
2005

CHIEF LEGAL OFFICER SURVEY

The Opinions of Chief Legal Officers on Issues of Importance

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SECTION 1

BACKGROUND & OBJECTIVES

Background & Objectives

For the sixth year in a row, the Association of Corporate Counsel (ACC) and Altman Weil, Inc. surveyed Chief Legal Officers (CLOs) attending the ACC Annual Meeting in October 2005. The purpose of these surveys is to:

- 1) Capture the thinking of Chief Legal Officers attending the annual meetings.
- 2) Compare CLOs' year-to-year answers and changes in thinking, including three-year trend data when available.
- 3) Share the results of the tabulated surveys with the legal profession, enabling both corporate law departments and law firms to benefit from the surveys.

Participation

Eighty-nine Chief Legal Officers provided responses for the 6th Annual Survey. The Survey responses were tabulated and analyzed. Following is a summary of the results of the Survey.

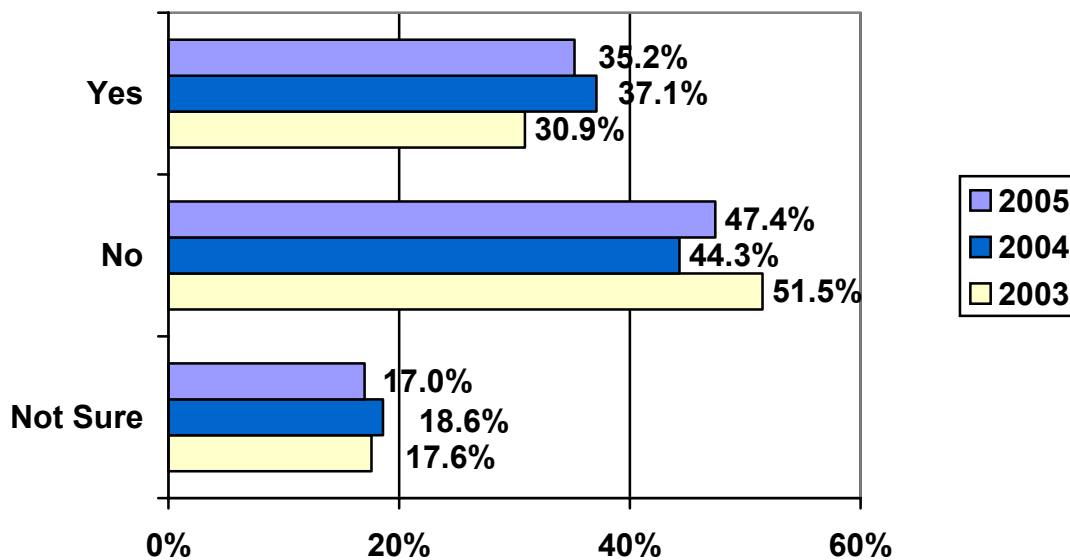
SECTION 2

SUMMARY OF RESULTS

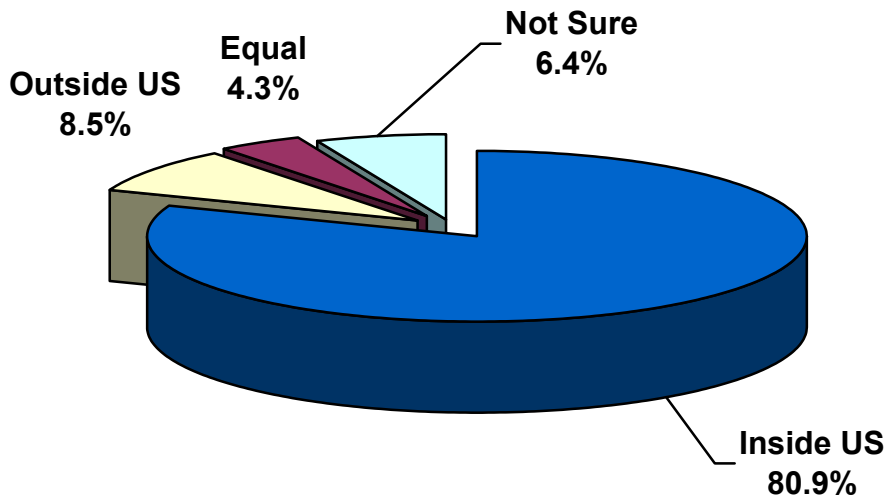
Summary of Results

The results of the survey follow. Each question is presented and the tabulated results of the survey follow each question. Where identical or similar questions were asked in prior CLO Surveys, a comparison and analysis is presented. Some answers are represented in charts and graphs while others are provided in text format.

