



Thomson Financial

Corporate Advisory Services



Corporate

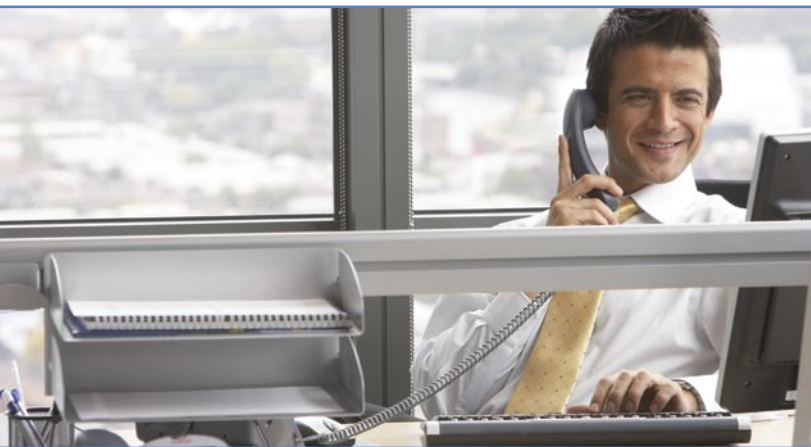
Thomson Financial Corporate Advisory Services offers strategic insight, analysis and guidance to support every aspect of your Investor Relations program. We help clients understand institutional activity, trading dynamics, factors impacting valuation, Wall Street's perceptions of the company, and how institutions invest and behave. We are focused on the specific needs of each client and believe there is no greater purpose than providing solid information, creative solutions, unbiased advice and superb service. Our clients are armed with institutional and market intelligence, insightful analysis, a roadmap to effectively and efficiently use management's time, and recommendations based on facts and experience—to maximize shareholder value.

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Corporate Advisory Services

Investor Relations Officers (IROs) play a strategic role in maximizing stock valuation, and reducing the cost of capital and volatility, by managing and expanding their shareholder base.



Today, the role of an Investor Relations Officer requires a solid foundation of finance, communications, marketing and securities law compliance to enable the most effective two-way communication between a company and the financial community, as well as other constituencies. Today's IROs need reliable information, seamlessly integrated to provide actionable market intelligence for decision support.

Thomson Financial understands these needs and offers the industry's most comprehensive range of real-time data, tools, analytics and advice to provide insight to the information and events that impact trading and valuation. Our integrated approach provides support for every aspect of your Investor Relations program including:

The Benefits of Corporate Advisory Services

- Receive constant feedback on trading activity, with answers to your questions before they are even asked
 - Know which institutions and specifically which analysts or portfolio managers are making decisions to buy or sell your securities, and why
 - Be equipped with quantitative and qualitative insight on whom your company should be meeting with based on an understanding of your company's valuation, investment profile and the institution's fit, impact and quality as a prospective investor
 - Understand the perception of your company, message, IR program, management meetings and analyst conferences, and measure the success both quantitatively and qualitatively
 - Understand the value Wall Street is assigning your company from an objective partner
 - Predict institutional trading behavior in reaction to corporate actions such as an M&A transaction, change in dividend policy, earnings surprise or a spin-off
 - Lower the cost of borrowing and help manage spreads more effectively
 - Understand beneficial ownership to ensure the most preferential tax status or to assist with any potential litigation
- Understanding stock movement
 - Targeting current and potential shareholders or bondholders
 - Maximizing management's time and effectiveness on IR activities
 - Knowing and responding to your stake holders
 - Assistance with your investor marketing program
 - Developing IR message and strategy
 - Satisfying disclosure regulations
 - Increasing market awareness
 - Distributing investor information
 - Understanding the impact corporate events can have on your shareholder base

Capital Markets Intelligence

For financial executives charged with building and protecting shareholder value, it is paramount to know what drives institutional investors' investment decisions.

Knowing who is buying or selling a company's stock, and more importantly, why an investor is buying or selling, is the core of every successful IR program. With an in-depth understanding of what drives institutional capital and how these drivers determine market value, a solid foundation for a proactive and successful investor relations program is assured.

