CORPORATE EXECUTIVE BOARD™
WHAT THE BEST COMPANIES DO

FINANCE
INVESTOR RELATIONS ROUNDTABLE

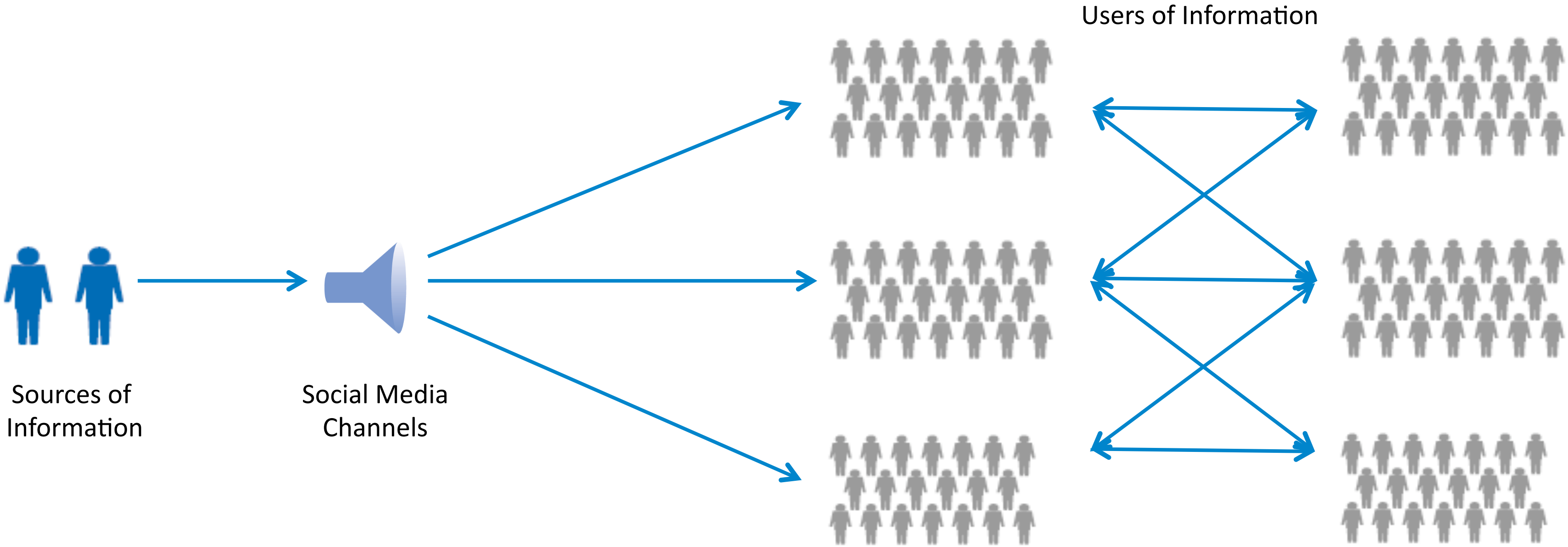
Best Practice Use of Social Media in IR

NYSE Euronext's Pan-European IR Conference
June 12, 2012

Presented by Katrin Leksa

Definition: What is Social Media?

- Social Media can be defined as the use of web and internet-based applications that allows users to generate and share content, and connect with one another on a wide array of topics.



(Flow of Information across the Social Media networks)

1: n Communications

The sources of information can share information with a large audience at the same time.

n: n Communications

The information can then be reshared or edited, analyzed, and shared by the users of the information with a ‘n’ number of other user across social media networks.

Source: Stimmt AG, “Social Media in the World of Investor Relations”, December 2010.

