

The Secretary to the Code Committee  
The Takeover Panel  
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Dear Sir/Madam

We set out below our responses in respect of the current Panel Consultation Papers.

**PCP 2012/1 – Profit forecasts, quantified financial benefits statements, material changes in information and other amendments to the Takeover Code**

We are of the view that, overall, the proposed changes reflect a pragmatic and proportionate approach by the Panel in dealing with the subject matters covered in the above PCP.

**Profit forecasts published before an approach with regard to a possible offer**

We concur with the view that it would be disproportionate to continue to require companies to report on profit forecasts that existed prior to the commencement of an offer period where there was no reason for the board of the company to believe that an offer was in contemplation. We also agree with the approach being proposed whereby the directors would be confirming whether the profit forecasts are still valid or include a new profit forecast for the relevant period.

**Ordinary course profit forecasts**

We agree with the concept of disapplication of the certain requirements of Rule 28 with the Panel's consent. However, further clarity on 'established practice' in this context may be helpful. For example, should such established practice be in place for a number of years for it to be considered 'established'?

**Profit forecasts for future financial periods**

The presumptions set out in this section of the PCP are helpful and pragmatic in distinguishing between profit forecasts for more and less than a 15 months period. The requirement to publish profit forecast(s) for intervening periods as set out in paragraph 6.12 of the PCP is also logical.

We understand the basis upon which the Panel continues to treat management buy-outs and offers by controllers differently in the context of Rule 28. Given that Note 4 of Rule 28.1 does make a provision for Panel consent on this matter, in case there are situations where there is merit in considering giving a dispensation from the requirement if there is an appropriate case to be made, we do not have any further comments on the proposed changes in relation to this aspect.

### **Quantified financial benefits statements**

We feel that the wording for Rule 28.5(e) suggested in paragraph 13.13 of the PCP may need some further clarity as it is unclear what "other measures" is designed to capture.

### **PCP 2012/2 – Pension Scheme Trustee issues**

We agree with the concept of extending the rules to provide a broadly similar treatment to the pension scheme trustees as is currently afforded to employee representatives. We believe that it is right for offeree company's pension scheme(s) trustees to be provided with a framework to express their views.

We would, however, like to highlight that there are regular situations where an offeree board director is also a pension scheme trustee. Keeping into account Note 7 of the definition of "Acting in concert", we are of the view that there are likely to be a larger number of instances than perhaps envisaged by the Panel where the prohibition under Rule 21.2(a) is likely to become relevant. It may therefore be appropriate to give further consideration to this matter and to provide clarification on what the requirements would be should such a scenario arise.

We note that there is no current change being proposed in the PCP which would require the offeror to make clear the status of discussions with the pension scheme trustees. We are of the view that introducing provisions along the lines set out in Rule 16.2 may be helpful in this context.

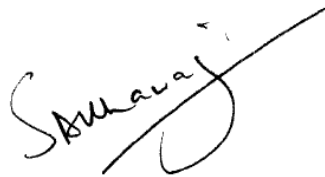
The distinction in treatment between the costs to be covered by the offeree company in relation to the employee representatives and pensions scheme trustees has been set out in paragraph 3.11 of the PCP. From the perspective of the trustees, the reasons set out for this distinction in the PCP are not convincing. The trustees should be in a position to obtain the relevant advice in order for their opinion to be meaningful for the purpose of its recipients. On this basis, we would suggest that the different treatment of costs in relation to pension scheme trustees is removed.

### **PCP 2012/3 – Companies subject to the Takeover Code**

We welcome the changes proposed as part of this PCP. We are of the view that the current rules allow companies to move in and out of the remit of the Code without providing clarity to the market with regards to the applicability of the Code. The proposed changes will provide a clearer and more transparent treatment with regards to this matter.

We would recommend that the Panel sets out the steps that a company would be required to take where the proposed changes will result in it coming into the ambit of the Code. For example, would there be a requirement to make a regulatory announcement by the company?

Yours sincerely



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