Global Trends In Investor Relations

October 2010
# Table of Contents

I. Foreword  
Message from BNY Mellon Depositary Receipts CEO  2

II. Methodology  
Methodology  3  
Respondent Profiles  3

III. Key Global Findings  
Executive Summary of Global Results  5

IV. Summary of Findings  
Investor Relations Profile, Personnel and Infrastructure  9  
Budget and Compensation  11  
Strategy and IR Development  12  
Interaction Between Company and Market  29  
The Future  49

V. Appendix  
Charts  56
As political, economic and regulatory policy decisions are enacted around the world, DR issuers are seeing their increased investor relations (IR) efforts pay off in terms of greater trading value, volume and closer ties to their investors. This study—the BNY Mellon Depositary Receipts Division’s sixth annual survey of global investor relations trends—analyzes where issuers are concentrating their IR initiatives and how they’re allocating their IR resources.

Our survey reveals which IR program features receive the greatest resources, compares and contrasts various issuers’ IR approaches, and identifies worldwide market trends. We surveyed a wide range of international companies from every region and sector, and this year our survey included 390 companies worldwide, a 37% increase over our 2009 sample. For the second year in a row, we included both U.S. and Canadian companies, and for the first time, we conducted a special in-depth telephone survey, interviewing 21 highly respected investor relations professionals to obtain a deeper understanding of changes in the international IR landscape.

In 2010, it is interesting to note we witnessed a dramatic upswing in the international DR market.

• In the first six months of 2010, 78.1 billion DRs traded, an increase of 8.3% year-over-year, and trading value increased dramatically by 41.5% to $1.84 trillion.

• Between mid-year 2009 and mid-year 2010, the number of available DR programs increased from 3,096 to 3,214.

As the world’s leading depositary, BNY Mellon recognizes the crucial need for issuers to have the success of their DR programs supported by market visibility and investor outreach initiatives. A DR program can’t be successful unless the market is aware of it. BNY Mellon has developed an unmatched network of contacts in the global IR community, and with our accumulated expertise, we can help issuers gain maximum exposure in today’s competitive marketplace.

How does your company’s investor relations best practices compare to those of your peers? This survey holds the answers. It will also show what varied approaches other issuers are taking. If, after reading this study, you think your investor relations approach could benefit from fine-tuning, please contact your Relationship Manager or a member of BNY Mellon Depositary Receipts’ Global IR Advisory team.

I. Foreword

By Michael Cole-Fontayn, CEO, Depositary Receipts
II. Methodology

Methodology

BNY Mellon’s Global Trends in Investor Relations online survey was distributed to a wide range of international companies from every region and sector on July 13, 2010 and was concluded on August 18, 2010. This year marks the second time the survey included U.S. and Canadian companies, broadening the respondent base and making the survey fully global.

To collect the data, an invitation to participate in the survey was extended to 2,843 potential respondents. The survey sample size was 371 respondents — a 37% increase from the 2009 sample size of 270 respondents — and was comprised of participants from 47 countries. The 2010 research was composed of a high-ranking audience as the vast majority (69%) of those surveyed were of the senior-most investor relations executives in their respective firms.

All charts included in this report include percentages that are based on the total number of respondents (371), unless otherwise noted. The classification used for emerging and developed markets breakouts is based on commonly accepted industry standards. All monetary values noted are based in U.S. dollars.

In addition, a special in-depth telephone survey was conducted among 21 highly respected global investor relations professionals to gain further understanding of, and intelligence into IR practices around the world. All of the interviews were conducted by telephone between August 23, 2010 and September 1, 2010.

Respondent Profiles

The companies that responded to the survey represent a broad cross-section of sizes, regions and industries.
Industry

Regional Breakdown

Developed versus Emerging Countries
III. Key Global Findings

The global economic downturn has deepened management commitment to investor communications. As in previous surveys, the correlation between company size and how IR is conducted is confirmed in this research, and more broadly, the region in which an investor relations department is located at times dictates the IR practice that is considered the most important. A selection of study findings organized by the section of the report in which they are discussed in greater detail includes:

**Strategy and IR Development**

- Companies are listening more intently. When determining IR effectiveness, investment community feedback now carries the most weight as reported by 65% (an increase over 55% in 2009) in all regions except for North America. North American firms put even more emphasis on meeting quality (72%) and sound use of senior management time (69%).

- 93% of all mega-cap institutions utilize investor feedback to measure IR effectiveness, considerably more than any other market cap segment. Smaller firms use more tangible aspects, such as stock performance and the number of analysts covering the stock more prevalently than larger companies.

- Ensuring effective disclosure is once again the most important priority for investor relations professionals this year (63%), more so compared to 2009 (51%). However, priorities have evolved as this year’s second-highest goals – coordinating the public message (51%) and ensuring management visibility (36%) – were significantly lower in 2009 (31% and 28%, respectively).

- 82% of companies give guidance. Notably, guidance policies largely have not changed over the past year, with the exception of Emerging Europe, Middle East and Africa (EEMEA) firms, where 33% have increased the amount of guidance offered.

  — A majority of Latin American companies offer guidance (72%). Furthermore, while Brazilian respondents make up a significant percentage (32%) of the Brazil, Russia, India, China (BRIC) audience, a sizeable number (30%) of firms in BRIC countries do not give guidance versus non-BRIC emerging companies (18%).

**Interaction Between Company and Market**

- IRO investor communications are spread equally between current owners (33%), target investors (25%) and the sell-side (29%).

- IROs are the engine behind the one-on-one meetings a company holds in a typical year. On average, they are involved in 147 such sessions annually, compared to 72 for the Chief Financial Officer (CFO) and 46 for the Chief Executive Officer (CEO). Western European and Latin American IROs report having the most one-on-one meetings with investment professionals (178 and 168, respectively) and North America the fewest (129).

  — 92% of one-on-one meetings with C-level executives include the IRO, demonstrating the integral part the IR team plays in investor engagement.

- The U.S. continues to be the most frequent stop for non-deal road shows – with 85% of the IROs saying they hold one at least annually in the United States. The U.K. (75%) and Continental Europe (64%) follow as non-deal road show destinations. No other country or region is named by more than 40% of survey participants.
• On average, nearly three (2.5) U.S. non-deal road shows are held by a company, with North American firms holding the most (7.1) in a given year and EEMEA companies holding the fewest (1.6).

• Is there a conflict of interest when brokers arrange non-deal road shows? Investor relations professionals are split. Forty-five percent see a conflict of interest given brokers’ interest in driving trade commissions, but 55% do not. Only in Western Europe does a majority (54%) think there is a conflict.

• Companies globally are seeing continued growth in research coverage over the last few years, principally driven by non-bulge bracket sell-side firms (44% of study participants say coverage from these firms has increased). On average, 15 analysts now cover a company.
  — Western European companies report the most coverage (on average 22 analysts for each firm) and 84% are covered by more than 10 analysts, virtually identical to what was seen in 2009 (83%).

• The single most valued service provided by sell-side analysts is the third-party perspective they provide, including differentiated research and industry insight (cited by 81%). The sell-side is less often relied upon for recommendations (40%, and only 29% in North America).

• 93% of all companies meet with hedge funds (versus 89% in 2009). Nearly one quarter (24%) of a firm’s investor meetings are with hedge funds, up from 2009 (16%).

• Investor relations departments currently meet (47%) or are considering meeting (23%) with sovereign wealth funds (SWFs). However, North American IR teams are less prone to meet with these funds (30%) and a significant number (52%) have no plans to meet with sovereign wealth funds in the future.

**Investor Relations Profile, Personnel and Infrastructure**

• Investor relations professionals typically have 7.4 years of experience in IR, with North American firms employing more seasoned IR professionals (an average of 9.1 years in the profession). Asia-Pacific and EEMEA IROs average about 6 years.

• While annual budgets for investor relations programs have edged higher than they were in 2009, they vary significantly by region of the globe and market cap, with developed markets allocating a median of $500,000 to IR versus emerging markets ($250,000). Larger companies commit the most resources (mega-cap: $1.07 million; large-cap: $1.12 million) compared to small-cap ($392,000) and micro-cap ($253,000).

• Total IRO compensation (salary plus bonus) also is dependent on the region and the size of the firm. North American and Western European companies pay the highest median compensation packages ($204,500 and $195,700 a year, respectively). Compensation falls at least 30% outside these regions, with Latin America paying $139,900, Asia-Pacific paying $108,900, and EEMEA paying $94,900 and this region offers the smallest bonus percentage of total compensation (13.5%).

**Use of Internal Resources**

• While management outreach in the form of investor meetings more often is said to have increased (37%) than decreased (12%), nearly half of the IROs surveyed (49%) report that C-level meeting participation has remained the same.
Only about half (47%) of the IROs surveyed attend board meetings, ranging from a high of 65% in BRIC nations and 62% in Asia-Pacific to 41% in EEMEA and Western Europe and 35% in non-BRIC emerging countries. Twenty-seven percent of IROs who attend board meetings present some of the time, compared to IROs that present all the time (13%) or none of the time (7%). Those IR professionals that present all the time are more likely to report to the CEO (57%) versus to the CFO (28%).

**Use of External Resources**

- Latin American companies (60%) are using outside IR or consulting firms more often than the global average (40%), and mainly utilize such services for IR tactics (conference calls, event logistics). Among the 40% globally, the majority (51%) allocates less than 20% of its budget for these services.
  - On average, Asia-Pacific corporations devote the largest portion of their budgets to external resources (31%) while Western European companies allocate the least (13%).
  - The smallest firms allocate the most capital to external services – micro-cap companies use 42% of their budget for third-party resources.
- Four criteria drive the targeting of new equity investors: investment style (63%), peer ownership (61%), industry focus (60%) and the type of investor/fund (56%). Mega-caps also screen for new investors' equity assets under management (69%) and an investor’s purchasing power (62%). An investor’s region or country focus is most important to Latin American (58%) and EEMEA (56%) companies, while North American companies often use average holding period (52%) and purchasing power (55%).
- A trend toward releasing social responsibility data is evident in Western Europe where 77% of corporations issue a report, as well as in Latin America (72%), and to a lesser extent non-BRIC emerging markets (66%) and EEMEA (57%). This trend is less pervasive in North America (29%) and Asia-Pacific (36%).
- While only 9% of respondents make use of social media, 35% are looking for additional information on its potential uses. Of those who currently use social media for communicating with investors, Twitter is the preferred medium, followed by corporate blogs.

**The Future**

- Traditional investment centers will continue to dominate the travel agendas of IROs and their companies for the foreseeable future.
  - North America (63%; primarily New York and Boston) and Europe (52%; London) were the regions most often visited by IROs over the past five years. North America was most often visited by Latin American (98%) and Western European firms (92%), and Europe was most frequently traveled to by EEMEA (96%) and Latin American (88%) companies. Even over the next three years, North America (58%) and Europe (45%) are still expected to be the two most important regions. Asia follows (named overall by 32% of IROs but by only 29% of those in North America) and is followed by the Middle East (13%).
- Nearly a quarter (22%) of companies worldwide (83 out of the 371 companies surveyed) are considering a secondary listing in an emerging market. Among these companies, the large majority (70%, or 58 companies) identified a listing in Greater China (Hong Kong or China in general) of strategic interest.
• Firms in developed markets (61%) are more focused on China versus those companies in emerging markets (36%). However, both regions are equally focused on Hong Kong (43% and 44%).

IRO Insights:

“The biggest challenge in a recession or in any kind of these uncertain markets is getting the investor attention or the focus on the company story. Now the challenge in the back-half of coming out of the recession is how do you have investors stick with you while they may see better investment opportunities in the beaten-down names? But my overall philosophy is, especially in tough times, that’s when you should really over-communicate.”

— North America/Mega Cap/Technology

“(Sell-side analysts) do contribute materially—not so much on the recommendation side, but in the analysis of the industry and understanding of the industry. And getting a third-party independent view. We have a company agenda and we will give a biased view because we are going to believe our business case. But to have a third-party independent to bounce ideas off of is useful.”

— NiQ Lai, City Telecom/Developed Asia/Small Cap/Telecommunications

“The value I guess to an IRO of a hedge fund is that it’s a two-way street. You can get information from them. Typically the people that I know in the hedge funds will call me up when there’s a rumor going around saying, ‘What do you think about this? What do you think about that?’ So they’re a useful source of information actually.”

— North America/Mega Cap/Consumer Staples

“I am sure the broker-dealer model will evolve into the next level because, frankly, the value-add that the sell-side gave us 10 years ago is more than what they can offer us now, and the reason for that is we know more investors now. So of course there will be some changes to the model. But to what extent, I am not sure. This is certainly a topic that we think about, but I don’t know where it will go from here.”

— Developed Asia/Large Cap/Financials
**IV. Summary of Findings**

**Investor Relations Profile, Personnel and Infrastructure**

How many employees are in your IR department? How many employees in your IR department are professional versus support personnel?

On average, investor relations departments are currently staffed with nearly four (3.7) employees. The average make-up of a current IR staff consists of two professionals and more than one (1.6) support employees.

Naturally, the scope of an investor relations department varies by market cap, with larger companies employing more staff overall. Mega-cap firms employ almost six staff members (5.8, up from 4.8 in 2009). Large-cap companies on average have 4.2 employees, compared to small-cap (3.1) and micro-cap (2.1), where resources for IR staffing are dedicated elsewhere.

