



511:Managing the Disclosure Process

Dale Brown

Assistant Corporate Controller
3Com Corporation

Michael D. Cahn

Senior Associate General Counsel-Securities
Textron Inc.

John A. Rice, Jr.

Vice President and Manager of Investor Relations
Union BanCal Corporation

Steven H. Shapiro

Executive Vice President/Chief Legal Officer/Corporate Secretary
First Midwest Bancorp, Inc.

Faculty Biographies

Dale Brown

Dale Brown is senior finance director/assistant corporate controller for 3Com Corporation in Santa Clara, California. His responsibilities include directing & coordinating SEC and internal/external reporting, chairing 3Com's Sarbanes-Oxley disclosure committee, revenue recognition, policies, and procedures, responsibility for world wide reporting issues, GAAP compliance, and driving quarterly/year-end close with finance groups.

Prior to joining 3Com, Mr. Brown held senior finance positions with Cadence Design Systems, Synopsys, and Sybase.

Mr. Brown received a BS from Penn State University.

Michael D. Cahn

Michael D. Cahn is senior associate general counsel—securities at Textron Inc. in Providence, Rhode Island. He is Textron's principal securities lawyer, advising Textron on issuances of securities, disclosure issues, SEC reporting, and corporate governance issues. He also advises Textron on acquisitions and dispositions, antitrust law, and other legal matters.

Prior to joining Textron, Mr. Cahn was an associate at Cahill Gordon & Reindel in New York City.

Mr. Cahn is secretary of ACCA's Council of Committees and has served on the Advisory Board for numerous issues of the *ACCA Docket*. He was also chair of ACCA's Corporate and Securities Law Committee. He previously served on the board of directors of the Rhode Island Legal/Educational Partnership, a non-profit organization that conducts Rhode Island's mock trial competition for high school students and legal courses for high school teachers, and continues to serve as a performance judge for the mock trial competition.

Mr. Cahn received a BA from Michigan State University and his JD from Harvard Law School.

John A. Rice, Jr.

Senior Vice President and Manager of Investor Relations
Union BanCal Corporation

Steven H. Shapiro

Steven H. Shapiro is currently executive vice president and corporate secretary of First Midwest Bancorp, Inc., the largest independent bank holding company in the Chicago metropolitan area and the premier relationship-based banking franchise in the wealthy and growing suburban Chicago banking markets. At First Midwest Bancorp, he oversees the legal, corporate governance, securities disclosure, investor relations, executive compensation, and corporate development functions.

Before joining First Midwest Bancorp, Mr. Shapiro served as deputy general counsel and assistant secretary of FMC Technologies, where he counseled its food processing and airport products divisions, supervised the Chicago law department, oversaw the human relations, benefits compliance, and governmental relations legal functions, and acted as lead counsel on all corporate, securities, and merger and acquisition matters. He acted as lead counsel for FMC Technologies' initial public offering and for its spin-off of FMC Technologies from FMC Corporation.

Mr. Shapiro's legal expertise is in corporate governance, mergers and acquisitions, and securities and banking law. He is nationally recognized speaking on these and other topics, author of numerous articles, and founder of several continuing legal education programs. He currently serves as vice president of the Chicago chapter of the American Society of Corporate Secretaries and on that organization's national educational programs committee.

Mr. Shapiro graduated *cum laude* from Columbia University and from the University of Chicago.

MANAGING THE DISCLOSURE PROCESS

Dale Brown, Assistant Controller, 3Com

Steven H. Shapiro, EVP and Corporate
Secretary, First Midwest Bancorp, Inc.

October 9, 2003

Introduction: Disclosure Process at 3 Com

- Manufacturing Company
- Fortune 100 Company
- Multinational Company

Introduction: Disclosure Process at 3 Com

- Initial Draft by IR Function
- Review by Core Group
 - Financial
 - Communications
 - Legal
- Review by Senior Executives

Introduction: Disclosure Process at 3 Com

- Determination of Need to Disclose
 - Who Is Involved?
 - Review of All Press Releases
 - Review by Core Group
- Sign-off Procedures

Introduction: Disclosure Process at First Midwest

- Bank Holding Company
- Small/Mid-Cap Company
- Centered in One State (Illinois)

Impact of Sarbanes-Oxley

- Section 302 Certification
- Flow Charts/Disclosure Committee
- Non-GAAP Issues
- Other

Issues for Discussion: Earnings Press Release

- Earnings Management
- Earnings Guidance
- Non-GAAP Issues
- Forward-Looking Statements
- 10Q v. Earnings Press Release
- Materiality

Earnings Management

- What constitutes earnings management?

- How protect against it?
 - Culture
 - Internal Meetings

Earnings Guidance

- To provide guidance or not?
 - Benefits
 - Risks
- Rules of Thumb
- Changing Expectations

Non-GAAP Issues

- Reconcile major differences between:
 - Operating Income; and
 - GAAP Income
- Need to show both GAAP Income Statement and Non-GAAP financials
 - Explain differences
- Key is information and clear explanations
- Restructuring: quarterly v. every other quarter

Forward-Looking Statements

- What's in a word?
- Creating a culture of sensitivity

10Q v. Earnings Press Release

- Differences in level of disclosure:
 - What is tolerable?
 - What is self-incriminating?
- Review by Audit Committee
- The impact of accelerated disclosure

Materiality

- Still no guidance
 - No rules of thumb
 - What is practical?
- Impact of Regulation FD

Taming the Beast: Senior Management Sign-Off

- Anticipating comments
- Preserving the Message while protecting the company
- Impact of Rule 307

Managing Disclosure: Conclusions

- Culture trumps all
 - Compliance
 - Teamwork
- Balance compliance with message
- Sarbanes-Oxley in perspective