Market Tracker | Trend Report

Tracking the market:

Trends in UK public M&A for the first half of 2014

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Contents

Background and approach

This report aims to provide an insight into the current dynamics of public M&A activity within the UK and what we can expect to see in the 6 months ahead.

LexisNexis Market Tracker has conducted research to examine current market trends in respect of UK public M&A deals announced in the first half of 2014. We reviewed a total of 39 transactions that were subject to the Takeover Code (**the Code**): 22 firm offers (10 for Main Market companies, 12 for AIM) and 17 which were at the possible offer stage* as at 30 June 2014 (8 for Main Market companies, 9 for AIM).

There has been a greatly increased deal flow, with 29% more firm offers announced compared with the same period in 2013. Even more significantly, aggregate deal values were 111% greater than in the first half of 2013. These are clear signs that the Public M&A market is recovering and this positive momentum is expected to continue through the second half of the year.

The first half of 2014 has seen the continuance of a number of trends observed in recent years, amongst them the continued preference for schemes of arrangement on larger deals, the decline in the level of takeover activity backed by private equity bidders, the continued popularity of cash consideration, the rising popularity of the formal sale process, a predominance of non-UK bidders and market flex dispensations.

We have also seen so far this year strong interest in the pharmaceutical industry and the technology, media & telecommunications (**TMT**) sector, US tax inversion activity and an increase in the use of co-operation agreements. While cash remains king in the present market, we have seen alternative forms of consideration ranging from shares only (suggesting a growing confidence in equity value) to a mixture of cash and contingent value rights (which may indicate that shareholders are more willing to accept a certain level of risk for the prospect of future gain). Lenders also appear to be more willing to step in where dependable dealmakers are involved in credible transactions. The Panel continues to be proactive in policing the boundaries of offer-related arrangements, particularly in relation to irrevocable undertakings.

Whilst our cut off point for announced deals for the preparation of this report is 30 June 2014, we have also covered bid progress, outcomes and features running into the second half of the year where this might be helpful in considering the highlighted trends. The final date for inclusion of developments in this report is 31 August 2014.

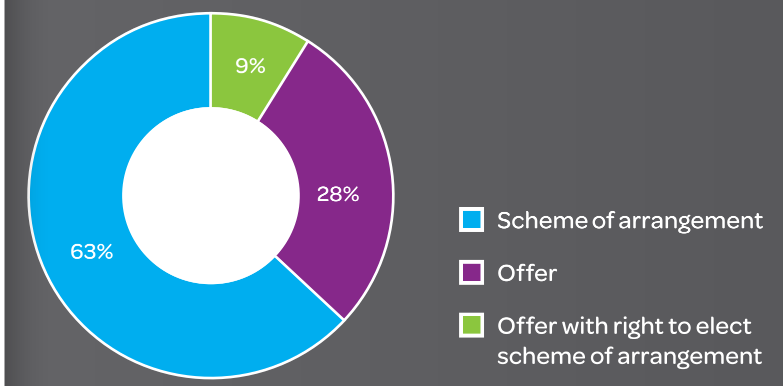
"Increased deal flow and volumes are to be welcomed - the remainder of 2014 should continue this trend but the market remains wary. Particular sectors have certainly been critical to driving activity - the deal trends in this survey indicate that certainty is key to structuring a successful transaction."

George Swan, Partner, Freshfields Bruckhaus Deringer LLP

* *Comprising 13 possible offers subject to a PUSU deadline and 4 formal sale processes initiated by a target company.*

1. Deal Structure

Firm offers in H1 2014: Structure by number of deals (22 transactions)



Structuring the deal to suit the circumstances

Of the 22 firm offers announced in the first half of 2014 (12 for AIM companies and 10 for Main Market companies), 14 were structured by way of scheme of arrangement. Just 2 of the 8 offers provided a right for the bidder to elect to implement the deal by way of a scheme; in neither case was such right exercised.

Schemes of arrangement remain popular amongst bidders for a number of reasons:

- Certainty of obtaining 100% control: a scheme, if approved by a 75% majority of shareholders (in value) present and voting at the relevant meeting(s) at the court, will be binding on all target company's shareholders, enabling the bidder to be sure of achieving 100% control rather than just a majority stake
- A scheme can be structured so that no stamp duty is payable by the bidder, saving approximately 0.5% of the deal value

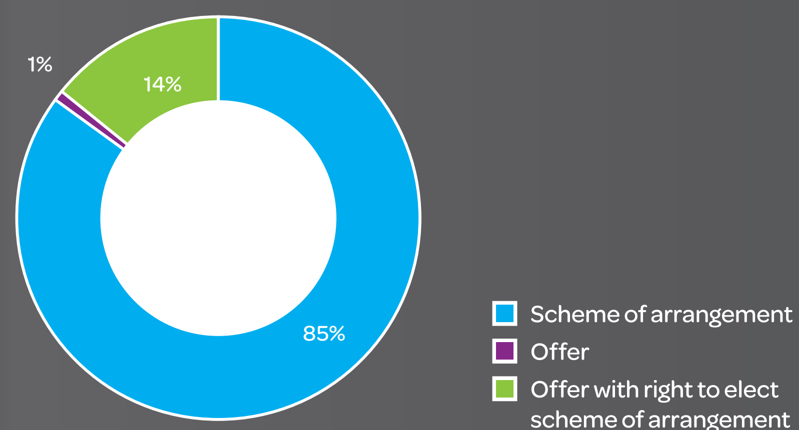
Schemes of arrangement generally remain the preferred structure on the larger deals

Deal size affects structure

A scheme was the structure of choice where the deal was larger in size, with 10 of 11 of the largest deals firmly announced in the first half of 2014 structured as schemes. The other deal, valued at £1.19 billion, was hostile, but included a right to switch to a scheme *(offer for Essar Energy plc by Essar Global Fund Limited).*

Of the remaining 11 deals, ranging between £0.79 million and £53.55 million in value, only 4 were structured as schemes, with one further deal providing a right to elect to implement the acquisition by way of a scheme *(offer for Manroy plc by Herstal SA).*

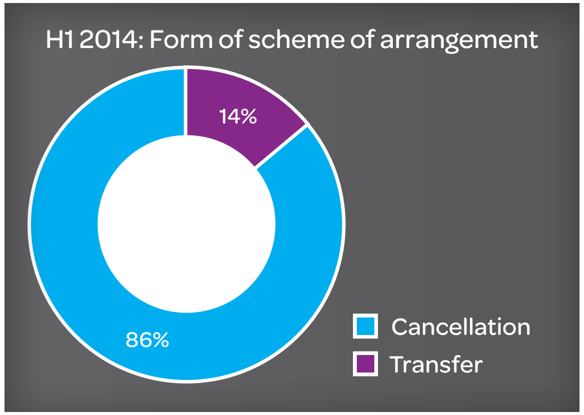
Firm offers in H1 2014: Structure by deal value



Total aggregate deal value £8.8 billion

Types of scheme

Two of the most common forms of schemes of arrangement used in takeovers are cancellation schemes and transfer schemes. In the first half of 2014, 86% of schemes were structured as cancellation schemes.



"It is no surprise that cancellation schemes continue to be the preferred model. They are well understood, efficient and deliver the 100% control that bidders require."

George Swan, Partner, Freshfields Bruckhaus Deringer LLP

"On complex takeovers with a high value the stamp duty saving on a cancellation scheme appears to be a key determining factor for bidders."

Rebecca Gordon, Partner, Dentons

Cancellation or transfer scheme?

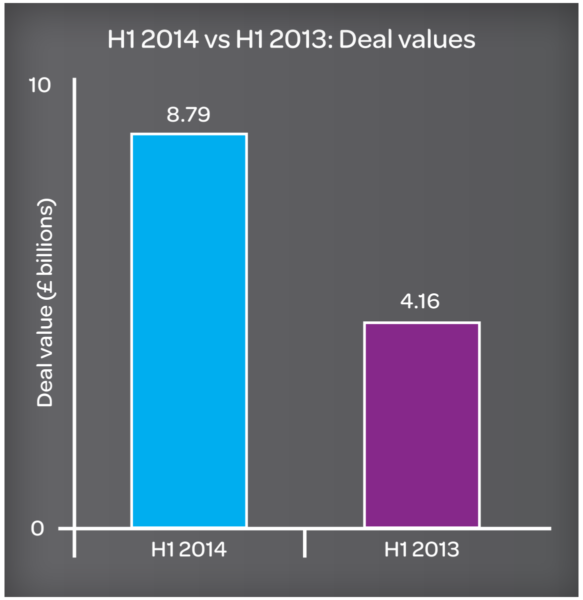
In a cancellation scheme, all target shares (other than any held by the bidder) are cancelled and new target shares are immediately issued to the bidder. No stamp duty is payable on the acquisition of the target, because no share transfers are involved, making this form of scheme a very popular choice (although, as the cancellation involves a formal court-sanctioned reduction of share capital, the overall deal timetable is longer and the costs greater than for a transfer scheme).

Under a transfer scheme, the target shareholders will be bound to transfer their shares to the bidder once certain conditions are satisfied. If timing is an issue, a transfer scheme may be a more attractive option as the timetable will usually be shorter than for a cancellation. In practice, cancellation schemes tend to be adopted much more frequently than transfer schemes.

