THE CITY CODE ON TAKEOVERS AND MERGERS

INTRODUCTION

1 OVERVIEW

The Panel on Takeovers and Mergers (the "Panel") is an independent body, established in 1968, whose main functions are to issue and administer the City Code on Takeovers and Mergers (the "Code") and to supervise and regulate takeovers and other matters to which the Code applies in accordance with the rules set out in the Code. The Panel's statutory functions are set out in and under Chapter 1 of Part 28 of the Companies Act 2006 (the "Act"). The rules of the Code include rules set out in this Introduction, the General Principles, the Definitions, the Rules, and the related Notes and Appendices (including the Rules of Procedure of the Hearings Committee which are set out in Appendix 9). These rules may be changed from time to time, and rules may also be set out in other documents as specified by the Panel. The rules set out in the Code also have a statutory basis in relation to the Isle of Man, Jersey and Guernsey: see sections 14, 15 and 16 respectively.

Further information relating to the Panel and the Code can be found on the Panel's website at www.thetakeoverpanel.org.uk. The Code is also available on the Panel's website.

2 THE CODE

Save for section 2(c) (which sets out a rule), this section gives an overview of the nature and purpose of the Code.

(a) Nature and purpose of the Code

The Code is designed principally to ensure that shareholders in an offeree company are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders in the offeree company of the same class are afforded equivalent treatment by an offeror. The Code also provides an orderly framework within which takeovers are conducted. In addition, it is designed to promote, in conjunction with other regulatory regimes, the integrity of the financial markets.

The Code is not concerned with the financial or commercial advantages or disadvantages of a takeover. These are matters for the offeree company and its shareholders. In addition, it is not the purpose of the Code either to facilitate or to impede takeovers. Nor is the Code concerned with those issues, such as competition policy, which are the responsibility of government and other bodies.

The Code has been developed since 1968 to reflect the collective opinion of those professionally involved in the field of takeovers as to appropriate business standards and as to how fairness to offeree company shareholders and an orderly framework for takeovers can be achieved. The rules set out

DEFINITIONS *CONTINUED*

Offeree company

Any reference to an offeree company includes a potential offeree company.

In the case of a scheme of arrangement, a reference to the offeree company should normally be construed as a reference to the company whose shares are proposed to be acquired under the scheme.

Offeror

Offeror includes companies wherever incorporated and individuals wherever resident. Any reference to an offeror includes a potential offeror.

In the case of a scheme of arrangement, a reference to an offeror should normally be construed as a reference to the person who it is proposed will acquire shares of the offeree company under the scheme.

Offer period

The offeree companies that are in an offer period at any particular time, and any offerors or publicly identified potential offerors, are set out in the Disclosure Table on the Panel's website at www.thetakeoverpanel.org.uk.

An offer period will commence when the first announcement is made of an offer or possible offer for a company, or when certain other announcements are made, such as an announcement that a purchaser is being sought for an interest in shares carrying 30% or more of the voting rights of the company or that the board of the company is seeking potential offerors.

Subject to Note 2, an offer period will end when an announcement is made that an offer has become or has been declared unconditional, that a scheme of arrangement has become effective, that all announced offers have been withdrawn or have lapsed or following certain other announcements having been made (such as all publicly identified potential offerors having made a statement to which Rule 2.8 applies).

NOTES ON OFFER PERIOD

1. Schemes of arrangement

In the case of a scheme of arrangement, provisions of the Code that apply during the course of the offer, or before the offer closes for acceptance, will apply until it is announced that the scheme has become effective or that it has lapsed or been withdrawn.

2. Unconditional offers

Where an offer is unconditional from the outset, or becomes or is declared unconditional prior to Day 21, the offer period will nevertheless continue until Day 21.

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

RULE 2 *CONTINUED*

(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

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));

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

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.)

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(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

PRACTICE STATEMENT 20

RULE 2 – SECRECY, POSSIBLE OFFER ANNOUNCEMENTS AND PRE-ANNOUNCEMENT RESPONSIBILITIES

1. Introduction

1.1 This Practice Statement describes the way in which the Panel Executive normally interprets and applies certain provisions of Rule 2 that relate to the need for secrecy before, and the timing and contents of, possible offer announcements, including the steps which the Executive expects the parties to a possible offer and their advisers to take in order to ensure that their responsibilities in relation to those provisions are complied with. Those provisions of Rule 2 have particular relevance to the Code's objective of promoting the integrity of the financial markets and, in applying those provisions, the Executive's overriding objective is to prevent false markets by ensuring the timely release of announcements relating to a possible offer for a company.

1.2 Consultation with the Executive is of crucial importance in the application of the Code and the importance of the requirement to consult the Executive in relation to the application of Rule 2 cannot be over-emphasised. As a practical matter, if the reason for consulting the Executive relates to whether an announcement is required in particular circumstances, the person concerned should explain that the call is urgent so that it can be dealt with by the Executive as a matter of priority.

1.3 It is common for a potential offeror, or a company in receipt of an approach, to notify its financial adviser or corporate broker of the possible offer or approach at an early stage. The Executive encourages this practice since such advisers will normally have better systems and more resources than their clients to fulfil the task of monitoring compliance with Rule 2. As explained in section 3(f) of the Introduction to the Code, financial advisers "have a particular responsibility to comply with the Code and to ensure, so far as they are reasonably able, that their client and its directors are aware of their responsibilities under the Code and will comply with them and that the Panel is consulted whenever appropriate". Where a corporate broker alone has been notified of the possible offer or approach, the Executive may regard the corporate broker as fulfilling the role of a financial adviser.

1.4 If a potential offeror, or a company which is in receipt of an approach or seeking potential offerors, chooses not to notify its financial adviser, compliance with the provisions of Rule 2 will be its responsibility and it must immediately put in place appropriate procedures to ensure that the requirements of those provisions are observed.

1.5 In addition, the Executive notes that section 3(f) of the Introduction to the Code provides that the Code applies to "all advisers in so far as they advise on takeovers or other matters to which the Code applies". Where no financial adviser has been appointed, the Executive considers that such advisers as have been appointed will have a particular responsibility to emphasise to their client the need for appropriate procedures to be put in place to ensure that the requirements of Rule 2 are observed.