Thomson Financial's surveillance service, Capital Markets Intelligence, began as a defense mechanism in the early eighties designed to fend off hostile takeovers. Through the nineties, with companies less leery of predators, Capital Markets Intelligence graduated to a new level, becoming a tool to help with strategic planning and corporate communications. The increased utility of Thomson's surveillance services improved corporate participation rates, and according to a recent National Investor Relations Institute survey, approximately 80% of Fortune 500 companies now have a surveillance program in place. Thomson Financial's Corporate Advisory Services assists companies to solidify existing institutional relationships, rebuild faltering ones and generate new ones.

Timely insight on institutional and mutual fund ownership. How does Thomson Surveillance work?

While SEC 13F filings reveal institutional shareholder positions each quarter, institutional investors are not required to file this data until 45 days past the end of the quarter, thus the information is 45 to 135 days stale when it becomes publicly available. In addition, by only requiring disclosure of a nominal share position at a static moment in time, it does not capture intra-quarter movements.

Armed with in-depth knowledge of institutional contacts and profiles, Thomson's surveillance analysts provide a significant advantage by integrating shareholder identification and tracking with

analysis that provides clarity into the events that impact trading and valuation. This information is actionable in a number of ways: it helps with proactive communications; explains volatility; identifies institutional motivation; highlights best practices in Investor Relations and enables IR professionals to educate management and the Board of Directors about what investors are expecting from the company and its management team.

Competitive intelligence and positioning through daily updates on stock activity, news, technical analysis and analyst comments

Capital Market Intelligence is not simply about knowing what your shareholders want to hear, it's about understanding the forces driving broader market movement as well. At times, technical analysis could guide trading and while it is not typically driven by the fundamentals of your company, it may very well be an important piece of the puzzle when assessing what could be driving stock performance that day. What sign is sent to investors when a stock's 50-day moving average falls below its 200-day moving average? Could such a move encourage potential buyers to remain on the sidelines temporarily? Capital Market Intelligence offers both an overarching view as well as a microscopic view of what drives performance.

The dialogue between an investor and a surveillance analyst can reveal important insight into market activities, such as why a position was liquidated. When that information is shared with the IRO, it can be leveraged to stave-off further selling on the part of that investor and others. The ongoing dialogue between surveillance analysts and investors can also help clarify investors' buy decisions as well as what part of the company's message is resonating, and why they are buying now. Whatever triggers a buy—whether a

new product launch or a management change—is the message that IR professionals need to promote in a consistent manner. Once familiar with an institution's buying motivations, it's easier to replicate that process in the future, motivating them to buy again.

Shareholder identification and tracking has clearly moved beyond simply identifying the names of your shareholders. It's evolved to provide IR professionals with insight on attaining and maintaining best practices. By gauging what investors want and what competitors are doing, Market Intelligence provides a competitive advantage by staying ahead of the curve.

Institutional trends within your company's peer and/or industry group

What is happening in your sector? It's difficult to gauge when you don't have the big picture in terms of what institutions are doing across all sectors. When your competitors are up and your stock is down, it can be attributed to any number of reasons. As with individuals, institutions buy and sell stock for a variety of reasons—financial results, personal investment style, communications, trust in management and the company's track record all play a part in the decision-making process. But investors also have in-house guidelines they must comply with. These unique motivations surface through surveillance.

When looking to isolate institutional motivations, having a broad market or sector outlook is a great advantage by placing perspective on market and sector trends and analysis. This insight enables analysts to ascertain whether a seller is simply reducing its exposure to a given sector or is selling based on company-specific reasons. In this sense, Thomson Financial's industry insights help the IR professional delineate between a sell decision based on broad market trends, and a decision prompted by other factors, such as company fundamentals or inadequate IR practices.

Insight and advice on best practices in IR and communications

At a time when the regulatory environment is dramatically changing, IROs are eager to keep up with best practices, constantly updating and fine-tuning their IR programs. But with requirements changing daily, it's often a challenge to know whether your IR program is not only compliant but employing best practices.

A key component to a full service Corporate Advisory Service program is ongoing consultation on trends and deployment of best practices. By leveraging the experience and expertise of working with thousands of clients across all industry sectors and market capitalizations, the latest information on best practice in terms of disclosure, financial reporting, analysts meetings, investor presentations, earnings guidance and corporate governance, our analysts can provide insight on the essentials for a successful IR program.

What motivates institutions to buy and sell?

