

THE RECORDER

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AmLaw 200 has Bay Area firms in slow lane

California's AmLaw 200 Firms

Top firms by gross revenue

2003 Rank	2002 Rank	Firm/City/No. of Lawyers	Gross Revenue (in \$mil.)	Change from Prior Year	Profits per Partner	Change from Prior Year
106	109	Irell & Manella/L.A./221	\$176	9.3%	\$1,170,000	30.7%
109	105	Little Mendelson/S.F./375	\$173	4.5	\$420,000	7.7
115	131	Manatt, Phelps/L.A./270	\$161	22.0	\$770,000	10.0
133	133	Sedgwick, Detert/S.F./326	\$136.5	5.0	\$520,000	-13.3
134	136	Munger, Tolles/L.A./153	\$136	8.8	\$960,000	6.7
137	125	Fenwick & West/Mountain View/226	\$134	-5.6	\$635,000	-2.3
145	159	Quinn Emanuel/L.A./200	\$128	20.8	\$1,370,000	37.0
161	160	Allen, Matkins/L.A./190	\$111	5.2	\$575,000	5.5
168	172	Loeb & Loeb/L.A./178	\$104.5	5.6	\$610,000	3.9
181	197	Jeffer, Mangels/L.A./158	\$98	22.5	\$1,215,000	NA
184	175	Townsend and Townsend/S.F./144	\$95	-3.6	\$615,000	-12.9
186	186	Luce, Forward/San Diego/174	\$94	4.4	\$410,000	16.9
188	181	Howard, Rice/S.F./138	\$93	0.5	\$815,000	-1.1
198	200	Knobbe, Martens/Irvine/156	\$84	7.7	\$515,000	-3.8
200	NA	Lewis Brisbois/L.A./400	\$82.5	NA	\$515,000	NA

By Adrienne Sanders
RECORDER STAFF WRITER

Bay Area firms fell a little further behind their AmLaw 200 peers last year, even as their counterparts in Southern California gained on the competition.

Slowed by an economy still struggling in the wake of the 2001 dot-com collapse, four of the five Bay Area firms that made the list slipped at least a few places in the annual rankings released today by The American Lawyer magazine, a *Recorder* affiliate.

Eight Southern California firms moved up the chart, with three making big leaps.

The AmLaw Second Hundred ranks firms that fall between Nos. 101 and 200 in 2003 gross revenue. The survey is a follow-up to June's American Lawyer rankings of the nation's 100 highest-grossing firms.

Los Angeles' Manatt, Phelps & Phillips rose 16 places, to No. 115. Across town, litigation powerhouse Quinn Emanuel Urquhart Oliver & Hedges advanced 14 spaces, to No. 145.

Tech-centric Fenwick & West and Townsend and Townsend and Crew, meanwhile, slid down the charts. Thanks to slight revenue declines, Mountain View-based Fenwick fell 12 spots, to No. 137, while San Francisco's Townsend fell nine spots, to No. 184.

With revenue flat, Howard, Rice, Nemerovski, Canady, Falk & Rabkin fell from No. 181 to No. 188. Little Mendelson, which had been within five spots of cracking the AmLaw 100 last year, slipped to No. 109.

San Francisco's Sedgwick, Detert, Moran & Arnold stayed at No. 133, but posted the list's fifth worst decline in profits.

See AMLAW 200 page 9

AMLAW 200

Continued from page 1

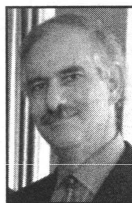
its per partner, a 13 percent slump the firm attributes to technology costs and rising headcount.

"We have yet to see full recovery mode here in the Bay Area," said legal recruiter Avis Caravello. "Things are getting better, but it's a very gradual and slightly murky uptake in profits and revenues right now."

Over the past six months, she said, the Bay Area legal economy has been closing the gap with L.A.'s. "I'm just as busy as my Los Angeles contemporaries are. A year ago that wasn't the case."

Litigation practices sparked in Los Angeles during 2003. Jeffer, Mangels, Butler & Marmaro, Quinn Emanuel and Manatt all saw double-digit revenue increases. Irell & Manella boosted revenue by 9 percent and pushed profits per partner up 30 percent, taking it over the million-dollar mark.

All told, 15 California firms placed in the Second Hundred, one fewer than last year. Sheppard, Mullin, Richter & Hamp-



Stuart Lipton

Howard, Rice's managing partner says revenue and profits were flat at Howard, Rice because the firm has "followed a pattern of modest and deliberate growth."

ton moved into the AmLaw 100, as did Crosby, Heafey, Roach & May by virtue of its merger with Reed Smith. New to the list this year is Los Angeles' Lewis Brisbois Bisgaard & Smith, debuting at No. 200 with gross revenue of \$82.5 million.

The American Lawyer magazine doubled the size of what had been the AmLaw 100 five years ago, publishing the list of the Second Hundred every summer.

But there's nothing second-tier about the success of Kasowitz, Benson, Torres & Friedman, a New York litigation shop that broke into the AmLaw 200 for the first time. With profits per partner of \$2.9 mil-

lion last year, Kasowitz, Benson was the most successful firm by that measure among the AmLaw 200. It was more successful than Wachtell, Lipton, Rosen & Katz (\$2.6 million PPP); more than twice as profitable as Willkie Farr & Gallagher (\$1.4 million PPP); and seven times as profitable as Preston Gates & Ellis (\$415,000 PPP), the 100th member of the AmLaw 100.

The Second Hundred had been a place for smaller firms in major markets (New York's Kelley Drye & Warren) or larger firms in smaller markets (Indianapolis' Barnes & Thornburg). It has not been a parking place for the most profitable firms. Until now.

In last year's report, a handful of AmLaw 200 firms were beginning to nip at the AmLaw 100 with their revenue per lawyer rankings. Now that's happening with profits per partner. Along with Kasowitz, Benson, six other members of the Second Hundred recorded profits per partner greater than \$1 million — three of

them California firms. Four other firms had profits per partner between \$900,000 and \$1 million. In four prior years, only one firm broke the \$1 million threshold.

Though revenue was flat at Howard, Rice, the firm again topped the Bay Area Second Hundred firms in average profits per partner, with \$865,000 — about what it recorded last year.

The firm's revenue per lawyer — \$675,000 — was the 10th highest in the Second Hundred.

Stuart Lipton, managing partner of the San Francisco-based firm, said Howard, Rice is doing "very well financially" and that its relatively slow revenue growth is part of a broader plan.

"For years we have followed a pattern of modest and deliberate growth," Lipton noted. "We won't ever hire people just to increase our revenue and just to become a bigger firm."

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