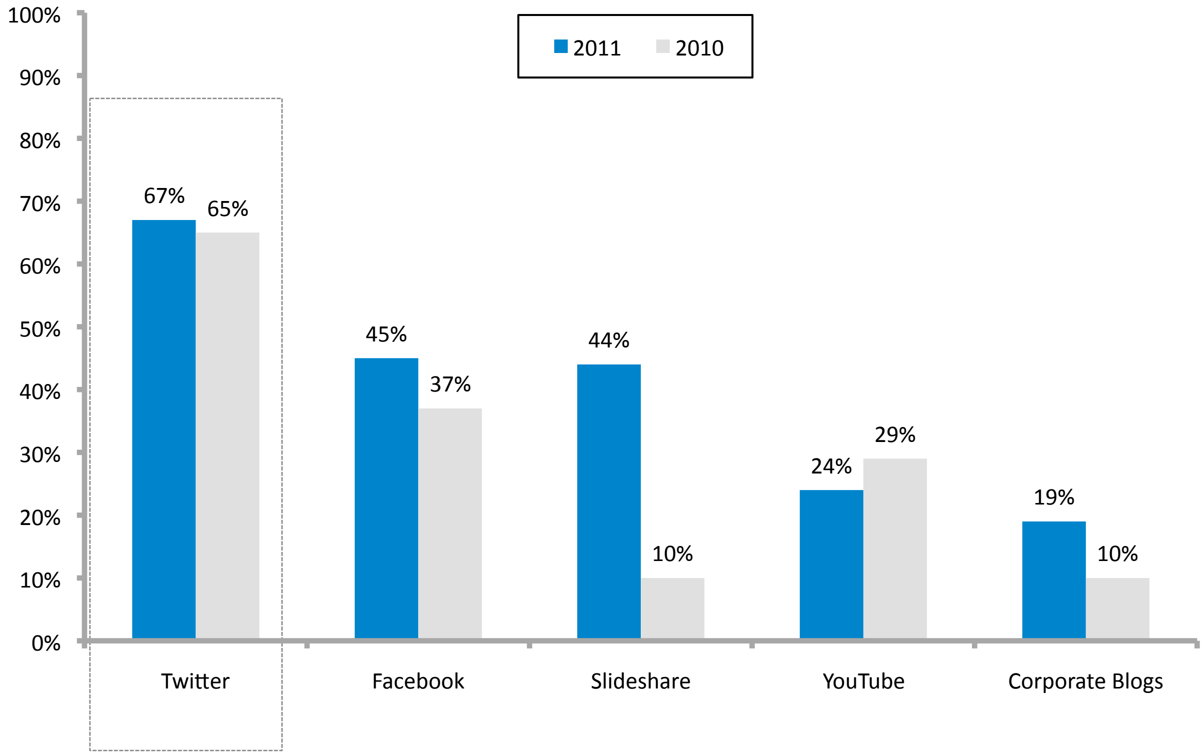
- Overall, there has been an increase in the usage of Social Media applications for IR communications globally.

- "Twitter" is the most commonly used social media application by companies for IR communications.

- "SlideShare" demonstrated the highest percentage increase in the number of companies using social media applications for IR communications - from 10% in 2010 to 44% in 2011.

CURRENT TRENDS: OVERVIEW

Percentage of Public Companies that are using Social Media Channels for IR Communications



2011 n = 629
2010 n = 362

Source: Sheryl Joyce, Q4 Web Systems, "Use of Social Media for Investor Relations", June 2011

TWITTER: EXAMPLES

Case in point: DuPont

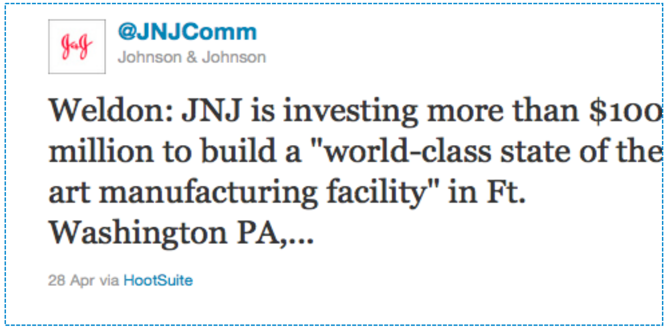
DuPont through its “DuPont_News” Twitter account, shared a link to an article in Maclean’s magazine that listed them as Canada’s greenest employers.