- Macro-economics (changes in asset allocations between equity, debt, real estate, etc.)
- Events (earnings or revenue pre-announcements, corporate transactions, etc)
- Market cap changes (stock climbs above, or falls below, the restrictions of a given manager or fund)
- Sector rotation (asset allocation to other equity sectors or poor perception of the industry)
- Change in assets under management (client redemptions or attraction of new assets)
- Qualitative factors (poor meeting with management, lack of confidence in strategy, etc.)
- Strict purchase or sale discipline (i.e. stock falls 15 percent below cost basis)
- Mutual fund charter violation (company eliminates the dividend, etc.)
- Valuation (no longer meets the value/growth/income/debt profile desired for holding)



Fixed Income Strategic Intelligence

A Fixed Income Strategic Intelligence program will identify and analyze who is buying, selling and holding your company's debt, convertible securities, warrants and debentures.

With investor relations professionals incorporating bondholders into traditional IR practices, they need to know what fixed income investors are thinking. What are they buying? What are they selling? What drives their decision-making? A comprehensive program would also include perception analysis and targeting information specific to corporate debt holders.

Knowing who your debt holders are and being able to proactively communicate with them is a significant advantage. With today's market so sensitized to debt ratings downgrades, it's important to keep the debt holders satisfied. Equally important is understanding who is holding your debt when a decision has been made to retire debt.

In addition to knowing which institutional investors own bonds, Chief Financial Officers and Treasurers sometimes need to discern the domiciliation of the beneficial owners. Companies often encounter regulatory or tax situations in which they face millions of dollars in civil penalties and/or taxes. These penalties and taxes may be avoided depending on the residence of the beneficial owners. For this purpose, a Foreign Private Issuer Report could provide critical support to circumvent such penalties.

Separately, there are times when historical bondholder information could support a company's efforts with potential or pending litigation by enhancing their case in court by proving which investors owned their debt at given points in time. Fixed Income Strategic Intelligence addresses this need through its Litigation Strategic Intelligence Report.

As IROs examine the overall standing of stakeholders, more often they are concerned about the total exposure to a single investor or top investors. Bondholder identification can be combined with

equity surveillance to create a cross ownership analysis. Ultimately, this analysis will display the total dollar amount that is invested in the company.

Stakeholder identification and tracking logically leads to investor targeting. In knowing why stakeholders are buying, you can target potential buyers with that story. In this sense, Fixed Income Strategic Intelligence helps create demand for a security by identifying investors you should be meeting with. It could be an investor who looks for companies with fundamentals similar to yours. It could be an investor with an industry focus who currently holds a peer's securities but not your own. Particularly when you are planning a road show, ownership insight provided by a third party combined with institutional targeting helps you make the most effective use of management's time on the road.

The debt markets are rapidly growing and changing. In fact, according to the Bond Market Association, total U.S. credit issuance, including corporate bond, structured and securitized products, and government or sovereign issues, rose by over 70 percent, from \$3.2 trillion to \$5.5 trillion, in recent years. Treasurers, IROs and corporate finance officers have been keen to understand how this growth affects their companies. Many of them have concluded that bondholder surveillance and identification offers the best approach.

The difference between traditional equity surveillance and Fixed Income Strategic Intelligence is the frequency of updates. Quarterly or monthly updates keep IROs in tune with bondholder activity, whereas daily and weekly updates are often needed to track equity holders. However, for convertible bondholders, which often trade with the same liquidity and volume as equity holders, weekly updates are sometimes useful.

“I rely on Thomson for its fixed income strategic intelligence—it has been enormously valuable in identifying bondholders and trends in the fixed income market. Their service is prompt, responsive and insightful, and I find the team at Thomson a pleasure to deal with.”

—Tom Campo, Director, Investor Relations, Hearst-Argyle Television, Inc.

Premium Perception Studies

In a rapidly changing market, understanding your company's positioning and mindshare with key stakeholders is more important than ever.



Premium perception studies are executive reports that provide an in depth analysis of how the Street views a particular company (or industry). By interviewing a cross-section of the investment community—including core shareholders, covering and non-covering sell-side analysts and prospective investors—third parties are able to capture the essential impressions of the company strategy and direction, management team, valuation, investment merits and risks, and investor relations efforts, as well as uncover any concerns or issues.

