



What's new at RD:IR



Richard Davies
Managing Director

Dear colleague

Welcome to our first Newsletter of 2010, which we hope to be a better year for our clients than 2009, despite the threat of double-dip recession.

After a slow first half in markets last year, we saw a major upswing in activity from August onwards with much talk of deals and IPOs, though many of these corporate actions eventually failed to take place. Our proxy department received a lot more enquiries in the second half of the year, and we ended 2009 on a very interesting note. Our retained client, Mitchells & Butlers, took us on to handle the "defence" campaign for their AGM in January 2010. Many of you will have read the press reports about the issues faced by the Board of MAB, which had an uphill struggle to push through its recommendations against the will of the two of the company's major investors, Piedmont and Elpida, the vehicles of Joe Lewis and John Magnier / JP McManus respectively.

We carried out wide and deep campaigns to all MAB's institutional and retail investors and managed to garner a significantly higher than average turnout on voting. The issues around this AGM are of interest to all UK companies as the role of activist shareholders increases in importance. As many commented at the time, the decision of the Takeover Panel not to back the Board in its claim that the opposing shareholders were acting in concert was a turning point in the campaign. These events highlight the question of the level of proof the Panel should require to prove a concert party exists, and whether the Panel is in a position to carry out an appropriate level of investigation into such matters. This debate will continue for some time.

Despite the recent spate of aborted IPOs, we believe that the market is building up to a flurry of new issues across Europe, hopefully not based on private equity houses trying to flip their debt-ridden portfolios. We sense the start of the return of "vulture culture", where activist funds exploit the price weakness of asset backed businesses. Considering the significant opportunities that exist for asset stripping in a swathe of deeply discounted stocks, the lack hitherto of such activity underlines the weakness until recently of the credit markets and the banks to support these investors.

As many of our clients are readers of the IR Society's journal, *Informed*, I will not repeat my comments here about my work for the Society. Suffice to say that I have been very involved in recent weeks with policy issues for our sector, including the response to the Walker Review and the ECB's proposal on the implementation of a pan-European securities settlement platform, T2S.



Due to RD:IR's input into recent governance debates, the All Party Parliamentary Corporate Governance Group has asked me to join as an advisor, which will provide a useful way to distribute the insights from our work to those that shape the legal and regulatory framework within which we all operate.

Getting back to business, our traction amongst the small- and mid-market corporate stockbroker community continues to strengthen with the addition to our stable of the clients of Brewin Dolphin and FinnCap. We look forward to working with the IR teams at both firms to improve their offerings to their corporate clients.

Our relationship with the Oslo Bors and the market in Norway goes from strength to strength. We are now acting for a wide range of Norwegian companies including three of the top five by market capitalisation (Norsk Hydro, Orkla and Telenor). We offer companies in Norway highly detailed shareholder analysis plus our IR CRM service via our *IR InTouch* platform.

Many of our direct corporate clients have asked us to carry out global targeting exercises to provide an independent audit of investor interest which they can use to shape their roadshow programme in conjunction with their bank or broker. The changing shape of the investment bank means that companies need to manage ever more stringently demand for their equity – and to manage effectively the scarce resource of management time.

Our online platforms continue to develop both in terms of generic functionality but also in terms of the range and depth of bespoke reporting which we tailor to individual client demand. We see this latter element continuing to grow in importance as the IR market develops in sophistication and IROs increase the variety of ways they report to their boards.

Despite the very real threat of a sustained economic downturn, we continue to grow as we see real opportunities in the UK and overseas for our products and services. We have been recruiting more staff to deal with our growing clientbase and what we believe will be a busy AGM season as investors start to become more activist with boards on issues such as remuneration.

In recent weeks, we have been thinking about how we can widen our offering further in terms of additional consultancy services and to this end, we shall soon be announcing some exciting developments in this area.

On the theme of exciting developments, I would like to congratulate our Head of IR Services, Isabel Richardson, on her civil partnership of last November. It was a wonderful day in a beautiful setting, and I am sure you will join me and everybody at RD:IR in wishing her and Linda all the best for their future life together.

