
Capital Partners Securities:

“Why Listing in London”

London is still ranked number 1 financial centre

Financial Centre	Rating	Rank
London	790	1
New York	774	2
Hong Kong	729	3
Singapore	719	4
Shenzhen	695	5
Zurich	676	6
Tokyo	674	7
Chicago	661	8
Geneva	660	9
Shanghai	655	10
Sydney	651	11
Frankfurt	649	12

London

- European headquarters of 65% of Fortune 500 companies
- Europe's largest insurance market
- 300 international banks have a presence in London
- Three quarters of European hedge funds are managed in London
- 25% of funds managed in London are from overseas

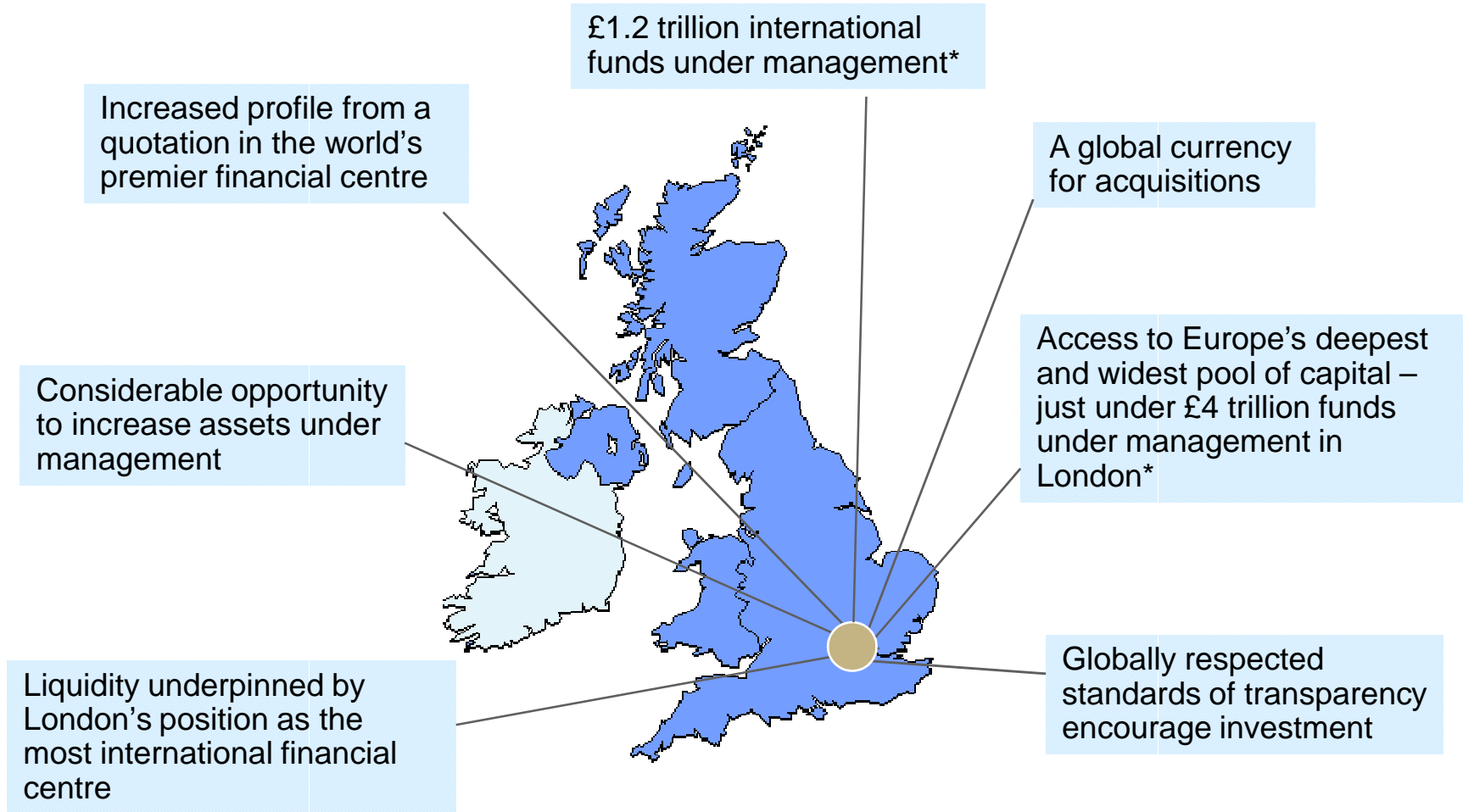
Companies on LSE main market are exposed to:

- Some £1,200 billion of insurance funds
- Over £725 billion of assets in over 2,500 pension funds
- Over £370 billion of assets in over 2,000 mutual funds
- Some £60 billion of assets in over 200 investment trusts
- £87 billion in retail ISA and PEP plans

Liquidity

- 42% of global foreign equity trading took place in London in 2006
- US\$31 billion monthly trading on the IOB, the worlds largest electronic order book for DRs.

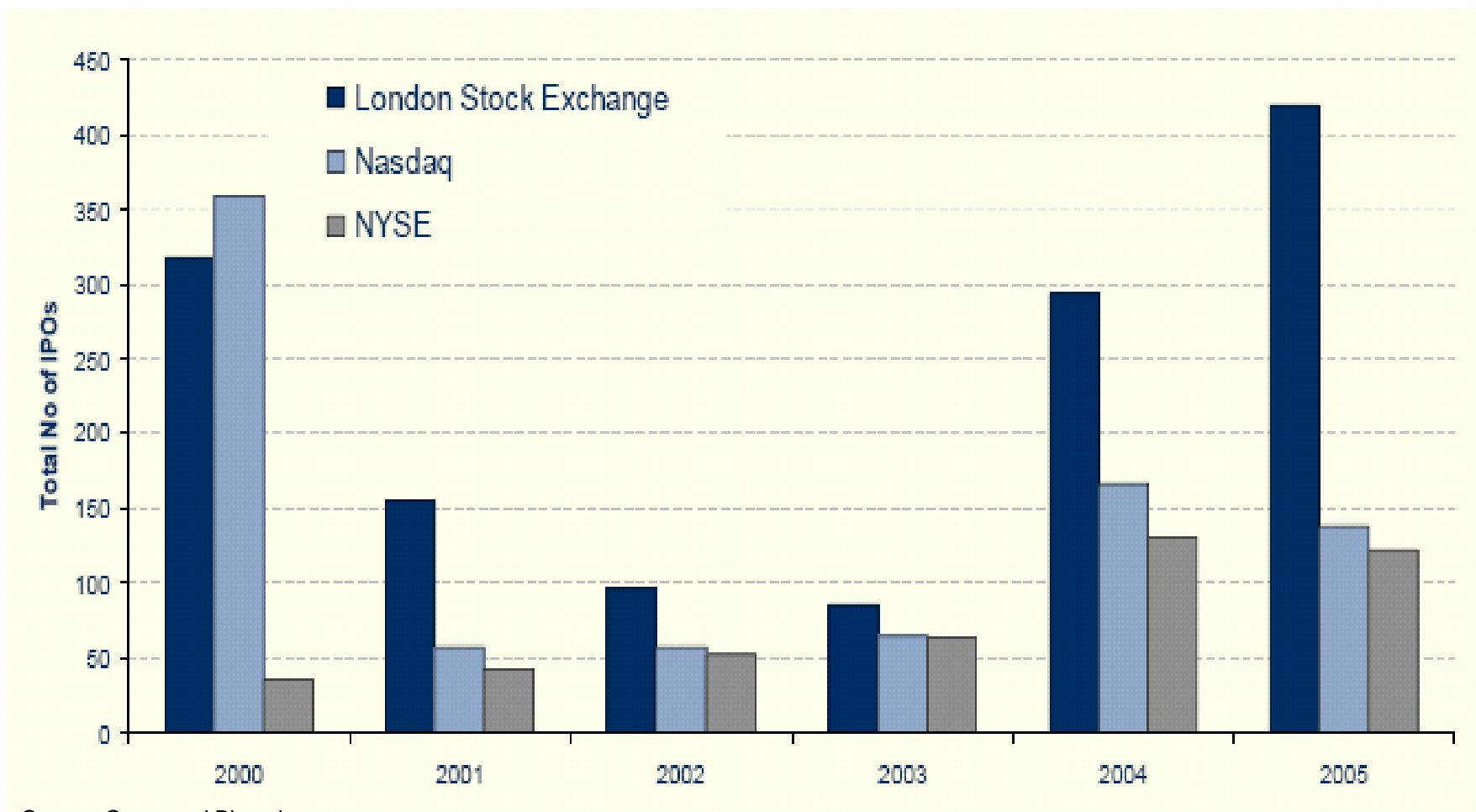
A London quote to maximise shareholder value



