

Best Practices in Web Disclosure

“We wanted a mechanism that would provide the most useful and expansive corporate governance information to our shareholders in a cost-effective and manageable way. We turned to Thomson, not only to meet the demands driven by Sarbanes-Oxley, but also by our own mandate to constantly evolve and improve our transparency.”

—Stacy Slater, Senior Vice President of Corporate Communications
New Plan Excel Realty Trust (NYSE: NXL)

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Innovative Solutions to Build and Maintain Shareholder Value

Introduction



Meet Demands with Web-based Communication Tools

Investor Relations (IR) professionals are faced with the pressures of meeting regulatory requirements, satisfying investor demands for more financial and non-financial data, and controlling their message. These challenges make Internet-based communications a key component of today's IR strategy.

In addition to these challenges, IR professionals are faced with:

Decline in sell-side coverage

The staff reductions at Wall Street securities firms in the last few years have resulted in a decline in coverage by sell-side analysts and brokers, opening the way for companies to use the Internet to communicate directly with investors and the media. See Figure 1.

Accelerated filings

Companies are under pressure to comply with accelerated reporting deadlines. As of 2006, accelerated filers must report earnings 35 days following the quarter's end, down from 40 days in 2005. This has implications on the scheduling of the quarterly earnings calls and garnering investors' attention. See Figure 2.

Multiple responsibilities

A recent NIRI survey found that IR executives are spending the majority of their time on shareholder relations, followed by financial analysis, corporate communications, financial media relations, corporate governance, strategic planning, public relations and employee relations. IR executives continue to see their relevance extended to other areas in corporate planning including participation in disclosure committees (80%); planning the annual shareholder meeting (73%); crisis communication (70%); and establishing corporate governance policies (43%).

Tight budgets

IR departments are constantly challenged to do more with less. According to a 2005 NIRI survey, the average annual budget for an investor relations program is \$743,000, only a 3% increase over 2003. By utilizing the Internet, companies can reduce printing and mailing costs, offload routine inquiries, and deliver more timely information to investors.

Demanding investors

Regulatory bodies and investors have grown more aggressive in their demands for fair and timely access to unfiltered, straight-from-the-source company information. According to a 2006 Thomson Financial survey, investors want to see more non-financial information delivered via a company's Web site (70%).

This guidebook reveals some of the most effective ways to meet these pressures and provides best practices for implementing or improving upon your current IR program.

Use of Technology

Fig. 1: According to Thomson Financial's 2006 survey of institutional investors, the top 5 means of receiving financial information are:

E-mail alerts	77%
Web site	59%
Conference calls	57%
Webcasts	45%
Financial database	38%

Quarterly Reporting within a Condensed Timeframe

Fig. 2: Thomson Financial found the following when comparing earnings release dates and times for Q3 2005 and Q3 2006.

- Week 5 remains the peak earnings release week with 28% of releases, followed by week 7 (20%).
- Thursday remains the most popular day of the week to release (29%), followed by Wednesday (23%) and Tuesday (22%).
- The most popular webcast times are 11AM (16%), 10AM (15%) and 5PM (12%) ET.

1 Webcasting



Why Webcast?

Webcasting is now an indispensable part of a company's IR strategy, and investors have come to rely on earnings webcasts for vital information about a company's financial standing. It helps you communicate more effectively and more economically to investors, employees and the media by making your events—quarterly conference call, annual meeting, analyst day, roadshow, or M&A announcement—available on the Internet.

Achieve a broader reach

- Extend the reach of your company's message beyond the region in which the meeting or conference is being held.
- Expose your company to millions of investors by posting your webcast on institutional investor platforms—like Thomson StreetEvents—and financial Web sites such as the AOL Personal Finance Channel, Yahoo! Finance and MSN.

Retain control of your message

- Deliver your information via regularly scheduled webcasts—it's the best way to combat misinformation in the marketplace.
- Broadcast your webcast live or on-demand.
- Screen questions by using online Q&A. Thomson found that nearly 95% of earnings calls include Q&A versus prepared remarks only.

Save time and money

- Webcasting is easy to implement quickly and affordably. It also reduces teleconferencing and replay costs. By giving analysts who don't want to ask questions an opportunity to listen via the Web, you eliminate the cost of having them on the call.
- Posting your event details—dial-in number, password, date and time—to Thomson StreetEvents frees you from fielding calls, and allows you to focus on your presentation and prepping senior management.

The 2006 Thomson Financial survey found that analysts and investors want to receive company information via conference calls (57%) and webcasts (45%), just behind e-mail alerts and Web sites.

Stay competitive

- According to a recent NIRI Trends Survey, nearly all conference calls are now webcast (95%). Among IR Officers in firms that conduct such sessions, 92% broadcast live webcasts of their conference calls.
- Webcast growth among Thomson Financial's clients has increased dramatically over the past several quarters. In 2006, Thomson produced over 25,000 webcasts.

Comply with regulatory requirements

- Webcasting all of your events is a reliable way to ensure that you are simultaneously releasing material information and complying with Regulation Fair Disclosure (Reg FD).
- The SEC's Rule 433 grants greater flexibility for online roadshows that are conducted in connection with registered offerings. Webcasting your roadshow helps you reach a broader audience, control costs and provide institutional investors with convenient access.

Enhance your Web site

- According to a 2006 Thomson Financial survey, analysts would like to see video (93%), webcasts (84%) and investor presentations (83%) on company Web sites.
- A Hurwitz Group report found that rich media helps Web site users retain approximately 500% more of their Web experiences compared to text-only and text-static Web sites.
- RealNetworks reports that 86% of Web site visitors stay to listen to and/or watch a streaming media presentation.

Webcast Best Practices

As the leading webcast provider for IR and corporate communications events, below is a brief summary of best practices we have gathered from working with over 4,000 companies:

Choose a reliable media provider

Planning for a successful online event begins with selecting experienced webcasting and teleconference providers. Ideally, the company you are partnering with should have the capability to deliver both technologies, thereby reducing the risk of miscommunication between parties.

When choosing a webcast provider make sure it has reliable infrastructure, best of breed technology, and dedicated service team with 24/7 support. The company should also have experience delivering events similar to those you are planning.

