RULE 2. SECRECY BEFORE ANNOUNCEMENTS; THE TIMING AND CONTENTS OF ANNOUNCEMENTS

2.1 SECRECY

(a) Prior to the announcement of an offer or possible offer, all persons privy to confidential information, and particularly price-sensitive information, concerning the offer or possible offer must treat that information as secret and may only pass it to another person if it is necessary to do so and if that person is made aware of the need for secrecy. All such persons must conduct themselves so as to minimise the chances of any leak of information.

(b) Financial advisers must at the very beginning of discussions warn clients of the importance of secrecy and security. Attention should be drawn to the Code, in particular to this Rule 2.1 and to restrictions on dealings.

2.2 WHEN AN ANNOUNCEMENT IS REQUIRED

An announcement is required:

(a) when a firm intention to make an offer is notified to the board of the offeree company by or on behalf of an offeror, irrespective of the attitude of the board to the offer;

(b) immediately upon an acquisition of any interest in shares which gives rise to an obligation to make an offer under Rule 9.1. The announcement that an obligation has been incurred should not be delayed while full information is being obtained; additional information can be the subject of a later supplementary announcement;

(c) when, following an approach by or on behalf of a potential offeror to the board of the offeree company, the offeree company is the subject of rumour and speculation or there is an untoward movement in its share price;

(d) when, after a potential offeror first actively considers an offer but before an approach has been made to the board of the offeree company, the offeree company is the subject of rumour and speculation or there is an untoward movement in its share price and there are reasonable grounds for concluding that it is the potential offeror's actions (whether through inadequate security or otherwise) which have led to the situation;

(e) when negotiations or discussions relating to a possible offer are about to be extended to include more than a very restricted number of people (outside those who need to know in the parties concerned and their immediate advisers); or

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(f) when a purchaser is being sought for an interest, or interests, in shares carrying in aggregate 30% or more of the voting rights of a company or when the board of a company is seeking one or more potential offerors, and:

(i) the company is the subject of rumour and speculation or there is an untoward movement in its share price; or

(ii) the number of potential purchasers or offerors approached is about to be increased to include more than a very restricted number of people.

NOTES ON RULE 2.2

1. Panel to be consulted

(a) Whether or not a movement in the share price of a potential offeree company is untoward for the purposes of Rule 2.2(c), (d) and (f)(i) is a matter for the Panel to determine. The question will be considered in the light of all relevant facts and not solely by reference to the absolute percentage movement in the price. Facts which may be considered to be relevant in determining whether a price movement is untoward for the purposes of Rule 2.2(c), (d) and (f)(i) include general market and sector movements, publicly available information relating to the company, trading activity in the company's securities and the time period over which the price movement has occurred. This list is purely illustrative and the Panel will take account of such other factors as it considers appropriate. The percentage thresholds specified below in respect of price movements relate solely to the latest point at which consultation with the Panel is required; consultation will not necessarily lead to a requirement to make an announcement.

(b) In the case of Rule 2.2(c), unless an immediate announcement is to be made, the Panel should be consulted at the latest when the offeree company becomes the subject of any rumour and speculation or where there is a price movement of 10% or more above the lowest share price since the time of the approach. An abrupt price rise of a smaller percentage (for example, a rise of 5% in the course of a single day) could also be regarded as untoward and accordingly the Panel should be consulted in such circumstances.

(c) Similarly, in the case of Rules 2.2(d) and (f)(i), the Panel should be consulted at the latest when the potential offeree company becomes the subject of any rumour and speculation or where there is a material or abrupt movement in its share price after the time when, in the case of Rule 2.2(d), an offer is first actively considered by a potential offeror or, in the case of Rule 2.2(f)(i), either the potential seller or the board starts to seek one or more potential purchasers or offerors.

(d) In the case of Rule 2.2(e), the Panel should be consulted if the potential offeror and/or the offeree company wish to approach a wider group than

the very restricted number of people referred to in the Rule without making an announcement.

(e) In the case of Rule 2.2(f)(ii), the Panel should be consulted prior to more than one potential purchaser or offeror being sought.

2. Rumour and speculation during an offer period

Where, during an offer period, rumour and speculation specifically identifies a potential offeror which has not previously been identified in any announcement, the Panel will normally require an announcement to be made by the offeree company or the potential offeror (as appropriate), identifying that potential offeror.

3. When a dispensation may be granted

(a) The Panel may grant a dispensation from the requirement for an announcement to be made under Rule 2.2(c) or Rule 2.2(d) where it is satisfied that the potential offeror has ceased actively to consider making an offer for the offeree company. If such a dispensation is granted, neither the potential offeror, nor any person who acted in concert with it, nor any person who is subsequently acting in concert with either of them, may:

(i) within six months of the dispensation having been granted, do any of the things set out in Rules 2.8(a) to (f); or

(ii) within three months of the dispensation having been granted, actively consider making an offer for the offeree company, make an approach to the board of the offeree company or acquire an interest in shares in the offeree company.

(b) After the end of the period referred to in paragraph (a)(ii) above the Panel will normally consent to the restrictions in paragraph (a)(i) above being set aside in the circumstances set out in paragraphs (a)(i) to (iv) of Note 2 on Rule 2.8, but during the period referred to in paragraph (a)(ii) above the Panel will normally consent to the restrictions in paragraphs (a)(i) and (a)(ii) above being set aside only in the circumstances set out in paragraphs (a)(ii) to (iv) of Note 2 on Rule 2.8.

(c) Where a potential offeror to which a dispensation has been granted under paragraph (a) has ceased actively to consider making an offer, the Panel may nonetheless require an announcement to be made where:

(i) any rumour and speculation continues or is repeated; and/or

(ii) it considers that this is otherwise necessary in order to prevent the creation of a false market.

Any such announcement made by the offeree company will not normally be required to identify the former potential offeror, unless it has been specifically identified in rumour and speculation.

2.3 RESPONSIBILITIES OF OFFERORS AND THE OFFEREE COMPANY

(a) Before a potential offeror approaches the board of the offeree company, the potential offeror is responsible for making any announcement required under Rule 2.2.

(b) When an obligation to make a mandatory offer under Rule 9.1 is incurred, the offeror is responsible for making the announcement required under Rule 2.2(b). See also Rule 7.1.

(c) Following an approach to the board of the offeree company, the offeree company is responsible for making any announcement required under Rule 2.2, except for an announcement required under Rule 2.2(b) or, where a purchaser is being sought for an interest in shares carrying 30% or more of the voting rights of a company without the involvement of the board of the offeree company, Rule 2.2(f) (in which case responsibility will rest with the potential seller of the interest).

(d) A potential offeror must not attempt to prevent the board of an offeree company from making an announcement relating to a possible offer, or publicly identifying the potential offeror, at any time the board considers appropriate.

2.4 THE ANNOUNCEMENT OF A POSSIBLE OFFER

(a) An announcement by the offeree company which commences an offer period must identify any potential offeror with which the offeree company is in talks or from which an approach has been received (and not unequivocally rejected).

(b) Any subsequent announcement by the offeree company which refers to the existence of a new potential offeror must identify that potential offeror, except where the announcement is made after an offeror has announced a firm intention to make an offer for the offeree company (see Rule 2.6(e)).

(c) Any announcement which commences an offer period and any subsequent announcement which first identifies a potential offeror must include:

(i) the date on which any deadline thereby set in accordance with Rule 2.6(a) will expire;

(ii) a summary of the provisions of Rule 8 (see the Panel's website at www.thetakeoverpanel.org.uk);

(iii) details of any minimum level, or particular form, of consideration that any potential offeror(s) identified in the

announcement would be obliged to offer under Rule 6 or Rule 11 (as appropriate); and

(iv) details of any dealing arrangement of the kind referred to in Note 11 on the definition of acting in concert to which the offeree company or a potential offeror identified in the announcement is a party. See also Note 6(b) on Rule 8.

NOTES ON RULE 2.4

1. Announcement made without the agreement or approval of a potential offeror

If an announcement is made by the offeree company without the agreement or approval of a potential offeror:

(a) the announcement is not required to include the matters referred to in Rule 2.4(c)(iii) and (iv), insofar as they relate to the potential offeror; and

(b) any potential offeror identified in the announcement must make a further announcement specifying the matters referred to in Rule 2.4(c)(iii) and (iv) (as appropriate) as soon as practicable thereafter.

2. Minimum level, or particular form, of consideration

Where a potential offeror to which Rule 2.4(c)(iii) applies considers that an adjustment should be made under Note 1 on Rule 6 or under Rule 11.3, the Panel must be consulted as to the terms of the announcement.

3. Formal sale process

See Note 2 on Rule 2.6.

4. Persons acting in concert with a potential offeror

It may not be practicable for a potential offeror to make enquiries of all persons acting in concert with it prior to the announcement being made in order to confirm whether any details are required to be disclosed under Rule 2.4(c)(iii). In such circumstances, this fact should be stated and any relevant details should be announced as soon as practicable and in any event by no later than the deadline for the potential offeror's Opening Position Disclosure (see Note 2(a)(i) on Rule 8). The Panel should be consulted in all such cases.

2.5 TERMS AND PRE-CONDITIONS IN POSSIBLE OFFER ANNOUNCEMENTS

(a) The Panel must be consulted in advance if, prior to the announcement of a firm intention to make an offer, any person proposes to make a statement in relation to the terms on which an offer might be made for the offeree company. If a potential offeror (or its directors, officials or advisers) makes such a statement and it is not withdrawn

RULE 2 *CONTINUED*

immediately if incorrect, the potential offeror will be bound by the statement if an offer for the offeree company is subsequently made, except where it specifically reserved the right not to be so bound in certain circumstances at the time the statement was made and those circumstances subsequently arise or in wholly exceptional circumstances. In particular:

(i) where the statement concerned relates to the price of a possible offer (or a particular exchange ratio in the case of a possible securities exchange offer), any offer made by the potential offeror for the offeree company will be required to be made on the same or better terms. Where all or part of the consideration is expressed in terms of a monetary value, the offer or that element of the offer must be made at the same or a higher monetary value. Where all or part of the consideration has been expressed in terms of a securities exchange ratio, the offer or that element of the offer must be made on the same (or an improved) securities exchange ratio; and

(ii) where the statement concerned includes reference to the fact that the terms of the possible offer "will not be increased" or are "final" or uses a similar expression, the potential offeror will not be allowed subsequently to make an offer on better terms.

(b) The consequences of a statement to which Rule 2.5(a) applies will normally apply also to any person acting in concert with the potential offeror and to any person who is subsequently acting in concert with the potential offeror or such person.

(c) The Panel must be consulted in advance if a potential offeror proposes to include in a possible offer announcement any pre-conditions to the announcement of a firm intention to make an offer. Any such pre-conditional possible offer announcement must:

(i) clearly state whether or not the pre-conditions must be satisfied before a firm intention to make an offer can be announced or whether they are waivable; and

(ii) include a prominent warning to the effect that the announcement does not amount to a firm intention to make an offer and that, accordingly, there can be no certainty that any offer will be made even if the pre-conditions are satisfied or waived.

NOTES ON RULE 2.5

1. Reservation of the right to set a statement aside or to vary the form and/or mix of consideration

(a) The first announcement in which a statement subject to Rule 2.5(a) is made must contain prominent reference to any reservation to set it aside

RULE 2 *CONTINUED*

(precise details of which must be included). Any subsequent mention by the potential offeror of the statement must be accompanied by a reference to the reservation.

(b) Where a potential offeror has reserved the right to vary the form and/or mix of the consideration referred to in a statement to which Rule 2.5(a)(i) applies (but remains bound to a specified minimum level of consideration) and exercises that right, the value of any offer that is made subsequently must be the same as or better than the value of the consideration referred to in that statement, calculated as at the time of the announcement of the firm intention to make an offer. If, during the period ending when the market closes on the first business day after the announcement of the firm intention to make an offer, the value is not maintained, the Panel will be concerned to ensure that the offeror acted with all reasonable care in determining the consideration. If there is a restricted market in the securities offered, or if the amount of securities to be issued of a class already admitted to trading is large in relation to the amount already issued, the Panel may require justification of prices used to determine the value of the offer.

(c) Once it has announced a firm intention to make an offer, an offeror will not be permitted to exercise any right it had previously reserved either to reduce the level of consideration that it might offer or to vary the form and/or mix of the consideration. However, the offeror's ability to reduce the offer consideration by the amount of a specified dividend (or other distribution) will not be affected.

2. Duration of restriction

The restrictions imposed by Rule 2.5(a) will normally apply until the later of:

(a) three months from the date on which the potential offeror makes a statement to which Rule 2.8 applies; and

(b) the end of the offer period.

See also Rule 2.8(f).

3. Statements by the offeree company

Any statement made by the offeree company in relation to the terms on which an offer might be made must make clear whether or not it is being made with the agreement or approval of the potential offeror. Where the statement is made with the agreement or approval of the potential offeror, the statement will be treated as one to which Rule 2.5(a) applies in the same way as if it had been made by the potential offeror itself. Where it is not so made, the statement must also include a prominent warning to the effect that there can be no certainty that an offer will be made nor as to the terms on which any offer might be made.

RULE 2 *CONTINUED*

4. Dividends

(a) When an offeror makes a statement to which Rule 2.5(a)(i) applies, the offeror must state that it will have the right to reduce the offer consideration by the amount of any dividend (or other distribution) which is paid or becomes payable by the offeree company to offeree company shareholders, unless, and to the extent that, the statement provides that offeree company shareholders will be entitled to receive and retain all or part of a specified dividend (or other distribution) in addition to the offer consideration.

(b) Where an offeror has made a statement to which Rule 2.5(a)(ii) applies and a dividend (or other distribution) is subsequently paid or becomes payable by the offeree company to offeree company shareholders, the offeror will normally be required to reduce the offer consideration by an amount equal to the dividend (or other distribution) so that the overall value receivable by the offeree company shareholders remains the same, unless, and to the extent that, the offeror has stated that offeree company shareholders will be entitled to receive all or part of a specified dividend (or other distribution) in addition to the offer consideration.

2.6 TIMING FOLLOWING A POSSIBLE OFFER ANNOUNCEMENT

(a) Subject to Rule 2.6(b), by not later than 5.00 pm on the 28th day following the date of the announcement in which it is first identified, or by not later than any extended deadline, a potential offeror must either:

(i) announce a firm intention to make an offer in accordance with Rule 2.7; or

(ii) announce that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 applies,

unless the Panel has consented to an extension of the deadline.

(b) Rule 2.6(a) will not apply, or will cease to apply, to a potential offeror if another offeror has already announced, or subsequently announces (prior to the relevant deadline), a firm intention to make an offer for the offeree company. In such circumstances, the potential offeror will be required to clarify its intentions in accordance with Rule 2.6(d) below.

(c) The Panel will normally consent to an extension of a deadline set in accordance with Rule 2.6(a), or any previously extended deadline, at the request of the board of the offeree company and after taking into account all relevant factors, including:

(i) the status of negotiations between the offeree company and the potential offeror; and

RULE 2 *CONTINUED*

(ii) the anticipated timetable for their completion.

Where the Panel consents to an extension of a deadline, the offeree company must promptly make an announcement setting out the new deadline and commenting on the matters referred to in paragraphs (i) and (ii) above.

(d) When an offeror has announced a firm intention to make an offer and it has been announced that a publicly identified potential offeror might make a competing offer (whether that announcement was made prior to or following the announcement of the first offer), the potential offeror must, by 5.00 pm on Day 53, either:

(i) announce a firm intention to make an offer in accordance with Rule 2.7; or

(ii) announce that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 applies.

(See Section 4 of Appendix 7 where the first offeror is proceeding by means of a scheme of arrangement.)

(e) When an offeror has announced a firm intention to make an offer and the offeree company subsequently refers to the existence of a potential competing offeror which has not been identified, the potential competing offeror so referred to must, by 5.00 pm on Day 53, either:

(i) announce a firm intention to make an offer in accordance with Rule 2.7; or

(ii) confirm to the offeree company that it does not intend to make an offer, in which case the offeree company must promptly announce that fact and the potential competing offeror will be treated as if it had then made a statement to which Rule 2.8 applies.

(See Section 4 of Appendix 7 where the first offeror is proceeding by means of a scheme of arrangement.)

NOTES ON RULE 2.6

1. Deadline extensions

When a request to extend a deadline set under Rule 2.6(a) is made by the board of the offeree company, the Panel will normally give its decision shortly before the time at which the deadline is due to expire. The board of the offeree company may request different deadline extensions for different potential offerors or may request a deadline extension in relation to one potential offeror but not others.

RULE 2 *CONTINUED*

2. Formal sale process

Where, prior to an offeror having announced a firm intention to make an offer, the board of the offeree company announces that it is seeking one or more potential offerors for the offeree company by means of a formal sale process, the Panel will normally grant a dispensation from the requirements of Rules 2.4(a) and (b) (but see Note 12 on Rule 8) and Rule 2.6(a), such that any potential offeror which agrees with the offeree company to participate in that process would not be required to be publicly identified under Rule 2.4(a) or (b) and would not be subject to the 28 day deadline referred to in Rule 2.6(a), for so long as it is participating in that process. The Panel should be consulted at the earliest opportunity in all cases where such a dispensation is sought.

