

NIRI
ANNUAL CONFERENCE
JUNE 4-7 • ORLANDO, FL
2017

DEFY/**SHATTER**/SHAPE
BREAKING THE MOLD

**IR Measurement & Goal Setting:
Fresh Approaches & Data-Driven Tools**

- Steve Calk, Alpha IR Group
- Neil Russell, Sysco Corp
- Julie Kegley, Tyson Foods
- Chris Hodges, Alpha IR Group

Moderator: Steve Calk – Alpha IR Group



Senior Managing Director

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Steve Calk is a Senior Managing Director and co-General Manager for Alpha IR Group's New York Office. Steve has more than 20 years of financial, investment banking, and investor relations experience. He advises clients on critical financial and communications strategies. Steve has worked with a broad cross-section of clients in a variety of industries, including retail, technology, financial services, healthcare, and energy. Mr. Calk earned a B.A. in Economics and Philosophy from Columbia University and an M.B.A. in Finance and Accounting from the University of Chicago Booth School of Business.

His experience includes:

- α Delivered strategic communications guidance to C-suite during company-shaping events such as M&A, IPOs, activism, and crises. Authored press releases, presentations, scripts, annual reports, and other messaging to both financial and non-financial audiences
- α Steve was an investment banker at J.P. Morgan, Credit Suisse, and Lehman Brothers. As a banker, he worked primarily in capital raising and M&A in the TMT and Energy sectors. Later, he served as an investor relations and internal M&A officer with several publicly-traded technology firms. He also was a Visiting Professor of Finance at Cornell's Johnson Graduate School of Management

Past Work Experience:

- α FTI Consulting, Managing Director, Strategic Communications (2014-2016)
- α Cornell University, Johnson Graduate School of Mgmt., Finance Lecturer (2008-2014)
- α Ashton Partners, Head of Boston Office (2006-2007)
- α IRO at Intrado, CSG Systems, High Speed Access Corp (1999-2006)
- α Investment Banker at J.P. Morgan, Credit Suisse, Lehman Brothers (1990-1999)

Participant: Julie Kegley – Tyson Foods



Director - Investor Relations

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- α Julie Kegley has nearly 30 years of experience in investor relations and communications.
- α She began her career as a newspaper reporter for a small town daily in Arkansas before working nearly 10 years in public relations for the University of Arkansas.
- α She joined investor relations at Tyson Foods in 1998 as manager of shareholder publications and produced award-winning annual reports for many years.
- α In 2003, she received the *IR Magazine* award for Best Mid-Cap Annual Report.
- α She became director of investor relations in 2011, reporting to the VP, IR.

Participant: Neil Russell – Sysco Corp



***Vice President – Investor
Relations & Communications***

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- α Neil Russell returned to Sysco to lead the company's strategic investor relations program as Vice President, Investor Relations in July of 2015. Neil has a wealth of communications and investor relations experience that he brings to the table, and has recently expanded his role to Vice President – Investor Relations and Communications in August of 2016.
- α Prior to re-joining Sysco, Neil served as Senior Vice President, Corporate Affairs at Veritiv Corporation, where he led the company's investor relations, corporate communications, corporate responsibility and government relations functions. Prior to that, he spent over six years as Sysco's Vice President, Investor Relations, successfully managing our relationships with equity markets and creating a targeted investor program to further develop our shareholder base.
- α After starting his career in strategic planning, revenue management and financial auditing at America West Airlines, Neil spent nearly a decade in a variety of investor relations, financial analysis and strategic planning roles at Delta Air Lines.

Participant: Chris Hodges – Alpha IR Group



CEO & Founder

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Chris Hodges is the Founder & CEO of the Alpha IR Group, and has been a strategic IR consultant for two decades. He has counseled clients across all industries, and through various points in the business cycle, including multiple recessions and valuation peaks. He is a recognized thought leader in the IR industry having recently presented at the National Association of Corporate Directors (NACD), National Directors Institute (NDI), and numerous NIRI events across the country. Chris graduated from Lafayette College with a B.S. in Mathematics, and received his M.B.A. in Finance from Temple University.

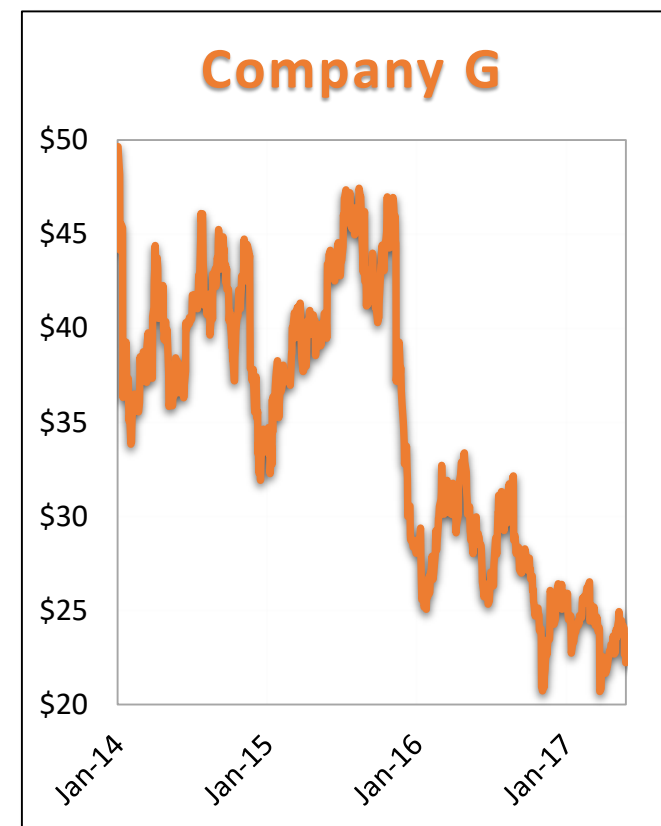
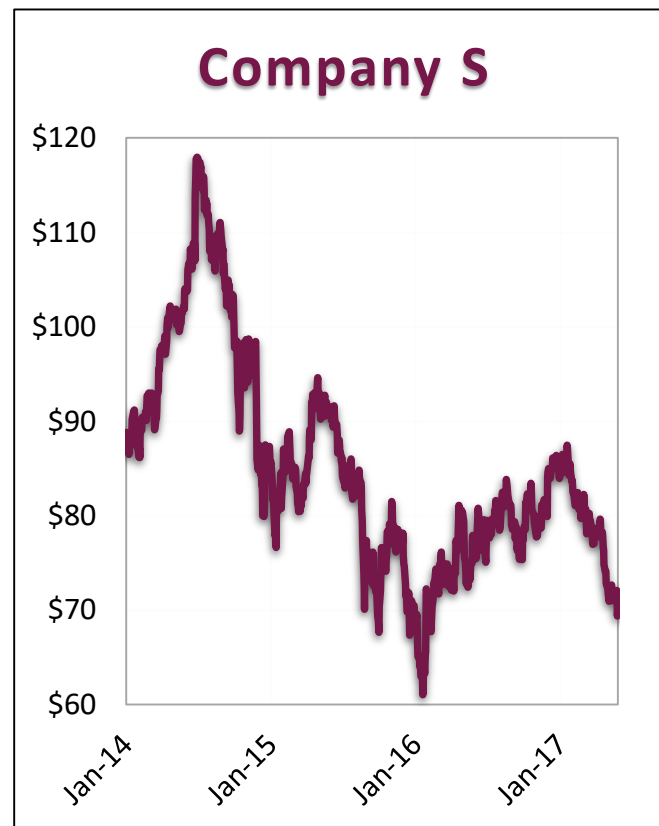
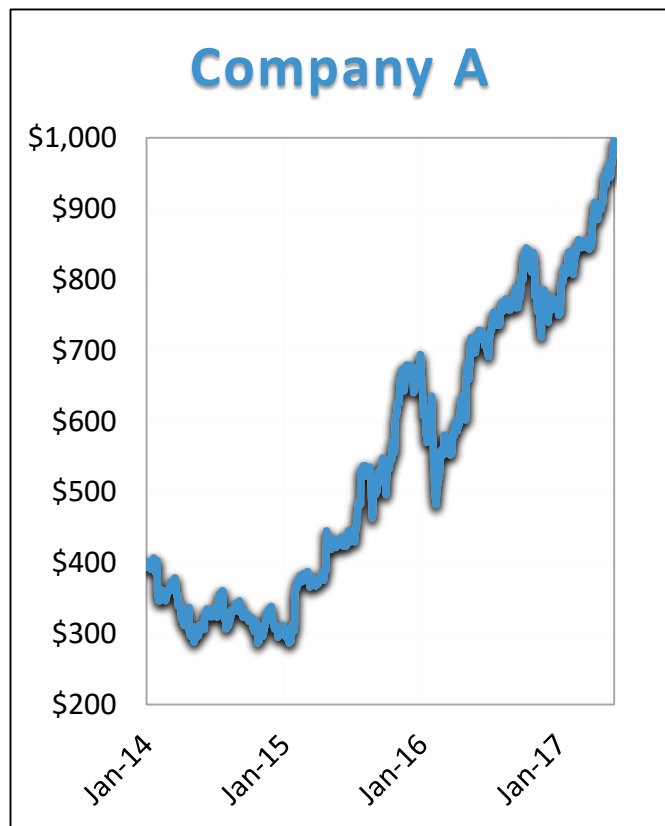
His experience includes:

- α Held consult meetings with the financial executives of over 1,000 of America's publicly traded companies
- α Consulting engagements with over 400 clients undergoing significant change in their businesses
- α Delivered over 600 perception studies and follow-up projects
- α Written and/or edited over 200 annual reports
- α Completed over 350 IR Audits, Targeting Analyses and IR Plans
- α Managed over 200 M&A engagements/consultations or other capital raises and transactions
- α Directed over 150 analyst/investor days
- α Presented to 75 Boards of Directors to deliver the results of our research and/or consult on critical issues
- α Ran over 75 IPO engagements/consultations
- α Managed 100 activist and/or proxy crises engagements
- α Ran numerous tailored research projects, including dividend, valuation, volatility, and exchange shift studies

