



CLEARY
GOTTLIEB

ANNUAL REVIEW – 2010

FROM THE MANAGING PARTNER



The last three years have brought tumultuous change to the global business and legal environments. Some financial institutions, service providers, and business personalities, once thought invincible, have consolidated, downsized, or disappeared. Others, relying on a solid foundation and the ability to adapt and innovate, have stayed strong or grown even stronger. Cleary Gottlieb is fortunate to be one of those institutions that have continued to thrive and grow over the course of this difficult period.

Only a handful of professional services organizations throughout the world are, time and again, called upon to assist large multinational corporations, sovereign governments, investment funds, and other leading institutions as they grapple with the impact of unprecedented economic and legal developments on their businesses, constituents, and investments. Again, Cleary Gottlieb is fortunate to be one of those firms.

Our strength derives in large part from our unique structure and an egalitarian firm culture. We are a single global partnership with a lockstep compensation system and a deep commitment to our clients as clients not of any individual lawyer but of the firm as a whole with unhindered access to all of the firm's global resources. This commitment fosters a climate of excellence in the practice of law and a deep sense of responsibility toward our clients, lawyers, and staff. We are fortunate also to enjoy what we do and to be passionate in the pursuit of our clients' goals.

Our culture has also allowed us at the same time to avoid unwise short-term expansions and painful contractions and to focus instead on sustained, consistent, long-term growth in those markets in which our clients most need our advice.

While this Annual Review highlights some of the many accomplishments of our firm in 2010, what is really most noteworthy and impressive is the firm's continued commitment to our values in the face of crisis. We view our successes with modesty but also as an ongoing vote of confidence in Cleary Gottlieb as a stable and resourceful legal advisor deserving to be at the forefront of the most complex, demanding, and cutting edge assignments.

I would like to take this opportunity to thank all of our clients for their trust and confidence in our firm. Be assured that we do not take this trust and confidence lightly and that we will continue to devote ourselves fully to your service. We look forward to many years of continued cooperation and mutual success.

Finally, as the new Managing Partner of Cleary Gottlieb, I would like to express the firm's deepest gratitude to my predecessor, Mark Walker, for his superb leadership and enormous dedication to the firm.

A handwritten signature in black ink that reads "Mark Leddy". The signature is written in a cursive, flowing style.

Mark Leddy



Founded in 1946 by lawyers committed to legal excellence, internationalism, and diversity, Cleary Gottlieb Steen & Hamilton LLP is a leading international law firm with more than 1,100 lawyers around the world. The firm has 13 closely integrated offices in New York, Washington, D.C., Paris, Brussels, London, Moscow, Frankfurt, Cologne, Rome, Milan, Hong Kong, Beijing, and Buenos Aires and operates as a single global partnership. Our worldwide practice has a proven track record of providing legal work of the highest quality to meet the needs of our domestic and international clients.

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REGULATORY REFORM

REFORM

TRENDS IN 2010

Reform of the global financial markets characterized the year, led by Dodd-Frank in the United States and the creation of a new supervisory framework and the adoption of new financial regulatory laws and legislative proposals in Europe. Combining innovation and expertise in financial markets regulation, bank regulatory issues, executive compensation, derivatives, corporate governance, and tax, we worked seamlessly across all offices and disciplines to advise the world's largest financial institutions on the impact of these changes. Our global regulatory team has been at the forefront in informing and advising clients about developments and challenges in this area through real-time updates, webinars, and broad access to our expertise in financial regulatory matters.

Dodd-Frank represents the most sweeping regulatory reform of the financial markets since the Great Depression. Dodd-Frank has spawned an extensive set of regulations, including the regulation of "systemic risk," comprehensive regulation of the derivatives markets, creation of a new resolution authority at the FDIC, implementation of legislation on proprietary trading by financial institutions, and wholesale changes to compensation practices of financial services firms. In addition to Dodd-Frank, the Department of Labor proposed to overturn 36 years of precedent and expand ERISA's fiduciary obligations to more financial institution activities. We have been instrumental in shaping this legislation and its regulatory implementation through our representation of leading financial institutions and financial trade associations.

In Europe, the most fundamental reforms involved creation of EU-level supervisory entities for the banking, securities, and insurance industries. These were accompanied by the adoption of groundbreaking new laws, such as the Alternative Investment Fund Manager Directive and "CRD III" on remuneration in the financial sector. There were also far-reaching legislative proposals in areas spanning derivatives regulation, credit rating agencies, capital adequacy, and corporate governance.

Bank Regulatory. As the financial services industry continues on the course of dramatic change, we have been called upon to advise clients on every major area of current bank regulatory focus. These include Dodd-Frank, TARP issuances and repayments, FDIC-assisted failed bank acquisitions, private equity involvement in bank acquisitions, the creation of "self charters" to facilitate U.S. acquisition transactions and "inflatable charter" approvals, Federal Reserve/U.S. Treasury stress testing and related capital requirements, and bank capital raises.

Executive Compensation. The focus on executive compensation issues continued, culminating in the adoption of additional disclosure and shareholder say on pay requirements for U.S. public companies and frenetic legislative and regulatory activity worldwide aimed specifically at compensation practices in the financial services industry. We sought to shape these changes through our representation of SIFMA and many of the major financial institutions directly affected by the changes. Given the scope of some of the new disclosures, we expect additional regulatory and legislative developments in this area in 2011 and beyond.

Derivatives. Following the onset of the financial crisis, and the associated regulatory focus on the role and impact of derivatives in the financial crisis, significant public and private sector initiatives have unfolded and accelerated. The U.S. Congress has enacted a comprehensive new legislative framework for the regulation of derivatives markets and market participants, including associated insolvency and tax legislation. Federal financial regulators have proposed and adopted sweeping regulations to implement the new framework, leading to an unprecedented period of industry analysis and comment on literally scores of rule proposals. Private sector initiatives to expand the clearing of OTC derivatives and the use of electronic platforms for the execution of OTC derivatives transactions, and to expand and improve related derivatives market infrastructure, have accelerated in the United States and abroad. Cleary Gottlieb has been at the center of these developments, demonstrating our leading position as the "go-to" derivatives firm.

OUTLOOK FOR 2011

In the United States, we expect that the substantial volume of activity related to shaping the 2010 rules will continue and will be expanded to focus on advice to clients on the implementation and impact of the rules, and the structuring of their related businesses. In particular, we anticipate financial institutions will seek counseling on the implications and application of the Volcker Rule on proprietary trading, the conduct of derivatives dealing businesses, and private equity/hedge fund sponsorship, management, and investment.

We also expect to see increased interest in capital and liquidity-driven securities issuances and the rapidly evolving capital requirements under the ongoing Basel Committee developments.

In Europe, the European institutions' sector-specific approach to financial regulatory reform will continue, with particular focus on amendments to the Markets in Financial Instruments Directive, derivatives regulation, implementation of Basel III, and corporate governance.

Securitization and Rating Agency Regulation. 2010 saw a number of new rules proposed or enacted that are aimed at the securitization and structured finance markets as well as the role of rating agencies in those markets. Examples include the SEC's proposal for an overhaul of the Regulation AB regime for asset-backed securities; the requirement that rating agencies consent to be named as experts if their ratings are used in prospectuses; the requirement that transaction sponsors make available in real-time to all SEC-registered rating agencies whatever information they provide to the rating agencies they have hired to rate a transaction; and the removal of ratings references from all federal rules and forms. We have kept our clients abreast of these developments as they were happening, helping them to evaluate the likely effects on their businesses, provide feedback to regulators on the proposed rules, and modify their business practices to comply with the rules when they are finalized. 2011 will see a continuing high level of activity in these areas, including a multi-agency proposal to require securitizers to retain a portion of the credit risk in any asset-backed transactions they sponsor and a rule to implement the Dodd-Frank prohibition on sponsors engaging in transactions that present a conflict of interest.

Tax. The need to reconfigure complex multinational businesses to take account of regulatory reform will continue to draw heavily on the problem-solving skills of tax lawyers in the firm's U.S. and European offices. Effective tax planning will be required in connection with restructurings, divestitures and intragroup transfers of businesses or positions required to meet regulatory requirements or to make more efficient use of regulatory capital; the development of new forms of securities intended to enable systemically significant financial institutions to meet capital requirements in troubled markets; and the adoption of clearing, netting, and other measures intended to reduce counterparty risk. Our clients will also look to us to help them evaluate both the implications of significant tax changes enacted last year and the prospect of major U.S. tax reform on the horizon.

M&A AND PRIVATE EQUITY

TRENDS IN 2010

Reinvigorated Market. After a slow start, M&A activity increased worldwide across a number of industries, notably technology and telecommunications, energy and natural resources, and banking. Cleary Gottlieb, with our breadth of practice and global reach, played a leading role advising clients in some of the most important transactions in each of these areas.

In the **technology and telecommunications** area we assisted, among others:

- Google in a number of transactions, including its acquisition of AdMob.
- Wind Telecom (formerly Weather Investments) in its \$21.5 billion combination with VimpelCom.
- Hewlett-Packard in its \$2.35 billion acquisition of 3PAR and \$2.7 billion acquisition of 3Com.
- VeriSign in the \$1.28 billion sale of its authentication services business to Symantec.
- 3M in its \$950 million acquisition of Cogent.
- ABB in its \$1 billion acquisition of Ventyx.
- Hutchison Whampoa in its privatization of Hutchison Telecommunications International.

In the **energy and natural resources** area we advised:

- BHP Billiton in its \$40 billion all cash offer to acquire PotashCorp.
- Vale on U.S. law matters in its \$4.7 billion acquisition of Bunge Limited's fertilizer nutrients assets in Brazil.
- Alpha Natural Resources in its \$8.5 billion acquisition of Massey Energy.
- J.P. Morgan in its \$1.7 billion acquisition of RBS Sempra Commodities' global metals, oil, and European energy units, and subsequently in the \$220 million acquisition of RBS Sempra Commodities' North American assets.
- China Investment Corporation in its \$1.58 billion investment in The AES Corporation.
- Electricité de France in several matters, including the acquisition of 959 MW of production capacity in Germany, the sale of its 18.75 percent stake in SNET in France, and the restructuring of its nuclear joint ventures with Constellation Energy in the United States.

In the **banking** area, some of our notable matters include advising:

- Bank of America in its \$1 billion sale of the long-term asset management business of Columbia Management to Ameriprise Financial.
- ING in the sale of three of its retail broker-dealers to Lightyear Capital.

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- OneWest Bank in its \$6.1 billion acquisition of the banking operations of First Federal Bank of California in a transaction supported by the FDIC and its \$3.6 billion acquisition of the banking operations of La Jolla Bank from the FDIC as receiver.
- BNP Paribas in its acquisition of Hill Street Capital.
- Hellman & Friedman in the sale of its remaining shareholding in Gartmore Group to Henderson Group.

Cross-Border M&A. Transaction activity continued with an interesting twist—many companies headquartered in developing countries made significant acquisitions of companies headquartered in more developed economies. One of Cleary Gottlieb’s historic strengths is in cross-border transactions. Our international web of offices has always worked as one global entity, facilitating communications across jurisdictions and simplifying otherwise complex logistical issues.

Our representations included:

- FEMSA in a \$7.35 billion strategic exchange of its beer operations for a 20 percent stake in Heineken.
- Grupo Bimbo in its \$959 million acquisition of Sara Lee’s North American Fresh Bakery business.
- Royal DSM in its \$1.1 billion two-step acquisition of Martek Biosciences Corporation, involving a cash tender offer for all outstanding shares of Martek followed by a second-step squeeze-out merger.
- Crucell on M&A and U.S. securities matters in its \$2.4 billion acquisition by Johnson & Johnson, involving a U.S./Dutch tender offer for the 82 percent of Crucell that Johnson & Johnson did not already own.

Private Equity. Total private equity M&A value increased nearly 90 percent over 2009 activity. This resurgence reflected the strength of primary markets and pent-up demand for assets. The firm continued to enhance its leading position in private equity, representing:

- TPG Capital in its equity investment in China International Capital Corporation—the first foreign private equity investment in a Chinese securities firm.
- TPG Capital in the sale of its stake in Shenzhen Development Bank to Ping An Insurance, and its subsequent sale of Ping An shares.
- The Special Committee of the Board of Directors of Interactive Data in its \$3.4 billion buyout by a private equity consortium.
- J.Crew in its sale to TPG Capital and Leonard Green & Partners.
- BC Partners in its €1.5 billion sale of Groupe Picard to Lion Capital.

OUTLOOK FOR 2011

In the coming year, we expect the technology and telecommunications, energy and natural resources, and banking sectors to remain active. In addition we would expect the following:

LITIGATION. M&A-related litigation is becoming more prevalent. *The Wall Street Journal* reported Securities Class Action Services' findings of an increase of 500 percent in the number of deal-related litigations from 2008 through October 2010. Our role in a number of the most important M&A litigations of the last year, including Dollar Thrifty, 3M/Cogent, J.Crew, and BHP Billiton/PotashCorp, demonstrated our ability to combine M&A expertise with our international litigation and arbitration prowess.

SELLERS' MARKET. The market is ripe for sellers, as indicated by low interest rates, cash-rich potential strategic partners looking for synergistic mergers, and financial sponsors who—after a lull in transaction activity—are eager to engage in deals and participate in auctions.

