



January 24, 2008

Jeffrey D. Morgan
President and CEO
National Investor Relations Institute

NIRI Finds Companies Split on Notice and Access Adoption for 2008

Many organizations await lessons from early adopters who are driven to the new rules by expected cost savings

NIRI's recent study of notice and access adoption by its members shows that we are currently in a period of rapid transition. While slightly more than half of our respondents are planning to adopt in 2008, nearly as many are taking a wait-and-see approach. Whether the promise of significant cost savings becomes reality, however, remains to be seen.

Key Findings

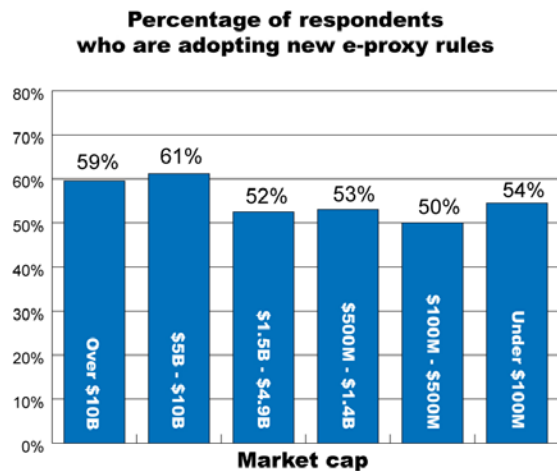
- A slight majority (56%) of survey respondents indicated that they will be adopting new notice and access rules in 2008.
- The decision by these companies was largely determined by the high expectation of cost savings. Seventy-nine percent of those adopting the new rules report that they expect to save money in the process, which was the key driver for the decision.
- Respondents currently adopting notice and access plan to slash print runs and spend considerably less than they did last year on printing and mailing. That said, fees to service providers may reduce these savings.
- For those adopting notice and access in 2008, top concerns include ensuring investor satisfaction with the new process, predicting print quantities, and maintaining vote returns.
- For those not adopting this year, the primary reason was a desire to learn from the experiences of early adopters (65%).
- Ninety-one percent of early adopters, (those that have adopted or are planning to adopt for the 2008 season), indicate that notice and access will result in fewer printed materials.

On July 26, 2007, the SEC adopted new rules (“notice and access” or “e-proxy”) that require companies to provide shareholders with the option of receiving proxy materials either electronically or in traditional hard-copy form. Issuers may provide proxy materials to shareholders via either the “notice only option,” the “full set delivery option,” or a combination of these methods. A full description of the delivery methods is available in the final rule posted on the SEC’s Web site: <http://www.sec.gov/rules/final/2007/34-56135.pdf>. The new rules were effective for large accelerated filers on January 1, 2008, and will be effective for all other companies on January 1, 2009.

Survey Results

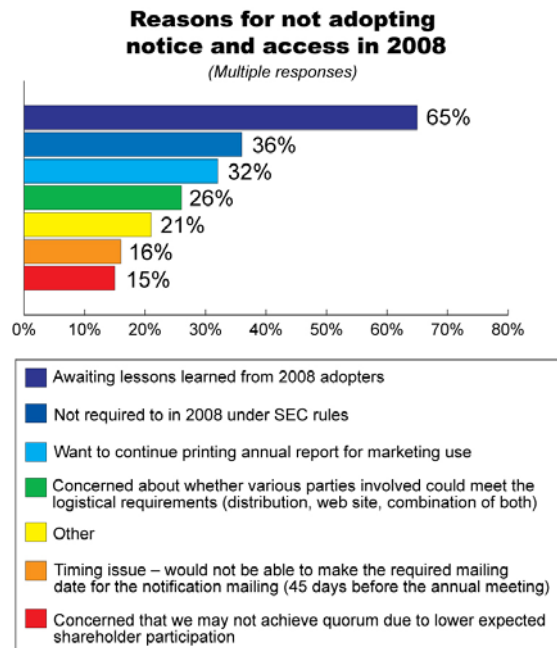
Adoption rates are relatively uniform across market cap size.

