

ROBERT WALTERS LEGAL MARKET UPDATE

QUARTER THREE 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 & 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.

Chris Hickey
Managing Director – Permanent Recruitment
 020 7509 8141
 chris.hickey@robertwalters.com

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LEGAL COMMERCE & INDUSTRY

Overview

Legal recruitment activity traditionally reduces in quarter three, particularly during the summer holidays. However, recruitment levels actually increased this year as organisations hired a greater number of lawyers in preparation for a potential increase in business during quarter four.

Areas of Demand

Organisations within the energy and natural resources sector hired corporate lawyers to support possible mergers and acquisitions. We also saw continued demand for employment and litigation lawyers in the travel, tourism and aviation industries due to an increased number of claims from consumers.

Whilst other areas of commerce and industry witnessed an increase in recruitment activity, the retail and property sector remained static.

As a result, there were a high number of commercial property lawyers in the job market who had to be extremely flexible in their job search with regards to organisation, location and salary.

Looking ahead to quarter four we expect to see a measured increase in recruitment activity across commerce and industry before budgets are renegotiated in the New Year.

Contract Recruitment

Quarter three began with an increase in the recruitment of contract managers, particularly in the technology and telecommunications

sectors. This was fuelled by an increase in transactional work as businesses took advantage of market conditions to gain preferential terms and financial discounts.

There was still a tendency towards hiring legal professionals on fixed term contracts or temporary to permanent hiring in quarter three as organisations continued to approach the recruitment market with caution. Very little paralegal recruitment took place as organisations preferred to hire qualified lawyers into positions that would have previously been filled by paralegals. The indication from many organisations is that this trend will continue until the end of the year especially whilst there is a perception that there is a surplus of professionals in the market.

SALARY SURVEY LEGAL COMMERCE & INDUSTRY

Role	Permanent Salary Per Annum £UK	Contract Rate Per Hour (PAYE) £UK
In-house Commerce		
9 - 10 yrs' PQE	£90k+	£48+
7 - 8 yrs' PQE	£70 - 100k	£36 - 53
6 yrs' PQE	£65 - 90k	£35 - 50
5 yrs' PQE	£62 - 80k	£30 - 45
4 yrs' PQE	£60 - 75k	£27 - 40
3 yrs' PQE	£55 - 68k	£25 - 38
2 yrs' PQE	£50 - 65k	£23 - 34
1 yr PQE	£40 - 58k	£20 - 30
Newly-qualified	£30 - 50k	£17 - 25
Paralegal/Contract Manager	£20 - 65k	£13 - 38

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 39 offices across five continents.

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

LEGAL FINANCIAL SERVICES

Overview

Quarter three saw an increase in hiring activity as most investment banks and financial institutions regained some confidence in the market. The end of the financial year resulted in most organisations beginning to budget for headcount growth and focusing on recruitment plans/requirements for 2010.

Investment Banking

A number of the larger investment banks hired top-tier lawyers with specific experience in derivatives, structured finance, securitisation and capital markets throughout quarter three. The majority of roles were within the legal division but a few were transaction/execution roles where lawyers were required to sit directly within the business.

Investment Management/Private Banking

This sector remained reasonably buoyant throughout quarter three as a number of larger houses hired candidates with strong onshore and offshore funds experience. A number of institutions also recruited their first sole in-house legal counsel in order to capitalise on the high number of available candidates and to reduce their external legal costs.

As a result of the credit crunch and tighter regulatory restrictions, some asset management firms hired regulatory counsels in order to monitor and advise on fund structures and products, ensuring that they complied with various regulators and laws, such as the FSA, FSMA, Markets in Financial Instrument Directive and the forthcoming European Alternative Fund Managers Directive.

Retail Banking

For the first time this year the retail banking sector witnessed an increase in recruitment activity. Retail banks recruited legal professionals into their structured capital markets and derivatives divisions.

Contract

Quarter three saw an increase in demand for contractors in structured finance, funds and commodities. The majority of these roles arose due to continued restrictions on permanent headcount. Legal contractors who couldn't find contract roles in the first half of the year secured roles with relative ease. Institutions responded by increasing their budgets to secure the best available talent.

