
2007

CHIEF LEGAL OFFICER SURVEY

The Opinions of Chief Legal Officers on Issues of Importance

Conducted by:

Altman Weil, Inc.

LexisNexis® Martindale-Hubbell®

SECTION 1

BACKGROUND & OBJECTIVES

Background & Objectives

For the eighth year in a row, Altman Weil, Inc. has surveyed Chief Legal Officers (CLOs), for the last two years in partnership with LexisNexis® Martindale-Hubbell®. The purpose of these surveys is to:

- 1) Capture current thinking of Chief Legal Officers.
- 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

Two hundred forty six Chief Legal Officers provided responses for the May 2007 survey. The survey responses were tabulated and analyzed. Section 2 includes a summary of the results. Section 3 provides demographic data on survey participants.

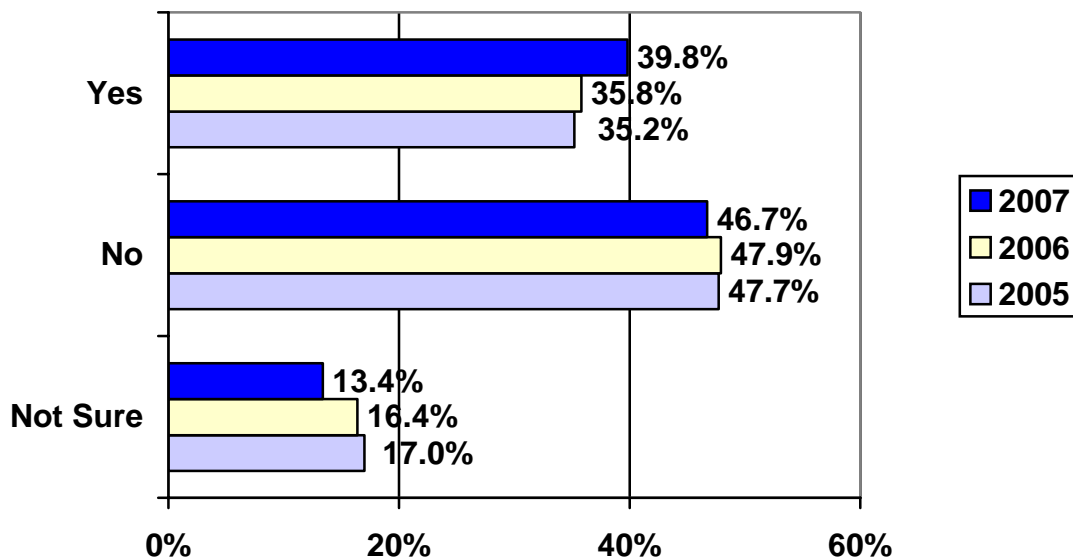
SECTION 2

SUMMARY OF RESULTS

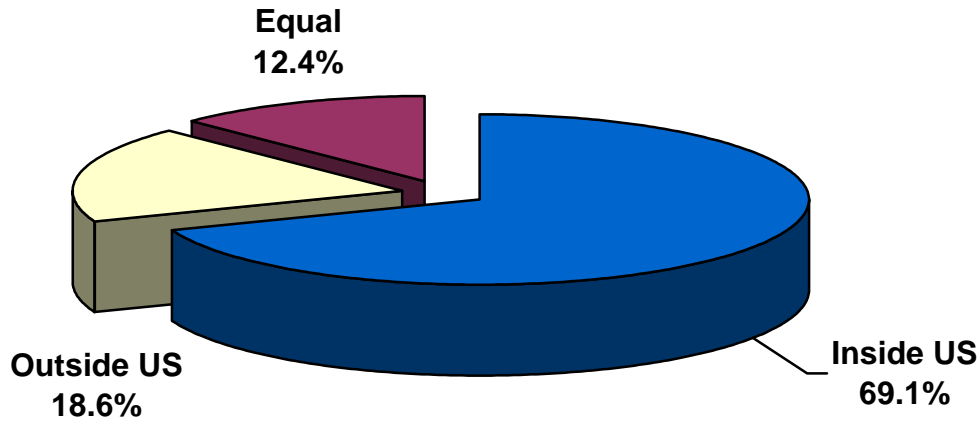
Summary of Results

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.

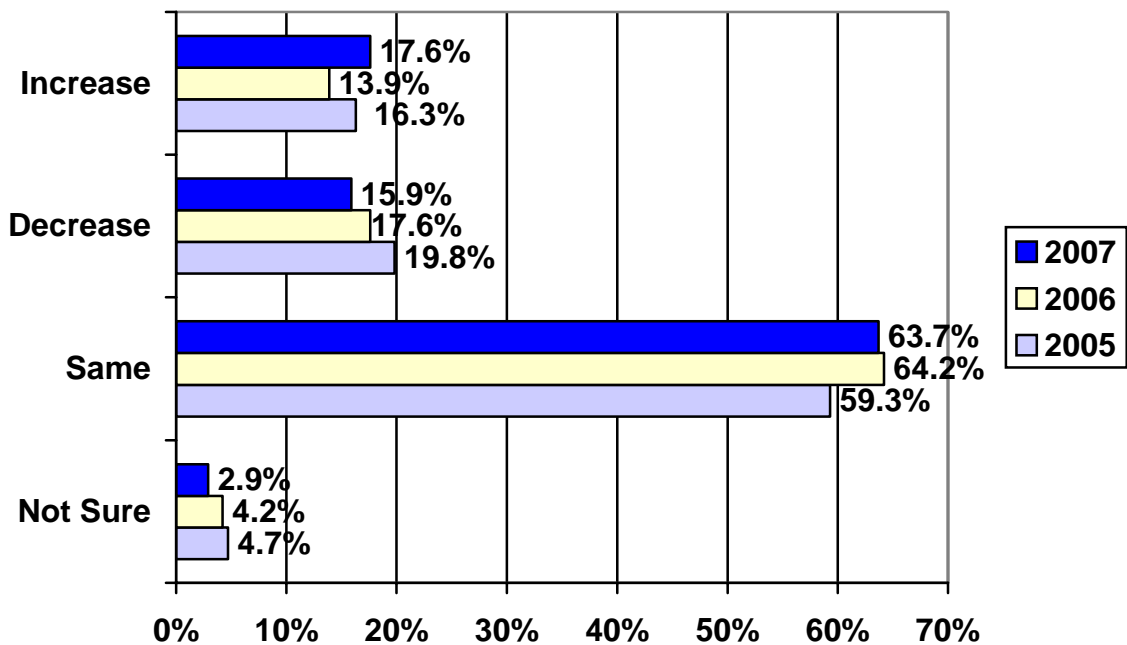
- 1. Within the next 12 months, do you plan to extend your in-house legal capabilities by hiring additional lawyers?*