2 . Deal Value

The aggregate value of deals firmly announced in the first half of 2014 was £8,797 million, up 111% on the first half of 2013 (H1 2013: £4,160 million). This is a clear indication that the public M&A market is recovering. Further high value deals are expected in the second half of the year, which kicked off with a bang with the £30.14 billion cash and share firm offer for Shire plc by AbbVie announced in July 2014. Between then and our 31 August final cut-off date, a further 4 firm offers were announced, with a total value of approximately £831.4 million.

Of the 22 firm offers announced in the first half of 2014, 3 (13%) had a deal value of over £1 billion, compared to only one in the first half of 2013. The average deal value was £399 million (H1 2013: £245 million) and the median deal value was £53.63 million (H1 2013: £31 million).



3. Target Response: Recommended or Hostile?

Firm offers

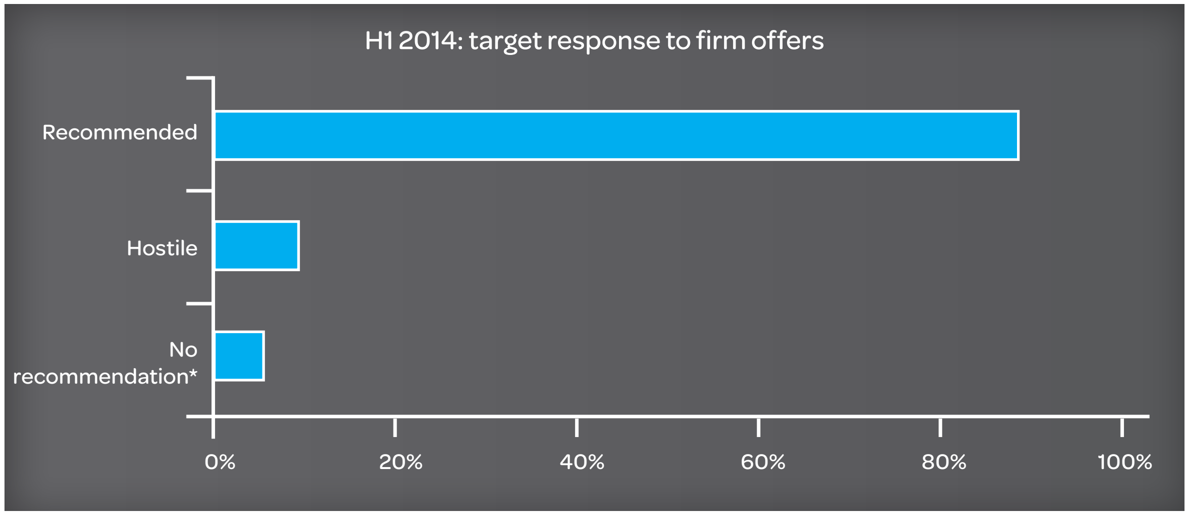
Target board recommendations were a priority for almost all bidders in the first half of 2014. Of the 22 firm offers, 19 (86%) began with a recommendation and remained recommended as at 30 June 2014. A recommendation had a significant influence on a bid's ultimate success; all recommended offers had either completed or were still in progress on 30 June 2014.

Of the other 3 firm offers, 2 (9%) were met from the outset with an expressly hostile board (*offer for Essar Energy plc by Essar Global Fund Limited* and *offer for Toye & Co. plc by Bryan Toye*). The other (*mandatory offer for Expansys plc by Peter Jones*) was not recommended on announcement, but received the target board's support after the bidder made an increased offer.

Possible offers

Of the 5 possible offers that failed to progress to either a firm or a mandatory offer by 30 June 2014, 2 of the target boards (40%) were expressly hostile and 3 did not give a definitive response either way (60%). The most common reasons for rejections were undervaluation of the target, its underlying assets and growth prospects and offers being either opportunistic or highly conditional.

There was one instance of the target board changing its original hostile opinion to a recommendation. AbbVie's possible offer for Shire plc announced in June 2014 was originally hostile. By the time a firm offer had been announced on 18 July 2014 (i.e. after the period analysed in this report), AbbVie had secured the target board's recommendation to a significantly increased offer.



*Later becoming recommended

Hostile bids – Shareholder litigation: a US and UK comparison

Unlike the UK where they are seen as a measure of last resort, hostile bids are much more common in the United States, and many more takeovers are challenged by shareholders. Reports suggest that between 90% and 95% of M&A deals in the US worth over $100m are challenged by shareholders.

The first half of the year has seen increased high profile hostile takeover activity in the US, along with heightened shareholder activism, including the highly publicised on-going battle between Valeant Pharmaceuticals and Allergan. As at 31 August 2014, Valeant and Mr William Ackman (founder of the activist hedge fund Pershing Square Capital Management LP which, together with Valeant, has a stake in Allergen) have filed a lawsuit requesting that a judge order a special meeting of Allergen be convened which could see the removal of the majority of Allergen's board. Allergen for its part has filed its own lawsuit against Valeant and Mr Ackman accusing them of insider trading (which they deny).

US Shareholder litigation is driven by a variety of factors. One is the prevalence of class actions, a procedure for combining a large number of claims in a single law suit, with named plaintiffs representing a class of persons with similar interests. Any persons falling within that class are entitled to a share of any damages awarded, even if they did not actively participate in the litigation (unless they opt out). Claimant lawyers structure their retainer on a contingency basis whereby they receive a percentage of any recovery. The directors of the target are, in turn, incentivised to settle the dispute so as to avoid the prospect of exposure to significant damages and buyers like to close a transaction without any litigation looming over the target. Cost is generally covered by the target's D&O liability insurance. Another contributing factor is the declining number of investment banks in the US, which has increased the potential for conflicts of interest in large takeovers and provides claimant lawyers with additional grounds for attack.

In the UK there is no direct equivalent to the class action suit. The nearest comparison is a group litigation order (GLO). However, unlike the US system, a GLO operates on an 'opt-in' basis rather than the 'opt-out basis' (whereby persons falling within a specified class are automatically entitled to a share of any damages awarded). Perhaps the most significant factor in the UK, however, is the long-established culture of non-intervention by the courts, which are reluctant to adjudicate in relation to an ongoing takeover dispute in recognition of the Panel's regulatory function and expertise. This is unlikely to change any time soon, given the stance of the English courts, the Panel and the UK government towards tactical litigation.

Based on an article for Lexis®PSL Corporate by Matthew Akers, Weil, Gotshal & Manges

4. Competing and Potential Competing Bids

There were no instances of actual competing bids and only 2 potential competing bid scenarios in the first half of 2014. This shows a significant worsening of competitive tension in the UK public M&A market compared against the same period in 2013 when there were 4 companies subject to potential and competing bids.

With the resurgence in UK public M&A activity during the first 6 months of 2014 likely to continue in the second half of the year, we may see a number of competing and potential competing bid situations arise.

"The absence of competing bids shows that the market has not completely thrown off the caution and restraint adopted by it over the last few years. This is likely to continue - deal certainty means bidders do not want to participate in long drawn-out bid processes, nor do they want to overpay for assets."

George Swan, Partner, Freshfields Bruckhaus Deringer LLP

"We have been surprised by the lack of competing bids this year, although takeover activity in general has been lower which may be indicative of companies having greater confidence in their valuations post-recession."

Rebecca Gordon, Partner, Dentons

Deal in Focus

Bid battle for Hyder Consulting plc

One actual competing bid has so far emerged during the second half of the year (up to our 31 August 2014 final cut-off point). On 8 August 2014, Nippon Koei Co. announced a competing firm offer for Hyder Consulting plc at a deal value 4.6% higher than the recommended cash offer made 8 days earlier by rival bidder Arcadis B.V.

Almost 3 weeks later, Arcadis announced an increased cash counter offer at a 7.4% premium to Nippon's offer and, at the same time, bought over 6 million target shares for a 15.6% stake. As at 31 August 2014, Nippon was still considering its options, although the market does not expect it to bid further.

5. Industry Focus

Bidder activity in the first half of 2014 was evenly spread across three industries: technology, media & telecommunications, retail & wholesale trade and investment & property.

Activity in the TMT industry was solely conducted by foreign bidders (also operating within the TMT industry) using the UK public M&A market to consolidate their global industry position. The first half of 2014 also saw increased private M&A activity in the TMT industry, with sizable deals including Vodafone's €7.2 billion acquisition of Spanish cable operator Ono.