2.7 THE ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER

(a) An offeror should announce a firm intention to make an offer only after the most careful and responsible consideration and when the offeror has every reason to believe that it can and will continue to be able to implement the offer. Responsibility in this connection also rests on the financial adviser to the offeror.

(b) Following an announcement of a firm intention to make an offer, the offeror must proceed to make the offer unless, in accordance with the provisions of Rule 13.5, it is permitted to invoke a pre-condition to the making of the offer or would be permitted to invoke a condition to the offer if the offer were made. However, with the consent of the Panel, an offeror need not make the offer if a competing offeror subsequently announces a firm intention to make a higher offer.

(c) When a firm intention to make an offer is announced, the announcement must include:

(i) the terms of the offer;

(ii) the identity of the offeror;

(iii) all conditions or pre-conditions to which the offer or the making of an offer is subject;

(iv) language which appropriately reflects that the offeror may only invoke any condition or pre-condition which is subject to Rule 13.5(a) with the consent of the Panel;

(v) a statement as to which conditions and pre-conditions are not subject to Rule 13.5(a) (see Rule 13.5(c));

(vi) a statement that any condition or pre-condition that is subject to Rule 13.5(a) may be waived by the offeror (see Rule 13.5(d));

RULE 2 *CONTINUED*

(vii) details of any agreements or arrangements to which the offeror is party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to its offer and the consequences of its doing so, including details of any break fees payable as a result;

(viii) the intentions of the offeror with regard to the business, employees and pension scheme(s) of the offeree company (see Note 1);

(ix) details of any relevant securities of the offeree company in which the offeror or any person acting in concert with it has an interest or in respect of which it has a right to subscribe, in each case specifying the nature of the interests or rights concerned (see Note 5 on Rule 8). Similar details of any short positions (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell, any delivery obligation or right to require another person to purchase or take delivery, must also be stated;

(x) details of any irrevocable commitment or letter of intent procured by the offeror or any person acting in concert with it (see Note 3 on Rule 2.10);

(xi) details of any relevant securities of the offeree company which the offeror or any person acting in concert with it has borrowed or lent, save for any borrowed relevant securities which have been either on-lent or sold and details of any financial collateral arrangements which the offeror or any person acting in concert with it has entered into (see Note 3 on Rule 4.6);

(xii) details of any dealing arrangement of the kind referred to in Note 11 on the definition of acting in concert to which the offeror or any person acting in concert with it is a party;

(xiii) a summary of the provisions of Rule 8 (see the Panel's website at www.thetakeoverpanel.org.uk);

(xiv) a summary of any offer-related arrangement or other agreement, arrangement or commitment permitted under, or excluded from, Rule 21.2;

(xv) a list of the documents published on a website in accordance with Rule 26.2 and the address of the website on which the documents are published; and

(xvi) a statement that the offeror will have the right to reduce the offer consideration by the amount of any dividend (or other distribution) which is paid or becomes payable by the offeree company to offeree company shareholders, unless, and to the extent

that, the announcement provides that offeree company shareholders will be entitled to receive and retain all or part of a specified dividend (or other distribution) in addition to the offer consideration.

(d) Where the offer is for cash, or includes an element of cash, the announcement must include confirmation by the financial adviser or by another appropriate third party that resources are available to the offeror sufficient to satisfy full acceptance of the offer. (The party confirming that resources are available will not be expected to produce the cash itself if, in giving the confirmation, it acted responsibly and took all reasonable steps to assure itself that the cash was available.)

NOTES ON RULE 2.7

1. Intentions of the offeror with regard to the business, employees and pension scheme(s)

(a) For the purpose of Rule 2.7(c)(viii), the offeror must explain the long-term commercial justification for the offer and must state:

(i) its intentions with regard to the future business of the offeree company, including its intentions for any research and development functions of the offeree company;

(ii) its intentions with regard to the continued employment of the employees and management of the offeree company and of its subsidiaries, including any material change in the conditions of employment or in the balance of the skills and functions of the employees and management;

(iii) its strategic plans for the offeree company, and their likely repercussions on employment and on the locations of the offeree company's places of business, including on the location of the offeree company's headquarters and headquarters functions;

(iv) its intentions with regard to employer contributions into the offeree company's pension scheme(s) (including with regard to current arrangements for the funding of any scheme deficit), the accrual of benefits for existing members, and the admission of new members;

(v) its intentions with regard to any redeployment of the fixed assets of the offeree company; and

(vi) its intentions with regard to the maintenance of any existing trading facilities for the relevant securities of the offeree company.

(b) If the offeror has no intention to make any changes in relation to the matters described under (a) above, or if it considers that its strategic plans for the offeree company will have no repercussions on employment or the

location of the offeree company's places of business, it must make a statement to that effect.

(c) Where the offeror is a company, and insofar as it is affected by the offer, the offeror must also state its intentions with regard to its future business and comply with (a)(ii) and (iii) with regard to itself.

2. Persons acting in concert with the offeror

If an offeror announces a firm intention to make an offer before the deadline for its Opening Position Disclosure (see Note 2(a)(i) on Rule 8), it may not be practicable to have made enquiries of all persons acting in concert with it in order to include all relevant details in respect of such persons in the announcement. In such circumstances, this fact should be stated and all relevant details included in the Opening Position Disclosure. The Panel should be consulted in all such cases.

3. Reservations to a previous statement in relation to the terms of a possible offer

Once it has announced a firm intention to make an offer, an offeror will not be permitted to exercise any right it had previously reserved either to reduce the level of consideration that it might offer or to vary the form and/or mix of the consideration. However, the offeror's ability to reduce the offer consideration by a specified dividend (or other distribution) which is subsequently paid by the offeree company to offeree company shareholders will not be affected.

2.8 STATEMENTS OF INTENTION NOT TO MAKE AN OFFER

A person making a statement that it does not intend to make an offer for a company should make the statement as clear and unambiguous as possible. Except with the consent of the Panel, unless circumstances occur that the person specified in its statement as being circumstances in which the statement may be set aside, neither the person making the statement, nor any person who acted in concert with that person, nor any person who is subsequently acting in concert with either of them, may within six months from the date of the statement:

(a) announce an offer or possible offer for the offeree company (including a partial offer which would result in the offeror and persons acting in concert with it being interested in shares carrying 30% or more of the voting rights of the offeree company);

(b) acquire any interest in shares of the offeree company if any such person would thereby become obliged under Rule 9 to make an offer;

(c) acquire any interest in, or procure an irrevocable commitment in respect of, shares of the offeree company if the shares in which such

person, together with any persons acting in concert with it, would be interested and the shares in respect of which it, or they, had acquired irrevocable commitments would in aggregate carry 30% or more of the voting rights of the offeree company;

(d) make any statement which raises or confirms the possibility that an offer might be made for the offeree company;

(e) take any steps in connection with a possible offer for the offeree company where knowledge of the possible offer might be extended outside those who need to know in the potential offeror and its immediate advisers; or

(f) purchase, agree to purchase, or make any statement which raises or confirms the possibility that it is interested in purchasing assets which are significant in relation to the offeree company.

Failure to comply with this Rule may lead to the period of six months referred to above being extended.

NOTES ON RULE 2.8

1. Prior consultation

Any person considering making such a statement should consult the Panel in advance.

2. Setting aside a statement to which Rule 2.8 applies

(a) The circumstances that a person is permitted to specify in a statement to which Rule 2.8 applies as circumstances in which the statement may be set aside are:

(i) subject to paragraph (b), the board of the offeree company so agreeing;

(ii) a third party (including another publicly identified potential offeror) announcing a firm intention to make an offer;

(iii) the offeree company announcing a Rule 9 waiver proposal (see Note 1 of the Notes on Dispensations from Rule 9) or a reverse takeover;

(iv) the Panel determining that there has been a material change of circumstances; or

(v) where the statement is made outside an offer period, such other circumstances as the person may, with the Panel's prior consent, specify.

(b) Where the statement to which Rule 2.8 applies is made after a third party has announced a firm intention to make an offer, the statement may specify the agreement of the board of the offeree company as a circumstance in which the statement may be set aside only to the extent that such agreement is given after that third party offer has been withdrawn or lapsed.

(c) Where the statement to which Rule 2.8 applies is made after a third party has announced a firm intention to make an offer and the person who made the statement, or any person acting in concert with it, acquires an interest in any shares in the offeree company in the period following the making of the statement and prior to the third party offer being withdrawn or lapsing, the agreement of the board of the offeree company may not be relied on as a reason to set aside the statement after the third party offer has been withdrawn or lapsed.

(d) Where the statement to which Rule 2.8 applies is made by a potential offeror which has made a statement to which Rule 2.5(a)(i) or (ii) applies and which did not reserve the right not to be bound by that statement with the agreement of the board of the offeree company, the board of the offeree company may not, except with the consent of the Panel, agree to the restrictions in Rule 2.8(f) being set aside until the later of:

(i) three months following the date on which the statement to which Rule 2.8 applies is made; and

(ii) the end of the offer period.

3. Concert parties

The restrictions imposed by Rule 2.8 will not apply to a person acting in concert with the person making the statement to which the Rule applies provided it is made clear in the statement, or at the time the statement is made, that such person acting in concert is continuing to consider making an offer for the offeree company.

The restrictions imposed by Rule 2.8 will, however, normally apply to any person acting in concert with the person making the statement to which the Rule applies if the statement is made during an offer period.

4. Media reports

When considering the application of Rule 2.8, the Panel will take into account not only the statement itself but the manner of any subsequent public reporting of it.

Advisers must therefore ensure that directors and officials of companies are warned that they must consider carefully the implications of Rule 2.8, particularly when giving interviews to, or taking part in discussions with, the media. It is very difficult after publication to alter an impression given or remark attributed to a particular person. Control of any possible abuse lies largely with the person being interviewed. In appropriate circumstances, the Panel will require a statement of retraction or clarification.

5. Significant asset purchases

(a) In assessing whether assets are significant for the purpose of Rule 2.8(f), the Panel will normally have regard to:

(i) the aggregate value of the consideration for the assets compared with the aggregate market value of all the equity shares of the offeree company; and, where appropriate,

(ii) the value of the assets to be purchased compared with the total assets of the offeree company (excluding in each case cash and cash equivalents); and

(iii) the operating profit (i.e. profit before tax and interest and excluding exceptional items) attributable to the assets to be purchased compared with that of the offeree company.

For these purposes, "equity" will be interpreted by reference to Note 3 on Rule 14.1.

(b) The figures to be used for these calculations must be:

(i) for market value of the shares of the offeree company, the aggregate market value of all the equity shares of the company at the close of business on the business day immediately preceding the date of the announcement of the proposed purchase or agreement to purchase the assets, or the statement which raises or confirms the possibility that the person is interested in purchasing the assets; and

(ii) for assets and profits, the figures stated in the latest published audited consolidated accounts of the offeree company or, where appropriate, a subsequent preliminary statement of annual results or half-yearly financial report.

(c) Relative values of more than 75% will normally be regarded as being significant.

2.9 ANNOUNCEMENT OF NUMBERS OF RELEVANT SECURITIES IN ISSUE

(a) When an offer period begins, the offeree company must announce, as soon as possible and in any case by 7.15 am on the next business day, details of all classes of relevant securities issued by the company, together with the numbers of such securities in issue. An offeror or publicly identified potential offeror must also announce the same details relating to its relevant securities as soon as possible and in any case by 7.15 am on the business day following any announcement identifying it as an offeror or potential offeror, unless it has stated that its offer is likely to be solely in cash.

RULE 2 *CONTINUED*

(b) Any such announcement should include, where relevant, the International Securities Identification Number ("ISIN") for each relevant security.

(c) If the information included in an announcement made under this Rule changes during the offer period, a revised announcement must be made as soon as possible.

NOTES ON RULE 2.9

1. Options to subscribe

For the purposes of this Rule, options to subscribe for new securities in the offeree company or an offeror are not treated as a class of relevant securities.

2. Treasury shares

Only relevant securities which are held and in issue outside treasury should be included in the announcement.

2.10 IRREVOCABLE COMMITMENTS AND LETTERS OF INTENT

(a) During an offer period, if any party to the offer or any person acting in concert with it procures an irrevocable commitment or a letter of intent, the relevant party to the offer must:

(i) announce the details in accordance with the Notes on this Rule 2.10; and

(ii) publish the irrevocable commitment or letter of intent on a website,

by no later than 12 noon on the following business day.

(b) If any party to an offer or any person acting in concert with it has procured an irrevocable commitment or a letter of intent prior to the commencement of the offer period, it must:

(i) announce the details in accordance with the Notes on this Rule 2.10; and

(ii) publish the irrevocable commitment or letter of intent on a website,

by no later than 12 noon on the business day following either the commencement of the offer period or (in the case of an offeror) the date of the announcement that first identifies the offeror as such (as appropriate).

(c) If a person who has given an irrevocable commitment or a letter of intent either becomes aware that it will not be able to comply with the

terms of that commitment or letter or no longer intends to do so, that person must:

(i) promptly announce an update of the position together with all relevant details; or

(ii) promptly notify the relevant party to the offer and the Panel of the up-to-date position. Upon receipt of such a notification, the relevant party to the offer must promptly make an appropriate announcement of the information notified to it together with all relevant details.

(d) See also Note 9 on the definition of acting in concert.

NOTES ON RULE 2.10

1. Disclosure in firm offer announcement

Where the details required to be announced under Note 3 on Rule 2.10 are, pursuant to Rule 2.7(c)(x), included in an announcement of a firm intention to make an offer which is published no later than 12 noon on the business day following the date on which the irrevocable commitment or letter of intent is procured, no separate announcement is required under Rule 2.10(a) or (b).

Similarly, where the details required to be announced under Note 3 on Rule 2.10 are included in an announcement of a possible offer which is published no later than 12 noon on the business day following the date on which the irrevocable commitment or letter of intent is procured, no separate announcement is required under Rule 2.10(b).

2. Method of disclosure

Disclosure under this Rule 2.10 should be made in accordance with the requirements of Rule 30.1. See also Rule 26 (documents to be published on a website).

3. Contents of announcement

An announcement of the procuring of an irrevocable commitment or a letter of intent must provide full details of the nature of the commitment or letter including:

(a) the number of relevant securities of each class to which the irrevocable commitment or letter of intent relates;

(b) the identity of the person from whom the irrevocable commitment or letter of intent has been procured. For this purpose, the information which should be disclosed is that which would be required by Note 5 on Rule 8 if the person concerned were disclosing a dealing in relevant securities;

(c) in respect of an irrevocable commitment, any outstanding conditions to which it is subject and the circumstances (if any) in which it will cease to be binding; and

(d) in the case of an irrevocable commitment or a letter of intent procured prior to the announcement of a firm intention to make an offer, the price (and any other material terms) of the possible offer in respect of which the commitment or letter has been procured, which terms the potential offeror will then be bound to in accordance with Rule 2.5(a).

4. Letters of intent procured prior to the commencement of the offer period

Where a party to the offer has procured a letter of intent prior to the commencement of the offer period, it must be verified that the letter of intent continues to represent the intentions of the shareholder or other person concerned at the time that the relevant details are announced. This will normally include the shareholder or other person concerned providing an up-to-date written confirmation to the relevant party to the offer or its adviser.

2.11 DISTRIBUTION OF ANNOUNCEMENTS TO SHAREHOLDERS, EMPLOYEE REPRESENTATIVES (OR EMPLOYEES) AND PENSION SCHEME TRUSTEES

(a) Promptly after the commencement of an offer period (except where an offer period begins with an announcement under Rule 2.7), a copy of the relevant announcement must be:

(i) sent by the offeree company to its shareholders, persons with information rights and the Panel; and

(ii) made readily available by the offeree company to its employee representatives (or, where there are no employee representatives, to the employees themselves) and to the trustees of its pension scheme(s).

(b) Promptly after the publication of an announcement made under Rule 2.7:

(i) the offeree company must send a copy of that announcement, or a circular summarising the terms and conditions of the offer, to its shareholders, persons with information rights and the Panel and must make that announcement or circular readily available to the trustees of its pension scheme(s); and

(ii) both the offeror and the offeree company must make that announcement, or a circular summarising the terms and conditions of the offer, readily available to their employee representatives (or,

where there are no employee representatives, to the employees themselves).

(c) Where necessary, the offeror or the offeree company, as the case may be, should explain the implications of the announcement and, in the case of the offeree company, the fact that addresses, electronic addresses and certain other information provided by offeree company shareholders, persons with information rights and other relevant persons for the receipt of communications from the offeree company may be provided to an offeror during the offer period as required under Section 4 of Appendix 4. Any circular published under this Rule should also include a summary of the provisions of Rule 8 (see the Panel's website at www.thetakeoverpanel.org.uk) and a telephone number for use by shareholders, persons with information rights and other relevant persons who wish to contact the offeree company regarding administrative matters.

(d) When, under (a) or (b) above, the offeree company makes a copy of an announcement or a circular summarising the terms and conditions of the offer available to its employee representatives (or employees) and to the trustees of its pension scheme(s), it must at the same time inform them of the right of employee representatives and pension scheme trustees (as the case may be) under Rule 25.9 to have a separate opinion appended to the offeree board circular. In addition, the offeree company must inform its employee representatives (or employees) of the offeree company's responsibility for the costs reasonably incurred by the employee representatives in obtaining advice required for the verification of the information contained in their opinion.