Paralegal/Documentation Negotiators

Demand for documentation negotiators increased in quarter three, those with experience in commodities, prime brokerage and funds were in highest demand. Candidates who were multilingual in a number of European languages were also highly sought after. Despite the market for top ISDA negotiators being relatively stagnant, rates for ISDA candidates remained competitive at all levels.

CONTACT US

To discuss this update or your personal recruitment requirements in detail please contact:

Chris Hickey
Managing Director – Permanent Recruitment
 020 7509 8141
 chris.hickey@robertwalters.com

SALARY SURVEY

LEGAL FINANCIAL SERVICES

Role	Permanent Salary Per Annum £UK	Contract Rate Per Hour (PAYE) £UK
Investment Banking		
9 - 10+ yrs' PQE	£95k+	£55+
7 - 8 yrs' PQE	£85 - 115k	£50 - 55+
5 - 6 yrs' PQE	£73 - 110k	£45 - 50+
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+	£55+
7 - 8 yrs' PQE	£90 - 120k	£50 - 55
5 - 6 yrs' PQE	£75 - 100k	£40 - 50+
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+	£50+
7 - 8 yrs' PQE	£75 - 115k	£50 - 55+
5 - 6 yrs' PQE	£70 - 100k	£40 - 50+
4 yrs' PQE	£65 - 90k	£35 - 48
3 yrs' PQE	£60 - 78k	£32 - 45
2 yrs' PQE	£55 - 68k	£30 - 40
1 yr PQE	£45 - 58k	£25 - 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

Overview

The ongoing effects of the financial downturn resulted in private practice recruitment levels remaining low in quarter three. The worst affected areas were banking and corporate where redundancies were commonplace. However, firms that specialised in other areas stopped making redundancies and started to review headcount for 2010. Medium sized City firms' employment, litigation and commercial IT practices also fared much better and looked to take on more legal resource to manage an increased workload.

The first half of quarter three saw a sharp increase in litigation activity. As a result, both US firms and the larger UK firms attempted to bolster their practices with new hires. Insolvency/banking litigation and general commercial litigation were the busiest areas, especially at the senior level. There was also a significant increase in hiring levels in financial services/regulatory employment departments due to an increased volume of work.

Due to market conditions, lawyers at all levels were still receptive to taking a drop in

salary in return for job security and better career progression.

More importantly candidates appreciated that they had to continue to focus on marketing their skills and experience as effectively as possible in order to secure their preferred role.

Salaries remained static in quarter three as firms froze pay levels for all employees. Moving forward, we expect most firms to maintain their pay freeze until the market stabilises.

Paralegals

Quarter three saw a significant drop in demand for paralegals compared to quarter two. However, we expect demand to return in quarter four, particularly in niche areas such as IP and personal injury.

Compliance and Conflicts

We saw a significant increase in demand for conflicts and compliance specialists in quarter three, caused by an increased emphasis on risk management. As a result, demand for junior analysts, compliance

managers, conflicts and compliance lawyers increased. Quarter three also saw more firms looking to introduce their first compliance managers and deputy MLROs. This caused an increase in demand for senior compliance candidates with in-house experience.

CONTACT US

To discuss this update or your personal recruitment requirements in detail please contact:

Jenny Bermheden
Manager – Legal Private Practice
 020 7509 8130
 jenny.bermheden@robertwalters.com

Sumi Ginimav
Consultant – Legal Contract & Paralegal
 020 7509 8271
 sumi.ginimav@robertwalters.com

