

Insight

Corporate Websites

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MAKINSON COWELL

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The opinions recorded in this survey are those of international investing institutions and do not necessarily reflect the views of Makinson Cowell.

Executive Summary

BACKGROUND AND SCOPE

In 2007 Investis and Makinson Cowell produced an analysis of what features in corporate websites were most important to institutional investors. We asked them how central they felt the website was to investment decisions and how much they used company reports and presentations in electronic form or had them delivered this way. We looked at what features investors used regularly, and their principal likes and dislikes.

Two years on we have revisited the subject to see how users' practices have evolved and whether their preferences and usage have changed over the intervening period. We also looked at whether some of the newer features on websites have achieved traction with this group and what they now like and dislike about corporate websites.

We talked to both buy and sell-side institutions in the UK and also to a sample of US investors. In addition we have been able to include supporting evidence from Investis' IQ benchmarking surveys of European websites.

A HIGHER, LESS FORGIVING HURDLE

Even more than in our last survey, accurate and complete archives, prompt updates and reliability were essential prerequisites of a website. Furthermore, webcasting of meetings was both expected and provided steadily further down the size spectrum. Investis' IQ survey shows that, even amongst the mid caps of the FTSE 250 and MDAX, more than half of the companies had their last results meeting webcast or conference call recorded and available on their website. Users have adjusted to higher standards and are less forgiving of those that fail to achieve them. Additionally, probably because of the increased amount of data available, poor navigability of sites and signposting, clutter and long chains of links to reach a destination were common pet hates of our interviewees.

INCREASING USE OF WEBSITES

There was evidence that penetration of the internet into the business lives of our interviewees is still increasing. Around half of our sample felt their use of corporate websites had increased over the past two years. The principal reasons given were greater availability of information; both in terms of the number and geographic spread of companies with useable websites, and also in the depth of information typically provided by companies in the developed world. In the latter case it was noted that a longer period was now typically covered historically and more information for each year was available; not just annual reports, but also historic presentations and webcasts. For the more confident interviewees this had changed behaviour; some now no longer felt the need to maintain their own libraries but were willing to rely on companies to provide records of historic information. Those who did not feel that their usage had increased in the last two years typically felt that the same change had happened earlier.

WHERE ELSE USERS LOOK

Despite the actual and perceived growth of blogging, our interviewees did not find this an attractive source for news or opinions. This was attributed to bias and lack of reliability. Aside from the companies' own sites and materials, the most popular sources of information mentioned were regulators' websites, those of industry associations, and magazines of various sorts.

Also widely mentioned, as might be expected, were the capital markets information providers such as Bloomberg and Reuters. These were mainly cited as aggregators of others' information such as analysts' notes, reporting calendars, newswires, and, of course, companies' own information as news releases, filings and aggregated data for markets or sectors.

Executive Summary

WEBSITE USAGE IN THE FINANCIAL CRISIS

The general opinion here was that company websites were not an immediate port of call for investment professionals at a time of crisis. The principal reasons given were: that any material information had, in any case, to be put out on the newswires and could be accessed more easily and faster this way, and that, particularly in capital raisings, contacts were legally restricted, and roadshows or initial contacts might be by physical meetings with management. More critical responses noted that in many cases companies were slow to respond to the severity of the situation, and that the media were more timely in providing information.

INFLUENCE ON INVESTMENT DECISIONS

While investors generally pointed out that they were obliged to make decisions on an objective basis, a significant number in our sample felt that the quality of the company website could have a direct impact on their willingness to invest. In comparison with our previous survey, views were more skewed towards a poor website being a negative rather than a good website being a positive. In addition, a number of those interviewees claiming no direct effect noted a correlation between poor management or a lack of commitment to transparency, and poorer websites. This could be interpreted as a population more dependent on the internet and consequently more frustrated when a medium now taken for granted fails to deliver. An additional reason for reduced tolerance could be pressure on both buy and sell-side to cover their sectors with fewer staff, and a wider choice of potential investee websites as coverage broadens geographically and by size of company.

ELECTRONIC COMMUNICATIONS

Provision of annual reports in electronic form was generally perceived as a positive for economic and environmental reasons, and an advantage in terms of speed of delivery. Awareness of UK

companies' obligation to disclose that the annual report was available seemed low, however, and several lamented that, not being prompted to read the annual report by its physical arrival, they might not notice it had been published.

READING HABITS

Clearly it is possible to provide documents in multiple formats, but when we asked what format our interviewees preferred their reports in, PDF was favoured by an overwhelming majority, with hyperlinked HTML the choice of only a small minority of our respondents. The main reason given was ease of printing the document, followed by ease of reading and lack of fragmentation leading to easier search. Most of our sample clearly still used documents, and longer ones particularly, in a similar manner to their hard copy antecedents. Many preferred to print electronic documents in order to read them.

That said, there was significant evidence of change in practice here in the growing acceptance of electronic filing; several respondents had reduced or abandoned libraries of hard copies and many noted that they were happy to rely on corporate websites for historical archives.

USE ON RESULTS DAYS

There was a distinct split in practice on results days, with the sell-side receiving documents directly from the company by e-mail or driven to Reuters or Bloomberg by their need to produce an immediate response. The buy-side, however, were much more likely to use the website, though here too complaints about the speed of update of websites and timely availability of presentations were noted.

NEW FORMATS

We asked about a range of newer formats for delivering information; from video and audio webcasts through delivery by podcast and websites optimised for mobile devices.

Executive Summary

One might have expected webcasts to be a near fully established technology by now. Our research, however, showed both perceptions of progress in terms of greater reliability and ease of use, and examples where access was so restricted by employers' IT security as to be unusable.

Podcasts had few clear enthusiasts in a sample of 36, with restrictions on use of personal devices at work, unwillingness to experiment, and preferences for not taking work home the most common causes mentioned for avoiding them. Another commonly cited channel was use of mobile devices such as the Blackberry for picking up e-mail alerts and for viewing appropriately optimised websites, though this was still an option adopted only by a minority. Finally RSS use was limited to one enthusiast (who felt it was vital).

TRANSCRIPTS, THE MOST MENTIONED SERVICE

The service most commonly mentioned when interviewees were asked about new formats, despite format being a poor description thereof, was transcripts of meetings. This was cited as a desirable or heavily used service by around half of our sample, with our US group being most enthusiastic. The Q&A was often mentioned as the most interesting part of recorded meetings and transcription services as a way of saving time when reviewing meetings. There was some enthusiasm too for transcripts being provided directly by companies as opposed to the currently far more common model outside the US of third party provision.

CONCLUDING OBSERVATIONS

Investment professionals now cover more companies than in the past and those companies tend to be more geographically dispersed. This drives internet use as a tool and as the only practical way to research the number of companies required.

The proliferation of information channels has driven users of information closer to source in the form of companies' own websites unless let down by timing. Alternative sources are seen as less reliable and potentially biased.

Both of these trends conspire to make websites more important but decrease tolerance of complications, difficult navigation, or delays.

Despite an intention to judge investments on their fundamental merits, failure to provide features now considered to be bread and butter options when there are ever more choices of data sources, or other companies to invest in, inevitably prejudices our interviewees' opinions.

Getting the basics right, keeping navigation simple, updating promptly, and providing complete history go a long way to keeping users happy, or at least, not annoying them.

Limited time available for experimentation also makes take-up of new ideas such as podcasts slow but where something that genuinely saves time is discovered, such as transcripts of webcasts, it is eagerly adopted where available.

Research

RESEARCH SAMPLE

Makinson Cowell carried out 36 telephone interviews between 3 April and 12 May with 12 representatives of fund management groups in the UK and 12 in the US, and with 12 sell-side analysts in the UK. Between them the institutions to which our UK buy-side sample belong manage over £1.8 trillion, and those in the US over \$3 trillion. Our sell-side sample covers a range of sectors and leading providers of research based in London.

