For immediate release **11 January 2012**

ASSOCIATED BRITISH ENGINEERING PLC ("the Company")

Open Offer, Reorganisation and Capital Reduction, Redemption and Cancellation of classes of Preference Shares, Issue of New Ordinary Shares and Loan Notes, Notice of General Meeting and Notice of Class Meeting ("the Proposals")

Intention to suspend and cancel the 8% redeemable preference shares and 7% preference shares ("the Preference Shares")

1. Introduction

The Company is posting a circular to Shareholders comprising a prospectus dated 11 January 2012 and which contains the following proposals:

- an underwritten open offer to raise £350,247, before expenses, such sum to be applied to the redemption in full and cancellation of the 8 per cent. Preference Shares, including the arrears of dividend;
- the cancellation of the 7% Preference Shares and a reduction of a portion of share premium account so as to permit the issue to the 7%. Preference Shareholders of the Loan Notes in respect of their principal and the Settlement Shares in respect of their arrears of dividend;
- the sub-division of each Existing Ordinary Share of £2 into one New Ordinary Share of 2.5p and one Deferred Share of £1.975, in order to enable the Open Offer Shares to be issued at the price of £1 (which is below the current nominal value of the Existing Ordinary Shares of £2); and
- consequential amendments to the Articles of Association.

Accordingly, the Proposals are subject to Shareholder approval at the GM. In addition, the Capital Reduction is subject to the approval of 7% Preference Shareholders at the Class Meeting.

Under the Companies Act and the Articles of Association, Shareholder approval is required for the Sub-Division and the Capital Reduction. It is also needed to authorise the Directors to allot equity securities. (Under the Articles of Association, the Capital Reduction is subject to the Class Consent at the Class Meeting.

Under the Listing Rules, the Underwriting must be approved because it is a related party transaction. The Proposals (apart from the Underwriting) are also related party transactions under the Listing Rules. In addition, as the Issue Price of the Open Offer Shares is at a discount of more than 10% to the middle market price of 115p on 10 January 2012, that is also subject to Shareholder approval at the GM.

Because the Preference Shares are in arrears, holders of the Preference Shares are entitled to vote at the GM.

2. Background to and reasons for the Proposals

The Company is a small listed company with a market capitalisation of just £1.5 million. In the opinion of the Board, the Company's trading subsidiary, BPE, has limited opportunities to expand its business. The Board is, therefore, of the opinion that the best interests of Shareholders would be promoted by making the Company more attractive for the acquisition of a trading business where the sellers would accept equity in the Company as payment for the sale of their business.

3. The Sub-Division

The Company is proposing to sub divide each Existing Ordinary Share of £2 into one New Ordinary Share of 2.5p and one Deferred Share of £1.975. The Sub-Division is being proposed because under the Companies Act, ABE cannot issue Existing Ordinary Shares for less than their nominal value. The Existing Ordinary Shares have traded at less than their nominal value for over five years meaning that ABE has been unable to issue new equity. The Sub-Division should solve this problem.

The rights attaching to each New Ordinary Share will be identical in all respects to those of each Existing Ordinary Shares except that each holder of a New Ordinary Share will be entitled to one vote per share held, whereas each holder of an Existing Ordinary Share is currently entitled to one vote for each one -penny of nominal value held.

4. The Capital Reduction

The Capital Reduction proposals envisage the cancellation of the 7% Preference Shares of which there are £555,000 of nominal value in issue. It is proposed that the resulting liability to the 7% Preference Shareholders will be settled by the issue of Loan Notes with an aggregate nominal value of £555,000. These notes will be unsecured, redeemable at any time by the Company at par and repayable within three years from their issue. It is, however, the Board's intention, if practicable, to redeem the Loan Notes before the third anniversary of their issue. The Loan Notes will have a six per cent. p.a. coupon, payable half yearly.

The Company will apply to cancel £462,379 of share premium account and will then issue 385,316 New Ordinary Shares (referred to in this document as Settlement Shares) at £1.20 per share to settle the arrears of dividend on the 7% Preference Shares.