Perception studies provide executive-level analysis of key stakeholders:

- Gain insight into institutional positioning and investment approaches
- Benchmark how stakeholders perceive your company's value creation strategy and key messages
- Understand what relative importance key stakeholders attach to specific company initiatives and objectives
- Assess the impact your company's strategic decisions have on the market dynamics of your stock
- Identify actionable strategies for addressing event-driven shifts in perception
- Quantify market- and sector-specific factors impacting valuation

In general, the investment community feels more comfortable speaking candidly to a third party about a particular company than to the company itself. In addition, by collecting comments from 30 industry professionals, on average, certain themes and trends emerge that the company may not be aware of. Armed with a wealth of information on the perceptions of the investment community, management can then take steps to increase its effectiveness in communicating with the Street.

Cost basis analysis and ability to determine the institution's ROI

Investor relations programs must recognize that institutional investors' fiduciary responsibility lies with their investors, not with the management of the stock they are invested in. As such, it is crucial to monitor, to the best extent possible, the cost basis information on shareholder positions, including at the mutual fund level, as it will help predict and identify buyers and sellers in the future. Cost basis information is also useful for development of corporate messages and other communications.

From a trading standpoint, is the majority of the buying from investors that perceive value or from momentum investors exploiting sharp moves in the stock price? Are sellers locking in substantial profits or selling at a loss? That information can very quickly narrow down the universe of institutional investors that may be active and aid in their ultimate identification.

From a predictive standpoint, cost basis information can also be used to identify investors that may be nearing a decision point. A value investor with a large position and very attractive paper gains may need that additional contact from management in order to prevent large-scale sales. Cost basis information can also help in periods of price pressure. If an institutional investor focused on growth has a large position with a significant loss, one should proactively look at the growth story that exists rather than near term price pressure.

Ability to maximize efficiency of communications efforts by prioritizing meetings and conference-calls with the buy-side

Investor meetings need to be tailored to hit upon the interests of individual portfolio managers. Investor presentations should vary based on who is sitting in the room, the style of the institution and the history of that institution's investment. It's challenging to put all those pieces together without additional information from an outside specialist. Having this intelligence at your fingertips allows you to hit the mark with a potentially interested party and maximize the time of management while on the road.

Ability to measure the success of management meetings with institutions

Measurement of your buy-side outreach program is an integral part of an overall IR strategy to ensure your message is resonating.

Proactive IR programs commit a significant amount of management time and corporate resources to one-on-one meetings, analyst days, conferences and the like, but quite often, no resources are dedicated to assessing the effectiveness of those initiatives.

- **Prior to meetings:** Assess the quality of the institutional investor. Based on historic activity in your stock, has the investor been a long-term, buy and hold, quality investor or have they looked for that one bit of information that offers a short term trading edge?
- **Have the most up-to-date institutional positions:** Companies often run into situations with investors that say "I own xx% of your stock." With Capital Market Intelligence, senior management will be able to assess the validity of those comments much more accurately.
- **Meeting Days:** Have the insight to manage your timetable. Very often management is trapped by questions from a short-term hedge fund when a quality potential long-term investor is waiting in the next room to discuss a potential multi-million dollar investment.
- **Post meetings—Short Term:** Did the stock react? If a short-term aggressive move, in either direction, occurred, was it due to the tone of the discussion? Was it event driven? Was there a shock value in management's message? Was a credibility gap created?
- **Post meetings—Long term:** Where is the trend in the stock? What are the broker patterns? Do we have methodical purchases that reflect long-term commitments or do we have the same activity on the selling side that reflects a fundamental shift in expectations?

“Thomson Financial’s Premium Perception Study assisted our board and executive management team in better understanding the Street’s perception of key issues, including management succession, capital allocation, and strategic initiatives. The study gave us a number of actionable ideas that we are following through on. As the result of this study and Thomson’s insight into best practices, we intend to improve the effectiveness of our IR effort.”

— Richard LeBlanc, Vice President, Investor Relations, ENSCO International

Investor Targeting

Investor Targeting has evolved from a nascent practice fewer than 15 years ago to become an integral component of corporate investor relations programs.

Companies employ different approaches to target investors that vary in sophistication—from rudimentary methods based on peer ownership and “cold-calling” investors, to quantitative products that identify/rank investors with varying degrees of sophistication, and comprehensive analyses that combine quantitative and qualitative techniques. Some companies develop their targeting plans in-house, relying on a variety of products and databases, and others out-source the development of their plans to outside consultants and third parties.

The common denominator across the different strategies is that proactive investor targeting is a form of marketing. The bottom line for any successful targeting program—regardless of technique and whether the company develops its strategy in-house or out-sources certain aspects—is to increase and optimize the demand for the company’s shares. This objective is similar to the goal of a product marketing strategy: increase the demand for the product. While the marketing approach varies depending on the product and its stage of maturity and visibility, the ultimate goal is to increase demand and, at the same time, defend current market share against competing products.

