

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PART II (EXPLANATORY STATEMENT) OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT 2006. THIS DOCUMENT CONTAINS A PROPOSAL WHICH, IF IMPLEMENTED, WILL RESULT IN THE CANCELLATION OF THE LISTING OF MORRISONS SHARES ON THE OFFICIAL LIST AND OF THE ADMISSION TO TRADING OF MORRISONS SHARES ON THE LONDON STOCK EXCHANGE'S MAIN MARKET FOR LISTED SECURITIES.

If you are in any doubt about the CD&R Offer or the contents of this document or what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended), if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction.

If you have sold or otherwise transferred all of your Morrisons Shares, please send this document and the accompanying documents (other than documents or forms personalised to you) 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. However, these documents must not be forwarded, distributed or transmitted directly or indirectly (in whole or in part) in, into or from any jurisdiction where to do so would violate the laws of that jurisdiction. If you have sold or otherwise transferred only part of your holding of Morrisons Shares, you should retain these documents and contact the bank, stockbroker or other agent through whom the sale or transfer was effected. If you have recently purchased or otherwise acquired Morrisons Shares in certificated form, notwithstanding receipt of this document and any accompanying documents from the transferor, you should contact Morrisons' registrars, Equiniti Limited, on the telephone number set out on page 14 of this document to obtain personalised Forms of Proxy.

The release, publication or distribution of this document and/or the accompanying documents (in whole or in part) in jurisdictions other than the United Kingdom may be restricted by the laws or regulations of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by law, Morrisons, CD&R and Bidco disclaim any responsibility or liability for the violation of such restrictions by such persons.

Neither this document nor any of the accompanying documents is 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 pursuant to the Scheme or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful. This document is not a prospectus, a prospectus-equivalent document or an exempted document.

Recommended Cash Offer

for



Morrisons

Wm Morrison Supermarkets PLC

by

Market Bidco Limited

(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**

This document (including any documents incorporated into it by reference) should be read as a whole and in conjunction with the accompanying Forms of Proxy.

Your attention is drawn to the letter from the Chair of Morrisons in Part I (*Letter from the Chair of Wm Morrison Supermarkets PLC*) of this document, which contains the unanimous recommendation of the Morrisons' Board that you vote in favour of the Scheme at the Court Meeting and the Resolution to be proposed at the General Meeting. A letter from Rothschild & Co explaining the Scheme appears in Part II (*Explanatory Statement*) of this document and constitutes an explanatory statement in compliance with section 897 of the Companies Act 2006.

Notices of the Court Meeting and the General Meeting, both of which will be held at Hilmore House, Gain Lane, Bradford, West Yorkshire, BD3 7DL on 19 October 2021, are set out in Part X (*Notice of Court Meeting*) and Part XI (*Notice of General Meeting*) of this document respectively. The Court Meeting will start at 12.30 p.m. and the General Meeting at 12.45 p.m. (or as soon thereafter as the Court Meeting shall have been concluded or adjourned).

The action to be taken by Morrisons Shareholders in relation to the Meetings is set out on pages 11 to 14 and in paragraph 16 of Part II (*Explanatory Statement*) of this document. It is very important that Morrisons Shareholders use their votes so that the Court can be satisfied that there is a fair and reasonable representation of their views. Morrisons Shareholders will receive a PINK Form of Proxy for use in connection with the Court Meeting and a YELLOW Form of Proxy for use in connection with the General Meeting.

While it is currently anticipated that the Court Meeting and the General Meeting will be held at Hilmore House, Gain Lane, Bradford, West Yorkshire, BD3 7DL in a COVID-19 secure manner, it is possible that the evolving COVID-19 pandemic and Government restrictions and guidance in relation to any developments may mean that this is not possible. In light of the uncertainty surrounding the COVID-19 restrictions that may be in place as at the date of the Meetings, and in order to protect the health and safety of all stakeholders, Scheme Shareholders, Morrisons Shareholders and other attendees (including any of their duly appointed proxies and/or corporate representatives) are strongly encouraged not to attend the Court Meeting or the General Meeting in person, save for the Chair and anyone else nominated by the Chair in order to establish a quorum or to facilitate the proceedings of the Meetings. Morrisons remains firmly committed to encouraging shareholder engagement on the business of the Court Meeting and the General Meeting. As such, Scheme Shareholders and Morrisons Shareholders (and any of their duly appointed proxies and/or corporate representatives) will be able to (i) attend and vote at the Meetings remotely via the Virtual Meeting Platform and (ii) submit questions and/or objections remotely in writing via the Virtual Meeting Platform or orally by telephone (all as explained further below and in the Virtual Meeting Guide).

