

NEW YORK
CITY BAR

**CORPORATE LAW DEPARTMENT
DIVERSITY BENCHMARKING
REPORT**

2006 Report to Signatories of the Statement
of Diversity Principles



2006 Diversity Benchmarking Study:

A Report to Signatory Corporate Law Departments

Sponsored by:

Deloitte

UBS

© 2006 by the New York City Bar Association

For further information, please contact:
Meredith Moore, Director of the Office for Diversity,
at 212-382-6689 or mmoore@nycbar.org.

The New York City Bar Association
42 West 44th Street, New York, NY 10036
www.nycbar.org

TABLE OF CONTENTS

- 1) Introduction (3)
- 2) Executive Summary (4)
- 3) Representation and Hiring By Level (6)
- 4) National Comparisons (13)
- 5) Flexible Work Arrangements (14)
- 6) Racial/Ethnic Minorities (16)
- 7) Gender (21)
- 8) Openly Gay Attorneys (23)
- 9) Attorneys with Disabilities (23)
- 10) Law Firm Comparisons (25)
- 11) Conclusion (28)
- 12) Recommendations—Analyzing Law Department Data (29)
- 13) Acknowledgements (31)
 - Contributors to the Office for Diversity
 - Enhance Diversity in the Profession Committee
 - Signatories to the Statement of Diversity Principles

PURPOSE

This is the first New York City Bar corporate law department diversity benchmarking report. As Signatories to the Association's Statement of Diversity Principles, these law departments have committed to monitor improvement on key diversity metrics over time. This study is the first of its kind to look at the composition of in-house legal departments by level, as well as examining flexible work arrangements and new hires. The benchmarking report is a powerful tool for law departments to focus their diversity efforts by identifying where they are doing well and where they are lagging behind.

It is important to note that, due to the small number of corporate law department signatories, this data should not be considered representative of all law departments in New York City much less nationwide. Furthermore, in comparison to the few national benchmarks available, the corporate signatories tend to have better diversity representation at the top than the national average.

METHODOLOGY

This data is based on the responses of 15 corporate law department signatories to the New York City Bar's Statement of Diversity Principles, as of March 2006. This represents an 83 percent response rate.

Of the 17 signatories at the time of the study, 11 are in the Fortune 100, 3 are Fortune 101-500, 2 are professional firms, and 1 is based outside of the US.

Signatories hail across the Greater Metropolitan New York area: 13 have US headquarters in New York, 1 in Connecticut, and 3 in New Jersey.

Each individual law department's response to the web-based survey is treated as anonymous and confidential.

This data is a snapshot of participating law departments as of January 2006.

This data represents only the greater metropolitan New York City area offices of the signatory law departments.

For comparison purposes, we utilized the demographic categories and terminology employed by the National Association of Law Placement (NALP), collecting data on Women, Men, American Indian, Asian-American/Pacific-Islanders, Black, Hispanic, Multi-racial, Openly Gay, and Disabilities.

We also collected data on the intersections of race and gender enabling us to compare white men, white women, men of color, and women of color.

We gathered data by level on the current composition of the law departments, formal full-time and part-time flexible work arrangements, and new hires.

Levels

To collect comparable data across corporations with varying law department structures, we requested data for 4 levels with representative titles given.

Level 1: General Counsel (GC), Chief Legal Officer (CLO)

Level 2: Deputy GC/CLO, Division or Practice Head, Direct Reports to GC/CLO

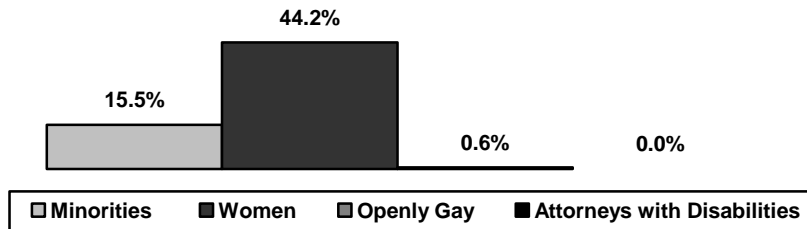
Level 3: Managing Attorneys, High Level Specialists

Level 4 and Below: All Other Attorneys

EXECUTIVE SUMMARY

Overall, signatory law departments are diverse with respect to race and gender. Compared to the legal profession as a whole, the legal departments of signatory corporations boast considerable diversity. Fifteen percent of in-house lawyers are racial/ethnic minorities and 44 percent are women. Much lower percentages of attorneys are characterized as openly gay or attorneys with disabilities, which is more likely due to lack of data collection than the absence of this type of diversity in these law departments.

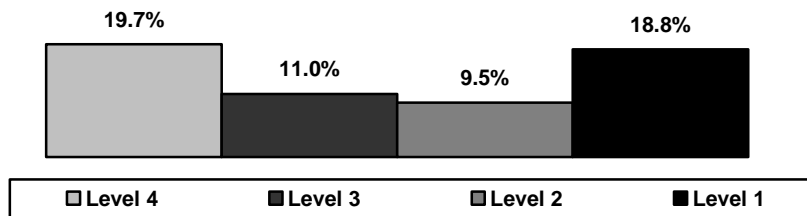
Overall Diversity in Signatory Law Departments (1,216) as of January 2006



Compared to law firm signatories, corporate law departments are faring better with women overall (35.5%) and at all levels. Corporate signatories are keeping pace with firms overall with minorities (15.1%) but exceed firms at the upper tiers. However, firm signatories are leading the way with respect to counting their openly gay attorneys and attorneys with disabilities (2.3%, 0.1%).

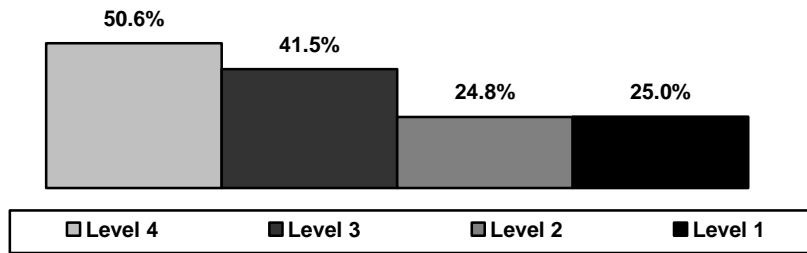
There is more diversity in the lower levels of signatory law departments than in the upper tiers. Approximately one-fifth of the 4th level, or junior-most attorneys, in signatory law departments are racial/ethnic minorities. The proportion drops to 11 percent for level 3 (managing attorneys) and 9.5 percent for level 2 (Deputy General Counsels). There is an upswing with nearly one-fifth of signatory general counsel positions occupied by racial/ethnic minorities. In other words, three of the sixteen general counsels are minorities.

Racial/Ethnic Minorities By Level (1,216) as of January 2006



Over one-half of the bottom rung of signatory law departments are comprised of women, dropping to 41.5 percent at the next level. Women represent one-quarter of the top two tiers in the law departments. There are 4 women general counsels out of 16 total positions in signatory corporations.

Women By Level (1,216) as of January 2006



Only three signatory corporations provided data on their openly gay attorneys, and no companies reported attorneys with disabilities. We urge employers to seek a more complete and accurate picture of the diversity in their organization by sending a confidential and anonymous questionnaire that solicits an accurate count of all demographic categories.

The racial and gender diversity of General Counsels in signatory corporations surpasses the Fortune 500. Compared to the Fortune 500 where 6.4 percent of General Counsels are minorities (32), the NYC Bar signatories are ahead of the curve with triple the percentage in the top job, 18.8 percent (3)¹. With one-quarter of general counsel titles in signatory law departments held by women (4), the signatories outperform the F500 where 15 percent of general counsels (76) are women².

Conclusion. The small numbers of corporate signatories and their gender and racial diversity at the general counsel level mean there are limits to extrapolating to other New York City companies, much less across the nation. This study provides a baseline for the corporate signatories to the New York City Bar's Statement of Diversity Principles to measure their progress overtime. The greater diversity of the senior leadership of these law departments compared to the Fortune 500 would suggest that their numbers at all levels might also surpass other corporations. That said, even these corporations have room for improvement in certain areas, such as collecting data on a wider spectrum of demographic categories and bolstering the diversity of the steppingstones to the general counsel position.

¹ MCCA, "Survey of Fortune 500 Minority General Counsel," 2006.

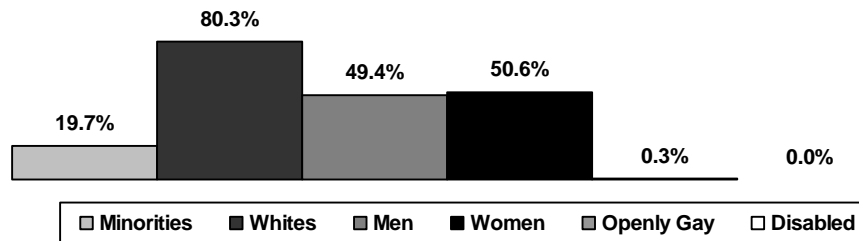
² MCCA, "Survey of Fortune 500 Women General Counsel," 2006.

