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Restructuring in Russia

2009

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Snapshot of our practice

We have been working in Russia since 1992 with many of the major players in the market, both domestic and international.

We offer

Strength and depth – we are one of the largest leading international law firms in Moscow with:

- 25 partners
- over 130 associates qualified in Russian, English, German and French law
- over 250 staff
- 16 years of experience in the Russian market

Full service capability

- Banking and Finance
- Corporate and M&A
- Commercial
- Real Estate and Construction Real Estate
- Tax

A market leading presence in CEE and beyond:

- 54 CMS offices in CEE and beyond with over 2,200 lawyers
- Full service capabilities in 28 jurisdictions

They choose us

Aareal Bank	Pfizer
AIG	Raiffeisen Bank
Aviva	RAO UES
BP	Rossiysky Kredit Bank
DEG	Russian Standard
Dresdner Bank	Insurance
EBRD	Rosneft
Eurohypo AG	Sberbank
Gazprombank	Shell
ING	VTB Bank
Merrill Lynch	WestLB
Nissan	

“Law Firm of the Year:
Central and Eastern Europe”

PLC Which Lawyer, 2009



Top ranked



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Focus on crisis management

In the current global and Russian economic climate dealing with insolvency (bankruptcy), restructuring, credit default, distressed asset trading and corporate consolidation are increasingly common aspects of business. CMS in Russia and across Europe provides the legal support in connection with the rapidly emerging opportunities and management of corporate solvency which result in the current climate.

CMS Moscow is positioned to assist with timely delivery of restructuring products and processes and the implementation of complex crisis management actions. Certainty of results and outcome creates a premium for a client's actions.

Members of our team in Moscow have substantial on the ground experience in crisis management and litigation in Russia, including:

- Acting for the Arranger on a secured debt programme RUB 3,000,000,000 issuance to refinance part of a Russian airline's distressed corporate debt.
- Acting for the creditors, rescheduling of a CHF150m guaranteed credit framework agreement in connection with certain Russian banks and municipalities.
- Acting for the holder in a sale of distressed bonds issued by a CIS constituent Government, to the Government.
- Bank Rossiysky Kredit - advised on obtaining an order under section 304 (b) of the US Bankruptcy Code recognising and enforcing a Russian court approved creditor settlement agreement; designing and implementing a debt swap and trading scheme for international creditors of a leading Russian bank.
- Advising a major European bank on recovery of debts from a number of Russian companies/banks and filing bankruptcy claims against debtors.
- Representing a Russian air-carrier on a dispute over contract obligations and recovery of a debt; legal support to a Russian bank during insolvency.

- Advising a large European pelagic factory on debt collection in Russia.
- Acting for various foreign creditors in bankruptcy proceedings in Russia, including bankruptcy of Russian credit institutions.
- Representation of creditors in the event of insolvency.

Approaching restructuring

Restructuring can take many forms, including: business consolidation, corporate structure simplification, increasing management efficiency and transparency, competitive recovery, capitalisation increase and asset protection.

We can assist our clients in Russia with services that include:

- Due diligence – the diagnostics of a company or group of companies standing, company's internal and asset structure, analysis of management activities and efficiency; estimating legal and tax risks and recommending measures for risk avoidance.
- Consultation on a company's business strategy and structure.
- Developing organisational and financial structures and contractual schemes, drafting the respective documentation.
- Reorganising the corporate structure of the company and consolidation, M&A transactions.
- Devising optimal tax policy.
- Legal support for sale of underutilised assets; stocks of goods; debts; divestment.
- Negotiating with counterparties on providing security for due fulfillment of obligations.
- Legal support for Labour law related issues: optimisation of the company's internal labour structure; transfer of employees; staff redundancy and termination of employment basing on other grounds; moving of operations such as manufacturing to lower-cost locations, etc.

Debt restructuring

As the 2008 credit crisis intensified, many corporates have been left with unsustainable levels of debt. Out-of-court restructuring, or work-outs, are becoming an increasing reality in Russia. A debt restructuring is almost always a less expensive and a preferable alternative to bankruptcy.

The CMS Moscow banking team is resourced to assist in all forms of debt restructuring, intercreditor arrangements and rescheduling.

Operational restructuring

Our practice in operative restructuring aims at addressing immediate economic and financial problems. Objectives of operational restructuring include the following, and aim to support possible future strategic restructuring.

