

Recommended Final Cash Offer for WM Morrison: Clayton Dub. & Rice *London* STOCK EXCHANGE

RNS Number : 8227N
Clayton Dubilier & Rice LLP
04 October 2021

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FOR IMMEDIATE RELEASE

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

2 October 2021

RECOMMENDED FINAL^[1] CASH OFFER

for

WM MORRISON SUPERMARKETS PLC ("MORRISONS")

by

MARKET BIDCO LIMITED ("CD&R BIDCO")

(a newly incorporated entity formed by Clayton, Dubilier & Rice, LLP in its capacity as adviser to Clayton, Dubilier & Rice, LLC as manager of CD&R Fund XI)

to be effected by means of a scheme of arrangement
under Part 26 of the Companies Act 2006

- **CD&R Bidco prevails with highest offer for Morrisons following conclusion of Auction Procedure**
- **CD&R Bidco has confirmed to the Morrisons Board that the commercial justification for its offer and its previously stated intentions regarding Morrisons business remain unchanged**
- **Morrisons Board views the CD&R Final Offer as superior and accordingly the Morrisons Board unanimously recommends the CD&R Final Offer**
- **CD&R Final Offer is final and cannot be increased unless a third party announces a firm intention to make an offer for Morrisons**

- **CD&R Final Offer Price set at 287 pence in cash for each Morrisons Share, representing a premium of approximately 61 per cent. to the Closing Price of 178 pence per Morrisons Share prior to the commencement of the Offer Period**

Commenting on the CD&R Final Offer, Andrew Higginson, Chair of Morrisons, said:

"Today's final offer from CD&R represents excellent value for shareholders while at the same time protecting the fundamental character of Morrisons for all stakeholders."

CD&R have good retail experience, a strong record of developing and growing the businesses in which they invest, and they share our vision and ambition for Morrisons. We remain confident that CD&R will be a responsible, thoughtful and careful owner of an important British grocery business. Shareholders will now have the final say and, if the offer is approved, the Board is confident that Morrisons will continue to go from strength to strength under CD&R's ownership."

Commenting on the CD&R Final Offer, Sir Terry Leahy, Senior Adviser to CD&R funds, said:

"We are gratified by the recommendation of the Morrisons Board and look forward to the shareholder vote to approve the transaction. We continue to believe that Morrisons is an excellent business, with a strong management team, a clear strategy, and good prospects."

1. **Introduction**

Further to the Panel Statement published by the Panel on 29 September 2021 regarding the competitive situation between CD&R Bidco and Oppidum Bidco Limited ("**Fortress Bidco**") in relation to the acquisition of the entire issued and to be issued share capital of Morrisons, CD&R Bidco and Fortress Bidco participated in an auction procedure on 2 October 2021 (the "**Auction Procedure**") to determine their respective offers for Morrisons.

The Auction Procedure was supervised by the Panel and has now concluded.

2. **CD&R Final Offer**

Following the conclusion of the Auction Procedure, CD&R Bidco and Morrisons are pleased to announce the terms of CD&R Bidco's superior cash offer for the entire issued and to be issued share capital of Morrisons (the "**CD&R Final Offer**"), which the Morrisons Board intends to recommend unanimously.

Under the terms of the CD&R Final Offer, Morrisons Shareholders will be entitled to receive:

For each Morrisons Share	287 pence in cash
	(the "CD&R Final Offer Value")

The CD&R Final Offer Value represents:

- a premium of approximately 61 per cent. to the Closing Price of 178 pence per Morrisons Share on 18 June 2021 (being the last Business Day prior to 19 June 2021, the date of the announcement of a possible offer by CD&R for Morrisons and the commencement of the Offer Period);
- a premium of approximately 60 per cent. to the three month volume weighted average price of 180 pence per Morrisons Share to 18 June 2021 (being the last Business Day prior to 19 June 2021, the date of the announcement of a possible offer by CD&R for Morrisons and the commencement of the Offer Period); and
- a premium of approximately 61 per cent. to the six month volume weighted average price of 178 pence per Morrisons Share to 18 June 2021 (being the last Business Day prior to 19 June 2021, the date of the announcement of a possible offer by CD&R for Morrisons and the commencement of the Offer Period).

