

# **EXHIBIT 2**

## **PART 1**

STATE BAR OF MICHIGAN

2007 Economics of Law Practice  
Summary Report



**SBM**  
STATE BAR OF MICHIGAN

## Table of Contents

### Overview

The 2007 State Bar of Michigan Economics of Law Practice Survey.....	1
At a Glance.....	3

### Income and Workload

Gross Personal Income before Taxes for All Respondents .....	5
Gross Personal Income before Taxes by Work Classification .....	5
Gross Personal Income before Taxes by Major Field Of Practice.....	6
Median Gross Income before Taxes by Major Field Of Practice .....	8
Gross Personal Income before Taxes by Years in Practice and Gender, All Attorneys.....	9
Median Gross Income before Taxes by Years in Practice and Gender for All Attorneys and Private Practitioners Displaying the % of Female to Male Incomes.....	9
Median Gross Income for Private Practitioners by Firm Size.....	10
Median Gross Income for Private Practitioners and Non-Private Practitioners by Firm Size..	11
Gross Income before Taxes by Practice Regions.....	11
Median Hours Spent Per Week on Work Related Activities by Work Classification.....	12
Median Annual Non Billable Hours by Work Classification .....	13

### Attorney Perceptions

Expectation of Satisfaction with the Practice of Law.....	15
Relative Amount of Personal Workload.....	15
Personal Satisfaction from the Practice of Law.....	15
Perceptions Concerning the Number of Attorneys.....	15
Perceptions of Current Economic Conditions Compared to Prior Years.....	15
Perceptions of Future Economic Conditions.....	15

### Private Practitioners and Managing Partners – Firm Data

If Your Firm Employs Paralegals or Legal Assistants, How are Their Services Billed? .....	16
By How Much Did Your Firm Change the Hourly Billing Rate Last Time it was Reviewed?	16
How Often Does Your Firm Review Hourly Billing Rates? .....	16
What Percentage of Your Billings are Uncollectable? .....	17
Top Median Hourly Transactional Rates by Firm Size .....	17
Distribution of Hourly Transactional Rates by Firm Size .....	17
Top Median Hourly Litigation Rates by Firm Size .....	18
Distribution of Hourly Litigation Rates by Firm Size .....	18
Median Hourly Transactional Rates by Years in Practice .....	19
Distribution of Hourly Transactional Rates by Years in Practice.....	19
Median Hourly Litigation Rates by Years in Practice.....	20
Distribution of Hourly Litigation Rates by Years in Practice.....	20
Top 10 Median Hourly Transactional Rates by Field of Practice.....	21
Top 10 Median Hourly Litigation Rates by Field of Practice .....	21

Hourly Transactional Rate by Work Classification .....	22
Hourly Litigation Rate by Work Classification.....	22
Top 10 Median Hourly Transactional Rates by Office Region .....	23
Top 10 Median Hourly Litigation Rates by Office Region.....	23
Reported Staff Salaries.....	24

**Appendix: Profile of Survey Respondents**

Average Age of All Active Members and Survey Respondents.....	25
Percentage of All Active Members and Survey Respondents by Gender.....	25
Demographics of Survey Respondents.....	26
Work Classification of Survey Respondents.....	26
Major Field of Practice of Survey Respondents.....	27
Main Location of Practice of Survey Respondents.....	28
Survey Respondents by Firm Size.....	29

# **THE 2007 STATE BAR OF MICHIGAN ECONOMICS OF LAW SURVEY**

The State Bar of Michigan Economics of Law Practice Survey provides Michigan attorneys with a resource that allows them access to the most current law practice economic information available collected by the State Bar of Michigan. The survey results are provided as a free service to members of the State Bar of Michigan.

The State Bar of Michigan Economics of Law Practice Survey has two practical objectives:

- To provide timely, relevant, and accurate information to inform and guide the practical management decisions of Michigan attorneys.
- To track and illustrate changes and trends within the legal profession over time.

The survey monitors and reports on several points of information that are useful to attorneys:

- Attorney income
- Prevailing average hourly billing rates for attorneys and legal assistants
- Time allocated to billable and non-billable professional activities
- Overhead expenses and management practices
- Staff compensation and benefits
- Perceptions regarding current and future economic circumstances related to the practice of law

Collection and reporting of this information is designed in a manner to differentiate among the various regional and local markets where sufficient data is available. Data is only reported for subgroups (such as field of practice, geographic location, firm size, etc.) where there are five or more respondents.

