
2004

CHIEF LEGAL OFFICER SURVEY

The Opinions of Chief Legal Officers on Issues of Importance

Association of Corporate Counsel
1025 Connecticut Avenue, NW
Suite 200
Washington, DC 20036
Phone: 202.293.4103
Fax: 202.293.4701
www.acca.com

Altman Weil, Inc.
Two Campus Boulevard
P.O. Box 625
Newtown Square, PA 19073
Phone: 610.886.2000
Fax: 610.359.0467
www.altmanweil.com



SECTION 1

BACKGROUND & OBJECTIVES

Background & Objectives

For the fifth year in a row, the Alliance Partnership of the Association of Corporate Counsel (ACC) and Altman Weil, Inc. surveyed Chief Legal Officers (CLOs) attending the ACC Annual Meeting in October 2004. 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

167 Chief Legal Officers provided responses for the 5th Annual Survey. The Survey responses were tabulated and analyzed. Following is a summary of the results of the Survey.

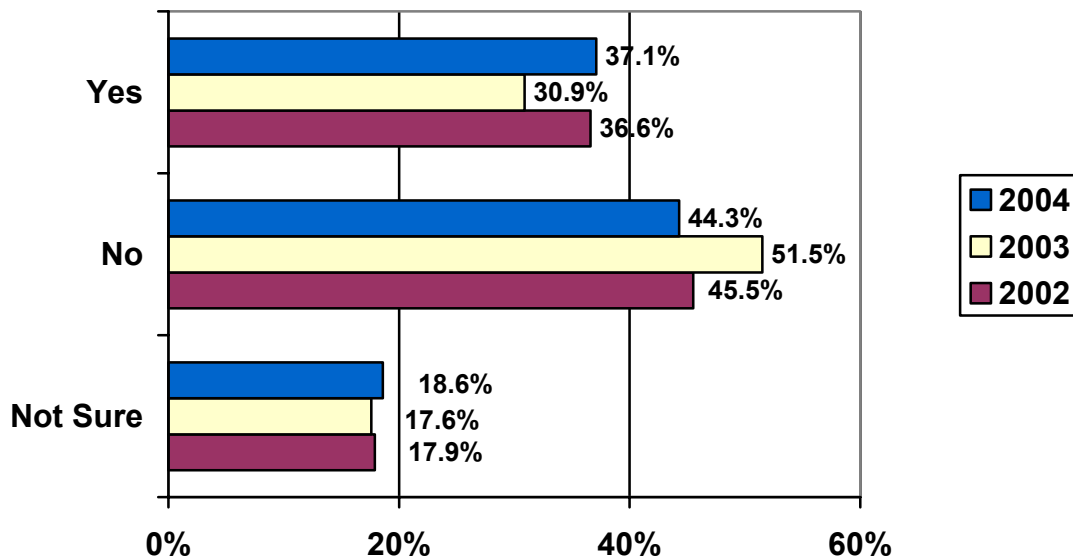
SECTION 2

SUMMARY OF RESULTS

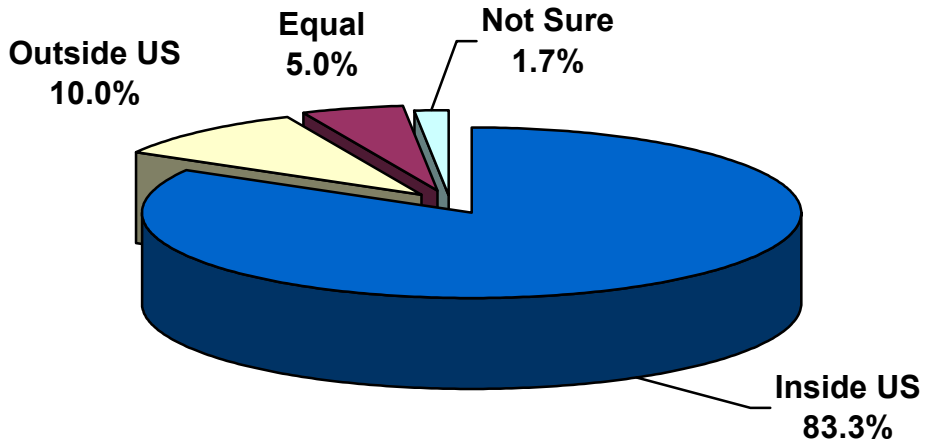
Summary of Results

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 provide in text format.