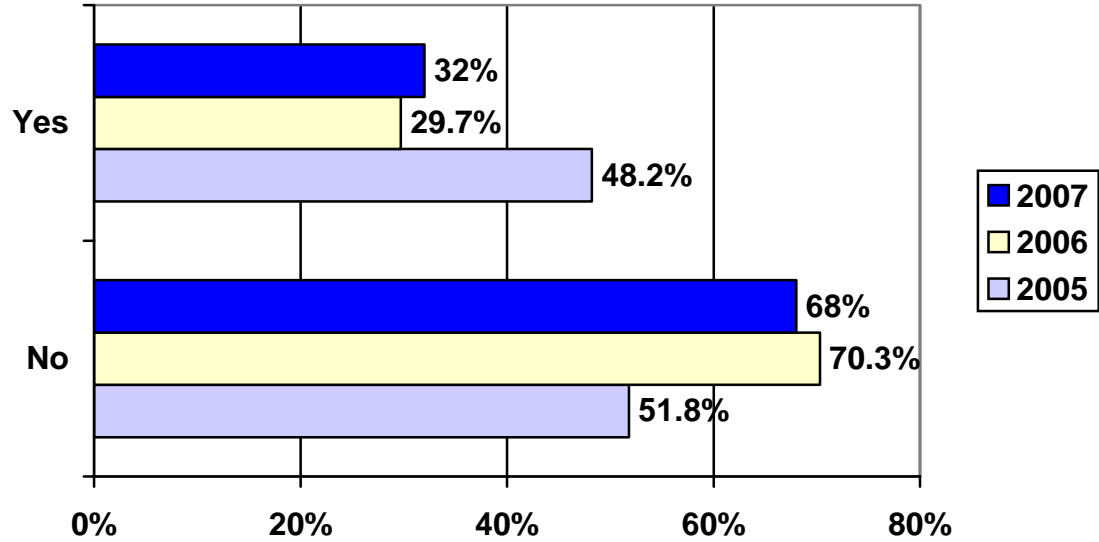
1a. If yes, will you see greater hiring within the U.S. or outside the U.S.?



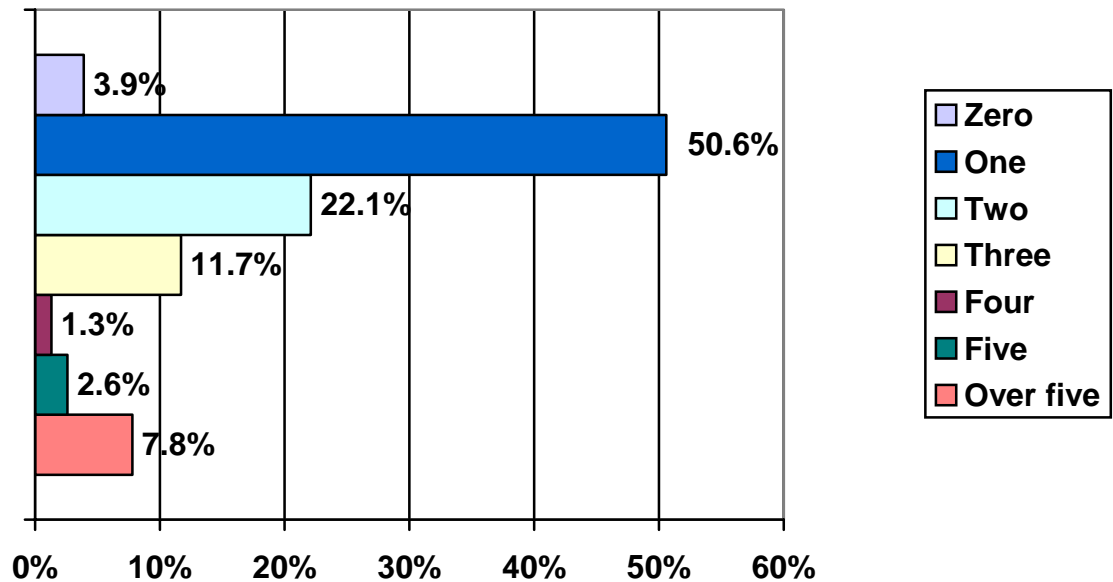
2. Within the next 12 months, do you plan to increase or decrease your use of outside counsel?



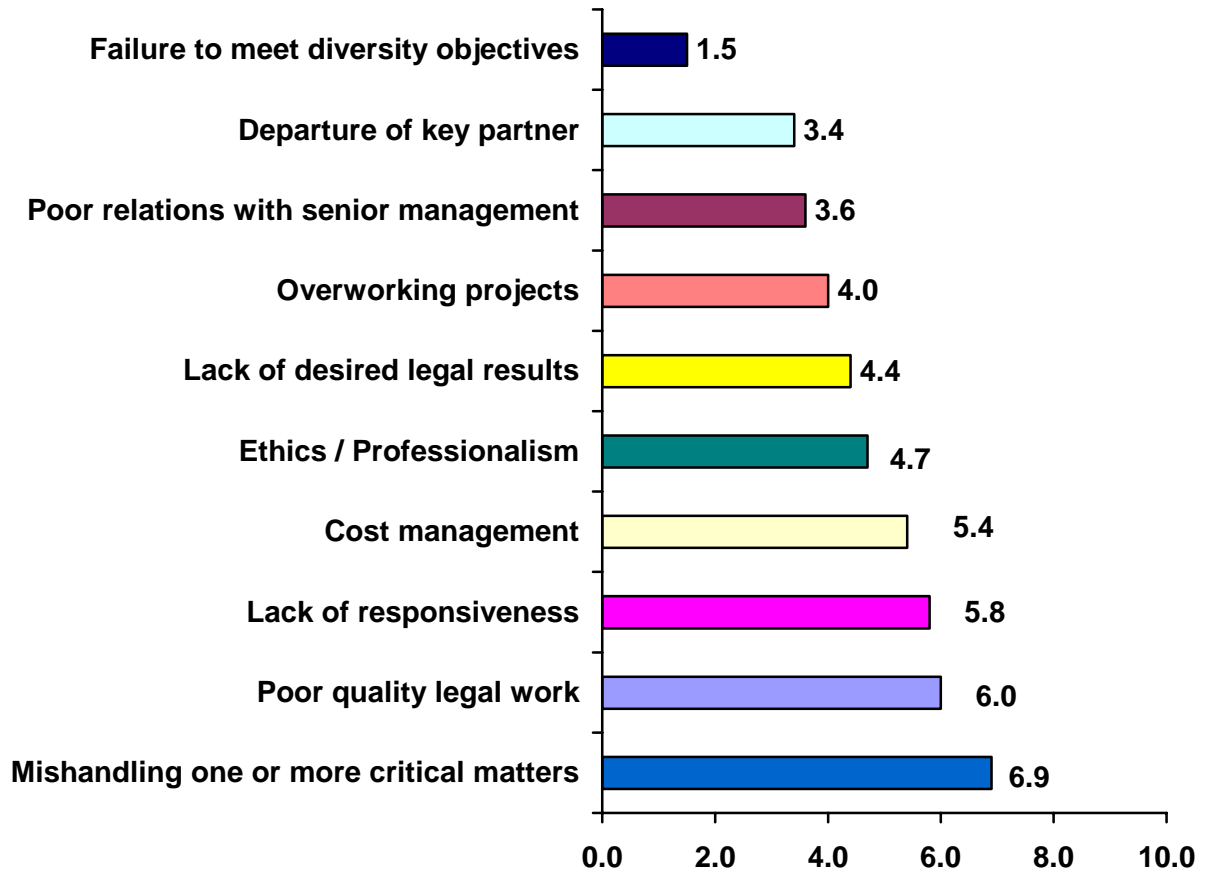
3. *Have you fired or are you considering firing, one of your law firms this year?*



