



## Intangibles and the Government II

*Comments by Nir Kossovsky  
Chief Executive*

23 June 2008

STEEL  
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RE

# Talking Points

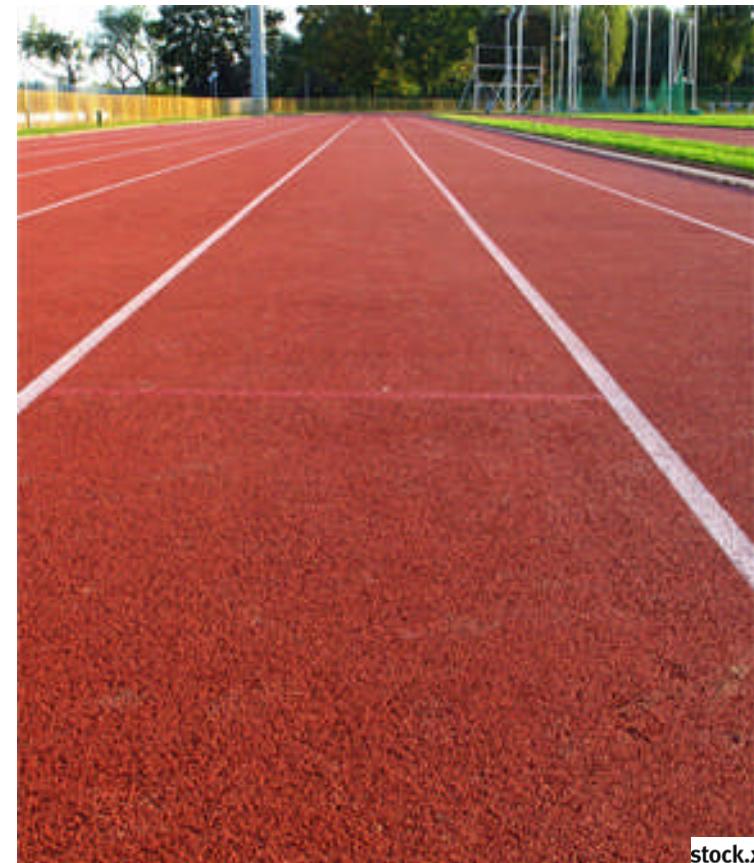
- Policy can make or break US competitiveness
- Value and risk
- Steel City Re's operational view - reputation
- Policy concepts



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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.



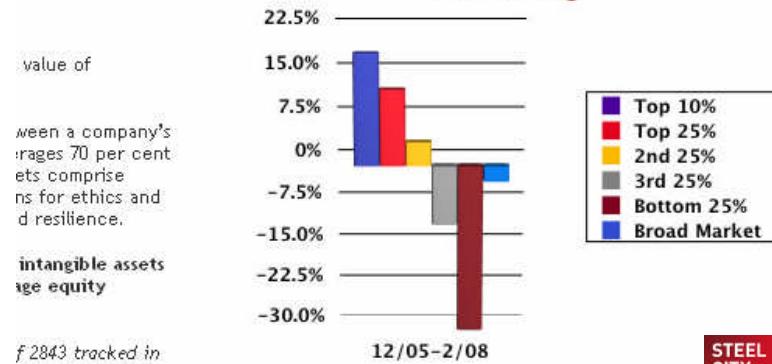
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# Reputation Index

- **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%.



Returns Segmented by Intangible Asset Management Index Ranking



STEEL  
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# 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



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# Conference on Reputational Perils



