

NYSE GOVERNANCE SERVICES
CORPORATE BOARD MEMBER®

GCs IN THE BOARDROOM AND BEYOND

A 2014 Survey

In association with

BARKER GILMORE

Exceptional Talent. Guaranteed.

GCS IN THE BOARDROOM AND BEYOND

A 2014 Survey

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Objective/Methodology

Objective. NYSE Governance Services, Corporate Board Member and BarkerGilmore collaborated to survey the opinions of directors who serve or chair the company's nominating/governance committee, board chairs, and CEOs of U.S.-based publicly traded companies. Specifically, the survey sought to analyze their opinions about the value of the corporate general counsel to the executive team and also to ascertain their perceptions of general counsel as outside board members of other companies.

Methodology. The survey, GCs in the Boardroom and Beyond, was sent electronically to a total of 7,085 directors and CEOs from the Corporate Board Member database. The survey launched on Jan. 7, 2014, and closed on January 30, 2014, and comprised four email efforts to the survey universe. A total of 275 surveys were opened and started; 244 surveys were completed at a 90% rate or higher.

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Key Findings

1. GCs are evolving to become a larger part of the executive management team. The general counsel today is much more likely to be considered a member of the executive management team than he/she was a decade ago. As a part of that executive management team, the GC is largely valued for his/her contribution as a sounding board, ability to serve as a trusted adviser to the CEO, and for the ability to provide sound judgment.

2. Directors look to the GC primarily as a trusted adviser but it doesn't stop there. As a part of the executive management team, the GC is primarily valued for his/her contribution as a sounding board, ability to serve as a trusted adviser to the CEO, and for the ability to provide sound judgment on governance and legal matters.

3. GC's growing business savvy contributes to shareholder value. In addition to a legal advisory role, three-quarters of directors agree the GC's capacity for business judgment adds value to the board, and nearly as many (71%) say GCs add value to the management team by actively contributing to business strategy discussions. Two-thirds agree GCs value comes from contributing to discussions on increasing shareholder value.

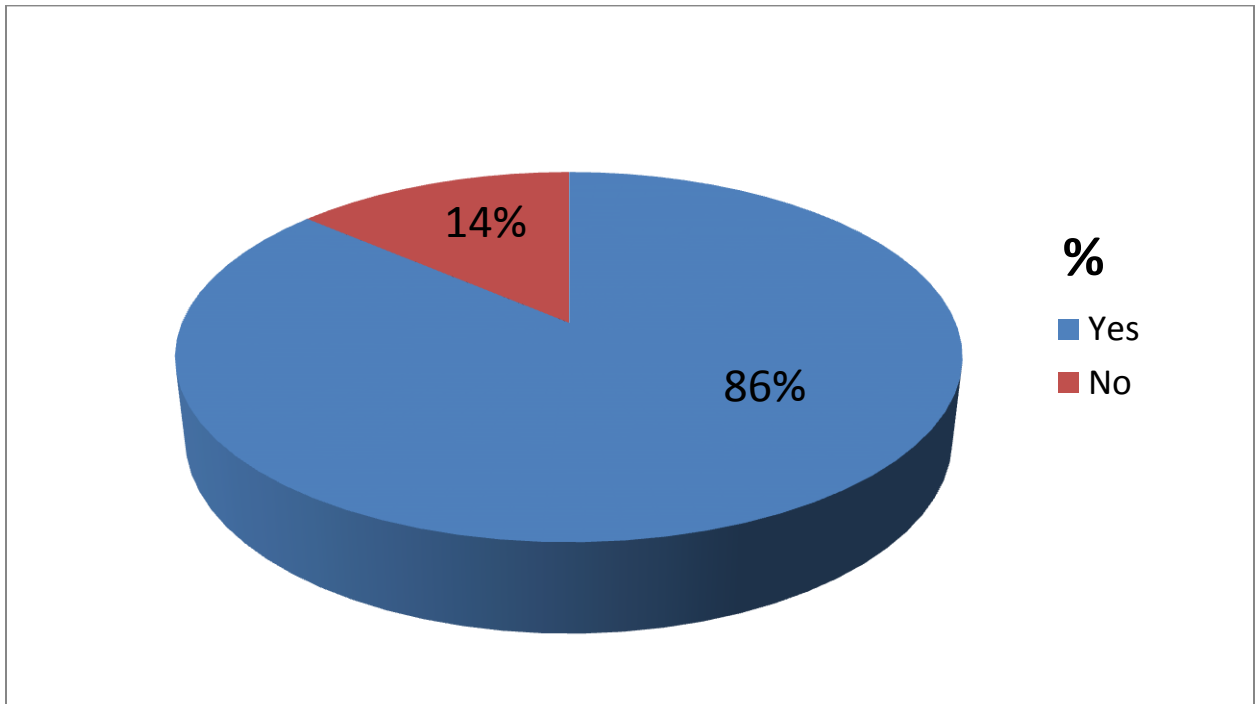
3. Directors believe GCs add most value in compliance/risk arenas, but it doesn't stop there. Directors agree that the value of their own current general counsel is primarily tied to compliance and ethics (98%), governance (95%) risk oversight (86%), and discussions on M&A (85%).

