



IN-DEPTH TOP GENERAL COUNSEL COMPENSATION REPORT

An Analysis from Equilar's Top 25 Survey

EQUILAR®

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* Advantage Pricing is for companies that benchmark to organizations with under \$500 million in annual revenue. We developed Advantage Pricing for smaller organizations that may not have staff or budget specifically dedicated for executive compensation analysis.

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INTRODUCTION

EXECUTIVE SUMMARY

As the recent economic climate produces a new wave of merger and acquisition activities, corporations are becoming increasingly dependent on General Counsels and their valuable guidance on corporate strategy and policy. Despite their prominent role in the corporate hierarchy, their compensation disclosure in proxy filings is often limited. In 2008, only 193 General Counsels were reported in Fortune 1000 proxies, making up a mere 20% disclosure rate.

Equilar's annual Top 25 Senior Officer Compensation Survey offers a new and reliable source of compensation data to fill in the gap. The 2009 survey includes data from nearly one third of Fortune 1000 companies across a representative sampling of industries. Over 80% participants reported a total of 275 General Counsels in the survey. We have used this data to take an in-depth look into compensation packages received by General Counsels in the Fortune 1000 companies.

In addition to providing a breakdown of pay, this report presents an analysis on perquisites and award structure, and offers an overview of differences in General Counsel pay across industry, company size, among other factors.

KEY FINDINGS

Compensation

- The median total compensation for General Counsels reported in Equilar's 2009 Top 25 Survey was \$1,166,533.
- General Counsels who report directly to the CEO enjoyed a median pay of \$1.3 million, 45.7% higher than those who are further down the corporate hierarchy.
- There is a direct relationship between number of years a General Counsel has been with a company and how much he or she gets paid.
- The median General Counsel pay at companies with more than \$20 billion revenue was \$2,325,181, nearly three times the median pay at companies with less than \$5 billion in revenue.
- General Counsels at companies located in the Midwest or South census regions were paid less than their peers in the Northeast or West census regions.
- Despite relatively low median revenue, companies in the Technology, Media, and Telecommunications industry paid their General Counsels more than any other industry. In contrast, General Counsels in the Energy, Utilities, and Materials industry received less pay than their peers, even though their median revenue was the highest.

Change in Pay

- While more General Counsels received pay cuts in 2009, pay raises received by other General Counsels more than made up the difference.

Perquisites

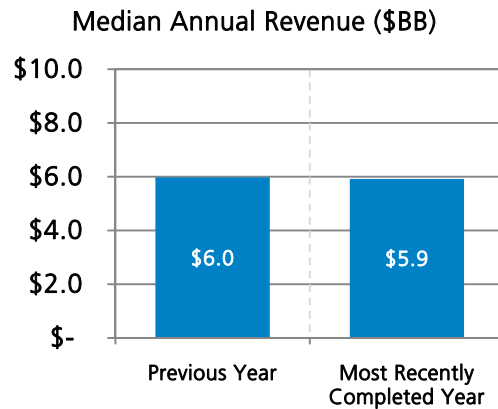
- 74.2% of General Counsels in the survey were eligible to receive perquisites.
- Perquisite eligibility shows a direct correlation with company revenue, except in the largest companies.
- Despite lower median pay, General Counsels from the South are more likely than their peers in other census regions to receive perquisites.
- Despite higher median pay, General Counsels working in Technology, Media, or Telecommunications companies are less likely than their peers in other industries to receive perquisites.

REPORT SCOPE

Details presented in this top General Counsel compensation report were derived from data collected through Equilar’s 2009 Top 25 Senior Officer Survey. Nearly a third of Fortune 1000 companies participated in our 2009 survey, providing data on a total of 275 General. Similar analysis using custom peer companies can be created using Equilar’s ExecutiveInsight™ product. The following charts and tables provide summary information about the makeup of companies included in this analysis.

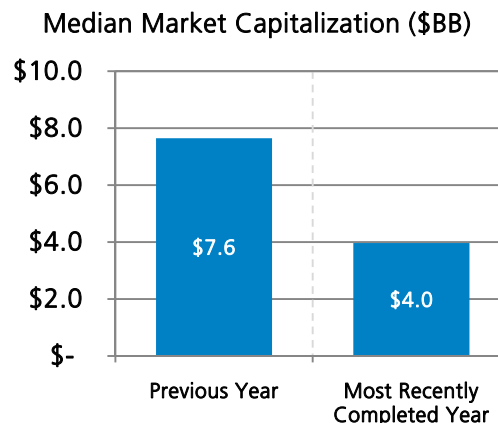
Annual Revenue

In the most recently completed fiscal year, companies that reported General Counsels in the Equilar Top 25 Survey had median annual revenue of approximately \$5.9 billion. This represents a 0.9% decline over the prior year.



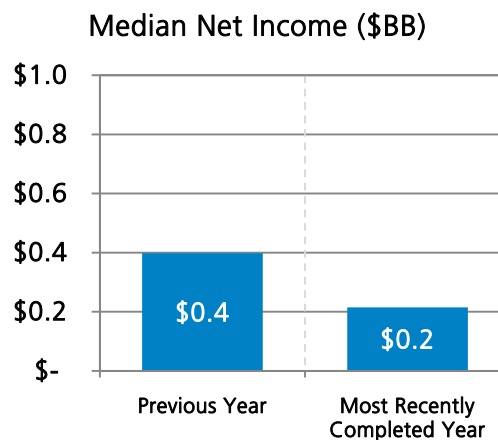
Fiscal Year End Market Capitalization

In the most recently completed fiscal year, companies that reported General Counsels in the Equilar Top 25 Survey had a median fiscal year-end market capitalization of approximately \$4 billion. This represents a 48.1% decline over the prior year.



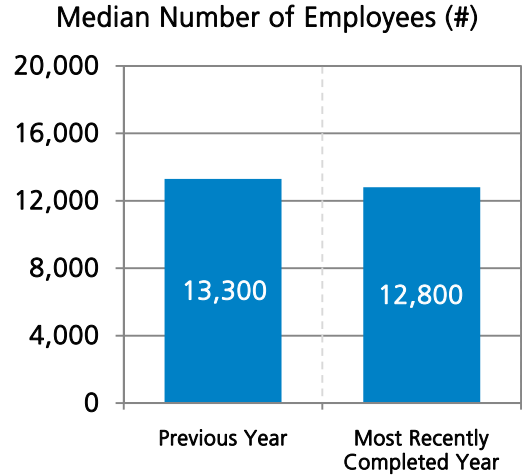
Net Income

In the most recently completed fiscal year, companies that reported General Counsels in the Equilar Top 25 Survey had a median annual net income of approximately \$0.2 billion. This represents a 46.1% decline over the prior year.



Employees

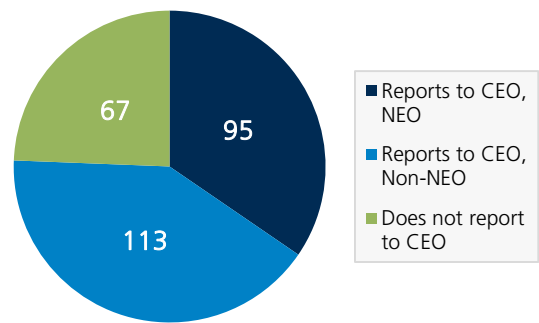
In the most recently completed fiscal year, the median number of employees at companies that reported General Counsels in the Equilar Top 25 Survey was 12,800. This represents a 3.8% decline over the prior year.



Reporting Level

Nearly three quarters of General Counsels in the survey report directly to the Chief Executive Officer. 45.7% of the General Counsels who report directly to the CEO were identified as Named Executive Officers in a most recent proxy.

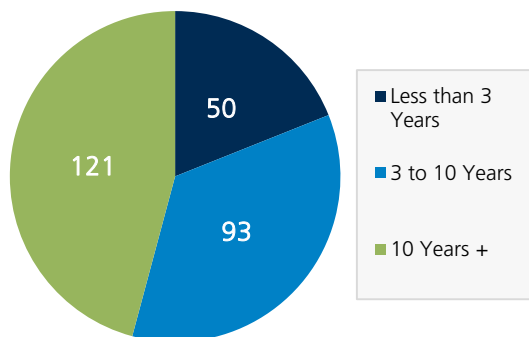
Reporting Level Breakdown



Tenure

The median tenure of General Counsels in the survey is 8.6 years. Approximately 46% of General Counsels in the survey have been with their company for more than 10 years. Of those, 35% have tenure between 3 to 10 years, and the remaining 19% have tenure of less than 3 years.

