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THE AMERICAN LAWYER

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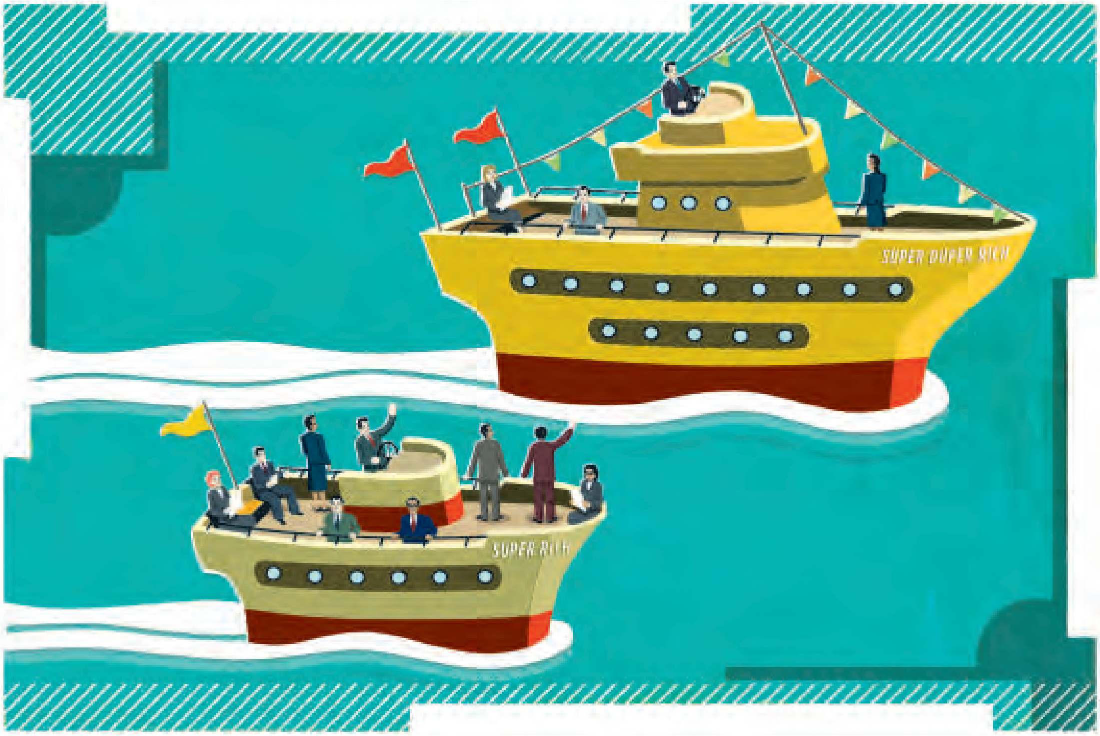
MAY 2015

The AM LAW 100

2015

TOP FIRMS, BIG GAINS ▪ A NEW NO. 1 ▪ A FRESH WAY TO CHART PROFITS

CONTENTS



Ahoy!
A new No. 1 firm and a record-breaking year for others are among the headlines in our analysis of financials for the nation's 100 top-grossing firms.

ONLINE COVERAGE

The Am Law 100
For more news about the highest-grossing firms in the United States, including rankings and interactive charts, go to **americanlawyer.com.**

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Cover Typography by Jon Valk.

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COMING NEXT MONTH

The Second Hundred

Watch for our coverage of the Second Hundred highest-grossing firms in the United States. Also available on **americanlawyer.com.**

Plus, the Diversity Scorecard tracks how women and minorities are faring at large firms.

CORRECTIONS

In the fourth paragraph of "In Pursuit of Men's Wearhouse, Pac-Man Suits Up for Combat" [April], Skadden, Arps, Slate, Meagher & Flom partner Jeremy Schnell's surname was misspelled.

In the spring issue of IP, a supplement mailed with The American Lawyer, a chart that should have appeared in the article "Sorry Troll, You're Late" appeared instead in the article just before it, "Let PTAB Decide."

Clarification: "A Fossil-Fuel Tool Gets a Green Update" [April] said that Skadden, Arps, Slate, Meagher & Flom "carried out" an internal restructuring of NextEra's Canadian business. Skadden says it guided NextEra through the restructuring but did not execute it; the firm doesn't practice Canadian law.

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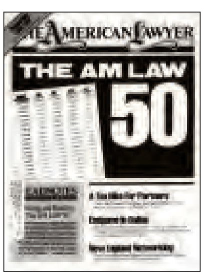
The Am Laws at 30

You're not getting older, you're getting better.

In 1985, President Ronald Reagan began his second term, Warren Burger led the Supreme Court, David Letterman read his first Top 10 List ("Top 10 Things That Almost Rhyme With Peas"), New Coke bombed and "Back to the Future" was the top-grossing movie of the year. And The American Lawyer introduced The Am Law 50.

Thirty years later, strong feelings still abound about whether publishing certain firm financials is a good thing to do. (Hell yes, David L. Brown asserts on page 178.) Regardless, this Am Law 100 issue has become our signature issue, and online the story and interactive charts about your yearly financials are far and away our top-read content.



This year's numbers signal steady growth for America's 100 top-grossing firms, Chris Johnson reports on page 98. On average, gross revenue was up 4.6 percent, revenue per lawyer increased 3.7 percent and profits per partner were up 5.3 percent. Moreover, profits per lawyer—a metric we introduced this year to offer added insight about firm profits—climbed 6.2 percent over last year. (For more on PPL, see page 102.)

For some firms, year-over-year performance was downright stunning. Latham & Watkins' double-digit increases in gross revenue enabled it to ascend to the top spot on The Am Law 100. At Wachtell, Lipton, Rosen & Katz, average profits per partner broke the $5 million threshold; the firm was one of 29 to report double-digit increases in PPP. (Only 15 firms saw declines.) We've captured some of the most notable stories of the year, beginning on page 110.

Much of the good news was fueled by global M&A work and a strong technology sector. We've covered some of the most dominant markets on page 106.

What does it all mean? For one thing, we're seeing further stratification within The Am Law 100, because the top firms seem to be taking work from lower-tier firms on this list. But the economic recovery also means that there's more work for elite firms that know how to capture it.

It's all a far cry from 1985. Then, Skadden, Arps, Slate, Meagher & Flom was at the top of our chart, with $129 million in gross revenue. Today, even adjusting for inflation (which brings that total to nearly $300 million), a firm with that revenue wouldn't make The Am Law 100. Average PPP in 1985 was just 43 percent of what it is today; average RPL then was 67 percent of today's value—again, even when inflation is taken into account. Clearly, Big Law is a much bigger league.

Here's a final fun fact. Much of the data in this issue stems from the herculean work of our research manager, Russell Miskiewicz. Want to feel old? In 1985, Russell was celebrating his first birthday.

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GABRIELLE PURCHON

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OIL SLICK

A patent troll hired an in-house lawyer from the energy company it targeted. Big mistake. **BY DAVID BARIO**

DAN PAGE

TO TAKE ON THE oil field services industry, patent licensing giant Acacia Research Corp. needed a lawyer who knew the business. It may have found one who knew too much.

In 2013, Acacia, a publicly traded company that is known as one of the world's biggest patent trolls, was in something of a slump. With its revenues in decline, Newport Beach, California-based Acacia hired a new senior vice president out of Houston, a seasoned in-house lawyer named Charlotte Rutherford, to help it exploit a relatively untapped well of intellectual property tied to the global oil rush.

But instead of leading Acacia to a big payday, Rutherford's hire forced her new employer to play defense. Acacia's Houston foray has become a cautionary tale for litigants and lawyers alike.

Rutherford certainly had the credentials for the Acacia job. Trained as an engineer and a lawyer, she had been a partner at Gibbons and held senior in-house roles at Shell Oil Co., Conoco Inc. and Colgate-Palmolive Co. From 2007 to 2013, she worked for oil field industry leader Schlumberger Limited, eventually becoming deputy general counsel for IP.

After accepting Acacia's offer in April 2013, Rutherford wasted no time. In a press release announcing her hire—composed on her Schlumberger laptop, according to evidence in later litigation—she alerted energy industry patent holders that Acacia was on the hunt. In July 2013 Rutherford met with Austin GeoModeling Inc., a developer of 3D modeling software for oil exploration, to help Acacia build its Texas arsenal. By Thanksgiving, Acacia had acquired the 3D drilling patent, known as the '319 patent.

Schlumberger's chief oil exploration software, known as Petrel, supports drilling operations all over the world. But the company had barely grappled with so-called trolls, entities that exist only to assert their patent rights. On Feb. 7, 2014, Schlumberger received a summons from an Acacia shell company called Dynamic 3D Geosolutions, along with a complaint accusing it of infringing the '319 patent. The Acacia subsidiary also filed parallel infringement suits against Halliburton Co. and some smaller names in the industry.

Schlumberger quickly connected the dots among Dynamic 3D, Acacia and Rutherford. The company tapped longtime counsel Maximilian Grant at Latham & Watkins, who urged the Austin federal judge hearing the case to find Acacia's patent invalid. Schlumberger also took aim at Rutherford, filing a trade secrets complaint in state court. And in a move that Acacia decried as "extraordinary and unprecedented," Grant moved to disqualify every single one of Acacia's lawyers from the patent case, arguing that Rutherford's involvement had compromised both Acacia's in-house legal department and its outside counsel, tainting the entire lawsuit.

The trade secrets case fizzled last August, when a judge in Houston ruled that most of Schlumberger's claims ran afoul of a Texas statute barring lawsuits meant to censor an opponent. (Schlumberger, which was ordered to pay hefty sanctions, has appealed.) But the case survived long enough for Grant to depose Rutherford—and for her answers to come back to haunt Acacia's infringement suit.

Deposed in May 2014, Rutherford denied that she'd discussed Schlumberger's Petrel software with anyone at Acacia, or that she reviewed Acacia's infringement complaint against Schlumberger before it was filed. But under Grant's questioning, she admitted that Schlumberger and Petrel were discussed in two meetings with the inventors of the '319 patent the previous summer. And she acknowledged that she'd approved recommendations to acquire the patent and to sue Schlumberger and the others.

Latham & Watkins' Maximilian Grant

"Schlumberger was a potential target from the date of the first meeting with Austin GeoModeling, wasn't it?" Grant asked.

"I'd say, yes," Rutherford answered.

"And Acacia decided to acquire the '319 patent after you joined it, correct?"

"That is correct."

"And Acacia decided to assert the '319 Patent against Schlumberger after you had joined Acacia, correct?"

"Yes."

Latham and Acacia's lawyers at Collins, Edmonds, Pogorzelski, Schlather & Tower spent the following autumn battling over discovery and subpoenas related to the disqualification motion. The fight proved more than worthwhile for Schlumberger.

Latham obtained privilege logs and other materials that, it argued, showed that Rutherford had analyzed threats to Petrel's IP while employed at Schlumberger, and that she was responsible for assessing Petrel's value in past litigation. In contrast to Rutherford's testimony, internal emails indicated she'd approved an analysis of Petrel's value after joining Acacia. Other emails suggested that far from not having seen the Schlumberger complaint, Rutherford had reviewed it before it was filed—and even congratulated Acacia's outside counsel on their work. (Rutherford has denied that she worked closely with Petrel, and Acacia says that she merely "concurred" with the decisions of others to pur-

GIBSON DUNN ORDERED TO PAY $1.3 MILLION AFTER JUDGE CALLS PARTNER DISHONEST

Peter Gray denies that he misled a U.K. court in litigation stemming from a 2009 terrorist attack in Djibouti.

GIBSON, DUNN & Crutcher, along with the Republic of Djibouti, has been ordered by a British high court judge to pay Abdourahman Boreh the equivalent of $1.3 million in fees after the firm's Dubai partner Peter Gray was found to have knowingly provided false information regarding the Djibouti businessman's alleged involvement in a 2009 grenade attack.

The fine follows a late March judgment from Justice Julian Flaux that lifted a 2013 order to freeze a reported $100 million in Boreh's assets. Gray sought permission to appeal the judge's finding that he misled the court, but in mid-April Flaux denied Gray's request.

The Djibouti government, represented by a team of Gibson Dunn attorneys including Gray, had sought the order from the high court following Boreh's 2010 terrorism conviction by the Court of Appeals in Djibouti. The case against Boreh stemmed from a March 4, 2009, grenade attack on Djibouti's Nougaprix market, according to court documents. Boreh has said that the conviction is false.

Flaux based his reversal of Boreh's asset freeze on inaccurately dated transcripts submitted by Gray detailing phone conversations that took place between the businessman and individuals identified as the Abdillahi brothers. The transcripts were dated March 5, 2009, the day after the grenade attack occurred, when in fact the conversations happened March 4, 2009, prior to the attack, calling into question Boreh's involvement.

"I find that Mr. Gray engaged in a strategy of equivocation and evasion which was not one which any reputable and honest solicitor could ever have adopted," Flaux wrote in his decision.

Flaux kept in place a proprietary injunction against Boreh, which bars him from dealing with shareholdings in Horizon Djibouti Holdings Limited held by Net Support Holdings Limited and Essence Management Limited.

Gray's attorneys at Fountain Court Chambers have argued to the court that its finding of dishonesty against Gray is "unsupported by the evidence and … plainly wrong." They said the judge should have called other witnesses, including Gibson Dunn attorneys. In an email, Gray said he will appeal the judge's finding to a higher court.

Gibson Dunn, which hired Gray in 2012 from the

DIEGO RADZINSCHI (GRANT); DAN PAGE (ILLUSTRATION) sue the ’319 patent and to sue Schlumberger.)

At a hearing in November, Grant noted that Acacia professed to have set up an ethical screen between Rutherford and the Schlumberger case. He suggested that Acacia had done the opposite: relying on Rutherford to vet its most valuable infringement claims related to the ’319 patent.

“There’s no screen,” Grant told U.S. District Judge Lee Yeakel. “There’s a funnel.”

On March 31, Yeakel gave Schlumberger everything it had asked for. Not only did he disqualify Collins Edmonds, Rutherford, and Acacia’s entire in-house legal department, he dismissed the case on the grounds that Schlumberger would face “significant prejudice” if it continued. (Acacia, Rutherford and Collins Edmonds declined to comment.)

Barring a successful appeal, the ruling not only spells the end of the case, but could imperil future Acacia infringement lawsuits against Schlumberger. It may have already sparked a retreat by Acacia in its other cases related to the ’319 patent. Within a day of Yeakel’s ruling, Halliburton and the other defendants all either signed stipulations of dismissal or told the court they had reached tentative settlements.

The case could also serve as a valuable if painful lesson for Acacia. Last year it faced a similar fight in California, when Sony Corp. challenged an Acacia patent lawsuit by pointing out Acacia had recently hired a Sony in-house lawyer. Acacia voluntarily dismissed its case before a judge ruled on Sony’s disqualification motion, but Yeakel’s decision may embolden other defendants that find a former colleague on the other side.

“Patent assertion companies have to think long and hard about this strategy of looking for industry insiders to help them enter new markets,” says Grant. “If they choose to hire the best and the brightest, they basically have to accept the fact that the very reason they hired them is the same reason those insiders can’t turn around and go after their former employer.”

Email: dbario@alm.com.

Grant moved to disqualify every single one of Acacia’s lawyers, arguing that Rutherford’s involvement had tainted the entire lawsuit.

Dubai office of Dewey & LeBoeuf, said in a statement that Gray has been suspended from the firm. “We are very disappointed that the conduct of our Dubai-based partner, Peter Gray, fell far below the standard which the court rightly expects of all counsel,” the firm said. “We have apologized to the court for these shortcomings.”

The firm said it will continue to represent the government of Djibouti in the matter. Gibson Dunn declined to comment on the fee award against the firm.

Boreh counsel Ben Davies of Byrne and Partners says that while he welcomes the recent judgments, the asset freeze is just one aspect of the case. He calls the larger terrorism conviction against Boreh “fundamentally flawed.”

—JENNIFER HENDERSON

ON THE RECORD

On April 1, lawyers at Weil, Gotshal & Manges received the following email from chief talent officer Lisa Cuevas, headed “Important New Email Policy”:

Reports that both France and Germany have either considered or adopted workplace rules that ban emails to employees after their work hours have caused us to examine our own workplace and the impact that being “always on” has on our employees and their families. All studies we have seen point to reduced productivity. … Effective May 1, 2015, the following rules will be in effect, implemented by software in each office:

1. **Email will not be transmitted between 11 p.m. and 6 a.m …**
2. **Emails will not be transmitted between 11 p.m. Friday and 6 a.m. Monday …**
3. **When an employee is on vacation, no emails will be transmitted from 11 p.m. on the day prior to start of vacation to 6 a.m. on the first day back at work after vacation. …**

We are proud to be taking a leadership role in caring about our colleagues’ quality of life.

April Fool! It was all a joke. But associates weren’t laughing. Chairman Barry Wolf emailed a firmwide apology later that day, saying that the email “was intended to be humorous. We obviously got this wrong.” He said the firm appreciates its lawyers’ hard work and takes work-life balance seriously.

Next year, itching powder?

—EMILY BARKER

WHEN VICTORY DOESN'T COME CHEAP

Capitol Records won $12 million in a copyright fight—after spending $12 million.

CALLING CAPITOL RECORDS Inc.'s copyright win against defunct music storage service MP3tunes and its founder a "Pyrrhic victory," a federal judge in Manhattan ruled in April that he'd grant the record company "only a fraction" of the $7 million that it sought in attorney fees.

In March 2014 a jury found MP3tunes and its founder, Michael Robertson, liable for infringing Capitol Records' copyrights and awarded $48 million in damages. In September U.S. District Judge William Pauley III slashed the award to $12.2 million, ruling that many of the record company's claims were "just too big to succeed." (MP3tunes is no longer in business, and Robertson has appealed.)

Capitol Records and its lawyers at Jenner & Block asked for an award of attorney fees and costs, claiming the company spent more than $12 million pressing its case against MP3tunes. (Pryor Cashman also represented Capitol Records.) Pauley concluded that Robertson's conduct did warrant some amount of fee-shifting, but he made it clear that he also found some of Capitol Records' conduct during the case to be far from ideal.

"This protracted litigation was characterized by scorched-earth litigation tactics and 'endless mudslinging' by both sides," Pauley wrote.

The judge found that some conduct by MP3tunes and its founder reached "a level of objective unreasonableness sufficient to justify an award of attorney fees and costs to plaintiffs." Pauley wrote that Robertson, who allegedly misled users that listening to, downloading or transferring music via MP3tunes didn't violate copyright law, "sought to exploit the interstices between what is permitted and what is prohibited. Had his grandiose scheme succeeded, it could have siphoned billions of dollars of revenue from copyright owners."

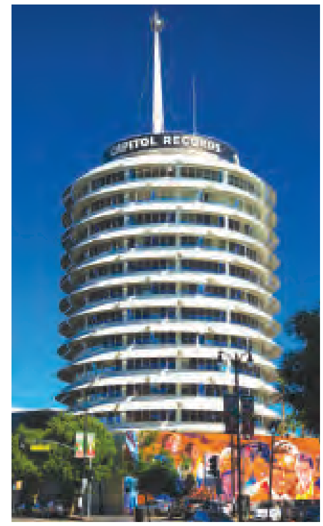
Pauley also held that a fee award was warranted because Robertson acted "plainly in bad faith" when he induced employees to give fraudulent testimony minimizing Robertson's role at the company.

Capitol Records is seeking to recover $7 million in attorney fees from MP3tunes.

But Pauley rejected Capitol Records' claim that all of Robertson's legal tactics were unreasonable. And he denied Capitol Records' request for pre-judgment interest on the damages award, noting that the $11 million in statutory damages he awarded the company in September far exceeds actual damages and "are sufficient to fully compensate plaintiffs for their injuries."

Pauley didn't specify an award figure in his opinion, but said he would consider any award of fees against the backdrop of Capitol Records' attorneys billing more than $12 million to secure a $12.2 million judgment. "That revelation suggests a Pyrrhic victory," the judge wrote.

"We are gratified with the judge's decision that Capitol Records is at most entitled to only a small slice of the fee award it requested, and we are also gratified that the judge denied the company's request for pre-judgment interest," says Ira Sacks, an Akerman partner who represents Robertson. "But we still disagree with the overall verdict and findings against Michael Robertson, and we don't think the record company is entitled to any fees at all."



ISTOCK/DAVEL5957

Pauley directed attorneys for both sides to try to reach an agreement on the amount of fees to be awarded. If they can't, Capitol Records will have to submit time records to the court, the judge ruled.

Capitol Records' lead attorney, Andrew Bart of Jenner & Block, could not be reached for comment.

—LISA SHUCHMAN

A FULL TANK OF GAS FOR BANKRUPTCY LAWYERS

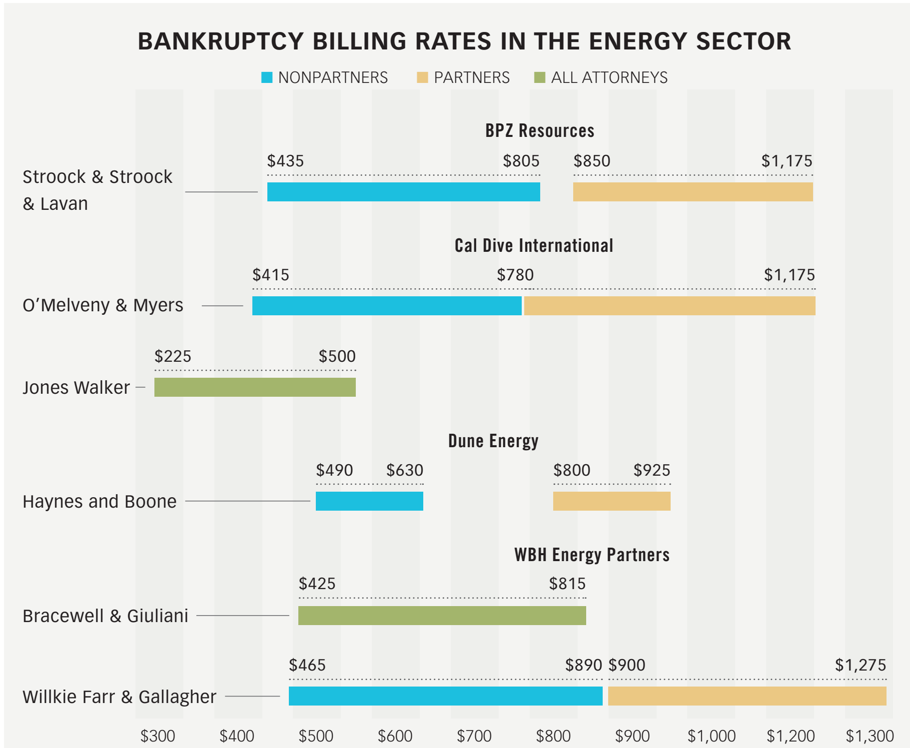
Low oil prices are sending some energy companies into Chapter 11.

THE STRUGGLING OIL AND GAS SECTOR is providing a new wave of energy-related insolvency work for law firms. Among the companies that filed for bankruptcy in the first quarter of 2015 are BPZ Resources, which explores for oil and gas in South America; offshore oil and gas contractor Cal Dive International; gas exploration and production company Dune Energy; and WBH Energy Partners, an oil and gas producer.

In some cases, these Texas-based debtors have turned to firms from the Lone Star State to advise them as bankruptcy counsel. Dune Energy has tapped Haynes and Boone, and WBH has turned to Bracewell & Giuliani. Jones Walker is local counsel for Cal Dive.

But some national and New York-based firms are also getting work, with Stroock & Stroock & Lavan representing BPZ and O'Melveny & Myers advising Cal Dive as lead bankruptcy counsel. WBH has retained Willkie Farr & Gallagher as corporate counsel.

As the chart at right shows, fees charged by the firms tend to reflect geography, with hourly rates for New York-based partners reaching well over $1,000. —*BRIAN BAXTER*



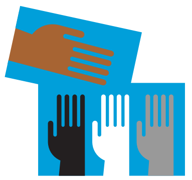
TRACKING GAY MARRIAGE AROUND THE WORLD

Jones Day's new database lets users check laws on same-sex unions in almost 300 different jurisdictions.

JONES DAY HAS launched a website that provides information on how same-sex relationships are legally recognized in nearly 300 jurisdictions worldwide.

The website, samesexrelationshipguide.com, allows users to search laws by country and, when necessary, more localized jurisdictions. It includes information on how jurisdictions recognize marriages originating inside or outside the specific jurisdiction, as well as the dissolutions of marriages, according to Jones Day, which developed the website pro bono.

Ty Cobb, director of HRC Global, a nonprofit advocate for LGBT rights, praises the firm's website for its "tremendous research."



The firm decided to develop the website after realizing that while there are a number of area-specific services or nonprofits that provide information on same-sex relationship laws, no all-inclusive resource existed, says F. Curt Kirschner Jr., a labor and employment partner in Jones Day's San Francisco office. Some 139 attorneys, 29 summer associates and 49 staffers at Jones Day contributed to the effort, he says.

The new website may be particularly helpful for individuals and couples planning to relocate to a jurisdiction with different laws relating to same-sex relationships, Kirschner predicts. "The notion of same-sex relationships is one that evolves very quickly and can be very confusing when trying to make personal determinations," he says.

Jones Day's other pro bono work has included representing the Roman Catholic Church—a staunch opponent of same-sex marriage—and affiliated organizations in their challenge to the contraceptive coverage requirement of the Affordable Care Act, according to sibling publication The National Law Journal. Kirschner notes that Jones Day attorneys "represent a lot of different clients" with varying viewpoints. He adds that when he and others came up with the idea for the same-sex marriage website, "we were met with nothing but support from the firm."

Since the website covers every United Nations-recognized country, Kirschner says there is likely no need to expand it further, although he expects the site will require updates as laws regarding same-sex relationships continue to evolve.

—JENNIFER HENDERSON

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For The Careerist blog, go to **americanlawyer.com**

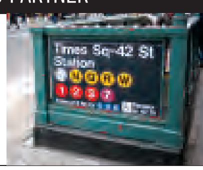
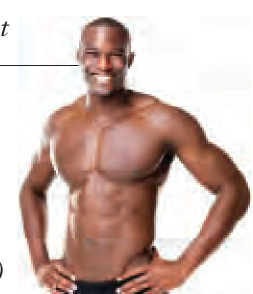
By Vivia Chen

Lifestyles of The Am Law 100

It's all a day at the beach, but which beach?

No one is going to shed a tear for the 20,466 equity partners of The Am Law 100. Compared with most folks, every one of them is raking it in. Still, this year we've seen the biggest spread in average profts per partner in 30 years (Wachtell's $5.5 million vs. Dentons' $495,000). Moreover, 12 firms topped $3 million in profits per partner, and the average PPP wasn't shabby, either: $1,547,383.

The big question, of course, is how much better partners in the $3-million-plus range live compared with those making millions less. With New York as the backdrop, here's a look:

$500,000 PARTNER		$1.5M PARTNER	$3M+ PARTNER
Public transportation 	**WHEELS**	*Volvo* 	*Range Rover (for family); Porsche or Ferrari (for fun)*
 *Third Avenue (postwar)*	**PRIMARY DIGS**	*West End Avenue (prewar)*	*Fifth Avenue (prewar) or Tribeca (loft)* 
Jersey Shore (owned by in-laws)	**WEEKEND HOUSE**	*Hamptons hovel (north of the highway)*	*Hamptons manse (south of the highway)*
Private school (lawyers spare no expense for progeny's education)	**KIDS' SCHOOL**	 *Private school*	
 *Immigrant from anywhere*	**NANNY**	*Native Chinese speaker (any dialect)*	*Recent Ivy League grad who speaks perfect Mandarin* 
Proximity to Trader Joe's Wine Shop 	**BRAGGING RIGHTS**	*BFF with guy who has wine cellar* 	*Personal wine cellar converted from studio apartment*
 *Same spouse*	**PERSONAL LIFE**	*Transitioning to second spouse* 	*For her: Cute personal trainer For him: Third wife (interior designer or former associate)* 

(CHEN) MAGGIE SOLADAY; OTHER PHOTOS ISTOCKPHOTO

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By Michael D. Goldhaber

Iran's Bill Comes Due

With or without a grand bargain, victims of Iranian terror expect to get paid.

The shah of Iran had an eye for valuable real estate. And so, in their way, did the ayatollahs who toppled him. The shah built the Piaget Building, a glass and granite-striped tower at 650 Fifth Avenue in New York that's worth at least $800 million, and which courts say is still owned by Iranian fronts. In late 2013 its storefront lease was bought out for a record $51 million, from Juicy Couture.

According to federal courts, the ayatollahs helped to blow up the U.S. embassies in Beirut, Nairobi and Dar es Salaam, and U.S. military barracks in Lebanon and Saudi Arabia. The total damages assessed by U.S. courts against Iran for these and sundry other terror acts is about $45 billion, according to a study of court filings by Stuart Newberger of Crowell & Moring, who won large judgments for victims of the Beirut embassy suicide bombings of the early 1980s. Newberger expects the grand total to exceed $48 billion—with a quarter of it owed to his Beirut embassy clients after interest in their cases is fully toted up. Close to $18 billion more is due victims of the Beirut barracks and East Africa embassy bombings, represented by Steven Perles of Perles Law Firm, with co-counsel.

"The numbers here are really big because Iran killed a lot of U.S. citizens," says Perles. "Settling accounts will not be a simple undertaking."

THE SEED OF TERROR LITIGATION WAS SOWN IN A CLASSIC dissent by Judge Patricia Wald in *Princz v. Germany* (D.C. Cir. 1994). Hugo Princz was a U.S. national who spent time in Auschwitz as a boy. Perles, Princz's lawyer, persuaded Judge Wald that some sovereign misconduct is so noxious that it cannot go without remedy. When Iran-funded Palestine Islamic Jihad killed the American student Alisa Flatow in a Gaza Strip bus bombing the next year, her father, Stephen, called Perles and asked if Iran could be held accountable. Perles knew that it required a change in law, and asked Flatow to walk the halls of Congress. In coalition with the Lockerbie and Oklahoma City plaintiffs, they persuaded Congress to pass the Flatow Amendment of 1996—creating an exception to the Federal Sovereign Immunity Act for state sponsors of terror.

The Flatows, represented in court by Perles' longtime anti-terror partner Thomas Fay, won the first of more than 85 U.S. judgments against Iran for aiding terror attacks. They and other early claimants holding about $4 billion in judgments were paid over $400 million from frozen assets by act of Congress in 2001. Most Iranian terror judgments remain outstanding, including the biggest.

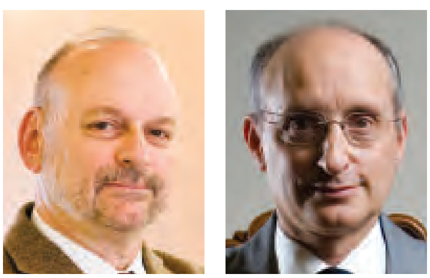
The president is obliged under the 1996 and 2008 amendments to the Federal Sovereign Immunities Act to push Iran for resolution of finally adjudicated terror judgments. Terror plaintiffs therefore expect the president to do so as a condition of lifting economic sanctions. This delicate process would begin only after the secretary of state completes his delicate talks on nuclear proliferation.

Rapprochement with Iran would be simpler than rapprochement with Cuba [The Global Lawyer, "Don't Light Up the Cigars Just Yet," February] in one respect. Economic claims have been largely resolved over the past 35 years by the U.S.-Iran Claims Tribunal, which is widely taken as a model of international dispute resolution. Terror claims are another matter.

The optimists argue that Iran must end U.S. sanctions, because it desperately needs U.S. dollars to participate in global finance, and U.S. technology to modernize its aging oil industry. It's no use for a rogue state to mend fences with the U.S. without also appeasing U.S. plaintiffs—or else plaintiffs will seize the nation's assets as soon as it starts trading. The 2008 Lautenberg Amendment lets plaintiffs grab assets traceable to state sponsors of terror even when they're held by a party with no connection to a terrorist act. That change helped drive Libya to the bargaining table with U.S. plaintiffs. It might do the same with Iran.

"Final judgment holders are entitled to be paid in entirety," says Perles, "but life never works out that way in the international claims world. Everything is a compromise. The question is how to compromise."

Crowell's Newberger can imagine a few scenarios for settling the $40 billion-plus in outstanding Iran terror judgments. Cutting punitive damages would bring the damages total under $20 billion. Also cutting the interest due would bring it closer to $11 billion. Using a formula on the model of the 2008 settlement between the U.S. and Libya ($1 million per hostage, $3 million per injury, and $10 million per death) would bring the total to just over $5 billion. But Newberger says such a diplomatic formula would be inappropriate where most judgments have been finalized, as in the case of Iran.



Stuart Newberger, left; Steven Perles

Whether an overall deal materializes in any form, plaintiffs are standing on their rights. "A global settlement with Iran is still clearly a ways off," says Boies, Schiller & Flexner's Lee Wolosky, who aims to collect a $6 billion default judgment against Iran in favor of 9/11 victims. "That's why our focus is on enforcement. It's always good to get money for your clients when you can."

That Iran bears responsibility for 9/11 may come as news to readers not named Dick Cheney. Iranian defectors testified that Iran helped the hijackers slip into Afghanistan for training, and activated a plan code-named Satan in Flames, which bore a disturbing resemblance to the events of 9/11. Iran chose simply not to defend the case. The extent of Iran's involvement in 9/11 remains the subject of skepticism. One lesson to draw is that if you're sued for the crime of the century, it's wise to show up in court.

The 9/11 families are among those trying to seize 650 Fifth Ave., along with the Beirut barracks survivors and victims of the Khobar Towers attack who won nearly $600 million with the help of DLA Piper. Meanwhile, in *Peterson v. Bank Markazi*, a team led by Beirut barracks victims froze a $1.9 billion Citibank account traceable to the central bank of Iran.

In different ways, both enforcement actions are public-private partnerships. The U.S. Office of Foreign Asset Control tipped off the private bar about the Citibank account, because it lacked broad sanctions power in 2008 to seize the funds itself. *In re 650 Fifth Ave.* was initiated by Preet Bharara, U.S. attorney for the Southern District of New York, who called in terror victims and promised

The Piaget Building, 650 Fifth Ave., New York.

them the proceeds of a future building sale after his own modest costs.

Juicy Couture is gone, but the plaintiffs would like to taste these juicy assets before an overall deal is struck. Who will win this race to the bank vault is unclear.

Bank Markazi's appeal awaits action by the U.S. Supreme Court. Its argument for cert—that Congress violated separation of powers by intervening in a case that had not reached a final resolution—does not seem very serious, as such interventions are routine. Iran is likely playing for time, or trying to exhaust local remedies before suing in the World Court. However, the Supreme Court's recent request for an opinion from the solicitor general will push the cert decision into late June or September.

In re 650 Fifth Ave. awaits oral argument in the U.S. Court of Appeals for the Second Circuit on its own slender appeal issues. The questions are whether Iran controlled the building's landlords, or whether the U.S. evidence was obtained illegally. A decision might come at year's end.

Whether these assets can or should be thrown into the larger pot is among the trickiest issues facing U.S.-Iran negotiators. Never mind nuclear proliferation.

Email: mgoldhaber@alm.com.

THE LARGEST TERROR JUDGMENTS AGAINST IRAN

Case name	Total damages	Court	Date of judgment	Terrorist attack	Winning law firms
Opati v. Republic of Sudan and Islamic Republic of Iran Amduso v. Sudan and Iran Onsongo v. Sudan and Iran Wamai v. Sudan and Iran	$8.68 billion*	D.C. Federal Court (DDC)	July 25, 2014	Attacks on U.S. embassies in Dar es Salaam and Nairobi, 1998	Perles Law Firm; Wheeler & Franks; Eaves Law Firm; MM-LAW; The Miller Firm
Estate of Doe v. Islamic Republic of Iran	$8.41 billion	DDC	May 9, 2013	Attacks on U.S. embassy in Beirut, 1983 and 1984 (award to foreign service nationals)	Crowell & Moring
In Re Terrorist Attacks on Sept. 11, 2001	$6.05 billion	SDNY	Dec. 22, 2011	Attacks of Sept. 11, 2001	Wiggins Childs Quinn & Pantazis; Foote, Mielke, Chavez & O'Neil; Mellon Webster & Shelly; Ramey & Hailey; Law Office of David C. Lee; Law Office of J.D. Lee; Stark & Stark; Boies, Schiller & Flexner (enforcement counsel)
Peterson v. Islamic Republic of Iran	$2.66 billion	DDC	Sept. 7, 2007	Marine barracks bombing in Beirut, 1983	Perles Law Firm; Fay Kaplan Law; Stone Bonner & Rocco (enforcement counsel); Salon Marrow Dyckman Newman & Broudy (enforcement counsel)
Davis v. Islamic Republic of Iran	$2.16 billion	DDC	Mar. 30, 2012	Marine barracks bombing in Beirut, 1983	Perles Law Firm; Fay Kaplan Law; Stone Bonner & Rocco (enforcement counsel); Salon Marrow Dyckman Newman & Broudy (enforcement counsel)

*Appeal pending
Source: The American Lawyer research

(NEWBERGER AND PERLES) DIEGO M. RADZINSCHI; (PIAGET BUILDING) CEM OZDEL/ANADOLU/GETTY

By Alan Cohen

A Sweet Upgrade

No empty calories here: Google's Lollipop operating system delivers privacy and security enhancements.

For Android users, an update to Google's mobile operating system can be maddening. Unlike Apple iOS updates, new versions of Android are not simply posted online for on-demand downloading. Instead, users typically have to wait until the upgrade is pushed to their phone or tablet. This is because Android is a more open environment than iOS, with different devices made by different manufacturers and, in the case of phones, controlled by different carriers. Many of these devices run modified versions of Android, so when a new release comes out, it has to be tweaked, tested and delivered model by model. It can take a while, and some devices, because of age or other complications, don't get the update at all.

Indeed, while the latest version of the OS, known as Android 5 or "Lollipop," began appearing late last year, by March 2015, just over 3 percent of Android users were running it, according to Google's data. So when Lollipop 5.0.2 recently arrived on my two devices—a 2013 Google Nexus 7 tablet and a 2014 Nvidia Shield tablet—I jumped at it. (A still newer version, 5.1, had not arrived by press time.) Long story short: Lollipop is worth the wait.

Lollipop is a major revision to Android, full of useful and often clever improvements. And just as welcome is the way Google implements them without radically altering the fundamental design or interface. Yes, it looks different and some old tools work in new ways, but at the same time, there is a familiarity to it.

Consider, for example, the overhauled user interface. For the most part, the structure is essentially the same, so there is not much new to learn. But there is much greater use of color and contrast; everything looks bolder and brighter. The Android interface had always been somewhat gloomy. Now the designers are having their say, and we should all be grateful.

Icons are used to much better effect. Instead of a button labeled "done" on the pop-up keyboard, there is a bright green check mark. (The keyboard itself is also more appealing now, with bold black letters on a white background). Instead of a cryptic square with a plus sign to represent the "attach file" command in the Gmail app, the revamped version uses a more intuitive paperclip icon, more prominently placed in the

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ASIF ISLAM/SHUTTERSTOCK

interface. Together, little touches like these add up to a big difference in usability.

Other changes aren't so little. Press the "overview" button (it's the furthest-right of the three icons displayed on the bottom of the screen) and instead of seeing small thumbnails of your recently used apps, you'll see large cards representing each program. Even better, these apps are presented in a more dynamic manner. Instead of scrolling through a list, you now reveal new cards as you scroll, a 3D-like effect that looks like you are leafing through a Rolodex.

Another notable change involves access to notifications and quick settings. In the previous version of Android, these were two separate panels that you pulled down from the top of the screen. Pull from the left side for notifications (new email alerts, new available updates, messages from various apps and so on). Pull from the right side for quick settings (instant adjustments to Wi-Fi, brightness and rotation preferences, among other things). Now Android uses a single, integrated panel, accessed from pulling down from any point at the top of the screen. When you first pull it, you'll see a settings bar at the top with icons representing connectivity status (such as the strength of your Wi-Fi signal) and battery life. Below this you'll see your notifications. The panel makes good use of animation, so if you pull that top settings bar, the panel lengthens, revealing more quick settings, such as airplane mode and auto-rotate.

I had mixed feelings about this integrated panel. There is merit in bringing notifications and settings under one umbrella. With a single swipe, you see a lot of key information. On the other hand, the number of motions required to get to the full array of settings—first pull down the main panel, then pull down the quick settings panel, then tap on the "more settings" icon—is a bit more cumbersome than before, when I simply pulled the right-hand panel and tapped on the "more settings" icon.

In general, notifications are smartly handled in Lollipop, with nice improvements over the previous OS. For starters, they now appear on the lock screen. Since you might not want every notification to appear so prominently, you can set a notifications level for each app in the settings menu, marking some as sensitive and keeping their notifications off the lock screen and designating others as priority and moving their notifications to the top of the list. This is handy stuff, making sure that you'll easily see the most important alerts while others can't see anything that is sensitive. Another nice touch: You can set "downtime"—recurring periods where only priority notifications will be displayed.

NEW PRIVACY SAFEGUARDS

Google has also beefed up security in the new release. There is now a guest mode, where you can hand your phone over to someone else and all they will see is a basic set of Google apps, like the Web browser and maps. Android has previously allowed you to create restricted profiles, with limited app access, for other users (and it still does), but what is nice about guest mode is that there is nothing to create. You simply go into settings, tap on "users," then tap on "guest" and hand over your device.

There is also a new feature called screen pinning, where you can set the device to display only a specific app. This too enables you to share your tablet without sharing details of your life and work. For example, I could pin the screen to the Amazon Kindle app so my daughter could use my tablet as an e-reader.

One feature I have some reservations about is the new "smart lock" capability. This lets you forgo the pass code when you are in a "trusted" situation. For instance, you can use the device's GPS capability to set a trusted location, such as your home. You can also set an "on body" mode where the device's accelerometer determines when you are holding or carrying the device (even if it is in a bag) and keep it unlocked. You can set the smart lock to trust your face too; you unlock your tablet just by looking at it. My take? It's a clever tool, but when it comes to security, I'd rather err on the side of caution. I'll keep the pass code on.

Still, these are the sort of tools developers should be pursuing. By now, Android and iOS both do the core tasks we've come to demand from our phones and tablets, and do them well. New releases need to go beyond the usual, even if some fine-tuning is required. With Lollipop, Android is taking some strong steps in this direction.

Contributing editor Alan Cohen writes about law firms and technology. Email: alanc31@yahoo.com.

To check out our dealmaker of the week, go to **americanlawyer.com**

AbbVie Inc. / Pharmacyclics Inc.

North Chicago, Illinois-based biopharmaceutical company AbbVie Inc. said March 4 it will buy Sunnyvale, California-based Pharmacyclics, which specializes in cancer treatment, for $21 billion.

AbbVie is being represented by a team from Wachtell, Lipton, Rosen & Katz led by corporate partners **Edward Herlihy, David Karp** and **David Lam.** The team also includes antitrust partner **Joseph Larson,** executive compensation and benefits partner **David Kahan,** finance partners **Joshua Feltman** and **Gregory Pessin** and tax partner **Joshua Holmes.** Associates working on the deal include **Michael Benn, Jeffrey Lee, Jenna Levine, Kate Napalkova, S. Iliana Ongun, Elina Tetelbaum, Lauren Thomas** and **Alisha Turak.**

Wilson Sonsini Goodrich & Rosati is representing Pharmacyclics with a team that includes mergers and acquisitions partners **Robert Ishii** and **Denny Kwon;** IP technology transactions partner **Miranda Biven** and IP counseling and patents partner **Michael Hostetler;** employee benefits and compensation partner **Scott McCall;** tax partner **Ivan Humphreys; and** antitrust partner **Scott Sher** and associate **Derek Liu.**

Latham & Watkins is advising J.P. Morgan Securities as financial adviser to Pharmacyclics. Its team is led by mergers and acquisitions partners **Charles Ruck, Adel Aslani-Far** and **Amro Suboh,** along with compliance partner **Michele Johnson.**

Goodwin Procter is representing Centerview Partners, which also served as financial adviser to Pharmacyclics, with a team led by mergers and acquisitions partners **Stuart Cable** and **James Matarese,** securities litigation partner **Deborah Birnbach,** antitrust counsel **Kirby Lewis** and associate **Jacqueline Mercier.**

The deal is expected to close midyear.

DEALS IN BRIEF

Week of March 6-12

Valeant / Endo / Salix

Following the announcement of Valeant Pharmaceuticals International Inc.'s plans to acquire Raleigh, North Carolina-based Salix Pharmaceuticals Ltd. for $10.1 billion on Feb. 22, a rival $11.2 billion bid for the target emerged March 11 from Endo International plc.

LEGAL ADVISERS: **Sullivan & Cromwell** for Valeant; **Skadden, Arps, Slate, Meagher & Flom** for Endo as principal counsel and for Valeant on financing and antitrust aspects; **Cadwalader, Wickersham & Taft** for Salix; **Debevoise & Plimpton** for J.P. Morgan as financial adviser to Salix; **Willkie Farr & Gallagher** for Centerview as financial adviser to Salix. (Skadden declined to comment on its role representing both potential acquirers.)

Verisk Analytics / Wood Mackenzie

New Jersey-based Verisk Analytics, which provides data analytics to the finance, insurance and health care industries, is moving into the oil services sector by acquiring Edinburgh, Scotland-based Wood Mackenzie for $2.8 billion.

Verisk will acquire the energy data analysis and oil and gas consultancy from San Francisco-based private equity firm Hellman & Friedman, which took a controlling stake in Wood Mackenzie in 2012 from fellow investment firm Charterhouse Capital Partners. The deal was announced March 10 and is expected to close in the second quarter of this year.

LEGAL ADVISERS: **Davis Polk & Wardwell** for Verisk; **Weil, Gotshal & Manges** for Bank of America Merrill Lynch and Morgan Stanley in providing bridge financing to Verisk; **Freshfields Bruckhaus Deringer** for funds affiliated with Hellman & Friedman and Charterhouse Capital; **Dickson Minto** for Wood Mackenzie's management.

Bain Capital / Blue Coat Systems

Funds advised by Boston-based buyout firm Bain Capital said March 10 they will acquire Sunnyvale, California-based security company Blue Coat Systems Inc. from Chicago-based private equity firm Thoma Bravo for $2.4 billion.

LEGAL ADVISERS: **Ropes & Gray** for Bain Capital; **Wilson Sonsini Goodrich & Rosati** for Blue Coat.

Alcoa / RTI International Metals

Metal makers plan to combine as New York City-based Alcoa Inc., which specializes in aluminum, has agreed to acquire Pittsburgh-based titanium supplier RTI International Metals Inc. for $1.5 billion, including debt. The deal is aimed at enhancing Alcoa's aerospace division, according to the acquiring company. Announced March 9, the deal is expected to close by September.

LEGAL ADVISERS: **Wachtell, Lipton, Rosen & Katz** for Alcoa with **Crowell & Moring** handling antitrust matters; **Jones Day** for RTI.

Concordia Healthcare / Covis Pharma Holdings

Canadian drugmaker Concordia Healthcare agreed to acquire Covis Pharma and Covis Injectables, subsidiaries of Switzerland-based Covis Pharma Holdings, for $1.2 billion in cash.

The 18-product portfolio Concordia plans to purchase includes a variety of medicines for the treatment of illnesses ranging from prostate cancer and heart failure to lupus and arthritis. Announced March 9, the deal is expected to close in the second quarter of this year.

LEGAL ADVISERS: **Sullivan & Cromwell** and **Fasken Martineau DuMoulin** for Concordia; **Lowenstein Sandler** for Covis.

Week of Feb. 27-March 5

NXP Semiconductors N.V. / Freescale Semiconductor Ltd.

NXP Semiconductors, headquartered in the Netherlands, has agreed to acquire Austin, Texas-based Freescale Semiconductor Ltd. for $11.8 billion. In 2006, Freescale was acquired by several private equity companies, including The Blackstone Group L.P., The Carlyle Group L.P., Permira and Texas Pacific Group (now TPG Capital) in a deal valued at $17.6 billion. NXP's deal with Freescale was announced March 2 and is expected to close in the second half of this year.

LEGAL ADVISERS: **Simpson Thacher & Bartlett** and **De Brauw Blackstone Westbroek** for NXP; **Skadden, Arps, Slate, Meagher & Flom** for Freescale, Blackstone Group, Carlyle Group, Permira and TPG.

Springleaf Holdings Inc. / OneMain Financial Holdings Inc.

Evansville, Indiana-based Springleaf Holdings Inc. plans to purchase Baltimore-based OneMain Financial Holdings Inc. from a wholly owned subsidiary of Citigroup, CitiFinancial Credit Co., for $4.25 billion.

The combined subprime lending company will span 43 states with 1,967 branches, according to Springleaf. Announced March 4, the deal is expected to close in the third quarter of 2015.

LEGAL ADVISERS: **Skadden, Arps, Slate, Meagher & Flom** for Springleaf; **Davis Polk & Wardwell** for Citigroup.

Hewlett-Packard Co. / Aruba Networks Inc.

Palo Alto, California-based Hewlett-Packard Co. said it will acquire Sunnyvale, California-based Aruba Networks Inc. for $2.7 billion. Announced March 2, the deal is expected to close in the second half of 2015.

LEGAL ADVISERS: **Gibson, Dunn & Crutcher** for Hewlett-Packard; **Wilson Sonsini Goodrich & Rosati** for Aruba; **Shearman & Sterling** for Qatalyst Partners as financial adviser to Aruba.

Mallinckrodt plc / Ikaria Inc.