The participating institutions are listed below.

| UK BUY-SIDE | US BUY-SIDE | UK SELL-SIDE | SECTOR |
|---------------------------|----------------------|--------------------|---------------------|
| Aberdeen | Davis | Cazenove | Utilities |
| Axa | Brandes | Citigroup | Airlines/Airports |
| Barclays Global Investors | Causeway | Collins Stewart | Insurance |
| Cazenove | Columbia | Collins Stewart | Property |
| Insight | CREF - New York | HSBC | General Financials |
| JP Morgan | CREF - San Francisco | JP Morgan Cazenove | Industrials |
| Jupiter | Dodge & Cox | Nomura | Autos |
| NewSmith | Fidelity | Nomura | Media |
| Newton | Philadelphia Int Adv | Numis | Aerospace & Defence |
| Schroders | Pyramis | RBS | Foods |
| Standard Life | Sprucegrove | RBS | Telecoms |
| SWIP | T. Rowe Price | UBS | Technology |

USE OF WEBSITES

How has your use of websites changed over the last year or two and what are the main reasons for this?

- In each of our three samples, around half of the participants felt that their usage had increased. Most of the remainder were either unsure of timing of the change or felt that the increase had come earlier than the two-year period asked about and had remained high.
- Those claiming higher usage generally attributed this to increasing availability of information rather than being driven by their own behaviour. The increasing availability of information was seen in a number of ways: in depth on a given website, in geographical spread of companies providing complete information, and in information such as presentations, webcasts, and regulatory news being more likely to be available on the websites of smaller companies than was previously the case.
- Interestingly, a minority also noted a further evolution in behaviour, illustrated by their abandonment of their own libraries and filing systems and reliance on company websites for historical records as well as current information. The only negative notes came from some participants covering a wider geographic range who noted that whilst US, UK and European websites were generally good providers of information, Asian companies were less forthcoming in electronic form.

INCREASED USAGE

"It has increased many, many times. The main use is accessing financial information, the second major usage would be accessing webcasts."

"We are certainly using corporate websites more. I couldn't quantify that, but I am certain we are and that is being driven by the fact that companies are putting more content on there. Certainly

things like all the presentations, annual reports, companies using webcasts for results, presentations and seminars are becoming standard and even quite small companies are starting to do that now. So I would say our usage of corporate websites has increased a lot, certainly over the last three to four years."

"I suppose generally the information on company websites has improved, more of the meetings are webcast, which is very useful, and generally companies have improved the layout of the information on their website for corporate users."

"It has definitely increased. The main reason is that I made an effort to not keep as much of a backlog of presentations and annual reports because I am increasingly confident that they are all on the internet."

"I suppose the main thing has been watching video webcasts of results presentations. The technology has progressed so that you can watch them without them falling apart half way through, so in terms of being a time saving for us, that is very helpful. Secondly, I would say picking up old results documents and trading statements; most companies seem to be getting a bit better at filing them on their websites."

"We have used company websites on a regular basis for a long time, so I can't say our behaviour toward them has changed much over the last two years. If anything, the companies have tried to improve; they are providing better websites and more information."

"We use websites to access information. The main change is that more information is provided in electronic format than ever before, which is more convenient than methods used in the past."

USE OF WEBSITES continued

"The other thing is that generally banks have got some quite good historic data there. You can look back on old report and accounts, going back ten years or so, which is great because you can go to a PDF again and search for a particular word and find what you want quite quickly. And you don't need to store as much paper."

HEAVY USE, BUT INCREASE NOT RECENT

"I would say that generally websites have got better in that they are clearer and a lot easier to find information on now. On a five year view I would say that I use the web a lot more than I used to."

"We use them all the time. I do not know whether it has changed in the last year or two. I have been using them the last four or five years, since companies started putting a lot of information on the websites."

"I wouldn't say more than before, no. I definitely use webcasts, but I probably use them just as much as before, where they are available."

"I would say it probably has not changed over the last year or so. I have been quite an active user of company websites for some time now. If you had asked me that question a few years ago you would have received a different answer, but over the last few years there has probably been no change."

"The website is a good place to give a lot of stuff that is not available elsewhere such as backgrounds of senior executives, key management, board of directors. Some companies don't spend much effort giving that kind of information."

ARCHIVING

"I don't bother filing presentations or press releases anymore; I just go to the website if I need them."

"The main change is that I print less stuff out. I file less because I have less filing space and the companies are producing more and more stuff. I use it more because the overall quality generally has improved and the back catalogue has gone up."

"I rely less and less on paper and more and more on electronic versions of reports and accounts. As the companies make more information available electronically I am able to access that online, rather than having to ask them to send a hard copy."

"Now there is quite a bit more archive information in general, more historical information. I remember a few years ago despite the stuff on the internet I would print out a lot of material because I thought it would not be around when I needed it in, say, five to ten years' time."

"I think they have a lot of information on there. You can find most things that they have used historically quite easily. That is another thing which I think is always quite important: some companies will post results but there is not much history, i.e. it will only go back a year or two. It is great if you can go back, say, ten years ago and get the annual report, or five years ago and get the quarterly releases and that kind of thing."

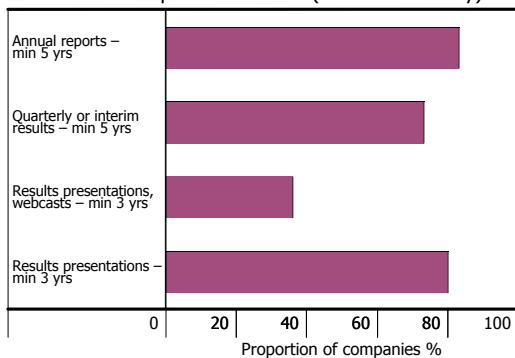
USE OF WEBSITES continued

IQ AVAILABILITY OF ARCHIVES

We have cited a number of examples from Investis' IQ website benchmarking system in this study (see appendix). Investis looks at more than 500 corporate websites across Europe. In this study we have extracted results for German and British companies to support or contrast with our findings through interviews.

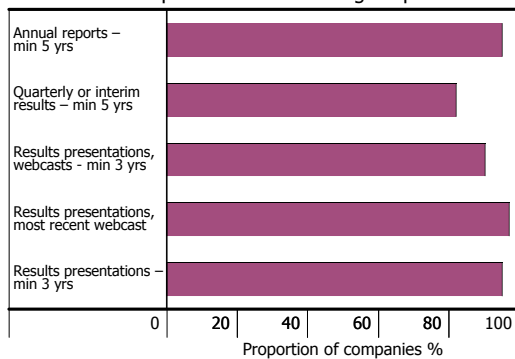
More than three quarters of the companies surveyed by Investis have five years or more of annual reports and three years or more of results presentations available on their websites. The level is only slightly lower for interim results. Records of webcasts or teleconference recordings are less common.

Data held on corporate websites (UK and Germany)



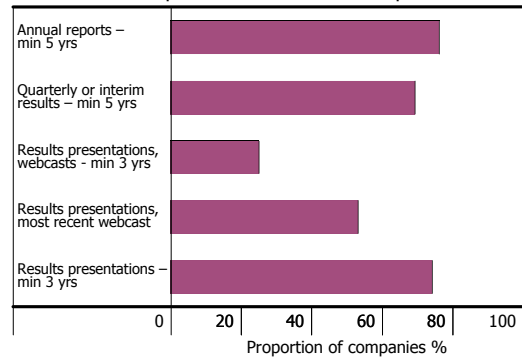
Stratifying the sample by size showed even stronger results amongst the large caps of the FTSE 100 and DAX indices with over 90% coverage except for the interim results category.

Data held on corporate websites – large cap



Midcaps scored less well and it can be seen that these companies are responsible for the lower aggregate score on records of webcasts. Even here however, it is clear that the most recent webcast is more than twice as likely to be available than a three-year record. If this reflects establishment of an archive where this format was not previously available the proportion of archive coverage is likely to increase substantially over the next two years.