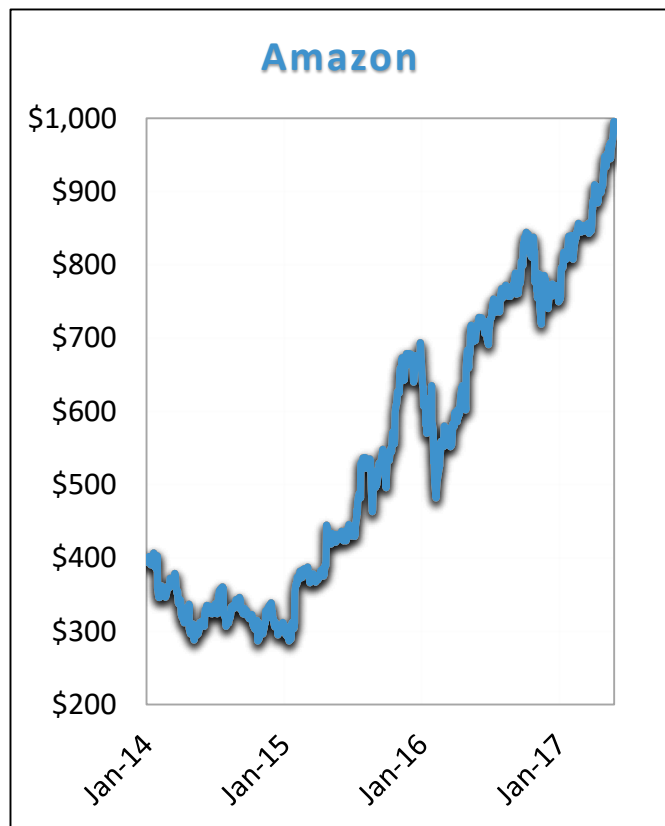
Past work experience:

- α FD / FTI Consulting (2010-11), Senior Managing Director, Industrials Sector Head
- α FD Ashton Partners (2008-10), Managing Director, General Manager of Chicago Office
- α Ashton Partners, Co-Founder & President (1997-2007)

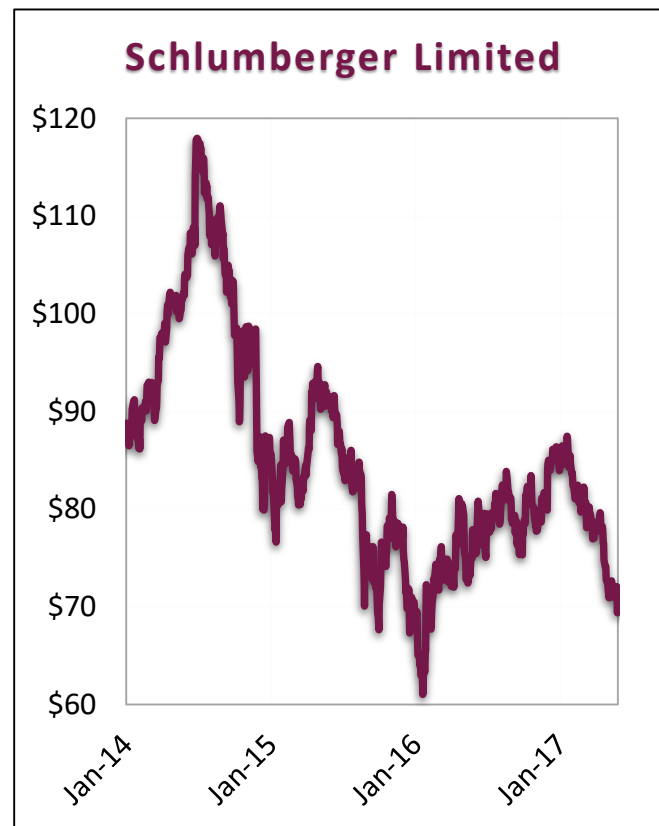
Practical Example: Which of These Companies has Great IR?



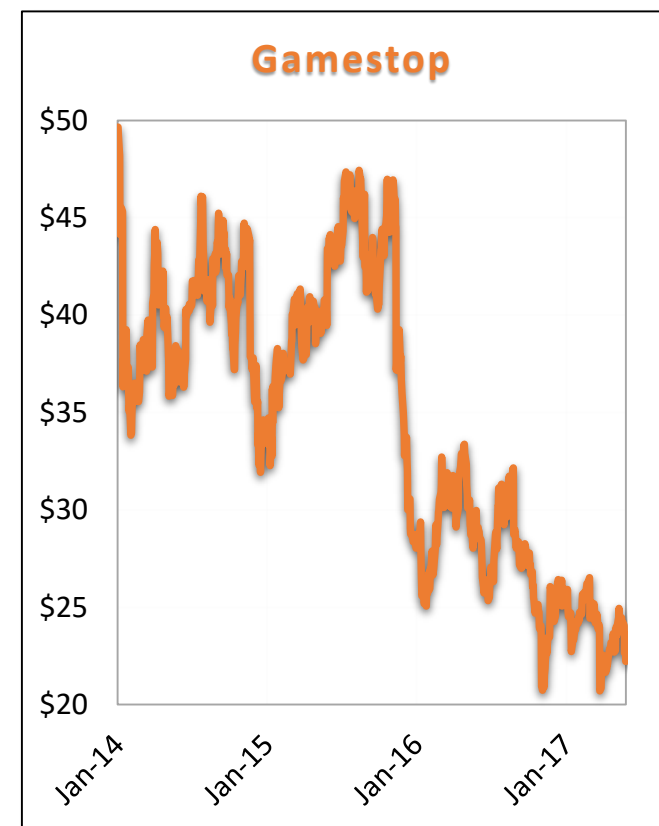
Practical Example: The Answer Can't Always be Found in the Stock Price



Momentum Stock



Cyclical Pressures



Transformational

Session Objectives

- α Provide advice, counsel and real-world examples of how today's IROs build highly effective measurement programs
- α Offer a holistic measurement toolbox to consider for your IR programs of both quantitative and qualitative tools that you can use to improve your program
- α These concepts are critical to:
 - Building a best practices IR program
 - Effectively setting quarterly, annual, and programmatic IR goals
 - Controlling the narrative with your management and board, as well as their perception and view of your IR program
 - Informing your future compensation







Role of IR Measurement



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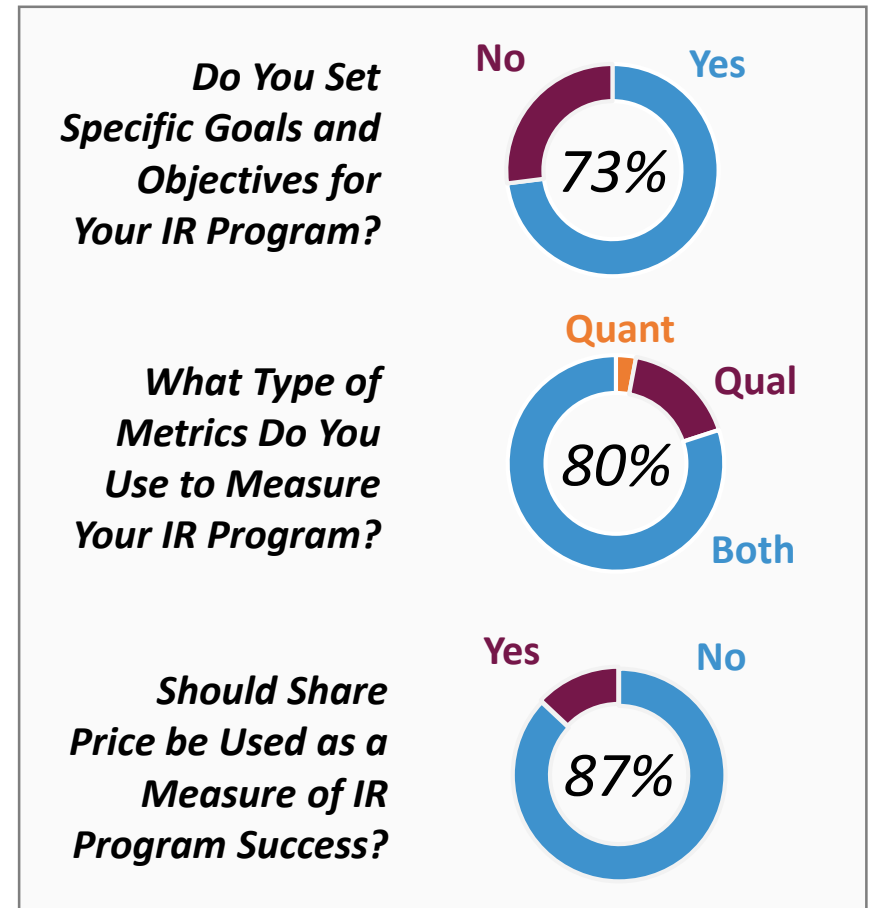
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Why and How Do We Measure IR?