Finally, many thanks to Michael Nikolakis for compiling this newsletter. Michael will also be compiling our press releases going forward.

Have a wonderful Spring 2010!



IR:InTouch: new features



Isabel
Richardson
Head of IR
Services

As part of our ongoing product development, we are pleased to inform you that we have released a number of new features within *IR InTouch*.

New Institutional Profile Options

When creating an institutional profile, you can now include up to 5 previous meeting notes for meetings with the chosen institution. You also have the option to include or exclude associated contacts. This has always been available through the roadshow pack and now this flexibility is also available when creating an institutional profile on a standalone basis.

New Advanced Search Functionality: Search for Contacts by Stock Code

This function can help you to create contact lists for roadshow management and targeting - for example find the contacts in a particular city or country that are in your top 10 investors by combining the stock code search with a search on city, country or any of a range of fields. This useful tool has always been an option on an institutional level but now you can utilise it on a contact level too.

Only Display Contacts with Email Address

On the advanced search page for contacts, you can now select to display only contacts with email address by ticking the box at the bottom of the page. This can be done in combination with any other selected search filter. You can email the contacts directly or add them to a saved list to come back to them in the future.

If you have any questions or require further information, please do not hesitate to contact us

The screenshot shows the IR:InTouch interface with the following data:

Holdings				Weightings	
Date	Number of shares	Holding percentage			Sector
Current	02/12/09	11,465,941	3.65	Current weighting in stock	1.65
Previous	02/11/09	15,515,304	2.23	Average weighting in market/sector	17.36
Change		-4,049,423	-0.58	Weighting difference	-15.71

Primary office address: 25 Cannon Street, London

Investment details: Type of investor, Asset Manager, Investment style, Value & Growth

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Annual Report & AGM Services



Caroline Henry
Joint Head of Analytics

Shareholding analysis for Annual Reports

RD:IR is retained by around 450 clients to provide shareholder analysis. With an unrivalled reputation in this area we are ideally placed to provide you with all relevant shareholding analysis required for publication in your Annual Report & Accounts.

Substantial shareholders

In line with Chapter 9 of the Listing Rules, listed companies are required to include information on their substantial shareholders (holdings over 3%) in the Annual Report & Accounts. We believe it is in the best interest of transparency that companies disclose in their annual reports all holdings over 3%, as identified through s793 interrogation for holdings as at the year end, as well as those made known to the company through the DTR / TR1 disclosure process. In order to avoid confusion, we recommend appropriate commentary as show below.

We believe that the use of TR1 disclosures only, while fulfilling the requirements of the Listing Rules, is misleading as such disclosures are often only partial (investors may disclose purchases and not sales, for example), may be out of date, include double counting and/or do not show the entire holding of an investor, particularly if a fund manager holds stock via entities not covered by the disclosure rules (for example, unit trusts / mutual funds).

Substantial Shareholdings		
Listed below are shareholdings of 3% and over of the Ordinary share register as at 30th XXX 2010*		
	Number of shares	% of ISC
Legal & General Investment Management <i>(includes holding of 40,345,234 shares as disclosed in the TR1 dated xxx 2010)</i>	44,332,495	6.38
M&G Investment Management <i>(includes holding of 24,435,134 shares as disclosed in the TR1 dated xxx 2010)</i>	29,032,182	4.18
Aviva Investors <i>(includes holding of 29,111,111 shares as disclosed in the TR1 dated xxx 2010)</i>	27,380,581	3.94
* These holdings have been verified by enquiries made under s793 of the Companies Act 2006		



Sector of owner analysis

Although not a regulatory requirement, many companies include in their Annual Report a breakdown of their shareholders by sector of beneficial ownership. This provides a better understanding of the composition of stock ownership than the standard registrar supplied shareholder analysis which does not analyse further than the nominee level.

This analysis is included in our standard share analysis reporting but if your register analysis date does not coincide with your year end date, we can produce an additional share register analysis to the latter date to provide you with the relevant figures.