The CD&R Final Offer Value implies:

- an enterprise value multiple of approximately 9.1 times Morrisons' underlying EBITDA⁽¹⁾ for the 52 weeks ended 31 January 2021 and approximately 9.4 times Morrisons' underlying (pre-COVID-19) EBITDA⁽¹⁾ for the 52 weeks ended 2 February 2020; and
- a multiple of approximately 20.9 times Morrisons' underlying earnings per Morrisons Share⁽¹⁾ for the 52 weeks ended 31 January 2021.

(1) Stated post-IFRS 16, before exceptionals and before paying previously waived business rates relief of £230 million in the 52 weeks ended 31 January 2021.

The CD&R Final Offer values the entire issued and to be issued share capital of Morrisons at approximately £7.1 billion on a fully diluted basis and implies an enterprise value of £9.8 billion.

In accordance with the terms of the Auction Procedure, CD&R Bidco and Fortress Bidco are prohibited from further revising the price of their respective offers for Morrisons unless a third party announces a firm intention to make an offer for Morrisons.

If, on or after 19 August 2021 any dividend and/or other distribution and/or return of capital is declared, made or paid by Morrisons or becomes payable by Morrisons in respect of the Morrisons Shares, CD&R Bidco shall reduce the CD&R Final Offer Value payable under the terms of the CD&R Final Offer for the Morrisons Shares by an amount equal to the amount of such dividend and/or other distribution and/or return of capital, in which case any reference in this announcement to the CD&R Final Offer Value payable under the terms of the CD&R Final Offer will be deemed to be a reference to the CD&R Final Offer Value as so reduced. In such circumstances, Morrisons Shareholders would be entitled to receive and retain any such dividend and/or other distribution and/or return of capital.

The Morrisons Shares will be acquired pursuant to the CD&R Final Offer with full title guarantee, fully paid and free from all liens, equities,

charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature whatsoever and together with all rights now or hereafter attaching or accruing to them, including without limitation voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of capital or value (whether by reduction of share capital or share premium account or otherwise) with a record date falling on or after the Effective Date.

3. **Background to and reasons for the CD&R Final Offer**

The commercial justification for the CD&R Final Offer remains unchanged, and is set out in paragraph 5 of Part I of the scheme document published by Morrisons and CD&R Bidco on 25 September 2021 (the "**CD&R Scheme Document**").

4. **Recommendation**

The Morrisons Directors, who have been so advised by Rothschild & Co as to the financial terms of the CD&R Final Offer, consider the terms of the CD&R Final Offer to be fair and reasonable. In providing its financial advice to the Morrisons Directors, Rothschild & Co has taken into account the commercial assessments of the Morrisons Directors.

Accordingly, the Morrisons Directors recommend unanimously that Morrisons Shareholders vote in favour of the Scheme at the Court Meeting and the Resolution to be proposed at the General Meeting, each convened for 19 October 2021.

5. **Conditions**

The only approvals required by CD&R Bidco prior to completion of the CD&R Final Offer are the approval by the requisite majority of Scheme Shareholders at the Court Meeting and Morrisons Shareholders at the General Meeting and sanction of the Scheme by the Court.

The Scheme will be modified to reflect the terms of the CD&R Final Offer. Save as set out in this announcement, the CD&R Final Offer will be subject to the same terms and Conditions as CD&R Bidco's original offer for Morrisons announced on 19 August 2021 (the "**CD&R Original Offer**"), as set out in the CD&R Scheme Document.

