

More than a communications partner

Strategic Investor Relations: Realizing Value in Volatile Capital Markets

22 November 2008



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Introduction

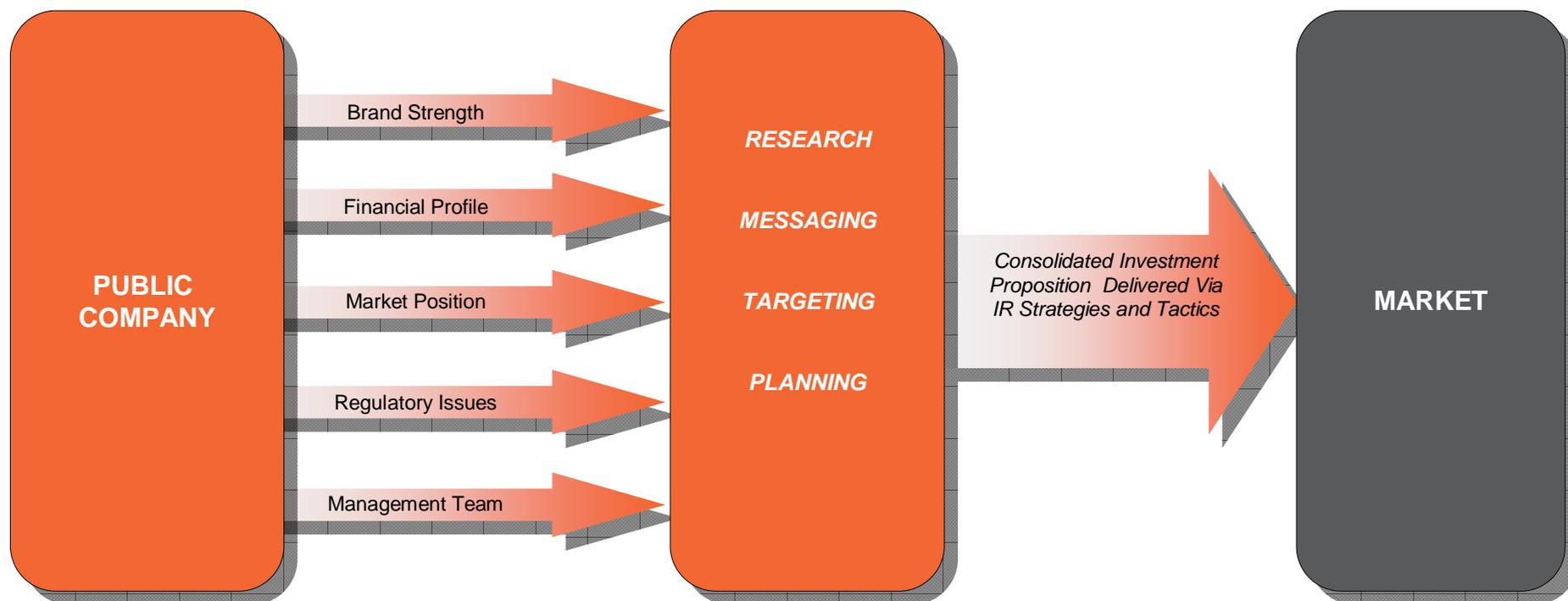
- Global credit markets are in disarray; equity markets have declined significantly but are still functioning and open for business
- Greater market risk has heightened scrutiny of industries, business models, financial strength and ability to execute
- The pool of investable capital has shrunk, so the competition for investment is fierce
- Communicating to the financial audience has never been more difficult or important

The Commitment to the Public Markets

- Accessing capital from the public markets involves a contract between a public company and the investment community
- In exchange for investing their capital, the financial audience wants
 - Insight into the company's strategy, business dynamics and expectations
 - Access to management
 - Transparency
 - Candor
 - Timely communications

What is Strategic Investor Relations?