NOTES ON RULE 2.11

1. Where a circular summarising an announcement made under Rule 2.7 is sent

Where, following an announcement made under Rule 2.7, a circular summarising the terms and conditions of the offer is sent or made readily available by the offeree company to its shareholders, persons with information rights, its employee representatives (or employees) or its pension scheme trustees, the full text of the announcement must be made readily and promptly available to them. In addition, the circular must give details of the website on which a copy of the announcement will be published in accordance with Rule 26.1.

2. Shareholders, persons with information rights and employee representatives (or employees) outside the UK, the Channel Islands and the Isle of Man

See the Note on Rule 30.4.

RULE 2 *CONTINUED*

3. Holders of convertible securities, options or subscription rights

Copies of announcements sent to offeree company shareholders and persons with information rights under Rule 2.11 must also, where practicable, be sent simultaneously to the holders of securities convertible into, rights to subscribe for and options over, shares of the same class as those to which the offer relates. An explanation must also be provided that addresses, electronic addresses and certain other information provided for the receipt of communications from the offeree company may be provided to an offeror during the offer period as required under Section 4 of Appendix 4.

RULE 10. THE ACCEPTANCE CONDITION

NB This Rule should be read in conjunction with Appendix 4.

10.1 REQUIREMENT FOR 50% ACCEPTANCE CONDITION

Any offer for voting equity share capital or for other transferable securities carrying voting rights which, if accepted in full, would result in the offeror holding shares carrying over 50% of the voting rights of the offeree company must include an acceptance condition that is not capable of being satisfied unless the offeror has acquired or agreed to acquire (either pursuant to the offer or otherwise) shares carrying over 50% of the voting rights.

NOTES ON RULE 10.1

1. Waiver of 50% condition

In certain exceptional cases, the Panel will consider waiving the requirements of this Rule subject to prior consultation and to appropriate safeguards. This might be appropriate where, for example, following a major change of management policy, it is desired to provide an opportunity for shareholders to dispose of their shares and where the offer is made on behalf of a group of investors who are otherwise wholly unconnected and whose purpose is not to gain control.

2. New shares

For the purpose of the acceptance condition, the offeror must take account of all shares carrying voting rights which are unconditionally allotted or issued before the acceptance condition is satisfied, whether pursuant to the exercise of conversion or subscription rights or otherwise. If in any case, for example, as a result of a rights issue, shares have been allotted in renounceable form (even if provisionally), the Panel should be consulted.

3. Information to offeror during offer period and extension of offer to new shares

Following the announcement of a firm intention to make an offer, the offeree company must, on request, provide the offeror as soon as possible with all relevant details of the issued shares (including the extent to which any such shares are held in treasury and details of any agreements to transfer or sell such shares out of treasury) and, to the extent not issued, the allotted shares and details of any conversion or subscription rights or any other rights pursuant to the exercise of which shares may be unconditionally allotted or issued during the offer period. In the case of conditionally allotted shares, the details should include the conditions and the date on which such conditions may be satisfied. In the case of rights, the details should include the number of shares which may be unconditionally allotted or issued during the offer period as a result of the exercise of such rights, identifying separately those

attributable to rights which commence or expire on different dates, and the various prices at which these rights could be exercised.

The offeree company must immediately notify the offeror of any allotment or issue of shares and of the exercise of any such rights during the offer period and provide the offeror as soon as possible with all relevant details.

The offeror must make appropriate arrangements to ensure that any person to whom shares of a type to which the offer relates are unconditionally allotted or issued during the offer period will have an opportunity of accepting the offer in respect of such shares.

In cases of doubt, the Panel must be consulted.

4. Acceptances

NB 1 Attention is drawn to Note 6 below which will be relevant in determining whether an acceptance condition has been satisfied (or is capable of being satisfied) before the unconditional date.

NB 2 It is a matter for the offeror and its advisers, in particular the receiving agent, to determine whether, for shareholders within CREST, an offer can be accepted (and the acceptance withdrawn) electronically without the need for an acceptance form. If so, the procedure to be adopted must be made clear in the offer document.

An acceptance may not be counted towards the satisfaction of an acceptance condition unless:

(a) if it is to be effected by means of CREST without an acceptance form, the transfer to the relevant member's escrow account has settled in respect of the relevant number of shares on or before the unconditional date; or,

if it is to be effected by means of an acceptance form, both:

(b) it is received by the offeror's receiving agent on or before the unconditional date and the offeror's receiving agent has recorded that the acceptance and any relevant documents required by this Note have been so received or relevant escrow transfers identified; and

(c) the acceptance form is completed to a suitable standard (see below) and is:

> *(i) accompanied by share certificates in respect of the relevant shares and, if those certificates are not in the name of the acceptor, such other documents (eg a duly stamped transfer of the relevant shares in favour of the acceptor executed by the registered holder and otherwise completed to a suitable standard) as are required by the practice set out in the guidance published by The Chartered Governance Institute UK & Ireland (the "Chartered Governance Institute Guidance") in order to establish the right of the acceptor to become the registered holder of the relevant shares; and if an acceptance is accompanied by share*

certificates in respect of some but not all of the relevant shares then, subject to the other requirements of this sub-paragraph (i) being fulfilled in respect of the shares which are covered by share certificates, the acceptance may be treated as fulfilling the requirements of this sub-paragraph (i) insofar as it relates to those covered shares; or

(ii) in the case of a holding in CREST, covered by a transfer to the relevant member's escrow account, details of which must be provided on the acceptance form; if the acceptance is covered by a transfer to escrow in respect of some but not all of the relevant holding, it may be treated as fulfilling the requirement of this sub-paragraph (ii) in respect of that part of the holding transferred to escrow; or

(iii) from a registered holder or the registered holder's personal representatives (but only up to the amount of the registered holding as at the unconditional date and only to the extent that the acceptance relates to shares which are not taken into account under another sub-paragraph of this paragraph (c)); or

(iv) certified by the offeree company's registrar.

For this purpose an acceptance form is completed to a suitable standard:

(1) where the form constitutes a transfer, if it meets the criteria (other than being duly stamped) for the registration of transfers set out in the Chartered Governance Institute Guidance; or

(2) where the form does not constitute a transfer, if it constitutes a valid and irrevocable appointment of the offeror or some person on its behalf as an agent or attorney for the purpose of executing a transfer of the type referred to in (1) above on behalf of the acceptor.

If the acceptance form is executed by a person other than the registered holder, appropriate evidence of authority (eg grant of probate or certified copy of a power of attorney) must be produced as required by the practice set out in the Chartered Governance Institute Guidance.

An acceptance which has been withdrawn must not be counted towards satisfying an acceptance condition.

5. Purchases

NB Attention is drawn to Note 6 below which will be relevant in determining whether an acceptance condition has been satisfied (or is capable of being satisfied) before the unconditional date, and also to Note 8 below which will be relevant if the offeror has borrowed any offeree company shares.

A purchase of shares by an offeror or its nominee (or in the case of a Rule 9 offer, a person acting in concert with the offeror, or its nominee) may be counted towards the satisfaction of an acceptance condition only if:

RULE 10 *CONTINUED*

(a) the offeror or its nominee (or in the case of a Rule 9 offer, a person acting in concert with the offeror, or its nominee) is the registered holder of the shares; or

(b) a transfer of the shares in favour of the offeror or its nominee (or in the case of a Rule 9 offer, a person acting in concert with the offeror, or its nominee) executed by or on behalf of the registered holder and otherwise completed to a suitable standard (as specified in paragraph (c)(i) of Note 4 above) and accompanied by the relevant share certificates or certified by the offeree company's registrar is delivered by or on behalf of the offeror to the offeror's receiving agent on or before the last time for acceptance set out in the offeror's relevant document or announcement and the offeror's receiving agent has recorded that the transfer and accompanying documents have been so received.

A person who has agreed to sell shares to the offeror or a person acting in concert with it is not, by virtue only of the agreement, a "nominee" for the purposes of this Note.

The offeror must advise its receiving agent of any parties whose registered holdings or purchases are relevant for the purpose of the acceptance condition. The offeror's receiving agent must then certify the holding of each such party on the basis of the register (or, in relation to holdings in CREST in respect of which CREST maintains the register, the record of securities held in uncertificated form).

6. Satisfaction of the acceptance condition before the unconditional date

In determining whether an acceptance condition has been satisfied (or is capable of being satisfied) before the unconditional date, all acceptances and purchases that comply with the requirements of Note 4 and Note 5 on Rule 10.1 may be counted, other than those which fall within paragraph (c)(iii) of Note 4 or Note 8 on Rule 10.1.

7. Offeror's receiving agent's certificate

Before the acceptance condition can be satisfied or the offer can lapse as a result of the acceptance condition not having been satisfied (or being regarded as incapable of satisfaction), the offeror's receiving agent must have issued a certificate to the offeror or its financial adviser which states the number of acceptances which have been received which comply with Note 4 on Rule 10.1 and the number of shares otherwise acquired, whether before or during an offer period, which comply with Note 5 on Rule 10.1 and, in each case, if appropriate, Note 6 on Rule 10.1, but which do not fall within Note 8 on Rule 10.1.

RULE 10 *CONTINUED*

Copies of the receiving agent's certificate must be sent to the Panel and the offeree company's financial adviser by the offeror or its financial adviser as soon as possible after it is issued.

8. Borrowed shares

Except with the consent of the Panel, shares which have been borrowed by the offeror may not be counted towards satisfying an acceptance condition.

10.2 SATISFACTION OF THE ACCEPTANCE CONDITION

Except with the consent of the Panel, the acceptance condition must not be capable of being satisfied until all of the other conditions to the offer have been either satisfied or waived.

NOTE ON RULE 10.2

When a dispensation may be granted

The Panel will normally grant a dispensation from the requirement in Rule 10.2 where another condition is not capable of being satisfied until after the acceptance condition has been satisfied (such as a condition relating to the admission to listing and/or admission to trading of the securities being offered as consideration).

RULE 5. TIMING RESTRICTIONS ON ACQUISITIONS

NB For the purposes of this Rule 5 only, the number of shares in which a person will be treated as having an interest includes any shares in respect of which the person has received an irrevocable commitment (see paragraph (5) of the definition of interests in securities).

5.1 RESTRICTIONS

Except as permitted by Rule 5.2:

(a) when a person (which for the purpose of Rule 5 includes any persons acting in concert with that person) is interested in shares which in the aggregate carry less than 30% of the voting rights of a company, that person may not acquire an interest in any other shares carrying voting rights in that company which, when aggregated with the shares in which that person is already interested, would carry 30% or more of the voting rights; and

(b) when a person is interested in shares which in the aggregate carry 30% or more of the voting rights of a company but does not hold shares which carry more than 50% of the voting rights, that person may not acquire an interest in any other shares carrying voting rights in that company. See Note 5.

NOTES ON RULE 5.1

1. When more than 50% is held

This Rule is not relevant to a person who holds shares carrying more than 50% of the voting rights of a company or to a person who obtains such a position by a permitted acquisition.

2. New shares, subscription rights, convertibles and options

Neither the acquisition of new shares, securities convertible into new shares or rights to subscribe for new shares (other than the purchase of rights arising pursuant to a rights issue) nor the acquisition of new or existing shares, or rights in relation to such shares, under a share option scheme is restricted by this Rule. However, the acquisition of new shares as a result of the exercise of conversion or subscription rights or options must be treated for the purpose of this Rule as if it were an acquisition from a single shareholder (see Rule 5.2(a)). The effective date of the acquisition should normally be taken as the date of exercise of conversion or subscription rights or of options.

(See also Note 3 on this Rule.)

RULE 5 *CONTINUED*

3. Allotted but unissued shares

When shares of a company carrying voting rights have been allotted (even if provisionally) but have not yet been issued, for example, under a rights issue when the shares are represented by renounceable letters of allotment, the Panel should be consulted. This Rule may apply to the acquisition of an interest in such shares as it would in the case of an acquisition of an interest in registered shares.

4. Rule 9 waivers

Rule 5.1 does not prohibit a person from obtaining an interest in shares carrying 30% or more of the voting rights in accordance with Note 1 of the Notes on Dispensations from Rule 9.

5. Maintenance of the percentage of the shares in which a person is interested

The restrictions in this Rule do not apply to an acquisition of an interest in shares which would not increase the percentage of the shares carrying voting rights in which that person is interested, eg if a shareholder takes up its entitlement under a fully underwritten rights issue or if a person acquires shares on exercise of a call option.

6. Gifts

If a person receives a gift of shares or an interest in shares which takes the aggregate number of shares carrying voting rights in which the person is interested to 30% or more, the Panel must be consulted. (See also Note 3 on Rule 9.5.)

5.2 EXCEPTIONS TO RESTRICTIONS

The restrictions in Rule 5.1 do not apply to an acquisition of an interest in shares carrying voting rights in a company by a person:

(a) at any time from a single shareholder if it is the only such acquisition within any period of 7 days (see also Rule 5.3 and Rule 5.4). This exception will not apply when the person has announced a firm intention to make an offer; or

(b) immediately before the person announces a firm intention to make an offer, provided that the offer will be publicly recommended by, or the acquisition is made with the agreement of, the board of the offeree company and the acquisition is conditional upon the announcement of the offer; or

(c) after the person has announced a firm intention to make an offer provided that:

RULE 5 *CONTINUED*

(i) the acquisition is made with the agreement of the board of the offeree company; or

(ii) that offer or any competing offer has been publicly recommended by the board of the offeree company, even if such recommendation is subsequently withdrawn; or

(iii) Day 21 of that offer, or of any competing offer, has passed; or

(iv) that offer is unconditional; or

(d) if the acquisition is by way of acceptance of the offer; or

(e) if the acquisition is permitted by Note 11 on Rule 9.1 or Note 5 of the Notes on Dispensations from Rule 9.

NOTES ON RULE 5.2

1. Single shareholder

(a) For the purpose of Rule 5.2(a), a number of shareholders will be regarded as a single shareholder only if they are all members of the same family or of a group of companies which is regarded as one for disclosure purposes under Section 823 of the Companies Act 2006. A principal trader or a fund manager managing investment accounts on behalf of a number of underlying clients (whether or not on a discretionary basis) will not normally be considered to be a single shareholder for the purpose of this Rule. The Panel should be consulted in cases of doubt.

(b) An acquisition of an interest in shares will only be permitted by Rule 5.2(a) if the acquisition relates to a pre-existing holding of shares of the single shareholder concerned.

2. Rule 9

An acquisition permitted by Rule 5.2 may result in an obligation to make an offer under Rule 9, in which case an immediate announcement of such an offer must be made.

3. Revision

If an offeror revises its offer, the exceptions allowed by this Rule will apply on the basis of the time periods applicable to the original offer.

4. After an offer lapses

After an offer has lapsed, the restrictions in Rule 5.1 will once again apply to the former offeror.

RULE 5 *CONTINUED*

5.3 ACQUISITIONS FROM A SINGLE SHAREHOLDER – CONSEQUENCES

A person who acquires an interest in shares from a single shareholder permitted by Rule 5.2(a) may not acquire an interest in any other shares carrying voting rights in a company, except in the circumstances set out in Rule 5.2(b), (c), (d) and (e). If that person makes an offer for the company which subsequently lapses, this restriction will cease to apply.

NOTES ON RULE 5.3

1. If a person's interests are reduced

A person who is restricted by this Rule from making further acquisitions will cease to be so restricted if the aggregate number of shares carrying voting rights in which it is interested falls below 30% (in which case it will become subject to Rule 5.1(a)).

2. Rights or scrip issues and Rule 9 waivers

The restrictions imposed by Rule 5.3 do not prevent a person from receiving an entitlement of shares through a rights or scrip issue as long as the person does not increase the percentage of shares carrying voting rights in which it is interested. Nor do they prevent a person from acquiring further interests in shares in accordance with the Notes on Dispensations from Rule 9.

5.4 ACQUISITIONS FROM A SINGLE SHAREHOLDER – DISCLOSURE

A person who acquires an interest in shares carrying voting rights in a company from a single shareholder permitted by Rule 5.2(a) must notify the company, a RIS and the Panel, not later than 12 noon on the business day following the date of the acquisition, of details of:

(a) that acquisition; and

(b) any shares of the company in which the person has an interest or in respect of which it has a right to subscribe, in each case specifying the nature of the interests or rights concerned (see Note 5 on Rule 8). Similar details of any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, must also be disclosed.

RULE 5 *CONTINUED*

NOTE ON RULE 5.4

Disclosure of the identity of the person dealing

Any announcement must comply with the requirements of Note 5 on Rule 8 regarding the disclosure of the identity of the person dealing and, if different, the owner or controller.