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

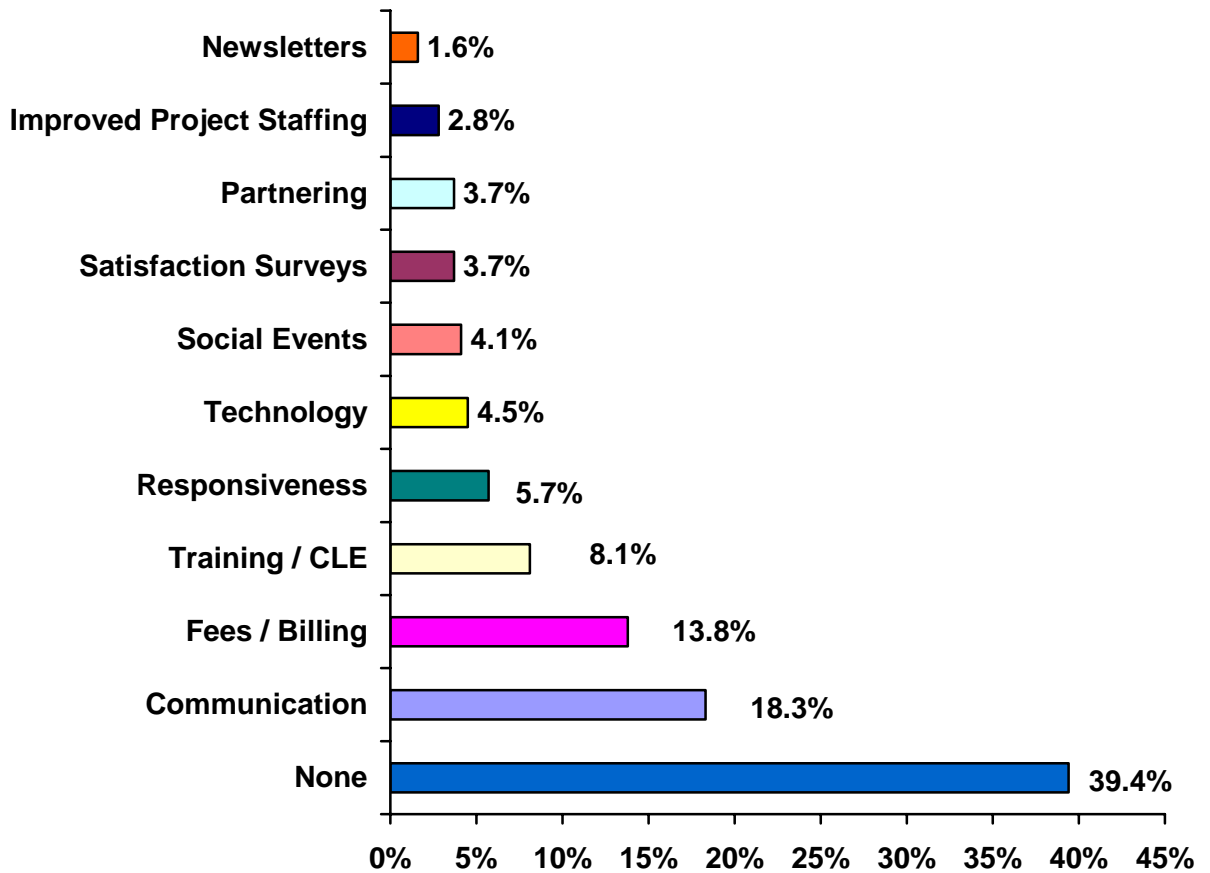


3b. Rank these reasons for firing a law firm (10= Most Important; 1 = Least Important):



Scale: 10 = Most Important; 1 = Least Important

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



Note: Multiple responses, does not total 100%

4a. Representative comments:

1. Communication

- Communicating fully and requiring at least weekly discussions regarding ongoing matters
- Getting together to plan work and to discuss strategy and outcomes
- More face-to-face meetings; teleconferences; less email; fewer memos
- Increased communications; clarity of objectives

2. Fees / Billing

- Committed to budgets and alternative fee arrangements
- More transparent billing practices and discounts
- Improving the quality and timeliness of their budgets, forecasts, accruals; providing early warning of potential budget overruns and taking steps to curtail spending until causes of overruns have been addressed
- By reducing hourly rates based on volume, our working relationship improved

3. Training / CLE

- Conducting CLE programs at our office for in-house attorneys
- Hosting luncheon meetings about a variety of legal topics of interest to the company
- Conducted training for new in-house attorneys

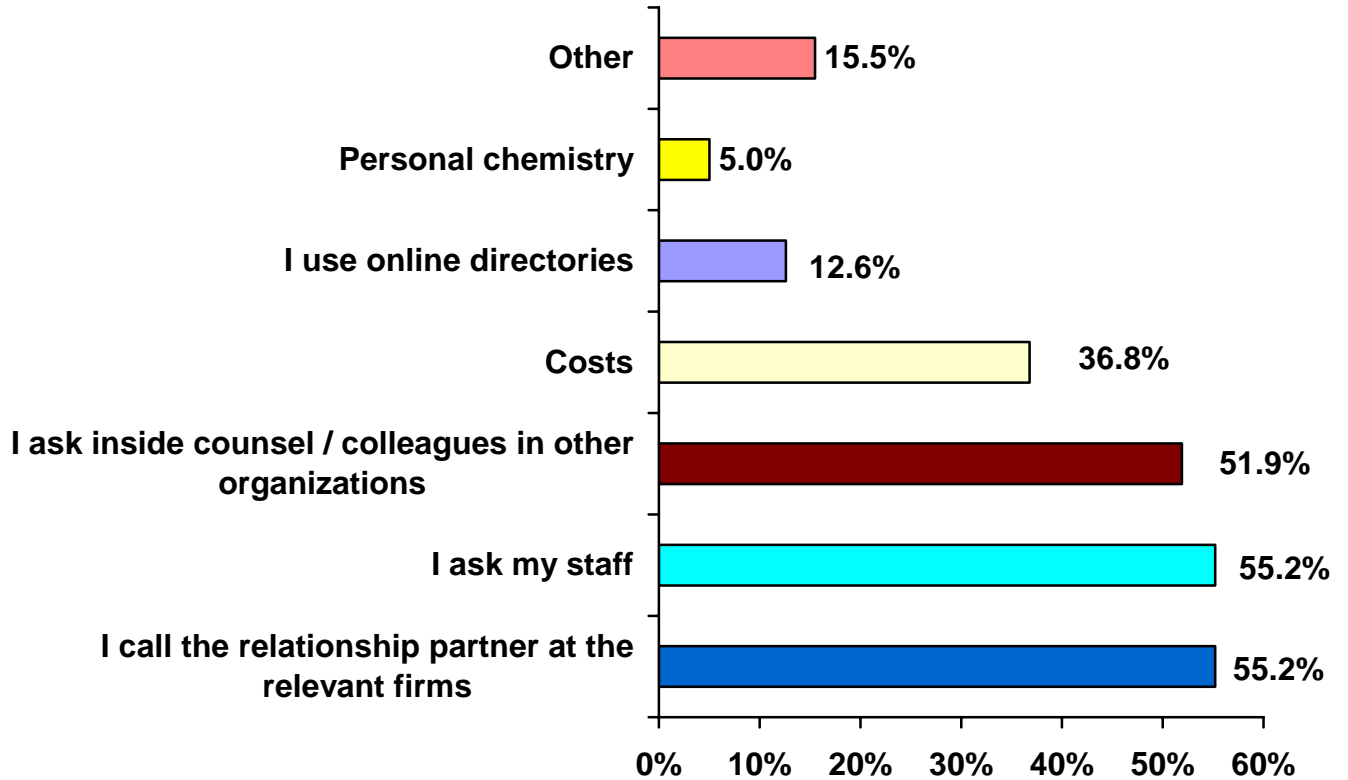
4. Responsiveness

- 24/7 on call
- Timely response to critical issues

5. Technology

- Joined our e-billing initiative
- Access to knowledge management database
- Implementation of automated litigation management system

