

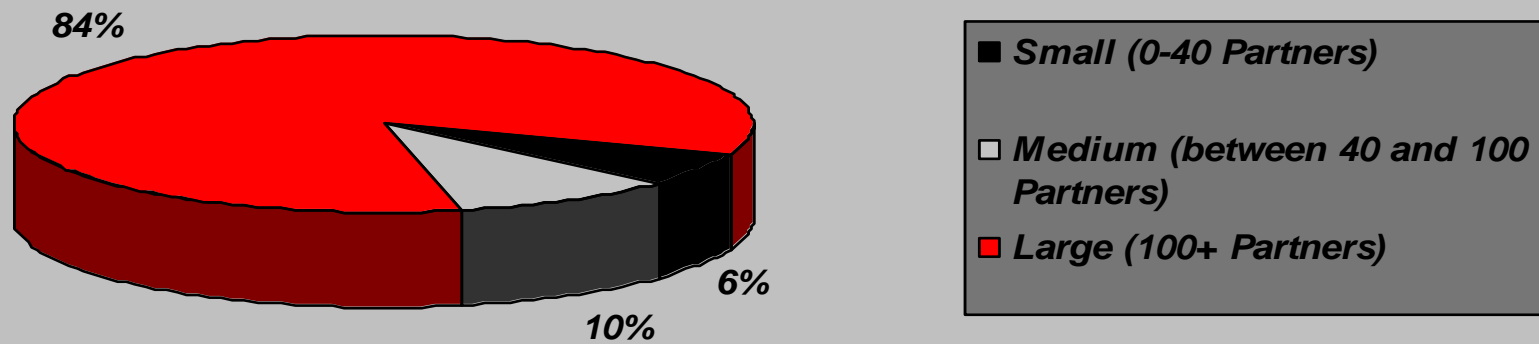
Nicholas Scott Confidence Survey November 2011

Results from 100 Partners