FULL REPORT

ENTRY LEVEL—LEVEL 4

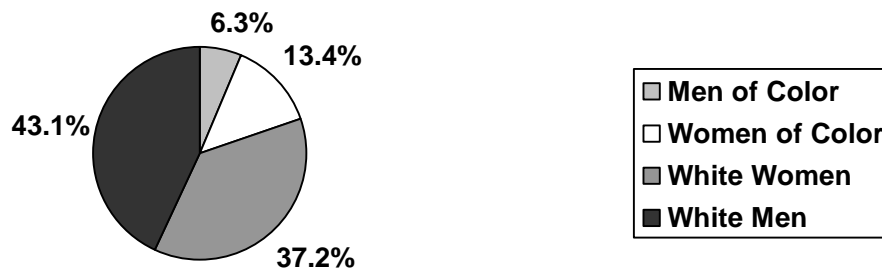
Representation. The entry level, or level 4, boasts the most diversity in signatory law departments. Nearly one-fifth of the junior-most attorneys are racial/ethnic minorities³ and one-half are women. Only 2 attorneys (0.3%) are counted as openly gay and none are listed as attorneys with disabilities.

Total Level 4 (634) in Diversity Signatory Law Departments, as of January 2006



Examining race and gender together, white men are the largest demographic group (43%) represented in the entry level of signatory corporate law departments. White women follow with over one-third of junior attorneys. The percentage of women of color in level four is over twice that of men of color (13%, 6%).

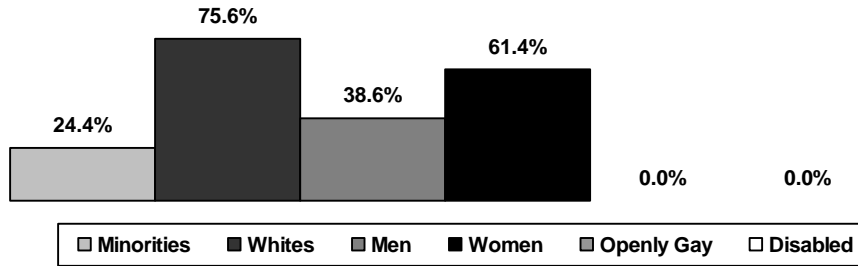
Race and Gender of Level 4 (634), as of January 2006



³ For data by specific racial/ethnic group, refer to the Racial/Ethnic Minority section later in this publication.

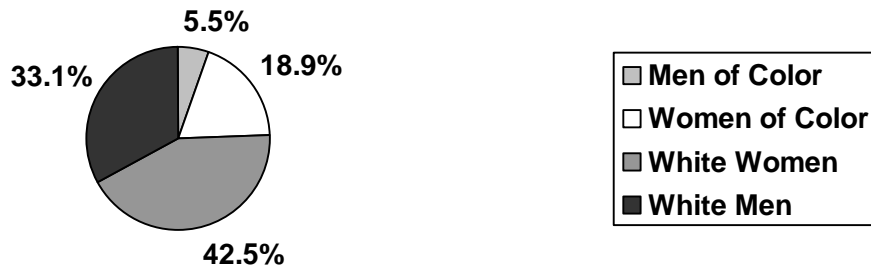
Level 4 New Hires. There is greater gender and racial diversity in the new hires compared to their overall presence in the ranks of junior attorneys in corporate law department signatories. Racial/ethnic minorities comprise one-quarter and women three-fifths of new hires over the course of 2005. None of the new hires are categorized as openly gay or attorneys with disabilities.

Level 4 Hiring (127) in Diversity Signatory Law Departments, as of January-December 2005



Breaking the data down further, over two-fifths of newly hired junior in-house attorneys are white women, one-third are white men, nearly one in ten are women of color, and only six percent are men of color. The overall ratio of white men to white women is reversed for new hires with more white women than white men among the incoming junior attorneys. The discrepancy between women and men of color widens among new hires in level four.

Race and Gender of Level 4 New Hires, January - December 2005



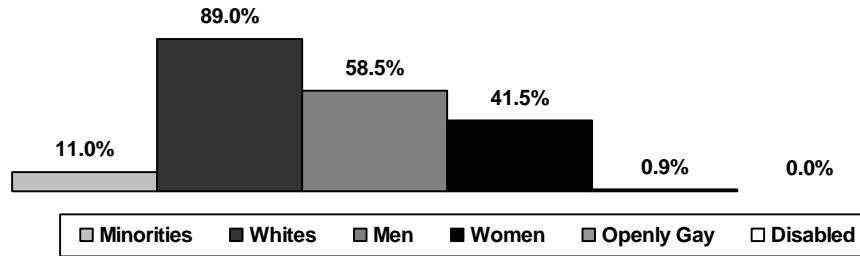
Most corporate law departments do not hire attorneys immediately upon law school graduation. According to NALP data on initial employer types, 12.5 percent of men and 10.0 percent of women first went to business/industry upon graduating from law school in 2004, with little change from 1982 and 1994 comparisons⁴. The higher percentage of women as new hires likely reflects the higher turnover of women mid-level associates (42%) in signatory law firms compared to their male counterparts (31%). This is particularly pronounced for women of color where 44 percent of women of color mid-level associates depart signatory firms.

⁴ NALP, "Employment Patterns — 1982-2004", 2006.

MANAGING ATTORNEYS & HIGH LEVEL SPECIALISTS—LEVEL 3

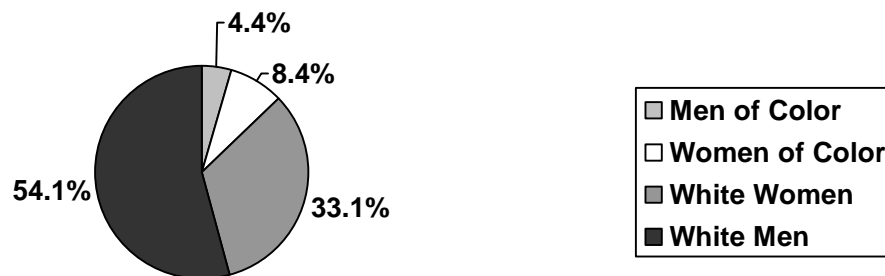
Representation. The next rung up the corporate law department ladder, or level 3, has declining racial and gender diversity. Over one-tenth of managing attorneys are racial/ethnic minorities and four-in-ten are women. Less than one-percent are reported as openly gay and none are attorneys with disabilities at this level.

Total Level 3 (429) in Diversity Signatory Law Departments, as of January 2006



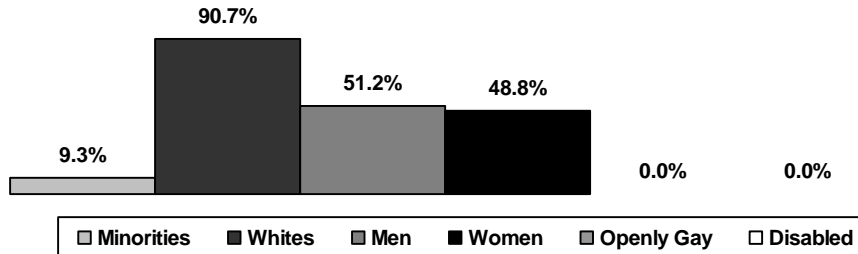
Looking at the data by race and gender, over one-half of managing attorneys are white men and one-third are white women furthering the gender divide seen in level 4. Percentage-wise, there are twice as many women of color (8%) as men of color (4%) at this level. While the drop in racial/ethnic minorities is noticeable from level 4 to 3 overall, it is most pronounced for women of color declining from 13 percent to 8 percent.

Race and Gender of Level 3 (429), As of January 2006



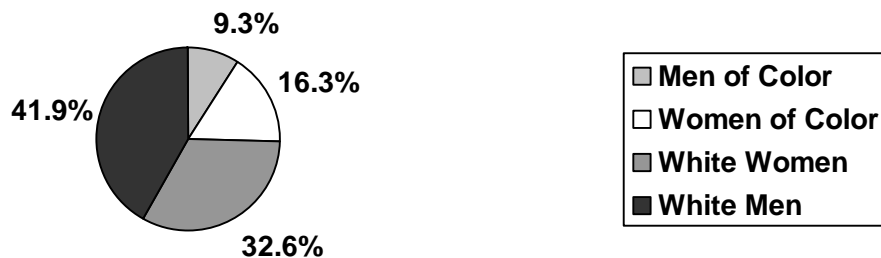
Level 3 New Hires. Nearly one-tenth of managing attorneys hired in 2005 are racial/ethnic minorities and less than one-half are women. None of the signatories report having hired openly gay or attorneys with disabilities at this level.