Data held on corporate websites – mid cap



SOURCES OF INFORMATION OUTSIDE THE COMPANY WEBSITE

Broadly, what other web-based sources of information do you use?

- To ascertain what competing sources there might be for provision of information we asked our interviewees what other sources of information they used, suggesting blogs or investor fora.

- Though regularly mentioned in the media, blogs were very rarely cited as useful sources by professional investors and analysts. These groups liked to make their decisions based on their own analysis of reputable information. Where reasons were given, potential bias and poorly informed opinion were cited as reasons for avoiding them. Only three of our sample of 37 mentioned using blogs and of those, two described industry fora as a source. More frequently they were simply avoided in favour of more direct sources of information.

- Many of our sample mentioned using industry associations such as the Council for Mortgage Lenders, The Iron and Steel Institute (now known as the World Steel Association), industry magazines and, for a number of industries, regulators such as Ofwat (the UK's water industry regulator) or the Bank of England. These appeared to be used for market aggregate figures and industry background.

- The most commonly cited sources of information were information providers aimed at the capital markets as might be expected. Bloomberg and Reuters were cited by many as data providers for prices, regulatory news and filings and similar data, TheMarkets.com for forecast aggregates and also Thomson, Citywebwatch, Factiva and various individual newspapers for news feeds. Our UK buy-side sample also mentioned sell-side websites and aggregators of research.

- Google was also mentioned several times.

BLOGS

"I am not sure of the quality of the information I would get from sources like blogs so I don't use them. I rely on the original source and, of course, corporate websites also have presentation materials so I rely on that as well as research I receive from the sell-side."

"I tend to avoid blogs and investors forums on the basis that you never really know why someone is putting something up there".

"I also try to have a look at some blogs that kick around, written by disaffected equity analysts that like to rant about everything, but I think those can be of relatively limited use because you have to apply quite a heavy filter."

INDUSTRY SITES AND REGULATORS

"In terms of other websites, we look at other banks' own websites, we look at central banks, so things like the Bank of England might put out or organisations like the BIS (the Bank for International Settlements), the Council of Mortgage lenders - any relevant institution really that might have something."

"The other websites I will use are some government websites, including the UK as well as the US. That would be for budget information, also spending intentions. I will also use some trade association blogs, sector or industry. Also, I do look at some industry on-line magazines".

"I try and look at as many things as I can get my hands on like industry and association web based data providers that we subscribe to as well as other things that we can get for free."

"Obviously the regulator websites including the EU and various lobby or industry associations like the

SOURCES OF INFORMATION OUTSIDE THE COMPANY WEBSITE continued

GSM association (an international mobile phone industry association) or the EU regulators' group, the ERG, ECTA, the European Competitive Telecoms Association. There are a bunch of them for the telcos and then there are people like TeleGeography who provide some stuff on their website for free, iData who did some work for the French government, and I will look around some of the equipment manufacturers who provide white papers on technical details of things that they are offering."

"Yes, I use the Ofwat and Ofgem (the UK's electricity and Gas regulator) websites very frequently as well as the Department for Energy and Climate Change, and I access US regulatory bodies through websites too."

CAPITAL MARKET INFORMATION PROVIDERS

"The main thing I would use is not specifically a company thing but the broker research type thing, for example Thomson."

"Bloomberg and Reuters TV and all of the online journals from The Times, Telegraph, The Economist, but generally not blogs."

GOOGLE

"I'd say the other things I do are Google searches and standard news sources."

"I don't use any blogs specifically. I do use Google alerts for all the companies that I follow. You get hundreds of emails a day but you can go through them quickly. Sometimes I use industry websites or industry research websites, the free ones unfortunately since the budget is somewhat tight."

"We use Google a lot in searching for news stories that come up on any particular companies or topics. We don't tend to use chat rooms and forums that much."

INFORMATION IN THE FINANCIAL CRISIS

In what ways have you found company websites useful during the financial crisis?

- Most investors and nearly all of our sell-side sample neither saw any change in websites in response to the crisis nor expected a response specific to websites. This did not generally seem to be viewed as a negative however.
- Those that commented on what companies might produce suggested that significant new information ought to appear via a press release or regulatory statement.
- Two of the sample noted that distribution of some material would be restricted to professional investors, or in the case of US investors and prospectuses, that they might not be able to access it for legal reasons.
- Several mentioned, when prompted on these subjects, that more disclosure had been provided in some areas such as pensions or debt covenants, though did not link this to websites.
- One UK buy-side investor noted that in a crisis situation he would prefer to see management face-to-face.

CHANGES IN USE

"Not on websites. There have obviously been a lot of articles and stuff written about it that is available through the web and you can pull some of the same articles up on Bloomberg or by Googling it. So those articles and sources of information have been useful but not company websites."

"I don't think it made much difference. It took the companies a while, at least a full quarter, to figure out what problems they had before they could disclose anything. I wouldn't expect their website to be the first place to find this information. It pretty much had to be sent to us in the form of a press

release. Over time, as companies understand more about their situations, the disclosure is getting better and better."

"I found myself going to the websites more often to make sure I wasn't missing anything and was up to date on what they were saying. In hindsight, I don't know that it made a difference."

"I don't think I have found them any more useful during the financial crisis than previously. I don't think it has made any difference."

"I don't think the usefulness has changed because of the financial crisis. The most useful thing during the financial crisis is to see the management face to face and to really understand what is happening to them right now. I don't think that comes across on the website; it can't really."

NEW INFORMATION

"There has been a lot more focus on the debt covenants and debt profile over time, but that has actually been in company presentations in particular, in addition to the annual report. But it is not as if that is jumping out on the website, it is contained in the company presentations. It is delivered to the website, but the website itself hasn't changed materially. Of course there were changes in the company presentations as the companies try to address questions of the day."

"I don't think the usefulness has changed because of the financial crisis. The most useful thing during the financial crisis is to see the management face-to-face and to really understand what is happening to them right now. I don't think that comes across on the website; it can't really. I don't think from a website perspective there has been any change really."

INFORMATION IN THE FINANCIAL CRISIS continued

RESTRICTIONS ON INFORMATION

"I think it is worth remembering, with rights issues, that the presentation materials tend to be restricted, so they don't tend to be for general distribution. They tend to just be used in initial meetings."

"We certainly encourage companies to improve disclosure in terms of things like their financing. I think as much disclosure as possible is good and certainly, coming into this crisis, there were some companies who wouldn't disclose their banking covenants or their banking terms. Most companies now do do that. They found that it is not enough to say, 'We don't comment'. When they don't comment and the share price falls by 50% it tends to focus their minds on what they need to do."

INFLUENCE ON INVESTMENT DECISIONS

To what extent does the quality of a company's website influence your attitude towards that company as an investment?

- As might be expected, most interviewees, especially our sell-side sample, claimed no direct influence on their attitude toward the company. A small minority; one or two of each sample, suggested that, in some cases, the quality of the website on its own might affect their willingness to invest.

- Many, however, noted that there was a correlation between well run or transparent companies and well maintained and clear websites. By its nature many of the answers to this question tended not to be clear cut, but overall, increased standards and reliance on websites for information seem to have led to lower tolerance of failure to provide a minimum level of service, and slightly greater willingness to discriminate negatively on this basis.

NO EFFECT

"None. We do rigorous financial modelling and would not be influenced by the 'eye candy' of a company website."

"There is no read across there, but I am grateful and I try to give them positive feedback when I see the company if the website has been helpful. The investment decision is totally separate from that."

"It probably doesn't. Most companies have the websites they need in relation to their size and the amount of information they need to provide."

"I think the level of information or the amount of information and the timeliness of that information makes it easier to analyse the company and it makes it easier to have an informed opinion of the company, but I would like to think that the look, feel and ease of usability have no bearing at all on

whether or not I am positive or negative towards a company. At the end of the day, I am a stock analyst and I am telling people whether to buy or sell shares, and that is not necessarily related at all to how nice a website is."

