

THE NATIONAL
LAW JOURNAL

MONDAY, MARCH 30, 2009

PROFILES IN POWER

The 20 most influential general counsel in America



BREAKING NEWS: Corporate clients are tired of paying high legal fees.

OK, it's not exactly a news flash, but the present state of the economy means that it's more important than ever for clients to whittle their budgets and demand more from outside counsel.

Yet amid the pressure that general counsel face in an economy with a moribund stock market, an unemployment rate of 8.1% and ballooning bankruptcies, a select group of in-house leaders continues to demonstrate innovation. They have shown particular finesse in managing their legal departments, choosing outside counsel and remaining committed to diversity in their own ranks and those of the law firms they hire.

In this inaugural publication of *The National Law Journal's* Most Influential General Counsel, we have highlighted 20 attorneys whose leadership has proven strong—and even creative—during the turmoil in the legal industry.

And turmoil it's been. Contributing writer Emily Heller in her story on page S2 notes a November 2008 survey by Altman Weil, which found that 75% of general counsel said that their departments would have tighter budgets this year, with an average de-

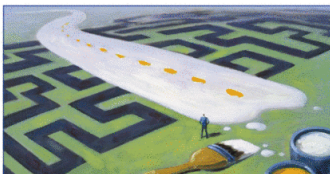
crease of about 11%. At the same time, major law firms in February alone shed 1,131 attorneys, and 1,661 legal staffers, according to the online layoff tracker Law Shucks.

At no other time, it seems, have general counsel had a stronger mandate for running their departments effectively and efficiently.

We received many nominations from law firms and in-house attorneys for the general counsel selected in the issue. The common thread running through the careers of these 20 individuals is a talent for leading legal teams in inventive ways. Thumbnail profiles of the most influential general counsel were written by staff reporter Karen Sloan and contributors Julie Kay and Peter Page. In addition, Heller's story focuses on ways that in-house counsel are carrying out their duties in a recession with tighter budgets.

We acknowledge some subjectivity in the selection process, and we recognize that many more lawyers could have made the cut. That said, the attorneys listed here clearly represent forward-thinking general counsel in charge of legal departments for major companies. And at a time of economic uncertainty, these lawyers represent ingenuity and steady leadership.

—LEIGH JONES



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Monday, March 30, 2009

General counsel pressuring firms amid recession

Demands for alternative fees and cost cuts build as GCs feel the pinch.

By Emily Heller
SPECIAL TO THE NATIONAL LAW JOURNAL

THE SQUEEZE IS ON. Trying to pare their law department budgets amid the economic crisis, general counsel have cranked up the pressure on their outside law firms, demanding slashed fees, predictable bills and improved service. With a stronger upper hand, company lawyers are trying to drive down the cost of using outside counsel.

Of all the budget issues confronting general counsel—and there are plenty—outside counsel fees and their lack of predictability are the two biggest worries, according to a November 2008 survey of 115 general counsel by Altman Weil. Nearly three-quarters of the respondents reported that they are implementing 2009 budget cuts of between 6% and 35%.

Corporate law departments can spend less on pencils and can cut in-house staff to trim around the edges of their budgets, but they won't get close to significant cuts "unless they start going deeper," said Pamela H. Waldow, principal at Altman Weil, the legal consulting firm. Going deeper means digging into outside counsel.

The study reported that the No. 1 target for general counsel spending cuts is outside counsel. More than half intend to decrease the use of outside lawyers in 2009.

The cutting is already here. One general counsel of a large company, which

Waldow declined to identify, recently achieved huge savings nearly overnight by firing its large national law firms and switching to smaller regional firms, she said. The change provided the company with top-rate lawyers at a lower cost structure. The company replaced \$700-an-hour lawyers with \$325- to \$450-per-hour counsel, she said.

Some law firms are responding by trying to keep pace with smaller firms. One large law firm pledged to a corporate client that it would match any discounted hourly fees that a competing firm might propose, Waldow said.

Companies are demanding ever more discounted hourly rates.

"We are watching every nickel we spend," said Michael Rowles, general counsel at Live Nation Inc., a Los Angeles-based concert promoter. The company's legal needs aren't slowing down—its proposed merger with Ticketmaster Entertainment Inc. is pending—yet the company has aggressively pushed for steep discounts on hourly rates, Rowles said, so far without complaint from its firms.

