



2010 IN-HOUSE COUNSEL

BAROMETER



Canadian Corporate Counsel Association
Association canadienne des conseillers (ères)
juridiques d'entreprises



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Study Introduction **and Highlights of Findings**

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About the Organizations Involved

CANADIAN CORPORATE COUNSEL ASSOCIATION (CCCA)

CCCA provides a national forum for in-house counsel to advance the development of their practice of law, professional skills and careers as in-house counsel. To advance this Mission, the Board of Directors focuses CCCA resources on the following Six Strategic Objectives:

- Developing Our Community
- Fostering Professional Development
- Enabling Career Development
- Advancing the Practice
- Being the Association of Choice
- Supporting Our Chapter

CCCA now has over 10,200 regular and associate members and 12 regional chapters across Canada.

DAVIES WARD PHILLIPS & VINEBERG LLP

Davies Ward Phillips & Vineberg LLP is an integrated firm of more than 240 lawyers with offices in Toronto, Montréal and New York. The firm is focused on business law and is consistently at the heart of the largest and most complex commercial and financial matters on behalf of its clients, regardless of borders.

Davies is a market leader in each of its core practice areas. The 2010 Lexpert®/American Lawyer *Guide to the Leading 500 Lawyers in Canada* ranks Davies as the leading Canadian firm in corporate transactions (including banking, competition law, corporate/commercial law, corporate finance & securities, corporate tax and mergers & acquisitions) relative to firm size.

ANGUS REID PUBLIC OPINION

Vision Critical is a strategic interactive research company combining technology, researchers and global panels. Vision Critical helps companies reduce research costs while generating engaging and insightful relationships with consumers. Vision Critical uses a visual approach, panel technology and our own global panels to embrace markets with the click of a mouse. The company has offices across North America, Europe and Australia and a Global Partner Program that provides other research companies and consultants with access to our technology.

Angus Reid Public Opinion is the Public Affairs practice of Vision Critical, specializing in the analysis and understanding of “citizen markets” and the public commons.

The Purpose of the Study

In 2005, Davies Ward Phillips & Vineberg LLP initiated a joint project with the Canadian Corporate Counsel Association to create and distribute a survey specifically related to CCCA members' attitudes and opinions concerning topics of interest to their role called the *In-House Counsel Barometer*. The results from the Barometer are presented at the annual CCCA Spring Conference.

For the 2010 Barometer, a slightly different approach was taken. To ensure the Barometer is considered a relevant and useful resource for members in 2010 and beyond, the CCCA decided to conduct a series of focus groups in advance of the survey to gain a deeper understanding from members about the issues that are important to them and what they would like to see reflected in the survey.

Not surprisingly, during the course of these discussions, members expressed their desire to see themselves in the data; they wanted to understand how other in-house counsel deal with areas of practice, work-life balance and dealing with external counsel. Moreover, members wanted results to be presented in a way that was relevant and in which they could quickly recognize themselves and their counterparts.

The findings presented in this report reflect the valuable feedback and insight provided by CCCA members. One of the main ways the *In-House Counsel Barometer* has changed in 2010 is the inclusion of in-house counsel profiles by the different types of organizations in which in-house counsel serve. In-house counsel can find information about other counterparts who practise in similar types of organizations as segmented in later sections of this report. In these chapters, in-house counsel have the opportunity to see themselves, their larger cohort, and a perspective on practising as in-house counsel in Canada.

METHODOLOGY

For this survey, 626 in-house members completed an online questionnaire. Given the finite CCCA membership population, the total sample can be considered accurate to within +/-3.78 percentage points, 19 times out of 20. The margins of error are higher for sub-groupings such as region and sector of practice.

Where base sizes permit, cross tabulations have been profiled by the type of organization in-house counsel belong to.

Key Findings from the 2010 Barometer

In 2010, the *In-house Counsel Barometer* identified a number of key insights which provide an understanding of what it means to be in-house counsel across organization types, organizations of varying sizes and across roles. Some of the noteworthy highlights from the overall findings include:

- **In-house counsel are loyal to their employers.** On average, in-house counsel have worked 7 years for their current employer.
- **Endorsement of in-house counsel as a career path is unanimously high.** Nearly all (95%) profiled are likely to recommend in-house counsel as a career to friends or colleagues in private practice, citing better work-life balance, the type of work and integration in business decisions as reasons.
- **Outsourcing legal work to outside counsel is a part of the job for nearly all (96%) in-house counsel.** There is a strong correlation between an organization's size (in terms of reported annual revenue) and the propensity to outsource.
- **Area expertise is the most important consideration when selecting external counsel.** In contrast, a law firm's billing rate, reputation and consistency of performance are important considerations among fewer in-house members.
- **Providing value as in-house counsel is intrinsically tied to managing or reducing risk.** A strong majority (85%) cite risk management, followed distantly by ensuring regulatory compliance (46%).

KEY FINDINGS FROM PROFILING OF DISTINCT IN-HOUSE COUNSEL SECTORS:

- In-house counsel working in a Publicly Traded company have the greatest number of legal staff (17), followed by in-house counsel working in Government (14), Wholly Owned Subsidiaries of Public companies (7), Not-for-Profit organizations (6) and Private companies (5).
- In-house counsel law departments in Publicly Traded companies also enjoy the most legal support staff (10), followed by Government (8), Not-for-Profit organizations (4), Wholly Owned Subsidiaries of Public companies (3) and Private companies (3).
- The total allocation of organizations' annual budgets devoted to in-house counsel varies considerably across the company profiles. Reported budget allocation is highest in Not-for-Profit organizations (8.4%), followed by Government (7%). Budget allocation is a smaller proportion for in-house counsel in Private companies (3.3%), Wholly-Owned Subsidiaries of a Public company (2.7%) and Publicly Traded companies (1.7%).
- In-house counsel working for a Publicly Traded company or a Wholly Owned Subsidiary of a Public company work, on average, the most hours per week (48); in-house counsel working for Government or Not-for-Profit organizations work, on average, the fewest (45).

NEW TOPICS FOR 2010

In response to the valuable feedback provided by CCCA members, a number of new topics and questions have been introduced in the 2010 *In-House Counsel Barometer*, including:

- Profiling chapters of in-house counsel by organization type: Publicly Traded company, Wholly Owned Subsidiary of a Public company, Private company, Government and Not-for-Profit/Other organization are included.
- Additional analysis by relevant cross-tabulations is described, including type of in-house counsel roles (Counsel, Assistant or Associate Counsel, Senior Counsel and General Counsel) and size of in-house counsel department.
- How in-house counsel measure and provide value within their organization.
- Challenges of the profession.

CONSISTENT WITH PREVIOUS YEARS

The 2010 *In-House Counsel Barometer* also offers continued perspective on several key tracking measures:

- Working with outside counsel.
- Alternative billing structures.
- The role of General Counsel.

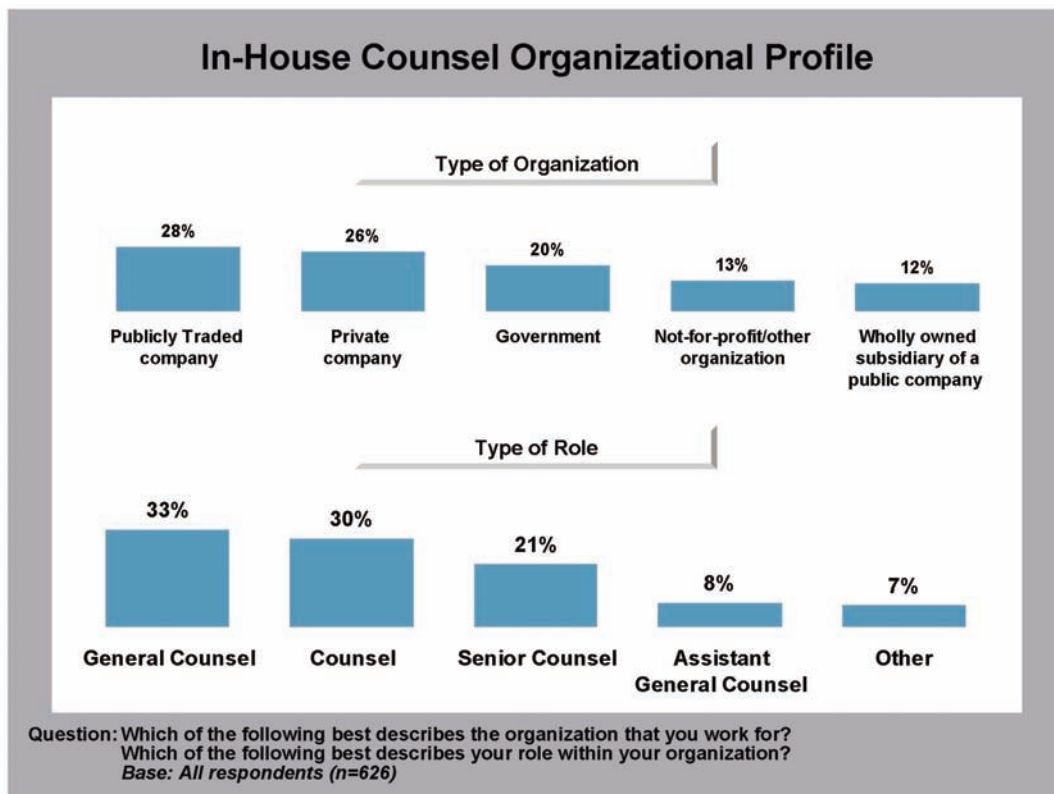
Detailed findings are presented in the following pages, including profiles of in-house counsel practising in each of the organization types.

Being In-House Counsel

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Being In-House Counsel

The *In-House Counsel Barometer* outlines the opinions, attitudes and perceptions of CCCA members in Canada. In this section, we provide you with the overall profile and context of being in-house counsel – for example where you work, the different types of organizations you serve and the average number of hours you work every week. Being in-house counsel is a unique career; the following pages will give you a sense of the environment in which you and your peers practise law. This information is further broken-out by type of organization in a later section of the report, so members can consider their own professional situations and challenges in a relevant context of their counterparts.



Overall, in-house counsel work for a variety of organization types:

- 28% work for a publicly traded company.
- 26% work for a private company.
- 20% serve as in-house counsel for a government department or agency.
- 13% work for a not-for-profit sector or another type of organization.
- 12% work for a wholly owned subsidiary of a public company.

When it comes to the type of role in-house counsel serve within their organizations, 34% act as General Counsel, 30% are Counsel, 23% are Senior Counsel and 9% are Assistant General Counsel. Another 6% fill another type of role outside of these categories.

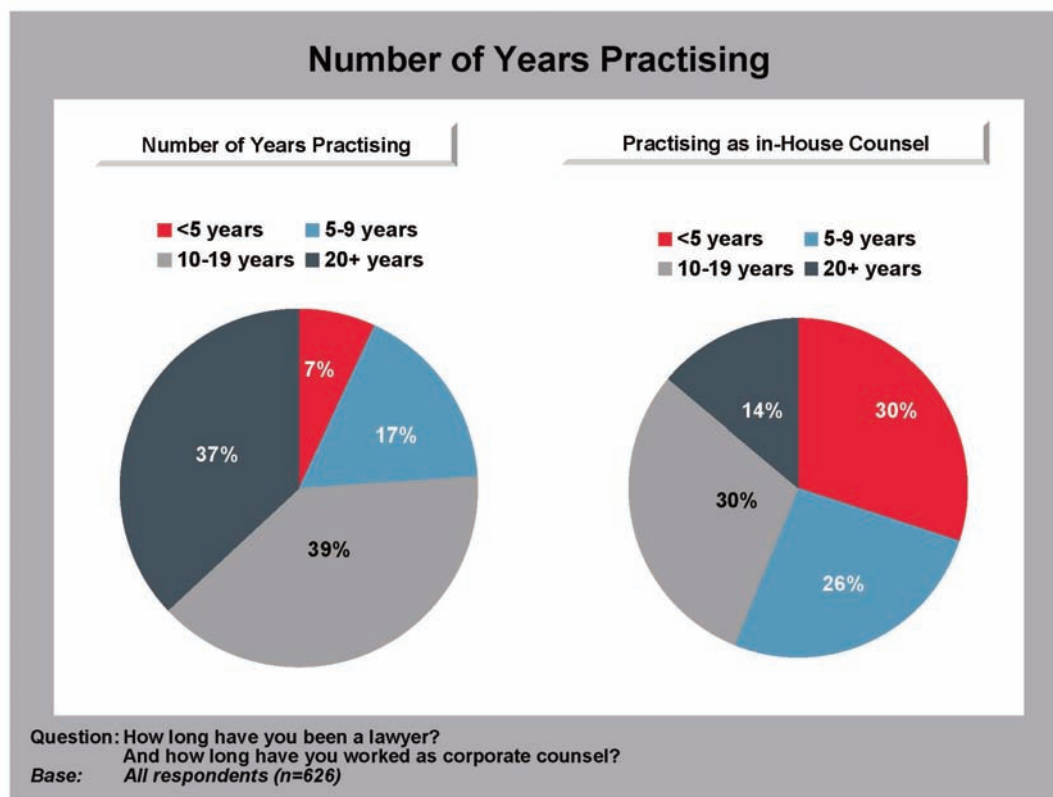
In-house counsel report a wide range of annual revenues for the organizations they serve - from less than \$500,000 to more than \$50 billion. The majority (52%) work for an organization whose annual revenue is less than \$2 billion. Below is the overall breakdown:

- 36% work for an organization whose annual revenue is less than \$500,000.
- 16% work for an organization whose annual revenue is between \$500,000 and less than \$2 billion.
- 9% work for an organization whose annual revenue is between \$2 billion and less than \$5 billion.
- 5% work for an organization whose annual revenue is between \$5 billion and less than \$10 billion.
- 5% work for an organization whose annual revenue is between \$10 billion and \$50 billion.
- 30% are not sure of their organization's annual revenue.

In-house counsel tend to work in teams. On average, there are 11 lawyers in an organization's law department, with an additional 6 legal support staff. While a team environment is the norm for many, nearly one-quarter (23%) of in-house counsel are the sole practitioner in their organization and another 22% report that their law department is comprised of 2-3 lawyers. Not surprisingly, smaller in-house law departments are more common for organizations with annual revenues of less than \$500,000 (44% are sole practitioners and 26% consist of 2-3 lawyers).

In-house counsel report that budget allocation to the legal department is low across the board. Overall, an average of 4.4% of their organization's annual budget is devoted to the legal department. One-in-ten (13%) say that the annual budget allocation is less than 1% and half (52%) say that the range is between 1-5%. Not surprisingly, budget allocation is directly related to the size of the legal department: sole practitioners report an average of 3.2% while those who work within a legal department of 25 or more account for an average of 9% of overall budget allocation.

On average, in-house counsel have practised law for 16.3 years and practised as in-house counsel for 9.8 years.

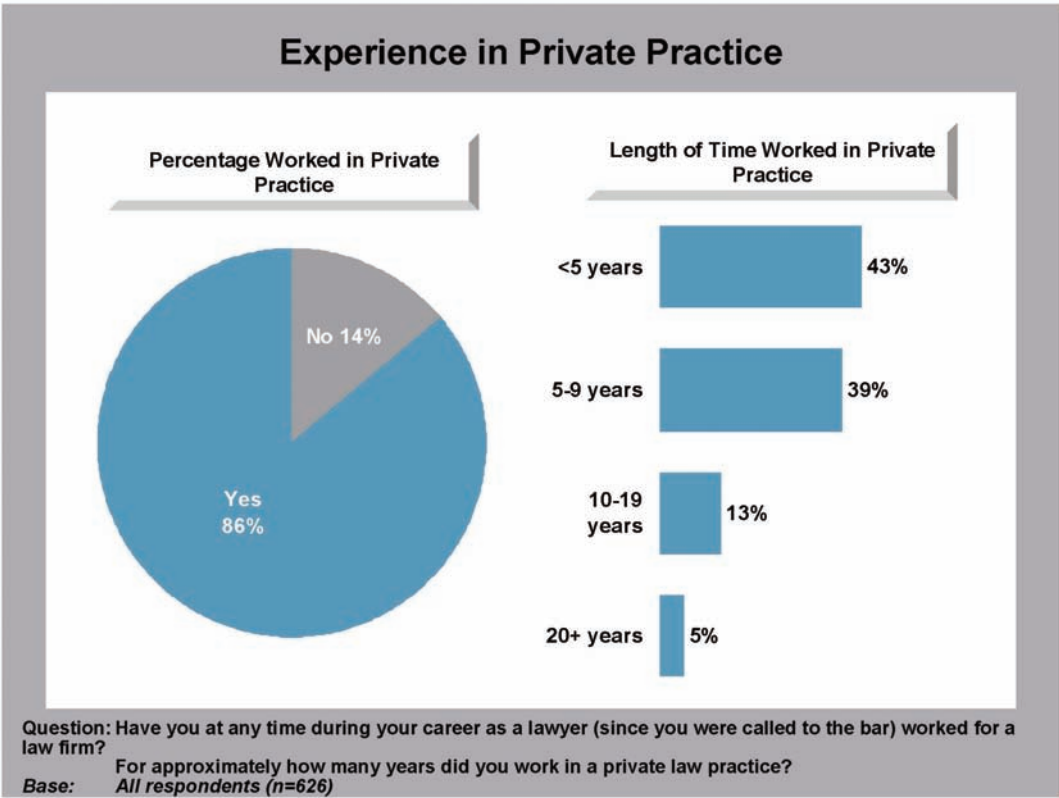


In-house counsel seem to be loyal to their employers, perhaps an indication of overall satisfaction with the job and interest in the type of law practised. The average number of years in-house counsel have worked for their current employer is seven.

