

THE TAKEOVER PANEL

THE MANCHESTER UNITED FOOTBALL CLUB PLC ("MUFC")

The Panel has noted the press announcement released by MUFC reporting the cancellation of the agreement between Mr Edwards and MK Trafford Holdings Limited which is wholly owned by Mr Knighton.

In the circumstances of this case, the Panel has agreed that MK Trafford Holdings will not be required to make a general offer for the shares of MUFC, despite the announcement made on 20 September which confirmed that such an offer was to be made. In particular, the Panel has noted, firstly, that the two parties to the agreement have voluntarily cancelled it and, clearly, unless Mr Edwards, who controls over 50% of the shares, accepts, the offer could never become unconditional as to acceptances; secondly, that the view of the MUFC board is that the termination of the agreement is in the best interests of shareholders. Accordingly, the Panel sees no purpose in requiring that the offer be made.

However, the Panel is concerned about the statement made by MK Trafford Holdings on 20 September. General Principle 3 of the Code requires that an offeror should only announce an offer after the most careful and responsible consideration. It would seem clear that the statement of 20 September was issued without adequate consideration of whether MK Trafford Holdings would, in fact, be able to conclude the transaction in the manner that it intended. It is understood that, at the time the statement was made, Mr Knighton did not have any independent corporate finance advisers, nor did he have any legal advisers advising him on the application of the Code. His previous advisers were no longer

acting and Mr Knighton had not yet appointed replacements. He must, therefore, take responsibility for this breach of the Code and is criticised accordingly. The Panel does not, however, propose to take any further action.

13 October 1989