* source: IFSL

London had twice more IPOs than NY (2000-5)

Number of IPOs in London vs (Nasdaq & NYSE) 2000 to 2005

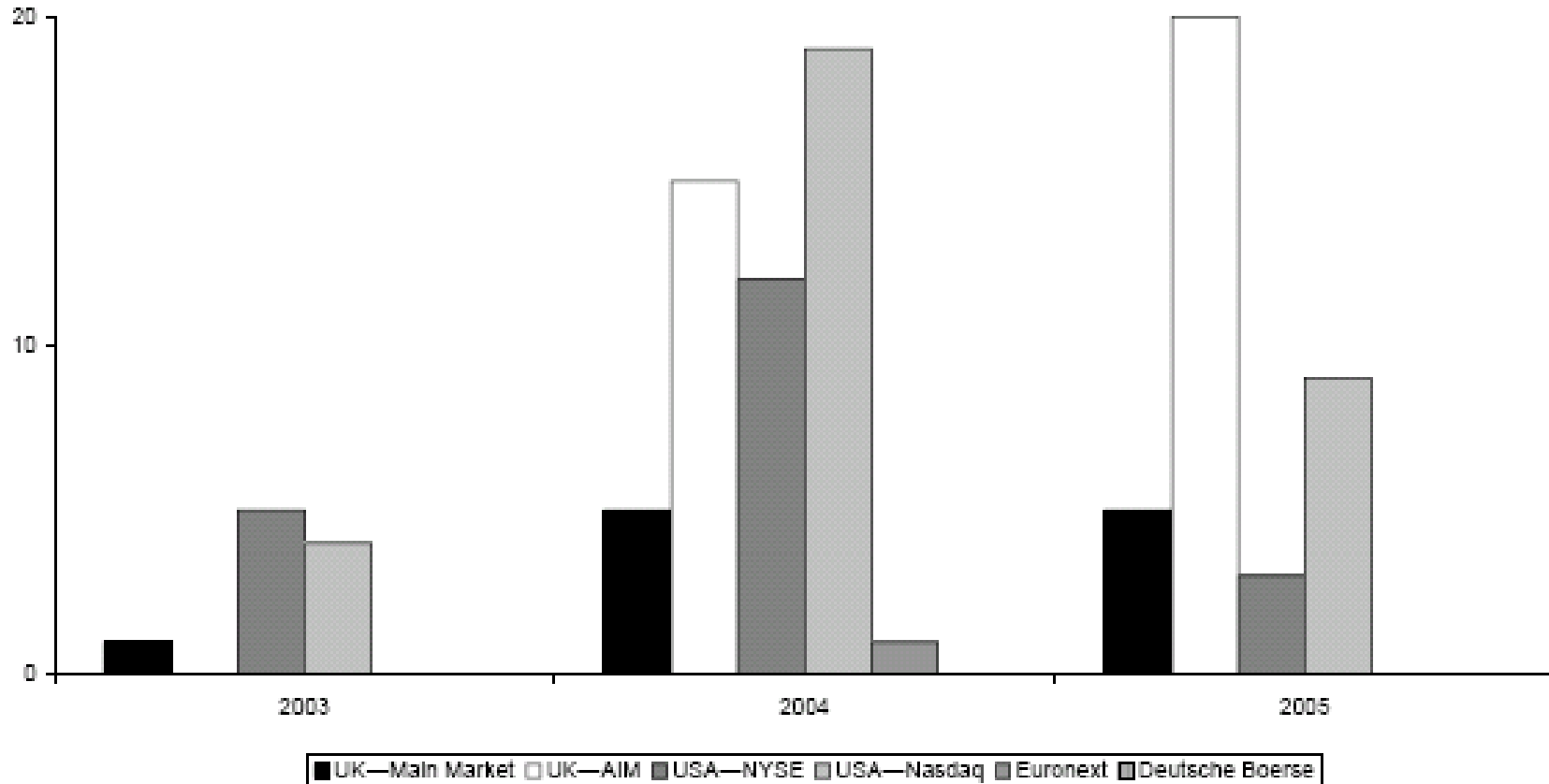


Source: Oxera and Bloomberg

London had 3 times more foreign listings than NY between 2003-2005

- From Jan to Sept 2006, London has raised \$19bn in 65 foreign listings versus \$6bn raised in New York (both NYSE and Nasdaq) with 19 listings