Level 3 Hiring (43) in Diversity Signatory Law Departments, January-December 2005



While white women surpassed white men in level 4 new hires, the ratio is reversed in level three with white men comprising over two-fifths and white women one-third of newly hired managing attorneys. The representation of men—both white men and men of color—is greater in level 3 rather than level 4 hires. Men and women of color represent nearly twice the proportion of new hires at level 3 than their representation of managing attorneys overall. If this trend continues, this may bolster the racial diversity at the managing attorney level. We did not collect data on promotions, so we cannot determine the demographics of those internally promoted from level 4 as opposed to being hired externally.

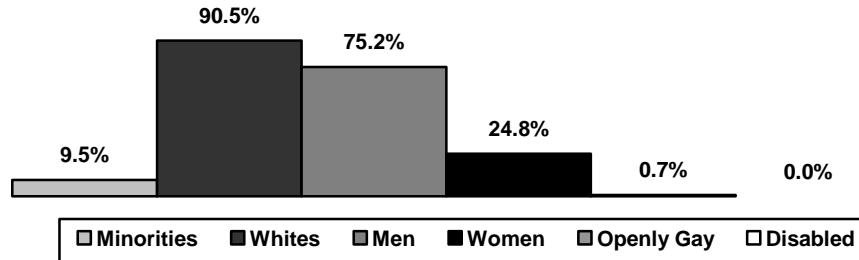
Race and Gender of Level 3 New Hires, January - December 2005



DEPUTY GENERAL COUNSELS, DIVISION/PRACTICE HEADS—LEVEL 2

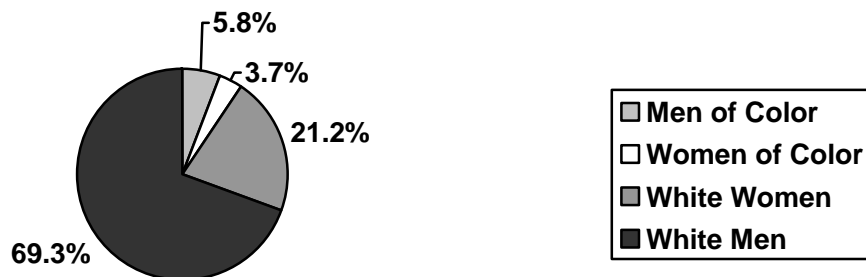
Representation. The direct reports to the general counsel, or level 2, in signatory law departments decline further in representation of women but hold relatively steady for minorities. Nearly one-tenth of division heads are racial/ethnic minorities and one-quarter are women. Less than one-percent are reported as openly gay and none are attorneys with disabilities at this level.

Total Level 2 (137) in Diversity Signatory Law Departments, as of January 2006



Looking at the data by race and gender, two-thirds of division/practice heads are white men and over two-tenths are white women widening the gender gap present at the previous two levels. Furthermore, the trend in the previous two levels where women of color outnumber men of color reverses itself with 6 percent men of color and 4 percent women of color at level 2.

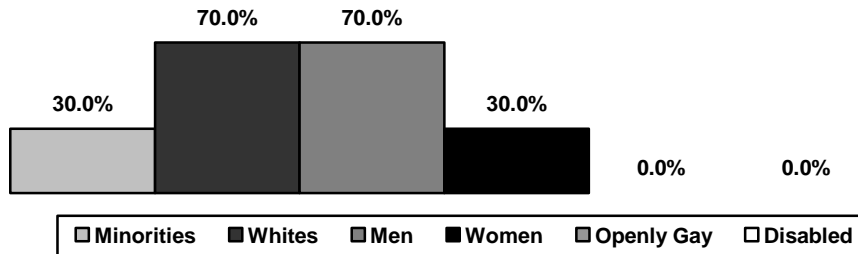
Race and Gender of Level 2 (137), As of January 2006



The division heads can be considered an important source of future general counsel talent, either from an internal promotion or external hires. Future studies may explore internal promotions in corporate law departments.

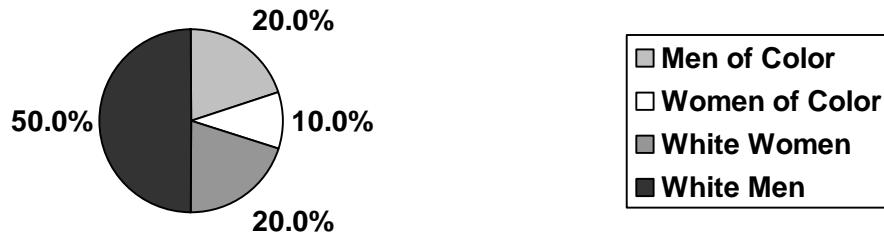
Level 2 New Hires. Ten new deputy counsels joined the ranks of signatory law departments (nearly one-quarter of the overall 43 in level 2). Seven of the new practice/division heads are white and 7 are men.

Level 2 Hiring (10) in Diversity Signatory Law Departments, January-December 2005



Looking at the data by race and gender, 5 of the level 2 new hires are white men, 2 each are white women and men of color, and 1 is a woman of color. While the overall numbers of new hires at this level are small, the proportions of women and men of color exceed their overall presence among deputy general counsels. If maintained, this could bode well for bolstering the pipeline for minority and women general counsels in signatory companies.

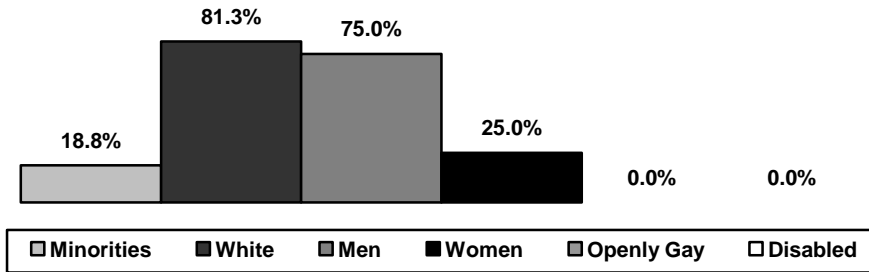
Race and Gender of Level 2 New Hires, January - December 2005



GENERAL COUNSELS—LEVEL 1

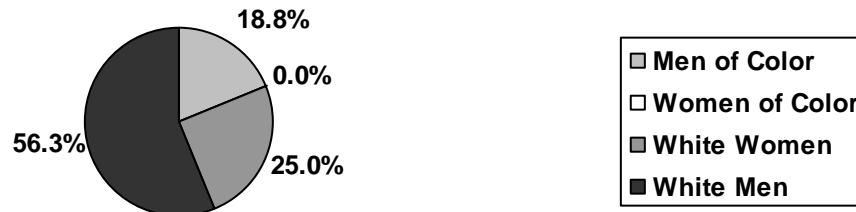
Representation. The majority of general counsels in signatory law departments are white (81%) and men (75%). Of the 16 general counsels, four are women and 3 are racial/ethnic minorities. None are considered openly gay or attorneys with disabilities.

General Counsels (16) in Signatory Law Departments, as of January 2006



Examining race and gender together, over one-half of general counsels at corporate signatories are white men, one-quarter are white women, nearly one-tenth are men of color, and none are women of color. This further reinforces the trend where women of color outnumber men of color at the bottom of law departments, but men of color surpass women of color at the upper echelons.

Race and Gender of General Counsels, As of January 2006



Level 1 New Hires. There was only one new general counsel hired externally at signatory companies (a white man) during the 2005 calendar year. We do not know if any internal promotions occurred during this time period.

According to the MCCA, public sector and litigation experience are increasingly important prerequisites for general counsels, particularly for minorities⁵. Four in ten of the minority Fortune 500 general counsels in 2006 have public sector experience, compared to over one-quarter of white general counsels⁶. Nearly three-quarters of the minority general counsels have law firm experience.

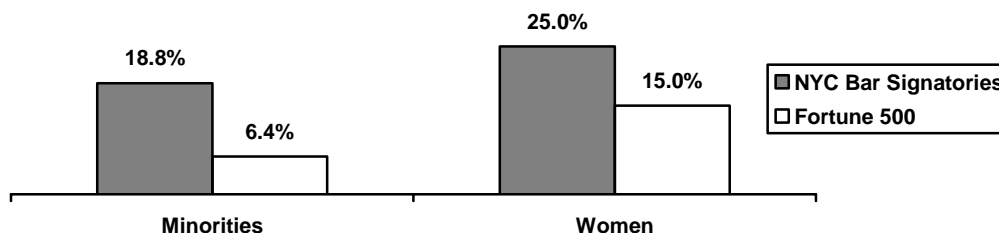
⁵ "Become a General Counsel: The New Track to the Top," *Diversity & The Bar*, Sept./Oct. 2005.

⁶ MCCA, "Survey of Fortune 500 Minority General Counsel," 2006.

NATIONAL COMPARISONS

Compared to the Fortune 500 where 6.4 percent of General Counsels are minorities (32), the NYC Bar signatories are ahead of the curve with triple the percentage in the top job at 18.8 percent (3)⁷. With one-quarter of general counsel titles in signatory law departments held by women (4), the signatories outperform the F500 where 15 percent of general counsels (76) are women⁸.

