To: All ILN Members

From: Marianna Metzger

CC: Lowell Lifschultz

Date: June 24, 2003


Welcome Cocktail Party:

Mr. Wayne Tanaka (Managing Partner) and Mr. John O’Donnell of Ogden Murphy Wallace opened the 2003 15th Annual ILN Conference by welcoming the delegates and companions to Seattle. Also in attendance were many representatives from foreign consulates with offices in Seattle, including Sweden, Mexico, Lithuania and Jamaica.

Chairman’s Comments

Lowell Lifschultz, open the ILN Business Session, by welcoming all the members to the 15th Annual Meeting. Lowell noted, that in today’s changing times, two things are constant; the ILN host firm always succeeds in doing a great job and the secondly, the great pleasure in seeing all the delegates in person! Lowell expressed thanks to everyone for attending during such difficult political and economic times.

Following is a summary of the main issues that were covered during the ILN Business Meetings, beginning with a list of the members who attended.

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As we continue to grow, Lowell noted that one of the most enjoyable meeting activities is the introduction of new members to the network. In this regard, Lowell proceeded to introduce our new members, attending their first Annual Meeting:

Dr. Toh See Kiat, Goodwins Law Corporation, Singapore
Mr. Edward Lehman, Lehman, Lee & Xu, China
Mr. Victor Albert, McKinney & Stringer,
Ms. Pavla Prikrylova, Peterka, Leuchterova & Partners, Czech Republic
Mr. Johan Vanden Eynde, Vanden Eynde & Partners, Belgium

In addition to our new members, we were happy to introduce Mr. Stephen R. Rathke, Lommen, Nelson, Cole & Stageberg, P.A., Minneapolis, who have applied for ILN membership and were attending their first meeting as our guest.

Due to the busy schedule of events, the ILN business session was adjourned, after the new member introductions, in order to proceed with the first Panel discussion hosted by Ogden Murphy Wallace. Lowell invited John O’Donnell to introduce Mr. Franklin Dennis our moderator for the International Business Panel.
Frank Dennis, one of the most active members of OMW’s international practice. He is the chairmen of the Board of Perelli Construction., represents ABB, Stockholm, China Online and many other international companies throughout the world. Frank is very active, working with many charities in Southeast Asia and in the United States.

Frank remarked that it is wonderful to have so many ILN members present and a privilege to be able to introduce such distinguished panelists.

Mr. Tom O’Keefe, CEO, Tully’s Coffee, very active in the Children’s Hospital Foundation, Leukemia Malphona Society, in Seattle Chamber of Commerce, on Board of Governors of Columbia Tower Club, and has raised millions of dollars for charity.

Mr. O’Keefe reported that Tully’s 220-store chain was the first business to compete directly with Starbucks.

Mr. O’Keefe indicated that the easy part of business is to attract people and having the idea, while the tough part is getting on the ground and being a “foot soldier”. The message “is to continue doing what you are doing in terms of coordinating your efforts on a country by country, region by region, continent by continent basis, to help businesses like Tully’s, when they do get on the ground”.

For a business like Tulley’s it is very important to provide ease and access to information in other countries, for example “How to do Business in Japan?” in a timely and affordable manner.

Mr. Steve Bryant, from Publicist. Publicist is a French Public Relations Ad Agency that has offices in 73 countries. Steve brings the perspective of having worked with lawyers in many countries and will give insight into what clients look for when seek council in other countries.

Mr. Bryant informed the delegates that the nature of his industry tends to be nationally focused. While their industry has become global in a major way in the past 5-6 years, it is very much a business of national companies. An example of the types of international business Publicist does, would be transnational, like launching a European company on the U.S. stock exchange.

Publicist is introducing a cooking product, manufactured in France, UK owned and using an international celebrity, known as the Naked Chef, to market it in the United States. Mr. Bryant noted a disturbing trend is underway in the U.S., some recent success in lobbying against tobacco companies, which is leading the way toward suing food companies on the principal; they contribute to the obesity problem. This is becoming a concern for many international companies doing business in the US.

Mr. Par Singh, General Manager, x-Box, Microsoft Corporation, who according to his own words, has the unenviable responsibility for marketing x-box, the Microsoft Game Management System in Japan.
Mr. Singh reported that working in Japan is an incredible challenge due to the ecosystem and culture. He remarked that American companies have struggled to understand the Japanese market, as an example the consumer in Japan is not necessarily interested in price, they are interested in performance. A different set of value motivates the Japanese consumer. Current trends are challenging the traditional employer/employee relationships in Japan. The old school of joining a company like Sony and staying there for life is changing. American companies doing business in Japan end up with an “identity crisis”, by trying to be Japanese. American companies that have succeeded have been able to understand the differences. There are many differences between Japan and North America, but at the end of the day, the fundamentals are the same.

Mr. James L. Neal, President and CEO and member of Board of Directors of Metzler North America Corporation, a wholly owned subsidiary of the family owned investment bank, Bankhaus Metzler. Metzler North American Corporation has approximately 55 billion of assets currently invested, including a lot of specialized equity and fixed income products, real estate investments. Metzler North American Corporation is a very active corporate finance, merger and acquisitions business.

