

ROBERT WALTERS LEGAL MARKET UPDATE

QUARTER ONE 2009



Welcome to Robert Walters' specialist legal market update, designed to provide you with an insight into the very latest legal recruitment market and salary trends across private practice, financial services and commerce and industry.

We provide a truly consultative service and offer advice, insight and market information whether you are recruiting or not. Many of our consultants are lawyers so you can be assured of talking to someone with knowledge, discretion and an understanding of your priorities. To receive these updates on a quarterly basis please contact me on:

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LEGAL COMMERCE & INDUSTRY

Permanent

Recruitment levels were particularly low early in the first quarter as roles that were originally put on hold in December took longer than expected to be returned to market. However, during February budget constraints were somewhat eased, particularly within the technology, media and telecommunications sectors, with a number of organisations active in recruiting in-house lawyers with strong language skills to support expansion programmes into new international markets. With the available talent pool continuing to grow as a result of redundancies at Magic Circle law firms, competition for roles proved very intense. Recruitment levels also increased mid quarter within FMCG, particularly within the tobacco, beverages and gaming markets.

In comparison, further redundancies took place across the property and construction sectors as the economic downturn continued to bite, however there are signs that headcount levels may have stabilised for the moment. Some bright spots are in evidence within the sector, with a number of public/private and private finance initiatives requiring additional legal resource to support projects throughout quarter two.

Contract

Employment lawyers (contentious and non-contentious) with in-house experience remained in high demand in quarter one with economic conditions driving an increased volume of employment related issues such as TUPE, redundancies, collective consultation and unfair dismissal.

Short-term contracts remained the primary vehicle for hiring as organisations sought to circumvent permanent headcount restrictions to manage workload for specific projects. The widespread redundancy programmes within the retail, manufacturing and construction sectors resulted in an increase in the numbers of high calibre lawyers willing to consider contract roles.

Paralegal/Non-qualified

A continued focus on cost cutting resulted in an increased demand for paralegals and contract managers as many organisations sought to replace senior lawyers with less expensive and more junior resource.

SALARY SURVEY LEGAL COMMERCE & INDUSTRY

Role	Permanent Salary Per Annum £UK	Contract Rate Per Hour (PAYE) £UK
In-house Commerce		
9 - 10 yrs' PQE	£95k+	£50+
7 - 8 yrs' PQE	£72 - 105k	£38 - 55
6 yrs' PQE	£68 - 95k	£35 - 50
5 yrs' PQE	£65 - 80k	£30 - 45
4 yrs' PQE	£58 - 75k	£27 - 40
3 yrs' PQE	£55 - 72k	£25 - 38
2 yrs' PQE	£48 - 65k	£23 - 34
1 yr PQE	£40 - 60k	£20 - 30
Newly-qualified	£35 - 55k	£18 - 25
Paralegal/Contract Manager	£25 - 70k	£13 - 40

Robert Walters is a leading global recruitment consultancy, specialising in placing high calibre professionals into permanent, contract and temporary positions at all management levels. In the UK the Group specialises in the accounting, financing, banking, risk and compliance, IT, legal, sales and marketing, human resources and support fields. Robert Walters' client base ranges across both multinational corporations and SMEs and covers all market sectors. We have an established network of offices across the UK and 37 offices across five continents.

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NB: Figures are basic salaries exclusive of benefits/bonuses unless otherwise specified.

LEGAL FINANCIAL SERVICES

Investment Banking

Quarter one saw the majority of investment banks maintain the hiring freezes put in place during quarter four of 2008.

Redundancies were widespread and many legal divisions operated with a skeleton staff. Despite this, pockets of recruitment activity remained, with a number of banks re-skilling in response to market conditions and hiring lawyers with specialist experience in regulatory and employment law.

The majority of banks did pay out bonuses in quarter one, however bonus levels were, unsurprisingly, down markedly in comparison to previous years.