Select an IR-focused conference call provider to ensure you will receive the experience and guidance you need. Consult with your teleconference provider regarding the date, time, number of participants, duration, introduction speech, contact telephone numbers, and webcast requirements. Communicate the dial-in number to your webcast provider, who will dial into the conference bridge on the day of your call and stream the call over the Internet.

Promote the event

Publicize your webcast by issuing an advisory news release, using e-mail alerts, posting it on financial Web sites, and advertising it on your corporate and IR Web sites. Even your voice mail and shareholder hotline can be used to promote your event.

A recent NIRI survey found that 94% of companies are using a news release to notify investors and the media of upcoming quarterly conference calls or other planned investor presentations that are to be webcast. Seventy-nine percent of companies typically issue their notification a week in advance, while 16% give between one and six days notice.

Distributing your event information, webcasts and other company information through the Thomson StreetEvents Investor Network helps to promote your stock among these potential investors:

- More than 22,000 institutional investors at over 1,800 firms.
- Millions of individual investors who visit the AOL Personal Finance Channel, MSN, Yahoo! Finance and other leading financial Web sites.

Provide detailed event information

Use a webcast event page to provide details of the event—the date, time, presenter information and supporting materials. Be sure to make the webcast link easily accessible. As a general rule of thumb, more than three clicks to anything from the home page is too many. If you'd prefer that only institutional investors ask questions during your conference call, you can provide the teleconference dial-in and pass code through Thomson StreetEvents.

Gather strategic audience information

Consider how the registration content ties back to your overall IR strategy and select guestbook fields that help track return on investment. At a minimum you may want to capture the listener's name, company and e-mail address for your follow-up efforts. You may require listeners to fill out certain fields but, if you require too many, you run the risk of turning people away.



Fig. 3: Advanced Micro Devices (NYSE: AMD) webcasted their analyst day because they wanted the audience to feel the excitement and buzz surrounding their ground-breaking technology and new product announcements, no matter where they were located.

Webcast Best Practices cont.

customers, employees and the media than reading their biography on your Web site.

- According to the NAIC Voice of the American Shareholder Poll, 37% of investors feel a company leader’s personal appeal “positively” influences their investment decisions, while only 6% said it “negatively” influences their investment decisions. See Figure 5.
- In a landmark study called “Silent Messages,” Professor Albert Mehrabian found that people generally remember 10% of what they read, 20% of what they hear, 30% of what they see, and 50% of what they see and hear simultaneously.

Measure effectiveness

You’ve conducted your webcast, archived it on your IR Web site and distributed it to the leading financial and reach of your event, and plan your targeted follow-up. Depending on your goals, you may be looking to maximize the number of retail investors listening in via the webcast or target that one institutional investor for possible investment in your company. Either way, be sure to capture audience information—who registered and attended your webcast, did they attend the live or archived webcast, did they access the event from your Web site or investor portal, did they access the transcript, etc.—and make it actionable. See Figure 6.

When you webcast with Thomson, you can view each institutional participant’s share position, equity assets under management, investment style, location and more through Thomson StreetEvents.



Fig. 5: Washington Mutual (NYSE: WM) uses video to communicate their story and introduce investors to their executives in an engaging and easily accessible way. The executive videos are then posted on the corporate governance section of their IR site.

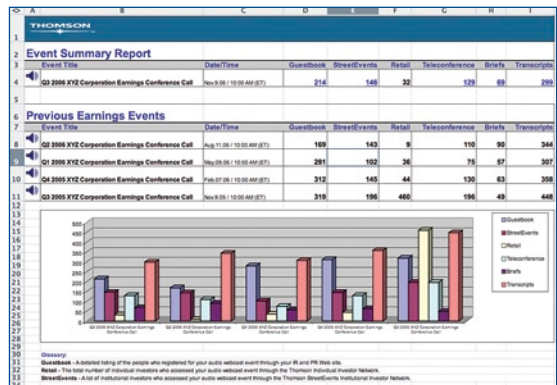


Fig. 6: Thomson Financial’s Event Summary Report enables you to view a summary of event results, including attendees who accessed your event through your Web site (along with the date and time), and the names of institutional firms that listened to your event via Thomson StreetEvents, or accessed your Event Brief or Transcript.



Why Do You Need an IR Web Site?

Investors today expect more financial and non-financial data than ever before. With the widespread use of the Web as a timely, low-cost means of disseminating information, regulatory bodies and investors have grown more aggressive in their demands for fair and timely access to unfiltered company information. Consider the following:

- 75% of institutional investors access IR Web sites weekly or more often; a quarter access IR Web sites at least daily. (Source: Thomson Financial)
- 47% of investment professionals find IR Web sites very or extremely important. (Source: Association for Investment Management and Research (AIMR))
- 90% of institutional investors find a company's Web site impacts their perception of that company. (Source: Thomson Financial)
- 32% of portfolio managers said that corporate Web sites are more important since the passing of the Sarbanes-Oxley Act. (Source: Rivel Research)
- 80% of investors stated that they would pay a premium for companies that exhibit high corporate governance standards and broad information disclosure. (Source: McKinsey & Co.)
- Corporate governance and debt information, earnings estimates and video content are some of the most desired features of an IR Web site. See Figure 7.

Individual investors also turn to the Web for information to help them make investment decisions. According to a Real World Investor (RWI) study, 95% of respondents want companies to provide more in-depth content on their market place—including links to external information and peer comparisons—on their IR site. Nearly 83% of respondents also find it helpful when companies include analyst estimates.

With all of this attention to your Web site, it is important to make it as informative and powerful as possible. See Figure 8.

