



DIRECTORS  
ROUNDTABLE

# WORLD RECOGNITION of DISTINGUISHED GENERAL COUNSEL

GUEST OF HONOR:

**Philippe Legrez**

General Counsel, Michelin



## THE SPEAKERS



**Philippe Legrez**  
*General Counsel, Michelin*



**Stephane Lemarchand**  
*Partner, DLA Piper LLP*



**Guillaume Rougier-Brierre**  
*Partner, Gide Loyrette Nouel*



**Sami Toutounji**  
*Partner, Shearman & Sterling LLP*

(The biographies of the speakers are presented at the end of this transcript. Further information about the Directors Roundtable can be found at our website, [www.directorsroundtable.com](http://www.directorsroundtable.com).)

## TO THE READER

General Counsel are more important than ever in history. Boards of Directors look increasingly to them to enhance financial and business strategy, compliance, and integrity of corporate operations. In recognition of our distinguished guest of honor's personal accomplishments in his career and his leadership in the profession, we are honoring Philippe Legrez, General Counsel of Michelin, with the leading global honor for General Counsel. Michelin is the world's leading tire manufacturer and a provider of travel-related services. His address will focus on the issue of value creation by business lawyers. The panelists' additional topics include mergers and acquisitions, raising capital in world markets, intellectual property and technology, and the relationship between corporate law departments and outside law firms.

The Directors Roundtable is a civic group which organizes the preeminent worldwide programming for Directors and their advisors, including General Counsel.

Jack Friedman  
Directors Roundtable  
Chairman & Moderator



**Philippe Legrez**  
General Counsel, Michelin



## Michelin Group

Michelin Group has an extensive brand portfolio for all market segments. Michelin offers each customer the right performance at the right price to meet every need with: 1) a global premium brand: MICHELIN; 2) three strong regional brands: BFGoodrich in North America, KLEBER in Europe and WARRIOR in China; 3) market-leading national brands: Kormoran, RIKEN, TIGAR and UNIROYAL.

We are a world major tire industry player with 14% of the market share; a sales network covering 170 countries; production sites within our markets of 67 plants in 17 countries, producing 171 million tires and 13 million maps and guides. We have a highly qualified staff of 111,200 employees of all backgrounds and cultures and 6,000 persons in our global network of R&D sites.

Our mission is to make a sustainable contribution to progress in the mobility of goods and people by constantly enhancing freedom of movement, safety, efficiency, and pleasure when on the move.

### Professional experience

- Attorney at Law (four years in Paris and two years in New York)
- General Counsel of the oil drilling division and of the metering division of Schlumberger (ten years)
- General Counsel of Bongrain a French international food company (ten years)
- General Counsel of Michelin 1999–2014
- General Manager of the Michelin Foundation (2014+)

### Education

- Ph.D. in Law (Paris University)
- Master of Corporate Law (New York University)
- Bachelor of Arts in Philosophy (Sorbonne)
- MBA, CPA/HEC (Paris Business School)

### Publications

- Book entitled “Jimmy Carter and the American elections of 1976”
- Various legal articles

Customer-focused innovation has long been a Michelin growth driver and a powerful vector of differentiation. As the inventor of such giant technological leaps as the radial tire and the energy-efficient tire, we are focusing on the technological leadership of our products and services to meet the real needs of our customers. With 6,000 people on the world, an annual R&D budget of more than €600 million and a portfolio of more than 2,000 patent families, Michelin’s capacity for innovation is unrivaled in the global tire industry.

Tires play several important roles. They carry the vehicle’s weight, transfer braking and driving torque to the road, and guide the vehicle. To fulfill these roles, Michelin systematically aims for the best results in every area of tire performance, including safety, longevity, and fuel efficiency. That’s why MICHELIN Total Performance so effectively expresses this feature common to all MICHELIN tires, while also reflecting the success of the Group’s strategy and guiding its research and development. Above all, MICHELIN Total Performance represents a commitment to quality for customers.

Performance and responsibility are the twin expressions of Michelin’s sustainable development and social responsibility strategy. Impelled by its founders’ vision, Michelin is dedicated to improving mobility through innovation and the quality of its products and services. In fulfilling this mission, we intend to act responsibly with regard to customers, employees, and shareholders by addressing the challenges of sustainable economic, environmental and social development. With the 2011 launch of the innovative “Moving Forward Together” program, Michelin bases its employee relations on mutual respect and offers every employee opportunities to foster his or her personal and professional growth over time.

Since 1998, the Michelin Challenge Bibendum has been dedicated to promoting and sharing current and emerging solutions that enhance mobility. As the only event that brings together vehicle manufacturers, OEMs, energy engineers, research scientists and government authorities, the Challenge acts as a truly global summit on sustainable mobility. It enables participants to compare the latest generation technologies and exchange views on the future of mobility, which will be widely available, clean, safe, and connected.

**GUILLAUME ROUGIER-BRIERRE:**

Good morning, everybody. I will be speaking in English this morning, even though we have a room full of French lawyers. Jack asked me to speak in English for the greater audience of this program.

My name is Guillaume Rougier-Brierre. I am a partner at Gide. I wanted to apologize that senior partner Baudouin de Moucheron is not here this morning. He had a very last-minute obligation and could not attend. He asked me, on behalf of our partnership, to thank you all for coming to this panel this morning.

He also extends his special thanks to our friends from DLA, from Shearman, and also special congratulations to Philippe for a lifetime achievement.

I would like to introduce Jack Friedman, who is the Chairman of Directors Roundtable. He spent a lot of time organizing this event from California. He had to wake up quite early every morning to call me, to make sure that everything would get done. I am very pleased that Jack had the idea to put this honor together for Philippe and to bring this esteemed panel together for our event this morning. Jack, I leave you the floor and will let you introduce everybody else.

**JACK FRIEDMAN:** Thank you very much. Directors Roundtable is a civic group that has organized 800 events around the world. We have never charged the audience to attend our programs. Our list of business directors and their advisors, which includes lawyers, is about 700,000 globally. The transcript of the program will be made available electronically to 100,000 in-house counsel and 50,000 other leaders, which is unprecedented.

This series came about because Directors have felt that there is much to be proud about their companies, but corporations rarely get credit for the good they do. We created a neutral forum to give business leaders and General Counsel a chance to speak about the accomplishments of their corporations.



Philippe is a noted personality who has great respect from his peers. He has international experience and was educated at the Sorbonne and NYU. He has been in private practice at two law firms and was with Schlumberger and a major French food company. For many years he has been with Michelin.

I would like to introduce our Guest of Honor, Philippe Legrez.

**PHILIPPE LEGREZ:** Thank you very much, Jack, for your kind words and, more importantly, for organizing this meeting. I am not quite sure why you picked me for this honor, and I feel a bit embarrassed, because first of all, I am not sure I deserve to be here as the beneficiary of this distinction. There are many other people who would have qualified for it.

I would like to thank Gide and in particular, Guillaume Rougier, who agreed to hold this meeting here. I would also like to thank my good friends at DLA Piper and Shearman & Sterling, who agreed to make a few remarks on their own fields of expertise. More importantly, I would like to thank you, my dear friends, for attending this meeting. I am wondering, really, what this meeting is about.

Is this meeting about me and my coronation? Certainly not, I see no golden crown on the table. Is this meeting some narcissistic moment or experience aimed at making me feel good? Frankly, I don't need that, to be honest with you. What this meeting is really about, for me, is friendship. I am extremely moved and sensitive to you being here in this room, attending this meeting, and I really very much value and treasure your presence today. It is a wonderful sign of friendship, and I am most thankful. Thank you very much, indeed.

The issue which I would like to address today is the issue of the ultimate goal or mission of business lawyers. What should it be? I would like to argue that our ultimate mission is to create value for our clients or for our companies, or at least contribute to value creation.

