

**THIS CIRCULAR AND ANY ACCOMPANYING TENDER FORM AND FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other appropriate independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.**

If you sell or have sold or otherwise transferred all of your Ordinary Shares before 1.00 p.m. on 19 July 2019, please forward this Circular (but not any personalised Form of Proxy or Tender Form) as soon as possible to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, no documents should be forwarded or sent in or into any Restricted Jurisdiction. If you sell or have sold or otherwise transferred part only of your holding of Ordinary Shares, you should retain this Circular and any Form of Proxy and Tender Form and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

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# WHITBREAD

## WHITBREAD PLC

*(Incorporated and registered in England and Wales with registered number 04120344)*

**Proposed return of up to £2,000,000,000 to shareholders by way of tender offer for up to 43,466,603 ordinary shares**

**Potential share consolidation and additional share buyback authority**

**Notice of General Meeting**

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Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I (*Letter from the Chairman*) of this Circular and which contains the recommendation from the Board that you vote in favour of the resolutions to be proposed at the General Meeting referred to below.

None of the Company, its Directors, officers, employees or advisers or their respective affiliates makes any recommendation to any Qualifying Shareholder whether to tender or refrain from tendering any or all of its, his or her Ordinary Shares in the Tender Offer and none of them has authorised any person to make any such recommendation. Shareholders are urged to evaluate carefully all information in this Circular and the Tender Form, consult their own investment and tax advisers and make their own decisions as to whether to tender Ordinary Shares, and, if so, the number of Ordinary Shares to tender.

The Tender Offer will open on 20 June 2019 and will close at 1.00 p.m. on 19 July 2019, unless such dates are altered by means of an announcement through a Regulatory Information Service, and will only be available to Qualifying Shareholders on the Register at the Record Date. The procedure for participating in the Tender Offer is set out in Part III (*Details of the Tender Offer*) of this Circular. If you hold your Ordinary Shares in certificated form and wish to tender any such Ordinary Shares for purchase by Morgan Stanley under the Tender Offer, the Tender Form must be completed, signed and returned, together with your share certificate(s) and/or other document(s) of title, in accordance with the instructions printed thereon, on or after 20 June 2019 and so as to be received by post or (during normal business hours only) by hand by the Receiving Agent at Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by not later than 1.00 p.m. on 19 July 2019. If you hold your Ordinary Shares in uncertificated form and wish to tender any such Ordinary Shares for purchase by Morgan Stanley under the Tender Offer, you must make your tender electronically through CREST on or after 20 June 2019 and so that the relevant TTE Instruction settles by not later than 1.00 p.m. on 19 July 2019.

The availability of the Tender Offer to Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction in which they are located. Shareholders who are not resident in the United Kingdom should read paragraph 6 of Part III (*Details of the Tender Offer*) of this Circular and should inform themselves about, and observe, any applicable legal or regulatory requirements. In addition, the attention of Shareholders who are resident in the United States is drawn to the Notice for US Shareholders on page 2 of this Circular.

The Tender Offer is not being made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone and e-mail) of interstate or foreign commerce of, or any facilities of a national securities exchange of, any Restricted Jurisdiction and the Tender Offer cannot be accepted by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction. Accordingly, unless otherwise determined by the Company and permitted by applicable law and regulation, neither this Circular nor the Tender Form nor any related document is being, nor may it be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed, or sent in, into or from any Restricted Jurisdiction, and persons receiving this Circular, the Tender Form and/or any related document (including, without limitation, trustees, nominees or custodians) must not mail or otherwise forward, distribute or send it in, into or from such Restricted Jurisdiction, as to do so may invalidate any purported acceptance of the Tender Offer. Any person (including, without limitation, trustees, nominees or custodians) who would or otherwise intends to, or who may have a contractual or legal obligation to, forward this Circular, the Tender Form and/or any related document to any jurisdiction outside the United Kingdom, should seek appropriate advice before taking any action.

**The Tender Offer is conditional on approval from Shareholders of certain matters, which is being sought at the General Meeting. Notice of the General Meeting to be held at Church House Conference Centre, Dean's Yard, Westminster, London SW1P 3NZ at 2.45 p.m. on 19 June 2019 (or as soon thereafter as the Company's AGM convened for that date has concluded or been adjourned) is set out at the end of this Circular.** Save where Shareholders have opted to register proxy appointments electronically, a Form of Proxy to be used in connection with the General Meeting is enclosed with this Circular. Whether or not you intend to attend the General Meeting in person, you are requested to complete the Form of Proxy in accordance with the instructions printed on it and return it as soon as possible by post or (during normal business hours only) by hand but, in any event, so as to be received by the Registrar at Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by not later than 2.45 p.m. on 17 June 2019 (or, in the case of an adjournment, not later than 48 hours (excluding non-Business Days) before the time fixed for the holding of the adjourned meeting). If you hold Ordinary Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the Registrar, Link Asset Services (CREST Participant ID RA10), so that it is received by not later than 2.45 p.m. on 17 June 2019 (or, in the case of an adjournment, not later than 48 hours (excluding non-Business Days) before the time fixed for the holding of the adjourned meeting). Proxy appointments may also be submitted via the internet at [www.whitbread-shares.com](http://www.whitbread-shares.com) so that the appointment is received by not later than 2.45 p.m. on 17 June 2019 (or, in the case of an adjournment, not later than 48 hours (excluding non-Business Days) before the time fixed for the holding of the adjourned meeting). The completion and return of a Form of Proxy, the submission of a CREST Proxy Instruction or the electronic registration of a proxy appointment will not preclude you from attending and voting in person (in substitution for your proxy vote) at the General Meeting, or any adjournment thereof, if you wish to do so and are so entitled.

Please read the whole of this Circular. A summary of the action to be taken by Shareholders is set out in paragraph 9 of Part I (*Letter from the Chairman*) of this Circular and in the accompanying Notice of General Meeting.

This Circular is a circular relating to the proposed Return of Value which has been prepared in accordance with the Listing Rules made under section 73A of the Financial Services and Markets Act 2000.

J.P. Morgan Securities plc (which conducts its UK investment banking activities as J.P. Morgan Cazenove) ("**J.P. Morgan Cazenove**"), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting as financial adviser and corporate broker exclusively for Whitbread and for no-one else in connection with the Return of Value and will not be responsible to any person other than Whitbread for providing the protections afforded to clients of J.P. Morgan Cazenove or for providing advice in relation to the matters described in this Circular.

Morgan Stanley & Co. International plc (“**Morgan Stanley**”), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting as financial adviser and corporate broker exclusively for Whitbread and for no-one else in connection with the Return of Value and will not be responsible to any person other than Whitbread for providing the protections afforded to clients of Morgan Stanley or for providing advice in relation to the matters described in this Circular.

Apart from the responsibilities and liabilities, if any, which may be imposed on J.P. Morgan Cazenove and Morgan Stanley (the “**Financial Advisers**”) under FSMA or the regulatory regime established thereunder: (i) none of the Financial Advisers or any persons associated or affiliated with either of them accepts any responsibility whatsoever or makes any warranty or representation, express or implied, in relation to the contents of this Circular, including its accuracy, completeness or verification or for any other statement made or purported to be made by, or on behalf of it, Whitbread or the Directors, in connection with Whitbread and/or the Tender Offer; and (ii) each of the Financial Advisers accordingly disclaims, to the fullest extent permitted by law, all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise be found to have in respect of this Circular (including, other than as specifically stated in this Circular, in the determination of the Strike Price) or any such statement.

This Circular includes statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms anticipates, believes, could, estimates, expects, intends, may, plans, projects, should or will, or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this Circular reflect Whitbread’s current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group and its operations, results of operations and growth strategy. Other than in accordance with its legal or regulatory obligations (including under the Listing Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and the rules of the London Stock Exchange), Whitbread is not under any obligation and Whitbread expressly disclaims any intention or obligation (to the maximum extent permitted by law) to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## **NOTICE FOR US SHAREHOLDERS**

The Tender Offer relates to securities in a non-US company which is registered in the UK and is subject to the disclosure requirements, rules and practices applicable to companies listed in the UK, which differ from those of the US in certain material respects. This Circular has been prepared in accordance with UK style and practice for the purpose of complying with English law and the Listing Rules, and US Shareholders should read this entire Circular, including Part III (*Details of the Tender Offer*) and Part IV (*Taxation*) of this Circular. The financial information relating to the Company, which is available for review on the Company’s website, has not been prepared in accordance with generally accepted accounting principles in the US and thus may not be comparable to financial information relating to US companies.

The Tender Offer is not subject to the disclosure and other procedural requirements of Regulation 14D under the US Exchange Act. The Tender Offer will be made in the US in accordance with the requirements of Regulation 14E under the US Exchange Act to the extent applicable. Certain provisions of Regulation 14E under the US Exchange Act are not applicable to the Tender Offer by virtue of Rule 14d-1(d) under the US Exchange Act. Morgan Stanley & Co. LLC, an affiliate of Morgan Stanley, will act as US dealer manager with respect to the Tender Offer in the United States to the extent required. US Shareholders should note that the Ordinary Shares are not listed on a US securities exchange and the Company is not subject to the periodic reporting requirements of the US Exchange Act and is not required to, and does not, file any reports with the US Securities and Exchange Commission thereunder.

It may be difficult for US Shareholders to enforce certain rights and claims arising in connection with the Tender Offer under US federal securities laws since the Company is located outside the US and most of its officers and directors may reside outside the US. It may not be possible to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. It also may

not be possible to compel a non-US company or its affiliates to subject themselves to a US court's judgment.

The receipt of cash pursuant to the Tender Offer by a Shareholder who is a US person may be a taxable transaction for US federal income tax purposes. Paragraph 2 of Part IV (*Taxation*) of this Circular sets out a guide to certain US tax consequences of the Tender Offer for Shareholders under current US law. However, each such Shareholder should consult and seek individual advice from an appropriate professional adviser.

To the extent permitted by applicable law and in accordance with normal UK practice, the Company, Morgan Stanley or any of their respective affiliates, may make certain purchases of, or arrangements to purchase, Ordinary Shares outside the United States during the period in which the Tender Offer remains open for participation, including sales and purchases of Ordinary Shares effected by Morgan Stanley acting as market maker in the Ordinary Shares. These purchases, or other arrangements, may occur either in the open market at prevailing prices or in private transactions at negotiated prices. In order to be excepted from the requirements of Rule 14e-5 under the US Exchange Act by virtue of Rule 14e-5(b)(12) thereunder, such purchases, or arrangements to purchase, must comply with applicable English law and regulation, including the Listing Rules, and the relevant provisions of the US Exchange Act. Any information about such purchases will be disclosed as required in the UK and the US and, if required, will be reported via a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com).

While the Tender Offer is being made available to Shareholders in the US, the right to tender Ordinary Shares is not being made available in any jurisdiction in the US in which the making of the Tender Offer or the right to tender such Ordinary Shares would not be in compliance with the laws of such jurisdiction.

This Circular has not been approved, disapproved or otherwise recommended by the US Securities and Exchange Commission or any US state securities commission and such authorities have not confirmed the accuracy or determined the adequacy of this Circular. Any representation to the contrary is a criminal offence in the US.

**Dated 31 May 2019**

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### WHERE TO FIND HELP

You will find answers to some of the questions most often asked by shareholders about tender offers and the procedure for participating in the Tender Offer in Part II (*Questions and answers on the Return of Value*) of this Circular. If you have further questions on the Tender Offer or the Return of Value more generally, there is a Shareholder Helpline available between the hours of 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday (excluding UK public holidays).

The Shareholder Helpline number is 0344 855 2327. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the UK will be charged at the applicable international rate.

**Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this Circular and the Tender Form and will be unable to give advice on the merits of the Return of Value or to provide financial, investment or taxation advice.**

## EXPECTED TIMETABLE FOR TENDER OFFER

Each of the times and dates in the table below is indicative only and may be subject to change by Whitbread, in which event details of the new times and dates will be notified to Shareholders by announcement through a Regulatory Information Service.

Latest time and date for receipt of Forms of Proxy for the General Meeting	2.45 p.m. on 17 June 2019
General Meeting (See Note 2)	2.45 p.m. on 19 June 2019
Tender Offer opens (subject to the passing at the General Meeting of Resolution 1 set out in the Notice of General Meeting)	20 June 2019
Latest time and date for receipt of Tender Forms and share certificates or other documents of title for tendered certificated Ordinary Shares (i.e. close of the Tender Offer)	1.00 p.m. on 19 July 2019
Latest time and date for settlement of TTE Instructions for tendered uncertificated Ordinary Shares (i.e. close of the Tender Offer)	1.00 p.m. on 19 July 2019
Record Date for the Tender Offer	6.00 p.m. on 19 July 2019
Announcement of the Strike Price and the results of the Tender Offer	22 July 2019
Unconditional Date for the Tender Offer and purchase of Ordinary Shares under the Tender Offer	23 July 2019
CREST accounts credited with unsuccessfully tendered uncertificated Ordinary Shares	24 July 2019
CREST accounts credited in respect of Tender Offer proceeds for uncertificated Ordinary Shares	30 July 2019
Cheques despatched, and (where applicable) Bacs payments made, in respect of Tender Offer proceeds for certificated Ordinary Shares	30 July 2019
Return of share certificates in respect of unsuccessful tenders of certificated Ordinary Shares	30 July 2019
Despatch of balance share certificates in respect of unsold Ordinary Shares in certificated form	30 July 2019

### Notes:

1. All references to times in the timetable above are to London times.
2. The General Meeting will commence at the stated time or as soon thereafter as the Company's AGM convened for that date has concluded or been adjourned.

**Part I**  
**LETTER FROM THE CHAIRMAN**

WHITBREAD PLC

*(Incorporated and registered in England and Wales with No. 04120344)*

*Directors:*

Adam Crozier (Chairman)  
Alison Brittain (Chief Executive Officer)  
Nicholas Cadbury (Group Finance Director)  
Louise Smalley (Group HR Director)  
Richard Gillingwater (Senior Independent Director)  
David Atkins (Non-executive Director)  
Frank Fiskers (Non-executive Director)  
Chris Kennedy (Non-executive Director)  
Deanna Oppenheimer (Non-executive Director)  
Susan Taylor Martin (Non-executive Director)

*Registered Office:*

Whitbread  
Whitbread Court  
Houghton Hall Business Park  
Porz Avenue  
Dunstable  
Bedfordshire  
LU5 5XE

31 May 2019

Dear Shareholder,

**Tender Offer**

**1. BACKGROUND TO AND BENEFITS OF THE TENDER OFFER**

**1.1 Background to the Tender Offer**

On 3 January 2019, the Group completed the disposal of Costa to Coca-Cola (the “**Disposal**”) for an enterprise value of £3.9 billion. After adjustment for transaction and separation costs, the net cash proceeds from the Disposal were £3.8 billion (the “**Net Cash Proceeds**”). On the same date, Whitbread announced its agreement to use up to £380 million of the Net Cash Proceeds to make a one-off contribution to the Group’s defined benefit pension scheme.

At the Company’s Capital Markets Day held on 13 February 2019, Whitbread announced that £300 million of the Net Cash Proceeds would be retained to fund a previously committed acquisition of hotels in Germany, which is expected to complete in February 2020, and that approximately £500 million of the Net Cash Proceeds would be retained to reduce Whitbread’s net financial indebtedness. Whitbread further announced its intention to return a total of at least £2.5 billion of the Net Cash Proceeds to Shareholders, subject to any more value-creating alternative uses for the cash.

As a first phase, approximately £480 million has already been returned to Shareholders through the repurchase of Ordinary Shares pursuant to the Company’s share buyback programme which completed on 10 May 2019 (the “**Share Buyback Programme**”).

The Board has decided that the appropriate second phase is to conduct a Tender Offer to return up to a further £2 billion (the “**Return of Value**”). Shareholders are therefore being invited to tender some or all of their Ordinary Shares for purchase on the terms and subject to the conditions set out in this Circular.

Shareholders may decide not to participate fully or partially in the Tender Offer for a number of reasons, including their view of the potential for the value of the Company to increase in the future. If the full £2 billion is not returned through the Tender Offer, the Board will consider a possible third phase to return any remaining surplus cash following completion of the Tender Offer.

Shareholders should read the whole of this Circular and not rely solely on the information in this letter.

**1.2 Why is Whitbread pursuing the Tender Offer?**

In line with the Company’s announcement to return at least £2.5 billion of cash to Shareholders, we have considered the different ways of returning these funds, and have consulted with Shareholders on the different methods which are typically used, including a special dividend or a “B” share scheme. Following that consideration and consultation, the Board concluded that a Tender Offer is the best way to return a significant amount of capital in a short space of time, taking account of the relative costs,

complexity and timeframes of the various possible methods, as well as the likely tax treatment for Shareholders.

### 1.3 Benefits of the Tender Offer for Shareholders

The benefits of the Tender Offer for Shareholders as a whole are that:

- it is available to all Qualifying Shareholders regardless of the size of their holdings;
- it provides Qualifying Shareholders who wish to reduce their holdings of Ordinary Shares with an opportunity to do so at a market-driven price with the possibility of a modest premium; and
- Shareholders who wish to retain their current investment in Ordinary Shares are not required to participate in the Tender Offer.

The Tender Offer will reduce the number of Ordinary Shares in issue, and so should, assuming earnings stay the same, have a positive impact on the Group's earnings per share (as the Company intends to cancel all of the Ordinary Shares acquired in connection with the Tender Offer).

### 1.4 Pricing of the Tender Offer

As explained in paragraph 2.2 below, Qualifying Shareholders will be able to select the price at which they wish to tender their Ordinary Shares for purchase within a range of prices which are based on and expressed by reference to the average market price at which the Ordinary Shares trade (known as the "**volume-weighted average price**" or "**VWAP**") in the five Trading Days up to and including the Closing Date. As explained in paragraph 2.2 below, the VWAP-based prices in the Price Range extend (in one per cent. increments) from a flat VWAP-based price (with no premium or discount) to a price that is a four per cent. premium over the VWAP-based price. The price paid in the Tender Offer will be determined as described in paragraph 2.3 below and is subject to the Price Cap described in that paragraph.

The reason for using an average market price in the five Trading Days up to and including the Closing Date as the base for each price in the Price Range is to ensure that, as far as possible, the pricing of the Tender Offer remains connected to the then-market price of the Ordinary Shares. Setting a fixed price, or a fixed range, in pence per Ordinary Share at the outset of the Tender Offer would risk the tender price or range becoming disconnected from the prevailing market price, i.e. higher or lower than the market price at the time of the Tender Offer closing, which could mean that (where the market price is above the tender price or range) the offer would not be generally attractive to Shareholders and take-up would likely be low, or (where the market price is well below the tender price or range) the tendered shares would be purchased at a material premium to the prevailing market price, effectively at the expense of those Shareholders who choose not to tender. By contrast, this risk should be reduced by the dynamic pricing structure where the base for each price in the Price Range is set by taking an average of the actual VWAP trading prices over a five-day trading period up to and including the Closing Date.

While we expect the Price Range to track the market price of an Ordinary Share, it is, however, also a term of the Tender Offer that no Ordinary Shares will be acquired at a price that exceeds a Price Cap of £50.00 per Ordinary Share (a price that represents the approximate volume-weighted average price of Ordinary Shares for the last 30 days (being the period following the Company's announcement of its preliminary results for the financial year ended 28 February 2019 on 30 April 2019 up to and including the Latest Practicable Date), plus a premium of 10 per cent.). Tenders at prices that exceed the Price Cap will be disregarded for the purpose of the Tender Offer.

The use of a dynamic VWAP-based pricing structure means that the absolute price in pounds and pence per Ordinary Share will not be known until after the Tender Offer has closed for acceptances. That is because determination of the price depends on the average market value of the Ordinary Shares in the days leading up to and including the Closing Date, the total number of Ordinary Shares tendered by Qualifying Shareholders, and the prices at which Qualifying Shareholders tender their Ordinary Shares. The Company will announce the absolute price to be paid to successfully participating Qualifying Shareholders as soon as this has been determined, which is expected to be on 22 July 2019, together with the results of the Tender Offer. During the calculation period for Average VWAP, the Company intends to publish on the investor microsite section of its website the Daily VWAP for each of the relevant Trading Days as soon as reasonably practicable on each day following trading closing.



Additional information about the pricing structure and terms of the Tender Offer is set out in paragraph 2 below and in Part III (*Details of the Tender Offer*) of this Circular.

## **1.5 General Meeting to approve the Tender Offer and the potential further stage of the Return of Value**

The Tender Offer will require the approval of Shareholders at a general meeting of the Company, which will be held at Church House Conference Centre, Dean's Yard, Westminster, London SW1P 3NZ on 19 June 2019 at 2.45 p.m. or as soon thereafter as the Company's AGM convened for that date has concluded or been adjourned (the "**General Meeting**"). A notice convening the General Meeting is set out at the end of this Circular.

There is no guarantee that the Tender Offer will return the full sum of £2 billion to Qualifying Shareholders. If the full £2 billion is not returned through the Tender Offer, the Board will at that point consider whether and how best to return the remaining amount to Shareholders, subject to any more value-creating alternative uses for the cash. The potential further stage of the Return of Value could include a special dividend (the "**Special Dividend**") or an extension of the Share Buyback Programme. We are therefore also taking the opportunity at the General Meeting to consider certain other matters which would require shareholder approval if a Special Dividend were to be paid or if the Share Buyback Programme were to be extended, including:

- a resolution authorising the Board to effect a consolidation and sub-division of the Company's share capital (the "**Share Consolidation**"), which may be appropriate if a Special Dividend is paid to ensure that the market price of a New Ordinary Share immediately after the payment of the Special Dividend would be approximately equal to the market price of an Ordinary Share immediately beforehand; and
- a resolution authorising the Company to purchase up to a maximum of 8,693,320 Ordinary Shares, representing approximately 4.99 per cent. of the Issued Ordinary Share Capital as at the Latest Practicable Date, which would only be used to return to Shareholders any portion of the £2 billion of the Net Cash Proceeds not returned through the Tender Offer (the "**Additional Buyback Authority**"). This Additional Buyback Authority would be in addition to the General Buyback Authority, described in paragraph 3 below, for which approval will be sought at the Company's AGM convened for 19 June 2019.

By requesting these authorities now, the Board is seeking to ensure that the Company will be able to act quickly and without the delay and cost of convening a further general meeting, if the Board does subsequently decide to use either a Special Dividend or an extension of the Share Buyback Programme to return all or any portion of the £2 billion not returned by the Tender Offer. Further information about the Share Consolidation and the Additional Buyback Authority is set out in Part V (*Potential further stage of the Return of Value*) of this Circular.

The purpose of this letter is to provide details of the Tender Offer and the Return of Value and to explain why the Board considers these proposals to be in the best interests of the Company and the Shareholders as a whole. The Directors recommend that you vote in favour of the resolutions to be proposed at the General Meeting, as they intend to do in respect of their own beneficial holdings of Ordinary Shares, being in aggregate 100,646 Ordinary Shares, representing approximately 0.06 per cent. of the Issued Ordinary Share Capital as at the Latest Practicable Date.

## **2. THE TENDER OFFER**

### **2.1 Overview of the Tender Offer**

It is proposed that up to 43,466,603 Ordinary Shares (representing approximately 24.99 per cent. of the Issued Ordinary Share Capital as at the Latest Practicable Date) be purchased under the Tender Offer, for a maximum aggregate cash consideration of £2 billion.

All Qualifying Shareholders who are on the Register at 6.00 p.m. on 19 July 2019 are entitled, but not required, to tender some or all of their Ordinary Shares for purchase by Morgan Stanley, acting as principal, at a price (or prices) within the permitted range of VWAP-based prices set out in this Circular.

Subject to satisfaction of the conditions to the Tender Offer, Ordinary Shares which are successfully tendered under the Tender Offer will be purchased at a single price per Ordinary Share (referred to as

the “**Strike Price**”), which will be determined at the end of the Tender Offer period in accordance with the mechanism summarised below and set out in more detail in Part III (*Details of the Tender Offer*) of this Circular.