	Would like to access?	MOST important to access?
Corporate governance information	96%	9%
Fixed income data	95%	5%
Stock quotes and charts	94%	6%
Video	93%	9%
Company overview	89%	16%
Earnings estimates	89%	14%
Financials calendar	88%	16%
SEC filings	87%	21%
Transcripts of conference calls	87%	22%
Contact information	85%	20%
Detailed financial data	85%	29%
Webcasts	84%	25%
Investor presentations	83%	43%
Press release archive	83%	27%
Annual and quarterly reports	81%	34%

Fig. 7: Information institutional investors would like to access on a public company's Web site to facilitate their analysis of business. (Source: Thomson Financial)

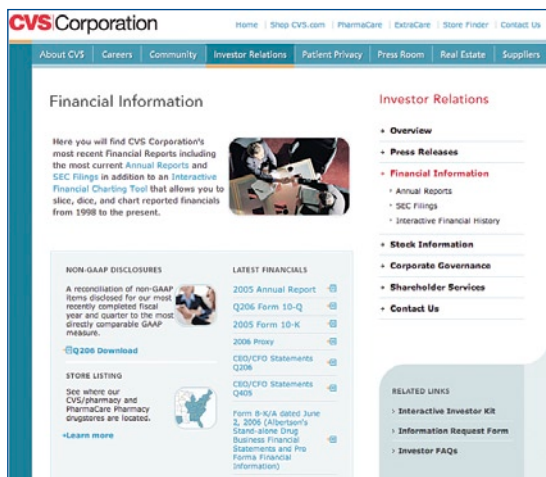


Fig. 8: CVS Corporation (NYSE: CVS) provides a wealth of content on their site in a well-organized, user-friendly manner. They have also listened to investor needs and incorporated interactive tools—e-mail alerts, information request and charting—and new technologies, such as RSS* and interactive investor kits.

*Refer to page 16 for more information on RSS.

Best Practices in IR Web Site Management

Below is a brief summary of best practices garnered from building, hosting and servicing over 2,600 IR Web sites.

Provide comprehensive content

Consider your IR Web site as a valuable internal and external communication tool that creates a lasting impression of your company. The content on your site will help your investors, employees and the media better understand your company's financial performance and strategies. According to *IR News/letter*, the top five IR Web site elements companies provide are: press releases (99%); annual and quarterly financial information (98%); management and board information (98%); current and historical share price data (89%); and SEC filings (82%).

A comprehensive Web site can serve to offload routine inquiries to the IR department by making information readily accessible, allowing you to focus on building your shareholder base. Detailed FAQs, downloadable investor kit, and the ability to request more information can help make your job easier.

If you do not have the means to create and maintain a dynamic IR Web site, outsource it. Securing quote and

SEC filings feeds, and posting press releases in a timely manner are tasks that require advanced technology and the accountability of a specific person. If those resources do not exist in your company, make it the responsibility of an outsourced provider.

Promote your intangible assets

Despite the perception that analysts are only interested in financials, a Hill & Knowlton Corporate Reputation Watch study reveals the following:

- 88% have rated a company negatively because of its poor corporate governance and lack of transparent disclosure.
- 79% have given companies a negative rating because of poor communication with key stakeholders.
- 87% rated "financial performance" followed by "quality of leadership team" and "making good on promises" as the top criteria.
- Non-financial elements affecting analysts' assessments include execution of strategy (98%), transparent disclosure (93%), clear and consistent communication (93%), brand and marketing message (79%), corporate culture and working environment (51%), employee compensation and career opportunities (49%), and social and community investments (22%).

A 2006 Thomson Financial survey found that investors prefer to see non-financial information delivered via a company's Web site (70%) or in a conference presentation (58%). Your Web site should cover intangible assets that are value drivers for your company. Here are some examples:

- Provide a market overview, including metrics being used in your industry to provide investors with a comparable set of data points. (Metrics should translate intangible asset competencies into tangible returns to stakeholders.)
- Post information on social, environmental and charitable programs, as well as product brochures, intellectual property or R&D initiatives. See Figure 9.
- Include a human capital section that includes specific program information—employee training and development programs, retention metrics, etc.



Fig. 9: AIG (NYSE: AIG) promotes their environmental, community, growth and development, and HR initiatives on their IR site.

Best Practices in IR Web Site Management cont.

Employ a company overview page

Use your IR home page to tell investors why they should invest in your company. Emphasize what your company does that's valuable from an investor's point of view, as well as how you differ from key competitors. Many companies use this real estate to highlight recent news, an upcoming webcast, broker conference presentation and current stock price. Consider the following:

- Journalists rank the company overview page as the second most important piece of information on a company's Web site. (Source: Nielsen Norman)
- Investors rank a company overview page as the third most sought after information. (Source: *IR Magazine*)

Take steps to be transparent

As Lou Thompson, former president and CEO of NIRI, stated: "You can disclose a lot of information that's buried in footnotes and [therefore] meet all of the regulatory requirements. But until that information is

presented in a clear, understandable manner, it's not transparent."

Whenever possible, make your information and reports available in HTML or an interactive format versus PDF. PDFs are acceptable for printing and downloading documents, but they create usability problems for on-line viewing. For example, users need Adobe in order to read PDF documents; PDFs require linear scrolling not common to Web use; and PDFs lack a decent search, aside from the ability to jump to a text string's next literal match.

Interactive documents give users the ability to easily and quickly download, print, search, e-mail and download spreadsheets to Microsoft® Excel. You can also integrate multimedia content, such as video clips and webcasts, and provide dynamic links to related information. See Figure 10.

Interactive charting makes it easy for investors to perform their own analysis and explore their own correlations and trends. It also helps you portray your company as one that is transparent and trusted.

An interactive chart should allow users to graph the five most recent quarters of industry specific balance sheet, cash flow, income statement and ratio information. The

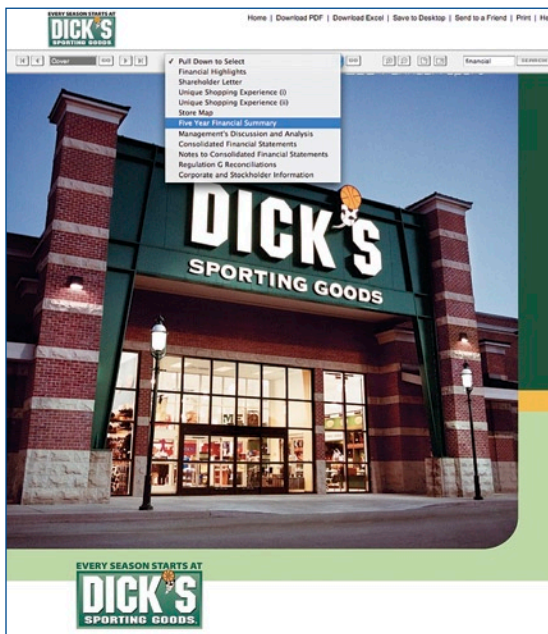


Fig. 10: Dick's Sporting Goods (NYSE: DKS) provides their annual report in an interactive format, making it easy for investors to read, search, navigate, download, print and e-mail.