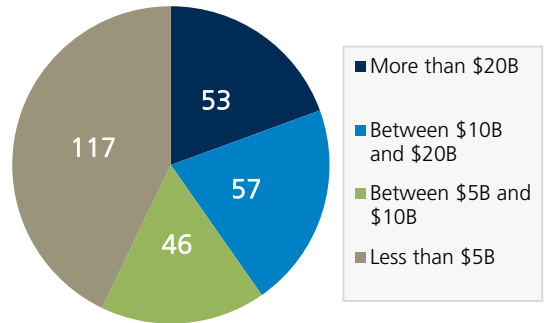
Tenure Breakdown



Company Revenue

Among survey companies reporting on the General Counsel position, 19% had annual revenues of more than \$20 billion in the most recently completed fiscal year, 21% had annual revenues between \$10 billion and \$20 billion, and 17% between \$5 billion and \$10 billion. The remaining 43% had less than \$5 billion in annual revenue. Median company revenue was \$6.4 billion.

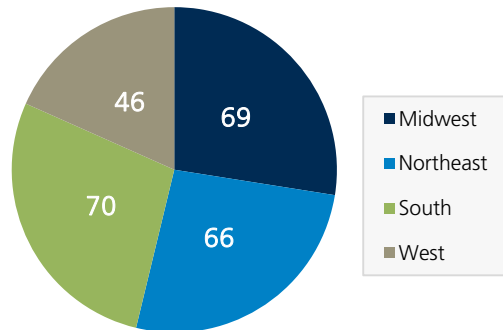
Breakdown by Company Revenue



Geographic Location

Survey companies reporting the General Counsel position are widely distributed across the country. 28% are located in the South census region, 27% in the Midwest, 26% in the Northeast, and 18% in the West.

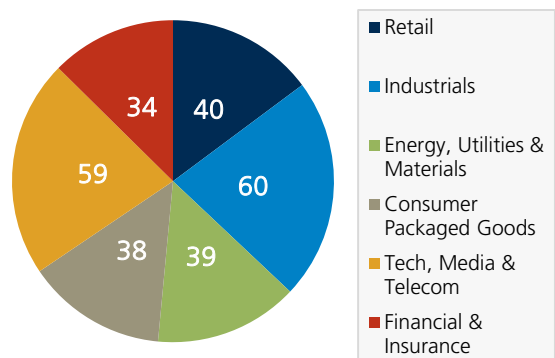
Breakdown by Company Region



Industry

For the purpose of this report, **“Retail”** includes restaurants, apparel, luxury goods, and other general retailers. **“Industrials”** includes companies in aerospace and defense, automotive, construction, machinery, and other industrial sectors. **“Energy, Utilities & Materials”** includes companies in the energy, utilities, chemicals, metals, and mining sectors. **“Consumer Packaged Goods”** includes companies in consumer and household products, food and beverage, and other consumer sectors. **“Tech, Media & Telecom”** includes companies in all technology related, media and telecommunication sectors. **“Financial & Insurance”** includes insurance, financial services and investment services firms.

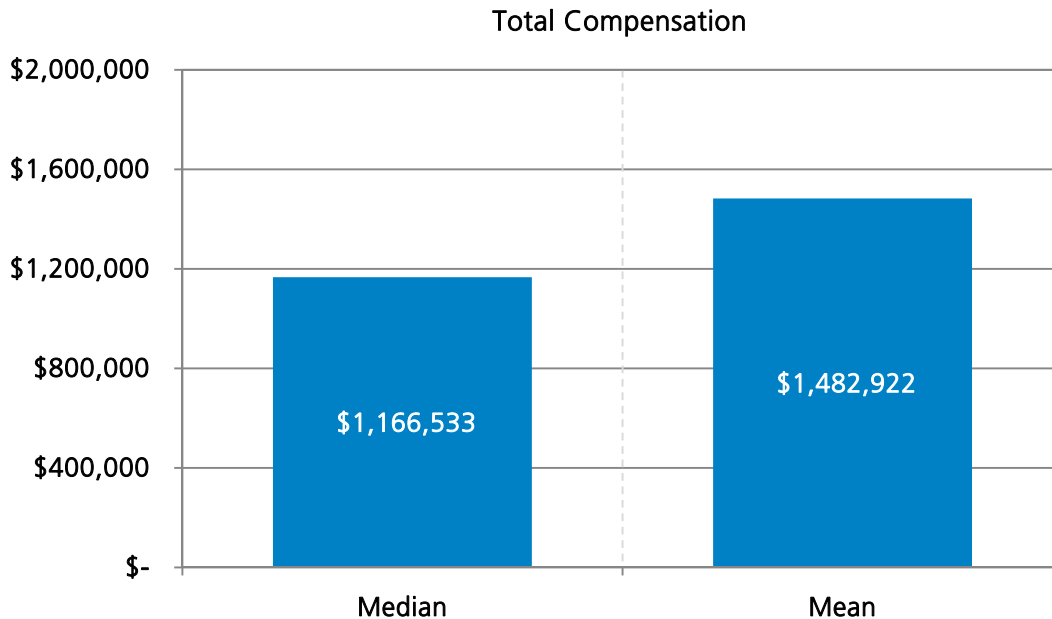
Breakdown by Industry



TOTAL COMPENSATION

All General Counsels

- The median total compensation for General Counsels reported in Equilar's 2009 Top 25 Survey was \$1,166,533.
- The average total compensation was \$1,482,922.
- General Counsels in the survey had a median pay rank of 7 within their company.

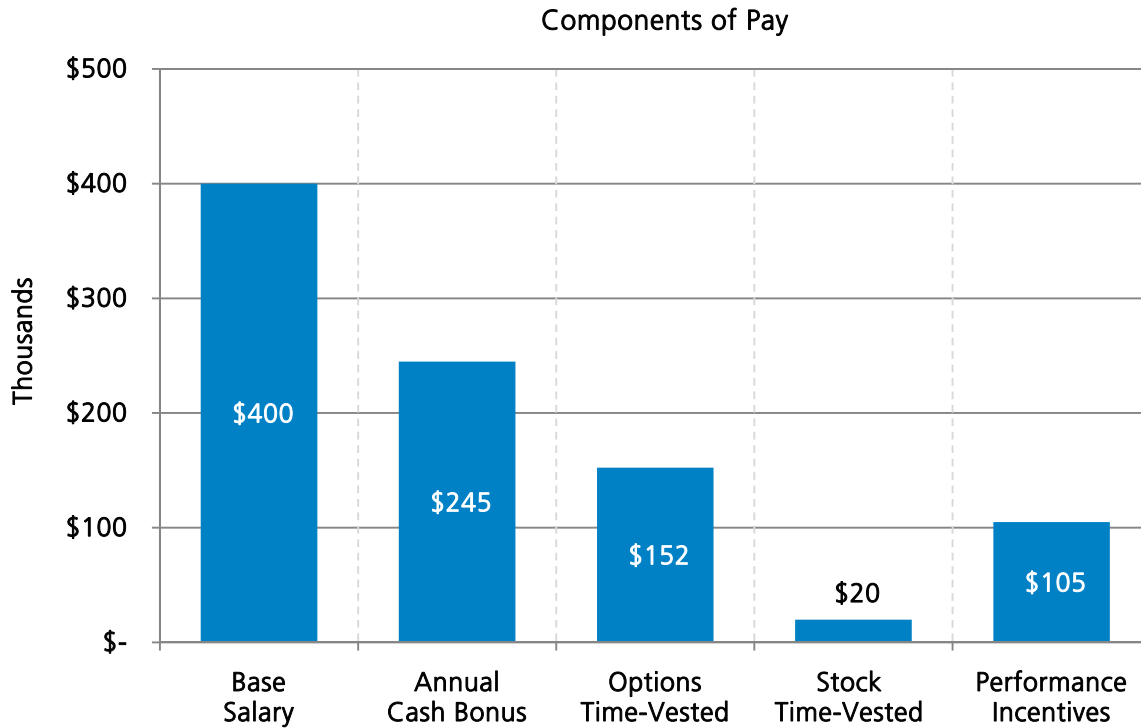


Median Total Compensation Breakdown

Equilar defines Total Compensation as the sum of the following components:

- Base salary
- Annual cash bonus
- Grant date fair value of time-based option awards
- Grant date fair value of time-based stock or unit awards
- Grant date fair value of performance-based awards

The chart and the table below display the individual components of total compensation.