Comparison of General Counsels in NYC Bar Signatories and Fortune 500 (Source: MCCA, 2006)



There is limited recent comparative data by level. According to the Association of Corporate Counsel, 12.5 percent of in-house counsels are racial/ethnic minorities in 2001 compared to 9.0 percent in 1998⁹. They collected data for 7 titles, as opposed to the 4 levels collected in this study. Direct comparisons about levels and titles are difficult, but we loosely bundled some of their titles to correspond with our data. Assuming time will improve the ACC numbers somewhat, it could be argued that our signatories are still probably faring better for minorities and are tracking closely for women at most levels.

Level	ACCA 2001 Study		NYC Bar 2006	
	Minorities	Women	Minorities	Women
Level 1				
General Counsels	9.1%	21.8%	18.8%	25.0%
Level 2				
Deputy General Counsel	2.7%	21.0%	9.5%	24.8%
Division Counsel	7.6%	31.6%		
Level 3				
Managing Attorneys	0.5%	80.8%	11.0%	41.5%
Assistant General Counsels	26.2%	29.9%		
Level 4				
Senior Attorneys	12.0%	34.2%	19.7%	50.6%
Staff Attorneys	16.4%	48.8%		

⁷ MCCA, "Survey of Fortune 500 Minority General Counsel," 2006.

⁸ MCCA, "Survey of Fortune 500 Women General Counsel," 2006.

⁹ Association of Corporate Counsel, ACC 2001 Census of Inhouse Counsel, 2004.

FLEXIBLE WORK ARRANGEMENTS

Overall, signatory law departments report that 51 attorneys, or 4.2 percent, work flexibly¹⁰ in New York law offices. The majority of those on flexible work arrangements in corporate signatories have full-time FWAs (3.2%) as opposed to part-time arrangements (1.0%). This study does not attempt to count informal flexibility, where an individual may work at home on an occasional basis. According to hiring data provided by corporate signatories, none of their new hires at any level in 2005 were brought in on a formal flexible work arrangement.

By Gender. As a whole, women in signatory law departments are more likely to avail themselves of flexible work arrangements than their male counterparts. Nearly 8 percent of women in-house attorneys work flexibly (full and part time) compared to just over one percent of men. There are no men reported to be working on a part-time schedule compared to 2.2 percent of women. Looking at full-time flexible schedules, such as telecommuting, 5.6 percent of in-house women and 1.3 percent of men work on full-time FWAs.

Formal Flexible Work Arrangements by Level and Gender, as of January 2006					
Gender	Level	Total Flexibility (Full & Part-time)	Part-time Flexibility	Percent Total Flexibility	Percent Part-time Flexibility
Women	Level 1	0	0	0%	0%
	Level 2	3	2	8.8%	2.9%
	Level 3	21	2	11.8%	1.1%
	Level 4	18	8	5.6%	2.5%
	Total	42	12	7.8%	2.2%
Men	Level 1	0	0	0%	0%
	Level 2	2	0	1.9%	0%
	Level 3	3	0	1.2%	0%
	Level 4	4	0	1.3%	0%
	Total	9	0	1.3%	0%

Put another way, women comprise 82.4 percent of all in-house lawyers working flexibly. Furthermore, women represent 100 percent of part-time arrangements at corporate signatories. While the overall proportion of women working flexibly is similar with law firms (85%), men in law firms represent a greater proportion of attorneys with reduced work arrangements (16%) than men in-house (0%).

¹⁰ Generally speaking, full-time flexible work arrangements (FWAs) are defined as alternative arrangements for full-time work that vary the timing or location of work (e.g., flex-time and telecommuting.) Part-time, or reduced schedule, FWAs involve fewer hours than what would be considered full time.

By Gender and Level. Not surprisingly, none of the general counsels of either gender have a flexible work arrangement. Full-time flexible work arrangements are proportionately most common for women and men at level 2 (deputy general counsel). This may be due in part to the ability to control one’s schedule at that level enabling, for example, the ability to work at home regularly one day per week. Role models in senior roles—both women and men—are essential to counter the perception that flexibility is an impediment to advancement and that it is just a women’s issue.

The largest percentage of women working flexibly (full and part time) is at level three (11.8%), although proportionately fewer are working reduced work schedules (1.1%). At level 4, 5.6 percent of women and 1.3 percent of men are working flexibly, with 2.5 percent of women on reduced work arrangements.

By Race and Gender. White women are the most frequent users of flexibility across groups with white men the least likely to have formal flexible schedules. These differences vary by level with no minorities working flexibly at level two where the highest percentage of white men utilize full-time FWAs. In level 3, minority women surpass white women in their usage of full-time flexibility. At the bottom level, white women have the highest percentage with FWAs followed by minority men. All of the reduced hour arrangements reported by corporate signatories are held by white women.

Formal Flexible Work Arrangements (Full- and Part-time) by Level, Race/Ethnicity and Gender, as of January 2006				
Level	White Women	Minority Women	Minority Men	White Men
Level 1	0%	N/A	0%	0%
Level 2	10.3%	0%	0%	2.1%
Level 3	10.6%	16.7%	10.5%	0.4%
Level 4	7.2%	1.2%	2.5%	1.1%
Total	8.5%	5.6%	4.3%	1.0%

Law Firm Comparison. Essentially the same percentage of attorneys in corporate law departments work flexibly compared to law firm signatories (4.2%, 4.0%). The majority of in-house lawyers working flexibly have full-time formal FWAs, while in law firms most FWAs are reduced work arrangements. This may be due to more comfort around telecommuting in corporations than firms.

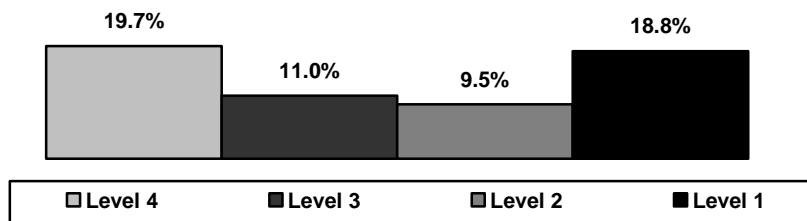
In Catalyst’s study on women in law, the number one reason women chose to work in a corporate law department was due to work/life balance. However, fewer women in-house than women in firms believed they could use FWAs without affecting career advancement (22%, 9%)¹¹.

¹¹ Catalyst, *Women in Law: Making the Case*, 2001.

RACIAL/ETHNIC MINORITIES

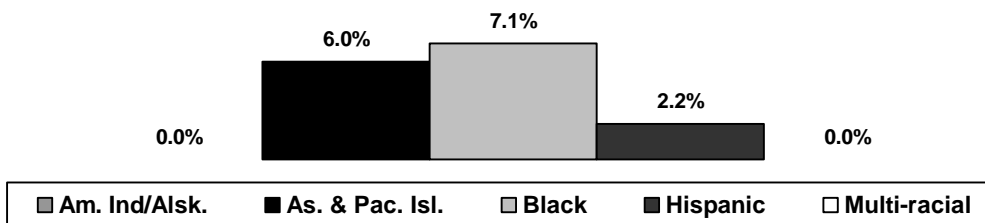
Overall, the percentage of minorities in signatory law departments is similar at the bottom and top rung, but drops at mid-levels 2 and 3. Approximately one-fifth of the 4th level, or junior-most attorneys, in signatory law departments are racial/ethnic minorities. The proportion drops to 11 percent for level 3 (managing attorneys) and 9.5 percent for level 2 (Deputy General Counsels). There is an upswing with nearly one-fifth of signatory general counsel positions occupied by racial/ethnic minorities. In other words, three of the sixteen general counsels are minorities.

Racial/Ethnic Minorities By Level (1,216) as of January 2006



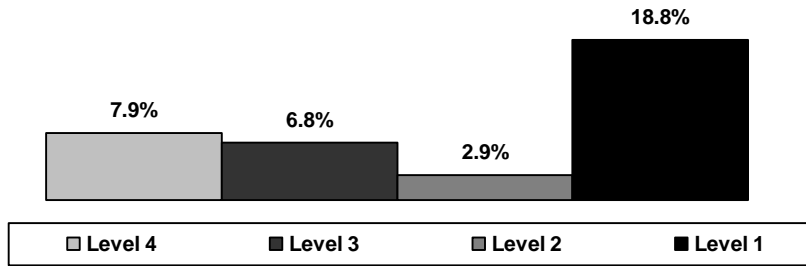
Examining signatory corporate law departments by racial group, African-Americans follow Caucasian attorneys as the second most highly represented group. The next most prevalent groups are Asian-Americans followed by Hispanic attorneys. There are 3 American Indian/Alaskan attorneys, or less than one-tenth of a percent of in-house attorneys. Signatory companies report having no multi-racial attorneys.

Total Attorneys by Race/Ethnicity in Signatory Corporate Law Departments, As of January 2006



African-American Attorneys. All three minority general counsels in signatory companies are African-Americans. With such a small number of signatory companies, there are twice as many African-American attorneys in the general counsel ranks than are at the bottom-rung. African-Americans occupy only three percent of the departmental and division leadership in signatory law departments. In addition, there are proportionately twice as many African-Americans in signatory companies than firms (3.4%).

