

FOR IMMEDIATE RELEASE

US CORPORATE REPUTATIONS BOLSTERING SHAREHOLDER VALUE IN VOLATILE MARKETS... BEACONS OF DEPENDABILITY – TOTAL VALUE GROWS BY 10% TO NEAR US\$4 TRILLION IN 12 MONTHS

New York, 17th November 2016 – A growing appreciation of the safety implied by strong corporate reputation helped to push up company values in an otherwise unpredictable world to the point where they're accounting for US\$3,977 trillion or, more than \$1 in every \$5 of shareholder value, across the S&P 500 according to the latest Reputation Dividend report.

Who's In and Who's Out

This ninth annual study based on analysis of the country's largest public companies, found that the proportion of market capitalization attributable to the confidence inspired by their reputations increased by 2.5% points, to an average of 20.7% across the index. **Apple** held on to the top spot with the most economically effective corporate reputation in the S&P 500. **Walt Disney** was second while **Alphabet (Google)** moved ahead of ExxonMobil to third place. **Starbucks'** 11% points rise in Reputation Contribution to 47% elevated the company from 16th to 7th position. **Boeing**, the only other company to break into the top ten, benefitted from a nearly 8% point increase in its Reputation Contribution to 44%.

Elsewhere, **AT&T** and **Occidental Petroleum** dropped out of the leaders group. Although their reputation assets continued to be high performing, both lost some shine. Worries over subscriber growth and the merit of the \$49bn tie-in with DirectTV cast shadows at AT&T and Occidental was felt to be suffering disproportionately from the sector issue of the enduringly low oil price.

As a group, the combined value of the top 10 reputations at the start of 2016 amounted to US\$1,322, half of their total market cap.

Figure 1: The Top 10 US Most Valuable Reputations

	Reputation Contribution	Reputation value (\$m)	2015 rank	Change in Rep Cont vs 2015
	55.9%	\$313,971m	1	6.4%
	52.0%	\$81,944m	2	2.6%
	51.6%	\$260,834m	4	4.4%
	51.2%	\$177,216m	3	2.6%
	47.3%	\$48,976m	7	6.6%
	47.1%	\$150,089m	10	7.7%
	47.0%	\$40,711m	16	11.0%
	46.3%	\$81,890m	6	5.2%
	45.0%	\$131,118m	8	4.5%
	44.3%	\$35,145m	14	7.8%

Reputation Dividend is used by leading corporations to support value-creation planning and strategic messaging by explaining the locus of investor interests the US, Europe and Brazil. This year, the study underlined that while investors continue to keep a close eye on company performance and prospects, they have been dealing with an unusually toxic cocktail of macro-economic events through 2015 and the first half of 2016, such as the slowdown of the Chinese economy, woes of the Eurozone, Brexit, the strength of the U.S. dollar and the uncertain U.S. elections.

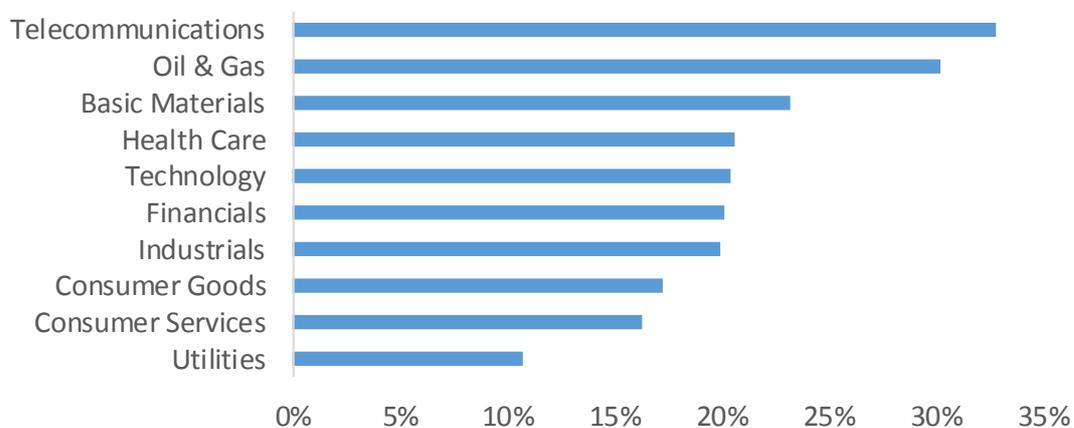
This has caused a notable change in investor's behaviour – to one of 'caution' and exhibited distinctly less optimism for companies' underlying commercial prospects. "We are witnessing the fact that investors are now giving an increasing nod to the 'safety' and assurances they infer from compelling corporate reputations" explains Reputation Dividend Director Sandra Macleod. All of which, she adds, "is focusing boardroom attention across the country and ramping-up pressure on the management of individual reputation assets".

Not All Sectors Are Equal

In addition to determining corporate winners and losers in reputation value, the study also considers the impact of business sectors. According to Reputation Dividend's Senior Vice President Bob Takacs, "Corporate performance is judged in part by reference to peers and competitors". At March 2016, average sector Reputation Contributions varied from as much as 34% in Telecommunications to as little as 13% in Utilities. He adds, "Telecommunication companies, characterised by the likes of AT&T and Verizon, operate in a mature and closely examined sector. A large degree of the

‘faith’ in stock performance is dependent on companies’ reputations which are, therefore, disproportionately influential.”

Figure 2: Reputation Contribution by Industry Sector (average)



Added Takacs, “Amid growing economic headwinds, market volatility and game changing transformations such as digital, understanding role of reputation as a beacon of reliability, dependability and delivery is more relevant than ever. They need to be sure their activities will have maximum effect in protecting and ensuring their corporate reputation is working as hard as it can.”

The full study is freely available for download at:

[The 2016 US Reputation Dividend Report](#)

BACKGROUND

Founded by ex Interbrand specialists and a team of analysts, Reputation Dividend is the only recognised index of the financial value of corporate reputation as measured as a percentage of market capitalization. This is the eighth Annual Report, covering some 360 of the largest companies in the USA. The 2016 US study was run in parallel with its sister UK study, and is based on data reported up to March 2016.

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