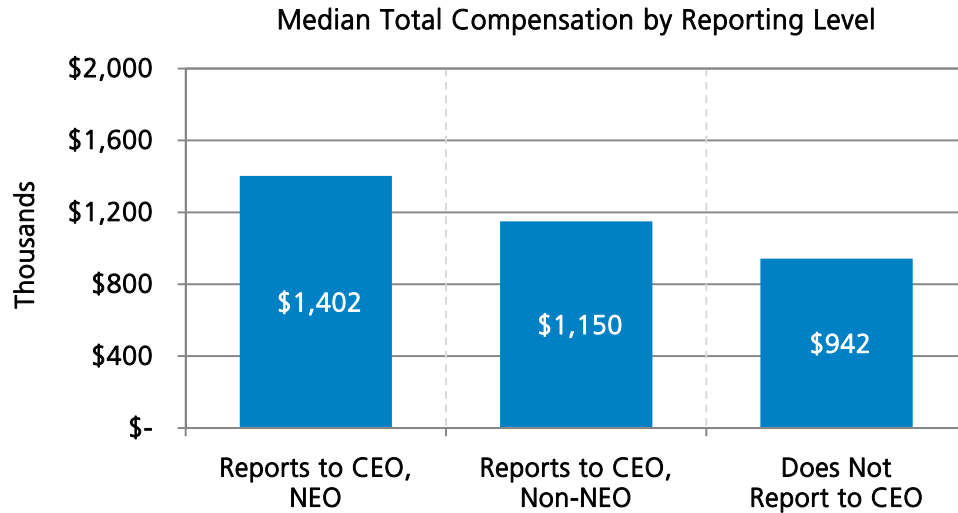


Summary Statistic	Base Salary	Bonus	Options	Stock	Perf. Incentives	Total Compensation
Median	\$ 400,000	\$ 244,813	\$ 152,364	\$ 19,800	\$ 105,000	\$ 1,166,533
Mean	\$ 417,770	\$ 314,478	\$ 265,737	\$ 191,987	\$ 292,951	\$ 1,482,922
10th Percentile	\$ 256,800	\$ 90,000	\$ -	\$ -	\$ -	\$ 504,326
25th Percentile	\$ 315,000	\$ 153,165	\$ -	\$ -	\$ -	\$ 751,488
75th Percentile	\$ 495,000	\$ 355,000	\$ 389,600	\$ 237,489	\$ 402,007	\$ 1,839,107
90th Percentile	\$ 598,000	\$ 555,000	\$ 716,000	\$ 486,130	\$ 750,163	\$ 2,876,575

There are many factors that can make a difference in executive compensation. For this analysis, Equilar takes a closer look at some of the factors affecting pay.

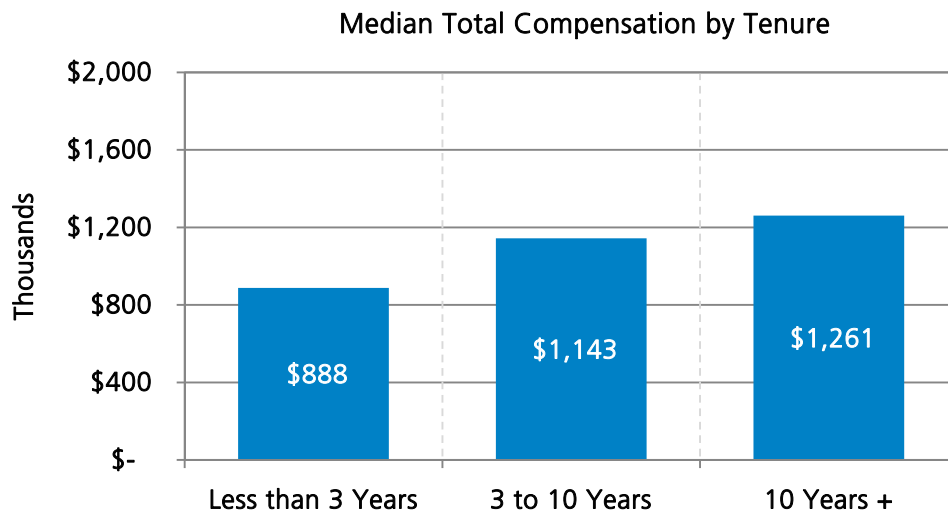
Reporting Level

For General Counsels identified as Named Executive Officer in a most recent proxy, median compensation was \$1,402,214. Other CEO direct reports received a median compensation of \$1,150,000. General Counsels further down the reporting hierarchy had a median pay of \$942,200, 32.8% less than their NEO peers.



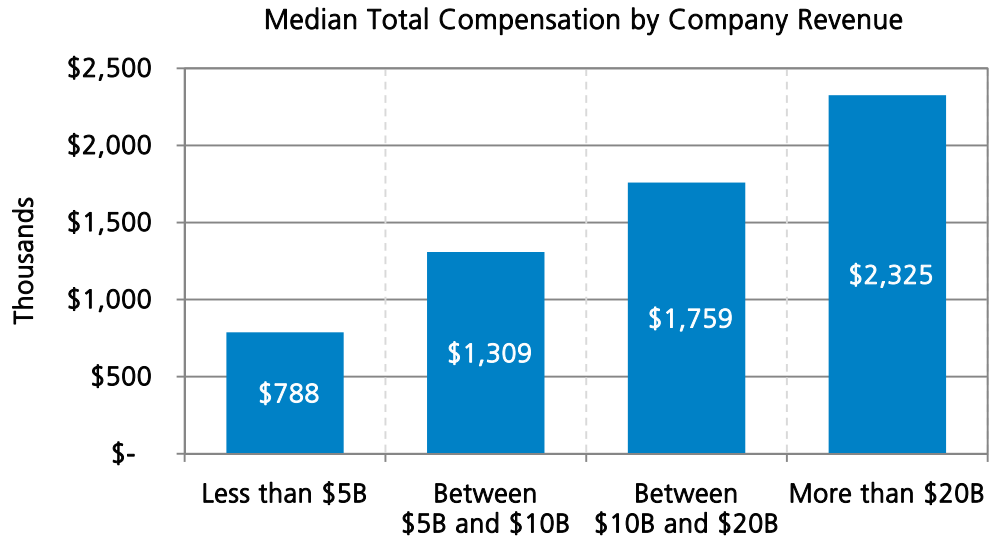
Tenure

There is a direct relationship between how long a General Counsel has been with his or her company and the total compensation received. General Counsels with less than 3 years tenure had a median pay of \$887,592, whereas their peers with more than 10 years of tenure had a median pay of \$1,260,587.



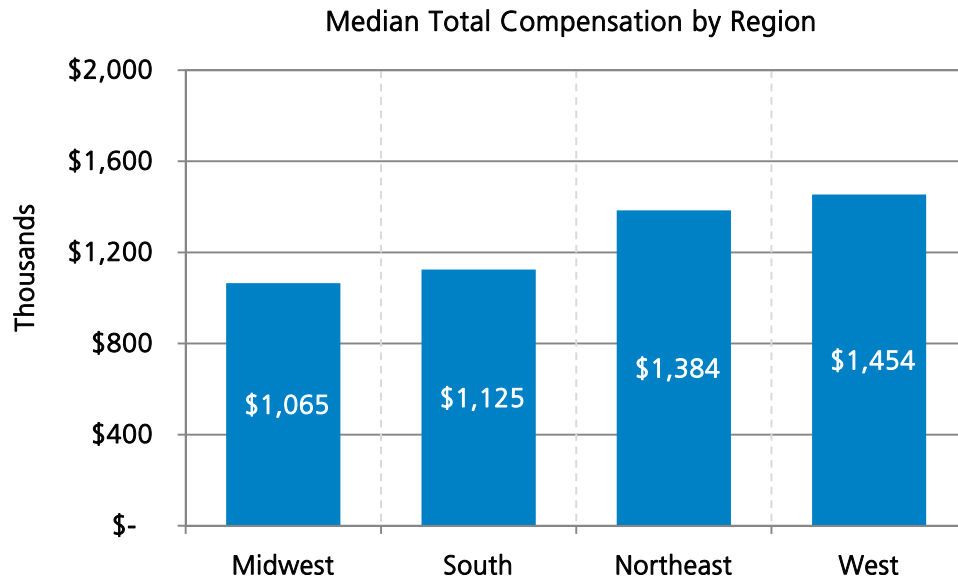
Company Revenue

In the realm of compensation, there is often a positive correlation between company size and paycheck size. This holds true for General Counsels at Equilar’s survey companies as well. The median General Counsel pay at a company with more than \$20 billion in revenue was \$2,325,181, or nearly three times the median pay at companies with less than \$5 billion in revenue.