- 16% have been with their current employer for less than 2 years.
- 33% have been with their current employer for 2-4 years.
- 24% have been with their current employer for 5-9 years.
- 27% have been with their current employer for over 10 years.

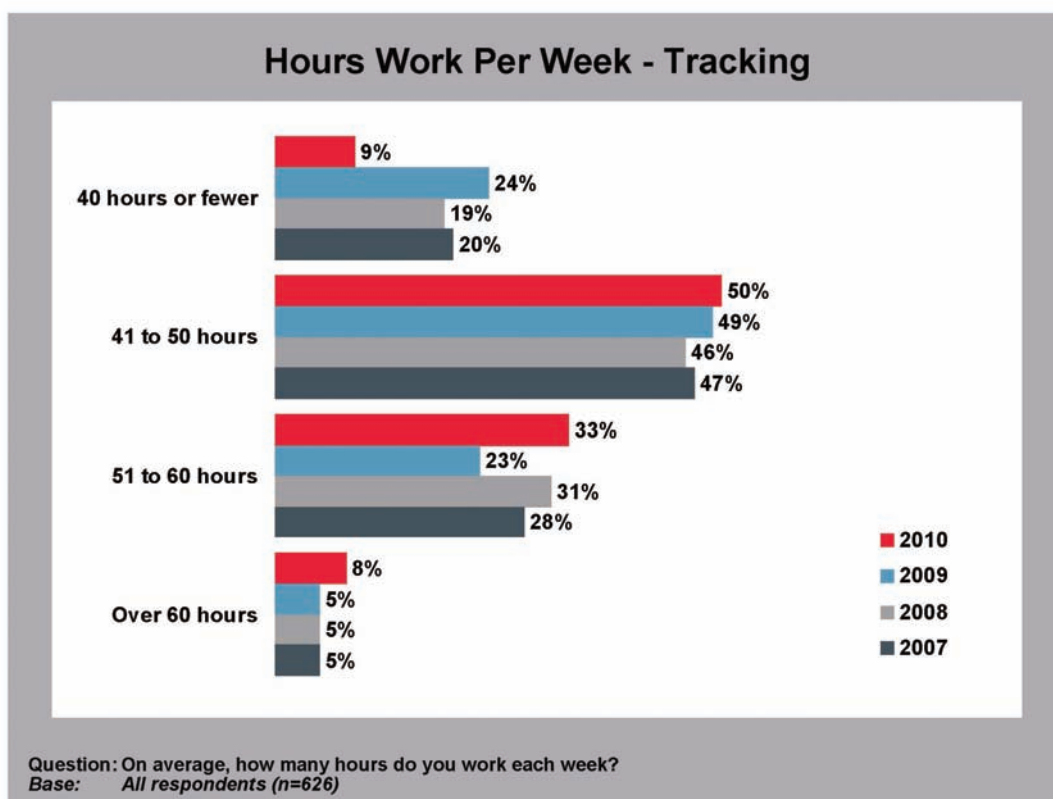
In-house counsel working in departments with more than 25 lawyers have worked with their current employer for an average of 10 years. Those who are sole practitioners or who work in a legal department with just 2-3 lawyers have worked with their current employer for an average of 6 years.

Private practice experience seems to be common for an in-house counsel career path. A vast majority (86%) of in-house counsel have had some experience working in private practice.



Approximately two-in-five (43%) have worked in private practice for less than five years and another two-in-five (39%) have worked in private practice for 5-9 years. Only a few (5%) made the switch to in-house counsel after more than 20 years in private practice.

On average, half (50%) of in-house counsel work an average of 41 to 51 hours per week. This finding is consistent with results from 2007. It is interesting to note that this year 33% report working 51 to 60 hours per week (up 10 percentage points from 2009) and 8% now say they work over 60 hours per week (up three percentage points from 2009), perhaps a lingering impact of the recession and budget cuts felt across organizations in Canada.



The average number of hours worked per week for all in-house counsel is 47.

Who works longer hours?

- Men work an average of 48 hours per week while women work 45.
- In-house counsel who work for organizations with the highest annual revenues (\$10 billion to \$50 billion) work an average of 50 hours per week while those who work for organizations with the lowest annual revenue (less than \$500,000) work 46 hours per week.

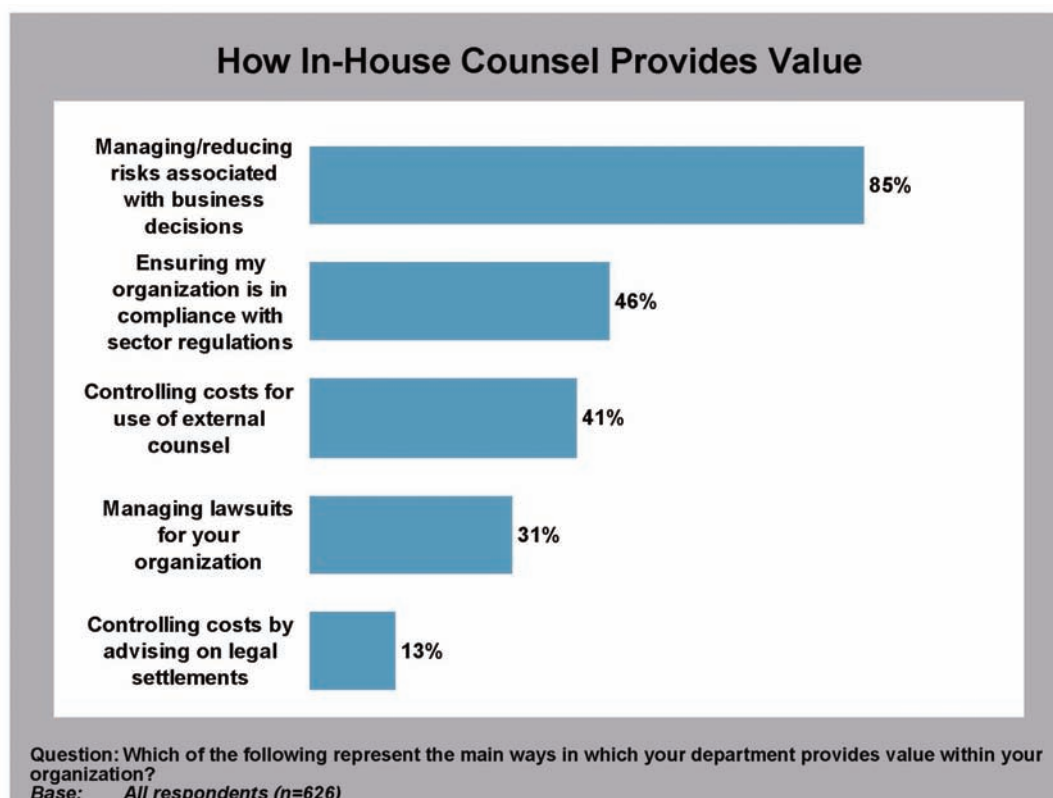
While in-house counsel appear to be working longer hours than in previous years, two-thirds (63%) say that the number of hours they work now is unchanged from 2 years ago. One-quarter (25%) say that the hours they work have increased, while only 12% say their hours have decreased. These findings are in line with 2009's results.

In-house counsel allocate their work-day in the following way: legal work (47%), management (29%) and business strategy or advice (24%). In-house counsel working for a Publicly Traded company and a Wholly Owned Subsidiary of a Publicly Traded company are more likely to allocate more of their day to legal work (52% and 49% respectively), while those working in a Private company are more likely to allocate more of their day to business strategy or advice (27%).

Measuring and providing value: it's all about managing risk

In this year's Barometer, we included your feedback to understand how in-house counsel in different sectors measure and provide value within their organizations. For many, this is an elusive concept that is difficult to quantify. But the results reveal some interesting insights into how value is measured.

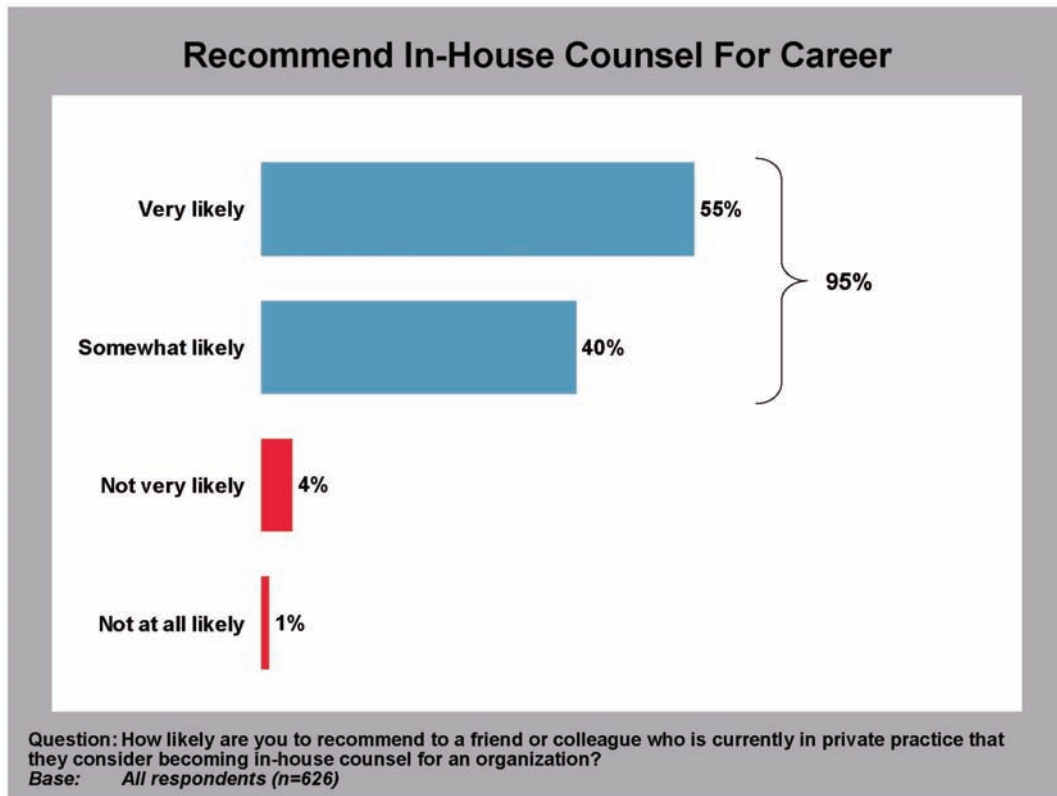
One thing is for certain: the value of in-house counsel is intrinsically linked with risk management.



While managing or reducing risk is cited as the most common metric for in-house counsel across all types of profiles, it is less common for in-house counsel working in the public sector (Government and Not-for-Profit organizations) than those working in the private sector (Publicly Traded companies, Wholly Owned Subsidiaries of Publicly Traded companies and Private companies).

Nearly all recommend in-house counsel for a career

Despite the increase in the number of hours in-house counsel now work, and the challenges in managing risk, nearly all (95%) say they are likely to recommend in-house counsel as a career to friends or colleagues who are in private practice.



This finding is a significant increase from previous years' results for this question: in 2009, 77% were likely to recommend in-house counsel as a career and in 2008, 79% were likely to do so.

The overwhelming likelihood to recommend in-house counsel is echoed unanimously across all in-house counsel profiles, illustrating that despite the differences that exist between in-house counsel practices across organization types and across the country, one common value that unites the profession is its endorsement.

The main reasons for recommending in-house counsel to friends and colleagues? Better work-life balance (27%), type of work (16%) and integration in business decisions (10%).

In-House Counsel Profiles by Organization Type

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During the course of focus group discussions, CCCA members expressed their desire to see themselves in the *In-House Counsel Barometer*. In this section we profile CCCA members according to the various types of organizations in which they are employed. This profiling allows you to find the information that is directly relevant to you, and allows you to compare yourself to the others working in the same type of organization. These are broken-out into the following sections:

- Publicly Traded Companies
- Wholly Owned Subsidiaries of Public Companies
- Private Companies
- Government
- Not-for-Profit and Other Organizations

Comparisons are made between each organization type and overall in-house counsel.

Publicly Traded Companies

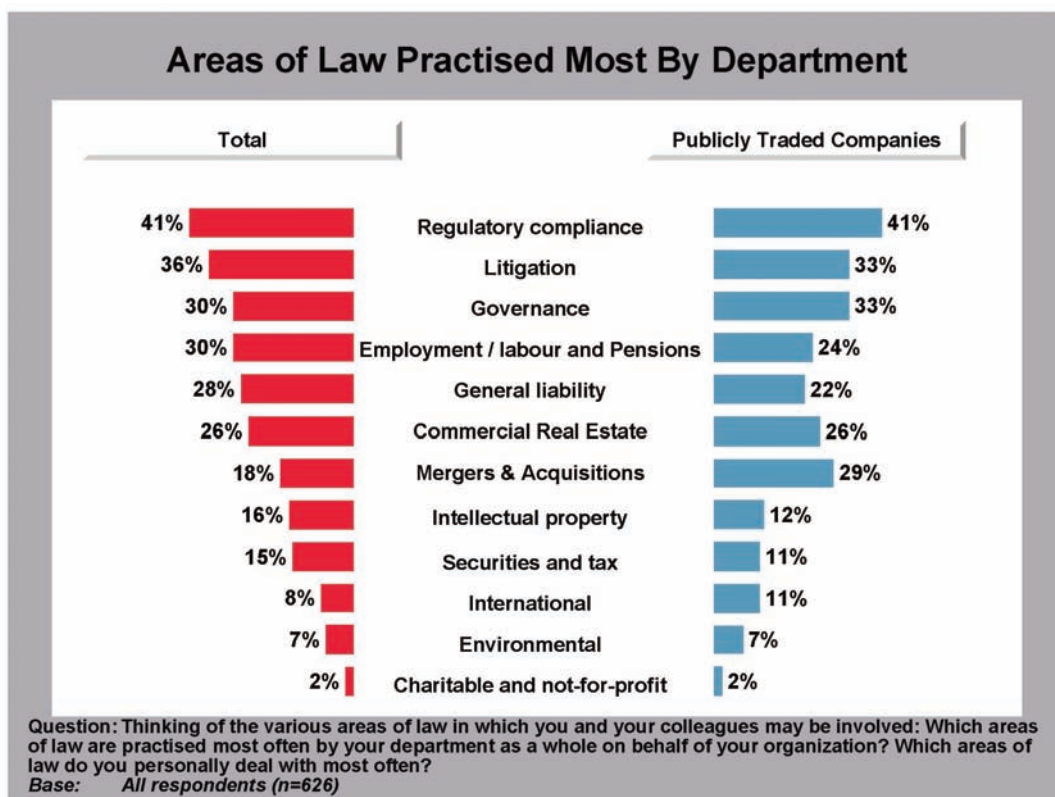
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Profile of In-House Counsel in Publicly Traded Companies

In-house counsel working in Publicly Traded companies experience a variety of unique and diverse challenges. Workload seems to be more pronounced for in-house counsel in Publicly Traded companies than those working in other organization types. Overall, in-house counsel working in Publicly Traded companies represent 28% of the in-house counsel profiled.

In-house counsel in Publicly Traded companies are more likely to work in a larger team environment than counsel in other organization types. The average number of lawyers in a legal department within an organization of this type is 17, significantly higher than the overall average of 11 lawyers across all profiles. This group also has, on average, more legal support staff at their disposal (10 vs. 6).

The majority of those in Publicly Traded companies work for organizations with higher annual revenues: 61% work for an organization whose annual revenue exceeds \$500,000. By comparison, only 35% of those who work in other types of organizations are associated with revenues in excess of \$500,000.



There are some clear differences in the areas of law practised most often by in-house counsel working for Publicly Traded companies. For example, "Mergers and Acquisitions" emerges as one particular area of law where Publicly Traded company in-house counsel practise more often than those in other types of organizations.

Experience practising law

On average, in-counsel working for Publicly Traded companies have been practising law for 15 years, slightly below the overall average of 16 years. There are no significant variations between those in Publicly Traded companies and other organization types in terms of the length of time they have worked as in-house counsel (10 years). Furthermore, this group have been with their current employers for an average of 7 years (on par with the overall average of 7 years across all organization profiles).

When it comes to previous experience in private practice, some differences emerge. In-house counsel working for Publicly Traded companies are somewhat more likely to have worked in private practice (93% vs. 86%). Interestingly, however, in-house counsel working for Publicly Traded companies seem to spend slightly less time in private practice, on average, compared to their counterparts (6 years vs. 7 years).