5. *How do you make a choice when selecting between similarly qualified outside counsel on your preferred provider lists?*

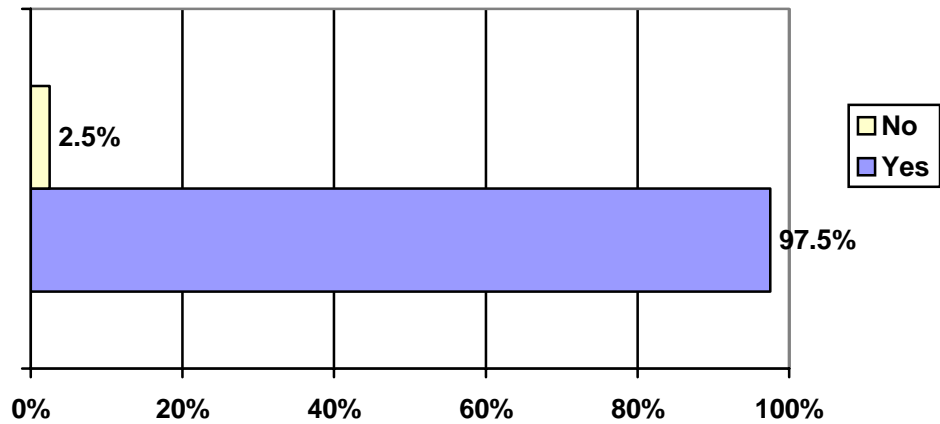


Note: Multiple responses, does not total 100%

5a. *Other responses include:*

- Previous experience with the firm
- Past performance
- Reputation for responsiveness
- It varies by matter, locality, handling matters efficiently, and game plans
- No preferred provider list

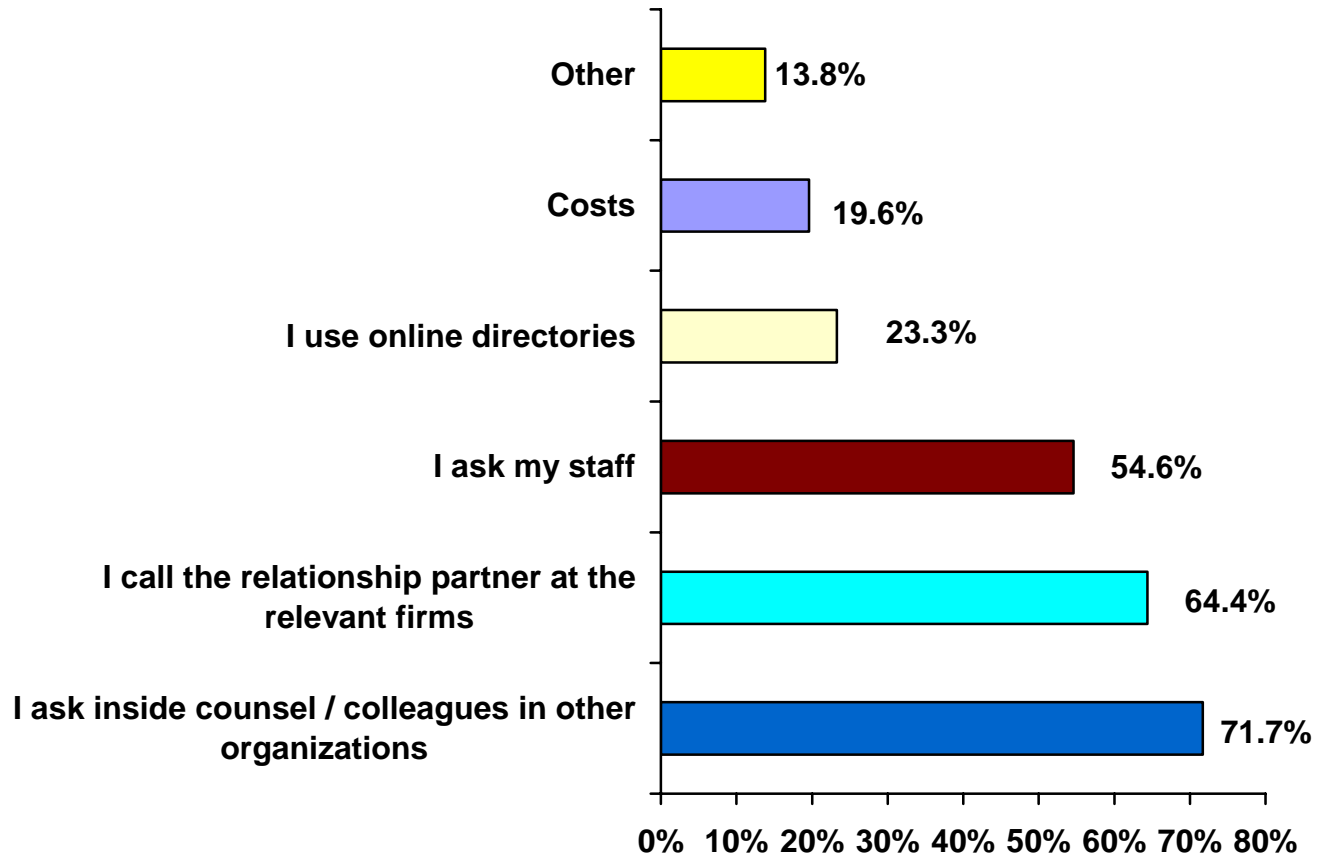
5b. Are you satisfied with the way the selection process is working?



5c. Representative comments:

- I would like more organization/definition around the process.
- We are looking to consolidate firms and find mechanisms to control costs.
- I do not rely on relationship partners. We select an attorney and not a firm.
- Never know if I'm getting the best person for the work.

6. *When you have a new matter requiring a new area of expertise, how do you identify which preferred provider can best handle the matter?*

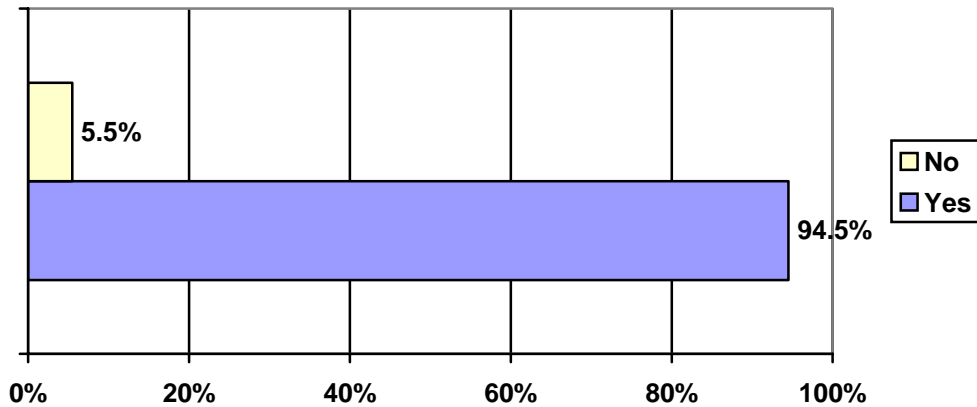


Note: Multiple responses, does not total 100%

6a. *Other responses include:*

- Contacts that I have made through networking
- Personally meet with the proposed team
- References from trade and legal organizations
- RFPs

