

**ASSOCIATION OF CORPORATE COUNSEL  
Webcast Transcript**

***Enterprise Compliance eLearning and Risk Assessments –  
Best Practices and Benchmarking from 700+ Companies***

***Presented by  
Corpedia, Inc.***

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**Speakers:**

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Operator: Just a reminder, today's conference is being recorded. Go ahead, (Alex).

(Alex Brigham): Great. Thank you. This is (Alex Brigham) and welcome to this webcast being presented by the Association of Corporate Council. There's a lot of stuff we're going to try and cover in this. Just for your planning purposes this will -- we have this slotted for an hour and we're going to try and, obviously, start on time and end on time.

We're going to be covering Enterprise Compliance Training, E-learning and Risk Assessments, the Best Practices and Benchmarking. And that's certainly a broad title.

Now this is on the heels of a -- two things -- an info pack, which ACC published last year, which Corpedia played an active role in helping produce about putting together compliance, e-learning and training programs overall. And also a benchmarking study that Corpedia and ACC completed last year and was very (passing) participation by hundreds of company about the spend, the structure and design of corporate compliance programs.

And I should note that both of those info packs can be downloaded off of the ACC Web site. So they are available there.

Today, this will be a joint presentation. I'm very excited to have (Larry Parsons), Vice President of Business Conduct and Ethics, of Freescale Semiconductor join us up her. (Larry) is generous enough that he's going to walk through his compliance program that he has at Freescale. And just his background -- in his role at Freescale, he's responsible for all ethics, compliance, labor and employment line security issues worldwide for Freescale.

And prior to joining Freescale he was a Senior Labor Counsel over at Motorola and for their semiconductor products sector, which was the predecessor to Freescale, which was spun off, I guess it was 2 years ago. Before joining Motorola, (Larry) practiced labor and employment law in the Austin office of Fulbright and Jerowski and in the Dallas office of (Jones Day). So we're very excited to have (Larry) here doing this.

Myself, for those of you who aren't familiar with me I'm President and CEO of Corpedia Corporation. Corpedia provides e-learning, risk assessment, software solutions to more than 400 corporations around the globe and was founded back in 1998. Our contact information is here on the screen, so feel free to contact either one of us.

Now today, the outline for what we'll discuss is, first off, why the hype on corporate compliance programs? That's pretty obvious to a lot of people, so we're not going to spend much time on that. Do a deep dive into Freescale corporate compliance program.

Discuss the benchmarking stats in aggregate from Keypoint.

It's a very detailed study, so again, you can download it so we're not going to be able to touch on too many different points within it but definitely want to tease your interest so you get it, because

it's been a great resource for a lot of people. And then finally, just wrap up some leading practices in code and compliance learning that we're seeing out in the field.

So why compliance and ethics programs? These are, you know, we do get asked for these. The Federal Sentencing Guidelines definition of an effective ethics and compliance program is certainly what everybody is looking at right now. When we're talking to a corporation, that's really the best definition that everyone's been using.

And these are the critical points that come out of it. You know, certainly the standards and procedures, accountable knowledge and oversight and provide resources. And persons with substantial authority should not have a history of engaging in misconduct. Having effective training programs, consistent monitoring, promote and enforce compliance program consistent with appropriate incentives and discipline. Take appropriate remedial action if misconduct occurs and conduct periodic risk assessment measurements and program effectiveness.

Now some of those are very straightforward but some of them are open to a lot of interpretation and I know (Larry's) going to touch upon that, you know, talking about what is an effective training program? The promotion of these programs inside. And you know, a wildcard for a lot of people is risk assessments and how are those done?

And how do you really measure the effectiveness of the program? Because what you'll find in the ACC Corpedia survey that we did is a lot of people are doing risk assessments. But what we found is they're doing them in very, very different ways. So this is a big highlight from the top. I'm sure most of you are familiar with it, the other driving factor certainly being the Thompson memo as we affectionately call it.

There was a great interview done recently with Mary Jo White, for those of you who are familiar with her, the former prosecutor from the Southern District of New York. And she now served a

Mea Culpa saying she is to blame for the interpretation of the Thompson memo and the waiver of attorney-client privilege.

So different people call it the Thompson memo. Some people call it the cooperation memo, and other people under their breath call it the "I must waive privilege memo." And it will be interesting to see how the interpretation comes out of this going forward because it is being aggressively applied and if anyone hasn't seen that interview, feel free to email me and I'd be happy to send it along.

But one interesting point about Mr. Thompson is he's now on the other side of the fence, for those of you who aren't familiar with that, as general council over Pepsico. And, you know, subject to the Thompson memo himself in the event that something were to go wrong there. And so I think he has a heightened interest in his own writing.

And then finally, you know, one underlying theme, because some people have heard about corporate compliance programs and they're fairly familiar with it and looking for some new areas, but one thing that we've noticed is a real hot button broadly, is the documentation -- the documentation that you have for your corporate compliance program, for your risk assessment, you know, what you're creating. But also just overall as you're planning out your corporate compliance program, everything lasts unless you purposely try and get rid of it and have a very conscious, you know, process in place for the procedures of the creation, destruction, retention, et cetera.

And, you know, we're going to wrap up at the end and I'm going to give you some hard examples of what, you know, some interesting documents that we've seen and anecdotes. But, I mean, just starting from I've seen emails that have had sort of a long life-cycle that around that of a chief compliance officer saying, "We have a terrible compliance program. We have no program in place."

And even that email, you know, taken out of context, can look really bad if something occurs later. So unfortunately, you know, constant email mistakes, constant document problems. So I've asked (Larry) to talk about what he's doing at Freescale because I think he's got, you know, a very thoughtful approach towards managing documents. And every email I get from him makes it very clear what kind of document it is and how long it's going to last.

So with that sort of preamble, (Larry), I'm going to turn it over to you and we really look forward to hearing about the Freescale program and thanks again for agreeing to do this.

(Larry Parsons): Thanks everyone. This is (Larry Parsons). That was quite a build-up so I do see there's a question here about, "Is there a telephone link?" I'm not sure if that got answered so I'll just go ahead and do it. There is a telephone link into this. It's 1-800-308-9936 and then I'm looking for the other piece ((inaudible)). Give me one second. The passcode is 2312847 and then hit pound.

(Alex Brigham): I'm sorry to interrupt but the actual passcode is 2312840 and then hit pound.

(Larry Parsons): I'm sorry, we had a different one. I apologize.

(Alex Brigham): Thank you.

(Larry Parsons): Yes. OK, good. So you got the introduction from (Alex). He gave you some of the background on the Federal Sentencing Guidelines ((inaudible)) Thompson. The other thing is that we, as ethics officers, look at, in designing our program -- before I kind of jump into what our program looks like and talking about some of the pieces of it, I need to give you just a little bit of background and -- on our company. (Alex) hinted at it a little bit.

