

Forbes Includes Nu Skin in List of "100 Most Trustworthy Companies"

COMPANY RANKED FIFTH AMONG MID-CAP COMPANIES

TUESDAY, APRIL 6, 2010



Nu Skin was named one of the "100 most trustworthy companies" in the U.S. by *Forbes* on Monday. The company was listed 5th in the mid-cap company section and received an accounting and governance risk (AGR) score of 96/100. After having covering the many recent bankruptcies and corporate scandals, *Forbes* wanted to find and recognize the "most transparent and trustworthy businesses that trade on American exchanges." To do so, the media outlet hired an independent financial analytics company, Audit Integrity, to identify the top accounting and management practices in the country. The financial analytics company screened 8,000 companies traded on U.S. exchanges and found 100 companies that "consistently demonstrated transparent and conservative accounting practices and solid corporate governance and management." Companies' performance on Wall Street were also taken into account for the ranking. In the article, Jack Zwingli, chief executive of Audit Integrity, applauded companies like Nu Skin that made it on the list. "These are the good guys," said Zwingli. "They've consistently shown accuracy and transparency in their financial reporting." Zwingli added, "These companies have made it through our screening process and shown consistent high quality. Healthy individuals are often that way because they don't engage in unhealthy behavior. These companies are the same way."

Governance

The 100 Most Trustworthy Companies

Helen Coster, 04.05.10, 06:00 PM EDT

These are the American businesses that have the most transparent and conservative accounting practices and most prudent management.

Events of the last few years--corporate scandals, bankruptcies, the recession--have greatly damaged investors' trust in some of the country's largest public companies. We wanted to identify the most transparent and trustworthy businesses that trade on American exchanges, so Forbes turned to Audit Integrity, an independent financial analytics company in Los Angeles. Audit Integrity looks beyond the raw data on companies' income statements and balance sheets to assess the true quality of corporate accounting and management practices.

As early as August 2005, Audit Integrity's proprietary rating system signaled potential problems at Lehman Brothers (LEHMQ - news - people). In December of 2005 it gave American International Group (AIG - news - people) a significant downgrade. Last year it flagged the Chicago management consultancy Huron Consulting Group (HURN - news - people) several months before the company announced it was reissuing its financial statements for three fiscal years and its chief executive, chief financial officer and accounting chief resigned.

For the fourth year, Audit Integrity has provided Forbes with a list of companies that are at the other end of the spectrum from the beleaguered firms that make so many of today's headlines. **Audit Integrity finds that its 100 Most Trustworthy Companies have consistently demonstrated transparent and conservative accounting practices and solid corporate governance and management. They do not play games with revenue and expense recognition or with asset valuation. "These are the good guys," says Jack Zwingli, the chief executive of Audit Integrity. "They've consistently shown accuracy and transparency in their financial reporting."**

They've also fared well on Wall Street. The shares of the average company on the 2009 Most Trustworthy Companies list are up 53% in the 52 weeks leading to March 24, compared with 45% for the Standard & Poor's 500.

Audit Integrity's evaluation penalizes companies for unusual or excessive executive compensation, high levels of management turnover, substantial insider trading relative to their corporate peers or high levels of short-term executive compensation, which encourages management to focus on short-term results. Good housekeeping practices leave companies better prepared to handle an economic downturn, especially one as severe as right now. The absence of negative events counts, as much as the existence of positive events, in getting businesses on the list. "These companies have made it through our screening process and shown consistent high quality," Zwingli says. "Healthy individuals are often that way because they don't engage in unhealthy behavior. These companies are the same way."

To create the list, Audit Integrity scans more than 8,000 companies traded on U.S. exchanges. Every three months it assigns each company an accounting and governance risk score, or AGR, based on proprietary modeling designed to identify practices that historically have had a high correlation with increasing shareholder risk.

Audit Integrity rates the 15% of companies in its universe with the highest AGR scores as "conservative" and the 10% of companies with the lowest scores as "very aggressive." Companies in between those extremes are rated either "average" or "aggressive." "We are recognizing that for the most part companies are responsible in reporting their financial performance," Zwingli says. "Those that are not--about one third of the companies we rate--are at heightened risk of negative events like litigation, restatements and bankruptcy."