Annual number of foreign IPOs, 2003–05



Source: Oxera and Bloomberg

London had more foreign IPOs than NY in 2006

Total number and value of non domestic IPOs during 2006

	Number	Value
London	30	\$18,516m
New York	28	\$7,330m

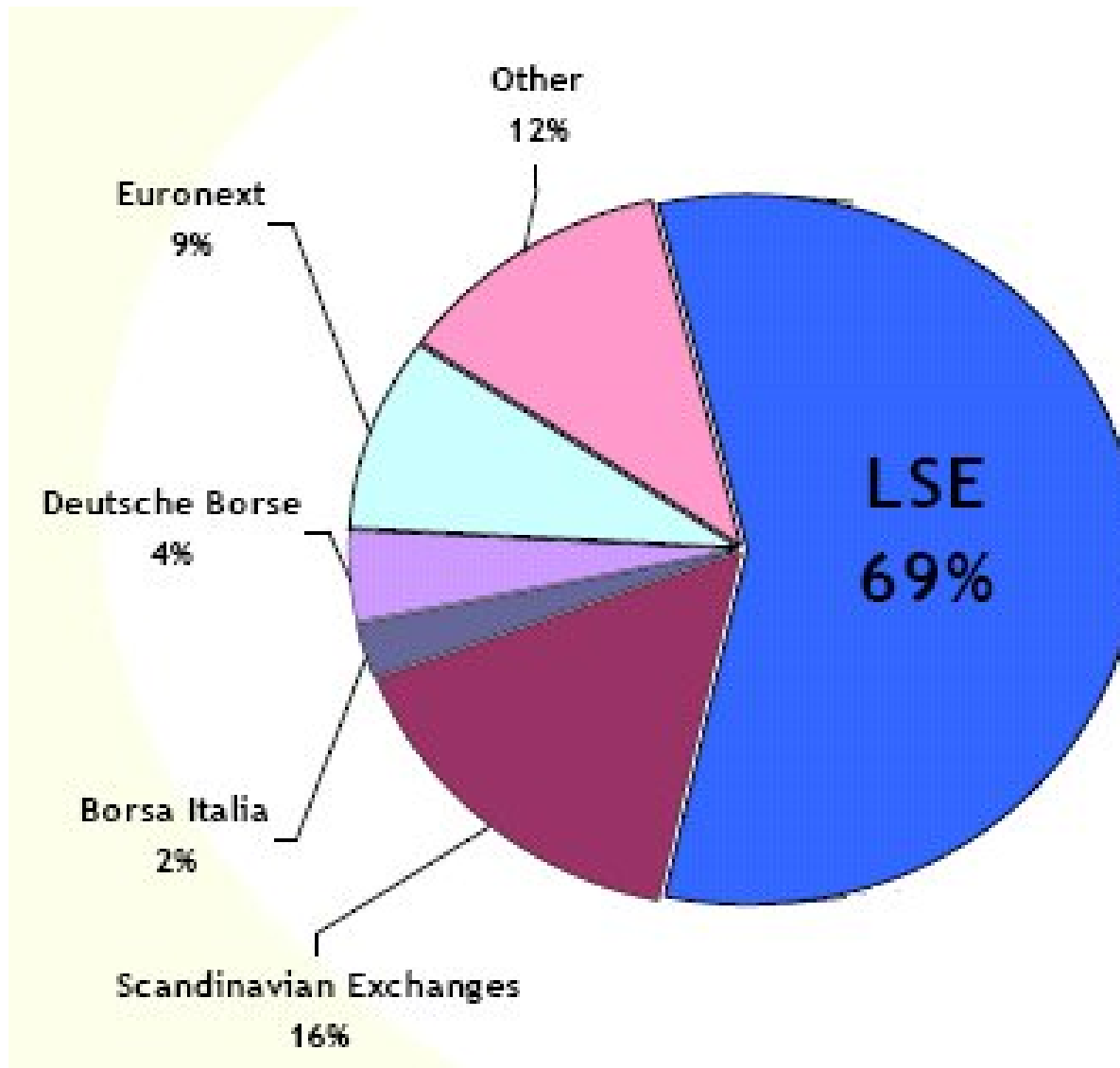
Source: PWC

London had still more IPOs than NYSE or Nasdaq in 2007