UNSOLICITED APPROACHES/INTERLOPER ACTIVITY. BHP Billiton's attempt to acquire PotashCorp and the successful interloper activity accompanying the Hewlett-Packard/Dell/3PAR and Dollar Thrifty/Hertz/Avis deals represented just a few of the transactions last year in which unsolicited approaches were made or where interlopers actively, and successfully, sought to disrupt signed deals. We expect this trend to continue. We are well versed in understanding the complex dynamics inherent in these unsolicited situations, including fiduciary duty-related process concerns, litigation threats, limitations on defensive tactics, proxy advisory firm reactions, and shareholder voting mechanics.

LBO ACTIVITY. Management teams across a variety of industries are being approached regarding potential leveraged buyout transactions. Properly managing this approach and the role of the board will not eliminate litigation threats but it can help to limit the claims made and limit “atmospherics” masquerading as claims.

CORPORATE GOVERNANCE

TRENDS IN 2010

The regulatory reform and legislative changes of 2010, including the corporate governance provisions in Dodd-Frank, have placed increasing pressure on company executives and board members to comply with the uncertainty of the rulemaking process, stricter regulations as they are adopted, and “best practice” guidelines. With a focus on reform related to proxy access, say on pay, whistleblower provisions, and board performance, companies are being compelled to reevaluate their internal corporate policies and structures to address these key areas, and there are also the ever-present issues relating to executive compensation. In addition, there is a heightened awareness about the prospect of enforcement action, as regulators worldwide have increased their enforcement resources and allegations of perceived corporate malfeasance have risen.

Our leading expertise in corporate governance provides clients with the advice they need to adjust to the developing environment. Our clients regularly entrust us with some of their most sensitive governance, disclosure, and enforcement matters. We regularly advise corporate clients, board committees, and individual officers and directors on the full range of governance issues. In addition, our lawyers have played an instrumental role in the most significant developments in this area, including our extensive involvement in all aspects of Dodd-Frank, and we provide ongoing regulatory and corporate governance advice on the changes resulting from these reforms. Further, our corporate governance practice is fully integrated with our corporate transactional practices, including capital markets and mergers and acquisitions, our executive compensation practice, and our enforcement practice.

OUTLOOK FOR 2011

As legislative, regulatory, and judicial developments continue to unfold, we will continue to be at the forefront in advising our clients on the most challenging questions of corporate governance, disclosure, and proxy preparation. Our integrated approach will continue to serve corporations and their management teams and boards well as they grapple with the uncertain outcome of proxy access and compensation rules, auditing standards, convergence of U.S. GAAP and International Financial Reporting Standards, and the increasingly complex relationship between directors and shareholders.

RESPONSIBILITY

LITIGATION AND ENFORCEMENT

RESOLVE

TRENDS IN 2010

Resolution of the most important, sensitive, and complex disputes and investigations, including at trials and hearings around the world, cross-border internal investigations, and international disputes, comprised a significant portion of our client work. We represented governments, financial institutions, industrial enterprises, and individuals in cases that dominated world business and legal news. Our experience working across practice areas and across borders helped us obtain exceptional results for clients in a broad array of litigation matters, including securities, derivatives, M&A, bankruptcy, criminal defense and internal investigations, antitrust, intellectual property, sovereign debt, international arbitration, and complex commercial disputes.

Our litigation and enforcement assignments mirrored business and financial developments in the global economy.

Mergers and Acquisitions. The United States and Canada saw a material increase in public company merger proposals last year, with a commensurate increase in shareholder and target instigated litigation. Cleary Gottlieb has been involved in some of the most hard fought recent merger battles, including:

- Defending BHP Billiton in expedited merger-related litigation brought by PotashCorp, including a preliminary injunction hearing regarding BHP Billiton's \$40 billion hostile takeover bid for PotashCorp, which was eventually blocked by the Canadian government.
- Representing Dollar Thrifty Automotive Group and its board in expedited merger-related litigation, including defeating a shareholder request for a preliminary injunction, a matter that was extensively covered in the business and legal press.
- Defeating a shareholder bid to preliminarily enjoin our client 3M's tender offer for Cogent.

Securities Litigation. We saw a spate of securities actions filed against underwriters and issuers. Our firm continued to represent the world's leading financial institutions and issuers, including:

- Dozens of investment banks (including Bank of America, Citigroup, and UBS) in connection with their underwriting of securities issued by major corporations (such as Lehman Brothers, Adelphia, and RBS).
- Bank of America in litigation arising out of its acquisition of Merrill Lynch.
- Underwriters of mortgage-backed securities.
- Many issuers, including ING and IMAX, in litigation challenging their capital markets offerings.

Enforcement. The global financial crisis saw increased enforcement activity against both corporations and individuals around the world. Our global enforcement practice, featuring nine former Assistant U.S. Attorneys, a former Acting U.S. Attorney, and two former General Counsel of the SEC, was at the forefront of these developments. Among other matters, the firm represented:

- Bank of America in investigations by the SEC, the New York State Attorney General, the U.S. Department of Justice, and other regulators regarding its merger with Merrill Lynch, and in private civil litigation brought by shareholders of Bank of America.
- Several financial institutions, including HSBC, BNP Paribas, and BNY Mellon and its subsidiary Ivy Asset Management, in investigations and litigation arising out of the Madoff scandal.
- Numerous global entities in cross-border corporate internal investigations and related government regulatory investigations involving alleged fraud, the Foreign Corrupt Practices Act or sanctions violations, insider trading, and money laundering.
- Numerous individuals in governmental investigations and litigations ranging from insider trading to the fall of Lehman Brothers to the “pay-to-play” investigation involving the New York state pension fund.

International Litigation and Arbitration. The firm represented companies and countries in some of the largest international litigations and arbitrations. In Europe, banks and counterparties continue to contest forum and jurisdiction issues in credit crunch claims. We have advised clients in the finance sector regarding these issues in cases across Europe. Additional highlights include:

- Worldwide defense of the Republic of Argentina in its 2001 financial crisis and debt default.
- Defense of Crédit Lyonnais and National Westminster Bank against Anti-Terrorism Act lawsuits in New York.
- Defense of the Russian Federation against claims brought by the former purported majority shareholders of Yukos Oil Company in what are generally understood to be the largest arbitrations in the world.

Antitrust. Our practice remained engaged in all areas, focusing on large cartel matters, as well as more novel cases challenging conduct of clients in a variety of sectors, including:

- Representing LG Display in class action lawsuits throughout the United States related to alleged price fixing in the LCD panel industry.
- Obtaining dismissals for Lafarge in class action lawsuits brought in Florida relating to alleged price fixing in the cement industry and for ConocoPhillips in a class action lawsuit brought in Colorado relating to employee drug testing in the energy industry.
- Representing various pharmaceutical companies in connection with ongoing antitrust challenges to intellectual property and pricing policies.

Intellectual Property. Our practice saw one of its busiest years ever, focusing on contested proceedings in licensing and trademark infringement disputes as clients protected key business assets. Our accomplishments included:

- Successfully resolving a licensing dispute for United Test and Assembly Center on the eve of a jury trial.
- Defeating a preliminary injunction motion after a six-day evidentiary hearing in a trademark infringement action seeking to enjoin our client People's United Bank from using its trademark in certain regions and then winning affirmance of that decision in the Court of Appeals.
- Representing Nortel Networks Inc. in an action for trade secret misappropriation, fraud, and breach of contract involving Nortel's proprietary technology.

General Commercial. We obtained important victories and favorable settlements for our clients in complex domestic and international matters, including jury and bench trials. Noteworthy successes were:

- Winning an appeal for The Dow Chemical Company that affirmed in all respects the favorable trial verdict that we obtained for Dow against claims brought by INEOS involving a multimillion-dollar dispute under a 35-year chemical supply agreement.
- Defeating various motions to dismiss the declaratory judgment action brought by our client J. Aron against SemGroup and 60 of its oil suppliers.
- Defending Citigroup in a lawsuit brought by Allied Irish Banks seeking compensatory damages for alleged assistance provided to a rogue trading scheme that caused a related entity to lose millions of dollars.

Public International Law. We continue to represent sovereigns, including Argentina, the Russian Federation, the Republic of the Congo, Slovenia, and Iraq, in the largest and most visible investment treaty cases, as well as in inter-state disputes and matters involving sovereign immunity, human rights, and U.N. Security Council sanctions. Examples include:

- Representing the Republic of Argentina in an ICSID arbitration involving more than 190,000 claimants alleging expropriation of interests in Argentine bonds.
- Successfully defending the Republic of Iraq against claims arising from contracts that violated U.N. Security Council sanctions.

To assist our private clients' with legal and economic difficulties with their investments, we have structured or restructured investments to take advantage of investment treaty protections and thereafter to commence treaty arbitrations to recoup these clients' investments. Highlights during 2010 include overcoming jurisdictional defenses asserted by host states against private investor clients. A notable achievement was the favorable settlement on behalf of Telecom Italia after developing a strategy to overcome Bolivia's objection to ICSID jurisdiction based on its denunciation of the ICSID Convention.

OUTLOOK FOR 2011

We expect our litigation and dispute resolution practice to continue to grow as certain national and regional economies continue to recover.

For example, M&A litigation is likely to continue unabated as friendly and hostile transactions remain active, especially since courts are continuing to closely scrutinize corporate transactions and to award attorneys fees to plaintiffs' attorneys who successfully challenge transactions or achieve corporate reform, through settlement or other means.

The renewed vibrancy of the capital markets, accompanied by continued market volatility, should lead to an increase in traditional securities litigation and cross-border securities litigation. The outcome of several important securities cases in the Supreme Court remains a wildcard that could significantly influence this trend.

Despite budget cuts that may lead to reduced enforcement activity in some areas, we expect regulators and prosecutors to continue to focus on the most complex alleged financial and corporate frauds, including an increased focus on transnational investigations.

With respect to public international law, we expect to see increased activity in the restructuring of investments to attract investment treaty protections and, as a result, an increase in the commencement of new investor-state arbitrations. We also anticipate that clients will continue to turn to Cleary Gottlieb as an advisor on matters involving a host of high stakes issues, including the interplay of investment treaty protections, EU regulatory requirements, and EU competition law.

International arbitration, intellectual property litigation, antitrust litigation and enforcement, commercial litigation, and ERISA litigation will also remain active given increased commercial activity.

Our recent successes and long tradition in handling clients' most sensitive and complex litigation and enforcement matters around the world put us in an ideal position to meet the challenges ahead.

ANTITRUST AND COMPETITION

TRENDS IN 2010

Revitalized review and enforcement in all areas of global antitrust and competition was the universal trend. As one of the most respected advisors in the world in these areas, Cleary Gottlieb was extremely busy throughout the past year.

Increased Government Scrutiny of Business Conduct. Review of business practices by U.S., European, and other antitrust agencies around the world rose markedly. In the United States, the Department of Justice entered into a consent decree with a number of technology and entertainment companies related to their recruiting practices (we represented Google). The Federal Trade Commission settled its anticompetitive conduct case against Intel on terms that went beyond those reached in previous antitrust cases against the company (we were an active participant in the settlement on behalf of a complainant). In the European Union, the European Commission's focus continued to be on cartel cases, including the imposition of substantial fines, and abuse of dominance investigations, particularly in the energy and high-tech industries. Noteworthy matters include representing:

- Eni in an investigation of abuse of dominance claims, which was closed following commitments by Eni to divest its interest in several international natural gas pipelines.
- Google in EU Commission proceedings triggered by several complaints regarding alleged abusive behavior in online search through an alleged favoring of its own services.
- IBM in an ongoing EU Commission investigation following complaints by emulator software vendors.

Active Merger Enforcement. The U.S. and European antitrust agencies continued aggressive application of their respective merger control rules. There has been heightened scrutiny in the high-tech and pharmaceutical sectors, as well as of vertical mergers.

- **Special Focus on High-Tech and Pharmaceutical Sectors.** We represented Google in a widely followed investigation in which the FTC carefully reviewed whether the Google/AdMob transaction would substantially reduce competition for advertising on "smart phone" applications before clearing the transaction in the spring of 2010.

Our EU and U.S. practices represented Abbott in its €4.5 billion acquisition of Solvay Pharmaceuticals. We also advised Merck & Co. on the antitrust aspects of its merger with Schering-Plough and its \$4 billion sale of Merial to sanofi-aventis.

- **Renewed Focus on Vertical Mergers.** Following a careful review, the FTC cleared our client The Coca-Cola Company's \$12.3 billion acquisition of the North American operations of its largest bottler, Coca-Cola Enterprises.

In Europe, we represented News Corporation in obtaining unconditional clearance from the EU Commission in its closely watched bid for the shares of BSkyB, a leading pay-TV operator in the United Kingdom and Ireland.

Increased Private Litigation. In the United States, class action litigation involving allegations of price fixing conspiracies continued to be active, despite the U.S. Supreme Court's decisions in *Twombly* and *Iqbal*, which emphasized the need for plaintiffs to provide a plausible factual basis for their claims. The courts' lack of consensus regarding what constitutes a viable conspiracy claim is likely to lead to continued uncertainty for private litigants in 2011 and will increase the need for the kind of careful, comprehensive analysis that clients have come to expect from our firm. Our practice spans a variety of substantive areas within the antitrust field. For example, we are representing:

- Defendants in antitrust class actions brought in the wake of international cartel investigations, including Whirlpool, LG Display, Deutsche Post's DHL Global Forwarding business, Lafarge, and ConocoPhillips.
- Sanofi-aventis U.S. in a case brought by a distributor of a competing product alleging monopolization in a pharmaceutical market.
- ArcelorMittal in class action litigation alleging anticompetitive "signaling" among steel producers regarding production of various steel products.

