

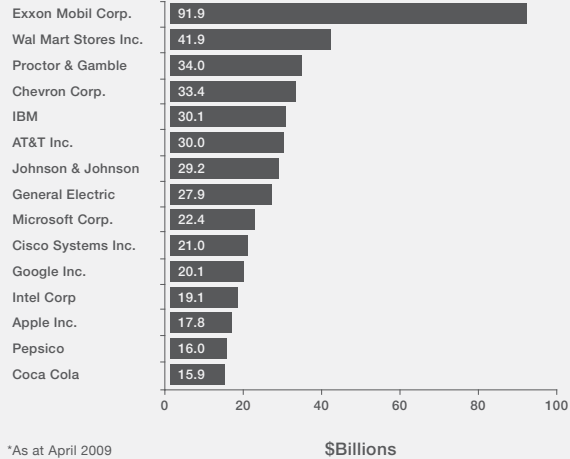


Corporate reputation will decide the winners and losers in the race to emerge from the downturn.

Few if any CEO's could fail to recognize that reputation is a major asset for corporations. But many will be surprised to learn that, according to TM's analysis of nearly 400 of America's largest corporations, on average reputation accounts for 16% of a company's value. That equates to a staggering \$1,235bn* in the S&P500 alone. In times of uncertainty, more than ever, it is reputation aside from anything else that secures the confidence of the investor community and is the main controllable driver of expectations for the company's ability to generate returns in the future.

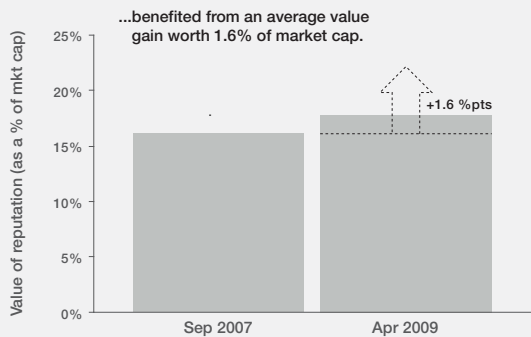
Leading Reputation Values*

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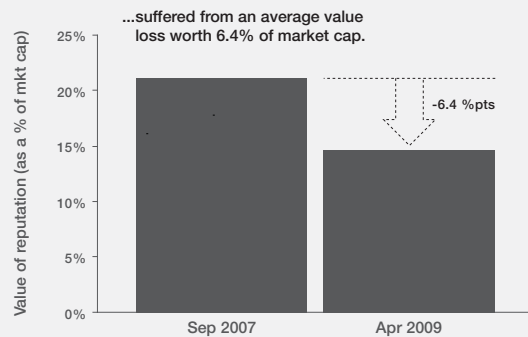


Not surprisingly, the TM study demonstrates that the companies that managed to strengthen their reputations in 2008 suffered least as the global economic crisis hit. For those companies, stronger corporate reputation translated to greater shareholder value and helped to reduce the otherwise widespread erosion of value that occurred over the last year.

S&P500 companies with reputations that have strengthened since Sep 07...



S&P500 companies with reputations that have declined since Sep 07...





The TM study reveals exactly who the “winners” are – the companies for whom strengthening reputations have propped up share price – and the size of their ‘prize’. We calculated that the ten companies whose reputations improved the most benefited from a boost in investor confidence worth a total of close to \$22bn or 4% of their shareholder value.

By contrast, the analysis calculated that “losers”, the ten companies whose reputations declined the most, suffered an average fall of 14 percentage points in the proportion of market cap. attributable to reputation. That adds up to a combined loss of \$15bn or 15% of shareholder value.

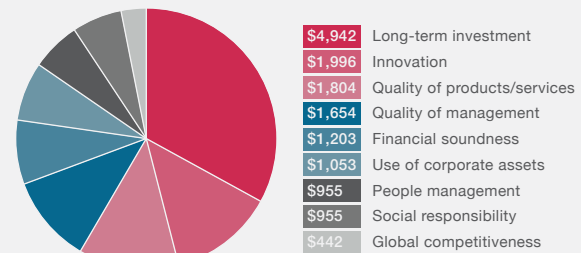
The Corporate Reputation Value “Winners”	Contribution to mkt cap
Norfolk Southern Corp	+10.6 %pts
Occidental Petroleum	+8.5 %pts
Walmart Stores	+7.0 %pts
Devon Energy	+5.9 %pts
Archer Daniels Midland	+5.1 %pts
Sprint Nextel	+8.1 %pts
Burger King Holdings	+4.1 %pts
Penske Automotive	+3.1 %pts
Xerox	+2.7 %pts
Pepsico	+3.5 %pts
All company average	-4.9 %pts

But as anyone managing corporate reputation understands all too well, it’s not about how valuable your reputation is, but how it is valuable.

The analysis breaks down the components of each company’s reputation making it possible to see precisely where the value is being added, or lost, and so which areas need attention and where investment in reputation building will deliver the greatest return.

All of which provides critical new insight for CEOs, Finance Directors and Corporate Communications executives who are managing reputation and need an accurate measure of its value and objective direction on where investment will deliver the greatest return. In short, this is an invaluable tool to guide the positioning and promotion of corporate brands in preparation for the inevitable upturn.

Components of Reputation Value \$m



*A 'typical/midsized' S&P500 Company

\$Millions

On the surface reputation and brand valuation might appear to share common ground but fact, they’re quite different.

While brand valuation has become somewhat of a hot topic among marketers in search of ways to measure and justify efforts to sell to consumers the valuation of corporate reputation and efforts to shape perceptions of the investment community have been given short shrift.

Brands have value because of their ability to motivate consumer purchases. Corporate reputations have value because of their ability

to secure investor confidence. So while P&G for example, has little or no intrinsic “brand value” the value of its corporate reputation is considerable. Its brands – Pampers, Olay etc – are valuable because they influence consumers to choose them, however P&G’s corporate reputation is valuable because it supports the confidence the investment community has in the company’s ability to deliver as it promises.

All of which adds up to the need for a fresh approach.



Reputation valuation is a major step forward and should be considered as essential due diligence by anyone involved in the management of corporate reputation.

TM's approach to reputation valuation is based on empirical measures of a variety of components of corporate reputation and hard financial metrics. It has been developed and tested over three years in which time we have analysed the performance of more than 650 of the largest companies in the UK and the US. Having validated the model, TM Reputation Value ManagementSM is now being made available in the US.

At its core TM's Reputation Value ManagementSM provides managers with an objective foundation for more effective reputation management:

- An evidenced based dollar valuation of corporate reputation
- Measures of the different reputation factors that add (or erode) shareholder value
- A robust comparison with the performance of the main peer group companies
- A framework for ROI modelling of different reputation building strategies
- Objective justification for effective reputation building strategies
- Ongoing tracking and evaluation of reputation value

So while a discussion about managing reputation for the downturn may today be like slamming the door after the horse has bolted, there is no doubt that any corporation that understands the importance of managing their reputation across the cycles should take a closer look at this important new management tool.

If you'd like to know more about how TM Reputation Value ManagementSM can help you, contact:

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