Whether or not you intend to be present at the Meetings in person or to attend remotely via the Virtual Meeting Platform, please complete and sign each of the Forms of Proxy (or appoint a proxy electronically) in accordance with the instructions printed on them and return them to Morrisons' registrars, Equiniti Limited, as soon as possible and, in any event, so as to be received by Equiniti Limited by 12.30 p.m. on 15 October 2021 in respect of the Court Meeting and 12.45 p.m. on 15 October 2021 in respect of the General Meeting. If the PINK Form of Proxy for the Court Meeting is not returned by the specified time, it may be handed to representatives of Equiniti Limited, on behalf of the Chair of the Court Meeting, or the Chair of the Court Meeting or emailed to proxyvotes@equiniti.com with the subject line "Wm Morrison Court Proxy" before the start of that meeting and it will still be valid. Morrisons Shareholders who hold Morrisons Shares in CREST may also appoint a proxy through the CREST electronic proxy appointment service by following the instructions set out on page 13 of this document. In the case of the General Meeting, however, unless the YELLOW Form of Proxy is returned by the time mentioned in the instructions printed on it, it will be invalid. The completion and return of a Form of Proxy will not prevent Morrisons Shareholders from attending, voting and speaking in person or remotely via the Virtual Meeting Platform at either the Court Meeting or the General Meeting, or any adjournment thereof, if you so wish and are so entitled.

At the Court Meeting, voting will be by poll and each Scheme Shareholder present in person, or remotely via the Virtual Meeting Platform, or by proxy will be entitled to one vote for each Scheme Share held as at the Voting Record Time. The approval required at the Court Meeting is a majority in number representing not less than 75 per cent. in value of those Scheme Shareholders present and voting in person or by proxy.

At the General Meeting, voting on the Resolution will be by poll and each Morrisons Shareholder present in person, or remotely via the Virtual Meeting Platform, or by proxy will be entitled to one vote for each Morrisons Share held as at the Voting Record Time. The approval required for the Resolution to be passed is at least 75 per cent. of the vote cast on the Resolution in person, remotely via the Virtual Meeting Platform or by proxy.

Instructions for accessing the Virtual Meeting Platform

Scheme Shareholders and Morrisons Shareholders (and any of their duly appointed proxies and/or corporate representatives) will be able to (i) attend and vote at the Court Meeting and the General Meeting remotely via the Virtual Meeting Platform and (ii) submit questions and/or objections remotely in writing via the Virtual Meeting Platform or orally by telephone.

Scheme Shareholders and Morrisons Shareholders can access the Virtual Meeting Platform using a web browser, on any PC or PC equivalent or smartphone device. The web browser must be compatible with the latest browser versions of Chrome, Firefox, Edge and Safari. In order to access or engage with the business of the Meetings, as detailed above, using this method, please go to <https://web.lumiagm.com/>.

Once you have accessed <https://web.lumiagm.com/> from your web browser, you will be asked to enter the Lumi Meeting ID which is 113-203-522. You will then be prompted to enter your unique Shareholder Reference Number (“**SRN**”) and PIN. Your SRN can be found on your Forms of Proxy and your PIN is the first two and last two digits of your SRN. Access to the Court Meeting via the website will be available from 11.30 a.m. on 19 October 2021, as further detailed below. If you are unable to access your SRN and PIN, please call the Shareholder Helpline between 8.30 a.m. and 5.30 p.m. Monday to Friday (except public holidays in England and Wales) on 0333 207 6394 from within the UK or +44 333 207 6394 if calling from outside the UK. International rates apply to calls from outside the UK. Please note that calls may be monitored or recorded and the Shareholder Helpline cannot provide advice on the merits of the CD&R Offer or give any financial, legal or tax advice.

Scheme Shareholders and Morrisons Shareholders are strongly encouraged to appoint the Chair of the relevant Meeting as their proxy. If you wish to appoint a person other than the Chair of the relevant Meeting as your proxy and for them to attend the Court Meeting remotely please submit your proxy appointment in the usual way and then, once received, contact Equiniti Limited on 0333 207 6394 from within the UK or +44 333 207 6394 if calling from outside the UK in order to obtain your unique SRN and PIN (which you can then pass on to your duly appointed proxy). International rates apply to calls from outside the UK. This should be done as soon as possible and at least 48 hours (excluding any part of such 48 hour period falling on a non-working day) before the relevant Meeting.