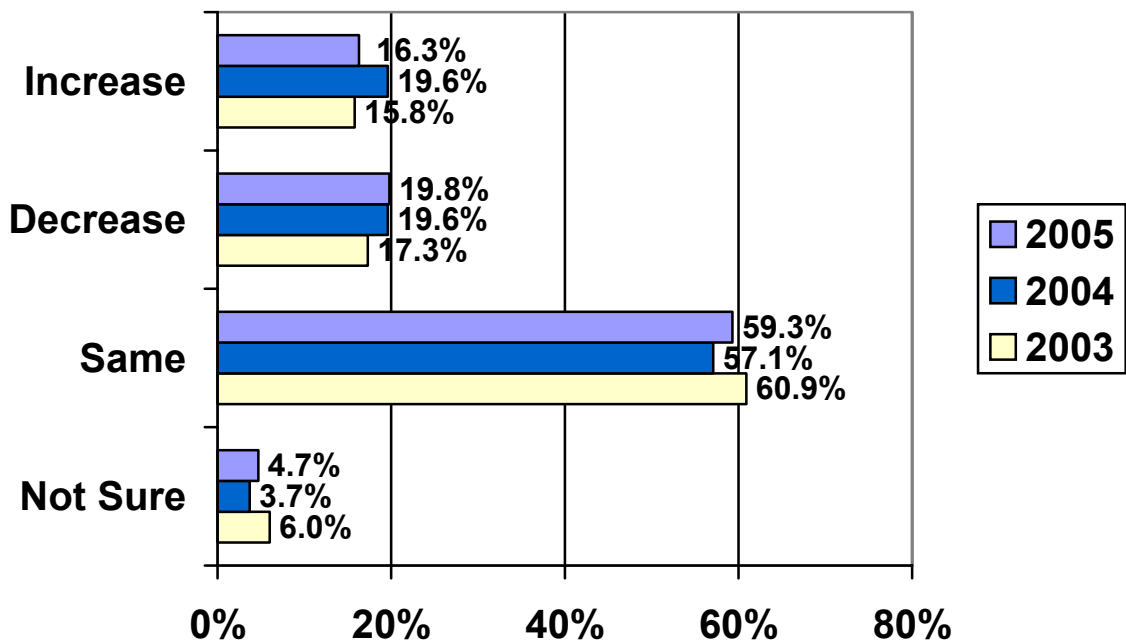
- 1. Within the next 12 months, do you plan to extend your in-house legal capabilities by hiring additional lawyers?***



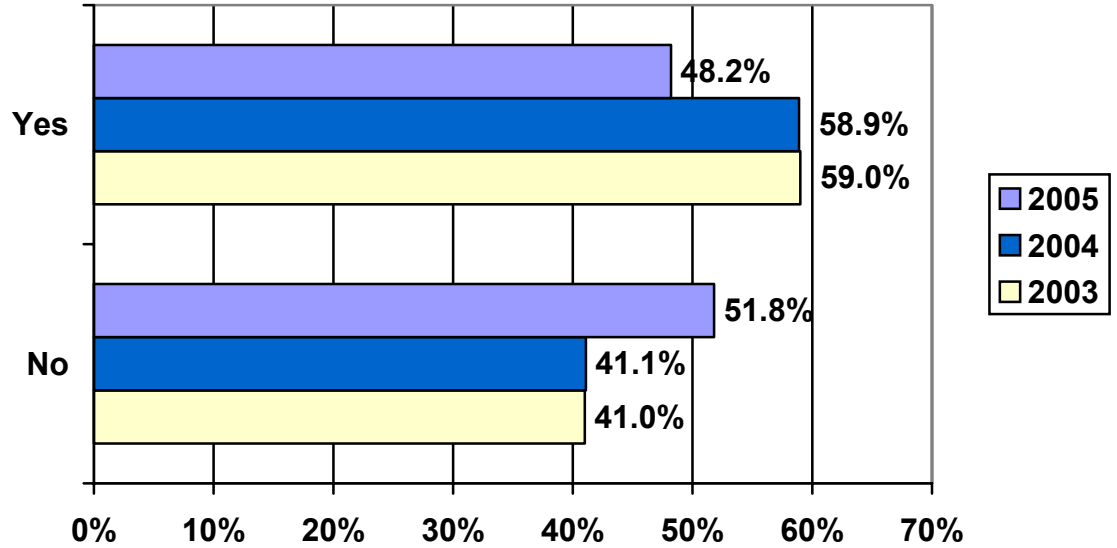
1a. *If yes, will you see greater hiring within the U.S. or outside the U.S.?*



