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IR update

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Cybersecurity 101 for the IRO

It's not "if" you'll experience a cyber incident; it's "when" — so be prepared.

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About NIRI

Founded in 1969, the National Investor Relations Institute (www.niri.org) is the professional association of corporate officers and investor relations consultants responsible for communication among corporate management, shareholders, securities analysts, and other financial community constituents. NIRI is the largest professional investor relations association in the world, with more than 3,300 members representing over 1,600 publicly held companies and $9 trillion in stock market capitalization. NIRI is dedicated to advancing the practice of investor relations and the professional competency and stature of its members.

About *IR Update*

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Those Who Have Been There, Help Others Get There

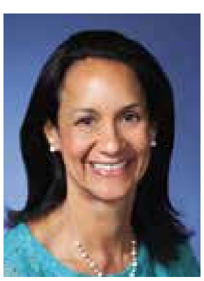
We at NIRI continue to challenge ourselves to be an invaluable resource for our members who are from diverse backgrounds throughout the world. As Chair, I plan to fully leverage the extensive breadth of knowledge of our senior members and see that it is delivered to the NIRI community. NIRI embodies a mindset that those who have been there help others get there.

NIRI's prominent Senior Roundtable is a forum where senior IR leaders share ideas. I am working closely with Senior Roundtable Chair Margo Happer, who leads IR at Wyndham Worldwide, to develop a stronger feedback loop that will enable learnings from the Roundtable to cascade throughout the membership, since important topics discussed there are relevant to all of us. As part of this strategy, Valerie Haertel, global head of IR at BNY Mellon, has been appointed as Board liaison to maintain a robust pipeline between the Board and the Senior Roundtable members. I am extremely excited about this initiative.

Another key area of focus is advocacy and our unique ability to be on the pulse of potential regulatory changes impacting investor relations and our organizations overall. This important function aggregates the opinion of NIRI's many constituents, bringing the IRO's voice to the regulatory table in Washington, D.C. This key member benefit is particularly critical in today's rapidly changing regulatory atmosphere. In September, the Board and NIRI staff again will have the opportunity to share ideas with key influencers at the SEC. We will pass along feedback and considerations from the meeting as part of our advocacy efforts.

Finally, I hope to see you at the NIRI Annual Conference next month in San Diego. There is a lot to discuss — and a lot to learn — about this ever-changing discipline, and the annual conference is the best way to keep current. We will also honor the candidates who successfully completed our new Investor Relations Charter certification program and induct a new class of NIRI Fellows, who include our beloved and cherished Lou Thompson, NIRI's CEO from 1982 to 2006, who passed away in late March. Lou's extensive wisdom inspired me early in my career when I became part of the NIRI community. A tribute article with members' memories of Lou can be found on page 18.

The insightful ideas you have shared have been instrumental for many of our actions, and we encourage you to keep sharing your thoughts on how NIRI can be a better resource for you.



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Cybersecurity 101 for the IRO

It's not "if" you'll experience a cyber incident; it's "when" — so be prepared.

By Ruth Venning

With the increasing dependence on electronic communication, cybersecurity is a growing concern for companies, shareholders – and IROs. Cybersecurity involves protecting sensitive electronic data, whether it's in customer records or company records and documents. The value of sensitive information is a powerful attraction for hackers – but employee negligence is also a significant factor in cyber incidents.

The cost to a company of a cybersecurity breach is high – more than $6.5 million on average per breach in the United States, according to a 2015 study from the Ponemon Institute. But even more critical is the damage to a company's reputation and revenue. In a recent Edelman study, American consumers say they are likely to change vendors after a security breach. These impacts can have lasting or even devastating effects. Steven Shapiro, & partner with Krasnow Saunders Kaplan and Beninati, cites a sobering statistic from the National Cyber Security Alliance that 60 percent of small businesses go out of business six months after a publicly disclosed data breach. While IROs typically work for larger organizations, they also face real and serious cybersecurity threats.

Companies are increasingly focusing on mitigating cybersecurity risks, but they face many challenges: limited budgets, competing priorities, and ever-changing and advancing technology. Then there are the perpetrators. As Shapiro said at a NIRI-Chicago event in March, "To say managing cybersecurity risk is like the Wild West is an understatement. You don't know who's shooting at you or where – and the shooters are constantly changing." Time is another challenge. A cyber incident can occur in a matter of minutes but not be detected for months – and it's often the FBI that makes the discovery. Once public, however, word spreads quickly. Twenty-five percent of crises reach international media within one hour and more than two-thirds are covered by global media within 24 hours, according to a 2013 Freshfields Bruckhaus Deringer study.

A Growing Corporate Governance Issue

Cybersecurity incidents rose 55 percent in 2014 versus the previous year, a trend that's likely to continue, according to the 2015 Verizon Data Breach Investigative Report. Given this, and the financial and operational implications, cybersecurity is becoming an increasingly important corporate governance issue. More than two-thirds of public company board members indicate that cybersecurity is more important than it was in 2014, according to BDO, a financial advisory and consulting firm. And it's the No. 1 concern for board directors and corporate general counsels, according to NYSE's *Corporate Board Member* publication.

Not surprisingly, cybersecurity is becoming an issue of increasing concern to investors as well. Institutional investors are looking more closely at what companies – and their directors – are doing to oversee and mitigate cybersecurity risk, particularly in vulnerable industries such as healthcare or retail. They are also scrutinizing directors' qualifications relative to data security.

