



KPMG's Code of Conduct

OUR PROMISE OF PROFESSIONALISM

KPMG'S CODE OF CONDUCT sets forth our core values, shared responsibilities, global commitments, and promises. Additionally, the Code provides you with general guidance about the firm's expectations, situations that may require particular attention, additional resources and channels of communication, as well as illustrative questions and answers. Please review the entire Code. As a part of the annual confirmation process, you will be asked to confirm in writing that you have reviewed the Code, and understand and agree to adhere to our core values, shared responsibilities, global commitments, and promises.

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This document and associated policies are not intended to create an employment contract and do not create any contractual rights. Our Code does not replace or supersede the more technical guidance issued by KPMG in many of the topic areas covered by the Code. If you believe that any provision of the Code may be interpreted as differing from an applicable law, regulation, professional standard, or other firm policy, please consult the appropriate personnel, as set forth more fully herein. In the interim, if immediate action is required, the more restrictive guidance should be applied.

LETTER FROM THE CHAIRMAN

Timothy P. Flynn

CHAIRMAN AND CHIEF EXECUTIVE OFFICER



At KPMG, our goal is to be regarded by our people, our clients, and our external constituencies as the best Big Four public accounting firm.

TO ACHIEVE THIS GOAL, we have made an unwavering commitment to building an ethics and compliance culture that makes professionalism and integrity our highest priority.

Our values-based compliance culture is a cornerstone of our business conduct and, in fact, helps drive our strategic priorities. We approach every client engagement with professionalism and integrity, always striving to do the right thing in the right way.

We seek to build global strength and consistency founded on a global set of ethical principles and a commitment to compliance with the laws, regulations, and professional standards in every country in which we serve clients. We aim to be an employer of choice for professionals who want to be a part of our culture. And we seek quality growth, working only with companies that share our values.

Everyone at KPMG must take responsibility for ethics and compliance. As we explain in this newly enhanced Code of Conduct, every individual must become familiar with and follow the policies

that apply to his or her level and set of responsibilities. You also are responsible for seeking advice and raising concerns if you believe you have identified issues or behaviors that are inconsistent with our values and professional responsibilities.

Management, in turn, is committed to being responsive, responsible, and fair. At KPMG, people are encouraged to “raise their hands” if they have a concern. Once you raise your hand, you must know that our culture allows no retaliation. The issue will be addressed fully and fairly, and you will be recognized for having raised it.

Thanks to you, we have made great progress in building an ethics and compliance culture that is integrated with many of the key processes at KPMG, follows an individual from the beginning to the end of his or her career with the firm, and supports our Promise of Professionalism. I am confident that our program and culture will become a model for our profession.

Thank you for all you do for KPMG every day!



Our Code and Our Commitment

Sven Erik Holmes

EXECUTIVE VICE CHAIR, LEGAL AND COMPLIANCE

KPMG's goal is to have an ethics and compliance program that is a model for our profession. To achieve this goal, we must ensure that every individual feels personally responsible for fulfilling the firm's Promise of Professionalism by doing the right thing in the right way for our people, for our clients, and for the capital markets we serve.

Our Code of Conduct is your first resource for knowing how best to fulfill your personal responsibility to understand and follow our core values. The Code applies to every partner and employee of the firm, regardless of title, stature, or tenure. Every person, upon joining the firm and annually thereafter, must confirm in writing that he or she has reviewed the Code, and understands and agrees to adhere to our core values, shared responsibilities, global commitments, and promises.

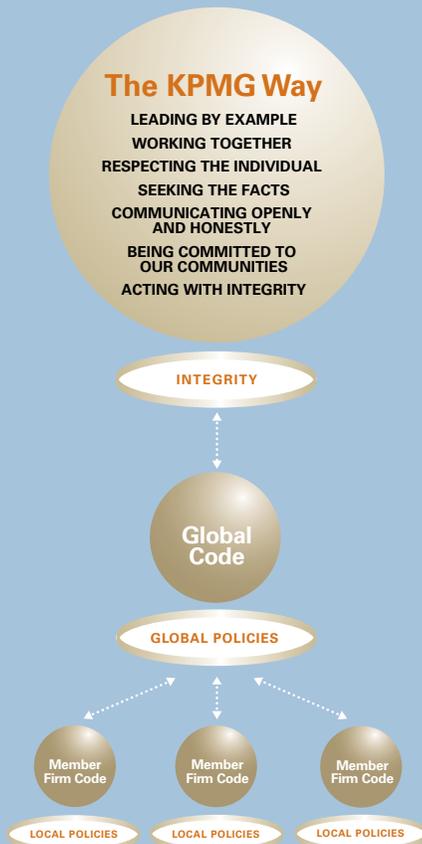
Our commitment to integrity also extends to vendors who conduct business with KPMG. They should read and understand our Code, and they are expected to follow our Code when working with us.

Our Code follows KPMG International's Global Code of Conduct, allowing for the consistent application of high ethical principles around the world. The core values reflected in our Code are the same commitments and principles that all KPMG member firms follow — The KPMG Way.

To assist you in better understanding how our core values affect your work at KPMG, each topical section of the Code provides you with a general standard ("Our Promise"), examples of the firm's expectations ("It Starts With You"), situations that may require particular attention ("Be Alert To"), and illustrative questions and answers. We recognize that, at times, you may be faced with difficult decisions that require more detailed guidance than our Code can provide. That is why our Code provides you with information in the "Additional Guidance" and "Channels of Communication" sections to assist you in making determinations based on the particular facts and circumstances that you encounter every day.

Only you can ensure that the firm will continue to deliver on its Promise of Professionalism and achieve its goal of a model ethics and compliance program. It starts with you. Following our Code is the first and most important step in that process.

Our Core Values



The KPMG Way is our definition of who we are, what we do, and how we do it. Our core values lie at the heart of The KPMG Way.

The core value of integrity underlies all the principles of the Global Code of Conduct.

The Global Code of Conduct is designed to provide a basic understanding of the standards of ethical conduct that KPMG requires around the world.

Member firm codes address in more detail standards to ensure compliance with local laws, policies, and professional standards as well as resources available for consultation and assistance.

The KPMG Way is our definition of who we are, what we do, and how we do it. Our core values lie at the heart of The KPMG Way. They define our culture and our commitment to the highest principles of personal and professional conduct. They also represent how our people relate to each other, what we expect of our clients and vendors, and what our clients, vendors, and the marketplace should expect of us.

WE LEAD BY EXAMPLE — at all levels acting in a way that exemplifies what we expect of each other and our member firms' clients.

WE WORK TOGETHER — bringing out the best in each other and creating strong and successful working relationships.

WE RESPECT THE INDIVIDUAL — respecting people for who they are and for their knowledge, skills, and experience as individuals and team members.

WE SEEK THE FACTS AND PROVIDE INSIGHT — challenging assumptions, pursuing facts, and strengthening our reputation as trusted and objective business advisers.

WE ARE OPEN AND HONEST IN OUR COMMUNICATION — sharing information, insight, and advice frequently and constructively, and managing tough situations with courage and candor.

WE ARE COMMITTED TO OUR COMMUNITIES — acting as responsible corporate citizens, and broadening our skills, experience, and perspectives through work in our communities.

ABOVE ALL, WE ACT WITH INTEGRITY — complying with all applicable laws and regulations, upholding the highest professional standards, providing sound advice, and rigorously maintaining our independence.

INTEGRITY UNDERLIES ALL THE PRINCIPLES IN OUR CODE.

Shared Responsibilities

Use the Ethics Checklist

When making decisions or following a directive, ask yourself:

- Does my action comply with the spirit and letter of the law?
- Is my behavior consistent with KPMG's core values and ethical and professional standards?
- Does my decision reflect the right thing to do?
- Is my decision being driven by responsible professional judgment?
- Would I feel confident that I could explain my decision if it were made public?

Individual Responsibilities

Our Promise of Professionalism starts with you. You are responsible for becoming familiar with and following the policies that apply to your job and level of responsibility. You also are responsible for seeking advice when needed, raising concerns, and reporting to management potential violations of our Code of Conduct.

You help deliver on our Promise of Professionalism when you:

- **TAKE OWNERSHIP.** Do the right thing, in the right way, knowing that leadership fully supports you, because KPMG's reputation for integrity impacts everyone and can be damaged by anyone.
- **STAY INFORMED.** Understand and adhere to the policies and professional standards that apply to your job and level of responsibility; participate in relevant training sessions including those on ethics and compliance; take the time to read firm e-mail, KPMG Today postings, and newsletter updates; and seek additional information through resources such as our intranet, or by asking for clarification from your performance manager or mentor.
- **LEAD BY EXAMPLE.** Be a role model by communicating with others and acting in a manner consistent with our core values.
- **CONSULT WITH OTHERS.** You are not expected to know all the answers, but you have a personal responsibility to ask for help and be aware of professional standards and other situations that require consultation with others.
- **STAND FIRM.** Never compromise our values no matter how strong the internal or external pressure may be to perform, meet goals, or fulfill expectations.
- **RAISE YOUR HAND.** Your voice counts. So speak up if something doesn't seem right, seek advice when needed, offer suggestions to improve our work environment, raise any concerns, and report all potential violations of law or policy that may impact KPMG or its clients.

Management Responsibilities

Those with management responsibilities should help ensure that our people understand that ethics and integrity are the cornerstone of our business conduct by:

- **BEING A POSITIVE ROLE MODEL.** Make ethics and integrity a cornerstone of our business conduct by showing what it means to act with integrity.
- **ENHANCING UNDERSTANDING.** Help those you lead or supervise to seek and obtain the knowledge and resources they need.
- **SETTING APPROPRIATE GOALS.** Establish clear, measurable, and challenging goals — but only if they can be achieved in a manner consistent with our values and policies.
- **BEING RESPONSIVE.** Respond appropriately to anyone who asks a question or identifies a concern, supporting and encouraging those who raise their hands.
- **BEING RESPONSIBLE.** Monitor and reinforce compliance by the individuals on your team.
- **BEING FAIR.** Apply KPMG's policies fairly and consistently.
- **BEING ACCOUNTABLE.** Take responsibility for your conduct and the conduct of those on your team, and be prepared to be held accountable for that conduct.

Getting Help

RAISE YOUR HAND WHENEVER:

You see behavior that may be inconsistent with our values, or if you have a question or concern. Any concern you raise will be constructively reviewed and considered, and consistent and appropriate action will be taken. By raising your hand, you help us deliver on our Promise of Professionalism and you will be recognized accordingly.

Raising Your Hand

Ask questions if you are unsure about the appropriate legal or ethical course of action in a given situation, including, for instance, situations when:

- You are not sure how to apply the firm's policies to a specific situation
- The relevant laws or professional practice rules are complex and difficult to interpret
- You have limited experience dealing with the subject matter
- Differences of opinion make the appropriate course of action unclear
- Potential actions or decisions make you uncomfortable

Although firm leadership fully supports you doing the right thing in the right way, you are accountable for your actions. Thus, it is important to consult with others rather than risk the consequences of making a wrong decision.

You also are expected to report potential or suspected violations of law, regulation, or KPMG policy. This includes situations when you know or suspect partners, employees, or third parties are — or are about to be — engaged in illegal or unethical activity. Although it is not your role to search proactively for potential misconduct by clients beyond what is required by our professional responsibilities, if behavior comes to your attention or you observe activities at a client that are potentially illegal or may raise ethical concerns, you must raise your concerns so they can be fully addressed.



Channels of Communication

To assist you with seeking advice or reporting concerns, the firm has established several “channels of communication.” These are formal systems designed to ensure that your question or concern is addressed completely and accurately.

While you should choose the channel you feel most comfortable with, resources closest to the situation are often in a better position to resolve an issue. This usually means your performance manager or supervisor.

Depending on the issue, you may wish to consider other channels of communication.

- For certain client, engagement, or professional practice-related concerns, consultation with others may be required by firm policy. However, even if consultation is not required, you should feel comfortable seeking advice from or reporting a concern to:
 - Your engagement partner(s)
 - Your performance manager
- Your practice leader, Office Managing Partner, or Area Managing Partner
- A Professional Practice Partner, or Area Professional Practice or Risk Management Partner
- A functional Risk Management Partner
- The Department of Professional Practice
- Washington National Tax
- The firm’s Ombudsman
- Firm leadership, including the Chairman, Deputy Chairman, and Board members
- For human resources-related concerns, including harassment, discrimination, and issues involving individual behavior or your work environment, your local or Area Human Resources manager may be an additional resource.
- For questions related to legal matters, including contracts or disputes with third parties, or litigation or a government investigation, firm guidance requires you to contact the Office of General Counsel.
- For general assistance, questions, or advice related to KPMG’s Code of Conduct, you may contact the firm’s Ethics and Compliance Group.
- For any question that you feel uncomfortable raising to the resources noted above, you may contact the firm’s Ethics and Compliance Hotline, as described on the next page, at www.kpmgethics.com or 1-877-576-4033.