The price at which Ordinary Shares will be purchased will be set in a manner that ensures that as much of the £2 billion as possible is returned to Shareholders, and that as many Ordinary Shares as possible are acquired, up to a limit of 43,466,603 Ordinary Shares (which represents just under 25 per cent. of the Issued Ordinary Share Capital at the Latest Practicable Date). The Board has decided to set this sub-25 per cent. limit on the number of Ordinary Shares that may be acquired under the Tender Offer in light of the additional requirements that apply under the Listing Rules to tender offers that are conducted for 25 per cent. or more of a company’s issued share capital.

The Tender Offer is to be effected by Morgan Stanley (acting as principal and not as agent, nominee or trustee) purchasing Ordinary Shares from Shareholders. Morgan Stanley, in turn, has the right to require the Company to purchase from it, and can be required by the Company to sell to it, such Ordinary Shares at the Strike Price under an option agreement (the “**Option Agreement**”), details of which are set out in paragraph 3 of Part VI (*Additional Information*) of this Circular. All Ordinary Shares purchased by the Company from Morgan Stanley pursuant to the Option Agreement will be cancelled.

## **2.2 Options available to Shareholders in respect of the Tender Offer**

Qualifying Shareholders are not obliged to tender any Ordinary Shares if they do not wish to do so. If no action is taken by Qualifying Shareholders, there will be no change to the number of Ordinary Shares that they hold and they will receive no cash as a result of the Tender Offer.

Qualifying Shareholders who wish to participate in the Tender Offer can tender their Ordinary Shares in the following ways:

- (A) submit a tender to sell some or all of their Ordinary Shares at whatever price is ultimately determined under the terms of the Tender Offer to be the Strike Price (referred to as a “**Strike Price Tender**”), without selecting one of the specified VWAP-based prices within the Price Range; or
- (B) submit a tender to sell some or all of their Ordinary Shares at one of the following specified VWAP-based prices within the Price Range:
  - (i) an amount (in pence per Ordinary Share) equal to Average VWAP (rounded down to the nearest whole penny) (the “**Minimum Price**”);
  - (ii) an amount (in pence per Ordinary Share) equal to Average VWAP plus an amount equal to 1 per cent. of Average VWAP (rounded down to the nearest whole penny);
  - (iii) an amount (in pence per Ordinary Share) equal to Average VWAP plus an amount equal to 2 per cent. of Average VWAP (rounded down to the nearest whole penny);
  - (iv) an amount (in pence per Ordinary Share) equal to Average VWAP plus an amount equal to 3 per cent. of Average VWAP (rounded down to the nearest whole penny); and
  - (v) an amount (in pence per Ordinary Share) equal to Average VWAP plus an amount equal to 4 per cent. of Average VWAP (rounded down to the nearest whole penny) (the “**Maximum Price**”),(the prices in (i) to (v) being the “**Price Range**”); or
- (C) submit a tender at more than one of the VWAP-based prices within the Price Range (which could include a Strike Price Tender).

The total number of Ordinary Shares tendered by any Qualifying Shareholder must not exceed the total number of Ordinary Shares registered in the name of that Qualifying Shareholder at the Record Date. For example, a Qualifying Shareholder may decide to tender 50 per cent. of its, his or her Ordinary Shares at the Maximum Price and 50 per cent. as a Strike Price Tender, but a tender purporting to offer for sale 100 per cent. of a Qualifying Shareholder’s Ordinary Shares at the Maximum Price and 100 per cent. as a Strike Price Tender would be invalid.

Once made, any tender of Ordinary Shares will be irrevocable.

Any tender other than a Strike Price Tender must be made at one of the specified VWAP-based prices within the Price Range, as indicated on the Tender Form (in the case of certificated Ordinary Shares) and as explained in paragraph 3.3 of Part III (*Details of the Tender Offer*) of this Circular (in the case of uncertificated Ordinary Shares).

**The Tender Offer will open on 20 June 2019 (unless such date is altered) and tenders must not be submitted before that date. The Tender Offer will close at 1.00 p.m. on 19 July 2019 and tenders received after that time will not be accepted (unless the Closing Date is extended).**

Shareholders should note that the Tender Offer is conditional on, among other things, the passing at the General Meeting of Resolution 1 set out in the Notice of General Meeting.

### **2.3 Price which Shareholders will receive in respect of Ordinary Shares they successfully tender**

A single price per Ordinary Share, known as the Strike Price, will be paid in respect of all Ordinary Shares purchased by Morgan Stanley pursuant to the Tender Offer. The Strike Price will be set after the Closing Date, once all of the tenders have been reviewed and the prices in pence per Ordinary Share to which the VWAP-based prices in the Price Range correspond have been calculated.

The Maximum Price at which Ordinary Shares may be tendered is expressed as a percentage above the average market value of Whitbread's Ordinary Shares in the five Trading Days up to and including the Closing Date. The Board has also, however, set a limit of £50.00 per Ordinary Share as the highest monetary amount at which any Ordinary Share will be purchased under the Tender Offer (referred to as the "**Price Cap**").

Once the tenders have been reviewed and the prices in pence per Ordinary Share to which the VWAP-based prices in the Price Range correspond have been calculated, any tenders at a price in excess of the Price Cap (any such price being an "**Excluded Price**") will be disregarded and excluded from the Tender Offer, even if such tenders were priced at a level below the VWAP-based Maximum Price within the Price Range.

The Strike Price will be:

- (A) the lowest price per Ordinary Share in the Price Range at which any valid tender is made (but excluding tenders at Excluded Prices) which would enable the greatest number of Ordinary Shares (whether or not such number equals, exceeds or is less than 43,466,603 Ordinary Shares) to be purchased for a total cost equal to at least £2 billion;
- (B) if the aggregate value at the highest price of any valid tender (excluding tenders at Excluded Prices) of all Ordinary Shares validly tendered by Shareholders is less than £2 billion, the highest price at which any valid tender (excluding tenders at Excluded Prices) is made; or
- (C) if no valid tenders are received other than Strike Price Tenders (being tenders to sell at whatever the Strike Price is determined to be), the Minimum Price (save where the Minimum Price is an Excluded Price, in which case no Ordinary Shares will be acquired under the Tender Offer),

and acceptance of tenders will then be subject, where applicable, to the scaling-down arrangements summarised in paragraph 2.4 of this letter and set out in paragraphs 2.16 to 2.19 of Part III (*Details of the Tender Offer*) of this Circular.

### **2.4 Number of Ordinary Shares that will be purchased pursuant to the Tender Offer**

All Shareholders who tender Ordinary Shares at a price below or at the Strike Price or as Strike Price Tenders will receive the Strike Price for all successful tenders accepted subject, where applicable, to the scaling-down arrangements described in paragraphs 2.16 to 2.19 of Part III (*Details of the Tender Offer*) of this Circular. Accordingly, where scaling-down applies there is no guarantee that all of the Ordinary Shares which are tendered by Qualifying Shareholders below or at the Strike Price or as Strike Price Tenders will be accepted for purchase. Any tenders which are at a price that exceeds the Strike Price will be rejected.

If more than 43,466,603 Ordinary Shares are validly tendered by Shareholders at a price below or at the Strike Price (or as Strike Price Tenders) (the "**Volume Limit**"), or if the aggregate value of the Ordinary Shares validly tendered by Shareholders at a price below or at the Strike Price (or as Strike Price Tenders) is higher than £2 billion (the "**Value Limit**"), a detailed mechanism will be applied in

order to scale down acceptances of validly tendered Ordinary Shares and to determine whether and the extent to which individual tenders are accepted. The order of priority and the nature of the scaling-down arrangements vary depending on whether the Tender Offer is over-subscribed by volume, by value or by both volume and value.

These scaling-down arrangements are relatively complex and should be read in full. They are set out in full in paragraphs 2.16 to 2.19 of Part III (*Details of the Tender Offer*) of this Circular.

By way of summary:

- where neither the Volume Limit nor the Value Limit is exceeded, all Ordinary Shares validly tendered at or below the Strike Price (including as Strike Price Tenders) will be accepted and tendered at the Strike Price;
- where only the Value Limit is exceeded, tenders are scaled down so that their aggregate value is below the Value Limit and, in doing that, priority is given to Ordinary Shares tendered below the Strike Price or as a Strike Price Tender, with alternative arrangements applying where the Strike Price is at the Minimum Price. Further information on the scaling-down arrangements that apply in this situation is contained at paragraphs 2.16 and 2.19 of Part III (*Details of the Tender Offer*) of this Circular;
- where only the Volume Limit is exceeded, tenders are scaled down so that the aggregate number of Ordinary Shares is below the Volume Limit and, in doing that, priority is given to Ordinary Shares tendered at or below the Strike Price (including as Strike Price Tenders) and to Ordinary Shares within the first 24.99 per cent. of a Shareholder's holding. Further information on the scaling-down arrangements that apply in this situation is contained at paragraphs 2.17 and 2.19 of Part III (*Details of the Tender Offer*) of this Circular; and
- where both the Value Limit and the Volume Limit are exceeded, tenders are scaled down so that neither limit is exceeded. To do that, where the Strike Price is above the Minimum Price, priority is given to Ordinary Shares tendered below the Strike Price or as a Strike Price Tender to ensure that the Value Limit is respected. If further scaling-down is still needed to respect the Volume Limit, then, in achieving that, priority is given to Ordinary Shares within the first 24.99 per cent. of a Shareholder's holding. Alternative arrangements apply where the Strike Price is at the Minimum Price. Further information on the scaling-down arrangements that apply in this situation is contained at paragraphs 2.18 and 2.19 of Part III (*Details of the Tender Offer*) of this Circular.

## **2.5 Guaranteed Entitlement**

If the Tender Offer is over-subscribed by volume, by value or by volume and value, Qualifying Shareholders who tendered at the lower price points (by submitting Strike Price Tenders or tenders below the Strike Price) will be guaranteed a minimum level of participation in the Tender Offer (known as their Guaranteed Entitlement). The precise level of this Guaranteed Entitlement will vary depending on the nature and extent of the over-subscription and whether the Strike Price is at or above the Minimum Price.

Like the scaling-down arrangements, these Guaranteed Entitlement arrangements are relatively complex and should be read in full. They are set out in full in paragraphs 2.16 to 2.19 of Part III (*Details of the Tender Offer*) of this Circular.

## **2.6 Circumstances in which the Tender Offer may not proceed**

There is no guarantee that the Tender Offer will take place. The Tender Offer is conditional on the passing of Resolution 1 set out in the Notice of General Meeting. The Tender Offer is also conditional on the other matters specified in paragraph 2.1 of Part III (*Details of the Tender Offer*) of this Circular, including:

- (A) receipt of valid tenders in respect of at least 1,738,664 Ordinary Shares (representing approximately one per cent. of the Issued Ordinary Share Capital as at the Latest Practicable Date) by 1.00 p.m. on the Closing Date and there continuing to be valid tenders in respect of at least such number of Ordinary Shares following any exclusion of tenders at Excluded Prices as described in paragraph 2.3 above;
- (B) the Strike Price being at or above the nominal value of an Ordinary Share; and

(C) the Tender Offer not having been terminated in accordance with its terms and the Company having confirmed to Morgan Stanley that it will not exercise its right to require Morgan Stanley not to proceed with the Tender Offer.

The Board has reserved the right, at any time prior to the Tender Offer becoming unconditional, to require Morgan Stanley not to proceed with the Tender Offer if the Board concludes that the implementation of the Tender Offer is no longer in the best interests of the Company and/or Shareholders as a whole. The Board has also reserved the right, at any time prior to the announcement of the results of the Tender Offer, with the prior consent of Morgan Stanley, to revise the aggregate value of the Tender Offer, or to extend the period during which the Tender Offer is open, based on market conditions and/or other factors, subject to compliance with applicable legal and regulatory requirements.

If the Tender Offer does not occur, the Group will have on its balance sheet the £2 billion of cash that is proposed to be returned. Holding this amount of cash means that the Group is likely to receive a reduced return on capital while the Board considers how best to deploy or return these funds. The Board is of the opinion that, subject to any value-creating alternatives, this cash is surplus to the requirements of the Group and that it would be in the best interests of the Company and Shareholders as a whole not to retain this cash on the Group's balance sheet.

## **2.7 Results announcement and Unconditional Date**

As set out in the expected timetable on page 5 of this Circular, it is expected that the Strike Price and the results of the Tender Offer will be announced on 22 July 2019. Following that announcement, the Tender Offer will still be subject to the remaining Conditions described in paragraph 2.1 of Part III (*Details of the Tender Offer*) of this Circular. At such time as the Tender Offer becomes unconditional, which is expected to be on 23 July 2019, the Company will make an announcement to that effect through a Regulatory Information Service. Settlement is then expected to take place as set out in the timetable on page 5 of this Circular and as provided for in Part III (*Details of the Tender Offer*) of this Circular.

## **2.8 Full terms and conditions of the Tender Offer**

Full details of the Tender Offer, including the terms and conditions on which it is made, are set out in Part III (*Details of the Tender Offer*) of this Circular.

Some questions and answers related to the Return of Value are set out in Part II (*Questions and answers on the Return of Value*) of this Circular.

## **2.9 Action to be taken**

**Qualifying Shareholders are not obliged to tender any of their Ordinary Shares if they do not wish to do so. If no action is taken by Qualifying Shareholders, there will be no change to the number of Ordinary Shares they hold and they will receive no cash as a result of the Tender Offer.**

You should read the whole of this Circular and not rely solely on the information in this letter. Shareholders should refer to paragraph 9 below, and to the full details of the applicable procedures and related timings set out in Part III (*Details of the Tender Offer*) of this Circular, for the action to be taken in respect of the Tender Offer.

The Board is making no recommendation to Shareholders in relation to their participation in the Tender Offer itself. Whether or not Shareholders decide to tender all or any of their Ordinary Shares will depend on, among other things, their view of Whitbread's prospects and their own individual circumstances, including their tax position. Shareholders need to make their own decision and are recommended to consult a duly authorised independent adviser.

## **3. AUTHORITIES TO BUY BACK ORDINARY SHARES**

A general authority to buy back up to a maximum of 18,359,613 Ordinary Shares, representing approximately 10 per cent. of the Issued Ordinary Share Capital at that time, was sought and approved at the Company's last AGM held on 27 June 2018. The Company has bought back 9,988,212 Ordinary Shares under this authority pursuant to the Share Buyback Programme, as

described in paragraph 1 of this letter. The Board does not intend to undertake any buybacks of Ordinary Shares between publication of this Circular and the announcement of the results of the Tender Offer, expected to be on 22 July 2019.

### **3.1 General Buyback Authority**

Approval is being sought at the Company's AGM convened for 19 June 2019 for a general authority to buy back up to a maximum of 17,385,835 Ordinary Shares, representing approximately 10 per cent. of the Issued Ordinary Share Capital (the "**General Buyback Authority**").

If the Tender Offer is successfully implemented, the Issued Ordinary Share Capital will be reduced. Other than for market purchases of Ordinary Shares comprised in any further stage of the Return of Value (which the Board only intends to make under the General Buyback Authority once the Additional Buyback Authority, if granted to the Company at the General Meeting, has been utilised in full), the Board intends to restrict its use of the General Buyback Authority to market purchases of Ordinary Shares representing a maximum of 10 per cent. of the Issued Ordinary Share Capital as it is after completion of the Tender Offer and any utilisation of the Additional Buyback Authority.

### **3.2 Additional Buyback Authority**

At the General Meeting, approval will be sought for a further authority to buy back up to a maximum of 8,693,320 Ordinary Shares, representing approximately 4.99 per cent. of the Issued Ordinary Share Capital as at the Latest Practicable Date (the "**Additional Buyback Authority**"). The Additional Buyback Authority will only be used:

- (A) for the purposes of any further stage of the Return of Value, that is, in the event, and then only to the extent, that the Tender Offer has returned less than the full sum of £2 billion to Shareholders; and
- (B) to the extent that Ordinary Shares acquired under the Additional Buyback Authority would not, when aggregated with the number of Ordinary Shares acquired under the Tender Offer, exceed 43,466,603 Ordinary Shares.

Further information on the Additional Buyback Authority is contained in paragraph 1 of Part V (*Potential further stage of the Return of Value*) of this Circular.

## **4. WHITBREAD'S STRATEGIC PLANS FOLLOWING THE DISPOSAL AND UPCOMING TRADING UPDATE**

At Whitbread's Capital Markets Day on 13 February 2019, the Company outlined its plans to create long-term shareholder value as a focused and vertically-integrated international hotel business through growth in earnings, combined with a strong return on capital. The plan is summarised as:

- growing and innovating in Premier Inn's core UK market;
- focusing on Whitbread's strengths to grow internationally; and
- optimising Whitbread's capabilities to support long-term growth.

### **4.1 Growing and innovating in Premier Inn's core UK market**

Whitbread created Premier Inn in 2004 through the combination of the Travel Inn and Premier Lodge businesses. Premier Inn has subsequently grown to be the clear market leader in the UK with over 74,000 rooms. The Premier Inn proposition targets the largest part of the market: the domestic business and leisure traveller. Across the UK and internationally, Whitbread now has clear long-term network potential of over 170,000 rooms.

The UK hotel market is large, with a total of over 700,000 rooms. Of these just under half are operated by smaller, non-branded, independent businesses. Premier Inn has consistently won market share from independents by adding new capacity, which delivers a consistently superior experience and excellent value-for-money. Given the size of the market and level of fragmentation, Whitbread sees potential for at least 110,000 rooms in the UK.

#### **4.2 Focusing on Whitbread's strengths to grow internationally**

Whitbread believes there is a long-term opportunity to replicate in the German hotel market the success Premier Inn has had in the UK. Whitbread has already committed to acquire a pipeline of more than 6,000 rooms in Germany. Whitbread is targeting acceleration of the international network through organic investment in freehold and leasehold properties, combined with further acquisitions, to at least 60,000 rooms over the longer-term.

Acquisition opportunities are assessed based on the attractiveness of the catchment, the specific location of hotels within a catchment, the size of the hotel and the potential for the hotel to be converted into the Premier Inn format. To support investment plans in Germany, Whitbread is de-leveraging in the short-term, which, based on our FFO (funds from operations) for the 12 months to 30 August 2018, provides future leverage capacity of around £800 million at or around our current long-term target gearing ratio level.

There can be no certainty that Whitbread will complete further acquisitions in Germany nor as to the timing of any successful acquisitions. No material acquisition opportunity is currently the subject of advanced stage discussions.

#### **4.3 Optimising Whitbread's capabilities to support long-term growth**

Whitbread continues to leverage its scale to secure cost efficiencies, helping to offset the structural cost pressures in the hotel market which disproportionately impact the independent sector. This focus on cost, along with Whitbread's property expertise, underpins the consistent quality and competitive advantage enjoyed by Premier Inn.

Whitbread has a strong track record of earning a strong return on capital at a premium to its cost of capital. Given the compelling opportunities to invest capital through the cycle in the UK and internationally, Whitbread's capital structure priority is to provide financial flexibility to invest. Whitbread's aim is to continue to operate with a strong balance sheet to provide access to low-cost incremental funding, underpinned by its balanced freehold and leasehold approach to property.

This flexible approach to property is an integral part of Premier Inn's unique model. Through detailed network planning and disciplined investment in attractive freehold and leasehold hotels, Premier Inn has become the largest hotel network in the UK.

#### **4.4 Whitbread as a focused, vertically-integrated international hotel business**

Following the Disposal, Whitbread's business is focused on Premier Inn. Whitbread has conducted a rigorous review of its unique, vertically-integrated model, which combines the ownership of property, hotel operations, the Premier Inn brand and inventory distribution. Over the last 15 years, this unique approach has enabled Premier Inn to grow at a significantly faster pace than competitors, deliver a consistently superior customer experience and generate a strong return on invested capital for shareholders.

Given the scale of the opportunity to invest in new hotel capacity in the UK and Germany, Whitbread believes its unique vertically-integrated model is the optimal approach to both access this growth opportunity and create sustainable value for shareholders over the long-term.

Since the Disposal, this focus as a vertically-integrated international hotel business has given Whitbread a different profile with investors as well as within the hotel industry, and we have been contacted by and met with parties who are keen to increase their understanding of our business.

As a "pure play" international hotel business, it is possible that, as some commentators have suggested, Whitbread may now be of greater interest to other parties pursuing acquisition strategies or partnerships in the hotel sector. There can of course be no certainty as to whether any such party may at any point be interested in any transaction with or involving Whitbread.

#### **4.5 Upcoming Q1 2019 trading update**

The Group will provide a trading update for Q1 2019 on 19 June 2019, the same day as the AGM. Subject to the passing of the relevant Resolution at the General Meeting, the Tender Offer will then open on 20 June 2019.

#### **4.6 Confirmation**

The Company confirms that it is not in possession of inside information for the purposes of Article 7 of the Market Abuse Regulation, including in relation to the matters in this paragraph 4.

#### **5. DIVIDENDS**

It is not expected that the Tender Offer will have any impact on Whitbread's dividend policy.

#### **6. TAX**

A guide to certain UK tax consequences of the Tender Offer for Shareholders under current UK law and HM Revenue & Customs practice is set out in paragraph 1 of Part IV (*Taxation*) of this Circular and a guide to certain US tax consequences of the Tender Offer for Shareholders under current US law is set out in paragraph 2 of Part IV (*Taxation*) of this Circular.

Shareholders who are subject to tax in a jurisdiction other than the UK or the US, or who are in any doubt as to the potential tax consequences of tendering their Ordinary Shares under the Tender Offer, are strongly recommended to consult their own independent professional advisers before tendering their Ordinary Shares under the Tender Offer.

Any Shareholder who is intending to accept the Tender Offer from the US, who has provided a US address or whose sale proceeds would be paid to an account maintained in the US is referred to the guide to certain aspects of the US information reporting and backup withholding rules set out under the heading "US information reporting and backup withholding" in paragraph 2 of Part IV (*Taxation*) of this Circular.

#### **7. OVERSEAS SHAREHOLDERS**

The attention of Overseas Shareholders is drawn to paragraph 6 of Part III (*Details of the Tender Offer*) of this Circular. In addition, the attention of Shareholders who are resident in the United States is drawn to the Notice for US Shareholders on page 2 of this Circular.

#### **8. GENERAL MEETING**

Implementation of the Tender Offer requires the approval of certain matters by Shareholders at a general meeting of the Company. Accordingly a notice is set out at the end of this Circular convening the General Meeting to be held at Church House Conference Centre, Dean's Yard, Westminster, London SW1P 3NZ at 2.45 p.m. on 19 June 2019 or as soon thereafter as the Company's AGM convened for that date has concluded or been adjourned.

Four resolutions will be proposed at the General Meeting. Three of the Resolutions are special resolutions, the passing of which requires at least 75 per cent. of the votes cast (whether in person or by proxy) to be in favour. One of the Resolutions is an ordinary resolution, the passing of which requires more than 50 per cent. of the votes cast (whether in person or by proxy) to be in favour.

Resolution 1, which is a special resolution, seeks authority to make market purchases of Ordinary Shares in connection with the Tender Offer. The Resolution specifies the maximum number of Ordinary Shares which may be acquired, and the maximum and minimum prices at which Ordinary Shares may be acquired, pursuant to this authority. The authority sought will expire on 31 December 2019.

Resolution 2, which is an ordinary resolution, seeks shareholder approval of the Share Consolidation which may be implemented in the event that all or part of any further stage of the Return of Value is undertaken by payment of a Special Dividend, as described in paragraph 2 of Part V (*Potential further stage of the Return of Value*) of this Circular.

Resolution 3, which is a special resolution, proposes that, conditional on the Share Consolidation taking effect, the articles of association of the Company be amended by substituting the nominal value of the New Ordinary Shares.

Resolution 4, which is a special resolution, seeks authority to make market purchases of Ordinary Shares for the purposes of any further stage of the Return of Value, as described in paragraph 1 of Part V (*Potential further stage of the Return of Value*) of this Circular. The Resolution specifies the maximum number of Ordinary Shares that may be acquired, and the maximum and minimum prices at



which Ordinary Shares may be acquired, pursuant to this authority. The authority sought will expire at the conclusion of the AGM of the Company to be held in 2020 or, if earlier, 18 September 2020.