Private damages actions have also become prevalent in the European Union, especially following Commission cartel decisions, with the United Kingdom, Germany, and the Netherlands emerging as the plaintiffs' forums of choice. While class actions are generally not available, and judicial damages awards remain rare, specialized plaintiffs' firms have secured a number of settlements. Our recent work includes representing:

- KME before the English High Court.
- An alleged synthetic rubber cartel member before the Italian courts.
- An alleged hydrogen peroxide cartel member before the German courts.
- Ajinomoto in a successful defense in France, with the appeals court holding that claimants bear the burden of proving that they did not "pass on" the alleged overcharge to their own customers.

Increased Enforcement by National Agencies in Europe. Perhaps the most significant development in competition law enforcement in Europe over the past few years has been the vastly increased levels and (with notable exceptions) sophistication of activity by the various national competition agencies. These agencies, in particular the French, German, Italian, Spanish, and UK agencies, have become much more active across a range of areas. In 2010, we advised:

- Google in French, Italian, and German investigations of various aspects of its business.
- Telecom Italia, Poste Italiane, Ferrovie dello Stato, and Sky Italia in various abuse of dominance investigations in Italy.
- A major film studio in an ongoing UK Competition Commission investigation into the pay-TV sector.
- Lafarge in an ongoing study by the UK Office of Fair Trading into the aggregates sector.
- Various clients in ongoing cartel investigations by increasingly assertive national agencies in Belgium, Cyprus, France, Germany, Italy, Spain, and the Netherlands.

Increased Enforcement in Asia. Our Asian antitrust practice, coordinated from our Hong Kong and Brussels offices, saw increased levels of activity across the region. NDRC and SAIC, the Chinese agencies responsible for enforcement against cartels and abuses of dominant positions, each adopted a leniency program and stepped up enforcement activities. In Japan, the JFTC enhanced its cartel enforcement by increasing financial and criminal penalties and revising its leniency program. We have assisted numerous clients with antitrust compliance efforts related to their Asia operations.

China has joined Japan, South Korea, and Taiwan in a common merger control filing regime for international transactions. Since the Anti-Monopoly Law of 2008, MOFCOM, the Chinese agency responsible for merger review, has imposed remedies in six cases, all involving foreign multinationals. In 2010, China reviewed over 110 merger filings and required remedies in connection with its clearance of Novartis' acquisition of Alcon. The proposed Australian joint venture between BHP Billiton and Rio Tinto was abandoned after both Japan and South Korea raised objections. Our firm has recently been involved in regional merger control filings for many multinationals, including The Dow Chemical Company, Hewlett-Packard, Merck & Co., TPG Capital, and Warburg Pincus. Cleary Gottlieb partners have actively participated in training seminars for officials in China and Japan.

OUTLOOK FOR 2011

NEW HORIZONTAL MERGER GUIDELINES. In 2010, the U.S. agencies issued new Horizontal Merger Guidelines designed to better reflect existing agency practice, emphasizing evidence of actual anticompetitive effects and de-emphasizing market definition and market concentration in merger analysis. The revised guidelines incorporate economic tools for predicting likely price increases, using profit margins and diversion between brands. The agencies developed the new guidelines after public hearings, at which a Cleary Gottlieb partner was invited to testify. The new guidelines are generally viewed as pro-enforcement and likely to increase the complexity of defending merger investigations going forward.

PRIVATE DAMAGES LAWSUITS IN THE EUROPEAN UNION. Discussions continue about possible EU legislation in the area of private damages actions for antitrust infringements, and, more specifically, about the possible EU-wide introduction of class actions or collective redress. The Commission recently launched a public consultation on collective redress. This initiative should in the second half of 2011 culminate in a proposed framework for collective redress that would become the basis for possible legislative initiatives in several policy areas, including antitrust.

GROWING IMPORTANCE OF ASIA. The trend towards greater antitrust activity in Asia is expected to continue. With their new leniency programs, China's NDRC and SAIC are expected to step up their enforcement activities. China will also implement its new national security review for certain acquisitions by foreign companies. India is expected to implement its new merger control regime in 2011.

CAPITAL MARKETS

TRENDS IN 2010

Recovery was the theme as the global capital markets began to revive from the shock of the worldwide financial crisis. The number of global debt offerings increased, with emerging markets new corporate debt issuances up nearly 40 percent from 2009 levels. Emerging markets IPOs accounted for half of the IPO volume in 2010. Issuances by financial institutions accounted for the majority of debt and equity offerings globally.

Cleary Gottlieb advised on many of the leading transactions around the world, providing a unique combination of U.S. and international expertise with a diverse team of capital markets lawyers. Our expertise in equity, convertibles, investment grade and high yield debt, sovereign offerings and liability management, coupled with a unique geographical diversity, explain why we are the preeminent capital markets firm in the world. Three landmark assignments stand out among the dozens of complex international capital markets transactions on which we advised in 2010:

- Matters relating to Citigroup's recovery from the global economic crisis, including structuring and offering Citigroup trust preferred securities on behalf of the U.S. Treasury; advising on the Treasury's plan to sell approximately 7.7 billion shares of Citigroup common stock; representing Citigroup on its \$17 billion common stock offering and \$3.5 billion tangible equity units offering (facilitating a \$20 billion TARP repayment); and advising on billions of dollars of debt offerings.
- Counsel to Petrobras, the Brazilian national oil company, in its \$67 billion SEC-registered global equity offering, the world's largest-ever equity offering. Petrobras used part of the proceeds to pay \$42 billion to the Brazilian federal government for the right to extract up to five billion barrels of oil equivalent from deep-water areas off the Brazilian coast.
- Our Moscow, Hong Kong, and Paris offices advised on the \$2.2 billion Hong Kong-listed initial public offering of UC RUSAL, the world's largest aluminum and alumina producer. The historic IPO was the first by a Russian company in the Hong Kong market and also included a secondary listing on the professional compartment of Euronext Paris.

United States. Our U.S. practice is broad based, spanning all manner of offering types from complex structured and equity-linked products to high yield debt to follow-on equity offerings and serving a broad array of clients (corporate issuers, such as financial institutions, industrials, and technology companies; investment banks; and other advisors). As the debt markets became attractive, we were very active in transactions that allowed our clients to put the financial crisis behind them.

Leading matters included:

- Post-crisis transactions for financial institutions, such as offerings by Bank of America and The Hartford, numerous financial institution warrants offerings for the U.S. Treasury, a complex exchange offer for AIG, and an offering of common stock of Assured Guaranty by the Franco-Belgian bank Dexia.
- Follow-on equity offerings for Ford, BNY Mellon, Zions Bancorporation, and Primerica and IPOs for portfolio companies such as Kraton Performance Polymers and Higher One Holdings.

RECOVERY

- Convertible debt transactions involving Continental Airlines, Vertex Pharmaceuticals, and MGM Mirage.
- Investment grade bond offerings for The Home Depot, Alcoa, BNY Mellon, American Tower, Prudential Financial, and United Technologies.
- High yield bond offerings involving Elan, Patriot Coal, Amkor Technology, CEMEX, and MDC Partners.
- Liability management transactions for investment grade companies such as Alcoa and non-investment grade companies such as FGIC.

Europe. Cleary Gottlieb has a long-standing top-tier presence in all of the principal European markets, offering a unique combination of expertise in European regulations and practices and top-level U.S. advice for international offerings. Our practice covers a wide range of transactions, including initial and follow-on equity offerings, convertible and other equity hybrids, as well as investment grade and high yield debt and bank capital instruments. European equity markets were rejuvenated in 2010, while numerous blue-chip European companies tapped the U.S. debt markets to take advantage of low interest rates and to diversify financing sources.

Noteworthy transactions included:

- IPOs and other equity transactions involving Statoil Fuel & Retail, Gartmore, Edenred (Accor's services business spinoff), Medica, Helikos (the first Frankfurt-listed SPAC, sponsored by French investment firm Wendel), Technicolor, Michelin, SAS, Volkswagen (an innovative rights offering and the first of its type in Germany), and Deutsche Bank (the largest share issue in Germany since 2000).
- Investment grade U.S. debt offerings for Volkswagen, Total, sanofi-aventis, Lafarge, Crédit Agricole, BNP Paribas, BPCE, Société Générale, HSBC, Eni, Shell, and ArcelorMittal.
- Liability management transactions for Bank of Ireland, Wendel, Saint-Gobain, UniCredit, and Wind Telecomunicazioni.

Asia. With over 30 years of experience in Asia, our firm has been at the forefront of landmark capital markets transactions in the region covering all types of deals, including equity, investment grade and high yield debt, and sovereign debt. In 2010, there were revitalized debt and equity markets throughout the region, including significant numbers of international IPOs and listings in Hong Kong.

Groundbreaking transactions included:

- In Korea, Samsung Life Insurance's IPO, the largest-ever IPO by a Korean company.
- In Malaysia, PETRONAS Chemicals Group Berhad's IPO, the largest-ever IPO in Southeast Asia.
- In Hong Kong, Vale's listing of Hong Kong depositary receipts on the Hong Kong Stock Exchange.

Emerging Markets. Cleary Gottlieb is a renowned innovator in capital markets transactions for emerging markets issuers. We have been a leader for many years in Russia and Latin America, and have more recently advised on the most prominent transactions in the Middle East, Africa, and India.

Notable matters included:

- In Russia, offerings for Mail.Ru (a social network operator and investor in Facebook), VTB, Rosinter, and Kuzbasskaya Toplivnaya Company.
- In Latin America, offerings for key companies from countries throughout the region, including: PEMEX, América Móvil, Grupo Bimbo, BBVA Bancomer, and Coca-Cola FEMSA (Mexico); ENAP and BancoEstado (Chile); Vale, PDG Realty, Globo Comunicação e Participações, and Multiplus (Brazil); Grupo Bancolombia (Colombia); and BBVA Banco Continental (Peru).
- In the Middle East and Africa, transactions by Aluminum Bahrain, Amer Group (Egypt), African Minerals (Sierra Leone), and Nawras (Qatar), as well as an innovative sovereign exchange offer for Côte d'Ivoire.
- In India, offerings of shares of YES BANK and Tata Motors.

OUTLOOK FOR 2011

The unique low-rate environment of 2010 encouraged many companies to favor debt financings over equity for their capital raising or monetization needs. There are signs that 2011 will bring a modest upward shift in the rate curve, which should encourage equity financings of all types (such as IPOs, convertible debt, and other equity-linked securities). Cleary Gottlieb is well positioned to take advantage of this shift with its deep roster of equity specialists and related strength in derivatives and taxation.

Internationally, European issuers are continuing to seek financing in the U.S. capital markets, while the dramatic geopolitical events of early 2011 make the short-term outlook for Middle Eastern offerings uncertain. As recent developments in the United States have shown, the evolving financial environment could favor a revival of the equity markets, led by a wave of equity-linked offerings that has already started in the early part of the year. The diversity of our capital markets team will allow the firm to play a leading role in these transactions, whatever form they may ultimately take.

BANKRUPTCY AND RESTRUCTURING

Restoring the pre-financial distress status quo has been the prime objective of our top-flight bankruptcy and restructuring group. 2010 was no exception. Cleary Gottlieb's global footprint was crucial in managing for Nortel U.S. what is, in many respects, a case of first impression in which bankruptcy estates in at least three jurisdictions are vying for proceeds from the company's multi-jurisdictional sales of business units.

TRENDS IN 2010

Out-of-Court and Prepackaged Bankruptcies. The trend toward out-of-court restructurings and pre-packaged or pre-negotiated bankruptcies continued as a way to avoid more costly and lengthy "free fall" in-court processes to resurrect a business in a timely manner. Complex out-of-court restructurings in which the firm had a leading role included the restructuring of Swiss industrial group OC Oerlikon, which required consent of all lenders under its CHF2.5 billion syndicated loan facility, and the restructuring of French dairy cooperative Sodiaal.

Fewer Filings, More Litigation. The pace of new major bankruptcy filings slowed after a very busy 2008 and 2009. Factors leading to the reduction included lower interest rates, a robust high yield market making refinancings easier, and a willingness of lenders to forbear. While filings were down, Cleary Gottlieb's global restructuring practice remained busy. As large scale bankruptcy-related litigation became commonplace, work at the firm on the Lehman Brothers and Madoff matters, in particular, continued at a heavy pace.

Complex Cross-Border Restructurings. The firm led the restructuring efforts for debtor clients (Nortel and Truvo) in two of the most complex cross-border bankruptcies of the last few years.

Major assignments across our global practice include representing:

- Nortel Networks and affiliates in their Chapter 11 proceedings, which are coordinated with proceedings in Canada, the United Kingdom, France, and Israel, and in nine related material asset sales to date, generating over \$3 billion in proceeds.
- Truvo Group in its pre-negotiated Chapter 11 restructuring of €1.4 billion in cross-border debt through a novel use of an enforcement sale.
- Barclays in the Chapter 11 proceedings of Lehman Brothers Holdings Inc. and related affiliates, and the SIPA proceeding of Lehman Brothers Inc.
- Several major financial institutions, including BNP Paribas, HSBC, Citibank, and BNY Mellon, in matters arising from the Madoff fraud.
- Goldman Sachs as a lead investor in the \$1.25 billion rights offering in Visteon Corporation's Chapter 11 case.
- Latin American debtors Hipotecaria Su Casita and Sanluis Interco, as well as creditors of Grupo IUSA, Grupo Iusacell, Independência, Transportadora de Gas del Norte, and Vitro.

