



DII Benchmarking Initiative 2010 DII Best Practices Forum

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About DIB

- Surveyed in 2005, 2008 and 2010
- Survey Instrument
 - Full survey, approximately 75 questions
 - Shorter version, 30 questions
- Combination of Census & Samples
- Distribution Method
 - Paper and online formats
- 22 Signatories Expressing Interest
- Survey Windows
 - Began in April
 - Continues through Q1 2011

2008 DIB Participants

- BAE Systems Inc
- Boeing
- CTC
- Day & Zimmerman
- DRS Technologies
- GE-AE
- Lockheed Martin
- Northrop Grumman
- Parker Aerospace
- Raytheon
- SAIC
- UTC

2005 DIB Participants

- BAE Systems Inc
- Bell Helicopter
Textron
- Boeing
- Day & Zimmerman
- DRS Technologies
- EG&G
- GE – AE
- Harris Corporation
- L-3
Communications
- Lockheed Martin
- Parker Aerospace
- Raytheon
- SAIC
- Thales
- United Defense
- URS
- UTC

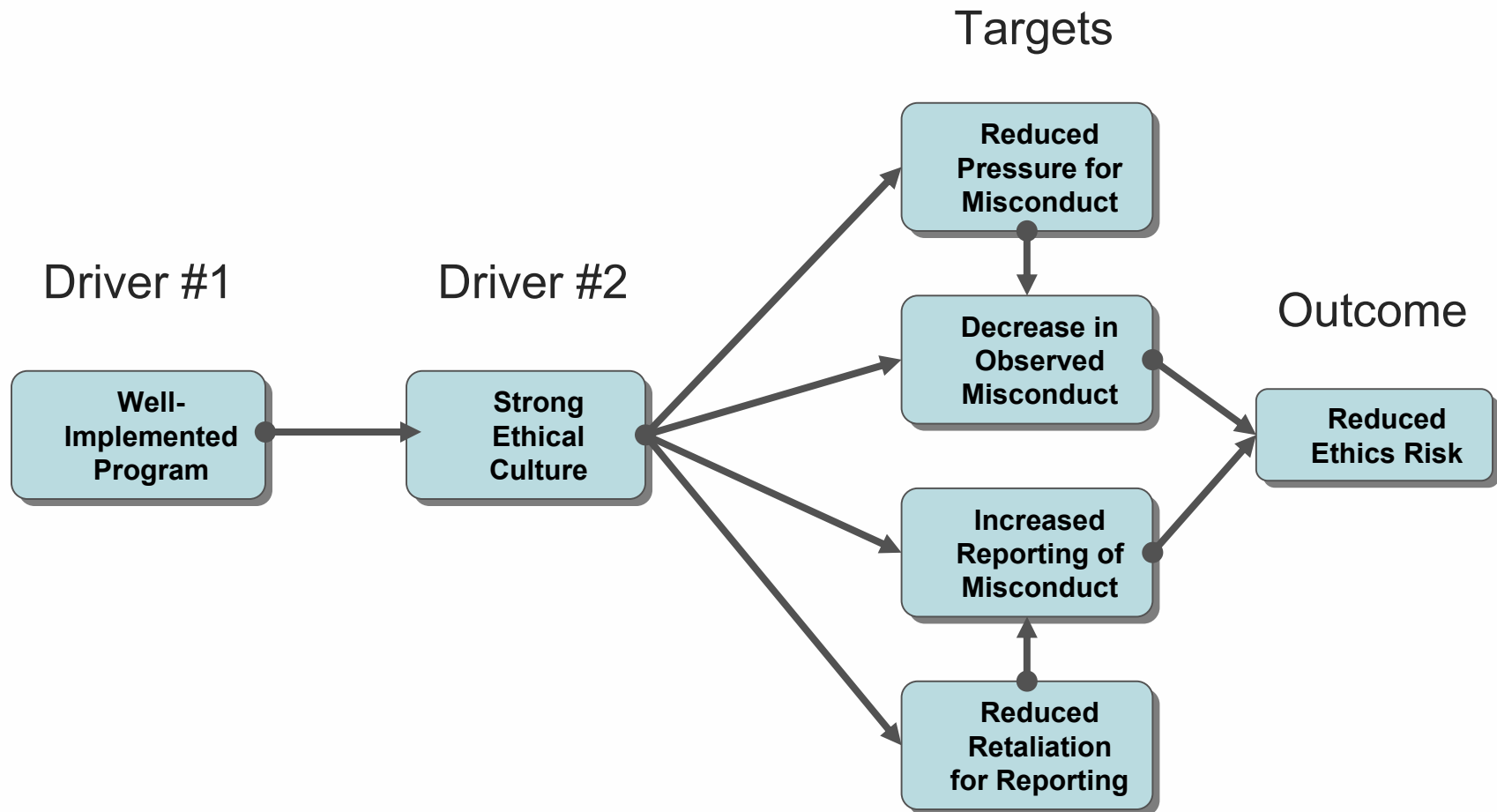
Value of DIB