Direct

Case in point: J & J

Johnson & Johnson live-tweeted during their annual meeting by highlighting the name of the speaker and the key messages announced during the event.

Disclose



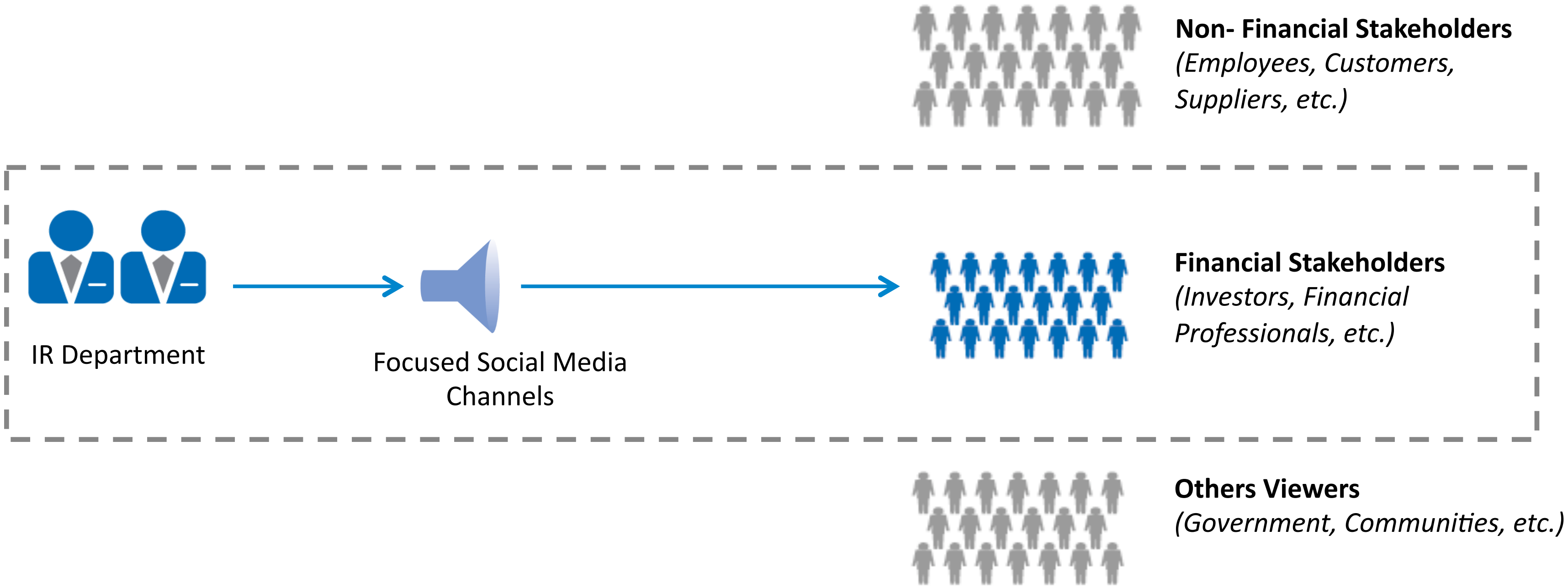
Case in point: Symantec

Symantec engages investors by addressing their queries, questions, comments, and replying to tweets posted by them. In this case, Symantec thanked a follower for a favorable comment about the company’s Facebook page.

Dialogue

Source: Sheryl Joyce, Q4 Web Systems, “Use of Social Media for Investor Relations”, June 2011

EMERGING TRENDS: FOCUSING ON THE RIGHT AUDIENCE



• **Key insight:** Utilizing focused social media channels that are designed specifically for investors and financial professionals allows IR departments to disseminate information to a narrower and targeted audience and keep them engaged.

❯ Most senior management executives rely on "Seeking Alpha" for financial information.

Source[1]: Seeking Alpha, http://seekingalpha.com/listing/articles_stats

Source[2]: Jones Dominic, "For Investor Relations, Seeking Alpha may be the ideal network", IR Web Report, http://irwebreport.com/20091124/for-investor-relations-seeking-alpha-may-be-the-ideal-social-network/ , November 2009

EMERGING TRENDS: SEEKING ALPHA

What is Seeking Alpha?