The size of investor relations departments across various regional audiences differ as well. IR staff in developed countries consists of 3.2 employees versus staff in emerging companies, which consists of 4.5 employees. Companies in the BRIC nations are the highest on average with 5.2 staff members, and the U.S. has the fewest with 2.4 employees.

The 2010 research is comprised of a higher-ranking audience as the vast majority (69%) of those surveyed were of the senior-most investor relations executives in their respective firms.

To whom does the most senior investor relations executive report?

IROs are reporting typically to the CFO (57%) overall, though the CEO is directly involved to some degree in 29% of firms that responded. This is particularly true in Latin America (and BRIC nations), where investor relations executives report in a straight line to CEOs in 47% of the cases measured (BRIC overall: 41%), and this is a trend seen in the previous research in 2009. On the contrary, North American companies commonly involve the CEO less often (17%), and instead IROs report to the CFO (76%). This is also the case for non-BRIC emerging countries, where 63% of IROs in these nations report to the CFO.
Reporting relationships differ on the basis of market cap. Among large-cap firms (where companies are more likely to have dedicated IR departments), the CFO typically is the direct report (62%). However, in small and micro-caps, the CEO increasingly is the direct report as departmental responsibilities often become shared with the CFO, and even the CEO at times is officially classified as the head of investor relations. IROs in smaller companies say they are equally as likely to report to the CEO as the CFO.

Who is the primary contact for the investment community?

As for who is the main contact for the investment community, clearly the investor relations officer or head of IR (85%) is the primary contact for this audience (roughly in line with percentages seen in 2007 (91%) and 2009 (81%)). Yet, while this responsibility rests with IR departments worldwide, a number of Asia-Pacific CFOs (20%) have not relinquished this role to investor relations as of now. The same percentage of micro-cap CFOs (20%) remain the primary point of contact for investment professionals, which continues to indicate that micro-caps have fewer resources with which to employ dedicated IR professionals and instead simply have management answer the marketplace’s calls.

How many years experience do you have in investor relations?

While on average the investor relations professionals surveyed have 7.4 years of experience in IR, rather stark differences are evident with regard to a company’s location. North American firms employ more seasoned IR professionals with an average of 9.1 years in the industry while Asia-Pacific and EEMEA IROs have 6.3 years and 6 years of experience, respectively. This wide difference is not exactly surprising, considering investor relations is a relatively new function for public companies in these regions, compared to the more developed markets of North America and Western Europe. In fact, IROs in developed countries have eight years of IR experience compared to IROs in emerging nations (6.4), and subtracting BRIC countries (6.9 years), investor relations professionals in non-BRIC emerging nations have the fewest number of years experience (5.9).

“I came to help reestablish a very strong investor relations team. The function had not been what I would consider a professional IR function. They had rotated people through the role. So I’ve come back, and I’m building more of a core competency in investor relations for the company.”

— North America/Mega Cap/Consumer Discretionary
Budget and Compensation

What is the total annual budget in U.S. dollars for your company’s investor relations program?

Investor relations budgets have risen somewhat from levels reported in January 2009. Nearly one-third of all respondents (29%, up from 21% in 2009) report IR budgets in excess of $1 million. At the same time, fewer indicate having budgets of less than $500,000 (47%, down from 57% last year).

<table>
<thead>
<tr>
<th>Average budget</th>
<th>Mega</th>
<th>Large</th>
<th>Mid</th>
<th>Small</th>
<th>Micro</th>
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<tr>
<td>$1,076,000</td>
<td>$1,125,000</td>
<td>$612,000</td>
<td>$392,000</td>
<td>$253,000</td>
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<tr>
<td>Median budget</td>
<td>$800,000</td>
<td>$800,000</td>
<td>$500,000</td>
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The amount of capital allocated to investor relations programs worldwide varies significantly by region of the globe, with more developed regions gaining the lion’s share of resources. Western European companies devote the largest percentage of funds to investor relations, with a median annual budget of $775,000 set aside for this segment of the firm. North American IR departments are allotted a median point of $625,000, and Latin American companies typically have budgets of $500,000.

Yearly budget figures fall dramatically with regard to EEMEA and Asia-Pacific investor relations departments, to $250,000 and $120,000, respectively. More broadly, IR teams in emerging countries have half the total budget ($250,000 median) compared to developed countries ($500,000 median), and emerging companies outside of the BRIC segment devote $200,000 to investor relations.

What is your base salary (U.S. dollars)?

Much like IR budgets, an investor relations professional’s salary is dependent on the region and the size of the firm in which he or she is employed. Western European corporations pay their IR employees the highest median base salary ($161,600), closely followed by North American firms ($157,900). Moving away from these regions, annual base salaries fall at least 30% with Latin America paying $111,100, Asia-Pacific paying $87,500, and paying EEMEA $82,100.

<table>
<thead>
<tr>
<th>Average base salary</th>
<th>Asia-Pacific</th>
<th>EEMEA</th>
<th>Latin America</th>
<th>North America</th>
<th>Western Europe</th>
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<td>$116,100</td>
<td>$108,300</td>
<td>$108,900</td>
<td>$162,400</td>
<td>$169,800</td>
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<tr>
<td>Median base salary</td>
<td>$87,500</td>
<td>$82,100</td>
<td>$111,100</td>
<td>$157,900</td>
<td>$161,600</td>
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Similarly, an investor relations professional is compensated a higher base salary should they work for a larger firm. Large-cap companies pay IROs the highest median salary ($146,300) while surprisingly, there is negligible difference between mega-caps ($137,400) and mid-caps ($131,800), though total compensation (base salary plus bonus) in mega-cap firms is much higher due to varying incentive structures (based on findings from the next question). To a lesser extent, small-caps ($126,100) are closer in base pay to mega-cap and mid-cap companies. Again, micro-cap investor relations executives are paid the lowest with a median base salary of $92,400 a year.

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<th>Average base salary</th>
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<td>$165,600</td>
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<td>$133,600</td>
<td>$134,000</td>
<td>$100,400</td>
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<tr>
<td>Median base salary</td>
<td>$137,400</td>
<td>$146,300</td>
<td>$131,800</td>
<td>$136,100</td>
<td>$92,400</td>
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What is your total compensation (U.S. dollars)?

Taking into consideration bonuses, options and other compensation, North American companies pay the highest median compensation package of $204,500 a year, and offer the uppermost bonus percentage (23%) of all the regions in the research. EEMEA corporations offer the lowest compensation schedule, with investor relations professionals in this locale earning $94,900 annually (base salary and bonus combined), and this region offers the smallest bonus percentage of total compensation (13.5%).
Furthermore, total compensation varies widely on a more global basis, with companies in developed countries earning a median of $216,600 compared to emerging firms ($134,900). Within this emerging nation group, BRIC firms pay a total compensation package of $150,600 versus non-BRIC emerging firms ($119,800).

From another perspective, the total compensation of 71% of North American IROs is over $150,000 compared to 62% in Western Europe, 42% in Latin American, 39% in Asia-Pacific and 35% in EEMEA.

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<tr>
<th></th>
<th>Asia-Pacific</th>
<th>EEMEA</th>
<th>Latin America</th>
<th>North America</th>
<th>Western Europe</th>
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<tr>
<td>Average base salary</td>
<td>$160,300</td>
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<td>$228,100</td>
</tr>
<tr>
<td>Median base salary</td>
<td>$108,900</td>
<td>$94,900</td>
<td>$139,900</td>
<td>$204,500</td>
<td>$195,700</td>
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Needless to say, mega-cap institutions offer their investor relations officers the highest total compensation structure, paying yearly packages of $187,400 (median) and incentivizing their employees with bonuses of 27% of base salary. Overall compensation falls to $107,500 (median) for micro-cap IROs.

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<th>Mega</th>
<th>Large</th>
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<tbody>
<tr>
<td>Average base salary</td>
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<td>$202,000</td>
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<td>$126,800</td>
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<tr>
<td>Median base salary</td>
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<td>$168,700</td>
<td>$168,700</td>
<td>$153,700</td>
<td>$107,500</td>
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Strategy and IR Development

**What are your top three goals for the investor relations function/program for 2010/2011?**

As the economy continues to exhibit signs of stabilizing, the investment community’s desire for more disclosure/transparency and access to senior management during the downturn shows no signs of abating. With this, investor relations professionals are doing what they can to be prepared. The primary goals for IROs heading into 2011 are ensuring the company has an effective disclosure policy (63%), putting forth a coordinated investor/public relations message (51%) and making sure company leadership is visible and accessible to investment professionals (36%).

“It is all about messaging and getting messages across to the correct investors. So it is just trying to make investors understand what value is in the underlying assets and the business. So what I am saying is it is more a communications messaging mission.”

— Pacific/Midcap/Basic Materials

“Our goals are tied to our corporate functions. We talk about how we actually set our goals for the year because they’re very much tied to the management business objectives. Strengthen the core, for example, is a goal, and I really tried to shore up the domestic shareholder base. Expand into adjacencies was a corporate goal, and for me it means expanding into the international realm, which we started to do last year but will continue to do this year.”

— North America/Mega Cap/Health Care

“My goals are to inform investors in a transparent way and to be reachable for investors.”

— Markus Zeise, BASF/Western Europe/Mega Cap/Basic Materials

“Our goals are to help the market to understand our results. We want to have improved transparency in our results. And we want to have a higher level of responsiveness for both investors as well as analysts.”

— Eduardo Campos Salles, AmBev/ Latin America/Mega Cap/Consumer Discretionary
“(Being) able to provide value-added insights to the business leaders that will help them make better business decisions, and these insights come from talking with investors and also having a very current view of the competitive environment and how the market is valuing different levers that the competitors may have.”

— North America/Mega Cap/Consumer Discretionary

“We measure ourselves by—and we set this goal—the percentage and type of institutional holders in our stock – basically the fabric and the makeup of our institutional holdings. From a quantitative standpoint, that’s the biggest means. From a qualitative standpoint, it’s reviewing analyst reports and making sure that there are key messages echoed back to us.”

— North America/Mega Cap/Health Care

“Honestly, we have no qualitative measurement with regard to that. We are not measuring, for example, the number of road shows or volatility in share price or change in consensus estimates compared to our own. But even without that, we have such a close contact with Board members, who are also on the road, that they get feedback. And we do our own perceptive studies, and they get an unbiased feedback, and they get a clear understanding of how investor relations is perceived in the market and how they are themselves perceived in the market.”

— Western Europe/Large Cap/Basic Materials

“The investor relations team is held accountable for making sure that the leadership team, in particular the CEO and the CFO, have a good handle on what is happening in the capital markets, how the company is viewed, what the risks and opportunities are that the market sees for the company and how the company is being valued.”

— North America/Mega Cap/Consumer Discretionary

While the goal of ensuring effective disclosure is once again the most important to the current audience, and more so than in 2009 (51%), priorities have changed somewhat over the past year. This year’s second-highest goals – coordinating the public message and ensuring management visibility – were considerably lower in 2009.

Meanwhile, priorities for 2011 appear to vary by region, particularly in Latin America, where last year’s top goal of being in the strategic loop has fallen in importance, and has been replaced by effective disclosure practices. Furthermore, this region carries a diverse opinion over what constitutes the next most important goals for the year. While ensuring top-notch disclosure practices are first and foremost for every region of the globe, Latin America’s continued globalization has made it necessary for local investor relations departments to focus on diversifying its shareholder base (33%), expanding research coverage (33%) and increasing the shareholder base outside the home market (28%). Implementing a more aggressive approach to management access and visibility (23%) appears to be less of a priority compared to other regions.

“Our goal is to transform the company into a global company – a world-class company. We intend to internationalize the company and reach global investors worldwide.”

— Edina Biava, BRF - Brasil Foods/ Latin America/Large Cap/Consumer Discretionary

“I think a critical challenge/opportunity is just staying abreast of critical business issues. So whatever the company is that you’re representing, making sure that you are very fluent in the risks and opportunities and the strategy of the business. I think that’s number one. I think number two is understanding the dynamics of capital flows in both the equity and fixed income markets is important. Then I think the third thing is having a very good handle on what’s happening on the competitive front. So I need to know whatever companies are viewed as peer companies of mine when I’m meeting with investors.”

— North America/Mega Cap/Consumer Discretionary
Smaller firms are developing a wide range of goals for the upcoming year, as efforts to grow the company’s visibility demand IROs to focus their efforts on various fronts. Again, while ensuring effective disclosure is the principal goal across all market caps, small- and micro-cap firms appear to be banking on the sell-side to increase their market visibility as the second imperative is enhancing research coverage (44% and 34%, respectively). In addition, small-cap companies have increased their focus on coordinating the public message (52% in 2010 versus 41% in 2009).

Meanwhile, access to and visibility of senior leadership (28% and 29%, respectively) appears to be less of a priority for small- and micro-cap companies, perhaps due to the fact that a significant amount of CFOs and CEOs in this audience are already the point of contact for the investment community.

How is investor relations effectiveness measured at your company?

Companies generally do not rely on a set of quantifiable metrics when measuring the effectiveness of their investor relations programs. Rather, feedback from the investment community (be it formal or informal) carries more weight (identified as important by 65%) than any other factor. A slightly more tangible metric is relied upon by 57% that say IR is judged on the quality of information in research reports and recommendations, and exactly half use the quality (as opposed to the number) of meetings for measuring the efficacy of its IR function.

“This is always a question we get and it is really difficult to answer because it is really coming down to hearing from shareholders – if they have any issues. And if we are keeping our shareholder base happy, we think we are doing our job properly.”

