

THE FIRM VOICE

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New PR Survey Shows U.S. Emerges as the World's Innovation Leader In the Eyes of Money Managers and Analysts

Global public relations agency Waggener Edstrom Worldwide (www.waggeneredstrom.com) this week released the results of its second *Investors in Innovation* survey. Based on 130 responses from a global sample of money managers and analysts, the survey revealed the financial community's perceptions of key innovation and business issues facing capital markets and corporate decision-makers.

"Despite recent speculation about the decline of American innovation and the country's global competitiveness, respondents clearly see the U.S. as the most likely country of the seven countries included in the survey to produce the next major wave of economically stimulative innovations," said **Lev Janashvili**, WE vice president, Financial Communications, and lead author of the survey. "It is also noteworthy that 62 percent of respondents expect the current recession to end in 2010."

Key findings on innovation:

- America emerges as the innovation leader. Seventy-four percent of respondents rate America's innovation potential as strong or very strong, the highest rating among the seven countries included in the survey.
- Alternative energy and technology are expected to drive innovation. Eighty-two percent of respondents rated the innovation potential of the technology sector as strong or very strong. Seventy-nine percent of respondents assigned the same ratings to alternative energy.
- The Obama administration received its highest ratings (58 percent positive) for "facilitating the broader adoption and development of clean energy technologies." Obama gets his lowest ratings for his efforts to stabilize the banking system.
- Innovation ranks as the third most important nonfinancial variable affecting investment decisions, behind management credibility and transparency.

Key Findings on Business Issues

- Measures of management effectiveness (e.g., ROIC and ROE) received highest importance ratings among financial variables that affect investment decisions.
- Respondents rated management credibility as the most important non-financial variable affecting investment decisions, followed by transparency, innovation and corporate governance.
- Sixty percent of respondents favor restrictions on short selling.
- Survey responses reveal marked reticence about the new Securities and Exchange Commission Chairman Mary Schapiro. Only 22 percent of the respondents could say whether they held a favorable or unfavorable view of the new chief securities regulator.
- Fifty-nine percent of respondents favor mark-to-market accounting rules over mark-to-model methods.
- Respondents overwhelmingly expect oil and gas prices to stabilize or increase in 2009, and certainly in the long run.

Janashvili continued: "With regard to the relatively poor ratings of the Obama administration's efforts to stabilize the banking system, we should note that these responses diverge measurably from consumer perceptions. In a

nationwide U.S. consumer poll conducted by WE and RT Strategies in March, 67 percent of the respondents expressed favorable views of President Obama's efforts to address the current financial crisis."

He added, "The support for mark-to-market rules and for restrictions on short selling is interesting in that it seems to reveal a tension between two conflicting motives: 1) aligning corporate valuations with economic reality and 2) providing a near-term boost to the market."

The *Investors in Innovation* surveys are designed to identify and prioritize the issues and perceptions that shape the thinking of senior decision-makers in the corporate and investment communities. Based on surveys of key stakeholders across innovation-driven industries, these reports combine the findings of financial community surveys, interviews with industry thought leaders and WE's analysis of industry-focused media coverage.