To match this sample of "Transparent Companies", we identified 17 companies that form a sample with similar characteristics. Non-EITI companies and the ratio of large versus small companies are comparable in both samples. Oil companies are more represented in the sample of non-transparent companies. This is not by choice but by circumstances: among the EITI supporting companies, the mining companies are more inclined to country-by-country tax payment disclosure than the oil companies although the EITI supporters are broke down in equivalent proportion between both sectors.

Extractive industry companies not disclosing on a country-by-country basis, included in this study.

Company Name	EITI, GRI?
African Rainbow Minerals	EITI,GRI
Anvil Mining	EITI,GRI
Arcelor Mittal	EITI,GRI
Barrick	EITI,GRI
BG Group	EITI,GRI
Chevron	EITI,GRI
Conoco Philips	EITI,GRI
Eni	EITI,GRI
Exxaro	GRI
Gem Diamons	GRI
Gold Fields	GRI
Hess	EITI, GRI
Noble Energy	EITI
Shell	EITI, GRI
Tata Steel	EITI, GRI
Total	EITI, GRI
Vedanta Resources	GRI

We note that 3 EITI supporting companies were not included in any of the sample because their disclosure is done at the regional level: Vale, Glencore and JX Nippon. These companies are considered not-transparent enough to enter the sample of "Transparent Companies" but more transparent than the sample of "Non-Tranparent" Companies.

2) Identifying the Variables of Financial Performance

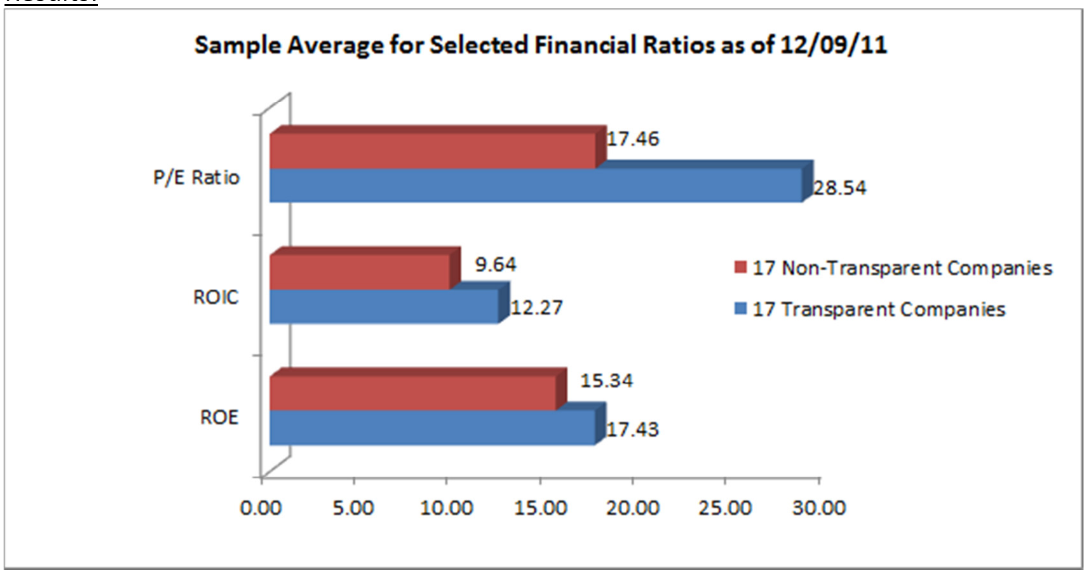
We selected 3 ratios that reflect the performance of the company in terms of profitability or efficiency and that are used by investors to compare a company to its peers within the same industry.

The Price-Earnings Ratio (P/E ratio): it shows how much investors are willing to pay per dollar of earnings.