— Western Europe/Mega Cap/Telecommunications
“There are some measures. For example, I can see the feedback from investors after the meetings, and the CEO and CFO of the company measure my effectiveness after the meetings because they receive feedback from investors. They meet with investors and they ask questions about the service which I provide.”

— Russia/CIS/Midcap/Industrials

“Our effectiveness is sort of measured by reading sell-side reports and seeing if our messages resonate through them, and how many times do the reports come out where it’s actually wrong. I guess the other way we look at it is who our shareholders are and do we have a good list of shareholders?”

— North America/Mega Cap/Consumer Discretionary

“Strangely enough, part of this is done as a result of having one-on-one meetings with major investors and analysts. I guess part of the measurement is seeing what the analysts are actually saying about the company—that they have actually understood what we have tried to put across. And also the results of the one-on-one investor meetings—to see if the investors take up a greater share in our company, or whether they don’t. So what I mean is, seeing if investors are gaining confidence from what we are explaining to them.”

— Pacific/Midcap/Basic Materials

Informal feedback from investment professionals, while still high on the list of factors, is not the most important metric used in determining investor relations effectiveness for North American companies. Instead, such opinions (65%) are supplanted by the quality of meetings (72%) and the use of senior management time (69%) as the prime factors for establishing a benchmark on IR’s performance.

At the same time, EEMEA companies follow a more quantitative approach, and are more apt to consider the relative valuation and performance of its stock (52%), the sheer number of one-on-one meetings with the investment community (50%) and the number of research analysts covering the stock to glean IR’s effectiveness. Likewise, Latin America employs a similar approach with regard to one-on-one meetings.
(49%) and the size of research coverage (56%), which is unique in that 47% of firms in BRIC countries use the number of research analysts covering the company versus the developed country norm of 26%.

**How did your communications strategy change during and after the global economic downturn of 2008 and 2009 with regard to the following three factors: access to management, proactive investor relations outreach, level of disclosure/transparency?**

Considering the depths to which the global economy fell and the subsequent sell-off in worldwide markets, it’s not surprising that investor relations departments responded by increasing their collective outreach to the investment community, particularly those firms in Latin America and Asia-Pacific, where 49% and 48%, respectively, have increased their proactive outreach efforts during the global economic downturn of 2008 and 2009. In addition, access to management was increased in 42% of companies in the BRIC population during the crisis, double the number of non-BRIC emerging companies (21%).

The overall landscape for the three most important factors for investment professionals – proactive outreach, access to management and level of disclosure/transparency - largely remained the same for the duration of this timeframe. In other words, despite a significant amount of volatility in the global markets, investor relations has remained consistent.

Investor relations programs all over the world are not materially changing their practices with regard to management access, disclosure or investor outreach, keeping each at the level they were during the economic slowdown.

“I wouldn’t say it has necessarily changed. We are still meeting with people now as we did prior to the downturn. So I wouldn’t say the number of meetings has increased or decreased. The importance of our key top 30 shareholders – we regularly engage with them and we make sure the channels of communication are completely open.”

— Western Europe/Mega Cap/telecommunications

“I would say the communication strategy didn’t change. What we talk about changes to a certain degree, but the communication strategy – which is to communicate effectively with the market and give a good perspective on the business – that fundamental part of the function doesn’t change.”

— North America/Mega Cap/Consumer Discretionary

“In-house, we have improved our economic analysis team because we do find investors asking questions about the economy and what the impact is of the economy on our business. So we do a lot more analysis of that in-house than we used to do. Specifically, as a company, we have exposure to Eastern Europe and Greece, which has been heavily impacted by the financial crisis. And we have also explicitly addressed the question of the impact of the economy and the financial crisis on some of our road shows. Previously we wouldn’t have talked about the economy so much.”

— Nils Paellmann, Deutsche Telekom/ Western Europe/Mega Cap/Telecommunications

“The way our communication changed is we went on more road shows last year than in previous years. This year, however, the number of road shows has come back down to the more normal level. But it was during the low part of the downturn that we went on the road more because our management believed that in a downturn we needed to offer investors more information about our company. And those meetings were the first non-deal road shows we had done. Globally we went to Hong Kong, Singapore and then London and the U.S.—and that was all a first for us.”

— Developed Asia/Large Cap/Financials
Over the last 12 months, how has your financial guidance policy changed?

Offering the investment community financial guidance is the norm, with 82% of companies releasing some form of information on future trends to investors, particularly corporations in Western Europe (89%), North America (86%) and EEMEA (83%). And while the majority of Latin American firms give guidance (72%), more than a quarter (28%) do not release such data. While Brazilian respondents make up a significant percentage (32%) of the BRIC audience, it is noteworthy that 30% of firms in BRIC countries do not give guidance versus non-BRIC emerging companies (18%).

“We have a clear pattern. From Q2 and onward we are releasing very specific corridors of our revenues, EBIT, net income, capex and even anticipated Key Performance Indicators (KPIs) like equity gearing or whatever. In 2009 with the crisis, we refrained from the specific numbers and stayed with qualitative guidance.”

— Western Europe/Large Cap/Basic Materials

Moreover, current financial guidance policies have not changed substantially over the past year, with the exception of EEMEA companies, where 33% have increased the amount of financial guidance offered to the investment community, a trend unique to this region, independent of the size of the company in question.

For which of the following does your company provide financial guidance?

The current composition of guidance practices revolve around a number of metrics commonly disseminated by companies overall, including revenues (60%), earnings (51%), capex (48%) and margins (45%). Top-line figures are key to guidance for corporations, no matter the region or the market cap.

The amount of companies giving earnings guidance has dropped slightly over 2009 (when the percent stood at 58%), and earnings forecasts are less frequently provided by Latin American firms (23%) compared to North America (64%) and Western Europe (63%). From another perspective, companies in developed markets (58%) offer earnings guidance more so than emerging markets (38%), and more specifically BRIC (30%).

Information on capital expenditures is released by a little over 50% of all regions, with the exception of Asia-Pacific as only 37% of institutions in this region give capex guidance. Guidance with regard to margins is more often than not supplied in EEMEA (58%) and Latin American (58%) companies. In fact, 58% of the companies in emerging markets offer margin information, compared to developed markets that offer such data less often (38%). Meanwhile, non-financial goals are distributed in EEMEA (49%) firms, significantly more often than elsewhere in the world.
While the differences among company sizes are not nearly as stark as those found within a region analysis, the forms of guidance given do vary for capex, margins and non-financial goals. Mega-cap firms (59%), large-cap companies (55%) and the mid-caps (54%) provide guidance on capex more so than small-cap (33%) and micro-cap (28%) institutions, understandably since larger firms have the necessary capital to fund capex programs, whereas smaller firms are more focused on revenues and ramping up earnings.

**In your opinion, which mediums are most effective for finding information on investor relations trends?**

Investor relations officers most often seek information on IR trends via investor relations organization conferences and seminars (76%), which may be growing in importance compared to 2009 (67%). This is especially true for North America (81%), Latin America (84%) and EEMEA (87%) IR professionals.

For Western European IROs, however, peer activity networking is the source of choice for 73% acquiring such information compared to IR conferences (57%). Meanwhile, depositary bank events and publications offer EEMEA (50%) and Latin America (40%) a secondary outlet for data on IR trends (emerging market average is 45%).
Use of Internal Resources

How often does the investor relations department give counsel to your company’s Chief Executive Officer and Chief Financial Officer?

Interaction between investor relations and senior management is typically a weekly occurrence, with more frequent contact among CFOs and IROs. Seventy-three percent of IR teams provide counsel to the CFO at least weekly, and 47% give information to the CEO on a weekly basis, at least.

While weekly interaction with the CEO is the norm for teams in the Americas and Western Europe, contact with the chief executive in Asia-Pacific and EEMEA tends to be less common.

As for investor relations interaction with the Chief Financial Officer, the majority of Latin American IR groups (51%) communicate with the CFO directly on a daily basis, more so than any other region surveyed and well ahead of North America (40%).

What type(s) of information does the investor relations department provide to senior management?

Whether it’s daily, weekly or monthly interaction with senior management, the type of information is generally the same across all regions and market caps. Sell-side analyst opinions (89%) and feedback from investors (85%) are commonly given to company leadership by the vast majority of IR professionals around the world. This is similar to 2009 when research notes and investor feedback also were the primary information sent to senior management teams.

After these two leading insights, information shared with management includes a review of IR activities (79%), the performance of the company’s shares (77%) and insight on the firm’s peers (73%). North American IR departments provide management with peer information with greater frequency than departments in other regions, and Latin American and Western European investor relations are more apt to share data on stock performance than teams in other countries.
What type(s) of market intelligence does the investor relations department provide to the Board of Directors?

The majority (69%) of survey respondents’ investor relations departments provides its Board of Directors with market intelligence, again confirming the functional value of IR seen in 2009, when 67% of respondents provided information to the board. However, this practice currently appears to be more prevalently a Western one with Western European (80%), North American (72%) and Latin American (70%) companies providing the board with market intelligence versus those from Asia-Pacific (62%) and EEMEA (59%).

Of those participants who provide their boards with pertinent information, most often it incorporates sell-side research opinions (83%), stock performance (76%) and feedback from the investment community (70%), which is highly similar to 2009.
What is the senior-most investor relations executive’s involvement at board meetings?

Almost half (47%) of investor relations professionals worldwide attend board meetings in some capacity, and 40% present at least some of the time. Very few (7%) are spectators. Investor relations officers in BRIC countries are most the frequent attendees (65%) versus IROs in non-BRIC emerging countries (34%). More specifically, Asia-Pacific IROs are the most frequent attendees (62%) and most likely to present – 52% do so all (27%) or some of the time (25%).

Use of External Resources

What percentage of your investor relations budget is explicitly allocated to external investor relations/consulting firms?

External investor relations or consulting firms are used for support services by 40% of the IR departments surveyed. While this percentage ranges between 35% and 41% across most regions, it is highest among Latin American companies, where 60% avail themselves of such support.

At the same time, use of outside services is highest among companies with the resources to afford them – nearly half of the mega-caps participating in the study employ consultants versus 42% of mid-caps and only 29% of micro-caps.

External investor relations/consulting firms typically account for under 20% of the IR budget of the companies that employ them. Asia-Pacific corporations tend to devote the largest portion of their budgets to external avenues (31%) while Western European IR departments allot the least (13%). From a broader perspective, emerging market IR teams devote on average 25% of their budgets to outside services compared to those in developed markets (19%). Among the emerging market audience, BRIC firms allocate the most (26%).

For which of the following functions does your company typically use an external investor relations firm?

By far, companies using such services use external investor relations firms for tactical purposes such as conference calls and event logistics (62%), followed by strategic messaging (45%) and peer tracking (35%).
Firms in Western Europe (43%) and EEMEA locations (42%) will contract external assistance for additional non-deal road shows, while Asia-Pacific (42%) and Latin American institutions (38%) find external IR services helpful for media and advertising initiatives. In addition, BRIC companies use these services for IR tactics (87%) and peer tracking (51%) more so than non-BRIC emerging companies (58% and 33%, respectively).

“Outside the U.S., I use a third-party to kind of do some research and determine who's interested in meeting with us that doesn't own us or doesn't know us well. So I do use a third-party that's independent.”

— North America/Mega Cap/Technology

“We have engaged a media consultant based in the U.S. That can be our 24/7 contact point for the U.S. That is an IR consultant firm. We have also engaged a media consultant. So we are actively on the U.S. media like Jim Cramer’s Mad Money, CNBC and CNN, etc. We try to improve our profile in the States as well.”

— NiQ Lai, City Telecom/Developed Asia/Small Cap/Telecommunications

Assuming budget were no issue, which functions not already outsourced would you add to your “wish list” for an external investor relations firm to perform?

Assuming there are no limitations on budget, investor relations departments would use external resources for assistance with peer tracking (of the services not currently outsourced). And surveying a company’s peers is at the top of IROs’ “wish lists” across all categories including region and market cap size.
How valuable are four of the major investor relations tools - perception studies, peer benchmarking, investor targeting and Shareholder ID - to you and your job responsibilities?

IROs find shareholder register updates (57%) to be the most highly valuable (i.e., report ratings of 8, 9 or 10 on a 10-point scale where 10=extremely valuable and 1=not at all valuable) followed by investor targeting (51%) and perception studies (44%). This trend is virtually the same across the five major regions researched.

“We have a procedure for measuring the effectiveness of IR, and that is through conducting perception studies. Those perception studies give us a way to think about what we do and look at what we are now doing and then better understand what can be improved. It is good to see where we are doing well too, so these perception studies are very important for us.”

— Eduardo Campos Salles, AmBev/ Latin America/Mega Cap/Consumer Discretionary

Thinking about four major investor relations tools - perception studies, peer benchmarking, investor targeting and Shareholder ID - how often does the investor relations department conduct each activity?

In general, shareholder identification is performed most frequently by IROs around the world with 36% doing so at least on a monthly basis. This rises to a reported 56% in Latin America but falls to 24% in EEMEA.
What criteria does the investor relations department use to target new equity investors?

Overall, the criteria used by investor relations departments to target new shareholders typically includes investment style (e.g., value, GARP) (63%), peer ownership (61%), industry focus (60%) and the type of investor (e.g., mutual fund, pension fund) (56%).

The primary criteria for targeting new investors sometimes varies significantly across the global markets. Companies within developed markets focus more on investment style (70%) versus emerging market firms (50%) but much less on region (33%) than companies in emerging countries (52%). Using purchasing power as a screen for new investment appears to be unique to the United States (57%) versus the rest of the world (26%). More specifically, a sizeable minority of developed markets (38%) use purchasing power as a investor target versus emerging markets (25%), BRIC nations (23%) and non-BRIC countries (27%).