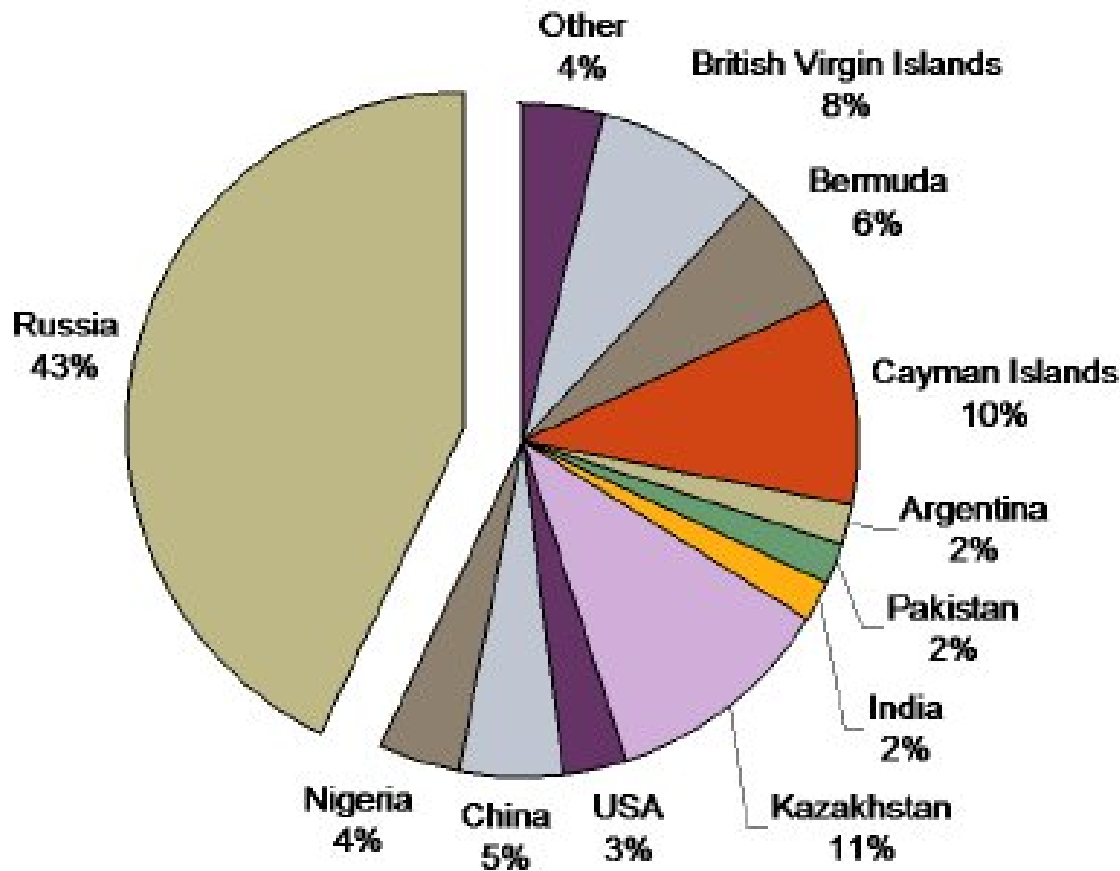


Source: World Federation of Exchanges.

London has nearly 70% of Europe's IPOs



London has an international appeal.



- 126 international IPOs (total value €21.4m)
- 64 on LSE's AIM and 33 on LSE's Main market
- all Russian IPOs on LSE—clustering effects?

Source: PWC (2007), 'IPO Watch: Europe'.

