

Global 20: Reed Smith

By **Megan Leonhardt**

Law360, New York (July 23, 2012, 8:56 PM ET) -- Helping to facilitate transactions in every corner of the globe — including billion-dollar, cross-border deals for Federated Investors Inc. and China's Winsway Coking Coal Holdings Ltd. — the team at Reed Smith LLP earned itself a spot on Law360's Global 20 list for the second year in a row.

Reed Smith has based its global expansion strategy on its deep commitment to being where its clients need it, providing the firm with ample opportunities for steady and sustainable growth. Rather than simply "planting flags around the globe," the firm says it has expanded its geographic platform by focusing on locations where existing clients need the firm's expertise.

"We're helping some of our biggest and oldest clients expand internationally," Reed Smith's global managing partner Gregory B. Jordan said.

Within the past year, the 1,700-attorney firm has bolstered its international office count with the opening of an outpost in Shanghai for a combined total of 120 attorneys in China. The firm also brought in more than 30 new partners, almost half of which joined the firm's offices in Europe, the Middle East and Asia.

"For us, we've covered a lot of ground over a short period of time," Jordan said, adding that the firm has opened eight additional offices outside the U.S. since launching its first global outpost in 2001.

Founded in the 1870s, Reed Smith opened its first international office in London through a merger with Warner Cranston in 2001. The firm then debuted offices in Paris and Munich in 2005, both of which were later expanded through a subsequent merger with London-based Richards Butler in January 2007.

The Richards Butler merger ushered in 250 lawyers working throughout the European Union and led to new Reed Smith offices in Piraeus, Greece, and Abu Dhabi and Dubai in the United Arab Emirates. Reed Smith says it is one of only a handful of global firms to support international corporations doing business in Greece and Greek companies conducting businesses internationally.

By 2008, Reed Smith became one of the five largest firms in Hong Kong through a merger with Richards Butler's Chinese affiliate, which also brought Reed Smith a Beijing office.

Now, 32 percent of the firm's attorneys are found outside the U.S., with 327 professionals based in London, the firm's largest office and where nearly half of all work is done for international clients. The firm operates 23 offices, with locations in six countries including Greece, United Arab Emirates and Germany.

"We've combined organic and nonorganic growth," said Roger Parker, who serves as the managing partner for Europe, Middle East and Asia. The firm's international capabilities, with offices in six different countries, provided clear client advantages.

"The ability to act of clients in different jurisdictions is clearly greater," Parker said, adding that the firm's global balance allowed partners to best serve their clients' needs.

No transaction better exemplifies the firm's strategy to grow alongside their clients in order to provide continued support than its participation in a December deal that provided one of Reed Smith's oldest clients with its first office in the United Kingdom.

Echoing the firm's 130-year legacy of representing major financial institutions, Reed Smith served as Pittsburgh-based Federated Investors Inc.'s lead counsel in the investment manager's bid to purchase the short-duration and liquidity fund manager Prime Rate Capital Management LLP from Matrix Group Ltd. for £1.5 billion (\$2.3 billion).

"We're most successful when we stick to what we know and what we're good at," Jordan said.

Always with a mind to client needs, the firm launched an expanded energy and natural resources group in October, made up of 100 lawyers in key geographies across the firm's global platform and headed by partners based in London and San Francisco.

Cross-border work in the renewable energy practice has been particularly bustling, with foreign companies becoming increasingly interested in renewable energy projects in the U.S., Jordan said.

Rather than just thinking of an energy practice as dedicated to oil companies, Parker said the firm endeavored to look at the entire energy spectrum, including the regulatory, transactional and litigation issues at play in the energy and natural resource industries.

This strategy was evident in a number of energy-related matters the firm was involved in. Specifically, Reed Smith acted as counsel in a billion-dollar deal last October, advising Winsway Coking Coal Holdings Ltd. on its joint acquisition with Japanese holding company Marubeni Corp. of Canadian mining company Grande Cache Coal Corp. for \$1 billion.

Hong Kong-based Winsway, an importer that supplied the Chinese steel industry with coal for its foundries, had been a Grande Cache customer prior to the deal, while Japanese holding company Marubeni had been a Grande Cache investor, the mining company said.

The deal, worth CA\$1 billion, gave both acquiring companies control over mining leases that covered about 85 square miles of land in Alberta, Canada. The area contained approximately 346 million tons of coal, according to Grande Cache.

Reed Smith worked with Winsway to secure the Hong Kong regulatory aspects of the deal, including the company's financing — which was provided by Minsheng Bank — as well as on aspects of the deal related to Winsway's high-yield bonds.

Further utilizing the strength of its Hong Kong office — which has over 100 attorneys — Reed Smith advised PCCW Ltd. on a transaction that allowed Hong Kong's leading media company to separately list its telecommunications business on the local market in a \$1.2 billion initial public offering in November.

In what Jordan called a "very complex" transaction, the Reed Smith team developed a trust structure that allowed dividends to be paid from cash flow rather than earnings, increasing shareholder value. The team navigated multiple government regulators, dealt with U.S. securities issues and successfully gained shareholder approval, the firm said.

Despite being spread across the globe, the firm's structure allows attorneys to work as a team to balance the financial and regulatory challenges that are part of complex transactions. According to Jordan, Reed Smith operates as a single firm with one partnership and one profit pool, while all 12 of its practice groups are global.

While both Jordan and Parker agreed that developing a truly integrated brand will always be a challenge, the one-firm culture at Reed Smith helps to provide consistent results and high-quality service.

"There's a lot of work that goes into making sure a firm is connected," Jordan said, noting that almost half of its five-member management team is based in London and all travel extensively to meet with attorneys and clients all over the world.

Looking to the future, the firm plans to continue its steady expansion in territories that the firm already sees a strong client demand for its services. Jordan noted that the firm is looking to open offices in Singapore and Texas, expanding its presence in key centers of the world.

Despite its lack of a brick-and-mortar shop in Singapore, the firm has already started performing cross-border work for clients there. A Hong Kong team led by partner Denise Jong advised Hsu Fu Chi International Ltd. in a joint venture with Nestle SA. The Swiss company paid \$1.7 billion to gain a 60 percent stake in the Chinese confectioner in a deal that closed in December, the firm said.

The firm is also contemplating expanding its shipping and commodities practice to South America, Jordan said. The firm has gained a foothold in Brazil, serving as lead counsel for Rio de Janeiro-based Brasbunker Participacoes SA in closing a \$250 million offering that financed the construction of five platform supply vessels.

"[Our] practices take us into countries where we're not on the ground yet," Jordan said, reiterating that clients' ever-growing global operations help drive the firm's strategic expansion.

--Editing by Katherine Rautenberg.