6. **Publication of shareholder letter**

A shareholder letter relating to the CD&R Final Offer (the "**CD&R Shareholder Letter**") will be posted shortly to Morrisons Shareholders, Morrisons CSN Participants and, for information only, made available to participants in the Morrisons Share Plans and persons with information rights, subject to certain restrictions relating to persons resident in Restricted Jurisdictions.

Morrisons Shareholders and Morrisons CSN Participants are urged to read the CD&R Shareholder Letter and the accompanying Forms of Proxy and Forms of Instruction (as applicable) carefully when they are sent to them, along with the CD&R Scheme Document, because they will contain important information, including details of the Morrisons Board's recommendation to Morrisons Shareholders.

7. **Financing of the CD&R Final Offer**

CD&R Bidco is providing the CD&R Final Offer Value payable to Morrisons Shareholders under the terms of the CD&R Final Offer through a combination of equity capital and debt financing. The financing will comprise: (i) capital comprising ordinary shares and preference shares to be invested by CD&R Fund XI, Ares European Direct Lending and Alternative Credit Funds and West Street Strategic Solutions; (ii) interim notes issued under an interim note purchase agreement to be purchased by Ares European Direct Lending and Alternative Credit Funds and West Street Strategic Solutions; and (iii) a term loan and revolving facility to be provided under an interim facilities agreement arranged by Goldman Sachs Bank USA, BNP Paribas SA, Bank of America, N.A., London Branch and Mizuho Bank Ltd., Banco Santander, S.A, London Branch, Coöperatieve Rabobank U.A. trading as Rabobank London, Deutsche Bank AG, London, Intesa Sanpaolo S.p.A., London Branch, MUFG Bank, Ltd., National Westminster Bank Plc, NatWest Markets Plc, Societe Generale London Branch and Sumitomo Mitsui Banking Corporation.

The additional consideration payable under the CD&R Final Offer (as compared to the CD&R Original Offer) will be funded by CD&R Fund XI in accordance with the provisions of the equity commitment letter entered into by CD&R Bidco and CD&R Fund XI on the date of this announcement (the "**Second Equity Commitment Letter**"). The Equity Commitment Letter has been terminated pursuant to a deed of termination entered into by CD&R Bidco and CD&R Fund XI on the date of this announcement (the "**Deed of Termination**").

CD&R, Ares European Direct Lending and Alternative Credit Funds and West Street Strategic Solutions may syndicate part of their funding commitments to one or more co-investors either before or after the Scheme becomes Effective. If such co-investment occurs prior to the Scheme becoming Effective, an announcement will be made by CD&R Bidco in respect of this through a Regulatory Information Service. In addition, other potential investors may acquire indirect minority interests in CD&R Bidco during the offer period or once the Scheme becomes Effective.

Goldman Sachs International and J.P. Morgan Cazenove, as financial advisers to CD&R Bidco, are satisfied that sufficient resources are available to CD&R Bidco to satisfy in full the CD&R Final Offer Value payable to Morrisons Shareholders under the terms of the CD&R Final Offer.

8. **Delisting, cancellation of trading and re-registration**

It is intended that the London Stock Exchange and the FCA will be requested respectively to cancel trading in Morrisons Shares on the Main Market of the London Stock Exchange and the listing of the Morrisons Shares on the premium segment of the Official List, in each case, to take effect on or shortly after the Effective Date.

The last day of dealings in Morrisons Shares on the Main Market of the London Stock Exchange is expected to be the Business Day immediately prior to the Effective Date and no transfers will be registered after 6.00 p.m. on that date.

It is intended that Morrisons be re-registered as a private limited company and for this to take effect as soon as practicable on or following

the Effective Date.

9. Overseas shareholders

The availability of the Scheme and the CD&R Final Offer to Overseas Shareholders may be affected by the laws of the relevant jurisdictions in which they are located. Overseas Shareholders should inform themselves about and should observe any applicable legal or regulatory requirements.

