

1 FRANCIS M. GREGOREK (144785)
gregorek@whafh.com
2 BETSY C. MANIFOLD (182450)
manifold@whafh.com
3 RACHELE R. RICKERT (190634)
rickert@whafh.com
4 MARISA C. LIVESAY (223247)
livesay@whafh.com
5 BRITTANY N. DEJONG (258766)
dejong@whafh.com
6 **WOLF HALDENSTEIN ADLER**
FREEMAN & HERZ LLP
7 750 B Street, Suite 2770
San Diego, CA 92101
8 Telephone: 619/239-4599
9 Facsimile: 619/234-4599

10 *Lead Counsel for Plaintiffs and the Settlement Class*

11 **UNITED STATES DISTRICT COURT**
12 **CENTRAL DISTRICT OF CALIFORNIA -**
13 **WESTERN DIVISION**

14 GOOD MORNING TO YOU) Lead Case No. CV 13-04460-GHK (MRWx)
15 PRODUCTIONS CORP., *et al.*,)
16 Plaintiffs,) **REPLY DECLARATION OF MARK**
17 v.) **C. RIFKIN IN FURTHER SUPPORT**
18) **OF PLAINTIFFS' MOTION FOR**
19 WARNER/CHAPPELL MUSIC,) **FINAL APPROVAL OF**
20 INC., *et al.*) **SETTLEMENT AND REQUEST FOR**
21 Defendants.) **ATTORNEYS' FEES AND**
22) **EXPENSES**
23) Room: 650
24) Judge: Hon. George H. King, Chief
25) Judge
26) Date: June 27, 2016
27) Time: 9:30 a.m.
28)

1 The undersigned, Mark C. Rifkin, Esquire, under penalty of perjury, hereby
2 declares and states as follows:

3 1. I am an attorney duly licensed to practice law in the State of New York,
4 and I have been admitted *pro hac vice* to practice before this Court in this matter. I
5 am a partner of the law firm Wolf Haldenstein Adler Freeman & Herz LLP, Lead
6 Counsel for Plaintiffs and the Class in this litigation. As the Court is aware, I have
7 been the principal lead and trial attorney for Plaintiffs and the Class throughout the
8 Action. I have personal knowledge of the matters set forth herein and, if called upon,
9 I could and would competently testify thereto.

10 2. I submit this Reply Declaration in further support of Plaintiffs' motions
11 for final approval of the Settlement and for an award of attorneys' fees and
12 reimbursement of expenses.

13 **A. No Objections and Only Two Exclusions From the Settlement Class**

14 3. Only four foreign rights organizations, Autoren, Komponisten und
15 Musikverleger and Austro-Mechana (both Austrian Collecting Societies), Svenska
16 Tonsattares Internationalla Musikbyra (Swedish Performing Rights Society), and
17 Société d'Auteurs Belge – Belgische Auteurs Maatschappij (Belgian Collecting
18 Society) have requested exclusion from the Settlement Class.

19 4. Except for Defendants' opposition to Plaintiffs' Counsel's request for
20 attorneys' fees and expenses, no Settlement Class Member and no other person or
21 entity has filed an objection to the Settlement (including the judicial determination
22 that the Song is in the public domain) or to the request for incentive compensation
23 awards to Plaintiffs, or to Plaintiffs' Counsel's request for attorneys' fees and
24 expenses. Furthermore, despite worldwide notice and extensive media coverage of
25 the Settlement, no one else has come forward to claim an ownership interest in any
26 *Happy Birthday* copyright.

27 5. In addition to the favorable media coverage given to the Court's
28 summary judgment decision, after Plaintiffs moved for preliminary approval of the

1 Settlement, articles commenting favorably on the proposed settlement appeared in a
2 variety of media reports, including: the *Los Angeles Times*, “‘Happy Birthday’
3 lawsuit: Tentative settlement puts song in public domain” (Feb. 9, 2016); the *New*
4 *York Times*, “Details of ‘Happy Birthday’ Copyright Settlement Revealed” (Feb. 9,
5 2016); *USA Today*, “Tentative deal to put ‘Happy Birthday’ in public domain,” (Feb.
6 9, 2016); the *New York Daily News*, “‘Happy Birthday’ song to finally be free,
7 thanks to decision by publisher to not fight copyright case” (Feb. 9, 2016); the
8 *Hollywood Reporter*, “Warner Music Pays \$14 Million to End ‘Happy Birthday’
9 Copyright Lawsuit” (Feb. 9, 2016); *CNN Money*, “‘Happy Birthday’ lawsuit settles
10 for \$14 million” (Feb. 9, 2016); *Yahoo! News*, “Candles blown on ‘Happy Birthday’
11 copyright after long feud” (Feb. 9, 2016); and *New York Magazine*, “‘Happy
12 Birthday to You’ Is Finally Out of Copyright” (Feb. 10, 2016). None of those media
13 reports was in any way critical of the Settlement (or any part of it).

14 6. Given the extensive Notice program and the widespread media coverage
15 of the Action and the Settlement, the small number of requests for exclusion and the
16 absence of any objection to the Settlement is convincing evidence that the Settlement
17 is fair, reasonable, and adequate and should be approved.

18 **B. The Net Settlement Fund Will be Exhausted**

19 7. We have received periodic reports from Rust Consulting, Inc. (“Rust”),
20 the Court-appointed Settlement Administrator, on the number and dollar amount of
21 claims from Settlement Class Members. Based upon Rust’s most recent report,
22 Period One Settlement Class Members have submitted approximately \$7.4 million in
23 claims; thus, it appears that all Period One Settlement Class Members will receive
24 approximately 86.5% of their claims, even after Plaintiffs’ Counsel are paid in full.
25 In addition, Period Two Settlement Class Members have submitted approximately
26 \$13.4 million; thus it appears that all Period Two Settlement Class Members will
27 receive 100% of their claims (at the discounted rate of 15%), also after Plaintiffs’
28 Counsel are paid in full.

1 8. In addition, based upon Rust's most recent report, it appears that the Net
2 Settlement Fund will be completely exhausted by the payment of those Period One
3 and Period Two Settlement Claims. Therefore, based upon Rust's most recent report,
4 it appears that Defendants will not retain any portion of the Net Settlement Fund.

5 **C. Pre-Suit Investigation for This Novel and Complex Action**

6 9. When Randall S. Newman, Esquire, first contacted me about the
7 potential litigation, we quickly confirmed that no court had ever adjudicated the
8 scope or validity of the *Happy Birthday* copyright. It was readily apparent that the
9 litigation would raise an unprecedented copyright challenge to the world's most
10 famous song.

11 10. After some preliminary discussions with Mr. Newman and some early
12 investigation and research, I became aware that the Song's history was quite
13 complicated, that many of the relevant documents were either missing or disputed,
14 and that (given the length of time that had passed since the relevant events occurred)
15 no witnesses with personal knowledge of relevant facts were likely to be found.

