

THE TAKEOVER PANEL

COVERED WARRANTS

The Executive notes the commencement on 11 August of a new Stock Exchange service for the trading of covered warrants.

For the purposes of the Code and the Rules Governing Substantial Acquisitions of Shares ("SARs"), the Panel will treat as an option any covered warrant for which exercise includes the possibility of delivery of underlying securities. Accordingly covered call warrants will (except where exercise is for cash only) confer rights over shares on the purchaser for the purposes of the Code and the SARs. The issue of covered put warrants will not normally be considered to confer rights over shares on the issuer of the warrants.

Covered warrants which do not include the possibility of delivery of underlying securities fall within the Code definition of derivative and will be treated as such by the Panel.

Dealings in covered warrants may be required to be disclosed in accordance with Rule 8 of the Code and Rule 3 of the SARs.

7 August 1997