“Our approach is to find the right kind of investor mix for our company. For example, we are a long-term infrastructure play. We do not want short-term investors who are looking for a short-term gain. We don’t do IR, we do Investor Engagement – we try to develop a long-term understanding with our investors.”

— NiQ Lai, City Telecom/Developed Asia/Small Cap/Telecommunications

“Our introductions to new investors come from what we do internally. We do an internal shareholder analysis every quarter. From that we do a peer comparison—investors who have not invested in us but who invested in our peers. Those would be our target investors. And also by introductions from the sell-side we gain new investors.”

— Developed Asia/Large Cap/Financials

What I’m finding that we’re doing here in the U.S. is we’re targeting pockets of money that we might not typically go ahead and target. I’m trying to diversify our investor base a bit. So small to medium-sized firms, we’re actually going to meet with.”

— North America/Mega Cap/Consumer Discretionary
“We get the information from Ipreo or Thomson to get the people who are already investors and the targets. They’ve identified the purchasing power of the targeted institutions. So I know, for example, that AllianceBernstein and Neuberger Berman—both in New York—should own $10 million shares in my stock each, and they own less than a million. I mean that’s a huge potential.”

— Mickey Foster, FedEx/North America/Mega Cap/Consumer Discretionary

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Meanwhile, company size appears to also play a role in where to direct resources to seek out new investment, considering mega-cap institutions will cast a wider net to target new equity investors. Firms of this size more often consider investment style (76%), peer ownership (76%), and type of investor (76%) above all other criteria, yet also take into consideration equity assets under management (69%) and an investor’s purchasing power (62%) — two factors not high on the list for firms smaller than mega-cap.

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Does your company advertise in the financial media for the specific purpose of reaching investors?

Companies are not using the financial media for the specific purpose of targeting investors, with 86% of respondents saying they do not advertise in this medium. Only 9% of companies currently advertise for the specific purpose of targeting investors, compared to 13% from 2009.

Does your company send out prepared remarks in advance of the earnings conference call?

The practice of releasing prepared remarks before an earnings conference call has not been widely incorporated into companies’ quarterly earnings process, as 71% of IROs say their company does not employ this method. However, its popularity may be on the rise. More than one-third of EEMEA (39%), Latin America (37%), Asia-Pacific (38%) firms and large-cap corporations (36%) have sent out prepared remarks before an earnings conference call, and an additional 10% are thinking of doing so in the future.
Does your company have a written disclosure policy (i.e., written procedures of what information the company is required to release and how and when to release the information)?

Drafting a formal disclosure policy is the norm for companies presently, with 62% of IR professionals stating their company has such a procedure, which continues to reinforce this as an industry best practice since similar numbers of IROs in 2009 (59%) and 2007 (61%) reported having one.

![Graph](image)

Does your company publish a corporate social responsibility report?

The prevalence of corporations publishing reports on social responsibility is mixed, with 50% of study participants saying their firm produces such a report and nearly half (47%) saying they don’t. While there hasn’t been a significant push toward social responsibility reporting overall, the number of companies publishing the report has increased modestly over 2009 (43%).

However, there is an obvious trend toward releasing social responsibility data in Western Europe, where 77% of corporations issue a report, as well as in Latin America (72%), and to a lesser extent in non-BRIC emerging markets (66%) and EEMEA (57%). This trend has not taken hold in North America (29%) and Asia-Pacific (36%).

![Graph](image)

Does the investor relations department have a written crisis communications policy?

While written disclosure policies have become standard within many investor relations departments, a written crisis communications policy has not, with only 31% of firms formally drafting what actions to take during a corporate emergency. This practice appears more prevalent in developed markets, with 39% of IROs saying they have such a policy in place, compared to 18% for emerging market companies.

![Graph](image)
Does the investor relations department have a written transactional/M&A communications policy?

While Western European companies (35%) show the most affinity toward a written policy for transactions and M&A activity, of the 61% that said their department does not have such a policy, only 9% plan on drafting one in the future.

On a market cap basis, the majority of mega-cap firms (69%) do not have a written transactional policy, though 28% of these companies do, which is substantially higher than small-cap (14%) and micro-cap companies (11%).

Does your company use social media to communicate with investment professionals, and if so, which social media outlet does your company use to communicate with investment professionals?

Social media as a communication vehicle in the realm of investor relations is still early stage, as only 9% of interviewed IR professionals use a form of social media for communicating with the investment community. Moreover, 57% say they don’t plan on using social media for communications with investors (either due to a company policy or there are no plans to use it in the future). However, while this trend may not be at full strength now, signs of its potential use are evident, since 35% of study participants are seeking more information on its prospective uses.
Though the number of investor relations programs using social media is small (33 companies), these departments are more often using Twitter (73%) to communicate with investment professionals, and to a much lesser extent corporate blogs (45%).

“We are discussing this media access and we have Twitter here. We have access to media research on those channels. And now there is a way of reaching the market and this is being proven. So I think in the future it might be a good way to reach investors, especially the new generation of investors that use this media.”

— Latin America/Large Cap/Telecommunications

“I fear that the more channels we use, that makes the whole thing too complex. I would rather concentrate all of our communications to our home page. That is the key point for investors to look at it. There they will find the most accurate and current information.”

— Western Europe/Large Cap/Basic Materials

“If I were to start a blog, what would I blog about? Governance? Oh, snooze. Unless it’s something new and different, which I can’t say. I can’t tell people new and different if it’s material. If it’s not material, who cares? But I think it can be used to improve communication if there’s something that actually was mis-communicated.”

— North America/Mega Cap/Consumer Discretionary

“Social media has a very important role. I think it’s undervalued by many companies. I think many companies view it as risks and not as opportunities, and until that changes, investor relations will be a little bit handcuffed with their ability to leverage it.”

— North America/Mega Cap/Consumer Discretionary

**Interaction between Company and Market**

Thinking about all the time the Chief Executive Officer, Chief Financial Officer and investor relations department devote to the investment community, what percentage is spent on each of the following:

- Existing institutional investors
- New/prospective institutional investors
- Sell-side analysts/equity sales
- Individual investors
- Other audiences
CEO

- Individual investors, 6%
- Existing institutional investors, 42%
- Sell-side analysts/equity sales, 19%
- New/prospective institutional investors, 24%
- Other audiences, 8%

CFO

- Individual investors, 6%
- Existing institutional investors, 39%
- Sell-side analysts/equity sales, 24%
- New/prospective institutional investors, 25%
- Other audiences, 7%
When communicating with the investment community, CEO time is heavily weighted to the buy-side. Of the total time spent, CEOs are reported to devote 42% to existing institutional investors and 24% with new or prospective institutional investors. Only 19% is reserved for sell-side outreach with individual investors receiving 6%.

Interestingly, the larger the company, the more time is spent with existing shareholders versus meeting with target investors, whereas CEOs at smaller firms, which are in need of more market exposure, will meet more often with prospective equity investors.

On a regional basis, CEOs in Western European corporations spend the most time with existing shareholders (47%) and the least amount of time (among all other regions) with the sell-side (15%), which on average gets 19% of the top executive's time.
Worldwide, CFOs also spend two-thirds of their time with the buy-side, committing 39% to existing shareholders and 25% to new or prospective owners. This tendency is again more often the case with larger firms.

However, the CFO’s time with target investors and the sell-side community is virtually the same (25% and 24%, respectively), as the CEO appears to have delegated in part the role of interacting with the sell-side to the CFO (particularly among small- to large-cap companies).

As with CEOs, it is only among micro-caps where as much as 10% of a CFO’s time is spent on investor communications.

As was the case with Western European CEOs who spent the most time with the current shareholder audience, CFOs in this region are more frequently meeting with this group (45%) and devote less time to the sell-side (19%). All other regions are more in line with the general trend seen overall.

For investor relations, the percentage of time devoted to the investment community is more evenly distributed among the current shareholder, target and sell-side audiences than with senior management. On average, IR departments spend 33% of its time on existing investors, 25% on new prospective investors, and 29% with the sell-side.

While the distribution of time is generally consistent across all regions and most market caps, investor relations at micro-cap firms spend less time with the sell-side (21%) than the norm (29%), understandably due to sell-side analysts who most often must abide by liquidity and market-cap restrictions.
“From an IR perspective we will meet with everyone. We don’t differentiate between hedge funds, mutual funds, pension funds. We’ll treat everybody the same. Now when you come to management’s time, this is where I’m more selective.”

— North America/Mega Cap/Technology

What is your best estimate as to the number of one-on-one meetings the following individuals have with investment professionals in a typical year?

Compared to CEOs and CFOs, investor relations officers around the world participate in the most one-on-one meetings with investment professionals. In a given year the IRO averages 147 meetings versus 72 for the Chief Financial Officer and even fewer by the Chief Executive Officer (46).
with investment professionals (178 and 168, respectively) and North America the fewest (129). Senior management in North America and Western Europe appears to be more proactive in reaching out to investors and is more apt to participate in one-on-one meetings than in other locations.

However, there are significant differences among the broader regions. CEOs in developed markets conduct 56 one-on-ones on average in a given year, which is double that of CEOs in emerging markets (28). This trend is also apparent with regard to a developed market CFO, who holds 79 one-on-one meetings versus an emerging market CFO (60). As for the IRO, such individuals in BRIC nations are conducting a considerable amount of personalized meetings with investment professionals (169) compared to non-BRIC emerging market IROs (114).

Thinking about the number of investor meetings that involve senior management, would you say your company is conducting more, about the same number as, or fewer than it did last year?

No sizeable number of IR teams show signs of lessening how much interaction management has with investors or analysts.

Yet, as has been the trend regarding the proactive nature of smaller institutions, small-cap (42%) and micro-cap (37%) companies increased management’s contact with investor professionals versus keeping the number of such meetings constant (39% and 31%, respectively).

What percentage of all these meetings are conducted by IR alone, IR with senior management, IR with key operational executives and C-level executives alone?

92% of one-on-one meetings with C-level executives include the IRO, demonstrating the integral part the IR team plays in investor engagement. Moreover, 42% of company one-on-ones are run exclusively by the IRO (on par with the 41% reported in 2009) or a combination of management and IR together (38%) or the IRO with a key operational executive in tow (12%).

Companies in developed countries more often hold one-on-ones with the IR team and management present (44% of the time) versus companies in emerging countries (29%). Investor relations professionals in Latin America more often hold one-on-one meetings without management present (53% of the time), whereas North American IR departments conduct the fewest solo IR sessions (25%) and instead incorporate C-level executives into the meeting the majority of the time (60%). On the other hand, Asia-Pacific investor relations are less likely to present management with IR in the one-on-one setting, and do so only 26% of the time.
Which of the following are the most important means by which you receive introductions to investment professionals?

Conferences or more intimate one-on-one meetings with investors (92%) and road shows set up by the sell-side (87%) are the primary venues at which investor relations executives receive introductions to investment professionals. And this trend is evident regardless of market cap, region or industry.

![Bar chart showing the most important means by which you receive introductions to investment professionals]

“Usually we get introductions to new investors at conferences. We participate in many conferences during the year where we have opportunities to meet with all kinds of analysts and investors. And we run investor days to construct a closer relationship with the markets. And we also do some non-deal road shows where we think we have an opportunity to bring our company around and showcase it.”

— Latin America/Large Cap/Telecommunications

“Certainly we get a lot of introductions through the sell-side. That is where most of our investors get to hear about us, and then invest.”

— Pacific/Midcap/Basic Materials

“[What] I’ve been doing is taking our industry-focused executives and taking them to healthcare conferences or taking them to energy conferences.”

— North America/Mega Cap/Technology

“Our introductions are when we go to conferences and that is very important. And we are open, as much as we can be, to meet with them to have new introductions. We feel how we communicate with potential new investors is very important.”

— Russia/CIS/Midcap/Industrials

Thinking about all the non-deal road shows your company conducts over the course of a typical year, how many road shows are held in various regions?

Not unexpectedly, the United States is the primary destination for non-deal road shows, with 82% of IROs outside of the U.S. reporting that their companies have at least one such U.S. road show annually. The average number held in the U.S. per company is 2.5.

The United Kingdom (74%) and Continental Europe (54%) rank second and third as non-deal road show destinations, with the average company holding 2.3 and one (respectively) such events annually in these markets.
Latin America (93%) and Western European (90%) companies are the most likely to hold at least one annual non-deal road show in the U.S., and EEMEA reports the lowest frequency at 72%. The U.S. is a more frequent road show destination than the home markets of EEMEA, Latin America and even Asia-Pacific companies.

Interestingly, much like in 2009, North American corporations appear (relatively) hesitant to travel to Western Europe for road shows as this audience has conducted the fewest in the U.K. (54%) and Continental Europe (48%), versus the overall averages of 74% and 54%, respectively.

(Above chart is comprised of data where country/regional bias has been eliminated)
Do you believe there is a conflict of interest in brokers/equity sales professionals arranging non-deal road shows given their interest in driving trade commissions?

A majority (55%) believes there is no conflict of interest in brokers or equity sales professionals setting up non-deal road shows, given their underlying interest in driving commissions. Even larger numbers of Latin American (70%) and EEMEA (61%) IROs see no conflict of interest.

