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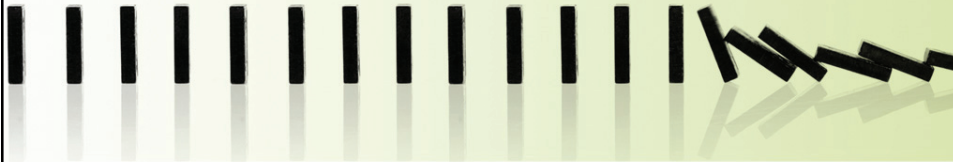
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Investor and Shareholder Relations in Current Economic Climate

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Impact of Financial Crisis on Investor Relations

- Limited visibility for companies impacting information that companies can provide to investors
 - Earnings guidance
 - Liquidity
- Companies should be proactive with communications
 - Explain drivers for business
 - Analysts still expecting guidance although may wider outcome
 - Avoid cycle of crisis management

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Impact of Financial Crisis on Investor Relations

- Need for information from companies greater than ever
 - Institutional investors
 - Analysts
 - Hedge funds

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Impact of Financial Crisis on Investor Relations

- Upcoming annual meeting season
 - Will present challenges for companies in dealing with shareholders in light of poor company performance and depressed stock prices
- In the current economic environment:
 - Board elections and corporate governance more important than ever
 - Focus on executive compensation heightened in light of poor company performance

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Company Preparation for Activist Shareholders

- Establish response/defense team
- “No comment” and sole spokesperson policies
- Board preparation for activist situation
 - Annual review, including investor relations, takeover defenses, etc., with financial advisor and counsel
 - Understand strategic plan and potential strategic alternatives

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Company Preparation for Activist Shareholders

- Investor relations is key
 - Proactively communicate company strategy and explain reasons for performance shortfall
 - Monitor stock trading
 - Maintain open communications with institutional shareholders
 - Respond to shareholder inquiries

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Activist Shareholder Tactics and Issues

- Hedge funds and other activists have a variety of tools to get a company's attention:
 - “Poison pen” letter to the Board
 - Going public through a Schedule 13D
 - Proxy fights and withhold campaigns for Board seats
 - Publicity campaigns to get traditional institutional shareholder support
 - “Wolfpack” activity

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Dealing with the Activist Shareholder

- Public company response
 - Key to assemble team of advisors to determine appropriate response
 - Advise Board so it is prepared
 - No duty to discuss or meet with activist, but determination whether to meet is case-by-case
 - Management vs. Board contact with activist

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Dealing with the Activist Shareholder

- Investor relations strategy key to public company response
 - Be proactive with traditional institutional shareholders
 - Consider dialog with activist
- Consider strategy for responding to shareholder proposals

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Dealing with the Activist Shareholder

- Activist goals can vary and may differ in current economic environment
 - Change in company strategy
 - Board seats
 - Share buybacks or special dividends
 - Sale of assets or other restructuring
 - Sale of company

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