

THE TAKEOVER PANEL

REXNORD HOLDINGS UK PLC ("REXNORD") / AVDEL PLC ("AVDEL")

Breach of Rule 6.2(b): Announcement Requirements

The Panel executive has examined the events surrounding the announcement on Monday 12 December of Rexnord's increased and final offer for Avdel. The increase was triggered by purchases by Rexnord of Avdel shares at 88p compared with its then offer price of 80p.

The initial purchases took place at approximately 8.38 am on 12 December but no announcement was lodged with the Stock Exchange until 9.26 am. The delay was in breach of the requirements of Rule 6.2(b) of the Code (see below) which requires an immediate announcement to be made. Henry Ansbacher & Co have acknowledged this unintentional breach.

In the present case those dealing in the market do not appear to have been materially disadvantaged by the delay. Rexnord paid 88p for all the shares it acquired and no sellers during the period in question obtained significantly less. Accordingly, the Panel executive does not propose to take any further action. Nevertheless, it is essential that, if a fair market in the shares of offeree companies is to be maintained, an immediate announcement is made as an offeror's agent begins to purchase shares at a price higher than its then prevailing offer.

The Panel also considered whether the delay in Rexnord's announcement was a contributory factor in delaying the announcement of a possible alternative offer, which thus unfairly facilitated Rexnord's purchases of Avdel shares during the relevant period. Having considered the sequence of events

in detail, the Panel does not believe that this was the case. Avdel's advisers were aware from early in the morning of Monday 12 December that a purchaser was active in the market above the offer price.

RULE 6.2(b)

Immediately after the purchase, it must be announced that a revised offer will be made in accordance with this Rule. Whenever practicable, the announcement should also state the number of shares purchased and the price paid.

23 December 1988