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INVESTOR RELATIONS  
STRATEGIC COMMUNICATIONS

## Future of Global IR

New York, April 2010



## IR Trends for 2010

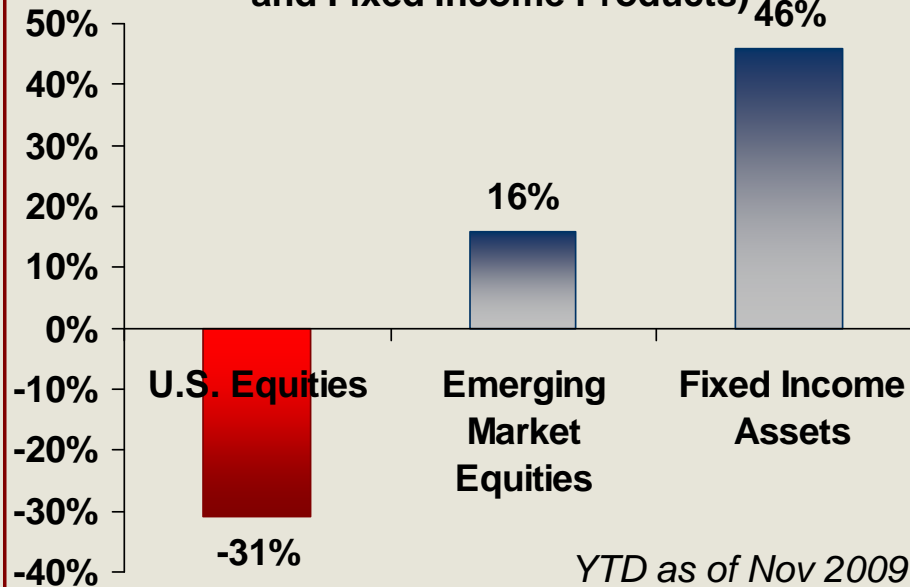


## 1. Benefits from Growing Interest in Emerging Markets

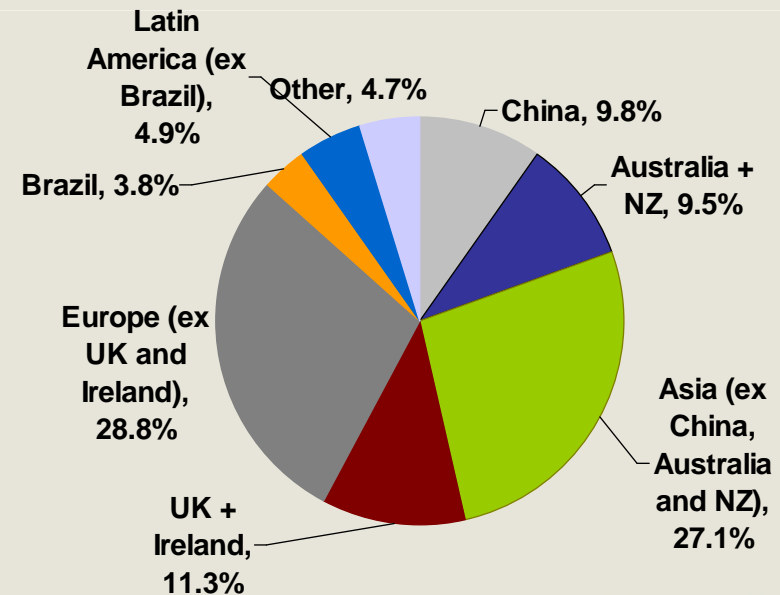
- Emerging markets equities and fixed income products have replaced flows into U.S. equities
- Emerging markets are active ADR issuers

### Fund Flows

(U.S. Equity vs. Emerging Market Equities and Fixed Income Products)