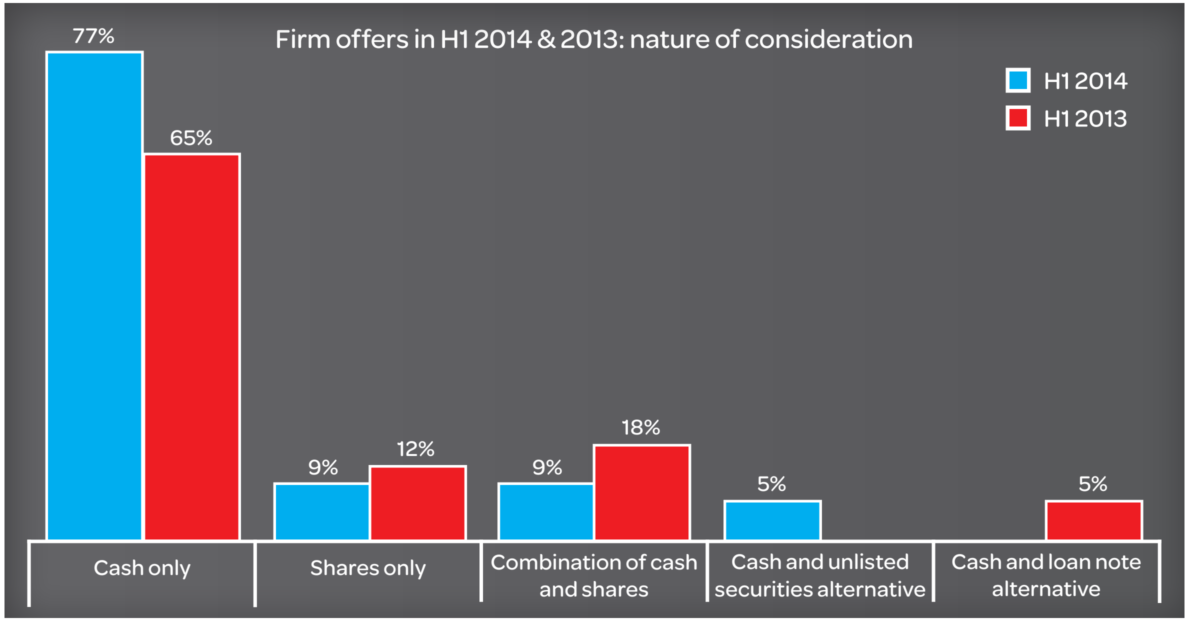
Globally, there has been a surge in private M&A activity in the pharmaceutical & biotechnology industry during 2014, as seen with Canadian incorporated Valeant Pharmaceuticals' proposed $50.4 billion acquisition of Allergan. Looking at the UK public M&A sphere, we have already seen 2 bids in 2014 for targets operating in this industry (AstraZeneca plc and Shire plc) and further bidder activity is expected in the second half of the year.

6. Nature of Consideration

Firm offers

Of the 22 firm offers announced, 3 (14%) involved a combination of consideration types; the remaining 19 (86%) offered one form of consideration only. Of those 19, 17 were all-cash offers (77%) and 2 were all-share offers (9%). In summary, 20 of the 22 firm offers had a cash element, either solely or as a combination, accounting in total for 91% of firm offers announced in the first half of 2014.

There is a continuing trend of cash only consideration remaining popular amongst bidders; use of cash consideration was up 12% on the first half of 2013.



Why is cash (still) king?

The popularity of cash consideration is due to a combination of factors, most notably the need for certainty of value in a deal-making environment which is still challenging, continuing unpredictability in financial markets, strong balance sheet positions of some UK bidders and a substantial proportion of UK target companies attracting foreign bids.

Cash is expected to remain the consideration type of choice for bidders in the second half of the year. This has so far been confirmed, with all 5 firm offers announced so far in the second half of the year having a cash element, either solely or as a combination (with shares).

Possible offers

Of the 5 possible offers announced in the first half of 2014 which failed to progress to a firm (or mandatory) offer, 3 did not specify the likely form or level of consideration (given that the bids were still in the early stages), one offered cash consideration only and the other offered a combination of cash and shares.

Cash has remained the preferred form of consideration for UK public M&A

Alternatives to all-cash and all-share offers

The first half of 2014 saw a variety of consideration structures, with some bidders offering flexible alternatives to all-cash or all-share offers; these included contingent value rights (deferred consideration), unlisted securities and mix & match facilities.

Contingent value rights

In the *offer for Mediterranean Oil & Gas plc by Rockhopper plc*, shareholders were offered the right to receive contingent consideration of up to 3.55 pence per share, payable if contingent resources of liquid hydrocarbons estimated to be potentially recoverable from the Hagar Qim Prospect (**HQ Prospect**) oil well in Malta are at least 80 million barrels in total. This contingent consideration was offered in addition to initial cash and shares consideration to allow target shareholders to benefit from the potential success of the HQ Prospect oil well in which the target had a 25% interest. The total value of the contingent consideration, if paid, will be between £11.9 and £16 million.

Mix & match

The *merger of ACM Shipping Group plc and Braemar Shipping Services plc* included a 'mix and match facility', giving ACM shareholders the option of varying the proportions of cash and new Braemar shares receivable on their sale of shares to Braemar. This method of giving the ACM shareholders a choice of consideration, subject to the elections of other target shareholders, made the offer more attractive in terms of taxation and investment options. Where shareholder elections could not be satisfied in full, they were scaled down on a pro-rata basis.

Unlisted securities alternative

An unlisted securities alternative was offered by Middlewich in its cash offer for Pochin's (*offer for Pochin's plc by James Nicholson and the members of the Cedric Pochin concert party*). Pochin's shareholders were given the option to elect for each target share either cash or an unlisted securities alternative in the form of new B shares in the bidder. The B shares were unlisted, redeemable, non-transferable, did not carry voting rights and would receive dividends only at the absolute discretion of the bidder board. Each share was valued (by Middlewich's financial adviser) at approximately 25 pence per share, significantly lower than the cash consideration of 45 pence per share offered. Accordingly, the directors of Pochin's did not recommend that its shareholders accept this unlisted securities alternative.

Drafting Example

The offer document in the offer for Pochin's contained the following wording: 'As an alternative to some or all of the Cash Consideration to which they would otherwise be entitled under the Offer, accepting Pochin's Shareholders (other than certain Overseas Shareholders) may elect to receive B Shares to be issued by Middlewich on the following basis:

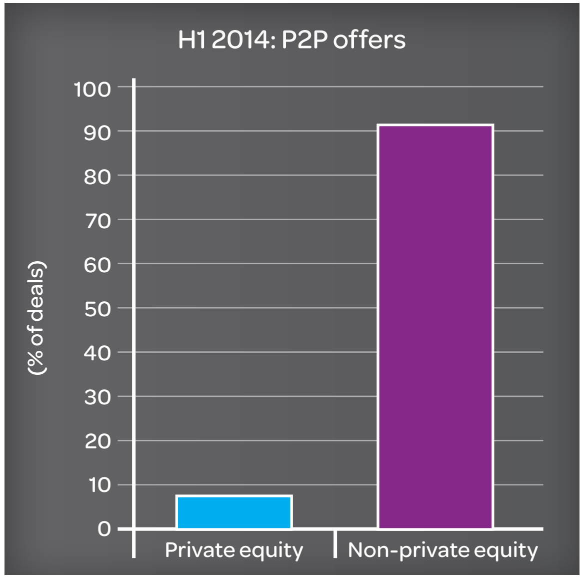
- For each Pochin's Share One B Share

The B Shares will be issued by Middlewich credited as fully paid and in certificated form. The rights of the B Shares are governed by the Middlewich Articles. No application has been or will be made for the B Shares to be admitted to listing or trading on any stock exchange. Middlewich has no shares admitted to listing or trading on any stock exchange and it is not intended that any application for such admission will be made.

The B Shares are (save upon death, when they are transferable to a family member) non-transferable B preferred shares in Middlewich carrying no voting rights and the holders of the B Shares will be entitled to receive dividends and other distributions solely at the discretion of the Middlewich Board.'

7. Public to Private Transactions

Weakened takeover activity backed by private equity bidders has continued since last year



In the first half of 2014, of the 22 firm offers announced for Main Market or AIM companies, only 2 (9%) were private equity backed bids. Weakened public to private (**P2P**) takeover activity has continued since last year (only 2 such transactions occurred in H1 2013) and remains low due to stagnant / depressed market prices and the significant amounts of capital many PE funds have raised and retained in the past few years.

There are some small signs that P2P activity may be on the point of recovery. The aggregate deal value of these 2 transactions, for instance, was £180 million, over 5 times higher compared to the 2 deals in the same period in 2013. Having said this, only one firm offer has so far been announced in H2 2014 (up to our cut-off date of 31 August) at a deal value of £19 million (*office2office plc by EVO Business Supplies Limited*).

"Stub equity is often a feature of PE backed deals where management are incentivised to roll-over their equity in order to participate in the upside of the business in the future."

Rebecca Gordon, Partner, Dentons

Deals in Focus

Offer for Tamar European Industrial Fund Limited by Starwood Capital Group

Offer for Brightside Group plc by AnaCap GP II Limited

For both these private equity backed bids the deal value was relatively modest (£53 million and £127 million respectively), showing that for this period private equity activity in the UK was limited to medium-sized deals.

Neither of the private equity bidders was incorporated in the UK; Starwood is incorporated in the US and AnaCap in Guernsey.

"Private equity firms want to back companies with great growth potential and good management teams. They are not interested in turnarounds. The perception after Lehmans was that bargains were to be had on the public exchanges, particularly AIM. Following a number of P2Ps in the immediate aftermath of Lehmans, private equity has worked out that companies have depressed market prices for a reason and companies unable to raise expansion capital on the public markets are unable to do so for a reason."

Rebecca Gordon, Partner, Dentons

8. Financing the Offer

For the 6 month period under review, of the 20 firm offers that involved a cash element (accounting for 90% of all firm offers in the first half of 2014), 11 were funded by existing cash resources only and 7 were financed with a combination of existing cash resources and debt facilities. Only one deal was funded by debt alone *(offer for Straight plc by One51 plc)*.

