

dti →

press notice

89/500

5 July 1989

ELDERS IXL LIMITED/ SCOTTISH & NEWCASTLE BREWERIES PLC.

Lord Young, Secretary of State for Trade and Industry, has accepted undertakings from Elders IXL Limited (Elders) that it will reduce its shareholding in Scottish & Newcastle Breweries plc (S & N) to less than 10 per cent before 1 July 1990.

These undertakings have been offered as a result of discussions between Elders and the Director General of Fair Trading following publication in March of the Monopolies and Mergers Commission (MMC) report on the proposed merger between Elders and S & N. The MMC concluded that the merger may be expected to operate against the public interest, and should not be allowed; and recommended that Elders should be required to reduce its shareholding to 9.9 per cent of S & N's ordinary share capital over a twelve month period, the period to be subject to some flexibility in the light of market conditions.

The Secretary of State announced on 21 March that he accepted the MMC's conclusions, and requested the Director General to seek appropriate undertakings from Elders.

The full text of the undertakings is attached.

NOTES FOR EDITORS

1. The Secretary of State for Trade and Industry referred the proposed acquisition by Elders IXL Limited of Scottish & Newcastle Breweries plc to the Monopolies and Mergers Commission on 9 November 1988. He referred the acquisition by Elders of a partial holding in S & N to the MMC on 7 December 1988. The Commission was required to make a single report covering the two references within four months of the date of the first reference. The report was published on 21 March 1989.

2. The Monopolies and Mergers Commission report on the merger (Cm 654) is available from HMSO, price £10.30.

More...

UNDERTAKINGS GIVEN BY ELDERS IXL LIMITED.

Following the report of the Monopolies and Mergers Commission on the merger between Elders IXL Limited ("Elders") and Scottish & Newcastle Breweries PLC ("S & N") these undertakings are given by Elders to the Secretary of State.

In these undertakings "associated" has the same meaning as in Section 77(4) of the Fair Trading Act 1973;

"the Elders holding in S & N" means the aggregate of the shares comprised in the share capital of S&N held, directly or indirectly, from time to time by Elders and its subsidiaries or in which, directly or indirectly, they have an interest;

an "interest" in shares includes an entitlement, by a person not being the registered holder, to exercise any right conferred by the holding of those shares or an entitlement to control the exercise of any such right;

"the relevant date" means the date on which the Elders holding in S & N is first reduced to or below the level specified in undertaking 1 below;

"subsidiary" has the same meaning as in Section 736 of the Companies Act 1985.

1. Before 1 July 1990 Elders will procure that the Elders holding in S & N is reduced to such number of shares comprised in the share capital of S & N as confers on the holders thereof (when aggregated with any shares comprised in the share capital of S & N which are held directly or indirectly by any person associated with Elders and its subsidiaries or in which any such person has an interest directly or indirectly) the right to exercise in aggregate less than 10% of the total number of votes for the time being exercisable at general meetings of S & N on all, or substantially all, matters.

2. Elders will procure that until the relevant date:

(a) the ordinary shares in S & N comprised in the Elders holding in S & N do not exceed 23.6% of the issued ordinary share capital of S & N;

(b) it and its subsidiaries will not enter into or carry out any agreement or arrangement which may result in any person associated with them acquiring directly or indirectly any shares comprised in the share capital of S & N or any interest in any such shares.

More...

3. Elders will procure that from the relevant date:
- (a) the ordinary shares in S & N comprised in the Elders holding in S & N do not exceed the level specified in undertaking 1 above;
 - (b) it and its subsidiaries will not enter into or carry out any agreement or arrangement which may result in any person associated with them acquiring directly or, indirectly any shares comprised in the share capital of S & N or any interest in any such shares, if that acquisition may result in the aggregate of the holdings of such shares and interests in shares by Elders, its subsidiaries and their associates exceeding the levels specified in Undertakings 1 above and 4(b) below.
4. Elders will procure that:
- (a) voting rights attaching to the Elders holding in S & N are not exercised on any particular resolution insofar as they would (when aggregated with votes exercised on that resolution by any person associated with Elders and its subsidiaries) amount to 10% or more of the total number of votes exercisable on that resolution;
 - (b) the holdings of Elders and its subsidiaries of any class of preference shares of S & N do not exceed (when aggregated with any such shares held directly or indirectly by any person associated with Elders and its subsidiaries or in which any such person has an interest directly or indirectly) the following levels:
 - 7% convertible preference shares: 1,215,573 shares;
 - 4.6% preference shares: 16.69% of the total number of such shares;
 - 6.42% preference shares: 16.5% of the total number of such shares.
 - (c) it and its subsidiaries will not acquire, or enter into or carry out any agreement or arrangement which may result in any person associated with any of them acquiring, directly or indirectly:
 - (i) any shares, or any interest in any shares, of any subsidiary of S & N; or
 - (ii) other than in the ordinary course of business, the whole or part of any undertaking or assets of S & N or any of its subsidiaries.

Press Enquiries: 01-215 4471/75
(Out of Hours: 01-215 4657/8)
Public Enquiries: 01-215 5000