Mr. Neal told the delegates that no matter which countries Metzler North American Corporation has its investments and employees in, it always team-up with the local folks on the ground because they are the most knowledgeable; the various attorneys, accountants, consultants etc.

Mr. Neal had had the pleasure of working with several ILN member firms over the years on behalf of Metzler North American Corporation.

The session moderated by Mr. Franklin Dennis continued, using a question and answer format:

**Questions & Answers**

Q: Frank Dennis - Is there a specific criteria that you look at for the selection of projects?

A: James L. Neal - Metzler North American Corporation invests in various projects - real estate, special equity projects, and various enterprises throughout the world.

Q: Frank Dennis – How do you expect to expand in Europe? Is that strategy different from the one used for expansion within the United States?

A: Tom O’Keefe – No different at all. The reality is that Tully’s tries to do what it does in the United States in other countries, the whole idea of globalization.

Q: Michael Slan – the strength of the ILN is that the firms have local knowledge; they are not mega-firms, but medium size firms. A company the size of Microsoft, does it have policies in terms of the type of consultants, law firms, that are permitted to assist you in the international markets?

A: Par – There is not a set criteria, it is on a case-by-case basis.

Q: From the floor - We are mid market firms, how do you distinguish yourself from the competition?

A: Tom O’Keefe – It is probably significantly easier to distinguish Tully’s from the competition because Tully deals with the consumer on the street. Tully’s encourages its staff to interact with customers, to know their drinks, their names, etc. and be very people friendly.
Q: Bill Blomquist – When selecting global counsel, do you select on incentives & billing?

A: Par Singh – Certainly in Japan, but in other parts of the world, it has been on a project-oriented basis because want to have cost containment.

A: Steve Bryant – prefers billable hours, but also insist on an estimate up front on what might be required.

A: James L. Neal – on a project basis, will typically negotiate an initial budget and perhaps talk further about an incentive clause if it happens to be a new product.

Q: What if any practical suggestions could you make to improve lawyer/client relationships? Are there any kind of practical issues that you wish you didn’t have to deal with when dealing with lawyers?

A: Tom O’Keefe – Tully’s hires an attorney for his/her expertise, not a junior associate who will rack up fees in investigating a question.

A: Steve Bryant – Where there is allocation involved, firms should do a better job of marking up the bill with whatever tracking method or local code the client/organization uses.

A: Par Singh – Looking for legal counsel to be proactive and be part of the team, not just service oriented.

Lowell Lifschultz reported that one of the highlights of the Network is the members’ experience of working with international companies. Lawyers in the Network understand better today what foreign companies are dealing with, as well as the needs of the U.S. companies at home and abroad.

Mr. Franklin Dennis thanked the Panel for a very informative and interesting session. There followed a coffee break, where delegates had the opportunity to meet and exchange views with members of the panel and other invited OMW guests.

The ILN business session resumed after the break with Alan Griffiths introducing the new members in attendance and inviting them to give presentations on the strengths and areas of coverage by their law firms.
New Members Introductions

All presentations can be accessed through the following web page:
www.iln.com/presentations_seattle.htm

Goodwins Law Corporation
77 Robinson Road #10-03
SIA Building
Singapore 068896
Tel: (65) 6464 9449
Fax: (65) 6533 9559
Website: www.goodwinslaw.com
Contact: Dr. See Kiat Toh

McKinney & Stringer
Corporate Tower
101 North Robinson, Suite 1300
Oklahoma City, Oklahoma 73102
Tel: (405) 239-6444
Fax: (405) 239-7902
Website: www.mckinneystringer.com
Contact: Mr. Victor Albert

Peterka, Leuchterova & Partners
Na Příkopě 15
110 00 Prague 1
Czech Republic
Tel: (420) 272 143 400
Fax: (420) 272 143 470
Website: www.cabinet.cz
Contact: Ms. Pavla Prikrylova

Vanden Eynde & Partners
Avenue de la Couronne 340
1050 Brussels, Belgium
Tel: 32 (0) 2 649 9494
Fax: 32(0) 2 649 6010
Website: www.vdepartners.be
Contact: Mr. Johan Vanden Eynde

Lehman, Lee & Xu
6th floor, Dongwai Diplomatic Office Building
23 Dongzhimenwai Dajie
Beijing 100600 China
Tel: 86-10 8532 1919
Fax: 86-10 8532 1999
Website: www.chinalaw.cc
Contact: Mr. Edward Lehman
ILN Recruitment Update – 2002/2003

Alan Griffiths reported that the ILN continues to concentrate its resources on all regions within the group. Currently the administration is focusing its efforts on specific areas that are important to all members. In the Americas, for instance identifying 4 major commercial centers (Los Angeles; Minneapolis; Vancouver & North Carolina), for recruitment, in North America. Europe is very much a high priority, especially with the proposed changes being discussed within the EU. The ILN needs to be represented in all of the new proposed states in the expanded EU. The ILN’s current membership covers all of the existing EU states but we need to keep moving forward the hanging landscape.

Alan was very pleased to announce that the ILN has admitted 8 new member firms over the past year and stated that this was due in large part, to the tremendous help of existing member firms in the various regions.