RULE 6. ACQUISITIONS RESULTING IN AN OBLIGATION TO OFFER A MINIMUM LEVEL OF CONSIDERATION

6.1 ACQUISITIONS BEFORE A FIRM OFFER ANNOUNCEMENT

(a) Except with the consent of the Panel in cases falling under (i) or (ii), when an offeror or any person acting in concert with it has acquired an interest in shares in the offeree company:

(i) within the three month period prior to the commencement of the offer period; or

(ii) during the period, if any, between the commencement of the offer period and an announcement made by the offeror in accordance with Rule 2.7; or

(iii) prior to the three month period referred to in (i), if in the view of the Panel there are circumstances which render such a course necessary in order to give effect to General Principle 1,

the offer to the holders of shares of the same class shall not be on less favourable terms.

(b) If an acquisition of an interest in shares in the offeree company has given rise to an obligation under Rule 11, compliance with that Rule will normally be regarded as satisfying any obligation under this Rule in respect of that acquisition.

(c) In the case of an acquisition under Rule 6.1(a)(ii), an immediate announcement may be required in accordance with Rule 7.1.

6.2 ACQUISITIONS AFTER A FIRM OFFER ANNOUNCEMENT

(a) If, after an announcement made in accordance with Rule 2.7 and before the offer closes for acceptance, an offeror or any person acting in concert with it acquires any interest in shares at above the offer price (being the then current value of the offer), it shall increase its offer to not less than the highest price paid for the interest in shares so acquired.

(b) Immediately after the acquisition, an appropriate announcement must be made in accordance with Rule 7.1.

(c) Acquisitions of interests in shares in the offeree company may also give rise to an obligation under Rule 11. Where an obligation is incurred under Rule 11 by reason of any such acquisition, compliance with that Rule will normally be regarded as satisfying any obligation under this Rule in respect of that acquisition.

RULE 6 *CONTINUED*

NOTES ON RULE 6

1. Adjusted terms

The Panel's discretion to agree adjusted terms pursuant to Rule 6.1(a) or (b) will only be exercised in exceptional circumstances. Factors which the Panel might take into account when considering an application for adjusted terms include:

(a) whether the relevant acquisition was made on terms then prevailing in the market;

(b) changes in the market price of the shares since the relevant acquisition;

(c) the size and timing of the relevant acquisition;

(d) the attitude of the offeree board;

(e) whether interests in shares have been acquired at high prices from directors or other persons closely connected with the offeror or the offeree company; and

(f) whether a competing offer has been announced for the offeree company.

2. Acquisitions prior to the three month period

The discretion given to the Panel in Rule 6.1(a)(iii) will not normally be exercised unless the vendors, or other parties to the transactions giving rise to the interests, are directors of, or other persons closely connected with, the offeror or the offeree company.

3. No less favourable terms

For the purpose of Rule 6.1, except where Rule 9 (mandatory offer) or Rule 11.1 (requirement for cash offer) applies, it will not be necessary to make a cash offer available even if interests in shares have been acquired for cash. However, any securities offered as consideration must, at the date of the announcement of the firm intention to make the offer, have a value at least equal to the highest relevant price paid. If, during the period ending when the market closes on the first business day after the announcement, the value is not maintained, the Panel will be concerned to ensure that the offeror acted with all reasonable care in determining the consideration.

If there is a restricted market in the securities of an offeror, or if the amount of securities to be issued of a class already admitted to trading is large in relation to the amount already issued, the Panel may require justification of prices used to determine the value of the offer.

RULE 6 *CONTINUED*

4. Highest price paid

For the purpose of this Rule, the price paid for any acquisition of an interest in shares will be determined as follows:

(a) in the case of a purchase of shares, the price paid is the price at which the bargain between the purchaser (or, where applicable, the purchaser's broker acting in an agency capacity) and the vendor (or principal trader) is struck;

(b) in the case of a call option which remains unexercised, the price paid will normally be treated as the middle market price of the shares which are the subject of the option at the time the option is entered into;

(c) in the case of a call option which has been exercised, the price paid will normally be treated as the amount paid on exercise of the option together with any amount paid by the option-holder on entering into the option;

(d) in the case of a written put option (whether exercised or not), the price paid will normally be treated as the amount paid or payable on exercise of the option less any amount paid by the option-holder on entering into the option; and

(e) in the case of a derivative, the price paid will normally be treated as the initial reference price together with any fee paid on entering into the derivative.

In the case of an option or a derivative, however, if the option exercise price or derivative reference price is calculated by reference to the average price of a number of acquisitions by the counterparty of interests in underlying securities, the price paid will normally be determined to be the highest price at which such acquisitions are actually made.

Any stamp duty and broker's commission payable should be excluded.

The Panel should be consulted in advance if it is proposed to acquire the voting rights attaching to shares, or general control of them.

Where a person acquired an interest in shares more than three months prior to the commencement of the offer period as a result of any option, derivative or agreement to purchase and, within the three month period prior to the commencement of the offer period or after the announcement made in accordance with Rule 2.7 and before the offer closes for acceptance, the person acquires any of the relevant shares, no obligation under this Rule will normally arise as a result of the acquisition of those shares. However, if the terms of the instrument have been varied in any way, or if the shares are acquired other than on the terms of the original instrument, the Panel should be consulted.

RULE 6 *CONTINUED*

5. Dividends

(a) Dividends which accepting shareholders are entitled to receive and retain

When accepting shareholders are entitled under the offer to receive and retain, in addition to the offer consideration, a dividend which has been announced by the offeree company but the "ex dividend" date has not yet occurred:

(i) the offeror, in establishing the minimum level of the offer, may deduct from the highest price paid by it (or any person acting in concert with it) during the period to which the Rule applies the amount of the dividend to which offeree company shareholders are entitled; and

(ii) once an offer value has been announced, purchases in the market or otherwise during the "cum dividend" period by the offeror (or any person acting in concert with it) may be made at prices up to the aggregate of the offer value and the amount of the dividend without necessitating any revision of the offer.

However, purchases in the market or otherwise after the "ex dividend" date by an offeror (or any person acting in concert with it) may only be made at prices up to the amount of the offer value without necessitating any revision of the offer.

(b) Dividends which accepting shareholders are not entitled to receive and retain

When accepting shareholders are not entitled under the offer to receive and retain, in addition to the offer consideration, a dividend which has been announced by the offeree company:

(i) the offeror, in establishing the minimum level of the offer, may not deduct from the highest price paid by it (or any person acting in concert with it) during the period to which the Rule applies the amount of the dividend; and

(ii) once an offer value has been announced, purchases in the market or otherwise during the "cum dividend" period by the offeror (or any person acting in concert with it) may be made at prices up to the offer value without necessitating any revision of the offer.

However, purchases in the market or otherwise after the "ex dividend" date by an offeror (or any person acting in concert with it) may only be made at prices up to the offer value less the amount of the dividend without necessitating any revision of the offer.

RULE 6 *CONTINUED*

6. Convertible securities, warrants and options

Acquisitions of securities convertible into, warrants in respect of, or options or other rights to subscribe for, new shares will normally only be relevant to this Rule if they are converted or exercised (as applicable). Such acquisitions will then be treated as if they were acquisitions of the underlying shares at a price calculated by reference to the acquisition price and the relevant conversion or exercise terms. In any case of doubt, the Panel should be consulted.

7. Unlisted securities

An offer where the consideration consists of securities for which immediate admission to trading on a UK regulated market is not to be sought will not normally be regarded as satisfying any obligation incurred under this Rule. In such cases the Panel should be consulted.

8. Offer period

References to the offer period in this Rule are to the time during which the offeree company is in an offer period, irrespective of whether the offeror was contemplating an offer when the offer period commenced.

RULE 9. THE MANDATORY OFFER AND ITS TERMS

9.1 WHEN A MANDATORY OFFER IS REQUIRED AND WHO IS PRIMARILY RESPONSIBLE FOR MAKING IT

Except with the consent of the Panel, when:

(a) any person acquires an interest in shares which (taken together with shares in which the person or any person acting in concert with that person is interested) carry 30% or more of the voting rights of a company; or

(b) any person, together with persons acting in concert with that person, is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company but does not hold shares carrying more than 50% of such voting rights and such person, or any person acting in concert with that person, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which that person is interested,

such person shall extend offers, on the basis set out in Rule 9.3 and Rule 9.5, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights. Offers for different classes of equity share capital must be comparable; the Panel should be consulted in advance in such cases.

An offer will not be required under this Rule where control of the offeree company is acquired as a result of a voluntary offer made in accordance with the Code to all the holders of voting equity share capital and other transferable securities carrying voting rights.

(See Notes on Dispensations from Rule 9.)

NOTES ON RULE 9.1

PERSONS ACTING IN CONCERT

The majority of questions which arise in the context of Rule 9 relate to persons acting in concert. The definition of "acting in concert" contains a list of persons who are presumed to be acting in concert unless the contrary is established. Without prejudice to the general application of the definition, the following Notes illustrate how the Rule and definition are interpreted by the Panel. Any Panel view expressed in relation to "acting in concert" can relate only to the Code and should not be taken as guidance on any other statutory or regulatory provisions.

1. Coming together to act in concert

Acting in concert requires the co-operation of two or more persons. When a person has acquired an interest in shares without the knowledge of other persons with whom that person subsequently comes together to co-operate

as a group to obtain or consolidate control of a company, and the shares in which they are interested at the time of coming together carry 30% or more of the voting rights in that company, the Panel will not normally require an offer to be made under Rule 9. Such persons having once come together, however, the provisions of the Rule will apply so that:

(a) if the shares in which they are interested together carry less than 30% of the voting rights in that company, an obligation to make an offer will arise if any member of that group acquires an interest in any further shares so that the shares in which they are interested together carry 30% or more of such voting rights; or

(b) if the shares in which they are interested together carry 30% or more of the voting rights in that company and they do not hold shares carrying more than 50% of the voting rights in that company, no member of that group may acquire an interest in any other shares carrying voting rights in that company without incurring a similar obligation.

(See also Note 4 below.)

2. Collective shareholder action

The Panel does not normally regard the action of shareholders voting together on a particular resolution as action which of itself indicates that such persons are acting in concert. However, the Panel will normally presume shareholders who requisition or threaten to requisition the consideration of a board control-seeking proposal at a general meeting, together with their supporters as at the date of the requisition or threat, to be acting in concert with each other and with the proposed directors. Such persons will be presumed to have come into concert once an agreement or understanding is reached between them in respect of a board control-seeking proposal with the result that subsequent acquisitions of interests in shares by any member of the group could give rise to an offer obligation.

In determining whether a proposal is board control-seeking, the Panel will have regard to a number of factors, including the following:

(a) the relationship between any of the proposed directors and any of the shareholders proposing them or their supporters. Relevant factors in this regard will include:

(i) whether there is or has been any prior relationship between any of the activist shareholders, or their supporters, and any of the proposed directors;

(ii) whether there are any agreements, arrangements or understandings between any of the activist shareholders, or their supporters, and any of the proposed directors with regard to their proposed appointment; and

RULE 9 *CONTINUED*

(iii) whether any of the proposed directors will be remunerated in any way by any of the activist shareholders, or their supporters, as a result of or following their appointment.

If, on this analysis, there is no relationship between any of the proposed directors and any of the activist shareholders or their supporters, or if any such relationship is insignificant, the proposal will not be considered to be board control-seeking such that the persons will not be presumed to be acting in concert and it will not be necessary for the factors set out at paragraphs (b) to (f) below to be considered. If, however, such a relationship does exist which is not insignificant, the proposal may be considered to be board control-seeking, depending on the application of the factors set out at paragraph (b) below or, if appropriate, paragraphs (b) to (f) below;

(b) the number of directors to be appointed or replaced compared with the total size of the board.

If it is proposed to appoint or replace only one director, the proposal will not normally be considered to be board control-seeking. If it is proposed to replace the entire board, or if the implementation of the proposal would result in the proposed directors representing a majority of the directors on the board, the proposal will normally be considered to be board control-seeking.

If, however, the implementation of the proposal would not result in the proposed directors representing a majority of the directors on the board, the proposal will not normally be considered to be board control-seeking unless an analysis of the factors set out at paragraphs (c) to (f) below would indicate otherwise;

(c) the board positions held by the directors being replaced and to be held by the proposed directors;

(d) the nature of the mandate, if any, for the proposed directors;

(e) whether any of the activist shareholders, or any of their supporters, will benefit, either directly or indirectly, as a result of the implementation of the proposal other than through its interest in shares in the company; and

(f) the relationship between the proposed directors and the existing directors and/or the relationship between the existing directors and the activist shareholders or their supporters.

In respect of a proposal to replace some or all of the directors and the investment manager of an investment trust company, the relationship between the proposed new investment manager and any of the activist shareholders, or their supporters, will also be relevant to the analysis of the factors set out at paragraph (a) above and, if appropriate, paragraphs (c) to (f) above.

In determining whether it is appropriate for such persons to be held no longer to be acting in concert, the Panel will take account of a number of factors, including the following:

(a) whether the persons have been successful in achieving their stated objective;

(b) whether there is any evidence to indicate that the persons should continue to be held to be acting in concert;

(c) whether there is any evidence of an ongoing struggle between the activist shareholders, or their supporters, and the board of the company;

(d) the types of activist shareholder involved and the relationship between them; and

(e) the relationship between the activist shareholders, or their supporters, and the proposed/new directors.

3. Directors of a company

Directors of a company which is subject to an offer or a possible offer will be presumed to be acting in concert from the beginning of the relevant period as defined in Rule 21.1(b) or, where Note 9 on Rule 21.1 applies, from the beginning of the offer period. The normal provisions of this Rule will apply in these circumstances. At other times, directors of a company are not presumed to be acting in concert in relation to control of the company of which they are directors. Subject to the constraints imposed by the Rules, directors are, so far as the Code is concerned, free to deal in the shares of their company. The Panel reserves the right, however, to examine situations closely should the actions of the directors suggest that they may be acting in concert.

If any persons who have indicated their support for the offeree company's directors against an offer thereafter acquire an interest in shares to frustrate the offer, the Panel would consider their position in relation to the directors. The directors of companies defending against an offer, their supporters or their advisers, should consult the Panel before acquiring an interest in any shares which might lead to the incurring of an obligation under this Rule.

(See also Note 5 on the definition of acting in concert.)

4. Acquisition of interests in shares by members of a group acting in concert

While the Panel accepts that the concept of persons acting in concert recognises a group as being the equivalent of a single person, the membership of such groups may change at any time. This being the case, there will be circumstances when the acquisition of an interest in shares by one member of a group acting in concert from another member will result in the acquirer of the interest in shares having an obligation to make an offer. Whenever a

group acting in concert is interested in shares which together carry 30% or more of the voting rights in a company and as a result of an acquisition of an interest in shares from another member of the group a single member comes to be interested in shares carrying 30% or more or, if already interested in shares carrying over 30%, acquires an interest in any other shares carrying voting rights, the factors which the Panel will take into account in considering whether to waive the obligation to make an offer include:

(a) whether the leader of the group or the member with the largest individual interest in shares has changed and whether the balance between the interests in the group has changed significantly;

(b) the price paid for the interest in shares acquired; and

(c) the relationship between the persons acting in concert and how long they have been acting in concert.

When the group is interested in shares carrying 30% or more of the voting rights in a company but does not hold shares carrying more than 50% of such voting rights, an offer obligation will arise if an interest in any other shares carrying voting rights is acquired from non-members of the group. When the group holds shares carrying over 50% of the voting rights in a company, no obligations normally arise from acquisitions by any member of the group. However, subject to considerations similar to those set out in the previous paragraph, the Panel may regard as giving rise to an obligation to make an offer the acquisition by a single member of the group of an interest in shares sufficient to increase the shares carrying voting rights in which the member of the group is interested to 30% or more or, if the member of the group is already interested in 30% or more, which increases the percentage of shares carrying voting rights in which the member of the group is interested.

For the purpose of calculating the highest price paid in the event of an offer under this Rule, the prices paid for an interest in shares acquired by one member of a group acting in concert from another may be relevant where, for example, all shares or interests in shares held within a group are acquired by that member making the offer or where prices paid between members are materially above the market price.

5. Employee benefit trusts

The Panel must be consulted in advance of any proposed acquisition of an interest in shares if the aggregate number of shares in which the directors, any other persons acting, or presumed to be acting, in concert with any of the directors and the trustees of an employee benefit trust ("EBT") are interested will, as a result of the acquisition, carry 30% or more of the voting rights or, if already carrying 30% or more, will increase further. The Panel must also be consulted in any case where a person (or group of persons acting, or presumed to be acting, in concert) is interested in shares carrying 30% or

more (but does not hold shares carrying more than 50%) of the voting rights and it is proposed that an EBT acquires an interest in any other shares.

The mere establishment and operation of an EBT will not by itself give rise to a presumption that the trustees are acting in concert with the directors and/or a controller (or group of persons acting, or presumed to be acting in concert). The Panel will, however, consider all relevant factors including: the identities of the trustees; the composition of any remuneration committee; the nature of the funding arrangements; the percentage of the issued share capital in which the EBT is interested; the number of shares held to satisfy awards made to directors; the number of shares in which the EBT is interested in excess of those required to satisfy existing awards; the prices at which, method by which and persons from whom any interests in existing shares have been or are to be acquired; the established policy or practice of the trustees as regards decisions to acquire interests in shares or to exercise, or procure the exercise of, votes in respect of shares in which the EBT is interested; whether or not the directors themselves are presumed to be in concert; and the nature of any relationship existing between a controller (or group of persons acting, or presumed to be acting in concert) and both the directors and the trustees. Its consideration of these factors may lead the Panel to conclude that the trustees are acting in concert with the directors and/or a controller (or group).