- Istithmar, as joint venture partner, in the successful out-of-court debt and joint venture restructuring of the Fontainebleau Miami Beach hotel.
- BNP Paribas in the out-of-court restructuring of certain obligations of monoline insurer Ambac.
- UC RUSAL, the world's largest aluminum and alumina producer, in the comprehensive restructuring of its \$16.8 billion debt, the largest-ever restructuring of a company with main operations in Russia and the CIS. (Cleary Gottlieb was counsel together with several other firms.)

OUTLOOK FOR 2011

We expect fewer major filings in the United States but increased litigation and follow-on work in the Nortel, Lehman Brothers, and Madoff matters to continue. We are continuing to advise clients on various restructuring options for portfolio companies and have recently represented Istithmar, as new money investor, in the successful conclusion of the Chapter 11 proceedings of its portfolio company Loehmann's.

DISTRESSED DEBT OPPORTUNITIES. The appetite for high yield investments in the distressed market will continue. In Europe, in particular, the Basel Committee's tightened capital requirements may cause lenders to shed speculative-grade debt, contributing to the growth of the distressed debt market. Distressed investors may look to Europe's looming maturity wall for opportunities. We are actively engaged in advising clients on various U.S. and European opportunities in the distressed market.

CREDIT MARKETS. The extent to which credit markets will be available for refinancing remains unclear, particularly for smaller and middle-market companies that do not have access to public debt markets. Recent "amend and extend" deals have only pushed out maturities rather than deleveraged businesses. Some of these recent deals may need to be restructured in the next 12 to 18 months, particularly as interest rates rise.

OUT-OF-COURT RESTRUCTURING. As in 2010, distressed companies, their creditors, and new money investors will likely continue to focus on out-of-court workouts and pre-packaged or pre-negotiated proceedings as ways to reduce the commercial damage, litigation risks, and costs associated with prolonged "free fall" proceedings.

SECTORS TO WATCH. We expect that commercial real estate, media, and retail will continue to face challenges. In addition, the upward trend in commodity prices may push some industries (such as retail and food) into restructuring. Our recent experience and bench strength in each of these sectors positions us well to handle the next wave.

REAL ESTATE

TRENDS IN 2010

Resurgent is one way to describe the global real estate market of 2010. During the past year, Cleary Gottlieb's practice exhibited its versatility, continuing to work on distressed real estate investments and innovative loan restructurings, while actively advising clients on new acquisitions, lending, and development projects as stability returned to the commercial markets.

U.S. Commercial Real Estate Sales Double in 2010. Commercial real estate sales in the United States by dollar value doubled the level in 2009. The firm has been involved in some of the largest and most significant real estate deals completed in the last decade, such as:

- \$36 billion leveraged buyout of Equity Office.
- \$27.8 billion leveraged buyout of Harrah's Entertainment.
- Acquisition of the GM building in New York City.

Reemergence of REITs/Foreign Purchasers. Transactions by REITs and foreign buyers have been on the rise. Last year we advised Latin American real estate investors in purchases of New York office buildings, including:

- Maragogipe Investimentos e Participações, a subsidiary of a large and well-respected Brazilian property developer, in its acquisition of the 12-story Hammacher Schlemmer building.
- Inmobiliaria Carso, a real estate investment company owned by Mexican businessman Carlos Slim Helú, in its acquisitions of 417 Fifth Avenue and 1009 Fifth Avenue (also known as the Duke-Semans Mansion).

Continued Focus on Workouts, Restructurings, and Bankruptcies. The worst commercial real estate decline since the Great Depression led to numerous restructurings and workouts. Many restructurings took the form of "amend and extend" negotiations with lenders. Others ended in deeds-in-lieu or foreclosure. Our noteworthy matters include representing:

- Goldman Sachs in connection with loans made to General Growth Properties in the largest real estate bankruptcy case in U.S. history.
- Isthmar in the successful out-of-court restructuring of the \$800 million of debt served by Fontainebleau Miami Beach hotel.
- Kien Huat as a creditor of Foxwoods Resort Casino in a case of first-impression issue relating to the sovereign status of Native American tribal casinos.

Cautious Niche Development. Though substantially reduced from prior years, there remained some moderate activity in U.S. markets in the development area. For example, we advised:

- Genting New York, a subsidiary of Malaysia’s Genting Group, in its successful bid for the development of a casino and entertainment destination at the Aqueduct Racetrack in Jamaica, Queens.
- YOTEL and its principal equity investor in the development and opening of the new YOTEL 700-room hotel on 42nd Street and 10th Avenue in New York City.

Reemergence of the Debt Markets. There was a gradual return of the debt markets leading to a substantial increase in CMBS loan issuances over 2009, much of it in the fourth quarter. Cleary Gottlieb resumed its position as a market leader in large loan origination by playing a significant role in what are being called “CMBS 2.0” financings, including advising:

- The lender in loans, which have been securitized or are intended for securitization, to subsidiaries of Glimcher Realty Trust; CBL & Associates Properties; Taubman; Simon Property Group; General Growth Properties; Pebblebrook Hotel Trust; a joint venture between Cedar Shopping Centers and RioCan; and an affiliate of a joint venture among the United Federation of Teachers, Jack Resnick & Sons, and the Ruben Companies.
- The lenders to affiliates of a joint venture between Centro Properties Group and The Inland Real Estate Group of Companies.
- The lender to a newly formed joint venture between Sunrise Senior Living and CNL Lifestyle Properties in connection with a \$435 million acquisition financing of a national portfolio of 29 assisted living communities.

OUTLOOK FOR 2011

REEMERGENCE OF SOVEREIGN WEALTH FUNDS. Many SWFs are once again prepared to evaluate real estate investments. U.S. real estate is particularly attractive due to the dual impact of dollar devaluation and the anticipated distressed market. Cleary Gottlieb has represented Dubai World, Istithmar, Nakheel, Temasek, and GIC in the past, including on substantial global real estate investment.

EMERGENCE OF NEW PRIVATE EQUITY/REAL ESTATE FUND PLAYERS.

Last year saw the migration of some traditional private equity firms into the real estate space. We expect this trend to continue. The firm frequently represents TPG Capital in its real estate acquisitions and is advising Colony as it expands its investment book into distressed debt investments. Our strong presence in the fund formation area, coupled with our highly touted transactional practice, has made us a natural candidate to work with our clients as they expand into new areas of investment.

CMBS 2.0. Given the maturity profile of existing mortgage debt, most experts expect the uptick in financing activity to continue in 2011. Cleary Gottlieb acted as counsel to Goldman Sachs in the origination of a \$400 million loan to subsidiaries of U.S. mall owner Developers Diversified Realty, the first, and only, loan to be securitized under TARP, and we expect to play a significant role in this market as counsel to lenders.

LOOMING DEBT MATURITIES AND RESTRUCTURING. Increased availability of loan capital will help relieve some of the pressure from foreclosures in the coming year. Nonetheless, many loans will be restructured and bankruptcies of real estate companies or retailers with sizable real estate portfolios may occur. New investments in troubled projects will likely come in the form of newly created joint ventures with private equity funds, SWFs and/or real estate funds. Cleary Gottlieb's broad experience in global real estate acquisition, financing, development, and joint venture projects places the firm in an excellent position to aid our clients in restructurings of all types.

SOVEREIGN DEBT MANAGEMENT

TRENDS IN 2010

Sovereign Debt Restructuring. The past few years have been marked by sovereign debt problems in several areas of the world, including Europe. Some sovereigns have been forced to turn to debt restructuring mechanisms to aid in the process of recovery. Having been directly involved in virtually every major sovereign debt restructuring of the past 30 years, Cleary Gottlieb is frequently consulted by both public and private sector entities on the lessons and techniques of prior sovereign debt management operations. Since the Greek debt crisis broke in the late spring of 2010, the firm has been regularly consulted by official sector institutions involved in the European debt situation. Other 2010 examples include:

- Representing the Government of Iceland in its negotiations with the United Kingdom and the Netherlands to repay amounts expended to reimburse depositors in Landsbanki, a failed Icelandic bank.
- Representing the Republic of Côte d'Ivoire in its \$2.3 billion exchange offer that restructured over 99 percent of the country's \$2.8 billion Brady bond debt, which had been in default since 2000.
- Assisting the Republic of Iraq in its program to settle the roughly \$140 billion of public sector debt accumulated by the Saddam regime. To date, more than 13,000 individual claims held by commercial creditors have been resolved, together with the debts owed to more than 45 bilateral creditors.
- Representing the Republic of Liberia in its settlement with the last commercial creditors holding claims against Liberia dating back to the late 1970s. A settlement on identical terms (a cash payment of slightly over 3 percent of the amount of the claim) had been closed with all of Liberia's other commercial creditors in 2009.
- Representing the Republic of Argentina in the restructuring of its approximately \$100 billion in total liabilities under 178 series of bonds issued in various jurisdictions including Germany, Italy, Japan, the United Kingdom, and the United States. Our involvement includes providing advice and assistance in the relations between Argentina and its bondholders, the terms and conditions of the future restructuring, and litigation in Germany, Italy, and the United States relating to the external indebtedness.
- Representing the underwriters in a simultaneous \$3.2 billion exchange offer and offering of bonds for cash by the Republic of the Philippines. The exchange offer enabled the Republic to extend the debt maturities of multiple outstanding series of external bonds.

RESTRUCTURE

Sovereign New Issues. As capital markets reopened in 2010, many sovereigns and state-owned entities sought to raise money in the low cost environment. Our work in this area includes advising on:

- The Republic of the Philippines' PHP 44.1 billion (\$1 billion) notes offering—the Republic's first issuance of Philippine peso-denominated external debt and the first issuance in Asia using the local currency denominated/U.S. dollar settled structure—and a \$1.5 billion dual tranche bond offering (Cleary Gottlieb was counsel to the underwriters).
- The Russian Federation's \$5.5 billion bond offering, marking Russia's return to the international capital markets for the first time since the emerging market crisis of 1998.
- The Republic of Chile's \$1.5 billion notes offering, the first time the country has issued external debt denominated in Chilean pesos.
- The \$1 billion notes offering of The Export-Import Bank of Korea (KEXIM) and the \$900 million notes offering of The Korea Development Bank.

OUTLOOK FOR 2011

We expect intense activity in the area of sovereign debt. The European sovereign debt crisis will continue to unfold. There will be increasing demands for private sector creditors to be “bailed in” to the workout programs in countries like Greece and Ireland. The European Union will be exploring institutional mechanisms for addressing future debt crises in the Eurozone area. Elsewhere, debt problems may appear in areas of the world (such as the Caribbean) that have generally unfavorable public debt dynamics.

PRIVATE INVESTMENT FUNDS

TRENDS IN 2010

Growth in Fundraising. Private investment fund formation activity substantially increased over 2009 levels, driven in significant part by investor interest in investment funds focused on emerging markets and credit/special situations strategies. We also witnessed significant regulatory changes that will affect nearly all alternative investment fund managers, whether based in the United States, Europe, or elsewhere.

Reflecting the firm's preeminent global practice, Cleary Gottlieb's fund formation group represented sponsors of funds focused on equity and debt investments in Asia, Greater China, Latin America, Brazil, and Africa, among others.

As a representative sample, the firm was counsel to:

- TPG Capital in the formation and structuring of TPG Specialty Lending, a business development company focused on loan origination to middle-market companies.
- TPG Capital in its partnership with the governments of Shanghai and Chongqing to raise and manage funds denominated in Chinese currency.
- Credit Suisse in the formation and structuring of a \$1 billion Emerging Market Credit Opportunity Fund, including a substantial investment by Credit Suisse.
- J.P. Morgan in the formation of LC Asia Private Investors and LC Asia Private Investors Offshore, which were formed to invest in L Capital Asia, an Asia-focused private equity fund.
- EMSO Partners (a subsidiary of Citigroup) in connection with the formation of EMSO Tulip, a hedge fund focused on emerging markets.
- Helios Investment Partners in the formation of Helios Investors II, a private equity fund focused on opportunities in Africa.
- KKR in the formation of KKR China Growth Fund, a private equity fund focused on growth investments in Greater China.

REFOCUS

Increased Regulation. On the regulatory front, our fund formation team, working closely with the firm's leading regulatory practice, assisted clients in understanding and responding to a broad array of global regulatory developments. The firm has been particularly involved in the development of the SEC's "pay-to-play" rules, the Volcker Rule, and the European Union's Alternative Investment Fund Manager Directive, representing clients that have directly participated in the policy and legal debates concerning these initiatives.

OUTLOOK FOR 2011

CONTINUED GROWTH. We believe continued interest from investors will fuel significant fund formation activity for sponsors focused on emerging markets and other geographies and strategies. We also expect a number of sponsors to return to the market with more traditional LBO-type funds.

EVOLVING REGULATORY ENVIRONMENT. We expect regulators in the United States and Europe to publish guidance and regulations relating to the legislation that was passed in 2010. The fund formation practice, together with our regulatory colleagues across the globe, will advise clients on these ongoing regulatory developments.