Confidential and Anonymous Reporting

If you would like to ask a question or report a concern confidentially or anonymously, contact the KPMG Ethics and Compliance Hotline or the firm's Ombudsman.

These channels of communication are always available, but are especially useful if you feel uncomfortable using another channel of communication or other channels have proven ineffective in resolving an issue.

CONFIDENTIALITY POLICY — If you contact the Hotline or the Ombudsman, your concerns and your identity will be treated confidentially (though we may need to disclose facts as required by law, or to fully investigate and address your concerns). Providing your name allows us to contact you if we need additional information, allowing for a more robust and comprehensive investigation. This also helps us in our efforts to ensure that there will be no retaliation against you for making a good faith report.

ANONYMOUS REPORTING — If you contact the Hotline or the Ombudsman, you have the option of remaining anonymous. The Hotline is administered by an external third-party provider that does not log or identify callers, or generate internal connection logs of computer IP addresses. The Hotline allows anonymous "Web chats" between reporters and the investigation team if additional information is necessary, and enables you to receive notice upon the conclusion of an investigation. If you make a report anonymously, it is important to provide detailed information and to check regularly for information requests from the investigation team.

Contact the Ethics and Compliance Hotline

www.kpmgethics.com or 1-877-576-4033

The Hotline is available 24 hours a day, seven days a week, to KPMG's partners and employees, clients, contractors, vendors, and other third parties, including other member firms whose partners and employees may be working with the U.S. firm on engagements with U.S.-based clients.

Firm Ombudsman

KPMG's Ombudsman, currently the National Partner-in-Charge, Risk Management — Audit, oversees the investigation, documentation, and resolution of issues involving professional practice, including those involving U.S. Securities and Exchange Commission audit clients and their foreign operations. On these matters, the Ombudsman reports directly to the Chairman of KPMG. The Ombudsman also operates under the firm's principles of confidentiality, anonymity, and non-retaliation.

To contact the Ombudsman directly, visit the Ombudsman page at

<http://www.ombudsman.kworld.kpmg.com>

Preventing Retaliation

You are encouraged to seek advice or report concerns, without fear of retaliation. Retaliation in any form is contrary to our core values. KPMG prohibits retaliation against anyone who, in good faith, reports a concern or participates in an investigation, even if the allegation ultimately is not substantiated.

The firm also has a program designed to protect reporters who contact the Hotline or the Ombudsman, self-identify, and report concerns in good faith. This program monitors employment status, performance evaluations and metrics, and chargeability for identified reporters, and follows up when necessary to determine whether an individual may have been subject to retaliation.

Of course, our policy against retaliation does not exempt you from the consequences of your own improper conduct or prevent the firm from taking disciplinary action against you, when appropriate. However, we encourage self-reporting and, depending on the specific circumstances, may treat self-reporting as a mitigating factor when assessing disciplinary measures in response to improper conduct.

Contact the Hotline if you feel you have been subjected to retaliation. Partners or employees found to have engaged in retaliatory conduct will be subject to discipline, up to and including termination and partner separation.

Ensuring Compliance with Our Code

Anyone who violates our Code or the policies it is based on, regardless of title or tenure, may be subject to discipline, up to and including termination of employment and partner separation. The following actions may subject partners and employees to discipline:

- Violating laws, regulations, or KPMG policies
- Directing or encouraging others to violate laws, regulations, or KPMG policies
- Failing to report known or suspected violations of laws, regulations, or KPMG policies
- Interfering with, or being uncooperative or untruthful during, an investigation
- Retaliating against others for raising or reporting a concern

Violations of laws or professional standards also can trigger governmental legal actions against you, your colleagues, the firm, its affiliates, and its clients that could result in:

- Suspension or revocation of licenses
- Debarment
- Fines
- Criminal penalties

To help ensure fair and consistent enforcement of our Code, KPMG's governance incorporates a number of checks and balances. For example, we have separated risk management and professional practice functions from business operations. The following committees oversee the firm's compliance program initiatives, and help ensure the fairness and consistency of investigation outcomes and any related disciplinary actions:

- **The Board of Directors**
- **Professional Practice, Ethics and Compliance Committee (composed of members of the Board of Directors)**
- **Professional Practice Committee (chaired by the Deputy Chairman and composed primarily of Professional Practice, Risk Management, and functional leadership)**
- **Legal and Compliance Committee (chaired by the Executive Vice Chair — Legal and Compliance, and composed primarily of Ethics and Compliance leadership who design, implement, and evaluate the effectiveness of the firm's ethics and compliance program)**
- **The Management Review Panel (composed primarily of the National Managing Partners from Audit, Tax, and Advisory, and the principal purpose of which is to ensure consistency of discipline across the firm)**



Our People

Our Global Commitments

KPMG IS COMMITTED TO:

- Treating everyone with respect and dignity
- Respecting the privacy of its partners and employees
- Fostering an environment in which partner and employee work/life balance can be achieved
- Providing a workplace that is free from discrimination, harassment, misuse of substances, and unsafe conditions

Respect and Dignity

OUR PROMISE

We are committed to fostering an environment of inclusion for all our people. Our success in the marketplace depends on maintaining a diversity of talents, languages, cultures, and management styles. By valuing our similarities and differences, we build upon our strengths and enhance our work environment. You should embrace the diversity of our people, their professional insights and individual perspectives, and treat others with respect and dignity.

IT STARTS WITH YOU

- Recruit, hire, train, and promote individuals irrespective of race, color, creed, religion, age, gender identity, national origin, citizenship status, marital status, sexual orientation, disability, veteran status, and other categories protected by applicable federal, state, and local law
- Make employment decisions based on an individual's knowledge, experience, and abilities, evaluating performance and promoting qualified individuals in a manner consistent with the firm's strategic priorities
- Work together to encourage your colleagues, creating respectful, strong, and successful relationships
- Support our affinity networks and engage others in the KPMG community
- Increase your self-awareness by participating in upward feedback surveys

BE ALERT TO

- Inappropriate e-mail or Internet use
- Behavior that may interfere with work performance or contribute to a hostile work environment
- Off-color jokes or otherwise inappropriate comments
- Unwanted, inappropriate, or disrespectful sexual advances or acts
- Anyone who refuses to work with another professional for inappropriate reasons



QUESTIONS AND ANSWERS

Q We won an engagement with a multinational company. The client wants all individuals who interact with senior management or the board of directors to be men. While we were writing the proposal, I worked very closely with a senior manager who I believe is qualified to serve this client. I would like to ask her to serve as the lead senior manager on the engagement, but believe the client will not allow her to interact with senior management or the board of directors. How can I manage this situation?

A Many situations involve balancing our responsibilities to our people and to our clients. A client may ask us to staff engagements in different regions of the world with individuals who are familiar with local language and customs. However, meeting this request must be balanced with our commitment to our people. In this situation, you should discuss with the client how you intend to ensure that overall engagement staffing meets the client's needs, and explain that you need flexibility to select the individuals you believe are the most qualified. The firm will work with you to manage such situations consistent with our values, even if it means losing the engagement.

ADDITIONAL GUIDANCE

The guidance listed below is available in the HR Policy Manual at:
<http://hrweb.us.kworld.kpmg.com/hrweb/policy/>

Equal Employment Opportunity / Sexual and Other Unlawful Harassment Policy

Diversity Statement

Americans with Disabilities Act of 1990

Immigration Reform and Control Act of 1986

Uniformed Services Employment and Redeployment Rights Act of 1994

E-mail and Internet Usage Policy

Personal Safety and Well-Being

OUR PROMISE

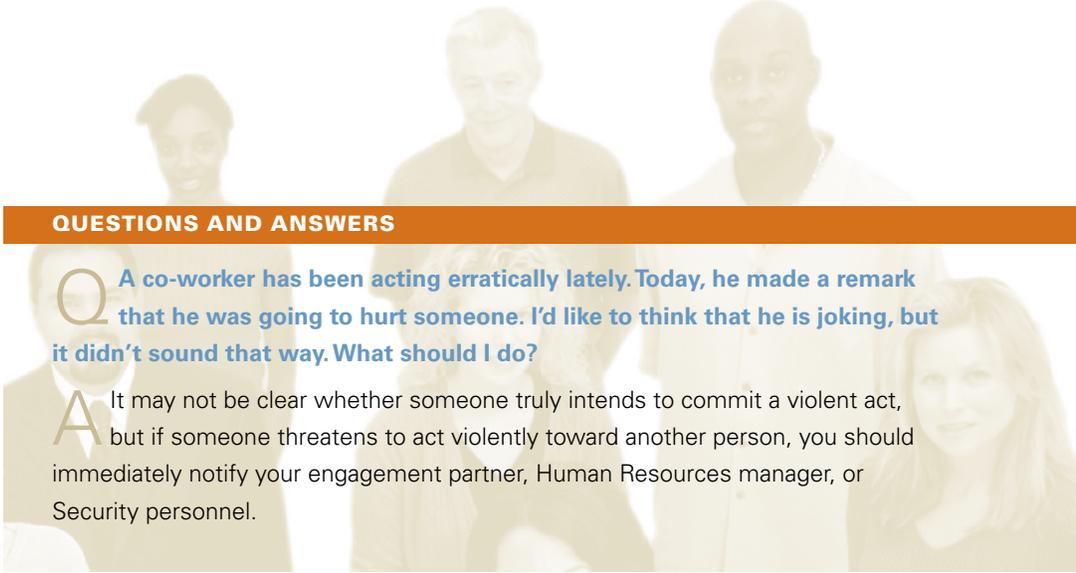
We are dedicated to providing a safe, secure, and drug-free work environment. You should understand and follow KPMG's safety and security guidelines, both in the office and while traveling. You should be cautious of the effects of alcohol or improper use of medications, and must never work while impaired or under the improper influence of drugs.

IT STARTS WITH YOU

- Follow incident reporting procedures if you sustain a work-related injury, or if you see a safety or security concern
- Be aware of and adhere to domestic and international travel advisories
- Consume alcohol responsibly at work-related events, if you choose to drink
- Maintain personal safety and professional decorum with your colleagues and others
- Reach out for help if you have issues with substance abuse

BE ALERT TO

- Engagements that may pose physical safety or security concerns to you or your colleagues
- Traveling in high-risk areas without proper escort
- Possible safety hazards, such as wet floors, building repair sites, and faulty electrical equipment
- The presence of potentially illegal substances on KPMG property
- Possible signs of a colleague's impairment or illness at work



QUESTIONS AND ANSWERS

Q A co-worker has been acting erratically lately. Today, he made a remark that he was going to hurt someone. I'd like to think that he is joking, but it didn't sound that way. What should I do?

A It may not be clear whether someone truly intends to commit a violent act, but if someone threatens to act violently toward another person, you should immediately notify your engagement partner, Human Resources manager, or Security personnel.

ADDITIONAL GUIDANCE

The guidance listed below is available in the HR Policy Manual at:

<http://hrweb.us.kworld.kpmg.com/hrweb/policy/>

Drug-Free, Alcohol-Free

Alcohol Use at Firm Events

Safety in the Workplace

Personal Property in the Workplace

Workplace Violence

You also may consult:

Security First, available on Knowledgeger at:

<https://msvcs.us.kworld.kpmg.com/knowledger/knowledger>

Firmwide Assistance Abroad, available at:

<http://www.internationalsos.com/private/KPMG/>

Employee Assistance Program: contact LifeWorks® (an independent service that provides counseling and referrals, not only for our partners and employees, but also for their immediate family members) at 1-888-267-8126 or online at

www.lifeworks.com

Our Firm

Our Global Commitments

KPMG IS COMMITTED TO:

- Upholding individuals' responsibilities for professional development
- Exercising care in the use of assets and resources
- Rigorously observing policies regarding client and engagement acceptance
- Applying appropriate KPMG methodologies and procedures
- Remaining vigilant in the application of Risk Management and other applicable policies
- Preserving KPMG's brand and reputation by avoiding actions that would discredit the organization

Professional Licensing and Continuing Education

OUR PROMISE

Our success is made possible not only by the abilities of our professionals, but also by the licenses and certifications they hold. We are committed to ensuring that you receive the support you need to maintain your professional licenses, build your skills, and expand your professional qualifications. However, it is your individual responsibility to maintain the status of your professional license or certification and meet all relevant continuing education requirements.

IT STARTS WITH YOU

- Identify and track the Continuing Professional Education (CPE) requirements using your CPE Profile
- Ensure that the records relating to the status of your professional license or certification are maintained with the Human Resources Service Center
- Be aware of requirements for any new professional licenses or certifications you may obtain
- Attend firm-sponsored training events and external conferences to build your enabling and technical skills, and stay up-to-date with trends in your field of practice
- Truthfully report training attendance and keep accurate completion records

BE ALERT TO

- Performing work in jurisdictions where you do not maintain an active Certified Public Accountant (CPA) license, if one is required for the work being performed
- Requirements for any new professional licenses or certifications you may obtain, or changes to existing ones, including changes in CPE requirements
- Assuming that compliance with KPMG's CPE requirements satisfies continuing education requirements for each individual professional license or certification



QUESTIONS AND ANSWERS

Q I am a CPA in the Advisory practice and do not perform audit work. Must I comply with the CPA licensing requirements of other states in which I perform or offer to perform professional services?