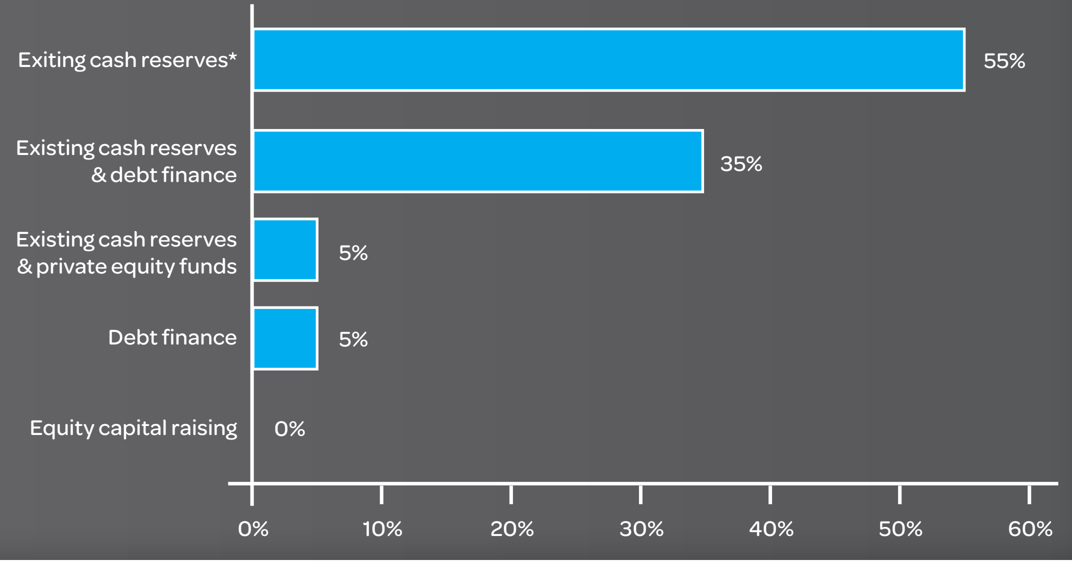
The continued use of existing cash reserves was largely due to the strong balance sheet positions of some UK bidders and their cash-rich non-European counterparts. With the availability of acquisition finance slowly improving, many sizeable deals successfully completed. Banks were more prepared to lend, but only for credible transactions by dependable dealmakers. 2 of the 3 largest deals (in Q1 & Q2 by value) were partially funded by debt.

Market flex terms

The Panel has continued its practice of granting limited dispensations from the requirement under Rule 26.1(b) to disclose market flex terms in facilities agreements until the offer or scheme document is posted. This delay gives the lead arranger an opportunity to syndicate the debt for up to 28 days before the offer document is published and the loan documents need to go on display.

If the debt is syndicated by that time, the Panel will not require the market flex arrangements to be disclosed. If the debt is not syndicated, the market flex arrangements must still be described in the offer document and the terms of the loan disclosed via publication on a website.

H1 2014: Proportion of firm offers funded by cash from different sources



*Existing cash reserves includes funds made available under inter-company arrangements

Deals in Focus

Offer for Expansys plc by Mr Peter Jones CBE

In order to satisfy the cash consideration payable under the offer, PDJ Bidco (a company wholly-owned by Peter Jones) entered into an interest-free facility agreement with Mr Jones, to borrow up to £3.7 million. PDJ Bidco relied solely on this facility agreement and did not require third party debt finance.

Offer for Brightside Group plc by AnaCap GP II Limited

On 16 July 2014, Belvedere Bidco (a newly incorporated company ultimately managed by AnaCap) entered into a term loan facilities agreement totalling £70 million and a £5 million revolving credit facility agreement to partly fund the cash consideration payable on its £127 million offer for Brightside.

Offer for Tex Holdings plc by The EB Burrows 2001 Settlement Trust

The cash payable by Le Bas (a wholly-owned subsidiary of EB Burrows) on its £6.3 million all-cash offer for Tex was partly financed utilising funds made available to the bid vehicle pursuant to the existing facility agreement (£5 million revolving credit facility and £2 million overdraft facility) with HSBC Bank plc and a new £3.5 million bridge credit agreement entered into by the bid vehicle and the Royal Bank of Scotland plc.

9. International Bidders

Non-UK bidders dominated the public M&A market in the first half of 2014, with 6 (86%) of the 7 largest deals involving foreign bidders. Of all 22 firm offers announced, 14 were made by non-UK bidders (63%), which is a marginal increase compared to the same period in 2013 (59%). A total of only 37% of firm offers were therefore made by a bidder incorporated in the UK.

Non-UK bidders accounted for almost £4,791 million (54%) of the aggregate deal value in the first half of 2014. It should be noted that the merger of Dixons Retail plc and Carphone Warehouse Group plc (which did not involve a non-UK bidder) itself accounted for 43% of the total value of deals announced in the first half of 2014; excluding this deal, non-UK bidders accounted for 96% of aggregate deal value in the first 6 months.

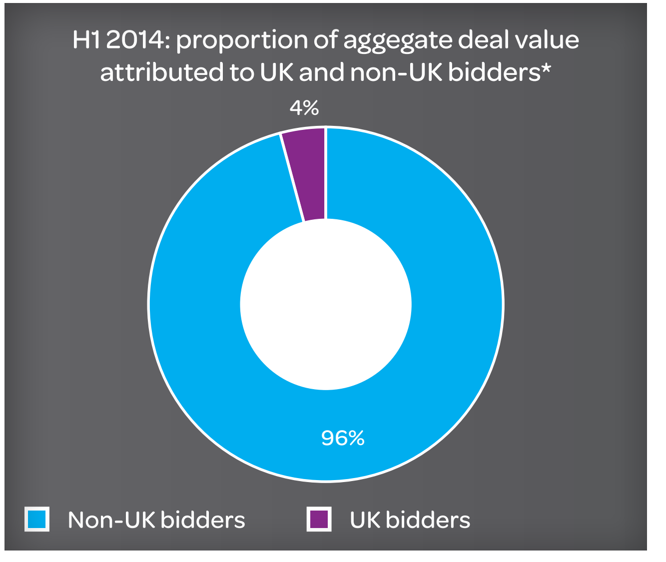
The international bidders came from a variety of countries and continents:

Country of incorporation of bidder*	Total deal value (approx.)	Bidder**	Target
Canada	£1,872m	SNC-Lavalin Group Inc. Bank Of Montreal	Kentz Corporation Limited F&C Asset Management plc
Cayman Islands	£1,190m	Essar Global Fund Limited	Essar Energy plc
Qatar	£924m	Al Mirqab Capital SPC	Heritage Oil plc
United States	£344.5m	Cirrus Logic, Inc. Tamar European Industrial Fund Ltd	Wolfson Microelectronics plc Starwood Capital Group
Belgium	£212m	De Persgroep N.V. FN Herstal SA	Mecom Group plc Manroy plc
Guernsey	£127m	AnaCap GP II Limited	Brightside Group plc
Israel	£63.3m	SintecMedia Ltd	Pilat Media Global plc
British Virgin Islands	£23.4m	Belphar Limited	Pan European Terminals plc
Italy	£18m	GTECH S.p.A.	Probability plc
Republic of Ireland	£10.7m	One51 plc	Straight plc
Kazakhstan	£6.26m	Almas Mynbayev	Sunkar Resources plc

* Where a bid vehicle was used, this table refers to the country of incorporation of the ultimate bidder.
** This table includes all firm offers made by non-UK bidders that were analysed (whether they completed or remained ongoing as at 30 June 2014).

"Inbound investment in the UK from across the globe has been a real accelerant of H1 public M&A. Advisers need to work closely with overseas bidders to navigate the complexities of the UK Takeover Code."

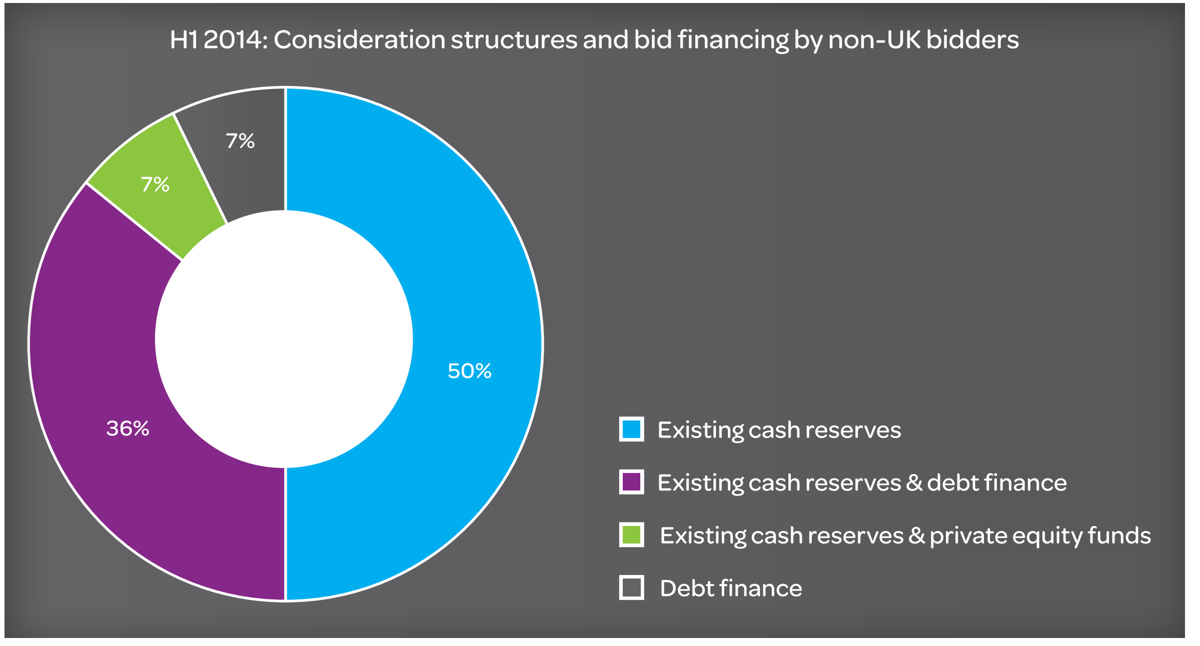
George Swan, Partner, Freshfields Bruckhaus Deringer LLP