Fig. 11: Veeco Instruments (NASDAQ: VECO) allows investors to view their balance sheet, income statement and cash flow information in graphical format, and perform their own analysis.

chart should permit for multiple calculations to show growth, percentage changes, percent of totals, etc. See Figure 11.

Avoid entanglement issues

List all of the analysts who cover your company, not just those whose reports are favorable. Be sure to list them in alphabetical order without giving any prominence to any one analyst. It is also important not to include quotes from analysts or link to their reports.

Make your site easy to use and navigate

Web site visitors need predictability and structure. According to a recent Corporate Insight focus group, participants stated that site navigation was one of the most important factors affecting whether or not they would visit a particular IR site. In the 2006 Thomson Financial survey of institutional investors, poor navigation was listed as one of the top three pet peeves (63%)—trailing outdated information at 76% and difficulty printing documents with 65%. To make your site more user-friendly, consider the following:

- Provide a top-level view and allow visitors to link through to other areas of interest. They can dig deeper for detail if they choose.
- Use a vanity URL to make your IR site easy to find and remember.

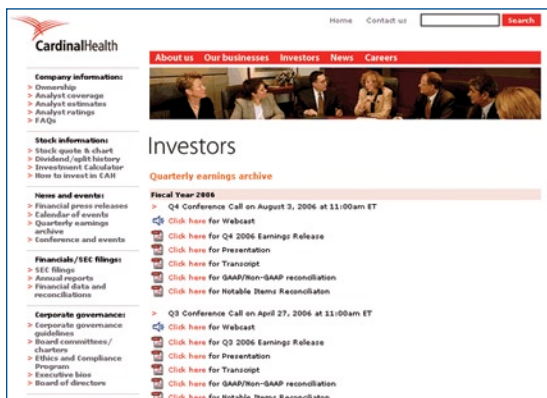


Fig. 12: Cardinal Health (NYSE: CAH) places their earnings release, presentation, webcast and transcript all on one page.

- Employ breadcrumb navigation to make it easy for investors to get back to the previous page.
- Include the IR link on your corporate home page, above the fold, and call it “Investor Relations” or “Investors.” The 2006 Thomson Financial survey found that 50% of investors complain that companies do not provide a clear way of getting to the IR site from the corporate home page.
- Limit the amount of information you require from investors. The same Thomson survey found that 32% of investors do not want to provide personal information in order to access data.
- Place related information on the same page. This aggregated format makes online viewing of your company’s investor materials a much more user-friendly experience and saves valuable time. See Figure 12.
- Remember the little details: offer printer-friendly functionality on all Web pages and break out press releases by year, categorize your SEC filings and make them searchable, and indicate file sizes and types.

Don’t link away from your site

When you link to third-party sites for Web site content you run the risk that investors will not return to your site and that they may find inaccurate or misleading information about your company. By keeping investors on your site, you retain control of your message and ensure that they receive your entire investment story. You also have the opportunity to learn more about your investors, such as which pages are most popular, which documents are downloaded most frequently, and who is signing up for e-mail alerts or listening to your webcast. Should you still choose to link to third-party information, include a prominent statement to inform users that they are leaving your Web site.

Interact with your Web site visitors

More and more companies are embracing the next generation of Web sites, moving away from strictly static content and encouraging interactivity:

- Use your Web site to gather e-mail addresses of investors who are interested in your company; then,

Best Practices in IR Web Site Management cont.

alert them to new information via e-mail notification. E-mail alerts enable your investors to request electronic notification of upcoming events, new press releases, corporate governance changes and other additions to your IR Web site. According to a 2006 Thomson Financial survey, 77% of respondents prefer to receive a company's financial information via e-mail. To comply with CAN-SPAM laws, be sure to allow users to opt-out and include your head-quarter's address in the e-mail footer.

- Interactive annual reports and investor kits provide a more convenient way for investors to review important financial documents (such as 10Ks and Qs, proxy statement and recent press releases). By viewing printed annual and quarterly reports online, recipients of interactive documents can easily navigate the documents, search by keyword, and export key financial data to Excel. Refer back to Figure 10.
- Make it easy for investors to contact your company with IR-related questions by listing your IR contact, address, e-mail, telephone and fax number. Many companies provide contact information for their transfer agent and IR department all on the same page.
- Allow Web site visitors to make comments or request information using a standard e-mail request form. After an investor submits a request, we recommend sending an auto-reply indicating that the e-mail has been received and will be replied to within a specific window of time.

Adopt new ways to distribute information

In an age when e-mail inboxes are becoming increasingly filled with spam and other unsolicited content, Really Simple Syndication (RSS) has emerged as an important tool for delivering real-time headlines and updates. As the Nooked Influencer study found, journalists and analysts are demanding RSS feeds. And according to the Pew Internet and American Life study, 5% of all Internet users say they use RSS aggregators or XML readers to receive news and other information.

RSS, an XML-based syndication tool, enables you to alert investors when new content is available. An RSS feed condenses new content into a list of items such as date, title, a brief description and a link, which will usually

point to the full content. As an RSS subscriber, you can use a Web-based program called a newsreader to view RSS feeds from your favorite publications in one place, right from your desktop.

It's important to note that RSS is not a replacement for e-mail or phone communications. It is a way to enhance and complement existing communications activity while achieving 100% deliverability of demanded messages.

Keep your site fresh and timely

Keeping your site current helps to show your company in a favorable light as it is, after all, difficult to overcome a poor first impression. As mentioned earlier, 90% of the institutional investors Thomson surveyed stated that a company's Web site impacts their perception of that company. This same study found that investors' number one pet peeve was outdated information.

To ensure timeliness and accuracy, companies should consider the following:

- Employ automatic, near real-time posting of SEC filings and press releases.
- Provide an event calendar to inform visitors when you will be releasing earnings, holding an analyst day or shareholder meeting, and speaking at an industry conference.
- Post a 20-minute delayed stock quote and provide an end-of-day stock quote e-mail alert.
- Move older material that you wish to retain for informational purposes into separate archive sections; such as press releases, webcast conference calls and presentations.
- Use header messages, disclaimers and/or pop-up windows to notify investors that they are accessing dated information.
- Periodically review your Web site for the purposes of updating, archiving, or deleting outdated information, such as FAQs.

