

THE TAKEOVER PANEL

The Panel on Take-overs and Mergers issue the following statement.

In the course of the recent bid by Dufay Bitumastic Limited for International Paints (Holdings) Limited, the following statement was issued on 29th May:

"Courtaulds Limited announce that they have indicated to the Board of International Paints Limited that they are interested in having talks with a view to making an offer to acquire that company. The Board of International Paints Limited have expressed their willingness to enter into such discussions. The Board of Trade have been informed."

At that stage Dufay Bitumastic's offer was due to expire on 31st May. It was increased on 30th May and extended to 7th June: and subsequently further extended until 19th June.

On 17th June a circular was issued to shareholders of International Paints on behalf of Dufay Bitumastic from which the following extract is taken. Referring to Courtaulds' statement on 29th May, "this is now over two weeks ago and yet no further announcement has been made. Without any indication of the price which Courtaulds would be prepared to pay, or even whether they have decided to make an offer at all, shareholders of International Paints have been prevented from making a free and informed choice".

The next day, 18th June, the following statement was issued on behalf of International Paints:

"Courtaulds have informed us that in the event of the Dufay offer for International Paints not being proceeded with, they will make an offer for the whole of the issued share

capital of International Paints. This offer will consist as to approximately 75% in Courtaulds' Ordinary Shares and as to approximately 25% in Unsecured Loan Stock of Courtaulds."

In line with para.2 of the General Principles of the City Code on Takeovers and Mergers, Rule 14 states that:

"Shareholders must be put into possession of all the facts necessary for the formation of an informed judgment as to the merits or demerits of an offer. Such facts must be accurately and fairly presented and be available to the shareholder early enough to enable him to make a decision in good time. The obligation of the offeror company in these respects towards the shareholders of the offeree company is no less than its obligation towards its own shareholders."

The statement issued on 18th June, the day before the Dufay Bitumastic offer was to expire, was in form only a statement of a decision to make an offer in certain circumstances. But in effect the shareholders of International Paints then had to make a choice between two alternative offers without the facts necessary for an informed judgment of their relative merits.

Rule 14 does not refer in terms to such a situation: but the spirit underlying it should be observed whatever the actual situation may be. The Panel therefore consider that an announcement of the type issued on 18th June should have contained fuller details of the offer, in the interests of those to whom it might shortly be made.

24th June 1968.