

Remarks by Ed Finn at the *Investor Relations Magazine Awards Dinner, March 21, 2002 – Barron's, Associate Sponsor*

Good evening, ladies and gentlemen. I've been asked to let you know whether the year ahead is going to be easier or harder for investor relations professionals. The answer to that question has to do with what will happen in the stock market, of course. And as some of you know, it's become my annual ritual to come here to the IR dinner and predict what's going to happen with stocks.

The past two years, my predictions have been on the money. So I'd like to begin by letting you in on a model we use at Barron's to assess the stock market.

The time we most desperately needed this model was on September 11, when Wall Street was in chaos and people were looking to Barron's to give them some idea of how this heinous terrorist attack would affect the markets and the economy.

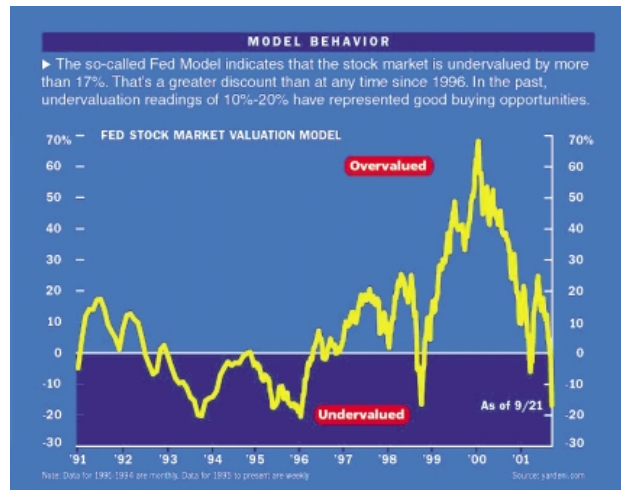
First, we looked to history, specifically the history of market reactions to the various cataclysmic events of the past century, ranging from Pearl Harbor to the Kennedy Assassination. What we told our readers was that the market was likely to get hit hard yet recover quickly.

Indeed, the first part of our prediction came to pass quickly. The Dow fell 20% in five trading sessions.

But when would it recover?

Even as it was falling that fateful week, we pulled out our trusty model, which assesses the stock market by comparing earnings yields to the yields on long-term bonds.

What it showed us, as you see here, is that after the market rout, the stock market was about 17% undervalued.



We decided to tell our readers this by issuing a market call more forcefully than we had done at any time in Barron's 80-year history.

The result you can see here on the cover we ran the weekend after the market fell 20%.

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The following Monday, the Dow jumped 5%, and it has never looked back.

So what does our market model say now?

As you can see, the market now has moved into overvalued territory. It's about 20% overvalued, to be



exact. This suggests that the current rally may have to retrace its steps a bit before moving forward.

Our best guess is that the market should form a

sustainable base this summer, and from there move up at the same rate as earnings. That could provide a nice surge later this year, and then proceed at a pace of about 10% a year for the next few years.

If we invade Iraq, by the way, all bets are off.

So what's all this mean for investor relations professionals? Normally a rising market would make the job of an IR person more pleasant. But I'm afraid to tell you that the skepticism that has been forced on investors by the bursting of the market bubble and the subsequent scandal at Enron and Arthur Anderson will be with us for years to come.

What will be demanded from IR professionals is increased transparency of results, increased access to top-level management and increased communications efforts. The bad news is that the heavier workloads of the past two years will not go away. The good news is that it will all be easier to bear with a buoyant stock market.

Thank you, and good luck.