4. On balance, directors view having a general counsel on the board as a net positive. While directors were often split on whether having a GC on the board was a good idea based upon several specific scenarios, in general, the benefits of having a GC as a board member appear to outweigh perceived challenges measured in this study, such as having too narrow a viewpoint or a conflict of interest. The majority of the data supports the conclusion that GCs' skill sets today are well suited to the role of public company director. Aspects that were clearly viewed as positive include GCs' skills in evaluating risk on a daily basis and their ability to lend strength to board decision-making. Moreover, while nearly 30% of directors agreed that a sitting GC does not have the time needed to devote to another public company as a director, it should be pointed out that this situation is not unique to GCs but rather applies to most board candidates who are not yet retired from another position—whether as a GC or as an executive in any other capacity.

SURVEY RESULTS

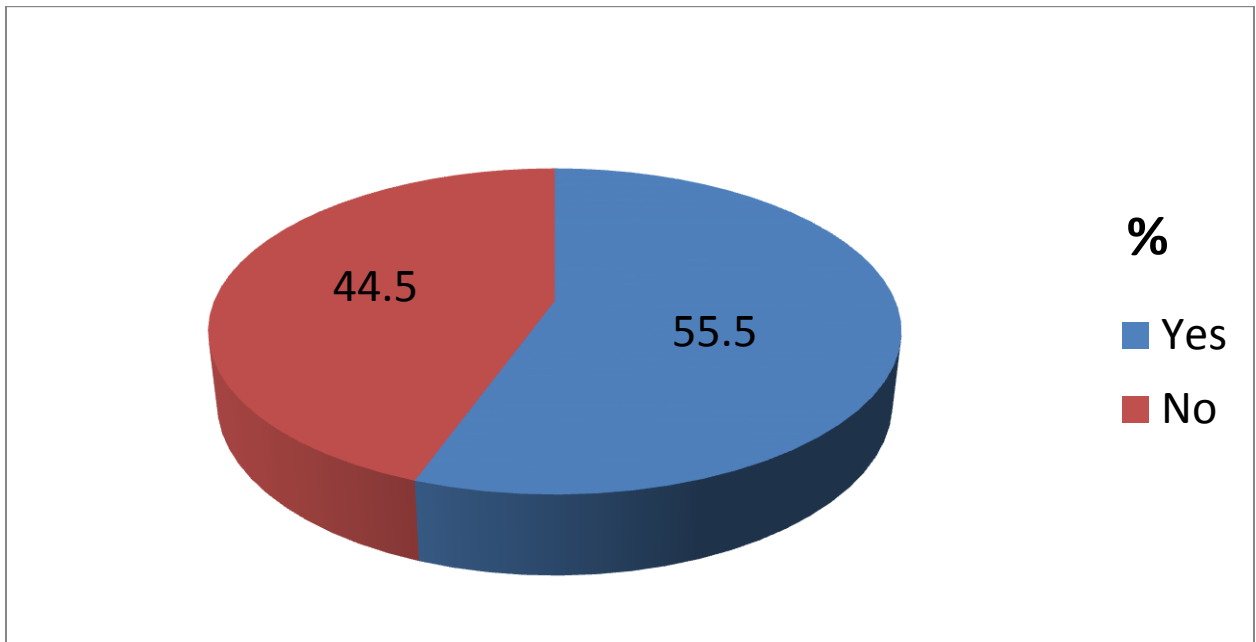
Questions

1. Is your general counsel a member of the executive management team?



N = 227

2. Ten years ago, was the general counsel in your corporation a member of the executive management team?



N = 218

3. How strongly do you agree/disagree that your general counsel adds value to the company and its management team in the following capabilities?

