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Kirkpatrick and Preston Gates in Merger Talks

Kellie Schmitt
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Preston Gates & Ellis' Karen Glover
Image: Courtesy Photo

Pittsburgh's Kirkpatrick & Lockhart Nicholson Graham and Seattle's Preston Gates & Ellis are in merger talks that could be completed by year's end, according to leaders of both firms.

"We're serious about it and starting to get practice groups engaged, but it's still early in the process," said Karen Glover, Preston's managing partner.

If a merger goes through, the resulting firm would have about 1,400 attorneys in 21 offices, including posts in Europe and Asia. The two firms' combined gross in 2005 was \$665 million, which would have put them among the top 25 highest-grossing firms.

A merger would let Kirkpatrick lawyers tap Preston offices in Hong Kong, Taipei and Beijing. Preston lawyers would gain entree to Kirkpatrick's New York and London offices.

While the two have compatible revenue per lawyer -- \$560,000 for Kirkpatrick and \$515,000 for Preston Gates in last year's Am Law 100 survey -- they are far apart in profits per partner, which stood at \$725,000 at Kirkpatrick last year, almost twice Preston's \$410,000.

"While we're aware of the financial differences, we see a real opportunity in the geographical spread and talent that could help both firms," Preston's Glover said.

The move would be a coup for Preston Gates because it would allow it to move beyond its Seattle base, a hurdle for any law firm that wants to be competitive nationally, said legal consultant Peter Zeughauser. With typically low billing rates, Seattle's native firms have struggled with low profits per partner.

"From Preston's point of view, it's an attractive deal because it allows them to be less Seattle focused -- Kirkpatrick is big enough to dilute the Seattle-centricity in an attractive way," Zeughauser said. "Kirkpatrick Lockhart is a well-managed firm, and that would be an asset for any other firm."

With 400 attorneys, Preston Gates is anchored by client Microsoft -- Gates refers to the Microsoft founder's father, who is no longer active in the firm -- and also does work for cell carrier T-Mobile. It's known for its complex transactional work as well as its litigation, technology, intellectual property and policy practices.

Kirkpatrick would be complementary with a strong business practice, particularly in financial services and corporate securities, Glover said.

Kirkpatrick, now at 1,000 attorneys, has seen significant growth in recent years. According to *The American Lawyer*, a *Recorder* affiliate, the firm had a net gain of 29 lateral partners last year, including seven from Testa, Hurwitz & Thibault.

In 2005, then-Kirkpatrick & Lockhart joined with London's Nicholson Graham & Jones, adding 135 solicitors.

Talks between the two firms have progressed since July, and a partnership vote could occur by this fall.

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