Therefore, a holder of £1,000 nominal value 7% Preference Shares with accrued arrears of £833 will, on completion of the Proposals, receive £1,000 Loan Notes and 694 New Ordinary Shares in consideration of the cancellation of the 7% Preference Shares and the settlement of all arrears

As required by the Companies Act 2006, the Capital Reduction is subject to the approval of the Court. If the Proposals are approved at the GM, the Company will apply to the Court for a hearing at which the Court will be asked to confirm the Capital Reduction.

5. Reasons for the Open Offer and Use of Proceeds

The Open Offer is being made for the purpose of raising sufficient capital to enable the Company to redeem the 8 %Preference Shares in full. The Open Offer will raise £350,247 before expenses, of which £157,395 will be applied to payment of the nominal value of the 8 per cent. Preference Shares and £149,865 to the payment of arrears of dividend. The balance of the proceeds will be applied towards meeting transaction costs.

As at 24 February 2012, the anticipated payment date for the Preference Shares, the Preference Share liabilities and arrears of dividend on such shares will be as follows:

	Liability	*Arrears*	*Total*
	£'000	*£'000*	*£'000*
7% Preference Shares	555	462	1,017
8% Preference Shares	157	149	306

The Board has reviewed the capital structure of the Group and considers the following to be unattractive features for a proposed investor:

- that the Company has accumulated arrears of dividend on the Preference Shares of £565,862 as at 31 March 2011. This is because the Company has negative distributable reserves and as such cannot lawfully pay a dividend (whether to the holders of Preference Shares or Ordinary Shares);
- the 7% Preference Shares are not redeemable which means that the Company has no ability to repay and redeem such shares without the co-operation of their holders; and
- both classes of Preference Shares accrue dividends at a rate which is relatively high.

The Proposals are designed to deal with these issues so far as is reasonably practicable and thus provide the Company with a capital structure which should enable future corporate transactions to be considered.

6. Current Trading and Prospects

The result for the six month period to 30 September 2011 was a pre-tax loss of £186,000. This was primarily due to the one-off pension contribution of £250,000 during the period and to the lower turnover at British Polar Engines Limited, arising from a fall in orders over the summer months. Whilst this result was better than recently expected, it was hoped that there would be an improvement during the remainder of the year, it is important to note that, as in the past, trading has been extremely volatile and largely unpredictable due to rapid changes in demand from the offshore oil drilling market and world demand generally. The Board noted that it was continuing to keep central costs at a low level and maintains the quest to identify a suitable corporate transaction to take the Group forward.

Trading in the third quarter of the current financial year has been encouraging and the Directors therefore view the prospects for the current financial year with reasonable confidence.

7. Dividend Policy

The Company has not paid any dividends to its Shareholders since March 2000. Notwithstanding implementation of the Proposals, the Company will still have negative distributable reserves, albeit the deficit will be substantially reduced. The Company's ability to pay dividends in the future will depend on, among other things, the profitability of the Group Companies and the Directors' future assessment of whether or not it is appropriate to pay dividend

8. Principal Terms and Timing of the Open Offer

ABE intends to issue 350,247 New Ordinary Shares through the Open Offer at £1.00 per New Ordinary Share to raise gross proceeds of £350,247.

Qualifying Shareholders will have an Entitlement of:

4 Open Offer Shares for every 15 Existing Ordinary Shares registered in the name of the relevant Qualifying Shareholder on the Record Date.

The Open Offer is been fully underwritten by the Underwriters subject to certain conditions set out in the Underwriting Agreement.

The Open Offer is conditional upon the following:

- the passing of the Resolutions to be proposed at the GM;
- the Class Consent;
- the approval of the Capital Reduction by the Court;
- Admission of the New Ordinary Shares becoming effective by not later than 8.00 a.m. on 24 February 2012; and
- the Underwriting and Sponsorship Agreement becoming unconditional in all respects.

The Prospectus contains full Terms and Conditions of the Open Offer at Part III.

9. Related Party Transactions

The Proposals have two elements which are Related Party Transactions under the Listing Rules, being as follows:

The Underwriting

The Underwriters include three of the Company's Directors (being Messrs. D. Brown, S. Cockburn and C. Weinberg), together with Rupert Pearce-Gould (who is a director of BPE and a shareholder) and his wife in their capacity as trustees of the HP Gould and Sons, Pension Fund who are each underwriting £75,000, collectively £300,000 out of the total underwriting of £350,247.