To me, this is not only a question of positioning of our profession vis-à-vis our clients; it is also an issue of image. Should we not, as business lawyer, project the image of people who create value?

What do I mean by value creation? If you adopt a strictly financial viewpoint, our good friends in the financial sector will speak of very bizarre concepts like WACC,



EBIT, EBDA, and Return of Capital Employed (if I'm not mistaken). I am going to adopt a very simple definition. To me, creating value for business lawyers basically means generating cash for companies, for our clients, or increasing the cash flows of the company, if you will.

You may say, "Is that not what we normally do? Don't we generate cash for our clients when we win lawsuits and recover damages of all sorts? Don't we generate cash when we draft contracts that optimize the sales of our companies? Don't we generate cash when we file for and patent innovation that translates into additional sales?" Yes, we do, but I would argue that we do not always do it in an effective way, a systematic way, and a proactive way. I will elaborate on these three concepts – on effectiveness, systematicity, and proactivity.

Before I do that, first look at the other side of the coin: don't we sometimes destroy value, as business lawyers? I think we do! We do it because sometimes we don't have the right professional behavior.

I am always surprised when I see good lawyers take their time in situations where business requires immediate answers or solutions. To me, slowness is tantamount

to destroying value in certain cases; our business clients may lose deals, they may lose business opportunities, when we're not reactive enough.

A poor professional behavior may also consist in not being concise, not being clear about our legal advice or legal opinion. I am still astounded to see remarkable lawyers draft legal opinions of ten, twenty, thirty pages; when you've read the whole legal opinion, you just don't know what you're supposed to do! These are from very talented lawyers! This is just astounding. To me, this is tantamount to destroying value, because you are not helping business. Business has lost time; business people have been waiting for a legal opinion for one month, two and three months; and at the end of the day, they get nothing! They get rubbish. No clear guidance as to what they should do or what they can do. This is one way of destroying value, by not having the right professional behavior.

The other way that business lawyers destroy value, as I see it, is by not being willing to assume legal risks. This may sound a bit provocative. After all, are not business lawyers supposed to be on the side of legal compliance? Yes, certainly. But I have seen many lawyers who do not want to take any legal risk. They will immediately fall back on the position of extreme conservatism, and they will say "no" to business. "No, you can't do this." I would argue that it does make sense, sometimes, to assume legal risks. They have got to be reasonable; they cannot cross the red line. Those risks, if they do materialize, should not really damage the company's interests. We business lawyers, who work hand-in-hand with business people, know that business people do take risks. Sometimes they just cannot accept and understand that we lawyers will not assume our sphere of risk taking. To me, refusing in some instances to take legal risks is tantamount to destroying value.

On the other side of the coin: how can we business lawyers create value?

Let me get back to my three points. We create value when we are effective, when we have the right professional behavior. When we are concise, we bring about solutions; we are business-minded; we provide opinions that are clear-cut. When we find legal means and ways of helping business achieve its goal. When we behave like that, we do create value.

Now, my second point was, we create value when we do it in a systematic way. What do I mean by that? Let me take the Michelin example. What we did in Michelin, about three years ago, was to design and implement a so-called recovery program. With this program, all our twenty different legal departments worldwide, in twenty different countries, assumed, as their annual objective, value creation – which basically meant, in this particular context, recovering damages for all those situations where Michelin's interests had been harmed or damaged. Let's assume there is a power outage in one of our plants. We want to be indemnified for that power outage. Let's assume that our contracting parties do not fulfill all their obligations; we want to be indemnified for that.

The problem is that companies do not have a systematic approach to this sort of goal. They just do it on a case-by-case basis. In-house lawyers are too busy trying to recover money. They are busy drafting their contracts. They are busy filing patents and trademarks. They are busy doing all sorts of things, but they are not busy recovering indemnities in a systematic way. They are not busy creating value. My suggestion here is that, at least inside companies, lawyers should align all their legal practice to this ultimate goal of value creation.

In the case of Michelin – and we're not the only company to have done that worldwide; there are a few in the U.S., in particular, and two or three others in Europe as far as I know – we managed to make a profit in 2012 and 2013. Each of our legal departments issues its own financial statement with revenues on the one hand, expenses on the other hand,

and the net result – which, hopefully, will be a profit. We have been able to not only cover our costs, but in fact to generate revenues for an amount double to our costs.

This is what I mean by having a systematic approach. It really means ensuring that all legal departments in a given company align their legal practice with this ultimate goal of generating cash.

My third point is that for business lawyers to create value, we need to be proactive. I mean by this that when you are in constant contact with the business people, the business people do not know what kind of legal solutions we can bring about in terms of optimizing value creation of their business, or in terms of increasing sales. They have no clue, just because they do not have the knowledge of our legal tools.

We business lawyers should go and talk to the business people and say, “I have a solution for you! I have a proposal! We can do things together in a better way. We can boost your sales.”

Let me give you two or three examples. In Algeria – I once traveled to Algiers and was astounded by all the tire dealers in the city of Algiers who are selling so-called Michelin tires – in fact, they were not doing that. They were using our logos and brands to attract clients, without selling our tires. I said to our Algerian lawyer, “Why don’t you send a notice to these 300 tire dealers in the Algiers region, and put them on notice to stop using, illicitly, our brands and logos. You tell them, ‘You may keep using our logos and signs, if you start selling our tires.’” Believe it or not, almost half of these tire dealers in the city of Algiers wanted to keep our logos on their doorsteps and they started buying our tires. With this simple notice letter sent to roughly 300 tire dealers, we increased the sales of our Algerian production by over €500,000. It is not going to change the face of the world – the figure is not astronomic – but when you multiply this in several countries, you do generate cash.

“We create value when we are effective, when we have the right professional behavior. When we are concise, we bring about solutions; we are business-minded; we provide opinions that are clear-cut. When we find legal means and ways of helping business achieve its goal.” – Philippe Legrez

Another example: in Michelin – as in many other companies – the patent filing process is really shared by patent lawyers and researchers. The business people rarely get involved in that process. What we did in Michelin, we lawyers talked to the business people, and we said to them, “Don’t you want to be involved in this patenting process? After all, you are the guys at the end of the day who are going to sell either patented tires or non-patented tires. If you sell patented tires, you will eliminate competition, because the patent gives you an exclusivity on the innovation for twenty years. You business people, don’t you think you would be interested in patenting as many tires as possible?” They said, “Yes, obviously.”

We put, around the same table, the researchers, the business people, the patent lawyers, and the business lawyers. We said, “We should probably try to optimize those patents which protect tires which are sold in the marketplace. Maybe we should not patent as much as we did in the past the basic innovation which is not necessarily embedded in those products which we sell.” We moved away from patenting fundamental innovation, which does not generate cash necessarily, to more patents on those innovative products which *do* generate cash. This is really a proactive approach. We lawyers went to the business people, and we said to them, “We can optimize your business. We can optimize your value creation.”

Let me add a few concluding remarks. What are the benefits of this approach – of business lawyers positioning themselves as value creators or as contributors to the process of value creation of companies?

The first benefit which I immediately see, probably with you, is that from the business standpoint – from the viewpoint of our clients – we lawyers provided better service, because the business people have the ultimate goal to create value! If we tell those people, “We are going to create value exactly like you; we lawyers want to make profits like you,” we are giving them a better service. This is their viewpoint; they think we are providing a better service. We are also, to some extent, increasing the competitiveness of our companies. They make more cash – it’s as simple as that. It may not be very significant.

We do increase the competitiveness of our companies, but more importantly, from our own standpoint – a very selfish standpoint – we business lawyers improve our image if we position ourselves as contributors to the value creation process. Quite obviously, our clients appreciate us much more.

