

XBRL and Investor Relations

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Adoption and Communication,
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June 6, 2007

Agenda

- *What is Investor relations?*
- *Key issues for PROs*
 - *Technology influence*
 - *Increased compliance / oversight (SOX)*
 - *Increasingly global marketplace*
- *SEC Voluntary Filing Program and the PRO*
 - *What are the concerns?*
 - *Why does XBRL ultimately make sense?*

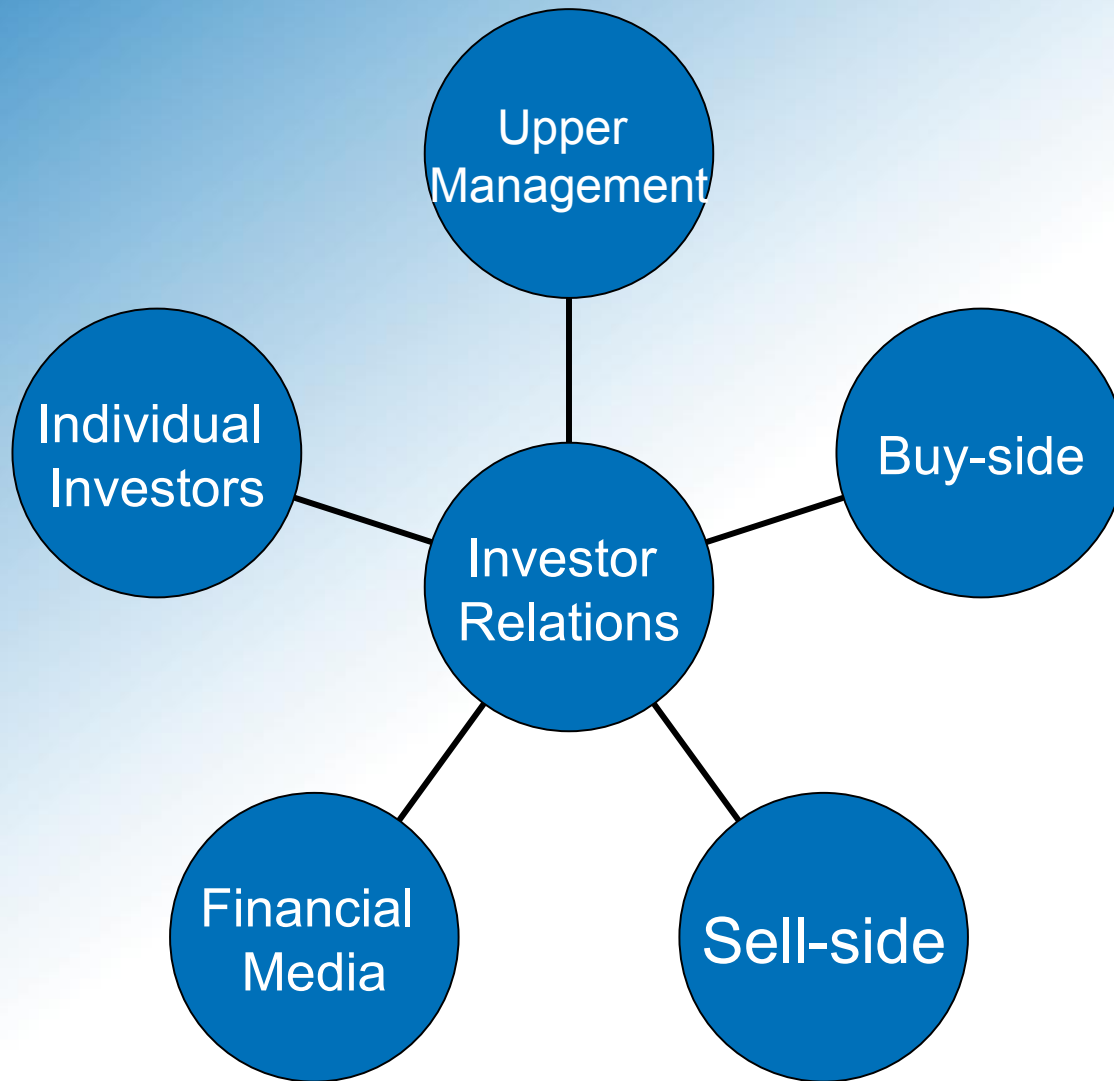
XBRL and Disclosure

“ . . . the best information doesn't always mean the most information. The best information means disclosure that is readily accessible, easily understandable, and comparable . . . Interactive data can help meet each of these needs. ”