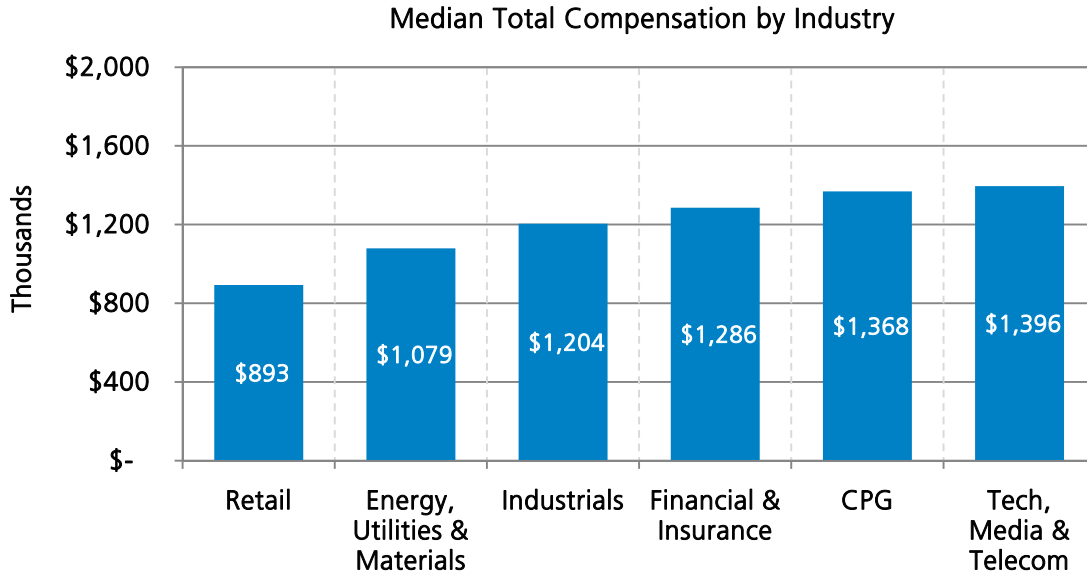
Geographic Location

Equilar’s survey results also indicate a disparity in pay based on company location. General Counsels at companies located in the Midwest or South census regions were paid less than their peers in the Northeast or West census regions. This regional difference is in line with median household income distributions released by the US Census Bureau.

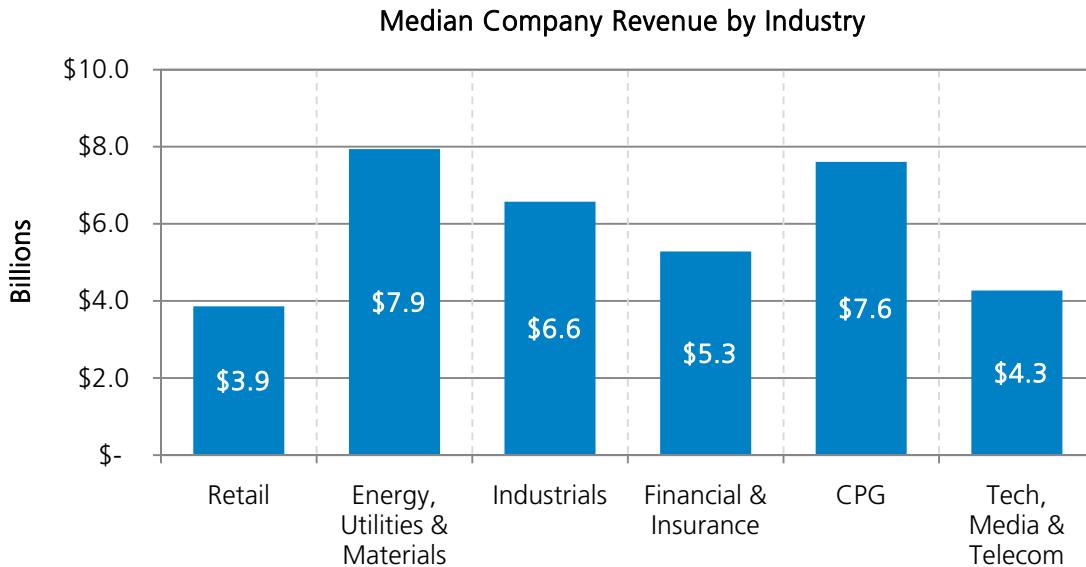


Company Industry

Companies from various industries participated in Equilar’s Top 25 Survey. General Counsels working in the Tech, Media & Telecom industry received the highest pay, while their peers working in the Retail industry received the lowest pay.



Furthermore, the chart below displays the median company revenue by industry.

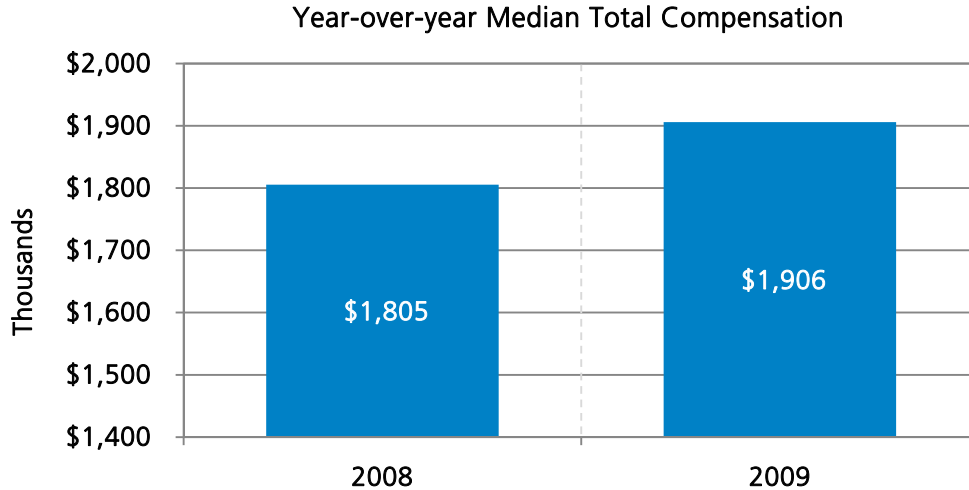


Despite relatively low median revenue, companies in the Tech, Media & Telecom industry paid their General Counsels more than any other industry. In contrast, General Counsels in the Energy, Utilities & Materials industry received less pay than their peers, even though their median revenue was highest.