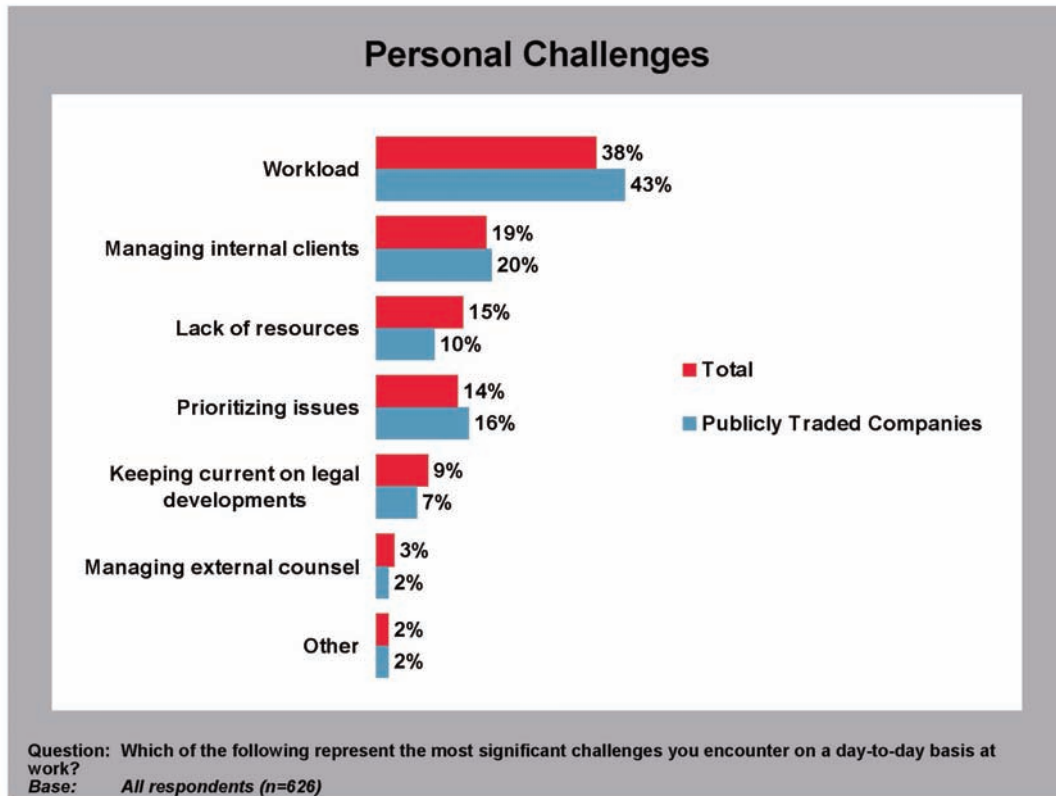
Legal department budget

The law department in a Publicly Traded company receives a lower percentage of the organization's annual budget than departments in other organizations. The annual reported allocation to a Publicly Traded company's law department is 2% while the average allocation for all other organization types is 4%.

Overall, changes in Publicly Traded companies' budgets over the past 2 years are on par with changes seen in other types of organizations:

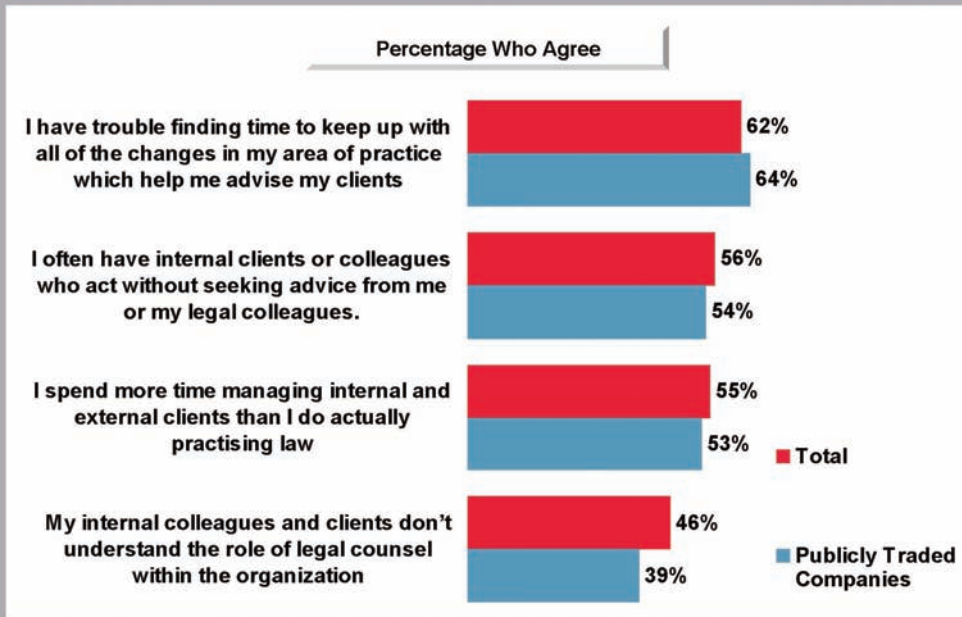
- 34% of in-house counsel in Publicly Traded companies report the budget has increased over the past 2 years vs. 38% in all other organization types.
- 20% report the budget has decreased vs. 19% in all other organization types.
- 46% report the budget has stayed the same vs. 43% in all other organization types.

Personal challenges of the profession



While workload is clearly the most challenging aspect for in-house counsel across the board, it is most pronounced for in-house counsel in Publicly Traded companies (43% vs. 38% overall). On the other hand, Publicly Traded company in-house counsel are less likely than counsel in other organization types to report a lack of resources (10% vs. 15%, respectively).

Challenges for In-House Counsel



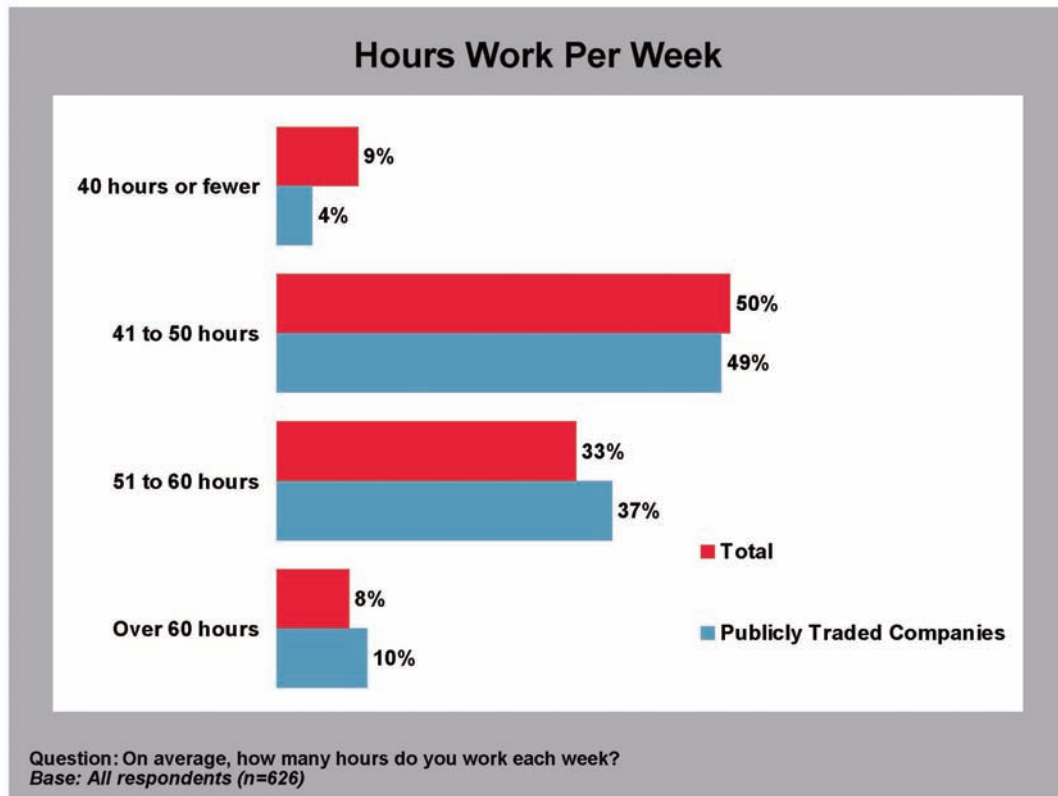
Question: Please indicate the extent to which you agree or disagree with each of the following statements.
 Base: All respondents (n=626)

When it comes to specific challenges of the profession, having trouble keeping up with changes in the practice is offered as the most frequent challenge for in-house counsel working for all types of organizations.

It is noteworthy that there appears to be a higher level of understanding of the role of in-house counsel among Publicly Traded companies. Two-in-five (39%) in-house counsel in these organizations view "lack of understanding" as a challenge, while this view is amplified among in-house counsel in other organization types (46%).

The majority of In-House Counsel in Publicly Traded Companies work 50 hours per week or less

On average, in-house counsel report working 46.6 hours a week, compared to 47.7 hours reported by in-house counsel in Publicly Traded companies.



Perhaps related to workload challenges, a higher proportion of Publicly Traded company in-house counsel report working between 51-60 hours per week (37% vs. 33% in all organization types).

Three-in-ten (28%) in-house counsel working in Publicly Traded companies report that the number of hours they currently work has increased over the past two years. Of those who report an increase in work hours, the main reasons offered for the increase in work hours include:

- Increased workload (when it comes to number of cases and number of clients) (47%).
- Company and/or corporate changes (27%).
- Lack of resources (27%).
- Changes in responsibilities and/or role (18%).
- Increased complexity (when it comes to contracts, cases and regulatory compliance) (16%).
- Budget cuts (12%).

- Company growth (10%).
- Increased duties and/or responsibilities (10%).
- The economy and the recession (8%).

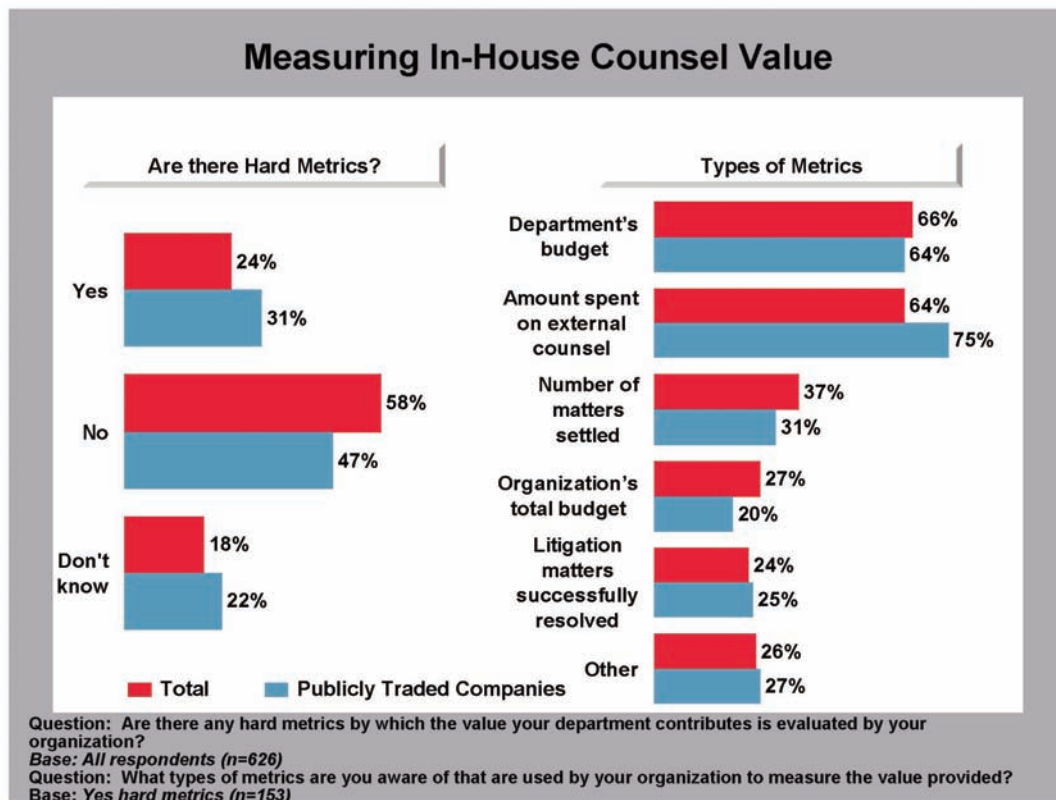
These challenges are mentioned consistently across the various organization types.

NEW

Hard measurement metrics are in place for a minority

As demonstrated earlier, the concept of managing and reducing risk associated with business decisions is identified by in-house counsel in all types of organizations as the way in which these employees demonstrate their value within their various workplaces.

When it comes to qualifying the value in-house counsel bring to their organization, a minority of in-house counsel in Publicly Traded companies report that hard metrics are in place to facilitate this task (31%). However, hard metrics are more commonplace for Publicly Traded companies than in other types of organizations (31% vs. 24%).



The types of metrics in place vary considerably. In the Publicly Traded companies, the amount spent on external counsel is a metric used more commonly than in other types of organizations.

Wholly Owned Subsidiaries of Publicly Traded Companies

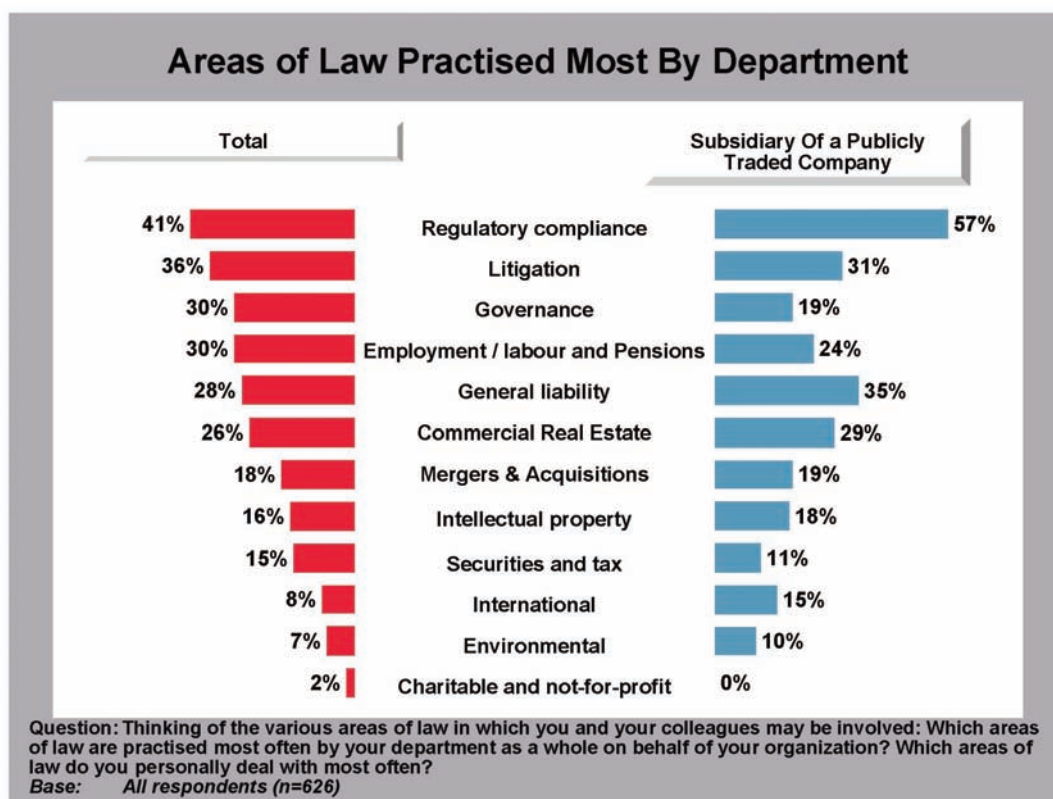
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Profile of In-House Counsel in Wholly Owned Subsidiaries of Publicly Traded Companies

In-house counsel working in Wholly Owned Subsidiaries of Publicly Traded companies experience an environment which is distinct from other in-house scenarios in a number of interesting ways, including the areas of law typically practised. Overall, in-house counsel working in Wholly Owned Subsidiaries represent 12% of the in-house counsel profiled.

Wholly Owned Subsidiary in-house counsel are more likely to work in a medium-sized practice than counsel in other types of organizations. The average number of lawyers in a Wholly Owned Subsidiary legal department is 7, slightly lower than the overall average of 11 lawyers. This group also has, on average, fewer support staff at their disposal (3 vs. 6) than their counterparts in other organization types.

The majority of those in the Wholly Owned Subsidiaries work for organizations with an annual revenue between \$500,000 and \$2 billion (62%).



There are some clear differences in the areas of law practised most often by in-house counsel in Wholly Owned Subsidiaries. For example, Regulatory Compliance and General Liability emerge as areas of law where these types of in-house counsel practise more often. On the other hand, they are far less likely to practise law in the areas of Governance than other in-house counsel, particularly those who serve Publicly Traded companies (19% and 33%, respectively).

Experience practising law

On average, in-house counsel practising in Wholly Owned Subsidiaries have been practising law for 15 years, slightly below the overall average of 16 years. These lawyers have worked as in-house counsel a few years less than those in other organization types (8 vs. 10 years). Subsidiary in-house counsel have been with their current employers for an average of 7 years (on par with the overall average of 7 years).

When it comes to previous experience in private practice, some differences also exist. In-house counsel working for a Wholly Owned Subsidiary are somewhat more likely to have worked in private practice than other in-house counsel (92% vs. 86%).

Legal department budget

Legal departments of Wholly Owned Subsidiaries receive a reported lower percentage of the organization's annual budget than legal departments in other types of organizations: the average allocation to the Subsidiary in-house department is 3%, while the average allocation for all other organizations is 4%.

Overall, there are some noteworthy variations in the legal department budget over the past 2 years as compared with changes seen in other types of organizations:

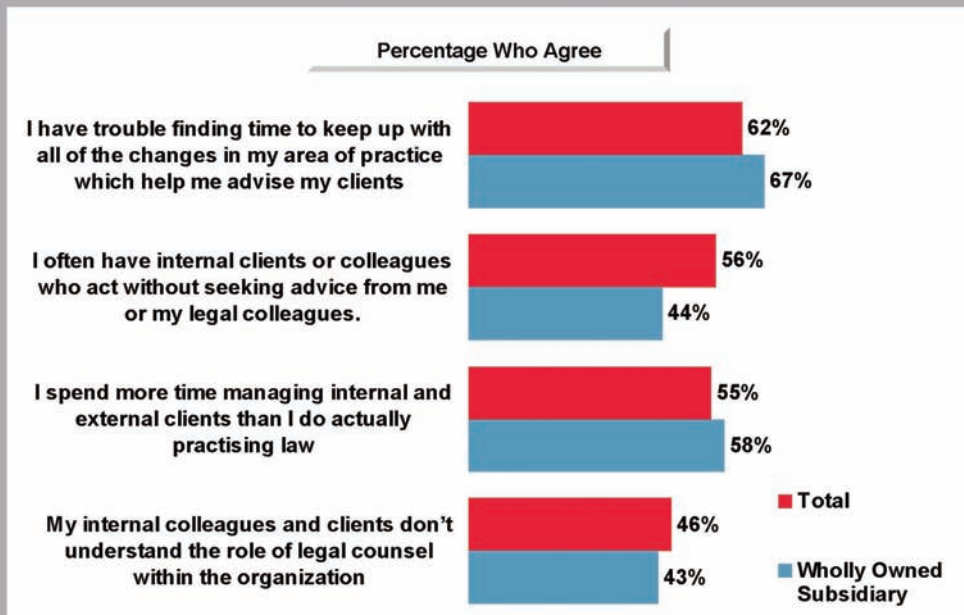
- 38% of in-house counsel in Wholly Owned Subsidiaries report their budgets have increased over the past 2 years - consistent with all other organization types.
- 29% report the budget has decreased vs. 19% in all other organization types.
- 33% report the budget has stayed the same vs. 43% in all other organization types.