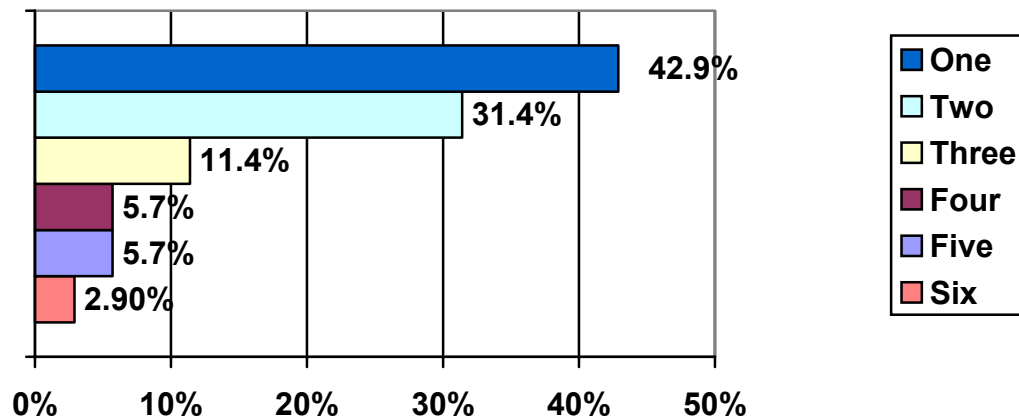
2. *Within the next 12 months, do you plan to increase or decrease your use of outside counsel?*



3. *Have you fired or are you considering firing, one of your law firms this year?*



3a. *If yes, how many firms?*



3b. The Number One Reason for firing outside counsel:

LACK OF RESPONSIVENESS

Other reasons mentioned in order of frequency:

- a. Mishandling one or more critical matters
- b. Cost management (fees and/or expenses)
- c. Poor quality of legal work

4. What steps have outside counsel taken to improve the working relationship with your Law Department?

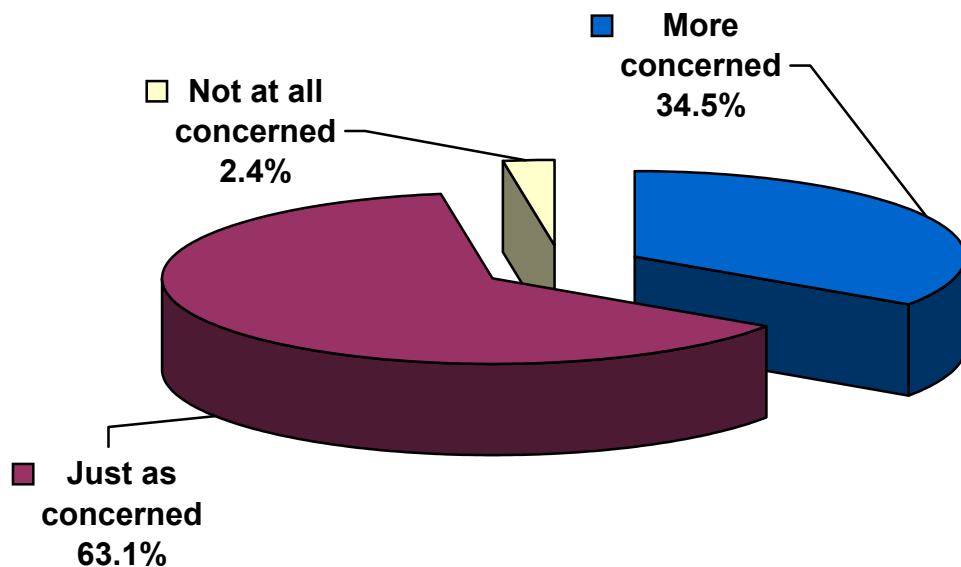
Note: 29 of 89 respondents (33%) named a relationship building technique. Two respondents commented that their outside counsel efforts were “not enough.”

Responses listed in order of frequency — with representative comments:

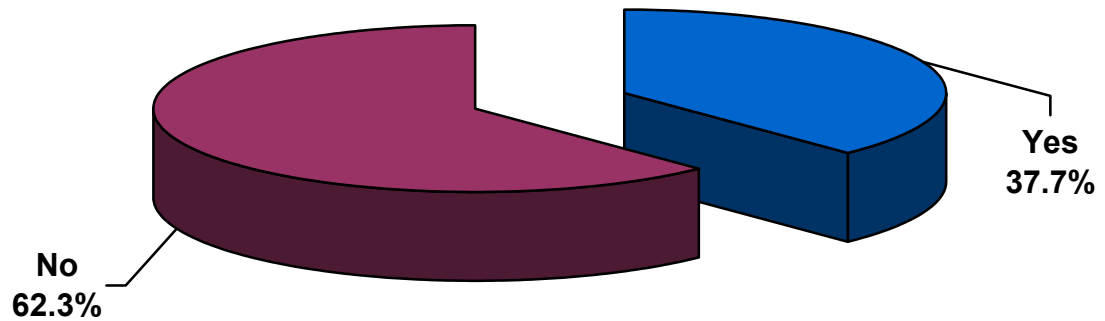
- a. Communication
 - Frequent unbilled updates
 - Monthly meeting with relationship partner
 - Being very responsive and communicative
 - Publications and newsletters
- b. Learning / Understanding Client’s Business
 - Attendance at Legal Department staff meetings
 - Understanding more of the mechanics of our business
 - Taking some non-billable time to get to know the company