16 11. As I discussed the case and potential claims with Mr. Newman in
17 greater depth, I recognized that we would be asking a court to enter an unprecedented
18 ruling in a case that was certain to attract worldwide attention, given the Song's
19 unique high profile.

20 12. Because the litigation was likely to attract considerable attention, and
21 because of the potential embarrassment and financial loss such an action was likely
22 to cause to Defendants (who had claimed to own the Song's copyright for decades), I
23 anticipated that Defendants would mount a vigorous and aggressive defense of their
24 copyright.

25 13. In evaluating whether to commit my firm's resources and substantial
26 time to this Action, before it was commenced, I expected that the litigation would be
27 exhaustive (it was settled after merits and expert discovery closed on the eve of a
28 bench trial, scheduled after the Court's detailed summary judgment decision), time-

1 consuming (more than 9,000 hours over three years), and expensive to prosecute
2 (over \$204,000 in expenses).

3 14. Taking all these concerns into consideration, I would not have my firm
4 participate in this litigation without an exhaustive pre-suit investigation. In short, I
5 needed to be as confident of success as possible before I committed my firm and its
6 resources to the litigation.

7 15. Consequently, the pre-suit investigation we undertook in this Action
8 was extremely comprehensive and had to be more thorough than our typical, careful
9 pre-suit investigation in other complex cases. Mr. Newman compiled many
10 thousands of pages of documents and prepared a comprehensive early draft of the
11 complaint, which my partners and I reviewed internally at great length before
12 agreeing to prosecute the litigation with Mr. Newman (then a solo practitioner). The
13 initial complaint was comprehensive (as the long history of the Song dictated),
14 detailed and thorough (as required to challenge the best known copyright in the
15 world) and showed the extent of our pre-filing investigation and analysis. I am proud
16 of the complaint that my firm filed in this Action.

17 16. In my opinion, one indication of a well-drafted complaint is the number
18 of admissions provided in a defendant's answer. In Defendants' Answer to the
19 Fourth Amended Complaint ("FAC") (Dkt. 99), out of the 167 substantive
20 paragraphs (excluding the 49 paragraphs to which Defendants provided no response
21 at all), answers to over 50 paragraphs contained admissions by the Defendants.
22 Significantly, Defendants admitted that the 12 documents referenced in the FAC
23 were the "best evidence" for the referenced statements. As to the remaining
24 paragraphs, Defendants denied sufficient information to respond to approximately 30
25 paragraphs and only completely denied approximately 9 paragraphs.

26 **D. Break-Down of Hours Worked by Plaintiffs' Counsel**

27 17. As described more fully in the Declarations from Plaintiffs' Counsel
28 filed with the Court on April 27, 2016, the Action was actively litigated for three

1 years before the Settlement was achieved. Plaintiffs and Defendants vigorously
2 disputed many legal and factual issues, there was active motion practice, and
3 discovery was often contentious. Defendants were skillfully represented by one of
4 the nation's best law firms, which committed extensive resources to the litigation.

5 18. During the meeting of counsel in Los Angeles before Plaintiffs and
6 Defendants filed the cross-motions for summary judgment, Defendants' counsel
7 refused to commit to a definitive theory of the case for Defendants, refused to
8 identify which copyright they would rely upon in defending the copyright claim,
9 refused to identify who they would claim wrote the Song, and refused even to
10 commit not to argue that Mr. Orem did not write the Happy Birthday lyrics.

11 19. The summary judgment proceedings were lengthy and extremely
12 complex. Plaintiffs and Defendants submitted two rounds of briefing, as well as
13 supplemental briefing, on the cross-motions for summary judgment, and the factual
14 record they compiled was enormous. Two hearings were held before the Court ruled
15 on the cross-motions for summary judgment. We could not have achieved success
16 without meticulous and exhaustive preparation for the summary judgment hearings.

17 20. In addition, all the lengthy preparations that were necessary for the
18 December 15, 2015 bench trial on Claim One were completed before the Parties
19 entered into the Settlement Agreement on December 8, 2015, the same day that the
20 Plaintiffs' trial brief, joint witness and exhibits lists and copies of the exhibits were
21 due to be filed with the Court. *See* Dkt. 248.

22 21. For the Court's convenience, I have summarized the time reported by
23 Plaintiffs' Counsel for the partners and associates of the firms in the following chart:

	Partner Hours	Total Hours	Partner Lodestar	Total Lodestar
24 WHAFH	2,904.3	4,107.5	\$2,329,717.50	\$2,818,441.50
25 Newman	2,193.0	2,193.0	1,403,520.00	1,403,520.00
26 Donahue	690.64	886.74	299,680.50	351,197.30
27 Glancy	270.15	493.25	178,126.75	255,786.00
28				

	65.4	102.7	\$37,605.00	56,631.00
TOTALS	6,123.49	7,783.19	\$4,248,649.75	\$4,885,575.80

22. Based upon the time reported by Plaintiffs' Counsel, the blended average hourly rate for all partners and associates was \$627.71. The average hourly rate for all partners was \$693.83, and the average hourly rate for all associates was \$383.76. Partner time accounted for 78.68% of the total hours spent by partners and associates, and for 86.9% of the total lodestar for partners and associates.

23. In a 2014 survey by the NATIONAL LAW JOURNAL of hourly rates in 2013 by attorneys in the Los Angeles market, average partner billing rates were \$665 per hour and average associate billing rates were \$401 per hour. The average hourly partner rate currently charged by Plaintiffs' Counsel in this case is comparable to the average partner rates from 2013, and the average current associate rate is below those average associate rates (attached hereto as Exhibit A).

24. On May 12, 2016, THE AMERICAN LAWYER reported that the top hourly rates for partners at major U.S. firms *rose to \$2,000 per hour* in 2015. See "Billing \$2K an Hour? Study Says Clients Will Pay If Lawyers Deliver," AMERICAN LAWYER (May 12, 2016) (attached hereto as Exhibit B).

25. The time previously summarized in connection with the fee application included only work done by my firm prior to April 27, 2016, the date on which the settlement and fee briefs were submitted to the Court. Since that date, my firm has incurred approximately 275 additional hours with a lodestar of more than \$137,000 on Settlement-related matters.

26. Since April 27, 2016, the partners, associates, and paralegals of my firm have: (a) worked to resolve various notice and administrative issues with the Settlement Administrator; (b) communicated with Defendants' counsel to resolve various notice and claim issues; (c) prepared an emergency motion to enforce the Settlement Agreement when Defendants threatened not to allow us to provide material to assist Settlement Class Members to prepare and submit claims, which was

1 not filed only when Defendants eventually consented to do so; (d) reviewed periodic
2 updates on claims provided to us by the Settlement Administrator at least once per
3 week; and (e) worked with Settlement Class Members to resolve questions and to
4 assist them in preparing and submitting claims.