Personal challenges of the profession



Workload is clearly the most challenging aspect for in-house counsel across the board, and it is no exception for those working for a Wholly Owned Subsidiary (38%). In-house counsel working in Wholly Owned Subsidiaries distinguish themselves from their colleagues in other types of organizations in that they are more likely to report a lack of resources (24% vs. 15% among all organizations).

Challenges for In-House Counsel

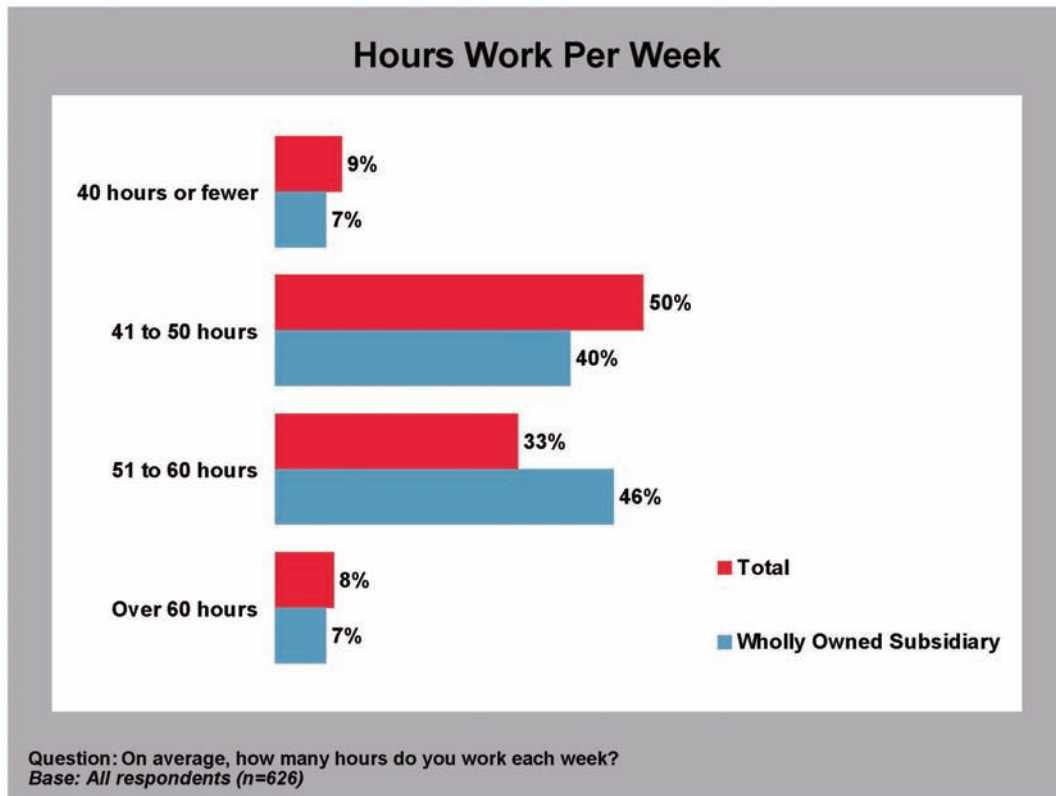


Question: Please indicate the extent to which you agree or disagree with each of the following statements.
 Base: All respondents (n=626)

The most significant challenges facing lawyers practising in-house for Wholly Owned Subsidiaries of Publicly Traded companies include keeping up with changes in their area of practice (67%) and managing clients at the expense of practising law (58%). These in-house counsel, however, are less likely than average to report that they have to deal with internal clients acting without seeking legal advice (44% vs. 56% on average).

The majority of in-house counsel in Wholly Owned Subsidiaries work 50 hours per week or less

On average, in-house counsel report working 46.6 hours a week compared to 47.8 hours reported by those working for Wholly Owned Subsidiaries.

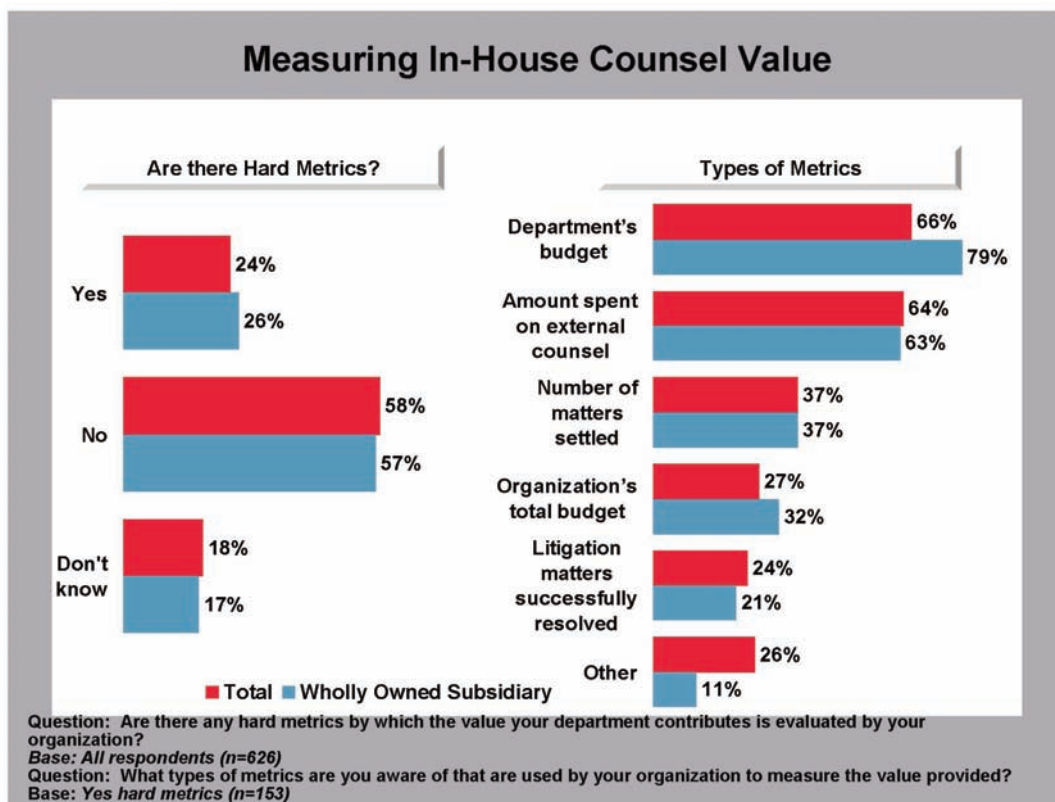


Perhaps related to workload challenges, a higher proportion of in-house counsel practising in this group report working between 51-60 hours per week (46% vs. 33% in all other types of organizations).

Hard measurement metrics are in place for a minority

As demonstrated earlier, the concept of managing and reducing risk associated with business decisions is identified by in-house counsel in all types of organizations as the way in which these employees demonstrate their value within their various workplaces.

When it comes to qualifying the value in-house counsel bring to their organization, a minority of in-house counsel practising in Wholly Owned Subsidiaries report that hard metrics are in place (24%). This finding is on par with the average percent across all types of organizations (24%).



The types of metrics that are in place vary considerably. Within Wholly Owned Subsidiaries, the legal department's budget is a metric used more commonly than in other types of organizations to measure value provided by in-house counsel.

Private Companies

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Profile of In-House Counsel Working for Private Companies

The aspects associated with being in-house counsel in Private companies are markedly different than in-house counsel serving in other types of organizations. In general, counsel who serve Private companies work longer hours with fewer in-house colleagues. Overall, in-house counsel working for Private companies represent 26% of in-house counsel profiled.

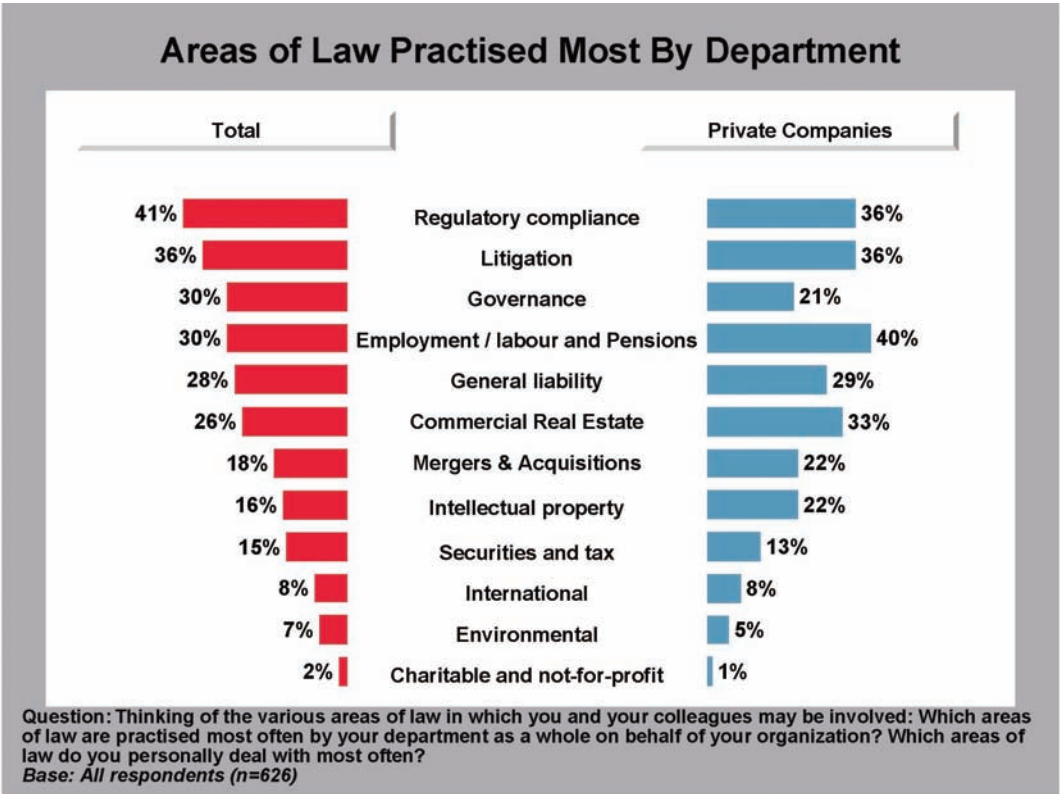
In-house counsel are more likely to work as a sole practitioner in a Privately owned organization (41% vs. 23% overall). The average number of lawyers in a Private company's legal department is 4.5; significantly lower than the overall average of 11 lawyers across all organization types. In addition, this group also has, on average, fewer support staff at their disposal (3 vs. 6).

Half (50%) of those working for Private companies report their organization's annual revenue is less than \$500,000. By comparison, only 36% in organizations with ownership structures other than private report revenues of less than \$500,000.

Private company in-house counsel are more likely than their counterparts to hold senior positions within their respective organizations. Those in Private companies are significantly more likely to be General Counsel than members in all other organization types (44% vs. 34% respectively).

In-house counsel operating in Private companies demonstrate different fields of practice from in-house counsel in other areas:

- In-house counsel in Private companies are more likely than counsel in all areas to practise Employment/labour and Pensions and Commercial Real Estate, and
- They are less likely to practise in areas related to Governance and Regulatory compliance.



NEW

Experience practising law

Those working for a Private company report having worked as in-house counsel for 10 years (on par with the overall average reported by all in-house counsel). As well, these lawyers report having worked for their current employer, on average, one less year than the 7 years reported by all in-house counsel.

Four-in-five (84%) in-house counsel in Private companies have experience in a private law firm, and spent an average of 7 years in private practice. These findings are on par with the overall in-house counsel average.

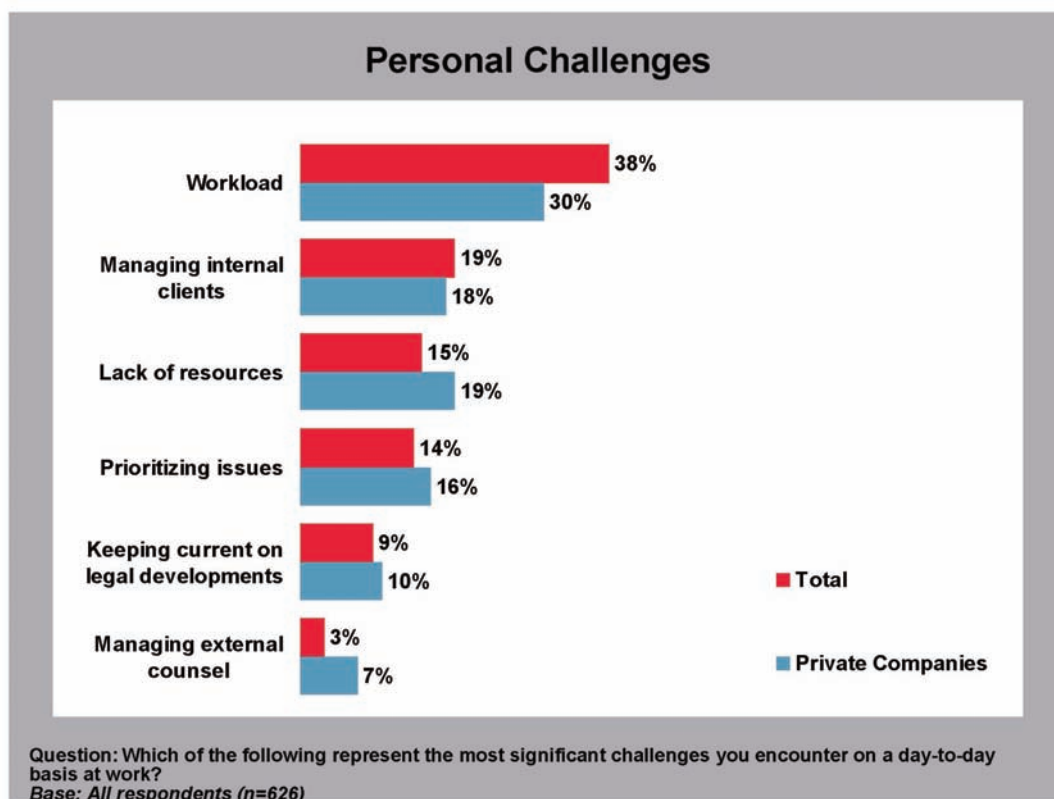
Legal department budget

In-house counsel working for a Private company report receiving a slightly lower percentage of the organization's budget than counsel in all other organization types (3% vs. 4% of all in-house counsel).

Overall, changes in the legal department's budget of a Private company over the past 2 years are on par with changes seen in other types of organizations:

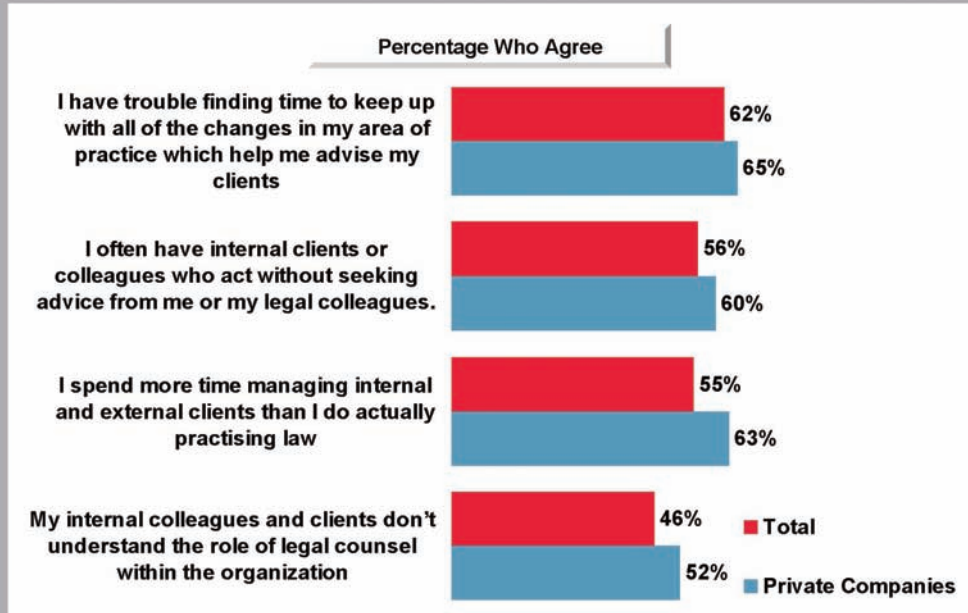
- 39% of in-house counsel working for a Private company report the budget has increased over the past 2 years vs. 38% in all organization types.
- 16% report the budget has decreased vs. 19% in all organization types.
- 45% report the budget has stayed the same vs. 43% in all organization types.