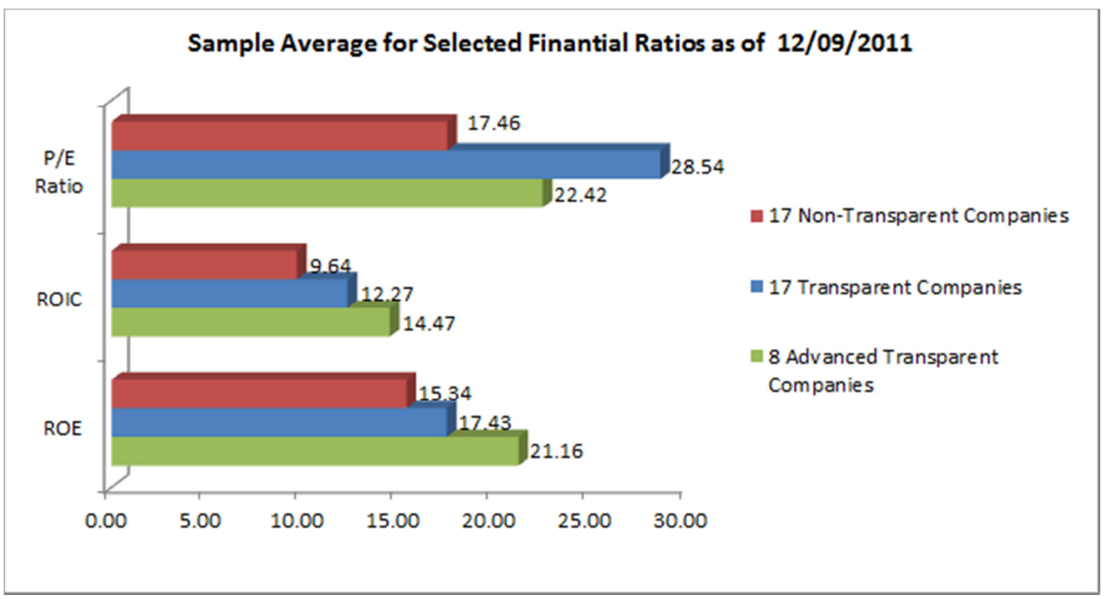
Return on Equity (ROE): it measures a company's profitability by showing how much profit a company generates with the money shareholders have invested.

Return on Invested Capital (ROIC): it assesses a company's efficiency at allocating the capital under its control to profitable investment.

Results:



Source: Bloomberg



Source: Bloomberg[1]

[1] Data is detailed in annex

The results show that transparent companies are associated with a better performance along those ratios. We are aware that these results only reveal correlation and association of results and do not claim to bring evidence of a causality effect.

Columbia University will pursue the analysis by comparing these 2 samples on the basis of cases of human rights and environmental abuses reported in 2010: the objective is also to observe correlation between transparency effort and a broader corporate responsible behavior.

Conclusion:

Extractive industry companies often operate in remote and poor areas where they are usually the main job provider. Disclosing how much companies contribute to the local economy by the taxes paid to the government is essential to maintaining important stakeholders' relationships and a license to operate. Running the risk of losing this license results in increasing the political risk associated with the investment, which has a negative impact on the financial and economic performance of the company[2]. Our study tends to confirm that transparency in disclosure of tax payments is associated with improved financial performance.

In recent years, investors' perception of political risk has heightened and was ranked as top concern of MNEs in the recent MIGA-EIU 2011 survey[3]. The report mentions that this political risk is associated with the instability of the regulatory regime as the key concern, rather than the regulatory regime itself. In an article about to be published by Columbia University covering 6 case studies of fiscal reforms (Chile, Peru, Indonesia, Zambia, Tanzania, Canada and United Kingdom)[4], it is shown that across the case studies, there is generally a degradation of the attractiveness of the country's taxation regime during the reform and immediately after the reform but one year later, the attractiveness is reestablished to pre-reform levels. This confirms the fact that what investors abhor is instability rather than taxes in themselves, especially when a fiscal reform legitimately comes to redress an unfair balance. It is now a well-known phenomenon and confirmed by these case studies that opacity on fiscal terms leads to mistrust, social unrest, insatiable claims and political pressure on the government to change the regulatory regime.

Thus, fighting to keep the opacity on fiscal payments goes against the corporate interest seeking stability.