Last, but not least – and I’m turning to my dear friends in the world of law firms and outside counsel – there is a significant potential of increased cooperation between in-house counsel and outside counsel. Let me very briefly illustrate this point. Many companies do not have the time, with their in-house legal team, to review all the contracts which have been negotiated, drafted and signed. We just don’t have the time for that. This is ridiculous, because it’s a main role! At one point in time, I calculated the amount of contracts we sign worldwide per year. It is 80,000 or 100,000.

**JACK FRIEDMAN:** New contracts?

**PHILIPPE LEGREZ:** Yes, every year! If you do not review those contracts regularly, you are losing opportunities of recovering

money. Since we do not have the resources to do this in-house, we are most happy, quite obviously, to farm out this sort of work to law firms. When in-house lawyers try to recover money, in many instances we need the help of law firms. There is a great potential for increased cooperation between outside and in-house counsel.

Thank you for allowing me to share my views on this issue.

**JACK FRIEDMAN:** Thank you very much. First of all, I noticed that you have an MBA from HEC as well as being counsel. Lawyers, through experience of doing business deals and being involved with all kinds of business law projects, get a sense of their client's businesses. Most people would say that you are a better business lawyer if you understand your client's business. Given your experience, how can lawyers be more sensitive to the other parts of the business?

**PHILIPPE LEGREZ:** The ideal in-house counsel or business lawyer is one who has some business education. Personally, I learned a lot from my one year in French business school when I was in my thirties, and I then understood my clients much better, to be honest with you. Obviously, you need to be in contact almost on a daily basis with business people – and I am speaking here of in-house counsel. In Michelin, I once calculated that there are 10,000 people for each lawyer. This is more or less the ratio. You can imagine that you are almost surrounded by non-lawyers or business people on a daily basis. It is very difficult not to listen to these people speaking about their own business issues. What I rapidly learned from switching from my outside legal practice to my in-house legal practice is that business people, if you don't talk to them about business issues; they are not interested. When I was an outside counsel, in my law firms, I was surrounded with lawyers. When I became in-house counsel, I was surrounded by business people. Business people are not interested in case law or new legislation – they don't give a damn about that. They have



very little interest in legal issues, except for a few exceptions. As in-house counsel, you are intoxicated on a daily basis by business issues. It's not too complicated, if you just listen to them, to understand their problems.

**JACK FRIEDMAN:** I remember a woman lawyer from a very prominent New York firm, who had gone through scholarships. She came from a poor background; her family did not have money. She had to work every summer. She said, "I had fifty jobs when I was going through school. Among other things, I was a nanny, babysitting for people, and I was a waitress." She had gone to very fine universities, and then had risen to partner at this very prominent law firm. Her opinion was that all those little experiences made her a better lawyer than the people who had rich backgrounds, who never had to worry about paying for vacations to Europe for the summer. In the beginning, they would go to a meeting and not have any idea about how businesses ran. She felt like she understood paychecks, the government taking out taxes from what you earn, and employee relations. Sometimes lawyers can be over-educated in terms of serving their clients.

Could you describe a bit more about Michelin globally?

**PHILIPPE LEGREZ:** Sure, but don't feel obliged to buy our tires. I'm not trying to market the company here today!

Very briefly, we are a global company; we sell our products in 170 countries. We have an industrial footprint in 20 different countries, roughly. We have approximately 80 plants worldwide. Our major markets, in terms of sales, are North America, Europe – and China is obviously increasing. We are currently building a huge plant in the northeastern part of China. We are also putting new plants into India, Brazil, and Russia, which are growing markets. Our total sales revenues are roughly €22 billion. Ninety-seven percent of our revenues are derived from our tire activity, and a very minor portion of our revenues are derived from the sale of maps, guides and similar items. That is a tough business, a highly competitive business where it's difficult to make money, between you and me. Let me add that we sell tires to all types of customers – car makers, aircraft makers – we supply tires to both Airbus and Boeing. We provide tires to NASA. We provide tires for earth mover vehicles that operate in mines. There are all sorts of tires for bicycles and other vehicles.

You may wonder if this is an interesting business for the future – yes, it is. Because more and more parts of the world – the so-called emerging markets – are, in fact, equipping their population with vehicles. It is a market which is growing year by year, and which probably does have a bright future.

**JACK FRIEDMAN:** Thank you. Just one more question before we move on to the next speaker. In each company, there are certain types of meetings where there should be a lawyer present. It doesn't mean just having a lawyer to watch and make sure the laws aren't being broken. It may be different culturally in other countries. Is the General Counsel involved in other internal meetings than the Board of Directors' meetings, such as on competition issues?

**PHILIPPE LEGREZ:** Difficult question! But it's an excellent one! Yes, you have already answered, to some extent, your own question, by saying that when we deal with possible, potential competition issues, we would want to make sure a lawyer will attend the meetings so as to avoid any cartel problems. What is more difficult is what kind of meetings should lawyers attend? Those big, multinational companies – they thrive on meetings. They love meetings. Lawyers have to decide which meetings, in fact, they should attend or not attend. Quite frequently, the business people will tell lawyers, “We need you, so please come up on the third floor.” That's an easy situation. If you are a good soldier, you will just comply with the instructions you receive – you *will* attend the meeting, because you want to keep a good relationship with your internal client. You babysit him to some extent; you want to nurture the long-term relationship with your in-house client. You will attend the meeting, even though you are not absolutely certain that you are going to bring value to the meeting.

More seriously, the difficult question is, you are aware of a number of meetings; you have not been invited; and you think that there is a potential legal issue that should be addressed one way or the other. This is where experience comes into play probably and you have to say, “This is a meeting which is important; I can't escape it, I have got to attend.” Then you have to be accepted, because they will not always accept you. In a company that has some sensitivity to legal issues, normally you do not have this problem. People will immediately say, “You are welcome; please attend the meeting if you think Legal should be involved.” It may depend on the company. I have been fortunate to work for companies where the legal function was highly respected or considered.

**JACK FRIEDMAN:** In the States, companies have meetings, but they also worry about the internal emails that go back and forth. You may have an email that is brought before a judge or a jury which appears to be an admission of guilt. In the

“Each of our legal departments issues its own financial statement with revenues on the one hand, expenses on the other hand, and the net result – which, hopefully, will be a profit.”  
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States the attorney-client privilege between the internal lawyers and the business people exists, but it depends on whether a business issue is discussed, which is not privileged, versus legal advice you are giving, which is privileged. Often, on sensitive matters, you may go to an outside law firm because, traditionally in American law, the privilege between an outside lawyer and a corporation is much more powerful. Is it the same here in France?

**PHILIPPE LEGREZ:** France, unfortunately, does not have the same protection in terms of privilege afforded to in-house counsel as their counterparts – the outside counsel.

To me, the issue of privilege has been inflated, at least in this country, because I rarely have to seek this privilege when I write. It is only in exceptional circumstances that I would love to have this privilege. For some correspondence or documentation covered by the privilege, I will ask an outside counsel to please review the document. It is not a major issue, and in many other countries, both in-house and outside counsel have the privilege benefit.

The difficult question is more the one that you suggested, which is how do you ensure, as General Counsel of a fairly large company, that your people do not try silly things that are self-inflicted or self-indicting? At Michelin, we tried to address this issue from the viewpoint of our U.S. litigation, and our concern was that our non-U.S. subsidiaries, non-U.S. personnel would not draft or write mails that would implicate or indict our company. We launched and deployed a so-called “discovery” program. I don't think we are the sole company to have done that. We trained about 3,000 people in Europe, Japan, and those countries

where we design and manufacture tires that might be exported to the U.S. market. We trained them on U.S. litigation; on interrogatories, depositions; we trained them on those sentences that they should not write in their own mails. Obviously, we try to have someone review what is in their own computers on a regular basis.