### ADRs per Region



Data: BNY Mellon, as of April 2010

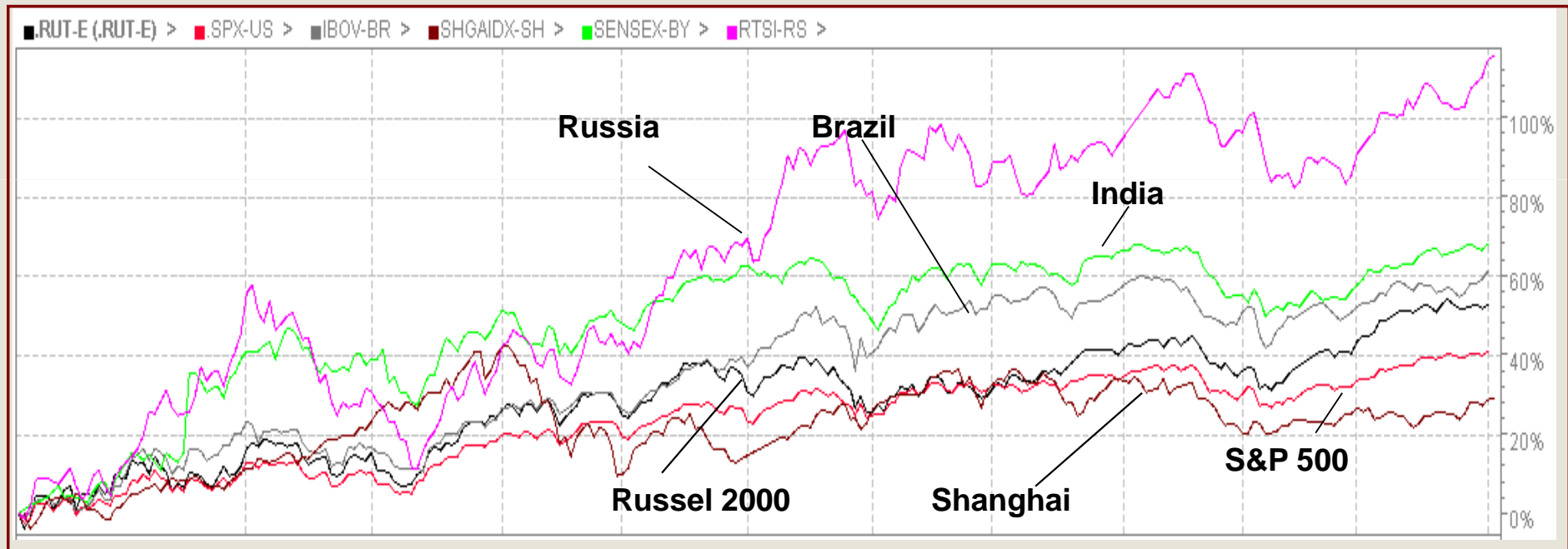
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## Added Performance from Emerging Markets

April 2009 – April 2010







## Optimal Approach to Global Investor Targeting

### U.S.-based investors:

- Mutual funds, pension funds, hedge funds, insurance companies, managed accounts, asset managers, banks

### Pipeline to new sources of Asian capital

- Sovereign wealth funds, private equity investors, QDIIs, Asia-based mutual funds & investment advisors