Retailer PetSmart Inc. has issued similar demands, pressing for 30% hourly fee discounts, said Scott A. Crozier, senior vice president and general counsel at the Phoenix-based retailer. Firms that want to continue representing the company are expected to make concessions. "We expect a lot more value," he said. "We expect far better representation and far better performance in terms of success." With outside counsel, it's less about give and take, Crozier said. It's now more about the "take."

The "golden age" of profitability at corporate law firms is over, said Susan Hack-

ett, executive director of the Association of Corporate Counsel. Lawyers wistful about those days are just resisting change, she said, noting that one lawyer recently complained to her that cutting his fee to \$700 per hour was a "suicide" rate.

Law firms face hard times not only because of slashed fee demands but also because new competition is depressing prices, said Joel Henning, a legal consultant at Hildebrandt International Inc. Overseas firms are trying to pick off their corporate clients, offering hourly rates 30% to 40% cheaper than what large U.S. firms charge.

"The American law firm is the last of the medieval guilds," Henning said. As demand for their services increased, so did their average profitability.

Those days are gone. Economic crisis is forcing law firms, few of which are built on a true business model, to become

The new competition among law firms is depressing prices.

market-driven, he said.

"It's not entirely the fault of firms" that they are stuck in a strange, new competitive world, Henning said. Corporations are sophisticated about procurement, but not in the area of legal services. That is changing, and the law firms that can go with that change will succeed, he said.

Alternative methods

Law firms that think they are accommodating the market's changes merely by discounting hourly rates are missing the point, Henning said. That's not an effective way of offering value, he said.

Similarly, some general counsel think that asking for a discount is all they need to do to manage their legal expenses, he said. But a lawyer's hourly rate is comparable to the rate published in a hotel room—no one really pays it because it is an artificial number, he said.

Offering an hourly discount won't control hours or expenditures, said Hackett, of the corporate counsel group. "There is nothing to prevent that bill from coming out larger," she said.

The better way of getting improved value for outside legal services is through alternative fees, Henning said.

Some of the more typical alternative-fee arrangements include flat fees per case, project or a packaged group of similar cases. Certain firms have responded creatively, Waldow said. One offered to handle litigation seeking to recover money on a contingency basis, she said.

Law firms can offer a fixed rate on a deal and top it with a success "kicker," said Guy Halgren, chairman of Los Angeles-based Sheppard, Mullin, Richter & Hampton and a proponent of alternative-fee arrangements.

Many law firms, he said, have a hard time pricing bids that work for their clients and are profitable, too. For example, when a firm is asked to bid on a single-plaintiff employment case, it has to know staffing, plus procedural and other costs. Sheppard Mullin has three alternative-fee "czars" for transactions, litigation and regulatory practices. These attorneys look for opportunities to utilize alternative arrangements. Even so, the majority of work is still being billed at hourly rates, Halgren said. But that is

changing, he said.

Alternative-fee arrangements have become essential at Taser International Inc.'s law department because they help the company manage litigation costs, said General Counsel Doug Klint. With 43 lawsuits pending and 82 cases that it has resolved, Taser has developed a "best practices" program for its 10 regional litigation counsel, said Klint.

"The challenge for us is that we don't settle lawsuits" filed by criminal suspects claiming injuries as a result of law enforcement officers using a Taser weapon, he said. "We end up being prepared to go to trial in every case."

Taser applies the same efficiency and quality standards to legal work that it does in manufacturing, he said.

Beginning in 2008, Taser required all outside counsel to work under a fixed "not to exceed" fee schedule in litigation, grouped into several phases, including motions, discovery and trial. The company developed standardized model documents, which minimizes document prep time billed by outside lawyers. Taser has already done the legal heavy lifting of developing the arguments for defending abuse-of-force claims, he said. It doesn't have to pay someone else to do it. In essence, the company streamlines litigation the same way a manufacturer would streamline the production line, Klint said.

Some of the more progressive law firms have embraced Taser's methods, Klint said. Not all have gone along, however. For those firms that refuse to give up billing hourly? "We micromanage them," Klint said. The firm scrutinizes their work and bills to avoid any surprises.

"You can't manage what you don't measure," Klint said. He meets every month with outside counsel to talk about pending work and decides what to assign and what to bring in-house.

Sometimes Taser makes a conscious decision to exceed budget on a case, "but we know about it beforehand," Klint said. "We do not want to be surprised."