Know, Protect, Prepare, and Communicate

Why is cybersecurity relevant to the IRO? It's important on multiple levels. You need to know what your company – and board – are doing about cybersecurity. You need to

CYBERSECURITY AT A GLANCE

79,790
Data security incidents in 2014

2,122
Publicly disclosed data breaches in 2014

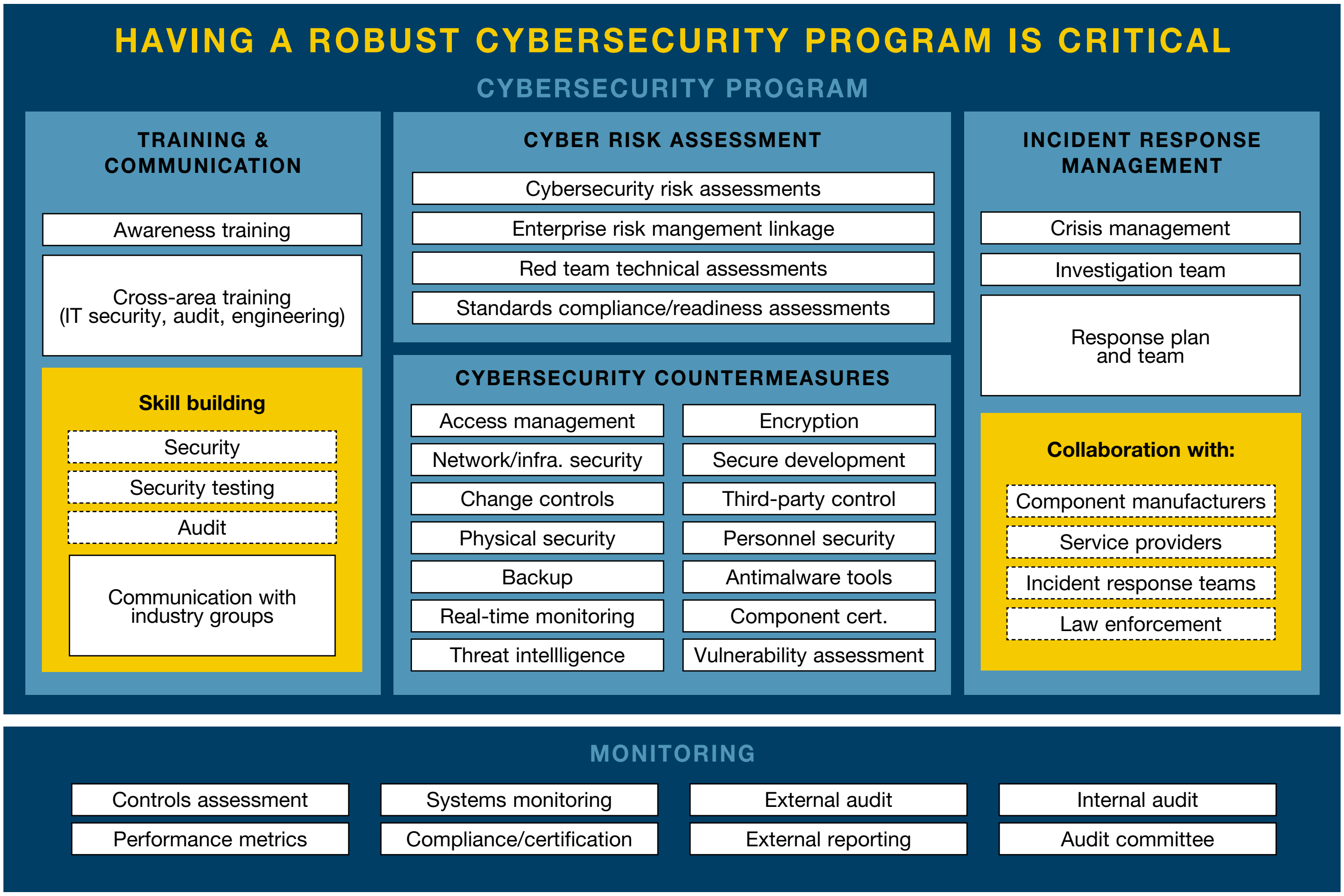
$6.5M
Average total cost of data breaches in the U.S.

$217
Average cost per compromised record

19%
Percentage of cyber breaches caused by negligent employees

$3.7M
Average lost-business costs associated with a cyber breach in 2014

Source: The Ponemon Institute



protect the sensitive data you deal with. You need to proactively prepare, ensuring your company has a cybersecurity crisis plan and that you're an integral member of the crisis team. And you need to be involved in communicating with the Street what your company is doing about cybersecurity risks, so be sure to have a cybersecurity IR communications strategy.

Know About Your Company's Cybersecurity: What's your company's cybersecurity risk profile? Are your customers at risk if you have an incident? What is your company doing to mitigate data breach risk? What are your directors' cybersecurity qualifications and role in cybersecurity oversight? What steps is the company taking to protect its key cyber assets, including employee education? Knowing the answers to these questions prepares you – either for investor questions on cybersecurity preparedness or in the event of a cyber incident. Ask your general counsel and chief IT officer for this information.

Protect Your Company's Sensitive Data: A company's biggest cyber exposure may not be hackers, but employees. You are a key employee in this respect. Be aware of how you use and share sensitive email. If you email sensitive drafts internally, are they password-protected? Do you use your personal phone or iPad for email or drafting company documents when traveling? Encrypting sensitive data, password-protecting sensitive documents and using a password-protected portal to share documents are a few ways you can help protect sensitive information. Work with your IT group to determine how best to protect data and which electronic devices you can safely use. Also, be sure your lawyers review contracts to ensure you're not indemnifying service providers if a cyber breach on their end puts your company at risk. And make sure your public IR disclosure systems, such as your IR website, have safe content-update mechanisms in place.

Prepare: Having a robust cybersecurity program is critical to managing and mitigating the legal and business risks. And it pays to be prepared. The Ponemon Institute reports that having a robust cybersecurity program and an incident response plan in place *before* an incident can reduce the costs of a data

breach by 12 percent. A crisis plan can also help mitigate cyber-breach damage to a company's reputation, says Andrew Liuzzi, U.S. crisis lead for the data security and privacy group at Edelman. Speaking at the NIRI-Chicago event in March, Liuzzi stressed that having a plan in place ahead of time is the No. 1 most effective communications approach to data security. He recommends a five-pronged, proactive approach:

1) Identify the members of your data security communications' response team. Clarify roles and responsibilities, know everyone's 24-hour contact information, and designate the ultimate decision-making authority. Keep the team lean – but be sure you're on it.