In addition to this summary report, the full survey results are available on the survey website at [www.lawpracticeeconomics.com](http://www.lawpracticeeconomics.com). The website, provided by Synergy Management Solutions, Inc., allows for custom queries on several data points, and results are provided in ready-to-use charts, tables, and graphs.

The previous eight Economics of Law Practice Surveys were conducted by the State Bar of Michigan in paper format in July 1981, April 1984, June 1988, March 1991, April 1994, April 1997, June 2000, and June 2003.

In April 2007, the Law Practice Management Section of the State Bar released the 2007 Economics of Law Practice Survey in an online format via the Internet at [www.LawPracticeEconomics.com](http://www.LawPracticeEconomics.com), a service of Synergy Management Solutions, Inc.

For the 2007 Economics of Law Practice Survey, all members of the State Bar were invited to participate in the online survey or by paper survey if no e-mail address was available for the member. In the past, a sample size of only 25 percent of active members was selected to participate using a paper-based questionnaire. In 2003 1,200 individuals provided usable responses to the survey, and in 2007, 1,297 provided usable responses. All survey information is

collected and maintained in a confidential manner and reported in aggregate. No individual member or firm is identified.

The 2007 survey requested income data for the last complete calendar year. The 2007 report reflects the income earned by attorneys and firms in the previous calendar year. This procedure is consistent with all prior Economics of Law Practice Surveys.

To help interpret the information presented in the survey results, the following is a brief discussion of statistical terms, including measures of central tendency (median and mean) and measures of dispersion (spread).

**Mean** – The mean (also called the average or arithmetic average) is calculated by adding the values of all responses, then dividing by the number of responses.

For example, three responses (30, 1, and 2) are reported. The average is calculated by adding their values ( $30 + 1 + 2 = 33$ ) and then dividing by the number of responses (3). Thus, the average is ( $33 \div 3 = 11$ ).

**Median** – The median is the middle value of a series, or distribution of values, which is initially rank-ordered (from low to high or vice versa). By definition, half the numbers are greater and half are less than the median.

For example, three responses (30, 1, and 2) are reported. The median is the middle number of the order of distribution (1, 2, 30), or 2. By comparison, the average of this same distribution, as shown above, is ( $33 \div 3 = 11$ ).

Use of the median as a statistical metric of central tendency reduces the effect of 'outliers' (extremely high or low values, such as the data point of 30 in the previous example), while the average does not. Median values are utilized throughout the results to denote the measure of central tendency.

**Percentiles** – In addition to the median, four other percentile values are used in the survey results to reveal the spread or dispersion of a particular data distribution. The percentiles include:

- **10th Percentile** – Ten percent of the values are less and ninety percent are more than this value.
- **25th Percentile** – Also referred to as the 'lower quartile.' One-fourth of the values are less and three-fourths are more than this value.
- **Median or 50th Percentile** – Also referred to as the 'median.' Half of the values are less and half are more than this value.
- **75th Percentile** – Also referred to as the 'upper quartile.' Three-fourths of the values are less and one-fourth are more than this value.
- **90th Percentile** – Ninety percent of the values are less and ten percent are more than this value.

# **A** T A GLANCE

The tables in the 2007 Economics of Law Practice Report are intended to be self explanatory. Some observations include:

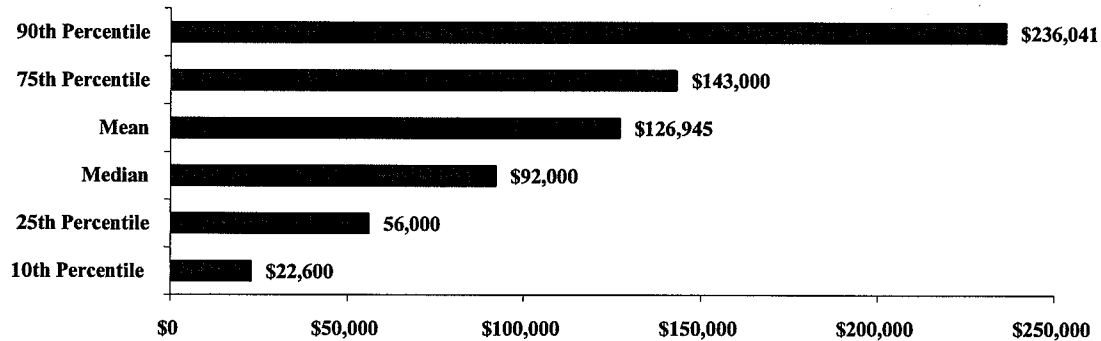
- The average age of survey respondents was consistent with the average age of all active members of the State Bar of Michigan. The average age for survey respondents was 46.7 years, while the average of all active members is 49.3 years.
- The gender split of survey respondents was consistent with the gender split of all active members of the State Bar of Michigan. 71.5 percent of survey respondents were male compared to 69.3 percent of all active members.
- The largest group of survey participants was solo practitioners (20.0 percent). Solo practitioners with one or more associates comprised an additional 3.8 percent while solo practitioners sharing space comprised an additional 3.8 percent.
- The median gross personal income for a Michigan attorney reported in the survey was \$92,000.
- Median gross personal income for females was lower than for males regardless of years in practice.
- The median salary for females in private practice was 67% of the median salary for males in private practice.
- In general, gross personal income increased with firm size for private practitioners.
- Of the individuals reporting the amount of time spent on unbilled community service per week, the median was two hours.
- 24.5 percent reported the practice of law was becoming less satisfying 8.3 percent reported it was unsatisfying enough to quit practicing and 5.3 percent reported it was becoming unsatisfying enough to change their practice area. 18.4 percent reported that it was becoming more satisfying and 43.4 percent reported that their satisfaction remains the same.
- 52.4 percent reported their view that there are too many attorneys.
- 61.7 percent reported that current economic conditions are worse than previous years.

- The median reported transactional and litigation hourly rates were the same at \$195.
- Private practitioners have relatively similar median hourly transactional and litigation rates regardless of work classification.



# **I** NCOME AND WORKLOAD

**Gross Personal Income before Taxes for All Respondents**



**Gross Personal Income before Taxes by Work Classification**

Work Classification	Number	Mean	Median (50th Percentile)	10th Percentile	25th Percentile	75th Percentile	90th Percentile
Sole Practitioner	247	\$81,884	\$62,500	\$6,178	\$25,000	\$115,500	\$167,000
Sole Practitioner with One or More Associates	47	\$307,506	\$180,000	\$46,000	\$87,500	\$296,250	\$805,764
Sole Practitioner Sharing Space	46	\$111,571	\$71,788	\$6,500	\$41,250	\$166,000	\$266,000
Managing Partner	51	\$251,215	\$143,000	\$40,000	\$74,142	\$245,000	\$500,000
Equity Partner/Shareholder	205	\$206,301	\$155,000	\$65,400	\$108,000	\$250,000	\$387,110
Non-Equity Partner	42	\$158,202	\$128,500	\$75,000	\$94,750	\$173,750	\$237,400
Senior Associate	63	\$109,038	\$96,000	\$62,200	\$74,500	\$112,750	\$135,600
Associate	154	\$68,356	\$65,500	\$26,780	\$45,000	\$86,500	\$105,000
Academia/ Professor of Law	19	\$85,792	\$70,000	\$31,800	\$47,500	\$121,000	\$162,400
Contract Attorney	10	\$77,850	\$65,000	\$24,300	\$31,750	\$124,875	\$152,000
In-House Corporate Counsel	133	\$142,104	\$120,000	\$55,200	\$81,000	\$160,000	\$210,000
Legal Services Agency Attorney	27	\$74,520	\$57,200	\$43,000	\$51,500	\$70,500	\$84,400
Lobbyist/Trade Association	3	-	-	-	-	-	-
Judge	14	\$124,775	\$139,919	\$72,300	\$138,679	\$140,000	\$149,589
Admin Law Judge/Referee	15	\$89,253	\$89,000	\$59,520	\$81,000	\$99,500	\$114,800
County Prosecutor	23	\$65,731	\$67,307	\$46,139	\$51,000	\$78,000	\$88,200
City/State/County/Other	93	\$87,654	\$91,000	\$47,000	\$68,600	\$109,000	\$119,800
Federal Prosecutor	2	-	-	-	-	-	-
Other Federal	31	\$96,864	\$97,000	\$57,088	\$72,500	\$130,000	\$144,000