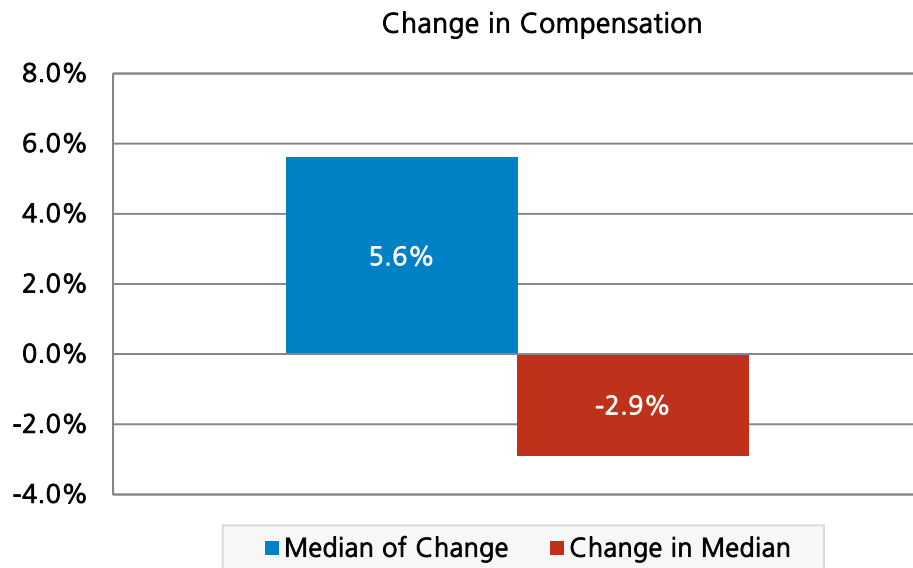
CHANGE IN PAY

2009 vs. 2008

In order to gain insight into how compensation has changed from the previous year, Equilar examined 58 General Counsels reported in consecutive years in the Equilar Top 25 Survey.



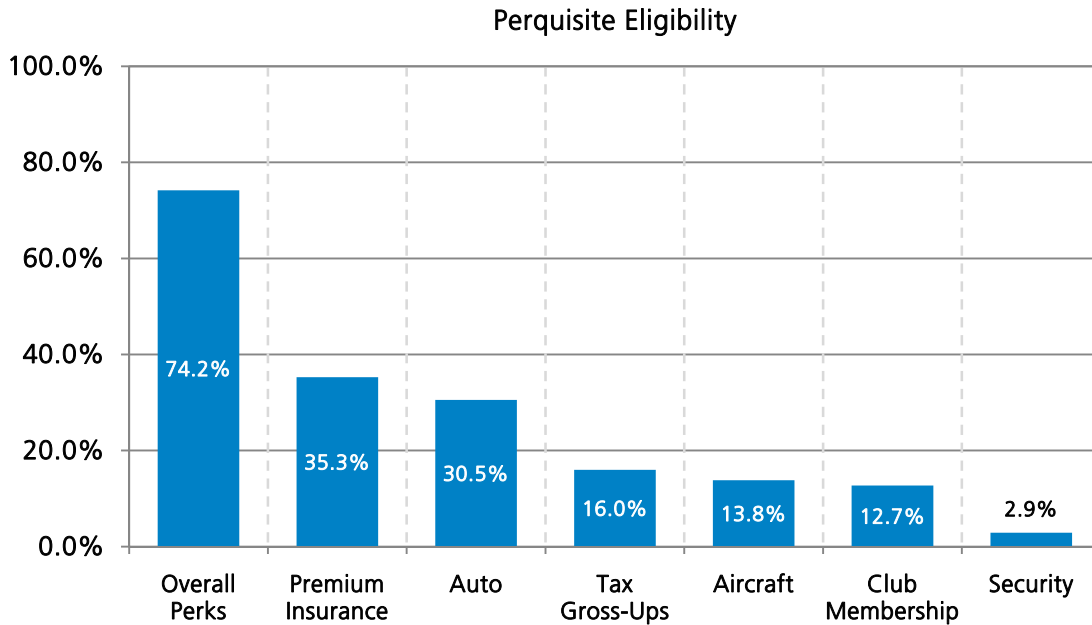
The median total compensation grew 5.6%, from \$1,805,417 in 2008 to \$1,905,098 in 2009. However, the median individual year-over-year change was -2.9%. A closer look at individual pay components helped explain this. Median value of options decreased 37.3% among General Counsels who received option awards. However, prevalence of option awards went up by 15.0%, pushing the overall median value of options among all General Counsels by 1.6%. Restricted stock awards saw a similar trend; indicating while stock prices may have affected equity award values, companies are granting additional awards to make up for the difference.



BENEFITS AND PERQUISITES

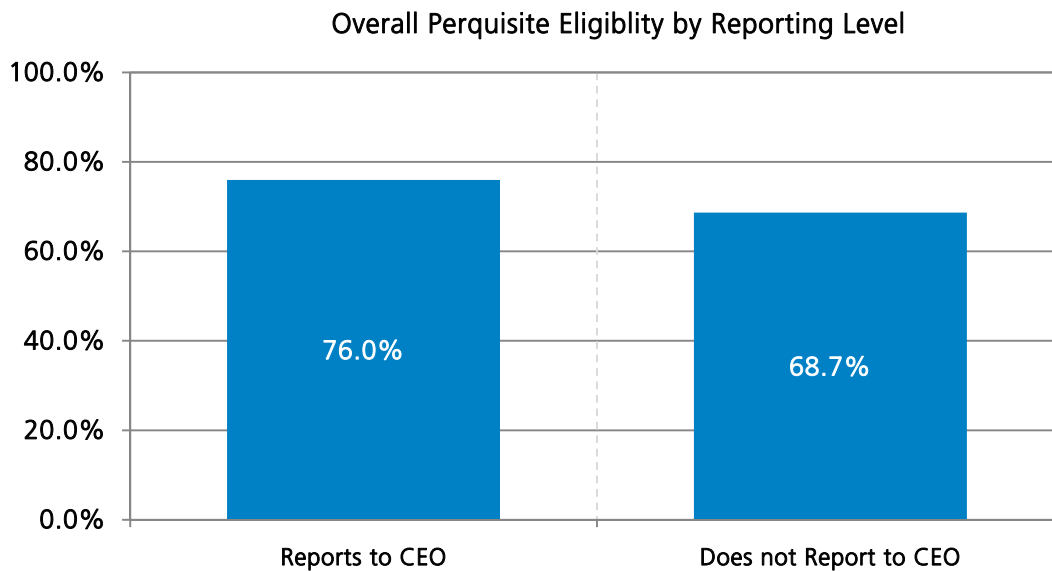
All General Counsels

Equilar’s Top 25 Survey tracks overall perquisite eligibility, as well as several specific types of perquisites. The following charts provide an overview of perquisites available to General Counsels; including aircraft, company-provided automobiles or drivers, premium executive insurance, annual club memberships, home or personal security, and tax gross-ups.



Reporting Level

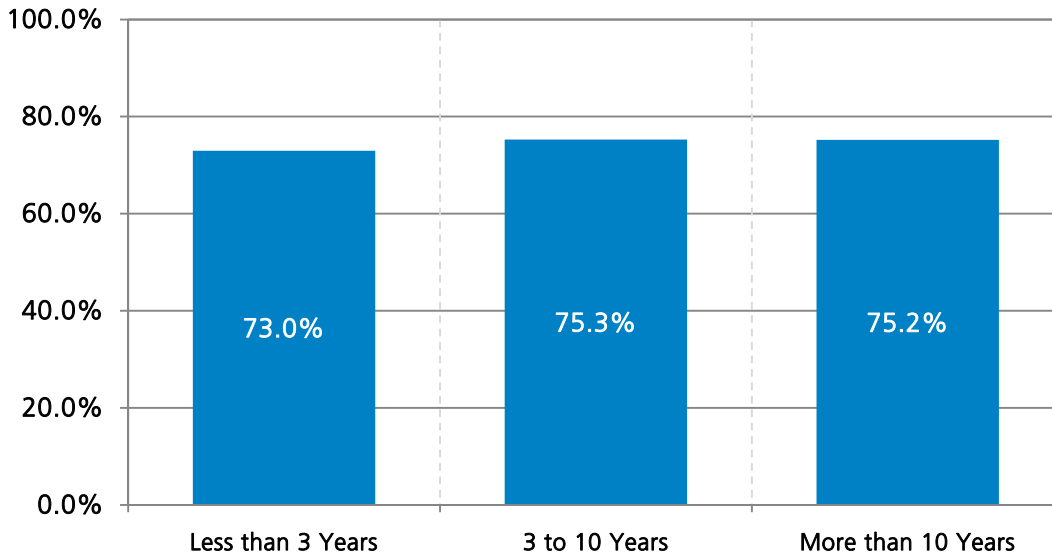
The effect of reporting level on total compensation can also be observed on perquisite eligibility. Overall, General Counsels who are further away from the CEO are less likely to receive perquisites.