If your Morrisons Shares are held within a nominee account at a bank or broker then you may be appointed as a corporate representative. If, as a corporate representative, you wish to remotely attend the relevant Meeting then please ensure you contact your bank/broker immediately and request that they send a letter of representation to Equiniti Limited, so as to be received by Equiniti Limited no later than 72 hours ahead of the relevant Meeting (excluding non-working days), to allow Equiniti Limited to generate your unique log in details and return this to your bank/broker for onward transmission to you ahead of the relevant Meeting. This will allow you, as a corporate representative, to remotely attend, submit questions and vote your allocated holding at the relevant meeting.

Access to the Court Meeting will be available from 11.30 a.m. on 19 October 2021, although the voting functionality will not be enabled until the Chair of the Meetings declares the poll open. Scheme Shareholders (and any of their duly appointed proxies and/or corporate representatives) will be permitted to submit questions (remotely in writing via the Virtual Meeting Platform or orally by telephone) to the Morrisons Directors during the Court Meeting.

The General Meeting will commence at 12.45 p.m. or as soon thereafter as the Court Meeting shall have been concluded or adjourned. As with the Court Meeting, Morrisons Shareholders (and any of their duly appointed proxies and/or corporate representatives) will be permitted to submit questions (remotely in writing via the Virtual Meeting Platform or orally by telephone) to the Morrisons Directors during the General Meeting.

During the Court Meeting and the General Meeting, you must ensure you are connected to the internet at all times in order to (i) attend and vote at the Meetings remotely via the Virtual Meeting Platform when the Chair commences polling and (ii) submit questions and/or objections remotely in writing via the Virtual Meeting Platform or orally by telephone. Therefore, it is your responsibility to ensure connectivity for the duration of the Meetings. The Virtual Meeting Guide contains further information on accessing and engaging with the business of the Meetings remotely via the Virtual Meeting Platform and via telephone and is available on Morrisons' website at <https://www.morrisons-corporate.com/investor-centre/offer-from-cdr>.

The COVID-19 situation is constantly evolving, and the UK Government may implement measures relating to the holding of shareholder meetings during the affected period. Any changes to the arrangements for the Court Meeting and the General Meeting will be communicated to Scheme Shareholders and Morrisons Shareholders before the Meetings, including through Morrisons' website at <https://www.morrisons-corporate.com/investor-centre/offer-from-cdr> and by announcement through a Regulatory Information Service.

If you have any questions about this document, the Court Meeting, the General Meeting or on the completion and return of the Forms of Proxy, please call the Shareholder Helpline between 8.30 a.m. and 5.30 p.m. Monday to Friday (except public holidays in England and Wales) on 0333 207 6394 from within the UK or +44 333 207 6394 if calling from outside the UK. International rates apply to calls from outside the UK. Please note that calls may be monitored or recorded and the Shareholder Helpline cannot provide advice on the merits of the CD&R Offer or give any financial, legal or tax advice.

Questions at the Meetings

Scheme Shareholders and Morrisons Shareholders can submit questions on the business of the relevant Meeting in advance by email to Company.Secretary@morrisonspc.co.uk with the subject line "CD&R Court Meeting 2021 Questions" / "CD&R General Meeting 2021 Questions" (as relevant), provided that such emails are received no later than 48 hours (excluding any part of such 48 hour period falling on a non-working day) before the time fixed for the relevant Meeting or any adjournment thereof. In addition, for both the Court Meeting and the General Meeting, Scheme Shareholders and Morrisons Shareholders (and any of their respectively duly appointed proxies and/or corporate representatives) may also submit questions at the relevant Meetings remotely in writing via the Virtual Meeting Platform or orally by telephone. The Virtual Meeting Guide contains further information on accessing and engaging with the business of the Meetings remotely via the Virtual Meeting Platform and by telephone and is available on Morrisons' website at <https://www.morrisonspc.co.uk/investor-centre/offer-from-cdr>.

Subject to time limitations, the Chair of the Meetings will ensure that relevant matters relating to the formal business of the relevant Meeting are addressed in the relevant Meeting. Where multiple Morrisons Shareholders submit questions of a similar nature or theme, the questions will all be read aloud to the relevant Court Meeting or General Meeting for transparency but only one response may be provided to prevent repetition of responses on the same theme.