Further details in relation to Overseas Shareholders are contained in the CD&R Scheme Document. Morrisons Shareholders who are in any doubt about such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

10. Compliance with Rule 2.7 of the Takeover Code

Except as set out above, CD&R Bidco confirms that there have been no changes to the information contained in the CD&R Scheme Document in connection with the following requirements of Rule 2.7 of the Takeover Code:

- the terms of the CD&R Final Offer (contained in paragraph 2 of Part I and paragraph 2 of Part II of the CD&R Scheme Document);
- the identity of the offeror (contained in paragraph 4 of Part II of the CD&R Scheme Document);
- the Conditions or pre-conditions to which the CD&R Final Offer is subject (contained in Part III of the CD&R Scheme Document);
- the intentions of CD&R Bidco with regard to, among others, the business of Morrisons and its management, employees, pension scheme(s) and locations of business (contained in paragraph 6 of Part I of the CD&R Scheme Document);
- the details of any agreements or arrangements to which CD&R Bidco is a party which relate to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the CD&R Final Offer and the consequences of its doing so (contained in paragraph 13 of Part VIII of the CD&R Scheme Document);
- as at 30 September 2021 (being the latest practicable date prior to the date of this announcement), details of any relevant securities of Morrisons in which CD&R Bidco or any person acting in concert with it has an interest or in respect of which it has a right to subscribe (contained in paragraph 5 of Part VIII of the CD&R Scheme Document);
- as at 30 September 2021 (being the latest practicable date prior to the date of this announcement), details of any relevant securities of Morrisons which CD&R Bidco or any person acting in concert with it has borrowed or lent (contained in paragraph 5 of Part VIII of the CD&R Scheme Document);

- as at 30 September 2021 (being the latest practicable date prior to the date of this announcement), details of any dealing arrangements of the kind referred to in Note 11 on the definition of acting in concert to which CD&R Bidco or any party acting in concert with it is a party (contained in paragraph 5 of Part VIII of the CD&R Scheme Document);
- any offer-related arrangements (contained in paragraph 7 of Part VIII of the CD&R Scheme Document); and
- the address of Morrisons' website and CD&R's website on which documents are published in connection with the CD&R Final Offer (contained in paragraph 14 of Part VIII of the CD&R Scheme Document).

11. General

CD&R Bidco reserves the right to elect to implement the CD&R Final Offer by way of a Takeover Offer as an alternative to the Scheme (subject to the Panel's consent and the terms of the Co-operation Agreement). In such event, the CD&R Final Offer will be implemented on the same terms and conditions (subject to appropriate amendments including (without limitation) the inclusion of an acceptance condition set at 90 per cent. of the Morrisons Shares (or such other percentage as CD&R Bidco and Morrisons may, subject to the rules of the Takeover Code and the terms of the Co-operation Agreement and with the consent of the Panel, decide) of the Morrisons Shares and any amendments required by, or deemed appropriate by, CD&R Bidco under applicable law, so far as applicable) as those which would apply to the Scheme. Further, if sufficient acceptances of such Takeover Offer are received and/or sufficient Morrisons Shares are otherwise acquired, it is the intention of CD&R Bidco to apply the provisions of the Companies Act to acquire compulsorily any outstanding Morrisons Shares to which such Takeover Offer relates.

The bases and sources of certain financial information contained in this announcement are set out in Appendix 1.

Capitalised terms in this announcement, unless otherwise defined have the same meanings as set out in Part IX of the CD&R Scheme Document.

Rothschild & Co, Jefferies and Shore Capital have given and not withdrawn their consent to the publication of this announcement with the inclusion herein of the references to their names in the form and context in which they appear.

In addition to the documents which are already available for inspection, as set out in the announcement dated 19 August 2021 and the CD&R Scheme Document, copies of the Second Equity Commitment Letter, the Deed of Termination and this announcement will be available promptly on CD&R's and Morrisons' websites, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, at <https://www.cdr-inc.com/Morrisons-microsite> and <https://www.morrisons-corporate.com/investor-centre/offer-from-cdr> respectively and in any event by no later than 12 noon on the Business Day following the publication of this announcement. Save as expressly referred to in this announcement, the contents of such website (including

the Second Equity Commitment Letter and the Deed of Termination) are not incorporated into and do not form part of this announcement.