Tenure

Unlike total compensation, the number of years a General Counsel has been with a company has little effect on his or her overall perquisite eligibility.

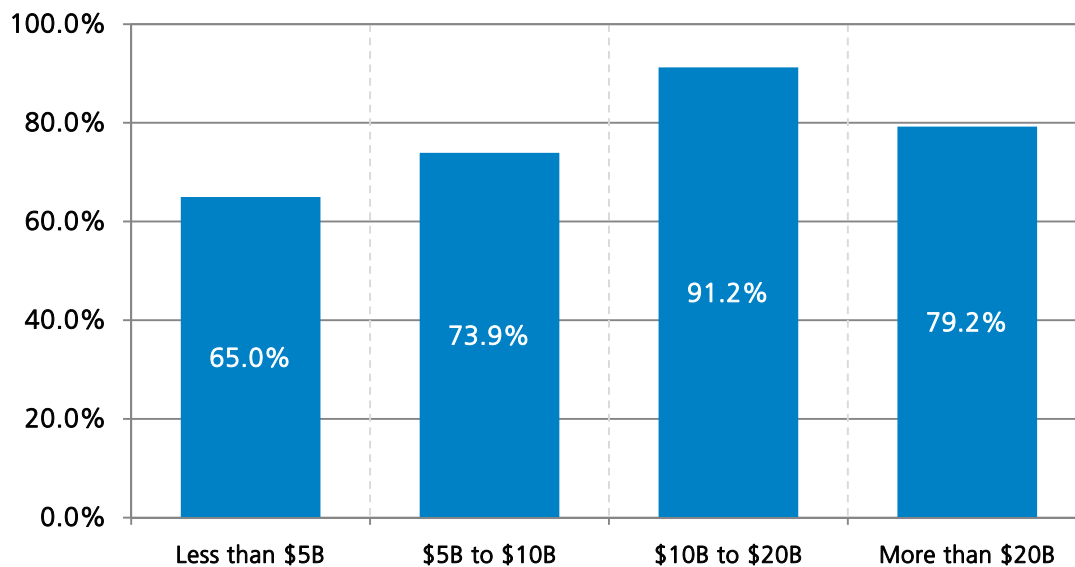
Overall Perquisite Eligibility by Tenure



Company Revenue

As shown in the chart below, perquisite eligibility among General Counsels increased as company size went up. However, there is a dip at the top – likely due to increasing public scrutiny on executive perquisites at the largest public companies.

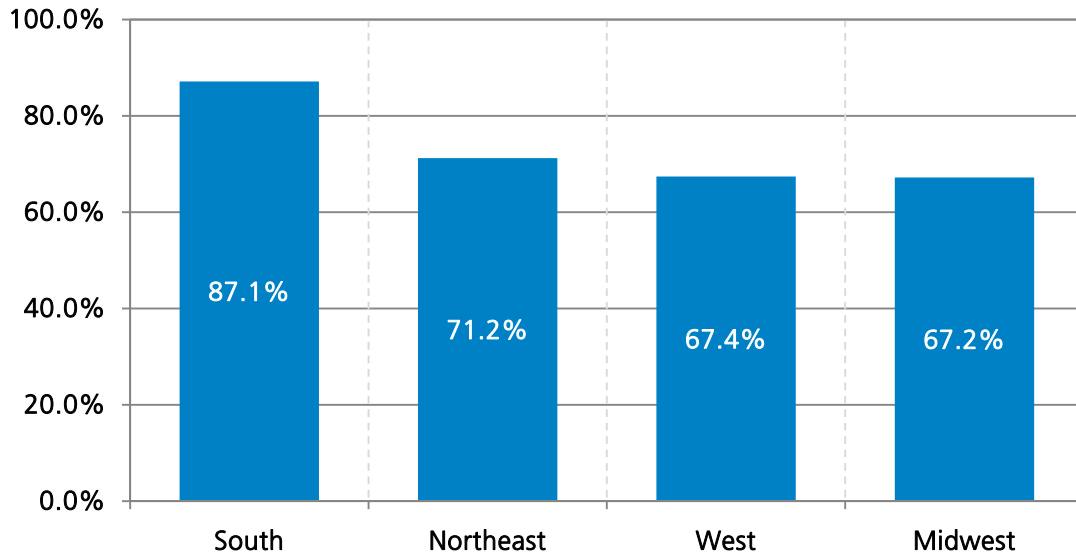
Overall Perquisite Eligibility by Company Revenue



Geographic Location

87.1% of General Counsels in the South were eligible to receive perquisites. This is more than 15% the next highest region.

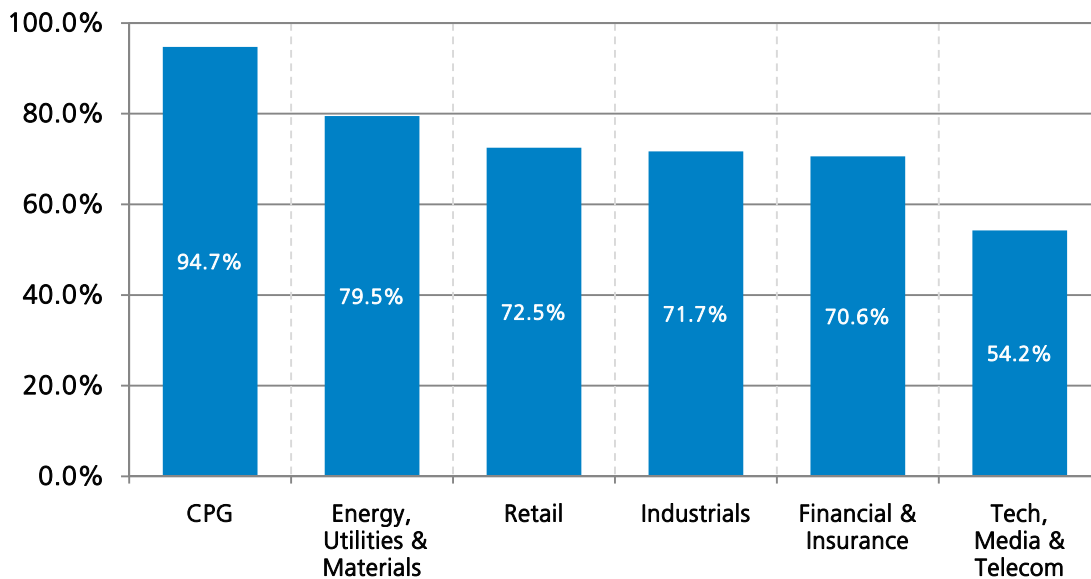
Overall Perquisite Eligibility by Region



Company Industry

Almost all General Counsels in the Consumer Packaged Goods industry were eligible to receive perquisites. Despite having the highest median total compensation, General Counsels in the Tech, Media & Telecom industry had the lowest perquisite eligibility of 54.2%.