Although some observers advocate applying a manufacturing model to providing legal services, the law is not the same as selling pencils, said Francis M. Milone, chairman of Morgan, Lewis & Bockius. "You can't just look at costs of legal services. You have to look at outcomes," he said. Companies want certainty, he added. "We believe and clients believe it does create a better result. They know they are not going to get nickle-dimed on it."

Nonprofits join the movement

Even nonprofit organizations are exploring alternative fees, said Angela F. Williams, general counsel of the YMCA of the USA, the Chicago-based umbrella organization for the nation's 2,686 YMCAs. Williams recently submitted a request for proposals to four firms on an employment matter and one of the factors in evaluating the firms was alternative fees.

One firm offered no discount, another offered an hourly discount but a third offered to accept a cap on legal costs. "Thinking outside the box—that's what I appreciate," she said. "Now's the time for outside counsel to really listen to the needs of in-house counsel and respond in a way that maximizes the service."

Christina Martini, a partner at DLA Piper who works with Williams on the YMCA's intellectual property matters, said that she still bills by the hour but focuses on aligning her firm's interests with those of its clients. The point is to make the rela-

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PROFILES IN POWER THE 20 MOST INFLUENTIAL GENERAL COUNSEL IN AMERICA

Brackett Denniston

61, General Electric Co.



AS THE LEADER of a 1,300-attorney legal department, Brackett Denniston has focused on globalizing his work force to reflect the international expansion of General Electric Co. (GE). At the same time, he has worked to ensure

that operations in emerging markets reflect a respect for human rights and adherence to the rule of law. Since joining GE in 1996, Denniston has steadily scaled the corporate ladder to reach the posts of senior vice president and general counsel. His leadership during the financial crisis and the shifting regulatory landscape has enabled GE to avoid seeking bailout money from the Troubled Assets Relief Program. He has publicly advocated bringing more legal work in-house, arguing that it gives him more control over quality and efficiency. In addition, he has established a tracking system to ensure that outside counsel appoint diverse attorneys to work on GE's key matters. Active in the community, Denniston is a trustee and secretary of Kenyon College, chairman and trustee of the New England Legal Foundation and a member of the board of the American Arbitration Association.

Ivan Fong

47, Cardinal Health Inc.



NOMINATED BY President Obama to serve as general counsel of the Department of Homeland Security, Ivan Fong arrived at Cardinal Health Inc. three years ago to find a decentralized legal department that was facing at least

two dozen major lawsuits. As chief legal officer and secretary, he established regular department meetings and a pro bono program, implemented an electronic document and matter-management system and developed an innovative "career road map" that gave attorneys title parity with their business counterparts. Fong is credited with clearing the docket of cases against the \$87 billion global manufacturer and distributor of medical and surgical supplies, and reorganizing and re-energizing the legal department. A former partner at Covington & Burling and a former deputy associate attorney general, he also saved at least \$5 million in both outside and in-house costs by implementing tighter billing guidelines and an e-billing system and by creating a preferred provider network.

James R. Jenkins

63, Deere & Co.



JOHN DEERE tractors were not quite what Congress had in mind last fall when it passed the Troubled Assets Relief Program—a package of laws geared toward stabilizing banking institutions amid financial crisis.

But Deere & Co. Senior Vice President

and General Counsel James R. Jenkins did some creative thinking and quickly realized that the legislation could benefit businesses outside the traditional banking sector. With the assistance of attorneys at New York-based Shearman & Sterling, Jenkins, who has headed Deere & Co.'s legal department since 2000, tapped into the Federal Deposit Insurance Corp.'s new Temporary Liquidity Guarantee Program, allowing the farm equipment manufacturer's financing arm to sell \$2 billion in bonds in December. Those bonds were backed by the Federal Deposit Insurance Corp. at low interest rates. Now, that \$2 billion can be loaned to John Deere customers to purchase equipment.

Michele Coleman

Mayes

59, Allstate Corp.



UPON HER ARRIVAL at insurer Allstate Corp. in 2007, Michele Coleman Mayes wasted no time conducting a full assessment of one of the country's largest corporate legal teams, with nearly 1,300 employees. When Mayes joined

Allstate as vice president and general counsel, she carried decades of legal

experience, including stints at the U.S. Department of Justice, Burroughs Corp., Colgate-Palmolive Co. and Pitney Bowes Inc. One of her goals was to broaden the department's pro bono efforts. The resulting program sponsors student debates at urban high schools. Mayes surveyed her department and outside counsel to assess their commitment to diversity. Keeping an eye on the bottom line, Mayes is a fan of alternative-fee arrangements when appropriate and has negotiated flat-fee pricing for much of the company's patent, government relations and insurance defense work. "We enter into multiyear rate agreements with our firms that include a variety of

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aggressive financial structures, blended rates, rate caps and rate locks," Mayes said.

