IT'S TIME... FOR A NEW DISCLOSURE MODEL.

IT'S TIME TO UNLEASH THE POWER OF THE WEB FOR DISCLOSURES

THOMSON REUTERS

IT'S TIME FOR WEB DISCLOSURE.

INCREASE CONTROL, IMPROVE TRANSPARENCY AND MEASURE THE GLOBAL IMPACT OF YOUR DISCLOSURE MESSAGE.

When JCPenney shut down production of its "Big Book" in November 2009, it marked the demise of an iconic catalog that had been a publishing staple for the last 36 years. It also demonstrated the role of Internet-based technologies as catalysts for market change and disruption. Many other examples exist today, including Google and the advertising industry, Apple and CDs, Amazon and books, Netflix and video rentals, and Skype and landline telephones.

Further market disruptions are being fueled by the revolution in Web publishing. If you've posted a status update to Facebook, uploaded a photo to Flickr, or streamed a video on YouTube, you are part of this revolution.

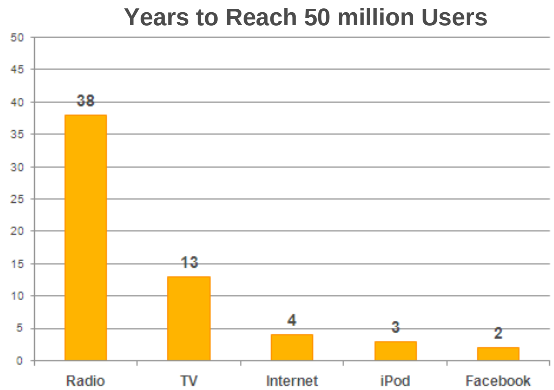
These consumer-focused publishing tools have attracted the early adopters, but user-generated content has now spread to the masses. Today, everyone can communicate directly to everyone else – in multiple formats that completely bypass traditional intermediaries.

This direct form of communication has also made its way into business communications. Many companies now leverage tools such as Twitter, Facebook, and online video to speak directly to their customers and key stakeholders. In Investor Relations (IR), however, this publishing revolution has yet to fully take hold in how companies distribute information and in the way investors consume it.

It's time to make the change in IR. Technology and the real-time nature of the Internet provide an opportunity to save issuers money and improve the efficiency of the disclosure process while providing better control, better reporting, and a better end user experience to investors.

THE PUBLISHING REVOLUTION

The Web has profoundly changed the way the world communicates. What started as a way to improve productivity and exchange information via simple connectivity tools like e-mail has grown to embed itself in the fiber of our daily lives. Nowhere is this more pronounced than in the meteoric rise of digital media, blogs, and social networks. These tools are now mainstream and ubiquitous, with over 200 million blogs (Source: Technorati, Wikipedia), 400 million Facebook users (Facebook 05/10), 58 million Twitter users (comScore 10/09), and 466 million YouTube users (comScore 10/09).



Source: United Nations Cyberschoolbus Document, Mashable

Social media adopters are not just reading content written by others - they are also contributing. Web 2.0 has changed how people consume information, and it has also provided them with the tools to create, distribute, and share it. Barriers to producing and publishing content have been lowered – in fact, these tools are available from every cell phone.

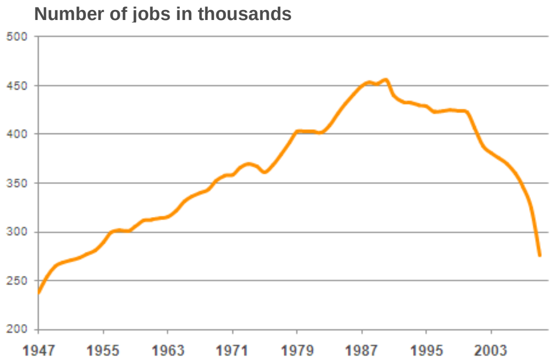
As a result, an unprecedented amount of content is being created, posted, and shared by the masses. On an average day, over 800 million updates are shared on Facebook (Source: Facebook), over 50 million Tweets are sent (Source: Mashable), and more than 3.5 years of video content is uploaded to YouTube! (Source: YouTube)

These trends are nothing short of a revolution – a publishing revolution involving the mass creation and dissemination of information. New modes of content creation have in turn spawned new ways to distribute and consume that information – methods that are disrupting traditional models of information publishing.