2) Know the key internal and external stakeholders and channels to reach them.

3) Identify and foster relationships with critical influencers, such as federal and state legislators, regulators, and policymakers.

4) Identify your lobbying, forensic investigators, legal, and communications partners.

5) Test your plan – conduct simulated crisis exercises. These simulations not only ensure everyone knows what to do; they also reveal potential gaps in the response process and communication plan you can resolve before you need to put the plan in action. As Liuzzi commented at the NIRI-Chicago event, "Not testing your plan is like playing golf once a year."

Communicate: The SEC's disclosure requirements focus mainly on the Form 10-K, which requires information about the company's cybersecurity risks and disclosure of any cybersecurity litigation. There are no cybersecurity disclosure requirements for the proxy statement – yet. However, a bipartisan bill was introduced in late 2015 in the U.S. Senate that would require publicly traded companies to disclose whether (or why not) their board members have cybersecurity expertise – an indication of how seriously the issue is being taken. An increasing number of companies are already communicating this and other cybersecurity-related information in their proxy statements. Examples include Allstate, Coca-Cola, CVS Healthcare, General Electric, and Staples.

If you mention cybersecurity in your proxy statement, you don't need to go into detail, nor is it necessarily advisable from a legal standpoint. However, mentioning directors' data security expertise or indicating which committee governs cybersecurity risk oversight may help assure investors that the company takes cybersecurity seriously.

Prepare a Q&A for potential investor questions on cybersecurity, particularly if you do corporate governance outreach. You'll especially need to be prepared if you're in an industry at higher risk for cyber breaches, such as financial services, consumer retail, and healthcare. As with any sensitive communication, work with your lawyers on the specific language to protect against legal implications.

If the Worst Happens . . .

A cybersecurity incident is a crisis. Move quickly and meet disclosure requirements, but don't go out too soon with information. The "facts" surrounding cyber incidents, such as the number of records affected, can be fluid – and communicating inaccurate information damages your credibility. Instead, message how the company is addressing the incident, supporting those impacted, and working to prevent a recurrence. Beyond the immediate crisis, realize that you will have to work on the longer-term effort to repair your company's reputation. And don't forget to keep your employees informed and arm them with guidance on responding to customer inquiries.

Cybersecurity – A Real Threat

A cybersecurity incident can happen any moment; you need to be proactive and ready now. Know what your company and board are doing about cybersecurity. Do your part to protect your company's sensitive data. Have an incident response plan in place and test it regularly. Arm yourself with a cybersecurity investor communication strategy. Remember: It's not "if" your company will experience a cybersecurity incident of some kind, it's "when" – so be prepared! IRU

Ruth Venning *is a former director of investor relations at Hospira, Inc. and a NIRI-Chicago board member; venningruth@gmail.com.*

Outreach to Retail Investors – or Not

With investing and stock trading increasingly dominated by institutions, does it make sense to include retail investors in your IR outreach efforts?

By Scott Dudley

Over the 30-plus years that I have been practicing investor relations, stock markets have changed dramatically. The change has been driven by incredible advances in technology, the growth of mutual funds and hedge funds, and the significant increase in retirement investing via 401(k) and IRA accounts. These changes have impacted how individual (retail) investors participate in the equity markets, especially through reduced direct ownership of individual stocks.

Against that backdrop, should your outreach efforts still include retail investors? That's a question we recently asked ourselves at my company. Based on the data and the evolution of the shareholder mix of my company, the short answer is "yes, but," as explained below. The answer for most companies appears to be "no," but one size does not fit all.

I serve as managing director of investor relations for The Laclede Group (LG), a natural gas utility holding company with a $2.8 billion market cap, which serves 1.6 million customers as the largest gas service provider in Missouri and Alabama. Over the last three-plus years, LG's market cap has tripled as a result of two sizable acquisitions, funded in part with the issuance of nearly 21 million shares that essentially doubled the company's share count. On average, more than 60 percent of the new shares were allocated to institutions, and the offerings were several times over-subscribed.

In late 2012, Laclede outlined and began to execute a strategic growth plan that included acquiring other gas companies and growing its core gas utility business. LG also launched a formal IR program and began to be much more proactive in reaching out to investors and analysts to communicate its story – including the strategy and outlook for growth. The float increased significantly and daily trading volume increased fourfold to more than 250,000 shares per day. LG became more attractive to institutional investors, who found it easier to build and manage meaningful positions in our stock. As a result, LG's shareholder mix has increased from 58 percent institutional in early 2013 to about 83 percent last June. This shift resulted in a retail ownership of less than 15 percent.

While we were pleased with the success of our IR efforts in attracting investors, we stepped back to ask ourselves some important questions:

- Is having such a high institutional ownership too much of a good thing?
- Does high institutional ownership lead to higher trading volatility? Or raise the risks?
- What level of retail ownership represents an optimal shareholder mix?
- What do other companies – both inside and outside our industry – do to manage the mix?

These questions led to a good bit of analysis that confirmed some things believed to be true: institutional ownership continues to increase, individuals have more of their investments in mutual funds than individual stocks, and (perhaps as a result) most companies don't focus on retail investors.

Perhaps more important, we took a look at the makeup of the top holders – specifically, their investment style and turnover.

Institutional Ownership Is Increasing

For the last several years, Broadridge Financial Solutions and PwC's Center for Board Governance have partnered to produce ProxyPulse, a report on proxy issues, as well as trends in voting and share ownership. The most recent report, based on an analysis of nearly 4,300 companies that held annual meetings during the first half of calendar 2015, highlights that institutional ownership of street shares of U.S. companies increased to 68 percent in 2015 from 65 percent three years earlier. Or, stated another way, retail ownership decreased to 32 percent from 35 percent over that time period. It is interesting to note that shareholder mix varies by market capitalization of the company. For example, mid-cap companies, like Laclede, have higher-than-average institutional ownership (about 76 percent), while the percentage of institutional investors at micro-cap companies is much lower (28 percent). According to ProxyPulse, these differences illustrate the importance of companies understanding how their shares are held.