Personal challenges of the profession



While workload is clearly the most challenging aspect for in-house counsel across the board, it is less pronounced among in-house counsel practising in Private companies (30% vs. 38% overall). On the other hand, perhaps due in part to the comparatively smaller size of legal departments and fewer support staff, lack of resources is more of a challenge for these in-house counsel than in other types of organizations (19% vs. 15%).

Challenges for In-House Counsel



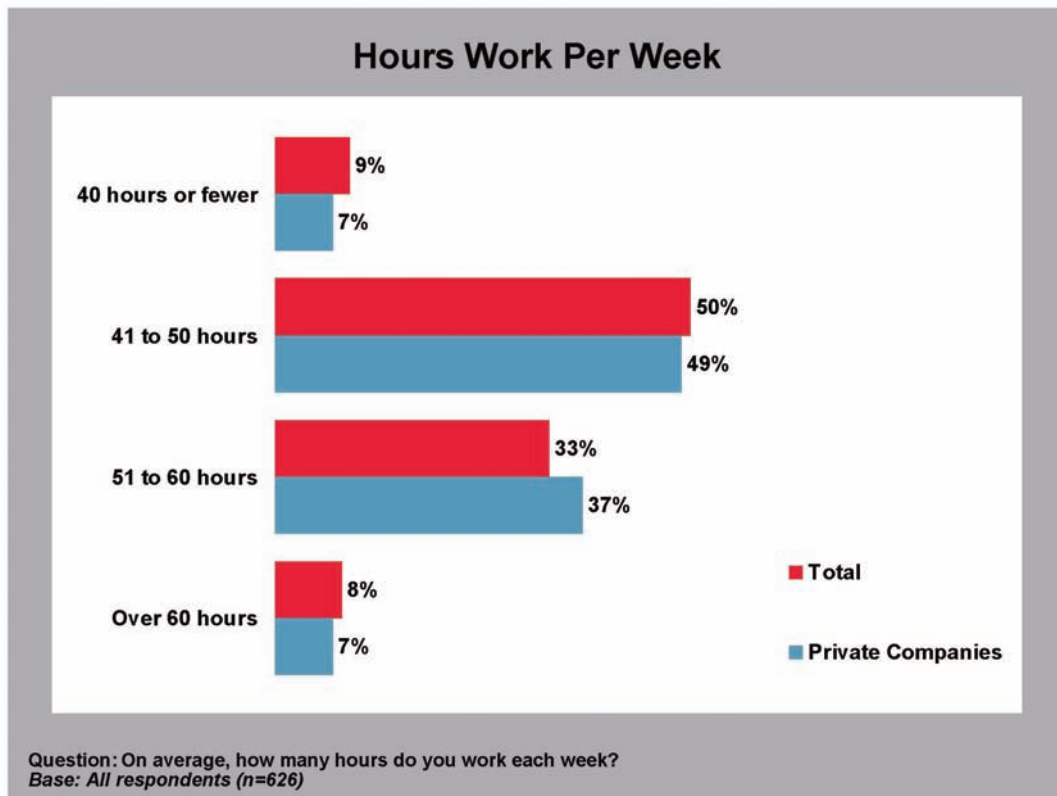
Question: Please indicate the extent to which you agree or disagree with each of the following statements.
 Base: All respondents (n=626)

When it comes to specific challenges for the profession, spending more time managing internal and external clients at the expense of legal work stands out as a pronounced challenge for in-house counsel working for a Private company (63% vs. 56% in other organization types).

It is noteworthy that in-house counsel practising in Private companies are more challenged than counsel in other organizations by a lack of understanding among internal clients and colleagues regarding their role in the organization (52% vs. 46% in all other organizations).

The majority of in-house counsel in Private companies work 50 hours per week or less

On average, in-house counsel report working 46.6 hours a week compared to 47.3 hours per week reported by in-house counsel practising in Private companies.



In-house counsel in Private companies are more likely to work between 51-60 hours per week (37% vs. 33%).

One-quarter of in-house counsel practising in Private companies report that the number of hours they currently work has increased in the past year (on par with the overall average of 25%). Of those who reported an increase in their hours this past year, the main reasons mentioned by these in-house counsel include:

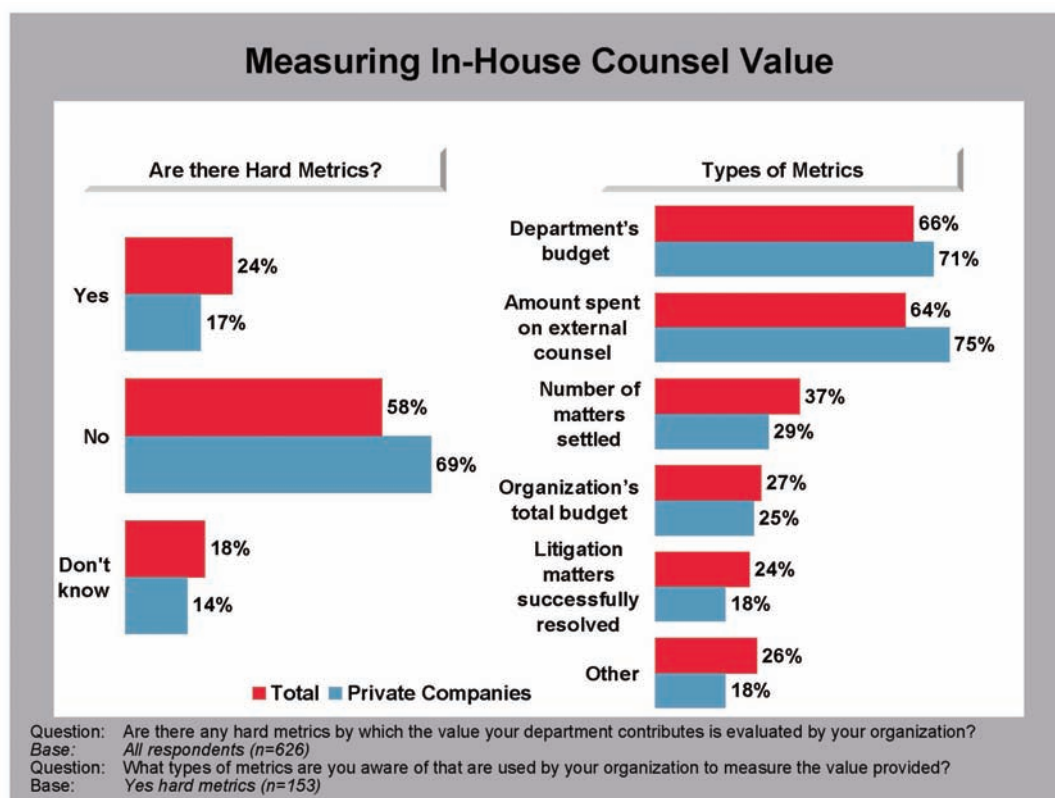
- Workload changes (40%)
- Change in role/responsibilities (31%)
- Company/corporate changes (29%)
- Staff/resources (24%)
- The economy and recession (12%)
- Budget cuts (10%)
- Increased complexity (7%)

These challenges are consistent across the various organization profiles.

Hard measurement metrics are in place for a minority

As demonstrated earlier, the concept of managing and reducing risk associated with business decisions is identified by in-house counsel in all types of organizations as the way in which these employees demonstrate their value within their various workplaces.

When it comes to quantifying the value in-house counsel bring to their organization, a minority of in-house counsel in Private companies report that hard metrics are in place (17%), significantly lower than the average (24%).



The types of metrics that are in place vary considerably. In Private companies, the amount spent on external counsel and department budget are the most common measurement metrics. In-house counsel in these companies are less likely than the average to indicate that the number of matters settled and litigation matters successfully resolved are metrics used to measure the value provided through their services.

Government

41

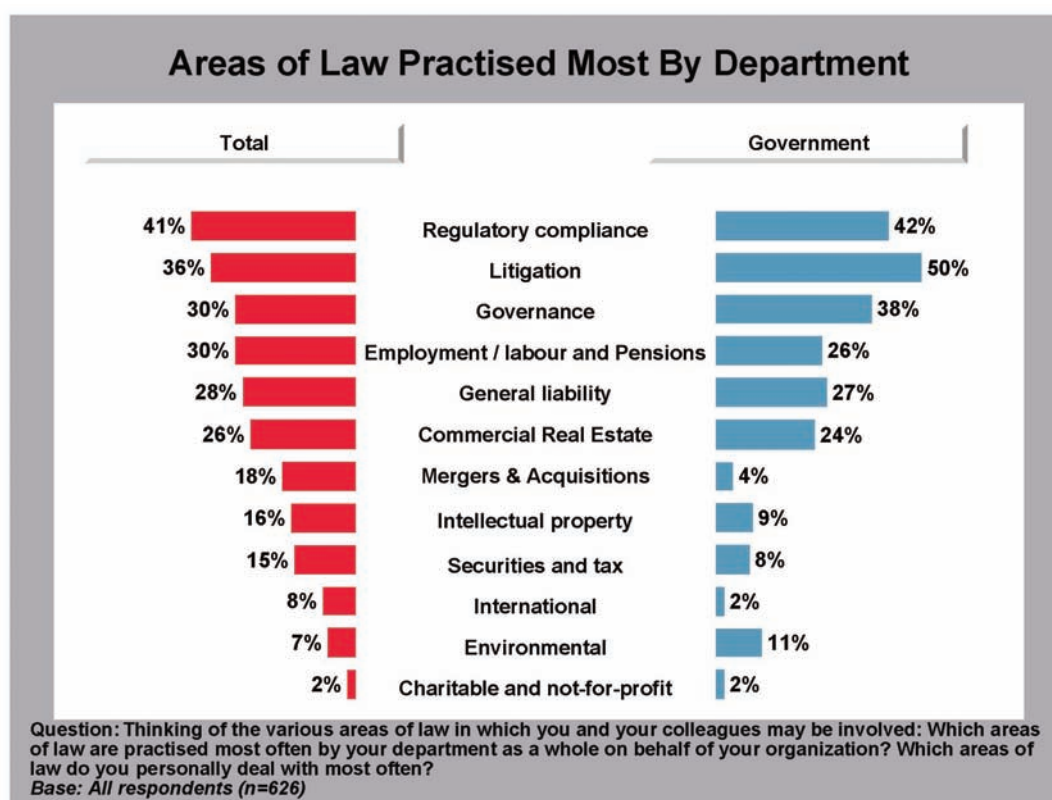
Profile of In-House Counsel in the Government

The Government sector is distinguished from other in-house practices in a number of interesting ways, including the areas of law typically practised and the specific challenges encountered in the practice. Overall, in-house counsel in Government represent 21% of the in-house counsel profiled.

Government lawyers are more likely to work in a larger team environment than in-house counsel in other organization types. The average number of lawyers in a Government legal department is 14, higher than the overall average of 11 lawyers across all types of practices. This group also has, on average, more legal support staff available (8 vs. 6).

Two-in-five (39%) in-house counsel in Government work for organizations with a reported annual revenue of less than \$500,000. This is on par with the overall average of reported annual revenue (36%).

There are some clear differences in the area of law practised most often in Government. Litigation emerges as one particular area of law where practices differ between organization types.



Those practising in Government are also more likely to practise law in the area of Governance. Not surprisingly, they are far less likely than counsel in other types of organizations to practise in the area of Mergers and Acquisitions.

Experience practising law

On average, in-house counsel in Government have been practising law for 19 years, higher than the overall average of 16 years. In-house counsel in Government are also more likely to have worked as in-house counsel longer than their counterparts: 12 years vs. 10 years.

Additionally, in-house counsel in Government have been with their current employers for an average of 9 years; longer than the overall average of 7 years.

When it comes to previous experience in private practice, some differences are evident as well. In-house counsel working in Government are somewhat less likely to have worked in private practice than their counterparts in other organization types (85% vs. 93% in Private companies and 92% working in Wholly Owned Subsidiaries). Overall, 85% of in-house counsel have worked in private practice at some point.

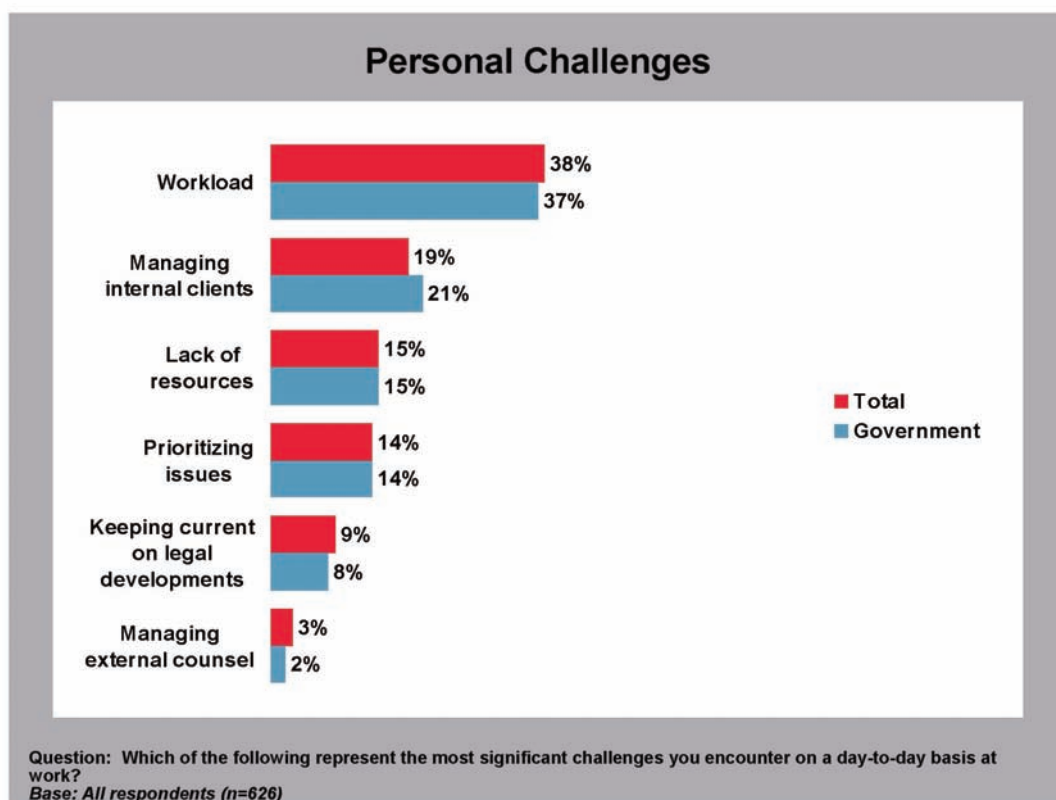
Legal department budget

In-house legal departments in Government receive a higher proportion of the organization's annual budget than counsel in other types of organizations. The average allocation to a Government in-house department is 7% while the average allocation for all types of organizations is 4%.

Overall, there is little variation in the Government's reported budget changes over the past 2 years compared with other organizations' budget changes.

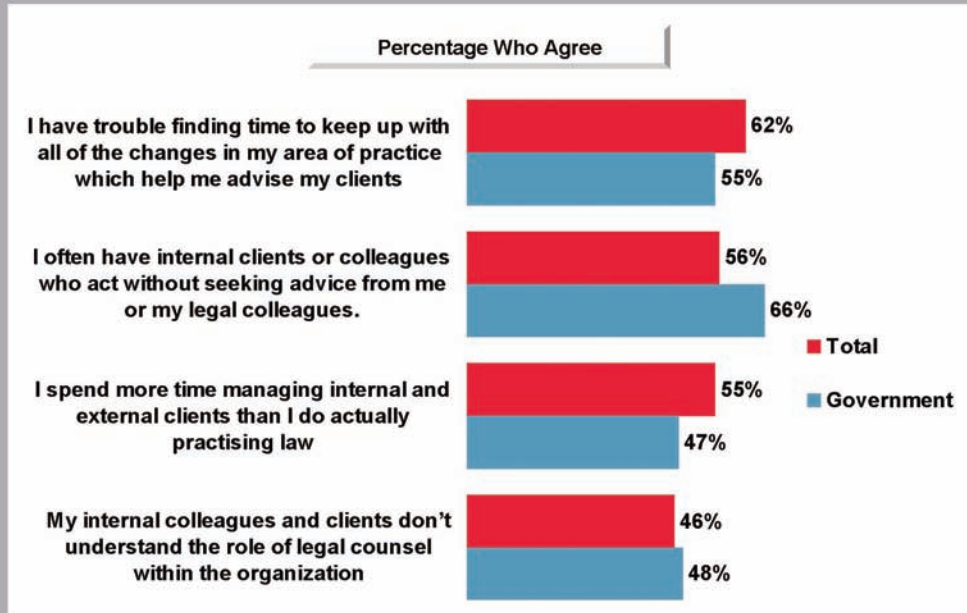
Personal challenges of the profession

On average, Government in-house counsel encounter a similar degree of professional challenges as in-house counsel working in other types of organizations.



Workload is clearly the most challenging aspect for in-house counsel, and the Government sector is no exception.