Today, anyone can create an RSS reader page customized with feeds from various news sources, or create a Twitter feed of influential people they follow, or receive breaking news SMS alerts to their mobile phone. Real-time status updates from Twitter and Facebook are now included in Google and Yahoo news searches.

One result of the revolution in citizen publishing is the disruption of the traditional news media by bloggers and online journalists: 24 of the 25 largest newspapers experienced record declines in circulation in 2009 (Source: Yahoo! Finance), and employment in the sector is down to levels not seen since the 1950s.

Collapse of newspaper employment



Source: Bureau of Labor Statistics

Other sectors are experiencing similar disruptions as a result of the convenience and cost-effectiveness afforded by new business models, for example iTunes and the music publishing market or Kindle and the book publishing market.

Investor Relations is also in the midst of a Publishing Revolution, one in which online authoring tools combined with RSS feeds are making content creation and dissemination easy, immediate, and ubiquitous. Web-based publishing has and continues to be a critical part of the IR officer's (IRO) arsenal for meeting disclosure requirements as well as for broadly disseminating the company's message, particularly during earnings periods when timing and management of the message are critical.

The tools have been around for years but their relevance for IR is even more important now given the changes in news creation and consumption. For example, the message boards of the Web 1.0 world have evolved into sites like Stocktwits and Seeking Alpha - influential social networks with users who are former institutional investors and who exchange information through an online community website.

As a result, companies are increasingly using alternative channels to reach investors directly. From updating website content to making content available via RSS feeds, these web-based publishing tools improve efficiency, enable global reach, and allow for interactive feedback, while putting control of the message back into the hands of the IRO.

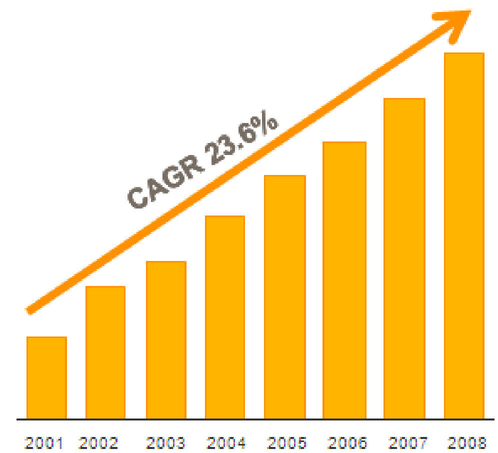
THE CURRENT PUBLISHING MODEL FOR DISCLOSURE

When it comes to corporate disclosure, the Securities and Exchange Commission (SEC) has long recognized the role of web-based communications. In the 1990's, webcasting of earnings conference calls emerged as a primary method for complying with Regulation Fair Disclosure (RegFD). Companies provided access to their webcast via their IR website and announced broad availability of the webcast via a press release.

Sarbanes-Oxley then placed a much greater reliance on the Web as a viable means of disclosure. From mandatory posting of periodic reports to electronic filing and posting of Section 16 filings to Reg G archiving requirements, the regulatory changes to deliver more information faster to the market forced companies to utilize the Web.

In this environment, the IR website became a mission critical application, not only for regulatory compliance but for meeting the information needs of investors. Companies came to realize that not only can the Web help them comply with regulations, but it could also be a more powerful and effective way to communicate to all of their stakeholders.

Growth in IR Website Traffic, 2001-2008



Normalized using a 2001 baseline Source: Thomson Reuters

Then in August 2008, the SEC published new guidance on the use of IR websites, confirmed their importance as a key source of company information, and encouraged their further development as a disclosure vehicle. The guidance confirmed that the IR website can, if certain criteria are met, be used as the only source of company information, without violating RegFD or other securities laws. In recent years, both the New York Stock Exchange (NYSE) and NASDAQ have amended their rules with respect to dissemination of material news, so that issuers can disseminate material news by any means permissible under RegFD (including through the issuer's IR website where doing so is compliant with RegFD) instead of disseminating a press release through the major wire services, which was historically the only permitted approach.

The guidance appeared at a timely point. Thomson Reuters survey discovered that 75% of institutional investors access IR websites weekly or more often, and 90% of institutional investors find that a company's IR website influences their perception of that company.