5 27. The work done by the partners, associates, and paralegals of my firm
6 were an integral part of our service to the Settlement Class and, I believe, greatly
7 facilitated the Settlement, eliminated some potential objections to the Settlement, and
8 resolved some potential deficiencies in the notice and in administration of the
9 Settlement. The work we performed has been of considerable value to the Settlement
10 Class Members with whom we worked directly to prepare and submit claims and, by
11 facilitating the Settlement, to all other Settlement Class Members as well.

12 28. Detailed records of the time spent by the partners, associates, and
13 paralegals of my firm through May 31, 2016 (the last day for which time has been
14 processed by my firm) will be included in the daily timesheets we are required to file
15 and serve by Friday, June 17, 2016. However, that time has not been included in the
16 fee application. Had it been included, the lodestar of Plaintiffs' Counsel would be
17 higher, and the *negative* multiplier on the total lodestar of Plaintiffs' Counsel would
18 be even smaller.

19 **E. Delegation of Work Between Partners and Associates**

20 29. As we prosecuted the case, I assigned work to partners and associates
21 commensurate with the nature of the work to be done. For example, through his
22 diligent efforts, Mr. Newman had located many potential sources of documentary
23 information about the disputed copyright. I assigned an associate of my firm, Beth A.
24 Landes, Esquire, to pursue the leads that Mr. Newman had identified. I believe that
25 this was an appropriate delegation of responsibility for the discovery tasks involved.

26 30. Similarly, after Mr. Newman (who is a certified public accountant as
27 well as an attorney) identified a number of issues from his preliminary review of
28 voluminous royalty accounting records produced by The Hill Foundation (at the time

1 a non-party), I assigned associates of the firm to conduct follow-up discovery based
2 upon Mr. Newman's preliminary review. I believe that the assignment of work was
3 particularly effective, and that none of it was duplicative or inefficient at all.

4 31. My partner Betsy C. Manifold, Esquire, and I performed significant
5 legal research ourselves. We did so because many of the copyright issues that we
6 litigated were unusually complicated, very narrow in focus, nuanced, and because the
7 legal issues were novel or unsettled. I believe that the research was completed more
8 quickly by us and was overall more cost effective. When we identified relevant lines
9 of cases, I assigned additional follow-up research to associates of the firm, who then
10 completed the various research tasks as necessary. I relied upon paralegals to conduct
11 the last round of research to confirm that the cases we located remained valid and
12 had not been overturned or modified by subsequent decisions. Paralegals also
13 assembled, checked, and prepared for filing the voluminous exhibits for both the
14 joint summary judgment motion and the bench trial. I believe this division of
15 responsibility for legal research and work was appropriate and fully justified by the
16 complexities of the litigation. Most importantly, I believe that having partners
17 conduct much of the primary legal research contributed greatly to the resounding
18 success we achieved in the Action.

19 **F. Careful Coordination of Counsel to Avoid Duplication of Effort**

20 32. As soon as all four cases were commenced, even before I was appointed
21 Interim Class Counsel by the Court (Dkt. 60), I assumed responsibility for
22 coordinating the efforts of all Plaintiffs' Counsel to avoid duplication of effort. I
23 took that responsibility very seriously, and my co-counsel were fully cooperative. I
24 efficiently coordinated the efforts of all Plaintiffs' Counsel to avoid duplication of
25 effort. Where appropriate, I relied upon the partners and associates of the other firms
26 who served as Plaintiffs' Counsel to provide additional research on a variety of
27 factual and legal issues. However, I only delegated specific work assignments to
28 each firm and I followed up on each assignment in a timely manner to avoid

1 duplication of effort.

2 33. The necessary work that I assigned to be done by those other firms
3 would have been done by my firm or by Mr. Newman in any event, and the
4 assignment of that work to the other firms did not needlessly increase the amount of
5 work required or the time spent on the work that had to be done to achieve the
6 victory we obtained here.

7 34. The extensive work performed by Plaintiffs' Counsel can be confirmed
8 by the detailed billing records they maintain, which Plaintiffs' Counsel remain
9 prepared to provide to the Court for an *in camera* review upon request.

10 **G. Plaintiffs' Counsel's Expenses Were Reasonable**

11 35. Defendants oppose Plaintiffs' Counsel's request for reimbursement of
12 our photocopying and reproduction expenses. My firm incurred all the photocopying
13 and reproduction charges sought (\$21,309.71) in the Action. To control costs, we
14 made all copies in-house. The charges for in-house photocopying are assessed by
15 computer, based upon client and matter codes entered into a control device on the
16 photocopier each time copies are made. The computer automatically counts the
17 number of copies made and bills them directly to the particular client matter in
18 question. The charge is a function of the number of copied pages counted by the
19 computer, multiplied by the firm's standard rate of \$0.25 per page. This is the
20 standard copying charge we bill to our fee-paying clients and was recently approved
21 by this Court in *In Re CytRx Corporation Sec. Litig.*, No. CV 14-1956-GHK (PJWx)
22 (C.D. Cal. May 18, 2016) (Dkt. 162). The current billing records show 76,352 pages
23 copied, for a total of \$19,088.00. The outside copying charge of \$1,553.64 to Knox
24 Services for large-scale reproductions was included at cost, with no mark-up. Wolf
25 Haldenstein has no ownership or management interest in Knox Services, a well-
26 recognized and independent vendor for such services.

27 36. Charges for scanning and imaging are likewise assessed by computer,
28 based upon client and matter codes entered into a control device on the photocopier

1 each time copies are made. The computer automatically counts the number of pages
2 scanned or imaged, and bills them directly to the particular client matter in question.
3 The charge is a function of the number of pages counted by the computer, multiplied
4 by the firm's standard rate of \$0.05 per scanned/imaged page. The current billing
5 records show 5,529 pages scanned, for a total of \$276.45. In addition, 6,033
6 eDiscovery records were imaged at the firm's standard charge of \$0.10 per page, for
7 a total of \$603.30.

8 37. As the Court is well aware, the Summary Judgment record in this case
9 was enormous. Pleadings and motion papers were detailed and lengthy, involving
10 two lengthy principal joint briefs and additional supplemental briefs as well. Not
11 surprisingly, the case was unusually document-intensive. For example, the
12 documentary record in the Summary Judgment motion was extremely voluminous,
13 consisting of 127 Exhibits and over 2,000 pages. *See* Dkt. 187. As Lead Plaintiffs'
14 Counsel, we were responsible for assembling and delivering courtesy copies all of
15 those voluminous filings to the Court. Many of the documents had to be re-copied
16 and re-submitted after the Court denied Defendants' request to seal certain exhibits in
17 the summary judgment record, which substantially increased the number of copies
18 we made.