Investment Management/Private Banking

Independent investment management houses not affiliated to larger investment banks generally withstood the turmoil of the financial markets. The recruitment freezes put in place in quarter four of 2008 were more of a self protective measure rather than as a result of any clear business need. Bonuses released in quarter one were good, but slightly lower than last year.

Lawyers in demand during quarter one included those with UCITs experience and regulatory knowledge as the immediate demand for increased transparency dictated a more regulated financial environment. From a candidate perspective, interest in the private banking sector was strong with

many lawyers seeing it as a relatively 'safe' environment in which to work.

Quarters three and four 2008 saw some of the larger investment management houses recruiting structured product lawyers to support more complex financial products. This trend ended in quarter one as the demand for more transparent vanilla products returned.

Retail Banking/Insurance

The Lloyds TSB takeover of HBOS had a strong effect on the retail banking sector in quarter one with the majority of retail banks maintaining recruitment freezes in anticipation of further market changes in quarter two. As a result, we expect to see replacement hiring only throughout quarter two as banks continue to digest what effect the merger will have on the sectors in which they operate e.g. mortgage lending. Insurance remained the most buoyant legal recruitment sector with a number of the larger groups taking advantage of investment banking redundancies to capture high calibre and well-trained lawyers.

Contract

With the volumes of live permanent roles in decline across the market an increased number of in-house and top-tier private practice lawyers demonstrated a willingness to consider contract roles. Many institutions

were quick to capitalise on this trend and recruited some of the market's highest calibre resource on a temporary basis.

Paralegal/Non-qualified

We witnessed a high demand for permanent and temporary ISDA negotiators during the first quarter as a result of the continued resilience of the fund markets. However, salary levels remained largely flat across the board, and in some cases declined - particularly in the case of new roles called to market.

As a result of some large corporate mergers within the banking industry in quarter four 2008 and quarter one 2009, we expect to see increased demand for paralegals to assist with novation and integration projects in quarter two.

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SALARY SURVEY

LEGAL FINANCIAL SERVICES

Role	Permanent Salary Per Annum £UK	Contract Rate Per Hour (PAYE) £UK
Investment Banking		
9 - 10+ yrs' PQE	£95k+	£60+
7 - 8 yrs' PQE	£85 - 115k	£50 - 60
5 - 6 yrs' PQE	£73 - 110k	£45 - 55
4 yrs' PQE	£70 - 92k	£40 - 50
3 yrs' PQE	£65 - 85k	£35 - 45
2 yrs' PQE	£55 - 80k	£32 - 40
1 yr PQE	£50 - 70k	£28 - 35
Investment Management/Private Wealth		
9 - 10+ yrs' PQE	£95k+	£60+
7 - 8 yrs' PQE	£90 - 120k	£50 - 60
5 - 6 yrs' PQE	£75 - 100k	£40 - 55
4 yrs' PQE	£68 - 90k	£35 - 50
3 yrs' PQE	£63 - 83k	£32 - 45
2 yrs' PQE	£58 - 70k	£30 - 38
1 yr PQE	£50 - 65k	£28 - 35
Retail Banking & Insurance		
9 - 10+ yrs' PQE	£90k+	£55+
7 - 8 yrs' PQE	£75 - 115k	£50 - 60
5 - 6 yrs' PQE	£70 - 100k	£40 - 55
4 yrs' PQE	£65 - 90k	£35 - 50
3 yrs' PQE	£60 - 78k	£32 - 45
2 yrs' PQE	£55 - 68k	£30 - 38
1 yr PQE	£45 - 58k	£28 - 35
Documentation*		
9 - 10+ yrs' PQE	£90k+	£60+
7 - 8 yrs' PQE	£80 - 95k	£50 - 60
5 - 6 yrs' PQE	£75 - 90k	£40 - 55
4 yrs' PQE	£65 - 80k	£35 - 48
3 yrs' PQE	£60 - 70k	£32 - 45
2 yrs' PQE	£55 - 68k	£30 - 40
1 yr PQE	£52 - 65k	£25 - 35

NB: Figures are basic salaries exclusive of benefits/bonuses unless otherwise specified. * Qualified lawyers may be paid up to 15% higher than paralegals.