We are Freescale Semiconductor. We're a semiconductor manufacturing and design house located -- headquartered in Austin, Texas. I'm looking out on a beautiful Austin winter day, 65 degrees and clear to make anybody out there jealous if I can. We've been in existence for about 2 years, since April 2004. And we came into existence by being spun out from Motorola, Inc. We were the semiconductor products sector of Motorola at the time.

And in April 2004 is when I became the Ethics Officer and had to step back and create the ethics and compliance program for the company. And actually what I did is I looked to Motorola's program because they've got an incredible program -- great reputation for integrity, great processes. And I took those materials as my starting point.

And that leads to a story I want to tell you. And this is something I use whenever I do a presentation on lessons learned in creating an ethics program. I read a book a couple years ago called "Guns, Germs, and Steel" by Jerrod Diamond.

And it's a great book if you can get a chance to read it. And it sets out to understand and describe the development of different human societies around the world and it's an incredible scope book. But one chapter of it has a chapter on inventors. And there's a section in there, and I call this my "qwerty story," Q-W-E-R-T-Y. And I'm just going to read a paragraph out of the book to you.

It says, "This book, like probably every other typed document you've ever read, was typed with a qwerty keyboard, named for the leftmost 6 letters in the upper row. Unbelievable as it may now sound, that keyboard layout was designed in 1873 as a feat of anti-engineering, employs a whole series of perverse tricks designed to force typists to type as slowly as possible, such as scattering the commonest letters all over the keyboard rows and concentrating them on the left side."

"The reason behind all these seemingly counterproductive features is that the typewriters of 1873 jammed if adjacent keys were struck in quick succession, so that manufacturers had to slow down typists. When improvements in typewriters eliminated the problem of jamming, trials in 1932 showed that an efficient layout keyboard would increase typing speed by 95 percent. But by then qwerty keyboards were solidly entrenched. The vested interest of hundreds of qwerty typists, typing teachers, typewriter and computer sales people and manufacturers have crushed all moves towards keyboard efficiency for the next 60 years."

So I read that thing and I thought two things. First I thought, "I want to tell all my friends about this because it's a great story." And then second, I got mad at myself because I said, "I've been typing for 30 years on a qwerty keyboard and never asked why the letters were put in that order."

And so my lesson learned from that was, be inquisitive. And so ask questions about program elements. Question the things I'm going to tell you today. They may work for you, they may not. I had to do the same thing with the Motorola program and initially, I said, "Wow, this is a great program. This is going to be easy. I'm going to put it in place. I'm going to use it." But I had to step back and say, "I'm a different company now and does this make sense for my employees and my population?"

So let me go to my next slide and (Alex) said as you pass the button to me, and I don't believe you did.

(Alex Brigham): Let me...

(Larry Parsons): Just highlight my name and hit ((inaudible)).

(Alex Brigham): I know. I did actually. You're co-leader. So...

(Larry Parsons): Yes, it's not letting me ((inaudible)). I can't progress the slides.

(Alex Brigham): ((inaudible)) (Larry), you're on.

(Larry Parsons): Yes, I'm on now. Got it now. I see them.

(Alex Brigham): ((inaudible)) came up.

(Larry Parsons): Oh good. So this next slide, I call it Seven Elements of Effective Ethics and Compliance Program. And this is a slide I use with various audiences to summarize what (Alex) was telling you about in the beginning with the sentencing guidelines and to show in summary form the things I do as a company to meet each of these issues.

For those of you paying really close attention, you'll notice that (Alex) had eight points and I have seven. The last two of (Alex's) are combined in what I call response and continuous improvement.

Two points about this. First, this is definitely a work in progress. I'm going to try to point that out to you as I talk through some of these elements. There are things that I know I'm going to keep doing probably forever until we have a new Thompson memo or whoever the new DOG person is who writes the memo. And there are other things that -- I'm doing something now and I'm thinking about changing it. I'm thinking about looking at an improvement for it and I'll try to point those out to you.

The other point I want to make is that every one of these could be a subject of an hour or more long presentation and for the many of you out there who attend things like the Ethics and Compliance Officer's Association meeting or Society of Corporate Compliance and Ethics, you'll know that this is exactly what the agenda is on -- at those meetings are various pieces of these.

But anyway, I'm going to try to go through them and at least give you highlights of what I've done for each of these to meet the requirements. So the first of the elements, Management Support and Resources -- I'll show you this eye chart here. This is the structure of the Ethics and Compliance Program at Freescale as it exists today. It's a busy chart but I like to get it on one page. That's why it looks like this.

So I'll kind of start in the middle, which is where I am. And one of the elements of a program is to have a high level authority responsible for the program. You can't convince employees of the importance of ethics, the importance of integrity, the importance of compliance if you assign the program to a program manager in the middle of the organization.

You've got to have someone with enough stature and enough responsibility, enough influence to develop your program. I'm fortunate enough I was given the title of Vice President of Business Conduct and Ethics.

Some of you, if you had a chance to look at the Business Week of February 13, you'll see there's actually an article on that called "The New Ethics Enforcers." I think it's focused on (Patrick Natzo) at Computer Associates, but it also talks about a number of the other current ethics officers at some of the larger companies in the country right now.

((inaudible)) as I said earlier, I believe Freescale has 22,000 employees in about 32 countries. The most visible role I have is ethics but as (Alex) indicated, I have a few other hats I wear including the labor and employment law hat, the global security hat, and as we'll talk about later, document management, data privacy.

That's kind of a list of the things on here that are covered within my office. Now I -- the extended structure I have begins with what we call the Freescale Business Conduct and Ethics Leadership

Team and again, this is part of the element of having good ((inaudible)) at the top, good visibility for the program. And you can see the membership of that team. It includes our CEO, our CFO, our General Council, our Head of Human Resources.

The purpose of this committee -- this team is to meet with me once a quarter and to be oversight for my program. And so I meet with them, I tell them about my strategy, I tell them about the kind of issues we're seeing around the world. I look for feedback on what my plans are, what they would like to see me do, what their concerns are. And that's' what they exist for.

If you look over to the left of the screen, you'll see three committee's listed, one for EMEA which for us is Europe, Middle East and Africa. Asia-Pacific is the second one and then Latin America-Canada. Again, the regions where we have large employee populations. We have a committee structure set up there that is similar to the leadership team in that it has the head business person for the region, the head human resources person for the region, the head finance person for the region.

Again, I meet with these committees once a quarter through the year to focus more intensely on what's going on in the region, but the same kind of subject matters and to get feedback. And to help those teams communicate the ethics program, work at finding where we have issues; work at identifying those issues we need to address.