Promote your IR Web site

Leverage the real estate on your corporate Web site to promote your stock and attract potential investors to the

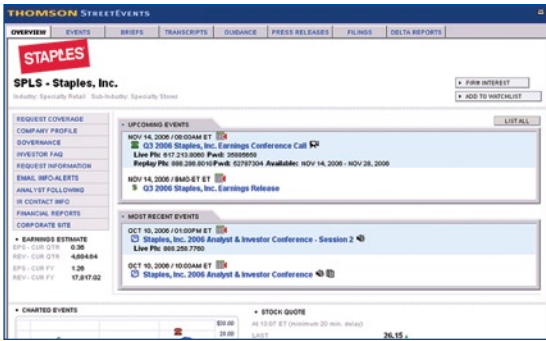


Fig. 13: Staples (NASDAQ: SPLS) reaches their investors through Thomson's Enhanced Content Distribution service with a consistent, direct-from-the-source message. Updates made to their IR Web site are automatically reflected throughout the Thomson distribution network.

IR section of your site. Consider publicizing an upcoming webcast or broker conference presentation, and embedding a stock quote to generate even more traffic.

Promote your IR site in more traditional ways as well. Advertise your IR Web address on press releases, collateral materials, invoices, business cards, e-mail signatures and voice mail.

Don't be satisfied with just attracting visitors to your site—you ultimately want investors! Steering Web site visitors to an online stock purchase service can save your company thousands of dollars in annual shareholder servicing and administrative costs.

Extend the reach of your corporate information

Communicate your message and combat misinformation, by distributing your company's story out over the Web. Be sure to deliver what your investors want to see—your corporate governance information, financial reports, FAQs, corporate profile, webcasts, presentations and e-mail alerts.

When choosing a provider to distribute this information, make sure they have a robust distribution network that reaches both individual and institutional investors; otherwise, your efforts are fruitless. According to Nielsen Norman NetRatings, the most frequently visited financial Web sites are AOL, MSN and Yahoo!. According to the 2006 Thomson Financial survey, besides visiting company Web sites, the top three sites institutional



Fig. 14: Thomson's Enhanced Reporting Tool offers insight into traffic trends (loyalty and frequency of visitors), referring sites and the most popular keywords used to find your site, page views, which documents and files visitors are accessing, and much more.

investors visit when researching companies are Yahoo! Finance (65%), Thomson ONE (51%) and Thomson StreetEvents (43%). See Figure 13.

Include your corporate debt information

Enhance your existing online disclosure strategy by providing a single reference point for your debt information. Grant your fixed income analysts the benefit of rich information and easy access, just as you do your equity analysts. As shown on page 12, 95% of institutional investors want to access fixed income data on company Web sites. Consider including credit ratings, debt analyst coverage, debt maturity schedule, and information pertaining to your asset-backed securities offering, such as pending transactions, CUSIP lookup, prospectus and more.

Learn about your Web site visitors

With the time and financial investments you are making in your IR Web site, you need a measurable return on investment. Be sure that your webmaster or Web site provider can supply detailed traffic reports to increase your understanding of online activity, user behavior and traffic trends, and use this information to make adjustments to your Web site. It's also helpful if you can benchmark your activity against your industry and peers. See Figure 14.



Why Dedicate a Section to Corporate Governance?

Today's companies are faced with greater regulatory demands than ever before. The Sarbanes-Oxley Act (SOX) reflects a response to the series of highly publicized financial and accounting scandals aiming to increase investor confidence by revising corporate governance standards and establishing new disclosure requirements. Corporations are now looking for opportunities to effectively present the full picture of their company—a corporate governance section that is driven not only by what is required by law, but also what investors want to know.

As a result, corporate governance information has become part of the investment decision at many institutions. Consider the following:

- 90% of investors factor in governance considerations when selecting stocks. (Source: The Investor Relations Society)
- 66% of investors say that governance considerations may be a trigger to avoid investing in particular companies, and 80% responded that they would pay a premium for companies that are visibly well-governed. (Source: McKinsey & Co.)
- 73% of investment professionals feel a company's disclosure practices and the quality of financial statements are very important or extremely important factors in their investment decisions. (Source: AIMR)
- 66% of the 175 executives surveyed indicated that corporate governance, along with transparent disclosure of financials, are key components of reputation. (Source: Hill & Knowlton)
- Companies with weak governance generate stock returns that trail the market. Over a 10 year period, the average annual return for the top 10% scorers was 11.4%, compared to 2.5% for the bottom 10%. (Source: GovernanceMetrics International)

Before SOX, most companies chose to disclose little if anything about their corporate governance. But SOX has done for the IR Web site what Reg FD did for webcasting. Companies are now serious about being open and transparent. Many companies see corporate governance as an opportunity to distinguish themselves and are making corporate governance a permanent part of their online disclosure strategy by devoting entire sections of their Web site to the topic.

A recent Thomson Financial survey found that 96% of institutional investors want to access corporate governance information on company Web sites.

According to a recent *IR Newsletter* survey, respondents post the following to their Web site:

- Policy statement: 86%
- Board communication information: 85%
- Guidelines, rules and regulations: 79%
- Recent proxy data: 34%
- Insider trading information: 24%
- Other (code of ethics, mission statements and hotline): 11%

Other companies are responding in varying degrees—from meeting minimum requirements to full-fledged mini sites, and everything in between. Knowing the rules of the road is critical, but even more important is how you communicate issues surrounding your company's corporate governance. To remain credible, companies need to make this information readily accessible and focus their efforts on providing a clear, concise message in the most transparent manner possible.

A dedicated section on your Web site is a great way to bring visibility to your corporate governance policies, stress your focus on corporate integrity and SEC compliance, and help to build investor confidence.

Corporate Governance Best Practices

Emphasize your commitment to good governance

Using a governance overview page can serve to headline the key issues for investors, emphasize your company's commitment to good corporate governance, summarize company policies and link to relevant information, such as CEO/CFO certifications, committees and guidelines. We recommend using summary tables and quick links, so investors can easily find and digest this information. See Figure 15.

