

## **BACKGROUND**

### **RepuStars® Variety Corporate Reputation Index – Calculated by Dow Jones Indexes**

#### **First Index Tracking “Corporate Reputation” Investment Opportunities Launches November 1**

#### **Steel City Re Uses Corporate Reputation Index to Measure Reputation’s Impact on Stock Price**

#### **RepuStars Variety Corporate Reputation Index Launches November 1**

The first-ever composite equity index measuring the impact of corporate reputation on share price is being launched November 1, 2011, by **Steel City Re**, a pioneer in developing tools linking reputation, risk, and enterprise value.

The **RepuStars Variety Corporate Reputation Index** tracks up to 57 company stocks that appear to be underpriced relative to their metrics as measured by Steel City Re’s proprietary Corporate Reputation Index™, which tracks 5500 companies weekly. In using the RepuStars Index as an investment strategy, investors can take advantage of this price disparity.

Dow Jones Indexes will calculate the RepuStars Index effective November 1.

#### **First Index of its Kind**

The RepuStars Variety Corporate Reputation Index is the first index based on a quantitative model for analysts, investors, and company managers to determine the actual impact of reputation on corporate equity prices. The companies selected for the RepuStars Variety Index are chosen algorithmically to capture the disparity between value at which a company is currently trading and its value as calculated by Steel City Re’s reputational metrics.

#### **Track Record of Exposing Value**

The growth of the RepuStars Variety Index has exceeded overall market index trends. The RepuStars Variety price index increased 119.8%, and the RepuStars Variety total return index increased 151.9% from December 31, 2001, through October 21, 2011. Over the same period, the S&P 500® Composite Equity Index and the Dow Jones Industrial Average increased 7.9% and 17.8% respectively.

Each year over the past 10 years, the RepuStars Variety price index has exceeded the S&P 500 index by an average of **9.5%**, and total RepuStars Variety returns have appreciated on average **11%** more than the market.

#### **Impact of Reputation on Share Price**

The median loss in a reputational event is 7% of a public company’s market capitalization, according to Steel City Re analysis. More and more companies are recognizing the potential negative impact of a reputation event: a 2011 survey of

board directors by accounting and audit firm Eisner and Amper revealed reputation risk as second only to financial risk as most important to boards. In 2010, more than 30% of the S&P 500 constituent members disclosed in their annual filings that reputation risk was material to their enterprise value.

“Our metrics expose reputation value,” explains Dr. Nir Kossovsky, chief executive of Steel City Re and author of the 2010 book, *Mission Intangible: Managing Risk and Reputation to Create Enterprise Value*.

### **Measurement Value for Companies and Analysts**

Corporate reputation affects not only shareholder value, but also relationships with a range of other stakeholders, according to Steel City Re. “A good reputation drives down salaries needed to attract talent, allows better terms with vendors, and makes regulators more favorably inclined,” Dr. Kossovsky says. “So the numbers identified through our Corporate Reputation Index can say much about the true business environment in which a company operates.”

“Management can also use the feedback from the Corporate Reputation Index to improve operational controls related to reputation – creating an ethical work environment, driving innovation, assuring quality, upholding safety, promoting sustainability, and providing security.”

### **RepuStars Variety Ticker Symbols**

The RepuStars Variety Index will have two versions: a price index and a total returns index, whose ticker symbols are, respectively, **REPUVAR** and **REPUVART**.

Before being added to the real time Dow Jones ITC 2.1 data feed of the CME Market Data Platform on November 1, 2011, RepuStars Variety was calculated by Steel City Re and published weekly on the Mission Intangible blog of the Intangible Asset Finance Society.

### **About Steel City Re**

Established in 2007, Pittsburgh-based Steel City Re ([www.steelcityre.com](http://www.steelcityre.com)) is a pioneer in the field of reputation metrics and quantitative reputation management. Steel City Re helps clients measure reputation value and risk; develop reputation management programs; and acquire reputational value insurance products. These solutions place clients in a state of enterprise-level control over the business processes that create both reputational value and headline risk. These systems, which include metrics underpinning the **RepuStars® Variety Corporate Reputation Index**, calculated by Dow Jones Indexes, transparently enable stakeholders to appreciate and appropriately value the resulting benefits.

### **Intellectual Property Notices**

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**Other Notices**

Investment products based on the RepuStars Variety Corporate Reputation Indexes are not sponsored, endorsed, sold or promoted by CME Indexes, Dow Jones or their respective affiliates, and CME Indexes, Dow Jones and their respective affiliates make no representation regarding the advisability of investing in such product(s).

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**Other Reference Sources**

Website: [www.steelcityre.com](http://www.steelcityre.com)

Most relevant web page:

[http://www.steelcityre.com/finance\\_management\\_index.shtml](http://www.steelcityre.com/finance_management_index.shtml)

Google Finance for index price quotes:

<http://www.google.com/finance?q=INDEXDJX%3AREPUVAR&hl=en>