### Investor influencers:

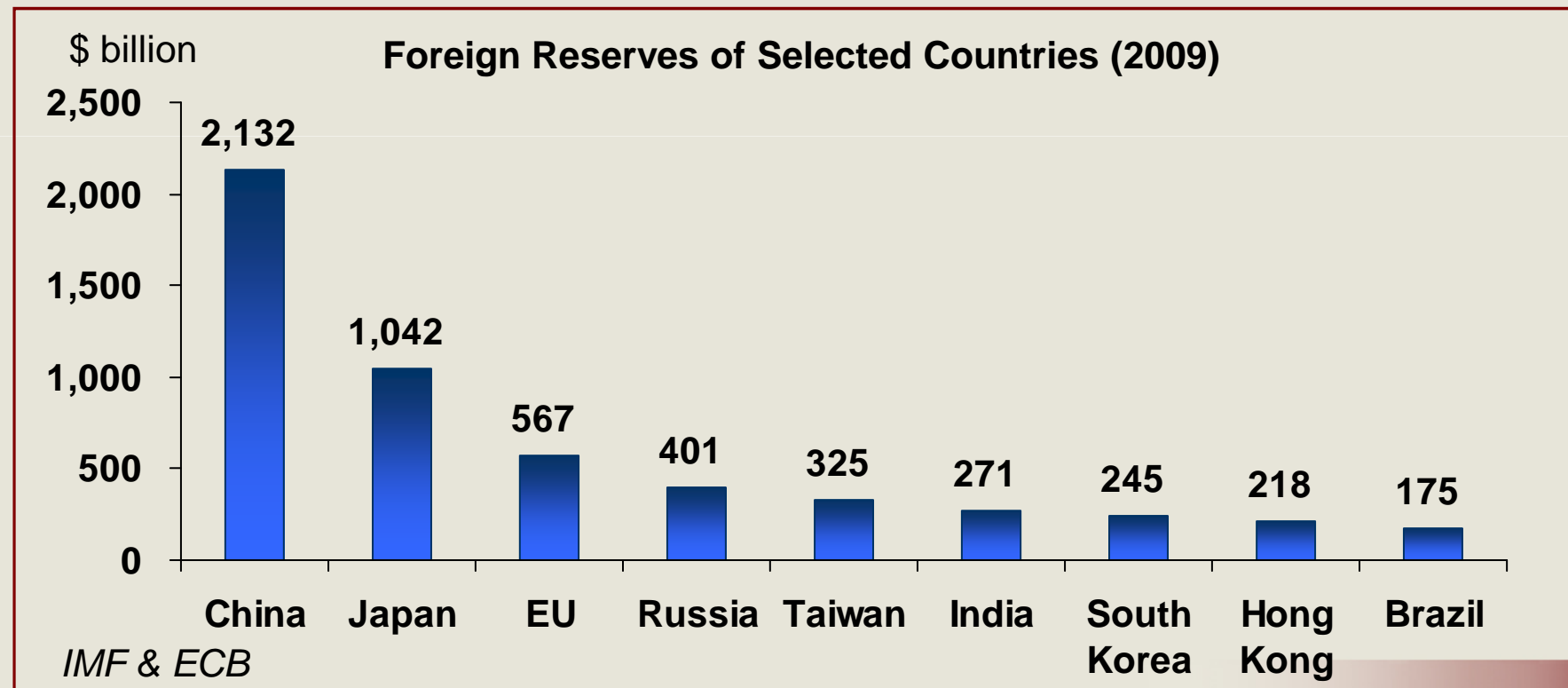
- Sell-side research, industry analysts, investment advisors, investment banks, institutional sales, retail brokers, media



