

# RESTRUCTURING CONTINUING INTO 2013 - ARAOZ & RUEDA

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Alejandro Fernández de Araoz

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**The current climate sees restructuring remaining high on the agenda, says Alejandro Fernández de Araoz, Managing Partner at Araoz & Rueda in Madrid, with four main areas of activity keeping Madrid's restructuring lawyers busy.**

Las reestructuraciones de las empresas siguen sucediéndose a consecuencia del clima económico actual, dice Alejandro Fernández de Araoz, de Araoz & Rueda, con cuatro áreas de actividad clave que mantienen ocupados a los abogados expertos en la materia.

The first is defensive mergers or consolidations. "We are very active in the restructuring of cajas," says Fernández de Araoz, "representing, for example, Kleinwort Benson and Ripplewood in building a consortium to invest in Spanish financial institutions".

The second is helping position the buyers of distressed assets. "We are seeing increasing operations in that market," says Fernández de Araoz, "with banks selling non-performing organisations and a great deal of consumer loan portfolios, which are much more difficult to manage". The cajas are getting rid of those portfolios and having to restructure the way people pay back their debts. "However, chasing debtors requires a massive amount of resources," he adds, "and this is causing

huge problems for the banks that don't have the capital to do so".

Third is restructuring debt agreements with the banks. "The competition reform has done a lot to facilitate refinance agreements, giving them a legal 'safe harbour status' so that they cannot be challenged by the receiver if the company goes bust," says Fernández de Araoz "and there is a great deal of work around on refinancing agreements".

Fourth is employment. As the economy continues to suffer, sales go down and companies have to cut their workforce, he says. "There are predictions of massive unemployment by the end of 2012, and we are helping companies interpret the new Labour Regulation and deal with redundancies at a lower cost."

As for 2012, insolvencies and restructurings are on the increase, says Fernández de Araoz, something that is going to continue well into 2013.