However, a sizable minority (45%) of investor relations professionals do believe this is a conflict, and this conviction is most widespread in BRIC countries (48%), the Asia-Pacific region (49%) and Western Europe (54%). Comparatively, non-BRIC emerging companies believe there is a conflict less often (30%).

Not surprisingly, 79% of IROs who spend no time with the sell-side believe this conflict does exist.

Which of the following do you consider when developing a broker-run non-deal road show?

For a large majority of study respondents (85%), the most important consideration taken into account when developing a broker-run non-deal road show is managing the schedule and making appropriate changes when warranted. This is followed by supplying the broker with the IRO’s target investor list (76%) and ensuring a mix of brokers (i.e., changing the broker for each road show) (67%). These factors are consistent across all audiences surveyed.

Considerations not highly important to IROs overall but are key for some regional investor relations departments include findings that a portion of Asia-Pacific firms (30% as well as EEMEA, 31%; Western Europe, 28%) will only conduct road shows with brokers that provide post-event feedback. Moreover, 30% of Asia-Pacific companies set up road shows with brokers who only have a positive recommendation on the firm.

“It’s a combination of ourselves and the sell-side. When we set them up ourselves, usually we would give the list sometimes to the sell-side and say, ‘Here are the people that own our shares that we want to meet...”
with, and here are the targets that we want to meet with.”

— Mickey Foster, FedEx/North America/Mega Cap/Consumer Discretionary

Rating the quality/performance of the services that brokers provide.

On a 10-point scale where 10 is an extremely good job and 1 is an extremely poor job, respondents were asked to rate the quality and performance of the services brokers provide. The averages below show companies highly value brokers for their meeting and travel arrangements (7.9), providing access to institutions (6.6) or key investment decision makers (6.5) the company might not otherwise see. Latin American investor relations departments especially value these three services – travel logistics (8.5) and the access to institutions (7.7) and decisions makers (7.3) they might not meet otherwise.

“The value of the sell-side, from a company standpoint, it’s probably more important for smaller companies that need access to investors. I mean we do go to their conferences selectively, but we don’t use them for road shows. We don’t use them for meetings. We got some pushback at first, but we treat everybody consistently so they can’t really complain about it. With that said, you can’t ignore them because they are influential and they can be a good channel for your messages.”

— North America/Mega Cap/Technology

“I think one of the values on the sell-side is they can actually tell you if what you’re saying is not being believed by the buy-side. Actually, you can use them as your own communicators. They can be an extension of your IR staff.”

— North America/Mega Cap/Consumer Discretionary

“Their firms obviously provide a trading platform for investors. I think in the olden days you had intelligent sell-siders who were able to use their intellect to distil for portfolio managers the risks and opportunities that they saw in the marketplace. I think that has been transfigured into something that bears little resemblance to that initial charter. So I think it’s actually turned into a negative. So the role at the end of the day is to transact shares. I mean that’s at its purest. It’s to draw clients to transact shares. I don’t think on balance now that the sell-side adds value.”

— North America/Mega Cap/Consumer Discretionary
“The sell-side is very closely monitoring us. The quality of the research papers they write is important to us. And the forecasted numbers in those research papers is also important to us.”

— Developed Asia/Large Cap/Financials

“The sell-side contributes a lot because it is important that they understand the company because they can communicate our point of view. Of course they have their own opinions and their own point of view as well and they talk to investors about that. But here our IR team is only two people, so it would be impossible to talk to everyone and the sell-side really helps in doing that.”

— Developed Asia/Large Cap/Financials

“They are very important. They have power to tell the market their view regarding the company. So they can create opinions and they contribute in that way and we want to be very close to the sell-side that covers our company. We don’t want or expect to influence their opinion, but it is important for us that they release the correct facts on us.”

— Latin America/Large Cap/Telecommunications

“The sell-side analysts are valuable for us because they know our company so very well. Some of the sell-side analysts have been covering our company for more than 10 years – that gives them a great depth of knowledge. And sell-side analysts can have an influence because they are the ones who set the expectations for the market. They set the forecasts for the market.”

— Eduardo Campos Salles, AmBev/ Latin America/Mega Cap/Consumer Discretionary

“Certainly they’re already disengaged from the investment bank side of the house, and I think that’s here to stay. So I think their relevance will diminish. I think that’s why they’re so anxious to find other ways to get paid by their clients, corporate access being a big deal right now. I think the trend is toward small boutiques because the days of the famous sell-side guy making a lot of money are long gone. I think that’s really what it boils down to.”

— North America/Mega Cap/Consumer Staples

“I try to divide my time between the big players and the little players. Some smaller players don’t have research but they have execution and relationships. They seem to be hungrier and are able to find niche investors.”

— P.Curtis Schenck, NTT DOCOMO/ Developed Asia/Mega Cap/Telecommunications

“I don’t think the broker-dealer model will be changing in the future.”

— Eduardo Campos Salles, AmBev/ Latin America/Mega Cap/Consumer Discretionary

“I think the sell-side research is a tough business because people just can’t afford to have research relations with any broker—they have to focus on a few and it is starting to show who is good and who is bad. The trend is the big ones, who are not necessarily the best. And you have the very small ones who can really survive if they are quick and better than the big ones. But anything in between—the lazy medium-sized—they go bust.”

— Western Europe/Large Cap/Basic Materials

Approximately how many broker-sponsored conferences or events per year does your firm participate in outside your home market? Approximately how many broker-sponsored conferences or events per year is your firm invited to outside your home market?

On average a firm will be invited to 12 events in a given year and participate in six. Western European firms are invited to the most conferences (15) and participate in the most (7), alongside Latin America and EEMEA, both with seven events a year.
Larger firms are more likely to be invited to these conferences over smaller firms, and the amount of events invited to or participating in trends higher as the company’s market cap increases. At the same time, however, smaller companies do attend a greater percentage of the conferences to which they are invited than do larger firms as they strive to increase their presence within the investment community.

What percentage of your company’s investor meetings are with hedge funds?

Virtually every company (93%) participating in the current research meets with hedge funds, and on average about 24% of a firm’s investor meetings are with this audience. Though not to a significant degree, the number of companies meeting with hedge fund institutions has continued to grow since 2007, when 88% of firms met with this audience and in 2009 when 89% proactively met with these types of funds. Moreover, the amount of time devoted to hedge funds has increased since 2009, where hedge funds accounted for only 16% of a firm’s investor meetings versus 24% currently. U.S. companies devote the most of their time with the investment community to hedge funds (30%) versus worldwide norms (22%).
“I think hedge funds are important. I think I’m agnostic when it comes to liquidity. So I’ve been trying to explain to my new CFO – who does not like hedge funds – I think they’ve gotten a bad rap. You can learn a lot from hedge funds, and some hedge funds do have very smart people working there and you can learn a lot from them. So not all hedge funds are created equal, and I absolutely like to keep them in the mix.”

— North America/Mega Cap/Consumer Discretionary

“We don’t distinguish between investors in the sense that one party gets more or less information than the other one. Everybody is highly welcomed and gets the same information. One of the goals of IR is to make the information available to all investors.”

— Markus Zeise, BASF/Western Europe/Mega Cap/Basic Materials

“I look at every investor the same. If it’s an investor that I think is worthwhile meeting, then we’ll meet with them whether they’re a portfolio manager, whether they’re a pension fund or whether they’re a hedge fund. There are some hedge funds I don’t think are worthwhile meeting, just as I think there are some mutual funds that don’t fit the profile.”

— North America/Mega Cap/Health Care

“When we do road shows, we give preference to long-term shareholders, but with hedge funds, rather than give them one-on-one meetings, we group them up in a small group.”

— Nils Paellmann, Deutsche Telekom/Western Europe/Mega Cap/Telecommunications

“Hedge funds are more short-term oriented. We prefer long-term fundamental investors but we see a role for different types of investors at different stages.”

— NiQ Lai, City Telecom/Developed Asia/Small Cap/Telecommunications

Are any of the following reasons why you don’t have more meetings with hedge funds?

- Lack of information on fund strategy
- Shorting risk
- Amount of time required
- Limited/no access to funds
- Activist risk
- Other
While the reasons for not spending more time with hedge funds are varied, the most common are the lack of sufficient information on a fund’s strategy (34%), the shorting risk this audience carries (31%) and the amount of time required to meet with this group (29%).

Asia-Pacific companies are especially wary of hedge funds due to the shorting risk (43%) and the lack of information on the fund strategy (43%), which also is a red flag for EEMEA firms (48%). Larger firms do not spend more time with this audience due to the amount of time required (mega-cap, 41%; large-cap, 39%) and small-cap (37%) and mid-cap (37%) companies are concerned with the shorting risk associated with hedge funds.

“Hedge funds are a challenge because of the lack of transparency. You don’t know what their holdings are and you don’t know what their investment strategy is. You don’t know what their holding period is or if they are shorting your stock.”

— Nils Paellmann, Deutsche Telekom/ Western Europe/Mega Cap/Telecommunications

“We don’t actively meet with hedge funds. I just know what some of them are after, which is a quick turn. So I make sure that if I’m with management I brace them to just not answer the questions that we really shouldn’t answer, like how are your comps? How are your sales today? Did you have any changes in the quarter? No. We’re not going to talk about that. I try not to have them in the same meetings that we have our long-term shareholders or our non-hedge fund shareholders in because they can actually pick up the conversation and take it down a path that’s not of interest to the other participants in the room.”

— North America/Mega Cap/Consumer Discretionary

What sources do you utilize to screen hedge funds?

The primary sources used to screen hedge funds are external databases (e.g., Ipreo, Thomson Reuters) (59%) and brokers (54%). North American firms (81%) account for the highest usage of database services outside the company while Latin America (40%) and EEMEA (48%) companies report the least usage. Correspondingly, these latter regions utilize brokers to screen hedge funds more often (60% and 67%, respectively) than their counterparts.
Over the last few years, has the composition of your sell-side research providers increased, decreased or remained the same?

Investor relations officers continue to report that their company’s sell-side coverage is on the rise. Over half (56%, up from 49% in 2009) indicate that more analysts are writing on their firms while only 15% say it has declined. The bulk of this increase has been among non-bulge bracket firms, though bulge bracket coverage also is more often reported to be higher than lower.

The companies seeing the most increase among all research providers are mega-cap (76%), large-cap (64%) and mid-cap (63%) firms, and large-cap corporations have experienced the most growth in bulge bracket coverage at 41%. Meanwhile, Latin American public companies (26%) have not seen the same growth in non-bulge bracket research providers as have IROs in other parts of the world (among whom 44% have noted an increase).

“"The company needs to discuss things with the sell-side all of the time because there are a lot of new sell-side analysts in the market following us now. Sometimes it is difficult to have them all present the accurate fundamentals of our company in their research. So with the newer sell-side analysts, it requires more time to discuss with them all of the things that will give them an accurate understanding of our fundamentals. And when they have an accurate understanding of the fundamentals, then they can give an accurate valuation of our company.”

— Edina Biava, BRF - Brasil Foods/ Latin America/ Large Cap/ Consumer Discretionary

“"There’s probably more and more boutique shops where some very good analysts just set up their own shop and hang out their shingle and charge $25,000 to $50,000 sometimes per client for their proprietary research.”

— Mickey Foster, FedEx/ North America/ Mega Cap/ Consumer Discretionary

How many sell-side analysts cover your company?

On average around the world, 15 research analysts cover a company, and a majority (56%) of the firms surveyed is covered by more than 10 sell-side research analysts. In 2009, 49% of respondents reported being covered by up to 10 analysts.

Western European IROs indicate that their corporations are the most covered in the world with an average of 22 analysts for each firm, and 84% of companies in this region are covered by more than 10 analysts, virtually identical to what was seen in 2009 (83%). On the other hand, EEMEA (12) and Latin American firms (12) are covered the least, though they are much closer to the norm than Western Europe.
On a broader perspective, firms in developed markets typically average 15 sell-side analysts versus emerging market companies (13). There is a slightly larger difference between BRIC companies (15) and non-BRIC emerging firms (11).

Meanwhile, the trend of a company’s size positively correlating with the level of research coverage seen in 2007 and 2009 continues; larger firms have gained the most coverage.

**Do you think you have an optimal level of analyst coverage currently?**

Optimal levels of analyst coverage are still up for debate, much like in 2009, where a slight majority of companies believe they are sufficiently covered (2010: 53%; 2009: 54%), whereas 47% of current respondents believe their companies are not adequately covered (46% in 2009). And of those who believe they have less-than-optimal levels of analyst coverage, results are identical to 2009, where 36% said they have too few and 10% stated they have too many.

Again, the current research mirrors 2009 results in that mega- and large-cap firms report the highest satisfaction with research coverage (62% and 76%, respectively) and are this year joined by mid-cap companies (2010: 60%; 2009: 53%). However, small- and micro-cap firms remained unsatisfied with the sell-side’s attention with 32% and 17%, respectively, admitting to being under-covered.

A majority of companies in EEMEA (57%) do not believe they have an optimum level of sell-side coverage (up from 50% in 2009). Conversely, over 19% of Western European respondents believe they have too many analysts covering them (versus 10% overall).

On average, 26 sell-side professionals cover companies that think they have too much coverage, and 18 analysts cover companies that believe they have an optimal level of sell-side coverage, versus seven analysts for firms that believe they have too few.

**Do you target sell-side analysts based outside of your home market for additional coverage?**

The research community outside a company’s home market is pursued by the majority of firms researched (53%), though down slightly from 2009 (58%). This is more prevalent among EEMEA corporations (65%), Latin American companies (58%) and micro-cap firms (69%). Companies in developed regions seek out additional coverage beyond their home market 47% of the time compared to emerging regions (62%).
What do you consider as the most valuable services research analysts provide?