2. Secrecy

2.1 Absolute secrecy before an announcement of an offer or possible offer is of vital importance. If secrecy is maintained, it should be possible for offer preparations to be conducted in private, without an announcement of a possible offer being required. Accordingly, all persons who are privy to confidential information concerning an offer or possible offer must conduct themselves so as to minimise the chances of any leak of that information. For example, confidential information should only be passed to another person if it is necessary to do so and if that person is made aware of the need for secrecy.

2.2 If it appears that there may have been a leak of information, the Executive will, in assessing whether an announcement is required under Rule 2.2, amongst other things, wish to learn immediately from the relevant party or its financial adviser what controls have been put in place in order to keep information secure.

3. The approach

3.1 A key issue in applying Rule 2.2(c), Rule 2.2(d) and Rule 2.3 is whether an offeror has made an "approach" to the offeree company regarding a possible offer. This will affect, in particular, whether the responsibility for making an announcement lies with the potential offeror or with the offeree company.

3.2 For these purposes, the Executive interprets the term "approach" broadly. Each case will turn on its own facts, but the Executive normally considers an approach to have been received when a director or representative of, or an adviser to, an offeree company is informed by, or on behalf of, a potential offeror that it is considering the possibility of making an offer for the company. This may be at a very preliminary stage in the offeror's preparations and the manner of the approach may be informal and no more than broadly indicative. For example, there is no requirement for an approach to be made in writing, or for an indicative offer price (or any terms or conditions) to be specified, and it could be made as part of a conversation on unrelated matters.

PRACTICE STATEMENT 20 *CONTINUED*

3.3 Rule 2.3(a) provides that the responsibility for making an announcement before the board of the offeree company has been approached will lie with the potential offeror, whereas Rule 2.3(c) provides that the responsibility for making an announcement following an approach will normally rest with the offeree company board. However, if the offeree company board rejects an approach it will not necessarily know whether the potential offeror intends to pursue its interest in the possible offer. Therefore, following an unequivocal rejection of an approach, the Executive's practice is to treat the responsibility for making an announcement as reverting to the potential offeror. Nevertheless, since the potential offeror will have made an initial approach to the board of the offeree company (albeit that the approach was unequivocally rejected), the Executive will apply the criteria in Rule 2.2(c), and not the criteria in Rule 2.2(d), when determining whether an announcement is required following rumour and speculation or an untoward movement in the offeree company's share price.

3.4 In order to avoid confusion, the parties should agree which of the potential offeror and the offeree company has responsibility for making an announcement at any particular time following the initial approach. If the parties are unable to reach agreement as to where the responsibility rests, or if there is any doubt as to whether there has been an unequivocal rejection of an approach, the Executive should be consulted.

3.5 Rule 2.3(d) provides that 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. The Executive would consider as being in breach of this provision any attempt by a potential offeror to specify the circumstances in which an offeree company may not publicly identify the potential offeror – for example, a provision to the effect that an approach will be withdrawn automatically in the event that:

(a) the offeree company does not engage with the potential offeror within a specified period of time;

(b) a requirement to make an announcement under Rule 2.2 is triggered; or

(c) the offeree company receives an approach from a third party.

If an offeree company receives a letter or other document from a potential offeror which includes such a provision, it should notify the Executive.

4. When an announcement is required before an approach

(a) Rule 2.2(d)

4.1 Before a potential offeror which is actively considering an offer has made an approach to the board of the offeree company, the requirement for the potential offeror to make an announcement under Rule 2.2(d) will be triggered if:

(a) the offeree company is the subject of rumour and speculation; or

(b) there is an untoward movement in its share price,

and, in either case, 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.

(b) The requirement to consult the Executive

4.2 The Executive must be consulted by a potential offeror, or its financial adviser, at an appropriate stage in order for it to be able to determine whether an announcement is required under Rule 2.2(d). Consultation will not necessarily lead to a requirement to make an announcement; this will depend on all the relevant circumstances.

(i) Rumour and speculation

4.3 Note 1(c) on Rule 2.2 requires that the Executive should be consulted at the latest when the potential offeree company becomes the subject of any rumour and speculation after the time when an offer is first actively considered by a potential offeror. The requirement for consultation is interpreted strictly and the Executive should therefore be consulted by the potential offeror, or its financial adviser, if there is any rumour and speculation relating to a possible offer for the offeree company and regardless of:

(a) whether the rumour and speculation is specific to the possible transaction under consideration – for example, whether or not the potential offeror is named; or

(b) the manner in which, or the medium by which, the rumour and speculation has been disseminated.

4.4 Although the Executive may, on occasion, make enquiries of financial advisers in relation to, for example, rumour and speculation relating to their clients, the Code requires that the Executive should be consulted whenever any such rumour and speculation appears. Therefore, financial

advisers should in no circumstances rely on their being contacted by the Executive about rumour and speculation relating to their clients.

(ii) Share price movements

4.5 Note 1(c) on Rule 2.2 also requires that the Executive should be consulted at the latest whenever there is a material or abrupt movement in the share price of the potential offeree company after the time when an offer is first actively considered by a potential offeror. For these purposes:

(a) a movement of 10% or more above the lowest share price since that time is regarded as a material movement; and

(b) a movement may be abrupt even if there has not been a material movement: for example, a price rise of 5% in the course of a single day is normally regarded as being abrupt.

4.6 The Executive's policy is to treat the 10% share price movement referred to in paragraph 4.5(a) above as being relevant for determining the latest time by which it should first be notified by a potential offeror, or its financial adviser, of a possible offer. If, prior to there having been such a 10% share price movement, the potential offeror, or its financial adviser, has previously notified the Executive of the possible offer, the Executive will not expect to be consulted solely because of such a 10% share price movement. Accordingly, once the Executive has been notified by the potential offeror of the possible offer, it will be necessary for the offeror to consult the Executive under Note 1(c) on Rule 2.2 only if there is an abrupt share price movement as described in paragraph 4.5(b) above.

4.7 When calculating share price movements over the period of time relevant for the purpose of paragraph 4.5(a) above, the reference price should normally be taken to be the lowest closing price during that period. However, the use of the lowest intra-day price during that period would also be acceptable.

4.8 When calculating share price movements in the course of a single day for the purpose of paragraph 4.5(b) above, the reference price should normally be taken to be the previous day's closing price, in order to ensure that overnight movements are included in the calculation.

4.9 The Executive should be consulted in the case of any doubt as to how share price movements should be monitored and calculated.