- c. Costs and Pricing
 - Agreed to caps
 - More effective budgeting for litigation
 - Offered volume discounts to increase their work with us
- d. Training
 - Informal luncheons with CLE
 - Seminars
- e. Personal Relationships
 - Lunches
 - Sports events
- f. Seeking Formal Feedback
 - Client surveys
 - Formal participation on our feedback process

5. In terms of your personal liability for corporate misconduct, are you:



5a. Based on your personal liability, have you changed your behavior or taken preventative measures?



5b. If yes, what measures have you taken?

Measures listed in order of frequency — with representative comments:

a. Documentation

Greater emphasis on certifications from CEO and VPs

More things in writing, documenting my recommendations

Refusal to sign certain documents I used to

Improved record keeping

b. Insurance

E&O, D&O

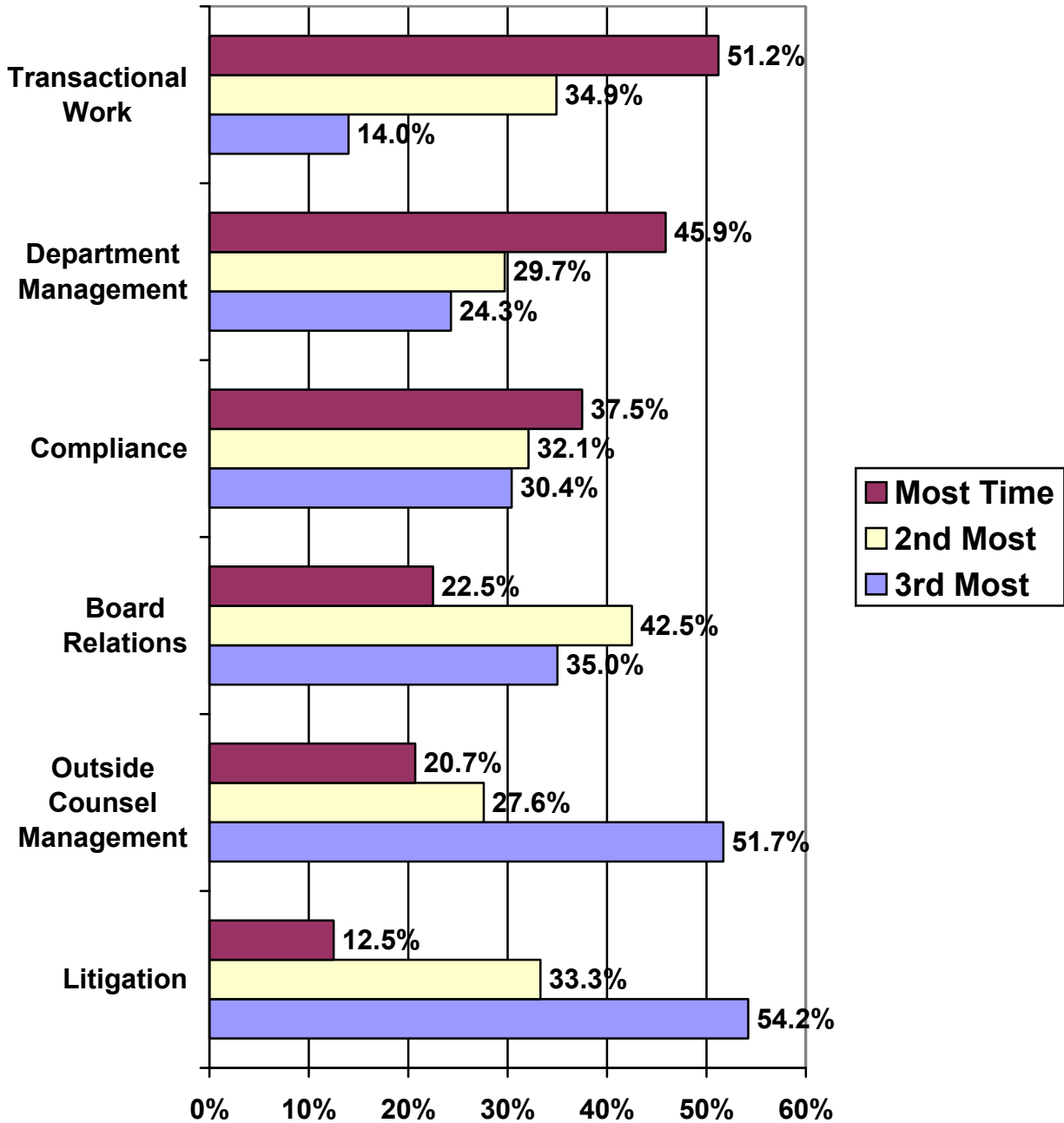
Made sure all lawyers are covered by D&O insurance