19 38. In addition, at the time of settlement (December 8, 2015), we completed
20 all the work necessary to prepare for the bench trial on the remaining portion of
21 Claim One. As Lead Counsel, we had assembled and copied the required trial exhibit
22 binders to be filed with the Court that same day in anticipation of the December 15,
23 2016, bench trial before the Settlement was reached. These filings were again
24 voluminous, as the bench trial was substantially document-driven with no percipient
25 witnesses.

26 39. Defendants also question whether any of our travel in this Action was
27 "first class" or "luxury." It was not. Consistent with my firm's longstanding custom
28 and practice, my air travel in this case was coach class, I only stayed in business class

1 hotels (for example, in Los Angeles, I stayed at the Millennium Biltmore Hotel), and
2 we charged for no “gourmet” meals. Ms. Manifold, my partner, also took the train
3 from San Diego to Los Angeles and always walked to the Courthouse from the train
4 station.

5 40. The photocopying and travel charges, as well as all other expenses
6 incurred by Plaintiffs’ Counsel, can be confirmed by the detailed expense back-up
7 we maintain, which we remain prepared to provide to the Court for an *in camera*
8 review upon request.

9 41. I hereby certify, under the penalty of perjury under the laws of the
10 United States, that the foregoing statements are true and correct to the best of my
11 knowledge, information, and belief.

12 Executed this 13th day of June, 2016, at New York, New York.

13
14 
15 _____
16 MARK C. RIFKIN

EXHIBIT A



The National Law Journal Reports that 1 in 5 of the Largest U.S. Law Firms Employ Partners who Charge More than \$1,000 per Hour

NEW YORK - January 13, 2014 - Billing rates at the country's largest law firms remain high despite pressure from clients in recent years -- and in one instance have reached \$1,800 per hour, according to a report published today by ALM's *The National Law Journal*.

Nearly 20 percent of the firms included in a survey of the NLJ 350 - the newspaper's list of the largest 350 law firms in the U.S. by attorney headcount - had at least one partner charging more than \$1,000 an hour. Foremost among them was Gibson, Dunn & Crutcher partner Theodore Olson, who billed \$1,800 per hour while representing mobile satellite service provider LightSquared Inc. in Chapter 11 proceedings.

The special report on law firm billing rates appears in the January 13th issue of *The National Law Journal* and is also available online now at www.nlj.com.

The median rate among the highest partner billing rates is \$775 an hour, while the median low partner rate is \$405. The overall average rate for partners is \$604 per hour. For associates, the median high stands at \$510 and the low at \$235. The average associate rate is \$370. Rates varied by practice area and location, among other factors.

"To put this into perspective, our research found that firms don't necessarily expect to collect at the rates they charge," said Beth Frerking, editor in chief of *The National Law Journal*. "Also, corporate clients have increasingly pushed for discounts - which they sometimes get - and the formal rates don't account for those."

The Center for the Study of the Legal Profession at the Georgetown University Law Center has reported that law firms settle on average for 83.5 cents on the dollar billed.

Firms with their largest office in New York had the highest average partner and associate billing rates, at \$882 and \$520, respectively. Washington was the next priciest city, with partners charging an average \$748 and associates \$430. Partners charge an average \$691 in Chicago and associates \$427. In Los Angeles, partners charge an average \$665 while the average associate rate is \$401.

The NLJ asked firms on the NLJ 350 to provide their highest, lowest and average billing rates for both associates and partners. It supplemented those data with information gathered from public records. Altogether, this year's survey includes information for 159 of the country's largest law firms.

About ALM

ALM is a global leader in specialized business news and information. Trusted reporting delivered through innovative technology is the hallmark of ALM's award-winning media properties, which include Law.com (www.law.com), The American Lawyer, Corporate Counsel, The National Law Journal and The New York Law Journal. Headquartered in New York City with 16 offices worldwide, ALM brands have been serving their markets since 1843. For more information, visit www.alm.com.

#

ALM, The American Lawyer, Corporate Counsel, GlobeSt.com, Insight Conferences, Law.com, Law Journal Press, Law Technology News, LegalTech, The National Law Journal and Real Estate Forum are trademarks or registered trademarks of ALM Media Properties, LLC.

Media Contact: Daryn Teague Teague Communications 661-297-5292 or dteague@teaguecommunications.com

2013 NLJ Billing Survey

Copyright 2013 © ALM Media Properties, LLC. All rights reserved.

