



INVESTORS

CORPORATE BOARD MEMBER/FTI CONSULTING SURVEY IDENTIFIES KEY LEGAL RISKS IN 2013 FOR COMPANIES

Released : 08 May 2013

May 8, 2013

Annual Survey Finds Leadership Succession, Cyber Risk, and Regulatory Compliance Are Leading Concerns for Directors and General Counsel

New York, New York, May 8, 2013 - Managing and mitigating risk surrounding cyber security, IT strategy, regulatory compliance, and concerns over leadership succession operations top the list of worries for U.S. directors and general counsel as revealed in the 13th annual Law and the Boardroom Study by Corporate Board Member[®], an NYSE Euronext Company, and FTI Consulting, Inc. (NYSE: FCN). The 2013 findings reflect a continued escalation of concern over data security and IT risk, as well as the onus on public companies with regard to new regulation stemming from the Dodd-Frank Act. The survey also suggests that directors and general counsel worry about the need for strong leadership continuity to manage companies through many new and growing challenges.

In both this year's and last year's studies, one of the leading causes for concern surrounds the area of data security and IT risk as they continue to dominate a great deal of board-level discussion. Companies are facing hacking, intrusions, and corporate espionage from both internal and external sources; thus, their vulnerabilities are continually changing.

"To help companies manage and mitigate this risk, they need to inventory and map their IP assets, secure their data, and test their networks and systems for gaps on a constant basis. Board-level concern is complicated by the fact that IT infrastructure and underlying technologies are fairly opaque to board members," says Michael Pace, senior managing director and co-leader of the FTI Consulting Global Risk and Investigations Practice.

Only a third of general counsel feel "very confident" in their company's ability to respond quickly to a security breach and determine whether confidential data had been compromised, and less than a quarter of directors felt the same. "We work with companies to demystify technology in addition to our core investigative, remediation, and prevention work," Pace says.

With regard to the areas that directors and general counsel believe will comprise the majority of their time, executive compensation overwhelmingly tops the list. This demonstrates companies' commitment to fully vetting executive compensation plans, peer analyses, and related shareholder communication, as they head into the third proxy season with mandated say-on-pay votes. Interestingly, the vast majority of directors feel confident in their ability to manage compensation risk in 2013, perhaps indicating that processes and policies put in place over the last several years following Dodd-Frank legislation have become more a part of the governance fabric than when they were first introduced.

"Say on pay introduced a structured process for shareholders to voice their opinions and subsequently withhold votes against directors and or compensation committees," says TK Kerstetter, chairman of Corporate Board Member. "It should come as no surprise that managements and legal teams are spending extra time to ensure their organizations and compensation plans are viewed favorably."

To help directors increase their effectiveness, the survey asked what type of information their board needs to be effective in 2013. The five areas receiving the largest percentages of director responses were succession planning and IT risk (tied with the most responses) followed by strategic planning, crisis management, and competitive/marketplace information.

While not ranked among the top five concerns for directors, social media is an emerging issue that will continue to be a topic for debate in the boardroom. It is interesting to note that director's confidence in understanding the risks around social media has diminished by 24 percent - with only 16 percent of directors expressing they have a good understanding of the risks associated with social media compared to the 2012 survey. "With the SEC's recently released guidance on social media, they have recognized that social media is a real and valuable disclosure medium for communications with an important subset of stakeholders," according to Elizabeth Saunders, senior managing director and Americas chairman of the FTI Consulting Strategic Communications practice. Saunders adds, "It is critical that organizations have a social media strategy and policies in place in order to manage crisis and-perhaps more importantly-to capture the opportunities that social media provides."

For additional findings or to download a PDF version of the complete report on the Corporate Board Member/FTI Consulting 2013 Law and the Boardroom Study, please click here (<http://www.fticonsulting.com/global2/critical-thinking/reports/law-in-the-boardroom.aspx>).

To hear more in-depth analysis and perspective on this year's study, register for the Law in the Boardroom: Today's Top Legal and Governance Concerns for Directors and General Counsel webcast on June 5th. To register, please click here (<https://cc.readytalk.com/r/139alsl3t8g6>).

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. With over 3,900 employees located in 24 countries, FTI Consulting professionals work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management, strategic communications and restructuring. The Company generated \$1.58 billion in revenues during fiscal year 2012. More information can be found at www.fticonsulting.com.

About Corporate Board Member

Corporate Board Member[®], an NYSE Euronext Company, is the leading information resource for senior officers and directors of publicly traded corporations, large private companies and Global 1000 firms. The quarterly publication, Corporate Board Member magazine, provides readers with decision-making tools to deal with the strategic and corporate governance challenges confronting their boards. Corporate Board Member further extends its governance leadership through an online resource center, conferences, roundtables and timely research. The magazine maintains the most comprehensive, up-to-date database of directors and officers serving on boards of publicly traded companies listed with NYSE Euronext and The NASDAQ OMX Group Inc. stock exchanges. www.boardmember.com

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