

# THE TAKEOVER PANEL

## JOHN CROWTHER GROUP PLC

The executive of the Panel on Take-overs and Mergers has completed its investigation into the arrangements regarding the compensation to be paid to certain directors of John Crowther Group plc ("Crowther") if the offer of Coloroll Group Plc ("Coloroll") for Crowther becomes unconditional.

The Panel executive has received both oral and written evidence and submissions from the parties involved and their advisers. In the view of the executive, that evidence demonstrates conclusively that, although at an earlier stage it may have been understood in general terms by Coloroll and Crowther that Crowther directors leaving the company would receive compensation on the basis of their legal entitlements, the actual amount of that compensation was not discussed until 6 April, the day before the Coloroll offer was announced. This was six days after the basic terms of that offer had been agreed between the financial advisers to Crowther and Coloroll and three days after the Crowther board had decided to recommend those terms to its shareholders.

The executive places great weight on the fact that the offer was negotiated and recommended by Hambros Bank Limited, Crowther's adviser, quite independently of the question of compensation.

The Panel executive is, therefore, satisfied that the terms of the Coloroll offer were not in any way affected by the agreement relating to compensation and, in particular, that the board of Crowther did not take that agreement into account in deciding whether to recommend the offer to Crowther shareholders.

Accordingly, the executive has rejected the suggestion that the Crowther shareholders have been prejudiced by the agreement regarding compensation.

The function of the Panel is to protect the interests of shareholders. Except in cases where shareholders may be prejudiced, it is not for the Panel to express a view on the terms of arrangements relating to the employment or dismissal of directors; they are, in any event, subject to their normal fiduciary duties as well as other duties arising under the Companies Acts. Accordingly, no such view is expressed in this case.

2 June 1988