## **9. ACTION TO BE TAKEN**

### **9.1 Action Shareholders should take in relation to the General Meeting**

Unless you have opted to register proxy appointments electronically, you will find enclosed with this Circular a Form of Proxy for use in connection with the General Meeting or any adjournment thereof. It is important that Shareholders have the opportunity to vote, even if they are unable to come to the General Meeting. Whether or not you intend to attend the General Meeting in person, you are requested to complete and return the Form of Proxy in accordance with the instructions printed on it so as to be received by the Registrar, Link Asset Services, at Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and, in any event, by not later than 2.45 p.m. on 17 June 2019 (or, in the case of an adjournment, not later than 48 hours (excluding non-Business Days) before the time fixed for the holding of the adjourned meeting).

If you hold Ordinary Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the Registrar, Link Asset Services (CREST Participant ID RA10), by not later than 2.45 p.m. on 17 June 2019 (or, in the case of an adjournment, not later than 48 hours (excluding non-Business Days) before the time fixed for the holding of the adjourned meeting).

Proxy appointments may also be submitted via the internet at [www.whitbread-shares.com](http://www.whitbread-shares.com) so that the appointment is received by not later than 2.45 p.m. on 17 June 2019 (or, in the case of an adjournment, not later than 48 hours (excluding non-Business Days) before the time fixed for the holding of the adjourned meeting).

Unless the Form of Proxy, CREST Proxy Instruction or electronic registration of proxy appointment (as applicable) is received by the relevant date and time specified above, it will be invalid. Completion and return of the Form of Proxy, the submission of a CREST Proxy Instruction or the electronic registration of a proxy appointment will not preclude you from attending and voting in person at the General Meeting if you wish to do so and are so entitled.

### **9.2 Action Shareholders should take in relation to the Tender Offer**

Those Shareholders who wish to tender Ordinary Shares should note that the procedure for doing so depends on whether your Ordinary Shares are held in certificated or uncertificated form. The relevant procedures are summarised below. Full details of applicable procedures and related timings are set out in Part III (*Details of the Tender Offer*) of this Circular.

**Shareholders who do not wish to sell any Ordinary Shares under the Tender Offer should take no action in relation to the Tender Form and should not make any TTE Instruction.**

**If you are in doubt about completion of the Tender Form or sending a TTE Instruction, please contact the Shareholder Helpline on 0344 855 2327. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the UK will be charged at the applicable international rate.**

**Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this Circular and the Tender Form and will be unable to give advice on the merits of the Return of Value or to provide financial, investment or taxation advice.**

#### **(a) Ordinary Shares held in certificated form**

Qualifying Shareholders who hold Ordinary Shares in certificated form and who wish to tender all or any of their Ordinary Shares should complete a Tender Form, in accordance with the instructions printed thereon and set out in Part III (*Details of the Tender Offer*) of this Circular, and return it, together with their share certificate(s) and/or other document(s) of title or (where applicable) a satisfactory indemnity in lieu thereof in respect of the tendered Ordinary Shares, on or after 20 June 2019 and so as to be received by post or (during normal business hours only) by hand by the Receiving Agent at Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by not later than 1.00 p.m. on 19 July 2019. **Tender Forms submitted before the Tender Offer opens on 20 June 2019 will be treated as invalid.**

**(b) Ordinary Shares held in uncertificated form**

Qualifying Shareholders who hold their Ordinary Shares in uncertificated form and who wish to tender all or any of their Ordinary Shares should tender electronically through CREST on or after 20 June 2019 so that the TTE Instruction settles by not later than 1.00 p.m. on 19 July 2019.

The CREST Manual may also assist you in making a TTE Instruction.

**10. FINANCIAL ADVICE**

The Board has received financial advice from J.P. Morgan Cazenove and Morgan Stanley in relation to the Return of Value. In providing their financial advice, J.P. Morgan Cazenove and Morgan Stanley have relied upon the Board's commercial assessments.

**11. RECOMMENDATION**

The Board considers the Return of Value and the Resolutions to be in the best interests of Shareholders as a whole. Accordingly, the Board recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as the Directors intend to do for their respective individual beneficial holdings of, in aggregate, 100,646 Ordinary Shares, representing approximately 0.06 per cent. of the Issued Ordinary Share Capital as at the Latest Practicable Date.

The Board makes no recommendation to Shareholders in relation to participation in the Tender Offer itself. Whether or not Shareholders decide to tender all or any of their Ordinary Shares will depend on, among other things, their view of Whitbread's prospects and their own individual circumstances, including their tax position. Shareholders need to take their own decision and are recommended to consult their duly authorised independent advisers.

**12. DIRECTORS' INTENTIONS**

Each of the Directors has confirmed that he or she does not intend to tender through the Tender Offer any of his or her current individual beneficial holding of Ordinary Shares.

Yours faithfully

**Adam Crozier**  
Chairman

## **Part II**

### **QUESTIONS AND ANSWERS ON THE RETURN OF VALUE**

*To help you understand what is involved in the Return of Value, we have prepared some questions and answers. You should read the whole of this Circular and not rely solely on the summary information in this Part II. Part I (Letter from the Chairman) of this Circular contains a letter from the Chairman of the Company in relation to the Return of Value and Part III (Details of the Tender Offer) of this Circular sets out the detailed terms and conditions of the Tender Offer. In the event of any inconsistency between the contents of this Part II and the terms and conditions set out in Part III (Details of the Tender Offer) of this Circular, the terms and conditions set out in Part III (Details of the Tender Offer) of this Circular shall prevail.*

#### **1. IS THERE A MEETING TO APPROVE THE TENDER OFFER? HOW DO I VOTE?**

As the Tender Offer requires the approval of Shareholders, a general meeting of the Company has been convened for 2.45 p.m. on 19 June 2019 at Church House Conference Centre, Dean's Yard, Westminster, London SW1P 3NZ or as soon thereafter as the Company's AGM convened for that date has concluded or been adjourned. The Resolution to approve the Tender Offer requires a majority of 75 per cent. or more of the votes cast in order to be passed.

All Shareholders are entitled to attend and vote at the General Meeting. Shareholders have a choice whether to attend the meeting. If you choose not to attend, we would encourage you to exercise your right to vote at the meeting either (if applicable) by signing and returning the enclosed Form of Proxy or by submitting an electronic proxy appointment via the internet at [www.whitbread-shares.com](http://www.whitbread-shares.com) or (if you hold your Ordinary Shares in uncertificated form) by completing and transmitting a CREST Proxy Instruction to the Registrar, Link Asset Services (CREST Participant ID RA10). In each case, the proxy appointment must be received by not later than 2.45 p.m. on 17 June 2019.

#### **2. SHOULD I TENDER MY ORDINARY SHARES?**

You should make your own decision as to whether or not you participate in the Tender Offer and are recommended to consult an appropriate independent adviser. The Board makes no recommendation to Shareholders in relation to participation in the Tender Offer itself. Whether or not you decide to tender all or any of your Ordinary Shares will depend on, among other things, your view of Whitbread's prospects and your own individual circumstances, including your tax position.

#### **3. WHAT DO I NEED TO DO NEXT?**

First, we would encourage you either (if applicable) to sign and return the enclosed Form of Proxy or to submit an electronic proxy appointment or (if you hold your Ordinary Shares in uncertificated form) to take the necessary steps within CREST to vote at the General Meeting.

Secondly, you should consider whether you want to tender all or any of your Ordinary Shares.

If you do decide to tender Ordinary Shares and you hold those Ordinary Shares in certificated form, you will need to return the completed Tender Form together with your Whitbread share certificate(s) and/or other document(s) of title or (where applicable) a satisfactory indemnity in lieu thereof in respect of the tendered Ordinary Shares, on or after 20 June 2019. Completed Tender Forms (along with your share certificate(s) and/or other document(s) of title) should be submitted to the Receiving Agent at Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU on or after 20 June 2019 and so as to be received by not later than 1.00 p.m. on 19 July 2019, as set out in paragraph 3.2 of Part III (*Details of the Tender Offer*) of this Circular.

If you decide to tender Ordinary Shares and you hold those shares in uncertificated form, you should read paragraph 3.3 of Part III (*Details of the Tender Offer*) of this Circular which details specific procedures applicable to the holders of uncertificated Ordinary Shares.

#### **4. AM I OBLIGED TO TENDER MY ORDINARY SHARES? WHAT HAPPENS IF I DON'T TENDER?**

No, you are not obliged to tender any of your Ordinary Shares. If you choose not to tender your Ordinary Shares under the Tender Offer, your holding will be unaffected, save for the fact that the cancellation of the Ordinary Shares which are bought under the Tender Offer will mean that, subsequent to that cancellation, you will own a greater percentage of the Company than you did

before the Tender Offer, as there will be fewer Ordinary Shares in issue. The same would apply if you tender Ordinary Shares unsuccessfully.

Non-participation in the Tender Offer will not stop you from participating in any further stage of the Return of Value. There may not, however, be a further stage of the Return of Value in certain circumstances, including where the Tender Offer is fully subscribed, where any requisite shareholder approval is not obtained or where the decision is made not to undertake any further stage. In these circumstances, those Shareholders who do not successfully tender any of their Ordinary Shares under the Tender Offer will not participate in the Return of Value. The Board has reserved the right not to proceed with, or to modify, any further stage of the Return of Value if it determines that it would be in the interests of Shareholders as a whole to do so.

#### **5. WILL I BE ENTITLED TO TRADE MY ORDINARY SHARES DURING THE TENDER OFFER PERIOD?**

- (A) ***If you do not tender any of your Ordinary Shares:*** You will be free to trade your Ordinary Shares in the normal way during the Tender Offer period.
- (B) ***If you tender all of your Ordinary Shares (whether in certificated or uncertificated form):*** Once you have submitted your tender, you should not trade any of your Ordinary Shares during the Tender Offer period.
- (C) ***If you tender some but not all of your Ordinary Shares (whether in certificated or uncertificated form):*** Once you have submitted your tender, you should only trade in the normal way during the Tender Offer period those Ordinary Shares which have not been tendered pursuant to the Tender Offer.

#### **6. WHO IS ELIGIBLE TO PARTICIPATE IN THE TENDER OFFER?**

The Tender Offer is open to both private and institutional Shareholders alike who are on the Register at the Record Date. For legal and regulatory reasons we are unable to make the opportunity to participate in the Tender Offer available to Shareholders who are resident in the Restricted Jurisdictions.

Shareholders resident outside the UK, or who are nationals or citizens of jurisdictions other than the UK, should read the information set out in paragraph 6 of Part III (*Details of the Tender Offer*) of this Circular.

In addition, the attention of Shareholders who are resident in the United States is drawn to the Notice for US Shareholders on page 2 of this Circular.

#### **7. WHAT ARE MY OPTIONS WHEN I TENDER?**

You are not obliged to tender any of your Ordinary Shares if you do not wish to do so. Qualifying Shareholders who do wish to participate in the Tender Offer can tender their Ordinary Shares in the following ways:

- (A) submit a tender at whichever of the prices within the Price Range is ultimately determined to be the Strike Price (referred to as a “**Strike Price Tender**”), that is a tender which is not made at one of the specified prices within the Price Range;
- (B) submit a tender at a single specified price within the Price Range; or
- (C) submit a tender at more than one of the prices within the Price Range (which could include a Strike Price Tender).

The total number of Ordinary Shares that you tender must not exceed the total number of Ordinary Shares registered in your name at the Record Date. As described in Question 10 below, there can be no certainty that any or all of the Ordinary Shares that you tender will be accepted for purchase in the Tender Offer.

#### **8. WHAT PRICING FORMULA WILL BE USED FOR THE TENDER OFFER?**

Qualifying Shareholders will be able to select the price at which they wish to tender their Ordinary Shares for purchase within a range of prices which are based on and expressed by reference to the average market price at which the Ordinary Shares trade (known as the “**volume-weighted average**”).

**price**” or **“VWAP”**) in the five Trading Days up to and including the Closing Date. The VWAP-based prices in the Price Range extend (in one per cent. increments) from a flat VWAP-based price (with no premium or discount) to a price that is a four per cent. premium over the VWAP-based price.

The reason for using an average market price in the five Trading Days up to and including the Closing Date as the base for each price in the Price Range is to ensure that, as far as possible, the pricing of the Tender Offer remains connected to the then-market price of the Ordinary Shares. Setting a fixed price, or a fixed range, in pence per Ordinary Share at the outset of the Tender Offer would risk the tender price or range becoming disconnected from the prevailing market price, i.e. higher or lower than the market price at the time of the Tender Offer closing, which could mean that (where the market price is above the tender price or range) the offer would not be generally attractive to Shareholders and take-up would likely be low, or (where the market price is well below the tender price or range) the tendered shares would be purchased at a material premium to the prevailing market price, effectively at the expense of those Shareholders who choose not to tender. By contrast, this risk should be reduced by the dynamic pricing structure where the base for each price in the Price Range is set by taking an average of the actual VWAP trading prices over a five-day trading period up to and including the Closing Date. While we expect the Price Range to track the market price of an Ordinary Share, it is, however, also a term of the Tender Offer that no Ordinary Shares will be acquired at a price that exceeds a Price Cap of £50.00 per Ordinary Share (a price that represents the approximate volume-weighted average price of Ordinary Shares for the last 30 days (being the period following the Company’s announcement of its preliminary results for the financial year ended 28 February 2019 on 30 April 2019 up to and including the Latest Practicable Date), plus a premium of 10 per cent.). Tenders at prices that exceed the Price Cap will be disregarded for the purpose of the Tender Offer.

The use of a dynamic VWAP-based pricing structure means that the absolute price in pounds and pence per Ordinary Share will not be known until after the Tender Offer has closed for acceptances. The Company will announce the absolute price to be paid to successfully participating Qualifying Shareholders as soon as this has been determined, which is expected to be on 22 July 2019, together with the results of the Tender Offer. During the calculation period for Average VWAP, the Company intends to publish on the investor microsite section of its website the Daily VWAP for each of the relevant Trading Days as soon as reasonably practicable on each day following trading closing.

Additional information about the pricing of the Tender Offer is set out in paragraph 2 of Part I (*Letter from the Chairman*) and in Part III (*Details of the Tender Offer*) of this Circular.

## **9. IF I TENDER MY ORDINARY SHARES, WHAT PRICE WILL I RECEIVE FOR EACH ORDINARY SHARE THAT I SELL?**

A single price per Ordinary Share, known as the Strike Price, will be paid in respect of all Ordinary Shares purchased by Morgan Stanley pursuant to the Tender Offer.

The Strike Price will be set once the VWAP-based prices in the Price Range have been calculated and once tenders received have been reviewed.

No Ordinary Share will be acquired at any price that exceeds the Price Cap of £50.00. Accordingly, once the relevant calculations to determine the prices in the Price Range in pence per Ordinary Share have been finalised following the Closing Date, all tenders made at any price in the Price Range that exceeds the Price Cap will be disregarded.

The Strike Price will be:

- (A) the lowest price per Ordinary Share in the Price Range at which any valid tender is made (but excluding tenders made at levels that are above the Price Cap, known as **“Excluded Prices”**) which would enable the greatest number of Ordinary Shares (whether or not such number equals, exceeds or is less than 43,466,603 Ordinary Shares) to be purchased for a total cost equal to at least £2 billion;
- (B) if the aggregate value at the highest price of any valid tender (excluding tenders at Excluded Prices) of all Ordinary Shares validly tendered by Shareholders is less than £2 billion, the highest price of any valid tender (excluding tenders at Excluded Prices); or

- (C) if no valid tenders are made other than Strike Price Tenders, the Minimum Price (save where the Minimum Price is an Excluded Price, in which case no Ordinary Shares will be acquired under the Tender Offer).

Once the Strike Price is set, the scaling-down arrangements set out in paragraphs 2.16 to 2.19 of Part III (*Details of the Tender Offer*) of this Circular will apply in circumstances where:

- (i) the aggregate value at the Strike Price of all Ordinary Shares validly tendered by Shareholders would exceed £2 billion (the “**Value Limit**”); and/or
- (ii) the aggregate number of all Ordinary Shares validly tendered by Shareholders at or below the Strike Price exceeds 43,466,603 Ordinary Shares (the “**Volume Limit**”).

**All Shareholders who tender Ordinary Shares at a price at or below the Strike Price (including as Strike Price Tenders) will receive the Strike Price for all successful tenders accepted subject, where applicable, to the scaling-down arrangements described in paragraphs 2.16 to 2.19 of Part III (*Details of the Tender Offer*) of this Circular.**

Shares that you tender above the Strike Price will not be acquired.

#### **10. HOW MANY ORDINARY SHARES CAN I TENDER?**

There is no limit on how many Ordinary Shares you can tender, save that any Qualifying Shareholder should not seek to tender more than the total number of Ordinary Shares registered in the name of that Qualifying Shareholder at the Record Date.

There can, however, be no certainty that any or all of the Ordinary Shares that you tender will be accepted for purchase in the Tender Offer. First, your tender may be at a price that exceeds the Strike Price, meaning that it would be rejected. Secondly, even if your tender is at or below the Strike Price there are circumstances in which the terms of the Tender Offer will scale down your tender and, in those circumstances, not all of the Ordinary Shares that you tender will be acquired. This is principally where the Ordinary Shares tendered at or below the Strike Price would exceed the Value Limit and/or the Volume Limit described in the answer to Question 9 above. The scaling-down provisions of the Tender Offer are relatively complex and should be read in full. They are set out in detail in paragraphs 2.16 to 2.19 of Part III (*Details of the Tender Offer*) of this Circular.

#### **11. WHAT IS MY GUARANTEED ENTITLEMENT?**

The Guaranteed Entitlement is relevant in certain situations where the Tender Offer is over-subscribed by value and/or number of Ordinary Shares, that is where the Value Limit and/or the Volume Limit described in the answer to Question 9 above would be exceeded. In those situations, the Guaranteed Entitlement ensures that, depending on the price at which Ordinary Shares are tendered, each Qualifying Shareholder has some protected level of participation in the Tender Offer. The level of that guaranteed participation varies depending on the nature and/or extent of the over-subscription and whether the Strike Price is at or above the Minimum Price. Like the scaling-down provisions referred to in Question 10, these arrangements are relatively complex and should be read in full. They are set out in full in paragraphs 2.16 to 2.19 of Part III (*Details of the Tender Offer*) of this Circular.

#### **12. WHEN WILL I RECEIVE PAYMENT?**

Under the expected timetable of events set out in this Circular, it is anticipated that a cheque would be despatched to certificated Qualifying Shareholders or, where an appropriate instruction has been included in the Tender Form, a Bacs payment made, for the proceeds of any sale on 30 July 2019. CREST account holders would have their CREST accounts credited on 30 July 2019.

Certain payments made in connection with the Tender Offer may be subject to US backup withholding. All Qualifying Shareholders who choose to participate in the Tender Offer are referred to the guide to certain aspects of the US information reporting and backup withholding rules and the relevant forms required to be completed, if any, set out under the heading “US information reporting and backup withholding” in paragraph 2 of Part IV (*Taxation*) of this Circular.

#### **13. WHAT DO I DO IF I HAVE SOLD OR TRANSFERRED ALL OF MY ORDINARY SHARES?**

Please forward this Circular, together with the accompanying documents (but not any personalised Form of Proxy or Tender Form), at once to the purchaser or transferee or to the bank, stockbroker or

other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. Those documents should not, however, be forwarded to or sent in or into any Restricted Jurisdiction.

#### **14. WHAT IS THE IMPACT ON EMPLOYEE SHARE OPTION SCHEMES AND SHARE PLANS?**

Share options and awards which remain outstanding at the Record Date do not entitle the holders of such options and awards to participate in the Tender Offer. The Tender Offer will not affect the legal rights of the holders of such options and awards.

#### **15. WHAT HAPPENS IF I HAVE LOST MY SHARE CERTIFICATE(S) AND/OR OTHER DOCUMENT(S) OF TITLE AND WISH TO PARTICIPATE IN THE TENDER OFFER?**

If you hold 500 or more Ordinary Shares in certificated form in total as at the Record Date and you have lost the share certificate(s) in relation to any or all of your tendered Ordinary Shares, you will need to provide a letter of indemnity to the Company, a template for which can be obtained by writing to Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by contacting the Shareholder Helpline, details of which are set out at the front of this Circular. You will then need to return the letter of indemnity, duly completed, to Link Asset Services with your Tender Form, on or after 20 June 2019 and so as to be received by Link Asset Services not later than 1.00 p.m. on 19 July 2019.

If you hold fewer than 500 Ordinary Shares in certificated form in total as at the Record Date and you have lost the share certificate(s) in relation to any or all of your tendered Ordinary Shares, there is no need to provide a letter of indemnity or any other documentation relating to the lost share certificate(s). Please be aware that, if, following submission of your Tender Form and prior to the Record Date, you acquire further Ordinary Shares which bring your total holding of Ordinary Shares in certificated form to 500 or more, but you have not provided a letter of indemnity relating to your lost share certificate(s), your tender may be rejected as an invalid tender.

#### **16. WHAT IF I AM RESIDENT OUTSIDE THE UK?**

Shareholders resident outside the UK, or who are nationals or citizens of jurisdictions other than the UK, should read the additional information set out in paragraph 6 of Part III (*Details of the Tender Offer*) of this Circular as there may be legal and regulatory restrictions on such Shareholders participating in the Tender Offer.

For legal and regulatory reasons we are unable to offer Shareholders who are resident in a Restricted Jurisdiction the ability to participate in the Tender Offer.

Shareholders in the United States should read the information in the Notice for US Shareholders on page 2 of this Circular and the information in paragraph 6 of Part III (*Details of the Tender Offer*) and paragraph 2 of Part IV (*Taxation*) of this Circular.

#### **17. WHAT HAPPENS IF THE TENDER OFFER DOES NOT RETURN THE FULL AMOUNT OF CASH?**

If the full £2 billion is not returned to Shareholders through the Tender Offer, the Board will consider whether and how best to return such balance to Shareholders in light of the circumstances prevailing following completion of the Tender Offer, including the level of take up of the Tender Offer, the extent of any amount not returned to Shareholders, the relative cost and convenience of available methods of returning the balance and any more value-creating alternative uses for the cash.

#### **18. WHY ARE WE BEING ASKED TO APPROVE A SHARE CONSOLIDATION AND AN ADDITIONAL BUYBACK AUTHORITY?**

If the full £2 billion is not returned through the Tender Offer, the Board will at that point consider whether and how best to return such balance to Shareholders, which could include a Special Dividend or an extension of the Share Buyback Programme. We are therefore also taking the opportunity at the General Meeting to consider certain other matters which would require shareholder approval if a Special Dividend were to be paid or if the Share Buyback Programme were to be extended, including:

- a resolution authorising the Board to effect a Share Consolidation, which may be appropriate if a Special Dividend is paid. The purpose of the Share Consolidation would be to seek to ensure

that, to the extent reasonably practicable and subject to market fluctuations, the market price of one New Ordinary Share immediately after the payment of the Special Dividend would be approximately equal to the market price of one Ordinary Share immediately beforehand. The terms of the relevant resolution only allow the Board to use the authority to effect a Share Consolidation in connection with any Special Dividend(s) paid for the purposes of any further stage of the Return of Value; and

- a resolution authorising the Company to purchase up to a maximum of 8,693,320 Ordinary Shares, representing approximately 4.99 per cent. of the Issued Ordinary Share Capital as at the Latest Practicable Date, which would only be used to return to Shareholders any portion of the £2 billion not returned through the Tender Offer.

By requesting these authorities now, the Board is seeking to ensure that the Company will be able to act quickly and without the delay and cost of convening a further general meeting at a later stage, if the Board does subsequently decide to use either a Special Dividend or an extension of the Share Buyback Programme to return all or any portion of the £2 billion not returned by the Tender Offer.

Further information about the Share Consolidation and the Additional Buyback Authority is set out in Part V (*Potential further stage of the Return of Value*) of this Circular.