A subsidiary of Irish biopharmaceutical company Mallinckrodt plc plans to purchase Hampton, New Jersey-based Ikaria Inc., which specializes in critical care, from an investor group led by private equity firm Madison Dearborn Partners for $2.3 billion. Ikaria's product portfolio is led by INOmax, which has been approved by the FDA for the treatment of neonatal respiratory failure. The deal, announced March 5, is expected to close in the second quarter of 2015.

LEGAL ADVISERS: **Wachtell, Lipton, Rosen & Katz** for Mallinckrodt; **Kirkland & Ellis** for Ikaria Inc. and Madison Dearborn Partners.

Cardinal Health Inc./Cordis Corp.

Dublin, Ohio-based Cardinal Health Inc. will buy Johnson & Johnson's Cordis Corp., which specializes in vascular technologies, for $1.94 billion. Cordis, which reported 2014 revenues of $780 million, derives 70 percent of its sales internationally, with reach in countries including China, Japan, the U.K. and Brazil, among others, according to Cardinal Health. The deal, announced March 2, is expected to close by year's end.

LEGAL ADVISERS: **Wachtell, Lipton, Rosen & Katz** and **Jones Day** for Cardinal Health; **Skadden, Arps, Slate, Meagher & Flom** for Goldman, Sachs & Co. as financial adviser to Cardinal Health; **Cravath, Swaine & Moore, Weil, Gotshal & Manges** and **Baker & McKenzie** for Johnson & Johnson.

Boston Scientific Corp. / American Medical Systems

Medical device maker Boston Scientific Corp. will acquire the men's and prostate health businesses of Endo International plc's American Medical Systems for $1.6 billion. Boston Scientific is based in Marlborough, Massachusetts; Endo International is based in Dublin, with U.S. headquarters in Malvern, Pennsylvania. Announced March 2, the deal is expected to close in the third quarter of 2015.

LEGAL ADVISERS: **Shearman & Sterling** for Boston Scientific; **Skadden, Arps, Slate, Meagher & Flom** for Endo.

Week of Feb. 20-26

New Residential Investment / Home Loan Servicing Solutions

New York-based New Residential Investment Corp., a real estate investment trust, said it will acquire Grand Cayman-based Home Loan Servicing Solutions Ltd. for $1.3 billion. The deal, announced Feb. 22, is expected to close in the second quarter of this year.

LEGAL ADVISERS: **Skadden, Arps, Slate, Meagher & Flom, Sidley Austin** and **Maples and Calder** for New Residential; **Weil, Gotshal & Manges** for HLSS.

Asahi Kasei / 3M / Polypore

Japanese chemical maker Asahi Kasei Corp. is purchasing Charlotte, North Carolina-based Polypore International Inc., which makes microporous membrane products in batteries, health care and filtration, in a deal valued at $3.2 billion. As part of the transaction, St. Paul, Minnesota-based 3M Co. will acquire Polypore's separations media business for $1 billion, with Asahi Kasei ultimately acquiring the energy storage business for $2.2 billion. The deals were announced Feb. 23. In order for both to go through, 3M's purchase must close immediately before Asahi Kasei's, according to 3M.

LEGAL ADVISERS: **Cleary Gottlieb Steen & Hamilton** for Asahi Kasei; **Hogan Lovells** for 3M; **Jones Day** for Polypore.

Bristol-Myers Squibb Co. / Flexus

New York-based Bristol-Myers Squibb Co. will acquire fledgling cancer immunotherapy company Flexus Biosciences Inc. for as much as $1.25 billion, including $800 million up front and another $450 million contingent on Flexus' reaching a series of milestones. The deal, announced Feb. 23, is expected to close in the first quarter of this year.

LEGAL ADVISERS: **Kirkland & Ellis** for Bristol-Myers; **Gunderson Dettmer Stough Villeneuve Franklin & Hachigian** for Flexus.

Grupo FerroAtlántica / Globe Specialty Metals

In a deal spanning Madrid to Miami, silicon producers Grupo FerroAtlántica and Globe Specialty Metals Inc. are set to merge for a combined value of $3.1 billion. Following close of the deal, Spanish billionaire Juan Miguel Villar Mir's Grupo Villar Mir, which owns FerroAtlántica, will have a 57 percent stake in the combined company, with Globe shareholders owning 43 percent. Announced Feb. 23, the deal is expected to close in the fourth quarter of 2015.

LEGAL ADVISERS: **Cravath, Swaine & Moore and Uria Menendez** for FerroAtlantica; **Latham & Watkins** for Globe.

General Maritime /Navig8 Crude Tankers

Crude oil transport companies General Maritime Corp. and Navig8 Crude Tankers Inc. have agreed to a merger valued at $3 billion. The deal calls for a new subsidiary of General Maritime to acquire all shares of Navig8's issued and outstanding common stock. With tanker charter rates taking a hit lately, these companies are eyeing mergers to ease cost burdens, Reuters reported. Announced Feb. 25, the deal is expected to close in the first half of this year.

LEGAL ADVISERS: **Kramer Levin Naftalis & Frankel** for General Maritime; **Latham & Watkins** and **Seward & Kissel** for Navig8.

Iberdrola / UIL Holdings

New Glouchester, Maine-based Iberdrola USA, a subsidiary of Spanish utility company Iberdrola SA, will acquire New Haven, Connecticut-based UIL Holdings Corp. for $3 billion. Announced Feb. 25, the deal is expected to close by the end of 2015.

LEGAL ADVISERS: **Latham & Watkins** for Iberdrola; **Sullivan & Cromwell** for UIL Holdings.

Mizuho Bank / Royal Bank of Scotland

Japan's Mizuho Bank Ltd., a wholly owned subsidiary of Mizuho Financial Group Inc., will acquire a $36.5 loan portfolio of U.S. and Ca-

nadian loans from the Royal Bank of Scotland Group PLC for around $3 billion. The deal, announced Feb. 26, is expected to close by the end of the second quarter this year.
LEGAL ADVISERS: **Shearman & Sterling** for Mizuho; **Simpson Thacher & Bartlett** and **Richards Kibbe & Orbe** for RBS.

Sorin SpA / Cyberonics Inc.

In a merger of medical tech companies, Italy's Sorin SpA will combine with Houston-based Cyberonics Inc. The merged entity will have an equity value of $2.7 billion, the companies said. Announced Feb. 26, the deal is expected to close in the third quarter of this year.
LEGAL ADVISERS: **Latham & Watkins** for Sorin; **Sullivan & Cromwell** and **Legance** for Cyberonics.

Week of Feb. 13-19

Ball Corp. / Rexam PLC

A pair of can makers is set to combine, with Broomfield, Colorado-based Ball Corp. agreeing to acquire London-based Rexam PLC for $6.8 billion. Together, the companies would serve markets ranging from food and beverage to household and aerospace with revenues of $15 billion, according to Ball.

Ball's acquisition of Rexam would create the world's largest can manufacturing company, serving clients such as Coca Cola Co. and Anheuser-Busch Co., Bloomberg News reported. The deal, announced Feb. 19, is expected to close in the first half of 2016.
LEGAL ADVISERS: **Skadden, Arps, Slate, Meagher & Flom** for Ball; **Davis Polk & Wardwell** for Greenhill as lead financial adviser to Ball; **Freshfields Bruckhaus Deringer** for Rexam.

Fairfax Financial / Brit PLC

Toronto-based Fairfax Holdings said Feb. 16 it will acquire commercial insurer Brit PLC from private equity firms Apollo Global Management LLC and CBC Capital Partners for $1.88 billion.

Following Apollo and CVC's $1.4 billion acquisition of Brit in 2010, the two private equity firms sold a 25 percent stake in the company via its IPO last year, which raised about $399 million.
LEGAL ADVISERS: **Shearman & Sterling** for Fairfax; **Paul, Weiss, Rifkind, Wharton & Garrison** and **Slaughter and May** for Brit; **Sullivan & Cromwell** for Apollo.

—Jennifer Henderson

To check out our litigator of the week, go to **litigationdaily.com**

Chen-Oster v. Goldman Sachs

After almost five years of intense, closely watched litigation, defense lawyers at Sullivan & Cromwell and Paul Hastings were close to knocking out a proposed gender discrimination class action against Goldman, Sachs & Co. in March.

The lawsuit, filed in 2010 by former Goldman vice president Cristina Chen-Oster and a former associate on behalf of nearly 1,800 women employed at the bank since 2002, alleges that Goldman's pay and promotion practices systematically favored men and that the bank maintained a "boy's club" work atmosphere.

U.S. District Judge Leonard Sand in New York, who originally presided over the case, refused in 2011 to force a third plaintiff, former Goldman managing director Lisa Parisi, to arbitrate her claims against Goldman, and the following year refused to dismiss most of the class allegations. But the U.S. Court of Appeals for the Second Circuit reversed Sand's arbitration decision in 2013, siding with Goldman counsel **Robert Giuffra Jr.** of Sullivan & Cromwell.

At a class certification hearing last October, **Adam Klein** of Outten & Golden and **Kelly Dermody** of Lieff Cabraser argued that many of Goldman's employment practices effectively favored men, such as the investment bank's review process and the forced ranking of employees into different tiers. Goldman's defense team—led by Giuffra, Sullivan & Cromwell's **Theodore Rogers** and **Barbara Brown** of Paul Hastings—maintained that the investment bank's corporate structure was complex and included a host of separate business with different compensation ranges.

But on March 10, U.S. Magistrate Judge James Francis recommended against certifying the case, echoing Goldman's arguments. If adopted by U.S. District Judge Analisa Torres, the decision could spell the end of the case. Torres had not yet acted on the recommendations by press time.

—Scott Flaherty, with Rebekah Mintzer

SmartFlash v. Apple

Apple Inc. and its lawyers at Ropes & Gray lost the year's first mega-patent infringement verdict on Feb. 24 when a jury in Tyler, Texas, awarded $532.9 million to patent licensing company Smartflash LLC. Jurors found that Apple willfully infringed three data storage patents.

The jury concluded that Apple devices using iTunes software infringed four claims across three patents held by Smartflash, a patent-licensing company registered in Tyler. Smartflash's patents related to accessing and storing downloaded media.

The result marks a win for Dallas-based Caldwell Cassady & Curry, which was founded by a trio of former McKool Smith lawyers in 2013 after they helped patent plaintiff VirnetX Inc. secure a $368 million infringement verdict against Apple. The firm suffered a big blow in the VirnetX case last year when an appeals court overturned the 2012 verdict.

Smartflash sued Apple in May 2013, concurrently filing suits against HTC Corp. and Samsung Electronics Co. The patent licensing company's lawyers, led by Caldwell Cassady's Bradley Caldwell, had sought $852 million. (Name partners Jason Cassady and J. Austin Curry assisted in Smartflash's case.)

Apple, in a statement, cited the verdict as evidence that the U.S. needs to overhaul its patent system and promised to appeal. Its legal team included Ropes & Gray's **James Batchelder, Ching-Lee Fukuda** and **Megan Raymond.**

The suit against HTC and Samsung, both represented by Quinn Emanuel Urquhart & Sullivan, is pending before the same judge, U.S. District Judge Rodney Gilstrap in Marshall, Texas. Also pending before a different judge is an infringement suit Smartflash filed against Google Inc.

—S.F., with R.M.

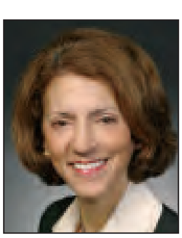
Carpenter v. Ace Foam

The U.S. Supreme Court on March 2 deprived Gibson, Dunn & Crutcher's **Theodore Boutrous Jr.** of a chance to slay another giant class action, as he did four years ago in Wal-Mart Stores v. Dukes.

The justices denied a certiorari petition that Boutrous filed on behalf of Woodbridge Foam Corp. and several other manufacturers of polyurethane foam used in mattresses, cushions and pillows. The companies face claims that they engaged in a decade-long conspiracy to fix prices.

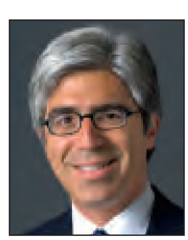
In the petition, Boutrous criticized the district court for certifying classes of direct and indirect purchasers that could potentially include hundreds of millions of members. The "gargantuan" class, he wrote, includes those who may have suffered no injuries from the

ROBERT GIUFFRA JR.
Sullivan & Cromwell

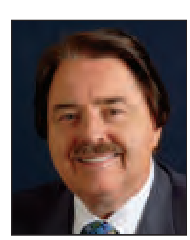


BARBARA BROWN
Paul Hastings

BRADLEY CALDWELL
Caldwell Cassady



THEODORE BOUTROUS JR.
Gibson Dunn



GARY SPRATLING
Gibson Dunn

CHRISTOPHER BURKE
Scott and Scott

alleged price-fixing, improperly subjecting the foam manufacturers to damages of up to $9 billion based on claims that require "fact-intensive individualized inquiries."

Quinn Emanuel Urquhart & Sullivan's **Sanford Weisburst** filed a response at the Supreme Court on behalf of direct purchasers of the foam products; **Marvin Miller** of Chicago-based Miller Law did the same for the indirect purchasers.

The cert denial paves the way for a class action trial in Toledo, Ohio, scheduled for August. It may also impact Dow Chemical Co., which was hit with a $1.1 billion judgment after a Kansas jury found it liable in a similar price-fixing case over foam products, and which has indicated that it is filing a petition for cert as well.

Dow, tapping Sidley Austin's **Carter Phillips**, filed an amicus brief in the class action, urging the justices to review the class certification ruling in the Ohio litigation and writing that plaintiffs were trying to "shoehorn complex antitrust suits into the class action damages mechanism."

The direct purchasers in the Ohio case, filed in 2010, are looking to Quinn Emanuel's Weisburst and Boies Schiller & Flexner's **William Isaacson**; indirect purchasers have tapped Miller of Miller Law.

Two defendants, Carpenter Co. and Leggett & Platt Inc., have settled their claims with the direct purchasers for $108 million and $39.8 million, respectively. In March U.S. District Judge Jack Zouhary in Toledo approved those deals, along with $52 million in attorney fees and costs.

—S.F., with R.M.

In re Forex Benchmark Rates Antitrust Litigation

On **March 13,** UBS AG agreed to pay $135 million to settle a putative class action accusing it and other banks of manipulating the $5 trillion-a-day foreign exchange market. UBS also agreed to cooperate with plaintiffs lawyers as they continue to pursue claims against the remaining 10 banks.

The agreement, which is pending court approval, would resolve claims that UBS traders took part in a more than decade-long scheme to rig the forex market. UBS is represented by Gibson, Dunn & Crutcher's **Peter Sullivan, Gary Spratling, Joel Sanders, Jarrett Arp** and **David Burns.**

The UBS settlement comes two months after lawyers at Skadden, Arps, Slate, Meagher & Flom revealed in a filing that their client, JPMorgan Chase & Co., would pay $99.5 million to settle the case, which was filed in 2013.

The plaintiffs, led by Hausfeld's **Michael Hausfeld** and Scott and Scott's **Christopher Burke,** is representing an investor group that includes Philadelphia's pension board as well as several other pension, investment and hedge funds. They secured an early win in January, when U.S. District Judge Lorna Schofield in New York refused to dismiss class claims.

That decision allowed investors to press ahead with allegations that top forex traders used instant messages, emails and online chat rooms to manipulate foreign exchange rates, including the benchmark World Markets/Reuters Closing Spot Rate, often referred to as "the fix."

—S.F. with R.M.

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BY ZOE TILLMAN

Judging the Risks

How can judicial security be guaranteed outside the courtroom? There are no easy answers, judges say.

CHIEF JUDGE FRED BIERY OF THE FEDeral district court in San Antonio stands to the side when he opens the mailbox at his house. He remembers the 1989 assassination of Robert Smith Vance, a federal appeals judge in Alabama who was killed by a mail bomb.

Still, Biery acknowledged there's only so much judges can do to stay safe outside of a courthouse. "If somebody really wants to do something and they're hell-bent to do it, they're going to figure out a way to do it," he says.

Attacks on federal judges are rare. When there is violence, it usually occurs away from the heavy security of courthouses. In the latest incident, U.S. District Judge Terrence Berg of the Eastern District of Michigan was shot in the leg on March 5 outside his Detroit home. The shooting didn't appear connected to his work on the bench, federal investigators have said.

The attention and money dedicated to judicial security has grown more robust over the past decade. In interviews with sibling publication The National Law Journal, six federal district and appeals judges across the country reflected on their safety at home and on the road.

"Nobody wants to live as though they're under protection all the time," says U.S. District Judge Joan Lefkow in Chicago. "But the risks can be anticipated and planned for." She has had personal experience with those risks and the tragedy that can follow them. In 2005, Lefkow's husband and mother were killed inside her house; a man whose civil lawsuit Lefkow had dismissed took responsibility for the murders before he committed suicide.

Testifying before Congress that year, Lefkow and other judges expressed concerns that security measures were inconsistent across the 94 federal judicial districts and that the U.S. Marshals Service, which oversees judicial security, lacked sufficient resources. Congress infused the service with tens of millions of dollars. During the next decade, Lefkow says, judicial security has become "more institutionalized."

JOAN LEFKOW (RIGHT), WITH THEN-U.S. SEN. BARACK OBAMA, ASKED CONGRESS TO IMPROVE SECURITY FOR JUDGES.

WIN MCNAMEE/GETTY IMAGES

In the last century, two other federal judges in addition to Vance have been assassinated in connection with their position. John Wood Jr. of the Western District of Texas was shot outside his San Antonio home in 1979; contract killer Charles Harrelson (father of actor Woody Harrelson) was convicted of murdering him at the behest of a drug dealer who was scheduled to appear before Wood. Richard Daronco of the Southern District of New York was shot dead at his home in 1988 by the father of a pro se defendant whose case Daronco had dismissed. A fourth judge, U.S. District Judge John Roll of Arizona, was killed as a bystander in the 2011 shooting that injured former U.S. Rep. Gabby Giffords.

Lefkow, appointed to the bench in 2000, says that Roll's death underscores the difficulty marshals face in watching out for judges outside of a courthouse. "That's the kind of thing that's very hard to protect against," she says.

The FBI is leading the investigation into Berg's shooting. Berg, appointed to the trial bench in 2012, did not return a message seeking comment. In an interview with the Detroit Free Press, Berg, a federal prosecutor before becoming a judge, recalled the moments before a bullet struck his right leg. "No, no, no," he recalled telling the attacker that night. "As soon as I raise my voice, he shoots me. Bam!" Berg continued: "I could see the discharge and the flame. And I could feel it hitting my knee."

Responding to the attack on Lefkow's family, Congress in 2007 adopted security reforms for the federal courts.

The Court Security Improvement Act authorized additional funding to hire deputy marshals to provide security and investigate threats against judges. The law required the U.S. Marshals Service to consult with federal judiciary officials about security and increased the maximum prison time for an attack or threat against federal judges or their families in connection with the judges' official duties.

The law allows states to permit federal judges to list the address of their court, instead of their home, on driver's licenses. In addition, Congress has routinely agreed to extend the federal judiciary's authority to redact personal information from judges' annual financial disclosure reports, which are public documents. The most recent extension expires in 2017. Details about where a judge's spouse works or where children attend school, for example, can be kept secret on the publicly disclosed reports.

Marshals urge judges to monitor information that's available about them online, Wood said. "Although I have to say, that's pretty much a losing battle," she said, referring to the data trail left by Internet use.

New judges receive security training as part of the Federal Judicial Center's broader orientation program, also known as "baby judges school." The Marshals Service said in a written statement that it regularly provides judges with information about "personal security awareness"—including advice to vary daily routines and to be aware of their surroundings.

Following the shootings of Lefkow's husband and mother, federal judges became eligible for subsidized home alarm systems. Several judges who spoke with the NLJ say they—and many of their colleagues—have taken advantage of the Marshals Service's standing offer of a home security assessment. Marshals look for risks, the

Interns Still Not Sure of Getting Paid

A class action settlement allows Viacom to void the deal if too many plaintiffs submit claims.

AP PHOTO/MARK LENNIHAN

IN MARCH, PLAINTIFFS LAWYERS AT Virginia & Ambinder and Leeds Brown Law unveiled the latest in a steady trickle of settlements resolving employment class actions brought by unpaid interns. According to a motion filed in Manhattan federal court, Viacom Inc. has agreed to pay $7.2 million to wrap up a case that former interns filed against the company in 2013.

At first glance, the settlement looks like the largest since unpaid interns began suing their former companies for back wages roughly three years ago. But the fine print tells another story.

The agreement would pay a flat $505 to each eligible class member who files a claim, and another $505 to interns who spent at least three weeks in a second semester on the job. (The total payout per class member is capped at $1,010.) Hardly a bonanza, but not bad for those interns who put in, say, a few weeks of part-time work over a single semester.

The bigger issue is a provision in the settlement that gives Viacom the right to void the deal entirely if even one-fifth of the 12,500-member class actually files claims. According to the agreement, Viacom can scrap the agreement and pay nothing at all "if the number of participating claims exceeds 2,480."

Any intern who files for more than one semester of work is deemed to be submitting separate claims under the proposed deal. That could limit the total number of eligible class members to even fewer than 2,480.

The most that Viacom would have to pay to class members before it can back out of the settlement is about $1.25 million—$505 multiplied by 2,480—not including taxes. The case would then revert back to active litigation.

Virginia & Ambinder and Leeds Brown say in their motion for approval of the deal that they'll ask for an attorney fee award of up to $900,000, or 12.5 percent of the ostensible $7.2 million settlement amount. That award works out to a whopping 72 percent of the settlement if only 2,480 claims are paid.

Of course, Viacom could always opt to ignore the kill-switch it engineered into the deal. A spokesman for the company, Jeremy Zweig, declined to comment on that score, though he confirmed our basic reading of the settlement. He also said he was advised by lawyers on the case that such settlement provisions aren't especially unusual.

Neither plaintiffs lawyers Lloyd Ambinder and LaDonna Lusher of Virginia & Ambinder, nor Lyle Zuckerman at Davis Wright Tremaine, who represents Viacom, were available to comment.

—DAVID BARIO

judges say. They check the strength of door locks. They look at whether bushes are too tall.

Chief Judge Diane Wood of the U.S. Court of Appeals for the Seventh Circuit says that she replaced her basement windows with more durable glass on the advice of marshals. The marshals also alert local police to keep an eye on judges, she says. One time, Wood recalls, a police officer stopped by her house after noticing her garage door was open.

"From time to time, there are litigants who get angry—they send you threatening sorts of things. We send those to the marshals for evaluation. That comes with the territory, actually," says Wood, a judge since 1995. "It's a constant-vigilance situation."

U.S. District Chief Judge Anne Conway of the Middle District of Florida, a judge since 1991, said the marshals gave safety reminders at the court's annual meeting.

Biery, confirmed to the federal bench in 1994, couldn't recall the last time he received in-person training about off-site security, but he says he does get periodic written memos from the marshals.

Chief Judge Richard Roberts of the District of Columbia says that judges are encouraged—but not required—to provide travel itineraries. The marshals contact their counterparts in other districts or the relevant U.S. embassy if the judge is overseas, he says.

Judges who face an imminent threat have been assigned 24-hour security or were temporarily moved from their homes, but those represented extreme circumstances. "You can't live in a cocoon your whole life," Biery says. "I'm not sure there's a whole lot they can do." ■

Too Late for Some Whistleblowers

A plaintiff who exposed fraud before Dodd-Frank can't collect a reward, a court rules.

THE U.S. SECURITIES AND EXCHANGE Commission's whistleblower program has paid out nearly $50 million since it was created three years ago under the Dodd-Frank Wall Street Reform Act. But none of that money has gone to Larry Stryker, who exposed fraud by his former business partner before Dodd-Frank was signed into law.

In March, a federal appeals court lowered the chances that Stryker—or any other "zombie" whistleblowers who offered their tips to the SEC before Dodd-Frank—will ever see a reward.

The U.S. Court of Appeals for the Second Circuit rejected arguments by Stryker and his lawyers at Kohn, Kohn & Colapinto that he deserved an award for providing information that led to an SEC enforcement action against Advanced Technologies Group Ltd. and two of its officers. The SEC ended up settling with ATG and the officers, Alexander Stelmak and Abelis Raskas, for more than $19 million in early 2011.

The settlement came after an SEC probe launched in 2009, based at least in part on information that Stryker—a former business associate of Stelmak's—provided to the agency's enforcement division starting in 2004, according to court and SEC records. The SEC ultimately determined that ATG raised millions of dollars in violation of rules against making unregistered securities offerings.

WHISTLEBLOWER COUNSEL STEPHEN KOHN CALLS THE RULING UNFAIR.

DREW ANGERER/GETTY IMAGES

In January 2011, around the same time a Manhattan federal court entered judgment against ATG and its officers, Stryker filed a whistleblower award claim with the SEC. That move came about six months after Dodd-Frank was signed into law in July 2010, but before the SEC finished crafting its whistleblower program.

After reviewing Stryker's claim, the SEC issued a final determination in October 2013 that he wasn't eligible for a reward since he provided tips to the SEC before Dodd-Frank was ever enacted, and long before the SEC's whistleblower program took effect in August 2011.

Stryker and his lawyers, led by Stephen Kohn, then petitioned the Second Circuit, arguing that the SEC's decision in Stryker's case ran counter to what Congress intended when it authorized the agency to offer whistleblower awards under Dodd-Frank. In an appeals brief lodged in March 2014, Kohn argued that lawmakers had no intention of limiting whistleblower awards to people who provided information, for the first time, after Dodd-Frank was signed in July 2010.

The SEC, meanwhile, countered that it was within the agency's authority to interpret the scope of the whistleblower program.

A three-judge Second Circuit panel agreed with the SEC on March 11, finding that the agency's interpretation was reasonable and deserved deference.

In an emailed statement, Kohn said the ruling against Stryker ignored Congress' intent to protect whistleblowers. "It is fundamentally unfair to the numerous whistleblowers who provided the commission with highly relevant information, lost their jobs and careers and are now left with no remedy," said Kohn, a Washington, D.C.-based lawyer whose firm specializes in representing whistleblowers.

The SEC declined to comment.

—SCOTT FLAHERTY

A Split Over Terror Suits

After a mega-verdict in New York against Palestinian groups, two D.C. judges take a different view.

IS A CIRCUIT SPLIT BREWING OVER Palestinian terror lawsuits in U.S. courts? In March, less than two weeks after a jury in New York socked the Palestinian Authority and the Palestine Liberation Organization with a $655.5 million verdict for providing support for terrorist attacks in Israel, a court in Washington, D.C., threw out a parallel Anti-Terrorism Act suit against the Palestinian groups on jurisdictional grounds.

In both cases, the defendants challenged the courts' jurisdiction based on 2014's U.S. Supreme Court decision in *Daimler v. Bauman*. Daimler narrowed U.S. jurisdiction over alleged foreign misconduct by excluding defendants who are not "at home" in the jurisdiction where a suit is lodged.

In the New York case, *Sokolow v. PLO*, U.S. District Judge George Daniels ruled in December that Daimler didn't bar the terror victims' claims. But the Palestinian groups' jurisdictional argument has gained a foothold in the U.S. capital, with at least two federal judges there refusing to adopt Daniels' reasoning.

The latest decision comes in a lawsuit filed by the family of Esther Klieman, an American who died in a 2002 Palestinian machine gun attack in the West Bank. U.S. District Judge Paul Friedman in Washington rejected the decision by his Manhattan counterpart, writing that he "disagrees with the recent application of Daimler to the Palestinian Authority in *Sokolow v. Palestine Liberation Organization*."

In February, another judge in D.C. dismissed an Anti-Terrorism Act suit filed by the family of Ben-Yosef Livnat, an American killed in a 2011 shooting in the West Bank. U.S. District Judge Colleen Kollar-Kotelly wrote that she "respectfully disagrees" with Daniels' December decision.

In the New York case, Daniels reasoned that jurisdiction was proper because the PA and the PLO couldn't show that they were "at home" anywhere. But the D.C. judges weren't persuaded.

"It is not defendants' burden to demonstrate a 'home' outside the United States, but the plaintiffs' burden to present a prima facie case that defendants are 'at home' in the United States," Friedman wrote, echoing Kollar-Kotelly's decision.

All three decisions are likely to be appealed, setting the stage for a possible circuit court split, according to lawyers involved. And whatever the outcome of any appeals, "we're in for a long and uncomfortable slog," says Steven Perles, who is representing the Klieman family. (Co-counsel in the case is Heideman Nudelman & Kalik.)

Miller & Chevalier represents the Palestinian organizations in the lawsuits. The PA recently added Squire Patton Boggs's John Burlingame in the Washington cases. Neither Burlingame nor lawyers at Miller & Chevalier responded to requests for comment.

—JULIE TRIEDMAN

End of a Boom?

Settlement amounts in securities class actions dropped drastically in 2014.

SECURITIES CLASS ACTION LITIGATION has been lucrative for plaintiffs attorneys in the years following the financial crisis—but 2014 may signal the end of the big paydays.

A recently released report by consulting firm Cornerstone Research shows that in 2014 total settlement dollars paid out in these cases reached a 16-year low. "It's been a very unusual year," says Laura Simmons, a senior adviser at Cornerstone and one of the report's authors. According to the report, total payouts in securities class action settlements in 2014 declined 78 percent compared with 2013. This was 80 percent lower than the average for the nine years leading up to 2014.

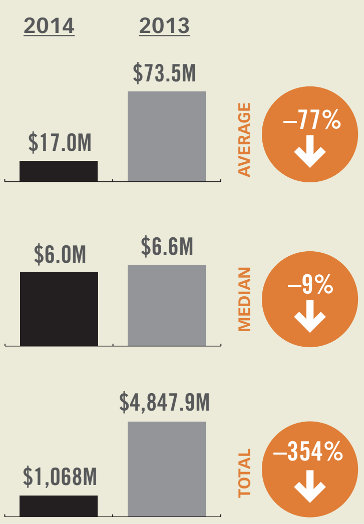
The average settlement size also dropped drastically—from $73.5 million in 2013 to $17 million in 2014. However, the median settlement values, representing the typical case in a given year, didn't change much. In 2014 the median suit settled for $6 million, down only $600,000 from 2013's median. The difference between average and median seems to stem from a comparative dearth of big-ticket settlements, such as the nearly $2.5 billion securities class action settlement Bank of America agreed to in 2013.

"What's changed this year is that we have a much smaller proportion in the financial industry, because we've really gotten through the resolution of the credit crisis cases," says Simmons. Only 11 percent of cases settled in 2014 targeted entities in the financial sector.

—REBEKAH MINTZER

SETTLING FOR LESS

Fewer big-ticket settlements in securities class actions reduced the average payout.

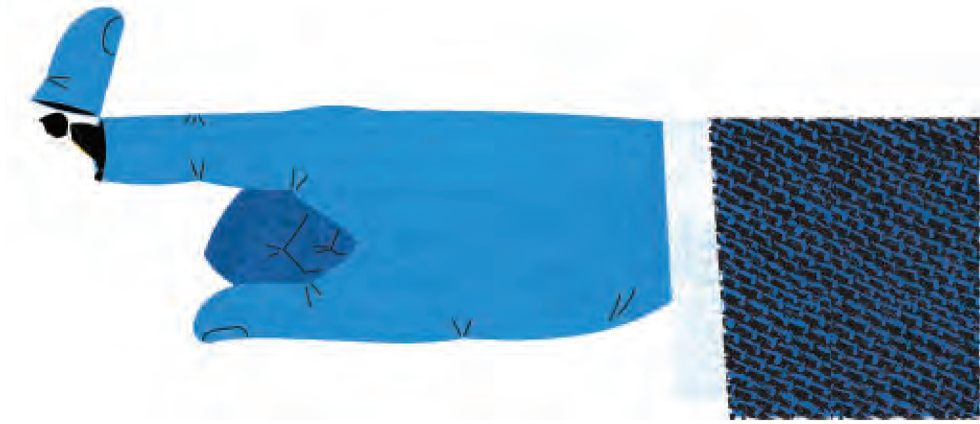


Settlement dollars adjusted for inflation; 2014 dollar equivalent figures used.

BY MATTHEW L. SCHWARTZ

Why Banks, Not Executives, Are Prosecuted

The law makes it easier to prove that a company acted willfully.



MICHAEL AUSTIN

THE U.S. DEPARTMENT OF JUSTICE has been heavily criticized for failing to prosecute bank executives. Prosecutors, the critics say, favor headline-grabbing yet toothless corporate guilty pleas, deferred prosecution agreements or civil settlements, while letting the real bad guys get away scot-free.

Understanding why prosecutors charge companies—and why they don't charge individuals (when they don't)—is vitally important. Most critics assume that the DOJ lets companies pay a fine (which comes from shareholders' pockets) in return for giving executives a pass. But that is not the only, or the best, explanation. While there are any number of other reasons why executives aren't prosecuted more often, one question deserves attention: Can a corporation commit a crime, even though none of its employees did?

U.S. District Judge Jed Rakoff of the Southern District of New York recently wrote in The New York Review of Books that "companies do not commit crimes; only their agents do." Most corporate crimes require proof that the defendant acted "willfully," meaning that the defendant intentionally broke the law. And as Rakoff writes, the usual way to prove corporate willfulness is by showing that one of the company's agents acted willfully.

But according to the DOJ, willfulness can also be proven by showing that the company displayed a "flagrant organizational indifference" to its legal obligations. This standard comes from a 1987 First Circuit decision called *United States v. Bank of New England*, which held that "corporations compartmentalize knowledge," making the ability to demonstrate willfulness through flagrant organizational indifference "not only proper but necessary."

Courts and commentators have questioned the validity of this theory. But until a company is prepared to litigate, the corporate community has to live with "flagrant organizational indifference." Understanding what that means to the DOJ is therefore critical.

There is good reason to believe that several recent prosecutions have relied on flagrant organizational indifference, even though the DOJ hasn't said so explicitly. Prosecutions under the Bank Secrecy Act (BSA) are particularly likely to rely on that theory, since BSA violations inherently involve conduct that is spread across the corporation. The crime of willfully failing to maintain an effective antimoney laundering (AML) program, for instance, is at the heart of many BSA prosecutions and is unlikely to rest on the actions of one person.

"A BLIND EYE TO CRIMINAL CONDUCT"

An example of a case seemingly premised on flagrant organizational indifference is the 2011 deferred prosecution agreement (DPA) with CommunityOne Bank, a North Carolina bank through which Keith Simmons ran an approximately $40 million Ponzi scheme. There was no allegation that anyone at CommunityOne had concerns about Simmons, or that the bank had a financial motive. Rather, CommunityOne failed to notice that Simmons wasn't using the money as he had promised his investors, even though the bank's AML software "repeatedly flagg[ed]" his transactions.

Announcing the DPA, the head of DOJ's Criminal Division said, "CommunityONE Bank turned a blind eye to criminal conduct occurring under its nose." The U.S. attorney added, "Banks asleep at the switch need to wake up." While there is surely more to the story, the public record sends the message that CommunityOne was prosecuted for organizational failings.

In announcing a $1.7 billion DPA with JPMorgan Chase Bank in January 2014, Preet Bharara, the U.S. attorney in Manhattan, similarly remarked: "The BSA is a law that requires financial institutions—*as institutions*—to establish and maintain effective [AML] programs and to know their customers. … Today's charges have been filed because, in this regard, JPMorgan—*as an institution*—failed and failed miserably." He continued, "Institutions, not just individuals, have an obligation to follow the law and to police themselves." Bharara sounded a similar theme this year in announcing a $1.45 billion DPA with Commerzbank.

The DOJ also has stressed flagrant organizational indifference in cases that probably didn't rely exclusively on that theory. For example, in 2012, MoneyGram International signed a DPA resolving BSA charges related to a fraud scheme run through its outlets. Although lower-level employees were not only complicit in the BSA violation but participated in the actual fraud, the DPA focused on MoneyGram's organizational failures. It was criticized for "fail[ing] to sufficiently resource and staff its AML program," and "fail[ing] to conduct adequate due diligence on prospective MoneyGram agents."

"MoneyGram's broken corporate culture led the company to privilege profits over everything else, " the DOJ said at the time. "MoneyGram knowingly turned a blind eye to scam artists and money launderers." That is, the DOJ pointed to MoneyGram's organizational indifference to its obligations under the BSA, not its employees' participation in the fraud. When the government finally charged an executive, MoneyGram's then-chief compliance officer, it did so civilly, reinforcing the notion that the criminal offense was collective.

The decision to prosecute is made by answering two questions. First, do the facts and the law support a charge? In other words, has the defendant committed the crime? If yes, the second and final question is: *Should* the defendant be prosecuted, as an exercise of discretion?

THE FACTORS BEHIND AN INDICTMENT

As for the first, flagrant organizational indifference *is* the proof of a culpable corporate state of mind. In BSA cases, the DOJ has suggested that prosecutors look to certain factors, including the company's "failure to adequately inform its employees of the legal duty to report"; its failure "to implement an effective compliance program" or "to properly respond to information it received relating to the reporting requirements"; its written policies (or the lack thereof); and its "response to various bits of information it received." In some cases, a combination of these will add up to flagrant organizational indifference, making prosecution legally viable.

For the second question—should the defendant be charged?—all prosecutorial decisions about corporations begin with the Principles of Federal Prosecution of Business Organizations, known as the Filip factors. Prosecutors must weigh these in every case involving corporate misconduct. When a company is investigated on a theory of flagrant organizational indifference, the analysis of those factors is significantly affected in a way that corporate counsel must be prepared to navigate.

Without a criminally culpable individual, the DOJ's advice about cooperation—"If you want full cooperation credit, make your extensive efforts to secure evidence of individual culpability the first thing you talk about when you walk in the door"—isn't particularly helpful. But full cooperation, such as by helping prosecutors navigate corporate structure and policies, is still critical. The DOJ highlighted this in the BSA prosecution of AmSouth Bank, saying that the institution "attracted special scrutiny" because its cooperation was incomplete.

In cases of alleged organizational indifference, other Filip factors, including "the pervasiveness of wrongdoing," become more important. If the government believes there was flagrant indifference, then it has likely concluded that the conduct was at least somewhat widespread. In such cases, evidence concerning the actions and attitudes of senior executives can make all the difference.

A company that has strong "tone at the top" about compliance will obviously fare better than one whose executives are seen as part of the problem. Counsel must be prepared to present prosecutors with facts relevant to the institution's culture of compliance, particularly at its highest levels.

The Filip factors concerning the corporation's compliance program and remedial actions are also very important. A BSA prosecution is appropriate only when there has been systemic failure of a bank's compliance program. The DOJ has stressed that companies will not be prosecuted for poor judgment—such as erroneously deciding not to file a suspicious activity report. But "where the bank fails to even know about the transaction as a result of a poor AML program, the government will be far less sympathetic. Most prosecutions of institutions for BSA violations have centered on this factor." Corporations should stress the design and effectiveness of the program—including favorable regulatory examinations—even while acknowledging the breakdown that led to the criminal investigation. The DOJ also looks favorably on companies that fix their problems and send the message that compliance is a priority.

The BSA is a unique statute. It puts the onus on financial institutions to detect and report suspicious activity, making private companies adjuncts to law enforcement. When AML programs fail, other crimes are facilitated—especially when a financial institution is "indifferent" to its obligation to detect and report suspicious behavior. Rightly or wrongly, the DOJ believes that flagrant organizational indifference to the BSA is a crime. Knowing that, financial institutions must calibrate their arguments accordingly.

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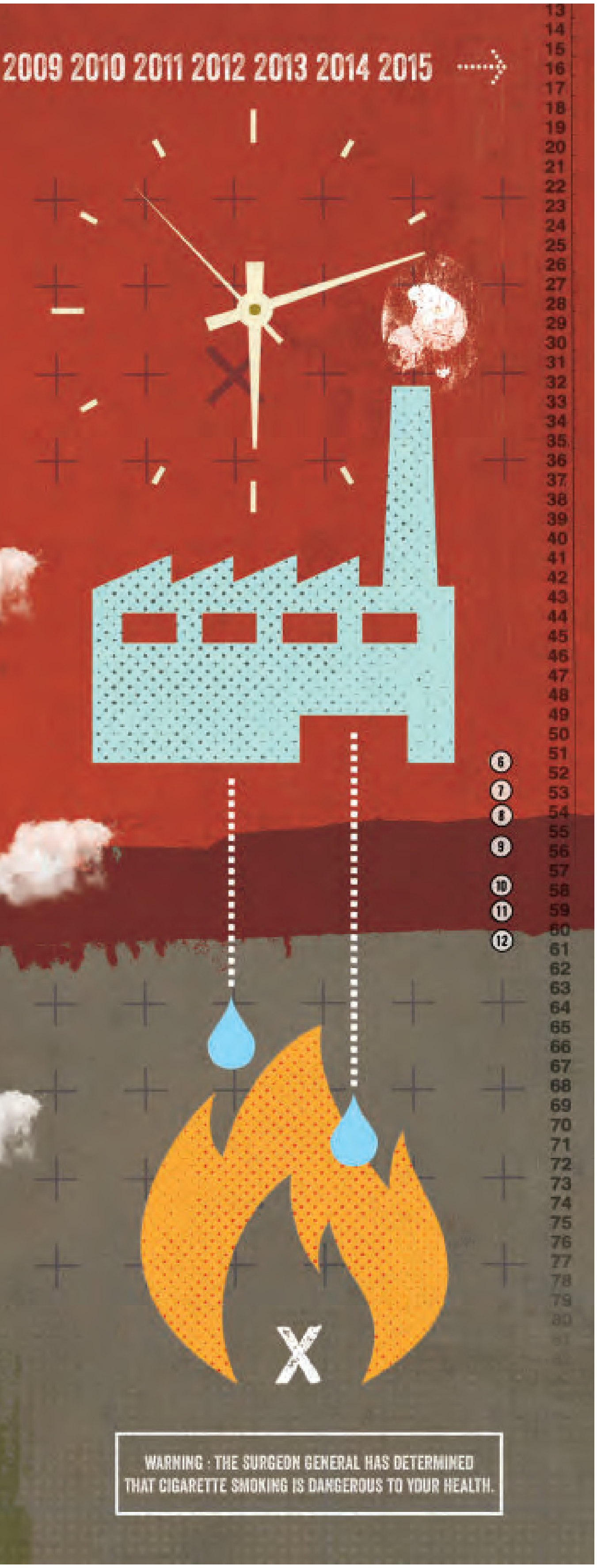
Illustration by Walter Vasconcelos



OUT of the ASHES

The original 'Engle' tobacco class action is dead, but its progeny live on. The verdicts and settlements are mounting.

By Carlyn Kolker

ON FEB. 25, R.J. REYNOLDS, LORILLARD AND PHILIP MORRIS released an unusual trio of press releases: They were announcing a settlement with plaintiffs lawyers—to the tune of $100 million. For decades the tobacco giants have steadfastly refused to settle with individuals suing the industry over medical conditions allegedly caused by smoking, fearing that they would create a precedent. But this rare departure from standard practice came in a highly unusual matter: a piece of the so-called *Engle* litigation in Florida, a sprawling case that has followed an unusual course.

The settlement announced in February is the result of a lawsuit first filed in 1994 by Howard Engle, a Miami Beach pediatrician who suffered from emphysema and filed a lawsuit in Dade County circuit court against the major tobacco companies, alleging that cigarettes caused a litany of health problems. At the time it was filed, *Engle* was following a new wave of anti-tobacco sentiment. From the 1950s to the early 1990s, the tobacco companies did not pay a single dollar to smokers who sued over claims they'd been harmed by smoking. But in the 1990s, smokers began to gain ground against the companies. A number of state attorneys general began to pursue the tobacco companies. And in 1995, a federal trial court certified a nationwide class action estimated to include at least 30 million people, individual smokers suing tobacco companies for their health complications. That case, *Castano v. American Tobacco Co.,* was seen as the great hope of plaintiffs lawyers to challenge Big Tobacco.

Then, in 1996, *Castano* collapsed when the U.S. Court of Appeals for the Fifth Circuit decertified the class. Engle's case collapsed, too, 10 years later. Engle himself died in 2009. His lawyers are no longer involved in the litigation. But their legacy lives on—in the form of about 3,100 cases that are slowly making their way through courtrooms across Florida, from Tallahassee to Tampa, from Miami to Pensacola, that grew from the ashes of *Engle*'s loss. To date, plaintiffs in Florida in the so-called *Engle* progeny litigation have scored well over $500 million in verdicts from the four tobacco defendants, Philip Morris, R.J. Reynolds, Liggett and Lorillard. Of the 160 or so trials that have taken place, plaintiffs have won about 60 percent of the time, according to research provided by Morgan Stanley, which tracks the litigation.

Representatives from R.J. Reynolds Tobacco Co., a unit of Reynolds American Inc.; Philip Morris USA Inc., a unit of Altria; Lorillard Inc. (which Reynolds has announced plans to acquire) and Liggett Group LLC, and their respective law firms, Jones Day, Shook Hardy & Bacon, Hughes Hubbard & Reed and Kasowitz, Benson, Torres & Friedman, either declined to comment for this story or didn't return phone calls.

Howard Erichson, a professor at Fordham University School of Law who specializes in complex litigation, calls the *Engle* progeny litigation "an accident of history.

"*Castano* was supposed to be a big deal," Erichson says. "*Castano* lawyers had put together a team of the greatest plaintiffs around the country; it was a dream team." By contrast, he says, the *Engle* litigation was Florida-focused, the product of two attorneys, Susan and Stanley Rosenblatt, a husband-and-wife team in Miami. "But it was the little engine that could; all these years later, it's still breathing, and providing real payoffs for plaintiffs."

THE STORY OF THE *ENGLE* LITIGATION is a story of wins and losses for both sides, spread out over decades, with no ready conclusion in sight. When Howard Engle filed his lawsuit, along with six other lead plaintiffs, in May 1994, he sought $200 billion in damages from the marquee tobacco companies of the day. (Engle had been a pediatrician to the Rosenblatts' nine children; the Rosenblatts had already taken on Big Tobacco previously, having sued the cigarette companies on behalf of flight attendants over secondhand smoke exposure.) Later that year, a judge in Dade County circuit court certified the case as a nationwide class action; it was later whittled down to a class of Florida smokers, about 700,000 plaintiffs.

"WE PULL FOR EACH OTHER," KEITH MITNIK SAYS OF HIS FELLOW LAWYERS ON THE PLAINTIFFS SIDE.

Two big wins followed: In 1999, a jury found for the smokers in a liability phase, finding, among other things, that nicotine was addictive and that the cigarette companies were negligent and had concealed a defective product. Then, in July 2000, a separate jury levied a whopping $145 billion in punitive damages against Brown & Williamson, Liggett, Lorillard, Philip Morris and R.J. Reynolds—at the time, the largest punitive damages verdict ever.

Three years later, in a stunning reversal, an appeals court threw out the verdict and ordered the class decertified.

In 2006, the Florida Supreme Court upheld the decertification and dismissal of the punitive damages award, calling it "clearly excessive because it would bankrupt some of the defendants." Nevertheless, the high court's ruling gave the litigation a new life.

The court ruled that individual plaintiffs could still pursue their cases on their own and, more importantly, that the original liability findings against the tobacco companies were subject to a binding res judicata effect. In order to pursue their cases individually, plaintiffs had to come forward by January 2008, had to be Florida residents and had to demonstrate that as of November 1996 they had an illness caused by smoking.

And the findings of the jury that were subject to the binding, res judicata effect were significant: That cigarettes are harmful and cause illnesses such as coronary heart disease, chronic obstructive pulmonary disease and lung cancer; that nicotine is addictive; that the tobacco companies sold a defective product; that the defendants were negligent; that the tobacco companies concealed the addictive nature of nicotine; and that their conduct rose to a level that could trigger punitive damages.

In other words, as long as plaintiffs could prove that they belonged to the class, and that they were addicted to cigarettes, they could walk into a courtroom with a finding of liability.

"It basically meant for the Florida plaintiffs that they were able to start their cases four steps ahead," says Erichson.

All along, the tobacco companies had argued that a class action mechanism was unjust and unmanageable, and that they were better off defending cases individually. Now, they were being tested on that belief: Would it be better to fight thousands of cases one at a time—or address them in one fell swoop? Time would tell. In fact, it still is telling.

IMMEDIATELY AFTER THE RULING FROM the Florida Supreme Court, the plaintiffs bar mobilized. A group of plaintiffs lawyers from around the state met with Rosenblatt in his office in Miami to discuss litigation strategy. (The Rosenblatts, who are not actively litigating any *Engle* progeny cases, did not return messages seeking comment.)

"We formed a small little group," says Keith Mitnik, an attorney at Morgan & Morgan in Orlando. "We pull for one another, and share information. It has made us stronger; it has given us a network."

By the 2008 deadline imposed by the Florida Supreme Court, about 8,000 cases were filed on behalf of purportedly injured smokers, their widows or heirs. The number was just slightly more than 1 percent of the estimated class of 700,000 smokers that had once been certified, but there were enough cases to create some shockwaves in courthouses around the state, which was already in the thick of the foreclosure crisis.

The estate of a former smoker won the very first *Engle* progeny trial, in February 2009, and almost immediately the game was dominated by the plaintiffs. About a year into the litigation, they had won 13 of 15 trials. Today, the ledger is less lopsided, with plaintiffs winning about 60 percent of the time, according to Morgan Stanley. Plaintiffs have done slightly better in Florida state courts, where the majority of the litigation is playing out, than they have in federal court in Jacksonville, where a parallel litigation has unfolded.