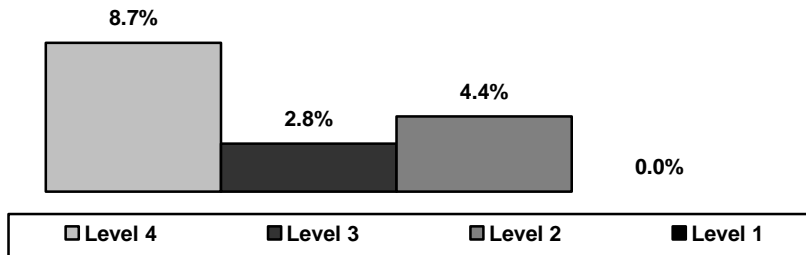
Black/African-Americans By Level as of January 2006



Ten percent of new hires of junior attorneys and 7 percent of managing attorneys are African-Americans. Corporate law departments are probably benefiting from the high levels of attrition among African-American associates at signatory law firms, particularly among mid-level associates. None of the newly hired attorneys at the top levels are African-American.

Asian-American/Pacific-Islander Attorneys. Overall, while there are more African-Americans than Asian-Americans in signatory corporations, Asian-Americans are the most prevalent among junior attorneys of color. The percentage drops off considerably at the next level of managing attorneys where there are half as many Asian-American attorneys as African-American. Among deputy general counsel, the percentage rises to 4 percent where Asian-Americans are the largest minority group.

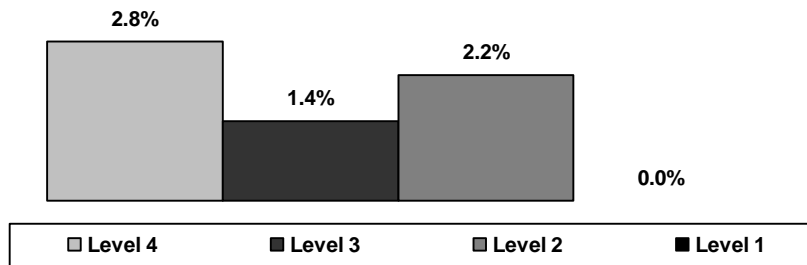
Asian-Americans/Pacific Islanders By Level as of January 2006



In signatory law firms, there are nearly twice as many Asian-American attorneys as African-American and Hispanic attorneys. Asian-Americans have the highest turnover among junior associates in signatory firms, which may help explain why Asian-Americans have the highest percentage of junior attorney recruits (11%) in corporate law departments. There are no Asian-Americans among the level 3 new hires, but they comprised 20 percent of recently hired deputy general counsels.

Hispanic Attorneys. Of racial/ethnic minorities in signatory companies, Hispanics trail African- and Asian-Americans at all levels. Comparing the lowest levels of signatory companies and firms, 2.8 percent of junior in-house attorneys are Hispanics, compared to 3.9 percent of associates in signatory firms. The percentage of Hispanic in-house attorneys declines among managing attorneys, and then increases somewhat for deputy general counsels.

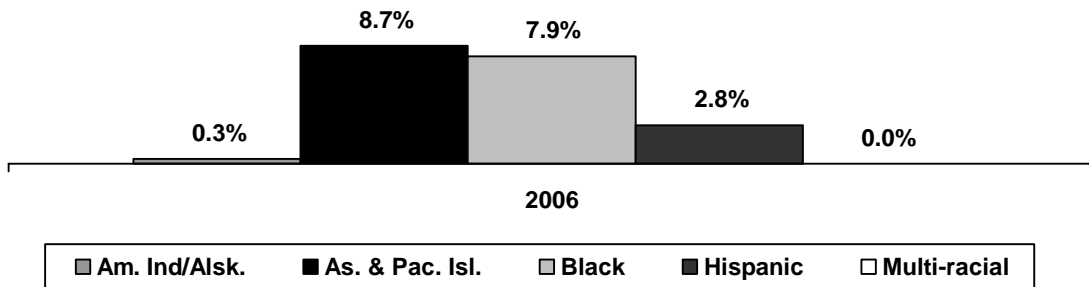
Hispanics By Level as of January 2006



The percentage of Hispanic new hires somewhat exceeds their representation at the bottom two levels (3.2% level 4, 2.3% level 3.) Ten percent of new deputy general counsels are Hispanic (1 of 10.)

Entry Level—Level 4. Asian-American attorneys have the highest percentage of junior attorneys of color, followed by African-Americans. The only American Indian attorneys present in signatory corporations are in level four.

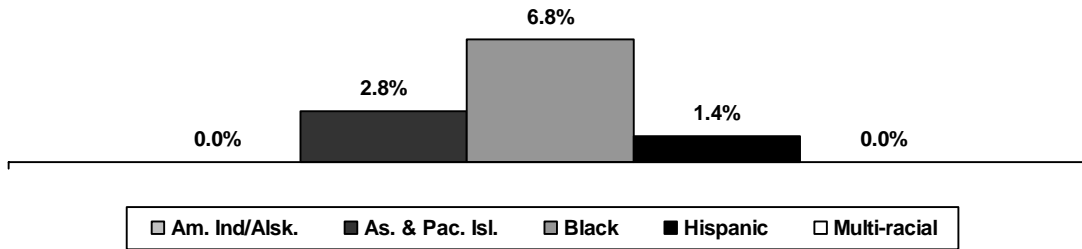
Level 4 by Race/Ethnicity in Signatory Corporate Law Departments, As of January 2006



Asian-Americans also lead the way with new junior hires (11%) followed closely by African-Americans (10%). Hispanics trail in new hires similar to overall representation (3%).

Managing Attorneys—Level 3. At the next rung up the law department ladder, African-Americans are the most highly represented minority—more than twice as many percentage-wise as the next group, Asian-Americans. There are no reported Native American or Multi-racial attorneys at this level.

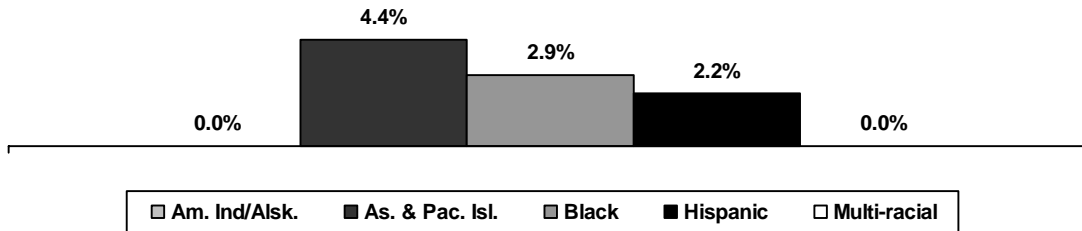
**Level 3 by Race/Ethnicity in Signatory Corporate Law Departments,
As of January 2006**



With new managing attorney hires, African-Americans lead the way (7%) followed by Hispanics (2%). There were no new Asian-Americans hired at this level in 2005.

Deputy General Counsels—Level 2. Of the minority direct reports to general counsels, Asian-Americans are the largest group (6, 4.4%). There are 4 African-American and 3 Hispanic division/practice heads. There are no reported Native American or Multi-racial attorneys at this level.

**Level 2 by Race/Ethnicity in Signatory Corporate Law Departments,
As of January 2006**



Of the ten deputy general counsels hired over the course of 2005, two were Asian-Americans and one was Hispanic. None of the new hires at this level were African-Americans.

General Counsels—Level 1. Of the 16 general counsels, 3 are racial/ethnic minorities (18.8%). Overall, signatory corporations surpass the 6.4% (32) of Fortune 500 general counsels who are racial/ethnic minorities¹². This represents an increase of 4 general counsels of color in the Fortune 500 since 2005.

While all three of the signatory general counsels of color are African-American men, there is a somewhat greater representation of women of color, Asia-Americans/Pacific Islanders, and Hispanics in the Fortune 500. By specific racial/ethnic groups, 23 (4.6%) of F500 general counsels are African-American, 6 (1.2%) are Asian-American, and 3 (0.6%) are Hispanic. Since 2005, there has been an increase in both African-American (4) and Asian-American (2) general counsels in the Fortune 500. However, there has been a decrease in Hispanic

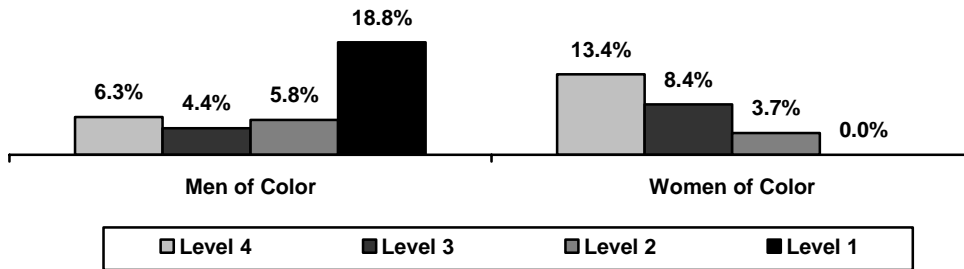
¹² MCCA, "Survey of Fortune 500 Minority General Counsel," 2006

general counsels (2). In total, there were 4 departing minority general counsels and 8 new minority general counsels in the F500.