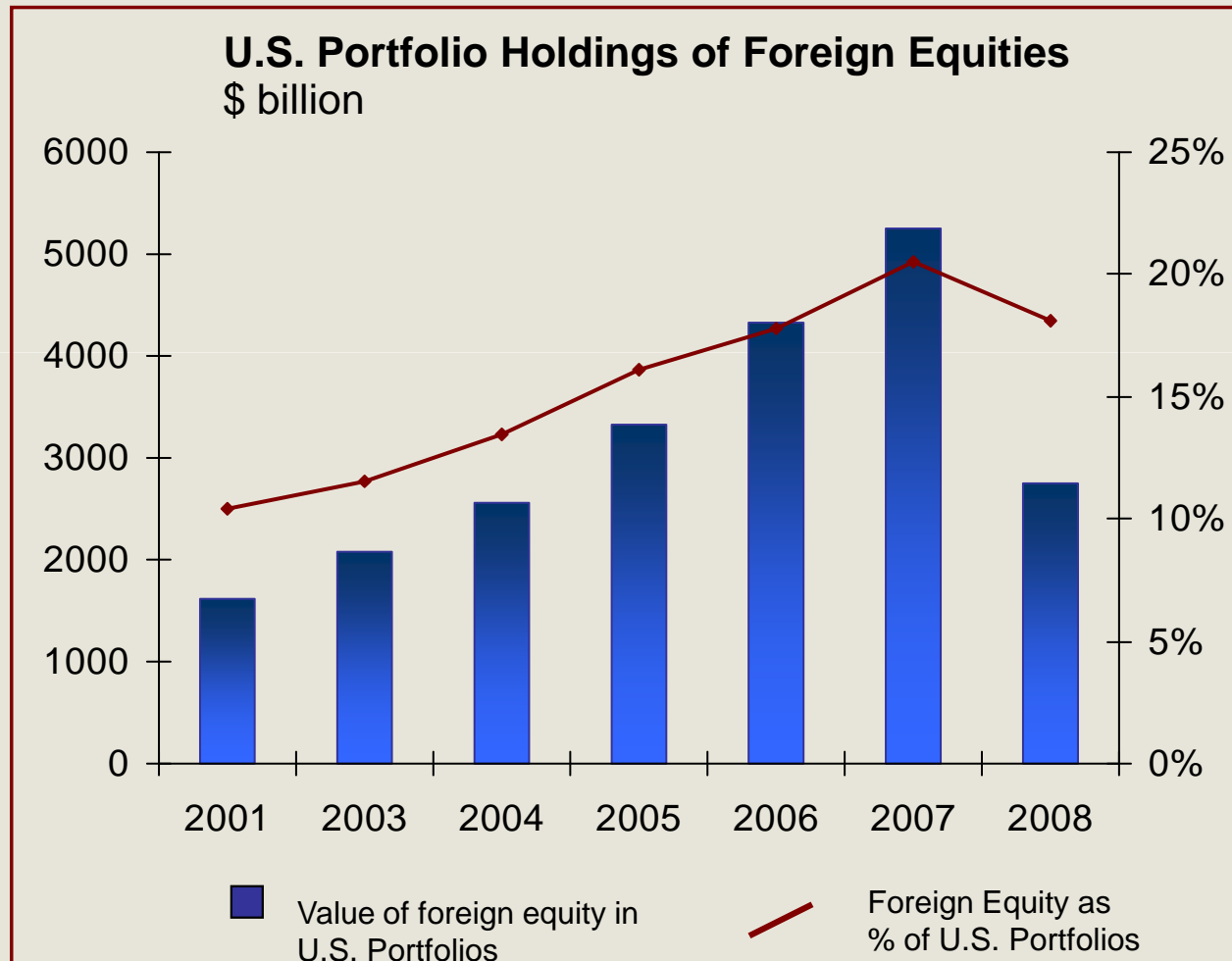


## 2. Globalization of Capital Markets Accelerates

- Emerging Markets have attained a relevant position among global markets
- China's foreign reserves increasingly deployed into equities, real estate & other asset classes



## Equity Ownership Trends: Foreign Holdings



- Total \$2.7 trillion 2008, 18.1% of total equities
- The decrease in the value of U.S. portfolio holdings between the two surveys primarily reflects valuation changes in foreign equities during 2008

Sources: U.S. Treasury  
Federal Reserve



## Managing Growing Global Shareholder Base

### Strategic approach to managing growing global shareholder base

#### Traditional

- U.S. & European mutual funds, investment advisors, & hedge funds
- Emerging markets funds

#### New

- Industry-focused funds investing world wide
- Asian mutual funds & investment advisors
- QDII in the PRC
- U.S. retail investors