An examination of the shareholder mix for peer utilities showed a similar trend. Based on a study by Morgan Stanley, average institutional ownership for 44 electric utilities increased to 67.6 percent at March 31, 2015 from 64.2 percent at the end of 2013.

Risks Associated with High Institutional Ownership

In examining our shareholder base for potential risks associated with being more than 80 percent institutionally held, we looked at several elements. First, how concentrated are the holdings among the top institutions? The theory was that there could be volatility in our shares if a large holder were to rotate out of our shares in a big way and potentially trigger others to do the same. We looked at the percentage of institutionally held shares represented by the top 25 institutions. We found that our concentration, at 74 percent, was in line with that of our gas utilities peers, which averaged 76 percent.

Perhaps more important, we took a look at the makeup of the top holders – specifically, their investment style and turnover. Our top 25 included four low-turnover index funds that owned nearly 20 percent of shares outstanding, and just one high-turnover hedge fund with a 2 percent stake. The rest of the top 25 were mainly lower turnover funds with value, growth, or Growth-at-a-Reasonable-Price (GARP) orientations.

The third factor we considered was risk of activism. This seems like an obvious thing to know or regularly track concerning your shareholder base, but do you? Among our institutional investors, we saw only a few firms with any sort of activist history; most were classified as only occasionally "active" and none had been so in our industry sector.

Direct Ownership of Equities by Individuals is Shrinking

In its annual Fact Book, The Investment Company Institute (ICI) notes that total net assets of investment companies (mutual funds, closed-end funds, Exchange-Traded Funds (ETFs), and unit investment trusts) have increased four-fold since 1997 to more than $18 billion in 2014. This incredible growth is mainly driven by mutual funds, which have grown from $4.5 billion to $15.8 billion over this time. Individuals (households) make up the largest group of investors in investment company funds and these funds managed 24 percent of household financial assets at year-end 2014, compared to just 2 percent in 1980.

The ICI Fact Book also points out that individuals today rely more on funds, and less on directly held equities, due to the growth of IRAs and defined-contribution pension plans. Mutual funds managed 55 percent of retirement plan assets in 2014, two-and-a-half times the level 10 years earlier. From 2010 to 2015, a total of $1.3 trillion of household net investment flowed out of directly held equities, while $2 trillion flowed into registered investment companies.

Proxy Voting by Retail Investors is Low and Declining

In addition to being a decreasing portion of the shareholder mix for most companies, retail investors traditionally have voted a significantly smaller proportion of their shares held. Based on the 2015 proxy season, ProxyPulse reports that individuals voted only 28 percent of their shares. This means that more than 97 billion retail shares went unvoted during the last proxy season, which equates to just over 22 percent of the street shares outstanding. By contrast, institutions voted 91 percent of their shares on average.

Most Companies Don't Actively Target Retail Investors

According to a NIRI survey about retail shareholder practices published in November 2014, 77 percent of respondents said their companies do not actively seek

ENHANCING YOUR RETAIL TARGETING

BY PATRICK GALLAGHER

For companies where some level of retail engagement makes sense, here are some cost-effective ideas to consider, in addition to traditional approaches such as partnering with Better Investing, and leveraging relationships with sell-side brokerage firms.

Engage with Seeking Alpha. With five million registered users, the large majority of whom are investors or financial advisors, Seeking Alpha has established itself as a leading online community for individual investors, according to George Moriarty, the site's executive editor and vice president of content.

Seeking Alpha has more than 10,000 contributors and covers 7,000 companies, including hundreds of small-cap stocks with no sell-side following. The quality of the contributed content is mixed, but it does include a large amount of professional-level commentary, including from major firms such as BlackRock, Invesco, and JP Morgan. Moriarty notes that only 20 percent of submissions are published.

He strongly encourages IROs to engage with Seeking Alpha by commenting on articles, posting content, providing clean transcripts, and reaching out to contributors. He points to General Electric Co., which has published content on Seeking Alpha since September 2014, including CEO Jeffrey Immelt's annual letter to shareowners. Immelt's February 2015 letter posting had 13,000 page views.

Go Virtual. Can't justify traveling to the Better Investing conference? Consider presenting your story on VirtualInvestorConferences.com. Launched in 2010 by PR Newswire and Better Investing, the site has hosted more than 500 presentations. Some of the regular monthly conferences have a theme, such as life sciences, real estate investment trusts, master limited partnerships, or community banks. Deutsche Bank hosts two conferences a year on VirtualInvestorConferences.com for companies with American Depository Receipts.

Individual investors affiliated with Better Investing are the core of the site's registered audience of 33,000, but a growing number of institutional investors and wealth management professionals are also registering and now account for over 12 percent of the total, according to John Viglotti, vice president of investor relations products and services at PR Newswire.

Most of the participating companies are small-cap, but some large companies also present. For example, Daniel Bellware, a senior manager at Aflac Inc., who leads his company's retail IR effort, is a fan. "We do these presentations two to three times a year," he says. "I travel a lot, so I like that I can do them from my office or from a hotel."

Gregory Tiberend, president and CEO of Tiberend Strategic Advisors, which focuses on life sciences and healthcare companies, has used the service multiple times for different clients. "It enables companies to reach an audience they would not have otherwise reached," he says.

Upgrade Your IR Website. The most basic way to attract more individual investors may be simply to have a user-friendly IR website. A recent flash survey by Rivel Research on targeting the retail market generated a number of suggestions, such as adding an introductory "investor story" up front, posting transcripts of earnings calls, and having a robust shareowner services section.

Interestingly, three of the survey respondents commented that they had recently redesigned their IR sites to make them more user-friendly to retail and institutional investors alike. One described the new site as "eye appealing, very clean and simple to use. Succinct. Intuitive." Of course, that illustrates one final point: whatever you do to enhance your story for retail investors is likely to appeal to institutional investors as well.

