

THE NATIONAL INVESTOR RELATIONS INSTITUTE'S
EXECUTIVE ALERT
UPDATES ON ISSUES VITAL TO THE PRACTICE OF INVESTOR RELATIONS

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**NIRI RELEASES SURVEY OF RESPONSIBILITIES AND COMPENSATION
OF INVESTOR RELATIONS EXECUTIVES**

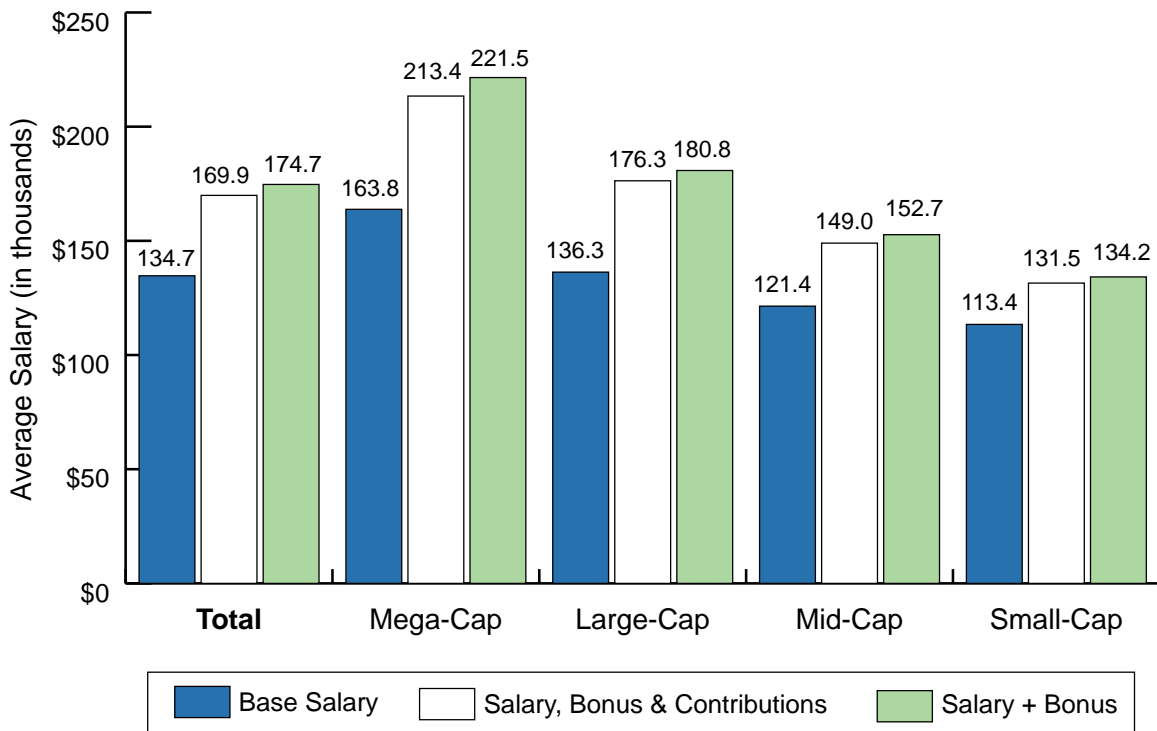
The National Investor Relations Institute releases its 2005 survey assessing the responsibilities and compensation of investor relations executives, including separate reports for investor relations counselors. The biannual survey of investor relations practitioners at public companies and IR counselors examines information from the 2004 calendar year compared with that from 2002. The major findings include:

Corporate NIRI Members and Investor Relations Officers

- The average annual cash compensation (salary plus bonus) received by IROs (defined as those who spend 50% or more of their time on investor relations) was \$169,900, a 10% increase over 2002 when the average was \$154,000.
- The percentage of IROs that received a bonus in 2004 also increased, with 88% of IROs receiving additional compensation as compared to 79% in 2002. Ninety-eight percent of IROs at mega-cap companies (those with market capitalizations of \$10 billion or more) received a bonus while only 81% at small-caps (capitalization under \$500 million) did so.
- Those employed by mega- and large-cap companies out-earned those working at mid- or small-cap companies when bonuses are combined with base salary. The average base salary plus bonus at a mega-cap company was \$213,400; large cap (\$1.5 billion to \$9.9 billion) was \$176,300; mid cap (\$500 million to \$1.49 billion) was \$149,000 and small cap was \$131,500.

- A new area surveyed this year was stock options awarded to IROs. A total of 73% of IRO respondents were granted stock options. The mean for all IROs for the value of stock options granted was \$135,500. The average vesting period for these options is 41 months.
- The professional background of IROs also impacted salaries. Those with a background in finance/accounting earned 9% more (salary plus bonus) than IROs with a corporate communication or public relations background and 21% more than those with a marketing or sales background.