SOME DIRECT EFFECT

"It is fairly rare for that to happen, perhaps two or three out of the forty companies that I cover may be guilty of that and I would have difficulty in actually naming them, so I am not sure that it is having a psychological impact now, but maybe [it did] at the time."

"I would say it is one of those things that just influences your overall thinking. If it is very difficult to find the information inherently it makes you a bit more suspicious as to why that would be or you would consider the company to be not that friendly towards shareholders and not that open. So yes, it would be a real negative. It wouldn't be something that means we would never invest, but it would certainly be a negative."

"It has an influence because there is always a discount for lack of clarity."

"Hopefully not, but maybe it would psychologically at the margin if information is not on the website. For example, a company's set of results come out and it is sometimes difficult to access all of what I want through Bloomberg and if the company has not got its version of the results on its website by the time I want to access it, which is normally around 8a.m, when it should have come out at 7a.m. then maybe psychologically that has a negative impact on my assessment of the company."

INFLUENCE ON INVESTMENT DECISIONS continued

"It does help because it is nice to see how they present themselves to their customers, which is very important, and also when they say something to investors you can check the detail in terms of what they are saying to their customers and employees. If you look at it from various angles the website is very helpful that way because you can check consistency. That would give an impression to me and greater understanding of the company, of course. I like a company that explains its products. If it is vague at the top level and vague at the detail level on the website and perhaps it is something that is difficult to understand, it doesn't give you as much confidence."

CORRELATION

"I don't think it has a direct effect, but there are intangible benefits in the sense that it adds to the perception of the company as being transparent and open, providing information to shareholders. Some companies do this much better than others. I think it is part of the whole picture. The companies which have the best websites are also the companies that do a very good job in communicating with their investors as well. It is usually the case that these two are interrelated."

"Yes, it is important, in particular if you cannot go to an 'investors' tab and see all the annual reports and presentations very quickly it is a little bit frustrating. But I don't think I ever thought, 'oh yes, wonderful menu layout - I'm certainly going to buy the company!' The investment decision is very much made on a different level. It is a bit like someone turning up with a smart shirt or suit or matching tie. It probably indicates good, orderly and clean thinking in the rest of the organisation, but it may not."

"I think it does have a bearing. Often the kind of companies that are better run take their investor relations function more seriously and often the investor relations departments that are well run will have a more up-to-date website and will post more information on them."

PROVISION OF ANNUAL REPORTS ONLINE

Changes to UK legislation in 2007 mean that the default for most UK companies is now to provide their Annual Report & Accounts, AGM and related proxy information on their website rather than by post in hard copy form. What benefits or drawbacks do you see with the shift to online disclosure as the default?

- Everyone in each of the samples was in favour of this move not only for UK companies but for those from other countries too. Advantages cited were faster receipt of annual reports, lower printing and postage expenses for the company, and environmental benefits associated with this and lower storage costs or space requirements where libraries of hard copies were abandoned. Another advantage frequently cited was ease of searching documents in electronic form.

- Disadvantages noted were that a significant number of people like to read documents in paper form, particularly large ones. Several also noted that receiving the hard copy prompted them to look at it, and not receiving it in physical form might result in them not knowing it had been published.

- One objection to not receiving the hard copy was concern that this might result in less of the report being read.

- No-one noted or seemed to be aware that UK listed companies are obliged to inform their investors of the annual report's publication through regulatory news.

ADVANTAGES

"For me the benefit is that it is all in one place, which saves me having to file a load of copies, and it is easy to get access to."

"The benefits are huge in that we get more timely information because they can put these things on the website immediately which historically they have not always done. In terms of getting the accounts through the post, I think it is an unnecessary expense for companies."

"We see no drawbacks to that shift and we are entirely happy with it. Given that my colleagues and I have good access to the web continually, it doesn't provide us with a problem. Actually, knowing that it is there and available without having to find it anywhere else is helpful for us. I still wish that companies would cut down on the number of pages and reassess their presentation on the web from the hardback copy."

"The advantage is that you get it quicker than the hardcopy and it is easier to search things from the document."

"We don't really [maintain a hardcopy library]. We only keep the latest year in hardcopy, but I think it is being phased out. So not really any more."

"It does send a positive message because it saves a great deal of money not printing it out."

"As I understand, it is an obligation to put all these things on the website. I think it is a very good idea. I agree that, unless people want a paper copy, it is just a waste of money and bad environmentally and so forth."

"It is more environmentally friendly. It saves paper."

"I think it is very positive because it is very hard these days in terms of cost cutting. Most of us are working with 10 stocks and we don't have big, huge offices to store actual hard copies. So websites make it much more workable. And also the other thing is if you're travelling you have access to all the filings and things like that, which is great."

PROVISION OF ANNUAL REPORTS ONLINE continued

DISADVANTAGES

"I guess we are using our paper as opposed to them incurring the cost of the publication but that is minor."

"The only negative is that you are sometimes not sure when it is out because you haven't physically received it."

"I suppose the only thing is that often getting the old annual report sent through the post to you makes you pick it up and flick through it whereas you don't have the same trigger if it is just posted on the website."

"In terms of the disadvantages, we have to print out the annual report which is a bit of a pain. It depends on whether the company has e-mail alerts. It is very helpful if the company does have an e-mail alert facility because then there is a prompt that the annual report has been published, otherwise you aren't aware that it has been published. From my point of view the disadvantages are: that you have to search for the information, and then you have to print it off. It has to go to printing and binding etc and it may take slightly longer."

"I find hardcopies easier to manage when I am working, so that would be the main drawback."

"I personally like a hardcopy annual report because it is a good reference document. There are times when I wish I did have more hardcopy and less need to use the internet. So that would be a drawback for certain things, like the annual report."

"I think it shifts the work, the paper use, the printing to us... If I don't get the physical copy and they email me that the annual is available, I print it out myself to have a hard copy."

"I think it probably means fewer people are really reading that stuff. If you don't have the annual report on your desk, then you are probably just going to the online annual to look up the pension numbers or some other numbers. I imagine it means that people are reading the letter to shareholders less, reading the business review less."

"I actually prefer it that way [digitally]. I think companies should send an email saying the annual report is available or the 20-F is available because I may not be aware of it as opposed to when I used to get the annual in the mail."

PREFERRED FORMATS FOR REPORTS

What online formats or functionality do you prefer when accessing annual report information on a website?

- There was overwhelming support for PDF format here consistent with our previous questions. Only four of 37 interviewees, one of those for a reason specific to his employer, were ambivalent and saw uses for both HTML and PDF formats.

- The most common complaint with other formats was ease of printing, suggesting that our sample were still some way away from a paper free existence. Another common bugbear was an ability to search the entire document for references to a particular item which might be missed if it were delivered in a fragmented form.

- Many don't even like indexed PDFs, finding it difficult to locate what they are looking for from the titles given, though others appreciate this.

- Three of the four HTML supporters pointed out the simplicity of following links to notes or other references and interactivity within the document, but still worried about ease of printing, with HTML often not being helpfully formatted for this. The remaining HTML supporter referred to security issues with his employers' IT infrastructure out of the office.

PREFERENCE FOR PDFS

"PDFs are fine. I don't have time to look at a lot of corporate videos or the other multimedia stuff that companies are adding to these online reports. I just need to access and be able to search the basic information. Sometimes I print the PDF, but usually I just download it and then search it within Acrobat."

"We prefer PDFs. We can manipulate them with Adobe as necessary as far as printing, extracting tables and so on."

"I don't use the HTML version. I find those annoying to use. I go straight to the PDF."

"I prefer PDFs in that I tend to print out the annual report and it is a lot easier in PDF format than HTML. I send the PDF off to our print people. The search functionality on PDF is reasonable so you can generally find what you need without needing to go through the HTML version."

"I am still a PDF man. I know you can do lots of whizzy tricks with the HTML stuff but I tend to flick through it as if I was reading a paper document and therefore PDF is more akin to that. I find it easier to skim through PDFs whereas with HTMLs you are constantly clicking to turn each page and it gets a bit frustrating."