(iii) When an offer is first actively considered

4.10 In interpreting the phrase "the time when … an offer is first actively considered", the Executive recognises that many potential offerors will,

as a matter of course, continually assess the performance of potential acquisition targets and may run internal valuation models as part of this assessment. However, the Executive interprets the phrase "first actively considered" as drawing a distinction between, on the one hand, such routine assessment of a company's performance and, on the other, an increase in the intensity of the potential offeror's assessment of the potential acquisition to a level where it is being given more serious consideration.

4.11 The time when an offer is first actively considered will therefore depend on the facts of a particular case. All relevant factors will be taken into account in determining this, including whether, and the extent to which, for example:

(a) the possible offer has been considered by the board, investment committee or senior management of the offeror;

(b) work is being undertaken by external advisers; and

(c) external parties, such as potential providers of finance (whether equity or debt), shareholders in the offeror or the offeree company, pension fund trustees, potential management team candidates, significant customers of, or suppliers to, the offeree company or potential purchasers of assets, have been approached.

(c) The requirement for an announcement

4.12 The Executive considers that rumour and speculation relating to the offeree company which refers to the potential offeror in the context of the possible transaction under consideration will normally, of itself, give the Executive reasonable grounds for concluding that it is the potential offeror's actions which have led to the situation, and for determining that the requirement to make an announcement has been triggered. The Executive does not consider that it is required to establish whether the rumour and speculation in question can be definitively linked to the potential offeror – for example, by establishing that conversations were held by a representative of the offeror with the journalist concerned. In addition, the Executive's determination will not normally be affected by some inaccuracy in the rumour and speculation (for example, as to the level of any indicative offer price).

4.13 Furthermore, if the rumour and speculation relates to a company which is often the subject of rumour and speculation, this will be taken into account by the Executive but will not necessarily mean that an announcement is not required.

4.14 Whether a movement in the share price of the offeree company is untoward for the purposes of Rule 2.2(d) is a matter for the Executive to determine. This determination will be made in the light of all relevant facts and not solely by reference to the absolute percentage movement in the share price. As referred to in Note 1(a) on Rule 2.2, facts which may be considered to be relevant in determining whether a price movement is untoward 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.

5. When an announcement is required following an approach or where a purchaser or potential offeror is being sought

(a) Rules 2.2(c) and (f)(i)

5.1 Following an approach by an offeror to the board of the offeree company, the requirement for the offeree company to make an announcement under Rule 2.2(c) will be triggered if:

(a) the offeree company is the subject of rumour and speculation; or

(b) there is an untoward movement in its share price.

5.2 Similarly, 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, the requirement to make an announcement under Rule 2.2(f)(i) will be triggered if the company is the subject of rumour and speculation or there is an untoward movement in its share price. Where a purchaser is being sought by a potential seller of such an interest, or interests, without the involvement of the board of the company, the responsibility for making an announcement will rest with that seller, in accordance with Rule 2.3(c).

(b) The requirement to consult the Executive

5.3 The Executive must be consulted by the offeree company or potential seller of the interest, or its financial adviser, at an appropriate stage in order for it to be able to determine whether an announcement is required under Rule 2.2(c) or Rule 2.2(f)(i). Consultation will not necessarily lead to a requirement to make an announcement; this will depend on all the relevant circumstances.

PRACTICE STATEMENT 20 *CONTINUED*

(i) Rumour and speculation

5.4 In the case of Rule 2.2(c), Note 1(b) on Rule 2.2 requires that, unless an immediate announcement is to be made, the Executive should be consulted at the latest when the potential offeree company becomes the subject of any rumour and speculation after the time when the approach has been received. The requirement for consultation is interpreted strictly and the Executive should therefore be consulted by the potential offeree company, or its financial adviser, if there is any rumour and speculation relating to a possible offer for the offeree company, regardless of:

(a) whether the rumour and speculation is specific to the possible transaction under consideration; or

(b) the manner in which, or the medium by which, the rumour and speculation has been disseminated.

5.5 Similarly, in the case of Rule 2.2(f)(i), the Executive should be consulted at the latest when the potential offeree company becomes the subject of any rumour and speculation after the time that one or more purchasers or offerors are first sought.

5.6 Although the Executive may, on occasion, make enquiries of financial advisers in relation to, for example, rumour and speculation relating to their clients, the Code requires that the Executive should be consulted whenever any such rumour and speculation appears. Therefore, financial advisers should in no circumstances rely on their being contacted by the Executive about rumour and speculation relating to their clients.

(ii) Share price movements

5.7 In the case of Rule 2.2(c), Note 1(b) on Rule 2.2 also requires that, unless an immediate announcement is to be made, the Executive should be consulted at the latest whenever there is a material or abrupt movement in the share price of the potential offeree company after the time of the approach. For these purposes:

(a) a movement of 10% or more above the lowest share price since that time is regarded as a material movement; and

(b) a movement may be abrupt even if there has not been a material movement: for example, a price rise of 5% in the course of a single day is normally regarded as being abrupt.

5.8 The Executive's policy is to treat the 10% share price movement referred to in paragraph 5.7(a) above as being relevant for determining the latest time by which it should first be notified by an offeree company, or its financial adviser, of a possible offer. If, prior to there having been such

a 10% share price movement, the offeree company, or its financial adviser, has previously notified the Executive of the possible offer, the Executive will not expect to be consulted solely because of such a 10% share price movement. Accordingly, once the Executive has been notified by the offeree company of the possible offer, it will be necessary for the offeree company to consult the Executive under Note 1(b) on Rule 2.2 only if there is an abrupt share price movement as described in paragraph 5.7(b) above.

5.9 When calculating share price movements over the period of time relevant for the purpose of paragraph 5.7(a) above, the reference price should normally be taken to be the lowest closing price during that period. However, the use of the lowest intra-day price during that period would also be acceptable.

5.10 When calculating share price movements in the course of a single day for the purpose of paragraph 5.7(b) above, the reference price should normally be taken to be the previous day's closing price, in order to ensure that overnight movements are included in the calculation.

5.11 Paragraphs 5.8 to 5.10 above apply similarly, in the case of Rule 2.2(f)(i), whenever there is a material or abrupt movement in the share price of the potential offeree company after the time when one or more purchasers or offerors are first sought.

5.12 The Executive should be consulted in the case of any doubt as to how share price movements should be monitored and calculated.