- Seeking Alpha is a financial blogging aggregator and social networking website that allows investors to share their views on finance and investment topics.

Why should Companies use Seeking Alpha for IR Communications?

- Over 3,900 contributors and over 301, 666 articles[1].
- More than 50% of its readers provide financial advice[2].
- Highest percentage of readers with Portfolios from over $ 50,000 to $ 1,00,000[2] .
- Has the highest percentage of senior management (17.6%) of any major finance website, the closest second being WSJ.com (15.8%)[2] .

How can companies benefit from using Seeking Alpha for IR Purposes?

- Monitor articles and comments on their stock and gauge its perception in the eyes of the investors and analysts.
- Target specific investors on the website and engage in a two-way dialogue with them.
- Create company profile, share event transcripts and post replies to articles written about the company or stock.

CASE-IN-POINT: WAL-MART


Six Billion Reasons Why Walmart Is Even Better For Customers And Shareholders

36 comments | October 24, 2011 | about: WMT

This article was submitted to Seeking Alpha by Walmart's (WMT) CFO and Executive Vice President, Charles Holley.

Charles M. Holley, Jr.

When I joined the company as CFO of Walmart International in 1994, the company was already well-known for operating efficiencies and managing expenses. One of the first questions I heard was: "Isn't Walmart already as efficient as possible?" The answer then is the same answer now - we can always find ways to operate more efficiently.

Today, we're reenergizing the productivity loop that's been key to our business model and our success. The productivity loop starts with lower costs, then lowering prices and finally increasing sales through lower prices. It is a virtuous cycle that never ends. This process is at the center of Every Day Low Prices (or EDLP) and has been largely responsible for our success over the years. In this challenging economy and investment environment, Walmart's strong performance is good for our customers and shareholders.

Two years ago, we made a commitment to bring the productivity loop back to Walmart. We said that by the end of last fiscal year, we would leverage expenses as a percentage of sales or, put another way, grow expenses at

1. Wal-Mart leverages Seeking Alpha to Post Key Messages
Wal-Mart posted a message from its CFO on Seeking Alpha to communicate with investors. The 850- word post by the company's CFO Charles Holley, summarized plans to cut down on costs and SG& A expenses and deploy the cost savings within the company.

2. Reaction to Wal-Mart's Post on Seeking Alpha
The company's initiative was widely lauded by the readers (mostly investors and finance professionals) on the website, and received more than three dozens comments, some of which were optimistic about Wal-Mart's plans and share prices.

"Seeking Alpha offered a 'good opportunity' for the CFO to reinforce his key messages with investors."
-Carol Schumacher
Vice President, Investor Relations,
Wal-Mart

Key Teachings from Wal-Mart:
- Monitor what investors are writing about your company and its stocks before posting any information.
- Consult Legal and Compliance department prior to posting any information, to ensure that it is in accordance with Compliance regulations.
- Highlight your company's key messages in your post.
- Monitor and respond to comments when necessary.

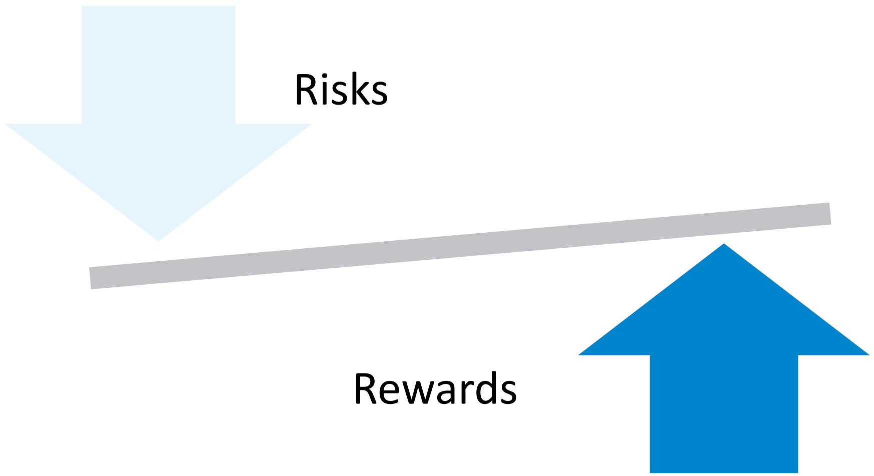
Source: Allen Brad, "Wal-Mart pushes IR message on Seeking Alpha", Inside Investor Relations", http://www.insideinvestorrelations.com/articles/financial-reporting/18541/wal-mart-pushes-ir-message-seeking-alpha/, November 2011

