

Dear Clients and Colleagues,

Our profession is in a time of great change. Consolidation has created some law firms of a size and geographic scope that was almost unheard of a decade ago. A number of fine firms have dissolved in highly public ways. What I am not hearing is how this all impacts the most important constituency for any firm: How do the clients benefit? Are these bigger firms better for the clients? If so, how? The assumption seems to be that a bigger law firm must mean a better law firm. There may be some truth to this and our firm continues to follow a highly strategic growth trajectory as you will see in more detail below. We will continue to expand and deepen our footprint consistent with our long-held client-first culture. That said, we look at a more nuanced and long-term view of our firm and how we will serve our clients now and in the future.

As I discussed with Bloomberg, the assumption that a bigger firm is necessarily a better firm ignores some simple facts. First, economies of scale do not necessarily apply to law firms. Many mega-firms will undoubtedly thrive and bring good value to their clients, and it is wonderful to be able to boast that you have offices in every conceivable locale in which a potential client may operate. The consultants at Altman Weil just reported there have been a record 67 law firm combinations in the first three quarters of 2015.

But a law firm's reach often comes at a cost both in money invested and, sometimes, in the overall quality of service provided.

Our firm's leadership believes that when we focus intensely on our clients, we can deliver excellent results. For our own part, we have steadily moved up the AmLaw 100 list while maintaining solid financial performance, embarking on targeted expansions and achieving some significant milestones. I do believe that law firm combinations can deliver value if both sides are able to align their practices, cultures and client service ethos. The resulting combination should provide both organizations with a better set of services and solution for the clients and stronger and more resourceful firm post combination.

**GROWTH.** Thus far this year, we have further expanded our national footprint by opening offices in Denver and Chicago. The entry into Colorado was in support of our expanding energy practice and to bolster our service offerings to a broader array of transactional and dispute resolution work. The Denver office is now home to a team of lawyers with a broad range of experience in the dynamic energy and natural resources industry and a long history of working in the Rocky Mountain Region and in Houston, where we just celebrated our 25th year. In August we announced the addition of the Mavrakakis Law Group LLP (MLG), an intellectual property boutique with offices in Palo Alto and Chicago. The addition will integrate and leverage the firm's IP expertise and client base by taking advantage of the MLG market position in Silicon Valley with key clients. Meanwhile, MLG's Chicago office has been



rebranded as Haynes and Boone's first Midwest location. The move into the Chicago market office with one of the firm's key practice areas will allow the firm to gradually grow into a more full-service offering, playing to the firm's strengths in other industries, including finance, private equity and real estate.

We have also significantly bolstered our Shanghai presence and continued lateral recruiting to build out our New York and Mexico City capabilities.

The timing and extent of those strategic decisions are keyed to what our clients were telling us about their legal needs and growth plans, as well as our long-term strategy and focus on where and how we believe we can differentiate our firm from other firms. With a defined strategy, long-term approach and a strong financial foundation, we can respond quickly to take advantage of market opportunities.

**ACHIEVEMENT.** This year has brought some significant recognition to the firm. I am thrilled to report our Litigation Department was recognized by *Texas Lawyer* as the 2015 Litigation Department of the Year, taking the Large Firm top honors in the General Litigation category. This award is a great honor and further testament to the breadth and depth of our litigation experience and versatility.

Elsewhere, our Patent Trials Practice Group has dominated the national scene with a 96 percent success rate before the Patent Trial and Appeal Board, according to Law.com. And in the highly respected *Chambers Global* legal directory, Haynes and Boone had one of its best showings ever. For the first time, editors included the firm's Energy & Natural Resources Practice Group, saying that our team is becoming known for its aggressive lateral hires designed to take advantage of liberalized access for U.S. firms interested in developing Mexico energy.

**CULTURE.** Among the many honors that have come our way thus far this year are several that positively reflect on the firm's continuing efforts to meet client expectations that our firm is an inclusive environment for all. *Law360* released its 2015 Minority Report and Haynes and Boone was a Top 50 firm for both minority attorneys and minority partners, including being No. 8 on the list of Top 25 Firms for Hispanic Attorneys.

For the second straight year, the firm has been named the "Best National Firm for Diversity" in North America by the Euromoney Legal Media Group. And for the fifth consecutive year, Haynes and Boone received the Women in Law Empowerment Forum (WILEF) Gold Standard Certification, which singles out law firms that successfully demonstrate that women represent a meaningful percentage of the firm's equity partners, highest leadership positions, governance and compensation committees, and of their most highly-compensated partners.

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We are very proud that outside organizations recognize the strides we have made in these areas.

We look forward to continuing to serve our clients worldwide. We thank you for your business and friendship. I welcome any feedback: +1 (214) 651-5610.

Tim Powers