of City of London and London offices of US Law firms

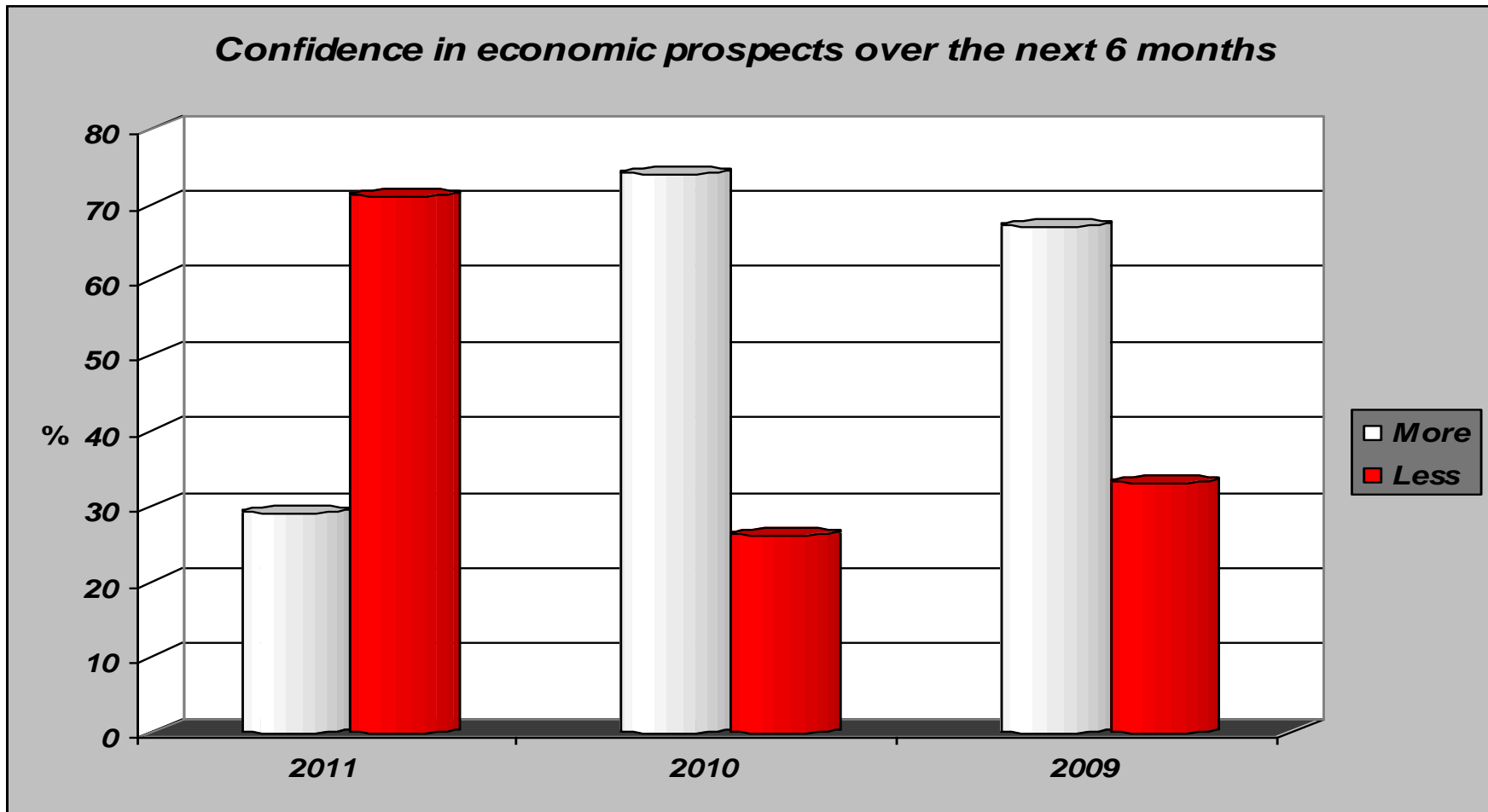
Conclusions:

- Due to uncertainty in the financial markets, firms are less positive than they were a year ago about their prospects over the next 6 months
- Despite this, firms continue to look to grow, recruit and increase the number of lawyers they employ, as they look to position themselves well for an increase in workflow across key areas of finance, corporate and litigation

Proportion of partners questioned by size of firm

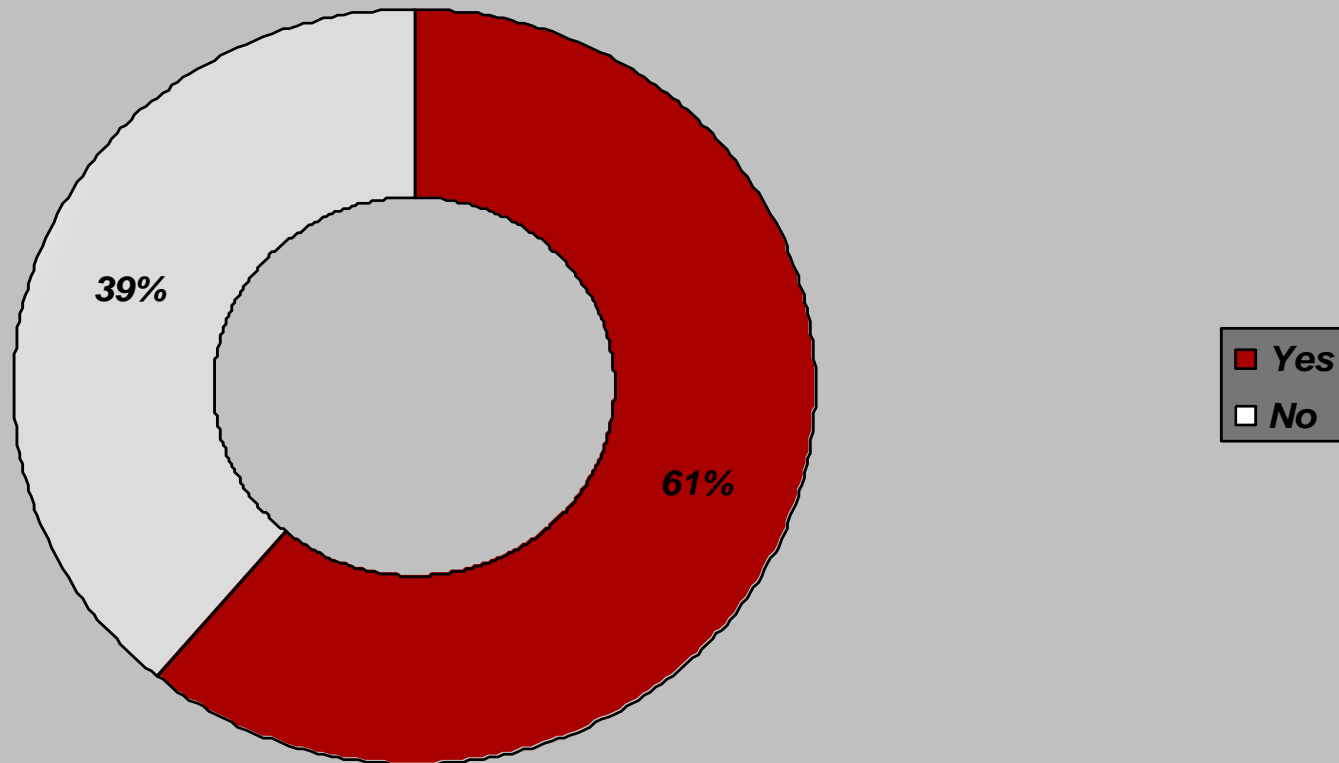


- Within 'large' firms, 62% were UK/City headquartered, and 38% US



- Confidence in the market and prospects for law firms over the next period has dropped significantly when compared to the more optimistic outlook of the last two years
- This result can be seen as a consequence of the ongoing Eurozone crisis and the uncertainty this has caused across global markets

