

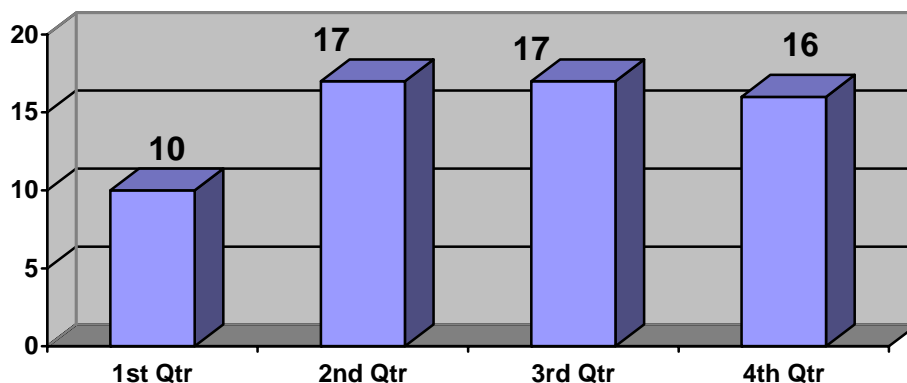
## Law Firm Mergers and Acquisitions 2007 Summary and Analysis

*from*

### Altman Weil MergerLine™

The pace of merger activity continued at a high level during 2007, with a total of 73 mergers occurring during the year. Of these, 13 were announced in 2006 but took effect on January 1, 2007. Excluding these thirteen post-effective mergers, the following graph illustrates the number of transactions that occurred during each fiscal quarter:

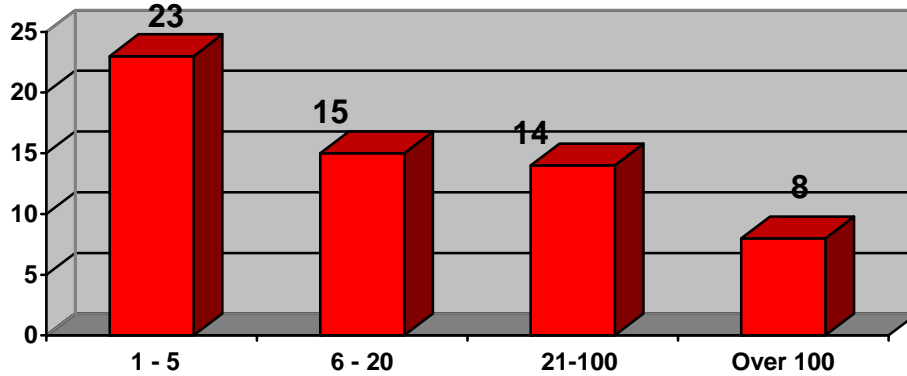
**Number of Mergers by Quarter**



As expected, there were many more combinations involving small law firms than large firms, reflecting the sheer number of small law firms in the nation. Although the legal profession's consolidation will continue to be fueled by small law firms, recently we are seeing more medium-sized, and even some large law firms, willing to be acquired by a bigger law firm.

Perhaps this trend is due to the increasingly intense competition within the profession, or the fact that so many other industries are consolidating and those companies want larger law firms to provide services to them wherever they are located. Globalization may also be a reason why more firms are adopting a merger strategy. We expect to see the pace of such large mergers increase in the future. Following is a graph indicating the number of 2007 mergers categorized by law firm size:

**Number of Mergers by Size of Firm Acquired**



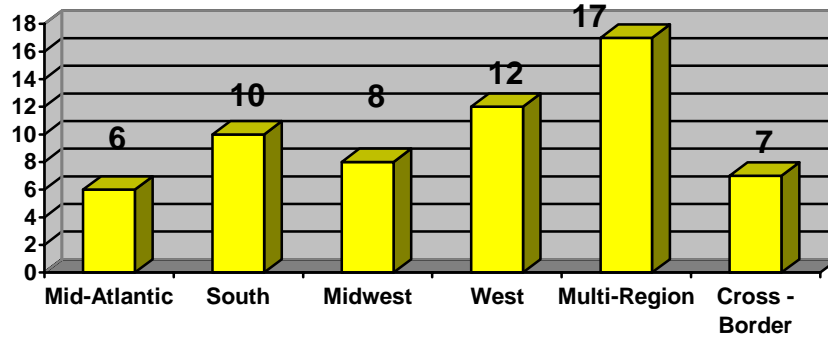
Law firm mergers have been occurring across the country as well as internationally for over a decade, and mergers in 2007 were no exception. Law firm combinations were not limited to a few specific geographic areas. There were six mergers in Mid-Atlantic states, ten in the South, eight in the Midwest and twelve in the West. Each of these mergers was contained within the stated region, with both the acquirer and the acquired firm located in that specific geographic area. Only the New England area reported no in-region mergers in 2007. In addition, seventeen multi-regional combinations involved law firms from two different geographic areas.

Most mergers involving the acquisition of a small law firm (fewer than 10 lawyers) were within the same geographic area. In fact, 23 of the 37 mergers of this nature, or 62%, involved two law firms within the same geographic market. Presumably many of these mergers were driven by a desire to add depth to service clients within the combined firm’s targeted market area.

At the other end of the spectrum are the multi-regional combinations which typically involved the acquisition of larger law firms. Of the seventeen mergers of this nature only six, or 35%, involved the acquisition of a small firm (fewer than 10 lawyers). The average size of the acquired law firm in multi-regional law firm mergers was 89 lawyers, while the average size of the acquirer was 604 lawyers.

Finally, there were seven mergers involving the acquisition of foreign law firms by US firms. As expected, these also involved relatively large firms in most instances. The average number of lawyers in the acquired cross-border firm was 70 lawyers and the average size of the acquiring firm in these transactions was 963 lawyers. Following is a graph indicating the number of mergers by geographic area:

### Number of Mergers by Region



In summary, 2007 was a robust year for law firm mergers. We expect 2008 to continue the trend of consolidation in the legal profession.

#### About Altman Weil *MergerLine*™

**Altman Weil MergerLine™** logs law firm combinations as they are reported by media outlets and in press releases; links the user to the original news stories; and, compiles key statistics on each deal. Readers will find Altman Weil *MergerLine™* online at [www.altmanweil.com/MergerLine](http://www.altmanweil.com/MergerLine). They can subscribe to the *MergerLine™* RSS feed for automatic delivery of merger news updates.

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