The next and larger part of my extended team are what we call country managers. Within Freescale, for every country where we have operations we have one person who is identified as the country manager. They have a number of responsibilities but included in it is compliance for their particular country. So obviously I use those as an extended part of my team to get the ethics message out to implement new programs, et cetera.

At the very top you'll note I list the Board of Directors in the Audit and Legal Committee. As a quick sidelight, one of the things that you've probably all dealt with or wondered about or had to make a decision on, is where does your ethics program report into? And some will have your ethics officer reporting into the Audit and Legal Committee of your Board of Directors.

I'll tell you, at Freescale, I report into the general counsel, part of that is historic, part of that is around that I've got other elements of my job that are more legal focused than just ethics focused but one group -- a large number of companies have it report into the Board of Directors and the Audit Legal Committee.

I meet with the Audit Legal Committee at every one of their meetings. It's really been a surprise to me to be honest. I knew that I would have exposure to the committee and to the board. I really envisioned that I would probably get to send a report in and then maybe meet with them once a year.

I would say it's a combination of who our board members are and the current issues that are out in the world right now that they want to see me at every meeting. So I get up in front of them. They have visibility to every ethics issue that has come up within the company. We talk about some of the more significant ones and go through them. They are very active, give me lots of feedback.

And then finally, I have at the dotted line on the bottom Internal Audit. Again, all of you who do what I do, you know that this is an important group to have close relationship with both as a customer and as a partner. You know, I'm a customer in that I get audited by Internal Audit but on the other hand, on certain investigations and certain other reviews we need Internal Audit's help to evaluate what occurred.

So that's the structure of the program and that kind of handles the first element. Whoops sorry I just lost the link I'm afraid. Let me go back here. All right, I'm back. Whoops, give me just a second here, I'm having a little computer issue so I'm going to have to get back up and get back to the slides.

(Alex Brigham): Do you need assistance?

(Larry Parsons): No, I'm fine, I just had a -- they tried to put a patch on my computer in the middle and they killed off the Web thing, so I think I'm back now.

(Alex Brigham): All right, (Larry), I'm going to pose a question that came in to you during the pause.

(Larry Parsons): Sure.

(Alex Brigham): Does Freescale have a chief compliance officer or do you in essence act as the Chief Compliance Officer?

(Larry Parsons): Yes thanks. I'm actually -- I serve both roles. So I'm the Chief Ethics and Compliance Officer but I don't use that exact title.

(Alex Brigham): And the second quick question is to whom or what does your Internal Audit Department report?

(Larry Parsons): They report to the Audit and Legal committee of the Board of Directors.

(Alex Brigham): OK, great.

(Larry Parsons): Good. All right. So moving into the second element, clear written standards and controls, I don't think any of these will be much surprise to you. I assume you all have a code of conduct. Ours is called "The Code of Business Conduct and Ethics." I'm just trying to think of a couple of things that you might be interested in around this.

First, we have one code for all of our employees, all 30 countries. We have evaluated to make sure it fits with all cultural differences and we just decided that we want one code. I know I know others, particularly if you're a larger company than us, if your operations are more focused in a particular region then you might vary your code somewhat from place to place, but we have one.

We do require all our new hires acknowledge receipt of the code. We also have a, I guess, a re-up, a new acknowledgement. Again, remember I'm in -- just finishing my second year of doing this now so again, part of this is what we're doing and part of our plans. My intent is to have employees re-acknowledge the code every time they complete training.

So as I'll talk more about a little more here in a minute, we're going through a training program right now and at the end of that training they're asked to re-acknowledge the code and that's my intent of the way I would do this going forward.

In addition, we have employees on two different levels do what we call a "business integrity questionnaire." And to put it this simply, this is really just saying that -- we ask our employees, "Are you aware of an ethics issue, potential violation of the code that you don't believe has been reported?" We do it in about six questions but that's really what we ask them, "Come to us, will you talk to the Office of Business Conduct and Ethics about that issue?" Again, the plan and what we've been doing is using the survey at the end of training programs.

My plan going forward for executives, for our highest level employees, is to do this every year regardless if it's at the end of the training program or not. So kind of divide out a group of

employees that are the higher risk or higher likelihood to be faced with ethics issues, to answer that business integrity questionnaire more regularly.

On executives, there's one other thing I do with them, and I'll mention this I think in another slide later, is when we have an executive and I define that for us as a director or officer and so it's about 130 of our employees total. When a new director or officer comes on board I sit down and have a one-on-one ethics orientation with them.

So I'll go meet with them, walk them through our program, talk to them a little bit about, you know, what kind of dealings they've had from an ethics standpoint at their prior company, in other words, what are they used to in terms of a program. And make sure they know who I am, know that I will be seeing them regularly and that they can come to me any time with any questions they have.

Other written standards like all of you I'm sure, we have ethics policies, we have exactly 13 of them, six of the key ones I've listed there ((inaudible)) board memberships, business intelligence, you know, competitive intelligence and, kind of, our rules around collecting that. And then we have a number of compliance policies and the ones that are on my mind right now are the ones that I've listed which are records management, data protection and privacy, information classification and protection.

The next element -- this could definitely be a couple hour discussion on this one -- I'm going to shorten it to about five minutes, effective training and communications. Let's talk about training first. So one of my real beliefs here is that one size doesn't fit all, right? And having said that, I'm in the middle of rolling out a training program with the help of (Alex) and his team at Corepedia to all our employees.

So we decided to do this one time because this is a new company. We hadn't done this kind of training for all employees yet so we created an online training version centered around our code, business, conduct and ethics and using scenarios. But really focus in getting through, here's what's in the code, here's where you go to get help. And like I said we're sending that to all 22,000 employees. We started delivering it in late November, early December and we plan to be finished by the end of March.

About, a little over half of our employees can do this online by email and the rest are manufacturing employees in various places around the world that we've got to use CD's, DVD's and do some group meetings or individual e-learning stations for them to go do it. So we're doing that and again, now it comes to the, what do I plan to do to go forward?

Well I plan to have all employees take at least some kind of ethics training once every 2 years. It won't be that clear cut where it's "OK, I'm doing it right now, so exactly 2 years from now there'll be another training," because like I said I don't believe that one size fits all.

So I think it's important to separate out training particularly for your senior leaders. And so concurrently with this e-learning I have done in-person training for about 600 of our employees. And I did this by conducting 20 sessions around the world over the last year where I went in and facilitated the training session.

On the next slide, when I get to it, I'll show you an example of this. But this is a very interactive, standing up in front of the group, making them work together, making them get up in front of the audience and going through scenarios and understanding our code that way.