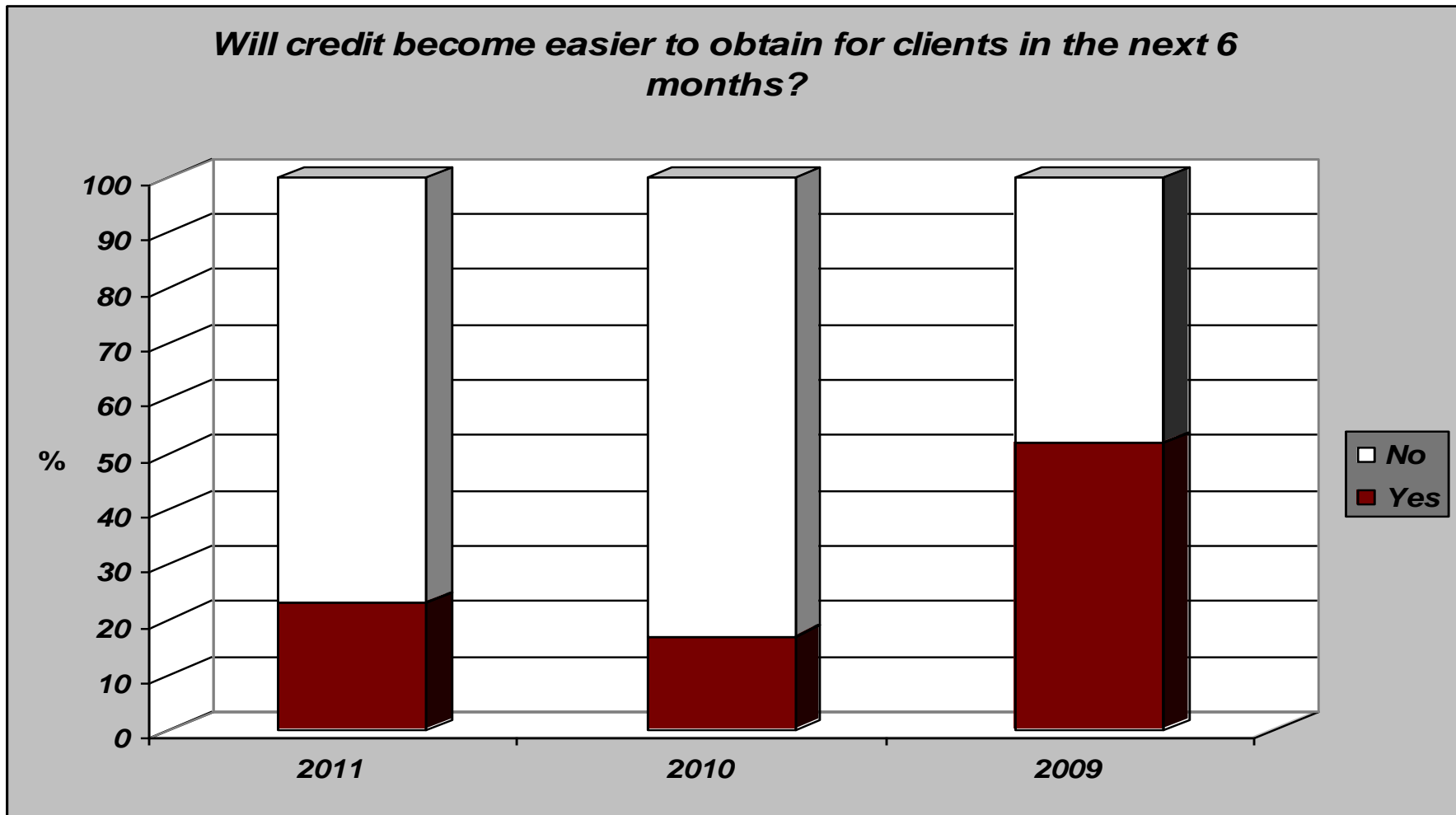
Are firms planning to increase number of staff over next 6 months?