INDEXES AND STRUCTURING

"I prefer PDF and one where I could probably just trawl through page by page looking to where I want to get to rather than the ones that have an index thing on the left-hand side and you have to try and work out which part of the index you want to look at! Quite often what you think is the right bit, isn't, and you have to go back and think again which bit you actually want to go into. I find that a bit tedious; I would rather just scroll through page by page which you can do fairly quickly on a PDF anyway."

"I prefer just pure PDF files. I know some companies try to break down their annual reports by each section. I know it is fancy and you can view it online. But, look, this is all public information. Just have a PDF file available for downloading. This way is much easier because in PDF you can search for words or phrases or anything. It is much more efficient than viewing it on the web."

PREFERRED FORMATS FOR REPORTS continued

"One PDF is good enough because when it breaks it out into sections where you can ask for the management discussion or the financials, I am not sure exactly what information will pop up in any given section so I print out the whole thing."

"Personally I prefer the plain PDF. I like to keep it very simple and flick through it, but I think having an index is quite helpful too."

SUPPORT FOR HTML

"If you want to go to a particular note in the accounts, a pension note or cash note or something like that, in that case HTML is very good because you can go straight to the notes. Having said that, if you print out HTML sometimes the formatting doesn't work with the printer and then the PDF is more useful. Normally I wouldn't print the whole accounts out, I just print the few pages I am looking at a time, and for that I prefer HTML because I can go straight to what I am looking for, but the formatting has to be done in such a way that it prints nicely."

"I like having the option. If I am just trying to get one piece of information from the notes to the accounts then I prefer HTML because you can just zoom through it, whereas if I am looking to print it off it is easier for me to get it on PDF because of the way it is formatted."

"[There is an example] which comes out in PDF format and I cannot download the results on to the laptop, it will not even let me open the file just because of our encryption. It will when I am in the office because it is in a secure environment, but not if I am in a hotel for example. To be honest they should have both because PDF is more useful for printing when you need to and is probably easier to use in terms of going direct to pages but I might be wrong on that."

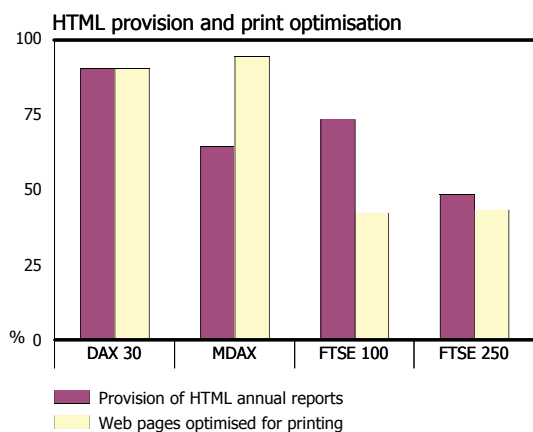
"I use both PDF and interactive HTML. They are used for different things. If I could only have one

though I would have the PDF because I can just print it off and make notes on it. If it is the interactive one then it works, but it is hard to make notes in. You can read bits, but you cannot actually then store it very easily."

IQ HTML FORMAT PROVISION

The Investis IQ benchmarking system records the proportion of companies which provide annual reports in HTML format (the vast majority also offer a PDF format document), and also the proportion where HTML on the website is print optimised (i.e. prints cleanly, the right size for the page).

The chart below illustrates the results of Investis' survey for large and mid cap companies in Germany and the UK. In general large cap companies are more likely to provide HTML reports than mid caps as might be expected from available resources. It is also noticeable, however, that German companies are more likely to provide this service than British ones of a similar band of capitalisation. Consonant with this, a much higher proportion of German companies optimise their HTML pages (all HTML pages, not just those in annual reports) for printing. Our interviewees' views and strong preference for PDF seem likely to reflect their experience of UK websites rather than those of German companies.



USE OF COMPANY WEBSITES ON RESULTS DATES

Around the release of a company's results, what role does its corporate website play in relation to other sources of information such as Bloomberg or Reuters etc?

- On this question there was a marked difference between the responses of our sell-side sample and the US and UK buy-side groups, as regards first port of call on the day of results. All but two of the sell-side focused on Reuters or Bloomberg, driven by a need to generate immediate comment on the company's results as early as possible. A majority of the UK buy-side sample, in contrast, preferred the company website, citing better formats for the release (PDF, better printing, easier search), and availability of the presentation slides and meeting webcast in the same location. Our US sample also mostly preferred the company's website at least as an initial source. Several in each of the samples referred to receiving results releases directly by e-mail rather than through the website.

- Reasons for preferring company websites were usually couched in comparison to the problems of using aggregators' websites, particularly Bloomberg's tendency to truncate long releases (though these are usually available as a download by clicking on an attachment button) or to formatting of tables and text. Formatting for RNS has improved recently but this change is happening over time and, in any case, will have had little time to impact our interviewees' historic prejudices.

- The sell-side were more concerned with rapid response on the morning of the announcement. A ten minute delay was enough to make the company's website useless to them on results day. Of the two sell-side website supporters, one preferred website formatting over that on Reuters or Bloomberg but was frustrated when website update was not prompt, the other interestingly found companies usually faster than Reuters.

- Those on the buy-side who went to Bloomberg or Reuters first generally did so because companies did not, or were perceived not to, put up results on websites as promptly as they appeared on the newswires. This feeling was not universal however.

BUY-SIDE SUPPORTERS

"Bloomberg, particularly in terms of RNS information, is not in a very friendly format now for long announcements. It truncates the announcement after so many pages. Very often company results presentations or RNS detailed press releases are longer than Bloomberg puts there so unless the company has already sent me a PDF because I am on their mailing list, which probably does actually happen two-thirds of the time, I would go to the company website to print off the full results statement."

"You get the original documents there, be that the press release or the statements, and you get the presentation. It is more easily legible than the announcements you get on Bloomberg and Reuters."

"It is still important. I won't use Reuters alone to update myself on what is happening with a company. I will visit company websites, especially around results. Typically everything you need on that company will be listed on their website if the company has been well-managed. Again, not all of them do that but most of them do. That includes pro forma numbers, presentations and I particularly like companies that put their presentations up but, again, not all of them are doing that. However, the ones that do, well, that is a big tick, especially on the morning of the presentation."

USE OF COMPANY WEBSITES ON RESULTS DATES continued

"I usually go to the website because that is where I am going to listen to the call anyway. A lot of times, it is easier to read the press releases there. The format on Bloomberg isn't always that good."

SELL-SIDE RESPONSES

"For results generally, corporate websites are pretty bad because most results come out at 7a.m. and I often find the results are not on the website for a while - they can be quite slow. Bloomberg is usually the first call because it is quickest. Some companies, United Utilities is good at this, e-mail their results which is really, really helpful."

"On the results day usually it comes through the wire on Bloomberg first, so that is the way I usually get the results as soon as they come out."

"Bugger all! Leading up to the event they are in close season and can't comment, and after the event, it is too late. Even on the day, I sign up for a lot of e-mail alerts for RNS announcements etc and even those tend to come out 10-20 minutes late and some even later than that. I need it at 07:01! In relation to Bloomberg and Reuters, I wouldn't use a company website at all. If they produce a slide pack or webcast, that is the only time I will go to a company website on the day of their results."

SELL-SIDE COMPANY WEBSITE SUPPORTERS

"It is very important for companies to get the PDF up on the website as quickly as possible, so that I don't have to print out the RNS off Bloomberg or Reuters and then read half of that and then ten minutes later I get a PDF, but I have already started reading the other thing."

"Well the luxury of Bloomberg was taken away from us at the previous downturn in 2001! I find that Bloomberg probably has too much news and there is a lot of rumour stuff on there as well which is not always factually correct. Reuters can

be slow so when results come out, particularly if a company does not e-mail me, although most of them do, I have to get it straight from the website, just monitor the website. If it is RNS it is fine, if it is a UK company it is fine, but if it is a foreign company it may not be on Reuters. I am not a very sophisticated Reuters user but in terms of getting the actual annual report or the actual results release, except for UK companies, I rely more on the company website. Reuters is OK for UK but ex-UK I cannot rely on it."

