

DR Abstract

IR Best Practices for Crisis Situations

In response to recent developments in the Middle East region, J.P. Morgan's Depositary Receipts Group recently hosted a conference call on investor relations best practices for crisis situations. The call focused on the dynamics of dealing with an external crisis from an IR and financial media perspective. More than 25 corporate issuers from Egypt, Bahrain and Lebanon heard from a panel of expert speakers that included:

- Omar Darwazah, Head of IR, Orascom Construction Industries, Egypt
- Amr El-Kady, Head of IR and Risk Management, Citadel Capital, Egypt
- Peter Russell, IR Advisory Specialist, J.P. Morgan Depositary Receipts Group, London
- Howard Opinsky, Managing Director of Global Media Relations, JPMorgan Chase & Co, New York

A recording of the call, including Q&A session, is available at:
<http://www.jpmorgan.com/visit/crisiscommunications>

The following are key takeaways from the call:

Why communicate during a crisis?

Higher levels of risk surrounding a company can affect its ability to generate earnings. Reducing uncertainty and perceived risk is the goal of investor communications during an external crisis.

- Good or bad communication about the company's exposure and response to new risks will shape the market's perception of it.
- Perceptions drive investor behaviour, impacting (positively or negatively) how the financial community grades, rates and invests in a company.
- To be effective, investor communications about a crisis should be accurate, credible, timely, and reassuring. It must also help manage realistic expectations about future performance.

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Who should be involved in the communications process?

When an external crisis emerges, a special communications team should be formed, comprising the Chairman, CEO, CFO, investor relations officer, corporate communications head and legal advisers. The role of IR will vary depending upon the type of crisis. If the crisis is expected to materially affect the company's future income and balance sheet, the IRO will take the lead in managing the communications process.

Key audiences to consider during a crisis include:



What are the best ways to communicate with investors during a crisis?

According to the recent experience of Omar Darwazah, Head of IR at Orascom Construction Industries in Egypt, management accessibility and proactive communication with the investment community and financial media is critical. The company needs to establish itself as the single authoritative source of information on its status during a crisis, as it relates to the company's operations, financial condition and performance outlook.

Press releases in print and on the corporate web site are a quick and simple way to communicate with investors about how the company is being impacted by an external crisis and the ways in which management is responding to it. It is important that any release only includes factual information about the crisis that can be verified by the company. In addition, the IRO should consider a management meeting or call with shareholders, sell-side analysts and bondholders, who will appreciate a willingness to engage them directly with candid disclosure. Communication with the financial markets about an external crisis could also include webcasts, which can reach a wider audience more quickly and should be archived on the company's web site.

Tips for talking with the financial community include:

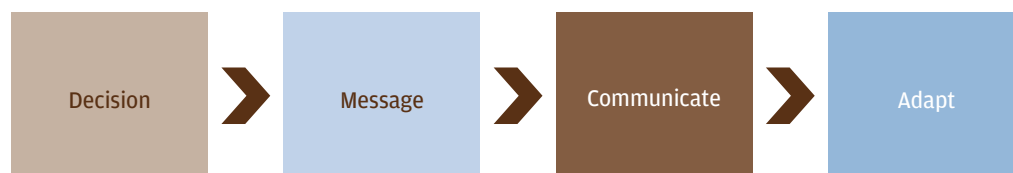
- Be prepared to run best- and worst-case scenarios for investors and analysts, as well as internal simulation exercises to help quantify risks
- Reassure that internal procedures are in place to effectively monitor the crisis and identify emerging risks
- Demonstrate awareness of wider developments, including the read-across for other markets in which the company operates

How should the communication process evolve?

It is vital to continually monitor and assess the current and potential impact of the situation in order to provide stakeholders timely and accurate information.

- Where possible, quantify for journalists and investors the impact of the crisis.
- Develop clear talking points / holding statements – reach out proactively if appropriate.
- Centralize incoming calls and direct them to appropriate spokespeople.
- Provide an informed and prompt response when possible. If you do not know the answer to a question about an external crisis, never make up an answer.
- Monitor on- and off-line opinions. Review and update messages regularly.

Communication Process



Crisis communications properly conducted by IROs is not public relations “spin” or damage control. It is the calm and sincere delivery of information that investors need at a time when the set of known facts about a crisis surrounding a company is incomplete and may be changing rapidly. It also provides an opportunity to establish a reputation for competence and bolster long-term shareholder value.

For more information, please contact your J.P. Morgan Depositary Receipt Group representative.

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Please note that this abstract is a summary of discussions on the conference call and is presented for general informational purposes only. It is not a complete analysis of the matters discussed herein and should not be relied upon as legal advice.

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