

FOR IMMEDIATE RELEASE
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K&L Gates Announces 2012 Financial Results

Pittsburgh – K&L Gates LLP today reported results for the year ended December 31, 2012 as reflected in the following table comparing 2012 and 2011 performance data. The results are stated on the modified cash basis of accounting used for U.S. federal income tax purposes.

Years ended December 31 <i>(US\$ in thousands except per lawyer and per partner amounts)</i>	2012	2011
Operating Results		
Revenues	1,060,294	1,061,658
Net Income Available for:		
Fully Participating Equity Partners	227,330	235,146
All Equity Partners	320,498	329,345
Net Income as a % of Revenues:		
Fully Participating Equity Partners	21.4%	22.1%
All Equity Partners	30.2%	31.0%
Statistics		
Revenue per Lawyer	616,486	593,536*
Net Income per Partner:		
Fully Participating Equity Partners	899,960	890,367
All Equity Partners	636,920	626,608
Compensation Compression Ratio**	7.9:1	5.8:1
*Restated to reflect the recategorization in 2012 of certain government affairs professionals from Other Legal Professionals to Lawyers; 2011 headcount has been reclassified to conform to the 2012 presentation		
**Ratio of the compensation of the highest paid equity partner to the average of first year equity partners' compensation		
At December 31 <i>(US\$ in thousands)</i>	2012	2011
Cash and Cash Equivalents	220,722	260,765
Investments in Leasehold Improvements, Information Technology, Furnishings and Office Equipment (net of accumulated depreciation)	109,629	102,580
Bank Debt – Year End	-0-	-0-
Low for Year	-0-	-0-
High for Year	-0-	-0-
Partner Capital:		
Required	173,784	169,460
Discretionary Balances Subject to Withdrawal	187,883	200,539
Annual Retirement Obligation Expense as a % of Revenues***	0.3%	0.3%

***Reflects payments under frozen legacy retirement programs

Results for 2012 reflected a solid performance despite a difficult business environment, with demand fluctuating over the period with industry trends. Revenues were essentially flat for 2012 as compared to 2011 on an average lawyer headcount that was down by 3.8%. Lawyer productivity was generally consistent across practice disciplines year over year with the exception of intellectual property, where productivity increased by close to 10%. Demand improved in the last few months of the year, providing a positive outlook going into 2013, although worldwide economic uncertainty suggests reason for caution.

The percentage of the firm's work attributable to matters generated in one office and performed in one or more other firm offices increased from 26.3% in 2011 to 27.5% in 2012, continuing a more than decade-long trend of increasing levels of interoffice work. In 2012, 467 of the firm's 500 largest clients used lawyers from two or more firm offices, and 15 of the firm's 20 largest clients used lawyers in 10 or more firm offices. The average number of offices engaged on projects by the firm's 20 largest clients in 2012 was 15.3. For the firm's 100 largest clients in 2012, which generated 34.4% of 2012 revenues, the average number of offices engaged was 10.3.

Net income available for all equity partners as a percentage of revenues was 30.2% in 2012 as compared to 31.0% in 2011 principally due to increased leasehold and IT expense, largely offset by reduced employment expense. The profit percentage continued to be influenced by the firm's commitment to meet market demand with large numbers of income partners, whose compensation is accounted for as expense. If income partners' compensation were paid out of net income rather than expensed, the profit percentage for 2012 would have been 41.8%.

Revenues by region for 2012 and 2011 were as follows:

Years Ended December 31	2012	2011
<i>(US\$ in thousands)</i>		
Americas	924,935	948,297
Asia Pacific	41,486	33,277
Europe/Middle East	93,873	80,084
Total	1,060,294	1,061,658

Firmwide revenues in 2012 were essentially flat as compared to 2011. In the Americas, revenues decreased by 2.5% on decreased average headcount of 7.0%. Revenues grew by 24.7% in the Asia Pacific region on decreased average headcount of 3.3%. Revenues increased by 17.2% in the Europe/Middle East region on increased average headcount of 13.4% (including the opening of an office in Milan).

The changes in revenues include the effect of movements in average foreign currency exchange rates relative to the US Dollar. During 2012 the US Dollar appreciated by 1.2% relative to the GBP Sterling and appreciated by 7.6% relative to the Euro, which had the effect of reducing revenues when stated in US Dollars. Other currency movements are either insignificant relative to the US Dollar, or are pegged to the US Dollar.

Indicia of financial stability remained high in 2012, with significant cash balances and partner capital, no bank debt, the availability of \$75 million under bank lines of credit, and negligible retirement expense as a percentage of revenues. No client accounted for more than 5% of firm revenues in 2012 or 2011.

Components of the firm's balance sheet as of December 31, 2012 remained generally flat compared with the prior year end, except certain cash balances that fluctuated in accordance with the firm's annual operating plan and strategic initiatives. Specifically, cash decreased during 2012 due to scheduled investments in leasehold improvements and related long-term assets, advancement of funds for the retirement of a merger partner's debt prior to its combination with K&L Gates, and reduced partner discretionary capital.

K&L Gates continued to execute on its long-term growth strategy in 2012 by expanding into Italy with the opening of an office in Milan; into South Korea with the opening of a Seoul office; and into its fifth continent, Australia, by way of a combination effective January 1, 2013 with the Australian national firm, Middletons. Middletons added 287 lawyers in four cities – Brisbane, Melbourne, Perth and Sydney – which brought the total number of K&L Gates offices to 46 worldwide at the start of 2013. On February 11, 2013, the firm announced the opening in Houston of its fourth office in Texas and 47th worldwide, with the recruitment of a leading corporate and securities lawyer in that market. All financial and other data presented herein are exclusive of Middletons' results for the periods presented.

Headcount for 2012 and 2011 was as follows:

Years Ended December 31	2012	2011
Fully Participating Equity Partners:		
At Year End	258.0	274.0
Average	252.6	264.1
All Equity Partners		
At Year End	502.0	534.0
Average	503.2	525.6
Lawyers:		
At Year End	1,748.0	1,910.0
Average	1,719.9	1,788.7
Other Legal Professionals:		
At Year End	333.0	303.0
Average	293.2	294.7
Total Average Legal Professionals	2,013.1	2,083.4

In 2012, the firm recategorized certain government affairs professionals into the Lawyers category from the Other Legal Professionals category. The 2011 headcount for these categories has been reclassified to conform to the 2012 presentation.

Headcount decreased in 2012 as compared to 2011 as the result of attrition, partially offset by lateral additions, with a significant impact year over year resulting from the acceleration to September 2011 of the scheduled January 2012 start dates for entry level lawyers in the U.S.

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K&L Gates practices out of 47 fully integrated offices located in the United States, Asia, Australia, Europe, the Middle East and South America and represents leading global corporations, growth and middle-market companies, capital markets participants and entrepreneurs in every major industry group as well as public sector entities, educational

institutions, philanthropic organizations and individuals. For more information about K&L Gates or its locations, practices and registrations, visit www.klgates.com.

K&L Gates has offices in: Anchorage, Austin, Beijing, Berlin, Boston, Brisbane, Brussels, Charleston, Charlotte, Chicago, Dallas, Doha, Dubai, Fort Worth, Frankfurt, Harrisburg, Hong Kong, Houston, London, Los Angeles, Melbourne, Miami, Milan, Moscow, Newark, New York, Orange County, Palo Alto, Paris, Perth, Pittsburgh, Portland, Raleigh, Research Triangle Park, San Diego, San Francisco, São Paulo, Seattle, Seoul, Shanghai, Singapore, Spokane, Sydney, Taipei, Tokyo, Warsaw, and Washington, D.C.