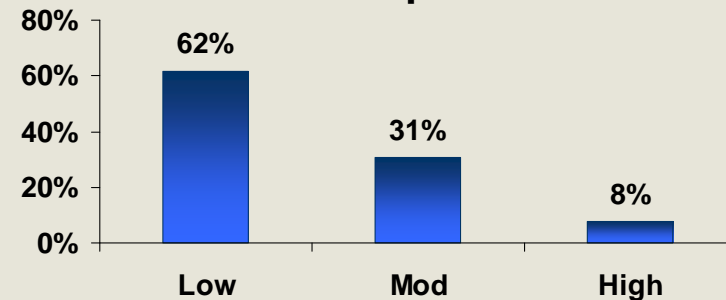




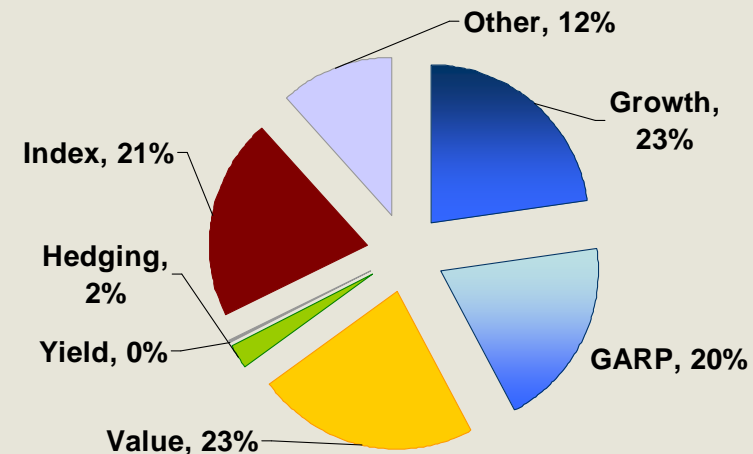
## 3. Owners Vs. Traders

- **Growth of high-frequency trading**
- **Dark pool of off-market transactions**
- **Sell side focused on short term hedge funds and traders**
- **Long-only mutual funds & investment advisors require minimum five points of contact before reaching to a decision**

**Ownership Turnover**



**Investment Style**



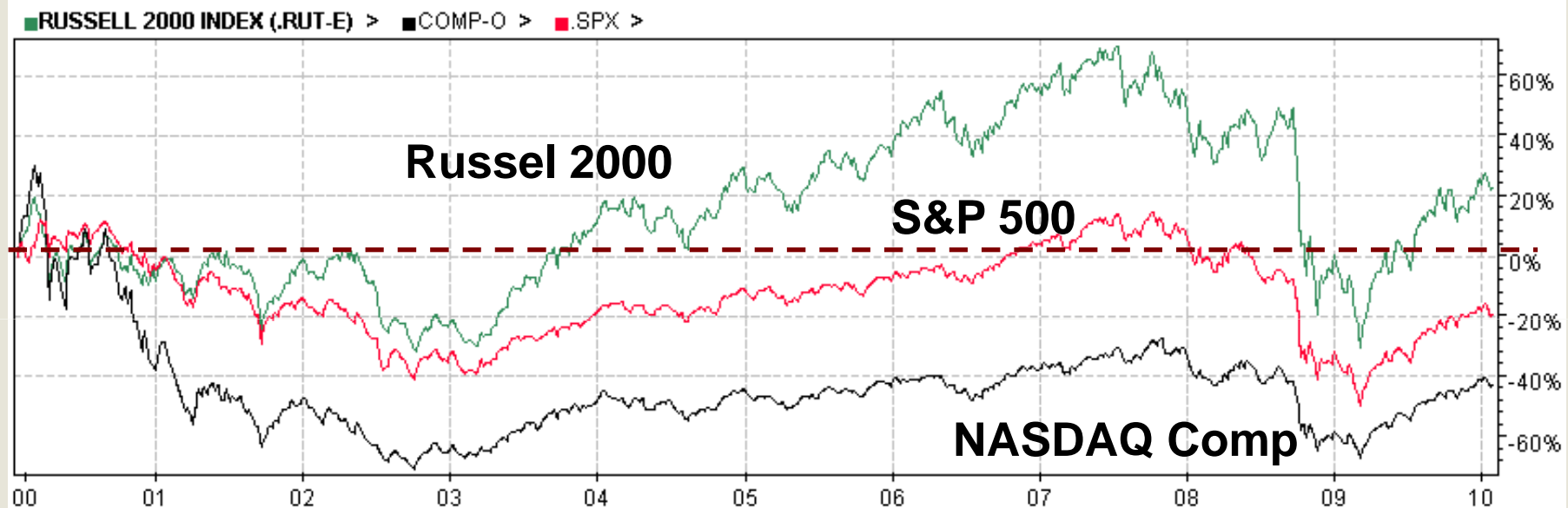
Top 25 NASDAQ listed companies  
(based on market cap)