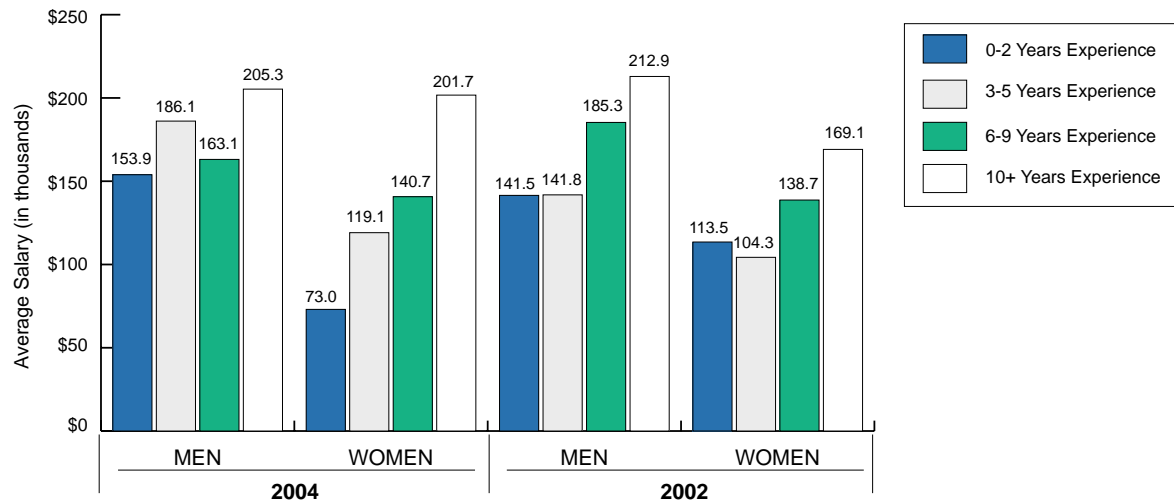
Average Compensation for 2004*



* Figures for salary and bonus compensation, as well as other data regarding stock options, benefits and tax-deferred contributions refer to years ending 2004, 2002, 2000 and 1998 as noted. Other data for career and company statistics will refer to the years the surveys were actually conducted, and will be noted as 2001, 1999, or 1996 data.

- For IROs with 10 or more years' experience, the gender gap significantly narrowed for 2004 compensation, with only a 2% difference (salary plus bonus) compared to a 26% difference in 2002. That gap widened in 2004 as compared to 2002 for people with 0-2 years and 3-5 years experience (see chart below.) However, the average base pay for women increased 8.5%.

Salary + Bonus Among IROs by Gender

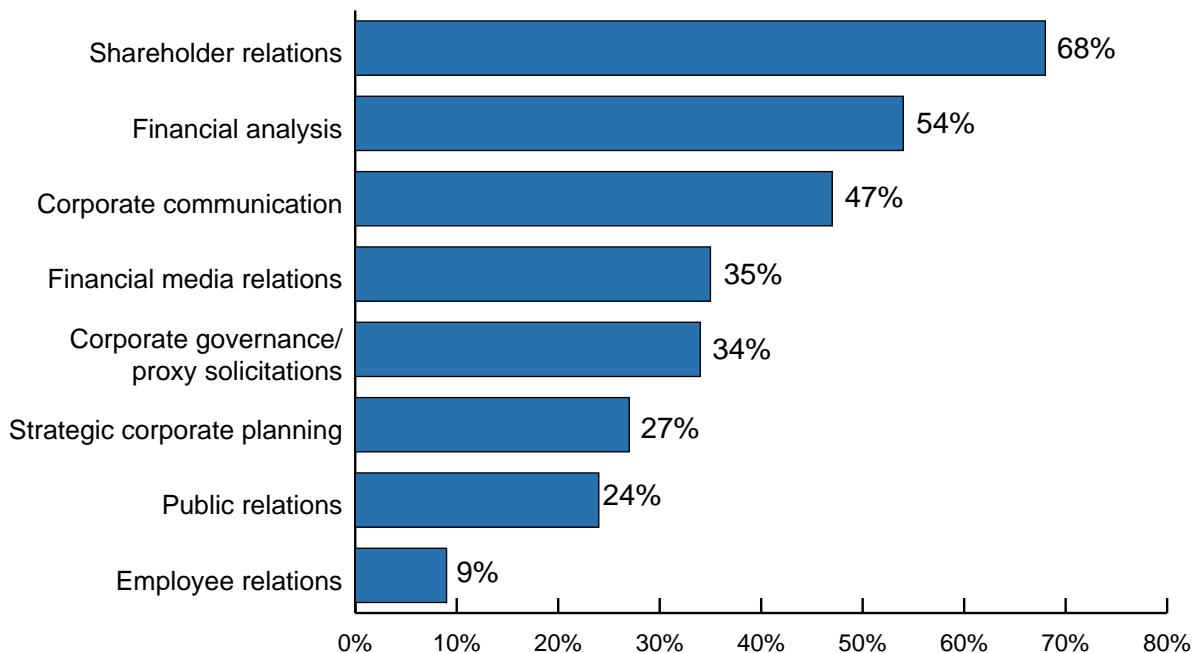


An Overview of IR as a Career

- The trend of investor relations being viewed as a career position continues. The senior IR officer is described as having a career position by 83% of respondents (as compared to 80% in 2003 and 71% in 2001). Moreover, achieving the senior corporate IRO position is seen as a career goal by more than half of those whose time is primarily devoted to investor relations (58% compared to 55% in 2003).
- The financial background that an IRO brings to the job continues to outpace by more than double those coming from corporate communication or public relations but is down a bit from the 2003 survey. In 2005, 49% said they came from a financial background (as compared to 52% in 2003) and 23% came from corporate communication/PR (27% in 2003). In addition, 19% came to investor relations from marketing and sales.