Sector of owner	% age of ISC
Central Government	1.51
Charities	1.58
Corporate Entities	0.41
Exchange Traded Funds	0.02
Hedge Funds	0.12
Insurance Funds	18.48
Investment Funds	1.87
Mutual Funds	16.08
Pension Funds	18.54
Retail	37.77
Trading Accounts	3.62
	100.00

Proxy & Corporate Action Services for AGMs

RD:IR's Proxy & Corporate Action team is emerging as a major UK provider of choice for companies requiring proxy solicitation services.

We have worked on a vast range of corporate actions as well as vote chasing for AGMs, and our services can help you achieve the highest possible level of shareholder participation.

VoteMatch

We conduct detailed analysis of voting so you can track whose vote has come in. We match the registrar voting reports to the underlying beneficial owners & fund managers and can provide daily monitoring as required.

If you have any questions or require further information, please do not hesitate to contact us

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Policy Update: Companies Act Implementations



Ian Smith
Client Manager (Analytics) and
Head of Analytics Support

The final implementations of the 2006 Companies Act came into effect on 1st October 2009; and contained among other things a small but important change requiring all records eligible for public inspection to be 'kept available for inspection' at a company's registered office or at a single alternative inspection location (SAIL). As such, this change in legislation had a significant impact on companies engaging in analysis of its share register.

Although made with best intentions, in that it is no longer possible to make documents eligible for public inspection difficult to do so by holding them in far flung regional offices, what the legislation effectively has done is to make it more difficult and more expensive for a significant number of companies to keep its s808 register (one such document eligible for public inspection) and comply with the Act. The register consists of the information sourced from issuing s793 notices in the course of carrying out a programme of share register analysis. It was very often stored in hard copy format by specialist share register analysis houses as they issue the s793 notices; therefore this location was the easiest and most practical and economical method of doing so.

However, the changes brought in last October rendered the previous system non-compliant as practically, only registrars qualify as a SAIL.

Furthermore, the changes didn't require the register to be maintained at a company's registered office and there was never any need for inspections to actually take place at this venue if other arrangements are made with those who wish to inspect it. It simply represented an extra burden for companies trying to understand who its shareholders are.

In order to address our clients concerns about having to transfer s793 notices to other locations once received, ensure their full compliance with the Act and most importantly find a cost effective solution to the problem, RD:IR have developed an electronic access system for all clients taking our s808 services. Whilst providing access 24 hours a day 7 days a week to their registered offices, the system also can be accessed by any authorised person in the company from any office. The system retains the benefits of hard copy storage by replicating the old style of s808 maintenance but now in an online environment.

If you currently do not take RD:IR's s808 service and would be keen to know more please contact me.

Ian Smith
Client Manager (Analytics) and
Head of Analytics Support
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Policy Update: Final Recommendations of the Walker Review on Corporate Governance



Yolande Lundy
Proxy Research Manager

The final recommendations of the Walker Review were published on 26 November 2009. In it, Sir David Walker called for the boardroom to become 'a more challenging environment' in his long-awaited independent review of corporate governance in the banking sector.

The main thrust of the report concentrated on developing behaviour and culture rather than process.

Sir David argued that Chairmen have a significant role to play and that they should be responsible for promoting an atmosphere in which different views are seen as constructive and encouraged. The report also stressed the importance of the chairman's leadership role on the board, not least in terms of setting its agenda and ensuring that directors receive all information relevant to discharging their obligations in an accurate, timely and clear format.

The report demanded that non-executive directors (NEDs) should be 'ready, able and encouraged' to challenge and test proposals put forward by the executive. This would require NEDs to devote enough time to the role in order to assess risk and ask tough questions about strategy.

This would hinge on better support being provided to NEDs, for example, that 'thematic business awareness sessions' should be provided on a regular basis, and that each NED should be provided with 'a substantive personalised approach to induction, training and development to be reviewed annually with the chairman'.

Sir David also recommended that dedicated support should be provided on any matter relevant to the business, and suggested that external involvement was unlikely to provide more dependable support than that provided by the company secretariat or other dedicated internal capability.

