

£50.2bn takeover by a Royal Bank of Scotland-led consortium and Phelps Dodge in its \$26bn (£13bn) merger with Freeport-McMoRan Copper & Gold.

Fellow Wall Street titan **Davis Polk & Wardwell** also enjoyed a banner 2007. The firm's long-standing courtship of ABN Amro paid off when it picked up the lead M&A mandate (along with NautaDutilh) on the bank's sale. That deal, led by Paris partner Meg Tahyar and Tom Reid in London, also included a \$21bn (£10.5bn) sideshow in the shape of Bank of America's acquisition of LaSalle Bank – a deal led in New York by partners Bill Taylor and William Aaronson.

Private equity powerhouse **Simpson Thacher & Bartlett's** 20.6 per cent revenue hike from \$801m (£435m) in 2006 to \$966m (£483m) in 2007 illustrates the buoyancy of the markets during the first six months of last year. Simpson's much-envied relationship with buyout shops KKR and Blackstone was a major contributor in pushing the firm's revenue up towards the symbolic \$1bn (£495.88m) mark and its PEP up to \$2.87m (£1.44m).

Headline deals for Simpson last year included advising Enel and Acciona on their \$58bn (£29bn) joint tender offer for Endesa and KKR on its \$45bn (£22.5bn) acquisition (with Texas Pacific Groups) of TXU Energy in 2007.

"The firm did extremely well in 2007," says one US-based consultant. "The relationship with KKR and Blackstone would certainly be enough to ensure the firm was extremely profitable. For 2008 the firm looks to be in pretty good shape. While its private equity capabilities are superb, it also has a 200-strong litigation team. Given the likelihood that disputes will increase in 2008, this is going to be much more of an asset."

Another firm that made great strides up the table was **Proskauer Rose**. It leapt four places from 44th to 40th. The firm also made some waves in the UK during 2007, launching its first European office and snaring O'Melveny & Myers private equity chairman Matthew Hudson to lead the firm in the capital. Proskauer reported a 19.2 per cent hike in PEP to \$1.55m (£775,000) while revenue grew 22 per cent from \$514m (£279.35m) in 2006 up to \$627m (£314m) in 2007.

The London office launch underlined Proskauer's intention to succeed in the European private equity market. Just days before the London office, the firm announced its merger with Paris private equity boutique SGDM.

The \$2bn club

At the head of the table, the leviathans of the legal market broke new ground in 2007 as **Skadden Arps Slate Meagher & Flom**, **Latham & Watkins** and **DLA Piper** all smashed through the \$2bn (£1bn) revenue mark for the first time.

Most lawyers, if you catch them in an honest moment, will tell you that revenue is irrelevant and that PEP is all that matters. But in terms of growth the performance of this trio amply illustrates the benefits of the investment all three firms have made in recent years. Their results arguably provide a useful indicator as to the future shape of the international legal market.

The most significant increase in revenue among the trio was at Latham. As www.thelawyer.com first reported (7 February), Latham became the first US firm ever to break the \$2bn (£1bn) revenue barrier when it posted a 23.5

