

THE TAKEOVER PANEL

1. On October 16th Hill Samuel and Robert Fleming announced on behalf of Pergamon Press Limited (Pergamon) their intention to make an offer for the Ordinary capital of News of the World Organisation Limited (NWO). The offer was declared by the board of NWO on October 17th to be completely unacceptable and a further announcement, increasing the market value of the proposed offer, was made on October 21st.
2. According to the statements the Panel have received, during the period October 16th to October 22nd inclusive Hambros Bank bought through the market for their own account approximately 11.8% of the voting ordinary shares of NWO. Being advisers to NWO they declared their purchases as associates under Rule 29 of the City Code. During the same period Hill Samuel bought for their own account approximately 0.2% net of the voting shares, and similarly declared their purchases.
3. These purchases (and there have been none since) were not in conflict with the City Code.
4. On October 22nd Morgan Grenfell, acting on behalf of the Australian company News Limited (News), informed the Panel of a proposed arrangement (later announced) between NWO and News: and asked whether the Panel saw any objection to their buying voting ordinary shares of NWO on the market on behalf of their client. They were promptly told that such purchases would be permitted by Rule 29, provided they were declared (as Morgan Grenfell intended) because their client would become an associate of NWO.
5. At the same time it was represented to Morgan Grenfell and to Hambros that if, as the outcome of such purchases, the Board of Directors of NWO came to control, with their associates, more than 50% of the voting ordinary shares, they would thereby effectively be able to deny a minority the opportunity to express an opinion on the merits of any offer such as that intended by Pergamon.

In that event it would be necessary to show that the interests of shareholders generally would not be prejudiced by the proposed alternative.

6. Morgan Grenfell then bought through the market and declared approximately 3.5% of the voting ordinary shares. These purchases (and there have been none since) were not in conflict with the City Code, nor did they bring the percentage held by the Board of Directors of NWO and their associates above 50%.
7. At this point, in view of the fact that the formal offer by Pergamon had not yet been issued and the uncertainty when details of the proposed arrangement between NWO and News would be available, the Panel asked the parties on the morning of 24th October to refrain from dealing in NWO shares; which they did. Later the same day the Council of the Stock Exchange, at the request of the Panel, suspended dealings in the shares "pending the issue of proposals from both parties which would enable the shareholders to make a judgment on the merits of each party's case".
8. Subsequent to the suspension of dealings Hambros issued an announcement by the Board of NWO that their holdings together with the holdings of the Carr family, News and other associates represented more than 51% of the total voting share capital of NWO. Hambros supplied to the Panel an analysis of this 51%, showing that it included, in addition to the shares purchased by associates and referred to above, the shares of other holders who had promised firm support (not solicited by Hambros) for the Board in their opposition to the proposed offer by Pergamon.
9. At this point, therefore, before the issue of a formal offer by Pergamon, there was on record a majority likely to oppose it: so that a minority could find themselves denied any opportunity to express an opinion on the merits of any offer such as that intended.

10. The details of the proposed arrangement between NWO and News are being worked out and these will be circulated to shareholders, with the encouragement of the Panel, as soon as possible. As already announced, this arrangement entails the issue of additional capital by NWO which will require approval by an Extraordinary General Meeting, the outcome of which will depend on a simple majority of votes cast.
11. In order that the voting at this meeting may be seen to be influenced by shareholders' judgment on the merits of the arrangement and not by any change in the shareholding of the parties or their associates since the original announcement of the intended offer by Pergamon, the Panel have asked Hambros, Hill Samuel and Morgan Grenfell to give the Panel an undertaking on behalf of the parties and their associates that the votes attaching to shares acquired since the original announcement will not be exercised at the Extraordinary General Meeting.
12. After consultation with their principals and in conformity with their intention to support the Panel, Hambros, Hill Samuel and Morgan Grenfell have given this undertaking which the Panel now make public. The Panel add that, in their opinion, according to the statements the Panel have received, the actions of the parties concerned, in the course of the foregoing events, did not constitute a breach of the City Code.
13. The situation in respect of the suspension of the share quotation of NWO remains unchanged.
14. The Panel will remain in contact with the parties concerned.

1st November 1968.