Mark M. McGuire 51, Eaton Corp.



MANUFACTURING engine components. Producing golf club grips. Developing green technologies. Diversified power management company Eaton Corp. does a bit of everything, and so does the company's executive vice president and general counsel, Mark McGuire, whose responsibilities span the globe and the legal spectrum. McGuire oversees 50 attorneys around the globe on issues ranging from trade regulation and litigation to corporate governance. Intellectual property is a top priority, since Eaton must protect patents and trade secrets covering green technology such as hybrid electricity and hydraulics for automobiles. Before joining Eaton in 2005, McGuire spent 12 years as in-house counsel at International Paper Co.

Barry Nagler 52, Hasbro Inc.

THOSE WHO MISS the days when they could waste hours playing Scrabble-knockoff Scrabulous online with their Facebook friends can blame Barry Nagler. Nagler, senior vice president and



general counsel at toy maker Hasbro Inc. since 2000, led the legal charge against Scrabulous. In a move that garnered national attention, the online game was pulled off the popular social networking site last summer after Hasbro, maker of Scrabble, filed a lawsuit claiming copyright infringement. Protecting Hasbro's intellectual property is just one of Nagler's many duties at Hasbro, which sells toys and games ranging from Monopoly to the Easy-Bake Oven. Nagler is expanding Hasbro's brands globally and throughout the entertainment world—where his legal team negotiated with filmmakers to bring Transformers and G.I. Joe to the big screen, and with video game and technology companies to feature Hasbro brands. In addition, Nagler launched a team of attorneys who monitor and influence the many new toy safety regulations around the world.

Roderick "Rick" Palmore 57, General Mills Inc.

IN JUST ONE year on the job after 12 years as general counsel at Sara Lee Corp., Roderick "Rick" Palmore has made big moves at General Mills Inc. as executive vice president, general counsel and chief compliance and risk management officer. He is about to inform all outside counsel working for the company to pro-



pose alternative-fee arrangements in order to reduce legal costs. "We're looking at better ways of aligning our interests," he said. Having worked for half of his career at law firms, Palmore calls himself the firms' "worst nightmare." "I know how the game should be played," he said, adding that he demands responsiveness, diversity, talent and cost savings from outside counsel. Diversity is something Palmore has emphasized throughout his career, having helped launch the "Call to Action" initiative four years ago to improve representation and mobility of minorities and women within the law firms providing services to major corporations.

Carol Ann Petren 56, Cigna Corp.



CAROL ANN Petren has played nearly every major legal role during her 36-year law career. She has spent time as a federal prosecutor, a law firm attorney and in-house counsel at several major corporations, including MCI Communications Corp. and Sears, Roebuck & Co. Her experience has come in handy in her current role as executive vice president and general counsel at insurer Cigna Corp., where she handles litigation matters, regulatory compliance,

corporate governance compliance and public policy issues, among other responsibilities. Her time as a prosecutor taught her to be a tough negotiator, while her law firm stint provided insight into what clients need. Petren puts all of that to use overseeing Cigna's approximately 240-member legal department, a job she has held for three years. Cigna, like many other companies, is trying to rein in legal expenses. Petren has implemented a prioritization program in which resources are directed to the most important legal areas.

James G. Potter 51, Del Monte Foods Co.



JAMES G. Potter has made most of his own breaks in life while simultaneously demonstrating a passion for helping others. Potter, senior vice president, general counsel and secretary of Del Monte Foods Co., grew up an orphan in Muncie, Ind., but graduated at the top of his high school class. He went on to the University of Chicago and Harvard Law School. At Del Monte, he has been a proponent of alternative-fee arrangements. He also was one of 12 general counsel working with the Project for Attorney Retention at the University of California Hastings College of the Law to devise a list of best practices for law firms and in-house counsel to promote diversity and work-life balance. Potter

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'PROFILES' FROM PAGE S4 serves as chairman of the steering committee of the California Minority Counsel Program.