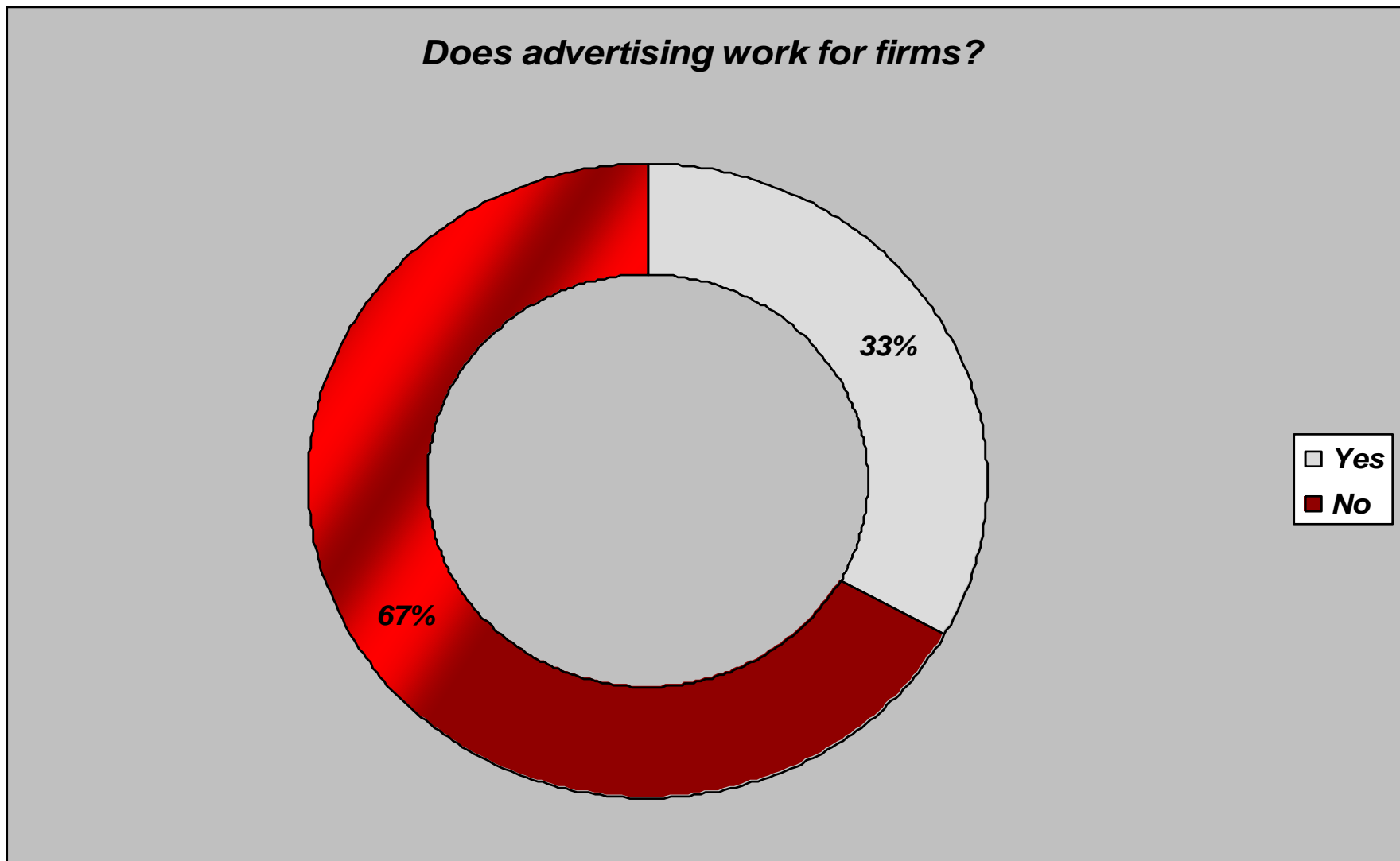
- Despite the economic uncertainty and lack of confidence in the immediate future, the vast majority of partners confirmed that they still intend to recruit and increase staff numbers



