

Practice Note 4 (PN4) – Can the offer price be increased after a

5. An offeror is under no obligation to make a no increase statement. However if one is made it is normally issued with a view to emphasising the finality of the terms of the offer. In these circumstances shareholders should be able to place the highest possible reliance on the offeror's (and its adviser's) statement and accordingly reach an informed decision in respect of the offer.

Right to set aside statement to be specifically reserved

6. If an offeror decides to issue a no increase statement it may at the same time reserve the right to increase the offer so long as the circumstances in which the offer might be increased are clearly set out. If an offeror reserves its right in this way it may choose not to be bound by a no increase statement in the event that one of the specified circumstances occurs.
7. Offerors and their advisers should be aware that Notes 2 and 3 to Rule 18 provide additional guidance if an offeror wishes to set aside a no increase statement in the case of a competing situation or a recommendation by the board of the offeree company.
8. Note 2 provides that in the event of a competitive situation arising the offeror may choose not to be bound by a no increase statement in the event that one of the specified circumstances occurs.

10. As already mentioned Rule 18.3 permits revision of a no increase statement in **“wholly exceptional circumstances”** even if the right to set the no increase statement aside has not been specifically reserved. The question of what might amount to **“wholly exceptional circumstances”** would depend on a detailed analysis of the circumstances of the particular case. If in doubt the Executive should be consulted at the earliest opportunity.

Deduction of dividends

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