### Gross Personal Income before Taxes by Work Classification

Work Classification	Number	Mean	Median (50th Percentile)	10th Percentile	25th Percentile	75th Percentile	90th Percentile
Management, Non-Legal	23	\$131,971	\$110,000	\$61,800	\$72,100	\$150,000	\$265,200
Not Practicing Law	18	\$52,660	\$39,445	\$0	\$10,250	\$54,250	\$91,000
Retired	14	\$25,914	\$1,250	\$0	\$0	\$17,000	\$97,990
Unemployed Seeking Legal Emp.	5	\$4,400	\$0	\$0	\$0	\$4,000	\$12,400
Other/Not Listed	12	\$118,812	\$41,500	\$1,400	\$10,870	\$64,532	\$96,613
<b>Total</b>	<b>1297</b>	<b>\$126,945</b>	<b>\$92,000</b>	<b>\$22,600</b>	<b>\$56,000</b>	<b>\$143,000</b>	<b>\$236,041</b>

### Gross Personal Income before Taxes by Major Field of Practice

	Number	Mean	Median 50th Percentile	10th Percentile	25th Percentile	75th Percentile	90th Percentile
General Practice	56	\$65,583	\$55,500	\$4,000	\$25,750	\$93,836	\$152,500
Administrative Law	1	-	-	-	-	-	-
Adoption	1	-	-	-	-	-	-
Alternative Dispute Resolution (ADR)	5	\$106,116	\$107,581	\$31,200	\$42,000	\$117,000	\$190,800
Appellate Practice	20	\$121,250	\$107,500	\$49,500	\$63,750	\$138,500	\$172,800
Arbitration & Mediation	3	-	-	-	-	-	-
Attorney Discipline Defense	0	-	-	-	-	-	-
Automobile	8	\$341,309	\$76,000	\$24,240	\$52,800	\$266,318	\$1,030,391
Aviation & Aerospace	1	-	-	-	-	-	-
Bankruptcy	34	\$111,422	\$104,000	\$34,000	\$54,250	\$149,750	\$194,900
Birth Injuries	0	-	-	-	-	-	-
Business Law	47	\$134,708	\$103,000	\$14,770	\$66,250	\$192,500	\$256,000
Carbon Monoxide Poisoning	0	-	-	-	-	-	-
Civil Rights	1	-	-	-	-	-	-
Class Actions	2	-	-	-	-	-	-
Collections/Claim & Delivery	10	\$138,300	\$100,000	\$63,500	\$67,750	\$211,750	\$252,500
Commercial Law	19	\$149,052	\$110,000	\$58,800	\$67,500	\$180,000	\$216,800
Condemnation	3	-	-	-	-	-	-
Condominium Law	1	-	-	-	-	-	-
Construction Law	14	\$134,071	\$87,500	\$37,900	\$51,500	\$183,750	\$288,000
Consumer Law	3	-	-	-	-	-	-
Contracts	6	\$170,000	\$135,000	\$37,500	\$70,000	\$241,250	\$337,500
Copyrights	0	-	-	-	-	-	-
Criminal Law	43	\$102,849	\$45,000	\$5,700	\$29,300	\$142,500	\$199,600

