

28 April 2009

Carey Olsen extends takeover expertise with European Capital Scheme of Arrangement

Carey Olsen in Guernsey and Linklaters LLP in London have successfully completed a scheme of arrangement under the Companies (Guernsey) Law, 2008 (as amended) (the 'Law') in respect of European Capital Limited ('ECAS') a Guernsey incorporated authorised closed-ended investment company.

The scheme of arrangement permitted American Capital, Ltd (the holder of approximately 67% of the shares in ECAS) to acquire the remaining approximately 33% of the shares in ECAS from ECAS' minority shareholders pursuant to an order of the Royal Court of Guernsey (the "Court").

ECAS was advised by partner Tom Carey and assisted by senior associates Adrian Sarchet and Tim Corfield of Carey Olsen and by partner Matthew Middleditch and managing associate Alexandra Beidas and associate Chloe Harbord of Linklaters.

Partner, Tom Carey, described the successful completion of the deal as 'a significant step' in the development of Guernsey's takeover practice and jurisprudence, adding: 'while not the first scheme of arrangement to pass the doors of the Court, it was to our knowledge, the first time the Court:

- (a) confirmed its approach to the management of complex takeover schemes; and
- (b) was invited to consider and determine a number of the difficult technical issues which arise on takeover schemes.

'As a result, the practice knowledge and precedents that have been developed will benefit many of our other clients in the future.'

NOTES TO EDITORS:

About schemes of arrangement: Schemes of arrangement have long been a feature of UK company law, but were not a part of Guernsey company law until the Law came into force on 1 July 2008.

The Law permits the rights and obligations of a company, its members (or any class of them) and its creditors (or any class of them) to be altered pursuant to a Court sanctioned "compromise" or "arrangement". These Court sanctioned compromises or arrangements are called "schemes of arrangement" and their potential uses include (but are not limited to) the merger of two or more companies, the subdivision of a company into two or more companies, the reconstruction of a company (possibly with the business of one or more companies being transferred to a new company) and certain methods of takeover.

Whilst the structure and content of the relevant part of the Law is largely based on Part 26 of the UK's Companies Act 2006, a number of necessary amendments to the English drafting have been made in order to incorporate this new concept into Guernsey law.

About Carey Olsen: Carey Olsen is the largest law firm in the Channel Islands and acts for a number of institutional clients in large, multi-jurisdictional transactions, as well as for governments and corporates, professional firms and high-net-worth individuals. With more than 130 lawyers Carey Olsen offers a full range of legal services, including corporate and commercial, funds, banking and finance, trusts and fiduciary, commercial and residential property, employment, restructuring, litigation and dispute resolution. Carey Olsen's position as a top tier provider of legal services is recognised by Chambers UK, Legal 500 and other independent market commentators and reflected by the quality of the transactions and cases they advise on. **Carey Olsen is the Chambers Europe Offshore Law Firm of the Year 2008, Acquisition Finance Offshore Law Firm of the Year 2008 and is the highest ranking Channel Islands law firm in The Lawyer Awards 2008.**

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