



NAVIGATING NEW PATHS TO **GROWTH**

2014 ANNUAL REVIEW

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Chairman's Letter

Dear Clients and Friends of the Firm:

During 2014, political and economic developments once again unsettled and reshaped the global economy. Despite the headwinds created by these global events, 2014 proved to be a record year for deal making, with an acceleration of consolidation and stratification across industries.

Global events and market shifts create new uncertainties and risks, but they also create growth opportunities for those able to re-imagine what is possible. Companies must evolve quickly and strategically to stay ahead of these changing times—to act instead of react, not only to embrace change but to be positioned to lead in their industries through innovation.

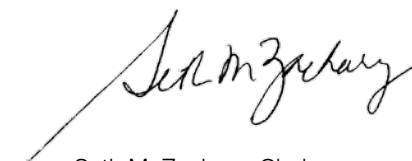
In these times of change, Paul Hastings' purpose remains clear: to help our clients and our people navigate new paths to growth; to uncover opportunities, create and protect value, and nimbly manage risk in a continually fluctuating marketplace; to find new ways to create greater efficiencies and leverage technology.

We are privileged to have successfully teamed with our clients in some of the year's most complex domestic and cross-border transactions, and to have helped some of the world's biggest companies secure critical litigation victories. Highlights include:

- Ranked #1 on *The American Lawyer's* A-List of the most successful firms in the U.S.
- Ranked among the Top 5 in the *Financial Times'* Innovative Lawyers North America report for the third year in a row
- Advised on the largest leveraged buyout and largest U.S. high-yield deal in 2014 and the largest H-share placement ever on the Hong Kong Stock Exchange
- Recognized as a Real Estate Practice Group of the Year and White Collar Defense Practice Group of the Year by *Law360*
- Won the first-ever successful defense of a pharmaceutical patent in an *inter partes* review
- Advised on Goodpack's US\$720M leveraged loan, named Best Leveraged Financing of the Year by *Finance Asia*
- Won Equity Deal of the Year and Restructuring Deal of the Year in the 2014 Europe Awards from *International Financial Law Review*
- Continued our groundbreaking work in the Mexican real estate market involving FIBRA, the Mexican real estate investment trust—a client success honored by *The American Lawyer* in its Dealmaker of the Year awards
- Ranked #3 in U.S. Lender Law Firm Bookrunner M&A in Thomson Reuters' league tables
- Achieved significant litigation victories for such clients as AT&T, Kmart, L'Oreal, Rite Aid, Samsung, and UBS

In the pages that follow, we share our perspectives on the market trends and legal developments that will impact our clients in the year ahead. We are also pleased to introduce our newest partners, representing top talent from a cross-section of disciplines and industries, and provide highlights of our longstanding commitment to our communities, diversity and inclusiveness, and the environment.

Our firm is built on providing innovative solutions and unmatched client service—anticipating and responding to our clients' needs in markets around the world. We take pride in our clients' growth and leadership in their markets and industries. In today's world of transformative change, we are confident about the future, guiding our clients upward on a road that gets steeper but more exhilarating the higher we climb.



Seth M. Zachary, Chairman

How do you secure business advantage in competitive, complex markets?

The global M&A market has been a major driver of transactional activity in 2014 and into 2015. Despite major structural disruptions in the global economy—the collapse in energy prices, deflationary pressures, and credit stresses evident in a number of key markets—regional and cross-border M&A continued to flourish. In many cases, this activity has enabled corporations to not only escape low, slow growth in their domestic economies, but also establish successful global footprints.

Today's regulators are more aggressive, the range of lenders more varied, and the options for financing more nuanced. However, as the past year has shown, the choices ahead provide some outstanding opportunities for growth and development in even the most difficult circumstances.

What are the critical trends to follow for inbound M&A in the U.S. over the next 12 months?

The U.S. inbound M&A market will continue to be robust, particularly in the manufacturing, consumer products, life sciences, and technology sectors. U.S. corporations are at the forefront of innovation, creating market-changing products and services and appealing to global consumer demand. Undaunted by the current strength of the U.S. dollar and increased regulatory scrutiny, non-domestic multinational corporations are actively pursuing strategic opportunities in these key sectors, relying on large cash balances and relatively inexpensive financing to fund such acquisitions.

Carl Sanchez
San Diego

What is the top trend to watch for M&A activity in Europe this year?

While 2014 was dominated by high value deals, 2015 will see continued growth in deal volume in Europe. Despite the slow pace of economic activity and increased political uncertainty, these factors are counterbalanced by low interest rates, falling oil prices, the ready availability of cash, and competitive financing opportunities. This will support companies seeking further sectoral consolidation. We particularly expect strong M&A activity in telecommunications, technology services, and healthcare.

Guillaume Kellner
Paris

#1

The American Lawyer's A-List of the most successful firms in the U.S.

What is the biggest area of opportunity in the U.S. capital markets in the year ahead?

Continued recovery of the U.S. markets will provide issuers with sustained access to capital during 2015. However, due to increasing demand for higher returns and continuing regulatory efforts, the biggest opportunities will be for those firms willing to provide investors with innovative investment alternatives.

Teri O'Brien
San Diego

What do you see as the most critical development for the Asian capital markets over the next 12 months?

Activities in the debt and equity capital markets in 2015 will be driven by further liberalization of China's capital accounts and RMB internationalization. Hong Kong, as the main center for offshore bond issuances by Chinese companies, will see issuances from more diversified credits. We also expect the Shanghai-Hong Kong Stock Connect Scheme to be expanded as China opens up its equity market and integrates with major financial centers.

Vivian Lam
Hong Kong

What recent development do you expect to have the most impact on European private equity in the year ahead?

2015 is expected to be a challenging year for European private equity, with the industry dominated by mid-sized transactions and especially carve-outs of branches of large groups. Similar to previous years, pharmaceuticals and healthcare, along with consumer goods and retail, are expected to be the most active industries. Additionally, active portfolio management and strategic build-up transactions, along with improved financing, will undoubtedly be the strongest performance drivers in the coming months, with IPOs as one of the possible exit options.

Olivier Deren, Pascal de Moidrey, and Alexis Terray
Paris

Highlights of Our Client Successes

Top banks finance US\$8.7B acquisition of PetSmart

We advised the banks providing debt financing for the US\$8.7B acquisition of PetSmart, Inc., North America's leading pet services retailer, by an investor consortium led by BC Partners. Citigroup Global Markets Inc., Barclays Bank PLC, Deutsche Bank Securities Inc., Nomura Securities International, Inc., Jefferies Finance LLC, RBC Capital Markets, and Macquarie Capital (USA) Inc. acted as joint lead arrangers and Citibank, N.A. served as administrative agent on a US\$4.3B senior secured term loan and a US\$750M senior secured ABL facility. We also represented Barclays Capital Inc., Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Nomura Securities International, Inc., Jefferies LLC, RBC Capital Markets, LLC, Natixis Securities Americas LLC, and Macquarie Capital (USA) Inc. as initial purchasers in the US\$1.9B senior notes offering by Argos Merger Sub Inc., which was merged into PetSmart at closing. This deal marked the largest leveraged buyout in 2014.

J.P. Morgan acts as depositary bank on Fast Retailing's HDR listing

We advised JPMorgan Chase Bank, N.A. as the depositary bank on Fast Retailing Co., Ltd.'s secondary listing of Hong Kong depositary receipts (HDRs) on the Main Board of The Stock Exchange of Hong Kong Limited by way of introduction. Fast Retailing is the largest Japanese clothing retailer in Asia Pacific. Paul Hastings has advised J.P. Morgan on all HDR listings to date.

UniCredit sells €1.9B European non-performing loan portfolio

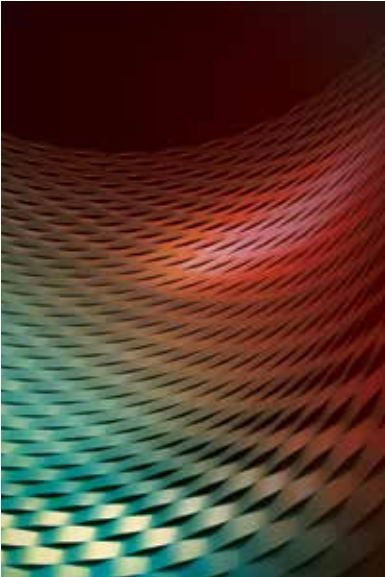
Our lawyers advised Italian lender UniCredit Group on the sale of a €1.9B portfolio of European non-performing loans to UK-based financial services private equity firm AnaCap Financial Partners. This was one of the largest transactions of its kind in Italy.

45%

Increase in global value of M&A activity in 2014
Source: Mergermarket

Dealmaker of the Year

Partner David Shine named Dealmaker of the Year by *The American Lawyer* for his work advising Merck & Co. on the US\$14.2B sale of its consumer care business.



How do you effectively leverage digital technology and big data?

Is there any business that is not being reshaped by technology? In the rush to join the Internet of Everything, the concept of an interconnected universe has spread from the domestic to the corporate realm with a seamlessness that is moving faster than the ability of many corporate IT, strategy, and legal departments to absorb the implications. This overwhelming sense of change makes it hard for corporate management to decipher what they “must know” from what they “should know” when it comes to determining the transformative technologies reshaping their businesses. The major discussions around topics like Big Data mask the reality that, at a granular level, for companies the implications could rewrite much of what they know and understand about the way they do business—and who they do business with in the future.



What is the top challenge for companies pursuing cross-border technology licensing transactions in China in the year ahead?

The top challenge for companies pursuing cross-border technology licensing transactions is to fully comprehend the applicable local laws and regulations. China is moving from a “Made in China” to a “Developed in China” mentality, and there are a significant number of native patent applications and patent litigation cases in Chinese courts. Foreign companies need to understand the implications of local patent portfolios, and navigate the evolving IP landscape, to succeed in the new China.

Tiffany Lee
Palo Alto

What trend will have the biggest impact on data centers over the next 12 months?

The continued growth of data centers which provide cloud services to small- and medium-size ventures will maintain its impact on the broader data center market by leading to higher demand and thus sustain its continued development. As the volume of content maintained online rapidly expands, regulatory and privacy concerns will lead to further geographic expansion of data centers optimized to service public clouds.

Stephen Berkman
San Francisco

50%

Increase in number of data records compromised in data breaches last year
Source: *Gemalto*

What is the No. 1 stay-awake issue related to managing data privacy and security for today’s global companies?

The #1 issue is data security—how to protect personal and other data and handle security breaches. Companies must assess which data categories are maintained and what security levels are appropriate. Second, companies must keep abreast of evolving international privacy regulation and industry best practices for data localization and big data. The Internet of Things and associated applications expand daily. Companies providing those services, or using the data they generate, need to understand the legal exposures they create.

Behnam Dayanim
Washington, D.C.

What is the most important thing companies can do to safeguard sensitive personnel data and protect themselves from the risk of litigation, while taking advantage of powerful new technology?

HR, IT, and employment counsel all must work together to build a robust data protection program and instill a culture of compliance. Employees can be either the strongest or weakest link, so education is critical. Data prioritization, assessing current retention and technology use practices, defining and adopting baseline standards, and implementing an operational incident response plan are key steps companies will need to take to help keep confidential information confidential.

Heather Morgan
Los Angeles

Highlights of Our Client Successes

Bull’s €620M takeover by Atos creates leader in cloud services

We advised Bull, a Europe-based expert in cloud solutions, cybersecurity, and big data services, on the €620M takeover bid from IT services company Atos for Bull. The acquisition positions Atos to become a global leader in cloud, cybersecurity, and big data services.

