

AST ballots all members on supporting the Arsenal Board's lockdown

The AST has now written to all its members with ballot forms that give them the chance to vote on policies the Trust Board have formulated following resolutions passed at the AST AGM late last year. The Trust is now putting to every member the following resolutions:

Resolution 1: That the Arsenal Supporters' Trust ("AST") will not sell or otherwise dispose of any shares it holds in Arsenal Holdings plc ("Arsenal") during the period covered by the Directors' lockdown agreement announced at the Annual General meeting of Arsenal on 18th October 2007. ("Directors' Lockdown").

Resolution 2: That the AST should maintain a non legally binding register of Arsenal shareholders who confirm that during the period of the Directors' Lockdown it is their intention not to sell any shares in Arsenal*.

*Recognising that individual circumstances may mean that some shareholders find they need to sell shares they hold in Arsenal, the AST will investigate ways in which these shareholders can sell their shares to other persons who form part of the lockdown agreement or whom hold shares representing no more than 0.01% of the shares in Arsenal, ensuring the current plurality in ownership reflected by the lockdown agreement.

Glyn Taylor, Chairman of the Arsenal Supporters Trust, explained the reasoning for undertaking a full ballot of members. *"The AST Board decided that these resolutions were so important that we wished to put them to a vote of the whole membership. By doing this we will be able to establish a clear understanding of the views of our members and make sure their views are then articulated to the Club and other shareholders. The AST Board is recommending that members vote for both resolutions".*

Communicating at Arsenal

AST meeting at Arsenal Media Centre, 6pm on Monday 17 March 2008

The Trust is grateful to Amanda Docherty, Head of Communications at Arsenal, for inviting us to use the club's media centre for our March meeting. Amanda will also show us around the media and press facilities at the Emirates, which are widely regarded as the best in the Premier League, and then answer questions from members about the club's media and communications activities. The event is strictly for Trust members who have registered in advance. If you would like to attend this event, please rsvp to info@arsenaltrust.org

Premier Discussions

The Arsenal Supporters' Trust will meet with the Premier League in the next few weeks. We will take this opportunity to explain to them the work of the Trust, our views on ownership at Arsenal and the work we are undertaking to build a sharesave scheme in partnership with the club. We will also explore ways in which the Premier League might be able to assist our activity and discuss with them their proposals for overseas matches.

Tony shines at Diamond Club Party. The Trust held a very successful Christmas Party in the Diamond Club on Thursday 13 December. More than 100 supporters and shareholders shared seasons greetings with Arsenal Board members Danny Fiszman, Keith Edelman, Sir Chips Keswick and Ken Friar. The evening also saw the launch of the AISA Opus raffle which has subsequently raised more than £2,500 for Treehouse, the Arsenal charity of the year. Congratulations to Trust member Tony Bernhard-Grout who scooped the winning ticket. We hear he's reached page six already.



Orphan Arsenal share finds a good home

Arsenal Board member and largest shareholder Danny Fiszman presented one Arsenal share (the 'Orphan Share') to the Arsenal Supporters' Trust on the pitch ahead of the match against Manchester United. The presentation marked the culmination of a campaign by the Trust to find a "good home" for the one remaining authorised but previously unissued ordinary share in Arsenal Holdings plc.

Following the second stage issue of the new equity to ITV/Granada in 2005, our financial guru Nigel Phillips spotted that Arsenal Holdings plc had one authorised but unissued share. This occurred at the time the Club created new equity for ITV, who invested £57m for 9.99% of the club in 2000.

A decimal point in the calculations had meant that that one share was in limbo. It existed, but no-one owned it. The Trust quickly dubbed this share the 'orphan share', and began a campaign to have the Board transfer it to the Trust for safe keeping. We were delighted when the Club agreed to our request.

Their decision is symbolic of their recognition of the important role the AST plays in giving small shareholders and supporters a real say in how the Club is run.

Every share in Arsenal is precious. The gesture by the Arsenal Board demonstrates once again the importance they place on the custodianship role they have, and ensuring that there is a plurality of ownership of the club.

The Trust/AST particularly thanks Danny Fiszman for supporting this initiative and inviting us to be presented with the Share ahead of the Manchester United match. A picture of the presentation can be seen at our website www.arsenaltrust.org

Club to support develop Arsenal sharesave scheme

Significant progress was made toward the establishment of an Arsenal sharesave scheme recently when the Arsenal Board agreed to support the Trust build a sharesave scheme. The Trust is now in discussions with the club and Capita, who run the club's register, to take this forward and we will update members shortly.



Credit crunch, the Arsenal bonds and Arsenal

Most will be aware that these are strange times in the financial and economic world with Northern Rock effectively going bust, a junior trader costing his French bank £3.7bn and banks taking massive writedowns on all sorts of assets in which they had invested. This financial meltdown is seriously affecting the ability of Liverpool to raise the £400m it needs for its new stadium and the Glazers' ability to refinance the £700m of acquisition debt it took on board when they bought United in 2005

When Arsenal refinanced the £260m of stadium of stadium debt in July 2006 they issued bonds to professional investors like banks, insurance companies and pension funds (effectively IOUs). To obtain the required credit quality for these bonds Arsenal annually pay an insurance company, Ambac Assurance UK Services Ltd, about £1.7m per year to insure the risk that Arsenal default or fail to pay either the interest or principal on these bonds. If Arsenal fail to pay then Ambac will.

Ambac's credit quality has deteriorated due to massive exposure to various loans in the USA and consequently the price investors demand for holding the Arsenal bonds has gone up. However prudent Arsenal fixed the interest rate it is paying on these bonds when they were issued and this interest is what Arsenal will pay to maturity which is about 23 years time. However the rate of interest demanded as these bonds change hands between investors has more than trebled in the last three months.

Will the economic slowdown effect the Arsenal Business Model?

The most "at risk" elements of the Business Model would appear to be the sale of the 150 corporate boxes and the 7000 Club seats. These premium seats contribute almost 45% of total match day revenues. As many (most?) of the boxes are taken by businesses it is conceivable that an economic slowdown or even recession makes companies look closely at all expenditures. The boxes have been sold on an average three year period so expect some renewals at the end of the 2008/09 season.

The establishment of a 1000 person Club seat waiting list shows once again the annual effort there is to sell all these seats. Maybe Arsenal will just sell more to the corporate entertainment world, the packagers who currently are allocated about 700 seats per game.

Please contact the AST if you would like to talk technical on these bonds and related matters.