(c) The requirement for an announcement

5.13 There is no equivalent in Rule 2.2(c) or Rule 2.2(f)(i) to the requirement in Rule 2.2(d) for there to be reasonable grounds for concluding that it is the potential offeror's actions (whether through inadequate security or otherwise) which have led to the situation. Therefore, an announcement might be required under Rule 2.2(c) or Rule 2.2(f)(i) in circumstances where an announcement would not have been required under Rule 2.2(d) (had the offeree company not been approached). The Executive's determination as to whether the requirement to make an announcement has been triggered will not normally be affected by some inaccuracy in the rumour and speculation (for example, as to the level of any indicative offer price).

5.14 Furthermore, if the rumour and speculation relates to a company which is often the subject of rumour and speculation, this will be taken into account by the Executive but will not necessarily mean that an announcement is not required.

5.15 Whether a movement in the share price of the offeree company is untoward for the purposes of Rule 2.2(c) or Rule 2.2(f)(i) is a matter for the Executive to determine. This determination will be made in the light of all relevant facts and not solely by reference to the absolute percentage movement in the share price. As referred to in Note 1(a) on Rule 2.2, facts which may be considered to be relevant in determining whether a price movement is untoward 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.

5.16 Under Rule 2.4(a), an announcement by an 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). Where it is proposed that an announcement should not identify a potential offeror on the basis that its approach has been unequivocally rejected, the Executive should be consulted.

(d) Formal sale processes, private sale processes, strategic reviews and public searches for potential offerors

5.17 In the case of a formal sale process, private sale process, strategic review or public search for potential offerors, Practice Statement 31 will also be relevant.

6. No announcement required if no truth

6.1 There is no requirement under Rule 2.2(c) or Rule 2.2(d) for an announcement to be made confirming that there is no truth to rumour and speculation that an offer might be made for a company. However, circumstances may occur where:

(a) the board of a potential offeree company has received an approach from a potential offeror, or where a potential offeror has yet to approach the potential offeree company but is actively considering a possible offer;

(b) there is rumour and speculation to this effect and/or an untoward movement in the potential offeree company's share price, such that an announcement would normally be required to be made under Rule 2.2(c) or Rule 2.2(d); and

(c) as a result of the rumour and speculation and/or the untoward movement in the share price of the potential offeree company, the potential offeror decides to withdraw its approach and/or to cease considering the possibility of making an offer.

PRACTICE STATEMENT 20 *CONTINUED*

6.2 In such circumstances, the Executive should be consulted to enable it to determine whether an announcement should be made in order to prevent the creation of a false market, clarifying that, although at the time of the rumour and speculation the potential offeree company was in receipt of an approach, and/or that the potential offeror was actively considering a possible offer for the company, this is no longer the case.

6.3 However, in appropriate circumstances, the Executive may, as described in paragraph (a) of Note 3 on Rule 2.2, grant a dispensation from the requirement for an announcement to be made 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:

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

(b) 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.

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

6.4 Where a potential offeror to which a dispensation has been granted under paragraph (a) of Note 3 on Rule 2.2 has ceased actively to consider making an offer, the Executive may nonetheless require an announcement to be made under paragraph (c) of Note 3 on Rule 2.2 where:

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

(b) 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.

6.5 Where an announcement is made under paragraph (c) of Note 3 on Rule 2.2 and in that announcement the former potential offeror makes a "no intention to bid" statement, the restrictions in Rule 2.8 will apply for a period of six months from the date of that announcement (and the restrictions in paragraph (a) of Note 3 on Rule 2.2 will then cease to apply). However, if, in the announcement made under paragraph (c) of Note 3 on Rule 2.2, the former potential offeror or the offeree company confirms only that it was granted a dispensation under paragraph (a) of Note 3 on Rule 2.2 on the date specified in the announcement, the restrictions set out in paragraph (a) of Note 3 will continue to apply from that date.

7. Identification of potential offerors following the commencement of the offer period

7.1 Once an offer period has commenced, there is no automatic requirement for:

(a) the offeree company to announce the existence of a new potential offeror from which it subsequently receives an approach, or with which it engages in talks; or

(b) a new potential offeror which is actively considering making an offer to announce that fact.

7.2 However, in accordance with Note 2 on Rule 2.2, where rumour and speculation specifically identifies a potential offeror which has not previously been identified in any announcement, the Executive will normally require an announcement to be made by the offeree company or the potential offeror (as appropriate), identifying that potential offeror. Parties and their financial advisers should therefore put appropriate procedures in place to ensure that any announcement that is so required can be released promptly (see paragraphs 10.3 and 10.4 below).

7.3 In addition, under Rule 2.4(b), any announcement by the offeree company during an offer period 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.

7.4 Under Rule 2.6(d), a potential offeror which has announced that it might make an offer in competition with a firm offeror's offer must, by 5.00 pm on the 53rd day following the publication of the first offeror's initial offer document, announce either a firm intention to make an offer or 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). Where the first offeror is proceeding by means of a scheme of arrangement, the

Executive will determine the deadline by which the potential offeror must clarify its position in accordance with Section 4 of Appendix 7.

8. Extending negotiations or discussions

8.1 Rule 2.2(e) provides that an announcement is required 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 companies concerned and their immediate advisers). Similarly, Rule 2.2(f)(ii) provides that an announcement is required 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, in either case, the number of potential purchasers or offerors approached is about to be increased to include more than a very restricted number of people.

8.2 As regards Rule 2.2(e), the Executive should be consulted prior to more than a total of six parties being approached about an offer or possible offer including, for example: potential providers of finance (whether equity or debt); shareholders in the offeror or the offeree company; pension fund trustees; potential management team candidates; significant customers of, or suppliers to, the offeree company; or potential purchasers of assets. When so consulted, the Executive will not normally count employee representatives of the offeree company or the offeror towards the six parties approached. The requirement to consult the Executive continues to apply during an offer period in relation to a possible offer by any potential offeror which has not been publicly identified.

8.3 In considering whether to grant its consent to more than six parties being approached, the Executive will need to be satisfied that secrecy will be maintained. Other than as described in paragraph 8.4 below, the Executive is likely to consent to more than six parties being approached only in limited circumstances.