TOP 50 US FIRMS BY REVENUE, 2007

Rank	Firm	Revenue 2007 (\$m)	Revenue 2007 (£m)	Revenue 2006 (\$m)	Revenue 2006 (£m)	Revenue increase (%)*	PEP 2007 (\$K)	PEP 2007 (£K)	PEP 2006 (\$K)	PEP 2006 (£K)	PEP increase (%)*
1	DLA Piper**	2,100	1,050	1,000	543	110.0	1,280	640	1,180	641	8.5
2	Skadden Arps Slate Meagher & Flom	2,002	1,001	1,850	1,005	8.2	2,280	1,140	2,000	1,087	14.0
3	Latham & Watkins	2,000	1,000	1,620	880	23.5	2,270	1,135	1,850	1,005	22.7
4	Baker & McKenzie***	1,830	915	1,520	826	20.4	1,060	530	870	473	21.8
5	Sidley Austin	1,390	695	1,240	674	12.1	1,380	690	1,300	707	6.2
6	White & Case	1,370	685	1,180	641	16.1	1,670	835	1,500	815	11.3
7	Jones Day	1,300	650	1,300	707	0.0	770	385	770	418	0.0
8	Kirkland & Ellis	1,280	640	1,145	622	11.8	2,550	1,275	2,270	1,234	12.3
9	Greenberg Traurig	1,200	600	1,040	565	15.4	1,300	650	1,200	652	8.3
10=	Mayer Brown	1,180	590	1,080	587	9.3	1,240	620	1,100	598	12.7
10=	Weil Gotshal & Manges	1,180	590	1,050	571	12.4	2,110	620	1,900	1,033	11.1
12	Sullivan & Cromwell	1,100	550	900	489	22.2	3,130	1,565	2,800	1,522	11.8
13	Morgan Lewis & Bockius	1,030	515	922	501	11.7	1,430	715	1,240	674	15.3
14	Dewey & LeBoeuf	1,000	500	922	501	8.5	1,570	785	1,430	1,560	9.8
15	Paul Hastings Janofsky & Walker	980	490	814	442	20.4	1,920	960	1,600	870	20.0
16	McDermott Will & Emery	978	489	860	467	13.7	1,520	760	1,400	761	8.6
17	Simpson Thacher & Bartlett	966	483	801	435	20.6	2,870	1,435	2,490	1,353	15.3
18	WilmerHale	940	470	897	488	4.8	1,060	530	980	533	8.2
19	O'Melveny & Myers	934	467	869	472	7.5	1,640	820	1,600	870	2.5
20	Shearman & Sterling	921	461	842	458	9.4	1,850	925	1,600	870	15.6
21	Gibson Dunn & Crutcher	908	454	809	440	12.2	1,900	950	1,750	951	8.6
22	Morrison & Foerster	894	447	774	421	15.5	1,270	635	1,100	598	15.5
23=	Cleary Gottlieb Steen & Hamilton	890	445	813	442	9.5	2,140	2,100	2,120	1,152	0.9
23=	Reed Smith	890	445	644	350	38.2	1,000	500	940	511	6.4
25	Hogan & Hartson	850	425	755	410	12.6	1,190	595	1,000	543	19.0
26	Dechert	836	418	729	396	14.7	2,300	1,150	1,980	1,076	16.2
27	Orrick Herrington & Sutcliffe	772	386	666	362	15.9	1,660	830	1,430	777	16.1
28	Davis Polk & Wardwell	767	384	650	353	18.0	2,410	1,205	2,150	978	12.1
29	K&L Gates	755	378	499	271	51.3	800	400	780	424	2.6
30	Akin Gump Strauss Hauer & Feld	752	376	727	395	3.4	1,200	600	1,290	701	-7.0
31	Bingham McCutchen	744	372	686	373	8.5	1,300	650	1,200	652	8.3
32	Ropes & Gray	733	367	616	335	19.0	1,270	635	1,135	617	11.9
33	Foley & Lardner	720	360	668	363	7.8	915	458	890	484	2.8
34	Debevoise & Plimpton	710	355	575	313	23.5	2,290	1,145	1,800	978	27.2
35	Winston & Strawn	697	349	612	333	13.9	1,280	640	1,200	652	6.7
36	Hunton & Williams****	660	330	547	297	20.7	850	425	750	408	13.3
37	Paul Weiss Rifkind Wharton & Garrison	651	326	594	323	9.6	2,600	1,300	2,500	1,359	4.0
38	Fulbright & Jaworski	650	325	603	328	7.8	777	389	770	418	0.9
39	Milbank Tweed Hadley & McCloy	643	322	541	294	18.9	2,530	1,265	2,170	1,467	16.6
40	Proskauer Rose	627	314	514	279	22.0	1,550	775	1,300	707	19.2
41	Cravath Swaine & Moore	616	308	550	299	12.0	3,300	1,650	3,000	1,630	10.0
42	King & Spalding	615	308	583	317	5.5	1,390	695	1,300	707	6.9
43	Holland & Knight	613	307	614	334	-0.2	699	350	700	380	-0.1
44	Goodwin Procter	611	306	506	275	20.8	1,620	810	1,400	761	15.7
45	Willkie Farr & Gallagher	600	300	502	273	19.5	2,230	1,115	2,030	1,103	9.9
46	Vinson & Elkins	596	298	532	289	12.0	1,200	600	1,120	609	7.1
47	Cadwalader Wickersham & Taft	590	295	556	302	6.1	2,720	1,360	2,900	1,576	-6.2
47=	Pillsbury Winthrop Shaw Pittman	590	295	579	315	1.9	1,000	500	880	478	13.6
49	Baker Botts	578	289	502	273	15.1	1,300	650	1,000	543	30.0
50	Wachtell Lipton Rosen & Katz	559	280	474	258	17.9	4,480	2,240	3,900	2,120	14.9

*Percentage change relates to dollars; **First combined European and US figures; ***2006-07 figures, June year-end; ****Estimated figures, March year-end

Source: The Lawyer US Top 50

per cent hike on 2006's \$1.62bn (£880.43m). PEP also grew by a double-digit margin, up 22.7 per cent from \$1.85m (£1m) in 2006 to \$2.27m (£1.14m).

DLA Piper operates separate profit pools for Europe, the Middle East and Africa and the US, but is an integrated firm in all other respects. Its combined average PEP rose 8.5 per cent, from \$1.18m (£641,304) to \$1.28m (£640,000), while global revenues were up 19 per cent to \$2.1bn (£1.05bn).

Other firms managed some serious bulking up during the year, although this was more down to merger activity than organic growth (not that there was too much of that at DLA Piper).

The merger of 2007 was without doubt that between US M&A heavyweight

Dewey Ballantine and energy and insurance-focused LeBoeuf Lamb Greene & MacRae. The new 1,300-lawyer firm, **Dewey & LeBoeuf** went live on 1 October 2007, catapulting both firms up the table to a new position of 14.

Dewey & LeBoeuf's first financial results showed global revenue was just over \$1bn (£500m), representing an approximate increase of 8.5 per cent on the combined revenues of Dewey Ballantine and LeBoeuf for 2006, which added up to \$922m (£501m). On a similar basis, PEP increased by almost 10 per cent last year to \$1.57m (£785,000).

Also on the growth trail is K&L Gates. The firm was formed on 1 January 2007 with the merger of Kirkpatrick & Lockhart Nicholson Graham and Preston Gates & Ellis. Since then, the firm has also

merged with Hughes & Luce (on 1 January 2008), the mid-sized Texas firm with offices in Dallas, Austin and Fort Worth.

K&L Gates' results show revenue increased by 51.3 per cent during 2007 while PEP was up 2.6 per cent. The results do not include revenue from its merger with Hughes & Luce. Peter Kalis, K&L Gates chairman, says the firm is now poised for a strong 2008.

"The firm is not over-exposed in practices affected by credit issues," he says. "And, as always, our partners are invested in the firm's growth. We continue as one of the few international firms with no bank debt."

If the beginning of 2008 is any guide, there may well be even fewer firms this time next year that will be able to make that claim. ■