

16 March 2009

LAWYERS IN MIDDLE EAST TO SWAP BIG TICKET OIL WORK FOR REAL ESTATE AND TELECOMMUNICATIONS RESEARCH REVEALS CHANGING LEGAL LANDSCAPE AS REGION DEVELOPS

Law firms in the Gulf will increasingly swap lucrative big ticket work in the oil and gas sector for servicing the real estate, telecoms and IT industries, according to latest research from the leading legal sector researcher Acritas (www.acritas.com).

The study, entitled "Sharp Legal Brands", interviewed nearly 300 buyers of legal services in the Gulf Region^[1]. It revealed that law firms had been receiving in excess of \$750 an hour from oil and gas firms compared to around \$550 an hour for work in the telecommunications, IT and media industries and around \$580 in real estate.

Half (50%) of all oil and gas firms surveyed expect expenditure in legal services to fall over the next 12 months, whilst just 14% foresee an increase in spend. By contrast, 43% of legal buyers from real estate companies expect to see an increase in their expenditure on lawyers, and 41% of telecommunications, media and technology companies also anticipate higher legal spend. Yet only a fifth of buyers in these industries believe that their total spending will decrease.

Acritas's research shows:

- Just under one fifth of legal buyers across the Gulf (19%) believe that law firms in the Middle East will need to lower fees and provide better value for money over the next two years. Yet in Dubai, over a quarter of buyers (26%) believe firms will need to drop prices.
- The majority of buyers in the region favour the pricing model of fixed fees (46%) with a further 3% favouring a combination of hourly and fixed fees. Less than a quarter of legal buyers favour hourly rates (23%) in contrast to the two thirds of legal buyers in the US (66%) and over a third in the UK (37%).
- The average hourly rate of a lawyer in the Middle East is 24% higher than UK and 30% higher than US:
 - Middle East- \$595
 - UK - \$476
 - US - \$ 459
- Oman is holding up better than all the other Gulf States with a 47% increase in demand for legal services. Buyers in the UAE and Saudi expect the lowest increase in spend.
- Nearly half of all legal buyers in UAE (49%) expect a financial downturn in 2009 compared to just over a quarter (26%) in Bahrain and Qatar (27%).

Lisa Hart, CEO of Acritas, added:

"The business environment in the Gulf is putting pressure on fees and forcing firms to re-evaluate their fee structures. Over the next year or so clients are going to demand lower prices from both domestic and international law firms. The Gulf is not immune to the pricing pressures law firms face in the UK and the US.

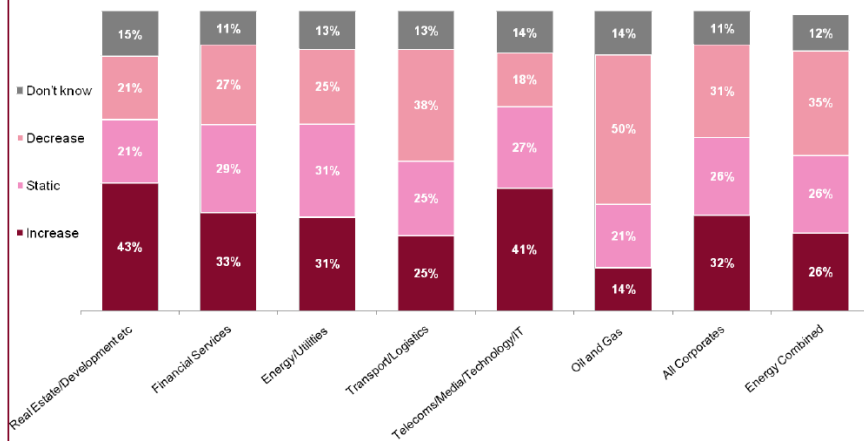
^[1] Member included Dubai, Abu Dhabi and Sharjah, Saudi, Bahrain, Oman, Qatar and Kuwait

“Whilst there is still a flourishing market for law firms in Oman, our research indicates that in other areas of the Gulf a plateau has now been reached. Some of those we interviewed believe there will be a number of law firm mergers in the region. Whether this emerges remains to be seen but quite clearly the challenge for law firms in the region over the next eighteen months will be to customise their approach and tailor their services to the changing needs of the companies.”

