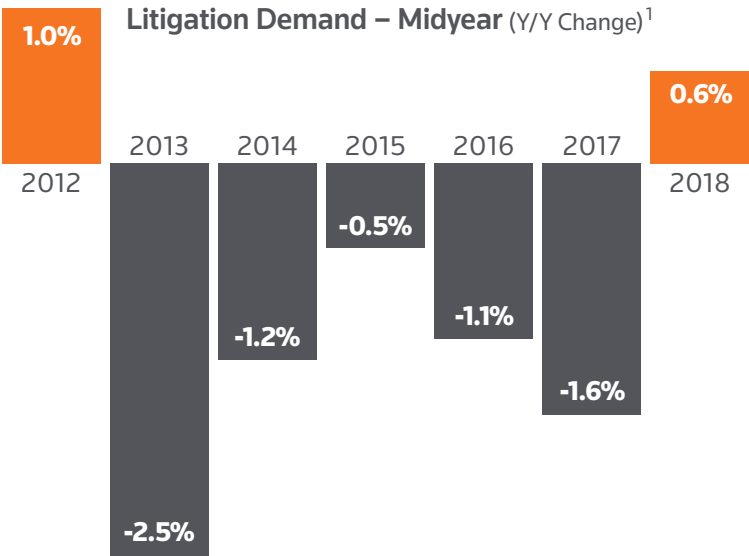


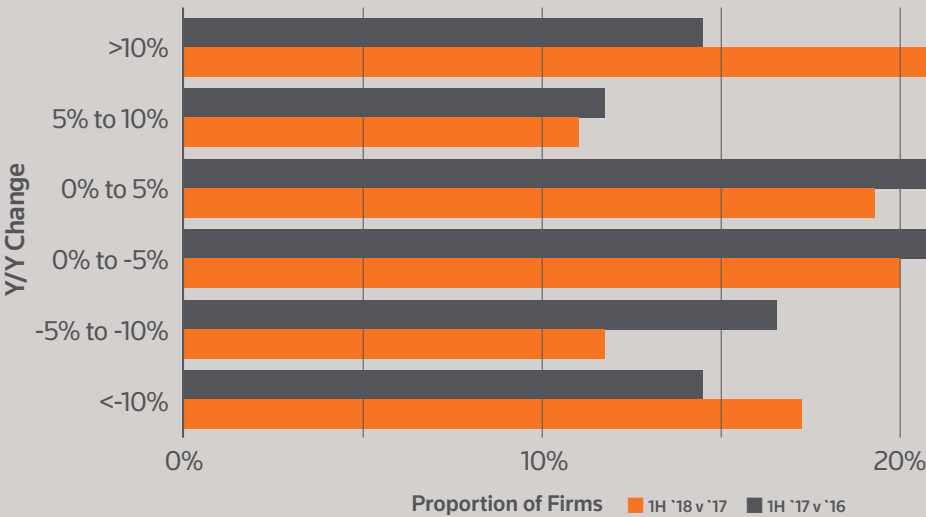
Litigation Rebound

In the United States litigation is king. The U.S is considered the most litigious country in the world. Through the midyear point of 2018 the penchant for litigation in the US has never been more clear. In 2018, data from Peer Monitor shows that litigation, which makes up the largest proportion of billable hours for firms within the Peer Monitor universe, has positive demand growth relative to the midyear point of the prior year. As noted in the *2018 Midyear Report: What's the Story?*, that has not been the case in quite some time.



Dispersed Demand Growth in Litigation

Demand Growth by Firm - Midyear¹



Litigation growth was present in more than half of the firms overall, as well as more than half of firms in each segment. Further, the proportion of firms with significant levels of litigation growth (>10%) has increased by 7% since the previous year, possibly due to large and complex litigation cases.

Rate Reliability and the Demand Difference

Growing the top line through demand rather than rates gives firms an added advantage. This is due to the inconsistency of litigation work in the market versus the consistency of rate growth.

A reported 70.3% of firms tracked by Peer Monitor increased their fees worked in litigation through the first six months of 2018, year over year. The simple inputs for fees worked are demand and agreed upon rates.

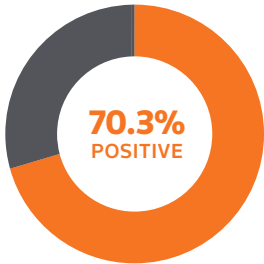
Of the firms that grew their fees worked in litigation, 56% grew demand at a greater clip than rates — meaning the primary driver for their increased fees was demand, not rates. The other 44% of firms with growth in fees worked had a higher pace of growth in rates than demand for litigation.

While driving rates has its perks, firms that are driving growth in fees worked are more likely doing it through increased demand.

Main Growth Driver* of Firms with Fees Worked Growth in Litigation¹



*56% grew their demand at a greater clip than their rates, thus the majority driver for their increased fees was demand, not rates. The other 44% of firms with growth in fees worked were the juxtaposition of that and had a higher pace of growth in rates than demand for litigation in the first half of the year.



2018 Midyear Fees Worked Growth – Litigation Distribution of Firms

Factors Supporting Growth In Litigation Work

- **General Economy** - The last five quarters have exceeded 2.2% GDP growth.²
- **Regulatory & Political Environment**
- **Social Change Litigation**
- **Litigation Funding** - According to research by Vannin Capital, \$800 to \$900 million in global litigation was funded in 2016, and it's estimated to continue growing at a rate of 20% to 30% over the next few years.³

Conclusion: Recent Growth Is Welcomed, but Consistent Gains are Still Elusive

23.5%

Firms with consecutive years of first-half growth in litigation

Source: Peer Monitor. All timekeepers, billable time type, non-contingent matters
¹<https://www.statista.com/statistics/188185/percent-chance-from-preceding-period-in-real-gdp-in-the-us/>
²<https://abovethelaw.com/2018/09/4-questions-about-the-future-of-litigation-finance/?rf=1>