The interests of the Directors in the Company are set out in the document.

Rupert Pearce-Gould (including persons connected with him within the meaning of section 252 CA 2006) is interested in 120,750 Existing Ordinary Shares (9.19 per cent of the Existing Ordinary Shares).

Details of the Underwriting and Sponsorship Agreement are set out in the Prospectus.

Mr. Cockburn's interest in the Preference Shares

Mr. S. Cockburn, a Director, (including persons connected with him within the meaning of Section 252 CA 2006) is interested in 1,250 Existing Ordinary Shares, representing a holding of 0.095% of the Existing Ordinary Shares. He also has beneficial interests of 55,314 7% Preference Shares (10.0% of that class) and 2,000 8% Preference Shares (1.3% of that class)), and his children (who are considered "Associates" under the Listing Rules hold 15,914 7% Preference Shares (2.87% of that class) and 10,236 8% Preference Shares (6.51% of that class), which holdings are not required for disclosure purposes to be shown as Mr. S. Cockburn's beneficial or non-beneficial holdings.

In addition, Shareholders should note that Mr. Cockburn has a non-beneficial interest of 32,000 7%

Preference Shares (5.8%) of that class. The Investment Company Plc of which Mr. S. Cockburn is Managing Director and responsible for investment management and in which Mr. S. Cockburn holds 9.93 per cent of the issued share capital, (but which is not an "Associate" within the meaning of the Listing Rules) owns 310,754 7% Preference Shares (56.0 per cent of that class) and 56,474 8% Preference Shares (35.9% of that class).

Accordingly, the Proposals and the Underwriting are being treated as Related Party Transaction under the Listing Rules, due to the aforementioned Directors and Mr. Rupert Pearce-Gould's participation in the underwriting and Mr. S. Cockburn's interest as a holder of Preference Shares. Accordingly, the Proposals and the Underwriting are subject to Shareholder approval under the Listing Rules.

10. Admission, Dealings and Settlement

The Open Offer Shares will, when issued, rank in full for dividends and other distributions and otherwise equally in all respects with the New Ordinary Shares.

Applications will be made to the UK Listing Authority for the New Ordinary Shares to be admitted to the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.

It is expected that Admission will become effective and dealings will commence in the New Ordinary Shares at 8.00 a.m. on 24 February 2012.

The effect of the Proposals will be that if the Resolutions are passed and the Capital Reduction is approved by the Court that the Preference Shares will be cancelled.

Accordingly, this will involve the suspension of the listing of the Preference Shares on the Official List at 7.30 a.m. on the morning of the General Meeting and Class Meeting. If the Resolutions are passed at the General Meeting and Class Meeting, the Company will apply for the cancellation of trading of the Preference Shares on the Official List, with cancellation expected to take place on 24 February 2012, when Admission (of the New Ordinary Shares) will become effective.

11. General Meeting and Class Meeting

The GM and Class Meeting have been convened for 6 February 2012 at which the Resolutions required in order to enable the Company to implement the Sub-Division, Capital Reduction and Open Offer and, accordingly, the Open Offer will be put to Shareholders.

12. Recommendation

The Board considers that the Proposals, including the Underwriting and the passing of the Resolutions and the Class Consent are fair and reasonable as far as the Shareholders and Preference Shareholders are concerned and has been so advised by BCL. The Board considers that the Proposals, are in the best interests of the Company and the Shareholders and Preference Shareholders as a whole. In providing its advice, BCL has taken into account the Board's commercial assessments.

Messrs. Brown, Weinberg and Cockburn, who are interested in the Proposals and are Related Parties under the Listing Rules, have not taken part in the Board's consideration of the Proposals and have undertaken not to vote on the Resolutions and Class Consent, which implement the Proposals and to take all reasonable steps to ensure that their Associates as defined by the Listing Rules will not vote on the Resolutions and Class Consent, which implement the Proposals. In addition, Mr. Rupert Pearce-Gould is a Related Party under the Listing Rules but not a Director has undertaken not to vote on the Resolutions and Class Consent, which implement the Proposals and to take reasonable steps to ensure that his Associates as defined by the Listing Rules will also not vote on the Resolutions and Class Consent, which implement the Proposals.