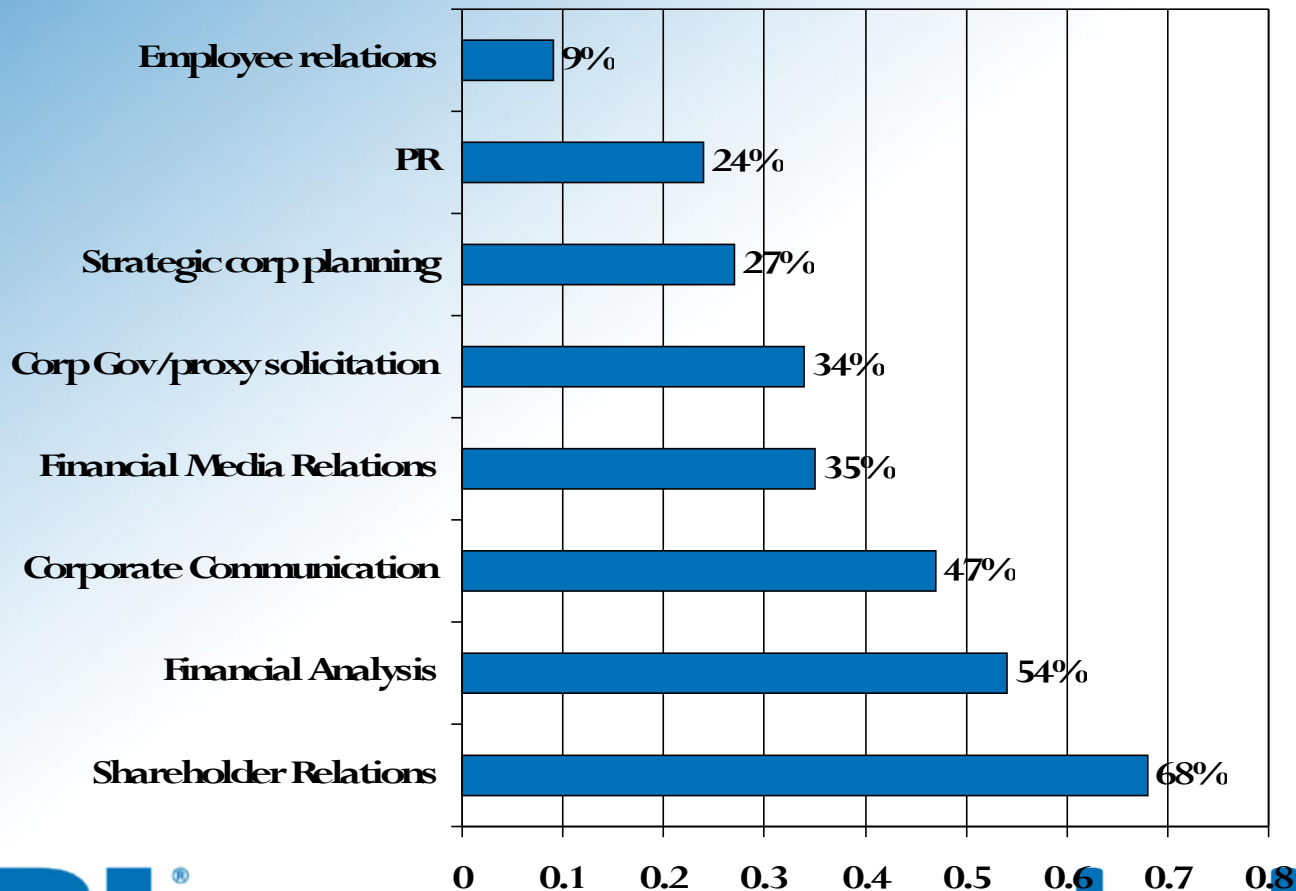
Source: Cox speech, ICF Annual Conference, May 10, 2007

Mission of IR

Investor relations is a strategic management responsibility that integrates finance, communication, marketing and securities law compliance to enable the most effective two-way communication between a company, the financial community, and other constituencies, which ultimately contributes to a company's securities achieving fair valuation.



Responsibilities Requiring an Important Amount of Time



Source: NIRI Survey of
Responsibilities and
Compensation, 2005

PR Activities

- *Perception studies*
- *Disclosure - determining what's material, issuing releases, setting disclosure policy*
- *Financial media relations*
- *Analyst relations*
 - *Roadshows*
 - *Banking conferences*
 - *One-on-ones*
 - *Webcasts*
- *Individual investor programs*
- *Earnings day events*
 - *Earnings release*
 - *Filing the 8-K & the release*
 - *Scripting, rehearsing, conducting the conference call*

Professional Background

- *49% financial*
- *23% corporate communications/PR*
- *19% marketing/sales*

Source: NRI Survey of Responsibilities and Compensation of Investor Relations Executives, July 2005

What's keeping ROs up at night?