As in previous years, Audit Integrity sorts its 100 Most Trustworthy Companies into three groupings, according to market capitalization. In this year's crop, three mid- and small-cap companies received the highest AGR score, 100. The two large-caps to come closest, the retailer **Bed Bath & Beyond** ([BBBY - news - people](#)) and the energy company **Enbridge Energy Partners** ([EEP - news - people](#)), each scored 95.

To qualify for the roster, the 100 companies all had to have market caps of \$200 million or more at the time Audit Integrity prepared the list, AGR ratings of "conservative" or "average" over each of the last four quarters and no amended filings with the Securities and Exchange Commission or material restatements over the last year. They also had to rank high in Audit Integrity's Equity Risk Ranking, which indicates a positive forecast for equity returns. "We want to make sure, from an investor's perspective, that these companies have substantial market cap and are viewed as very liquid," Zwingli says.

Governance

The 100 Most Trustworthy Companies

Helen Coster, 04.05.10, 06:00 PM EDT

Page 2 of 2

Most Trustworthy Mid-Cap Companies

Company	Audit Integrity Industry	Average AGR Score ¹	Current Quarter AGR Score	Market Cap (\$ mil) ²
Montpelier Re Hldgs	Insurance (Prop. & Casualty)	100	100	1,200
Werner Enterprises	Trucking	99	98	1,666
Casey's General Stores ³	Retail (Grocery)	97	91	1,587
Bemis ³	Containers & Packaging	96	92	3,237
Nu Skin Enterprises	Personal & Household Prods.	96	98	1,797
Watsco ³	Misc. Capital Goods	96	97	1,880
Auxilium Pharmaceuticals	Biotechnology & Drugs	95	95	1,587
Arch Capital Group	Insurance (Prop. & Casualty)	94	89	3,993
Sykes Enterprises	Computer Networks	94	94	1,107
Jo-Ann Stores	Retail (Specialty)	93	97	1,127
Mettler-Toledo Intl	Scientific & Technical Instr.	93	96	3,660
United Natural Foods ³	Food Processing	93	98	1,258
Oceaneering Intl	Oil Well Services & Equipment	92	98	3,475
ResMed	Medical Equipment & Supplies	92	88	4,765
Cintas ³	Personal Services	91	85	4,329
Hawaiian Electric Inds	Electric Utilities	91	87	2,063
UTi Worldwide	Misc. Transportation	90	92	1,718
Fulton Financial	Regional Banks	89	91	1,828
AmeriCredit	Consumer Financial Services	88	97	3,113
Idacorp ³	Electric Utilities	88	98	1,664
RenaissanceRe Hldgs	Insurance (Prop. & Casualty)	88	100	3,416
Under Armour	Apparel/Accessories	88	92	1,467
Oil States Intl	Oil Well Services & Equipment	87	96	2,389

Regeneron Pharmaceuticals	Biotechnology & Drugs	87	84	2,074
Semtech	Semiconductors	87	97	1,085
Silgan Holdings	Containers & Packaging	87	87	2,277
Terra Nitrogen LP	Chemical Manufacturing	87	81	1,522
Clean Harbors ³	Waste Management Services	86	80	1,478
Granite Construction	Construction Services	85	70	1,186
Packaging Corp of America	Containers & Packaging	85	83	2,576
Reinsurance Group of America	Insurance (Life)	85	98	3,757
Transatlantic Hldgs	Insurance (Prop. & Casualty)	85	100	3,483
Tootsie Roll Inds	Food Processing	84	84	1,598
Avista	Electric Utilities	83	90	1,154
Columbia Sportswear	Apparel/Accessories	83	74	1,779
Cheesecake Factory	Restaurants	83	89	1,667
EastGroup Properties	Real Estate Operations	82	70	1,029
RPC	Oil Well Services & Equipment	82	71	1,146
Hittite Microwave	Semiconductors	81	79	1,334
Capella Education	Schools	80	92	1,519
Cubist Pharma	Biotechnology & Drugs	80	82	1,352
Nicor	Natural Gas Utilities	79	81	1,951

1 Last four quarters. 2 Market Cap as of March 24, 2010. 3 Repeat from 2009 Most Trustworthy Companies. AGR: Accounting and Governance Risk. AGR is a proprietary score from Audit Integrity based on its analysis of accounting and governance factors that have been historically linked to fraud and increased shareholder risk. Sources: Audit Integrity; Interactive Data; Thomson Reuters Fundamentals; Worldscope via FactSet Research Systems.

See Also:

Our prior years' lists: 2009; 2008; 2007.

!