Courtrooms in nearly every county in Florida have hosted some form of *Engle* progeny litigation. There have been more than 170 trials across the state, and countless others are teed up for months to come. *Engle* progeny cases are taken on by some of the biggest plaintiffs law firms in Florida as well as small, one-man shops. The trials have centered around estates of people who began smoking at age 11, of blind widows who lost their husbands, of three-pack-a-day smokers, middle-class workers and even upper-class smokers.

These stories have prompted jurors to routinely levy punitive damages of well over $10 million or $20 million. While the average plaintiff's verdict is about $4.5 million, according to Morgan Stanley, jurors have issued compensatory and punitive damages of less than $100,000, and as high as $23 billion. (The latter award, to the wife of a deceased longshoreman who had smoked multiple packs a day since he was 13, was quickly reduced by a judge.)

AS THE *ENGLE* PROGENY CASES WOUND their way through the courts, state and federal court judges grappled with how broadly to apply the Florida Supreme Court's 2006 ruling, and trial and appellate courts throughout the state issued different and sometimes conflicting rulings on evidentiary and procedural issues. The tobacco companies fought trial judges' efforts to apply the res judicata ruling, calling it a violation of their due process rights. Finally, in 2013, the Florida Supreme Court ruled 6-1 in a case involving the widower of Charlotte Douglas, who had died from lung cancer, that the binding res judicata ruling did not violate the tobacco companies' due process rights.

"We decline to revisit or render meaningless our decision in *Engle* and hold that the defendants' due process rights in *Engle* are not being violated," the court wrote.

Represented by former U.S. Solicitor General Paul Clement of the Bancroft firm, Gregory Katsas of Jones Day and Miguel Estrada of Gibson Dunn, Liggett, Philip Morris and Reynolds petitioned the U.S. Supreme Court to review the Florida Supreme Court's decision, calling the *Engle* progeny structure established by the Florida courts "unprecedented and fundamentally unfair." In October 2013 the high court declined to take the case, effectively legitimizing the proceedings in Florida.

Meanwhile, in October 2013, Liggett, a subsidiary of the Vector Group, announced a $110 million settlement with

TWO DECADES, NO END IN SIGHT

AT 21 YEARS OLD AND STILL COUNTING, the so-called *Engle* litigation has been an epic journey. Some key dates:

MAY 1994: Smoker Howard Engle files suit against the cigarette industry in Dade County Circuit Court.

OCTOBER 1994: The *Engle* case is certified as a nationwide class-action—later reduced to include only Florida residents allegedly harmed by smoking.

JULY 2000: A Florida jury renders a $145 billion punitive damage award against R.J. Reynolds, Brown & Williamson, Philip Morris, Lorillard and Liggett Group.

MAY 2003: A Florida appeals court overturns the $145 billion award and decertifies the class.

JULY 2006: The Florida Supreme Court affirms the rejection of the $145 billion award, but allows individual plaintiffs to use the findings of liability against tobacco companies in their cases.

FEBRUARY 2009: The first state *Engle* case goes to trial. A jury awards the estate of chain smoker Stuart Hess $8 million against Philip Morris. (An appeals court later vacated the punitive damages portion of the award; an argument over Florida's statute of repose is pending.)

HOWARD ENGLE

MARCH 2013: Florida's Supreme Court rules in *Philip Morris v. Douglas* that the Engle progeny process does not violate the cigarette makers' due process rights.

OCTOBER 2013: The U.S. Supreme Court denies certiorari in *Philip Morris v. Douglas*.

OCTOBER 2013: Liggett says it will pay $110 million to settle state and federal *Engle* progeny litigation.

FEBRUARY 2015: Lorillard, Philip Morris and Reynolds announce a proposed settlement of the federal *Engle* litigation, and vow they will continue to contest the state actions. —C.K.

thousands of post-*Engle* plaintiffs. (Liggett was also the first defendant to settle with the state AGs back in the 1990s.)

Still, the tobacco defendants have plenty to crow about. They have scored countless mistrials and defense wins in Florida courts—an uphill battle, given the damning findings established against them—such as the jury in January that sided with Philip Morris in a case in which a plaintiff sought nearly $22 million in compensatory damages for his laryngeal cancer. The defendants routinely ask judges for reductions in punitive and compensatory damages, and appeal every adverse verdict, sometimes with great success.

While plaintiffs lawyers often try their cases individually, or with two or three lawyers in the courtroom, the tobacco companies are typically well-armored with upward of a dozen lawyers from Big Law firms (many of whom have passed the Florida bar specifically to try *Engle* progeny cases). According to Morgan Stanley, the tobacco companies pay about a combined $500 million in defense costs annually. Each company has its chosen stable of firms: Reynolds typically relies on teams of lawyers from Jones Day, Boies, Schiller & Flexner, King & Spalding and Womble Carlyle; Philip Morris is defended by Shook Hardy & Bacon and Arnold & Porter; and Lorillard uses Hughes Hubbard & Reed.

"The companies bring in an army of lawyers," says James Gustafson Jr., a plaintiffs attorney at Searcy Denney Scarola Barnhart & Shipley in Tallahassee. "They are smart, they are well-trained, they do a really good job—and they have a lot of them."

Trials often last around three weeks. Plaintiffs lawyers say they've been able to leverage some fairly good results, not just because of the res judicata ruling but also thanks to Florida's jury selection rules, which allow for lawyers to conduct brief interviews of potential jurors during the voir dire process and then make extensive challenges of jurors for cause.

PLAINTIFFS ATTORNEY SCOTT SCHLESINGER CALLS THE NEW SETTLEMENT "AN INTERESTING CRACK IN THE DAM."

Mitnik says that, for example, through direct questioning, he's been able to snuff out potential jurors who may harbor doubts about holding the tobacco industry responsible for the actions of individual smokers.

At trial, plaintiffs lawyers must prove that their client (or the deceased spouse of a client) was addicted to the brand or brands of cigarettes they sued—an addiction that typically began decades before. They must prove that the smoker tried to stop, but was thwarted by the addictive nature of nicotine. Florida law embraces the tenet of "comparative fault"—that different parties may hold differing levels of responsibility for an addiction.

"It allows the jury to find both parties bear some responsibility rather than requiring the plaintiff to prove that the tobacco company is 100 percent at fault," explains Howard Acosta, a plaintiffs attorney based in St. Petersburg, Florida. The comparative fault doctrine allows plaintiffs lawyers to present evidence of how tobacco companies demonstrated alleged negligence, Acosta says. Of course, it allows tobacco companies, too, to turn the tables and say that a smoker never tried to quit—an argument some juries have been sympathetic to.

Despite the winning record, plaintiffs lawyers are facing a race against time. By definition, their clients were sick starting at least 20 years ago. Clients are dying, and widows and heirs are losing interest in the litigation.

"We started out with 600 clients; now we are down to 300," says Acosta. "People get old and die. The litigation began in 2007. It's eight years later—and they were old to begin with," he says.

Lawyers for the plaintiffs are racing against time as their clients sicken and die.

Money is an issue, too. The plaintiffs may point to the more than half-billion in damages they've won, but how much have they gotten? Philip Morris has paid out only about $17 million in compensatory and punitive damages, according to its most recent annual report in February, and R.J. Reynolds has paid out about $162 million.

"Financially, it's not easy, but it's worth it in many ways," Gustafson says.

Most plaintiffs lawyers fund these cases through the verdicts they've gotten paid on in other types of litigation, typically medical malpractice or product liability. Some have also sought help from litigation financing groups such as Law

CANDACE WEST

Finance Group, which began funding lawyers—to the tune of tens of millions of dollars—and plaintiffs last year, shortly after the Supreme Court denied cert to the tobacco companies.

Judge Young set an aggressive trial schedule, forcing cases to be tried week after week.

IF THE *ENGLE* PROGENY STATE CASES have wound laggardly through the courts, the process that has played out in federal court has been much more efficient, which has produced a very different result.

In 2007, Jacksonville-based attorney Woody Wilner filed hundreds of *Engle* progeny cases as multiplaintiff cases in state court, triggering the tobacco defendants to plead for removal to federal court under the Class Action Fairness Act. The cases moved to federal court in Jacksonville, and Wilner called in lawyers from Lieff Cabraser Hiemann & Bernstein and Motley Rice for help. (Those two firms essentially took over the litigation.) The federal judges in Jacksonville worked diligently to streamline the cases for scheduling purposes and pretrial evidentiary rulings. They disposed of hundreds of cases deemed to be invalid, and the plaintiffs dismissed others, until about 1,300 cases remained. (Others were subsequently disposed of, too.) In July 2013, the chief judge in Jacksonville, citing the "massive" case management challenge the cases presented to the court, appointed U.S. District Judge William Young of Boston to oversee *Engle* progeny trials. Young set an aggressive trial schedule, forcing cases to be tried week after week, sometimes with multiple trials occurring simultaneously. Eventually, the unthinkable happened.

"Through a combination of this incredibly tight trial schedule where we were trying cases literally every day, alongside the fact that we started to win more than 50 percent of cases, and win big, the cigarette companies blinked," says Robert Nelson, a partner at Lieff Cabraser, whose firm won a $27 million verdict last September.

The $100 million proposed to be laid out in the settlement—Philip Morris and Reynolds will each pay $42.5 million and Lorillard the remaining $15 million—amounts to about $250,000 per plaintiff, a modest sum considering the average $4.5 million award in state court. The settlement covers only the approximately 400 federal *Engle* plaintiffs who were awaiting trial, and in order for it to be finalized, all of these plaintiffs must agree to participate, a provision that some experts find ethically troubling.

The proposed federal settlement question has sparked the question: Are the state cases next?

Settling in federal court, Philip Morris, Reynolds and Lorillard say they'll fight on in state court.

Not at all, according to the nearly identical statements Philip Morris, Reynolds and Lorillard made on the day the proposed settlement was announced, vowing to defend themselves "vigorously" in the active state litigation. Even plaintiffs lawyers, ever wanting to make a deal, recognize that the fragmented nature of the state *Engle* progeny litigation is not as conducive to a settlement.

"Symbolically, it's an interesting crack in the dam," says Scott Schlesinger, a plaintiffs lawyer at the Schlesinger Law Firm in Fort Lauderdale, speaking of the federal deal. "But what does it provoke on the state side? It's too soon to tell; we are operating under the assumption that it won't mean anything for a while. State courts are different, there are different rulings in different counties, different appellate decisions. We have plenty of people to try cases; we have bigger verdicts, more verdicts. It's a much bigger undertaking for tobacco to come to us and settle. The state system is more individualized."

Still, says Erichson, the Fordham professor, the history of product liability litigation is filled with settlements from companies that said they'd never settle, from Merck & Co. Inc. (Vioxx) to Bayer AG (Baycol).

"There are lots of ways to resolves claims by settlement," says Erichson. "Just because it will be harder to do a single massive settlement of post-*Engle* state cases doesn't mean there aren't ways for tobacco companies to settle," he says, noting that Bayer, for example, settled with plaintiffs individually, and that other companies such as BP plc have relied on a settlement fund process when reaching deals with plaintiffs.

Even if the *Engle* litigation drags on for several more years, both sides will—and already can—declare victory. Big Tobacco has certainly fared better than the $145 billion verdict it once faced. And while the industry may be paying out hundreds of millions of dollars each year in defense costs in *Engle*, the Florida litigation is still self-contained. No other plaintiffs in other states have succeeded in replicating what has been done in *Engle.*

The plaintiffs, meanwhile, remarkably, salvaged a series of gains from a devastating loss, becoming some of the only individuals in America ever to reap awards from Big Tobacco.

Or, as Schlesinger, the plaintiffs lawyer, puts it: "Fewer people have beaten Big Tobacco in court than have climbed Mount Everest."

Email: editorial@alm.com.

First Responders

As tougher enforcement efforts set off alarm bells in German boardrooms, companies are turning to law firms to try to head off trouble before it starts.

BY TANIA KARAS

THE SUICIDE OF SIEMENS AG'S EX-FINANCE CHIEF IN FEBruary made headlines all over the world. Heinz-Joachim Neubürger had faced a 15 million-euro judgment from a Munich court for not doing enough to stop a massive bribery scheme at the engineering giant. A reduced penalty, a 2.5 million-euro settlement, was approved by Siemens shareholders days before Neubürger jumped from a Munich railroad bridge.

Germany's Bundeskartellamt, its federal cartel office, imposed more than

$1 BILLION

in antitrust fines last year.

His death was a tragic reminder of the pressures faced by defendants in financial scandals. But Neubürger's most enduring legacy is likely to be the 2013 Munich ruling against him, which offered a sobering lesson for German corporations and the law firms that advise them. The ruling blamed individual Siemens managers for failing to implement and monitor an effective compliance system that would root out corruption. And for the first time ever, a German court detailed exactly what such a system should include.

"It rang alarm bells in many boardrooms," says Benno Schwarz, a white-collar defense and compliance partner at Gibson, Dunn & Crutcher in Munich. "It showed that courts have become very serious about awarding damage claims."

The "Neubürger ruling," as it came to be known, was the latest in a series of high-profile enforcement actions in Germany aimed at punishing corporate misconduct. Authorities have targeted a wide range of abuses, including corruption, cartels, sanctions violations, tax evasion and managerial breach-of-trust.

Though no other German enforcement case has matched the notoriety of the Siemens corruption scandal—or yielded penalties exceeding the $1.6 billion the engineering company paid in fines and disgorgements—German courts, prosecutors and regulators alike have stepped up scrutiny of companies and individuals operating in Europe's largest economy. Last year, Germany's Bundeskartellamt, the federal cartel office, imposed more than $1 billion in antitrust fines for the first time. In a criminal bribery case last August, a Munich court approved a record-shattering $100 million settlement with Formula One Group's billionaire CEO, Bernard Ecclestone. Germany is one of only four countries assigned an "active enforcement" classification by anti-corruption advocate Transparency International for combating bribery of foreign officials in business transactions. (It joins the United States, United Kingdom and Switzerland in the top spot.)

In response, German companies are rushing to review their compliance systems. Internal probes by outside counsel, practically unknown in Germany and much of Europe a decade ago, are far more frequent, say attorneys for more than a dozen large law firms.

The increased emphasis on compliance has been a boon for firms with long-standing regulatory compliance and internal investigations practices in Germany, such as Debevoise & Plimpton; Skadden, Arps, Slate, Meagher & Flom; Clifford Chance and Gibson Dunn. Others, such as Freshfields Bruckhaus Deringer, Noerr and Gleiss Lutz, are now offering criminal law advice, new territory for many business-focused law firms in Europe.

AS RECENTLY AS A DECADE AGO, COMPLIANCE PROGRAMS within German corporations were mostly limited to antitrust law. Banking, traditionally a heavily regulated industry, was the main exception. Paying bribes abroad was legal in Germany until 1999. Businesses could even deduct off-the-books foreign payments from their taxable income.

That laissez-faire regime began to change under pressure from the United States, as the Sarbanes-Oxley Act of 2002

Photograph by Thorsten Jansen

Skadden's Bernd Mayer (left) and Anke Sessler: The historic distrust of internal investigations in Germany is starting to fade, says Mayer.

led to a wave of cross-border fraud and corruption prosecutions worldwide. Early corporate corruption investigations in Germany, including those of Siemens and carmaker Daimler AG, were led by U.S. authorities, but after picking up the baton in the Siemens case, German authorities began to investigate corruption more aggressively on their home turf. From 2010 to 2013, Germany commenced 74 foreign bribery investigations, according to Transparency International, putting it behind only the United States. In 2009, a Munich court imposed a 150.6 million-euro fine against mechanical engineering firm MAN SE in a bribery investigation, and the same court fined former MAN subsidiary Ferrostaal GmbH 140 million euros in 2011 for bribing Greek officials. In 2013 steelmaker Thyssenkrupp AG was hit with an 88 million-euro fine for price fixing. In December, in another Greek bribery case, defense contractor Rheinmetall AG agreed to a 37 million-euro fine imposed by prosecutors in Bremen. Airbus Defense and Space GmbH faces two major bribery investigations by the Munich public prosecutor's office and the U.K. Serious Fraud Office.

Unlike in the U.S., where federal authorities carry out much antitrust and anticorruption enforcement, Germany's federal structure means enforcement actions are in the hands of 25 regional prosecutor's offices spread throughout the 16 states. Almost all of the prosecutor's offices have dedicated economic crimes departments, and many have units targeting corruption as well.

The Munich prosecutor's office, led by career prosecutor Manfred Nötzel, has earned a reputation for coming down especially hard on corporate wrongdoing, in a jurisdiction that is home to top German companies such as BMW AG, MAN, Siemens, reinsurer Munich Re, insurer Allianz and others. "These guys were simply tough at the start," says Freshfields compliance partner Norbert Nolte, commenting on how Munich prosecutors earned their reputation. "This was somewhat untested territory."

The Munich prosecutor's office, which declined multiple interview requests, has collected more than 1 billion euros for the state of Bavaria, according to news reports—mostly from corruption settlements. Nötzel's team assisted U.S. authorities on the Siemens case and investigated Neubürger and other managers. And it was Munich prosecutors who last year reached the $100 million settlement with Formula One's Ecclestone, the largest payment ever by an individual to a German court to settle corruption charges.

Antitrust actions are bringing in high fines as well. "The fines have gone up as if through a magnifying glass," says Allen & Overy partner Ellen Braun, who heads the firm's German antitrust practice from Hamburg. The German Federal Cartel Office's record $1 billion year for 2014 included administrative fines in the hundreds of millions for beer, sugar and sausage producers. A spokesman attributed the increase to a revamped key witness program, which offers immunity from fines to the first cartel participant to report the cartel to authorities. A just-passed European Union directive making it easier for victims of antitrust cartels to seek damages will lead to more enforcement actions throughout Europe, Braun adds.

German authorities are now working more closely with the U.S. and other countries on cross-border investigations, many lawyers say. In April 2014, Germany extradited an Italian citizen to Florida over allegations that he orchestrated a price-fixing conspiracy in the global marine-hose market—the first time any country has extradited a foreign national to the U.S. on antitrust charges alone. In 2013, Germany signed a data-sharing agreement with the United Kingdom, France, Italy and Spain aimed at catching tax evaders.

Meanwhile, as a result of the 2008 global economic crisis, banks in particular have been hit with a "tsunami" of stricter regulations, lawsuits and regulatory investigations, says Peter Scherer, a banking and capital markets partner at GSK Stockmann + Kollegen in Frankfurt. Bank clients are turning to law firms for advice on everything from complying with regulatory capital and liquidity rules under new global banking regulations known as Basel III to preparing for oversight by the European Central Bank's new, Frankfurt-based supervisory arm. "Generally we agonize together with our clients over this tsunami," Scherer says. "But we also understand that if everything were totally easy, there would be much less for us to do."

Even some law firms have been caught in the enforcement dragnet. Last March, Munich prosecutors raided the offices of German law firms Hengeler Mueller and Gleiss Lutz over suspicions that two Hengeler lawyers and one Gleiss Lutz lawyer helped Deutsche Bank AG executives give false testimony in a 13-year dispute—which was recently settled—with the heirs of late German me-

DON'T COUNT ON ANONYMOUS TIPS

U.S. methods for internal investigations don't always translate well into German.

Global law firms accustomed to U.S.-style internal investigations must often adapt their methods for tighter workplace laws in Germany. Data privacy protections and labor laws at the European and federal levels add an extra layer of complexity.

In general, German employees are not "at-will," which means that labor laws mostly protect their right to remain silent in a company investigation. American workers can be fired much more easily for noncooperation. At the same time, Germany has limited protection for whistleblowers, thanks in part to a distrust of anonymous reporting that is rooted in Germany's authoritarian past. Only recently have several German companies started introducing limited whistleblowing hotlines.

For law firms, adhering to German data privacy statutes during an investigation is usually the biggest hurdle. The United States lacks a data privacy law, while Germany has one of the strongest in the world. Under the Federal Data Protection Act, or Bundesdatenschutzgesetz, law firms must meet strict standards to justify their review of employee emails, interviews, video surveillance and other records. Attorneys must therefore carefully plan each phase of their probes, documenting the process for possible review by outside authorities. Major corporations will often pay for independent counsel to represent their employees during interviews to ensure that their rights are protected.

"Here, you have to be much more thoughtful about who you speak to and why," says Skadden, Arps, Slate, Meagher & Flom corporate governance partner Bernd Mayer, who leads the firm's German offices.

Any violations could lead to trouble with works councils, the powerful elected representatives for workers' rights within most German companies. Works councils have the power to shut down investigations by obtaining cease-and-desist orders from labor courts for any labor law violations. They may also report data privacy violations to federal data protection authorities, which can fine companies for noncompliance. "In order to avoid that, my second visit to a company is always to the works council," says Debevoise & Plimpton corporate governance partner Thomas Schürrle. *—T.K.*

dia mogul Leo Kirch. Deutsche Bank's Frankfurt headquarters were searched as well. Though dawn raids of companies are not uncommon in Europe, the show of aggression against the lawyers shocked Germany's legal community.

"I don't think that's ever happened before. Certainly not at law firms with such a reputation," says Anke Sessler, an international litigation and arbitration partner at Skadden in Frankfurt. Hengeler Mueller and Gleiss Lutz declined to comment.

In March, a Munich court allowed prosecutors to pursue a trial on false testimony charges against four former management board members and current Deutsche Bank co-CEO Jürgen Fitschen. The three lawyers' witness preparation methods are still under investigation.

BEFORE SIEMENS' GLOBAL WEB OF CORRUPTION BEGAN to unravel in 2006, Neubürger, then Siemens' chief financial officer, was regarded as highly qualified for his role, says Gibson Dunn's Schwarz. At one point, there was talk of him becoming CEO. But in 2008 the company retained Hengeler Mueller to launch civil damages actions against Neubürger and ten other former managers. All eventually settled with the company, with Neubürger being the last to agree to a settlement.

As little as a decade ago, damage claims by German companies against management board members were rare. Under Germany's two-tier corporate governance system, management boards handle day-to-day management and business decisions, while supervisory boards oversee management boards, appoint their members and represent companies in disputes with current or former executives. In 1997, Germany's Federal Court of Justice held that supervisory boards must seek redress from management board members for statutory violations. If they don't, companies may pursue liability actions against supervisory board members. The Siemens case was one of the first times that a blue-chip company went after former executives.

Before the Neubürger ruling, German companies were expected to have compliance systems in place but had no specific benchmarks for assessing them. In fighting Siemens' claims, Neubürger said management board members couldn't be expected to know everything that goes on beneath them.

In 2014 a Munich court fined Formula One CEO Bernard Ecclestone

$100 MILLION

to settle corruption charges.

But the Munich court rejected this defense. It held that each individual management board member is not only obligated to implement a compliance system, but must continually monitor its effectiveness, investigate potential violations and adjust the system as needed. The ruling opened many clients' eyes to personal liability for managers.

"People thought, 'Oh, I might have acted the same way in that situation. I might have had the same oversight,'" Schwarz says. "People thought, 'It could've been me.'"

As a result, companies are looking to law firms to ensure that their compliance systems will catch the first sign of trouble. After the ruling, "it was much easier to convince clients that they need to make the step from a paper-only compliance program to a really effective program that prevents wrongdoing," says Andreas Lohner, a Baker & McKenzie corporate compliance partner in Munich. "And to convince them that it is worthwhile to invest in this area."

It's not just the DAX, the 30 blue-chip companies that make up Germany's leading stock index, that are looking under the hood. The Mittelstand—the medium-sized businesses, often privately held, that make up the backbone of the German economy—have a high volume of exports to countries with significant corruption risks, such as Russia and parts of the Middle East and Africa, Lohner adds. "You could have a small or midsize company that has a risk profile like any large multinational," he says.

> The Neüberger ruling showed clients that German executives could be held personally liable for compliance failures.

Still, lawyers say, the Neubürger ruling did not ratchet up personal liability for senior managers in Germany as much as Sarbanes-Oxley did for public company boards and managers in the U.S. The ruling's provisions are not statutorily required, points out Daniel Gutman, a partner at Knierim | Huber, a boutique white-collar defense firm in Berlin and Mainz. Because Germany's legal system is based on civil law rather than common law, Gutman adds, the Neubürger ruling is nonbinding.

But executives still need to worry about their criminal exposure. Since the financial crisis, prosecutors have increasingly used a provision in criminal law to charge former top bankers with breach of trust for approving disastrous investments.

Last year six former executives of bailed-out lender HSH Nordbank AG stood trial in Hamburg for breach of trust and accounting crimes. (All were acquitted.) Werner Schmidt, the former CEO of Bayerische Landesbank, the Bavarian state bank, received a suspended sentence of 18 months on criminal bribery charges relating to the botched takeover of Austrian lender Hypo Alpe-Adria-Bank International AG, while five executives agreed to pay fines ranging from 5,000 to 50,000 euros to have criminal charges dismissed. Four ex-bankers of private bank Sal. Oppenheim jr. & Cie. AG & Co. KGaA are currently on trial for breach of trust for allegedly steering the bank dangerously close to bankruptcy.

"The German law system is geared toward prosecution of individuals rather than corporations," says Thomas Schürrle, managing partner of Debevoise's Frankfurt practice, who worked on the internal investigations of Siemens and Ferrostaal. German authorities may fine corporations only after they determine wrongdoing by a senior manager.

There are signs that the focus on the individual may be changing. Since 2013, the state of North Rhine-Westphalia's minister of justice, Thomas Kutschaty, has been pushing for passage of a federal law to introduce corporate criminal liability, citing concerns that the current legal system doesn't give companies enough incentive to establish effective compliance systems. The bill could be brought before the Bundesrat, a legislative body that represents Germany's 16 states, sometime this year.

But such a law may not make much difference, says Skadden's Bernd Mayer, a corporate governance partner who heads the firm's German offices. In recent years, German prosecutors have increasingly invoked a provision in administrative law to add corporations as "associated parties" in criminal actions against managers, garnering high fines for the corporations. "The effect we have with the administrative law is the same," Mayer says.

IN THE SIEMENS CORRUPTION CASE, THE COMPANY famously paid Debevoise $275 million to conduct an internal investigation, the results of which helped reduce Siemens' civil and criminal fines in the U.S. and Germany to a still-impressive $1.6 billion ["Cheap at the Price," May 2009]. At the time, the idea of letting a company investigate its own wrongdoing to earn leniency was new in Germany. It's still not universally accepted.

"According to the Code of Criminal Procedure, prosecutors are obligated to investigate all criminal offenses, which makes the possibility of outsourcing impossible under the law," says Rüdiger Reiff, a senior prosecutor in Berlin who heads the office's anticorruption unit. In an email, a spokesman for the Munich prosecutor's office said that its prosecutors do not rely solely on the results of internal investigations and make determinations on whether to conduct their own investigations on a case-by-case basis.

A spokeswoman from the Frankfurt office, however, says that German authorities are increasingly considering law firms' findings: "This is only necessary because of investigating authorities' limited human resources."

Germany's district courts, meanwhile, are divided over what is covered under attorney-client privilege in internal investigations by outside counsel. A Hamburg court in 2010 allowed prosecutors to seize Freshfields' working documents in an internal investigation of criminal offenses by HSH Nordbank's former managers. But a Mannheim court in 2012 ruled that the results of an internal investigation by an outside law firm were protected. The Federal Court of Justice, Germany's highest court, has yet to rule on the issue.

Martina de Lind van Wijngaarden, a Freshfields partner in Frankfurt who is the global co-head of the firm's financial institutions disputes group, points to recent comments from Raimund Röseler, head of banking supervision for Germany's federal financial regulator BaFin. In a January interview with the business newspaper Handelsblatt, Röseler said his organization would "rely more heavily" on banks' internal probes going forward.

"We will urge the members of the board to set up comprehensive internal investigation instead of performing a forensic audit ourselves," he said. "However, whenever we come to the conclusion that an internal investigation is inadequate, we must of course audit it ourselves." The Federal Cartel Office, for its part, "welcomes and supports internal investigations carried out by companies," a spokesman said.

Lawyers at several firms say that internal investigations, particularly complex cross-border probes, are a growing part of their compliance practices. "Companies hope more and more that voluntarily disclosing results of an internal investigation will mitigate penalties," says Heiner Hugger, a litigation partner at Clifford Chance. Gibson Dunn's Schwarz says the office works on about 20 compliance matters annually, versus about 15 five years ago, while Baker & McKenzie has seen a 20 percent increase in compliance matters each year over the past five years. In recent years, compliance and investigations advisory work often reaches "substantial double-digit percentages of revenue in law firms leading in this field," says a spokesman for one large law firm.

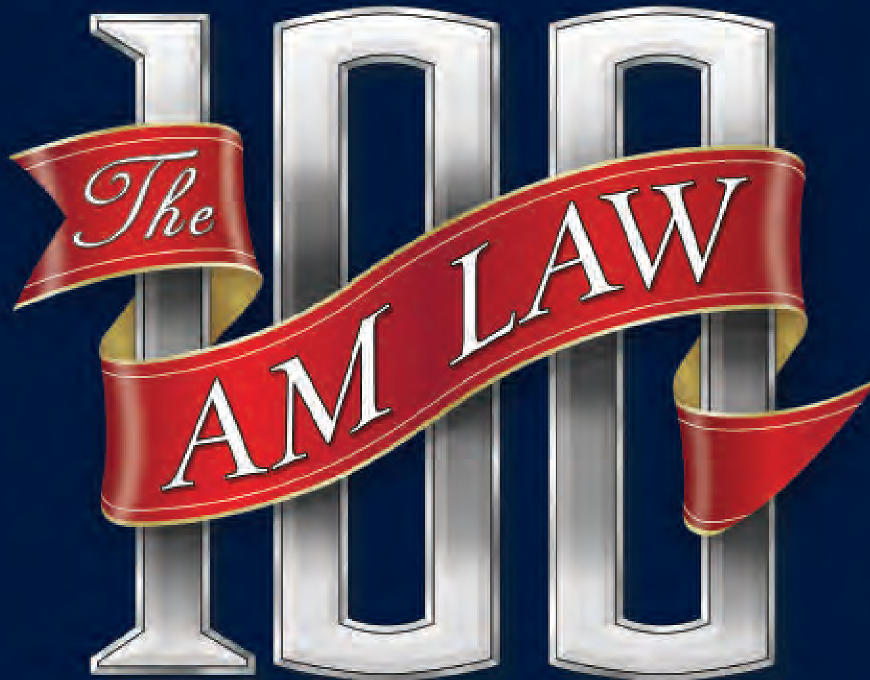
"The willingness of corporations to pay for good counsel in investigations and compliance system reviews has increased," says Debevoise's Schürrle. "Especially if your roof is burning, you are much more willing to employ a firm that can master the challenges."

> "If your roof is burning, you are much more willing to employ a firm that can master the challenges," says Schürrle.

Several large German and international law firms have expanded their compliance teams. Although the U.S.-style revolving door between prosecutor's offices and major law firms is still rare, criminal law experts are in particularly high demand. Last year, for example, Freshfields hired two former Munich prosecutors as associates. "A few years ago, we did not look proactively for white-collar hires," Freshfields' Nolte says. The firm now has seven lawyers with criminal law backgrounds, most added in the past two years. German firm Noerr hired tax expert Lars Kutzner to specialize in the recent wave of criminal tax enforcement cases, while DLA Piper plans to grow its four-member white collar and corporate crime team this year.

"It's clear that the Munich cases are somewhat a blueprint for other prosecutors in Germany," Nolte says. "We envisage similar cases and fines elsewhere in Germany in the next few years."

Email: editorial@alm.com.



THE AM LAW 100

A SPECIAL SECTION

Illustration By Jon Valk

BY THE NUMBERS

FOR THOSE LAWYERS who like their data with a bit of fun and flair (and why not? It was a good year!) we offer the following take on this year's Am Law 100.

GROSS REVENUE

A NEW #1

LATHAM & WATKINS becomes only the fourth firm to lead gross-revenue rankings.

$2.61 B Latham

EXTREMES IN GROSS REVENUE

$318.5 M Baker Donelson

DIFFERENCE IN GROSS REVENUE: **$2.29 Billion**

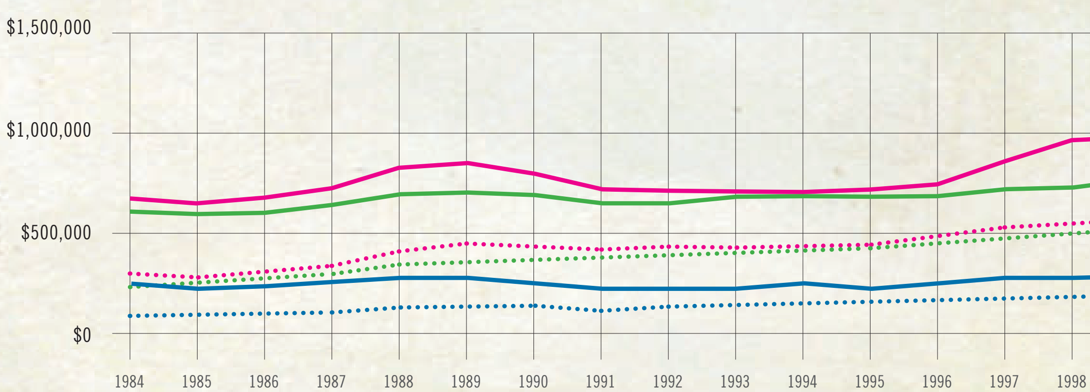
FIRMS WITH MORE THAN $2B
IN GROSS REVENUE

$80.96 BILLION TOTAL GROSS REVENUE OF THE AM LAW 100 ...

▲ 4.6% ...INCREASE OVER 2013

THEN AND NOW

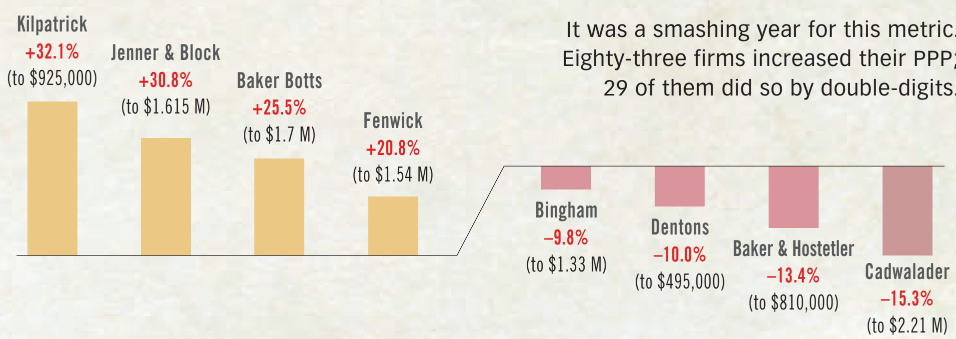
WHAT A DIFFERENCE 30 YEARS MAKES. Profits per partner showed the most extreme gains, followed by revenue per lawyer. Profits per lawyer were relatively flat. The bold lines are inflation-adjusted figures; dotted lines represent actual numbers.



PROFITS PER PARTNER

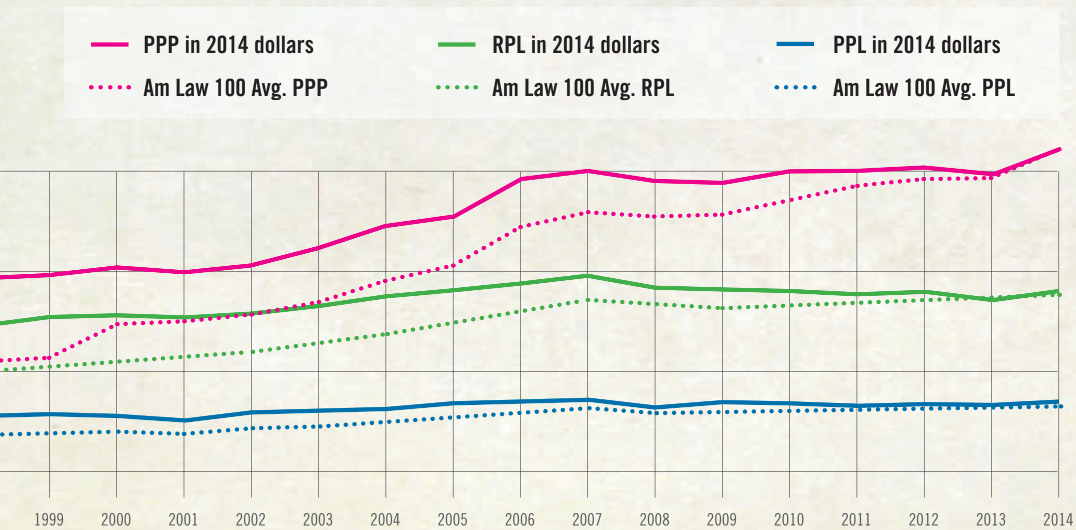
BIGGEST CHANGES
IN PROFITS PER PARTNER

It was a smashing year for this metric. Eighty-three firms increased their PPP; 29 of them did so by double-digits.



Illustrations: Keith Negley

$1.55 MILLION AVERAGE PPP OF THE AM LAW 100 ▲ **5.3%**



92,846

Number of lawyers in the Am Law 100, up 0.9%

42 FIRMS

Have continually been in Am Law rankings since their inception 30 years ago.

MOST LAWYERS

Baker & McKenzie
4,245

DLA Piper
3,702

Norton Rose
3,461

FEWEST LAWYERS

Wachtell
267

Boies Schiller
282

Fenwick
288

REVENUE PER LAWYER

We've long said RPL is the best measure of law firm health. The chart below shows every Am Law 100 firm and the percentage change last year over 2013 in RPL. The champ? Jenner & Block, with a 23 percent increase.

Akerman	3.5%
Akin Gump	2.9%
Alston & Bird	-0.6%
Arnold & Porter	4.2%
Baker & Hostetler	-2.2%
Baker & McKenzie	1.7%
Baker Botts	9.3%
Baker Donelson	2.0%
Barnes & Thornburg	1.5%
Bingham McCutchen	-3.1%
Blank Rome	-2.1%
Boies Schiller	-2.4%
Bracewell	2.7%
Bryan Cave	-0.8%
Cadwalader	-3.2%
Cahill	-2.9%
Cleary Gottlieb	6.0%
Cooley	6.0%
Covington	5.8%
Cravath	2.4%
Crowell & Moring	5.8%
Davis Polk	2.1%
Debevoise	0.0%
Dechert	3.8%
Dentons	10.9%
DLA Piper	7.2%
Dorsey	3.8%
Drinker Biddle	1.5%
Duane Morris	0.7%
Faegre Baker	1.5%
Fenwick	15.2%
Fish	-1.9%
Foley & Lardner	2.6%
Fox Rothschild	4.4%
Fragomen	7.4%
Fried Frank	8.8%
Gibson Dunn	1.3%
Goodwin Procter	6.1%
Greenberg Traurig	0.7%
Haynes And Boone	4.7%
Hogan Lovells	1.3%
Holland & Knight	3.8%
Hughes Hubbard	4.9%
Hunton & Williams	7.3%
Jackson Lewis	2.0%

PROFITS PER LAWYER

PPI, our newest measure, offers another way to size up firm profitability.

A NEW METRIC

MOST AND LEAST

Profits Per Lawyer

$341,089
AL100 AVERAGE (UP 6.2%)

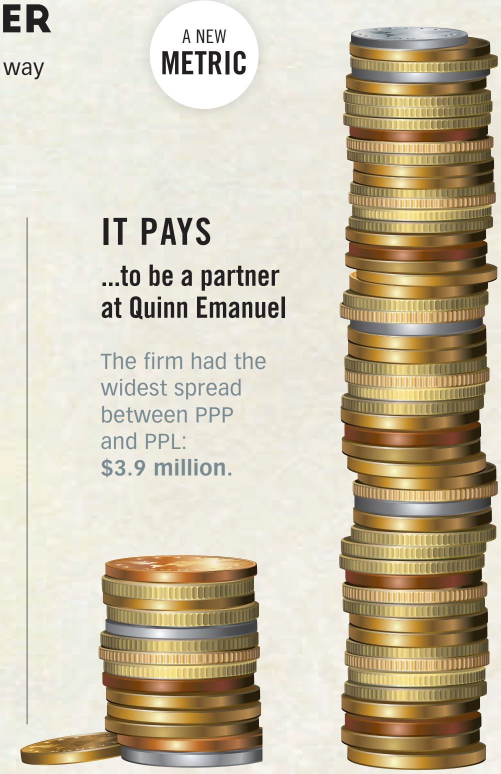
$1.71 M
Wachtell

$75,000
Lewis Brisbois

IT PAYS

...to be a partner at Quinn Emanuel

The firm had the widest spread between PPP and PPL: **$3.9 million.**



$1.02 M
Profits Per Lawyer

$4.925 M
Profits Per Partner

PROFIT MARGIN

At some firms, nearly two thirds of gross revenue is paid to equity partners.

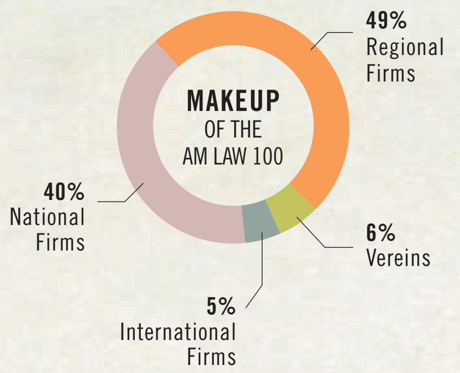
BIGGEST
Quinn Emanuel
66%

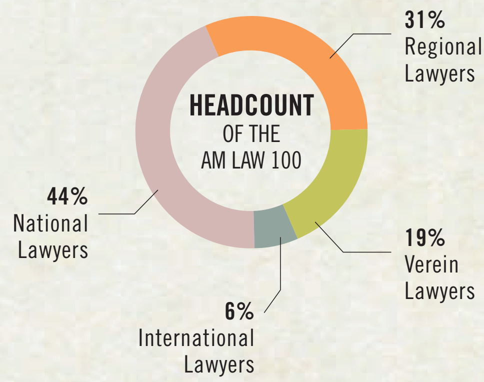
AM LAW 100 AVERAGE
39%

15%
SMALLEST
Squire Patton

CENSUS SNAPSHOT

MOST FIRMS IN THE AM LAW 100 are regional or national firms, according to our definition. Yet vereins account for an outsize share of The Am Law 100's lawyers.





It takes fewer than six Wachtell lawyers to generate $10 million in partner compensation. At Dentons, it takes almost 61.

BIG BIRTHDAYS IN 2015

No shop promotes itself as Great-Grandpa's firm. But we think longevity deserves a bow (or at least a candle).

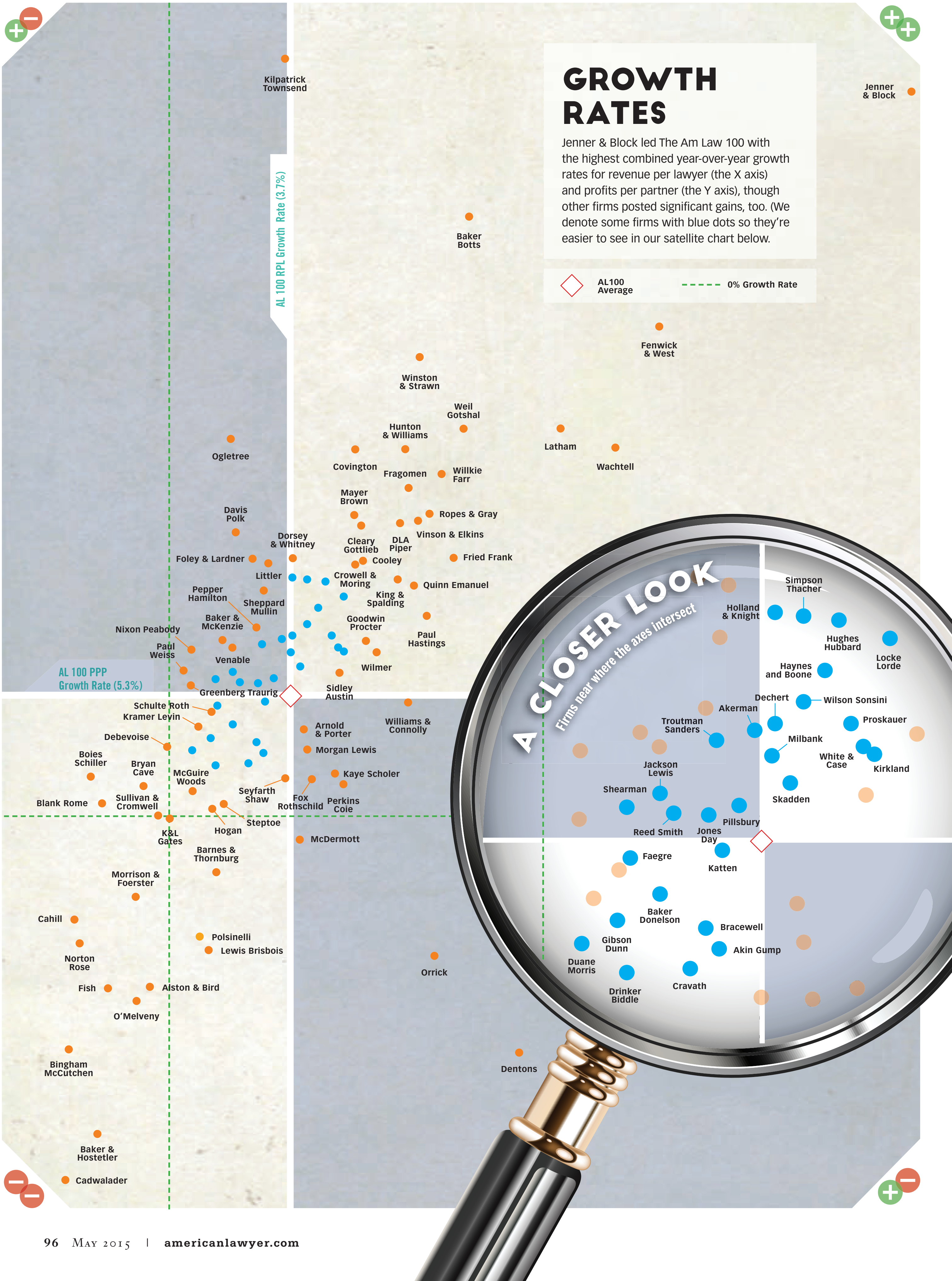
Jenner & Block	23.0%
Jones Day	2.8%
K&L Gates	0.0%
Katten	3.0%
Kaye Scholer	5.2%
Kilpatrick Townsend	3.6%
King & Spalding	7.1%
Kirkland	5.4%
Kramer Levin	1.0%
Latham	12.2%
Lewis Brisbois	1.2%
Littler	3.1%
Locke Lord	5.7%
Mayer Brown	5.8%
McDermott	4.0%
McGuireWoods	0.8%
Milbank	3.8%
Morgan Lewis	4.2%
Morrison & Foerster	-1.0%
Nixon Peabody	0.7%
Norton Rose	-2.8%
O'Melveny	-1.0%
Ogletree Deakins	1.9%
Orrick	8.2%
Paul Hastings	8.0%
Paul Weiss	0.5%
Pepper Hamilton	2.7%
Perkins Coie	5.4%
Pillsbury	3.3%
Polsinelli	1.0%
Proskauer	5.1%
Quinn Emanuel	7.6%
Reed Smith	2.2%
Ropes & Gray	8.1%
Schulte Roth	1.3%
Seyfarth	3.6%
Shearman & Sterling	1.5%
Sheppard Mullin	2.9%
Sidley	5.3%
Simpson Thacher	4.3%
Skadden	4.1%
Squire Patton*	N/A
Steptoe	1.7%
Sullivan & Cromwell	-0.3%
Troutman Sanders	2.9%
Venable	1.9%
Vinson & Elkins	7.7%
Wachtell	13.9%
Weil	9.1%
White & Case	5.3%
Williams & Connolly	7.4%
Willkie	8.5%
Wilmer	6.5%
Wilson Sonsini	4.3%
Winston & Strawn	7.8%

*Information wasn't available for this firm, which merged to form a verein in 2014.

GROWTH RATES

Jenner & Block led The Am Law 100 with the highest combined year-over-year growth rates for revenue per lawyer (the X axis) and profits per partner (the Y axis), though other firms posted significant gains, too. (We denote some firms with blue dots so they're easier to see in our satellite chart below.)

AL100 Average — 0% Growth Rate



BILLABLE HOURS

FIRMS VARY ENORMOUSLY in size, so billable hours vary greatly, too. Below are standout firms among those that reported this data. (The Hardest Working Lawyer in Big Law, from Venable, wasn't available for an interview. Too busy, obviously!)

MOST BILLABLE HOURS:	MOST BILLABLE HOURS PER LAWYER:	LAWYER WITH THE MOST BILLABLE HOURS:
5,690,624	1,946	3,687
DLA PIPER	PAUL WEISS	VENABLE
That's 650 years!		That's 71 hours per week!

IF BINGHAM MCCUTCHEN WAS AROUND TODAY....

THE STORIED BOSTON FIRM, 123 years old, existed for most of 2014 before it failed. It won't be a part of next year's Am Law 100, but here's what its numbers looked like for last year:

GROSS REVENUE
–12.7%
to $665 M

AM LAW 100 RANK	PROFITS PER PARTNER
#47	–9.8%
down from 37 last year	to $1.33 M

BYE BYE, DENTONS

THE COMBINATION that Dentons announced this year with China's Dacheng, creating a whopping 6.400 lawyer firm, has but one sad footnote. Because a plurality of its lawyers will no longer be based in the U.S., Dacheng Dentons can't be part of next year's Am Laws. Happy sailing!

Keith Negley (billable); Paul Dilakian

By Chris Johnson

Rich and Richer

It was a year of solid gains for The Am Law 100, especially for a burgeoning group of superrich firms.