Firm	Average Full-Time Equivalent Attorneys	Largest U.S. Office*	Partner Billing Rate Avg	Partner Billing Rate High	Partner Billing Rate Low	Associate Billing Rate Avg	Associate Billing Rate High	Associate Billing Rate Low	Of Counsel (average)	Of Counsel (high)	Of Counsel (low)	NLJ Billing Source
Adams and Reese	277	New Orleans, LA	\$390	\$650	\$275	\$260	\$320	\$200	\$460	\$500	\$405	National Law Journal, December 2013
Akerman Senterfit	502	Miami, FL	\$480	\$610	\$350	\$300	\$425	\$175				National Law Journal, December 2013
Akin Gump Strauss Hauer & Feld	806	Washington, DC	\$785	\$1,220	\$615	\$525	\$660	\$365				National Law Journal, December 2013
Allen Matkins Leck Gamble Mallory & Natisis	187	Los Angeles, CA	\$615	\$680	\$525	\$525	\$660	\$365				National Law Journal, December 2013
Alston & Bird	805	Atlanta, GA	\$675	\$675	\$495	\$425	\$575	\$260				National Law Journal, December 2013
Andrews Kurth	348	Houston, TX	\$890	\$1,090	\$745	\$670	\$1,090	\$265				National Law Journal, December 2013
Archer & Greiner	208	Haddonfield, NJ	\$400	\$460	\$330	\$245	\$295	\$200				National Law Journal, December 2013
Arent Fox	323	Washington, DC	\$650	\$860	\$500	\$395	\$595	\$275				National Law Journal, December 2013
Arnold Golden Gregory	139	Atlanta, GA	\$490	\$520	\$430							National Law Journal, December 2013
Arnold & Porter	748	Washington, DC	\$815	\$950	\$670	\$500	\$610	\$345				National Law Journal, December 2013
Arnstein & Lehr	141	Chicago, IL	\$465	\$595	\$350	\$250	\$350	\$175				National Law Journal, December 2013
Baker & Hostetler	610	Cleveland, OH	\$450	\$685	\$250	\$260	\$455	\$120				National Law Journal, December 2013
Baker & McKenzie	4,004	Chicago, IL	\$755	\$1,130	\$260	\$395	\$925	\$100				National Law Journal, December 2013
Baker, Donelson, Bearman, Caldwell & Berkowitz	587	Memphis, Tenn.	\$400	\$495	\$340	\$295	\$465	\$245				National Law Journal, December 2013
Ballard Spahr	479	Philadelphia, PA	\$475	\$650	\$395	\$315	\$495	\$235				National Law Journal, December 2013
Barnes & Thornburg	487	Indianapolis, IN	\$480	\$580	\$330	\$320	\$370	\$260				National Law Journal, December 2013
Benesch, Friedlander, Coplan & Aronoff	150	Cleveland, OH	\$455	\$635	\$360	\$280	\$475	\$155				National Law Journal, December 2013
Best Best & Krieger	175	Riverside, CA	\$455	\$655	\$340	\$280	\$385	\$235	\$435	\$565	\$325	National Law Journal, December 2013
Bingham McCutchen	900	Boston, MA	\$795	\$1,080	\$220	\$450	\$605	\$185				National Law Journal, December 2013
Blank Rome	471	Philadelphia, PA	\$640	\$940	\$445	\$350	\$565	\$175				National Law Journal, December 2013
Bond, Schoeneck & King	194	Syracuse, NY	\$355	\$520	\$240	\$225	\$285	\$160	\$385	\$485	\$295	National Law Journal, December 2013
Bowles Rice	128	Charleston, WV	\$230	\$285	\$165	\$135	\$180	\$115				National Law Journal, December 2013
Bracewell & Giuliani	432	Houston, TX	\$760	\$1,125	\$575	\$440	\$700	\$275				National Law Journal, December 2013
Bradley Arant Boult Cummings	396	Birmingham, AL	\$430	\$605	\$325	\$260	\$340	\$200				National Law Journal, December 2013
Broad and Cassel	180	Orlando, FL	\$380	\$465	\$285							National Law Journal, December 2013
Brownstein Hyatt Farber Schreck	216	Denver, CO	\$520	\$700	\$310	\$305	\$345	\$265				National Law Journal, December 2013
Bryan Cave	990	St. Louis, MO	\$590	\$860	\$405	\$405	\$570	\$210	\$600	\$810	\$320	National Law Journal, December 2013
Buchalter Nemer	134	Los Angeles, CA	\$605	\$695	\$475	\$365	\$375	\$350				National Law Journal, December 2013
Burr & Forman	249	Birmingham, AL	\$355	\$525	\$240	\$245	\$350	\$200				National Law Journal, December 2013
Butzel Long	125	Bloomfield Hills, MI	\$440	\$535	\$350	\$305	\$415	\$215				National Law Journal, December 2013
Cadwalader, Wickersham & Taft	435	New York, NY	\$930	\$1,050	\$800	\$605	\$750	\$395				National Law Journal, December 2013
Carlton Fields	278	Tampa, FL	\$600	\$840	\$455							National Law Journal, December 2013
Connell Foley	121	Roseland, NJ	\$425	\$575	\$275	\$265	\$325	\$200	\$450	\$625	\$275	National Law Journal, December 2013
Coodley	632	Palo Alto, CA	\$820	\$990	\$660	\$525	\$630	\$160				National Law Journal, December 2013
Covington & Burling	738	Washington, DC	\$780	\$890	\$605	\$415	\$565	\$320				National Law Journal, December 2013
Cox Smith Matthews	117	San Antonio, TX	\$505	\$595	\$385	\$320	\$485	\$230				National Law Journal, December 2013
Cozen O'Connor	509	Philadelphia, PA	\$555	\$1,050	\$300	\$345	\$560	\$235	\$560	\$790	\$360	National Law Journal, December 2013
Curtis, Mallet-Prevost, Colt & Mosle	322	New York, NY	\$800	\$860	\$730	\$480	\$785	\$345				National Law Journal, December 2013
Davis Graham & Stubbs	146	Denver, CO	\$435	\$595	\$350	\$245	\$340	\$150				National Law Journal, December 2013
Davis Polk & Wardwell	787	New York, NY	\$975	\$985	\$850	\$615	\$975	\$130				National Law Journal, December 2013
Debevoise & Plimpton	615	New York, NY	\$1,055	\$1,075	\$955	\$490	\$760	\$120				National Law Journal, December 2013
Dechert	803	New York, NY	\$900	\$1,095	\$670	\$530	\$735	\$395				National Law Journal, December 2013
Dentons	N/A**	N/A**	\$700	\$1,050	\$345	\$425	\$685	\$210				National Law Journal, December 2013
Dickstein Shapiro	308	Washington, DC	\$750	\$1,250	\$590	\$475	\$565	\$310				National Law Journal, December 2013
Dinsmore & Shohl	422	Cincinnati, OH	\$400	\$650	\$250	\$235	\$350	\$140	\$345	\$615	\$140	National Law Journal, December 2013
DLA Piper	4,036	New York, NY	\$765	\$1,025	\$450	\$510	\$750	\$250				National Law Journal, December 2013
Dorsey & Whitney	517	Minneapolis, MN	\$435	\$585	\$340	\$315	\$510	\$215				National Law Journal, December 2013
Duane Morris	613	Philadelphia, PA	\$820	\$710	\$430	\$370	\$490	\$295				National Law Journal, December 2013
Edwards Wildman Palmer	572	Boston, MA	\$535	\$765	\$210	\$325	\$415	\$245				National Law Journal, December 2013
Faegre Baker Daniels	683	Minneapolis, MN	\$455	\$680	\$355	\$280	\$315	\$110				National Law Journal, December 2013
Foley & Lardner	672	Milwaukee, WI	\$600	\$860	\$405	\$335	\$470	\$210				National Law Journal, December 2013
Foley Hoag	223	Boston, MA	\$670	\$775	\$580	\$325	\$385	\$290				National Law Journal, December 2013
Fox Rothschild	490	Philadelphia, PA	\$530	\$750	\$335	\$310	\$500	\$245				National Law Journal, December 2013
Fried, Frank, Harris, Shriver & Jacobson	476	New York, NY	\$1,000	\$1,100	\$930	\$695	\$760	\$375				National Law Journal, December 2013
Gardere Wynne Sewell	223	Dallas, TX	\$635	\$775	\$430	\$310	\$445	\$235				National Law Journal, December 2013
Gibbons	210	Newark, NJ	\$560	\$865	\$440	\$360	\$475	\$295	\$490	\$750	\$385	National Law Journal, December 2013
Gibson, Dunn & Crutcher	1,066	New York, NY	\$980	\$1,800	\$785	\$590	\$930	\$175				National Law Journal, December 2013
Gordon & Rees	457	San Francisco, CA	\$420	\$475	\$375	\$300	\$325	\$285				National Law Journal, December 2013
Greenberg Traurig	1,699	New York, NY	\$655	\$955	\$360	\$390	\$595	\$200				National Law Journal, December 2013
Harris Beach	204	Rochester, NY	\$385	\$600	\$285	\$260	\$285	\$175	\$385	\$600	\$175	National Law Journal, December 2013
Harter Secrest & Emery	136	Rochester, NY	\$385	\$465	\$300	\$250	\$290	\$195	\$325	\$380	\$260	National Law Journal, December 2013
Haynes and Boone	489	Dallas, TX	\$670	\$1,020	\$450	\$405	\$580	\$310	\$510	\$840	\$220	National Law Journal, December 2013
Hogan Lovells	2,280	Washington, DC	\$835	\$1,000	\$705							National Law Journal, December 2013
Holland & Hart	409	Denver, CO	\$435	\$725	\$295	\$275	\$415	\$165	\$360	\$595	\$185	National Law Journal, December 2013
Holland & Knight	926	Washington, DC	\$595	\$1,035	\$335	\$325	\$575	\$210	\$580	\$775	\$480	National Law Journal, December 2013
Honigman Miller Schwartz and Cohn	227	Detroit, MI	\$390	\$560	\$290	\$220	\$225	\$205				National Law Journal, December 2013
Hughes Hubbard & Reed	344	New York, NY	\$890	\$985	\$725	\$555	\$675	\$365				National Law Journal, December 2013
Husch Blackwell	514	St. Louis, MO	\$430	\$925	\$235	\$260	\$485	\$190	\$395	\$600	\$230	National Law Journal, December 2013
Ice Miller	301	Indianapolis, IN	\$450	\$530	\$335	\$270	\$305	\$245				National Law Journal, December 2013
Irell & Manella	184	Los Angeles, CA	\$890	\$975	\$600	\$535	\$750	\$395				National Law Journal, December 2013