A It depends. Before performing professional services in another state you have an individual responsibility to determine whether that state requires an active CPA license for the services you intend to perform. You can do this by, among other things, accessing the firm's Accounting Licensing Library.

Q I am a manager in the Audit practice and maintain an active CPA license. Must I comply with the licensing requirements of other states in which I perform professional services?

A Yes. In many states, licensing requirements apply to all CPAs, not just partners. You must ensure that you are compliant with CPA licensing requirements prior to performing professional services in states where you do not maintain an active license.

ADDITIONAL GUIDANCE

Firm Licensing and Certification Policy: Risk Management Manual — US, Appendix 18, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

Continuing Education, Licensing and International Assignments: Risk Management Manual — US, Chapter 34, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

Accounting Licensing Library, available at: http://all.nasbatools.com/user/status_user

Professional Recognition Program: HR Policy Manual, available at: <http://hrweb.us.kworld.kpmg.com/hrweb/policy/>

CPE Resource Center, available on the Center for Learning and Development Web site at: <http://www1.microwebs.kworld.kpmg.com/cld/default.aspx>

Physical and Electronic Security

OUR PROMISE

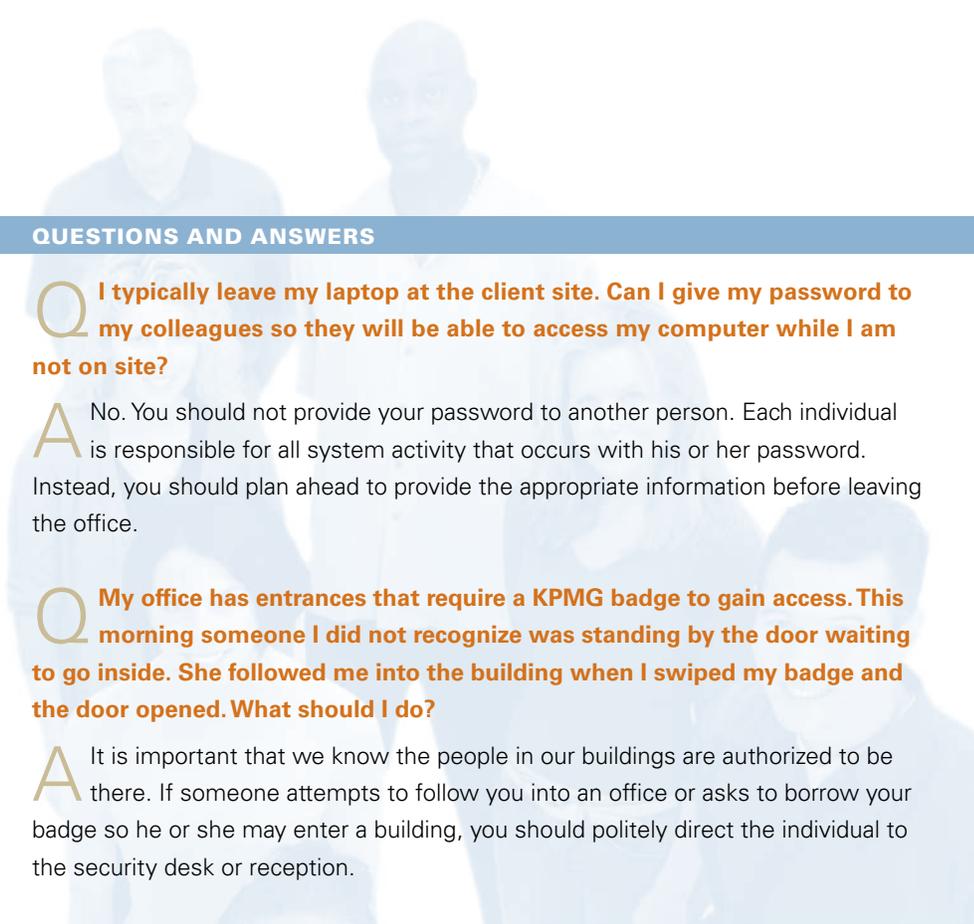
We are committed to responsible stewardship of our physical assets, workplaces, and electronic networks. You should help manage the firm's risk by caring for the assets in your control, and assisting us with protecting our physical and network environments.

IT STARTS WITH YOU

- Change your passwords regularly
- Ensure that your laptop is encrypted
- Use only firm-approved data transfer and storage devices, and firm-issued software
- Use the Internet responsibly and access only Internet sites containing content appropriate for the workplace
- Secure your computer in the office and at client sites with a cable lock during the workday and out of sight in a locked place after work
- Lock your computer in the trunk of your car before you arrive at your destination and never leave it in your car overnight
- Immediately report potential losses of laptops, PDAs (e.g., Treo, Blackberry), and data storage devices to the National Support Center so that, if possible, access to the device can be restricted

BE ALERT TO

- Connecting a KPMG computer to a client network without approval from the lead engagement partner and the client
- Allowing another person to use your computer or network password, or using another's password
- Sharing electronic storage devices containing confidential information
- Downloading unauthorized programs and other content onto firm-issued computers
- Downloading confidential or private information onto a temporary machine or storage device that may not contain encryption software



QUESTIONS AND ANSWERS

Q I typically leave my laptop at the client site. Can I give my password to my colleagues so they will be able to access my computer while I am not on site?

A No. You should not provide your password to another person. Each individual is responsible for all system activity that occurs with his or her password. Instead, you should plan ahead to provide the appropriate information before leaving the office.

Q My office has entrances that require a KPMG badge to gain access. This morning someone I did not recognize was standing by the door waiting to go inside. She followed me into the building when I swiped my badge and the door opened. What should I do?

A It is important that we know the people in our buildings are authorized to be there. If someone attempts to follow you into an office or asks to borrow your badge so he or she may enter a building, you should politely direct the individual to the security desk or reception.

ADDITIONAL GUIDANCE

Security First, available on Knowledge at:

<https://msvcs.us.kworld.kpmg.com/knowledger/knowledger>

Loss/Theft of Confidential Information, Documents and Computer Equipment:

HR Policy Manual, available at:

<http://hrweb.us.kworld.kpmg.com/hrweb/policy/>

Electronic Security: Risk Management Manual — US, Chapter 40, available on

Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

Policy: The Appropriate Use of Technology, available at: http://docweb.us.kworld.kpmg.com/Intradoc/groups/public/documents/end_user_documentation/008572.pdf

Intellectual Property

OUR PROMISE

Our “intellectual capital” (the skills, knowledge, and experience of our partners and employees) and “intellectual assets” (copyrights, patents, and trademarks), collectively known as KPMG’s “intellectual property,” drive our success in the marketplace. We are committed to using and protecting our intellectual property to enhance the confidence of our clients and the competitiveness of our firm. You should use the firm’s intellectual property carefully and responsibly, and take care to respect the intellectual property of clients and other third parties.

IT STARTS WITH YOU

- Use KPMG intellectual property for work-related purposes only
- Limit access to KPMG’s intellectual property to individuals in the firm with a legitimate purpose and the appropriate level of authority, and to authorized third parties
- Ensure global consistency by following brand and regulatory compliance guidelines

BE ALERT TO

- Sharing intellectual property that belongs to one client with another client
- Using a client’s or third party’s logo or intellectual property without permission
- Making unlicensed copies of software for personal or client use
- Using confidential or proprietary information belonging to a former employer
- Obtaining unauthorized access to the confidential or proprietary information of competitors

QUESTIONS AND ANSWERS

Q My client is updating her accounts payable policy and asked if I have any sample policies I can give her. I just rolled off a similar engagement and have a copy of my prior client's accounts payable policy. If I remove references to the old client's name in the document, can I provide the policy to the new client?

A No. Clients expect us to maintain the confidentiality of the documents we receive from them on engagements. Even though we leverage our personal experience from prior engagements, we have a responsibility to protect KPMG's intellectual property and the intellectual property of our clients.

Q While at my former firm, I developed a tool I would like to adapt for use on a client engagement at KPMG. This would be more efficient than "starting from scratch." May I do this?

A Probably not. You should consult with the Office of General Counsel because, even though you developed the tool, it most likely belongs to your former employer and you have no right to use it. Although you may be changing it by adapting it to a new situation, if you don't have the rights to the underlying work, you probably don't have the right to make a "derivative work."

ADDITIONAL GUIDANCE

E-mail and Internet Usage: HR Policy Manual, available at:
<http://hrweb.us.kworld.kpmg.com/hrweb/policy/>

Working Papers, Reports, and Other Relevant Records Containing Client-Specific Information:
Risk Management Manual — US, Chapter 24, available on Accounting Research Online at:
<http://www.aro.kworld.kpmg.com/>

Names, Logos, Trademarks, Copyrights: Risk Management Manual — US, Chapter 35, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

Software Use: Risk Management Manual — US, Chapter 41, available on Accounting Research Online at:
<http://www.aro.kworld.kpmg.com/>

Use of E-mail: Risk Management Manual — US, Chapter 42, available on Accounting Research Online at:
<http://www.aro.kworld.kpmg.com/>

Copyright: KPMG U.S. Brand & Regulatory Compliance Policies, v.7.1, Section 3.11, available at:
<http://www.gm.kworld.kpmg.com/USBRC/resource/default.asp?getnode=2945>

Accurate Books and Records

OUR PROMISE

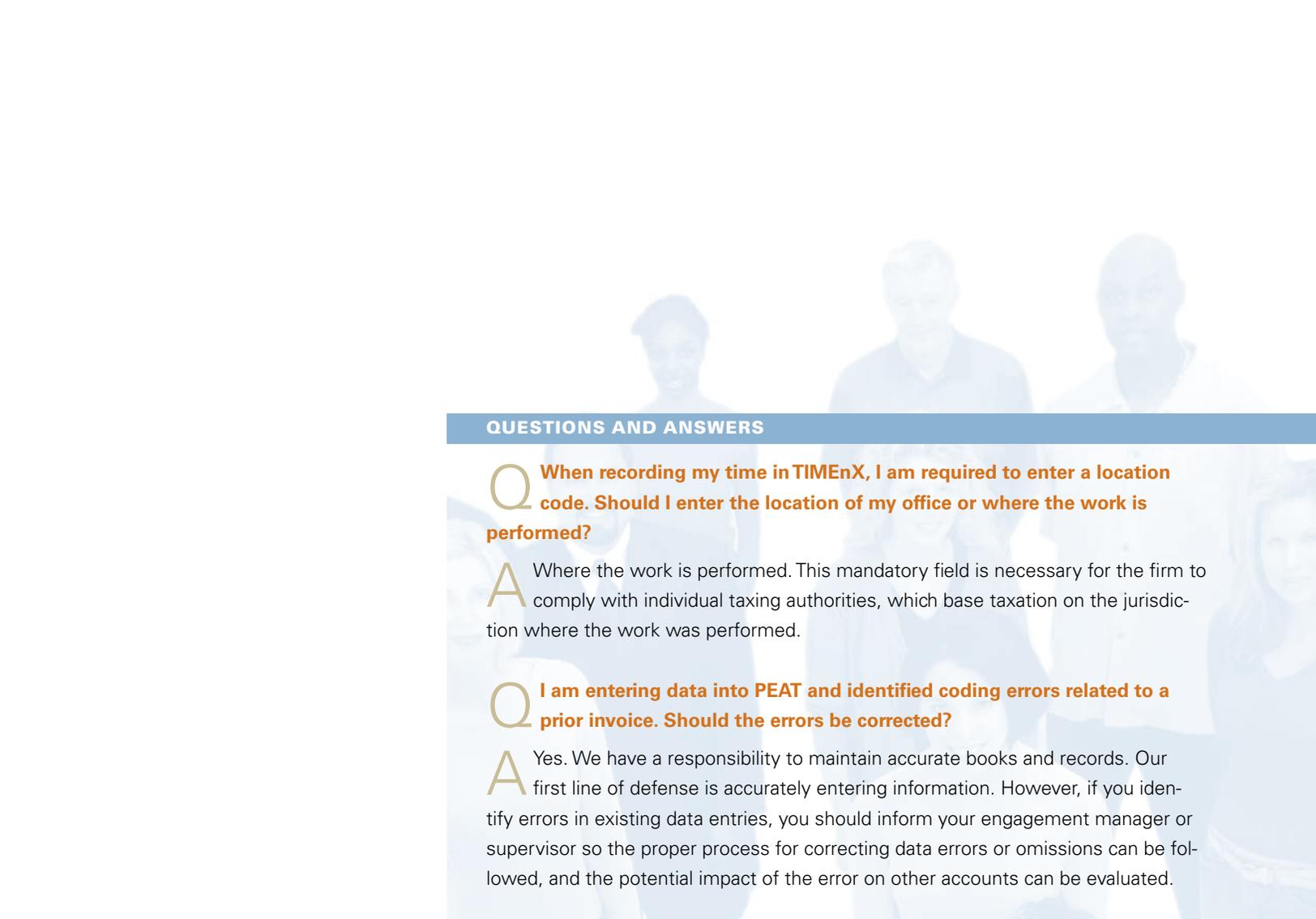
We are committed to ensuring the accurate accounting and reporting of information pertaining to the firm's business and financial results. You have a personal responsibility to understand the reporting and documentation requirements needed for your position and to document and report information accurately.