The vast majority of investor relations professionals (81%) rely on sell-side analysts as an information resource, where they can get in-depth and differentiated research, industry data and different perspectives from their own. Secondarily, 67% of IR departments use this audience for access to investors and to facilitate discussions among the buy-side and senior management. And a sizable number of companies (63%) utilize the sell-side for its estimates, modeling and insight.

The sell-side is far less often valued for its actual recommendations (40%) or the specific expertise of an individual analyst (38%).

Latin America is more likely to use sell-side analysts for access to investors (79%) and for a combination of their recommendations, stock ideas and drawing attention to under-followed companies (60%). This point is in direct contradiction with North American firms, which use this audience for this latter purpose sparingly, with only 29% of respondents reporting as much.

The value of sell-side services varies by market cap on several specific factors. More so than any other group, mega-cap companies (59%) use research professionals for their specific knowledge and expertise. Small-cap corporations (76%) are more inclined to make use of analysts for the access to investors they can provide, and micro-cap firms (51%) rely on the sell-side for its recommendations and the attention they draw to under-followed companies.

“The sell-side is very closely monitoring us. The quality of the research papers they write is important to us. And the forecasted numbers in those research papers is also important to us.”

— Developed Asia/Large Cap/Financials

“Obviously the sell-side contributes research. That is the key thing. We get broker research notes every single day from the U.K. sell-side and the U.S. sell-side. So we receive very broad-based information not
just on our own company, but on the sector as well. So we can see what is going on. The sell-side keeps on top of all of the issues that are out there.”

— Western Europe/Mega Cap/telecommunications

“They’re terrific as logistics people to take us around and do trips. I use them as my IR trip planners. I would rather speak to the buy-side than the sell-side. Of the 26 analysts who follow us now – which is far too many – I would say there are a handful, maybe three or four, who I respect and who I think do really good analytical work and think more than just regurgitate whatever we say on our quarterly conference call. Sadly, they move the market. So you have to deal with them because that’s a fact of life, but I don’t think they add a lot of value frankly. They add value to the smaller organizations who don’t have inside analysts and who don’t have the time to do models on the gazillions of companies they follow. So probably they do add that kind of value, but do they add value to Fidelity or Capital? I don’t think so.”

— North America/Mega Cap/Consumer Staples

In general, how often does your company hold analyst/investor days?

Analyst and investor days are becoming standard operating procedure for an IR department. Globally, analyst/investor days are held at least annually by just under half (46%) of firms participating in this study. Better than one in three (36%) hold such events every other year or as needed and only 18% do not host an analyst day.

Only 34% of North American companies hold an investor day at least once a year (the fewest) whereas the majority of Western European companies (63%) and Latin American corporations (54%) host a yearly (at least) investor or analyst event. Asia-Pacific firms (39%) are more apt to conduct an investor/analyst event on an as-needed basis.

Does your company host onsite visits for investors and analysts?

Hosting onsite visits for investment professionals is a widespread practice for companies around the world, with 81% of investor relations professionals surveyed noting their company holds such events. While the majority in all regions and market cap sizes conduct onsite visits, relatively speaking, Asia-Pacific (68%) and micro-cap (69%) companies are holding somewhat fewer visits.

Do you use, or plan to use in the future, videoconferencing to communicate with investment professionals?

Videoconferencing has yet to become a widespread medium for communicating with the investment community as the majority of companies (68%) have not used the technology as of yet. However, going forward, nearly half of these companies plan to employ it in the future.
Presently, Western Europe is where video conferences have occurred most often (44% of these companies have held one).

In terms of the future and perhaps prompted by their distance from the largest equity markets, EEMEA (50%) and Latin American (44%) firms are more open to the technology, and plan to investigate its potential uses versus only 26% of North American companies and 25% of Western European firms. In fact, North American corporations are the most hesitant, with 54% of IROs in this region saying their company does not have plans in place to use videoconferencing to stay in touch with investment professionals.

Does your investor relations department reach out to debt investors?

Overall, the majority of investor relations departments (64%) do not proactively target the fixed-income community, and 46% of these companies have no plans to actively pursue this audience in the future.

Does your investor relations department meet with sovereign wealth funds?

Currently the majority (53%) do not meet with SWFs, and only 29% of these companies plan to meet with SWFs in the future (North American firms are more adamant with 52% declining to incorporate this audience into its outreach going forward).

However, a slight shift in opinion with regard to SWFs is evident outside of North America, with slight majorities in Western Europe (56%), EEMEA (54%), Latin America (53%) and Asia-Pacific (52%) currently meeting with sovereign wealth institutions.
“[Sovereign Wealth Funds] are part of the normal targeting process, but I’m not targeting them any more than I am anyone else.”

— North America/Mega Cap/Consumer Discretionary

“Our exposure has been small. We do have one Chinese sovereign investor but he is not a major shareholder. We have talked about them becoming long-term shareholders, especially the Mid-Eastern ones like Abu Dhabi and those guys. We are interested in looking into that but our experience is relatively small.”

— Nils Paellmann, Deutsche Telekom/Western Europe/Mega Cap/Telecommunications

“We have some exposure to Singapore. We started to do road shows in Singapore and Hong Kong three years ago. We have seen GIC in Singapore who is open for us. So we can talk to them quite directly. But honestly, I don’t have much more contact than that. The Middle East, for example, is a total black hole for us. We haven’t started yet to deal with them.”

— Western Europe/Large Cap/Basic Materials

“We have some exposure to them and as a matter of fact a new investor we just gained this quarter is from Abu Dhabi. So I think the exposure to sovereign wealth funds will be increasing.”

— Developed Asia/Large Cap/Financials

“Last year we actually aggressively met with sovereign wealth funds, and we went to Abu Dhabi and Dubai and even to Beijing, China. We met with CIC there, and in Abu Dhabi met with ADIA and ADIC. Obviously the Kuwaiti one manages the money out of London, and they hold us. Even the Government of Singapore owns some shares. But I’ve found that most of the Sovereign Wealth Funds do not go out and buy the stocks in companies. They want to do a deal where if you have warrants or special stock offering or something like that they’ll look at that, but they really do not go out and just buy portfolio stocks.”

— Mickey Foster, FedEx/North America/Mega Cap/Consumer Discretionary

“We’ve had very little exposure. We do have some ownership by sovereign wealth funds, but really not very much. We haven’t really had a proactive outreach program. I’ve thought about it, but I’ve not really actively engaged. I did a trip to China a couple years ago, and while there I tried to see if I could reach out to the appropriate people and I frankly didn’t have good success in reaching the right people. So I don’t see a really easy channel to reach them, so as a result we’ve not had much interaction with them.”

— North America/Mega Cap/Technology
“It has been limited because our market cap is quite small. We are a $300 million market cap company and are under their radar.”

— NiQ Lai, City Telecom/Developed Asia/Small Cap/Telecommunications

The Future

Which of the following regions have you visited in the past five years? Which of the following regions would you consider the most important for your company/sector to visit in the next 3 years?

By far, North America (63%) and Europe (52%) are the most visited regions in the past five years (of those respondents without a regional bias – e.g., a U.S. firm visiting New York). North America was most often visited by Latin American (98%) and Western European firms (92%), and Europe was most frequently traveled to by EEMEA (96%) and Latin American (88%) companies.

Going forward, investor relations professionals believe North America (58%) and Europe (45%) are the two most important regions for their company to visit in the next three years. Asia is third with 32% of IROs believing this region is important, followed by the Middle East (13%) and the Pacific (5%); again with region bias removed.

Although the two studies are not directly comparable on this measurement due to the different ways in which the subject was addressed, the current findings are extremely similar to those in 2009, where the United States, Europe and, to a lesser extent, Asia were the regions of focus for potential growth of investor opportunities.

“I think the Asian markets will open up again. I think they’re starting to open up again. They shut down for a while from an investor perspective. I think we’re starting to see them open up again. Certainly the EU and U.K. markets have been active even though they’ve slowed down for a little bit. They remained active. Latin American markets I’ve never tried to tap. That’s probably not the type of investor that would fit the profile of the company that I work for.”

— North America/Mega Cap/Health Care
“Nowadays the Asian markets have good opportunities and this is a new market for us. Mostly the Asian market is where the opportunities are because with the European and American markets we already have good exposure.”

—— Latin America/Large Cap/Telecommunications

“We still see ourselves more in the traditional markets. There may be areas in even the Middle East that may be developing. We are still very much traditional if you look across our investor base. We are still very much held by funds in the U.S., U.K. and Australia. That is still the same. But whether that changes remains to be seen because the wealth spread globally is certainly increasing.”

—— Pacific/Mid cap/Basic Materials

“Australia, China and potentially the Middle East.”

—— Mickey Foster, FedEx/North America/Mega Cap/Consumer Discretionary

“China definitely. I don’t know about Russia. I haven’t been there yet. Couldn’t tell you. I don’t think it’s there yet. Obviously Latin America is not there yet in terms of investing globally. I’ll tell you, I had a very good trip down to Australia, which people tend to forget because it’s a small place and it’s far away, but I think there’s increasingly a lot interest there because a lot of the state funds who used to be required to only invest in local companies are finding there’s not much to invest in. So they’re looking overseas either through money managers at their direction or directly. But China is probably the bigger opportunity. There’s a lot of money there.”

—— North America/Mega Cap/Consumer Staples

“Approximately 80% of our investors are based in the U.S. For diversification sake we are looking into Europe and Brazil, but the main criteria is to look for Mexico investors.”

—— Latin America/Large Cap/Consumer Discretionary

“Nowadays the Asian markets have good opportunities and this is a new market for us. Mostly the Asian market is where the opportunities are because with the European and American markets we already have good exposure.”

—— Latin America/Large Cap/Telecommunications

“The new markets will come from Asia. We recently have new investors from Singapore—from China. I think the important new market will come from there.”

—— Russia/CIS/Mid cap/Industrials

“We try the classic ones. The clearly dominant market is still the U.S.. We have to look into who is investing in our peer group. We want to meet with them. We also meet with investors who invested in us three or four years ago and have sold and we want to see them again. We don’t mind if they have sold their holdings two or three years ago, but we want to get them back. Asia has become a new market for us over the last two to three years and we want to build on that.”

—— Western Europe/Large Cap/Basic Materials

“We are Hong Kong-based and Hong Kong-listed but a fair majority of our volume trades Nasdaq. We have more U.S. shareholders than we have Hong Kong investors, so we have embraced the U.S. market and they have embraced us and so far so good.”

—— NiQ Lai, City Telecom/Developed Asia/Small Cap/Telecommunications
Differences worthy of note include EEMEA IR professionals’ high interests in going to Europe in the next three years (reported by 81%) and the seemingly low interest expressed by North American IROs in visiting Asia (reported by only 28%). Understandably, in every region, the home market is most often selected as the most important to visit.

On a market-cap basis, mega-cap companies see North America (90%), Europe (86%) and Asia (79%) as the most important, while micro-caps are less likely to see Europe (57%) and Asia (29%) as important.
Which of the following investment centers in North America have you visited in the past five years and which is the most important for your company/sector to visit in the next three years?

Naturally, the New York metro region (95%) is the most visited investment center in North America, followed by Boston (78%), San Francisco (62%) and Los Angeles (51%).

One hundred percent of EEMEA firms traveling to North America in the past five years visited the New York City area while an extremely high number of companies in Latin America (98%) and Asia-Pacific (96%) traveled to the area as well. Western European firms most often visited Boston (95%), New York (90%), San Francisco (75%) and Chicago (66%).

Among those stating that it will be important to go to North America in the next three years, the money centers of the New York metro region (92%), Boston (74%) and San Francisco (62%) are viewed as the most important locations for a company or sector to visit. This is consistent among all regions and market caps analyzed.

“I would say the deregulated pension markets of Canada are an underserved and under-acknowledged market.”

— P.Curtis Schenck, NTT DOCOMO/Developed Asia/Mega Cap/Telecommunications

Which of the following investment centers in Europe have you visited in the past five years and which is the most important for your company/sector to visit in the next three years?

London was visited by 94% of companies that have visited Western Europe in the recent past, with Frankfurt (53%), Paris (52%) and Edinburgh (44%) as secondary investment centers garnering attention. North America (98%), Asia-Pacific (95%) and Latin America (95%) represent the regions sending the highest number of firms to London. Meanwhile, Asia-Pacific firms travel to Frankfurt (44%) and Paris (48%) less frequently than the norm.
Those interested in going to Europe identify London as the most important investment center going forward, as 95% of study respondents believe their company should visit this city in the next three years. Frankfurt (54%) is the next closest city followed by Edinburgh (48%) and Paris (43%). However, Scotland appears to be less of a priority for EEMEA companies, as only 27% of IROs in the area believe Edinburgh is an important money center in the next three years. IR professionals at small- (28%) and micro-cap (15%) companies view Edinburgh in the same way.

**Which of the following investment centers in Asia have you visited in the past five years and which is the most important for your company/sector to visit in the next three years?**

Among Asia-Pacific destinations, the investment centers of Hong Kong (70%) and Singapore (68%) were the most popular cities in the last five years. Interestingly, Western European firms were more likely to travel to Tokyo (89%) over Hong Kong (49%) and Singapore (49%).