FOR AM LAW 100 FIRMS, 2014 WAS A SURPRISINGLY dramatic year. It saw a swath of mergers—most notably between Locke Lord and Edwards Wildman Palmer, and Squire Sanders and Patton Boggs—and a major dissolution, of Bingham McCutchen, which in last year's survey was the market's 37th-largest law firm by revenue. (The bulk of Bingham's lawyers, including 226 partners, were picked up by Morgan Lewis.) There was notable change at both the top and the bottom of The Am Law 100. Four new firms joined the rankings this year, at the expense of four others, while at the other end, The Am Law 100 has a new leader: Latham & Watkins.

Latham is only the fourth firm to reach the top of The Am Law's gross revenue rankings, which since their inception in 1985 have been perennially dominated by Baker & McKenzie, DLA Piper and Skadden, Arps, Slate, Meagher & Flom. (Baker & McKenzie, DLA Piper and Skadden this year placed second, third and fourth, respectively.) Latham displaced DLA Piper thanks to a more than 14 percent increase in revenue, to $2.6 billion, the most revenue ever accrued by a single Am Law 100 law firm. In Robert Dell's last year in charge of Latham—after 20 years as chair, Dell retired and was replaced in January by William Voge—the firm's revenue per lawyer (RPL) jumped 12.2 percent, to nearly $1.25 million, while its average profits per partner (PPP) rose 16.5 percent, to $2.9 million. Latham's net income, meanwhile, grew 21 percent, to $1.33 billion—an annual increase of $228 million, which is more than the entire profit pool of Orrick, Herrington & Sutcliffe, The Am Law 100's 31st-largest firm by revenue. Adjusting for inflation, Latham's total net income is now nearly seven times higher than it was when Dell first started as chair in 1994 [see "Latham Becomes the New No. 1," page 110].

Latham's stellar performance was far from an isolated case. Thanks to the continued recovery of the U.S. economy and buoyant transactional markets, The Am Law 100 posted unexpectedly strong results across all key metrics in 2014.

Total Am Law 100 revenue increased 4.6 percent in the last year, to $80.96 billion, while average RPL rose 3.7 percent, to $872,000, and average PPP grew 5.3 percent, to $1.55 million. The group also saw a 6.2 percent increase in profits per lawyer (PPL), a new metric that features in The Am Law 100 for the first time this year [see "A New Way to Size Up Profits," page 102].

BENEATH THE SURFACE

It's not quite time to uncork the Dom Pérignon and start partying like it's 2005, however. Dig a little deeper into the results, and it quickly becomes clear that a good amount of Am Law 100 growth has been superficial. Some of the firms that saw big increases in revenue did so largely as a result of significant increases in attorney head count, while others that saw a rise in per-partner profits did so through either a contraction in equity partner numbers or an increase in leverage—or both.

GAINING STEAM

The Am Law 100's total gross revenue rose 4.6 percent, to $81 billion,

(just a shade higher than Bill Gates' net worth, as calculated by Forbes.)

Average revenue per lawyer increased 3.7 percent, to $871,958,

(about $100,000 less than the median sale price of a home in Marin County, California.)

Average profits per partner rose 5.3 percent, to $1.5 million,

(a tenth of Denver Broncos quarterback Peyton Manning's 2015 base pay (after he took a $4 million cut).)

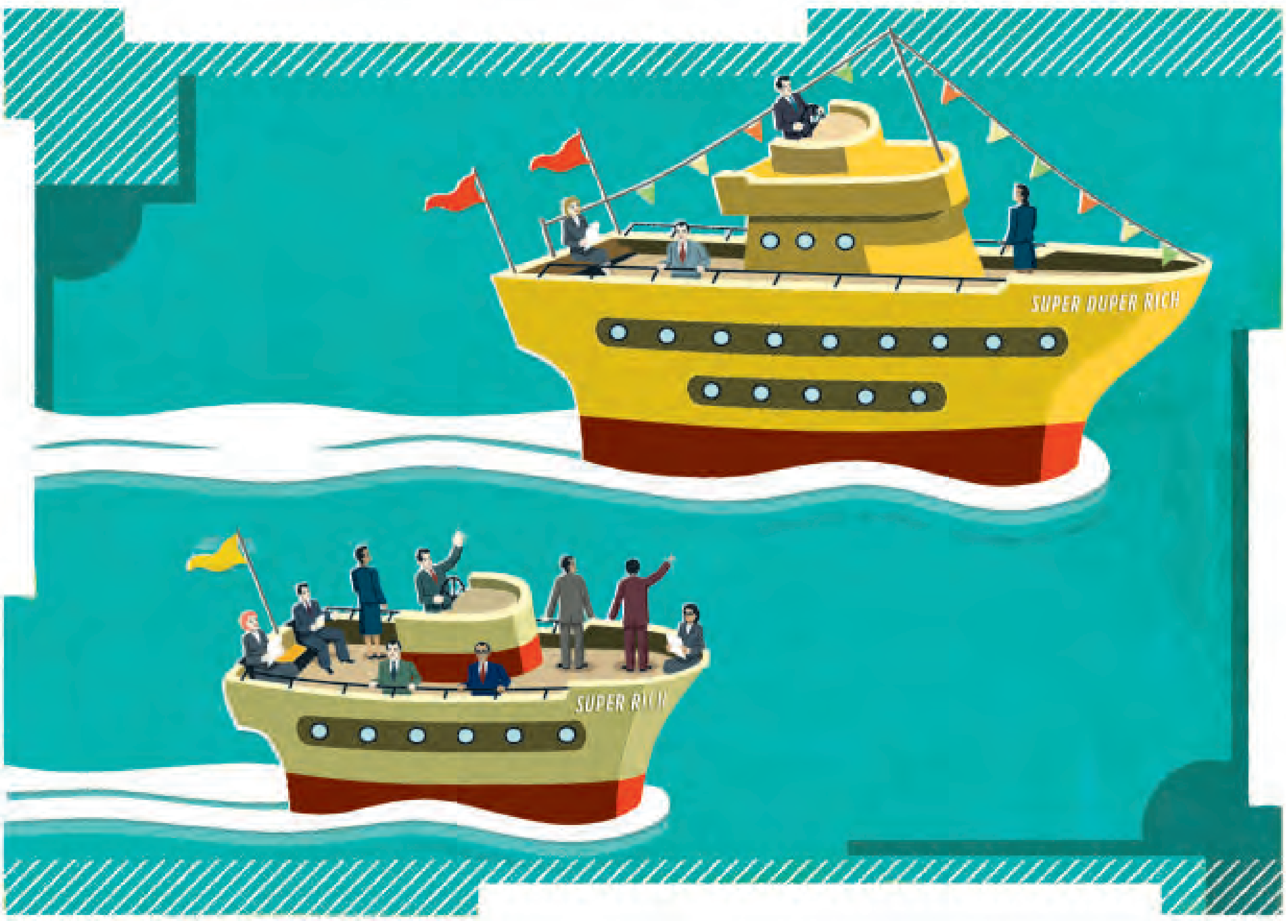
Average compensation-all partners increased 4.0 percent, to $1.1 million,

(about the same as the median net worth of a member of Congress.)

Total head count increased 0.9 percent, to 92,846,

(roughly the population of Yakima, Washington.)

Illustration by Peter and Maria Hoey



Of the 17 firms that attained revenue increases of more than 10 percent in 2014, two saw increases in lawyer numbers of within three percentage points of their rise in revenue. Paul, Weiss, Rifkind, Wharton & Garrison's 10.9 percent rise in gross revenue was matched by a 10.4 percent swelling of its lawyer numbers, for example. (The other firm is Polsinelli.)

This phenomenon is even clearer when it comes to PPP. Of the 29 firms that saw PPP increases of at least 10 percent in 2014, 13 also reduced their equity partner numbers. Four of these firms trimmed their equity ranks by more than 9 percent. Kilpatrick Townsend & Stockton's 32.1 percent increase in PPP, to $925,000, was almost entirely due to a change in the way the firm distributes equity among its partnership [see "Sharing the Wealth," page 113]. The same is true with Vinson & Elkins and Fried, Frank, Harris, Shriver & Jacobson. The pair increased PPP by 12.6 percent and 11 percent, respectively, on the back of 10 percent and 10.1 percent reductions in equity partner numbers.

So while 46 firms grew gross revenue by more than 5 percent in 2014, and 17 achieved double-digit increases, only 21 firms achieved more than a 5 percent increase in RPL. Just four firms (Jenner & Block, Fenwick & West, Latham and Wachtell, Lipton, Rosen & Katz) managed to boost RPL by more than 10 percent.

Latham, Fenwick and Wachtell all achieved this despite an increase in their attorney head counts, but Jenner & Block's 23 percent increase in RPL was partly fueled by a 7.6 percent reduction in its total lawyer numbers. The firm's gross revenue still rose by 14.1 percent, to $408 million, de-

BIGGEST CHANGE IN METRICS WE MEASURE: PROFITS PER PARTNER INCREASE AT KILPATRICK TOWNSEND

32.1%

spite the fall in head count, thanks in part to its lucrative representation of General Motors Co. in the investigation into the carmaker's ignition switch problem, which was led by Jenner & Block chairman Anton Valukas [see "Driven by General Motors," page 114]. Jenner's average compensation-all partners rose by 29.1 percent, to $1.11 million.

West Coast firms also cashed in on a booming market for tech deals, with Fenwick and Cooley each boosting their revenue by at least 19 percent—the largest increase among The Am Law 100. Fenwick, which returns to The Am Law 100 for the first time since fiscal year 2000, handled more than 170 M&A transactions in 2014, with an aggregate value of around $55 billion, advising WhatsApp Inc. in its acquisition by Facebook Inc., and Facebook in its purchase of virtual-reality company Oculus VR Inc. The 288-lawyer firm also worked on 12 initial public offerings last year for clients including camera company GoPro Inc. and King Digital Entertainment PLC, creator of the Candy Crush smartphone game. In addition to its strong practice growth, Cooley's figures were augmented by its acquisition of 54-lawyer Washington, D.C., regulatory specialist Dow Lohnes, and the addition of a nine-lawyer Boston intellectual property group from Mintz, Levin, Cohn, Ferris, Glovsky and Popeo. Cooley's attorney head count rose 12 percent last year [see "Winning Hands, Hot Markets," page 106].

Just five firms saw falls of more than 4 percent in both gross revenue and net income: Alston & Bird, Norton Rose Fulbright, Morrison & Foerster, O'Melveny & Myers and the now-defunct Bingham McCutchen. Excluding Bingham McCutchen, O'Melveny suffered the largest fall in gross revenue among The Am Law 100 (9.3 percent); the second-largest fall in net income (12.4 percent); and the fourth-largest fall in PPP (7.8 percent). The firm's RPL fell by a more modest 1 percent thanks to an 8 percent contraction in total lawyer numbers, which tied Fried Frank for the third-largest head count decrease. O'Melveny chair Bradley Butwin says the firm suffered from a dry spell in high-end litigation work following the resolution of several big cases in late 2013, and had also weaned itself off some large success fees, a longtime staple that in the past have accounted for up to 20 percent of its revenue [see "Waiting for the Rain," page 115]. Butwin is confident that the firm will bounce back in 2015, however. "Things are looking very busy," he says.

PERCENTAGE OF AM LAW 100 LAWYERS WHO ARE EQUITY PARTNERS

37.7%

MIND THE GAP

The nation's larger firms continued to expand at a solid rate in 2014. But that growth quickly peters out the further down the gross revenue rankings you go. The market's inexorable march toward consolidation has led to The Am Law 100 becoming more segregated and increasingly dominated by a smaller group of larger firms.

When The American Lawyer first published The Am Law 100 some three decades ago, the 25 largest firms accounted for 42 percent of the group's total revenue. It is now even more top-heavy. This year, the top 25 firms by gross revenue account for just over 48 percent of total Am Law 100 revenue. That market share has been almost entirely taken from the bottom 50 firms. The second quartile (the firms ranked

THE 24 SUPERRICH FIRMS

These firms have PPP of at least $2 million and RPL of at least $1 million. They're listed in alphabetical order.

Firm Name	Am Law Rank	RPL Growth Rate	PPP Growth Rate
Boies, Schiller & Flexner	91	-2.4%	1.7%
Cadwalader, Wickersham & Taft	65	-3.2%	-15.3%
Cahill Gordon & Reindel	82	-2.9%	-4.4%
Cleary Gottlieb Steen & Hamilton	16	6.0%	12.3%
Cravath, Swaine & Moore	52	2.4%	2.3%
Davis Polk & Wardwell	24	2.1%	12.1%
Debevoise & Plimpton	41	0.0%	3.0%
Gibson, Dunn & Crutcher	11	1.3%	3.4%
Hughes Hubbard & Reed*	78	4.9%	10.0%
King & Spalding*	29	7.1%	10.0%
Kirkland & Ellis	5	5.4%	7.0%
Latham & Watkins	1	12.2%	16.5%
Milbank, Tweed, Hadley & McCloy	40	3.8%	7.0%
Paul Hastings	27	8.0%	8.5%
Paul, Weiss, Rifkind, Wharton & Garrison	26	0.5%	6.2%
Proskauer Rose*	36	5.1%	7.7%
Quinn Emanuel Urquhart & Sullivan	23	7.6%	9.8%
Schulte Roth & Zabel	76	1.3%	4.5%
Simpson Thacher & Bartlett	17	4.3%	10.1%
Skadden, Arps, Slate, Meagher & Flom	4	4.1%	6.4%
Sullivan & Cromwell	13	-0.3%	0.1%
Wachtell, Lipton, Rosen & Katz	44	13.9%	15.7%
Weil, Gotshal & Manges*	20	9.1%	16.5%
Willkie Farr & Gallagher	55	8.5%	14.5%

*new to list

26 to 50 by revenue) generate 24.6 percent of Am Law 100 revenue—almost the same as the 24.5 percent they accounted for in 1986. But the share of revenue of the bottom 50 firms has dropped from 33 percent in 1986 to 27 percent this year.

More than a quarter of The Am Law 100 now generate more than $1 billion in revenue, with five firms breaking through the $1 billion barrier for the first time in 2014: Paul Hastings (revenue up 6.3 percent, passing the milestone by just $500,000); Paul Weiss (up 10.9 percent, to $1.04 billion); Davis Polk (up 9.9 percent, to $1.07 billion); Quinn Emanuel (up 13.5 percent, to $1.1 billion); and Ropes & Gray (up 11.8 percent, to $1.12 billion). Of the 20 largest U.S. firms by revenue, just two suffered declines to their top lines in 2014: Norton Rose and Sullivan & Cromwell. (And Sullivan & Cromwell only saw a slight 0.2 percent fall.) The picture at the other end of the rankings is quite different. Of the 17 firms that saw reductions in revenue in 2014, seven were from the bottom quartile.

Even superrich firms are beginning to stratify, with Quinn Emanuel, Sullivan & Cromwell and Wachtell pulling away from the rest.

This widening gulf in profits is even more extreme. In the early days of The Am Law 100, the average profit margin of the bottom quartile firms was roughly the same as that of the top quartile—40 percent, compared with 41 percent. The top 25 firms have maintained their 41 percent profit margin over the past 30 years, but the average margin of the bottom 25 has dropped 4 percentage points, to 36 percent. The 25 largest U.S. firms now account for more than half of all Am Law 100 profits, up from 23 percent three decades ago.

The $5 million gap between the firms with the highest and lowest average PPP in this year's survey—Wachtell at $5.5 million and Dentons at $495,000—is the largest in Am Law 100 history, or roughly double the spread, after accounting for inflation, when we started measuring in 1986.

THE SUPERRICH

In last year's Am Law 100 report, we identified a group of 20 "Superrich" firms that had average PPP figures exceeding $2 million and RPL figures of more than $1 million ["The Superrich Get Richer," May 2014]. The story this time around is that the superrich are getting richer still. The number of these highly profitable firms increased to 24 this year, with Hughes Hubbard & Reed; King & Spalding; Proskauer Rose; and Weil, Gotshal & Manges all additionally making the grade.

Fourteen of these firms posted increases in both revenue and net income of at least 5 percent, with five achieving double-digit growth in both metrics—Latham; Quinn Emanuel Urquhart & Sullivan; Simpson Thacher & Bartlett; Wachtell; and Willkie Farr & Gallagher.

Latham, Simpson Thacher and Wachtell were among the elite transactional practices to benefit from sustained success in U.S. M&A and private equity; each is among the top 10 firms by aggregate M&A deal value last year, according to data provider Mergermarket. An influx of European buyers, high valuations and a deal count nearing 2007's peak led U.S. M&A activity to reach a record high last year. The total value of U.S. M&A deals soared 56.6 percent, to $1.4 trillion, while total deal count rose 21.5 percent, to 4,782. U.S. private equity exits also reached an all-time high in 2014 with 958 deals valued at $262.1 billion—a year-over-year increase of more than 70 percent.

Even this superrich class is beginning to segment, with three firms pulling away from the pack (the Super-Duper Rich?). Quinn Emanuel, Sullivan & Cromwell and Wachtell each boast RPL of more than $1.5 million and PPP of over $3 million. This year, in fact, Wachtell became the first firm in Am Law 100 history to cross the $5 million threshold for PPP. Quinn Emanuel's and Wachtell's figures are particularly impressive. Wachtell achieved double-digit growth in both RPL and PPP (up 13.9 percent and 15.7 percent, respectively), while Quinn Emanuel's RPL has increased by 47 percent in the past five years and its PPP by 57 percent over that period.

Back in 1986—the first year for which any Am Law 100 firm would have qualified for superrich status, after accounting for inflation—only two firms would have been classified as superrich: Wachtell and Cravath, Swaine & Moore. (Cahill Gordon & Reindel would have met the superrich requirement for PPP in 1986 but not RPL, while Davis Polk & Wardwell had a superrich RPL but would have come up $200,000 short by PPP.) Wachtell's PPP in 1986 was $1.44 million, which in today's money is $3.11 million, a full 75 percent lower than Wachtell's actual PPP figure this year. Its equivalent 1986 PPP would place the firm 11th in this year's rankings, rather than top.

Cadwalader barely retains its position in this superrich class after enduring a difficult 2014. The firm's revenue remained flat last year, at $481.5 million, but it saw the largest falls in RPL (down 3.2 percent), PPP (down 15.3 percent) and PPL (down 17.9 percent) in the entire Am Law 100. Despite the numbers, managing partner Patrick Quinn, who earlier this year took over as Cadwalader's sole leader after the sudden departure of James Woolery, says 2014 was the firm's busiest of the past six years, with demand for its attorneys at a high since 2008. He attributes last year's financial declines to the "normal lag in collecting" and a number of investments the firm made in 2014 in areas such as technology, attorney training, programs to *Continued on page 122*

By Chris Johnson

A New Way to Size Up Profits

To help add context to our reporting on law firm profits, this year's Am Law 100 report adds a new metric, profits per lawyer.

THIRTY YEARS AGO, ALMOST TO THE DAY, BIG LAW changed forever. The decision by The American Lawyer to publish detailed law firm financials in 1985 laid bare for the first time the inner workings of a tradition-bound and conservative industry. The previously unthinkable levels of fiscal transparency would go on to fundamentally and irrevocably alter the way in which law firms are structured and operate.

"I cannot think of anything that has had a greater impact on the market," says Bruce MacEwen, founder of law firm consultancy Adam Smith, Esq. "It has just been a seismic change."

AVERAGE PPP IN 1984:
$289,000

AVERAGE PPP IN 2014:
$1.5 MILLION

The increased emphasis on financial performance forced firms to more seriously consider costs and attorney utilization, resulting in more efficient, effective and ultimately more profitable businesses. In 1984, equity partners at the firms in our Am Law 50 took home $289,000 in profits on average ($630,000, when adjusted for inflation). Today's Am Law 100 equity partners average more than $1.5 million.

"Firms have had to go through a process of commercializing that would have been unheard of 30 years ago and which was frankly unnecessary then," says former Clifford Chance global managing partner Tony Williams, now a principal at U.K.-based law firm consultancy Jomati. "Firms now have a much greater understanding of their cost base, pricing and margins, and that's a good thing, given how tough and competitive the market has become."

But detractors, and there are many, say the publication of the financials has led to the death of partnership culture and the transition of legal services from a profession to a business. An unhealthy obsession with the almighty dollar is blamed for the radical expansion of nonequity partner ranks over the past three decades and the increased movement of partners among firms. "It has thrown gasoline on the lateral partner fire and has basically been corrosive to partnership culture," MacEwen says, while Greenberg Traurig chair Richard Rosenbaum says the industry has become "dehumanized and corporatized" as a result.

PPP AND ITS DETRACTORS

From the start, The American Lawyer has advocated a holistic approach to assessing law firm financials. That's why we publish a series of data for each firm, and why we've this year added a new metric, profits per lawyer—our first new metric in a decade. But of all the metrics, it's profits per partner (PPP) that's emerged as the most closely followed and the most controversial. PPP seems to pique partners' competitive instincts like no other figure. For many, the only thing that matters more than their own firm's PPP is that of their competitor across the street. It has become so deeply ingrained into the psyche of Big Law that it has acquired an almost totemic significance.

In the eyes of many, PPP has become a proxy for a firm's standing within the market. There is a widespread assumption that the higher a firm's PPP, the better the quality of its lawyers, client base and work. But PPP actually serves as a remarkably poor basis for such comparisons, for these reasons: First, and most obviously, it is heavily influenced by leverage and how tightly a firm holds its equity. Take Baker Botts and Cravath, Swaine & Moore, for example.

The two firms occupy almost entirely disparate segments of the market and have very different practices, but a comparison of the financial figures posted by each this year clearly demonstrates the extent to which PPP can be influenced by leverage. The pair have almost identical gross revenue ($653 million and $648 million, respectively), net incomes ($299.5 million and $306 million) and profit margins (46 percent and 47 percent). But because Baker Botts has almost twice as many equity partners as Cravath (176, compared with 91), its PPP of $1.7 million is just half that of Cravath's $3.4 million. (Cravath has significantly fewer lawyers than Baker Botts—442, compared with 694—so its revenue per lawyer is substantially higher than Baker Botts'.)

Second, differences in accounting methods and the way in which firms classify partners internally mean that PPP is not necessarily calculated on a like-for-like basis. Thirty years ago, law firms were relatively simple organizations, owned and managed by a group of partners who shared in the firm's

Illustration by Peter and Maria Hoey

profits, often by way of a lockstep. Today, firms are far more structurally complex, with multiple classes of equity and nonequity partners, and a range of positions that serve as alternatives to partnership, such as legal directors, which are not taken into account by PPP. Even what constitutes an equity partner may differ from firm to firm. (The American Lawyer imposes a strict definition on how partners are classified for the purposes of this survey, which it applies to all firms equally. An equity partner is defined as a partner for whom profit distributions constitute at least 50 percent of total annual compensation.)

PROPORTION OF PARTNERS WITH NONEQUITY STATUS:

41.5%

These two points make PPP susceptible to manipulation. This was made startlingly clear during the recession, when many practices maintained profit per partner levels in the face of plummeting revenue and net income by deequitizing scores of partners. Jomati's Williams says the increased focus on PPP has led to a fundamental reshaping of law firm partnerships. "The publication of this level of financial information hasn't been the end of civilization as we know it, but firms do now at least partly manage to metrics," he says. "That has caused firms to look much more carefully at who they give equity to, which has led to a surge in the number of nonequity partners."

When The American Lawyer published its first Am Law 50 survey in 1985, 36 percent of all lawyers at those firms were equity partners. Since then, the percentage of lawyers at Am Law 100 firms who are equity partners has slumped to less than 22 percent. The number of nonequity partners, meanwhile, has almost doubled in the past 10 years alone, leaping from 7,250 in 2004 to 14,508 last year. More than 40 percent of all Am Law 100 partners are now nonequity partners. (Our Compensation-All Partners metric, introduced in 1995, measures average payouts to all partners, both equity and nonequity.)

This increased leverage has massively increased firms' PPP figures. The Am Law 100's average profits per partner figure has more than doubled since the turn of the millennium, going from $741,000 in 2000 to $1.55 million in 2014. (The increased proportion of fixed costs in the form of associate, counsel and nonequity partner salaries means that the multiplying effect of leverage also works in reverse, however, increasing the rate at which a decline in a firm's gross revenue eats away at equity partner profits.)

WIDENING PAYOUT SPREADS

Proponents of PPP often cite its importance as a measure of a firm's ability to attract and retain talent. But because it is an average, PPP gives no indication of the range between the highest- and lowest-paid equity partner at a given firm or how the profits are distributed across the partnership, and is easily skewed by outliers.

This is particularly pertinent for U.S. firms. Unlike in the United Kingdom, where the range between the top and bottom of equity at a lockstep firm would typically be around 3-to-1, an equity range of 10-to-1 is common among U.S. firms and 20-to-1 is not unheard of at practices with heavyweight rainmakers.

This diminishes PPP's usefulness to current partners and associates, and makes the figure less relevant to prospective lateral hires. Just because a firm's PPP is $2.5 million does not mean that a new recruit is going to receive that amount.

Despite this, Greenberg's Rosenbaum says the publishing of law firm financial data has led to a "huge increase in [partner] mobility," leaving firms under "much more pressure to perform from a financial perspective." Says Rosenbaum: "We all read these charts, whether we admit it or not, so there's much more awareness of a firm's market value. But for an individual partner, it's not really about profits per partner on a chart. It's about what you are getting paid and whether you think it's fair. It's not profits per partner; it's profits per me."

One solution would be to combine the average PPP statistic with a median PPP figure and the amounts received by the highest- and lowest-paid equity partner at each firm. This would show the range of equity partner compensation at a firm and indicate where the majority of partners fall within that range.

But in practice, a median figure would be extremely difficult to verify. It's not a figure that's typically distributed to partners, so practically speaking, we can't verify it through reporting. Even a firm's chief financial officer would be unlikely to know its median PPP without first having to pore over spreadsheets and internal databases.

THE LIMITS OF NET INCOME

With median PPP out of the question, what about other metrics? It could be argued that net income, the total amount distributed to equity partners, is the purest measure of a firm's profitability. But while tracking a single firm's year-on-year change in net income can provide meaningful insight into its performance, it is not suitable for comparing two separate firms. It's too dependent on size. With 4,245 lawyers, Baker & McKenzie has a net income ($909.5 million) that is almost twice that of 267-lawyer Wachtell, Lipton, Rosen & Katz ($456.5 million), which by almost every other metric is The Am Law 100's most profitable firm.

The simplest way to sidestep this issue would be to look instead at a law firm's profit margin, which puts net income in context by expressing it as a percentage of revenue. An often overlooked metric, profit margin provides an immediate, if broad, indication of a firm's costs and relative profitability. It quickly highlights the stark difference in business models between Wachtell and Baker & McKenzie: Wachtell's profit margin of 65 percent is almost double that of Baker & McKenzie's 36 percent. The fact that profit margin is unaffected by head count or leverage also makes it almost impossible for a firm to manipulate.

The major drawback with profit margin is that it gives no indication of the size of a firm's profits in relation to the size of the business. Latham & Watkins and Barnes & Thornburg both have identical profit margins of 51 percent, for example, but Latham has more than four times as many lawyers (2,100, compared with 517) and generates almost 750 percent more net income ($1.33 billion, compared with $178 million).

USING THE METRIC

One of the issues with analyzing a new metric is that it's hard to place the figures in context. Everyone knows that a PPP of more than $2.5 million is among The Am Law 100's highest. But it's hard to have the same instinctive feel for PPL numbers. So this is how the market breaks down:

The average PPL across The Am Law 100 is just over $340,000. A PPL of around $500,000 would put a firm in the top 20 percent of The Am Law 100 by that metric. Top firms comfortably clear that mark, with most averaging more than $600,000 and four topping $700,000: Sullivan & Cromwell ($755,000); Kirkland & Ellis ($750,000); Gibson, Dunn & Crutcher ($740,000); and Simpson Thacher & Bartlett ($700,000).

At the top of the PPL rankings is Wachtell, Lipton, Rosen & Katz. Its PPL of $1.71 million dwarfs the competition, being almost 70 percent higher than that of its nearest rival, Quinn Emanuel Urquhart & Sullivan, which is the only other Am Law 100 firm to break the $1 million PPL barrier, at $1.02 million.

At the other end of the PPL spectrum, a figure below $200,000 would put a firm in the bottom 20 percent of The Am Law 100. If a firm is much below this, under normal market conditions, it's generally either one with a highly commoditized, low-margin practice, or a firm that is struggling. Two Am Law 100 firms currently languish below $100,000: Squire Patton Boggs at $95,000 and Lewis Brisbois Bisgaard & Smith at $75,000.

Those firms are, coincidentally, the two most highly leveraged firms in The Am Law 100, with leverages of 7.81 and 7.65, respectively. But there is no correlation between PPL and leverage. Paul Weiss, for instance, has the 16th-highest PPL in The Am Law 100, at $550,000, and a well above average leverage of 5.99. Littler Mendelson and Baker, Donelson, Bearman, Caldwell & Berkowitz, meanwhile, both rank toward the bottom 10 of the PPL rankings and have low leverages of less than 2.0.

—C.J.

(At law firms, the term "profit margin" can be misleading. The structure of most law firm partnerships means that they are effectively unable to retain any earnings at the end of each fiscal year. Except for any planned investments, all remaining profit—a firm's net income—is distributed among the equity partners. This gives law firms an artificially high profit margin compared with companies in other industries, since from an accounting perspective, equity partners receive no above-the-line salary and therefore represent no cost to the business.)

THE METRIC IN ACTION

The challenge is finding a metric that provides that sense of scale without being influenced by leverage, how tightly a firm's equity is held or differences in how lawyers are classified. Revenue per lawyer (RPL)—the amount that each lawyer contributes on average to a firm's top line—ticks all of these boxes. RPL is an excellent indication of a firm's productivity and the value of the work it handles, and is one of the main metrics that firms use internally to assess their own performance. Ward Bower, a principal at law firm management consultancy Altman Weil, says firms in merger discussions are far more likely to concentrate on RPL than PPP when investigating financial compatibility between the two parties. (As with PPP, RPL requires consistency in head count data in order to ensure its accuracy. The American Lawyer does not include paralegals, trainees, temporary lawyers or contract lawyers in its attorney head count figures.)

The main issue with RPL is that, as its name suggests, it focuses solely on revenue. It takes no account of costs and therefore provides no indication of a firm's profitability. This is where profits per lawyer (PPL) comes in. PPL is much the same metric as RPL, only focused on a firm's bottom line. It is arguably the most accurate and objective metric in assessing a law firm's relative profitability, and takes its place alongside the other profit metrics in our Am Law 100 charts for the first time this year [see "PPL: Our Newest Metric," page 159].

Our initial PPL rankings reveal that some firms are more profitable, using this metric, than their PPP figures would suggest [see "PPL's Winners and Losers," page 105]. They also show that some firms' relatively high PPP figures are more a reflection of high leverage and tight equity point distribution than of underlying profitability [see "How PPP Outliers Score on PPL," page 123].

No two firms demonstrate this more clearly than Williams & Connolly and DLA Piper. *Continued on page 123*

PERCENTAGE OF AM LAW 100 LAWYERS WHO ARE EQUITY PARTNERS

22%

PPL'S WINNERS AND LOSERS

Firms that had PPL ranks that were 20 places higher or lower than their PPP ranks.

Ranked Higher in PPL Than PPP

		PPL	PPL rank	PPP	PPP rank	Difference
Barnes & Thornburg	(214 equity partners, 1.42 leverage)	$345,000	46	$835,000	81	35
Williams & Connolly	(118 equity partners, 1.60 leverage)	$585,000	13	$1,515,000	48	35
Arnold & Porter	(233 equity partners, 2.00 leverage)	$460,000	25	$1,385,000	55	30
Faegre Baker	(239 equity partners, 1.81 leverage)	$275,000	58	$770,000	87	29
Jones Day	(933 equity partners, 1.69 leverage)	$345,000	46	$930,000	75	29
Troutman Sanders	(197 equity partners, 2.01 leverage)	$270,000	61	$805,000	86	25
Dorsey	(191 equity partners, 1.62 leverage)	$230,000	72	$605,000	96	24
Steptoe	(128 equity partners, 2.01 leverage)	$305,000	53	$910,000	77	24
Covington	(248 equity partners, 2.12 leverage)	$425,000	35	$1,335,000	57	22
Wilmer	(286 equity partners, 2.24 leverage)	$495,000	21	$1,605,000	42	21

Ranked Lower in PPL Than PPP

		PPL	PPL rank	PPP	PPP rank	Difference
DLA Piper	(448 equity partners, 7.26 leverage)	$180,000	86	$1,490,000	49	-37
Cadwalader	(56 equity partners, 7.07 leverage)	$275,000	58	$2,210,000	23	-35
Fragomen	(62 equity partners, 6.56 leverage)	$240,000	68	$1,835,000	33	-35
White & Case	(275 equity partners, 5.83 leverage)	$295,000	55	$2,005,000	26	-29
Orrick	(141 equity partners, 5.32 leverage)	$255,000	66	$1,595,000	43	-23
Weil	(171 equity partners, 5.27 leverage)	$385,000	40	$2,405,000	17	-23

ANALYSIS

By Drew Combs

Winning Hands, Hot Markets

Most Am Law 100 firms had solid results in 2014, but some sector bets paid off especially well.

IN THE NATIONAL ECONOMY, THERE WERE SIGNS that 2014 marked the return of happy days, or at least more productive and profitable ones. America's Gross Domestic Product increased 2.4 percent, representing the highest such increase in four years. On average, more than 200,000 jobs were added each month, resulting in the best showing for job gains since 1999. An 11.4 percent increase in the Standard and Poor's 500-stock index reflected the strong performance of equities markets in 2014.

The Am Law 100, the nation's 100 highest-grossing law firms, generally reflected this trend, finding themselves busier and more profitable. "It was a tremendous year," says Marc Jaffe, global co-chair of Latham & Watkins' capital markets practice. He says that firms benefited from spikes in financial transactions work as well as growth in "white-hot" industries such as life sciences and technology.

The economy's growth in 2014, as well as the performance of The Am Law 100, isn't a single national story. As Jaffe's comment illustrates, underlying this growth are distinct industry-based and regional trends. Even with their national footprints, Am Law 100 firms can be affected by developments in particular geographies and industries. "Am Law 100 firms have expanded geographically and diversified their practices during the last decade," says Jason Yuen, president of California-based legal recruiting firm Yuen Partners LLC. "But even with this growth, many still rely on a core practice and a single office for a significant portion of revenue."

For New York law firms with Wall Street-focused transactional and corporate practices, for instance, the path to profits in 2014 was something of a straight shot as M&A, equities, leveraged finance and private equity activity boomed. But for Texas firms with sizable energy practices, profits came in 2014 despite falling oil prices in the latter half of the year. Out west, Silicon Valley-based transactional and emerging company practices benefited from the tech sector's continued boom. And in Washington, D.C., regulatory and other government-centered practices remained profitable even in the face of political stalemate and four years of tempered federal spending.

NEW YORK: BULLISH ON WALL STREET

IF THE CURRENT PERIOD OF ECONOMIC expansion was a party, Wall Street would be the guest of honor. Global M&A by value hit a postcrisis high in the third quarter and continued to climb toward the third-highest annual total since 2001, according to Mergermarket.

Not surprisingly, law firms with Wall Street-focused practices have seen an increase in demand for their services. Citi Private Bank and Wells Fargo data indicates that demand rose more at elite firms than nationally last year. Top New York firms in Wells Fargo's survey reported that lawyer hours increased by 4.6 percent, nearly triple the national average increase of 1.71 percent. Citi said demand at the 15 most profitable firms grew 4.1 percent, compared with a national average of 1.9 percent last year.

Among 18 native New York firms that have big Wall Street practices, gross revenue increased an average of 5.2 percent. Additionally, profits per partner rose 6.2 percent, and revenue per lawyer increased 3.4 percent to $1.3 million.

Leading this Wall Street pack were seven law firms that recorded double-digit increases in profits per partner (Cleary Gottlieb Steen & Hamilton; Davis Polk & Wardwell; Fried,

THE TAKEAWAY: Global M&A value closed out 2014 with the third-highest total since 2001. Native New York firms with big Wall Street practices rode that wave, posting outsize increases in revenue per lawyer and profits per partner. Non-native firms with sizable New York offices shared in the action too.

Illustration by Peter and Maria Hoey

Frank, Harris, Shriver & Jacobson; Simpson Thacher & Bartlett; Wachtell, Lipton, Rosen & Katz; Weil, Gotshal & Manges and Willkie Farr & Gallagher). Nine others posted single-digit gains (Cravath, Swaine & Moore; Debevoise & Plimpton; Kramer Levin Naftalis & Frankel; Milbank, Tweed, Hadley & McCloy; Paul, Weiss, Rifkind, Wharton & Garrison; Schulte Roth & Zabel; Shearman & Sterling; Skadden, Arps, Slate, Meagher & Flom; and Sullivan & Cromwell). Only two experienced declines (Cadwalader, Wickersham & Taft and Cahill Gordon & Reindel).

"The floodgates opened in 2014," Dan DiPietro, chair of Citi Private Bank's law firm group, said in an interview with The Am Law Daily in March. "The firms with the strongest brands were the beneficiaries" of a surge in transactional work that really began in mid-2013, he said. And New York continues to have the highest concentration of top legal brands, he noted.

TOP NEW YORK FIRMS' LAWYER HOURS: UP

4.6%

NATIONAL AVERAGE: UP

1.7%

Source: Wells Fargo

But focusing exclusively on homegrown New York firms misses part of the story, since there are several non-native firms with significant Wall Street practices and sizable New York offices. Consider Latham & Watkins, which has more than 340 lawyers in New York and some leading Wall Street-related practices. The combined value of its buyout deals increased nearly 50 percent, to $23.48 billion, in 2014. "Certainly our firm's specialty in the area of financial products and our strong presence in New York [are key] to the firm's global success," says James Brandt, managing partner of Latham's New York office. The firm recorded a 12.2 percent increase in RPL to $1.25 million, a jump that bested all of The Am Law 100's native New York firms except for Wachtell, and PPP climbed 16.5 percent, to $2.9 million. At Kirkland & Ellis, another non-native firm with a big New York presence (364 lawyers) and a significant buyouts practice, PPP increased 7 percent, to $3.51 million.

TEXAS: THE ENERGY BOOM TAILS OFF

THE TAKEAWAY: Coming toward the end of the year, falling oil prices had little effect on Texas firms' 2014 numbers. Energy transactions work was especially strong. Baker Botts was the state's standout, with a 9.3 percent increase in revenue per lawyer and a 25.5 percent increase in profits per partner.

THE ONCE-FRENETIC ENERGY INDUSTRY came back down to earth in 2014. During the latter half of the year, oil prices declined by around 50 percent and the number of active oil rigs fell sharply, after reaching a peak of more than 1,600 in October 2014. But while oil prices and rig counts were falling, five Am Law 100 firms with deep roots in Texas and energy industry-dependent practices still turned in solid financial results. All posted increases in gross revenue, RPL and PPP.

At Vinson & Elkins, gross revenue increased 3.6 percent, to $653.5 million; PPP increased 12.6 percent, to $1.93 million; and RPL increased 7.7 percent, to $1.045 million. (The firm ranked second on our corporate scorecard for 2014 in equities representations, after Latham, with 33 deals valued at a combined $10.89 billion.)

"We had another record year in 2014, with most of our practices showing increases in activity and revenue," says Mark Kelly, Vinson & Elkins' managing partner. Energy-related work represents more than 20 percent of Vinson & Elkins' revenue, so it's not surprising that the firm has benefited from rising oil prices. But the more recent decline in oil prices hasn't resulted in any drop in work levels, according to Kelly. "Even on the downstream, energy is very deal-intensive and transaction-intensive," Kelly says. "There's work repositioning their balance sheets and raising additional debt."

Mark Evans, managing partner at Bracewell & Giuliani, also attributed his firm's strong financial performance to activity in the energy sector. The firm's RPL increased 2.7 percent, to $750,000, while PPP increased 3.1 percent, to $1.33 million. "It was a busy year in the oil patch," said Evans during an interview in February with American Lawyer sibling publication Texas Lawyer. Overall, Evans added, the transactional side of the firm brought in "way more than half of our revenue" in 2014. One of those transactional matters included representing Houston-based energy company Kinder Morgan in a merger with affiliated companies valued at $76 billion ["A Texas Company's Twofer," April].

There were fallout effects from energy activity as well. In an interview in February with Texas Lawyer, for instance, Haynes and Boone managing partner Timothy Powers attributed part of his firm's strong financial showing in 2014 to Texas' "super-hot" real estate market. That firm's RPL increased 4.7 percent, to $675,000, while PPP jumped 8.9 percent, to $855,000.

The clear standout of the Texas group in 2014 was Baker Botts. The firm's gross revenue increased 11.4 percent, to $653 million, while RPL increased 9.3 percent, to $940,000. The increase in PPP could best be described as stratospheric, jumping 25.5 percent, to $1.7 million. That was The Am Law 100's third-highest profits per partner increase. "[Last year] was an exceptional year," said Andrew Baker, managing partner of Baker Botts, in an email. "While our recognized strengths in energy and technology clearly contributed to these impressive results, we had substantial increases across every practice area and across every geography."

ACTIVE OIL RIGS IN OCTOBER 2014: MORE THAN

1,600

SILICON VALLEY: REACHING NEW HEIGHTS

NO REGION AND INDUSTRY COMBO better exemplifies the country's burgeoning economy than Silicon Valley and technology. In 2014, venture capital funding hit $48 billion, representing a 10-year high. Internet and mobile app-based companies have been major beneficiaries of this largesse. Additionally, during the course of the year, there was a continuous stream of IPOs and acquisitions, including Facebook Inc.'s $22 billion acquisition of WhatsApp ["Big Deals, April 2014].

The high-flying nature of this activity is reflected in the financial performance of tech industry-focused practices and firms with long histories in the San Francisco Bay Area. Cooley, Fenwick & West and Wilson Sonsini Goodrich & Rosati all saw across-the-board increases in key financial metrics such as gross revenue, RPL and PPP.

Fenwick & West, which was involved in 12 IPOs and more than 170 M&A transactions, led the pack in 2014. Rev-

THE TAKEAWAY: Venture capital funding hit a 10-year high in 2014, with Internet and mobile app companies as major beneficiaries. That was good news for native Silicon Valley firms, but results were weaker at some veteran San Francisco firms with less exposure to the technology sector.

enue per lawyer there rose 15.2 percent, to $1.135 million, The Am Law 100's second-highest RPL percentage increase, trailing only Jenner & Block. PPP jumped 20.8 percent, The Am Law 100's fourth-highest increase, to $1.54 million. "Everything broke right [in 2014]," said firm chair and corporate partner Richard Dickson in a February interview with American Lawyer's sibling publication The Recorder.

The same applies to Cooley and Wilson Sonsini. Last year, Cooley advised on 50 IPOs, more than any other firm in the U.S., and handled 185 M&A deals, valued at a total of $54 billion. The firm's gross revenue leaped 19 percent, to $802 million. PPP increased 10.9 percent, to $1.74 million. While RPL increased a more modest 6 percent, to $1.06 million, this came as the firm's total lawyer head count increased 12.2 percent, to 755. Wilson Sonsini, which has the largest roster of Silicon Valley-based lawyers, was the leading law firm for U.S. venture financings, according to PitchBook. At Wilson Sonsini, gross revenue increased 12.3 percent, to $646 million, while RPL grew 4.3 percent, to $965,000, as the firm's total attorney head count increased more than 8 percent. PPP increased 8.2 percent, to $1.91 million.

VENTURE CAPITAL FUNDING IN 2014:

$48 BILLION

But the picture for some Bay Area firms that are not as heavily focused on technology and emerging company practices was gloomier. Litigation-heavy Morrison & Foerster turned in across-the-board declines in key financial metrics, with PPP falling 3.4 percent, to $1.42 million, and RPL dropping 1 percent, to $980,000. At Orrick, Herrington & Sutcliffe, PPP declined 5.9 percent, to $1.6 million, although a bright spot was RPL. It increased 8.2 percent, to $985,000, but that came as overall attorney head count declined 6.6 percent, to 891.

WASHINGTON, D.C.: NO SLOWDOWN HERE

LIKE OTHER FIRMS, WASHINGTON, D.C., firms with significant government-focused practices have benefited from the economy's growth. But these firms have also had to contend with developments likely to have a countervailing impact on their practices: stagnant government spending and political stalemate. Still, the seven Am Law 100 firms closely associated with Washington, D.C., reported increases in profits (although not always in gross revenue or revenue per lawyer), thanks in large part to regulation.

"Regulatory work has stayed pretty consistent," says Angela Styles, Crowell & Moring's chairwoman, "and it's the type of practice where you can get a premium." Crowell was a standout among D.C. firms, with a PPP increase of 10.8 percent, to $1.03 million. Gross revenue at the firm increased 2.6 percent, to $368.5 million, while RPL jumped 5.8 percent, to $820,000.

D.C. FIRMS WITH PPP INCREASES:

7

D.C. FIRMS WITH PPP DECLINES:

0

Styles also attributed some of the firm's performance in 2014 to strong demand for its 60-attorney government contracts practice. "Government contractors are competing for fewer dollars," Styles says, "but I haven't seen the impact on legal work."

Covington & Burling led the Washington, D.C., group when it came to profits per partner increases. PPP there rose 15.6 percent. Gross revenue increased 7.9 percent, to $709 million, and RPL increased 5.8 percent, to $915,000.

Despite their increases in PPP, Steptoe & Johnson and Wilmer Cutler Pickering Hale and Dorr saw their gross revenue fall in 2014—3.4 percent and 0.2 percent, respectively. At both firms, attorney head count declined, while RPL increased.

THE TAKEAWAY: Despite a dearth of new legislation, District firms continued to post strong numbers. Demand for regulatory work was strong last year and will likely continue to increase in 2015. Government contracts practices remain strong as well, despite cutbacks in federal spending.

The other three firms, Williams & Connolly, Arnold & Porter and Akin Gump Strauss Hauer & Feld, registered single-digit increases in gross revenue, RPL and PPP. At Akin Gump, which has more than 230 attorneys in its Washington, D.C., office, gross revenue increased 4.8 percent, to $868 million. Revenue per lawyer and PPP increased 2.9 percent, to $1.06 million, and 2.7 percent, to $1.89 million, respectively. Some of the firm's financial performance in 2014 was driven by increased regulatory work, according to Anthony Pierce, managing partner of Akin Gump's D.C. office. Even though there hasn't been much new legislation, Pierce pointed to regulatory work connected to President Barack Obama's executive actions, continued regulatory actions by government agencies and the continued rollout of the Affordable Care Act. "The government regulates economic activity," Pierce says. "As economic activity increases, there's more for the government to regulate."

Email: editorial@alm.com.

Latham Becomes the New No. 1

The firm becomes only the fourth in 30 years to occupy the top spot on our gross revenue rankings.

PROPELLED BY DOUBLE-DIGIT increases in all major financial metrics, Latham & Watkins has emerged at the top of The Am Law 100's gross revenue rankings, becoming only the fourth firm in the ranking's 30-year history to do so.

Gross revenue surged more than 14 percent to $2.6 billion, while revenue per lawyer jumped 12 percent to nearly $1.25 million and profits per partner soared 16.5 percent to $2.9 million. The ascension coincided with Robert Dell's final year as Latham's global chair after 20 years as the firm's leader. Latham was largely a Los Angeles-based regional player when Dell took over in 1994, but under his leadership, the firm expanded nationally, and then globally.

"I take no credit as a leader for what we did in 2014," says Dell's successor, William Voge. "We all wanted Bob to go out on a high mark and he did."

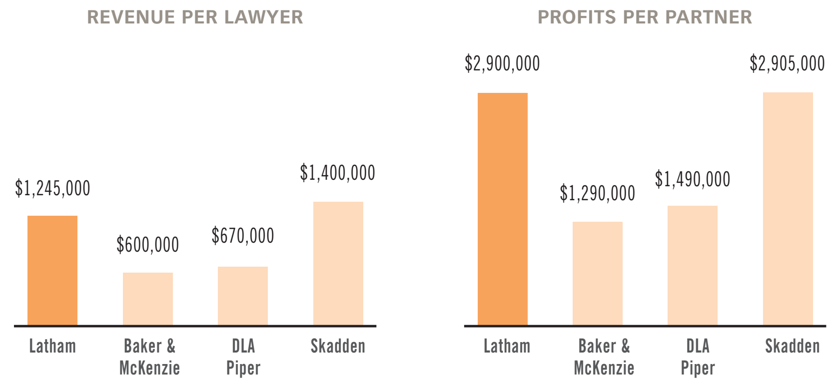
Voge says all of the firm's practice groups saw increases in hours and revenues last year. "White hot," says Voge, were M&A, private equity and capital markets work, as well as IP, securities and antitrust litigation. "We couldn't ask for more," says Voge. "From the U.S. to Europe to Asia, it was a dream year for us."

In equity capital markets, in particular, Latham appears to have outperformed the economy as a whole. Latham's market-leading number of global equity capital market deals grew 16.7 percent last year to 263, compared with a 9.3 percent increase in the number of such deals worldwide, according to Thomson Reuters data.

In practice highlights last year, Latham advised the lenders on an $11 billion high-yield bond offering for French cable operator Numericable, a record in Europe; counseled Botox maker Allergan on its $66 billion sale to Ireland's Actavis ["The Ugly Battle for Botox," April]; and helped Capital One Financial fend off a patent challenge by the rarely defeated Intellectual Ventures LLC. The firm's most significant lateral acquisitions of

Sizing Up the Big Four

The Am Law 100's top four firms all have gross revenues exceeding $2.3 billion but their revenue per lawyer and profits per partner vary greatly.



