

## Two Big Law Summer Weddings ... and an Anniversary

Written by [Scott Gibson](#) and [Sloane Poulton](#)

Directors at Edwards Gibson

August 29, 2025

*This article explores the recent mergers of three quite different New York-headquartered law firms — **Kramer Levin, Schulte Roth & Zabel**, and **Shearman & Sterling** — with significantly larger out-of-town rivals, resulting in the creation of **Herbert Smith Freehills Kramer**, **McDermott Will & Schulte**, and **A&O Shearman**, respectively. It pays particular attention to the impact of these tie-ups on London and, in the case of **A&O Shearman** — which released its first full financial results in August — examines how the inevitable disruption caused by the merger has affected partner retention in **Big Law**'s second city.*

### ✦ **A 2025 NYC Double Wedding; Two Out-of-Towners Make Manhattan Matches**

Having announced their banns in November last year, Anglo-Australian outfit **Herbert Smith Freehills** (HSF) and New York-headquartered **Kramer Levin** finally tied the knot on 1 June, forming **Herbert Smith Freehills Kramer** (HSF Kramer) — a global law firm with combined revenues of over \$2 billion and more than 2,700 lawyers.

Then, after an even shorter courtship, Chicago leviathan **McDermott Will & Emery** and the much smaller, funds-focused New York firm **Schulte Roth & Zabel** (SRZ) announced their tie-up in May and got hitched on 1 August, creating **McDermott Will & Schulte** — a \$2.8 billion outfit with 1,700 lawyers.



There has been much commentary on both mergers — overwhelmingly positive for HSF Kramer, and positively effusive for McDermott Will & Schulte. Both tie-ups involved much larger, multi-office out-of-towners (Herbert Smith Freehills and McDermott Will & Emery) effectively acquiring high-quality Manhattan bolt-ons, thereby dramatically boosting their presence in Big Law’s most important city: New York.

*“... many commentators believe that the key to survival in Big Law is to be big”*

Compared to their larger suitors — HSF and McDermott Will & Emery (founded in 1882 and 1934 respectively) — the New York cousins, born a year apart in the late 1960s, were relative newcomers. While not “white shoe,” both were quality outfits, with the more profitable SRZ widely considered a Wall Street firm. That said, both New Yorkers had likely seen better days and, in a market where many commentators believe that the key to survival in Big Law is to be *big*, their respective tie-ups may just have saved them from some unfortunate future mésalliance — or a shotgun wedding.

When law firms merge, there is often elevated partner attrition — both immediately before and after the coupling — as practice overlaps, client conflicts, partner egos, and issues around relative contribution almost always come into play.

Both the HSF Kramer and McDermott Will & Schulte mergers fully integrated the legacy firms’ profit pools — i.e., they did not “cheat” by using Swiss Verein-type structures. For McDermott Will & Schulte, the financial combination was comparatively straightforward, as both legacy firms had similar profitability and overwhelmingly generated revenue in the U.S.

For HSF Kramer, however, the financial gymnastics of creating a “one-size-fits-all” equity spread for a firm with three sizable — and very different — global profit centres will likely prove an ongoing challenge. Indeed, history tells us that unless management pays careful attention to this fraught issue, partner perceptions around relative contribution — whether justified or not — may prompt disgruntled laterals from both legacy firms to defect to rivals.

*“When law firms merge, there is often elevated partner attrition — both immediately before and after the combination — as practice overlaps, client conflicts, partner egos, and issues around relative contribution almost always come into play”.*

## ✦ The London nuptials

Their honeymoon in London should provide very few direct snags for either newly married couple. Since Kramer Levin had no presence in town, there will be no attrition arising from London office integration. More broadly, any European issues stemming from Kramer Levin's only other overseas office — a small Paris outpost — were sidestepped when the office was spun off to **Morgan Lewis & Bockius** in December 2024.

Aside from potential friction around the integration of senior management at McDermott Will & Schulte — due to both legacy London managing partners sharing responsibility for the local office — the tie-up appears to be a match made in Big Law heaven. SRZ's West End office was comparatively bonsai (27 lawyers), nearly all of whom focused on private funds — in particular hedge funds — and related support. By contrast, McDermott Will & Emery's London office fielded an increasingly capable private capital-flavoured bench which, while three times larger than SRZ's, completely lacked a partner-level private funds offering.

## ✦ Paper Anniversary – A&O Shearman turns one

While Manhattan's Big Law community was busy celebrating the nuptials and bidding farewell to both Kramer Levin and Schulte Roth & Zabel this summer, another of its own — the white-shoe patrician **Shearman & Sterling** — marked the anniversary of its union with UK Magic Circle outfit **Allen & Overy**. The celebration came in the form of its first fully integrated financial results, released in August, following the formation of **A&O Shearman** on 1 May 2024. [For a summary of the respective doweries in that gilded wedding see: [So, it's A&O Shearman!](#)]



The A&O Shearman results were mixed. On the one hand, combined revenue was slightly greater than the sum of its parts. On the other, profits per partner — at £2 million — were 10% down on those of legacy Allen & Overy in its final year of trading. That said, those figures had been buoyed by the one-off disposal of **aosphere**, a legal and compliance data subscription platform, to private equity house Inflexion.

Last year, the newly merged firm announced plans to cut its global partnership by 10% in order to eliminate practice overlaps, reduce exposure to less profitable sectors and geographies, and ultimately boost profits. At the same time the firm eliminated its non-equity partner tiers and moved over to an all-equity partnership structure. Such wide-ranging restructures are both distracting and expensive in the short term, so maintaining revenue — let alone like-for-like profits per partner, as the firm insists it has — is, in many respects, impressive.

That said, although A&O Shearman is now a top 10 global firm by revenue, its profits per partner remain modest by US Big Law standards. If the firm wants to continue competing in the US — let alone be part of the global elite — it will need to show, by next year, clear evidence that its painful restructure is adding to the bottom line. Otherwise, it risks losing more key partners it would far rather keep.

*“... although A&O Shearman is now a top 10 global firm by revenue, its profits per partner remain modest by US Big Law standards”*

In London, the impact of the merger has already been felt. Since the merger went live, **24 partners** have left the firm — comprising **17** from legacy Allen & Overy and **7** from legacy Shearman & Sterling — between May 2024 and August 2025\*. In contrast, the firm has welcomed just **6 new partners** during the same period: **5** from rival firms and **1** from in-house.

Although A&O Shearman has publicly committed to downsizing its global partnership, Edwards Gibson estimates that 13 to 15 of the departing partners were not part of the firm’s intended reduction — suggesting a possibly more disruptive fallout than planned.

Still some disruption was inevitable and, just like any new marriage, law firm mergers come with a bit of chaos — mismatched habits, name changes, and the occasional identity crisis. All three Big Law newlyweds — A&O Shearman, HSF Kramer, and McDermott Will & Schulte — will doubtless discover that, whilst “*marriage is hard work: it’s waking up every day and choosing each other*”... it does have its compensations.

\*By comparison in the nearly two and a half years prior to the tie-up (calendar years 2022, 2023 and the four months prior to the “go live” date on 1 May 2024) the two firms combined, lost a total of 22 partners to rivals in London, with legacy Allen & Overy losing 8 and, an increasingly unstable, Shearman & Sterling losing 14.