



KENYON CEO DISPELLS CRISIS MYTHS

Houston, Texas, September 2006 - A recent study by a UK-based research organization, Oxford Metrica concluded that mass fatality accidents have double the impact on shareholder value as compared to corporate catastrophes in general. The study also concluded that in the case of a generic crisis, the market makes a rapid judgement on the company's but with mass fatality accidents, the multiplier effect on value takes much longer.

The conclusions of Oxford Metrica are not surprising. What is troubling is that so few companies are prepared to deal with mass fatality accidents in a way that will protect their reputation and their share value. That is not to say that most companies do not have crisis plans in place, but those that do rarely account for that one percent of accidents that involve fatalities (or what is referred to as consequence management). It is precisely that one percent that can send a company's stock value to the basement...and keep it there.

Given the findings and assuming that most crises are predictable (and can therefore be planned for), why don't more companies and governments better prepare themselves to deal with crises, particularly mass fatality crises. There are probably three reasons; none of which is particularly good when things go wrong.

It won't happen to us—There are still companies today that believe that while accidents may happen to other companies, including their competitors, they have sufficient safeguards to ensure that a crisis wouldn't dare happen to them. But as Hurricane Katrina and the Asian tsunami showed us, the sometimes destructive power of mother nature doesn't discriminate among those companies that have crisis plans and those that don't.

Those companies may be able to deal with corporate crises and product recalls and environmental issues, but a mass fatality accident is a much different kind of crisis and one that can have long term effects on a company's reputation and its share value.

The cost of protection is too high—The cost of protection is high, but the risk of losing a company's reputation, its consumer confidence, its employee loyalty and its share value is even higher. In addition, most companies choose not to have full time emergency response department to deal with a once in a lifetime event.

What the Oxford Metrica result show, however, is that there is a 40 percent premium associated with the engagement of a disaster management specialist services organization. Airlines which have among the most experience with dealing with mass fatality accidents, tend to use an outside service provider to work with them in the event of an accident.

The government will take care of us in an accident—Different governments have different philosophies on this issue and have different resources to be able to assist in a mass fatality

accident, but, in general, the reputation and share value of a company is not the responsibility of the government.

As the study shows, for mass fatality events particularly, the sensitivity and compassion with which the chief executive responds to victim's families and the logistical care and efficiency with which response teams carry out their work, is paramount. While government assistance is helpful to stabilize the overall environment, a company's chief executive is the one who is most responsible for the public's reaction to his/her company following a crisis.

Finally, the study also concludes that when companies in a mass fatality event use an external disaster management specialist provider, they outperform their peer companies by a significant margin. This should not suggest a delegation of authority by the company, but rather a recognition that they are more likely to succeed if they use all of the resources available to them to demonstrate leadership, honesty and compassion.

Robert Jensen is president and CEO of Kenyon International Emergency Services, a 75 year old specialist services company headquartered in Houston, Texas.

About Kenyon International

Kenyon is an international leader in worldwide disaster management, providing pre-incident crisis planning and post-emergency response services on behalf of the world's foremost companies. Privately owned, Kenyon remains the only firm in its business with a hundred year history, comprehensive resources, and experience in every type of mass fatality accident including aviation disasters, natural disaster, war and terror attacks. Headquartered in Houston, Texas, it has offices and facilities in Sydney, Australia, London, UK, and Hong Kong.

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