



Pension Scheme (UK)

The Takeover Panel
10 Paternoster Square
London
EC4M 7DY

26 September 2012

Dear Sirs,

**THE TAKEOVER PANEL CONSULTATION PCP 2012/2
PENSION SCHEME TRUSTEE ISSUES**

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We have been briefed by our advisers, Penfida Partners, in relation to the Panel's proposals, published on 5th July, 2012, to amend the Takeover Code to take account of the interests of the members of pension schemes reliant upon Offeree Companies which are subject to an Offer governed by the Takeover Code. We have also reviewed the response to those proposals which has been submitted to the Panel by Penfida.

The purpose of this letter is to express our support for the proposed amendments to the Takeover Code. We believe that the proposals represent a constructive move to recognise, and to provide a mechanism to address, the important and frequently under-represented interests of Offeree pension fund members whose sponsors are the subject of takeover bids.

In addition to supporting the specific amendments proposed by the Panel, we share the concerns raised by Penfida in their response to the Panel regarding, firstly, the interaction of the Takeover Code and the powers of the Pensions Regulator and, secondly, the costs for trustees of providing opinions in the context of an Offer period.

In relation to the Pensions Regulator, we believe that in cases where a pension scheme may suffer material detriment as a result of an Offer and where no satisfactory mitigation is provided to the scheme, scheme members' interests would be served by a provision in the Takeover Code which facilitated the publication of the Pensions Regulator's views of the impact of the Offer during the course of the Offer period. The objective of such a provision would be to encourage Offerors to address the legitimate concerns of Offeree pension scheme trustees prospectively rather than retrospectively, which is currently the case.

In relation to the costs for trustees of providing opinions, we endorse the specific points which have been made by Penfida in their response to the Panel. We share their view that the costs may be material for some schemes and that, in some circumstances, this may inhibit trustees from disseminating their views of an Offer's impact on their scheme, which the proposed amendments to the Takeover Code are intended to promote.

Yours faithfully,

TUI Pension Scheme (UK) Ltd