



Intangibles and the Government II

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23 June 2008

**STEEL
CITY
RE**

Talking Points

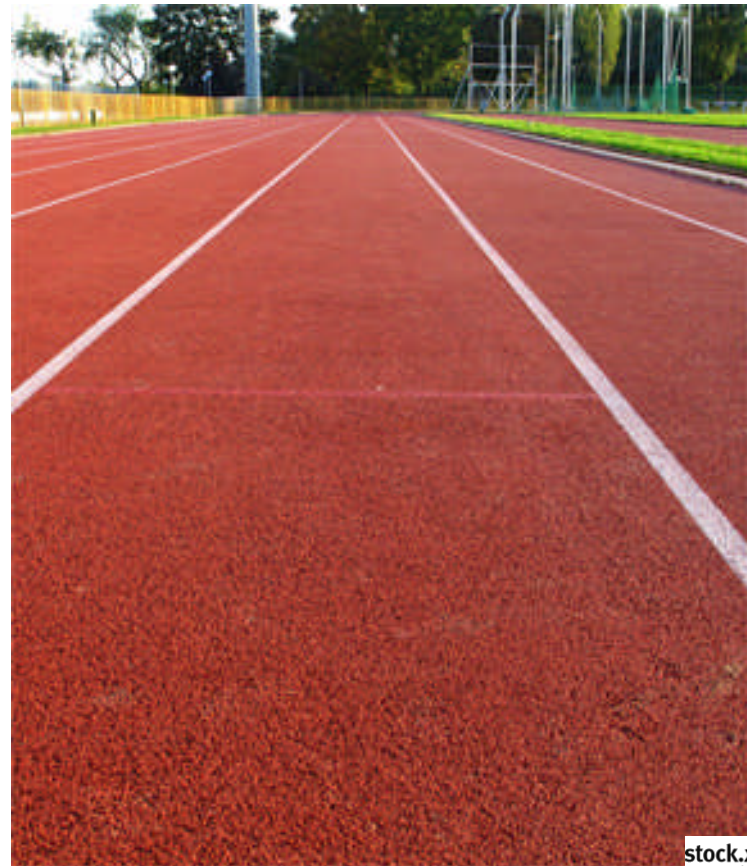
- Policy can make or break US competitiveness
- Value and risk
- Steel City Re's operational view - reputation
- Policy concepts



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Competitiveness at risk

- Competitiveness of US industry
 - Can't manage what you can't see
- Competitiveness of the US capital markets
 - Can't invest in what you can't see



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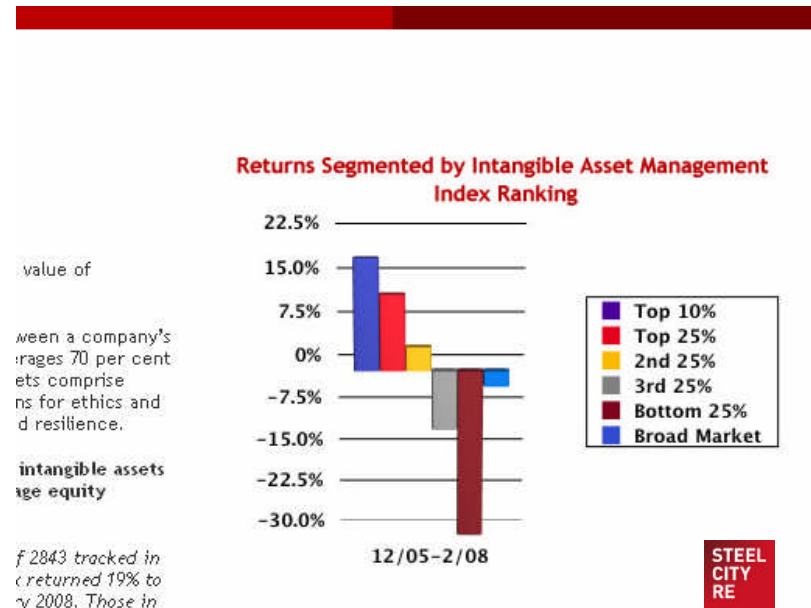
Intangibles, value and risk

- Knowledge-based niche in the global economy
 - Competitive advantage
 - Risk
- The “business” intangibles
 - Comprising business processes, patents, trademarks; reputations for ethics and integrity; quality, safety, sustainability, security, and resilience.



Reputation Index

- Superior managers of corporate intangible assets (reputation) reward shareholders with above average equity returns.
 - Companies ranking in the top 10% of 2843 tracked in Steel City Re's intangible asset management (reputation) index returned 19% to shareholders in the 28 month period ending February 2008.
 - Those in the bottom 25% lost 29%. The median return for the broad market excluding dividends was -4%.