SoftBank leads investment in US\$600M KuaiDi Dache financing

Our lawyers advised SoftBank Corp. as the lead investor in the US\$600M Series D financing of KuaiDi Dache, a leading mobile taxi booking app in China. The financing is the latest in a series of transactions on which we have advised SoftBank Group and its subsidiaries over the years.

Align Technology secures precedent-setting IP victory

We represented Align Technology Inc. in a precedent-setting patent infringement victory before the International Trade Commission (ITC) that had a significant impact on the IP community. Align successfully argued that the ITC must recognize cross-border electronic transmissions as “importations” of “articles” under its jurisdiction. The case marked the first time the ITC addressed that jurisdictional question. The significance of the issue to the U.S. economy attracted wide-ranging media attention and extensive briefing on both sides of the issue from major companies and industry groups.

Tech companies spur rapid growth of the data center industry

Leading technology companies continue to spur the rapid growth of the data center industry, and Paul Hastings has been there every step of the way to help guide them to success in some of their largest and most significant transactions.

We advised Facebook on its US\$1.5B data center project in Iowa, and continue to provide counsel on our client’s real estate ownership, leasing, and other data center matters. We are also advising SoftLayer, an IBM company, on the US\$1B+ global expansion of its data centers in Asia, Europe, Latin America, and the U.S.

We continue to advise Salesforce.com on a variety of data center matters both in the U.S. and internationally. Notably, we helped our client negotiate a site agreement to establish a new data center in Germany through a multi-party arrangement involving a data center owner and a telecommunications company. We also advised Salesforce.com on a data center master services agreement to establish a new facility in France.

Other highlights of our data center work include representing Tierpoint in its acquisition of Xand and its six data centers across the northeastern U.S., and in its acquisition of Philadelphia Technology Park. We have also advised clients such as GI Partners and LinkedIn as they pursue their data center strategies. Along with our real estate work, our interdisciplinary team advises data center clients on other critical issues such as data privacy and security, technology transfer and sanctions compliance, and power purchase agreements.

How do you drive innovation and new opportunities?

Harnessing innovation to take advantage of new opportunities requires rethinking business models. Many innovations have been created totally outside traditional business categories, transforming existing companies along the way. Although these significant changes in business architecture are not without their challenges for boards and regulators, they do offer a tremendous upside as well—boosting productivity and offering new insights on how to do business better, faster, or more efficiently. For some companies, innovation involves looking up, and out, from their current and target markets. This requires a realistic reassessment of the way the business positions itself, its products, and its people in an increasingly demanding and internationally fluid marketplace.

Market Perspectives from Our Partners

What innovative capital flows do you foresee clients pursuing this year?

2015 will likely see the U.S. Federal Reserve move on interest rates. Many clients are likely to recalibrate their lending options, but those rate expectations have largely been priced into the current market. We are seeing growing interest in specialty and alternative lending. This market is moving steadily upstream, while continuing to partner with banks to round out the capital structure. Banks are looking for alternative growth opportunities while they continue to expand globally and focus on underutilized asset classes.

Jennifer Yount
Los Angeles

What do you see as the biggest opportunity for innovation as TMT companies pursue M&A transactions in the year ahead?

Technology is changing the content-creation/ad-delivery matrix. To monetize these changes, M&A will be key. Look for content acquisitions that expand audience reach and drive traffic, ad tech deals that bring new efficiencies to legacy advertising models, and innovative transactions that will harness analytics to match audience and advertising in new ways.

Eric Greenberg
Washington, D.C.

The introduction of the FIBRA created significant opportunities in Latin American markets. What do you see as the next step in this innovative investment vehicle's evolution?

The FIBRA, or Mexican real estate investment trust, created a modern financing instrument attractive to international investors seeking high yield. It consolidated real estate ownership in a transparent, tax-efficient, and liquid investment vehicle. Fibra Uno, the first FIBRA, became one of the world's 10 largest real estate companies in three years. The FIBRA model has expanded to include high yield debt issuance and the creation of mortgage FIBRAs. We expect it to continue to expand in scope and be adopted in other emerging markets.

Michael Fitzgerald
New York

What is the biggest risk companies face by using Bring Your Own Device (BYOD) and other innovative workplace practices to increase efficiency—and how can they manage that risk effectively?

The greatest risk, hands down, is data security. Employers can manage that risk by implementing *and enforcing* strong BYOD policies. For example, there should be mandatory password protection of all devices used by employees to access company information and employers must be able to confirm this. Employees should be notified that they are required to have the device physically available for inspection upon request and be made aware that it could be wiped clean at termination.

Carson Sullivan
Washington, D.C.

What trend will have the biggest impact on electronic payments in 2015?

User adoption is a constant challenge for new payment methods and related technology—an issue further exacerbated by the flood of new entrants into an already crowded field. Hence, providers will intensify their focus on creating “carrots” sufficient to attract consumers, whether by solving consumers’ problems (convenience, security) in a meaningful way, providing benefits (lower costs, rewards) compelling enough for the average consumer to switch from more traditional options, or both.

Todd Beauchamp
Atlanta

Top 5

The *Financial Times*’ Innovative Lawyers North America report—three years in a row

Dealmaker of the Year

Partner Michael Fitzgerald named Dealmaker of the Year by *The American Lawyer* for his work representing FHipo in its groundbreaking IPO and his continued efforts to transform the Mexican real estate industry.

Highlights of Our Client Successes

Global banks finance Apollo's US\$1.3B acquisition of CEC Entertainment, operator of Chuck E. Cheese’s

We represented Deutsche Bank Securities Inc., Credit Suisse Securities (USA) LLC, Morgan Stanley Senior Funding, Inc., and UBS Securities LLC as joint lead arrangers in the financing for the US\$1.3B acquisition by Apollo Global Management of CEC Entertainment, Inc., which operates 577 Chuck E. Cheese's restaurants. *The innovative use of bridge financing in this transaction is likely to serve as a model for encouraging future tender offers in LBOs.*

Coinbase shapes the future regulatory landscape for virtual currencies

We have represented Coinbase, one of the world’s most successful and innovative bitcoin companies, since its inception. Our lawyers advise Coinbase on a wide range of global regulatory compliance and transactional matters, including issues related to the recent launch of its bitcoin exchange. We are working closely with our client to help shape the future regulatory landscape for virtual currencies.

Leading Chinese new green energy and electric vehicle company defuses labor investigation

When the California Labor Commissioner conducted on-site investigations at a major Chinese company starting up its U.S. operations in Los Angeles, the agency issued citations based in part on the inaccurate allegation that the company had not paid California's minimum wage to five China-based employees who worked in the U.S. temporarily. Within days, *The New York Times* reported the story and a media campaign against the company ensued in the U.S. and China. The company engaged Paul Hastings to defend against the citations and implement innovative employment law strategies to help defuse the situation. Our Los Angeles and Shanghai lawyers worked together to prove that the company had paid the employees in excess of California's minimum wage. In a major concession, the agency dismissed the minimum wage assessments prior to the scheduled appeal hearing. We then persuaded *The New York Times* to report the agency's reversal, and other news outlets followed. This successful resolution set the stage for the company's successful launch in California of its first electric bus factory in the U.S.

First-ever Mexican mortgage REIT continues evolution of the FIBRA

As the FIBRA continues to transform the Mexican real estate market, we continue to lead the way in helping our clients take advantage of the unique opportunities this investment vehicle presents.

Most recently, we represented Fideicomiso Hipotecario (FHipo) in its IPO, which raised more than US\$633M. FHipo is the first Mexican mortgage real estate investment trust (REIT) and the first mortgage REIT ever sold internationally in Latin America. This groundbreaking transaction marks the next major step in the ongoing development of the FIBRA. It not only resulted in a new asset class, but also established an international secondary market for Latin American mortgages.

We continued our long legacy of “firsts” by being the first international law firm to advise on FIBRAs when a comprehensive legal overhaul in Mexico created this industry-changing real estate investment structure. Our lawyers represented the initial purchasers in Fibra Uno's historic IPO in 2011, its initial follow-on offering in 2012, a subsequent follow-on offering in 2013, and its first international debt offering. Fibra Uno became the first REIT to IPO in Latin America and is now one of the 10 largest REITs in the world.

As other Mexican real estate companies sought to repackage their real estate holdings into newly-created FIBRAs, our lawyers were there, working on almost all of the international FIBRA transactions to date. Additional highlights of our leadership in this fast-growing area include our work on Fibra Danhos' US\$400M international IPO representing Goldman Sachs, FibraHotel's US\$330M international offering representing Credit Suisse, and Fibra Shop's US\$250M international IPO representing the issuer. These groundbreaking client successes are further examples of our commitment to innovation.

How do you become more resilient to new and unfamiliar litigation risk?

In today's environment there is far more transparency about both the risks of litigation exposure and its consequences, requiring companies to manage risk more actively and ensure as much compliance and containment as possible at the front end. Regulators, however, have made this more challenging, in terms of both the complexity of the rules introduced and their tendency to apply these rules beyond their borders. All of this reinforces the need for companies to map out legal and regulatory risks.

Market Perspectives from Our Partners

What is the most critical trend impacting how today's general counsel can effectively manage litigation risk?

More than ever, general counsel face conflicting pressures in litigation—to be cost-effective, to manage risk in a complex regulatory and globalized environment, and to win. Balancing those pressures involves dedication and expertise. A strong relationship between inside and outside counsel, an open dialogue about the company's objectives in a case or investigation, and a focus on what it will take to get there are critical, all while weighing the risks along the way.

Barry Sher
New York

What is the top trend emerging in U.S. employment law that will impact our clients in the year ahead?

Our clients will continue to face new challenges from the Obama administration as it seeks to impose new regulatory burdens on employers in almost every aspect of employment law. Among other things, we expect to see new wage and hour regulations, new mandates on government contractors, new NLRB dictates, and new rules relating to asset investment in 401(k) plans. We will actively assist our clients in deciding the most appropriate response to these initiatives.

Patrick Shea
New York

What is the No. 1 thing companies can do to effectively protect their intellectual property portfolios, in light of recent trends in patent litigation?

Companies need to be ready to "litigate" before the U.S. Patent Trial and Appeal Board, given the new inter partes and post-grant review proceedings made available by the America Invents Act. Today, in addition to patent litigation in a district court, defendants often initiate one of these post-grant proceedings before the board. Success before the board is critical for patent owners because if they lose in the U.S. Patent Office, they may not be able to continue the district court litigation.

Naveen Modi
Washington, D.C.

What issue will most impact complex litigation strategy for global businesses in the coming year?

Businesses will experience greater challenges defending against class action lawsuits, as U.S. federal and state courts are more routinely allowing these cases to proceed to the class certification stage. This makes merely the defense of such cases cost-prohibitive for many companies, and the lawyers defending them must find innovative ways to contain legal costs during the defense of such cases as they seek to resolve them in the most expeditious way possible.

Dennis Ellis
Los Angeles

What are the top trends impacting our clients this year in the international arbitration arena?

There are a confluence of factors transforming international arbitration into a mainstream mechanism for resolving complex commercial disputes. First, we're continuing to see bigger, more complex international arbitrations, with more parties, more disputed issues, more parallel proceedings, and greater amounts at stake. Second, many, if not most, sophisticated substantial commercial relationships now have some international element. These are multi-year, not just single-year, trends—and we expect to see them continue in the years ahead.