Patrick Gallagher *is senior advisor at Dix & Eaton; pgallagher@dix-eaton.com.*

to attract retail investors. Companies most likely to target retail investors are micro-cap (those with four or fewer analysts), mega-cap (with 20 or more analysts), or are in the utility industry, presumably because the utility stocks pay attractive dividends that appeal to retirees and other income-focused individual investors.

Conventional IR wisdom has suggested that, depending on the nature of your product or service, targeting customers to become shareholders can be an effective approach, since customers already have some affinity for the company. However, two-thirds of NIRI survey respondents said that their company's product or service does not influence whether or not they actively target retail shareholders.

The NIRI survey pointed out some other interesting facts about retail investor outreach. When IROs were asked if retail investors should be actively targeted, the responses were almost evenly split, with one-third each saying "no," "yes," or "it depends on the company or situation." Oddly, some 63 percent of those who do actively target retail investors do not set goals for their retail program. A similar percentage of IROs said they do not benchmark their retail ownership against peer companies, which suggests that industry averages aren't particularly relevant since companies evaluate their target shareholder mix.

Similar to the information in the ICI Fact Book, IROs acknowledge that there has been dramatic growth in ETFs over the last decade. This has led to 82 percent of IROs believing that retail shareholder interest in individual stocks has either generally decreased or not changed. In regard to proxy voting, survey respondents reported a higher retail voting rate – about 47 percent in 2014 – than the 29 percent noted for that year in the ProxyPulse analysis. The point is still valid – individuals don't vote most of the shares they own.

Oddly, some 63 percent of those who do actively target retail investors do not set goals for their retail program.

Bottom Line: Retail Outreach or No?

Clearly, the data suggests that retail investors have become a smaller part of the investor universe, at least when it comes to direct ownership of individual stocks. The growth in retirement savings/investing, which is largely done through institutionally managed funds, has caused retail investors to shift out of individual stocks.

When retail shareholders do vote, they typically vote more closely with management. During the 2015 proxy season, individual investors voted just 15 percent of their shares in favor of shareholder proposals seeking proxy access (which management generally opposed), according to the ProxyPulse report. By contrast, institutions voted 61 percent of their shares in favor of proxy access resolutions. Retail votes also can be helpful in a proxy fight. At DuPont, support from retail investors and retirees, who owned one-third of the company's shares, helped management fend off a 2015 proxy challenge from Trian Fund Management.

However, a majority of retail shareholders don't vote their shares, and fewer are doing so each year. Some companies do see value in retail investor outreach – especially those at the top and bottom ends of the market cap spectrum. But the relative investment in time and money for the amount of impact (moving the needle on shareholder mix more toward retail) needs to be carefully considered.

As noted at the beginning, one approach doesn't work for every company. For Laclede, we decided that the answer is "yes," some level of retail engagement would be good. But not because we see risks in our high institutional ownership and feel a need to manage the mix toward more retail. Rather, we believe that there is benefit to maintaining a level of interest in Laclede among retail investors, especially since they have been, and remain an important part of our investor base.

Our approach has been to leverage our relationship with sell-side brokerage firms to tap their retail networks. We do this in a way that requires a minimal investment of time and money. We have conducted conference calls and luncheons with the retail brokers/financial advisors of a handful of the brokerage firms that follow us. We've also had face-to-face meetings with local wealth advisory arms of these firms. In addition, there are indirect ways in which we reach retail investors with our story. Some of these include the IR section of our website, more robust communications such as earnings releases and conference calls, and our interactions with institutions that also have strong retail networks.

As an IRO, our jobs are to make the most of our time, and that of our management teams, in getting the investment story out to the right audiences. Although, retail investors have become a smaller piece of the shareholder universe, they may still have a place in your outreach program. Take time to examine your own situation and decide what's best for your company. IRU

***Scott Dudley** is managing director, investor relations at The Laclede Group; scott.dudley@thelacledegroup.com.*

REMEMBERING LOU

NIRI members share their memories of former CEO Lou Thompson.

Louis M. Thompson, Jr., who served as NIRI's president and CEO from 1982 until 2006, passed away in late March. Lou, who was nominated before his passing, has been named a 2016 NIRI Fellow for his contributions to the IR profession. Here are a few recollections of Lou that long-time NIRI members have shared via eGroups or with NIRI staff.

A Man of Inclusion

I met Lou at my first NIRI Annual Conference in 1996 on the beach in Naples, Florida.

He extended his hand, introduced himself, and proceeded to make me feel welcome and very excited to be starting a career in investor relations.

And every subsequent interaction with Lou was exactly the same, always making me feel absolutely part of the organization and, even more importantly, highly valued.

That was who Lou was -- very much a man of inclusion.

He loved people and he loved this profession, which he nurtured and developed from a tiny organization of several hundred to the thousands of people who now comprise NIRI and our profession.

Lou was CEO of NIRI from 1982 until 2006. During those years, his influence on the growth and importance of our profession, as well as how we do our very jobs to this day, has been well documented and recognized.

I spoke earlier this week with Dick Morrill, one of the original founders of NIRI, about Lou's indelible influence on the role of investor relations in our modern capital markets.

And what about that role? In Dick's amazing way of saying things, "IR is the apostle of full, fair, continuous, complete, and timely communication with investors. It represents the conscience of the company."

Investor relations is now a commendable, respected profession directly thanks to Lou's towering passion and leadership.

So, because we knew Lou as a lover of people and fun times, instead of a moment of silence, I ask you to please join me in a spirited round of applause to honor the ultimate apostle of investor relations…our mentor…and our friend — Lou Thompson.

— **Douglas R. Wilburne,** Vice President, Investor Relations, Textron Inc.
(his remarks were delivered during the IR Magazine awards dinner on March 31, 2016)

Heart and Soul of NIRI

I met Lou in the early 1980s, as I was part of the search committee of the NIRI Board that hired him. NIRI had been going through a tough time and we needed a new executive director and we were very lucky to find Lou. I feel that Lou Thompson really put NIRI on the map. He created alliances, for example with CFA Institute (then the Financial Analysts Federation) and got us a seat at the table with the SEC during the creation of Regulation FD and other regulatory changes relevant to the practice of IR. He expanded membership significantly, enhanced NIRI's educational offerings, launched the NIRI Senior Roundtable, led the development of NIRI's disclosure policy, and developed the original *Standards of Practice*. All the while, he was tireless in marketing and PR outreach, speaking everywhere and anywhere he was asked, or he thought would help the cause, including explaining disclosure policy to probably tens of thousands of people.