In addition, the same MIGA-EIU 2011 survey report mentions that "heightened attention through legislation to these issues by a number of countries that are sources of FDI in the developing world—for example, the Foreign Corrupt Practices Act (FCPA) in the United States and the Bribery Act in the United Kingdom—help to reduce such risks"[5]. The report also points out that "transparency is vital for the

[2] For instance, Witold J. Henisz, Professor at The Wharton School, University of Pennsylvania, in his study called " **Spinning Gold: The Financial Returns to External Stakeholder Engagement"** provides direct empirical evidence that increasing cooperation and reducing conflict with stakeholders enhances the financial valuation of a firm.

[3] http://www.miga.org/documents/WIPR11.pdf - page 18-20

[4] Vale Columbia Center on Sustainable International Investment - The Yearbook on International Investment Law and Policy 2010/2011, Edited by Karl P. Sauvant, New York: Oxford University Press (*forthcoming December 2011*)

[5] http://www.miga.org/documents/WIPR11.pdf - page 19

extractive sector" when it comes to risk reduction. Similarly to Section 1504, the FCPA was also accused of harming the competitiveness of compliant companies and it is now promoted as an instrument which contributes to the curbing of political risk.

Thus, fighting the regulation set forth by Dodd-Frank goes against the corporate interest seeking political risk reduction.

Finally, the fact that investors integrate sustainability criteria in their investment strategies is now an enshrined trend. The Social Investment Forum Foundation's 2010 Trends Report[6] highlights that "in the US, the assets and numbers of investment vehicles tracked that incorporate environmental, social and governance (ESG) criteria rose sharply since the last study conducted in 2007. These assets, excluding the assets of separate account vehicles, increased 182 percent from $202 billion to $569 billion. The number of funds that incorporate ESG factors rose 90 percent from 260 to 493." Our study tends to confirm that a sustainability behavior promoting transparency has financial value.

Thus fighting the introduction of a mandatory governance standard goes against the corporate interest seeking an improvement of their attractiveness with funds' investing strategies.

Please do not hesitate to contact us if you have any questions regarding the study.

Sincerely,

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[6] http://ussif.org/resources/research/documents/2010TrendsES.pdf, page 9

Annex – Table of Results – Source: Bloomberg as of 12/09/11 -

Company Name	ROE	ROIC	PE RATIO
Anglo American	21.68	12.46	9.58
AngloGold Ashanti	2.67	3.33	126.22
BHP Billiton	44.92	34.74	10.93
Freeport-McMoran	45.58	29.02	12.97
Gold corp	8.82	4.90	33.93
Iamgold	10.78	8.81	23.80
Kinross Gold Corporation	8.14	6.01	32.79
Lundin Mining	10.43	6.80	14.60
Newmont	18.94	17.11	13.44
Norsk Hydro	3.69	3.94	32.03
OZ Minerals	20.05	14.77	10.00
Repsol YPF	23.40	14.21	5.43
Rio Tinto Plc	28.04	19.08	9.51
Statoil	18.23	11.78	11.58
Talisman Energy	6.00	2.73	88.48
Teck	12.18	8.22	35.31
Xstrata	12.75	10.60	14.57

Company Name	ROE	ROIC	PE RATIO
African Rainbow Minerals	17.01	13.48	12.09
Anvil Mining	4.35	NA	67.38
Arcelor Mittal	4.72	NA	17.66
Barrick	19.19	12.76	16.74
BG Group	13.61	11.31	20.19
Chevron	19.31	12.72	9.76
Conoco Philips	17.4	7.3	11.5
Eni	12.99	9.03	9.39
Exxaro	34.33	12.98	9.11
Gem Diamons	5.38	6.57	26.22
Gold Fields	8.77	6.58	23.12
Hess	14.13	10.09	14.89
Noble Energy	11.15	6.31	20.4
Shell	14.15	8.02	10.16
Tata Steel	30.76	8.03	6.28
Total	18.72	10.46	8.38
Vedanta Resources	14.88	8.92	13.5