

Business, Innovation and Skills and Work and  
Pensions Select Committees  
House of Commons  
London  
SW1A 0AA

7 July 2016

For the attention of: Chris Shaw, Clerk,  
Business, Innovation and Skills

Dear Sirs

## **The sale and acquisition of BHS**

Thank you for your letter of 1 July 2016.

We set out below some answers to your questions, using the numbering in your email. While we still owe duties to RAL and BHS in relation both to client confidentiality and legal professional privilege, we are pleased that the recent waiver given by RAL enables us to give you more information than was previously the case.

- 1/2. Subsequent to the acquisition of BHS, we carried out very little work for RAL and a considerable amount of work for companies in the BHS group. For reasons we mention above, however, we cannot give you details about the nature of the work and the fees that we charged. The same point applies in relation to your request in question 4 that we give details of hours worked on the acquisition itself.
3. We did not approach Sir Philip Green or his team to ask for our costs to be covered. It would not be usual for us to discuss our fees with the party on the opposite side in a transaction, although in some cases clients receive commitments from contractual counterparties to pay their fees, in whole or part, and in such circumstances we would typically be involved in drafting or negotiating the relevant contractual provisions. The break fee arrangements that you have seen in the various drafts of the "Points of Principle" fall into this category.

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90 High Holborn  
London WC1V 6XX

T +44 (0) 20 7067 3000  
F +44 (0) 20 7067 3999  
DX 37972 Kingsway

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4. In general we prefer to bill for our time on a straight hourly basis. Clients increasingly seek more certainty on the total fee for a matter and therefore a significant percentage of the M&A transactions that we work on are now billed on a basis other than a straight hourly basis. The common theme is that we need to give appropriate advice to our client, irrespective of the way in which we charge. You will have seen the letter of advice of 7 March 2015 that we sent to the directors of RAL and the so-called "Pensions Risk Matrix" that we prepared; we do not think it could be said that the advice given in any way underplayed the risks of going ahead with the transaction.

Yours faithfully

A handwritten signature in black ink, appearing to be a stylized 'M' or 'W' followed by a long horizontal stroke.

**Olswang LLP**