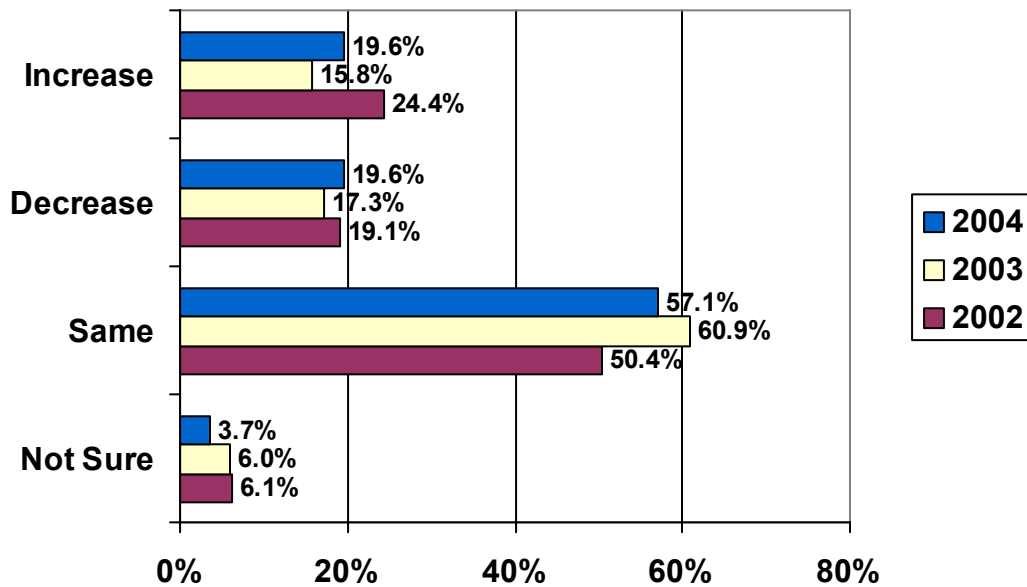
- 1. Within the next 12 months, do you plan to extend your in-house legal capabilities by hiring additional lawyers?***



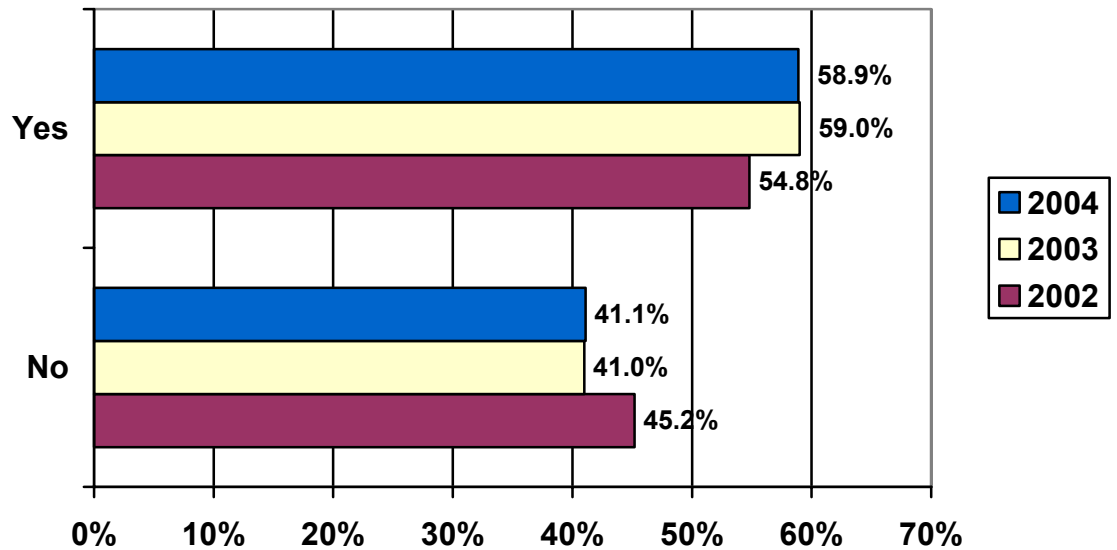
1a. Will you see greater hiring within the U.S. or outside the U.S.?