He also made it a point to know personally as many IROs as possible and was always trying to help people looking for a new IR opportunity. He was charismatic, friendly, a terrific spokesman, extremely knowledgeable, and a lot of fun and very loyal -- to his family, to friends and to NIRI.

Lou was the heart and soul of NIRI for almost 25 years. He was also a dear friend and I will miss him greatly.

— **Deborah E. Kelly,** Partner, Genesis Inc.

Long-Term Approach to IR

One example of Lou's long-term approach to IR was his role in creating NIRI's IR certificate program with the University of California, Irvine. Over the 8-9 years that this program ran, we likely had 1,200-1,500 students who finished the program and received certificates. This program became a model for other programs developed for/by NIRI and other colleges. Today, there are undergraduate courses taught at a number of colleges, with a few master's programs as well. And it all really was a direct result of this initial program that Lou shepherded. Speaking as just one of the instructors, I think we all were proud of this program and its success in providing a high-level instructional program in IR. It had a real impact on new people coming into IR.

It was Lou's baby, and at a personal level, it was the occasion for my getting to know him so much better over the years. I know it had a great effect on my NIRI career, including serving on the national Board and receiving the honor of being named a Fellow.

— **Donald Allen,** Partner, The Allen Group

Treated Every Member With Respect

Lou treated every NIRI member (practitioner, advisor, or service provider) with equal and total respect. He looked at NIRI and IR holistically, made up of different kinds of people who were critical to making it all work . . . together.

He built bridges not walls. When I became president of a NIRI chapter in the 90s, rare for a service provider at the time, Lou was quick to offer me whatever support he could, and facilitated excellent chapter meetings for us every year. He and I also had many lunches, dinners, and golf games together. Very simply, he made people want to be part of NIRI -- everybody.

Lou will be more than "missed." He is the gold standard by which every future leader within NIRI should measure him or herself.

— **Andrew Wilcox,** Managing Principal, Shareholder Service Solutions, Inc.

Sought Respect for the Profession

I remember how Lou deftly got out in front of emerging issues, navigated public media opportunities to raise awareness, and pressed for fair regulatory consideration. He tirelessly campaigned for corporate board attention to IR as a respected profession. Lou cared that our profession "stand the test of time." He cared about the NIRI team and members as though we were family. From a rising IR professional in the 1990s to today, I have always been grateful to know him and to know he had our backs!

— **Pam Styles,** Principal, Next Level Investor Relations LLC

Lou will be more than "missed." He is the gold standard by which every future leader within NIRI should measure him or herself.

Exemplified NIRI's Best Aspirations

In my 21 years as part of this professional association as both vendor and IRO, no one better exemplified its best aspirations. After Lou retired, I traded periodic notes with him about the evolution of markets and the changing face of our profession. Lou's dedication to the powerful messaging responsibility of IR was matched by his grasp of the impact of technology, trading, and asset allocation on the profession's future.

— **Timothy J. Quast,** President, ModernIR

Kind and Caring Individual

I was saddened to hear of Lou's passing, but heartened to read members' comments about a great man who had such an impact on the investor relations profession. I have fond long-standing memories of Lou, having joined NIRI in 1990. He was a great professional who helped us all, and he was a very kind and caring individual. May he rest in peace.

— **Melissa Plaisance,** Group Vice President, Strategic Initiatives, Albertsons Companies

IR Experts Instrumental in Launching New NIRI Credential

WHEN NIRI LAUNCHED THE INVESTOR RELATIONS CHARTER (IRC℠) in early 2016, it was made possible, in large measure, by many IR subject matter experts who volunteered their time to help develop it.

"The IRC Program represents a major step forward for NIRI and for the profession of IR," said Felise Kissell, NIRI Board chair, and vice president, investor relations, HSN, Inc. "On behalf of the Board, the membership, and the IR profession at large, I wish to acknowledge the time, energy, and commitment these volunteers demonstrated as they gave back in a substantial way to our great profession. The decision to create an IR certification was many years in the making, but it simply would never have occurred without the engagement and expertise of our base of volunteers. We look forward to watching the IRC Program grow and becoming a meaningful standard within investor relations."

