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ASSET MANAGEMENT INVESTMENT COMPANY PLC

NOTICE OF EXTRAORDINARY GENERAL MEETING

to approve a

TRANSACTION WITH A DIRECTOR

Notice of the Extraordinary General Meeting to be held at 12.30 pm on 6 June 2003 at 32 Ludgate Hill, London EC4M 7DR is set out at the end of this document. To be valid, proxy cards must be returned so as to be received by Lloyds TSB Registrars, The Causeway, Worthing BN99 6ZR as soon as possible and in any event not later than 12.30 pm on 4 June 2003.

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

“Act”	the Companies Act 1985 (as amended)
“Company” or “AMIC”	Asset Management Investment Company PLC
“Directors”	the directors of the Company
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company, notice of which is given on page 7 of this document
“Ordinary Resolution”	the ordinary resolution set out in the notice of EGM
“Ordinary Shares”	the ordinary shares of 25 pence each in the capital of the Company
“NRAL”	Norman Riddell & Associates Limited
“Shareholders”	the holders of Ordinary Shares
“Solomon Hare Corporate Finance”	a division of Solomon Hare LLP, Chartered Accountants, which is authorised to carry on investment business by the Institute of Chartered Accountants in England and Wales
“UKLA”	the UK Listing Authority, being the Financial Services Authority acting in its capacity as competent authority under the Financial Services and Markets Act 2000

ASSET MANAGEMENT INVESTMENT COMPANY PLC

(incorporated and registered in England and Wales under the Companies Act 1985 with registered number 2918390)

Registered Office:

32 Ludgate Hill
London
EC4M 7DR

Directors: Sir Frederick Douglas David Thomson, Bt., *Non-Executive Chairman*
George Alan Robb, *Managing Director and Chief Investment Officer*
David Lindsay Martin-Clark, *Non-Executive Director*
Norman Malcolm Marshall Riddell, *Non-Executive Director*
John William Spurdle, Jnr, *Executive Director*

19 May 2003

To Shareholders and, for information only, to the holders of zero dividend preference shares in the capital of the Company

Dear Shareholder,

PROPOSED ACQUISITION OF SHARES IN NORMAN RIDDELL & ASSOCIATES LIMITED

Introduction

The Company announced on 15 May 2003 that it had exchanged contracts for the purchase of a 49 per cent. stake in NRAL, completion of which is subject to Shareholders' approval. This circular therefore contains details of the terms agreed for the acquisition by the Company of shares in NRAL. As NRAL is a company in which Norman Riddell, a non-executive director of the Company, is a shareholder, completion of the investment is conditional upon the approval of Shareholders. Subject to that approval, it is intended that completion will take place on 9 June 2003, or as soon as practicable thereafter.

Principal terms of the acquisition

Under the terms of the transaction, the Company will acquire 49 per cent. of the ordinary share capital of NRAL by purchasing shares from the existing shareholders, Norman Riddell and Jennifer Prince, on a pro rata basis. The price for the transaction is based upon a valuation of NRAL as a whole of £1,050,000, giving a value for the 49 per cent. stake to be purchased by the Company of £514,500. 29.15 per cent. of the consideration, being £150,000, will be satisfied in cash. The balance of £364,500 will be satisfied by the issue of loan notes to Norman Riddell and Jennifer Prince, amounting to £273,375 and £91,125 respectively, carrying interest at 9.5 per cent. The loan notes in each case will be convertible at the noteholders' option into Ordinary Shares at any time after 6 months from the date of completion of this transaction until the repayment date of the loan notes which will be the fifth anniversary of completion in the case of those notes issued to Norman Riddell and the second anniversary of completion in the case of those issued to Jennifer Prince. Repayment will be at face value of the loan notes. The conversion of the loan notes into Ordinary Shares is at the rate of £0.7268 nominal of loan notes for every one Ordinary Share of the Company, which is the net asset value of an Ordinary Share as at close of business on 13 May 2003 (being the latest practicable date prior to the exchange of contracts). The Ordinary Shares issued on any conversion will rank *pari passu* in all respects with the Ordinary Shares then in issue save that if an interest payment has been made under any loan notes actually converted, then a deduction will be made from any dividend payable in respect of the same period on the relevant Ordinary Shares. Prior to conversion, the loan notes will rank as

unsecured obligations of the Company and on a winding up of the Company will fall to be repaid with the other creditors.

There are two shareholders in NRAL: Norman Riddell who holds 75 per cent. and Jennifer Prince who holds 25 per cent. of the share capital. They will sell their shares on a pro rata basis, so that 75 per cent. of the 49 per cent. shareholding to be acquired by the Company will be acquired from Norman Riddell. Accordingly, Norman Riddell will sell shares with a value of £385,875 to the Company. The transaction will represent a "substantial property transaction involving a director" for the purposes of section 320 of the Act and as such requires the approval of Shareholders.