Hong Kong (74%) and Singapore (71%) are nearly tied as the most important location for companies to visit, and while this is constant among the regions and market cap analysis, North American firms (44%) give less credence to visiting Singapore. Elsewhere, Latin American companies (88%) will be targeting Beijing more often than any other cohort, where the overall average for this city is 48%.
A number of new emerging markets have recently opened to outside listings. Would you consider a secondary listing in any of the following markets in the future?

Twenty-two percent of companies worldwide (83 out of the 371 companies surveyed) are considering a secondary listing in an emerging market. Among these companies, the large majority (70%, or 58 companies) identified a listing in Greater China (Hong Kong or China in general) of strategic interest.

Among the 83 respondents who are considering an emerging market secondary listing, China (49%) and Hong Kong (43%) are the two emerging markets where companies are focusing on in the future. Interestingly, firms in developed markets (61%) are more focused on China versus emerging market companies (36%). However, both categories are equally focused on Hong Kong specifically (43% and 44%).

<table>
<thead>
<tr>
<th>Emerging Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. China</td>
</tr>
<tr>
<td>2. Hong Kong</td>
</tr>
<tr>
<td>3. Brazil</td>
</tr>
<tr>
<td>4. India</td>
</tr>
<tr>
<td>5. Russia</td>
</tr>
<tr>
<td>6. Other</td>
</tr>
<tr>
<td>7. Africa</td>
</tr>
</tbody>
</table>

EEMEA companies have clearly made a choice of these two markets and are specific in that Hong Kong (57%) is their preferred option versus China overall (14%). The reverse is true for North America (61% China; 39% Hong Kong), Western Europe (61% China; 39% Hong Kong) and Asia-Pacific (58% China; 32% Hong Kong). Meanwhile, North American companies appear to have little interest in listing in Brazil (6%) versus the overall average of 29%.

The majority (71%) of mega-cap companies considering secondary listings in an emerging market prefer China over Hong Kong specifically (29%) and Brazil (29%). Large-cap firms are more varied in their considerations, as China (55%), Brazil (40%), Hong Kong (30%) and India (25%) garner interest from this audience.

Conversely, mid-cap corporations much prefer to consider Hong Kong (68%) as a secondary market versus China (47%) and Brazil (32%). Similarly, micro-caps will consider Hong Kong (67%) over broader China (22%) while small-caps are more focused on China (52%) rather than Hong Kong (28%).

“We really do have another listing with the ADRs but we expect to consider the European market in the future because of our clients in Europe. So we think it is important to introduce a new listing in the European market mainly to identify ourselves to those institutions.”

— Edina Biava, BRF - Brasil Foods/ Latin America/Large Cap/Consumer Discretionary

“I think it depends, and I think if we were to do it, it would be for a political reason. I think if there are emerging markets out there that are trying to demonstrate that their capital markets are growing, some of those markets—certainly in Asia—are reaching out to companies that are listed in the U.S. to see if we would dual-list. I don’t think I need to do it for liquidity. So if you have business in that country, it sort of reaches out and says, ‘Hey, would you mind listing on my exchange?’ I don’t think I need it from a liquidity perspective. It adds complexity, and it doesn’t aid in your liquidity. But you would do it for a market, for business reasons.”

— North America/Mega Cap/Consumer Discretionary
“For us, what is important is that the additional listing would raise our liquidity—that is first and of highest importance.”
— Russia/CIS/Midcap/Industrials

“There’s really no benefit for us at all. We’re going to have to pay money. I don’t think by listing on Hong Kong that I’m going to actually get more Chinese investors. I figure since I’m already on the Dow and I’m a well known company, that I don’t need that type of exposure in order for people to buy more shares. If I was a smaller company, maybe it would have made a difference, but being a large company, not so much.”
— North America/Mega Cap/Consumer Discretionary

“We already have a secondary market in the U.S. with the NYSE—we have ADRs listed there. And up to now we think that is enough in terms of exposure.”
— Latin America/Large Cap/Telecommunications

“We are very satisfied with just the two exchanges we are trading in—here in Brazil and as ADRs in New York.”
— Eduardo Campos Salles, AmBev/ Latin America/Mega Cap/Consumer Discretionary
V. Appendix

Interaction between Company and Market

How many “professional” investor relations employees (i.e., those who have direct contact with the investment community) are in your investor relations department?

<table>
<thead>
<tr>
<th>Number of Professional Employees</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>5%</td>
</tr>
<tr>
<td>1</td>
<td>4%</td>
</tr>
<tr>
<td>2</td>
<td>10%</td>
</tr>
<tr>
<td>3</td>
<td>20%</td>
</tr>
<tr>
<td>4</td>
<td>30%</td>
</tr>
<tr>
<td>5+</td>
<td>20%</td>
</tr>
</tbody>
</table>

Which of the following is or best describes your title?

<table>
<thead>
<tr>
<th>Title</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>IRO/Head of Investor Relations</td>
<td>10%</td>
</tr>
<tr>
<td>Investor Relations Manager</td>
<td>15%</td>
</tr>
<tr>
<td>Corporate Secretary</td>
<td>10%</td>
</tr>
<tr>
<td>Chief Financial Officer (CFO)</td>
<td>10%</td>
</tr>
<tr>
<td>Chief Executive Officer (CEO)</td>
<td>20%</td>
</tr>
<tr>
<td>Other</td>
<td>45%</td>
</tr>
</tbody>
</table>

To whom does the most senior investor relations executive report?

<table>
<thead>
<tr>
<th>Title</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Secretary</td>
<td>15%</td>
</tr>
<tr>
<td>Head of Communications</td>
<td>10%</td>
</tr>
<tr>
<td>Financial Controller/Director/Treasurer</td>
<td>5%</td>
</tr>
<tr>
<td>Head of Strategy</td>
<td>5%</td>
</tr>
<tr>
<td>Chairman of the Board</td>
<td>10%</td>
</tr>
<tr>
<td>Chief Executive Officer (CEO)</td>
<td>10%</td>
</tr>
<tr>
<td>Chief Financial Officer (CFO)</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>55%</td>
</tr>
</tbody>
</table>

Who is the primary contact for the investment community?

<table>
<thead>
<tr>
<th>Title</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>IRO/Head of Investor Relations</td>
<td>20%</td>
</tr>
<tr>
<td>Chief Financial Officer (CFO)</td>
<td>5%</td>
</tr>
<tr>
<td>Chief Executive Officer (CEO)</td>
<td>5%</td>
</tr>
<tr>
<td>Corporate Secretary</td>
<td>10%</td>
</tr>
<tr>
<td>Treasurer</td>
<td>5%</td>
</tr>
<tr>
<td>Financial Controller</td>
<td>5%</td>
</tr>
<tr>
<td>Chairman of the Board</td>
<td>10%</td>
</tr>
</tbody>
</table>
How many years experience do you have in investor relations?

- Less than 5
- 5 to 10
- More than 10

What is the total annual budget in U.S. dollars for your company’s investor relations program?

- Under $500,000
- $500,000 - $999,999
- $1,000,000 - more than $5,000,000
- Won’t reveal/no answer

What is your base salary (U.S. dollars)?

- $99,999 or less
- $100,000 - $149,999
- $150,000 - $199,999
- $200,000 - $299,999
- $300,000 - $1,000,000

What is your total compensation (U.S. dollars)?

- $99,999 or less
- $100,000 - $149,999
- $150,000 - $199,999
- $200,000 - $299,999
- $300,000 - $1,000,000

Strategy and IR Development

What are your top three goals for the investor relations function/program for 2010/2011?

1. Ensure effective disclosure
2. Coordinate investor/public relations messaging
3. Ensure management visibility/accessibility
4. Diversification of shareholder base
5. Be part of strategic decision making
6. Increase research coverage
7. Maintenance of shareholder base
8. Increase shareholder base outside of home market
9. Advise the Board
10. Analyze capital market trends
11. Grow IR program (non-US companies only)
12. Increase shareholder base in home market
13. Build retail shareholder base

How is investor relations effectiveness measured at your company?

1. Informal feedback from investment community
2. Quality of information in analyst reports/recommendations
3. Quality of meetings
4. Uses senior management’s time effectively
5. Relative valuation/stock performance
6. Number of one-on-one meetings with the investment community
7. Perception study (“formal”) feedback
8. Number of analysts covering the stock
9. Shareholder composition
10. Influence of investor relations officer’s insights on management and Board decisions
11. Sustain current shareholder base
12. Number of new shareholders
13. Strategy and IR Development

- Informal feedback from investment community
- Quality of information in analyst reports/recommendations
- Quality of meetings
- Uses senior management’s time effectively
- Relative valuation/stock performance
- Number of one-on-one meetings with the investment community
- Perception study (“formal”) feedback
- Number of analysts covering the stock
- Shareholder composition
- Influence of investor relations officer’s insights on management and Board decisions
- Sustain current shareholder base
- Number of new shareholders
- Strategy and IR Development
How did your communications strategy change during the global economic downturn of 2008 and 2009 with regard to access to management?

- Increased
- Remained the same
- Decreased

How has your communications strategy changed in terms of access to management after the global economic downturn of 2008 and 2009?

- Increased
- Remained the same
- Decreased

How did your communications strategy change during the global economic downturn of 2008 and 2009 with regard to proactive investor relations outreach?

- Increased
- Remained the same
- Decreased

How has your communications strategy changed in terms of proactive investor relations outreach after the global economic downturn of 2008 and 2009?

- Increased
- Remained the same
- Decreased

How did your communications strategy change during the global economic downturn of 2008 and 2009 with regard to level of disclosure/transparency?

- Increased
- Remained the same
- Decreased

How has your communications strategy changed in terms of level of disclosure/transparency after the global economic downturn of 2008 and 2009?

- Increased
- Remained the same
- Decreased
Over the last 12 months, how has your guidance policy changed?

- Give more guidance
- Give same amount of guidance
- Give less guidance

For which of the following does your company provide guidance?

- Revenues
- Earnings
- Capex
- Margins
- Non-financial goals
- Balance sheet metrics
- Cashflows
- Other

In your opinion, which mediums are most effective for finding information on investor relations trends?

- Investor relations organization conferences/seminars
- Peer activity networking
- Investor relations publications
- Depository bank events/publications
- Consulting firms
- Blogs
- Other

How often does the investor relations department give counsel to your company’s Chief Executive Officer?

- Daily
- Weekly
- Monthly
- Quarterly
- Semi-annually
- Annually
- Only as needed
- Never

How often does the investor relations department give counsel to your company’s Chief Financial Officer?

- Daily
- Weekly
- Monthly
- Quarterly
- Semi-annually
- Annually
- Only as needed
- Never

What type(s) of information does the investor relations department provide to senior management?

- Sell-side analyst opinions
- Investment community feedback
- Investor relations activities
- Stock performance
- Peer information
- Shareholder intelligence
- Industry trends
- Financial performance
- Media mentions
- Other
Thinking about the number of investor meetings that involve senior management, would you say your company is conducting more, about the same number as, or fewer than it did last year?

Does the investor relations department provide the Board of Directors with market intelligence?

What type(s) of market intelligence does the investor relations department provide to the Board of Directors?

What is the senior-most investor relations executive’s involvement at board meetings?

Use of External Resources

Does your company use external investor relations or consulting firms to assist/support its investor relations efforts?

What percentage of your investor relations budget is explicitly allocated to external investor relations/consulting firms?

For which of the following functions does your company typically use an external investor relations firm?

Assuming budget were no issue, which functions not already outsourced would you add to your “wish list” for an external investor relations firm to perform?
Thinking about four major investor relations tools - perception studies, peer benchmarking, investor targeting and Shareholder ID - how valuable are these tools to you and your job responsibilities?

How often does the investor relations department conduct each tool?

What criteria does the investor relations department use to target new equity investors?

Does your company advertise in the financial media for the specific purpose of reaching investors?

Does your company send out prepared remarks in advance of the earnings conference call?

Does your company have a written disclosure policy (i.e., written procedures of what information the company is required to release and how and when to release the information)?

Does your company publish a corporate social responsibility report?

Does the investor relations department have a written crisis communications policy?
Does the investor relations department have a written transactional/M&A communications policy?

- Yes
- No
- No, but we would like to/plan to have a policy
- Uncertain

How valuable are corporate blogs for communicating with the investment community?

- Very valuable
- Valuable
- Not at all valuable
- Uncertain

Does your company use social media to communicate with investment professionals?

- Yes
- No - As policy, my company does not use social media
- No - Don’t use social media, and don’t plan to in the future
- No - Don’t use social media, but would like more information on potential uses

How valuable is Facebook for communicating with the investment community?

- Very valuable
- Valuable
- Not at all valuable
- Uncertain

Which of the following social media does your company use to communicate with investment professionals?

- Twitter
- Corporate blog(s)
- Facebook
- LinkedIn
- YouTube
- Other

How valuable is LinkedIn for communicating with the investment community?

- Very valuable
- Valuable
- Not at all valuable
- Uncertain

How valuable is Twitter for communicating with the investment community?

- Very valuable
- Valuable
- Not at all valuable
- Uncertain

How valuable is YouTube for communicating with the investment community?