Accordingly, the Board, unanimously recommends that you vote in favour of the Resolutions and Class Consent. The Board (with the exception of Messrs. Brown, Weinberg and Cockburn for the reasons stated above) has no beneficial holdings of Ordinary Shares or Preference Shares as at the date of this document.

13. Risk Factors

Operating business

Given that trading results over the last decade demonstrate both revenue and operating profit increasing and declining according to the cycle of the oil sector, a sharp decline in this sector in which BPE operates could result in the Group making a loss.

BPE also provides spare parts and repair services for engines used in the fishing industry. This industry could be subject to European legislation which might impose further fish quota cuts and so further decommissioning of fishing boats thus potentially reducing BPE's customer base.

Customer base

The business depends on the levels of capital investment and maintenance expenditures by BPE's customers, which in turn are affected by numerous factors, including the state of the global economy. Such factors can result in postponement of capital spending decisions by the customers or the delay or cancellation of existing orders, which can result in reduced demand for the Group's products and services, and may also erode average selling prices in the Group's industry.

Stock

BPE carries a large stock of components. In the event that the parts are superseded, redundant or that demand, for whatever reason, ceases, the value of the stock may have to be written down.

Suppliers

Suppliers and manufacturers of components and spare parts based both in continental Europe and overseas may be affected by fluctuation in commodity prices and exchange rates, which could mean that purchases from them by BPE would be at an increased price.

Employees

BPE's relationships with its customers are dependent on the performance of individual employees, specifically Mr. Stewart Davis, the managing director of BPE. If the Group is unable to retain or attract staff of a suitable calibre, this could lead to either the loss of existing business or the inability to generate new business.

Industrial disease claims

There is a risk that former employees (or others due to vicarious exposure) may make claims for asbestos related diseases, including those which may be related to asbestos exposure considerably in the past.

Pension Fund liability

The year to 31 March 2011 saw the actuarial deficit of the BPE section of the ABE Pension Fund reduce from the previous year, but the deficit is based on a valuation according to certain industry standards and norms which could be subject to change following the next actuarial valuation due as at 1 April 2013. The Group currently has the resources to fund the agreement with the Pension Fund Trustees on the elimination of the deficit, but in the event of any changes taking place as described above, the Group's ability to fund such deficit could be adversely affected.

Risks relating to the Proposals

Implementation of the Proposals is conditional upon, among other things, approval of the Court and the 7% Preference Shareholders. If such conditions are not satisfied, or, where applicable, waived, the Proposals will not be implemented and the benefits expected to result from the Proposals will not be achieved.

Risks relating to the New Ordinary Shares

Dilutive effect

If a Qualifying Shareholder does not subscribe for his Open Offer Entitlement, his proportionate interest in the Company will be diluted. A Qualifying Shareholder who does not take up his Open Offer Entitlement will, upon completion of the Proposals (including issue of the Settlement Shares) suffer a dilution of 35.9%.

Risks relating to the Group's future strategy which would be implemented if the Proposals are approved

Identifying suitable target acquisitions

The Company will be dependent upon the ability of the Directors to identify suitable acquisitions and to implement the Company's strategy

Market conditions

Market conditions may have a negative impact on the Company's ability to execute acquisitions which generate acceptable returns.

Contact:

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EXPECTED TIMETABLE OF EVENTS

Each of the times and dates set out in the timetable below may be adjusted by the Company, in which event details of the new times and dates will be notified to the FSA, the London Stock Exchange and, where appropriate, Shareholders. All references to a time of day in this document are to London time. The date of Admission is expected to be 24 February 2012. The timing of Admission is dependent upon the passing of the Resolutions at the GM, the approval of the Class Meeting the approval of the Court (the date for the final Court hearing is provisional only) and the Underwriting and Sponsorship Agreement becoming unconditional. If there is a delay in the happening of any of these events the date of Admission may change.