SALARY SURVEY
LEGAL PRIVATE PRACTICE

Role	Permanent Salary Per Annum £UK	Contract Rate Per Hour (PAYE) £UK
City		
7 yrs' PQE - Partner	£100k+	£51+
5 - 6 yrs' PQE	£85 - 125k	£43 - 63
3 - 4 yrs' PQE	£72 - 100k	£37 - 51
2 yrs' PQE	£62 - 86k	£32 - 44
1 yr PQE	£56 - 71.5k	£29 - 36
Newly-qualified	£53 - 66.6k	£27 - 34
Paralegal	£22 - 35k	£11 - 18
West End		
7 yrs' PQE - Partner	£85k+	£44+
5 - 6 yrs' PQE	£62 - 80k	£32 - 41
3 - 4 yrs' PQE	£55 - 75k	£29 - 38
2 yrs' PQE	£48 - 59k	£24 - 30
1 yr PQE	£40 - 53k	£20 - 27
Newly-qualified	£38 - 50k	£19 - 25
Paralegal	£22 - 31k	£11 - 16
US New York		
7 yrs' PQE - Partner	£160k+	£80+
5 - 6 yrs' PQE	£128 - 155k	£64 - 78
3 - 4 yrs' PQE	£110 - 135k	£55 - 68
2 yrs' PQE	£100 - 116k	£51 - 58
1 yr PQE	£90 - 106k	£45 - 53
Newly-qualified	£87.5 - 97k	£44 - 49
Paralegal	£33 - 50k	£17 - 25
US Mid Atlantic		
7 yrs' PQE - Partner	£140k+	£70+
5 - 6 yrs' PQE	£110 - 145k	£55 - 73
3 - 4 yrs' PQE	£91 - 126k	£46 - 63
2 yrs' PQE	£81 - 103k	£41 - 52
1 yr PQE	£74 - 94k	£37 - 47
Newly-qualified	£67 - 90k	£34 - 45
Paralegal	£30 - 42k	£15 - 21

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

LEGAL MIDLANDS

Regional firms continued to weather the economic storm throughout quarter three. Several of the larger firms offered employees reduced hours in order to prevent redundancies and maintain their strong talent pool.

Recruitment was limited to a few specialist hiring practice areas, including employment and pensions, commercial litigation, private client and insurance. We also witnessed an increase in locum opportunities throughout quarter three as practices favoured hiring lawyers on a flexible rather than permanent basis.

A number of mid-sized firms drastically reduced in size and proactively sought out larger firms to acquire them. In contrast, smaller firms with growing client bases continued to speculate on future potential rainmakers as they sought to expand their market share by diversifying their product offerings.

In-house legal recruitment was limited in quarter three. However, larger legal teams across the regions sought additional employment legal support aimed to up-skill their contracts negotiators. The holiday season reduced recruitment activity

in-house but quarter four should see a number of current open positions being filled.

CONTACT US

To discuss this update or your personal recruitment requirements in detail please contact:

Richard Bailey
Director – Legal Recruitment
 0121 698 8764
 richard.bailey@robertwalters.com

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+

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LEGAL INTERNATIONAL RECRUITMENT – PRIVATE PRACTICE & IN-HOUSE

Recruitment activity in the legal international market remained low in quarter three and recruitment freezes continued at most private practice firms and organisations. Despite this, there was certainly more confidence in the market and there was a greater intention to hire than in the previous two quarters. We expect there to be an increase in recruitment activity in quarter four as firms begin to hire in preparation for 2010.

The number of enquiries about overseas legal opportunities reduced in quarter three suggesting that the tide of redundancies in the London market is now starting to slow. However, international firms continued to make redundancies, resulting in a high level of competition for vacancies.

The Middle East and Asia were once again the most popular destinations for relocation but we also saw increased interest in offshore markets such as the Cayman

Islands and Bermuda. Enquiries about opportunities in Saudi Arabia, Kuwait, Qatar and Abu Dhabi also continued to increase as they were still perceived to be the markets least affected by the global financial downturn. In particular, Saudi Arabia is set to be an immensely profitable and buoyant jurisdiction in the coming years, making it a key target area for lawyers looking to be part of a fast growing economy.

The busiest areas of international legal recruitment in quarter three were:

- **Construction** - a high degree of litigation cases, due to continued project delays in the Middle East, resulted in an increased demand for contentious construction lawyers.
- **In-house** - quarter three saw the financial services industry show positive signs of recruitment growth and activity.

- **Islamic Finance** - demand for lawyers in this area continued in quarter three, particularly in Saudi Arabia, Abu Dhabi and Dubai.

CONTACT US

For more information on international legal salaries please contact:

Kamran Habib
Manager – Legal International
 020 7509 8670
 kamran.habib@robertwalters.com