Overall Perquisite Eligibility by Industry

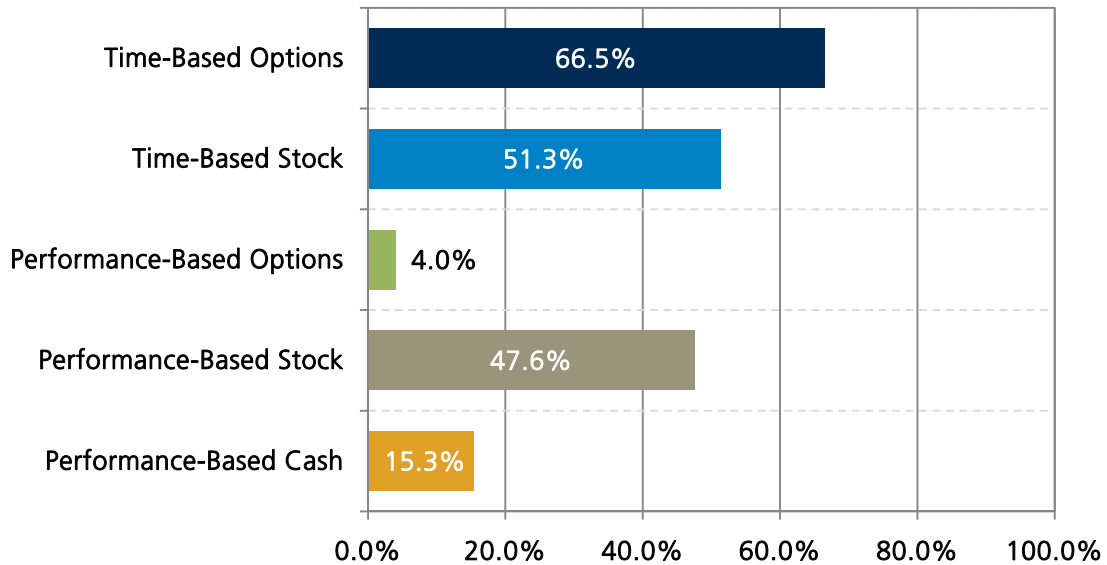


AWARD STRUCTURE

LTI Award Type Combinations

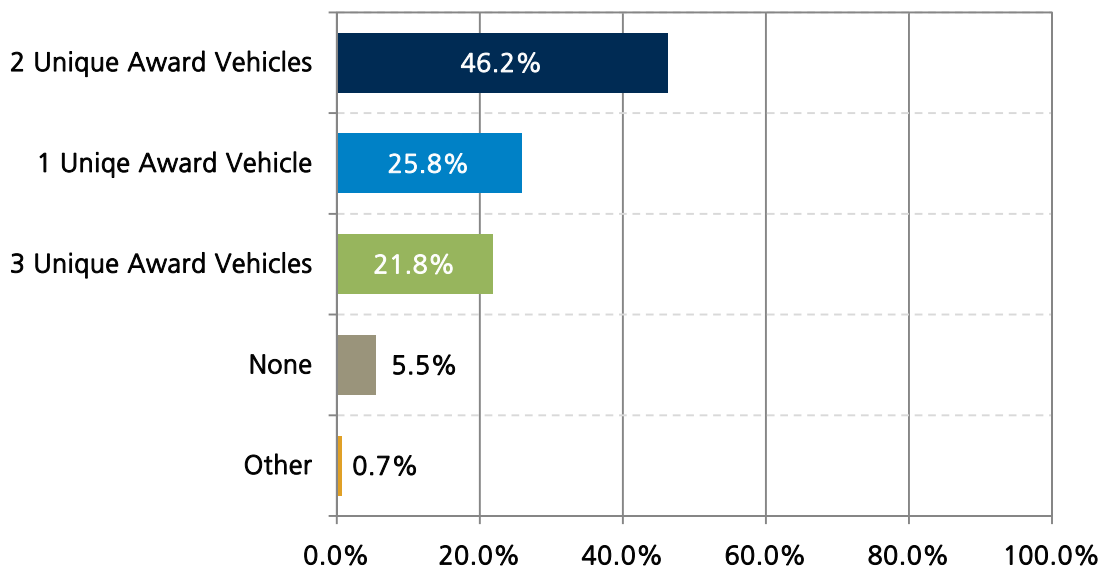
Options were the most commonly used incentive vehicle. 66.5% of General Counsels in the survey received a time-based option award, and 51.3% received a time-based stock or unit award. Performance-based stock or unit award came in third at 47.6%.

Percentage of General Counsels Receiving Each Award Type

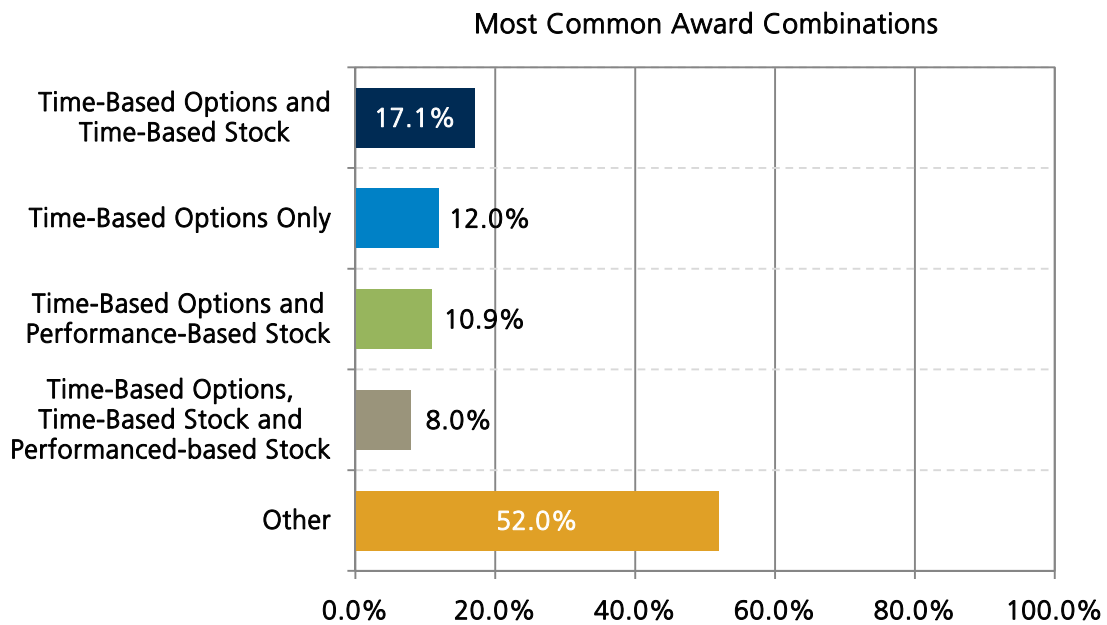


46.2% of General Counsels in the survey received two unique award vehicles.

Most Common Number of Awards

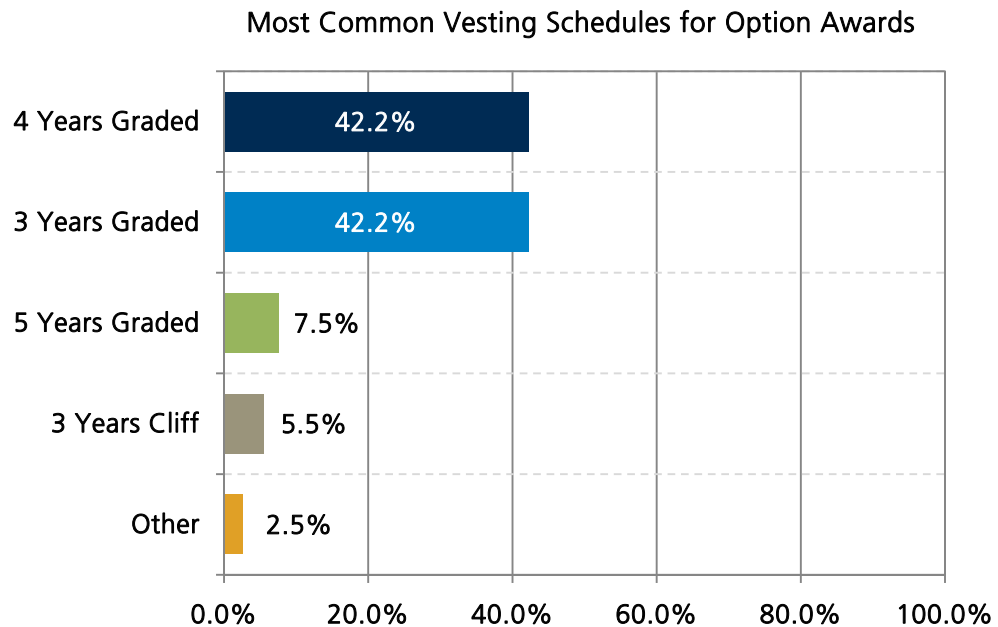


The most common incentive combination for General Counsel in the survey was time-based options and time-based stock awards.