KEY ISSUE: Keeping up with the Changing Technology Landscape

- *Web sites*
- *Webcasts*
 - *95% conduct earnings call webcasts (99% archive)*
 - *57% insist that presentations at analyst conferences are also webcast*
 - *Few videocasts*
- *RSS feeds, podcasts*

KEY ISSUE: Keeping up with the Changing Technology Landscape

Blogs - becoming increasingly important

- Corporate uses of blogs:*
 - Monitoring them as "new media"*
 - Promoting company exec viewpoint, Microsoft, GM Sun Microsystems*
- Free dialogue and collaboration - good or bad?*
- 57 million blogs in existence*
- Summer 2005 - 5,000 corporate blogs*

- 32 million Americans read blogs



Jonathan's Blog

Go Link

Comments:

Jonathan,

I mailed the response to your [letter](#) yesterday, but since you're talking about transparency and efficiency in communications, I thought you might appreciate my taking advantage of the Internet's speed and potential for broad dissemination by posting here as well.

Best,

Chris Cox

November 2, 2006

Mr. Jonathan Schwartz
Chief Executive Officer
Sun Microsystems, Inc.
Mailstop UMPK10-244
10 Network Circle
Menlo Park, CA 94025

Dear Mr. Schwartz:

Thank you for your September 25, 2006 letter. In your letter, you suggest that, in light of the evolution of the Internet, the Commission should state that certain types of corporate website postings, including electronic mail alerts, would satisfy the broad non-exclusionary dissemination conditions of Regulation FD.

As you are aware, I believe strongly that the Internet is a powerful tool that can be used effectively by corporations and all market participants to provide information to the market and investors. The Internet can empower investors to obtain and evaluate information about companies, and its potential has not yet been fully exploited. Today, many companies maintain websites on which they post their annual and periodic reports, press releases and other information of interest to investors, customers and other persons. The Commission



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COMMUNITY



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tecosystems
The Aquarium
Tim Bray
ZDNet Blog



The World's #1 Source for IR Website Best Practices and Intelligence

::IR Daily::

[print version](#)

January 11, 2005

Why corporate boards should blog

By Dominic Jones, IR Web Report and Pam Agnew, ABC Related: [10 Excuses NOT to Blog](#)

DESPITE all the changes that new laws like Sarbanes-Oxley have brought to how companies are governed and managed, one thing has still not changed: directors still don't talk to their shareholders.

Sure, boards and directors may have private meetings with high powered institutional investors on issues of corporate governance, but they almost never communicate in an informal way with rank and file shareholders and other stakeholders.

The blogging technology platform, when properly executed, provides boards and legitimate shareholders with a transparent platform to seriously engage one another on the issues. It can provide boards with a low-cost, highly effective means to establish a credible dialogue and allow directors to obtain feedback from a wider variety of shareholders with differing viewpoints.

To be sure, the concept of director bloggers is a new and dramatically different approach to board-shareholder communication. However, this is simply a case of taking an existing, proven technology and customizing it slightly for another purpose.

After carefully studying how blogs work and how the blogging community interacts, we are convinced that the technology offers a highly attractive opportunity for forward-thinking directors and boards. It enables boards to get their message out, and at the same time provide a forum for shareholders to offer informal input to their elected board representatives.

The current model is broken

Blogging technology provides a credible platform for ongoing board-shareowner communication.

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*But what do investors think about the use of
technology in conveying corporate
information?*

Results from PR Magazine study

- More time spent on Internet than print, TV, radio - buy-side, sell-side, individuals*
- Internet 2nd most important source of investment ideas for individuals*
- Corporate blogs NOT read - 85% buy side, 83% sell side, 80% individuals*
- Third party blogs READ - 42% buy side, 44% sell side, 43% individuals*

Results from PR Magazine study

Investors Want from PR Web sites . . .

- Depth of historical information*
- Easy to navigate - clean, simple, easy layout*
- Fast*
- Constantly updated*
- Downloads in Excel and XBRL formats*

KEY ISSUE: Increasingly Global Marketplace Stock Market Consolidation

- *NYSE Archipelago - March 2006*
- *NYSE Euro Next - April 2007*
- *Nasdaq OMX Group*
- *Benefits:*
 - *Diversify revenue streams*
 - *Cut costs by leveraging technology*

XBRL: Increasingly Global Marketplace

Convergence of Accounting

- SEC "Roadmap" *Standards* eliminates requirement for foreign issuers to reconcile IFRS financials to US GAAP by 2009
- Proposal and request for comment this Summer
- Concept release to be issued on possibility of allowing all US issuers to use IFRS
- End game? Global accounting standard that allows multi-company comparison

KEY ISSUE: Increased Compliance/Oversight

- *SOX*

- *Reduction in sellside coverage - 40%*
Nasdaq listings have no coverage
- *Section 404 2006 cost \$2.9 MM average*
 - *28% external cost*
 - *39% internal costs*
 - *41% auditor attestation fees*
 - *Total -23% vs YAG*