The transaction provides also that if, after two years from completion, Norman Riddell decides to retire, then the Company shall have the option to buy the shares held by him and by Jennifer Prince, and Norman Riddell and Jennifer Prince shall also have the option to require the Company to purchase their shares. In either case, the price for the shares will be calculated by valuing NRAL as a whole at 1.5 times average gross revenues for the previous three complete years. The exercise of either option will be subject to Shareholders' approval and the consent of the Financial Services Authority at the time of the transaction.

If approval is not obtained to the options set out above, then Norman Riddell and Jennifer Prince (or either of them) will have a secondary option to purchase the NRAL shares held by the Company either at the price calculated as set out above, or for the equivalent of the consideration paid to them under this transaction (then payable in cash or by the cancellation of loan notes), whichever is the lower. Shareholders' approval is sought now to the grant of the option to Norman Riddell.

In addition, the parties have agreed that:

- (a) if the Company merges with or is acquired by a third party or becomes insolvent or goes into receivership or liquidation, then Norman Riddell and Jennifer Prince shall have the option to buy back the shares in NRAL the subject of this transaction. Shareholders' approval is also sought now to the grant of this option. This provision shall not operate in the event of any solvent winding up, reconstruction, amalgamation or arrangement approved by the Directors which provides in whole or in part for the transfer of the Company's undertaking to another entity as part of such reorganisation;
- (b) if either Norman Riddell or Jennifer Prince become insolvent, then the Company shall have the option to purchase the shares of the insolvent party.

In each case the price will be the lesser of the price calculated by valuing NRAL as a whole at 1.5 times average gross revenues for the previous three complete years, or the consideration now paid to Norman Riddell and Jennifer Prince (if appropriate).

Further, if before 31 December 2005, Norman Riddell has to reduce his involvement in NRAL substantially, then the Company may purchase up to 26 per cent. of his shares in NRAL as nominee for NRAL to be available for transfer by way of incentive to a suitable person to carry on the business of NRAL. The price for the purchase of such shares will be assessed at the fair value of those shares at the date of transfer.

The terms of the acquisition and the arrangement for the ongoing operation of NRAL are set out in full in a sale and purchase agreement and shareholders' agreement to be entered into on completion, each of which contain representations, warranties, covenants and indemnities appropriate to a transaction of this nature. Keyman insurance in favour of the Company is to be put in place in relation to Norman Riddell.

Business and trade of NRAL

The principal activity of NRAL is management consultancy, primarily focusing on the financial services sector and with an emphasis on advice to asset management businesses. It is regulated by the Financial Services Authority, which gave its approval to this transaction on 1 May 2003. Such activities fall within the investment objectives and policies of the Company and the Directors believe that an investment in NRAL will offer synergies as well as representing a sound investment, making a

contribution to revenues and cashflows.

The valuation of NRAL for the purpose of the transaction was reached by reference to the formula of 1.5 times average gross revenues for the previous three complete financial years. Revenues in 2001 were enhanced by fees generated from advice in connection with two transactions involving asset management businesses. NRAL has been active in the provision of strategic advice during the first quarter of 2003, although no corporate transactions were completed during the period. Both revenues and costs are running below those for the comparable period in 2002 but the current level of work in progress suggests an improving momentum as the year progresses.

Directors, management and staff

Following completion of the sale and purchase agreement, a shareholders' agreement will be entered into which will govern the future management of NRAL. The terms of the shareholders' agreement will include, inter alia,

- (a) a dividend policy whereby substantially all the distributable revenues will be distributed to shareholders;
- (b) provisions whereby, as an incentive, the distribution of profits derived from gross revenues in excess of £750,000 in any year will be weighted in favour of management shareholders;
- (c) a right for the Company to appoint two representatives on the board of directors of NRAL, the first appointees to be George Robb and John Spurdle. Responsibility for decisions within the day to day running of NRAL shall be delegated to Norman Riddell. However, any matters of significant value or outside the day to day management of NRAL are reserved for the decision of a majority of the board of directors of NRAL.

Norman Riddell will enter into a service contract with NRAL commencing on completion and subject to 6 months notice of termination on either side, such notice to take effect no earlier than 31 December 2005. Under the terms of this contract, Norman Riddell will devote substantially all his time to the business of NRAL.

From 30 April 2003, Jennifer Prince has ceased to be involved in the day to day running of the business. She will however remain a shareholder and director and will continue to be involved in various aspects of the business on a part time basis.

Given the retirement of Jennifer Prince and having regard to the development of the business, the shareholders are reviewing personnel requirements. A part time compliance officer has been appointed from 1 April 2003. Other staffing needs will be reviewed after completion of the acquisition.