This announcement does not constitute an offer or an invitation to purchase or subscribe for any securities.

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BNP Paribas, BofA Securities and Mizuho are also acting as financial advisers to CD&R Bidco and CD&R in relation to the CD&R Final Offer.

Clifford Chance LLP is acting as legal adviser to CD&R Bidco and CD&R.

Ashurst LLP is acting as legal adviser to Morrisons.

Further information

*Goldman Sachs International ("**Goldman Sachs**"), which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, is acting exclusively for CD&R Bidco and CD&R and no one else in connection with the CD&R Final Offer and will not be responsible to anyone other than CD&R Bidco and CD&R for providing the protections afforded to clients of Goldman Sachs or for giving advice in connection with the CD&R Final Offer or this announcement or any transaction or arrangement referred to herein.*

*J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove ("**J.P. Morgan Cazenove**") and which is authorised in the United Kingdom by the PRA and regulated by the PRA and the FCA, is acting as financial adviser exclusively for CD&R Bidco and Clayton, Dubilier & Rice, LLC and no one else in connection with the CD&R Final Offer and will not regard any other person as its client in relation to the CD&R Final Offer and will not be responsible to anyone other than CD&R Bidco and Clayton, Dubilier & Rice, LLC for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, nor for providing advice in relation to the CD&R Final Offer or any other matter or arrangement referred to herein.*

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*N.M. Rothschild & Sons Limited ("**Rothschild & Co**"), which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively as financial adviser to Morrisons and no one else in connection with the matters described in this announcement and will not be responsible to anyone other than Morrisons for providing the protections afforded to clients of Rothschild & Co nor for providing advice in connection with any matter referred to herein. Neither Rothschild & Co nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Rothschild & Co in connection with this announcement, any statement contained herein, the CD&R Final Offer or otherwise.*

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This announcement is for information purposes only and is not intended to, and does not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the CD&R Final Offer or otherwise nor shall there be any sale, issuance or transfer of securities of Morrisons in any jurisdiction in contravention of applicable law. The CD&R Final Offer will be made solely through the CD&R Shareholder Letter and the CD&R Scheme Document (or, if the CD&R Final Offer is implemented by way of a Takeover Offer, the CD&R Offer Document), which together contain the full terms and conditions of the CD&R Final Offer, including details of how to vote in respect of the CD&R Final Offer. Any vote in respect of, acceptance or other response to the CD&R Final Offer should be made only on the basis of the information contained in the CD&R Shareholder Letter and the CD&R Scheme Document (or, if the CD&R Final Offer is implemented by way of a Takeover Offer, the CD&R Offer Document).

Morrison's and CD&R Bidco will prepare the CD&R Shareholder Letter (or, if the CD&R Final Offer is implemented by way of a Takeover Offer, the CD&R Offer Document) to be distributed to Morrison's Shareholders. Morrison's and Bidco urge Morrison's Shareholders to read the CD&R Shareholder Letter (or, if the CD&R Final Offer is implemented by way of a Takeover Offer, the CD&R Offer Document) when it becomes available, along with the CD&R Scheme Document (if applicable), because they will contain important information relating to the CD&R Final Offer.

This announcement does not constitute a prospectus or prospectus equivalent document.

Overseas Shareholders

This announcement has been prepared in accordance with English law, the Takeover Code, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules and information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside England.

The CD&R Final Offer will be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the FCA.

The release, publication or distribution of this announcement and the availability of the CD&R Final Offer to Morrison's Shareholders who are not resident in and citizens of the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. In particular, the ability of persons who are not resident in the United Kingdom to vote their Morrison's Shares with respect to the Scheme at the Court Meeting or the General Meeting, or to appoint another person as proxy to vote at the Court Meeting or the General Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the CD&R Final Offer disclaim any responsibility or liability for the violation of such restrictions by any person. Further details in relation to Overseas Shareholders are contained in the CD&R Scheme Document.