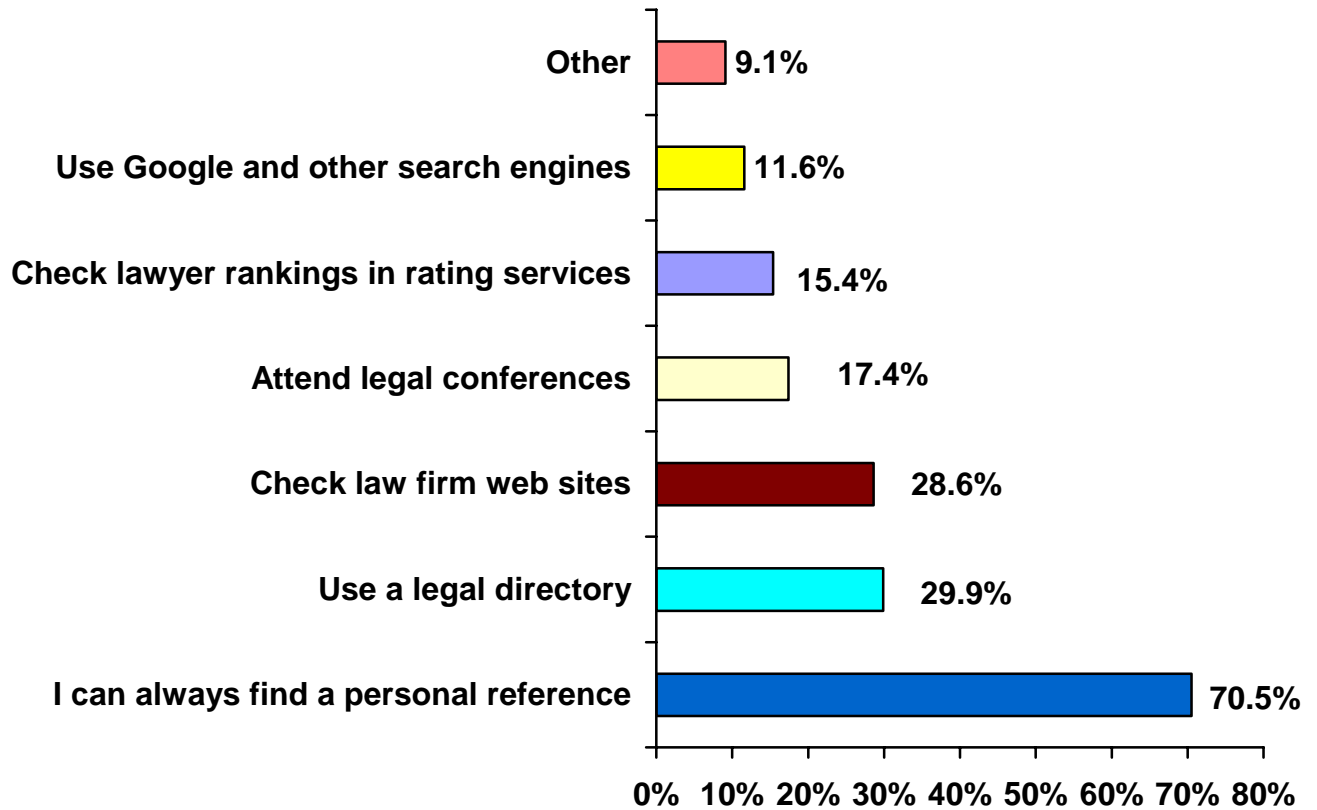
6b. Are you satisfied with the way the selection process is working?



6c. Representative comments:

- Better comparative information, particularly as to boutiques, would help.
- I would like a better way of identifying lawyers in other parts of the country.
- It is difficult at times to find appropriate counsel in foreign countries.
- More information on how a firm actually handles matters would be good.

7. *What is your preferred method of securing new outside counsel when you do not have a personal reference?*

