



2007

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GOLD AWARD: GRAND CATERGORY

Liberty Revisited

WRITER/SPEAKER: DR. JOHN A. HOWARD

April 26, 2007, Rockford (Illinois) Rotary Club

A little story will be a helpful lead-in to this theme. It's about a medieval knight. Late one afternoon, he was returning to the castle, and he was a pitiful sight to see. His horse was limping and he was skewgee in the saddle. His armor was dented, his lance was broken and the proud plume on his helmet was crumpled and hung down over his face. The Lord of the castle saw him coming and rushed out to meet him. "What terrible thing has befallen you, Sir Percy?" he asked.

"Oh, sire," he said, "I have been laboring all day in your service, robbing and pillaging your enemies to the West.

"You've been doing what!!" exclaimed the nobleman.

Thinking he was hard of hearing, the knight replied, much louder, "I have been robbing and pillaging your enemies to the West."

"But I haven't any enemies to the West," was the horrified reply.

"Oh!" said the knight. And then, "Well, I think you do now."

There is a moral to this story. Enthusiasm is not enough. You have to have a sense of direction.

For a long time, Meg Greenfield wrote the editorials on the last page of Newsweek. On December 14, 1998, when she knew she didn't have long to live, she wrote a chilling wake-up call to America. It seems to have disappeared down the memory hole without causing even a sigh from the dormant conscience of the readers.

Her opening statement was:

"You look around political Washington for a public figure in an important position of power who also has moral authority, and you will find none. Those in the leadership of both parties who have not been dirtied up in their own political scandals have leapt eagerly to the defense of those on their side who have, shamelessly justifying every kind of sleaziness committed by their party on the ground that the other side does it, too ... or that the campaign needed the money ... or that the other side over-reacted ... or something."

The situation she describes is, itself, cause for dismay, but the shattered principle it reflects foretells grave and lasting troubles for us. We need to know that morality is the essential and irreplaceable foundation of a free society. For several generations Americans have not known how precious freedom is to the human soul. The

harrowing tales of the Cubans risking, and sometimes losing, their lives as they tried to reach freedom in the United States, and the comparable reports of East Germans gunned down as they tried to scale the Berlin Wall and of innumerable boat people drowned or captured as they fled from Communism in Southeast Asia—all these were for us just tragic stories in the news, seemingly unrelated to life in America. The absolute and ultimate importance of liberty to all those refugees simply didn't register with us.

Furthermore, Americans haven't a clue as to what

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liberty is, or how to sustain it. The British statesman Edmund Burke was a wise and eminent political philosopher and an ardent and articulate champion of liberty. He stated that extreme liberty, which would seem to be perfect liberty, is instead, its fatal flaw. Perfect liberty doesn't exist anywhere and shouldn't exist anywhere because, he said, "liberty must be limited to be possessed."

It is startling for us that he should speak of a fault of liberty, for liberty in our minds is a pure unencumbered blessing with no room for anyone to say, "Yes, but." It jars us to be told that there must be limitations. Actually, the limitations he had in mind were not primarily legal restrictions.

Manners are more important than laws. Upon them, in a great measure, the laws depend. Manners are what vex or soothe, corrupt or purify, exalt or debase, barbarize or refine us ... According to their quality, they aid morals or they totally destroy them.

Burke's declaration that political liberty cannot exist unless it is sustained by moral behavior was a truth thoroughly known to and embraced by our Founding Fathers.

President John Adams' Second Inaugural Address was the first one given in the new Capitol Building. He urged: "May this be the residence of virtue and happiness. Here and throughout our country, may simple manners, pure morals, and true religion flourish forever."

President James Madison wrote, "We have staked the whole future of American civilization, not upon the power of government, far from it. We have staked the future of all our political institutions upon the capacity of mankind for self-government; upon the capacity of each and all of us to govern ourselves according to the Ten Commandments of God."

President John Quincy Adams wrote, "The highest glory of the American Revolution was this: It connected in one indissoluble bond the principles of civil government with the principles of Christianity."

The solemn, religious character of these quotations reminds us that the first New England colonists uprooted their families to brave the perilous ocean voyage and the appalling dangers and difficulties of establishing a settlement in the wilderness for one purpose only—to attain freedom, a special kind of freedom, religious freedom. To be free to practice their religion was their only objective. That was the beginning of a new civilization of Christendom. That term does not imply that everyone was a Christian. Rather it denotes an area where the people, whatever their beliefs about God, live according to the tenets of Christianity. It was 170 years after the Plymouth Colony was established, that the American nation was founded as a political entity of Christendom.

The French historian Alexis de Tocqueville visited

America in the 1830's. His book *Democracy in America* is a classic description of the government and of the life of the people in America. Here are a few excerpts.

"Christianity directs domestic life. Of all the countries in the world, America is the one in which the marriage tie is the most respected and where the highest and truest conception of conjugal happiness has been conceived ... Christianity reigns without obstacles by universal consent."

In another chapter he writes,

"In the United States, the Motherland's presence is everywhere. It is a subject of concern to the village and to the whole union. The inhabitants care for each of the country's interests as if it were their own."

And later:

"By their practice, Americans show they feel the urgent necessity to instill morality into democracy by means of religion. What they think of themselves in this respect enshrines a truth which should penetrate deep into the consciousness of every democratic nation."

Instill morality into democracy by means of religion—De Tocqueville saw this as the only means by which liberty can be perpetuated in all democratic nations.

In the First World War, every doughboy going overseas received from the government a New Testament for his knapsack. Christendom still prevailed.

Fast forward now to 1939. That was the year of the New York World's Fair. In the early 1930's the Great Depression had been a disaster so severe it is today unimaginable. Millions of people had no job and millions lost their homes to mortgage foreclosure. Still the Christian decency of Americans remained solid. Rates of robbery and theft did not skyrocket. People did what they could to help relatives and neighbors. The real America of pre-World War II was captured in a book entitled 1939, *The Lost World of the Fair* by David Galanter. It offers a portrait of the people, their character and their sentiments. Here are a few glimpses.

"New York's Mayor LaGuardia was a legendary, honest servant of the people. "And by the way," a guidebook cautioned, "Don't try any funny stuff. New York was the best policed city of the world." ...

At popular Jones Beach State Park on Long Island, the flag was lowered by a uniformed staff to the strains of the National Anthem every evening while every bather, picnicker, stroller, game player and onlooker stood at attention ...

In 1939, men wore suits or occasionally sports jackets to a fair. Women wore dresses or sometimes a blouse and skirt. Most adults wore a hat.

An American of this era freely accepts certain obligations ... He lives by the rules because they are the rules, because they give a community a shape, coherence and a shared viewpoint. Thirties America is a rules-following society, an “ought” culture.”

At the time of Pearl Harbor, the standards of Christendom were still generally observed, but as David Galanter implied, that condition resulted more from the momentum of long established custom than from the dominance of religion in daily American life.

Manners and morals do not come naturally to a human being. The acculturation of the young for life in Christendom is carried on by religion, by the families, by educational institutions, by literature and other cultural influences. And the support of these codes of conduct had to be continually reinforced by the culture. Here is one small example of that reinforcement at work.

When our son was baptized in 1956, the clergyman, a much loved pastor nearing the end of his career, asked the family members to gather around the altar. The minister, having received the baby from my wife, said slowly and quietly, “What I hold in my arms, good friends, is God’s greatest gift, a new life. This child at this time is a wonder of potential. How that potential may develop, for better or worse, will mainly be determined by the people gathered at this altar, his family. I charge you to remember that the shaping of this life is in your hands, and I pray that with God’s help you may encourage and cultivate that which is good and kind and wholesome, and I pray that you will discover and shield him from that which is self-centered, corrupt and cruel.” Such ceremonies were reminders to all in attendance of their on-going responsibilities to their children.

The role of literature in nurturing the character of the people was brought into focus half a century ago when the Saturday Review of Literature published an editorial denouncing an award bestowed by The Library of Congress on Ezra Pound for a book of poetry.

While one must divorce politics from art, it is quite another matter to use the word “politics” as a substitute for values. We do not believe that art has nothing to do with values ... We do not believe that a poet can shatter ethics and still be a good poet. We do not believe that poetry can convert words into maggots that eat at human dignity and still be a good poet.

The problem is certainly not how to prevent an Ezra Pound, or anyone else, from writing whatever seems important to him. The magazine’s editors were concerned with what the community shall prize and praise. What shall be the values and ideals which shape the life of the society, and how can those ideals be perpetuated. The editors were insisting that those who hold major responsibilities in the realm of public beliefs are inexcusably delinquent if they contribute to the

destruction of standards of civilized conduct. An echo of Edmund Burke, a century and a half later.

One more illustration of cultural influence. Up until the middle 1960’s all the coeducational colleges and universities of America had parietal rules which set an hour at which all women students visiting in a men’s dormitory and all the men in a women’s dormitory had to leave. Here was the entire majesty of higher education by policy supporting the standards of sexual morality essential for sustaining the institutions of marriage and the family. The rescinding of those parietal rules in the late sixties harpooned sexual morality in America, perhaps fatally.

There were many causes contributing to the collapse of our “ought” society. Of course, the most powerful one of all, and the one which in recent years has extensively eroded the public commitment to all standards of morality has been the ever-growing, relentless attack on the Christian religion. The morals and manners of piety, truthfulness, honesty, generosity, faithfulness, kindness, helpfulness, integrity and conscientious civic duty were aspects of the way of life of the Christians who settled America. Christendom wasn’t introduced to them in the New World. It simply described the civilization they brought with them. Until the second half of the Twentieth Century, the individuals and organized groups, wishing to do away with one or more of the settled standards of behavior had an uphill battle because they were challenging conduct prescribed by the Bible.

Solzhenitsyn, in his Templeton Prize speech, provides the Communist example of revolutionaries’ inevitable assault on religion.

“It was Dostoyevski who drew from the French Revolution and its seething hatred of the Church the lesson that “revolution must necessarily begin with atheism.” That is absolutely true ... Within the philosophical system of Marx and Lenin, and at the heart of their psychology, hatred of God is the principal driving force, more fundamental than all their political and economic pretensions.”

This is not a surprising feature of revolution for if people have a fixed and cherished allegiance to God, the perpetrators of the new order must destroy or, at least demean and smother that allegiance. They cannot tolerate an authority superior to their own. In America, the cultural revolution being waged by moral anarchists has been gathering steam for four decades, contaminating our social institutions and eating away at the general observance of many standards of Christendom.

A few illustrations of compromised institutions:

“Testimony before the Nixon Drug Commission by a university Chancellor revealed that his university’s public literature notified

students they would be subject to disciplinary action if they had in their possession more than one week's supply of marijuana. All the students of that university were officially informed that it's OK to break the law, if you do it in moderation.

On April 17, 2002, the United States Supreme Court handed down a decision stating which sort of child pornography was legal.

On April 9, 2002, there was a full-page ad in *The New York Times* urging the legalization of marijuana. It featured a large picture of Michael Bloomberg, the Mayor of New York City, saying about smoking marijuana, "You bet I did and I enjoyed it." Proud and open defiance of the law from one in a position of exalted authority is devastating to civic order."

On July 5, 2002, *The Wall Street Journal* reported that a new poll by Zogby International found that three quarters of all college seniors believe that the difference between right and wrong is relative. What can one expect when members of the Do-Your-Own-Thing Generation control most of the levers of power and persuasion?

The cultural revolution has been spearheaded by pseudo-civilized agitators who believe human judgment should prevail over God's judgment, if there is a God. They acknowledge no supreme source of moral authority. They have effectively destroyed our free society's system of resolving conflict. Lacking the graces of truthfulness, open-mindedness and restraint—traits of character essential for peaceably adjudicating disputes—the moral anarchists have developed great skills in demonizing those who disagree with them, turning their opponents into objects of fear, hatred and scorn. False witness is their primary weapon in advancing their campaigns. What was once amicable America is now belligerent America.

What has the repression of Christian standards of behavior accomplished? Are children safer and happier? Is the emotional stability of adults in this era of the free-

wheeling sexual life-style any greater? Do the citizens have a greater respect than before for the government, the schools, the press, the judiciary and other social institutions? Do the people trust one another more nowadays? Returning to Edmund Burke's analysis of the impact of manners, we ask if the manners of our time soothe and refine us? Or do they corrupt and barbarize us? Is America's performance on the manners scale what we truly want?

I was once interviewed on a National Public Radio Talk Show by a bright and articulate college student. I had mentioned that in a properly functioning free society, the people can go about their daily lives trusting each other and not worrying whether someone might harm or cheat them. The young host of the show asked, "Have we ever had a civilization like that?" He surprised me. He was perfectly serious.

I told him when I was a child in the late 1920's my younger brother and I would walk half a mile after dark through a park and across a railroad track to attend a program at the Community House. Our parents had no reason whatever to worry about us. Sometimes our family would drive into Chicago for a day. We parked the car unlocked, often with clothes or packages in it. Even when the keys were left in the ignition, the car and its contents would still be there.

Now, it was the Talk Show host who was startled. He blurted out, "I can't even imagine such a time!" How low have we fallen if the young people, even the highly educated and intelligent ones, haven't a glimmer of understanding about the relatively crime-free, friendly, helpful, "ought" society that used to prevail in their own country?

The absence of moral authority in government, so painfully lamented by Meg Greenfield now spreads across the whole spectrum of vocations. And liberty languishes.

America has lost its sense of direction. Liberty was once the compass by which America steered its course. Not even knowing now what liberty is, Americans find that no direction is forward. 🏰

SILVER AWARD: GRAND CATEGORY AND GOLD AWARD: EDUCATION CATEGORY

Energy, Manufacturing and the Future of the American Economy

WRITER: BOB FAGAN / SPEAKER: ANDREW N. LIVERIS

October 30, 2006, Detroit Economic Club

Thank you very much, Dr. (Irvin) Reid. [*Pres. Wayne State University*].

Darwin has changed quite a lot since my grandfather arrived there from Greece about 100 years ago.

Back then, life was pretty basic, no electricity or running water, about 300 people, and about 300,000 crocodiles.

Well, today Darwin is a city of about 300,000 people—with running water and electricity, and a diverse, bustling economy, but one thing hasn't changed, the crocodiles are still there.

As you might imagine—and as Dr. Reid mentioned—I was a bit surprised to hear my friend, Larry Kudlow, call me both a great Australian and a great American—on the air—during that interview.

Well, I don't know about the “great” part, but I take that as a compliment, because I love both countries, one, of course, because it is my home, and the other because it is the world's indispensable nation.

We Australians haven't forgotten that if it were not for the Americans at the Battle of the Coral Sea in 1942, we may very well have become an occupied country.

But even looking beyond that single event, the United States has shown remarkable leadership in war and peace, particularly since World War Two.

I think that, especially in times of conflict and disagreement like today, people forget that record of leadership, even here in this country.

Maybe—and this is the advice of a friend—we should do more remembering and less forgetting.

Maybe we should remember how American leadership, in founding alliances like NATO and ANZUS, presided over the world's security during its most dangerous days, containing the aggression of the Soviet Union, and eventually freeing Eastern Europe and other regions.

And we should also remember America's economic stewardship, not only here at home, but abroad as well.

Through the Marshall Plan, the IMF, the World Bank, the GATT, the G-7 and the WTO, the United States has presided over a world economic system that first brought opportunity to war-torn Europe and Japan, then to the Asian Tigers and Latin America, then Eastern Europe, and now to 2.5 billion people in China and India.

And we might also remember that there never was a

nation in all of history that guided two utterly defeated nations, former enemies, to restore themselves, within a generation, to the number two and number three economies in the world, both as strong democracies.

None of this would have happened without the international institutions championed by the United States, and reinforced by the willingness of this country to open its markets to the world, creating a rising tide of growth, in John Kennedy's memorable phrase, that lifts all boats.

The United States also opened the doors of its unparalleled universities, welcoming the world's most astute minds to its graduate and business schools, offering its knowledge, its technology and its management systems to all corners of the globe.

As a result, it has long been commonplace to hear about the influence of the Chicago School in places like Chile or Poland, and equally commonplace to see Nobel prizes being awarded to first and second generation Americans, and having said that, I might note that this year's prizes in medicine, physics, chemistry and economics have all been awarded to Americans.

And here let me note that this openness extended to the private sector, including my own company.

Of the last six CEOs of Dow, five were born outside the U.S.: in Hungary, Italy, Bulgaria, the U.K. and Australia.

With all due respect to certain historical analogies that have become popular in the past few years, let me say that the Pax Americana dwarfs the Pax Romana in every conceivable way.

No Roman, no Thracian, no Egyptian of Rome's golden age could imagine the living standards that are enjoyed today by hundreds of millions of people, and they certainly couldn't imagine the freedoms or the individual opportunity, or—and this is probably the most important—the potential to improve upon all of these things.

America is indeed the indispensable nation of our times. And that leads me to three things I want to talk about today:

- First, the importance of manufacturing to the health and vigor of the overall U.S. economy;
- Second, the forces that threaten U.S. manufacturing, particularly the high price of energy;

- And third, the far-reaching—and ominous—consequences of a weakened American manufacturing base, not only for the United States, but for the world.

Surely the indispensable part of this indispensable nation is the power of its mighty economy.

For it is the American economy that underpins the international system that has guided this unprecedented era of stability and prosperity, and that holds so much promise for humanity's future.

And that's what worries me, because today I believe the American economy is under siege, and though I do not dismiss the many geopolitical threats at large in the world, I believe the greatest threat to the United States—and its world leadership—is internal, not external.

And here I will cite the threat to this country's most underappreciated economic pillar: the manufacturing sector, which includes something near and dear to my heart: the 2 trillion dollar (global) chemical and plastics industry, as well as the 50 billion dollar Dow Chemical Company.

But please, don't misunderstand.

I am not worried about my industry's and my company's future per se.

We will continue to produce essential products and continue to do well.

What concerns me is this question: Will the chemical industry and other manufacturers continue to be a part of the American economy?

I think that is a crucial question for policymakers in this country.

I am well aware there are those who believe that manufacturing is part of the "old economy", that making things is a low-value proposition.

Many cite the decline of manufacturing as a percentage of GDP, which 50 years ago accounted for 25% of GDP and today is about 12%.

In fact, I had the dubious pleasure of being at a meeting in Washington not long ago where I listened to a banker hold forth on why manufacturing isn't very important at all, I think his exact words were "manufacturing has been deemed irrelevant."

I had to bite my tongue until it just about bled.

"Irrelevant" is an odd characterization for a sector whose output is \$1.5 trillion, about the size of the entire economy of Italy and equivalent to the 8th largest economy in the world.

It is an odd characterization when you consider that manufactured goods make up over 60 percent of U.S. exports.

And it is a particularly odd statement when you consider that manufacturing directly employs more than 14 million people in the United States, and that one in six of all private sector jobs depends on manufacturing.

Odder still when you consider that manufacturing productivity consistently outpaces productivity growth

in other sectors.

Since 1987 manufacturing productivity grew by 94 percent, 2 ½ times faster than productivity for the rest of the economy.

And considering the fact that productivity is the single most important determinant of higher wages and benefits, it is not surprising that manufacturing jobs pay on average 25 percent more than non-manufacturing jobs, in my industry, for example, an average job pays about \$70,000, about half again the median household income in the United States.

Finally, "irrelevant" is an odd characterization for a sector that is responsible for over 70 percent of non-governmental R&D.

Ultimately, we have to decide.

Is this to become a country only of services, a two coast economy, with finance based in New York, politics and law based in Washington, entertainment in California?

Can we really afford to be eternal consumers of what someone else invents and manufactures, and make no mistake about it, invention and innovation are directly linked to manufacturing.

Someone has to invent and make that LCD for your computer and TV, someone has to invent and make the epoxy resin that enables computers to be both tiny and powerful.

Someone has to build and sustain the complex infrastructure to transmit data and voice.

Someone has to build the infrastructure of the future, to bring clean water to all parts of the world through technology like Dow's reverse osmosis membrane, and bring electricity to entire villages in Africa through advanced solar panels.

Now again, don't misunderstand.

There is nothing wrong with the service sector, it surely adds tremendous value, but it cannot sustain an economy this powerful on its own.

Someone has to invent stuff and someone has to make stuff, and innovation and manufacturing are inextricably linked.

And so I, along with many others who appreciate this country's historic leadership, wonder how it is that policymakers can stand by as the great manufacturing pillar of this economy is being undermined.

And no, I am not talking about competition from emerging economies.

We know that as the world evolves into a single global market, there are more competitors out there and they are tougher, and that customers are more demanding than ever.

Anyone who has spent time working and living in this country knows that a bit of competition is more than welcome on these shores, and no one knows better than Americans that a free and fair world market creates wealth

for everyone, that rising tide that I mentioned earlier.

What concerns me are structural disadvantages that are rendering much of U.S. manufacturing uncompetitive, certainly not because U.S. workers are falling behind, they are still by far the most productive in the world, but disadvantages that are well within this country's power to reverse, but which continue somehow to be ignored.

In a recent report, the National Association of Manufacturers cited five of these structural problems.

Together they add a staggering 32% to U.S. manufacturers' production costs, as compared to this country's major trading partners.

To put that number in its simplest terms, these disadvantages add \$6 of cost for every hour of manufacturing production—which is a larger number than the total hourly cost in China.

While it is well known that Mexico and China have lower costs, it is generally not recognized that America's self-imposed structural costs put U.S. manufacturers at a disadvantage, even with competitors in mature economies, including Canada, Japan, Germany, the United Kingdom, and France.

This is particularly damaging to manufacturing because unlike the service sector, a large percentage of our products are traded internationally, so our prices are world prices and we are not readily able to raise them.

Instead we tend to rely on increasing our productivity.

We have done very well in that regard.

At Dow we have been averaging a 7% per year increase in productivity for more than a decade.

At the same time we have reduced our energy use, per pound of product produced, by 22% over a similar period, and we plan another 25% reduction by 2015.

I know that many other manufacturers here today can cite equally impressive numbers.

So what are the culprits that are driving higher costs in our manufacturing sector?

- 1, Corporate taxes;
- 2, Employee health and pension benefits;
- 3, Government over-regulation;
- 4, A deeply flawed civil justice system; and
- 5, High energy prices.

I will concentrate the bulk of my remarks on energy because I think it is a problem that strikes at the heart of this economy—or any economy, for that matter.

But first a brief review of the other four.

Number one is Corporate taxes.

Nobody seems to have noticed that while other countries have been lowering their corporate tax rates, here in the U.S. they have remained roughly the same.

On top of that, the tax credit for research and experimentation, which has been very helpful to the development of technology, has expired, and its renewal is in legislative limbo.

That's a big disadvantage. Structural disadvantage Number two is the rising cost of employee health and pension benefits.

Health care costs continue to rise—as does health insurance—in a country that is by far the world's largest spender on health care.

The solution is not for companies to shirk their responsibilities to their employees, although for smaller companies—which generate the majority of new jobs in this country—the cost can be crushing, as much as 30% of their sales.

But surely, if we in manufacturing can improve our productivity, there are ways that the same can occur in the health care industry, for example, more preventive medicine, computerization of records, more efficient use of expensive diagnostic equipment like MRIs (does every hospital need to own one?) and incentives for patients to act more like customers, seeking the best treatment at the best price, as opposed to the best treatment at any price.

In Shanghai, you can get a physical in one hour that includes blood work, an EKG, chest x-ray, eye and hearing tests, blood pressure, an ultrasound, and an interview with a physician, followed just three days later by a computerized report in Chinese and English.

Clearly, we have something to learn from others.

Disadvantage number three is over regulation.

The annual cost of federal regulations to manufacturers in this country is more than \$10,000 per employee.

For non-manufacturing businesses the cost is half that.

No one is suggesting that all regulation is bad; much of it we couldn't live without.

But surely there is room for simplification, and, again, for examining how other Western economies provide the same level of safety and security as the U.S., but at a lower cost to their manufacturers.

Disadvantage number four is the civil justice system.

What Voltaire once said of the Holy Roman Empire, that it was neither holy, nor Roman, nor an empire, can likewise be said of the Civil Justice System, not civil, not just and not a system.

As rapidly as the U.S. economy has grown since the 1990s, it hasn't kept pace with the business, and it is largely a business, of suing companies, especially manufacturers.

The United States has the most expensive tort system in the world, costing more than \$250 billion a year, or 2.1 percent of GDP, compared to less than 1 percent in Japan, France, Canada, and the United Kingdom.

By the way, tort costs in this country are more than the entire federal research and development budget.

But I don't want to leave the impression that legal reform is a hopeless case.

Progress has been made at both the state level and the national level, including placing most class action

lawsuits in federal courts.

Our efforts for reform will continue, with the ultimate goal of eliminating the economic incentives that encourage frivolous and unfair lawsuits.

Competitive disadvantage number five is the high price of energy in the United States, particularly natural gas, and as I mentioned earlier, this problem is particularly threatening because energy powers civilization, it is at the very core of modern life.

Today 80% of the energy the world uses is in the form of fossil fuels, and with the growth of large emerging economies like India and China, demand for energy will increase by 50% over the next 25 years, and 80% of that energy will remain in fossil fuels.

Yet this country doesn't seem to have a coherent energy policy.

Let me specifically focus on natural gas because it is the primary fuel used by manufacturers in this country.

As you know, natural gas is not a global commodity with a single world price, like oil.

It is generally transported from wells by pipelines.

While it can be chilled into a liquefied form and moved by specially-designed ships, only about 3% of the world's natural gas is transported this way.

Thus the price of gas is driven by local supply and demand.

For years, the price of natural gas was a competitive advantage for manufacturers in this country, for two decades it was priced at between two and three dollars per million Btus.

Most of it was produced here, with some piped in from Canada.

Then about five years ago, the price began to increase dramatically.

This alarmed most manufacturers, but especially companies like Dow Chemical because we use natural gas—and other petroleum products—not only to power our plants, but also as raw materials to make plastics and chemicals, which in turn are used by virtually every industry from food to computers to medicine and much more.

At Dow in the year 2002, we spent about \$8 billion on feedstocks and energy; this year that number will be well over \$20 billion.

So the price of natural gas, which for years had been a competitive advantage for U.S.-based manufacturers, is today a competitive *dis*advantage because its price here is well above the price in other countries, in both the industrialized and industrializing world.

A year ago at the time of the hurricanes, it was above \$15, then it moved down to about \$8, and recently it has ranged between \$3.60 and \$8.60.

But the trend is clear: the price of natural gas has jumped to a much higher plateau in the U.S., putting the manufacturing sector at a disadvantage.

You would hardly know any of this by reading the papers or watching TV, or listening to the debate in Congress, but this country is in a natural gas crisis.

Last year's hurricanes underscored this problem, but they did not cause it.

The cause is Economics 101: higher demand and static supply.

We use more natural gas because this economy is growing, but also because the nation's power plants have been encouraged by the government to use it as a clean-burning fuel, even though clean-burning coal and nuclear are often better choices for power generation.

Exacerbating the problem is the fact that those who supply natural gas have been largely prohibited by the government from drilling in the most gas-rich areas, including most of the outer continental shelf, where it is estimated there is enough natural gas to supply the United States for 20 years.

Moreover, we detect no sense of urgency to address the problem.

We seem to have a faith-based energy policy.

We pray for warm winters and cool summers, and the problem is now being disguised by the recent decline in price—which gives the false and dangerous illusion that the problem is taking care of itself.

But truth be told, it is only good fortune that has caused the decline.

There is also no great clarion call to conserve energy, which is the most immediate and effective way to reduce our dependency on foreign energy.

And there are very few tax or monetary incentives to conserve.

There does not even seem to be serious discussion—as there is in countries like China—on how best to use this country's various forms of energy—the U.S., for example is the Saudi Arabia of coal, and its nuclear technology is the world's most advanced, and there are many promising alternatives such as solar, fuel cells and biomass.

Against this backdrop, manufacturers like Dow are doing the best we can.

We have improved our energy efficiency. We have raised prices as much as our customers will allow.

We've shut down inefficient plants.

We have also looked to innovation.

For example, we have developed a plastic made from soybeans that, for many uses, like mattresses, is a better product than a plastic made from petroleum.

So by no means do we think that fossil fuels are the ultimate answer.

They're not.

But until we, as a country, can improve the scale and efficiency of alternative fuels, we must use fossil fuels wisely, balancing their economic, security and environmental impact.

And here, of course, the automotive industry has a pivotal role to play.

And by the way, we in the chemical industry can help, not only with light-weight materials that are stronger, but with technology like advanced filtering systems that make diesel engines run cleaner and more efficiently.

But at the end of the day, companies like mine have to decide where to invest for the future, where will we build our next \$2 billion plant and along with it, create high-paying jobs for thousands of people?

We are looking—and beginning to invest—in places like China and the Middle East—where energy is much cheaper, and energy policy much more coherent and predictable.

In short, our company—and our industry—will continue to grow.

There is no question about it.

It is simply a question of where.

Last year after the hurricanes, I went to Louisiana and to Texas to survey our plants.

They are huge plants, all of them were successfully shut down and secured before the hurricanes hit, which was an enormous accomplishment.

Many of our employees reported for work to secure the plants after having evacuated their families, and many of them also lost their own homes.

Nonetheless they came to work, kept our plants safe—and worked around the clock to bring them back online.

It was nothing less than a heroic effort.

These are, needless to say, hard-working people dedicated to their families and communities.

They are counting on me, as the head of Dow, to retain our strong presence in the U.S. and to maintain their jobs.

As their leader, I will do everything in my power to make that happen. No one deserves it more than they do.

Yet, when faced with the choice of investing in the U.S.—with the certainty of higher and more volatile natural gas prices, how can I recommend investing here?

Dow isn't the only company making this kind of decision.

Currently there are plans to build more than 80 large-scale chemical plants across the globe in the coming decade, with price tags of a billion dollars or more, and thousands of good jobs.

Not a single one is planned for the U.S.

Everywhere I go ... the Middle East, Asia ... governments want our industry.

They want the investment and the high-paying jobs and the living standards that go with it.

And they are building an energy infrastructure to make it happen.

Everywhere I go, that is ... except the United States.

Sometimes I think I shock people when I say that doing business in the United States has some high risks,

not geo-political risks, but risk derived from the things I've talked about today, energy policy, regulation, the tort system, taxation and one other that I have to mention: education, particularly in science and math.

This country has for many decades been the world leader in science and math, but I believe a problem may be looming, given two developments:

- The first is low test scores at the K through 12 level compared to other economies, both developed and developing;
- The second is the trend of many foreign students educated here at your excellent universities—still the world's best by far—returning home to apply their knowledge rather than staying here.

I'm not going to get into the numbers debate about who's producing the most mathematicians and scientists and who has the best quality.

What I will say is this: Science is at the core of technology and technology is at the core of human progress.

Your Nobel Laureates are worried about the pipeline of talent, and in a world where globalization is an irreversible fact of life, the last best source of competitive advantage is the quality of your workforce.

And that means a continuous pipeline of knowledge workers to work in jobs that pay well and assure high living standards.

We therefore must put our minds together and reverse the hollowing out of science and math education at the K through 12 levels.

In a global economy, companies have more choices than ever.

And they will locate their plants, their jobs and all the wealth that accrues to those things, in places that are most hospitable to business, including all of the things I've been talking about today.

As I said at the beginning, I am a proud Australian who loves America.

I want to invest in this country, but as the head of a \$50 billion global enterprise, my investment choices must be decided based on a single criterion: where is the best place to grow and to prosper?

If that place is not the United States of America, then something is drastically wrong, because this country has historically been the place where everyone wants to invest, and where millions of people come to work and to live, right from the very foundation of this Republic.

Let's not kid ourselves.

There is no such thing as a 100% service economy.

Making stuff matters.

Manufacturing is essential, and if your manufacturing base is eroding, then so eventually is your entire economy.

And if the economy of the world's indispensable nation is weakened, then the rest of the world will suffer.

Don't let anyone re-write the history books.

If not for the Americans, the enemies of freedom and

prosperity would have won.

If not for the Americans, old enemies would not today be close and prosperous friends.

If not for the Americans, we would not be on the threshold of something unique in the history of mankind, growth and higher living standards spread equitably to hundreds of millions of people across the globe.

The world benefited enormously from American leadership yesterday, it still needs that leadership today and it will need it tomorrow.

A big part of that leadership rests on this magnificent economy and a big part of that rests on its manufacturing base.

When you think back over the past 25 years, the demise of this great country has been frequently predicted, the ascendancy of the Soviet Union in the 1970s, the rise of Japan incorporated in the 80s, the alarms in the early 90s that this economy was unable to grow more than 2% a year, the theory that something called “imperial overstretch,” would doom this country just as it had others, such as Spain in the 16th century and England in the 19th.

All of these theories and predictions were both

reasonably and passionately argued.

And all of them were dead wrong.

None of them seemed to take into account the great power of this country’s economy, nor the great resolve and resourcefulness of its people, once stirred to action.

Those of us who know this country well are not at all pessimistic.

We know that sooner or later the giant will stir to action.

I am reminded sometimes of the observation, said only half in jest, I think, “that the United States can always be counted on to do the right thing, once all other possibilities have been exhausted.”

Let’s hope that this time around, the giant will stir to action sooner rather than later.

This country must reaffirm its commitment to a robust manufacturing base, to assure not only the continued health of its economy, but its continued leadership in the world.

The United States needs manufacturing and the world needs the United States.

Thank you very much for your attention. I’d be happy to take any questions. 🙏

BRONZE AWARD: GRAND CATERGORY AND GOLD AWARD: TRANSPORTATION CATEGORY

There’s No David Without Goliath

WRITER: RON KIRKPATRICK / SPEAKER: JIM LENTZ

August 8, 2007, 2007 CAR Management Briefing, Traverse City, Michigan

Can there be a time of more turmoil in our industry? Do we have a bright future? ANY future?

Well, if you check the daily news, you’d think the sky was falling.

Let’s see, Congress is bearing down on us, the states are suing us, environmentalists scorn us, and we’re the villain on global warming, right?

Plus, industry sales are sluggish, raw material prices are rising, companies are restructuring, health care costs are escalating, and gasoline prices are near record highs.

Talk about challenges, we’ve got more than our fair share, and then some.

So, what do we do as an industry?

Well, we can dig in, hold our ground, and hope for the best.

Or, we can do what we’ve always done, adapt to the new order, change for the better, and come out stronger than ever.

After all, nothing is more POWERFUL than this industry, taking decisive action and putting its full force

behind it.

By now, some of you are may be saying, “It’s easy for Toyota to talk about a bright future, everything is going your way right now, so why worry?”

Yes, things are going well for us right now, but that by itself, doesn’t guarantee future success. Just look at the Oakland Raiders or my Los Angeles Lakers.

Toyota is far from perfect, and we know it’s easy to stumble in this complex business.

So despite our current success, we are very concerned about the future.

Like you, we’re worried about unreasonable fuel-economy increases, global warming regulations, material costs, gasoline prices, truck sales, plant efficiency, health care costs, and incentive spending.

These are things we ALL have in common, and it’s not getting any easier.

So I think it’s important, during this brief summer respite, that we take time to explore issues we have in common and agree on solutions to some of our most

pressing industry challenges.

And that's what I want to talk about today.

This is the first time I've attended this all-star industry gathering, and I'm very impressed.

There's an amazing spirit of energy, goodwill, and cooperation here.

Dave, thanks for organizing this much-needed summer boost. It will fortify us to face the fall Congress, a new model year, and the close of another challenging year.

We all love Dave Cole, but I must admit, his theme this year sent me scrambling to find out what "discontinuous" meant.

It's defined as "broken, not continuous, interrupted, intermittent."

Kind of sounds like the windshield wipers on my first car!

It was a 1963 Corvair, and I loved that car.

It did have an unusual "option", however, a big hole in the floor on the driver's side. It was useful for cooling during the summer months, but tough to take during the harsh winters in Chicago where I grew up.

So, I fixed it myself. Yep, a very high-tech solution. I put a piece of cardboard over it!

Well, fortunately, cars, and my career, have improved significantly since then, but there has been one constant throughout it all, change, and the need to adapt to it creatively.

Think about it. The challenges we've overcome during the past 100 years have made us stronger, better, and more successful.

Challenge gets our juices flowing, brings out our best, and forces us to try new things, often producing great results.

There could be no King David without Goliath, no Luke Skywalker without Darth Vader, and no Toyota without the Toyopet, .

OK, let me explain that last one,

This year marks the 50th anniversary of Toyota in America, and because of our current growth, most people think Toyota was a runaway success from day one in 1957.

But just the opposite is true.

Our first product here, the Toyopet, was popular in Japan, but a complete flop here. One of our early managers said it was over-priced, under-powered and drove like a tank.

Sales for our first year totaled a whopping 288 Toyopets, and one Land Cruiser.

Things were SO bad, that a few years later, we stopped selling cars, all together, and survived by selling just Land Cruisers.

Talk about a challenge. It would have been easy for us to take our marbles and go home. But, instead, we spent 7 years carefully studying American consumers, then

designing a car that would truly meet their needs.

In 1965, that car, the Corona, went on sale.

Perhaps some of you remember this classic TV commercial,

[Run Green Monster TV Spot]

I imagine we spent our whole advertising budget on that spot back then, but it was worth it.

The Corona was an overnight sensation, and we've never looked back.

Four decades later, Toyota is a major player here with more than 2.5 million annual sales and 10 vehicle and component plants, creating nearly 400,000 American jobs, roughly equivalent to a city the size of Miami.

The point is, success comes, not from playing it safe, but by being challenged and working your butt off to overcome it.

With that in mind, let me share our industry forecast.

We're projecting industry sales this year of about 16.3 million vehicles ... down slightly from last year, but still a very decent year.

It's hard to pinpoint the market's current softness. Higher fuel prices? The housing slowdown? ... lower fleet sales? ... some payback from incentives of the past? Who knows?

Yet, despite all that, retail sales this year are strong and our country's economic fundamentals are solid.

So, we believe the market will rebound in 2008, and continue growing steadily into the next decade.

In fact, we see industry sales potentially growing by one hundred thousand vehicles, or more, per year, eventually reaching 18 million sometime in the late 2010s.

We're bullish because the United States population is booming, and key economic drivers, like GDP, job growth, productivity and inflation, are positive.

In fact, 4 million potential new drivers are entering the market, each year, for the next 10 years!

And for the first time in history, around 2011, FIVE generations, from the traditionals and baby boomers, to Generations X, Y and Z, will be our customers, ALL AT ONCE.

FIVE generations! That's right, high school kids be asking, "Great grandfather, can I borrow the car?"

It will be the greatest market we've ever seen, and all automakers will have a chance to profit from it.

But to reach that "Promised Land" in the next few years, we must overcome some tough challenges.

I think there are three key challenges, politics and powertrains, pleasing new youth buyers, and improving our retail reputation.