#### **19. WHAT IS UNITED STATES INFORMATION REPORTING AND BACKUP WITHHOLDING? DO I NEED TO FILL OUT ANY FORMS?**

As set out under the heading “US information reporting and backup withholding” in paragraph 2 of Part IV (*Taxation*) of this Circular, US information reporting and backup withholding may apply to payments made in respect of sales of Ordinary Shares pursuant to the Tender Offer. In particular, where such payments are not considered to be effected at an office outside the US under US Treasury Regulations, backup withholding at a rate of 24 per cent. may apply to the gross proceeds unless the relevant Shareholder provides a properly completed IRS Form W-9 (in the case of a US Shareholder) or an appropriate IRS Form W-8 (in the case of a Shareholder other than a US Shareholder), or otherwise establishes an exemption from information reporting and backup withholding. Shareholders should return the appropriate IRS Form W-9 or Form W-8 with the acceptance of the Tender Offer. Copies of IRS Form W-9 and Form W-8 are available on the IRS’s website at [www.irs.gov/forms-instructions](http://www.irs.gov/forms-instructions).

Notwithstanding the foregoing, certain Shareholders may be exempt from US information reporting and backup withholding even though the appropriate tax form has not been returned. In addition, certain Shareholders that own their Ordinary Shares through a custodian, nominee or trustee may be able to avoid the imposition of backup withholding by providing an appropriate IRS Form W-9 or Form W-8 to the applicable custodian, nominee or trustee.

Shareholders are strongly advised to consult with their tax advisers as to the application of the information reporting and backup withholding rules to their individual situations.

#### **20. WHAT IF I HAVE ANY MORE QUESTIONS?**

If you have read this Circular and still have questions, please telephone the Shareholder Helpline, details of which are set out at the front of this Circular.



**Part III**  
**DETAILS OF THE TENDER OFFER**

**1. INTRODUCTION**

Subject to the passing at the General Meeting of Resolution 1 set out in the Notice of General Meeting, Qualifying Shareholders on the Register at the Record Date are hereby invited to tender Ordinary Shares for purchase by Morgan Stanley on or after 20 June 2019 on the terms and subject to the conditions set out in this Circular and, in the case of Qualifying Shareholders holding certificated Ordinary Shares, the accompanying Tender Form.

Qualifying Shareholders are not obliged to tender any Ordinary Shares if they do not wish to do so. The rights of Qualifying Shareholders who choose not to tender their Ordinary Shares will be unaffected.

Under the Option Agreement, the Company has granted a put option to Morgan Stanley which, on exercise by Morgan Stanley, obliges the Company to purchase from Morgan Stanley, at the Strike Price, the Ordinary Shares purchased by Morgan Stanley pursuant to the Tender Offer. Also under the Option Agreement, Morgan Stanley has granted the Company a call option which, on exercise by the Company, obliges Morgan Stanley to sell to the Company, at the Strike Price, the Ordinary Shares purchased by Morgan Stanley pursuant to the Tender Offer.

Under the Option Agreement and pursuant to the Tender Offer generally, Morgan Stanley will act as principal and not as agent, nominee or trustee.

**2. TERMS AND CONDITIONS OF THE TENDER OFFER**

**2.1** The Tender Offer is conditional on the following (the “**Conditions**”):

- (A) the passing, as a special resolution, at the General Meeting of Resolution 1 set out in the Notice of General Meeting at the end of this Circular;
- (B) receipt of valid tenders in respect of at least 1,738,664 Ordinary Shares (representing approximately one per cent. of the Issued Ordinary Share Capital as at the Latest Practicable Date) by 1.00 p.m. on the Closing Date and there continuing to be valid tenders in respect of at least such number of Ordinary Shares following any exclusion of tenders at Excluded Prices pursuant to paragraph 2.11 below;
- (C) the Strike Price being at or above the nominal value of an Ordinary Share;
- (D) the Tender Offer not having been terminated in accordance with paragraph 2.24 of this Part III (*Details of the Tender Offer*) of this Circular and the Company confirming to Morgan Stanley that it will not exercise its right under that paragraph to require Morgan Stanley not to proceed with the Tender Offer; and
- (E) Morgan Stanley being satisfied at all times up to immediately prior to the Unconditional Date that the Company has complied with its obligations, and is not in breach of any of the representations and warranties given by it, under the Option Agreement.

Morgan Stanley will not purchase the Ordinary Shares pursuant to the Tender Offer unless the Conditions have been satisfied. The Conditions may not be waived by Morgan Stanley. Upon the Tender Offer becoming unconditional, Morgan Stanley will be obliged to acquire the relevant Ordinary Shares in accordance with the terms of the Tender Offer. Subject to paragraph 2.26 below, if the Conditions are not satisfied by 3.00 p.m. on 30 July 2019 (or such later time and/or date as the Company may, with the consent of Morgan Stanley, determine and announce via a Regulatory Information Service), the Tender Offer will lapse.

- 2.2** (A) Ordinary Shares may be tendered under the Tender Offer in the following ways:
- (i) as a tender at whichever of the prices within the Price Range ultimately proves to be the Strike Price (a “**Strike Price Tender**”), that is a tender which is not made at one of the specified prices within the Price Range; or
  - (ii) as a tender at a single specified price within the Price Range, being one of the following:
    - (a) an amount (in pence per Ordinary Share) equal to Average VWAP (rounded down to the nearest whole penny);

- (b) an amount (in pence per Ordinary Share) equal to Average VWAP plus an amount equal to 1 per cent. of Average VWAP (rounded down to the nearest whole penny);
  - (c) an amount (in pence per Ordinary Share) equal to Average VWAP plus an amount equal to 2 per cent. of Average VWAP (rounded down to the nearest whole penny);
  - (d) an amount (in pence per Ordinary Share) equal to Average VWAP plus an amount equal to 3 per cent. of Average VWAP (rounded down to the nearest whole penny); and
  - (e) an amount (in pence per Ordinary Share) equal to Average VWAP plus an amount equal to 4 per cent. of Average VWAP (rounded down to the nearest whole penny); or
- (iii) subject always to paragraph 2.2(C) below, as tenders at more than one of the prices within the Price Range (which could include a Strike Price Tender).
- (B) Tenders other than Strike Price Tenders must be made at one of the specified prices within the Price Range, as set out in paragraph 2.2(A) above and as also indicated on the Tender Form (in the case of certificated Ordinary Shares) and as also explained in paragraph 3.3 of this Part III (in the case of uncertificated Ordinary Shares). Only tenders made at one of those specified prices within the Price Range (or as a Strike Price Tender) will be valid and capable of acceptance.
- (C) The total number of Ordinary Shares tendered by any Qualifying Shareholder at the price(s) in the Price Range and/or as Strike Price Tenders must not exceed the total number of Ordinary Shares registered in the name of that Qualifying Shareholder at the Record Date.
- 2.3** The Tender Offer is only available to Qualifying Shareholders on the Register at the Record Date and in respect of the number of Ordinary Shares registered in their names at the Record Date.
- 2.4** Subject to paragraph 2.26 below, the Tender Offer will close at 1.00 p.m. on 19 July 2019 and no tenders received after that time will be accepted.
- 2.5** All or any part of a holding of Ordinary Shares may be tendered. Ordinary Shares successfully tendered will be sold to Morgan Stanley fully paid and free from all liens, charges, equitable interests and encumbrances and with all rights attaching to the same. Under the Option Agreement, the Company has granted a put option to Morgan Stanley which, on exercise by Morgan Stanley, obliges the Company to purchase from Morgan Stanley, at the Strike Price, the Ordinary Shares purchased by Morgan Stanley pursuant to the Tender Offer. Also under the Option Agreement, Morgan Stanley has granted the Company a call option which, on exercise by the Company, obliges Morgan Stanley to sell to the Company, at the Strike Price, the Ordinary Shares purchased by Morgan Stanley pursuant to the Tender Offer. The Company intends to cancel such Ordinary Shares as are acquired by it under the Option Agreement. Ordinary Shares cancelled following purchase by Whitbread from Morgan Stanley pursuant to the Option Agreement will not rank for any future dividends.
- 2.6** (A) Tenders in respect of Ordinary Shares held in certificated form must be (i) made on the Tender Form, duly completed in accordance with the instructions set out in this Part III (*Details of the Tender Offer*) and the instructions in the Tender Form itself, which together constitute part of the terms of the Tender Offer, and (ii) accompanied by the relevant share certificates and/or other document(s) of title or (where applicable) a satisfactory indemnity in lieu thereof. Such tenders will only be valid if the procedures contained in this Circular and in the Tender Form are followed in full.
- (B) Tenders in respect of Ordinary Shares held in uncertificated form must be made by the input and settlement of a TTE Instruction in CREST in accordance with the instructions set out in this Part III (*Details of the Tender Offer*) and the relevant procedures in the CREST Manual, which together constitute part of the terms of the Tender Offer. Such tenders will only be valid if the procedures contained in this Circular and in the relevant parts of the CREST Manual are followed in full.
- (C) The Tender Offer and all tenders will be governed by and construed in accordance with English law. Delivery of a Tender Form or the input of a TTE Instruction in CREST, as applicable, will constitute submission to the jurisdiction of the courts of England and Wales in

respect of all matters arising out of or in connection with the Tender Offer (including the Tender Form).

- 2.7** Subject to paragraph 2.26 below, the Strike Price and the results of the Tender Offer and, if applicable, the extent to, and manner in, which tenders will be scaled down, will be announced on 22 July 2019. In addition, the Company intends to publish on its website the Daily VWAP for each of the five Trading Days during the Relevant Trading Period. Following the announcement of the Strike Price and the results of the Tender Offer (including, if applicable, details of any scaling-down), the Tender Offer will still be subject to the remaining Conditions described in paragraph 2.1. At such time as the Tender Offer becomes unconditional, which is expected to be on 23 July 2019, the Company will make an announcement to that effect through a Regulatory Information Service.
- 2.8** All documents and remittances sent by or to Qualifying Shareholders and all instructions made by or on behalf of a Qualifying Shareholder in CREST will be sent or made (as the case may be) at the risk of the Qualifying Shareholder concerned. If the Tender Offer does not become unconditional and lapses or is withdrawn:
- (A) in respect of Ordinary Shares held in certificated form, Tender Forms, share certificates and other documents of title will be returned by post not later than ten Business Days after the date of such lapse or withdrawal; and
  - (B) in respect of Ordinary Shares held in uncertificated form, the Escrow Agent will provide instructions to Euroclear to transfer all Ordinary Shares held in escrow balances by TFE Instruction to the original available balances to which those Ordinary Shares relate as soon as practicable after the date of such lapse or withdrawal.
- 2.9** If only part of a holding of Ordinary Shares is successfully tendered pursuant to the Tender Offer, the relevant Qualifying Shareholder will be entitled to receive the following:
- (A) for Ordinary Shares held in certificated form, a certificate in respect of the unsold Ordinary Shares, where the share certificate(s) submitted pursuant to the Tender Offer relate(s) to more Ordinary Shares than those successfully tendered by such Qualifying Shareholder under the Tender Offer; or
  - (B) for Ordinary Shares held in uncertificated form, the transfer by the Escrow Agent by TFE Instruction of the unsold Ordinary Shares to the original available balances.
- 2.10** Further copies of the Tender Form may be obtained on request from the Shareholder Helpline on 0344 855 2327 or from the Receiving Agent at Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Please note that calls to the helpline number may be monitored or recorded. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the UK will be charged at the applicable international rate.
- 2.11** No Ordinary Share will be acquired under the Tender Offer at a price that exceeds the Price Cap. Once the Average VWAP and other relevant calculations to determine each of the prices in the Price Range in terms of pence per Ordinary Share have been made by Morgan Stanley (such determination to be final and binding on all of the parties), all tenders made at any price in the Price Range that exceeds the Price Cap (any such price being an “**Excluded Price**”) shall, from that point, be regarded as invalid tenders and shall be excluded for all purposes from the Tender Offer, including (for the avoidance of doubt) being omitted from the assessment of whether the condition specified in paragraph 2.1(B) above is satisfied and from the determination of the Strike Price pursuant to paragraph 2.13 below. Where the Minimum Price exceeds the Price Cap, all tenders will be deemed invalid and no Ordinary Shares will be acquired under the Tender Offer. Subject to the foregoing and without prejudice to the condition specified in paragraph 2.1(C) above, the lowest price at which tenders will be accepted is the Minimum Price and the highest price at which tenders will be accepted is the Maximum Price.

**2.12** A single price per Ordinary Share will be paid in respect of all Ordinary Shares purchased by Morgan Stanley pursuant to the Tender Offer, that price being the Strike Price as determined pursuant to paragraph 2.13 below.

**2.13** The Strike Price will be:

- (A) the lowest price per Ordinary Share in the Price Range at which any valid tender is made (but excluding tenders at Excluded Prices) that would allow Morgan Stanley to purchase the greatest number of Ordinary Shares (whether or not such number equals, exceeds or is less than 43,466,603 Ordinary Shares) for a total cost equal to at least £2,000,000,000; or
- (B) if the aggregate value at the highest price of any valid tender (excluding tenders at Excluded Prices) of all Ordinary Shares validly tendered by Shareholders is less than £2,000,000,000, the highest price of any valid tender (excluding tenders at Excluded Prices); or
- (C) if no valid tenders are made other than Strike Price Tenders, the Minimum Price (save where the Minimum Price is an Excluded Price, in which case no Ordinary Shares will be acquired under the Tender Offer),

provided that the scaling-down arrangements set out in paragraphs 2.16 to 2.19 below shall apply in circumstances where:

- (i) the aggregate value at the Strike Price of all Ordinary Shares validly tendered by Shareholders at or below the Strike Price (including as Strike Price Tenders) exceeds £2,000,000,000; and/or
- (ii) the aggregate number of all Ordinary Shares validly tendered by Shareholders at or below the Strike Price (including as Strike Price Tenders) exceeds 43,466,603 Ordinary Shares.

**2.14** All Shareholders who tender Ordinary Shares at a price at or below the Strike Price (including as Strike Price Tenders) will receive the Strike Price for all successful tenders accepted subject, where applicable, to the scaling-down arrangements set out in paragraphs 2.16 to 2.19 below. All Ordinary Shares tendered at a price higher than the Strike Price will be rejected and will not be purchased.

**2.15** If:

- (A) the aggregate value at the Strike Price of all Ordinary Shares validly tendered by Shareholders at or below the Strike Price (including as Strike Price Tenders) is £2,000,000,000 or less; and
  - (B) the aggregate number of all Ordinary Shares validly tendered by Shareholders at or below the Strike Price (including as Strike Price Tenders) is 43,466,603 Ordinary Shares or less,
- then all Ordinary Shares validly tendered at or below the Strike Price (including as Strike Price Tenders) will be accepted and purchased at the Strike Price, regardless of the price within the Price Range at which individual Shareholders choose to tender their Ordinary Shares. All Ordinary Shares tendered at a price higher than the Strike Price will be rejected and will not be purchased, and the Guaranteed Entitlement arrangements will not apply to such Ordinary Shares.

**2.16** If:

- (A) the aggregate value at the Strike Price of all Ordinary Shares validly tendered by Shareholders at or below the Strike Price (including as Strike Price Tenders) exceeds £2,000,000,000; and
- (B) the aggregate number of all Ordinary Shares validly tendered by Shareholders at or below the Strike Price (including as Strike Price Tenders) is 43,466,603 Ordinary Shares or less,

then not all of the Ordinary Shares validly tendered at or below the Strike Price (including as Strike Price Tenders) will be accepted and purchased and, in these circumstances, tenders will be accepted (or, as the case may be, rejected) as follows:

- (i) where the Strike Price is above the Minimum Price, tenders will be accepted (or, as the case may be, rejected) in the following order:
  - (a) all Ordinary Shares validly tendered at a price below the Strike Price or tendered as a Strike Price Tender will be accepted and purchased in full;
  - (b) Ordinary Shares validly tendered at the price in the Price Range which is determined to be the Strike Price will be scaled down pro rata to the total number of Ordinary Shares tendered in that way at that price such that the total cost of Ordinary Shares purchased pursuant to the Tender Offer does not exceed £2,000,000,000 (and the amount of Ordinary Shares remaining after such scaling-down will be accepted and purchased, with the rest being rejected and not purchased); and
  - (c) all Ordinary Shares tendered at a price which ends up being higher than the Strike Price will be rejected and will not be purchased in the Tender Offer, and the Guaranteed Entitlement arrangements will not apply to such Ordinary Shares; and
- (ii) where the Strike Price is determined to be the Minimum Price, tenders will be accepted (or, as the case may be, rejected) in the following order:
  - (a) where the aggregate value at the Strike Price of all Ordinary Shares validly tendered as a Strike Price Tender or at the Minimum Price that are within the Guaranteed Entitlement for any holding of Ordinary Shares does not exceed £2,000,000,000 then:
    - (1) all Ordinary Shares validly tendered as a Strike Price Tender or at the Minimum Price up to the Guaranteed Entitlement for each relevant holding of Ordinary Shares will be accepted and purchased in full;
    - (2) Ordinary Shares validly tendered as a Strike Price Tender or at the Minimum Price that are in excess of the Guaranteed Entitlement for a relevant holding of Ordinary Shares will be scaled down pro rata to the total number of Ordinary Shares validly tendered in those ways that are in excess of the applicable Guaranteed Entitlements for the relevant holdings such that the total cost of Ordinary Shares purchased pursuant to the Tender Offer does not exceed £2,000,000,000 (and the amount of Ordinary Shares remaining after such scaling-down will be accepted and purchased, with the rest being rejected and not purchased); and
    - (3) all Ordinary Shares tendered at a price higher than the Minimum Price will be rejected and will not be purchased in the Tender Offer, and the Guaranteed Entitlement arrangements will not apply to such Ordinary Shares; and
  - (b) where the aggregate value at the Strike Price of all Ordinary Shares validly tendered as a Strike Price Tender or at the Minimum Price that are within the Guaranteed Entitlement for any holding of Ordinary Shares exceeds £2,000,000,000, then:
    - (1) all Ordinary Shares validly tendered as a Strike Price Tender or at the Minimum Price that are in excess of the Guaranteed Entitlement for a holding of Ordinary Shares will be rejected and will not be purchased in the Tender Offer;
    - (2) Ordinary Shares validly tendered as a Strike Price Tender or at the Minimum Price that are within the Guaranteed Entitlement for a holding of Ordinary Shares will be scaled down pro rata to the total number of Ordinary Shares validly tendered in those ways that are within the applicable Guaranteed Entitlements for the relevant holdings such that the total cost of Ordinary Shares purchased pursuant to the Tender Offer does not exceed £2,000,000,000 (and the amount of Ordinary Shares remaining after such scaling-down will be accepted and purchased, with the rest being rejected and not purchased); and

- (3) all Ordinary Shares tendered at a price higher than the Minimum Price will be rejected and will not be purchased in the Tender Offer, and the Guaranteed Entitlement arrangements will not apply to such Ordinary Shares.

Where this paragraph 2.16 applies, the Guaranteed Entitlement arrangements are only relevant if the Strike Price is determined to be the Minimum Price. In that situation, tenders in respect of Ordinary Shares representing up to 24.99 per cent. of each holding of Ordinary Shares of each Shareholder on the Record Date will (subject, if applicable, to scaling-down in accordance with paragraph 2.16(ii)(b) above) be accepted in full and will not (other than as provided in paragraph 2.16(ii)(b) above) be scaled down, provided that such Ordinary Shares are validly tendered as Strike Price Tenders or at the Minimum Price. This percentage is known as the “**Guaranteed Entitlement**”. If the application of such percentage to any holding of Ordinary Shares produces a fraction of a share, then the Guaranteed Entitlement for such holding shall be rounded down to the nearest whole number of Ordinary Shares (or to nil as the case may be). Shareholders may tender Ordinary Shares in excess of their Guaranteed Entitlement. However, where this paragraph 2.16 applies and the Strike Price is determined to be the Minimum Price, they will only successfully tender such excess Ordinary Shares where paragraph 2.16(ii)(a) applies and then only to the extent other Shareholders have tendered less than their Guaranteed Entitlement at the Minimum Price or as a Strike Price Tender. For the avoidance of doubt, where this paragraph 2.16 applies and the Strike Price is above the Minimum Price, all Ordinary Shares that are validly tendered as Strike Price Tenders or at the Minimum Price will be accepted in full.

**2.17 If:**

- (A) the aggregate value at the Strike Price of all Ordinary Shares validly tendered by Shareholders at or below the Strike Price (including as Strike Price Tenders) is £2,000,000,000 or less; and
- (B) the aggregate number of all Ordinary Shares validly tendered by Shareholders at or below the Strike Price (including as Strike Price Tenders) exceeds 43,466,603 Ordinary Shares,
- then not all of the Ordinary Shares validly tendered at or below the Strike Price (including as Strike Price Tenders) will be accepted and purchased and, in these circumstances, tenders will be accepted (or, as the case may be, rejected) in the following order:
- (i) all Ordinary Shares validly tendered at or below the Strike Price (whether as Strike Price Tenders or at a price at or below the Strike Price) up to the Guaranteed Entitlement for each relevant holding of Ordinary Shares will be accepted and purchased in full;
  - (ii) Ordinary Shares validly tendered at or below the Strike Price (whether as Strike Price Tenders or at a price at or below the Strike Price) that are in excess of the Guaranteed Entitlement for a relevant holding of Ordinary Shares will be scaled down pro rata to the total number of Ordinary Shares validly tendered in those ways that are in excess of the applicable Guaranteed Entitlements for the relevant holdings such that the total number of Ordinary Shares acquired does not exceed 43,466,603 (and the amount of Ordinary Shares remaining after such scaling-down will be accepted and purchased, with the rest being rejected and not purchased); and
  - (iii) all Ordinary Shares tendered at a price which ends up being higher than the Strike Price will be rejected and will not be purchased in the Tender Offer, and the Guaranteed Entitlement arrangements will not apply to such Ordinary Shares.

Where this paragraph 2.17 applies, the Guaranteed Entitlement arrangements shall be as follows. Tenders in respect of Ordinary Shares representing up to 24.99 per cent. of each holding of Ordinary Shares of each Shareholder on the Record Date will be accepted in full and will not be scaled down, provided that such Ordinary Shares are validly tendered at or below the Strike Price (whether as Strike Price Tenders or at a price at or below the Strike Price). This percentage is known as the “**Guaranteed Entitlement**”. If the application of such percentage to any holding of Ordinary Shares produces a fraction of a share, then the Guaranteed Entitlement for such holding shall be rounded down to the nearest whole number of Ordinary Shares (or to nil as the case may be). Shareholders may tender Ordinary Shares in excess of their Guaranteed Entitlement. However, they will, where this paragraph 2.17 applies, only successfully tender such

excess Ordinary Shares to the extent other Shareholders have tendered less than their Guaranteed Entitlement at or below the Strike Price.