LEGAL PRIVATE PRACTICE

UK and US Firms

The ongoing effects of the credit crunch and downturn in the financial markets had a negative effect on private practice recruitment in quarter one. A number of City, West End, international and Magic Circle firms introduced top-down redundancy programmes and also critically reviewed their partnership models with a view to analysing costs, profitability and scalability.

Despite the ongoing uncertainty in the market a number of US and small to medium sized firms hired regulatory, funds and general corporate lawyers. These firms could justify the extra headcount as they did not follow the Magic Circle firms in hiring a large number of lawyers in 2008. They therefore had the flexibility to increase headcount as workload increased through the quarter. However, firms remained cautious in their approach to hiring in order to ensure that prospective recruits met all requirements in terms of level of experience, academics, deal exposure and commitment. In many firms, senior partners took a much more active role in the recruitment and interview process to ensure the highest hiring standards were met.

Although market conditions have eroded candidate confidence, quarter one saw a surprisingly healthy number of lawyers at all levels actively pursuing career moves,

although it must be noted that many moves were motivated by a desire for increased job security. The most common trend was the continued 'return to private practice' by in-house lawyers, mainly due to redundancies and uncertainty in specialist areas such as CDOs, securitisation and capital markets.

Quarter one saw pay increments frozen at two Magic Circle firms. We expect other firms to follow suit at the beginning of quarter two.

Looking ahead to quarter two, we expect the majority of firms to have completed their first wave of redundancies by April. As a result, there will be a larger candidate pool and an increased competition for roles when compared to the same period last year. Candidates will therefore need to focus on marketing their skills and experience as effectively as possible in order to secure a preferred role.

Legal Conflicts

Mid to large sized firms continued to strengthen their conflicts teams throughout the first quarter. Conflicts and compliance lawyers with specialist knowledge of systems and data can now embark on clearly defined career paths that rival the remuneration and status of their fee earning colleagues. We anticipate a strong demand

for the highest calibre candidates in quarter two, as many firms seek to bolster existing teams or establish new departments.

Locum/Paralegal

Redundancies were not limited to qualified lawyers. The widespread nature of many corporate restructures meant that paralegals were also adversely affected, with contracts not renewed or terminated ahead of schedule.

Niche areas such as intellectual property, private client, clinical negligence and personal injury were not as badly hit with locum and paralegal hiring activity remaining relatively steady.

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SALARY SURVEY
LEGAL PRIVATE PRACTICE

Role	Permanent Salary Per Annum £UK	Contract Rate Per Hour (PAYE) £UK
City		
7 yrs' PQE - Partner	£100k+	£36+
5 - 6 yrs' PQE	£85 - 125k	£28 - 42
3 - 4 yrs' PQE	£72 - 100k	£24 - 35
2 yrs' PQE	£62 - 86k	£22 - 30
1 yr PQE	£56 - 71.5k	£20 - 25
Newly-qualified	£53 - 66.6k	£18 - 23
Paralegal	£22 - 35k	£13 - 19
West End		
7 yrs' PQE - Partner	£85k+	£30+
5 - 6 yrs' PQE	£62 - 80k	£25 - 30
3 - 4 yrs' PQE	£55 - 75k	£20 - 26
2 yrs' PQE	£48 - 59k	£19 - 24
1 yr PQE	£40 - 53k	£17 - 22
Newly-qualified	£38 - 50k	£16 - 20
Paralegal	£22 - 31k	£11 - 18
US New York		
7 yrs' PQE - Partner	£160k+	£50+
5 - 6 yrs' PQE	£128 - 155k	£44 - 50
3 - 4 yrs' PQE	£110 - 135k	£39 - 46
2 yrs' PQE	£100 - 116k	£35 - 40
1 yr PQE	£90 - 106k	£32 - 35
Newly-qualified	£87.5 - 97k	£28 - 32
Paralegal	£33 - 50k	£17 - 25
US Mid Atlantic		
7 yrs' PQE - Partner	£140k+	£45+
5 - 6 yrs' PQE	£110 - 145k	£39 - 48
3 - 4 yrs' PQE	£91 - 126k	£36 - 44
2 yrs' PQE	£81 - 103k	£30 - 33
1 yr PQE	£74 - 94k	£27 - 31
Newly-qualified	£67 - 90k	£25 - 30
Paralegal	£30 - 42k	£18 - 26

NB: Figures are basic salaries exclusive of benefits/bonuses unless otherwise specified.

