

THE TAKEOVER PANEL

THE DEMERGER CORPORATION PLC ("DMC")/ EXTEL GROUP PLC ("EXTEL")

On 21 April Ifincorp Earl & Co Ltd ("Ifincorp Earl"), advisers to DMC, published a press release stating its understanding as to attempts being made by Kleinwort Benson, advisers to Extel, to purchase Extel shares. That release included references to the principles of the Code and conclusions based on those principles.

On 22 April it was reported in the press that Ifincorp Earl had complained to the Panel about Kleinwort's efforts to buy Extel shares and about press reports as to estimates of Extel's profits for the year ended March 1986.

With regard to the press release, Ifincorp Earl had not consulted the Panel prior to its publication. The Panel considers that the interpretation of the Code, as expressed in the press release, is not correct.

With regard to the reported estimates of Extel's profits, the Panel understands that these are based on analysts' reports and has received no evidence to indicate that they originate from Extel or its advisers. This having been communicated to Ifincorp Earl, the Panel was surprised to see any reference in the press to the complaint.

Ifincorp Earl has apologised unreservedly to the Panel.

Interpretations of the Code in relation to a particular take-over should not be publicised without prior consultation with the Panel.

23 April 1986