When it comes to investor targeting, the product is the company’s stock, customers are investors (current and prospective), and the marketing responsibility is shared between the investor relations team and senior management. The major aspects of a successful marketing strategy involve the following steps:

- 1. Positioning the Product:** The key is differentiation—what makes your shares a good investment? How do your company’s shares compare against competing offerings?
- 2. Defining the Target Customer:** The goal is to narrow the universe to a defined group that is more likely to have interest in your shares—which investors would appreciate your investment characteristics and are more likely to invest in your stock? Which investors matter?
- 3. Knowing the Customer:** Maintaining your existing investors, inducing them to buy more and attracting new ones hinges on understanding their preferences and meeting their needs—why are your current shareholders invested in your stock? What would make prospective investors likely to become shareholders?
- 4. Reaching the Customer:** The execution of the strategy should ensure that the company maximizes its reach given its resource allocation—what is the best way to influence shareholders and prospects? What is the most effective and efficient approach to reach the target audience?

- 5. Refining the Strategy:** The marketing strategy should constantly evolve to adapt to changes in stock, competitors, investor preferences and market dynamics—how should you adapt your targeting strategy over time?

This analogy between product marketing and investor targeting does take into account some important differences that should not be overlooked. The main differences include the following:

- Investors directly influence not only the demand for the company’s shares, but also the supply as they can sell as well as buy shares
- Investors not only can favor your competitors’ shares and avoid your company’s, they can also short-sell your shares
- Due to capital concentration, there is a limited number of institutional investors who are capable of influencing the trading and pricing of your shares
- The market affects certain characteristics of your shares (e.g., price, yield, liquidity) without your direct control or influence

Positioning the Product

A prerequisite to successfully marketing a product is for the message to correctly reflect the key attributes of the product. Additionally, it is crucial to differentiate your product from competing products in the market, including traditional and non-traditional competitors. When applied to the investor targeting area, this means that companies need to understand the key attributes of their shares, in addition to the attributes of the company, in order to market the stock successfully. Furthermore, companies need to identify the other stocks that are competing with them for investors’ dollars, i.e. identify companies that represent their “competitors for capital.” Such competitors may or may not include business competitors within the same industry. The industry in which the company operates is not typically the first item in the selection criteria of active buy-side investors. The interest of such investors is generally driven first by market capitalization, then by financial fundamentals, then by the position in the industry, and finally by the industry in which it competes. This is why a good grasp of fundamentals, both in absolute terms and in relation to the relevant peers and the market, is essential for investor targeting.

In fact, as the graph on page 11 illustrates, comparison to industry competitors may be irrelevant and sometimes even misleading. Each point on the scatter diagram represents an institutional investor, with the coordinates being the weighted-average projected