BUY-SIDE DISSIDENTS - WEBSITES TOO SLOW

"On the day I find the website useful to get access to the presentations before the conference call starts. With some companies it is annoying because they don't put it on until a couple of days later, which is not so helpful."

"I don't rely on the companies to send their results. I think it is a matter of timing. They put the results on the wires and they move on the news services immediately. The companies are not all good at sending the emails to investors or people on their mailing lists immediately. They might wait until the release crosses the wire and then send the emails afterward and there is a delay."

"Downloading them from Reuters it is just much harder to read all the numbers if it is just a data dump. Getting things in a PDF format is pretty good and banks I would say have become much better in terms of getting a PDF out on their websites at 7a.m. in the morning when the thing hits the screens, rather than leaving it a couple of hours."

"I only use the website for earnings information, conference calls, etc. Once the results are out, then we look at other sources like analyst reports and news stories to get some analysis."

USE OF COMPANY WEBSITES ON RESULTS DATES continued

"This [news stories truncated] is only with RNS. The other newswires like PRN still seem to provide a full version but RNS is blamed for the truncation. Bloomberg do provide a full version which you can go into but the trouble is that it is in HTML format and not PDF format and when you print it off it is printer-unfriendly and you miss columns of numbers off the right-hand side for example. That is the main problem."

NAVIGATION, AND CATEGORISATION OF NEWS ON WEBSITES

Companies organise their results announcements, presentations and news releases in different ways on their websites. What works best for you, for instance, should general news be part of the media section rather than IR?

- This question did not produce any clear consensus on a desired layout with mixed views on whether news should all be in one place or separated into media and IR.

- The only clearly expressed preference was for clarity of descriptions and categorisation, and a strong preference for the minimal number of clicks to reach a target.

- Most felt that company websites were in general reasonably well organised.

PREFERENCES

"The minimum number of click-throughs, the biggest labelling, the easiest to find."

"I think it is back to this navigation issue. As long as it is relatively easy to navigate I don't mind where it is."

"I think they should have all the links on the very front page. I hate having to track my way through a website. Stick it all on the front page - news, a link to the financial statements, reports, presentations or whatever it happens to be. But generally I find it is all somewhere on there, although navigation sometimes is more cumbersome on some websites. I prefer to have it all on the front page, whether it looks good or not."

"I suppose the most important thing is that there is a clear path to navigate to the information I want from the home page. I don't have a particular view as to what that path should be, but it should be very clear."

IR AND OTHER NEWS

"Airlines obviously do press releases all the time,

it is usually about their product, they are launching a new seat or something really minor and not particularly interesting. I would like the investor relations IR news to contain not just [any press release] but only the important stuff."

"Sometimes a company mixes up the media releases for investors with small product announcements, which can be aimed at a different audience than their investors. Product updates generally are not going to move the share prices, whereas the financial information is somewhat different. That's why I prefer it if they have an investor relations site - it is about the financials and the way the company is run. If you are interested in their products then you go to another part of the website."

"Loads of companies seem to split the two. It is not a bad idea if it is clear but often you can go on a website and click on the 'newsroom' and you will only get product releases or industry news and you have to go to the investor relations page and then the financial releases to find financial releases. I would have thought it would be much better to just have one press room and then choose what kind of press release you want to read about, rather than splitting them entirely. But every company is different and you just get used to a website I suppose."

"I would say it was more helpful if it was all in one place under IR."

"One of my pet hates is where you have to gather analysts' presentations from a separate place, report & accounts from a separate place, general announcements etc. They should all be readily accessible from one central page."

NAVIGATION, AND CATEGORISATION OF NEWS ON WEBSITES continued

"I prefer to have it centralised in the IR area, so I can go on and focus on either. If I want the news, results presentations or results announcements or whatever I can find them straight away."

"I think it is probably easiest to always put it in IR. If they want to have it in the media section maybe on the day, then fine. I find it useful on the day of the results if they have a link to it actually on the front page of the website rather than having to go into IR, so I suppose what I am saying is that having today's announcements, whatever they are, on the front page of the website is probably the most user friendly because then you can just go into the web page and immediately click on what you want. Otherwise, I would expect to find it in the IR section."

EASE OF NAVIGATION

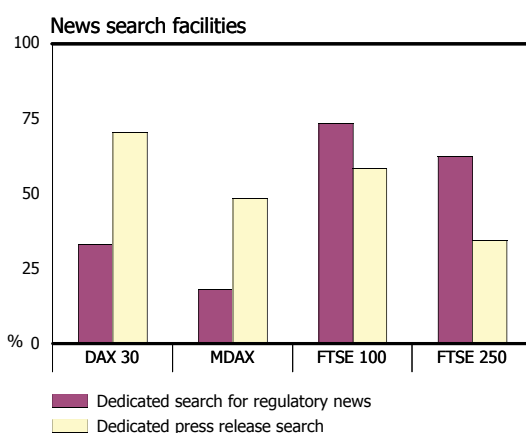
"One pet hate that I have is that you click on one link and you get straight through to a sublink and you click on that sublink and then everything is split out. If there is only one sublink, why have the split?"

"The other thing that [France Telecom] do is have rather spurious names for things. If I look down the France Telecom English website, on the left-hand side is a menu and the first one is 'My Page', then 'Group', 'Responsibility', 'Innovation', 'Products and Services', 'Finance', 'Join Us', 'Press', 'Philanthropy'. That is a slightly bizarre group. If I was starting I would click on 'Group' because that is where Investor Relations is likely to be but you click on it and it says: 'Our Brand, Strategy, Governance, Management, Activities, Key Figures' so I think, well I'll try 'Activities' and 'Key Figures' and now they have moved up [to the top of the page] so if I want to select any particular thing it is up at the top rather than split out on the left hand side.

"The search engines being poor. You get irrelevant things or just simply not the one you want."

IQ SEPARATE SEARCH FACILITIES

The Investis database allows us to distinguish between practice in UK and Germany. While search facilities for press releases were more commonly provided by German companies, UK companies were substantially more likely to provide a specific search for regulatory news. As in other areas, additional facilities are more likely to be offered by larger companies.



NEW FORMATS AND CHANNELS FOR INFORMATION

Webcasts accompanied by slides and transcripts are now a common feature of IR websites. Are there newer developments that you find useful?

- In general those features or services which have been around longer generated more enthusiasm, suggesting some level of inertia among our interviewees. Webcasts, calendar and Excel downloads and small improvements to these such as webcasts delivered in sections allowing users to focus on one part without listening to the remainder were mentioned. Financial calendars particularly were mentioned here, both as useful features and as irritating omissions or difficult items to find. This suggests a deeper level of adoption, perhaps driven by the larger number of companies likely to be covered by each person.
- Blackberry optimised sites and alerts were mentioned fairly frequently and viewed positively.
- Some users were less enthusiastic about some of the same features and of other newer services. Podcasts, in particular, evoked little enthusiasm. A number of reasons were given: limited perception of utility, problems with security technology and an unwillingness to invest time in new formats were mentioned.
- Occasionally our prompts revealed complete lack of awareness of an option which might make life easier such as a print basket feature (this allows users to extract a small number of separate pages from a larger report and print them all at once). That said, Investis' survey suggests this is a fairly rare feature, with fewer than a sixth of the FTSE 100 providing it.
- On the other hand some "features" were actively disliked. Websites requiring registration before allowing users to download data or presentations attracted significant opprobrium.

WEBCASTS

"In terms of video content, Q&As with senior executives or a chairman's statement would be good. And when they do videos of presentations it would be quite useful to be able to skip past the presentation to the Q&A which is the most interesting part. Not always, but having the option."