2013 NLJ Billing Survey

Copyright 2013 © ALM Media Properties, LLC. All rights reserved.

Firm	Average Full-Time Equivalent Attorneys	Largest U.S. Office*	Partner Billing Rate Avg	Partner Billing Rate High	Partner Billing Rate Low	Associate Billing Rate Avg	Associate Billing Rate High	Associate Billing Rate Low	Of Counsel (average)	Of Counsel (high)	Of Counsel (low)	NLJ Billing Source
Jackson Kelly	200	Charleston, WV	\$280	\$370	\$175	\$195	\$265	\$145				National Law Journal, December 2013
Jackson Lewis	690	Los Angeles, CA	\$380	\$440	\$310	\$290	\$315	\$275				National Law Journal, December 2013
Jackson Walker	328	Dallas, TX	\$500	\$550	\$450	\$335	\$385	\$255				National Law Journal, December 2013
Jeffer, Mangels, Butler & Mitchell	126	Los Angeles, CA	\$990	\$875	\$560							National Law Journal, December 2013
Jenner & Block	432	Chicago, IL	\$745	\$925	\$585	\$465	\$550	\$380				National Law Journal, December 2013
Jones Day	2,363	New York, NY	\$745	\$975	\$445	\$435	\$775	\$205				National Law Journal, December 2013
Jones Walker	361	New Orleans, LA	\$385	\$425	\$275	\$225	\$240	\$200				National Law Journal, December 2013
Kasowitz, Benson, Torres & Friedman	365	New York, NY	\$835	\$1,195	\$600	\$340	\$625	\$200				National Law Journal, December 2013
Katten Muchin Rosenman	586	Chicago, IL	\$615	\$745	\$500	\$455	\$595	\$340				National Law Journal, December 2013
Kaye Scholer	414	New York, NY	\$860	\$1,080	\$715	\$510	\$680	\$320				National Law Journal, December 2013
Kelley Drye & Warren	298	New York, NY	\$640	\$815	\$435	\$430	\$600	\$305				National Law Journal, December 2013
Kilpatrick Townsend & Stockton	552	Atlanta, GA	\$550	\$775	\$400	\$385	\$475	\$315				National Law Journal, December 2013
King & Spalding	838	Atlanta, GA	\$775	\$995	\$545	\$460	\$735	\$125				National Law Journal, December 2013
Kirkland & Ellis	1,517	Chicago, IL	\$825	\$995	\$590	\$540	\$715	\$235				National Law Journal, December 2013
Knobbe, Martens, Olson & Bear	268	Irvine, CA	\$555	\$785	\$440	\$345	\$535	\$295	\$685	\$685	\$685	National Law Journal, December 2013
Kramer Levin Nafalis & Frankel	320	New York, NY	\$845	\$1,025	\$740	\$590	\$750	\$400				National Law Journal, December 2013
Lane Powell	172	Seattle, WA	\$430	\$465	\$385	\$285	\$330	\$225				National Law Journal, December 2013
Latham & Watkins	2,033	New York, NY	\$990	\$1,110	\$895	\$605	\$725	\$465				National Law Journal, December 2013
Lathrop & Gage	286	Kansas City, MO	\$420	\$700	\$285	\$250	\$375	\$195				National Law Journal, December 2013
Leonard, Street and Deinard	184	Minneapolis, MN	\$405	\$490	\$295	\$285	\$305	\$265				National Law Journal, December 2013
Lewis Roca Rothgerber	N/A**	N/A**	\$505	\$695	\$380	\$400	\$525	\$205				National Law Journal, December 2013
Lindsuist & Vennum	181	Minneapolis, MN	\$520	\$600	\$460	\$365	\$470	\$275				National Law Journal, December 2013
Littler Mendelson	909	San Francisco, CA	\$550	\$615	\$395	\$290	\$420	\$245				National Law Journal, December 2013
Lowenstein Sandler	254	Roseland, NJ	\$615	\$755	\$510	\$360	\$650	\$260				National Law Journal, December 2013
Manatt, Phelps & Phillips	325	Los Angeles, CA	\$740	\$795	\$640							National Law Journal, December 2013
McCarte & English	373	Newark, NJ	\$530	\$625	\$450	\$300	\$370	\$220				National Law Journal, December 2013
McDermott Will & Emery	1,024	Chicago, IL	\$710	\$835	\$525							National Law Journal, December 2013
McElroy, Deutsch, Mulvaney & Carpenter	288	Morristown, NJ	\$440	\$505	\$325	\$295	\$325	\$200				National Law Journal, December 2013
McGuireWoods	941	Richmond, VA	\$595	\$725	\$450	\$360	\$525	\$285				National Law Journal, December 2013
McKenna Long & Aldridge	509	Atlanta, GA	\$530	\$650	\$460	\$395	\$425	\$375				National Law Journal, December 2013
Michael Best & Friedrich	198	Milwaukee, WI	\$445	\$650	\$280	\$275	\$350	\$190				National Law Journal, December 2013
Miles & Stockbridge	207	Baltimore, MD	\$470	\$725	\$330	\$285	\$375	\$230	\$425	\$675	\$215	National Law Journal, December 2013
Miller & Martin	133	Chattanooga, TN	\$385	\$585	\$245	\$215	\$270	\$180	\$355	\$440	\$210	National Law Journal, December 2013
Morgan, Lewis & Bockius	1,334	Philadelphia, PA	\$620	\$765	\$430	\$390	\$585	\$270				National Law Journal, December 2013