By politics and powertrains, I mean that we are at an historical turning point in our relationship with government and society.

Some of the biggest issues America now faces involve the auto industry.

Fuel prices, energy independence, global warming,

and growing environmentalism, all touch our industry in some way. Some might even call it the “perfect storm” since these are atop the legislative agenda now.

We’ve faced regulatory threats before, but never the tidal wave heading our way. And it really doesn’t matter that we’re a relatively small contributor to some of these issues.

The vehicles we make create just one-fifth of major greenhouse gases in this country, and we have NO control over fuel prices.

But cars and trucks ARE a highly visible part of American life, an easy target for regulators.

As a result, we face an uphill battle on fuel economy standards.

So, what do we do about it?

We face the challenge, work together, and find ways to make things better.

Americans don’t expect us to solve ALL their problems, but they do want to know that we ARE part of the solution.

And, I’m happy to say, we are starting to make a difference.

For the first time, the industry has come together to propose compromises on fuel economy and other issues. Plus, we’re doing a lot to create the clean, ultra-efficient powertrains of tomorrow.

In California, where I’m based, there are 41 car models from 17 brands rated Partial Zero Emission Vehicles, including our Camry and Prius. (source: driveclean.ca.gov)

These vehicles have the cleanest gasoline engines ever produced and are built to maintain near zero emissions throughout their entire life on the road.

But that’s not enough, so our industry is inventing a new wave of powertrain technologies.

Right now, 60 hybrid or alternative fuel vehicles are on sale in the United States, and 11 million are on the road. Plus, another 19 models are in development or are being considered for the U.S. market. (source: autoalliance.org)

I’m proud to say that Toyota, last month, launched a program to road test plug-in hybrids with the University of California. We’ll learn a lot from this project and apply it in the future. And I’m confident other automakers will develop similar programs.

For our long-term future, all major automakers are working on zero-emission, hydrogen, fuel cell vehicles.

So we are making good progress as an industry, but we need to do more and must continue working together on these issues. And we need to constantly let the world know what we’re doing to be part of the solution.

In short, it’s time to transform our image from an industry that drags its feet, to one that RUNS on innovation.

The second major challenge we face is to better prepare for the new youth buyers now in the marketplace.

At Toyota, we’ve had a front-row seat to this seismic shift through our Scion brand. And let me tell

you, these new buyers are the most challenging we’ve ever faced.

They are extremely smart, internet-savvy, skeptical of advertising, and used to being catered to. They want to customize products to fit THEIR time schedule and THEIR lifestyle.

Not the best match for an industry that has relied on mass production, heavy advertising, big incentives, and old-school ways of doing business.

These new consumers are NOT going to adapt to us, WE have to adapt to them if we want them as customers.

And, trust me, we WANT them as customers.

America has 148 million people aged 35 and under, and Generation Y, the largest group, already has \$2.3 trillion in buying power.

In the future, they stand to inherit another 17 trillion dollars, or nearly 3 times the current national debt!

So, Moms and Dads, spend it while you can!

More importantly for us, young consumers now represent more than one THIRD of the driving population and will continue at that pace for 17 years, through the year 2025!

We have to get ready now and it won’t be easy.

They’ve grown up in a world of personalization and expect businesses to give them unlimited choices to create their OWN products. And successful companies are doing just that.

Coca-Cola has gone from Coke and Diet Coke to 21 different varieties. Their newest is called, Diet Coke PLUS, a no calorie cola with 5 nutrients for your body. Hey, it beats eating vegetables!

You can customize your shoes on Nike.com, order special edition iPods from Apple, and get your coffee 79 million different ways at Starbucks.

Even braces for your teeth come in different colors!

Personalization is the key to these new buyers, here, take a look at what I mean.

Amazing, isn’t it? They represent a whole new wave of consumers who will demand changes in the way we do business.

To meet this need, Scion developed a “blank canvas” approach.

All Scions are well equipped and come with limited options from the factory. Customers simply have to choose the model, color, and transmission.

Then comes the fun part, personalization.

We started with 40 different accessories for Scion vehicles and now have more than 150, from subwoofers to performance clutches.

So, the initial product purchase is just the starting point for Scion owners. The true connection with the brand is through the process of personalization of the product.

And connect, they do.

I’m just amazed at what I see every time I go to a Scion event. I’ve seen Scions with 8 video monitors and

3 computers!

We'll continue using Scion as a listening post and a lab for learning the needs of youth customers, and we're transferring what we learn to Toyota and Lexus.

Looking at all of these clues, I think our focus for the future is quite clear.

We have to start listening and responding to new generation customers NOW.

The third major challenge we face as an industry is improving our image at retail.

The truth is, most people get to know the auto industry through visiting one of 22,000 independent automobile dealers in this country. (source: 2007 Automotive News market data)

Unfortunately, that experience isn't always positive.

A recent Gallup poll rating key professions for honesty and ethics was quite revealing.

At the top were nurses and pharmacists. In the middle were bankers and journalists. And toward the bottom, Congressmen and insurance salesmen. But car salesmen were dead last.

Only 7% of those polled said car salesmen were honest and ethical.

That's a huge problem, folks, because we're ALL being judged on what happens at the dealership level, and it's not always good.

Verbatim comments from our focus groups and customers are quite blunt about the situation.

The most telling was this, "I'd just rather go into a FUNERAL home than a car dealership!"

And this gem, "The auto sales industry has a cloud hanging over it. All of them are out to take advantage of you."

Now I'm not here to blame dealers for this dilemma.

For the most part, new car dealers in the United States do a marvelous job caring for customers and servicing the 240-million vehicles on U.S. roads. (source: 2007 Automotive News market data)

And that's a tough job because most of us are pretty demanding, have limited time, and hate the paperwork involved.

But that has to change.

When I was a kid, going to buy a car with my family was an exciting experience.

Today, there are so many choices, options, people to deal with, and mountains of paperwork, that it's sucked all the joy out of the experience.

We know the car-buying customer wants to spend 2 hours, or less, buying car. But, too often, that stretches into 5, 6 or even 7-hour marathons.

And if you think current customers are impatient, just wait until Gen Y and Z show up in numbers. They measure time in nanoseconds.

They tell the joke about these young people standing in front on a microwave oven, yelling at it, "Come on! I

haven't got all minute!"

We HAVE to improve, streamline, and put fun back into the retail experience, and our dealers need our leadership.

For starters, as automakers and suppliers, we need to make sure we're not adding to the problem.

We have to ask ourselves, "Do OUR policies encourage the behaviors our customers seek at our dealerships?" "Do OUR associates model and support the efforts dealers need to excel with our customers?"

Clearly, we're not doing enough to address this long-standing, critical, front-line activity in our business.

One FOURTH of customers who walk into a dealership to shop for a car, walk out without buying, because of poor treatment.

Fortunately, most go on to purchase a vehicle elsewhere, but imagine the toll it takes on our collective reputation, day-in and day-out.

No wonder we have a hard time pleading our case in Congress. If we're not seen as being considerate to our customers, why should WE receive any consideration as an industry?

At Toyota, retail treatment is one of our most pressing issues. I've challenged our entire organization to find ways to help improve the customer experience.

We're trying to change obsolete policies and challenging our dealers to do the same. Among other things, it includes taking a hard look at "sacred cows" like our vehicle allocation system and dealer award programs.

This is a sensitive, tough area for our industry, but it's also ripe with great opportunities.

So let's work together as automakers, suppliers, and business partners, to help our dealers turn their "mean machines" into "dream machines".

Politics, powertrains, youth buyers, and our image at retail, huge challenges on their own and daunting in total.

But we're not just any industry. We are the mightiest industry in the world, full of people with immeasurable talent and energy. People like you.

We must resolve to make things better for ourselves, and our society.

This may be a time of discontinuous change, but it's also one of immense opportunities as we co-develop new ways to drive America forward in the 21st century.

Good times ARE coming again, and by changing, adapting, and overcoming our biggest challenges,

- We WILL find ways to take better care of our customers,
- We WILL find ways to take better care of our planet,
- And we WILL succeed and prosper for many years to come,

Thank you, and good luck, 🙌

GOLD AWARD: ASSOCIATION AND HEALTHCARE CATERGORIES

Ethical Issues in Health Care

WRITER: WILLIAM SHAFFER / SPEAKER: J. EDWARD HILL, MD

January 16, 2007, University of Mississippi Medical Center, Oxford, Mississippi

It is a privilege and an honor to be included in this lecture series. Nancy Tatum, as many of you know, was a very talented and caring physician who, in the too-short span of time we had with her, made a difference in so many lives.

This fact alone makes me humble and proud at the same time, to deliver this lecture and thereby honor the name of a colleague, a friend and a marvelous asset to this institution, the State of Mississippi, and above all, the patients in Mississippi.

She would be the first to agree, I think, with the assertion that medical ethics pervades the profession and gives us all a compass, a homing device for everything that we do. Ethics is integral to the entire health care system.

Now, I believe it was Walter Cronkite who observed that the U.S. health care system was not very healthy, didn't seem to care and was the farthest thing from a system. But, for all its failures, it remains highly innovative, highly flexible and the envy of the world.

And, I would add, a highly ethical profession. And the best indicator of that level of commitment is this very lecture series, itself.

For all of our shortcomings in medicine, you don't see many U.S. citizens going overseas for medical care. Just the opposite. Our leading medical centers are host to literally thousands of new patients from across the globe. And the levels of innovation, of productivity, of quality increase every day.

That being said, there are ethical issues aplenty. If you catalog the health care system issues, from access to care to cost of care to quality of care, each has an ethical component. And to ignore the ethical issues contradicts the very oath to which every physician swears allegiance.

So, today, let me reflect with you on just a few of those, to see not only the ethical issues involved but the practical changes an ethical profession needs to make.

► The Uninsured

First and foremost, a major problem we face is that of 47 million of our fellow-Americans without health insurance. And another 15 million or so who are under-insured.

The combined total is more than 20 percent of our population. A fifth of the nation living sicker and dying younger than the rest of us.

The issue is more than an economic or even a health

issue. It's a national disgrace. Here in Mississippi, if the uninsured of our state were gathered in one place, they would form a city two and a half times the size of Jackson. That's 448,000 Mississippians, 17.5 percent of the population under the age of 65, living under a Sword of Damocles, a constant threat of catastrophic illness or accident, literally ruining them financially, physically, even spiritually.

Fully 195,000 of the uninsured in Mississippi are adults unable to get care, according to the Centers for Disease Control and Prevention. They also tell us 48,000 Mississippi women have had no mammogram, 58 percent of uninsured women, compared with just 28 percent of women with insurance.

And the similar statistics flow like the Mighty Mississippi, itself. Oddly, most uninsured families have a breadwinner who draws a paycheck, about 80 percent of them. But, the fact is, the uninsured live sicker and die younger than the rest of us.

It is estimated that 18,000 people die every year from preventable diseases, just because they lacked health insurance. That's two every hour of every day of every year.

Compounding the ethical dilemma, 40 percent of the uninsured choose to be uninsured. Clearly, the 12th Century physician Maimonides may have been referring to public health issues when he wrote, "One who is ill has not only the right but also the duty to seek medical aid."

Because lowered immunization rates and lack of preventive care add up to crowded emergency rooms, preventable conditions becoming chronic conditions, chronic conditions becoming acute, and worse public health for all of us.

This is an ethical crisis, because we can do better.

The iron-clad ethic of mankind, common to every religious and philosophical teaching on the subject, is the Golden Rule. One study lists 21 different religious groups with some belief in the Golden Rule, from Buddhism and Confucianism to Roman pagan religion, Native American spirituality and Hinduism,

Anyone anywhere who has thought about ethics has concluded that, to be a moral person is to regard your neighbor's loss as your own. From that point of view, clearly, the uninsured issue is an ethical issue.

It's a public health crisis, as well, and a breeding ground for chronic diseases. And it imposes a financial burden for everyone. Nationally, the Institute of

Medicine estimated that a lack of health coverage costs the economy between \$65 billion and \$130 billion per year. That's from \$215 to \$430 per year hidden tax on every man, woman and child in America.

Getting health insurance to more Americans would also go a long way toward addressing the issue of socio-economic disparities in our system of health care. Among the uninsured, a disproportionate number are members of minority groups. One in three Hispanics are uninsured. One in five African-Americans.

It's a big issue. It's an ethical issue. It's a social issue. And, it's a political issue. We fully expect it to be a top agenda item in the 2008 election. Indeed, the AMA soon will announce a nationwide, grassroots campaign to make sure it's an issue in 2008 political discourse.

America is asking for solutions. Pleading for help. We at the AMA support individual responsibility and accountability as the basis for its approach to cover the uninsured. We want those in need to get cash. And those not in need to get personal, portable, appropriate coverage.

The AMA plan targets individuals and families earning more than five times the federal poverty level, or \$49,000 for an individual, \$100,000 for a family of four. All would be obliged to obtain a minimum of catastrophic health care and evidence-based preventive health care. We urge changes in the tax structure to achieve compliance.

For those earning less, the AMA advocates a series of refundable tax credits or other subsidies to obtain health care coverage. Three common-sense steps are involved:

1. Tax credits to buy insurance.
2. Personal choice so individuals could then select, purchase and own the coverage.
3. Changes in state and federal laws and regulations to encourage the formation of new and innovative insurance options.

The cumulative effect of these steps is greater individual responsibility. Granted, it will take a massive series of efforts in the states and at the federal level. But, we are willing to put forth the effort, for our patients, to make sure no American goes without health care.

► **The Unethical Single-Payer System Not the Answer**

Some argue that uninsured and other patients go without care because the current system abandons them.

That's not the case. They do, indeed, get the care. But, late in the disease cycle, and in our most-expensive settings, the Emergency Rooms of America, and at public expense or private economic loss. In purely ethical terms, however, they get the care and physicians do the right thing.

But some observers, misperceiving the ethics of things, argue that the best solution to the uninsured problem would be to adopt a single-payer national health insurance

plan, perhaps something like that in use up in Canada.

But we at the American Medical Association respectfully disagree. We believe a single-payer system in the United States would:

- Require physicians to negotiate a binding fee schedule, to control prices;
- Discourage hospital expansions and capital investment, strangling growth;
- Abolish the health insurance industry, destroying institutional memory and hundreds of thousands of jobs;
- Coerce employers into allocating money earmarked for health benefits to a national health insurance program run out of Washington;
- And stifle innovation, the mainspring that has driven medical advances and innovations in the United States over the last 150 years.

Well, this runs counter to America's traditions of free choice, individual enterprise and personal responsibility. Its proponents say a single payer system is simple and obvious. To me it is simply, obviously wrong, simply, obviously unethical. Single-payer systems have proved exponentially more difficult to manage than any alternative.

More than efficiency, however, I our national "melting pot" society, in our remarkably wonderfully diverse and diffuse character, all that makes the prospect of a single-payer system unthinkable. Diversity makes our country especially resistant to one-size-fits-all solutions imposed from above. And diversity is more than an ideal in America, it is a fact of life in the Last Best Hope of Earth, as Lincoln described us.

The AMA believes that by implementing a single-payer system, the United States would be trading one set of problems for another.

- We would see long, detrimental waits for care and the rationing of that care. Is that ethical?
- We would be slow to adopt new technology and maintain our facilities. Is that ethical?
- We would be bound by price controls, which eventually drive up costs. Is that ethical?
- And we would create yet another gigantic bureaucracy to interfere with clinical decision making. Is that ethical?

The fairest, live example of this can be seen in Medicare and Medicaid, two bureaucratic dinosaurs destined for bankruptcy as we break the promises made when the Great Society pledged so much, at so little cost, back then.

Moving beyond the ethics of unkept promises, would a single-payer system save us money? We don't think so.

The AMA believes that that conclusion is rooted in faulty and incomplete comparisons of administrative costs between America and countries that offer a single-payer system. And it has long been recognized that public

insurance imposes a variety of costs on patients including excessive wait times, a proliferation of short visits, and lack of access to certain services and procedures.

In June 2003, the Chairman of the British Medical Association characterized the U.K.'s single-payer health care system in these words: "(T)he stifling of innovation by excessive, intrusive audit, ., the shackling of doctors by prescribing guidelines, referral guidelines and protocols, ., the suffocation of professional responsibility by target-setting and production-line values that leave little room for the professional judgment of individual doctors or the needs of individual patients."

Three words: stifling, shackling and suffocation. They remind us that nothing worthwhile, comes without a price. The late historian Stephen Ambrose famously said, "Freedom doesn't come free." The fact is, effective prices play a role in the provision of and access to services in any health care system, not just market-based systems.

In the final analysis, consumers clearly pay, in one way or another, regardless of the system. You can argue the ethics of it, but that fact remains. And, any system that offers access to care without direct charges to consumers generates demand for care that exceeds what can be delivered.

The simple economic reality is, that sort of system breeds shortages. Ultimately, there is no guarantee that even medically urgent services will be available when needed., Where do ethics lie in that?

This reality is starting to hit home, as well, in Canada, which is seeing its system unravel. Private clinics are opening around the country at an average rate of one a week. The Cambie Surgery Center in Vancouver is planning to open new private hospitals in Toronto, Ottawa, Montreal, Calgary and Edmonton

Canada remains the only industrialized country that outlaws privately financed purchases of core medical services. But Canada's Supreme Court ruled last June that a Quebec provincial ban on private health insurance was unconstitutional.

The Court observed that patients were suffering and even dying on waiting lists. That may have been a turning point for the entire country. Canada has a national doctor shortage already, with 1.4 million people in the province of Ontario alone without the services of a family doctor.

► **Workforce Ethics**

So, to recap, we've seen how the uninsured problem is an ethical problem and how a simple-minded single-payer system is an ethical problem, and well. What other ethical problems are out there?

Close to home, there is a very significant dilemma facing those of us in the health care professions. I'm talking about the human power that is increasingly lacking in underserved communities.

I call it the osteoporosis of the backbone of the health care system, the shrinking physician workforce, thinning of our ranks where they are most needed, in primary care and in rural and inner-city America.

You see, nationally, there are three doctors for every thousand patients. But in Mississippi, there are only two physicians for every thousand. What's more, these physicians are distributed unevenly throughout our state. More than half are located in four urban areas, while 51 of 82 Mississippi counties, all of them rural, are underserved.

We have to start working now to make sure we have the workforce we need for our patients, including the increasing numbers of the elderly, the chronically and the terminally ill.

So what do we do? While the causes of physician and health professional shortages are multi-faceted, I'd like to focus on the most simple, and in some ways the most difficult, solution: Getting the right kind of students into the health professions, and keeping them interested in rural care once they get there and get out.

For the students here today, it's a matter of finding your moral compass, following its dictates, and finding your twin, recruiting men and women like yourselves into this wonderful profession. For example, evidence suggests that the most likely medical students to wind up practicing in rural areas or underserved areas actually come from rural areas and the underserved areas.

Likewise, studies have shown that minority physicians are more likely than others to practice in underserved areas, and that they are also more likely to care for minority, poor and uninsured patients, including those who are terminally ill. These are the kind of students we need to start seeing more of in our medical schools and in palliative care.

Our challenge, your challenge and mine, is to use every opportunity to improve programs that target them for admissions and create new programs as well. I am proud to say that the AMA has long supported increased funding and awareness of programs, such as the National Health Service Corps, the NHSC. This program gives stipends and tax breaks on student loans to primary care physicians, in exchange for service in rural or urban underserved areas.

But the NHSC, alone, cannot fix the problem. The AMA also strongly supports school-run programs that target rural and minority students. These programs use preferential selection, early admission and scholarships, as a start.

However, the most successful programs stretch from college, or even before, through medical school. They offer students special seminars and classes, community service projects and outreach, and faculty mentoring to give them first-hand knowledge of what practicing in an underserved region entails.

One of the more successful programs we have in the

south has been the Rural Medical Scholars program at the University of Alabama. This program gives third-year college students who want to return to rural communities early admission to the University of Alabama School of Medicine. It then uses a special curriculum and support activities to keep these students on track.

Along with some of my colleagues in Tupelo, I'd like to see a similar program established here at the University of Mississippi. That's quite a tall order, but I think we're up to it. I also challenge the University to think about developing similar programs for training rural nurses, through programs aimed at those already committed to living in rural areas.

In Oregon, for example the state Health and Science University's Rural Frontier Delivery Program, provides undergraduate nursing education to students in rural communities through satellite campuses and distance learning programs.

The organizers believed that locally-trained students would remain in their communities after graduation, and they were right. Ninety-five percent of RFD graduates stay and work in their home community.

Programs like these are no longer a nice idea, but a necessity for underserved areas. I hope the School of Nursing might consider a similar program that would help meet the needs of our state. Because if we truly want to help patients in our underserved areas, particularly our terminally ill patients, we have to make sure we have the physicians and nurses, as well as the social workers and other support staff, to meet their needs.

It won't be simple or easy, but it will be critical to the future health of our state, and to the appropriate care our family, colleagues and friends.

► Behavioral Ethics

A different kind of ethical question arises when considering what I call the Trillion Dollar problem in U.S. health care. I'm talking about eight preventable behavior patterns that, collectively, drain more than \$1 trillion a year out of our economy; eight preventable behavioral choices that cost us all, burden us all, hurt us all; eight examples of the folly and vice of ordinary humanity that, ethically speaking, we cannot conscience.

Here's what I mean:

- Violence and abuse in America has a yearly social cost of \$300 billion according to the World Health Organization.
- The National Institutes of Health tell us drug and alcohol abuse cost another \$246 billion.
- Traffic accidents, \$150 billion;
- Work-related accidents, \$123 billion;
- The CDC estimates put the costs of tobacco at \$182 billion a year;
- Obesity eats up \$102 billion more.

- And there are no reliable estimates for the costs of teen pregnancy and STDs or suicide.

That's more than \$1 trillion in health care expenditures, lost income and other costs to the individual and the community. Now, these estimates come from a variety of sources using a variety of methods to calculate the amounts. I cannot vouch for their accuracy or validity. But the enormity of the issue is obvious to any observer.

Don't we now have an ethical, as well as a professional and an economic, motive for taking action? Those of you who know me know exactly what I'm going to say next. I'm going to say: "Education."

Just imagine, for a moment: What if all boys and girls, beginning in preschool and continuing through high school, were taught good health habits through comprehensive school health education? Giving our kids an education like this would help reduce obesity and other public health scourges.

The evidence suggests that these programs work. They make our children health smart and health literate. For example, students who get comprehensive school health education are less likely than other students to drink, smoke, take drugs, or ride with a driver who's been drinking.

What's more, comprehensive school health education is not just good for young people; it's good for society. If we could simply reduce by half the preventable health problems I just named, we could save the United States billions upon billions of dollars each year. And we would strike an ethical blow heard round the world.

And if that doesn't make the moral case for health education, consider this.

Imagine a world where the future of our children depended on their ability to read and understand complex information. But they were not taught the alphabet.

Imagine a world where the future of our children depended on their capacity to perform challenging computations. But they were not taught basic math.

Imagine a world where the future, not just our children, but of our entire economy, depended on innovation. But kids were never exposed to science.

Unimaginable? Clearly so. But also, we are talking about a world without ethics, medical or otherwise.

We are talking about a world shortchanging its children and jeopardizing its own future. Yet, when it comes to health, this is exactly the kind of world that we, as a society, are bringing into being.

Ask yourself the "ethics" question about these matters. We wonder why people smoke and drink to excess, but we fall short in our efforts to teach kids about the dangers of these drugs. Instead, we allow the tobacco and alcohol industries to ply their wares on billboards, magazines and cable TV.

We ask our citizens not to commit acts of violence, but we fail to teach our children alternative ways of resolving conflict. Instead, we let them learn life skills (or death skills) from video games like *Killer7* or *Doom*.

We are surprised when teens get pregnant or catch sexually transmitted diseases, but we resist discussing either possibility. Instead, we let them learn what they can from reruns of *Sex & the City* or just plain old MTV.

We are alarmed because large numbers of people have become obese, but we don't say a word when schools cut recess and gym. Instead, we order fast food for our families, and super-size our fries.

As a grandfather, all I have to say is this: Wake up America.

By the time a 25-year-old becomes obese, or a 30-year-old contracts HIV, or a 40-year-old suffers from alcoholism, or a 50-year-old gets lung cancer, it's too late. We lose our chance, we ignore the moral imperative, we fail.

So, the final ethical question is a question that is larger than the sum of its parts. The big question is, "Are we not accountable?" Surely, at bottom the question becomes: Is it not the ethical responsibility of those of us in the health care system to point up the problem, to propose workable solutions, to work tirelessly to provide access to care for all, equal care, quality care, affordable care?

We at the AMA believe it truly is. And, as a consequence, we have studied and probed and discussed and lobbied, on behalf of our patients, really. And our conclusion, as I said, is to reject three things:

1. Reject irresponsibility and looking the other way in the face of, say, the uninsured issue.
2. Reject simplicity of, say, a moronic single-payer solution or a freeze-dried government salvation, just add boiling water and, presto, the problem is solved.

3. Reject the temptation to let somebody else do it.

Instead, we trust the market-forces approach to unleashing the powerful combination of individual responsibility and open-market competition, individual accountability and social conscience.

Like it or not, history teaches the hard truth that communicating and persuading and training and, most importantly, of setting the example in our own lives and conduct are the tools of progress and, to my mind, of ethical behavior.

Today, we honor the memory of Nancy Tatum. I can think of few better examples of one human being whose behavior matched her ethics, and whose dreams were not for what was best for Nancy Tatum but for what was best for you and me.

Dr. Turner eloquently wrote of this great educator of ethics: "As great as her contribution to ethics education was at the Medical Center, (Nancy Tatum) had an equally great impact across the state, speaking on medical ethics topics to physician groups, students and the public."

Dr. Turner also wrote these powerful words: "To describe Dr. Tatum as an excellent, caring physician, teacher and mentor does not do her justice. She was much more than that. To me she was a friend and a colleague who exemplified the best that physicians can be."

My friends, what greater tribute could anyone write about you or me? What greater description could one make of the ethical life, the well-lived life, the successful life?

That it was only 48 years in length is our loss. That those 48 years contained the depth they did is our gain. Depth in insight. Depth in wisdom. Depth in devotion to the profession of medicine and the people of this great nation.

Can you and I live any less well? 🏆

GOLD AWARD: BANKING CATEGORY

The Opportunity of a Lifetime

WRITER: BETSY HOYLMAN / SPEAKER: EDWARD J. ZORE

July 23, 2007, 127th Annual Meeting, Milwaukee, Wisconsin

Good morning. I hope you all had the chance to see our ad in this morning's Wall Street Journal. Nobody puts clients on a pedestal like Northwestern Mutual. And nobody builds that pedestal better than you. You're the face of Northwestern Mutual to our policyowners and clients. You deliver the service and performance they treasure—from one of the oldest and strongest companies in America.

When our company founder brought life insurance to the Wisconsin frontier in 1857, I doubt he realized the unbelievable opportunity that lay ahead for his new company.

I certainly didn't see my own opportunity when I walked through the doors in what is now the South Building in 1969.

I was 24 years old when I applied for that job. I was

finishing up my master's degree in economics and really needed a full-time job because my wife, Diane, was pregnant with our first child.

I thought this company would be just the first step in my career. I figured it was an okay place to get some experience before moving on. Little did I know that Northwestern Mutual was that rare company that would provide me with an opportunity for a lifetime.

And I want all of you to realize ... today, the opportunity at our 150-year old company is greater than it has ever been.

Those are strong words ... but this is truly a rare organization. Few businesses last 150 years. And even fewer maintain success decade ... after decade ... after decade. Yet, here we are ... halfway through our second century and stronger than ever.

What I want to share with you today are some of the reasons behind our success and why we are so well positioned for the future.

It all comes down to this: What has made us great for our first 150 years is the same thing that positions us for success in the future. First, last and always, what makes us great is our values. Financial strength. Long-term relationships. Mutuality. Doing the right thing. Our beliefs and our actions help us dominate our industry today, and will continue to lead us to opportunities in the future.

As I said, few businesses last as long as we have. For example, do you know the average lifespan of a company that makes the Fortune 500? 100 years? 75 years? Actually, it's about 45 years. That's right ... a lifespan of about 45 years for the largest companies in America. History shows at that point, the typical company is either acquired or comes to a fork in the road and takes the wrong turn. Very few companies successfully navigate all the forks in the road beyond the 50 year mark. ((The truth is, it isn't easy to do. That's why Yogi Berra is often quoted saying "when you come to the fork in the road, take it."))

But then, there's Northwestern Mutual.

Consider this year, our 150th year in business. It has already been quite a year. We started off by becoming the first mutual insurer to put \$1 trillion of life insurance on the books.

It's no wonder we've received so much outside attention this year.

We were named the "Most Admired" company in our category by Fortune magazine for the 24th straight year.

No other company in any category ... no other company ... can match us.

In the article that accompanied the list, Fortune commended Northwestern Mutual for remaining Number One despite—quote "a couple of decades of relentless deregulation and killer competition in the financial industry." ((It's nice they noticed. But then, I

don't need to tell you about killer competition.))

In April, our investment business won praise from "Smart Money" magazine. One of their reporters went undercover in a sort of sting operation. She was looking for appropriate investment advice, testing us against companies like Morgan Stanley, Merrill Lynch, Wachovia, and Charles Schwab. And even though we're relatively new on their playing field, a newcomer in a league of veterans ... our Northwestern Mutual brand of financial advice came shining through. Ask careful questions, determine the appropriate needs and make the right recommendations. In the end, the reporter said she'd hire the Northwestern Mutual representative. And we were the only company she said she'd hire!

Do you think that caused the competition to sit up and take notice?!

And there was more attention from the national media. The Wall Street Journal discovered that we're different from our peers and interviewed me about our approach to providing financial security.

Then, CNBC recognized our success and interviewed me live about our investment strategy for our general account. Our investment story was so impressive one host said to the other after the interview was over, "Wouldn't you like to have those folks manage your money." ((I wish my mic had still been on ... I would have told her "You can!"))

All this national attention is nice. But if people think we look good now, wait until they see the future!

Because of your efforts, May 2007 was our best month ever. Not our best month this year ... our best month ever. First year premium for life and long-term care insurance were both up more than 50% from a year earlier. That's unbelievable!

For the first half of the year, life insurance premium is up 18%.

Disability Income is up 9%.

Long-term care is up 25%.

Our year-over-year growth in investment products through May is up 19%.

And annuities, after last year's record breaking \$1 billion in sales, is on track to have another record breaking year.

All in all, the first half of our year has been tremendous!

Not every company still sets sales records in their 150th year. Too many companies hit this mark on the downside ... realizing too late they've outlasted their market. They're still selling 8-tracks in an iPod world.

So what's different for Northwestern Mutual? We're a mature company in a mature market. Yet, we're stronger than ever as we celebrate our anniversary. So how did we get here?

It comes down to this:

Three qualities set us apart.

Three qualities that today continue to provide us with

the opportunity of a lifetime.

First, we are reliable. It's a quality that described us from the beginning and still describes us today.

Second, we stay relevant.

Third, we pursue our values relentlessly.

And also ... we've had a little bit of luck. But you recall the old saying: "The harder I work, the luckier I get."

Our reputation as a reliable company was established early. You all know the story of the 1859 train wreck where death claims surpassed our reserves. We could have bargained with beneficiaries for more time. But instead Northwestern's president took out a personal loan so we could stand by our promise. (I'm relieved I've never faced that problem!)

Over the years we've honored that promise again and again, building our reputation family by family, town by town, business by business. Our agents built relationships with their policyowners and stood by them during some of America's saddest moments ... the sinking of the Titanic, two World Wars, the Spanish flu epidemic ... 9/11. The strength of our promise and the reliability of our field force caused competitors to claim that all our agents wore halos. (And looking out at you, I think I see a few this morning.)

In 1935, an Ohio policyowner put it another way, writing to us to say "The word 'Northwestern' on an insurance policy has always meant to me the same as the word 'sterling' on silver."

But being reliable wouldn't have caused our business to grow if we hadn't stayed relevant.

Life insurance is as relevant today as it was in 1857. Imagine that ... Protecting a life, protecting a family, and protecting a business are just as important now as they were 150 years ago. The tools of our business may have changed. The rules of our business may have grown more complex. And we have adapted our products to fit the times. But there has been no change in our customers' need for financial security.

Seven generations ago we protected the family farm. Today, we protect the family firm and the family's future. And we do it the same as ever, by building relationships and delivering on our promise.

Staying relevant means being in close touch with the needs of the marketplace. And as our marketplace began defining financial security beyond life insurance, so did we. We added annuities. We added disability insurance. We added long-term care insurance. And we added investments. Smart organizations become long-lasting organizations when they recognize a paradigm shift and adapt their model.

Yet, some things will never change for us, like relentlessly pursuing our values. We established our values early, and we've never lost our focus. From the beginning, we understood that in order to keep our promise to our policyowners we needed to remain

financially strong. From our earliest years in business we've focused on financial strength.

And again this year, we've received the highest available ratings for financial strength from all four major rating agencies ... Standard & Poor's, Moody's, Fitch Ratings, and A.M. Best.

The highest ratings possible! How does that suit you?

Out of the 20 largest insurers in America, we sit at the very top. No other insurance company is considered financially stronger than Northwestern Mutual.

Few other companies ... in fact, few other countries ... are rated triple-A.

Another thing we're relentless about is paying the highest dividend of any life insurer in America.

Let me say that again ... the highest dividend of any life insurer in America!

Our payout this year is expected to be \$4.63 billion dollars ... with life insurance dividends more than double the company paying the next highest dividend.

And don't think our policyowners haven't noticed the growing distance between us and everyone else. After reading about our dividend and financial ratings in our annual report this year, a policyowner from Champaign, Illinois wrote to me saying—quote "I wish the U.S. government would have the same ability to run their financial affairs as Northwestern Mutual."

And finally, we've had a little bit of luck over the years. One of the things that distinguishes long-running companies is a knack for making very few mistakes. One of our key strengths over our history is that we've avoided making major mistakes. Sure, we've made a few noteworthy ones. In 1870, for instance, a bookkeeper made a terrible miscalculation and we couldn't pay a dividend that year. ((How would you like it if we couldn't pay a dividend one year? -- You're right. They didn't like it back then either.))

But over the years, our careful, thoughtful approach to business has prevented us from getting lost on one of those bad forks in the road.

Our luck has also allowed us to be in the right place at the right time.

For example ... the Baby Boomers. Today they're punching out from the office and roaring into retirement on their Harleys. Their waistlines have grown and so have their portfolios. And you're getting ready to meet their latest needs. They want new experiences and you're the experts. They value advice they can trust and you're already part of their tradition. Together, we're helping them find financial security through our range of financial solutions.

With annuities, investments, and new uses for life insurance, we're once again ready to serve a generation that has been one of the most important factors in our success.

So we've made it to this important anniversary because we've stuck with our values, stood by our

promises, stayed relevant, and had a little luck. It's been the right strategy for 150 years.

It's been a strategy that looks better and better with every passing year as our long term approach to solving problems and putting people's minds at ease gets more and more attention.

Other companies ask me all the time—How do you do it? They observe that our competition has changed dramatically over the years. They notice that we're the only company in our category that still has you folks ... an aligned distribution system. And they wonder what our secret is. So we tell them exactly how we do it because it took us 150 years to get here! We're happy to share our recipe, and we wish them good luck trying to reproduce it!!

The most important ingredient in that recipe is our ability to think and act long-term. While other companies price to sell, we price to serve. While they're proud of a good quarter; we're proud of a good quarter century. Our long term approach helps us look out for our clients over a lifetime. Even when they're thinking short-term financial protection, we're looking beyond that at a lifetime of financial security.

Like a patient parent, every one of you in this room ... stands by clients as they discover their needs have grown. You show them you already anticipated that, and you already have solutions. Whether it's enhancing their life insurance program, investing for retirement, putting a child through college, or planning for the 'what-if', The Northwestern Mutual brand of financial security stands by them.

And unlike many other companies in America that tarnish as they grow old, Northwestern Mutual shines brighter and stronger with age. Sometimes we're even astonished ourselves.

You all know how much I enjoy sharing my mail with you. I bet there isn't another CEO in America who receives as many letters offering praise as I do. Well, two months ago I received one of my favorite letters ever. And I knew right away that I wanted to share it with you.

This letter is a little different than other letters I've received because it was addressed to me and the CEO of another large life insurance company.

((I won't name the company.)) The policyowner from California was curious about comparing two policies he has owned for 40 years.

The letter begins "Dear Gentlemen: In November 1966 I purchased a \$100,000 65 Life Policy from NM, insuring my wife. The next month we purchased a similar policy ... from the competitor ... insuring myself for the same amount. Recently, I reviewed the latest annual policy statements for these policies and was startled at the difference in performance.

I thought you might be interested in the significant difference between the two policies for the past 40 years. Below is a brief comparison of the policies." ((And he

attached both annual policy statements.))

Now here's where it gets good.

- Issue dates, policy type and face amount are comparable for each policy
- As you'd expect, our premium is slightly higher.
- After 40 years, the death benefit for the other policy is over \$103,000.
- The death benefit on our policy is over \$235,000... more than double the other company's!
- The net cash value for the other company: \$69,000.
- Our net cash value: \$140,000 ... twice the other company.
- And here's the best part ... Here's where you see the benefit of being insured by a company that ranks first in benefits ... where you see the difference between selling merely an insurance policy and selling financial security.
- The other company's 2006 dividend ... almost \$1700.
- Northwestern Mutual's 2006 dividend ... nearly \$7,000!
- That's more than four times larger than the other company's dividend.
- Four times larger!

That difference is incredible!

So, which policy would you rather sell?

Our California policyowner then writes—"I am struggling to understand how two reputable mutual life insurance companies with initially identical insurance products can have such dramatically different results in performance over the life of these policies. Can you provide me with an explanation?"

Well, I can assure you we looked at these policies carefully. The difference startled all of us.

So we studied all the factors that influenced the difference in performance. Of course, we don't know all the details of the policy history from the other company.

But we wrote back to the policyowner explaining what we do know. We keep our expenses low and our persistency high. We're fixed on superior investment results and we focus on mortality. We offer old policyowners new policy values each time we update programs. And over time it all adds up.

Now, I also sent a copy of our reply to the CEO of the other company. I tried to be humble. You know me ... I don't like to brag ... but there's a huge difference!

The other CEO sent me a copy of his reply. And it's just like I've said to you in the past ... it's hard to compete against Northwestern Mutual.

Now, I know you folks would love to get your hands on this policyowner letter. But we can't go public with it ... because you know what the regulators would say. And besides, it's not the classy thing to do.

But just between you and me ... Which company do you think serves policyowners better?

It's just like we said in the Wall Street Journal this morning ... Nobody puts clients on a pedestal like we do.