ACQUISITION, LEVERAGED, AND PROJECT FINANCE

TRENDS IN 2010

ACQUISITION AND LEVERAGED FINANCING

Acquisition Finance. Acquisition financing activities made a strong comeback as M&A activity increased and lenders' appetite to underwrite deals returned from the lows of 2009. Investment grade financing, such as the \$45 billion financing supporting the bid for PotashCorp by Cleary Gottlieb client BHP Billiton, has generally been available. Institutional loan issuances increased significantly from 2009 levels, though they were still lower than those seen during the height of the LBO boom.

Cleary Gottlieb has been closely involved with post-credit crunch developments, including advising newly established credit funds and purchasers of portfolios of LBO debt from underwriters, amending LBO structures, and assisting arrangers of LBO financings to develop innovative approaches to syndicating LBO debt committed prior to the onset of the credit crunch. As the availability of financing has returned, our team has been involved in bids for some of the highest profile LBOs, as well as financing for important acquisitions by strategics. Examples include representing:

- Kindred Healthcare in the financing for its \$1.8 billion acquisition of RehabCare Group, comprising a secured term loan, an ABL, and an issue of unsecured notes.
- Alpha Natural Resources in the financing for its \$8.5 billion acquisition of Massey Energy.
- Wind Telecomunicazioni in a series of multibillion-euro financing transactions, including a €3.93 billion loan financing, two consent solicitations for bonds for an aggregate value of €5 billion, and its €1.3 billion dual-currency senior notes offering, proceeds of which were used to refinance existing debt ahead of the acquisition of Wind's parent Wind Telecom by VimpelCom of Russia.
- TPG Capital in the financing for its \$1.4 billion LBO of Vertafore.
- Warburg Pincus and Vestar in the financing for the acquisition of Triton Container from the Pritzker family interests.
- TPG Capital in the debt financing of the acquisition of the chemical distribution business of Ashland (to be renamed Nexeo Solutions).
- TPG Capital on its fully financed bid for Pets at Home in the United Kingdom.
- TPG Capital in refinancing its acquisition of British young adult fashion retailer Republic.

REVIEW

Leveraged Finance. Leveraged lending also picked up, with sponsors driving half of the \$375 billion in leveraged lending in 2010—\$43 billion of which was issued to back LBOs, although still with relatively low leverage compared to 2007. Leveraged dividend recap financings and high yield bond offerings reached all-time record highs.

We have significant experience with leveraged finance products and techniques and are able to assist clients in the context of the current market challenges. Selected experience includes representing:

- Telenet Group Holding, Belgium’s largest cable operator, and its subsidiaries in two structured institutional notes offerings refinancing Telenet’s €2.3 billion senior credit facility.
- OAO Tatneft as borrower in a \$2 billion pre-export financing, structured as a self-arranged club deal of 18 international and Russian banks.
- Kraton Polymers in the refinancing of substantially all of its indebtedness through a \$250 million senior note issue and a \$350 million senior secured credit facility comprising a revolving and term tranche.
- Armstrong World Industries in its \$1.05 billion senior secured credit facility comprising a \$250 million revolving credit facility and \$800 million in term loans.

OUTLOOK FOR 2011

Private equity funds are likely to continue to try to put excess cash to use in 2011 and take advantage of leveraged lending. Faced with an increasingly competitive market and cash surpluses, banks will continue to lend, prompting sustained activity in the deal landscape, at least while CDO reinvestment windows remain open. High yield bond markets are expected to remain strong as long as interest rates remain low, paving the way for continued popularity of bond-for-loan takeouts in 2011.

TRENDS IN 2010

PROJECT FINANCE

Global project finance volume increased by over 20 percent with the Asia Pacific region accounting for the highest volume of projects followed by EMEA. Industry trends remained consistent, with energy leading the pack, followed by infrastructure and oil and gas projects. Debt financing accounted for over 80 percent of project finance volume. Public Private Partnership (PPP) and Private Finance Initiative (PFI) volume rose to a record high with road, rail, and hospital projects accounting for the largest portion.

Our expertise in all phases and sides of project finance and infrastructure projects, and experience in developing novel structures to permit both public and private financing opportunities, allow us to provide comprehensive advice to industry participants. For example, we recently represented the Government Development Bank for Puerto Rico in developing legislation authorizing the use of PPPs for infrastructure and other projects and services currently provided by public sector entities, which established a clear public policy and important legal framework for PPPs in Puerto Rico. Despite market fluctuations in recent years, we continued to advise private sponsors and borrowers, as well as state-owned companies, in both PPPs and cross-border projects, including:

- Highstar Capital, a private equity fund focusing on infrastructure investments, and its portfolio company Ports America Chesapeake in its more than \$1 billion investment in the Seagirt Marine Terminal in the Port of Baltimore, one of just a handful of PPPs in the United States to have closed in 2010.
- Comisión Federal de Electricidad in various financings, including a credit facility with Japan Bank for International Cooperation and certain Japanese banks to provide financing for the Pacifico coal-fired power generation plant in Mexico.
- GDF SUEZ on matters relating to its operations in the energy sector in Peru.
- African Minerals Limited in the \$417.7 million secured debt financing for the Tonkolili Iron Ore Project in Sierra Leone, one of the largest reported magnetite iron ore projects in the world.

OUTLOOK FOR 2011

General project financings are likely to remain stable in 2011, with the majority of project financings to be in Asia Pacific, Latin America, and Africa. While developed countries continue to explore project financings to enhance productivity of existing infrastructure, emerging markets projects will be more often focused on putting infrastructure in place.

BANKING AND FINANCIAL INSTITUTIONS

TRENDS IN 2010

Regulatory Matters. Financial markets reform has been in the spotlight, from Dodd-Frank in the United States to the creation of the European Banking Authority, the first EU-level supervisory entity for the banking industry. As noted in the Regulatory Reform section of this Annual Review, we have been directly involved in all aspects of these unfolding developments, including representing Citigroup, Bank of America, and others in TARP repayments, and representing issuers such as Citigroup, Bank of America, and private equity and sovereign wealth fund investors on bank capital raises. We are also advising clients on issues relating to Federal Reserve/Treasury stress testing and related capital requirements, and we continue to provide ongoing advice on the impact of the reforms and related issues, including derivatives, bank investments, regulation of remuneration under Dodd-Frank and the EU’s “CRD III” regulation, and Basel III capital and liquidity rules.

Financial Institutions M&A. As large institutions continued to reevaluate their mix of businesses, there was an increase in complex acquisitions of and investments in banks and thrifts by private equity investors (individuals and groups, bank-affiliated, and independent), including FDIC-assisted transactions. Some of our notable 2010 matters included advising:

- Credit Suisse on the bank regulatory aspects of its precedent-setting investment in York Capital Management, a preeminent global hedge fund manager, in a transaction designed to accommodate the Volcker Rule requirements.
- Bank of America in its \$1 billion sale of the long-term asset management business of Columbia Management to Ameriprise Financial.
- Dexia in the \$485 million sale of its equity in Assured Guaranty, which was acquired as part of its previous sale of Financial Security Assurance to Assured Guaranty.
- BNP Paribas, Fortis Bank, and Fortis Investment Management in the worldwide post-acquisition combinations of assets and related restructuring.
- BNP Paribas in its acquisition of Hill Street Capital, a New York-based corporate finance consultancy.
- U.S. Bancorp in the contribution of the long-term asset management business of its affiliate, FAF Advisors, to Nuveen Investments in exchange for a 9.5 percent equity stake in Nuveen’s parent and cash consideration.
- ShoreBank, the largest and oldest community development financial institution in the United States, in its recapitalization efforts. ShoreBank was ultimately resolved through the sale of the bank’s assets and liabilities in an FDIC-assisted transaction to the newly formed Urban Partnership Bank, which was capitalized by major investors and foundations.
- TPG Capital in its equity investment in China International Capital Corporation, the first foreign private equity investment in a Chinese securities firm.
- Newbridge Asia AIV III in the sale of its stake in Shenzhen Development Bank to Ping An Insurance (Group) Company of China.

Litigation, Enforcement, and Compliance. Dodd-Frank's impact on enforcement has led to increased internal controls, reviews of corporate financial securities filings, and enforcement investigations, as well as greater prosecution of Foreign Corrupt Practices Act violations for financial institutions. Last year, our practice handled some of the most high profile enforcement matters involving financial institutions, including:

- The Madoff Ponzi scheme and the bankruptcy of Bernard L. Madoff Investment Securities.
- Bank of America's merger with Merrill Lynch and Merrill Lynch's payment of employee bonuses.
- Deutsche Bank's internal investigation into questionable surveillance activities originating in the bank's corporate security department.
- Short selling in advance of the collapses of Bear Stearns and Lehman Brothers.

OUTLOOK FOR 2011

CONTINUED FOCUS ON REGULATORY REFORM. Tension surrounding the detailed implementation of the broad Dodd-Frank mandates is likely to continue to grow. In Europe, legislative action continues in a wide range of areas, including derivatives, bank resolution authority, and corporate governance. Our ability to combine banking and financial institutions advice with derivatives and market regulatory expertise domestically and internationally will continue to be important as financial institutions seek counseling on the implications and application of Dodd-Frank (including the Volcker Rule) and EU reforms on proprietary trading; private equity/hedge fund sponsorship, management, and investment; and the global conduct of derivatives businesses.

In addition, Basel Committee developments, along with Dodd-Frank, raise important issues in the United States and internationally with respect to the raising of capital and the potential restructuring of bank balance sheets, an increased focus on the operational risk component of capital mandates, and new rigorous liquidity requirements.

We also anticipate enhanced regulation of systemically significant financial institutions, including non-bank entities that were not previously covered by federal banking regulation, as well as the development of the rules for orderly liquidation plans for covered financial institutions.

OUTLOOK FOR 2011 (CONTINUED)

REEMERGENCE OF PRIVATE EQUITY INVESTMENTS. We expect to see a continuation of private equity investments in both commercial banking organizations and, more broadly, in asset managers, other private equity firms, insurance companies, investment advisers, commodity traders, and intermediaries (both physical and financial). We also expect to see more divestitures, spinoffs, and restructurings driven by Dodd-Frank in the United States and EU state aid and other regulation in Europe.

INCREASED ENFORCEMENT INITIATIVES. In addition to heightened regulation in the financial services industry, we anticipate administrative investigation and worldwide enforcement efforts to focus on the most complex alleged financial fraud, especially with respect to U.S. and EU sanctions, anti-money laundering, the Foreign Corrupt Practices Act, and similar international laws such as the new UK Bribery Act, and related compliance, and also with respect to banking and securities activities (particularly in the context of increased enforcement under Dodd-Frank).

EUROZONE CRISIS. The Eurozone sovereign debt crisis, which led to the creation of the European Financial Stability Facility in 2010, continues. Negotiations around the restructuring of the European Financial Stability Facility and the European Stability Mechanism, which will succeed the European Financial Stability Facility in 2013, entail the most significant revamping of the Eurozone's legal framework since the creation of the euro. These developments, combined with regulation of credit default swaps and other derivatives, will have major implications for European and global financial markets.

DERIVATIVES

In the current environment of sweeping new regulation and the accelerated pursuit of innovative new facilities for the OTC derivatives markets, Cleary Gottlieb's recognized expertise and experience have been in constant demand. Our clients include the largest globally active financial institutions seeking either regulatory advice with regard to derivatives or advice and assistance in the structuring and development of new derivatives products and market facilities.

TRENDS IN 2010

New Regulatory Requirements. Following the adoption of Dodd-Frank, we have seen a deluge of related rulemakings and rulemaking proposals by the SEC and CFTC. Cleary Gottlieb provided extensive analysis and advice to a broad range of market participants in the United States and abroad on the potential implications of Dodd-Frank and these rulemakings and engaged in extensive interactions on behalf of clients with legislators and regulators with respect to these developments. In parallel, the firm has focused on related legislative and regulatory developments and initiatives in the European Union with a view to assisting our globally active clients in understanding these developments and the potential implications for their global derivatives activities and businesses.

Market Developments. Even before the financial crisis, the OTC derivatives markets had seen wide-ranging initiatives to improve operational infrastructure and develop new clearing, execution, and data collection facilities. The financial crisis and Dodd-Frank's broad new market structure mandates have accelerated and expanded these initiatives. We have been involved in many of these developments, including initiatives to expand clearing of CDS and interest rate swaps and to establish and expand strategic joint ventures between market facilities and major market participants.

With the increased focus on financial stability and credit risk, we have also been at the center of industry efforts to analyze the insolvency risks associated with Dodd-Frank's new market structure, as well as the impact of related Dodd-Frank insolvency provisions on the analysis of counterparty and clearinghouse credit risk. Cleary Gottlieb's tax experts have continued their role as counsel of choice to the Street in matters relating to the taxation of derivatives and related new legislative developments.

OUTLOOK FOR 2011

We expect the balance of 2011 to involve continued attention to implementation of Dodd-Frank and parallel developments in the European Union and other G20 member countries. We anticipate particular emphasis on efforts to influence, as well as assimilate, the new regulatory framework, and a heightened focus on advice regarding institutional implementation of related compliance obligations and business restructuring. We expect the pursuit of new and expanded market facilities and infrastructure to continue, with an increased focus on the impact of Dodd-Frank on the identification of new opportunities.