Why Do We Measure IR?	How Do We Measure IR?
Consistent, Credible Communications	 <p>By The Numbers # meetings, shareholder base stats, etc.</p>
Stand Out in the Crowd	 <p>Anecdotally Informal conversations and indirect feedback</p>
Ongoing Program Refinement	 <p>Formally Third-party Perception Study and continual feedback process</p>
Maintain Transparency	 <p>Sell-Side Base success off sell-side coverage and bank-gathered meeting feedback</p>
Drives Long-Term Shareholder Value	
To Guide our Board & Management Team	

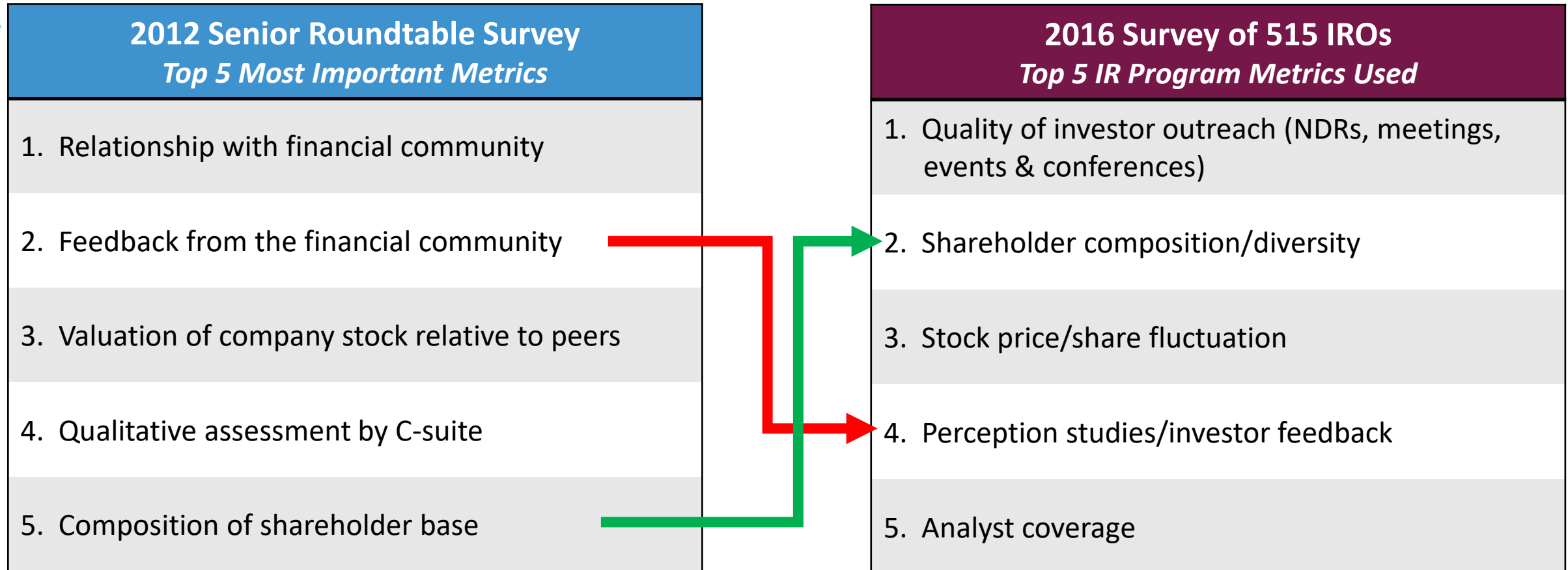
Setting Controllable Goals: Quantitative or Qualitative?

- α The majority of companies spend less than 1% of their annual IR budget/resources on measurement and evaluation
 - Only 16% of respondents report spending 5% or more of their budget on program evaluation.
- α While a strong majority of respondents report that they set IR program goals and objectives, the resources companies devote to evaluating these goals and objectives are relatively small.
 - Larger companies tend to spend more on evaluation as a percentage of their total budget than smaller companies.



Source: National Investor Relations Institute.

Shifting Priorities Over Last 5 Years



A Word of Caution on Investor “Surveys”

- α Most investors don’t like taking “surveys” and there is a growing frustration on the buy-side with polling by underinformed interviewers
- α The Street is much more receptive to providing feedback when the person they are dealing with understands the story deeply and can add value and/or insight to them
- α Pick your provider carefully and understand the process in full

“Sometimes it surprises me when I find out a portfolio company management team has commissioned one of these surveys. I’m not really sure what value or insight they expect to get out of it. I’m happy to give a company management team direct feedback if they want it, but ranking something on a 10-scale when I’m tracking over 100 stocks is kind of a head scratcher to me.”

- **Wellington Portfolio Manager**

“I get calls all the time by these perception study firms. Usually it’s a recent grad on the other side of the phone without a real understanding of the story so there’s not a lot of meaningful dialogue. We like to help our holdings communicate better, so most of us will generally try to participate, but those always wind up being short conversations.”

- **Robeco Portfolio Manager**

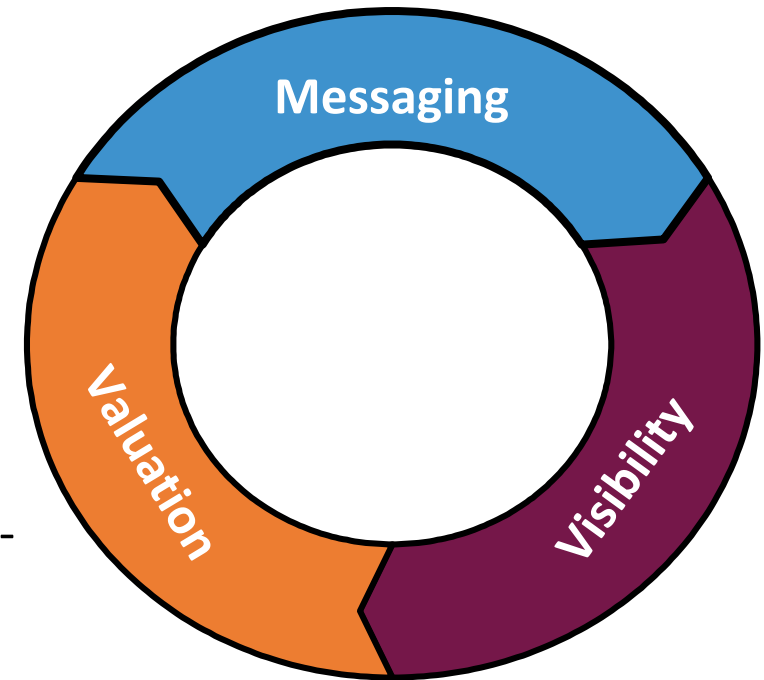


Case Study #1 – Sysco

Measurement Focus

- α Unified **Message** that supports:
 - α Path forward
 - α Competitive differentiation
 - α Roadmap to financial targets
- α **Visibility** and strategic engagement
 - α Increase the return on invested time on IR
 - α Identify and target “strong fit” investors
 - α Re-evaluate sell-side utilization
- α **Valuation**
 - α Be more competitive for investment capital
 - α Establish process of continuous benchmarking and self-evaluation
 - α Tailor the Sysco message along the lines of the key performance metrics deemed most important by the Street

Focusing on Messaging, Quality of Engagement, and Valuation



Message: Core Objectives

Focused on adhering to three pillars of communications improvement with the Street and structure the delivery of the Corporate messages along these pillars consistently:

- α **CLEAR:** Deliver a message that clearly aligns with Sysco's defined operational and financial objects.
- α **CONCISE:** Reduce the peripheral noise and focus on the cause and effect of actions that will drive results/success.
- α **CREDIBLE:** Leverage management's experience and view that management are industry experts to connect the Sysco story to the strategy that will deliver on promised results.



Message:

Test, Refine and Balance Qualitative & Quantitative Insights...

- α Have used third parties to support and guide our management team for over a decade
- α Blend of full perception audits and pulse checks around core issues
- α Critical component to both guiding and influencing management and the Board in how they should evaluate our IR program
- α Qualitatively focused, but balanced with quantitative data; in particular after our investor day events

Financial Objectives

There is a high degree of confidence around Sysco's ability to achieve reduced administrative costs, limit operating expenses, and execute the share repurchase objectives. However, there is less conviction that Sysco could accelerate local case growth and deliver on its targeted sales growth CAGR goal.

Key Quotes

- α "While perhaps a bit conservative, Sysco communicated a credible, achievable plan; time to put the past behind you and focus on the future. Sysco has to close half of the gap they lost on operating margin in order to fully quiet the nay-sayers. While the plan doesn't quite get half the gap back, there is upside if they can do more." – Joe Milano, Greenhouse Funds
- α "The guidance on case growth and revenues seems achievable, but the guidance for essentially flat gross margin growth seems less realistic given the declines for the nine prior quarters before year-end 2015." – Meredith Adler, Barclays

Execute \$3.0B share repurchase over 2 years

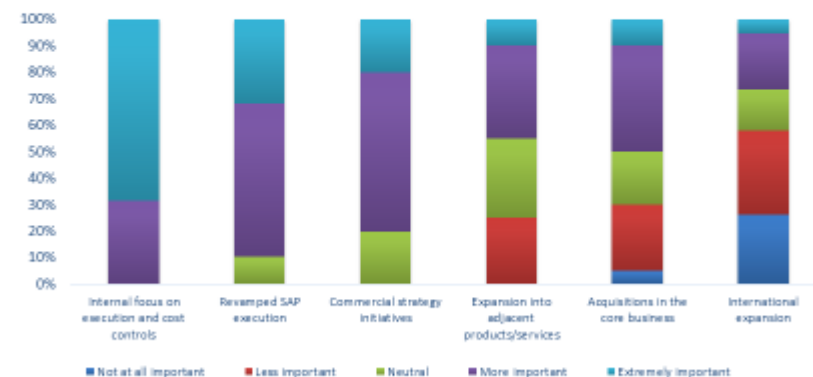


Strategic Initiatives

In order to support growth and profitability, investors would strongly prefer to see Sysco focus on (1) internal execution and cost controls, (2) execution of the revamped SAP, and (3) commercial strategy initiatives. Not surprisingly, international expansion was viewed as the least desirable opportunity.