Record Date for entitlement to participate in the Open Offer	9 January 2012
Announcement of the Proposals, publication and posting of the Prospectus, Forms of Proxy and Application Forms to qualifying non-CREST Shareholders	11 January 2012
Announcement of intentions to cancel the listing of the Preference Shares	11 January 2012
Ex-entitlement date for the Open Offer	12 January 2012
Entitlements credited to stock accounts in CREST	13 January 2012
Recommended latest date for requesting withdrawal of Entitlements from CREST	23 January 2012
Latest date for depositing Entitlements into CREST	23 January 2012
Latest date for splitting Non-CREST Application Forms (to satisfy *bona fide* market claims only)	1 February 2012
Latest time for receipt of Forms of Proxy for the General Meeting	11.00 a.m. on 2 February 2012
Latest time for receipt of Forms of Proxy for the Class Meeting	11.30 a.m. on 2 February 2012
Latest time for receipt of completed Non-CREST Application Forms and payment in full under the Open Offer or settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 3 February 2012
Suspension of trading in the Preference Shares	7.30 a.m. on 6 February 2012
General Meeting	11.00 a.m. on 6 February 2012
Class Meeting	whichever is the earlier of 11.30 a.m. on 6 February 2012 and the end of the General Meeting

Court directions hearing	13 February 2012
Final Court hearing	22 February 2012
Sub-Division record date	22 February 2012
Sub-Division effective date (and crediting of shares to CREST)	23 February 2012
Record date for cancellation of 7% Preference Shares and redemption of 8% Preference Shares	23 February 2012
Issue date of Loan Notes, Settlement Shares and payment date of 8% Preference Shares	24 February 2012
Admission of and commencement of dealings in New Ordinary Shares	24 February 2012
Entitlements in uncertificated form credited to accounts in CREST	24 February 2012
Expected date of despatch of definitive share certificates for New Ordinary Shares in certificated form	1 March 2012

The date of Admission is expected to be 24 February 2012. The timing of Admission is dependent upon the passing of the Resolutions at the GM, the approval of the Class Meeting and the approval of the Court (the date for the final Court hearing is provisional only). If there is a delay in the happening of any of these events the date of Admission may change.

STATISTICS

Issue Price per New Ordinary Share	£1.00
Entitlement under the Open Offer	4 Open Offer Shares for every 15 Existing Ordinary Shares
Number of Ordinary Shares in issue at the date of this document	1,313,427
Number of Open Offer Shares	350,247
Number of Settlement Shares	385,316
Enlarged Issued Ordinary Share Capital immediately following the issue of the Open Offer Share and the Settlement Shares	2,048,990
Open Offer Shares as a percentage of the Enlarged Issued Share Capital	17.1%
Settlement Shares as a percentage of the Enlarged Issued Share Capital	18.8%
Market capitalisation at the Issue Price on completion of the Proposals	£2,048,990

UNAUDITED PRO-FORMA CONSOLIDATED STATEMENT OF NET ASSETS OF THE GROUP

Set out below is an unaudited pro-forma consolidated statement of net assets of the Group, which has been prepared by the Directors on the basis of the notes set out below.

The unaudited pro-forma consolidated statement of net assets has been prepared to show the effects of the fundraising via an open offer, the reorganisation and capital reduction, redemption and cancellation of preference shares and the issue of new shares and loan notes (together "the Transaction") on the consolidated net assets of the Group as at 30 September 2011 as if the Transaction had occurred on that date.

It is the sole responsibility of the Directors to prepare the pro-forma statement. The pro-forma statement has been prepared by the Directors for illustrative purposes only and, because it addresses a hypothetical situation, does not represent the Company's actual consolidated financial position either prior to or following the proposed placing.