Certain terms used in this document are defined in Part IX (*Definitions*) of this document.

Rothschild & Co, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively as lead financial adviser to Morrisons and no one else in connection with the matters set out in this document 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 document, any statement contained herein, the CD&R Offer or otherwise.

Jefferies, which is authorised and regulated by the FCA in the United Kingdom, is acting as financial adviser and joint corporate broker exclusively for Morrisons and no one else in connection with the matters set out in this document and will not be responsible to anyone other than Morrisons for providing the protections afforded to clients of Jefferies nor for providing advice in connection with any matter referred to herein. Neither Jefferies 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 Jefferies in connection with this document, any statement contained herein, the CD&R Offer or otherwise.

Shore Capital, which is authorised and regulated by the FCA in the United Kingdom, is acting as financial adviser and joint corporate broker exclusively for Morrisons and no one else in connection with the matters set out in this document and will not be responsible to anyone other than Morrisons for providing the protections afforded to clients of Shore Capital nor for providing advice in connection with any matter referred to herein. Neither Shore Capital 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 Shore Capital in connection with this document, any statement contained herein, the CD&R Offer or otherwise.

Goldman Sachs, which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, is acting exclusively for Bidco and CD&R and no one else in connection with the CD&R

Offer and will not be responsible to anyone other than Bidco and CD&R for providing the protections afforded to clients of Goldman Sachs or for giving advice in connection with the CD&R Offer or this document or any transaction or arrangement referred to herein.

J.P. Morgan Cazenove, which is authorised in the United Kingdom by the PRA and regulated in the United Kingdom by the PRA and the FCA, is acting as financial adviser exclusively for Bidco and Clayton, Dubilier & Rice, LLC and no one else in connection with the CD&R Offer and will not regard any other person as its client in relation to the CD&R Offer and will not be responsible to anyone other than 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 Offer or any other matter or arrangement referred to herein.

BNP Paribas SA is authorised and regulated by the European Central Bank and the Autorité de Contrôle Prudentiel et de Résolution. In the UK, BNP Paribas is deemed authorised by the PRA with deemed variation of permission, and is subject to regulation by the FCA and limited regulation by the PRA. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the FCA's website. BNP Paribas is registered in the UK under number FC13447 and UK establishment number BR000170, and its UK establishment office address is 10 Harewood Avenue, London NW1 6AA. BNP Paribas is acting as financial adviser exclusively for Bidco and CD&R and no one else in connection with the CD&R Offer and will not be responsible to anyone other than Bidco and CD&R for providing the protections afforded to clients of BNP Paribas or for providing advice in relation to the CD&R Offer or this document or any transaction or arrangement referred to herein.

BofA Securities, a subsidiary of Bank of America Corporation, which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, is acting exclusively for Bidco and CD&R in connection with the CD&R Offer and for no one else and will not be responsible to anyone other than Bidco and CD&R for providing the protections afforded to its clients or for providing advice in relation to the CD&R Offer or any other matters referred to in this document.

Mizuho, 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 Bidco and CD&R and no one else in connection with the CD&R Offer and will not regard any other person as its client in relation to the CD&R Offer and will not be responsible to anyone other than Bidco and CD&R for providing the protections afforded to clients of Mizuho or its affiliates, nor for providing advice in relation to the CD&R Offer or any other matter or arrangement referred to herein.

IMPORTANT NOTICES

This document and the accompanying documents are for information purposes only and are not intended to and do 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 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 Offer will be implemented solely pursuant to the terms of this document (or, if the CD&R Offer is implemented by way of a Takeover Offer, the CD&R Offer Document), which contains the full terms and conditions of the CD&R Offer, including details of how to vote in respect of the CD&R Offer. Any vote in respect of, acceptance or other response to, the CD&R Offer should be made only on the basis of the information contained in this document (or, if the CD&R Offer is implemented by way of a Takeover Offer, the CD&R Offer Document).

This document 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 document had been prepared in accordance with the laws of jurisdictions outside England. The statements contained in this document are not to be construed as legal, business, financial or tax advice. If you are in any doubt about the contents of this document, you should consult your own legal adviser, financial adviser or tax adviser for legal, business, financial or tax advice.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set out in this document since such date. Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of Morrisons except where otherwise expressly stated. Neither Morrisons nor Bidco intends, or undertakes any obligation, to update information contained in this document, except as required by applicable law, the Takeover Code or other regulation.