Yet in practice, with the exception of well-known companies like Sun Microsystems and Google, companies continue to rely heavily on the traditional press release as the primary method for meeting disclosure requirements. Thomson Reuters surveyed more than 200 IR and PR professionals in October/November 2009 on their earnings disclosure practices and the results indicate several major drawbacks inherent in this model:

1. **The model relies on intermediaries to reach investors**
   To reach investors, journalists, and web destinations, a press release travels through a convoluted set of intermediaries that include regulators, exchanges, wire service providers, and content aggregators – all before it reaches investor desktops, editorial departments, IR websites, and media properties.

2. **Press releases alone do not technically meet disclosure requirements**
   To truly meet disclosure requirements, a company needs to ensure that material news is posted on their IR website at the same time it is being released to a wire service. In practice, delays exist between the time a release crosses the wire to when it is posted on an IR website or on news aggregation sites.

   In addition, material content within the release is often shared with press release distributors prior to disclosure, often via unsecured e-mail, introducing another potential weak spot.

3. **Most press releases are text-only and do not include related content**
   The traditional press release is in most cases limited to text and therefore provides limited engagement with the end user. Very few press releases include video or audio or even links to supporting materials. Tables included in the release require investors to cut and paste the financials into their models – clearly an inefficient way of managing and sharing company information.

4. **Limited reporting capabilities**
   IROs receive limited reporting on their press release communications. Most rely on their PR teams to monitor media coverage or the number of sites that carried the press release announcement as a proxy measurement for reach. IROs are looking for more. Demonstrating the high value placed on analytics surrounding a company's disclosure, our research uncovered that IROs need the ability to monitor:

   - Response to the message in the media
   - Feedback from buy-side investors along with ownership data and any changes in their holdings following the disclosure
   - Sell-side analyst commentary and reaction
   - Impact on the stock price
   - Buy-side questions ahead of a webcast

5. **IR press releases are costly**
   Our research suggests that the perceived value of an earnings press release is out of sync with its actual cost. The per word, per circuit, per release pricing model yields average costs of $4,000-$6,000 per release, with a package of four earnings releases potentially costing over $20,000. Companies are looking for ways to lower costs and improve the efficiency of the disclosure process.

"We have long recognized the vital role of the Internet and electronic communications in modernizing the disclosure system under the federal securities laws and in promoting transparency, liquidity and efficiency in our trading markets."

- SEC – Commission Guidance on the Use of Company Web Sites

TODAY'S CURRENT DISCLOSURE MODEL

You send release to third party wire

Third party wire service formats release and then distributes the final release

Expensive per-word, per-release, per-distribution channel charges

You send release to Exchange & Regulatory Agencies

News Bureaus

Media and financial sites

Aggregators

Your release is posted on your IR website

Analytics from third party wire service limited to who received the release

"The things that I consider best in class for websites are good notification of when the conference calls and other presentations are going to be, availability of slide decks from those presentations and other presentations that they give to the Street at conferences, ability to go and access the financial statements of a company online in an easy to read format, and fact books if the company has them."

– U.S. GARP Investor.

Estimated disclosure time from start to finish: 3 Hours, 15 Minutes

"Per-release" charges | **Multiple intermediaries** | **Limited Analytics**

A NEW PUBLISHING MODEL FOR DISCLOSURES

Control your message and its distribution with self-publishing.

You send release to Exchange & Regulatory Agencies

News Bureaus (Reuters News, DJ, Bloomberg)

Media and financial sites

Your IR website

Publish your release simultaneously to all required points of compliance.

Simplify access to information with a dedicated disclosure capsule on your IR website.

Measure the impact of your message from every angle: analysts, investors, traditional media, social media.

Estimated disclosure time from start to finish: 30 Minutes

No "per-release" charges | **No intermediaries** | **Robust Analytics**

A NEW PUBLISHING MODEL FOR DISCLOSURE

Technology and the real-time nature of the Internet provide an opportunity to save issuers money and improve the efficiency of the disclosure process, shifting the economic value from the distribution of the earnings release to the analytics of how the message was received.

Thomson Reuters is proposing a new model for disclosure, one that increases transparency to investors, places control back into the hands of the IRO, and increases the overall value of an earnings disclosure.