Challenges for In-House Counsel

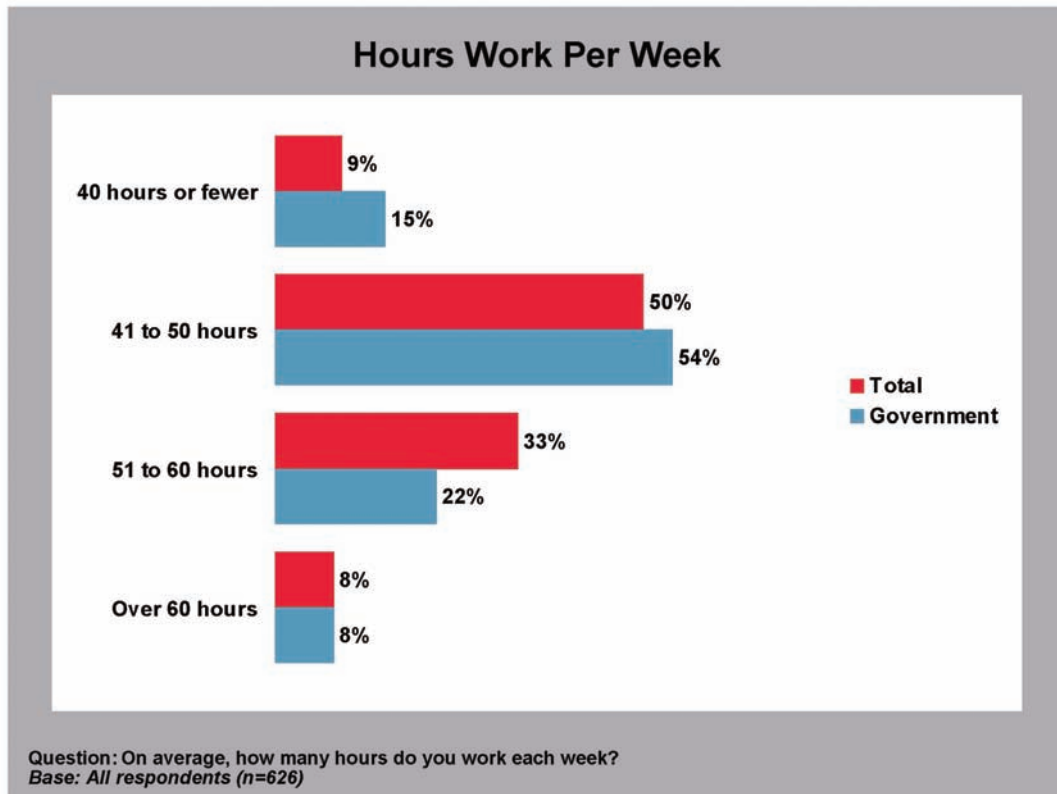


Question: Please indicate the extent to which you agree or disagree with each of the following statements.
 Base: All respondents (n=626)

When it comes to specific challenges for the profession, having internal clients or colleagues who act without seeking legal advice represents the most significant challenge for in-house counsel in Government. By comparison, in-house counsel in Government are less likely than their counterparts to suggest that they have difficulty keeping up with changes in their area of practice.

The majority of in-house counsel in Government work 50 hours per week or less

On average, in-house counsel work 46.6 hours a week and those in Government work an average of 45 hours per week.

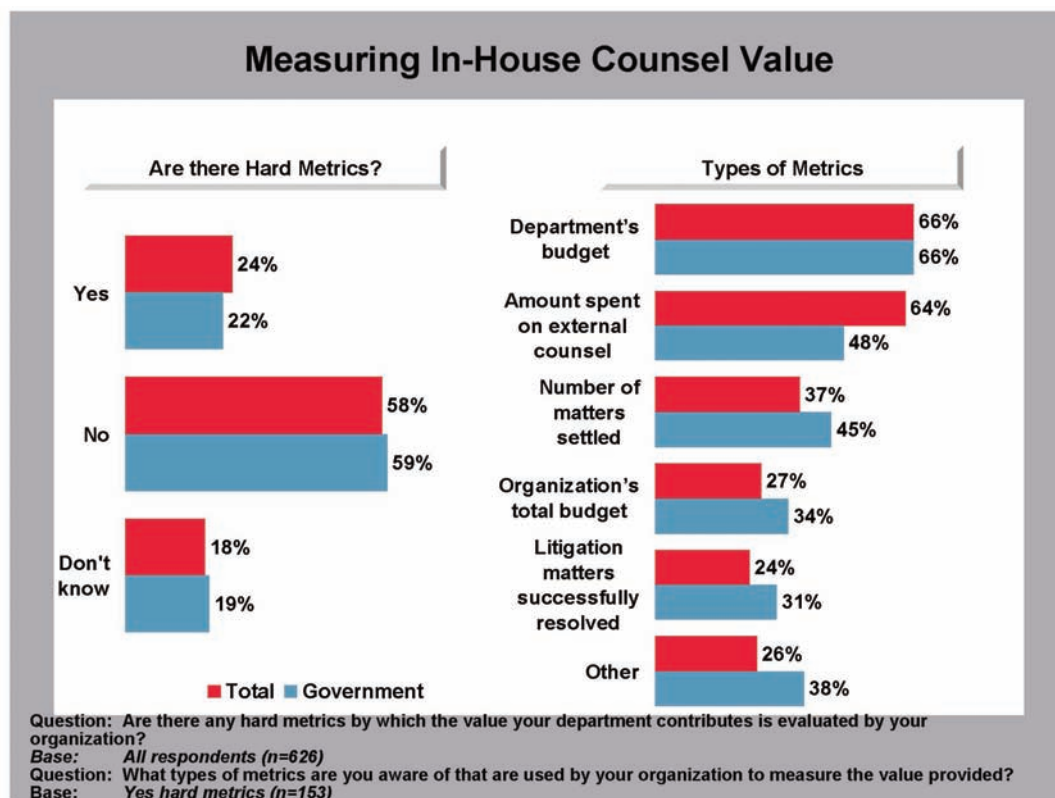


In-house counsel in Government are more likely than those in any other types of organizations to report working between 41-50 hours per week (54% vs. 50%).

Hard measurement metrics are in place for a minority

As demonstrated earlier, the concept of managing and reducing risk associated with business decisions is identified by in-house counsel in all types of organizations as the way in which these employees demonstrate their value within their various workplaces.

When it comes to qualifying the value in-house counsel bring to their Government organization, only one-in-five report that hard metrics are in place (22%). This is on par with the percentage of other types of organizations with hard metrics in place (24%).



The metrics used to demonstrate value of in-house counsel in Government differ significantly from those used in other types of organizations. While departmental budget and external counsel spend top the list, it is far more common in Government to measure value according to the number of settlements (45% vs. 37%), the organization's total budget (34% vs. 27%) and the number of litigation matters successfully resolved (31% vs. 24%).

Not-for-Profit and Other Types of Organizations

4.9

Profile of In-House Counsel in the Not-for-Profit Organizations

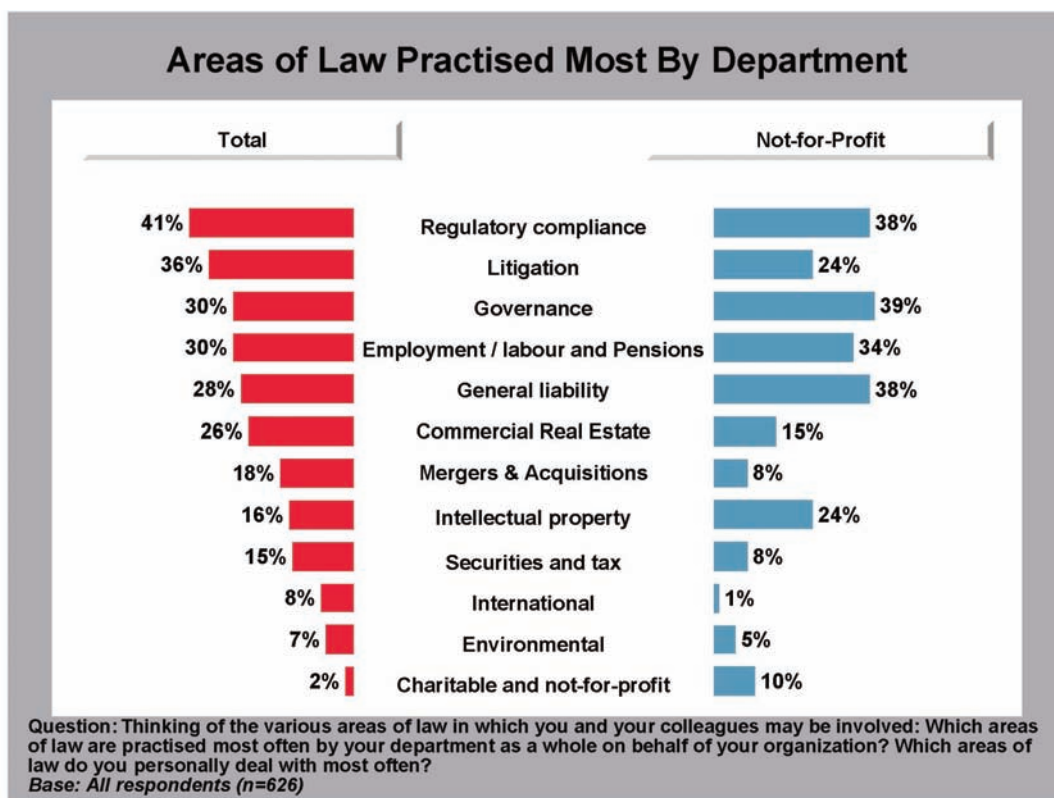
In this section, we profile in-house counsel who work for a Not-for-Profit organization, or another type of organization outside of Publicly Traded Companies, Wholly Owned Subsidiaries, Private companies, or Government. For the purposes of clarity, we refer to the organization type as “Not-for-Profit” (NFP).

The Not-for-Profit in-house counsel experience is unique and diverse from other in-house scenarios in a number of interesting ways, including the type of law practised most, the team environment and specific challenges NFP in-house counsel encounter. Overall, in-house counsel working for a Not-for-Profit organization represent 13% of the in-house counsel profiled.

Not-for-Profit in-house counsel are more likely to work in a smaller team environment than in-house counsel in other types of organizations. The average number of lawyers in a Not-for-Profit legal department is 6, significantly lower than the overall average of 11 lawyers across all practices. This group also has, on average, fewer legal support staff at their disposal (4 vs. 6).

The majority of those in an NFP organization work for organizations with reported lower annual revenues: 56% work for an organization whose annual revenue is less than \$500,000. By comparison, only 36% of those working outside of the Not-for-Profit realm work for organizations with reported revenues below \$500,000.

There are some clear differences in the areas of law practised most often by Not-for-Profit in-house counsel. For example, Governance, General Liability, Intellectual Property, Charitable and Not-for-Profit all emerge as areas of practice more often than those in other types of organizations.



Experience practising law

On average, NFP in-house counsel have been practising law for 16 years; equivalent to the overall average of 16 years spent in practice among all CCCA members. There are no significant variations between the Not-for-Profit in-house counsel and in-house counsel who work for other organization types in terms of the length of time they have worked as in-house counsel (9 years). Furthermore, Not-for-Profit in-house counsel have been with their current employers for an average of 7 years (on par with the overall average of 7 years).

When it comes to previous experience in private practice, some differences emerge. In-house counsel working for a Not-for-Profit organization are less likely to have worked in private practice (75% vs. 86%). Interestingly, however, the average time spent in private practice among those who are now in-house counsel in a Not-for-Profit organization is slightly longer than the average among counsel in all other organizations (8 years vs. 7 years).

Legal department budget

Not-for-Profit organizations receive a higher percentage of their organization's annual budget for their in-house legal department than counsel in other types of organizations. The average allocation to a Not-for-Profit in-house department is 8%, while the average allocation for other types of organizations is 4%.

Legal budgets in the Not-for-Profit organizations do not appear to have experienced the same constriction reported by other organization types over the past 2 years. Specifically:

- 43% of Not-for-Profit in-house counsel report the budget has increased over the past 2 years vs. 38%.
- 13% report the budget has decreased vs. 19%.
- 45% report the budget has stayed the same vs. 43%.

Personal challenges of the profession

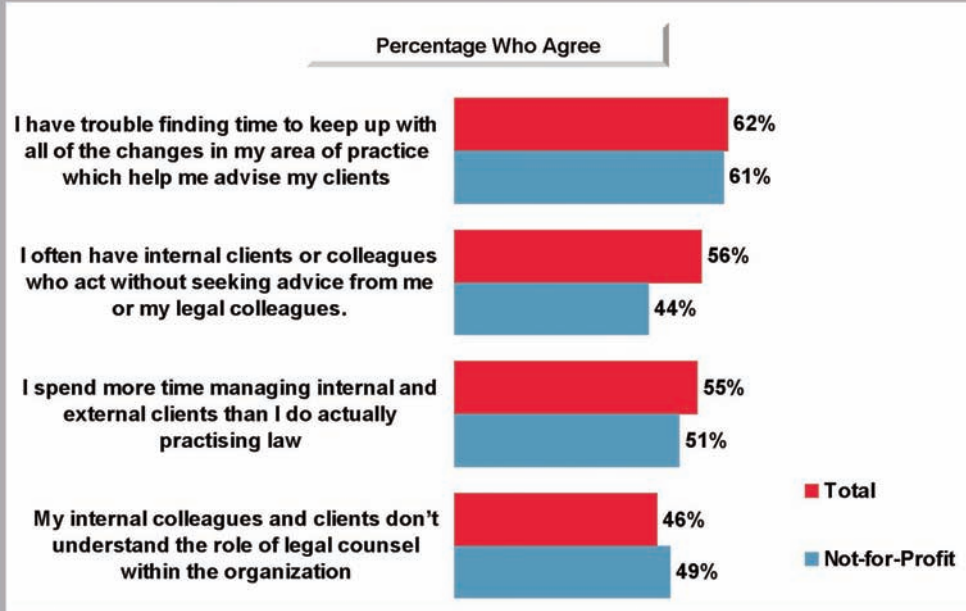


On average, NFP in-house counsel encounter a similar degree of professional challenges as in-house counsel in other types of organizations, with the exception of perceived workload and keeping current on legal developments.

While workload is clearly the most challenging aspect for in-house counsel across the board, it is more pronounced in NFP organizations (44% vs. 38% overall). Also more of an issue for practitioners in the area of NFP is keeping current on legal developments (14% vs. 9%).

By comparison, Not-for-Profit in-house counsel are less apt than counsel in other types of organizations to report managing internal clients as an issue (14% vs. 19%, respectively).

Challenges for In-House Counsel



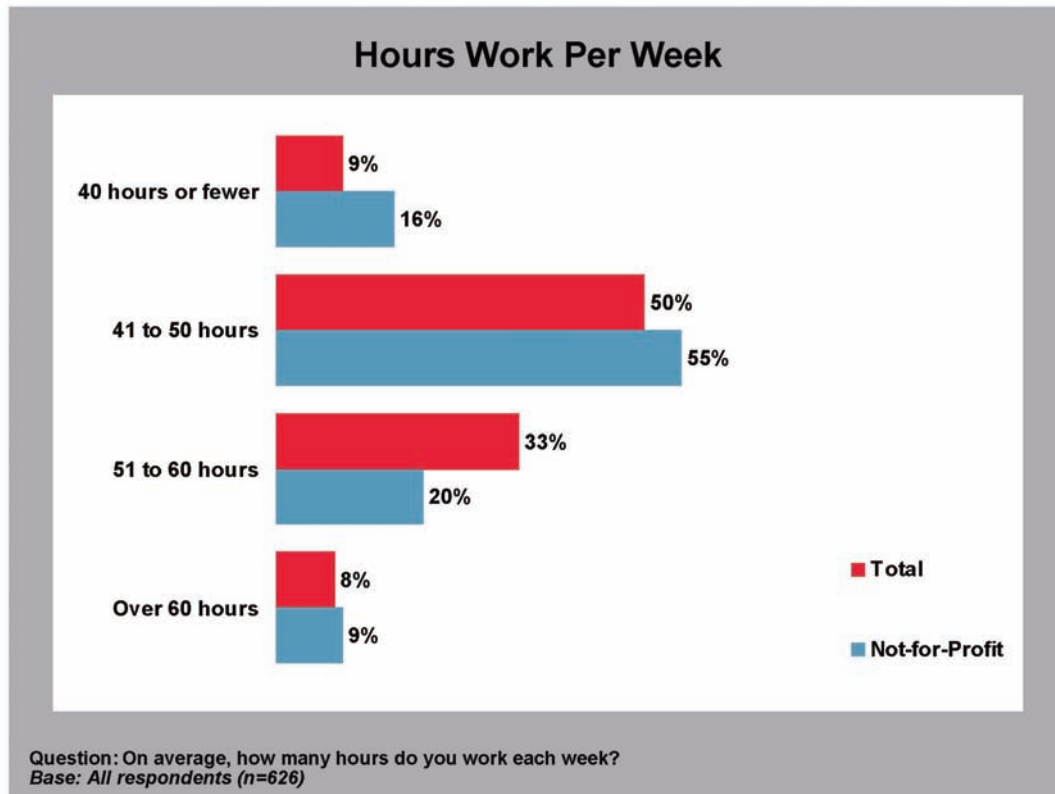
Question: Please indicate the extent to which you agree or disagree with each of the following statements.
 Base: All respondents (n=626)

When it comes to specific challenges for the profession, having trouble keeping up with changes in the practice is offered as the most significant challenge by both Not-for-Profit in-house counsel and in-house counsel outside of Not-for-Profit.

It is noteworthy that having internal clients or colleagues acting without seeking advice from legal counsel is less of a challenge in the NFP than in other types of organizations (44% vs. 56% of all in-house counsel).

Not-for-Profit in-house counsel are less likely to work over 50 hours a week

On average, in-house counsel report working 46.6 hours a week compared to 44.5 hours reported by Not-for-Profit. A smaller proportion of NFP in-house counsel report working between 51-60 hours per week than in-house counsel working in other types of organizations (20% vs. 33%).



