

# Exhibit G

# Big names fly high despite the gloom

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Amid claims that investing in brands during the crisis paid off, the reality is more nuanced, write **Louise Lucas** and **Barney Jopson**

**T**he obituaries proved premature. In the era of austerity, complete with subdued consumers and cost-cutting companies, big brands are flourishing.

Those who earn their living from the sector like to say this proves the received wisdom is correct: investing in brands through recessionary downturns pays off.

But, as this year's BrandZ survey shows, the reality is more nuanced. Some brands have gained traction – or even a second wind – on the back of new, growing markets such as China.

Others owe their renaissance or continued growth trajectory to visionary leaders, new products or a booming marketplace – in the case of newly minted most valuable brand, Apple, all three at once.

Overall, the value of the Top 100 brands is up 17 per cent on last year; they are now worth \$2,400bn, according to Millward Brown Optimor, the WPP subsidiary that compiles the rankings.

That represents an additional \$500bn on top of the pre-recession value in 2008, a far cry from the sunken

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values prophesied by the pessimists.

The recession, they believed, would prompt a mass – and sustained – swing from branded shampoos and cakes to own-label.

Further up the chain, purveyors and retailers of goods such as Net-a-Porter, the online designer retailer, began offering to wrap customers' purchases in discreet brown paper rather than the traditional luxe tissue-and-ribbons.

Yet while the top brands are worth far more, there have been other changes since the first BrandZ Top 100 in 2006 and the years before the recession. These include the constituents of the ranking, says Cristiana Pearson, MBO director.

"The composition is much more heavily geared towards technology and telecom providers, whereas

## Top 20 risers

By brand value growth, (year-on-year)

Brand	Brand value growth (%)
Facebook	246
Baidu	141
Wells Fargo	97
Burberry	86
Apple	84
Skol	68
Pizza Hut	58
Geico	53
Std Chartered Bank	45
Hermès	41
Starbucks	40
Petrobras	39
Amazon	37
UPS	35
Cartier	34
Estée Lauder	31
Mellife	31
Siemens	29
Ikea	28
Canon	27

Source: Millward Brown Optimor (including data from BrandZ, Kantar Worldpanel and Bloomberg)

before you used to see a lot of luxury brands and retail brands – a lot more consumer facing brands.

"Tech now represents a third in terms of numbers and about half the value. Cars, luxury and apparel are still recovering from pre-recession levels."

The technology sector continues to hog the limelight, but Google, the top-ranking brand four years running, has been usurped by Apple. The maker of the iPhone and iPad has seen its brand value increase 859 per cent since 2006, or by \$137bn of value. It accounts for 6.4 per cent of the Top 100 by value (compared with 5.6 per cent for Google last year).

"The big story in this year's rankings is the power of the tablet," says Eileen Campbell, MBO's global chief executive. This also explains some of the lift in value of mobile network providers, she adds.

"Apple had such a big hit with the iPhone4 and the iPad, and that has contributed to its extraordinary growth."

Steve Centrillo, co-founder and managing partner of Smiths, a branding agency in New York, points to music and mobile handsets. "Apple has radicalised two industries in which it had no expertise.

"It shows that companies willing to buck the trend can be very successful," he says.

In the process Apple has transformed itself in a way few other brands in the upper rankings have tried or wanted to.

For Stuart Wood, executive creative director at Fitch, the design and branding consultancy, it is

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"people power" that is behind Apple's meteoric rise and ability to reinvent itself.

Most recently, that has been the use of personal data on iPhones – a step away from providing computer hardware.

A similar theme runs through other technology players. Facebook, a new entrant after racking up the biggest percentage growth, made its debut at number 35. Amazon, with a 37 per cent leap in brand value, is now the top retailer, usurping Walmart for the first time.

"[Amazon] is really fitting in with the consumer desires and needs. It has the ability to be there when the consumers need it for their shopping and offers a huge, increased range," says Peter Walshe, global BrandZ director at Millward Brown.

A continuing trend is the rise of the Brit nations, with a total 19 entrants from Brazil, Russia, India and China, plus Mexico. Banks and insurers were at the top of the pile, making up five of the new entrants.

Many are names barely known outside their home country's borders. Agricultural Bank of China, for example, may boast more customers than the US has people (320m) and 24,000 branches, but its roots are in provision of loans to rural Chinese, not global finance.

Mr Wood at Fitch says: "When you have huge numbers of people banking with a Chinese or Brazilian bank, I'm not sure how relevant that is to a UK consumer – unless you are an investor."

Brands that dropped out of the Top 100 include well known names such as

Avon, Gucci and Morgan Stanley, while newcomers include Russia's Sberbank, Brazil's Itaú and China Life Insurance.

There are the bounce-backs: brands that fell out of favour and have succeeded in rehabilitating themselves.

In the 2010 ranking Toyota, the world's biggest car maker, suffered a 27 per cent drop in its brand value following its mass recall, but this year it rose 11 per cent and slipped just one place to 27th, although it regained pole position in the cars Top 10.

David Duncan, managing partner of Smiths, the New York agency, and its other co-founder, says: "What you do is far more important than what you say. It's doubly lethal – if that's possible – to continue to do the wrong thing while you say things you think people want to hear."

