

THE TAKEOVER PANEL

RULE CHANGES

The Panel has been considering the possibility of a change to Rule 9 of the Code which currently allows a person or a group acting in concert holding shares carrying not less than 30% but not more than 50% of the voting rights of a company to acquire during any 12 month period additional shares carrying up to 1% of the voting rights without making a general offer for the company.

Following its review, the Panel has decided that the interests of shareholders generally would be best served by removing the 1% purchasing freedom allowed under Rule 9. Accordingly, any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights of a company will, except with the consent of the Panel, be required to make an offer under Rule 9 if there is any increase at all in the percentage level of that holding.

This change together with the consequential changes to the Code arising from it will be implemented with immediate effect. The principal consequential change will be to Rule 5, where the 1% purchasing freedom allowed under Rule 5.1(b) is also removed. If it is considered that these changes would cause major difficulties in any particular case, the Panel should be consulted and it will endeavour to agree a solution which is fair to all parties. Code amendments reflecting these changes will be issued in due course.

26 August 1998