Morris, Manning & Martin	142	Atlanta, GA	\$480	\$575	\$400							National Law Journal, December 2013
Morrison & Foerster	1,010	San Francisco, CA	\$665	\$1,195	\$595	\$525	\$725	\$230				National Law Journal, December 2013
Nixon Peabody	612	Boston, MA	\$520	\$850	\$295	\$300	\$550	\$180				National Law Journal, December 2013
Norton Rose Fulbright	N/A**	N/A**	\$775	\$900	\$525	\$400	\$515	\$300				National Law Journal, December 2013
Nutter McClennen & Fish	135	Boston, MA	\$575	\$715	\$470	\$375	\$460	\$295				National Law Journal, December 2013
O'Melveny & Myers	738	Los Angeles, CA	\$715	\$950	\$615							National Law Journal, December 2013
Orrick, Herrington & Sutcliffe	977	San Francisco, CA	\$825	\$945	\$305	\$310	\$675	\$170				National Law Journal, December 2013
Parker Poe Adams & Bernstein	178	Charlotte, NC	\$450	\$500	\$425							National Law Journal, December 2013
Patton Boggs	485	Washington, DC	\$665	\$780	\$490	\$405	\$475	\$325				National Law Journal, December 2013
Paul Hastings	899	New York, NY	\$815	\$900	\$750	\$540	\$755	\$335				National Law Journal, December 2013
Paul, Weiss, Rittkind, Wharton & Garrison	803	New York, NY	\$1,040	\$1,120	\$760	\$600	\$760	\$250				National Law Journal, December 2013
Pepper Hamilton	493	Philadelphia, PA	\$630	\$850	\$475	\$360	\$460	\$245				National Law Journal, December 2013
Perkins Cole	823	Seattle, WA	\$600	\$940	\$320	\$405	\$595	\$215	\$565	\$790	\$270	National Law Journal, December 2013
Pillsbury Winthrop Shaw Pittman	609	Washington, DC	\$865	\$1,070	\$615	\$520	\$960	\$375				National Law Journal, December 2013
Poisinelli	573	Kansas City, MO	\$410	\$750	\$320	\$265	\$340	\$220	\$370	\$425	\$300	National Law Journal, December 2013
Proskauer Rose	746	New York, NY	\$880	\$950	\$725	\$465	\$675	\$295				National Law Journal, December 2013
Quarles & Brady	413	Milwaukee, WI	\$470	\$600	\$350	\$335	\$600	\$210				National Law Journal, December 2013
Quinn Emanuel Urquhart & Sullivan	697	New York, NY	\$915	\$1,075	\$810	\$410	\$675	\$320				National Law Journal, December 2013
Reed Smith	1,488	Pittsburgh, PA	\$710	\$945	\$545	\$420	\$530	\$290				National Law Journal, December 2013
Richards, Layton & Finger	138	Wilmington, DE	\$660	\$850	\$475	\$350	\$450	\$250	\$465	\$475	\$450	National Law Journal, December 2013
Riker Danzig Scherer Hyland & Perretti	151	Morristown, NJ	\$455	\$495	\$430	\$250	\$295	\$210				National Law Journal, December 2013
Robinson & Cole	209	Hartford, CT	\$410	\$490	\$285							National Law Journal, December 2013
Rutan & Tucker	139	Costa Mesa, CA	\$490	\$675	\$345	\$320	\$600	\$230	\$490	\$575	\$435	National Law Journal, December 2013
Saut Ewing	226	Philadelphia, PA	\$530	\$850	\$365	\$340	\$575	\$225				National Law Journal, December 2013
Sedgwick	347	San Francisco, CA	\$425	\$615	\$305	\$325	\$475	\$250	\$450	\$680	\$350	National Law Journal, December 2013
Seward & Kissel	152	New York, NY	\$735	\$850	\$625	\$400	\$600	\$290				National Law Journal, December 2013
Seyfarth Shaw	753	Chicago, IL	\$610	\$860	\$375	\$365	\$505	\$225	\$470	\$800	\$245	National Law Journal, December 2013
Sheppard, Mullin, Richter & Hampton	521	Los Angeles, CA	\$685	\$875	\$490	\$415	\$635	\$275				National Law Journal, December 2013
Shumaker, Loop & Kendrick	226	Toledo, OH	\$405	\$585	\$295	\$260	\$335	\$175				National Law Journal, December 2013
Shutts & Bowen	221	Miami, FL	\$430	\$660	\$250	\$260	\$345	\$195				National Law Journal, December 2013
Skadden, Arps, Slate, Meagher & Flom	1,735	New York, NY	\$1,035	\$1,150	\$845	\$620	\$845	\$340				National Law Journal, December 2013
Snell & Wilmer	422	Phoenix, AZ	\$495	\$695	\$295	\$280	\$420	\$185				National Law Journal, December 2013
Squire Sanders	1,257	Cleveland, OH	\$655	\$950	\$350	\$355	\$530	\$250				National Law Journal, December 2013
Stevens & Lee	167	Reading, PA	\$825	\$800	\$525							National Law Journal, December 2013
Stinson Morrison Hecker	280	Kansas City, MO	\$475	\$685	\$260	\$280	\$650	\$185				National Law Journal, December 2013
Stoel Rives	371	Portland, OR	\$475	\$690	\$320	\$280	\$425	\$190	\$410	\$550	\$320	National Law Journal, December 2013

2013 NLJ Billing Survey

Copyright 2013 © ALM Media Properties, LLC. All rights reserved.