c. Training

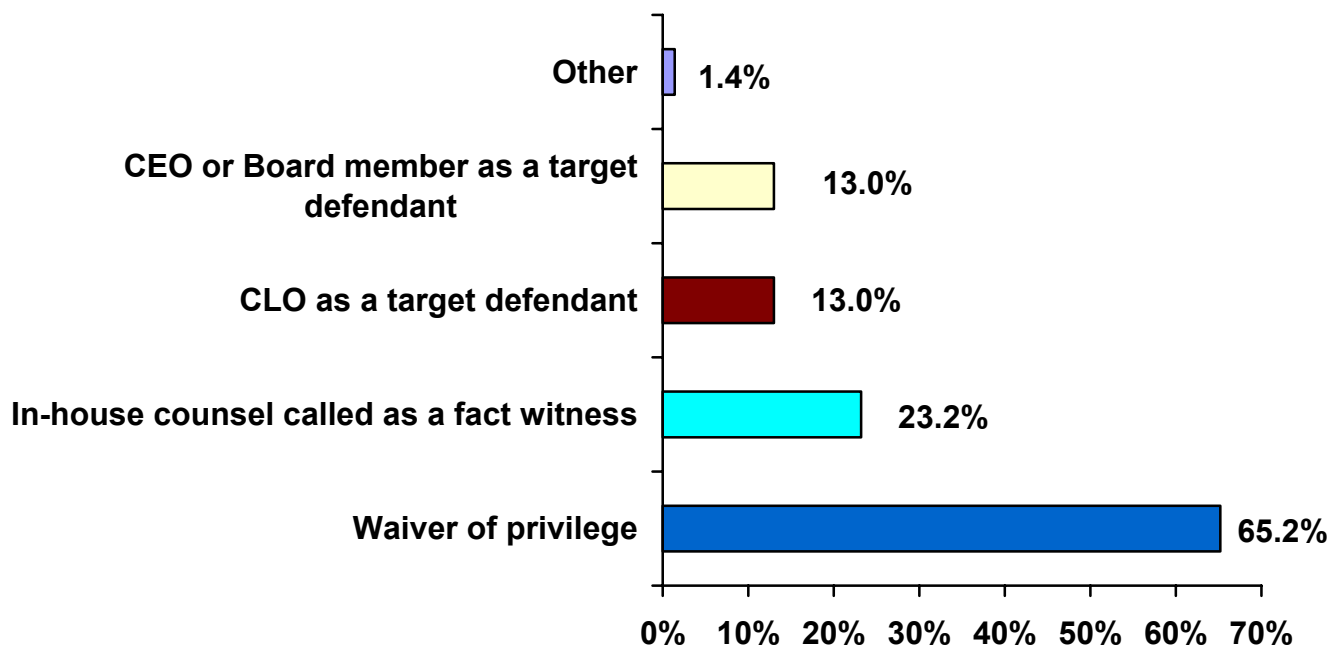
Broadened advisory CLE membership to more senior executives

Increased training of executives and employees

6. In which areas do you expect to spend the greatest amount of your time in the next 12 to 18 months? (List top 3.)



7. **Which, if any, prosecutorial tactic most affects the attorney-client relationship?**
(Multiple response question)



8. **For the next three to five years, what is your greatest long-term (over the horizon) concern?**

Top responses in order of frequency — with representative comments:

a. Compliance

Governmental emphasis on "compliance" in public companies, and the huge resources required to accomplish this training on an ongoing basis.