8.4 Where a party has been approached about the possibility of its providing finance (whether equity or debt) to an offeror and has declined the opportunity to do so, the Executive may be prepared to treat that party as no longer counting towards the six parties approached, provided that the party is not interested in securities of the offeror or the offeree company and does not have any other ongoing interest in the offeree company. A similar approach may be taken in relation to, for example, potential management team candidates or potential purchasers of assets. Where, for example, one department of a multi-service financial organisation has declined an opportunity to provide finance and a

separate department is interested in securities of the offeror or the offeree company, the Executive will not normally treat the organisation as counting towards the six parties that may be approached by virtue of its having been approached to provide finance, provided that the department which is interested in securities of the offeror or the offeree company is not aware of the approach to the department invited to provide finance.

8.5 Where a consortium bid is in contemplation, the party which makes the first approach to another potential member of the consortium will be treated for these purposes as the potential offeror. That party, as the potential offeror, may therefore approach up to six parties in total, inclusive of other potential consortium members approached (provided that those approached do not themselves contact any third parties).

8.6 In the case of a meeting (including a telephone call or meeting held by electronic means) with a shareholder in the offeree company or the offeror (or any other person referred to in Rule 20.2(a)(ii)) prior to the commencement of any offer period which relates to a possible offer or would not be taking place but for the possible offer, the meeting must be attended by an appropriate financial adviser or corporate broker to the offeror or offeree company in accordance with Rule 20.2(b)(i). The financial adviser or corporate broker who attends the meeting must, by not later than 12 noon on the following business day, provide a written confirmation to the Panel as specified in Rule 20.2(c) or Note 1 on Rule 20.2 (as applicable) unless:

(a) no representative of, or adviser to, the offeror or offeree company was present other than the financial adviser or corporate broker; and

(b) no material new information or significant new opinions relating to the possible offer were provided during the meeting.

If the conditions in (a) and (b) are satisfied, then the derogation from the requirement to provide a written confirmation when a meeting is attended by advisers only, as set out in Note 3 on Rule 20.2, will apply.

8.7 As regards Rule 2.2(f)(ii), the Executive should be consulted prior to more than one purchaser or potential offeror being sought, as referred to in Note 1(e) on Rule 2.2. This requirement reflects a concern that the risk of leaks may be greater when purchasers for a controlling interest in a company, or potential offerors, are being sought. This is because each party approached may wish to discuss the matter with other parties, thereby quickly increasing the number of parties who would be aware of the possible transaction.

9. Timing of announcements

9.1 On occasion, it is argued that to require an announcement referring to the possibility of an offer when the offer preparations are at a preliminary stage might, of itself, lead to the creation of a false market in the offeree company's securities. The Executive does not find this argument persuasive. In the Executive's opinion, if it appears that details of the possible offer may have leaked, leading to rumour and speculation or an untoward movement in the offeree company's share price, the overriding requirement is that an announcement should be made immediately and the fact that the offer preparations are at a preliminary stage may be made clear in the announcement.

9.2 Once the requirement to make an announcement under Rule 2.2 has been triggered, the Executive expects parties and their financial advisers to do their utmost to ensure that the announcement is made immediately, i.e. within a matter of minutes. In particular, the announcement should not be delayed whilst, for example, minor drafting changes are considered. If there is any doubt as to the precise form of wording to be included in the announcement, a brief announcement should be released forthwith. A further announcement may then be made later, setting out more detailed information on the offer discussions or preparations.

9.3 Furthermore, an announcement should not be delayed in order for other information to be included, for example:

(a) the summary of the provisions of Rule 8 (as required under Rule 2.4(c)(ii));

(b) details of any minimum level, or particular form, of consideration required to be disclosed under Rule 2.4(c)(iii);

(c) details of any dealing arrangements required to be disclosed under Rule 2.4(c)(iv);

(d) details of the offeree company's and, if appropriate, the offeror's relevant securities in issue (as required under Rule 2.9); or

(e) a confirmation that any offer will be, or is likely to be, solely in cash (see Note 1 on Rule 8 and the definition of a "cash offeror").

If, contrary to the guidance in paragraph 10.3 below, the draft announcement does not include this information, and it cannot be included without delay, a separate announcement which includes this information should be released as soon as possible thereafter.

9.4 The information required to be announced under Rule 2.9 includes details of each class of relevant security, and not only details in relation to

ordinary shares. The Executive should be consulted if there is any doubt as to whether a security is a class of relevant security that should be included in an announcement made under Rule 2.9.

10. Pre-announcement responsibilities

(a) Particular responsibility of financial advisers for ensuring compliance with Rule 2

10.1 Where a potential offeror, or a company in receipt of an approach, has notified its financial adviser of the possible offer or approach, the Executive considers that, for the reasons set out in paragraph 1.3 above, the financial adviser has a particular responsibility for:

(a) monitoring for movements in the offeree company's share price and for rumour and speculation; and

(b) consulting the Executive,

even if these tasks have not explicitly been delegated to it. The Executive considers that financial advisers should be mindful of their responsibilities from an early stage. In particular, the Executive would not regard the signing of an engagement letter, of itself, to be determinative of when an advisory relationship between a financial adviser and its client commences.

10.2 It is vital that, at an early stage, a financial adviser clearly explains to its client the requirements of Rule 2 and ensures that the client understands those requirements. In the Executive's opinion, this is unlikely to be achieved satisfactorily through the financial adviser simply providing the client with a standard form memorandum on the provisions of Rule 2 or the Code generally.

(b) Preparation of announcements and release procedure

10.3 In order that an offeror or offeree company may release an announcement immediately, if required, an appropriate draft announcement should be prepared and approved at an early stage. A financial adviser may wish to obtain its client's approval of a variety of draft announcements to be released depending on the circumstances at the relevant time. All such draft announcements should be complete in all respects, including, for example:

(a) the identity of any potential offeror(s) (Rule 2.4(a));

(b) the date by which any deadline set in accordance with Rule 2.6(a) will expire;

(c) a summary of Rule 8; and

(d) the information referred to in Rule 2.9.

Financial advisers may also wish to consider the inclusion in the draft announcement, if appropriate, of a confirmation that any offer will be, or is likely to be, solely in cash (see Note 1 on Rule 8 and the definition of a "cash offeror").

10.4 In addition, procedures should be put in place to ensure the prompt release of the announcement when required, including an agreement as to who is to be responsible for making the announcement (for example, the financial adviser or the client) and having appropriate arrangements in place to make the announcement (including access to a Regulatory Information Service). The person responsible should be authorised to release the announcement immediately upon this being required by the Panel. If the approval of a particular person, or group of persons, is required before the announcement is released, the nominated persons must be contactable at all times and an appropriate contingency plan should be put in place in the event that the nominated persons are not contactable. The making of an announcement by the potential offeree company should not be delayed by consultation with the potential offeror.