**JACK FRIEDMAN:** In the States, a plaintiff's lawyer could ask one of your employees in front of the judge and the jury, “What training did you get about words that you should not use? Tell us sentences you are not allowed to use, that you would have considered using if you didn't get those instructions.” It is why the jury system in the U.S. for civil cases is unbelievably free in terms of what you can ask in front of a judge.

We are now going to have our Distinguished Panelists introduce their topics. Stephane Lemarchand of DLA Piper is the next speaker.

**STEPHANE LEMARCHAND:** Good morning.

This transition is good from your previous topic, Philippe. For the audience, if you want to watch and practice the latest innovation in terms of value to legal departments, go to YouTube and type “antitrust Michelin serious game,” and you will have a snapshot of what the Michelin Legal Department has developed to train the people and the sales teams, in particular, about antitrust issues and what to do and what not to do. It provides a good transition to the topic I want to address.

My name is Stephane Lemarchand, a partner at DLA Piper. I always introduce myself as a technology lawyer, which, in itself, doesn't mean anything, apart from the fact that I see my practice as more of a sector



practice than a legal-specific practice. I am covering many different kinds of issues, but I can't do everything. Clearly *knowing* the sector, knowing the business needs of the technology sectors, has been critical over the last ten years in my practice, in assisting major innovative companies – and I definitely put Michelin in that pocket of the slate. Hopefully, Philippe, we have helped you to create value and generate cash. Clearly, this is a way for us – for me, as a lawyer – to generate the value and to bring the value to our in-house people and to the business at the end of the day.

It is also a way to bridge the gap between in-house people and outside counsel, because there is always a major frustration to leave the passion and the fascination of the industry or project of the company. I always felt that outside counsel, at the end of the day, are leaving this experience by procuration. Being connected with the industry needs and the priorities of a business – whatever the company is doing – has been a way for me to make my job more interesting, and certainly more efficient for my clients.

Philippe, thank you very much for giving me the opportunity to speak this morning; it's quite significant to me. I come as a friend,

and I'm sure everyone here in this room also comes as a friend to honor you. I sat down with myself and said, "What should I speak about this morning?" I recollected the first time we met. Obviously, that was probably more than eleven years ago. I said, "It has been an experience in cooperation of eleven years, let's try to reflect on what has actually happened to my practice, and also the practice and the legal leads for a major business company such as Michelin over the last ten years as a technology lawyer."

In addition to that, I am going to reflect on what you referred to this morning, Philippe, to see how, at the end of the day, technology is in the center of the major and the critical business risks of a company, whatever the sector is. The evolution of any business, of any district sector, is becoming more and more technology-driven. The tire business is definitely innovating. It is an IT-driven business in the way you develop your products, in the way you are offering your customers services, and in the way your own products are connected from a technology standpoint. The reformed manufacturing of the whole industry; the 3D printing emerging technology is definitely a complete shift in the way manufacturing will evolve in the future. Understanding that is bringing you, as a lawyer, to new legal topics that create some issues about IP enforcement, product liability, consumer laws and import restrictions.

I saw the technology, legal regime and issues becoming more and more crucial. I saw my practice starting from the IT procurement assistance, typically assisting customers to buy IT services, which was the work of IT lawyers ten or fifteen years ago. This became more connected to the business and the strategy projects of our clients. We see greater numbers of technology-driven projects, and that has been a big shift that we will leave together over the last ten years.

If you'll just take another example, when I started my career as an IT lawyer, I was hot to learn and to study what we were already calling

"data protection law." It was really boring – my personal view – and is still a boring practice. It is regulatory law that was seen as a specialty niche for law firms or experts. By chance we were doing that across business law firms – or in-house, as well – and if you look at the evolution of this practice to handle privacy, security, cybersecurity, and data protection topics it is now one of the key compliance topics for any major GC and in-house lawyer. The evolution has been so quick, it's quite amazing to see how IT technology – because this is obviously completely linked to technology – is standing, again, in the center of the interests of businesses.

That has been my experience over the last ten years. I will stop here, Jack, to open a new discussion. I strongly believe that technology is not just a topic of concern for legal departments; it's actually an opportunity to change and help to transform the way we are delivering legal services. This is true for in-house teams as well as for law firms. I also believe that – and Philippe has demonstrated this – in-house teams are far more innovative and sophisticated in this respect than law firms. Law firms are followers in this respect; there are very few law firms who really understand that changing the business model by using technology tools is the future for them. The clients will force us to make the change. I strongly believe this is something you have already understood for a long time.

**JACK FRIEDMAN:** In the business section of the *New York Times* or the *Wall Street Journal* there have been stories that scare business people. I wanted to get your perspective on these situations.

One issue is with hackers – apart from employees stealing data – there is defending the privacy of your own internal trade secrets, patents, manufacturing processes, customer data, and credit cards. Recently, Target had the problem that 70 million people had their credit card information stolen. The CEO lost his position over this issue. They found out that the air conditioning consultants who work with each of their

retail offices to adjust the temperature in the stores had access to the computers. They went into the computer that runs the ventilation system and used that access to steal the credit card information of the people who were buying products.

A second situation occurred when hackers tried to get into the computer system of a major oil company. They used the computer in the cash register of a Chinese restaurant down the street who delivered Chinese food at lunch time to the workers. The employees were ordering lunch using the company computers. The computer at the Chinese restaurant gave them access to the oil company computer system.

How can a company defend against these types of actions? Do law firms have enough security to keep their client information confidential? Can hackers access information about an M&A deal before it is finalized, and secretly speculate on the stock market?

**STEPHANE LEMARCHAND:** When you are speaking about security with Michelin, they have a good level of knowledge. Confidentiality and security is in the DNA of this company. They are one of the most secure and protected companies in the world by nature. They have started to consider issues before we were concerned about a cyber-attack. The way to defend is to have a security culture, a confidentiality culture, and in particular, that was a good example in communication with law firms. For example, when you make a deal with Michelin, you are asked to install some specific software on your PC to communicate with in-house people.

That way, we see the evolution. Actually, it's a good point, Jack – cybercrime, cybersecurity over the last years became for GCs and in-house people one of the key priorities. It is not only a legal response, it is also about raising the point in RFPs for new IT systems procurements, getting a security policy, asking for a level of security and being prepared. Paying for that is a way that some

companies handle the issue, and some companies decide not to handle it. At the end of the day, there are losers and winners in this game. Companies which bring the level of security up to what is expected, from a competition standpoint in the future, will have a competitive advantage.

From a legal standpoint, we watch these issues, because you will see in the coming years a level of regulation coming in where companies will have to comply. There is a large number of directives and regulation being prepared at the European level at the moment. They are cybercrime directives and NIS directives which will create some obligations on companies to implement security plans and report back to some specific governing authorities. If you are seen as a critical type of industry – such as a major business like Michelin – we will see companies become obliged to implement compliance programs from a security standpoint, and to be in a position to be audited by governing bodies. This is under discussion, and this is a coming regulation. There are privacy regulations, as well, which will definitely influence the security change in the legal landscape. The answer is not just legal, obviously.

**GUILLAUME ROUGIER-BRIERRE:** I wanted to say something about that, because our clients forced Gide to improve ourselves in terms of security. In particular, we were working for the defense sector, and they asked us to put in place some very specific secured computers, in secured rooms, and because of that, all security issues within the firm became a hot topic. That is one way that clients create value for lawyers.

**JACK FRIEDMAN:** We had a General Counsel in the high-tech semiconductor field comment that their policy was to not patent most of their knowledge. They had the problem that if they patent something, the technology was then in the public domain. Most of their process information is left as a trade secret without patent protection, as a matter of corporate policy.



