

THE TAKEOVER PANEL

RELEASE OF PANEL EXECUTIVE PRACTICE STATEMENT NO. 17

The Panel Executive has today released Practice Statement No. 17 in relation to the Companies Act 2006, a copy of which is attached to this Statement

19 January 2007

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PRACTICE STATEMENT NO. 17

THE COMPANIES ACT 2006

The Code contains a number of references to provisions of the Companies Act 1985 (the “1985 Act”). Most of the existing provisions of the 1985 Act will be replaced by the Companies Act 2006 (the “2006 Act”), which received Royal Assent on 8 November 2006. The provisions of the 2006 Act will be implemented at different times. However, the Government’s intention is to commence all parts of the 2006 Act by October 2008.

From 20 January 2007, Part VI (i.e. sections 198 to 220) of the 1985 Act (relating to the disclosure of interests in shares in public companies) will be repealed and replaced by certain provisions in Chapter 5 of the FSA’s Disclosure and Transparency Rules (the “DTR”) and by certain provisions of the 2006 Act. Various provisions of Part X of the 1985 Act, including section 328 (relating to the extension of section 324 to directors’ spouses and children), will be repealed on 6 April 2007 and will not be replaced.

Amendments to the Code to reflect relevant provisions in the 2006 Act and the DTR will be published and, where relevant, consulted on by the Code Committee of the Panel in due course. Until then, the Executive will continue to interpret and apply the relevant provisions of the Code that refer to the 1985 Act as it has done to date.

In particular, notwithstanding the repeal of Part VI of the 1985 Act and, from 6 April 2007, the repeal of section 328:

- in complying with Note 1 on Rule 24.3, the disclosure in the case of directors of interests, short positions and borrowings should include those of persons whose interests in shares a director would have been required to disclose pursuant to Parts VI and X of the 1985 Act; and

- whether a group of companies will be regarded as a single shareholder for the purposes of Note 1 on Rule 5.2 will continue to be determined by reference to sections 203(2) to (4) of the 1985 Act.

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 in certain circumstances. Practice Statements do not form part of the Code. 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 applies 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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