- The average number of years of experience as an IRO increased to 9 from 7.6 in 2003 and 7.1 in 2001, and 37% have ten or more years of experience. Eighty-five percent of corporate practitioners spend 50% or more of their working day on investor relations. NIRI practitioners who concentrate on IR activities tend to be vice presidents (37%), directors (42%), and managers (12%), while less senior titles such as IR coordinator, associate, specialist and representative are held by 6%.
- Whether an IRO is with a mega-cap or small-cap company, there is little difference in the fact that they are the chief spokespersons for their company. Eighty-six percent of those who spend 50% or more of their time on IR have that responsibility.
- A breakdown of responsibilities for the IRO shows that the majority of their time is spent on shareholder relations, followed by financial analysis and corporate communication. The chart below includes other responsibilities:

Responsibilities That Require an Important Amount of Time*



*Multiple responses

The Corporate IR Department and Budgets

- The average annual budget for an investor relations program is \$743,000, a 3% increase over 2003. The 2001 average was only \$474,000 annually.
- The typical IR office is staffed by two to three individual professionals. The majority of IROs report to the CFO — 69% (virtually unchanged since 2003) — and the CEO/president/chairman — 17% (down slightly from 19% in 2003).
- IROs continue to see their relevance extended to other areas in corporate planning including participation in disclosure committees (80%); planning the annual shareholder meeting (73%); crisis communication (70%); and establishing corporate governance policies (43%).

Investor Relations Counselors

- Base salaries for IR counselors jumped 18% in 2004 to an annual average salary of \$138,200. Ironically, experience made little difference when it came to compensation for those with 11-19 years experience (\$152,100) compared to 20+ years (\$149,700). It should be noted, however, that 2002, coming on the heels of a major decline in the technology sector and the overall market decline, was a notoriously slim year for consultants. The economic rebound meant a 20% increase in the mean total salary in 2004 over 2002. Reflecting bonuses and tax-deterred contributions, the average salary was \$156,700.
- In the subgroup analysis for counselors, a background in corporate communication/PR earned the highest base salary (\$156,500), while those with corporate IR experience earned \$147,800 and those with backgrounds in finance and marketing/sales earned \$124,800 and \$119,900, respectively.
- In terms of specific IR services provided, counselors cite that they are focusing on the following IR activities (multiple responses):
 - ➔ 97% - Strategic IR issues (strategic planning, disclosure counseling, strategic positioning/message, crisis communication)
 - ➔ 95% - Conference calls (earnings conference calls, webcasts)
 - ➔ 94% - Message content (writing press releases/scripts, annual/quarterly reports, IR Web site)
 - ➔ 91% - Corporate reputation management

- 90% - Meetings (analyst meeting/contacts, institutional investor meetings/contacts, annual meeting, board presentations)
 - 86% - Targeting (targeting investors, shareholder identification)
 - 82% - Corporate strategy (competitive analysis, acquisition/divestiture planning)
- Counselor firms only occasionally accept stock grants or options as compensation for their services instead of cash (using Form S-1 or S-3); 73% never do and 19% say they do it seldom.
 - The share of consulting firm revenues generated by IR counseling continues to grow. On average, 72 percent of these firms realized revenues from IR activities, up from 66% in 2003 and 51% in 2001.
 - Counselors also expressed their future involvement in IR activities (multiple responses are reflected in these numbers). Corporate reputation management is a new field of interest, with 37% saying they plan to offer services in this area; 35% will focus on strategic IR issues including corporate disclosure and strategic planning; 32% offer corporate strategy including competitive analysis; 28% in international IR and 27% helping with meeting planning including board of director presentations and the annual shareholder meeting.

TO RECEIVE A COMPLETE SURVEY REPORT

A PDF file of the complete survey report (including charts, tables and the questionnaire) is available free to NIRI members on the 'Members Only' section

http://www.niri.org/mem_service_area/surveys.cfm, under Survey Results.

Non-members may buy the PDF file for \$200 through NIRI's Bookstore online:

http://www.niri.org/irresource_pubs/bookstore/BookDetail.cfm?RefCode=MS-2005-01&RequestPage=ByCategories&AmazonLinkDisplay=0

A copy of the PDF file will be emailed to you once you purchase the survey online.

Black and white printed copies can be ordered through this link as well: \$50 members/\$250 non-members.