"I am a huge fan of webcasts. I love the fact you don't have to travel to go to conferences because they are available on the Web."

"I have recently had a go with a system where you can type in questions during the conference which is useful. Some companies do that already but others, if they have a webcast it is 'listen only', and there is no functionality or ability to ask questions, adding that functionality would be useful."

"There has been one change in the last couple of years in that I have been using more webcasts for results meetings and that kind of thing, particularly for non-UK companies where it is just mundane quarterly results. The quality has got a lot better; I remember a few years ago there was a good chance that you would miss the meeting because you could not get access to it and you had to wait for the transcript to come round. Now it is much more reliable."

FINANCIAL CALENDARS

"The calendar download into Outlook is very helpful and it is probably one of the things I use websites the most for which is 'what is coming up' and dates etc. it is incredibly helpful to be able to download those into Outlook."

"The other thing that has been popping up and that I have seen on a couple of websites, but that has actually not worked properly on my computer,

NEW FORMATS AND CHANNELS FOR INFORMATION continued

is a system whereby you click on a little button and what it does is it puts all of the future dates in terms of results, announcements and so on into your diary."

"For example, if the financial calendar is not on the home page I would certainly expect it to be one click away. Quite often that is one of the more difficult ones to find."

"One thing that I would plead for and we have not actually covered, is that not all companies - and, again, I am not sure that I can name ones that don't - have a financial calendar on their website of when future results and IMSs are. Ninety percent of them do but the one or two that don't it is usually annoying when they don't! Or they don't keep it up to date; they just have past announcements on it and not the future ones on there."

"What I like to do periodically is an Excel spreadsheet of all future announcement dates of my companies. When I think it is not up to date I go through company websites looking for financial calendars and if I find one that hasn't got it, it bugs me slightly."

EXCEL DOWNLOADS

"With some of the US sites you can put the accounts into Excel instantly and that can be quite useful, but I don't think it is a huge deal. You can always type in the main figures yourself. It is a quick way of making a forecast, so it could be useful doing that, but it is not something I use regularly."

"Some companies are very good at putting more general information on the company on their websites. For instance, one of my companies has lots and lots of power plants and they put all of them, with their capacity and other data, on the website and that is far easier and more useful to download."

"[Downloads] are helpful, but I prefer to put the information in myself because it always tends to be in slightly different formats when you download it and you then have to fiddle around with it, especially with annual reports."

BLACKBERRY OPTIMISED SITES

"I am on Rolls-Royce's alert system and they send out Blackberry friendly alerts which is useful, otherwise you can't read them."

"I am probably using more mobile websites, using my Blackberry mobile phone. I have a better mobile phone now than I used to!"

"The big issue that I get sometimes with some companies is where I get a lot of traffic data and financial data, often companies when they just e-mail the link it is no use to me when I am travelling. It is getting better but it can be difficult if it is not in the right format so you can't read it on your Blackberry. It is great if you are in the office, but if you are not... I must say mobile technology is improving, so that is getting better."

"I think these days a Blackberry optimised website is probably quite helpful, but I don't know how much that costs when you probably have got an audience that is fairly small. But is that the kind of thing that might be useful? Yes. I am not so sure about text alerts - the last thing I want is a text message from Northern Rock at 3 o'clock in the morning, telling me that they have gone bust!"

NEW FORMATS

"I don't use podcasts at all. As far as fancy video webcasting goes, it is nice but it is not essential."

"I've never downloaded a podcast, but I think it makes sense. I'm kind of a Luddite and have never figured out how to. My commute is only about 10 minutes so I would never get through an entire call. I just listen off the website in my office or get a transcript."

NEW FORMATS AND CHANNELS FOR INFORMATION continued

"I have seen some where they do a live video feed of the guy talking which I don't think is necessary. I think it is fine but it is not like staring at the guy is going to make a difference to me."

"I do not use videos or even webcasts. Webcasts are more for the tech investors and investors who don't ask questions. I am usually asking questions so I have to call in to the conference calls rather than just do the website. When you are on the call or on the webcast and they are going through slides, it is kind of irritating if the slides haven't been put on the website with some time in advance."

"I don't know about Blackberry optimised sites. You don't do much research on your Blackberry. Personally that is not relevant to me."

TECHNOLOGY PROBLEMS

"Our firewalls are incredibly restrictive. In fact, I have to ask permission to access most of my retailer websites because they think I am trying to look at lingerie and things like that. It used to be OK for webcasts, but now we don't get Flash, so we can no longer do it. It is incredibly annoying."

"In the days when I had the ability to get Flash, I would first of all look at Reuters, check the numbers and then go on to things like the Tesco website, which would then give you a podcast of various members of the management speaking about their areas. That would be a very useful link."

"I don't tend to use webcasts or any of that stuff because our firewalls here make it all a bit difficult."

"I tend not to use video content because it is very difficult to get videos over our firewall. It is just an internal security thing."

"I use subscription services more than anything else. One of the things I use extensively is RSS feeds sent to Google reader. In the last 12 months I have used them considerably more than I would have previously, not just because they have only become available, but also because it is a very, very efficient way of determining what is new and what is old."

"I like podcasts, they are very good. RSS should be on every website, but for some companies it is not, which means that you have to visit their website sometimes on a daily basis to ensure that you are up to date."

PRINT BASKETS

"That is quite cool. I would use that if I knew about it."

REGISTRATION

"Sometimes the signing-in process when registering for webcasts can be quite laborious, so that is a pet hate."

"I am just thinking of another bugbear I have with some of the websites and that is the bore of having to register for webcasts. Why does it exist at all? I can watch anything on the BBC website and I don't have to register to watch it, so why should I have to register to watch a company's results? Can't they just get rid of all of that please. It would save some time!"

"I would say the worst would be a bank like, again, Commerzbank, where in order to access the website for a webcast you have to have a special access code, which you could only get by going on some website on previous days and if you went on it on the day of the actual webcast you couldn't get."

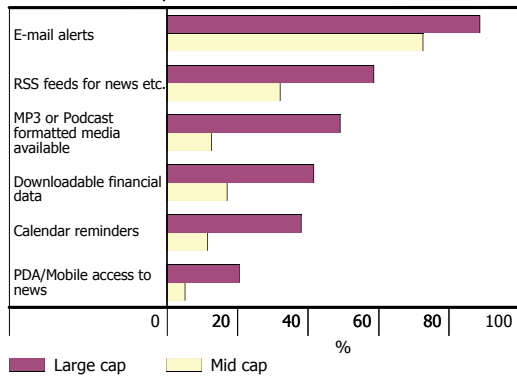
NEW FORMATS AND CHANNELS FOR INFORMATION continued

IQ DATA IN ALTERNATIVE FORMATS

As can be seen from the chart below sourced from the Investis IQ survey the most commonly provided facility amongst those listed is e-mail alerting for events or publication of news. This was amongst the most frequently used services mentioned by our interviewees.

Other formats had substantially less take up and were less frequently provided. The difference between large and mid cap companies was not so large for e-mail alerts, where most companies provide the service but proportionally much larger for the other services listed with large cap companies forming the majority of early adopters. Adoption was relatively similar between the UK and Germany in most cases though, for RSS feeds and PDA or mobile access to news the Germans led, and UK companies were more likely to provide calendar reminders.

Data held on corporate websites



TRANSCRIPTS

The mention of transcripts in the previous question drew significant comment. Due to the frequency of mention of this service we have drawn these responses and those occasions where transcripts were mentioned in response to other questions together below.

- Many of our interviewees felt transcripts of the Q&A sessions of results meetings or other presentations were a very important part of the record of such events. Transcripts allowed them to look at the parts of webcasts which interested them most, to search for particular areas or to look at the questions asked and answers provided, without having to listen to the entire webcast. As a result these were often felt to be a valuable component of the information provided at the meeting both for non-attendees and for reference after the call or webcast.

- A majority of our US sample and a significant number of the UK sell-side as well as one of the UK buy-side were enthusiastic users. Several of these felt that the company should provide transcripts on their own websites shortly after the meeting.