LATHAM & WATKINS

Gross Revenue	Revenue Per Lawyer	Profits Per Partner
$2,612,000,000	$1,245,000	$2,900,000
14.3%	12.2%	16.5%

Four Lessons from Latham's Growth Story

In late 2014, former American Lawyer editor-in-chief **Aric Press** conducted an exit interview with outgoing Latham global chair Robert Dell. Press was especially interested in gleaning lessons for other firms from Dell's 20-year tenure. During that period, the firm grew to 2,100 lawyers from 518, to 33 offices from 11, and to $2.6 billion in gross revenue from $263 million. These are the lessons Press took away from the conversation.

QUESTION, DECIDE, THEN EXECUTE. Dell didn't take office thinking about a foreign initiative. Once Latham had established a serious beachhead in New York, though, global seemed the next step. But how would Latham compete in jurisdictions where it simply wasn't known?

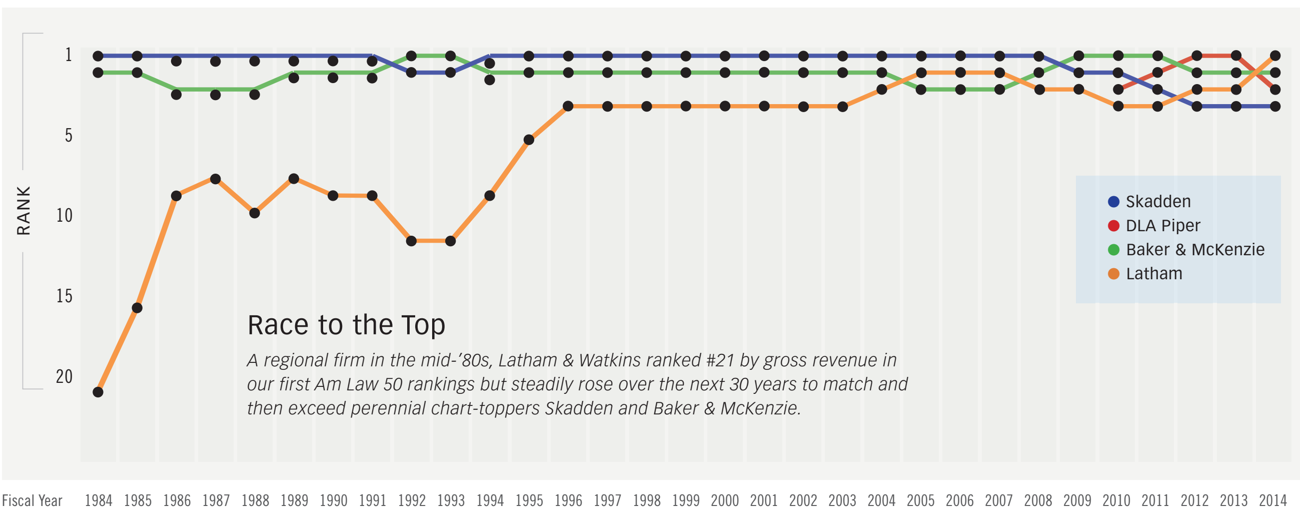
To find out, Dell hired McKinsey & Co. and charged it with answering the question: If Latham chose to go global, "could we succeed?" Its answer: Yes. "You have a path, an open door," Dell recalls the McKinsey group reporting. "You are positioned to succeed."

Armed with McKinsey's report, Dell spent nearly a year on the road talking with Latham's partners about the time (five or six years) and costs (at least $100 million) they faced. After obtaining consensus Dell began building offices without much doubt or backbiting from his colleagues. By the time he was finished, the firm had grown to 21 non-U.S. offices from four and reported that roughly one-third of its biggest matters did not have a direct nexus to the United States.

PROTECT YOUR FIRM'S CULTURE. In the interview, Dell returned several times to stories of talented lawyers he tried to recruit. They had business, contacts and ambition.

2014 included its addition of a high-profile, six-partner sports, media and entertainment group from O'Melveny & Myers ["Changing Partners," February].

Is Latham's financial performance sustainable? While the economy's future strength is difficult to predict, Voge says client demand remains high and that Latham still has excess capacity. Over the next five years, Voge says his goal is to carry on Dell's vision of becoming the top global firm. In particular, he envisions growth in Germany, London and New York. "That's where the demand is," he says. —MICHAEL D. GOLDHABER



Race to the Top

A regional firm in the mid-'80s, Latham & Watkins ranked #21 by gross revenue in our first Am Law 50 rankings but steadily rose over the next 30 years to match and then exceed perennial chart-toppers Skadden and Baker & McKenzie.

And often, they wanted to join Latham. But they stumbled over Latham's way of doing things. They might want to control local partner promotions or resist a collaborative approach or push too far for a pay package for a colleague. Dell says he chose to walk away rather than buy a partner who wouldn't fit. "Sometimes they thought we weren't serious," he says. "I'd give an example and they'd say, 'Just between us, we'd do it our way, yes?' And I'd have to say, no."

Culture, in Dell's view, is not a code word for soft or emotional skills. "We think we have a high-performance culture," he says. "We work at that. That's not soft."

TURN LOSSES INTO OPPORTUNITIES. In the 1980s, Latham rode the private equity and high-yield debt booms. That ride came to an abrupt end when its major client, Drexel Burnham Lambert, collapsed. This was a harsh blow to Latham, but its partners stayed close to the diaspora of Drexel bankers and traders. Eventually the firm won new work from these old contacts and expanded its network of clients.

Latham dusted off that playbook after Bear Stearns and Lehman Brothers fell six years ago. "Both times, in the early '90s and again in 2008, our firm was hit more drastically than most," Dell says. "The second time, two of our biggest clients died. Deals just stopped. It took two to four years in some cases, but eventually the work came back, and we got bigger. We had a chance to prove ourselves with more banks again."

PRO BONO MATTERS. "Bob just took off with our pro bono efforts and made it one of the top programs in the country," says Jack Walker, Dell's predecessor. The pro bono effort began in 1996.

Robert Dell (left) and his successor, William Voge

"We were improving our profitability and our market position, but we were still pretty lackluster in this one area," Dell says. "We had never really pushed pro bono from the top down." Within a year the firm had put itself on a three-year schedule to reach an average of 60 pro bono hours per attorney by 2000. By 2013, the firm averaged 93.5 pro bono hours per lawyer; 64 percent of the lawyers performed at least 20 hours.

Cutbacks, Then a Rebound

After a pair of down years, Weil posts a double-digit rise in profits.

AFTER TWO CONSECUTIVE YEARS of high single-digit dips in profits per partner, Weil, Gotshal & Manges posted a 16.5 percent upswing for 2014, with PPP climbing to $2.4 million, a level not seen since 2011.

Increased demand, combined with lower head count, also pushed revenue per lawyer up 9.1 percent, to $1.075 million. Gross revenue edged up 1.2 percent, to $1.15 billion.

Barry Wolf, the firm's executive partner, says the strong results were driven by two factors: a burgeoning transactional market, including many deals by Weil's private equity clients, and the effect of downsizing that began in 2013. The firm's 2014 performance "exceeded our expectations of what would occur after a year of repositioning," Wolf says. "It's a strong rebound year."

Citing a drop in demand for premium legal services, the firm announced in June 2013 that it would trim associate head count by 7 percent, lay off 110 nonlawyer staff, and cut compensation to about 10 percent of its 334 partners. "It was a painful, painful decision on a personal level, but we knew at the time that it was the right business decision," Wolf says. "And the results have proved us correct."

Weil worked on more than 50 deals worth $1 billion or more last year, including advising on six of the top 15 global M&A announced deals. In total, the firm had a principal advisory role on announced deals worth more than $400 billion.

At the same time, litigation, which had been flat in 2013, "clearly picked up across the board," Wolf says. "It's not one huge case—it's across the board." Among its wins in 2014 were a patent battle for Adobe in September; a class action victory for American International Group in August; and the dismissal of numerous claims against Credit Suisse in October.

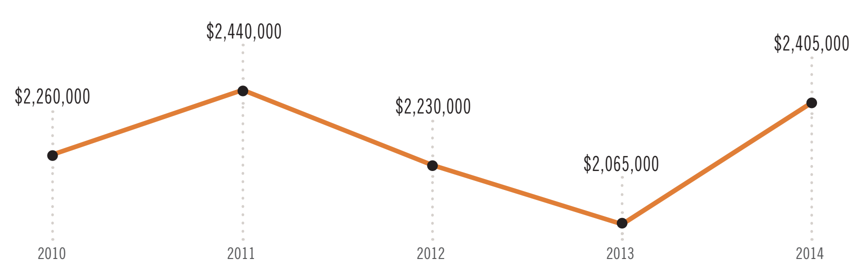
The mood at Weil, Wolf says, "is extremely confident, extremely positive; and also people know that we're not satisfied. We expect M&A and transactional work to continue to be strong, and litigation to continue its uptick." One sign of the firm's self-assurance: Weil signed a 15-year lease for 400,000 square feet in the General Motors Building in midtown Manhattan, one of the priciest locales in New York City. —JULIE TRIEDMAN

WEIL, GOTSHAL & MANGES

Gross Revenue	Revenue Per Lawyer	Profits Per Partner
$1,151,000,000	$1,075,000	$2,405,000
1.2%	9.1%	16.5%

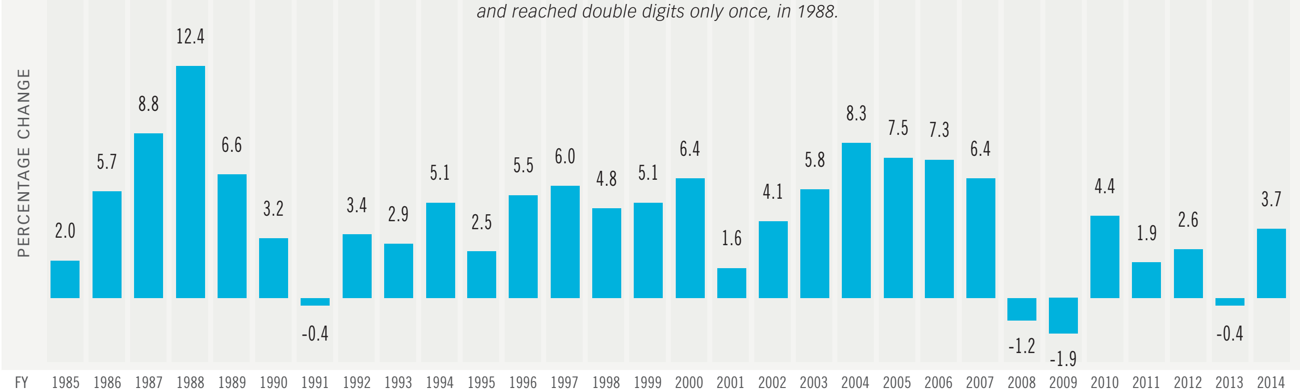
Five-Year Trend: Weil

After dipping in 2012 and 2013, the firm's average profits per partner have returned to 2011 levels.



The Am Law 100's Good Old Days: When Were They?

The Am Law 100's average growth rate in revenue per lawyer has not exceeded 5 percent since 2007 and reached double digits only once, in 1988.



Sharing the Wealth

Kilpatrick Stockton's structural change helps widen profit gains.

THE POSITIVE MOMENTUM CONtinues, says Kilpatrick Townsend & Stockton chairman Henry Walker IV, commenting on the firm's 2014 results, which included a solid 5.9 percent increase in gross revenue, to $411.5 million. The firm saw double-digit growth in several practice areas, he says, including mergers and acquisitions, capital markets, construction, patent prosecution and trademark.

But the biggest jump, a 32.1 percent increase in profits per partner, to $925,000, came courtesy of a change in its equity partnership structure that the firm instituted at the beginning of 2014. Scrapping a bright-line division between equity and income partners, the firm gave all its partners at least some equity interest, albeit in many cases a small one. "It's a more progressive structure," Walker says, adding that it's helped in lateral recruitment.

KILPATRICK TOWNSEND & STOCKTON

Gross Revenue	Revenue Per Lawyer	Profits Per Partner
$411,500,000	$720,000	$925,000
5.9%	3.6%	32.1%

Chairman
Henry Walker IV

While all 245 partners now have an equity interest, the equity compensation is spread more thinly among them. The upshot is that fewer partners received 50 percent or more of their compensation from equity (our survey's definition of an equity partner) but all partners now receive some percentage of their compensation in equity.

As a result, Kilpatrick Townsend reported a drop from 156 to 111 equity partners under our definition, while the number of partners defined as nonequity (receiving the majority of their compensation on a fixed-income basis) increased to 134 from 100. An increase in the number of nonequity partners tends to increase profits per partner, since their compensation is considered an expense, not profit.

Total compensation to all partners, both equity under the definition and nonequity, increased 8.8 percent to $160 million—but as a result of the change in the equity partner structure, the money earmarked for equity partner compensation under our definition decreased $7 million to $102.5 million, and the amount defined as nonequity compensation increased $20 million to $57.5 million. That, plus the revenue increase, caused the spike in profits per partner to $925,000. —MEREDITH HOBBS

Watching the Bottom Line

Belt-tightening measures help boost profits at Dorsey & Whitney.

WE'RE VERY HAPPY WITH OUR performance," says Kenneth Cutler, managing partner of Dorsey & Whitney, where profits per partner rose 11 percent, to $605,000. Cutler, who's worked at Dorsey for 41 years, says 2014 was the most profitable year in the Minneapolis firm's history.

Revenue growth was more modest. Gross revenue increased 3.8 percent, to $338.5 million, and revenue per lawyer rose at the same rate, to $675,000. Growth was driven by a strong year for deals, including The Mosaic Co.'s $1.4 billion acquisition of CF Industries' phosphate business, and Liberty Global's acquisition of 20 percent of Chile's largest cable operator, VTR, for $422 million in March.

The outsize growth in profits per partner was attributable in part to a move to less expensive office space in New York and London, and letting go of several floors of space in Minneapolis.

Cutler came into his role after former managing partner Marianne Short left to become general counsel of Dorsey client UnitedHealth Group late in 2012. Short had initiated a firmwide shift toward a practice group-focused structure from a traditional geographic focus. Cutler has begun the implementation of that change, which he says also contributed to the firm's strengthening financial performance. Signs of a turnaround at Dorsey first started to show in 2013 after several slow years. Cutler says he expects the current trajectory to continue as the restructuring effort plays out. —NELL GLUCKMAN

DORSEY & WHITNEY

Gross Revenue	Revenue Per Lawyer	Profits Per Partner
$338,500,000	$675,000	$605,000
3.8%	3.8%	11.0%

The Streak Continues

Mayer Brown records a second year of double-digit profit growth.

FOR THE SECOND STRAIGHT YEAR, Mayer Brown posted a double-digit rise in profits per partner, as gross revenue also increased. "We are really excited about our progress over the last couple of years," says firm chairman Paul Theiss. "In 2014, we saw a very healthy increase in financial metrics across all regions, including America, Europe and Asia, and across all practice groups."

The firm's revenue was up 6.7 percent, to $1.223 billion, and profits per partner jumped 12.8 percent, to $1.45 million. Revenue per lawyer increased 5.8 percent, to $825,000. In 2013, Mayer Brown's profits per equity partner rose more than 11 percent on the back of 5 percent revenue growth ["The Story's Surprise Twist," May 2014].

Theiss credits the firm's investment in lateral partners in part for this growth. Mayer Brown brought in roughly 25

Chairman
Paul Theiss

lateral partners last year, including Laurence Urgenson, a white-collar specialist from Kirkland & Ellis. It also lured Elizabeth Espín Stern from Baker & McKenzie, where she was managing partner of that firm's Washington, D.C., office, to build its global mobility and migration practice ["Changing Partners," February]. International arbitration specialists Michael Lennon Jr. and Alejandro López Ortiz joined from Baker Botts.

In corporate cross-border work, Mayer Brown advised ATP Oil & Gas (UK) Limited on its restructuring and

MAYER BROWN

Gross Revenue	Revenue Per Lawyer	Profits Per Partner
$1,223,000,000	$825,000	$1,450,000
6.7%	5.8%	12.8%

$1.2 billion sale to Alpha Petroleum (UK) Holdings Limited. It also represented Morgan Stanley in the creation of the first securitization of trade finance receivables. In litigation, it counseled Google Inc. in several matters, including the "no-poach" antitrust case brought by Silicon Valley tech workers. It also advised HSBC Holdings plc in a suit brought by the Federal Housing Finance Agency over its sale of mortgage-backed securities that settled last year.

—SUSAN BECK

Driven by General Motors

An ignition-switch investigation propels growth at Jenner & Block.

JENNER & BLOCK RECORDED A remarkable jump in revenue and profits in 2014, continuing the wild swings of the firm's fortunes in recent years. The improved results were in part due to its work for General Motors Corp. investigating the carmaker's ignition switch problem, which was led by chairman Anton Valukas.

Gross revenue rose 14.1 percent, to $408 million, and revenue per lawyer

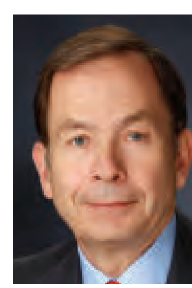
JENNER & BLOCK

Gross Revenue	Revenue Per Lawyer	Profits Per Partner
$408,000,000	$1,015,000	$1,615,000
14.1%	23.0%	30.8%

increased 23 percent, to $1.015 million. Profits per partner soared 30.8 percent, from $1.235 million to $1.615 million.

Managing partner Terrence Truax says the revenue and profit increases should be taken in context, since 2013 was an unusual down year. "If you go back to 2010, 2011 and 2012, we're pretty steady," he says. In 2013, Jenner & Block's revenue was off nearly 8 percent, and profits per partner plummeted 17 percent. The firm's revenue per lawyer dropped 7.8 percent that year ["Squeezed by the Sequester," May 2014].

In the three years from 2009 to 2011, the firm's profits per partner jumped by an average of 23 percent a year, thanks in part to Valukas' investigation into the collapse of Lehman Brothers Holdings. At the same time, Jenner & Block boosted its profitability by shrinking its equity partner ranks.



Chairman
Anton Valukas

Last March, General Motors hired Valukas to co-lead an investigation into the company's handling of complaints related to defective ignition switches. Truax says he can't discuss the billings for the GM matter, but adds that many other matters contributed to the increased revenue. "Our performance is deep and wide," he says "We have many other very significant engagements across our offices."

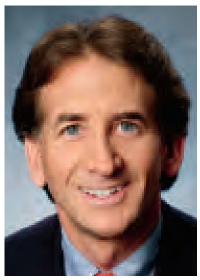
—SUSAN BECK

Waiting for the Rain

A litigation drought leads to a second down year at O'Melveny & Myers.

A DRY SPELL IN HIGH-end litigation work following the resolution of several big cases in late 2013 led to the second consecutive year of declines in key financial metrics at O'Melveny & Myers.

Gross revenue slipped 9.3 percent, to $665 million, in 2014, while revenue per lawyer fell 1 percent to $1 million and profits per partner dropped nearly 8 percent to $1.6 million. In 2013, O'Melveny recorded declines of 10.4 percent in gross revenue, 8.6 percent in revenue per lawyer, and 16 percent in profits per partner.



Chairman
Bradley Butwin

In most years, litigation accounts for more than 60 percent of O'Melveny's gross revenue. Last year the firm's notable cases included advising U.S. Airways Group in an antitrust settlement with the U.S. Department of Justice allowing its $11 billion merger with American Airlines to move forward and the audit committee of gaming giant Las Vegas Sands Corp. in a long-running federal investigation under the Foreign Corrupt Practices Act.

Last year, O'Melveny advised Giant Interactive Group, one of China's largest online video game operators, on a $3 billion buyout by its chairman and private equity firms Baring Private Equity Asia and Hony Capital. The firm also helped scuttle a class certification motion in a multibillion-dollar price-fixing case against client Samsung and other consumer electronics giants.

To further bolster its litigation practice, chairman Bradley Butwin says the firm has invested in new technology, such as the development of a new litigation support tool for clients.

Looking ahead, Butwin is betting on a bounce back year for his 130-year-old firm. Toward the end of 2014, O'Melveny started to pick up assignments that Butwin believes will help the firm refill its litigation pipeline and bolster its bottom line.

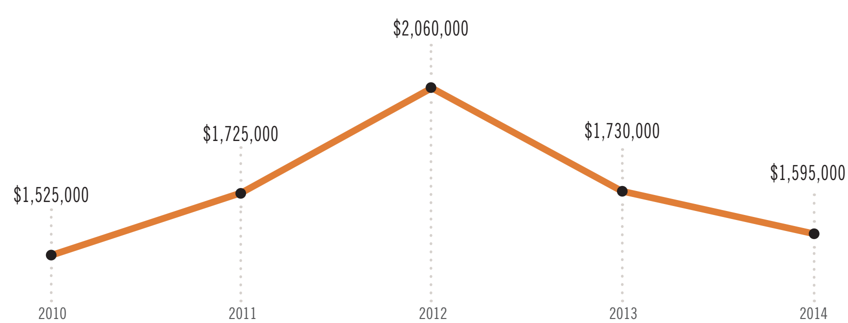
"Things are looking very busy in 2015," he says. "We have two strategies—continue doing what we're good at, like litigation, and then fill in the gaps on the transactional side." —BRIAN BAXTER

O'MELVENY & MYERS

Gross Revenue	Revenue Per Lawyer	Profits Per Partner
$665,000,000	$1,005,000	$1,595,000
-9.3%	-1.0%	-7.8%

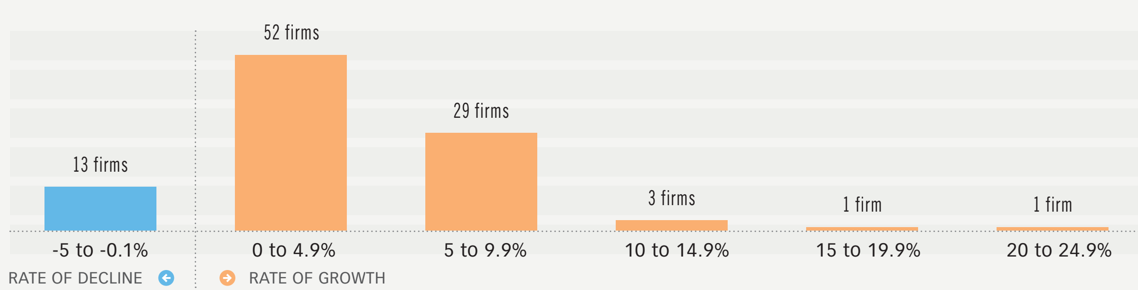
Five-Year Trend: O'Melveny

After a strong 2012, the firm's average profits per partner now approach 2010 levels.



How Tough Is It Out There?

It's hard to be a standout. More than half of Am Law 100 firms had revenue per lawyer increases of less than 5 percent in 2014.



A Tale of Two Metrics

Polsinelli's revenue growth continues, even as profits take a blow.

FAST-GROWING POLSINELLI CONtinued expanding in 2014, with revenue jumping 13.4 percent to $368 million. The firm, which has offices in 19 cities, has more than doubled its revenue since 2010, with that figure rising by double digits every year but one since then.

The extraordinary growth has eaten into profit margins, as net income increased only 1.4 percent, to $73 million. Profits per partner dropped 5.1 percent, to $650,000, due partially to a 6.7 percent increase in the size of the equity partner ranks, to 112. Revenue per lawyer rose 1 percent, to $530,000.

POLSINELLI

Gross Revenue	Revenue Per Lawyer	Profits Per Partner
$368,000,000	$530,000	$650,000
13.4%	1.0%	-5.1%

"We view 2014 as a year of investment, preparing ourselves for the future as we continue to expand our key practices," says chairman W. Russell Welsh. He noted that the firm opened two offices last year, in San Francisco and Atlanta, and increased the size of its Washington, D.C., office by roughly 50 percent.

The growth of Kansas City, Missouri-based Polsinelli was the subject of a American Lawyer article that described how the firm has used its concentration of lawyers in low-overhead markets, such as Kansas City and St. Louis, to compete for health care work and other price-sensitive assignments ["Healthy Living," June 2013].

Welsh says the firm continues to focus on that market: "We have a lot of middle-market clients and try to take advantage of our cost structure." At the same time, Welsh has criticized firms such as Littler Mendelson for opening back offices in Kansas City, claiming it undermines Polsinelli and other firms' competitive advantage.

To fuel its growth, the firm has added scores of lateral partners and associates. Last July, Polsinelli took in a 22-lawyer group from McKenna Long & Aldridge, expanding its presence in Los Angeles and giving it a San Francisco office. In The American Lawyer's most recent lateral report [February], Polsinelli was the Am Law 200's second-largest acquirer of laterals, when ranked by new hires as a percentage of the total partnership.

At the same time, however, the firm has lost a significant number of laterals: at least 45 partners left last fiscal year, according to Welsh. "Sometimes," he says, "strategies are good for a firm but not good for individual lawyers."

—SUSAN BECK

Hitting the $2 Million Mark

A 7 percent rise in profits pushes White & Case over the threshold.

FOR WHITE & CASE, 2014 WAS A landmark year. For the first time, the firm reached $1.5 billion in gross revenue, $2 million in profits per partner and $800,000 in revenue per lawyer. PPP recorded a particularly robust bump of 7.2 percent, from $1.87 million in 2013; over three years, the firm's PPP has jumped 36 percent.

"This is the culmination of what we've been doing for the past five years," says chairman Hugh Verrier, whose firm embarked on a major reorganization in 2009. Verrier says White & Case met its goals of boosting profitability and productivity over the past five years while keeping head count roughly flat.

High performing practices last year, Verrier says, included antitrust, arbitration, capital markets, private equity and restructuring. White & Case's best-performing offices were in London, Paris and Washington, D.C., as well as the firm's smaller offices in Europe and the Middle East.

Among the litigation highlights of 2014 was the U.S. Court of Appeals for the Federal Circuit affirming a patent ruling that preserved the exclusive right of White & Case client Pfizer Inc. to sell the anti-seizure drug Lyrica through 2018.

In some of its biggest deals this year, White & Case advised Zimmer Holdings on its $13.35 billion purchase of the medical device maker Biomet, a Chinese consortium on its $6 billion purchase of the Las Bambas copper project in Peru and Dynegy Inc. on its $6.25 billion acquisition of 21 power plants across New England and the Midwest.

WHITE & CASE

Gross Revenue	Revenue Per Lawyer	Profits Per Partner
$1,503,000,000	$800,000	$2,005,000
4.4%	5.3%	7.2%

—MICHAEL D. GOLDHABER

By Susan Beck

A Challenging Year at Cadwalader

The sudden exit of its future leader plus disappointing financials put The Am Law 100's oldest firm to the test.

ON MONDAY, JANUARY 19, THE PARTNERS OF Cadwalader, Wickersham & Taft interrupted their Martin Luther King Day holiday to join a hastily scheduled conference call. Patrick Quinn, the firm's managing partner, delivered the stunning news that James Woolery, who was slated to take over as the firm's chairman that month, was leaving to start a hedge fund. Woolery didn't join the call to explain his decision.

Woolery was only two years into a three-year deal that guaranteed him at least $8 million annually, more than any other partner at the firm. When he joined Cadwalader in February 2013 from JPMorgan Chase & Co., where he co-headed its North American mergers and acquisitions group, expectations ran high. Woolery, whose pedigree also included having been a partner at Cravath, Swaine & Moore, was immediately handed the title of deputy chairman and made co-leader of its M&A group. A year later, the firm announced that Woolery would take over as chairman at the start of 2015, and Woolery predicted a strong run for Cadwalader. "I think 2014 is going to be a real growth year," he said then.

It wasn't. Last year Cadwalader posted the worst financial results of any major New York firm; it's one of just two firms in that group where profits per partner dropped. (The other is Cahill Gordon & Reindel.) Profits per partner were down 15.3 percent, from $2.6 million to $2.2 million, on flat gross revenue of $481.5 million, while expenses rose by $22 million. Revenue per lawyer declined by 3.2 percent, to $1.065 million; while a small decrease, it was the largest drop in RPL among The Am Law 100. The firm's lawyer head count rose to 452, an increase of 3.4 percent, while the number of partners stayed relatively steady, at 56 equity partners and 46 nonequity.

Both Woolery and the firm insist that his departure isn't connected to the financial results. Woolery, 45, is now busy raising money for the new fund, Hudson Executive Capital, which he formed with Douglas Braunstein, the former vice-chairman of JPMorgan Chase. It's Woolery's fourth job in four years. Woolery and the firm maintain that Cadwalader, the oldest firm in the Am Law 100, founded in 1792, is doing well and has a bright future.

CADWALADER, WICKERSHAM & TAFT

Gross Revenue	Revenue Per Lawyer	Profits Per Partner
$481,500,000	$1,065,000	$2,210,000
0.0%	-3.2%	-15.3%

Still, Woolery's sudden exit leaves the firm in an awkward and embarrassing position. Cadwalader took a gamble by flying high in the lateral partner market, and compounded the risk by agreeing to anoint an outsider its leader-in-waiting before he even joined its ranks. Cadwalader made Woolery an extraordinary commitment. In the end, Woolery wasn't as committed to the institution.

THE FIRM IS ONE OF ONLY TWO BIG NEW YORK SHOPS THAT HASN'T RETURNED TO PRE-FINANCIAL CRASH PARTNER PROFIT LEVELS.

Paula Alvary, a principal with the law firm consultancy Hoffman Alvary & Co., says she doesn't know the details of Woolery's tenure at Cadwalader, but says a situation like this shows the importance of focusing on cultural values when screening laterals. "If the [lateral partner] doesn't see this as a two-sided investment, the firm is much more likely to be left in the lurch," she says. "It reminds people to put at least as much emphasis on character and values as on a practice." She also says she's increasingly seeing firms giving out leadership titles like honorifics to attract laterals or keep restless partners, and this often doesn't end well.

Looking forward, "a firm as strong as Cadwalader should make it clear that no firm is dependent on one individual," she says. And while this situation is uncomfortable for Cadwalader, she notes: "The embarrassment should primarily belong to the gentleman who left."

'A VERY BUSY YEAR'

In a recent interview at Cadwalader's downtown Manhattan office, with its sweeping views of New York Harbor, managing partner Quinn and corporate group chairman Christopher Cox make the case that Cadwalader is in good shape. "Last year was a very busy year for us," says Quinn. "We were at a six-year high in terms of hours and value. That level has continued and crescendoed." The firm's top equity partners last year earned roughly $4 million, plus bonuses, according to three sources. (The firm declined

Photograph by Steven Laxton

to comment.) Quinn reports that the firm just finished its strongest first quarter in six years, with revenue up 18 percent over the first quarter of 2014. Says Quinn: "There's lots of optimism and confidence."

With Woolery's departure, Quinn has been thrust into the role of the designated face of the firm. Under the succession plan crafted by former chairman W. Christopher White, Quinn was slated to handle operational nuts and bolts behind the scenes as managing partner, while Woolery would shine in the limelight as chairman. White, 63, has also since left the firm; in November he became co-CEO of Phoenix House, a treatment center for people with addictions. Cadwalader is no stranger to abrupt management shifts. Robert Link Jr., whom White succeeded as chairman, was later ousted as managing partner in 2008 after some partners lost confidence in his willingness to change course during the economic crisis. With the departure of White and Woolery, the firm has dropped the chairman post for the time being.

Managing partner Patrick Quinn, who has spent his career at Cadwalader, recently co-led the strong capital markets group.

A trim and youthful-looking 51, Quinn conveys an almost boyish energy and enthusiasm. Cadwalader is the only law firm he's ever worked for, and he rose to become co-head of the firm's historically strong capital markets practice. That group, which is a leader in securitized offerings, remains the firm's largest practice group, with more than 20 percent of its lawyers. Last year it handled more commercial mortgage-backed securities offerings than any other firm. He's relinquished his practice to manage full time.

Quinn and Cox say the firm's financial results for 2014 don't reflect the level of activity because a lot of work occurred in the last half of the year, and some of that revenue won't be recognized until this year. When asked why expenses rose by $22 million, Quinn explained that the firm invested in such areas as technology and training, but declined to be more specific. One investment priority for Woolery was business development: He added computer systems and personnel, including investment banker-type analysts. The firm employs 27 people in business development, marketing and communications.

"All of this is by design," says the 50-year-old Cox, who stresses that the firm is focused on long-term investments. "It's part of a plan to grow the firm without focusing on short-termism. It's better to look at [the firm's performance over] three to four to five years."

But a longer view isn't kinder to Cadwalader. The firm and Kaye Scholer are the only two major New York firms whose per-partner profits haven't returned to pre-financial crisis levels: In 2006, Cadwalader was The Am Law 100's fourth most profitable firm, with profits per partner peaking at $2.9 million. The firm was hard hit by the market crash, largely because of its reliance on securitization deals that dried up ["After the Fall," September 2008]. Today it ranks 23rd on The American Lawyer's profits per partner ratings.

"It's not surprising we haven't got quite back to the heights of 2006 and 2007," Quinn says. Back then, he notes, the firm got about 50 percent of its revenue from securitizations, and that market hasn't returned to those "crazy years." Since then, the firm has diversified. "We're confident we'll get back to those levels of profits," he says, "but on a more diversified platform."

> "We're confident we'll get back to those levels of profits," managing partner Patrick Quinn says of the golden years of 2006 and 2007, "but on a more diversified platform."

IN SEARCH OF M&A TALENT

Many of the the most profitable firms in New York do a lot of big-ticket M&A. One reason Cadwalader was so eager to get Woolery is that it needed to fill the huge gap created in September 2011 when M&A star Dennis Block, whom it lured from Weil, Gotshal & Manges in 1998, left the firm for Greenberg Traurig. Cox's arrival in January 2012 from Cahill Gordon was an important hire, but the firm repeatedly tried and failed to land other prominent M&A lawyers.

Woolery can project an easy charm that goes down well with corporate executives. John McGlade, the former chairman and CEO of Air Products & Chemicals Inc., has worked with Woolery for nearly 15 years. "In a nutshell, he's great," says McGlade, who praises the lawyer's legal and business acumen. "He knows how to move an enterprise forward." Jeffrey Rosen, the head of the M&A group at Debevoise & Plimpton, says Woolery is a good lawyer and businessman who added more credibility to Cadwalader's M&A group and attracted clients.

But Woolery didn't bring in any other top corporate partners to join the firm. Corporate lawyers interviewed for this article stress that building a top-flight M&A practice takes patience. "Woolery went to Cadwalader to build a big-time M&A practice, but two years is not enough time," says Stephen Fraiden, who left Kirkland & Ellis in February to become vice chairman of Pershing Square Capital Management. "Building this kind of practice is really hard. The firms that are leading in M&A are really good at it." Kirkland, for example, has steadily improved its profile over the last six years with several key lateral partner hires, and now competes more closely with M&A leaders like Wachtell, Lipton, Rosen & Katz; Sullivan & Cromwell; and Skadden, Arps, Slate, Meagher & Flom.

During Woolery's tenure, Cadwalader's corporate group did make progress. The firm says its revenues from corporate work rose 61 percent in those two years; in the first quarter of this year, corporate revenues rose 146 percent over the same period last year, it says. Cox successfully defended Irish drugmaker Elan Corp. PLC in 2013 against a $6.6 billion hostile bid by Royalty Pharma. The firm also represented JPMorgan Chase when the bank served as financial adviser to the special committee of Dell Inc.'s board when the company went private in a $24 billion deal, which Woolery brought to the firm. Woolery added Air Products as a client and helped expand the firm's work for Salix Pharmaceuticals Ltd., which turned to Woolery and Cox for the firm's biggest M&A assignment in this two-year period. After a series of complex negotiations with different bidders, the company agreed this year to be sold to Valeant Pharmaceuticals International Inc. for $11 billion.

"Jim added tremendous value when he was here, and it's sustainable," says Cox. "The things he put in place continue to add value." Cox has also been an important contributor. Salix former CEO Thomas D'Alonzo singles out Cox as the key relationship partner. "Chris Cox developed the relationship, definitely," says D'Alonzo, who stepped down from the company after the Valeant deal was struck. "I never dealt with a firm as capable and insightful as Chris and his team were." D'Alonzo says Woolery's sudden departure caught him off guard. "But," he adds, "Chris was our go-to lawyer, so it was a seamless transaction."

Still, the firm hasn't cracked the closely watched M&A league tables that many firms view as the barometer of success. In the rankings for 2014 by Mergermarket, Cadwalader doesn't appear among the top 20 firms by deal volume or value. Cox says these rankings don't tell the whole story, and that making these lists isn't the firm's goal. "We're a smaller boutique kind of shop. We're not about doing big M&A deals," he says. "Our priority is our clients, not our standing in the league tables. That's not how we measure success."

Woolery defends Cadwalader's track record in M&A during his two years there, explaining that Cadwalader aims to be a "destination boutique" for complex deals. "If you're in the league table games, you add up tons of [deal] announcements," he says. "It's a volume game. Clients see through that. You don’t pick law firms based on league tables.”

As an example of the firm’s special focus, he points to Cadwalader’s work on inversion deals, the controversial tactic of U.S. companies moving their headquarters abroad to lower taxes. (That activity has recently slowed with new government regulations.) He also stresses the importance of the work he did in corporate governance to devise a new approach to improving the dialogue between activist investors and companies, called the SDX Protocol. The protocol has attracted the support of institutional investors, but it’s too soon to tell what effect it will have.

Like Quinn and Cox, Woolery stresses that Cadwalader’s financial performance can’t be measured in a one-year snapshot. “No investor should measure a business based on the performance over one year,” he insists. “It’s almost negligent to talk about it that way. The right measure for law firms is four to five years, not one.”

Quinn says the firm has no plans to change its strategy, including its reliance on lateral partner hiring. It will continue, as it has for years, to focus on select practices where it excels at the high end of the market, such as capital markets, M&A and antitrust, he says. Another area where it’s recently added talent is its white-collar defense and investigations group. In March, it brought in as a partner Anne Tompkins, the former U.S. attorney for the Western District of North Carolina. Kenneth Wainstein, the head of that group and a former U.S. attorney for Washington, D.C., last year led an independent investigation into academic irregularities involving athletes at the University of North Carolina at Chapel Hill.

‘AN ENTREPRENEURIAL PERSON’

Hudson Executive Capital’s offices occupy an unglamorous suite in a midtown Manhattan building on Sixth Avenue. There’s no receptionist, and visitors must announce themselves at an intercom. In an interview in late March, an exuberant Woolery presented himself as a kid from Kentucky who still can’t believe he’s working among the giants of finance. “I was attracted to Cadwalader because it has very commercial DNA,” he says. “Cadwalader was a tremendous place to work.” Woolery gives special praise to the firm for investing in the business development group he ran, which, he says, uses sophisticated techniques to screen information about clients and attract business.

Woolery explains that he left Cadwalader because he was presented with an opportunity he couldn’t turn down. “I am an entrepreneurial person,” he says, adding that this hedge fund gives him the chance to apply his ideas about corporate governance. “I never thought I would have an opportunity to found a company squarely on these issues,” says Woolery. Some former Cadwalader partners have questioned how much time Woolery was spending on the formation of Hudson while he was at Cadwalader, in light of the fact that the venture was up and running in January, as soon as he left. The Wall Street Journal reported that Woolery and Braunstein had been discussing this idea for three years.

James Woolery promotes his new venture on CNBC. It’s his fourth job in four years.

CNBC

Woolery explains that he first got involved as Braunstein’s lawyer. “I was not acting as anything but a lawyer, but lawyers do lots of things,” he explains. “When you work as a lawyer, you work on PR and talking to investors.” Eventually, Woolery says, Braunstein started urging him to join the fund: “In late fall, near Thanksgiving, the CEOs [on the advisory board] and Doug really made it clear they wanted me to come on as a founder.”

Woolery declined to discuss the details of his compensation at Cadwalader beyond what the firm is willing to reveal. But he maintains that it was a tremendous deal for Cadwalader. “The firm got tens of millions of dollars in excess of what I was paid, and the firm has retained those clients. I didn’t walk across the street and take clients.”

When Woolery joined Cadwalader in early 2013, then-chairman Chris White extolled him as “the epitome of the Cadwalader lawyer.” White worked hard to recruit Woolery and convince the partnership to give him a generous deal.

In an interview in early April, White said he had not talked to Woolery about his departure. He admits he was surprised by the news. “I think Jim was gaining traction, and I fully expected him to have an even better year,” White says. “Jim ultimately would have brought some high-profile transactions. … It was a matter of time.”

Adds White: “Sometimes the higher the profile of the lawyer, the longer it takes them to get established. We had no expectation that Jim would be performing at his peak level for at least three years or more.”

Did Woolery’s compensation package turn out to be a good deal for Cadwalader? “I think had Jim stayed, it would have been a great deal,” White says. “If you add nickels and dimes, was it a home run? Probably not. It depends on how you measure it. If the foundation he laid benefits the firm, it’s a closer call.”

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Continued from page 101 promote diversity and business trend analysis [see "A Challenging Year at Cadwalader," page 118].

AVERAGE PPP IN 1984:

$289,000

AVERAGE PPP IN 2014:

$1.5 MILLION

Not adjusted for inflation.

THE VEREINS

Vereins, which use a holding structure that allows participating members to retain their existing forms and remain distinct legal entities, have expanded their foothold in The Am Law 100. A decade ago, there was just one verein in the U.S. top 100: Baker & McKenzie, which in 2004 became the first major law firm to convert to the structure. Today, there are six: Baker & McKenzie, along with Dentons, DLA Piper, Hogan Lovells, Norton Rose Fulbright and Squire Patton Boggs. These six vereins collectively employ 17,409 lawyers—equivalent to 19 percent of all the lawyers in The Am Law 100. Although Latham's ascension marks the first time in six years that a verein has not topped the revenue charts (Skadden's 15-year reign at the head of The Am Law 100 was ended by Baker & McKenzie in 2010, and it had been verein time ever since), vereins still account for four of The Am Law 100's 10 largest firms by gross revenue: Baker & McKenzie, DLA Piper, Norton Rose and Hogan Lovells.

Hogan Lovells had a solid year, posting slight gains in gross revenue, RPL and PPP, but a small reduction in PPL, while Norton Rose Fulbright struggled. Norton Rose Fulbright was one of only five firms to see a more than 4 percent fall in both gross revenue and net income, while the firm's RPL dropped 2.8 percent, despite a 2.1 percent reduction in its total lawyer head count.

Four firms join The Am Law 100 this year: Akerman; Baker, Donelson, Bearman, Caldwell & Berkowitz; Fenwick & West; and Fox Rothschild.

Baker & McKenzie, meanwhile, was the only verein to show across-the-board improvements in each of our major financial metrics. The firm's gross revenue grew 5 percent, to $2.54 billion, which was enough for it to overtake DLA by that measure for the first time since the 2011 fiscal year.

DLA overcame flat revenue and a second consecutive year of declining head count, which fell by 260 attorneys to 3,702 last year, to post record profits in 2014. The firm's net income rose by almost 11 percent, to a record high of $667 million, pushing the firm's profit margin from 24 to 27 percent. DLA's PPP rose 12.5 percent, to $1.49 million, another firm record, while its RPL climbed 7.2 percent, to $670,000. DLA Piper global co-CEO Cameron Jay Rains says the results are a reflection of a concerted focus on improving the firm's productivity and efficiency, which he describes as "an important discipline for any firm that has grown the way we have."

HELLO AND GOODBYE

The Am Law 100 also welcomes three first-time entrants this year: Fox Rothschild; Akerman; and Baker, Donelson, Bearman, Caldwell & Berkowitz. The trio gain entry to the rankings alongside Fenwick at the expense of McKenna Long & Aldridge; Finnegan, Henderson, Farabow, Garrett & Dunner; Edwards Wildman Palmer; and Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, which each slipped into The Am Law 200.

Finnegan loses its place as a result of a two-year period of downsizing that has seen total lawyer head count drop by around 10 percent, from 350 in 2013 to 314 this year. The firm had been reacting to a slowdown in patent work caused by the so-called patent cliff, in which drug and other companies' patents from a wave of 1990s-era inventions started to expire. And although the firm is no longer in The Am Law 100, its financial situation has improved. Finnegan's RPL increased 8.8 percent in 2014, to $985,000, while the average compensation it paid to equity and nonequity partners leaped 26.8 percent, to a record $1.04 million. The firm's PPP also grew significantly, climbing 23.2 percent, to $1.22 million.

McKenna Long & Aldridge hasn't just dropped off The Am Law 100: It no longer exists. The firm announced in April that it is to combine with the Dentons verein, which itself is set to disappear from our Am Law 100 rankings. (Because the combination did not occur until this year, we will publish McKenna Long's 2014 results next month, as part of the Second Hundred.)

Dentons had powered up the revenue and head count charts in recent years thanks to a series of combinations, starting in 2010 with the tie-up of Sonnenschein Nath & Rosenthal and U.K.-based Denton Wilde Sapte to form SNR Denton, and followed in 2013 by a three-way combination with European firm Salans and Canada's Fraser Milner Casgrain. Earlier this year, Dentons announced that it would combine with China's largest firm, Dacheng. The deal, which as with its other combinations is structured as a verein, has created a 6,600-lawyer behemoth that is by some distance the world's largest firm by head count. The Dacheng deal means that more of Dentons' lawyers are now based in China than the United States, despite the addition of McKenna Long's U.S. attorneys. Dentons is therefore classified as a Chinese law firm for the purposes of our surveys and as a result is no longer eligible for inclusion in The Am Law 100 after this year.

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Continued from page 105 The pair have almost identical PPPs ($1.52 million and $1.49 million, respectively), but their relative profitability as measured by PPL could hardly be more different. Williams & Connolly sits 35 places higher in the PPL rankings than it does by PPP, one of two firms with the greatest difference between PPL and PPP in The Am Law 100. (The other firm is Barnes & Thornburg.) On first inspection, Williams & Connolly's PPP appears fairly ordinary, just below the Am Law 100 average of $1.55 million. But its PPL of $585,000 is the 13th-highest in the survey, higher even than elite New York firms Davis Polk & Wardwell and Paul, Weiss, Rifkind, Wharton & Garrison, highlighting the fact that its PPP is suppressed by its well-below-average leverage of 1.6. DLA Piper, on the other hand, ranks 37 places higher by PPP than it does by PPL—a bigger gap between those rankings than any other firm in The Am Law 100. Its PPL of $180,000—70 percent below Williams & Connolly's—puts it in the bottom 15 of The Am Law 100, highlighting the extent to which its PPP is artificially boosted by its high leverage of 7.26.

PPP is a blunt and potentially misleading metric, and one whose importance is overplayed by firms and the media alike. But this doesn't signal the end of its inclusion in The Am Law 100. Far from it. Equity partners are not only a law firm's owners and managers, they also represent its primary capital, both intellectual and monetary. Any measurement of their remuneration is therefore highly significant.

"PPP is what the market looks to and rightly so, as it's the return on investment to the owners of the firm," says law firm consultant Peter Zeughauser.

When viewed in isolation, any metric has the potential to be misleading, so judging a firm's performance on a single headline stat, as so often happens with PPP, is an exercise in futility. The more elements you consider when assessing a firm's fiscal health, the more accurate that assessment is likely to be. This has always been our policy, even if it hasn't always been shared by our readers. PPP still has a place in any analysis of a law firm's financial performance. It's just that that place must be alongside other metrics, including PPL.

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HOW PPP OUTLIERS SCORE ON PPL

The Am Law 100's ranks for PPP and PPL are similar. But they do not correspond exactly, as these results for the top- and bottom-ranking firms by PPP show.

Firms With Highest PPP Rankings

		PPP	PPP rank	PPL	PPL rank	Difference
Wachtell	(83 equity partners, 2.22 leverage)	$5,500,000	1	$1,710,000	1	0
Quinn Emanuel	(147 equity partners, 3.83 leverage)	$4,925,000	2	$1,020,000	2	0
Paul Weiss	(135 equity partners, 5.99 leverage)	$3,845,000	3	$550,000	16	-13
Sullivan & Cromwell	(170 equity partners, 3.74 leverage)	$3,680,000	4	$775,000	3	1
Cahill	(62 equity partners, 4.27 leverage)	$3,615,000	5	$685,000	8	-3
Kirkland	(337 equity partners, 3.68 leverage)	$3,510,000	6	$750,000	4	2
Simpson Thacher	(187 equity partners, 3.97 leverage)	$3,485,000	7	$700,000	6	1
Cravath	(91 equity partners, 3.86 leverage)	$3,365,000	8	$690,000	7	1
Davis Polk	(153 equity partners, 4.69 leverage)	$3,295,000	9	$580,000	14	-5
Cleary Gottlieb	(185 equity partners, 5.37 leverage)	$3,230,000	10	$505,000	19	-9

Firms With Lowest PPP Rankings

		PPP	PPP rank	PPL	PPL rank	Difference
Polsinelli	(112 equity partners, 5.19 leverage)	$650,000	91	$105,000	96	-5
Akerman	(188 equity partners, 1.91 leverage)	$640,000	92	$220,000	74	18
Fox Rothschild	(166 equity partners, 2.37 leverage)	$640,000	92	$190,000	82	10
Norton Rose Fulbright	(944 equity partners, 2.67 leverage)	$625,000	94	$170,000	93	1
Ogletree Deakins	(151 equity partners, 3.64 leverage)	$615,000	95	$130,000	95	0
Dorsey	(191 equity partners, 1.62 leverage)	$605,000	96	$230,000	72	24
Jackson Lewis	(225 equity partners, 2.34 leverage)	$605,000	96	$180,000	86	10
Baker Donelson	(210 equity partners, 1.93 leverage)	$520,000	98	$175,000	91	7
Littler	(370 equity partners, 1.94 leverage)	$515,000	99	$175,000	91	8
Dentons	(484 equity partners, 3.72 leverage)	$495,000	100	$105,000	96	4

A GUIDE TO OUR **METHODOLOGY**

HOW WE REPORT FIRM FINANCIALS

The Am Law 100 is reported by ALM publications throughout the United States, including The American Lawyer, the Connecticut Law Tribune, the Daily Business Review (Miami), the Daily Report (Atlanta), The Legal Intelligencer (Philadelphia), The National Law Journal/Legal Times, the New Jersey Law Journal, The Recorder (San Francisco) and Texas Lawyer.