**Gross Personal Income before Taxes by Major Field of Practice**

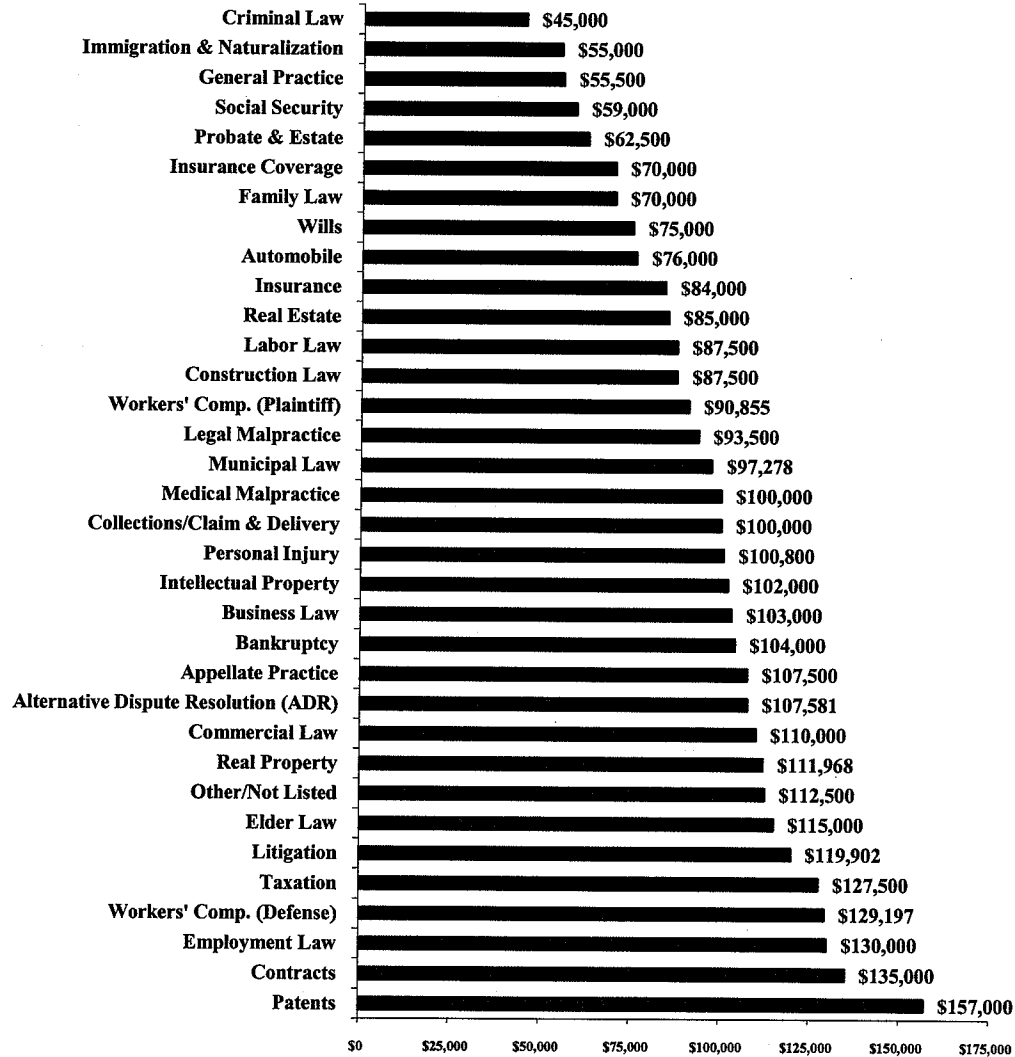
	Number	Mean	Median 50th Percentile	10th Percentile	25th Percentile	75th Percentile	90th Percentile
Drunk Driving Defense	0	-	-	-	-	-	-
Elder Law	9	\$118,819	\$115,000	\$63,351	\$65,000	\$150,000	\$179,550
Employment Law	31	\$179,088	\$130,000	\$80,000	\$91,000	\$231,000	\$310,000
Environmental Law	15	\$199,067	\$161,000	\$45,800	\$112,000	\$279,000	\$330,800
Family Law	72	\$86,514	\$70,000	\$14,910	\$39,450	\$132,650	\$169,900
Federal False Claims (Qui Tam) Actions	0	-	-	-	-	-	-
Government	4	-	-	-	-	-	-
Immigration & Naturalization	8	\$295,277	\$55,000	\$32,600	\$42,666	\$72,500	\$656,000
Insurance	15	\$131,433	\$84,000	\$31,891	\$62,600	\$116,000	\$307,000
Insurance Coverage	9	\$89,777	\$70,000	\$3,200	\$42,000	\$94,000	\$211,200
Intellectual Property	14	\$257,050	\$102,000	\$26,200	\$81,250	\$172,250	\$813,000
Labor Law	12	\$113,186	\$87,500	\$48,050	\$70,625	\$158,418	\$223,500
Landlord/Tenant	3	-	-	-	-	-	-
Law Enforcement	0	-	-	-	-	-	-
Legal Aid	0	-	-	-	-	-	-
Legal Malpractice	5	\$106,100	\$93,500	\$65,200	\$70,000	\$115,000	\$160,000
Lemon Law	2	-	-	-	-	-	-
Litigation	98	\$165,191	\$119,902	\$57,500	\$90,625	\$194,000	\$316,000
Medical Malpractice	21	\$288,346	\$100,000	\$57,500	\$65,000	\$330,000	\$1,000,000
Municipal Law	18	\$119,938	\$97,278	\$41,882	\$69,250	\$154,250	\$225,400
Native American Law	0	-	-	-	-	-	-
Patents	15	\$238,820	\$157,000	\$94,000	\$104,000	\$287,500	\$486,000
Personal Injury	39	\$179,960	\$100,800	\$28,700	\$74,000	\$150,000	\$262,000
Police Misconduct	2	-	-	-	-	-	-
Probate & Estate	65	\$85,762	\$62,500	\$6,493	\$37,500	\$100,000	\$180,000
Professional Liability	1	-	-	-	-	-	-
Public Finance	0	-	-	-	-	-	-
Real Estate	37	\$109,889	\$85,000	\$17,600	\$50,000	\$126,000	\$192,000
Real Property	12	\$102,494	\$111,968	\$10,800	\$30,750	\$158,750	\$189,500
Regulatory Law	1	-	-	-	-	-	-
School Law	3	-	-	-	-	-	-
Securities	2	-	-	-	-	-	-
Social Security	5	\$83,400	\$59,000	\$42,200	\$53,000	\$80,000	\$146,000
Stock Broker Misconduct	0	-	-	-	-	-	-
Taxation	16	\$150,886	\$127,500	\$71,150	\$90,750	\$150,000	\$275,000
Tax Problem Resolution	0	-	-	-	-	-	-
Trademarks	0	-	-	-	-	-	-
Traffic Law	1	-	-	-	-	-	-