- One user, however, claimed that these were not always as good as they might be for non-English speaking companies.

"When they are referring to slides, they often also provide supplemental or explanatory information in the discussion, but if you just look at the slides, you might be missing it. So you need the narrative with it. I know there would be a time lag, obviously. They often do the presentation materials in advance of the actual conference call, but at some point within a day or two, there should be a transcript of the conference call."

"Maybe we are too basic, but I just read the transcripts. We have a service that supplies them to us based on a prearranged order. It is hard to listen to a lot of the calls because we are on the West Coast, and the transcripts are ready pretty

quickly so that works best for us. I'm probably not interested in a podcast to listen to after the call."

"I find it is a lot faster if I don't have to listen to an hour and a half and can just scan through quickly. Often, I won't be an online participant because I am doing something else. It is a time saver if there is a transcript and I can filter it and I don't have to spend an hour and a half going through 40 pages of slides I am not particularly interested in."

"I think webcasts are good and video webcasts are even better. I also like to get transcripts. Once again, we don't rely on the companies to send those or post them on their websites because there is such a wide disparity between practices. Some are very good and others don't provide anything."

"Things like transcripts are only available on the much larger companies. When you start getting into the FTSE 250 I don't see that much of it and I find it very useful. Even audio recordings of analysts' meetings are extremely useful."

"Some companies store the transcripts and call details on their websites so that is quite useful."

"The other thing that I use a lot, particularly for companies that I don't cover, are Bloomberg transcripts. Those have got better and I use that as a source because it is a lot quicker. That is useful. I think one or two companies put transcripts on their websites and that is useful."

TRANSCRIPTS continued

"We can all read the statement and look at the slides but the most interesting part is the Q&A. I would stress that it is only useful if it is put on the website quickly. If it appears two weeks later, it is a waste of time."

"[The company website] is the original source. What is important, I think, and this is often not done, is there should be a transcript of the conference call on the web, including the Q&A. at some point within a day or two."

"Transcripts as a general rule, remembering again that I cover Continental European companies, are awful. The translations are awful."

BEST AND WORST COMPANY WEBSITES

We asked our interviewees for websites they felt were among the best or worst they had used.

- Given the role of websites for this group of people, probably the strongest feature reflected here was ease of navigation. This was particularly so in the case of companies cited as having poor websites with difficulty in finding information the overwhelming cause of discontent.
- We extracted the scores for the companies named as good and bad from Investis' IQ Benchmarking system. The scoring system is described in the appendix. Despite the international nature of the sample Investis' database covered more than three quarters of companies named by our interviewees.
- For the US sample the average score of sites listed as best was 60, with an IR category score of 67. For those listed as worst the averages were 56 and 62 respectively. Given the nature of our interviewees' focus, comparisons are likely to be between companies in similar sectors, thus a website which might be considered strong in absolute terms might be weak compared to a still stronger peer.
- For our UK interviewees the averages were lower, but still showed the companies listed as best beating those listed as worst, with the difference being larger for scores on the investor relations category of the sites. Scores here averaged 56 and 65 for the "best" in overall score and Investor Relations respectively and for their negatively mentioned counterparts 49 and 55 respectively.
- The best category for the UK sample has a similar average mark to those listed as worst by the US. It should be noted however, that the UK group cover a wider range of companies which extend significantly further down the market capitalisation spectrum, and IQ benchmark scores do show a significant correlation to market capitalisation of the company with larger companies having the resources to maintain more comprehensive websites. Those companies mentioned twice also had higher scores on average than those mentioned only once.
- Other problems cited were: slow downloads of information, failure to update calendars and results promptly, search engines which failed to find data which was on the website, and downtime.

Investors' Views

BEST AND WORST COMPANY WEBSITES continued

IQ Best and worst in survey

We list below the ten best and worst scoring companies in the Investis survey in the FTSE 100 and the DAX

DAX top ten

| | |
|----------------|----|
| Deutsche Post | 72 |
| Deutsche Bank | 69 |
| BASF | 66 |
| E.ON | 65 |
| ThyssenKrupp | 65 |
| Henkel | 64 |
| Infineon tech. | 61 |
| Adidas | 60 |
| Bayer. | 60 |
| Daimler | 59 |

FTSE 100 top ten

| | |
|--------------------------|----|
| Royal Dutch Shell | 76 |
| Aviva | 75 |
| British American Tobacco | 74 |
| Anglo American | 73 |
| Centrica | 73 |
| J Sainsbury | 70 |
| Tesco | 70 |
| BT | 69 |
| Vodafone | 69 |
| British Petroleum | 68 |

DAX bottom ten

| | |
|------------------------|----|
| Fresenius Medical Care | 53 |
| Metro Group | 53 |
| Munich Re. | 53 |
| Volkswagen | 53 |
| MAN | 52 |
| Commerzbank | 49 |
| Deutsche Börse. | 49 |
| Deutsche Telekom | 49 |
| Merck | 48 |
| Salzgitter | 40 |

FTSE 100 bottom ten

| | |
|----------------------|----|
| Alliance Trust | 37 |
| Inmarsat | 36 |
| Admiral Group | 34 |
| ENRC | 34 |
| RandGold Resources | 33 |
| Vedanta Resources | 32 |
| Thomas Cook | 31 |
| Autonomy Corporation | 30 |
| Antofagasta | 28 |
| Cairn Energy | 26 |

THE INVESTIS QUARTERLY BENCHMARKING SERVICE

The Investis Quarterly (IQ) benchmarking service is a tool for publicly listed companies to measure the performance of their corporate website against both those of their peers and best practice. We have cited results from IQ for companies in the UK (FTSE 100 and a sample of the FTSE 250) and Germany (DAX and MDAX) as supporting data in this Insight.

Investis has a dedicated team of analysts reviewing hundreds of websites in Europe and the rest of the world every quarter, providing an assessment of websites and broader market developments four times a year. Investis believes that the IQ methodology is the most detailed and comprehensive analysis of corporate websites available and the only one to cover the full spectrum of stakeholder needs.

The IQ benchmarking system scores websites with different stakeholder groups in mind. In total there are 188 separate criteria which have been selected based on input from the following sources:

- Research conducted with key stakeholder groups including a survey of leading investment managers and a survey of journalists for press sites.
- The usage statistics of more than 200 corporate sites that Investis hosts and manages
- All relevant UK and EU regulations and laws
- Best practice guidelines from the Investor Relations Society and other industry bodies
- Investis' expertise and experience managing the websites of hundreds of companies across Europe

The criteria used to score a website are then grouped into the following categories. Individual criteria can contribute to more than one category.

- Overall: The main score, comprising all the criteria
- Content: Overall score of all content elements
- Usability: User experience, navigation, accessibility, coding standards
- About Us: Background and contextual information
- Investor Relations: A broad measure of the site from an investor perspective
- Media: How well the site meets the needs of journalists and researchers
- Corporate Governance: Regulatory requirements and best practice
- Corporate Social Responsibility: How effective is the engagement with these important stakeholder issues?
- Careers: Critical elements for prospective and existing employees
- Interactivity: A measure of engagement and user control
- Multimedia: Does the site show (using multimedia in its various forms) or tell (using just words)?
- Web 2.0: Is the corporate site in tune with changing technology and audience expectations?

Makinson Cowell is a capital markets advisory firm founded in 1989 that provides independent research and advice to leading global companies on their relations with institutional investors. With 70 people in offices in London and New York, the firm has a special expertise in advising global companies on cross-border investment issues.

Andrew Jones is a partner in Makinson Cowell and Head of Research. He joined Makinson Cowell in 1995. He is a fellow of the Institute of Chartered Accountants and holds a CFA charter.

Investis is a specialist in providing online corporate communications services to listed companies across Europe and was founded in March 2000. Following the acquisition of Quartal Flife in December 2008, the company now has more than 1,000 clients in over 20 countries worldwide.

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