Key Quote

- α "This is a real opportunity for management and the company to show what they can do after several years of distractions (IRS settlement, SAP delays and overruns, US Foods review). I'm hopeful you can get it done. Good luck." – Anonymous Current Shareholder



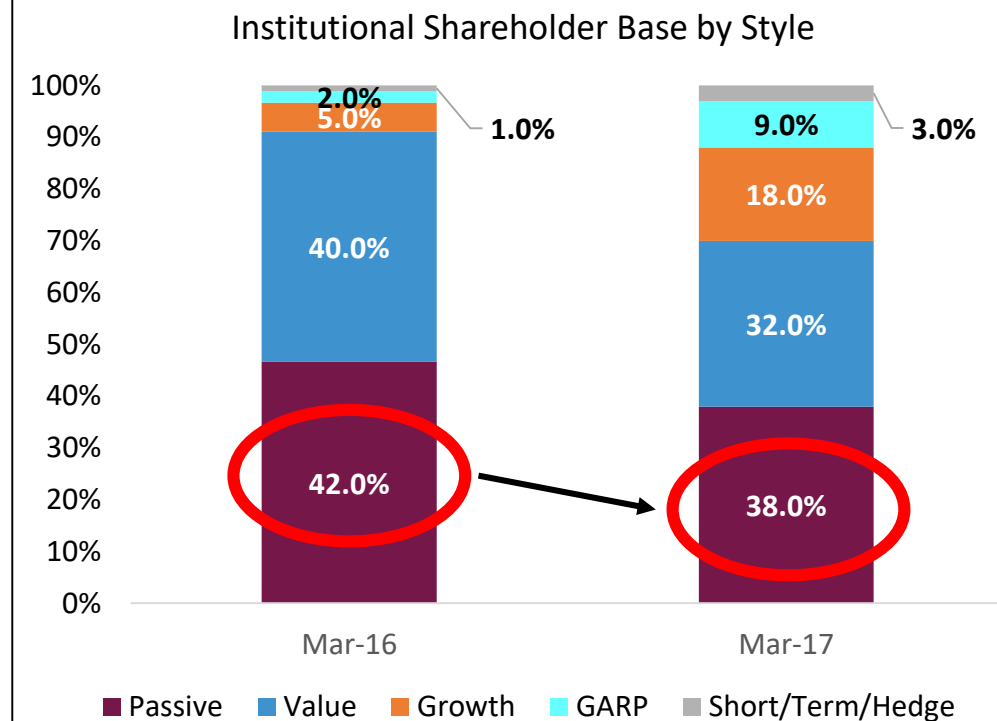
Question: Please indicate the degree to which you believe the following strategic initiatives are important to supporting growth, profitability, and company fundamentals on a scale of 1 to 5 where 1 means "not at all important," and 5 means "extremely important."

Visibility:

...and then Routinely Assess and Refine Objectives

- α Global approach to unlocking buying power amongst holders while identifying a new pipeline of potential investors to support the go-forward strategy
- α Taking a more strategic direction with a keen emphasis on:
 - Increasing the quality and effectiveness of buy-side meetings
 - Managing the sell-side more proactively to drive stronger engagements
- α Aligning strategy/story with a relevant investor base
 - IR leadership incentive compensation tied to specific goals in this area

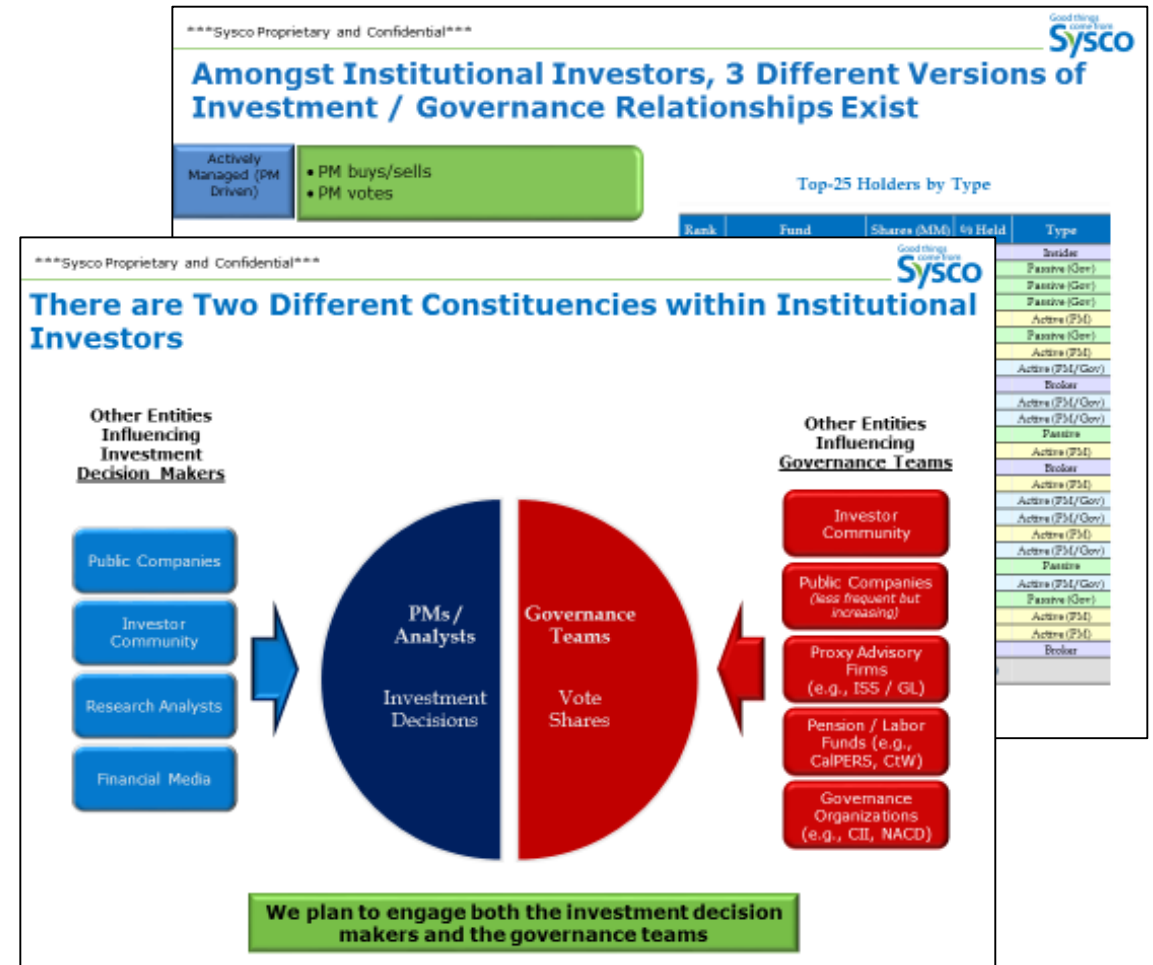
Active Strategy Has Decreased Passive Holdings



Visibility: Reminder on Corporate Governance

Two different constituencies within buy-side institutions...

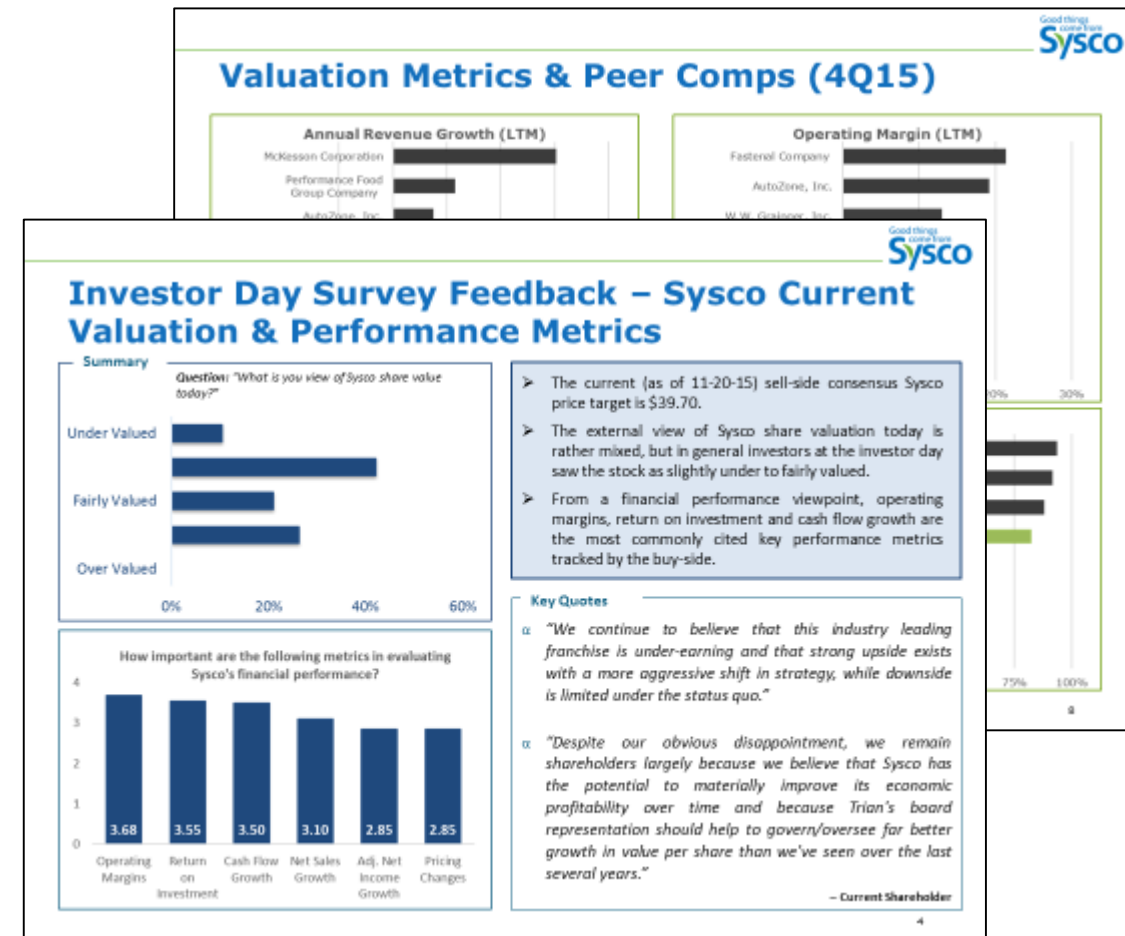
- α Use the term “investor” broadly – there are two sides:
 - Financial decision maker – PM/ Analyst
 - Voter – Governance team
- α Typically spend most time with sell-side or financial decision maker, but don’t neglect governance teams
- α Three types of governance teams at institutional firms
 - Financial decision maker is also the voter
 - Financial decision maker collaborates with governance team to determine votes
 - Governance team votes independently



Valuation: Developed Numerous Approaches

Seek opportunities to define your performance indicators, within reason...

