

12 June 2015

The Secretary to the Code Committee  
The Takeover Panel  
10 Paternoster Square  
London  
EC4M 7YD

**Response to PCP 2015/1/Dividends**

Dear Secretary,

We appreciate the opportunity to comment on the proposals contained in PCP 2015/01.

We note that the PCP does not articulate any problems or controversies encountered in the application of existing rules which may have been faced by the Panel and which would be addressed by the new proposals. We also note that non Rule 9 offers without exception have a "no dividend has been paid since X" condition included. It appears that the proposals are meant to require offerors to state any foreseeable circumstance that may result in a lowered bid price in the relevant announcements.

While we understand the general desire to fix necessary terms of a published offer, we do not see any problem in current practice which requires a solution. We are in principle in favour of increased clarity in the Panel's rules and in the application thereof. We also have a bias against unnecessary changes to the Code and believe brevity is a commendable objective. Viewed in this light, we are broadly neutral as to the proposals made in Part 2 of the PCP: "Reserving the right to reduce the offer consideration if a dividend is paid." We do not believe the proposed changes are absolutely necessary, nor do we actively oppose them.

The proposals made in Parts 3 and 4 of the PCP around no increase statements and share purchases seem sensible – value is value, so the headline offer price should be reduced if a dividend is paid and the no increase statement contained no reservation allowing the value of the offer to be increased in those circumstances. This underlines the fact that dividends are an objective adjustment, such that a consistent approach should be taken in the absence of a no increase statement i.e. the focus should be the objective value of the offer, rather than the headline price.

Thank you very much for your consideration.

Very truly yours,



**William J Ferrari**  
**Managing Director, ECM & Corporate Finance**

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