



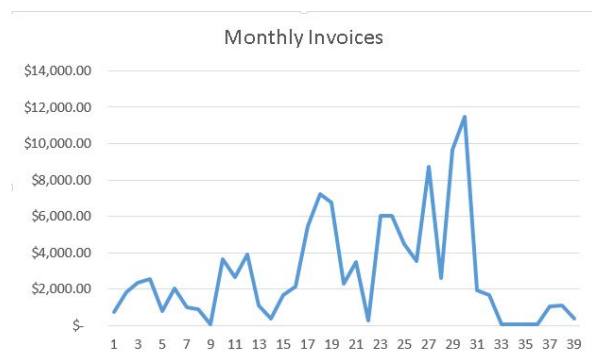
Flat Fee v. Hourly Case Comparison

We wanted to provide our business clients the ability to budget for and manage their expectations for their business litigation cases. This not only allows for a better ability to make a business decision regarding the case in general, but it also puts our clients in the driver's seat when it comes to settlement. One of the biggest issues we have heard from our business clients over the years is that the unpredictability and unevenness of the process make litigation very hard to deal with for businesses, and especially difficult to budget for.

We went and found data from two prior and similar cases, and can show you what we are talking about. We could not find two identical cases (*as no two cases are alike*) but they were very close in scope and amount in controversy, and the flat fee model is similar for both cases. Here is a comparison of how these clients were actually charged and how they would have been charged under our flat fee model.

Phase Completion	Case 1 Actual	Case 1 Flat Fee
1 – Pleadings and Discovery Part 1	\$11,332.50	\$15,000.00
2 – Discovery Part 2	\$21,877.50	\$26,800.00
3 – Discovery Part 3	\$36,562.50	\$26,800.00
4 – Final Pre-Trial Preparation and Attendance	\$24,542.50	\$19,300.00
5 – Trial Prep and Trial	\$89,037.50	\$32,000.00
6 – Post Trial Motions	\$16,650.00	\$10,000.00
TOTAL	\$175,460.00	\$129,900.00

The key difference in total price, in this case, was the trial cost. There were a few factors that made this trial particularly time-consuming and expensive for that client. Thus, a flat fee would have saved this client some money because the trial was more expensive than we expected. However, the more notable issue is the variability of the charges this client experienced. It was very hard for this client to budget for the case as the chart of the monthly charges shows (*even excluding the unusually high charges for trial in this case you see the high rate of variability*):



Looking at the second example case, which settled after the close of discovery in phase 4 after a mediation, again we see a lot of variability in the charges under the Actual column and no predictability of charges.

Phase Completion	Case 2 Actual	Case 2 Flat Fee
1 – Pleadings and Discovery Part 1	\$18,592.50	\$15,000.00
2 – Discovery Part 2	\$25,252.50	\$20,500.00
SJ Filing	\$29,937.50	\$7,500.00
3 – Discovery Part 3	\$18,687.50	\$20,500.00
4– Final Pre-Trial Preparation and Attendance	\$7,687.50	\$13,000.00
TOTAL	\$100,157.50	\$76,500.00

This case would have called for a total flat fee through trial and judgment of more than \$125,000, but because it resolved during phase 4, the total flat fee would have been \$76,500. Thus providing predictability of price and payments while preserving the benefits of early resolution of the case. It is difficult to compare apples to apples when the hourly billing (*Case 1 actual*) bills for each event *after* it has happened (*on a monthly billing cycle*) whereas the Flat Fee model pays a fixed price at the *beginning* of each phase. However, in this rough comparison, we can again see that the **Flat Fee model allows for predictability and budgeting where the hourly billing method has a lot of variation and unpredictability.**