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?



The Number One Reason:

LACK OF RESPONSIVENESS

Other reasons mentioned in order of frequency:

- a. Cost management
- b. Quality of legal work
- c. Mishandling one or more critical matters
- d. Overworking projects

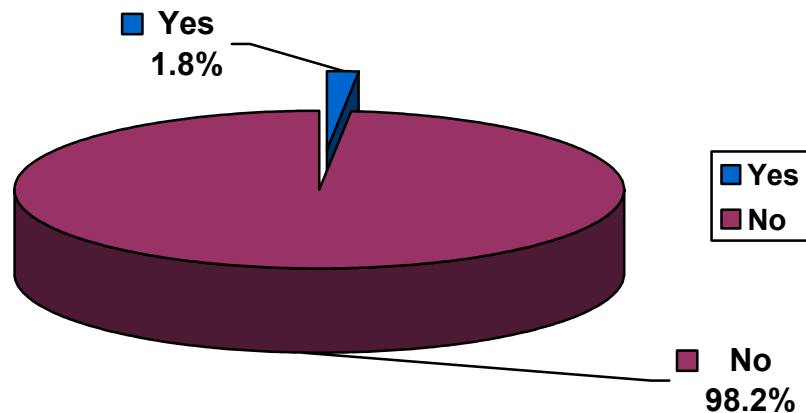
4. What is the single most innovative practice proposed or used by your outside counsel in the last twelve months?

Note: Only 41 of 167 respondents named any innovative practice by outside counsel.

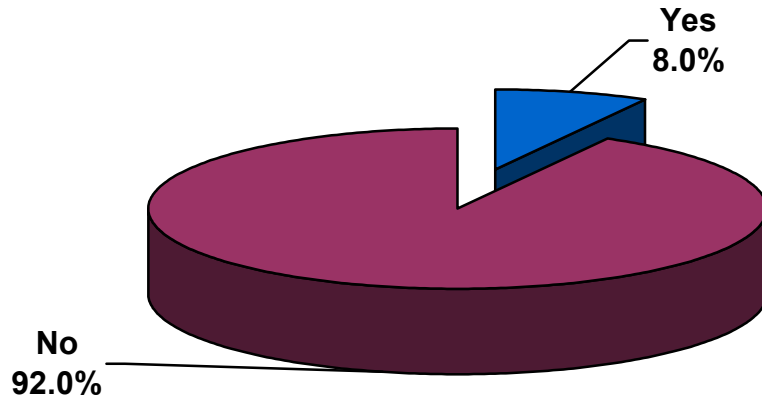
Top three practices listed:

- a. Fee arrangements (Success fees; Contingency; Fixed; Capped)
- b. Case management (Inside/outside partnering; Creative litigation management; Early case resolution strategies)
- c. 3-way tie:
 - Technology (Net conferencing; Web-based matter management; electronic discovery)
 - Staffing (Using law school interns; Junior attorneys conducting research)
 - Relationship management (Regular meetings with firm Managing Partner; Assigning finance person to assist with budget)

5. Are you off-shoring (India, Philippines, etc.) any of your legal services or back-office operations?



6. *If you are not off-shoring work currently, is this an initiative you will pursue in the next 12 to 18 months?*



Representative comments:

No:

- At this point not ready to have less 'real' supervision of outside work
- Feel legal and similar services cannot effectively be done offshore
- We are philosophically opposed to off-shore sourcing
- Don't have the kind of work that can be off-shored

Yes:

- To explore cost reductions
- We outsource >50% of our budget. Are looking into moving some of this work into lower cost centers
- Considering outsourcing certain software development/operations

7. What is the next, most important, emerging client relationship issue CLOs will face?

Top three responses in order of frequency — with representative comments:

a. Compliance / Sarbanes Oxley

Understanding of new regulatory environment and its consequences on the legal operations

Phase two of Sarbanes Oxley – the implementation, execution and aftermath

b. Performance / Adding Value

Showing contribution to the bottom line and strategic goals of the company/clients

Prioritization – deciding what not to do

c. Costs

Keeping costs in line, as every expenditure is being more closely scrutinized. In other words, managing charge backs to client departments.

8. What is the next, most important, emerging law department management issue CLOs will face?

Top three responses in order of frequency — with representative comments:

a. 2-way tie:

Law department performance

Transformation. Creating more efficient, leveraged organization which keeping key people engaged and motivated.

Accomplishing as much as possible in a cost effective and timely manner.

Costs

Controlling escalating outside counsel costs

Managing time and expenses in the era of corporate cost cutting

b. Staffing

Retaining (and to some extent motivating) capable in-house counsel

Overworked, not enough lawyers to do the work

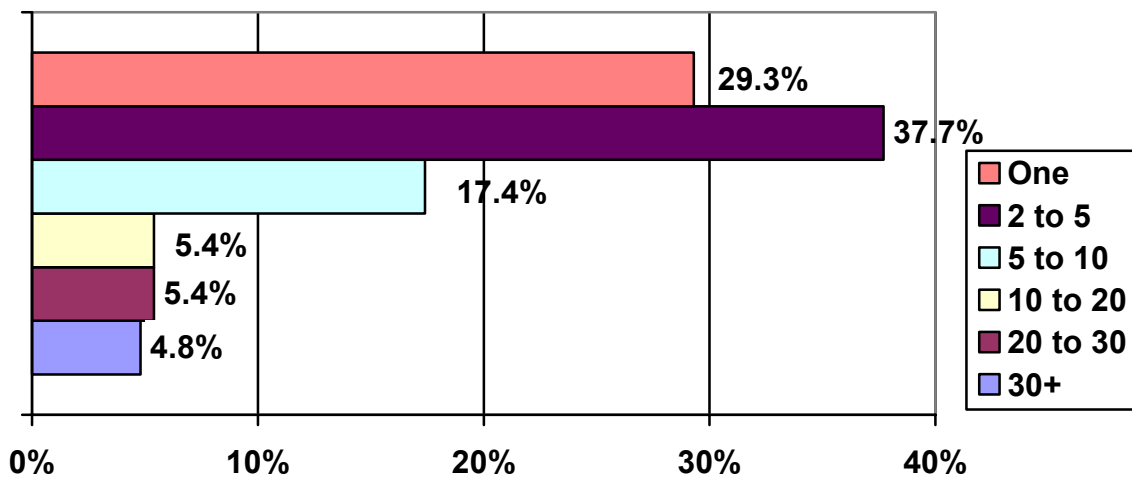
SECTION 3

SURVEY DEMOGRAPHICS

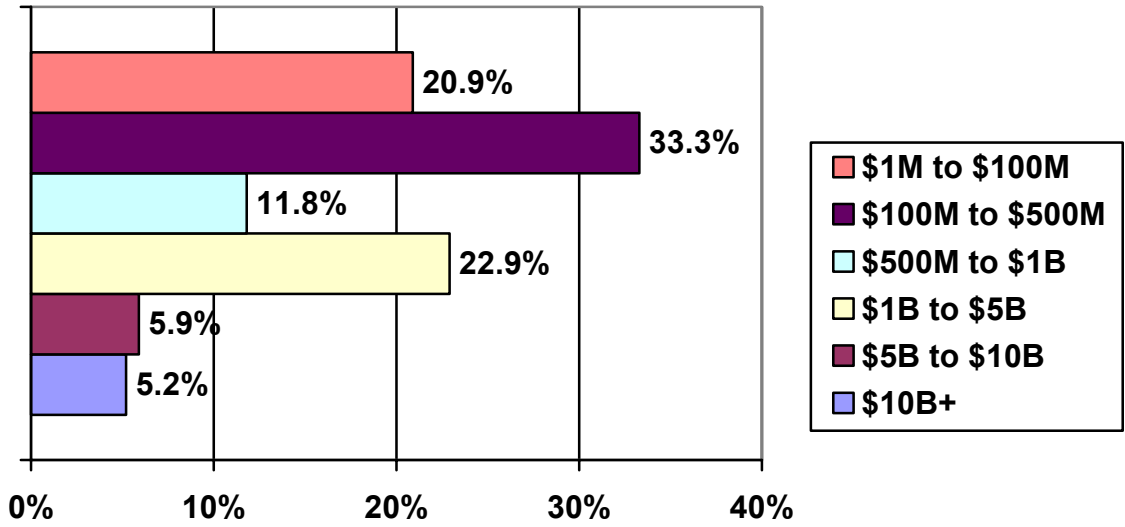
Survey Demographics

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

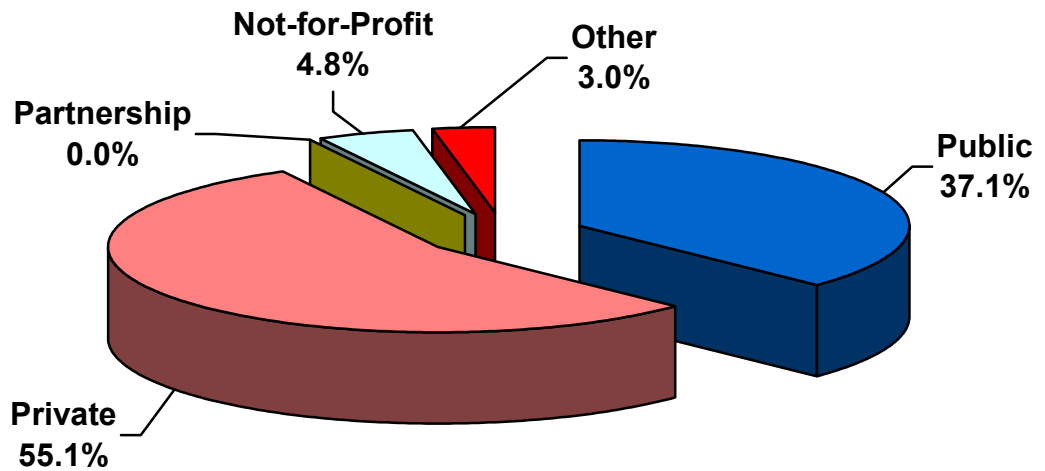
1. How many in-house attorneys are in your department (in all locations)?



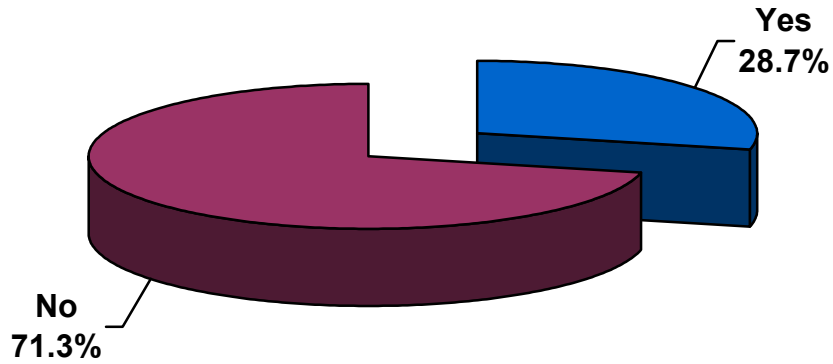
2. What are your organization's annual revenues?