IRC Subject Matter Expert Volunteers

- Truitt Allcott, Director, Investor & Media Relations, Owens & Minor
- Don Allen, Partner, The Allen Group
- Remy Bernarda, Senior Vice President, Investor Relations & Corporate Communications, Galena Biopharma
- Eric Brielmann, Partner, Joele Frank, Wilkinson Brimmer Katcher
- Robert S. Brunn, Vice President, Corporate Strategy & Investor Relations, Ryder System, Inc.
- Bob Burton, Managing Director, Financial Communication Practice, Lambert, Edwards & Associates
- Geoffrey Buscher, Director, Investor Relations, Expeditors International
- Sally Curley, Senior Vice President of Investor Relations, Cardinal Health
- Alexandra Deignan, Vice President, Investor Relations, Schnitzer Steel Industries
- Matthew Dennis, CFA, Senior Managing Director, Clear Perspective Group
- Mark Donohue, Vice President, Investor Relations and Corporate Communications, Impax Laboratories
- David Dragics, Senior Vice President, Investor Relations, CACI International Inc
- Friederike Edelmann, Senior Manager, Investor Relations, Criteo
- David K. Erickson, Vice President, Investor Relations, Edwards Lifesciences
- Steven Esterly, CFA, Director, Ipreo
- Mickey Foster, Vice President, Investor Relations, FedEx Corporation
- Sachin Garg, Assistant Vice President, TAKE Solutions Ltd.
- Barbara Gasper, Group Executive/ Executive Vice President of Investor Relations, MasterCard
- Gerry Gould, Vice President, Investor Relations, Haemonetics Corp.
- James Grant, Vice President, Investor Relations, Signet Jewelers
- Anne Guimard, Chief Executive Officer, FINEO Investor Relations Advisors
- Natalie Hairston, Senior Vice President, Dennard - Lascar Associates
- Debbie Hancock, Vice President, Investor Relations, Hasbro
- Joe Hassett, Senior Vice President, Investor Relations, Gregory FCA
- Elizabeth Higashi, President, Higashi Advisors
- Matthew Hodges, Vice President, Public & Investor Relations, GameStop
- Chris Hodges, Chief Executive Officer & Founder, Alpha IR Group
- Tony Hung, Head of Capital Markets and Special Projects, iTutorGroup / vipabc
- Gar Jackson, Founder, Global IR Group
- Marisa Jacobs, Vice President, Investor Relations, Express, Inc.
- Chris Jakubik, Vice President, Investor Relations, Kraft Foods
- Deborah Kelly, Partner, Genesis, Inc.
- Bernard J. Kilkelly, Managing Director, Darrow Associates
- Jenny Kobin, Partner, IR Advisory Solutions
- Heather Kos, Vice President, Investor Relations and Corporate Communications, Ingredion
- Andy Kramer, Vice President, Investor Relations, NetScout Systems
- Gregg Lampf, Vice President, Investor Relations, Ciena
- Miranda Lane, Partner, FinanceTalking
- Sam Levenson, Chief Executive Officer, Arbor Advisory Group
- Keith Mabee, Group President, Corporate Communications & Investor Relations, Falls Communications
- Jane McCahon, Senior Vice President, Corporate Relations and Corporate Secretary, TDS
- Jeff Misakian, Vice President, Investor Relations, Wesco Aircraft
- Theresa Molloy, Vice President, Governance & Shareholder Services, Prudential Financial
- Darin Norman, Senior Investor Relations Analyst, Xcel Energy
- John F. Nunziati, Senior Director, Investor Relations, Avaya
- Allison O'Rourke, Executive Vice President, Financial Institution Banking and Investor Relations Officer, Berkshire Hills Bancorp
- Kristen Papke, Senior Vice President, Financial Profiles, Inc.
- Roger Pondel, Chief Executive Officer, PondelWilkinson Inc.
- William R. (Bill) Powell, Adjunct Professor - Strategic Communication, Marketing, and Media Management Programs, New York University
- Michelle Roth, President, Roth Investor Relations
- Juna Rowland, Experienced Financial Marketing & Communications Professional
- Nicole Russell, Vice President, Investor Relations, Waddell & Reed Financial, Inc.
- Maria Sceppaguercio, Senior Vice President, Investor Relations & Communications, Pinnacle Foods
- Kate Scolnick, Senior Vice President, Investor Relations and Treasury, Seagate Technology
- Julie Sherwood, Vice President, Market Operations, American Electric Power
- Jerry Sisitsky, Vice President, Investor Relations, Constant Contact
- Jeff Smith, Director, Investor Relations, FedEx Corporation
- Shawn Southard, Principal, 19 Squared Investor Relations
- Angela Steinway, Head of Investor Relations and Financial Strategy, Integra LifeSciences
- Tripp Sullivan, President, SCR Partners
- Cherryl Valenzuela, Senior Manager, Investor Relations, Twitter
- Edward Vallejo, Vice President, Financial Strategy, Planning and Decision Support, American Water
- William Walkowiak, Retired Investor Relations Professional
- Douglas Wilburne, Vice President, Investor Relations, Textron
- Wendy Wilson, Senior Director Investor Relations and Corporate Communications, Vishay Precision Group
- Maureen Wolff, President & Partner, Sharon Merrill Associates
- Rich Yerganian, Vice President, Investor Relations and Corporate Communications, Xcerra Corporation
- Tabitha Zane, Vice President, Investor Relations, TopBuild
- Steven Zenker, Vice President, Investor Relations & Communications, Central Garden and Pet Company

IR IDEAS @ WORK

IROs everywhere have success stories to tell about ideas and unique innovations on best practices that make a difference in their companies. This month's IR Ideas @ Work column features a submission from James Grant, whom advises companies to stop printing annual reports.

To submit your own idea or innovation, send it to *IR Update* Editor Al Rickard at arickard@assocvision.com.

A VIRTUAL ANNUAL REPORT SOLUTION

By James Grant

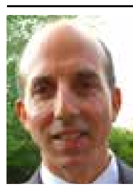
LIKE MANY COMPANIES, we spent tens of thousands of dollars for years on producing printed annual reports. We also published an online annual report. We gradually reduced the number we printed, and after the Notice and Access rule was adopted by the Securities and Exchange Commission in 2009 (allowing companies to force investors to opt in to receive printed reports), the number we needed to print was even less.

No one is asking for any one-off reports. Very few people are opting in. And there are tremendous fixed costs with printing an annual report at all. So two years ago, we decided we had to cut the cord and no longer print the annual report. We thought we might get a few calls about it, but we received just three calls from people asking for a printed annual report. Two were satisfied when we suggested they access the online version. In only one case did someone say they wanted it printed out. We still comply with the Notice and Access rule and have people opt in to receive materials. But, since no printed material exists, we just send them the 10K if people opt in, and there are only a few hundred who do that. It has been an incredible success.

I read member commentary on the NIRI eGroups forum and see my peers wringing their hands about the cost of their printed annual reports. Take the leap. Cut the cord. Do it. It's worth it. We have received no pushback, and we are a consumer brand where you might expect pushback.

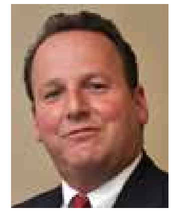
Only about 10,000 people per year view the online annual report. I am perfectly comfortable with that. It is a relic of the 20th century. The time has come to put time, effort, and money in other IR products and services and the printed annual report is just not one of them anymore.

To view the Signet online annual report, visit www.signetjewelers.com, click on "Investors," and select "Financial Reports" or visit tinyurl.com/signetannualreport.