**2.18** If:

(A) the aggregate value at the Strike Price of all Ordinary Shares validly tendered by Shareholders at or below the Strike Price (including as Strike Price Tenders) exceeds £2,000,000,000; and

(B) the aggregate number of all Ordinary Shares validly tendered by Shareholders at or below the Strike Price (including as Strike Price Tenders) exceeds 43,466,603 Ordinary Shares,

then not all of the Ordinary Shares validly tendered at or below the Strike Price (including as Strike Price Tenders) will be accepted and purchased and, in these circumstances, tenders will be accepted (or, as the case may be, rejected) as follows:

(i) where the Strike Price is above the Minimum Price, tenders will be accepted (or, as the case may be, rejected) in the following order:

(a) Ordinary Shares validly tendered at the price in the Price Range which is determined to be the Strike Price will be scaled down pro rata to the total number of Ordinary Shares tendered in that way at that price such that the total cost of Ordinary Shares purchased pursuant to the Tender Offer does not exceed £2,000,000,000 (and the Ordinary Shares removed through such scaling-down will be rejected and not purchased, with the remaining Ordinary Shares then being subject to paragraph (b) below);

(b) if, following the scaling-down pursuant to paragraph (a):

(1) the aggregate number of all remaining Ordinary Shares validly tendered at or below the Strike Price (whether as Strike Price Tenders or at a price at or below the Strike Price) does not exceed 43,466,603 Ordinary Shares, then all such remaining Ordinary Shares will be accepted and purchased in full; and

(2) the aggregate number of all remaining Ordinary Shares validly tendered at or below the Strike Price (whether as Strike Price Tenders or at a price at or below the Strike Price) exceeds 43,466,603 Ordinary Shares, then such remaining Ordinary Shares will be accepted (or, as the case may be, rejected) in the following order:

(I) all such remaining Ordinary Shares validly tendered at or below the Strike Price (whether as Strike Price Tenders or at a price at or below the Strike Price) up to the Guaranteed Entitlement for each relevant holding of Ordinary Shares will be accepted and purchased in full; and

(II) such remaining Ordinary Shares validly tendered at or below the Strike Price (whether as Strike Price Tenders or at a price at or below the Strike Price) that are in excess of the Guaranteed Entitlement for a relevant holding of Ordinary Shares will be scaled down pro rata to the total number of remaining Ordinary Shares tendered in those ways that are in excess of the applicable Guaranteed Entitlements for the relevant holdings such that the total number of Ordinary Shares acquired does not exceed 43,466,603 Ordinary Shares (and the amount of Ordinary Shares remaining after such scaling-down will be accepted and purchased, with the rest being rejected and not purchased);

(c) all Ordinary Shares tendered at a price which ends up being higher than the Strike Price will be rejected and will not be purchased in the Tender Offer, and the Guaranteed Entitlement arrangements will not apply to such Ordinary Shares; and

(d) where this paragraph 2.18(i) applies, the Guaranteed Entitlement arrangements are only relevant where paragraph 2.18(i)(b)(2) applies. In that situation, tenders in respect of Ordinary Shares representing up to 24.99 per cent. of each holding of Ordinary Shares of each Shareholder on the Record Date (excluding any Ordinary Shares which have already been subject to scaling-down under paragraph 2.18(i)(a) above) will be accepted in full and will not be scaled down,

provided that such Ordinary Shares are validly tendered at or below the Strike Price (whether as Strike Price Tenders or at a price at or below the Strike Price). This percentage is known as the “**Guaranteed Entitlement**”. If the application of such percentage to any holding of Ordinary Shares produces a fraction of a share, then the Guaranteed Entitlement shall be rounded down to the nearest whole number of Ordinary Shares (or to nil as the case may be). Shareholders may tender Ordinary Shares in excess of their Guaranteed Entitlement. However, as provided above, they will, where paragraph 2.18(i)(b)(2) applies, only successfully tender such excess Ordinary Shares to the extent other Shareholders have tendered less than their Guaranteed Entitlement at or below the Strike Price; and

- (ii) where the Strike Price is determined to be the Minimum Price, tenders will be accepted (or, as the case may be, rejected) in the following order:
  - (a) where the aggregate value at the Strike Price of all Ordinary Shares validly tendered as a Strike Price Tender or at the Minimum Price that are within the Guaranteed Entitlement for any holding of Ordinary Shares does not exceed £2,000,000,000, then:
    - (1) all Ordinary Shares validly tendered as a Strike Price Tender or at the Minimum Price up to the Guaranteed Entitlement for each relevant holding of Ordinary Shares will be accepted and purchased in full; and
    - (2) Ordinary Shares validly tendered as a Strike Price Tender or at the Minimum Price that are in excess of the Guaranteed Entitlement for a relevant holding of Ordinary Shares will be scaled down pro rata to the total number of Ordinary Shares validly tendered in those ways that are in excess of the applicable Guaranteed Entitlements for the relevant holdings such that both (1) the total number of Ordinary Shares acquired does not exceed 43,466,603, and (2) the total cost of Ordinary Shares purchased pursuant to the Tender Offer does not exceed £2,000,000,000 (and the amount of Ordinary Shares remaining after such scaling-down will be accepted and purchased, with the rest being rejected and not purchased);
  - (b) where the aggregate value at the Strike Price of all Ordinary Shares validly tendered as a Strike Price Tender or at the Minimum Price that are within the Guaranteed Entitlement for any holding of Ordinary Shares exceeds £2,000,000,000, then:
    - (1) all Ordinary Shares validly tendered as a Strike Price Tender or at the Minimum Price that are in excess of the Guaranteed Entitlement for a holding of Ordinary Shares will be rejected and will not be purchased in the Tender Offer; and
    - (2) Ordinary Shares validly tendered as a Strike Price Tender or at the Minimum Price that are within the Guaranteed Entitlement for a holding of Ordinary Shares will be scaled down pro rata to the total number of Ordinary Shares validly tendered in those ways that are within the applicable Guaranteed Entitlements for the relevant holdings such that both (1) the total number of Ordinary Shares acquired does not exceed 43,466,603, and (2) the total cost of Ordinary Shares purchased pursuant to the Tender Offer does not exceed £2,000,000,000 (and the amount of Ordinary Shares remaining after such scaling-down will be accepted and purchased, with the rest being rejected and not purchased);
  - (c) all Ordinary Shares tendered at a price higher than the Minimum Price will be rejected and will not be purchased in the Tender Offer, and the Guaranteed Entitlement arrangements will not apply to such Ordinary Shares; and
  - (d) where this paragraph 2.18(ii) applies, the Guaranteed Entitlement arrangements shall be as follows. Tenders in respect of Ordinary Shares representing up to 24.99 per cent. of each holding of Ordinary Shares of each Shareholder on the Record Date will be accepted in full (subject, if applicable, to scaling-down in accordance with paragraph 2.18(ii)(b)(2) above), provided that such Ordinary Shares are validly tendered at the Minimum Price or as a Strike Price Tender. This percentage is known as the “**Guaranteed Entitlement**”. If the application of such



percentage to any holding of Ordinary Shares produces a fraction of a share, then the Guaranteed Entitlement for such holding shall be rounded down to the nearest whole number of Ordinary Shares (or to nil as the case may be). Shareholders may tender Ordinary Shares in excess of their Guaranteed Entitlement. However, where this paragraph 2.18(ii) applies, they will only successfully tender such excess Ordinary Shares where paragraph 2.18(ii)(a) above applies and then only to the extent other Shareholders have tendered less than their Guaranteed Entitlement at the Minimum Price or as a Strike Price Tender.

- 2.19** (A) Further, in the event that, notwithstanding the application of the provisions of paragraphs 2.16 to 2.18, the aggregate value at the Strike Price of all Ordinary Shares validly tendered by Shareholders at or below the Strike Price (including as Strike Price Tenders) that would, following the application of such provisions, fall to be accepted and purchased still exceeds £2,000,000,000 and/or the aggregate number of such Ordinary Shares still exceeds 43,466,603 Ordinary Shares, then, notwithstanding any provision within paragraphs 2.16 to 2.18, Morgan Stanley will apply additional or alternative scaling-down and/or guaranteed entitlement arrangements in order to ensure such limits are not exceeded. Morgan Stanley will apply such additional or alternative scaling-down and/or guaranteed entitlement arrangements as, in its absolute discretion, it considers to be appropriate (taking account, to the extent it considers appropriate and possible, of the purpose of paragraphs 2.16 to 2.18). Any such additional or alternative scaling-down and/or guaranteed entitlement arrangements shall only be applied to the extent necessary to ensure that the two limits described above are not exceeded and, once applied, the results of such additional or alternative arrangements shall be final and binding on all of the parties.
- (B) Should any fractions arise from any scaling-down or Guaranteed Entitlement arrangements under paragraphs 2.16 to 2.18 or the application of any additional or alternative arrangements under paragraph 2.19(A), the number of Ordinary Shares accepted shall be rounded down to the nearest whole Ordinary Share (or to nil, as the case may be).
- 2.20** All Ordinary Shares successfully tendered and accepted will be purchased by Morgan Stanley pursuant to the Tender Offer, as principal and not as agent, nominee or trustee, at the Strike Price.
- 2.21** The decisions of Morgan Stanley and/or the Company as to the results of the Tender Offer shall be final and binding on all Shareholders (except as otherwise required under applicable law). All questions as to the number of Ordinary Shares tendered and/or accepted (including the application of the scaling-down and Guaranteed Entitlement arrangements under paragraphs 2.16 to 2.18 and/or any additional or alternative arrangements under paragraph 2.19(A)), the price to be paid therefor and the validity, form, eligibility (including the time of receipt) and acceptance of payment of any tender of Ordinary Shares will be determined by Morgan Stanley in its sole discretion, which determination shall be final and binding on all of the parties (except as otherwise required under applicable law). Morgan Stanley reserves the absolute right to reject any or all tenders it determines not to be in proper form or the acceptance of payment which may, in the opinion of Morgan Stanley, be unlawful. Morgan Stanley also reserves the absolute right to waive any defect or irregularity in the tender of any particular Ordinary Share or by any particular holder thereof. No tender of Ordinary Shares will be deemed to be validly made until all defects or irregularities have been cured or waived. In the event of a waiver, the consideration under the Tender Offer will not be paid to the Qualifying Shareholder until after (in the case of certificated Ordinary Shares) the Tender Form is complete in all respects and the share certificates and/or other document(s) of title satisfactory to Morgan Stanley have been received or (in the case of uncertificated Ordinary Shares) the relevant TTE Instruction has settled. None of Whitbread, Morgan Stanley, the Receiving Agent, or any other person is or will be obliged to give notice of any defects or irregularities in any tender, and none of them will incur any liability for failure to give any such notice.
- 2.22** Shareholders will not be obliged to pay any fees, commission or dealing charges to the Company or Morgan Stanley in connection with the Tender Offer. Certain payments made in connection with the Tender Offer may be subject to US backup withholding. All Qualifying Shareholders who choose to participate in the Tender Offer are referred to the guide to certain aspects of the US information reporting and backup withholding rules and the relevant forms required to be

completed, if any, set out under the heading “US information reporting and backup withholding” in paragraph 2 of Part IV (*Taxation*) of this Circular.

- 2.23** The failure of any person to receive a copy of this Circular or the Tender Form shall not invalidate any aspect of the Tender Offer. None of Whitbread, Morgan Stanley, the Receiving Agent or any other person will incur any liability in respect of any Qualifying Shareholder failing to receive this Circular and/or, in respect of a Qualifying Shareholder who holds Ordinary Shares in certificated form, the Tender Form. Qualifying Shareholders may obtain additional copies of this Circular and the Tender Form from the Receiving Agent by calling the Shareholder Helpline, details of which are set out at the front of this Circular.
- 2.24** The Company reserves the right to require that Morgan Stanley does not proceed with the Tender Offer if the Directors conclude, at any time prior to the Unconditional Date, that its implementation is no longer in the best interests of the Company and/or the Shareholders as a whole.
- 2.25** The Company reserves the right, at any time prior to the announcement of the results of the Tender Offer, subject to compliance with applicable legal and regulatory requirements and with the prior consent of Morgan Stanley, to revise the aggregate value of the Tender Offer, based on market conditions and/or other factors. The Company shall notify Shareholders of any such revision without delay by announcement through a Regulatory Information Service.
- 2.26** The Company reserves the right, at any time prior to the announcement of the results of the Tender Offer, with the prior consent of Morgan Stanley, to extend the period during which the Tender Offer is open, in which event the term “**Closing Date**” shall mean the latest time and date at which the Tender Offer, as so extended, shall close. The Company shall promptly notify Shareholders of any extension by announcement through a Regulatory Information Service.
- 2.27** Morgan Stanley reserves the right to treat any Tender Forms and/or TTE Instructions not strictly complying with the terms and conditions of the Tender Offer as nevertheless valid.
- 2.28** The terms of the Tender Offer shall have effect subject to such non-material modifications as Whitbread and Morgan Stanley may from time to time approve in writing. The times and dates referred to in this Circular may (subject to any applicable requirements of the Listing Rules or applicable law or regulation) be changed by Whitbread, in which event details of the new times and dates will be notified to Shareholders by announcement through a Regulatory Information Service.
- 2.29** No acknowledgment of receipt of any Tender Form, share certificate(s), other document(s) of title and/or TTE Instructions (as appropriate) will be given.

### **3. PROCEDURE FOR TENDERING**

#### **3.1 Different procedures for Ordinary Shares in certificated and uncertificated form**

If you hold Ordinary Shares in certificated form, you may only tender such Ordinary Shares by completing and returning the Tender Form in accordance with the instructions set out in paragraph 3.2 below and the instructions printed on the form itself.

If you hold Ordinary Shares in certificated form, but under different designations, you should complete a separate Tender Form in respect of each designation. Additional Tender Forms are available from Link Asset Services by calling the Shareholder Helpline, details of which are set out at the front of this Circular.

If you hold Ordinary Shares in uncertificated form (that is, in CREST), you may only tender such Ordinary Shares by TTE Instruction in accordance with the procedures set out in paragraph 3.3 below and, if those Ordinary Shares are held under different Member Account IDs, you should send a separate TTE Instruction for each Member Account ID.

If you hold Ordinary Shares in both certificated and uncertificated forms, and you wish to tender Ordinary Shares in both forms, you should complete a Tender Form for the certificated holding(s) in accordance with paragraph 3.2 below and tender your Ordinary Shares held in uncertificated form by TTE Instruction in accordance with the procedure set out in paragraph 3.3 below.

All Qualifying Shareholders who choose to participate in the Tender Offer are referred to the guide to certain aspects of the US information reporting and backup withholding rules set out in paragraph 2 of Part IV (*Taxation*) of this Circular.

### **3.2 Ordinary Shares held in certificated form**

To tender your Ordinary Shares held in certificated form you must complete, sign and have witnessed the Tender Form as appropriate.

The completed, signed and witnessed Tender Form should be sent either by post in the accompanying pre-paid envelope (for use in the UK only) or by hand (during normal business hours only) to the Receiving Agent, Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU **on or after 20 June 2019 and so as to be received not later than 1.00 p.m. on 19 July 2019. No tenders received after that time will be accepted (unless the Closing Date is extended)**. No acknowledgement of receipt of documents will be given. Any Tender Form received in an envelope postmarked in any Restricted Jurisdiction or otherwise appearing to Morgan Stanley or its agents to have been sent from any Restricted Jurisdiction may be rejected as an invalid tender. For further information on Overseas Shareholders, see paragraph 6 below of this Part III. In addition, the attention of Qualifying Shareholders who are resident in the United States is drawn to the Notice for US Shareholders on page 2 of this Circular.

A Tender Form, once received by the Receiving Agent, will be irrevocable.

The completed and signed Tender Form should be accompanied, where possible, by the relevant share certificate(s) and/or other document(s) of title in respect of the tendered Ordinary Shares.

Where your share certificate(s) and/or other document(s) of title is/are with your bank, stockbroker or other agent:

- if the share certificate(s) and/or other document(s) of title is/are readily available, arrange for the Tender Form to be lodged by such agent at Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU on or after 20 June 2019 and so as to be received by Link Asset Services by not later than 1.00 p.m. on 19 July 2019; and
- if the share certificate(s) and/or other document(s) of title is/are not readily available, lodge the duly completed Tender Form with Link Asset Services at the address above on or after 20 June 2019, together with a note saying "share certificate(s) and/or other document(s) of title to follow" and arrange for the share certificate(s) and/or other document(s) of title to be forwarded to Link Asset Services as soon as possible thereafter and, in any event, so as to be received by Link Asset Services by not later than 1.00 p.m. on 19 July 2019.

If you hold 500 or more Ordinary Shares in certificated form in total as at the Record Date and you have lost the share certificate(s) in relation to any or all of your tendered Ordinary Shares, you will need to provide a letter of indemnity to the Company, a template for which can be obtained by writing to Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by contacting the Shareholder Helpline, details of which are set out at the front of this Circular. You will then need to return the letter of indemnity, duly completed, to Link Asset Services with your Tender Form, on or after 20 June 2019 and so as to be received by Link Asset Services not later than 1.00 p.m. on 19 July 2019.

If you hold fewer than 500 Ordinary Shares in certificated form in total as at the Record Date and you have lost the share certificate(s) in relation to any or all of your tendered Ordinary Shares, there is no need to provide a letter of indemnity or any other documentation relating to the lost share certificate(s). Please be aware that, if, following submission of a Tender Form and prior to the Record Date, you acquire further Ordinary Shares which bring your total holding of Ordinary Shares in certificated form to 500 or more, but you have not provided a letter of indemnity relating to your lost share certificate(s), your tender may be rejected as an invalid tender.

Where you have completed and returned a letter of indemnity in respect of unavailable share certificate(s) and/or other document(s) of title and you subsequently find or obtain the relevant share certificate(s) and/or other document(s) of title, you should immediately send it/them by post or (during normal business hours only) by hand to the Receiving Agent at Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

### 3.3 Ordinary Shares held in uncertificated form

If your Ordinary Shares are held in uncertificated form, to tender such Ordinary Shares you should take (or procure the taking of) the action set out below to transfer (by means of a TTE Instruction) the number of Ordinary Shares which you wish to tender under the Tender Offer to the appropriate escrow account, specifying Link Asset Services (in its capacity as a CREST Participant under the relevant Participant ID(s) and Member Account ID(s) referred to below) as the escrow agent, **on or after 20 June 2019 and so that the TTE Instruction settles by not later than 1.00 p.m. on 19 July 2019. Please note that settlement cannot take place on weekends or bank holidays (or other times at which the CREST system is non-operational) and you should therefore ensure you time the input of any TTE Instructions accordingly.**

The input and settlement of a TTE Instruction in accordance with this paragraph 3.3 shall constitute an offer to sell the number of Ordinary Shares at the price(s) indicated on the terms of the Tender Offer, by transferring such Ordinary Shares to the relevant escrow account as detailed in paragraph 3.3(vi) below (an “**Electronic Tender**”).

If you are a CREST Sponsored Member, you should refer to your CREST Sponsor before taking any action. Your CREST Sponsor will be able to confirm details of your Participant ID and the Member Account ID under which your Ordinary Shares are held. In addition, only your CREST Sponsor will be able to send the TTE Instruction to Euroclear in relation to the Ordinary Shares that you wish to tender.

To tender Ordinary Shares in uncertificated form, you should send (or if you are a CREST Sponsored Member, procure your CREST Sponsor sends) to Euroclear a TTE Instruction in relation to such Ordinary Shares on or after 20 June 2019 and so that the TTE Instruction settles by not later than 1.00 p.m. on 19 July 2019.

A TTE Instruction to Euroclear must be properly authenticated in accordance with Euroclear’s specifications for transfers to escrow and must contain, in addition to the other information that is required for the TTE Instruction to settle in CREST, the following details:

- (i) the ISIN for the Ordinary Shares which is GB00B1KJJ408;
- (ii) the number of Ordinary Shares which you wish to tender and transfer to an escrow account;
- (iii) your Member Account ID;
- (iv) your Participant ID;
- (v) the Participant ID of Link Asset Services, in its capacity as a CREST receiving agent, which is RA10;
- (vi) the Member Account ID of Link Asset Services, in its capacity as the escrow agent. For the purposes of the Tender Offer this will be dependent on the price you wish to tender at, as set out below in this paragraph (vi).

The following table sets out the different escrow accounts by price within the Price Range (or for Strike Price Tenders) and the relevant Member Account ID for each price.

<u>Tender at price</u>	<u>Member Account ID</u>
Strike Price Tender, i.e. a tender at whatever price is ultimately determined under the terms of the Tender Offer to be the Strike Price	WBSTRIKE
an amount (in pence per Ordinary Share) equal to Average VWAP (rounded down to the nearest whole penny)	WHITVWAP
an amount (in pence per Ordinary Share) equal to Average VWAP plus an amount equal to 1 per cent. of Average VWAP (rounded down to the nearest whole penny)	WBVPLUS1
an amount (in pence per Ordinary Share) equal to Average VWAP plus an amount equal to 2 per cent. of Average VWAP (rounded down to the nearest whole penny)	WBVPLUS2

Tender at price

Member Account ID

an amount (in pence per Ordinary Share) equal to Average VWAP plus an amount equal to 3 per cent. of Average VWAP (rounded down to the nearest whole penny)

WBVPLUS3

an amount (in pence per Ordinary Share) equal to Average VWAP plus an amount equal to 4 per cent. of Average VWAP (rounded down to the nearest whole penny)

WBVPLUS4

- (vii) the corporate action number for the Tender Offer which is allocated by Euroclear and can be found by viewing the corporate action details on screen in CREST;
- (viii) the intended settlement date for the transfer to escrow. This should be on or after 20 June 2019 and not later than 1.00 p.m. on 19 July 2019;
- (ix) the standard delivery instruction with priority 80; and
- (x) the contact name and telephone number inserted in the shared note field.

After settlement of a TTE Instruction, you will not be able to access in CREST for any transaction or charging purposes the Ordinary Shares the subject of such TTE Instruction, notwithstanding that they will be held by Link Asset Services, in its capacity as the escrow agent, until completion or lapsing of the Tender Offer. If the Tender Offer becomes unconditional, Link Asset Services, in its capacity as the escrow agent, will transfer the successfully tendered Ordinary Shares to Morgan Stanley, returning any Ordinary Shares not successfully tendered in the Tender Offer to you.

You are recommended to refer to the CREST Manual for further information on the CREST procedures outlined above.

**You should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST Sponsor) to enable a TTE Instruction relating to your Ordinary Shares to settle prior to 1.00 p.m. on 19 July 2019. In this regard, you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.**

Withdrawals of tenders submitted via CREST are not permitted once submitted.

### **3.4 Deposits of Ordinary Shares into, and withdrawals of Ordinary Shares from, CREST**

Normal CREST procedures (including timings) apply in relation to any Ordinary Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Tender Offer (whether such conversion arises as a result of a transfer of Ordinary Shares or otherwise). Qualifying Shareholders who are proposing to convert any such Ordinary Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Ordinary Shares as a result of the conversion to take all necessary steps in connection with such person's participation in the Tender Offer (in particular, as regards delivery of share certificates and/or other documents of title or transfers to an escrow balance as described above) prior to 1.00 p.m. on 19 July 2019.

### **3.5 Validity of tenders**

#### *(A) Validity of Tender Forms*

Notwithstanding the powers in paragraph 2.21 of this Part III (*Details of the Tender Offer*), Morgan Stanley reserves the right to treat as valid only Tender Forms which are received entirely in order on or after 20 June 2019 and not later than 1.00 p.m. on 19 July 2019 and which are accompanied by the relevant share certificate(s) and/or other document(s) of title or (where applicable) a satisfactory indemnity in lieu thereof in respect of all the Ordinary Shares tendered.

An appropriate announcement will be made if any of the details contained in this paragraph 3.5(A) are altered.

### *(B) Validity of Electronic Tenders*

A Tender Form which is received in respect of Ordinary Shares held in uncertificated form will not constitute a valid tender and will be disregarded. Qualifying Shareholders who hold Ordinary Shares in uncertificated form and who wish to tender such Ordinary Shares should note that a TTE Instruction will only be a valid tender as at 19 July 2019 if it has settled on or before 1.00 p.m. on that date.

An appropriate announcement will be made if any of the details contained in this paragraph 3.5(B) are altered.

### *(C) General*

Notwithstanding the completion of a valid Tender Form or settlement of a TTE Instruction, as applicable, the Tender Offer may lapse in accordance with the Conditions set out in this Part III (*Details of the Tender Offer*) or be withdrawn.

Morgan Stanley reserves the absolute right to inspect (either itself or through its agents) all Tender Forms. The decision of Morgan Stanley as to which Ordinary Shares have been validly tendered shall be conclusive and binding on all Shareholders.

**If you are in any doubt as to how to complete the Tender Form or as to the procedure for making an Electronic Tender, please telephone the Shareholder Helpline, details of which are set out at the front of this Circular. You are reminded that, if you are a CREST Sponsored Member, you should contact your CREST Sponsor before taking any action.**

**Shareholders should note that, once their Ordinary Shares are tendered, they may not be sold, transferred, charged or otherwise disposed of.**

## **3.6 Settlement**

Subject to and following the Tender Offer becoming unconditional, settlement of the consideration to which any Qualifying Shareholder is entitled pursuant to valid tenders accepted by Morgan Stanley will be made as follows.