Nobody else treats their policyowners and clients with so much respect. Nobody else has relentlessly pursued the same goal for over 100 years ... to rank first in benefits to policyowners. Whether we're paying out the largest dividend in our industry ... or updating benefits on old policies ... or holding down expenses by rigorously watching mortality and morbidity ... or expertly investing our policyowners' money ... nobody else takes care of their clients like we do.

When you sell a Northwestern Mutual insurance policy, you're putting clients on a path to financial security like no other company.

When you build that relationship with your policyowners you're putting them on a pedestal and treating them to a view of financial security over the long term. You're identifying needs over time and finding the right solution with both insurance and investments.

Selling a Northwestern Mutual product allows you to build a legacy. And no other company offers this to you. It's the opportunity to build a practice that's bullet-proof ... and best of all, it gets better and better with every passing year.

The accomplishment we're celebrating this year isn't really a number, it's a journey. It's not the achievement of a goal; it's our ability to master a path.

What our anniversary really means is that we've been able to clear hurdles, embrace unexpected events, and track a moving target effectively for 150 years. The target moves all the time. The pathway is never straight. But we always move with it. Reaching the next milestone depends on making the right decisions and staying on the path.

For 150 years our values, our commitment, and your ability to build relationships have kept us on that path. We've stuck to the path each time we launch a product, update a program or expand our service. The path may be rocky in the short run, but we've learned that the best opportunities call for us to weather some bumps to achieve long-term success.

Along the path, we never lose sight of our values.

Do the right thing.

Build long-term relationships to meet needs.

Preserve financial strength.

Offer world class products.

And keep our interests aligned with our policyowners ... in the tradition of our mutuality.

The opportunity of a lifetime. That's what's ahead for you. That's what's ahead for your clients. And that's what's ahead for Northwestern Mutual. We're 150 years old and stronger than ever. We remain as relevant today as we were at our start because we've adapted to clients' needs while consistently applying our values.

A few months ago I was invited to speak at a Society of Actuaries conference focused on reinsurance. I was on a panel of CEOs discussing business challenges. One CEO talked about alternative distribution problems, and another talked about growth through acquisition. A third explained that he's expanding overseas. When it was my turn I explained that we're doing just fine with tremendous opportunities right here in the U.S. In fact, our biggest challenge is putting feet on the street ... attracting people like you folks ... who can take advantage of all the opportunities ahead. I told them our market share is growing so quickly, we now hold nearly 10% of America's life insurance market. And I don't see anything that will keep us from reaching 20%.

When I said that, there was a stir in the room. And then a voice from the back of the room ... a reinsurer in a roomful of reinsurers ... piped up and said ... "Well, I guess we'll just be dealing with you then."

Well, they just might.

I'd like to think that's a real possibility. When you've been around for 150 years ... and you're stronger than ever ... you're just getting started on the path that leads to a lifetime of opportunity.

Our Wall Street Journal ad says we put clients on a pedestal.

But if people want to put us on a pedestal ... that's just fine with me.

Thank you. 🙏

GOLD AWARD: GOVERNMENT CATERGORY

Growing Together

WRITER: JEFF HOBBS / SPEAKER: MAYOR RANDY BOMGAARS

July 11, 2007, Mended Hearts Meeting, Artesia, California

Good evening. It's my pleasure to join you tonight ... and I want to thank Ron and the entire Mended Hearts chapter for inviting me.

I'd like to share with you a bit about the City of Bellflower ... where we've been ... where we're at ... and where we're going.

As some of you may know ... Bellflower is celebrating 50 years of incorporation. Back in 1957 ... we became the 348th city in California. Today ... Bellflower is the 25th largest community in Los Angeles County ... with 78-thousand residents ... and three-thousand businesses.

But the true story of Bellflower dates back more than a century ... when Dutch dairy farmers brought their families ... and their dreams of a better life ... to a place with rich soil ... abundant water ... and sunshine all year long.

Over time ... the community named after the French "bellefleur apple" grew to become the leading dairy producer in all of California.

Most of the dairies are gone now ... but the spirit of progress ... and dreams of a better life for families ... remains.

Ours is a community growing stronger ... growing healthier ... and always ... growing together.

Hopefully ... some of you have seen positive changes in Bellflower lately. New businesses ... new pocket parks ... new quality homes. Newly-paved streets. New landscaping on nearly every major corner. There is a major transformation underway. It's slow ... but steady. Then again ... most worthwhile change usually is.

Over the past 10 years or so ... we've brought quality retail stores to town. The most recent ... a Starbucks and a Subway Sandwich shop in the heart of historic downtown Bellflower. We'll add a pirate-themed play park for kids right next door in the area we call Friendship Square within the coming months.

Another development at Bellflower Boulevard and Rosecrans Avenue features popular stores anchored by a smaller Starbucks ... designed to transform the surrounding area.

Plans call for a bicycle and pedestrian path along the former railroad tracks that cut through town ... and a new Home Depot along Artesia Boulevard ... complemented by a wide range of shops that will reshape the entire corridor.

To meet the needs of a growing population ... we've added new home developments in several areas of the City. One of the more visible projects is the Corta Fina complex southeast of Artesia and Woodruff. The project provides

quality townhomes with a price point that puts the units within reach of young families ... many of whom have been squeezed out of the local housing market ... and the American Dream.

We've taken half-a-dozen un-usable parcels of land once overgrown by weeds ... and converted them into attractive pocket parks. Most notable is the Library Garden Park on Flower Street just east of Bellflower Boulevard. It's noticeable by the giant ceramic book ... big red apple ... water fountain ... and circle of inscribed tiles. The parcel once was a dilapidated house known for drug use. Now it's a place where kids and families can spend quality time in a safe and fun environment.

Just as important to the quality of life in Bellflower is the fact that the City remains fiscally strong. We operate within our means. That allows us to provide quality services and special events to our residents and business owners. Last night for example ... hundreds of people enjoyed complimentary ice cream sundaes and root beer floats at one of our local parks ... as part of the City's 50th anniversary series.

Tomorrow night our popular Summer Streetfest outdoor concert series gets underway in the downtown. Next we'll celebrate the origins of the community by sponsoring a cow-milking contest among City Council members to raise money for Special Olympics.

We also offer incentives to area businesses to get involved in the community. We engage students with contests and scholarship opportunities. We spotlight residents who reflect the spirit of Bellflower. We support our churches and service clubs ... which are the heart and soul of our City.

Our goal is to create a dynamic community where families ... businesses ... and futures ... grow together.

But let me be very clear. We have a long way to go. Just as those brave and industrious Dutch settlers encountered challenges along the way ... we face a whole different set of challenges today. Like limited redevelopment funding. A tenuous state budget rife with unfunded mandates. Dense neighborhoods with aging infrastructures. Very little viable land on which to build in any direction except up. To be sure ... we have our work cut out for us.

So we will continue to move forward one calculated step at a time. With an eye toward the future ... but with a firm understanding of the past. And always committed

to the belief that ... just like the early Dutch settlers, hard work and the spirit of those who call Bellflower home ... will yield great things to come.

I truly believe that the glory days of Bellflower are still to come. I hope that in 50 years from now ... our children's children ... yours and mine ... will drive ... or fly ... or

tele-transport through the City of Bellflower ... and reflect with pride and gratitude that their forebears continued in the same tradition as those original Dutch dairy farmers ... to create a community that we ... and they ... can be proud to call home.

I thank you for letting me share. 🙏

GOLD AWARD: NON-PROFIT CATERGORY

Why Corporate America Must be Involved in Domestic Violence Prevention

WRITER: ROSLYN DAWSON THOMPSON / SPEAKER: PATRICK GASTON, PRESIDENT, VERIZON FOUNDATION

September 27, 2007, A Call to Men of Color Conference, New Orleans, Louisiana

Thank you, Ted.

I am honored to join you today. This is a significant event—a gathering of great people, great organizations and corporations to address an issue that deeply affects communities of color.

I want to salute Altria and the sponsors of this conference, as well as all the distinguished speakers who are sharing their knowledge here.

And I especially want to salute Ted Bunch and Tony Porter.

Ted and Tony, you are heroes in my book. You are the ones who had the courage and the conviction to go to the source of violence against women. You issued a call to men, and challenged us all to accept accountability for the violence.

I believe that, when the social history of the 21st Century is written, A Call to Men will be cited as one of the visionary agents in reducing violence against women.

Today, we are here in a city that has experienced the violence of a devastating disaster ... and the violence bred by disaster.

We would like to believe that the increased violence against women in the Post-Katrina months and years was somehow tied to the disaster.

In part it was. But in large part, the Post-Katrina violence has demonstrated how deeply embedded violence against women is in communities of color.

I'm sure that all of us here know that growing up black or brown in America means growing up in a male dominated culture ... and too frequently, a culture of violence.

I know how fortunate I was to grow up in my father's home. He practiced his "male dominance" by being a leader for his family, and demonstrating in every action how much he respected and revered my mother.

I can tell you that I am raising two sons using the lessons I learned from my father and my mother—and that my wife and I are dedicated to helping our boys

become kind, caring and respectful men.

But we are not raising enough kind, caring, respectful men in communities of color.

It is true that men of color can struggle with self-esteem. But too frequently, the way they choose to feel important ... and strong ... is to dominate a woman.

Unfortunately, popular culture only reinforces that attitude. Women are demeaned, objectified and devalued in music, in films, in advertising—creating an environment where hitting on a girl ... or hitting a girl ... has somehow become acceptable.

There are unique cultural and socio-economic forces that drive the high incidence of violence by men of color.

But the objectification of women drives violence in all abusers. Violence against women knows no socio-economic, cultural or ethnic boundaries—and in America, one of every three women will experience domestic violence in her lifetime.

Violence against women has reached epidemic proportions ... and touches us all.

Those of us gathered here feel a deep and committed sense of personal responsibility to help end the violence.

But the responsibility does not stop with us ... it extends to our churches, to the public sector, and to corporate America.

That's why I am here ... to speak about how corporations must be engaged in the work of domestic violence prevention ... and why Verizon has made this a signature cause for our company and our philanthropy.

More than 12 years ago, Verizon was one of the first corporations in the country to take a stand against domestic violence.

This was at a time when domestic violence was the "silent epidemic"—and no one spoke openly about it in the workplace.

Verizon made the pioneering commitment to use our technology and resources to address domestic

violence prevention.

In 1995, we introduced Verizon HopeLine—which over the years has leveraged Verizon’s technology, innovations and national footprint to provide direct support for victims of domestic violence.

We began by donating voicemail boxes to victims living in shelters, and we donated emergency wireless phones for victims to use.

Then in 2001, we began collecting used wireless phones in our Verizon Wireless stores nationwide ... and providing them to victims of domestic violence. Six years later, we have collected more than 4 million phones through the HopeLine program.

In 2002, we launched #HOPE Nationwide. By dialing #HOPE from any Verizon Wireless phone, victims of domestic violence are immediately connected to the National Domestic Violence Hotline. The call is free, and trained counselors offer the victim immediate assistance.

In 2006, we decided we could do more. Through the Verizon Foundation, domestic violence was adopted as a corporate-wide commitment.

What that did was muster a force of 240,000 employees, who have embraced domestic violence prevention wholeheartedly.

In just one internal HopeLine drive this year, Verizon employees donated more than 10,000 unused phones to benefit victims of domestic violence.

And in October, for Domestic Violence Prevention Month, employees will be conducting “Showers for Shelters” in 290 Verizon locations around the country ... collecting items that victims and their children need to start new lives.

Whether it is through volunteerism, or through the Verizon Foundation’s grants to domestic violence organizations that totaled more than \$5 million last year ... we care about this issue, and we are committed to being a partner in change.

Over the 12 years since we stood up for this issue, I believe that Verizon has played a part in the changes that I see taking place in corporate attitudes and response around domestic violence intervention and prevention.

Liz Claiborne has conducted two corporate leader surveys regarding domestic violence ... the first in 1994 and the second in 2002 ... that demonstrate how corporate perceptions are changing.

The 2002 survey found that 66% of corporate leaders believe domestic violence is a major problem in today’s society, compared with 57% who thought so in 1994.

56% of corporate leaders surveyed in 2002 said they were aware of employees within their organizations affected by domestic violence ... up significantly from 40% in 1994.

And here’s a really compelling statistic from these surveys: 45% of corporate leaders surveyed in 2002 indicated someone close to them had been involved in

domestic violence ... compared to 24% in 1994.

That last statistic really says it all ... corporate leaders have come to understand what we all know in this room: when one in three women in America will experience domestic violence in her lifetime, this is an issue that touches us all.

Frankly, with American employers bearing costs associated with loss productivity due to domestic violence that top \$728 million per year and 8 million lost workdays, corporations have a significant economic reason to address this issue.

But the compelling reason is the human factor.

A study by the corporate alliance to end partner violence in 2005 reported that 21% of employed adults in America have been victims of domestic violence.

That’s almost one-fourth of the American workforce.

To bring that statistic home, let’s just look at Verizon as an example. We have a workforce of 240,000 ... which means that there could be as many as 50,000 employees who have been victims of domestic violence.

But the staggering numbers don’t tell the story ... and every woman who has experienced violence, every domestic violence victim deserves her story to be told.

Last week, I heard a story that will stay with me the rest of my life. It’s a story that affirmed why we feel a responsibility and a sense of urgency around the work we are doing at the Verizon Foundation for domestic violence prevention.

It’s the story of Amy Homan McGee.

In 2001, Amy was taking classes at Penn State University and working at a Verizon store. She had two little boys ... and an abusive husband.

Amy suffered from the terrible effects of abuse ... physically and mentally. Depression, isolation, fear.

Amy’s story is now being told through a compelling documentary produced by Penn State Public Broadcasting. The film is being used as the cornerstone of an innovative domestic violence prevention program that serves the entire Penn State community ... educating and training students, faculty, employees and administrators to recognize the signs of domestic violence, and to access the resources and support available to victims.

The program is centered around this key question: “What you do if you had one more day to help a victim?”

The day that Amy Homan McGee stood up for herself and her children’s safety was the last day of her life. Amy was murdered that day in her own home by her husband.

We do this work ... as corporate citizens, as concerned individuals, as communities ... for every Amy in this country ... for every woman who has suffered from domestic violence ... and for every man who commits himself to ending the violence.

We are proud to stand with you here today ... and to add our voice and support to the Call to Men. I thank

you for leading men to be accountable and responsible. And I thank you for a vision that empowers us all to

make real and abiding change in our communities and in our society. 🏆

GOLD AWARD: SERVICE INDUSTRY AND MANAGEMENT CATERGORIES

ARAMARK International Leadership Forum Keynote

WRITER: OWEN EDMONSTON / SPEAKER: JOE NEUBAUER, CHAIRMAN & CEO

November 28, 2006, Philadelphia, Pennsylvania

Good evening. I'm very happy to be here. It's wonderful to hear so many languages being spoken at an ARAMARK gathering, and to see people from so many countries interacting so easily as colleagues and friends.

There's a spirit on this team that gives me great confidence about our future.

We're a global company, with global opportunities. And as unique as each country is, we all face similar challenges.

Last fall, for example, Ravi and I were in China visiting our facilities business, Bright China Service Industries.

George Wang, our New Business Director, invited me to join the team for a meeting with the president of Beijing's Chaoyang [*Chow Yahng*] Hospital.

George was hoping I could help him finally close a new contract there.

So the meeting begins, and the president, who is an M.D. trained in the U.S., greets me by saying,

"Today is my lucky day! I am very honored to meet the Chairman and CEO of a top company on the FORTUNE 500. I think, since you are here, this is a great opportunity to get you to reduce your prices just a bit more, since you want to close the deal!"

Remember, I haven't said a single word yet, and he's already looking for a lower price.

So I smiled and said this, "I too am very honored to meet you, Mr. Wang Chen. I think that our team will deliver outstanding value to your hospital, so this is a good opportunity for us to increase our prices!"

We all laughed. But let me tell you, Bright China won that contract, on terms that are very favorable for both ARAMARK and the hospital.

You know, Mr. Wang Chen wasn't really looking for a low price. He was looking for value. The same solution hospital administrators all over the world look for!

He wanted a strategic partner who could help him create the optimal environment for patient care, so his doctors and nurses could deliver the best possible outcome for each patient.

The fact is, I could have just as easily been talking to a hospital president in Boston, or in Prague, or in Santiago, or just about anywhere else.

Hospital presidents worldwide have common goals, common challenges, common needs, and, yes, a common language. The same can be said of business leaders, educators, stadium operators, prison wardens.

So, what's the point of this story? My point is that the client communities we serve are global. They need partners who take a global approach to creating solutions, and therein lies our greatest opportunity.

As you may know, ARAMARK has been operating outside of the United States for about 40 years. Many of your countries have been part of our team for decades.

But we are only just beginning to become a truly global company.

We're only just starting to think and act as one, global team, a team that reaches out across national borders, and quickly shares ideas, people, and processes, so that each client, no matter where they are, benefits from our best possible solutions.

That's what it really means to be a global company. That's what creates real value for our clients, and profitable growth for all of us.

My friends, that's our future, and you're leading the way. I could feel that in the room during the reception, and it's very exciting.

A year ago, you were on the rise. But you were dealing with some noise in your system, some BCP incidents, and performance issues in some countries

Back then, Ravi gave the Board and me two simple commitments.

He said you would make your numbers for fiscal 2006. And he said there would be no more major BCP issues.

You all know how this story ends, and you should be very proud. During fiscal 2006, you delivered:

- Record sales of over \$__ billion ... up __% over prior year
- Record base business growth of __%
- Record EBIT of \$__ million ... up nearly __% over prior year
- Marginsof __%, a __ basis point improvement over prior year

And by the way, if you count Canada ... which is now

aligned as part of our domestic business ... ARAMARK generated nearly \$__ billion in sales, and \$__ million in EBIT, outside of the United States.

Virtually every one of our International countries achieved solid results, and posted notable accomplishments.

From the World Cup in Germany, to a turnaround in the UK, to our 30th anniversary year in Japan, to Chile, Korea, the Netherlands and more, it was a great year.

Thanks to you, we're in a strong competitive position worldwide. We're a top-three food service provider in virtually all of our countries ... number one in Ireland and Chile. And you continued to prove your excellence by winning prestigious awards ... such as the Frankfurter Award in Germany ... and the National Training Award in Ireland.

The true mark of a great team is sustainability ... and you have certainly demonstrated it. Over the past three years, you've driven up your top and bottom lines at an average annual growth rate of over 15%. Outstanding! Keep it up!

On behalf of the Board and the Management Committee, thank you! Why don't you give yourselves a round of applause?

Now, I don't want to overdo the compliments. I don't want you think I'm losing my edge.

And just in case there's anyone here who doesn't know me very well ... I'm not particularly known for complacency.

You've set appropriate, challenging goals for fiscal 2007:

- A __% increase in sales
- A __% increase in EBIT
- Margin improvement of another __ basis points to __%

And we're counting on you to deliver. Trust me ... after what you accomplished in 2006 ... I have no doubt you'll achieve these targets.

I know Ravi has challenged you to get to \$100 million in EBIT, soon! I think you can get there by fiscal 2008.

I'm also pleased that Ravi has challenged you to drive your margins up to 5% over the next five years.

I'd like to see you achieve growth rates that are at least one-and-a-half times those of the entire company.

We need your accelerated growth. You're already heading in that direction ... and I know you'll get there.

Let's shift gears and talk about ARAMARK as a whole. During fiscal 2006, we moved aggressively to position our company for sustained success.

We made organizational changes in all three groups to help our people create value for their clients.

Most notably, we brought together our domestic food, hospitality and facility businesses under Andrew Kerin, and organized them by customer segments.

Similarly, we realigned our uniform rental team into four functions: customer service, sales, operations

support and field operations.

We continued to strengthen our service platform through acquisitions and capital investments. We acquired Golden Collar in China, which gives us a full range of food and facility services there. In the U.S., we acquired SeamlessWeb, an innovative, Internet-based system for ordering from restaurants.

We also deepened our consumer focus by creating the ARAMARK Innovation Center, which you'll tour tomorrow. We reached out to over 700,000 end-consumers to learn more about their needs.

We launched a steady stream of new ideas, such as SmartDine in Germany, IQ Intelligent Cuisine in Ireland, standardized menus in Japan and Germany, and more.

And, importantly, we reaffirmed our core culture and values by creating our Business Purpose, a document that sets out, in clear and simple terms, who we are and what we do.

We reported record sales for fiscal 2006 of nearly \$12 billion. Our reported net income declined, due largely to unusual charges in the third and fourth quarters, but the fundamentals of our business remained solid.

We won nearly \$900 million in new business, and achieved base business growth rates of 4-6% in many of our businesses -- and even higher in some.

Our cash flow remained strong, which allowed us to spend nearly \$140 million on acquisitions, while returning over \$160 million to our shareholders and reducing our debt by about \$40 million.

We ranked number one in our industry on FORTUNE magazine's list of America's Most Admired Companies. That's our ninth consecutive year among the top three.

We also remained number one in our industry on the FORTUNE 500, and we were listed on the Forbes Global 2000 and the Forbes Platinum 400 as well.

In addition to the FIFA World Cup, we served the World Championship of Grand Prix motorcycle racing in the Czech Republic, Formula 1 racing in Spain and China, Major League Baseball's All Star Game in the U.S., and many other major events.

Busy year, right?

Oh yes, there was one other small project. We laid the groundwork for ARAMARK to become a private company again. We expect the transaction to close in December or early 2007.

This is an exciting change. As you may know, ARAMARK was private for 17 years, and we prospered.

Our sales went from \$3.4 billion in 1984, the year we went private, to nearly \$8 billion in 2001, when we went public. By the way, our run rate today is over \$12 billion.

As a private company, ARAMARK's economic value will be determined by our performance, not by the short-term focus of external financial markets. We believe this will help us create more opportunities for our people and more value for our clients.

Our investment partners are buying our management team and its track record. So our leadership team will remain in charge, Ravi, all of you, and your colleagues.

As for me, I've been with this company since 1979, and I have made a significant investment in the new ARAMARK. I plan to be here for some time to come.

So let me assure you, we intend to continue to grow profitably. Our partners are supportive of our growth strategy, which includes expanding ARAMARK's international presence through appropriate acquisitions.

Today, our countries represent 70% of world GDP. We're on track to take that to 80%. We're in preliminary talks in India and we're evaluating opportunities in France, Italy and Brazil. We'll also continue to consider opportunistic "bolt-on" acquisitions that can take us into smaller countries, such as Poland.

In addition, we plan to continue to use acquisitions to add capabilities in healthcare, education and facilities in our existing countries.

So as we go private, we have a strong financial foundation and a profitable growth strategy platform.

You know, ARAMARK has gone through many changes over the past 70 years, as we have grown from a small vending company into an \$12 billion world leader.

That's good. That shows that we are listening, adapting and meeting the needs of our clients and customers. We are focused on our consumers.

But through all this change, our core, our culture and our values, have remained the same. And they always will.

So this transaction is no different. Our goal is to build on ARAMARK's legacy of caring for our people, creating partnerships based on trust, and delivering outstanding services. Our high-performance culture and our values will remain the same.

Which brings me back to where I began. So what does it mean to be a global company?

Well, my friend Jack Welch, speaking of GE, the company he led for 20 years, said:

"Globalization has changed GE into a company that searches the world, not just to sell or to source, but to find intellectual capital—the world's best talents and greatest ideas."

He's talking about intellectual capital on a global basis, something that we are beginning to explore. It's our opportunity as well. Consider your success in transferring OpX from the U.S. to the UK.

Andrew Main and his team started by using OpX to attack food costs in a single UK account.

It worked, so they introduced OpX at 500 accounts across the UK.

So far, the UK has saved nearly \$2 million in food costs, and now they're looking at labor costs as well.

Plus, their example is helping to spread OpX to other countries.

Ireland is launching it. Spain and Chile are working on it. The potential is staggering.

Or think about "Tech Week," an innovative training program for facility managers in the U.S.

Tech Week brings everyone together to learn about new equipment or services at the same time, rather than training people separately at each site.

The result is better consistency, higher quality and higher productivity.

Well, thanks to Ralph Odman's group, our facility teams in Chile and China heard about Tech Week, and now they've adopted it too, with promising results.

There are plenty of other examples. Japan and Chile have launched Innovation Centers, based on their discussions with the IDS team here.

Ireland borrowed a salad concept from their American colleagues and boosted overall participation rates at one unit by 10%.

And here's the best part about all of these stories. No one had to re-invent anything. All they needed was a willingness to work together and learn from one another.

And I haven't even mentioned your success in sharing people. Like Alex Lozano, who moved from Chile to lead Mexico.

Or Trish Spellman, who moved from the U.S. to Ireland. Or Doug Ward and Catherine Toolan, who went from Canada and Ireland to China. Wow are the Chinese in for a surprise!

I'm pleased that Ravi has charged Ray Handy with helping you transfer great ideas and create more opportunities for talented people.

We have plenty of both at ARAMARK. So what do we need you to do? We need you to do more sharing, and we need you to do it faster. That's how we'll deliver more solutions for our clients, and faster profitable growth for all of us.

To some people, it may have seemed ironic that ARAMARK was selected to serve the FIFA World Cup.

There we were, a company headquartered in America, helping to stage a championship in Germany, for a sport that's number one virtually everywhere in the world, except for in America.

Why would FIFA trust us with this?

Because when FIFA looks at ARAMARK, they don't see an "American" company.

They see a global network of passionate service associates, our everyday heroes, working together to deliver memorable experiences for fans and all of our customers. We, no, you, have earned this global recognition!

Thanks to your leadership, we are becoming a company where people collaborate and innovate across borders, for the benefit of our people, our clients, and our customers.

So I urge you to keep reaching out, keep learning

from one another and from your American colleagues, keep breaking down barriers, keep sharing great ideas,

and keep driving ARAMARK towards a global future. Thank you and enjoy the awards ceremony. 🏆

GOLD AWARD: PUBLIC POLICY CATEGORY

“Hear No Evil” No Longer

WRITER: WILLIAM BARTLETT / SPEAKER: BOB WRIGHT

January 30, 2007, The Third Global Congress on Combating Counterfeiting and Piracy, Geneva, Switzerland

It is a pleasure to have this opportunity to address such a distinguished gathering. First let me express my thanks to the World Intellectual Property Organization for organizing this year’s meeting with support from the World Customs Organization and Interpol. And of course thanks to the Swiss Confederation for hosting today’s meeting and showing such leadership in the fight against piracy and counterfeiting.

I am glad to be able to join you today ... not just because Geneva is a beautiful city and it’s a pleasure to be here, although this is certainly true. But, more important, because I firmly believe that the rising tide of intellectual property crime today—counterfeiting and piracy in all their forms—threatens the future of global economic growth and security.

The technology-based, information-based society of tomorrow depends on innovation, invention, and creativity. These are the drivers of growth and progress. If they are not protected, tomorrow’s world will suffer greatly. And from where I sit, we are losing ground in this battle. Much more urgent and concerted action must be taken if we are to turn back a rising global surge of counterfeiting and pirating, which threatens not just to dampen but to seriously threaten the fire of innovation and invention that creates economic growth.

This morning I want to discuss two key building blocks for progress. First, working together, we must find ways to propel the issue of intellectual property protection to the absolute top of the public policy agenda. As part of that effort, business leaders must put it at the top of *their* agendas—within individual companies, within the sectors that are afflicted by counterfeiting, and within the business community as a whole. And then we have to do a much better job of explaining and documenting the nature and extent of the threat to growth, jobs, and economic well-being, both in advanced economies and in developing countries as well.

Second, we must bring to the table in this battle key private sector players that enable, facilitate, or otherwise benefit from the distribution and sale of counterfeit and pirated goods. Law enforcement efforts will be severely hampered if broad sets of private actors close

their eyes and facilitate trade in counterfeit and pirated goods. We need sectors such as retail, shippers, Internet auction sites, financial intermediaries, and broadband telecommunication providers to become active parts of the solution, and to take affirmative steps *not* to be part of the problem. The days of “hear no evil, see no evil” must end.

Let me elaborate briefly on these points.

Raising the profile of the vast extent of intellectual property theft—and explaining and quantifying the threat—represents our crucial first challenge. The scale and extent of the threat simply do not today command the level of attention and commitment from public officials that these issues deserve and need. I am, of course, fully aware and am heartened by the fact that important progress is being made.

Two years ago, under the leadership of Jean-René Fourtou, the ICC established BASCAP, which had its second annual Global Leadership Group meeting yesterday. Two years ago, under Tom Donohue, the U.S. Chamber of Commerce organized the Coalition Against Counterfeiting and Piracy, which recently tapped my colleague and general counsel Rick Cotton as its chairman. Over the same time period, with the support of WIPO Director General Kamil Idris and his deputy Michael Keplinger, and of course Interpol Secretary General Ron Noble and WCO Secretary General Michel Danet, this conference has become the leading global gathering on this issue. As we just heard, the Organization for Economic Development and Cooperation is near completion of an extensive study on the costs of counterfeiting and piracy around the world. And just last week at the World Economic Forum, the topic of intellectual property rights and protection was the focus of a number of sessions. I personally was involved in five different sessions on this issue.

So this issue has a level of concern and momentum that greatly exceeds where we were two years ago.

I think there is a good parallel with the issue of global warming, which was talked about for years but where momentum gradually grew so that now governments and businesses are discussing stronger and stronger measures

to address this threat. But we are still far from where we need to be. We need more from public officials than just acknowledging that there is a problem. We need action. And we need far more than modest measures. We need major commitment and bold engagement, with significant legal reforms and major commitments of sophisticated law enforcement resources.

I say to this audience that we will not get what we need unless our collective voices are louder than they have been in the past, unless we are more unified than we have been in the past, unless our message is more vigorous and better documented and communicated than it has been in the past, and unless our commitment is sustained now and into the future.

We must hammer home the message that piracy and counterfeiting must not be viewed as nuisances or unavoidable leakage. The facts demonstrate that these losses are overwhelming in scale, and should be seen for what they are—widespread economic crime with profound consequences for governments, businesses, and indeed the people of the world.

To move these issues up the policy agenda we must get better at delivering three key messages that many people at this gathering are familiar with:

One: This is an issue with far-reaching economic implications, not just for developed nations but for any nation looking to build a vibrant economy.

Two: This is an issue that threatens the health and safety of the general public.

And three: Intellectual property theft has emerged as the new face of economic crime around the world, in scale greatly exceeding traditional property crime, which has historically been the focus of law enforcement resources. Public policy has struggled to recognize the magnitude of this seismic shift in the patterns of criminal activity and to adjust resources and strategies.

Let me say a few words about each of these themes.

First, the economic implications.

We've made great strides documenting the vast extent of IP theft and the corrosive effect it has on growth, jobs, and tax revenues. There has been a gradual recognition that IP protection is a paramount issue of global economic security. The fact is, intellectual property is at the heart of high-value, high-wage economic growth, both in developed and developing economies. We know this, but we need to document it, quantify it, and convince policymakers to act on it.

I want to mention two studies we at NBC Universal were closely involved in that have helped advance our understanding of this issue in significant ways, and I want to urge that we work together to expand this analysis in countries around the world.

Two years ago, when I first started speaking out about the threat to intellectual property and economic growth, there wasn't a great deal of solid data. To fill this

need, we commissioned a study, designed to answer an important question: How dependent is the U.S. economy on those industry sectors that are driven by innovation, invention and creativity? To the global audience gathered here today, let me say we chose the U.S. to study not out of parochialism or nationalism, but only because we had easiest access to its data and because at that moment we were focused on influencing U.S. policymakers.

I believe the results of the study can be replicated in any advanced economy and with respect to the high-wage components of the economies of developing countries.

The study aggregated the "IP industries"—industries that rely heavily on copyright or patent protection—and measured their revenue, employment, compensation to workers, and growth.

The study found that these industries are essential contributors to U.S. GDP, responsible for 40% of the contribution of U.S. exportable products and services to GDP. It found that they are the most important growth drivers in the U.S. economy, contributing nearly 60% of the growth of U.S. exportable products and services. And it found that these industries pay wages that are 40% more than the average wage in the U.S.

This study put numbers on what was already quite evident: IP industries drive growth in today's world and hold the keys to a nation's future economic well-being.

These sectors are also the driving force behind long-term global competitiveness—meaning a country's ability to sell goods and services around the world and have those sales drive high-wage jobs at home. And they are precisely the sectors most at risk of counterfeiting and piracy.

But I want to make a further point. Nearly every study I have seen of counterfeiting and piracy speaks in terms of lost revenue or reduced global trade.

Talking about the impact of counterfeiting and piracy solely in these terms vastly understates the impact on a nation's economy. What does this mean in terms of lost output? What does it mean in terms of lost jobs? What does it mean in terms of lost tax revenue?

It is much greater than is often realized. Because there is a ripple effect that greatly magnifies the losses suffered by any individual sector of the economy. As a rule of thumb, one could predict that for every dollar a nation's industry loses to counterfeiting and piracy, that nation will lose at least three dollars of GDP.

For example, when a movie studio loses revenues to piracy, it doesn't have that money to reinvest into making more movies and television. Not only does this affect the individual studio but it also impacts all the companies that would have contributed to or benefited from these unmade productions. It reduces the revenue of the upstream suppliers to movie producers, and of the downstream industries, like movie theaters, DVD retailers, and video rentals.

Using analytical tools developed by the U.S. Bureau of Economic Analysis, a second study quantified this ripple effect in the U.S. movie industry. It determined that the overall economic cost of movie piracy is actually three times the cost to the movie industry alone. That is, the estimated \$6 billion in piracy losses suffered by U.S. movie studios actually amounts to a \$20 billion loss in overall economic output to the U.S. economy.

The studies haven't been done yet, but the same is true in other countries. Think about it: For every euro lost to the French movie industry due to piracy, the French economy loses three euros because French post-production houses lose opportunities to work on more films, French catering firms lose opportunities to provide food service on location, French trucking firms lose the business of transporting productions, and so on.

This is a much more realistic and informed way to think about the economic costs of piracy. It starts to indicate the true extent of the damage. Our study used U.S. data and focused on the movie industry, because that data was readily available. But this is an excellent model for future analysis in other sectors.

Imagine if we included the losses of other industries that are hit hard by IP theft, such as software, luxury goods, and automotive parts. The numbers would be staggering.

We need similar studies to be carried out across industries and across countries. The watch and pharmaceutical and food industries here in Switzerland, for example. Or the Italian fashion industry. Or automotive parts in Germany. Or filmmakers and software developers in India. Virtually every high-tech, high-value-added industry around the world could do a study such as this and get similar results.

The primary point is that global counterfeiting has now reached such a scale across all sectors that government policymakers must be made to recognize that society's response *has* to be escalated.

And here I want to emphasize the importance of the voices of today's Global Congress, of the International Chamber of Commerce, and the U.S. Chamber of Commerce. Our voices together—across all sectors of the economy—are much more powerful and much more difficult for policymakers to ignore. The message that we carry together is far more powerful than the messages individual sectors carry separately.

Second, health and safety. This is a second point that we must bring much more to the forefront of policy discussions. The fact is, a huge amount of counterfeiting and piracy poses a real threat to public health and safety. While stolen movies and music stifle creativity and economic growth globally, pirated drugs and other consumer goods have a deadly and disproportionate impact in developing and least-developed countries.

According to the World Health Organization, in parts of Africa, Asia, and Latin America, up to 30% of the

medicines on sale are counterfeit. As with movies and other products, these counterfeiters and their allies know they are committing a crime and aggressively seek to avoid detection. They engage in elaborate conspiracies to disguise their activities. They establish fictitious businesses and front companies. They exploit weaknesses in border control whenever governments try to promote world commerce by reducing border inspections. In sum, their actions disguise the extent of crime and makes detection and reporting extremely difficult.

We hear about new tragedies every week, from counterfeit milk formula killing babies to ineffective or dangerous counterfeit drugs giving rise to drug-resistance strains of AIDS and malaria and in many cases simply killing the patient. The economic costs and human toll should spur us all to crack down on the production and trafficking of all counterfeit goods. These incidents must be publicized, and the perpetrators prosecuted.

Gathered here today are many of the world's leaders in the fight against counterfeiting and piracy. One hero in the developing world is Mrs. Dora Akunyili, Professor and Director General of the National Agency for Food and Drug Administration and Control of Nigeria. She has worked tirelessly to protect her citizens from the impact of counterfeit medicines and made real progress.

We all need to be as aggressive and resourceful in stopping and prosecuting the counterfeiters.

But let's acknowledge a problem. Many sectors with severe counterfeiting problems that raise health and safety issues do not want to talk loudly about this in public. Yet by not consistently and vigorously raising the health and safety dimension of the counterfeiting issue with the public and with public officials, we again allow its importance to be downplayed.

And this brings me to my third point: We must convince policymakers and the law enforcement community itself that counterfeiting and piracy must move higher on the law enforcement agenda. We're not just talking about economic losses. We're talking about criminal activity. Crime goes where the money is ... and the money is in piracy and counterfeiting.

Let me once again resort to U.S. statistics, but I am confident that statistics from any country will mirror my point. The FBI reports that in the U.S., all traditionally defined property crimes accounted for \$16 billion in losses in 2005. Compare that to the best estimates we have for losses from piracy and counterfeiting, and I would suggest to you that the losses from counterfeiting and piracy in the U.S. dramatically exceed that number by five or ten times.

I can assure you that there are not five or ten times the amount of law enforcement resources devoted to combating counterfeiting and piracy as are devoted to traditional property crimes. We need to change the mindset. We need to change the paradigm. We need to

make the case.

Ron Noble and his staff at Interpol understand this. The people in this room are well aware of this. Yet around the world, enforcement organizations are organized to focus on crimes involving tangible property, not intellectual property.

There's been a paradigm shift ... but governments have not kept pace and the resources provided to the law enforcement culture have not fully adjusted. They need to catch up. They need resources, training, and new tools that are appropriate to fight new kinds of battles.

This is an enormous challenge. It requires the reconstitution of a giant worldwide law enforcement apparatus. It will take creativity, innovation, and money to reshape law enforcement for the age of IP theft.

Up to now, I have been talking about the case we must make to government about the urgency of this struggle. Let me now put on the table a sea change in how we think about combating counterfeiting and piracy. We cannot look solely to law enforcement. We need key private sector businesses to become allies.

Much counterfeiting and piracy depends on legitimate businesses for distribution and resale. It is these businesses that we need to enlist in reducing trade in counterfeit and pirated product.

To help educate businesses, the Coalition Against Counterfeiting and Piracy just released a Supply Chain Best Practices Tool Kit, which identifies concrete steps businesses can and should take to assure that they are not trading in or assisting trade in counterfeit or pirated goods.

Shippers need to make sure they know their customers. Retailers have a responsibility to be vigilant about the integrity of their supply chains from pharmaceuticals to food to footwear to DVDs. In my business, telecom broadband providers need to have effective policies to discourage illegal download activity, which currently can consume as much as 60% of their bandwidth.