Slightly more than half of all respondents (56%) indicated that they would be adopting the new notice and access proxy distribution model for the 2008 proxy season. There were small differences based on market cap, with larger companies – those with market capitalizations of greater than \$5 billion – showing the highest rates of adoption.



Those who are adopting the new rules are doing so largely because of the anticipated cost savings.

Seventy-nine percent of survey respondents indicated that they expect to save money under the new plan. In point of fact, the greatest proportion of respondents indicated that they expect to spend in 2008 less than half of what they spent in 2007 on hard copy distribution. **The vast majority (91%) intend to print fewer meeting materials as a consequence of notice and access.** More than half of the remaining respondents plan to adjust their print runs in 2009 after monitoring the request levels for hard copies in 2008. Other major considerations were the SEC requirement to comply (52%) and a low perception of value for the hard copy reports, also at 52%.



Service Providers will play an important role in notice and access adoption.

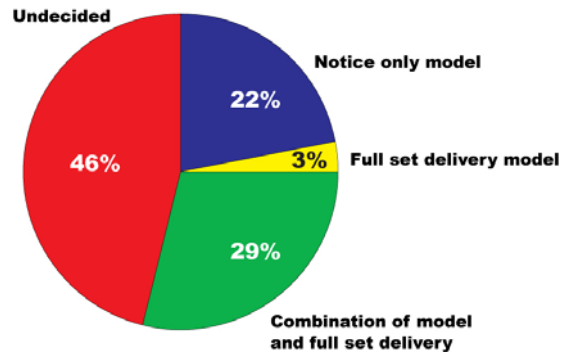
Ninety percent of survey respondents plan to use a third-party service provider to help meet notice and access requirements. Most indicated that they plan to use a single service provider. Respondents that indicated “other” were in some cases undecided and in other cases were using multiple third parties. A few respondents expressed concern about the fee structures charged by agencies and the possibility that these fees will reduce savings. In any case, 2008 will create opportunity and responsibility in equal measure for the service providers catering to the needs of IROs. For the IRO’s part, relationship management and communication skills will be critical components of a successful transition to e-proxy.

Top concerns expressed by IROs include customer satisfaction/service, miscalculating print numbers, a drop in voter participation, inexperience leading to mistakes in compliance, and costs associated with compliance.

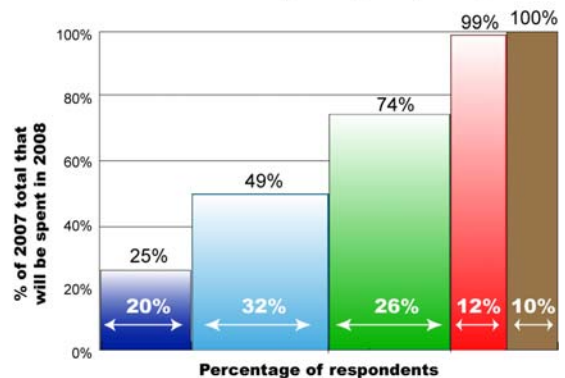
Nearly 40% of adopters identified concerns related to the new notice and access requirements. Our respondents consistently mentioned the issues below in the following order of frequency:

- Customer service and satisfaction questions
- Predicting print quantities
- Maintaining vote return levels
- Managing costs and realizing savings
- Errors and inexperience, particularly related to meeting timing requirements
- General uncertainty about engaging in a new process

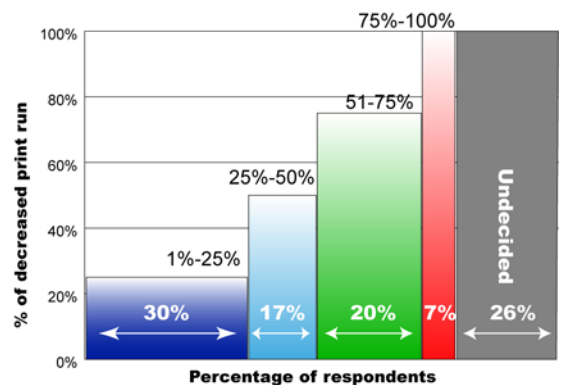
Which model do you plan to use?
(Asked of respondents who plan to adopt notice and access in 2008)



