

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

12 June 2015

Your ref: BDO  
Our ref: PCP15(1)/JS/Consultation

Dear Sirs

#### **PCP 2015/1 Consultation - Dividends**

BDO LLP (“BDO”) is pleased to respond to your request for comments on the above consultation. We understand and hereby approve that this response to the consultation is made available for public inspection and published on the Panel’s website.

BDO is the UK member firm of the BDO international network, the world's fifth largest accountancy organisation. BDO has acted as both a financial advisor to clients on transactions to which the Takeover Code (the “Code”) applies and as a reporting accountant on specific aspects of the Code such as reports in connection with profit forecasts.

#### **General comments**

In general terms, we support the proposed additions and amendments to the Code, although we believe that the current drafting needs to be amended to ensure that where reference is made to dividends as being “paid” this should often also include dividends that have “become payable and are pending payment”.

#### **Responses to questions**

**Q1 Should Note 4 on Rule 2.5, Note 4 on Rule 2.7 and Note 5 on Rule 24.3 be introduced, and Note 1 on Rule 2.5 amended, as proposed?**

Yes, subject to the general comment given above we agree Note 4 on Rule 2.5, Note 4 on Rule 2.7 and Note 5 on Rule 24.3 should be introduced, and Note 1 on Rule 2.5 should be amended, as proposed.

We also believe that Note 4 on Rule 2.5 should be expanded to include the situation where a dividend that is declared but not subsequently approved, or is cancelled, the offeror should be given the option to increase their offer should they wish to amend their offer to reflect some or all of the value retained within the offeree.

**Q2 Should Note 5 on Rule 2.5 and Note 6 on Rule 32.2 be introduced as proposed?**

Yes, subject to the general comment given above we agree Note 5 on Rule 2.5 and Note 6 on Rule 32.2 should be introduced as proposed.

**Q3 Should Note 5 on Rule 6, Note 4 on Rule 9.5 and Note 9 on Rule 11.1 be amended as proposed?**

Yes, we agree Note 5 on Rule 6, Note 4 on Rule 9.5 and Note 9 on Rule 11.1 should be amended as proposed.

12 June 2015

We would be pleased to discuss any queries you may have in relation to the points raised in this letter.

Yours faithfully

A handwritten signature in black ink, appearing to read 'JS'.

John Stephan, Partner  
PLC Advisory, Mergers & Acquisitions  
For and on behalf of BDO LLP

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Simon Leathers, Director  
PLC Advisory, Mergers & Acquisitions  
For and on behalf of BDO LLP