

# THE TAKEOVER PANEL

## GRANADA GROUP PLC ("GRANADA")

## FORTE PLC ("FORTE")

The Panel met today to hear an appeal by Forte against a ruling by the Executive that the presentation of Granada's belief regarding possible improvements of the profits of Forte, as set out in Granada's circular dated 14 December, satisfied the standards relating to the provision of information set out in the Code.

### **Background**

On 22 November 1995 Granada announced the terms of its offer for Forte and the formal offer document was posted on 24 November.

On 14 December Granada issued a circular. In that document Granada set out its belief that "from Granada's first full financial year following acquisition, the ongoing profits of Forte, as part of the enlarged Granada Group, can be improved by over £100 million per annum, before reorganisation costs", and it set out the bases on which it had reached that belief. In the circular Granada's advisers, Lazard Brothers & Co., Limited and Touche Ross & Co., confirmed their belief that Granada's analysis had been carried out with due care and consideration.

The appellant contended that, in the particular circumstances of this offer, the express inclusion of the figure "£100 million", without any detailed breakdown of that figure being given, failed to meet the standards relating to the provision of information set out in the Code, and in particular General Principles 4 and 5 and Rule 19.1.

**Executive ruling**

The Executive, having considered representations from both parties, ruled that the statement satisfied the standards relating to the provision of information set out in the Code and, in particular, the requirements set out in the above General Principles and Rules.

**Panel decision**

The Panel, having heard the submissions of all parties, concurred with the view of the Executive and accordingly dismissed the appeal. The Panel considered that, in accordance with the Code's general requirements as to information, Granada's statement was properly prepared and adequately and fairly presented.

The Panel has nevertheless asked the Executive to examine whether there might be any need for new specific requirements in respect of any statements made about the expected benefits of a proposed merger where such benefits are quantified.

21 December 1995