IT STARTS WITH YOU

- Report time worked in TIMEnX accurately and completely
- Use our Project, Evaluation, Accounting and Tracking (PEAT) system to properly manage the finances of all internal and external projects
- Reconcile Work in Process reports to ensure the engagement partner approves all write-offs of time and expenses charged to a project
- Maintain accurate business information, including engagement documents and deliverables, payroll records, performance evaluations, and time and expense reports

BE ALERT TO

- Pressure to refrain from charging all time spent working on client projects, to charge any client-related time to administrative codes, or to charge a client engagement code for work not performed or done for a different client or administrative activity
- Improper engagement charges either due to miscoding or that are outside the terms of the engagement letter
- Accounting methods that appear to favor form over substance
- Transactions that may suggest a third party is attempting to use its relationship with KPMG for an unlawful purpose. Transactions that should be evaluated carefully include:
 - Complex business arrangements not well understood and appearing to serve little practical purpose
 - Transaction structures that are unnecessarily complex, lack a legitimate business purpose, or benefit from unusually favorable payment terms
 - Attempts by third parties to make payments in cash, or the use of suspicious financial instruments
 - Large last-minute transactions that result in significant revenues at the close of a financial reporting cycle



QUESTIONS AND ANSWERS

Q When recording my time in TIMEnX, I am required to enter a location code. Should I enter the location of my office or where the work is performed?

A Where the work is performed. This mandatory field is necessary for the firm to comply with individual taxing authorities, which base taxation on the jurisdiction where the work was performed.

Q I am entering data into PEAT and identified coding errors related to a prior invoice. Should the errors be corrected?

A Yes. We have a responsibility to maintain accurate books and records. Our first line of defense is accurately entering information. However, if you identify errors in existing data entries, you should inform your engagement manager or supervisor so the proper process for correcting data errors or omissions can be followed, and the potential impact of the error on other accounts can be evaluated.

ADDITIONAL GUIDANCE

PEAT Information Center, available at:

http://usisweb.us.kworld.kpmg.com/finadmin/peat/peat_home.asp

Accounting Policies and Financial Reporting Guidelines, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

Finance and Accounting Web site, available at:

<http://usisweb.us.kworld.kpmg.com/finadmin/html/index.asp>

Time and expense policies related to coding of entries, available at:

<http://hrweb.us.kworld.kpmg.com/hrweb/policy/>

TIMEnX intranet site, available at:

<http://usisweb.us.kworld.kpmg.com/finadmin/te/html/index.asp>

Clients and the Marketplace

Our Global Commitments

KPMG IS COMMITTED TO:

- Acting lawfully and ethically, and encouraging this behavior in the marketplace
- Delivering quality service to clients in line with qualifications, professional commitments, and engagement terms
- Maintaining independence and objectivity, and avoiding conflicts of interest or undue influence
- Preserving client and business confidentiality and privacy
- Promoting services honestly and competing fairly

Independence and Conflicts of Interest

OUR PROMISE

We are dedicated to following standards of personal and professional independence. You should avoid real or perceived conflicts of interest, which may arise from personal investments, financial or business relationships, employment of family members, or other employment relationships.

IT STARTS WITH YOU

- Understand and comply with your obligations as a “Member of the Firm” or a “Covered Person”
- Discuss your independence obligations with non-KPMG people who affect your ability to meet your obligations
- Review your investments, loans, and other financial relationships regularly to ensure compliance
- Review the Restricted Entity List before entering into a new business or financial relationship
- Report potential independence violations promptly

BE ALERT TO

- Offering prohibited non-audit services to Audit clients
- Considering employment with an Audit client when rendering professional services to that client
- Accepting gifts valued at more than \$100 from clients or vendors
- Sweep accounts that may automatically move your investment funds into restricted entities
- Modifying “grandfathered” loans
- Joint marketing and other joint business venture arrangements with Audit clients



QUESTIONS AND ANSWERS

Q I am an associate and want to obtain a mortgage on a new home. Can I borrow the money from a bank that is my Audit client?

A No. In this situation you provide audit services to the bank, and therefore you are a “Member of the Firm” with respect to that client for independence purposes. Accordingly, you may not obtain loans with this restricted entity. However, you may take out a mortgage from KPMG Audit clients for whom you are not a “Member of the Firm.” As an associate, this would be any entity to which you do not provide professional services.

Q I am a manager and my spouse is considering a new job with a KPMG Audit client. Are there any independence requirements I need to consider?

A Yes. Rules applying to the employment of family members could affect the firm’s and your independence. These rules address the employment of a family member and related issues, such as investments held through a spouse’s benefit plan. You should consult with the Independence Group, your Area Professional Practice Partner, or Area Independence Partner to determine whether the employment of your spouse is permissible under applicable Independence rules.

ADDITIONAL GUIDANCE

Ethics & Independence: Risk Management Manual — US, Chapter 12, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

Conflicts of Interest: Risk Management Manual — US, Chapter 13, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

Independence and Ethical Issues: KAM US 2007, Chapter 5, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

KPMG’s Plain English Guide to Independence, available at: <https://www.kics.kworld.kpmg.com/>

KPMG Policies Regarding The Independence Compliance System (KICS), available at: <https://www.kics.kworld.kpmg.com/>

Privacy and Confidentiality

OUR PROMISE

Confidential information is any non-public information that comes to your attention as a result of your association with KPMG, including information about KPMG personnel and clients or prospective clients. We are committed to protecting the privacy of individuals and the confidentiality of the information entrusted to us. You should not disclose any confidential or private information to third parties, and should share confidential or private information only with other KPMG partners and employees on a need-to-know basis.

IT STARTS WITH YOU

- Familiarize yourself with the professional standards and firm policies that address confidentiality
- Maintain the confidentiality of client information at all times
- Check with your engagement manager before referring to the client by name in external discussions or documents that may be used externally (e.g., proposals)
- Review information you receive to determine if it is confidential or private information, and only gather the minimum amount of confidential or private information necessary to meet legitimate business purposes
- Use secure shred bins for disposing of documents with confidential or private information, when appropriate

BE ALERT TO

- “Insider trading,” which is the purchase or sale of securities based on any material non-public information that may affect the value of the securities and is not generally available to the investing public. “Insider trading” is a separate concept from Independence and is prohibited even in situations where you are in full compliance with the firm’s Independence policies or where such policies are not applicable.
- Discussing confidential, private, or client-related information in non-secure or public locations
- Transmitting confidential or private information to locations outside the firm, including by fax to insecure locations, such as hotels and conference sites, or to e-mail accounts outside the firm or the client
- Leaving data storage devices or documents in non-secure locations, even temporarily, such as unlocked cars, restaurant coat check stations, and unattended desks
- Storing or transferring unencrypted files containing confidential or private information
- Sharing data (e.g., tax records) with third parties without consulting the Department of Professional Practice and the Office of General Counsel

QUESTIONS AND ANSWERS

Q I am an associate in Transaction Services and have been conducting due diligence on a company my client intends to acquire. Can I buy the stock of the company being acquired before the acquisition is announced?

A No. Because you know the acquisition is possible, but not yet announced to the investing public, you are in possession of material non-public information that could affect the value of a company's securities. Trading securities on inside information can result in serious criminal penalties.

Q I need to work over the weekend on files containing confidential client information. I just received an unencrypted "thumb drive" from a vendor. Can I save the files on the thumb drive, and take it home to work on my home computer?

A Probably not. "Thumb drives" or USB drives are not generally encrypted and are easily lost or misplaced. These devices may be convenient; however, they also heighten the risk of loss of confidential client information, and their use is discouraged by the firm. If you believe you may have misplaced a thumb drive, you should immediately report the potential loss to the National Support Center. Do not wait for it to "turn up." In addition, your home computer may not have appropriate security features and may be accessible to others in your household. It is best to complete and store your work on firm-issued computers and equipment.

Q While performing an audit on a 401(k) plan, the client provided us with an extract from its human resources system that contains Social Security numbers for all plan participants. We do not need these to perform our audit, but since the client provided them, are there any concerns?

A Yes. The collection and handling of any private information creates risk for the firm and should be avoided whenever possible. If it is not required to fulfill our services, we should not accept private information from the client. Unless otherwise required by firm policies or a document preservation notice, you should return or destroy the data, and ask the client to provide the data again without the unnecessary information.

ADDITIONAL GUIDANCE

The guidance listed below is available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

Confidentiality & Privacy: Risk Management Manual — US, Chapter 11

Working Papers, Reports, and Other Relevant Records Containing Client-Specific Information: Risk Management Manual — US, Chapter 24

Advertising, Marketing and External Communications: Risk Management Manual — US, Chapter 35

Electronic Security: Risk Management Manual — US, Chapter 40

Software Use: Risk Management Manual — US, Chapter 41

Use of E-mail: Risk Management Manual — US, Chapter 42

Client and Third-party Access to Tax-related Materials: Tax Services Manual — US, Chapter 50

Privacy Guidelines: Risk Management Manual — US, Appendix 20A

The guidance listed below is available in the HR Policy Manual at: <http://hrweb.us.kworld.kpmg.com/hrweb/policy/>

Access to Personnel Files

Distribution of Confidential Employee Information

Loss/Theft of Confidential Information, Documents and Computer Equipment

You also may consult:

Confidentiality, Exclusivity and Privacy: Tax Services Manual — US, Chapter 34, available on mySKG at: <http://myskg.us.kworld.kpmg.com/FirmResources/default.aspx>

U.S. Brand & Regulatory Compliance Policies, available at: <http://www.grm.kworld.kpmg.com/USBRC/resource/default.asp?getnode=2945>

Security First, available on Knowledger at:

<https://msvcs.us.kworld.kpmg.com/knowledger/knowledger>

Known or Suspected Illegal Acts by Clients

OUR PROMISE

We are committed to acting lawfully and ethically, and to encouraging this behavior in the marketplace. If you become aware of activities by a client that are potentially illegal or may raise ethical issues, you should raise your concerns.

If the suspicious conduct occurs with a non-audit client, you can raise the issue with your engagement partner, concurring review partner, Professional Practice Partner, Area Professional Practice Partner, Area Risk Management Partner (ARMP), the Department of Professional Practice (DPP), and/or the Office of General Counsel (OGC). Once raised, the concerns will be constructively reviewed.

If the conduct occurs with an Audit client, you must raise the issue with your lead Audit engagement partner. Your engagement partner must then approach your concurring review partner and the ARMP. Together, they will determine whether the questioned activity is clearly inconsequential. If not, your engagement partner must notify DPP, OGC, and your designated Area Forensic Resource Partner (AFRP).