The process by which public companies define, consolidate, and then communicate corporate strengths, financial performance, and future prospects to the investment community and financial media in order to achieve fair market value for the business



“The Market” Consists of Interrelated Audiences



***These audiences
requires seamless and
consistent communication***

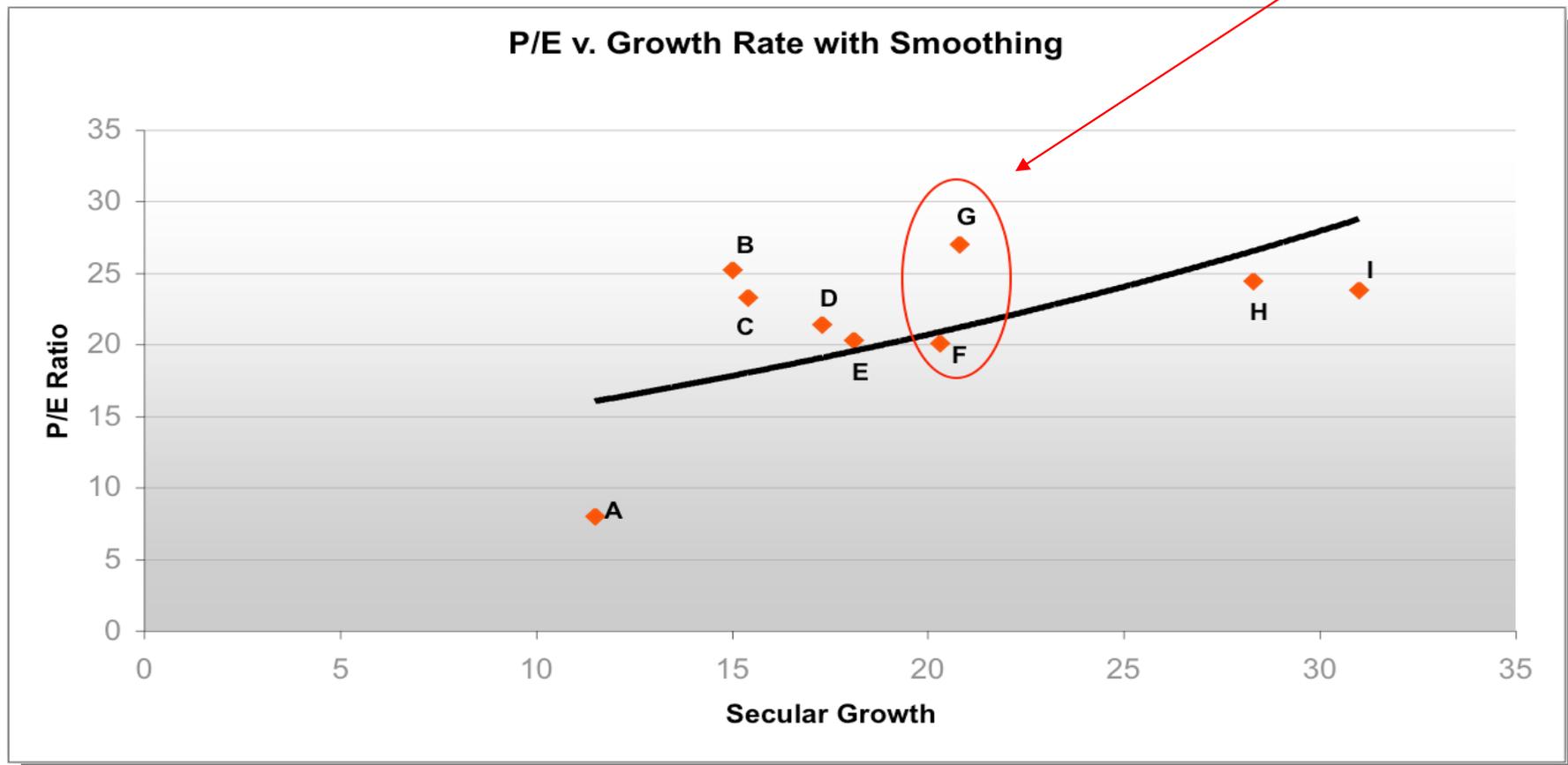
Influences on Investment Decision Are Diverse