**PHILIPPE LEGREZ:** This had been Michelin's policy for many years. What made us evolve on this issue is that we gradually discovered that our competitors were becoming more innovative than that. They were filing a lot of patents. This could become a problem for Michelin, because we could no longer use our own innovation which had not been patented if and when our competitors had made the same innovation and patented it. When we realized this situation, we decided to change our policy and to file as many patents as possible. In fact, there is in our industry a rush for patents; everybody's trying to patent as much innovation as possible. The difficulty is really to not only increase, in terms of numbers, the size of our patent portfolio as rapidly as possible, to beat competition on the innovation/patent front, but to do so while at the same time preserving the same quality of the patent drafting. We not only want to increase the number of patents we file year over year, but we also want to keep the quality of the drafting, because we all know that if a patent is not properly drafted, it can be easily circumvented.

**JACK FRIEDMAN:** In another conversation, the General Counsel of an oil company said, "We have the image of pipelines,

drilling, and tankers. People don't understand how many patents there are in the industry. We have a patent portfolio, much larger than many companies in Silicon Valley, of manufacturing processes and other innovations."

What are the main types of patents that Michelin has?

**PHILIPPE LEGREZ:** Mainly processes and each and every component that exists in the tire, including its architecture. You can patent to some extent the grip or the tire's treads.

**JACK FRIEDMAN:** Thank you. Our next speaker is Guillaume Rougier-Brierre of Gide.

**GUILLAUME ROUGIER-BRIERRE:** Philippe, Stephane, Jack – how can I add value to your contributions? You have set the standards quite high. Particularly because I am asked to talk about M&A, and I have assumed that the room will get bored if I start speaking about M&A.

Like Stephane, I asked myself, "What should I say this morning?" I thought that I should speak about my own experience, which is very specific, because it's all about practicing M&A in a very risky environment where it's not always easy to find the proper legal solution that will not hinder business development. It is not always easy to add value for clients.

I must start from the very beginning and tell you about my personal history with Michelin. Actually, my personal history with Michelin started some 45 years ago because I am from Auvergne. I was raised in Clermont-Ferrand. Everything around me has always been Michelin, everyone around me has always been Michelin, but me. My family has clearly not had the same history as the Michelin family as it is a more modest and local industrial dynasty in Auvergne.

I came to know Michelin a bit better later, when I left Auvergne. If I remember correctly, it dates back to my years in Poland in the early



1990s. In those days, one of my partners – Stanislas Dwernicki – who is not in the room this morning – had set up the Warsaw office and managed to get us a mandate from the Polish Ministry of Privatization. We were advising the Ministry of Privatization on the privatization of Stomil. On the other side of the table, was Michelin. Michelin was buying Stomil – at that time probably one of the largest transactions in eastern Europe – quite risky, because it was one of the early privatizations of the Polish government. I was a young lawyer and did not play a key role in the transaction. That was my first experience with a large transaction, in a difficult environment, advising a difficult client – the Ministry of Privatization in Poland. They were relatively inexperienced, and it was very difficult to find the proper process for finding an investor to understand what this was all about. Michelin had some difficulties after buying out the minority shareholders of that listed company and that took Michelin some years afterwards to handle.

My second experience with Michelin in the M&A environment was a bit farther east. At that time, I was based in Istanbul, Turkey. I met two persons from Michelin – Laurent

Geehland and Keith Wixler, who is in the room this morning. It was also a very interesting project. Michelin at that time had the plan to sell the entire steel wheel division of the group – not tires; steel wheels – and for that, it was necessary to first buy out its Turkish partner from a JV they had set up there, then resell the entire business. The Turkish business was critical to the entire division. It was a very nice experience, as well – Keith can say a word about that, if he wants – simply because for the first time in my lawyer's life, I faced a very important environmental risk. We had to take care of that environmental risk in the transaction, trying to secure that in the reps and warranties. The funny part of the transaction was simply because the Turkish partner was the large Turkish group, Koç. We had the opportunity to negotiate the whole transaction in their headquarters overlooking the Bosphorus on the Asian side, so that was very nice. That was a very good experience – for the first time, on the right side of the table, advising Michelin.

I got to know Philippe for the first time even farther east, in Beijing, where I spent some four years. As far as I can remember, Philippe came very regularly to our Beijing office at that time, working with me and with my partner, Stephane, who is in the back of the room. At that time – and I won't say too much about it, because it is probably confidential – but you had some project in Inner Mongolia. For those who don't know Inner Mongolia, it's something in between the wild east and a natural disaster. The Chinese have built ghost cities there. I'm not sure if it is a nice place to do business, nor a nice place to go on a tour.

I met Philippe there. I also met, on that occasion, another part of your family. One of your daughters came to be a trainee on the team, and was very talented. It may be because of us that she is not a lawyer today ... so I must apologize for that!

When I came back to France some six years ago, Philippe trusted me even though I had spent fourteen consecutive years outside of



France, and was relatively “inexperienced” for France. Michelin, again, asked me to advise them on some very different M&A transactions than the ones I had experienced in Turkey or Beijing or Poland. I worked on a very new and innovative program that you have put in place, which is intimately related to technology innovation: it’s your IPO, the Incubator Program Office, for small to medium-sized transactions. They intimately relate to how to create value for the future for Michelin. Michelin has indeed patented a great number of new technologies related to sustainable mobility, not specifically related to tires, but to any other surrounding technologies, and now wants to find some acquisitions or investments to value those patents. We have done a couple of deals together in this area. I must say that this is something very interesting, and I hope it’s my way to create value for Michelin. Philippe, thank you for that!

**JACK FRIEDMAN:** Thank you very much. I have a question for Philippe and the other Distinguished Panelists.

When you talk about adding value, from a business point of view, how do you help them approach a deal in the best possible way? What is the role of the lawyer in maximizing the acquisition of a business?

**PHILIPPE LEGREZ:** I will *only* provide part of the answer, because you will certainly complement it. What strikes me is that I’ve seen deals where lawyers were so stringent, so rigorous, so demanding, in terms of warranties, in terms of *everything* in the contract, that they really ruined the deal. Again, this is akin to destroying value. You have business lawyers who are successful in destroying value, in preventing deals from happening.

Let’s put it the other way around. How can a good business lawyer optimize value in those deals? The real specialist is my friend Guillaume!

**GUILLAUME ROUGIER-BRIERRE:** With regard to deals, China, Turkey and Poland, are the types of countries in which it is really difficult to find the proper balance between the amount of risk you can and cannot take. For M&A transactions in those countries, it is nice to have a contract, but it is better to have an idea before you sign the contract. In those countries, the best is to always do due diligence instead of relying on regular reps and warranties. It can be of value, of course, but you need, ahead of the signing of the transaction, to have your own views, and find the proper balance between the two.

Now, the difficulty is also the quality of the due diligence you can make in those countries. If you are in China, for example, depending on the nature of the target you are looking at, you can have very basic financial issues simply not understanding the accounts of the company.

It has to be done on a case-by-case approach, country-by-country, but you need to find a proper balance between the extent to which you can rely on the contract and the amount of due diligence you have to

do. Law firms and accountants and auditors are there to do some due diligence for you. They have to. You cannot escape from that, in those countries, at least. It is a little bit different in countries like the U.S. or France or Europe in general, and now times have changed in Poland, for instance. But in the 1990s, it was really similar to Turkey and China today.

**JACK FRIEDMAN:** Thank you. Our next speaker is Sami Toutounji of Shearman.

**SAMI TOUTOUNJI:** I wanted to comment on the point you were just making, with a slightly different facet. As business lawyers, we focus on the deal, but one of the ways that we can add value is focusing also, at the same time, on beyond the deal. This is one of the things I learned from my partner, John Madden, who is here with us. It is not just getting the deal done, but helping the company to think through the challenges it’s going to face the next day, and the next six months. During the integration; does it have the right people? Is it acquiring the right people? Does it really have what it takes not just to make the deal happen, but to make the deal actually successful? That requires us to look beyond the immediate challenges of what we’re doing on a day-to-day basis and really think forward into the future.