Technology has a big role to play here. We need technology-based authentication processes. In media, for example, we have the ability to watermark our content. But we need cooperation from our partners in the consumer electronics and information technology industries to detect this watermark and disable the playback of pirated content.

We are doing our part, making sure our television

programs and movies are available online via a number of new services, such as LOVEFiLM and Wippit in the United Kingdom and film2home in Sweden. And we are also conscious about adjusting the price points for our products in countries such as China and Russia so we can better compete with the prices charged by counterfeiters for pirated content. We are taking significant steps to make legitimate product available in the marketplace to complement enforcement efforts.

Others sectors have to develop their own tailored technologies, and distributors and resellers have to participate in this validation process. Dialogue and progress on these fronts is urgently needed if we are to reduce traffic in counterfeit and pirated goods.

We need to impress upon the enablers and facilitators of the distribution and trade in counterfeit and pirated goods—which are otherwise legitimate businesses—that the days of “hear no evil, see no evil” must come to an end. The scale of the epidemic leaves no choice. Legitimate businesses have to step forward and declare they will not profit on the back of IP theft. They need to develop codes of conduct for their industries that will help raise the level of vigilance and security against illegal activity. And if they don't step forward, governments need to adopt laws to require cooperation.

To sum up: our clarion call to government must sound three broad themes. Everyone in this room is familiar with them, but they can't be repeated often enough. The rising epidemic of piracy and counterfeiting threatens our economic security ... it's a health and safety issue ... and it is one that needs to be fought at every level by a law-enforcement infrastructure that is vastly better resourced and more sophisticated than what we have now.

We need to educate consumers, businesses, and governments, so they understand their stake in this issue. And we need to declare, loud and clear, that when it comes to piracy and counterfeiting, a response of “hear no evil, see no evil,” will no longer be acceptable.

Thank you very much for inviting me here. You have a terrific agenda planned for the next two days. I'm sure it will lead to many productive discussions and insights, and that when we gather again for the *fourth* global conference, we will together have made significant progress on one of the most challenging global issues we face. 🙌

GOLD AWARD: COMMENCEMENT CATEGORY

Decisions! Decisions! Decisions!

WRITER: CRYSTAL A. MILAZZO / SPEAKER: JAY E. BERKELHAMER, MD

June 22, 2007, Miami Children's Hospital

Decisions ... decisions ... decisions. It's a phrase we hear often ... and frequently in a not-so-positive connotation. Making decisions, after all, can be quite stressful and anxiety producing. The good news, however ... and something I suspect you already know ... is that decisions are essentially opportunities.

It's as simple ... and as complicated ... as that.

Ben Stein ... the Yale-educated lawyer, professor, White House speechwriter, actor, comedian, and host of the Emmy-award winning game show "Win Ben Stein's Money" ... has said that the indispensable first step to getting the things you want out of life is to first decide what you want." Considering all that he has accomplished in the past 40 years, I'd say Ben is much more than just another funny guy ... and he knows a thing or two about making decisions.

So do you.

Think about it for a moment. The fact that you're here in this room ... at this moment in time ... is a direct result of someone, more than 20 years ago, making the very important decision to become a parent. That decision, in turn, set off a chain reaction of decisions ... decisions such as what you'd eat ... what you'd wear ... whether and where you'd go to preschool ... soccer or t-ball ... public, private or parochial ... and so on and so forth. You get the picture.

At some point, you began to take responsibility for your own decisions. And, yes, I realize that point came sooner for some of you than for others. Even so, you all eventually made the decision to go to college, followed by the choice of which college you would attend. And once you got to college, you faced a whole array of decisions: where to live ... what classes to take ... and even whether to get up and go to that 7 am biology lab ... or to hit "snooze," roll over and go back to sleep.

Somewhere along the line, you also made the difficult decision to become a physician. For some of you, the decision was made the moment you received that little red plastic doctor bag. You know the one. You took one look at that nifty stethoscope, and you were hooked. Others of you, however, came to the decision more slowly, more deliberately. You weighed the pros and cons of the profession ... ultimately deciding it was indeed the path you would take.

And then each of you made the decision to become a pediatrician. I must stop here and congratulate you on

that particular decision. For regardless of what "type" of pediatrician you'll be ... (yet another decision) ... you are embarking upon what I personally have found to be an extremely fulfilling and gratifying career ... ensuring the health and well-being of children.

And, oh, how we need your help in that endeavor. When the UNICEF Innocenti Research Centre released a report this past spring, assessing the lives and well-being of children in the world's 21 richest nations ... I was shocked to see that the United States came in next to the bottom! Next to the bottom!

We obviously have a lot of work to do. And whether it's working with the children we encounter daily on an individual basis ... or advocating at the highest levels for this country to make children a priority I welcome you ... and look forward to working with you in this calling. We can do it. Working together, pediatricians can make a difference. We just have to decide to make it so.

It's as simple ... and as complicated ... as that.

Looking back on all the important life-directing decisions that have brought you to this point ... have you ever stopped to think about how you actually made them ... or how you'll tackle those yet to be made?

There are many different philosophies about decision-making. Google the phrase, and you come up with more than 79 million results! For me, the "take-home message" from that is to just go with whatever works for you.

My own personal philosophy is to think of making decisions as moving from one room to another ... with each new room presenting an ever-increasing number and variety of doors. The challenge is to consider the many choices available and to select those that lead in the direction I hope to go. I do have three basic principles that I use to guide me as I enter each new room. It occurred to me that you might find them helpful as well, so I thought I would share them with you this evening.

The first is simple: Just do it. (Ok, I may have borrowed that one from someone else.) It's been said that not making a decision is a decision in itself, but I've never felt comfortable leaving my life to happenstance. Instead, I find myself siding with Goethe who said, "Each indecision brings its own delays, and days are lost lamenting over lost days." He continued on to say, "What you can do, or think you can do, begin it. For boldness has magic, power, and genius in it." As a physician ... and as a human being who wants and

deserves to get the most out of life ... you don't want to waste any time on indecision. Go ahead ... be bold ... make decisions ... and experience the magic, power and genius that come with it.

That brings me to my second decision-making principle: Don't be afraid to select the difficult choice. It may be human nature to want to take the easy road, but I encourage you to resist that temptation. The Greek philosopher Pythagoras said to "choose always the way that seems the best, however rough it may be. Custom will render it easy and agreeable." If you look back, you will see that your own experiences have proven that to be true. Whether it was making the decision to learn to ride a two-wheel bike when you were five rather than continuing to tool around the neighborhood on that easy-to-ride tricycle ... or deciding to go "pre-med" and take the tough courses when it seemed all those around you had much more time to enjoy the fun side of college life ... with time, you found that going ahead and making the difficult choice was not only the right choice for you but also not really that difficult after all.

Decision-making principle number three: Be flexible. Flexibility is an important characteristic in many aspects of our lives, and it's particularly helpful when it comes to decision-making. Much like the practice of pediatrics ... there will be times as you move through life when it becomes apparent that you may need to deviate from ... or perhaps even reverse ... an earlier decision. President Roosevelt was referring to such situations when he said,

"We have to do the best we know how at the moment ... if it doesn't turn out right, we can modify it as we go along." The important thing is to make thoughtful decisions based on the best information available at the time ... and then, once you've made a decision, to not feel like you're "locked in."

That's why I suggest that ... rather than feeling like you have to have your whole life planned and mapped out ... you develop a 5-year plan instead. I think you'll find focusing on shorter spans of time makes life more interesting as it allows you to continually revitalize and rethink the course you're on. The world around us is in constant flux ... and it's imperative that we are flexible, adaptive, and open to new opportunities.

So, there you have it, the Jay E. Berkelhamer "Guide to Decision-Making": Just do it. Don't be afraid to select the difficult choice. And, be flexible.

In closing, I say congratulations, once again, on the decisions you've made that have brought you to this point in your career. You've achieved a major accomplishment, and you have much to celebrate. When the celebration is over, I encourage you to think about that 5-year plan.

And as you move forward and face the inevitable decisions of life, I hope you'll relish each and every one of them. Decisions, after all, are opportunities. Decisions keep things interesting. Decisions are the "stuff" of life.

It's as simple ... and as complicated ... as that.

Good luck ... and God bless! 🙏

GOLD AWARD: CONGRESSIONAL TESTIMONY CATEGORY

Climate Change and Energy Security: Perspectives from the Automobile Industry

WRITER: PAUL MURPHY / SPEAKER: RICK WAGONER

March 14, 2007, U.S. House of Representatives, Washington, D.C.

Good afternoon, Mr. Chairman, and members of the Committee.

I'm Rick Wagoner, Chairman and Chief Executive Officer of General Motors.

Thank you for the opportunity to speak today about advanced technology and the very important subjects of climate change and energy security.

The global auto industry—as a business necessity, and as our obligation to society—is developing alternative sources of propulsion, based on diverse sources of energy, to meet the world's growing demand for our products.

At GM, we're committing massive resources to this effort ... and we think it is very important—for us and

the American public—that we are working on the right things ... the things that will really make a difference in reducing oil consumption and CO2 emissions.

At GM, we're fully prepared to discuss these issues, including carbon constraints on the U.S. economy, and we believe the discussion should begin with a frank evaluation of the Corporate Average Fuel Economy program.

The stated goals of the original CAFE program were to reduce U.S. gasoline consumption and oil imports.

However, because the number of vehicles on the road has nearly doubled since CAFE was enacted, and the total number of vehicle miles traveled has also nearly doubled ... U.S. gasoline consumption has increased by

60 percent, and U.S. oil imports have increased by more than 100 percent.

These increases occurred despite the fact that, since CAFE was enacted, automakers as a whole have increased new vehicle fleet fuel economy for light trucks by 60 percent, and more than doubled it for passenger cars.

I'm proud to note that GM has improved its fuel economy more than any other major auto manufacturer ... and I hasten to point out that we're applying a broad range of technologies to continue improving fuel economy going forward.

But clearly, no matter how you measure it, the CAFE program has fallen dramatically short of its stated goals.

And yet, for our nation, the original goals of the CAFE legislation remain as important as ever. In fact, more so.

It is time to move away from approaches that don't solve the problem ... and on to solutions that address not only the legitimate and important issue of reducing U.S. gasoline consumption and oil imports, but also the critical challenges presented by CO2 emissions.

And the good news is that we have those solutions within our grasp.

In the near term, the best opportunity for reducing gasoline consumption, oil imports, and greenhouse gas emissions is through increased use of bio-fuels ... and the bio-fuel with the greatest potential to displace petroleum-based fuels in the U.S. is ethanol.

Consider the differences between CAFE and ethanol.

A 4 percent-per-year CAFE increase would be extraordinarily expensive and technologically challenging to implement. On the other hand, GM, Ford, and DaimlerChrysler have already committed to make half of our annual vehicle production bio-fuel capable by 2012.

Beyond that, a 4 percent-per-year increase in CAFE—according to the Administration's analysis—would save 8.5 billion gallons of gasoline annually by 2017 ... less than half of the projected growth in American oil consumption.

In other words, even with this proposed CAFE increase, America will still be using more—and most likely importing more—oil than ever, as well as producing more CO2 emissions.

On the other hand, if all of the E-85 capable vehicles on the road today ... along with those that GM, Ford, and DaimlerChrysler have already committed to produce over the next 10 years ... were to run on E-85, we could

displace 22 billion gallons of gasoline annually.

And if all manufacturers made the same commitment, we could increase the savings to 37 billion gallons of gasoline annually.

That's more than quadruple the savings that a 4 percent per year CAFE increase would achieve ... and, very importantly, enough to actually reduce America's oil consumption by more than 10 percent versus today's levels, and CO2 emissions, as well.

The potential of bio-fuels like E-85 to significantly displace petroleum is within our grasp today. The vehicles are on the road or in the works ... but they are not being fully utilized because of constraints on E-85 supply and distribution.

With continued push from Congress and the Administration to grow bio-fuel production and distribution, including next-generation cellulosic ethanol, we can make a big difference very quickly.

So, E-85 offers tremendous opportunities to reduce oil consumption and imports, even within a decade. Is there even more we can do beyond that? Absolutely yes—and we're already working on it.

At GM, we're making a major commitment to electrically driven vehicles, including development of plug-in hybrids, fuel cell vehicles like the Chevy Sequel concept, and range-extended electric vehicles like the Chevy Volt.

Why are we doing this now? Because of recent advances in energy storage technology, specifically in lithium ion batteries and hydrogen fuel cells. While not yet ready for "prime time," in our view these technologies are getting close to commercial reality.

And, this is an area where Congress can really help ... by significantly enhancing funding for domestic advanced battery research and development and also expanding funding for development of hydrogen and fuel-cell technology.

In summary, we at GM believe now is the time for a new, more comprehensive and forward-looking national energy strategy that ensures we're working on the right things ... the things that really make a difference in reducing oil consumption and CO2 emissions.

At GM, we are willing and able to play a leadership role in helping develop and implement that strategy.

Thank you, and I look forward to taking your questions. 🌟

GOLD AWARD: AWARD ACCEPTANCE CATEGORY

My Mother Never Did Know What I Did

WRITER/SPEAKER: STEVEN J. HARRIS

September 17, 2007, Arthur Page Society 2007 Hall of Fame Induction Ceremony, Dana Point, California

Thank you, Roger, for that very wonderful and generous introduction. If my mother had been here today to hear it, she would have wondered who in the hell you were talking about.

I've received more than my fair share of recognition over the last 40 years, much of which should have been lavished on those who worked around me, but obviously this is the ultimate honor for anyone who calls himself a "communicator."

And while many people in this situation would say this is special because it comes from their peers, I have more reason than most to say that because, in fact, I have worked with, hired or partnered with more than 20 people in the room. And if I were to count those I've served on boards or committees with, I'm sure the number would be three or four times that. So thank you for this very, very special recognition.

It's also an honor to share this occasion with fellow award winner Don Wright. No one has done more to build our profession, train our future leaders or help guide our leading organizations. Congratulations, Don.

My Mom lived to the very good age of 93 before passing away a couple of years ago, and she was witness to almost all of my years in communications and there was one thing that

never changed—she could never figure out what exactly I did. She knew what it was called, just not what I actually did.

It wasn't her fault. I've spent four decades doing whatever it is I do and I have a tough time describing exactly what it is. Heck, as a profession we can't even agree on what to call what we do. Is it PR, communications, public affairs or any one of a handful of others?

The first thing you do when you get word that you've been selected for the Page Hall of

Fame is look up everyone that has preceded you and then read what they had to say at their inductions. For those of you who will follow me, I don't recommend doing that. First of all, it's very intimidating. The list of true pioneers and corporate and agency superstars in the Hall of Fame is pretty sobering. Second, you quickly realize when it comes to acceptance remarks there is very little that has not already been said.

Past recipients have talked about the history of Page, the nature of public relations, the Page Principles, the

impact of communications in a modern society, the future of communications, the role of communications in world affairs and emerging communications technology tactics. You don't come away feeling like there is a lot left to say of value.

A lot of people talked about how they got into this profession and some of their early lessons. All I can say is everyone that preceded me is an amateur.

I'm quite confident I'm the only one whose early career-defining move was to lie to his counselor in junior high school and tell him I had meant to sign up for a journalism class instead of print shop. That was because on the first day of class in print shop—a class I had signed up for—the teacher took a very large metal paddle, which he proceeded to use on an innocent and unsuspecting classmate, and told all of us that was what he did to people who didn't follow his rules.

I quickly decided the allure of free note pads and business cards (I never did know what someone in junior high school did with a business card) was not a big enough incentive for me to stay in that class. So, I got transferred to a journalism class in the 7th grade and never looked back.

In college, just up the 405 Freeway from here, at the University of Southern California, I was hung in effigy by the marching band because I ran an expose in the school newspaper on lip synching in the band.

They didn't have enough instrument playing members to fill out the formations so they used people who were pretending to play an instrument. I foolishly thought that a light-

hearted story on this situation would help recruit real instrument playing band members. The story was picked up by the AP and ran nationally. Obviously, the AP thought the story was clever, but the band obviously saw the story and my role in it differently.

When I was editor of the paper, the Chancellor of the university, Norman Topping, called me into his office because I had run a headline over a photo of the newly completed tower within the Rufus B. VonKleinSmid Center for International Public Affairs. That headline read, "Rufus' Last Erection." My fellow Daily Trojan staffers and I thought it quite clever. Alas, Norman—and a number of alumni contributors—did not.

Some people have suggested I've made a difference at some of the places I have worked and I'd like to think

you could call me an impact player.

However, I doubt that many of you in this room have been introduced three years in a row as a new employee at your company. The legendary General Motors V.P. of Public Relations, Tony DeLorenzo, bestowed that honor on me at the annual GM holiday parties in 1967, 1968 and 1969.

And I've tried to be an innovator as well. To save some time for our media guests, I outfitted a bus with a kitchen so we could cook breakfast on the way to a test track for the launch and first drive of a new car.

Brilliant idea, I thought, until the smell of eggs and bacon cooking in a closed space caused the passengers to vomit out of the windows. You can't make this stuff up.

I had great tactical skills as well. We once had the idea to cover an all-new, never seen before Jeep vehicle in ice in February with the thought that it would slowly defrost over several weeks and be revealed. Who could have known that we would have record high temperatures that February and we couldn't keep ice on the vehicle despite a crew throwing it at the Jeep 24 hours a day.

I could go on like this for quite some time, but by now I'm sure you are questioning the due diligence of the Hall of Fame nomination committee—and rightfully so.

I've spent all but two years of my career working in the U.S. auto industry and it's been the ride of a lifetime. I started at General Motors right out of college, and then moved on to American Motors, the smallest of what was then called the Big Four. Renault purchased American Motors and then sold it a few years later to Chrysler, so I wound up there.

Then Chrysler and Daimler-Benz merged in what was termed a "marriage made in heaven." Right.

From there it was back to GM after being gone for 20 years. I spent five years at GM before retiring at the end of 2003 and entered the world of consulting. But in early 2006, Rick Wagoner, the best boss and CEO I ever worked with, asked if I would come back for a short period of time. I had only been gone a little over two years before returning, but for anyone who considers doing something similar, you should consider it carefully.

In the 25 months I had been gone, someone had turned up the pace considerably and created problems in the U.S. auto industry that I had never even heard of in my prior 36 years. Worst of all, every day at 3:00 p.m. for six months, I had this uncontrollable urge to take a nap.

The most often asked questions I get since coming back are, "Are you having fun? Are you enjoying yourself?" I'm not always sure that I would answer that it's fun, but I do feel like I'm doing something important. I feel like I'm playing a small role in helping restore a corporate icon to health.

I love working with the GM Communications team, more than 500 strong around the world, and one of the most creative and hard-working groups you will ever

find. I also love working with Rick Wagoner, who I think is leading one of the greatest and largest turnarounds in U.S. corporate history. But most of all I love telling the GM story and changing people's minds about what kind of company it is and the kind of products we offer today.

There are a lot of us in this room who work for companies that have been around a long time.

GM will celebrate its 100th anniversary in 2008. And there are a lot of us here who worked for companies that had long proud traditions, made great products and contributed to the wealth of America and Americans that are no longer answering the roll call.

The theme of this conference is *Managing for Tomorrow: Corporate Communications in a Changing World*. And we're going to spend a good deal of time reviewing and discussing a great white paper and some fascinating CEO research done by the Page Society.

It looks at the future of the chief communications officer and what leadership skills he or she must have in the future. It contains some incredibly valuable insights and, more importantly, I believe it is a roadmap to success for communications leaders in the future.

The group that put the white paper together, led by Jon Iwata at IBM and Valerie DeMaria of Willis Group Holdings, provide a lot of information on the forces impacting communications today and what we as communications leaders must do to adapt, adjust and lead going forward.

It makes a great case for why communicators are uniquely positioned to become experts on the new art and science of organizational trust and why you, today's communications leaders, are best equipped to lead in the all important areas of trust and reputation.

It goes on to say that, in a word, authenticity will be the coin of the realm for successful corporations and for those who lead them.

We're all being buffeted by a rapidly changing landscape. They are all familiar subjects of previous Page and other communications conferences:

- Emergence of a new digital commons
- New and vastly more empowered stakeholders
- A truly global economy

The paper goes on to say that in such an environment, the corporation that wants to establish a distinctive brand and achieve long-term success must, more than ever before, be grounded in a sure sense of what defines it—why it exists, what it stands for and what differentiates it in a marketplace of customers, investors and workers. Those definitions—whether they are called values, principles, beliefs, mission, purpose or value proposition—must dictate consistent behavior and actions.

But for those corporations that remain public and that aspire to build trusted brands, sustainable marketplace success and community reputation, the imperative of

authenticity will inevitably grow in importance.

Now I could have never stated it as eloquently as Jon Iwata did when he drafted this white paper, but he nailed why I thought it was important to come back to GM. American corporations matter, and not just because they are American. I don't believe wrapping yourself in the U.S. flag is enough of a reason for people to buy your products or services.

But when you're confronted with a cover of *Fortune* magazine as we were in February 2006 that was headlined, "The Tragedy of General Motors," and said "... the evidence points, with increasing certitude, to bankruptcy"; or when you have the President of the United States admonish you to build products that are more relevant to consumers; or when you have three-time Pulitzer Prize winner Thomas Friedman say in his *New York Times* column: "Is there a company more dangerous to America's future than General Motors? Surely, the sooner this company gets taken over by Toyota, the better off our country will be"—that's when you know that you have a reputation problem, a trust problem, an authenticity problem.

And so we are rebuilding our reputation at GM and giving people reasons to trust us. We started by getting everyone to understand that no one was going to tell our story for us and that Rick Wagoner was our most effective spokesperson.

We let people know what our plan was and how they could measure our progress against that plan.

We didn't ignore the big cities or the major media, but we went distinctly grassroots and we created a group made up of people inside of GM Communications and outsiders with expertise that combined the best of a political campaign and a newsroom. And we focused all of our resources on telling the turnaround story that was going on at GM.

And we had a great story of tough actions and decisions to tell. We had an historic health care agreement with the UAW, accomplished without a strike and during a contract. We sold interests in Subaru, Suzuki, Isuzu and GMAC. We closed plants and had an accelerated attrition program that had more than 34,000 hourly employees leaving years earlier than planned. We capped salaried retiree health care and pensions. We reduced our dividend and our senior officers' compensation.

We realigned our marketing divisions and made their product lineups more distinct. We pulled ahead major product programs. We announced a major improvement in our warranty coverage. We've improved quality. We are competing—and winning—in the top 11 emerging car and truck markets in the world.

We announced plans for the largest test of hydrogen fuel cell vehicles ever. And with the introduction of the all-electric Chevy Volt concept along with our production plans to introduce a new hybrid vehicle every three

months for the next four years, including plug-in hybrids, we have signaled that we are no longer satisfied to be an also-ran in the technology and environment race.

I know you didn't come here for a GM commercial, so I'll stop there, but believe me, we're coming back and we'll be heard from for a long time to come.

And if you're interested in learning more, just let me know, or better yet come to Detroit and we'll take you into our design studios, our engineering and research labs and out on our proving grounds to show you what the new GM will look like—not five years from now, but beginning right now.

As I mentioned earlier, this year's Page Conference is all about change. Changes in media and technology. Changes in stakeholders. Changes in the playing field we all compete on.

Those and other changes we are experiencing are worthy of the kind of focus this conference will give them. But if you'll allow me, I'd like to spend my last few minutes on what won't change for us as chief communications officers.

We must and should embrace the future and change but there is much in our past—like the Page Principles—that are worth preserving and cherishing and are every bit as relevant today as they were 75 years ago.

I'm sure each of us has our own list, but the Harris "Time Will Never Change These" List includes:

- Personal integrity
- Building trust—internally and externally
- Judgment and the guts to speak up
- Willingness to take risks and learn from them when they do work and when they don't
- Creativity—but only with great execution—always wins
- Ability to look into confusing situations and make tough calls
- A sense of timing and an understanding that time itself is precious
- An understanding and appreciation for the entire business and an awareness that communications is not the business
- Building an inclusive, collaborative and inquisitive culture
- Relationships, relationships, relationships
- Treating people equally, with dignity and respect, and letting them be themselves and giving them autonomy
- Making whatever you're doing fun and engaging
- And finally, you need a great support system—a family you love and cherish and who love you despite all the times your career gets in the way. I have had that kind of support from my wife Roddie, daughter Lisa and favorite son-in-law Mark, all of whom are here today.

Let me conclude with one final thought. A lot of

people in our profession tend to look backwards and tell young people you should have been doing PR five years ago, ten years ago, 20 years ago, etc. It was more exciting then, more important, more fun.

That's bunk! This is the "golden age" of communications. We've plopped down at the seat at the table we sought for so long and guess what, they don't just want us there because we know communications, they want us there and involved in every aspect of our companies and their businesses.

That scares a lot of people. It shouldn't. We know just as much—and often more—than anyone else at the table.

I truly believe great communications can lift an entire

organization. It can make it reach for levels of execution and accomplishment it didn't think it was capable of. It can motivate. It can change the way an organization thinks and acts. Great leaders know that. Even my mother knew that.

I honestly wish I was just getting started instead of starting to look at the finish line of my career.

Thank you again for this honor, and thanks for allowing me to spend some time thinking about a life that has brought me so much joy, sense of achievement and satisfaction.

Thank you. 🙌

GOLD AWARD: MARRIAGE CATERGORY

How is Marriage Like the Demolition Business

WRITER: MIKE LANDRUM / SPEAKER: KEN FROHLICH, CEO, GATEWAY DEMOLITION, NYC

August 6, 2007, Ballroom of the Pierre Hotel, Fifth Avenue, New York City

A wise man once described Love as "an ocean of emotion entirely surrounded by expenses." I have to agree with that.

Well, this is my chance to contribute something besides signing checks and saying "yes, Princess" which feels like all I've been doing these past six months.

As Ronald Reagan once said—"I've paid for this microphone, and by golly I'm going to use it."

Look, I'm just a working fool. Outside of my family, my life is my *business*. I see everything in terms of my work.

So here's a question for you to ponder: How is marriage like the demolition business?

We'll get back to that later, but first I gotta say something to my darling daughter.

(to Emily)

Emily, two of the highlights of my life have been your birth and now your wedding.

I gotta say this part is a heck of a lot more fun than your birth was.

You're beautiful, Princess, and I love you.

(to audience)

It's a miracle she's here at all, you know.

She came *four months early!*

Emily's always had her own sense of timing.

I figure she was just so eager to get started living, and shopping and turning my hair grey.

(Cup hand as though it held baby)

She weighed just two and a half pounds—

I barely got my bait back.

A Tiny little thing in an incubator but she fought for life like a heavyweight.

Look at her now—isn't she something? (invite applause!)

Emily lives at a fast pace.

She holds the speed-talking record for Long Island—she's a real motormouth.

As soon as we find a sponsor we're sending her on the pro tour.

And she can read and speak backwards!

So here's a special message for you princess:

"Sdrac tiderc ym no erom on."

I'll translate for the rest of you: 'No more on my Credit cards!'

Jamie, I've written this sentence down for you—forwards and backwards. I suggest you make it your mantra.

Emily, I gotta give you credit -- you picked a real winner there.

Your grandma taught you all about jewelry, so for a husband you picked a real gem.

We're all in love with Jamie.

I understand that girls try to find a guy like their dad—so what am I to think when she brings home this great looking guy:

honest,

ambitious,

intelligence out to here,

good sense of humor,

logical,

sensitive,

organized,

a relentless negotiator. . . ?

I mean hey, it's like looking in the mirror—you know

what I mean?

Except for the hair color, of course.

Well, you should take a good look at me, pal, cause I'm your future!

We invited the two of them down to Florida so we could get to know Jamie and right away he won Pauline's heart by doing the dishes.

No kidding. The only downside is now she expects ME to do the dishes, too!

I guess we're a DISH-functional family.

It's been rough, especially on the hands.

So I got you another wedding gift, ., here, Jamie.

(Pulls out a box—removes items)

It's a pair of rubber gloves and a little bottle of Jergens lotion.

You feel lucky when your daughter decides to marry a prince like Jamie.

But it's a double blessing when you fall in love with his parents, too.

Ronald and Rodley, it has been such a pleasure getting to know you—I just know we are going to be close friends— no matter who does the dishes.

It's hard for a dad to watch his child go off with some guy and start a new life.

I feel like I should send you off with a bit of advice, so, . . .

Like I said at the beginning, I see a parallel between success in marriage and success in the demolition business.

Of course, marriage is tougher because you don't get the right tools for the job, like bulldozers and wrecking balls and dynamite.

But the job is basically the same.

What I do for my clients, you have to learn to do for each other.

It's my job to clear away obstacles to the client's happiness, which for them usually means a new building.

But it's not my job to build it.

I just give the client space so they can build their happiness for themselves.

See, happiness is harder than love, .,

You'll try to make each other happy, and you should,

- you better, Jamie! -

- but after awhile you'll realize that we each have to build our own happiness.

You'll find out that one of the most loving things husbands and wives can do for each other is a little demolition work.

Knock down each other's obstacles if you can.

Obstacles like discouragement, pessimism, self doubt, Fear—things like that.

Clear some of those out of each other's way and then stand back, .,

I'll bet you two can build a very happy life together.

You're off to a great start.

So now, let's raise our glasses and drink to the health and happiness of Emily and Jamie! 🍷

SILVER AWARD: ACADEMICS CATERGORY

Gender Gap in Technology

WRITER: JOHN NORBERG / SPEAKER: SALLY MASON, PROVOST

February 7, 2007, YWCA, Lafayette, Indiana

Good afternoon. Thank you for inviting me here today to address a very important topic. And thanks to everyone at the YWCA for all the great work you are doing in the community. The YWCA is a leader in many programs that are having a tremendous impact as we start this new century.

There is an ancient saying, "May you live in interesting times." It is actually an ancient curse. It might sound great to live in interesting times. But interesting times are times of change and even turmoil. They are times of struggle. They are exciting. But, at the same time, they are difficult. People of my generation have certainly lived through interesting times and they continue today.

Many of us here remember the 1960s. Those were very interesting times. I'm sure those of you who did

not experience that decade personally have heard and read all about it. It's been in the all the media. In fact, I recently came across a History Channel program about the 1960 Hippie culture in the Haight/Ashbury District of San Francisco. What really caught my attention was the major sponsor of this show. It was sponsored by the American Association of Retired Persons—the AARP.

I think it says a lot about what's happening to my generation. And it doesn't have anything to do with not trusting people over 30 anymore. What comes to your mind when you think about the 1960s? Rock and roll. The Civil Rights Movement. Anti-war demonstrations. Long hair. Bell bottoms. The Beatles. It was quite a time. The 1960s was an important time for another reason. It's something that doesn't always come to our minds when we think about that era. But it was a driving force in the decade.

The 1960s was a great time for science and technology. During the 1960s the integrated circuit created a revolution in electronics.

Some of the milestones in computing alone during the 1960s were the first computers that could be used by more than one person at a time; the first computer mouse; the first minicomputer; the first handheld calculator; the first distributed computer network, the ARPAnet, was launched with 4 nodes or sites; and Intel was founded in 1968.

And perhaps most obvious of all, the 1960s was a time of stirring excitement in science and technology through NASA, the space program and the race to the moon. Science and technology was actually *celebrated* in the popular culture of the 1960s. Some of us can remember the 1962 hit record by a group called The Tornados. It was “Telstar” and it was an instrumental with space age sounds inspired by the AT&T communications satellite Telstar. We were all fascinated by the technology we saw challenging our lives and our future.

In 1961 a really exciting new program was launched to help meet America’s challenges and opportunities in science, technology and space. It came to be called Mercury 13. I know some of you think I am mistaken. The NASA Mercury program had seven astronauts, all men—among them Purdue’s Gus Grissom.

Women were not invited to apply. Mercury 7 was announced by NASA in 1958 amid huge fanfare, celebration and, in fact, bravado. Mercury 13 in 1961, on the other hand, was cloaked in deep secrecy. And there was a very telling reason for this. It is because the 13 astronauts selected for this program were women.

Women were not much included in the science and technology that shot through the 1960s and several decades that followed. Close your eyes and recall 1960s images of Mission Control at NASA headquarters in Houston.

Do you remember photographs and TV images of all those people seated in front of computers as they monitored the progress of a space mission? Do you see any women there? There weren’t any. They were all men in Mission Control.

In fact, one of the amazing stories of the space race came in 1965 when astronauts Neil Armstrong and David Scott were in grave danger during the Gemini 8 mission. NASA cut off the communications link that had provided information to the families of astronauts.

Neil’s wife, Janet, went to Mission Control to find out what was going on. They locked her out. They would not let her in. Before the Apollo 11 flight, she told NASA officials if they did that to her again they would regret it. She would walk straight out of NASA headquarters and tell the gathered media what they had done.

Mercury 13 was an experiment by NASA to discover if top women pilots might be able to perform in space. Given the times and attitudes, it was a very bold

experiment. The women were put through all the strenuous physical and mental tests the male Mercury 7 astronauts endured. An amazing thing happened. The test results from the 13 women selected were equal to those of the men. In fact, in some cases the women tested better than the men.

There were NASA officials who believed that because women weighed less than men and consumed less oxygen than men, they might actually be better suited for space travel. But at the last minute before the women became official astronauts and after some had quit their other jobs Mercury 13 was cancelled.

Vice President Lyndon Johnson sent a letter to NASA with clear instructions regarding his opinion of sending women into space. He said “Stop this now.” The Mercury 13 women took their case to Congress, asking only to be allowed to compete on a level playing field.

According to Martha Ackmann, who has written a book about the program:

“What followed was a nightmare. Congressmen made jokes about women’s reproductive capabilities. Called in to testify, astronaut John Glenn said what many were already thinking. Men go off and fly the planes and fight the wars and women stay at home. ‘It’s a fact of our social order.’”

In 1978, NASA finally accepted the first women into the space program. In 1983, Sally Ride became the first woman to be launched on a NASA space mission. Two Purdue female graduates followed, Janice Voss and Mary Ellen Weber. It was 1992 before Mae Jemison who was born in 1956 before the Mercury 13 Program became the first African American woman to fly in space. But it was all too late for the Mercury 13. Their time had come and gone.

And today, while the names of the Mercury 7 are part of American history and many of them have grown wealthy from their fame and glory the Mercury 13 project and the women who were part of it are all but forgotten. We look back on these stories today more than 45 years later and wonder how could this be. Our daughters can hardly believe the hard-won victories that have led to the opportunities they accept matter-of-factly as part of life today.

An injustice such as Mercury 13 is hard to imagine in our 21st century American society. If it did happen today, I am confident it would not go quietly into the night. But there is another story developing today. It is a story of a different nature, but equally as troubling. It’s based, perhaps, more on the subtleties of gender bias than on outright discrimination. It is based on perceptions that still continue today about gender appropriate jobs.

It is a story that will have profound impact on the lives of women in the next 25 to 50 years. It is not too late to change the ending to this story. But the clock is ticking down. It is a story wrapped in the incredible advance of technology over the past 40 years and the role

women will play in this through the years ahead.

The 20th century, and especially the period beginning in the 1960s, was the most incredible period of technological advancement in human history. Several years ago, the National Academy of Engineering listed the top engineering achievements of the 20th century. They are a stunning glimpse into the progress of human civilization.

Neil Armstrong was the keynote speaker when the list was announced. Here are the top achievements that changed the way we lived and worked in the 20th century:

- electrification,
- automobiles,
- airplanes,
- water supply,
- electronics,
- radio and television,
- agricultural mechanization,
- computers,
- telephones,
- air conditioning,
- interstate highways,
- the Internet,
- imaging,
- health technologies,
- petrochemical technologies,
- lasers and fiber optics,
- nuclear technologies, and
- high-performance materials

Close your eyes and try to imagine our world today without these contributions from engineers and scientists. These are advancements that took us from the horse-and-buggy age at the dawn of the 20th century to the space age and exploration of Mars and other planets at the dawn of the 21st.

Yet as amazing as the past 100 years have been, the next century will be even more exciting. In our lifetimes, we will see technology revolutionize health and medicine, business and industry. The rapid advances in computers during the past 25 years mark only the beginning of an explosion in science, engineering and technology that will impact every aspect of our lives.

All of this is opening tremendous career opportunities for those positioned to take advantage of it. Conversely, it is restricting opportunities for those who fall behind in the technology divide. As our world changes more rapidly than ever, a technology gender gap has emerged that is impacting the earning power and career growth of many women.

In 1962, just a year after Mercury 13, Purdue launched the first university computer science program in the nation. The head of our Department of Computer Sciences today is a woman, Susanne Hambrusch. The women and the men graduating from this program today are drawing great salaries an entering careers with almost

unlimited potentials.

But this year in the first computer science program in the nation, only 6.5 percent of our undergraduates are female. There are 443 males and 31 females enrolled in our program. The enrollment of women in Purdue Computer Science is actually down 1 percentage point from three years ago.

And here is a very interesting fact. Purdue Computer Science had an undergraduate female enrollment of 36 percent in the mid-1980s. As this field matured and the potentials increased, the females have disappeared. This is in spite of numerous programs we are conducting to grow our female enrollment.

This gender divide does not exist in all science, engineering and technology programs. In some areas, female enrollment is doing quite well. In others, it lags behind. The percentage of undergraduate female students in our entire College of Science is 36 percent. We would like it to be 50 percent. But that is very close to the 41 percent female undergraduate enrollment for all of Purdue. In my field, biological sciences, a remarkable 58 percent of the undergraduates are females.

However at Purdue and nationwide, far smaller numbers of women are involved in graduate programs. And the numbers are even smaller in the professorate. The numbers for women in engineering and technology are running behind what we would like to see, although numbers for individual programs vary.

In our West Lafayette College of Technology, 12 percent of the undergraduate enrollment is female. If you look at the numbers including our entire Statewide Technology Program, undergraduate enrollment is 14 percent.

In information technology on our West Lafayette campus, 9.3 percent of the undergraduate enrollment is female. In our College Engineering in 2005, 18 percent of our undergraduate engineering degrees were awarded to women. The female undergraduate enrollment in Purdue Electrical and Computer Engineering is 10 percent.

This is not just a problem on our campus. The national average for undergraduate female engineering degrees in 2005 was 19.6 percent. Computer Science, information technology and Electrical and Computer Engineering are where the greatest disparities seems to exist.

Women comprise 51 percent of the U.S. population. They earn more than half of all bachelor-level degrees awarded every year. But according to the Computing Research Association, nationally only 17 percent of the undergraduate computer-science degrees were awarded to women in 2004. That was down from 19 percent in 2000.

The impact of all this goes beyond missed opportunities for women in computer science careers. Women who lack skills in computers today will find themselves falling behind in whatever career choice they make.