- Compliance with Federal Sentencing Guidelines
- Confidential comparison to peers
- On average:
 - 7% reduction in observed misconduct between administrations
 - Improvement in pressure, reporting & retaliation

About ERC

- Non-profit; established in 1922
- Promotes advancement of high ethical standards and practices in public and private institutions
- Key activities
 - Identify objective indicators for benchmarking program impact
 - Use expertise to inform public dialogue on ethics, ethical behavior
 - Analyze current and emerging issues
 - Offer insight to encourage behavior of highest integrity
 - Work to enhance public trust in capital markets

ERC Model of an Ethically Healthy Organization

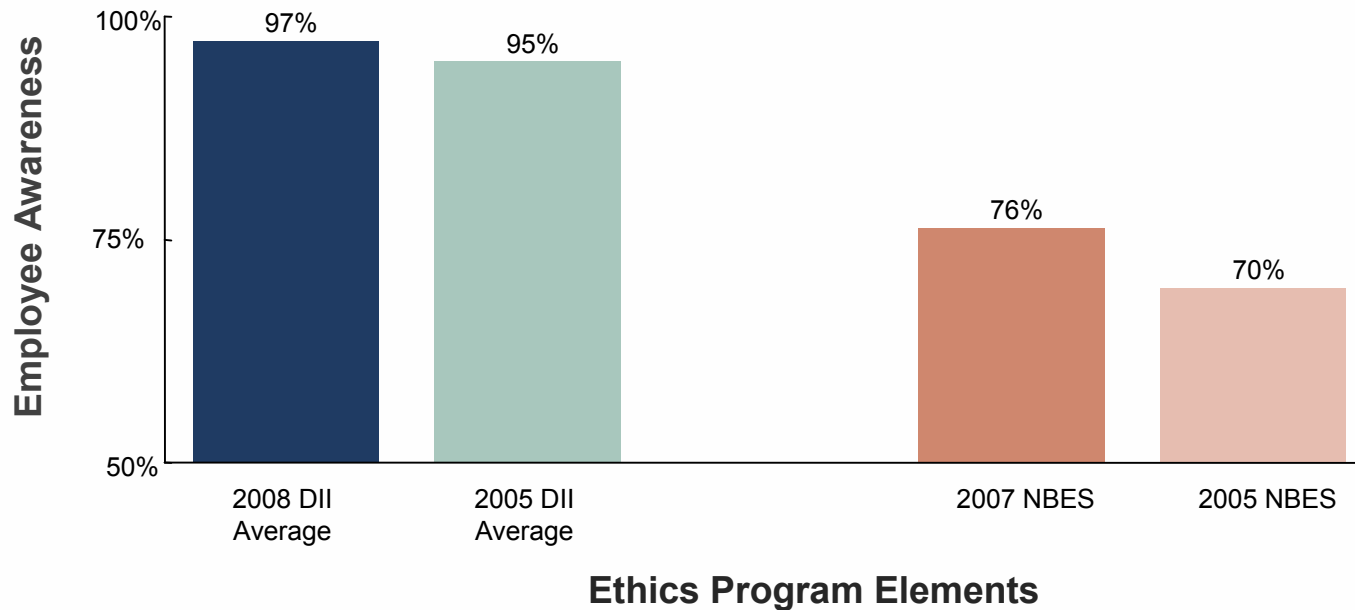


Survey Metrics

- Well-implemented Program?
- Strength of Ethical Culture?
- Impact on Outcomes:
 - Pressure to Commit Misconduct
 - Observed Misconduct
 - Reporting
 - Retaliation

