

THE TAKEOVER PANEL

ALTERATIONS TO DIRECTORS' EMOLUMENTS UNDER SERVICE

CONTRACTS

For the avoidance of doubt the Panel wishes to draw the attention of financial advisers and Directors of companies involved in takeover bids, to the following matters:-

RULE 19

Increases in Directors' emoluments received under service contracts should be treated as amendments to such contracts and disclosed in takeover documents in accordance with Rule 19, whenever they have taken place within six months of the date of the relevant documents.

RULE 38

The Panel regards this Rule as applying to abnormal increases in Directors' salaries under service contracts or significant amendments to the contracts. The Rule requires, inter alia, that certain matters must be put to shareholders in general meeting when an offer has been announced or the offeree board has reason to believe that a bona fide offer might be imminent.

The above matters will be incorporated in the Code or a relevant Practice Note at the time of the next edition.

31 August 1982