

THE TAKEOVER PANEL

GUINNESS PEAT GROUP PLC ("GPG")/ RYLAND GROUP PLC ("RYLAND")

On 28 August, GPG announced the lapse of its mandatory cash offer for Ryland. GPG stated that this course of action had been taken to allow Ryland's management sufficient time to pursue its bid proposal and that, with the agreement of Ryland and its management team, the Panel Executive (the "Executive") had granted GPG a dispensation from Rule 35.1 which would normally prevent GPG from making a further bid for Ryland for 12 months. As agreed between the parties, GPG would be permitted to make a further bid for Ryland if management had not announced a firm intention to make an offer on or before 30 November.

On 29 August, Pendragon plc ("Pendragon") announced that it had agreed to acquire 29.99% of Ryland's shares from GPG.

The Executive has since spoken to GPG and understands that, prior to GPG's announcement referred to above, GPG had had discussions with Pendragon regarding a potential sale of Ryland shares. GPG has stated to the Executive that those discussions were, in GPG's view, speculative and GPG did not believe they would lead to a transaction. As a result, GPG did not believe they were relevant to the dispensation. The discussions were not concluded until the evening of 28 August, following GPG's announcement referred to above.

The Executive believes that GPG's involvement in such discussions was sufficiently material to have been brought to the Executive's attention. Such information might have influenced the decision of the Executive to grant the dispensation. In the circumstances, the Executive has revoked the dispensation granted to GPG.

GPG now accepts that the discussions held with Pendragon ought to have raised doubts as to whether they were relevant to the dispensation and, accordingly, GPG

should have consulted its financial adviser and the Executive in this respect. Whether or not a matter is material is a question for the Executive to determine and, in the event of any doubt, the matter should be disclosed to the Executive.

For its failure to inform the Executive of its discussions with Pendragon before its announcement that the Executive had granted a dispensation from Rule 35.1, GPG is hereby criticised.

3 September 2002