

THE TAKEOVER PANEL

GUEST KEEN & NETTLEFOLDS LTD. ("GKN")/ MILES DRUCE & CO. LTD. ("MILES DRUCE")

The Panel has completed its investigation into dealings in the market in the ordinary shares of Miles Druce in the period immediately preceding the announcement by Morgan Grenfell & Co. Limited on behalf of GKN in the afternoon of 25th May 1973 that attempts had been made to initiate discussions between GKN and Miles Druce to examine the possibility of reaching agreement on an offer by GKN to acquire the share capital of Miles Druce. The Panel has found no evidence to suggest that any of these dealings were carried out in contravention of Rule 30 of the City Code on Take-overs and Mergers.

On 17th May 1973 (the date of GKN's approach to Miles Druce) the middle market quotation of Miles Druce ordinary shares was 152½p, on 24th May it was 157½p and on 25th May 182½p. The sharp increase in the price between the 24th and 25th May may have been due in part to market reports (referred to later in the Press) that a call option for 100, 000 shares had been taken out on 24th May. The Panel has investigated these reports and is satisfied that no such option was in fact taken out or attempted.

It appears that rumours of a possible bid by GKN had begun to circulate in the market during the course of 24th May and the Panel considers that the purchase by GKN on that day of 50, 000 Miles Druce shares may have contributed to speculation that GKN (which had made an unsuccessful offer for Miles Druce early in 1972) might be about to make a new offer. The Panel found no evidence that the rumours were the result of any "leak", either intentional or unintentional, by persons connected with either of the two companies.

4th January 1974.