REVOLUTIONIZE

STRUCTURED FINANCE

Cleary Gottlieb is the firm of choice for sophisticated financial institutions seeking to structure and execute complex structured transactions—especially when the transaction crosses borders or requires innovative solutions. In the current market and regulatory environment, experienced judgment and the ability to tap into leading experts in related areas are proving especially important.

TRENDS IN 2010

New Regulatory Requirements. 2010 saw the adoption of Dodd-Frank and the first of the related rulemakings, as well as various proposals by regulators outside of Dodd-Frank’s mandates. Cleary Gottlieb was at the forefront of the dialogue with federal legislators and rulemaking agencies to try to minimize possible unintended consequences of these far-reaching laws on the securitization markets. At the same time, European regulations on asset-backed securities were also being formulated, and new European regulatory structures put in place. The new measures that will change the shape of securitization transactions include not only those aimed directly at those transactions but also related areas such as bank regulatory capital, rating agency regulation, derivatives, and insolvency resolution. Since before Dodd-Frank was finalized, a dedicated group of senior Cleary Gottlieb lawyers who are the leading experts in each of these fields has been providing regular news and analysis to the largest financial institutions in the world.

Signs of Life in the Market. From the onset of the financial crisis, many areas of the securitization markets had simply shut down. During that period, structured finance technology was most often applied outside the usual transactional context, often in response to situations that represented either unusual opportunities or unfortunate necessities for our clients. Cleary Gottlieb’s strength across areas such as M&A and restructuring meant that we could provide integrated advice when structured solutions were an element of a larger transaction. In 2010, some of the financial institutions that had put their more traditional securitization activities on hold prepared to get back into the market, especially in the CMBS and CLO sectors. With the new regulatory environment, formerly routine transactions had to be reexamined and conformed to new requirements, and older transaction processes also had to be reevaluated. Our clients trusted our lawyers to help them in this complex process with a sophisticated understanding of their institutional objectives and risk parameters, as well as a thorough knowledge of transaction structures and the new regulations.

Agency Mortgage Strength. One area of the securitization markets that never shut down was the GSEs' securitization of residential mortgage loans. Freddie Mac, Fannie Mae, and Ginnie Mae mortgage-backed transactions, and the firm's work on these transactions, have steadily increased in recent years. In 2008, the total agency-backed deals handled by the firm was more than \$78 billion; that number increased to more than \$143 billion in 2009, and expanded even more significantly to 228 transactions, representing more than \$244 billion of mortgage-backed securities, in 2010. Cleary Gottlieb represented the underwriters in these transactions, including Barclays, Citadel, Citigroup, Deutsche Bank, Goldman Sachs, Jefferies, J.P. Morgan, Mizuho, Morgan Stanley, Nomura, RBC, RBS, UBS, and Wells Fargo.

OUTLOOK FOR 2011

Several significant new regulations adopted in 2010 took effect at the start of 2011, including the FDIC's "safe harbor" rule for treatment of securitizations in sponsoring a financial institution's insolvency and the European Union's imposition of risk retention and due diligence requirements for credit institutions investing in securitizations. Many more rulemakings are slated for 2011, including the two Dodd-Frank measures that will likely have the farthest-reaching effects on securitization participants—risk retention and the prohibition on transactions perceived to involve conflicts of interest with securitization investors. Also in 2011, the debate over the future of the GSEs will continue to play out. Evaluating the effects of these changes on their current business, and adapting to these new realities as they reenter the structured finance markets, will be a primary focus for our clients and ourselves.

EXECUTIVE COMPENSATION AND ERISA

TRENDS IN 2010

The issues surrounding compensation of corporate executives continued to be an area of public and media focus, as well as the subject of policy dispute, tax attention, political interest, and, ultimately, legislative action. In the United States, Congress, the SEC, institutional shareholders, proxy advisory firms, and, not the least, corporate America and senior executives, all paid close attention to numerous developments in this area. The perennial posturing over whether corporate executives are paid too much, or even if they are paid the right amount but not paid in exactly the right way, continued to be the backdrop for these discussions. Dodd-Frank proved to be not just financial reform; it also affected *all* U.S. public issuers with its broad based corporate governance changes consistent with this mood, including giving shareholders a say on executive compensation issues and requiring issuers to disclose the disparity ratio of median worker compensation to CEO compensation and to relate executive compensation to issuer performance.

As the landscape for compensation committees was altered dramatically in the wake of these changes, Cleary Gottlieb has actively participated in confronting, influencing, and reacting to these developments. Our work in this area includes advising on disclosure and compensation practices of high profile issuers in financial, manufacturing, transportation, media, technology, energy, pharmaceutical, retail, and other industries. Among our clients who have been recognized for their compensation disclosure and governance practices are Alcoa, Google, Honeywell, and McDonald's.

2010 also saw frenetic worldwide legislative and regulatory activity aimed specifically at compensation practices in the financial services industry, including the adoption of remuneration rules as part of "CRD III" in Europe, bonus taxes in the United Kingdom, tax surcharges on incentive compensation in Italy, and the imposition of incentive compensation restrictions in the United States on material risk takers at major financial institutions. We sought to shape these changes through our representation of SIFMA and many of the major financial institutions directly affected, drawing upon our expertise from our multiple offices as the hot spot regularly shifted from one country to another. We also advised a large number of the major recipients of TARP funds on the executive compensation restrictions of TARP, dealing with the U.S. pay "czar," and their exit from TARP—a chapter in the history of executive compensation now largely closed.

There were also several regulatory attempts to substantially expand the regulation of activities with pension funds, the two most significant changes being the Department of Labor's proposed expansion of the definition of fiduciary and the proposed implementation by the SEC and the CFTC of business conduct rules under Dodd-Frank that would impose significant additional duties on swap dealers who are counterparties to pension plans. The combination of both proposals has the potential to eliminate the ability of pension plans to participate in the swap market. Again, our key clients included SIFMA, many of the major U.S. financial institutions, and a large number of U.S. and foreign pension funds likely to be adversely affected by changes purportedly designed to protect them. Our role was to assist these clients to alert the regulators to these issues before it was too late.

RESOURCES

In addition to advisory work driven by the new legislative and regulatory initiatives, the group's strength extends to advising financial institutions and pension funds on the rules that govern their interaction in the financial markets, ERISA litigation (including a successful motion to dismiss a stock drop case against ING), representing executives in their comings and goings (including the new CEO of Aetna, the new Co-President of Temasek, and the former CEO of Omnicare Corporation), advising on the unique compensation arrangements of executives in the private equity/alternative investment space (including TPG Capital, Citi Capital Advisors, Credit Suisse, and Helios Investment Partners), and advising on the executive compensation and employee benefits aspects of major M&A transactions, many of which are noted in this Annual Review.

OUTLOOK FOR 2011

We will continue to see intense client interest in executive compensation issues, as well as additional regulatory and legislative developments, throughout 2011. Early 2011 will be the first implementation of the say on pay, say when on pay, and say on golden parachute pay vote provisions of Dodd-Frank. Other issues in 2011 include the implementation of Dodd-Frank regulations regarding pay for performance and pay disparity ratio disclosure, clawback policies, and new independence requirements for compensation committees and consultants, as well as the finalization of the Basel Committee's requirement for financial institutions to disclose more detailed pay data to the public. The enhanced (and likely inflammatory) disclosures and requirements will keep executive compensation in the news, bringing yet more pressure to bear on companies and compensation committees.

The outcome of the Department of Labor and SEC/CFTC proposals remains unclear at this point, with the potential to dramatically change the legal requirements applicable to financial institutions and pension plans.

In 2011, as in 2010, we expect to be at the center of these developments.

TAX

RESULTS

Cleary Gottlieb's international tax practice ranks among the best in the world and provides clients with an unparalleled level of service and insight into the most challenging of corporate transactions. We focus our energies on the practical business concerns and time constraints of our clients and pride ourselves on our ability to get transactions closed on schedule.

TRENDS IN 2010

Notable developments included a significant increase in the proportion of our work devoted to important tax controversy assignments (some involving billions of dollars in potential claims) and our active participation in high-stakes efforts to help our clients evaluate, respond to, and develop integrated solutions to the challenges presented by Dodd-Frank and other regulatory reform initiatives, and to deal with aftershocks from the credit crisis.

Our increased focus on tax controversy work and the tax implications of regulatory reform did not distract us from our historic strengths. Clients continued to rely on us for:

- Creative and practical tax advice in "deal time" with respect to domestic and cross-border acquisitions, joint ventures, and restructurings.
- Thoughtful guidance concerning structural planning for financial institutions and other multinational businesses, based on long-standing relationships that enhance our understanding of our clients' needs and objectives.
- A deep understanding of complex areas of law relating to the tax treatment of derivatives and financial products businesses, and a ready mastery of the newest developments affecting those businesses.

We continued to play a market-leading role at all points in the private equity sphere, including the formation of new funds; the restructuring of existing funds; diversification into novel markets, asset categories, and investment vehicles; tax planning for fund principals, employees, and investors; and acquisitions, restructurings, and divestitures of portfolio companies and other assets.

Our tax lawyers played an important role in many of the major projects discussed in this Annual Review, including transactions involving Alpha Natural Resources, BHP Billiton, Crucell, Google, Hewlett-Packard, Nortel, Oerlikon, Truvo, and Vale.

OUTLOOK FOR 2011

TRANSACTIONS. There are early indications of a continued revival in M&A and private equity transactions.

The overhang of leveraged finance transactions that will need to be refinanced or restructured will create a continued need for tax troubleshooting, particularly in the context of transactions involving multiple jurisdictions. The proliferation of transactions involving distressed debt in the wake of the credit crisis has served to highlight respects in which existing tax rules can create traps for the unwary.

REGULATIONS. Dodd-Frank and similar regulatory reform initiatives in the United States and other countries will continue to raise important tax issues for our clients, and we expect to be closely involved (together with our colleagues in other disciplines) in addressing them. Tax issues will arise in:

- Restructurings, divestitures, and intragroup transfers of businesses or positions required to meet regulatory requirements or to make more efficient use of regulatory capital.
- Development of new forms of securities intended to enable systemically significant financial institutions to meet capital requirements in troubled markets.
- Implementation of clearing, netting, and other measures intended to reduce counterparty risk.

In addition, a number of important changes enacted last year are in the process of being implemented by administrative guidance. We expect to be significantly involved on behalf of our clients in matters including:

- Sweeping changes required by FATCA in the rules governing portfolio investments in the United States, which will affect financial intermediaries, clearing organizations, funds, and foreign investors.
- Changes in the tax treatment of derivative and securities lending transactions involving U.S. equity securities.
- Elimination (effective in 2012) of the ability of U.S. borrowers to issue debt obligations in bearer form and significant changes in the rules governing foreign issuers.
- New foreign tax credit rules intended to discourage transactions involving the splitting of foreign tax credits from the related income, which could have far-reaching consequences for U.S. multinationals.

MAJOR U.S. TAX REFORM. Finally, there is an increasing prospect of U.S. tax reform over the next few years. Clients and industry groups are working actively, with our assistance, to evaluate the implications of tax reform proposals, including the possible adoption of a territorial tax system.

INTELLECTUAL PROPERTY

TRENDS IN 2010

The critical nature of intellectual property in the context of business transactions and disputes continues to play an important role in Cleary Gottlieb's global practice.

During 2010, we advised clients on the IP aspects of mergers and acquisitions, joint ventures, investments, divestitures, financings, and public offerings. We also helped to structure and negotiate IP-focused transactions, such as licenses, research and development agreements, technology transfers, co-branding agreements, and distribution agreements. In addition, we represented clients in important IP litigation and arbitration cases, successfully guiding clients through settlements, trials, and appeals.

The firm's IP practice handled matters globally across the full spectrum of IP rights, including trademarks, patents, copyrights, and trade secrets. Many matters involved the intersection of several types of intellectual property rights, further emphasizing the need for this breadth of expertise. We also continued to encounter many multi-jurisdictional issues, enabling us to provide further value by drawing upon our IP expertise in different Cleary Gottlieb offices throughout the world. Similarly, we found the need for cross-disciplinary advice to be in particular demand, and frequently offered IP analysis in coordination with our firm's corporate, bankruptcy, competition law, and tax expertise. For example, our advice to Nortel Networks Inc. during its sales of multiple business lines and assets during ongoing bankruptcy proceedings has showcased our experience in the intersection of intellectual property and bankruptcy matters.

During this past year, we provided intellectual property advice in a wide range of transactions and disputes, and for a diverse set of firm clients that includes American Express, Barclays, Citigroup, Google, Grupo Bimbo, Hewlett-Packard, J.P. Morgan, Medtronic, Nortel Networks Inc., People's United Bank, PUMA, RenaissanceRe, 3M, TPG Capital, United Test and Assembly Center, Verance, VeriSign, and Warburg Pincus.

OUTLOOK FOR 2011

LITIGATION. We expect intellectual property litigation to continue to grow not only among competitors, but also among business partners (such as licensors/licensees), as companies become more accustomed to deploying IP claims to extract leverage in negotiations. As the strategic role of IP litigation continues to grow, we also believe that experience in handling multi-jurisdictional disputes will be an increasingly important asset.

TRANSACTIONS. We believe that the lines between "intellectual property" and "commercial" issues will continue to blur as intellectual property expertise is increasingly required in corporate transactions. For example, M&A and private equity transactions, whether or not in technology fields, will continue to implicate important intellectual property and information technology issues. In addition, as companies continue to seek new revenue streams and enter new markets, the exploitation of intellectual property rights through corporate partnering transactions, joint ventures, and licenses will continue to grow.