Portfolio Averages: Price/ 2005 Est. EPS vs. 5 Year Projected EPS Growth %

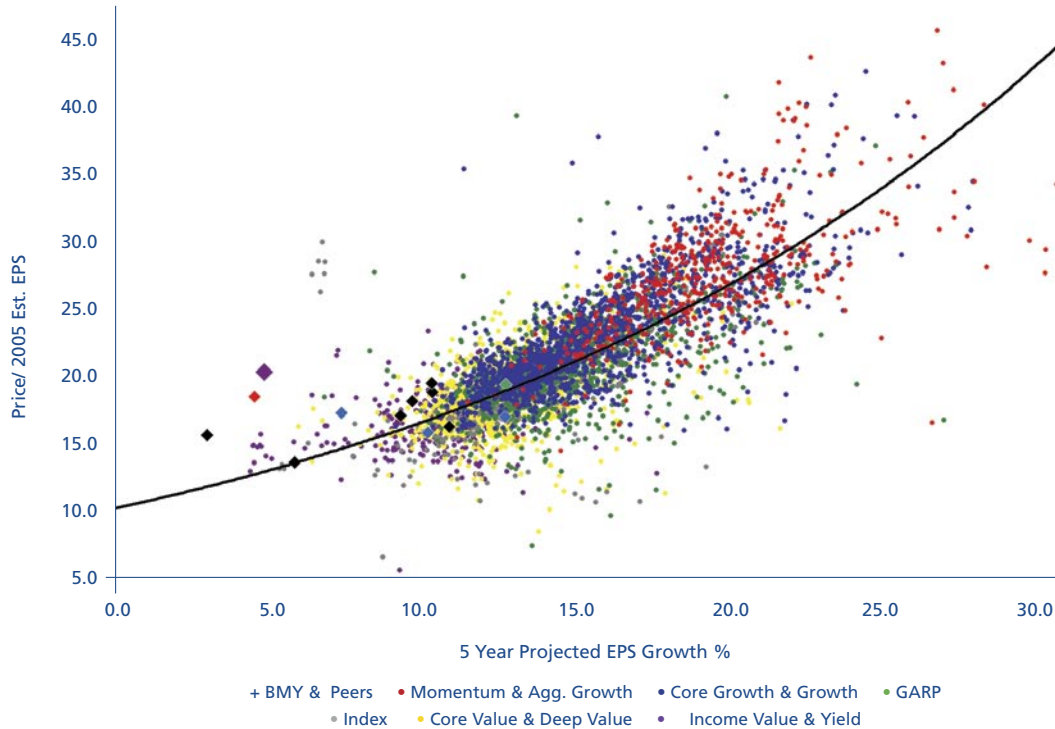


Chart shows how much investors are willing to pay for expected EPS growth.

As you can see, Growth investors are willing to pay more for higher expected EPS growth than Value investors. Value investors primarily want to buy stocks with lower relative PE ratios and as a result have portfolios where EPS projections are not as high as they are for Growth investors. Growth and Momentum investors (more aggressive) are clustered around the upper right quadrant while Value and Yield investors (less aggressive) are clustered around the bottom left quadrant of the graph.

long-term EPS growth and the leading P/E multiples of stocks in their portfolio. Investors clustered on the left side of the graph tend to be somewhat conservative investors with value and income investment approaches; those on the right are less risk-averse investors that are more growth-oriented. The company's position on this spectrum determines the type of investor that is inherently attracted to the stock. When the company and its industry competitors are positioned on different areas of the graph, as is often the case (compare XYZ to ABC or GHI), the companies are fundamentally different and hence should not automatically target the same investors who happen to hold the competitors.

This is a somewhat simple yet crucial point to make. This two-dimensional look is only one part of the whole picture, but it highlights the basic differences that may distinguish a company from specific competitors within its industry. Furthermore this analysis cannot be performed by using the investors' broadly defined labels and descriptions. Thomson derives proprietary classifications based on its unique understanding of the investors.

Understanding the company's investment characteristics is important to differentiating its shares from competitors' shares. In order to attract new investors and maximize shareholder value, it is essential to understand how investors are valuing the company, which factors

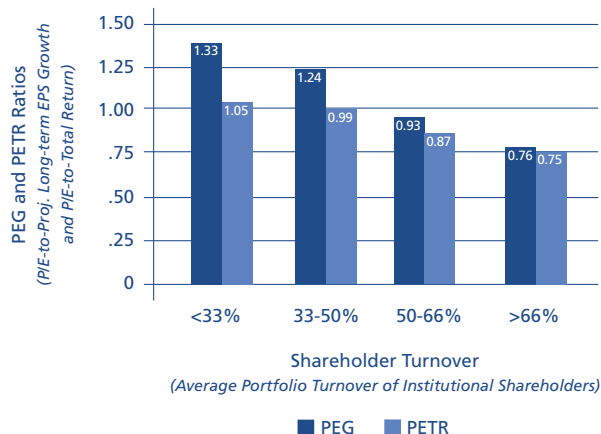
affect their assessment of value, and where the company outperforms and lags its competition and the market overall. In addition to fundamental measures of performance, market measures should be equally understood. Furthermore, since investors are forward-looking in their evaluation of potential investments, it is particularly important to focus on future projections and expectations when making comparisons to competitors.

Defining the Target Customer

Armed with a good understanding of investment strengths and characteristics, the next step is to define the target investor in order to optimize success at attracting shareholders. On a global basis, there are over 4,000 institutional investors with upward of 30,000 mutual funds. The objective is to narrow this universe to a manageable group—both for the sake of efficiency as well as effectiveness.

