

**DIRECTORS**

Richard Last (Non-Executive Chairman)  
David Webber (Chief Executive Officer)  
Martin Thorneycroft (Finance Director)  
John Priestley (Non-Executive Director)  
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1 December 2011

Dear Shareholder,

**Potential Offer for the Company**

Please find enclosed the announcement released by Patsystems plc ("Patsystems" or the "Company") on 28 November 2011, which I am sending to all shareholders of the Company, as required by Rule 2.12 of the City Code on Takeovers and Mergers (the "Code").

**Provision of addresses, electronic addresses and other information**

In accordance with Section 4 of Appendix 4 of the Code, please be aware that addresses, electronic addresses (if any) and certain other information provided by shareholders of the Company, persons with information rights and other relevant persons for the receipt of communications from Patsystems may be provided to ION Trading during the offer period.

Yours faithfully

**Richard Last**  
Non-executive Chairman, Patsystems plc

RNS Number: 8465S

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28 November 2011

**Patsystems plc  
(the "Company")**

**Potential Offer for the Company**

**and**

**MF Global impact and trading statement**

**Potential Offer for the Company**

The Board of Patsystems plc announces that it has received an approach from its largest shareholder, ION Trading ("ION"), regarding a possible cash offer by ION (either directly or through one of its affiliates) for the Company, which values each share in Patsystems at 14 pence. The Board acknowledges the Company's strong commercial fit with ION, their greater financial stability, as well as the potential benefits to staff, customers and product development. The Board will therefore carefully assess the merits of the proposed combination.

In accordance with Rule 2.6(a) of the Code, ION must, by not later than 5.00 p.m. on 26 December 2011, either announce a firm intention to make an offer for the Company in accordance with Rule 2.7 of the Code or announce that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline will only be extended with the consent of the Panel in accordance with Rule 2.6(c) of the Code.

This announcement is being made with the prior agreement and approval of ION.

A further announcement will be made in due course.

**MF Global Update**

Following the Company's announcement dated 31 October 2011, Patsystems has completed its preliminary assessment of the financial impact of the collapse of MF Global Holdings ("MF Global"), and provides shareholders with the following update.

The impact on our business has essentially two aspects to it. MF Global was our single largest client and, as well as owing us money at the point of collapse, was expected to provide revenues throughout the remainder of 2011 and onwards. The majority of those revenues relate to transactions conducted by MF Global's own customer base which if they migrate to other Patsystems clients would lessen the impact of the direct loss of MF Global's business.

The administration of MF Global is complicated by its multi-jurisdictional nature which is impacting the release of client funds to enable MF Global's customers to migrate to new platform providers and hence to resume trading (or at least to the same extent as previously) as well as delaying the process of establishing the full extent of recoverability on sums owed directly to us.

Recently there has been a release of some client funds by the Trustees of the North American MF Global business and a transfer of client positions to other brokers and Futures Commission Merchants ("FCMs"), a number of these brokers and FCMs being Patsystems clients. In addition, outside of the USA, Patsystems has seen a number of the professional/institutional customers of MF Global commence the transfer of their business to other customers of Patsystems.

However, with minimal release of client funds for individual traders by Administrators in countries other than the USA, this has meant that there has been little trading activity by those customers to date and we do not expect this to change significantly before the end of the year. We anticipate that as a consequence of the above, Patsystems revenues and therefore profits for the year will be lower by approximately £500,000.

In addition to the above, we have sums due from MF Global of £900,000. Although we are in dialogue with Trustees and Administrators with respect to this amount and also the on-going provision of systems, these discussions have yet to be concluded and we cannot be certain of the extent to which these monies will be fully recovered.

#### **Other clients**

In response to the current economic climate and the particular issues facing the financial services industry we have reviewed our exposure to our clients, especially those currently seeking strategic funding and those with whom we have material debtor balances and / or accrued income positions. As a result of our review, we believe that provisions are required against our financial exposure in respect of one exchange client, amounting to a minimum of £600,000 and up to a total provision of £1.3m depending upon the success of a second client in securing its further financing.

#### **Outlook**

We expect to benefit from the transfer of MF Global's customers to other of our clients but it is not yet possible to determine at what level this will occur. Taking this into account, and the anticipated growth in the Mixit business and the business efficiencies that are being implemented, we expect trading in 2012 to show significant improvement on 2011.

#### **Enquiries:**

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This is an announcement falling under Rule 2.4 of the Code and does not constitute an announcement of a firm intention to make an offer under Rule 2.7 of the Code. There can be no certainty that an offer will be made. A further announcement will be made in due course if appropriate.

Numis Securities Limited, which is authorised and regulated by the Financial Services Authority, is acting for Patsystems plc and for no-one else in connection with the contents of this document and will not be responsible to anyone other than Patsystems plc for providing

the protections afforded to clients of Numis Securities Limited, or for providing advice in relation to the contents of this document or any matters referred to herein.

The directors of Patsystems accept responsibility for the information contained in the section of this announcement entitled "Potential Offer for the Company". To the best of the knowledge and belief of the directors of Patsystems (who have taken all reasonable care to ensure that such is the case) the information contained in the section of this announcement entitled "Potential Offer for the Company" is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### **Disclosure requirements of the Takeover Code (the "Code")**

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

In accordance with Rule 30.4 of the Code, a copy of this announcement will be published on the Company's website ([www.patsystems.com](http://www.patsystems.com)) by no later than 12 noon on 29 November 2011.

In accordance with Rule 2.10 of the Code, the Company announces that it has 204,431,185 ordinary shares of 1p each in issue. The International Securities Identification Number for the Company's ordinary shares is GB0032386822.