Decreased costs from reduced printing and postage

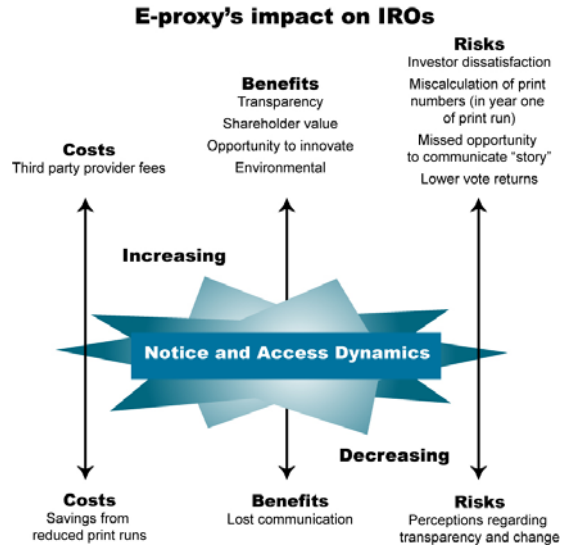


Decreased print runs



Conclusion

As suggested by the data, e-proxy represents an opportunity to enhance customer service through technology by providing shareholders with the ability to choose the means by which they access proxy materials, as well as the potential to experience cost-savings from reduced printing, thereby bringing value to the company and its shareholders. Whether or not your company is implementing notice and access for the 2008 proxy season, the coming year will be a period of transition, during which costs and benchmarks will be established and ultimately, refined.

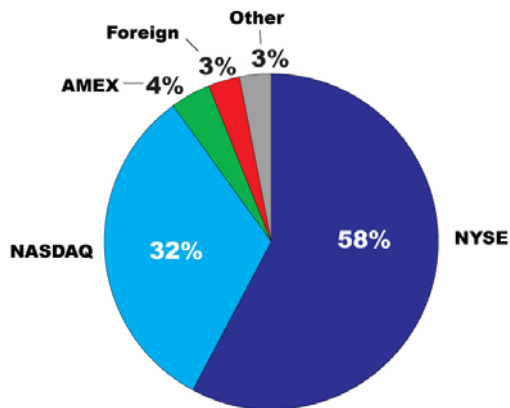


For those organizations planning to implement notice and access for the 2008 proxy season, the trade-off of unproven savings may be offset by the benefits of getting "out in front" of these important changes. Those companies that take a wait-and-see approach need to be certain to apply the lessons of early adopters to ensure that the promise of cost savings becomes a reality. Furthermore, organizations must match their pace of change to that of the needs of their shareholders (i.e. aggressively adopting the notice only model when the shareholder population is not technically adept may prove to be imprudent).

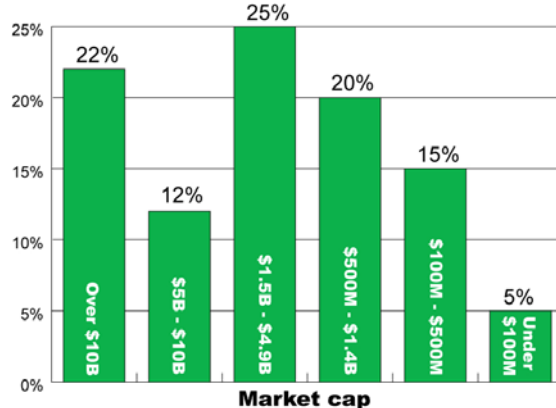
Survey Demographic

The following charts provide demographic information.

Percentage of respondents by exchange



Percentage of respondents by market cap



About the Survey

The electronic survey, which investigated the plans of NIRI members to adopt notice and access for the 2008 proxy season, was conducted in November 2007. A total of 3,137 corporate members were invited to participate, and 482 (15%) members responded.

Members may access the complete survey results at:

<http://www.niri.org/gateways/surveys/0801surveygateway.cfm>.

About NIRI

NIRI is the professional association of corporate officers and investor relations consultants responsible for communications among corporate management, shareholders, securities analysts and other financial publics. NIRI's 4,400 members represent over 2,100 publicly held companies in the United States. For more information on NIRI, please visit www.niri.org.

###