And I will, as an ongoing basis, continue to that for the senior leaders, whether I always do it myself or not, I don't know. As a new company, I felt it was important to get my face out there in this new role. A lot of people around the company knew me as a labor attorney, because that's

what I'd done for 9 years prior. But to get my name known as the ethics officer, I thought it was real helpful for me to travel around and do it. Also it's also very time-consuming to do, you know, 20 5-hour sessions in a year. But it went very well. It was good, and I'll continue doing that.

Another hot topic I'm sure, is Board of Director training. Again, I might be a little more fortunate than some in terms of the acceptance of this as being part of our program. I was able to conduct training for our full board. I did it last September. I will do something every year with them.

What I actually did this time around was have about a 45 minute session that I covered with them about the program, about some of the current issues. But then what I really wanted from them, this is why I cut the time down to only 45 minutes, I wanted them to take the online training course. And I got them to do that.

And again, that's important from a ((inaudible)) message that, you know, you factory operator in (Qualamford), Malaysia, are being required to take the same thing that our Board of Directors took, that all our senior officers took. They all went through this course and ((inaudible)) have to take it too.

Going forward in the year to follow I will look to do more scenario-based, you know, maybe something over lunch with the Board of Directors where we give them a scenario and ask them to work through it themselves. I, you know, I think every year I'll change a little bit on what I do on that.

There's obviously another large number of training programs out there, the ones we're kind of in the middle of rolling out right now -- anti trust, insider trading, foreign corrupt practices act -- varying audiences for each of these. But you know, again, getting a ((inaudible)) put together, a full training program, the kind of things I want to get out to the employees that year, and which group of employees are impacted by that.

(Alex Brigham): Hey (Larry), I'm going to interrupt...

(Larry Parsons): Yes.

(Alex Brigham): ...please one second. There's some questions coming in also, trying to keep these questions short because we're going to have a tight timetable before we get through...

(Larry Parsons): I'm going to speed up here a little bit.

(Alex Brigham): The -- one question is, "Is there any sort of public availability to look at your integrity questionnaire? And that's something you might not want to answer live or not but that question had come in ((inaudible)).

(Larry Parsons): I've shared that with other folks. I'd be happy to...

(Alex Brigham): So they should probably just email you directly ((inaudible)).

(Larry Parsons): Yes, that would be great.

(Alex Brigham): Second, how do you plan on measuring whether your computer-based training from your vendor is effective?

(Larry Parsons): Yes, well...

(Alex Brigham): I'd be interested to know.

(Larry Parsons): That's a tough question and one we've struggled with quite a bit here on, you know, how do you tell? Is this an effective ((inaudible)) or is it just a check the box that you've had everybody go out and take the training?

One of the things I'm going to do, and this is very subjective because I don't really know another way of going about it is, when I travel I conduct what we call "rap sessions." So I'll bring a group of employees together and there are two topics I'm going to have this year. One of them is the online training and, you know, what they got out of it. What problems they saw with it, how it made them change their behaviors.

The second topic just for completeness here, is talking to them just a little bit about our code of conduct in general. And the same sorts of questions, is there any things we need to change in our code, is there anything that doesn't make sense to them, anything that doesn't work in their particular country -- particular location.

So that's the subjective way I'm going to go around measuring effectiveness. Of course I will be looking at the -- a thought just came to mind. I'm going to come back to you here but I'll be looking at the number and type of contacts we get through our ethics line, the kind of issues that are brought forward, is there an up-tick in that?

By the way, there is always an up-tick when you roll out training. We rolled out this training in December and the number of things that came into our ethics line immediately doubled. I can follow my travels from last year as I would even going with just the senior leaders and doing a facilitate session and the number for that country would go up when I went there.

(Alex Brigham): Yes, I didn't want to get you too off-track because I know we need to...

(Larry Parsons): Yes.

(Alex Brigham): ...move through these slides. But the other thing that we see, obviously, is incidences as well as the speak up line and the speak up line does go up, but also a lot of companies using organizational health surveys as one of their measurements as well and...

(Larry Parsons): Yes, and I will address that later in the slides too. I'm -- the reason that really can't be a measure for us is because the scores are very high on that already. There's not much room to change on that.

(Alex Brigham): Yes.

(Larry Parsons): I see my email address is larry.parsons@freescale.com.

(Alex Brigham): It's on the front page of the Power Point, if you have a copy of it.

(Larry Parsons): All right, were there more (Alex) or...

(Alex Brigham): No.

(Larry Parsons): OK. Good. So real quick, communications is important to promote the plans, it's not just about training. I sit down at the beginning of each year, develop my communications plan for the entire year, which includes everything, you know, from where am I going to put posters up to how many times am I going to write an article for our employee portal, how many times am I going to ghost-write things for our senior managers to send out, what the subject matters are. And then I just follow the plan throughout the year. Those were a couple more of the examples of things we did.

Sorry, I told you all these are long things. So a quick example of senior leader training -- one of the things I do is an employee ethics Survivor. Or I did last year. I'm going to -- that's been retired now, but bring four of the executives up to the front, have them all answer ethics questions to their peers, we vote them off the island till there's only one left. This is an example of the questions.

One piece of advice I'd give on this, I found very effective is, there's probably 40 different scenarios I have in my training session for this and every one of them is based on a case that we dealt with. And I know there are privacy concerns about that and you have to use your judgment about when you can talk about the case and how you talk about it.

Obviously we change the names. I might change the locations and facts a little bit, but I can honestly stand up and say in front of this group that these aren't hypotheticals. These aren't what I'd call law school questions. These are things that my office has dealt with since I've been here and I want to hear how you react and I'll tell you how we responded. And I think that's a real good live training program.

Consistent monitoring, reporting and evaluation, they're one of the elements. You all, I'm sure, have ethics lines, hot lines, speak up lines, whatever you want to call them. A couple of things about ours -- it's an internal base. We -- it's one line for everybody. It's answered by someone who works for me, who brings them in. There's obviously a lot of debate on how and what you should do with that. One of the things I'm looking at is trying some third party lines in a couple of countries to see if it makes any difference in the number of calls, et cetera. But for right now that's what we've done.

Reporting, obviously, is the Audit Legal Committee. I talked to you about that, the Board of Directors, I report to them at each of their five yearly meetings. We do have a separate process built in for internal controls, accounting and auditing matters, when those matters come into the

ethics line. We only use one line. We don't have two separate ones, but when those matters come in it kicks in a process of me going directly to the Chairman of the Audit Legal Committee. So that's how we handle those.

I've already told you a little bit about the quarterly meetings of those groups. There's one more added there. Other of you might use a different term for this. We call it Disclosure Committee. Basically this is a meeting that is user processed but is used to get our CEO and CFO ready for the certifications they have to sign under Sarbanes-Oxley. But it's another one that I, as the Ethics and Compliance Officer get up and present to and make my own (edistations) to what the CFO and CEO need to know in those areas.