New members admitted 2002/2003:
- Oklahoma – McKinney & Stringer – March 2003
- Brussels – Vanden Eynde & Partners – March 2003
- Beijing – Lehman, Lee & Xu – January 2003
- Guatemala – Aguilar & Zarceno – November 2002
- Prague – Peterka, Leuchterova & partners v.o.s. – November 2002
- Singapore – Goodwins Law Corporation – July 2002
- Florida, USA – Shutts & Bowen – May 2002

Bringing the Current membership to:
- 82 independent law firms
- 61 countries
- 6 continents

Specific recruitment objectives for 2003/2004:
- The Americas - Los Angeles, Calgary, Minneapolis, North Carolina, South Carolina, Vancouver
- Europe - Bulgaria, Hungary, Poland, Slovenia, Russia
- Asia Pacific – Korea, Taiwan, Sri Lanka

Lowell Lifschultz reported that during the Directors Meeting held on Wednesday, May 28, the Board spent substantial time discussing the issue of developing European relationships. Lowell expressed thanks to Alan for his tremendous accomplishments over the last year in terms of new membership, existing membership, motivation, and integration of the membership.

At this time, Alan introduced Peter Kirpensteijn & Gary P. Kaplan to announce the formation and launch of the ILN International Tax Group.

ILN International Tax Group

Tax Group Development Committee:

Peter Kirpensteijn – Udink & De Jong, The Hague
Peter Kirpensteijn noted that it is important to understand that when dealing with taxation in the global environment, one is never confronted with a simple domestic tax issue. It is more often the melting pot of several tax jurisdictions. Therefore, tax lawyers have to have their network in various countries.

Peter stated some of the goals of the International Tax Group;

- To create a new referral pool within the ILN Group
- Increase visibility and communication among ILN member firm tax practitioners
- Add value to ILN membership
- Improve information flow

Tax Contact Database;

- Identify ILN Tax Practitioners; international & domestic
- Catalog; further identify specialties
- Make database available

Peter also mentioned that the most important goal for the Tax Group is to create a new pool of referrals within the ILN. It is not meant to be a think tank, with answers to all questions relating to tax issues. In order to assist with this goal, future considerations are;

- ILN TaxFlash – internal communication tool
- Regular Tax Group Meetings

Alan said that this, and other ILN practice groups, should benefit from phase two of the ILN website development. This will incorporate a searchable database by firm, country, state, jurisdiction, and practice area. Alan informed the delegates that he would give them a demonstration during Saturday morning’s business session. Since the public will also have access to this database, it will provide an additional marketing tool for the ILN and member firms.

This concluded the first morning session: Delegates broke to join companions for lunch at the internationally renowned Dale Chihuly’s Glass Studio.

**JOINT A.C.C.A and ILN PANEL SESSION**

John O’Donnell introduced the joint panel session, a collaborative effort between, AAAC and ILN members –

The panel, composed of general counsel from the Washington Chapter of the American Corporate Counsel Association (ACCA) provided answers to the question, “What Does General Counsel Look for When Choosing outside Counsel?”
Mr. Lowell Lifschultz introduced the topic and panel. He expressed his appreciation to the panelists and OMW for providing the ILN delegates with the opportunity to speak with General Counsel about the kinds of issues they face when they are looking for outside counsel.

Sue Ginsburg moderated the session and began by introducing the panelists:

**Corporate Counsel Panel**

**Panelists:**

- Steve Crown – Microsoft Corporation
- Carol Miller – Restaurants Unlimited
- Julie A. Brooks – GiftCertificates.com
- Linda Strout – Port of Seattle
- Monica Reisner – KCTS Television
- Ted Albertson – RealNetwork.com
- Stephen Kaplitt – Lumenis Corporation

Moderator Sue Ginsburg, Head of ILN Marketing reported that the panelists met together earlier and prepared a list of the most important issues to share with the ILN members.

Q: Sue Ginsburg - Has anyone ever had a bad experience with outside counsel that they could learn something from?

A: Carol Miller – The most problematic issue was the firms’ difficulty in adjusting to working with in-house counsel as opposed to working with one of the corporate officers.

A: Julie Brooks – The bad experiences happen with inside/outside counsel really have to do with communication. You can never communicate enough as outside counsel.

A: Linda Strout – Communication is at the heart of every issue. In a bad experience, it is due to poor communication.

Q: Sue Ginsburg – The panelist will share and highlight how important it is that outside counsel be familiar with the company and the business and not just how the company works, but how the legal department works as well.

A: Steve Crown - Microsoft hires lawyers, not law firms. Microsoft wants to development a relationship where the lawyers understand the business and needs of Microsoft, lawyers who can serve as counselors on approaches to business and legal problems. A successful engagement with outside counsel should leave Microsoft with a better reputation in that geography and through that litigation.

A: Stephen Kaplitt - Communication is one of the most important things and even beyond substance, effective communication requires being accessible. Stephen explained that something as mundane as being reachable by phone, even at home, even on weekends if necessary, is quite important. Stephen also noted that billing fairness and cost is critical, as well as lawyers and law firms who are our advocates, not just lawyers.