Joseph Profaizer
Washington, D.C.



Highlights of Our Client Successes

CEO victorious in one of the SEC's largest insider trading cases

We won a major trial victory on behalf of Manouch Moshayedi, the founder and former chief executive and chairman of sTec, Inc., in one of the largest insider trading cases ever brought by the SEC. The complaint alleged that our client engaged in improper insider trading and violated the anti-fraud provisions of the federal securities laws in connection with a secondary offering of approximately US\$267M worth of sTec stock owned by Mr. Moshayedi and members of his family. The SEC also alleged he made material misrepresentations and omissions. Following an 11-day trial, the federal court jury deliberated for just four hours before delivering a complete defense victory for Mr. Moshayedi on all of the SEC's claims.

Capital One secures win in high-profile online banking dispute

We achieved a complete victory for Capital One before the "Rocket Docket" court in the Eastern District of Virginia in a high-profile patent dispute. The plaintiff, N5, had accused Capital One and others of infringing a patent for a method of authenticating a mobile user. The court held a Markman hearing to construe the scope of the patent, and we successfully argued that N5's patent required mobile users to perform specific steps. We then moved for summary judgment of no infringement, arguing those specific steps were not performed by users of Capital One's online banking platform. The court agreed, granting summary judgment of no infringement, which N5 declined to appeal.

Fujifilm Medical Systems secures win in wrongful discharge case

We represented Fujifilm Medical Systems in securing an important decision in a wrongful discharge case. The plaintiff, a former executive vice president, brought numerous claims against our client stemming from his termination, including claims for national origin and age discrimination, defamation, and tortious interference with business expectations. The jury rejected his discrimination and defamation claims and permitted him only sums due under his employment contract and an award on his tortious interference claim. On appeal, we convinced the Circuit to affirm the trial win and reverse the jury's tortious interference award, delivering an important victory for our client.

White Collar Defense Practice Group of the Year

Law360

12

A dozen top Investigations and White Collar Defense lawyers joined our practice over the past year

How do you protect your products and proprietary information?

Without a doubt, intellectual property has become the gold dust of modern commerce. Its possession and protection, the competition for it, and litigation over it, have dominated a range of industry sectors and led to the rise of companies whose sole reason for being is to litigate in the patent arena. Clearly companies in possession of valuable IP need a well-considered strategy for its management and protection.

However, in today's global business world, enforcing IP rights in multiple jurisdictions can often be a considerable challenge. This includes determining where to file for registered rights. Global IP strategies are now a major component of corporate strategic planning, as is handling appropriate monitoring and management.

What trend do you see having the biggest impact on how U.S. life sciences companies can best protect their IP in the year ahead?

Perhaps the biggest trend affecting pharma and biotech IP is the increasing use of patent challenges before the U.S. Patent Trial and Appeal Board via a newly created procedure, the inter partes review (IPR). IPRs seek to invalidate patents at much less expense than in traditional litigation and under lower standards of proof than required in district court. Responding to them requires expert strategizing by defense counsel to protect innovation and secure a company's IP.

Gerald Flattmann
New York

87%

China and the U.S. accounted for 87% of the total growth in filings under the Patent Cooperation Treaty
Source: *World Intellectual Property Organization*

What is the most important consideration related to IP for companies pursuing cross-border technology transactions?

Cross-border IP transactions require consideration of the differing laws of the various jurisdictions. Agreements to license IP may be subject to competition laws, where certain restrictions or conditions on a licensee may be permissible under one jurisdiction but not another. Certain jurisdictions may provide robust enforcement of IP rights, while others do not. Companies with IP assets must take into consideration these differences when engaging in cross-border transactions.

Jane Song
San Diego

What is the most important step global companies can take to protect their IP in today's world of ever-increasing employee mobility?

Companies must put protections in place that prevent employees from taking intellectual property and provide legal recourse if they do. This includes on-boarding and off-boarding protocols, state-of-the-art invention assignment and nondisclosure agreements, comprehensive policies, employee training, and IT systems security. Most importantly, safeguarding IP requires that legal, human resources, and IT personnel work closely together to create a culture of compliance. Lawyers must provide the rules, while IT provides the tools, and HR implements and monitors.

Jennifer Baldocchi
Los Angeles

Highlights of Our Client Successes

Supernus and Galderma achieve first-ever win in new form of IP proceeding

Our lawyers won a complete victory for Supernus Pharmaceuticals and Galderma Laboratories in the first-ever successful defense of a pharmaceutical patent in an inter partes review (IPR), a relatively new process for challenging the validity of a patent through a trial before the Patent Office's Patent Trial and Appeal Board (PTAB) rather than through federal courts. In the IPR proceeding, generic drug company Amneal Pharmaceuticals petitioned the patent office to invalidate three key patents held by Supernus for the blockbuster rosacea drug Oracea, claiming each was unpatentable because they were obvious variations of earlier research. The PTAB determined all three patents were valid, agreeing with our argument that Supernus' claims were indeed patentable. The decision effectively protects the patents for Oracea against generic incursion through 2027, when the patents expire.

Kolon Industries secures appellate victory in trade secrets case

We represented Kolon Industries Inc. in securing a favorable trade secrets decision before the U.S. Court of Appeals for the Fourth Circuit. The court overturned verdicts on liability and damages—entered in 2011 by the U.S. District Court for the Eastern District of Virginia—in connection with DuPont's trade secrets case against Kolon, thereby also invalidating the worldwide injunction placed on its product Heracron®. By vacating the judgment against Kolon and remanding the case for further proceedings before a new judge, the ruling granted Kolon a new opportunity to tell its side of the story and opened the door to present additional evidence that had been improperly kept from the jury in the prior trial.

Oculus prepares to launch innovative virtual reality headset

We are advising Oculus VR, a subsidiary of Facebook focused on developing immersive yet affordable virtual reality (VR) technology, on the corporate and transactional IP aspects of the upcoming worldwide launch of its groundbreaking VR headset, the Oculus Rift. Our lawyers have represented Oculus in relation to its development, manufacturing, and supply agreements related to the global product launch.



How do you ensure you can respond to complex regulations and compliance standards?

2014 was the year of the regulator, and regulators show no sign of stepping out of the limelight. The series of market-stunning fines caught everyone's attention and continues to do so. Regulatory penalties will become more, not less, painful and more difficult by jurisdiction.

The key area to watch is Europe, which is introducing wide-ranging reforms in a long-overdue effort to harmonize the region's capital markets. Whether these are entirely successful depends on a mix of politics and economics. In the U.S., the advent of a Republican Congress may slow further reforms already slated, but is unlikely to reverse many in place. China has set on course a series of market reforms aimed not only at market modernization, but also at creating greater transparency and accountability and bringing it more in line with global regulatory standards. As these reform efforts continue to unfold, they will create further challenges for companies seeking to ensure their regulatory compliance, particularly when operating across borders.

What is the key trend for our clients to consider as the securities enforcement landscape continues to evolve in 2015?

For financial institutions, 2015 promises a continued and indeed an increasingly aggressive enforcement environment—from a myriad of federal and state investigatory agencies—both in the United States and abroad, particularly in Europe. As for private civil litigation by shareholders and other stakeholders, the high stock market has limited (and will continue to limit) the number of private suits. However, when a market correction occurs, traditional Section 10(b) and Section 11 suits will proliferate.

Douglas Flaum
New York

What is the most important issue for global companies to address in managing their exposure to U.S. regulatory risk?

Global companies must recognize that the U.S. government believes that it has the power to regulate conduct that was long considered to be outside of U.S. jurisdiction. Consequently, a thorough understanding of the evolving nature of U.S. regulatory risks is a necessity for any company operating in the global economy. Conducting a risk assessment, whether for corruption, sanctions, money laundering, or antitrust/competition, is an important compliance step for global companies seeking to minimize exposure and avoid conflict with U.S. regulations.

Nathaniel Edmonds
Washington, D.C.

What are the top trends for our international clients to watch this year related to trade controls and regulation of cross-border transactions?

We are witnessing a mass exportation of U.S. laws governing banking, trade, and foreign investment. Our international clients will face increasing U.S. regulation, investigation, and enforcement activity directed at trade and transactions that previously were seen as having little or no nexus to the United States, national security, or U.S. law. The costs and burdens of compliance will go up in parallel with this increasing scrutiny of global economic operations.

Scott Flicker
Washington, D.C.

What is the most significant development you expect to see in white collar litigation this year?

The globalization of enforcement and the expansion of the U.S. government's perception of its jurisdiction is the most significant development we are seeing in white collar defense. As U.S. government agencies work closely with other countries' governments to enforce U.S. laws, non-U.S.-based companies are becoming involved in these investigations. They may be unfamiliar with the U.S. legal system and need the assistance of experienced legal counsel to help them navigate this process.

Amy Carpenter-Holmes
Washington, D.C.

In terms of the Western European regulatory environment, what do you see as the most critical trend to watch in 2015?

Europe's banking sector is being overhauled with the introduction of the Single Supervisory Mechanism, giving the European Banking Authority sweeping powers and increased penalties. In the energy sector, the EU Accounting Directive (to be transposed into national law by July 2015) will require extractive companies to report all payments to governments. In the pharmaceutical sector, the recently adopted EFPIA disclosure code requires members to disclose transfers of value to healthcare professionals and organizations.

Francesca Petronio
Milan

Highlights of Our Client Successes

Global oil and gas company resolves multijurisdictional corruption investigations

The firm represented a leading supplier for the global offshore energy industry in resolving an investigation of alleged corruption in two jurisdictions. We helped our client secure a declination from the U.S. Department of Justice and a comprehensive settlement with the Dutch Openbaar Ministerie. This landmark case is one of the first multijurisdictional cases in which the European regulator imposed a significant monetary penalty while the U.S. government did not pursue an enforcement action.

American Stock Transfer & Trust Company navigates complex regulatory issues

We advised American Stock Transfer & Trust Company, LLC, a private equity company, on the regulatory issues surrounding its US\$1B acquisition by Australia's Pacific Equity Partners. We also advised our client on a number of other complex transactions and matters, including the acquisition of DF King Inc., a major proxy advisory firm; a New York Department of Financial Services enforcement investigation; and the successful resolution of Bank Secrecy Act/Anti-Money Laundering and other compliance issues. In addition, we handled a major internal investigation and a related arbitration against a former director and officer.

Freeport-McMoRan sells energy facility interest

We represented Freeport-McMoRan Inc. in its sale to Samchully Asset Management Co. Ltd. (Samchully AMC) of Freeport's 33.3% interest in the Luna Energy Facility, a 570 MW natural gas-fired, combined-cycle power plant in New Mexico. Samchully AMC agreed to pay US\$140M for Freeport's stake in the plant. As part of the deal, we advised our client on a variety of federal energy regulatory issues, including successfully securing Federal Energy Regulatory Commission approval of the transfer of Freeport's interest to Samchully, and also arranged a long-term power purchase agreement in which Freeport will sell natural gas to Samchully AMC and purchase energy and capacity produced by the Korean company's stake in the Luna plant.

US\$56B+

The record-setting amount in fines and legal settlements paid by banks in 2014
Source: *Financial Times*



Growth Markets

Although Latin America experienced a period of disappointing growth in 2014, the region as a whole underwent some interesting transformations—reforms in Mexico, the election of a new government in Brazil, and the beginning of normalized relationships between the United States and Cuba. While there is no doubt that Mexico is continuing to profit from its membership in NAFTA and the opening up of the energy and real estate sectors, other parts of the region are coming to terms with the impact of the falloff in global commodity prices. The region as a whole remains an investment target for companies from both the developed and developing world.