N=228

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	N=	Mean Value
Acting as a sounding board	54.8%	35.5%	7.9%	1.8%	-	228	1.6
Actively contributing to business strategy discussion	26.9%	44.1%	22.5%	5.7%	0.9%	227	2.1
Acting as a trusted adviser to the CEO	48.7%	38.6%	10.5%	2.2%	-	228	1.7
Assisting with executing the business plan	19.3%	42.5%	30.7%	6.6%	0.9%	228	2.3
Providing sound judgment	53.5%	39.5%	5.7%	0.9%	0.4%	228	1.6
Contributing to discussions on increasing shareholder value	22.5%	41.9%	30.0%	4.8%	0.9%	227	2.2
*Other	69.0%					29	

***Other**

Keeping team apprised on regulatory and risk issues

A guide on governance

Helps us better understand SEC and exchange requirements

Advises on risk management

Identifies legal, environmental, and legislative risks

Helps with every aspect of business

A corporate governance adviser

Helps structure risk management to create value

Leading corporate governance practices

4. How strongly do you agree/disagree that your company's general counsel adds value to your board in the following capacities?

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	N=	Mean value
As a trusted adviser to the board	51.1%	40.1%	5.7%	2.6%	0.4%	227	1.6
Using his/her analytical skills	30.4%	47.1%	16.7%	5.7%	-	227	2.0
Capacity for business judgment	27.8%	47.6%	19.8%	4.0%	0.9%	227	2.0
Acting as a sounding board	38.8%	47.1%	12.8%	1.3%	-	227	1.8
Business strategy/ knowledge	13.7%	44.2%	35.4%	5.3%	1.3%	226	2.4
Being unafraid to ask tough/sensitive questions	36.1%	42.3%	15.9%	4.8%	0.9%	227	1.9
Problem-solving skills	30.8%	46.3%	20.7%	1.8%	0.4%	227	1.9
Providing continuity through CEO transitions	28.1%	26.7%	37.6%	6.8%	0.9%	221	2.3
Adhering to governance best practices	65.2%	30.4%	3.5%	0.4%	0.4%	227	1.4
Facilitating conversations in advance to make board meetings run smoother	29.8%	36.9%	25.8%	6.7%	0.9%	225	2.1