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## The Lost Decade



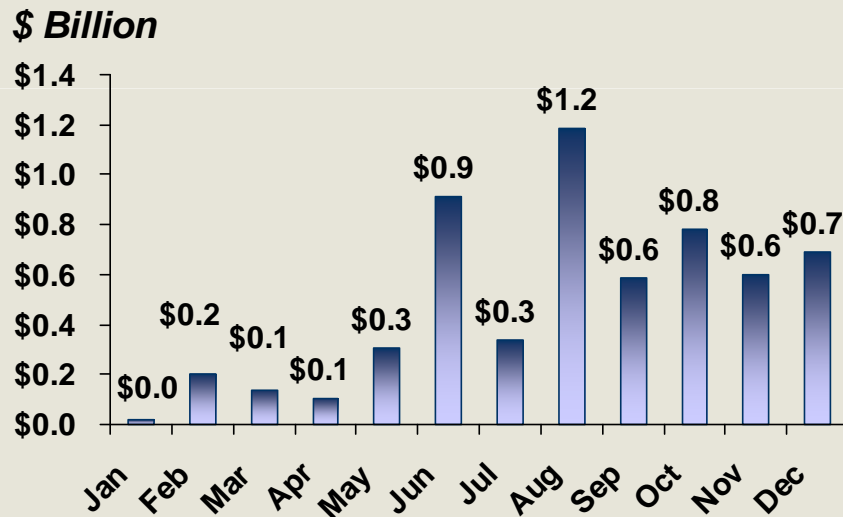
**Buy and hold strategies discredited by a decade of negative results**



## 4. Public Equity Issuance

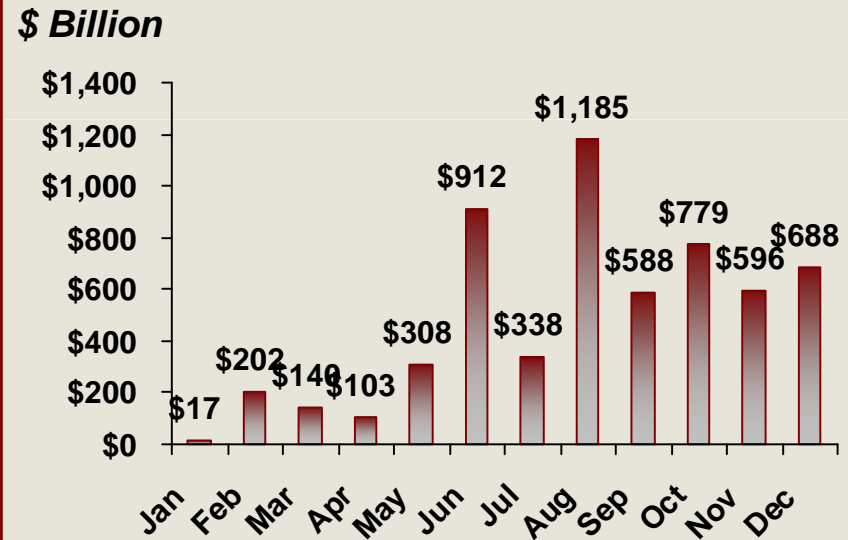
- 2009 was an excellent year for PIPEs and Registered Direct offerings

