

THE TAKEOVER PANEL

COMBINED ENGLISH STORES GROUP LIMITED ("CES")/

DAVID GREIG LIMITED ("GREIG")

The Panel on 31st January, 1974 agreed that CES (advised by Slater Walker) could withdraw an offer for the ordinary shares of Greig announced on 3rd January and substitute a revised offer.

The offer document was issued on 14th February. By 3 p.m. on 11th March the total of acceptances received together with shares already held exceeded 90% of the Greig equity and the offer became unconditional as to acceptances.

The offer document provided that a meeting of CES to authorise the necessary increase in capital should be held not later than 15th April or such later date as the directors of CES, with the permission of the Panel, might decide. Arrangements were made for the meeting to be held at 12 noon on 11th March: however, on that day on the recommendation of the Board of CES the meeting was adjourned until 1st April. A press statement was issued that the board had recommended the adjournment "because of the present economic and fiscal uncertainties pending tomorrow's Queen's speech and the Budget". Following the announcement the price of Greig shares fell.

The panel met on Wednesday, 20th March to consider an application by Greig (advised by Wm. Brandt's) that the Panel should find -

- (i) that the board of CES ought not to have arranged for the adjournment of the meeting;
- (ii) that the meeting should be re-convened at the earliest possible date and that the directors of CES should vote in favour of the Resolutions;
- (iii) that the directors of CES or their advisers should not give advice to individual shareholders or to shareholders generally contrary to the advice already given.

Having heard the parties the Panel decided -

1. that the position was governed by the offer document which had provided inter alia that the meeting of CES should be held not later than 15th April, 1974. The board of CES were acting within their rights in adjourning the meeting on 11th March, though the precipitate nature of the action taken (which then meant that neither Greig nor the Panel could be told in advance what was proposed) was open to objection;

2. that, while a meeting of CES had to be held by 15th April, it would be desirable to hold it as early as possible and the Panel hoped that the meeting arranged for 1st April would proceed to a conclusion;
3. that, in the advice which they give to shareholders, the directors of CES should be guided by paragraph 7 of the Panel's general statement of 13th March. If the directors were to decide not to recommend the offer, this would be a serious matter, requiring a full justification;
4. that the directors would be expected to vote at the meeting in the same way as they recommended their shareholders to vote. Any other course would require a full prior explanation to shareholders.

26th March. 1974.