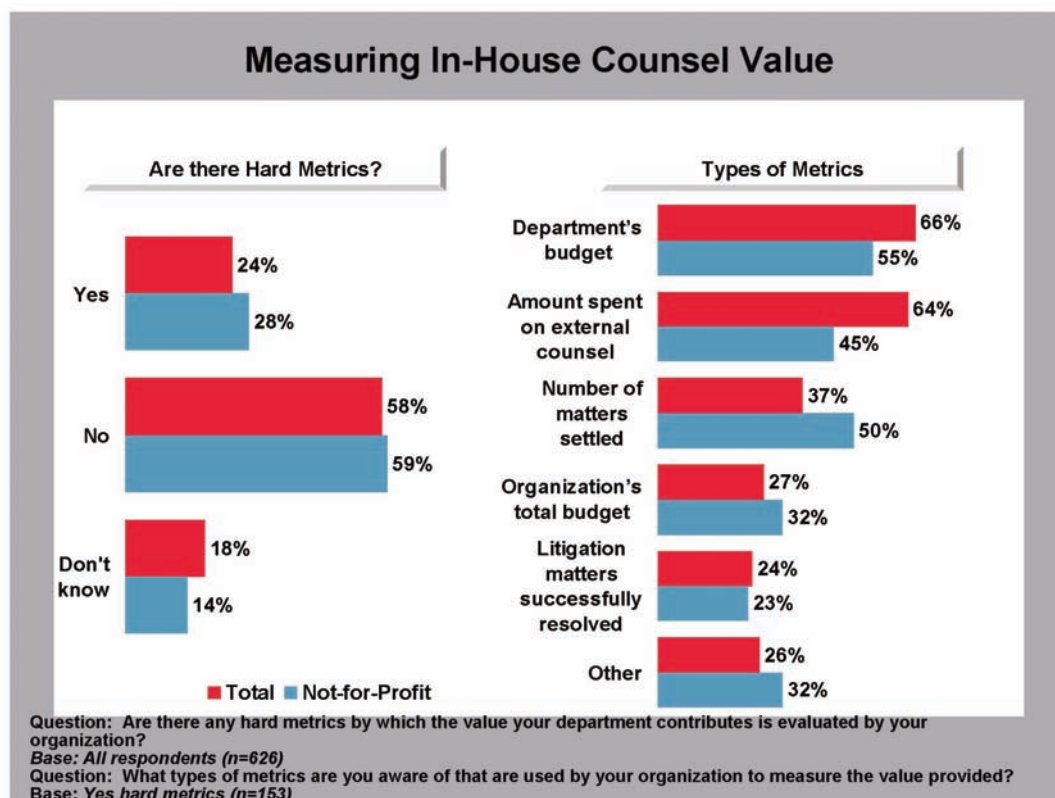
A smaller proportion of NFP in-house counsel report working between 51-60 hours per week than in-house counsel working in other types of organizations (20% vs. 33%).

A minority (18%) of NFP in-house counsel report a change in hours worked over the past 2 years - 18% report an increase, while 14% report a decrease.

Hard measurement metrics are in place for a minority

As demonstrated earlier, the concept of managing and reducing risk associated with business decisions is identified by in-house counsel in all types of organizations as the way in which these employees demonstrate their value within their various workplaces.

When it comes to qualifying the value in-house counsel bring to their organization, a minority of NFP in-house counsel report that hard metrics are in place (28%), similar to the average (24%).



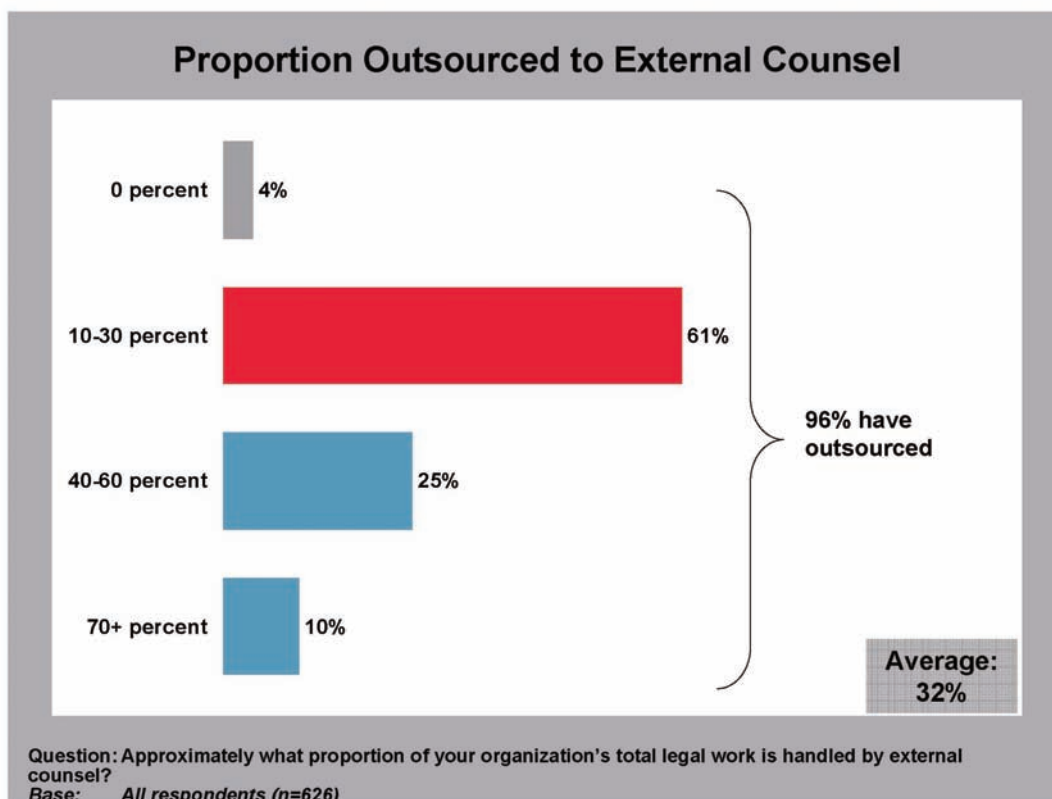
The types of metrics that are in place vary considerably. In Not-for-Profit organizations, metrics are less likely to involve departmental budget and external counsel spend than the average across all types of organizations, while the number of matters settled is used more commonly than in other types of organizations (50% vs. 37%).

Relationships with **External Counsel**

57

Majority outsource in the range of 10-30% to external counsel

Outsourcing legal work to outside counsel is a regular aspect of in-house counsel's role according to the majority of CCCA members. However, the percentage that is outsourced varies considerably by different counsel demographics and profiles. Overall, three-in-five (61%) outsource approximately 10-30% of their organization's legal work to external counsel. The average proportion outsourced is 32%.



IN-HOUSE COUNSEL PROFILE VARIATIONS

On average, in-house counsel who report working the most hours (60 hours or more per week) outsource the highest percentage of legal work to external counsel (36.3%), while in-house counsel who work the fewest hours per week (less than 40) outsource the lowest percentage (28%). The biggest aspect of in-house practice for those who work the most hours on average is legal work (40%); management (32%) and business strategy (28%) comprise less of their day-to-day work.

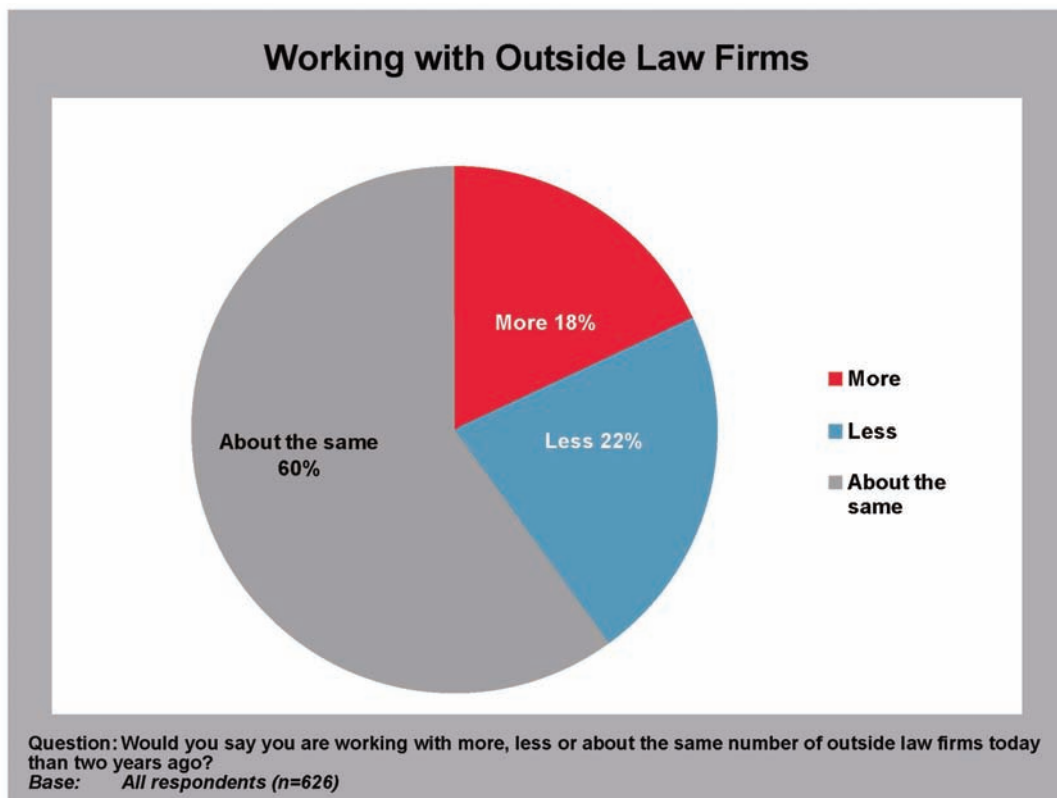
When it comes to the type of law practised most by in-house departments, those who practise Mergers and Acquisitions are the most likely to outsource the largest percentage of legal work to external counsel (38%) while Employment, Labour and Pensions outsource the smallest percentage (30%).

Those most likely to outsource more than 70% of their organization's legal work to external counsel include counsel who:

- Work in Private companies (15%).
- Work for a Wholly Owned Subsidiary of a Publicly Traded company (15%).
- Work at an organization with just one lawyer (18%).
- Practise in companies with an annual revenue of less than \$500 million.

Nearly one-quarter of in-house counsel are working with more outside law firms than they were 2 years ago

Nearly one-quarter (22%) of in-house counsel report they are working with more outside law firms compared to 2 years ago, representing a slight shift back to levels reported in 2008 (in 2009, 19% reported they were working with more outside law firms vs. 26% in 2008).



The change in the number of outside law firms employed by in-house counsel is consistent across the different counsel profiles.

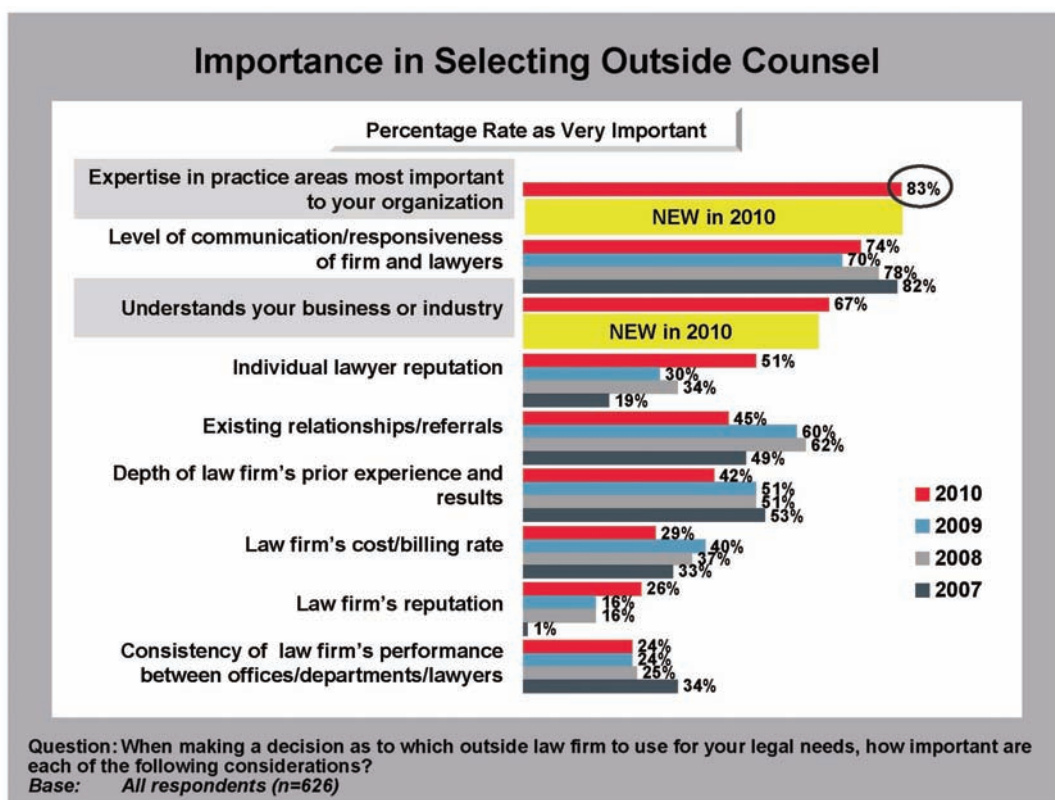
Practice area expertise now tops the list as the number one consideration when choosing an outside law firm

Practice area expertise is the most important consideration when choosing outside counsel, an indication that in-house counsel seek outside counsel assistance for specialty-related matters. Eight-in-ten (83%) report that practice area expertise is a “very important” consideration, while the level of communication and responsiveness afforded by external counsel (74%) is the second-most important consideration.

Interestingly, less than one-third report that the law firm’s cost/billing rate (29%), reputation (26%) and consistency of performance (24%) are very important considerations.

In 2010, there are a few noteworthy changes in what in-house counsel prioritize when selecting external counsel:

- The importance of the lawyers’ reputation has increased significantly (from 30% in 2009 to 51% in 2010) as has the importance of the law firm’s reputation (from 16% in 2009 to 26% in 2010).
- In-house counsel now place less importance on existing referrals (45% in 2010 vs. 60% in 2009).
- Fewer rate the law firm’s billing rate and the depth of the law firm’s prior experience and results as important considerations than in previous years.



IN-HOUSE COUNSEL PROFILE VARIATIONS

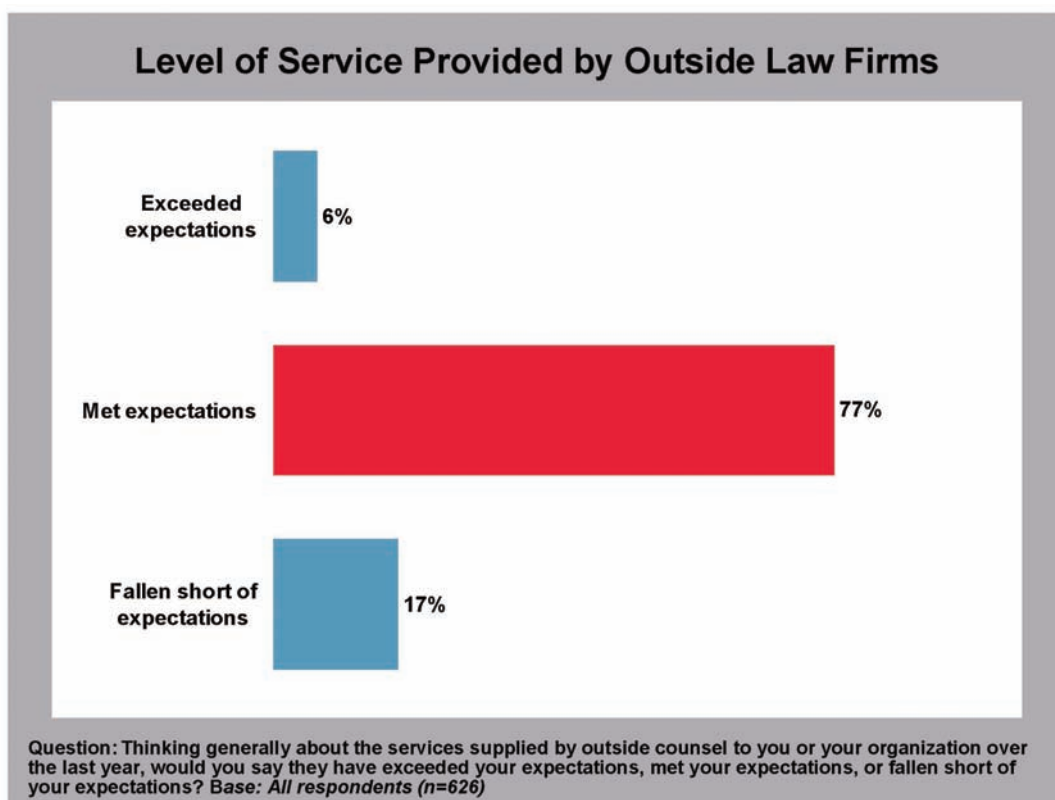
- “Expertise in practice areas most important to your organization” weighs highest for Senior Counsel (90%) and counsel who work for a Not-for-Profit organization (90%) when engaging outside counsel.
- Counsel whose department focuses most on Regulatory Compliance are the most likely to consider “understands your business or industry” as very important (76%).
- Sole Practitioners prioritize “existing relationships and referrals” (55%) when considering which outside counsel to engage.

Interestingly, when it comes to the firm’s cost/billing rate, we do not see any significant variation by organization revenue or size of the legal department.

NEW

Quality of service by outside counsel met expectations

Overall, the vast majority (77%) of in-house counsel report that the services supplied by outside counsel over the past year “met expectations”, while 17% say the services supplied fall short of expectations. Just 6% feel that the level of service exceeded expectations; an indication that in-house counsel’s expectations are sufficiently met, but there is certainly room for improvement in the relationship.