Most law firms provide their financials voluntarily for this report. Some choose not to cooperate, so we make estimates based on our reporting. But all data is investigated by our reporters. If we discover we made an error in reporting a previous year's financials, we correct the numbers and base the percentage changes in future years on restated numbers.

DEFINITIONS

GROSS REVENUE is fee income from legal work. It does not include disbursements or income from nonlegal ancillary businesses.

NET INCOME is total compensation to equity partners.

PROFIT MARGIN is the percentage of gross revenue devoted to net income.

LAWYER COUNTS are average full-time-equivalent (FTE) figures for the 2014 calendar year. Temporary and contract attorneys are not included. Retired partners and of counsel are not counted as partners, nor are payments made to them included in net income.

EQUITY PARTNERS are those who receive no more than half their compensation on a fixed-income basis.

NONEQUITY PARTNERS are those who receive more than half their compensation on a fixed-income basis.

LEVERAGE is total lawyers (excluding equity partners) divided by the number of equity partners.

CALCULATED METRICS

COMPENSATION-ALL PARTNERS is net income (total payouts to equity partners) plus the fixed-income compensation paid to nonequity partners. A related metric, *Average Compensation-All Partners*, is net income plus compensation to nonequity partners, divided by the number of equity and nonequity partners. These metrics provide a snapshot of compensation to the entire partnership, both equity and nonequity.

PROFITABILITY INDEX is profits per partner divided by revenue per lawyer. It demonstrates how efficiently a firm converts revenues into profits.

PROFITS PER LAWYER is net income divided by the total number of lawyers. It reduces the importance of such factors as leverage in assessing firm profitability.

PROFITS PER PARTNER is net income divided by the number of equity partners. This represents the average compensation to equity partners.

REVENUE PER LAWYER is gross revenue divided by the total number of lawyers, measured on an average FTE basis.We have long considered this metric the best measure of a firm's overall financial health.

VALUE PER LAWYER is compensation–all partners divided by the total number of lawyers. We then divide that figure by $10 million to determine how many lawyers it takes to generate that amount. This metric demonstrates how much each of a firm's lawyers contributes to total partner compensation.

OUR CONVENTIONS

On the poster and the A-to-Z chart, full firm names are used. On all other charts we publish shortened firm names.

We round gross revenue and net income to the nearest $500,000. Profits per partner, revenue per lawyer, value per lawyer, profits per lawyer and average compensation–all partners are rounded to the nearest $5,000.

Firms that are tied in the rankings are listed in alphabetical order.

HOW WE DESIGNATE LOCATION

Firms are placed in the "international" or "national" categories according to the distribution of their lawyers.

INTERNATIONAL FIRMS are those with 40 percent or more of their lawyers outside the United States.

VEREINS are broken out separately on our charts because their organizational structure, particularly regarding profit sharing among offices, differs significantly from other, traditionally structured Am Law 100 firms.

NATIONAL FIRMS are those with no more than 45 percent of their lawyers located in any single region of the U.S.

We recognize eight regions for this purpose: *New England* (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont); *New York City; Mid-Atlantic* (Delaware, Maryland, New Jersey, New York [excluding New York City], Northern Virginia and Pennsylvania); *Washington, D.C.; South/Southeast* (Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Southern Virginia, Tennessee and West Virginia); *Midwest* (Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin); *West/Southwest* (Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Oklahoma, Texas, Utah and Wyoming) and *West Coast/Pacific Rim* (Alaska, California, Hawaii, Oregon and Washington).

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FOOTNOTES: *Vereins differ structurally from other Am Law 100 firms, especially in regard to profit sharing. [1]Bingham McCutchen ceased operations in December. [2]Dentons joined with Dacheng in January 2015 to form the Dacheng Dentons verein. Results are for the legacy operation only. [3]Fiscal year ends on March 31. Results are projected in order to meet The Am Law 100's publication deadline. [4]Fiscal year ends on March 31. Results are projected in order to meet The Am Law 100's publication deadline. [5]Locke Lord merged with Edwards Wildman Palmer in January 2015. Results are for the legacy operation only. [6]Census numbers and financials do not include the lawyers who joined from the former Bingham McCutchen in late November. [7]Squire Sanders joined with Patton Boggs in June 2014 to form the Squire Patton Boggs verein, so there is no year-over-year comparison.

THE AM LAW 100 **AT A GLANCE**

FOUR FIRMS MOVED onto The Am Law 100 this year. Three are newcomers: Akerman; Baker, Donelson, Bearman, Caldwell & Berkowitz; and Fox Rothschild. The fourth firm, Fenwick & West, returns to The Am Law 100 for the first time since 2001.

Gross revenue is rounded to the nearest $500,000. Profits per partner and revenue per lawyer are rounded to the nearest $5,000. For more details about our metrics, see “A Guide to Our Methodology,” page 124.

FIRMS A TO Z

FIRM	2014 Gross Revenue	Change in Revenue From 2013	Revenue Per Lawyer	Change in RPL From 2013	Profits Per Partner	Change in PPP From 2013	Profit Margin	Leverage
Akerman *Miami,* 548 lawyers 188 equity partners 92 nonequity partners	$324,000,000	8.7%	$590,000	3.5%	$640,000	7.6%	37	1.91
Akin Gump Strauss Hauer & Feld *National,* 822 lawyers 189 equity partners 115 nonequity partners	$868,000,000	4.8%	$1,055,000	2.9%	$1,885,000	2.7%	41	3.35
Alston & Bird *Atlanta,* 759 lawyers 146 equity partners 186 nonequity partners	$645,500,000	-4.4%	$850,000	-0.6%	$1,545,000	-7.2%	35	4.20
Arnold & Porter *Washington, D.C.,* 699 lawyers 233 equity partners 0 nonequity partners	$694,500,000	1.2%	$995,000	4.2%	$1,385,000	3.7%	47	2.00
Baker & Hostetler *National,* 878 lawyers 171 equity partners 233 nonequity partners	$579,000,000	7.2%	$660,000	-2.2%	$810,000	-13.4%	24	4.13
Baker & McKenzie *Verein,** 4,245 lawyers 705 equity partners 726 nonequity partners	$2,540,000,000	5.0%	$600,000	1.7%	$1,290,000	7.5%	36	5.02
Baker Botts *Houston,* 694 lawyers 176 equity partners 104 nonequity partners	$653,000,000	11.4%	$940,000	9.3%	$1,700,000	25.5%	46	2.94
Baker, Donelson, Bearman, Caldwell & Berkowitz *Memphis,* 616 lawyers 210 equity partners 93 nonequity partners	$318,500,000	7.2%	$515,000	2.0%	$520,000	4.0%	34	1.93

FIRM	2014 Gross Revenue	Change in Revenue From 2013	Revenue Per Lawyer	Change in RPL From 2013	Profits Per Partner	Change in PPP From 2013	Profit Margin	Leverage
Barnes & Thornburg *Indianapolis,* 517 lawyers 214 equity partners 127 nonequity partners	$346,000,000	0.6%	$670,000	1.5%	$835,000	-2.3%	51	1.42
Bingham McCutchen[1] *National,* 715 lawyers 130 equity partners 138 nonequity partners	$665,000,000	-12.7%	$930,000	-3.1%	$1,330,000	-9.8%	26	4.50
Blank Rome *Philadelphia,* 472 lawyers 117 equity partners 115 nonequity partners	$331,000,000	3.3%	$700,000	-2.1%	$825,000	0.6%	29	3.03
Boies, Schiller & Flexner *National,* 282 lawyers 43 equity partners 69 nonequity partners	$345,000,000	4.5%	$1,225,000	-2.4%	$3,025,000	1.7%	38	5.56
Bracewell & Giuliani *Houston,* 450 lawyers 79 equity partners 135 nonequity partners	$337,500,000	4.5%	$750,000	2.7%	$1,330,000	3.1%	31	4.70
Bryan Cave *National,* 977 lawyers 214 equity partners 185 nonequity partners	$635,500,000	-1.2%	$650,000	-0.8%	$815,000	1.2%	27	3.57
Cadwalader, Wickersham & Taft *New York,* 452 lawyers 56 equity partners 46 nonequity partners	$481,500,000	0.0%	$1,065,000	-3.2%	$2,210,000	-15.3%	26	7.07
Cahill Gordon & Reindel *New York,* 327 lawyers 62 equity partners 8 nonequity partners	$380,000,000	-1.7%	$1,165,000	-2.9%	$3,615,000	-4.4%	59	4.27
Cleary Gottlieb Steen & Hamilton *International,* 1,178 lawyers 185 equity partners 0 nonequity partners	$1,250,000,000	5.0%	$1,060,000	6.0%	$3,230,000	12.3%	48	5.37
Cooley *Palo Alto,* 755 lawyers 176 equity partners 75 nonequity partners	$802,000,000	19.0%	$1,060,000	6.0%	$1,735,000	10.9%	38	3.29

FIRMS A TO Z

FIRM	2014 Gross Revenue	Change in Revenue From 2013	Revenue Per Lawyer	Change in RPL From 2013	Profits Per Partner	Change in PPP From 2013	Profit Margin	Leverage
Covington & Burling *Washington, D.C.*, 774 lawyers 248 equity partners 0 nonequity partners	$709,000,000	7.9%	$915,000	5.8%	$1,335,000	15.6%	47	2.12
Cravath, Swaine & Moore *New York*, 442 lawyers 91 equity partners 1 nonequity partner	$648,000,000	5.5%	$1,465,000	2.4%	$3,365,000	2.3%	47	3.86
Crowell & Moring *Washington, D.C.*, 450 lawyers 97 equity partners 89 nonequity partners	$368,500,000	2.6%	$820,000	5.8%	$1,030,000	10.8%	27	3.64
DLA Piper *Verein,** 3,702 lawyers 448 equity partners 788 nonequity partners	$2,480,500,000	0.0%	$670,000	7.2%	$1,490,000	12.5%	27	7.26
Davis Polk & Wardwell *New York*, 871 lawyers 153 equity partners 0 nonequity partners	$1,072,000,000	9.9%	$1,230,000	2.1%	$3,295,000	12.1%	47	4.69
Debevoise & Plimpton *New York*, 615 lawyers 134 equity partners 0 nonequity partners	$710,500,000	3.3%	$1,155,000	0.0%	$2,380,000	3.0%	45	3.59
Dechert *National*, 877 lawyers 163 equity partners 124 nonequity partners	$839,500,000	8.0%	$955,000	3.8%	$2,315,000	7.7%	45	4.38
Dentons[2] *Verein,** 2,285 lawyers 484 equity partners 513 nonequity partners	$1,275,000,000	1.1%	$560,000	10.9%	$495,000	-10.0%	19	3.72
Dorsey & Whitney *National*, 500 lawyers 191 equity partners 62 nonequity partners	$338,500,000	3.8%	$675,000	3.8%	$605,000	11.0%	34	1.62
Drinker Biddle & Reath *Philadelphia*, 553 lawyers 176 equity partners 74 nonequity partners	$381,000,000	-1.8%	$690,000	1.5%	$720,000	2.1%	33	2.14

FIRM	2014 Gross Revenue	Change in Revenue From 2013	Revenue Per Lawyer	Change in RPL From 2013	Profits Per Partner	Change in PPP From 2013	Profit Margin	Leverage
Duane Morris *National*, 620 lawyers 122 equity partners 220 nonequity partners	$428,000,000	1.5%	$690,000	0.7%	$900,000	2.9%	26	4.08
Faegre Baker Daniels *Minneapolis*, 672 lawyers 239 equity partners 119 nonequity partners	$456,500,000	1.0%	$680,000	1.5%	$770,000	4.8%	40	1.81
Fenwick & West *Mountain View, California*, 288 lawyers 85 equity partners 13 nonequity partners	$327,000,000	19.1%	$1,135,000	15.2%	$1,540,000	20.8%	40	2.39
Fish & Richardson *National*, 345 lawyers 105 equity partners 70 nonequity partners	$357,500,000	-1.4%	$1,035,000	-1.9%	$1,210,000	-7.3%	36	2.29
Foley & Lardner *National*, 849 lawyers 153 equity partners 265 nonequity partners	$665,000,000	3.3%	$785,000	2.6%	$1,065,000	10.9%	25	4.55
Fox Rothschild[3] *Philadelphia*, 560 lawyers 166 equity partners 74 nonequity partners	$331,500,000	10.1%	$590,000	4.4%	$640,000	1.6%	32	2.37
Fragomen, Del Rey, Bernsen & Loewy *International*, 469 lawyers 62 equity partners 35 nonequity partners	$441,000,000	14.0%	$940,000	7.4%	$1,835,000	14.0%	26	6.56
Fried, Frank, Harris, Shriver & Jacobson *New York*, 414 lawyers 107 equity partners 14 nonequity partners	$460,000,000	0.3%	$1,110,000	8.8%	$1,815,000	11.0%	42	2.87
Gibson, Dunn & Crutcher *National*, 1,204 lawyers 292 equity partners 41 nonequity partners	$1,466,000,000	5.7%	$1,215,000	1.3%	$3,045,000	3.4%	61	3.12
Goodwin Procter *Boston*, 755 lawyers 189 equity partners 115 nonequity partners	$785,500,000	4.4%	$1,040,000	6.1%	$1,745,000	7.4%	42	2.99

FIRMS A TO Z

FIRM	2014 Gross Revenue	Change in Revenue From 2013	Revenue Per Lawyer	Change in RPL From 2013	Profits Per Partner	Change in PPP From 2013	Profit Margin	Leverage
Greenberg Traurig *National,* 1,730 lawyers 299 equity partners 613 nonequity partners	$1,270,500,000	3.3%	$735,000	0.7%	$1,425,000	5.6%	34	4.79
Haynes and Boone *Dallas,* 502 lawyers 129 equity partners 85 nonequity partners	$339,000,000	9.0%	$675,000	4.7%	$855,000	8.9%	33	2.89
Hogan Lovells *Verein,** 2,360 lawyers 509 equity partners 279 nonequity partners	$1,779,500,000	3.6%	$755,000	1.3%	$1,215,000	0.4%	35	3.64
Holland & Knight *National,* 1,009 lawyers 172 equity partners 362 nonequity partners	$688,500,000	9.8%	$680,000	3.8%	$1,135,000	10.2%	28	4.87
Hughes Hubbard & Reed *New York,* 332 lawyers 77 equity partners 23 nonequity partners	$394,000,000	-0.5%	$1,185,000	4.9%	$2,145,000	10.0%	42	3.31
Hunton & Williams[4] *National,* 707 lawyers 212 equity partners 111 nonequity partners	$568,000,000	4.2%	$805,000	7.3%	$1,000,000	15.6%	37	2.33
Jackson Lewis *National,* 751 lawyers 225 equity partners 194 nonequity partners	$390,500,000	6.3%	$520,000	2.0%	$605,000	6.1%	35	2.34
Jenner & Block *Chicago,* 401 lawyers 105 equity partners 83 nonequity partners	$408,000,000	14.1%	$1,015,000	23.0%	$1,615,000	30.8%	42	2.82
Jones Day *National,* 2,510 lawyers 933 equity partners 0 nonequity partners	$1,850,000,000	4.8%	$735,000	2.8%	$930,000	5.7%	47	1.69
K&L Gates *National,* 1,952 lawyers 252 equity partners 692 nonequity partners	$1,145,500,000	-1.2%	$585,000	0.0%	$830,000	0.0%	18	6.75

FIRMS A TO Z

FIRM	2014 Gross Revenue	Change in Revenue From 2013	Revenue Per Lawyer	Change in RPL From 2013	Profits Per Partner	Change in PPP From 2013	Profit Margin	Leverage
Katten Muchin Rosenman *National*, 632 lawyers 146 equity partners 175 nonequity partners	$537,500,000	6.2%	$850,000	3.0%	$1,395,000	4.9%	38	3.33
Kaye Scholer *New York*, 368 lawyers 99 equity partners 24 nonequity partners	$375,000,000	-1.3%	$1,020,000	5.2%	$1,410,000	1.8%	37	2.72
Kilpatrick Townsend & Stockton *Atlanta*, 571 lawyers 111 equity partners 134 nonequity partners	$411,500,000	5.9%	$720,000	3.6%	$925,000	32.1%	25	4.14
King & Spalding *National*, 886 lawyers 170 equity partners 169 nonequity partners	$934,000,000	8.4%	$1,055,000	7.1%	$2,355,000	10.0%	43	4.21
Kirkland & Ellis *National*, 1,576 lawyers 337 equity partners 395 nonequity partners	$2,150,000,000	6.6%	$1,365,000	5.4%	$3,510,000	7.0%	55	3.68
Kramer Levin Naftalis & Frankel *New York*, 308 lawyers 67 equity partners 37 nonequity partners	$320,500,000	-0.5%	$1,040,000	1.0%	$1,815,000	3.7%	38	3.60
Latham & Watkins *National*, 2,100 lawyers 457 equity partners 177 nonequity partners	$2,612,000,000	14.3%	$1,245,000	12.2%	$2,900,000	16.5%	51	3.60
Lewis Brisbois Bisgaard & Smith *Los Angeles*, 891 lawyers 103 equity partners 454 nonequity partners	$364,000,000	0.1%	$410,000	1.2%	$670,000	-5.6%	19	7.65
Littler Mendelson *National*, 1,088 lawyers 370 equity partners 131 nonequity partners	$543,500,000	11.6%	$500,000	3.1%	$515,000	10.8%	35	1.94
Locke Lord[5] *Dallas*, 578 lawyers 160 equity partners 144 nonequity partners	$426,500,000	3.3%	$740,000	5.7%	$970,000	9.6%	36	2.61

The AM LAW 100

FIRMS A TO Z

FIRM	2014 Gross Revenue	Change in Revenue From 2013	Revenue Per Lawyer	Change in RPL From 2013	Profits Per Partner	Change in PPP From 2013	Profit Margin	Leverage
Mayer Brown *International,* 1,486 lawyers 280 equity partners 323 nonequity partners	$1,223,000,000	6.7%	$825,000	5.8%	$1,450,000	12.8%	33	4.31
McDermott Will & Emery *National,* 997 lawyers 203 equity partners 368 nonequity partners	$900,000,000	2.2%	$900,000	4.0%	$1,530,000	-1.0%	35	3.91
McGuireWoods *Richmond,* 939 lawyers 182 equity partners 233 nonequity partners	$620,000,000	1.7%	$660,000	0.8%	$960,000	1.1%	28	4.16
Milbank, Tweed, Hadley & McCloy *New York,* 614 lawyers 144 equity partners 8 nonequity partners	$761,000,000	7.8%	$1,240,000	3.8%	$2,745,000	7.0%	52	3.26
Morgan, Lewis & Bockius[6] *National,* 1,338 lawyers 360 equity partners 129 nonequity partners	$1,317,000,000	2.0%	$985,000	4.2%	$1,610,000	2.9%	44	2.72
Morrison & Foerster *National,* 988 lawyers 261 equity partners 87 nonequity partners	$968,500,000	-4.2%	$980,000	-1.0%	$1,415,000	-3.4%	38	2.79
Nixon Peabody *National,* 573 lawyers 145 equity partners 156 nonequity partners	$407,000,000	-1.1%	$710,000	0.7%	$760,000	7.0%	27	2.95
Norton Rose Fulbright *Verein,** 3,461 lawyers 944 equity partners 240 nonequity partners	$1,814,000,000	-4.7%	$525,000	-2.8%	$625,000	-5.3%	32	2.67
Ogletree, Deakins, Nash, Smoak & Stewart *National,* 701 lawyers 151 equity partners 225 nonequity partners	$373,000,000	7.5%	$530,000	1.9%	$615,000	16.0%	25	3.64
O'Melveny & Myers *Los Angeles,* 663 lawyers 169 equity partners 11 nonequity partners	$665,000,000	-9.3%	$1,005,000	-1.0%	$1,595,000	-7.8%	41	2.92

FIRM	2014 Gross Revenue	Change in Revenue From 2013	Revenue Per Lawyer	Change in RPL From 2013	Profits Per Partner	Change in PPP From 2013	Profit Margin	Leverage
Orrick, Herrington & Sutcliffe *National,* 891 lawyers 141 equity partners 167 nonequity partners	$877,000,000	1.1%	$985,000	8.2%	$1,595,000	-5.9%	26	5.32
Paul Hastings *National,* 873 lawyers 197 equity partners 72 nonequity partners	$1,000,500,000	6.3%	$1,145,000	8.0%	$2,360,000	8.5%	46	3.43
Paul, Weiss, Rifkind, Wharton & Garrison *New York,* 943 lawyers 135 equity partners 0 nonequity partners	$1,036,500,000	10.9%	$1,100,000	0.5%	$3,845,000	6.2%	50	5.99
Pepper Hamilton *Philadelphia,* 508 lawyers 139 equity partners 84 nonequity partners	$384,500,000	2.9%	$755,000	2.7%	$945,000	8.0%	34	2.65
Perkins Coie *Seattle,* 913 lawyers 181 equity partners 274 nonequity partners	$710,000,000	11.7%	$780,000	5.4%	$1,095,000	1.4%	28	4.04
Pillsbury Winthrop Shaw Pittman *National,* 591 lawyers 165 equity partners 143 nonequity partners	$560,000,000	3.0%	$950,000	3.3%	$1,165,000	5.9%	34	2.58
Polsinelli *Kansas City, Missouri,* 693 lawyers 112 equity partners 298 nonequity partners	$368,000,000	13.4%	$530,000	1.0%	$650,000	-5.1%	20	5.19
Proskauer Rose *New York,* 721 lawyers 172 equity partners 66 nonequity partners	$818,500,000	6.5%	$1,135,000	5.1%	$2,100,000	7.7%	44	3.19
Quinn Emanuel Urquhart & Sullivan *National,* 710 lawyers 147 equity partners 53 nonequity partners	$1,103,500,000	13.5%	$1,555,000	7.6%	$4,925,000	9.8%	66	3.83
Reed Smith *National,* 1,638 lawyers 302 equity partners 397 nonequity partners	$1,152,000,000	7.2%	$705,000	2.2%	$1,205,000	5.7%	32	4.42

The AM LAW 100 FIRMS A TO Z

FIRM	2014 Gross Revenue	Change in Revenue From 2013	Revenue Per Lawyer	Change in RPL From 2013	Profits Per Partner	Change in PPP From 2013	Profit Margin	Leverage
Ropes & Gray *National*, 1,041 lawyers 268 equity partners 0 nonequity partners	$1,115,500,000	11.8%	$1,070,000	8.1%	$1,930,000	12.9%	46	2.88
Schulte Roth & Zabel *New York*, 351 lawyers 84 equity partners 0 nonequity partners	$400,500,000	3.0%	$1,140,000	1.3%	$2,315,000	4.5%	49	3.18
Seyfarth Shaw *National*, 772 lawyers 195 equity partners 174 nonequity partners	$555,000,000	2.8%	$720,000	3.6%	$940,000	1.6%	33	2.96
Shearman & Sterling *International*, 821 lawyers 157 equity partners 34 nonequity partners	$845,000,000	3.0%	$1,030,000	1.5%	$1,905,000	5.8%	35	4.23
Sheppard, Mullin, Richter & Hampton *Los Angeles*, 584 lawyers 114 equity partners 172 nonequity partners	$510,500,000	9.4%	$875,000	2.9%	$1,365,000	9.6%	30	4.12
Sidley Austin *National*, 1,761 lawyers 306 equity partners 376 nonequity partners	$1,753,500,000	9.5%	$995,000	5.3%	$1,990,000	6.1%	35	4.75
Simpson Thacher & Bartlett *New York*, 929 lawyers 187 equity partners 0 nonequity partners	$1,245,500,000	10.4%	$1,340,000	4.3%	$3,485,000	10.1%	52	3.97
Skadden, Arps, Slate, Meagher & Flom *National*, 1,654 lawyers 383 equity partners 0 nonequity partners	$2,315,000,000	3.6%	$1,400,000	4.1%	$2,905,000	6.4%	48	3.32
Squire Patton Boggs[7] *Verein,** 1,356 lawyers 154 equity partners 298 nonequity partners	$870,500,000	N/A	$640,000	N/A	$840,000	N/A	15	7.81
Steptoe & Johnson LLP *Washington, D.C.*, 385 lawyers 128 equity partners 0 nonequity partners	$352,500,000	-3.4%	$915,000	1.7%	$910,000	0.6%	33	2.01
Sullivan & Cromwell *New York*, 805 lawyers 170 equity partners 0 nonequity partners	$1,276,000,000	-0.2%	$1,585,000	-0.3%	$3,680,000	0.1%	49	3.74

FIRM	2014 Gross Revenue	Change in Revenue From 2013	Revenue Per Lawyer	Change in RPL From 2013	Profits Per Partner	Change in PPP From 2013	Profit Margin	Leverage
Troutman Sanders *Atlanta*, 593 lawyers 197 equity partners 95 nonequity partners	$422,500,000	7.2%	$715,000	2.9%	$805,000	7.3%	38	2.01
Venable *National*, 564 lawyers 163 equity partners 107 nonequity partners	$442,000,000	7.9%	$785,000	1.9%	$970,000	7.2%	36	2.46
Vinson & Elkins *Houston*, 624 lawyers 144 equity partners 74 nonequity partners	$653,500,000	3.6%	$1,045,000	7.7%	$1,925,000	12.6%	42	3.33
Wachtell, Lipton, Rosen & Katz *New York*, 267 lawyers 83 equity partners 0 nonequity partners	$702,500,000	16.9%	$2,630,000	13.9%	$5,500,000	15.7%	65	2.22
Weil, Gotshal & Manges *National*, 1,072 lawyers 171 equity partners 110 nonequity partners	$1,151,000,000	1.2%	$1,075,000	9.1%	$2,405,000	16.5%	36	5.27
White & Case *International*, 1,878 lawyers 275 equity partners 143 nonequity partners	$1,503,000,000	4.4%	$800,000	5.3%	$2,005,000	7.2%	37	5.83
Williams & Connolly *Washington, D.C.*, 307 lawyers 118 equity partners 0 nonequity partners	$399,000,000	5.0%	$1,300,000	7.4%	$1,515,000	4.8%	45	1.60
Willkie Farr & Gallagher *New York*, 554 lawyers 138 equity partners 0 nonequity partners	$640,000,000	14.5%	$1,155,000	8.5%	$2,560,000	14.5%	55	3.01
Wilmer Cutler Pickering Hale and Dorr *National*, 926 lawyers 286 equity partners 0 nonequity partners	$1,071,000,000	-0.2%	$1,155,000	6.5%	$1,605,000	7.0%	43	2.24
Wilson Sonsini Goodrich & Rosati *Palo Alto*, 670 lawyers 125 equity partners 55 nonequity partners	$646,000,000	12.3%	$965,000	4.3%	$1,910,000	8.2%	37	4.36
Winston & Strawn *National*, 808 lawyers 158 equity partners 190 nonequity partners	$785,500,000	6.0%	$970,000	7.8%	$1,685,000	19.5%	34	4.11

LATHAM: THE NEW #1

THIS YEAR LATHAM & WATKINS tops our chart for the first time, switching places with DLA Piper, which fell to third. Baker & McKenzie remains in second place. The only other change in the top 16 firms involved Jones Day and Norton Rose Fulbright, which switched sixth and seventh places.

Twenty-seven firms posted gross revenue of $1 billion or more in 2014, up from 23 in 2013. Eighty firms reported gains in gross revenue. Two Silicon Valley firms, Fenwick & West and Cooley, posted the biggest gains at 19.1 and 19.0 percent, respectively. Bingham McCutchen, which ceased operations in late 2014, had the steepest decline, 12.7 percent.

Gross revenue figures on this chart are rounded to the nearest $500,000. Firms that are tied are listed alphabetically. For more details, see "A Guide to Our Methodology," page 124.

2014 GROSS REVENUE

2014 Rank	2013 Rank	FIRM	2014 Gross Revenue	Change From 2013
1	3	**Latham** 2,100 lawyers 457 equity partners	$2,612,000,000	14.3%
2	2	**Baker & McKenzie** (verein) 4,245 lawyers 705 equity partners	$2,540,000,000	5.0%
3	1	**DLA Piper** (verein) 3,702 lawyers 448 equity partners	$2,480,500,000	0.0%
4	4	**Skadden** 1,654 lawyers 383 equity partners	$2,315,000,000	3.6%
5	5	**Kirkland** 1,576 lawyers 337 equity partners	$2,150,000,000	6.6%
6	7	**Jones Day** 2,510 lawyers 933 equity partners	$1,850,000,000	4.8%
7	6	**Norton Rose** (verein) 3,461 lawyers 944 equity partners	$1,814,000,000	-4.7%
8	8	**Hogan Lovells** (verein) 2,360 lawyers 509 equity partners	$1,779,500,000	3.6%
9	9	**Sidley** 1,761 lawyers 306 equity partners	$1,753,500,000	9.5%
10	10	**White & Case** 1,878 lawyers 275 equity partners	$1,503,000,000	4.4%
11	11	**Gibson Dunn** 1,204 lawyers 292 equity partners	$1,466,000,000	5.7%
12	12	**Morgan Lewis** 1,338 lawyers 360 equity partners	$1,317,000,000	2.0%
13	13	**Sullivan & Cromwell** 805 lawyers 170 equity partners	$1,276,000,000	-0.2%
14	14	**Dentons** (verein) 2,285 lawyers 484 equity partners	$1,275,000,000	1.1%
15	15	**Greenberg Traurig** 1,730 lawyers 299 equity partners	$1,270,500,000	3.3%
16	16	**Cleary Gottlieb** 1,178 lawyers 185 equity partners	$1,250,000,000	5.0%
17	20	**Simpson Thacher** 929 lawyers 187 equity partners	$1,245,500,000	10.4%
18	18	**Mayer Brown** 1,486 lawyers 280 equity partners	$1,223,000,000	6.7%
19	21	**Reed Smith** 1,638 lawyers 302 equity partners	$1,152,000,000	7.2%
20	19	**Weil** 1,072 lawyers 171 equity partners	$1,151,000,000	1.2%
21	17	**K&L Gates** 1,952 lawyers 252 equity partners	$1,145,500,000	-1.2%
22	24	**Ropes & Gray** 1,041 lawyers 268 equity partners	$1,115,500,000	11.8%
23	26	**Quinn Emanuel** 710 lawyers 147 equity partners	$1,103,500,000	13.5%
24	25	**Davis Polk** 871 lawyers 153 equity partners	$1,072,000,000	9.9%
25	22	**Wilmer** 926 lawyers 286 equity partners	$1,071,000,000	-0.2%
26	28	**Paul Weiss** 943 lawyers 135 equity partners	$1,036,500,000	10.9%
27	27	**Paul Hastings** 873 lawyers 197 equity partners	$1,000,500,000	6.3%
28	23	**Morrison & Foerster** 988 lawyers 261 equity partners	$968,500,000	-4.2%

2014 GROSS REVENUE

2014 Rank	2013 Rank	FIRM	2014 Gross Revenue	Change From 2013
29	31	**King & Spalding** 886 lawyers 170 equity partners	$934,000,000	8.4%
30	29	**McDermott** 997 lawyers 203 equity partners	$900,000,000	2.2%
31	30	**Orrick** 891 lawyers 141 equity partners	$877,000,000	1.1%
32	N/A	**Squire Patton** (verein) 1,356 lawyers 154 equity partners	$870,500,000	N/A
33	32	**Akin Gump** 822 lawyers 189 equity partners	$868,000,000	4.8%
34	33	**Shearman & Sterling** 821 lawyers 157 equity partners	$845,000,000	3.0%
35	34	**Dechert** 877 lawyers 163 equity partners	$839,500,000	8.0%
36	36	**Proskauer** 721 lawyers 172 equity partners	$818,500,000	6.5%
37	45	**Cooley** 755 lawyers 176 equity partners	$802,000,000	19.0%
38	38	**Goodwin Procter** 755 lawyers 189 equity partners	$785,500,000	4.4%
38	39	**Winston & Strawn** 808 lawyers 158 equity partners	$785,500,000	6.0%
40	41	**Milbank** 614 lawyers 144 equity partners	$761,000,000	7.8%
41	42	**Debevoise** 615 lawyers 134 equity partners	$710,500,000	3.3%
42	49	**Perkins Coie** 913 lawyers 181 equity partners	$710,000,000	11.7%
43	46	**Covington** 774 lawyers 248 equity partners	$709,000,000	7.9%
44	54	**Wachtell** 267 lawyers 83 equity partners	$702,500,000	16.9%
45	43	**Arnold & Porter** 699 lawyers 233 equity partners	$694,500,000	1.2%
46	51	**Holland & Knight** 1,009 lawyers 172 equity partners	$688,500,000	9.8%
47	37	**Bingham McCutchen** 715 lawyers 130 equity partners	$665,000,000	-12.7%
47	47	**Foley & Lardner** 849 lawyers 153 equity partners	$665,000,000	3.3%
47	40	**O'Melveny** 663 lawyers 169 equity partners	$665,000,000	-9.3%
50	50	**Vinson & Elkins** 624 lawyers 144 equity partners	$653,500,000	3.6%
51	55	**Baker Botts** 694 lawyers 176 equity partners	$653,000,000	11.4%
52	52	**Cravath** 442 lawyers 91 equity partners	$648,000,000	5.5%
53	56	**Wilson Sonsini** 670 lawyers 125 equity partners	$646,000,000	12.3%
54	44	**Alston & Bird** 759 lawyers 146 equity partners	$645,500,000	-4.4%
55	57	**Willkie** 554 lawyers 138 equity partners	$640,000,000	14.5%
56	48	**Bryan Cave** 977 lawyers 214 equity partners	$635,500,000	-1.2%
57	53	**McGuireWoods** 939 lawyers 182 equity partners	$620,000,000	1.7%
58	60	**Baker & Hostetler** 878 lawyers 171 equity partners	$579,000,000	7.2%
59	58	**Hunton & Williams** 707 lawyers 212 equity partners	$568,000,000	4.2%
60	59	**Pillsbury** 591 lawyers 165 equity partners	$560,000,000	3.0%
61	60	**Seyfarth** 772 lawyers 195 equity partners	$555,000,000	2.8%
62	63	**Littler** 1,088 lawyers 370 equity partners	$543,500,000	11.6%
63	62	**Katten** 632 lawyers 146 equity partners	$537,500,000	6.2%
64	65	**Sheppard Mullin** 584 lawyers 114 equity partners	$510,500,000	9.4%

2014 GROSS REVENUE

2014 Rank	2013 Rank	FIRM	2014 Gross Revenue	Change From 2013
65	64	**Cadwalader** 452 lawyers 56 equity partners	$481,500,000	0.0%
66	66	**Fried Frank** 414 lawyers 107 equity partners	$460,000,000	0.3%
67	67	**Faegre Baker** 672 lawyers 239 equity partners	$456,500,000	1.0%
68	71	**Venable** 564 lawyers 163 equity partners	$442,000,000	7.9%
69	77	**Fragomen** 469 lawyers 62 equity partners	$441,000,000	14.0%
70	68	**Duane Morris** 620 lawyers 122 equity partners	$428,000,000	1.5%
71	69	**Locke Lord** 578 lawyers 160 equity partners	$426,500,000	3.3%
72	73	**Troutman Sanders** 593 lawyers 197 equity partners	$422,500,000	7.2%
73	75	**Kilpatrick Townsend** 571 lawyers 111 equity partners	$411,500,000	5.9%
74	87	**Jenner & Block** 401 lawyers 105 equity partners	$408,000,000	14.1%
75	70	**Nixon Peabody** 573 lawyers 145 equity partners	$407,000,000	-1.1%
76	74	**Schulte Roth** 351 lawyers 84 equity partners	$400,500,000	3.0%
77	79	**Williams & Connolly** 307 lawyers 118 equity partners	$399,000,000	5.0%
78	72	**Hughes Hubbard** 332 lawyers 77 equity partners	$394,000,000	-0.5%
79	82	**Jackson Lewis** 751 lawyers 225 equity partners	$390,500,000	6.3%
80	81	**Pepper Hamilton** 508 lawyers 139 equity partners	$384,500,000	2.9%
81	76	**Drinker Biddle** 553 lawyers 176 equity partners	$381,000,000	-1.8%
82	78	**Cahill** 327 lawyers 62 equity partners	$380,000,000	-1.7%

2014 Rank	2013 Rank	FIRM	2014 Gross Revenue	Change From 2013
83	79	**Kaye Scholer** 368 lawyers 99 equity partners	$375,000,000	-1.3%
84	88	**Ogletree Deakins** 701 lawyers 151 equity partners	$373,000,000	7.5%
85	86	**Crowell & Moring** 450 lawyers 97 equity partners	$368,500,000	2.6%
86	93	**Polsinelli** 693 lawyers 112 equity partners	$368,000,000	13.4%
87	84	**Lewis Brisbois** 891 lawyers 103 equity partners	$364,000,000	0.1%
88	85	**Fish** 345 lawyers 105 equity partners	$357,500,000	-1.4%
89	83	**Steptoe** 385 lawyers 128 equity partners	$352,500,000	-3.4%
90	89	**Barnes & Thornburg** 517 lawyers 214 equity partners	$346,000,000	0.6%
91	91	**Boies Schiller** 282 lawyers 43 equity partners	$345,000,000	4.5%
92	99	**Haynes and Boone** 502 lawyers 129 equity partners	$339,000,000	9.0%
93	92	**Dorsey** 500 lawyers 191 equity partners	$338,500,000	3.8%
94	94	**Bracewell** 450 lawyers 79 equity partners	$337,500,000	4.5%
95	105	**Fox Rothschild** 560 lawyers 166 equity partners	$331,500,000	10.1%
96	96	**Blank Rome** 472 lawyers 117 equity partners	$331,000,000	3.3%
97	116	**Fenwick** 288 lawyers 85 equity partners	$327,000,000	19.1%
98	108	**Akerman** 548 lawyers 188 equity partners	$324,000,000	8.7%
99	95	**Kramer Levin** 308 lawyers 67 equity partners	$320,500,000	-0.5%
100	109	**Baker Donelson** 616 lawyers 210 equity partners	$318,500,000	7.2%

VEREINS

Baker & McKenzie 4,245 lawyers, 705 equity partners	$2,540,000,000
DLA Piper 3,702 lawyers, 448 equity partners	$2,480,500,000
Norton Rose 3,461 lawyers, 944 equity partners	$1,814,000,000
Hogan Lovells 2,360 lawyers, 509 equity partners	$1,779,500,000
Dentons 2,285 lawyers, 484 equity partners	$1,275,000,000
Squire Patton 1,356 lawyers, 154 equity partners	$870,500,000

INTERNATIONAL

White & Case 1,878 lawyers, 275 equity partners	$1,503,000,000
Cleary Gottlieb 1,178 lawyers, 185 equity partners	$1,250,000,000
Mayer Brown 1,486 lawyers, 280 equity partners	$1,223,000,000
Shearman & Sterling 821 lawyers, 157 equity partners	$845,000,000
Fragomen 469 lawyers, 62 equity partners	$441,000,000

NATIONAL

Latham 2,100 lawyers, 457 equity partners	$2,612,000,000
Skadden 1,654 lawyers, 383 equity partners	$2,315,000,000
Kirkland 1,576 lawyers, 337 equity partners	$2,150,000,000
Jones Day 2,510 lawyers, 933 equity partners	$1,850,000,000
Sidley 1,761 lawyers, 306 equity partners	$1,753,500,000
Gibson Dunn 1,204 lawyers, 292 equity partners	$1,466,000,000
Morgan Lewis 1,338 lawyers, 360 equity partners	$1,317,000,000
Greenberg Traurig 1,730 lawyers, 299 equity partners	$1,270,500,000
Reed Smith 1,638 lawyers, 302 equity partners	$1,152,000,000
Weil 1,072 lawyers, 171 equity partners	$1,151,000,000
K&L Gates 1,952 lawyers, 252 equity partners	$1,145,500,000
Ropes & Gray 1,041 lawyers, 268 equity partners	$1,115,500,000
Quinn Emanuel 710 lawyers, 147 equity partners	$1,103,500,000
Wilmer 926 lawyers, 286 equity partners	$1,071,000,000
Paul Hastings 873 lawyers, 197 equity partners	$1,000,500,000
Morrison & Foerster 988 lawyers, 261 equity partners	$968,500,000
King & Spalding 886 lawyers, 170 equity partners	$934,000,000
McDermott 997 lawyers, 203 equity partners	$900,000,000
Orrick 891 lawyers, 141 equity partners	$877,000,000
Akin Gump 822 lawyers, 189 equity partners	$868,000,000
Dechert 877 lawyers, 163 equity partners	$839,500,000
Winston & Strawn 808 lawyers, 158 equity partners	$785,500,000
Holland & Knight 1,009 lawyers, 172 equity partners	$688,500,000
Bingham McCutchen 715 lawyers, 130 equity partners	$665,000,000
Foley & Lardner 849 lawyers, 153 equity partners	$665,000,000
Bryan Cave 977 lawyers, 214 equity partners	$635,500,000
Baker & Hostetler 878 lawyers, 171 equity partners	$579,000,000
Hunton & Williams 707 lawyers, 212 equity partners	$568,000,000
Pillsbury 591 lawyers, 165 equity partners	$560,000,000
Seyfarth 772 lawyers, 195 equity partners	$555,000,000
Littler 1,088 lawyers, 370 equity partners	$543,500,000
Katten 632 lawyers, 146 equity partners	$537,500,000
Venable 564 lawyers, 163 equity partners	$442,000,000
Duane Morris 620 lawyers, 122 equity partners	$428,000,000
Nixon Peabody 573 lawyers, 145 equity partners	$407,000,000
Jackson Lewis 751 lawyers, 225 equity partners	$390,500,000
Ogletree Deakins 701 lawyers, 151 equity partners	$373,000,000

2014 GROSS REVENUE / BY LOCATION

Fish 345 lawyers, 105 equity partners	$357,500,000
Boies Schiller 282 lawyers, 43 equity partners	$345,000,000
Dorsey 500 lawyers, 191 equity partners	$338,500,000

ATLANTA

Alston & Bird 759 lawyers, 146 equity partners	$645,500,000
Troutman Sanders 593 lawyers, 197 equity partners	$422,500,000
Kilpatrick Townsend 571 lawyers, 111 equity partners	$411,500,000

BOSTON

Goodwin Procter 755 lawyers, 189 equity partners	$785,500,000

CHICAGO

Jenner & Block 401 lawyers, 105 equity partners	$408,000,000

Dallas

Locke Lord 578 lawyers, 160 equity partners	$426,500,000
Haynes and Boone 502 lawyers, 129 equity partners	$339,000,000

HOUSTON

Vinson & Elkins 624 lawyers, 144 equity partners	$653,500,000
Baker Botts 694 lawyers, 176 equity partners	$653,000,000
Bracewell 450 lawyers, 79 equity partners	$337,500,000

INDIANAPOLIS

Barnes & Thornburg 517 lawyers, 214 equity partners	$346,000,000

KANSAS CITY, MISSOURI

Polsinelli 693 lawyers, 112 equity partners	$368,000,000

LOS ANGELES

O'Melveny 663 lawyers, 169 equity partners	$665,000,000
Sheppard Mullin 584 lawyers, 114 equity partners	$510,500,000
Lewis Brisbois 891 lawyers, 103 equity partners	$364,000,000

MIAMI

Akerman 548 lawyers, 188 equity partners	$324,000,000

MEMPHIS

Baker Donelson 616 lawyers, 210 equity partners	$318,500,000

MINNEAPOLIS

Faegre Baker 672 lawyers, 239 equity partners	$456,500,000

NEW YORK

Sullivan & Cromwell 805 lawyers, 170 equity partners	$1,276,000,000
Simpson Thacher 929 lawyers, 187 equity partners	$1,245,500,000
Davis Polk 871 lawyers, 153 equity partners	$1,072,000,000
Paul Weiss 943 lawyers, 135 equity partners	$1,036,500,000
Proskauer 721 lawyers, 172 equity partners	$818,500,000
Milbank 614 lawyers, 144 equity partners	$761,000,000
Debevoise 615 lawyers, 134 equity partners	$710,500,000
Wachtell 267 lawyers, 83 equity partners	$702,500,000
Cravath 442 lawyers, 91 equity partners	$648,000,000
Willkie 554 lawyers, 138 equity partners	$640,000,000
Cadwalader 452 lawyers, 56 equity partners	$481,500,000
Fried Frank 414 lawyers, 107 equity partners	$460,000,000
Schulte Roth 351 lawyers, 84 equity partners	$400,500,000
Hughes Hubbard 332 lawyers, 77 equity partners	$394,000,000
Cahill 327 lawyers, 62 equity partners	$380,000,000
Kaye Scholer 368 lawyers, 99 equity partners	$375,000,000
Kramer Levin 308 lawyers, 67 equity partners	$320,500,000

The Am Law 100

2014 GROSS REVENUE / BY LOCATION

PHILADELPHIA

Pepper Hamilton 508 lawyers, 139 equity partners	$384,500,000
Drinker Biddle 553 lawyers, 176 equity partners	$381,000,000
Fox Rothschild 560 lawyers, 166 equity partners	$331,500,000
Blank Rome 472 lawyers, 117 equity partners	$331,000,000

RICHMOND

McGuireWoods 939 lawyers, 182 equity partners	$620,000,000

SAN FRANCISCO BAY AREA

Cooley 755 lawyers, 176 equity partners	$802,000,000
Wilson Sonsini 670 lawyers, 125 equity partners	$646,000,000
Fenwick 288 lawyers, 85 equity partners	$327,000,000

SEATTLE

Perkins Coie 913 lawyers, 181 equity partners	$710,000,000

WASHINGTON, D.C.

Covington 774 lawyers, 248 equity partners	$709,000,000
Arnold & Porter 699 lawyers, 233 equity partners	$694,500,000
Williams & Connolly 307 lawyers, 118 equity partners	$399,000,000
Crowell & Moring 450 lawyers, 97 equity partners	$368,500,000
Steptoe 385 lawyers, 128 equity partners	$352,500,000

NOTES ABOUT THIS CHART: Lawyer counts are average full-time-equivalent (FTE) figures for the calendar year. Firms are placed in the "international" or "national" categories on the basis of the distribution of their lawyers. Vereins are broken out separately because their structure, particularly regarding profit sharing, differs significantly from that of other Am Law 100 firms.

A HEALTHY **GAIN**

ON AVERAGE, REVENUE PER LAWYER, the metric that we've long regarded as the most reliable measure of a firm's financial health, increased by 3.7 percent at Am Law 100 firms in 2014, reversing a decline of 0.4 percent in 2013.

Last year, 84 firms posted a gain in RPL, compared with 66 in 2013. Jenner & Block posted 2014's largest growth in RPL, with a 23 percent gain. Cadwalader, Wickersham & Taft had the largest drop, 3.2 percent.

Figures on this chart are rounded to the nearest $5,000. Firms that are tied are listed alphabetically. Leverage is the ratio of all lawyers (minus equity partners) to equity partners. For more details, see "A Guide to Our Methodology," page TK.