- *Regulation Fair Disclosure*

SEC Voluntary Filing Program

Objective - to create an environment for

- the filer community to test the benefits and costs of using XBRL*
- Service providers to test XBRL in their applications,*
- Financial analysts to test XBRL in their analysis*

35 in test program to date

- 3M Company
- Anadarko Petroleum Corporation
- Automatic Data Processing, Inc.
- Atria Group, Inc.
- Banco Bradesco S.A.
- Banco Itaú Holding Financeira S.A.
- Bowne & Co. Inc.
- Brazilian Petroleum Corporation (a/k/a Petrobras S.A.)
- Bristol-Myers Squibb Company
- Broadridge Financial Solutions, Inc.
- Comcast Corporation
- Commonwealth Edison Company
- Crystal International Travel Group, Inc.
- The Dow Chemical Company
- EDGAR Online Inc.
- Exelon Corporation
- Exelon Generation Company, LLC
- Fastenal Co.
- Ford Motor Company
- Ford Motor Credit Company
- General Electric Company
- Go! Intelligent Airlines, Inc.
- Infosys Technologies Limited
- Microsoft Corporation
- Net Services De Comunicações S.A.
- Old Mutual Capital, Inc.
- PETCO Energy Company
- PepsiCo, Inc.
- Pfizer, Inc.
- R.R. Donnelly & Sons Company
- Radyne Corporation
- South Financial Group, Inc.
- United Technologies Corporation
- Xerox Corporation
- XM Satellite Radio Holdings, Inc.

XBRL

eXtensible Business Reporting Language

xbri.us

Top Reasons Why PROs Should NOT Learn About and File in XBRL

1. *It's a technology tool*
2. *It's a finance tool*
3. *Do you really want to be more transparent?*
4. *I'll wait until it's mandated*
5. *I don't understand it*
6. *My analysts don't know or care*
7. *It's a standard reporting template*
8. *I will force companies to report more information*
9. *It's expensive to implement*
10. *The taxonomies are being revamped so why do it now? I'll wait*
11. *This may be beneficial to the analysts but not to the preparers*
12. *There's more liability to me if I file in XBRL along with my ASC or HTML filing*
13. *I don't have the resources to do this*
14. *I don't want to do my financials filings twice*

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1. It's a communication tool
2. Your information is out there whether you like it or not - you can be in control of your message with XBRL
3. 2007 is a "gift" from the SEC - a time to get educated
4. Analysts are getting educated NOW
5. It does NOT require more information OR standard information
6. Cost of implementation for first filing - minimal
7. Bringing XBRL into the internal processing of a public company can dramatically reduce costs
8. XBRL filings to EDGAR are considered "furnished" not filed
9. Limited resources are required to do the XBRL filing

TOP REASON: data quality

Public
company
financials
accessed
from
multiple
sources

*Wire Services, e.g.,
Reuters,
Bloomberg, DJ*

SEC Edgar Database

*Aggregate Financial
Databases, e.g.,
Compustat, FactSet,
ThomsonOne, etc.*

*Individual Investor Web
sites, databases,
Yahoo! Finance,
E*trade, etc.*

*FDIC Call report
data*

TOP REASON: Data Quality

- Data aggregators omit or combine data elements
- Numerical errors are common
- Company-posted labels are changed
- Earnings release data may not be updated to final 10K in aggregate financial databases
- It spends time trawling the databases, websites, online services to "fix" incorrect

How can XBRL solve the data quality issue?

- As-reported data more easily available*
- Better information to institutions*
- Faster, better quality data to individual investors*
- Small cap companies get "noticed"*

IMPROVED COMMUNICATION

Top Reason: Reduced Internal Processing Costs

Unite d Technologies hypothetical:

- Pre-XBRL: Processing Hours - 845*
- Post-XBRL: Processing Hours - 700*

An Actual Experience

Case Study: Comcast

- *June 2006 hired manager w/ XBRL responsibility*
- *July/August - investigated XBRL alternatives*
- *September - selected software provider*
- *Oct/Nov - Prepared 2nd and 3rd Qtr 10 Qs*
- *December - filed XBRL 10 Qs to EDGAR*
- *March 2007 - filed XBRL 10 K*

An Actual Experience

Case Study: Comcast

- *Costs:*
 - *Software \$1 595*
 - *Filing costs \$2 840 (4 quarters)*
 - *Total costs \$4 435*
 - *Time for initial filing*
 - *Education - approx. 90 hours*
 - *Initial filing - 60 hours executives; 58 hours admin for prep*
 - *Time for subsequent filings - approx 20 hours*

Key Points

- *Recommunes financial information to Wall St.*
- *Stands to gain from XBRL*
 - *Better data quality*
 - *Democratizes markets - chance for small caps to “get noticed”*
 - *Allows corporates to tell their own story*

Questions?