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Dear Lucy,

Thank you for your letter dated 22 January to the Rt Hon Greg Clark MP, regarding Melrose's takeover bid for GKN. I am replying as this matter falls within my Ministerial portfolio.

I fully appreciate the extent of the work undertaken by GKN in the UK, its role in local communities, and its place in the development of our industrial strategy in both the aerospace and automotive sectors.

As you would expect, we are taking a very close interest in events following GKN's announcement of the recent approach by Melrose. On 12 January 2018, Anne Stevens, GKN's CEO provided the Rt Hon Greg Clark MP with further context on the proposal and talked him through the transformation programme currently under way in GKN to improve performance in all of GKN's businesses. He made clear that we wanted to keep an open line with the company, consistent with his potential statutory role in the process. On Saturday 13 January, the Rt Hon Greg Clark MP spoke to Simon Peckham, CEO of Melrose who confirmed the approach they had made to GKN and set out their credentials, which we noted.

As I am sure you are aware, takeovers of listed companies are governed by the Takeover Code, which is overseen by the independent Takeover Panel. Recent changes to the Code have strengthened the regime; for example by providing more time for target companies to respond to takeover bids and therefore to prepare their defence. Melrose posted their offer document to GKN shareholders on 1 February. In accordance with the Code the GKN Board has until 15 February to release its defence document.

Under the Enterprise Act 2002, Ministers' statutory powers for mounting an intervention in mergers are limited to cases which rise to public interest concerns. It would not be appropriate to comment on this individual case. Public interest interventions are quasi-judicial in nature. In any public interest intervention situation (including a potential intervention), it is important that Ministers act, and are seen to be acting, impartially, on the basis of an open mind and on the evidence available.

We will continue to monitor developments very closely over the weeks ahead.

A handwritten signature in black ink that reads "Andrew". The letters are cursive and connected, with a prominent capital 'A'.

ANDREW GRIFFITHS MP
Minister for Small Business, Consumers & Corporate Responsibility