- α Understand external view of SYR valuation today
- α Understand KPIs most commonly tracked by buy-side
- α Utilize a few different best-of-breed peer sets to better assess how SYR is being viewed externally from a performance and valuation perspective.
- α In addition to the discrete peer sets, also keeping a close eye on how SYR compares against Performance Food Group and US Foods on a quarterly basis
- α Part and parcel with this focus, Sysco's messaging, specifically differentiators, will be messaged against these two close peers in all investor engagements



Investor Relations Goals

Establishing balanced quantitative and qualitative objectives that are reasonable and agreeable....

- α Messaging: Own the narrative and rebuild credibility
 - α Define KPIs
 - α Communicate clearly around each
 - α Routine follow-ups / measure resonance
- α Visibility: Manage the sell-side and increase exposure to higher quality buy-side targets
 - α Target # Days on IR activities per month
 - α Constructively manage sell-side
 - α Meet one-third of buy-side targets and top-25 holders at least once
- α Valuation: win an increasing competition for investment capital
 - α Define and monitor relative position

2016 Investor Relations Goals

Qualitative Objectives

- **Own the narrative:** Our objective is to rebuild credibility and establish a consistent process for updating the Street on the Company's progress toward achieving strategic, operational, and financial goals by regularly providing milestone updates ("show me") along the roadmap to achieving these targets.
- **Proactively manage the sell-side:** Strong focus on building a long-term relationship and business model understanding in order to ensure new coverage is positive, knowledgeable, and supportive of the overall effort, as well as, proactively manage current coverage models, meeting quality, conference quality, and estimates as there appears to be a disconnect between management's views and the sell-side views on Sysco today.
- **Target and engage the buy-side:** Elevate the return on invested time on IR by management: Improve the overall quality of non-deal roadshows and conference participation with a focus on growing the mix of Growth, GARP and Value institutional shareholders that better fit the long-term profile of Sysco.
- **Win the competition for investment capital:** As new players enter the space, competition for capital will intensify; Sysco must have a strategy to match its differentiators with the "right fit" of potential investors domestically and abroad.

Buy-Side Goals

- Stay Visible! Average 1.5 to 2 days per month on IR activities in 2016 (Earnings Calls, Conferences, NDRs).
- Meet with all top-25 holders over the course of 2016 at least once; prioritize those with buying-potential for 1-on-1 meetings.
- Meet with at least one-third (~ 20 meetings) of the investors highlighted as targets in Alpha IR's Buy-Side Targeting Plan.
- Towards the end of 2016 begin consider timing of next Investor Day event.

Sell-Side Goals

- Maintain and support each of the existing analysts by attending sponsored conferences whenever possible.
- Support analysts without, or poorly attended, conferences by offering NDR time to regions of the country that Alpha IR has prioritized in the targeting analysis.
- Seek additional sell-side coverage using the list from the sell-side targeting analysis provided by Alpha IR with a goal of adding at least one new analyst by the end of 2016.
- Conduct sell-side "field trip" to a Sysco facility in 1H'16.



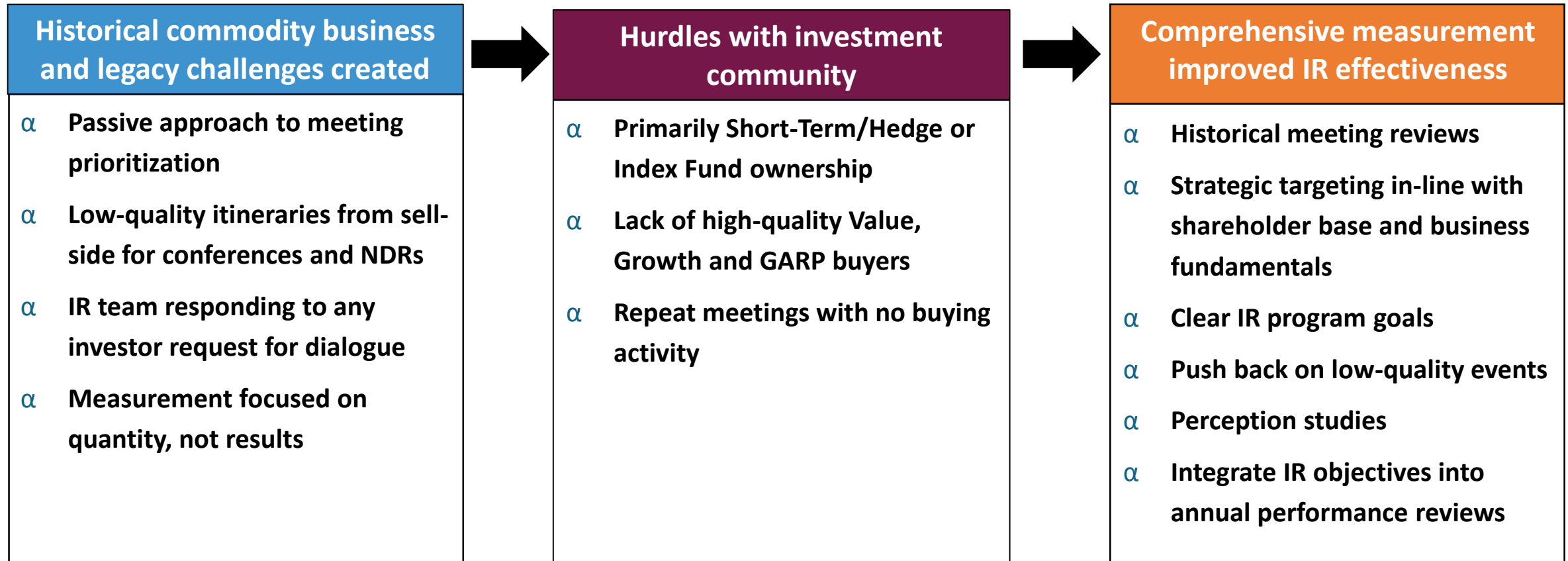
Tyson

Case Study #2 – Tyson Foods

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Evolving Shareholder Base and Company Profile



Initial Program Audit Findings

Quantity ≠ Quality

- α Tyson participated in **559 meetings** with the investment community in 2015
 - This is above average compared to most mid- to large-cap companies
- α The company spent **more than half its time** in front of what we deem **Short-Term/Hedge** investors
 - A result of high conference participation, which offers less control over quality of meetings, as well as failure by the sell-side to deliver the type of investor meetings a company like Tyson should command