In Asia, even the region's established economies of North Asia are facing a new reality of lower, slower growth in response to a global economy that has yet to catch true breakaway momentum. The economies of China, Japan, and Korea, for example, have all announced various stimulus programs. Japan's Abenomics had a particularly high profile globally, and China's stimulus program has generated a rebounding market. In fact, all three countries have been increasingly active in developing outbound investment programs to compensate for flat domestic growth. In many respects this is changing Asia's position internationally from being the target of foreign investment to establishing itself as a major source of outbound direct investment growth.

Market Perspectives from Our Partners

What is the biggest challenge facing Chinese companies as they seek to expand internationally via M&A deals?

As Chinese companies expand and accelerate their outbound investment internationally, post-closing integration has become a more serious issue, together with strategies to exit existing investments and resolve occasional disputes with cross-border partners. The initial period of outbound growth has been followed by a new period of greater understanding that cultural as well as economic ties between companies are important and complex. As Chinese companies grow and expand, they have come to appreciate that complexity.

Jia Yan
Shanghai

When doing business in the U.S., what is the most important issue for Korean companies to consider to minimize their risk of litigation?

When doing business in the U.S., it is imperative that Korean companies have in place global standard compliance programs to serve as a prudent guide for their employees' behavior and conduct to reduce the risk of litigation and exposure. Such guides are particularly important for Korean companies planning to recruit retired engineers and technicians from their U.S. competitors. Inappropriate behavior by their employees could create a huge legal risk and exposure for the Korean companies.

Jong Han Kim
Seoul

What is the top trend shaping investment opportunities in the Philippines—and how do you see it evolving this year?

Many Philippine issuers raised equity capital in the first two months of 2015 while the markets were strong. With national elections scheduled for May 2016, some predict the pace of deal activity will slow, as has occurred elsewhere in Southeast Asia. Aside from the gaming sector, which is under pressure in Asia as a result of developments in China, the general Philippines business climate is stable, and investors will continue to look for attractive opportunities.

Steven Winegar
Hong Kong

What do you see as the biggest opportunity—and the biggest challenge—for international investors in Latin America?

The biggest opportunity and biggest challenge for international investors in Latin America is Brazil. The Petrobras/Lava Jato developments, potential defaults and restructurings, and the currency devaluation all present significant challenges. On the other hand, the size of the economy, the natural resources, the general positive historical trends of the last two decades, and, again, the currency devaluation all present opportunities for investors who know their way around the market and act opportunistically.

Taisa Markus
New York

What is the top trend to watch in terms of investment in Central and Eastern European (CEE) and South East European countries in the year ahead?

Western European banks continue to focus on mending their balance sheets and, while several CEE economies show relatively strong GDP growth, they will continue to sell large NPL portfolios from their CEE subsidiaries. In addition, privatization programs continue in Romania, Croatia, and other Balkan states as part of wider market liberalization measures.

James Cole
London

Addition of leading
finance and capital
markets team greatly
expanded our Latin
American practice

Highlights of Our Client Successes

Global banks act as initial purchasers in Fibra Uno's US\$2.5B follow-on offering

We represented Santander, Credit Suisse, BBVA, BTG Pactual, Evercore, Goldman, Sachs & Co., HSBC, and UBS Investment Bank as initial purchasers in connection with Fibra Uno's US\$2.5B follow-on equity offering. The transaction is the largest equity offering ever in the real estate sector in Latin America, and the third largest equity offering ever in Mexico.

Morgan Stanley plays lead role in Ping An's US\$4.75B H-share placement

We advised Morgan Stanley as the sole placing agent, global coordinator, and bookrunner on Ping An Insurance Group Company of China, Ltd.'s US\$4.75B private placement of new H-shares. The transaction is the largest H-share placement ever and one of the largest primary follow-on offerings in Asia Pacific (excluding Japan) over the past 10 years.

Consortium of banks finances KKR's US\$1.1B acquisition of Goodpack

We represented the banks financing IBC Capital Limited's acquisition of Goodpack Limited, the global leader in steel shipping containers. IBC is a Singapore-based affiliate of global investment firm KKR. We advised Morgan Stanley Senior Funding, Inc., Credit Suisse Securities (USA) LLC, Goldman Sachs Bank USA, Mizuho Bank, Ltd., DBS Bank Ltd., Natixis, New York Branch, Natixis Singapore Branch, Macquarie Capital (USA) Inc., and KKR Capital Markets LLC as joint lead arrangers and bookrunners, Oversea-Chinese Banking Corporation Limited as sole arranger for the revolving facility and standalone letter of credit facility, Morgan Stanley Senior Funding, Inc. as first lien administrative agent, and Credit Suisse AG, Cayman Islands Branch as second lien administrative agent. KKR's partnership with Goodpack will help the company accelerate its growth by leveraging KKR's global network.

Banks underwrite largest-ever Romanian IPO

We advised Citigroup Global Markets Limited, Raiffeisen Bank, and Société Générale Corporate and Investment Banking as joint global coordinators and joint bookrunners on the €444.3M IPO of Romania's leading state-owned electricity distributor and supplier, Electrica S.A. The offering was the largest-ever Romanian IPO, valuing the company at €900M. The IPO comprised an offering of shares listed on the Bucharest Stock Exchange and GDRs listed on the London Stock Exchange.

Announced proposed
new office in São Paulo

Energy

The price of oil carried the headlines in the closing months of 2014, and industry analysts are still competing to fix the high and low point for a commodity that many see as the epitome of “old” energy. In a world where renewables are rapidly gaining ascendancy across the developed and developing world, the price of oil reminded the market that petroleum remains a critical element in the global energy mix.

The fall in oil prices had its most dramatic impact on the pricing of many alternative energy projects, which were profitable when oil was priced above its current level. At the same time, several private equity investors are building war chests to buy stakes in the industry, seeing its longer-term potential. In the interim, investment in renewables is continuing, helped by extensive subsidies and active government promotion.

Market Perspectives from Our Partners

What is the key trend to watch in terms of leveraged finance opportunities in the energy industry over the next 12 months—and how do you expect it will impact our clients?

Continuing pricing pressures in the crude oil market are creating opportunities for acquisitions in the sector. Over the past few months, a number of public and private investors have made evident their interest in pursuing acquisitions, and leveraged finance will have a role to play in the overall financing structure. While the continued downward pressure on prices remains a risk factor, it has so far not seriously affected the overall high yield market in the sector.

Michael Michetti
New York

Master limited partnerships and other innovative arrangements are reshaping capital flows in the United States. What are the biggest challenges for MLPs?

With over 130 MLPs and 70 MLP funds approaching a combined market cap of US\$770B, energy-related alternative entities continue to attract large amounts of capital. However, aside from midstream investment-grade MLPs, they are being challenged by the outlook for oil prices and interest rate increases. Exploration and production MLPs are seeking capital for drilling and acquisition partnerships. Mid-size and smaller MLPs are working to imaginatively rethink existing capital structures while continuing to access traditional capital markets.

Gislar Donnenberg
Houston

What are the most critical developments you see coming from the Federal Energy Regulatory Commission (FERC) influencing the U.S. energy industry in the year ahead?

FERC continues to focus on incentivizing construction of new transmission facilities to enhance the electric system’s reliability and provide access to good sites for renewable resources when these are distant from the existing grid. Simultaneously, FERC has to rationalize and manage an often contentious cost allocation process. FERC also focuses on promoting new technologies including energy storage facilities, an area where developers can find there is no, or overlapping, regulation and conflicting jurisdiction.

William DeGrandis
Washington, D.C.

What trend or development do you see having the greatest impact on the outlook for energy projects in Europe this year?

Europe’s energy market is a mix of the unstoppable growth of renewables, persistently declining demand (reflecting both cost and energy efficiency policies) and, in certain markets, immense capital expenditures for decommissioning nuclear plants. The most common reaction has been a selective mothballing or “flexibilization” of thermal plants. Traditional power utilities will need to evolve by developing, or acquiring through JVs, new business models and skill sets to transition from asset-centric commodity providers to customer-centric service managers.

Lorenzo Parola
Milan

In terms of disputes and litigation, what are the top trends that will impact our energy clients this year?

Depressed and volatile energy prices tend to increase disputes as parties try to reduce costs or exit unprofitable ventures. Poor earnings also increase the likelihood of shareholder suits as companies struggle to meet expectations; difficulties that were obscured by rising prices and high returns become more apparent. Finally, declining earnings put pressure on corporate compliance programs and create greater risks that managers may pursue illegal activity—such as bribery or anticompetitive conduct—to sustain business activity.

Samuel Cooper
Houston

3x

High-yield debt in the energy sector has tripled in volume since 2008
Source: *The Economist*

Highlights of Our Client Successes

Edison and EDF EN enter deal to create Italy’s third-largest wind power operator

We advised Edison and EDF EN on the acquisition of a majority stake in their 594 MW renewable power portfolio by infrastructure investor F2i, the largest Italian infrastructure fund. The deal combined project and corporate financing structures and innovative governance agreements to create Italy’s third-largest wind power operator. Our work on this transaction was recognized by *Project Finance International* and *LegalCommunity*, which named it European Renewables Deal of the Year and Energy Deal of the Year, respectively.

Deutsche Bank provides financing for Japanese solar project

We advised Deutsche Bank on a JPY11.1B non-recourse loan facility for construction of a 32 MW solar energy plant in Fukuroda, Japan by Gestamp Solar. The transaction is the largest non-recourse solar financing in Japan, the largest solar financing by a foreign bank in Japan, and the largest solar financing in Japan provided to a foreign sponsor. This also marks the first in a series of international standard non-recourse solar project finance deals in Japan between Gestamp Solar and Deutsche Bank.

Atlas Pipeline expands borrowing capacity to US\$1B

We represented Atlas Pipeline Partners, L.P., a master limited partnership, in amending its revolving credit facility with the initial borrowing capacity of US\$800M. The financing structure includes an accordion feature of up to an additional US\$250M, which, if exercised, increases the partnership’s total available borrowing capacity to more than US\$1B.

Global banks help power the energy industry

We advised many of our financial services clients on a series of billion-dollar-plus energy financings, as energy companies responded to the major shifts in the sector.

We represented Morgan Stanley & Co. LLC, Barclays Capital Inc., Credit Suisse Securities (USA) LLC, RBC Capital Markets, LLC, and UBS Securities LLC as representatives of the initial purchasers in Dynegy, Inc.’s US\$5.1B notes offering. This was the largest high-yield deal in the U.S. in 2014, the 10th largest high-yield deal on record, and the largest U.S. dollar-only financing completed last year.

Our lawyers also advised the underwriters on Dynegy’s concurrent public offerings of US\$1.1B in common stock and convertible preferred stock. We represented Morgan Stanley, Barclays, Credit Suisse, RBC Capital Markets, and UBS Investment Bank as joint bookrunning managers and BNP Paribas, BofA Merrill Lynch, Credit Agricole CIB, Deutsche Bank Securities, J.P. Morgan, MUFG, and SunTrust Robinson Humphrey as co-managers.

In addition, we represented many of our bank clients in the financing of Canadian energy company Jupiter Resources’ US\$2.2B acquisition of Encana’s Bighorn assets. The deal included a reserve-based credit facility, with an initial borrowing base of CAD\$550M, and a US\$1.1B senior notes offering.