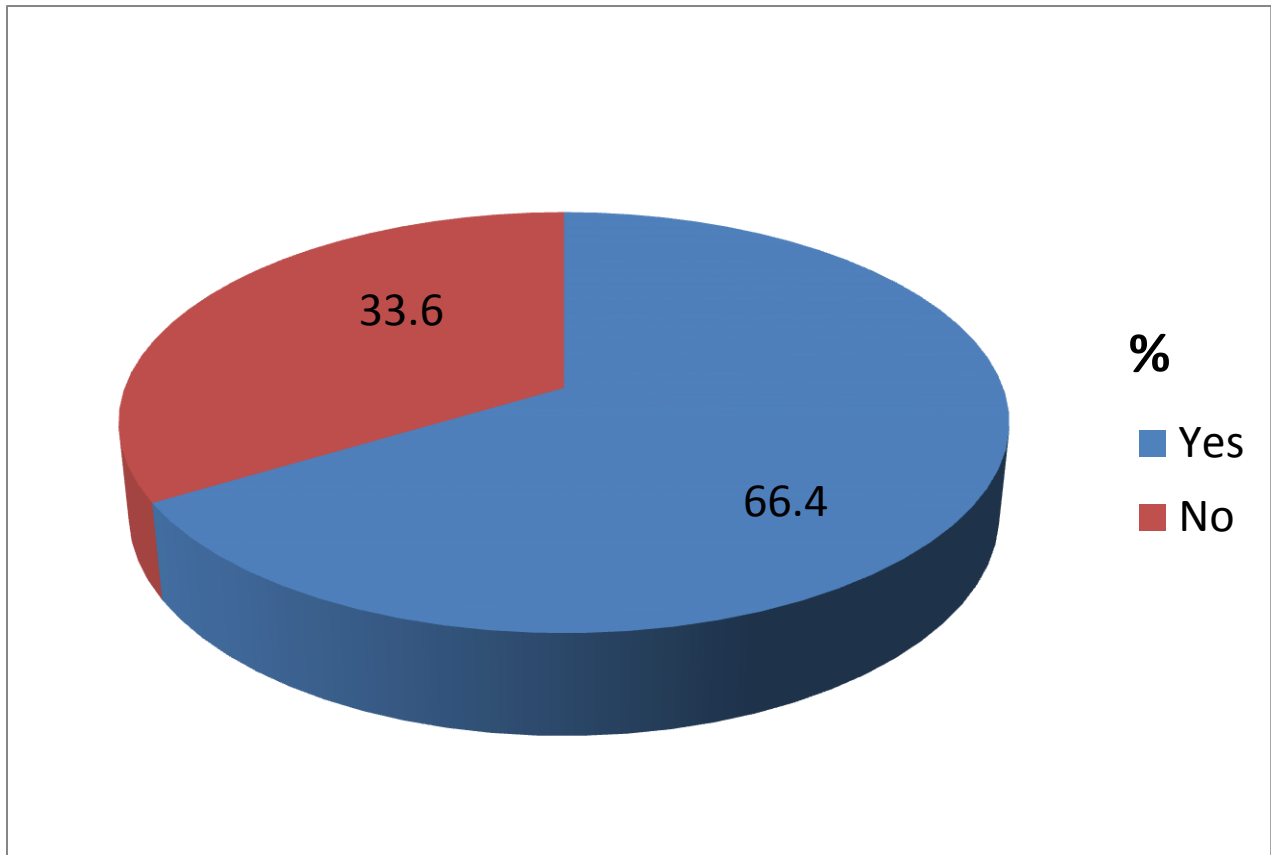
*Other						14	
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*Other
Facilitating board succession plans
Keeping board apprised of regulatory and risk issues
Reducing risk
Regulatory/compliance areas
Risk management

5. How strongly do you agree/disagree that your general counsel adds value to your corporate board with regard to the following knowledge/issue areas?

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	N=	Mean value
Compliance/ethics	79.2%	19.5%	0.9%	-	0.4%	226	1.2
Crisis management	31.9%	46.5%	20.4%	1.3%	-	226	1.9
Data security/IT discussions	10.2%	35.4%	41.2%	11.1%	2.2%	226	2.6
Governance	63.7%	31.4%	4.0%	-	0.9%	226	1.4
Global business issues	12.5%	38.8%	41.1%	6.7%	0.9%	224	2.4
M&A discussions	39.4%	45.1%	13.3%	1.8%	0.4%	226	1.8
Risk oversight	46.7%	39.6%	10.2%	3.6%	-	225	1.7
Specific industry knowledge	21.7%	43.8%	28.3%	5.3%	0.9%	226	2.2

