

THE TAKEOVER PANEL

CORDIANT COMMUNICATIONS GROUP PLC ("CORDIANT")

The Executive has been investigating certain dealings by Mme Nahed OjjeH in Cordiant shares. The Executive has concluded that a number of breaches of the City Code on Takeovers and Mergers (the "Code") have occurred in relation to the disclosure of such dealings.

Background

On 29 April, Cordiant released the following statement:

"Cordiant announces that following yesterday's announcement it has received very preliminary approaches which may or may not lead to an offer being made for the company. This is one of a number of alternative strategic options that the board is considering."

As a result of this announcement, an offer period began in relation to Cordiant.

On 27 June, Mme OjjeH acquired 4,181,000 shares in Cordiant, which, taken together with shares purchased prior to this date, resulted in an interest of greater than 1% of the issued share capital. This transaction should have been disclosed in accordance with Rule 8.3 of the Code by 12 noon on 30 June. On 1 July, a disclosure was made under Rule 8.3 that Mme OjjeH had an interest in 2 per cent. of the issued share capital of Cordiant as a result of the purchase on 27 June and a further purchase on 30 June.

On 8 July, Cordiant announced that it had received a letter from Mme OjjeH dated 5 July stating that she had built a stake in the company during the period from 10 June to 4 July of approximately 10.75%. The letter stated that Mme OjjeH's interest in Cordiant was held directly in her name, through members of her immediate family, and through an offshore entity controlled by her. No further disclosures had been made during the interim period.

The Executive was concerned that Mme Ojeh's interest in Cordiant's share capital had not been disclosed in accordance with the Code and, accordingly, commenced an investigation into her share dealings.

Undisclosed dealings

As a result of its investigations, the Executive established that a significant number of dealings in relevant securities had been undertaken by, or on behalf of, Mme Ojeh since 1 July, i.e. the date of Mme Ojeh's first Rule 8.3 disclosure. As at 9 July, Mme Ojeh announced an interest in 9.89% of Cordiant's issued share capital through her own account, that of her son, Akram Ojeh, her daughter, Lara Tlass and DACOR, a company wholly owned by Mme Ojeh. None of these dealings had been disclosed by Mme Ojeh, as they should have been, by 12 noon on the business day following the relevant dealing. However, they were disclosed by Mme Ojeh on 11 July following discussions with the Executive. Subsequently, on 17 July, Mme Ojeh disclosed an interest in 10.95% of Cordiant's issued share capital.

Rule 8 and the importance of disclosure

One of the consequences of the commencement of an offer period is that, under Rule 8.3 of the Code, any dealings in the shares of an offeree company by a person who owns or controls (directly or indirectly) 1% or more of any class of shares of the offeree company must be publicly disclosed by 12 noon on the business day following the date of the transaction. Further, a person who owns or controls 5% or more of any class of shares of the offeree company must disclose any dealings in accordance with Rule 8.1.

The Panel attaches the greatest importance to proper compliance with the Code's dealing disclosure requirements set out, principally, in Rule 8. The Code does not impose numerous restrictions on the ability of significant shareholders of an offeree company to deal in relevant securities during an offer period, but it does require prompt and accurate disclosure of any dealings by such persons.

Disclosure underpins market transparency which, in turn, constitutes a fundamental protection for shareholders and others who deal in the UK securities markets. Disclosure is therefore a reflection of General Principle 6 of the Code which provides that:

"All parties to an offer must use every endeavour to prevent the creation of a false market in the securities of an offeror or the offeree company. Parties involved in offers must take care that statements are not made which may mislead shareholders or the market."

The Executive's findings

The Executive has concluded that the various dealings in relevant securities by or on behalf of Mme OjjeH referred to above should have been, but were not, disclosed in accordance with Rule 8. Further, Mme OjjeH's letter to Cordiant of 5 July, declaring an interest of approximately 10.75%, was incorrect.

The Executive has discussed these breaches with Mme OjjeH. Mme OjjeH has explained that they arose from her lack of familiarity, as a foreign private investor, with UK regulation. Mme OjjeH has also explained that at the outset she did not have an adviser who was familiar with the Code.

Throughout its investigation, Mme OjjeH has co-operated fully with the Executive. She has apologised unreservedly to the Executive for the breaches of the Code.

The Executive regrets that these breaches of the Code occurred and considers that the conduct of Mme OjjeH has fallen short of the standards required of parties involved in takeovers. The Executive emphasises that all parties who wish to deal in relevant securities or otherwise become involved in transactions subject to the Code must comply with the Code and, if appropriate, take the necessary advice to ensure that they are able to do so.

Mme OjjeH is accordingly hereby criticised.

17 July 2003