### *(A) Ordinary Shares held in certificated form*

Where an accepted tender relates to Ordinary Shares held in certificated form, either:

- cheques for the consideration due will be despatched on 30 July 2019 by the Receiving Agent by first class post to the Qualifying Shareholder at the address set out in Box 1 or, if applicable, Box 4 of the Tender Form. All payments will be made in Sterling by cheque drawn on a branch of a UK clearing bank made payable to the sole or first-named registered holder in Box 1 of the Tender Form; or
- if an appropriate authority has been included in the Tender Form, a Bacs payment for the consideration due will be made on 30 July 2019 by the Receiving Agent in accordance with the instructions given by the Qualifying Shareholder in its, his or her Tender Form.

The Receiving Agent will act for tendering Qualifying Shareholders for the purpose of receiving the monies from Morgan Stanley and transmitting such monies to tendering Qualifying Shareholders. The receipt of the consideration by the Receiving Agent shall be deemed to be receipt, for the purposes of the Tender Offer, by the Qualifying Shareholders. Under no circumstances will interest be paid on the monies to be paid by Morgan Stanley or the Receiving Agent regardless of any delay in making such payment.

### *(B) Ordinary Shares held in uncertificated form*

Where an accepted tender relates to Ordinary Shares held in uncertificated form, the consideration due will be paid on 30 July 2019 by means of CREST by the Receiving Agent (acting on behalf of Morgan Stanley) procuring that a CREST payment is made in favour of the tendering Qualifying Shareholder's payment bank in accordance with the CREST payment arrangements.

Morgan Stanley reserves the right to settle all or any part of the consideration referred to in this paragraph 3.6(B), for all or any accepted tenders, in the manner referred to in paragraph 3.6(A) (*Ordinary Shares in certificated form*) above, if, for any reason, it wishes to do so.

The Receiving Agent will act for tendering Qualifying Shareholders for the purpose of receiving the monies from Morgan Stanley and transmitting such monies to tendering Qualifying Shareholders. The receipt of the consideration by the Receiving Agent shall be deemed to be receipt, for the purposes of the Tender Offer, by the Qualifying Shareholders. Under no circumstances will interest be paid on the monies to be paid by Morgan Stanley or the Receiving Agent regardless of any delay in making such payment.

*(C) US backup withholding*

Certain payments made in connection with the Tender Offer may be subject to US backup withholding. All Qualifying Shareholders who choose to participate in the Tender Offer are referred to the guide to certain aspects of the US information reporting and backup withholding rules and the relevant forms required to be completed, if any, set out under the heading "US information reporting and backup withholding" in paragraph 2 of Part IV (*Taxation*) of this Circular.

#### **4. TENDER FORMS**

Each Shareholder by whom, or on whose behalf, a Tender Form is executed irrevocably undertakes, represents, warrants and agrees to and with Morgan Stanley (for itself and on behalf of Whitbread), so as to bind such Shareholder and its, his or her personal representatives, heirs, successors and assigns, that:

- (A) the execution of the Tender Form will constitute an offer to sell to Morgan Stanley such number of Ordinary Shares as are inserted in Box 2 of the Tender Form, on and subject to the terms and conditions set out or referred to in this Circular and the Tender Form, as applicable, and that, once lodged, such tender shall be irrevocable;
- (B) such Shareholder is the legal and beneficial owner and has full power and authority to tender, sell, assign or transfer any or all of the Ordinary Shares in respect of which such offer is accepted (together with all rights attaching thereto) and, when the same are purchased by Morgan Stanley, Morgan Stanley will acquire such Ordinary Shares with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the Closing Date, including the right to receive all dividends and other distributions declared, paid or made after that date;
- (C) the execution of the Tender Form will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of any director or officer of Morgan Stanley as such Shareholder's attorney and/or agent ("**Attorney**"), and an irrevocable instruction to the Attorney to complete and execute all or any instruments of transfer and/or other documents at the Attorney's discretion in relation to the Ordinary Shares referred to in paragraph (A) above in favour of Morgan Stanley or such other person or persons as Morgan Stanley may direct, and to deliver such instrument(s) of transfer and/or other documents at the discretion of the Attorney, together with the share certificate(s) and/or other document(s) relating to such Ordinary Shares, for registration within six months of the Tender Offer becoming unconditional, and to do all such other acts and things as may in the opinion of such Attorney be necessary or expedient for the purpose of, or in connection with, the Tender Offer and to vest in Morgan Stanley or its nominee(s) or such other person(s) as Morgan Stanley may direct such Ordinary Shares;
- (D) such Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by Morgan Stanley or any of its directors or officers or any person nominated by Morgan Stanley in the proper exercise of its or his or her powers and/or authorities hereunder;
- (E) in respect of tendered Ordinary Shares held in certificated form, such Shareholder will deliver to the Receiving Agent its, his or her share certificate(s) and/or other document(s) of title, or (where applicable) an indemnity acceptable to Morgan Stanley in lieu thereof, or will procure the delivery of such document(s) to the Receiving Agent as soon as possible thereafter and, in any event, not later than the Closing Date;
- (F) the terms of this Part III (*Details of the Tender Offer*) shall be deemed to be incorporated in, and form part of, the Tender Form which shall be read and construed accordingly;
- (G) if so required by Morgan Stanley, such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by Morgan Stanley to be

desirable, in each case to complete the purchase of the Ordinary Shares and/or to perfect any of the authorities expressed to be given hereunder;

- (H) such Shareholder, if an Overseas Shareholder, is a Qualifying Shareholder and has fully observed any applicable legal requirements, obtained any requisite consents and complied with all applicable formalities and that the invitation under the Tender Offer may be made to such Shareholder under the laws of the relevant jurisdiction, and has not taken or omitted to take any action which would result in Morgan Stanley or Whitbread acting in breach of any applicable legal or regulatory requirement in respect of the purchase by Morgan Stanley of the Ordinary Shares tendered by such Shareholder under the Tender Offer;
- (I) such Shareholder's offer to sell Ordinary Shares to Morgan Stanley, and any acceptance thereof, shall not be unlawful under the laws of any jurisdiction;
- (J) such Shareholder has not received or sent copies or originals of this Circular, the Tender Form or any related documents in, into or from a Restricted Jurisdiction and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone and e-mail) of interstate or foreign commerce of, or any facilities of a national securities exchange of, a Restricted Jurisdiction and that the Tender Form has not been mailed or otherwise sent in, into or from a Restricted Jurisdiction and such Shareholder is accepting the Tender Offer from outside a Restricted Jurisdiction;
- (K) the execution of the Tender Form will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of the Receiving Agent as the paying agent for the purposes of receipt of the consideration payable to such Shareholder pursuant to the Tender Offer and that the receipt by the Receiving Agent of such consideration will discharge fully any obligation of Morgan Stanley to pay such Shareholder the consideration to which it, he or she is entitled under the Tender Offer;
- (L) where the Bacs payment instruction on the Tender Form is completed, the bank or building society account details provided therein relate to a bank or building society account in the name of the Shareholder only and no other person (or, in the case of joint holders, the name of any one such joint holder only);
- (M) on execution the Tender Form takes effect as a deed;
- (N) the execution of the Tender Form will constitute such Shareholder's submission to the jurisdiction of the courts of England and Wales in relation to all matters arising out of or in connection with the Tender Offer or the Tender Form; and
- (O) if the appointment of Attorney provision under paragraph (C) above shall be unenforceable or invalid or shall not operate so as to afford any director or officer of Morgan Stanley the benefit or authority expressed to be given therein, the Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable Morgan Stanley to secure the full benefits of paragraph (C) above.

Each Shareholder to which this paragraph 4 applies hereby consents to the assignment by Morgan Stanley of all such benefit as Morgan Stanley may have in any covenants, representations and warranties in respect of the Ordinary Shares which are successfully tendered under the Tender Offer.

A reference in this paragraph to a Shareholder includes a reference to the person or persons executing the Tender Form and in the event of more than one person executing a Tender Form, the provisions of this paragraph will apply to them jointly and severally.

## **5. ELECTRONIC TENDERS**

Each Shareholder by whom, or on whose behalf, an Electronic Tender is made irrevocably undertakes, represents, warrants and agrees to and with Morgan Stanley (for itself and on behalf of Whitbread), so as to bind such Shareholder and its, his or her personal representatives, heirs, successors and assigns, that:

- (A) the input of the TTE Instruction will constitute an offer to sell to Morgan Stanley such number of Ordinary Shares as are specified in the TTE Instruction, on and subject to the terms and



conditions set out or referred to in this Circular and that, once the TTE Instruction has settled, such tender shall be irrevocable;

- (B) such Shareholder is the legal and beneficial owner and has full power and authority to tender, sell, assign or transfer any or all of the Ordinary Shares in respect of which such offer is accepted (together with all rights attaching thereto) and, when the same are purchased by Morgan Stanley, Morgan Stanley will acquire such Ordinary Shares with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the Closing Date, including the right to receive all dividends and other distributions declared, paid or made after that date;
- (C) the input of the TTE instruction will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of any director or officer of Morgan Stanley as such Shareholder's attorney and/or agent ("**Agent**"), and an irrevocable instruction to the Agent to complete and execute all or any documents or input any instruction into CREST at the Agent's discretion in relation to the Ordinary Shares referred to in paragraph (A) above in favour of Morgan Stanley or such other person or persons as Morgan Stanley may direct, and to deliver any documents or input any instruction into CREST at the discretion of the Agent relating to such Ordinary Shares, and to do all such other acts and things as may in the opinion of such Agent be necessary or expedient for the purpose of, or in connection with, the Tender Offer and to vest in Morgan Stanley or its nominee(s) or such other person(s) as Morgan Stanley may direct such Ordinary Shares;
- (D) the input of the TTE Instruction will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of Link Asset Services as such Shareholder's escrow agent and an irrevocable instruction and authority to the Escrow Agent: (i) subject to the Tender Offer becoming unconditional, to transfer to Morgan Stanley by means of CREST (or to such person or persons as Morgan Stanley may direct) all of the Ordinary Shares referred to in paragraph (A) above; and (ii) if the Tender Offer does not become unconditional and lapses or is terminated, or such Ordinary Shares include Ordinary Shares which have not been successfully tendered under the Tender Offer, as promptly as practicable after the lapsing or termination of the Tender Offer, or after the unsuccessful tender, to transfer the said Ordinary Shares back to the original available balances from which those Ordinary Shares came;
- (E) such Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by Morgan Stanley or any of its directors or officers or any person nominated by Morgan Stanley in the proper exercise of its or his or her powers and/or authorities hereunder;
- (F) if so required by Morgan Stanley, such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by Morgan Stanley to be desirable, in each case to complete the purchase of the Ordinary Shares referred to in paragraph (A) and/or to perfect any of the authorities expressed to be given hereunder;
- (G) such Shareholder, if an Overseas Shareholder, is a Qualifying Shareholder and has fully observed any applicable legal requirements, obtained any requisite consents and complied with all applicable formalities and that the invitation under the Tender Offer may be made to such Shareholder under the laws of the relevant jurisdiction;
- (H) such Shareholder's offer to sell Ordinary Shares to Morgan Stanley, including the input of the TTE Instruction, and any acceptance thereof, shall not be unlawful under the laws of any jurisdiction;
- (I) such Shareholder has not received or sent copies or originals of this Circular, the Tender Form or any related documents in, into or from a Restricted Jurisdiction and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone and e-mail) of interstate or foreign commerce of, or any facilities of a national securities exchange of, any Restricted Jurisdiction at the time of the input of and settlement of the relevant TTE Instruction and that the TTE Instruction has not been sent from a Restricted Jurisdiction and such Shareholder is accepting the Tender Offer from outside any Restricted Jurisdiction;
- (J) the input of the TTE Instruction constitutes the irrevocable appointment of the Receiving Agent as the paying agent for the purposes of receipt of the consideration payable to such Shareholder pursuant to the Tender Offer and the receipt by the Receiving Agent of such consideration will

discharge fully any obligation of Morgan Stanley to pay such Shareholder the consideration to which it, he or she is entitled under the Tender Offer;

- (K) the input of the TTE Instruction will constitute such Shareholder's submission to the jurisdiction of the courts of England and Wales in relation to all matters arising out of or in connection with the Tender Offer;
- (L) if, for any reason, any Ordinary Shares in respect of which a TTE Instruction has been made are, prior to the Closing Date, converted into certificated form, the Electronic Tender in respect of such Ordinary Shares shall cease to be valid and the Shareholder will need to comply with the procedures for tendering Ordinary Shares in certificated form as set out in this Part III (*Details of the Tender Offer*) in respect of the Ordinary Shares so converted, if it, he or she wishes to make a valid tender of such Ordinary Shares pursuant to the Tender Offer; and
- (M) if the appointment of Agent provision under paragraph (C) above shall be unenforceable or invalid or shall not operate so as to afford any director or officer of Morgan Stanley the benefit or authority expressed to be given therein, the Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable Morgan Stanley to secure the full benefits of paragraph (C) above.

Each Shareholder to which this paragraph 5 applies hereby consents to the assignment by Morgan Stanley of all such benefit as Morgan Stanley may have in any covenants, representations and warranties in respect of the Ordinary Shares which are successfully tendered under the Tender Offer.

## **6. OVERSEAS SHAREHOLDERS**

- 6.1** Overseas Shareholders should inform themselves about and observe any applicable legal regulatory requirements. In addition, the attention of Shareholders who are resident in the United States is drawn to the Notice for US Shareholders on page 2 of this Circular. If you are in any doubt about your position, you should consult your professional adviser in the relevant jurisdiction.
- 6.2** The making of the Tender Offer in, or to persons who are citizens or nationals of, or resident in, jurisdictions outside the United Kingdom or to custodians, nominees or trustees for citizens, nationals or residents of jurisdictions outside the United Kingdom may be prohibited or affected by the laws of the relevant overseas jurisdiction. Shareholders who are Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such Shareholder wishing to tender Ordinary Shares to satisfy itself, himself or herself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes or other requisite payments due in such jurisdiction. Any such Shareholder will be responsible for payment of any such transfer or other taxes or other requisite payments due by whomsoever payable and Morgan Stanley and Whitbread and any person acting on their behalf shall be fully indemnified and held harmless by such Shareholder for any such transfer or other taxes or other requisite payments such person may be required to pay. No steps have been taken to qualify the Tender Offer or to authorise the extending of the Tender Offer or the distribution of this Circular or any Tender Form in any territory outside the United Kingdom.
- 6.3** In particular, the Tender Offer is not being made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone and e-mail) of interstate or foreign commerce of, or any facilities of a national securities exchange of, any Restricted Jurisdiction and the Tender Offer cannot be accepted by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction. Accordingly, copies of this Circular, the Tender Forms and any related documents must not be mailed or otherwise distributed or sent in, into or from any Restricted Jurisdiction, including to Shareholders with registered addresses in any Restricted Jurisdiction other than the mailing by the Company of this Circular for the purposes of giving notice of the General Meeting. Persons receiving such documents (including, without limitation, custodians, nominees and trustees) should not distribute, send or mail them in, into or from any Restricted Jurisdiction or use such mails or any such means, instrumentality or facility in connection with the Tender Offer, and so doing will render invalid any related purported acceptance of the Tender Offer. Persons wishing to tender pursuant to the Tender Offer must not use such mails or any such means, instrumentality or facility for any purpose directly or indirectly relating to any tender pursuant to the Tender Offer.

Envelopes containing Tender Forms should not be postmarked in any Restricted Jurisdiction or otherwise despatched from any Restricted Jurisdiction and all Shareholders who wish to participate in the Tender Offer must provide addresses outside any Restricted Jurisdiction for the remittance of cash or for the return of Tender Forms, share certificates and/or other documents of title.

- 6.4** If, in connection with making the Tender Offer, notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards this Circular, any personalised Tender Form or any related documents in, into or from any Restricted Jurisdiction or uses the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone and e-mail) of interstate or foreign commerce of, or any facilities of a national securities exchange of, any Restricted Jurisdiction in connection with such forwarding, such persons should (a) inform the recipient of such fact; (b) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and (c) draw the attention of the recipient to this paragraph 6 (headed "Overseas Shareholders").
- 6.5** The provisions of this paragraph 6 (headed "Overseas Shareholders") and any other terms of the Tender Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by Morgan Stanley in its absolute discretion, but only if Morgan Stanley is satisfied that such waiver, variation or modification will not constitute or give rise to a breach of applicable securities or other laws. Subject to this, the provisions of this paragraph 6 (headed "Overseas Shareholders") supersede any terms of the Tender Offer inconsistent herewith.

## Part IV TAXATION

### 1. UNITED KINGDOM

THE FOLLOWING COMMENTS DO NOT CONSTITUTE TAX ADVICE AND ARE INTENDED ONLY AS A GUIDE TO CURRENT UNITED KINGDOM LAW AND H.M. REVENUE & CUSTOMS' PUBLISHED PRACTICE (WHICH ARE BOTH SUBJECT TO CHANGE AT ANY TIME, POSSIBLY WITH RETROSPECTIVE EFFECT). THEY RELATE ONLY TO CERTAIN LIMITED ASPECTS OF THE UNITED KINGDOM TAXATION TREATMENT OF SHAREHOLDERS WHO ARE RESIDENT IN THE UNITED KINGDOM FOR UNITED KINGDOM TAX PURPOSES (AND, IF INDIVIDUALS, DOMICILED IN AND ONLY IN THE UNITED KINGDOM FOR UNITED KINGDOM TAX PURPOSES), WHO HOLD, AND WILL HOLD, THEIR ORDINARY SHARES AS INVESTMENTS (AND NOT AS ASSETS TO BE REALISED IN THE COURSE OF A TRADE, PROFESSION OR VOCATION). THEY MAY NOT RELATE TO CERTAIN SHAREHOLDERS, SUCH AS DEALERS IN SECURITIES OR SHAREHOLDERS WHO HAVE (OR ARE DEEMED TO HAVE) ACQUIRED THEIR ORDINARY SHARES BY VIRTUE OF AN OFFICE OR EMPLOYMENT OR SHAREHOLDERS WHO ARE TREATED AS HOLDING THEIR ORDINARY SHARES AS CARRIED INTEREST. SHAREHOLDERS ARE ADVISED TO TAKE INDEPENDENT ADVICE IN RELATION TO THE TAX IMPLICATIONS FOR THEM OF SELLING ORDINARY SHARES PURSUANT TO THE TENDER OFFER.

#### **Taxation of chargeable gains**

The sale of Ordinary Shares by a Shareholder to Morgan Stanley pursuant to the Tender Offer should be treated as a disposal of those shares for United Kingdom tax purposes. This may, subject to the Shareholder's individual circumstances and any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of United Kingdom taxation of chargeable gains ("**CGT**").

The amount of CGT payable by a Shareholder who is an individual as a consequence of the sale of Ordinary Shares, if any, will depend on his or her own personal tax position. Broadly, a Shareholder whose total taxable gains and income in a given year, including any gains made on the sale of the Ordinary Shares ("**Total Taxable Gains and Income**"), are less than or equal to the upper limit of the income tax basic rate band applicable in respect of that tax year (the "**Band Limit**") (£37,500 for 2019/2020) will normally be subject to CGT at a rate of 10 per cent. in respect of any gain arising on the sale of his or her Ordinary Shares. A Shareholder whose Total Taxable Gains and Income are more than the Band Limit will normally be subject to CGT at a rate of 10 per cent. in respect of any gain arising on the sale of his or her Ordinary Shares (to the extent that, when added to the Shareholder's other taxable gains and income, the gain is less than or equal to the Band Limit) and at a rate of 20 per cent. in respect of the remainder of the gain arising on the sale of his or her Ordinary Shares. However, no tax will be payable on any gain arising on the sale of Ordinary Shares if the amount of the chargeable gain realised by a Shareholder in respect of the sale, when aggregated with other chargeable gains realised by that Shareholder in the year of assessment (and after taking into account aggregate losses), does not exceed the annual exemption (£12,000 for 2019/2020).

A corporate Shareholder is normally subject to corporation tax on all of its chargeable gains, subject to any relief and exemptions. Corporate Shareholders should be entitled to indexation allowance, calculated only up to and including December 2017.

#### **Transactions in securities**

Under the provisions of Part 15 of the Corporation Tax Act 2010, H.M. Revenue & Customs can in certain circumstances counteract corporation tax advantages arising in relation to a transaction or transactions in securities. If these provisions were to be applied by H.M. Revenue & Customs to the Tender Offer, Shareholders who are subject to corporation tax might be liable to corporation tax as if they had received an income amount rather than a capital amount.

No application has been made to H.M. Revenue & Customs for the clearance in respect of the application of Part 15 of the Corporation Tax Act 2010 to the Tender Offer.

Shareholders who are within the charge to corporation tax are advised to take independent advice as to the potential application of the above provisions in light of their own particular motives and circumstances.

#### **Stamp duty and stamp duty reserve tax (“SDRT”)**

The sale of Ordinary Shares pursuant to the Tender Offer will not give rise to any liability to stamp duty or SDRT for the selling Shareholder.

Stamp duty at a rate of 0.5 per cent. on the Ordinary Shares repurchased, rounded up to the nearest £5.00 if necessary, will be payable by the Company on its purchase of Ordinary Shares from Morgan Stanley.

## **2. UNITED STATES**

**THE FOLLOWING IS A DESCRIPTION OF THE MATERIAL US FEDERAL INCOME TAX CONSEQUENCES OF DISPOSING OF THE ORDINARY SHARES PURSUANT TO THE TENDER OFFER. EXCEPT FOR THE DISCUSSION THAT APPEARS UNDER THE HEADING “US INFORMATION REPORTING AND BACKUP WITHHOLDING”, IT APPLIES ONLY TO US SHAREHOLDERS, AS DEFINED BELOW, AND DOES NOT DESCRIBE ALL TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A PARTICULAR SHAREHOLDER’S DECISION TO DISPOSE OF THE ORDINARY SHARES.**

Except as described under the heading “US information reporting and backup withholding”, this discussion applies only to a US Shareholder that holds Ordinary Shares as a capital asset for US federal income tax purposes. In addition, it does not describe all of the US federal income tax consequences that may be relevant in light of each Shareholder’s particular circumstances, including alternative minimum tax consequences, the potential application of the provisions of the Code known as the “Medicare contribution tax” and tax consequences applicable to US Shareholders subject to special rules, such as (i) certain financial institutions, (ii) dealers or traders in securities who use a mark-to-market method of tax accounting, (iii) persons holding Ordinary Shares as part of a hedging transaction, straddle, wash sale, conversion transaction or other integrated transaction or persons entering into a constructive sale with respect to the Ordinary Shares, (iv) persons whose functional currency for US federal income tax purposes is not the US dollar, (v) entities classified as partnerships for US federal income tax purposes, (vi) tax-exempt entities, including an “individual retirement account” or “Roth IRA”, (vii) persons that own or are deemed to own ten per cent. or more of the Company’s shares, by vote or value, or (viii) persons holding Ordinary Shares in connection with a trade or business conducted outside of the United States.

If an entity that is classified as a partnership for US federal income tax purposes holds Ordinary Shares, the US federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships holding Ordinary Shares and partners in such partnerships should consult their tax advisers as to the particular US federal income tax consequences of disposing of the Ordinary Shares.

This discussion is based on the United States Internal Revenue Code of 1986, as amended (the “Code”), administrative pronouncements, judicial decisions, final, temporary and proposed Treasury regulations, all as of the date hereof, any of which is subject to change or differing interpretations, possibly with retroactive effect.

A “US Shareholder” is a Shareholder who, for US federal income tax purposes, is a beneficial owner of Ordinary Shares and who is: (i) an individual that is a citizen or resident of the United States, (ii) a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia, or (iii) an estate or trust the income of which is subject to US federal income taxation regardless of its source.

All US Shareholders should consult with their tax advisers concerning the US federal, state, local and non-US tax consequences of disposing of Ordinary Shares in their particular circumstances.

The tax treatment of the Tender Offer will depend in part on whether or not the Company is classified as a passive foreign investment company, or “PFIC”, for US federal income tax

**purposes. Except as discussed below under “Passive foreign investment company rules”, this discussion assumes that the Company is not classified as a PFIC for US federal income tax purposes.**

### **Passive foreign investment company rules**

Under the Code, the Company will be a PFIC for any taxable year in which, after the application of certain “look-through” rules with respect to subsidiaries, either (i) 75 per cent. or more of its gross income consists of “passive income,” or (ii) 50 per cent. or more of the average quarterly value of its assets consist of assets that produce, or are held for the production of, “passive income.”