A: Monica Reisner relies heavily on outside counsel for expertise. She also noted that she works with those types of lawyers who can relate on a business level, versus appearing before a judge.
A: Julie Brooks - GiftCertificates.com require company familiarity, including with the legal department, is critical. On the global side, it is critical to provide assistance in understanding business and legal operations in various countries. The law firms have to be very technologically enabled as well.

Q: Sue Ginsburg – Panelists also highlighted the importance of good working relationships. It is important that attorneys understand their clients business and are willing to provide business counsel instead of just the legal opinion.

A: Carol Miller – Integrity is very important in a relationship with outside counsel.

A: Linda Strout– It is important that the attorney(s) know the philosophy, not just the statistics of their clients business.

A: Steve Crown - Microsoft hires lawyers that help build the reputation of Microsoft by presenting them appropriately. Budgets are also taken seriously. Communication is very important.

A: Ted Albertson – Communication is a universal theme. It is also important that the attorney(s) have a deep understanding of its clients business.

Q: Sue Ginsburg – How can working with a Network can benefit companies or in-house departments

A: Steve Crown – If there is a good working relationship with the firm, will ask that firm for references.

A: Carol Miller – Typically goes to OMW; the Network does provide the opportunity for good references.

A: Julie Brooks – Creditability of the recommendation is very important. Speed is also important and the Network can certainly help cut through a lot of initial research. The fact that members in the Network have some common standards is very helpful.

Lowell Lifschultz – The Network has been around for about 15 years and there has been so much interaction between the firms, that most have a sense of everyone’s strengths and weaknesses and also a sense of everyone’s culture.

A: Linda Strout – A network helps as an information tool to speed up the legal process.

A: Monica Reisner – The ability to contact the Network and be advised of an expert in a particular field overseas is very helpful.

A: Steve Crown – Developing a network of people who’s judgment you trust to refer professionals worldwide is invaluable.

A: Ted Albertson – Is it worth making sure that your clients know about the Network.

A: Stephen Kaplitt – Technology is not that important. What is important are lawyers who can address problems quickly, effectively and for the lowest possible cost.
Lowell Lifschultz thanked the panelist for giving insights into what all attorneys feel. He summarized that being a good lawyer means understanding what your client wants and what your client needs. The floor was opened to questions.

Q: Robert Bijloos – What is your position on receiving advice online?

A: Julie Brooks – Prefer more information, than less, likes the idea.


A: Monica Reisner - Prefers talking vs. online.

A: Linda Strout – Important information is helpful, but not the whole case file.

Q: Stuart Gerson – Law firms generally spend considerable amount of capital and effort, including the Network, on hard copy brochures, client alerts, etc, in addition to websites. To what extent does any of this figure into your decision making whether to hire or retain a law firm or network?

A: Carol Miller - The website is very important, but brochures are disposed of quickly. Sending targeted information that is truly valuable is good marketing, but still a preference for the Internet.

A: Julie Brooks – The website is a great resource and it is very helpful when firms post legal memorandums.

Q: Michael Slan - Has Martindale Hubbell become useless?

A: Steve Crown – We use it online

A: Julie Brooks – We use it online

Q: Patrick O’Driscoll – When you want to instruct counsel and ask local American attorney for a recommendation in a foreign jurisdiction, would you prefer to handle the case through your American attorney or directly through the local attorney? And does the urgency of the matter have bearing?

A: Linda Strout – If the American attorney has the expertise, than deal with them. If the expertise is in the foreign firm, then we deal with them.

A: Ted Albertson – We prefer to have direct relationship with local counsel.

A: Julie Brooks – Prefer to have direct relationship with local counsel. In addition, it helps create an ongoing relationship with that firm.

This concluded the general counsel panel session and the meeting broke for coffee.

**ILN Employment Panel**

Moderator Dean Silverberg, Epstein Becker & Green, New York, introduced the panelists and asked the question “Are We Yet In a Position to Start Drafting Global Employment Policies?”
Panelist: Karen Sutherland, Assistant Managing Member  
Firm: Ogden Murphy Wallace  
“The Origins of Employment Law, Unites States, State and Local Jurisdictions”

Uniformity of employee policies can be advantageous because of the difficulty in administering different policies in different locations, and because of the mobility of employees and the issues arising out of the potential for multiple jurisdictions’ laws applying to each employee. However, the wide variety of laws makes standardization difficult for many areas of employment law. Additionally, standardization may not be appropriate due to availability, cost and local customs and norms. Therefore, consideration of each policy for possible globalization in light of the employer’s type of work and the jurisdictions in which the employer does business is warranted.

Panelist: Charles Boundy  
Firm: Fladgate Fielder, London  
“What Might Drive us Towards Global Employment Policies?”

- The growth and reach of corporations internationally – organically, by merger, via joint ventures and other forms of associations;  
- The need worldwide standards of performance (and ethics?);  
- The increased threat to business from terrorism;  
- The potential responsibility of employers to employees worldwide;  
- The electronic dimension and the resulting risks to business.