By race and gender, 26 F500 general counsels are men of color and 6 are women of color. Put another way, one-tenth of general counsels of color in the F500 are women. With no women of color leading signatory legal departments, the Fortune 500 is doing somewhat better with 1.6 percent of the top legal jobs held by women of color.

Focus on Women of Color. There are approximately twice as many women of color among the bottom two levels of signatory law departments as men of color. At the top two levels, men of color surpass women of color in representation.

Men and Women of Color By Level (1,216) as of January 2006



The ratio of women to men of color among junior in-house attorneys expands with nearly three times as many women of color new hires in levels three and four than men of color.

Women and Men of Color New Hires in Signatory Companies, January – December 2005		
	Women of Color	Men of Color
Level 4 (127)	18.9%	5.5%
Level 3 (43)	16.3%	9.3%
Level 2 (10)	10.0%	20.0%
Level 1 (1)	0%	0%

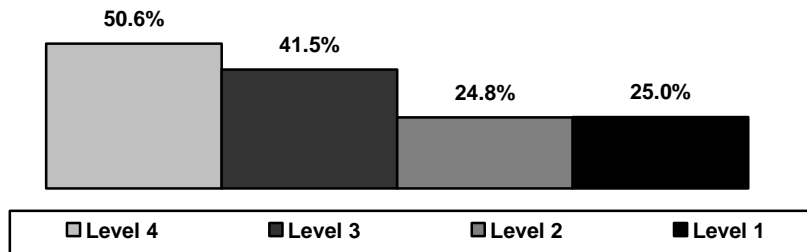
While it is not surprising that the representation of women of color declines when ascending the law department ladder, it is interesting how the percentages of men of color remain somewhat consistent and even increase dramatically at the general counsel ranks at signatory companies. There are limitations to extrapolating upon this data since the nearly 20 percent of general counsels who are men of color translates into three individual African-American men.

It is difficult to discern if the larger percentages of women of color among junior in-house attorneys are a harbinger of progress in the future, particularly in light of the robust hiring figures. These numbers can also be interpreted as a symptom of the barriers to advancement for women of color who carry the “double burden” of race and gender.

GENDER

Overall, 44.2 percent of attorneys in signatory law departments are women. The largest percentage of women is at the bottom rung of signatory law departments. The percentage declines by nearly ten percentage points to the next level of managing attorneys. The proportion declines again with women representing one-quarter of the top two tiers in the law departments. Four of the 16 general counsel positions in signatory corporations are held by women.

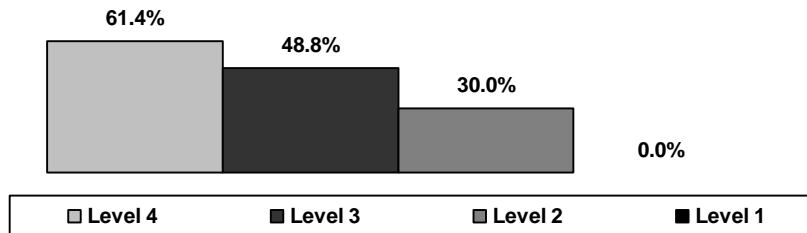
Women By Level (1,216) as of January 2006



Signatory law departments surpass law firms in overall representation of women (35%) and at all levels. The difference is most pronounced at senior levels, where only 17 percent of partners in signatory firms are women.

Hiring. Women represent over sixty percent of junior level new hires and nearly one-half of the new managing attorneys. This may be attributable to the higher turnover rates of mid-level associate women than their male counterparts.

Women New Hires By Level, January - December 2005



Flexible Work Arrangements. While few in-house attorneys utilize formal flexible work arrangements, women represent 82 percent of in-house lawyers working flexibly. While 8 percent of the women attorneys in signatory companies work flexibly (full and part time), only one percent of men utilize these options. With respect to reduced hour arrangements, there are no men reported to be working on a part-time schedule compared to 2.2 percent of women. Looking at full-time flexible schedules, such as telecommuting, 5.6 percent of in-house women and 1.3 percent of men work on full-time FWAs.

Focus on Women of Color. Looking at the gender data by minority status, there are considerably more white women than women of color on every indices. The differential increases up the corporate law department ladder—there are nearly three times as many white women as women of color among junior attorneys, but five times as many among deputy general counsels. There are more white women and women of color among new hires than current representation. In addition, the race gap narrows with only twice as many white women as women of color among new hires at all levels.

Women of Color and White Women in Signatory Companies, as of January 2006		
	Women of Color	White Women
New Hires		
Level 4 (127)	18.9%	42.5%
Level 3 (43)	16.3%	32.6%
Level 2 (10)	10.0%	20.0%
Level 1 (1)	0%	0%
Representation		
Level 4 (634)	13.4%	37.2%
Level 3 (429)	8.4%	33.1%
Level 2 (137)	3.7%	21.2%
Level 1 (16)	0%	25.0%

The conventional wisdom is that women attorneys are flocking to corporate law departments looking for meaningful work, more reasonable hours, and more advancement opportunities. The question remains whether the assumption meets reality. Indeed, the signatory corporations boast higher percentages of women at all levels compared to signatory law firms. Even though signatory companies seem to surpass the national averages, their representation of women of color in leadership roles and utilization of reduced work arrangements for men and women show room for improvement.

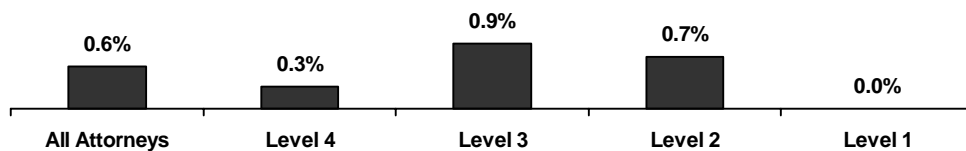
Furthermore, in Catalyst's study on women in law, more in-house men were general counsels than their female counterparts (55%, 34%)¹³. However, the in-house women had longer average tenures with their legal department than the men (8 years, 6 years.) It is not surprising that more in-house men report being satisfied with career advancement at their current employer than women (63%, 47%).

¹³ Catalyst, *Women in Law: Making the Case*, 2001.

OPENLY GAY ATTORNEYS

Of the over 1,200 attorneys in signatory law departments, only 7 are reported as openly gay (0.6%). The highest percentage is reported at the managing attorney level with just under one percent.

Openly Gay Attorneys by Level, as of January 2006



Only three of the signatory corporations reported having any openly gay attorneys. While 20 percent of in-house signatories provided this data, 80 percent of law firm signatories report having at least one openly gay attorney. Informally, many signatory corporations revealed that they are uncomfortable collecting data on sexual orientation among their attorneys.

The percentage of signatory firms reporting at least one openly gay attorney increased from 66 percent in 2004. We attribute the increase largely to more accurate counting by signatory firms. We encourage corporations to follow law firms' lead by sending out a brief questionnaire to be returned confidentially and anonymously that solicits an accurate count of all NALP categories. We believe the small percentage of openly gay attorneys in signatory corporations is not simply a function of having few LGBT attorneys. Rather, these limited numbers reflect not having an avenue to be counted. Simply asking the question is an important symbol of an inclusive culture.

ATTORNEYS WITH DISABILITIES

There are no attorneys with disabilities reported at signatory corporations. Due to the lack of data on attorneys with disabilities reported by signatories, there is little interpretation that can be made. In comparison, signatory firms report that attorneys with disabilities represent one-tenth of one percent, or 15 of the over 18,000 attorneys. There was little change in signatory firms since the prior year's study.

Furthermore, 12 signatory firms, or 13 percent, report having at least one attorney with a disability. For comparison's sake, 9 percent of NALP's firms reporting data on attorneys or summer associates with disabilities¹⁴. Without

¹⁴ National Association of Law Placement, *2005-2006 NALP Directory of Legal Employers*, 2006.

data on law students or graduates with disabilities, there isn't a reliable figure for the available talent pool.

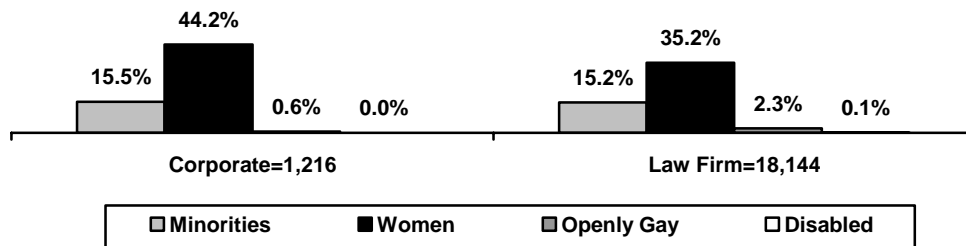
It is difficult to determine whether the absence of attorneys with disabilities reported at signatory law departments is a function of failing to recruit attorneys with disabilities or the reticence of attorneys to disclose their disability status when it is not readily discernable. In many organizations, the definition of disabilities is limited to physical disabilities, such as blindness and deafness. However, the New York City Bar's definition of disabilities includes learning disabilities and mental illness.

