

THE TAKEOVER PANEL

INOCO PLC ("INOCO") / PETRANOL PLC ("PETRANOL")

On 30 April, Inoco announced that it intended to make an offer for the Ordinary shares of Petranol, the consideration for which was to be securities of Inoco.

At that time, following purchases of Petranol shares made during April, Inoco and Mr C J Smith, the ex-Chairman of Petranol, owned Petranol Ordinary shares carrying approximately 31.6% of the total Petranol voting rights.

The Panel has ruled that Inoco and Mr Smith were acting in concert for the purposes of the Code on 16 April 1986, the date on which their aggregate holding of Petranol increased to over 30%. Accordingly, Inoco, in relation to its offer for Petranol, became obliged to make a cash offer in accordance with Rule 9 of the Code. Inoco and Mr Smith have accepted this ruling. Inoco has informed the Panel that it does not have available sufficient financial resources to make such a cash offer.

In the circumstances, with the concurrence of Petranol, the original securities offer by Inoco will not proceed. Consequently, under Rule 35 of the Code, neither Inoco nor its concert parties may within 12 months from the date of this announcement, except with the consent of the Panel, make any offer for Petranol. In addition Inoco and Mr Smith have undertaken to the Panel to reduce their total combined shareholdings in Petranol to below 30%.

The Panel is holding under review the circumstances in which this situation has arisen.

30 May 1986