We also represented longstanding client Wells Fargo Securities, LLC as sole lead arranger and bookrunner and Wells Fargo Bank, N.A. as the administrative agent on a US\$1.5B senior secured amended and restated credit agreement for Legacy Reserves LP.

Financial Services

Regulation remains front and center among the challenges facing banks. This reflects not only recent realities—the number of investigations and amount of fines levied on both sides of the Atlantic, as well as increasing scrutiny in Asia—but also a keen appreciation of the likely shape of future demands.

The financial services sector is also becoming increasingly crowded with a range of new competitors, both on- and offline, with offerings informed by a different understanding of consumer dynamics. For their clients, these newer players can often deliver lower cost and more efficient services that are difficult for fuller-service providers to match. Moreover, they benefit from avoiding the regulatory challenges more established players often face, giving them greater flexibility to respond to today's fast-changing markets.

Nonetheless, the sector was buoyed by an exceptionally active deal-making environment last year, and this year looks set to sustain that momentum—providing a chance to revisit the model and rethink the direction that offers the best chance of success. The aging demographic internationally also suggests that the asset management sector should continue to thrive, particularly as the newer entrants with lower cost bases begin to establish a credible market presence.

Market Perspectives from Our Partners

Looking at where the U.S. finance market is headed this year, where do you see the most significant opportunity for our clients?

While 2014’s strong demand for finance is likely to persist, the mix of lenders will change. Traditional banks are increasingly focused on complying with Fed/OCC guidelines on highly levered transactions and are less willing to participate in more aggressive transactions. This should create opportunities for unregulated or less regulated lenders to gain a greater share of the leveraged loan and high yield market as borrowers seek out a broader range of institutions to fulfill their financing needs.

John Cobb
New York

What should be top of mind for all fund managers over the next 12 months?

Equity markets have performed extraordinarily well despite uneven economic growth and significant national debt. Nonetheless, fixed-income returns remain challenging at current interest rates, regulatory priorities appear fluid and uncertain, active portfolio management is being continuously challenged, and the ETF market is trying to find its voice as the better fund structure. How fund companies deal with these realities will determine their fate. Those with cogent plans may well prosper; those late to the game may not survive.

Michael Rosella
New York

What are some of the most critical considerations for financial services companies to manage their litigation risk effectively in today’s environment?

The potential threat of litigation (including consumer actions, securities lawsuits, and shareholder derivative actions) relating to cybersecurity and data breaches—the subject of recent guidance by both FINRA and the New York State Department of Financial Services—has to be at the forefront of financial services companies’ considerations. It is essential not only to maintain robust cybersecurity procedures, but also to focus on the scope of related disclosures and internal reporting procedures.

Shahzeb Lari
New York

What are the top challenges facing U.S. financial institutions in today’s regulatory environment—and how can our clients best manage them?

Today’s financial institutions face unique challenges: an increasing regulatory compliance burden aggressively enforced by federal and state regulators in a deeply competitive, rapidly evolving market. Financial institutions need a high level of expert compliance planning to balance the host of regulations that can significantly shape business transactional opportunities, and increase exposure to government prosecution and enforcement. At the same time, financial institutions clients will need both insightful and strategic regulatory advice as they confront a new generation of financial competitors.

Gerard Comizio
Washington, D.C.

In terms of tax planning and structuring, what issue should be top of mind for our financial services clients in the year ahead?

In light of ongoing U.S. and OECD efforts to deter expatriation, base erosion, and profit shifting, financial services firms will necessarily be focused on those tax reforms and their potential impact on global operations. In this environment, achieving streamlined global tax compliance and risk assessment systems may assist financial institutions in gaining a competitive edge. Increasing scrutiny of inbound financing structures designed to avoid U.S. tax nexus also merits renewed attention for noncommercial financing firms.

Kristen Chang Winckler
New York

#3

U.S. Lender Law Firm Bookrunner M&A
Source: *Thomson Reuters’ LPC League Tables (based on number of deals)*

Highlights of Our Client Successes

Haitong International acquires Japaninvest

We represented Haitong International (BVI) Limited, a wholly-owned subsidiary of Haitong International Securities Group Limited, in its acquisition of Japaninvest Group PLC by means of a UK Scheme of Arrangement under Part 26 of the Companies Act 2006. Haitong is a leading securities company in China. This innovative deal marks the first UK Code takeover of a company listed on the Tokyo Stock Exchange by a Hong Kong listed entity, and involved our lawyers working with regulators in three jurisdictions and resolving complex issues that had never been considered before.

Leading banks serve as joint bookrunners for AerCap’s US\$2.6B notes offering

We advised joint bookrunners UBS Investment Bank, Citigroup, Barclays, BofA Merrill Lynch, Credit Agricole CIB, Credit Suisse, Deutsche Bank Securities, Goldman, Sachs & Co., J.P. Morgan, Morgan Stanley, RBC Capital Markets, and RBS on the issuance of US\$2.6B of senior notes by AerCap Ireland Capital Limited and AerCap Global Aviation Trust to finance the US\$5.4B acquisition of International Lease Finance Corporation by AerCap Holdings N.V., a leading aircraft leasing company, from American International Group. We also represented affiliates of the joint bookrunners in providing a US\$2.75B bridge credit agreement to AerCap to support the acquisition.

UBS Victorious in CDO Case

We secured our third consecutive collateralized debt obligation (CDO) litigation victory for longtime client UBS. The case involved the resecuritization of certain junior notes of two synthetic CDOs. The plaintiffs insured the US\$94M of notes issued in connection with the CDO, known as NS Repack. In the midst of the global financial crisis, as many of the underlying assets were deteriorating, the plaintiffs sued UBS, claiming they were fraudulently induced to issue their insurance policies and that UBS breached an alleged oral contract regarding its management of the “reference pools” of underlying assets. After winning dismissal of the fraud claim, we persuaded the trial court to stay further discovery on breach, causation, and damages, and permit UBS to move for summary judgment on the threshold issue of whether the parties entered into the alleged oral contract. The trial court granted summary judgment for UBS, and the plaintiffs appealed. The appellate court affirmed, agreeing with our argument that the plaintiffs could not overcome the contemporaneous documentary evidence, which overwhelmingly established that there was never any oral contract overriding the written transaction agreements.

Morgan Stanley finances major deals around the world

We strengthened our longstanding relationship with Morgan Stanley in 2014, advising the global powerhouse on nearly 50 matters.

Highlights include advising on two offerings by energy company Dynegy, Inc. We represented Morgan Stanley among the representatives of the initial purchasers in Dynegy’s US\$5.1B notes offering, the largest U.S. high-yield deal in 2014. We also advised the investment firm as one of the underwriters on Dynegy’s concurrent public offering of US\$1.1B in common stock and convertible preferred stock.

Our finance team also represented Morgan Stanley as one of the joint lead arrangers in the financing for Apollo Global Management’s US\$1.3B acquisition of CEC Entertainment, Inc., operator of Chuck E. Cheese restaurants. In addition, our real estate lawyers advised Morgan Stanley on nearly US\$3B worth of deals involving office, retail, mixed-use buildings, hotels, malls, and multi-family properties—including a US\$600M loan to finance the acquisition of New England’s Market Basket grocery store chain by one of that company’s founding partners.

In Asia, we represented Morgan Stanley as the sole placing agent, global coordinator, and bookrunner on Ping An Insurance Group Company of China, Ltd.’s US\$4.75B private placement of new H-shares—the largest H-share placement ever. We also advised on the financing for IBC Capital Limited’s US\$1.1B acquisition of Goodpack Limited, the global leader in steel shipping containers.

Finally, when Morgan Stanley sought to re-enter the unit investment trust (UIT) business, our lawyers were there. We advised on the creation and registration of the firm’s first UIT, Morgan Stanley Global Investment Solutions, Contrarian Candidates Portfolio Series I.

Healthcare and Life Sciences

The huge M&A wave that swept through the pharmaceutical and biotechnology sectors in 2014 has continued into this year. This reflects the major ongoing transformations in the industry, as earlier investment in start-ups and the increasingly international character of the biotech sector are reshaping the way new drugs are developed. At the same time, U.S. healthcare is still undergoing a reshaping in the aftermath of the Affordable Care Act. Across the pharma and healthcare industry, major players must come to terms with a vastly tougher payer environment and manage their businesses accordingly.

At the global level, international regulatory compliance is increasingly an issue, especially in Asia. IP protection, particularly for the newer generation of drugs, will remain of paramount importance for any company in this sector. It is vital that research outputs are effectively protected and managed through a comprehensive IP strategy.

What is the most important consideration for life sciences companies in order to ensure they have effective compliance programs in place?

As it expands across the globe, the life sciences sector continues to face tremendous government scrutiny on all fronts, in the U.S. and abroad. The compliance challenges are great, and with companies of all sizes facing the same realities of limited resources, it has become more incumbent than ever before for compliance and legal teams to identify the most significant among the many risks, so that those can be managed in an efficient and practical manner.

Gary Giampetruzzi
New York

What are the top trends shaping the outlook for M&A activity in the U.S. healthcare sector this year?

The healthcare sector's Perfect Storm continues. One wave is the financial pressure hospitals face from lower reimbursement and increased fixed costs, driving consolidation to achieve economies of scale. The second wave is the evolution of the reimbursement model from primarily fee for service to one based on quality and efficiency (with bundled payments on the horizon). This consolidation among providers and payers will drive M&A and affiliation transactions in 2015.

Phillip Street
Atlanta

Dealmaker
of the Year

Partner David Shine named Dealmaker of the Year by *The American Lawyer* for his work advising Merck & Co. on the US\$14.2B sale of its consumer care business.

What is the No. 1 issue for life sciences companies doing business in the U.S. to consider in relation to leveraging and protecting their IP?

Personal jurisdiction over generic defendants in Hatch-Waxman cases will be a closely watched issue, following the U.S. Supreme Court's landmark decision in *Daimler* regarding the limits of general jurisdiction. Generic companies have become increasingly aggressive in waging jurisdictional challenges. That could lead to branded pharmaceutical companies fighting to protect the same patents on several fronts at once. To date, none of these jurisdictional challenges have succeeded at the district court level. Hopefully, the Federal Circuit will provide guidance soon.

Melanie Rupert
New York

What trend do you see having the greatest impact on how U.S. life sciences companies can effectively manage their litigation risk?

A major trend that will impact U.S. life sciences companies is the growing coordination through which U.S. enforcement authorities communicate and leverage information from their counterparts across the globe. Recently, we have seen collaboration between foreign law enforcement agencies become more efficient, more sophisticated, and more common. This means that regulated industries, including life sciences companies, are forced to quickly navigate a myriad of considerations when deciding how to approach issues that originate abroad.

Thomas O'Brien
Los Angeles

Highlights of Our Client Successes

UBS and Goldman Sachs provide US\$1.1B financing for medical device acquisition

We represented UBS AG, Stamford Branch, UBS Securities LLC, and Goldman Sachs Bank USA as joint lead arrangers and joint bookrunners in the US\$1.1B financing of Lake Region Medical Inc.'s acquisition by Acellent Inc., a leading provider of manufacturing and engineering services to the medical device industry. The deal gives the combined company greater competitive strength in the interventional vascular business and positions it for growth in the advanced surgical segment.