### Gross Personal Income before Taxes by Major Field of Practice

	Number	Mean	Median 50th Percentile	10th Percentile	25th Percentile	75th Percentile	90th Percentile
Wills	9	\$76,515	\$75,000	\$35,800	\$60,640	\$112,000	\$121,000
Workers' Comp. (Defense)	8	\$149,755	\$129,197	\$67,896	\$102,500	\$208,750	\$247,000
Workers' Comp. (Plaintiff)	11	\$220,557	\$98,855	\$38,000	\$81,000	\$206,000	\$317,280
Other/Not Listed	14	\$140,011	\$112,500	\$45,200	\$82,500	\$159,000	\$283,408
<b>Total</b>	<b>1,297</b>	<b>\$126,945</b>	<b>\$92,000</b>	<b>\$27,600</b>	<b>\$56,000</b>	<b>\$143,000</b>	<b>\$236,041</b>

### Median Gross Income before Taxes by Major Field of Practice



Gross Personal Income Before Taxes by Years in Practice and Gender, All Attorneys								
		Number	Mean	Median 50th Percentile	10th Percentile	25th Percentile	75th Percentile	90th Percentile
4 or fewer	Male	99	\$56,932	\$50,000	\$2,319	\$33,500	\$80,000	\$101,200
4 or fewer	Female	73	\$49,469	\$45,000	\$0	\$20,000	\$73,000	\$93,200
4 or fewer	Total	172	\$53,765	\$50,000	\$0	\$28,450	\$75,750	\$100,000
5 to 9	Male	107	\$85,637	\$75,000	\$23,000	\$55,000	\$108,500	\$150,000
5 to 9	Female	56	\$68,672	\$63,500	\$7,078	\$35,625	\$84,375	\$120,000
5 to 9	Total	163	\$79,808	\$72,000	\$15,200	\$49,000	\$100,000	\$134,000
10 to 14	Male	116	\$112,739	\$96,000	\$39,790	\$65,792	\$150,000	\$197,500
10 to 14	Female	60	\$85,769	\$80,000	\$28,000	\$53,750	\$99,000	\$131,000
10 to 14	Total	176	\$103,545	\$90,000	\$33,500	\$61,500	\$139,939	\$192,500
15 to 19	Male	94	\$190,540	\$121,250	\$60,750	\$80,000	\$186,500	\$278,500
15 to 19	Female	50	\$100,969	\$91,000	\$24,360	\$51,900	\$130,000	\$175,793
15 to 19	Total	144	\$159,439	\$114,168	\$45,300	\$74,000	\$171,109	\$258,800
20 to 29	Male	263	\$174,999	\$117,000	\$43,406	\$75,000	\$179,162	\$309,938
20 to 29	Female	108	\$101,798	\$85,200	\$38,700	\$53,152	\$120,500	\$217,400
20 to 29	Total	371	\$153,690	\$105,000	\$40,000	\$68,154	\$159,500	\$290,000
30 to 39	Male	209	\$179,958	\$130,000	\$38,880	\$89,000	\$200,000	\$325,724
30 to 39	Female	22	\$114,444	\$90,566	\$40,770	\$62,500	\$109,750	\$233,000
30 to 39	Total	231	\$173,718	\$125,000	\$39,600	\$80,000	\$180,500	\$317,180
40 & over	Male	39	\$101,446	\$60,000	\$0	\$7,790	\$157,500	\$276,000
40 & over	Female	1						
40 & over	Total	40	\$101,522	\$60,000	\$0	\$7,895	\$153,750	\$275,500
Total	Male	927	\$143,884	\$100,000	\$28,840	\$61,250	\$156,261	\$257,600
Total	Female	370	\$84,508	\$73,000	\$11,800	\$43,000	\$104,000	\$145,200
Total	Total	1,297	\$126,945	\$92,000	\$22,600	\$56,000	\$143,000	\$236,041