From a reporting standpoint, I do what I call monthly context report that shows everything that came in to our office in the prior month and which goes to my leadership team. I do Audit Committee reports and include all contacts that go to the Audit Legal Committee before each of their meetings and then I do a year-end metrics report that just kind of shows the kind of contacts we had, the results of those, et cetera.

All right. Consistent enforcement alignment, this is the one I'd love to get feedback on too on what you're doing but, one of the things we did when we became a company, we created what we called the Freescale Fundamentals. And that little symbol you see is our logo without the words. The words we added to it are the six things that we consider most important to the company. And the first is impeccable ethics. Of course this became the touchstone, how I talk about us is "impeccable ethics."

This then moves into our performance management system where we have behavioral expectations of every employee. And one of those the employees are judged on are their ethics. And managers have some specific requirements in that. So when I fill out a summary evaluation

for every employee that reports to me, one of the things that I judge them on is how well they meet our fundamental of impeccable ethics.

This leads into the incentive part, which is a performance evaluation. The score on that has an impact on the rewards, the bonus, the equity, the salary increase of our employees. So this is the clear connection we have. But in all bluntness, I haven't come up with a lot more around incentives, but I've thought about things like possibly trying to publish positive ethics stories. A lot of times you really can't even talk about the positive ones where someone has stopped something from happening. You really can't bring that up to a broad audience.

(Alex Brigham): As you bring up the next slide, I know there's a lot of questions about people looking for the linkup for this set of slides and (Karen) or (Lance), if you wanted to weigh in and say where that link would be ((inaudible)) the availability of these slides, please feel free.

(Karen Palmer): This is (Karen) at ACC. You can email me at [palmer@acca.com](mailto:palmer@acca.com), that's P-A-L-M-E-R at [acca.com](http://acca.com) for a copy of the slides.

(Alex Brigham): OK. Thank you, (Karen).

(Larry Parsons): Good. So the next is about carrying and delegating authority. Obviously you screen new hires and particularly looking at folks that are going to be put in positions of authority and the kind of follow-up. Again, I would say from my standpoint, we have a regular screening process for all employees, but one of the things I do want to add to is the process around hiring our highest level executives. And I'll just -- I'm going to leave it at that, to say this is a work in progress.

One of the things -- one step we have gone through is set some expectations with executive recruiters about the kind of employees we're looking for, what our expectations are. That there's

no warts on the person, frankly, before they even bring them to us. But there's a lot more work that can be done here.

I've also been able to add into our succession planning process this element. That if someone has had issues in the recent past with us that that should not -- that should be a factor that maybe keeps them off a particular succession planning process. And then again, as I mentioned earlier, I do this executive ethics orientation with all employees who come in at that level.

(Alex Brigham): (Larry), we're going to get a little tight on time. Do you think we could skip towards the records management elements?

(Larry Parsons): Sure. Yes, absolutely. Because -- no problem. So, you know, I do want to hit on Slide 18, the employee survey slide, because (Alex) mentioned that one. We do an employee survey. Right now we're doing it every 6 months. We will move to once a year pretty soon. A piece of this series of questions about our ethics program. So as (Alex) was mentioning, this is a way you give feedback.

I'll give you an example of a couple of questions that are in the survey that we ask. And the good news is our survey results. This was the highest -- the highest response -- positive response we got of any of the elements that were done, so now I look at my training and try to judge to say, did it improve ((inaudible)) a little bit of a challenge.

All right. So the next slide here I just talk about my six current focus areas. What I was giving you there before was the elements of the program. So this is what keeps me up at night or what I'm spending my most time on. And I talked to you about the training part.

I really didn't get to talk to you about the risk assessment. I'll just say briefly that I'm doing what I call risk assessment light right now and I'm looking at vendors, including (Alex's) company for something a little more formal around that.

Regulatory updates and compliance in 30 countries by its -- the quick phrase there you know the issue, right? How do I keep up with changes in all the locations that we're located at? I mentioned appropriate incentives and disciplinary measures. And then the one that (Alex) wanted to make sure I got to, records management discovery data protection and privacy.

So going to the next slide, I think (Alex) probably overstated my program in this area but this is something we're working hard on and I'm sure all of you all are facing this right now so I just put a few things together that I think are what it takes to have an effective records management program, you know. Are we retaining the right records? Are we honoring all the regulatory requirements? Are we ensuring we have a process that when we are being investigated or we have litigation that we can stop the regular destruction of documents so that we have them. We don't get into ((inaudible)) problem over having killed off documents in the middle of litigation.

And then the last one, which is really, have we held onto things too long? Have we a way of ensuring that we've taken documents out of our system for all sorts of reasons past their useful life? And you know, the key to this is having a document retention policy that has clear statement on how long something should be kept.

And so the next eye chart slide kind of shows what I consider and the things that we're putting and have in place around a defensible program. Number 1, designate someone as a records officer, someone who's responsible for the whole program and at Freescale that's me. But then bring it down to the organizations by having individual folks. They are responsible for the documents in their organization. We call those records managers. Obviously have a good

records manage policy and enforce it and keep it up to date. Communicate it to employees, train them on it, and then conduct compliance reviews to make sure that they're following the policy.

So anyway, these are the elements that I've put together on that and we have this program in place but it is, I wouldn't pretend to any of you all that it'd not being continuously improved or continuously changed. To keep up, I think this is one of the most difficult areas to deal with.

Alex, time wise do you want me to talk about data privacy at all do you want to move ((inaudible))?

(Alex Brigham): You know, I think we'll have to move on.

(Larry Parsons): OK.

(Alex Brigham): But people are going to get a copy of the slides and I want to repeat to everyone that if you want a copy of the slides you can just email Palmer, P-A-L-M-E-R at acca.com, A-C-C-A dot com. That's (Karen Palmer).

And also, that there is a survey link, I think it's Link 6 over on -- no, I'm sorry, Link 7 of our session survey and ACC is very interested in people filling out that survey upon completion of this program.

(Larry Parsons): I pass it back to you so...

(Alex Brigham): OK, very good. I have one question for you, which I'll weigh in on as well. On the -- that came in was, your comments on the application and enforcement on U.S. law to foreign based corporations that have U.S. operations and the compliance issues that flow from such application enforcement.

And I know that Freescale is a U.S. corporation, but I -- you're also well-versed in the compliance area. So I thought you might want to weigh in on that.

(Larry Parsons): Well I guess I'm going to keep the answer pretty simple. Yes, we certainly have some U.S. laws that are applied overseas and, you know, when we consider our training programs and consider our communications, we're thinking about that.