Shareholding of Norman Riddell

As at the date of this circular Norman Riddell holds 90,000 Ordinary Shares in the Company. If the £273,375 loan notes are all converted to Ordinary Shares at £0.7268 per Ordinary Share (being net asset value as at close of business on 13 May 2003) then he will hold a further 376,135 Ordinary Shares. His enlarged holding will therefore total 466,135 Ordinary Shares representing approximately 2.12 per cent. of the enlarged Ordinary Share capital of AMIC, based on the number of Ordinary Shares in issue at today's date but without taking account of any other Ordinary Shares issued before the maturity date of the loan notes in 2008.

Extraordinary General Meeting

As Norman Riddell is a director of the Company the transaction is conditional on approval by Shareholders. Shareholders' approval is also sought to the grant of options as detailed above for Norman Riddell to purchase the shares the subject of this transaction if:

- (a) the Company becomes insolvent; or

- (b) after Norman Riddell's retirement, Shareholders' approval cannot be obtained for the Company to buy the shares of Norman Riddell.

Accordingly, there is printed at the end of this document a notice convening the Extraordinary General Meeting to be held on 6 June 2003 at 12.30 pm at 32 Ludgate Hill, London EC4M 7DR.

Action to be taken

Shareholders will find enclosed a proxy form for use at the Extraordinary General Meeting. Whether or not you intend to be present at the meeting, you are particularly requested to complete and return the proxy form to the Company's registrars, Lloyds TSB Registrars, The Causeway, Worthing BN99 6ZR so as to arrive as soon as possible and in any event not later than 12.30 pm on 4 June 2003. Completion and return of the proxy form will not preclude you from attending the meeting and voting in person should you subsequently find that you are able to be present.

General

The Company has informed UKLA of this transaction and UKLA has agreed that, due to its size, the transaction need not be approved as a related party transaction, both on the basis of the information supplied to it to date and also on the basis that:

- (a) written confirmation will be supplied to UKLA by Solomon Hare Corporate Finance that the terms of the proposed transaction with Mr Riddell are fair and reasonable so far as Shareholders are concerned, and
- (b) the Company has undertaken to include details of the transaction in its next published annual accounts (namely for the year ending 30 September 2003).

Recommendation

The Directors have been advised by Solomon Hare Corporate Finance, an independent adviser acceptable to UKLA, and on the basis of this advice the Directors (excluding Norman Riddell) consider that the terms of the proposed acquisition are fair and reasonable and that the transaction is in the best interests of the Company and its shareholders as a whole. In providing advice to the Directors, Solomon Hare Corporate Finance has placed reliance on the commercial assessment of the proposed acquisition made by the Directors (excluding Norman Riddell). The Directors accordingly unanimously recommend Shareholders to vote in favour of the Ordinary Resolution and intend to do so in respect of their own beneficial and non-beneficial shareholdings amounting to 1,856,982 Ordinary Shares representing approximately 8.6 per cent. of the issued Ordinary Share capital of the Company.

Yours faithfully,

David Thomson
Chairman

ASSET MANAGEMENT INVESTMENT COMPANY PLC

(incorporated and registered in England and Wales under the Companies Act 1985 with registered number 2918390)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at 32 Ludgate Hill, London EC4M 7DR on Friday, 6 June 2003 at 12.30 pm to consider and, if thought fit, to pass the following resolution which will be proposed as an ordinary resolution:-

ORDINARY RESOLUTION

THAT the Company be authorised for the purposes of section 320 Companies Act 1985 to purchase 3,675 ordinary shares in Norman Riddell & Associates Limited from Norman Riddell for a consideration of £385,875 to be satisfied as to £112,500 in cash and by the issue of loan notes for the balance of £273,375, and to grant options to Norman Riddell to re-purchase the shares in Norman Riddell & Associates Limited so sold by him in specified circumstances and on the terms set out in the circular to shareholders of which this notice forms part.

BY ORDER OF THE BOARD

Alessio Corbo
Secretary

Registered office: 32 Ludgate Hill
London
EC4M 7DR

Dated 19 May 2003

Notes:

- 1 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that to be entitled to attend and vote at the extraordinary general meeting (and for the purposes of determination by the Company of the number of votes they may cast) holders of ordinary shares must be registered in the register of members of the Company as at 12.30 pm on 4 June 2003. Changes to the register after 12.30 pm on 4 June 2003 shall be disregarded in determining the right to attend or vote at the meeting.
- 2 A member or the duly authorised representative of a corporation entitled to attend and vote may appoint a proxy or proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. A form of proxy is enclosed. The appointment of a proxy will not prevent an ordinary shareholder from subsequently attending and voting at the meeting in person.
- 3 To be effective, the instrument appointing a proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be sent to the Company's registrars, Lloyds TSB Registrars, The Causeway, Worthing BN99 6ZR by no later than 12.30 pm on 4 June 2003.