LEGAL MIDLANDS

Practices in the Midlands continued to tighten their belts throughout quarter one and proactively redeployed lawyers into their busier practice areas, including dispute resolution, insolvency, employment and private client. Firms continued to invest in partners and senior associates with strong client portfolios in order to expand their client base and position themselves for the inevitable market upturn.

With regional practices leading the way in offering clients fixed-fee arrangements, new employee compensation packages were also reviewed as practices continued to adapt to the changing financial markets.

Compensation packages became heavily weighted on revenue and business generation bonuses rather than continuing the large basic salary trends of the recent boom years.

The hiring of legal assistants reduced in quarter one as practices sought to manage their cost base in the run up to the financial year end. We anticipate greater demand for legal assistants in the new financial year as headcount is agreed in-line with new budgets.

In-house legal recruitment in the Midlands did reduce in quarter one. However, there

were pockets of continued activity. A number of large national and international organisations grew their legal teams in the West Midlands and the North-West as a result of the relocation of their legal departments away from London and its surrounding regions.

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SALARY SURVEY
 LEGAL MIDLANDS

Role	Permanent Salary Per Annum £UK	Contract Rate Per Hour (PAYE) £UK
Private Practice		
7+ yrs' PQE	£45k+	£25+
4 - 6 yrs' PQE	£36 - 70k	£19 - 45+
1 - 3 yrs' PQE	£27 - 48k	£14 - 28+
Newly-qualified	£24 - 41k	£12 - 20+
Paralegal	£18 - 30k	£10 - 20+
In-house		
7+ yrs' PQE	£50k+	£25+
4 - 6 yrs' PQE	£37 - 70k	£19 - 45+
1 - 3 yrs' PQE	£23 - 49k	£14 - 28+
Newly-qualified	£21 - 40k	£12 - 20+
Paralegal	£15 - 25k	£10 - 20+

NB: Figures are basic salaries exclusive of benefits/bonuses unless otherwise specified.

LEGAL INTERNATIONAL RECRUITMENT - PRIVATE PRACTICE & IN-HOUSE

International legal recruitment activity was strong during the first three quarters of 2008. However, with the impact of the credit crisis spreading more widely during quarter four and quarter one of 2009 (including to previously resilient jurisdictions such as Asia, the Middle East and offshore locations) we have witnessed a marked reduction in recruitment volumes in both commercial businesses and private practice firms.

However, due to the uncertainty in the London financial markets and the threat of redundancy, we witnessed a significant increase in the number of candidates looking for overseas opportunities. The Middle East and Asia were still the most popular destinations for lawyers looking to leave the London market.

Interest in locations such as Saudi Arabia, Kuwait, Qatar and Abu Dhabi increased as they were perceived to be the markets least affected by the global financial downturn. Looking ahead to quarter two and three candidates will have to focus their attention on moving into the emerging markets of Vietnam, China and Brazil as recruitment levels are expected to continue to reduce in the Middle East.

Despite the poor market conditions pockets of international legal recruitment activity did exist in quarter one. The busiest areas of recruitment included:

- **Construction** - unfinished or delayed projects caused a high degree of litigation cases resulting in an increased demand for contentious construction lawyers.

- **Finance** - the growth of Islamic finance within the GCC regions, resulted in an increased demand for lawyers particularly in Saudi Arabia, Bahrain and Qatar.

- **Energy** - the high number of energy related projects in Qatar and Kuwait drove an increased demand for in-house lawyers within large oil and gas firms.

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