❯ Unclear Risk-Reward tradeoff stalls social media efforts for most IR departments.

• **Key insight:**
Clearly define the risks and rewards of using social media applications for IR communications to understand the value proposition.

CURRENT CHALLENGE: THE RISK-REWARD TRADEOFF

Risks of using Social Media
- X Legal and compliance risks
- X IT and data security risks
- X Talent void
- X Reputational risks
- X Non-monitoring risks



Rewards of using Social Media
- ✓ Greater investor outreach
- ✓ Reduced costs
- ✓ Enhanced investor engagement
- ✓ Focused outreach
- ✓ Transparency in disclosure of information

Source: CCG Investor Relations and Strategic Communications, "Social Media Strategy for Investor Relations", September 2011

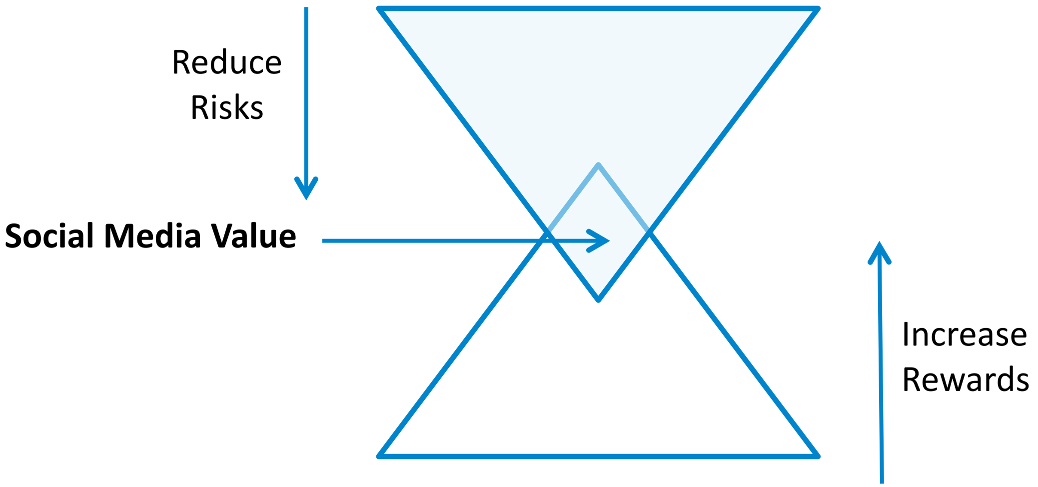
› Create value from Social Media by reducing risks associated with it and increasing the rewards of leveraging it.

Source[1]**:** Chaudhary Raj and Guidice Erika, "7 Steps to social media risk management", ABA Banking Journal, http://www.ababj.com/briefing/7-steps-to-effective-social-media-risk-management-2301.html, 2011

Source[2]**:** Burson – Marsteller, "The Global Social Media Check Up 2010", 2010

MANAGEMENT: CREATING VALUE FROM SOCIAL MEDIA

1. **Reduce Risks By**[1]**:**
   - Defining the major risks involved after talks with Legal, IT and Communications.
   - Planning and documenting the current and desired use of social media in your company.
   - Quantifying the risks involved by conducting a risk assessment.
   - Mitigating risks by establishing social media policies.
   - Implementing safety checkpoints and safeguards, and taking timely corrective action.
   - Providing social media training to all your employees.
   - Monitoring social media channels to see if objective have been achieved.