Using the Internet is a key to gathering information and even finding jobs. Resumes are electronically

generated today and posted online. E-mail communication is the way business operates. Computers are part of every profession. One of the major aspects of our new Pao Hall of Visual and Performing Arts is the addition of technology.

In the years ahead, our personal lives will be more and more involved with computers in our cars, our homes and our communication devices. We already today have cars that will parallel park themselves. But you have to understand the onboard computer to accomplish this.

As computer technology becomes increasingly pervasive in our society, those who are unskilled in using it will find themselves falling further and further behind. The limited computer skills of many young women today will limit their opportunities and their incomes in the same way outright discrimination limited opportunities for their grandmothers 40 years ago.

Women have moved forward dramatically in some fields. In the early 1960s when the Mercury 13 program started, only 7 percent of U.S. physicians were women. In those days, only 2 percent of lawyers were woman. Today, women are close to 30 percent in both fields and as men retire this number will change.

About half of our law and medical students today are women. In 2004 women earned 46 percent of the degrees in medicine. Law and medicine are fields that women perceive as being relevant to improving society. And fields women perceive as being relevant to improving society are where the gains are taking place.

What is happening in computers, engineering and technology today? There are many theories. Some say boys are getting more opportunities to use computers in the home and perhaps even in school. Some say computer games are designed for boys, attracting them at younger ages to the technology.

Well all know about Gameboy. Why doesn't Nintendo have a Gamegirl? Subtle messages can be very loud. Some say computer science in high school is presented in a way that is tedious and focused more on information technology as a device, rather than what it can mean for science, arts and contributions to society.

Societal perceptions are a problem. A girl in middle school who says she wants to work in computer science and technology is sometimes looked upon in the same way as a boy who says he wants to become a nurse.

We still have gender bias in careers. There are perceptions of computer science as "nerdy," not social, not contributing to society. And these perceptions are sometimes reinforced—even unintentionally—by teachers, parents and the media.

Many high schools offer dry programming classes reinforcing misperceptions. Many people are not aware what a computer scientist does and that being a programmer or a database administrator are just two jobs among many. This is an image problem. And professional

societies have started to work on it.

Here are some of the issues girls mentioned in one study focused on gender and computer science:

- "It's isolating. I like to work with people and computers don't allow me to do that."
- "It's boring."
- "IT people are all geeks, and I don't want to be a geek."
- "It's all about math and numbers. I am better at talking and making friends."
- "The games are violent and that doesn't appeal to me."
- "None of my friends are into computers and neither are my parents."
- "My brother hogs the computer at home."
- "There aren't any girls in the technology classes, and I want to be in classes with other girls."
- "I want to be a mom and technology jobs will demand too much of my time."
- "I want to be a teacher, a nurse, an artist, or a veterinarian and they don't use computers."
- "I use my computer for e-mail and instant messaging, isn't that enough?"

The truth is they will need computers in nursing, teaching, art, veterinary medicine and more. And we need to let them know it. But how do we turn all this around? The Purdue College of Science has a K-12 Outreach program. It was initiated in 1989 to collaborate with students and teachers to increase interest and achievement in science and mathematics at the pre-college level.

We provide K-12 science and mathematics professional development programs for teachers, we form long-term partnerships with school districts, and we present activities for K-12 students in science and mathematics.

The impact of this since 1989 is we have conducted 2,300 school visits, we have 5,000 teachers participating, we have involved 550,000 students, we have continuous contact with every high school science and mathematics department head in Indiana, we have expended over \$12 million for K-12 science and mathematics programs.

The Computer Science Women's Network at Purdue is dedicated to helping women in the computer science field. These female students reach out and help other women in computer science. This group organizes various activities meant to encourage young women to meet one another and also learn more about their chosen field of study. These activities range from picnics to technical talks to helping students find tutors if they are needed. Computer Science has middle school camps and workshops for high school math teachers.

Our goal is to encourage women in computer science to stay in the field and prosper. We have Women in Science programs. The goals of the Women in Science programs are to provide support, increase self-esteem, promote specific strategies, and increase retention of a

diverse population of students in the College of Science.

Some of the things we are doing to encourage women in our College of Technology are:

- Recruitment and outreach programs such as Discovering Opportunities In Technology and Windows of Opportunity for Women In Technology. These target high school female students to come to campus for one to three days to learn about career options in the College of Technology.
- A Technology Expanding All Minds camp targeting females in eighth and ninth grade with the purpose of providing Technology experiences that would be of interest to young women.
- New in 2006, we collaborated with the Girl Scouts of America for the Technology Advances Girl Scouts summer camp for fifth, sixth and seventh grade girl scouts.
- Members of Women in Technology, Women in Aviation and the Ford Female Recruiting Initiative contacted girls who have been admitted to Purdue and talk to them about being a female in Technology.
- There are also several programs to help our female students with retention, to feel confident and succeed.

We also have a terrific LEGO Program, which includes a partnership with the YWCA. With the help of LEGO MINDSTORMS Robotics Invention System technology, this program provides the opportunity for young participants to build a robot and compete in a friendly event specially designed for their age group.

Using LEGO bricks and other elements such as sensors, motors, and gears, teams gain hands-on experience in engineering and computer programming principles as they construct and program their unique robot inventions. Besides the obvious fun and payback of learning to program a robot; playing with LEGO elements, motors, and gears; and traveling and competing as a team, students also take part in a research assignment.

We have twelve teams in our LEGO League program all across the Lafayette-West Lafayette area. We have teams from elementary and middle schools, as well as the Lafayette YWCA. The College of Engineering created a Women in Engineering Program in 1969. It was the first of its kind in the nation. The focus is on bringing more women into the college and retaining them to graduation.

At the time it was created, less than one percent of engineering students were women. Now 18 percent of engineering students are women. The College of Engineering has granted more than 8,000 engineering degrees to women. The Women in Engineering Program runs several summer camps and outreach activities for pre-college students.

These activities are intended to spark and solidify an interest in technology based careers, such as

engineering. They also provide current students with resources, information, and opportunities to interact with successful alumnae to build friendships and networks that will enhance their student life experience and their knowledge about the engineering profession.

Our Engineering Projects In Community Service, which we call EPICS, has a team that partners with the Anita Borg Institute for Women and Technology. This effort is focused on developing games, activities, and products that will spark girls' interest in engineering and technology.

Last year, the team won the local EPICS Idea-to-Product entrepreneurship competition with a prototype for a bracket that changes color when your bracelet and your friends' are near each other. At the same time that we are working hard on the enrollment of more women in Computer Science, all science fields, engineering and technology we are also working on increasing the enrollment of African Americans, Hispanics, Native Americans and all minorities.

And there are serious concerns about the overall enrollment numbers in science, engineering and technology, including males. Twenty years ago, the United States, Japan and China each graduated a similar number of engineers and more than twice the total coming out of South Korea.

By the year 2000 Chinese engineering graduates had increased 161 percent to 207,500; Japanese engineering graduates had increased 42 percent to 103,200; South Korean engineering graduates had increased 140 percent to 56,500; and credible and in fact very conservative estimates place India's production of engineers today at more than 100,000 per year.

Meanwhile, annual U.S. engineering graduates had declined 20 percent to 59,500. Our middle school and high school students are unprepared in math and science and correspondingly uninterested in these careers. Of the nearly 1.1 million U.S. high school seniors who took the college entrance exam in 2002, less than 6 percent had plans to study engineering. That is a 33 percent decrease from 10 years earlier.

Meanwhile, more than 50 percent of the current U.S. science and engineering workforce is approaching retirement. It has been predicted that if current trends continue, by 2010 more than 90 percent of all scientists and engineers in the world still live in Asia.

Overall undergraduate enrollment in Purdue Computer Science has dropped 47 percent in four years. Every year applications to our engineering graduate programs decline another 25 to 30 percent. This is being called A Gathering Storm.

Unless we can bring more men and women into our science, engineering and technology programs our 21st century economy will be severely weakened. This is also clearly an issue of national defense. It would have

a great impact on all of these fields if we could increase the enrollment percentage of women, underrepresented minorities and people with disabilities to that of men.

All of this means a great deal to me, personally. I'm very proud to be the first woman to hold the position of Provost at Purdue. But I was not always encouraged to succeed along the way. When I was an undergraduate sophomore in the 1960s, my male advisor told me my passion for field biology was inappropriate for women.

My first day as a graduate student, I was one of about 20 young women who were individually told by the male biology graduate advisor that none of us was expected to succeed. He said the university was in danger of losing its federal funding if the biology department didn't accept more women. And that was the only reason we were there.

The university where I was a graduate student and told that women were not expected to succeed was Purdue. The Purdue we know today is far different from the one I encountered as a graduate student. The male faculty member who told me I was not expected to succeed is long gone. And now I am here as head of all the faculty.

We must continue down this road and travel the rest of the way. Women have more opportunities today than at any other time in human history. But that must not obscure the fact that much work remains to be done.

This nation and world will be a far better place for what we have and will accomplish. I'd like to close with this quote "Someday—people will be judged by their individual aptitude to do a thing and (society) will stop blocking off certain things as suitable to men and suitable to women."

Who said that? It was said by Amelia Earhart, the great aviator who worked at Purdue as a career counselor to women students. She was a founder and first president of the Ninety-Nines, an organization of women pilots. It was through their membership in the Ninety-Nines that some women first learned about the opportunity to test for the Mercury 13 in 1961.

Amelia Earhart envisioned a "someday" when everyone would be judged on their own abilities in 1935—72 years ago. A lifetime has passed since. But Amelia believed that "someday" will come.

And so do I. We need to make it soon.

Thank you. 🙌

SILVER AWARD: ASSOCIATIONS CATERGORY

Results

WRITER: CRYSTAL A. MILAZZO / SPEAKER: ERROL R. ALDEN, MD

October 9, 2006, American Academy of Pediatrics National Conference and Exhibition, Atlanta, Georgia

I know it's in vogue these days to talk about outcomes ... but I'd like to focus today on something a little less trendy ... and that's good, old-fashioned results. While people often use the two terms interchangeably ... they are different ... and I believe that difference is important to you as card-carrying, dues-paying members of this organization. If I'm right ... you're not interested in simply hearing about what we've been up to ... but rather about whether what we've been up to has successfully and effectively moved us forward in our quest to ensure optimal health and well-being for all children ... and adequate payment for the pediatricians who care for them. You expect, and deserve ... results ... and the good news is ... this past year has been chock full of them.

We're particularly pleased to have made some significant progress on programs that are making a real difference for children. We've continued to prioritize projects and programs supporting pediatricians working to promote child health at the community level. To that end, we convened the first-ever joint meeting between our chapter and district CATCH facilitators and the

Healthy Tomorrows grantees ... bringing together 160 pediatricians from across the country to refine and expand their community leadership skills. A special thanks to Dr. Jerry Tiberio for his superb facilitation of that meeting.

In addition, we secured two important grants. One ... from the Dyson Foundation ... is allowing us to expand the Community Pediatrics Training Initiative and to disseminate successful strategies for integrating community pediatrics training into residency programs. The other ... from the Maternal and Child Health Bureau ... will enable us to keep providing health care for underserved children through the ever-popular Healthy Tomorrows program for another 5 years.

Another area where we're seeing particularly gratifying results is with our practice management and quality improvement programming. We know it's tough out there for practicing pediatricians, and we're committed to making sure you've got the tools and resources you need to do your job ... regardless of whether it's in a solo private practice ... a multi-specialty

group setting ... or a medical school clinic. To that end, we've created the Quality Improvement Innovation Network. This network of primary care clinicians and their staffs is testing quality improvement tools ... interventions ... and strategies designed to improve the quality of children's health care.

We've also joined forces with the American Board of Pediatrics ... the National Association of Children's Hospitals and Related Institutions ... and the Children's Healthcare Corporation of America ... to form the Alliance for Pediatric Quality in order to advance the needs of children and pediatricians in public policy discussions on quality measures and health information technology. In a related effort ... the Partnership for Policy Implementation program continues its effort to ensure that electronic health records reflect pediatric needs ... protocols ... and policies.

In another quality improvement-related project ... 16 practices across the country completed a year-long pilot of the "Bright Futures Training Intervention With Office Staff" project. Pediatricians who led their practices in participating were Drs. Amy Driscoll and Ellen Buerk from Oxford Pediatrics in Oxford, Ohio ... Dr. Joanne Cox from the Boston Children's Hospital Primary Care Center ... and Dr. Francis Rushton from Beaufort Pediatrics in Beaufort, South Carolina. Results revealed an impressive improvement in the delivery of preventive and developmental services. This is especially exciting as the entire evidence-based Bright Futures project is going to set the standard for pediatric practice ... and allow you to continually appraise what you're doing and make adjustments as necessary.

We've successfully launched Practice Management Online. This new resource ... featuring all the resources you need to run a fiscally sound, efficient practice that provides quality care ... is being introduced right here at the NCE, so please stop by the Exhibit Hall and check it out.

We know financial stability is another concern of the practicing pediatrician and are committed to working with you in that area. Our private payer advocacy unit continues to make progress in its efforts to improve your economic position. We're meeting with key health plan executives at the national level. Major changes resulting from these meetings include United Healthcare's agreement to switch its policy in early 2007 and begin paying for both a preventive medicine service ... and an evaluation and management service ... when provided to the same patient on the same day. Aetna has begun to do the same. And ... as a result of another recent meeting ... CIGNA is taking a hard look at its payment policies for vaccines and immunization administration.

At the other end of the payment spectrum, we've developed and launched the 2006 Pediatric Cost Model, which illustrates two facts. First, that it's expensive to provide comprehensive, AAP-recommended benefits to

children. And second, that Medicaid and SCHIP provider payments compare poorly with commercial rates in most states. We're hopeful this new tool will make the case for adequate and appropriate payment for physicians providing medical care to children covered under publicly funded insurance programs.

Obviously, we've got a lot going on in this area ... much more than I could ever cover in 10 minutes. My main message is that we're aware of what you're dealing with in your day-to-day practice ... and we're working on it. None of us went to medical school to deal with these types of issues. That's why we've brought in the experts to help us tackle them. And, while time doesn't permit me to name everyone ... there are several I would like to recognize for the many hours they've volunteered toward these efforts. On the quality initiatives: Sooze Hodgson ... Carole Lannon ... and Marlene Miller. For private payer advocacy: Mark Reuben ... Molly Droge ... and Peter Rappo. And in the practice management arena: Anne Francis ... Chip Hardbaugh ... and Rob Walker.

Another area where we've achieved ongoing, solid results is in our educational programming. This meeting ... thanks in large part to the efforts of Myles Abbott and the rest of the NCE Planning Group ... is but one example of our commitment to provide you with the world's best pediatric CME. Hopefully, you've noticed the continued innovation of our other educational publications and programs ... *Pediatrics* ... *AAP News* ... *PIR/PREP* ... and *NeoReviews Plus*. We successfully launched the new PREP Audio program ... and our PediaLink Resident's and Program Director's Centers were recognized by the ACGME. In addition, we launched new editions of three popular life support programs ... the Pediatric Education for Prehospital Professionals Student manual ... Pediatric First Aid for Caregivers and Teachers ... and the Neonatal Resuscitation Program. And, the same day we issued that new edition of the NRP, we coincidentally trained our 2 millionth US health care provider in the program. Again, none of this would have been possible without the expertise of members who contributed to the development and refinement of all these products ... members like Hank Bernstein ... Ralph Feigin ... Lew First ... Bill Keenan ... Kurt Metzl ... Larry Nazarian ... Mary Rimza ... and Beverly Wood.

We're aware of the importance you place on many of the Academy's publications ... and were pleased this past June to provide you with the latest edition of the *Redbook* ... one of our most-valued member benefits. Thanks to the efforts of editor Larry Pickering and the rest of the writers, it's been thoroughly revised and updated to reflect the most recent developments and recommendations in pediatric infectious diseases. An electronic version is also available for your convenience.

And speaking of electronic versions ... we're

continuing the push to convert AAP resources into user-friendly electronic tools. Our new, ultra-convenient Pediatric Education Online subscription service, for example, provides immediate, online access to more than 150 patient brochures in both English and Spanish. You can even print handouts right in your office and hand them to patients as needed.

An additional resource for parents is our new *Healthy Children* magazine. A waiting-room copy of the premier issue has been mailed to all members ... but you can go ahead and pick up copies here at the AAP Resource Center in the NCE Exhibit Hall. The magazine focuses on preventive health care and positive parenting ... and is designed to help you deliver trustworthy, medically accurate advice to parents.

Another result we're extremely pleased about has been our ability to call the public's attention to so many important child health issues over the past year. From disaster response ... to SIDS ... to immunizations ... to obesity ... children's health issues have been in the news ... and, time and again, the Academy has been the driving force in getting them there. Just last month our breastfeeding policy was prominently featured in a story on the front page of the prestigious *New York Times*. Other professional medical societies have spent millions and still haven't been able to achieve the positive media coverage we have over the past year. In fact ... in an informal survey of how many media "hits" some of our association colleagues have had during the past 12 months ... we found ACOG had 1,677 hits ... ACP had 2,145 ... AAFP had 2,630 ... and the AAP? For that exact time period, we had an impressive 7,184 hits! That kind of coverage wouldn't have been possible, however, had it not been for the fact that we have the absolute "best and brightest" pediatricians, volunteering their time and talents to serve on our committees, sections, councils and task forces ... producing the policies ... guidelines ... parameters ... and recommendations that have made the AAP the trusted source in child health. And so, a special note of appreciation goes out to all of you.

And ... in addition to calling the public's attention to children's health issues ... we've worked hard to call

it to our lawmakers' attention as well ... at all levels of government. We took the lead in supporting passage of the federal Family Opportunity Act ... which gives states the option of allowing families to buy into Medicaid for their severely disabled children even if their incomes would otherwise be too high to qualify. We also reached our goal of training more pediatricians in federal legislative advocacy. At the state level, we made sure our chapters had the analysis documents and strategies they needed to address state Medicaid changes, resulting from passage of the Deficit Reduction Act.

Lastly ... before I bring my remarks to a close ... I believe it's important that you know we've also achieved some important organizational accomplishments. We successfully reorganized the Center for Child Health Research ... celebrated the 20th anniversaries of both the PROS network and our Periodic Survey ... and integrated our Office of International Affairs and the Section on International Child Health. Our membership continues to grow ... and we've undertaken a number of pilot studies to begin exploring alternative dues and benefit structures that will one day expand the element of "choice" in your member benefits.

From a budgetary viewpoint, we had a clean audit ... improved our forecasting of financial results ... increased our revenues ... and bolstered our reserves. To top it all off ... we exceeded our campaign goal for the Tomorrow's Children Endowment ... securing more than 8 million dollars in gifts and pledges that will even further enhance our ability to carry out research ... education ... advocacy ... and community service programs and initiatives that advance pediatrics.

So, to sum it all up ... I'll borrow a line from the late Vincent Lombardi who once noted that "the achievements of an organization are the results of the combined effort of each individual." In the Academy's case, that's members and staff working together for the betterment of children and the pediatric profession. Thanks to each and every one of you for the role you've played in making the past 12 months such an exceptional year ... a year marked not merely with activity ... but a year punctuated with results. 🏆

SILVER AWARD: BANKING CATEGORY AND BRONZE AWARD: MANAGEMENT CATEGORY

Principles and Paradoxes: Unambiguous Leadership in Ambiguous Times

WRITER: JOHN CLEGHORN / SPEAKER: AMY WOODS BRINKLEY, BANK OF AMERICA GLOBAL RISK EXECUTIVE

September 20, 2007, Risk Management Association, New York City

I want to thank Rae Etherington, Mary Ann Snyder, Pam Martin and everyone else who had a hand in inviting me and in pulling this event together.

It's great to be back with you again. I always enjoy RMA events. They are a welcomed chance to step away from the day-to-day ... and take part in good thinking and discussion.

Last week, as a nation, we marked the sixth anniversary of the events of September 11, 2001. That was more than a quarter of a century after John Kenneth Galbraith advanced the phrase "the age of uncertainty" to describe the times we live in.

It's hard to find a better way to describe what we all deal with every day -- though Alan Greenspan may be on to something in his new book title, *The Age of Turbulence*.

I thought I would offer some observations about leadership in ambiguous times and then open it up for dialogue.

I certainly don't claim to have all the answers ... but I have been looking forward to thinking out loud with you.

If there is one word to describe what's behind the volatility of the markets in recent weeks, it's uncertainty.

But I think we're all aware that the tentativeness of our times goes much further.

It's a shift toward much greater complexity, greater speed and deeper interconnectedness among markets and economies, information systems and sources, nations and geo-political interests.

Many think we are on the verge of something new ... but no one is certain about what the new age will be.

For example, it's been said that we are asking our schools to prepare our young people for jobs that don't yet exist ... and those jobs will rely on technologies that have not yet been invented ... and they will need to use their education to solve problems we don't even recognize as problems today.

So, in light of realities like that, how do we lead boldly while demonstrating the honest humility that the complexity of our times requires?

Perhaps the best leadership is a combination of proven, timeless principles along with an increased appreciation of paradox.

Let me break this down a little more.

A principle is a rule or standard of behavior, a basic

truth that has intrinsic value.

A paradox is something that is *seemingly* contradictory ... but that nonetheless may be true.

As a mother of two teenagers, I am pretty familiar with the occasional—or not so occasional—contradiction.

In my job, I'm gaining appreciation that paradoxes exist in more places and I'm putting that to work in how I lead and manage.

A very recent example: As financial journalists have pointed out, we are right now experiencing a paradox of liquidity. In reaction to recent events, liquidity is scarce in many parts of the financial system. But at the same time, liquidity at the macro-economic level remains abundant, largely because of huge surpluses in national current accounts around the world.

And sometimes, comfort with paradox can fuel the kind of contrarian thinking that points to opportunity. That was, in part, the case with our company's investment in Countrywide Financial at a time when many others were distancing themselves from deeper exposure to the mortgage business.

The art of leading from the vantage point of paradox is not something any of us learned in college or in business school.

But after almost 30 years and a wide range of jobs at Bank of America ... including the last five very eventful years as chief risk officer, .. I've come to appreciate the value of the less obvious perspective.

I'd like to throw out a few examples of paradoxes that make more and more sense to me every day.

Keep in mind the definition: Something that is *seemingly* contradictory

► **First, to move up, move sideways.**

I've been very fortunate to have had leadership opportunities in several businesses and disciplines at our company. I've worked in international corporate banking, run our national platform of consumer products, led marketing and global risk management.

More than once, I've made a lateral move that has caused people to ask "Why is she doing that?" But I wouldn't change one day of my experience. (Well, maybe a few days ... but not many.)

The most important job of any leader—or group of leaders—is to develop the next generation of leaders.

At Bank of America, we're more convinced than ever that leaders must develop very broad perspectives and be very broad thinkers. One way to do that is to take roles they might never have considered ... to move across rather than always up. The complexity of our environment requires it.

Over the last two years, we have moved hundreds of managers across lines of business. We've moved hundreds more into -- or out of -- centers of expertise such as Human Resources, Risk Management, Marketing and even Legal and Audit.

For key leadership roles, these cannot be revolving-door assignments. To give them real experience and learning, we need to leave people in roles long enough for them to have an impact or experience multiple points in the economic cycle—or both.

The bottom line is that we need people who are the best in the world, .. leaders who have varied job experiences, through good times and bad, so that they can make connections and understand consequences—both intended and unintended.

Making smart lateral moves is a good way to get that perspective.

► **A second paradox: The best way to gain control is to give it up.**

This is a twist on the old management adage that the best way to gain power is to share it with others.

Control today is more decentralized than ever—especially when it comes to information.

Blogs and YouTube disperse information and opinions globally and instantaneously. Individuals define the world as they see it through Wikipedia. Consumers and voters rely less on traditional sources and research firms to tell them what to buy and who to trust. Instead, they chat online and check out forums like Angie's List to galvanize and spread their opinions.

Maybe the best way to gain control is to give up the notion that we will ever have it back, at least to whatever degree we had it in the first place. We've got to understand we can't control messages, opinions or perceptions. That's important for all types of leaders in a new global environment.

As risk leaders and bankers, we also have more access to information about customer and economic trends. So instead of trying to control it ... we should use it ... collaborate with it ... innovate with it to turn it into insight to identify opportunities, and always use it to make us better.

► **A final paradox: You've got to know what you don't know.**

It has long been conventional wisdom that we can close the gap between what we know and what we don't

know about something simply by learning more, by advancing our knowledge.

In that view, uncertainty is simply “incomplete knowledge.”

But, more recently, experts in a range of fields have been arguing that the more we learn about some things, the less certain we should be about whether our understanding can ever be complete—whether it's our universe, our climate or even some aspects of risk-taking.

Ignorance is bliss because it is usually rooted in misguided certainty.

So, in uncertain times, we should be ever-more vigilant ... never get complacent ... but also know—and respect—what we don't know.

► **Principles**

Those are just a few paradoxes that I keep in mind. You probably have some of your own.

But uncertain times also call for us to find those few leadership principles that hold true in any circumstance—whether it's a new job, a new relationship, a new business trend, a new twist in the capital markets or a different point in the economic cycle.

I've found that the leadership principles I hold closest have fit a range of different situations and applications, which, for me, only reinforces their importance.

Here are a few.

► **First, all business is about taking risk, the right risk, and getting paid for it.**

This is business 101, right? But is it as central in our leadership at all times, good and bad as it should be?

Over the last six to seven years, managing risk—and reward—as a profession and a skill set has expanded and moved to the center of many of our companies.

At Bank of America, we approach every day with the understanding that managing risk and reward is our business. It's how we grow.

Over the same six to seven years, the nature and form of risk has been changing faster than at any time in my career. All of this means that managing risk and reward requires leaders to do two things very well.

The first is to understand that risk relates to all parts of our institutions. It can move and change from one type to another faster than ever—from credit risk to market risk to operational risk to all forms of reputation risk and back again.

I don't know about you, but some days—especially recently—it feels like we've gone from playing checkers to chess ... and then to chess on three levels ... where we have to think three moves ahead, connect the dots and play offense and defense ... all at the same time ... all on multiple dimensions.

So we need more leaders who can see the big picture and understand the details, .. leaders who can envision the dots and then connect them.

The second thing is that we should focus more on the improbable but high-impact event.

A recent example from the capital markets is the degree to which we're seeing a flight to quality and a pullback of liquidity as the subprime issues have unfolded.

But the need to understand the unlikely-but-high-impact event applies much more broadly.

There is an interesting new book out titled The Black Swan. The author, Nassim Nicholas Taleb, writes that a "Black Swan" is any event that is; unexpected; that carries an extreme impact; and, that is almost always seen as explainable, but *after* the fact.

Black Swans can change the world and his examples include everything from the unexpected utility of the internet to the popularity of Harry Potter to the rise of Islamic fundamentalism.

We can learn a lot from these "Black Swan" events. In our world of complex financial engineering, for example, are we at risk of placing too much value on our financial models ... and not enough in common sense and simply asking "what if?"

Also, do we tend too often to build protections based on the events of the past ... when we should be pushing harder to imagine the unimaginable ... to identify potential black swans before they've hatched ... let alone come to rest in our pond, whether that is in business, in dealing with our environment or in geopolitics?

► **A second "basic truth"—and another one we are inclined to lose sight of—is that if it looks too good to be true, it probably is.**

I am fond of the general guideline that if I can't explain a transaction or a financial instrument to my mother, then maybe it deserves a very close review

That test is getting harder and harder to pass. Advancements in innovation, technology and quantitative analytics enable our institutions to move and distribute risk far more than ever.

To be sure, we've achieved global economic growth that would not have been possible without financial innovation and the involvement of many more participants around the world. .

So, while good, we were quite aware that the added complexity brought with it the unknown and some unintended consequences.

We should always ask ourselves: Are we also using enough of our own critical thinking to peel back the complexity?

Over the coming weeks and months, we will all assess the causes of volatility in the markets. We will gain more clarity about what is sustainable and advisable ... and what is *too good to be true*.

I don't think we yet have all the information to know how much of the recent volatility is related to structural

change in the market and how much of it is cyclical.

At the very least, we have had a good reminder that benign environments don't last forever and that there is always some pain involved with managing risk and reward. Corrections and adjustments invariably occur.

This underscores the need to sustain focus on managing risk and reward in good times and bad. It should also give us confidence to ask for a second or third opinion on something when it just doesn't feel right.

► **A third and final principle for leadership in all times is this: It is never just about what we achieve. It is always also about how we achieve it.**

Like the two principles I've just covered, this should go without saying. It's the right principle to end on because of its absolute importance.

All of our firms have increased emphasis on our codes of ethics. But, there is evidence that American businesses have more work to do.

A recent survey by the Corporate Executive Board found that only slightly more than one-third of employees report misconduct when they observe instances of theft, harassment and insider trading. The same study found that 83% of employees are either negative or uncertain about the ethics demonstrated by their colleagues in the workplace.

For us as individuals—and for our institutions—the greatest risk we have is losing the trust of our stakeholders and the public, either because of a failure of ethics or a failure of common sense.

We know from survey after survey that public trust in large institutions of many types has been eroding. But we cannot earn back that trust until all of our institutions create environments where employees at all levels feel safe raising their hands when they see something they think deserves a second—or third—look. We can never let doing the right thing take a back seat, whether it is to hubris or to fear.

In closing, ambiguous times call for unambiguous leadership. But unambiguous leadership does not equate to being closed-minded, myopic or overly certain. To the contrary, the speed and complexity of our times can prove that kind of leadership costly, if not deadly.

Perhaps most important, there is one aspect of leadership for which there is no room for ambiguity: Leadership must be accountable in all times.

I was pleased to see that Alan Greenspan closes his new book on a note of optimism. Even though he calls our times "The Age of Turbulence," he says that adaptation is in our nature. Without a doubt, as part of that process of adaptation, we are all accountable for learning in times like these.

Maybe, just maybe, another part is finding the right

balance of proven leadership principles with an appreciation of paradox. With that balance, we can navigate this

ongoing age of uncertainty better prepared for all of its complexities and all of its opportunities. 🏆

SILVER AWARD: GOVERNMENT CATEGORY

Critical Partnerships: Fighting Crime Together

WRITER: MARGARET CAMP / SPEAKER: ROBERT S. MUELLER, III

October 17, 2006, Boston, Massachusetts

Thank you for that introduction. It is good to be here with you today.

It has been five years since we met in Toronto, just a few short weeks after September 11, 2001. I would like to use this anniversary as an opportunity to evaluate our progress since then.

When we met those five years ago, you told us that you needed more direct lines of communication, better information sharing and stronger relationships. We have made a great deal of progress toward those shared goals, and we are building on that progress for the future. Today, the FBI is better coordinated. We are operating more strategically, and we are more intelligence-driven.

I want to talk to you about those developments in three specific areas: first, our priorities and the balance between our criminal and national security responsibilities; second, how technology is helping all of us do our jobs better; and third, how we are working more closely together as partners and why we need to continue to work together to succeed.

In the wake of September 11, two issues were critical to the FBI: We had to address the threat of terrorism, and we had to grow.

To do that we established new priorities. Overnight, the prevention of another attack became our most important mission. We doubled the number of agents and analysts devoted to stopping the next attack, and we enhanced and reformed our intelligence capabilities.

Since then, we have continued to improve our national security capabilities across the board. Much of our progress has been the result of expertise gained over the past 98 years of our existence—in the criminal arena, with organized crime, and in counterintelligence through the development of sources and interview and surveillance techniques. Our experience has allowed us to build additional capabilities on an already strong foundation.

I fully understand there is concern that the FBI is moving away from its traditional criminal responsibilities. Indeed, the reality is we are not likely to go back to focusing primarily on drugs or bank robberies. We are currently at a 50-50 balance between criminal and national security programs, and I anticipate

we will maintain that balance.

We remain ready and willing to help you keep our communities safe. While Americans justifiably worry about terrorism, it is crime that most directly touches their lives.

We have had considerable success with regard to our criminal priorities. In public corruption, for instance, there were approximately 1,100 prosecutions of public officials in the last two years. All of which sends the message that public corruption will not be tolerated.

In white collar crime, we have investigated Enron, HealthSouth, WorldCom, Qwest. Those names have been in the headlines over the past several years. Thousands of employees lost their jobs and their life savings. We have successfully investigated, prosecuted and put away the persons responsible for those frauds.

We know that violent crime is a growing concern. Over 16,000 men and women were murdered in the United States last year, alone, but statistics do not adequately tell of the devastation and the heartache that burden the victims of violent crime and their families.

I am particularly sensitive to this given my years prosecuting homicides in Washington, D.C. As the recent school shootings remind us, violence is perhaps the unfairness of crimes to which the most vulnerable members of our society often have no defense.

To address the growing problem of violence in our neighborhoods, we have increased the number of Safe Streets task forces. We now have over 700 FBI agents serving on those task forces, along with over 1,100 officers from state and local law enforcement. Last year, they made nearly 5,000 arrests, resulting in 1,500 convictions, and seized approximately \$16 million in forfeited proceeds. A large portion of that money went to state and local participating agencies—police departments such as yours.

Together, we face significant challenges in the criminal arena. Much of this growing violence is connected to gangs. It is a plague no longer relegated to only our largest cities. In the past month alone, investigations into gang activity have brought arrests in Tampa, Florida; Atlanta, Georgia; Richmond, Virginia;

and Kansas City, Missouri.

Currently, we have over 1,200 investigations into gangs and gang-related activities. Last year, we established the MS-13 National Gang Task Force to confront the migration of gang violence. Soon after that, a joint five-country takedown led to the arrests of over 650 suspected MS-13 gang members throughout the United States, Mexico, El Salvador, Honduras and Guatemala. Since then, we have been working with our partners in those countries to gather identifying data on MS-13 members, including hundreds of sets of fingerprints.

Beyond gangs, another top priority will always remain the abduction of children. The FBI is committed to protecting our children. Last year, we established eight regional Child Abduction Rapid Deployment teams, called “CARD” teams. They are made up of experienced agents, able to respond at a moment’s notice. Recently, a team deployed to St. Louis, Missouri, where it helped locate Abigail Wood, known as Baby Abby. Each of these teams can provide technological, analytical, behavioral, and investigative resources to help bring these cases to a speedy resolution. We must continue working together to bring each and every missing child safely home.

As we all recognize, cyber crime is a growing threat. Today, terrorists coordinate their plans cloaked in the anonymity of the Internet, as do violent sexual predators prowling chat rooms. According to our Cyber Division, nearly one-out-of-three computer users has experienced some type of negative incident. All too often, we find that before we can catch these offenders, Internet service providers have unwittingly deleted the very records that would help us identify these offenders and protect future victims. We must find a balance between the legitimate need for privacy and law enforcement’s clear need for access. Your resolution on records retention passed this morning will help put us on the right path.

Let me give you one recent example that highlights the vulnerabilities of our infrastructure in the cyber age. Some of the most secure systems throughout the world, including hundreds of computers at university, military and government sites within the United States suffered intrusions by an individual who called himself “Rebel.”

Two years of intensive Investigative work uncovered a network of suspects stretching from the United Kingdom to Romania. As it turns out, Rebel was a 16-year-old living in Sweden.

Just as technology can be a tool for criminals, it is also aiding our efforts to protect communities from crime and terrorism. Through technology, we are building stronger connections within the law enforcement community. We continue to provide support through a number of information-sharing efforts underway across the country, including our fingerprint, DNA, and criminal justice databases.

As you know, IAFIS supports law enforcement

agencies by providing identification responses to electronic fingerprint submissions. Last year, IAFIS received over 23 million fingerprint submissions, almost 65 thousand per day. We are moving forward with the Next Generation Identification system, which will expand on the capabilities of IAFIS to include additional biometrics such as palm prints, tattoos, and scars, along with facial recognition. CODIS continues to refine its ability to gather evidence from tiny bits of DNA. So often, the evidence that is invisible to the eye is that which cracks the case.

Twenty-seven years ago, after a single mother of two went missing in California, her body was found raped, stabbed and dumped along the side of a road. No suspect was identified, and the case went cold. Four years ago, DNA from the victim’s clothing was entered into CODIS. Just last month, we had a hit on a convicted offender. Hours before his scheduled release, the man was identified and charged. As the woman’s grown daughter said, “this, puts a face on this evil person who’s been out there, all these years.” Today, that man is safely behind bars, and CODIS is moving ahead to upgrade its ability to solve crimes and identify missing persons well into the future.

In August of 2005, you provided a position paper on ways to enhance information sharing, and specifically, the Law Enforcement National Data Exchange—known as N-DEx. As it grows, this system will meet the challenges you laid out in order to be our collective system, benefitting the entire law enforcement community.

Just as IAFIS brought together disparate fingerprint systems into a common system, N-DEx will do the same for crime report data gathered by federal, state, and local agencies. It will correlate data from major FBI databases, such as NCIC, into a national system that will allow us to perform nationwide inquiries in a matter of seconds. N-DEx will allow officers in different cities to collaborate and pursue joint investigations through “virtual task forces” and “on-line investigative teams.”

Technology is helping us to do our jobs better, but the single most important improvement we have made is to build stronger domestic and international partnerships. Working together with our counterparts around the world we have made it more difficult for terrorists to operate by removing the sanctuary of Afghanistan and stemming the flow of terrorist funding. Unfortunately, terrorists have adapted to this new environment and continue to plan deadly attacks. Given the state of terrorism today, we can only achieve success through improved cooperation among the law enforcement and intelligence communities.

We are more frequently working on task forces. At the state and local level, we have increased the number of existing Joint Terrorism task forces to more than 100 throughout the country. Here, more than 3,200 federal,

state and local officers meet, share information and conduct investigations. In the past year alone, JTTFs have stopped five terrorist plots in the United States.

Increasingly, we have seen homegrown terrorist cells springing up in communities such as Torrance, California; Toledo, Ohio; and Atlanta, Georgia. We could not have been successful in any of these investigations without the close assistance of our state and local partners.

In many terrorism cases, it is human intelligence that uncovers the plot. And it is police officers who have an ear to the ground. In the FBI, we have only 12,000 agents compared with nearly 800,000 law enforcement officers nationwide. You know your neighborhoods and your communities, and you are usually the first to notice if something is not right.

After all, it was keen observation that caused Nevada Highway Patrol Officer Eddie Dutchover to make a traffic stop, after he noticed the car had a paper tag. As he spoke to the driver, he observed a man in the backseat looking extremely nervous. His vigilance led to the arrest of Top Ten fugitive Warren Jeffs.

That is the same excellent police work that will catch the next terrorist before an attack occurs. Indeed, our best opportunity for preventing terrorist attacks is our ability to combine intelligence gathered through criminal and national security investigations.

Our efforts are aided at the national level by “fusion centers,” such as the Terrorist Screening Center. This is where traditional FBI Criminal Justice Information Services are leveraged to provide real-time, actionable intelligence to state and local law enforcement.