Middle East
2008/9

Spend Trend Future Forecast by industry sector

Q. Do you anticipate an increase or decrease in your total spend on external legal services over the coming 12 months?

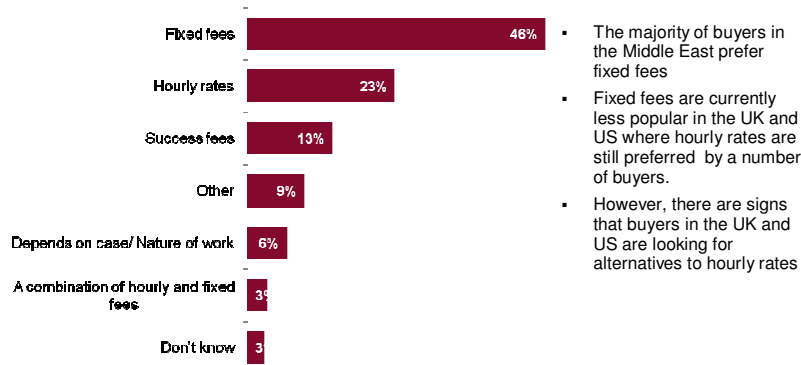


Base: Real Estate etc (61), Financial Services (82), Energy/Utilities (16) LOW BASE, Transport/Logistics (24), TMT etc (22), Oil and Gas (14) LOW BASE, All Corporates (114), Energy Combined (34)

SLB
2008

Buyer Preferences Pricing Models – Middle East

Q. For <<service line>>, which of the following pricing models do you prefer to use?



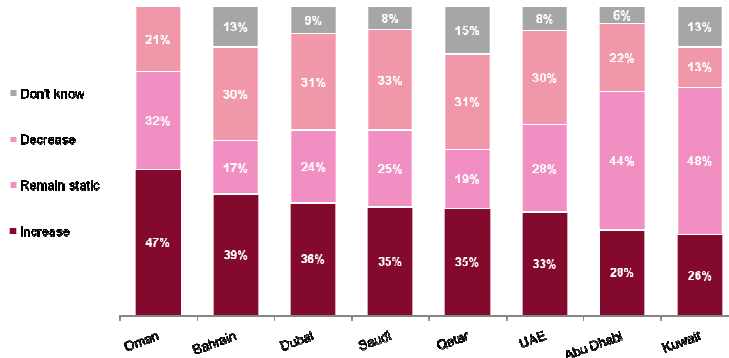
Base: All respondents (229)

acritas

Middle East
2008/9

Spend Trend Future Forecast by GCC

Q. Do you anticipate an increase or decrease in your total spend on external legal services over the coming 12 months?



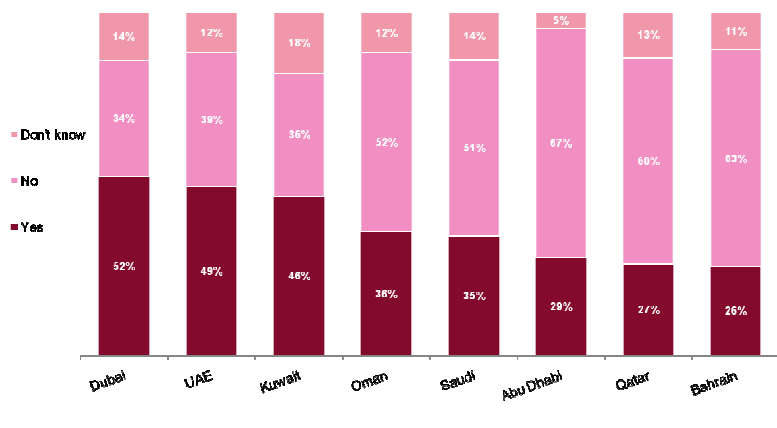
Base: Oman (19) LOW BASE, Bahrain (23), Dubai (80), Saudi (40), Qatar (26), UAE (102), Abu Dhabi (18) LOW BASE, Kuwait (23)

acritas

Middle
East
2008/9

Economic Outlook Split by GCC

Q. Do you think that your business will face a financial downturn this year?



Base: Dubai (92), UAE (118), Kuwait (28), Oman (25), Saudi (43), Abu Dhabi (21), Qatar (30), Bahrain (27)

acritas

- ends -

For further information please contact:

Lisa Hart/Jo Summers at Acritas on 0808 178 3020
Sam Pepper/Will Richardson at Kelso Consulting on 020 7242 2272

Issued by Kelso Consulting (PR advisers) on behalf of Acritas.

Notes to Editors:

The research was conducted between November 2008 and February 2009 and asked 279 legal buyers across the Middle East for their views, experiences and expectations of purchasing legal services across the UAE, Saudi Arabia, Bahrain, Oman, Qatar, and Kuwait. The research was conducted at companies with a revenue of at least \$50million and up to over \$2billion.

About Acritas:

Acritas is a leading provider of specialist research programmes to the professional, financial and public service sectors in the UK, Europe and the USA. They specialise in providing comprehensive and insightful interpretation of information extracted from key stakeholders. Acritas is a Market Research Society company partner. For further information, please visit www.acritas.com.