*excluding Merger of Dixons Retail plc and Carphone Warehouse Group plc

"We have seen more takeover interest from overseas bidders this year in LSE listed targets. We believe this is a feature of how many global companies are now listed in London with greater transparency and corporate governance standards."

Rebecca Gordon, Partner, Dentons



Financing non-UK bids

Of the 14 firm offers made by non-UK bidders, 7 were financed by existing cash reserves only (50%), 5 were financed with a combination of existing cash reserves and debt finance (36%), one was solely financed with debt finance facilities (7%) and the remaining offer was financed with a combination of existing cash reserves and private equity funds (7%).

The proportion of firm offers made by non-UK bidders and financed with debt facilities (wholly or in part) in the first half of 2014 has risen by 23% compared to the same period in 2013 (20%). With interest rates being kept low (on the whole) globally, lending markets are continuing to improve, leading to the increasing use of debt finance by non-UK bidders to fund the acquisition.

This trend has continued through to the second half of the year. Of the first 4 (new) firm offers, 3 (75%) have been made by foreign bidders and all 3 state the bidders' intention to finance the acquisition with debt facilities (wholly or in part).

100% of bids made by non-UK bidders had cash as the sole consideration type and 50% of those bids were financed by existing cash resources

US Redomiciles – Pfizer and AbbVie

The first half of the year has seen some of the clearest examples of the resurgent US corporate trend for 'inversion' tax planning, where US-based bidders seek to benefit from tax savings by redomiciling in the UK (where base UK corporation tax is 19% lower than in the US) or in another lower tax jurisdiction.

Pfizer Inc.'s ultimately withdrawn $120 billion bid for AstraZeneca plc, which would have been the UK's biggest ever takeover, is a prime example. Pfizer proposed to transfer its headquarters to the UK to gain a lower tax rate, add new cancer drugs to its pipeline and take advantage of cost synergies. One of the issues raised by AstraZeneca in its defence of the indicative offer was that tax minimisation should not be a primary driver behind a deal.

In its announcement of a possible offer for Shire plc, AbbVie Inc. announced its plans to redomicile the enlarged group in the UK. Shire initially stated that it was concerned with the 'execution risks' associated with the proposed inversion structure. A recommended £30.14 billion cash and share firm offer was announced in July 2014 and, if successful, will be the biggest inversion deal yet.

This trend is also occurring outside of the UK public M&A market. Burger King, in its recent USD $115 billion acquisition of Canadian incorporated Tim Hortons (announced in August 2014), stated an intention to redomicile the enlarged group in Canada.

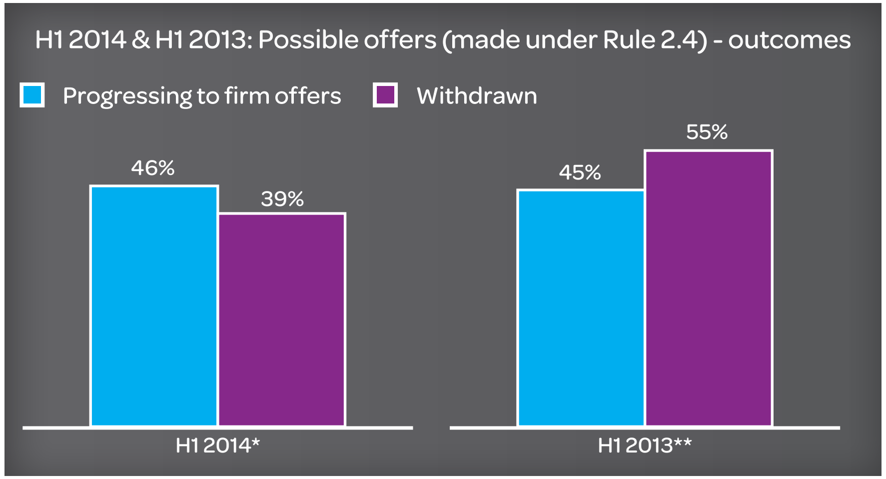
There are recent signs, however, that this trend may be on the wane in the face of growing political and consumer opposition in the US, the prospect of a US government crackdown and the rising prices of target companies in tax-friendly jurisdictions. In August 2014, US retailer Walgreen Co announced it would complete its acquisition of the rest of Alliance Boots, but abandoned its plans to redomicile in Europe as part of the transaction.

10. Possible Offer Outcomes: Announcements vs Withdrawals

We reviewed a total of 11 possible offer announcements made under Rule 2.4 in the first half of 2014 which identified a potential bidder. We also included 2 possible offer announcements made in late 2013 (possible offers for Pochin's plc and for Manroy plc) which were followed up by firm offer announcements in the first half of 2014.

In respect of the 13 targets subject to a possible offer in the first half of 2014, 6 (46%) resulted in a firm offer during the review period, and 2 (15%) were ongoing as at 30 June 2014. One of these was AbbVie's possible offer for Shire plc, where a firm offer was announced on 18 July 2014. Only 5 possible offers (39%) had been withdrawn as at 30 June 2014.

There was a similar likelihood of possible offers progressing to a firm offer in the first half of 2014, compared against the same period in 2013.



*Based on 13 transactions in H1 2014.
**Based on 11 transactions in H1 2013

11. Put Up or Shut Up Regime

Firm offers

In the first half of 2014 an offer period began with a firm offer announcement under Rule 2.7 of the Code in relation to 10 UK AIM companies and 6 Main Market companies, including 2 deals (*offer for Expansys plc* and *offer for Toye plc*) which were Rule 9 mandatory bids. Accordingly, of the 22 firm offers announced, 16 (73%) of the bidders were not subject to the automatic put up or shut up (**PUSU**) regime and only 6 (27%) were.

Possible offers

An offer period began for 13 targets (including Pochin's plc and Manroy plc, both announced in late 2013) with a possible offer announcement identifying a potential bidder and stating a PUSU deadline as required by Rule 2.4(c) of the Code. A number of possible offer announcements referred to potential joint bidders or consortiums, but only 2 identified more than one potential bidder (Manroy identified 3 potential bidders; Nakama identified one).

Formal sale processes

For a further 4 target companies, an offer period began with an announcement that it was commencing a formal sale process. In each case, the Panel granted dispensations from the Code requirements for any interested party participating in that process (i) to be publicly identified and (ii) to be subject to the compulsory 28-day PUSU deadline.

PUSU Extensions

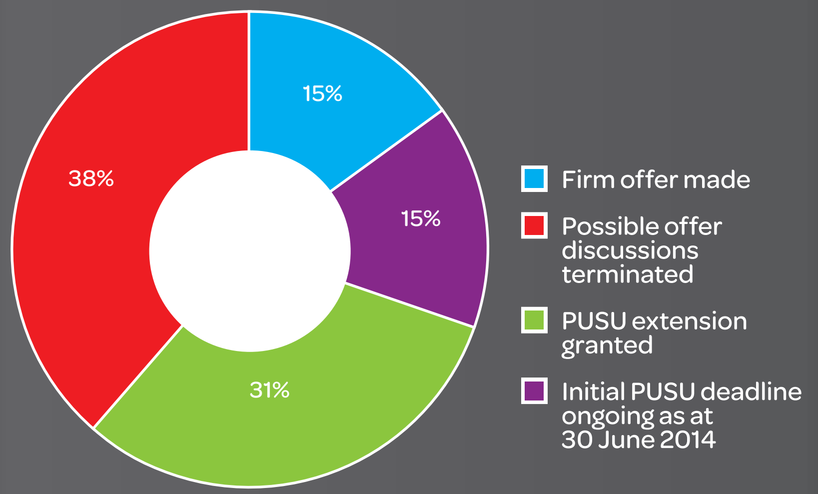
In the first half of 2014, firm offers were made for 2 (15%) of the 13 targets subject to ongoing possible offers during their initial 28-day PUSU periods. Offers for another 4 (31%) targets were subject to at least one PUSU deadline extension and 5 (38%) possible offers did not proceed beyond their initial deadline. Of the 4 offers subject to a PUSU extension, multiple extensions to this deadline were granted by the Panel for 3 possible offers.