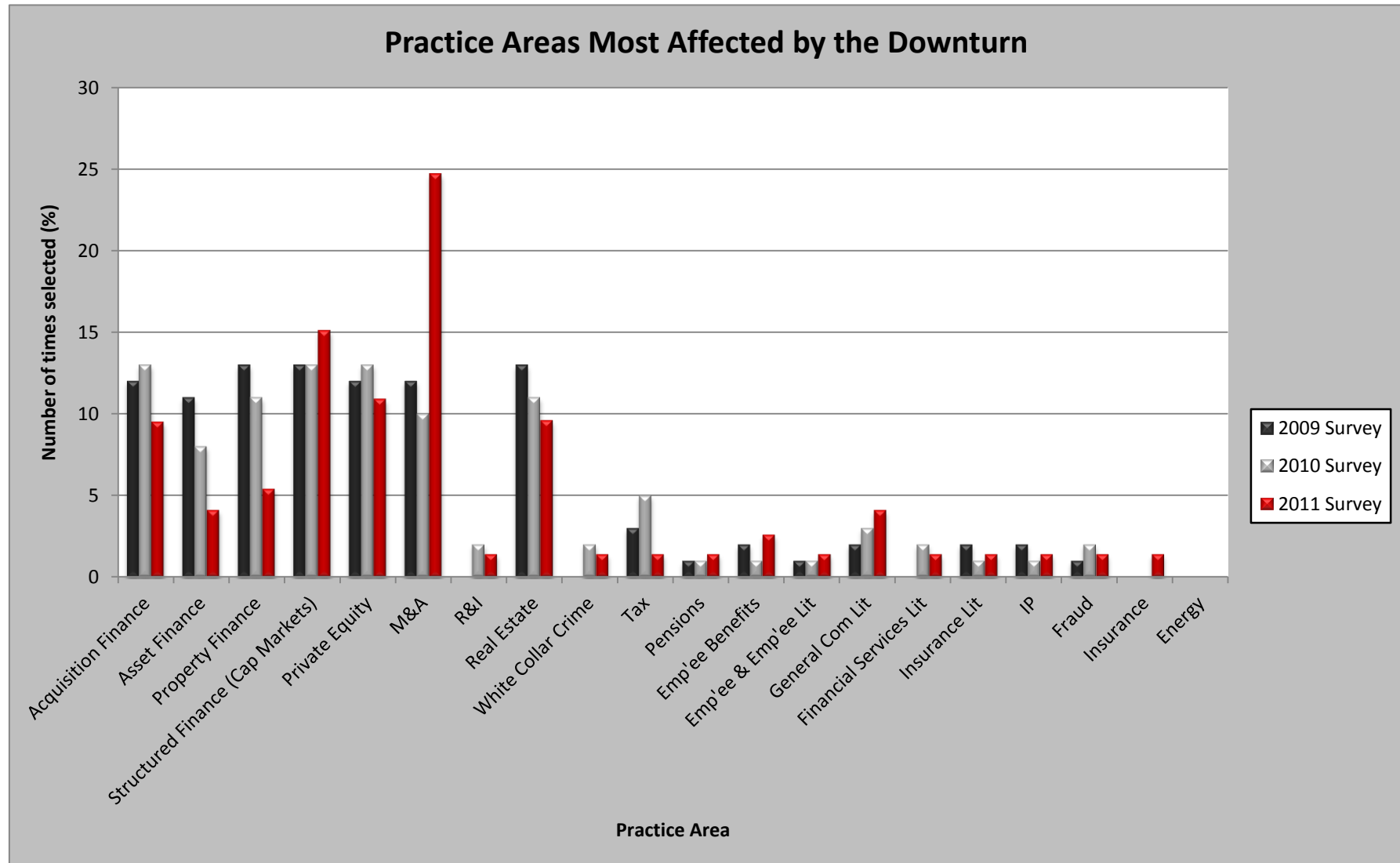
- A similar picture to the last two years, there was a slight majority of partners who felt their profits would remain static in the next 6 months, and those who envisaged a drop remained a minority