Comparisons with Signatory Law Firms

This is the second annual New York City Bar law firm diversity benchmarking report. This study is based on the responses of 93 law firm signatories to the New York City Bar's Statement of Diversity Principles. This data is a snapshot of firms' New York City area offices as of January 2006. The initial study of 2004 data established a baseline for law firms when the majority signed the Statement of Principles. Due to the small numbers of signatory corporations, these comparisons should not be generalized to differences between corporate law departments and law firms overall.

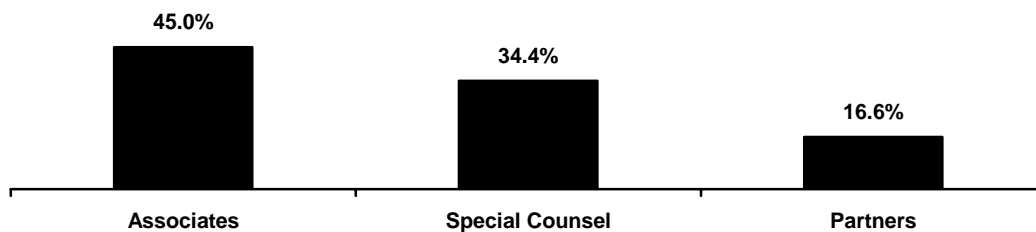
Overall Diversity Representation. As a whole, signatory corporate law departments boast more women attorneys than signatory law firms. The percentage of racial/ethnic minorities is comparable between corporate and firm signatories. Law firms surpass corporate law departments in the collection of data on openly gay and attorneys with disabilities.

Diversity of Total Attorneys in Signatory Law Firms and Corporate Law Departments, as of January 2006



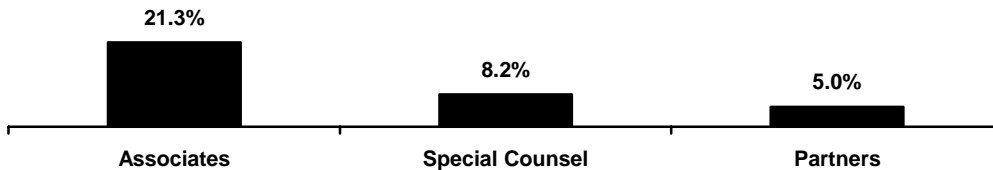
Gender. Looking at the signatories by gender, women are disproportionately represented in the junior ranks relative to their presence in firm leadership in both corporate law departments and law firm signatories. However, the presence of women in corporate signatories exceeds law firm signatories at all levels. Most notably, one-quarter of general counsels and deputy general counsels are women compared to 17 percent of law firm partners. At signatory firms, the representation of women at the associate and partner levels increased slightly from 2004 to 2006.

Women Attorneys in Law Firms By Level, as of January 2006



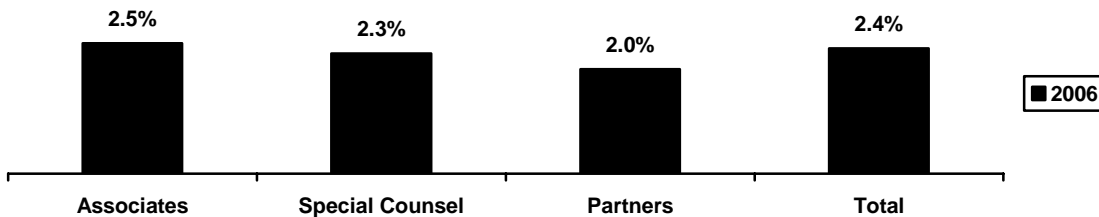
Racial/Ethnic Minorities. There are somewhat more minorities in the associate ranks of signatory firms than among junior attorneys (level 4) at signatory corporations (19.7%). However, corporate signatories have higher minority representation at the higher levels, particularly comparing the 5 percent minority law firm partners to the 19 percent general counsel and 10 percent deputy general counsels at signatory companies.

Racial/Ethnic Minority Attorneys in Law Firms By Level, as of January 2006



Openly Gay Attorneys. While 80 percent of law firm signatories (74) reported having at least one openly gay attorney, only 20 percent of corporate signatories (3) provided this data. However, law firm signatories showed progress from the initial study of 2004 when 52 firms reporting having one or more openly gay attorneys. Correspondingly, the percentage of openly gay attorneys in signatory firms increased from 1.6 percent in 2004 to 2.4 percent in 2006. Corporate signatories report having less than one percent openly gay attorneys (0.6%) in their legal departments.

Openly Gay Attorneys in Law Firms By Level, as of January 2006



Attorneys with Disabilities. Both corporate and law firm signatories can do better with respect to hiring and counting attorneys with disabilities. Corporate signatories have zero reported attorneys with disabilities and signatory firms only disclose 15 attorneys with disabilities (0.1%). The numbers in signatory law firms actually decreased slightly from 17 attorneys in 2004 despite the presence of additional signatory firms. Attorneys with disabilities continue to be the forgotten diversity group. In part, it may reflect a lack of common definition on disabilities.

Flexible Work Arrangements. Corporate and law firm signatories have remarkably similar percentages utilizing both full-time and part-time FWAs overall (4.2% corporate, 4.0% firm.) However, the majority of in-house lawyers working flexibly have full-time formal FWAs, while in law firms most FWAs are reduced

work arrangements. Only one percent of in-house attorneys work part time compared to 4 percent of law firm attorneys. Furthermore, none of the in-house attorneys working part time are men compared to 16 percent of law firm attorneys on reduced work arrangements. The greater prevalence of full-time formal flexible work arrangements in corporate signatories than law firms may reflect more comfort around telecommuting in corporations than firms.

CONCLUSION

While many companies have committed to tracking the diversity of their outside law firms, few have been willing to sign diversity statements regarding their own diversity demographics and practices. The better than average percentage of women and African-American general counsels at our signatories suggests that corporate law departments whose internal diversity practices match their external efforts are more likely to sign these pledges. We urge more corporate law departments to sign Statements of Diversity Principles, such as the NYC Bar's, which extend beyond holding law firms accountable for diversity efforts to holding up the mirror to the law departments themselves.

Corporate signatories, as a whole, possess remarkable gender and racial diversity, even in the upper echelons of their legal departments. However, there remains work to be done. While the presence of women of color is robust at the bottom two tiers of the legal departments, their numbers dwindle in leadership, relative to white women and men of color. Reduced work arrangements are also a rarity in-house relative to law firm signatories and warrant further exploration. Finally, we strongly encourage corporate signatories to solicit a more fulsome picture of the diversity in their law departments by distributing confidential and anonymous questionnaires that include questions about sexual orientation and disability status.

This study is an important baseline to track progress for corporate signatories going forward. Furthermore, future studies will examine the turnover and promotion figures in corporate law departments to gain a deeper understanding of the diversity dynamics at play. Benchmarking is only the first step towards identifying the challenges the legal profession, and individual organizations, face with respect to fostering diversity and inclusion. Armed with information, the most important and most difficult part—making change—lies ahead.

APPENDIX 1 —ANALYZING CORPORATE LAW DEPARTMENT DATA

Before deciding on a course of action, the leadership needs to know where it stands and why. As a law department reviews its data, it is useful to ask the following questions:

What is the law department doing well? This is relative to other law departments and law firms as well as where the department has made progress over time.

What are the biggest challenges the law department faces? What are the highest priority issues to address?

What questions remain? What additional data is needed?

The mission in analyzing all of this data is teasing out the story. What's the storyline? What are the key messages? It often helps to construct a visual representation of your firm.

Current state—overall representation by level

Assess the “inputs,” in terms of the diversity of hires at levels, including a comparison to the pool of available talent

Assess the “outputs,” such as turnover by year and the leadership make-up

Depending on the size and organization of the law department, it can be useful to cut the data by practice group or division. If appropriate, comparisons between the New York law department with other locations in the US or in international offices may be beneficial. Where are the internal best practices? What groups are having a more difficult time? Which locations or practice areas are leading the way and what can be learned from them? Which groups are lagging behind?

Interpreting Level 4 Data:

What have the entry level hires looked like over time?

Are there demographic differences between those who are given employment offers versus who accept them? Are certain groups less likely to accept employment offers than others?

What are the demographics of the law department's pipeline? Are search firms or other talent sources adequate for identifying diverse talent?

What does the picture look like by division/practice area? Are racial or gender differences by division a reflection of the pipeline or different hiring practices by division leadership?

