

THE TAKEOVER PANEL

BTR LIMITED ("BTR") /ANDRE SILENTBLOC LIMITED("SILENTBLOC")

The Panel considered on 27th May, 1977, an appeal by BTR against a ruling by the Panel executive that BTR were not entitled, under the terms of Rule 23, to terminate forthwith a share option when announcing on 23rd May that they had secured 52.4 per cent of the ordinary shares of Silentbloc and that the offer was unconditional.

On 21st April 1977 BTR posted an offer for the ordinary share capital of Silentbloc - 50 pence in cash for each 10 pence Silentbloc share, with a "share option" of one BTR ordinary share for every 4 Silentbloc shares. On 9th May, 1977 BTR made a revised offer, under which the cash offer went up from 50 pence to 55 pence. The share option remained unchanged.

The final date for acceptances was advanced from 12th May to 23rd May and it was stated that the offer would not be increased again nor would there be any further extension of time unless it could be declared unconditional as to acceptances.

Rule 23 of the Code provides, inter alia, that after an offer has become or is declared unconditional as to acceptances the offer must remain open for acceptances for not less than 14 days after the date on which it would otherwise have expired, except in the event that the offer becomes or is declared unconditional as to acceptances on or by an expiry date and the offeror has given at least 14 days' notice in writing to the shareholders of the offeree company that the offer will not be open for acceptances beyond that date.

Rule 23 provides shareholders of the offeree company with the opportunity of accepting an offer after it has become clear that the offer has succeeded and that they will be minority shareholders under the new regime. The offeror is, however, allowed to deny

shareholders this opportunity if he has clearly stated that the offer will not remain open beyond the expiry date and if he has given shareholders - in his offer document or by individual letter at least 14 days before the expiry date - 14 days' notice of such closure.

BTR argued that the cash offer was the offer for the purposes of Rule 23 and that the share option was separate and not an integral part of the offer. The Panel upheld the view of the Panel executive that Rule 23 did apply to the share alternative and has accordingly asked BTR to re-open the share option for 14 days and to afford to those who have accepted cash for their Silentbloc shares on or after 23rd May the opportunity to switch to the share option. The 14 days will run from the date BTR post their notification of this arrangement to Silentbloc shareholders.

The Panel is aware that this ruling may have implications for alternative offers generally and, in particular, where a cash alternative is provided by underwriting with third parties. This is being considered, and, pending a further statement, the Panel executive should be consulted when alternative offers are to be made available.

27th May 1977