The main attributes of the "model shareholder" for a given company are the following: Fit, Impact and Quality. Companies should look for investors with good fit with the company's investment characteristics, investors that can have a meaningful and positive impact on valuation, and investors that tend to be high-quality shareholders. Fit is necessary to increase the likelihood of attracting investors (hence enhancing efficiency and effectiveness), impact

Shareholder Turnover and Valuation



maximizes the return on investment in the marketing effort, and quality ensures that success in attracting investors is value-additive and sustainable.

The combination of fit and impact determines whether an investor is likely to be attracted to the stock and how much they potentially can invest. However, not all demand for shares is good. While this may be counter-intuitive, it is the case because investors can also sell and short-sell your shares (as opposed to using/consuming a product). Therefore, investors that tend to hold shares for only a short period of time and/or large short-sellers generally should be avoided. Their demand may end up having an adverse effect on volatility and valuation. In fact, Thomson Financial's empirical research indicates that companies who are able to attract investors with long-term investment horizons trade at higher valuation. The graph above shows that, after taking into account differences in growth prospects and dividend yield, companies with a lower average shareholder turnover receive a higher multiple for their projected long-term EPS growth and total return (projected EPS growth plus dividend yield).

Knowing the Customer

An important starting point is to understand the reasons behind current shareholders' decisions to invest in the stock. These reasons may vary by shareholder; for instance, some holders may be attracted to the company's dividend yield, while others may find the current valuation attractive. This knowledge is important to anticipate how shareholders might react to changes in the company's investment profile, and which shareholders are more "at risk"—i.e. possible sellers—than others. The other important constituents that should be understood are prospective shareholders, which include small holders and non-holders that have good fit, impact, and quality to justify investing time and effort to court them and attract them to the stock.

There are three main sources of information about institutional investors: what they say (qualitative info), what they do (quantitative

info), and how they act when they meet and invest with companies (experience). To better understand investors, companies should rely on a combination of these three sources.

Quantitative data, when available, is harder to dispute and should be the first source of information to analyze investors—what they hold, buy and sell, and with what frequency and magnitude. The main goal is to determine what drives investors' investment decisions.

The main deficiency of quantitative analysis is that it captures only one facet of the story. Active buy-side investors do not follow a pure quantitative approach; hence, quantitative analysis does not fully capture an investor's decision-making process. There is additional information to be gained from what investors publicly disclose about their investment preferences, what they disclose in direct conversations and communication with companies, and what they willingly disclose to third parties such as investor relations advisory firms and data providers. These sources provide a wealth of information that should not be ignored.

This qualitative and experience-based information is even more essential when targeting non-U.S. investors since disclosure of portfolio holdings is limited and less timely than disclosure by U.S. investors.

Reaching the Customer

The next step in the process is to engage in the marketing effort with the appropriate shareholders and targets. The marketing plan should draw on the first three steps: developing the investment story, defining the target audience and understanding the investors. Shareholders and prospects should be prioritized: large shareholders and prospects with high fit, impact and quality should take first priority when it comes to investing time and resources. The company should plan its marketing activity based on its resources and the number and priority of holders and targets in different geographical locations.

For most active long-term investors, one-on-one meetings with senior management are a crucial step of the decision-making process to invest and maintain a position in the stock. As a result, it is essential for the senior management team to be involved in and supportive of the marketing effort. Investors who take a long-term view will tend to take a more conservative approach and undertake extensive due diligence before investing—and afterwards.

This contact can take the form of one-on-one or group meetings, phone conversations, e-mail communication, etc. Regardless of the form and forum, communication should minimize the use of intermediaries to ultimately have direct control of the relationships with shareholders and targets. The majority of buy-side investors now conduct significant research internally and prefer to deal directly with companies.

In terms of geography, the intended reach varies from company to company. Companies should target investors with the capital that

matches the company's profile regardless of where these investors are located—which often means not limiting efforts to the major U.S. financial centers. Key investors are sometimes located in other U.S. cities or internationally. For example, Thomson Financial estimates European investors have nearly \$1 trillion invested in U.S. equities.

Refining the Strategy

The final element of the investor marketing strategy is to continue to refine it and update it. No marketing strategy is static, and this holds true for investor targeting. The strategy has to be revised to incorporate changes in the stock price and trading characteristics, changes in investor sentiment and investment approach, changes in the broader market, and direct feedback from investors. Even if the company and the stock do not change significantly over time, investors and the market are in constant flux.

This does not imply that the strategy should be overhauled on a regular basis. Continuity is important, and certain aspects will not change dramatically since the focus tends to be geared toward long-term investors that do not drastically change their preferences over short periods of time. Nevertheless, companies should always reassess their marketing strategy and refine it according to company-specific and market developments.