Unless otherwise determined by CD&R Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the CD&R Final Offer will not be made available, in whole or in part, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Scheme by any such use, means, instrumentality or from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Copies of this announcement and any formal documentation relating to the CD&R Final Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the CD&R Final Offer. If the CD&R Final Offer is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Takeover Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.

Notice to US investors in Morrison's

The CD&R Final Offer relates to the shares of an English company and is being made by means of a scheme of arrangement provided for under English company law. Accordingly, the CD&R Final Offer is subject to the disclosure requirements and practices applicable in the United Kingdom to schemes of arrangement which differ from the disclosure requirements of the US tender offer and proxy solicitation rules. The financial information included in this announcement has been prepared in accordance with generally accepted accounting standards applicable in the United Kingdom and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US.

If, in the future, CD&R Bidco exercises its right to implement the CD&R Final Offer by way of a Takeover Offer, which is to be made into the US, such Takeover Offer will be made in compliance with the applicable US laws and regulations, including Section 14(e) and Regulation 14E under the US Exchange Act. Such Takeover Offer would be made in the United States by CD&R Bidco and no one else.

It may be difficult for US holders of Morrisons Shares to enforce their rights and any claim arising out of the US federal laws, since CD&R Bidco and Morrisons are located in a non-US jurisdiction, and some or all of their officers and directors may be residents of a non-US jurisdiction. US holders of Morrisons Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved of the CD&R Final Offer, or determined if this announcement is accurate or complete. Any representation to the contrary is a criminal offence in the US.

US Morrisons Shareholders also should be aware that the transaction contemplated herein may have tax consequences in the US and that such consequences, if any, are not described herein. US Morrisons Shareholders are urged to consult with legal, tax and financial advisers in connection with making a decision regarding this transaction.

Forward looking statements

This announcement (including information incorporated by reference in this announcement), oral statements made regarding the CD&R Final Offer, and other information published by CD&R Bidco and Morrisons contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of CD&R Bidco and Morrisons about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.

The forward-looking statements contained in this announcement include statements relating to the expected effects of the CD&R Final Offer on CD&R Bidco and Morrisons (including their future prospects, developments and strategies), the expected timing and scope of the CD&R Final Offer and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "projects", "strategy", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Although CD&R Bidco and Morrisons believe that the expectations reflected in such forward-looking statements are reasonable, CD&R Bidco and Morrisons can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements.

These factors include, but are not limited to: the ability to complete the CD&R Final Offer; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions on the proposed terms and schedule; future market conditions, changes in general economic and business conditions, the behaviour of other market participants, the anticipated benefits from the proposed transaction not being realised as a result of changes in general economic and market conditions in the countries in which CD&R Bidco and Morrisons operate, weak, volatile or illiquid capital and/or credit markets, changes in tax rates, interest rate and currency value fluctuations, the degree of competition in the geographic and business areas in which CD&R Bidco and Morrisons operate and changes in laws or in supervisory expectations or requirements. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Neither CD&R Bidco nor Morrisons, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place any

reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations, neither CD&R Bidco nor Morrisons is under any obligation, and CD&R Bidco and Morrisons expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Disclosure requirements of the Takeover Code

Under Rule 8.3(a) of the Takeover Code, any person who is interested in one per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Publication on a website

This announcement and the documents required to be published pursuant to Rule 26.1 of the Takeover Code will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on CD&R's website at <https://www.cdr-inc.com/Morrisons-microsite> and on Morrisons' website at <https://www.morrisons-corporate.com/investor-centre/offer-from-cdr> promptly and in any event by no later than 12 noon on the Business Day following the publication of this announcement. The content of the websites referred to in this announcement is not incorporated into and does not form part of this announcement.