The above does not apply in respect of shares held within the EBT but controlled by the beneficiaries.

OTHER GENERAL INTERPRETATIONS

6. Vendor of part only of an interest in shares

Shareholders sometimes wish to sell part only of their shareholdings or a purchaser may be prepared to purchase part only of a shareholding. This arises particularly where a purchaser wishes to acquire shares carrying just under 30% of the voting rights in a company, thereby avoiding an obligation to make an offer under Rule 9. The Panel will be concerned to see whether in such circumstances the vendor is acting in concert with the purchaser and/or has effectively allowed the purchaser to acquire a significant degree of control over the shares retained by the vendor such that the purchaser should be treated as having acquired an interest in them by virtue of paragraph (2) of the definition of interests in securities, in which case an offer under Rule 9 would normally be required. A judgement on whether such significant degree of control exists will obviously depend on the circumstances of each individual case. In reaching its decision, the Panel will have regard, inter alia, to the points set out below.

(a) There might be less likelihood of a significant degree of control over the retained shares if the vendor was not an "insider".

RULE 9 *CONTINUED*

(b) The payment of a very high price for the shares would tend to suggest that control over the entire holding was being secured.

(c) Where the retained shares are in themselves a significant part of the company's capital (or even in certain circumstances represent a significant sum of money in absolute terms), a greater element of independence may be presumed.

(d) It would be natural for a vendor of part of a controlling holding to select a purchaser whose ideas as regards the way the company is to be directed are reasonably compatible with the vendor's own. It is also natural that a purchaser of a substantial holding in a company should press for board representation and perhaps make the vendor's support for this a condition of purchase. Accordingly, these factors, divorced from any other evidence of a significant degree of control over the retained shares, would not lead the Panel to conclude that an offer under Rule 9 should be made.

Similar considerations will arise where the vendor remains interested in shares but without itself owning any of such shares, or where the acquisition is not of the shares themselves but of another type of interest in shares.

7. Placings and other arrangements

When a person is to acquire an interest in shares which will result in that person being interested in shares carrying 30% or more of the voting rights of a company, the Panel will consider waiving the requirements of this Rule if firm arrangements are made for the number of shares carrying voting rights in which that person is interested to be reduced to below 30% prior to the acquisition (for example, by a placing of shares) or, in certain exceptional circumstances, if an undertaking is given to make such a reduction within a very short period after the acquisition. In all such cases, the Panel must be consulted in advance. The Panel will be concerned to ensure that none of the persons with whom the acquirer enters into transactions in order to reduce its interests is acting in concert with the acquirer; for example, an obligation under this Rule will not be avoided by placing shares with a number of persons having a common link, such as the discretionary clients of a fund manager who would be connected with the acquirer if it were an offeror (unless, in such circumstances, the fund manager would have exempt status). (See also Rule 9.7.)

8. The chain principle

If a person or group of persons acting in concert ("Acquirer A") acquires shares in a company ("Company B") which results in Acquirer A holding over 50% of the voting rights of Company B (which may or may not be a company to which the Code applies), Acquirer A may thereby indirectly obtain or consolidate control, as defined in the Definitions Section, of a second company ("Company C") because Company B either:

RULE 9 *CONTINUED*

(a) controls Company C; or

(b) is interested in shares in Company C which, when aggregated with those in which Acquirer A is already interested, will result in Acquirer A obtaining or consolidating control of Company C.

The Panel will normally only require an offer to be made under Rule 9 in these circumstances if Company B's interest in shares in Company C is significant in relation to Company B. In assessing this, the Panel will take into account a number of factors including, as appropriate, the assets, profits and market values of the respective companies. Relative values of 30% or more will normally be regarded as significant.

9. Triggering Rule 9 during an offer period

(a) If it is proposed to incur an obligation to make an offer under Rule 9 during the course of a voluntary offer, the Panel must be consulted in advance.

(b) If such an obligation is incurred, an offer in compliance with Rule 9 must be announced immediately (see also Rule 7.1).

(c) Where there is no change in the consideration offered, a revised offer document will not be required and it will be sufficient, following the announcement, to send a notification to offeree company shareholders and persons with information rights setting out:

(i) the new percentage of shares in which the offeror and persons acting in concert with it are interested;

(ii) that the acceptance condition (in the form required by Rule 9.3) is the only condition remaining; and

(iii) the unconditional date.

(d) The offer made in compliance with Rule 9 must remain open for not less than 14 days following the publication of the revised offer document or the sending of the notification referred to in paragraph (c) (as appropriate).

(e) Rule 9.4(c) and Note 3 and Note 4 on Rule 32.1 set out certain restrictions on the incurring of an obligation under Rule 9 during the offer period.

(f) In the case of a scheme of arrangement see Note 2 on Section 2 of Appendix 7.

10. Convertible securities, warrants and options

In general, the acquisition of securities convertible into, warrants in respect of, or options or other rights to subscribe for, new shares does not give rise to an obligation to make an offer under Rule 9 but the exercise of any conversion or subscription rights or options will be considered to be an acquisition of an interest in shares for the purpose of the Rule.

RULE 9 *CONTINUED*

The Panel will not normally require an offer to be made following the exercise of conversion or subscription rights provided that the issue of convertible securities, or rights to subscribe for new shares carrying voting rights, to the person exercising the rights is approved by a vote of independent shareholders in general meeting in the manner described in Note 1 of the Notes on Dispensations from Rule 9. However, if the potential controller proposes to acquire any interest in further voting shares following the relevant meeting, the Panel should be consulted to establish the number of shares to which the waiver will be deemed to apply.

Where securities with conversion or subscription rights were issued at a time when no offer obligation on exercise of such rights would arise and no independent shareholders' approval was obtained, the Panel will consider the case on its merits and will have regard, inter alia, to the votes cast on any relevant resolution, the number of shares concerned and the attitude of the board of the company. It is always open to the holder of such rights to dispose of sufficient rights so that, on exercise, the shares in which the holder would be interested would together carry less than 30% of the voting rights in the company. In circumstances where such rights could not be transferred prior to exercise, the Panel would consider waiving the offer obligation arising upon an exercise of rights provided there was an undertaking to reduce the number of shares carrying voting rights in which the holder would be interested to below 30% within a reasonable time. (See also Rule 9.7.)

Any holder of conversion or subscription rights who intends to exercise such rights and so to be interested in shares carrying 30% or more of the voting rights of a company should consult the Panel before doing so to determine whether an offer obligation would arise under the Rule and if so at what price (see also Note 2(c) on Rule 9.5).

Where there are conversion or subscription rights currently capable of being exercised, this Rule is invoked at a level of 30% of the existing voting rights. Where they are capable of being exercised during an offer period, Note 2 and Note 3 on Rule 10.1 will be relevant.

(See also Note 13 on Rule 9.1.)

11. The reduction or dilution of interests in shares

If a person or a group of persons acting in concert interested in shares carrying more than 30% of the voting rights of a company reduces its interest but not to less than 30%, such person or persons may subsequently acquire an interest in further shares without incurring an obligation to make an offer under Rule 9 subject to both of the following limitations:

(a) the total number of shares in which interests may be acquired under this Note in any period of 12 months must not exceed 1% of the voting share capital for the time being (and, in determining the number of shares in which interests have been acquired in any such 12 month period, any reductions in

the number of shares in which the person or group is interested may not be netted off against acquisitions); and

(b) the percentage of shares in which the relevant person or group of persons acting in concert is interested following any acquisition under this Note must not exceed the highest percentage of shares in which such person or group of persons was interested in the previous 12 months.

Both these restrictions apply, and must be tested, at the time of any acquisition proposed under this Note, and by reference to the position which would result immediately upon implementation of the proposed acquisition. On each such occasion, the test must take account of the total issued voting share capital at the relevant time, and total number of shares and highest percentage concerned during the immediately preceding twelve months. As a result, it will not be permitted to increase percentage interests progressively from one year to another.

The Panel will regard a reduction of the percentage of shares in which the person or group is interested as a result of dilution following the issue of new shares as also being relevant for these purposes. Accordingly, dilution of an interest in shares carrying voting rights of more than 30% will give rise to the ability to acquire an interest in further shares on the basis set out in this Note provided that the total percentage of shares carrying voting rights in which the person or group is interested has not been reduced below 30% and subject to the limits stipulated above.

If a shareholding has remained above 50% of the voting rights of a company, or is restored to more than 50% by acquisitions permitted under this Note, further acquisitions are unrestricted by the Rule. Otherwise, a percentage interest in shares carrying voting rights of more than 30% which is reduced or diluted may not be restored to its original level without giving rise to an obligation to make an offer under Rule 9 except as permitted under this Note. However, nothing in this Note affects or restricts subscriptions for new shares approved by independent shareholders in the manner outlined in Note 1 of the Notes on Dispensations from Rule 9.

(See also Rule 37.1.)

12. Gifts

If a person receives a gift of shares or an interest in shares which takes the aggregate number of shares carrying voting rights in which the person is interested to 30% or more, the Panel must be consulted. (See also Note 3 on Rule 9.5.)

RULE 9 *CONTINUED*

13. Allotted but unissued shares

When shares of a company carrying voting rights have been allotted (even if provisionally) but have not yet been issued, for example, under a rights issue when the shares are represented by renounceable letters of allotment, the Panel should be consulted. Such shares are likely to be relevant for the purpose of calculating percentages under Rule 9.1.

14. Treasury shares

When an obligation to make an offer is incurred under this Rule, it is not necessary for the offer to extend to shares in the offeree company held in treasury.

15. Aggregation of interests across a group and recognised intermediaries

Rule 9.1 will be relevant if the aggregate number of shares in which any person and all persons with which it is presumed to be acting in concert (including any fund manager or principal trader which has been granted exempt status) are interested carry 30% or more of the voting rights of a company.

However, provided that recognised intermediary status has not fallen away (see Note 3 on the definition of recognised intermediary), a recognised intermediary acting in a client-serving capacity will not be treated as interested in (or as having acquired an interest in) any securities by virtue only of paragraph (3) or paragraph (4) of the definition of interests in securities (other than those held in a proprietary capacity) for these purposes.

If such a group of persons includes a principal trader and the aggregate number of shares in a company in which the group is interested approaches or exceeds 30% of the voting rights, the Panel may consent to the principal trader continuing to acquire shares in the company without consequence under Rule 9.1 provided that the company is not in an offer period, the shares are acquired in a client-serving capacity and the number of shares which the principal trader holds in a client-serving capacity does not at any relevant time exceed 3% of the voting rights of the company. The Panel should be consulted in such cases.

16. Borrowed or lent shares

For the purpose of Rule 9.1, if a person has borrowed or lent shares the person will be treated as interested in such shares save for any borrowed shares which it has either on-lent or sold. A person must consult the Panel before borrowing or acquiring an interest in shares which, when taken together with shares (including lent shares) in which that person or any person acting in concert with that person is already interested, and shares already borrowed by that person or any person acting in concert with that person, might result in an obligation to make a mandatory offer being triggered. Where a person intends to borrow and lend shares on the same day, a mandatory

offer will normally be required only if this will result in an increase in the person's net borrowing position, or that of any person acting in concert with it, as at midnight on that day. See also Note 2 on Rule 9.3.

17. Changes in the nature of a person's interest

Subject to Note 2 on Rule 9.3, for the purpose of this Rule 9.1, a person will not normally be treated as having acquired an interest in shares as a result only of a transaction under which the number of shares in which the person is interested under the different paragraphs of the definition of interests in securities changes but the aggregate number of shares in which it is interested following the transaction remains the same (for example, where the person acquires shares on exercise of a call option).

However, a person who was interested in any shares by virtue of paragraph (3) or paragraph (4) of the definition of interests in securities on 20 May 2006 (when such interests first become relevant for the purpose of Rule 9.1) will normally be treated as having acquired an interest in shares if the person subsequently becomes interested in such shares by virtue of paragraph (1) or paragraph (2) of the definition of interests in securities.

The Panel should be consulted in all such cases to establish whether, in the circumstances, any obligation arises under this Rule.

18. Bank and central counterparty recovery and resolution

In the case of a company to which Schedule 1C to the Act applies, Rule 9.1 does not apply in relation to any change in interests in shares or other transaction which is effected by:

(a) the use of resolution tools, powers and mechanisms (within the meaning given in article 216 of the Bank Recovery and Resolution (No. 2) Order 2014); or

(b) the use of CCP resolution tools, powers and mechanisms (within the meaning given in regulation 2 of the Resolution of Central Counterparties (Modified Application of Corporate Law and Consequential Amendments) Regulations 2023.

9.2 OBLIGATIONS OF OTHER PERSONS

In addition to the person specified in Rule 9.1, each of the principal members of a group of persons acting in concert with that person may, according to the circumstances of the case, have the obligation to extend an offer.

NOTE ON RULE 9.2

Prime responsibility

The prime responsibility for making an offer under this Rule normally attaches to the person who makes the acquisition which imposes the obligation to make an offer. If such person is not a principal member of the group acting in concert, the obligation to make an offer may attach to the principal member or members and, in exceptional circumstances, to other members of the group acting in concert. This could include a member of the group who at the time when the obligation arises does not have any interest in shares. In this context, the Panel will not normally regard the underwriter of a mandatory offer, by virtue of the underwriting alone, as being a member of a group acting in concert and, therefore, responsible for making the offer (but see Note 3 on the definition of acting in concert).

An agreement between a person and a bank under which the person borrows money for the acquisition of shares or an interest in shares which gives rise to an obligation under the Rule will not of itself fall within the above.

9.3 RESTRICTION ON CONDITIONS

NB This Rule should be read in conjunction with Appendix 4.

Except with the consent of the Panel (see the Note on Rule 9.4), an offer made under Rule 9 must be conditional only upon the offeror having received acceptances in respect of shares which, together with shares acquired or agreed to be acquired before or during the offer, will result in the offeror and any person acting in concert with it holding shares carrying more than 50% of the voting rights in the offeree company.

NOTES ON RULE 9.3

1. When more than 50% is held

An offer made under Rule 9 should normally be unconditional when the offeror and persons acting in concert with it hold shares carrying more than 50% of the voting rights before the offer is made.

2. Acceptance condition

Notes 2-7 on Rule 10.1 also apply to offers under Rule 9.

In the event that an offer under Rule 9 lapses because a purchase may not be counted as a result of Note 5 on Rule 10.1 and subsequently the purchase is completed, the Panel should be consulted. It will require appropriate action to be taken such as the making of a new offer or the reduction of the percentage of shares in which the offeror and persons acting in concert with it are interested. (See also Rule 9.7.)

In the event that:

(ii) the expiry of an acceptance condition invocation notice.

NOTE ON RULE 9.4

When a dispensation may be granted

(a) The Panel will normally only grant a dispensation under Rule 9.4(a) if the share purchase agreement in relation to the acquisition of the interest in shares which would give rise to a requirement for an offer under Rule 9 is made subject to a condition relating to a material official authorisation or regulatory clearance, which is also included as a condition or pre-condition to the offer, and to no other conditions.

(b) An announcement in compliance with Rule 2.7 will be required to be made under Rule 2.2(b) immediately upon the entering into of the share purchase agreement, following which the offeror must use all reasonable efforts to ensure the satisfaction of the condition(s) to the share purchase agreement (see Rule 13.2).

(c) The terms of the share purchase agreement must provide that the condition relating to the material official authorisation or regulatory clearance may only be invoked with the consent of the Panel, which consent will normally only be given if the circumstances which give rise to the right to invoke the condition are considered by the Panel to be of material significance to the offeror in the context of the offer (see Rule 13.5(a)).

9.5 CONSIDERATION TO BE OFFERED

(a) An offer made under Rule 9 must, in respect of each class of share capital involved, be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert with it for any interest in shares of that class during the 12 months prior to the announcement of that offer. The Panel should be consulted where there is more than one class of share capital involved.

(b) If, after an announcement of an offer made under Rule 9 for a class of share capital and before the offer closes for acceptance, the offeror or any person acting in concert with it acquires any interest in shares of that class at above the offer price, it shall increase its offer for that class to not less than the highest price paid for the interest in shares so acquired. Immediately after the acquisition, an appropriate announcement must be made in accordance with Rule 7.1.

(c) In certain circumstances, the Panel may determine that the highest price calculated under paragraphs (a) and (b) should be adjusted. (See Note 3.)

(d) The cash offer or the cash alternative must remain open for not less than 14 days after the offer has become unconditional (see Rule 31.2).

RULE 9 *CONTINUED*

NOTES ON RULE 9.5

1. Nature of consideration

When an interest in shares has been acquired for a consideration other than cash, the offer must nevertheless be in cash or be accompanied by a cash alternative of at least equal value, which must be determined by an independent valuation.

When there have been significant acquisitions in exchange for securities, General Principle 1 may be relevant and such securities may be required to be offered to all shareholders: a cash offer will also be required. The Panel should be consulted in such cases.