Based on the Company’s current operations, income, assets and certain estimates and projections, including as to the relative values of the Company’s assets, the Company believes that historically it has not been a PFIC for US federal income tax purposes and does not expect to become a PFIC in the foreseeable future. If the Company were a PFIC for any year during which a US Shareholder held Ordinary Shares, the Company generally would continue to be treated as a PFIC with respect to that US Shareholder for all succeeding years during which the US Shareholder holds the Ordinary Shares, even if it ceased to meet the threshold requirements for PFIC status.

If the Company were a PFIC for any taxable year during which a US Shareholder held Ordinary Shares (assuming such US Shareholder has not made a timely election described below), gain recognised by a US Shareholder on the disposition of Ordinary Shares pursuant to the Tender Offer would be allocated ratably over the US Shareholder’s holding period for those Ordinary Shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the tax on such amount. Further, to the extent that any distribution received by a US Shareholder on its Ordinary Shares exceeds 125 per cent. of the average of the annual distributions on the Ordinary Shares received during the preceding three years or the US Shareholder’s holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain, described immediately above.

If the Company were a PFIC, certain elections may be available that would result in alternative tax consequences (such as mark-to-market treatment) of owning and disposing of the Ordinary Shares. US Shareholders should consult their tax advisers to determine whether any of these elections would be available and, if so, what the consequences of the alternative treatments would be in their particular circumstances.

In addition, if the Company were a PFIC or, with respect to a particular US Shareholder, were treated as a PFIC for the taxable year in which the Company paid a dividend or for the prior taxable year, the preferential dividend rates discussed below with respect to dividends paid to certain non-corporate US Shareholders would not apply.

If a US Shareholder owns Ordinary Shares during any year in which the Company is a PFIC, the Shareholder generally must file annual reports containing such information as the US Treasury may require on IRS Form 8621 (or any successor form) with respect to the Company, generally with the Shareholder’s federal income tax return for that year. US Shareholders should consult their tax advisers concerning the Company’s potential PFIC status and the potential application of the PFIC rules.

### **Tax consequences of Tender Offer—distribution vs. sale treatment**

The Company’s purchase of Ordinary Shares from a US Shareholder pursuant to the Tender Offer will be treated either as a sale of the Ordinary Shares or as a distribution by the Company. The purchase will be treated as a sale if the US Shareholder meets any of the three tests discussed below. It will be treated as a distribution if the US Shareholder satisfies none of those tests.

If the purchase of Ordinary Shares from a US Shareholder is treated as a sale, the US Shareholder will recognise gain or loss equal to the difference between the amount of cash received by the US Shareholder and the US Shareholder’s tax basis in the Ordinary Shares sold. The gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Ordinary Shares were held for more than one year. A US Shareholder must calculate gain or loss separately for each block of

Ordinary Shares that he or she owns, and the gains and losses for each block may not be netted in determining overall gain or loss. A US Shareholder may be able to designate which blocks and the order of such blocks of Ordinary Shares to be tendered pursuant to the Tender Offer. The gain or loss will be US source for foreign tax credit purposes.

If the purchase of Ordinary Shares from a US Shareholder is treated as a distribution by the Company, the full amount of cash received by the US Shareholder for the Ordinary Shares (without any offset for the US Shareholder's tax basis in the purchased Ordinary Shares) will be treated as a dividend to the extent of the Company's current and accumulated earnings and profits allocable to the distribution. The tax basis of the US Shareholder's sold Ordinary Shares will be added to the tax basis of his or her remaining shares of the Company. Because the Company does not currently maintain calculations of earnings and profits for US federal income tax purposes, it is expected that the distributions with respect to the Ordinary Shares will generally be reported as dividends. For non-corporate US Shareholders, such dividends may be "qualified dividend income" that is taxed at the lower applicable capital gains rate provided that certain conditions are satisfied, including certain holding period requirements. Assuming that the Company is not a "United-States-Owned Foreign Corporation" for US federal income tax purposes, the dividend will generally be income from sources outside the United States and will generally be "passive" income, in each case for purposes of computing the foreign tax credit allowable to a US Shareholder. US Shareholders should consult their own tax advisers concerning the rules discussed in this paragraph in their particular circumstances.

To the extent, if any, that payments made by the Company exceed a US Shareholder's allocable share of the Company's current and accumulated earnings and profits, the distribution will first be treated as a non-taxable return of capital, causing a reduction in the US Shareholder's adjusted basis in his or her Ordinary Shares, and any amounts in excess of the US Shareholder's adjusted basis will be treated as capital gain.

#### **Determination of sale or distribution treatment**

The Company's purchase of Ordinary Shares pursuant to the Tender Offer will be treated as a sale of the Ordinary Shares by a US Shareholder if: (i) the purchase completely terminates the US Shareholder's equity interest in the Company, (ii) the receipt of cash by the US Shareholder is "not essentially equivalent to a dividend", or (iii) as a result of the purchase there is a "substantially disproportionate" reduction in the US Shareholder's equity interest in the Company.

If none of these tests are met with respect to a particular US Shareholder, then the Company's purchase of Ordinary Shares from that US Shareholder pursuant to the Tender Offer will be treated as a distribution.

In applying these tests, the constructive ownership rules of Section 318 of the Code apply. A US Shareholder is treated as owning not only shares of the Company actually owned by the US Shareholder but also such shares actually (and in some cases constructively) owned by others. Under the constructive ownership rules, a US Shareholder will be considered to own shares of the Company owned, directly or indirectly, by certain members of the US Shareholder's family and certain entities (such as corporations, partnerships, trusts and estates) in which the US Shareholder has an equity interest, as well as shares of the Company that the US Shareholder has an option to purchase.

It may be possible for a tendering US Shareholder to satisfy one of these three tests by contemporaneously selling or otherwise disposing of all or some of the shares that such US Shareholder actually or constructively owns that are not purchased pursuant to the Offer.

Correspondingly, a tendering US Shareholder may not be able to satisfy one of these three tests because of contemporaneous acquisitions of shares of the Company by such US Shareholder or a related party whose shares are attributed to such US Shareholder. Shareholders should consult their own tax advisers regarding the tax consequences of such sales or acquisitions in their particular circumstances.

*Complete termination.* A purchase of Shares pursuant to the Tender Offer will result in a "complete termination" of the US Shareholder's interest in the Company if, immediately after the sale, either: (a) the US Shareholder owns, actually and constructively, no shares of the Company; or (b) the US Shareholder actually owns no shares of the Company and effectively waives constructive ownership of any constructively owned shares of the Company under the procedures described in

Section 302(c)(2) of the Code. If a US Shareholder desires to file such a waiver, the US Shareholder should consult his or her own tax adviser.

*Not essentially equivalent to a dividend.* A purchase of Ordinary Shares pursuant to the Tender Offer will be treated as “not essentially equivalent to a dividend” if it results in a “meaningful reduction” in the selling US Shareholder’s proportionate interest in the Company. Whether a US Shareholder meets this test will depend on relevant facts and circumstances. In measuring the change, if any, in a US Shareholder’s proportionate interest in the Company, the meaningful reduction test is applied by taking into account all Ordinary Shares that the Company purchases pursuant to the Tender Offer, including Ordinary Shares purchased from other US Shareholders.

The Internal Revenue Service (the “**IRS**”) has held in a published ruling that, under the particular facts of that ruling, a small reduction in the percentage share ownership of a small minority shareholder in a publicly and widely held corporation who did not exercise any control over corporate affairs constituted a “meaningful reduction”. If, taking into account the constructive ownership rules of Section 318 of the Code, a US Shareholder owns Ordinary Shares that constitute only a minimal interest in the Company and does not exercise any control over the affairs of the Company, any reduction in the US Shareholder’s percentage ownership interest in the Company should be a “meaningful reduction”. Such selling US Shareholder should, under these circumstances, be entitled to treat his or her sale of Ordinary Shares pursuant to the Tender Offer as a sale for US federal income tax purposes. US Shareholders should consult their own tax advisers with respect to the application of the “not essentially equivalent to a dividend” test in their particular circumstances.

In the case of a corporate US Shareholder, if cash received pursuant to the Tender Offer is treated as a dividend, the resulting dividend income will not qualify for the dividends-received deduction otherwise generally available to corporate US Shareholders.

*Substantially disproportionate.* A purchase of Ordinary Shares pursuant to the Tender Offer will be “substantially disproportionate” as to a US Shareholder if (i) the percentage of the then outstanding Ordinary Shares actually and constructively owned by such US Shareholder immediately after the purchase is less than 80 per cent. of the percentage of the outstanding Ordinary Shares actually and constructively owned by such US Shareholder immediately before the purchase, and (ii) the percentage of the outstanding voting stock of the Company actually and constructively owned by such US Shareholder immediately after the purchase is less than 80 per cent. of the percentage of the outstanding voting stock of the Company actually and constructively owned by such US Shareholder immediately before the purchase. Shareholders should consult their own tax advisers with respect to the application of the “substantially disproportionate” test in their particular circumstances.

*The Company cannot predict whether there will be sale or distribution treatment.* The Company cannot predict whether or the extent to which the Tender Offer will be undersubscribed or oversubscribed. If the Tender Offer is oversubscribed, proration of tenders pursuant to the Tender Offer will cause the Company to accept fewer Ordinary Shares than are tendered. Consequently, the Company can give no assurance that a sufficient number of any US Shareholder’s Ordinary Shares will be purchased pursuant to the Tender Offer to ensure that such purchase will be treated as a sale, rather than as a distribution, for US federal income tax purposes under the rules discussed above.

### **Consequences to US Shareholders who do not sell Ordinary Shares pursuant to the Tender Offer**

US Shareholders who do not sell Ordinary Shares pursuant to the Tender Offer will not incur any US federal income tax liability as a result of the consummation of the Tender Offer.

### **US information reporting and backup withholding**

Payments made in respect of sales of Ordinary Shares pursuant to the Tender Offer which are not considered to be effected at an office outside the US under US Treasury Regulations may be reported to the IRS and the relevant Shareholder as may be required under applicable regulations. A backup withholding tax at the rate of 24 per cent. may be deducted from payments described in the preceding sentence if the relevant Shareholder fails to certify under penalties of perjury: (i) in the case of a Shareholder that is a US Shareholder, that such Shareholder is a US Shareholder, that the taxpayer identification number provided is correct (or that such Shareholder is awaiting a taxpayer identification number) and that such Shareholder is not subject to backup withholding, or (ii) in the case of a Shareholder that is not a US Shareholder, that such Shareholder is an exempt foreign person.



A sale of Ordinary Shares pursuant to the Tender Offer should be considered to be effected at an office outside the US for these purposes (and consequently payments in respect of them not be subject to US information reporting and backup withholding) unless: (i) the proceeds of sale by the relevant Shareholder are paid to an account maintained in the United States, (ii) the proceeds of sale are despatched to the relevant Shareholder at an address in the United States, (iii) the relevant Shareholder has accepted the Tender Offer from within the United States (by, for example, mailing the completed and signed Tender Form from within the United States), or (iv) a confirmation of sale is sent to the relevant Shareholder at an address within the United States.

To prevent the imposition of the backup withholding tax, Shareholders whose sale of their Ordinary Shares would not be considered to be effected at an office outside the United States should return the appropriate IRS Form W-9 or Form W-8 with the acceptance of the Tender Offer. If they are a US Shareholder, they should submit a duly executed IRS Form W-9. If they are not a US Shareholder, they should submit a duly executed IRS Form W-8BEN or other IRS Form W-8, as appropriate. Copies of IRS Form W-9 and Form W-8 are available on the IRS's website at [www.irs.gov/forms-instructions](http://www.irs.gov/forms-instructions).

Notwithstanding the foregoing, certain Shareholders may be exempt from US information reporting and backup withholding even though the appropriate tax form has not been returned. In addition, certain Shareholders that own their Ordinary Shares through a custodian, nominee or trustee may be able to avoid the imposition of backup withholding by providing an appropriate IRS Form W-9 or Form W-8 to the applicable custodian, nominee or trustee. Shareholders should consult their tax advisers as to their qualification for these exemptions.

Copies of the information returns filed with the IRS may be made available to the tax authorities in the country in which the relevant Shareholder resides.

The backup withholding tax is not an additional tax. A Shareholder may generally obtain a refund or credit of any amounts withheld under the backup withholding rules that exceed its US federal income tax liability, if any, provided any claim for refund or credit is filed with the IRS in a timely manner.

**Part V**  
**POTENTIAL FURTHER STAGE OF THE RETURN OF VALUE**

If the full £2 billion is not returned to Shareholders through the Tender Offer, the Board will consider whether and how best to return the remaining amount to Shareholders in light of the circumstances prevailing following completion of the Tender Offer, including the level of take up of the Tender Offer, the extent of any amount not returned to Shareholders, the relative cost and convenience of available methods of returning the balance, and whether there are any more value-creating alternative uses for the cash.

**1. ON-MARKET BUYBACK OF ORDINARY SHARES**

One means by which all or part of the balance of the £2 billion could be returned to Shareholders in any further stage is through an extension of the Share Buyback Programme.

As explained in paragraph 3 of Part I (*Letter from the Chairman*) of this Circular, in addition to the General Buyback Authority which is being sought at the Company's AGM convened for 19 June 2019, the Company is seeking a further authority at the General Meeting to buy back up to a maximum of 8,693,320 Ordinary Shares, representing approximately 4.99 per cent. of the Issued Ordinary Share Capital as at the Latest Practicable Date (the "**Additional Buyback Authority**"). Ordinary Shares purchased by the Company pursuant to the Additional Buyback Authority will be cancelled. The maximum and minimum prices to be paid under the Additional Buyback Authority are set out in Resolution 4 in the Notice of General Meeting.

The Board intends to limit the use of the Additional Buyback Authority in the following ways. The Additional Buyback Authority will only be used:

- (A) for the purposes of any further stage of the Return of Value, that is, in the event, and then only to the extent, that the Tender Offer has returned less than the full sum of £2 billion to Shareholders; and
- (B) to the extent that Ordinary Shares acquired under the Additional Buyback Authority would not, when aggregated with the number of Ordinary Shares acquired under the Tender Offer, exceed 43,466,603 Ordinary Shares.

**2. SPECIAL DIVIDEND**

Another means by which all or part of the balance of the £2 billion could be returned to Shareholders in any further stage is a Special Dividend. Any Special Dividend would return cash to all Shareholders pro rata to the size of their shareholdings.

**2.1 Share Consolidation**

In the event that all or part of any further stage of the Return of Value were to be undertaken by payment of the Special Dividend, it may be appropriate for such Special Dividend to be accompanied by a Share Consolidation. As any Share Consolidation requires shareholder approval, that authority is being sought now so that, if the Board does subsequently decide to pay a Special Dividend to return all or part of any amount not returned by the Tender Offer, the Company would be in a position to do so quickly and without the delay and cost of convening a separate general meeting at that time. The terms of the relevant resolution only allow the Board to use the authority to effect a Share Consolidation in connection with the payment of the Special Dividend(s).

The purpose of any Share Consolidation would be to seek to ensure that, to the extent reasonably practicable and subject to market fluctuations, the market price of one New Ordinary Share immediately after the payment of a Special Dividend would be approximately equal to the market price of one Ordinary Share immediately beforehand. The Share Consolidation should also assist the comparability of financial information in relation to the Company that is expressed on a per-share basis before and after any Special Dividend.

Accordingly, under any Share Consolidation, the number of Ordinary Shares in issue would be reduced by a percentage broadly equivalent to the quantum of the Special Dividend as a proportion of the Company's market capitalisation at that time.

Following any Share Consolidation, Shareholders would own the same proportion of the Company as they did immediately prior to the Share Consolidation taking effect (subject to the treatment of

fractional entitlements) but would hold a smaller number of New Ordinary Shares than the number of Ordinary Shares held immediately prior to the Share Consolidation.

Application would be made for the New Ordinary Shares resulting from the Share Consolidation to be admitted to the Official List and to trading on the Main Market. Subject to their admission, New Ordinary Shares would be traded on the Main Market in the same way as Ordinary Shares and would be equivalent in all respects to Ordinary Shares (including as to dividend, voting and other rights), with the exception of the difference in nominal value. General market transactions would continue to be settled within the CREST system.

## **2.2 Consolidation ratio**

The consolidation ratio cannot be set at this time as it will depend on various matters, including the level of take-up under the Tender Offer, the quantum of any proposed Special Dividend and the future price of an Ordinary Share at the time of any proposed Special Dividend. As provided in Resolution 2 to be passed at the General Meeting, the consolidation ratio would be set by the Directors. The ratio, once set, would be notified to Shareholders via a Regulatory Information Service. The consolidation ratio would be expected to be calculated by dividing (i) the Company's market capitalisation at the Distribution Record Date less the quantum of the Special Dividend by (ii) the Company's market capitalisation at the Distribution Record Date, subject to such amendments as the Directors may determine to deal with fractions, rounding or other practical problems or matters which may result from such division and/or to achieve a ratio which in their judgment is the most appropriate to seek to maintain comparability of the Company's share price and/or earnings per share before and after the Special Dividend.

In order to ensure that a whole number of New Ordinary Shares is created following the implementation of the Share Consolidation, it is proposed that the Company may issue a small number of Ordinary Shares to one of the Company's employee benefit trusts or may repurchase a small number of Ordinary Shares under an existing authority, immediately prior to the Distribution Record Date. The number of Ordinary Shares to be issued or repurchased would be such as will result in the total number of Ordinary Shares (including any held in treasury) being exactly divisible in accordance with the consolidation ratio.

## **2.3 Fractional entitlements to New Ordinary Shares following the Share Consolidation**

A Shareholder may have a fractional entitlement to a New Ordinary Share following the Share Consolidation. For example, if the consolidation ratio were 3:4 (New Ordinary Shares: existing Ordinary Shares), a Shareholder holding 11 Ordinary Shares would, after such a Share Consolidation, be entitled to 8 New Ordinary Shares and a fractional entitlement of one-quarter of a New Ordinary Share. By contrast, a Shareholder holding 12 Ordinary Shares would, after such a Share Consolidation, be entitled to 9 New Ordinary Shares and no fractional entitlement.

Under a Share Consolidation, no fractions of New Ordinary Shares would be received by any Shareholder. The number of New Ordinary Shares to which a Shareholder is entitled will be rounded down to the nearest whole New Ordinary Share. Fractional entitlements to New Ordinary Shares would be aggregated and sold as soon as practicable by instructing a broker to sell them in the open market at the then-available prices. The net proceeds of the sale (after deduction of all expenses and commissions incurred) will be distributed to the Shareholders entitled to them, save that, where the net proceeds from the sale of any such fractional entitlement are less than £5.00, Shareholders would have no entitlement or right to the proceeds of sale but instead any such proceeds would be retained by the Company (or, at the discretion of the Directors, donated to Great Ormond Street Hospital Children's Charity (registered charity number 1160024)).

## **3. IMPORTANT NOTE ON THE POTENTIAL FURTHER STAGE OF THE RETURN OF VALUE**

In order to return the balance of the £2 billion to Shareholders, the Board may combine its use of the Additional Buyback Authority with use of the General Buyback Authority, if granted to the Company at its 2019 AGM, and/or a Special Dividend. As mentioned at paragraph 3.1 of Part I (*Letter from the Chairman*) of this Circular, the Board only intends to use the General Buyback Authority for the purposes of any further stage of the Return of Value after the Additional Buyback Authority, if granted to the Company at the General Meeting, has been used in full.

Alternatively, if the Board concludes that an on-market buyback of Ordinary Shares or a Special Dividend is not the appropriate means to return any or all of the balance of cash to be returned, or if shareholder approval for the Additional Buyback Authority or the Share Consolidation is not obtained at the General Meeting, the Board may decide to implement the whole or part of any further stage of the Return of Value by another method or other methods, including enhancements of regular dividends or other methods such as a B share scheme.

The Board intends to announce the most appropriate method for implementing any further stage of the Return of Value as soon as practicable and appropriate following completion of the Tender Offer.

There may be circumstances in which there would be no further stage of the Return of Value, including where the Tender Offer is fully subscribed. In these circumstances, Shareholders who do not tender any of their Ordinary Shares under the Tender Offer will not participate in the Return of Value.

The Board reserves the right not to proceed with, or to modify, any further stage of the Return of Value if it determines at any time that it would be in the best interests of Shareholders as a whole to do so.

**Part VI**  
**ADDITIONAL INFORMATION**

**1. DIRECTORS AND REGISTERED OFFICE**

The names and principal functions of the Directors are as follows:

Adam Crozier	Chairman
Alison Brittain	Chief Executive Officer
Nicholas Cadbury	Group Finance Director
Louise Smalley	Group HR Director
Richard Gillingwater	Senior Independent Director
David Atkins	Non-executive Director
Frank Fiskers	Non-executive Director
Chris Kennedy	Non-executive Director
Deanna Oppenheimer	Non-executive Director
Susan Taylor Martin	Non-executive Director

The Company is a public limited company and was incorporated and registered in England and Wales on 1 December 2000 as a public company limited by shares. The Company's registered office and corporate headquarters is at Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire LU5 5XE.

The principal laws and legislation under which the Company operates, and under which the Ordinary Shares have been issued, is the Companies Act 2006 and regulations made thereunder.

**2. WARRANTS AND OPTIONS**

As at the Latest Practicable Date, the total number of outstanding options to subscribe for Ordinary Shares, and the proportions of the Issued Ordinary Share Capital that they currently represent and that they will represent if the full authority to buy back shares is used pursuant to the Tender Offer, the Additional Buyback Authority and the General Buyback Authority, are set out in the table below:

<u>Number of options</u>	<u>Percentage of Issued Ordinary Share Capital as at the Latest Practicable Date</u>	<u>Percentage of Issued Ordinary Share Capital if the maximum permitted number of Ordinary Shares is purchased pursuant to the Tender Offer (see note)</u>	<u>Percentage of Issued Ordinary Share Capital if both the maximum permitted number of Ordinary Shares is purchased pursuant to the General Buyback Authority and the maximum permitted number of Ordinary Shares is purchased pursuant to the Tender Offer</u>
987,754 . . . . .	0.57	0.76	0.87

Note: No Ordinary Shares can be acquired under the Additional Buyback Authority in circumstances where the maximum permitted number of Ordinary Shares has been purchased pursuant to the Tender Offer.

As at the Latest Practicable Date, there are no outstanding warrants to subscribe for Ordinary Shares.

**3. OPTION AGREEMENT**

On 31 May 2019, the Company entered into the Option Agreement with Morgan Stanley. Pursuant to the terms of the Option Agreement, and conditional on the Tender Offer becoming unconditional in all respects and not lapsing or terminating in accordance with its terms and on Morgan Stanley being registered as the holder of the Ordinary Shares purchased by Morgan Stanley pursuant to the Tender Offer, the Company has granted a put option to Morgan Stanley which, on exercise, obliges the Company to purchase from Morgan Stanley at a price equal to the Strike Price the Ordinary Shares purchased by Morgan Stanley pursuant to the Tender Offer. Also under the Option Agreement, Morgan Stanley has granted the Company a call option which, on exercise, obliges Morgan Stanley to sell to the Company, at a price equal to the Strike Price, the Ordinary Shares purchased by Morgan Stanley pursuant to the Tender Offer.

#### **4. CONSENT**

J.P. Morgan Cazenove has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and references to it in the form and context in which they appear.

Morgan Stanley has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and references to it in the form and context in which they appear.

#### **5. TAKEOVER CODE**

Rule 9 of the Takeover Code applies to any person who acquires an interest in shares which, when taken together with shares in which persons acting in concert with it, him or her are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code. Any such person is required to make a general offer to all shareholders of that company to acquire their shares in cash at not less than the highest price paid by such person, or by any person acting in concert with it, him or her, for any interest in shares within the 12 months prior to the offer. Such an offer under Rule 9 of the Takeover Code must also be made where any person who, together with persons acting in concert with it, him or her, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights in the company and such person, or any person acting in concert with him, acquires an interest in any other shares which increase the percentage of shares carrying voting rights in which it, he or she is interested.