A police officer making a routine traffic stop becomes suspicious. That officer can get a response from NCIC in three to five seconds to determine whether the person stopped is a terrorist threat. The officer may be instructed to call the Terrorist Screening Center to obtain the latest terrorist information, if any exists, pertaining to that individual. Over the past year, the Terrorist Screening Center has handled nearly 30,000 such encounters.

As we work together more closely, three pillars of partnership support our growing cooperation. They are the National Academy, NEI and LEEDs. Through these training programs, we are building relationships, and we are building a stronger foundation for global law enforcement—a foundation based on communication, cooperation, and commitment.

Above all else, it is our partnership that has helped make this country more secure. I have enjoyed working with Mary Ann over the past year, and I look forward to working with Joe over the year to come.

Over the years, your participation in the Law Enforcement Advisory Group and the Police Executive Fellows program has provided the state and local perspective in some of our most sensitive operations. Your

input has helped us to create stronger programs, from the National Security Branch to the National Gang Strategy.

Through information sharing and cooperation, we have built stronger relationships at all levels. These alliances have strengthened our network in the fight against both crime and terrorism.

Given the threats we face today, the FBI must serve this dual role. Because while every criminal is not a terrorist, every terrorist is a criminal. We have seen a group in North Carolina that smuggled cigarettes and used the profits to fund Hezbollah in Lebanon. Members of the Torrance terrorist cell robbed gas stations to raise money for training and weapons. Even the growing crime of identity theft is now linked to terrorism.

Threats to the United States are not only found inside the United States. Increasingly, we find ourselves participating in cases that have an international component. Better relationships not only give us early warnings, they allow us to coordinate better in the prevention of attacks.

Today, our network is stronger, and it has been the significant investment of you, our partners, that has made that possible. We, in the FBI, have had to prioritize our mission, and we will continue to prioritize in response to changing threats.

Given the nexus between crime and terrorism, our success in defeating both crime and terrorism depends upon cooperation. Stronger alliances mean that we are better positioned to prevent terrorist attacks. Yet, we must remain vigilant because our enemies have shown a remarkable ability to adapt and to improvise. We must be just as adaptable, just as flexible. And even then, given the freedoms we enjoy, it is not possible to make our country entirely secure.

I wish I could assure you that there would never be another terrorist attack on America, but I cannot. The world remains a perilous place. And let us not forget that what you do each day is still exceptionally dangerous. Too many law enforcement officers were killed in the line of duty last year. Our thoughts and prayers are with Officer Michael Briggs of Manchester, New Hampshire, for the injuries he sustained yesterday.

I do know that if we continue to rely on each other—as partners, as colleagues, as friends—we will be safer. Thank you for helping us to ensure that, in this great nation, crime does not pay, corruption does not prosper and fear does not prevail.

Five years ago, after September 11, we talked about the unity that emerged among law enforcement around the country as we coordinated our response to the terrorist attacks on America. Given where we are today, I believe that unity has withstood the test of time.

Today, crime and terrorism know no boundaries. Yet, the FBI is part of a worldwide network of professionals dedicated to protecting our security. In the end, however,

our success will not be owed solely to cooperation or technology or to any one tool in our arsenal.

Our success will be due to the indomitable quality of the human spirit, in which a sense of justice tells us right

from wrong, a strength of purpose guides our mission and a steady resolve holds us to our course.

And so it is with this enduring spirit that we move forward, together. Thank you, and God bless you. 🙏

SILVER AWARD: NONPROFIT CATEGORY

My Brother's Keeper

WRITER/SPEAKER: DANIEL ROSE

October 19, 2006, Fondazione Cariplo Forum on Philanthropy, Milan, Italy

All modern societies should provide effectively for public well-being; and as our systems converge, we must learn from each other how best to respond to our common problems.

All societies provide in some way for their destitute and distressed, provide vehicles for health and education, and support culture and the arts; but nations pursue these goals differently depending on their customs, traditions and beliefs.

Government, the marketplace and private philanthropy each plays a part; determining the appropriate role for each deserves thought and examination. The strength of government lies in its ability to enforce its dictates; the strength of private philanthropy lies in the diversity and creativity it encourages; the strength of the marketplace is that it reflects not what the public “should” want but what it is willing to pay for.

A visitor from Mars or Venus in 2006 might think that Americans ask too little from their government, that Europeans ask too much, that each could do better in utilizing the marketplace for the common good, and that private philanthropy is an under-utilized tool for filling the gaps left by the other two.

In nations with a history of strong central government, a dominant church and a hierarchical society with an energetic aristocracy, government traditionally assumes responsibility for the public good, its costs underwritten by taxation.

Established custom has permitted Europeans to believe that payment of taxes absolves them of further responsibility to their fellows, and that the government is their “brother’s keeper”; but, as the recent growth of European philanthropic activity demonstrates, that is now changing.

Reliance on government persists, of course. Today, in France, for example, it is taken for granted that most of the Louvre’s expenses are paid for by the government, as are pre-school services and primary education. In Italy, the staffs of La Scala and La Fenice are virtually employees of

the government.

But a younger “frontier society” like the United States reflects different traditions and social assumptions. Our virgin continent, settled by 17 and 18 century Europeans with no strong central government, with no state religion and no established aristocracy, called for different responses.

If American pioneers wanted a church or a school, they had to build it; if they wanted hospitals or roads or courthouses, they had to construct them.

Since raising the rafters of a barn could not be done by a farmer alone, he had to call on his neighbors for help; and he, in turn, helped them. The festive party he gave for his neighbors on the barn’s completion lives on in the phrase “raising the roof.”

This pattern of voluntary association of private individuals for mutual help continued; by 1831, Alexis de Tocqueville wrote, “Whenever at the head of some new undertaking you see the government in France, or a man of rank in England, in the United States you will be sure to find an association [of private individuals].”

America’s tradition of involved individuals and limited government persists; today, no one is surprised to find that, for example, private sources provide 87% of the budget of the Art Institute of Chicago and 96% of the Cleveland Orchestra budget, or that private individuals like me are still battling to persuade our federal government to underwrite the cost of universal pre-school education.

The three sources of social support—government, the marketplace and private philanthropy—bear close examination.

First, Government: Traditional American wariness of government is reflected in our widespread popular preference for decentralized power over centralized, private over government support; and when government support is indicated, indirect subsidies over direct.

Indirect support for housing, for example, is given through tax exemption for home mortgage interest payments; indirect support for religion is given through tax exemption for religious institutions; and indirect

support for the arts is given through tax exemption for cultural institutions.

Indirect subsidies permit government support without moral or aesthetic judgments, which Americans do not like their government to make for them; and these subsidies have stimulated creativity and diversity.

Tax exemption for gifts of art to museums at current market values with no capital gains tax paid are attacked by some as “windfalls for the rich”; but most of us prefer to think instead of the Rembrandts, Giotto or Jackson Pollocks, now in American public collections.

This American system—of providing public goods through private philanthropy encouraged by tax exemption—works well for middle and upper income Americans, but works less well for poor and lower income groups.

Our research universities and art museums are among the world’s finest, but health care and child care for poor Americans are below European standards. That some 15% of Americans are without health insurance is a national disgrace, and it is not clear when this will be rectified.

Prospects for eventual federal government support for universal pre-school education are better, because recent studies demonstrate clearly that pre-schooling is an excellent public economic investment, yielding a high financial return as well as important social benefits.

If federal funding of pre-schooling does take place, it will be an interesting demonstration of the American preference for governmental aid to benefit society at large, rather than to provide compassionate help for those in need.

Europe today presents a different picture: here, active governments take more and give more than their American counterpart, especially in matters of culture and of help for the poor. In a period of emerging economic stringency, will this model still be economically feasible?

Berlin’s three separate opera houses, Dutch government warehouses filled with contemporary paintings that no one seems to want, and France’s government-imposed 35-hour work week raise questions about what a nation’s economic priorities should be.

When aging and retiring workers require more government expenditures paid for by taxes on a smaller and younger labor force, hard choices will be faced by many governments.

In the years ahead, more government involvement in health and education seems likely in America; and some governmental pullback in support for culture seems likely in Europe.

The second area of social support is The Marketplace:

In health, education, social welfare and culture, the roles of government and philanthropy vary. What is untouched by them is left to the marketplace, which allocates resources to provide what the public desires

and can pay for. Subsidies may tilt the balance in one direction, taxation in the other, but the preference of the cash-paying consumer rules.

For example, European opera lovers note the large amount of Verdi and Puccini that New York’s audiences demand; French filmgoers usually vote at the box office for taxed American films over government-subsidized French movies and for pornographic films in spite of the punitive VAT taxes they carry. When French films try to please the public rather than the critics, they, too, do well at the box office.

In matters of health care, housing and education, America’s middle and upper income groups are well-served by privately-supplied services they can afford to pay for. Our problem is that the poor are not well served.

“Private affluence and public squalor” is how John Kenneth Galbraith described American life in his 1958 book *The Affluent Society*, and although conditions are somewhat better today, our government has far to go to meet European standards for its poor. The American hope is always that the poor will in time enter the middle class, but conditions can be painful in the interim.

The third area of social support is Private Philanthropy:

Private philanthropy is perhaps the least understood and least appreciated leg of the “public support” triad, particularly in Europe. It meets needs that the marketplace and government leave unfilled.

The accepted American definition of philanthropy is “voluntary giving, voluntary service and voluntary association for the benefit of others.” Distinct from “charity,” which is help for the poor, philanthropy’s goal is improving the “quality of life” as one sees fit.

Although the U.S. government spends our tax money as politicians or bureaucrats decide, it is through philanthropy that we give or do as we wish so long as it is seen as for “the public good.” Our President may oppose stem cell research, for example, but some private universities pursue it anyway.

This year Americans will spend approximately \$300 billion (equal to about 10% of our federal budget and over 2% of our GDP) on causes ranging from saving whales to curing AIDS in Africa, from building university research laboratories to sponsoring productions at the Metropolitan Opera, from providing scholarships for disadvantaged minority students to preserving neglected historic landmarks.

The rich donate buildings or endow named professorships, the poor give to their churches, but the majority of Americans give, serve or solicit for some not-for-profit cause; and smaller gifts are frequently the most creative and effective. On death, it is customary for rich Americans to leave charitable bequests, and the names of Ford, Rockefeller, Carnegie, MacArthur and that reclusive American, Henry Wellcome (benefactor

of the Wellcome Trust, England's largest foundation), among many others, live on through the foundations they created.

Our federal government permits the sums thus contributed to be deducted from taxable income. In recent years many other nations have started to permit tax deductible gifts to approved organizations (Sweden being a notable exception). Tax exemption procedures abroad, however, are often complex and discouraging, unlike American tax laws (and now British laws) which are designed to encourage giving.

Europeans claim, mistakenly but repeatedly, that "Americans give because of the tax advantage"; but American income taxes were first introduced in 1913, long after the American philanthropic pattern had been established. In Europe, the new Picasso Museum went to France because of favorable tax arrangements, and similar arrangements could be explored by others.

We Americans are proud of our philanthropic sector. If all private philanthropy were abolished and that \$300 billion were added to federal revenues, few think that the quality of life in the U.S. would be improved.

The majority of Americans believe that governments are best at catching thieves, putting out fires and fighting wars, but that other activities are performed more effectively by non-profit or free market entities. The Jeffersonian notion of limited government—"that government is best which governs least"—is reinforced by the American belief that government is inefficient.

NGO's (non-governmental organizations) are seen as more creative and innovative than government, less tied to precedent, more responsive to public needs and wishes and, above all, as more competent and cost effective. "Saving as many lives as possible at the lowest per capita cost possible"—Bill Gates' goal—reflects philanthropic, not governmental, thinking. Philanthropy has its weaknesses, but they are widely seen as fewer than those of government.

At all income levels, Americans give voluntarily of their time, effort and money to a degree unheard of in Europe. For example, there are few U.S. elementary schools, public or private, without a Parent Association, through which parents raise funds to provide supplies or services to schools; but the formation of such groups is relatively recent in Europe.

One fundamental aspect of American philanthropy is donor recognition; although most Europeans decry this practice and find it embarrassing, Americans cannot imagine philanthropy without it.

When the Reverend John Harvard died in Cambridge, Massachusetts in 1638, leaving to the local divinity school 800 pounds sterling and his library of 400 volumes, in gratitude the school renamed itself "Harvard College.

When, eighty years later, Elihu Yale donated goods sold for 560 pounds sterling to the Collegiate School

of New Haven, Connecticut, the school was promptly renamed "Yale College," even though Elihu Yale had not been in America since childhood and was never to return.

(On a personal note, this June, at our 55 college reunion in New Haven, my Yale Class of 1951 collectively donated to the Yale Alumni Fund \$64,764,127, with contributions coming from 90% of all living classmates. Yale is a private institution, but over 20% of the alumni of America's state-supported universities contribute annually as well.)

Johns Hopkins of Maryland, when he died in 1873, left one million dollars to be divided among the members of his extended family, but he left an unprecedented seven million to found America's first research university and teaching hospital. Hopkins would have understood—and loved—Warren Buffett's comment, when asked, after he announced his \$37 billion gift to Bill Gates' foundation, what provision he had made for his family.

Buffett's answer thrilled the nation: "I have always wanted to give my children enough to do anything, but not enough to do nothing." Americans identify with the "worker bees" of the hive, not with the drones.

Brown University, Duke, Cornell, Vanderbilt, Stanford and Rockefeller Universities are among the many other institutions named for their founders or major benefactors.

American museums list on their walls the names of major donors, and major tax-exempt organizations publish Annual Reports listing the names and gift levels of donors, even the most modest.

"Vulgar," "ostentatious," and "crude" are words sometimes applied to American fundraising techniques; but Americans, the most pragmatic people since the ancient Romans, reply, "Yes, but they work." If Europe wishes to replicate American philanthropic success, it should consider finding ways to praise and encourage donors while embarrassing the rich whose names are absent from the lists.

Philanthropic peer pressure from friends, neighbors and business associates is non-stop; invitations to testimonial luncheons, dinner dances, theater parties, auctions and rock concerts assault us; a daily avalanche of charity mail fills our mailboxes. And, yes, "it works."

Harvard University's endowment is over \$26 billion, Yale's is over \$16 billion and Princeton, Stanford and the University of Texas each boast over \$12 billion. Fifty-six American colleges have endowments of over a billion dollars; this year alone, 22 U.S. universities have each announced fundraising drives of over one billion dollars—Columbia, \$4 billion; the University of Virginia, \$3.3 billion; Yale, \$3 billion; New York University, \$2.5 billion; and even the municipally-financed City University of New York is seeking \$1.2 billion from private donors.

In the 21st century, when intellectual capital is more important for a nation's international competitiveness than physical or financial capital, private philanthropy has an important role to play in higher education.

Our superb M.I.T.'s or Cal Techs not only educate and perform research; they also set high standards that public institutions strive to meet, and everyone benefits.

Cynics question the motives of donors, and those motives are indeed complex. Professional fundraisers cite many reasons for philanthropic giving:

- A) Common Sense and Enlightened Self-Interest—it helps the community, of which the donor is a member;
- B) Religious Imperative—God wills us to help others;
- C) Good Investment—society gets a good return on funds expended; the donor gets prestige and enhanced social standing.
- D) Fun—socialites organize dinner dances, theater parties, raffles, etc. and enjoy working with friends on such projects;
- E) Altruism—generosity, benevolence and selfless giving feel good and are spiritually rewarding;
- F) Repayment—school and college alumni, former hospital patients, etc. feel that they have benefited from the institutions and that they “owe” something in return;
- G) Family Tradition—inheritors of wealth and members of prominent families feel loyalty to institutions.

The degree to which individuals define themselves and their values through their giving is sometimes overlooked by professionals. “I am what I give” is a more common belief than is generally realized.

The profound sense of mission of George Soros, a “one man Marshall Plan,” who has already given over 3 billion Euros to European philanthropies and has pledged to them his remaining 5 billion Euro fortune; the hardnosed practicality of Bill Gates, whose fortune is willed to his foundation and who demands a dollar's worth of result for each dollar donated; and the imaginative involvement of Michael Bloomberg, New York City's billionaire mayor, who on completion of his term in government will devote his imagination, his energy, and his \$6 billion dollar fortune to full-time philanthropic activities—such people are, of course, in a special class.

Others abroad are following suit. Indian billionaire Anil Agarwal recently announced his country's largest ever donation of a billion Euros to found a university in his native province; and Li Ka-shing, Asia's richest individual, has announced that he is bequeathing one-third of his 15 billion Euro fortune to his foundation. Richard Branson of Virgin Air; the founders of Google; and Ted Turner are among those announcing huge “pro

bono” gifts.

They are the living embodiment of Andrew Carnegie's dictum that creators of great fortunes should apply the same thought and attention to disposing of their riches as they did earning them.

But it must be remembered that it is not only the rich who give; John D. Rockefeller tithed from his very first pay check; Michael Bloomberg's father, who never earned more than \$11,000 a year, discussed his charitable giving with his family at the dinner table; and most Americans contribute some time to pro bono activities.

Securing philanthropic contributions is an accepted career field now—involving part art and part science—and American fundraising professionals focus on the basic motivations I have described. Such professional fundraising is just beginning to appear in Europe.

To increase European voluntary giving, not only should tax laws be simplified, but traditional cultural patterns of public praise should be reexamined.

England bestows knighthoods on major philanthropists, France, the Legion of Honor, and America awards them Honorary Doctorates; but encouraging all citizens to feel proud of their contributions is an important step in increasing those gifts.

In Italy, for example, a good start would be to identify “la bella figura” with philanthropy and to convince the public that its contributions will be spent honestly and productively, with accountability for income and outgo equal to any other investment.

The introduction of a prestigious “Lorenzo Dei Medici Award,” to recognize outstanding philanthropy, presented by the President of the Republic at a major ceremony, could help change attitudes. Here in Milan, an award for private patronage of the arts could be named after Ludovico Sforza, the sponsor of Da Vinci's Last Supper.

In New York's “Little Italy,” the Feast of San Gennaro, a joyous 11-day street fair, annually attracts over a million attendees and raises large sums for parochial schools, activities for the elderly, and other projects of the Archdiocese; such fundraising fairs could be replicated in the mother country.

For smaller fundraising events, Beppe Severigni suggests that they celebrate the family and Italian cuisine, and that they be conducted with great style!

Fundraising professionals know that those who donate to philanthropic causes, those who work actively with them and those who solicit funds from others, are “psyching themselves up”; and every effort is made to involve participants in these mutually-reinforcing activities.

In New York David Rockefeller, Brooke Astor and Arthur Ross are well-known examples. Another is Lewis Cullman, who has personally contributed some \$250 million to New York charities, is a tireless solicitor, an

activist Board member and author of an excellent treatise, *How to Succeed in Fundraising by Really Trying*, which can be found on www.LewisCullman.com.

In Europe and America, large fortunes are increasingly in the hands of what Warren Buffett calls the Self Made Man, as opposed to the Inheritor; and the Self Made Man is more inclined to donate his money.

“There must be more to life than having everything” is their frequent discovery; and the satisfaction, the pride—and, yes, the prestige—of commendable philanthropic contributions are high on the list of goals of wise creators of new fortunes, who increasingly realize the destructive potential of huge sums left to their families.

Skillful encouragement of major gifts is a slow process that in the United States is usually conducted by professionals. First, they establish a relationship with the prospective donor; next, they educate the donor about the organization and encourage identification and involvement with it; then, they encourage a modest gift whose effectiveness is demonstrable and for which appropriate appreciation is expressed.

Then, they help the donor conclude that his or her next major gift will achieve something the donor believes is important, and from which the donor will receive satisfaction and pride. Finally, the professionals help select the appropriate person to suggest (or ask for) that major gift.

When the gift has been pledged, the donor is acknowledged and celebrated, both to reward the donor

and to encourage others.

Private philanthropy—in addition to, not instead of, government expenditures—has earned an important place in modern life, with material benefits to society and psychic benefits to donors.

To Conclude:

While government and marketplace mechanisms can be improved, private philanthropy, from donors large and small, is the area most open to expansion, especially in Europe. In some cases the American model may be useful; in others, new vehicles, such as the great new Italian banking foundations, may evolve. And we are likely to see in Europe more private institutions such as Milan’s excellent Bocconi University or Rome’s respected LUISS University.

The creation of large private fortunes—and the prospect of huge inter-generational wealth transfers—give Europeans today the opportunity to reintroduce into public discourse the concepts of “noblesse oblige” (or perhaps “richesse oblige”) and “obedience to the unenforceable”. It has already started and it should be encouraged.

The medieval and Renaissance cathedrals that are the glory of Europe could well be matched in our day by secular cathedrals of education and culture financed by today’s private fortunes.

Then Europe’s rich would be able to answer the Biblical question, “Am I my brother’s keeper?” with the proud reply, “Yes, I am!” 🏰

SILVER AWARD: TRANSPORTATION CATEGORY

A Good Hand

WRITER: JOHN CORTEZ / SPEAKER: ROBERT A. LUTZ

August 9, 2007, Management Briefing Seminars, Traverse City, Michigan

Thank you, Dave [Cole], and hello, everyone. It’s great to be back in Traverse City — it’s been about five years so I was due for a return engagement at this event.

You know, when Dave’s organization asked me to come up and speak, they said I could talk about pretty much whatever I wanted, so long as it wasn’t a big GM commercial. Frankly, I was appalled.

I said, “Dave, I would never do that. What do you think, I’m going to just march into the room and tell a bunch of respected business people, champions of industry, and members of the press that they should all be buying GM products? I would never do that.”

I would *never* presume to tell an audience like this that GM is the best automaker on earth and just expect you to take me at my word!

I said, “Dave, are you really afraid that I’m going to

come down there and show picture after picture of our great, award-winning GM products, and crassly turn a nice event into a big sell job?”

Frankly, I was a little disappointed that Dave and the organizers of this otherwise classy event would ever worry about me doing such a thing.

So, have no fear, I would not sully this event’s good name with something as tawdry and insensitive as a blatant GM plug.

Oh, all right, I’m bluffing ... that is what I’m going to do today. But before I do, speaking of bluffing ... A guy walks in to a poker game and is stunned to see a *dog* sitting there playing. The dog’s paws are full of cards, he’s got a cigar dangling from his snout, he’s tossing chips in to cover his bet ... And the guy says, “That has got to be the most amazing dog I’ve ever seen!” And one of the other

players says, “Ah, he’s not so amazing. He’s a *lousy* poker player — every time he has a good hand he wags his tail!”

Well, I think that’s what we have at GM these days ... a good hand. The problem is, too few people call us on it to see what we’ve got.

In fact, we seem to draw more than our fair of criticism, considering how good our hand is. And it’s not just us — all the domestic automakers seem to be targets of criticism that I would classify as, if not totally unwarranted, then at least overzealous.

Before you dismiss that as, oh here’s Bob whining and getting defensive again ... let me just ask you ... how many times in recent months have you seen some so-called expert use the phrase “Detroit Dinosaurs”?

We have been routinely dismissed as dumb, unprepared, anachronistic ... an endangered species. It’s left me incredulous. Are we to believe that three independent companies, with three completely diverse global management teams, grounded by three different and independent boards ... all at once nearly imploded because they were all just the same level of stupid at the same time? Are we to believe there aren’t *any* macroeconomic factors contributing to this situation? Are we to believe there are no other outside factors driving the domestic industry in a certain direction? Factors that may not necessarily affect the import manufacturers in the same way?

If you listen to these “experts” you’d have to conclude that, no, this really is just buffoonery on the part of a bunch of greedy, short-sighted U.S. car company executives. Well, I know that’s not true, and I know a lot of you know it too, and it’s time somebody said it.

But the truth is ... just saying it is not good enough. You need a course of action, too. And at GM, we have action, direction, and commitment. And, like I said, we have a pretty good hand.

When I look at where this company is now, as compared to even five years ago, I’m blown away ... and I’m immensely proud of it.

Going forward, this industry is on the cusp of radical change ... a transformation. That’s why the theme up here at the conference is “Discontinuous Change.” And General Motors is ready to meet this challenge, because GM, fortunately for us, is a company that already has a head start in the area of transformation.

GM is in the midst of radical, cultural change, down to its very core, the likes of which I’ve never seen in my more than 40 years in this business. And I’ve seen a lot ... Like Casey Stengel once said, “There comes a time in every man’s life, and I’ve had a lot of them.” GM is a company that has cultivated a bone-deep commitment to product excellence, and to technology leadership.

In short, we’re committed to playing our hand from a position of strength. And that’s no bluff. If you could see my tail, you’d know it’s wagging — just take my word for

it ... Let’s talk about just *some* of the cards we hold ...

We announced our financials last week. You saw the numbers — we’re not where we’d like to be yet, but we’re certainly on the right track.

Same goes for our sales numbers ... Yes, sales were down in North America for July, but that was the case industry-wide. As a result, our market share was the second-highest for the year so far, with very little in the way of incentives, compared with much of our competition.

And, if there’s a faster-growing auto company outside of North America, I’d like to know who it is. How many of these conferences have you been to? And how many times have you heard someone get up here and talk about global — global sales, global program management, global production, globalization.

Well, it turns out that was all *true*! It’s a *global industry*, and we’re on the way to doing something for the third year in a row that we’d never done before, and that’s sell more cars and trucks outside North America than we do here.

We’re on pace to sell more than 5 million units outside North America for the first time ever. We’re on a record-breaking pace in three of our four regions.

Just a decade ago, 80 percent of global auto industry sales came in the developed markets of the U.S., Canada, Australia, Japan and Western Europe. Right now, that number is about 62 percent ... and falling.

We’ve identified and targeted 11 emerging markets around the world where we’ve directed our investment focus over the past few years ... places like China, India, Russia, Eastern Europe, Latin America and the Middle East.

Those markets are up 17 percent so far this year, and we think these 11 markets by year’s end will be comparable on a sales volume basis to North America, for the first time in history.

In North America, our turnaround continues to take hold, and from where I sit, we’ve improved nearly every facet of our business.

Our manufacturing productivity has improved. Our relationship with suppliers, based on key independent surveys, is dramatically better and among the best in the industry, and Bo Andersson will speak more about that later today.

Our quality and dependability are also improved. In fact, the latest J.D. Power Vehicle Dependability Study was released just this morning, and for the first time in a dozen years, Lexus is not alone atop the standings—it’s tied with Buick. And Cadillac is right behind them at number three.

That speaks volumes about the improved reliability of our vehicles, and it explains why we are confident enough to offer what we feel is still the best warranty coverage in the business.

And the new cars and trucks covered by that warranty

are head and shoulders above what they used to be. The people who know about such things—the motoring press—have recognized this. They voted the Saturn Aura North American Car of the Year; they voted the Chevy Silverado North American Truck of the Year. And the reviews for our newest vehicles continue to be largely positive.

Here's what Road & Track said about the Cadillac CTS, for example: "Boiled down to what matters most to the basic car, the new CTS—with its excellent powertrain, great handling, substantially improved interior and dramatic new styling—succeeds on all levels."

And Motor Trend had a similar evaluation: "[CTS] is not just the best-handling Caddy in history, but probably the best-handling American sedan ever."

Our new crossover vehicles—the Buick Enclave, GMC Acadia and Saturn Outlook—are selling extremely well. We sold 10,000 of them in July. And we have high hopes for the soon-to-arrive Chevrolet Malibu, and for all the other cars and trucks and crossovers we have in the pipeline.

And, what's more, the card we have up our sleeve in terms of advanced technology and propulsion, well, that's what really has me thinking we have a good hand. In poker lingo, we are "all in."

Look, we know Washington still has some cards to play. We think there is a better, more balanced way to improve fuel economy standards than unrealistic, extreme and expensive CAFÉ increases. But we'll be ready to play whatever hand we're dealt; we're not going to fold.

We've said time and time again, we want to be part of the solution to society's energy issues ... as a matter of energy efficiency, as a matter of national security, and as a matter of environmental responsibility. We're committed.

At GM, we believe that no one solution is right for every part of the world, or even every consumer in any given market. So our approach is simple: offer as many choices as possible, to as many consumers as possible.

And regardless of the fuel, regardless of the technology, our goal remains the same—the best possible fuel economy for whatever type of vehicle our customers choose.

That's why we offer more cars that get 30 mpg highway than any other automaker. That's why we offer the most fuel-efficient full-size pickups and SUVs on the market. That's why we have more than 2 million vehicles on the road today that can run on ethanol ... and we have a lot more coming.

The simple fact is ... the most cost-effective solution for changing the CO₂ footprint of the automobile, and reducing dependence on foreign oil, is ethanol. Period. And if you want to talk hybrids, we'll introduce four more hybrids in the U.S. this year. In fact, beginning with the current launch of the Saturn Aura Green Line, we'll introduce 16 hybrids in the next four years—one every three months.

Later this year we'll introduce the industry's first "two-

mode" hybrid SUVs, which will get 40 percent better city fuel economy than their gasoline-only counterparts. No other company besides the ones that share our two-mode system can do that on full size SUVs or pickups ... regardless of race, creed, color or national origin, or whether or not the name of the company begins with a T.

They can't do it.

Down the road, we're developing several new technologies that promise even greater fuel efficiency, including a "plug-in" version of our Saturn Vue Green Line hybrid.

Drivers will be able to recharge their plug-in Vue at a standard electrical outlet, and get up to double the gas mileage of any SUV on the road today.

We're also developing fuel cell vehicles like our Chevy Sequel concept, which can travel 300 emissions-free miles on a single tank of hydrogen. This fall, we'll have the largest customer-driven fuel-cell test fleet in the world, more than 100 Chevy Equinox fuel cells. And we have a company-wide commitment to production of the Chevrolet Volt, which I'm personally as excited about as anything I've ever done.

Volt combines many of these technologies in one vehicle. It's the first example of an innovative new GM propulsion system called "E-Flex."

As you probably know, the "E" stands for "electric," because all E-Flex vehicles will run on electricity. And E-Flex is "flexible" because the electricity can come from many different sources, such as a small motor running on bio-fuel, a hydrogen fuel cell, or even directly from the power grid.

By offering a system that drives vehicles with any of these fuels, E-Flex will provide our customers around the globe with a single elegant solution to tomorrow's energy issues. Frank Weber [*VAY-ber*], our global vehicle line executive for E-Flex, will be here tomorrow to talk more about that program and give you a further update on our progress. As you're probably aware, before we get to play the E-Flex card, we need further advancement in battery technology. And we're making great progress there. But before I go any further, I have a product demonstration for you ...

How bout that? And to think the PR guys were worried I'd send this thing spinning out of control into the crowd!

Sadly, this is *not* one of our future products ... but it is available today ... and it is powered by a lithium-ion battery.

Imagine that battery technology ... small enough and light enough to power this helicopter, which weighs next to nothing, as it flies through the air with the greatest of ease. Now imagine that technology in a battery pack powerful enough, yet small and lightweight, to power your car for 40 miles, with no gasoline or any other energy source needed. That's why we have so much faith in this technology.

And that's why we have reached an important agreement with a much-respected company that makes lithium-ion batteries that power helicopters like this one. GM and A123Systems are announcing today that we have agreed to co-develop A123's cells with their nanophosphate battery chemistry for a long-lasting, safe and powerful battery for use in our E-Flex system.

This is a great strategic agreement for us, and it's going to help us get E-Flex — and vehicles like the Volt — on the road sooner.

Breakthrough battery technology will drive future automotive propulsion, and the company that aligns with the best strategic partners will win. That's what is so important about this deal.

Whether we're talking about the future of the Volt, or the plug-in hybrid Vue I mentioned before, or a fuel cell-powered vehicle ... we need to understand the fundamental battery cell performance.

The contract calls for GM and A123 to develop battery cells to meet the specific requirements of E-Flex. A123 is a forerunner in nanophosphate-based cell technology, which, compared to other lithium-ion battery

chemistries, provides higher power output, longer life, and safer operations over the life of the battery.

And we are developing this battery technology, along with our partners, concurrent to doing engineering and development work on Volt and other vehicles that will use E-Flex. A123 joins our roster of highly capable and competent partners, including Continental Automotive and Compact Power Inc., a subsidiary of LG Chem.

Believe me, electrically driven vehicles represent the next great paradigm shift in the automotive industry. And we plan to act on this opportunity created by the rapid advancement in battery cell technology by companies such as A123Systems and LG Chem.

The innovation behind this battery development and these vehicle programs is what has me convinced that, in this poker game, we feel like we have a winning hand.

You can count on me to spread the word about that ...

And I really hope that word does get out, and our critics look at us with newly opened eyes ... because otherwise I may just come back up here in five years and *really do* a GM commercial!

Thank you very much for your kind attention ... 

SILVER AWARD: HEALTHCARE CATERGORY

Healthcare '08 - What's Promised/What's Possible?

WRITER/SPEAKER: WILLIAM R. BRODY

September 7, 2007, The National Press Club

Coming to speak at the National Press Club is one of those opportunities that really makes you sit up and pay attention.

When I was first invited I asked a friend who is a member, how big is the audience?

He told me the room seats 300, but two years ago they managed to squeeze in 350. I said, great, what does it take to get that turnout? Who was the speaker?

He said, Angelina Jolie.

And I said, no problem. I mean, she's a pilot, . I'm a pilot. What's she got that I don't have?

He said, do you want a list?

I am very grateful to all of you in the audience today. Thank you for being here. I plan to make this an hour well-spent in your busy lives.

Jerry thank you for that kind introduction, and for the very warm reception I have received from all the staff and members of the National Press Club. It is especially gratifying because part of what I want to do today is dispel some wishful thinking that is going on in America about reforming our health care system. This wishful thinking is what we often read in the press, and frequently hear from

the Presidential candidates.

But we're not getting the whole story.

People often ask me to explain the contradictions in our health care system. So I tell them this story.

I say, well you know, every time I go to the British Isles I cringe at the thought of having to drive on the 'wrong side' of the road. But with all the push back from tourists, the British Tourism Authority decided that cars should all start driving on the right side of the road.

This was welcome news to many of us. Unfortunately, the London cabbies and truck drivers (or 'lorry drivers' as spoken in the Queen's English) complained bitterly about the high cost of converting their vehicles to left-hand side steering. So they came up with the following compromise:

Beginning next year, cars will drive on the right side of the road. However, lorries and taxis will continue to use the left side of the road.

They're calling this the "American Medicine" compromise, in honor of the world's only health system where everyone gets to play by their own rule books.

Can you imagine? What a nightmare!

Yet here in America, it's exactly what we experience

when we get sick. We have hospitals and doctors driving down one side of the road, and insurance companies, pharmaceutical and device companies using the same lanes but going in the opposite direction. It's a high speed game of chicken, where no one is directing traffic -- and it's your job, as a patient, to try to cross the road!

So I am very pleased to have been asked to come here today to speak about America's health care crisis. To do this, I'd like to tell you about the *five Cs* of healthcare. These are the basic issues in our health care system that illustrate how we are driving two different ways down the same side of the road.

Two of these five Cs you already know--cost and coverage. These are the issues we hear about all the time. The Presidential candidates are all talking about rising costs and falling rates of insurance coverage.

But if you're only reporting cost and coverage issues, you're missing a big part of the story.

That's the other three Cs, and I'm going to tell you about them today, because they are the key to understanding what we need to do. Cost and coverage solutions alone will not solve our problems.

But no one wants to hear that. Health care is emotionally charged. Every one of us cares deeply about the kind of medical treatment we and our loved ones receive. When someone is sick or injured, that person is uniquely vulnerable. We understand that.

Yet, all too often, we see stories indicating our medical system--a system in some regards considered the finest in the world--is making mistakes, is leaving people out, is failing to provide the best possible care for all. American health care is the world's most expensive by far, measured both in costs per person and as a percentage of Gross Domestic Product. And yet when the World Health Organization ranked all the national health systems by performance, the U.S. placed 37th, behind countries such as Morocco, Cyprus and Costa Rica.

Why do we spend so much on health care, and why aren't we getting our money's worth? We all want to know.

And while everyone is talking about the costs of health care and lack of coverage, meaningful change will only come when we address other issues.

These are the other three Cs—the issues we're not hearing about: *consistency*, *complexity*, and *chronic illness*.

We can't provide health insurance for all unless we control the spiraling costs of health care. But we won't control costs until we deal with these other issues.

These are the questions we should be asking the Presidential candidates about their health care platforms. This is why, as the president of the Johns Hopkins University, I have joined with the National Coalition on Healthcare and the Retirement Living TV network to invite the major presidential candidates, and other leading health care experts, to talk about how we can solve our health care crisis. We have asked them to sit individually

with me, and a national news anchor, for meaningful in-depth conversations focused only on health care, to be televised during the campaign.

These programs will give each individual an opportunity to explain in detail what he or she proposes we do about this issue. Polls show health care to be our number one domestic concern. Americans expect action.

But this subject is vast, and complex. Health care expenditures in America are now \$2.2 trillion a year, and climbing relentlessly. It is enormously difficult to understand--or even to accurately describe--our health care system.

In fact, the biggest problem is that there really is no American health care system. You can talk about the British Medical Service, or the German medical system, or the Canadian national health plan. But when you try to describe American health care, there is no one system you are talking about. Medicare is different from Medicaid is different from private insurance is different from no insurance. Individuals in these different situations have different medical experiences--and often, different health outcomes.

Simply stated: the U.S. does not have a health care system.

Instead it has what could best be described as a patchwork quilt of different responses to different problems. And as the years have gone by, that quilt has frayed and developed some gaping holes.

To mend things, we will have to address the other three Cs- consistency, complexity and chronic illness. In the next few minutes, I want to describe how these issues will determine how we provide, and pay for, health care in America in the coming years.

First, and perhaps most importantly, we have to tackle the problem of consistency.

One of the candidates says I'm sure America must have the best health care system in the world, because all the time I get calls from European friends asking me to help refer them to an American hospital or specialist.

In one sense that is true. Every year, thousands of wealthy patients travel from all parts of the globe to access world class treatments for heart disease, cancer, neurologic diseases, joint replacements, and so forth.

Yet, here is a dirty little secret: while the best of the best of U.S. healthcare is the world's finest, on average, our healthcare system performs poorly.

The Rand Corporation looked at 30 common medical conditions in a dozen American communities. They found that patients get the appropriate treatment only about 55 percent of the time! In other words, roughly half the time people go to the doctor they do not receive care that they should. And this is for conditions in which physicians have virtually universal agreement on the appropriate treatment guidelines.

The number one medical challenge we face in our system is variability.

For instance, anyone who has had a heart attack

and is being discharged from the hospital should be prescribed aspirin, beta-blocking drugs and (if they have high cholesterol) lipid-lowering drugs. This is the holy trinity of prevention of further heart attacks—confirmed by NIH research—and all doctors know this. Yet this Rand Corporation study also found that only six out of ten patients being discharged from the hospital after heart attacks were going home with these prescriptions in hand. And those numbers varied tremendously by hospital. Some get close to 100 percent. Others are far less than half.