London is the world's most international center

Volume of assets managed in financial centres, 2005 (\$ billion)

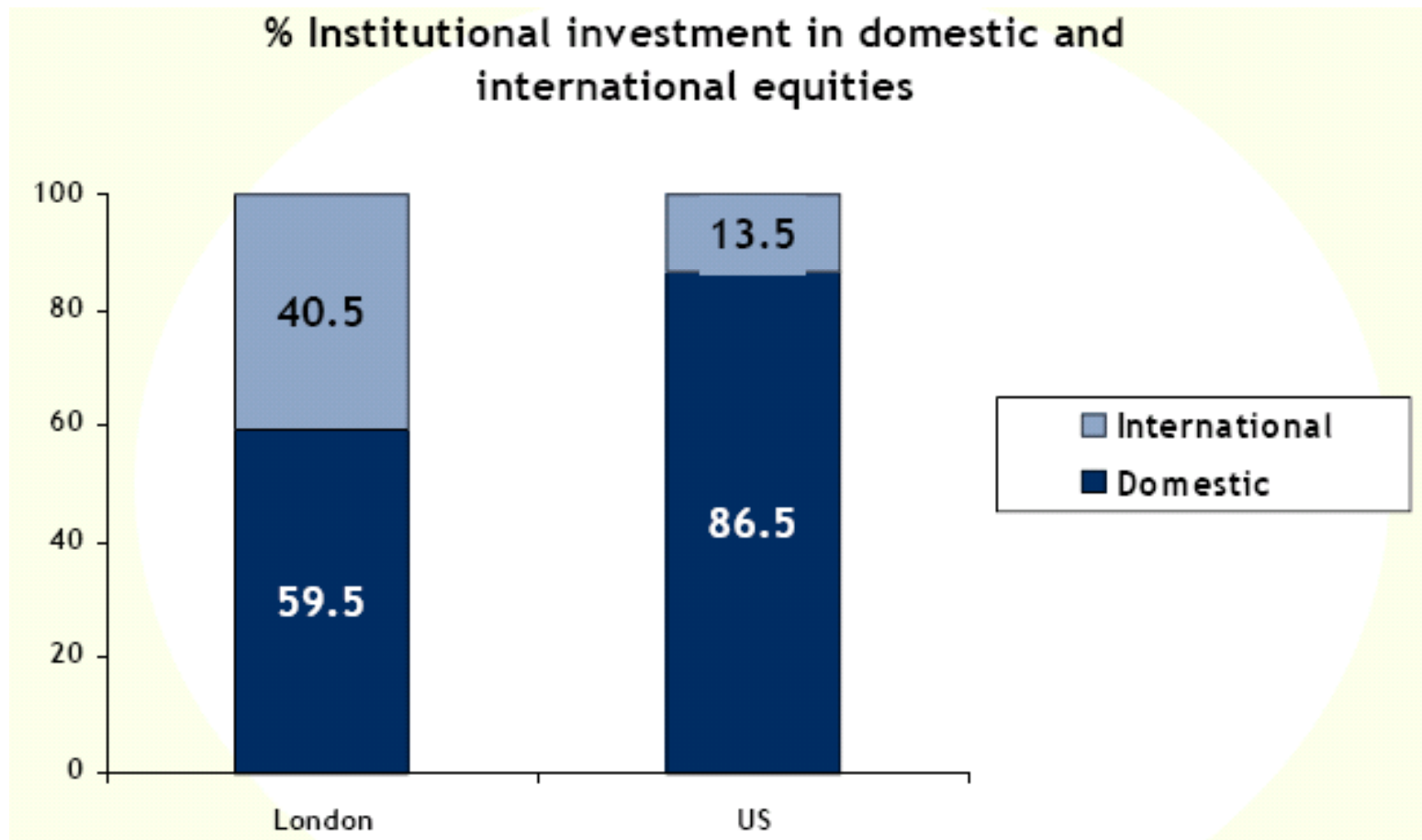
	Total assets	Of which equity assets
London	14,049	7,584
New York	11,759	3,081
Boston	4,912	2,467
San Francisco	2,889	1,631
Los Angeles	1,529	1,043
Chicago	1,408	702
Paris	3,106	1,359
Frankfurt	3,106	837
Munich	1,241	1,117

Notes: The data refers to assets under management, by city for investment entities based in that city as of September 2005.