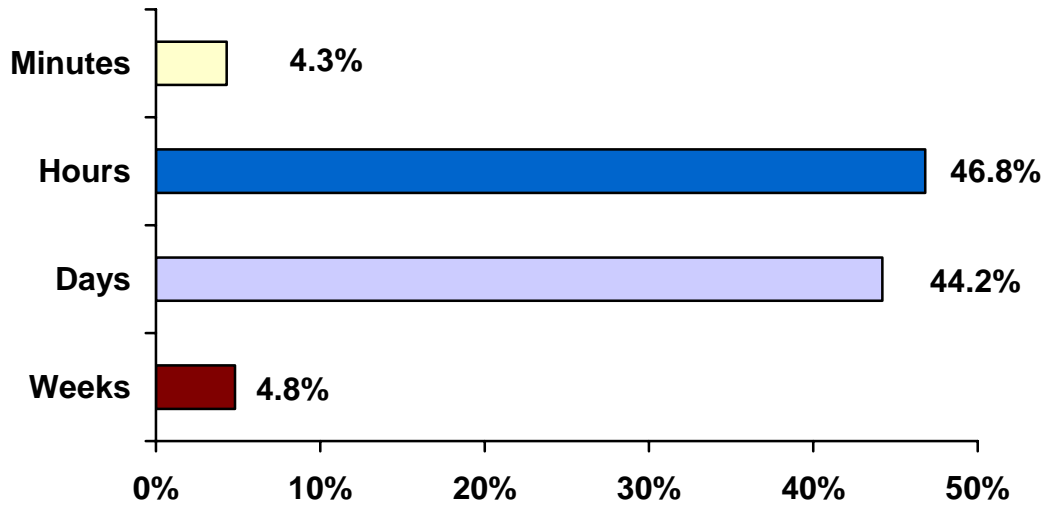


Note: Multiple responses, does not total 100%

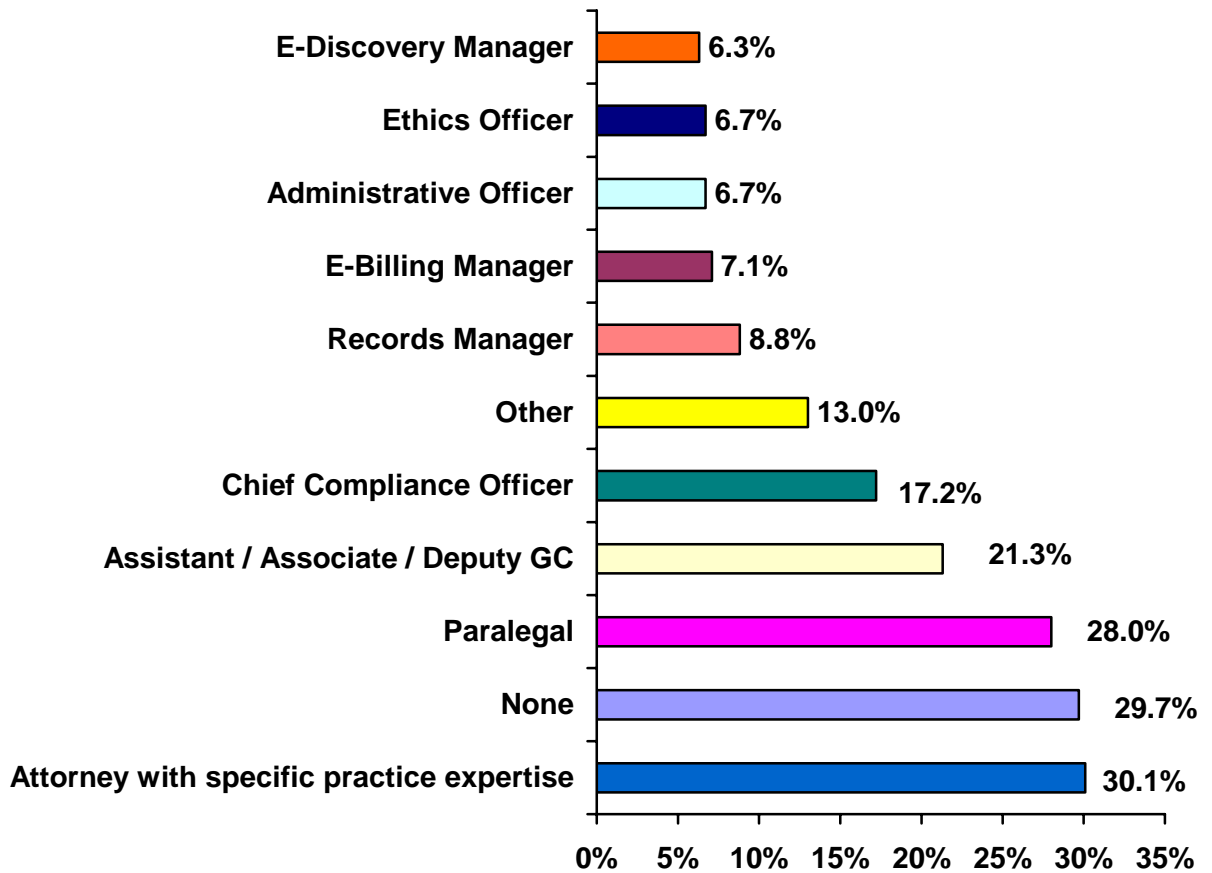
7a. *Other responses include:*

- Law firm networks
- Personal interviews
- Review relevant cases
- Alumni from law schools with which we have a relationship

8. *How long does it take you to find a new outside counsel when you do not have a personal reference?*



9. *What completely new positions have you added to your Law Department in the past two to three years?*



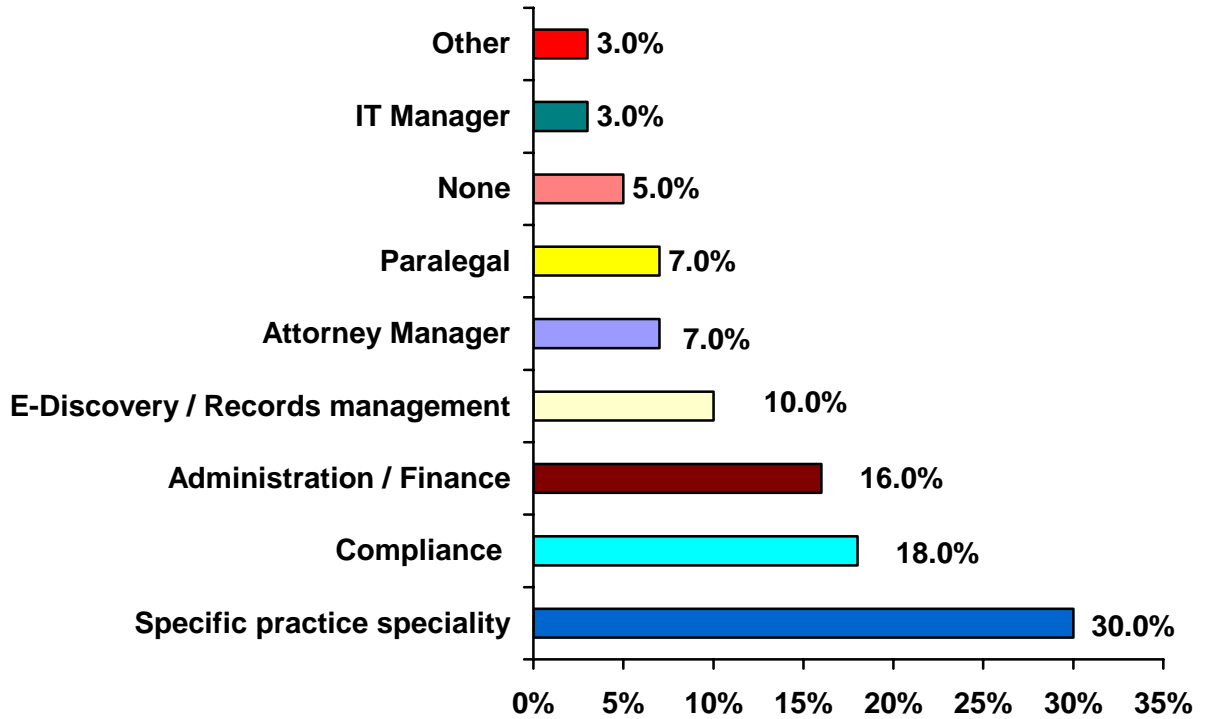
Note: Multiple responses, does not total 100%

