

THE TAKEOVER PANEL

IRISH DISTILLERS GROUP plc ("IRISH DISTILLERS")

The Panel executive has ruled that GC&C Brands is entitled to increase its offer for Irish Distillers. Pernod-Ricard has told the executive it intends to appeal this ruling and a meeting of the full Panel is planned to take place on 6 September to consider this appeal. The background to and reasons for the executive's ruling are set out below.

On 18 August the full Panel decided that GC&C Brands should be permitted to proceed with a restructured offer for Irish Distillers. The Panel considered that shareholders in Irish Distillers had not had a proper opportunity of considering the initial bid for the company, which had been challenged by the European Commission. The Panel was, however, concerned that the prolonged timetable should be kept to a minimum consistent with shareholders having a proper opportunity to consider the new bid and the defending management to present their arguments to shareholders. So it was important that any restructured offer should be a final offer, capable of being increased or extended only in the event of a competing offer.

GC&C Brands announced an increased offer on 19 August.

On 24 August Pernod-Ricard confirmed that it was in discussions with Irish Distillers and on 2 September disclosed that it had acquired approximately 5% of the share capital of the company. On 2 September a further announcement was made to the effect that the discussions might or might not lead to an offer for the company and by Sunday 4 September Pernod-Ricard confirmed to the Panel executive that it had approached a number of substantial shareholders in Irish Distillers with a view to seeking

irrevocable commitments or purchases of shares which, together with those already held by Pernod-Ricard would represent in excess of 50% of the share capital of Irish Distillers.

In the light of these late developments, the Panel executive ruled that the circumstances amounted to a competing offer as contemplated by the Panel statement of 18 August and that GC&C Brands should therefore be entitled to increase its offer, in accordance with that statement.

In the view of the executive if Pernod-Ricard succeeded in obtaining commitments over shares exceeding 50% of the capital of Irish Distillers whilst GC&C Brands was prevented from increasing its offer, then Irish Distillers and its shareholders would never have the opportunity of considering a higher offer from GC&C Brands and GC&C Brands would never have had the opportunity of making one. This would have been contrary to the intention behind the permission which the Panel gave to GC&C Brands to increase its final offer in the event of an offer from a competing third party. The executive's ruling was made after considering the views of the parties, and of certain substantial shareholders and their advisers.

On 4 September GC&C Brands announced an increased offer of IR525p per share.

Pernod-Ricard has told the executive that it wishes to appeal the executive's ruling to the full Panel, and a hearing of the Panel has been arranged for 6 September. At that hearing the Panel will hear the submissions of the parties and their advisers.

It should be emphasised that, in confirming that GC&C Brands should be able to increase its offer, the executive expresses no opinion as to the merits of its offer compared with Pernod-Ricard's - that is a matter for the shareholders of Irish Distillers, its board and their advisers.

In addition it remains, of course, for the Minister of Industry and Commerce, advised by the Fair Trade Commission, to decide whether GC&C Brands' offer should be allowed to proceed under the Mergers, Take-overs and Monopolies (Control) Act.

5 September 1988