Provide background on your board and management

Now more than ever, investors want to feel that they know your management team. According to a recent *IR Magazine* survey, when evaluating a board, respondents listed background of the Directors as one of the most important items they consider.

Thomson recommends that you provide detailed biographies of management and Directors, along with their age, relevant work experience, compensation, directorships held, whether or not the Director is independent, service on committees and where possible, a photograph. Use multimedia tools, such as streaming audio and video, to capture their personality, intelligence and vision of the company's future. Showcasing your executive's strong communication skills will demonstrate to the media how dynamic and quotable he/she is as an expert in their industry. Refer back to Figure 5.

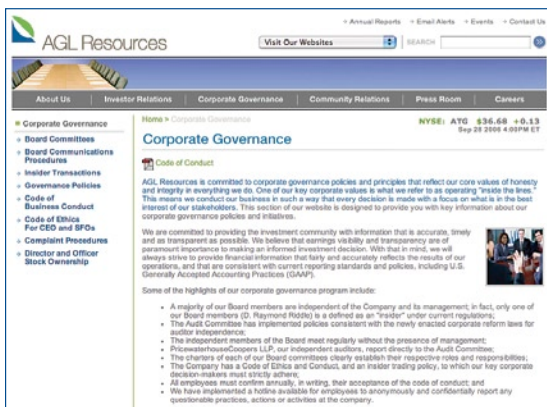


Fig. 15: AGL Resources (NYSE: ATG) uses a letter from their CEO and CFO to discuss their commitment to corporate responsibility and some of the highlights of their program.

Illustrate your committee composition

The SEC ruled that the majority of the audit committee must be composed of independent Directors. We recommend that you use a committee composition page on your site—highlighting inside/outside Director breakdown, committee responsibilities, other directorships held, and an indication of whether or not members are independent. To make your composition chart more interactive, link each member's name to their biography for more information on their qualifications. See Figure 16.

Comply with Web posting requirements

The NYSE requires their listed companies to adopt and disclose via the Web their code of conduct, governance guidelines, and charters for audit, compensation and nominating/governance committees. The NASDAQ and AMEX require listed companies to adopt and make publicly available their code of conduct, and establish a charter for audit and nominating committees.

Thomson recommends posting these documents to the corporate governance section of your Web site. You should also post your proxy statement, governance guidelines, articles of incorporation, by-laws, and information on your key committees—such as purpose, membership, detailed roles and responsibilities—to your site.

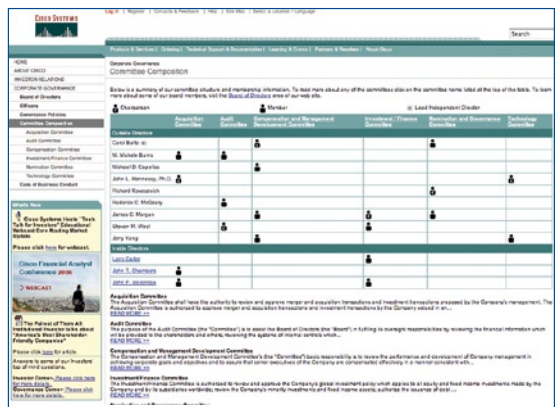


Fig. 16: Cisco System (NASDAQ: CSCO) uses a committee composition table to denote committee structure and membership. Investors can drill down for more information on the different committees (member bios, charters, etc).

Investor pet peeve: 17% of institutional investors find insufficient corporate governance information on company Web sites. (Source: Thomson Financial)

The SEC also requires that public disclosures of pro forma information be true, complete and reconciled to GAAP, and that they be posted on the company's Web site. To help companies be compliant, Thomson recommends adding GAAP information as supporting materials to your conference call webcast and archiving it for at least one year, as well as posting it along side other relevant information so that investors get the full picture.

Explain your board communication process

The SEC requires that companies post the following to their Web site, or in their proxy or information statements:

- Statement as to whether or not the company's board of directors has established a process for security holders to send communications to the board.
- Description of the company's policy, if any, with regard to board members' attendance at annual meetings and a statement of the number of board members who attended the prior year's annual meeting.

When posting this information to your site, you may also want to consider publishing your board communication process and policy on Director attendance at annual meetings.

Supply your insider transactions in a table

The SEC now mandates that companies post their insider transactions (forms 3, 4 & 5) on their Web site within one day of filing. For ultimate transparency, we recommend going above and beyond just posting insider filings. Include a table of your most recent insider transactions including name of insider, transaction type, date, number of shares and total remaining position so that investors do not need to open individual filings to see what was transacted.

Highlight Executive and Director compensation

In 2006, the SEC amended disclosure requirements for Executive and Director compensation; related party transactions, Director independence, and other corporate governance matters; and security ownership of officers and Directors. To be transparent, disclose compensation information found in your 10k and Proxy filings on a dedicated section of your Web site.

Comply with SOX Section 301 requirements

Section 301.4.A and Section 301.4.B of the Sarbanes-Oxley Act states that ". . . Each audit committee shall establish procedures for—

(A) The receipt, retention, and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and

