



Arsenal Supporters' Trust  
PO Box 3188  
Gerrards Cross  
Buckinghamshire SL9 0WY  
Telephone: 07709 718545  
Email: [glyntaylor@arsenaltrust.org](mailto:glyntaylor@arsenaltrust.org)  
Website: [www.arsenaltrust.org](http://www.arsenaltrust.org)

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Dear Fellow Shareholder

### **Your Shares in Arsenal – Investment, Emotion or Legacy?**

I am writing to you as a fellow shareholder in Arsenal and am pleased to attach a brief analysis of the financial results contained in the Annual Report recently sent to shareholders of Arsenal Holdings plc.

I am sure that for many of you, like me, owning your shares in Arsenal is not about making a financial gain and is more related to our long term love of the Club. That however is not the case for all shareholders. Let me explain.

Arsenal have 62,216 ordinary shares in issue of which the Directors and Granada Media Group Ltd (ITV plc) own 71%. Together with friends of the Board this combined shareholding is greater than the 75% share ownership which gives total "control" and allows this group of shareholders to pass any resolution in relation to the Club. ***The stability of this controlling interest, the long-term commitment of the existing directors, and the visionary skills of Arsene Wenger have served the Club very well in the recent past.***

So what about the remaining 15,500 shares, representing approximately 25% of the club?

There are about 1,600 shareholders owning 10 or less shares and a further 170 shareholders owning between 11 and 100 shares.

The Arsenal Supporters Trust (AST) has recently undertaken investigations that have revealed that in the past six months several professional investment firms have been buying Arsenal shares. These investors have been partially responsible for the share price having increased from £1,500 a year ago to the current £4,600. One of these new shareholders was a significant shareholder in Manchester United prior to the bid by the Glazers. An analysis of this investor shows a track record for buying shares in companies that at a later date have received takeover approaches, at which point they make significant profits.

***Whilst we are not suggesting that a takeover of Arsenal is imminent*** the presence of these professional investors on the share register indicates that they believe the current share price is undervalued and in the future, if the share price continues to rise, there is money to be made by actively buying and selling Arsenal shares. The move to Ashburton Grove next season will of course move Arsenal to a completely different 'business model' with potentially substantially increased revenues. (Manchester United's football related

turnover is 50% greater than Arsenal's). This is likely to be the rationale behind the "undervalued" assessment being made by these investors.

### **What does all this mean for the small shareholder?**

The AST's firm belief is that every share in Arsenal is important. Clearly the small shareholders are never going to be in a position to gain control of Arsenal and this is not our aim. We will also never be in a position to prevent an individual gaining 51% or 75% control of Arsenal. What we as small shareholders can do is prevent any one person eventually controlling 95% or more of the Club as Glazer has been able to achieve at Manchester United. This 95% ownership level is important because when this point is reached the shares can be de-listed, as has happened at Manchester United, the financial affairs of the club will no longer be in the public domain and the remaining shareholders are in a completely subordinated position.

The AST was formed to be a vehicle to unite the small shareholders of Arsenal and we appeal to you again to consider joining the Trust. This will not involve you in doing anything with your shares or giving up the right to attend the Club AGM or receive the Annual Report. We enclose a joining form and a reply paid envelope. The aims and objectives of the AST are as follows:

- to promote the interests of supporters who own shares in Arsenal
- to facilitate wider supporter involvement in the Club
- to facilitate and promote mutual supporter ownership of Arsenal

Please trust the Trust and sign up today. One day we may be in a position to protect Arsenal's independence.

We would also be interested to hear your views. Please write to us or email us at [info@arsenaltrust.org](mailto:info@arsenaltrust.org)

Yours faithfully



Nigel Phillips  
**Society Director**  
**Arsenal Supporters' Trust**