- Restructuring of the company's tangible assets aimed at cost reduction.
- Improving organisational company structure.
- Self money management.
- Negotiating with creditors.
- Restructuring of the debt obligations (financial restructuring) including set-off, debt relief in exchange for share holding, bilateral debt set-off, sale of assets, rent of assets, debt consolidation; and etc.

Strategic restructuring

CMS Moscow has a substantial corporate practice in Moscow and advises numerous domestic and international groups of companies on all aspects of corporate and finance law. We deal with all aspects of M&A work, both on-shore and off-shore, asset divestment, re-branding, cash and non-cash based mergers. In the current economic climate, "unlocking"

the M&A backlog and supporting market consolidation in Russia will be a significant part of mid-term corporate success. Strategic restructuring may reflect strategies of growth, defensive consolidation as well as simply survival.

Insolvency and litigation actions

Avoiding disputes or resolving them efficiently is one of the foundations of successful business activity. CMS dispute resolution team in Moscow led by Sergei Yuriev comprises 10 experts and has a proven track record in a wide range of disputes, representing clients in international and domestic litigation and arbitration, and providing general risk management advice. The team advises clients – major international and domestic companies from various industries – on a broad range of litigious matters, including disputes over debt collection due to non-fulfillment or improper fulfillment of contractual obligations by counteragents, professional on-going and litigation support with respect to bankruptcy court proceedings, representing creditors' interests in terms of bankruptcy proceedings.

CMS litigators are not only experts in domestic and cross-border litigation; they are also well-informed about specific cultural differences in transnational litigation, which cannot be found in the legal text books. CMS litigators practice a vivid exchange of information in order to prepare their clients well before entering into litigation in a foreign jurisdiction.

Due to frequent cooperation between litigators within the CMS jurisdictions, it is possible to take conservatory and protective measures on behalf of clients at very short notice, wherever such measures are available.

"...The firm's dynamic litigators... Sergey Yuryev."

European Legal 500

CMS – our approach

Sector Experience

Our sector groups include:

- Automotive
- Insurance and Funds
- Energy
- Consumer Products
- Infrastructure & Project Finance
- Private equity
- Hotels & Leisure
- Lifesciences
- Technology, Media & Telecommunications

Client focused

We work hard to be a truly client – focused law firm. This means understanding the unique needs and challenges of each market sector and providing a tailored service addressing the particular concerns and requirements of our clients.

We have launched one of the legal sector's most comprehensive client feedback programmes to measure just how focused we are. Here are some of our findings:

- In Central and Eastern Europe (CEE) we are a 'magic circle' firm acting for some of the most prestigious companies in the region.

- We build strong, long-term relationships – clients recognise that our approach is very different to those of other firms that focus primarily on transactions.
- Our great experience and knowledge of the region means we are considered as trusted advisers on cutting edge deals.
- Our partners have local knowledge combined with international experience to help you address issues on domestic and cross-border levels.
- Our partners are 'hands on' – our clients tell us we are often more approachable and accessible than many other organisations.
- We are pro-active – clients praise our approach in alerting them to issues. Our unique online information service, Law-Now, is consistently praised for its first-to-market approach to legal developments and news.
- We are flexible – with clients ranging from multinationals to smaller, privately owned companies, we have learnt to be flexible in our approach and in managing our resources.

"A CEE Magic Circle outfit."

Chambers Global

About CMS

CMS is Europe's largest provider of legal services, providing clients with a full range of legal and tax services based on a thorough understanding of their business. CMS combines the strengths and reputations of its member firms in their national markets with a leading European cross-border capability.

