

# Raising the Dividend: Crafting an Effective IR Plan & Measuring Results

NIRI-Chicago  
Thursday, January 12, 2012  
Metropolitan Club – Willis Tower

MODERATOR:  
Mike Steele - Sr. Director, Investor Relations, OfficeMax

Presented by



# Panel

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**Elizabeth Allen, CFA**  
**Manager, Investor Relations**  
**FedEx Corporation**

- Joined FedEx in 1990, held positions in Treasury before moving to Investor Relations in 1998
- Previously was vice president, equity research at Morgan Keegan
- In 2011, the FedEx IR team was named the Best (#1 ranking) Investor Relations Program in Airfreight & Surface Transportation sector by Institutional Investor Magazine.

# Panel

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**Barry Hollingsworth, CFA**  
**Chief Financial Officer and Secretary**  
**Elorac, Inc.**

- Joined Elorac in 2008
- Adjunct professor of finance at DePaul University's Kellstadt Graduate School of Business in Chicago
- CFO of The Parent Company from 2007 – 2008
- CFO of Stratos International from 2004 – 2007
- He was director of Investor Relations at Heidrick & Struggles
- He was manager of Investor Relations at Tribune Company

# Panel

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**David Smith**

**Manager - Investor Relations & Capital Markets**

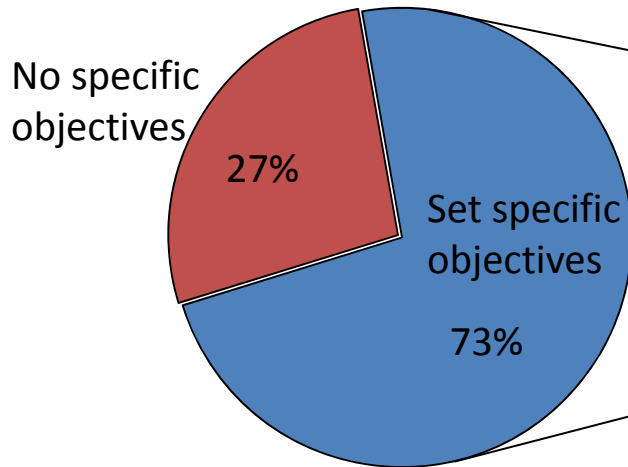
**Ventas, Inc. (REIT)**

- Joined Ventas in 2006
- Previously served as an equity analyst for Heitman in its Public Real Estate Securities group
- Served as an analyst in the Real Estate Investment Banking group at A.G. Edwards & Sons
- In 2012, named as a Top 3 Best IR Professional in the REIT sector by Institutional Investor

# Measuring Investor Relations Programs

## NIRI November 2011 Survey Results

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No specific objectives

27%

Set specific objectives

73%

- 79% set updated goals and objectives annually.
- 80% use both numerical and non-numerical measures.
- 87% said share price should **not** be used as a valid measure of IR program success.

Nearly three out of four respondents indicate their companies set specific goals and objectives for measuring the success of their investor relations programs

### Top 5 Measures

- Relationship with the financial community (73%)
- Feedback from the financial community (71%)
- Individual meetings with top shareholders (70%)
- Qualitative assessment by the C-suite (67%)
- Composition of the shareholder base (59%)

Reasons some do not set goals and objectives:

- IR is too difficult to measure and tie to performance
- Goals and objectives shift over time
- Much of what matters for an IR professional is not easily measurable

# FedEx Scorecard

Stakeholder Group	Surveys Used	Competitive Standing (Comparison to Competitors)		Image/Reputation Standing (Impression) Scores converted to 0 - 100 pt scale	Desired Outcomes (Likelihood to Recommend)
		FedEx <i>Highest rating:</i> 75% most innovative ----- 22% industry leader <i>Lowest rating:</i>	UPS <i>Highest rating:</i> 53% strongest financial performance ----- <i>Lowest rating:</i> 14% most innovative		
Analysts	Rivel Study March 2010 Fielded: Feb-March 2010			FedEx Overall impression score: <b>83.3</b>	53% likely to recommend FedEx
C-Suite	Fortune World's Most Admired March 2011 Fielded: October 2010	FedEx = nr. 8 ----- UPS = nr. 30		FedEx Fortune overall score: <b>69.8</b> ----- UPS <b>74.2</b>	--
	The Corporate Reputation of FedEx 2009, Ellie Loats Study December 2009 Fielded: Aug-Dec 2009	FedEx = 92% favorable ----- UPS = 90% favorable		FedEx score on 18 image attributes: <b>48</b> ----- UPS <b>43</b>	--
Public	Reputation Institute World's Most Reputable Companies & Global Pulse April 2011 Fielded: Jan-Feb 2011	FedEx nr. 7 ----- UPS nr. 6		FedEx Global Pulse Score = <b>79.63</b> ----- UPS <b>80.46</b>	53.9% likely to recommend FedEx ----- UPS <b>76.1%</b>

# Stratos Case Study

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## Before joining Stratos

- Company did not hold earnings announcements or conference calls
- No sell-side analyst coverage
- Stock thinly traded
- Trading multiple at significant discount to peers; did not reflect fundamentals

## Objectives

- Announce quarterly earnings and hold conference calls
- Get at least 3 sell-side firms to cover the company
- Improve trading liquidity and valuation multiple

## Outcomes

- Began earnings announcements & holding conference calls; huge positive impact on employees
- 1 boutique and 2 significant sell-side firms covering the stock
- Trading volume increased; sell-side began marketing Stratos to buy-side
- Trading multiple improved, rising to reflect improving company fundamentals
- Went from neglected, poorly understood stock to company with a good reputation on Wall Street

# Ventas's Yearly IR Goals

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- Mostly qualitative
  - Maintain relationships with Wall Street; manage quarterly earnings process; investor conferences/events; monitor peers
- Specific quantitative goal
  - Visit **at least 5** properties; include investors/analysts when applicable
    - Gain understanding of assets
    - Improves market knowledge
    - Shows “pride of ownership”
    - Helps relate the company’s story to Wall Street