Total responses: 418 or 1.7 new positions added on average per law department

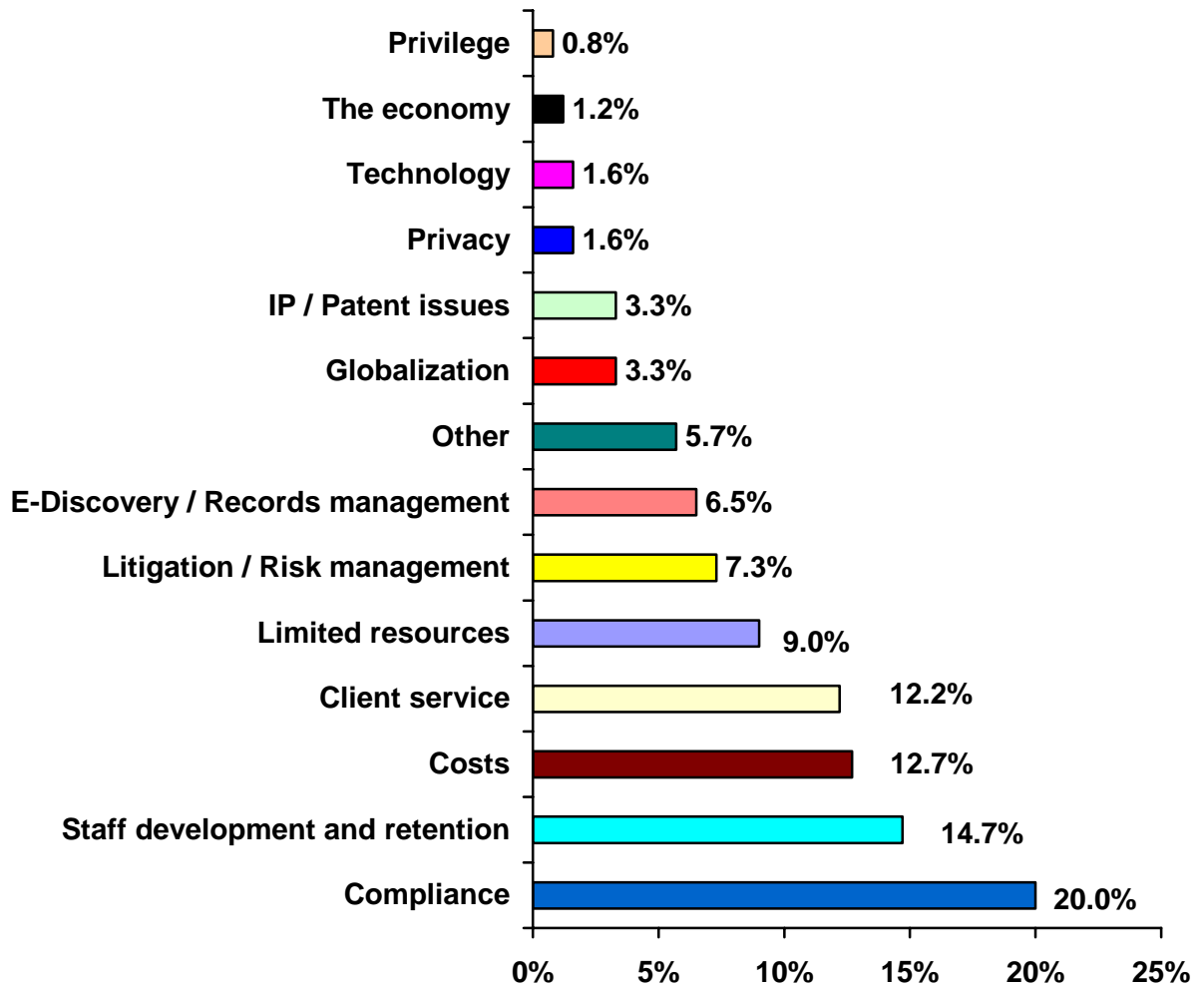
9a. *Other responses include:*

- Contract Administrator
- Privacy Officer
- Regulatory Liaison
- Risk Manager

10. If you had the resources to create a completely new role to fill a current need or one you see on the horizon, on what would that role focus?



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



11a. Top responses — with representative comments:

1. **Compliance**

- Legal compliance in a more quickly evolving legal environment – keeping current on all changes, applying them to our business without stifling the entrepreneurial and agile business model
- Maintaining adequate compliance bandwidth in a cost-containment environment.
- Ongoing compliance training and monitoring effectiveness of compliance and ethics policies and procedures
- Regulatory overkill

2. **Staff: Hiring, Retention, Succession Planning, Training**

- Finding and retaining quality people and then giving those people a good career path
- Increasing specialization needed by in-house lawyers and the structure / compensation to effectively compete for such talent
- Planning for upcoming retirements and having sufficient budget to hire and allow transition
- Training and keeping competent in-house counsel

3. **Costs**

- Reducing costs without compromising quality
- Spiraling cost of outside counsel, using traditional billable hour arrangement
- Increasing costs of litigation and investigations, particularly costs associated with e-discovery
- Increased regulation and compliance costs

4. **Client service**

- Staffing and structuring the legal function within the organization to best align it with the needs of the organization as the organization changes
- Continuing to provide responsive, high-quality legal services as the company expands geographically

- Deepening the legal department's knowledge of our corporate strategy and the tactics that do and don't line up with [that] strategy
 - Increased demands of the business for creative and strategic solutions and inputs
5. **Limited resources**
- Decreasing budgets and increasing demands for service
 - Maintaining the high quality of services that our department provides to the company in a cost conscious environment
 - Not having sufficient personnel or being able to pay them sufficiently to keep them motivated
 - Much more work with fewer resources
6. **Litigation / Risk management**
- Keeping our organization from experiencing crippling litigation or investigations
 - Volatility in litigation results
 - Managing risks in a very quickly growing business
7. **E-Discovery / Records management**
- Keeping adequate policies in place to control electronic communications / documents
 - New e-discovery rules