Thomas L. Sager

58, DuPont

THOMAS L. SAGER started his career with E.I. du Pont de Nemours and Co. 32 years ago, working his way up from an attorney in the labor and securities group to his appointment in 2008 as senior vice president and general counsel. Focused on cost savings, Sager is a big proponent of outsourcing document review to offshore firms and temporary workers.



Outside firms willing to agree to alternative-fee arrangements "can realize bonus in the millions depending upon the size of the recovery or risk to the company," he said. Sager is so well known for his efforts to promote diversity that the Minority Corporate Counsel Association named an award after him. He chairs the association, which advocates hiring, retaining and promoting minority attorneys in corporate law departments and the law firms that serve them. In 2001, he received the Spirit of Excellence Award from the American Bar Association.

Commission on Racial and Ethnic Diversity in the Profession. In addition, Sager steered the company's pro bono efforts towards minority scholarships and in-house lawyer representation of indigent clients.

Amy W. Schulman

49, Pfizer Inc.

AMY W. SCHULMAN has a lot to command as the senior vice president and general counsel of pharmaceutical giant Pfizer Inc.—not the least of which is the company's \$68 billion takeover bid for drug maker Wyeth. Among other aspects of the pending deal, Schulman has found



herself negotiating with the banks involved. Although she's been at the helm of Pfizer's legal division for less than a year, Schulman has made it her mission to "rewrite" the relationship between law firms and their clients. She

has drastically pared back the number of firms Pfizer relies on and has largely done away with the billable hour. The company's outside counsel operate on flat fees and incentives. Pfizer is not Schulman's first high-profile gig. She was previously a go-to litigator at DLA Piper with a huge book of business. In addition to her work with Pfizer, Schulman is involved with a number of nonprofit groups, including the Brooklyn Academy of Music and Equal Justice Works.

Bradford L. Smith

50, Microsoft Corp.



GENERAL COUNSEL of Microsoft Corp. since 2002, Bradford L. "Brad" Smith has put to good use the company's technological advantages. Overseeing lawyers in 44 countries, Smith keeps in close touch with them

through the use of YouTube-style video announcements and videotaped quarterly meetings. With so many employees in other countries, Smith has worked hard to strengthen the company's ties with governments around the world by investing in local economies and by meeting with officials there. In addition, he has worked to bring down patent costs, which are 31% below benchmarks at the company. Smith, who also holds the titles of senior vice president and corporate secretary of Microsoft, has put much of his energy into promoting diversity and pro bono work. He created a program last year in which outside law firms receive a 2% bonus for achieving diversity goals. In addition, Microsoft is the only company with a full-time diversity coordinator for its legal department. Last year, Smith worked with 35 law firms—and actress Angelina Jolie—to create a pro bono program geared toward children.

Mark Stachiw

47, MetroPCS Communications Inc.



DURING HIS 2 1/2 years as general counsel of MetroPCS Communications Inc., Mark Stachiw hasn't slowed down. He spearheaded the \$1.4 billion acquisition of wireless communications spectrum, allowing his Texas-based

company to double its market by entering New York, Boston and Philadelphia. As vice president, general counsel and secretary of the company, Stachiw oversaw the largest nonfinancial initial public offering of 2007 (more than \$1 billion in securities) and negotiated and closed on \$1.5 billion in bridge loans to finance the spectrum acquisition, despite being sued by a competitor just days before the deal was set. Stachiw also led the settlement

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PEOPLE WHO MAKE GREAT COMPANIES WORK



Leisure Care retirement communities are changing the face—and the taste—of retirement living. Darin Leonardson is the chef at Toscana, an upscale restaurant at The Belletini, one of Leisure Care's active retirement communities. Toscana is open to the public as well—a first in the industry. Leisure Care's unique retirement communities include high-end amenities such as a spa, "brain fitness" classes, a travel agency and, of course, fine dining. "My ingredients always include a lot of passion—and a little craziness," says Darin. "It fits with Leisure Care's unconventional approach to retirement living."

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of that lawsuit, filed by competitor Leap Wireless International Inc. Within four days in 2009, Stachiw successfully sold \$550 million of senior notes into the market. With 18 years' experience in the telecommunications industry, he is known for a deal-making ability that has helped make MetroPCS the sixth largest flat-rate wireless provider in the United States, with 5.4 million customers.

Deirdre Stanley

44, Thomson Reuters Corp.