	Net assets of the Group as at 30 Sept 2011 (note 1) £'000	*Open Offer proceeds (note 2) £'000*	*Redemption of 8% Preference Shares (note 3) £'000*	*Cancellation of 7% Preference Shares (note 4) £'000*	*Pro-forma net assets of the Group £'000*
ASSETS					
Non-current assets					
Property, plant and equipment	62	–	–	–	62
Current assets					
Inventories	1,136	–	–	–	1,136
Trade and other receivables	556	–	–	–	556
Held for trading investments	75	–	–	–	75
Cash and cash equivalents	3,981	135	(299)	–	3,817
Total current assets	5,748	1 3 5	(299)	–	5,584
TOTAL ASSETS	5,810	135	(299)	–	5,646
LIABILITIES					
Current liabilities					
Trade and other payables	(676)	–	–	–	(676)
Current tax liabilities	(223)	–	–	–	(223)
	(899)	–	–	–	(899)
Non-current liabilities					
Retirement benefit obligations	(1,852)	–	–	–	(1,852)
Cumulative preference shares	(476)	–	104	372	–
Loan notes	–	–	–	(555)	(555)
	(2,328)	–	104	(183)	(2,407)
TOTAL LIABILITIES	(3,227)	–	104	(183)	(3,306)

NET ASSETS	2,583	135	(195)	(183)	2,340

Notes:

1. The net assets of the Group have been extracted, without adjustment, from the unaudited consolidated interim financial information for the six month period ended 30 September 2011.
2. The Underwritten Open Offer is expected to raise a net amount of £134,637 being the gross proceeds of £350,247 less issue costs amounting to £215,610 exclusive of VAT (where applicable).
3. The net proceeds of the Open Offer are to be applied, in part, to the redemption of the 8% Preference Shares with a nominal value of £157,395 and total dividend arrears of £149,865 with the remaining balance to be settled from existing cash resources. As at 30 September 2011 the 8% Preference Shares have an amortised cost of £104,000, in accordance with the Group's accounting policy.
4. Following the cancellation of the 7% Preference Shares , the liability will be settled by the issue of Loan Notes with an aggregate nominal value of £555,000, as detailed in Part III of the Prospectus. The Company will also apply to cancel £462,379 of share premium account and will then issue 385,316 New Ordinary Shares at £1.20 per share to settle dividend arrears on 7% Preference Shares. As at 30 September 2011 the 7% Preference Shares have an amortised cost of £372,000, in accordance with the Group's accounting policy.
5. If the fundraising via the Open Offer, redemption of the 8% Preference Shares, cancellation of the 7% Preference Shares and the Issue of Loan Notes had taken place on 30 September 2011, the reported pre-tax loss of £186,000, for the interim period, would have increased to £564,000, with additional finance costs of £195,000 following the redemption of the 8% Preference Shares and £183,000 following the cancellation of the 7% Preference Shares. The reported basic and diluted loss per share of 14p would increase to 43p. This has been calculated assuming all issue costs relating to the transaction are deducted from the share premium account.

DEFINITIONS

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

Admission the admission of the New Ordinary Shares to listing on the Official List, trading on the London Stock Exchange's main market.

Articles of Association the articles of association of the Company.

BCL Beaumont Cornish Limited, the Company's sponsor.

Blue Form of Proxy the form of proxy accompanying the Prospectusfor use by 7% Preference Shareholders at the Class Meeting, which has a blue band across it.

Board or **Directors** the directors of the Company whose names are set out on page 14 of the Prospectus or, as applicable, the directors of the Company from time to time.

BPE British Polar Engines Limited, incorporated in Scotland with registered number SC014560.

Business Day a day, other than a Saturday, Sunday or public holiday, on

	which clearing banks are open for ordinary banking business in London.
Capital Reduction	the proposed cancellation of the 7% Preference Shares and the proposed cancellation of a portion of share premium account as more particularly described in paragraph 4 of theProspectus.
City Code	the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers.
Class Consent	the resolution of 7% Preference Shareholders to be proposed at the Class Meeting.
Class Meeting	the meeting of the 7% Preference Shareholders convened for the purpose of considering the Capital Reduction and issue of the Settlement Shares and the Loan Notes, notice of which is set out in Appendix I ofthe Prospectus.
Companies Act or **CA2006**	the Companies Act 2006.
Company or **ABE**	Associated British Engineering plc, incorporated in England and Wales with registered number 00110663.
Completion	completion of the Proposals following the approval of the Capital Reduction by the Court and the registration of the Court order with the registrar of companies.
Corporate Governance Code	the UK Corporate Governance Code, published by the Financial Reporting Council.
Court	the High Court of England and Wales.
CREST	the paperless share settlement system and system for the holding of shares in uncertified form in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the CREST Regulations 2001).
CREST Manual	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the

CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended).