DIB 2008: High Program Awareness

Average Awareness of Ethics Program Elements Over Time

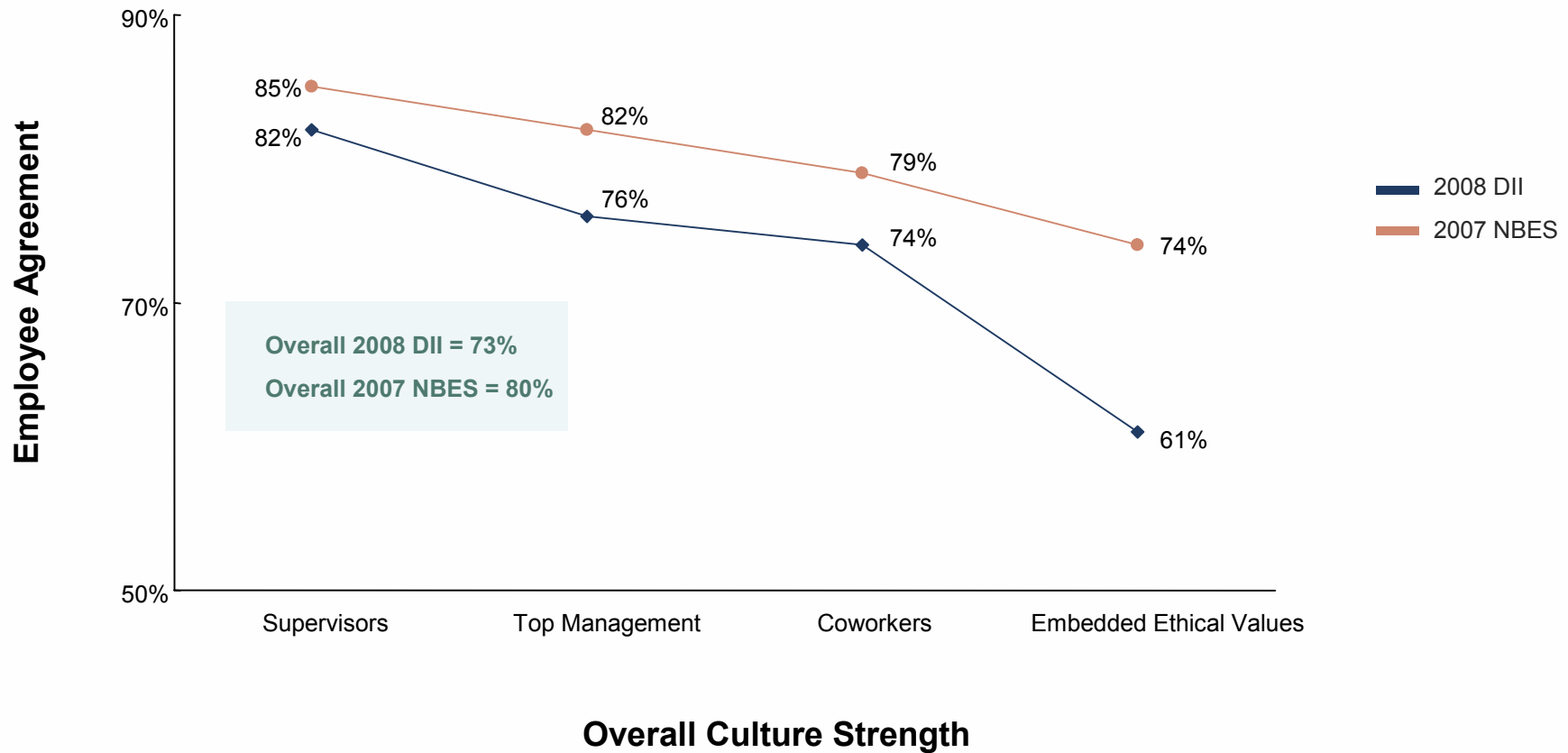


- | | |
|--|--|
| <ul style="list-style-type: none">- Written standards of conduct- Ethics training- Advice line | <ul style="list-style-type: none">- Anonymous or confidential reporting- Discipline system*- Evaluation of ethical conduct |
|--|--|

*Question is excluded from 2005 Averages because it was not included in the survey at the time