**JACK FRIEDMAN:** There’s an American joke about a deal lawyer. He saw a little ad in the paper to get a free weekend visit to Hell to see what it’s like, without any commitment. He goes down to Hell, and the Devil says, “I’ll take you on a tour.” During the tour, every part of Hell is simply a conference room with cigarette butts, coffee cups on their side, and papers all around the place. The lawyer says, “It looks no different than my office when we are doing a deal.” The Devil says, “Yes, but in Hell, the deal never closes!” You negotiate it for all eternity! [LAUGHTER]

**SAMI TOUTOUNJI:** Since I came last, I am lucky, because it means that all my prepared remarks are now irrelevant. I am just going to

ad lib a few points, picking up off of different things that the speakers before me have said. Philippe was talking about how he was trying to figure out what this meant for him personally. I will just add a few things to that.

First of all, it's an honor to share a podium with one of the great gentlemen of our business law community. It's also very intimidating, given the subject of value creation, given all the great things that you have done. To try and add something to what you have already done is quite an intimidating prospect.

When I started looking at this topic of value creation, as everyone did, one of the first things I did was to say, "What is value creation?" I was very relieved when you used that four-letter word, "cash." I was very relieved, because I am here in front of a French audience, and I am American, and if I say that, I think they are going to kill me! So I am very happy that it was distilled down to that, because that is really what it is about. Making cash or saving cash for our companies, and we may as well recognize that.

For those of you who don't know me, my name is Sami Toutounji. I'm the managing partner of the corporate practice at Shearman & Sterling in Paris. I am a U.S.-trained lawyer, as you can tell by my accent, and I've had the pleasure of being in Paris for 21 years now.

Coming back on the different remarks that were made, Philippe, you politely said that there is an opportunity for increased cooperation between law firms and in-house legal on this issue. I say it's "polite" because in fact, there is a fundamental shift going on in our business. It is not just an opportunity for increased cooperation. I see it as a turning point for law firms, where we need to learn to match up to the way that our clients are moving, or else the train will leave the station without us.

Now, one of the areas of value creation that I wanted to talk about relates to my own experience with Michelin. It is one that



we haven't spoken about this morning – we've been talking about various technical ways to create value. The one area that we haven't talked about is the actual people who are going to do that for you – the human capital at the heart of the enterprise. That is where this connects with my own experience with Michelin, since I've had the privilege of working with Michelin since 2000, on a project that was started by Édouard Michelin himself. The project has the goal of teaching value creation to all of the employees of Michelin worldwide. In that context, Michelin was one of the first companies – and this was a real innovation in France at the time – to go out with the ambition of saying, "We are going to reach out to every one of our employees worldwide and explain to them what we are about: who is this company; what are we trying to get for our clients, for ourselves; what value are we trying to create. We want to engage those employees in that process, so that we can take the theory of value creation and actually spread it among the employees worldwide, and have them participate in that. At the end of the day, the real actors of this are the human beings who are out in the field every day."

Together, over the years, we have put in various plans which allow employees of Michelin worldwide to take ownership in the company. The theory being, if the value creation works, then the owners of the company will benefit. Michelin has placed a great deal of focus on that. I have to say, it has been a very successful exercise for the company.

I would like to share two more quick anecdotes, and then I'll turn back to the panel. Several people have mentioned the importance, in value creation, of understanding the client's business. That made me think of one of the challenges that we, as law firms, face. We always hear about the global law firm and how that is a great value added. We are following our clients' global businesses. One of the traps that I see us falling into, as law firms – and I'm constantly trying to warn my colleagues – is we may be global, but we sometimes tend to be a bit myopic in advising. A French client will ask you a question, and you'll say, "Capgemini did this, or Total did that, or STMicro did that," and we look at our own little community. In fact, when I get a question from Philippe, the more interesting answer may be, "What is Conti doing? What are the Koreans doing?" Look beyond and understand what it is to be truly global. We are all three of us in global law firms, and we need to give reality to that label.

The last point I wanted to mention – again, keying off of something that was said and something that I have heard Philippe say before, that I think is great. That we, as business lawyers, need to understand that what we do is not interesting. It is really great and very sobering for us to understand it. Cut to the chase. Your legal advice should not be about the legal advice; it should be a recommendation. It should be, "If I were in your shoes, here is what I would do." That is something we all need to keep in mind as we exercise this profession.

**JACK FRIEDMAN:** Thank you, everyone. I would like to ask Philippe and the Panel a few questions.

What are some of the big issues that Boards are concerned about and how has that changed? In the United States, they are overwhelmed, from a time standpoint. That is due to the regulatory requirements in the United States and what they are required to do.

**PHILIPPE LEGREZ:** Jack, you excel at asking very difficult questions!

**JACK FRIEDMAN:** I love to do that. Thank you.

**PHILIPPE LEGREZ:** The first one is a pretty big one – how do boards operate in this country, and what are the evolutions that I may have noticed over the past years.

What strikes me is that boards of directors in this country probably do not have as much power as they have in the U.S. or in the U.K. Quite often – and let’s face it – CEOs in this country will try to have the board members they want sitting on their board. Basically, this means that they are surrounded by people who, in principle, are not antagonistic to their CEO.

**JACK FRIEDMAN:** That was the American system as recently as ten or fifteen years ago; that’s how much things have changed.

**PHILIPPE LEGREZ:** Right. It has changed in the U.S. probably more rapidly than in this country. Where I’ve noticed changes, personally, in how our boards operate, is really in respect of the scope of missions or duties that they have assumed over the past ten, fifteen years. U.S. corporate governance has been instilled into French companies, or European companies, in various ways. Boards were primarily concerned with the business strategy, and fundamentally, the financial status or condition of the company. Now, the issues that they have to look at are ethics, compliance, and audits. They have audit committees, remuneration committees, all sorts of committees, which basically means that the boards, today, are looking at issues that they just didn’t look

at earlier. It is a wider spectrum of missions that have been assumed over the past ten or fifteen years.

**JACK FRIEDMAN:** You are going to be active with the Michelin Foundation. Could you tell us what your activities will be?

**PHILIPPE LEGREZ:** We recently created a Michelin Foundation. Why did we do so? In fact, Michelin, in many countries, had been carrying on philanthropic activities of all sorts, and our CEO felt that, first of all, we should put some order in this philanthropic activity, which was pretty much very spontaneous in those countries where we had been doing corporate giving for many years. Now we will have a structure, a legal entity, for our foundation based in France which will oversee what we are doing worldwide in this area. We will provide guidance to our local subsidiaries, have reports and statistics on what we are doing in all those countries where we *do* engage in corporate philanthropy. Also, we are going to streamline the corporate philanthropy of the whole group. We are doing this by aligning all our corporate philanthropy worldwide on the group foundation themes, which are sustainable: mobility, protection of the environment, health and sports, education and employment, and last, but not least, culture and heritage. We want all of our subsidiaries, worldwide, to only carry on philanthropic activities around those themes which I’ve just mentioned.

**JACK FRIEDMAN:** Finally, before we go to the audience, of the five minutes a month that you have for your personal time, what do you like to do? [LAUGHTER]

**PHILIPPE LEGREZ:** Well, first of all, five minutes is not enough. It takes much more time to do what I like to do, which is reading, watching movies, and meeting friends. This is why there is so much value in this meeting today – we’ve seen all these friends here! All those things are valuable that we don’t have much time to do when we are engaged in our professional lives.