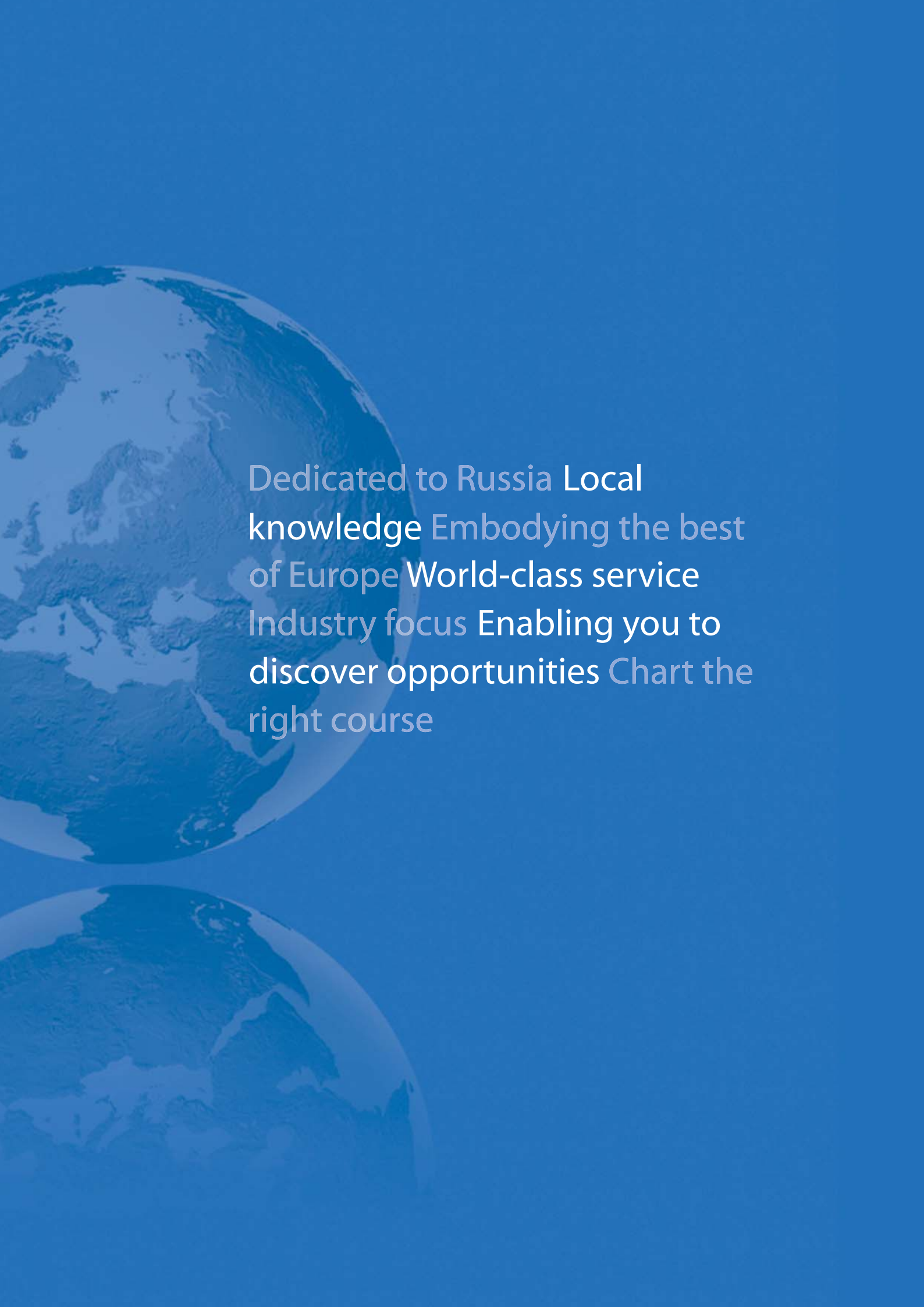
CMS operates in over 48 business cities throughout the world and has over 595 partners, over 2,200 legal and tax advisers and a total staff in excess of 4,600.

CMS member firms

- CMS Adonnino Ascoli & Cavasola Scamoni (Italy)
- CMS Bureau Francis Lefèbvre (France)
- CMS Cameron McKenna (UK and CEE)
- CMS Derks Star Busmann (The Netherlands)
- CMS von Erlach Henrici (Switzerland)
- CMS Hasche Sigle (Germany)
- CMS Debacker (Belgium)
- CMS Reich-Rohrwig Hainz (Austria)
- CMS Albicana & Suárez de Lezo (Spain)

CMS and associated offices





Dedicated to Russia Local
knowledge Embodying the best
of Europe World-class service
Industry focus Enabling you to
discover opportunities Chart the
right course

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CMS in Russia is a representative office of CMS International B.V., a limited liability company registered in the Netherlands.
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CMS offices and associated offices worldwide:
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Rome, Utrecht, Vienna, Zurich, Aberdeen, Abu Dhabi,
Algiers, Antwerp, Arnhem, Beijing, Beirut, Belgrade,

Bratislava, Bristol, Bucharest, Budapest, Buenos Aires,
Casablanca, Cologne, Dresden, Dubai, Dusseldorf,
Edinburgh, Frankfurt, Hamburg, Kuwait City, Kyiv,
Leipzig, Ljubljana, Lyon, Marbella, Milan, Montevideo,

Moscow, Munich, New York, Prague, Sao Paulo,
Sarajevo, Seville, Shanghai, Sofia, Strasbourg,
Stuttgart, Utrecht, Warsaw and Zagreb.
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