The remaining 2 possible offers (for TUI plc by TUI AG and for Shire plc by AbbVie Inc.) were still within their respective initial PUSU periods as at 30 June 2014. If we follow these 2 deals beyond our review period, AbbVie announced a firm offer for Shire on 18 July 2014 (ie within the initial PUSU period). The PUSU deadline on the *TUI* bid has been extended to 19 September 2014.

The length of PUSU extensions granted in the first half of 2014 varied widely, depending on the reason for the request, with first extensions ranging from 28 to 56 days. The Panel was more likely to grant longer extensions for deals with a high value. A 56 day extension was granted for the possible £3.8 billion Dixons/Carphone Warehouse merger. A 56 day extension was also granted to TUI AG (after the end of our review period) on its possible £4 billion offer for TUI.

This is further evidence to suggest that the Panel's more restrictive PUSU regime introduced in September 2011 is working to reduce the number of speculative bids and to encourage potential bidders to do their homework and to maintain secrecy until they are ready to make a firm offer.

H1 2014: Possible offers subject to an initial PUSU deadline - outcomes



The Panel continues to grant multiple extensions on a significant proportion of deals

Deals in Focus

Possible offer for Pochin's plc by James Nicholson and the members of the Cedric Pochin concert party

A possible offer by James Nicholson and the members of the Cedric Pochin concert party for Pochin's was announced on 8 December 2013. 6 months on from the initial announcement of a possible offer, the bidder announced a firm offer for Pochin's following 6 PUSU extensions.

Possible offer for TUI Travel plc by TUI AG

A possible offer by TUI AG for TUI Travel was announced on 27 June 2014 and discussions regarding a possible all-share merger remained ongoing as at 30 June 2014. On 25 July 2014 (outside the period analysed in this report), a PUSU extension of 56 days was granted at TUI Travel's request in order to allow the parties to continue their merger discussions.

Possible offer for Manroy plc by Herstal SA and Beretta Holding S.p.A. and U.S. Ordnance, Inc.

An offer period commenced on 26 November 2013 with an announcement that Manroy was in preliminary talks with Herstal, Beretta Holdings and U.S. Ordnance. 2 days later Manroy announced that discussions with U.S. Ordnance had terminated. The potential bidders were each granted 3 separate extensions to their PUSU deadlines. On 28 March 2014, Herstal announced a firm offer for Manroy, which was followed three days later by an announcement by Beretta Holdings that it did not intend to make an offer.

12. Formal Sale Processes

In the first half of 2014, 4 companies announced a formal sale process (3 AIM, 1 Main Market). Interestingly, in each of these 4 cases, the announcement was made in the wider context of a strategic review of the company's options.

Of these 4 formal sale processes, one concluded without an offer being made for the target company (*formal sale process of Elektron Technology plc*) and 3 were still ongoing as at 30 June 2014. The second half of the year saw one of these conclude without an offer being made, the target instead opting for a divestment of certain assets (*formal sale process of Salamander Energy plc*).

The rise in popularity of the formal sale process as a mechanism for the possible sale of UK listed companies is unsurprising, given the possibility that prospective bidders can avoid being publicly named (Note 2, Rule 2.6) and that a preferred bidder may benefit from a break fee or inducement fee agreement (under Note 2, Rule 21.2) where a formal sale process has been initiated.

In the same period in 2013, 3 of the 4 formal sale processes announced resulted in a firm offer being made.

Deals in Focus

Formal sale process of Elektron Technology plc

Following a strategic review of its options to maximise shareholder value, Elektron announced on 7 April 2014 that it was initiating a formal sale process. A number of approaches by potential purchasers were received, including an indicative offer conditional on certain shareholders giving hard irrevocable undertakings. However, discussions broke down after two of the company's major shareholders announced they would not accept such an offer, if made. Elektron decided to terminate the formal sale process only 10 weeks later, announcing it had decided instead to pursue an equity fundraising.

Formal sale process of Salamander Energy plc

An offer period commenced on 30 April 2014 with Salamander announcing that it would be reviewing its options, including a sale of the company, to be conducted by a formal sale process. The process terminated on 21 July 2014 with the announcement by Salamander that it had reached agreement with a third party for the disposal of its 40% working interest in an oilfield located in the Gulf of Thailand.

13. Offer-Related Arrangements

Cooperation agreements and other permitted arrangements

Cooperation (or bid conduct) agreements have grown in popularity, driven by the provision in Rule 21.2(b)(iii) specifically permitting offer parties to agree to cooperate and commit to providing the necessary assistance and information for the purposes of obtaining official authorisations and clearances required for the bid.

Of the 22 firm offers announced in the first half of 2014, 3 (14%) involved the bidder and target entering into a cooperation agreement. All 3 agreements covered target company share schemes and the assignment of various awards and options in respect of those schemes. Unsurprisingly, these co-operation agreements also included reciprocal obligations on the part of bidder and target to use their reasonable endeavours to provide each other with information or assistance for the purposes of obtaining any requisite official authorisations or regulatory clearances.

There was one instance of a Bid Conduct Agreement (*Al Mirqab Capital SPC offer for Heritage Oil Plc),* in which each party agreed to discuss and cooperate in good faith with a view to finalising an appropriate offer structure resulting in the bidder holding 80% of the target's ordinary shares, and to collaborate on the conduct of discussions with the target's shareholders, liaison with the Panel and the press and on decisions in relation to the offer.

Break fees

There were no instances of the Panel granting a dispensation from the prohibition on break fees under Note 2 on Rule 21.2 (formal sale process dispensation) as there were no firm offers announced following a formal sale process initiated by the target company.

Reverse break fees

Rule 21.2 prohibits a target, a bidder or anyone acting in concert with them from entering into an inducement fee or other offer-related arrangement without Panel consent. Exclusions to this general prohibition include commitments by a bidder for the benefit of a target (provided it is not a reverse takeover) (Rule 21.2(b)(v)).

In the first half of 2014 there has only been one instance of a bidder entering into a reverse break fee agreement with the target. In *offer for Mecom Group plc by De Persgroep N.V.*, De Persgroep agreed to pay the target a break fee of €2.5 million if the acquisition did not complete.

In the offer for Shire plc, announced in the second half of the year, AbbVie agreed to pay Shire a reverse break fee if the acquisition failed to complete, amounting to 3% of £53.20 multiplied by the total number of Shire shares (598,420,949) as at the date of the possible offer announcement. The Rule 21.2(b)(v) exclusion is not limited to reverse break fee arrangements and in the same deal, both parties agreed to enter into a cost reimbursement payment, under which AbbVie undertook to Shire to reimburse it in respect of the costs and expenses incurred in connection with the offer, up to a maximum amount of USD $500 million, payable if AbbVie's stockholders did not approve the merger.

The prohibition on break fees & offer-related arrangements has seen other forms of deal protection gain greater prominence

"Notwithstanding the Code restrictions on wide-ranging cooperation agreements, bidders will continue to seek the comfort of some form of offer-related arrangement, especially where the target operates in a regulated sector."

George Swan, Partner, Freshfields Bruckhaus Deringer LLP

14. Irrevocable Undertakings

The prohibition on break fees and other offer-related arrangements has seen other forms of deal protection, such as irrevocable undertakings, gain greater prominence. In a number of deals in the first half of 2014, irrevocable undertakings were given by non-director shareholders in favour of bidders covering a variety of matters.

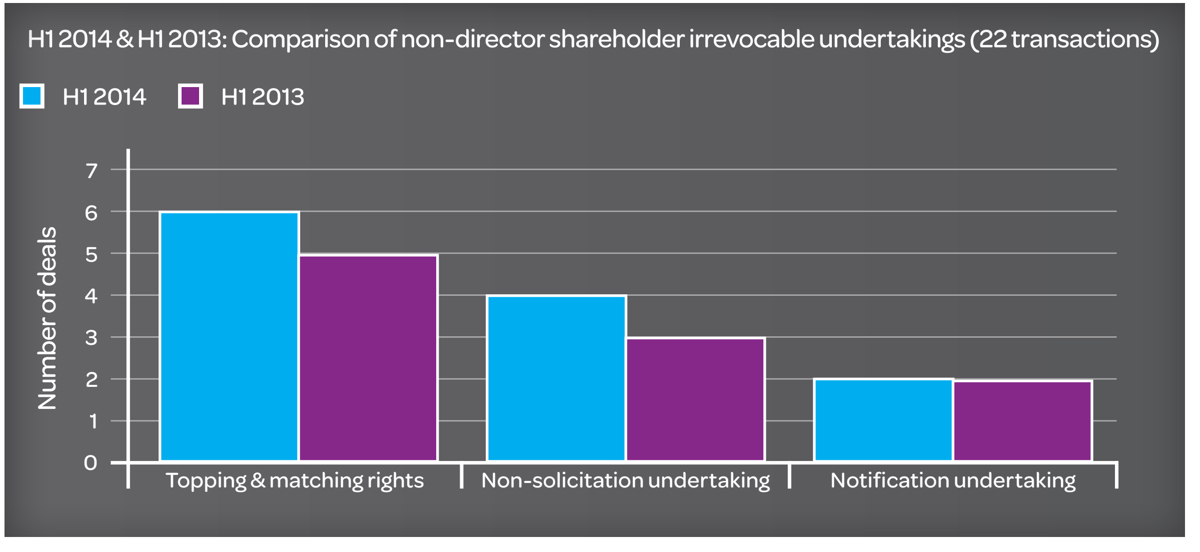
Matching or topping rights (non-director shareholders)

Of the 22 firm offers announced in the first half of 2014, in 6 instances (27%) one or multiple irrevocable undertakings given by non-director shareholders contained matching or topping rights in the event of a competing bid. Of these 6, there was an even split between topping and matching rights. These rights allow the original bidder a limited period of time in which to match or improve on a higher competing offer before the undertaking lapses.