**JACK FRIEDMAN:** Does anybody have a question?

**[AUDIENCE MEMBER]:** Good morning, everybody. I’m not a lawyer or involved in business; I’m currently a judge in the Supreme Court of Cassation and a Professor of Law teaching responsibility, liability of transnational companies in human rights field. I have a question for Philippe Legrez, because you have explained to us that Michelin is a big transnational company involved in many countries. You have mentioned this issue of the discovery program trying to prevent U.S. litigations. We have currently in the press a big case about BNP Paribas, which is under threat of huge fines in the U.S. because of implementation of a U.S. legislation for activities which have taken place in France and in Switzerland, but using U.S. dollars. I’m thinking also about cases which have been decided recently in the U.S. in the human rights field, but related to European companies like Shell, or Daimler-Benz recently, in January, for activities which have taken place in Argentina. My question is, how does Michelin assess the risk raised by extraterritorial implementation of legislation? The problems that BNP Paribas faces, or Shell currently in the Netherlands for activities which have taken



place in Nigeria, or Alstom currently at the Court of Cassation for activities which have taken place in Jerusalem by building the tramway, are different than those issues facing Michelin. I would like to know how Michelin, as a big transnational company, is trying to prevent this risk of extraterritorial implementation of legislation as a European company, knowing that in most issues, the legislation having extraterritorial implementation with the biggest effects is an American legislation. Thank you.

**JACK FRIEDMAN:** That is an amazing question.

**PHILIPPE LEGREZ:** It is a wonderful question! We could spend hours dealing with this issue. Let me first start by saying that when you are a great power, like the U.S., it should not be unexpected that such a great power tries to implement its laws in an extraterritorial way. That doesn't shock me. It's a facet of power; it's just like that.

The next issue is, you have a company like BNP, or you mentioned Shell, and Michelin. These are global companies. They do a lot of business with the U.S., quite obviously. They should know what the U.S. laws are all about. If you know those laws, then the next question is, should you comply with them or not? The people who

are knowledgeable about U.S. laws know, or should know, that if you don't comply with them, U.S. justice is a fairly rigorous one. I don't know much about the BNP case, except what I read in the press. To me, it is a strange situation. You have a big bank which has operations in the U.S.; I would imagine they have U.S. lawyers working for them. I would imagine BNP has a good General Counsel; and I would imagine that all these lawyers should be able to tell their top management, "Look, if you want to deal with Iran, Cuba and countries like that, you will probably be violating the U.S. embargo laws; it's as simple as that." I'm very surprised that BNP got entangled in this sort of mess, or that you have people in Switzerland or wherever, who deliberately either decided to violate U.S. embargo laws or ignore them, which in both instances is, to me, something that's not very intriguing.

Now, if I try to answer your question in more specific terms, because I think you asked me, "How does a company like Michelin comply with the extraterritorial applications of the national laws?" Let's take the U.S. example. As concerns the embargo laws, we set up, at Michelin, a data bank that enables all our sales people to only take or accept orders that comply with national embargo laws. If you have a Michelin entity which wants to sell tires to Sudan or to Iran, for example,

the computer will immediately block or not block the order-taking. There are ways of minimizing this risk; this is one of them.

**JACK FRIEDMAN:** No, this is a very important issue. We did a program with the SEC here in France a number of years ago. The keynote speaker was the chairman of Société Générale. In his opening remarks, he said, "Société Générale gave a loan to an industrial company in Iran that had nothing to do with military production. Everybody was agreed on those particular facts. We got sued in the United States. I asked my lawyers, 'How can we be sued in the United States for a French loan to an Iranian company that didn't violate U.N. sanctions?' Then I learned the word 'deep pockets'. We are a rich bank; therefore, we got sued in America."

The point has clearly been made that the modern General Counsel deals with so many different things, it is beyond belief. Does anybody else have a question?

**[AUDIENCE MEMBER]:** Hello. I am Stéphane Vernay, a partner at Gide. I had one question about a trend I have noticed in France and Europe. There are very few General Counsel which are part of the executive committee of their company. Do you think we have a trend where the position of the General Counsel will move into

an executive function? Will the General Counsel be part of the executive committee in large-scale enterprises?

**PHILIPPE LEGREZ:** Beyond the narrow question of the positioning in the company hierarchy of General Counsel, the real questions are, “What’s the influence? What’s the role of in-house lawyers in their companies? Are they listened to or not?” Those are the fundamental issues.

Whether the group General Counsel is part of the executive committee or not, whether he reports to the CEO or not, is secondary although I do agree that it is better for General Counsel to either sit on the executive committee or to report directly to the CEO.

My own perception is that over the past ten years or fifteen years, the role of French General Counsel has increased each year. Many more are now reporting, one way or the other, to the #1 or #2 guys in their companies. As it concerns the future, it is probably, whether you like it or not, a bright future for a group General Counsel or in-house counsel. As Jack rightly pointed out – and the other General Counsel in this room will probably not disagree – life for a General Counsel is more and more complicated. It is not easier and easier. It is more and more complicated because you have large parts of the world moving towards legalistic societies – societies with high legal content. Antitrust law is a case in point. Those of you who may have attended the Fordham University sessions on anti-trust may have noticed this over the past fifteen, twenty years. Twenty years ago, you had a dozen or so countries which were represented in this conference. Now, you have almost the whole world. This means that almost every country has its competition authorities. You can easily imagine that this has tremendously increased the workload and scope of missions of the company lawyers. Therefore, I’m quite convinced that they are becoming more and more

“We business lawyers should go and talk to the business people and say, ‘I have a solution for you! I have a proposal! We can do things together in a better way. We can boost your sales.’” – Philippe Legrez

important in the future; they have a real legitimacy to either sit on the executive committee or to report directly to CEO.

**JACK FRIEDMAN:** Just to conclude, there is a very big development in the United States, which I assume is going to go worldwide, and this has to do exactly with the issue of value-added and the relation between the General Counsel and the board or CEO. Business people usually don’t know how far they can afford to push the company’s legal rights to defend themselves aggressively against the government, shareholders, or class actions. With the new media, the public relations strategy to maintain the goodwill of customers is more important. The General Counsel has to sit down with the business side and discuss the defense strategy. Recently, the owner and a member of the founding family of Toyota – who never speaks publicly – came to the United States and had to answer questions from U.S. Congressmen.

Then there is the public relations campaign for British Petroleum. They are running ads in the U.S. saying, “British Petroleum – we are one of the largest investors in energy in the country. We provide 220,000 jobs in the United States.” They are trying to remind people that BP is made up of decent people who are associated with a company that was involved in a disaster and they have to recover from that.

The public relations part of the General Counsel’s job has become increasingly important.

**[AUDIENCE MEMBER]:** Philippe, as a member of the business community, not the legal community, you talked a lot about

the recovery program at Michelin. I would be interested in hearing, with hindsight, how that program has changed the vision of the business people in Michelin regarding the legal department. I believe the most important part of it is a realization on the proactivity from the business people vis-à-vis you guys.

**PHILIPPE LEGREZ:** They were pleasantly surprised. I’m not trying to compliment myself in any way, but it did change the perception that they had of the Michelin lawyers. Suddenly we were telling them, “The Legal Department in Michelin has become a profit center, like you! You’re a profit center; we are also a profit center, the Michelin lawyers.” What they discovered is that our lawyers now have two minds – a legal mind, and a business mind. I’ve got lawyers who now come up, in a proactive way, to business people and tell them, “Look, you should be selling your tires in a different way.” If we take the example of truck tires, some of my lawyers are working on a new legal concept of selling truck tires. Our business people are so interested that they are revising their business model. They are now making calculations on the additional profit they may make. That is really value creation.

**JACK FRIEDMAN:** I would like to thank our Guest of Honor.

**PHILIPPE LEGREZ:** Thank you, Jack. I’ve tried to do my job as best as I could in Michelin and other companies. This meeting is a meeting of friendship, and I very much appreciate your attending. Thank you very much!



**Stéphane Lemarchand**  
Partner – Joint Global Head for  
EMEA, Intellectual Property and  
Technology Group



Stéphane Lemarchand is the joint global head of the Intellectual Property and Technology practice group and EMEA group head, as well as the France regional group head of the Intellectual Property and Technology practice group.