(c) Monitoring procedures

10.5 With regard to monitoring movements in the offeree company's share price, the Executive believes that a system is unlikely to be effective unless it:

(a) is operative at all times during market hours (including, if the offeree company's securities, or depositary receipts relating to those securities, are traded on an overseas exchange, during that overseas exchange's market hours);

(b) is able to monitor share price movements on a real time basis; and

(c) incorporates a mechanism which rebases the monitoring system so as to ensure that price rises are compared against the lowest share price since the time when the offer was first actively considered, the approach was received or one or more purchasers or offerors were first sought (as appropriate).

The Executive should be consulted in the case of any doubt as to how share price movements should be monitored and calculated.

PRACTICE STATEMENT 20 *CONTINUED*

10.6 With regard to monitoring for rumour and speculation, the principal sources of information relating to offers (including newswires and newspapers) and such other sources of information as are reasonable in the context of the transaction (including social media, overseas publications, trade publications and internet bulletin boards) should be monitored for any rumour and speculation about the possibility of an offer for the offeree company.

Practice Statements are issued by the Panel Executive to provide informal guidance to companies involved in takeovers and practitioners as to how the Executive normally interprets and applies relevant provisions of the Takeover Code in certain circumstances. Practice Statements do not form part of the Code. Accordingly, they are not binding on the Executive or the Panel and are not a substitute for consulting the Executive to establish how the Code applies in a particular case.

7 March 2008
Last amended 30 April 2024

APPENDIX 7

SCHEMES OF ARRANGEMENT

DEFINITIONS AND INTERPRETATION

Court sanction hearing

The hearing of the court to sanction a scheme of arrangement.

Effective date

The date on which the order of the court sanctioning the scheme is delivered to the registrar of companies for registration.

Long-stop date

The date stated in the scheme circular to be the latest date by which the scheme must become effective and included as such in the terms of the scheme.

Offer documents and offeree board circulars

In the case of a scheme of arrangement, references in the Code to an offer document or to the offeree board circular (and related expressions) shall be construed as references to the scheme circular and references to a revised offer document or to a subsequent offeree board circular (and related expressions) shall be construed as references to any supplementary scheme circular.

Shareholder meetings

The meeting of shareholders in the offeree company (or meetings of relevant classes of shareholders) convened by the court to consider a resolution to approve a scheme of arrangement and any general meeting of the offeree company (and related class meetings) convened to consider any resolution to approve or give effect to a scheme.

1 APPLICATION OF THE CODE TO SCHEMES OF ARRANGEMENT

The provisions of the Code apply to an offer effected by means of a scheme of arrangement in the same way as they apply to an offer effected by means of a contractual offer, except as set out in this Appendix 7.

NOTE ON SECTION 1

Schemes of arrangement in jurisdictions other than the United Kingdom

Where an offer to which the Code applies is effected by means of a scheme of arrangement in a jurisdiction other than the United Kingdom, the Panel

must be consulted to determine how the provisions of Appendix 7 must be applied if there are differences in how the scheme is to be implemented as compared with how a scheme of arrangement is customarily implemented in the United Kingdom.

2 MANDATORY OFFERS

An obligation to make a mandatory offer under Rule 9 may not be satisfied by way of a scheme of arrangement except with the prior consent of the Panel.

NOTES ON SECTION 2

1. When the Panel's consent may be granted

Factors which the Panel will take into account when considering an application to satisfy a mandatory offer obligation by way of a scheme include the views of the offeree board and its independent adviser and the likely timetable of the scheme.

If the Panel permits the mandatory offer obligation to be so satisfied and the scheme lapses for a reason which would not have caused a contractual offer to lapse, the Panel will require the offeror to make a new contractual offer immediately in compliance with Rule 9. The scheme circular must include a statement by the offeror that, if the scheme lapses for such a reason, the offeror will make a new contractual offer as required by the Panel. In such circumstances Rule 9.7 will apply.

2. Triggering Rule 9 during a scheme

Where an offeror is implementing its offer by way of a scheme of arrangement, the offeror and persons acting in concert with it may acquire an interest in shares which causes the offeror to have to extend a mandatory offer under Rule 9 only if the offeror has obtained the Panel's prior consent either to satisfy its mandatory offer obligation by way of a scheme or to switch to a contractual offer (see Section 8 of this Appendix 7).

3 EXPECTED SCHEME TIMETABLE

(a) Where an offeror announces a firm intention to make an offer which is to be implemented by means of a scheme of arrangement and the board of the offeree company agrees to the inclusion of a statement of its intention to recommend the scheme in that announcement, then the offeree company must, except with the consent of the Panel, ensure that the scheme circular is sent to shareholders and persons with information rights within 28 days of that announcement. If the offeree company board subsequently withdraws its recommendation, this obligation will cease.

APPENDIX 7 *CONTINUED*

(b) The parties to the offer are permitted to include within the conditions to the scheme:

(i) a long-stop date by which the scheme must become effective (unless extended by the offeror with the agreement of the offeree company or, in a competitive situation, with the consent of the Panel);

(ii) a specific date by which the shareholder meetings must be held (unless extended by the offeror with the agreement of the offeree company or, in a competitive situation, with the consent of the Panel), provided that the date specified must be more than 21 days after the expected date of the shareholder meetings to be set out in the scheme circular; and

(iii) a specific date by which the court sanction hearing must be held (unless extended by the offeror with the agreement of the offeree company or, in a competitive situation, with the consent of the Panel), provided that the date specified must be more than 21 days after the expected date of the court sanction hearing to be set out in the scheme circular.

(c) Any condition referred to in paragraph (b) above:

(i) must be given prominent reference in the offeror's announcement of a firm intention to make an offer;

(ii) must not be capable of being invoked or waived after the date specified unless extended by the offeror with the agreement of the offeree company or, in a competitive situation, with the consent of the Panel; and

(iii) will not be subject to Rule 13.5(a).

