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# DAILY REPORT

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## King & Spalding Posts Record Revenue, Crosses Over \$4M in PEP

JACOB POLACHECK

jpolacheck@alm.com

KING & SPALDING saw gross revenue jump by nearly 20% to \$1.83 billion and net income by more than 25% in 2021, in what the chair called a strong year for the firm's litigation and transactional practices.

As net income increased to \$896.64 million, the Atlanta-based firm's average profits per equity partner hiked up nearly 25%, from \$3.5 million to \$4.37 million.

"These are not just standalone numbers," King & Spalding chairman Robert Hays said in an interview. "They represent demand by the clients, hard work by the lawyers doing world-class legal work and the teamwork and collaboration that go into it."

Partner hours soared to their highest in more than a decade, he said. "We actually turned down work because we don't want to do work that we feel like we don't have the people to do," he added about demand.

Meanwhile, the firm recorded about 50,000 pro bono hours in 2021,

a record and an increase of almost 10%.

Even with the firm's total lawyer head count growing about 3.5% to 1,261 lawyers, the firm's revenue per lawyer rose 15.5% to \$1.45 million.

In London, office revenue increased from \$54.4 million to \$62 million, a rise of 14% year-over-year that Hays attributed to the firm's international arbitration practices and deal work.

Hays pointed to strengths across the firm, noting that regulatory, investigations and litigation practices picked in 2021. "The court system was more closed in the prior year," Hays said, "but in 2021 that rebounded."

For instance, a King & Spalding trial team in September persuaded a Delaware federal court jury to find in favor of client BASF in its antitrust trial against Ingevity Corp. And the firm represented a global medical device company in a multi-national FCPA internal investigation in five European countries, China, Brazil and elsewhere.

On the corporate side, it was the first full year after the November 2020



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**Robert Hays, chairman of King & Spalding, noted that regulatory, investigations and litigation practices picked up in 2021.**

exit of Jim Woolery, a dealmaker who had led the M&A practice at the firm. "The M&A practice continued to be very strong, as did the entire transactional practice," Hays said.

The firm has advised global marketing platform Mailchimp in its \$12 billion acquisition of Intuit Inc., and it advised Greystar Real Estate Partners on its \$3.5 billion joint venture agreement with Ivanhoe Cambridge.

Although Hays said no practice areas underperformed in 2021, he said some parts of the firm were more challenged by the COVID-19 pandemic, including markets in Asia. "That's been a particular challenge," Hays added.

And the firm's bankruptcy practice "did quite well in this market, but given the demand in the industry, that hasn't been something that has grown a great deal industrywide in this time of great demand," he said.

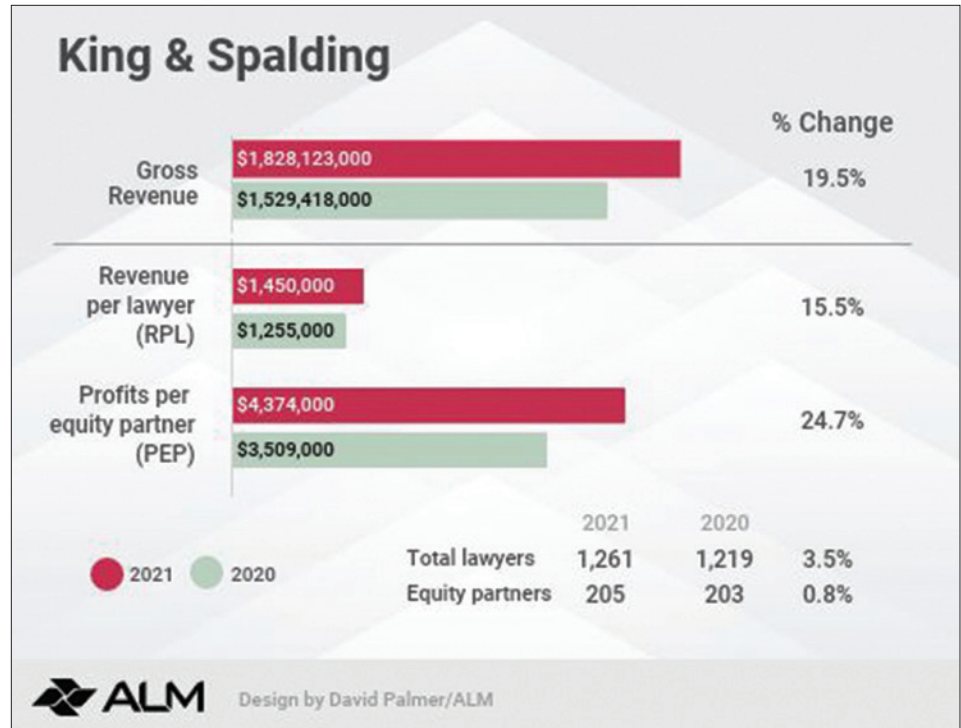
King & Spalding decided to close its seven-lawyer Moscow office last summer, citing at the time "shifts in the global energy market and other commercial considerations."

The office decision came months before Russia's invasion of Ukraine. "It's a tragic and sad situation, obviously for all of those involved," he said about the invasion. "I think people have come together across different, for the most part, political affiliations and countries to express appropriate outrage."

## Investments

While the firm grew its nonequity partner ranks by roughly 10 people to 296, the firm's equity partner ranks were mostly flat, growing from 203 to 205. Hays noted the retirement of several equity partners. "That we are about the same size that we were in equity partnership means we promoted a good number of people," he added.

"We have a fairly rigorous evaluation and promotion system," Hays said. "We promote the number of people who merit promotion in that given year. It's really totally independent of how the firm did or didn't do in terms of economic performance for that year or any year."



The firm also invested in new talent, for instance, bringing in Robert Marshall II and Benoit Lavigne as London partners, while Paul Murphy, who was chief of staff to FBI Director Chris Wray, rejoined the firm in Atlanta and Washington, D.C.

Going forward, Hays said the firm wants to continue growing "in high-value markets" and "to double down on the strengths of the firm" in industries such as energy, healthcare, infrastructure, transportation and financial services."

King & Spalding has invested heavily in cybersecurity lately. While the firm declined to detail its spending on cybersecurity and data privacy, Hays said "it's higher than it used to be for good reason" as the firm's overall IT budget has increased with the advent of remote work and additional security concerns.

"The threats are greater than they were," Hays said. "It takes investment and I would phrase it as more of an investment than an expense, but it's costly."

As the firm's lawyers continue to operate under a hybrid remote working arrangement, Hays said the firm does not require a specific number of days for attorneys to be in the office, noting "that's constantly been a moving target" and he expects policies of work-from-home will continue to evolve.

"We actually resisted a one-size-fits-all answer to that, but we continue to see more people return to the office and expect that to continue," he added, declining to make any predictions on whether attorneys will be able to work from home, at least part-time, indefinitely. ☹