IT STARTS WITH YOU

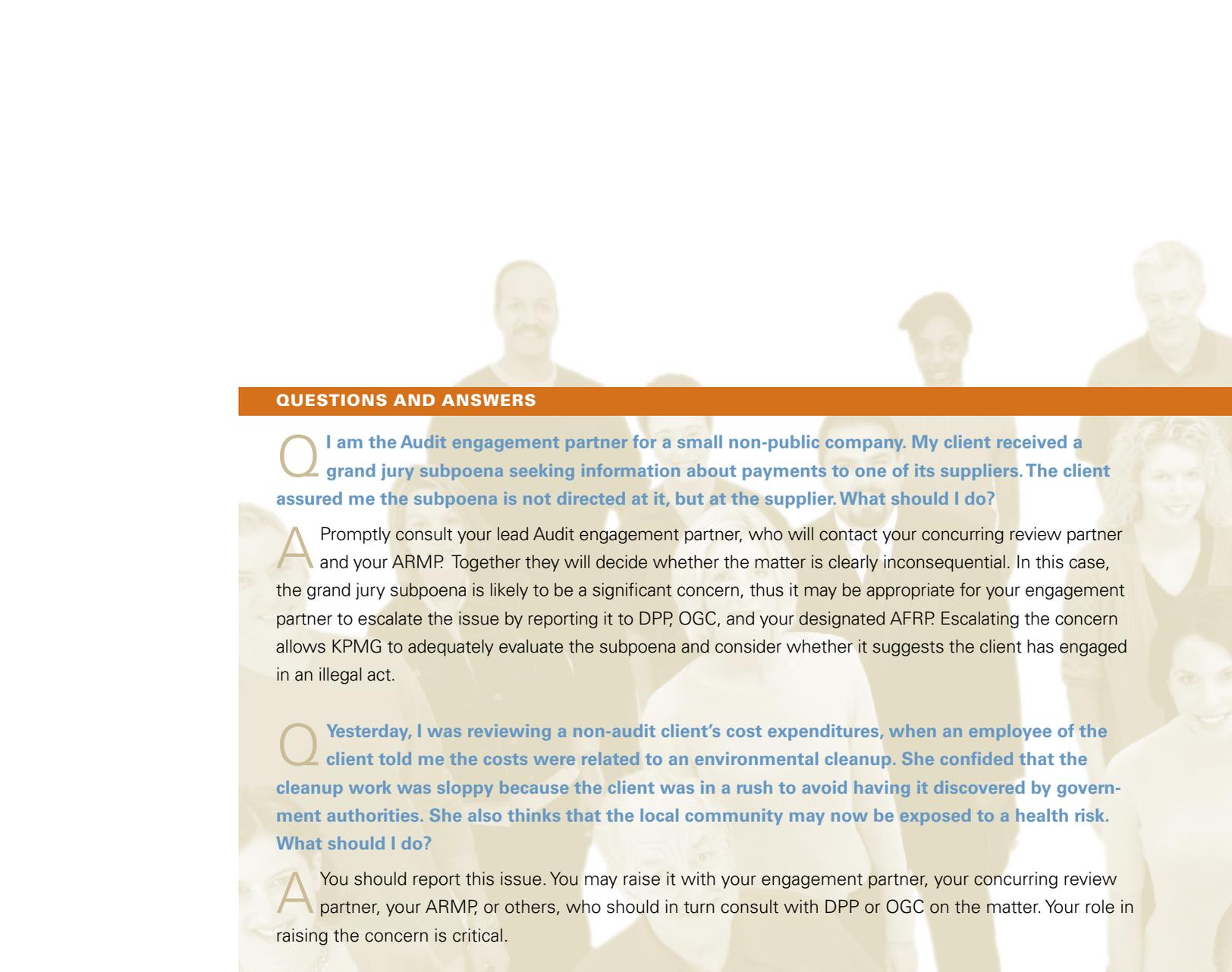
- Be aware of the legal issues that relate to your area of practice and the industry in which you work to enhance your ability to recognize potentially illegal acts
- Although it is not your role to search proactively for potential misconduct by clients beyond what is required by our professional responsibilities, report all client activ-

ity that comes to your attention that is potentially illegal or raises ethical concerns, regardless of whether you think it is substantial

- Maintain professional skepticism and objectivity with respect to both new and long-standing client relationships
- In evaluating the findings of a client's internal investigation, consider the integrity of the process followed by the client to reach the findings and discuss any concerns with OGC

BE ALERT TO

- Any information regarding potentially illegal behavior by a client, including news reports or outside information
- Requests from a client for advice about the legality of a particular act or decision
- Statements, conduct, or transactions that appear to be designed with the intent to deceive others
- Explanations or support for transactions that seem suspicious, inappropriate, or lack substance
- Unusual payments, refunds, or relationships that may represent bribes, kickbacks, or money laundering



QUESTIONS AND ANSWERS

Q I am the Audit engagement partner for a small non-public company. My client received a grand jury subpoena seeking information about payments to one of its suppliers. The client assured me the subpoena is not directed at it, but at the supplier. What should I do?

A Promptly consult your lead Audit engagement partner, who will contact your concurring review partner and your ARMP. Together they will decide whether the matter is clearly inconsequential. In this case, the grand jury subpoena is likely to be a significant concern, thus it may be appropriate for your engagement partner to escalate the issue by reporting it to DPP, OGC, and your designated AFRP. Escalating the concern allows KPMG to adequately evaluate the subpoena and consider whether it suggests the client has engaged in an illegal act.

Q Yesterday, I was reviewing a non-audit client's cost expenditures, when an employee of the client told me the costs were related to an environmental cleanup. She confided that the cleanup work was sloppy because the client was in a rush to avoid having it discovered by government authorities. She also thinks that the local community may now be exposed to a health risk. What should I do?

A You should report this issue. You may raise it with your engagement partner, your concurring review partner, your ARMP, or others, who should in turn consult with DPP or OGC on the matter. Your role in raising the concern is critical.

ADDITIONAL GUIDANCE

Known or Suspected Illegal Acts: Risk Management Manual — US, Chapter 25, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

Legal Matters and Consultations with OGC: Risk Management Manual — US, Chapter 31, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

Investigations in Connection With Possible Illegal Acts by Audit Clients: Professional Practice Letter (PPL) 05-053, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

SEC Manual Section 31.53, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

Section 10A of the Securities Exchange Act of 1934 (for public companies), available at: <http://www.sec.gov/about/laws.shtml>

KPMG Audit Manual Section 7605aUS, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

Work Quality

OUR PROMISE

KPMG is committed to delivering quality client service, both internally and externally. You should perform your work with the high levels of care and competence expected by our people, our clients, and the capital markets we serve.

IT STARTS WITH YOU

- Ensure that your team has the right skills and experience to serve your client's needs
- Foster a culture within your engagement team to encourage open and honest communication, and supervise the work of others effectively, providing feedback that will enhance the skills of other professionals
- Understand the scope of work assigned to you and the overall scope of the engagement
- Apply firm-approved methodologies and procedures
- Maintain an appropriate level of professional skepticism by formulating your own judgments and remaining free of undue influence
- Seek professional consultation when advice may assist you in making the right decision
- Document recommendations or conclusions reached in work papers as required by firm policies or professional standards

BE ALERT TO

- Pressure from a client not to explore fully certain areas or to complete something more quickly than you are comfortable with
- Propensity to "explain away" issues that warrant heightened professional skepticism
- Potential solutions that may be technically within the rules, but do not meet the spirit of the rules
- Feeling there is insufficient time to deliver quality client service due either to the amount of work or complexity of the subject matter
- Use of previous engagement work papers as templates for a current engagement without ensuring they continue to be appropriate and relevant
- Cutting corners to meet deadlines or budgets
- Individuals managing engagements outside the approved scope of services for their practice area or their personal skills and qualifications

QUESTIONS AND ANSWERS

Q We have a new engagement opportunity and the client wants us to start work immediately. The individuals with the appropriate level of skill and experience are unavailable to begin for two weeks. However, less experienced professionals without sufficient training are available. What should I do?

A It is the engagement partner's responsibility to staff projects with people qualified for the assignment. If qualified resources are not available locally, identify available resources in other geographies. If you are still unable to identify qualified professionals, consider postponing the start date or working on the part of the engagement that the available professionals can perform. Or, if necessary, you may decline the engagement, knowing you will be supported in your decision.

Q Our engagement team is behind schedule. To meet a deadline, we decided to skip some procedures we originally agreed with the client to perform. I don't think skipping the procedures will impact our final recommendations, but is this the right thing to do?

A It is the engagement partner's responsibility to determine whether to depart from an established work plan. If the decision could affect our ability to provide quality client service, the engagement partner should consult with appropriate partners, determine a course of action, and discuss the recommendation with the client.

Q A client asked me to review a process related to the scope of our engagement. This request is in addition to our planned procedures. What should I do?

A Additional requested work, often called "scope creep," can be hard to identify because such a request may relate to work being performed within scope. However, if a client requests any additional work, inform your engagement manager. The engagement management team should discuss the request with the client to determine whether the engagement letter needs to be amended in light of the initial agreed-upon scope.

ADDITIONAL GUIDANCE

The guidance listed below is available on Accounting Research Online at:

<http://www.aro.kworld.kpmg.com/>

Risk Management Manual — Global

Risk Management Manual — US

KPMG Audit Manual

Reports Manual

KPMG Attestation Manual

SEC Manual

Single Audit Manual

Integrated Audit Manual

Advisory Services Practice Manual

Internal Audit Services Manual

Transaction Services Manual

Forensic Supplement

Professional Practice Letters

Advisory Alerts

SAS 70 Practice Guide

You also may consult:

Tax Professional Practice Alerts, available at:

<http://myskg.us.kworld.kpmg.com/Pages/Default.aspx>

Passport to Quality, available at:

<http://www.usdpp.kworld.kpmg.com/Advisory%20Svc/resouce/download.asp?objectid=6906&filetype=.pdf>

Doing Business with Governments

OUR PROMISE

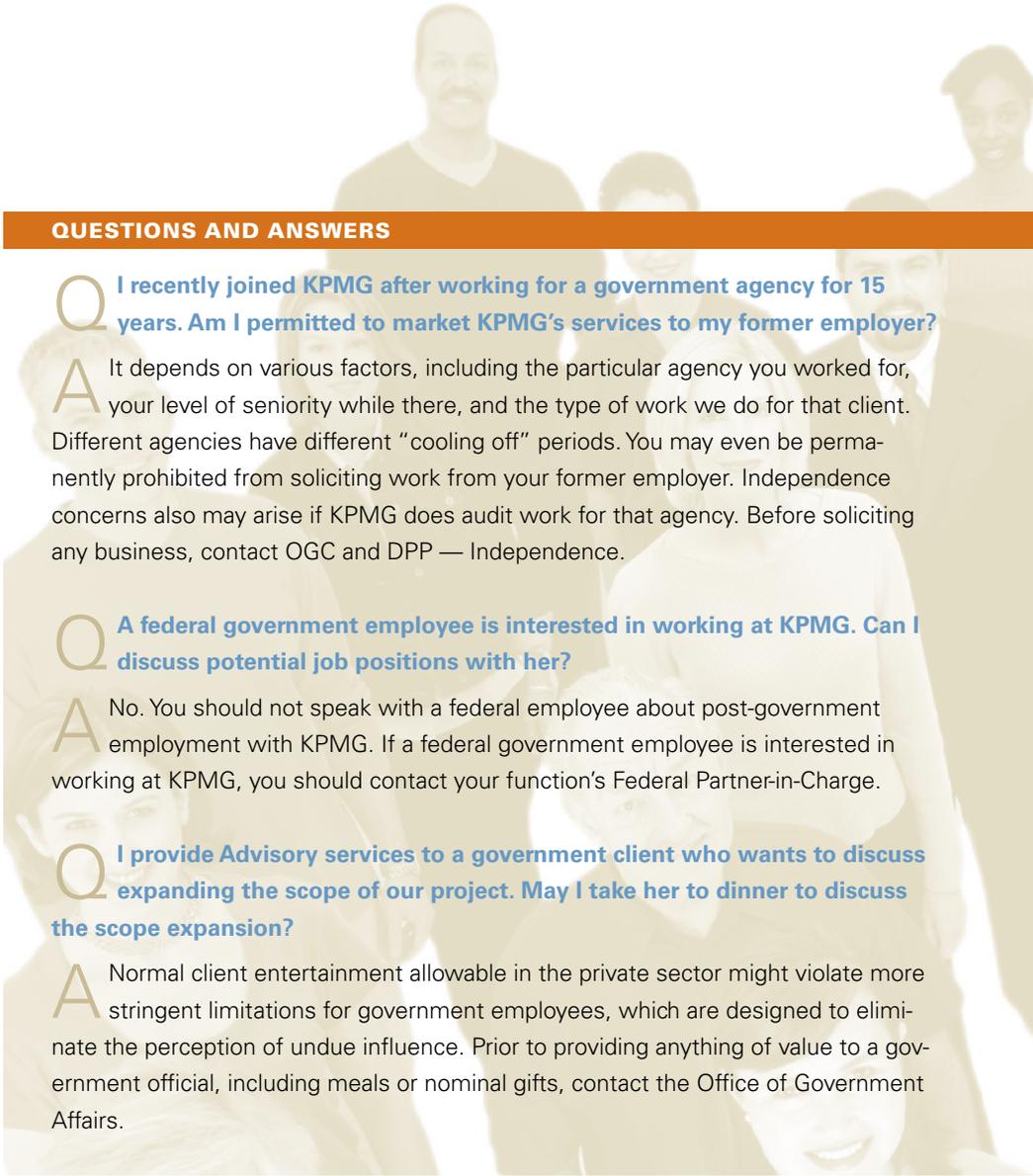
We are committed to helping government clients fulfill their public missions. Specific rules apply to doing business with government entities, and you should follow those rules carefully. Prior to entering into a contract with the government, consult with the Federal practice or other appropriate internal resources. When working on a government engagement, always read the entire contract and comply with its terms.