The key components of this new model include:

- IR websites with a robust disclosure section
- Web-based press release publishing tools
- Broad and simultaneous distribution to satisfy disclosure requirements
- Detailed web analytics on how the message was received.

This model offers several major benefits to companies:

1. **Web publishing tools increase the company's control of the disclosure process**
   Utilizing an online publishing tool, a company can simultaneously self-distribute its earnings release directly to its IR website, required disclosure points, and other selected outlets. The tool creates a secure workflow process for handling material information and allows the company to control the timing of the distribution, eliminating the need to submit the release to a third party hours before it's issued. This is of particular value during the hectic earnings season when companies are often refining their message up until the last minute. It also provides the peace of mind in knowing that when they press "send," the release will hit all required disclosure channels at the same time.

2. **The IR website becomes the primary point of disclosure to provide investors with increased transparency**
   In addition to posting the release directly to a company's IR website, this model advocates a robust disclosure section on the site to provide an engaging end user experience that allows investors to easily find and access the level of detailed information they want: quick access to earnings webcasts, the ability to navigate to previous quarters, downloadable financials in Microsoft Excel and XBRL formats for importing into their models, dynamic links to relevant SEC filings, the ability to sign up for email alerts or subscribe to RSS feeds, the ability to search for key words across all relevant documents, and access to related multimedia content such as videos, images, and presentations that can be shared across the social web.

3. **The model provides Exposure in addition to Disclosure**
   This approach combines website posting with simultaneous broad distribution to key disclosure outlets, newsrooms, and third party websites. The company can drive traffic back to the disclosure section of its IR website via links, e-mail alerts, and RSS feeds, ensuring that investors have access to the latest and most comprehensive content related to the disclosure.

4. **Companies can measure the impact of the disclosure with detailed analytics**
   Another benefit of the Web is its ability to provide comprehensive reporting on publishing activities and website traffic patterns. Metrics such as what pages visitors are viewing most frequently, webcast attendance, and the volume of e-mail alerts sent are standard. This model takes the analytics a step further with key metrics that can help IROs assess the impact of their message on their overall IR program. These include:

   - Tracking how a press release affects stock price movements and impacts ownership dynamics
   - Feedback from buy-side investors and commentary from sell-side analysts
   - Earnings mentions and sentiment in traditional and social media
   - Overview of news coverage and reactions from top industry influencers

5. **Improved efficiency**
   This new disclosure model lowers costs and improves the efficiency of the disclosure process by putting control back into the hands of the IRO. It streamlines the IR workflow by bypassing traditional disclosure intermediaries and creating a secure, straight-through processing approach. And by leveraging the IR website as the point of disclosure and the associated publishing toolkit, it provides a cost-effective solution to disclose, engage, and analyze.

"We think the Web disclosure model provides an efficient way for issuers to enhance the disclosure process. This new model shifts the value to issuers from the dissemination of the information to the message analytics around the response to that information."

– NYSE Euronext

COMPARISON OF DISCLOSURE MODELS

TRADITIONAL PROCESS	NEW WEB-BASED PROCESS
Relies on third parties for message creation & distribution	Puts control back in your hands with self-publishing tool
Material content shared with third parties prior to disclosure	Secure workflow for posting material content – no third party involvement
Wire services distribute to outlets critical to disclosure, financial sites, media sites and website aggregators	You distribute directly to all channels required for compliance, key financial & media sites, and the IR website
Delay from publishing to posting on your IR website	Simultaneous distribution to your IR website – no latency
Text transmitted without related content	Relevant and interactive content published to the disclosure section of your IR website
Limited reporting	Robust reporting and analytics
Expensive	Cost-effective & efficient

CONCLUSION

Web disclosure unleashes the disruptive power of Internet-based technologies and provides an opportunity for IROs to ensure control and compliance through simultaneous distribution, increase transparency to investors, and to assess the impact of their message with detailed measurement and analytics.

The Web disclosure model outlined here redesigns how IROs communicate information about their company and how investors are able to interact with that information on the company's IR website. It gives them much greater visibility into what information investors are accessing and insight into the potential impact it may have on their ownership base. It provides a view into the online buzz about their stock and which industry influencers are impacting their market activity. And it gives them significantly more control over the distribution process, all while lowering costs and increasing efficiency.

A new model for disclosure…it's time.

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