Panelist: Wada Nobuhiro  
Firm: Abe & Matsutome, Tokyo  
“Is it Time for Global Employment Policies”

Multinational firms desire global employment policies for numerous reasons, including facilitating HR administration and standardization within the group companies. On the other hand, employment law and practice, by its very nature tends to differ from country to country, due to cultural, economical, political and other factors. This contracts with other areas of law (say, intellectual property, securing financing, sale of goods, etc.), where there may be broad similarities among national legal systems. In short, it is not an easy task for lawyers and their clients to establish “global” HR policies. Thus, it may be a safer position for lawyers to say that it is time for global employment policies in certain specific areas, as opposed to one over-all set of global employment policies.

Panelist: Robert Bijloos  
Firm: Lefevre Pelletier & Associés, Paris  
“Are We Yet in a Position to Start Drafting Global Employment Policies?”

Employment law in France originates from both internal laws and European Union legislation. The latter has an increasing influence on the French employment law as long as any new European Council Directive has to be implemented. Nevertheless, harmonization is not standardization and the employment legislation remains highly specific in each Member State, particularly in France.

Overview
- Expatriate Assignment Issues  
- Company Ethics  
- Non-discrimination and Anti-harassment
The papers presented by the panelist will be distributed to all the ILN members and will also be available online at the ILN website [www.iln.com](http://www.iln.com).

The third and final session of the morning events consisted of Mr. Merton E. Marks presentation to the delegates:

**The Current Trends in Alternative Dispute Resolution (ADR)**

Merton Marks - Merton E. Marks, PC, Arizona

Current trends in alternative dispute resolution show increased use of arbitration and mediation in four areas: (1) court-ordered arbitration and mediation, (2) mandatory arbitration of disputes arising from consumer contracts, (3) mandatory arbitration of employment disputes and (4) mandatory binding arbitration and mediation of commercial transactions.

Notwithstanding initial opposition to court-ordered ADR and continuing litigation over mandatory arbitration clauses in consumer, employment and commercial contracts, the trend toward increased use of ADR in these areas is firmly established and is rapidly expanding. In federal courts, the percent of cases tried to a jury has dropped from 4.3% in 1970 to 1.5% in 2001. In state courts, of 22 states that reported recent trial statistics, the percentage of cases going to trial dropped in 16 states while increasing in only three and remaining level in three others (ABA Journal, October 2002, Samborn, “The Vanishing Trial”). Although there may be various explanations for these statistics, trial lawyers and trial judges will agree that increased use of ADR is a significant factor and will continue to be as courts order cases into ADR and businesses increasingly use arbitration and mediation in an effort to avoid litigation and settle disputes confidentially, more quickly and less expensively.

Alan Griffiths thanked all of the participants of the morning’s events and concluded the session. The delegates, companions, panelists and invited clients of OMW were invited for a lunch cruise on Lake Union. This provided an excellent opportunity for ILN members to introduce themselves to general counsel and guests.
ILN Update – 2002/2003 (cont.)

Lowell Lifschultz highlighted issues discussed in Directors Meeting held earlier. Two issues in particular were discussed - the development of the Network in Europe and quality assurance. Lowell emphasized the need to make certain that when a referral takes place that it is done well, in a cost efficient way and that all sides are satisfied. If that is not the case, the referring party is not in a position to really benefit from the process.

Lowell reported that the Board decided to create a Quality Assurance Committee that would consist of Carlos Nehring, Robert Bijloos, and Alan Griffiths. As the Network grows, consistency in the quality of work must remain high.

Lowell recommended that if there is a problem at any stage of the referral process, contact Alan Griffiths.

Lowell reported that when a referral was initiated, there should be a specific understanding of the estimated fee and the client’s expectations.

Sue Ginsburg reiterated that one of the benefits of the Network is the role of Alan Griffiths as third party.

Robert Bijloos suggested that each member firm should have two ILN contact people, providing deeper coverage.

Lowell thanked OMW and Sue Ginsburg for organizing the ACCA presentation and recommended that a program similar would be very interesting at our next annual meeting in London.

ILN Referral Survey

Alan gave a brief synopsis on the Referral Survey report for the 2002 calendar year. This was the first full calendar year of results, since the surveys are prepared on a 6-month basis; we are almost ready to circulate the survey for January – June 2003. Alan reported that there was an increase in referrals over the first 6 months of last year and the second 6 months. It is important to note that the numbers in the report do not take into account any ongoing referrals.

Q: Gary Kaplan – Are there inconsistencies with the results sent from the reporting firm verses what the recipient firms report?

A: Alan Griffiths - Occasionally, but very limited. We believe the survey still under reports the actual number of referrals.

Gary Kaplan – It would be interesting to know the value of the referrals.

Stuart Gerson reported that he has a long-standing referral of high value that does not appear on the referral survey.

Lowell Lifschultz reported that the referral survey should begin to quantify the numbers to reflect value.
Q: Peter Altieri – How do you define a referral and does everyone define it the same? Peter recommended that the survey have a category of anticipated fee(s) and a range of fee options to select from.

Urs Kaelin advised that the report reflects the referrals given, not the referrals received. Those who receive the referrals are the ones who know the value. Recommended the format of the current referral survey must change.

Michael Slan reported that in strengthening the Network, it is important to enlist member support to be active and assist Alan in identifying potential member firms in the areas the Network needs strengthening.

Lowell Lifschultz reported that it helps U.S. firms to have many foreign firms in the Network that have an international practice, rather than to have many U.S firms.