ASIA

TRENDS IN 2010

As the global economy continues to recover from the financial crisis, Asian markets provide the opportunity for strong growth.

Substantial Private Equity Activity in Asia. Private equity investment in Asia increased substantially. Cleary Gottlieb was involved in many major transactions, including serving as counsel to TPG Capital in:

- Its equity investment in China International Capital Corporation, the first foreign private equity investment in a Chinese securities firm.
- The sale of its stake in Shenzhen Development Bank to Ping An Insurance (Group) Company of China and subsequent placements of Ping An shares.
- Its investment in PT Delta Dunia Makmur, an Indonesian mining services company.

Formation of RMB Funds in China by Foreign Fund Sponsors. Recent regulatory developments in China have allowed for greater foreign investment in RMB funds. Bolstered by the enactment of the FIP Rules in March 2010, Cleary Gottlieb has assisted multiple foreign fund sponsors attempting to tap into the capital opportunities available from onshore investors. For example, the firm was counsel to:

- KKR in the formation of the KKR China Growth Fund.
- TPG Capital as international counsel in its recently announced partnership with the municipal governments of Shanghai and Chongqing, two of the largest cities in China, to raise and manage two separate funds denominated entirely in Chinese currency. Through these two new RMB-denominated funds, TPG Capital will become one of the biggest investment firms in the Chinese market, building on its previous track record of investing in China.

Revitalized Capital Markets. The year brought encouraging recovery and increased equity and debt capital markets activity throughout Asia, as well as a significant number of international company IPOs and listings in Hong Kong. The firm advised on matters in the following countries:

China/Hong Kong

- TPG Capital in two placements of shares of Ping An Insurance.
- UC RUSAL as U.S., French, and English counsel in its \$2.2 billion Hong Kong-listed IPO and simultaneous listing on the professional compartment of Euronext Paris—the first Russian company to list in Hong Kong.
- Vale in its listing of Hong Kong depository receipts on the Hong Kong Stock Exchange.
- The underwriters in the follow-on equity offering of ADSs of VanceInfo Technologies.

RENAISSANCE

Korea

- Samsung Life Insurance in its \$4.4 billion IPO, the largest-ever IPO by a Korean company.
- Korea Finance Corporation in its inaugural \$750 million notes offering.
- The Export-Import Bank of Korea (KEXIM) in its \$1 billion notes offering.
- The Korea Development Bank in its \$900 million notes offering.

Malaysia

- PETRONAS Chemicals Group Berhad and the selling shareholder, Petroliam Nasional Berhad (PETRONAS), in its \$4.1 billion IPO, the largest-ever IPO in Southeast Asia.

The Philippines

- The underwriters in a PHP 44.1 billion (\$1 billion) notes offering by the Republic of the Philippines, the first time the Republic has issued external debt denominated in Philippine pesos.

Opportunities in Hong Kong Law. In February 2011, Cleary Gottlieb commenced practicing Hong Kong law. We currently have in excess of 20 lawyers, including a new lateral partner, who are Hong Kong-qualified. The practice's initial focus is on Hong Kong-listed IPOs and other capital markets transactions, as well as private equity and other M&A transactions.

Growing China Outbound M&A. Outbound M&A increased by more than 30 percent in 2010 compared to 2009, a trend that is likely to continue and expand into industries which had previously only been open to state-owned businesses. Our outbound M&A experience includes providing counsel to China Investment Corporation in its \$1.58 billion investment in The AES Corporation, as well as its proposed investment in AES's wind business.

Offshore China RMB-denominated Bond Offerings. Cleary Gottlieb is on the cutting edge of the emergent but rapidly growing offshore China RMB-denominated bond market. Our experience includes advising:

- VTB Bank in its renminbi notes offering, the first offshore renminbi bond launched by a foreign banking issuer.
- McDonald's in its renminbi notes offering, the first renminbi bond launched for a foreign multinational corporate in Hong Kong.



OUTLOOK FOR 2011

With approximately 50 lawyers in Hong Kong and Beijing, and the intention to hire additional experienced Hong Kong-qualified lawyers in the near future, Cleary Gottlieb is well positioned to assist clients in these opportunities.

CONTINUED GROWTH. We expect the 2010 trends of increased capital markets, private equity, and M&A activity to persist. With our long-term and substantial experience and increased resources in the region, we will continue to provide comprehensive, cutting edge counsel to clients across Asia.

CONSOLIDATION OF HONG KONG LEGAL MARKET. Proximity to mainland China and the rest of Asia has enhanced Hong Kong's value as a legal hub as opportunities in emerging economies continue to expand. International firms will play an increasing leadership role in the Hong Kong legal market as many major U.S. and other international law firms add Hong Kong law practices.

INCREASED INTERNATIONAL LISTINGS IN HONG KONG. Hong Kong will continue to be a hotbed of activity. The firm's strong international network of offices and clients, who are potential issuers, give us a wide connection to the global market. We have already handled two of the most significant transactions to date—the UC RUSAL IPO and the Vale listing.

OUTBOUND M&A FROM CHINA. Our firm has a strong presence in Chinese buyers' target markets, including the United States, Europe, and emerging markets in Latin America and Africa, as well as in target sectors, such as metals and mining and energy and natural resources.

LATIN AMERICA

Renowned throughout the world is the simplest way to describe our Latin America practice.

TRENDS IN 2010

The economies of Latin America are exiting from the global financial crisis sooner than anticipated.

Capital Markets. The capital markets reopened in many countries and high yield and investment grade debt markets remained strong. Equity issuances were largely limited to Brazil, with notable transactions in Mexico, and we saw some capital markets activity by Peruvian issuers—a fairly new development. As has been true throughout the 50-year history of our Latin America practice, we were called on to advise both Latin American corporates and sovereigns in numerous groundbreaking matters. For example, we represented:

- Petrobras in its \$67 billion global equity offering, the largest equity offering in history.
- Grupo Comercial Chedraui and its principal shareholder in Chedraui's \$425 million debut global equity offering, the first Mexican IPO since 2008.
- América Móvil in its \$4 billion senior notes offering with registration rights and in its €2.5 billion-equivalent bond offering.
- BBVA Bancomer in its \$1 billion Tier 1 offering of non-cumulative fixed rate subordinated non-preferred notes.
- The underwriters in a \$1 billion notes offering by CEMEX, as well as in \$500 million, \$1.25 billion, and €350 million high yield notes offerings by CEMEX Finance, a U.S. subsidiary of CEMEX.
- The underwriters in a \$1.5 billion notes offering by Peru and Mexico-based Southern Copper Corporation.

Mergers and Acquisitions. Latin America experienced significant M&A activity. We were tapped to handle several notable domestic and cross-border transactions in Mexico and Brazil, among other countries, including advising:

- Grupo Bimbo and its U.S. subsidiary, BBU, in the \$959 million acquisition of Sara Lee's North American Fresh Bakery business.
- FEMSA in a \$7.35 billion strategic exchange of its beer operations for a 20 percent stake in Heineken.
- América Móvil in two concurrent exchange offers to acquire all the outstanding shares of Telmex Internacional and of Carso Global Telecom, one of the largest M&A deals in 2010.
- Vale on U.S. law matters in its \$4.7 billion acquisition of Bunge Limited's fertilizer nutrients assets in Brazil, including Bunge's interest in Fosfertil.
- Link Investimentos in its sale to UBS.



Private Equity. Overall private equity activity in Latin America has grown, including an increase in fund formations, which parallels the improved capital markets environment and the region's overall economic recovery. Cleary Gottlieb has structured and organized Latin America-related funds with commitments in excess of \$75 billion. Our experience on the transactional side includes advising both private equity investors, as well as target companies. For example, we advised:

- TPG Capital and Gávea Investimentos in their \$230 million acquisition of a 25 percent equity interest in Rumo Logística, a logistics company and subsidiary of Cosan S.A. Indústria e Comércio, Brazil's largest sugar and ethanol group in terms of revenue.
- Empresa de Energía de Bogotá, the Colombian energy group controlled by the municipal government of Bogota, and its subsidiary Transportadora de Gas Internacional (TGI), one of Colombia's principal gas transportation companies, in a \$400 million private equity investment in TGI by affiliates of Citi Venture Capital International.

Sovereign. Latin American economies began to make a comeback from the global financial crisis as debt profiles of several countries continued to see improvement and greater demand for exports and domestic demand helped strengthen macroeconomic conditions. Continuing with our long history of advising sovereign and government controlled entities in the region, we advised, among others:

- The Republic of Chile in its \$1.5 billion notes offering, the first time the country issued external debt denominated in Chilean pesos.
- Codelco, the world's largest copper producer and a Chilean state-owned company, as selling shareholder in the \$1 billion sale of its entire equity interest in E-CL (formerly Edelnor).
- The Dominican Republic in its \$750 million bond offering, the largest sovereign offering made by the country.

NEW OFFICE. With the opening of our São Paulo office, subject to the approval of Brazilian authorities, and our existing office in Buenos Aires, we will be able to better serve our clients in Brazil, Argentina, and Latin America generally.

Restructuring. As a result of devaluation of local currencies against the U.S. dollar during the financial crisis, Latin American corporations experienced losses leading to subsequent restructurings. We continued to advise several corporate and financial institutions clients in the most significant restructurings in the region, a number of which were completed in 2010. Debtor assignments included Autopistas del Sol, Grupo Cementos de Chihuahua, Hipotecaria Su Casita, and SANLUIS Corporación, and we represented creditors of Controladora Comercial Mexicana, Grupo IUSA, Grupo Iusacell, Independência, Intelig Telecom, Metrofinanciera, Transportadora de Gas del Norte, and Vitro.

OUTLOOK FOR 2011

BRAZIL. Both the equity and debt capital markets are expected to remain strong and the country will continue to be one of the main drivers of Latin American transactional activity. Major upcoming events, including the World Cup in 2014 and the Olympics in 2016, will likely result in the need for large infrastructure projects. The oil and gas sector will continue to grow, as the reality of the pre-salt discoveries sinks in. Given that domestic demand and export levels are likely to remain high, Brazil looks poised for continued growth in 2011. The optimistic outlook for the country will likely yield attractive acquisition opportunities for both domestic and multinational companies, while Brazilian companies will continue to grow and be better positioned to make strategic acquisitions abroad.

MEXICO. Equity markets seem poised to have a break out year. The current roster of restructurings is likely to conclude, with the ongoing battle between Vitro and its creditors being among the most prominent continuing restructurings.

ARGENTINA. Despite uncertainty during an election year, positive indications and a pick-up in deal activity have left investors optimistic. As in emerging markets worldwide, energy and oil and gas companies could be a key area for merger activity, with investment from China arriving as a leading source.

CHILE. All indications are that capital markets will remain strong. Chile's openness to the free market suggests that its recent growth in evolving industries, such as energy and infrastructure, will continue to power its promising outlook.

MIDDLE EAST AND AFRICA

TRENDS IN 2010

Restructuring of Investments in the UAE. The effects of the global financial crisis on some locations, such as Dubai, led to a restructuring of a number of investments. Although these have predominantly involved waiving a default and extending maturity, allowing creditors to be paid in full eventually, there were some exceptions. We advised Istithmar in the:

- Pre-negotiated Chapter 11 bankruptcy of its portfolio company, Loehmann's, in which Istithmar and a senior secured noteholder made a new money investment to fund the restructuring. Loehmann's emerged from bankruptcy only three-and-a-half months after the filing. Istithmar is now Loehmann's largest shareholder and holds two out of seven board seats.
- Restructuring of its joint venture and debt related to the Fontainebleau Miami Beach hotel.
- Restructuring of debt on the W Washington D.C. and in the workout of debt on Six Times Square, New York.

Continued Activity by Sovereign Wealth Funds in the Middle East. Despite varying fortunes in different states, some SWFs continued to make investments and successful asset sales. We carried out a variety of work for some key SWFs in the region, including advising:

- Bahrain Mumtalakat Holding Company BSC (Mumtalakat) in various matters, including acting as U.S. and English counsel to Aluminium Bahrain B.S.C. (Alba) and to Mumtalakat, the selling shareholder, in Alba's \$339 million IPO, the first international offering in Bahrain. Also English counsel to Mumtalakat in its \$750 million notes offering.
- Other major SWFs in the region in connection with complex derivative transactions, as well as international financial transactions and taxation matters.

States Continued to Advance on Major Infrastructure and Energy Projects.

Interest in major projects, especially with regard to energy and natural resources, continued to be significant. We represented:

- Ministry of Oil of the Republic of Iraq on the Basrah Gas Project, a joint venture between South Gas Company, Shell, and Mitsubishi to process associated natural gas produced at certain oil fields in the Basrah region, and for the domestic and export sale of the related liquids and dry gas.
- Ministry of Oil of the Republic of Iraq on the Third Licensing Round, pursuant to which service contracts were awarded to three international consortia for the development of the Akkas, Mansuriya, and Siba natural gas fields in Iraq.
- BHP Billiton in connection with a major potential mining and infrastructure project.
- Rio Tinto Alcan in the negotiation with the government of the Republic of Cameroon of a major investment in hydroelectric power and in the construction of an aluminum smelter.