- Direct communications from the company (82%*)
- Buy-side of investment community (70%*)
- Trade media (64%*)
- Sell-side of investment community (53%*)
- National business media (49%*)

***Percentage of respondents who ranked the information channel in the top 3**

It's Not All Financial – Intangibles Matter

Assuming a similar industry and a nearly identical growth projection, what is Company G doing that Company F is not doing? *The opportunity often lies in the perceived intangibles of a business.*



What Communications Areas Impact Valuation?

- Analyst & investor communications
- Crisis communications
- Corporate positioning
- Individual/retail investor communications
- Reputation management
- Issues management
- Mergers & acquisitions
- Media relations (financial, business, trade, etc.)
- Capital raising
- Proxy fights
- Management communications
- Corporate restructurings

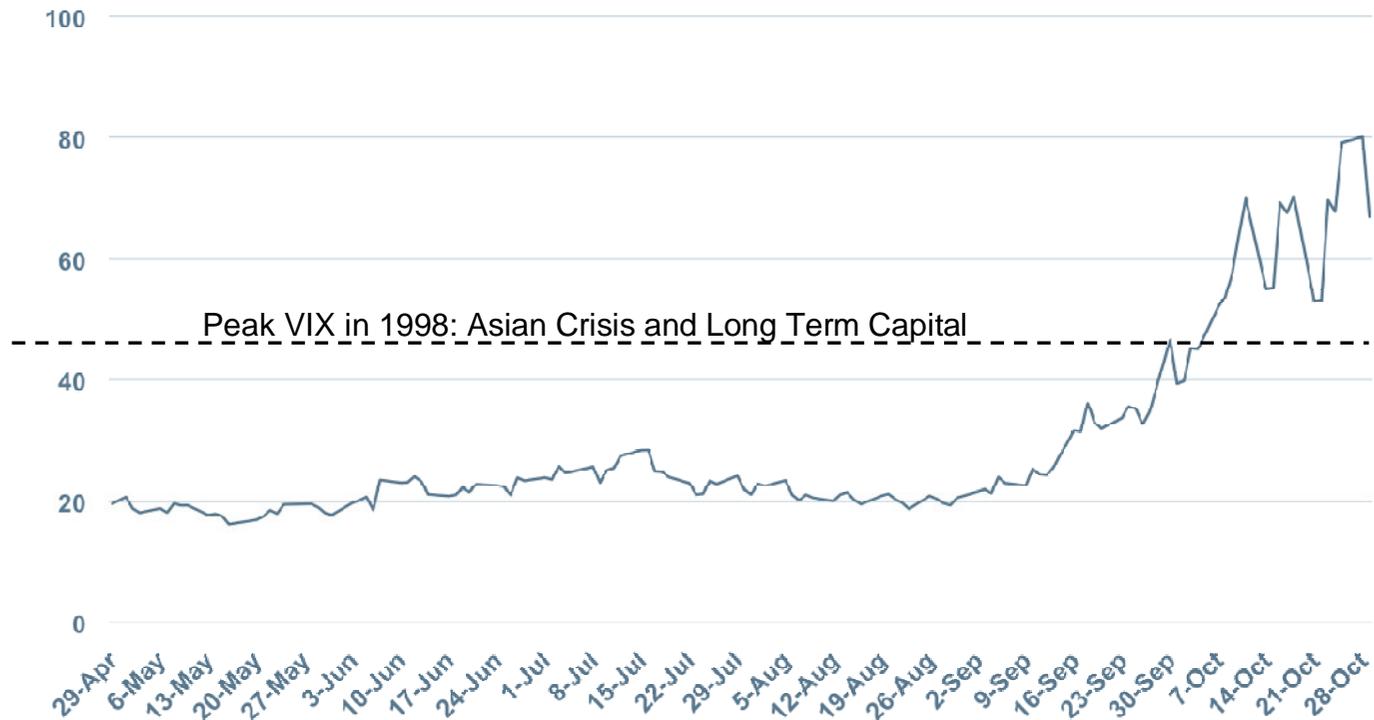
Communicating in Today's Credit Crisis

- The financial markets are in turmoil; there is paralysis in the financial community
- Global equity markets have lost \$32 trillion of market cap over the past year
 - The pain is severe, and shared globally
 - US*: -41.0% (DJIA -35.5%; S&P 500 -40.5%; Nasdaq -42.8%)
 - LatAm*: -52.9% (Brasil -57.8%; Mexico -44.4%)
 - Euro Zone*: -53.1% (UK -51.9%; France -49.3%)
 - Pacific Region*: -48.2% (Japan -34.8%; China -58.2%; Hong Kong -58.0%)
- Volatility in the market is at unprecedented levels
- The TED Spread, a proxy for credit risk, is at record levels

**Source: Barron's Dow Jones Global Indexes 12 Month Returns*

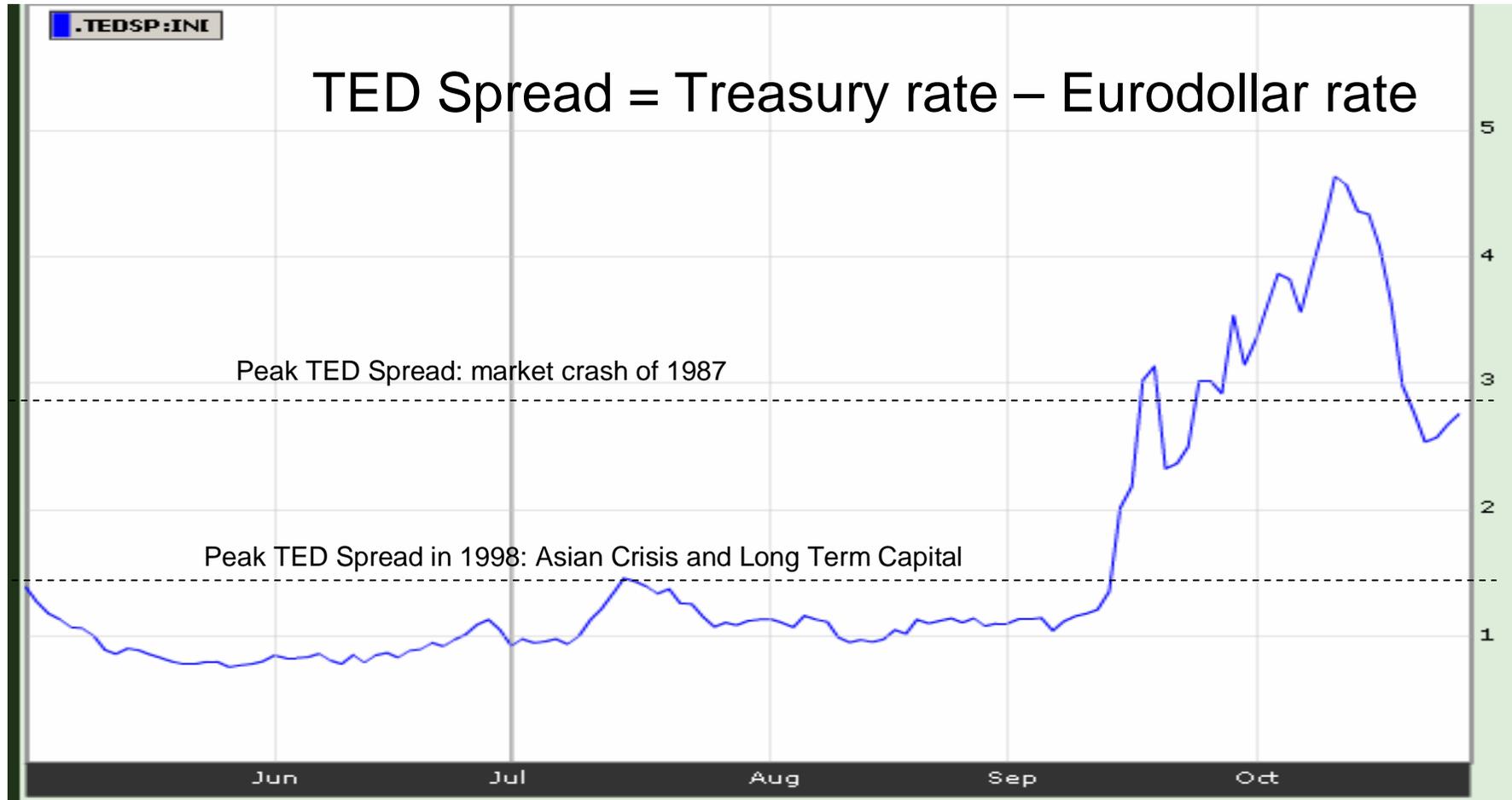
Unprecedented Volatility: CBOE Volatility Index (VIX)