DEIRDRE STANLEY spent the past two years playing a leading role in the transformation of The Thomson Corp. into Thomson Reuters Corp., the world's largest professional information company. Stanley, who joined Thomson in 2002, directed several legal teams involved in the company's sale of NETg Inc., a provider of electronic learning products, for \$285 million; the sale of Thomas Learning Centers Inc. and Nelson Canada for \$7.8 billion; and the sale of Prometric Inc., a provider of computer-based testing and assessment services, for \$435 million. As executive vice president and general counsel, she led the legal team in Thomson's \$17.2 billion acquisition of Reuters Group Ltd., overseeing multiple law firms in the United States and Europe. Stanley also is a member of the Thomson Reuters executive committee, which includes the eight

most senior executives of the company. Outside of Thomson Reuters, Stanley champions such causes as the Girls Scout Council of Greater New York and the National Kidney Foundation.

Laura Stein

47, Clorox Co.



LAURA STEIN is as busy out of the office as she is at work. Stein, senior vice president and general counsel of The Clorox Co., oversees the company's worldwide legal affairs and its women's employee resource group; co-sponsors the Clorox risk-management and social responsibility programs; is vice chair and executive committee member of the board of the Association of Corporate Counsel; chairs the American Bar Association Asia Law Initiative Council; and co-chairs the corporate pro bono advisory board and the general counsel committee of the ABA Section of Business Law. In 2003, Stein was named by the Harvard Law Bulletin as one of 50 alumnae who "have used their law degrees to take them to extraordinary places."

Henry "Hank" Udow

51, Cadbury PLC

HENRY "HANK" Udow started with Cadbury PLC in 1987 as an assistant counsel. Ascending to his current position as chief legal officer and group secretary, Udow



last year oversaw a complex transaction that separated Cadbury's confectionery and beverage businesses into two independent companies. The deal required him to oversee switching the beverage business from Cadbury's global enterprise based in the United Kingdom to a new publicly traded U.S. company, Dr Pepper Snapple Group Inc. As part of the spinoff, Dr Pepper Snapple Group engaged in a \$4.4 billion financing—no small feat in an extremely challenging credit market and under a tight deadline. In addition to leading the deal, Udow bore overall responsibility for ensuring that the legal, compliance and governance processes were ready at the time of the spinoff. In that capacity, he oversaw outside and in-house legal teams in closing what was analogous to an initial public offering of a company with a \$7 billion market capitalization. Udow had to juggle a myriad of issues related to corporate oversight, contracts, employee benefits, taxes, internal controls, compliance and regulatory issues.

William A. Von Hoene Jr.

55, Exelon Corp.

AS EXECUTIVE vice president and general counsel of one of the nation's largest public utilities, William A. Von Hoene Jr. made a career-long commitment to promoting diversity while a partner at Chi-



cago-based Jenner & Block, where he co-chaired the diversity committee. One result of his work was the annual diversity dinner that, among other prominent lawyers and judges, honored Barack Obama long before he became president. Von Hoene joined Exelon in 2002 as vice president and deputy general counsel for litigation. He was named general counsel in February 2006. His colleagues credit him with countless hours of pro bono representation of the indigent, with special emphasis on housing discrimination. He received the 2007 Association of Corporate Counsel Pro Bono Award, which recognizes the most outstanding corporate pro bono program in the country, and the 2008 Vanguard Award from the Chicago Bar Association, recognizing outstanding contributions in making the legal profession more accessible and reflective of the community at large.

Robert Waterman

55, HCA Inc.

ROBERT WATERMAN, senior vice president and general counsel at HCA Inc., cut the Nashville, Tenn.-based company's outside legal fees by 23.3%—some \$42 million—between 2006 and 2008. Those savings came despite the high regulation and litigious climate that surround the health care industry. At the same time, HCA, which owns and operates 166 hos-

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PROFILES IN POWER GENERAL COUNSEL

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Angela F. Williams, 45, YMCA of the USA. Williams is an expert on Internal Revenue Service compliance for nonprofits. Her department represents all independent YMCAs on IRS matters. Protecting the YMCAs' marks and brands is a top priority for Williams, who drafts cease-and-desist letters, monitors the brand position and keeps track of registrations with the U.S. Patent and Trademark Office. "No other organization owns a letter of the alphabet," Williams said.