No profit forecasts, estimates or quantified benefits statements

Nothing in this announcement is intended, or is to be construed, as a profit forecast, profit estimate or quantified benefits statement for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share for Morrisons for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Morrisons.

Requesting hard copy documents

In accordance with Rule 30.3 of the Takeover Code, Morrisons Shareholders, persons with information rights and participants in the Morrisons Share Plans may request a hard copy of this announcement by contacting Morrisons' registrars, Equiniti Limited, between 8.30 a.m. and 5.30 p.m. Monday to Friday (except public holidays in England and Wales) on 0371 384 2849 from within the UK or +44 371 384 2849 if calling from outside the UK or by submitting a request in writing to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom. International rates apply to calls from outside the UK. Calls may be recorded and Equiniti Limited cannot provide advice on the merits of the CD&R Final Offer or give any financial, legal or tax advice. For persons who receive a copy of this announcement in electronic form or via a website notification, a hard copy of this announcement will not be sent unless so requested. Such persons may also request that all future documents, announcements and information to be sent to them in relation to the CD&R Final Offer should be in hard copy form.

Electronic communications

Please be aware that addresses, electronic addresses and certain other information provided by Morrisons Shareholders, persons with information rights and other relevant persons for the receipt of communications from Morrisons may be provided to CD&R Bidco during the offer period as required under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c).

Rounding

Certain figures included in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of figures that precede them.

1.

APPENDIX 1 SOURCES AND BASES OF INFORMATION

Unless otherwise stated in this announcement:

1. the value attributed to the fully diluted issued share capital of Morrisons of £7.1 billion is based on a value of 287 pence per Morrisons Share; and:
 - a) 2,419,517,871 Morrisons Shares in issue on 1 October 2021 (being the last Business Day prior to the date of this announcement); *plus*
 - b) up to 50,208,495 Morrisons Shares which are expected to be issued pursuant to the Morrisons Share Plans in connection with the CD&R Final Offer, assuming that the Effective Date occurs on 27 October 2021; *less*
 - c) 6,295,647 Morrisons Shares held by the Morrisons Employee Benefit Trust which can be used to satisfy the exercise of options and vesting of awards granted under the Morrisons Share Plans as at 1 October 2021 (being the last Business Day prior to the date of this announcement);
2. the enterprise value of £9.8 billion is calculated by reference to the fully diluted equity value plus net debt of £2,710 million comprising underlying net debt excluding one off impacts of £1,339 million, and lease liabilities of £1,371 million as at 31 January 2021;
3. the enterprise value multiple of approximately 9.1 times underlying EBITDA for the 52 weeks ended 31 January 2021 is based on the enterprise value of £9.8 billion and Morrisons EBITDA stated post-IFRS 16, before exceptionals and before paying previously waived business rates relief⁽²⁾ of £1,077 million;
4. the enterprise value multiple of approximately 9.4 times underlying EBITDA for the 52 weeks ended 2 February 2020 is based on the enterprise value of £9.8 billion and Morrisons EBITDA stated post-IFRS 16 and before exceptionals of £1,039 million;
5. the equity value multiple of approximately 20.9 times underlying earnings for the 52 weeks ended 31 January 2021 is based on a value of 287 pence per Morrisons Share and Morrisons basic earnings per share stated post-IFRS 16, before exceptionals and before paying previously waived business rates relief⁽²⁾ of 13.74 pence;
6. unless otherwise stated, the financial information relating to Morrisons is extracted (without material adjustment) from the 2020/21 Morrisons Annual Report and the 2020/21 Morrisons Preliminary Results Presentation;
7. unless otherwise stated, all prices and volume weighted average prices for Morrisons Shares have been derived from Factset and represent Closing Prices on the relevant date(s); and
8. certain figures included in this announcement have been subject to rounding adjustments.

(2) *Waived business rates relief of £230 million.*

[1] CD&R Bidco reserves the right to increase the amount of the offer price if a third party announces a firm intention to make an offer for Morrisons on or after the date of this announcement.

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