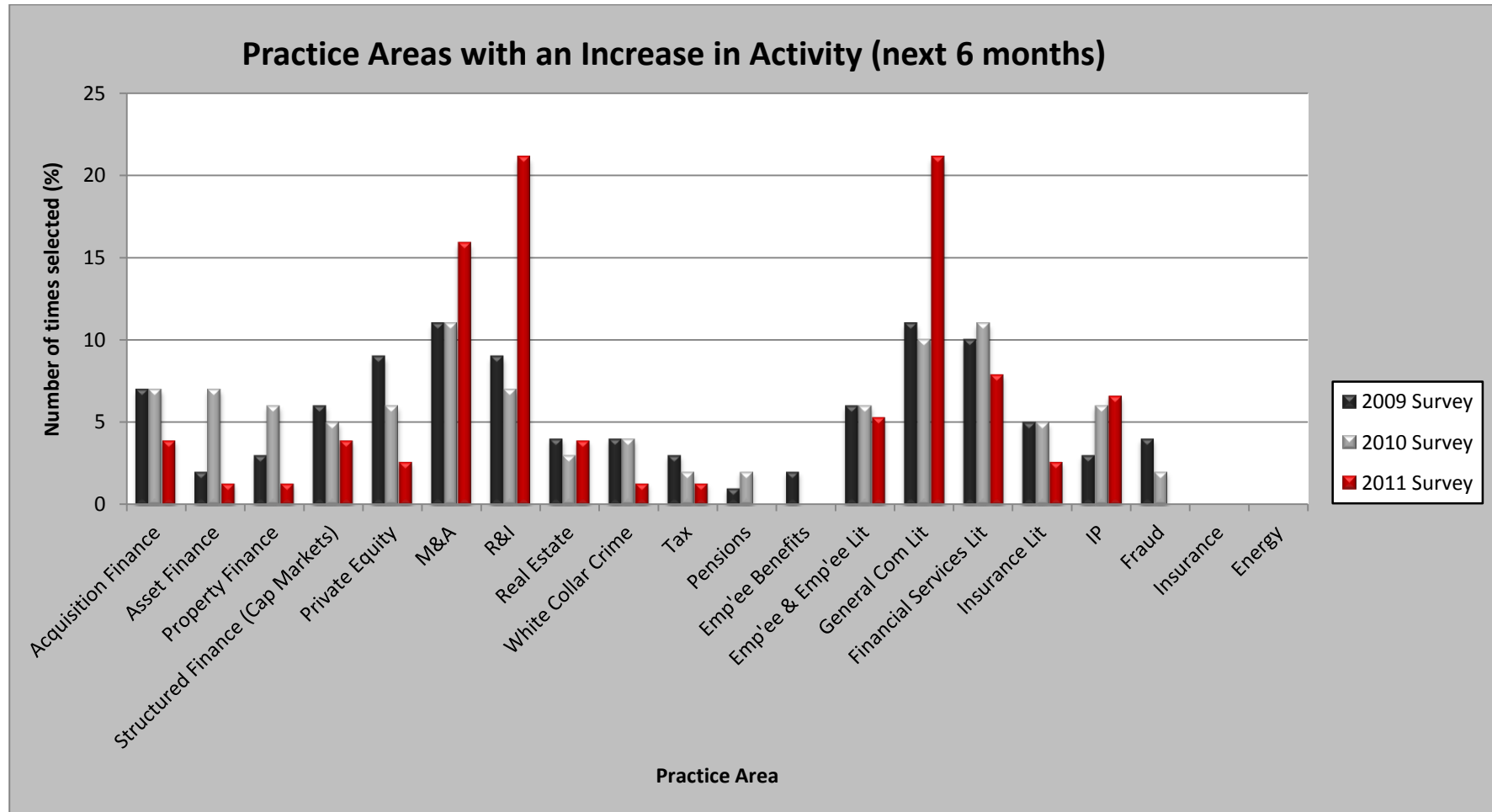
- Like 2010, the majority of partners felt that credit will remain difficult for clients to obtain in the next 6 months, which remains in contrast to the more positive outlook of 2009
- This is an indication that firms believe the banks will tighten up and become less accessible for businesses to obtain the funding needed to grow



- The consensus among partners is that direct recruitment does not work for law firms, reinforcing the need for search firms to actively introduce to them the best talent on the market



- A similar picture emerged over the practice areas that partners feel are still suffering from the last downturn, with finance, corporate and real estate still having not recovered to pre – 2008 activity levels