2. Calculation of the price

(a) The price paid for any acquisition of an interest in shares will be determined as follows:

(i) in the case of a purchase of shares, the price paid is the price at which the bargain between the purchaser (or, where applicable, the purchaser's broker acting in an agency capacity) and the vendor (or principal trader) is struck;

(ii) in the case of a call option which remains unexercised, the price paid will normally be treated as the middle market price of the shares which are the subject of the option at the time the option is entered into;

(iii) in the case of a call option which has been exercised, the price paid will normally be treated as the amount paid on exercise of the option together with any amount paid by the option-holder on entering into the option;

(iv) in the case of a written put option (whether exercised or not), the price paid will normally be treated as the amount paid or payable on exercise of the option less any amount paid by the option-holder on entering into the option; and

(v) in the case of a derivative, the price paid will normally be treated as the initial reference price together with any fee paid on entering into the derivative.

In the case of an option or a derivative, however, if the option exercise price or derivative reference price is calculated by reference to the average price of a number of acquisitions by the counterparty of interests in underlying securities, the price paid will normally be determined to be the highest price at which such acquisitions are actually made.

Any stamp duty and broker's commission payable should be excluded.

Where a person acquired an interest in shares more than 12 months prior to the announcement of the offer made under Rule 9 as a result of any option, derivative or agreement to purchase and, either during the 12 months prior

to such announcement or after the announcement and before the offer closes for acceptance, the person acquires any of the relevant shares, no obligation under this Rule will normally arise as a result of the acquisition of those shares. However, if the terms of the instrument have been varied in any way, or if the shares are acquired other than on the terms of the original instrument, the Panel should be consulted.

(b) If any interest in shares has been acquired in exchange for securities which are admitted to trading, the price will normally be established by reference to the middle market price of the securities at the time of the acquisition.

(c) If any interest in shares has been acquired by the conversion or exercise (as applicable) of securities convertible into, warrants in respect of, or options or other rights to subscribe for new shares, the price will normally be established by reference to the middle market price of the shares in question at the close of business on the day on which the relevant notice was submitted. If, however, the convertible securities, warrants, options or other subscription rights were acquired either during the 12 months prior to the announcement of the offer made under Rule 9 or after the announcement and before the offer closes for acceptance, they will be treated as if they were purchases of the underlying shares at a price calculated by reference to the acquisition price and the relevant conversion or exercise terms.

The Panel should be consulted in advance if it is proposed to acquire the voting rights attaching to shares, or general control of them, and in the circumstances described in (b) and (c) above.

3. Adjustment of highest price

Circumstances which the Panel might take into account when considering an adjustment of the highest price include:

(a) the size and timing of the relevant acquisitions;

(b) the attitude of the board of the offeree company;

(c) whether interests in shares had been acquired at high prices from directors or other persons closely connected with the offeror or the offeree company;

(d) the number of shares in which interests have been acquired in the preceding 12 months;

(e) if an offer is required in order to enable a company in serious financial difficulty to be rescued;

(f) if an offer is required in the circumstances set out in Note 12 on Rule 9.1; and

(g) if an offer is required in the circumstances set out in Rule 37.1.

The price payable in the circumstances set out above will be the price that is appropriate taking into account all the factors that are relevant to the circumstances.

Any decision by the Panel to adjust the highest price under Rule 9.5(c) must be made public.

4. Dividends

Note 5 on Rule 6 also applies to acquisitions made during the period to which Rule 9.5 applies.

5. "Look-back period"

If, notwithstanding Rule 2.2(b), an offer under Rule 9.1 was not announced immediately following the acquisition of the interest in shares which gave rise to the obligation to make the offer, the "look-back period" in Rule 9.5(a) will start on the date which is 12 months prior to the date on which such offer ought to have been announced in accordance with Rule 2.2(b) and will end on the date on which the offer is announced. The same approach will apply to the 12 month periods referred to in Note 2 and Note 3 on Rule 9.5.

9.6 OBLIGATIONS OF DIRECTORS

(a) When directors (or their close relatives or the related trusts of any of them) sell shares to a person (or enter into options, derivatives or other transactions) as a result of which that person is required to make an offer under Rule 9.1, the directors must ensure that as a condition of the sale (or other relevant transaction) the person undertakes to fulfil its obligations under the Rule.

(b) Except with the consent of the Panel, such directors should not resign from the board until Day 21 or the date when the offer becomes unconditional, whichever is the later.

9.7 VOTING RESTRICTIONS AND DISPOSAL OF INTERESTS

(a) Where the Panel agrees to the disposal of interests in shares by a person as an alternative to making an offer pursuant to Rule 9.1, the Panel must be consulted as to:

(i) the interests required to be disposed of; and

(ii) the application, pending completion of the disposal, of restrictions on the exercise of the voting rights (or the procurement of the exercise of the voting rights) attaching to the shares in which that person and persons acting in concert with that person are interested.

RULE 9 *CONTINUED*

(b) Similarly, where an offer made pursuant to Rule 9.1 lapses for a reason other than the acceptance condition not being satisfied, or where a new offer is required pursuant to Note 2 on Rule 9.3, the Panel must be consulted regarding the ability of the offeror and any persons acting in concert with it to exercise, or procure the exercise of, the voting rights attaching to the shares of the offeree company in which they are interested.

NOTES ON RULE 9.7

1. Calculation of the number of interests in shares to be disposed of

Where a disposal of interests in shares is permitted as an alternative to making a mandatory offer, the interests in shares required to be disposed of must be sufficient to take the total number of shares carrying voting rights in which the offeror and persons acting in concert with it are interested either, if Rule 9.1(a) applies, to below 30% or, if Rule 9.1(b) applies, to the percentage in which they were interested prior to the triggering acquisition being made.

2. Calculation of the number of shares to which voting restrictions will be applied

Where voting restrictions are applied pending completion of a disposal of interests in shares permitted as an alternative to making a mandatory offer under:

(a) Rule 9.1(a), the number of shares in relation to which voting restrictions will be applied will normally be such number of shares as results in the person to whom Rule 9.1(a) applies (together with persons acting in concert with that person) being able to exercise less than 30% of the voting rights attaching to shares in the offeree company; or

(b) Rule 9.1(b), the number of shares in relation to which voting restrictions will be applied will normally be such number of shares as results in the person to whom Rule 9.1(b) applies (together with persons acting in concert with that person) being able to exercise a percentage of voting rights attaching to shares in the offeree company which is no more than the percentage of shares carrying voting rights in which that person (together with persons acting in concert with that person) was interested prior to the triggering acquisition being made.

In each case, the calculation of the number of shares in relation to which voting restrictions will be applied will be made by reference to the reduced maximum number of voting rights which may be exercised following the application of the voting restrictions by the Panel.

RULE 9 *CONTINUED*

NOTES ON DISPENSATIONS FROM RULE 9

1. Rule 9 waivers

(See also Appendix 1)

When the issue of new securities as consideration for an acquisition or a cash subscription (or in fulfilment of obligations under an agreement to underwrite the issue of new securities) would otherwise result in an obligation to make an offer under Rule 9, the Panel will normally waive the obligation if there is an independent vote at a shareholders' meeting.

In exceptional circumstances, the Panel may consider granting a Rule 9 waiver where the approval of independent shareholders to the transfer of existing shares from one shareholder to another is obtained.

See also Note 5(c).

2. Enforcement of security for a loan

Where shares or other securities are charged as security for a loan and, as a result of enforcement, the lender would otherwise incur an obligation to make an offer under Rule 9, the Panel will not normally require an offer if sufficient interests in shares are disposed of within a limited period to persons unconnected with the lender, so that the percentage of shares carrying voting rights in which the lender, together with persons acting in concert with it, is interested is reduced to below 30% in a manner satisfactory to the Panel. (See also Rule 9.7.)

In any case where arrangements are to be made involving a transfer of voting rights to the lender, but which do not amount to enforcement of the security, the Panel will wish to be convinced that such arrangements are necessary to preserve the lender's security and that the security was not given at a time when the lender had reason to believe that enforcement was likely.

When, following enforcement, a lender sells all or part of a shareholding, the provisions of this Rule will apply to the purchaser. Although a receiver, liquidator or administrator of a company is not required to make an offer when it acquires an interest in shares carrying 30% or more of the voting rights in another company, the provisions of the Rule apply to a purchaser from such a person.

3. Rescue operations

There are occasions when a company is in such a serious financial position that the only way it can be saved is by an urgent rescue operation which involves the issue of new shares without approval by a vote of independent shareholders or the acquisition of existing shares by the rescuer which would otherwise require an offer under Rule 9. The Panel may, however, waive the requirements of the Rule in such circumstances, subject to such conditions (if any) as the Panel considers appropriate.

RULE 9 *CONTINUED*

The requirements of Rule 9 will not normally be waived in a case where a major shareholder in a company rather than that company itself is in need of rescue. The situation of that shareholder may have little relevance to the position of other shareholders and, therefore, the purchaser from such major shareholder must expect to be obliged to extend an offer under Rule 9 to all other shareholders.

4. Inadvertent mistake

If, due to an inadvertent mistake, a person incurs an obligation to make an offer under this Rule, the Panel will not normally require an offer if sufficient interests in shares are disposed of within a limited period to persons unconnected with it, so that the percentage of shares carrying voting rights in which the person, together with persons acting in concert with that person, is interested is reduced to below 30% in a manner satisfactory to the Panel. (See also Rule 9.7.)

5. Shares carrying 50% or more of the voting rights

The Panel will consider waiving the requirement for an offer under Rule 9 where:

(a) holders of shares carrying 50% or more of the voting rights state in writing that they would not accept such an offer;

(b) shares carrying 50% or more of the voting rights are already held by one other person; or

(c) in the case of an issue of new securities, independent shareholders holding shares carrying more than 50% of the voting rights of the company which would be capable of being cast on a Rule 9 waiver resolution (see Note 1) confirm in writing that they approve the proposed waiver and would vote in favour of any resolution to that effect at a general meeting.

6. Enfranchisement of non-voting shares

There is no requirement to make an offer under Rule 9 if a person interested in non-voting shares becomes upon enfranchisement of those shares interested in shares carrying 30% or more of the voting rights of a company, except where shares or interests in shares have been acquired at a time when the person had reason to believe that enfranchisement would take place.

RULE 11. NATURE OF CONSIDERATION TO BE OFFERED

11.1 WHEN A CASH OFFER IS REQUIRED

Except with the consent of the Panel in cases falling under (a) or (b), a cash offer is required where:

(a) the shares of any class under offer in the offeree company in which interests are acquired for cash (but see Note 5) by an offeror and any person acting in concert with it during the offer period and within 12 months prior to its commencement represent 10% or more of the shares of that class in issue, in which case the offer for that class shall be in cash or accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert with it for any interest in shares of that class acquired during the offer period and within 12 months prior to its commencement; or

(b) subject to paragraph (a) above, any interest in shares of any class under offer in the offeree company is acquired for cash (but see Note 5) by an offeror or any person acting in concert with it during the offer period, in which case the offer for that class shall be in cash or accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert with it for any interest in shares of that class acquired during the offer period; or

(c) in the view of the Panel there are circumstances which render such a course necessary in order to give effect to General Principle 1.

NOTES ON RULE 11.1

1. Price

For the purpose of this Rule, the price paid for any acquisition of an interest in shares will be determined as follows:

(a) in the case of a purchase of shares, the price paid is the price at which the bargain between the purchaser (or, where applicable, the purchaser's broker acting in an agency capacity) and the vendor (or principal trader) is struck;

(b) in the case of a call option which remains unexercised, the price paid will normally be treated as the middle market price of the shares which are the subject of the option at the time the option is entered into;

(c) in the case of a call option which has been exercised, the price paid will normally be treated as the amount paid on exercise of the option together with any amount paid by the option-holder on entering into the option;

(d) in the case of a written put option (whether exercised or not), the price paid will normally be treated as the amount paid or payable on exercise of the option less any amount paid by the option-holder on entering into the option; and

RULE 11 *CONTINUED*

(e) in the case of a derivative, the price paid will normally be treated as the initial reference price together with any fee paid on entering into the derivative.

In the case of an option or a derivative, however, if the option exercise price or derivative reference price is calculated by reference to the average price of a number of acquisitions by the counterparty of interests in underlying securities, the price paid will normally be determined to be the highest price at which such acquisitions are actually made.

Any stamp duty and broker's commission payable should be excluded.

Where a person acquired an interest in shares more than 12 months prior to the commencement of the offer period as a result of any option, derivative or agreement to purchase and, during the offer period or within 12 months prior to its commencement, the person acquires any of the relevant shares, no obligation under this Rule will normally arise as a result of the acquisition of those shares. However, if the terms of the instrument have been varied in any way, or if the shares are acquired other than on the terms of the original instrument, the Panel should be consulted.

2. Gross acquisitions

The Panel would normally regard Rule 11.1(a) as applying to the gross number of shares in which interests are acquired over the relevant period. Shares sold over that period or which are the subject of any short position should not normally be deducted. However, in exceptional circumstances and with the consent of the Panel, shares sold some considerable time before the beginning of the offer period (or shares which are the subject of any short position entered into some considerable time before the beginning of the offer period) may be deducted.

3. When the obligation is satisfied

The obligation to make cash available under this Rule will be considered to have been met if, at the time the acquisition was made, a cash offer or cash alternative at a price per share not less than that required by this Rule was open for acceptance, even if that offer or alternative closes for acceptance immediately thereafter.

4. Equality of treatment

The discretion given to the Panel in Rule 11.1(c) will not normally be exercised unless the vendors or other parties to the transactions giving rise to the interests are directors of, or other persons closely connected with, the offeror or the offeree company. In such cases, relatively small acquisitions could be relevant.

Rule 11.1(c) may also be relevant when interests in shares representing 10% or more of a class in issue have been acquired in the previous 12 months

for a mixture of securities and cash. The Panel should be consulted in all relevant cases.

5. Acquisitions for securities

For the purpose of this Rule, interests in shares acquired by an offeror and any person acting in concert with it in exchange for securities, either during or in the 12 months preceding the commencement of the offer period, will normally be deemed to be acquisitions for cash on the basis of the value of the securities at the time of the purchase. However, if the vendor of the offeree company shares or other party to the transaction giving rise to the interest is required to hold the securities received or receivable in exchange until either the offer has lapsed or the offer consideration has been sent to accepting shareholders, no obligation under Rule 11.1 will be incurred.

See also Note 6 on Rule 11.2.

6. Revision

If an obligation under this Rule arises during the course of an offer period and a revision of the offer is necessary, an immediate announcement must be made by the offeror in accordance with Rule 7.1. Rule 7.1 may also be relevant to acquisitions by potential offerors.

7. Allotted but unissued shares

When shares of a company have been allotted (even if provisionally) but have not yet been issued, for example, under a rights issue when the shares are represented by renounceable letters of allotment, the Panel should be consulted. Such shares are likely to be relevant for the purpose of calculating percentages under this Rule.

8. Dividends

Note 5 on Rule 6 also applies to acquisitions made during the period to which Rule 11.1 applies.

9. Convertible securities, warrants and options

Acquisitions of securities convertible into, warrants in respect of, or options or other rights to subscribe for, new shares will normally only be relevant to this Rule if they are converted or exercised (as applicable). Such acquisitions will then be treated as if they were acquisitions of the underlying shares at a price calculated by reference to the acquisition price and the relevant conversion or exercise terms. In any case of doubt, the Panel should be consulted.

10. Offer period

References to the offer period in this Rule are to the time during which the offeree company is in an offer period, irrespective of whether the offeror was contemplating an offer when the offer period commenced.

11.2 WHEN A SECURITIES OFFER IS REQUIRED

(a) Where interests in shares of any class of the offeree company representing 10% or more of the shares of that class in issue have been acquired by an offeror and any person acting in concert with it in exchange for securities in the three months prior to the commencement of and during the offer period, such securities will normally be required to be offered to all other holders of shares of that class.

(b) Unless the vendor or other party to the transaction giving rise to the interest is required to hold the securities received or receivable until either the offer has lapsed or the offer consideration has been sent to accepting shareholders, an obligation to make an offer in cash or to provide a cash alternative will also arise under Rule 11.1.

NOTES ON RULE 11.2

1. Basis on which securities are to be offered

Any securities required to be offered pursuant to Rule 11.2 must be offered on the basis of the same number of consideration securities received or receivable by the vendor or other party to the transaction giving rise to the interest for each offeree company share rather than on the basis of securities equivalent to the value of the securities received or receivable by the vendor or such other party at the time of the relevant purchase. Where there has been more than one relevant acquisition, offeror securities must be offered on the basis of the greater or greatest number of consideration securities received or receivable for each offeree company share.

2. Equality of treatment

The Panel may require securities to be offered on the same basis to all other holders of shares of that class even though the amount purchased is less than 10% or the purchase took place more than three months prior to the commencement of the offer period. However, this discretion will not, normally, be exercised unless the vendors of the relevant shares or other parties to the transactions giving rise to the interests are directors of, or other persons closely connected with, the offeror or the offeree company.

3. Vendor placings

Shares acquired in exchange for securities will normally be deemed to be acquisitions for cash for the purposes of this Rule if an offeror or any person acting in concert with it arranges the immediate placing of such consideration securities for cash, in which case no obligation to make a securities offer under this Rule will arise.