What is the average time in position by race and gender among junior attorneys? Are women or minorities getting stuck in the bottom rung?

What do your turnover rates look like by demographic group? Are there race or gender gaps?

Interpreting Level 3 Data:

Of new managing attorneys over time, what is the proportion of new hires versus internal promotions? Are there differences in the demographics of internally versus externally sourced managing attorneys?

What is the proportion of internal promotions relative to the representation by race and gender among junior attorneys?

What is the average time in position by race and gender among managing attorneys to ascertain whether women or minorities are getting stuck?

What do your turnover rates look like by demographic group? Are there race or gender gaps?

Looking ahead to promotions to law department leadership roles, are there women, people of color, or other diverse groups with the requisite skills and experience for advancement? If not, what can your department do now to groom them for future opportunities?

Interpreting Level 1 & 2 Data:

What are the hiring and promotion patterns for leadership positions over time? Are most leadership positions, including general counsel, filled from within or externally hired?

Looking ahead to promotions to general counsel, are there women, people of color, or other diverse groups with the requisite skills and experience for the top job? If not, what can your department do now to groom them for future opportunities?

Overall:

Is the pipeline leaking or is it clogged? If the leadership pipeline is quite diverse, but the demographics of new promotions is not, then a department will need to carefully investigate why women and minorities are not advancing—are they not adequately prepared? Is there unconscious bias in the system?

If the leadership pipeline is comprised mostly of white men, then the likelihood of advancing diverse leaders is slim.

If women and minority attorneys are not considered “leadership material”, opportunities to gain adequate exposure, training, mentoring, or feedback can be explored.

Examining turnover by level and demographics can reveal where the department is most vulnerable to potential turnover. Law departments should compare where turnover gaps are greatest.

Acknowledgments

This report was created under the leadership of Barry Kamins, President of The New York City Bar; Bettina B. Plevan, former President; Barbara Berger Opatowsky, Executive Director; Susan Kohlmann, Co-Chair of the Enhance Diversity in the Profession Committee; and PD Villarreal, Co-Chair of the Enhance Diversity in the Profession Committee. Meredith Moore, Director of the Office for Diversity, led the research and writing effort. Elizabeth Kowalczyk, Assistant to the Office for Diversity, provided invaluable assistance to the project. Special thanks to Deloitte for their extraordinary support of this effort, especially, Mandy Hwang, Dan Krittman, and Wendy Schmidt. SPSS fielded the web survey. Our greatest appreciation goes to the individuals at each law firm that took the time to complete the survey.

2006 Contributors to the Office for Diversity

The New York City Bar gratefully acknowledges the sponsorship of the following law firms, corporations and organizations whose generosity helped fund our Office for Diversity, which supports the participating firms and corporations in their efforts to promote diversity.

Arnold & Porter LLP
Cadwalader, Wickersham & Taft LLP
Credit Suisse First Boston
Debevoise & Plimpton LLP
Deloitte
Dewey Ballantine LLP
Fried, Frank, Harris, Shriver & Jacobson LLP
Minority Corporate Counsel Association
Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
Morgan Stanley
Viacom Inc.
UBS
Weil, Gotshal & Manges LLP

Enhance Diversity in the Profession Committee Members

Ricardo A. Anzaldua-Montoya
Kofi Appenteng
C. Elaine Arabatzis
Lisa R. Badner
Michael C. Banks
Sheila S. Boston
Edwin Bowman
Anna L. Brown
B. Seth Bryant
Barbara E. Champoux
Peter Van Zandt Cobb
Lisa I. Cuevas
Ivan Dominguez
Alison M. Dreizen
Allen Drexel
Douglas Flaum
Jennifer S. Foster
Beatrice Frank
Loren Gesinsky
Alphonzo Grant
Jeanne M. Hamburg
Charles J. Hamilton, Jr.
Thomas E. Heftler

Robert M. Hirsh
Duane L. Hughes
Phillip Isom
Hon. Debra James
Susan J. Kohlmann
Daniel Kritzman
Betty Lawrence Lewis
Ma Lora McCullough
Lorraine McGowen
Kathleen McKenna
Janis M. Meyer
Mark C. Morrill
Joan Perryman
Michael J.W. Rennock
Carlos A. Rodriguez
Patrick Romain
Karla G. Sanchez
Wallace L. Schwartz
Brande Stelling
Kimberly P. Taylor
PD Villarreal
Kim A. Walker
Anne Cicero Weisberg

Signatories to the Statement of Diversity Principles

Akin Gump Strauss Hauer & Feld LLP
Allen & Overy
Alston & Bird LLP
Altria Group Inc.
American Express Company
Anderson Kill & Olick, P.C.
Arent Fox PLLC
Arnold & Porter LLP
Baker & Hostetler LLP
Bingham McCutchen LLP
Brown Raysman Millstein Felder & Steiner LLP
Bryan Cave LLP
Cadwalader, Wickersham & Taft LLP
Cahill Gordon & Reindel LLP
Carter Ledyard & Milburn LLP
Chadbourne & Parke LLP
Cleary, Gottlieb, Steen & Hamilton
Clifford Chance U.S. LLP
Conway Farrell Curtin & Kelly Covington & Burling
Cravath, Swaine & Moore LLP
Credit Suisse First Boston
Davis & Gilbert LLP
Davis Polk & Wardwell
Davis Wright & Tremaine LLP
Day, Berry & Howard LLP
Debevoise & Plimpton LLP
Dechert LLP
Deloitte & Touche USA LLP
Dewey Ballantine LLP
Dickstein Shapiro Morin & Oshinsky LLP
DLA Piper Rudnick Gray Cary US LLP
Dorsey & Whitney LLP
Edwards Angell Palmer & Dodge LLP
Epstein Becker & Green, P.C.
Estee Lauder Companies
Fitzpatrick, Cella, Harper & Scinto
Fragomen, Del Rey, Bernsen & Loewy LLP
Freshfields Bruckhaus Deringer LLP
Fried, Frank, Harris, Shriver & Jacobson LLP
Fulbright & Jaworski LLP
General Electric Company
Gibbons, Del Deo, Dolan, Griffinger & Vecchione
Gibson Dunn & Crutcher LLP
Hawkins Delafield & Wood LLP
Heidell, Pittoni, Murphy & Bach LLP
Heller Ehrman White & McAuliffe LLP
Hogan & Hartson LLP
Holland & Knight LLP
Honeywell International
Hughes Hubbard & Reed LLP
Hunton & Williams
Jones Day
J.P. Morgan Chase
Katten Muchin Rosenman LLP
Kaye Scholer LLP
Kelley Drye & Warren LLP
King & Spalding LLP
Kirkland & Ellis LLP
Kirkpatrick & Lockhart Nicholson Graham LLP
Kramer Levin Naftalis & Frankel LLP
Latham & Watkins LLP
LeBoeuf, Lamb, Greene & MacRae LLP
Loeb & Loeb LLP
Manatt, Phelps & Phillips LLP
Mayer, Brown, Rowe & Maw LLP
McDermott Will & Emery LLP
Menaker & Herrmann LLP
Merck & Co., Inc.
Merrill Lynch & Co., Inc.
Metropolitan Life Insurance Company
Milbank, Tweed, Hadley & McCloy LLP
Milberg Weiss Bershad & Schulman LLP
Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
Morgan & Finnegan
Morgan, Lewis & Bockius LLP
Morgan Stanley
Morrison & Foerster LLP
Moses & Singer LLP
New York Life Insurance Co.
Nixon Peabody LLP
Norris McLaughlin & Marcus PA
O'Melveny & Myers LLP
Orrick, Herrington & Sutcliffe LLP
Patterson, Belknap, Webb & Tyler LLP
Paul, Hastings, Janofsky & Walker LLP
Paul, Weiss, Rifkind, Wharton & Garrison LLP
PepsiCo. Inc.
Pillsbury Winthrop Shaw Pittman LLP
Pitney Hardin LLP
PricewaterhouseCoopers
Proskauer Rose LLP
Prudential Financial Inc.
Reed Smith LLP
Ropes & Gray LLP
Salans
Schering-Plough Corporation
Schoeman Updike & Kaufman LLP
Schulte Roth & Zabel LLC
Sedgwick, Detert, Moran & Arnold LLP
Seyfarth Shaw LLP
Shearman & Sterling LLP
Sidley Austin Brown & Wood LLP
Simpson Thacher & Bartlett LLP
Skadden, Arps, Slate, Meagher & Flom LLP
Sonnenschein Nath & Rosenthal LLP
Stroock & Stroock & Lavan LLP
Sullivan & Cromwell LLP
Thacher Proffitt & Wood LLP
Thelen Reid & Priest LLP
Torys LLP
Troutman Sanders LLP
Viacom Inc.
Vinson & Elkins LLP
Wachtell, Lipton, Rosen & Katz
Wasserman Grubin & Rogers LLP
Weil, Gotshal & Manges LLP
White & Case LLP
Willkie Farr & Gallagher
Wilmer Cutler Pickering Hale and Dorr LLP
Winston & Strawn LLP