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Economy, Business and Finance
Pay Soars for Legal Eagles

Firms hike associate pay to \$145,000; others to follow suit

by **Tommy Fernandez**
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New York law firms are raising the ante in the contest over lawyer salaries, lifting the base pay of first-year associates to \$145,000 from \$125,000.

A handful of California firms sparked some scattered salary skirmishes in December when they announced that they would raise the pay of new associates by \$10,000. New York firms didn't immediately follow suit, but in the past week eight of them said they would raise those salaries by \$20,000.

They include three of the five largest law firms in the city: Davis Polk & Wardwell, Paul Weiss Rifkind Wharton & Garrison, and Simpson Thacher & Bartlett. The rest of the New Yorkers are Cahill Gordon & Reindel, Milbank Tweed Hadley & McCloy, and Sullivan & Cromwell.

Two out-of-town firms—Covington & Burling and Greenberg Traurig—also took the plunge for their New York offices. Legal recruiter Michael Lord says the fact that these outsiders were ready to embrace the hikes is a sign that others will hike pay as well.

"With a firm like Greenberg Traurig raising salaries, that's going to put a lot of pressure on other firms to do likewise," he says.

These are the first widespread raises to hit the city's law firms since 2000, when the dot-com boom forced firms to up salaries by over a third to reach \$125,000. For many of the firms involved, the current raises apply to other associates as well.

"These raises were inevitable," says Covington partner Scott Smith. "Living expenses in New York have increased substantially over the past six years."

The increases will undoubtedly spur copycats by the summer.

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