Time-Based Option Awards

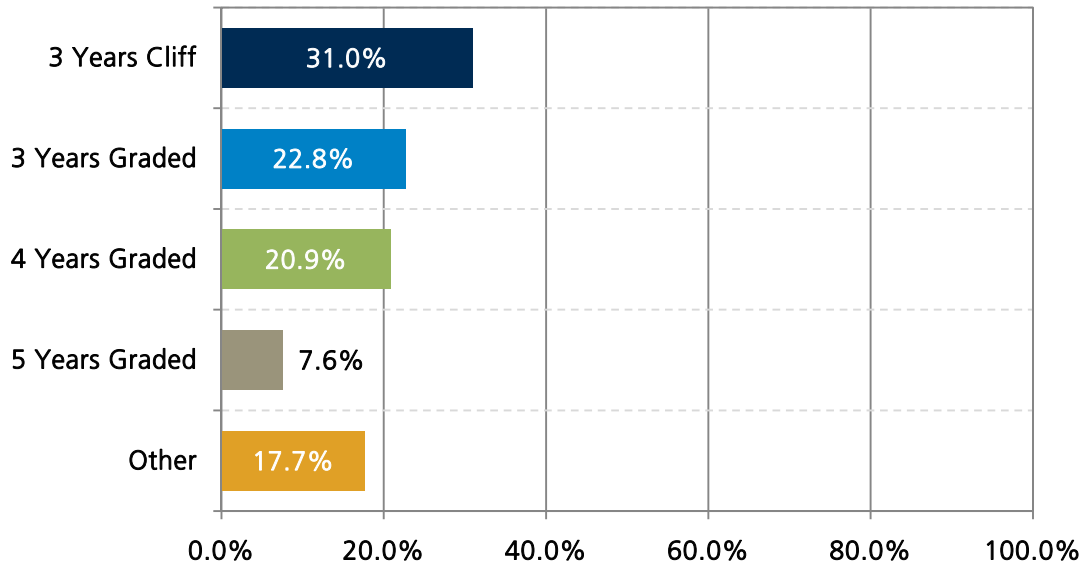
An overwhelming majority of time-based option awards vest in installments; four-year or three-year is the most common vesting period, followed by a five-year vesting period.



Time-Based Stock/Unit Awards

The most common vesting schedule for time-based stock awards was a three-year cliff, or vesting all at once at the end of a three-year period.

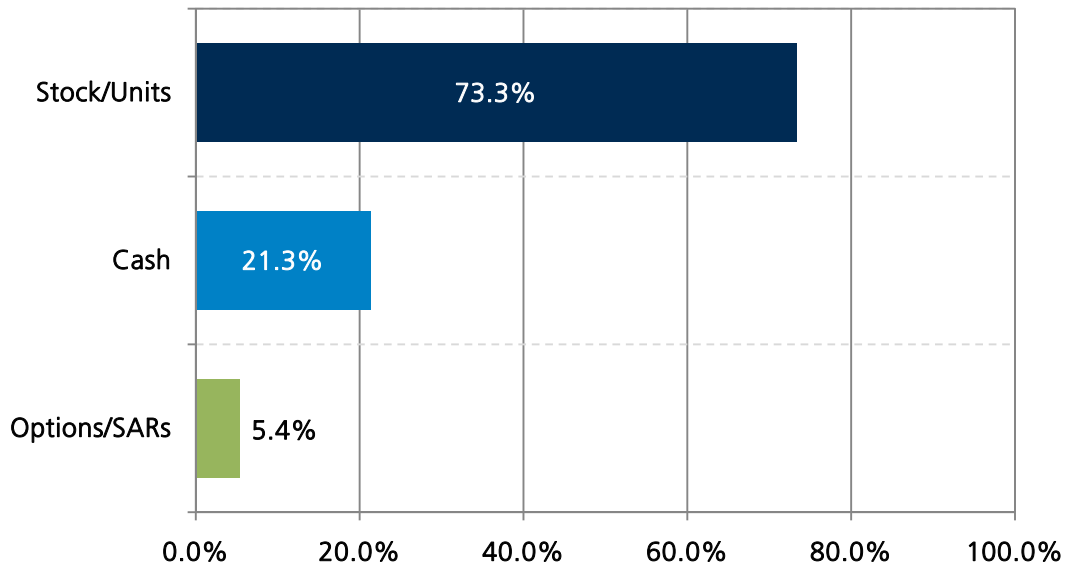
Most Common Vesting Schedules for Stock Awards



Performance-Based Awards

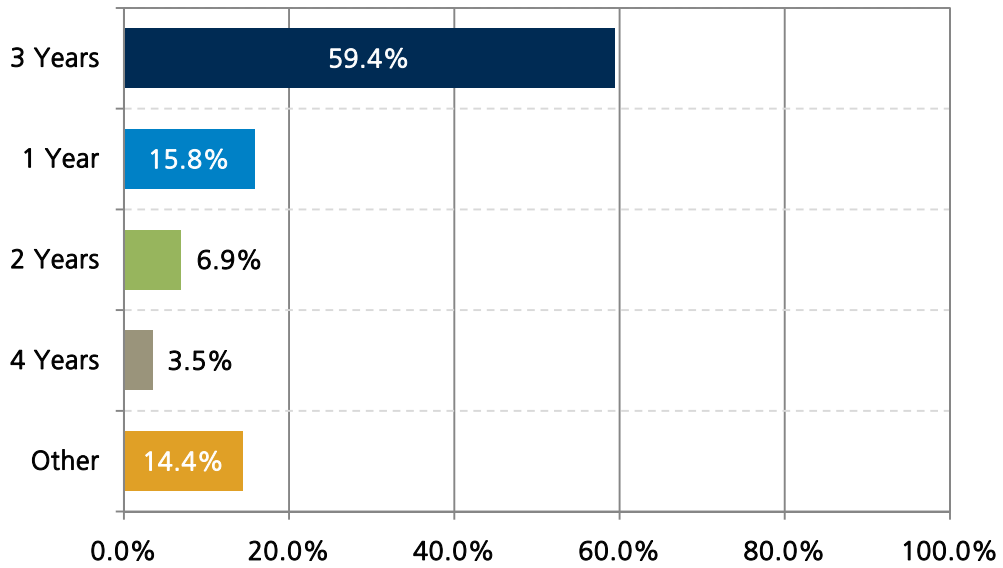
More than three quarters of performance incentives granted to General Counsels were equity based. Long-term cash incentives made up 21.3% of all performance incentives granted.

Most Common Types of Performance-Based Awards



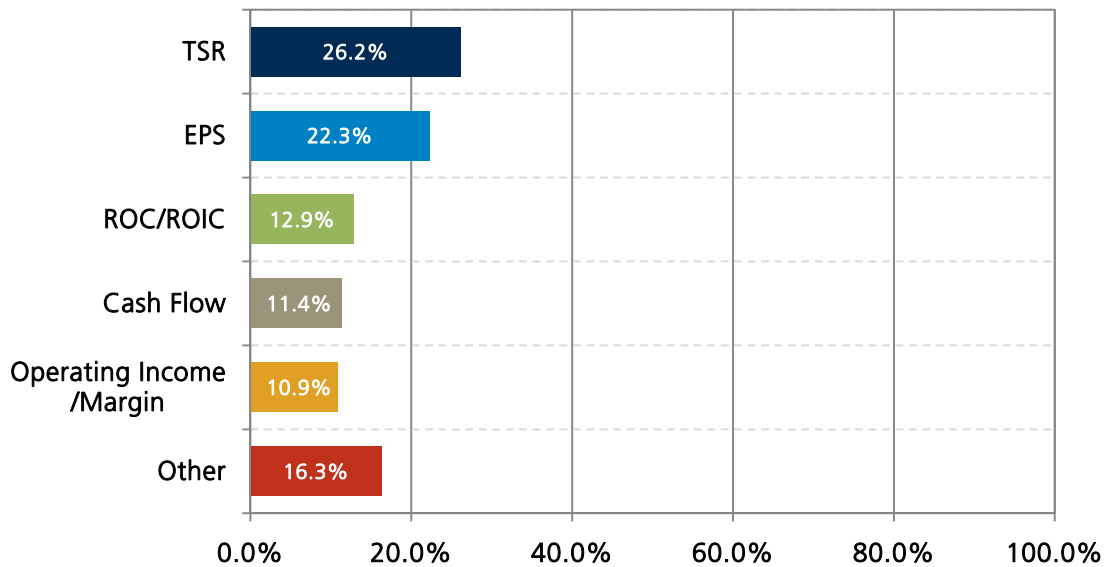
The most common performance period for incentive awards was three years.

Most Common Incentive Award Performance Period



Total Shareholder Return and Earnings Per Share were the most commonly disclosed performance metrics.

Most Common Performance Metrics



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