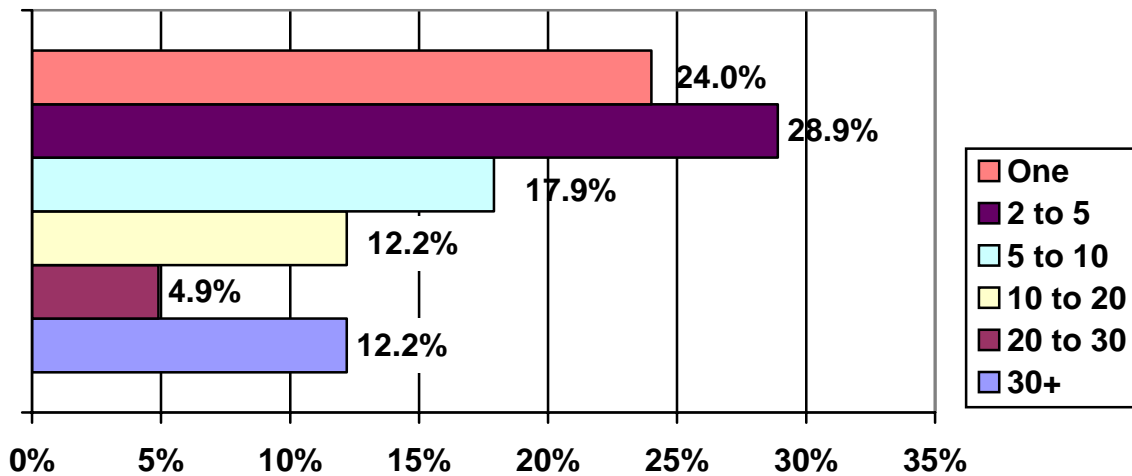
SECTION 3

SURVEY DEMOGRAPHICS

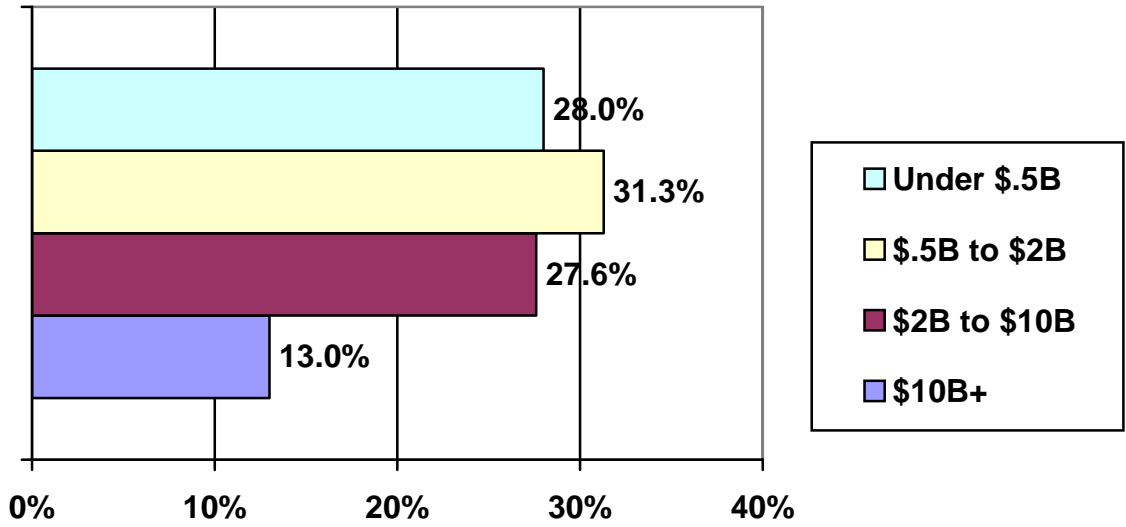
Survey Demographics

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

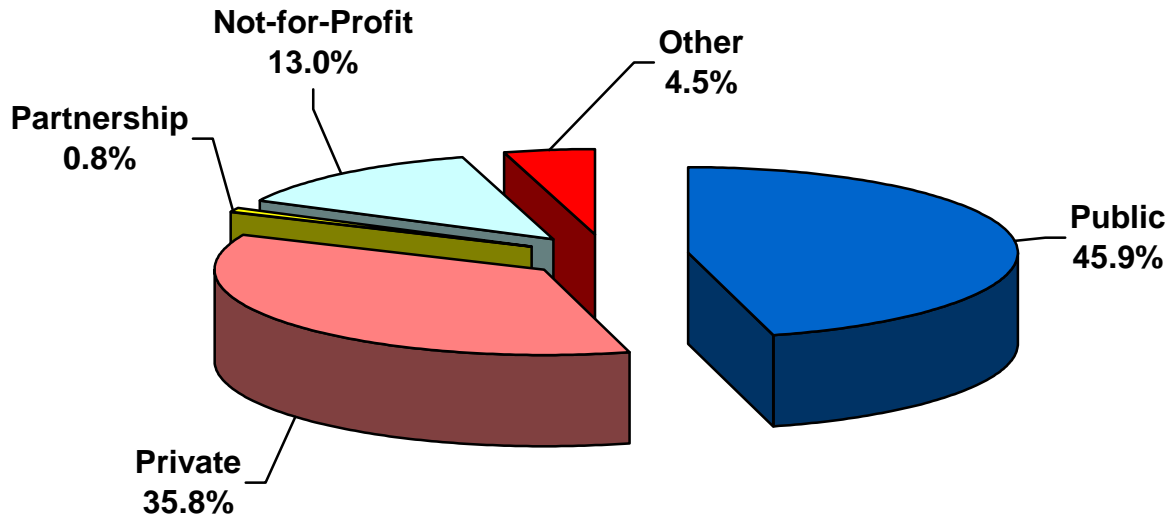
1. *How many in-house attorneys are in your department (in all locations)?*



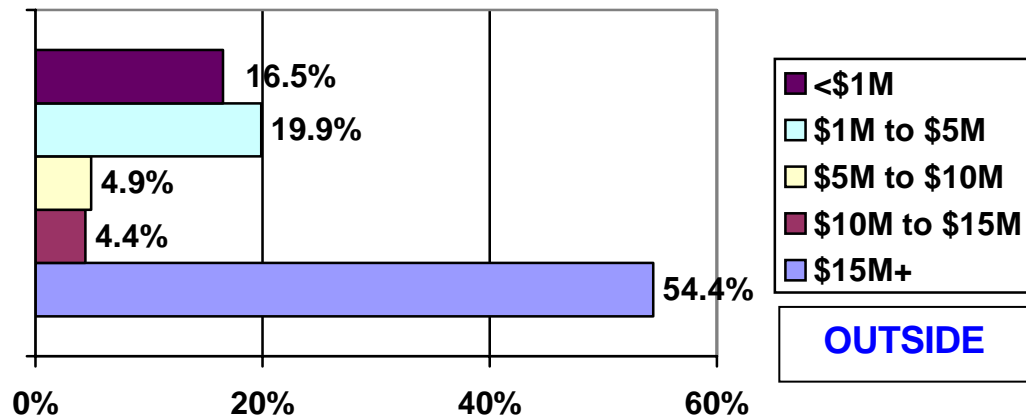
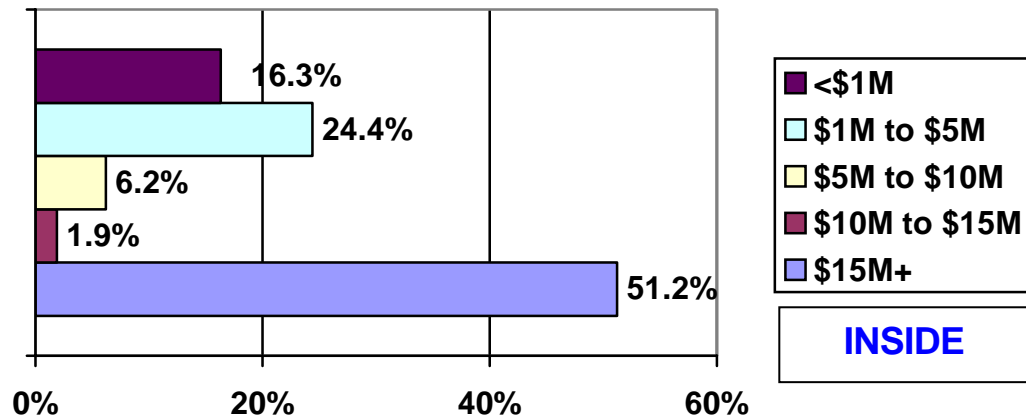
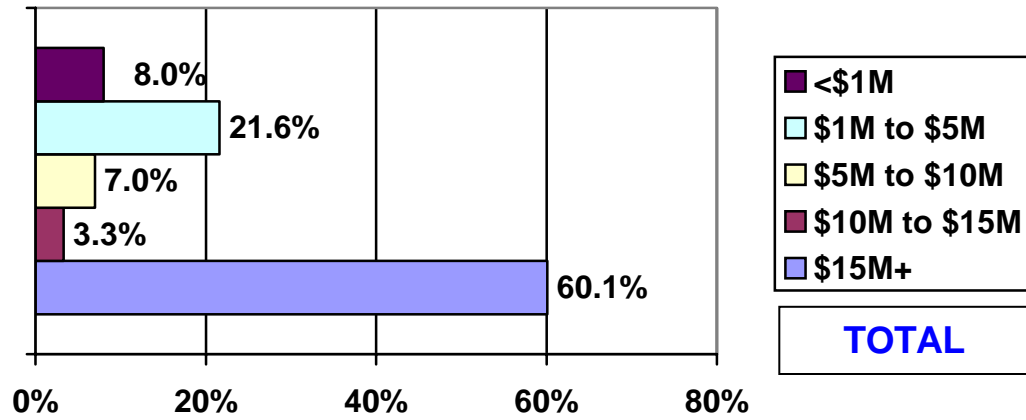
2. What are your organization's annual revenues?



3. Is your organization:



4. What is the size of your 2006 Law Department budget in U.S. dollars (Total; Inside; and, Outside)?



SECTION 4

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 and 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
- Law Firm Diversity Services
- Law Department Diversity Services

Publications

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

- *Survey of Law Firm Economics* (published annually)
- *The Law Department Metrics Benchmarking Survey* (published annually in partnership with LexisNexis Martindale-Hubbell)
- *The Law Department Compensation Benchmarking Survey* (published annually in partnership with LexisNexis Martindale-Hubbell)

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.

SECTION 5

ABOUT LEXISNEXIS[®] MARTINDALE-HUBBELL[®]

About LexisNexis and LexisNexis Martindale-Hubbell

LexisNexis[®] (www.lexisnexis.com) is a leading provider of information and services solutions, including its flagship Web-based Lexis[®] and Nexis[®] research services, to a wide range of professionals in the legal, risk management, corporate, government, law enforcement, accounting and academic markets. A member of Reed Elsevier Group plc [NYSE: ENL; NYSE: RUK] (www.reedelsevier.com), LexisNexis serves customers in 100 countries with 13,000 employees worldwide.

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