF** on the acquisition of Song Center
- **Whitehall** on the acquisition of real estate portfolio from Allianz

### URÍA

- **Investindustrial** on the sale of 50% of Inaer, the largest helicopter operator in Europe, to KKR
- **Morgan Stanley** on the purchase of the distribution network of Gas Natural
- **CVC Partners, PAI and Permira** on the buy-back of the debt of Cortefiel, a Spanish and international retailer
- **MCH Private Equity** on its sale of Ópticas Masvisión
- **Colony Capital** on its "loan-to-own" investment in Colonial, a Spanish and French real property group
- **Providence Equity Partners** and others in respect of their investment in Ono, a cable operator

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