559 Meetings

Above average for similar size companies

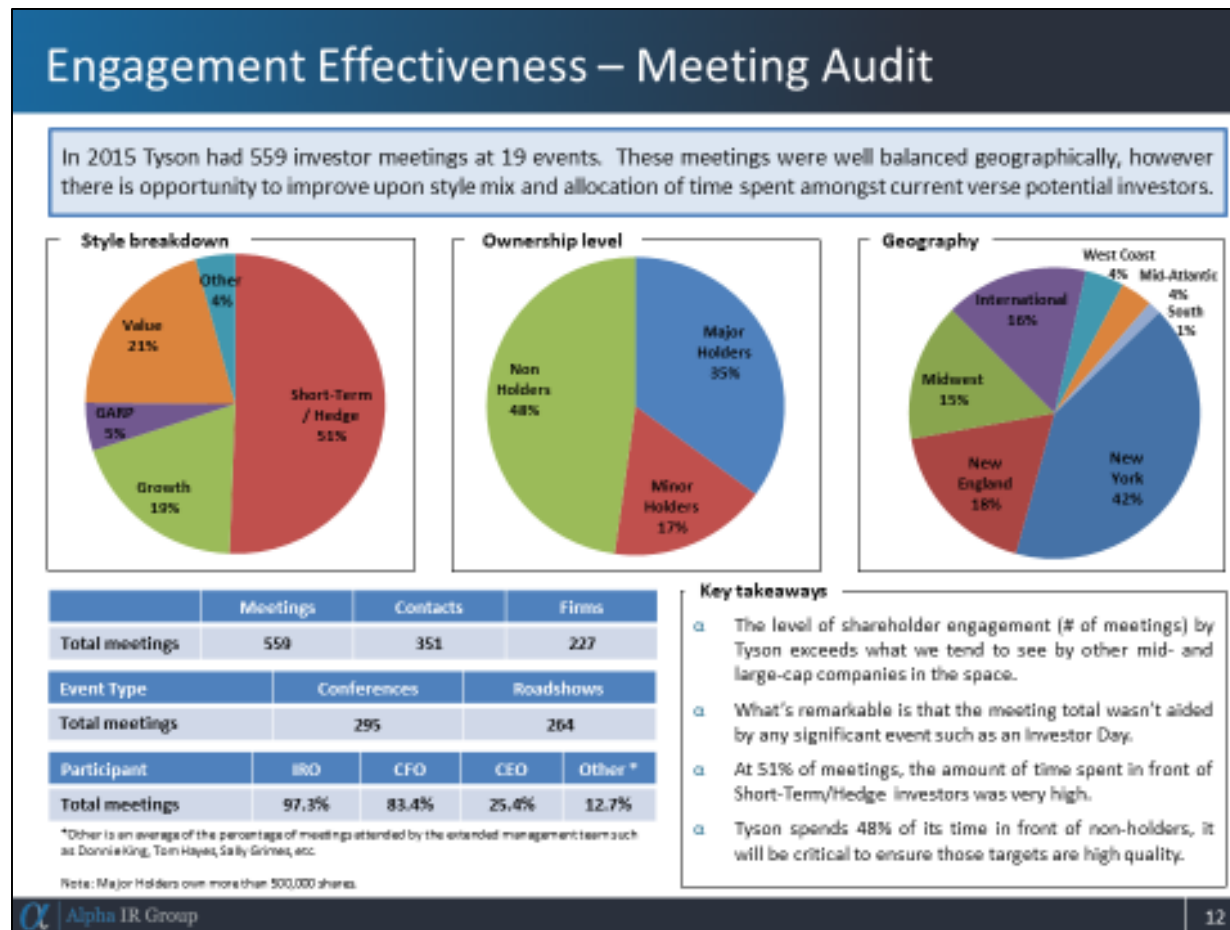
More Than Half

with Short-Term/Hedge investors

Raising the Bar on IR

What Isn't Measured Doesn't Change

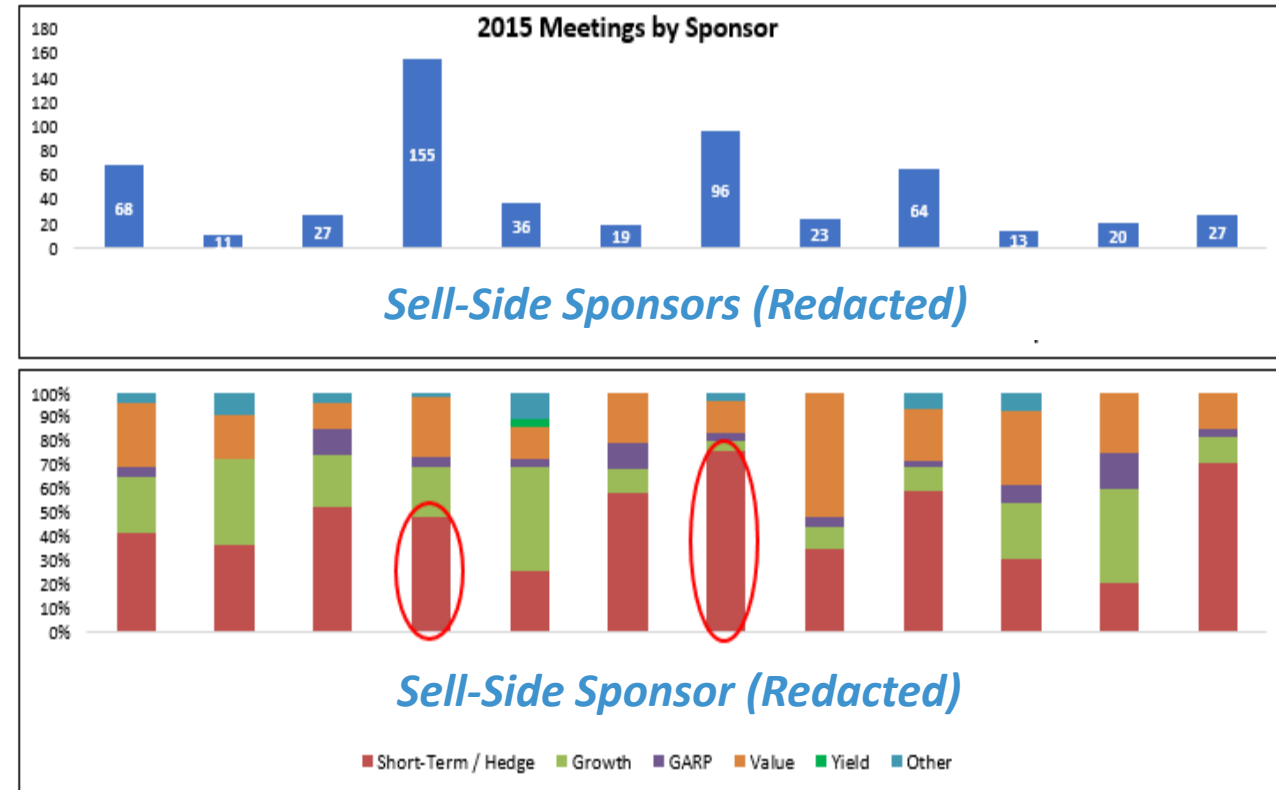
- α Attended more conferences and conducted more NDRs post-acquisition
- α Measured who, what, where and how many
- α More activity did not create new interest
- α Resulted in more contact with the same investors, but not increased positions



Raising the Bar on IR

Quality & Distribution of Meeting by Sponsor

- α Analysis of volume and quality of meetings sponsored by covering sell-side firms
 - Rarely do the two correlate positively
- α Tyson's two most active sell-side firms in terms of corporate access provided the highest exposure to Short-Term/Hedge investors – more than 80%
- α This insight helped management team realize we could allocate time better
- α We're now evaluating trading volume and buy/sell activity driven by sell-side as well



Raising the Bar on IR

None of it matters if they don't buy your stock

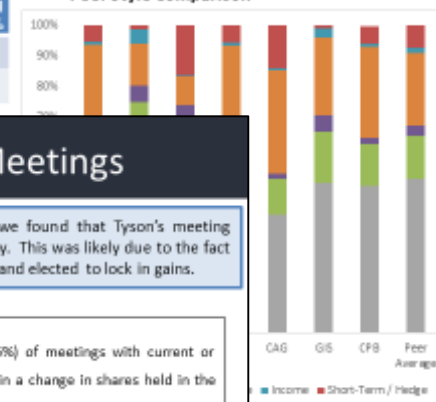
- α Went beyond measuring what we did. Did it work?
- α Analyzed meeting effectiveness
- α Did targets buy, sell, or hold?
- α Did we change our shareholder composition?

Shareholder Composition vs. Peers

- α While the TSN Passive ownership of 44% is down from a high of 57% in June 2014 and relatively in line with its peers, it remain elevated from an average large-cap company (typically 25%-40% Passive).
- α Growth ownership appears to be one of the larger opportunities for Tyson as its currently very average, which does not correlate to what we view as a strong growth strategy that should resonate with the Street in 2016 and beyond.
- α Overall, institutional ownership is stronger at Tyson as compared to the peers, which is driven by large family owned/insider positions at several of the select peers.

	Institutional ownership %	Active ownership %	International ownership %
Tyson	96%	56%	15%
Large – Cap Avg.	88%	70%	15%

Peer Style Comparison



Engagement Effectiveness – Outcome of Meetings

In an analysis of the buying and selling activity immediately following investor engagement, we found that Tyson's meeting effectiveness was surprisingly mixed and below the average in terms of inducing net buying activity. This was likely due to the fact that many institutional holders of the stock were sitting on large profits throughout most of 2H'15 and elected to lock in gains.

Buying & Selling Following Meetings

	Buys / Initiations	No position change	Sells / Liquidations
2015	154 (28%) / 17 (3%)	249 (45%)	156 (28%) / 20 (4%)
Major holders	86 (44%)	3 (2%)	107 (55%)
Minor holders	45 (47%)	2 (2%)	40 (51%)
Non holders	23 (9%)	244 (91%)	—
	Buys / Initiations	No position change	Sells / Liquidations
Conferences	81 (22%) / 6 (2%)	124 (66%)	90 (12%) / 9 (3%)
Roadshows	73 (21%) / 11 (4%)	125 (63%)	66 (16%) / 10 (4%)
Total	154 / 17	249	156 / 19

Key takeaways

- α During 2015, a majority (56%) of meetings with current or potential investors resulted in a change in shares held in the subsequent 13F filing period. This activity was evenly split between buyers and sellers over the course of the year.
- α In line with this buying and selling trend, new initiations and full liquidations were evenly split, although relatively muted.
- α Tyson spent 48% of its time in front of non-holders and 91% of those meetings resulted in no immediate action, this is not surprising due to typical lead times to initiations. Going forward, it will be worthwhile to track how this and further time investment results in new TSN shareholders.
- α The amount of time spent with non-holders also elevates the necessity of a sophisticated targeting program to help drive high quality meetings with likely long-term buyers and holders of Tyson in the future.

Allocating Time Among Top Shareholders

Tyson established new prioritization protocols surrounding existing shareholders

- α Identified significant buying capacity existed with current base
- α Increase contact with holders with ability to add to existing position vs. maintenance meetings for those with full positions

Step 1: Buying Potential Holders: Top TSN Holders

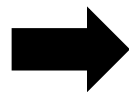
Listed are the current top 20 active investors, excluding Short-Term/Hedge funds. The Tyson holdings of each firm were compared to the firms' average large-cap holding and a 10% core position to determine the buying potential. This data can help Tyson determine if a meeting with these top shareholders would be strictly maintenance or if the investor has room to buy more.

Dominant Style	Institution Name	TSN Holdings (\$mm)	Average Large-Cap Holding (\$mm)	Core Holdings (Top 10%) (\$mm)	Buying Potential	Equity AuM (\$Bn)	2015 Meetings Held
Value	T. Rowe Price Associates, Inc.	\$1,141.81	\$639.99	\$1,967.67	Moderate	\$514.0	5
Value	Iridian Asset Management, LLC	\$669.91	\$524.94	\$718.19	Limited	\$15.8	2
Value	Columbia Management Investment Advisers, LLC	\$414.15	\$126.28	\$387.05	Limited	\$159.0	11
Value	Robeco Investment Management, Inc.	\$282.97	\$236.88	\$651.04	Moderate	\$72.7	4
Value	Goldman Sachs Asset Management, L.P. (U.S.)	\$249.82	\$66.68	\$227.56	Limited	\$108.0	7
Growth	TIAA-CREF Investment Management	\$242.17	\$168.84	\$360.28	Moderate	\$255.0	5
Value	MFS Investment Management	\$193.91	\$329.74	\$969.54	Significant	\$236.0	6
Value	BlackRock Advisors, LLC	\$175.78	\$175.70	\$425.98	Moderate	\$260.0	8
Value	AllianceBernstein, L.P. (U.S.)	\$174.77	\$92.00	\$285.55	Moderate	\$139.0	9
Growth	BlackRock Investment Management (U.K.), LTD	\$140.00	\$205.12	\$513.37	Significant	\$308.0	2
Value	Invesco Asset Management, LTD (U.K.)	\$134.76	\$69.82	\$183.45	Moderate	\$36.2	4
Growth	Invesco Advisers, Inc.	\$133.29	\$174.20	\$491.50	Significant	\$180.0	2
Value	Cornerstone Investment Partners, LLC	\$112.78	\$78.02	\$124.60	Moderate	\$3.3	0
Growth	Alliant Global Investors GmbH	\$111.72	\$51.20	\$179.32	Moderate	\$63.4	0
Growth	Primecap Management Company	\$106.66	\$833.28	\$2,079.12	Significant	\$97.3	2
Value	Pioneer Investment Management, Inc.	\$87.46	\$71.95	\$202.02	Moderate	\$28.3	4
Growth	Alliant Global Investors U.S., LLC	\$84.46	\$36.38	\$109.27	Limited	\$37.9	2
GARP	Teacher Retirement System of Texas	\$82.62	\$24.07	\$58.80	Limited	\$15.0	1
Growth	Principal Global Investors, LLC	\$79.86	\$70.55	\$238.17	Moderate	\$73.4	0
Value	Cambiar Investors, LLC	\$76.01	\$86.96	\$126.94	Significant	\$7.6	1

