



## Britannia Airways Ltd Superannuation & Life Assurance Scheme

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

We have been briefed by our advisers, Penfida Partners, in relation to the Panel's proposals, published on 5<sup>th</sup> 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,

BAL Trustee Ltd

The Pensions Department  
Pilot Pensions  
TUI UK  
Wigmore House  
Wigmore Place  
Wigmore Lane  
Luton  
LU2 9TN

Phone +44 (0)1582 645461  
+44 (0)1582 645427  
Fax +44 (0)1582 644593