### Registered direct offerings in 2009



**Total \$5.9 billion**

### Unregistered direct offerings in 2009

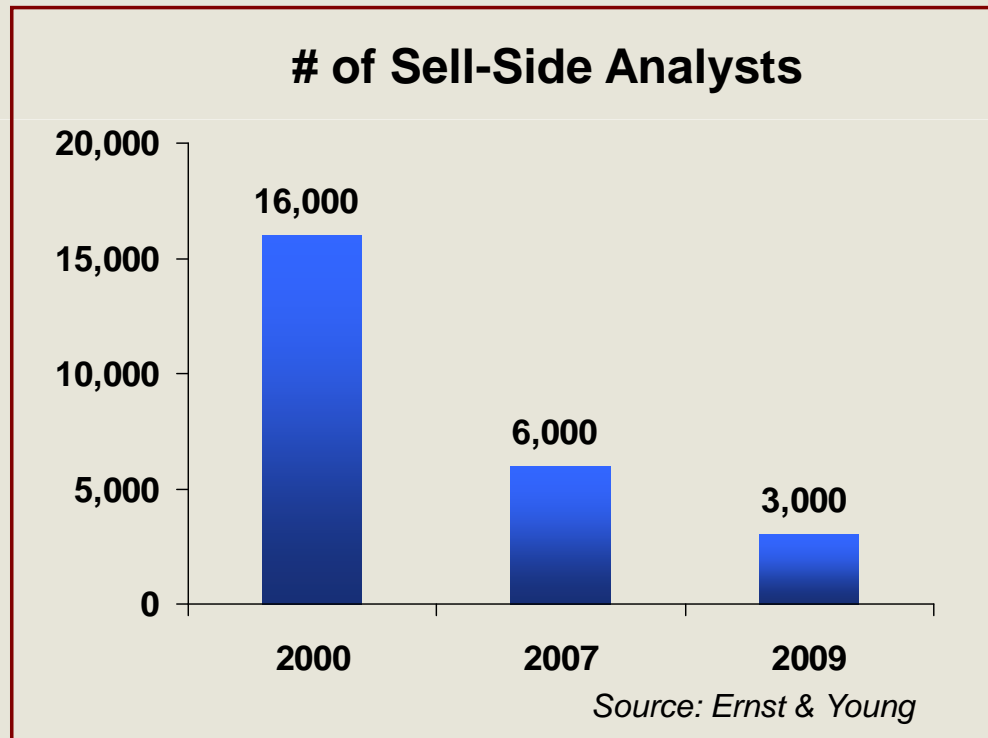


**Total \$37.1 billion**



## 5. Sell-side Under Increased Stress

- Reduction of number of sell-side analysts since 2000, coverage on small-cap stocks has suffered



- Buy-side firms increasingly rely on internal research, expert networks & bespoke research
- Retail investors emphasize individual analysis and due diligence for investment decisions
- Companies with transparent reporting practices and frequent news are rewarded with liquidity and higher share price



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## Multifaceted Approach to Investor Influencing

- Tremendous turnover creates opportunities for versatile initiation
- Proliferation of boutique sell-side firms (incl. bespoke research), increased influence of expert networks that have to be monitored and managed
- Electronic stock commentators & newsletters wield significant influence