Source: Bigdough/Hemscott, Inc.

London has a strong investor base in foreign listings

- London's Institutional Investors are 3 times more likely to invest in foreign listings than US peers.



London has lower costs than NY

A summary of the three main IPO costs (including Sarbane-Oxley effect) shown below helps to understand the trend change and latest statistics

✓ Compliance Costs:

a company with \$5 billion in annual revenues will pay an average of \$4.7 million in the UK vs \$6.2 million in the US

✓ Listing Costs:

a company with a \$400 million market capitalization will pay \$10,000 annually on the LSE, versus \$21,000 on Nasdaq and \$35,000 on the NYSE

✓ Costs of Directors and Liabilities Insurance:

went up 29% in 2002 and an additional 33% in 2003 in the US in comparison to the UK



All three main different costs are currently higher for NYSE & Nasdaq

Source: FT, Allen & Overy

London has half the underwriting fees vs NY

IPO underwriting fees in different markets (%)

	Number of observations	Value-weighted average	Gross spread (%)	
			Equally weighted average	Median
UK	56	2.2	3.8	3.6
France	50	2.9	3.7	3.0
Germany	88	3.4	4.5	4.0
Belgium	12	2.9	3.1	2.5
Netherlands	54	3.8	4.3	3.7
Portugal	12	3.0	3.5	3.5
Total Europe	469	3.0	3.8	4.0
USA	6,573	5.2	7.5	7.0

Source: Torstila (2003).

London has the best Corporate Governance ratings in Europe and versus the US.

Overall country rating

UK	7.39
USA	7.04
Germany	5.23
France	4.05

Notes: Global governance ratings from Governance Metrics International (2005), using scale from 1 (lowest) to 8 (highest).

London has a flexible entry approach, particularly for small companies.

	New York	London	Hong Kong
Admission criteria			
Financial information			
- Audited track record	●	●	●
- Revenues	○	●	●
- Profits	◐	○	◐
Local GAAP compliance ²	●	●	◐
Profit forecast	○	◐	◐
Proforma	◐	◐	●
Working capital	○	●	●
Indebtedness	◐	●	●
Investors			
- Minimum number	◐	◐	●
- % traded on market	◐	●	●
- Market value	◐	○	●
Corporate governance	●	●	●
Internal control certification	●	◐	◐
Trading support structure (e.g. analyst, broker)	●	●	●
Difference between domestic and overseas registrant	●	◐	◐
Ongoing requirements - financial information			
Annual reporting	●	●	●
Half year reporting ¹	◐	●	●
Quarterly reporting ¹	◐	◐	○
Major transaction pre approval	○	●	●
Major transactions disclosure ¹	◐	●	●
Related party transactions disclosure	●	●	●

● Significant requirements

◐ Some requirements

○ Minimal or no requirements

¹ As a Foreign Private Issuer in the US a company is only required to follow its home country rules.

² The SEC is currently considering the elimination of the need to reconcile to US GAAP for companies presenting their financial statements in accordance with IFRS.

Source: PWC

LSE gains listings at NYSE's Expense

Case: Benfield Group Plc, (World's largest reinsurance brokerage firm)



Due to **Sarbanes-Oxley**, the U.S. corporate governance law passed in 2002, which requires senior executives to certify the accuracy of all financial statements, Benfield would have had to spend heavily on lawyers and consultants to help the company comply with a NYSE listing



Benfield changed course and on June 2003 the company floated its shares on the London Stock Exchange instead of listing on NYSE

Source: Norton Rose

Others Cases

Other important situations where the company decided to list in London rather than in the US for similar reasons:

- ✓ Lukoil, one of Russia's largest oil producers
- ✓ Rosneft, one of Russia's largest oil producers
- ✓ Germany's Dr. Ing. h.c. F. Porsche AG
- ✓ Japan's Daiwa Securities Group Inc.
- ✓ UK Cambridge Silicon Radio, a maker of wireless communication chips
- ✓ Edinburgh-based Wolfson Microelectronics plc., which makes semiconductors for Dell Inc. computers and Apple Computer

... Additionally, one of China's largest infrastructure conglomerates, announced plans to list on the LSE, with hopes of raising close to \$3 billion.