Increase in shareholder suits over compliance/S-OX issues

Increased governmental regulation -- both state and federal

b. E-Discovery and Records Management

Trends in e-discovery and complexity of managing enterprise solution to paper and electronic record retention to be able to comply with discovery while purging records in accordance with appropriate retention guidelines and policy

Massive document discovery trend (paper and electronic)

Enterprise-wide information security

c. Resources to Operate the Legal Function

Managing increasing workload

\$\$ cost of outside counsel

Retention of employees

d. Liability

Liability of in-house counsel combined with increased responsibility (i.e., compliance and S-OX)

The failure to recognize the evolving role of in-house counsel and the increased risk of personal liability because of the involvement in business decisions and the erosion of privilege

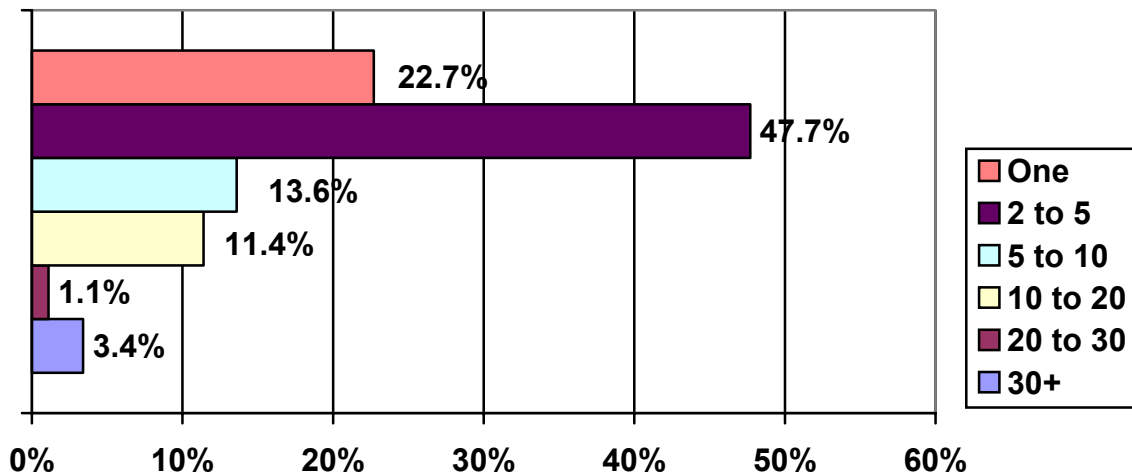
SECTION 3

SURVEY DEMOGRAPHICS

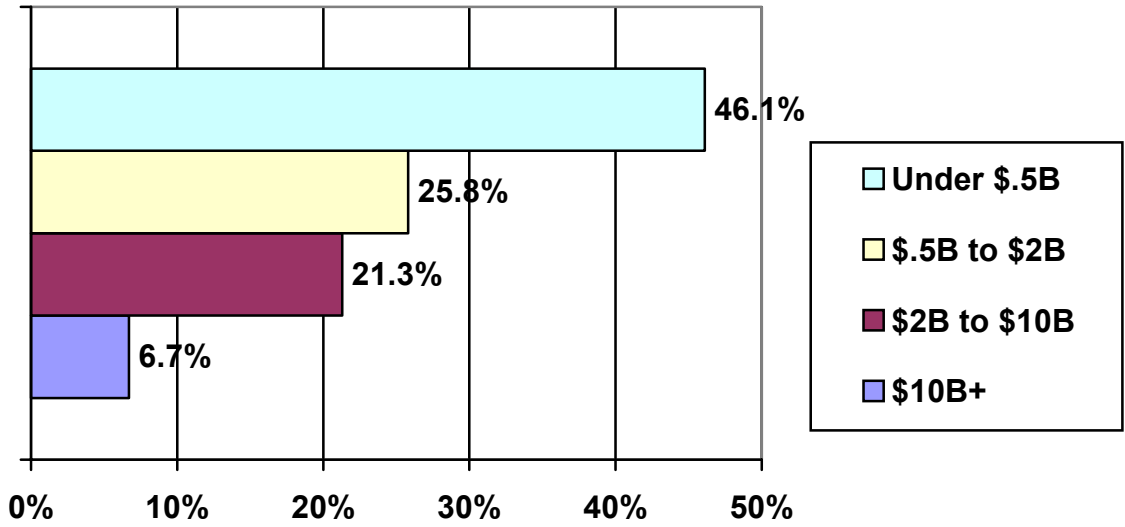
Survey Demographics

Following are the Survey demographics, which describe the responding Chief Legal Officers and their law departments.