IT STARTS WITH YOU

- Understand and adhere to the laws and the requirements of the governing contract that apply to you, including those that:
 - Protect proposal, source selection, and classified information
 - Restrict post-government employment
 - Require accurate presentation of pricing information
 - Impose strict guidelines for daily time and expense accounting
- Ensure that all invoices, submissions, and communications with government officials are accurate and complete, as even minor errors or omissions could result in serious governmental penalties
- Comply with all heightened Government Accountability Office CPE requirements when providing certain attestation services to U.S. government entities
- Comply with all specialized requirements applicable to any security clearance you may have

BE ALERT TO

- Discussions with government officials or their family members regarding employment opportunities, either for government officials at KPMG or for our people within the government
- Soliciting information from government procurement officials during the Request for Proposal and selection process
- Seeking or providing information regarding competitive bids and proposals for government work by other firms
- Unauthorized substitutions for goods and services provided to government entities, including using employees in job categories for which they are not qualified
- Providing gifts or anything of value to a government employee, or a contractor on a government engagement, without contacting the Office of Government Affairs



QUESTIONS AND ANSWERS

Q I recently joined KPMG after working for a government agency for 15 years. Am I permitted to market KPMG's services to my former employer?

A It depends on various factors, including the particular agency you worked for, your level of seniority while there, and the type of work we do for that client. Different agencies have different "cooling off" periods. You may even be permanently prohibited from soliciting work from your former employer. Independence concerns also may arise if KPMG does audit work for that agency. Before soliciting any business, contact OGC and DPP — Independence.

Q A federal government employee is interested in working at KPMG. Can I discuss potential job positions with her?

A No. You should not speak with a federal employee about post-government employment with KPMG. If a federal government employee is interested in working at KPMG, you should contact your function's Federal Partner-in-Charge.

Q I provide Advisory services to a government client who wants to discuss expanding the scope of our project. May I take her to dinner to discuss the scope expansion?

A Normal client entertainment allowable in the private sector might violate more stringent limitations for government employees, which are designed to eliminate the perception of undue influence. Prior to providing anything of value to a government official, including meals or nominal gifts, contact the Office of Government Affairs.

ADDITIONAL GUIDANCE

Associating KPMG With Other Activities: Risk Management Manual, Chapter 14, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

Federal Practice Guide, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

"Federal Services" TIMEnX intranet site, available at: http://usisweb.us.kworld.kpmg.com/finadmin/te/fed_services/fedservices.asp

Ethical Marketing and Fair Competition

OUR PROMISE

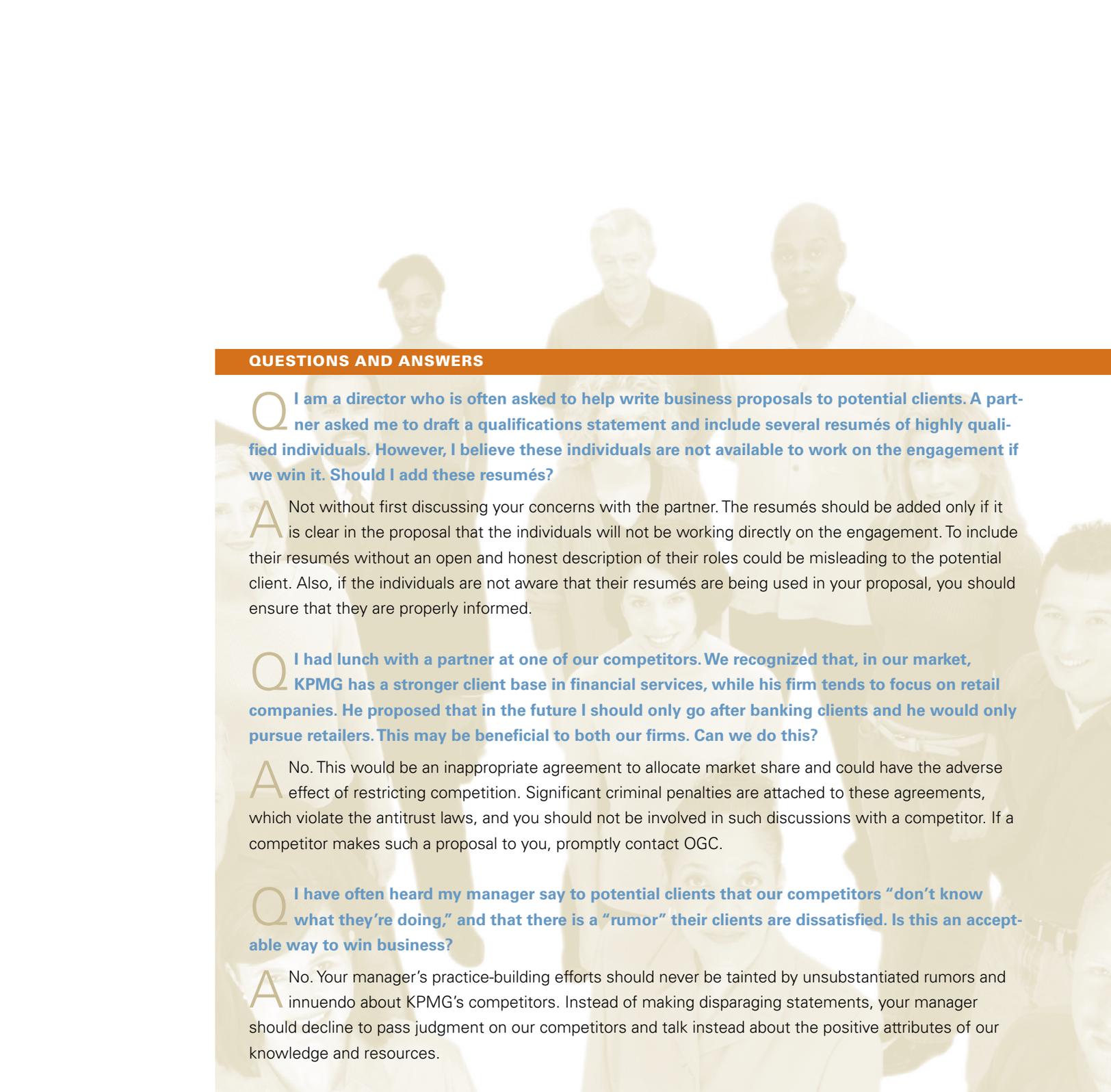
We are committed to promoting our services honestly and competing fairly. You should not make statements that may be misleading or promise results that might not be delivered. You also should not engage in behavior that undermines free and fair marketplace competition.

IT STARTS WITH YOU

- Follow Brand & Regulatory Compliance Policies when preparing proposals
- Enter realistic data into KPMG's engagement pricing tools to estimate the true cost and profitability of a potential engagement
- Seek only public source information about competitors through fair and honest means
- Differentiate KPMG from its competitors based only on factual comparisons
- Represent your qualifications or experience accurately
- Adhere to any binding contractual agreements, such as non-compete agreements, that you may have with a prior employer
- Be sure gifts and entertainment are allowable under KPMG's policies and those of the recipient's organization

BE ALERT TO

- Overstating the competencies and resources available to deliver on a client's needs
- Understating the realistic time or costs involved in meeting the client's objectives
- Proposing exclusive reciprocal (*quid pro quo*) business arrangements with clients or suppliers without consulting the Office of General Counsel (OGC)
- Making false, disparaging, or inappropriate statements about our competitors
- Inappropriate or excessive gifts or entertainment with clients or vendors
- Entering into agreements or discussions with KPMG competitors regarding:
 - Pricing, profitability, or billing terms and conditions of the work you perform
 - Sales and marketing plans
 - A bid or intent to bid on a contract
 - Agreements to divide clients by geography, industry, or type of work
 - Supplier terms and contracts



QUESTIONS AND ANSWERS

Q I am a director who is often asked to help write business proposals to potential clients. A partner asked me to draft a qualifications statement and include several resumés of highly qualified individuals. However, I believe these individuals are not available to work on the engagement if we win it. Should I add these resumés?

A Not without first discussing your concerns with the partner. The resumés should be added only if it is clear in the proposal that the individuals will not be working directly on the engagement. To include their resumés without an open and honest description of their roles could be misleading to the potential client. Also, if the individuals are not aware that their resumés are being used in your proposal, you should ensure that they are properly informed.

Q I had lunch with a partner at one of our competitors. We recognized that, in our market, KPMG has a stronger client base in financial services, while his firm tends to focus on retail companies. He proposed that in the future I should only go after banking clients and he would only pursue retailers. This may be beneficial to both our firms. Can we do this?

A No. This would be an inappropriate agreement to allocate market share and could have the adverse effect of restricting competition. Significant criminal penalties are attached to these agreements, which violate the antitrust laws, and you should not be involved in such discussions with a competitor. If a competitor makes such a proposal to you, promptly contact OGC.

Q I have often heard my manager say to potential clients that our competitors “don’t know what they’re doing,” and that there is a “rumor” their clients are dissatisfied. Is this an acceptable way to win business?

A No. Your manager’s practice-building efforts should never be tainted by unsubstantiated rumors and innuendo about KPMG’s competitors. Instead of making disparaging statements, your manager should decline to pass judgment on our competitors and talk instead about the positive attributes of our knowledge and resources.

ADDITIONAL GUIDANCE

Advertising, Marketing and External Communications: Risk Management Manual — US, Chapter 35, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

Client and Engagement Acceptance

OUR PROMISE

We are committed to quality growth by managing the specific opportunities and risks presented by every new client and engagement, and to conducting business with only those individuals and enterprises engaged in legitimate business activity. You should carefully identify potential risks posed by prospective clients by completing our client and engagement acceptance process in a diligent and responsible manner.

IT STARTS WITH YOU

- Know the individuals and entities with whom you do business, and understand their business activities and sources of funds
- Perform the entire client and engagement acceptance process (e.g., CLEAS, Sentinel, KRisk, background investigations) designed to assess the risk profile of a new client or engagement
- Provide complete responses to client and engagement acceptance and continuance questionnaires to ensure that the appropriate risks are identified
- Use approved standard terms and conditions or seek approval for modifications from your function's Risk Management group and the Office of General Counsel
- Develop an appropriate budget to allow the engagement team sufficient time and resources to provide quality client service
- Reassess the risks when changes are made to an engagement's scope or complexity

BE ALERT TO

- Starting work before receiving a signed engagement letter or required authorization
- Transactions that may conceal income from potentially illegal sources or make such income appear legitimate, also known as "money laundering"
- Transactions that may involve locations or entities that lack an apparent connection to the business activities of a client or business partner
- Third-party payments designed to avoid reporting requirements, or those made on behalf of a client or business partner by an unknown or suspicious third party
- Changes to the client or engagement that require formal re-evaluation of the risk posed by continuing association with the client or engagement

QUESTIONS AND ANSWERS

Q A major company just terminated its outside auditor. The former audit partner is a personal friend and told me the company has unreported going concern issues. This could be a very lucrative account, but I am hesitant to pursue this company's business given what I know. What should I do?

A As you should in any circumstance, perform the entire engagement acceptance process thoroughly and review background and reference-check results closely. You should ensure that the issue is properly discussed with the former auditor as part of the formal process required before accepting a new Audit client. Additionally, you should advise the Department of Professional Practice of these allegations and obtain its approval before accepting the company as a new Audit client.

Q A private investment fund engaged me to provide tax advice. The client would like to pay a retainer to incur costs before the end of its fiscal year. The retainer check was from an off-shore bank, and shortly after the engagement began, the client decided it no longer needed such extensive support and has requested a refund of the remaining retainer. Should I be concerned?

A Yes. Funds provided by off-shore banks or from the accounts of third parties could indicate a desire to conceal the true source of the funds. A refund check from KPMG would provide the client a monetary instrument that makes the funds appear to be legitimate.

ADDITIONAL GUIDANCE

KRisk, available at: <http://usisweb.us.kworld.kpmg.com/krisk/>

Risk Management Overview: Risk Management Manual — US, Chapter 2, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

Prospective Client Evaluations and Client Continuance: Risk Management Manual — US, Chapter 20, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

Engagement Evaluation, Acceptance and Contracting: Risk Management Manual — US, Chapter 21, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

Client/Engagement Acceptance & Setup (CLEAS), available at: <http://cleas.us.kworld.kpmg.com/cleas>

Sentinel Resource Center, available at: <http://www.aboutsentinel.kworld.kpmg.com/Home/default.asp>

KPMG Independence Compliance System, available at: <https://www.kics.kworld.kpmg.com/>

Partner Rotation System, available at: <http://www1.microwebs.kworld.kpmg.com/globalaudit/regions/Americas/US/PRInfoCenter/default.aspx>

Known or Suspected Illegal Acts: Risk Management Manual — US, Chapter 25, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

Investigations in Connection with Possible Illegal Acts by Audit Clients: Professional Practice Letter 05-053, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>



Time and Expense Charges

OUR PROMISE

We are committed to accurately recording our time and expenses. You are required to accurately charge all time when worked and reimbursable expenses when incurred to the appropriate engagement or internal charge code — no more and no less. You also should be prudent and exercise good judgment when incurring work-related expenses.