2014 REVENUE PER LAWYER

Rank by RPL	FIRM	Rank by Leverage	2014 RPL	Change in RPL From 2013
1	Wachtell 267 lawyers, 2.22 leverage	87	$2,630,000	13.9%
2	Sullivan & Cromwell 805 lawyers, 3.74 leverage	41	$1,585,000	-0.3%
3	Quinn Emanuel 710 lawyers, 3.83 leverage	40	$1,555,000	7.6%
4	Cravath 442 lawyers, 3.86 leverage	39	$1,465,000	2.4%
5	Skadden 1,654 lawyers, 3.32 leverage	55	$1,400,000	4.1%
6	Kirkland 1,576 lawyers, 3.68 leverage	43	$1,365,000	5.4%
7	Simpson Thacher 929 lawyers, 3.97 leverage	37	$1,340,000	4.3%
8	Williams & Connolly 307 lawyers, 1.60 leverage	99	$1,300,000	7.4%
9	Latham 2,100 lawyers, 3.60 leverage	47	$1,245,000	12.2%
10	Milbank 614 lawyers, 3.26 leverage	58	$1,240,000	3.8%
11	Davis Polk 871 lawyers, 4.69 leverage	19	$1,230,000	2.1%
12	Boies Schiller 282 lawyers, 5.56 leverage	9	$1,225,000	-2.4%
13	Gibson Dunn 1,204 lawyers, 3.12 leverage	61	$1,215,000	1.3%
14	Hughes Hubbard 332 lawyers, 3.31 leverage	56	$1,185,000	4.9%
15	Cahill 327 lawyers, 4.27 leverage	26	$1,165,000	-2.9%
16	Debevoise 615 lawyers, 3.59 leverage	49	$1,155,000	0.0%
16	Willkie 554 lawyers, 3.01 leverage	63	$1,155,000	8.5%
16	Wilmer 926 lawyers, 2.24 leverage	86	$1,155,000	6.5%
19	Paul Hastings 873 lawyers, 3.43 leverage	51	$1,145,000	8.0%
20	Schulte Roth 351 lawyers, 3.18 leverage	60	$1,140,000	1.3%
21	Fenwick 288 lawyers, 2.39 leverage	81	$1,135,000	15.2%
21	Proskauer 721 lawyers, 3.19 leverage	59	$1,135,000	5.1%
23	Fried Frank 414 lawyers, 2.87 leverage	71	$1,110,000	8.8%
24	Paul Weiss 943 lawyers, 5.99 leverage	7	$1,100,000	0.5%
25	Weil 1,072 lawyers, 5.27 leverage	12	$1,075,000	9.1%
26	Ropes & Gray 1,041 lawyers, 2.88 leverage	70	$1,070,000	8.1%
27	Cadwalader 452 lawyers, 7.07 leverage	4	$1,065,000	-3.2%
28	Cleary Gottlieb 1,178 lawyers, 5.37 leverage	10	$1,060,000	6.0%
28	Cooley 755 lawyers, 3.29 leverage	57	$1,060,000	6.0%
30	Akin Gump 822 lawyers, 3.35 leverage	52	$1,055,000	2.9%
30	King & Spalding 886 lawyers, 4.21 leverage	28	$1,055,000	7.1%
32	Vinson & Elkins 624 lawyers, 3.33 leverage	53	$1,045,000	7.7%
33	Goodwin Procter 755 lawyers, 2.99 leverage	64	$1,040,000	6.1%
33	Kramer Levin 308 lawyers, 3.60 leverage	47	$1,040,000	1.0%
35	Fish 345 lawyers, 2.29 leverage	85	$1,035,000	-1.9%
36	Shearman & Sterling 821 lawyers, 4.23 leverage	27	$1,030,000	1.5%
37	Kaye Scholer 368 lawyers, 2.72 leverage	74	$1,020,000	5.2%
38	Jenner & Block 401 lawyers, 2.82 leverage	72	$1,015,000	23.0%
39	O'Melveny 663 lawyers, 2.92 leverage	68	$1,005,000	-1.0%
40	Arnold & Porter 699 lawyers, 2.00 leverage	92	$995,000	4.2%
40	Sidley 1,761 lawyers, 4.75 leverage	17	$995,000	5.3%
42	Morgan Lewis 1,338 lawyers, 2.72 leverage	74	$985,000	4.2%
42	Orrick 891 lawyers, 5.32 leverage	11	$985,000	8.2%
44	Morrison & Foerster 988 lawyers, 2.79 leverage	73	$980,000	-1.0%

2014 REVENUE PER LAWYER

Rank by RPL	FIRM	Rank by Leverage	2014 RPL	Change in RPL From 2013
45	**Winston & Strawn** 808 lawyers, 4.11 leverage	34	$970,000	7.8%
46	**Wilson Sonsini** 670 lawyers, 4.36 leverage	24	$965,000	4.3%
47	**Dechert** 877 lawyers, 4.38 leverage	23	$955,000	3.8%
48	**Pillsbury** 591 lawyers, 2.58 leverage	79	$950,000	3.3%
49	**Baker Botts** 694 lawyers, 2.94 leverage	67	$940,000	9.3%
49	**Fragomen** 469 lawyers, 6.56 leverage	6	$940,000	7.4%
51	**Bingham McCutchen** 715 lawyers, 4.50 leverage	21	$930,000	-3.1%
52	**Covington** 774 lawyers, 2.12 leverage	89	$915,000	5.8%
52	**Steptoe** 385 lawyers, 2.01 leverage	90	$915,000	1.7%
54	**McDermott** 997 lawyers, 3.91 leverage	38	$900,000	4.0%
55	**Sheppard Mullin** 584 lawyers, 4.12 leverage	33	$875,000	2.9%
56	**Alston & Bird** 759 lawyers, 4.20 leverage	29	$850,000	-0.6%
56	**Katten** 632 lawyers, 3.33 leverage	53	$850,000	3.0%
58	**Mayer Brown** 1,486 lawyers, 4.31 leverage	25	$825,000	5.8%
59	**Crowell & Moring** 450 lawyers, 3.64 leverage	44	$820,000	5.8%
60	**Hunton & Williams** 707 lawyers, 2.33 leverage	84	$805,000	7.3%
61	**White & Case** 1,878 lawyers, 5.83 leverage	8	$800,000	5.3%
62	**Foley & Lardner** 849 lawyers, 4.55 leverage	20	$785,000	2.6%
62	**Venable** 564 lawyers, 2.46 leverage	80	$785,000	1.9%
64	**Perkins Coie** 913 lawyers, 4.04 leverage	36	$780,000	5.4%
65	**Hogan Lovells** (verein) 2,360 lawyers, 3.64 leverage	44	$755,000	1.3%
65	**Pepper Hamilton** 508 lawyers, 2.65 leverage	77	$755,000	2.7%
67	**Bracewell** 450 lawyers, 4.70 leverage	18	$750,000	2.7%
68	**Locke Lord** 578 lawyers, 2.61 leverage	78	$740,000	5.7%
69	**Greenberg Traurig** 1,730 lawyers, 4.79 leverage	16	$735,000	0.7%
69	**Jones Day** 2,510 lawyers, 1.69 leverage	97	$735,000	2.8%
71	**Kilpatrick Townsend** 571 lawyers, 4.14 leverage	31	$720,000	3.6%
71	**Seyfarth** 772 lawyers, 2.96 leverage	65	$720,000	3.6%
73	**Troutman Sanders** 593 lawyers, 2.01 leverage	90	$715,000	2.9%
74	**Nixon Peabody** 573 lawyers, 2.95 leverage	66	$710,000	0.7%
75	**Reed Smith** 1,638 lawyers, 4.42 leverage	22	$705,000	2.2%
76	**Blank Rome** 472 lawyers, 3.03 leverage	62	$700,000	-2.1%
77	**Drinker Biddle** 553 lawyers, 2.14 leverage	88	$690,000	1.5%
77	**Duane Morris** 620 lawyers, 4.08 leverage	35	$690,000	0.7%
79	**Faegre Baker** 672 lawyers, 1.81 leverage	96	$680,000	1.5%
79	**Holland & Knight** 1,009 lawyers, 4.87 leverage	15	$680,000	3.8%
81	**Dorsey** 500 lawyers, 1.62 leverage	98	$675,000	3.8%
81	**Haynes and Boone** 502 lawyers, 2.89 leverage	69	$675,000	4.7%
83	**Barnes & Thornburg** 517 lawyers, 1.42 leverage	100	$670,000	1.5%
83	**DLA Piper** (verein) 3,702 lawyers, 7.26 leverage	3	$670,000	7.2%
85	**Baker & Hostetler** 878 lawyers, 4.13 leverage	32	$660,000	-2.2%
85	**McGuireWoods** 939 lawyers, 4.16 leverage	30	$660,000	0.8%
87	**Bryan Cave** 977 lawyers, 3.57 leverage	50	$650,000	-0.8%
88	**Squire Patton** (verein) 1,356 lawyers, 7.81 leverage	1	$640,000	N/A
89	**Baker & McKenzie** (verein) 4,245 lawyers, 5.02 leverage	14	$600,000	1.7%
90	**Akerman** 548 lawyers, 1.91 leverage	95	$590,000	3.5%
90	**Fox Rothschild** 560 lawyers, 2.37 leverage	82	$590,000	4.4%
92	**K&L Gates** 1,952 lawyers, 6.75 leverage	5	$585,000	0.0%
93	**Dentons** (verein) 2,285 lawyers, 3.72 leverage	42	$560,000	10.9%
94	**Ogletree Deakins** 701 lawyers, 3.64 leverage	44	$530,000	1.9%
94	**Polsinelli** 693 lawyers, 5.19 leverage	13	$530,000	1.0%
96	**Norton Rose** (verein) 3,461 lawyers, 2.67 leverage	76	$525,000	-2.8%
97	**Jackson Lewis** 751 lawyers, 2.34 leverage	83	$520,000	2.0%
98	**Baker Donelson** 616 lawyers, 1.93 leverage	94	$515,000	2.0%
99	**Littler** 1,088 lawyers, 1.94 leverage	93	$500,000	3.1%
100	**Lewis Brisbois** 891 lawyers, 7.65 leverage	2	$410,000	1.2%

2014 REVENUE PER LAWYER / BY LOCATION

VEREINS

Hogan Lovells 2,360 lawyers, 3.64 leverage	$755,000
DLA Piper 3,702 lawyers, 7.26 leverage	$670,000
Squire Patton 1,356 lawyers, 7.81 leverage	$640,000
Baker & McKenzie 4,245 lawyers, 5.02 leverage	$600,000
Dentons 2,285 lawyers, 3.72 leverage	$560,000
Norton Rose 3,461 lawyers, 2.67 leverage	$525,000

INTERNATIONAL

Cleary Gottlieb 1,178 lawyers, 5.37 leverage	$1,060,000
Shearman & Sterling 821 lawyers, 4.23 leverage	$1,030,000
Fragomen 469 lawyers, 6.56 leverage	$940,000
Mayer Brown 1,486 lawyers, 4.31 leverage	$825,000
White & Case 1,878 lawyers, 5.83 leverage	$800,000

NATIONAL

Quinn Emanuel 710 lawyers, 3.83 leverage	$1,555,000
Skadden 1,654 lawyers, 3.32 leverage	$1,400,000
Kirkland 1,576 lawyers, 3.68 leverage	$1,365,000
Latham 2,100 lawyers, 3.60 leverage	$1,245,000
Boies Schiller 282 lawyers, 5.56 leverage	$1,225,000
Gibson Dunn 1,204 lawyers, 3.12 leverage	$1,215,000
Wilmer 926 lawyers, 2.24 leverage	$1,155,000
Paul Hastings 873 lawyers, 3.43 leverage	$1,145,000
Weil 1,072 lawyers, 5.27 leverage	$1,075,000
Ropes & Gray 1,041 lawyers, 2.88 leverage	$1,070,000
Akin Gump 822 lawyers, 3.35 leverage	$1,055,000
King & Spalding 886 lawyers, 4.21 leverage	$1,055,000
Fish 345 lawyers, 2.29 leverage	$1,035,000
Sidley 1,761 lawyers, 4.75 leverage	$995,000
Morgan Lewis 1,338 lawyers, 2.72 leverage	$985,000
Orrick 891 lawyers, 5.32 leverage	$985,000
Morrison & Foerster 988 lawyers, 2.79 leverage	$980,000
Winston & Strawn 808 lawyers, 4.11 leverage	$970,000
Dechert 877 lawyers, 4.38 leverage	$955,000
Pillsbury 591 lawyers, 2.58 leverage	$950,000
Bingham McCutchen 715 lawyers, 4.50 leverage	$930,000
McDermott 997 lawyers, 3.91 leverage	$900,000
Katten 632 lawyers, 3.33 leverage	$850,000
Hunton & Williams 707 lawyers, 2.33 leverage	$805,000
Foley & Lardner 849 lawyers, 4.55 leverage	$785,000
Venable 564 lawyers, 2.46 leverage	$785,000
Greenberg Traurig 1,730 lawyers, 4.79 leverage	$735,000
Jones Day 2,510 lawyers, 1.69 leverage	$735,000
Seyfarth 772 lawyers, 2.96 leverage	$720,000
Nixon Peabody 573 lawyers, 2.95 leverage	$710,000
Reed Smith 1,638 lawyers, 4.42 leverage	$705,000
Duane Morris 620 lawyers, 4.08 leverage	$690,000
Holland & Knight 1,009 lawyers, 4.87 leverage	$680,000
Dorsey 500 lawyers, 1.62 leverage	$675,000
Baker & Hostetler 878 lawyers, 4.13 leverage	$660,000
Bryan Cave 977 lawyers, 3.57 leverage	$650,000
K&L Gates 1,952 lawyers, 6.75 leverage	$585,000
Ogletree Deakins 701 lawyers, 3.64 leverage	$530,000
Jackson Lewis 751 lawyers, 2.34 leverage	$520,000

2014 REVENUE PER LAWYER / BY LOCATION

Littler 1,088 lawyers, 1.94 leverage	$500,000

ATLANTA

Alston & Bird 759 lawyers, 4.20 leverage	$850,000
Kilpatrick Townsend 571 lawyers, 4.14 leverage	$720,000
Troutman Sanders 593 lawyers, 2.01 leverage	$715,000

BOSTON

Goodwin Procter 755 lawyers, 2.99 leverage	$1,040,000

CHICAGO

Jenner & Block 401 lawyers, 2.82 leverage	$1,015,000

DALLAS

Locke Lord 578 lawyers, 2.61 leverage	$740,000
Haynes and Boone 502 lawyers, 2.89 leverage	$675,000

HOUSTON

Vinson & Elkins 624 lawyers, 3.33 leverage	$1,045,000
Baker Botts 694 lawyers, 2.94 leverage	$940,000
Bracewell 450 lawyers, 4.70 leverage	$750,000

INDIANAPOLIS

Barnes & Thornburg 517 lawyers, 1.42 leverage	$670,000

KANSAS CITY, MISSOURI

Polsinelli 693 lawyers, 5.19 leverage	$530,000

LOS ANGELES

O'Melveny 663 lawyers, 2.92 leverage	$1,005,000
Sheppard Mullin 584 lawyers, 4.12 leverage	$875,000
Lewis Brisbois 891 lawyers, 7.65 leverage	$410,000

MIAMI

Akerman 548 lawyers, 1.91 leverage	$590,000

MINNEAPOLIS

Faegre Baker 672 lawyers, 1.81 leverage	$680,000

MEMPHIS

Baker Donelson 616 lawyers, 1.93 leverage	$515,000

NEW YORK

Wachtell 267 lawyers, 2.22 leverage	$2,630,000
Sullivan & Cromwell 805 lawyers, 3.74 leverage	$1,585,000
Cravath 442 lawyers, 3.86 leverage	$1,465,000
Simpson Thacher 929 lawyers, 3.97 leverage	$1,340,000
Milbank 614 lawyers, 3.26 leverage	$1,240,000
Davis Polk 871 lawyers, 4.69 leverage	$1,230,000
Hughes Hubbard 332 lawyers, 3.31 leverage	$1,185,000
Cahill 327 lawyers, 4.27 leverage	$1,165,000
Debevoise 615 lawyers, 3.59 leverage	$1,155,000
Willkie 554 lawyers, 3.01 leverage	$1,155,000
Schulte Roth 351 lawyers, 3.18 leverage	$1,140,000
Proskauer 721 lawyers, 3.19 leverage	$1,135,000
Fried Frank 414 lawyers, 2.87 leverage	$1,110,000
Paul Weiss 943 lawyers, 5.99 leverage	$1,100,000
Cadwalader 452 lawyers, 7.07 leverage	$1,065,000
Kramer Levin 308 lawyers, 3.60 leverage	$1,040,000
Kaye Scholer 368 lawyers, 2.72 leverage	$1,020,000

PHILADELPHIA

Pepper Hamilton 508 lawyers, 2.65 leverage	$755,000

Blank Rome 472 lawyers, 3.03 leverage	$700,000
Drinker Biddle 553 lawyers, 2.14 leverage	$690,000
Fox Rothschild 560 lawyers, 2.37 leverage	$590,000

RICHMOND

McGuireWoods 939 lawyers, 4.16 leverage	$660,000

SAN FRANCISCO BAY AREA

Fenwick 288 lawyers, 2.39 leverage	$1,135,000
Cooley 755 lawyers, 3.29 leverage	$1,060,000
Wilson Sonsini 670 lawyers, 4.36 leverage	$965,000

SEATTLE

Perkins Coie 913 lawyers, 4.04 leverage	$780,000

WASHINGTON, D.C.

Williams & Connolly 307 lawyers, 1.60 leverage	$1,300,000
Arnold & Porter 699 lawyers, 2.00 leverage	$995,000
Covington 774 lawyers, 2.12 leverage	$915,000
Steptoe 385 lawyers, 2.01 leverage	$915,000
Crowell & Moring 450 lawyers, 3.64 leverage	$820,000

NOTES ABOUT THIS CHART: Lawyer counts are average full-time-equivalent (FTE) figures for the calendar year. Firms are placed in the "international" or "national" categories on the basis of the distribution of their lawyers. Vereins are broken out separately because their structure, particularly regarding profit sharing, differs significantly from that of other Am Law 100 firms.

BREAKING THE $5 MILLION **BARRIER**

WACHTELL, LIPTON, ROSEN & KATZ becomes the first firm to crack the $5 million profits-per-partner mark, coming in at $5.5 million. Quinn Emanuel Urquhart & Sullivan was just shy of breaching the $5 million barrier with $4.925 million. For the Am Law 100 as a whole, average profits per partner were up by 5.3 percent in 2014, surpassing 2013's increase of 0.2 percent.

Kilpatrick Townsend & Stockton posted the highest gain in PPP, 32.1 percent. Twenty-eight other firms had growth rates of at least 10 percent, up from 14 in 2013. Only three firms had double-digit declines, compared with eight in 2013.

Figures on this chart are rounded to the nearest $5,000. Profit margin is the ratio of net income to gross revenue multiplied by 100. Firms that are tied are listed alphabetically. For more details, see "A Guide to Our Methodology," page 124.

2014 PROFITS PER PARTNER

Rank by PPP	FIRM	Rank by Profit Margin	2014 PPP	Change in PPP From 2013
1	**Wachtell** 83 equity partners 65% profit margin	2	$5,500,000	15.7%
2	**Quinn Emanuel** 147 equity partners 66% profit margin	1	$4,925,000	9.8%
3	**Paul Weiss** 135 equity partners 50% profit margin	11	$3,845,000	6.2%
4	**Sullivan & Cromwell** 170 equity partners 49% profit margin	12	$3,680,000	0.1%
5	**Cahill** 62 equity partners 59% profit margin	4	$3,615,000	-4.4%
6	**Kirkland** 337 equity partners 55% profit margin	5	$3,510,000	7.0%
7	**Simpson Thacher** 187 equity partners 52% profit margin	7	$3,485,000	10.1%
8	**Cravath** 91 equity partners 47% profit margin	16	$3,365,000	2.3%
9	**Davis Polk** 153 equity partners 47% profit margin	16	$3,295,000	12.1%
10	**Cleary Gottlieb** 185 equity partners 48% profit margin	14	$3,230,000	12.3%
11	**Gibson Dunn** 292 equity partners 61% profit margin	3	$3,045,000	3.4%
12	**Boies Schiller** 43 equity partners 38% profit margin	40	$3,025,000	1.7%
13	**Skadden** 383 equity partners 48% profit margin	14	$2,905,000	6.4%
14	**Latham** 457 equity partners 51% profit margin	9	$2,900,000	16.5%
15	**Milbank** 144 equity partners 52% profit margin	7	$2,745,000	7.0%
16	**Willkie** 138 equity partners 55% profit margin	5	$2,560,000	14.5%
17	**Weil** 171 equity partners 36% profit margin	51	$2,405,000	16.5%
18	**Debevoise** 134 equity partners 45% profit margin	24	$2,380,000	3.0%
19	**Paul Hastings** 197 equity partners 46% profit margin	21	$2,360,000	8.5%
20	**King & Spalding** 170 equity partners 43% profit margin	29	$2,355,000	10.0%
21	**Dechert** 163 equity partners 45% profit margin	24	$2,315,000	7.7%
21	**Schulte Roth** 84 equity partners 49% profit margin	12	$2,315,000	4.5%
23	**Cadwalader** 56 equity partners 26% profit margin	87	$2,210,000	-15.3%
24	**Hughes Hubbard** 77 equity partners 42% profit margin	31	$2,145,000	10.0%
25	**Proskauer** 172 equity partners 44% profit margin	27	$2,100,000	7.7%
26	**White & Case** 275 equity partners 37% profit margin	46	$2,005,000	7.2%
27	**Sidley** 306 equity partners 35% profit margin	56	$1,990,000	6.1%
28	**Ropes & Gray** 268 equity partners 46% profit margin	21	$1,930,000	12.9%

2014 PROFITS PER PARTNER

Rank by PPP	FIRM	Rank by Profit Margin	2014 PPP	Change in PPP From 2013
29	**Vinson & Elkins** 144 equity partners 42% profit margin	31	$1,925,000	12.6%
30	**Wilson Sonsini** 125 equity partners 37% profit margin	46	$1,910,000	8.2%
31	**Shearman & Sterling** 157 equity partners 35% profit margin	56	$1,905,000	5.8%
32	**Akin Gump** 189 equity partners 41% profit margin	36	$1,885,000	2.7%
33	**Fragomen** 62 equity partners 26% profit margin	87	$1,835,000	14.0%
34	**Fried Frank** 107 equity partners 42% profit margin	31	$1,815,000	11.0%
34	**Kramer Levin** 67 equity partners 38% profit margin	40	$1,815,000	3.7%
36	**Goodwin Procter** 189 equity partners 42% profit margin	31	$1,745,000	7.4%
37	**Cooley** 176 equity partners 38% profit margin	40	$1,735,000	10.9%
38	**Baker Botts** 176 equity partners 46% profit margin	21	$1,700,000	25.5%
39	**Winston & Strawn** 158 equity partners 34% profit margin	63	$1,685,000	19.5%
40	**Jenner & Block** 105 equity partners 42% profit margin	31	$1,615,000	30.8%
41	**Morgan Lewis** 360 equity partners 44% profit margin	27	$1,610,000	2.9%
42	**Wilmer** 286 equity partners 43% profit margin	29	$1,605,000	7.0%
43	**O'Melveny** 169 equity partners 41% profit margin	36	$1,595,000	-7.8%
43	**Orrick** 141 equity partners 26% profit margin	87	$1,595,000	-5.9%
45	**Alston & Bird** 146 equity partners 35% profit margin	56	$1,545,000	-7.2%
46	**Fenwick** 85 equity partners 40% profit margin	38	$1,540,000	20.8%
47	**McDermott** 203 equity partners 35% profit margin	56	$1,530,000	-1.0%
48	**Williams & Connolly** 118 equity partners 45% profit margin	24	$1,515,000	4.8%
49	**DLA Piper** (verein) 448 equity partners 27% profit margin	83	$1,490,000	12.5%
50	**Mayer Brown** 280 equity partners 33% profit margin	69	$1,450,000	12.8%
51	**Greenberg Traurig** 299 equity partners 34% profit margin	63	$1,425,000	5.6%
52	**Morrison & Foerster** 261 equity partners 38% profit margin	40	$1,415,000	-3.4%
53	**Kaye Scholer** 99 equity partners 37% profit margin	46	$1,410,000	1.8%
54	**Katten** 146 equity partners 38% profit margin	40	$1,395,000	4.9%
55	**Arnold & Porter** 233 equity partners 47% profit margin	16	$1,385,000	3.7%
56	**Sheppard Mullin** 114 equity partners 30% profit margin	78	$1,365,000	9.6%
57	**Covington** 248 equity partners 47% profit margin	16	$1,335,000	15.6%
58	**Bingham McCutchen** 130 equity partners 26% profit margin	87	$1,330,000	-9.8%
58	**Bracewell** 79 equity partners 31% profit margin	77	$1,330,000	3.1%
60	**Baker & McKenzie** (verein) 705 equity partners 36% profit margin	51	$1,290,000	7.5%
61	**Hogan Lovells** (verein) 509 equity partners 35% profit margin	56	$1,215,000	0.4%
62	**Fish** 105 equity partners 36% profit margin	51	$1,210,000	-7.3%
63	**Reed Smith** 302 equity partners 32% profit margin	74	$1,205,000	5.7%
64	**Pillsbury** 165 equity partners 34% profit margin	63	$1,165,000	5.9%

Rank by PPP	FIRM	Rank by Profit Margin	2014 PPP	Change in PPP From 2013
65	**Holland & Knight** 172 equity partners 28% profit margin	80	$1,135,000	10.2%
66	**Perkins Coie** 181 equity partners 28% profit margin	80	$1,095,000	1.4%
67	**Foley & Lardner** 153 equity partners 25% profit margin	92	$1,065,000	10.9%
68	**Crowell & Moring** 97 equity partners 27% profit margin	83	$1,030,000	10.8%
69	**Hunton & Williams** 212 equity partners 37% profit margin	46	$1,000,000	15.6%
70	**Locke Lord** 160 equity partners 36% profit margin	51	$970,000	9.6%
70	**Venable** 163 equity partners 36% profit margin	51	$970,000	7.2%
72	**McGuireWoods** 182 equity partners 28% profit margin	80	$960,000	1.1%
73	**Pepper Hamilton** 139 equity partners 34% profit margin	63	$945,000	8.0%
74	**Seyfarth** 195 equity partners 33% profit margin	69	$940,000	1.6%
75	**Jones Day** 933 equity partners 47% profit margin	16	$930,000	5.7%
76	**Kilpatrick Townsend** 111 equity partners 25% profit margin	92	$925,000	32.1%
77	**Steptoe** 128 equity partners 33% profit margin	69	$910,000	0.6%
78	**Duane Morris** 122 equity partners 26% profit margin	87	$900,000	2.9%
79	**Haynes and Boone** 129 equity partners 33% profit margin	69	$855,000	8.9%
80	**Squire Patton** (verein) 154 equity partners 15% profit margin	100	$840,000	N/A
81	**Barnes & Thornburg** 214 equity partners 51% profit margin	9	$835,000	-2.3%
82	**K&L Gates** 252 equity partners 18% profit margin	99	$830,000	0.0%

Rank by PPP	FIRM	Rank by Profit Margin	2014 PPP	Change in PPP From 2013
83	**Blank Rome** 117 equity partners 29% profit margin	79	$825,000	0.6%
84	**Bryan Cave** 214 equity partners 27% profit margin	83	$815,000	1.2%
85	**Baker & Hostetler** 171 equity partners 24% profit margin	95	$810,000	-13.4%
86	**Troutman Sanders** 197 equity partners 38% profit margin	40	$805,000	7.3%
87	**Faegre Baker** 239 equity partners 40% profit margin	38	$770,000	4.8%
88	**Nixon Peabody** 145 equity partners 27% profit margin	83	$760,000	7.0%
89	**Drinker Biddle** 176 equity partners 33% profit margin	69	$720,000	2.1%
90	**Lewis Brisbois** 103 equity partners 19% profit margin	97	$670,000	-5.6%
91	**Polsinelli** 112 equity partners 20% profit margin	96	$650,000	-5.1%
92	**Akerman** 188 equity partners 37% profit margin	46	$640,000	7.6%
92	**Fox Rothschild** 166 equity partners 32% profit margin	74	$640,000	1.6%
94	**Norton Rose** (verein) 944 equity partners 32% profit margin	74	$625,000	-5.3%
95	**Ogletree Deakins** 151 equity partners 25% profit margin	92	$615,000	16.0%
96	**Dorsey** 191 equity partners 34% profit margin	63	$605,000	11.0%
96	**Jackson Lewis** 225 equity partners 35% profit margin	56	$605,000	6.1%
98	**Baker Donelson** 210 equity partners 34% profit margin	63	$520,000	4.0%
99	**Littler** 370 equity partners 35% profit margin	56	$515,000	10.8%
100	**Dentons** (verein) 484 equity partners 19% profit margin	97	$495,000	-10.0%

2014 PROFITS PER PARTNER / BY LOCATION

VEREINS

DLA Piper 448 equity partners, 27% profit margin	$1,490,000
Baker & McKenzie 705 equity partners, 36% profit margin	$1,290,000
Hogan Lovells 509 equity partners, 35% profit margin	$1,215,000
Squire Patton 154 equity partners, 15% profit margin	$840,000
Norton Rose 944 equity partners, 32% profit margin	$625,000
Dentons 484 equity partners, 19% profit margin	$495,000

INTERNATIONAL

Cleary Gottlieb 185 equity partners, 48% profit margin	$3,230,000
White & Case 275 equity partners, 37% profit margin	$2,005,000
Shearman & Sterling 157 equity partners, 35% profit margin	$1,905,000
Fragomen 62 equity partners, 26% profit margin	$1,835,000
Mayer Brown 280 equity partners, 33% profit margin	$1,450,000

NATIONAL

Quinn Emanuel 147 equity partners, 66% profit margin	$4,925,000
Kirkland 337 equity partners, 55% profit margin	$3,510,000
Gibson Dunn 292 equity partners, 61% profit margin	$3,045,000
Boies Schiller 43 equity partners, 38% profit margin	$3,025,000
Skadden 383 equity partners, 48% profit margin	$2,905,000
Latham 457 equity partners, 51% profit margin	$2,900,000
Weil 171 equity partners, 36% profit margin	$2,405,000
Paul Hastings 197 equity partners, 46% profit margin	$2,360,000
King & Spalding 170 equity partners, 43% profit margin	$2,355,000
Dechert 163 equity partners, 45% profit margin	$2,315,000
Sidley 306 equity partners, 35% profit margin	$1,990,000
Ropes & Gray 268 equity partners, 46% profit margin	$1,930,000
Akin Gump 189 equity partners, 41% profit margin	$1,885,000
Winston & Strawn 158 equity partners, 34% profit margin	$1,685,000
Morgan Lewis 360 equity partners, 44% profit margin	$1,610,000
Wilmer 286 equity partners, 43% profit margin	$1,605,000
Orrick 141 equity partners, 26% profit margin	$1,595,000
McDermott 203 equity partners, 35% profit margin	$1,530,000
Greenberg Traurig 299 equity partners, 34% profit margin	$1,425,000
Morrison & Foerster 261 equity partners, 38% profit margin	$1,415,000
Katten 146 equity partners, 38% profit margin	$1,395,000
Bingham McCutchen 130 equity partners, 26% profit margin	$1,330,000
Fish 105 equity partners, 36% profit margin	$1,210,000
Reed Smith 302 equity partners, 32% profit margin	$1,205,000
Pillsbury 165 equity partners, 34% profit margin	$1,165,000
Holland & Knight 172 equity partners, 28% profit margin	$1,135,000
Foley & Lardner 153 equity partners, 25% profit margin	$1,065,000
Hunton & Williams 212 equity partners, 37% profit margin	$1,000,000
Venable 163 equity partners, 36% profit margin	$970,000
Seyfarth 195 equity partners, 33% profit margin	$940,000
Jones Day 933 equity partners, 47% profit margin	$930,000
Duane Morris 122 equity partners, 26% profit margin	$900,000
K&L Gates 252 equity partners, 18% profit margin	$830,000
Bryan Cave 214 equity partners, 27% profit margin	$815,000
Baker & Hostetler 171 equity partners, 24% profit margin	$810,000
Nixon Peabody 145 equity partners, 27% profit margin	$760,000
Ogletree Deakins 151 equity partners, 25% profit margin	$615,000
Dorsey 191 equity partners, 34% profit margin	$605,000
Jackson Lewis 225 equity partners, 35% profit margin	$605,000

Littler 370 equity partners, 35% profit margin	$515,000

ATLANTA

Alston & Bird 146 equity partners, 35% profit margin	$1,545,000
Kilpatrick Townsend 111 equity partners, 25% profit margin	$925,000
Troutman Sanders 197 equity partners, 38% profit margin	$805,000

BOSTON

Goodwin Procter 189 equity partners, 42% profit margin	$1,745,000

CHICAGO

Jenner & Block 105 equity partners, 42% profit margin	$1,615,000

DALLAS

Locke Lord 160 equity partners, 36% profit margin	$970,000
Haynes and Boone 129 equity partners, 33% profit margin	$855,000

HOUSTON

Vinson & Elkins 144 equity partners, 42% profit margin	$1,925,000
Baker Botts 176 equity partners, 46% profit margin	$1,700,000
Bracewell 79 equity partners, 31% profit margin	$1,330,000

INDIANAPOLIS

Barnes & Thornburg 214 equity partners, 51% profit margin	$835,000

KANSAS CITY, MISSOURI

Polsinelli 112 equity partners, 20% profit margin	$650,000

LOS ANGELES

O'Melveny 169 equity partners, 41% profit margin	$1,595,000
Sheppard Mullin 114 equity partners, 30% profit margin	$1,365,000
Lewis Brisbois 103 equity partners, 19% profit margin	$670,000

MEMPHIS

Baker Donelson 210 equity partners, 34% profit margin	$520,000

MIAMI

Akerman 188 equity partners, 37% profit margin	$640,000

MINNEAPOLIS

Faegre Baker 239 equity partners, 40% profit margin	$770,000

NEW YORK

Wachtell 83 equity partners, 65% profit margin	$5,500,000
Paul Weiss 135 equity partners, 50% profit margin	$3,845,000
Sullivan & Cromwell 170 equity partners, 49% profit margin	$3,680,000
Cahill 62 equity partners, 59% profit margin	$3,615,000
Simpson Thacher 187 equity partners, 52% profit margin	$3,485,000
Cravath 91 equity partners, 47% profit margin	$3,365,000
Davis Polk 153 equity partners, 47% profit margin	$3,295,000
Milbank 144 equity partners, 52% profit margin	$2,745,000
Willkie 138 equity partners, 55% profit margin	$2,560,000
Debevoise 134 equity partners, 45% profit margin	$2,380,000
Schulte Roth 84 equity partners, 49% profit margin	$2,315,000
Cadwalader 56 equity partners, 26% profit margin	$2,210,000
Hughes Hubbard 77 equity partners, 42% profit margin	$2,145,000
Proskauer 172 equity partners, 44% profit margin	$2,100,000
Fried Frank 107 equity partners, 42% profit margin	$1,815,000
Kramer Levin 67 equity partners, 38% profit margin	$1,815,000
Kaye Scholer 99 equity partners, 37% profit margin	$1,410,000

PHILADELPHIA

Pepper Hamilton 139 equity partners, 34% profit margin	$945,000
Blank Rome 117 equity partners, 29% profit margin	$825,000

2014 PROFITS PER PARTNER / BY LOCATION

Drinker Biddle 176 equity partners, 33% profit margin	$720,000
Fox Rothschild 166 equity partners, 32% profit margin	$640,000

RICHMOND

McGuireWoods 182 equity partners, 28% profit margin	$960,000

SAN FRANCISCO BAY AREA

Wilson Sonsini 125 equity partners, 37% profit margin	$1,910,000
Cooley 176 equity partners, 38% profit margin	$1,735,000
Fenwick 85 equity partners, 40% profit margin	$1,540,000

SEATTLE

Perkins Coie 181 equity partners, 28% profit margin	$1,095,000

WASHINGTON, D.C.

Williams & Connolly 118 equity partners, 45% profit margin	$1,515,000
Arnold & Porter 233 equity partners, 47% profit margin	$1,385,000
Covington 248 equity partners, 47% profit margin	$1,335,000
Crowell & Moring 97 equity partners, 27% profit margin	$1,030,000
Steptoe 128 equity partners, 33% profit margin	$910,000

NOTES ABOUT THIS CHART: Lawyer counts are average full-time-equivalent (FTE) figures for the calendar year. Firms are placed in the "international" or "national" categories on the basis of the distribution of their lawyers. Vereins are broken out separately because their structure, particularly regarding profit sharing, differs significantly from that of other Am Law 100 firms.

PPL: OUR **NEWEST METRIC**

THIS YEAR'S REPORT marks the debut of our newest metric, profits per lawyer. This analysis, an alternate way of looking at firm profitability, is intended to reduce the influence of factors such as leverage. A firm's PPL is its net income divided by its lawyer count. Figures are rounded to the nearest $5,000. For more details about PPL, see "A Guide to Our Methodology," page 124.

2014 PROFITS PER LAWYER

Rank by PPL	FIRM	Profits Per Lawyer	Lawyers
1	Wachtell	$1,710,000	267
2	Quinn Emanuel	$1,020,000	710
3	Sullivan & Cromwell	$775,000	805
4	Kirkland	$750,000	1,576
5	Gibson Dunn	$740,000	1,204
6	Simpson Thacher	$700,000	929
7	Cravath	$690,000	442
8	Cahill	$685,000	327
9	Skadden	$670,000	1,654
10	Milbank	$645,000	614
11	Willkie	$635,000	554
12	Latham	$630,000	2,100
13	Williams & Connolly	$585,000	307
14	Davis Polk	$580,000	871
15	Schulte Roth	$555,000	351
16	Paul Weiss	$550,000	943
17	Paul Hastings	$535,000	873
18	Debevoise	$520,000	615
19	Cleary Gottlieb	$505,000	1,178
20	Proskauer	$500,000	721
21	Hughes Hubbard	$495,000	332
21	Ropes & Gray	$495,000	1,041
21	Wilmer	$495,000	926
24	Fried Frank	$470,000	414
25	Arnold & Porter	$460,000	699
25	Boies Schiller	$460,000	282
27	Fenwick	$455,000	288
28	King & Spalding	$450,000	886
29	Vinson & Elkins	$445,000	624
30	Akin Gump	$435,000	822
30	Goodwin Procter	$435,000	755
30	Morgan Lewis	$435,000	1,338
33	Baker Botts	$430,000	694
33	Dechert	$430,000	877
35	Covington	$425,000	774
36	Jenner & Block	$420,000	401
37	Cooley	$405,000	755
37	O'Melveny	$405,000	663
39	Kramer Levin	$395,000	308
40	Weil	$385,000	1,072
41	Kaye Scholer	$380,000	368
42	Morrison & Foerster	$375,000	988
43	Fish	$370,000	345
44	Shearman & Sterling	$365,000	821
45	Wilson Sonsini	$355,000	670
46	Barnes & Thornburg	$345,000	517
46	Jones Day	$345,000	2,510
46	Sidley	$345,000	1,761
49	Winston & Strawn	$330,000	808
50	Pillsbury	$325,000	591
51	Katten	$320,000	632
52	McDermott	$310,000	997
53	Steptoe	$305,000	385
54	Hunton & Williams	$300,000	707
55	Alston & Bird	$295,000	759
55	White & Case	$295,000	1,878
57	Venable	$280,000	564
58	Cadwalader	$275,000	452
58	Faegre Baker	$275,000	672
58	Mayer Brown	$275,000	1,486
61	Locke Lord	$270,000	578
61	Troutman Sanders	$270,000	593
63	Hogan Lovells (verein)	$265,000	2,360
63	Sheppard Mullin	$265,000	584
65	Pepper Hamilton	$260,000	508
66	Orrick	$255,000	891

The AM LAW 100

2014 PROFITS PER LAWYER

Rank by PPL	FIRM	Profits Per Lawyer	Lawyers
67	**Greenberg Traurig**	$245,000	1,730
68	**Bingham McCutchen**	$240,000	715
68	**Fragomen**	$240,000	469
68	**Seyfarth**	$240,000	772
71	**Bracewell**	$235,000	450
72	**Dorsey**	$230,000	500
72	**Drinker Biddle**	$230,000	553
74	**Akerman**	$220,000	548
74	**Crowell & Moring**	$220,000	450
74	**Haynes and Boone**	$220,000	502
74	**Reed Smith**	$220,000	1,638
78	**Baker & McKenzie** (verein)	$215,000	4,245
78	**Perkins Coie**	$215,000	913
80	**Blank Rome**	$205,000	472
81	**Holland & Knight**	$195,000	1,009
82	**Foley & Lardner**	$190,000	849
82	**Fox Rothschild**	$190,000	560
82	**Nixon Peabody**	$190,000	573
85	**McGuireWoods**	$185,000	939
86	**Bryan Cave**	$180,000	977
86	**DLA Piper** (verein)	$180,000	3,702
86	**Duane Morris**	$180,000	620
86	**Jackson Lewis**	$180,000	751
86	**Kilpatrick Townsend**	$180,000	571
91	**Baker Donelson**	$175,000	616
91	**Littler**	$175,000	1,088
93	**Norton Rose** (verein)	$170,000	3,461
94	**Baker & Hostetler**	$155,000	878
95	**Ogletree Deakins**	$130,000	701
96	**Dentons** (verein)	$105,000	2,285
96	**K&L Gates**	$105,000	1,952
96	**Polsinelli**	$105,000	693
99	**Squire Patton** (verein)	$95,000	1,356
100	**Lewis Brisbois**	$75,000	891

AVERAGE COMPENSATION-ALL PARTNERS rose by 4 percent in 2014, compared with a slight decline of 0.3 percent in 2013. Eighty-three firms posted increases, compared with 61 the previous year. Twenty-three firms posted double-digit gains, while two posted double-digit losses.

Compensation-all partners is based on the total payout to a firm's entire partnership, regardless of equity status. Because it takes both equity and nonequity partners into account, we consider it to be a more complete assessment than profits per partner, which is based only on distributions to equity partners.

Figures are rounded to the nearest $5,000. For more details about CAP, including a discussion of our criteria for distinguishing between equity and nonequity partners, see "A Guide to Our Methodology," page 124.

2014 COMPENSATION–ALL PARTNERS

Rank by CAP	FIRM	2014 Average Compensation-All Partners	Change From 2013
1	**Wachtell** 83 equity partners, 0 nonequity partners	$5,500,000	15.7%
2	**Quinn Emanuel** 147 equity partners, 53 nonequity partners	$3,865,000	8.9%
3	**Paul Weiss** 135 equity partners, 0 nonequity partners	$3,845,000	6.2%
4	**Sullivan & Cromwell** 170 equity partners, 0 nonequity partners	$3,680,000	0.1%
5	**Simpson Thacher** 187 equity partners, 0 nonequity partners	$3,485,000	10.1%
6	**Cravath** 91 equity partners, 1 nonequity partner	$3,365,000	2.3%
7	**Cahill** 62 equity partners, 8 nonequity partners	$3,310,000	-6.2%
8	**Davis Polk** 153 equity partners, 0 nonequity partners	$3,295,000	12.1%
9	**Cleary Gottlieb** 185 equity partners, 0 nonequity partners	$3,230,000	12.3%
10	**Skadden** 383 equity partners, 0 nonequity partners	$2,905,000	6.4%
11	**Gibson Dunn** 292 equity partners, 41 nonequity partners	$2,725,000	3.8%
12	**Milbank** 144 equity partners, 8 nonequity partners	$2,645,000	8.0%
13	**Willkie** 138 equity partners, 0 nonequity partners	$2,560,000	14.5%
14	**Debevoise** 134 equity partners, 0 nonequity partners	$2,380,000	3.0%
15	**Latham** 457 equity partners, 177 nonequity partners	$2,350,000	14.4%
16	**Schulte Roth** 84 equity partners, 0 nonequity partners	$2,315,000	4.5%
17	**Paul Hastings** 197 equity partners, 72 nonequity partners	$2,015,000	7.5%
18	**Ropes & Gray** 268 equity partners, 0 nonequity partners	$1,930,000	12.9%
19	**Weil** 171 equity partners, 110 nonequity partners	$1,890,000	19.2%
20	**Hughes Hubbard** 77 equity partners, 23 nonequity partners	$1,885,000	8.0%
21	**Kirkland** 337 equity partners, 395 nonequity partners	$1,870,000	6.6%
22	**Proskauer** 172 equity partners, 66 nonequity partners	$1,715,000	6.5%
22	**Shearman & Sterling** 157 equity partners, 34 nonequity partners	$1,715,000	5.9%
24	**Cadwalader** 56 equity partners, 46 nonequity partners	$1,680,000	-6.4%
25	**Fried Frank** 107 equity partners, 14 nonequity partners	$1,670,000	11.0%
26	**Wilmer** 286 equity partners, 0 nonequity partners	$1,605,000	7.0%
27	**Wilson Sonsini** 125 equity partners, 55 nonequity partners	$1,600,000	10.7%
28	**Boies Schiller** 43 equity partners, 69 nonequity partners	$1,590,000	1.6%
28	**Vinson & Elkins** 144 equity partners, 74 nonequity partners	$1,590,000	12.0%
30	**Dechert** 163 equity partners, 124 nonequity partners	$1,570,000	5.4%
31	**O'Melveny** 169 equity partners, 11 nonequity partners	$1,540,000	-7.2%
31	**White & Case** 275 equity partners, 143 nonequity partners	$1,540,000	8.1%
33	**Kramer Levin** 67 equity partners, 37 nonequity partners	$1,525,000	2.0%
34	**Williams & Connolly** 118 equity partners, 0 nonequity partners	$1,515,000	4.8%
35	**King & Spalding** 170 equity partners, 169 nonequity partners	$1,465,000	9.7%
36	**Akin Gump** 189 equity partners, 115 nonequity partners	$1,455,000	7.4%

2014 COMPENSATION–ALL PARTNERS

Rank by CAP	FIRM	2014 Average Compensation-All Partners	Change From 2013
37	**Cooley** 176 equity partners, 75 nonequity partners	$1,415,000	9.3%
38	**Fenwick** 85 equity partners, 13 nonequity partners	$1,410,000	20.0%
39	**Arnold & Porter** 233 equity partners, 0 nonequity partners	$1,385,000	3.7%
40	**Fragomen** 62 equity partners, 35 nonequity partners	$1,355,000	11.1%
41	**Morgan Lewis** 360 equity partners, 129 nonequity partners	$1,345,000	1.5%
42	**Covington** 248 equity partners, 0 nonequity partners	$1,335,000	15.6%
43	**Goodwin Procter** 189 equity partners, 115 nonequity partners	$1,305,000	6.5%
44	**Sidley** 306 equity partners, 376 nonequity partners	$1,280,000	7.6%
45	**Baker Botts** 176 equity partners, 104 nonequity partners	$1,260,000	18.9%
45	**Kaye Scholer** 99 equity partners, 24 nonequity partners	$1,260,000	0.0%
47	**Morrison & Foerster** 261 equity partners, 87 nonequity partners	$1,205,000	-4.4%
48	**Jenner & Block** 105 equity partners, 83 nonequity partners	$1,110,000	29.1%
48	**Orrick** 141 equity partners, 167 nonequity partners	$1,110,000	5.7%
50	**Winston & Strawn** 158 equity partners, 190 nonequity partners	$1,090,000	11.8%
51	**Hogan Lovells** (verein) 509 equity partners, 279 nonequity partners	$965,000	1.6%
52	**Alston & Bird** 146 equity partners, 186 nonequity partners	$940,000	-1.6%
53	**Jones Day** 933 equity partners, 0 nonequity partners	$930,000	5.7%
54	**Steptoe** 128 equity partners, 0 nonequity partners	$910,000	0.6%
55	**Sheppard Mullin** 114 equity partners, 172 nonequity partners	$890,000	10.6%
56	**Bingham McCutchen** 130 equity partners, 138 nonequity partners	$885,000	-8.8%
56	**Fish** 105 equity partners, 70 nonequity partners	$885,000	-7.3%
58	**Pillsbury** 165 equity partners, 143 nonequity partners	$880,000	4.8%
59	**Baker & McKenzie** (verein) 705 equity partners, 726 nonequity partners	$870,000	5.5%

Rank by CAP	FIRM	2014 Average Compensation-All Partners	Change From 2013
60	**Katten** 146 equity partners, 175 nonequity partners	$850,000	2.4%
60	**McDermott** 203 equity partners, 368 nonequity partners	$850,000	0.6%
62	**DLA Piper** (verein) 448 equity partners, 788 nonequity partners	$835,000	10.6%
63	**Mayer Brown** 280 equity partners, 323 nonequity partners	$825,000	0.6%
64	**Hunton & Williams** 212 equity partners, 111 nonequity partners	$805,000	14.2%
65	**Bracewell** 79 equity partners, 135 nonequity partners	$795,000	2.6%
66	**Greenberg Traurig** 299 equity partners, 613 nonequity partners	$765,000	8.5%
67	**Pepper Hamilton** 139 equity partners, 84 nonequity partners	$750,000	3.4%
67	**Reed Smith** 302 equity partners, 397 nonequity partners	$750,000	7.9%
69	**Crowell & Moring** 97 equity partners, 89 nonequity partners	$745,000	5.7%
70	**Venable** 163 equity partners, 107 nonequity partners	$735,000	7.3%
71	**Perkins Coie** 181 equity partners, 274 nonequity partners	$725,000	2.1%
72	**Haynes and Boone** 129 equity partners, 85 nonequity partners	$695,000	9.4%
73	**Locke Lord** 160 equity partners, 144 nonequity partners	$690,000	9.5%
74	**Foley & Lardner** 153 equity partners, 265 nonequity partners	$675,000	8.9%
75	**Troutman Sanders** 197 equity partners, 95 nonequity partners	$665,000	8.1%
76	**McGuireWoods** 182 equity partners, 233 nonequity partners	$660,000	1.5%
77	**Kilpatrick Townsend** 111 equity partners, 134 nonequity partners	$655,000	13.9%
78	**Holland & Knight** 172 equity partners, 362 nonequity partners	$650,000	7.4%
79	**Barnes & Thornburg** 214 equity partners, 127 nonequity partners	$645,000	-2.3%
80	**Faegre Baker** 239 equity partners, 119 nonequity partners	$635,000	2.4%
81	**Seyfarth** 195 equity partners, 174 nonequity partners	$630,000	3.3%
82	**Bryan Cave** 214 equity partners, 185 nonequity partners	$620,000	2.5%

