



THE DISCLOSURE TEST

Shire Pharmaceuticals

Drug approval is an unpredictable business and news cannot wait. With investors split evenly between the UK and US, Shire needs 24-hour communication.

Cléa Rosenfeld isn't medically trained, yet seven years into her role as vice-president of IR at Shire Pharmaceuticals, she speaks the pharmaceutical language convincingly. Drug names and their remedial properties roll off her tongue, persuading investors that she is as comfortable talking about speciality medical products as she is about shareholder communications.

It's just as well. The US Food and Drug Administration (FDA) has just given Shire the green light to replace its top-selling attention deficit hyperactivity disorder drug with a newer treatment.

Rosenfeld knows that the company's shareholders in the US will probe the technicalities of a product launch far more intimately than their less pharmaceutical-savvy European peers.

Leading the way

"In many ways, the US is ten years ahead in its knowledge of central nervous system disorders like ADHD," says Rosenfeld. "There is greater acceptance of the condition. US investors will not stop at calling doctors, making their own investigations and, in the event of a patent challenge, being in court to hear the ruling themselves. They have a firm grip on the market and the data we provide has to satisfy their hunger for information."

The investor split - 50 per cent UK-based, 40 per cent US-based, three per cent Canadian and the remainder continental European - poses some interesting dilemmas

when releasing news to the market. Shire is listed on both the London Stock Exchange and Nasdaq and invariably, when one market is open the other is closed.

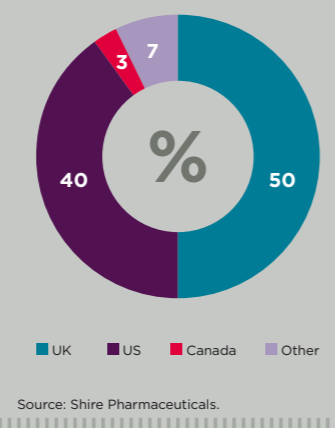
"From a communications perspective, it is better to release news when both markets are either open or closed to avoid upsetting investors who could be disadvantaged."

Immediate response

However, news cannot always wait, as Rosenfeld knows only too well. She recalls how, at the end of 2006, the FDA issued a letter indicating that it was prepared to approve Vyvanse - an ADHD drug jointly developed by Shire and New River Pharmaceuticals. Although it was 10pm UK time, the communication, regulatory and legal teams at Shire and New River convened immediately for a teleconference. Together the global team crafted the corporate messages and put the final touches to a press release that hit the newswires at 2.30am UK time.

Shire is a rapidly expanding and highly acquisitive company.

Shire's shareholder breakdown



Founded in 1986, it has already merged with eight companies, cutting short the time it takes to build a global pharmaceuticals business. Its latest proposed acquisition is Vyvanse partner New River Pharmaceuticals.

It is acquisitions, drug releases and patent challenges that keep the IR function occupied. "We always release information as soon as possible," says Rosenfeld. "There are two types of news. The news you expect, such as quarterly results, and the news that you don't, such as an extension to a drug review by the US FDA, European agencies or a patent challenge. And within that, some news will be price sensitive and some will not. In any event, it must be released simultaneously to the market to comply with the listing rules of the LSE and Nasdaq."

Global audience

UK primary information provider PR Newswire is on call 24-hours a day to help Shire get its messages to the investor world. With direct feeds into the world's largest media relay points, such as Reuters and Bloomberg, as well as the financial networks, PR Newswire takes Shire's release to the widest possible audience.

Where the news is price sensitive, it is released via PR Newswire as a corporate press release. Non-sensitive news is issued in the same way but as a standard news release.

"PR Newswire ensures that the release is issued simultaneously and

globally," says Rosenfeld. "It has the latest technology and can reach the audiences we want to reach."

Press releases are supplemented, where appropriate, by conference calls. These always occur after results announcements and they are used for deal announcements that require more in-depth explanation. Dial-in information is provided on press releases and anyone can join the call. Webcasts are available for people who are unable to dial in but are interested in the content.

"We also pre-arrange face-to-face meetings for quarterly results announcements," says Rosenfeld. "When we announce a deal - such as the current acquisition of New River - we will communicate the date of a face-to-face meeting on the day that the news breaks."

Online presence

Shire also communicates via its website. Interested parties - which include physicians and their patients - can sign up for email alerts and receive news as it is delivered to the markets.

Although the processes are in place for simultaneous disclosure, Rosenfeld feels that institutional investors and sell-side analysts will always have an advantage. "By virtue of their jobs, they are online at the time that the news hits their screens. And that's just a fact of life which has absolutely nothing to do with simultaneous disclosure or international time zones."

KATHRYN WILCOX is a freelance business journalist.

PR NEWSWIRE

Making connections

PR Newswire is a UK regulatory information service provider that is mandated by the Financial Services Authority. It helps companies such as Shire Pharmaceuticals meet their compliance obligations by simultaneously disclosing price-sensitive information to the market.

Nick Gynne, sales director at PR Newswire, has been supporting Shire for the past five years. "As with any listed company, Shire has

to make price-sensitive announcements in a timely fashion to adhere to the regulations of both Nasdaq and the LSE."

PR Newswire's reach is vast. A news release will be sent to relevant regional buy-side analysts, more than 3,600 websites, online services and databases, 22,000 media outlets and more than 80,000 journalists.

Global disclosure

"For companies such as Shire, the need to disclose information simultaneously can be a challenge," says Gynne. "But because we have the systems and the connections, Shire's release is as good as sent the moment we receive it."

The proliferation of online media has kept PR Newswire on its toes. "They are important to the investment community as part of the news distribution circuit," Gynne says. "We have dedicated resources to ensure that we are signed up with those websites that matter to our customers."

Aside from the legal requirements of disclosure, he says that companies owe it to themselves to communicate more widely than their existing shareholder base.

He points to a world that has become less insular. "Whereas a UK-listed company once courted only UK shareholders, and a Nasdaq-listed company attracted US shareholders, it is all changing. "According to Citigroup figures, US institutions now include up to 18 per cent foreign holdings and there are also more than \$20trn in assets under management in both Europe and the US. Companies should not discount or reject investor communities outside their own territory and can make more of their communications to extend their shareholder base."

What's more, companies that stick to the same shareholder base could suffer if their fortunes change. "It pays to communicate with those who may, in the future, become investors," Gynne explains. "You never know how harsh the impact of bad news might be. Should your investor base change dramatically, you may have already generated sufficient interest to balance out any loss."

Beyond box-ticking
Gynne is keen for companies to go beyond the regulatory announcements that they have to disseminate. "There's a lot of mileage in adopting a communicative and transparent strategy," he advises.

"The more a company communicates with the market, the more it helps investors build up an image and make more informed investment decisions. In a recent survey by Rivel Research Group, 75 per cent of fund managers said

articles in business and trade media are a major source of investment ideas. Adopting transparent communications could make the difference between an investor choosing your company or a peer."

80,000
JOURNALISTS
RECEIVE
RELEASES FROM
PR NEWSWIRE

3,600
WEBSITES,
ONLINE SERVICES
AND DATABASES
REACHED BY
PR NEWSWIRE

22,000
MEDIA OUTLETS
ARE WITHIN THE
REACH OF
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