Seeking Alpha



The Motley Fool  
Fool.com



TheStreet.com



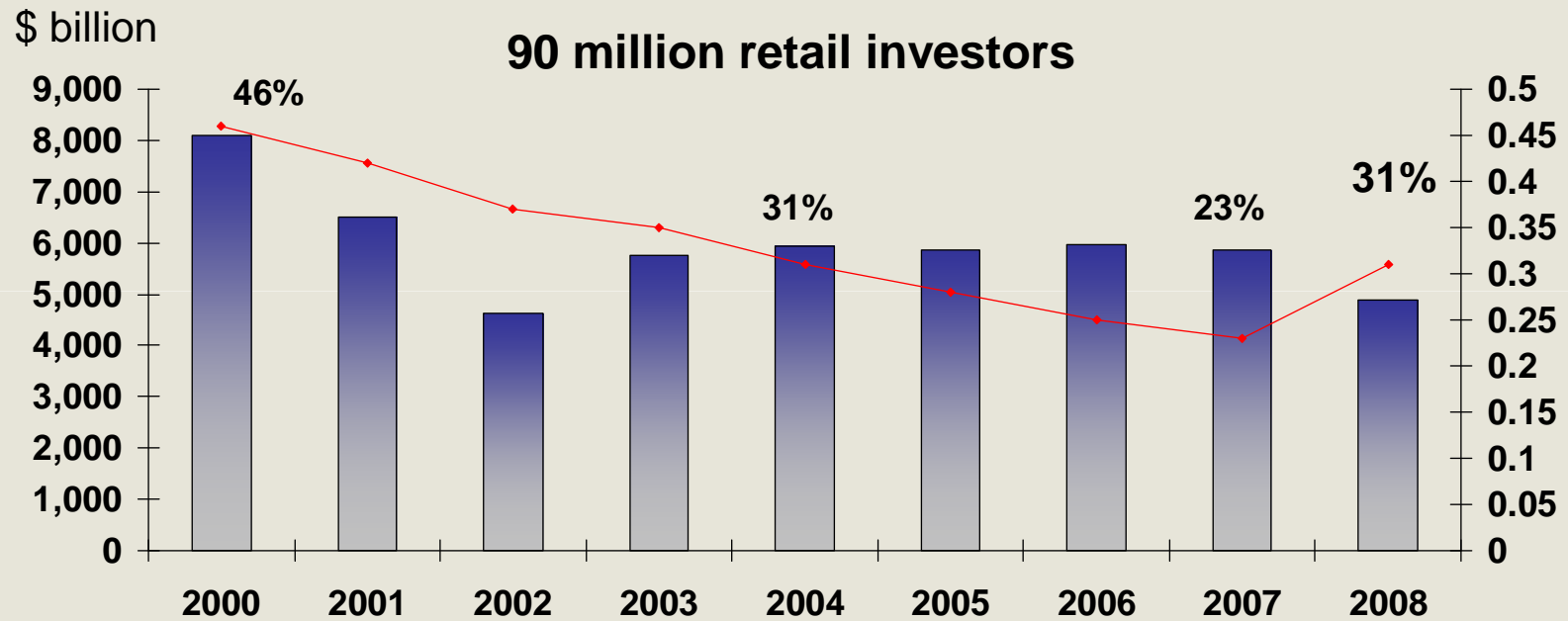
RAIN Source





## 6. Emergence of Empowered Retail Investors

### Retail equity ownership close to \$5 Trillion



■ Retail equity ownership

— Retail equity ownership as % of total equity ownership

Source: Federal Reserve

### Resurgence of retail investors after the global financial crisis?



## Five Phases of Retail Strategies

- Targeted retail investment communication connects the right investors with the right stock by offering high-quality content and services using Web 2.0 technology as an enabling platform

1. Engaging website

2. Database Creation

3. Online marketing campaigns

4. Social Media

5. Retail-Focused Road Shows:  
Retail Brokers and Virtual  
Communities

**Engagement   Relevance   Interaction**



## Social Media Applications for IR

### News Feeds and Networking

Utilize Twitter, Facebook and RSS feeds to allow interested parties to subscribe to your investor communications

Tweet press release headlines, conference call dial-in information, updates from analyst days, and other public information



### Utilize Sharing Platforms

Upload investor presentation with audio and corporate profile and include link in presentation materials

YouTube, Slide Share

### Virtual Investor Communities

Leverage existing online investor communities, such as blogs, investor newsletters, and financial portals, to build investor recognition and to encourage media coverage.

SeekingAlpha, Motley Fool

**Social media improves SOE rankings and helps direct traffic to the corporate website**



## Why Social Media Matters

### *Encourages Dialogue*

- Two way communications allows the company to gauge the opinion of the investment community
- Opt-in features guarantee a receptive audience
- Utilize feedback to adjust future communications

### *Technology Drives Greater Transparency*

- Online presence levels the playing field
- Lower barriers to obtain information; increases transparency of communications

### *Multiple Channels Reinforce the Core Message*

- Helps establish a broader presence and reach previously untapped audiences
- Helps reinforce message created and endorsed by the Company
- Complements existing IR strategies

### *High ROI Strategy*

- Limited costs
- Potentially priceless benefits from increased shareholder base, more transparency, feedback from the investment community, and improved brand perception



## Summary

- **Take your IR efforts global – think outside your comfort zones**
- **Identify distinct groups of shareholders and develop an arsenal of different strategies for targeting them**
- **Nurture your sell-side connections, but remember alternatives for influencing buying decisions**
- **Utilize newsletters, online push campaigns, E-mail blasts, and social media to entice retail investors**





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## *Thank You!*