6. Does your general counsel also serve as the company's corporate secretary?



N=223

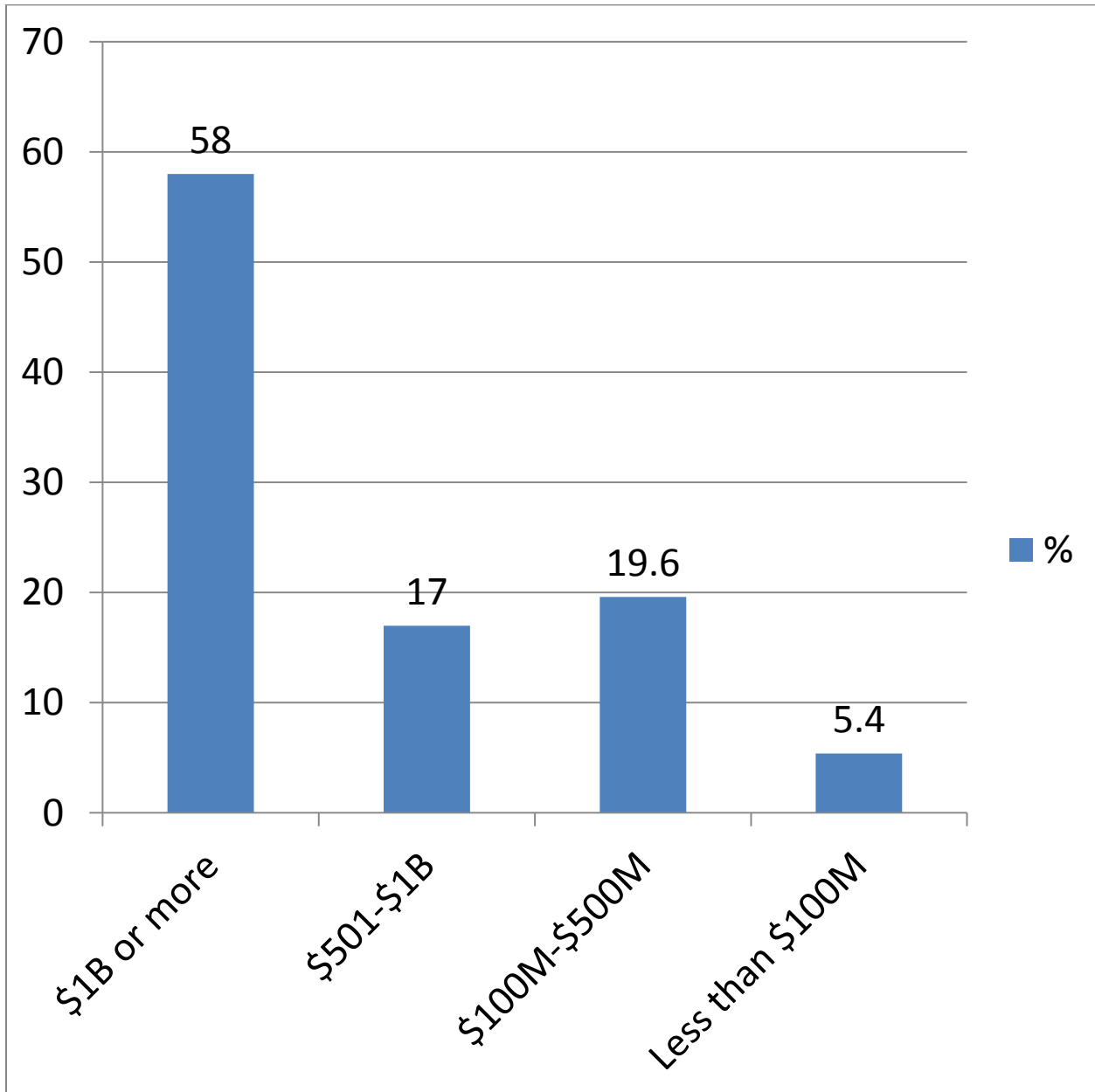
7. How strongly do you agree/disagree with the following statements regarding a general counsel serving as an outside board member to another publicly traded company?

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	N=	Mean value
Having a GC as an outside director adds value because he/she is experienced with evaluating risk scenarios on a daily basis.	14.3%	30.9%	37.2%	15.7%	1.8%	223	2.6
GCs have a narrow legal perspective; therefore they do not make the best choice for director because they lack pragmatic business savvy.	2.7%	22.0%	28.3%	34.5%	12.6%	223	3.3
Having a GC as an outside director would likely create internal conflict with the company's own GC.	4.5%	24.3%	35.6%	27.5%	8.1%	222	3.1
The benefits of having a GC as an outside director outweigh any downside I can think of.	10.3%	23.3%	39.9%	22.0%	4.5%	223	2.9
Having a GC as an outside director would likely create roadblocks because he/she sees risk in everything.	2.7%	14.9%	38.9%	33.0%	10.4%	221	3.3
Having a GC as an outside director will strengthen a board's decision-making process	9.4%	33.2%	40.8%	14.3%	2.2%	223	2.7