I'll use a real example. I was in San Francisco yesterday with all our sales and marketing folks and we were conducting anti-trust training as part of that. And obviously one where there's some extra territorial reach of some of the statutes, both the European directives and the U.S. laws. So I don't know that I'd have much more comment than that and say, yes it's a problem and yes, I always take into consideration which laws that we have to consider outside the U.S.

(Alex Brigham): Right. And the way I also interpret that question is about -- there's a lot of global corporations that have substantial U.S. operations. But they don't have the same emphasis or support necessarily at the global headquarters, Germany and Japan and Europe, they don't necessarily understand the different compliance culture that we're all exposed to here in the United States. And we see a lot of U.S. divisions just saying, you know, we're going to run our own compliance program because they recognize, even if they're owned by a foreign corporation, are obviously still subject to all the same laws when they do business here in the United States.

And one only needs to look so far as the, you know, the massive scandals around vitamin price fixing from 4 or 5 years ago, and the fines that were levied by the U.S. government. I mean, a number of those were foreign-based corporations for the U.S. operations. So it's entirely applicable and if you're not getting support from the global you just have to run it, your own program domestically.

OK, hopping into -- I'm just going to jump in with some of the statistics that came out of the survey. I highly encourage you all to download it. There's a lot of commentary around it. But probably more than anything else, as an outside vendor that, you know, works with companies, I got a whole new level of empathy for all the inside providers. As (Larry) pointed out, I mean, he's thinly staffed. He's getting an awful lot done over at Freescale. And, you know, if there was one weakness in the survey, you can see right here when we were say, well how many employees, FTE's, you know, are really involved in doing the formal compliance and ethics function?

And it was appalling how many of them are left in five employees. So we've gone back to some data points and we found that in many cases it might even be less than one full-time equivalent would be running that compliance and ethics function inside an organization where you have multiple hats on yourself. So obviously the staffing gets more significant the larger the organization is. And all this is broken down by, you know, by the major sizes of the categories of corporations.

Now secondly, average annual spend. Well what hops out on that is all over the map. I mean, it's very broad. It becomes -- but even when you break it down by organization, it still is a very broad span in terms of what companies are spending. You know, a lot of organizations are spending, you know, less than \$10 per employee per head count, whereas others obviously, it does depend by industry, are investing substantially more.

But even within industry, we are definitely seeing a broad spread, not -- there's certain companies that are always the leaders, top quartile, and there's certain that are laggards, that are not investing at all in their program. And naturally, it's going to be a lot easier to defend, you know, you're more likely to prevent problems from occurring if you have a well-designed program.

It's not all about spending, but it's certainly easier to defend because that is one of the proxies that the Justice Department's very clear. With us, that, you know, they do look at the structure of

the program and the effort that's been put forth versus tiers, not just in a total vacuum but versus what other companies might be doing. So there's some very good statistics in here about the spread of spend that people can prepare against their budgets.

Again, we did, you know, build a high level of empathy in understanding the spend levels that's somewhat anemic in a lot of organizations. So if you feel you have an anemic spend you're not alone and those questions about measuring the effectiveness and the justification of your ROI essentially, on your program is important in that regard. So moving beyond spend, why are people doing this?

There are some good stats here, very interesting, about the level of awareness of ethics compliance issues in an organization and 47 percent of all companies came back and said, "You know ((inaudible)) was pretty good." Only 6 percent said comprehensive. I mean, it does take a multi-year commitment we found to really get a comprehensive understanding of the issues that really apply.

I mean ethics you can do broadly but compliance is much more specific to the function of a geographic area et cetera. And you know, 42 percent say it's limited and 5 percent said they had no idea and, you know, that's ((inaudible)) in its own right.

But as you can see when you look at the survey, the larger organizations certainly, you know, have invested more in their compliance program and certainly feel much more comfortable about the level of understanding.

On this next page here, the formal code-of-conduct training. Do they have formal code-of-conduct training? It is more prevalent than I think a lot of people expect and it actually very interestingly, very common and not tied back to the size of the organization. The smaller

organizations, larger organizations, just as likely to have formal code-of-conduct training, you know, almost 3/4 of them.

And very interestingly, when the code-of-conduct training is put in place, they really dive deeply into the organization. As you can see here, over half of the companies that say that they do have formal code-of-conduct training train over 90 percent of their employees in some way, shape or form. And, you know, very few only train at the top level. Again, it's not tied back to the size of the company. But, you know, there definitely is a slight variation by industry that we found.

Now next on the attorney-client privilege protections, I mean, this is always going to be a moving target for a lot of organizations about whether attorney-client privilege protections exist. The big message that we get from companies is you need to plan your programs with the assumption that privilege may someday need to be waived.

So everything that you're thinking about putting in place particularly on risk assessment is an area that a lot of problems can arise. I should note that ACC and ourselves that we'll be publishing a risk assessment info pack. So similar to the compliance training info pack in the coming weeks and that -- in a couple months will be a webcast specifically on risk assessment.

But that is a big area. Now, in case you're not aware of it, the U.S. Sentencing Commission right now is collecting commentary about changing, you know, the sentencing guidelines in terms of the rewards or implicit benefit of waiving privilege and cooperating with the government on investigations in terms of reducing penalties under the definitions of effective compliance and ethics program.

We predict that that will be eliminated from the guidelines but at the same time it doesn't change the Thompson memos. So still a very big issue and you can see that the majority of people right now feel that it severely damaged and is not something to be relied on.

Just briefly on risk assessment, 2/3 of all companies are doing risk assessments. You know, publicly traded companies are slightly more likely -- 20 percent more likely and certainly more likely than large organizations to conduct but the methodology that they've been using is all over the map.

And you know, some of the commentary we've got from people is, "Well, we did our risk assessment and we're never doing it that way again." So it's just sad that they did it. You know it does exist, it is an important exercise. These numbers are growing as you can hear from (Larry). He was discussing doing risk assessment like, you know, I think we'll be, by the end of this year, be seeing these numbers around 75 percent at least for those who are conducting a regular risk assessment.

Now when they're doing a risk assessment, you know, only less than one in five are working with outside lawyers or a law firm. Audit firms are involved four times out of ten, not entirely surprising, you know, considering that there is some substantial overlap with, you know, the ((inaudible)) control environment self-assessment type of activities that they've done and not surprising considering that they've done all this 404 work and now they're looking for something new to do because doing the exact same work year over year for their clients isn't quite the same.

But I think that very interestingly is there is a whole industry, and 47 percent of the companies doing risk assessment are working outside of the law firms and the audit firms with other providers of those who are working with outsiders. But overall, working with outsiders, if properly done, can have some real benefits from a document retention-destruction standpoint, you know, in terms of retention of the work product, about what work product is owned by you and which is handled by the outside party.

