

THE TAKEOVER PANEL

OWNERS ABROAD GROUP Plc

("OWNERS ABROAD")

On 6 January 1993 Airtours plc ("Airtours") announced an unsolicited offer for Owners Abroad. In its formal documents and press releases (the "defence documentation") Owners Abroad, whose financial adviser was Samuel Montagu & Co. Limited, based its defence on arguments relating to (a) its underlying strengths (including the benefits expected to arise from its strategic alliance with Thomas Cook and LTU), (b) Airtours' strategy and performance and (c) its own record levels of current trading and prospects. Owners Abroad did not, however, make a profit forecast during the offer.

Airtours did not receive the required level of acceptances and its offer therefore lapsed on 16 March.

On 8 July Owners Abroad announced its results for the six months ended 30 April 1993 together with a profits warning for the year ending 31 October 1993. In connection with this, Owners Abroad said in the announcement: "Since Easter, the Group's holiday bookings have been the subject of a number of adverse factors namely severe price pressure, changes in destination preferences and directional selling which were either not apparent or not material in the period covered by the interim results".

In view of this profits warning, the Executive investigated whether the statements in the defence documentation regarding current trading and prospects complied with General Principles 4 and 5 and Rules 19.1 and 23 of the City Code on Takeovers and Mergers (the "Code"). These General Principles and Rules relate to the requirements to provide sufficient information

to shareholders and to apply the highest standards of care and accuracy in the preparation and presentation of such information. As part of its investigation, the Executive examined whether any material relevant information was withheld or omitted and whether the impression created by the defence documentation was misleading, taking account of everything which Owners Abroad and its advisers knew, or ought reasonably to have known or to have foreseen, during the period of Airtours' offer.

The Executive has been satisfied that the statements relating to current trading and prospects in the defence documentation were prepared with the required standards of care and accuracy and that the information given by Owners Abroad and its advisers in that connection was adequately and fairly presented. The Executive has been satisfied, in particular, that the reasons for the profits warning given by Owners Abroad in its interim results announcement were factors which either were not apparent or not material during the period of Airtours' offer or had not yet arisen and were not reasonably foreseeable.

Accordingly, having concluded its investigation into the above matters, the Executive has found that there was no breach by Owners Abroad and/or its advisers of General Principles 4 and 5 and Rules 19.1 and 23 of the Code.

18 October 1993

NOTE TO EDITORS

The text of General Principles 4 and 5 and Rules 19.1 and 23 of the Code is as follows:

General Principle 4:

Shareholders must be given sufficient information and advice to enable them to reach a properly informed decision and must have sufficient time to do so. No relevant information should be withheld from them.

General Principle 5:

Any document or advertisement addressed to shareholders containing information or advice from an offeror or the board of the offeree company or their respective advisers must, as is the case with a prospectus, be prepared with the highest standards of care and accuracy.

Rule 19.1:**Standards of Care**

Each document or advertisement issued, or statement made, during the course of an offer must, as is the case with a prospectus, satisfy the highest standards of accuracy and the information given must be adequately and fairly presented. This applies whether it is issued by the company direct or by an adviser on its behalf.

Rule 23:**The General Obligation as to Information**

Shareholders must be given sufficient information and advice to enable them to reach a properly informed

decision as to the merits or demerits of an offer. Such information must be available to shareholders early enough to enable them to make a decision in good time. The obligation of the offeror in these respects towards the shareholders of the offeree company is no less than an offeror's obligation towards its own shareholders.