Barry Shapiro reported that it serves Canadian firms interest, to have as many American firms as possible.

CCOP Status Update

Sue Ginsburg reported on the Corporate Counsel Outreach Program (CCOP). On November 30, 2002, ILN member firms representing the six Scandinavian/Baltic regions attended the inaugural all-day Corporate Counsel Outreach Program meeting in Stockholm. The group exchanged information and identified ways to work together and to promote joint introductions to multinational companies doing business in the region.

Nordic/Baltic Group Meeting Highlights:
- Group member firms shared expertise
- Companies selected to research further
- Company information shared
- Conference call held to discuss next steps
- Group approach revised to have (a) group members provide contacts to ILN and ILN introductions, (b) members to look at local offices, not always “corporate” office or Headquarters.
- Group discussed expanding focus to other areas with business for Group
- Initial ILN “marketing” pieces shared with Group members for comments
- Conference call to be scheduled for early summer to determine next steps

Sue reported on the initial meeting of the Central Region Group, which included Chicago, Indianapolis, New Orleans, Cleveland and Houston firms. The new Oklahoma firm will be included in future meetings.

USA – Central Region CCOP Highlights
- Inaugural meeting held in April 2003
- Firms shared expertise
- Group agreed each member to make ILN introductions to own clients/contacts
- Marketing pieces discussed include customize ILN brochure, Network vs. Global Firm, Benefits of ILN, and others.
• Group to reconvene during ILN Annual Meeting in Seattle and review draft marketing pieces

Sue reported that the next regional group to be formed is the UK group. Initial meeting tentatively scheduled for early summer this year. Group will include UK, Scotland, Channel Islands, Isle of Man, North & South Ireland.

UK – Regional Sub Group Joint Marketing & Outreach Program Highlights
• Initial discussions taking place re: formation of Group
• Increase cohesiveness region by formation of sub group
• Regional need – Identify practice areas of member firms to be promoted in joint marketing initiative
• Inaugural meeting early summer 2003

Sue reported on the future regional groups -
Europe: Northern, Central, and Southern
The Americas: West Coast, East Coast, Central America
Asia Pacific Group & South America

Alan noticed that in Stockholm the majority of the members felt more comfortable with the ILN approaching clients on behalf of the member firms. In Chicago, however, ILN member firms while using similar materials would prefer to approach their own clients to market other ILN members.

Mark Udink remarked that this recent development from the Stockholm meeting it is a positive development - that the ticket into the ILN is the client, not the firm.

Alan informed the delegates that a new ILN brochure is being designed : the various marketing pieces will be included in the back of the new brochure. This allows for a great deal of flexibility for each firm, when they are approaching their clients.

David Russell attended the U.S. Central Region Group meeting and noted that during the meeting, it was recognized that there are some synergies between the firms in attendance and it was beneficial to know one another better. Using the ILN as a base to afford clients a range of services, making the ILN member firms competitive both on a fee basis and in terms of the scope of their ability to offer services.

Robert Bijloos questioned if the CCOP meetings were financed by ILN or one of the firms in the region. These meetings had been jointly financed by the ILN and the members in attendance.

Kield-Gustav Erichsen said that the idea of presenting the ILN to general in-house counsel instead of presenting national member firm needs to be different from jurisdiction to jurisdiction. In Denmark for instance, they are simply not allowed to make direct contact to potential clients who are not their clients.

Patrick O’Driscoll stated that the greatest single way of expanding the Network is in own firm; passing on good news of the Network to colleagues. Members should make a point of making reference to referrals within the Network, to their colleagues, to emphasize its viability.
Marga Wolpert said it is very helpful to build up the groups within a certain branch of law. It can be very helpful to increase the referrals and suggested that we set up an IP group as well as the International Tax Group. Intellectual Property is an area of the law that always crosses borders.

Lowell Lifschultz reported that the best way to create more business amongst the firms are (1) additional membership, right kind of firms joining the group (2) working with each of these firms to the extent they need it to push down the Network in the firm (3) exterior kinds of marketing, including Tax & IP group, etc.

**ILN Website**

Alan Griffiths gave a short demonstration of the second phase of the redesigned website. This phase will include a searchable database, by country, practice area, firm name and contact. There will also be a keyword search available, which will also picks-out references to any articles and documents published to the website.

Alan highlighted ILN website statistical data from May 26, 2002- May 26, 2003 and reported that the ILN website and many of the articles are accessed very actively, in fact many articles are continually retrieved even after a year of publication. He will continue to monitor this activity.

Alan informed the delegates that he is currently researching the viability of replacing the current “members area” and replacing it with a knowledge and document management system known as WANDOCs. This would provide a platform for members working together on referrals to keep relevant documents, in a secure environment, that all parties can access from any where in the world.

Howard Rubinoff complimented Alan, Sue and Marianna by saying they are top-notch professionals, evidenced by the kind of meeting put together for Seattle. The proposed changes to the website further proved this point. It really makes his firm feel that they are getting excellent value. Ongoing professional follow-up is excellent and suggested the delegates give them a round of applause.