This document does not constitute a prospectus, a prospectus equivalent document or an exempted document.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by Morrisons, the Morrisons Directors, Bidco, the Bidco Directors, CD&R or by Rothschild & Co, Jefferies, Shore Capital, Goldman Sachs or J.P. Morgan Cazenove or any other person involved in the CD&R Offer. Neither the delivery of this document nor holding the Meetings, the Scheme Court Hearing, or filing the Court Order shall, under any circumstances, create any implication that there has been no change in the affairs of the Morrisons Group or the Bidco Group since the date of this document or that the information in, or incorporated into, this document is correct as at any time subsequent to its date.

If the Scheme is approved at the Meetings, an application will be made to the London Stock Exchange for the cancellation of the trading of Morrisons Shares on its main market for listed securities and the FCA will be requested to cancel the listing of Morrisons Shares on the Official List, in each case to take effect on or shortly after the Effective Date.

Overseas jurisdictions

The release, publication or distribution of this document, directly or indirectly, in or into or from jurisdictions other than the UK may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the UK should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions.

The availability of the CD&R Offer to Morrisons Shareholders who are not resident in and citizens of the UK 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 UK to vote their Morrisons Shares with respect to the Scheme at the Court Meeting or the General Meeting, or to appoint another person as proxy, 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 Offer disclaim any responsibility or liability for the violation of such restrictions by any person. This document and any accompanying documents have been prepared for the purposes of complying with English law and the Takeover Code and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside of England.

Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the CD&R Offer will not be made available, in whole or in part, directly or indirectly, in, into or from a Restricted Jurisdiction or any other jurisdiction where to do so would violate the laws of that jurisdiction and no person may vote in favour of the CD&R Offer by any such use, means, instrumentality or form 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 document and any formal documentation relating to the CD&R Offer will not be and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, 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 Offer. If the CD&R 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.

The CD&R Offer shall be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the FCA. Further details in relation to Overseas Shareholders are contained in paragraph 14 of Part II (*Explanatory Statement*) of this document.

Additional information for US investors

The CD&R 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 Offer will be subject to disclosure and procedural requirements and practices applicable in the UK to schemes of arrangement which differ from the disclosure requirements of US tender offer and proxy solicitation rules.

The financial information included in this document (or, if the CD&R Offer is implemented by way of a Takeover Offer, the CD&R Offer Document) has been or will have been prepared in accordance with generally accepted accounting principles of 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.

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

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

The receipt of cash pursuant to the CD&R Offer by a US holder of Morrisons Shares as consideration for the transfer of its Scheme Shares pursuant to the Scheme will be a taxable transaction for US federal income tax purposes and may also be a taxable transaction under applicable state and local tax laws in the United States, as well as foreign and other tax laws. Each Morrisons Shareholder is therefore urged to consult with legal, tax and financial advisers in connection with making a decision regarding the CD&R Offer.

It may be difficult for US Morrisons Shareholders to enforce their rights and claims arising out of US federal laws, since Bidco and Morrisons are each 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 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 judgement.

In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act (if applicable), Bidco, certain affiliated companies and their nominees or brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Morrisons Shares outside of the US, other than pursuant to the CD&R Offer, until the date on which the CD&R Offer and/or Scheme becomes Effective, lapses or is otherwise withdrawn.

Forward-looking statements

This document (including information incorporated by reference in this document), oral statements made regarding the CD&R Offer, and other information published by 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 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 document include statements relating to the expected effects of the CD&R Offer on Bidco and Morrisons (including their future prospects, developments and strategies), the expected timing and scope of the CD&R 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 Bidco and Morrisons believe that the expectations reflected in such forward-looking statements are reasonable, 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 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 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 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 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 document will actually occur. You are cautioned not to place undue reliance on these forward-looking statements.

Specifically, statements of estimated cost savings and synergies related to future actions and circumstances by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Due to the scale of the Morrisons Group, there may be additional changes to the Morrisons Group's operations. As a result, and given the fact that the changes relate to the future, the resulting cost synergies may be materially greater or less than those estimated.

Other than in accordance with their legal or regulatory obligations (including under the Listing Rules and the Disclosure and Transparency Rules of the FCA), neither Bidco nor Morrisons is under any obligation, and 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.

Profit forecasts, estimates or quantified benefits statements

Other than the Morrisons Profit Forecast, no statement in this document is intended as a profit forecast, estimate or quantified benefits statement for any period and no statement in this document should be interpreted to mean that earnings or earnings per share for Bidco or Morrisons, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Bidco or Morrisons, as appropriate.