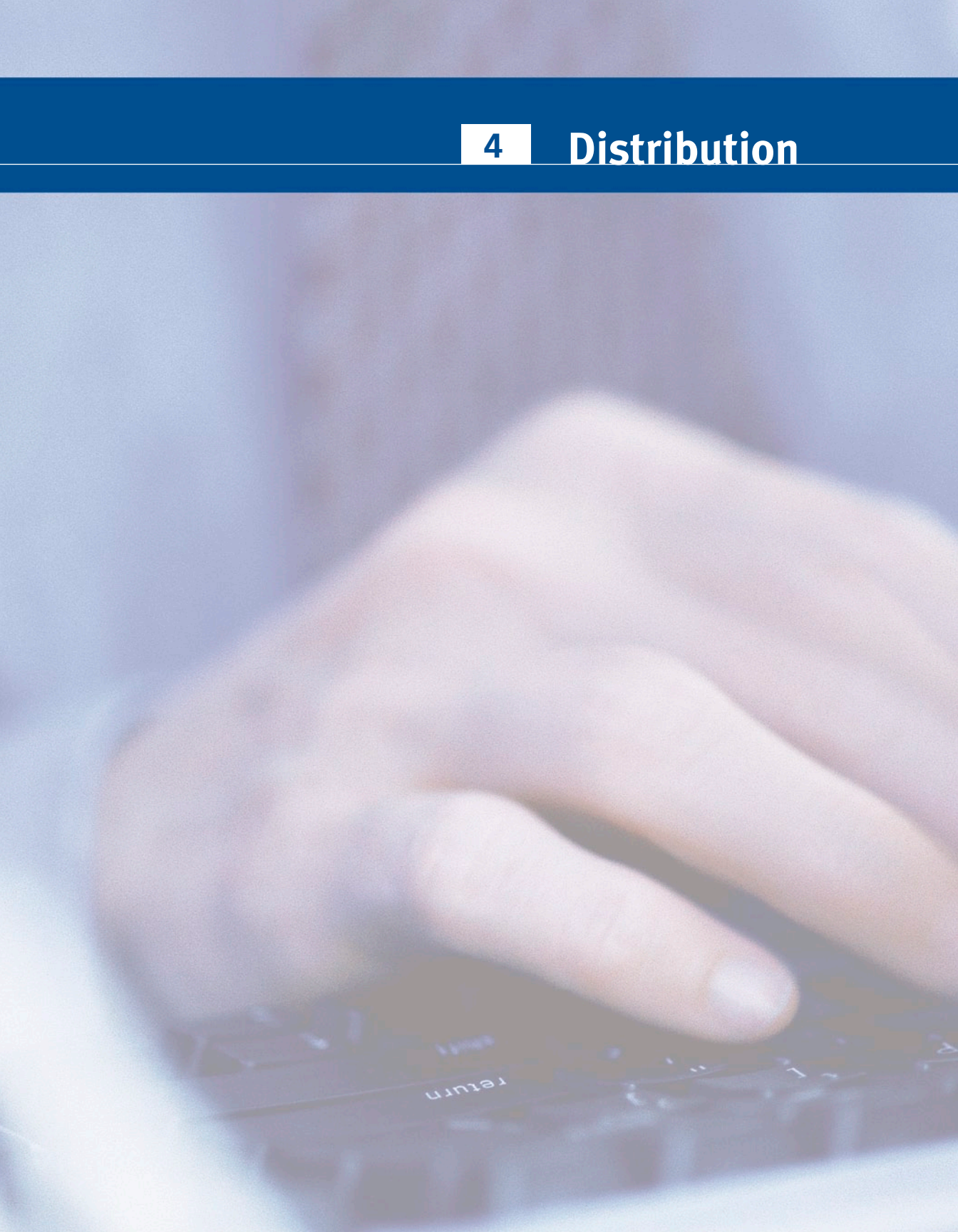
(B) The confidential, anonymous submission by employees of the issuer of concerns regarding accounting or auditing matters."

Establish a dedicated, anonymous and confidential whistleblower service that records submissions (via an online form or telephone hotline) and provides an audit trail. We recommend choosing a solution that not only meets regulatory requirements but goes beyond compliance with a complete feedback system.

Include a user-friendly proxy statement

The September 2005 *IR Update* reported that while nearly every company is placing a PDF version of its financial reports on its IR site, more and more are using an enhanced navigable version, with keyword search capability, to make the reader's experience more interactive. Thomson's Interactive Proxy Statement features drop-down menu navigation, keyword search with thumbnail results, Send-to-Friend function, Save to Desktop and document reporting.

Note: The SEC is proposing amendments to the proxy rules under the Securities Exchange Act of 1934 that would provide an alternative method for issuers to furnish proxy materials to shareholders. Under the Notice and Access model, issuers would satisfy their proxy rule obligations by providing shareholders with notice of the availability of their proxy materials on their Web site. Please consult the SEC Web site (www.sec.gov) for updated information.



Reaching Institutional Investors

IR professionals face increased pressures and challenges in getting their message out to investors and in communicating as much information as possible, to as wide an audience as possible. According to a NIRI National Survey, 92% of IROs said growing buy-side interest in their firm was a leading goal of their IR program. Due to the decline in sell-side coverage, a company can no longer rely exclusively on its sell-side analysts to deliver its message to the buy-side. By following some of the best practices outlined here, companies can take matters into their own hands with a more proactive approach to reaching potential investors.

Leverage your corporate Web site

As mentioned earlier, the 2006 Thomson Financial survey found that 75% of institutional investors access corporate Web sites weekly or more often. With all of this attention to your Web site, it is important to make it as rich, interactive and current as possible to keep investors coming back.

Create a targeted e-mail campaign

Use an interactive investor kit or newsletter comprising such documents as an annual report, corporate background, customer testimonials, performance metrics and industry research to reach your target investors.

Provide your information to data aggregators

Professional investors need all their financial information in one place. Aggregating information from various sources, and putting it in a single storehouse with a single coherent structure, can increase efficiency and productivity.

Tap into the tools they already use

To reach professional investors, consider where they go every day to access information, for example, Thomson StreetEvents and Thomson ONE. You need to get your information on the portals from which institutional investors draw their information.

Schedule earnings calls around your peers

Companies are under pressure to comply with accelerated reporting deadlines and garner investors' attention. By

using services such as Thomson StreetEvents, you can schedule your calls around your peers and find dates and times that are less busy.

Make transcripts and MP3s available

A 60-minute conference call can be read in about 15 minutes with a transcript, a significant benefit for busy institutional investors. According to an AIMR survey, 36% of respondents said transcripts were the most valuable information companies could provide, second only to SEC filings with 41%.

Thomson has received strong demand from institutional investors to make earnings webcasts available in formats compatible with iPods and other portable audio players. To satisfy investor requests and enhance your event distribution, we recommend that you make your calls available on your IR Web site and Thomson StreetEvents, and in multiple formats.

Hold a "virtual one-on-one meeting"

Deliver a professional multimedia update on your company to investors anywhere in the world. A meeting might consist of a 30-minute update on your company accompanied by slides and Q&A. Record the presentation and it becomes a valuable piece of content that can be utilized again and again. When combined with your regular outreach programs, the "virtual one-on-one" is a cost-effective way to reach out to investors and a unique way to gain visibility and to help you increase investor interest in your company.