Today's Approach Leading to Higher ROI on Investor Engagement

Review Activities:

- α Reflection on what's working, what's not working
- α Strategic targeting
- α Two clear goals: 1) reduce exposure to Short-Term/Hedge meetings; 2) increase international ownership
- α Consistently push back on meetings – insist on quality at all conferences and NDRs
- α Ongoing measurement and assessment
 - Quarterly scorecard
 - Annual review and strategic planning
 - Annual performance reviews



New Approach:

- α Minimal Short-Term/Hedge in base; meetings limited to larger groups with this audience (no 1x1s)
- α Mixing in high-quality targeted investors
 - Increased quality – higher Growth, GARP and Value
- α Consistent post-meeting feedback
 - Pulse-checks/mini-perception studies
- α Tying measurement/goal setting to compensation
 - Executive touch points at 65% or more with long-only in FY17
 - Increase % of non-US ownership to 18% by 2017 FYE
 - Meet with strategic targets throughout the year

Institutional Investor: 2017 All-America Executive Team Ranking

TSN management and IR positively regarded by investment community...

- α Now spend 70% more time meeting with underweight shareholders than typical U.S.-listed company
 - Screen investors who tend to have a familiarity with the company and the ability to significantly increase positions easily (as compared to onboarding new shareholders)
- α About 50% of time in front of non-holders
 - Strategically targeting high-quality potential investors is key



	Overall	Buy-side	Sell-side
Best CEO	1 st	1 st	1 st
Best CFO	1 st	1 st	--
Best IR Program	2 nd	2 nd	N/A
Best Website	1 st	N/A	N/A

Based on 38 Nominated Food Production Companies.
Source: institutionalinvestor.com



The Measurement Toolbox



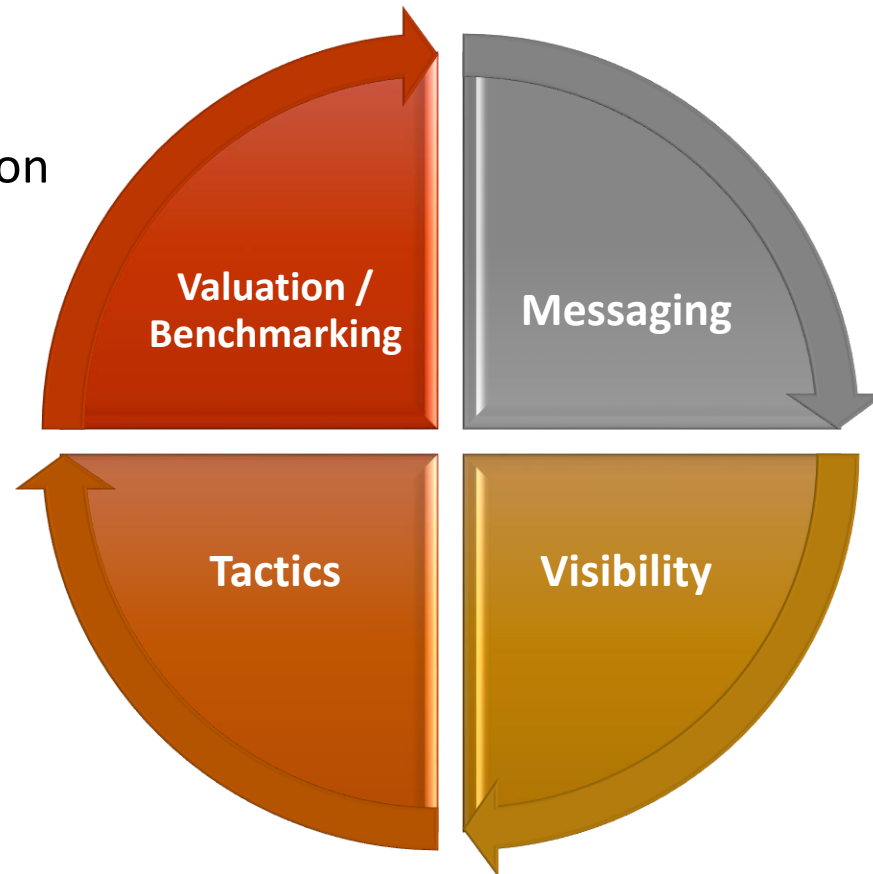
DEFY/**SHATTER**/SHAPE • BREAKING THE MOLD

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Measurement Toolbox: Key Categories

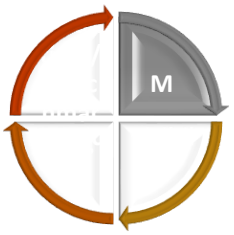
- α Peer Group Selection
- α Benchmarked Valuation & Performance
- α Set & monitor KPIs

- α Responsiveness
- α Tracking/Tools
- α Preparedness
- α Reporting

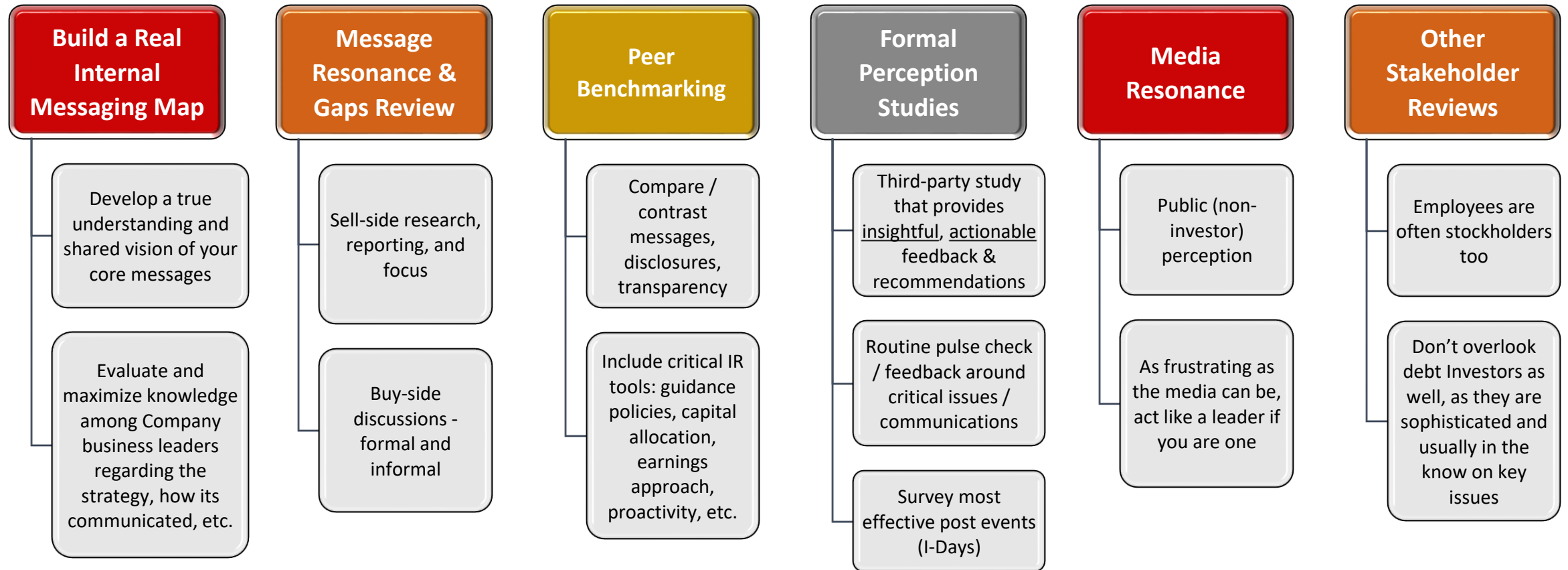


- α Consistently Educating
- α Transparency/Clarity
- α Key Stakeholder Resonance

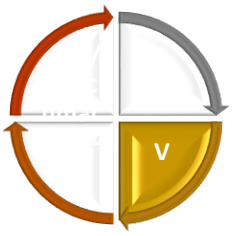
- α Evaluate Activity & Outcomes
- α Sell-side Fit/Mix
- α Ownership Fit/Mix
- α Prospect Opportunity/Mix



