

SECRET

NOTE OF CPC DISCUSSION

Imasco - Private Placement (Reference: Mr Dennis' note of 24 October 1984)

The CPC discussed the acquisition of an additional 3.4 million shares in Imasco by way of a private placement by Imasco.

The main points of the discussion were as follows:-

- 1 Rumours leaking back through their legal advisers indicated that Mr Paré would be seeking the market price on 30 October plus a premium of 5%.

The CPC could not justify negotiations on either the unknown nature of the 30 October price or the level of premium. It was noted that when Imasco last issued shares they in fact had to pay 4.5% as underwriting commission. A placement to B.A.T Industries would, in fact, save them money.

FIRA would not object to the absence of a premium especially as:-

- (a) control was not envisaged
- (b) we intended to maintain the same relationship and
- (c) the "arms length" nature of the transaction could be satisfied.


- 2 The most acceptable methods of negotiating a price were seen, in order of preference:-

- (a) The average of 20 days middle-market prices up to 30 October.
- (b) The average of 20 days middle-market price up to 30 October and a small premium (no greater than 2½%).

This method would enable Mr Paré to show to his Board that he had negotiated a market price plus a premium which would also represent a satisfactory price for B.A.T Industries.

- (c) The average of 10 days middle-market price up to 30 October with no premium.

The CPC would not be able to recommend the acceptance of a future one-day price unless a "cap" was put on it.

  
A R Holliman  
26 October 1984

*Problem about all these approaches is that Mr. Paré needs to know in some way how he has agreed, or how sign. or body agreed. One answer is to give the Institute Board enough detail before it meets.*

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