That is a sentiment with which BP, the UK-listed oil and gas group crippled by last year's oil spill in the Gulf of Mexico, may quietly concur. Mr Centrillo adds:

"Consumers are willing to forgive if you are willing to admit you made a mistake. We've seen that time and time again."

Says Fitch's Mr Wood: "If you start with solid foundations and trust, then brands have the ability to bounce back. Toyota is a good example: they had massive recalls, but the goodwill around that brand allowed it to bounce back."

"Banking is another

example. It's about how you hold your hand up, because there is nowhere to hide with blogs and so on."

Millward Brown's Ms Campbell puts it succinctly: "In some ways brand value is like a bank account. You can make some withdrawals as long as you are putting money back in."

She says the agency predicted last year that Toyota would rebound if it addressed its quality issues because it had "such a well of heritage for being a great brand driven by great products".

Some of Toyota's fellow Japanese brands, also labouring under issues relating to quality, must hope for similar goodwill. Sony, the consumer electronics group, is a case where – some say – such goodwill has been lost since the glory days of the Walkman, making it harder to recover from the breach of its PlayStation network by hackers.

But Ms Campbell adds that

those with longer memories would also put Apple firmly in the rehabilitation camp. "Apple is one of these fabulous stories. If I dial back 20 years to the early PC wars, we had all left Apple for dead."

"It's one of these great stories that committed leaders that focus on financial health, product innovation and strategic investment in marketing can rehabilitate the most moribund of brands" – not, she adds, that Apple was really that moribund.

But reversals of fortune can swing both ways, as Research in Motion knows. The Canadian maker of the BlackBerry slipped 11 notches to 25th place – behind names such as Oracle, SAP and China Construction Bank that are surely unknown to plenty of BlackBerry-toting types.

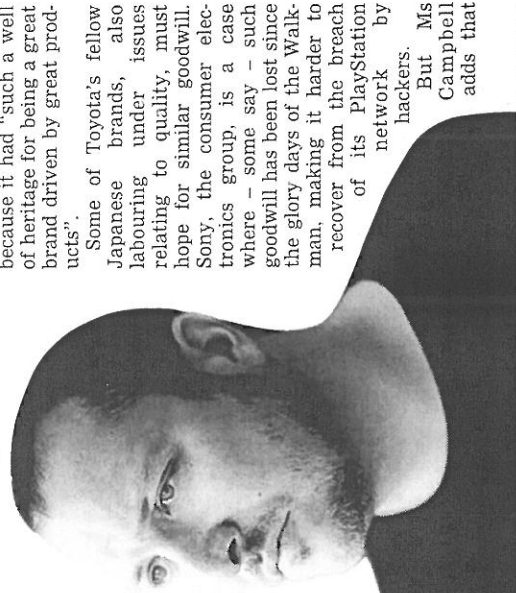
This reversal comes as RIM is bleeding market share and its chief executive, Mike Lazaridis, abruptly ended an interview with the BBC after being asked about problems in India.

Yet help may be at hand with the PlayBook, BlackBerry's first tablet, which MBO's brand experts believe may spark a revival.

As a result, BlackBerry's "brand momentum", a short term measure of potential for increasing brand value, is close to the maximum.

Issues such as those faced by RIM recently are among the challenges for brand managers. Says Mr Duncan at Smiths: "Big companies have a hard time dealing with change."

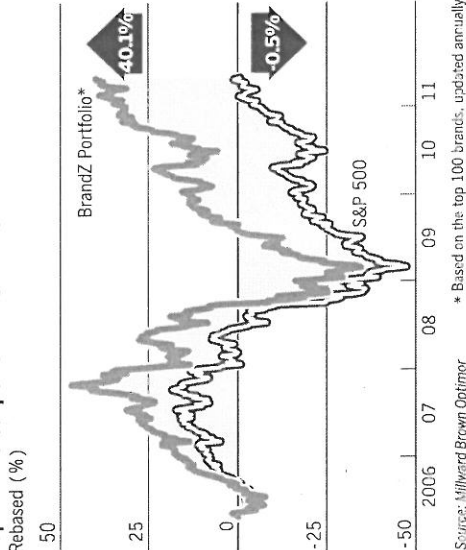
"The average chief marketing officer's tenure is 18 months. They're one mis-take away from failure. They can't fall back on an old set of rules. They're very frightened right now."



"If you start with solid foundations and trust, brands have the ability to bounce back"

Stuart Wood, Fitch

## Top brands outperform the market



Source: Millward Brown Optimor. \* Based on the top 100 brands, updated annually

## Sectors

Rises and falls across 13 categories

Category	Brand value growth '11 vs. '10 (%)	Brand value growth '11 vs. '08 (%)
Insurance	137 (10*)	6 (-51*)
Fast Food	22	42
Luxury	19	-13
Technology	18	32
Apparel	10	-1
Financial Institutions	9	7
Beer	7	32
Cars	7	-27
Soft Drinks	5	26
Personal Care	3	5
Retail	2	7
Oil & Gas	1	n/a
Telecom Providers	n/a	n/a

\*Figures in brackets exclude new entrants China Life Insurance, Ping An and China Pacific Insurance

Source: Millward Brown Optimor (including data from BrandZ, Kantar Worldpanel and Bloomberg)