Six Months Through October 28th



Source: Thomson Financial

The TED Spread Reached Unprecedented Levels



Source: Bloomberg

The Good News: the Markets Are Active

- It is the job of investors to invest; they are making buy/sell decisions
 - There is still a market for your shares
- This is not the time to reduce your visibility to the financial community
- These are extremely unusual times; they require non-traditional measures

Investment Positioning in the Credit Crisis

- Near term visibility is poor
- Long-term positioning and context are critical
 - Secular vs. cyclical dynamics?
 - Factors that will dictate severity and duration of the downturn
 - Key question at current stock prices: what is trough earnings power?
 - Transformational changes: some industries will emerge from this cycle permanently altered
 - Company-specific attributes
 - Not all market participants will navigate this environment equally well
 - What are your unique attributes that differentiate you from others?
 - What are you doing to manage the business through this crisis?

Investment Positioning in the Credit Crisis (cont.)

- Financial strength and liquidity are paramount
 - With the non-functioning credit markets, cash flow is king
 - How will you use your financial strength as a competitive weapon?
- How are you positioned to endure, even improve your competitive position?
 - It may be difficult for you, but it might be fatal to other industry participants
 - When the cycle turns, the competitive landscape becomes more favorable

Guiding Investors Through a Chaotic Future

- Outlook and guidance
 - Investors understand that there is less visibility to the outlook, and expect a wider range of possible outcomes
 - There is more latitude in how you talk about the future
 - Ranges, vs. single points
 - However, there is a thin line between greater variability of outcomes and no visibility
 - Critical to avoid the impression that you don't know, don't have control of the business
 - Managing expectations has never been more important
- While the near term is uncertain, use long term quantitative measures for the business whenever possible
 - Revenue potential, margins, returns on assets/capital, etc.
 - Use relative measures when absolutes are difficult
 - Generalities and platitudes will not get traction in this market

Messages that Resonate in this Climate

- Markets that are economically insensitive
- Market dominance or leadership
- Visibility of revenue
 - Backlog, pipeline, recurring revenue, contractual revenue, etc.
- Pricing power
- Non-discretionary nature or non-substitutability of your product or service
- Low cost production or service delivery
- Flexibility of cost structure
- Self-financing, high liquidity

Key Tactics to Engage Investors

- Benchmark against competitors/peer group
- Carry out a perception study of shareholders, analysts, owners of peers, former shareholders, etc.
- Establish the investment thesis
- Analyze the current investor base
- Target potential new investors
- Market to targeted investors
- Use the media and other influencers to reinforce core messages
- Maintain regular flow of communications
- Refine the investment thesis based upon feedback

Recap

- Benchmarking / positioning => THE RIGHT MESSAGE
- Investor targeting => TO THE RIGHT INVESTORS
- Investor marketing/comms practices => THROUGH THE RIGHT ACTIVITIES
- Outreach to the media and other influencers => WITH THE RIGHT THIRD PARTY ENDORSEMENT