CREST member a person who has been admitted to Euroclear as a system-member (as defined in the CREST Regulations).

CREST participant a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations).

CREST Regulations the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended.

CREST sponsor a CREST participant admitted to CREST as a CREST sponsor.

CREST sponsored member a CREST member admitted to CREST as a sponsored member.

Deferred Shares the deferred shares of £1.975 each arising from the Sub-Division.

Directors the current directors of the Company.

Disclosure and Transparency Rules the disclosure and transparency rules of the FSA.

Enlarged Issued Share Capital the issued share capital of the Company following Completion, consisting of the New Ordinary Shares.

Entitlement the *pro rata* entitlement of Qualifying Shareholders to subscribe for 4 Open Offer Shares for every 15 Existing Ordinary Shares registered in their name as at the Record Date.

EU the European Union.

European Economic Area or **EEA** territories comprising the European Union together with Norway, Iceland and Liechtenstein.

Excluded Overseas Shareholders other than as agreed in writing by the Company and BCL and as permitted by applicable law, Shareholders who are located or have

Existing Ordinary Shares the 1,313,427 Ordinary Shares of £2 each in the capital of the Company.

FSA or **Financial Services Authority** the Financial Services Authority of the United Kingdom.

FSMA	the Financial Services and Markets Act 2000, as amended from time to time.
General Meeting or **GM**	the general meeting of the Company convened for the purpose of considering the Proposals, notice of which is set out in Appendix 1 of the Prospectus.
Group	the Company and its subsidiaries and subsidiary undertakings from time to time, or any one of them as the context may require.
HMRC	HM Revenue and Customs.
IFRS	International Financial Reporting Standards, as adopted for use in the EU.
ISIN	International Securities Identification Number.
Issue Price	£1.00 (one pound).
Listing Rules	the listing rules of the FSA.
Loan Notes	the £555,000 new 6 per cent. loan notes 2012 to be issued by the Company pursuant to an instrument dated 11 January 2012, as more particularly described in Part III of the Prospectus.
London Stock Exchange	London Stock Exchange plc.
Memorandum of Association	the memorandum of association of the Company.
Money Laundering Regulations	the Money Laundering Regulations 2007 (SI 2007/2157), as amended from time to dine.
New Ordinary Shares	the ordinary shares of 2.5 pence each arising from the Sub Division.
Non-CREST Application Form	the application form for use by Qualifying Non-CREST Shareholders relating to applications for Open Offer Shares.
Official List	the Official List of the UKLA.
Open Offer	the offer to Qualifying Shareholders, constituting an invitation to apply for the Open Offer Shares on the terms and subject to the conditions set out in this document and, in the case of Qualifying Non-CREST Shareholders, in the Non-CREST Application Form.
Open Offer Entitlement	an entitlement to apply for Open Offer Shares allocated to a

	Qualifying Shareholder pursuant to the Open Offer.
Open Offer Shares	the 350,247 New Ordinary Shares to be offered to Qualifying Shareholders under the Open Offer.
Ordinary Shares	ordinary shares of £2 each in the capital of ABE.
Overseas Shareholders	holders of Existing Ordinary Shares or Preference Shares who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the UK or persons who are nominees or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the UK which may be affected by the laws or regulatory requirements of the relevant jurisdictions.
Prospectus	the Company's prospectus which is dated 11 January 2012.
Prospectus Directive	the Directive of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (no. 2003/71/EC).
Prospectus Rules	the prospectus rules of the FSA.
Preference Shares	the 7% Preference Shares and the 8% Preference Shares.
Preference Shareholder	a holder of Preference Shares.
Proposals	the Sub-Division, the Open Offer, the Capital Reduction, the redemption of the 8% Preference Shares and the Underwriting.
Purple Form of Proxy	the form of proxy accompanying the Prospectusfor use by Shareholders in relation to the GM, which has a purple band across it.
Qualifying CREST Shareholders	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company on the Record Date are in uncertificated form.
Qualifying Non-CREST Shareholders	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company on the Record Date are in certificated form.
Qualifying Shareholders	holders of Existing Ordinary Shares on the register of

members of the Company at the Record Date with the exclusion (subject to certain exceptions) of persons with a registered address or located or resident in the US or a Restricted Jurisdiction.