4. Management retaining an interest

See Note 2 on Rule 16.2.

RULE 11 *CONTINUED*

5. Acquisitions for a mixture of cash and securities

The Panel should be consulted where interests in shares representing 10% or more of any class of shares in issue have been acquired during the offer period and within 12 months prior to its commencement for a mixture of securities and cash.

6. Acquisitions in exchange for securities to which selling restrictions are attached

Where an offeror and any person acting in concert with it has acquired interests in shares representing 10% or more of any class of shares in issue in the offeree company during the offer period and within 12 months prior to its commencement and the consideration received or receivable by the vendor or other party to the transaction giving rise to the interest includes shares to which selling restrictions of the kind set out in Rule 11.2(b) are attached, the Panel should be consulted.

7. Applicability of the Notes on Rule 11.1 to Rule 11.2

See Note 2, Note 5, Note 6, Note 7, Note 9 and Note 10 on Rule 11.1 which may be relevant.

11.3 DISPENSATION FROM HIGHEST PRICE

If the offeror considers that the highest price (for the purpose of Rule 11.1 and Rule 11.2) should not apply in a particular case, the offeror should consult the Panel, which has discretion to agree an adjusted price.

NOTE ON RULE 11.3

Relevant factors

Factors which the Panel might take into account when considering an application for an adjusted price include:

(a) the size and timing of the relevant acquisitions;

(b) the attitude of the board of the offeree company;

(c) whether interests in shares had been acquired at high prices from directors or other persons closely connected with the offeror or the offeree company; and

(d) the number of shares in which interests have been acquired in the preceding 12 months.

RULE 8. DISCLOSURE OF DEALINGS AND POSITIONS

Rule 8 requires various persons, during an offer period, to make public disclosures, or in certain cases private disclosures to the Panel only, of their positions or dealings in relevant securities of the parties to the offer. Disclosures are not required to be made in respect of positions or dealings in relevant securities of a cash offeror.

An Opening Position Disclosure is an announcement containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the offer if the person concerned has such a position. An Opening Position Disclosure is required to be made after the commencement of the offer period and, if later, after the announcement that first identifies an offeror and must be made by the offeree company, by an offeror (after its identity is first publicly disclosed) and by any person that is interested in 1% or more of any class of relevant securities of any party to the offer. Opening Position Disclosures must be made within 10 business days.

A Dealing Disclosure is required after the person concerned deals in relevant securities of any party to the offer. If a party to the offer or any person acting in concert with it deals in relevant securities of any party to the offer, it must make a Dealing Disclosure by no later than 12 noon on the business day following the date of the relevant dealing. If a person is, or becomes, interested in 1% or more of any class of relevant securities of any party to the offer, the person must make a Dealing Disclosure if it deals in any relevant securities of any party to the offer (including by means of an option in respect of, or a derivative referenced to, relevant securities) by no later than 3.30 pm on the business day following the date of the dealing. Dealing Disclosures are required to contain details of the interests or short positions in, or rights to subscribe for, any relevant securities of the party to the offer in whose securities the person disclosing has dealt as well as the person's positions (if any) in the relevant securities of any other party to the offer, unless these have previously been published under Rule 8 (and have not changed).

Rule 8 also sets out the disclosure obligations of exempt principal traders and exempt fund managers, and of the parties to the offer and persons acting in concert with them when they deal for the account of non-discretionary clients.

8.1 DISCLOSURE BY AN OFFEROR

(a) An offeror must make a public Opening Position Disclosure:

(i) after the announcement that first identifies it as an offeror; and

(ii) after the announcement that first identifies a competing securities exchange offeror.

(b) An offeror must also make a public Dealing Disclosure if it deals in any relevant securities of the offeree company or any securities exchange offeror during an offer period for its own account or for the account of discretionary investment clients.

RULE 8 *CONTINUED*

(See also Note 12 below.)

8.2 DISCLOSURE BY THE OFFEREE COMPANY

(a) An offeree company must make a public Opening Position Disclosure:

(i) after the commencement of the offer period; and

(ii) if later, after the announcement that first identifies any securities exchange offeror.

(b) An offeree company must also make a public Dealing Disclosure if it deals in any relevant securities of the offeree company or any securities exchange offeror during an offer period for its own account or for the account of discretionary investment clients.

8.3 DISCLOSURE BY PERSONS WITH INTERESTS IN SECURITIES REPRESENTING 1% OR MORE

(a) Any person who at the relevant time (see Note 7(a) below) is interested (directly or indirectly) in 1% or more of any class of relevant securities of the offeree company or any securities exchange offeror must make a public Opening Position Disclosure:

(i) after the commencement of an offer period; and

(ii) if later, after the announcement that first identifies any securities exchange offeror.

(b) Any person who is (or as a result of any dealing becomes) interested (directly or indirectly) in 1% or more of any class of relevant securities of the offeree company or any securities exchange offeror must make a public Dealing Disclosure if the person deals in any relevant securities of the offeree company or any securities exchange offeror during an offer period.

(c) Where two or more persons act pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities, they will normally be deemed to be a single person for the purpose of this Rule 8.3. (See also Note 12(b) below.)

(d) Rules 8.3(a) to (c) do not apply to recognised intermediaries acting in a client-serving capacity (see Note 9 below).

(e) A person making a disclosure in accordance with Rule 8.1, Rule 8.2, Rule 8.4 or Rule 8.5 need not also disclose the same information pursuant to Rule 8.3.

RULE 8 *CONTINUED*

8.4 DISCLOSURE BY CONCERT PARTIES

A person acting in concert with any party to an offer must make a public Dealing Disclosure if that person deals in any relevant securities of the offeree company or any securities exchange offeror during an offer period for its own account or for the account of discretionary investment clients. (See also Note 12 below.)

8.5 DISCLOSURE BY EXEMPT PRINCIPAL TRADERS

(a) An exempt principal trader connected with an offeror which does not have recognised intermediary status or which does have recognised intermediary status but which holds any interest or short position in, or right to subscribe for, any relevant securities of the offeree company or any securities exchange offeror in a proprietary capacity must make a public Opening Position Disclosure:

(i) after the announcement that first identifies the offeror with which it is connected as an offeror; and

(ii) after the announcement that first identifies a competing securities exchange offeror.

(b) An exempt principal trader connected with the offeree company which does not have recognised intermediary status or which does have recognised intermediary status but which holds any interest or short position in, or right to subscribe for, any relevant securities of the offeree company or any securities exchange offeror in a proprietary capacity must make a public Opening Position Disclosure:

(i) after the commencement of the offer period; and

(ii) if later, after the announcement that first identifies any securities exchange offeror.

(c) An exempt principal trader connected with a party to the offer must make a public Dealing Disclosure if it deals in any relevant securities of the offeree company or any securities exchange offeror during an offer period, stating the following details:

(i) if the exempt principal trader does not have recognised intermediary status, or if it does but it is dealing in a proprietary capacity, the details required under Note 5(a) on Rule 8; and

(ii) if the exempt principal trader has recognised intermediary status and is dealing in a client-serving capacity, the details required under Note 5(b) on Rule 8.

8.6 DISCLOSURE BY EXEMPT FUND MANAGERS WITH NO INTERESTS IN SECURITIES OF ANY PARTY TO THE OFFER REPRESENTING 1% OR MORE DEALING FOR DISCRETIONARY CLIENTS

(a) An exempt fund manager connected with a party to the offer must make a private Dealing Disclosure if it deals in any relevant securities of the offeree company or any securities exchange offeror for the benefit of discretionary investment clients during an offer period.

(b) Rule 8.6(a) does not apply if the exempt fund manager is also required to make a disclosure in accordance with Rule 8.3.

8.7 DISCLOSURE OF NON-DISCRETIONARY DEALINGS BY PARTIES AND CONCERT PARTIES

A party to the offer and any person acting in concert with it must make a private Dealing Disclosure if it deals in any relevant securities of the offeree company or any securities exchange offeror during an offer period for the account of non-discretionary investment clients (other than a non-discretionary client that is a party to the offer or any person acting in concert with it).

NOTES ON RULE 8

1. Cash offerors

Shares or other securities of a cash offeror will not be treated as "relevant securities" for the purposes of Rule 8.

Following an announcement by a cash offeror that its offer is being revised to become (or that its possible offer may be) a securities exchange offer, Opening Position Disclosures and Dealing Disclosures will be required in the same way as if the announcement had been the first to identify the offeror as a securities exchange offeror.

2. Timing of disclosure

(a) Disclosures by the parties to the offer

(i) A party to the offer must make an Opening Position Disclosure by no later than 12 noon on the day falling 10 business days after the commencement of the offer period or the announcement that first identifies an offeror (as the case may be).

If a party to the offer deals in any relevant securities of the offeree company or any securities exchange offeror before midnight on the day before the deadline in the previous paragraph, it must make a Dealing Disclosure (in respect of the dealings and positions of itself alone) in

accordance with Rule 8.1(b) or 8.2(b) (as appropriate) and with paragraph (ii) below. However, the party to the offer must also make an Opening Position Disclosure (in respect of the positions of itself and any persons acting in concert with it) by the deadline above.

(ii) A party to the offer must make a Dealing Disclosure (whether public or private) by no later than 12 noon on the business day following the date of the dealing.

(b) Disclosures by persons with interests in securities representing 1% or more

(i) Subject to the following paragraph, a person required to make an Opening Position Disclosure under Rule 8.3(a) must do so by no later than 3.30 pm on the day falling 10 business days after the commencement of the offer period or the announcement that first identifies an offeror (as the case may be).

However, if a person required to make an Opening Position Disclosure under Rule 8.3(a) deals in any relevant securities of the offeree company or any securities exchange offeror before midnight on the day before the deadline in the previous paragraph, it must instead make a Dealing Disclosure under Rule 8.3(b) by no later than 3.30 pm on the business day following the date of the dealing. In such a case, it will not also be necessary to make a separate Opening Position Disclosure under Rule 8.3(a).

(ii) A person required to make a Dealing Disclosure under Rule 8.3(b) must do so by no later than 3.30 pm on the business day following the date of the dealing.

(c) Disclosures by concert parties

(i) A person acting in concert with a party to the offer does not need to make an Opening Position Disclosure itself. Instead, details of the person's positions should be included in the Opening Position Disclosure made by the party to the offer with which it is acting in concert (see Note 5(a)(vii) below).

(ii) A person acting in concert with a party to the offer must make a Dealing Disclosure, whether public (in the case of Rule 8.4) or private (in the case of Rule 8.7), by no later than 12 noon on the business day following the date of the dealing.

(d) Disclosures by exempt principal traders

(i) Subject to the following paragraph, an exempt principal trader required to make an Opening Position Disclosure under Rule 8.5(a) or Rule 8.5(b) must do so by no later than 12 noon on the day falling 10

business days after the commencement of the offer period or the announcement that first identifies an offeror (as the case may be).

However, if an exempt principal trader required to make an Opening Position Disclosure under Rule 8.5(a) or Rule 8.5(b) deals in any relevant securities of the offeree company or any securities exchange offeror before midnight on the day before the deadline in the previous paragraph, it must instead make a Dealing Disclosure under Rule 8.5(c) by no later than 12 noon on the next business day. In such a case, it will not also be necessary to make a separate Opening Position Disclosure under Rule 8.5(a) or Rule 8.5(b).

(ii) An exempt principal trader must make a Dealing Disclosure by no later than 12 noon on the business day following the date of the dealing.

(e) Disclosures by exempt fund managers with no interests in securities of any party to the offer representing 1% or more dealing for discretionary clients

A private Dealing Disclosure by an exempt fund manager subject to Rule 8.6(a) dealing for discretionary clients must be made by no later than 12 noon on the business day following the date of the dealing.

3. Method of disclosure

(a) Public disclosures

Public disclosures under Rule 8 must be made to a RIS in typed format by electronic delivery and may be made by the person concerned or by an agent acting on its behalf. See also the Note on Rule 30.1 with regard to unquoted public companies and relevant private companies.

(b) Private disclosures

Private disclosures are to the Panel only and must be sent to the Panel in electronic form.

(c) Disclosure forms

Specimen disclosure forms are available on the Panel's website (www.thetakeoverpanel.org.uk) or may be obtained from the Panel. Disclosures should follow the format of those forms.

(d) Redemptions and purchases of own securities

If the offeree company or an offeror redeems or purchases its own relevant securities, no separate disclosure will be required under Rule 8 if the information required by Note 5 on Rule 8 is included in an announcement made under Rule 2.9.

RULE 8 *CONTINUED*

4. Disclosure in relation to more than one party

(a) Opening Position Disclosures

Subject to paragraphs (i) to (iii) below, when an Opening Position Disclosure is made, the details in Note 5 below must be disclosed in relation to the relevant securities of the offeree company and any securities exchange offeror at the same time.

However:

(i) no disclosure is required in respect of the relevant securities of any party to the offer if there are no positions to disclose;

(ii) (except where the disclosure is an Opening Position Disclosure by an offeror or the offeree company) no disclosure is required in respect of positions in the relevant securities of a party to the offer if full details of positions in each class of that party's relevant securities have previously been publicly disclosed under Rule 8 (and have not changed). An Opening Position Disclosure by an offeror or the offeree company, though, must include the details in Note 5 in relation to the relevant securities of the offeree company and any securities exchange offeror, even if certain details have previously been disclosed by the offeror or offeree company or persons acting in concert with the offeror or the offeree company (as the case may be), in accordance with Rule 8; and

(iii) where a person is required to make an Opening Position Disclosure and, before the deadline for doing so in Note 2, there is a subsequent announcement that first identifies an offeror, the Opening Position Disclosure does not need to disclose details in respect of the relevant securities of that subsequently announced offeror. A separate Opening Position Disclosure must then be made in respect of the relevant securities of that offeror by the deadline established under Note 2 by reference to the subsequent announcement.

Where a person is disclosing details in respect of more than one party to the offer at the same time, a separate disclosure form must be used in respect of each such party.

(b) Dealing Disclosures

Subject to the following sentence, when a Dealing Disclosure is made the details in Note 5 below must be disclosed in relation to the relevant securities of the offeree company and any securities exchange offeror at the same time. However, no disclosure is required in respect of the relevant securities of a party if there are no dealings or positions to disclose or if full details of positions in each class of that party's relevant securities have previously been publicly disclosed under Rule 8 (and have not changed).

RULE 8 *CONTINUED*

Where a person is disclosing details in respect of more than one party to the offer at the same time, a separate disclosure form must be used in respect of each such party.

The above paragraphs of this Note 4(b) do not apply to disclosures under Rule 8.7 where details only need to be given in relation to the party in whose relevant securities the dealing took place.

5. Details to be included in the disclosure

(a) Public disclosures (other than Dealing Disclosures by exempt principal traders with recognised intermediary status dealing in a client-serving capacity)

Any public disclosure under Rule 8 (other than a Dealing Disclosure by an exempt principal trader with recognised intermediary status dealing in a client-serving capacity) must include:

(i) the identity of the person disclosing and that person's status (eg offeror, person acting in concert with the offeror, etc.);

(ii) details of any relevant securities of the offeree company or the offeror (as the case may be) in which the person making the disclosure has an interest or in respect of which it has a right to subscribe, in each case specifying the nature of the interests or rights concerned and the relevant percentages. Similar details of any short positions (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, must also be disclosed;

(iii) details of any dealing arrangements of a kind referred to in Note 11(b) on the definition of acting in concert to which the person making the disclosure is a party;

(iv) if the disclosure is by an exempt fund manager or an exempt principal trader, the identity of the party to the offer with which the person disclosing is connected;

(v) confirmation whether the person making the disclosure is on the same day disclosing, or has previously disclosed, details in respect of the relevant securities of any other party or parties to the offer under Rule 8; and

(vi) if the disclosure is by a party to the offer or any person acting in concert with it, details of any securities borrowing and lending positions required by Note 5(l) below.

An Opening Position Disclosure by a party to the offer must also include:

(vii) similar details as in (ii) and (iii) above of any interests, short positions or rights to subscribe of any person acting in concert with that party to the offer,

and of any dealing arrangements of a kind referred to in Note 11(b) on the definition of acting in concert to which any such person acting in concert with it is a party, together with (in each case) the identity of the persons concerned.

The interests, short positions, rights to subscribe, dealing arrangements and securities borrowing and lending positions to be disclosed under (ii), (iii), (vi) and (vii) above are those determined in accordance with Note 7(d) below.

Subject to the following paragraph, any Dealing Disclosure must also include:

(viii) the total of the relevant securities in question in which the dealing took place;

(ix) the prices paid or received (in the case of an average price bargain, each underlying trade should be disclosed). In the case of dealings in options or derivatives, full details should be given so that the nature of the dealings can be fully understood (see Note 5(i) below);

(x) if the disclosure is by a person acting in concert with a party to the offer, the identity of the party to the offer concerned; and

(xi) the date of the dealing.

However, a Dealing Disclosure by a connected principal trader where the sole reason for the connection is that the principal trader is controlled# by, controls or is under the same control as a connected adviser to an offeror, the offeree company or any person acting in concert with an offeror or the offeree company must include the information specified in Note 5(b) below. The Panel may, where it considers it appropriate, require the person concerned to make more detailed private disclosure to the Panel.