The report also argued that there should be a 'formal and rigorous' board performance evaluation each year, with external facilitation every second or third year. The evaluation statement, which should appear in the Annual Report, should confirm that this process has been undertaken and should indicate the extent to which issues were raised in the course of the evaluation.

The report goes on to make a wide range of other recommendations in several areas, including risk, remuneration and shareholder engagement.

The final recommendations re-emphasise the responsibility of shareholders as owners. The report recommended that institutional shareholders and fund managers should consider themselves "stewards" and engage more actively with the boards of investee companies. A new investor stewardship code is to be established and overseen by the Financial Reporting Council (FRC). This new code will sit alongside and complement the UK's Combined Code on corporate governance and will be based on the 'comply or explain model'. It is not expected that legislation to adopt the recommendations will be introduced until 2011.



Shareholder analysis & IR contact management – case study

Client: SABMiller

Project: Share register analysis and contact relationship management

ir:intouch

Background

We started working with SABMiller, the FTSE 100 international brewing company, in 2004 when we began analysis of the share register. RD:IR then took on management of their s793 and s808 requirements and, in 2007, integrated this with RD:IR's contact relationship management software.

SABMiller wanted a fully integrated software system for the share register analysis data and contact database, in order to communicate to targeted e-mail distribution lists to the buy- and sell-side financial institutions.

What we did

SABMiller's share register is unusual in that the proportion of UK-based fund managers is relatively low, with a high percentage in South Africa and North and South America. With an active and international investor relations programme, it is essential for the Board and investor relations team to have an accurate picture of the institutions holding the shares and to know which are buying and selling the stock.

In addition to the rigorous shareholder analysis applied to the share register, RD:IR provides monthly management reports giving commentary on the analysis and graphical information, particularly with regard to geographic information including the US/UK split of investors.

On a quarterly basis a Board report is produced giving greater emphasis to the major themes and trends affecting the share register; for example if there has been any notable shift in the style of institutions investing in the stock.

The integration of this information with the contact relationship management database was tailored to form a platform from which the Investor Relations team could manage their investor relations programme and effectively target existing and potential shareholders.

After importing SABMiller's existing contact and meeting data, the *IR InTouch* team conducted an initial research project contacting existing and potential investors, to ensure the information on the database was accurate and relevant.

Contacts were added to SABMiller's e-mail distribution lists when consent was given by the fund manager, buy-side or sell-side analyst ensuring that all communication sent by the company is targeted effectively to those happy to receive, and interested in, the information being sent.

SABMiller's investor relations team uses the email distribution lists to send financial updates and invitations to seminars and webcasts.



The *IR InTouch* software allows meetings and contact with investors to be recorded. The investor relations team at SABMiller add their meetings to the database so that they can audit and track contact with the investment community.

The integration of the shareholder analysis and contact management information meant we could work with the team at SABMiller to create a system to categorise target investors.

SABMiller chose to assign a platinum, gold, or silver rating to their key institutions and contacts. Reports of any of these categories can be downloaded from the system tracking the institution against historic holdings and weightings and when they were last seen, adding another layer of intelligence to the targeting process.

In 2009 the *IR InTouch+* team ran a global research campaign on behalf of SABMiller to recommend absentee and underweight investors to achieve precise investor targeting.

Outcome

SABMiller's shareholder information is not only linked to its contact database, but tailored to the specific needs of the company to facilitate the ability to use their data effectively, tracking trends and maximising their targeting capabilities.

The relevant contacts researched and visible to the investor relations team exceeds 3,390 including 1,770 in the UK and 780 in the US.

"RD:IR's share register analysis service is always accurate and the contact relationship management system has helped us communicate with our current and potential investors. Also, RD:IR's team ran a very useful targeting exercise recently which has been the basis for our investor targeting refresh."

Gary Leibowitz
Senior Vice President,
Investor Relations



Employee matters

Charities of choice

Employees at RD:IR raised £725 for **Dickey's Orphanage** in Lhasa which was the flagship charity of 2009. Dickey's Orphanage is home to 72 children who have either been abandoned, or lost their parents through illness or accidents.