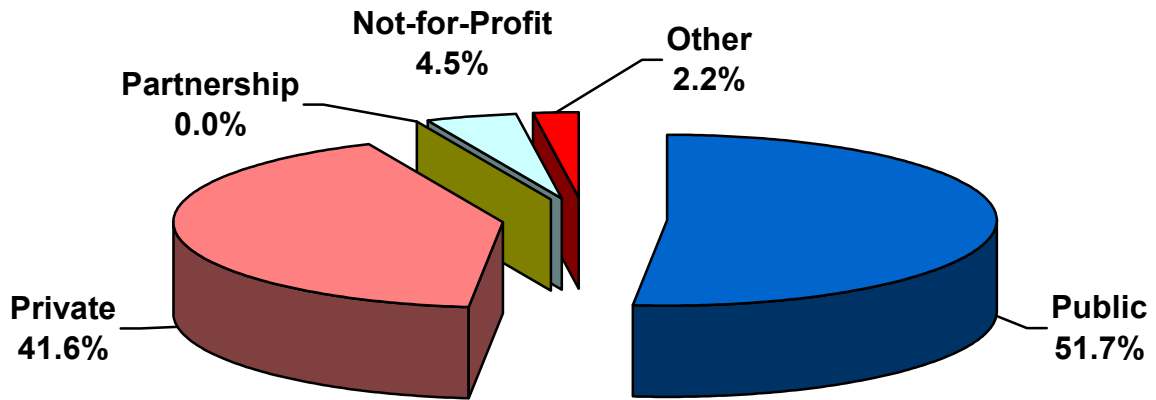
1. How many in-house attorneys are in your department (in all locations)?



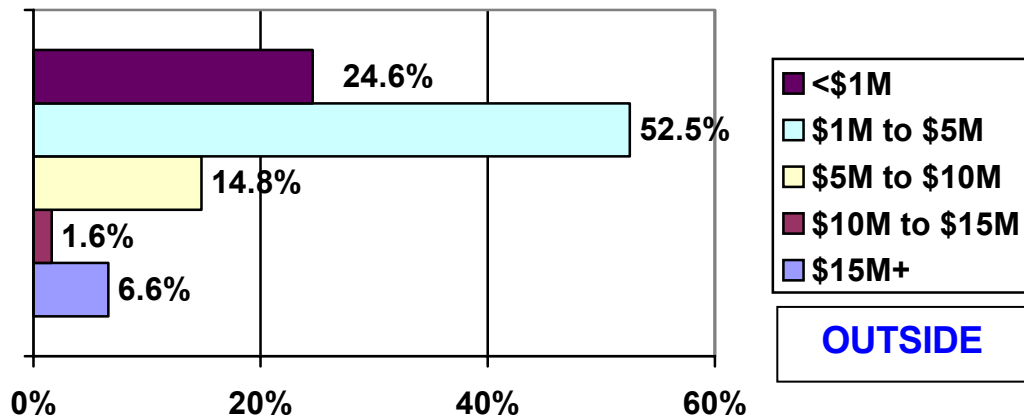
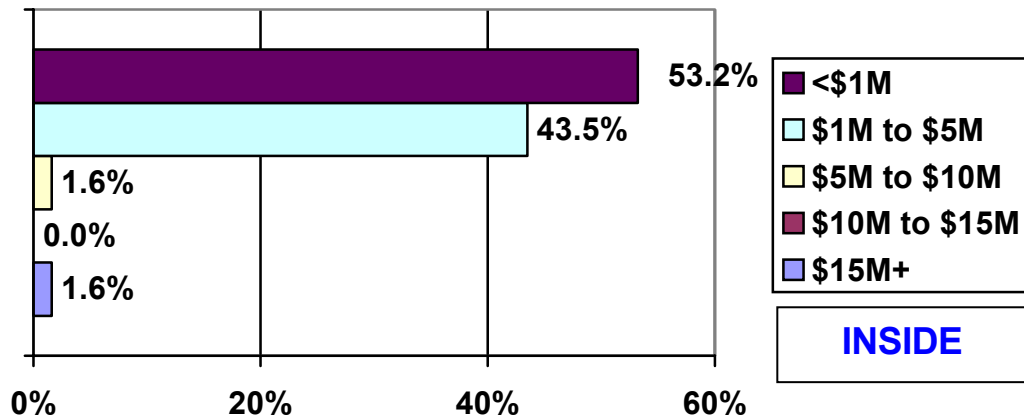
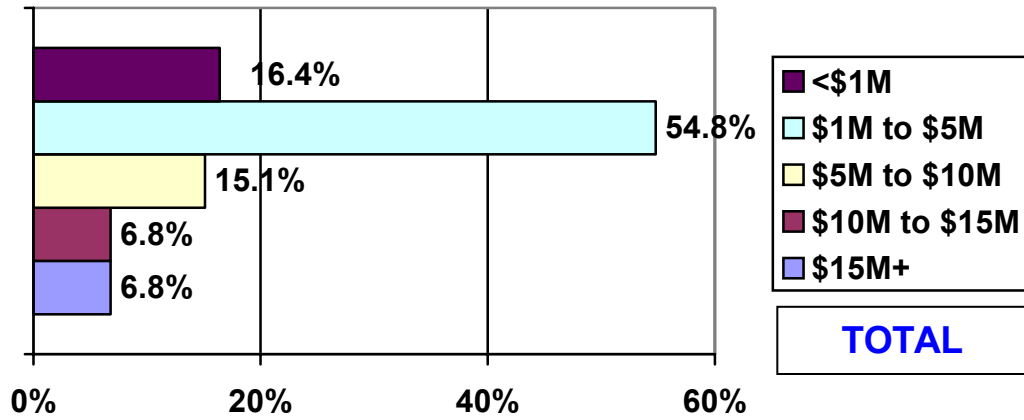
2. What are your organization's annual revenues?



