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SWISS TAKEOVER BOARD**Selnaustrasse 32  
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www.takeover.ch**RECOMMENDATION****of June 17, 1999****Public Exchange Offer of Kuoni Holdings Plc, incorporated in England and Wales, for all Registered Shares A in Kuoni Reisen Holding AG and Registered Shares B in Kuoni Reisen Holding AG / Extension of the Duration of the Exchange Offer Period**

On March 15, 1999 the Boards of Directors of Kuoni Reisen Holding AG (Kuoni) and First Choice Holidays Plc (First Choice) officially announced the terms of a merger of the two companies by means of the acquisition of the shares in the two companies by exchange offer to be made by a new entity, Kuoni Holdings Plc (Kuoni Holdings).

On March 23, 1999 Kuoni informed the Swiss Takeover Board that it would launch an exchange offer for all issued and outstanding registered „A“ and registered „B“ shares of Kuoni (Swiss offer). The exchange offer was open from April 27 to June 1, 1999. The Takeover Board adopted its recommendation on April 23, 1999 confirming compliance of the Swiss offer with the Swiss Stock Exchange Act. Simultaneously, Kuoni Holdings launched an exchange offer for the entire issued and to be issued ordinary and convertible preference share capital of First Choice (UK offer). The UK offer was open from April 26 (date of posting the offer documents) to June 15, 1999.

On April 29, 1999 Airtours Plc (Airtours) announced a rival bid in the UK for the entire issued and to be issued ordinary and convertible preference share capital of First Choice not already held by Airtours in the UK (Airtours offer).

On May 6, 1999 the European Commission cleared under EC Merger Regulation the offer by Kuoni Holdings for First Choice.

In light of this development, the board of directors of Kuoni and First Choice respectively advised their shareholders to take no action until the significant uncertainties surrounding the Airtours offer had been removed.

On May 28, 1999 Kuoni Holdings announced the extension of the offer period of the Swiss offer until June 23, 1999.

On June 3, 1999 Airtours declared its offer to First Choice shareholders unconditional as to acceptances. On the same day, the European Commission announced its decision to refer the Airtours offer to phase II of the European Commission Regulation procedure.

On June 10, 1999 Airtours announced that it had allowed its offer for First Choice to lapse.

On June 15, 1999 Kuoni Holdings asked the Takeover Board for approval of an extension of the offer period of its Swiss offer until July 8, 1999.

### **The Considerations of the Delegation:**

#### 1. Situation in the UK

On June 16, 1999 the UK Panel on Takeovers and Mergers agreed to an extension for shareholders of First Choice to accept the merger proposal of Kuoni Holdings.

According to the new timetable the UK offer will be declared unconditional as to acceptances on July 8, 1999 provided that more than 50% of the voting rights of First Choice have been tendered. Kuoni Holdings then has up to 21 calendar days (i.e. up to July 29, 1999) to satisfy all other conditions of the offer to First Choice shareholders and to declare the UK offer wholly unconditional.

#### 2. Legal Situation in Switzerland

According to Art 14 para. 4 Ordinance of the Takeover Board (OTB) the offer shall not remain open for more than 40 trading days. Under exceptional circumstances, however, an extension of the offer period beyond 40 trading days may be granted.

In view of the fact that the offers in the UK and in Switzerland are cross-conditional both offers should be synchronised.

Kuoni Holdings is asking for an extension of the Swiss offer until July 8, 1999. On this date both offers, the Swiss and the UK offer, are to be declared unconditional as to acceptances which in Switzerland means that more than 80% of the issued registered shares in Kuoni (or  $66\frac{2}{3}\%$  if the board of directors of Kuoni Holdings has decided to lower the 80% limit as provided for in the exchange offer prospectus) are tendered. While in the UK Kuoni Holdings must satisfy all other conditions of the UK offer within 21 calendar days (among which one condition is that the Swiss offer has become unconditional), in Switzerland the additional acceptance period starts on July 15, 1999 after the interim results have been formally published. The additional acceptance period will end on July 29, 1999 and consequently, the UK and the Swiss offers both will be closed on July 29, 1999. This timetable guarantees that the two offers are fully synchronised.

The requested extension of the offer period is, therefore, to be approved.

#### 3. Information to Kuoni shareholders

To inform its shareholders about the further steps Kuoni will send a letter to its shareholders. This letter includes statements and information that normally are provided for by the offeror (e.g. the new timetable). Furthermore, the letter will include an extract of a letter sent by First Choice to its shareholders. This extract sets forth, among other things, the amount of the expected merger benefits and refers also to a profit forecast of First Choice. This information is considered to be additional information to the shareholders provided for by Kuoni Holdings and, therefore, is deemed to

be an addition to the Swiss exchange offer prospectus of Kuoni Holdings. Consequently, such information and statements are subject to an examination by the review body of Kuoni Holdings.

On June 17, 1999 the review body procured a report confirming that the letter to the shareholders complies with the Stock Exchange Act and the Ordinance of the Takeover Board. The report includes two further reports issued by the London branch of the review body confirming on the one hand that the board of directors of First Choice has made the statement with regard to the merger benefits with due care and consideration, and, on the other hand that the profit forecast issued by First Choice has been properly compiled with due care and consideration.

In addition to the letter to the shareholders of Kuoni, Kuoni Holdings will issue a press release informing the market about the extension of the offer period of the Swiss offer.

The delegation approves this procedure.

**The Takeover Board adopts the following recommendation:**

The duration of the exchange offer period of Kuoni Holdings will be extended until July 8, 1999.

The Chairman:

Hans Caspar von der Crone

This recommendation is communicated to:

- Kuoni Holdings Plc, through its representative