BioMarin completes US\$911M public offering

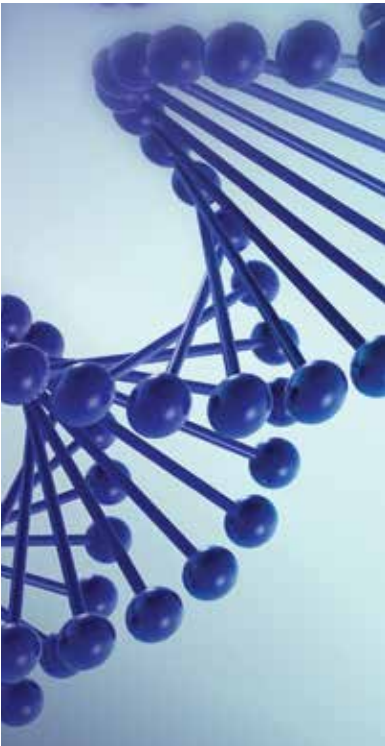
We advised BioMarin Pharmaceutical Inc. on its underwritten public offering of common stock, which raised gross proceeds of US\$911M. The offering provides a strong financial foundation for the pharmaceutical company's ongoing work to develop and commercialize innovative biopharmaceuticals for serious diseases and medical conditions. This is the latest in a series of offerings in which we have represented our client over the past several years.

Allergan secures trade secrets/unfair competition victory

We secured a major victory for Allergan in federal court in a misappropriation of trade secrets/unfair competition case against Merz. The dispute arose after Allergan hired Merz's former head of medical devices as its chief medical officer for devices. Merz sought a preliminary injunction that would have prevented Allergan from employing the executive for almost a year and prevented him from working on any Allergan products or devices that compete with Merz. Even though Merz had a non-compete clause in his contract, we successfully argued that its terms were so expansive it effectively prohibited the executive from performing any job for any company that competes with Merz anywhere in North America or Europe. The court's invalidation of the non-compete and denial of the preliminary injunction helped Allergan reach a swift, favorable settlement with Merz.

GlaxoSmithKline
Recognized for Innovation

Our client, GlaxoSmithKline, was recognized in the 2014 *Financial Times* Innovative Lawyers report for its sophisticated approach to value-based alternative fee arrangements. We have a longstanding relationship with GSK and are pleased to collaborate on its innovative efforts to achieve greater value and efficiency.



Real Estate

Real estate has enjoyed a record year as an asset class. It has drawn institutional and sovereign investors from around the globe into prime markets and, increasingly, into certain secondary markets, as well as into areas such as logistics and infrastructure. Although concerns are being raised in some cities, such as London, about the levels of over-investment in certain market segments, investor appetite shows little sign of diminishing.

The major story for 2015 remains the U.S., which continues to be the major attraction for international investors, with Asia (especially Tokyo and Beijing) and London also being strong draws. This outbound push into prime markets shows no sign of slowing and, with the global growth story still somewhat stymied by slow market growth in other sectors, there is a lot of money still on the sidelines waiting to come into play.



What is the most important trend driving the outlook for the global real estate industry—and how do you see it unfolding in the year ahead?

The lead story for 2015 in global commercial real estate will continue to be the United States. While Europe remains in a deflationary cycle, and Asia treads water, the U.S. remains the clear geographic first choice for global investors seeking long-term steady, safe returns. On a relative basis, despite ever higher pricing in cities such as New York and San Francisco, money will continue to flow into U.S. real estate.

Philip Feder
Los Angeles

What do you see as the biggest opportunity—or challenge—for Europe's CMBS market over the next 12 months?

European CMBS issuance has risen in the past few years, reflecting renewed interest in European commercial real estate from a commercial perspective and returns relative to the U.S. However Europe remains fragile from a credit perspective, with uncertainty about the future of the Euro. There are further concerns about sterling as the UK approaches its elections in May. These factors are having a significant bearing on the credit markets in Europe and, in turn, CMBS.

Charles Roberts
London

US\$15B

Total value of investment in overseas real estate by Chinese institutional investors in 2014
Source: *Knight Frank*

What challenges do Asian investors face in pursuing outbound investments—and how can they overcome them?

Asian investors with global ambitions and in search of yields and diversification are increasingly finding opportunities in developed markets in the United States and Europe. Capital flows from these cross-border players have found their way into numerous asset classes but institutional real estate and other alternative investments remain a key focus. Investors that access valuable local market intelligence and know-how by cooperating with partners and professional advisors can overcome obstacles and profit in cross-border deals.

Joel Rothstein
Los Angeles and Beijing

What is the outlook for the hospitality industry over the next 12 months?

There is continued strong demand for property in the hospitality sector, with investment flows from global investors. The U.S., China, Singapore, and the Middle East are among the biggest capital exporters. Deal volume last year was up 10% on 2013 and is expected to remain strong through 2015 and beyond. At the moment, cross-border deals account for one-third of all transactions but clearly investment patterns are influenced by patterns of business activity and the tourism sector.

David Viklund
New York

Real Estate Practice Group of the Year

Law360

Highlights of Our Client Successes

Mapletree establishes multi-billion-dollar JV

We advised Mapletree Investments Pte Ltd. on its multi-billion-dollar joint venture with Oakwood Worldwide to open more than 100 new properties over the next five years. Mapletree will acquire a 49% stake in Oakwood's serviced apartment business in Asia, and target acquiring and developing US\$4B in corporate and serviced apartments in Asia, Europe, and North America. This is the latest in a series of transactions in which we have represented Mapletree over the years, including the US\$1.3B IPO of Mapletree Greater China Commercial Trust in 2013, the largest-ever REIT IPO in Singapore.

Salesforce.com completes largest lease in San Francisco history

We represented salesforce.com, the global leader in customer relationship management, in becoming the anchor tenant of Salesforce Tower, a 1.4 million-square-foot office tower under development in San Francisco that is part of the city's new Transbay Transit Center. The over 700,000-square-foot lease is believed to be the largest office lease in San Francisco's history.

Triple Five secures US\$1.4B refinancing for largest U.S. mall

We represented Triple Five, a Canada-based retail project developer and owner, in securing a US\$1.4B loan to refinance the iconic Mall of America. This transaction was one of the largest single-asset securitizations in 2014.

Guiding Starwood Capital's Global Growth

We continued our longstanding partnership with Starwood Capital, advising the leading investment firm on debt financing transactions and hotel acquisitions valued at more than US\$8B in 2014.

Notably, we represented our client in financing the US\$1B purchase of TMI Hospitality, Inc., which owns more than 180 limited service hotels across the U.S. We also advised Starwood on the financing of its US\$1.4B acquisition of seven malls located throughout the U.S. from Taubman Centers, a real estate investment trust, in two separate, stand-alone securitized financings.

In addition, we helped guide Starwood in financing its acquisition of several portfolios of multifamily properties in a series of deals collectively valued in excess of US\$1.3B. We also assisted with the acquisition and financing of a 12-property office portfolio in Southern California for nearly US\$300M.

Our London team worked closely with Starwood on a number of high-profile deals in Europe with an aggregate value of more than US\$1.4B, including the £200M acquisition of hotel owner and operator De Vere Venues. The complex transaction involved 30 hotels in the UK and required a multidisciplinary approach drawing on our real estate, employment, and commercial teams.

We also advised our client on the acquisition of four extended-stay hotels and an associated residential property in London for more than £200M, as well as the ongoing sale and management-back arrangements in relation to six hotels in Spain in a joint venture with Melia Group.

Additionally, we represented Starwood in acquiring The Roxburghe, one of Edinburgh's most prestigious hotels. This was reported to be the largest single-asset hospitality transaction in the city since 2007. We also advised on the acquisition of Four Pillars, a portfolio of six hotels in the UK.

Technology, Media, and Telecommunications

The transformation of business by technology continues to be a work in progress for consumers and developers. As technology has driven change in business, business is driving change in technology. The proliferation of mobile devices in the workplace has forced businesses to come to terms with issues such as security, compliance, and privacy risks—much in the same way that the Internet of Things carries such implications into the domestic sphere. How technology responds to this requires care, thought, and caution.

In the broader marketplace, the emergence of mobile as the dominant platform for content distribution raises real issues for existing content providers and distributors. The current wave of M&A reflects in part the legacy technologies that have dominated media in the twentieth century. How this will evolve over the next decade is probably the most interesting conundrum facing suppliers and distributors alike.

What is the biggest challenge facing technology companies as they pursue M&A transactions in today's environment?

One of the biggest challenges facing technology companies in M&A transactions is how to monetize optimally and generate additional revenues from the combined technology post-acquisition. This is a process that requires careful pre-M&A planning and post-acquisition execution, and is absolutely critical to the long-term success of the combined entity, and to the ability to generate better performance, products, and profitability.

Beni Surpin
San Diego

What is the top data privacy and security issue TMT companies must consider in the year ahead?

Privacy and data security are moving front and center in M&A deals, as buyers across industries begin to recognize their impact on business value. Understanding a target's collection, use, protection, and disclosure of personal information is now a critical component of the M&A process, impacting everything from deal valuation to allocating liability between buyer and seller. Developing and deploying this expertise in an environment of intensifying regulatory scrutiny in the U.S. and internationally will be a growing challenge.

Sherrese Smith
Washington, D.C.

What is the biggest challenge for Asian companies to overcome as they pursue cross-border TMT deals?

The biggest challenges for Asian companies pursuing TMT investments and acquisitions in the U.S. are regulatory restrictions, such as national security and antitrust concerns. We already see considerable interest on both sides of the Pacific in high-profile and complex transactions, so once the U.S. government agencies are more comfortable with such interest, we expect to see a high number of successful transactions.

David Wang
Beijing and Shanghai

With the smartphone patent wars seemingly drawing to an end, what do you think will be the next wave of patent litigation to impact technology clients?

Patent litigation involving the Internet of Things (IoT) is likely to develop, as a growing number of conventional products become network enabled and mass adoption makes litigation investment more attractive. Essentially a subclass of IoT, wearable technology—such as smart glasses, fitness bands, and the like—is already beginning to generate significant revenue and surely has the attention of patent assertion entities looking for the next wave of opportunities.

Christopher Kennerly
Palo Alto

What is the most critical antitrust challenge that digital and tech companies face in 2015?

Market leadership by a U.S. technology company will almost always trigger a European investigation of competitive practices by the EU, certain member nations, or both. Moreover, government agencies continue to ignore or misunderstand innovative markets, complicating certain mergers. Technology leaders engage in sales and recruitment practices that seem to make business sense but could trigger antitrust actions. They need to get the right antitrust advice before they expose their companies to regulatory action.

Holly House
San Francisco

Highlights of Our Client Successes

RBC provides US\$1.6B financing for media acquisition

We represented RBC Capital Markets, LLC in connection with the commitments for the US\$1.6B financing of leading local television broadcast company Media General Inc.'s acquisition of Lin Media LLC. The combination enhances Media General's position as one of the largest pure-play broadcast companies in the U.S. and provides new opportunities to grow its industry-leading digital business.

Credit Suisse, Deutsche Bank, and HSBC underwrite Televisa's US\$1B bond offering

We advised underwriters Credit Suisse, Deutsche Bank, and HSBC Securities on the SEC-registered offering of US\$1B of 5% 30-year bonds by Televisa. The largest Spanish-language media company in the world, Televisa provides most of the programming for the U.S. television network Univision. The offering was reported to be more than seven times oversubscribed, driven mostly by demand from U.S. investors.