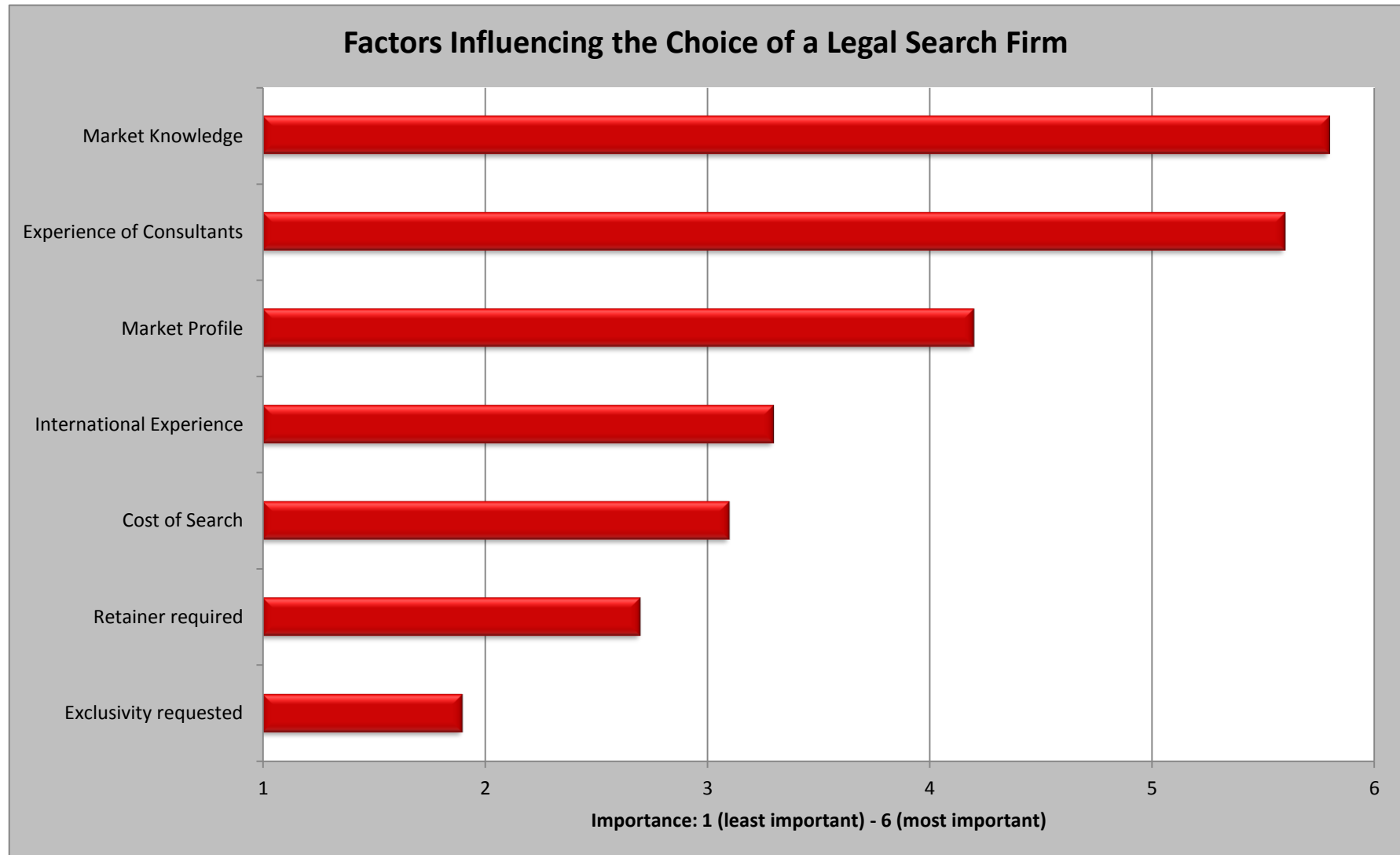
- The practice areas which partners feel will improve over the next period remain largely the contentious areas, as well as corporate restructuring, which tend to correlate with difficult market conditions and tighter controls on credit
- There was also confidence that M&A will pick up, suggesting that firms believe there will be the opportunity for well-positioned businesses to take advantage of the economic climate and pursue strategic expansion



- Despite the uncertainty in the financial markets, finance, corporate and particularly private equity remain areas that firms are looking to recruit new partners into
- Litigation remains the most likely area to see lateral partner hires in the coming months, as firms anticipate an upturn in contentious workflow



- Planned associate hiring will focus on finance, corporate and litigation, as firms look to position themselves well for the next period



- When choosing a recruitment firm for a particular search assignment, partners clearly place a higher value on the market knowledge of the search firm and the experience of its consultants than they do on factors such as the cost of a retainer or whether exclusivity is required

What makes a successful partner during an upturn?

(top 5 keywords/phrases used by partners)

- Client focused
- Business development
- Entrepreneurial
- Commercially aware
- Opportunistic

What makes a successful managing partner during an upturn?

(top 5 keywords/phrases used by partners)

- Ability to position the firm for long term economic changes
- Vision
- Direction
- Strategy
- Financial management