(d) The offeree company must ensure that the scheme circular sets out the expected timetable for the scheme, including the expected dates and times for the following:

(i) the record date for any shareholder meeting;

(ii) the latest date and time for the lodging of forms of proxy or elections for any alternative form of consideration;

(iii) the date and time of any shareholder meetings, which must normally be convened for a date which is at least 21 days after the date of the scheme circular;

(iv) the date and time of any meetings of the shareholders of the offeror to be convened in connection with the offer;

(v) the date of the court sanction hearing;

(vi) the record date for the purposes of the scheme;

APPENDIX 7 *CONTINUED*

(vii) the date and time of any proposed suspension in trading of shares or other securities of the offeree company;

(viii) the effective date;

(ix) the date and time of the admission to trading of any offeror securities to be issued in connection with the scheme; and

(x) the long-stop date.

(e) Upon publication of the scheme circular, the offeree company must announce that the scheme circular has been published and include in that announcement the expected timetable, including the expected dates and times referred to in paragraph (d) above.

(f) The offeree company must implement the scheme in accordance with the expected timetable, as published (subject to any change to the expected timetable announced in accordance with Section 6 below), unless:

(i) the board of the offeree company withdraws its recommendation of the scheme;

(ii) the board of the offeree company announces its decision to propose an adjournment of a shareholder meeting or the court sanction hearing;

(iii) a shareholder meeting or the court sanction hearing is adjourned; or

(iv) any condition to the scheme is invoked by the offeror in accordance with the Code.

See also Note 2 on Section 8 below.

(g) Except with the consent of the Panel, the offeror must:

(i) prior to the court sanction hearing, confirm to the offeree company and the Panel that all of the conditions to the offer have been either satisfied or waived, other than any conditions which are capable of being satisfied only upon or following the scheme being sanctioned (which conditions should normally be specified in the scheme circular); and

(ii) at the court sanction hearing, undertake to the court to be bound by the terms of the scheme insofar as it relates to the offeror.

The requirements in paragraphs (i) and (ii) will not apply if a condition relating to a material official authorisation or regulatory clearance is outstanding, provided that either:

APPENDIX 7 *CONTINUED*

(A) it is not sufficiently clear what action would be required to be taken in order for the authorisation or clearance to be obtained; or

(B) if it is sufficiently clear what action would be required to be taken in order for the authorisation or clearance to be obtained, the taking of that action would give rise to circumstances which are of material significance to the offeror in the context of the offer (see Rule 13.5(a)).

NOTE ON SECTION 3

Where a determination under Section 3(g) remains outstanding on the long-stop date

If a question as to whether the proviso to Section 3(g) has been satisfied remains outstanding on the long-stop date, the parties to the offer will normally be required to agree an extension to the long-stop date pending the final determination of the issue.

4 HOLDING STATEMENTS

(a) When an offeror has announced a firm intention to make an offer to be implemented by means of a scheme of arrangement and it has been announced that a potential competing offeror might make an offer (see Rules 2.6(d) and (e)), the Panel will normally require the potential offeror to clarify its position by no later than 5.00 pm on the seventh day prior to the date of the shareholder meetings.

(b) Where appropriate, however, taking into account all relevant factors, including:

(i) the interests of offeree company shareholders and the desirability of clarification prior to the shareholder meetings; and

(ii) the time which the potential offeror has had to consider its position,

the Panel may permit the potential offeror to clarify its position after the date of the shareholder meetings but before the date of the court sanction hearing.

(c) The Panel will announce the deadline by which clarification is required under paragraph (a) or (b) above.

5 ANNOUNCEMENTS FOLLOWING KEY EVENTS IN A SCHEME

(a) If the parties to the offer include any condition to the scheme in accordance with Section 3(b) above and any such condition is not capable of being satisfied by the date specified in that condition, the offeror must make an announcement as soon as practicable and, in any

event, by no later than 8.00 am on the business day following the date so specified, stating whether the offeror has invoked that condition, waived that condition or, with the agreement of the offeree company or with the consent of the Panel, specified a new date by which that condition must be satisfied.

(b) As soon as practicable after the votes on the relevant resolutions at the shareholder meetings and, in any event, by no later than 8.00 am on the business day following the shareholder meetings, the offeree company must make an announcement stating whether or not the resolutions were passed by the requisite majorities (and, if not, whether or not the scheme has lapsed) and giving details of the voting results in relation to the meetings, including:

(i) in the case of any general meeting of the offeree company convened to consider any resolution to approve or give effect to the scheme, if a poll was taken, the number of shares of each class which were voted for and against the resolutions and the percentage of the shares voted which those numbers represent; and

(ii) in the case of each court-convened meeting:

(A) the number of shareholders of the class who voted for and against the resolution to approve the scheme and the percentage of those voting shareholders which those numbers represent;

(B) the number of shares of the class which were voted for and against the resolution to approve the scheme and the percentage of the total shares voted which those numbers represent; and

(C) the percentage of the issued shares of the class which the shares voted for and against the resolutions represent.

(c) As soon as practicable following the court sanction hearing, the offeree company must make an announcement stating the decision of the court and including details of whether the scheme will proceed or has lapsed.

(d) As soon as practicable on the effective date, the offeree company or the offeror must make an announcement stating that the scheme has become effective.

6 CHANGES TO THE EXPECTED SCHEME TIMETABLE

(a) Any adjournment of a shareholder meeting or court sanction hearing, or a decision by the board of the offeree company to propose such an adjournment, must be announced promptly by the offeree

company. If the meeting or hearing is adjourned to a specified date, the announcement should set out the relevant details. If the meeting or hearing is adjourned without at the same time specifying a date for the adjourned meeting, a further announcement should be made once the new date has been set.

(b) Similarly, except with the consent of the Panel, any other change to the expected timetable of events set out in the scheme circular must be announced promptly by the offeror or offeree company (as appropriate).

(c) In all cases, the Panel should be consulted as to whether notice of an adjournment of any meeting or hearing or any other delay in, or change to, the expected timetable should, in addition, be sent to offeree company shareholders and persons with information rights.

7 REVISION

Any revision to a scheme of arrangement should normally be made by no later than the date which is 14 days prior to the date of the shareholder meetings (or any later date to which such meetings are adjourned). The consent of the Panel must be obtained if it is proposed to make any revision to a scheme either:

(a) less than 14 days prior to the date of the shareholder meetings (or any later date to which such meetings are adjourned); or

(b) following the shareholder meetings.

NOTE ON SECTION 7

Competitive situations

In the case of a competitive situation where one or more of the offerors is proceeding by way of a scheme of arrangement, see Note 2 on Rule 32.5.

8 SWITCHING

(a) With the consent of the Panel, the offeror may switch from a scheme of arrangement to a contractual offer or from a contractual offer to a scheme of arrangement, whether or not the offeror has reserved the right to change the structure of the offer.