Non-solicitation and notification undertakings (non-director shareholders)

In 4 cases (18%), irrevocable undertakings included commitments pursuant to which the shareholder agreed that it would not solicit or encourage third parties to make a competing offer for the target. In 2 of the 22 firm offers (9%), these undertakings included a further obligation on the target shareholder to notify the bidder if third parties indicated an interest that could lead to an offer for the company.

Usage of topping and matching rights, non-solicitation undertakings and notification undertakings has remained relatively similar compared to the same period in 2013.



Provisions in target directors' irrevocables amounting to restricted offer-related arrangements

Irrevocable undertakings and letters of intent are excluded from the definition of an 'offer-related arrangement' (Rule 21.2(b)(iv)).

However, the Panel Executive has confirmed that this exclusion does not allow directors to enter into other offer-related arrangements in their irrevocable undertakings and letters of intent (see inset box).

In the first half of 2014, there were 2 offers where the Panel deemed certain commitments in the target directors' irrevocable undertakings to be offer-related arrangements. Accordingly, revised irrevocables without these commitments were entered into in place of the offending originals.

The Panel continues to take positive steps to enforce the Code

Deals in Focus

Offer for Pochin's plc by James Nicholson & the Cedric Pochin concert party

Pochin's directors gave undertakings which contained commitments:

- to provide the bidder with relevant offer information and to notify the bidder on becoming aware of any material change to this information, and
- not to make any public statement / take any action in their capacity as shareholders likely to prevent the offer conditions being fulfilled or delay or impede the success of the offer

Less than a month following the firm offer announcement, Pochin's announced that it had been informed by the Panel that these commitments were an offer-related arrangement and accordingly could not be included in the directors' irrevocable undertakings. Pochin's directors were therefore released from these irrevocables and entered into new irrevocable undertakings without this commitment.

Merger of ACM Shipping Group plc and Braemar plc

ACM (target) directors gave irrevocable undertakings to vote in favour of the scheme, which also included a commitment not to solicit a competing offer for the company. Over a month after the firm offer was announced, Braemar confirmed, following discussions with the Panel, that it should not have included the non-solicitation commitments in the directors' undertakings and that revised undertakings without this commitment would be made available.

Irrevocable undertakings – Practice Statement 27

Irrevocable undertakings are sought to secure as much comfort as possible that the bid will be successful, particularly after the removal of other traditional deal protection measures in September 2011 under the new Rule 21.2 of the Code. They enable the bidder to show it has substantial support for its offer as soon as it is announced and may also assist in obtaining the target board's recommendation.

Following the ban on break and inducement fees etc, the practice had developed of including deal protections in irrevocables given by director shareholders. The Panel's Practice Statement 21 issued in January 2014 reminds practitioners that such irrevocables should cover no more ground than undertakings given by non-director shareholders, and should be limited to provisions which have the sole purpose of giving effect to the commitment to accept the offer (or vote in favour of the scheme). These include undertakings not to dispose of shares or withdraw their acceptance or to elect a specific form of consideration, and representations on title to shares.

The Panel gives a non-exhaustive list of prohibited commitments:

- not to solicit a competing offer
- to recommend an offer to target shareholders
- to notify the bidder on becoming aware of a potential competing offer
- to convene board meetings and/or vote in favour of board resolutions which are necessary to implement the offer
- to provide information in relation to the target for due diligence or other purposes
- to assist the bidder with the satisfaction of its offer conditions
- to assist the bidder with the preparation of offer documentation, and
- to conduct the target's business in a particular way during offer period

A key point is that Panel regards such commitments as having been entered into in the individual's capacity as a director of the target, and not as a shareholder.

15. Disclosure of Bidder's Intentions - Employees

Plans for target's employees and business

Under Rule 24.2(a) of the Code, a formal offer should set out the bidder's intentions as regards continued employment of the target's employees, including any material change to the conditions of employment, as well as the likely impact of strategic plans for the target on employment, place of business and any fixed assets.

In almost half of the firm offers announced in the first half of 2014 (10 or 45%), the bidder issued a generic statement that it would initiate some form of post-acquisition strategic review to identify future operational improvements where synergies and efficiencies could be achieved across the enlarged group.

Under Rule 24.2(b), the bidder must make a negative statement where it has no intention to make any such changes, or considers its strategic plans for the target will have no repercussions on such matters. In 9 of the 22 firm offers (41%), bidders made definitive statements that they had no intention (or at least no current intention) to make any material post-acquisition changes. Despite such assurances, many bidders still stated that where synergies could be identified changes would be inevitable.

For one deal where the target had no employees (*offer for Tamar European Industrial Fund Limited by Starwood Capital Group*), the bidder stated that it would not change the target's business locations or redeploy any of its fixed assets.

Where bidders were in a position to disclose more detailed information, plans usually related to the likely reduction in the target's head count, the relocation of its headquarters, the combining of administrative and operational functions and the resignation of the target board.

Drafting Examples

Offer for Straight plc by One51 plc

'One51 has informed the Straight Board that...its plans do not involve any material change in the conditions of employment of the employees of the Straight Group, nor are there any plans to change the principal locations of the businesses of the Straight Group.'

Offer for Tamar European Industrial Fund Limited by Starwood Capital Group

'[Bidco] does not intend to change the location of TEIF's place of business or to redeploy any of its fixed assets. TEIF has no employees, does not operate any pension schemes and does not have any arrangements in place for any employee involvement in capital.'

Offer for Mecom Group plc by De Persgroep N.V.

'In order to optimise the potential benefits of the Transaction, De Persgroep intends to conduct a detailed strategic and operational review of the Mecom business and to identify opportunities arising from expanded product and service offerings, team alignment and other synergies. This review will not be completed until after completion of the Transaction.

De Persgroep has already identified areas of potential cost synergies for the enlarged business. These include the closure of the London head office...the removal of duplication, the optimising of operations and the combination of procurement functions. It is expected that, in these areas, headcount reductions will be required, although De Persgroep has not yet developed proposals as to the scale of any reductions beyond the intention to close the London head office.

Accordingly, pending the outcome of the strategic and operational review, De Persgroep cannot be certain what, if any, repercussions there will be for the locations of Mecom's places of business (with the exception of the London office), or the redeployment of Mecom's fixed assets or employees.'

STOP PRESS! Post-Offer Undertakings

Whilst this report was going to press, the Code Committee of the Panel announced a consultation on post-offer undertakings and intention statements, partly in direct response to high profile debates around public statements made during deals such as Pfizer's possible bid for AstraZeneca. The Panel is seeking to distinguish between so-called "post offer undertakings", which it regards as being formal commitments to a target to take (or not to take) a stated course of action, and mere "intention statements". The Panel is proposing increased powers to regulate and monitor post-offer undertakings, and stringent conditions on the making and revoking of such undertakings, which are likely to make bidders think twice about giving them in the first place.

"This is a clear example of the Panel trying to drive certainty in the market and good behaviour by bidders"

George Swan,
Partner, Freshfields Bruckhaus Deringer LLP

We shall be following this market development with interest and will report on its advance in our next report, to be published early in 2015.

16. Employee Representatives' Opinions

Under Rule 25.9 of the Code, which was introduced as part of the wholesale changes made to the Code in September 2011 in the aftermath of high profile bids such as Kraft's offer for Cadbury, the target is required to publish any opinion prepared by the target's employee representatives on the effect of the offer (or any subsequent revised offer) on employment.

In the first half of 2014, of the 22 firm offers announced there were no instances of the target's employee representatives issuing an opinion on the likely effects of the acquisition for the target workforce. In contrast there were 2 employee representatives' opinions for the same period in 2013, both published in connection with recommended offers.

There is a developing trend of disengagement by employee representatives in the offer process

17. Disclosure of Bidder's Intentions - Pension Schemes

The Code, Rule 24.2(a)(iii)

In the offer document, the offeror must state... its intentions with regard to employer contributions into the offeree company's pension scheme(s) (including with regard to current arrangements for the funding of any scheme deficit), the accrual of benefits for existing members, and the admission of new members;

The Code, Rule 24.2(b)

If the offeror has no intention to make any changes...it must make a statement to that effect.

Changes to the Code introduced in May 2013 require bidders to consider the effects of an offer on a target's pension scheme and to disclose in the offer document its intentions with regard to such scheme and the likely repercussions on such scheme of its strategic plans, or to make an appropriate negative statement. The new provisions do not apply to a pension scheme which provides pension benefits only on a "defined contribution" basis.

Of the 22 firm offers made in the first half of 2014, bidders disclosed their intentions (or made a negative statement) in 8 (36%) cases. This is more a case of the dwindling number of defined benefit schemes, rather than an indication of non-compliance with the Code.