Accelrys completes US\$750M sale to Dassault Systèmes

Our lawyers represented Accelrys, Inc., a leading provider of scientific innovation lifecycle management software, in its US\$750M sale to Dassault Systèmes, the world leader in 3D design software. We have served as outside counsel to Accelrys for almost 10 years, advising our client on numerous M&A transactions as the company has grown and evolved its products.

1.3B

Smartphones sold in 2014, a new record—
with an even higher volume expected in 2015
Source: *IDC*



Introducing Our New Talent

Attracting and retaining top talent is an essential element of the Paul Hastings strategy, and many of the world's best lawyers have chosen to join our firm. The following additions to our team, including our class of newly elected partners, expanded our global reach and augmented our practice capabilities.

Capital Markets, M&A, and Private Equity

Douglas Getten (Houston)—Focuses on corporate finance and securities, including public and private securities offerings, M&A, divestitures, and other financing activities for publicly traded limited partnerships (MLPs) and royalty trusts, as well as innovative financing structures for energy companies.

David Hernand (Los Angeles)—Represents clients in public and private M&A transactions, corporate control contests, strategic partnering arrangements, and capital-raising transactions, with a focus on companies at the intersection of entertainment/media and technology.

Cathleen McLaughlin (New York)—Advises on SEC-registered and unregistered debt and equity offerings by U.S., Latin American, and other foreign issuers, as well as sovereign, corporate, and infrastructure-related financings, including project bonds.

Scott Oross (San Diego)—Advises public and private companies on a wide range of corporate transactions, including mergers and acquisitions, private equity and venture capital investments, and strategic collaborations and business alternatives.

David Shine (New York)—Represents clients in M&A, private equity investments, and joint venture transactions, with substantial experience in the healthcare, aerospace and defense, energy, telecommunications, and financial services industries.

Philip Stamatakos (Chicago)—Focuses on M&A (particularly complex, multi-country acquisitions), joint ventures, corporate governance for U.S. public companies, foreign investment transactions, and commercial agreements.

Samuel Waxman (New York)—Focuses his practice on M&A, securities offerings, joint ventures, and IP licenses, with a particular emphasis on companies for whom technology or IP is a key asset.

Finance and Restructuring

Robert Kartheiser (New York)—Represents lenders and borrowers in financings and development of energy, mining, and infrastructure, with a focus on Latin America and other emerging markets.

Peter Schwartz (London)—Advises on high-yield debt offerings, primary and secondary equity offerings, restructurings, acquisition financings, and general compliance issues for international banks and corporations.

Intellectual Property

Yar Chaikovsky (Palo Alto)—Serves as lead trial counsel for technology companies in all stages of development, from start-ups to established industry leaders, and handles patent litigation across an array of technology fields in both district courts and the ITC.

Andrew Grossman (Los Angeles)—Focuses on IP litigation, primarily patent litigation, in the electronics, semiconductor, software, medical device, and green technology industries, as well as advising clients on IP strategies in M&A and joint ventures.

Blair Jacobs (Washington, D.C.)—Focuses on district court and ITC trial work relating to patent litigation and other contentious IP issues, including trade secret, trademark, and unfair competition disputes, as well as appellate litigation, particularly at the Federal Circuit.

Lindsay Sparks (Orange County)—Represents borrowers in secured lending and other financing matters, including LBO and acquisition financings, cash-flow and asset-based loans, mezzanine and subordinated debt facilities, and private debt offerings.

Sanjay Thapar (New York)—Represents arrangers, lenders, and borrowers in domestic and international financing transactions, including acquisition and leveraged buyout financings, recapitalization transactions, asset-based loans, and debtor-in-possession financings, as well as workouts and restructurings.

Naveen Modi (Washington, D.C.)—Represents clients in all aspects of patent-related work, including litigation (U.S. district court and U.S. International Trade Commission), post-grant proceedings (inter partes reviews, post-grant reviews, and reexaminations), interferences, client counseling, appeals, and opinions.

Joseph Palys (Washington, D.C.)—Represents clients in patent litigation and post-grant proceedings, such as reexamination, post-grant review, and inter partes review, and patent portfolio strategic planning and monetization.

Investigations and White Collar Defense

Kevin Broughel (New York)—Focuses his practice in the areas of securities and shareholder disputes, regulatory enforcement and white collar criminal investigations, and financial services litigation.

Amy Carpenter-Holmes (Washington, D.C.)—Represents companies and individuals in cases involving highly complex financial transactions; these cases often involve parallel investigations by multiple government entities and require balancing the conflicting priorities of these government entities.

John (Jay) Darden (Washington, D.C.)—Focuses his practice on defending individuals and companies in white-collar criminal matters and government investigations, including suspected violations of the FCPA, allegations of health care fraud and abuse, and other criminal matters.

Michael Levy (Washington, D.C.)—Focuses on white collar defense, investigations, and representation of corporations and individuals in government enforcement initiatives, including representing clients in many of the most prominent white collar matters of the past decade.

Robert Luskin (Washington, D.C.)—Represents clients in complex criminal and civil litigation, with a focus on representing foreign corporations in multi-jurisdictional, cross-border criminal investigations and cases involving allegations of official corruption.

Real Estate

Nathalia Bernardo (New York)—Represents clients in commercial real estate transactions, including joint ventures, acquisitions and dispositions, development, and management, as well as advising non-profits on real estate and other transactional matters.

Kwame Manley (Washington, D.C.)—Focuses on white-collar criminal matters and complex civil litigation, as well as defending individuals and companies in internal and government investigations and in matters before DOJ, OFAC, SEC, and other federal agencies.

Paul Monnin (Atlanta)—Defends companies and individuals in a wide variety of criminal matters, administrative enforcement actions, and parallel civil proceedings, as well as maintaining an active commercial litigation practice.

Daniel Prince (Los Angeles)—Focuses on white collar matters, international arbitration, and complex commercial disputes, including corporate and government investigations and trade secrets cases.

Michael Spafford (Washington, D.C.)—Represents corporations and individuals in government investigations, enforcement proceedings, and parallel litigation involving federal, state, and local government enforcement entities.

Eric Sussman (Chicago)—Focuses on representing corporations and executives in white collar criminal defense, securities enforcement matters, internal investigations, and complex commercial litigation.

Lisa Chaney (New York)—Focuses her practice on corporate and real estate finance, including representing major financial institutions and private equity funds in an array of complex domestic and international commercial transactions.

Corporate Social Responsibility

For us, it's not just social responsibility, it's smart business.



It's smart business to empower and engage our firm in purposeful programs that have a meaningful impact on the communities around us. It's smart business to partner with clients on the sustainability issues important to them, as well as the environment at large. And it's smart business to build diverse and inclusive teams rich in talent, experiences, and creativity.

Making *the* Difference

Our lawyers donate thousands of hours to our pro bono efforts each year and have helped countless of those less fortunate. In 2014, nearly 98% of the lawyers in our U.S. offices participated in meaningful pro bono matters, averaging more than 100 pro bono hours per lawyer. Pro bono participation has also increased significantly across our global offices.

Providing guidance on freedom of expression

We continue to expand our pro bono program internationally. In one of our largest global pro bono projects last year, more than 75 lawyers from 17 of our offices worked with Reporters Without Borders to draft a detailed handbook examining the international laws and treaties that protect freedom of expression and freedom of information in jurisdictions around the world. The handbook will help journalists and bloggers understand the protections and limitations of these laws as they pursue their work. Release is expected early this summer.

Helping immigrant children start new lives

The firm continued its strong focus on immigration matters, helping unaccompanied children, families, and other immigrants escape intolerable conditions in their home countries and build new lives in the U.S. Through our strong partnership with Kids in Need of Defense (KIND), we have had the opportunity to represent children in more than 40 cases. Of those concluded, each case has been resolved successfully. Most recently, we helped a teenage girl from Guatemala who fled horrific conditions in her home country navigate the immigration process and obtain asylum. In addition, last fall we co-hosted a panel discussion with KIND to raise awareness of unaccompanied children fleeing violence in Central America.

Securing historic settlement against L.A. County jails

Working closely with the ACLU of Southern California and the ACLU National Prison Project, Paul Hastings helped achieve a historic settlement in *Rosas v. Scott* (formerly *Rosas v. Baca*), a federal class-action suit that alleged a longstanding pattern of violence against inmates in the L.A. County jails. Under the agreement, which is currently pending final approval from the court, the Los Angeles Sheriff's Department will adopt a detailed and far-reaching plan—drawn up by a panel of experts—to reform departmental policies and practices on use of force. The panel will also monitor the department's compliance with all aspects of the remedial plan. The suit was first filed against the county in 2012 on behalf of two pretrial detainees who alleged violations of their Eighth and Fourteenth Amendment rights to be free of cruel and unusual punishment and to not be punished prior to conviction. Our efforts on this landmark agreement will help bring widespread reforms to the country's largest jail system.

Top 5 in *The American Lawyer's* 2014 Pro Bono Report



Obtaining asylum for Ukrainian LGBT client

We represented a young man from Ukraine seeking asylum in the U.S. based on persecution he suffered from a young age due to his sexual orientation. While homosexuality is not illegal in Ukraine, there is widespread discrimination against members of the LGBT community, and violence against gay men in particular has become increasingly commonplace in recent years. In 2012, our client participated in the planning of what would be the first-ever gay pride parade in Kiev. The parade was instead shut down by the police almost immediately due to the presence of angry protestors along the parade route. At least two of the organizers were brutally and publicly beaten by protestors. Soon after, our client began receiving numerous anonymous threats and he realized that it would be impossible to live safely in Ukraine. He fled to the U.S. and, with our lawyers' assistance, was granted asylum in 2014.

Named Volunteer Firm of the Year by the Constitutional Rights Foundation

Reforming educational tax credits that help support discriminatory policies

In conjunction with the Southern Education Foundation, the firm filed a suit against the State of Georgia concerning a tax credit program that indirectly supports discrimination against homosexual students and raises significant issues of first impression under Georgia's Constitution. Georgia law grants a tax credit to citizens who donate money to private school scholarship organizations. However, a significant number of the private schools that receive these benefits from the redirected state tax funds have—due to their religious missions—admissions or disciplinary policies that overtly discriminate against homosexual students. In just a few years, this law has diverted and redirected hundreds of millions of dollars from the state to religious schools. We believe this to be in violation of Georgia's Constitutional bar to providing direct or indirect aid to religious institutions. The case has garnered a great deal of national media attention due to the potential implications, including the widespread litigation involving other similar tax credit programs throughout the country. A decision in the trial court is expected in the next few months, followed by a nearly certain appeal to the Georgia Supreme Court.

Securing the future of an American art institution

Paul Hastings achieved a significant win for the Corcoran Gallery of Art and Corcoran College of Art and Design that will safeguard the museum's art collection and landmark building. We represented the Corcoran in gaining approval from the D.C. Superior Court to implement agreements with George Washington University (GW) and the National Gallery of Art. Under the terms of the agreements, the Corcoran will transfer ownership of its historic building and College of Art and Design to GW, while the National Gallery will take custody of the Corcoran's art collection.

Integrating Sustainability

We seek new ways to reduce our footprint and embed sustainable practices into our firm's culture, and have made great strides this past year—reducing our professionals' air travel, as well as energy and paper consumption. However, we realize that sound stewardship is an ongoing process, and constantly look to identify and implement improvements throughout our global practice and operations.