IT STARTS WITH YOU

- Accurately record all time and expenses in the period the work was performed, and ensure that your team members do so as well
- Provide an adequate description for all work performed
- Be prudent when incurring expenses and take personal responsibility for ensuring that they are reasonable
- Ensure that expense reimbursements that are taxable to individuals are not coded as business expenses
- Obtain prior authorization when required or, if you question whether the expense is permissible, before incurring the expense
- Consult the Federal Practice Guide or a Federal practice partner before incurring any hours or expenses on a federal government engagement to ensure that you understand the specific rules that apply

BE ALERT TO

- Pressure to refrain from charging all time spent working on client projects, to charge any client-related time to administrative codes, or to charge a client engagement code for work not performed or work done for a different client or administrative activity
- “Banking time” by spreading hours worked between or among periods
- Fraudulent expense claims or personal expenses claimed as business expenses
- Invoicing clients based on untrue accounts of time or expenses, which may constitute criminal fraud



QUESTIONS AND ANSWERS

Q My senior manager told me that I am billing too much time to the client project number. He says that I should not bill more than eight hours a day to the project even though I work at least 10 hours every day. What should I do?

A Enter the number of client-related hours you worked in TIMEnX. All partners and employees must accurately record all time worked on an engagement to the correct engagement or internal project code. If your senior manager questions the time it takes to complete the task, seek guidance on how the task may be performed more efficiently. If your senior manager persists, you should raise the issue with your engagement partner or another appropriate channel of communication. You should not, however, “eat” time spent on legitimate activities, charge only estimated equivalent productive hours, or charge your time to a project code that has built-in profit and can be “hit” to absorb additional fees or expenses.

Q We just finished a large engagement, and I would like to have a dinner for the team at a fun venue. Is this appropriate?

A Yes. However, you need to exercise good judgment in choosing the venue and the amount of expense incurred. The cost of the dinner should not be extravagant, the location should always be in good taste, and appropriate conduct related to socializing and alcohol consumption should be openly discussed before the team dinner. If you expect the dinner to cost more than \$150 per person or more than \$2,000 in total, you are required to get the written pre-approval of functional leadership.

ADDITIONAL GUIDANCE

Expense Reimbursement Policies, available at: <http://usportal.us.kworld.kpmg.com/us/policycenter/pages/default.aspx>

TIMEnX intranet site, available at:

<http://usisweb.us.kworld.kpmg.com/finadmin/te/html/index.asp>

Public and Community

Our Global Commitments

KPMG IS COMMITTED TO:

- Acting as a responsible corporate citizen and following high principles of ethical conduct around the world
- Teaming with other businesses and with charitable organizations to create stronger communities

Guarding Against Bribery and Corruption

OUR PROMISE

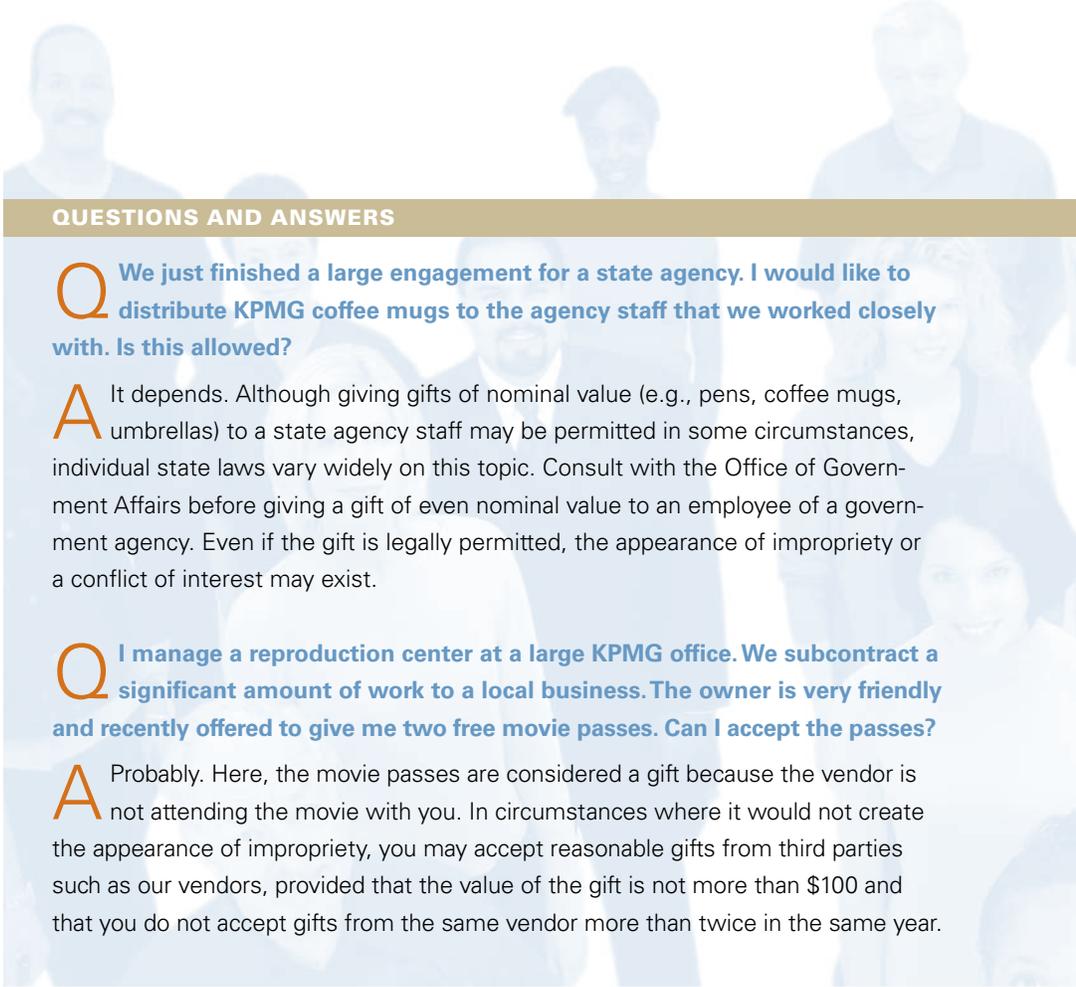
We are committed to conducting business fairly and ethically, and avoiding even the perception that KPMG would offer a bribe to obtain an advantage. Bribery entails offering anything of value, including favors, to influence a person in a position of trust. You should never offer anything of value to influence the decision of a person acting on behalf of another organization, and you should never accept anything of value from a person attempting to influence your professional judgment or decision-making. Additionally, many countries have anti-bribery and anti-corruption laws, including the Foreign Corrupt Practices Act in the United States, that prohibit bribes to government officials. You should never offer anything of value to influence the decision of any government representative.

IT STARTS WITH YOU

- Report any attempt by a client or third party to influence you by offering something of value
- Ensure that due diligence is performed on agents and other third parties who interact with government officials on behalf of KPMG
- Maintain complete and accurate documentation of the purpose of interactions with government representatives
- Seek guidance from the Office of Government Affairs before hiring any lobbyist to represent the firm

BE ALERT TO

- Payments to expedite a routine administrative action, even simple gratuities
- Attempts to have KPMG work with specific parties with whom someone has a “special relationship”
- Payments from a third party to obtain a benefit from the firm or its clients
- Giving or receiving gifts that may raise the appearance of a conflict of interest
- Attending social events with clients or vendors when such situations could be perceived as affecting your professional decision-making



QUESTIONS AND ANSWERS

Q We just finished a large engagement for a state agency. I would like to distribute KPMG coffee mugs to the agency staff that we worked closely with. Is this allowed?

A It depends. Although giving gifts of nominal value (e.g., pens, coffee mugs, umbrellas) to a state agency staff may be permitted in some circumstances, individual state laws vary widely on this topic. Consult with the Office of Government Affairs before giving a gift of even nominal value to an employee of a government agency. Even if the gift is legally permitted, the appearance of impropriety or a conflict of interest may exist.

Q I manage a reproduction center at a large KPMG office. We subcontract a significant amount of work to a local business. The owner is very friendly and recently offered to give me two free movie passes. Can I accept the passes?

A Probably. Here, the movie passes are considered a gift because the vendor is not attending the movie with you. In circumstances where it would not create the appearance of impropriety, you may accept reasonable gifts from third parties such as our vendors, provided that the value of the gift is not more than \$100 and that you do not accept gifts from the same vendor more than twice in the same year.

ADDITIONAL GUIDANCE

Associating KPMG With Other Activities: Risk Management Manual, Chapter 14, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

Expense Reimbursement Policies, available at: <http://usportal.us.kworld.kpmg.com/us/policycenter/pages/default.aspx>

Federal Practice Guide, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

"Federal Services" TIMEnX intranet site, available at: http://usisweb.us.kworld.kpmg.com/finadmin/te/fed_services/fedservices.asp

Responding to Regulatory and Other Legal Proceedings

OUR PROMISE

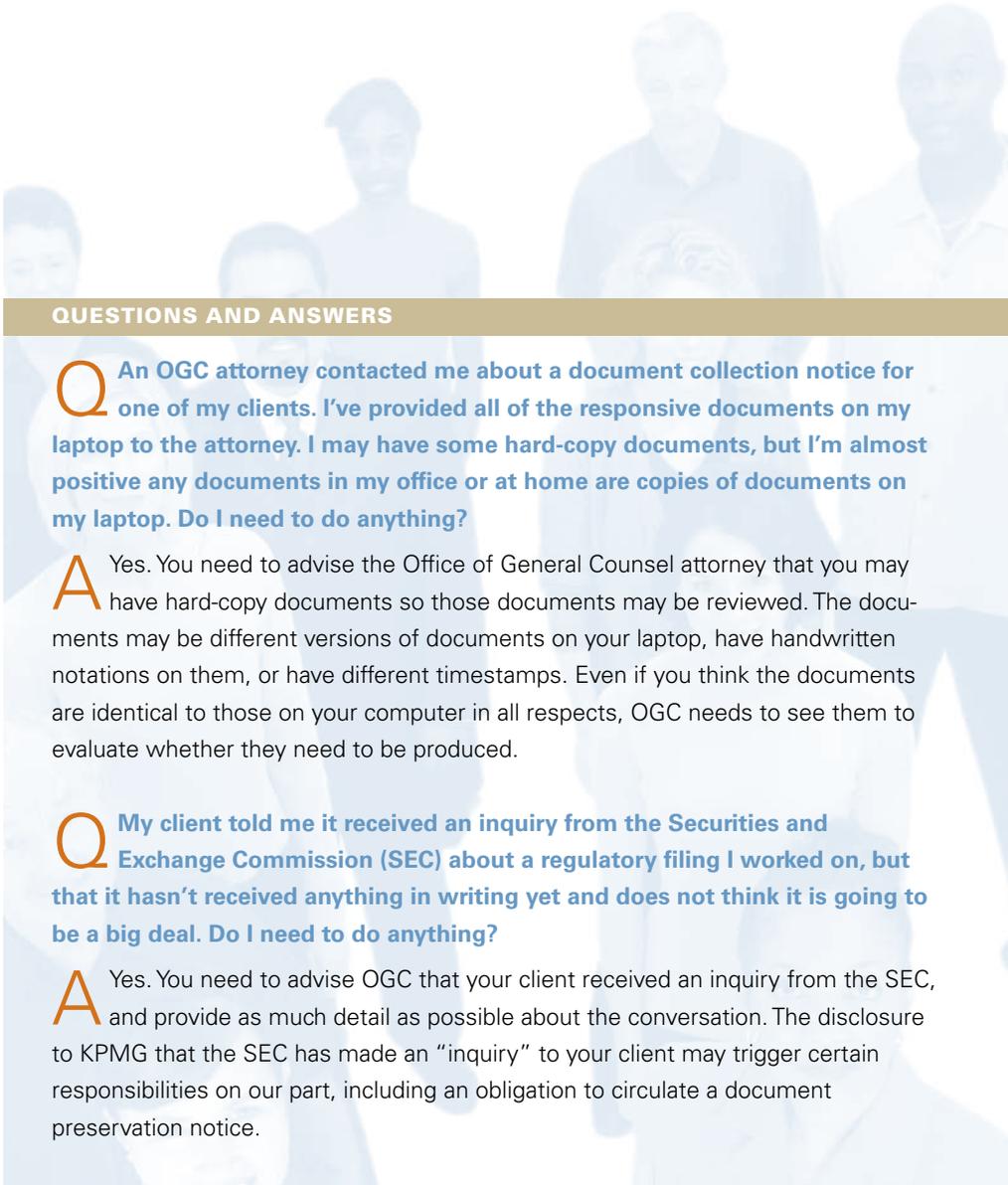
We are committed to cooperating with governments and agencies in their investigations, and complying with valid requests for documents and information in legal proceedings. You should comply fully with document preservation notices (which apply in situations involving actual and potential litigation) and our document retention policies (which apply in the absence of legal proceedings).