So, and that's probably the second major driving force, certainly the first on using an outsider, we've seen his expertise, but the second is about work product and the protection thereof. Using the final report to impact change. Again, coming back from the survey ((inaudible)) some of the data is being used from risk assessment company's report that, you know, 88 percent of the time they're changing internal processor control. Eighty-one and a half percent of the time it's impacting their employee training and forms of communication.

And again, about 80 percent of the time, impacting policies. The code actually changes over 60 percent of the time in some way, shape or form but what's interesting is risk assessment is not being used to change the compliance budget. I mean, less than one out of four times are reporting relationships and response ((inaudible)). So it's really an integrated part more of the policy process controls and the training and obviously the code of conduct.

Now what are some of the other areas of training more specific ((inaudible)) impacted? In that survey, here are the top ten areas of mandatory training programs that exist inside organizations. And there's an interesting disconnect, because you also see from that survey we collected all of the top risk areas for corporations. What is -- what are the most concerned about by industry of the likelihood that something could occur and the ((inaudible)) on the organization and certainly information security, again, one of your areas, (Larry); antitrust and document retention were the top three risk areas but yet the top training areas are harassment, EEO type issues.

There's a disconnect -- it's ((inaudible)) surprising. It's largely driven by, you know, training and compliance training has historically been a function within the HR area. But now as we're talking on, you know, webcasts with groups, you know, Association of Corporate Council, it is becoming the domain of the corporate council increasingly, all this compliance training elements.

So I want to use up, you know, the last 7 to 8 minutes that we have to be able to get some -- to answer some questions but also to go through some best practices that we've seen. But before

we go there, I'm going to pause for a second, because these are some eye charts, give some people a little bit of time to read the, digest them as we go through it. And (Larry) posed a couple more of these questions to you.

(Larry Parsons): Yes.

(Alex Brigham): You know, a question that came in saying, "Are there any good resources for determining document retention timelines as they pertain to different areas of the business? A loaded question.

(Larry Parsons): It's loaded by the word "good," right?

(Alex Brigham): Yes, there you go.

(Larry Parsons): You know, one of the things I have to say, the one slide I had on document management is courtesy of Fulbright and Jaworski, the Law Firm that I was part of and we still work with now here. And they do have a database they use for U.S. retention periods. If whoever asked the question wants to send an email I know that they just purchased this database.

What I haven't found equivalently is for, you know, country by country. And I just use the law firm to get that information and make some judgments about which periods are applicable. But the one database seems to be pretty good on running ((inaudible)) for this type of document in the U.S. here the 10,000 laws that apply to it and so here's the longest retention period. I'll be happy to connect you all up with that.

(Alex Brigham): OK, and so people could email you.

(Larry Parsons): Yes.

(Alex Bringham): OK. What kind of resources do you have to manage your program? A member of staff?

(Larry Parsons): Yes, that's a good question. On my ethics staff it's me and one other person.

Compliance there are nine people but five of those are export and customs folks. That's all they do is they're expert in customs ((inaudible)) that. I always find in even answering these surveys, a little difficult to answer this question because I have other people who do a little bit of compliance here and there.

For example I have a legal ((inaudible)) who's responsible for overseeing completion of our affirmative action plans, which are certainly compliance issues, but how much of her time do I count and how much of the resource do I count there? But anyone asks me what is my ethics staff? It's myself and my ethics line administrator and that's really the sum-total of it.

(Lance): (Alex) and (Larry) I just want to remind everybody to please all participants click on Number 7, the session survey on the right-hand side under links and from the first question, the first dropdown choose the Enterprise Compliance E-learning and Risk Assessment. And please just take 2 minutes to fill out that survey. Thank you so much.

(Alex Bringham): Thank you (Lance). All right. We're coming back. And (Larry), we're going to have some final questions for you at the end.

(Larry Parsons): Sure.

(Alex Bringham): But coming back to a few slides here for best practices for corporate compliance programs. I really look at this as sort of the leader. If you're put into this role, I mean we run across people all the time who've been dropped into this role. And you know, big picture, if you

take a step back, one of my favorite quotes from one of our clients is, "Don't try and boil the ocean."

I mean, the risk is that you go out to a conference and you hear 17 presentations from everyone having done a different portion of those 17 elements of a compliance program and you say, "Boy, I want to do that and I want to do that and those all sound good." And that's why I think it's very helpful to hear this pragmatic approach that Freescale has taken, you know, with a limited stacking element because you can't do all 17 things well.

If you try and do all 17 things well you'll do none of them well. So it's really about being pragmatic, picking off what's going to have the most impact on the organization and that will reduce your, not only your likelihood of failure for the program and your own career path trajectory, but also just what will have the biggest impact.

So I'm going to pull a few things -- those things out. One, using risk assessment plan, allocating measure and defend and compliance program. You may already know what some of those risks are and if you're new to the position. But risk assessment at its core is that you have to go out and talk to people.

And it has to be a well-designed process that you're not going to be creating more risk for yourself, and it needs to be clearly defined, you know, in their eyes that this is different from doing a financial Sarbanes-Oxley audit or internal investigation. It doesn't have to take 4 months and enormous resources. (Larry's) doing his risk assessment light right now and I agree with that.

((inaudible)) from the top, your tone is important, the tone of the general council, the talent from the very, very top. I mean, it's a very difficult position unless obviously you can get the CEO to buy in and support what you're doing. And, you know, there's an unfortunate incident but also as

a positive lesson from this week where the CEO of Radio Shack resigned. The board was setting the tone that you do not lie on your resume, you do not misrepresent what you do.

And Radio Shack is actually a client of ours and we're very familiar with the other training they're doing throughout the whole organization. They do very deep ethics and code of conduct training throughout their organization and it's been very well received. So this, you know, the tone from the top and sometimes the tone is coming from the Board. And it was a perfect example of the Board taking, you know, aggressive action because they thought there was an ethical breach, and the message that that sent to the rest of the employees of Radio Shack is actually quite positive.

You know, investing in systems credibility, the hot lines, the surveys. You do want to know, do people believe that if they call in and use that ethics hotline, is it really going to be kept confidential? Is this going to be ((inaudible)) information that the organization takes action on? And, you know, for one of our -- the clients that we work with, actually they share that information even within the training program about, you know, here's how many calls we got last year. Here's how many disciplinary actions we took as a result. Employees actually like to hear that. They understand that the system works and they feel privileged to have that information shared with them.

You know, fourth, institutionalizing to the employee -- employer/employee labor relationship cycle, and I'll come back to that on another slide. And then incentive and disciplinary systems, as (Larry) talked about. And then the last two -- a one year plan is not a plan. There's no such thing as a one year plan I think in the compliance and ethics function.