3. Is your organization:

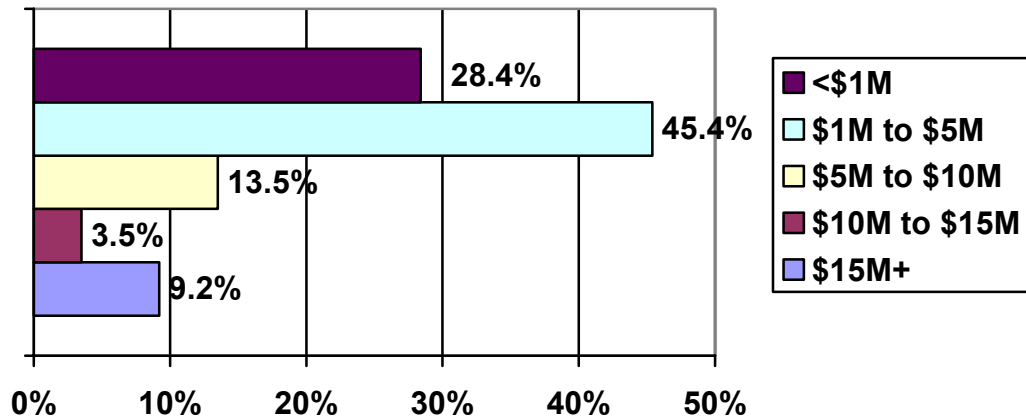


4. Is your law department multi-site?



4a. Median number of locations: 3

5. What is the size of your 2004 Law Department budget (inside and outside) in U.S. dollars?



SECTION 4

ABOUT ACC

About the Association of Corporate Counsel

The Association of Corporate Counsel (ACC), formerly the American Corporate Counsel Association, 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 17,000 members in 51 countries who represent 7,500 corporations, with 45 chapters and 12 committees serving the membership. Its members represent 49 of the Fortune 50 companies and 98 of the Fortune 100 companies. Internationally, its members represent 45 of the Global 50 and 83 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. **NewsNET**SM (www.acca.com/newsnet/)— Weekly electronic slip opinions provide the latest information on key legal areas of interest to corporate counsel.
3. **MemberToMember**SM (www.acca.com/membership/serach.php)— ACC's preeminent networking system provides members with a network of in-house attorneys ready to answer questions and provide advice on over 100 different areas of legal practice.

4. **Chapters and Committees** (www.acca.com/networks/)— Local chapter knowledge networking sessions and CLE programs offer face-to-face contact with corporate counsel to discuss issues. Committees offer networks based on areas of interest and provide advice and guidance from volunteer experts on 12 different legal topics: from corporate and securities to intellectual property to managing a small law department.
5. **CLE 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 and attend outstanding sessions. At local chapter programs, top-notch luncheon and evening CLE programs provide a convenient way to stay up-to-date on legal issues.
6. **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.
7. **Advocacy** (www.acca.com/advocacy/)— ACC serves as the voice of the in-house bar, asserting our professional rights and obligations. ACC seeks to protect attorney-client privilege; work toward more practical and reasonable admission rules; and lead the outside bar on issues such as reform of the billable hour and conflicts of interest guidelines that protect clients. ACC serves corporate counsel by protecting their client's investment in the value added by having an in-house staff.

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

- Law Firm Mergers and Acquisitions
- Merger Integration
- Compensation Systems
- Strategic Planning
- Organizational Development
- Leadership and Management Development
- Profitability Analysis and Planning
- Process Reengineering
- Benchmarking
- Economic Assessment
- Overhead Cost Reduction
- Branding
- Client Development and Market Planning
- Attorney and Staff Training
- Human Resource Management
- Quality Management Programs
- Financial Management
- Client Surveys
- Technology 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* (published annually in partnership with the Association of Corporate Counsel)
- *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.