

Jim Turley on Regaining Shareholder Trust: Talking Points

Opening Question:

Do actions speak louder than words?

Yes, but only if they back up the *right words!*

The Right Words: Changing Our Tagline

- Our reputation at Ernst & Young has long been built on quality. It is intrinsically who we are, how we work, and in each of the services we deliver. For this reason, we are going to change our tag line to "*Quality in Everything We Do.*"

The Actions: Living Up to Our Promise of Quality

"*Quality in Everything We Do*" is not just a tag line. We have the following long-standing practices:

- The strongest independence standards in the profession
- The strongest client-acceptance processes in the profession
- World-class technology and knowledge tools, and a global audit methodology in which we have invested hundreds of millions of US dollars
- The strongest consultation processes and, very importantly, the strongest consultation culture in the profession

Additionally, the firm is taking steps to assure that quality is front and center of all our actions:

- We are appointing Sue Frieden, one of our senior audit partners, to the position of quality leader. Sue will focus full time on quality, challenging every aspect of the word in our people, our services, our procedures, in the way we deal with clients and the public. We intend to leverage the approach and process so that it quickly cascades to every country in which we operate.
- We are developing our own Ernst & Young Code of Professional Conduct. This will be driven from the best of our profession's codes of conduct around the world. Each year, we will require everyone in the firm to sign a compliance with the code.
- We will appoint a Global Director of Compliance who will be responsible for audit independence, any conflicts, and regulatory matters.
- We will revise our evaluation, promotion, and other people processes to explicitly demonstrate that quality is valued and measured as a key part of everyone's role at Ernst & Young.
- We will re-challenge our learning requirements related to quality, and we will look at increasing accounting and auditing hours for continuing professional education requirements. We will exceed what is required by professional standards.

TALKING POINTS FOR JIM TURLEY: NYC PARTNERSHIP BREAKFAST

Primary Message: Ernst & Young's unwavering commitment to New York City is reflected in our move to 5 Times Square (5x2).

Why Is New York City “The Place To Be?”

- About 4,500 of our people live in and around New York City.
- Scores of top clients are headquartered here.
- Being in NYC shows Ernst & Young is *truly a global firm*.

Why 5x2?—It's “Win-Win!”The Building . . .

1) Builds and expands Ernst & Young's global brand identity.

- What other location in the U.S., perhaps the world, can match the name recognition of Times Square?
- Over 1.5 million people from all over the world see our signage *every day!*
- Times Square District Committee asked businesses tenants for “razzmatazz”
- Ernst & Young worked with Committee to create dynamic building design and signage.

2) Helps Times Square reclaim status as the “Crossroads of the World.”

- 5x2 is part of 42nd St. Development Project initiated by New York City and State.

Commitment to Our People

- 5x2 reflects our “People First” belief:
 - *Meeting our people's personal needs and career aspirations is the right thing to do and will result in the highest level of client service.*
- 5x2 features team rooms, open workspaces, no corner offices.
- 5x2, located near Port Authority, Penn Station and Grand Central Terminal, is the transportation hub of the city.

I look forward to seeing you all at the party on Monday. I'm getting hungry just thinking about those hotdogs.

Ernst & Young at 5x2

- In August 1999, firm signed 20-year lease for 1.1 million square feet at 5x2, to be occupied by 3,300 people.
- Building owned by Boston Properties.
- 5x2 will be our North-American headquarters and house our Americas Executive Board.

After 9/11, We Are More Committed to NYC Than Ever

- 4,500 Ernst & Young jobs in NYC
- Extended lease for 55 Broad near former WTC; have offices at 1211 Sixth Ave.
- Set up two offices devoted to serving our NYC clients: (many are in this room) in:
 - 1) Financial services (UBS, Morgan Stanley and NASDAQ are here!)
 - 2) Technology/real estate/consumer products (Grubb & Ellis may be here).
- Ernst & Young 9/11-Disaster Relief Fund:
 - Raised \$4.4 for downtown schools, victims and families, police and firefighters.
- We are on two NYC task forces with the Partnership to:
 - 1) Help win the bid for the Olympics to be held in NYC in 2012; and
 - 2) Examine real estate opportunities for the Downtown area post 9/11.
- Giuliani Partners: A unique business alliance with Rudy Giuliani's new firm

WELCOME TO 5 TIMES SQUARE EVENT: Jim Turley Voicemail Script

This is Jim Turley to all New York City employees. I just wanted to take a moment to welcome everyone—all 3,000 of you—to our beautiful new home. Please join me and the 5 Times Square Steering Committee that made this move possible for a celebration in our brand-new cafeteria. It happens this Monday, May 20 from 11:30 to 2:30.

We're going to have some good all-American fun. There'll be popcorn, cookies and soda, and hotdogs from ballparks all around the country served from carts, just like you're at a baseball game. We'll raffle off tickets to upcoming baseball games, as well as hand out commemorative baseball hats. And Hall-of-Famers Brooks Robinson and Larry Doby will be joining us, so remember to bring your cameras.

Let's celebrate our good fortune to be in Times Square. Did you know that over 1.5 million people from all over the world see our sign *every day*? That's why Times Square is known as "The Crossroads of the World."

But we didn't make this move just because of the old saying "Location, location, location." We had 5 Times Square built to support Ernst & Young's "People First" culture and our firm's values, particularly teamwork and innovation. Which is why 5 Times Square features team rooms, open workspaces, and no corner offices.

Introduction for Jim Turley

James S. Turley is Chairman of Ernst & Young, a leading global professional services firm providing assurance and advisory business, tax compliance and tax consulting, corporate finance services, and legal services where permitted. Ernst & Young has 84,000 people in more than 130 countries.

Jim's extensive experience includes serving large, global companies; providing merger and acquisition, corporate finance and S.E.C.-related assurance services; building and leading an Entrepreneurial Services practice; and directing the firm's client-focused business development efforts.

A native of St. Louis, Missouri, Jim joined the firm's audit staff in the Houston office in 1977. He rose to become Area Managing Partner for the Metropolitan New York practice in 1998, Deputy Chairman in 2000, and Chairman in 2001.