



**An Investor Relations Survival Guide:
*IR Strategies for the New Age of
Corporate Transparency and Accountability***

Wednesday, May 27, 2009

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NIRI Standards of Practice for Investor Relations - *Earnings Release Content*

- On **December 3, 2008**, the NIRI Board of Directors recommended that public companies review and consider adopting **voluntary guidelines** covering basic content, format and quality of information for quarterly earnings releases.
- **Primary objective - Increase transparency** by encouraging open and effective flow of information between corporations, financial stakeholders and the media.
- Incorporates current thinking, including a review of practical recommendations from a variety of industry sources, regulatory requirements contained in **Regulation FD** (Fair Disclosure) and **Regulation G** (which requires reconciliation of non-GAAP numbers), statutory requirements contained in the **Private Securities Litigation Reform Act** (PSLRA), and recommendations for **plain English**.

Quarterly Earnings Releases Must Satisfy the Needs of a Diverse Audience:

- **Investment community** - looks for consistency in both the presentation and content of financial information, complete financial statements and close proximity of GAAP reconciliation if non-GAAP information is provided.
- **Business and financial media** - seeks concise financial information, new developments and substantive quotes from senior management that provide content-driven analysis of the company's strategic view of current performance.
- **SEC** - views the broad dissemination of the quarterly earnings release as a primary vehicle to satisfy Regulation FD.
- **Stock exchanges** - requirements for quarterly earnings releases are contained in their rules governing disclosure of material news.
- **General public, including individual investors, employees, customers and partners** - look for insight, clarity, and timeliness of information.

Two Key Sections

- 1. Template for Quarterly Earnings Release Content:**
 - Detailed discussion regarding content, structure and methodology for earnings release construction
- 2. Schedule of Actions for Earnings Release**
 - Useful suggested timeline of key activities, action items and responsible parties.

SEC's Advisory Committee on Improvements to Financial Reporting (CIFiR)

- In July 2007, the SEC charged a 17-member Advisory Committee with a dual mandate to examine the U.S. financial reporting system to recommend ways to both increase usefulness and decrease complexity to investors, preparers and auditors.
- Subcommittee #4, Delivering Financial Information, had a specific recommendation to improve quarterly press release disclosures and timing.
- To read the full recommendation, see page 114 of the final report:
 - <http://www.sec.gov/about/offices/oca/acifr/acifr-finalreport.pdf>

CFA Institute Recommendations

- The CFA Institute for Financial Market Integrity and Business Roundtable Institute for Corporate Ethics made recommendations to reflect the information needs of the investment community regarding corporate earnings releases in their 2007 publication, ***Apples to Apples: A Template for Reporting Quarterly Earnings:***
 - <http://www.cfapubs.org/doi/pdf/10.2469/ccb.v2007.n1.4561?cookieSet=1>

Plain English Recommendations

- Writing in plain English begins with knowing your audience and making a commitment to providing complex information in a way that helps your audience understand it.
- The SEC's "***A Plain English Handbook***" offers some excellent advice about how to create clear, concise and understandable disclosure:
 - <http://www.sec.gov/pdf/handbook.pdf>

Regulatory Requirements of Reg FD and Reg G

- Reg FD –

<http://www.sec.gov/rules/final/33-7881.htm>

- Reg G –

<http://www.sec.gov/rules/final/33-8176.htm>

Bernard J. Kilkelly

Vice President, Investor Relations
Delphi Financial Group, Inc.

Best Practices for 1-on-1 Meetings

“One-on-one meetings with individuals or groups are a common and indispensable way to disseminate information about a company and to answer legitimate requests for a discussion of long-term strategies, as well as to provide detailed information about it. One-on-one meetings help to build goodwill and make a company more approachable in the eyes of the investment community. Companies should continue the practice of face-to-face meetings; however, companies should note that, as in all other types of meetings, there is the possibility that information may be selectively disclosed. Companies should conscientiously avoid discussing material, nonpublic information in one-on-one meetings. Having the IRO participate in meetings and telephone calls between senior management and members of the investment community helps ensure that questions are not answered that may elicit a material, nonpublic response. And, if there is an unintentional disclosure of such information, the IRO can issue a news release containing that information within 24 hours.”

CompanyX Disclosure Practices – Q&A for Investors and Analysts

PARTICIPATION IN INVESTOR CONFERENCES AND MEETINGS

1. Does CompanyX participate in investor conferences sponsored by securities firms?

Yes. We welcome the opportunity to communicate to investors at these conferences.

2. Is CompanyX's participation contingent on the conference being open to the public?

We prefer to participate in conferences that are webcast with general public access. If we do participate in a conference for which there is no public access, and if we discover that any material information was inadvertently disclosed, we will promptly disseminate that information broadly to the public.

