

THE TAKEOVER PANEL

EUROPEAN LEISURE PLC/ MIDSUMMER LEISURE PLC

On Saturday 5 May J Henry Schroder Wagg & Co Limited ("Schroders") posted, on behalf of Midsummer Leisure, a final circular to Midsummer Leisure shareholders urging continued rejection of the European Leisure offer which was declared unconditional as to acceptances on Friday 11 May.

Early in the afternoon of Friday 4 May Schroders briefed a Sunday newspaper on the content of the circular and distributed copies of it to four other Sunday newspapers later that day, embargoed until Saturday 5 May. No copy was delivered at that time to the Panel or to Samuel Montagu & Co Limited ("Samuel Montagu"), advisers to European Leisure. Samuel Montagu nonetheless learnt, as a result of communication with Sunday newspapers, that a new Midsummer Leisure document had been made available to them. Late on Friday evening 4 May Samuel Montagu protested to the Panel Executive and requested a copy of the circular from Schroders which they provided shortly thereafter.

Rule 19.3 of the Code requires all documents and announcements to be made available at the time of issue to the advisers to other parties to an offer. Its purpose is to prevent one party to an offer obtaining an unfair advantage, particularly in terms of press coverage, by delaying the release of new information or arguments to other parties to the offer. In this case Samuel Montagu were prevented by the fact of a Friday copy deadline from speaking on a properly informed basis about the Midsummer Leisure circular to one of the Sunday newspapers and could have been disadvantaged in their discussions with the others.

The Panel Executive recognises that Schroders' breach of Rule 19.3 was an oversight but their conduct in this matter is nonetheless to be criticised.

15 May 1990