Article Reprint

Editor's Notebook

By Hank Boerner

September 2007

INVESTOR RELATIONS
update

IR Update is published monthly by the National Investor Relations Institute as a service to its members. Annual subscriptions are available to nonmembers: $175. ISSN 1098-5220

FOR SUBSCRIPTIONS OR CHANGE OF ADDRESS, CONTACT: NIRI–*IR Update*, 8020 Towers Crescent Drive, Suite 250, Vienna, VA 22182, Phone: (703) 506-3570, FAX: (703) 506-3571, e-mail: amumeka@niri.org

IR UPDATE E-SUBCRIPTIONS FOR NONMEMBERS:
Annual subscription: $75.

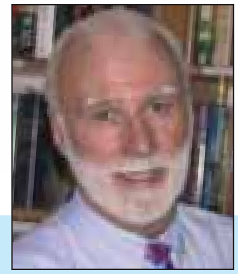
PLEASE SEND QUERIES, SUBMISSIONS AND REPRINTS REQUESTS TO:
Melissa Jones, Manager, Marketing Communication, Phone: (703) 462-2207, e-mail: mjones@niri.org

ADVERTISING:
Jeff Sedor, Advertising Sales Representative, Marketing General Inc., Phone: (703) 706-0309, e-mail: jsedor@marketinggeneral.com

REPRINT FEES PER ARTICLE:
Electronic copy — Adobe Acrobat PDF file
Authors only: $75, Members: $200, Nonmembers: $300
Web posting or e-mail distribution: $500
Hard copies: Quantity under 10: $10/copy
Quantities 10–100: $5/copy
An estimate will be provided for quantities over 100.
All prices are subject to a signed agreement.
NIRI WEB SITE: www.niri.org

THE EDITOR'S NOTEBOOK

Timely highlights of news, commentary, research findings and other information for the IRO…



Hank Boerner

COMPILED BY HANK BOERNER

As an editor plugged in to "news flow" I monitor a wide range of potential news, feature and background stories for ***IR Update*** readers. Here's news the IRO and IR consultant can use. We welcome your contributions – send to: ***hboerner@niri.org.***

The times-they-may-be-a-changing for your credit risk agency

Go back 10 years – how many folk knew the name and role of the major credit risk agencies (Moody's and S&P in particular)? Today many more people know about these independent agencies and their numerous public policy issues. Watch for headlines and lawsuits about the collapse of the subprime mortgage market and agency roles in rating. Count government policy makers among the important credit agency monitors. The influential Government Accountability Office (GAO) has conducted several landmark analyses on the agencies; based on the findings Congress acted; and now SEC has adopted final rules to implement the *"Credit Rating Agency Reform Act of 2006."* SEC rules require credit agencies to register as "NRSROs" (nationally recognized statistical rating organization), the first step, perhaps, in an evolving and major regulatory framework for S&P *et al*. What does SEC want? Chairman Christopher Cox: *"…to improve credit ratings quality by fostering competition, accountability and transparency…"* Interesting provision: No more can an agency issue or threaten to issue a lower credit rating, lower/threaten to lower an existing rating, or withdraw an existing rating for an asset pool or mortgage-backed security unless "all or a portion of assets are rated by the NRSRO…" (Rule 17-g, 1-6 for your information – see ***www.sec.gov/rules/final.shtml#secondq*** for details – release #34-55857.)

You should get one of these…

The not-for-profit management think tank, The Conference Board, just released its comprehensive "Corporate Governance Handbook 2007" for corporate directors — you just might want to get a copy and read up on critical issues your company directors are learning more about. A wide range of topics is covered — director job description, conduct of board meetings, adoption of governance guidelines, and of significance to IROs, corporate disclosure. Conference Board authors **Carolyn Kay Brancato** and **Matteo Tonello** observe that institutional investors have more clout than ever in the board room, and investors now expect directors to lead the charge on corporate governance improvements. A host of brand name players helped in preparation (Intel, KMPG, PWC, Microsoft, and more). For information: The Conference Board, ***www.conference-board.org***.

The Toy Patrol: Here Comes Sheriff Spitzer…*again!*

He's b-a-a-c-k: Remember the caped crusader, NY Attorney General **Eliot Spitzer**, taking on big Wall Street interests, large and small corporations, and the mutual fund industry? Oh, the headlines that followed. Now in his first term as New York governor, the sheriff of Wall Street has a number of problems and issues of his own that have seriously tainted his Lone Ranger image. But beware, the old crusader spirit is alive: This time, Governor Spitzer created a "toy patrol" that is sweeping through retail stores to "rid them of recalled toys that are still on the shelves," because manufacturers and retailers (he said) are not doing enough to protect consumers. (Major toy marketers found tainted Chinese goods in their supply chain. Large marketers acted quickly to pull the toys.) Watch out for the store police in the form of *your* state attorney general copying Governor Spitzer's innovative lead — to paraphrase that bank ad…*what's in your store*? As a marketer or manufacturer, what have you provided to the retail market? No company may be safe…again…for a while…as AG crusaders target toys and other foreign-made goods.