According to the 2006 Hill & Knowlton "Corporate Reputation Watch" survey of financial analysts, the 4 most important methods of communications are:

- One-to-one meetings
- Quarterly earnings conference calls
- Company presentations
- Annual reports

Reaching Individual Investors

More and more investors are moving online, and their sheer numbers mean that they may have more impact on your company than you might think. According to an *IR Magazine* report, 59% of retail investors rely on the Internet as their primary source for company news.

Individual investors also offer other benefits to your company. According to the National Association of Investors Corporation (NAIC), they tend to be long-term loyal holders, holding stocks an average of six years. And, they provide additional liquidity for your stock—especially if you are a small-cap company. While independent investors represent only a fraction of the purchasing power of institutions, they are gaining stature as a collective force.

In addition to creating a comprehensive IR Web site, Thomson recommends instituting the following best practices to help enhance your individual investor communications strategy.

Give investors the content they are looking for

According to a recent Real World Investor survey, 95% of respondents want companies to provide more in-depth content on their marketplace. They also find it helpful when companies provide analyst estimates on their site and provide financials in downloadable Excel spreadsheets. To keep visitors on your site and encourage them to return, make your site fresh, timely, comprehensive, interactive and engaging.

Use multiple methods to deliver information

Provide a telephone hotline with current information on your company. Allow investors to download and order reports and literature from your site. Offer investors the ability to sign up for e-mail alerts so that they will be notified when new content is posted to your site. Lastly, employ RSS to deliver your press releases to journalists, analysts and individual investors. See Figure 17.

Showcase your management team

Use video to introduce key executives and tell their stories. According to the NAIC Voice of American Shareholder Poll, 37% of respondents felt a company leader's personal appeal "positively" influences their investment decisions. Refer back to Figure 5.

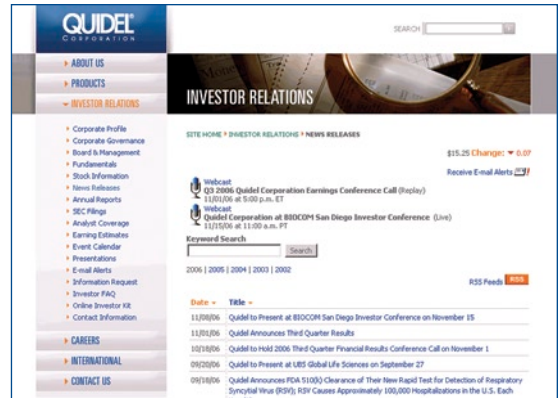


Fig. 17: Quidel Corporation (NASDAQ: QDEL) allows investors to sign up for e-mail alerts and RSS feeds on their news release page. Employing these technologies ensures that investors and journalists receive their latest press releases.

Open conference calls to all

Webcasting your earnings call is one of the best and most cost-effective means of allowing your individual investors to hear what your analysts and CEO discuss each quarter.

Push information out through financial Web sites

Due to the overwhelming demand from individual investors, popular destination sites—AOL, Earnings.com, Motley Fool, and TheStreet.com—offer detailed company information, including financial reports, conference call replays and event calendars. By posting your IR information to these sites you are combatting misinformation, ensuring accuracy, controlling your message and building brand awareness.

5

What Makes Thomson the Industry Leader?



Innovative Solutions to Build and Maintain Shareholder Value

With more than 15 years of experience, Thomson Financial Corporate Services is the partner of choice for corporations around the world. We combine the industry's highest quality and most comprehensive range of content, market data, workflow solutions, analytics, consultative services, and online communications tools with outstanding client service. Leveraging our institutional relationships and assets such as Thomson First Call and StreetEvents, only Thomson provides solutions specifically targeted to the workflow of C-level executives, investor relations departments, corporate strategy and development teams, treasurers, and public relations and corporate communications professionals, helping increase the efficiency and effectiveness of corporate officers across your organization.

Experience

Thomson has proven operational, technological and service expertise in building, managing and hosting over 2,600 IR and PR Web sites and webcasting over 25,000 events each year. We are recognized by countless organizations for our best practices in Web disclosure.

Operational excellence and innovation

Thomson consistently brings new and enhanced products to market. In the last two years alone, Thomson has brought to market BoardLink, Debt Disclosure, Delta Reports, Enhanced Traffic Reports, Event Analytics, Event Summary Reports, Interactive Investor and Press Kits, iShowcase, M&A Online, PR Online, Thomson Guidance, and Video Spotlights.

Our commitment to operational excellence and innovation is what makes us the leading provider of Web-based solutions that transform the way companies communicate and meet disclosure requirements.

World-class service

Delivering a distinctive customer experience is our highest priority. Thomson Financial's practiced and knowledgeable client service professionals are dedicated to providing each client personalized attention, being responsive to their needs, and proactively ensuring their

satisfaction. We're proud to employ the best and brightest professionals to partner with our clients—providing unparalleled expertise and service excellence—24 hours a day, 7 days a week.

Community

No other firm reaches all of the key players in the global financial markets like Thomson. Our virtual community, represented by an unmatched directory of industry professionals, uniquely connects the buy-side, sell-side and corporations to better facilitate financial market interaction.

- Thomson is the only firm today that can provide companies with a direct pipeline to institutional investors by delivering their webcasts and other investor information onto the desktops of tens of thousands of buy- and sell-side professionals through Thomson StreetEvents, Thomson ONE, and third-party applications.
- Help insulate companies from potential selective disclosure issues by distributing their event information and webcasts to over 20 leading financial sites, including AOL, MSN and Yahoo! Finance.

For more information about Thomson services, please contact us at 800.262.6000 or tfcorporate@thomson.com.

Request a copy of our Best Practices in Online Corporate Communications booklet by e-mailing tfcorporate@thomson.com.

“Our site gives investors a valuable resource to help them make their buying decisions. Retail and institutional investors like the easy accessibility of the company’s financial history and facts as well as our good corporate governance policies. The straightforward access to information reassures them of our transparency and it gives them a sense of security when making investments. We have been extremely satisfied with the Thomson solution.”

—Mike McGuire, Investor Relations Director
CVS Corporation (NYSE: CVS)

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