**Introduction of next two members hosting regional meetings**

Robert Skelly reported on the European Regional Meeting is scheduled to be held from September 11-14 at Cameron House Hotel, approximately 30 minutes from Glasgow, where the firm is based.

Robert reported that he is very encouraged to see that the Board will focus on Europe and will try to bare that in mind when setting up speakers in Scotland. The social program for delegates and companions is very good; Edinburgh Castle, Royal Yacht Britannia. One dinner will be held in Sterling Castle, about 700 years old and another in Glasgow Art School, which is a beautiful building and internationally famous. Cameron House is one of the best hotels in Scotland, but size may be a concern. Requested members to register as early as possible to give indication as to number of attendees.

Alan Griffiths announced that Stan Owen could not give his presentation since he was not feeling well. The Regional Meeting of the Americas scheduled to be held in Salt Lake City, Utah, from November 20-22, 2003.

Peter Crystal reported on the plans for the next upcoming annual meeting to be held in London. Memery Crystal will be working closely with Fladgate Fielder to make the conference a great success.
Charles Boundy added that any input from members on what they would like to see in an annual meeting would be very helpful.

At this time the ILN Business session concluded.

**Closing Remarks**

John O’Donnell thanked everyone at OMW and all the ILN staff, remarking everyone was extremely helpful. John noted that the most important thing about the party, is the guest list, and all guests here today have been the best ever seen! Thanks!!

Lowell Lifschultz thanked John O’Donnell and all staff of OMW for such a truly enjoyable event. Lowell expressed his appreciation to the new members and the old members for making these past days, days to always be remembered!

**Breakout Sessions**

**Corporate/Transactional Session**

Theme: “Corporate Governance for Middle Market Firms in the Wake of Anderson, Enron and Changing Times”

Moderator: Peter Crystal – Memery Crystal, London  
Co-Chair: David W. Russell – Bose McKinney & Evans, LLP, Indianapolis  
See Kiat Toh – Goodwins Law Corporation, Singapore  
Vincent Lunel – Lefevre Pelletier & Associes, Avocats, Paris

- Should executive directors be in a minority on the Board?  
- To what extent should non-executive directors be able to talk direct to investing shareholders?  
- What training should non-executive directors have?  
- Which Board structure is the best – English unitary or continental management/supervisory?  
- How can the board stop the Chief Executive/Finance Director if they are determined to be fraudulent?  
- What is the balance between reporting and procedures and effective entrepreneurialism?  
- Is the cost of regulation too high for small companies to implement?

Vincent Lunel stated that in the mid 90’s, in France, corporate governance became an issue. In 2002, a new law was adopted relating to new economic regulations. Vincent reported that it is now possible to have 3 types of management; Director and Supervisory Board, and Chairman of Board and Chief Executive (to be the same person or to have Chairman of the Board on one side and the Chief Executive on the other side). It is no longer possible to be Chief Executive of more than one company. The number of Board Directors is limited to 5 and the number of Chairman of the Board is limited to 5, which is quite a new modification, compared to the past.
Another modification, which are the clearly defined roles of the Chief Executive Office, Chairman of the Board and the Board of Directors. The CEO is now in charge of representation of the company and is responsible for the management. That was not in the law in the past. The Chairman of the Board represents the Board and in charge of its supervision. The Board of Directors is in charge of the determination and supervision of the orientation of the company activities.

Following the Enron scandal, the following recommendations were made to reinforce the role of independent non-Executive Directors:

- Half of the Board of Directors be made up of outsider and Independent Directors
- Create high quality reports
- More transparency, especially between the Executives and the Board of Directors
- Define Independent Director
- Create Audit Committee’s in medium-large size companies, with at least 2/3 Independent Directors.

Regarding Board of Directors and the question of Executive Directors as a minority in the Board, Vincent reported that in France, the CEO does not have to be a member of the Board. Usually, all the Executives in French companies are linked to companies with labor agreement and there is a limitation. No more than 1/3 of the board members may have a labor agreement with the company, which is way of avoiding a majority of directors be composed of executives.

David Russell reported that in the 80’s & 90’s, there was lots of earnings growth in the U.S. economy and there was a lot of money going outside of the U.S. for things like oil, commodities, etc. The theory at the time was to have more inside managers - need to have directors with “skin in the game”. The best way to focus on earnings is to pay managers in stock. Huge payments were being made to CEOs, CFOs and inside directors. There was a lot of pressure on these Executive to pump earnings, using any means, legal or very questionable or even illegal. Eventually, many companies ran out of money and therefore now have the Sarbanes-Oxley Act.

On the issue of how can we incentive and penalize people who take on these responsibilities to generate accurate financials and protect the investing public. David highlighted that there is an American Bar Association Task Force on corporate responsibility; they have a detailed recommendation on ABA website. David referred to the article by David Gitlin and Michael Plunkeett “Impact of the Sarbanes-Oxley Act on Foreign Private Issuers”.

Peter Crystal reported that a couple of weeks ago, the salary of a CEO in England was thrown out. The shareholders voted against a salary of 24 million pounds for the Director of SKB.