RESILIENT



- Organisation pour la Mise en Valeur du Fleuve Gambie (OMVG) and the African Development Bank in the PPP structuring and the implementation of a \$1 billion hydroelectric energy program.
- IFC InfraVentures in a joint venture with the Government of the Republic of Mali to develop a hydro IPP at Kenie, Mali, on the Niger River, under a PPP.
- African Minerals in the financing of an iron ore project in Sierra Leone, West Africa, through a \$304 million common stock offering and a secured loan facility.
- Government of Gabon and the Islamic Development Bank in the structuring of a PPP for the construction of the new Libreville International Airport.

African Governments Continued to Restructure Their Debt. Our work in this area included advising:

- Republic of Côte d'Ivoire in its exchange offer that restructured over 99 percent of the country's \$2.8 billion Brady bond debt, which had been in default since 2000.
- Government of the Democratic Republic of the Congo in the restructuring of its external commercial debt.

Cross-Border M&A. Companies from outside the region continued to make acquisitions or undertake joint ventures in the Middle East and Africa in various sectors, and Middle Eastern and African organizations also invested in a variety of European and North American companies. Some of our matters included advising:

- Wind Telecom and Orascom Telecom Holding in their proposed combination with VimpelCom, in a transaction that will create the world's fifth-largest mobile telecommunications carrier with \$21.5 billion in pro forma net operating revenues.
- Al-Munajem and other sellers in the €237 million sale of Fruité Entreprises to Britvic.
- ArcelorMittal in joint-venture negotiations with BHP Billiton for mining activities and assets in Liberia and Guinea.
- Orascom Construction Industries in its €310 million acquisition of DSM Agro and DSM Melamine from Royal DSM, a Dutch life sciences and material sciences company.
- Veolia in the acquisition by Qatari Diar of a €600 million stake in Veolia Environnement.

Funds Invested in Africa Increased. After a decline in 2009, there was an increase in funds seeking investment in Africa. We were counsel to:

- Renaissance Capital in its investment in CPD Properties (also known as Lusaka Real Estate Co.), a real estate company based in Zambia.
- ECP Africa Fund in relation to various investments in West and Central Africa, in particular its investment in Financial Bank, a financial institution present in six West and Central African countries.

- AFIG, as manager of the ACRF private equity fund, in an investment in a Mauritius-based agribusiness company operating in West Africa. Also counsel to AFIG and ACRF in a proposed investment in a West African downstream oil and gas company.
- Renaissance Partners in its acquisition of a minority stake in Socfinaf Company Limited, a Kenyan coffee company, and in various post-acquisition restructuring matters.

Changes in Regulatory Environment. African countries continue to modernize their regulatory environment in order to improve the investment climate and accommodate the expectations of private sector investment. We were counsel to:

- OHADA Permanent Secretariat and the World Bank in the reform of the OHADA uniform corporate law applicable to 17 member countries.
- Republic of Mauritania in the drafting and regulatory implementation of a PPP legal and institutional framework.

OUTLOOK FOR 2011

The beginning of 2011 has seen significant political change in Tunisia and Egypt and the spread of protests to several other countries in the Middle East and North Africa region. In the short-term, these disturbances can be expected to negatively impact economic growth, to slow inbound investment and capital raising, and to create significant challenges for companies with operations in the affected areas. Whether this leads to any significant increase in restructuring work will depend primarily on how long the disruptions continue. We expect that well-funded SWFs will continue their outbound investment work. In the long-term, we expect the economies to remain stable and relatively strong, especially in light of the strong growth rates during the financial crisis of both oil-producing and non-oil-producing economies in the Middle East and North Africa.

In sub-Saharan Africa, we expect that the trends of 2010 will continue. Infrastructure projects tend to be long-term projects and inbound investment, especially in the minerals and energy sectors, will likely continue to grow. The post-election troubles in Côte d'Ivoire constitute a serious setback for the country and some of its neighbors, but every indication is that various African countries will increase the work they are doing to improve the investment climate in order to attract more inbound investment.

THE CLEARY GOTTLIB DIFFERENCE

A True Partnership

Our seniority-based, lockstep compensation system fosters a culture of collegiality and collaboration between partners and associates—the most appropriately qualified lawyers for a matter collaborate without self-interested concerns, ensuring that each client has complete access to lawyers with relevant expertise throughout the firm.

A Passion for Legal Excellence

We train our lawyers to be outward looking, progressive, future leaders. We compete on quality.

Creative, Commercial, and Inventive

We have a proven track record of legal and commercial innovation and pragmatism, allowing us to confront and resolve some of the most sophisticated, new, and challenging legal issues facing clients today. No rigid departmentalization means that our lawyers are intellectually nimble and encouraged to master a variety of practice areas and foster innovation/new product development where cross-disciplinary thinking is required.

Global, Diverse, Cohesive Culture

Notwithstanding the vast diversity of our lawyers (more than 50 different languages are spoken and more than 50 countries of origin are represented), Cleary Gottlieb has a cohesive culture of legal excellence. Approximately 90 percent of our partners began their careers at Cleary Gottlieb and more than one-third have served in more than one of our 13 offices.

LEADERSHIP IN DIVERSITY AND INCLUSION

Cleary Gottlieb's commitment to diversity and inclusion consistently receives recognition from *The American Lawyer*, *Vault Guide to the Top 100 Law Firms*, *MultiCultural Law* magazine, and Human Rights Campaign's "Corporate Equality Index," among other organizations. Our lawyers come from a wide variety of cultural, educational, and ethnic backgrounds and bring unique perspectives and ideas to our global legal practice.

- Our active Committees on Diversity Issues—consisting of lawyers of all levels of seniority residing in the United States and Europe—ensure that the firm promotes diversity through our recruiting practices and ample community-building and training programs.
- We offer liberal maternity and paternity leaves and flexible work schedules.
- Our benefits policy is open to same-sex couples.
- We are a long-time supporter and participant in pipeline initiatives, including Sponsors for Educational Opportunity, NYC Legal Outreach, and Thurgood Marshall Summer Law Internship Program.
- We are active members of and partners with organizations that seek to advance diversity in the legal profession, including the Leadership Council on Legal Diversity and the Minority Corporate Counsel Association.
- We are committed to procurement processes that enhance opportunities for diverse suppliers.

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Community Involvement and Public Service

Our lawyers dedicate themselves not only to improving but also to shaping local, national, and global communities by providing pro bono legal counsel, fostering not-for-profit organizations, and holding important public service posts.

- First corporate law firm to provide a public interest law externship in 1968, which has continued for over 40 years.
- More than 64,000 hours dedicated each year to pro bono and public service.
- Participation in student mentoring partnerships around the globe.
- Partners include two former General Counsel of the SEC, two former Directors of the SEC's Division of Corporation Finance, nine former Assistant U.S. Attorneys, as well as those who served in other prestigious government posts, including Assistant Secretary for Tax Policy of the U.S. Treasury, Deputy Director of the U.S. FTC's Bureau of Competition, Head of Unit at the European Commission's Merger Task Force, and a member of the Commission Bancaire et Financière (now the CBFA), the Belgian banking and supervisory authority.

Cleary Gottlieb is **ONE OF ONLY TWO FIRMS TO HAVE PLACED IN THE TOP 10 OF THE AMERICAN LAWYER'S A-LIST**—a measure of pro bono, diversity, associate satisfaction, and revenue—every year since the list's inception in 2003.

Sustaining the Environment

Global citizenship also means being "green." Through educating our lawyers and staff and implementing numerous operational and procurement initiatives, we promote the goal of minimizing the firm's impact on the environment.

FIRM DEVELOPMENTS

Office Openings. Cleary Gottlieb announced the openings of two additional offices in the past two years to better serve our clients' needs.

In 2011, we plan to open an office in São Paulo subject to approval of Brazilian authorities. This follows the opening of our Buenos Aires office in 2009. An on-the-ground presence in Latin America provides our clients who have interests throughout the region with greater access to our international expertise and offices worldwide, enabling us to better help them achieve their global business objectives.

Our network of **STELLAR ALUMNI** is among our proudest achievements. The range of impressive positions that our alumni hold reflects both the quality of Cleary Gottlieb legal training and the diverse interests of our lawyers. We count among our alumni:

- 19 judges, including an Associate Justice of the U.S. Supreme Court
- More than 400 investment banking and finance executives
- More than 30 hedge fund and private equity executives
- 147 general counsel and senior officers at Fortune 500 companies
- 155 law professors
- 6 published fiction authors
- 44 officials at intergovernmental organizations
- 45 founders or current directors of not-for-profits

Partner and Counsel Elections. Effective January 1, 2011, Samuel Bagot, Roger Cooper, Michael Preston, and Yulia Solomakhina were elected partner and Jaewoo Lee, Olivier Loizon, Michele Piergiovanni, and Andrew Weaver were elected counsel, bringing Cleary Gottlieb's total worldwide partners to 195 and counsel to 48. Continuing our tradition of internationalism, the eight lawyers are resident in our New York, London, Paris, Brussels, Hong Kong, and Moscow offices and are active in our Africa, Asia, Belgium, China, European Union, France, Germany, India, Italy, Korea, Latin America, Middle East, Russia, United Kingdom, and United States practices.

Hong Kong and Beijing Offices. The firm launched a Hong Kong law practice in February 2011. The practice is focused initially on Hong Kong-listed IPOs and other capital markets transactions, as well as private equity and other M&A transactions. Freeman Chan joined the firm as a partner in January from the Hong Kong office of Norton Rose, where he led its China corporate finance practice. Freeman is working closely with Cleary Gottlieb's other partners in Asia to develop the Hong Kong law practice. We have also added a number of experienced lateral Hong Kong law associates. The firm has approximately 50 lawyers in Hong Kong and Beijing, many of whom are Hong Kong-qualified.

Partner Christof von Dryander also joined the firm's Hong Kong office in February after nearly 20 years in Frankfurt. He will assist Asian clients on European and other international transactions in addition to advising European companies on their activities in Asia. Also in February, Li Li joined the firm as Beijing Office Director from the Shanghai office of Debevoise, where she was a corporate partner. Li has substantial experience in China M&A and other corporate transactions, and she works with our lawyers in Asia and throughout the firm on China-related M&A and corporate matters.

London Competition Practice. Another significant growth area is our London competition practice. Partner Maurits Dolmans and several UK associates moved to London in 2010 from our Brussels office to help partners Nick Levy and Romano Subiotto QC develop the antitrust group there. Maurits will continue to work on EU law matters before the European Commission, especially in the high-tech area. This move, plus the addition of former Deputy Director of Competition Policy at the Office of Fair Trading Paul Gilbert to the London office in January 2011, considerably strengthens and deepens our London competition group.

Global Litigation Practice. Also continuously expanding in London, as well as across Europe and in the United States, is our litigation practice. Since the start of 2008, the firm has added 14 litigation partners worldwide, including internal promotions and lateral hires. Lev Dassin, who previously served as Acting United States Attorney for the Southern District of New York and as Deputy United States Attorney and Chief of the Criminal Division of the U.S. Attorney's office, joined the New York office. In April 2010, leading English banking and finance litigator Jonathan Kelly joined the London office from Simmons & Simmons, where he was head of the finance litigation group.

New York

One Liberty Plaza
New York, NY 10006-1470
United States of America
T: +1 212 225 2000
F: +1 212 225 3999

Washington

2000 Pennsylvania Avenue, NW
Washington, DC 20006-1801
United States of America
T: +1 202 974 1500
F: +1 202 974 1999

Paris

12, rue de Tilsitt
75008 Paris, France
T: +33 1 40 74 68 00
F: +33 1 40 74 68 88

Brussels

Rue de la Loi 57
1040 Brussels, Belgium
T: +32 2 287 2000
F: +32 2 231 1661

London

City Place House
55 Basinghall Street
London EC2V 5EH, England
T: +44 20 7614 2200
F: +44 20 7600 1698

Moscow

Cleary Gottlieb Steen & Hamilton LLC*
Paveletskaya Square 2/3
Moscow 115054, Russia
T: +7 495 660 8500
F: +7 495 660 8505
**an affiliate of Cleary Gottlieb Steen & Hamilton LLP*

Frankfurt

Main Tower
Neue Mainzer Strasse 52
60311 Frankfurt am Main, Germany
T: +49 69 97103 0
F: +49 69 97103 199

Cologne

Theodor-Heuss-Ring 9
50668 Cologne, Germany
T: +49 221 80040 0
F: +49 221 80040 199

Rome

Piazza di Spagna 15
00187 Rome, Italy
T: +39 06 69 52 21
F: +39 06 69 20 06 65

Milan

Via San Paolo 7
20121 Milan, Italy
T: +39 02 72 60 81
F: +39 02 86 98 44 40

Hong Kong

Cleary Gottlieb Steen & Hamilton (Hong Kong)
Bank of China Tower, 39th Floor
One Garden Road
Hong Kong
T: +852 2521 4122
F: +852 2845 9026

Beijing

Twin Towers – West (23rd Floor)
12 B Jianguomen Wai Da Jie
Chaoyang District
Beijing 100022, China
T: +86 10 5920 1000
F: +86 10 5879 3902

Buenos Aires

CGSH International Legal Services, LLP–
Sucursal Argentina
Avda. Quintana 529, 4to piso
1129 Ciudad Autonoma de Buenos Aires,
Argentina
T: +54 11 5556 8900
F: +54 11 5556 8999