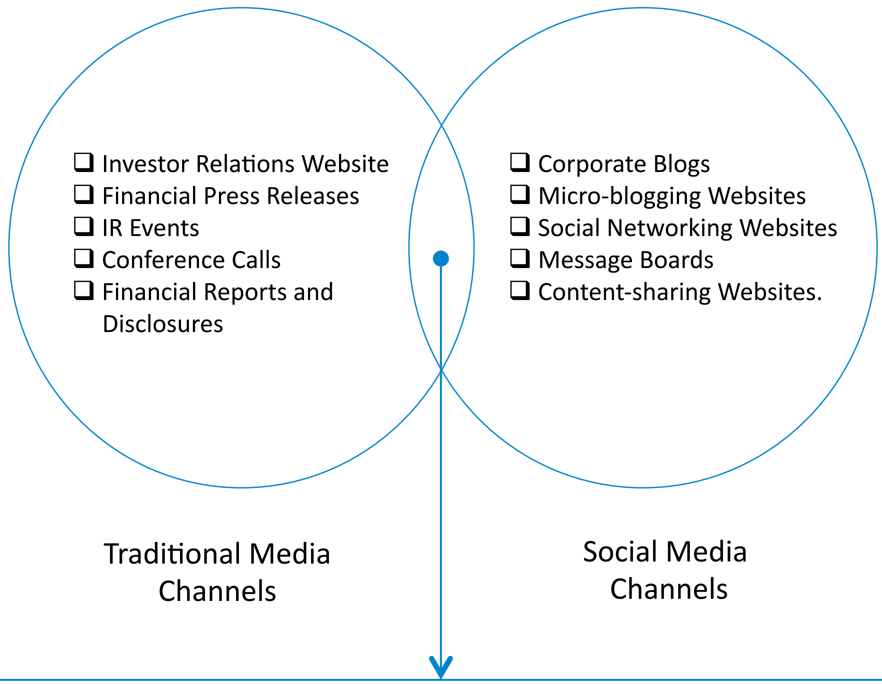


2. **Increase Rewards By**[2]**:**
   - Defining your goals, objectives and target audience.
   - Creating a "Social Media Disclosure Plan" to achieve those goals.
   - Identifying the best social media channels as per your requirements and leveraging them.
   - Proactively sharing information on selected channels.
   - Engaging investors by maintaining a continuous dialogue.
   - Creating benchmarks to measure effectiveness of social media strategies.
   - Measuring actual results against benchmarks and taking corrective action.

❯ Investor Relations department can augment the outreach of their traditional media by using social media applications.

INTEGRATING:

SYNERGIZING TRADITIONAL AND SOCIAL MEDIA CHANNELS



Synergizing Social and Traditional Media: Increase the outreach of your Traditional Media by:

• Posting links on social media channels to direct investors to your website.

• Highlighting important sections of your website on your official page on social networking sites.

• Disclosing important key figures from and providing links to view your latest financial press releases and reports on social media platforms.

• Sharing financial statements and investor presentations, conference call webcast replays, and key executive videos on content-sharing websites.

• Certain social media websites like StockTwits have tie-ups with distribution partners such as Yahoo! Finance, CNNMoney, Reuters.com, etc. and can be used to increase the outreach of your press releases.

INTEGRATING WEB TECHNOLOGY: CASE-IN-POINT – DELL INC.

1. Providing Links to Social Media Channels on Homepage

Dell displays links to its official pages on social media channels such as Twitter, YouTube and its own Blog community called **'DellShares'** on its IR website homepage, to allow investors to subscribe or view information on them.

2. Diverting Investors To IR Website

Dell leverages Twitter to highlight important information or to make announcements and provides the relevant links to divert investors to relevant sections on their IR website.

3. Highlighting Recent Information

Dell highlights the most recent blog posts on its Blog community and videos from its YouTube channel to increase the traffic to these platforms.