3. Does CompanyX participate in one-on-one or other small group meetings with analysts or institutional investors?

Yes. Any one-on-one or small group meetings will be organized in such a way as to minimize the risk of disclosure of material non-public information and, if we discover that any material non-public information was inadvertently disclosed, we will promptly disseminate that information broadly to the public.

4. Do investors not attending these conferences or meetings have access to the presentation materials?

For events that will be webcast, we generally issue a press release prior to the upcoming event, and either before or promptly after such event, we generally post the event presentation materials on www.CompanyX.com. If a presentation is to be made at an event which is not webcast or is otherwise not available to the public, presentations will be posted in advance to the extent we believe they contain material information that has not been previously disclosed to the public. Copies of presentations that have been posted to our website will be generally archived on the website for investors' convenience for a reasonable period of time, but investors are cautioned that the information included in such presentations is accurate only as of its date and that posting for archive purposes does not imply the company's continued endorsement of that information.

Company Y Policy on Fair Disclosure to Investors

Presentations

- We will use the safe harbor guidelines for forward-looking information as part of individual, group, and conference investor communications formats.
- Visit the Investor Information section of our Web site (www.CompanyY.com) to stay abreast of information about the Corporation. Items of interest to investors will be posted here. Information on conference call dates and times as well as instructions on how to access the call will also be listed. All interested persons may listen to the conference call through telephone or webcasting. Regulation FD Persons may also be permitted to participate in the conference via telephone.
- The Corporation will participate in securities firm-sponsored and other investor conferences. It will be our practice to post those presentations on our Web site, [www.CompanyY.com.] If any inadvertent disclosures at these conferences of material, nonpublic information occurs, appropriate public disclosure will be made promptly.
- The CEO or CFO will meet with individual investors, and groups of investors. Similarly, we will to participate in other public forums at which analysts or investors could be present, including industry seminars, trade shows, employee, retiree and annual shareholder meetings, and meetings with commercial partners that are shareholders. We do not intend to disclose any material, non-public information during these meetings. If the authorized representative determines that material, non-public information has been disclosed, appropriate public disclosure will be made promptly.

Company Z Fair Disclosure Policy

Presentations

The most current Company presentation will be available to the public from the investor relations section of the Company's website. All material information included in the presentation will have been previously disclosed through a Company approved disclosure process.

The Company presents at investor conferences on a periodic basis. At these events, the Company will seek to broadcast the presentation on the internet if it anticipates discussion of new information related to recent publicly disclosed material events. In the absence of recent publicly disclosed material events, the Company may choose not to broadcast the presentation.

One-on-One Meetings and Conversations

One-on-one meetings and conversations with investors, potential investors, financial analysts and security market professionals are an important component of the Company's on-going investor relations efforts. However, the Company will not discuss material, non-public information during these meetings or conversations. Conversations will be limited to discussions of information that has been previously disclosed, non-material information or generally known company or industry information such as historical company or industry information, generally identifiable industry trends, or previously disclosed company strategies or goals.

IRO Perception of Sell-Side Sponsored Meetings

- 69% perceive some conflict of interest for sell-side non-deal roadshows given sell-side interest in driving trade commissions
 - 21% believe there is significant conflict of interest
 - More mega-cap companies consider conflict of interest to be significant
- Nevertheless, 73% of investor introductions facilitated through sell-side meetings
 - 40% through sell-side/broker-run roadshows
 - 33% through sell-side conferences/one-on-one meetings
 - 24% facilitated by internal IR team
 - 8% through external IR consultants/firms

Source: Global Trends in Investor Relations Survey – Fifth Edition
The Bank of New York Mellon, January 2009

Carol B. Stubblefield
Partner
Baker & McKenzie LLP



Publication Through Company Web Sites

“[W]e now believe that technology has evolved and the use of the Internet has grown such that, for some companies in certain circumstances, posting of the information on the company’s web site, in and of itself, may be a sufficient method of public disclosure under . . . Regulation FD. Companies will need to consider whether and when postings on their web site are ‘reasonably designed to provide broad, non-exclusionary distribution of the information to the public.’”

* SEC Interpretative guidance, “Commission Guidance on the Use of Company Web Sites”, Rel. No. 34-58288 (August 1, 2008).



Publication Through Company Web Sites

“[I]n evaluating whether information is public for purposes of our guidance, companies must consider whether and when: (1) a company web site is a recognized channel of distribution, (2) posting of information on a company web site disseminates the information in a manner making it available to the securities marketplace in general, and (3) there has been a reasonable waiting period for investors and the market to react to the posted information.”

* SEC Interpretative guidance, “Commission Guidance on the Use of Company Web Sites”, Rel. No. 34-58288 (August 1, 2008).