3. Is your organization:



4. What is the size of your 2005 Law Department budget in U.S. dollars (Total; Inside; and, Outside)?



SECTION 4

ABOUT ACC

About the Association of Corporate Counsel

The Association of Corporate Counsel (ACC) is *the in-house bar association*SM serving the professional needs of attorneys who practice in the legal departments of corporations and other private sector organizations worldwide. The association promotes the common interests of its members, contributes to their continuing education, seeks to improve understanding of the role of in-house attorneys, and encourages advancements in standards of corporate legal practice.

Since its founding in 1982, the association has grown to more than 18,500 members in over 50 countries who represent 8,000 corporations, with 46 chapters and 13 committees serving the membership. Its members represent 49 of the Fortune 50 companies and 98 of the Fortune 100 companies. Internationally, its members represent 42 of the Global 50 and 74 of the Global 100 companies. For more information, go to www.acca.com.

ACC's Services Include:

1. **Virtual Library**SM (www.acca.com/vl/)— ACC's online databank of documents, articles, and sample forms and policies show corporate counsel how to do their jobs better and more cost effectively.
2. **Advocacy** (www.acca.com/advocacy/)— ACC serves as the voice of the in-house legal community, asserting the professional rights and obligations of its members. ACC seeks to protect attorney-client privilege; works toward more practical and reasonable admission rules; and leads the outside bar on issues such as reform of the billable hour and conflicts of interest guidelines that protect clients.
3. **Chapters and Committees** (www.acca.com/networks/)— Local chapter networking sessions and CLE programs offer face-to-face contact with corporate counsel to discuss key in-house issues. Committees offer networks based on areas of interest

and provide advice and guidance from volunteer experts on topics ranging from corporate and securities law to intellectual property to managing a small law department.

4. **Educational Programs** (www.acca.com/education/)— ACC presents outstanding programs to enhance corporate counsel performance. At ACC's Annual Meeting, attendees can obtain an entire year's worth of CLE credits provided through more than 100 different sessions. Members who are new to in-house can also attend Corporate Counsel University and international members gather at ACC Europe's Annual Conference.
5. **ACC Docket** (www.acca.com/p-docket.php)— As the only legal magazine written by in-house counsel for in-house counsel, the award-winning *ACC Docket* offers practical guidance on critical issues facing corporate attorneys in small and large legal departments. Regular topics covered include corporate governance, ethics, client relations, outside counsel management, labor and employment law, and other substantive law areas.
6. **MemberToMemberSM** (www.acca.com/membership/search.php)— ACC's preeminent networking system provides members with a network of in-house attorneys ready to answer questions

Contact ACC

For more information, go to www.acca.com or call (202) 293-4103.

SECTION 5

ABOUT ALTMAN WEIL

About Altman Weil, Inc.

Altman Weil provides management consulting services exclusively to legal organizations. Our clients include law firms, corporate and government law departments and legal vendors of all sizes and types throughout North America, the U.K. and abroad.

We offer a full range of consulting services, a vast menu of valuable publications and some of the most impressive credentials in the industry.

Consulting Services

- Strategy
- Mergers and Acquisitions
- Practice Management
- Management & Governance
- Compensation
- Marketing and Business Development
- Client Surveys
- Law Firm Finance
- Leadership Development and Performance Management
- Paralegals and Paralegal Programs
- Retreats
- Corporate Law Departments
- Government Law Departments
- Executive Search Services
- Market Research
- Custom Surveys and Benchmarking
- Training Programs
- Legal Vendor Advisory Services

Publications

Our surveys are the industry standard and are often utilized in courtroom expert testimony:

- *Survey of Law Firm Economics* (published annually)
- *The Law Department Management Benchmarks Survey*
- *The Law Department Compensation Benchmarking Survey* (published annually in partnership with the Association of Corporate Counsel)

Contact Altman Weil

Contact Altman Weil, Inc. at info@altmanweil.com, visit our website at www.altmanweil.com, or call (610) 886-2000 to learn more about our services.