Stéphane assists IT services providers in litigation matters as well as for their strategic projects. He has also acquired extensive experience in assisting large companies in international IT outsourcing transactions and BPO.

Stéphane Lemarchand is singled out in the 2014 edition of *Who's Who Legal* in the Technology Media & Telecommunications practice and is regularly ranked in the Chambers & Partners and Legal 500:

*"Stéphane Lemarchand co-heads the firm's global intellectual property and technology group. His practice includes complex commercial litigation."* (Chambers & Partners Europe 2014)

*"Stéphane Lemarchand heads DLA Piper's 'high-quality practice,' which advises leading technology providers and end users on large and sophisticated IT projects. The firm is advising Airbus on a major agreement with IBM regarding innovative IT services. Michelin, Amazon and Atos are also clients."* (Legal 500 EMEA 2014).

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Through its office in France, DLA Piper offers the services of more than 120 lawyers, including 37 partners. Our sector-based approach allows us to develop a deep and

thorough knowledge of our clients' industries, and to provide them with accurate and bespoke legal advice.

Whether supporting local or international companies, we offer client-focused and tightly integrated services that are delivered by creative, practical and business-minded lawyers. Our client commitment is also our brand – everything matters when it comes to the way we serve and interact with our clients. If it matters to them, it matters to us.

We provide an extensive range of legal services, both contentious and non-contentious:

- Antitrust / Competition law
- Commercial contracts
- Corporate law
- Data protection
- Dispute resolution

- Distribution
- Employment
- Finance and projects
- Intellectual property
- International arbitration
- Internet law & new technologies
- Mergers & Acquisitions
- Patents
- Private equity
- Public law
- Real estate
- Regulatory
- Restructuring
- Tax
- Telecommunications
- Trademarks



**Guillaume Rougier-Brierre**  
Partner



Guillaume Rougier-Brierre specializes in cross-border and domestic acquisitions and joint ventures.

Guillaume has unique international experience, having worked for three years in the Gide Warsaw office, managed the Gide Istanbul office from 2000 to 2006, and headed the China Corporate and M&A practice until 2010. He has advised investors on landmark transactions (e.g., privatization of Türk Telekom and of Günes Insurance group in Turkey, privatization of the Polish vodka sector) and has been continuously referred to as a “leading individual” in the M&A league tables in each of the jurisdictions in which he has practiced.

Additionally, Guillaume is a leading advisor to financial institutions in Europe and Asia, working with the world’s leading banks, insurers, asset managers, brokers, investment

funds and mutual funds on their strategic transactions. He notably advises Crédit Agricole CIB on the key asset sales of its deleveraging plan, i.e. on the sale to Kepler Capital Markets of Cheuvreux brokerage activities (2012-2013) and on the EUR 1.2-billion sale to the Chinese leader CITICS of CLSA brokerage activities (2012-2013).

He regularly contributes articles to general and specialized magazines (*Le Figaro*, *Agefi*, *IFLR*, *Option Finance*, *Les Echos*) and gives lectures on China business law and practice at the Paris Sciences Po School of International Affairs.

## Gide Loyrette Nouel

Open-mindedness, commitment and thoroughness are the three defining pillars of Gide.

“We firmly believe that law is a structuring element of the world, contributing to making it move forward, shaping and adjusting it to the many economic and social changes it faces. With this in mind, we cultivate open-mindedness, commitment and performance as our three defining pillars to bring innovative and pragmatic solutions to our clients on their major legal challenges.” – Baudouin de Moucheron, Senior Partner

### Excellence

Our clients expect the best from their lawyers. To this end, we always call upon our talents and pool our skills and experience to offer tailored and cross-disciplinary solutions that meet our clients’ legal needs.

### Thoroughness

The issues we work on require the greatest care and attention. Thoroughness is inherent to the practice of law and is essential in analyzing a case; it is vitally important in providing first-rate solutions to our clients.

### Passion for law

We are brought together by a common passion for our profession. Practicing law is about being visionary, about never stopping, and about placing curiosity and open-mindedness at the service of our work.

### Conquering spirit

Established frontiers are no longer enough. Our commitment is to go ever further, to build a multi-disciplinary and multi-cultural expertise that enables us to give our clients the most suitable response to the legal matter at hand.

### Creativity

Gide is a proactive firm whose command of and passion for law drive the legal practice in every field it is present in. We always encourage questioning and open-mindedness to offer the best response to our clients wherever the existing legal framework offers none.

### Humanity

For us, the human dimension of our profession is paramount. It is the major asset of a successful partnership, whether between Gide lawyers or between Gide and its clients.



**Sami Toutounji**  
Partner

SHEARMAN & STERLING LLP

Sami Toutounji heads the Corporate Group in Paris. He has spent his entire career as a transactional lawyer, principally representing corporate clients in their public offerings, private financings and acquisitions. Since transferring from New York to the Paris office in 1993, Sami Toutounji has been particularly involved in the firm's capital markets and privatization practice and has led the development of its market leading employee shareholding and executive compensation practice. He is also the co-Deputy Managing Partner of the Paris office.

Sami Toutounji is cited as a "leading capital markets lawyer" in France in leading directories, including *Chambers Global* and *The Legal 500 EMEA*. According to *Chambers Global*: "clients appreciate the 'profound knowledge of international capital market law requirements that he provides.'"

#### Selected Experience

Experience in Capital Markets includes advising:

- A financial markets global group in connection with its IPO on Euronext Paris and Amsterdam (French and U.S. counsel)
- The French State Holdings agency in its sale of 1.0 % of the capital of Airbus Group (January 2014)

- An industrial group in connection with its IPO on Euronext Paris
- Blue Solutions, a subsidiary of Bolloré S.A., in its initial public offering in Paris (October 2013)
- Olympique Lyonnais Groupe in connection with its offering of OSRANE (August 2013)

Experience in Employee Stock Plans includes:

- Caisse des Dépôts in connection with the business combination of Egis and Iosis (2011)
- International advisor to clients in the implementation of leveraged employee stock programs, featuring third-party financing and employee investment guarantees
- International employee stock and option plans
- Advising in the context of friendly and hostile takeovers on employee stock ownership and option issues and related governance

#### Education:

- Georgetown University Law Center, J.D., 1989
- Georgetown University, School of Business Administration, B.S.B.A. in Finance, 1986

## Shearman & Sterling LLP

Shearman & Sterling LLP distinguishes itself by harnessing the intellectual strength and deep experience of its lawyers across its extensive global footprint. As one of the first law firms to establish a presence in key international markets, we have led the way in serving clients wherever they do business. This innovative spirit and the experience we have developed over our 140-year history make us the "go-to" law firm for seamless service. From major financial centers to emerging markets, we have the reach, depth and global perspective necessary to advise our clients on their most complex worldwide business needs.

The firm is organized as a single, integrated partnership that collaborates to deliver its best to clients. With approximately 850 lawyers in many of the commercial centers around the world, we operate seamlessly across practice groups and offices and provide consistently superior results. Our lawyers come from some 80 countries, speak more than 60 languages and practice U.S., English, EU, French, German, Italian and Hong Kong law. In addition, nearly one-half of our lawyers practice outside the United States. From complex cross-border transactions to exclusively local deals, clients rely on our vast international network to help accomplish their business goals.

We represent many of the world's leading corporations, financial institutions, emerging growth companies, governments and state-owned enterprises. Those clients, in turn, continue to choose us for the market-defining expertise of our accomplished cross-border legal teams. We have a dedicated focus on building partnerships with our clients for their success, and they appreciate our direct partner involvement on day-to-day matter management. With a deep understanding of our clients' needs, we develop creative ways to address their problems and are ideally situated to counsel them in this challenging 21st century global economy.