#See the Note on Definitions at the end of the Definitions Section.

(b) Dealing Disclosures by exempt principal traders with recognised intermediary status dealing in a client-serving capacity

A Dealing Disclosure by an exempt principal trader with recognised intermediary status dealing in a client-serving capacity must include:

(i) the identity of the person disclosing;

(ii) the identity of the party to the offer with which the person disclosing is connected;

(iii) total acquisitions and disposals;

(iv) the highest and lowest prices paid and received; and

(v) the date of the dealing.

In the case of dealings in options or derivatives, full details should be given so that the nature of the dealings can be fully understood (see Note 5(i) below).

RULE 8 *CONTINUED*

(c) Private disclosures by connected exempt fund managers with no interests in securities of any party to the offer representing 1% or more

A private Dealing Disclosure under Rule 8.6 must include the same details as a public Dealing Disclosure (see (a) above).

(d) Private disclosures of non-discretionary dealings by parties and concert parties

A private Dealing Disclosure made under Rule 8.7 must include:

(i) the identity of the person disclosing;

(ii) if the disclosure is by a person acting in concert with a party to the offer, the identity of the party to the offer concerned;

(iii) the total of the relevant securities in question in which the dealing took place;

(iv) the prices paid or received (in the case of an average price bargain, each underlying trade should be disclosed). In the case of dealings in options or derivatives, full details should be given so that the nature of the dealings can be fully understood (see Note 5(i) below); and

(v) the date of the dealing.

(e) Related dealings

When a person transacts two or more separate but related dealings executed at or around the same time (for example, the entering into of a derivative referenced to relevant securities and the acquisition of such securities for the purposes of hedging) or has two or more separate but related positions in relevant securities, any disclosure must include the required information in relation to each such dealing so executed or position held.

(f) Owner or controller details

For the purpose of disclosing identity, the owner or controller of any interest or short position in securities disclosed must be specified, in addition to any other details. The naming of nominees or vehicle companies is insufficient. If the owner or controller of the interest or short position is a trust, details of the trustee(s), the settlor, the protector and the beneficiaries of the trust must be disclosed. Where the beneficiaries are a connected group, for example, members of a family, a description of the group will normally be sufficient.

The Panel may require additional information to be disclosed when it appears to be appropriate, for example to identify other persons who have an interest in the securities in question. However, in the case of disclosures by fund managers of dealings on behalf of, or positions held for the account of, discretionary clients, the clients need not be named.

RULE 8 *CONTINUED*

(g) Specially cum or ex dividend acquisitions

Where an offeror or any person acting in concert with it acquires any interest in offeree company securities on a specially cum or specially ex dividend basis, details of that fact should also be disclosed.

(h) Percentage calculations and subscription for new securities

Percentages should be calculated by reference to the numbers of relevant securities given in a party's latest announcement required by Rule 2.9. In the case of a disclosure relating to a right to subscribe, or subscription, for new securities, the Panel should be consulted regarding the appropriate number of relevant securities to be used in calculating the relevant percentage.

(i) Options, derivatives etc.

In the case of agreements to purchase or sell, rights to subscribe, options or derivatives, full details should be given so that the nature of the interest, position or dealing can be fully understood. For options this should include, at least, a description of the options concerned, the number of securities under option, the exercise period (or in the case of exercise, the exercise date), the exercise price and any option money paid or received. For derivatives this should include, at least, a description of the derivatives concerned, the number of reference securities to which they relate (when relevant), the maturity date (or if applicable the closing out date) and the reference price (and any fee payable on entering into the derivative).

In addition, if there exists any agreement, arrangement or understanding, formal or informal, between the person disclosing and any other person relating to the voting rights of any relevant securities under option or relating to the voting rights or future acquisition or disposal of any relevant securities to which a derivative is referenced (as the case may be), full details of such agreement, arrangement or understanding, identifying the relevant securities in question, must be included in the disclosure. If there are no such agreements, arrangements or understandings, this fact should be stated. Where such an agreement, arrangement or understanding is entered into at a later date than the derivative or option to which it relates, it will be regarded as a dealing in relevant securities.

(j) Futures contracts and covered warrants

For the purpose of any disclosure, a futures contract or covered warrant for which exercise includes the possibility of delivery of the underlying securities is treated as an option. A futures contract or covered warrant which does not include the possibility of delivery of the underlying securities is treated as a derivative.

(k) Transfers in and out

If, following a public disclosure made under Rule 8, interests in relevant securities are transferred into or out of a person's management, a reference to the transfer must be included in the next public disclosure made by that person under Rule 8.

(l) Securities borrowing and lending

An Opening Position Disclosure by a party to the offer must include details of any relevant securities of the offeree company and any securities exchange offeror which the party making the disclosure or any person acting in concert with it has borrowed or lent, save for any borrowed relevant securities which have been either on-lent or sold. In addition, a Dealing Disclosure by a party to the offer or any person acting in concert with a party to the offer must include details of any relevant securities of the offeree company and any securities exchange offeror which the person making the disclosure has borrowed or lent, save for any borrowed relevant securities which have been either on-lent or sold.

Where a party to the offer or any person acting in concert with it enters into, or takes action to unwind, a securities borrowing or lending transaction in respect of relevant securities of an offeror or, with the Panel's consent under Rule 4.6(a), the offeree company, a Dealing Disclosure must be made by that person.

The provisions of this Note also apply in respect of any financial collateral arrangements of the kind referred to in Note 3 on Rule 4.6 entered into or unwound by a party to the offer or any person acting in concert with it as if such arrangements were securities lending transactions.

In all cases referred to above, all relevant details should be given and the disclosure must be made in a form agreed by the Panel.

6. Indemnity and other dealing arrangements

(a) Where a dealing arrangement of the kind referred to in Note 11 on the definition of acting in concert is entered into during the offer period by an offeror, the offeree company or a person acting in concert with an offeror or the offeree company, that person must make an immediate announcement, giving all relevant details of the dealing arrangement.

(b) Where a person acting in concert with the offeree company has entered into such a dealing arrangement before the start of the offer period or a person acting in concert with an offeror has entered into such a dealing arrangement before the announcement that first identifies the offeror, that person must make an announcement, giving all relevant details of the dealing arrangement as soon as possible after the commencement of the offer period or the announcement that first identifies the offeror (as the case may be).

RULE 8 *CONTINUED*

(c) Details of dealing arrangements must also be included in Opening Position Disclosures and Dealing Disclosures as required by Note 5 above.

7. Time for calculating a person's interests etc.

(a) Under Rule 8.3(a), an Opening Position Disclosure is required if the person is interested in 1% or more of any class of relevant securities of the offeree company or any securities exchange offeror at the time of the announcement that commences the offer period or the time of the announcement that first identifies an offeror (as the case may be).

(b) Under Rule 8.3(b), a Dealing Disclosure is required if the person dealing is interested in 1% or more of any class of relevant securities of the offeree company or any securities exchange offeror at midnight on the date of the dealing or was so interested at midnight on the previous business day.

(c) A person will be treated as interested in relevant securities for the purposes of this Note 7, and Rule 8 generally, if it has disposed of an interest in relevant securities before midnight on the date in question but there exists an agreement, arrangement or understanding, formal or informal, of any nature (but not itself amounting to an interest in the securities) as a result of which the person is entitled, or would expect to be able, to acquire an interest in the securities concerned (or equivalent securities) thereafter.

(d) The interests, short positions, rights to subscribe, dealing arrangements and securities borrowing and lending positions to be disclosed under paragraphs (ii), (iii), (vi) and (vii) of Note 5(a) on Rule 8 are those existing or outstanding at midnight on the day immediately preceding the date on which the disclosure is made (except in the case of a Dealing Disclosure made on the same day as the dealing concerned, when the interests etc. to be disclosed are those existing or outstanding immediately following the dealing taking place).

8. Fund managers

(a) See Note 11 on the definition of interests in securities.

(b) Except with the consent of the Panel, where more than one discretionary fund management operation is conducted in the same group, the interests in relevant securities of all such operations will be treated for the purposes of Rule 8 as those of a single person and must be aggregated.

9. Recognised intermediaries

(a) The exceptions in this Rule in relation to recognised intermediaries must not be used to avoid or delay disclosures. For example, a dealing in relevant securities by a recognised intermediary, backed by a firm commitment by a person to purchase the relevant securities from the recognised intermediary, will be regarded as a dealing by that person. A commitment may effectively

be firm even if not legally binding, for example because of market practice. Such arrangements, therefore, should not be entered into unless appropriate disclosures are to be made. In addition, if such an arrangement is entered into with an offeror or a person acting in concert with the offeror, it might mean that the recognised intermediary is acting in concert with the offeror and normal concert party consequences might follow (such as the application of Rule 4, Rule 5, Rule 6, Rule 7, Rule 9, Rule 11 and Rule 24 and disclosure of dealings by the recognised intermediary under Rule 8.4).

(b) Where a desk with recognised intermediary status deals, or has any interest or short position in, or right to subscribe for, relevant securities in a proprietary capacity, it should aggregate the interests, short positions and rights to subscribe which it holds in a proprietary capacity with those of the rest of the group. However, in making such disclosures, it need not aggregate and disclose details of any interests, short positions or rights to subscribe which it holds in a client-serving capacity. Where a desk with recognised intermediary status re-books a position which was acquired in a client-serving capacity so as to hold it in a proprietary capacity, it will be regarded as a dealing in a proprietary capacity.

(c) Recognised intermediaries which are principal traders connected with a party to the offer and to which exempt principal trader status is not applicable should disclose dealings under Rule 8.4.

10. Responsibilities of intermediaries

Intermediaries are expected to co-operate with the Panel in its enquiries. Therefore, those who deal in relevant securities, or who have relevant interests, short positions or rights to subscribe, should appreciate that intermediaries will supply the Panel with relevant information as to those dealings and positions, including identities of clients and full client contact information, as part of that co-operation.

11. Unquoted public companies and relevant private companies

The requirements to disclose dealings and positions under Rule 8 apply also in respect of the relevant securities of public companies whose securities are not admitted to trading and of relevant private companies. See also the Note on Rule 30.1.

12. Potential offerors

(a) If a potential offeror has been referred to in an announcement by the offeree company but has not been publicly identified as such, or if it is a participant in a formal sale process announced by the offeree company (regardless of whether it was a participant at the time of the announcement), the potential offeror and persons acting in concert with it must disclose any dealings in relevant securities of the offeree company after the time of that

announcement (or, if later, after the time at which it becomes a participant in the formal sale process) in accordance with Rule 8.1(b) or Rule 8.4 respectively.

At the same time as or before any such Dealing Disclosure, the potential offeror must also make an announcement that it is considering making an offer, or that it is a participant in the formal sale process (see also Rule 7.1(a) for when an immediate announcement will be required). The announcement must include a summary of the provisions of Rule 8 (see www.thetakeoverpanel.org.uk).

(b) If a potential offeror has not been identified as such, it will not need to make an Opening Position Disclosure under Rule 8.1(a)(i) or (ii) until after the announcement that first identifies it as a potential offeror. However, before that time, the potential offeror and persons acting in concert with it will need to make Opening Position Disclosures in accordance with Rule 8.3(a), if applicable. If members of an offer consortium that has not been identified as such might be subject to Rule 8.3(c), the Panel should be consulted. In such cases, the consortium members will not normally be required to make a joint Opening Position Disclosure which could identify them as such, although any member who is interested in 1% or more of a class of relevant securities of the offeree company will be required to make an individual Opening Position Disclosure.

(c) After the announcement that first identifies a potential offeror as such, it will be required to make an Opening Position Disclosure in accordance with Rule 8.1(a)(i). Such disclosure must include details in relation to the relevant securities of the offeree company or any securities exchange offeror, even if certain details have previously been disclosed by the potential offeror or persons acting in concert with it in accordance with Rule 8.3.

13. Amendments

If details included in a disclosure under Rule 8 are incorrect, they should be corrected as soon as practicable in a subsequent disclosure. Such disclosure should state clearly that it corrects details disclosed previously, identify the disclosure or disclosures being corrected, and provide sufficient detail for the reader to understand the nature of the corrections. In the case of any doubt, the Panel should be consulted.

14. Irrevocable commitments and letters of intent

See Rule 2.7(c)(x) and Rule 2.10.

DEFINITIONS

Acceleration statement

An acceleration statement is a statement in which an offeror brings forward the latest date by which all of the conditions to the offer must be satisfied or waived.

Acting in concert

This definition has particular relevance to mandatory offers and further guidance with regard to behaviour which constitutes acting in concert is given in the Notes on Rule 9.1.

Persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. A person and each of its affiliated persons will be deemed to be acting in concert all with each other (see Note 2 below).

Without prejudice to the general application of this definition, the following persons will be presumed to be persons acting in concert with other persons in the same category unless the contrary is established:

(1) a company ("X") and any company which controls#, is controlled by or is under the same control as X, all with each other;

(2) a company ("Y") and any other company ("Z") where one of the companies is interested, directly or indirectly, in 30% or more of the equity share capital in the other, together with any company which would be presumed to be acting in concert with either Y or Z under presumption (1), all with each other;

(3) a company's pension schemes, and the pension schemes of any company with which the company is presumed to be acting in concert under presumption (1) or (2), with the company;

(4) the directors of a company (together with their close relatives and the related trusts of any of them) with the company;

(5) an investment manager of or investment adviser to:

(a) an offeror;

(b) an investor in a new company (or other vehicle) formed for the purpose of making an offer; or

(c) the offeree company,

with the offeror or offeree company (as appropriate), together with any person controlling#, controlled by or under the same control as that investment manager or investment adviser;

DEFINITIONS *CONTINUED*

(6) a connected adviser with its client and, if its client is acting in concert with an offeror or the offeree company, with that offeror or offeree company respectively, in each case in respect of the interests in shares of that adviser and persons controlling#, controlled by or under the same control as that adviser (except in the capacity of an exempt fund manager or an exempt principal trader);

(7) the directors of a company which is subject to an offer or a possible offer (together with their close relatives and the related trusts of any of them) from the beginning of the relevant period as defined in Rule 21.1(b) or, where Note 9 on Rule 21.1 applies, from the beginning of the offer period. (See also Note 5);

(8) a person, the person's close relatives, and the related trusts of any of them, all with each other;

(9) the close relatives of a founder of a company to which the Code applies, their close relatives, and the related trusts of any of them, all with each other; and

(10) shareholders in a private company or members of a partnership who sell their shares or interests in consideration for the issue of new shares in a company to which the Code applies, or who, in connection with an initial public offering or otherwise, become shareholders in a company to which the Code applies.

For the purposes of presumptions (1) and/or (2):

(a) a reference to a company includes any other undertaking (including a partnership or a trust) or any legal or natural person;

(b) under presumption (1), interests of either 30% or more in a company's shares carrying voting rights or the majority of a company's equity share capital do not dilute through a chain of ownership;

(c) under presumption (2), interests of 30% or more in a company's equity share capital dilute through a chain of ownership;

(d) the reference in presumption (2) to a company being "indirectly" interested in the equity share capital in another company refers only to the economic rights attached to such shares and not to any voting rights carried by such shares; and

(e) except for the purposes of establishing whether a person is acting in concert with a new company (or other vehicle) formed for the purpose of making an offer (see paragraph (a) of Note 7 below), if an investor invests in a fund or company and that fund or company in turn invests in another fund or company, the investor's indirect interests in the latter fund or company will (in addition to the investor's direct interests) only be taken into account in

DEFINITIONS *CONTINUED*

determining whether the investor and that fund or company are presumed to be acting in concert under presumption (2) if each link in the chain of interests represents 30% or more of the relevant fund's limited partnership interests or the relevant company's equity share capital.

See also Rule 7.2.

#See the Note on Definitions at the end of the Definitions Section.

NOTES ON ACTING IN CONCERT

1. Break up of concert parties

Where the Panel has ruled that a group of persons is acting in concert, it will be necessary for clear evidence to be presented to the Panel before it can be accepted that the position no longer obtains.

2. Affiliated persons

For the purposes of this definition an "affiliated person" means any undertaking in respect of which any person:

(a) has a majority of the shareholders' or members' voting rights;

(b) is a shareholder or member and at the same time has the right to appoint or remove a majority of the members of its board of directors;

(c) is a shareholder or member and alone controls a majority of the shareholders' or members' voting rights pursuant to an agreement entered into with other shareholders or members; or

(d) has the power to exercise, or actually exercises, dominant influence or control.

For these purposes, a person's rights as regards voting, appointment or removal shall include the rights of any other affiliated person and those of any person or entity acting in their own name but on behalf of that person or of any other affiliated person.

3. Underwriting arrangements

The relationship between an underwriter (or sub-underwriter) of a cash alternative offer and an offeror may be relevant for the purpose of this definition. Underwriting arrangements on arms' length commercial terms would not normally amount to an agreement or understanding within the meaning of acting in concert. The Panel recognises that such underwriting arrangements may involve special terms determined by the circumstances, such as weighting of commissions by reference to the outcome of the offer. However, in some cases, features of underwriting arrangements, for example the proportion of the ultimate total liability assumed by an underwriter, the commission structure or the degree of involvement of the underwriter with