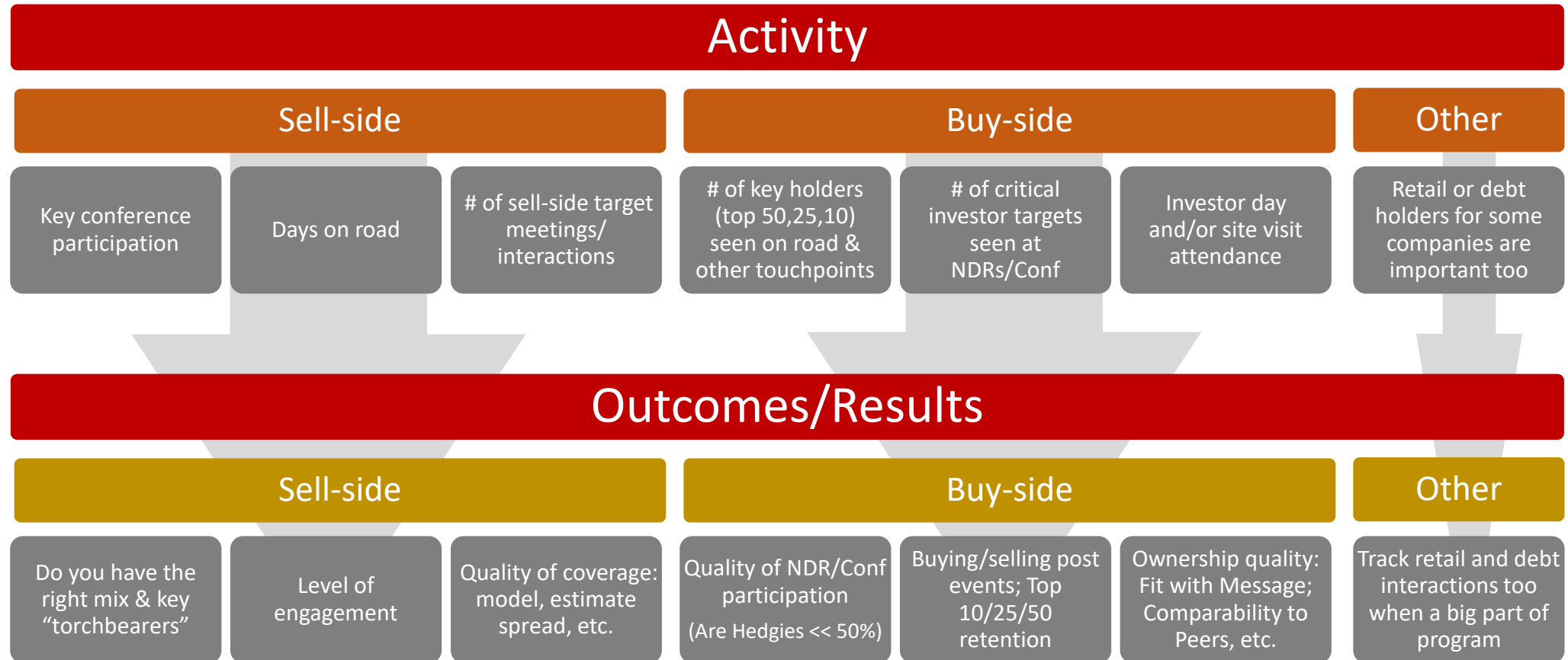
Measurement Toolbox: Messaging

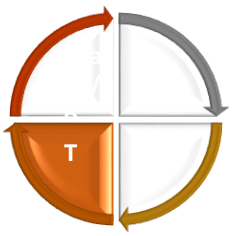


Most of these tools should be refreshed annually, but reported on quarterly to key leaders in your organization!



Measurement Toolbox: Visibility





Measurement Toolbox: Tactics

Responsiveness

- Establish a process by which your IR team prioritizes incoming requests
- Prioritize key holders and sell-side first
- Ideally respond within 24 hours (routine complaint of buy-side)
- Utilize website as disclosure vehicle

Tracking

- Understand investor styles & cost basis
- Manage passive trends and understand the role of hedge funds
- Take copious notes during all investor interactions
- Establish regular peer monitoring and scorecards
- Track attendance stats at all events (I-days, earnings calls, etc.)

Tools & Intelligence

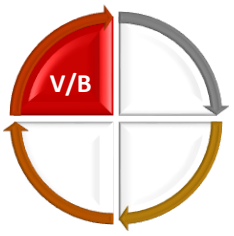
- Arm yourself with appropriate tools
- Surveillance, consulting support, database/CRM, etc.
- Numerous other “free” tools for smaller budgets
- But also be careful of low value offerings in the space (there are a lot)

Preparedness

- Activist preparation and reporting
- Clearly defined target list and engagement plan for when investment thesis shifts
- Corporate governance support
- Get a depth of understanding on trends in guidance and capital allocation communication

Reporting

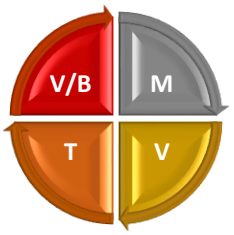
- Periodically review quantity and quality of visibility efforts
- Use quarterly board report tool to manage up with board & management
- Get a seat at board table at least annually



Toolbox: Valuation / Benchmarking

- Establish appropriate peer group(s) – consider industry &/or investment peers
- Baseline peer group(s) across valuation, IR approach, etc.
- Know your relative valuation – historical and future
- Understand the Street's and your Industry's KPIs
- Define your key performance indicators (KPIs) – internally and externally
- Track performance against guidance & earnings surprises
- Use market feedback mechanisms when you lag KPIs

How to Choose?



Every Company is different and numerous factors can impact how aggressive or cautious your goal setting will be:

- α Industry lifecycle stage
- α Management/Company history
- α Management team disposition to IR
- α Economic & competitive environment
- α Industry overhangs/risk factors
- α “Forecastability” of business
- α Baseline/historical approach to IR

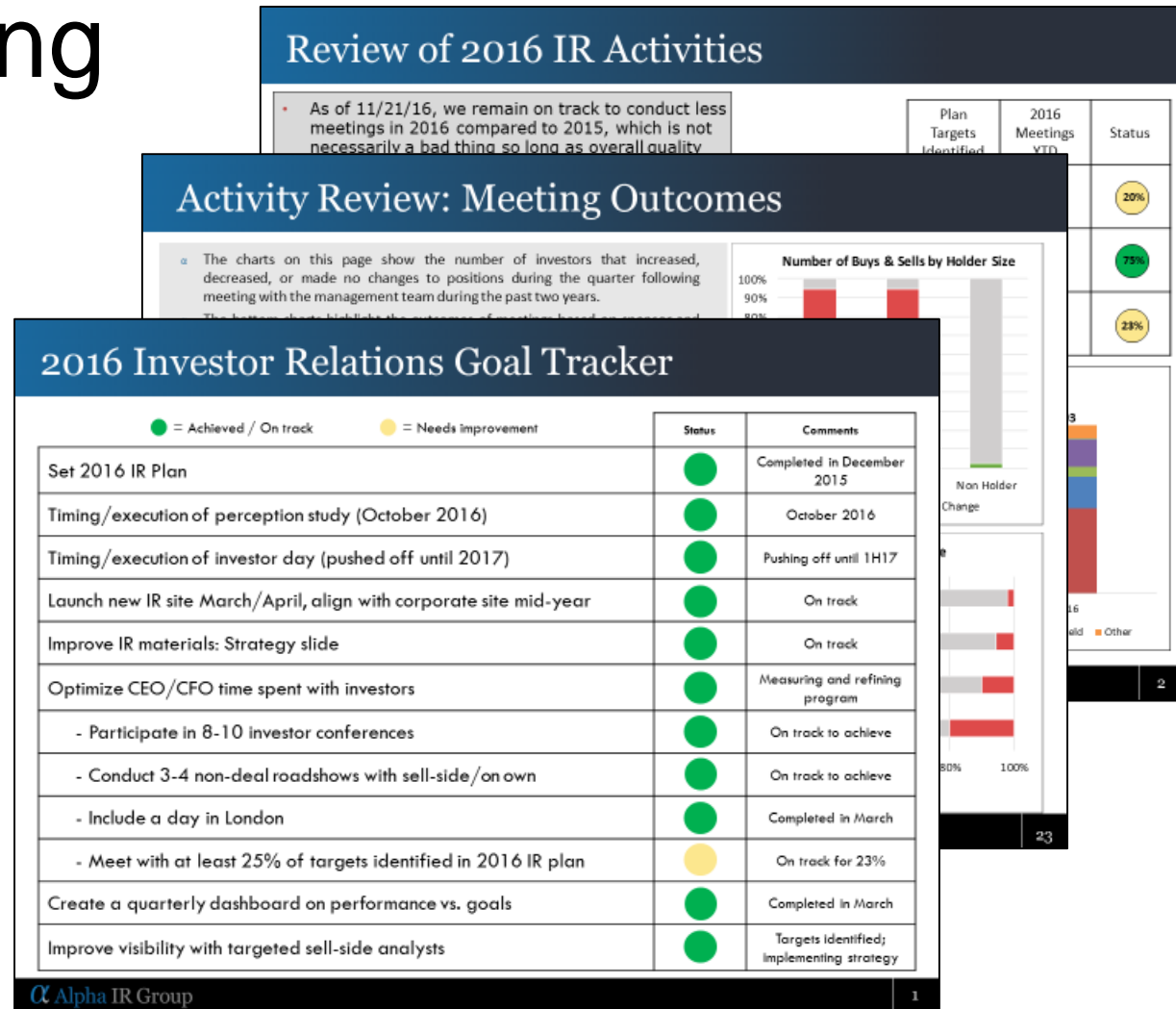
Remember your goal – Increase ROI on IR activities and support proper valuation

- α Pick a few variables from all four critical areas: messaging, visibility, tactics and benchmarking/valuation
- α Establish balance between quantitative and qualitative objectives
- α Ensure each goal is reasonable and agreeable to management – will they support your objective in their efforts?
- α Routinely track, assess and refine goals – quarterly at least – and reset/modify measures annually

Goal Setting & Tracking

IR Reporting is Critical to Gaining “Seat at the Table”

- α IRO comp is increasingly being tied to measurement objectives
 - In 2015, 59% of companies tied IR remuneration to some measure of IR activity¹
- α Goals need to be aligned with incentive comp appropriately and reinforced on a quarterly basis, measured frequently to ensure management/board alignment to KPIs
- α Implementing this kind of reporting practice and including content in quarterly board reports will help elevate strategic value of the IR function within the organization



¹ National Investor Relations Institute



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QUESTIONS?