GCs have natural leadership skills that would be an asset on the board.	4.9%	23.3%	50.7%	17.5%	3.6%	223	2.9
An individual employed as a GC for one public company does not have the time needed to devote to serving on another company board.	6.3%	27.5%	37.4%	25.7%	3.2%	222	2.9

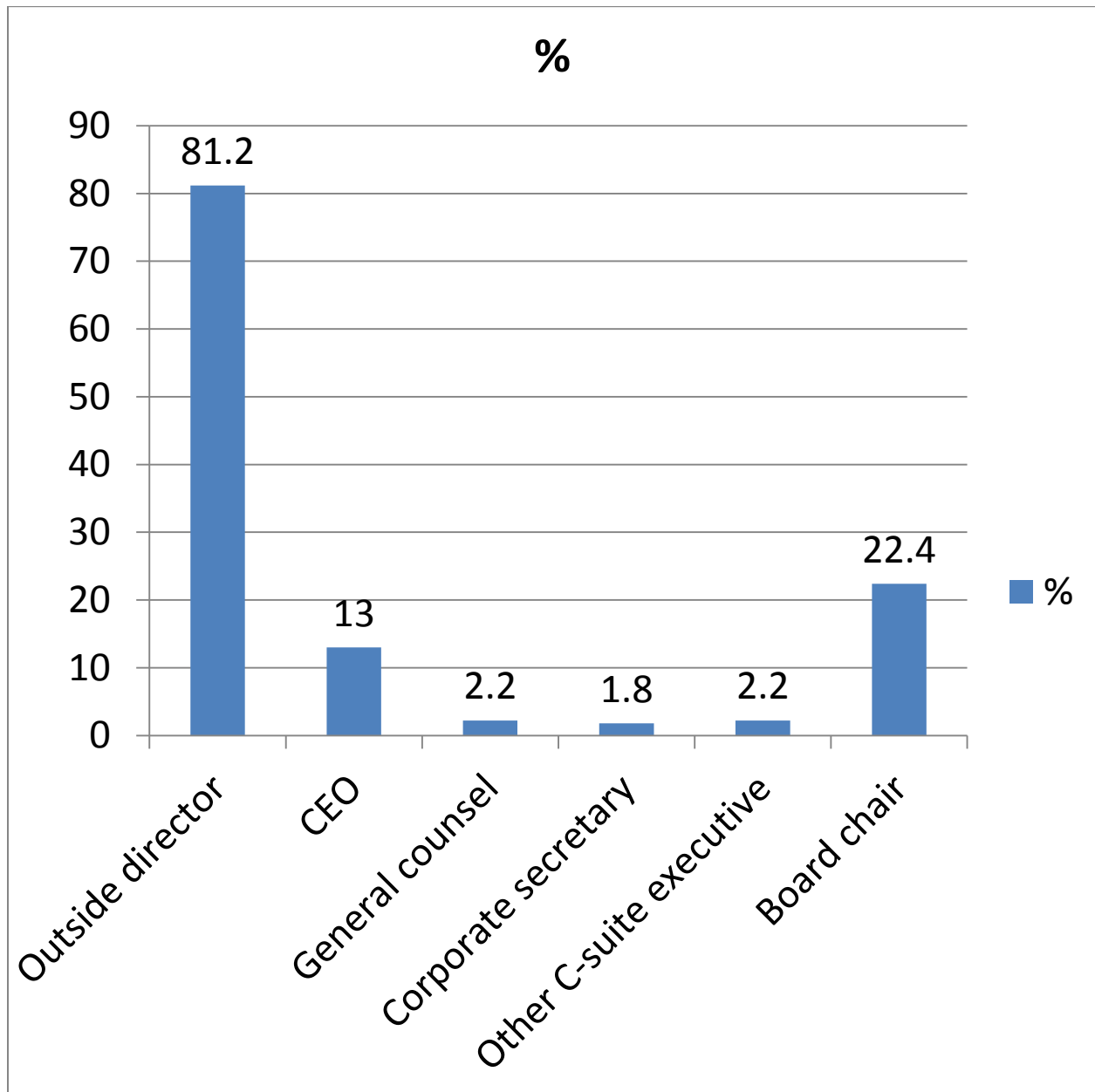
Demographics

8. What is the size of your company?



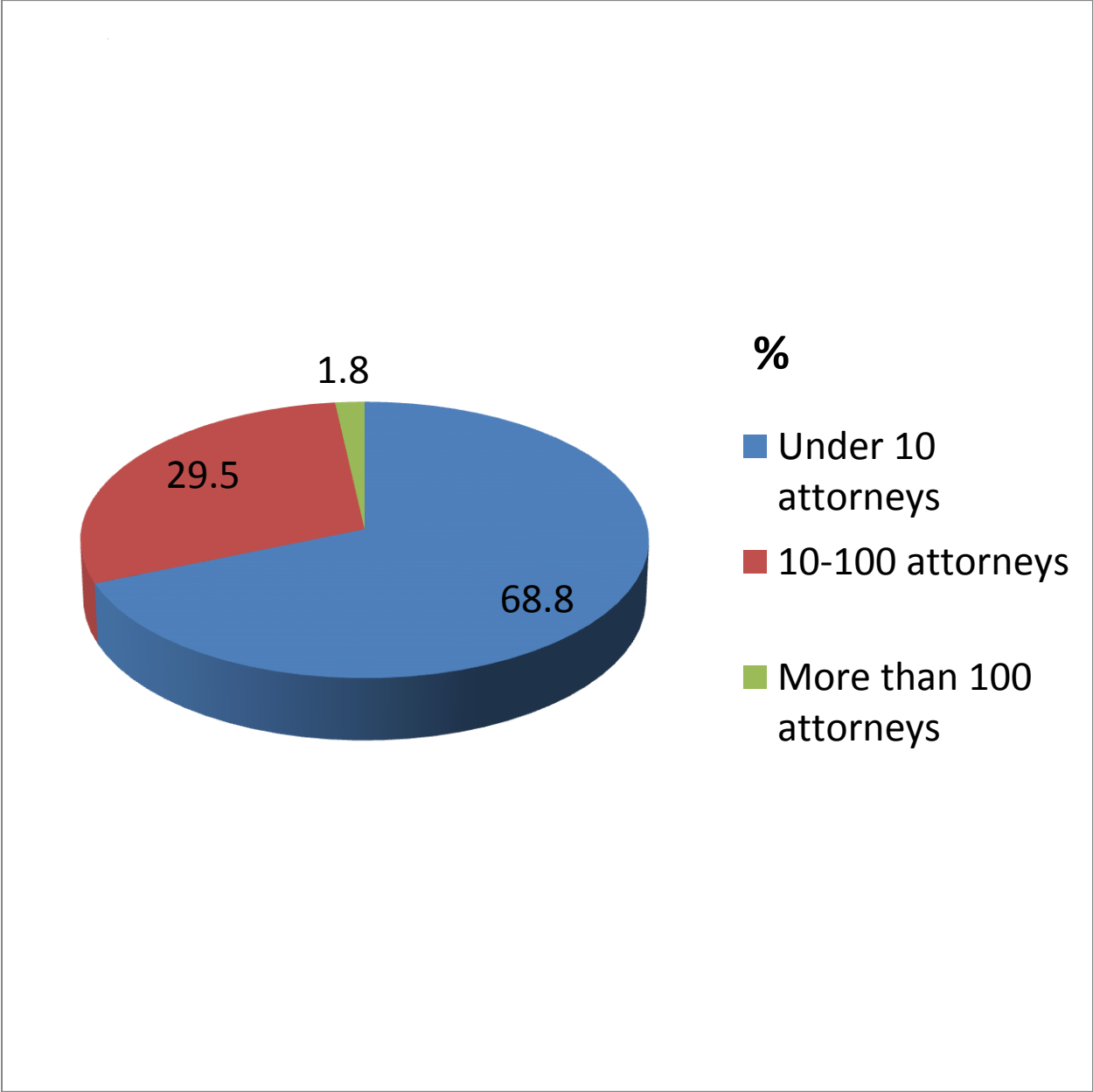
N=224

9. What titles do you currently hold in conjunction with service on a publicly traded company?