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**REPUTATIONAL  
PERILS**

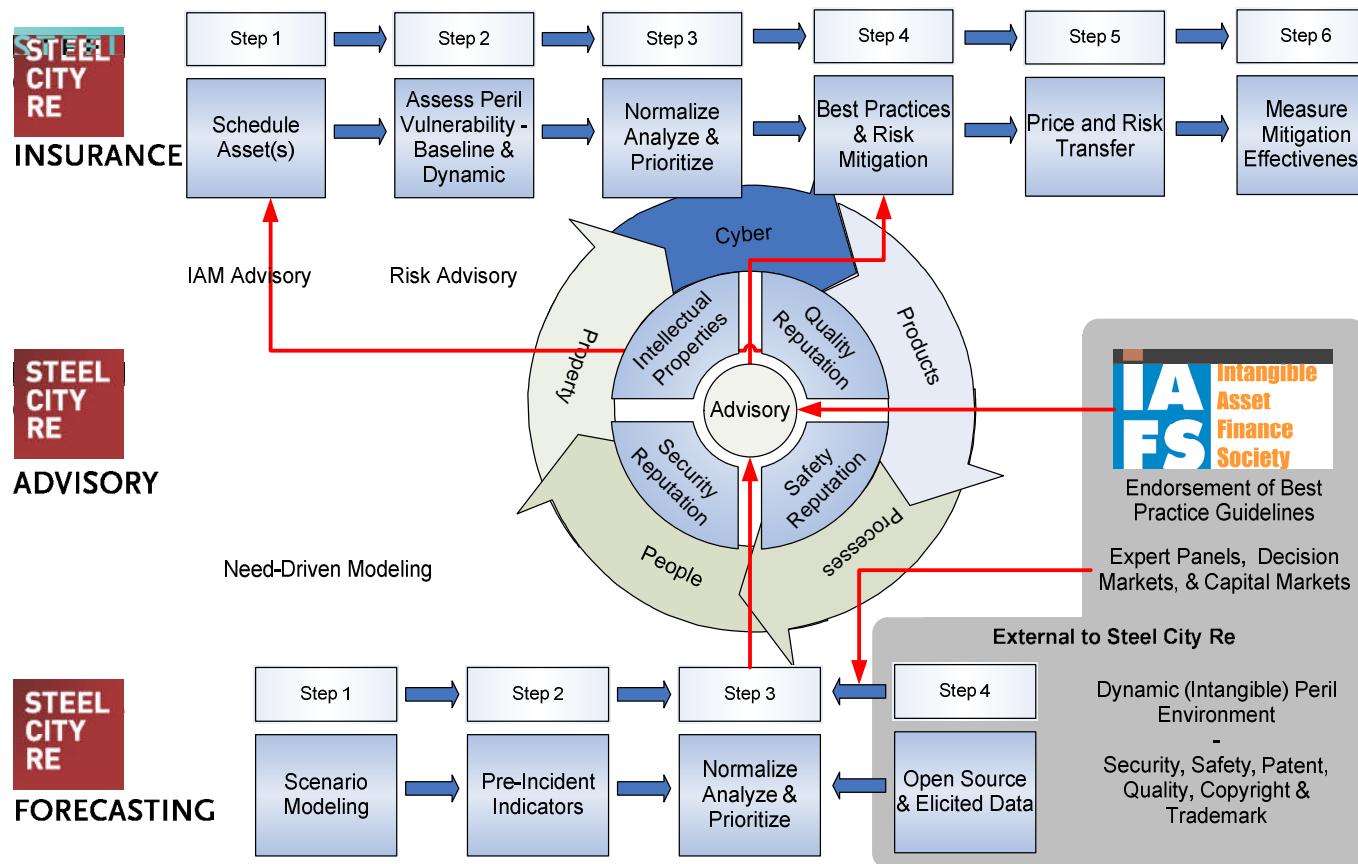
THE INTANGIBLE  
VALUE OF SAFE,  
SECURE, AND  
ETHICAL SUPPLY  
CHAINS

6-9 SEPTEMBER 2008  
FINGER LAKES, NEW YORK

# About Steel City Re



# Comprehensive IA Value Solutions



# Contact

Steel City Re, LLC  
1300 Oliver Building  
Pittsburgh, PA 15222-2304  
United States

[info@steelcityre.com](mailto:info@steelcityre.com)  
[www.steelcityre.com](http://www.steelcityre.com)

Main: 1.412.661.7076  
Fax: 1.412.291.3155