Receiving Agent Computershare Investor Services PLC.

Record Date close of business on 9 January 2012.

Registrar Computershare Investor Services PLC.

Regulation S Regulation S promulgated under the Securities Act.

Regulatory Information Service one of the regulatory information services authorised by the UKLA to receive, process and disseminate regulatory information in respect of listed companies.

Resolutions Resolutions 1, 2, 3 and 4 as set out in the notice of GM appended to the Prospectus.

Restricted Jurisdictions each of Australia, Canada, Japan, New Zealand, South Africa and the United States.

Securities Act the United States Securities Act of 1933, as amended.

Senior Manager Stewart Davis and Rupert Pearce Gould.

Settlement Shares the 385,316 New Ordinary Shares to be issued to the 7% Preference Shareholders in settlement of the principal amount of the 7% Preference Shares.

Shareholders holders of Existing Ordinary Shares.

Sub-Division the proposed sub-division of each Existing Ordinary Share into one New Ordinary Share and one Deferred Share.

UK or **United Kingdom** the United Kingdom of Great Britain and Northern Ireland.

UK Listing Authority or **UKLA** the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA in the exercise of its functions in respect of, among other things, the admission to the Official List.

Underwriters each of the Directors (other than Andrew Beaumont), the trustees of the H P Gould & Sons Pension Fund and Colin Mason.

Underwriting the underwriting of the Open Offer by the Underwriters

	pursuant to the Underwriting and Sponsorship Agreement.
Underwriting and Sponsorship Agreement	the agreement dated 11 January 2012 between ABE, BCL and the Underwriters, further details of which are set out in paragraph 10.2 of Part VIII of the Prospectus.
United States, US or **USA**	the United States of America, its territories and possessions.
USE Instruction	has the meaning given in the CREST Manual.
US Person	a natural person resident in the US, a corporation or a partnership organised or incorporated under the laws of the US, any estate of which any executor or administrator is a "US person" within the meaning of Rule 902(k) under the Securities Act, any trust of which any trustee is a "US person" within the meaning of Rule 902(k) under the Securities Act, or any other person, entity, trust or estate included within the definition of "US person" under the Securities Act or determined to be resident in the US for the purposes of the US Investment Company Act of 1940, as amended.
7% Preference Shareholder	a holder of 7% Preference Shares.
7% Preference Shares	the 555,000 7% cumulative preference shares of £1 each in the capital of the Company.
8% Preference Shares	the 157,395 8% cumulative redeemable preference shares of £1 each in the capital of the Company.

Note:

BCL, which is authorised and regulated in the UK by the Financial Services Authority, is acting as sponsor to the Company and no one else in connection with the Proposals described in this announcement or the Prospectus. BCL will not regard any person other than the Company (whether or not a recipient of this announcement or the Prospectus) as its client in relation to the Proposals and will not be responsible to anyone other than the Company for providing the protections afforded to clients of BCL or for providing advice in relation to the Proposals or any transaction or arrangement referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed on BCL by FSMA or the regulatory regime established thereunder, BCL accepts no responsibility whatsoever nor make any representation or warranty, express or implied, for or in respect of the contents of this announcement or the Prospectus, including its accuracy, completeness or verification or regarding the legality of an investment in the New Ordinary Shares by a subscriber under the laws applicable to such subscriber or for any other statement made or purported to be made by them, or on their behalf, in connection with the Company, the New Ordinary Shares, the Open Offer, and nothing in this announcement or the Prospectus is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. BCL accordingly disclaims to the fullest extent permitted by applicable law all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise be found to have in respect of this announcement or the Prospectus or any such statement.

Copies of the Prospectus are available on the Company's web-site www.abeplc.co.uk. In addition, copies have been submitted to the National Storage Mechanism and will shortly be available on www.Hemscott.com/nsm.do

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