- Very valuable
- Valuable
- Not at all valuable
- Uncertain
### Interaction between company and market

**Thinking about all the time the** Chief Executive Officer, Chief Financial Officer and IR Department **devotes to the investment community,** **what percentage is spent on each of the following?**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>CEO</th>
<th>CFO</th>
<th>IR Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual investors</td>
<td>20%</td>
<td>50%</td>
<td>30%</td>
</tr>
<tr>
<td>Existing institutional investors</td>
<td>30%</td>
<td>20%</td>
<td>50%</td>
</tr>
<tr>
<td>New/prospective institutional investors</td>
<td>10%</td>
<td>40%</td>
<td>50%</td>
</tr>
<tr>
<td>Sell-side analysts/equity sales</td>
<td>50%</td>
<td>10%</td>
<td>40%</td>
</tr>
<tr>
<td>Other audiences</td>
<td>10%</td>
<td>10%</td>
<td>80%</td>
</tr>
</tbody>
</table>

**What is your best estimate as to the number of one-on-one meetings the CEO has with investment professionals in a typical year?**

<table>
<thead>
<tr>
<th>Number of Meetings</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-49</td>
<td>50%</td>
</tr>
<tr>
<td>50 - 199</td>
<td>20%</td>
</tr>
<tr>
<td>200 or more</td>
<td>30%</td>
</tr>
<tr>
<td>None</td>
<td>0%</td>
</tr>
</tbody>
</table>

**What is your best estimate as to the number of one-on-one meetings the CFO has with investment professionals in a typical year?**

<table>
<thead>
<tr>
<th>Number of Meetings</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-49</td>
<td>50%</td>
</tr>
<tr>
<td>50 - 199</td>
<td>20%</td>
</tr>
<tr>
<td>200 or more</td>
<td>30%</td>
</tr>
<tr>
<td>None</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Do you believe there is a conflict of interest in brokers/equity sales professionals arranging non-deal road shows given their interest in driving trade commissions?**

<table>
<thead>
<tr>
<th>Conflict of Interest</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>50%</td>
</tr>
<tr>
<td>No</td>
<td>50%</td>
</tr>
</tbody>
</table>

### How valuable are corporate blogs for communicating with the investment community?

- **Very valuable**
- **Valuable**
- **Not at all valuable**
- **Uncertain**

### Thinking of all the one-on-one meetings held by your company in a year, what percentage is conducted by the following?

<table>
<thead>
<tr>
<th>Conducted by</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>IR alone</td>
<td>30%</td>
</tr>
<tr>
<td>IR with C-level executives present</td>
<td>40%</td>
</tr>
<tr>
<td>IR with key operational executives</td>
<td>20%</td>
</tr>
<tr>
<td>C-level executives alone</td>
<td>10%</td>
</tr>
</tbody>
</table>

### Which of the following are the most important means by which you receive introductions to investment professionals?

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other sources</td>
<td>30%</td>
</tr>
<tr>
<td>Depositary bank</td>
<td>20%</td>
</tr>
<tr>
<td>External investor relations consultant/firm</td>
<td>50%</td>
</tr>
<tr>
<td>Recommendations from shareholders/investors</td>
<td>10%</td>
</tr>
<tr>
<td>Internal company investor relations department</td>
<td>20%</td>
</tr>
<tr>
<td>Sell-side/broker-run road shows</td>
<td>20%</td>
</tr>
<tr>
<td>Conferences/investor one-on-one meetings</td>
<td>10%</td>
</tr>
</tbody>
</table>

### Thinking about all the non-deal road shows your company conducts over the course of a typical year, how many road shows are held in each of the following regions?

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>50%</td>
</tr>
<tr>
<td>UK</td>
<td>30%</td>
</tr>
<tr>
<td>Continental Europe</td>
<td>20%</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>10%</td>
</tr>
<tr>
<td>Canada</td>
<td>50%</td>
</tr>
<tr>
<td>Middle East</td>
<td>20%</td>
</tr>
<tr>
<td>Latin America</td>
<td>10%</td>
</tr>
<tr>
<td>Emerging Europe</td>
<td>10%</td>
</tr>
<tr>
<td>Africa</td>
<td>10%</td>
</tr>
</tbody>
</table>
Do you consider any of the following when developing a broker-run non-deal road show?

- Review the schedule ahead of time and provide changes
- Provide your own investor targets to the broker
- Broker rotation (changing broker for each roadshow)
- Only roadshowing with brokers with current research coverage of your company
- Only roadshowing with brokers that provide pre-meeting feedback
- Only roadshowing with brokers that have a positive recommendation on your company
- Only roadshowing with brokers that have an existing investment banking relationship with your company
- None of the above
- Other

Please rate the quality/performance of the services that brokers provide:

- Arranging meeting and travel logistics
- Providing access to institutions your company would not otherwise see
- Providing access to key investment decision makers your company would not otherwise see
- Getting detailed feedback after meetings
- Providing input and perspective during one-on-one meetings
- Tracking investor positions

Approximately how many broker-sponsored conferences or events per year does your firm participate in outside your home market?

- Average number participate in

Approximately how many broker-sponsored conferences or events per year is your firm invited to outside your home market?

- Average number invited to

What percentage of your company’s investor meetings are with hedge funds?

- 0%
- 1-19 percent
- 20 - 29 percent
- 30 - 49 percent
- 50 - 100 percent

Are any of the following reasons why you don’t have more meetings with hedge funds?

- Lack of information on fund strategy
- Shorting risk
- Amount of time required
- Limited/no access to funds
- Activist risk
- Other

What sources do you utilize to screen hedge funds?

- External analytics database (i.e. Ipreo, Thomson Reuters)
- Brokers
- Internal database
- IR consulting firm
- Depositary bank
- Other

How many sell-side analysts cover your company?

- 20 or more
- 10-19
- 5-9
- 1-4
- None
Do you think you have an optimal level of analyst coverage currently?

- Yes
- No, I have too few
- No, I have too many

Over the last few years, has the overall composition of your sell-side research providers increased, decreased or remained the same?

- Increased
- Remained the same
- Decreased

Over the last few years, has the bulge bracket/wire house composition of your sell-side research providers increased, decreased or remained the same?

- Increased
- Remained the same
- Decreased

Over the last few years, has the non-bulge bracket composition of your sell-side research providers increased, decreased or remained the same?

- Increased
- Remained the same
- Decreased

Do you target sell-side analysts based outside of your home market for additional coverage?

- Yes
- No

What do you consider as the most valuable services research analysts provide?

- Information resource (in-depth/differentiated research, industry data, perspective)
- Access to investors, facilitate dialogue between buy-side and management
- Provides estimates, modeling, insights
- Information flow, timely distribution of key information
- Recommendations, stock ideas, drawing attention to under-followed companies
- Specific expertise/knowledge

In general, how often does your company hold analyst/investor days?

- Twice a year
- Once a year
- Every other year
- As needed
- Do not hold

Does your company host onsite visits for investors and analysts?

- Yes
- No

Do you use, or plan to use in the future, videoconferencing to communicate with investment professionals?

- Yes
- No, but plan to use in the future
- No, and do not plan to use in the future

Does your investor relations department reach out to debt investors?

- Yes
- No, but plan to use in the future
- No, and do not plan to use in the future
Does your investor relations department meet with sovereign wealth funds?

- Yes
- No, but plan to use in the future
- No, and do not plan to use in the future

The Future

Which of the following regions have you visited in the past five years?

- North America
- Europe
- Asia
- Middle East
- South America
- Pacific
- Africa
- C. America/Caribbean

Which of the following investment centers in Europe have you visited in the past five years?

- London
- Frankfurt
- Paris
- Edinburgh
- Amsterdam
- Zürich
- Geneva
- Stockholm
- Milan
- Dublin
- Copenhagen
- Brussels
- Munich
- Oslo
- Madrid
- Vienna
- The Hague
- Helsinki
- Barcelon
- Luxembourg

Which of the following investment centers in Asia have you visited in the past five years?

- Hong Kong
- Singapore
- Tokyo
- Beijing
- Shanghai
- Mumbai
- Taipei
- Bangkok
- Kuala Lumpur
- Guangzhou
- New Delhi
- Chennai
- Shenzhen
- Seoul
- Jakarta
- Manila
- Other

Which of the following investment centers in Africa have you visited in the past five years?

- Cape Town
- Johannesburg
- Casablanca
- Other

Which of the following investment centers in North America have you visited in the past five years?

- New York/Southern CT/Northern NJ
- Boston M.A.
- San Francisco/San Jose CA
- Chicago IL
- Los Angeles/Pasadena CA
- Denver CO
- Toronto
- Philadelphia/PA/Wilmington DE
- San Diego CA
- Baltimore MD
- Houston TX
- Dallas/FT. Worth TX
- Montreal
- Minneapolis/St. Paul MN
- S. Florida/Orlando FL/Tampa St.Pete FL
- Kansas City MO
Which of the following investment centers in **Central America/Caribbean** have you visited in the past five years?

- Mexico City
- Other

Which of the following investment centers in the **Middle East** have you visited in the past five years?

- Dubai
- Abu Dhabi
- Cairo
- Doha
- Riyadh
- Beirut
- Muscat
- Manama
- Tel Aviv

Which of the following investment centers in the **Pacific** have you visited in the past five years?

- Sydney
- Melbourne
- Brisbane
- Auckland
- Perth

Which of the following investment centers in **South America** have you visited in the past five years?

- Sao Paulo
- Rio de Janeiro
- Buenos Aires
- Santiago
- Lima
- Bogota
- Caracas
- Other

Which of the following investment centers in **North America** would you consider the most important for your company/sector to visit in the next 3 years?

- New York/Southern CT/Northern NJ
- Boston MA
- San Francisco/San Jose CA
- Los Angeles/Pasadena CA
- Chicago IL
- Toronto
- Denver CO
- Philadelphia PA/Wilmington DE
- San Diego CA
- Baltimore MD
- Dallas/Ft. Worth TX
- Houston TX
- Wash-DC/Northern VA/Suburban MD
- S.Florida/Orlando FL/Tampa-St.Pete FL

Which of the following investment centers in **Europe** would you consider the most important for your company/sector to visit in the next 3 years?

- London
- Frankfurt
- Edinburgh
- Paris
- Geneva
- Zürich
- Amsterdam
- Stockholm
- Milan
- Dublin
- Copenhagen

Which of the following investment centers in **Asia** would you consider the most important for your company/sector to visit in the next 3 years?

- Hong Kong
- Singapore
- Tokyo
- Beijing
- Shanghai
- Seoul
- Taipei
- Mumbai
- Kuala Lumpur
- Bangkok
- New Delhi
- Shenzhen
- Chennai
- Guangzhou
- Ho Chi Minh City
- Jakarta
- Osaka
- Tokyo
- Others

Which of the following regions would you consider the most important for your company/sector to visit in the next 3 years?

- North America
- Europe
- Asia
- Middle East
- South America
- Pacific
- Africa
- C. America/Caribbean
Which of the following investment centers in **Africa** would you consider the most important for your company/sector to visit in the next 3 years?

- Cape Town
- Johannesburg
- Other

Which of the following investment centers in **Central America/Caribbean** would you consider the most important for your company/sector to visit in the next 3 years?

- Mexico City

Which of the following investment centers in the **Middle East** would you consider the most important for your company/sector to visit in the next 3 years?

- Dubai
- Abu Dhabi
- Kuwait City
- Doha
- Riyadh
- Muscat
- Tel Aviv
- Amman
- Beirut
- Cairo
- Manama
- Other

Which of the following investment centers in the **Pacific** would you consider the most important for your company/sector to visit in the next 3 years?

- Sydney
- Melbourne
- Brisbane
- Auckland
- Perth
- Wellington

A number of new emerging markets have recently opened to outside listings. Would you consider a secondary listing in any of the following markets in the future?

- China
- Hong Kong
- Brazil
- India
- Russia
- Africa
- Other
- No, would not consider it
This study—the sixth annual survey of global investor relations trends undertaken by the BNY Mellon Depositary Receipts Division—is yet another example of why BNY Mellon is the world’s leading depositary bank. We are alone among depositaries for engineering such a systemic analysis of evolving investor relations trends among the global IR community. With this knowledge, we are able to give our clients insights on global IR best practices and enable them to benchmark their resources and efforts against their peers.

BNY Mellon formed its Global Investor Relations Advisory (GIRA) team to help issuers generate market visibility and work with them to develop and execute strategic market outreach plans. GIRA is focused solely on enabling issuers to elevate awareness of their DR programs among investors and financial intermediaries. Our goal is to help our clients compete more effectively by orchestrating our connections to buy- and sell-side professionals, regional IR associations, financial communications experts, and IR and data analytics firms. Because of our dedicated commitment to our issuer clients, our IR team is comprised of ten regional IR specialists covering the international financial centers of New York, London and Hong Kong.

Our survey is a collaborative effort. The GIRA team partnered with IR societies from around the world to further expand this year’s participation. These included the professional investor relations organizations representing the United States, the Middle East, Turkey, Australasia and the United Kingdom. This year’s survey builds on the experience of our 2009 study by adding over 100 additional Investor Relations Officer (IRO) interviews (with a total of 390 companies worldwide), representing 47 countries. The greater sample size lends further weight and reliability to the results on regional and market cap-size bases—results that are intended to provide IR departments with a definitive outline as to what global best practices are.

Relative to past studies in this series, there is evidence that IR budgets are edging higher, the frequency of investor meetings involving management has increased, and investor days are being conducted more often. Moreover, while still very early-stage, there is clear evidence that new IR vistas are opening, ranging from the trend of undertaking secondary listings in emerging markets to gradual adoption of videoconferencing. Global Trends in Investor Relations captures these emerging developments.

We encourage our clients to consult with BNY Mellon Depositary Receipts’ team of IR specialists on how to best utilize the survey’s results in focusing their capital markets efforts and more broadly how we can support their IR planning for 2011. We look forward to continuing our partnership and capitalizing on opportunities in the year ahead.
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