Publication through Company Web Sites

- NYSE rule change – Companies may satisfy the NYSE’s “immediate release policy” through any Regulation FD compliant method. The NYSE continues to encourage listed companies to issue press releases.
- Nasdaq has announced it will file a proposed rule change to eliminate its requirement for press releases in certain specific circumstances and to permit companies to disclose material news through the filing of Form 8-K, where an 8-K is required.



8-K “Earnings Release” Requirement

- If an issuer publishes material financial information about a completed fiscal period, the issuer must furnish Form 8-K. (applies to earnings releases, earnings calls, etc.)
- If the “earnings release” 8-K is on file with the SEC and an earnings call is held within 48 hours, the issuer does not have to file another 8-K to furnish material non-public financial information about the period disclosed during the call.



Use of Blogs, Twitter, Etc.

- The securities law antifraud provisions apply to blogs and to electronic shareholder forums.
- Companies cannot require participants/shareholders to waive federal securities laws protections as a condition to participate in a blog or shareholder forum.

* SEC Interpretative guidance, “Commission Guidance on the Use of Company Web Sites”, Rel. No. 34-58288 (August 1, 2008).



SEC Forecast for 2009

- Proxy access
- Investment advisor custody of customer assets
- Credit agencies and hedge funds
- Enforcement

*SEC Chairman Mary Shapiro's address to the Counsel of Institutional Investors (April 6, 2009).



SEC Forecast for 2009 (con't)

- Board composition
 - Enhanced disclosure re director nominee experience, qualifications, skills
 - Disclosure re reasons for board/leadership structure (independent chairman, combined CEO/chairman, etc.)
- Executive compensation
 - Disclosure re managing risks, both generally and in the context of setting compensation

*SEC Chairman Mary Shapiro's address to the Counsel of Institutional Investors (April 6, 2009).

Martin Howell

News Editor, Companies, The Americas
Reuters News

THE OLD BUSINESS NEWS WIRE



- Wrote thousands of headlines and basic stories each week from news releases
- Covered the major stories of the day at length but often wrote others from the news release
- Speed and accuracy were the major priorities. Analysis and columns were often an afterthought
- Had TV and general news arms that often operated quite separately from financial news
- Time spent on presentation was minimal, and client interaction was hit or miss

The New Business Media Company



- *Runs summits, with exclusive interviews with CEOs, investors, regulators*
- *Operates a TV/video arm that interviews CEOs etc.*
- *Has a transcription service that is immediately searchable*
- *Has research operations for markets/deals/analyst coverage*
- *Runs a commentary service*
- *Writes blogs, runs chatrooms, encourages Twitter/Facebook accounts*
- *Writes a lot more analysis and columns, quickly telling clients the implications of an event/why it is important for their investments*
- *Leverages off of data/analysis in legal, accounting, and healthcare*
- *Spends a lot more time on presentation and news judgement*
- *Will respond quickly to new forms of disclosure, whether through XBRL, blogs, websites etc.*

While also:

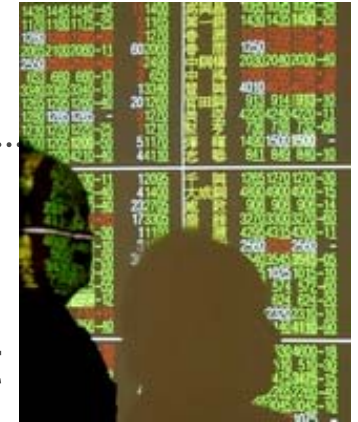


- Writing thousands of headlines and basic stories from press releases, helped by automation and offshoring
- Retaining a critical focus on speed and accuracy, with algo traders/latency a big focus
- Writing the major stories of the day in depth
- Connects the dots between different asset classes
- Focuses very hard on political risk
- Leverages a global presence to give stories a global perspective



And perhaps most importantly:

- Is much more focused on what customers need to survive and thrive in this difficult environment
- That means:
 - If our clients are more used to the Facebook/YouTube world that's what we must give them
 - We must help our customers to cut through the "noise" so that they can get the news and information they really need to make decisions
 - We can't run a traditional wire service story without providing insight and context, and without linking to video, pictures, analysis, commentary, factboxes, graphics, other related stories



What this all means for disclosure:

- It means that information will get into the public domain in many more forms than in the past
- Hiding information deep in lengthy filings or late on a Friday night will be a consistently losing strategy
- CEOs will be asked to talk to more platforms than in the past
- The major business news and information companies will become more influential as the mainstream newspaper industry struggles for survival

But there are still old bug bears:

- Meaningless quotes from executives in news releases
- Too often plain English remains elusive
- The outlook is often not in the earnings release
- There are still attempts to schedule bad news at times when it will get less attention
- Complex financial metrics are still not explained
- Executive compensation tables are still confusing





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