See Kiat Toh said that pre-1999, Singapore already introduced the idea of an Audit Committee, with Independent Directors forming a large number of the Committee. Before Enron actually erupted, the government appointed a committee called the Corporate Governance Committee to look into how to prevent fraud. The Committee recommended a Corporate Governance Code. It essentially ensures sufficient disclosures for informed choice and informed decision-making. Disclosure has 4 aspects; frank, fit, fair and full.

The floor opened to interaction between moderator, co-chairs and participants for the remainder of the meeting.

Litigation Session
Theme: “Cross Border Client Development – How Do We Adopt a Pro Active Approach in the Development of Joint Marketing Strategies Targeting Clients Within ILN Litigation Groups? Preparing for the Future!”

Moderator: Martin D. Beirne – Beirne, Maynard & Parsons, LLP, Houston
Jeffrey B. Shapiro – Arnstein & Lehr, Miami
Stuart M. Gerson – Epstein, Becker & Green, PC, Washington, DC
Paul Leese – Fladgate Fielder, London
Carlos Nehring – Nehring E Associados Advocacia, Sao Paulo

- What kinds of marketing do you think are most effective? Least effective?
- What kinds of marketing are most useful to you?
- What marketing techniques and advertising methods are most effective to attract corporate clients in the current economic climate?
- How do you successfully market for new business if your billing rates/fee structures are higher than your competition?
- How do you select potential clients to whom you will direct your marketing and how do you approach those clients?
- Can you give an example of how your firm distinguished itself from its competitors in marketing to potential clients?
- What role does your firm’s technological capabilities play, if any, in the selection process?
- What marketing approach has been well received by inside counsel?

Martin Beirne reported on the handout from Levick Strategic Communication. Levick is one of the best companies in legal communication strategies. Levick’s approach is on the aggressive side, but not into the branding concept. Martin reported that Beirne, Maynard & Parsons, LLP is more a proponent of “getting out there”, whether that is through seminars, ILN meetings, and industry groups, as well as direct contacts with the media.

Marga Wolpert said that Goehmann Wrede Haas Kappus & Hartmann view was to work together with a PR agency to emphasis the firm’s special knowledge in a particular field, especially in a field, which is new for the firm.

Patrick O’Driscoll informed the group that Cleaver Fulton Rankin feels getting a corporate entertainment suite in Glasgow whereby clients must take a short flight and spend the night, is far more successful than hosting cocktail parties. The flight, although short, gives an opportunity for firm to spend quality time with clients.

Barry Ungar reported that Wolf, Block, Schorr & Solis-Cohen LLP is presently working on putting together a series of presentations by litigators to existing clients, potential future clients, in-house counsel, on trying to educate them what happens when you get sued, and other important questions house counsel have to address when they are in litigation.

Robert Bijloos said that in France it is now legal to send out brochures, however, can not advertise/promote that they are better than their competitors. Lefevre Pelletier & Associes, Avocats is making efforts to promote various departments and at the same time trying to push down the Network into the other departments of the firm.
Robert Skelly said that from a Scottish point of view, if you send out brochures, you must target for example, insurance companies, you cannot select one and send material to only one company, you must send material to all members of that group.

Paul Leese stated that Fladgate Fielder concentrates on close business relationships through PR. They don’t find cold calling, brochures, seminars and events particularly effective. They are fortunate enough to have a high profile client base, which they use as a major stepping-stone to build up other practice groups.

Martin Beirne said in the U.S. there is a longer advertising history, and to some degree in the U.K., so brochures get very little “bang for the buck”. Martin advised firms should get away from brochures completely. However, in France and Germany, where advertising is relatively new, brochures may be able to do a little better.

From Memery Crystal perspective, Jane Marsden told the group they receive a lot of work through, what they call referrals, from accounting firms, stockbrokers and PR companies.

Jeffrey Shapiro noted in the context of the ILN, one has to ask the important questions “who do we want to be” and “how aggressive to we want to be”. The Network enables firms to work with people that you trust and people that do good work.

The comment made by Steve Crown of Microsoft; “Microsoft hires lawyers, not law firms” was discussed extensively.

Discussions continued on what firms are doing and what they can do.

**Tax Group Workshop**

A short Tax Workshop was held to provide some members with the opportunity to discuss how they would like to see this group evolve as we move forward. A separate report will be provided in the near future. If you would like any additional information, please contact Peter Kirpensteijn (PeterK@ujlaw.nl), Gary Kaplan (gpkaplan@howardrice.com) or Alan Griffiths (alan.griffiths@ag-internet.com).

**Gala Evening**

The gala evening was held at the Columbia Tower Club, which sits high atop one of the tallest buildings in downtown Seattle. The club is located at the top of the Columbia Tower on the 75th and 76th floors. Bracketed by freshwater Lake Washington and saltwater Puget Sound, the club’s view of Mt. Rainer and waterways was exquisite!

Although a private club, attendees of the ILN Annual Meeting were honored guests for the evening and thoroughly enjoyed it!

Lowell presented the hosts with a beautiful Royal Delft Blue vase. Delft blue is painted using a centuries old recipe. Royal Delft is the last remaining Delftware factory from the 17th century still producing entirely handmade Delftware. The factory is based in the Netherlands. Coincidentally, Marc Udink (Udink & De Jong) is a member of the board of this prestigious Dutch Public Company.