Median Gross Income Before Taxes by Years in Practice and Gender for All Attorneys and Private Practitioners, Displaying the % of Female to Male Incomes								
Practice Years	All Attorneys				Private Practice Attorneys			
	All	Male	Female	% of Female to Male \$	Total	Male	Female	% of Female to Male \$
4 or fewer	\$50,000	\$50,000	\$45,000	90%	\$49,300	50,000	40,000	80%
Number	172	99	73		119	71	48	
5-9	\$72,000	\$75,000	\$64,000	85%	\$73,000	\$80,000	\$70,000	88%
Number	163	107	56		109	79	30	
10-14	\$90,000	\$96,000	\$80,000	83%	\$90,000	\$100,000	\$70,000	70%
Number	176	116	60		125	82	43	
15-19	\$114,168	\$121,250	\$91,000	75%	\$125,000	\$142,000	\$95,000	67%

**Median Gross Income Before Taxes by Years in Practice and Gender for All Attorneys and Private Practitioners, Displaying the % of Female to Male Incomes**

Practice Years	All Attorneys				Private Practice Attorneys			
	All	Male	Female	% of Female to Male S	Total	Male	Female	% of Female to Male S
Number	144	94	50		91	67	24	
20-29	\$105,000	\$117,000	\$85,200	73%	\$116,000	\$125,000	\$96,000	77%
Number	371	263	108		234	173	61	
30-39	\$125,000	\$130,000	\$91,000	70%	\$140,000	\$143,000	\$90,000	63%
Number	231	209	22		159	146	13	
40+	\$60,000	\$60,000			\$60,000	\$60,000		
Number	40	39	1		28	28	0	
Total	\$92,000	\$127,000	\$73,000	57%	\$95,000	\$105,000	\$70,100	67%
Number	1,297	927	370		865	646	219	

**Median Gross Income for Private Practitioners by Firm Size**

	Sole Practitioner		Sole Practitioner with One or More Associates		Sole Practitioner Sharing Space		Managing Partner	
	N	Median	N	Median	N	Median	N	Median
0	6	\$20,000			1	-		
1	221	\$60,000	6	\$144,000	32	\$65,000	2	-
2	3	-	21	\$125,000	4	-	11	\$75,000
3 to 6	3	-	19	\$225,000	5	\$140,000	21	\$138,000
7 to 10			1	-	1	-	8	\$245,000
11 to 20					1	-	4	-
21 to 50								
51 to 100							1	-
100+							1	-

	Equity Partner/Shareholder		Non-Equity Partner		Senior Associate		Associate	
	N	Median	N	Median	N	Median	N	Median
0								
1	3	-			2	-	1	-
2	21	\$120,000	1	-	3	-	16	\$41,000
3 to 6	59	\$135,000	11	\$78,000	24	\$80,000	46	\$57,000
7 to 10	37	\$148,000	6	\$100,000	7	\$100,000	21	\$65,000
11 to 20	20	\$172,000	8	\$155,000	9	\$105,000	18	\$75,000
21 to 50	31	\$200,000	7	\$125,000	14	\$115,000	28	\$79,000
51 to 100	19	\$186,000	6	\$160,000	3	-	13	\$95,000
100+	14	\$320,000	3	-	1	-	6	\$100,000