Expanding our relationship with The Nature Conservancy

We continued our longstanding relationship with The Nature Conservancy (TNC), advising on a range of matters in the U.S., Europe, and Asia. Our efforts include collaborating on a project regarding accessibility issues under Title III of the Americans with Disabilities Act, advising on the installation of artificial reefs on the Gulf Coast, and drafting new UK service contract templates. In partnership with the TNC, we also held a CLE event this past summer on innovative research on protecting lands in the Caribbean, with more than 100 of our lawyers participating from nine offices.

Advocating for environmental protection in Europe

Over the past year we continued our support of ClientEarth, which works to protect the environment through advocacy, litigation, and research. Paul Hastings partner Pierre Kirch serves as an active advisor to ClientEarth and works closely alongside the organization to litigate key cases before the European courts. Currently, Pierre represents our client in three cases before the European courts concerning transparency/disclosure by the European Commission, the European Chemicals Agency, and the European Food Safety Authority. Resolution of the cases is expected later this year. In addition, he helped secure a favorable preliminary reference ruling from the European Court of Justice in the London pollution levels case. Together with lawyers in our Shanghai office, Pierre also advised ClientEarth on expanding its operations in China.



Supporting the Ecocap Movement in Asia

Our Tokyo office continued its work with the Ecocap Movement, a non-profit organization that promotes resource recycling, reduction of carbon dioxide emissions, and providing vaccines to children in developing countries through the collection and sale of plastic bottle caps. Donated caps are recycled into new products, with proceeds from the sale of these products donated to the Japan Committee for Vaccines for the World's Children.

Founding Member, Law Firm Sustainability Network

Partner, ABA-EPA Law Office Climate Challenge

Helping to establish the NRDC's Chinese arm

Our commitment to environmental stewardship includes not only enacting our own positive environmental practices, but also partnering with our clients to address critical environmental issues. Our pro bono sustainability efforts span the globe. In one recent example, our Shanghai office advised the National Resources Defense Council (NRDC), a U.S.-based environmental advocacy group, on its efforts to expand in China. The NRDC's goal was to establish a Chinese entity in order to further its international fundraising efforts. Our Shanghai team assisted with the NRDC's application for charitable status and tax exemption. The NRDC now successfully uses its Hong Kong-based entity for fundraising purposes, and Paul Hastings lawyers in Shanghai continue to advise our client on ongoing compliance with Hong Kong rules and regulations.



Fostering Inclusiveness

As today's business challenges become increasingly complex, solving them requires calling on the broadest range of perspectives and views. Our diverse and inclusive work environment enables us to build teams with the range of talents and experience necessary to deliver the innovative solutions our clients require. We recruit the best and brightest, and work with a range of organizations to develop an elite, diverse talent base that guides the success of our clients. Notably, this year's class of new partners reflects the diverse and inclusive environment we are working to foster, with 50% of the class representing race/ethnicity and/or gender diversity.

Ranked 4th for Best Overall Diversity,
Vault/MCCA Law Firm Diversity Survey

Named among the Best Places to Work for LGBT Equality by Human Rights Campaign—every year since 2008

Supporting our attorneys' professional development

Our Paul Hastings Attorney Networks (PHANs) serve as a resource and opportunity for mentoring, networking, and the professional development of women, lawyers of color, LGBT, and other affinity groups. We continue to establish these networks and now have 26 PHANs around the world. The breadth of our program underscores our firm's commitment to build upon our globally diverse and inclusive culture through a wide range of programs and events. We also support our lawyers' professional development through our active participation in organizations such as the Leadership Council on Legal Diversity (LCLD), which seeks to create a more open and diverse legal profession by helping diverse lawyers ascend to leadership positions in both law firms and leading corporations. Recently, our Managing Partner Greg Nitzkowski joined with the Executive Vice President and General Counsel of The Walt Disney Company, a longtime firm client, to host an LCLD Fellows event in our L.A. office.

Encouraging the next generation of diverse lawyers

The Paul Hastings Diversity Scholarship reflects our firm's commitment to building a diverse team of professionals and fostering an inclusive work environment. Each year, the scholarships provide support and encouragement to several 2L students joining our Summer Program. Recipients must demonstrate not only personal achievement, strong academic performance, and leadership ability, but also a commitment to pursuing community service, promoting diversity, and succeeding as a lawyer in private practice. We are proud that all three recipients of our 2014 diversity scholarships returned to the firm in 2015 as first-year associates.

Promoting diversity among corporate counsel

Our dedication to supporting the success of diverse lawyers extends across the legal profession. We are proud to serve as a sponsor of the Minority Corporate Counsel Association's Engage Excellence initiative. Established in partnership with the general counsels of several leading global companies, Engage Excellence is a minority lawyer inclusion incentive program designed to engage diverse lawyers on significant matters and promote diversity in major law firms.



Advancing Women Leaders

Our firm supports and encourages the success of talented women lawyers and business professionals within our firm, among our clients, and throughout the world. We continually seek ways to help our women lawyers expand their leadership skills, initiate career-enhancing relationships, and increase their visibility in the marketplace.

Gold Standard Certification from Women in Law Empowerment Forum—4 years in a row

Examining the pursuit of gender parity in boardrooms around the globe

We continued our efforts to raise awareness and spark discussion around the topic of gender parity in the boardroom. The firm published “A Study of Major Global Exchanges,” an insightful look at how major global exchanges in eight countries and the European Union approach gender diversity for their listed companies. We found that few address diversity-related issues in their stock listing requirements or recommend corporate governance codes. Those that have been adopted by major exchanges include direct references to gender or diversity among possible selection criteria for board members and generally require companies to disclose in annual reports whether they maintain a diversity policy or, in some cases, the gender composition of their boards. Leading the way are major exchanges in New Zealand and Australia, as well as in certain Asian countries. This study is a supplement to our ongoing series, “Breaking the Glass Ceiling: Women in the Boardroom,” which examines gender parity on corporate boards and the efforts to increase participation around the world. As this issue continues to draw discussion, we continue to expand the scope of our research and evolve our report.

For more information, visit www.paulhastings.com/genderparity.

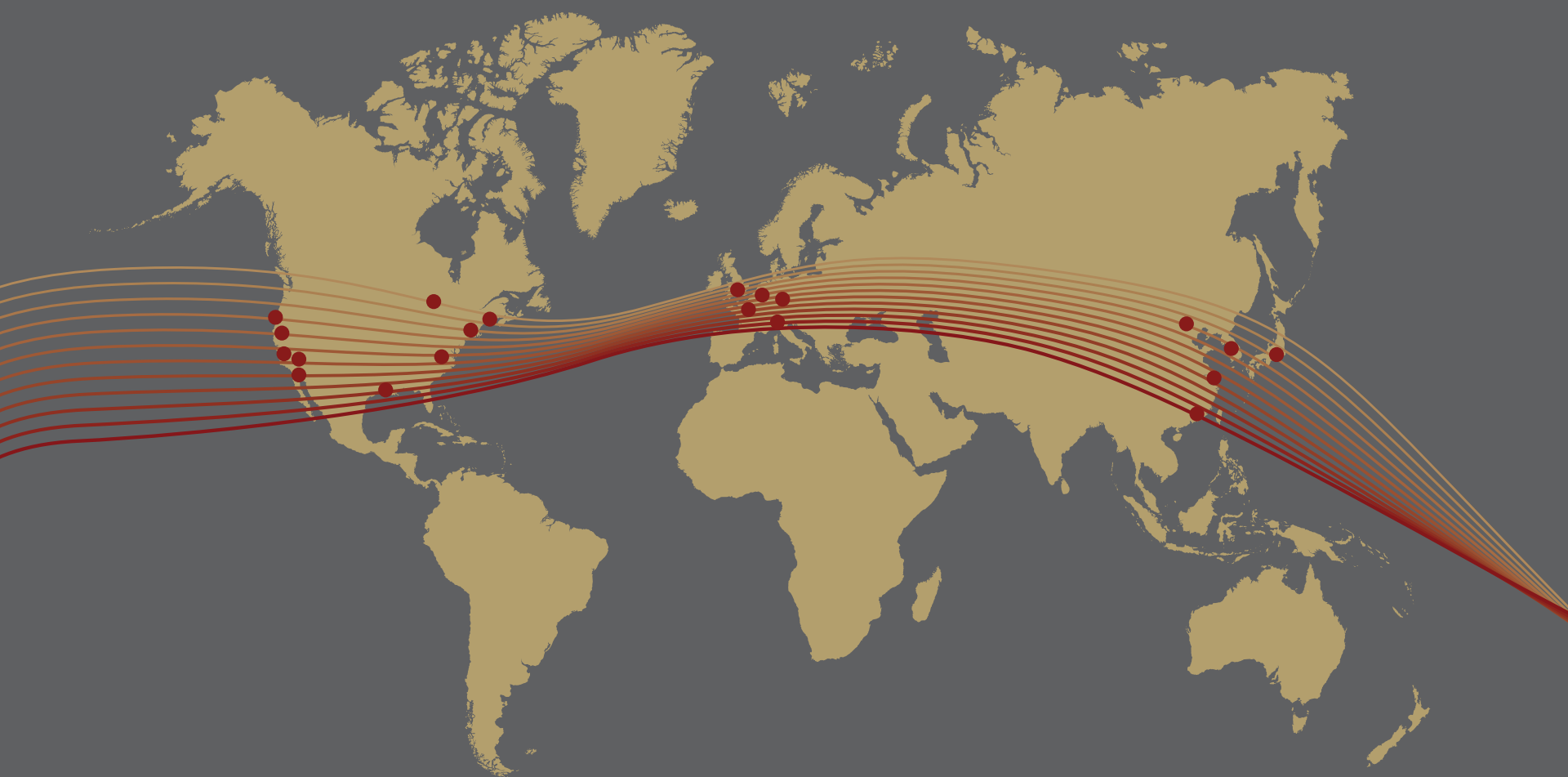
Empowering women lawyers throughout their careers

Recently, UCLA Law announced the creation of UCLA Law Women LEAD (Leadership, Empowerment, Advancement, and Distinction), a professional development and support network for its female students and alumnae. Paul Hastings partner Nancy Abell and Gap, Inc. EVP and general counsel Michelle Banks are the founding co-chairs who spearheaded the development of LEAD with UCLA Law Dean Rachel Moran. Paul Hastings partner Heather Morgan serves as a founding board member. Built around a dynamic, social media-based website, the program seeks to provide students and alumnae with the connections and professional knowledge they need to help them succeed in law. In addition, LEAD hosts a series of professional development and networking events, both on campus and around the U.S. The network seeks to support women lawyers at all stages of their careers through a variety of targeted programs and resources—from job search assistance and advice on advancement for younger lawyers, to mentorships that support mid-career attorneys, to programs on making career transitions and establishing a healthy work/life balance for more experienced lawyers.

Supporting the advancement of our women professionals

Our women lawyers play an increasingly greater role in leading our firm. We are committed to the advancement of our professionals, and provide numerous mentoring, networking, and professional development opportunities throughout the year. We also hosted several well-received social networking and professional development events with our clients, creating opportunities to strengthen our relationships outside the office.

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The Way We Work

Helping our clients and our people navigate new paths to growth is the purpose that guides everything we do. Critical to achieving this purpose is our commitment to delivering exceptional service. The following Client Service Excellence Principles form the foundation of our service culture and help shape the way we work:

What We Do

- Challenge Norms
- Collaborate
- Communicate
- Respond with Immediacy

How We Operate

- Act with Integrity
- Value Knowledge
- Embrace Diversity

The Value We Deliver

- Innovate
- Practice Excellence
- Deliver Results