When a company purchases its own voting shares, any resulting increase in the percentage of voting rights held by a shareholder, or group of shareholders acting in concert, will be treated as an acquisition for the purpose of Rule 9.

Morgan Stanley may purchase, as principal and not as agent, nominee or trustee, Ordinary Shares under the Tender Offer, which could result in Morgan Stanley owning up to approximately 24.99 per cent. of the Issued Ordinary Share Capital. It is possible that entities within the group of which Morgan Stanley is part hold or come to hold other interests in the Issued Ordinary Share Capital and that, in certain cases, those interests could be subject to aggregation with any Ordinary Shares acquired under the Tender Offer for the purposes of Rule 9 of the Takeover Code. As such, it is possible that the aggregated holdings of Morgan Stanley and persons in concert with it could result in a requirement to make a general offer under Rule 9.

Morgan Stanley has indicated its intention that, shortly after the purchase of Ordinary Shares under the Tender Offer, it will sell all those Ordinary Shares to the Company for cancellation. Accordingly, in the event that the purchase of Ordinary Shares under the Tender Offer were to result in Morgan Stanley and persons acting in concert with it becoming subject to a requirement to make a general offer under Rule 9 of the Takeover Code, Morgan Stanley would seek to obtain a waiver from the Panel on Takeovers and Mergers in respect of the application of Rule 9 to the purchase by Morgan Stanley of Ordinary Shares under the Tender Offer.

**Part VII**  
**DEFINITIONS**

The following definitions apply throughout this Circular unless the context requires otherwise:

<b>Additional Buyback Authority</b>	has the meaning given to that term in paragraph 1 of Part V ( <i>Potential further stage of the Return of Value</i> ) of this Circular;
<b>AGM</b>	annual general meeting;
<b>Attorney</b>	has the meaning given to that term in paragraph 4(C) of Part III ( <i>Details of the Tender Offer</i> ) of this Circular;
<b>Average VWAP</b>	the arithmetic average of the Daily VWAPs for the Trading Days comprising the Relevant Trading Period, as determined by Morgan Stanley (acting reasonably and on the basis of industry standard metrics and information);
<b>Bacs payment</b>	payment by means of the electronic payment system operated by Bacs Payment Schemes Limited;
<b>Board or Directors</b>	the board of directors of Whitbread;
<b>Business Day</b>	a day other than a Saturday or Sunday or public holiday in England and Wales on which banks are open in London for general commercial business;
<b>certificated or in certificated form</b>	recorded on the Register as being held in certificated form (that is, not in CREST);
<b>Circular</b>	this document;
<b>Closing Date</b>	19 July 2019 or such other date as may be determined in accordance with paragraph 2.26 of Part III ( <i>Details of the Tender Offer</i> ) of this Circular;
<b>Coca-Cola</b>	The Coca-Cola Company, a company incorporated in the State of Delaware and whose registered office is at 1 Coca-Cola Plaza, NW Atlanta, Georgia 30313;
<b>Company or Whitbread</b>	Whitbread PLC, a public limited company incorporated in England and Wales with registered number 04120344, whose registered office is at Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire LU5 5XE;
<b>Conditions</b>	has the meaning given to that term in paragraph 2.1 of Part III ( <i>Details of the Tender Offer</i> ) of this Circular;
<b>Costa</b>	Costa Limited, a private limited company incorporated in England and Wales with registered number 01270695;
<b>CREST</b>	the paperless settlement procedure operated by Euroclear enabling system securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument;
<b>CREST Manual</b>	the rules governing the operation of CREST as published by Euroclear and as amended from time to time;
<b>CREST Member</b>	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations);
<b>CREST Participant</b>	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations);
<b>CREST Proxy Instruction</b>	a proxy appointment or instruction made via CREST authenticated in accordance with Euroclear's specifications and containing the information set out in the CREST Manual;

<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended from time to time;
<b>CREST Sponsor</b>	a CREST Participant admitted to CREST as a CREST sponsor, being a sponsoring system participant (as defined in the CREST Regulations);
<b>CREST Sponsored Member</b>	a CREST Member admitted to CREST as a sponsored member;
<b>Daily VWAP</b>	the daily volume-weighted average price per Ordinary Share for a particular Trading Day as derived from the trading in the Ordinary Shares on the Main Market on the relevant Trading Day and taken from Bloomberg page VWAP (or such other Bloomberg page that may replace it from time to time) with Custom Condition Codes referencing all electronically matched trades automatically executed on the Main Market, including all trades executed during the opening and closing auctions on the Main Market but excluding any off-order book transactions (and where any such matters require the exercise of discretion, such discretion shall be exercised by Morgan Stanley (acting reasonably and on the basis of industry standard metrics and available information));
<b>Disclosure Guidance and Transparency Rules</b>	the disclosure guidance and transparency rules made under Part VI of FSMA (and contained in the FCA's publication of the same name), as amended from time to time;
<b>Disposal</b>	has the meaning given to that term in paragraph 1.1 of Part I ( <i>Letter from the Chairman</i> ) of this Circular;
<b>Distribution Record Date</b>	means the record date for a Special Dividend;
<b>Electronic Tender</b>	has the meaning given to that term in paragraph 3.3 of Part III ( <i>Details of the Tender Offer</i> ) of this Circular;
<b>Escrow Agent</b>	Link Asset Services;
<b>Euroclear</b>	Euroclear UK & Ireland Limited, the operator of CREST;
<b>Excluded Price</b>	has the meaning given to that term in paragraph 2.11 of Part III ( <i>Details of the Tender Offer</i> ) of this Circular;
<b>FCA or Financial Conduct Authority</b>	the Financial Conduct Authority of the United Kingdom;
<b>Financial Advisers</b>	J.P. Morgan Cazenove and Morgan Stanley together;
<b>Form of Proxy</b>	the form of proxy enclosed with this Circular (where applicable) for use by Shareholders in connection with the General Meeting;
<b>FSMA</b>	Financial Services and Markets Act 2000, as amended from time to time;
<b>General Buyback Authority</b>	has the meaning given to that term in paragraph 3 of Part I ( <i>Letter from the Chairman</i> ) of this Circular;
<b>General Meeting</b>	the general meeting of Whitbread, to be held at Church House Conference Centre, Dean's Yard, Westminster, London SW1P 3NZ at 2.45 p.m. on 19 June 2019 or as soon thereafter as the Company's AGM convened for that date has concluded or been adjourned, or any adjournment thereof, notice of which is set out at the end of this Circular;
<b>Group</b>	Whitbread together with its subsidiaries and subsidiary undertakings;



<b>Guaranteed Entitlement</b>	has the meaning given to that term in, as applicable, paragraph 2.16, 2.17 or 2.18 of Part III ( <i>Details of the Tender Offer</i> ) of this Circular;
<b>Issued Ordinary Share Capital</b>	the Company's issued ordinary share capital, excluding any treasury shares and excluding, for the avoidance of doubt, the B Shares (as defined in the articles of association of the Company) and C Shares (as defined in the articles of association of the Company);
<b>J.P. Morgan Cazenove</b>	J.P. Morgan Securities plc (which conducts its UK investment banking activities as J.P. Morgan Cazenove);
<b>Latest Practicable Date</b>	29 May 2019, being the latest practicable date prior to the publication of this Circular;
<b>Link Asset Services</b>	the trading name of Link Market Services Limited;
<b>Listing Rules</b>	the listing rules made under Part VI of FSMA (and contained in the FCA's publication of the same name), as amended from time to time;
<b>London Stock Exchange</b>	London Stock Exchange plc;
<b>Main Market</b>	the main market for listed securities maintained by the London Stock Exchange;
<b>Market Abuse Regulation</b>	Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse;
<b>Maximum Price</b>	an amount (in pence per Ordinary Share) equal to Average VWAP plus an amount equal to four per cent. of Average VWAP (rounded down to the nearest whole penny);
<b>Member Account ID</b>	the identification code or number attached to any member account in CREST;
<b>Minimum Price</b>	an amount (in pence per Ordinary Share) equal to Average VWAP (rounded down to the nearest whole penny);
<b>Morgan Stanley</b>	Morgan Stanley & Co. International plc;
<b>Net Cash Proceeds</b>	has the meaning given to that term in paragraph 1.1 of Part I ( <i>Letter from the Chairman</i> ) of this Circular;
<b>New Ordinary Shares</b>	the ordinary shares in the capital of the Company following any Share Consolidation;
<b>Notice of General Meeting</b>	the notice of the General Meeting which is set out at the end of this Circular;
<b>Official List</b>	the list maintained by the FCA in accordance with section 74(1) of FSMA for the purposes of Part VI of FSMA;
<b>Option Agreement</b>	the option agreement described in paragraph 3 of Part VI ( <i>Additional Information</i> ) of this Circular;
<b>Ordinary Shares</b>	ordinary shares with a nominal value of 76 $\frac{122}{153}$ pence each in the capital of Whitbread (or, where the context requires, with such other nominal value as an ordinary share in the Company may have following any Share Consolidation);
<b>Overseas Shareholder</b>	a Shareholder who is resident in, or a citizen of, a jurisdiction outside the United Kingdom;
<b>Participant ID</b>	the identification code or membership number used in CREST to identify a particular CREST Member or other CREST Participant;
<b>Price Cap</b>	£50.00 per Ordinary Share;

<b>Price Range</b>	the range of specified prices per Ordinary Share between the Minimum Price and the Maximum Price (inclusive) at which Ordinary Shares may be tendered pursuant to the terms of the Tender Offer, being: <ul style="list-style-type: none"> <li>(A) an amount (in pence per Ordinary Share) equal to Average VWAP (rounded down to the nearest whole penny);</li> <li>(B) an amount (in pence per Ordinary Share) equal to Average VWAP plus an amount equal to 1 per cent. of Average VWAP (rounded down to the nearest whole penny);</li> <li>(C) an amount (in pence per Ordinary Share) equal to Average VWAP plus an amount equal to 2 per cent. of Average VWAP (rounded down to the nearest whole penny);</li> <li>(D) an amount (in pence per Ordinary Share) equal to Average VWAP plus an amount equal to 3 per cent. of Average VWAP (rounded down to the nearest whole penny); and</li> <li>(E) an amount (in pence per Ordinary Share) equal to Average VWAP plus an amount equal to 4 per cent. of Average VWAP (rounded down to the nearest whole penny);</li> </ul>
<b>Q1 2019</b>	the 13-week period ended 30 May 2019;
<b>Qualifying Shareholders</b>	Shareholders other than those with a registered address in any of the Restricted Jurisdictions;
<b>Receiving Agent</b>	Link Asset Services;
<b>Record Date</b>	6.00 p.m. on 19 July 2019 or such other time and date as may be determined by the Company in its sole discretion in the event that the Closing Date is altered in accordance with paragraph 2.26 of Part III ( <i>Details of the Tender Offer</i> ) of this Circular;
<b>Register</b>	the register of members of Whitbread;
<b>Registrar</b>	Link Asset Services;
<b>Regulatory Information Service</b>	one of the regulatory information services authorised by the FCA to receive, process and disseminate regulatory information from listed companies;
<b>Relevant Trading Period</b>	the period of five Trading Days up to and including the Closing Date;
<b>Resolutions</b>	the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting;
<b>Restricted Jurisdictions</b>	Australia and New Zealand;
<b>Return of Value</b>	has the meaning given to that term in paragraph 1.1 of Part I ( <i>Letter from the Chairman</i> ) of this Circular;
<b>Share Buyback Programme</b>	has the meaning given to that term in paragraph 1.1 of Part I ( <i>Letter from the Chairman</i> ) of this Circular;
<b>Share Consolidation</b>	has the meaning given to that term in paragraph 1.5 of Part I ( <i>Letter from the Chairman</i> ) of this Circular;
<b>Shareholder Helpline</b>	the shareholder telephone helpline being made available in relation to the Tender Offer, details of which are set out on page 4 of this Circular;
<b>Shareholders</b>	holders of Ordinary Shares from time to time;

<b>Special Dividend</b>	has the meaning given to that term in paragraph 1.5 of Part I ( <i>Letter from the Chairman</i> ) of this Circular, and such term shall, if a series of such dividends are to be paid, mean each such dividend;
<b>Strike Price</b>	the per share price at which Morgan Stanley will purchase Ordinary Shares pursuant to the Tender Offer, which will be determined in accordance with the provisions set out in Part III ( <i>Details of the Tender Offer</i> ) of this Circular and which in any event shall not exceed the Price Cap;
<b>Strike Price Tender</b>	a tender of Ordinary Shares at the Strike Price rather than at a specific price within the Price Range;
<b>subsidiary</b>	has the meaning given to that term in section 1159 of the Companies Act 2006;
<b>subsidiary undertaking</b>	has the meaning given to that term in section 1162 of the Companies Act 2006;
<b>Takeover Code</b>	the City Code on Takeovers and Mergers;
<b>Tender Form</b>	the tender form issued with this Circular to Qualifying Shareholders who hold their Ordinary Shares in certificated form;
<b>Tender Offer</b>	the invitation by Morgan Stanley to Shareholders to tender Ordinary Shares for purchase by Morgan Stanley on the terms and subject to the conditions set out in this Circular and also, in the case of certificated Ordinary Shares only, the Tender Form;
<b>TFE Instruction</b>	a transfer from escrow instruction (as defined by the CREST Manual);
<b>Trading Day</b>	any day on which the Main Market is ordinarily scheduled to open for trading during normal market hours;
<b>TTE Instruction</b>	a transfer to escrow instruction (as defined by the CREST Manual);
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>uncertificated or in uncertificated form</b>	recorded on the Register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
<b>Unconditional Date</b>	the date on and time at which the Tender Offer becomes unconditional, which is expected to be on 23 July 2019;
<b>US or United States</b>	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction;
<b>US Exchange Act</b>	the US Securities Exchange Act of 1934;
<b>US Shareholder</b>	has the meaning given to that term in paragraph 2 of Part IV ( <i>Taxation</i> ) of this Circular;
<b>Value Limit</b>	£2 billion;
<b>Volume Limit</b>	43,466,603 Ordinary Shares; and
<b>VWAP</b>	volume-weighted average price.

## WHITBREAD PLC

(registered in England and Wales with registered number 04120344)

### NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a **GENERAL MEETING** of Whitbread PLC (the “**Company**”) will be held at Church House Conference Centre, Dean’s Yard, Westminster, London SW1P 3NZ at 2.45 p.m. on 19 June 2019 (or as soon thereafter as the Company’s annual general meeting convened for that date has concluded or been adjourned) for the purposes of considering and, if thought fit, passing the following resolutions, the first of which will be proposed as a special resolution, the second of which will be proposed as an ordinary resolution, the third of which will be proposed as a special resolution and the fourth of which will be proposed as a special resolution.

Unless otherwise defined herein, capitalised terms used in the following resolutions shall have the meaning ascribed to them in the Company’s circular to shareholders dated 31 May 2019 of which this notice forms part.

#### Special Resolution

1. THAT, in addition to (i) the authority for the purpose of section 701 of the Companies Act 2006 (the “**Act**”) which was approved by special resolution passed at the annual general meeting of the Company held on 27 June 2018, (ii) any authority pursuant to section 701 of the Act as may be approved at the annual general meeting of the Company in 2019 and (iii) any authority pursuant to section 701 of the Act as may be approved under Resolution 4 below, the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) of its own ordinary shares of 76  $\frac{122}{153}$  pence each in the capital of the Company (“**ordinary shares**”) pursuant to, for the purposes of, or in connection with a tender offer for ordinary shares on the terms and in accordance with the arrangements set out or referred to in the circular to the Company’s shareholders dated 31 May 2019 (the “**Circular**”) (a copy of which is produced to the meeting and signed for identification purposes by the chairman of the meeting) or otherwise as contemplated by arrangements set out or referred to in the Circular, provided that:

- (A) the maximum number of ordinary shares hereby authorised to be purchased is 43,466,603;
- (B) the minimum price, exclusive of all expenses, which may be paid for an ordinary share is the nominal value of an ordinary share;
- (C) the maximum price, exclusive of all expenses, which may be paid for an ordinary share is £50.00; and
- (D) the authority conferred by this resolution shall expire on 31 December 2019, save that the Company may before the expiry of such authority make a contract to purchase ordinary shares which will or may be executed wholly or partly after such expiry and the Company may make a purchase of such ordinary shares after such expiry pursuant to such contract.

#### Ordinary Resolution

2. THAT, in connection with any Special Dividend paid or proposed to be paid by the Company, the Company and its directors be authorised to, on one or more than one occasion:

- (A) (i) consolidate each of the ordinary shares from time to time in the capital of the Company into one or more (such number being at the discretion of the directors) ordinary shares in the capital of the Company (such share or shares being “intermediate share(s)”), and (ii) immediately after such consolidation, divide or sub-divide the intermediate share(s) into new ordinary shares in the capital of the Company of such nominal value as the directors may determine; or
- (B) (i) sub-divide each of the ordinary shares from time to time in the capital of the Company into such number of ordinary shares in the capital of the Company as the directors may determine (such shares being “intermediate shares”), and (ii) immediately after such sub-division, consolidate the intermediate shares into new ordinary shares in the capital of the Company of such nominal value as the directors may determine,

on the basis that:

- (1) the directors shall have discretion to determine the record date and time by reference to which any such consolidation and/or division or sub-division shall take place;
- (2) the directors shall have discretion to make any arrangements which they consider necessary, appropriate or expedient (i) to deal with fractions, rounding or other practical problems or matters which may result from any such consolidation and/or division or sub-division, or (ii) for the purpose of giving effect to any such consolidation and/or division or sub-division; and
- (3) in particular and without prejudice to the general discretion of the directors under paragraph (2) above, where any such consolidation and/or division or sub-division would result in any shareholder being entitled to a fraction of a new ordinary share, such fraction shall, so far as possible, be aggregated with the fractions of a new ordinary share (if any) to which other shareholders of the Company would be similarly so entitled and the directors of the Company be and are hereby authorised to sell (or appoint any other person to sell) to any person all the new ordinary shares representing such fractions in the open market at the price prevailing at the time of sale to any person(s), and to distribute the proceeds of sale (net of expenses) in due proportion among the relevant shareholders who would otherwise be entitled to the fractions so sold, save that (i) any fraction of a penny (or equivalent) which would otherwise be payable shall be rounded up or down in accordance with the usual practice of the registrar of the Company and (ii) any due proportion of such proceeds that would pursuant to the foregoing fall for distribution to any shareholder which is an amount that is less than £5.00 (net of expenses) shall be retained by the Company (or, at the discretion of the directors, donated to Great Ormond Street Hospital Children's Charity (registered charity number 1160024)) and the relevant shareholder shall not be entitled thereto (and in order to implement the provisions of this paragraph, any director (or any person appointed by the directors) shall be and is hereby authorised to execute one or more instrument(s) of transfer in respect of such new ordinary shares on behalf of the relevant shareholder(s) and to do all acts and things the directors consider necessary or desirable to effect the transfer of such new ordinary shares to, or in accordance with the directions of, any buyer of such new ordinary shares).

#### **Special Resolution**

3. THAT, subject to the Share Consolidation taking effect, the definition of "nominal amount or nominal value" in the articles of association of the Company be amended by substituting the nominal value of the New Ordinary Shares.

#### **Special Resolution**

4. THAT, subject to the passing of Resolution 1 above and in addition to (i) the authority for the purpose of section 701 of the Act which was approved by special resolution passed at the annual general meeting of the Company held on 27 June 2018, (ii) any authority pursuant to section 701 of the Act as may be approved at the annual general meeting of the Company in 2019, and (iii) any authority pursuant to section 701 of the Act as may be approved under Resolution 1 above, the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) of up to 8,693,320 ordinary shares (of any nominal value from time to time) in the capital of the Company provided that:

- (A) no ordinary shares may be acquired by the Company pursuant to this authority if such acquisition would cause the number of ordinary shares acquired, in aggregate, pursuant to the authority granted under Resolution 1 and the authority granted under this Resolution 4 to exceed 43,466,603 ordinary shares;
- (B) the minimum price (exclusive of expenses) which may be paid for each ordinary share is the nominal value of that share;
- (C) the maximum price (exclusive of expenses) which may be paid for each ordinary share is the highest of (i) an amount equal to 5 per cent. above the average market value of an ordinary share for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased, and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out at the relevant time; and

(D) this authority will apply until the conclusion of the annual general meeting of the Company to be held in 2020 (or, if earlier, 18 September 2020), save that the Company may before the expiry of such authority make a contract to purchase ordinary shares which will or may be executed wholly or partly after such expiry and the Company may make a purchase of such ordinary shares after such expiry pursuant to such contract.

By order of the Board

Chris Vaughan  
General Counsel and Company Secretary  
31 May 2019

Registered office

**Whitbread PLC**

Whitbread Court  
Houghton Hall Business Park  
Porz Avenue  
Dunstable  
Bedfordshire LU5 5XE

Registered in England and Wales  
No. 04120344

## Notes to the Notice of General Meeting

1. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the General Meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. Save where shareholders have opted to register proxy appointments electronically, a proxy form, which may be used to make such appointment and give proxy instructions, accompanies the Circular.
2. The return of a completed proxy form, or any electronic or CREST proxy instruction (as described in paragraph 4 below), will not prevent a shareholder attending the General Meeting and voting in person if he wishes to do so and is so entitled.
3. To be effective, the instrument appointing a proxy, together with any power of attorney or other authority under which it is signed, or a duly certified copy thereof, must be received by the Registrar at Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 2.45 p.m. on 17 June 2019 (or, in the case of an adjournment, not later than 48 hours (excluding non-business days) before the time fixed for the holding of the adjourned meeting).

Proxy appointments submitted via the internet at [www.whitbread-shares.com](http://www.whitbread-shares.com) must be received not later than 2.45 p.m. on 17 June 2019 (or, in the case of an adjournment, not later than 48 hours (excluding non-business days) before the time fixed for the holding of the adjourned meeting).

4. If you are a user of the CREST system (including a CREST personal member), you may appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint a proxy or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, the CREST message must be received by the Registrar (CREST participant ID RA10) not later than 2.45 p.m. on 17 June 2019 (or, in the case of an adjournment, not later than 48 hours (excluding non-business days) before the time fixed for the holding of the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the Registrar is able to retrieve the message.

CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and systems timings, please refer to the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. Entitlement to attend and vote at the meeting and the number of votes which may be cast at the meeting will be determined by reference to the register of members of the Company as at close of business on 17 June 2019.

If the meeting is adjourned, entitlement to attend and vote will be determined by reference to the register of members of the Company as at close of business two days prior to the adjourned meeting (excluding non-working days). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

6. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
7. The right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the Companies Act 2006. Persons nominated to receive information rights under section 146 of the Companies Act 2006 who have been sent a copy of this Notice of General Meeting are hereby informed that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting.

If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.

8. In the case of joint holders, where more than one of the joint holders purports to vote (including voting by proxy), the only vote which will count is the vote of the person whose name is listed before the other joint holder(s) on the register of members of the Company for the share.
9. Any shareholder attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting, but no such answer need be given if: (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered. If you attend the meeting in person, you may be included in the recording of the meeting. Please note that this recording is solely for the purpose of creating a transcript of the meeting and will not be made publicly available.
10. A copy of this Notice of General Meeting, and other information required by section 311A of the Companies Act 2006, can be found at [www.whitbread.co.uk](http://www.whitbread.co.uk). Neither the content of the Company's website nor any website accessible by hyperlinks to the Company's website is incorporated in, or forms part of, these notes.
11. Shareholders should only use any electronic address provided in either this Notice of General Meeting or any related documents (including the Chairman's letter and the proxy form) to communicate with the Company for the purposes expressly stated.
12. At the close of business on 29 May 2019 (being the latest practicable date prior to the publication of this Notice of General Meeting), the Company had 190,986,131 ordinary shares in issue, of which 17,119,718 ordinary shares were held in treasury. Therefore, the total number of voting rights in the Company was 173,866,413. The ordinary shares have a nominal value of 76  $\frac{122}{153}$  pence each. On a poll, each holder of ordinary shares has one vote per share.