Intangibles and policy

- **Policy Goals**
 - Help focus management
 - Help inform investors
- **Competitiveness of US industry**
 - create, manage, and protect
- **Competitiveness of the US capital markets**
 - transparency, controls, and forecasting
- **Measures of Success**
 - Increased enterprise value
 - Reduced volatility
 - Reduced frequency and severity of intangible impairment events
 - Improved financial resilience



Conference on Reputational Perils



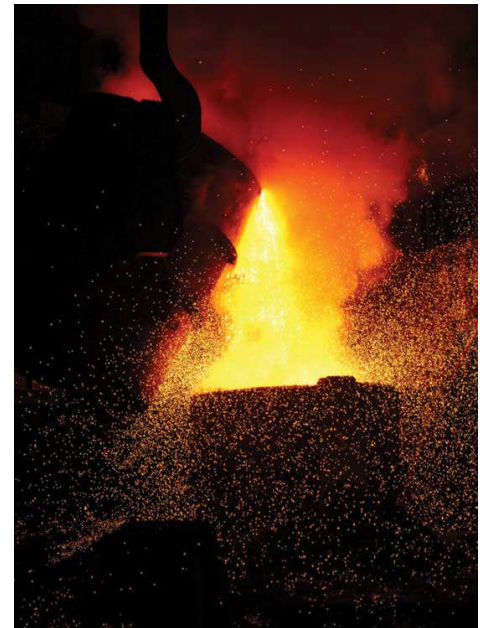
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REPUTATIONAL PERILS

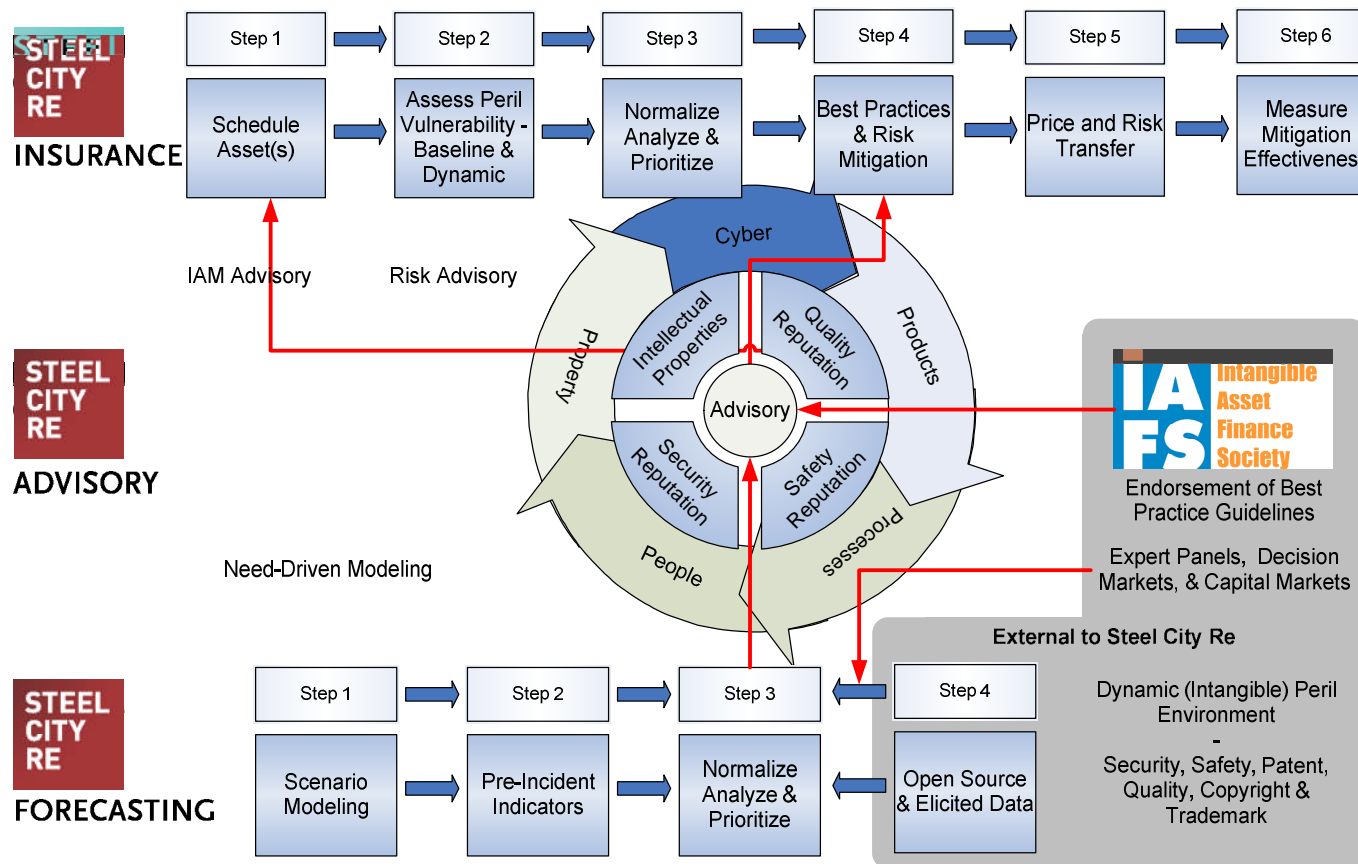
THE INTANGIBLE
VALUE OF SAFE,
SECURE, AND
ETHICAL SUPPLY
CHAINS

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