It's very hard for us to defend a program in that regard because you can't do all of those elements immediately and do them right. They, you know, you need to have a 3 to 5 year plan, that's the only way -- you know plans can change, but it's the only way you're really going to be able to

institutionalize it into your, you know, into the culture of the organization and into that employment process.

And then finally, ((inaudible)) new hires. And we found great success in just compliance officers getting to know each other and sharing because they'll tell you, if you're new to the position they'll tell you where things could go wrong. And I found overall some of the conferences you alluded to, (Larry), the PLI conferences, you know and other conferences, that there's a lot of good information sharing on and you just need to ask.

Best practices specifically for code of conduct training. You know, as it gets institutionalized it's applied to employees and agents within days of hire. (GFH) is what we call it. If you've tied it into your database, you can get-people when they join on can immediately get training, you know, within days. And it's just going to have more of an impact on them and it's less exposure for you and just frankly easier to manage. Someone's hired, they get the allocated training.

The only other point that I would pull out of here is making sure that international operations are adapted to local culture, not just the language. We've seen some very poorly received programs when it doesn't take that into account and it's something that we emphasize heavily with our clients.

Training mandatory including for the BOD, Board of Directors. As (Larry) shared, it's a great message to send to employees but we find the board actually enjoys it. You know, they take great comfort from it.

And then finally, integrating related compliance processes into the code rollout and tracking. It can make your job easier. For example, some of our clients, they not only do a certification of the code during the training program, but they actually collect the disclosures -- exceptions, is there a reason you can't accept this code? Is there something that you need to share in terms of a

financial interest that a family member may have and a supplier, those type of things? So the legal department can come up and follow up on that.

And then, finally, leading practices for implementing these broader compliance learning programs. Biggest thing, have a team. Don't be all by yourself on the ((inaudible)). Program team committee -- you need to have other people who share the responsibility for it because it is a complex endeavor when you're bringing in technology and you're bringing in HR record planning.

You know, having that three to five year enterprise compliant training plan. The plan is very significant. If it's an RFP, be sure to examine the programs before narrowing the vendors. We've seen people just doing RFP off, you know, whatever the RFP response looks like. And then they go and look at the programs, you know, narrowed it down to one vendor that they chose and then they found that the technology doesn't work.

The good thing is that it is a mature industry with vendors who will share their programs in advance of an RFP so you can test them, you can run them, you can see that it works. Be respectful of employee time, 2 to 3 hours is just about the most in an e-format that you can expect anyone to be training on compliance, otherwise you will get significant pushback from the field. You know, measuring the effectiveness of your efforts.

We talked a little bit about that but it's not just about the knowledge that you can prove but the behavior and the related metrics. And there's a whole host of ways to do that and if anyone wants to contact me separately, you know, feel free to do so. I'll be happy to talk to them about it.

Then finally, know what documentation you're going to keep and what you're not. Going in, how you're designing this program, what you can do on risk assessment, what you're going to track in terms of proving that employees have gone through programs. Maybe, you know, because the

risk is not only when you try and prove knowledge of employees, you also prove who doesn't have the knowledge and who has the shortfall and that can be a substantial risk right there by itself.

So I'm going to go this last slide here and this is just, you know, sometimes people just need to be woken up a little bit about the ongoing how long life, you know, their documents that they create have but importantly, how many people would love to see them? It's a very competitive environment. There's a lot of people who'd love to see your internal documents and be the next one to break a story or make it appear like there's a story where there isn't. You know, the smoking gun emails have become immensely popular in the days of (Elliot Spencer) and that's not going to go away.

So I love these (cue) emails because, you know, if you ever needed support, you know, among your senior leadership, you just show them the juxtaposition of these two events, the first one being an email that comes out from the New York Times. It comes out daily and it's called the (dealbook) and it came out September 29. And their top story in there was all about an internal email that they had gotten their hand on from (Lessard Frares). And it was all about, you know, he's not ((inaudible)), you know, very unhappy with Lessard and he was quitting and he wasn't going to be subject to any of the non-disparagement clauses and so forth.

What was probably most fascinating about this email that went out to, I think, maybe 2 million people from the New York Times is they wrote at the end of it, they said, "If you have a copy of an internal communication at your firm that you think is newsworthy, or if you have any other tips, just pass them along ((inaudible)) newyorktimes.com. So they're soliciting it. So you need to think about what's out there.

And then on the back side, so we followed it pretty close. We were curious if it generated anything. The number 1 story six weeks later in the New York Times was about an internal

(McKenzie) memo at Wal-Mart that was prepared for the Board of Directors about cutting healthcare costs. And some of you might be familiar with it, where they talk about how, you know, they're going to make all the cashiers chase shopping carts out in the parking lot because then people who have healthcare problems won't want to work at Wal-Mart.

What was fascinating was the Board of Directors had never even seen it yet and the New York Times had all the, you know, the email and all the commentary about the HR and the CFO and what they thought of the program. So you might think your leadership in your headquarters is impenetrable, but the New York Times has proven otherwise. So you need to really think about it.

So that's a final thought I want to leave you with and (Larry), we have one last question I'm going to pose to you.

(Larry Parsons): OK.

(Alex Brigham): And this is -- might be part philosophical but try to be as specific as you can. What is the difference between the ethics function and the compliance function inside of an organization?

(Larry Parsons): Well I'll tell you the difference in our organization. I mean, compliance is following the law and complying with regulations to the letter of the law. And ethics is the aspirational part. What is your company about? A very specific example from Freescale that I would give you is around environmental health and safety and environmental laws. And that we look to comply with U.S. or the most stringent law wherever we operate as opposed to complying just with the environmental laws in the particular country. So in my mind, that's the difference between the two.

(Alex Bringham): Very good. I will -- with that we have reached the end of our timetable here. Here on the screen you will see contact information for both of us. As you probably sensed, we both love to talk. Feel free to contact us. I'd be more than happy to, you know, we've both been exposed to this for a long time and (Larry), I want to thank you personally for being so willing to share so much detail about what you're doing and ((inaudible)) this program. I think it's very helpful to hear this pragmatic approach and what you've been going through.

And I do want to, you know, ACC wants me to remind people to fill out the session survey, Link Number 7. The email karenpalmer@acc if you'd like a copy of the slides and also to inform you that there will be, you know, another webcast upcoming on risk assessment and an info pack out there.

And finally, this is -- it's a great survey. We hope you enjoy reading it. If you have any questions on it after you download it feel free to contact us as well. So with that I'm going to wrap up. (Karen) or (Lance) if you have anything you'd like to add as an administrative note before we end please join ((inaudible)).

(Karen Palmer): I have nothing to add. Thank you, (Alex).

(Alex Bringham): OK. Well thank you so much (Karen). Thank you to everyone for participating in this webcast and please have a great day.

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