Consistency—which is often just another measure of quality—is the great challenge we must overcome.

In other words, while the best of U.S. health care is the best in the world, not everyone is getting that care. The bad news is that if all of us in this room fall sick tomorrow, that side of the room will get good and appropriate care, and that side of the room—sorry—likely won't. And it's not a matter of whether or not you have insurance coverage. It's all about consistency of care.

In other countries with organized health systems, physicians practice according to established guidelines. Not so in the U.S., where practice standards are mostly non-existent.

Did you know that it is three times as costly to treat a Medicare patient in McAllen, Texas as one in Lynchburg, VA.? Dr. John Wennberg at Dartmouth Medical School studied 1996 Medicare data. He found that after you adjust for differences in cost-of-living and risk factors, it costs about \$3,000 a year to care for a Medicare beneficiary in Lynchburg, VA., compared to slightly over \$9,000 a year in McAllen Texas. Yet there was no improvement in health outcomes for the more expensively treated Medicare recipients in Texas.

We need to ask the candidates: How can we consistently deliver the best possible care?

The second 'C' is complexity.

It used to be, if you were hospitalized you needed a doctor. Nowadays you need a doctor, possibly a lawyer, and almost certainly an accountant to help you figure out your hospital bill.

High administrative costs for providers and payers is only the beginning of a hopelessly fragmented, uncoordinated care delivery system.

The sad truth is, in two areas of health care America is the undisputed world leader: in our high health care costs, and in the complexity of how we deliver and pay for care.

It should surprise no one that these two situations are closely related.

Has anyone here been to the hospital for a procedure, and not been confused and confounded by the billing process that followed? (If you're out there, we'd like to arrange to have you bronzed!) Hospitals are asked all the time, 'Do you go out of your way to hire complete idiots to staff your billing offices?'

In fact, just the opposite: we have to hire bright people and spend a great deal of time training them. But the outcomes are abysmal because every insurance plan has different rules, different eligibilities, and different coding systems. Health care billing is the modern day Tower of Babel, in which no one speaks the same language.

Even Medicare, which is the nation's most efficient payment system, is difficult to understand. I once had a meeting with John Breau, who at the time was Senator from Louisiana, and a leading expert on Medicare. He observed that the Medicare regulations were three times the size of the IRS tax code. He told me, "I have to decide whether Medicare should reimburse for colonoscopy or for a barium enema to screen for colon cancer." Then he said: "Dr. Brody, I've had both, and I don't like either one of them."

It used to be, a hospital like Johns Hopkins had to deal with only a small number of organizations that paid for medical care. There was Medicare, Medicaid, Blue Cross/Blue Shield, and a handful of private insurers.

Yesterday I asked Rich Grossi, the Chief Financial Officer of Johns Hopkins Medicine, how many payers we deal with today. He did some digging, and the number shocked even me. He said that at the Johns Hopkins Hospital we have to bill more than *seven hundred* different payers and insurers. These are HMOs, PPOs, MCOs, IPAs and an alphabet soup of other organizations. Each one has their own set of rules regarding what services are covered, the level of reimbursement, and what kind of documentation and pre-approval is required. It is an administrative nightmare.

Nationally, this kind of inefficiency costs patients billions of dollars. Billing, collection and payment administration represents (by conservative estimates) 20 percent of healthcare costs. If there were a common format that all payers and providers were required to use, much of the administrative burden would be removed. And patients might be able to understand their medical bills at the same time.

And so we need to ask: How can we eliminate unnecessary complexity from our health care system?

The last 'C' is chronic illness.

Did you know that two-thirds of all Medicare spending is for beneficiaries who have five or more chronic conditions? Eighty percent of all healthcare costs involve patients with one or more chronic illnesses. These are illnesses like hypertension, diabetes, chronic obstructive pulmonary disease, arthritis, asthma or depression.

Part of the miracle of modern medicine has been its ability to turn killer diseases into manageable life-long chronic conditions. American medical research, funded by the federal government through the National Institutes of Health, has revolutionized our ability to treat the sick. Our nation has been very well served by that investment.

Diabetes is an example of this. HIV infection is another, as is the significant decline in deaths from heart attacks over the past two decades. Formerly diabetes, HIV and heart attacks were death sentences. Now they are typically managed conditions that require daily medication and regular medical attention.

But chronic conditions are both difficult and expensive to manage. If we begin to focus on disease management there are big gains to be made, both for better patient care as well as reducing costs.

Two strategies could have profound impact on lowering the morbidity and mortality of these conditions, not to mention drastically reducing the dollars spent treating them. The first is developing more effective means to prevent or delay the onset of these diseases. The second is promoting more co-coordinated cost-effective therapies to treat them. We need to be doing both. As an example, right now, today, we are creating a nationwide epidemic of obesity, which in turn is generating a nationwide epidemic of diabetes. The last place—the worst place—to be treating this is in a hospital operating room twenty years from now performing amputations.

Yet our whole health care system remains oriented toward the care and treatment of acute illness. We can't provide the nutritional counseling to prevent obesity, but

we are well-equipped to perform amputations on diabetics. There is a huge disconnect here.

A recent poll found that more than three-quarters of both patients and physicians believe that fundamental reform of the health care system is needed to provide better care of people with chronic conditions. Medicare beneficiaries with five or more chronic conditions see an average of 13 different doctors and fill 50 prescriptions during the year. For these patients, their illnesses become a full time occupation.

We need to ask: How can we better manage and care for chronic illness?

Consistency, complexity and chronic illness: these are the three riders of our health care apocalypse. These are the three challenges we must confront. The Presidential candidates have been talking a lot about costs and insurance coverage. But until we confront consistency, complexity and chronic illness, no effective cure for our ailing healthcare system is feasible.

Today it has been my honor to suggest to members of the press three critical questions we should ask every candidate about health care.

It is now my pleasure to answer the questions you'd care to ask me.

Thank you. 🙏

SILVER AWARD: MANAGEMENT CATEGORY

Bearding the Lion: Leadership Strategies for Winning Over Tough Audiences

WRITER/SPEAKER: HAL GORDON

October 18, 2006, Washington Speechwriters Roundtable, Washington, D.C.

When Jan Cook told me that I'd be speaking to a capacity crowd today, I was concerned that it might make me conceited.

But then I remembered Winston Churchill's solution to this problem. Whenever he drew a big crowd, Churchill would remind himself that the crowd would be twice as big if he were going to be hanged.

That's a good transition to my topic for today, which is winning over tough audiences.

As speechwriters, we all have to be ready for that assignment, because sooner or later the people we write for have to speak to audiences that are cold, skeptical or even hostile to them and to their point of view.

How do we, as speechwriters, help our clients to crack those tough audiences?

In one respect, there is no difference in writing for a hostile, rather than a friendly audience. The basic devices

for moving audiences remain the same.

Aristotle said that there are three main ways by which a speaker moves an audience. As speechwriters, we know that they are:

Ethos—building a bond with the audience.

Logos—appealing to reason and logic.

And *pathos*—appealing to emotion.

The basics don't change when we have to write for a tough crowd. We simply adapt them to the occasion.

I'm going to lay particular stress on *ethos*.

One of the best ways of bonding with an audience is with humor. The best kind of humor for tough audiences is self-deprecating humor.

For two reasons: First, it's safe. Nobody can object to your speaker making fun of himself. Second, it works. It's hard to dislike a person who doesn't take himself too seriously.

You may know the story of how Abraham Lincoln was giving a speech, and a heckler accused him of being “two-faced.”

Lincoln faced the heckler head-on and declared, “Friend, be fair! If I *had* two faces, why would I wear this one?”

A more recent example is President Bush’s speech to the NAACP last July. Relations between the administration and the NAACP had been strained for years. Bush had declined five previous invitations to speak at their annual convention. So the mood was tense.

After he was introduced by NAACP President Bruce Gordon, Bush broke the ice by saying: “Bruce is a polite guy -- I thought what he was going to say was, it’s about time you showed up.”

The gambit worked. The audience responded with laughter and applause.

But what do you do on those occasions when you’ve got to win over a crowd, and you can’t use humor to do it?

I’m going to give you three examples: three speeches that are models for winning over tough audiences.

Happily, all three speeches are extremely short, so we can have the full texts. In fact I nearly titled this talk, “Three Speeches In 20 Minutes.”

The first speech is notable because it is by a woman in a position of power.

This woman was very controversial. Some resented her because she had gained her power by being the wife of the chief of state. Some resented her for being an outspoken feminist. Some resented her for holding unorthodox—even heretical -- opinions.

No, I’m not talking about you-know-who.

The lady in question was the Byzantine empress Theodora, wife of the Emperor Justinian.

The occasion for the speech was a grave crisis. The year was 532 AD. Justinian was facing a serious rebellion. His advisors, convinced that the rebels could not be put down, were urging the royal couple to run for it.

As Justinian wavered, Theodora astonished the council by rising from her throne and making this brief but telling speech:

“My lords, the present occasion is too serious to allow me to follow the convention that a woman should not speak in a man’s council. Those whose interests are threatened by extreme danger should think only of the wisest course of action, not of conventions.

“In my opinion, flight is not the right course, even if it should bring us to safety. It is impossible for a person, having been born into this world, not to die; but for one who has reigned, it is intolerable to be a fugitive. May I never be deprived of this purple robe, and may I never see the day when those who meet me do not call me empress.

“If you wish to save yourself, my lord, there is no difficulty. We are rich; over there is the sea, and yonder are the ships. Yet reflect for a moment whether, when you

have escaped to a place of security, you would not gladly exchange such safety for death. As for me, I agree with adage that the royal purple is the noblest shroud.”

Let us note two aspects of this short speech.

First, this is a scene worthy of Shakespeare, and Theodora had once been an actress. But she refrains from histrionics. Simply shattering the precedent of not speaking in a man’s council was enough to get her the spotlight. Once she has it, she makes the most of it. She recognizes that she’s a woman in a man’s world; so she speaks straight and to the point.

Second, notice how she seizes on her greatest liabilities—he unpopularity and her sex—and converts them into assets.

She knew, just as the men knew, that this speech was not bravado. She was unpopular—even hated. If the rebels won, they would not spare her because of her sex. By staying, she’s risking her own life, just as she’s asking the men to do. This is Ethos with a capital “E.”

And because she was “only” a woman, the men—whether they felt brave or not—could not appear to be less brave than she. With this speech, Theodora makes flight impossible.

Note the sly dig—“if you wish to save *yourself*, my lord . . .”

So Justinian stayed and quelled the revolt.

Now some of you may object that we’re not living in the Byzantine Empire—although when you live in Washington it sometimes feels that way.

But people in high places must still respond to crises with courage. And we still have gender issues about women in authority.

Recently, we had a TV series about a woman president called “Commander-in-Chief.” Even more recently, we’ve had Nancy Pelosi saying that it may take a woman to clean up the mess in the House of Representatives.

Or think of Margaret Thatcher. After Argentina invaded the Falkland Islands, she convened her cabinet and declared, “Gentlemen, we shall have to fight.” Suddenly, there was nothing else to say.

The next type of speech I want to discuss is a motivational speech. A newly-appointed general is giving a pep talk to his men.

We know about pep talks. The more discouraging the circumstances, the harder it is to get people to believe you—let alone to inspire optimism. And the circumstances facing this new general could scarcely have been worse.

The men had not been paid in months. They were ragged, shoeless, hungry, sick, discouraged and mutinous. The new general had brought neither supplies nor their back pay.

The new general had little experience. He was just 27 years old. He had been promoted over the heads of older, more seasoned commanders. Naturally, his promotion caused resentment.

Even worse, there were nasty rumors that the new general got the job for one reason only: because his pretty wife had slept with the minister of war.

You might expect that the career of the new general would be both brief and inglorious. And you might be right, but for one detail: the name of the boy general was Napoleon Bonaparte; and he was about to win his first great victory. Not with his sword, but with a speech.

Napoleon addressed his men as follows:

“Soldiers! You are naked and hungry. The government owes you much, but can give you nothing.

“Your patience, your valor among these crags have been admirable, but they win you no glory. Not a ray falls upon you. [But] I will lead you to the most fertile plains on earth. You shall conquer rich provinces and great cities; there you will find honor, glory and riches. Soldiers of the army of Italy! Will you be lacking in courage or endurance?”

The effect of this short speech was electrifying. Men who had been about to throw down their rifles and go home were suddenly ready to follow this charismatic young commander over the Alps to Italy.

I have three comments on this very short speech. First, short as it is, Napoleon devotes the first half of it to ethos. He airs the men’s grievances. He neither ignores, nor minimizes their privations. Rather, he uses them as an opportunity to commend his men for their patience and courage.

Second, he is unflinchingly honest about the situation. He doesn’t feed his men false hopes. He doesn’t tell them that they will shortly be paid their arrears, or that supply wagons are on their way.

We might compare Napoleon’s situation here to that of a business executive who has to tell his employees about a merger, an outsourcing, a downsizing or other bad news.

Napoleon knew that if he lied to his men, they would never trust him again. So he tells them flat-out that the government is broke. The only incentive he can offer them is the hint that if they follow him, they will have the chance to loot. And, at least in the early stages of the campaign that followed, Napoleon had to tolerate looting, although he later suppressed it.

Third, note that at the end, he doesn’t tell—he asks. He doesn’t say, “So follow me to Italy, boys! Show me what you’ve got!” He says, “I am offering you the chance for honor, glory, and riches. Are you men enough to take it?”

This was a big gamble. Had Napoleon cut a poor figure, the men might have said no. They might have laughed at him. But he was a commander so confident of his abilities and his destiny—what he called his “star” -- that he could take that gamble.

Napoleon once said that a leader is a dealer in hope. In this speech, he gives his men hope. I think this speech also helps us to understand why Napoleon’s

great adversary, the Duke of Wellington, once said that Napoleon’s mere presence on a battlefield was worth 40,000 men.

The third speech I have to share today involves my taking a risk myself -- the risk of being misunderstood.

I’m going to use a speech from the Bible. And before I do, I want to assure everyone that I am offering this speech simply as a speech—as an ingenious solution to a problem of rhetoric. I am not attempting to proselytize anyone. I’m an Episcopalian. Episcopalians are “God’s frozen people” -- we are far too dignified to proselytize.

The speech is from the Book of Acts. It is St. Paul’s speech to the Athenians.

Paul was in Athens as part of his mission to spread Christianity. According to the Book of Acts, he wasn’t making much headway.

Paul was a Jew who spoke Greek, but his Greek was probably not very refined. The quality of his Greek may have been part of his problem. The Book of Acts says the Athenians accused him of proclaiming strange gods, because he spoke to them of “Jesus” and “the Resurrection.”

In Greek, the word for resurrection is *anastasis*—from which we get the name Anastasia. So some Athenians thought that Paul was preaching a new religion with a male deity named Jesus and a female deity named Anastasis.

This was an easy mistake for the Athenians to make, because their city was cluttered with pagan altars and idols. There was even an altar to the God Unknown, so the Athenians could not be accused of neglecting any deity.

The Book of Acts says that the Athenians took Paul to the Areopagus. What this means is unclear, because Areopagus is a word with two meanings. It refers to a hill west of the Acropolis. It also refers to a local council that served as a kind of religious court and board of censors.

So two interpretations are possible. The first is that the Athenians, with their love of new ideas and philosophical arguments, wanted to have a debate.

The second, more sinister, interpretation is that Paul was being haled before a local Inquisition to decide if he was preaching subversive foreign doctrines.

In either case, Paul is on the spot. He has to make a really great speech on this occasion. And he does. Again, I ask you to consider this speech simply as a speech, and as a solution to a problem in rhetoric.

I’m going to quote a modern translation here, by the English clergyman, J.B. Phillips. I think you will be as impressed as I was by the vigor and persuasive power of the language.

Paul says this:

“Gentlemen of Athens, my own eyes tell me that you are in all respects an extremely religious people. For as I made my way here and looked at your shrines I particularly noticed one altar on which were inscribed the words, TO THE GOD UNKNOWN.

“It is this God whom you are worshipping in ignorance that I am here to proclaim to you! God who made the world and all that is in it, being Lord of both heaven and earth, does not live in temples made by human hands, nor is he ministered to by human hands, as though he had need of anything—seeing that he is the one who gives to all men life and breath and everything else. From one forefather he has created every race of men to live over the face of the earth. He has determined the times of their existence and the limits of their habitation, so that they might search for God, in the hope that they might feel for him and find him—yes, even though he be not far from any one of us.

“Indeed, it is in him that we live and move and have our being. Some of your own poets have endorsed this in the words, ‘For we are indeed his children.’

“If then we are children of God, we ought not to imagine God in terms of gold or silver or stone, contrived by human art or imagination.

“For while it is true that God has overlooked the days of ignorance, he now commands all men everywhere to repent. For he has fixed a day on which he will judge the whole world by the standard of a man whom he has appointed. That this is so, he has guaranteed to all men by raising him from the dead.”

Now, what can we say about this speech?

Paul’s critics in Athens called him a “cock sparrow”—in other words, an intellectual scavenger who picks up scraps of knowledge at random—the way a bird picks up seeds.

It seems likely that one of the scraps Paul picked up was Aristotle’s guide to rhetoric—because of the sophisticated use he makes of ethos, logos and pathos.

Paul begins by complimenting his audience on their piety, and he quotes from the Greek poets—this is ethos.

He makes a powerful appeal to logos -- logic -- when he asks how anyone can believe that the God who made heaven and earth can be contained in a man-made temple, or can need anything from the human beings he created. No, says Paul, the reverse is true—it is God who gives life and blessings to all.

And Paul uses pathos. He says we are all God’s children. So it is human to search for God, even though God is never far away from any one of us.

Notice as well the shrewd use Paul makes of the altar to the God Unknown. It’s a brilliant rhetorical device.

Remember, he’s accused of proclaiming strange gods. Not so, says Paul -- I’m not proclaiming strange gods; I’m simply revealing to you the identity of the God whom you have been worshipping in ignorance all these years.

He then says that this God Unknown is the creator of the universe. He doesn’t explicitly deny the pagan gods. But the implication his message is clearly this: If one God created all things, then that one God is the only true God.

So Paul flatters his audience, involves them in a logical argument, and then he moves on to the controversial part of his message.

This one God who created all of us, he says, is a loving parent. He forgives us our past ignorance. But now he commands us to repent. Because he is going to judge the world by the standard of a man whom he has appointed. As proof, he has raised this man from the dead.

Notice that Paul doesn’t mention Jesus by name. Whether this is a debate or a trial that is going on here, he has turned the proceedings into a seminar. He is inviting his listeners to ask him about Jesus. Who is this man whom you say God raised from the dead?

Was the speech a success? The Book of Acts says that Paul got a mixed reception. Some laughed when Paul talked about resurrection from the dead. Others said they wanted to hear more. A few became Christian converts.

But the really important thing about this speech is that Paul made Christianity intellectually respectable in Athens.

This was a major achievement, because Athens was then the intellectual capital of the whole Mediterranean world.

In the years that followed, educated pagans would sneer that Christianity was for slaves, children and a few silly, uneducated women. But in this speech, Paul demonstrated that Christianity was a religion that could appeal powerfully to intelligent people as well.

To sum up, we may say that each of these three speeches did all that a good speech could do, given the circumstances. But words alone are never enough. They have to be backed up by deeds.

Theodora had to risk her life by remaining with Justinian to put down the rebels. In the days immediately following his own speech, Napoleon scarcely slept. He was everywhere, doing all he could to better conditions for his men—proving that he was indeed a general who knew his business and who cared about his soldiers. As for Paul, he bore witness to his words by being flogged, imprisoned and, finally, martyred.

Words have to be backed up by deeds. The people we write for have to follow through. But a good speech can give them a good start.

If we, as speechwriters, can write a good speech for a tough audience, we have done a good day’s work.

I hope I’ve done some good work here. Thank you. 🙏

SILVER AWARD: COMMENCEMENT CATEGORY

What's Next?

WRITER: JEFFREY J. KRAUS / SPEAKER: GLENN DUBOIS

May 11, 2007, DSLCC, Clinton Forge, Virginia

President Teaff, faculty and staff; proud moms and dads, and family members; distinguished guests; and the graduating class of 2007: good evening ... and congratulations.

Tonight, this college is awarding 145 degrees and certificates—including some brand new degrees. Tonight marks the first time ever that Dabney S. Lancaster is awarding the Associate Degree in Technical Studies in Industrial Operations and the Associate Degree in Culinary Arts and Management.

Among our graduates this evening are two sets of siblings, a set of cousins and a mother-daughter duo.

As graduates, you have beaten the odds. Only one out of five ninth graders in Virginia will complete a college degree on-time, research shows.

What does that mean? Look around. For every person you see in a cap and gown, there are four other people in Virginia who may never know what it feels like to be where you are right now.

That means you are the leaders to whom we will be turning. You are the men and women who will soon have a say in deciding what direction all of us go. *No pressure.*

So that brings me to the question I have for you tonight: What's next?

We'll get back to that in a moment.

I know, as you know, how overwhelming it has been to simply get here tonight.

More than thirty years ago—right around this time of the year—I was walking across the stage at my high school, picking up my diploma, wondering how in the world I had even graduated. If I didn't graduate last in my class, I was certainly in sight of it.

But you know what? I didn't care. I just wanted out. I didn't know, and really didn't care, what the future held for me. I wanted a job. Specifically, I wanted some money in my pocket.

And so, I got my wish—a job washing dishes in the restaurant in my neighborhood. You know, I had never even considered college. No teacher, no coach, not even a friend of mine had even put the idea of college on my radar screen.

Dish-pan-hands, my friend: that was the extent of my aspirations. The good news is after only a few months, I opened my eyes and raised my goals and thought yeah, I can move up and maybe start busing tables. If I could get on the floor, I could at least see my customers. Impressive, huh?

My mom wasn't impressed. And I'm grateful she wasn't. She thought I had more brainpower than that—even if I couldn't see it.

So every day, either on my way to my glamorous kitchen job or sometimes, back home after my shift, she would harass me about it. “Glenn, you need to go to college, “she would say while shoving a community college application into my hand. “Fill this thing out, now. You can do this.”

We'd go back and forth about it. But you know how mothers are. I eventually caved in.

I was shocked when my acceptance letter arrived. In fact, I was convinced it was a mistake. Maybe someone in the registrar's office got my name confused with another. But I decided to show up for class.

I wasn't taking any chances, however. I kept the acceptance letter in my shirt pocket for proof. I was nearly certain that someone would eventually spot me, realize the college's mistake and ask me to leave.

The next shock came when I found the classes to be engaging and interesting. Soon, I developed meaningful relationships—especially with my instructors. Beyond my mom (who really had no other choice), they were the first people to ever really encourage me. It changed me. It gave me confidence. And, for the first time ever, it made me wonder how far I could go.

One of the great mysteries of life is the elevating and inspiring presence a teacher can be. No doubt all of you graduating tonight feel that way about, at least, one of the instructors you had here at Paul D. Camp Community College.

Because of my experience and my teachers, I was inspired to become a teacher. First, I was a history teacher, then a community college teacher, then an administrator in New York, and now I have the pleasure of serving at the helm of the vibrant and dynamic community college system here in Virginia.

I hope that gives you a sense of why education is so important to me—and why I am so proud to see all of you sitting in front of me today.

So what does it mean to be graduating tonight? The cap and gown; the family and the fuss; the certificate or degree that will soon be framed on your wall—what does it all mean?

In a word, it means everything.

Were you to suddenly possess one of those magic

lamps you hear so much about in parables, and you were to wake the genie inside, you would face the question: “What are your three wishes?”

The first wish, of course, would have to be a long, healthy life. Good health is essential to anything else you want to do.

The second wish should be to earn a college education. Like good health, the ability to think, to reason, to analyze is a foundation necessary to success. And the degree or certificate you are about to receive is in essence a receipt—proof that you have developed these abilities.

And the third wish ... well, the third wish is irrelevant. Because there is nothing that you could ask for with the third wish that, in good health and with a college education, you cannot yourself earn.

Which brings me back to the question with which I began: What’s next?

There is a paradox that defines the human condition—perhaps it’s better described as a spirit of restlessness. The more educated we become; the more education we realize we need. The more progress we achieve; the more progress we feel we need to make. The farther we go; the more we realize how much farther we have to go.

That’s one of the central lessons behind the effort to commemorate America’s 400th Anniversary at Jamestown this very weekend. It is staggering to think how far we’ve come since the American Indian, European and African

cultures came together on that marshy island along the shore of the James River.

The sense of exploration which fueled that moment has propelled men and women to explore every corner of the world and even step foot on the moon. And while geography may no longer be the motivation it once was for exploration, our essential need to explore is as great as ever.

There remain new worlds of knowledge and research to explore. There are still new worlds of economic innovation and opportunity to discover. There are still new worlds of understanding and reconciliation between people that you can pioneer. And the education you’ve gained here enables you to succeed in these and other needed adventures.

What’s next?

The cure for aids, for cancer, for diabetes?

The end of poverty, of famine, of genocide?

A source of clean energy that is renewable, affordable and widely attainable?

Again, I ask: What’s next?

It was our job to prepare you for that question with the education you’ve obtained here. It’s now your job to answer that question.

I assure you, we are all waiting for, and depending on, your response.

What’s next?

Choose wisely.

And good luck. 🍀

SILVER AWARD: AWARD ACCEPTANCE CATEGORY

Tony Jannus Award Acceptance Speech

WRITER: LUKE BOGGS / SPEAKER: JOE LEONARD, CEO AIRTRAN AIRWAYS

October 12, 2006, St. Petersburg, Florida

Ladies and gentlemen, members of the board and benefactors of the Tony Jannus Distinguished Aviation Society ...

I want to thank you, from the very bottom of my heart, for the honor of being named a Tony Jannus award recipient.

You know, being here tonight and being ushered into such a distinguished group reminds me of an old story.

The story of a young Kentucky farm boy who announced that he was entering his mule—his MULE—in the Kentucky Derby.

Now, all the local horse people in Kentucky—and there are lots of them—they told the boy he was crazy.

After all, they explained, it costs a lot of money to enter the Kentucky Derby—and a mule would have absolutely no chance of winning.

“Well,” the boy explained, “I knew he couldn’t win. But I thought the association might do him good.”

Tonight, being here and accepting this honor, I don’t feel like that boy.

I feel like that mule.

Among the other Tony Jannus honorees, I’m a bit like a mule in a field of thoroughbreds.

But I’m thinking the association might do me some good.

Speaking of positive associations, I’m excited and honored to have a lot of wonderful family members with me here tonight.

My brother-in-law and sister-in-law—Doug and Nancy Ramseth.

My mother-in-law—Evelyn Ramseth.

My sister and her husband—Retta and David Healy.

My son and his wife—Kevin and Amy Leonard.
And my daughter and her husband—Maureen and
Brad Erickson.

By the way, I can't resist letting you know that
Maureen recently became one of the newest captains at
AirTran Airways.

[Lead applause.]

Of course I would be proud of her no matter what she did
... or who she worked for ... but I'm not going to kid you:

It is wonderful to have Maureen flying with my family
away from home—the AirTran family.

I certainly want to introduce one more family member.

Someone who has enriched my life immeasurably.

Someone who is a continuous source of inspiration
to me.

And someone, without whom, I couldn't have
accomplished many of the things that have brought me
to this dinner tonight.

Please welcome my dear and wonderful wife -- Phyllis.

Here tonight from the AirTran family is a former
Secretary of Labor and a tremendous member of our
AirTran board—Bill Usry.

My friends, it is altogether fitting for us to pay tribute
to Tony Jannus—immortalizing his achievements with
this organization and this award series.

I want to commend the Tony Jannus Distinguished
Aviation Society for all you've done to draw attention to
aviation in general and commercial aviation particularly.

Ours is a noble effort, I believe.

From the earliest days of antiquity, man has dreamed
of flying.

And, over the past century, millions of men and
women have struggled to bring us to the place where air
travel is today.

Safe. Reliable. And broadly affordable to people all
across this country and around the world.

That's a tremendous achievement.

One that Tony Jannus played a key role in
advancing—and one that I'm proud to have devoted
much of my career.

Tony Jannus made his immortal flight across Tampa
Bay in 1914.

Just 11 short years after the Wright Brothers flew at
Kitty Hawk.

Two years later, at age 27, Jannus lost his life doing
what he loved to do, disappearing into the Black Sea
while testing a Russian plane.

It was 90 years ago today, in fact, October 12, 1916,
when Jannus passed away.

Though he made a remarkable impact in his too-
brief life, I doubt he could have imagined himself being
honored and remembered nearly a century later.

But it is right and fitting that we do so—and I
applaud the founders and leaders of the society for their
worthwhile efforts.

As many of you know, the list of Tony Jannus
honorees is rich with aviation pioneers of all stripes ...
pilots and innovators and scientists ... founders and
leaders of great aircraft manufacturers and the companies
that fly them.

They are giants in the history of flight ... And I want
you to know just how humbled I am to have been named
in such company.

As for my story ... I grew up in the shadow of the
airport in Augusta, Georgia—and that, in the words of
the poet, has made all the difference.

Even at five and six years old, I would ride my bike
about a block and a half to the airport.

I'd park my bike and start poking around the place.

And I had another option, too, for getting into the
airport: I could simply climb the fence.

I would scramble in and out of the various planes for
as long as I could—until someone responsible eventually
ran me off.

I would come back, of course.

Maybe not the same day.

But I'd come back.

Later, I had my first job at the airport.

When I was about 11, I started washing and gassing
up the airplanes.

I didn't make a lot of money.

75 cents an hour, which wasn't bad.

Every nickel I earned at the airport was paid out in
flying time.

Which was just perfect for me.

By the time I was 13, I was ready to start flying
lessons—and I've been taking to the skies ever since.

Few people are blessed to be able to do what they love
doing to have an enduring passion for what they do and
ultimately be part of something extraordinary.

In my life, I've been exceptionally blessed—and I
know it.

Because I have been able to work in this business I
love, year after year, in a very gratifying way.

And in the company of the greatest group of people
the aviation industry has ever seen.

I owe a great debt to a lot of people.

My parents, of course.

My teachers, from grade school on up.

My professional mentors.

In fact, I owe a good-sized debt to two men who had
an enormous impact on the way I look at the world of air
travel ... the world of business ... and the broader world
of life itself.

Two men who are also recipients of this award.

A real giant in the business of air travel, the first
gentleman is the former Chairman of Northwest Airlines and
the 1978 recipient of the Tony Jannus award -- Don Nyrop.

I had the honor of working for Don for 13 years, and
I often think back on those days as critical ones in the

course of my career.

During that period, Don imparted a lot of important, functional wisdom to me about this business, about what makes it work.

Lessons like keeping things simple.

Always. No exceptions.

Ideas like having a zeal for cost control.

Knowing that its far easier to keep out a cost initially, than cut out a cost once its established.

Concepts like being fast and flexible.

Today, you don't have to look too closely at the success of AirTran to see plenty of Don's functional wisdom in action ... and I will always be grateful to him for all he taught me.

I also want to pay tribute to another gentleman I was fortunate enough to work for during his long and distinguished career in commercial air travel ...

One of history's truly great aviation pioneers, he was an Air Force test pilot and later commanded the first Apollo mission to circle the moon.

He is, of course, the former Chairman of Eastern Airlines and the 1986 recipient of the Tony Jannus award—Colonel Frank Borman ...

And I'm extremely pleased to have him here with us tonight.

Frank's courage was right there, plain as day, and you can read all about it in the history books.

In business, he demonstrated an intense and undeniable will to win that was truly inspiring.

He was an outstanding guy to work for ... and I was deeply honored to have Frank deliver the keynote at the luncheon earlier today.

Thank you so very much, Frank.

Ladies and gentlemen: I very much appreciate you honoring me with this award.

I'm not sure I deserve it.

But I am honored ...

I am grateful ...

And I accept this award tonight on behalf of all the men and women of AirTran Airways.

After all, this honor really isn't about me.

I'm not the author of the AirTran success story.

I mean, I've been around—and I've done my part—and proudly so.

But this honor tonight is really for the people of AirTran.

They're the real authors of AirTran's success.

The people who sell the tickets.

And the people who check you in at the airport.

The people who handle the bags.

And the people who get you on board.

The people who take care of you on the ground ...

And the people who make you comfortable in the skies.

The people who get the planes ready to fly.

And the people who fly them.

All the people who help you get where you're going ...

And return you to the ones you love.

This award belongs to the people of AirTran.

The folks who build this business one destination ... one flight ... one satisfied customer at a time.

They are ordinary people doing extraordinary things.

And I am proud to show up and work alongside them.

As you know, AirTran is a scrupulously low-cost airline and that's a distinction we relish.

We have been among only a handful of consistently profitable airlines in recent years, no small feat given all the various shocks to the industry.

As a team, we've become one of the leading and largest low-fare carriers in America.

We've brought competition and low fares to cities all across this country.

And we've helped make air travel more and more accessible to all Americans.

Not just the businesspeople.

Not just wealthy folks and Hollywood stars and captains of industry.

No, in this country, in this time, AirTran has been part of a great movement that has opened up the skies to people in every walk of life, at every socioeconomic level.

What the people of AirTran have done—and what I've been blessed to be part of—is remarkable and it is admirable.

If I had to put my own philosophy of life or business in a nutshell, I would say this:

Know what is important—and stick to it.

Do the job that you have and do it with everything you have.

Don't worry about the next job.

Tomorrow will take care of itself—and working on the next job is bound to get you in trouble.

Don't worry about seeking attention or promotions or awards.

Those too will take care of themselves.

Lastly, surround yourself with the best people you can find.

Great people make all the difference in the world.

To me, the honor of the Tony Jannus award is an exceptional validation of all we've tried to accomplish at AirTran.

A validation of our business model.

A validation of our focus on profitability.

A validation of our relentless drive to keep out costs.

Of the exceptional quality of our product.

Of our efficient all-Boeing fleet of aircraft.

Of our sensible, pencil-sharpening approach to growth.

And, most of all, of our outstanding people and enduring teamwork.

As I said, this is not about me.

It's about the Crew Members at AirTran.

They're the ones who really earned this award.

They're the ones who get up every day and take care of our customers and control costs and grow revenue

and, ultimately, make it happen.

I'm thankful to each and every one of them ... and I'm honored to be here on their behalf tonight.

Thank you, once again, for this great honor for me and for the people of AirTran Airways.

God bless you all. 🙏

SILVER AWARD: MARRIAGE CATEGORY

Marriage

WRITER/SPEAKER: DANIEL ROSE

December 16, 2006, Yale Club, New York, New York

Dearest Beloved, because all attending, witnessing or participating in this joyous event are beloved,

We come together to celebrate the social, religious and legal union of two formidable individuals—and the creation of a new entity, their nuclear family.

They are now truly partners in life, publicly declaring their commitment to each other, creating a bond of love, companionship and mutual support that will enhance their lives and be a source of joy to themselves, their families and their friends.

In the eyes of the law, they have now assumed various legal rights and obligations; but in the everyday real world, they are creating a union whose goal is to increase their happiness.

The law does not speak of the importance of a compatible sense of humor, of a willingness to compromise, of an eagerness to meet each other's emotional and physical needs, of a commitment to care for and to protect each other.

It does not speak of the need to apply common sense and the need to go more than half way in resolving all questions that may arise, whether emotional or economic, social or professional, relating to family or to friends.

The law doesn't speak of the need for clear and continuing communication, by which each one's most important needs are made known and by which priorities are established—in passion and in practicality, and in all those other spiritual and mundane aspects of life.

Marriage manuals say that the greatest single source of friction in marriage is—money. In my 50 years of marriage I personally have found a solution to all financial and most other questions—in a single magical incantation, uttered thoughtfully and with expression by either spouse.

It is, “Yes, dear,” and it really works!

A second source of possible conflict—a couple's relations with family on both sides—can be resolved by a somewhat different magical formula: in all questions relating to the bride's family, her choice should govern; in all questions relating to the groom's family, his choice

should govern.

The law also doesn't speak of rituals of intimacy and connections, such as romantic dinners, expressions of affection, long walks and talks, the sharing of recreational interests, and, above all, the talk, talk, talk that brings and keeps people together.

The law doesn't speak of another important aspect of life—the preexisting network of friends, family and professional relationships that add so much to strengthen a relationship, and which should be cultivated consciously as “yours,” “mine” and “ours.”

How to spend leisure time and recreation is another topic that is so idiosyncratic and individual that it, too, deserves to be explored as “yours,” “mine” and “ours.”

And, finally, the law doesn't speak of perhaps the most important aspects of marriage, which are friendship and mutual respect.

Friendship and respect are built on trust, on consideration, on emotional support, on an acceptance of each other's flaws, on the ability to provide good cheer in life's “down” moments, in the ability to extend graciously and sincerely compliments and—shall we say—“constructive suggestions.”

I have felt close to Peter for years and sense that with Jena, too, Joanna and I will delight in the glow of their warm and loving relationship.

Here, before us, are two attractive people, deeply in love, with so much going for them, not the least of which are shared high energy, imagination, an optimistic view of the world, and a universe of friends and family that love them and wish them well.

Let me close with a combination of prayer, hope and expectation.

Barack Obama recently described his wife as, “the smartest, toughest, funniest best friend I could ever hope for.”

May Jena and Peter be able to say the same years from now!!

Let us bless this husband and wife!

Amen. 🙏

BRONZE AWARD: ACADEMICS CATEGORY

Virginia Needs Us to Do More

WRITER: JEFFREY J. KRAUS / SPEAKER: CHANCELLOR GLEN DUBOIS

August 8, 2007, The Chancellor's Annual Planning Retreat, The Williamsburg Marriot, Williamsburg, Virginia

Ladies and gentlemen, good morning. It's great to see so many of you here for this year's annual planning retreat.

You represent the leadership that makes this system go. And this is a chance for all of us to step away from the office, away from the emails, the ringing phones and the buzzing blackberries. Here, we can take stock, build our connections and look ahead.

Being a leader isn't easy. It means taking risks. It means getting knocked-around a bit. It means being second guessed. But your hard work leads to our success, so let me say clearly, "thank you."

As Virginians, we have a lot to be thankful for this year. We are meeting this week at the epicenter of America's 400th Anniversary—a significant commemoration, attracting big names like Queen Elizabeth II, President George Bush, and other national leaders and, of course, Chaka Kahn.

Just a few weeks ago, the commonwealth, once again, basked in the glow of being named the best state for business: an honor bestowed on us by Forbes.com, and the latest in a series of such national accolades.

At Virginia's Community Colleges, we are serving more students than ever before. Our partnerships with four-year schools are growing stronger. And we are being measured-up for an expansion of workforce development services that is revolutionary.