Rank by CAP	FIRM	2014 Average Compensation-All Partners	Change From 2013
83	**Drinker Biddle** 176 equity partners, 74 nonequity partners	$615,000	-1.6%
84	**Baker & Hostetler** 171 equity partners, 233 nonequity partners	$610,000	-10.3%
85	**Blank Rome** 117 equity partners, 115 nonequity partners	$600,000	0.8%
86	**Norton Rose** (verein) 944 equity partners, 240 nonequity partners	$595,000	-5.6%
87	**Duane Morris** 122 equity partners, 220 nonequity partners	$560,000	0.9%
88	**Nixon Peabody** 145 equity partners, 156 nonequity partners	$545,000	1.9%
89	**Fox Rothschild** 166 equity partners, 74 nonequity partners	$540,000	1.9%
90	**Dorsey** 191 equity partners, 62 nonequity partners	$535,000	10.3%
91	**Akerman** 188 equity partners, 92 nonequity partners	$530,000	6.0%
92	**Squire Patton** (verein) 154 equity partners, 298 nonequity partners	$525,000	N/A
93	**K&L Gates** 252 equity partners, 692 nonequity partners	$475,000	-4.0%
94	**Baker Donelson** 210 equity partners, 93 nonequity partners	$455,000	11.0%
95	**Jackson Lewis** 225 equity partners, 194 nonequity partners	$445,000	4.7%
96	**Littler** 370 equity partners, 131 nonequity partners	$440,000	8.6%
97	**Polsinelli** 112 equity partners, 298 nonequity partners	$415,000	-3.5%
98	**Ogletree Deakins** 151 equity partners, 225 nonequity partners	$410,000	7.9%
99	**Dentons** (verein) 484 equity partners, 513 nonequity partners	$380,000	-10.6%
100	**Lewis Brisbois** 103 equity partners, 454 nonequity partners	$365,000	-8.8%

2014 COMPENSATION-ALL PARTNERS / BY LOCATION

VEREINS

Hogan Lovells 509 equity partners, 279 nonequity partners	$965,000
Baker & McKenzie 705 equity partners, 726 nonequity partners	$870,000
DLA Piper 448 equity partners, 788 nonequity partners	$835,000
Norton Rose 944 equity partners, 240 nonequity partners	$595,000
Squire Patton 154 equity partners, 298 nonequity partners	$525,000
Dentons 484 equity partners, 513 nonequity partners	$380,000

INTERNATIONAL

Cleary Gottlieb 185 equity partners, 0 nonequity partners	$3,230,000
Shearman & Sterling 157 equity partners, 34 nonequity partners	$1,715,000
White & Case 275 equity partners, 143 nonequity partners	$1,540,000
Fragomen 62 equity partners, 35 nonequity partners	$1,355,000
Mayer Brown 280 equity partners, 323 nonequity partners	$825,000

NATIONAL

Quinn Emanuel 147 equity partners, 53 nonequity partners	$3,865,000
Skadden 383 equity partners, 0 nonequity partners	$2,905,000
Gibson Dunn 292 equity partners, 41 nonequity partners	$2,725,000
Latham 457 equity partners, 177 nonequity partners	$2,350,000
Paul Hastings 197 equity partners, 72 nonequity partners	$2,015,000
Ropes & Gray 268 equity partners, 0 nonequity partners	$1,930,000
Weil 171 equity partners, 110 nonequity partners	$1,890,000
Kirkland 337 equity partners, 395 nonequity partners	$1,870,000
Wilmer 286 equity partners, 0 nonequity partners	$1,605,000
Boies Schiller 43 equity partners, 69 nonequity partners	$1,590,000
Dechert 163 equity partners, 124 nonequity partners	$1,570,000
King & Spalding 170 equity partners, 169 nonequity partners	$1,465,000
Akin Gump 189 equity partners, 115 nonequity partners	$1,455,000
Morgan Lewis 360 equity partners, 129 nonequity partners	$1,345,000
Sidley 306 equity partners, 376 nonequity partners	$1,280,000
Morrison & Foerster 261 equity partners, 87 nonequity partners	$1,205,000
Orrick 141 equity partners, 167 nonequity partners	$1,110,000
Winston & Strawn 158 equity partners, 190 nonequity partners	$1,090,000
Jones Day 933 equity partners, 0 nonequity partners	$930,000
Bingham McCutchen 130 equity partners, 138 nonequity partners	$885,000
Fish 105 equity partners, 70 nonequity partners	$885,000
Pillsbury 165 equity partners, 143 nonequity partners	$880,000
Katten 146 equity partners, 175 nonequity partners	$850,000
McDermott 203 equity partners, 368 nonequity partners	$850,000
Hunton & Williams 212 equity partners, 111 nonequity partners	$805,000
Greenberg Traurig 299 equity partners, 613 nonequity partners	$765,000
Reed Smith 302 equity partners, 397 nonequity partners	$750,000
Venable 163 equity partners, 107 nonequity partners	$735,000
Foley & Lardner 153 equity partners, 265 nonequity partners	$675,000
Holland & Knight 172 equity partners, 362 nonequity partners	$650,000
Seyfarth 195 equity partners, 174 nonequity partners	$630,000
Bryan Cave 214 equity partners, 185 nonequity partners	$620,000
Baker & Hostetler 171 equity partners, 233 nonequity partners	$610,000
Duane Morris 122 equity partners, 220 nonequity partners	$560,000
Nixon Peabody 145 equity partners, 156 nonequity partners	$545,000
Dorsey 191 equity partners, 62 nonequity partners	$535,000
K&L Gates 252 equity partners, 692 nonequity partners	$475,000
Jackson Lewis 225 equity partners, 194 nonequity partners	$445,000

Littler 370 equity partners, 131 nonequity partners	$440,000
Ogletree Deakins 151 equity partners, 225 nonequity partners	$410,000

ATLANTA

Alston & Bird 146 equity partners, 186 nonequity partners	$940,000
Troutman Sanders 197 equity partners, 95 nonequity partners	$665,000
Kilpatrick Townsend 111 equity partners, 134 nonequity partners	$655,000

BOSTON

Goodwin Procter 189 equity partners, 115 nonequity partners	$1,305,000

CHICAGO

Jenner & Block 105 equity partners, 83 nonequity partners	$1,110,000

DALLAS

Haynes and Boone 129 equity partners, 85 nonequity partners	$695,000
Locke Lord 160 equity partners, 144 nonequity partners	$690,000

HOUSTON

Baker Botts 176 equity partners, 104 nonequity partners	$1,260,000
Vinson & Elkins 144 equity partners, 74 nonequity partners	$1,590,000
Bracewell 79 equity partners, 135 nonequity partners	$795,000

INDIANAPOLIS

Barnes & Thornburg 214 equity partners, 127 nonequity partners	$645,000

KANSAS CITY, MISSOURI

Polsinelli 112 equity partners, 298 nonequity partners	$415,000

LOS ANGELES

O'Melveny 169 equity partners, 11 nonequity partners	$1,540,000
Sheppard Mullin 114 equity partners, 172 nonequity partners	$890,000
Lewis Brisbois 103 equity partners, 454 nonequity partners	$365,000

MEMPHIS

Baker Donelson 210 equity partners, 93 nonequity partners	$455,000

MIAMI

Akerman 188 equity partners, 92 nonequity partners	$530,000

MINNEAPOLIS

Faegre Baker 239 equity partners, 119 nonequity partners	$635,000

NEW YORK

Wachtell 83 equity partners, 0 nonequity partners	$5,500,000
Paul Weiss 135 equity partners, 0 nonequity partners	$3,845,000
Sullivan & Cromwell 170 equity partners, 0 nonequity partners	$3,680,000
Simpson Thacher 187 equity partners, 0 nonequity partners	$3,485,000
Cravath 91 equity partners, 1 nonequity partner	$3,365,000
Cahill 62 equity partners, 8 nonequity partners	$3,310,000
Davis Polk 153 equity partners, 0 nonequity partners	$3,295,000
Milbank 144 equity partners, 8 nonequity partners	$2,645,000
Willkie 138 equity partners, 0 nonequity partners	$2,560,000
Debevoise 134 equity partners, 0 nonequity partners	$2,380,000
Schulte Roth 84 equity partners, 0 nonequity partners	$2,315,000
Hughes Hubbard 77 equity partners, 23 nonequity partners	$1,885,000
Proskauer 172 equity partners, 66 nonequity partners	$1,715,000
Cadwalader 56 equity partners, 46 nonequity partners	$1,680,000
Fried Frank 107 equity partners, 14 nonequity partners	$1,670,000
Kramer Levin 67 equity partners, 37 nonequity partners	$1,525,000
Kaye Scholer 99 equity partners, 24 nonequity partners	$1,260,000

PHILADELPHIA

Pepper Hamilton 139 equity partners, 84 nonequity partners	$750,000

2014 COMPENSATION-ALL PARTNERS / BY LOCATION

Drinker Biddle 176 equity partners, 74 nonequity partners	$615,000
Blank Rome 117 equity partners, 115 nonequity partners	$600,000
Fox Rothschild 166 equity partners, 74 nonequity partners	$540,000

RICHMOND

McGuireWoods 182 equity partners, 233 nonequity partners	$660,000

SAN FRANCISCO BAY AREA

Wilson Sonsini 125 equity partners, 55 nonequity partners	$1,600,000
Cooley 176 equity partners, 75 nonequity partners	$1,415,000
Fenwick 85 equity partners, 13 nonequity partners	$1,410,000

SEATTLE

Perkins Coie 181 equity partners, 274 nonequity partners	$725,000

WASHINGTON, D.C.

Williams & Connolly 118 equity partners, 0 nonequity partners	$1,515,000
Arnold & Porter 233 equity partners, 0 nonequity partners	$1,385,000
Covington 248 equity partners, 0 nonequity partners	$1,335,000
Steptoe 128 equity partners, 0 nonequity partners	$910,000
Crowell & Moring 97 equity partners, 89 nonequity partners	$745,000

NOTES ABOUT THIS CHART: Lawyer counts are average full-time-equivalent (FTE) figures for the calendar year. Firms are placed in the "international" or "national" categories on the basis of the distribution of their lawyers. Vereins are broken out separately because their structure, particularly regarding profit sharing, differs significantly from that of other Am Law 100 firms.

WACHTELL'S **WINNING STREAK CONTINUES**

OUR VALUE PER LAWYER metric demonstrates how much, on average, each of a firm's lawyers contributes to total partner compensation. On average, value per lawyer for The Am Law 100 rose by 6.2 percent in 2014.

A firm's VPL is its compensation-all partners divided by its lawyer count. We express it two ways: as a dollar amount and as the number of lawyers needed to generate $10 million in partner compensation. Wachtell, Lipton, Rosen & Katz had led this ranking since the metric's inception in 2005. At that firm, each lawyer contributes an average of $1.7 million, and it takes an average of six lawyers to generate $10 million. For more details about VPL, see "A Guide to Our Methodology," page 124.

2014 VALUE PER LAWYER

Rank by VPL	FIRM	2014 VPL	Lawyers Needed to Generate $10m
1	**Wachtell** 267 lawyers, 83 partners	$1,710,000	5.85
2	**Quinn Emanuel** 710 lawyers, 200 partners	$1,090,000	9.17
3	**Kirkland** 1,576 lawyers, 732 partners	$870,000	11.49
4	**Sullivan & Cromwell** 805 lawyers, 170 partners	$775,000	12.90
5	**Gibson Dunn** 1,204 lawyers, 333 partners	$755,000	13.25
6	**Cahill** 327 lawyers, 70 partners	$710,000	14.08
6	**Latham** 2,100 lawyers, 634 partners	$710,000	14.08
8	**Simpson Thacher** 929 lawyers, 187 partners	$700,000	14.29
9	**Cravath** 442 lawyers, 92 partners	$690,000	14.49
10	**Skadden** 1,654 lawyers, 383 partners	$670,000	14.93
11	**Milbank** 614 lawyers, 152 partners	$655,000	15.27
12	**Willkie** 554 lawyers, 138 partners	$635,000	15.75
13	**Boies Schiller** 282 lawyers, 112 partners	$630,000	15.87
14	**Paul Hastings** 873 lawyers, 269 partners	$620,000	16.13
15	**Williams & Connolly** 307 lawyers, 118 partners	$585,000	17.09
16	**Davis Polk** 871 lawyers, 153 partners	$580,000	17.24
17	**Hughes Hubbard** 332 lawyers, 100 partners	$570,000	17.54
18	**Proskauer** 721 lawyers, 238 partners	$565,000	17.70
19	**King & Spalding** 886 lawyers, 339 partners	$560,000	17.86
20	**Schulte Roth** 351 lawyers, 84 partners	$555,000	18.02
20	**Vinson & Elkins** 624 lawyers, 218 partners	$555,000	18.02
22	**Paul Weiss** 943 lawyers, 135 partners	$550,000	18.18
23	**Akin Gump** 822 lawyers, 304 partners	$540,000	18.52
24	**Goodwin Procter** 755 lawyers, 304 partners	$525,000	19.05
25	**Debevoise** 615 lawyers, 134 partners	$520,000	19.23
25	**Jenner & Block** 401 lawyers, 188 partners	$520,000	19.23
27	**Dechert** 877 lawyers, 287 partners	$515,000	19.42
27	**Kramer Levin** 308 lawyers, 104 partners	$515,000	19.42
29	**Baker Botts** 694 lawyers, 280 partners	$510,000	19.61
30	**Cleary Gottlieb** 1,178 lawyers, 185 partners	$505,000	19.80
31	**Ropes & Gray** 1,041 lawyers, 268 partners	$495,000	20.20
31	**Sidley** 1,761 lawyers, 681 partners	$495,000	20.20
31	**Weil** 1,072 lawyers, 281 partners	$495,000	20.20
31	**Wilmer** 926 lawyers, 286 partners	$495,000	20.20
35	**Fried Frank** 414 lawyers, 121 partners	$490,000	20.41
35	**McDermott** 997 lawyers, 571 partners	$490,000	20.41
35	**Morgan Lewis** 1,338 lawyers, 489 partners	$490,000	20.41
38	**Fenwick** 288 lawyers, 98 partners	$480,000	20.83
39	**Cooley** 755 lawyers, 251 partners	$470,000	21.28
39	**Winston & Strawn** 808 lawyers, 348 partners	$470,000	21.28
41	**Arnold & Porter** 699 lawyers, 233 partners	$460,000	21.74
41	**Pillsbury** 591 lawyers, 308 partners	$460,000	21.74
43	**Fish** 345 lawyers, 175 partners	$450,000	22.22
44	**Katten** 632 lawyers, 321 partners	$435,000	22.99

2014 VALUE PER LAWYER

Rank by VPL	FIRM	2014 VPL	Lawyers Needed to Generate $10m
44	**Sheppard Mullin** 584 lawyers, 286 partners	$435,000	22.99
46	**Wilson Sonsini** 670 lawyers, 180 partners	$430,000	23.26
47	**Barnes & Thornburg** 517 lawyers, 341 partners	$425,000	23.53
47	**Covington** 774 lawyers, 248 partners	$425,000	23.53
47	**Morrison & Foerster** 988 lawyers, 348 partners	$425,000	23.53
50	**Kaye Scholer** 368 lawyers, 123 partners	$420,000	23.81
50	**O'Melveny** 663 lawyers, 180 partners	$420,000	23.81
52	**Alston & Bird** 759 lawyers, 332 partners	$410,000	24.39
53	**Greenberg Traurig** 1,730 lawyers, 912 partners	$405,000	24.69
54	**Shearman & Sterling** 821 lawyers, 191 partners	$400,000	25.00
55	**Orrick** 891 lawyers, 308 partners	$385,000	25.97
56	**Cadwalader** 452 lawyers, 102 partners	$380,000	26.32
57	**Bracewell** 450 lawyers, 214 partners	$375,000	26.67
58	**Hunton & Williams** 707 lawyers, 323 partners	$370,000	27.03
59	**Locke Lord** 578 lawyers, 304 partners	$365,000	27.40
60	**Perkins Coie** 913 lawyers, 455 partners	$360,000	27.78
61	**Venable** 564 lawyers, 270 partners	$350,000	28.57
62	**Holland & Knight** 1,009 lawyers, 534 partners	$345,000	28.99
62	**Jones Day** 2,510 lawyers, 933 partners	$345,000	28.99
62	**White & Case** 1,878 lawyers, 418 partners	$345,000	28.99
65	**Faegre Baker** 672 lawyers, 358 partners	$340,000	29.41
66	**Bingham McCutchen** 715 lawyers, 268 partners	$335,000	29.85
66	**Mayer Brown** 1,486 lawyers, 603 partners	$335,000	29.85
68	**Foley & Lardner** 849 lawyers, 418 partners	$330,000	30.30
68	**Pepper Hamilton** 508 lawyers, 223 partners	$330,000	30.30
70	**Troutman Sanders** 593 lawyers, 292 partners	$325,000	30.77
71	**Hogan Lovells** (verein) 2,360 lawyers, 788 partners	$320,000	31.25
71	**Reed Smith** 1,638 lawyers, 699 partners	$320,000	31.25
73	**Crowell & Moring** 450 lawyers, 186 partners	$310,000	32.26
73	**Duane Morris** 620 lawyers, 342 partners	$310,000	32.26
75	**Steptoe** 385 lawyers, 128 partners	$305,000	32.79
76	**Seyfarth** 772 lawyers, 369 partners	$300,000	33.33
77	**Baker & McKenzie** (verein) 4,245 lawyers, 1,431 partners	$295,000	33.90
77	**Blank Rome** 472 lawyers, 232 partners	$295,000	33.90
77	**Haynes and Boone** 502 lawyers, 214 partners	$295,000	33.90
80	**McGuireWoods** 939 lawyers, 415 partners	$290,000	34.48
81	**Nixon Peabody** 573 lawyers, 301 partners	$285,000	35.09
82	**Baker & Hostetler** 878 lawyers, 404 partners	$280,000	35.71
82	**DLA Piper** (verein) 3,702 lawyers, 1,236 partners	$280,000	35.71
82	**Fragomen** 469 lawyers, 97 partners	$280,000	35.71
82	**Kilpatrick Townsend** 571 lawyers, 245 partners	$280,000	35.71
86	**Drinker Biddle** 553 lawyers, 250 partners	$275,000	36.36
87	**Akerman** 548 lawyers, 280 partners	$270,000	37.04
87	**Dorsey** 500 lawyers, 253 partners	$270,000	37.04
89	**Bryan Cave** 977 lawyers, 399 partners	$255,000	39.22
90	**Jackson Lewis** 751 lawyers, 419 partners	$245,000	40.82
90	**Polsinelli** 693 lawyers, 410 partners	$245,000	40.82
92	**Fox Rothschild** 560 lawyers, 240 partners	$230,000	43.48
92	**K&L Gates** 1,952 lawyers, 944 partners	$230,000	43.48
92	**Lewis Brisbois** 891 lawyers, 557 partners	$230,000	43.48
95	**Baker Donelson** 616 lawyers, 303 partners	$225,000	44.44
96	**Ogletree Deakins** 701 lawyers, 376 partners	$220,000	45.45
97	**Littler** 1,088 lawyers, 501 partners	$205,000	48.78
97	**Norton Rose** (verein) 3,461 lawyers, 1,184 partners	$205,000	48.78
99	**Squire Patton** (verein) 1,356 lawyers, 452 partners	$175,000	57.14
100	**Dentons** (verein) 2,285 lawyers, 997 partners	$165,000	60.61

THE EFFICIENCY **EQUATION**

OUR PROFITABILITY INDEX metric looks at a firm's ability to convert revenue into profits. This metric, introduced in 1985, seeks to demonstrate which firms best balance leverage and profit margin for the highest possible profits per partner.

We calculate the profitability index by dividing profits per partner by revenue per lawyer. On this chart, leverage is the ratio of all lawyers (minus equity partners) to equity partners; profit margin is the ratio of net income to gross revenue multiplied by 100 and rounded to the nearest whole number. For more details, see "A Guide to Our Methodology," page 124.

2014 PROFITABILITY INDEX

Rank	FIRM	2014 Profitability Index	Leverage	Profit Margin
1	**Paul Weiss**	3.50	5.99	50
2	**Quinn Emanuel**	3.17	3.83	66
3	**Cahill**	3.10	4.27	59
4	**Cleary Gottlieb**	3.05	5.37	48
5	**Davis Polk**	2.68	4.69	47
6	**Simpson Thacher**	2.60	3.97	52
7	**Kirkland**	2.57	3.68	55
8	**Gibson Dunn**	2.51	3.12	61
8	**White & Case**	2.51	5.83	37
10	**Boies Schiller**	2.47	5.56	38
11	**Dechert**	2.42	4.38	45
12	**Latham**	2.33	3.60	51
13	**Sullivan & Cromwell**	2.32	3.74	49
14	**Cravath**	2.30	3.86	47
15	**Weil**	2.24	5.27	36
16	**King & Spalding**	2.23	4.21	43
17	**DLA Piper** (verein)	2.22	7.26	27
17	**Willkie**	2.22	3.01	55
19	**Milbank**	2.21	3.26	52
20	**Baker & McKenzie** (verein)	2.15	5.02	36
21	**Wachtell**	2.09	2.22	65
22	**Cadwalader**	2.08	7.07	26
22	**Skadden**	2.08	3.32	48
24	**Debevoise**	2.06	3.59	45
24	**Paul Hastings**	2.06	3.43	46
26	**Schulte Roth**	2.03	3.18	49
27	**Sidley**	2.00	4.75	35
28	**Wilson Sonsini**	1.98	4.36	37
29	**Fragomen**	1.95	6.56	26
30	**Greenberg Traurig**	1.94	4.79	34
31	**Proskauer**	1.85	3.19	44
31	**Shearman & Sterling**	1.85	4.23	35
33	**Vinson & Elkins**	1.84	3.33	42
34	**Alston & Bird**	1.82	4.20	35
35	**Baker Botts**	1.81	2.94	46
35	**Hughes Hubbard**	1.81	3.31	42
37	**Ropes & Gray**	1.80	2.88	46
38	**Akin Gump**	1.79	3.35	41
39	**Bracewell**	1.77	4.70	31
40	**Mayer Brown**	1.76	4.31	33
41	**Kramer Levin**	1.75	3.60	38
42	**Winston & Strawn**	1.74	4.11	34
43	**Reed Smith**	1.71	4.42	32
44	**McDermott**	1.70	3.91	35
45	**Goodwin Procter**	1.68	2.99	42
46	**Holland & Knight**	1.67	4.87	28
47	**Cooley**	1.64	3.29	38
47	**Fried Frank**	1.64	2.87	42
47	**Katten**	1.64	3.33	38
50	**Lewis Brisbois**	1.63	7.65	19
50	**Morgan Lewis**	1.63	2.72	44
52	**Orrick**	1.62	5.32	26
53	**Hogan Lovells** (verein)	1.61	3.64	35
54	**Jenner & Block**	1.59	2.82	42
54	**O'Melveny**	1.59	2.92	41
56	**Sheppard Mullin**	1.56	4.12	30
57	**Covington**	1.46	2.12	47
58	**McGuireWoods**	1.45	4.16	28
59	**Morrison & Foerster**	1.44	2.79	38
60	**Bingham McCutchen**	1.43	4.50	26
61	**K&L Gates**	1.42	6.75	18
62	**Perkins Coie**	1.40	4.04	28
63	**Arnold & Porter**	1.39	2.00	47
63	**Wilmer**	1.39	2.24	43
65	**Kaye Scholer**	1.38	2.72	37
66	**Fenwick**	1.36	2.39	40

2014 PROFITABILITY INDEX

Rank	FIRM	2014 Profitability Index	Leverage	Profit Margin
66	**Foley & Lardner**	1.36	4.55	25
68	**Locke Lord**	1.31	2.61	36
68	**Seyfarth**	1.31	2.96	33
68	**Squire Patton** (verein)	1.31	7.81	15
71	**Duane Morris**	1.30	4.08	26
72	**Kilpatrick Townsend**	1.28	4.14	25
73	**Haynes and Boone**	1.27	2.89	33
73	**Jones Day**	1.27	1.69	47
75	**Crowell & Moring**	1.26	3.64	27
76	**Barnes & Thornburg**	1.25	1.42	51
76	**Bryan Cave**	1.25	3.57	27
76	**Pepper Hamilton**	1.25	2.65	34
79	**Hunton & Williams**	1.24	2.33	37
79	**Venable**	1.24	2.46	36
81	**Baker & Hostetler**	1.23	4.13	24
81	**Pillsbury**	1.23	2.58	34
81	**Polsinelli**	1.23	5.19	20
84	**Norton Rose** (verein)	1.19	2.67	32
85	**Blank Rome**	1.18	3.03	29
86	**Fish**	1.17	2.29	36
86	**Williams & Connolly**	1.17	1.60	45
88	**Jackson Lewis**	1.16	2.34	35
88	**Ogletree Deakins**	1.16	3.64	25
90	**Faegre Baker**	1.13	1.81	40
90	**Troutman Sanders**	1.13	2.01	38
92	**Akerman**	1.08	1.91	37
92	**Fox Rothschild**	1.08	2.37	32
94	**Nixon Peabody**	1.07	2.95	27
95	**Drinker Biddle**	1.04	2.14	33
96	**Littler**	1.03	1.94	35
97	**Baker Donelson**	1.01	1.93	34
98	**Steptoe**	0.99	2.01	33
99	**Dorsey**	0.90	1.62	34
100	**Dentons** (verein)	0.88	3.72	19

By David L. Brown

Profits Matter. Deal With It.

Financial transparency won't ruin the profession.

The lawyers at Morrison, Dunne & Brobeck had built a solid reputation representing San Francisco's railroad and sugar barons. But by 1924, their partnership was falling apart. The firm's founder had died, and some of the remaining attorneys felt they could do better—much better.

So they did what financially conscious business owners sometimes do: They forced their fellow partners out. The split was hardly amicable. The rebellious partners changed the locks on the office door to keep client information from their ex-colleagues.

With their livelihoods at stake, the ousted partners landed on a simple solution. They grabbed a fire ax and started hacking the door. Sometime after stepping through the splinters to grab files, they put out their own shingle, creating a firm that would become Morrison & Foerster. The other firm, Brobeck, Phleger & Harrison, grew into one of California's biggest players—until 2003, when it drowned in post-dot-com-era debt. Somewhere, the ax men were chuckling.

MoFo's origin story, probably somewhat apocryphal at this point, comes to mind each year when we publish The Am Law 100. Money has always been one of the motivating factors in the practice of law. Yet the survey's publication is generally a cue for commentary on how The American Lawyer has ruined the profession—as if law firms had never considered the concept of money before we launched the survey 30 years ago.

We have long stipulated that the Am Law survey has had a major impact on the profession. By providing, for the first time, transparency about firm finances, we likely helped quicken the pace of change in the business of law. And we have long agreed that a focus on profits per partner as a primary measure of firm success is a poor way to judge the stability of a firm. That said, profitability can't be ignored, especially when 69 of the Am Law 100 firms now have average profits per partner of $1 million or more.

When the survey arrived in 1985, firms were expanding at an unprecedented rate. From 1978 to 1985, lawyer head count at the 200 largest firms in the country had roughly doubled, according to data collected by The National Law Journal during that period. To fund expansion, many firms also were taking on far deeper levels of debt. And clients were demanding scale from firms to handle larger deals and more complex litigation.

THE PRESSURES CONTINUE. "TECHNOLOGY, INFORMATION, interconnectedness and globalization have commoditized many legal services, fundamentally changing the nature of the legal market," said a recently released Harvard Law School report, "Lawyers as Professionals and as Citizens: Key Roles and Responsibilities in the 21st Century."

Authored by former General Electric Co. general counsel Ben Heineman Jr., Wilmer Cutler Pickering Hale and Dorr's William Lee and Harvard's David Wilkins, the report contains worthy advice aimed at spurring firms to do more than focus on the bottom line. It also assesses the impact of our survey on the profession as well as a number of other factors that have led firms to focus on short-term results. The report's view of our role is more nuanced than some of the commentary about it. The U.K. publication Legal Business tweeted, "So here is a Harvard Law School report telling me greed in U.S. profession was the fault of, er, reporters and The American Lawyer. Hmmm."

I don't think that's what the authors meant to say, but I've heard much the same thing for years from aggrieved partners. And while I don't roll my eyes at wistful memories of a profession that cared only for the noblest goals, I don't necessarily buy those memories either. Profits mattered in 1985. They mattered in 1925. They matter now.

Law is unique. It's powerful, and it should be transparent. The public should know how much money is made by a profession with special access to the highest levels of government, to the courts and to our financial markets. The people who work in the profession also should have some idea of how their firms and their competitors are performing. And they shouldn't need to take an ax to the door to get at that information.

David L. Brown is vice president and editor-in-chief of ALM.

THE AM LAW 100

THE AMERICAN LAWYER

AMERICA'S **TOP-GROSSING LAW FIRMS** IN 2014

RANK			REVENUE			PROFITS				COMPENSATION	
FY 2014	FY 2013	FIRM	Gross	Per Lawyer	'14 Rank	Net Income	Per Equity Partner	'14 Rank	Index	Average, All Partners	'14 Rank
1	3	**Latham & Watkins** *National,* 2,100 lawyers, 457 equity partners	$2,612,000,000	$1,245,000	9	$1,325,000,000	$2,900,000	14	2.33	$2,350,000	15
2	2	**Baker & McKenzie** *Verein,** 4,245 lawyers, 705 equity partners	$2,540,000,000	$600,000	89	$909,500,000	$1,290,000	60	2.15	$870,000	59
3	1	**DLA Piper** *Verein,** 3,702 lawyers, 448 equity partners	$2,480,500,000	$670,000	83	$667,000,000	$1,490,000	49	2.22	$835,000	62
4	4	**Skadden, Arps, Slate, Meagher & Flom** *National,* 1,654 lawyers, 383 equity partners	$2,315,000,000	$1,400,000	5	$1,112,000,000	$2,905,000	13	2.08	$2,905,000	10
5	5	**Kirkland & Ellis** *National,* 1,576 lawyers, 337 equity partners	$2,150,000,000	$1,365,000	6	$1,182,500,000	$3,510,000	6	2.57	$1,870,000	21
6	7	**Jones Day** *National,* 2,510 lawyers, 933 equity partners	$1,850,000,000	$735,000	69	$866,000,000	$930,000	75	1.27	$930,000	53
7	6	**Norton Rose Fulbright** *Verein,** 3,461 lawyers, 944 equity partners	$1,814,000,000	$525,000	96	$589,000,000	$625,000	94	1.19	$595,000	86
8	8	**Hogan Lovells** *Verein,** 2,360 lawyers, 509 equity partners	$1,779,500,000	$755,000	65	$619,500,000	$1,215,000	61	1.61	$965,000	51
9	9	**Sidley Austin** *National,* 1,761 lawyers, 306 equity partners	$1,753,500,000	$995,000	40	$608,000,000	$1,990,000	27	2.00	$1,280,000	44
10	10	**White & Case** *International,* 1,878 lawyers, 275 equity partners	$1,503,000,000	$800,000	61	$552,000,000	$2,005,000	26	2.51	$1,540,000	31
11	11	**Gibson, Dunn & Crutcher** *National,* 1,204 lawyers, 292 equity partners	$1,466,000,000	$1,215,000	13	$889,000,000	$3,045,000	11	2.51	$2,725,000	11
12	12	**Morgan, Lewis & Bockius**[1] *National,* 1,338 lawyers, 360 equity partners	$1,317,000,000	$985,000	42	$580,000,000	$1,610,000	41	1.63	$1,345,000	41
13	13	**Sullivan & Cromwell** *New York,* 805 lawyers, 170 equity partners	$1,276,000,000	$1,585,000	2	$625,000,000	$3,680,000	4	2.32	$3,680,000	4
14	14	**Dentons**[2] *Verein,** 2,285 lawyers, 484 equity partners	$1,275,000,000	$560,000	93	$240,000,000	$495,000	100	0.88	$380,000	99
15	15	**Greenberg Traurig** *National,* 1,730 lawyers, 299 equity partners	$1,270,500,000	$735,000	69	$426,000,000	$1,425,000	51	1.94	$765,000	66
16	16	**Cleary Gottlieb Steen & Hamilton** *International,* 1,178 lawyers, 185 equity partners	$1,250,000,000	$1,060,000	28	$597,500,000	$3,230,000	10	3.05	$3,230,000	9
17	20	**Simpson Thacher & Bartlett** *New York,* 929 lawyers, 187 equity partners	$1,245,500,000	$1,340,000	7	$651,500,000	$3,485,000	7	2.60	$3,485,000	5
18	18	**Mayer Brown** *International,* 1,486 lawyers, 280 equity partners	$1,223,000,000	$825,000	58	$405,500,000	$1,450,000	50	1.76	$825,000	63
19	21	**Reed Smith** *National,* 1,638 lawyers, 302 equity partners	$1,152,000,000	$705,000	75	$363,500,000	$1,205,000	63	1.71	$750,000	67
20	19	**Weil, Gotshal & Manges** *National,* 1,072 lawyers, 171 equity partners	$1,151,000,000	$1,075,000	25	$411,500,000	$2,405,000	17	2.24	$1,890,000	19
21	17	**K&L Gates** *National,* 1,952 lawyers, 252 equity partners	$1,145,500,000	$585,000	92	$209,000,000	$830,000	82	1.42	$475,000	93
22	24	**Ropes & Gray** *National,* 1,041 lawyers, 268 equity partners	$1,115,500,000	$1,070,000	26	$517,000,000	$1,930,000	28	1.80	$1,930,000	18
23	26	**Quinn Emanuel Urquhart & Sullivan** *National,* 710 lawyers, 147 equity partners	$1,103,500,000	$1,555,000	3	$723,500,000	$4,925,000	2	3.17	$3,865,000	2
24	25	**Davis Polk & Wardwell** *New York,* 871 lawyers, 153 equity partners	$1,072,000,000	$1,230,000	11	$504,000,000	$3,295,000	9	2.68	$3,295,000	8
25	22	**Wilmer Cutler Pickering Hale and Dorr** *National,* 926 lawyers, 286 equity partners	$1,071,000,000	$1,155,000	16	$459,000,000	$1,605,000	42	1.39	$1,605,000	26
26	28	**Paul, Weiss, Rifkind, Wharton & Garrison** *New York,* 943 lawyers, 135 equity partners	$1,036,500,000	$1,100,000	24	$519,000,000	$3,845,000	3	3.50	$3,845,000	3
27	27	**Paul Hastings** *National,* 873 lawyers, 197 equity partners	$1,000,500,000	$1,145,000	19	$465,000,000	$2,360,000	19	2.06	$2,015,000	17
28	23	**Morrison & Foerster** *National,* 988 lawyers, 261 equity partners	$968,500,000	$980,000	44	$369,000,000	$1,415,000	52	1.44	$1,205,000	47
29	31	**King & Spalding** *National,* 886 lawyers, 170 equity partners	$934,000,000	$1,055,000	30	$400,500,000	$2,355,000	20	2.23	$1,465,000	35
30	29	**McDermott Will & Emery** *National,* 997 lawyers, 203 equity partners	$900,000,000	$900,000	54	$310,500,000	$1,530,000	47	1.70	$850,000	60
31	30	**Orrick, Herrington & Sutcliffe** *National,* 891 lawyers, 141 equity partners	$877,000,000	$985,000	42	$225,000,000	$1,595,000	43	1.62	$1,110,000	48
32	N/A	**Squire Patton Boggs**[3] *Verein,** 1,356 lawyers, 154 equity partners	$870,500,000	$640,000	88	$129,500,000	$840,000	80	1.31	$525,000	92
33	32	**Akin Gump Strauss Hauer & Feld** *National,* 822 lawyers, 189 equity partners	$868,000,000	$1,055,000	30	$356,000,000	$1,885,000	32	1.79	$1,455,000	36
34	33	**Shearman & Sterling** *International,* 821 lawyers, 157 equity partners	$845,000,000	$1,030,000	36	$299,000,000	$1,905,000	31	1.85	$1,715,000	22
35	34	**Dechert** *National,* 877 lawyers, 163 equity partners	$839,500,000	$955,000	47	$377,500,000	$2,315,000	21	2.42	$1,570,000	30
36	36	**Proskauer Rose** *New York,* 721 lawyers, 172 equity partners	$818,500,000	$1,135,000	21	$361,500,000	$2,100,000	25	1.85	$1,715,000	22
37	45	**Cooley** *Palo Alto,* 755 lawyers, 176 equity partners	$802,000,000	$1,060,000	28	$305,000,000	$1,735,000	37	1.64	$1,415,000	37
38	38	**Goodwin Procter** *Boston,* 755 lawyers, 189 equity partners	$785,500,000	$1,040,000	33	$329,500,000	$1,745,000	36	1.68	$1,305,000	43
38	39	**Winston & Strawn** *National,* 808 lawyers, 158 equity partners	$785,500,000	$970,000	45	$266,500,000	$1,685,000	39	1.74	$1,090,000	50
40	41	**Milbank, Tweed, Hadley & McCloy** *New York,* 614 lawyers, 144 equity partners	$761,000,000	$1,240,000	10	$395,000,000	$2,745,000	15	2.21	$2,645,000	12
41	42	**Debevoise & Plimpton** *New York,* 615 lawyers, 134 equity partners	$710,500,000	$1,155,000	16	$319,000,000	$2,380,000	18	2.06	$2,380,000	14
42	49	**Perkins Coie** *Seattle,* 913 lawyers, 181 equity partners	$710,000,000	$780,000	64	$198,000,000	$1,095,000	66	1.40	$725,000	71
43	46	**Covington & Burling** *Washington, D.C.,* 774 lawyers, 248 equity partners	$709,000,000	$915,000	52	$330,500,000	$1,335,000	57	1.46	$1,335,000	42
44	54	**Wachtell, Lipton, Rosen & Katz** *New York,* 267 lawyers, 83 equity partners	$702,500,000	$2,630,000	1	$456,500,000	$5,500,000	1	2.09	$5,500,000	1
45	43	**Arnold & Porter** *Washington, D.C.,* 699 lawyers, 233 equity partners	$694,500,000	$995,000	40	$323,000,000	$1,385,000	55	1.39	$1,385,000	39
46	51	**Holland & Knight** *National,* 1,009 lawyers, 172 equity partners	$688,500,000	$680,000	79	$195,000,000	$1,135,000	65	1.67	$650,000	78
47	37	**Bingham McCutchen**[4] *National,* 715 lawyers, 130 equity partners	$665,000,000	$930,000	51	$173,000,000	$1,330,000	58	1.43	$885,000	56
47	47	**Foley & Lardner** *National,* 849 lawyers, 153 equity partners	$665,000,000	$785,000	62	$163,000,000	$1,065,000	67	1.36	$675,000	74
47	40	**O'Melveny & Myers** *Los Angeles,* 663 lawyers, 169 equity partners	$665,000,000	$1,005,000	39	$269,500,000	$1,595,000	43	1.59	$1,540,000	47
50	50	**Vinson & Elkins** *Houston,* 624 lawyers, 144 equity partners	$653,500,000	$1,045,000	32	$277,500,000	$1,925,000	29	1.84	$1,590,000	28
51	55	**Baker Botts** *Houston,* 694 lawyers, 176 equity partners	$653,000,000	$940,000	49	$299,500,000	$1,700,000	38	1.81	$1,260,000	45
52	52	**Cravath, Swaine & Moore** *New York,* 442 lawyers, 91 equity partners	$648,000,000	$1,465,000	4	$306,000,000	$3,365,000	8	2.30	$3,365,000	6
53	56	**Wilson Sonsini Goodrich & Rosati** *Palo Alto,* 670 lawyers, 125 equity partners	$646,000,000	$965,000	46	$239,000,000	$1,910,000	30	1.98	$1,600,000	27
54	44	**Alston & Bird** *Atlanta,* 759 lawyers, 146 equity partners	$645,500,000	$850,000	56	$225,000,000	$1,545,000	45	1.82	$940,000	52
55	57	**Willkie Farr & Gallagher** *New York,* 554 lawyers, 138 equity partners	$640,000,000	$1,155,000	16	$353,000,000	$2,560,000	16	2.22	$2,560,000	13
56	48	**Bryan Cave** *National,* 977 lawyers, 214 equity partners	$635,500,000	$650,000	87	$174,500,000	$815,000	84	1.25	$620,000	82
57	53	**McGuireWoods** *Richmond,* 939 lawyers, 182 equity partners	$620,000,000	$660,000	85	$175,000,000	$960,000	72	1.45	$660,000	76
58	60	**Baker & Hostetler** *National,* 878 lawyers, 171 equity partners	$579,000,000	$660,000	85	$138,500,000	$810,000	85	1.23	$610,000	84
59	58	**Hunton & Williams**[5] *National,* 707 lawyers, 212 equity partners	$568,000,000	$805,000	60	$211,500,000	$1,000,000	69	1.24	$805,000	64
60	59	**Pillsbury Winthrop Shaw Pittman** *National,* 591 lawyers, 165 equity partners	$560,000,000	$950,000	48	$192,000,000	$1,165,000	64	1.23	$880,000	58
61	60	**Seyfarth Shaw** *National,* 772 lawyers, 195 equity partners	$555,000,000	$720,000	71	$183,500,000	$940,000	74	1.31	$630,000	81
62	63	**Littler Mendelson** *National,* 1,088 lawyers, 370 equity partners	$543,500,000	$500,000	99	$190,000,000	$515,000	99	1.03	$440,000	96
63	62	**Katten Muchin Rosenman** *National,* 632 lawyers, 146 equity partners	$537,500,000	$850,000	56	$203,500,000	$1,395,000	54	1.64	$850,000	60
64	65	**Sheppard, Mullin, Richter & Hampton** *Los Angeles,* 584 lawyers, 114 equity partners	$510,500,000	$875,000	55	$155,500,000	$1,365,000	56	1.56	$890,000	55
65	64	**Cadwalader, Wickersham & Taft** *New York,* 452 lawyers, 56 equity partners	$481,500,000	$1,065,000	27	$124,000,000	$2,210,000	23	2.08	$1,680,000	24
66	66	**Fried, Frank, Harris, Shriver & Jacobson** *New York,* 414 lawyers, 107 equity partners	$460,000,000	$1,110,000	23	$193,500,000	$1,815,000	34	1.64	$1,670,000	25
67	67	**Faegre Baker Daniels** *Minneapolis,* 672 lawyers, 239 equity partners	$456,500,000	$680,000	79	$183,500,000	$770,000	87	1.13	$635,000	80
68	71	**Venable** *National,* 564 lawyers, 163 equity partners	$442,000,000	$785,000	62	$158,000,000	$970,000	70	1.24	$735,000	70
69	77	**Fragomen, Del Rey, Bernsen & Loewy** *International,* 469 lawyers, 62 equity partners	$441,000,000	$940,000	49	$113,500,000	$1,835,000	33	1.95	$1,355,000	40
70	68	**Duane Morris** *National,* 620 lawyers, 122 equity partners	$428,000,000	$690,000	77	$110,000,000	$900,000	78	1.30	$560,000	87
71	69	**Locke Lord**[6] *Dallas,* 578 lawyers, 160 equity partners	$426,500,000	$740,000	68	$155,000,000	$970,000	70	1.31	$690,000	73
72	73	**Troutman Sanders** *Atlanta,* 593 lawyers, 197 equity partners	$422,500,000	$715,000	73	$158,500,000	$805,000	86	1.13	$665,000	75
73	75	**Kilpatrick Townsend & Stockton** *Atlanta,* 571 lawyers, 111 equity partners	$411,500,000	$720,000	71	$102,500,000	$925,000	76	1.28	$655,000	77
74	87	**Jenner & Block** *Chicago,* 401 lawyers, 105 equity partners	$408,000,000	$1,015,000	38	$169,500,000	$1,615,000	40	1.59	$1,110,000	48
75	70	**Nixon Peabody** *National,* 573 lawyers, 145 equity partners	$407,000,000	$710,000	74	$110,000,000	$760,000	88	1.07	$545,000	88
76	74	**Schulte Roth & Zabel** *New York,* 351 lawyers, 84 equity partners	$400,500,000	$1,140,000	20	$194,500,000	$2,315,000	21	2.03	$2,315,000	16
77	79	**Williams & Connolly** *Washington, D.C.,* 307 lawyers, 118 equity partners	$399,000,000	$1,300,000	8	$179,000,000	$1,515,000	48	1.17	$1,515,000	34
78	72	**Hughes Hubbard & Reed** *New York,* 332 lawyers, 77 equity partners	$394,000,000	$1,185,000	14	$165,000,000	$2,145,000	24	1.81	$1,885,000	20
79	82	**Jackson Lewis** *National,* 751 lawyers, 225 equity partners	$390,500,000	$520,000	97	$136,000,000	$605,000	96	1.16	$445,000	95
80	81	**Pepper Hamilton** *Philadelphia,* 508 lawyers, 139 equity partners	$384,500,000	$755,000	65	$131,500,000	$945,000	73	1.25	$750,000	67
81	76	**Drinker Biddle & Reath** *Philadelphia,* 553 lawyers, 176 equity partners	$381,000,000	$690,000	77	$126,500,000	$720,000	89	1.04	$615,000	83
82	78	**Cahill Gordon & Reindel** *New York,* 327 lawyers, 62 equity partners	$380,000,000	$1,165,000	15	$224,000,000	$3,615,000	5	3.10	$3,310,000	7
83	79	**Kaye Scholer** New York, 368 lawyers, 99 equity partners	$375,000,000	$1,020,000	37	$139,500,000	$1,410,000	53	1.38	$1,260,000	45
84	88	**Ogletree, Deakins, Nash, Smoak & Stewart** *National,* 701 lawyers, 151 equity partners	$373,000,000	$530,000	94	$92,500,000	$615,000	95	1.16	$410,000	98
85	86	**Crowell & Moring** *Washington, D.C.,* 450 lawyers, 97 equity partners	$368,500,000	$820,000	59	$100,000,000	$1,030,000	68	1.26	$745,000	69
86	93	**Polsinelli** *Kansas City, Missouri,* 693 lawyers, 112 equity partners	$368,000,000	$530,000	94	$73,000,000	$650,000	91	1.23	$415,000	97
87	84	**Lewis Brisbois Bisgaard & Smith** *Los Angeles,* 891 lawyers, 103 equity partners	$364,000,000	$410,000	100	$69,000,000	$670,000	90	1.63	$365,000	100
88	85	**Fish & Richardson** *National,* 345 lawyers, 105 equity partners	$357,500,000	$1,035,000	35	$127,000,000	$1,210,000	62	1.17	$885,000	56
89	83	**Steptoe & Johnson LLP** *Washington, D.C.,* 385 lawyers, 128 equity partners	$352,500,000	$915,000	52	$116,500,000	$910,000	77	0.99	$910,000	54
90	89	**Barnes & Thornburg** *Indianapolis,* 517 lawyers, 214 equity partners	$346,000,000	$670,000	83	$178,000,000	$835,000	81	1.25	$645,000	79
91	91	**Boies, Schiller & Flexner** *National,* 282 lawyers, 43 equity partners	$345,000,000	$1,225,000	12	$130,000,000	$3,025,000	12	2.47	$1,590,000	28
92	99	**Haynes and Boone** *Dallas,* 502 lawyers, 129 equity partners	$339,000,000	$675,000	81	$110,500,000	$855,000	79	1.27	$695,000	72
93	92	**Dorsey & Whitney** *National,* 500 lawyers, 191 equity partners	$338,500,000	$675,000	81	$115,500,000	$605,000	96	0.90	$535,000	90
94	94	**Bracewell & Giuliani** *Houston,* 450 lawyers, 79 equity partners	$337,500,000	$750,000	67	$105,000,000	$1,330,000	58	1.77	$795,000	65
95	105	**Fox Rothschild**[7] *Philadelphia,* 560 lawyers, 166 equity partners	$331,500,000	$590,000	90	$106,000,000	$640,000	92	1.08	$540,000	89
96	96	**Blank Rome** *Philadelphia,* 472 lawyers, 117 equity partners	$331,000,000	$700,000	76	$96,500,000	$825,000	83	1.18	$600,000	85
97	116	**Fenwick & West** *Mountain View, California,* 288 lawyers, 85 equity partners	$327,000,000	$1,135,000	21	$130,500,000	$1,540,000	46	1.36	$1,410,000	38
98	108	**Akerman** *Miami,* 548 lawyers, 188 equity partners	$324,000,000	$590,000	90	$120,500,000	$640,000	92	1.08	$530,000	91
99	95	**Kramer Levin Naftalis & Frankel** *New York,* 308 lawyers, 67 equity partners	$320,500,000	$1,040,000	33	$121,500,000	$1,815,000	34	1.75	$1,525,000	33
100	109	**Baker, Donelson, Bearman, Caldwell & Berkowitz** *Memphis,* 616 lawyers, 210 equity partners	$318,500,000	$515,000	98	$109,000,000	$520,000	98	1.01	$455,000	94

METHODOLOGY

DEFINITIONS: **Lawyer counts** are average full-time-equivalent (FTE) figures for the 2014 calendar year. Retired partners and of counsel are not counted as partners, nor are payments made to them included in net income. Temporary and contract attorneys are not included. Figures for **gross revenue** and **net income** are rounded to the nearest $500,000. Figures for **revenue per lawyer, profits per equity partner** and **average partner compensation** are rounded to the nearest $5,000. Firms that tied in the rankings are listed alphabetically. **Revenue per lawyer** is gross revenue divided by the number of lawyers. **Profits per equity partner** is net income divided by the number of equity partners. **Average partner compensation** is the net income plus compensation to nonequity partners, divided by the number of equity and nonequity partners. **Profitability index** is profits per partner divided by revenue per lawyer.

*Vereins differ structurally from other Am Law 100 firms, especially in regard to profit sharing.
[1] Census numbers and financials do not include the lawyers who joined from the former Bingham McCutchen in late November.
[2] Dentons joined with Dacheng in January 2015 to form the Dacheng Dentons verein. Results are for the legacy operation only.
[3] Squire Sanders joined with Patton Boggs in June 2014 to form the Squire Patton Boggs verein, so there is no year-over-year comparison.
[4] Bingham McCutchen ceased operations in December.
[5] Fiscal year ends on March 31. Results are projected in order to meet The Am Law 100's publication deadline.
[6] Locke Lord merged with Edwards Wildman Palmer in January 2015. Results are for the legacy operation only.
[7] Fiscal year ends on March 31. Results are projected in order to meet The Am Law 100's publication deadline.