Angela F. Williams
45, YMCA of the USA



WITH A LEAN, four-attorney in-house team, Angela F. Williams proves that a legal department doesn't have to be big to be mighty. Her team faces an array of legal work that might be expected at a Fortune 500 corporation. Despite the small size of her work force, Williams works with some heavy hitting law firms, including DLA Piper on intellectual property, Sidley Austin on tax and corporate and McDermott Will & Emery on nonprofit government affairs. She has negotiated sponsorships of various types with The Walt Disney Co., J.C. Penney Co. and the Robert Wood Johnson

Foundation. Williams is an expert on Internal Revenue Service compliance for nonprofits. Her department represents all independent YMCAs on IRS matters. Protecting the YMCAs' marks and brands is a top priority for Williams, who drafts cease-and-desist letters, monitors the brand position and keeps track of registrations with the U.S. Patent and Trademark Office. "No other organization owns a letter of the alphabet," Williams said.

Danette Wineberg
62, The Timberland Co.



DANETTE WINEBERG enjoyed a long career as in-house counsel for companies such as Little Caesar Enterprises Inc. and Highland Superstores before going to Timberland in 1997. At Timberland, which is based in Stratham, N.H., Wineberg has initiated cost-cutting measures including electronic filing, which enables the company to better handle enormous volumes of work. Wineberg, who serves as vice president and general counsel, has also pushed for flexible working arrangements such as attorney job share. She contributes to the community as clerk for the National Board of Trustees for City Year, a youth service nonprofit organization. Wineberg considers diversity when hiring outside counsel, but most important to her are "practical solutions, business savvy, responsiveness, experience and commitment to our values." Wineberg said she is embracing alternative-fee arrangements, such as "not-to-exceed" fees and "early-pay" discounts. **NLJ**

Economic slump spurs GCs to boost demands

'DEMANDS' FROM PAGE S2

tionship predictable for the client. "I think it's all about communication," she said.

With corporate clients threatening to send lawyers packing, firms are forced to demonstrate that their prices bear a clear relationship to the value of their services, said Ralph Baxter, chairman and chief executive of Orrick, Herrington & Sutcliffe. It's understandable why clients are frustrated with the way lawyers bill because fees are disconnected from value, he said.

"I do think at the end of the day there is a way to arrange this that will be better for everyone," he said. "We've got to adapt to changed times."

Orrick has changed its staffing model, hiring less costly nonpartner lawyers. In addition, in 2002 it consolidated its back-office staff in Wheeling, W.Va., to conduct electronic research and prepare transcripts, among other tasks. The firm has been examining how it performs nearly everything it does, to better understand its costs of providing services.

Such self-examination is new and difficult for firms to endure, Baxter said.

Lawyers resistant to alternative fees may argue that their work is too unpredictable to price with any certainty, but "that's bull," said Hackett. "It's mind-boggling to me they've actually bought

this," she said of corporate lawyers who don't challenge that claim.

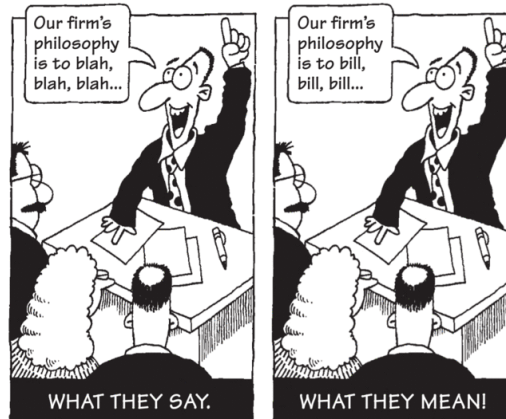
Still, alternative-fee arrangements remain far from the norm. The November corporate counsel survey showed that most lawyers spend fewer than 10% of their legal expenses under these arrangements.

Law firms should not wait for their corporate clients to suggest a new way of paying, said consultant Henning. "This is the time," he said. "The savvy ones are doing it."

The Association of Corporate Counsel is helping companies and outside lawyers get the party started, inviting small groups to meet and brainstorm alternative-fee deals and try them out. The program is called Value Challenge and the first of 20 meetings took place in mid-March in New York City. The New York group came up with 37 ideas, said Hackett, who participated in the discussion.

The idea is to encourage people to try new things, she said. They leave the meeting, talk with their outside lawyers or their corporate clients and try one or two new ideas, she said.

But change won't come as a result of a top-down approach from a trade group, she said. It will require companies and their lawyers—traditionally risk-averse—to "step out of their comfort zone." **NLJ**



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