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7 July 2008

PRESS NOTICE

PRE-EMPTION GROUP PUBLISHES UPDATED STATEMENT OF PRINCIPLES

The Pre-Emption Group has today published an updated version of its Statement of Principles. These Principles provide guidance to companies and investors on the factors to be taken into account when considering the case for disapplying pre-emption rights.

The Pre-Emption Group has also reported on how the Statement of Principles was applied in 2006 and 2007. The evidence suggests that it was used as intended, with an increase in the number of applications to disapply pre-emption rights by more than 5% of ordinary share capital and an improved dialogue between companies and investors.

For this reason the Group has made only limited amendments to the Statement of Principles at this time. These changes:

- clarify that convertible instruments are covered by the Statement of Principles;
- acknowledge that shareholders would not normally have concerns if there was no dilution of value as a result of the proposed issue; and
- recommend that companies should not seek an authorization for more than a maximum of 15 months, in line with current practice.

Introducing the report Scott Dobbie, Chairman of the Pre-Emption Group, noted:

“There have been significant changes in market conditions since the period covered by this report, and some parts of the UK system of raising capital have come under strain. In learning lessons from recent events it is important to distinguish between process issues – which are rightly being reviewed by HM Treasury and the FSA - and the principles of transparency, engagement and equal treatment for all shareholders

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that underpin the UK system and are supported by pre-emption rights. The system needs to be streamlined, not abandoned”.

Notes for Editors

1. Pre-emption rights give existing shareholders in a company the right to subscribe for their pro rata share of any new shares in that company issued for cash, providing them with protection against inappropriate dilution of their investments. Pre-emption rights are enshrined in law and, under the Companies Act 2006, may be disapplied only by a special resolution of shareholders at a general meeting of the company.
2. The Statement of Principles was issued in 2006, replacing the Pre-emption Guidelines, which had been published in 1987 by the original Pre-Emption Group. The principles relate to issues of equity securities for cash other than on a pre-emptive basis pro rata to existing shareholders by all UK companies which are primary listed on the Main Market of the London Stock Exchange. The principles state that:
 - While pre-emption rights remain a cornerstone of UK company law and provide shareholders with protection against inappropriate dilution of their investments, a degree of flexibility is appropriate in circumstances where new equity issuance on a non pre-emptive basis would be in the interests of companies and their owners.
 - Companies have a responsibility to signal an intention to seek a non-pre-emptive issue at the earliest opportunity and to establish a dialogue with the company’s shareholders.
 - Shareholders have a responsibility to engage with companies to help them understand the specific factors that might inform their view on a non-pre-emptive issue by the company. They should review the case made by companies on its merits and decide on each case individually using the usual investment criteria.
3. Copies of the updated Statement of Principles can be obtained from: www.pre-emptiongroup.org.uk.
4. Members of the Pre-Emption Group represent listed companies, investors and intermediaries. A list of members is attached.
5. Press enquiries should be directed to: Scott Dobbie tel: 020 7645 0603; e-mail: scott.dobbie@sii.org.uk

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Members of the Pre-Emption Group

Scott Dobbie	Chairman, Securities & Investment Institute and Chairman of the Pre-Emption Group
John Aston	Chief Financial Officer, Astex Therapeutics Ltd (representing the BioIndustry Association)
Peter Blythe	Director of Corporate Finance, Experian Group Ltd (representing the Hundred Group)
Simon Fraser	President – UK and Europe Institutional, Fidelity Investments (representing the Investment Management Association)
David Hobbs	Director, FTSE Group (representing the National Association of Pension Funds)
Bob Holt	Chairman, Mears Group plc (representing the Quoted Companies Alliance)
Stuart Siddall	Finance Director, AMEC plc, June 2000 – May 2008 (representing the Association of Corporate Treasurers)
Robert Talbut	Chief Investment Officer, Royal London Asset Management (representing the Association of British Insurers)
Chris Hodge	Corporate Governance Unit, Financial Reporting Council and Secretary to the Pre-Emption Group