<http://dickeyorphanage.org/>

RD:IR's flagship charity for 2010 is **Cancer Research UK**.



www.cancerresearchuk.org

IMC exams

Congratulations go to Saskia Kort, Senior Researcher, who recently passed Part One of her IMC exams.



Saskia Kort
Senior Researcher

Congratulations!

We would like to congratulate Isabel Richardson, Head of Investor Relations Services at RD:IR, on her civil partnership with her partner of the last nine years, Linda.

The memorable ceremony and the fabulous party which followed took place at Buxted Park Hotel in East Sussex on 21st November 2009.

We send Isabel and Linda our very best wishes!



Isabel & Linda Wedding Buxted Park 2009



New clients since May 2009

Companies

Alexon Group Plc
Alliance Pharma Plc
Alumasc Group Plc
Avesco Group Plc
Avingtrans Plc
BG Group plc *
Biotech Growth Trust Plc
Black Sea Property Fund Ltd
Blackrock Hedge Selector Limited
Blacks Leisure Group plc
Blavod Wines and Spirits Plc
Burford Capital Limited
Carluccio's Plc
Cello Plc
Clearstream Technologies Group plc
Conexion Media Group Plc
Conygar Investment Company PLC
Copeinca ASA
Corac Group Plc
CVS Group Plc
Cyril Sweett Group Plc
Dechra Pharmaceuticals Plc
Education Development International Plc
Falkland Islands plc
Finsbury Growth & Income Trust Plc
Finsbury Worldwide Pharmaceutical Trust Plc
Flying Brands Ltd
Future Plc
GB Group plc
Glisten Plc
Go Ahead Group Plc
Gresham Computing Plc
Hansteen Holdings plc
Hargreaves Services Plc
Hexagon Human Capital Plc
Highlex Group Plc
Hornby plc
Huveaux Plc
IDOX plc
Inland Plc
Interserve Plc
Iomart Plc
JD Wetherspoons Plc
Jubilee Platinum Plc
Kiwara Plc
Kopane Diamond Developments Plc
Latchways Plc
London Mining Plc *
Mariana Resources & Technology Limited
Melrose Resources Plc
Menzies (John) plc
Mitchells & Butler Plc *
Modern Water Plc
Morson Group Plc
MWB Business Exchange Plc
NCC Group plc

* Direct clients



Nichols Group plc
 Norcon Plc
 Norsk Hydro ASA
 Norwegian Property ASA
 Offshore Hydrocarbon Mapping plc
 Opera Software ASA
 Ora Capital Partners Plc
 Orkla ASA
 Oxford Catalysts Group Plc
 Persian Gold Plc
 Phoenix IT Group plc
 Phytopharm Plc
 Praesepe Plc
 Printing.com Plc
 Prosafe SE
 RAB Capital PLC
 Regenersis Plc
 Regus Plc
 Renew Holdings Plc
 Ruffer Investment Company Limited
 Rutley European Property LD

Savile Group Plc
 Schibsted ASA
 Scott Wilson Group Plc
 Speedy Hire Plc
 Spiritel Plc
 Stadium Group Plc
 Stanelco Plc
 Strategic Thought Group Plc
 Telecom Plus Plc
 Telenor ASA
 Terrace Hill Plc
 TGS-Nopec Geophysical Co ASA
 Thames River Multi Hedge PCC Limited *
 The Eastern European Trust Plc
 Thorntons Plc
 Treveria Plc
 TTS Group ASA
 Volga Gas plc
 VP Plc
 Xploite plc
 Zoo Digital Group plc

* Direct clients

New intermediaries

Altium Securities
 Brewin Dolphin Investment Banking
 FinnCap
 Frostrow Capital Investment Trusts
 Macquarie Group
 Smith & Williamson Corporate Finance

New services to existing clients

s808 Management

Blackrock Latin American Investment
 Trust Plc
 Inland Plc
 Mallett Plc
 Menzies (John) plc
 Silence Therapeutics plc
 Speedy Hire Plc
 St. Modwen Properties Plc
 TT Electronics Plc