Firm	Average Full-Time Equivalent Attorneys	Largest U.S. Office*	Partner Billing Rate - Avg	Partner Billing Rate - High	Partner Billing Rate - Low	Associate Billing Rate - Avg	Associate Billing Rate - High	Associate Billing Rate - Low	Of Counsel (average)	Of Counsel (high)	Of Counsel (low)	NLJ Billing Source
Strasburger & Price	208	Dallas, TX	\$420	\$770	\$225	\$260	\$450	\$215	\$445	\$600	\$225	National Law Journal, December 2013
Taft, Stettinius & Hollister	303	Cincinnati, OH	\$415	\$535	\$285	\$285	\$475	\$200				National Law Journal, December 2013
Thompson & Knight	281	Dallas, TX	\$535	\$740	\$425	\$370	\$910	\$240				National Law Journal, December 2013
Thompson Coburn	305	St. Louis, MO	\$440	\$510	\$330	\$270	\$350	\$220				National Law Journal, December 2013
Troutman Sanders	575	Atlanta, GA	\$620	\$975	\$400	\$340	\$570	\$245	\$510	\$675	\$325	National Law Journal, December 2013
Ulmer & Berne	178	Cleveland, OH	\$380	\$415	\$315							National Law Journal, December 2013
Varnum	134	Grand Rapids, MI	\$390	\$465	\$290							National Law Journal, December 2013
Venable	501	Washington, DC	\$660	\$1,075	\$470	\$430	\$575	\$295	\$565	\$810	\$435	National Law Journal, December 2013
Vinson & Elkins	677	Houston, TX	\$600	\$770	\$475	\$390	\$565	\$275				National Law Journal, December 2013
Waller Lansden Dortch & Davis	165	Nashville, TN	\$460	\$600	\$350	\$245	\$335	\$190				National Law Journal, December 2013
Weil, Gotshal & Manges	1,201	New York, NY	\$930	\$1,075	\$625	\$600	\$790	\$300				National Law Journal, December 2013
White & Case	1,900	New York, NY	\$875	\$1,050	\$700	\$525	\$1,050	\$220				National Law Journal, December 2013
Wiley Rein	272	Washington, DC	\$665	\$950	\$550	\$445	\$535	\$320	\$580	\$800	\$380	National Law Journal, December 2013
Williams Mullen	231	Richmond, VA	\$385	\$410	\$360	\$295	\$350	\$260				National Law Journal, December 2013
Willkie Farr & Gallagher	540	New York, NY	\$950	\$1,090	\$790	\$580	\$790	\$350				National Law Journal, December 2013
Wilmer Cutler Pickering Hale and Dorr	961	Washington, DC	\$905	\$1,250	\$735	\$290	\$695	\$75				National Law Journal, December 2013
Winston & Strawn	842	Chicago, IL	\$900	\$995	\$650	\$520	\$590	\$425				National Law Journal, December 2013
Wolff & Samson	129	West Orange, NJ	\$400	\$450	\$325	\$340	\$450	\$225				National Law Journal, December 2013
Wyatt, Tarrant & Combs	165	Louisville, KY	\$418	\$500	\$280							National Law Journal, December 2013

* Full-time equivalent attorney numbers and the largest U.S. office are from the NLJ 350 published in April 2013.

N/A** Data not available due to merger in 2013.

EXHIBIT B

 [Click to Print](#) or Select 'Print' in your browser menu to print this document.

Page printed from: [The American Lawyer](#)

Billing \$2K an Hour? Study Says Clients Will Pay If Lawyers Deliver

Julie Triedman, The Am Law Daily

May 12, 2016

The top rates paid to the highest-paid partners at U.S. firms rose to a jaw-dropping \$2,000 an hour last year, a 25 percent increase over 2014's top rates, according to data [released Wednesday](#) by BTI Consulting Group.

The \$2,000-an-hour hourly top rate, up from \$1,600 in 2014, applied to “more than a handful” of the survey's 322 in-house counsel respondents, according to BTI Consulting's Michael Rynowecer, president and founder of the group. Even more were clustered around \$1,900 an hour.

“Yes, they're outliers, but they're not exceptions,” Rynowecer said.

Meanwhile, the average highest hourly rate reported last year by respondents—\$982 an hour after all discounts—rose too, though not as fast; top rates were 8 percent higher on average than the 2013 average of \$909, BTI found. And 59 percent of counsel at large companies paid at least one firm \$1,000 an hour in 2015, compared with 39 percent a year earlier.

The information was collected via interviews last year with counsel at companies grossing at least \$1 billion. Unlike surveys of law firms, the findings represent what clients actually paid out, rather than what firms billed.

While BTI's survey examined the highest rates, several others routinely analyze average rate increases among all timekeepers. In contrast to BTI's findings, those studies show much slower growth in billing rates during the same time frame.

Citi Private Bank's Law Firm Group, for example, [reported](#) that large corporate firms' average hourly rate growth actually slowed last year from 2014; rates rose 3.1 percent in 2015, down from 3.4 percent in 2014. And Wells Fargo Private Bank Legal Specialty Group in December found that Am Law 100 firms were raising their across-the-board “rack rates” by 4.3 percent in 2016, according to managing director Jeff Grossman.

Law firm management consultant Peter Zeughauser said that once partners [broke through](#) the psychological barrier of \$1,000 an hour in late 2009, he [predicted](#) that rates would quickly surge to \$2,000 and beyond. The next psychological barrier? Perhaps \$3,500 or even \$5,000 an hour, according to Zeughauser. “As soon as they breached \$1,000, it was ‘Katy, bar the door,’” he said. “You just can't hold rates back.”

Skyrocketing rates, Zeughauser noted, are partly a sign that stratification in the legal industry is increasing. “There’s less and less price sensitivity on the go-to work,” Zeughauser noted. “People will pay a lot for an attorney who can get a great outcome in an extraordinary matter.”

On the flip side, the downward rate pressure on more commoditized work is relentless, Zeughauser said. He said that one firm told him that a bank client recently asked it to extend the bank a 35 percent discount on all of its less-sensitive work.

While the market for legal services remains constrained in general, “the best rates are going to fewer lawyers, and that’s why rates are going up so fast,” said Wells Fargo’s Grossman.

Still, a few elite firm leaders expressed disbelief at the top rates cited in the report.

“I’m stunned,” said one Wall Street firm member of management who asked not to be named. Rates at his firm topped out several hundred dollars below the \$2,000 hourly rate in the report, he said.

“It seems crazy and out-of-market,” he added. “I understand in theory that clients care less about paying top rates to top partners, but in reality there’s something very symbolic about the top number.”

Who were the lawyers commanding those \$2,000-an-hour rates? In-house counsel cited the recipients as their most trusted senior lawyers. Though BTI found that the top partners commanding the highest rates were clustered at the largest law firms, they also found partners fetching similarly high rates among some midsize and smaller firms. BTI’s Rynowecer noted that the highest-rate billers include both litigators and corporate partners.

Driving the rate increases, he said, is a threefold increase in bet-the-company matters compared with 2014. More than a third of counsel reported dealing with a high-stakes matter, up from 12 percent a year earlier. “There’s a bull market in this more complex segment of the market,” said Rynowecer.

Specifically, clients most frequently cited paying top dollar for senior partners in the defense of high-stakes activist shareholder actions or in antitrust showdowns with regulators and with rivals, matters that surged along with [a record \\$5 trillion](#) in announced megadeals last year. A few respondents also mentioned that they faced critical IP litigation involving core proprietary technology.

“While every law firm wants to be at the top of the market, we found consistently in most cases, the top legal decision makers knew exactly who they wanted to hire when a big matter came up,” Rynowecer said. “What we found is that these firms who are so good at getting the work just treat the client with overarching commitment to understanding their business, and to being in a constant dialogue with them.”

Copyright 2016. ALM Media Properties, LLC. All rights reserved.