



A.G.BARR p.l.c. **SOFT DRINKS**

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Sir Christopher Hogg
Chairman
Financial Reporting Council
Aldwych House
71-91 Aldwych
London
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Dear Sir Christopher

Thank you for your letter of 23rd April and your invitation to comment on the Combined Code.

From our company's point of view – a company with a current market value of £270 million – we would support the assertion that the Code has in general had a beneficial effect on board performance across the U.K. Our only issue is in relation to its “one size fits all” structure and the consequently greater compliance – and proportionate cost – issues which it presents to smaller companies.

This compliance issue is compounded by the fact that, the “comply or explain” mechanism does not in practice provide the flexibility intended within the Code since, in our experience, the advisors to institutional investors – Pirc, RRev, A.B.I., Hermes – while noting an “explanation” do inevitably always tick the box in the full interpretation of the “rules” and their clients then simply follow their advice with a negative vote. Perhaps our independence of mind leads to this occurring more often than with other smaller companies who seek the easier compromise of full compliance which they may not believe to be the most appropriate positioning for their company.

On the matter of annual reports, our own report this year has reached 64 pages in length and, as a smaller company, it is not practical to print a separate abridged report for “private” shareholders. Accordingly there is no doubt that we do present to the vast majority of our shareholders a level of information which is of no interest or use to them but it is difficult to envisage a solution which would satisfy all parties.

Yours sincerely

A handwritten signature in black ink that reads "Robin Barr". The signature is written in a cursive style and is positioned above a horizontal line.

W R G Barr
CHAIRMAN