

STYLO PLC*Principal Subsidiary Companies*

STYLO BARRATT SHOES LIMITED

STYLO MATCHMAKERS INTERNATIONAL LIMITED

STYLO BARRATT PROPERTIES LIMITED

STYLO INSURANCE MANAGEMENT LIMITED

STYLO INSTEP LIMITED

Barratts **INSTEP**

STYLO



HARRY HALL



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Your Reference

Our Reference IAZ/alh

Date 4 December 1992

Sir Adrian Cadbury
 Chairman
 Committee on The Financial Aspects
 of Corporate Governance
 P O Box 433
 Moorgate Place
 London EC2P 2BJ

Dear Sir Adrian

Thank you for your letter of 1 December, together with three copies of your report on Corporate Governance and Code of Best Practice. Whilst the majority of the report is commonsense and I am quite sure that the vast majority of public companies are responsibly run in this country, I still find it very difficult to understand why the small shareholder should be treated as a second class citizen. Even your report suggests that meetings should be held with the large institutions. The Stock Exchange themselves insist upon having the results of the company before the true owners of the company can have a chance to look at it. This surely must be the greatest travesty of unfair treatment of the small shareholder.

Where first of all the Stock Exchange, stockbrokers and market makers know your results, this is then put on a screen for the people who have screens in their offices, which is very few in number, but naturally includes all investment managers, and then the results are posted to all shareholders. This means to say that there is a minimum of 48 hours delay between the large shareholders and the Stock Exchange getting the news and the vast majority of our shareholders. In many instances that delay is very often a week.

Would it not have been better if the efforts of the Cadbury Committee had been putting right this wrong, which is surely the cause of blatant open insider dealing against the interests of shareholders.

Yours sincerely

I ARNOLD ZIFF
CHAIRMAN

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22 December 1992

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Thank you for your letter and I do apologise for the delay in replying. I had been hoping for comments from the Stock Exchange before doing so, since I raised your point about the timing of the communication of results with them. I have not as yet, however, had a response.

I appreciate that there is a problem over the unequal treatment of individual and institutional shareholders. Our reference to meetings simply reflected the fact that boards cannot be expected to meet with individuals, but it is important to all concerned that the institutions should have regular contacts at the right level and take a more active interest in the companies in which they are investing our money than most of them have done in the past.

The more seriously that the institutions take their responsibilities as shareholders in companies, the greater the benefit to the individual shareholders in those companies, since all shareholders have an equal interest in effective governance.

On the specific question of the Stock Exchange rules over the announcement of results, this was not raised with us either during the drafting period or when we published our draft report in May of this year. We, therefore, had no evidence that it was an issue. If you could give me your solution to the problem, I will take it up with the Stock Exchange.

In the meantime I am grateful for your comments on the general tenor of the report.