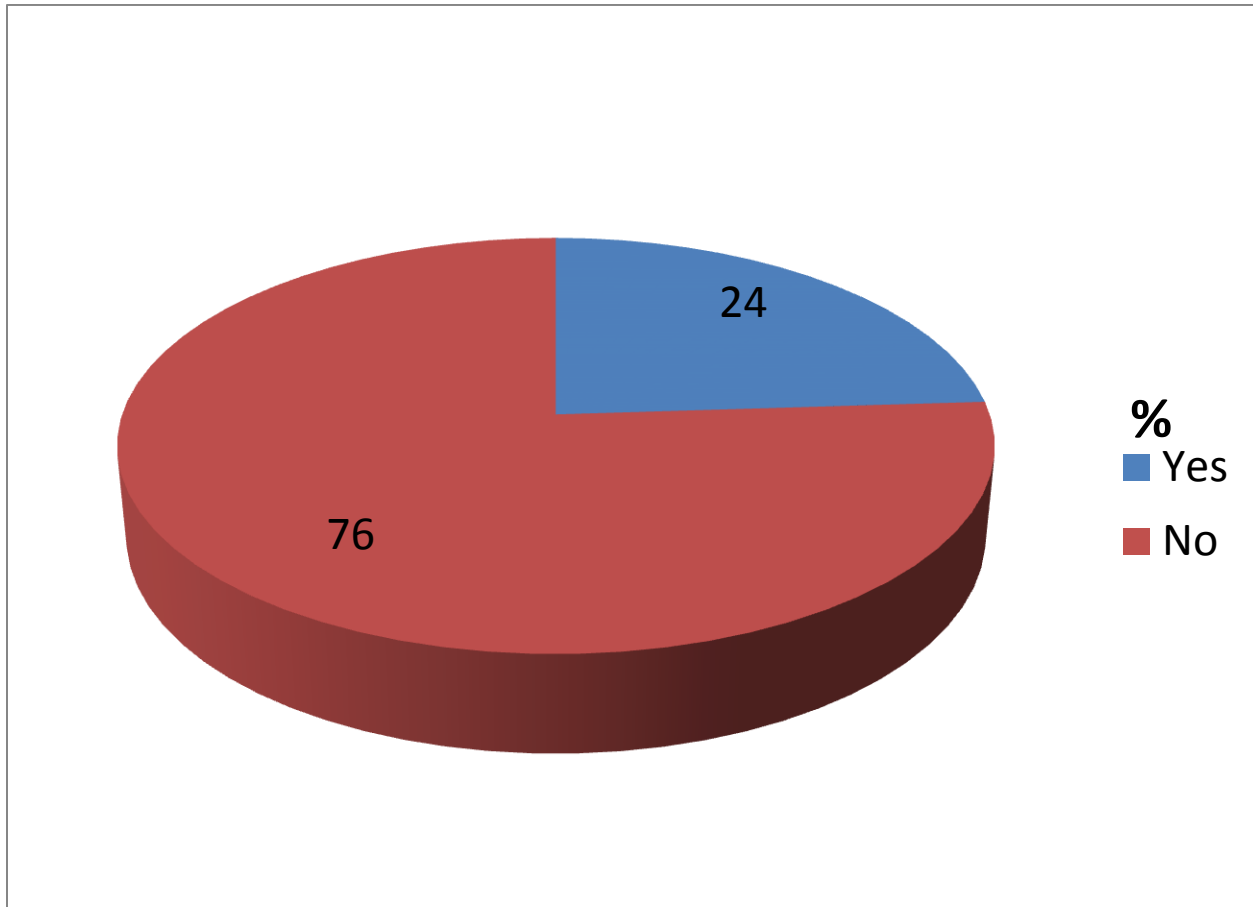
N= 274

10. What is the size of your company's legal department?



N=224

11. Do you hold a law degree or have formal legal training?



N=225

For More information

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