IN-HOUSE COUNSEL PROFILE VARIATIONS

Perceived level of service varies considerably by in-house counsel profile:

- In-house counsel who work for a Private company and those who work for a Wholly Owned Subsidiary of a Publicly Traded company disproportionately say outside counsel fall short of expectations (25% and 24% respectively).
- Those who work in the role of “counsel” are more likely than those who work in more senior positions (Senior Counsel and General Counsel) to say outside counsel fall short of expectations (21% and 15% respectively).
- In-house counsel whose department primarily works in Securities and Tax are more likely than other practice areas to view outside counsel's services as below expectations (23%).

Why did the services received from external counsel exceed expectations? Top-of-mind, in-house counsel mention **good service** (86%), which includes, “responsive to our needs” (19%), “delivers good results” (14%), “extremely devoted and committed” (8%) and “they keep up to date” (6%), followed by mentions in the category of **good advice** (44%).

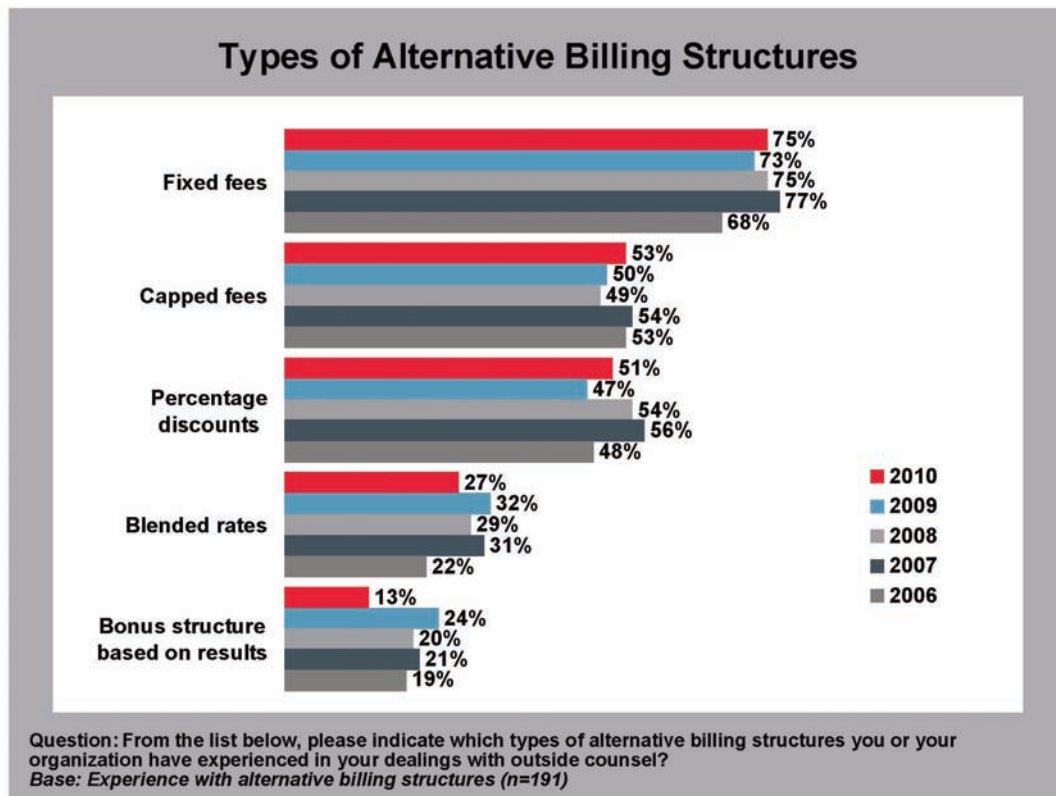
And how did outside counsel fall short of expectations? Nearly seven-in-ten (67%) mention **poor service** top of mind, including “service too slow” (21%), “not responsive” (14%), “lack of communication” (9%) and “lack of reactivity” (6%). Another 36% cite the **expensive cost** and 23% report that outside counsel has a **lack of knowledge or understanding**. For 15%, the **advice offered was poor**.

Three-in-ten have experience with alternative billing structures, a slight decrease from 2009

Three-in-ten (31%) in-house counsel report that they have had experience with alternative billing structures other than “hourly billing” when dealing with outside counsel. This finding is a slight decrease from 2009 when 38% reported having had experience with alternative billing structures.

In-house counsel is more likely to have worked with alternative billing structures if:

- They hold senior positions (Assistant Counsel 39%, General Counsel 35%).
- They work for an organization with an annual revenue of over \$2 billion (48%).
- They work for an organization with 25 or more lawyers (40%).



Among those respondents who have had experience with alternative billing structures other than hourly billing, three-quarters (75%) paid a fixed fee, unchanged from 2009 (73%). In 2010, fewer in-house counsel report they have used blended rates (27%) or a bonus structure based on results (13%).

IN-HOUSE COUNSEL PROFILE VARIATIONS

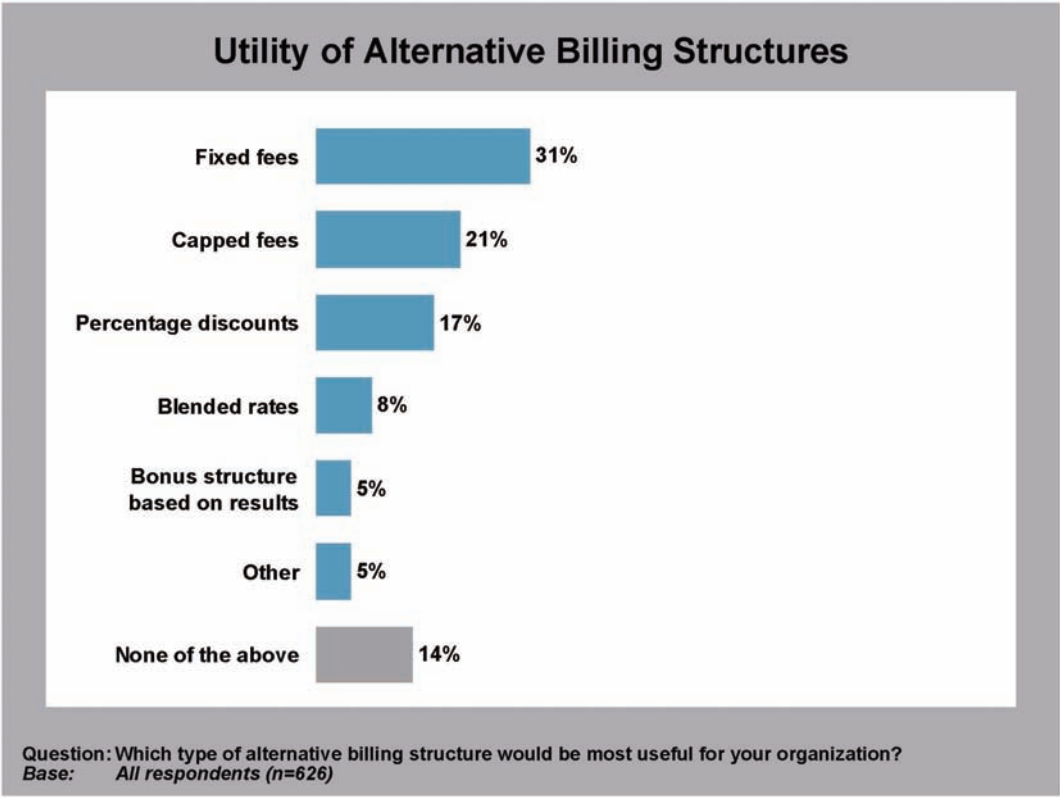
Some noteworthy differences across the various in-house profiles when it comes to alternative billing structures include:

- In-house counsel who work in legal departments with 25 or more lawyers are most likely to have had experience with fixed fees (82%) while sole practitioners are the least likely (73%).
- Those working in Publicly Traded companies are most likely to have had experience with percent discounts (71%); those working in a Not-for-Profit organization are the least likely (17%).

NEW

In-house counsel find fixed fees most useful

This year, in-house counsel was asked which type of alternative billing structure they would find most useful for their organization. A fixed fee is perceived as the most useful (31%), followed by capped fees (21%) and percentage discounts (17%).



The Role of General Counsel

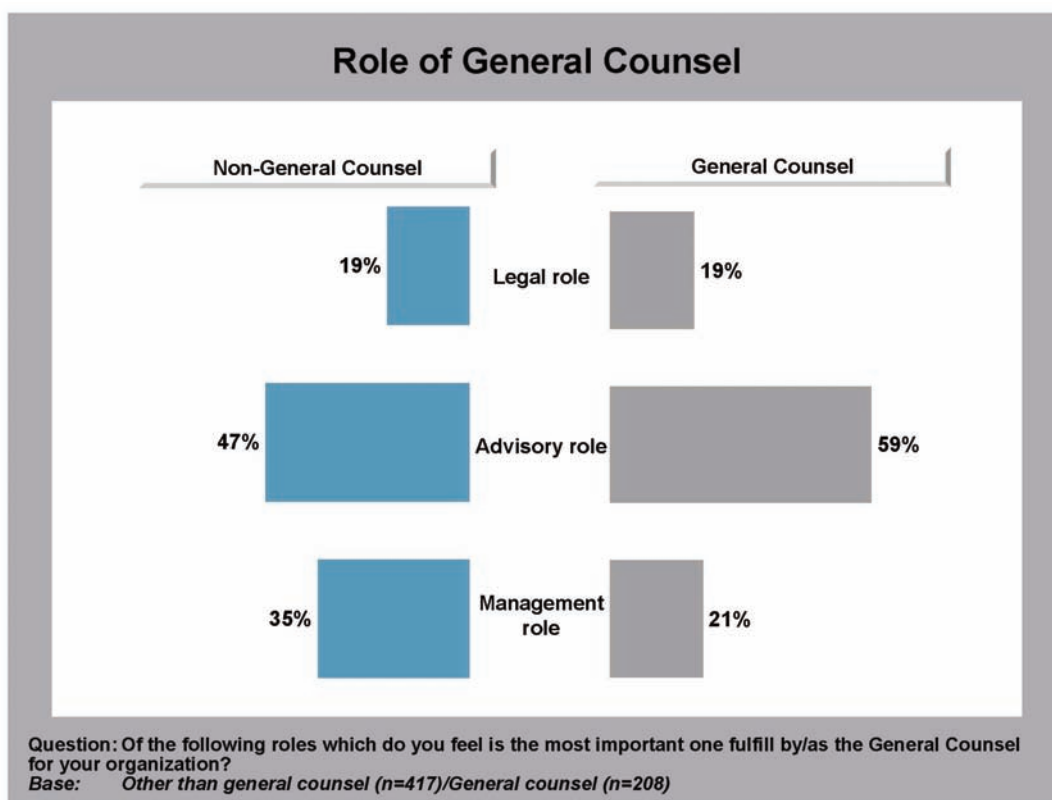
65

In this year's report, we explore the role of General Counsel through the feedback from General Counsel themselves and from in-house counsel who do not currently hold this position – those who are Counsel, Senior Counsel, and Assistant/Associate General Counsel (referred to as Assistant General Counsel). The differences in perceptions of the role provide an interesting frame of reference for in-house counsel.

NEW

Perceived vs. actual role of General Counsel

General Counsel feel that the most important role they fill for their organization is in their advisory capacity. By comparison, in-house counsel who are not General Counsel also see the advisory role as important, but also place high priority on the management role implied in the title.



The perception that the management role is the most important is prevalent among non-General Counsel practitioners who:

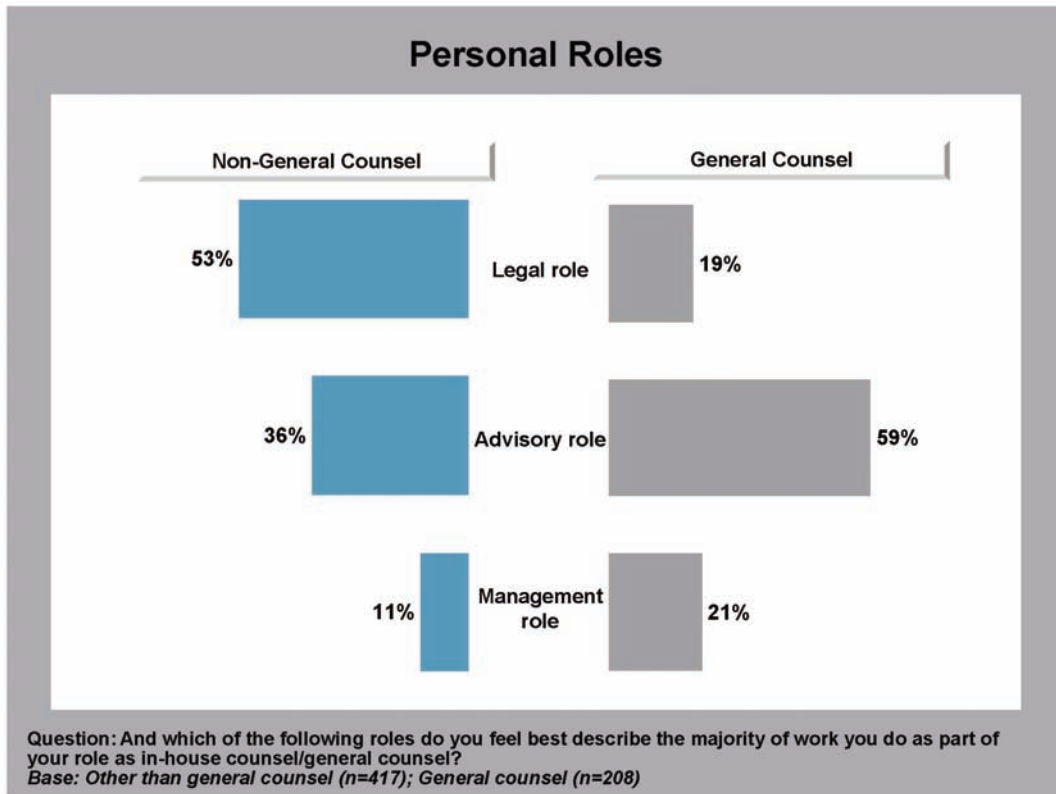
- Work in a legal department with more than 25 lawyers (49%).
- Work as Senior Counsel (38%).

Those who are not General Counsel and are most likely to report a legal role is most important:

- Work for a Not-for-Profit organization (25%).
- Work in legal departments with fewer than 3 lawyers (36%).

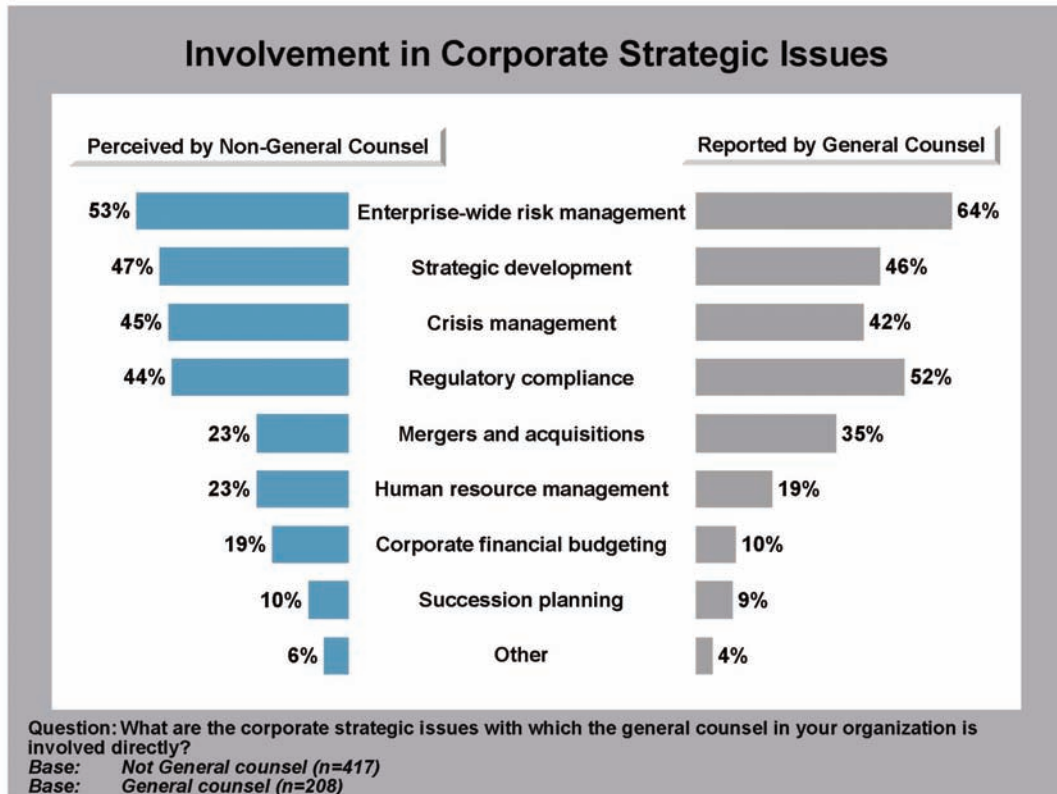
Distinct differences exist in roles of in-house counsel

When it comes to the majority of the work General Counsel fulfill and the majority of the work those who are not General Counsel fulfill, distinct differences exist. Those who are Counsel, Senior Counsel and Assistant Counsel report half (53%) of the work they do is in a legal capacity, 36% is in an advisory role and 11% is a management role. General Counsel, on the other hand, report 59% of the work they do is in an advisory role, 21% is a management role and 19% is a legal role.



Enterprise-wide management and regulatory compliance top issues for General Counsel

When asked which strategic issues involve their organization's General Counsel directly, almost two-thirds (64%) of General Counsel members identify enterprise-wide risk management, followed by regulatory compliance (52%).



In general, perceptions regarding areas of strategy broached by General Counsel are on par among other levels of practice, with the exception of risk management, regulatory compliance, and mergers and acquisitions; in each case, General Counsel, themselves, are more likely than other counsel members to report they work in each of these areas.



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