

DAILY REPORT GC SOUTH

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Pay proves GCs are part of elite club

BY KATHERYN HAYES TUCKER

IT'S NOT A MILLIONAIRE'S CLUB, but it is close.

A review of the compensation of Southeastern chief legal officers who are listed among the top five highest paid executives in their public companies' most recent Securities and Exchange Commission filings reveals an average total package in the neighborhood of a million dollars—about \$965,000. Their average base salaries were just a bit over \$300,000, with bonuses and stock awards adding most of the value. And the top 62 had packages valued at more than \$1 million. The highest exceeded \$7 million.

It is a mostly male club. Only 22 women showed up on the list of 174. And the women earned less: an average base salary of \$268,000 and total package averaging \$683,000. Still, the top six women earned more than \$1 million.



Robert T. Graff

The list, gleaned from 14A and 8K filings at the SEC for the fiscal year ended 2007, reveals an abundance of details. The big picture it paints shows more than anything the value of a general counsel to a company. (The list is available in a sortable format at DailyReportOnline.com.)

"The general counsel is clearly worth a lot," said Robert T. Graff, managing partner of the Atlanta-based legal search firm Major, Lindsey & Africa. "I consider them part of the inner circle of executives."

Whether they are called the general counsel, the chief legal officer or something else, Graff said, 90 percent of the time the company's top lawyer is part of the executive committee and in the elite club of C-level executives. In compensation, they are usually on a par with the chief financial officer, generally just under the chief executive officer and

the chief operating officer. "Whatever the titles are, it's the inner circle of five to eight executives who run the company and report back to the board," Graff said.

"It is a very critical position," said Melba Hughes, founder of Hughes Consultants, a legal recruiting firm based in Atlanta. "Wise business people always say they want very much for the general counsel to be a significant part of the executive team. CEOs and boards rely very heavily on the general counsel to see that they are moving in the right direction from a moral, legal and ethical view."

While some of the numbers on this list are eye-popping, those familiar with salaries for both in house and law firm attorneys lend perspective. Most surveys show that senior equity partners in law firms still come out ahead.

"Some might say GCs make too much. I'm one who says GCs should make more," said Raj M. Nichani, vice president of the Atlanta-based legal recruiter Hughes & Sloan Inc. "People might criticize how much they make, but if you look at how much they save the company, you need the best and the brightest."



Raj M. Nichani

As the economy spirals downward, GCs may fare better than their law firm counterparts, according to Richard Rice, managing partner for the legal division of Atlanta-based FirstPro Inc. "The primary thing I've seen about the value a general counsel can now bring to the company is in terms of reducing their outside counsel costs," Rice said. "We're seeing an uptick in the hiring of staff counsel to cut back on what they would traditionally send to outside counsel." The in-house trend runs counter to what Rice said he is seeing in law firms, which is a downturn in the number of positions.

Corporate chief legal officers have one advantage they would

not have had if they had stayed in their law firms: stock.

"That's the real wealth builder for a general counsel," Graff said.

The list tells the story in the gap between salary plus bonus and the total compensation.

It's important to keep in mind that these are 2007 figures and the Dow Jones industrial average peaked in October of that year. As a result, stock awards last year for GCs and other corporate executives could have set records that may not be broken for a while. "The equity component over the last three or four years—until recently—has been very strong," said Graff. "I think the numbers next year will look pretty different."

Certain conditions can boost a GC's value to a company. Financial difficulties could be one. Legal documentation for loans and other financing agreements may go from routine to critical in the current economic conditions, Graff noted. Also, companies that most value their GCs tend to have a lot of litigation or high liability exposure, or a lot of merger and acquisition activity or a lot of intellectual property to protect.

Beyond that, possibly the biggest boost to the value of a GC is the myriad of reporting requirements set up by the Sarbanes-Oxley Act. "It just made all the executives more nervous and more concerned that their lawyer keep them out of trouble," Graff said. "When you ask executives what they want in a general counsel, they'll say really good business judgment and ability to explain the legal answer in business terms that allow them to meet their goals while staying out of jail. They want the GCs to be as aggressive as they can be but minimize the liability exposure."

That job description—and the pressures that go with it—explains why the GCs make the big bucks that are detailed on the list. **DR**

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GEORGIA LEADERS

Find the top paid CLOs in Georgia who were listed on their companies' SEC filings. Twenty-eight Georgia CLOs made the complete list.

RANK	NAME/COMPANY	TOTAL COMP.
1	S. LINN WILLIAMS Mirant Corp.	\$2,929,753
2	G. EDISON HOLLAND JR. The Southern Co.	\$2,458,126
3	STEPHEN D. LUPTON* AGCO Corp.	\$2,188,724
4	KENYON W. MURPHY* Acuity Brands Inc.	\$1,801,076
5	RAYMOND S. WILLOCH Interface Inc.	\$1,602,044
6	JOEL I. BEERMAN Georgia Gulf Corp.	\$1,271,914
7	BARBARA L. BLACKFORD Superior Essex Inc.	\$1,182,521
8	LAWRENCE A. MARGOLIS Arris Group Inc.	\$1,157,765
9	G. SANDERS GRIFFITH III** Synovus Financial Corp.	\$1,103,108
10	STEPHEN R. AVERA Flowers Foods Inc.	\$950,306

*Retired from the company since the 2007 filing.
**Resigned as senior executive vice president, general counsel and secretary of Synovus, effective Jan. 1, 2008; currently serves as senior executive vice president, general counsel and secretary of spin-off Total System Services.

SOURCE: SEC PROXY STATEMENTS

22 WOMEN MAKE THE LIST

Below are the 22 highest-compensated female CLOs among the top five earning officers at public companies in the Southeast.

RANK	NAME/COMPANY	TOTAL COMPENSATION	RANK	NAME/COMPANY	TOTAL COMPENSATION
1	SHEILA M. McDEVITT TECO Energy Inc.	\$1,598,449	12	MARY McDERMOTT NTELOS Holdings Corp.	\$626,074
2	RUTH Y. MORREL DynCorp International Inc.	\$1,452,289	13	BARBARA V. TINSLEY BlueLinX Holdings Inc.	\$493,712
3	PATRICIA K. FLETCHER Avatar Holdings Inc.	\$1,216,737	14	GILDA M. THOMAS POZEN Inc.	\$453,566
4	BARBARA L. BLACKFORD Superior Essex Inc.	\$1,182,521	15	JUDITH SCOTT Portfolio Recovery Associates, Inc.	\$422,804
5	JANET DHILLON US Airways Group, Inc.	\$1,134,013	16	MICHELE R. CAPPELLO NCI Inc.	\$416,810
6	ANNE CHWAT Burger King Holdings, Inc.	\$1,107,666	17	TASHIA L. RIVARD Vyoo Inc.	\$380,012
7	SHIRLEY J. LINN Fairpoint Communications, Inc.	\$1,021,827	18	SHEILA C. BROWN Texas Roadhouse, Inc.	\$356,574
8	DEBORAH J. LONG Protective Life Corp.	\$936,669	19	DEANNE M. TULLY Tier Technologies, Inc.	\$273,126
9	SUELLYN P. TORNAY Global Payments Inc.	\$845,179	20	CHRISTIANA L. LIN COMSCORE, Inc.	\$233,965
10	ROBERTA L. McCAW Matria Healthcare, Inc.	\$705,835	21	DORIS K. SEWELL Alabama Aircraft	\$228,134
11	GRACE R. den HARTOG Owens & Minor, Inc.	\$661,983	22	MARILYN B. BUHYOFF National Bankshares Inc.	\$193,164

SOURCE: SEC PROXY STATEMENTS