Varying levels of information were provided in these disclosures, with some opting for shorter negative statements and others providing detailed information. Some examples are set out on this page.

Deals in Focus

Offer for Essar Energy plc by Essar Global Fund Limited

The target board was hostile and did not provide the bidder with sufficient access to details of its pension schemes. As a result, the bidder indicated in the offer document that it had not formed any plans for the target's pension schemes.

Offer for Toye plc by Mr Bryan Toye

The bidder stated in the offer document that plans for it to make contributions to the target's defined pension scheme would be reviewed 'in the ordinary course'. No plans (or a negative statement) in regard to the employee's pension scheme have yet been provided.

Drafting Examples

Merger of Dixons Retail plc and Carphone Warehouse Group plc

'The principal pension scheme operated by the Dixons Group is the ... Scheme, which provides both defined benefit and money purchase benefits. The defined benefit section was closed to new entrants on 1/9/2002 and to future accrual...on 30/4/2010.

Carphone and Dixons intend that, following implementation of the Scheme, Dixons will continue to comply with all of its pensions obligations, including its commitment to make employer contributions. It is not expected that the defined benefit section of the ... Scheme will be reopened to new entrants or future accrual for existing members.'

Merger of ACM Shipping Group plc and Braemar Shipping Services plc

'Following the completion of the Merger...the management of the Enlarged Group intends, by means of a consultation exercise following due process to the extent required by applicable law, to close the ACM Defined Benefit Pension Scheme to future accruals.

It is Braemar's current intention to continue the current employer contribution arrangements for the funding of the ACM Defined Benefit Pension Scheme (including the funding of any scheme deficit), to continue on their current terms without change until a new schedule of contributions is agreed with the trustees pursuant to the requirements of the Pensions Act 2004 in relation to the actuarial valuation with an effective date 31 March 2014.'

Offer for Straight plc by One51 plc

'Straight Group...has no intention to make any detrimental changes to the benefits provided under the Straight Group's pension schemes.

Offer for Pilat Media Global plc by SintecMedia Ltd

'There will be no changes in...employer contributions to the company's pension schemes or to the accrual of benefits for existing members or the admission of new members.'

18. Pension Scheme Trustees' Opinions

The target board is under an obligation to append to its response circular (or, where the offer is recommended, the offer document itself) any opinion relating to the likely effects of the acquisition on the target's pension scheme received from the pension scheme trustees, if the opinion is received before the circular/offer document is published. If the trustees miss the publication of the circular, the target is required to publish the trustees' opinion on its website (Rule 25.9). Trustees also have a right to publish further opinions if an offer is revised.

For the first half of 2014, there has only been one opinion given by a pension scheme trustee *(offer for F&C Asset Management plc by Bank of Montreal)*. In the same period in 2013 no such opinions were received. There is a clear trend of pension scheme trustees failing to provide their opinions on the likely effect of the acquisition on the target company's pension scheme, which may be due to there being no obligation under the Code to provide these opinions.

Pension scheme trustees are failing to provide their opinions

Deal in Focus

Offer for F&C Asset Management plc by Bank of Montreal

F&C received an opinion in relation to the F&C pension plan. The trustees benefited from a guarantee (expiring on 31 July 2014) given by F&C covering funding obligations up to £120 million. Under the guarantee, if F&C failed to meet any liability to pay pension contributions, the trustees would have a claim on the assets of the whole F&C group.

The trustees commenced discussions with BMO to understand the potential implications of the transaction on the Plan in order to ensure that the Plan continues to have access to F&C's assets and that BMO will not take any action which reduces the inherent value of such assets.

Drafting Example

Offer for F&C Asset Management plc by Bank of Montreal

'The Trustees of the Plan currently benefit from a guarantee from F&C Asset Management PLC (the "Guarantee") covering the funding obligations of the Plan's direct sponsor up to a maximum of £120m (which was agreed at a level sufficient to cover the Plan's anticipated solvency deficit at 31 March 2010 with some leeway for volatility). The Guarantee expires on 31 July 2014.

As result of this Guarantee, the Trustees would have a claim on the assets of the whole F&C group to meet any liability to pay pension contributions while it is in force.

Following the announcement of the Offer, the Trustees have commenced discussions with the bidder to understand the potential implications of the transaction for the Plan with a view to protecting members' interests in the enlarged Group, as appropriate. In particular, they are seeking to ensure that the Plan continues to have access to the assets of the whole F&C group and that the bidder could not take any action...which reduces the inherent value of such assets.'

List of deals included in the report

H1 2014: Firm offer announcements

1. Merger of ACM Shipping Group plc and Braemar Shipping Services plc
2. Offer for Brightside Group plc by AnaCap GP II Limited
3. Merger of Dixons Detail plc and Carphone Warehouse Group plc
4. Offer for Essar Energy plc by Essar Global Fund Limited
5. Offer for Expansys plc by Mr Peter Jones
6. Offer for F&C Asset Management plc by Bank of Montreal
7. Offer for Fusion IP plc by IP Group plc
8. Offer for Heritage Oil plc by Al Mirqab Capital SPC
9. Offer for Kentz Corporation Limited by SNC-Lavalin Group Inc.
10. Offer for Manroy plc by FN Herstal SA
11. Offer for Mecom Group plc by De Persgroep N.V.
12. Offer for Mediterranean Oil &Gas plc by Rockhopper Exploration plc
13. Offer for Pan European Terminals plc by Belphar Limited
14. Offer for Pilat Media Global plc by SintecMedia Ltd
15. Offer for Pochin's plc by James Nicholson & the Cedric Pochin concert party
16. Offer for Probability plc by GTECH S.p.A.
17. Offer for Straight plc by One51 plc
18. Offer for Sunkar Resources plc by Almas Mynbayev
19. Offer for Tamar European Industrial Fund Limited by Starwood Capital Group
20. Offer for Tex Holdings plc by The EB Burrows 2001 Settlement Trust
21. Offer for Toye & Co plc by Bryan Toye
22. Offer for Wolfson Microelectronics by Cirrus Logic, Inc.

H1 2014: Possible offer announcements

1. Possible offer for AstraZeneca plc by Pfizer Inc.
2. Possible offer for Bellzone Mining plc by China Sonangol International Singapore Pte. Ltd.
3. Possible offer for Dixons Retail plc and Carphone Warehouse Group plc
4. Possible offer for Elektron Technology plc by Microgen plc
5. Possible offer for Essar Energy plc by Essar Global Fund Limited
6. Possible offer for F&C Asset Management plc by Bank of Montreal
7. Possible offer for Manroy plc by Herstal SA and Beretta Holding S.p.A. and U.S. Ordnance, Inc.
8. Possible offer for Nakama Group plc by Talent International Holdings Pty. Limited and The Rethink Group plc
9. Possible offer for Pochin's plc by James Nicholson & members of Cedric Pochin concert party
10. Possible offer for Shire plc by AbbVie Inc.
11. Possible offer for SnackTime plc by Uvenco UK Ltd
12. Possible offer for Straight plc by One51 plc
13. Possible offer for TUI Travel plc by TUI AG

Formal sale processes

14. Formal sale process of Elektron Technology plc
15. Formal sale process of Salamander Energy plc
16. Formal sale process of Volga Gas plc
17. Formal sale process of Waterlogic Plc

Public M&A deals announced in H2 2014 also referenced in this report

1. Offer for Hyder Consulting by Nippon Koei Co Ltd
2. Offer for Hyder Consulting by Arcadis N.V.
3. (Increased) offer for Hyder Consulting by Arcadis N.V.
4. Offer for office2office plc by Evo Business Supplies Limited
5. Offer for Shire plc by AbbVie Inc.

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Louise Wolfson, a partner at Pinsent Masons LLP, discusses the UK Listing Rule changes on controlling shareholders with our LexisPSL Corporate expert, Anne-Marie Claydon.

Dan Hirschovits, Associate at Davis Polk & Wardwell LLP, discusses the quality of companies currently coming to the market, and whether the FCA is taking a tougher attitude towards companies seeking IPOs, with our LexisPSL Corporate expert, Jane Mayfield.

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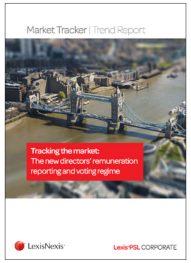
Tracking the market: Trends in IPOs on AIM Q1 2014

This Market Tracker Trend Report examines market trends in respect of IPOs on AIM in Q1 2014, and continuing trends in AIM activity. The report analyses the types of companies seeking admission to AIM, the commercial factors that may be affecting IPO activity, and the drafting of risk factors relating to cyber security and possible Scottish independence.



Tracking the market: The new directors' remuneration reporting & voting regime

This Market Tracker Trend Report examines current market trends in respect of the new directors' remuneration reporting and voting regime, which came into force on 1 October 2013.

Market Tracker | Forthcoming trend reports

Trends in equity capital markets

Examining the trends and themes around IPOs (and secondary offers) on the Main Market and AIM over the last year (Q4 2013 to Q3 2014).

AGMs and corporate governance:

Reflecting on the 2014 AGM season/looking ahead to 2015 season

The Lexis®PSL Corporate team

Nicola Green,
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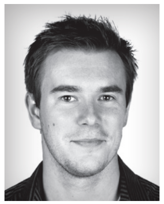

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