This is an exciting moment; one that transcends us all. Never before have so many so clearly seen the connection between the community college mission and our community's success. And never before have so many looked to us to be the "go-to" place for new ideas and results.

Whether it's historical significance, business friendliness, or our community college impact, it's fair to say that we, in Virginia, have climbed the hill higher than most, but we have not reached the summit. We must dig deeper; our ascent gets only tougher.

Virginia needs us to do more.

For just a moment, close your eyes and imagine a 9th grade classroom. Now in that room, imagine five students. Only one of them will go on to finish their two- or four-year college degree on time—that's the reality in Virginia today. And it's been that way for more than a decade.

We cannot compete this way. If this were an international soccer game, it would be like fielding only two players—and telling them to only walk, not run—as

they challenge the eleven guys on the other side. And sadly, we aren't doing enough to get our other players off the bench, and the clock is ticking.

Recent research shows that we, as a nation, share with Germany the dubious distinction of being the only developed countries where adults between the ages of 25 and 34 have less education than their 45-54 year-old counterparts. And over the next decade or so, people in that younger age bracket are more likely to become high school drop-outs than college graduates. And the states surrounding Virginia are even worse off. Don't be surprised when they come poaching the graduates we produce.

It's no wonder The World Economic Forum is ranking America's economic competitiveness #6, behind Switzerland, Finland, Sweden, Denmark and Singapore, in its last report—a report that, until now, the U.S. had always been #1.

What I am describing is a call to action. Its urgency cannot be denied.

This challenge of getting students into and successfully through higher education is particularly acute in our minority and underserved communities. Did you know that if minority students participated in higher education at the same rate as white students; America's Gross Domestic Product would increase by \$231 billion?

That is a big number. What does 231 billion mean? It's hard to really grasp, but let me offer a few thoughts for perspective:

- If you read all seven Harry Potter books, you've read only just more than a million words.
- If you add together this year's payroll for all every Major League Baseball team, you'd arrive at only \$2.7 billion.
- And what is perhaps mankind's most ambitious effort, the Apollo project, carries a price tag, in today's dollars, of \$74 billion for the spacecraft modules and rockets.

That means we could fund the vehicle needed to put a man on the moon three times over, and have money to spare, with the boost our economy would get if only minority students were going to college at the same rate as their white classmates.

Speaking of money: that's another challenge we face. Governor Kaine and the General Assembly face a budget that could be out-of-balance by as much as \$1 billion. Add to that the immense and building public

pressure to eliminate the abusive driving fees meant to enhance transportation revenues; the push to increase mental health spending; and the Governor's intention to expand statewide pre-K programs—at a price tag of \$300 million—it's easy to see how tenuous our state funding could be.

And lastly, we—along with colleges and universities everywhere are asking tough questions about campus safety following last April's massacre at Virginia Tech. In many ways, improving campus security is like solving a Rubik's Cube the size of an 18-wheeler. What pieces do you move, and how will it affect the others?

We all value the openness that long defined our nation's academic villages. Our campuses should inspire people to meet new ideas and individuals. But reality forces us to re-think how we provide those opportunities while maximizing the safety of our students, our faculty and our employees.

From access, to resources, to questions of safety; we face challenges, sure. What they really are, however, is a motivation to aggressively and passionately pursue our mission. It is no exaggeration to say that the future prospects of our commonwealth and our country depend, in part, on how we meet those challenges.

Last fall, nearly half of all Virginia students beginning their higher education at a public institution choose to do so at one of our community colleges.

They are coming to us because the quality of instruction is high and getting better. They are coming to us because we work hard to remain affordable—one-third the cost of Virginia's four-year institutions. And more and more, they come to us to begin their pursuit of a bachelor's degree.

We hold signed guaranteed admissions agreements with 22 public and private four-year colleges and universities. They will become even more important as more and more families become aware of them. For us, it's a matter of affordable access. For our four-year partners, it's a matter of enhancing their status as a public institution, and diversifying their campus with darn good students.

Another tool we have gained to expand higher ed access is the Two Year Transfer Grant program. The General Assembly approved it for students who begin with us this coming fall. The law that passed may not be perfect. But it's another way we are making it more affordable for Virginia's working-class families to offer their children a brighter future.

Our ability to partner with companies may grow as the governor's office considers an overhaul to how Virginia delivers workforce training. They want us to do more of it. That's the result of the reputation we carry with corporate leaders, business groups and others across the commonwealth—a reputation of getting things done, and doing them well. The details are still being sorted out. But questions that begin with the phrase, "You know,

you guys are doing a really good job at this," are the kind we like to be answering.

There is no faster way for someone in Virginia, who is stuck earning only \$7 an hour to triple their income, or do even better, then to enroll in our Workforce Development programs. Whether it's our one-year certificate programs or an Associate's degree tracks, students find a good paying job waiting for them upon completion.

Just last week, in their business section, the *Richmond Times-Dispatch*, under the heading "American Trends" ran an article highlighting that "the trucking industry has 20,000 unfilled driver openings."

It's not just trucking. There are a growing number of skilled, technical fields that are offering jobs that carry the kind of pay and benefits that can support a family—jobs that, because of their nature, can't be outsourced. And yet, we can't find enough qualified people to fill those positions.

We have to remain agile enough to identify those needs and help fill them. If I can use New River Community College as an example for just a moment: They are breaking new ground when it comes to strengthening career and technical education with high school students in their service area. That model of innovative partnership is what Governor Kaine is using to mold his idea of Career and Technical Academies—institutions that are intended to be on par with the existing collection of Governor's Schools.

Our career and technical programs, along with efforts like our Middle College program, place us in a position to really make a difference for Virginia's one million high school drop-outs. That's nearly one out of seven people in the state, and the vast majority of them are of working age.

Should our community colleges take on the responsibility of getting these people back on track? In this age of global competition, we can no longer ignore the potential of what friends, neighbors and family members could contribute if only they had more knowledge and better skills.

Adults are more likely to attend, and to succeed, in adult places. Our Middle College program illustrates that. Middle College, so far, has rescued 1,400 people, helping 80% of them complete their GED and 60% continue on to a post-secondary certificate or degree program.

Results like that have some leaders thinking about making community colleges responsible for GED and adult education—and why not? The existing plan isn't working. Virginia is recovering less than 10% of its drop-outs. It's time for a new approach, and I believe—I know—that we are up to the challenge.

So what does all of this mean?

As the leaders of Virginia's Community Colleges, we stand together in undiscovered country. Never, in our system's first four-decades, have the stakes been higher,

or the opportunities larger. Never before have our community colleges been so well positioned to elevate the future for so many people.

Are we ready to make the most of these circumstances?

That's what this planning retreat is all about. We selected the theme of "Focusing on the importance of relationships: It's all about others," because we think that, often, our biggest hurdles to success are internal. We think our diversions and distractions—real and imagined—can be minimized, if not eliminated, with your leadership.

It requires each of us to reaffirm our commitment to our mission; to re-examine who we are serving and how we serve them; to look anew at what we do and see it

through the eyes of our students, our business partners and our contributors. Every interaction with those customers, from our websites to our classrooms must be focused solely on serving them.

That focus on quality, that focus on our customer's experience—not our convenience—is what will allow us to seize this moment; elevate our expectations; and make our colleges the place where opportunity begins in Virginia.

Thank you very much. We have a run-down of wonderful speakers and engaging topics for you. I hope you enjoy the retreat, and I hope you share my excitement over what we can become, working together.

Enjoy your lunch everyone. I'll be back up here in just a bit to introduce our keynote speaker. 🙌

BRONZE AWARD: GOVERNMENT CATERGORY

Collaboration Made the Waters Flow

WRITER: STANLEY DAMBROSKI / SPEAKER: COMMISSIONER ROBERT W. JOHNSON

September 20, 2007, 2007 Colorado River Symposium, Santa Fe, New Mexico

They've put me in a tough spot, right after that great dinner, but I'll do my best to keep you awake.

Over the past two days, we have been assessing the Compact, the coming together of the Basin States 85 years ago. And we keep things working by coming together in forums like this symposium. I found out that in ancient times a symposium was a drinking party, and it looks like we're also keeping that working tonight.

I bet that at dinner after the Compact was signed, somebody started things off with a joke, and I'm going to continue that tradition ...

Two hikers are going along through the woods when they spot a bear. One guy reaches for his pack and grabs out a pair of running shoes. The other guy, taking the clear, practical view, says, "I've calculated the bear's speed and angle of approach. There's no way you will outrun the bear."

The first guy continues to lace up his shoes and says, "I don't need to outrun the bear—I only need to outrun you."

Now, when dealing with issues on the Colorado River, we have a lot of dangers to contend with. But, unlike those hikers, it won't do us any good to outrun the dangers alone, even if we could.

Some things today are quite different from the way they were when the states came together to form the Compact. The particular challenges change. The framework to deal with the challenges, the spirit of working together that we see in the original Compact, remains steady.

And it's a real tribute to the framers of the Compact

to have established a framework that has enabled us to accomplish so much. We have faced problems together and had successes in resolving them together.

We have had tough times behind us, and we will have tougher times ahead. Like the Compact's creators, we need to set in place a framework that will enable the generations who come after us to succeed.

You are well aware of the issues we are dealing with. We have been experiencing a period of record drought on the Colorado River. We've had serious drought in other western river basins—the Missouri, the Platte, the Snake.

And drought is a problem not only in the West. Just outside Washington, DC, some counties in Maryland and Virginia have imposed water restrictions because of drought.

The climate models indicate a continuation in the West of increasing temperatures, which affects snowpacks, runoff, storage.

One thing that never goes away is the demand for water, and demands are increasing.

We have environmental requirements that we have to meet. We are in pretty good shape in meeting these on the Colorado. But we're dealing with some challenges in other areas, for example in the California Delta with the Delta smelt.

We have changes in population distribution, which create municipal and industrial demands for water. And we have tremendous population growth.

These supply/demand trends are converging into a perfect storm. The models show more water and fewer

people in the Northeast, less water and more people in Southeast and the West.

Since 1922, the Colorado River Basin states have grown tremendously and increased in importance to the national economy. The 1920 census showed the total population of the United States at 105 million, and the total population of the seven Basin states at 5.7 million—five and a half percent of the national population.

California ranked as the 8th most populous state in the nation, with a little less than three and a half million people.

Colorado was next among the Basin States, ranking 33rd in the nation, with fewer than a million people.

The remaining five states all ranked in the 40s: Utah at 40th, New Mexico 44th, Arizona 46th, Wyoming 48th, and Nevada 49th and last, with 77, 407 people.

Compare that to population now. The 2000 census showed the national population at 280 million and the population of the seven Basin states at nearly 50 million—nearly 18 percent of the national population.

The West is the fastest growing region of the nation and a key part of its economic success. Because the Basin is so important, a lot of people are counting on us to keep things working, and none of us will benefit by trying to go it alone.

Remember the Jimmy Stewart movie *It's a Wonderful Life*? There's a scene where there is a run on the savings and loan. People are afraid that they will lose their money, and they are demanding all their money, closing their accounts, demanding all they are entitled to. In the chaos, one character, Mrs. Davis, asks for 17 dollars and 50 cents—precisely what she needs.

Mrs. Davis seems nice. But she is the shrewdest negotiator in that room. Because what she is doing sustains the system, and she knows that it is in her best interest to sustain the system rather than cashing-in in the short run.

We have done a good job and put together a string of recent successes despite the challenges of population, record drought—maybe it is because of those challenges that we succeeded, because we faced the challenges and

dealt with them head-on.

People have been watching these successes and modeling their work on the processes in the Colorado. And they continue to watch us.

In his keynote, Secretary Kempthorne used a football analogy—Don't fumble in the Red Zone—don't fail when we have been driving downfield so successfully toward the goal.

Another one I was thinking about ... I was watching a game a while back, Coach George Allen, who led the Washington Redskins to the Super Bowl, was a commentator.

Here's what happened—one team got a field goal, and there was a penalty against the defense. So the offense accepted the penalty and gave up their field goal, assuming that they'd score a touchdown. They ended up getting no score at all.

I don't even remember who was playing, but I do remember Coach Allen saying, "You never take points off the scoreboard." You never take points off the scoreboard.

We'd hate to go back and rehash old challenges, challenges we thought we had already solved. John Foster Dulles made a great point when he said, "The measure of success is not whether you have a tough problem to deal with, but whether it's the same problem you had last year."

We've progressed past those problems, and need to go on to deal with the new ones. We need to figure out how to craft the process to move it ahead and get it done on schedule.

In assessing the Compact, we are reminded of what we owe to it. The framers showed a vision of cooperation, and it is a tribute to them how well that approach has worked. Now, we have got to work to make sure it continues to work.

We have surmounted other obstacles, and I'm confident that we will surmount what we face now. Those in the past anticipated challenges and helped us to get in front of them. We owe to those who follow us to do as well by them. 🏆

BRONZE AWARD: TRANSPORTATION CATERGORY

GM's Plan for Energy Diversity

WRITER: PAUL MURPHY / SPEAKER: RICK WAGONER

November 26, 2006, The Greater Los Angeles Auto Show, Los Angeles, California

It's always a pleasure to come to California and the LA. Auto Show, and that's especially true this year, since I have the great privilege of helping the Motor Press Guild

kick off this year's press week.

I also want to congratulate the L.A. Show and its organizers on achieving your 100th anniversary.

California is where so much of the world turns to see “what’s new” in technology and design. The fact that the L.A. Show has been doing that longer than just about anyone, and the fact that you have “arrived” this year as one of the industry’s top international shows, really makes this a special year for those of you who work so hard to make it a success year after year.

So, congratulations on a great first century, and on behalf of the entire GM team, let me wish you many more successful years to come.

And speaking of 100 years ago, it’s interesting to note that back in 1907, there were three major technologies competing to power the automobile: electricity, steam, and gasoline. Each had its champions, and it wasn’t at all clear then which technology would eventually dominate.

In 1906, for example, the “Stanley Rocket”—built by the brothers who created the very successful “Stanley Steamer”—set a new land speed record: 127 miles per hour.

Of course, electrically driven vehicles had their proponents, too—most notably, Thomas Edison, who believed that electricity was the best option for driving automobiles. In fact, he spent years improving battery technology specifically for use in electric cars.

Today, it looks like Edison might have had a great idea—maybe just a little further ahead of his time than usual. More on that in a minute.

Today, as I said, the auto industry is much different from the way it was 100 years ago. In fact, it’s much different from the way it was just five years ago.

Since 2001, a series of geopolitical, natural, and economic realities—from extraordinary economic growth in China and India, to regional conflicts in the Middle East, to population growth, global climate change, and natural disasters in the Gulf of Mexico—have combined to drive home the fact that we face an increasingly uncertain energy future on a global basis.

All of this has created serious concerns about energy supply, energy availability, sustainable growth, the environment, even national security—issues that, collectively, have come to be called “energy security.”

A few statistics:

- Today, 35 percent of the world’s energy needs are met with petroleum products.
- China imports about 46 percent of the petroleum it uses, the U.S. imports about 64 percent, the European Union imports about 79 percent, and Japan imports virtually 100 percent.
- And according to the Department of Energy, from 2003 to 2030, worldwide energy demand will grow by an average of 2 percent a year. In other words, we’ll need about 70 percent more energy in 2030 than we did in 2003.

My conclusion from these figures: going forward, it is highly unlikely that oil alone is going to supply all of the world’s rapidly growing automotive energy requirements.

For the global auto industry, this means that we must—as a business necessity—develop alternative sources of propulsion, based on alternative sources of energy, in order to meet the world’s growing demand for our products.

This is a huge assignment. But it’s also an extraordinary opportunity. By developing alternative sources of energy and propulsion, we have the chance to mitigate many of the issues surrounding energy availability:

- we’ll be able to better cope with future increases in global energy demand;
- we’ll minimize the automobile’s impact on the environment;
- we’ll be able to take full advantage of the incredible growth opportunity for cars and trucks around the globe;
- we’ll take a lot of risk out of our business, and likely improve the profitability of the industry;
- and, not to be overlooked, we’ll have the opportunity to make the automobile more exciting, more functional, and more fun to drive than ever before.

The key, as we see it at GM, is energy diversity. We believe that the best way to power the automobile in the years to come is to do so with many different sources of energy.

So, what are the conventional and alternative energy sources we’re talking about, and how do we see them playing out?

First on the list are conventional gasoline and diesel fuels, and they’ll continue to be the principal automotive fuel source for some time. This means several things:

- first, as an industry, we must continue to improve the efficiency of the internal combustion engine, as we have for decades;
- second, we must work to reduce the use of traditional petroleum-based fuels by partially “displacing” them with alternatives, such as biofuels like E-85 ethanol and synthetic fuels, such as those derived from coal, natural gas, or biomass.

At GM, we believe that the biofuel with the greatest potential to displace petroleum-based fuels in the U.S. is ethanol, and so we have made a major commitment to vehicles that can run on E-85 ethanol.

At GM, we now have more than 2 million E-85 vehicles on the road, with plans to expand production going forward.

In fact, along with DaimlerChrysler and Ford, we announced in June that America’s three domestic car companies will double our production of vehicles capable of running on renewable fuels by 2010. That’s more than two million E-85 and biodiesel-capable vehicles a year by the end of this decade—the single largest commitment to renewable fuels in our nation’s history.

And then, in a meeting with President Bush

earlier this month, Tom LaSorda, Alan Mulally, and I announced that America's domestic auto companies were prepared to make fully half of our annual vehicle production bio-fuel capable by 2012, provided there is ample availability and distribution of E-85, as part of an overall national energy strategy.

You see, flex-fuel vehicles alone won't get the job done. Right now, there are about 170,000 gas stations in the United States and only about 1,000 E-85 pumps.

At GM, we're partnering with government, fuel providers, and fuel retailers across the U.S. to help grow the E-85 ethanol fueling station infrastructure. Since May of 2005, we've helped add 175 E-85 fueling stations in 11 states, with more to come. In fact, the Department of Energy awarded a grant last month to a team from GM, CALSTART, Pacific Ethanol, CleanFUEL USA, the Community Environmental Council, and others to add 15 E-85 pumps in California. We need to do a lot more of this.

To the skeptics on ethanol, I say, "Keep an open mind." We need to diversify our energy sources, consumers are looking for alternatives, ethanol is a proven winner in countries like Brazil, and the growth of the biofuel industry in the U.S. continues.

In 2007, ethanol production alone will approach seven billion gallons, and that's from grain-based crops. Also promising is the potential to produce fuel from biomass, and research and commercialization in this area is gaining momentum through programs with the Department of Energy, universities, and the private sector.

Ethanol has the potential to significantly offset energy demand, and we owe it to ourselves to encourage continued development of the ethanol fuel industry.

At GM, we will continue to support the use of E-85 as an important part of a comprehensive national energy policy. And toward that end, I'm pleased to announce this morning that, within the next three years, GM's HUMMER brand will offer biofuel powertrains across its entire vehicle lineup, including our future HUMMER products. HUMMER is the world's first automotive brand to make such a commitment.

What are the other fuel options available to us?

Well, despite its success on the sands of Daytona Beach 100 years ago, steam is not one of the technologies we're pursuing today. But we are very serious about the third option that was big in 1906—that is, electrically driven vehicles.

In fact, I'm announcing today that GM is significantly expanding and accelerating our commitment to the development of electrically driven vehicles beyond what we have already committed to with our fuel cell and hybrid programs.

Why electricity?

First, electricity offers outstanding benefits, beginning with the opportunity to diversify fuel sources "upstream"

of the vehicle. In other words, the electricity that is used to drive the vehicle can be made from the best local fuel sources—natural gas, coal, nuclear, wind, hydroelectric, and so on. So, before you even start your vehicle, you're working toward energy diversity.

Second, electrically driven vehicles, when operated in an all-electric mode, are zero-emission vehicles. And when the electricity, itself, is made from a renewable source, the entire energy pathway is emissions free.

Third, electrically driven vehicles offer great performance, with extraordinary acceleration, instant torque, improved driving dynamics, and so on.

Now, some of you may be thinking, "Wait a minute—what about hybrids? What about fuel cells? Didn't GM already commit to those technologies?"

And the answer is, "Yes, we did." They are both big parts of our broader commitment to electrically driven vehicles. So, rest assured, we remain committed to both. Let me explain.

First, what is an "electrically driven vehicle"?

Well, no simple answer. In short, there are degrees—there's a continuum.

For example, there are what most people think of as "electric vehicles"—pure battery-powered vehicles, such as GM's EV1. The EV1 ran solely on electricity that was generated outside the vehicle, from the power grid, and which was stored onboard the vehicle in lead-acid and nickel-metal-hydride batteries.

Then there are gas-electric hybrids—which are not, per se, electric vehicles—but which are, in part, electrically driven.

How's that? Well, a conventional hybrid vehicle has both an internal combustion engine and an electric drive. And, it can be powered by both systems simultaneously, or by either system independently.

The electric energy in a conventional hybrid vehicle is generated by the vehicle, itself, and stored onboard in a battery.

At GM, we have several kinds of hybrid vehicles, either on the road or under development, including:

- more than 550 GM-equipped hybrid transit buses—including more than 70 in California in locations like Orange County and Yosemite National Park;
- the Saturn VUE Green Line, which uses our high-value "belt alternator starter" system and gets the highest highway fuel economy of any SUV on the market, at a great price to consumers;
- and, beginning in about a year, our advanced "two-mode" hybrid system—which is being co-developed with BMW and DaimlerChrysler—on our full-size SUVs and pickups.

Another type of hybrid that has attracted a lot of interest recently is the "plug-in hybrid."

A plug-in hybrid will be a conventional hybrid vehicle

with an important difference—the battery will be much more advanced. It will store significantly more energy and, of course, you'll be able to “plug it in” and recharge it at a standard electrical outlet. The result will be significantly better fuel economy, and the ability to use diverse energy sources.

That all sounds great, but so far, no major OEM has built a plug-in hybrid for commercial use—because the battery technology doesn't yet exist.

In fact, given what we know today, it's pretty clear that it will take several years to bring to market a plug-in hybrid that will meet the expectations and real-world performance standards that our customers expect—things like safety, durability, driving range, recharge time, operating temperature range, and affordability.

So, when will someone take the plunge and announce plans to build a plug-in hybrid? I'm glad you asked.

At our GM press conference scheduled to begin in about 45 minutes, Saturn General Manager Jill Lajdziak will introduce the new 2008 Saturn VUE, which will continue to offer a high-value hybrid option based on our “belt alternator starter” system.

Not to steal too much of Jill's thunder, but the all-new VUE also will be the launch platform for the first front-wheel-drive version of our advanced “two-mode” hybrid system in 2008, and this will deliver even more fuel economy.

And, importantly, this VUE two-mode hybrid can also be configured as a plug-in hybrid. And in that regard, I'm pleased to announce today that GM has begun work on a Saturn VUE plug-in hybrid production vehicle.

The VUE plug-in hybrid, GM's first, will use an advanced battery, like Lithium-Ion.

As I said a moment ago, production timing will depend on battery technology development. But based on our work with EV1 and our different hybrid-electric vehicles, we at GM already have a lot of experience developing and integrating advanced battery technology into our vehicles, and we're working today with a number of battery companies to develop the technology necessary to build a plug-in hybrid.

The technological hurdles are real, but we believe they're surmountable. I can't give you a date certain for our plug-in hybrid today, but I can tell you that this is a top priority program for GM, given the huge potential it offers for fuel-economy improvement.

For example, the current VUE Green Line delivers customers a 20 percent fuel economy improvement over the base model. We expect the front-wheel-drive, two-mode hybrid VUE—based on current EPA labeling—to improve overall fuel economy by 45 percent over today's base VUE. And the VUE plug-in hybrid will provide significantly higher fuel savings on top of that.

There are other types of electrically driven vehicles

that we'll see more and more of, as well, including hydrogen fuel cell vehicles, such as the Chevrolet Sequel.

A lot of people are confused by this, but yes, a hydrogen fuel cell vehicle is, in fact, an electric vehicle. It drives on electricity that is created by the fuel cell. In fact, electricity and hydrogen are actually interchangeable, and a fuel cell is little more than a battery that stores electricity in the form of hydrogen.

The beauty of a fuel cell vehicle like the Sequel, is that the electricity is generated onboard the vehicle, without using petroleum-based fuel, and without emissions. And like electricity, hydrogen can be made from diverse energy sources before it ever powers a vehicle.

So, please don't misunderstand—GM remains committed to fuel cell development. In fact, we continue to make significant progress in this area, and we continue to see fuel cells as the best long-term solution for reducing our dependence on oil.

Our most recent advanced hydrogen fuel-cell concept vehicle, the Chevy Sequel, has an operating range of 300 miles. In fact, some of you joined us in Camp Pendleton in September when we demonstrated our new drivable version. I think those who did will agree that it is, without a doubt, the most technologically advanced car that GM has ever built.

And a lot of that technology is finding its way into our latest fuel-cell vehicles—more than 100 Chevy Equinox SUVs, which we will use to create the world's largest fuel-cell test fleet next year. We'll begin placing those vehicles with customers next fall, including, as I'm pleased to announce today, 50 here in the greater Los Angeles area.

I should point out that GM's commitment to improving fuel economy, reducing vehicle emissions, and developing electrically driven vehicles is not a short-term strategy. We're in this game for the long term.

We see energy and environmental leadership as a critical element of GM's ongoing turnaround plan, a key part of our future business strategy, and we intend to bring our substantial global resources to bear on this issue starting yesterday.

As I said earlier, GM is significantly expanding and accelerating our commitment to the development of electrically driven vehicles beyond what we have already committed to with our fuel cell and hybrid programs.

We're proud of our work to date, but now we're taking it to another level.

GM is committed to the development of electrically driven vehicles that will help improve energy diversity and minimize the automobile's impact on the environment, and we'll follow today's announcements with additional announcements during the auto show season—including at Detroit, in about six weeks.

There is much more to come from us on this issue. Please stay tuned.

One more point—at GM, we understand that

technology, by itself, is of little value if it isn't put to use on a large scale.

To make a difference, technology has to be adopted and embraced by automotive consumers—lots of them—and that's only going to happen if we package it in great cars and trucks that are beautifully designed, both inside and out. That's why we're committed to—or better said, obsessed with—once again making our cars and trucks leaders in design.

You see it now in a number of our new and upcoming products—the Pontiac Solstice, Saturn Aura, our new full-size pickups, our Cadillac lineup (wait till you see what's coming there).

You see it very clearly in our most recent concept vehicles: the Saab Aero-X, the Chevy Camaro, and the Buick Enclave, which is going from concept vehicle to production vehicle right here at the L.A. Show.

In short, we're committed to leading in both technology and design, and we can't wait to show you what we have coming down the road.

Let me wrap up by reiterating that we at GM believe tomorrow's automobiles must be flexible enough to accommodate many different energy sources. And a key part of that flexibility will be enabled by the development of electrically driven cars and trucks.

When you connect the dots—from conventional gasoline and diesel fuel, to biofuels that can displace them, like E-85 and biodiesel, to electricity—whether it is stored or generated on the vehicle, with an internal combustion engine or a hydrogen fuel cell—we at GM see a logical journey from stand-alone, largely mechanical automobiles to vehicles that run on electricity.

At the end of the day, this transformation will be as important as the transition from horses to horsepower, and we believe that no company is better positioned to make it happen than GM.

It's an unequalled opportunity to really reinvent the automobile, as well as the auto business, itself.

It can help us accelerate industry growth in a sustainable way, mitigate and ultimately solve the energy and environmental challenges of the automobile, and create vehicles that are fundamentally better than their predecessors in virtually every way.

It's a journey that began in Thomas Edison's day, and one that will drive us straight into the future.

I have no doubt that, when the L.A. Auto Show celebrates its 125th anniversary, it will look back at this time as a period of great change, and the formative years of the age of electrically driven vehicles.

Thank you 🙌

BRONZE AWARD: EDUCATION CATEGORY

Doing Good and Doing Well

WRITER/SPEAKER: DANIEL ROSE

June 30, 2007, Columbia University

The case for instituting universal high quality pre-school education is now beyond dispute.

To the traditional arguments of “fairness” (to the extent feasible in modern society, all children should begin life's race from the same starting line) and “social benefit” (pre-schooling helps produce better citizens), the Committee on Economic Development now marshals the argument that appropriate pre-schooling is an excellent public economic investment.

CED's new report, *The Economic Promise of Investing in High Quality Pre-School Education*, demonstrates that increasing numbers of excellent, rigorously-conducted cost/benefit studies prove beyond question that good pre-school education is sound economic policy, returning to society many times the dollars invested. Estimates vary, depending on the specific program and on the time frame studied, but usually there is a 10% to 16% internal rate of financial return, with dramatic “social returns” that can change the very nature of society. A New York State

study showed a return of \$7 for every dollar spent, and a recent Brookings Institution study suggests that between now and 2080, \$59 billion spent on quality pre-schooling would generate about \$400 billion in added tax revenues and diminished expenditures.

Higher school and college graduation rates with less remediation; fewer teen pregnancies; dramatically less delinquency, crime and imprisonment; increased incomes with high taxes paid—all are results of good pre-school programs. The favorable long-term impact on our skilled and productive labor force is beyond computation.

The human capital on which a nation's economic future rests is more powerfully influenced by early and appropriate intervention in a child's cognitive, social and emotional development than by any other factor.

In the United States today, when one-third of all students—half of all minority students—drop out of high school, when our 2.2 million prison inmates give us a national incarceration rate that is among the world's highest,

remediation has proved to be expensive and often futile; on the other hand, prevention has been demonstrated to be both possible and cost-effective. And high quality pre-schooling is a key factor in prevention.

Striking successes in Georgia and Oklahoma show what government can achieve in early childhood education. We are long overdue for a major national commitment to pre-school education with high standards, adequate financing and a national resolve to make it work.

Our most successful and effective pre-school programs differ markedly from the worst, which are merely glorified baby-sitting exercises with negative results.

Desirable programs expose children to committed and dedicated teachers with extensive vocabularies and a proper command of language, who conduct full-day programs with favorable teacher/student ratios, with up to date teaching materials and with activities that involve and train parents (yes, good parenting can be taught!). In addition to preparing a child to read, write and count, they also stimulate the child's self-control, curiosity and self-confidence.

The five-year old child who learns to wait patiently for his or her turn, who learns to share toys, who learns to appreciate justified praise, who learns to ask questions and to express ideas and opinions, who learns that "cause" leads to "effect"—that child will evolve into the 35-year old who will be a "taxpayer" not a "tax eater," who will be a desirable neighbor and fellow citizen leading a productive

and fulfilling life.

CED's report outlines clearly what must be done and why and how. It makes a compelling case that early childhood education should be a career field for qualified teachers requiring a Bachelor's degree and appropriate child development training, a career field that must be rewarded with salaries and benefits equal to those of elementary school teachers if it is to attract and retain teachers of comparable caliber.

All studies show that the quality of teaching is the key factor in education— class size, ethnicity, location, physical facilities, poverty—all pale by comparison. We must attract to pre-school education teachers of skill, knowledge and commitment.

James J. Heckman, a Nobel Laureate in Economics, summarizes the preschool case best when he says, "Learning begets learning and skill begets skill. Early advantages accumulate and so do early disadvantages, . . . the best way to improve the American workforce of the 21 century is to invest in early education."

CED's report is not intended as just another academic study but as a call to action, a plea for its readers to join a growing constituency of those demanding concrete political steps to implement specific provisions.

Universal pre-schooling is an idea whose time has come; but as Oliver Wendell Holmes said, "the mode by which the inevitable comes to pass is called effort," and we hope the American public is prepared to make that effort. 🙏

BRONZE AWARD: AWARD ACCEPTANCE CATEGORY

Answering Tomorrow's Questions

WRITER/SPEAKER: DANIEL ROSE

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Hail to our "Promise" students, and kudos to all involved in discovering and encouraging them, educating and supporting them, and sending them out into the world to "do their thing."

The future of America and the wellbeing of the world rest on the shoulders of promising young people like these.

Institutions like Polytechnic University serve as the seedbeds of our engineering, math and science talent. They play a crucially important role in our society. They deserve wholehearted acknowledgment and enthusiastic support; and an occasion like this permits us to do just that.

Polytechnic pursues two main goals—primarily, the provision of first-rate technical education and research, and, secondly, support for the upward social mobility that permits talented students from diverse backgrounds to share in the American Dream. Polytechnic's goals

respond to the major needs of our time.

Corporate and philanthropic support for such endeavors represent the best possible demonstration of enlightened self-interest—furthering America's quest for international preeminence and also working toward domestic social harmony, while improving the quality of life for all of us.

Just as the CAT Scans and MRI's of today were unknown to our parents' generation, so will the discoveries of these students benefit our children and those of us young enough to still be around.

Their discoveries will range from the sublime to the ridiculous, major to minor, from lengthening and improving human life to, say, discouraging wild deer from eating suburban flowers.

These students will integrate the disciplines of

electrical, mechanical and chemical engineering with the life sciences. In their lifetimes they are likely to see cochlear implants that permit the deaf to hear and visual implants that permit the blind to see.

Debilitating chronic pain will be overcome by high-tech nerve-blocking devices. The use of artificial limbs will be guided by the brain, and diagnostic tools that seem unimaginable today will be available to doctors everywhere. Scanning technologies will permit the development of remarkable new medicines, and new techniques like Positron Emission Tomography will lead to discoveries unfathomable today.

A decade ago, when the IBM computer Deep Blue beat chess champion Gary Kasparov, the world was stunned. Today, it is acknowledged that the only entity that can beat a computer in chess is, . . . another computer; and the expression is, “May the best algorithm win!”

Science guru Ray Kurzweil predicts that by 2027, computers will surpass humans in intelligence, and by 2045, “strictly biological” humans won’t be able to keep up. Even if he is off by orders of magnitude, exciting days are ahead!

Science and engineering students of today will practice in a world that is intensely interconnected, in which knowledge will continue to grow at an exponential rate, in interdisciplinary fields such as nanotechnology, robotics, biomedical engineering, information technology and the integration of largescale and complex systems.

Multinational teams, whose members will reflect diverse cultures and backgrounds, will wrestle with problems for urban systems involving physical infrastructure, environment, communication, energy and health care.

Already recognized problems such as water treatment and distribution and waste disposal will be of increased importance, as of course will be the continuing search for sources of renewable energy. In their professional lifetimes, today’s students will deal with problems as yet unknown or unrecognized. Solutions will involve technical, legal, regulatory, economic, business and social considerations, for which students must be prepared.

In addition to solid grounding in math and science, strong analytic skills, the ability to think “outside the box” and the ability to handle risk, today’s Polytechnic students will need good communication skills, business and management skills, leadership abilities and, above all, the ability to be a “lifelong learner,” since the “half-life” of engineering knowledge will keep diminishing.

Those students planning careers in engineering teaching must learn to provide their students with individualized multimedia tutorials, hands-on involvement with simulated and visualized lab experiments and engineering processes, ready access to undreamt of quantities of information, and efficient communication with their instructors, classmates and

fellow members of real or virtual project teams.

Today, cognitive science and educational psychology play important roles in the design of evolving education practices for students who can tolerate ambiguity and handle uncertainty, who learn to ask questions in the process of searching for answers, who can make decisions yet think as part of a team. In short, they must be prepared to answer “tomorrow’s questions.”

Producing such students is the challenge that institutions like Polytechnic face. Their challenge is our challenge, their success our success, their obligation to society our obligation.

The relationship of science and engineering to our national economic wellbeing has never been clearer, as is the relationship of our economic preeminence to America’s international leadership in all fields.

History does record rich societies with no flourishing culture, but we know of no great culture without a solid economic base. Our future economic wellbeing depends on our ability to keep producing creative, innovative leadership in science and engineering.

Discovering those with great potential, educating them appropriately and convincing them to stay in the field, must be continuing concerns, and the thought-provoking volume *Talking About Leaving—Why Undergraduates Leave the Sciences* should be required reading for all involved in science and engineering education.

Much has been made recently of the large—and growing—number of engineers and scientists throughout the world, especially in Southeast Asia; and that prompts several responses.

First of all, although penicillin was discovered by an Englishman (and first mass-produced by Poly Tech alumnus Jasper Kane) and the Internet developed by Americans, that doesn’t mean that the people of Ireland, Singapore and elsewhere do not benefit from them. Thank heaven for globalization, which makes the knowledge produced by one country available to all.

Second, quality, not just quantity, has been America’s distinguishing characteristic in the sciences. In terms of patents applied for, scientific papers cited by other scientists, major discoveries, and, of course, international prizes, the graduates of American schools lead the pack by far, and our challenge is to insure that this brilliance and innovation and creativity continue far into the future.

Just as the Soviet launching of Sputnik in 1957 focused our national attention on education, so current reports of burgeoning science and engineering efforts in China, India and elsewhere can stimulate our own efforts, for everyone’s benefit. The continuing goal of our educational establishment must be to nurture the preconditions, the creativity and the courage for the production of leadership quality students.

To produce world-leading engineers and scientists, we need outstanding postdoctoral programs; those in turn rest on excellent graduate programs, which must

be preceded by first-rate undergraduate education for students who have had fine secondary schooling. Students who flourish in high school invariably have had first-rate elementary education, and we now know for certain that appropriate pre-schooling encourages a child's curiosity and imagination, self-confidence and self-control, along with solid preparation to read, write and count.

The continuing process must consist of filling the mental vessels with basic knowledge while also lighting the fires of motivation and imagination.

As a small, privately-financed, New York City-based institution with brilliant, dynamic new leadership, Polytechnic has much going for it.

When, at five foot two inches, Fiorello LaGuardia was asked how he felt surrounded by six foot bodyguards, he replied, "Like a dime among nickels"; Polytechnic, too, can be that coin in the world of scientific education.

Located in the world's greatest urban center, it has vast resources to draw upon; and, being privately financed, it has flexibility to experiment and innovate that can lead to great advances.

Polytechnic's administration is making great strides in an ambitious program. Like Winston Churchill in the

dark days of WW II, they can say, "Put your confidence in us, ., give us the tools and we will finish the job."

The Promise Scholarships supported tonight are among those tools, and tonight's donors can share in the satisfaction of helping students from whom we expect great things.

To the faculty I say, "Have great expectations, and you will not be disappointed."

Nearly 60 years ago, Yale's engineering dean, Grant Robley, popped his head for a moment into a beginning engineering class to fire some random questions, not on our homework, but on general scientific principles.

He professed to be appalled at the answers, saying "It is clear that we are turning out second-rate engineers from people who could be competent plumbers—except, of course, for Rose here, who couldn't even make a good plumber."

Faculty, have high expectations, and you may be pleasantly surprised!

Friends, I close these remarks as I began—praising our Promise students and all who assist them on their way. This fine school deserves our continuing support, and I know all present tonight "hear the music."

Thank you! 🏆