

THE TAKEOVER PANEL

PRACTICE STATEMENT NO. 6

STRATEGIC REVIEW ANNOUNCEMENTS

From time to time, a company may announce that it is conducting a strategic review of its business (a “strategic review announcement”); in some cases, the announcement will go on to identify an offer for the company as one of the possible outcomes of the strategic review. The Executive is aware that, whilst the ultimate conclusion of a strategic review might be an offer for the company, an offer may be only one of a number of options being explored by the company. The Executive is also mindful that such reviews may take place over a protracted period of time.

The Executive’s practice in relation to strategic review announcements and Rule 2 is as follows:

- (i) *Strategic review announcement which refers to an offer:*

If the strategic review announcement refers specifically to an offer (or a merger or the search for a buyer for the company) as one of the options to be considered as part of the strategic review, the Executive will normally treat the announcement as starting an offer period in relation to the company. This is in accordance with the definition of “offer period”, which states that an offer period will commence on the announcement of “a proposed or possible offer”.

If the conclusion of the strategic review is not to pursue an offer, the company will be required to update the position by way of a public announcement. At that point, the offer period will end.

(ii) *Strategic review announcement which does not refer to an offer:*

If the strategic review announcement does not refer to an offer (or a merger or the search for a buyer for the company), the Executive will not treat the announcement as automatically starting an offer period.

In such circumstances, the Executive will make enquiries of the company's advisers as to the options being considered by the board. The Executive will normally require the company to make a further announcement, identifying that an offer is one of the options to be considered as part of the strategic review, where both:

- (a) an offer is being, or will be, actively considered (as opposed to being, as it almost inevitably will be, one of many possibilities); and
- (b) there is rumour and speculation about a possible offer for the company or an untoward movement in its share price.

Any such further announcement will commence an offer period. Where such a further announcement has been made, and if the conclusion of the strategic review is not to pursue an offer, the company will be required to update the position by way of a public announcement. At that point, the offer period will end.

Companies and their advisers are encouraged to consult with the Executive before making a strategic review announcement.

Practice Statements are issued by the Executive to provide informal guidance to companies involved in takeovers and practitioners as to how the Executive normally interprets and applies relevant provisions of the Code and the SARs in certain circumstances. Practice Statements do not form part of the Code or the SARs. Accordingly, they are not binding on the Executive or the Panel and are not a

substitute for consulting the Executive to establish how the Code and the SARs apply in a particular case. All Practice Statements issued by the Executive are available on the Panel's website at www.thetakeoverpanel.org.uk.

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