New Circuit for Corporate Social Responsibility News

Is part of your job as IRO to help the company with its "corporate social responsibility" (CSR)? You'll want to look at the new "CSR Circuit" offered by BusinessWire. Distribution targets: journalists, financial analysts, activists, investors, and academics worldwide. BW promises its corporate clients lower-cost distribution on this service and points out what PR Week cited recently…*"the public's embrace of cause-marketing and CSR efforts continues to expand, making [them] an increasingly necessary part of any company's operations…"* True, the flow of CSR news has increased 10-fold in the past two years. For information: **Michael Becker** (NIRI member and BW liaison to IROs) at: ***Michael.Becker@businesswire.com.***

PR Newswire Acquires Vintage Filings

Over at the other major wire service for IROs, PR Newswire wants issuers to know that the firm acquired the EDGAR filing firm, Vintage Filings, LLC, which now becomes a division of PR Newswire. Vintage specializes in filing issuers' EDGAR documents, distributing news releases, hosting Web casts, printing services, and disseminating XBRL documents to filings with SEC — with parent PR Newswire now a one-stop shop for corporate disclosure. Keep in mind SEC approved a $50+ million upgrade of EDGAR to prepare (in part) for universal interactive language data filing — such as XBRL. Vintage began operations five years ago and has offices in New York City, LA and San Francisco; the client list is said to be more than 1,000 public companies, mutual fund and investment managers. Information: **Ira Krawitz**, PR Newswire's new senior vice president of Investor Relations Services. (e-mail: ***ira.krawitz@prnewswire.com***)

News about the 900-Pound Institutional Investor

CalPERS is the $240 billion pension fund for 1.5 million California public employees. And as we all know, "everything" starts in the Golden State, right? Watch CalPERS as the fund steps up its long-term shareowner activism. This year the fund filed two times its usual number of shareholder proposals — 33 as of June 30. The six proposals shareholders voted on won more than 60 percent of all votes cast. Some went higher — 88 percent for board declassification at Kellwood Company; 77 percent for the resolution at Dollar Tree Stores to eliminate supermajority voting…and so it went this proxy season. CalPERS added proxy solicitors — Garland Associates, Altman Group, Mellon Investor Services — to help it campaign for votes. There is much more to come, so keep a watch on California. Lots of information and a sign-up for e-mail alerts at: ***www.calpers.ca.gov/.***

continued on page 23

THE EDITOR'S NOTEBOOK

continued from page 17

American Roman Catholics now have Index for investing

Individual Catholic dioceses that are members of **The United States Conference of Bishops** may already be among your institutional investors. The Roman Catholic Church in the U.S. is organized around major city dioceses – and the investments of each diocese are managed locally by the office of archbishop / bishop. Looking beyond diocese officialdom, **KLD Research and Analytics** (Boston) just created the "KLD Catholic Values 400(SM) Index" for the legion of Roman Catholic investors. The bishops' conference investment guide began back in May 1998 as a customized tool for the client. Now, the index is available to the growing faith-based investor base. The new index responds to the geometric growth of faith-based investing — there was a seven-fold increase between 2000 and early 2006 — to an equity category of almost $16 billion! KLD is making the index available for licensing to investment managers (as the CV400); mostly large-cap companies are in the index, and these issuers must "align with the values and teachings of the Roman Catholic faith." Information at: ***www.KLDIndexes.com*** or **Jed Sturman**, 617-426-5270 ext 310 or ***jsturman@kld.com***.

Mark to Market – FAS 159 may give banks free pass

As news headlines trumpet spreading woes in subprime mortgage lending and other impaired credit topics, an approach using Financial Accounting Standard 159 may provide some relief to a number of banks. Credit Suisse Accounting and Tax analyst **David Zion**, CFA, CPA, advised the firm's clients that banks may have a one-time "free pass" to clean up their balance sheets: FAS 159 ("Fair Value Option for Financial Assets and Liabilities") allows companies (including banks) to selectively mark-to-market (on a contract-by-contract basis) most financial assets (securities, loans) and liabilities (corporate debt) on balance sheets. Net charges run through earnings.

David Zion and his team joined with the CS U.S. Mortgage Strategy Team to produce the timely analysis. Here are highlights of what banks can do by adopting FAS 159: (1) avoid impacting earnings; (2) avoid tainting their entire portfolio; (3) provide for additional disclosure by having management discuss the reasons for adopting this fair value option. Banks could adopt FAS 159 in either 1Q 2007 (early adopters) or by 1Q 2008 (effective date of standard). For information: David Zion (e-mail: ***david.zion@credit-suisse.com***.) IRU

INVESTOR RELATIONS *update*

IR Update is published monthly by the National Investor Relations Institute as a service to its members. Annual subscriptions are available to nonmembers: $175. ISSN 1098-5220

FOR SUBSCRIPTIONS OR CHANGE OF ADDRESS, CONTACT: NIRI–*IR Update*, 8020 Towers Crescent Drive, Suite 250, Vienna, VA 22182, Phone: (703) 506-3570, FAX: (703) 506-3571, e-mail: amumeka@niri.org

IR UPDATE E-SUBCRIPTIONS FOR NONMEMBERS:
Annual subscription: $75.

PLEASE SEND QUERIES, SUBMISSIONS AND REPRINTS REQUESTS TO:
Melissa Jones, Manager, Marketing Communication, Phone: (703) 462-2207, e-mail: mjones@niri.org