The main function of investor targeting is to market the company's most important assets from the shareholder point of view—its shares. The key objective is to maximize demand in the most efficient and effective manner. Companies should apply the traditional marketing principles to investor targeting: position the shares according to the investment story and characteristics, define the most appropriate audience of current and prospective shareholders, get to know the audience and what drives their investment decisions, develop and execute a plan to reach the target investors, and refine the plan as the stock and market conditions evolve. Applying these principles will maximize the chances of success in attracting quality investors, ensure that management time and resources are invested prudently and effectively, and ultimately have a positive impact on shareholder value.

European Investments in U.S. Equities

City/Metro Area	Total Holdings of U.S. Equities* (\$millions)
London	\$314,710
Frankfurt	73,962
Milan	65,083
Zurich	64,027
Amsterdam	50,860
Geneva	47,240
Paris	38,405
Stockholm	35,864
Oslo	33,804
Edinburgh	27,897
Dublin	24,969
Brussels	22,576
Luxembourg	20,353
Copenhagen	19,985
Rotterdam	18,224
Other	112,939

*June 2005 figure is based on publicly-disclosed information and Thomson Financial estimates.

“Thomson Financial’s Targeting Program helps Steelcase maximize the time of our senior management and has increased the effectiveness of our investor relations buy-side outreach program. Over the last three years, we have doubled our interaction with buy-side investors, increased and diversified our institutional shareholder base, and have been able to effectively monitor our outreach program with Thomson’s Advisory Services.”

—Raj Mehan, Investor Relations, Steelcase, Inc.

Special Situation Analysis

In an environment where M&A transactions are commonplace, companies with excessive cash are being pressured to return value to shareholders or respond to questions regarding valuation. An independent third party representing your company's best interests can provide comprehensive insight, analysis and recommendations for more effective corporate action.

Special situation analysis is as unique as each situation. In every case, IROs and company officials should be informed about how their most critical constituents—the company's shareholders—could or should react via their buy or sell decisions. Qualitative knowledge obtained from years of experience with the institutional universe and intense quantitative analysis of institutional behavior can assist a company in assessing any potential reaction to a corporate event or with tailoring the message to help close a perceived valuation gap. A seasoned Advisory Services firm can provide the following:

- Analysis of the impact of a proposed transaction—such as a M&A deal, a spin-off or an IPO—allows you to better understand and anticipate current and prospective investors' reaction to the deal and provide guidance on your IR plan before, during and following the transaction
- A thorough valuation analysis to identify quantitative and qualitative factors resulting in a less than optimal current market valuation of your company, along with actionable recommendations to address any perceived discount
- Scenario analysis or impact of a change in your company's dividend policy on the shareholder base. Providing advice on which

scenario is the preferred option, as well as identification of at-risk shareholders and the appropriate investor audience in light of the change in dividend, are crucial to receiving the greatest benefit or mitigating a negative reaction to such a change

- Predictive event analysis if your company is undergoing an event or considering a corporate action that affects the investment profile and may result in significant buying and selling from investors (e.g., buyback program, sale of major division or restructuring, secondary offering, and change in capital structure). Additionally, as a result of the changing dynamics, identification of an appropriate investor audience for proactive communications is equally as important
- Comparative valuation or volatility analysis in the event your company is concerned about valuation or volatility relative to peers/industry or a specific market index

Whatever the situation, a thorough understanding of how your stakeholders may react through trading activity can allow you to proactively seek to mitigate any selling pressure, modify your message, work to improve valuation over the long-term and prepare your management team and the Board of Directors.



About Thomson Financial

Thomson Financial is the partner of choice for corporations around the world, offering the industry's most comprehensive range of content, technology, and analytics to meet the dynamic needs of financial professionals. Only Thomson Financial can truly support every step of your workflow—from managing your short-term tactical needs to your long-term strategic planning and analysis efforts. Thomson works with 4,500 public companies to refine their investment story and competitive positioning, analyze broker research, and adopt best practices for corporate governance and shareholder communication.

At Thomson our commitment to continuous innovation and world class service is paramount. It is this dedication to excellence that drives our business strategy and is the foundation of our corporate culture. This has enabled us to provide our clients with world-class service, state-of-the-art technology, expansive content, and the industry's only completely integrated end-to-end solution.

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