

PRESS RELEASE**GROWING ALIENATION BETWEEN COMPANIES AND THEIR INVESTORS MUST BE STOPPED**
European companies plead for sound and solid relationship with their owners
16 September 2009

Listed companies are suffering from an increasing alienation between the companies and their shareholders. Faced with a large foreign shareholder base, companies simply don't know their shareholders any longer. In addition, the market value of securities is too often found alienated from the intrinsic value of the underlying enterprise. More and more, the market price is only the reflection of the interaction between market players.

EuropeanIssuers, the only pan European association to take care of the interests of listed companies, fears that due to this dual alienation, the securities market may lose its attraction for both companies and (long term) investors. Jacques Schraven, Chairman of EuropeanIssuers, expresses concern that the companies' shareholder base has become less stable and that long term corporate strategies for the creation of sustainable value are frustrated.

Schraven says that urgent action is required to counter this worrying evolution: *"We should not go 'back to business as usual' but go 'back to basics'. We need to highlight the respectability of equity, as an investment tool of the real economy, based on tangible products and services that contribute to the welfare in our society."* And EuropeanIssuers' chairman continues: *"We have to restore the relationship with our owners and engage them to act as responsible stewards."*

The association strives for a sound equilibrium between the interests of the markets on the one hand and the ability of the company to achieve its economic purpose on behalf of all its stakeholders on the other hand. *"The crisis related legislation should not merely streamline and improve the securities markets, but re-establish their link with the real economy."* says Schraven. For too long, short term shareholder value was the ultimate driving force. *"This was clearly not sustainable," concludes Schraven, "the short term-ism of such approach was bound to clash with the long term objectives of an economic undertaking."*

Companies should reflect on ideas to strengthen ties with long term investors. *"Those with a genuine interest should take the decisions, not the fruit flies who will have long disappeared when the effects of these decisions become reality"* Schraven states. EuropeanIssuers suggests therefore to make shareholder rights depending on the duration of the share ownership. Or to grant long term shareholders multiple voting rights or a loyalty dividend. Schraven cautions that any differential treatment is to reward responsible owners and "stabilize" the shareholder base, not to make management complacent or controlling shareholders more powerful.

"One of the biggest challenges is that issuers and shareholders have no direct communication channel anymore." says Dorien Fransens, Secretary General of EuropeanIssuers. Securities are held in accounts with financial intermediaries located in various countries. In reality there is

often a lengthy chain of intermediaries between the shareholder and the company. As a consequence, issuing companies rely entirely on the co-operation of the custodians for the identification of and communication with their shareholders. Likewise investors depend on financial intermediaries to effectively exercise their voting rights at general meetings. *“Foreign ownership of shares is growing, but the exercise of the corporate rights that come with the shares is hampered by technical and legal obstacles”* explains Fransens. EuropeanIssuers has been constantly striving for an EU wide framework for shareholder identification and for cross border voting. She is hopeful that pending market standards on general meetings and an upcoming European legislative proposal will lead to the intermediaries forming the much needed bridge between the companies and their shareholders.

Contacts

Dorien Fransens

Secretary general of EuropeanIssuers

Telephone: +32 (0)2 289 25 70

Email: dorien.fransens@europeanissuers.eu

Website: www.europeanissuers.eu

Jacques Schraven

Chairman of EuropeanIssuers, former vice chairman of BusinessEurope and currently non-executive director of various companies.

Telephone: +31 (0)2 51 49 30 60

Email: jacques.schraven@corusgroup.com

Notes for editors

EuropeanIssuers is a pan European organisation set up to promote the interests of issuing companies. Its members are national associations and companies from 14 European countries counting together some 9.200 listed companies with a combined market value of some € 4.500 billion. As such it represents the vast majority of publicly quoted companies in Europe. The members of EuropeanIssuers come from various sectors including automotive, nutrition, energy, health care, construction, financial services and many more. What brings them together in EuropeanIssuers is that they are all owned by the public, making them subject to an impressive set of complex and stringent rules and regulations. Through EuropeanIssuers listed companies can engage in direct discussions with the decision makers at European, trans-Atlantic and global level. Typical areas of interest include shareholder rights, corporate governance, transparency, clearing and settlement as well as financial reporting and auditing. Our ultimate goal is to achieve fully integrated, liquid and well functioning European financial markets coupled with good corporate governance and a responsible share ownership. More information can be found on www.europeanissuers.eu.