



28 August 2012

Press Release

ShareSoc Recommends Shareholders Support the Existing Board at Victoria

Bearing in mind the dispute between shareholders at Victoria Plc, ShareSoc (the "UK Individual Shareholders Society"), has considered the issues raised and recommends that shareholders support the stance of the existing board of directors and vote accordingly at the forthcoming General Meetings.

According to the announcement made by the company on the 23rd August, the latest dispute has arisen because the "Former Directors" (Geoff Wilding, Alexander Anton and Sir Bryan Nicholson), who were all non-executive directors, proposed that an incentive scheme should be set up under which they would potentially receive a substantial share of returns made to Shareholders*.

ShareSoc often supports activist shareholders where they wish to change the strategy of a company and improve its financial performance. In this case, the Former Directors, with the support of major shareholder New Fortress Finance, did previously obtain the support of a majority of shareholders for board changes. But we can only support activists who wish to benefit all shareholders, not a small minority and particularly as the Former Directors do not obviously wish to take an executive role in the business which might justify significant remuneration.

In other words, they seem to be asking for a specific bonus (a reward for future success) for simply performing their normal duties as a non-executive director. As the company points out in the announcement, this is both highly unusual and contrary to corporate governance guidelines.

We would be unlikely to support such a bonus arrangement of the magnitude proposed even if the Former Directors were to take an executive role in the company as ShareSoc opposes aggressive bonus schemes in any case.

Therefore we recommend:

- 1. That shareholders vote "For" the re-election of David Garman and Roger Hoyle at the forthcoming AGM on the 31st August (new directors appointed since the last AGM).**
- 2. That shareholders vote "For" the re-election of Alan Bullock and Barry Poynter at the forthcoming AGM.**
- 3. That shareholders oppose any resolutions to remove directors and appoint others or any other associated resolutions put forward by the Former Directors or Fortress Holdings at the subsequent General Meeting which they have requisitioned.**

ShareSoc Chairman Roger Lawson has this to say on this matter: *"This seems to be an outrageous case of a few larger shareholders trying to gain financial advantage for themselves as opposed to benefiting all shareholders. Directors should act in the interests of all shareholders, not just in their personal interests, and they should not require these grossly excessive incentive arrangements to simply do their jobs to the best of their abilities as non-executive directors. **Private investors, who may have a significant influence over the result of the pending votes, should ensure they can and do vote as we suggest.**"*

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More Background

* According to the announcement by the company, the terms of the scheme proposed by the Former Directors provided for them to make a £250,000 payment to the Company and in return to receive 50 per cent of all returns of value to Shareholders above £3 per share, provided that £3 per share could be returned to Shareholders within two years.

It also said that "The members of the Board, excluding the Former Directors, considered the terms of the proposed incentive scheme and, with the benefit of independent advice, concluded that it was not fair and reasonable to all Shareholders and so we could not recommend it to Shareholders. The provision of such an incentive to non-executive directors runs completely contrary to the principles set out in the UK Corporate Governance Code and the guidelines of the Association of British Insurers. In addition, value creation schemes of this kind are uncommon and the quantum of the proposed benefit for participants was wholly out of line with what the Board considered was reasonable, taking into account Shareholders' interests".

About the UK Individual Shareholders Society (ShareSoc)

ShareSoc represents and supports individual investors who invest in the UK stock markets (and who own as much as 30% of the shares in UK public companies in aggregate). We are a mutual association controlled by our members with "not-for-profit" articles and incorporated as a company limited by guarantee. The organisation is financed by member subscriptions, donations from supporters and by the services it provides to members. Associate Membership of ShareSoc is free and is open to everyone with an interest in stock market investment. More information on ShareSoc can be obtained from our web site at www.sharesoc.org .

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