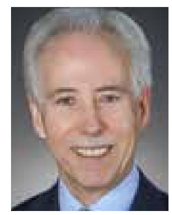


***James Grant** is vice president, investor relations at Signet Jewelers Ltd.; jamesgrant@jewels.com.*

On the Move



Jonathan Peisner was named vice president, investor relations at Navistar. He replaces Kevin Sadowski, who is moving into another leadership role in the company's finance group. Peisner has a 35-year background in accounting, finance and investor relations. He comes to Navistar from KAR Auction Services, where he was treasurer and vice president, investor relations.



Patrick Gallagher joined Dix & Eaton as senior advisor. He was previously senior vice president with Fahlgren Mortine, where he headed the financial communications practice in the Cleveland office. He is a past president of the NIRI Cleveland/Northern Ohio chapter.

Professional Development Calendar

For more information, visit www.niri.org/calendar.

June 2016

4 Finance 101 for IR and Corporate Communications

4 Keys to Successful Investor Presentations

5-8 NIRI Annual Conference – San Diego, CA

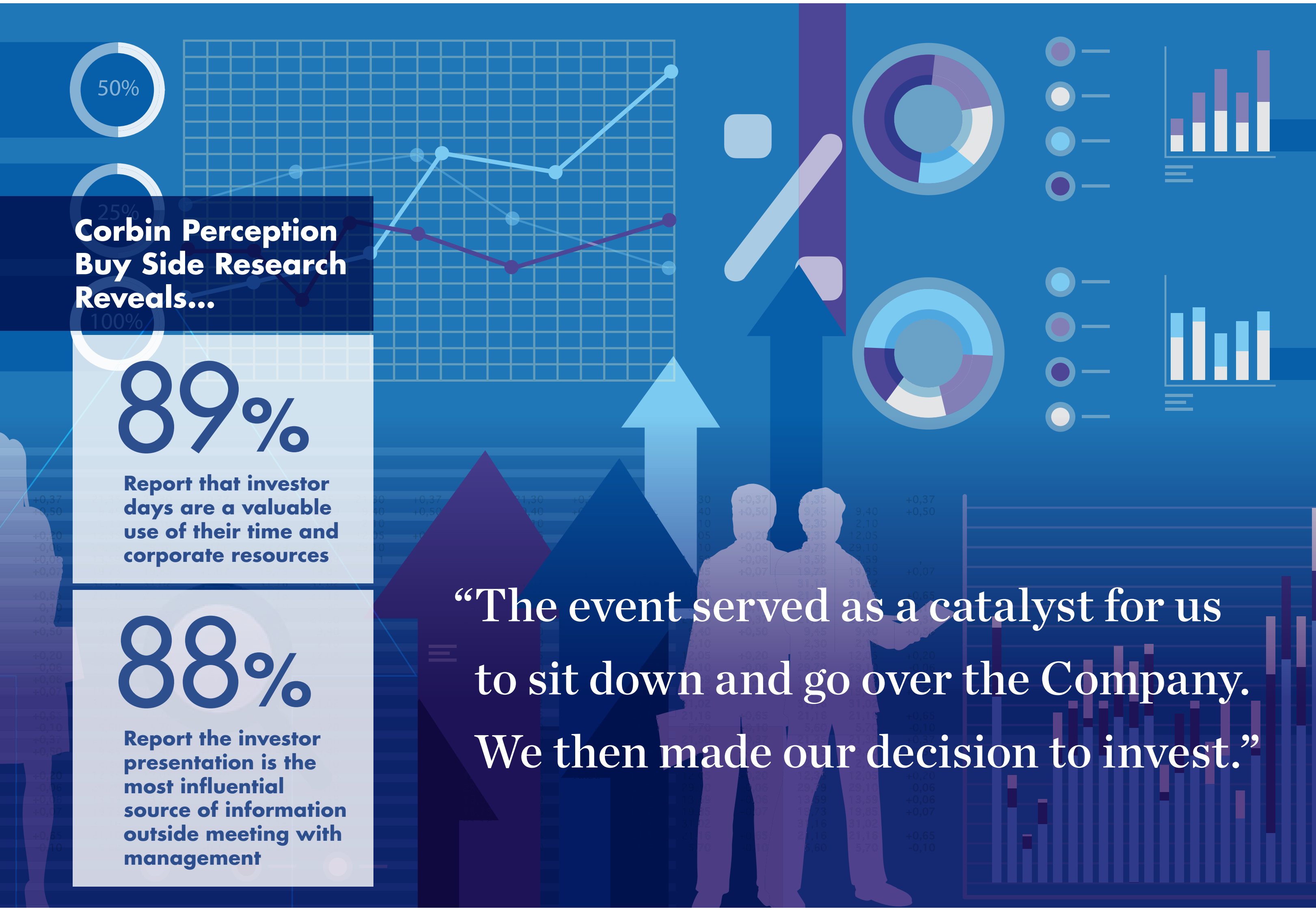
September 2016

18-21 Fundamentals of Investor Relations – Boston, MA

December 2016

7-9 Senior Roundtable -- Scottsdale, AZ

MAXIMIZE INVESTOR DAY RESULTS



Corbin Perception Buy Side Research Reveals...

89%

Report that investor days are a valuable use of their time and corporate resources

88%

Report the investor presentation is the most influential source of information outside meeting with management

"The event served as a catalyst for us to sit down and go over the Company. We then made our decision to invest."

Corbin Perception provides the expertise, hands-on project management and support necessary to maximize your investor day value and impact.

We serve as a strategic partner and collaborate with our clients to execute best-in-class investor events. We leverage our deep knowledge of investor communication best practices and relevant experience to elevate your company's investment thesis and thus investment appeal.

OUR INVESTOR DAY SOLUTION INCLUDES:

- Pre-event Perception Study
- Event Strategy & Execution
- Critical Messaging, Positioning
- Presentation Development
- Post-event Survey

To learn more about our advisory services, visit CorbinPerception.com or call (860) 321-7309.