DIB 2008: Ethical Culture Strength Declined

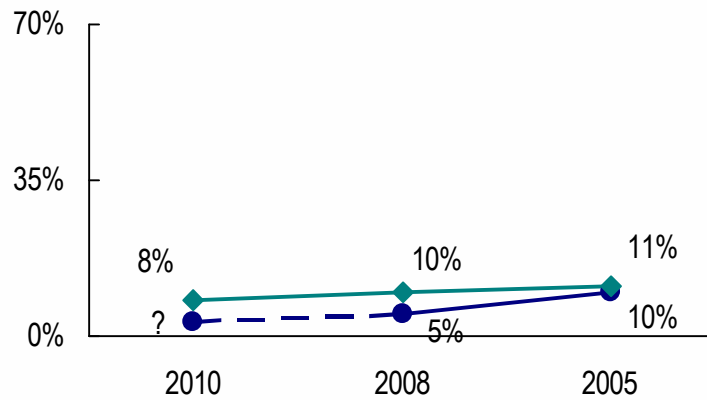
Average Perceptions of Ethical Culture



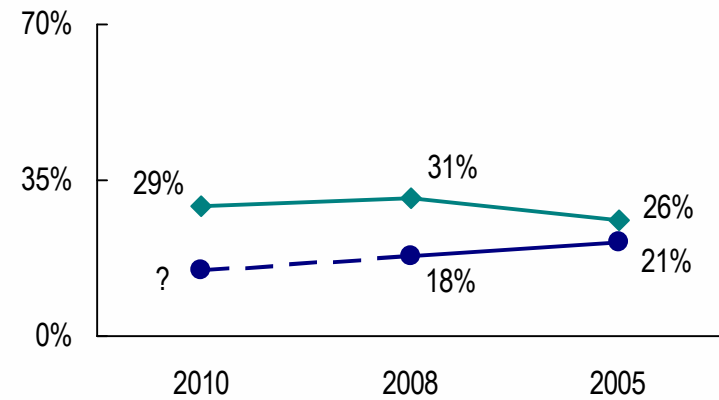
Ethics Risk Dashboard...what will change?

● DIB ◆ NBES

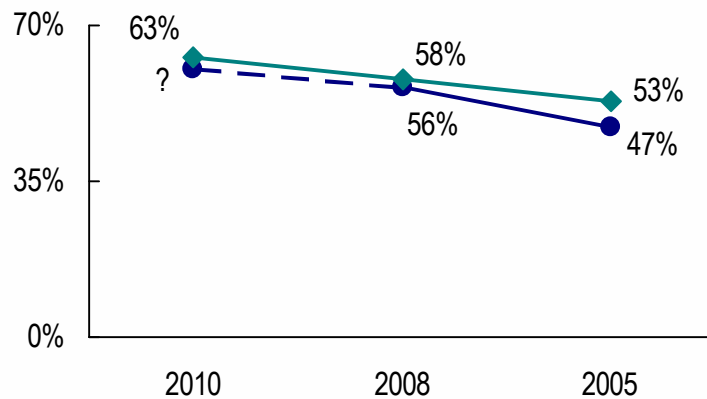
Perceived Pressure



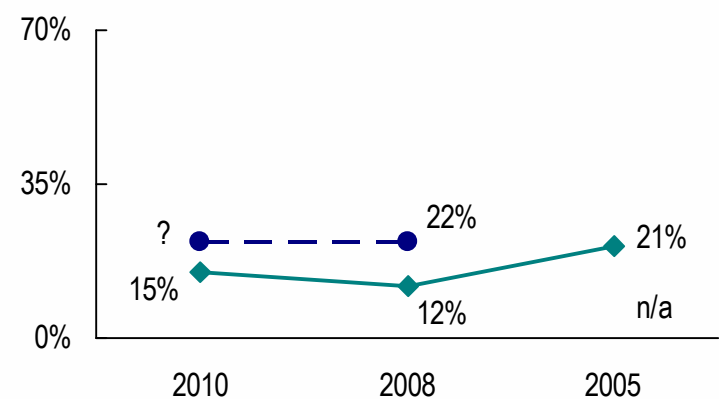
Observed Misconduct



Reporting of Misconduct



Retaliation for a Report



Note: 0% value for DIB 2010 is a placeholder value only.

Expectations for DIB 2010

ERC Has Seen Improvement in Most Key Measures (2007-2009 NBES)

7ppts ⁴		Observed Misconduct
5ppts		Reporting of Observed Misconduct
2ppts		Perceived Pressure to Commit a Misconduct
3ppts		Perceived Retaliation as a Result of a Report of Misconduct

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4. Ppts = percentage points, or the difference between the 2007 and 2009 results. In this case regarding observation of misconduct, 56% minus 49% equals a seven percentage point decrease.

Expectations for DIB 2010

Observed Misconduct Has Declined



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**Percentage of US Workforce Observing Misconduct and
Average Monthly S&P 500 Index**

Survey Options

- ERC Survey Implementation:
 - Full Question Set
 - Core question Set
- License for Company Implementation
 - Full Question Set Only

* All data benchmarked to DII Avg. and 2009 NBES



Next Steps to Participate

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