

THE TAKEOVER PANEL

IMPORTANT INFORMATION FOR EX-DISTILLERS SHAREHOLDERS IS
CONTAINED IN THIS STATEMENT

**GUINNESS PLC ("GUINNESS") /
THE DISTILLERS COMPANY PLC ("DISTILLERS")**

Meetings of the full Panel took place on 25 August and 2 September 1987 concerning one aspect of the take-over of Distillers by Guinness in 1986. Guinness has commenced legal proceedings against the Panel in order to have the decisions made by the Panel at these hearings quashed through the process of judicial review on the basis, Guinness alleges, that the Panel has acted unfairly to Guinness. This will be strongly resisted by the Panel.

Neither of the hearings was concerned with assessing the behaviour of any individuals or organisations from the point of view of censure or other disciplinary action by the Panel.

The purpose of the 25 August hearing was to consider Guinness' argument that, in its view, the 2 September hearing should not take place: the Panel did not accept that argument.

The question which concerned the Panel at the 2 September hearing was whether a purchase of some 10.6 million Distillers shares at 705p per share, on 17 April 1986, was made by a party acting in concert with Guinness for the purposes of the Code; if so, that might have important Code consequences regarding the value of Guinness' offer for Distillers. The Panel determined that the purchaser was acting in concert with Guinness. Consideration of the question of the resulting Code consequences was left over to allow discussions between Guinness and the Panel executive to take place. A meeting of the full Panel to consider the

consequences was due to take place on 12 November but was postponed at the request of Guinness, legal proceedings having been commenced on 28 October.

The Panel had agreed to Guinness' request that it should be able to appeal the Panel's decisions made on 25 August and 2 September to the Appeal Committee of the Panel, but considered that any such appeal should be heard following the Panel's outstanding decision on consequences. Accordingly no meeting of the Appeal Committee has yet taken place.

If the Panel's decision on the acting in concert question continues to stand, one possible consequence is that the cash alternative under Guinness' offer for Distillers will be considered by the Panel to have been inadequate. This may mean that certain ex-Distillers shareholders will in due course become entitled to further payments. In that event, it may be necessary for such shareholders to produce evidence of certain transactions in Guinness shares and Distillers shares, in order to establish an entitlement. The Panel is concerned that, given the potential delay in the Panel's processes arising out of the current legal proceedings, persons who may have a future entitlement should not act to their detriment in the meantime. The Panel is therefore issuing the following advice:-

1. ACCEPTORS OF GUINNESS' CASH ALTERNATIVE should retain all evidence they may have of their acceptances.
2. ACCEPTORS OF GUINNESS' BASIC OFFER, which included Guinness ordinary stock units, (whether or not they elected for extra convertible preference shares or more Guinness ordinary stock units under the offer):
 - should retain all evidence they may have of their acceptances;

- should retain, if they purchased or sold Guinness ordinary stock units or Distillers shares after 20 April 1986, evidence of such transactions as they have available, including contract notes;
- should also ask the stockbrokers, through whom they may have effected such transactions, to retain relevant evidence they may have.

3 DISTILLERS SHAREHOLDERS WHO DID NOT ACCEPT GUINNESS' OFFER and who purchased or sold either Distillers shares or Guinness ordinary stock units after 20 April 1986 should similarly retain any such evidence and advise their stockbrokers accordingly.

IT IS EMPHASISED THAT THE PANEL'S DECISION ON THE ACTING IN CONCERT QUESTION IS NOW SUBJECT TO JUDICIAL REVIEW PROCEEDINGS; ALSO, THE CONSEQUENCES OF THE PANEL'S DECISION, IF IT STANDS, ARE STILL TO BE DETERMINED.

The Panel is endeavouring to expedite the current legal proceedings to ensure that the relevant matters are resolved at the earliest possible date. In addition, a full explanation of the background to the current issues and the Panel's approach to them will be published as soon as circumstances permit.

18 November 1987