(b) The Panel will determine the offer timetable that will apply following any switch to which it consents.

(c) The announcement of a switch must include:

(i) details of all changes to the terms and conditions of the offer as a result of the switch;

APPENDIX 7 *CONTINUED*

(ii) details of any material changes to the other details originally announced pursuant to Rule 2.7(c);

(iii) an explanation of the offer timetable applicable following the switch (as determined by the Panel); and

(iv) an explanation of whether or not any irrevocable commitments or letters of intent procured by the offeror or any person acting in concert with it will remain valid following the switch.

NOTES ON SECTION 8

1. Determination of the offer timetable following a switch

Factors which the Panel may take into account when determining the offer timetable that will apply following a switch include:

(a) the time required to enable shareholders in the offeree company to reach a properly informed decision;

(b) the time which has elapsed since the switching offeror's original announcement under Rule 2.7 and the extent to which it is reasonable for the offeree board to be hindered in the conduct of its affairs;

(c) the views of the board of the offeree company and the switching offeror; and

(d) the likely effect of the new offer timetable on any competing offeror.

2. Consequences of a withdrawal of recommendation etc.

Where:

(a) the board of the offeree company withdraws its recommendation of the scheme;

(b) the board of the offeree company announces its decision to propose an adjournment to a shareholder meeting or the court sanction hearing;

(c) any shareholder meeting or the court sanction hearing is adjourned; or

(d) the Panel considers that the offeree company has not implemented the scheme in accordance with the published timetable,

the Panel will normally consent to a request from the offeror to switch to a contractual offer with an acceptance condition set at up to 90% of the shares to which the offer relates.

APPENDIX 7 *CONTINUED*

9 ALTERNATIVE CONSIDERATION

(a) If a scheme of arrangement permits shareholders to elect to receive any alternative form of consideration, or to elect, subject to the election of others, to vary the proportions in which they receive different forms of consideration, the ability of shareholders to make such elections must not be closed off or withdrawn any earlier than one week prior to the date on which the court sanction hearing is originally proposed to be held or, if for any reason the court sanction hearing is rearranged for a later date, one week prior to that later date.

(b) A shareholder who has elected to receive a particular form of consideration in respect of any of its shares must be entitled to withdraw that election. However, this right may be shut off not earlier than one week prior to the date on which the court sanction hearing is originally proposed to be held or, if for any reason the court sanction hearing is rearranged for a later date, not earlier than one week prior to that later date.

NOTE ON SECTION 9

Rule 11.1

The obligation to make cash available under Rule 11.1 will be considered to have been met if, at the time the acquisition was made, shareholders were able to elect for cash consideration at a price per share not less than that required by Rule 11.1, even if such an election subsequently ceases to be available.

10 SETTLEMENT OF CONSIDERATION

Except with the consent of the Panel, the consideration must be sent to offeree company shareholders within 14 days of the effective date. The terms of the scheme must reflect this requirement.

11 RETURN OF DOCUMENTS OF TITLE

If an offer being implemented by way of a scheme lapses or is withdrawn, or if a shareholder withdraws its election for a particular form of consideration, all documents of title and other documents lodged with any form of election must be returned as soon as practicable (and in any event within seven days of such lapsing or withdrawal) and the receiving agent should immediately give instructions for the release of securities held in escrow.

APPENDIX 7 *CONTINUED*

12 VOTING BY CONNECTED EXEMPT PRINCIPAL TRADERS

Except with the consent of the Panel, securities owned by an exempt principal trader connected with an offeror or the offeree company must not be voted on a resolution put to shareholders in the offeree company to approve or to give effect to a scheme of arrangement. The Panel will normally grant its consent in the following circumstances:

(a) an exempt principal trader connected with an offeror whose offer is being implemented by way of a scheme will normally be permitted to vote against the scheme but will not normally be permitted to vote in favour of it;

(b) an exempt principal trader connected with a competing offeror (or potential offeror) will normally be permitted to vote in favour of such a scheme but will not normally be permitted to vote against it; and

(c) an exempt principal trader connected with the offeree company will normally be permitted to vote in favour of or against the scheme.

13 SCHEMES WHICH DO NOT HAVE THE SUPPORT OF THE OFFEREE BOARD

The Panel should be consulted if an offeror is considering announcing an offer or possible offer which it is proposed will be implemented by means of a scheme of arrangement without, prior to such announcement, obtaining the support of the board of the offeree company.

14 INCORPORATION OF OBLIGATIONS AND RIGHTS

In addition to the relevant requirements of Rule 24 and Rule 25, the scheme circular must incorporate language which appropriately reflects those parts of Rule 13.6 (if applicable) and of this Appendix 7 which impose timing obligations or confer rights or impose restrictions on offerors, offeree companies or shareholders of offeree companies.

15 ADMISSION TO LISTING AND ADMISSION TO TRADING CONDITIONS

Where securities are offered as consideration and it is intended that they should be admitted to listing on the Official List and/or to trading on a recognised investment exchange, the relevant admission to listing and/or trading condition should, except with the consent of the Panel, be in terms which ensure that it is capable of being satisfied only when all steps required for the admission to listing or trading have been completed other than the FCA and/or the relevant recognised investment

exchange, as applicable, having announced their respective decisions to admit the securities to listing or trading. Where securities are offered as consideration and it is intended that they should be admitted to listing or to trading on any other investment exchange or market, the Panel should be consulted.

16 PROVISIONS DISAPPLIED IN A SCHEME

The following provisions of the Code do not apply to a scheme of arrangement:

(a) Rule 4.5 (restriction on the offeree company accepting an offer in respect of treasury shares);

(b) Rule 10 (the acceptance condition);

(c) Note 3 on Rule 11.1 (when the obligation to offer cash is satisfied);

(d) Rule 12 (long-stop date);

(e) Rule 17 (announcement of acceptance levels);

(f) Rule 18 (the use of proxies and other authorities in relation to acceptances);

(g) Rule 24.7 (incorporation of obligations and rights);

(h) Rule 24.10 (admission to listing and admission to trading conditions);

(i) Rule 31 (timing of the offer);

(j) Rule 32.1(c), Note 3 (paragraph (a)) and Note 4 on Rule 32.1 and Note 3 on Rule 32.2 (revision);

(k) Rule 33 (alternative offers); and

(l) Rule 34 (right of withdrawal).