IT STARTS WITH YOU

- Contact the Office of General Counsel immediately if you learn of potential litigation or an investigation
- Interpret the term “documents” broadly if you receive a document preservation notice and retain all documents relevant to the notice
- Preserve and retain all documents relating to issues in a lawsuit or government investigation after becoming aware of potential litigation, in accordance with OGC’s instructions
- Cooperate with the firm’s outside legal counsel in any efforts to collect documents
- Provide truthful and honest statements when providing testimony or interacting with government investigators

BE ALERT TO

- Making any change to a document that is the subject of a document preservation notice, without prior approval from OGC
- Making changes to your computer (e.g., reformatting the hard drive, having a new operating system installed) when you may be subject to a document preservation notice
- Requests to destroy documents relevant to ongoing or threatened legal proceedings
- Discussing testimony to be provided in connection with legal proceedings with anyone other than counsel for the firm
- Third-party requests for access to documents or to ask you questions



QUESTIONS AND ANSWERS

Q An OGC attorney contacted me about a document collection notice for one of my clients. I've provided all of the responsive documents on my laptop to the attorney. I may have some hard-copy documents, but I'm almost positive any documents in my office or at home are copies of documents on my laptop. Do I need to do anything?

A Yes. You need to advise the Office of General Counsel attorney that you may have hard-copy documents so those documents may be reviewed. The documents may be different versions of documents on your laptop, have handwritten notations on them, or have different timestamps. Even if you think the documents are identical to those on your computer in all respects, OGC needs to see them to evaluate whether they need to be produced.

Q My client told me it received an inquiry from the Securities and Exchange Commission (SEC) about a regulatory filing I worked on, but that it hasn't received anything in writing yet and does not think it is going to be a big deal. Do I need to do anything?

A Yes. You need to advise OGC that your client received an inquiry from the SEC, and provide as much detail as possible about the conversation. The disclosure to KPMG that the SEC has made an "inquiry" to your client may trigger certain responsibilities on our part, including an obligation to circulate a document preservation notice.

ADDITIONAL GUIDANCE

Document Preservation Quick Reference Card, available at:
<http://www.usogc.kworld.kpmg.com/DRP/default.asp>

Working Papers, Reports and Other Relevant Records Containing Client-Specific Information: Risk Management Manual, Chapter 24, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

Document Preservation Guide, available at:
<http://www.usogc.kworld.kpmg.com/DRP/default.asp>

Legal Matters and Consultation with the Office of General Counsel: Risk Management Manual, Chapter 31, available on Accounting Research Online at:
<http://www.aro.kworld.kpmg.com/>



Media and Public Relations

OUR PROMISE

KPMG is committed to open and honest communications, and to protecting the firm's brand. When speaking publicly or publishing documents externally, you should provide information that is truthful and consistent with our policies regarding quality and confidentiality.

IT STARTS WITH YOU

- Firm personnel do not personally comment on any aspect of KPMG or its clients to the media. If you receive an inquiry from the media, immediately report it to Corporate Communications.
- Obtain appropriate approvals prior to publishing articles or giving external presentations
- Follow Brand & Regulatory Compliance Policies and review procedures on all KPMG-branded materials
- Provide truthful and honest statements when providing information to the media or the public

BE ALERT TO

- Disclosing names of individuals or clients without prior approval
- Providing testimonials or endorsements for individuals or other organizations
- Improperly citing sources when contributing to KPMG publications
- Speaking in public, or writing for a publication, without first reviewing the firm's published positions on the topic
- Publicly representing your own opinion as the firm's opinion

QUESTIONS AND ANSWERS

Q I'm making a presentation at a public hearing at the request of our local government client. We expect the media to be in attendance. Am I free to discuss the issues with reporters who approach me at the hearing or in follow-up calls?

A It depends. Unless the client specifically asks you to clarify certain points for a reporter, you should let your presentation speak for itself or refer any questions directly to the client. If the client requests that you answer in your role as a KPMG representative, you should contact Corporate Communications, which will work with you or directly with the media to provide an appropriate response.

ADDITIONAL GUIDANCE

Media/Client Inquiries: HR Policy Manual, available at:

<http://hrweb.us.kworld.kpmg.com/hrweb/policy/>

Brand & Regulatory Compliance Policies, available at:

<http://www.grm.kworld.kpmg.com/USBRC/default.asp>

Reporter's Inquiries: Risk Management Manual — US, Chapter 36.2, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

Responses to Questionnaires: Risk Management Manual — US, Chapter 14.11, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

Speaking Engagements: Risk Management Manual — US, Chapter 14.12, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

Book and Magazine Article Writing, and Similar Extracurricular Activities: Risk Management Manual — US, Chapter 14.13, available on Accounting Research Online at:

<http://www.aro.kworld.kpmg.com/>

Advertising, Marketing and External Communications: Risk Management Manual — US, Chapter 35, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>



Political Contributions

OUR PROMISE

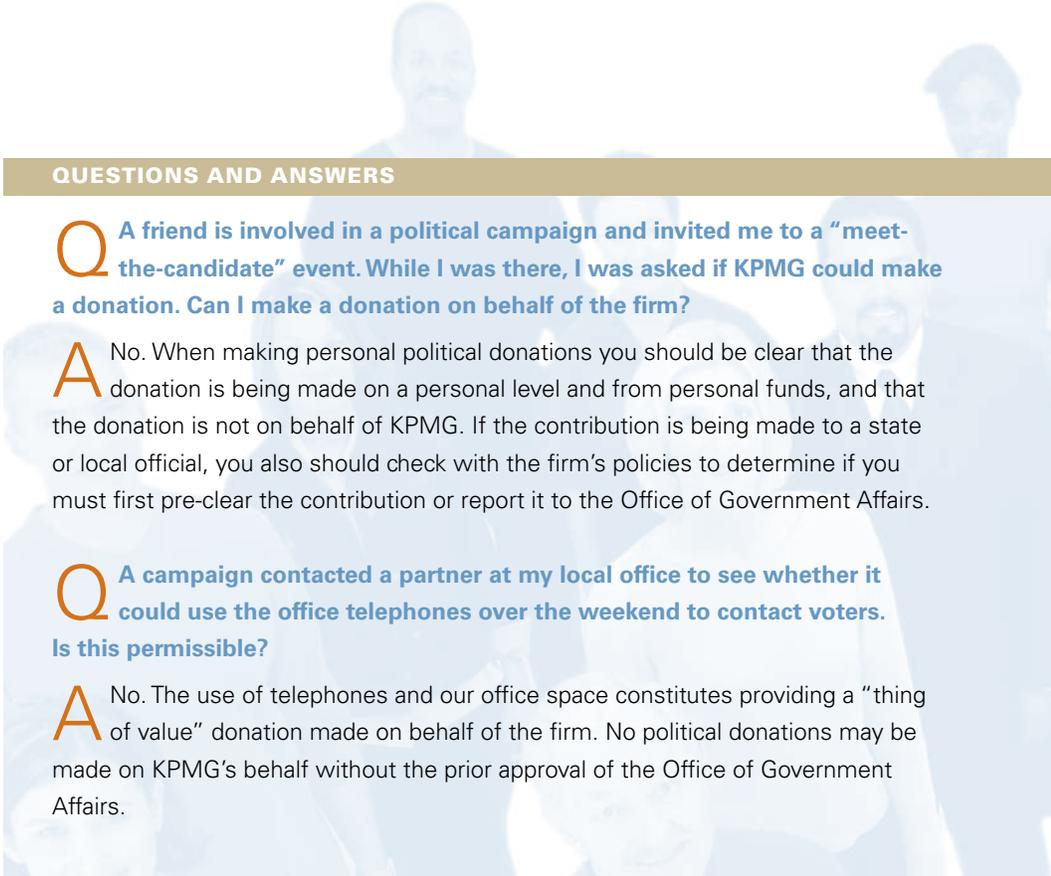
We are committed to being engaged in our political process and supporting our people who choose to make legal political contributions as private citizens. You should understand and follow the complex laws governing political contributions before contributing anything of value to a candidate for elected office.

IT STARTS WITH YOU

- Ensure that the recipient of a personal political contribution clearly understands the contribution is made in a personal capacity and not on behalf of KPMG
- Ensure that you and the firm comply with state and local “pay-to-play” laws, which may restrict your (or your family members’) personal political contributions, by pre-clearing or reporting political contributions as required by the firm’s policies
- Consult with the Office of Government Affairs before communicating with any government official on behalf of KPMG or a third party
- Obtain approval from the Office of Government Affairs before hiring any outside consultants to communicate with government officials on behalf of the firm or a third party

BE ALERT TO

- Pressure from colleagues, clients, or third parties to make political contributions
- Attribution of a personal political contribution to KPMG, including use of the KPMG name on tent cards or name tags
- Requests for political contributions made on behalf of the firm
- Suggestions by potential clients for KPMG to make a political contribution in exchange for an opportunity to obtain new business
- Making any political contribution on behalf of the firm without obtaining express approval from the Office of Government Affairs
- Requests for reimbursement of political contributions by partners or employees



QUESTIONS AND ANSWERS

Q A friend is involved in a political campaign and invited me to a “meet-the-candidate” event. While I was there, I was asked if KPMG could make a donation. Can I make a donation on behalf of the firm?

A No. When making personal political donations you should be clear that the donation is being made on a personal level and from personal funds, and that the donation is not on behalf of KPMG. If the contribution is being made to a state or local official, you also should check with the firm’s policies to determine if you must first pre-clear the contribution or report it to the Office of Government Affairs.

Q A campaign contacted a partner at my local office to see whether it could use the office telephones over the weekend to contact voters. Is this permissible?

A No. The use of telephones and our office space constitutes providing a “thing of value” donation made on behalf of the firm. No political donations may be made on KPMG’s behalf without the prior approval of the Office of Government Affairs.

ADDITIONAL GUIDANCE

Associating KPMG With Other Activities: Risk Management Manual, Chapter 14, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com/>

Gift Policies, available at: [http://usportal.us.kworld.kpmg.com/us/policycenter/Pages/CategoryTreeView.aspx?ID=1\\$6](http://usportal.us.kworld.kpmg.com/us/policycenter/Pages/CategoryTreeView.aspx?ID=1$6)



Public and Community Involvement

OUR PROMISE

We are committed to living our values by building a culture of corporate citizenship and creating opportunities for our people to impact their communities. You are encouraged to seek meaningful ways to volunteer for a non-profit organization, contribute to the growth of your profession, and enhance the environment.

IT STARTS WITH YOU

- Participate in your local Involve program to support the firm's community service initiatives
- Volunteer for a charitable organization during work hours by using the Volunteer Time Release program
- Consider contributing to KPMG's annual Community Giving Campaign
- Become a member of the Green Team to help reduce our environmental impact
- Serve as a leader in civic or charitable organizations
- Obtain approval from your partner-in-charge before accepting high-profile community service roles or becoming an officer or director of a charitable or community organization

BE ALERT TO

- Improper pressure by colleagues, clients, or others to participate in charitable giving programs or voluntary activities
- Potential independence concerns surrounding your efforts to contribute to the community
- Waivers of liability that may be required by a volunteer organization
- Safety and security concerns that may arise while using Volunteer Time Release program hours
- Compensation for employment or providing professional services to outside organizations or individuals
- Affiliations with groups that could cause harm to the firm's reputation



QUESTIONS AND ANSWERS

Q I am on the board of directors of a local charitable organization. Last month, management informed the board that the foundation will retain KPMG to audit its financial statements. Can I maintain my position on the board?

A No. This organization will become a restricted entity once KPMG is retained. Therefore, you may only accept a position if it is clearly honorary. Further, you cannot vote or otherwise participate in board or management functions. You should consult with your Professional Practice Partner regarding this matter.

Q I received an e-mail from a campus relationship partner recommending I make a donation of a specified amount to the accounting department of the university I attended. Do I have to make a donation?

A No. Though we encourage you to make personal donations to your former academic institutions, and even have a program to match specific gifts to certain institutions, you are free to make a donation of whatever amount, or no amount, as you so choose.

ADDITIONAL GUIDANCE

Involve Program: <http://hrweb.us.kworld.kpmg.com/hrweb/involve/index.asp>

Affinity Networks:

<http://hrweb.us.kworld.kpmg.com/hrweb/diversity/network/bynetwork.asp>

Ethics and Independence: Risk Management Manual — US, Chapter 12, available on Accounting Research Online at: <http://www.aro.kworld.kpmg.com>

For additional information on our Code or related policies, please visit the Code of Conduct intranet site on KWorld, available through the Ethics and Compliance Resource Center at www.eandc.kworld.kpmg.com/CofC

External Parties

For more information on KPMG's Code of Conduct, please visit www.us.kpmg.com/About

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