The Morrisons Profit Forecast is a profit forecast for the purposes of Rule 28 of the Takeover Code. As required by Rule 28.1 of the Takeover Code, the assumptions on which the Morrisons Profit Forecast is stated are set out in Part VII (*Morrisons Profit Forecast*) of this document.

Rounding

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown in 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 the figures that precede them.

Electronic communications

Please be aware that addresses, electronic addresses and 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 Bidco during the Offer Period as required under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c).

Publication on website and availability of hard copies

In accordance with Rule 26.1 of the Takeover Code, a copy of this document, together with all information incorporated into this document by reference to another source, is and will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, for inspection on Morrisons' website at <https://www.morrisons-corporate.com/investor-centre/offer-from-cdr> and CD&R's website at <https://www.cdr-inc.com/Morrisons-microsite> by no later than 12 noon on the first Business Day following the date of this document. For the avoidance of doubt, neither the contents of these websites nor the contents of any websites accessible from hyperlinks is incorporated into or forms part of this document.

You may request a hard copy of this document and all information incorporated into this document by reference to another source 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 0333 207 6394 from within the UK or +44 333 207 6394 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. Please note calls may be recorded and Equiniti Limited cannot provide advice on the merits of the CD&R Offer or give any financial, legal or tax advice. Morrisons Shareholders may also request that all future documents, announcements and information in relation to the CD&R Offer should be sent to them in hard copy form. If you have received this document in electronic form, copies of this document and any document or information incorporated by reference into this document will not be provided unless such a request is made.

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 p.m. on the 10th Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. 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, 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 p.m. 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 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.

General

If the CD&R Offer is effected by way of a Takeover Offer, and such Takeover Offer becomes or is declared unconditional in all respects and sufficient acceptances are received, Bidco intends to exercise its rights to apply the provisions of Chapter 3 of Part 28 of the Companies Act so as to acquire compulsorily the remaining Morrisons Shares in respect of which the Takeover Offer has not been accepted.

Investors should be aware that Bidco may purchase Morrisons Shares otherwise than under any Takeover Offer or the Scheme, including pursuant to privately negotiated purchases.

Date

The date of publication of this document is 25 September 2021.

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ACTION TO BE TAKEN

For the reasons set out in this document, the Morrisons Board recommends unanimously that Morrisons Shareholders vote in favour of the Scheme at the Court Meeting and the Resolution at the General Meeting and that you take the action described below.

1. The documents

Please check that you have received, or can access online, the following:

(a) If you are a Morrisons Shareholder:

- a PINK Form of Proxy for use in respect of the Court Meeting on 19 October 2021;
- a YELLOW Form of Proxy for use in respect of the General Meeting on 19 October 2021;
- the Virtual Meeting Guide prepared by Lumi explaining how Morrisons Shareholders (and any of their duly appointed proxies and corporate representatives) can access and engage in the business of the Meetings remotely via the Virtual Meeting Platform; and
- a reply-paid envelope for use in the UK only for the return of the PINK Form of Proxy and the YELLOW Form of Proxy.

(b) If you are a Morrisons CSN Participant:

- a PINK Form of Instruction for use in respect of the Court Meeting on 19 October 2021;
- a YELLOW Form of Instruction for use in respect of the General Meeting on 19 October 2021;
- the Virtual Meeting Guide prepared by Lumi explaining how Morrisons CSN Participants (and any of their duly appointed proxies and corporate representatives) can access and engage in the business of the Meetings remotely via the Virtual Meeting Platform; and
- a reply-paid envelope for use in the UK only for the return of the PINK Form of Instruction and the YELLOW Form of Instruction.

If you are a Morrisons Shareholder or a Morrisons CSN Participant and you have not received hard copies of, or you have not been able to access online, all of these documents, please contact the Shareholder Helpline on the number indicated on page 14.

2. Voting at the Court Meeting and the General Meeting

The Scheme will require approval at a meeting of Morrisons Shareholders convened with the permission of the Court to be held at Hilmore House, Gain Lane, Bradford, West Yorkshire, BD3 7DL at 12.30 p.m. on 19 October 2021. Implementation of the Scheme will also require approval of Morrisons Shareholders of the Resolution relating to the CD&R Offer to be proposed at the General Meeting. The General Meeting will be held at the same place as the Court Meeting, at 12.45 p.m. (or as soon thereafter as the Court Meeting shall have been concluded or adjourned). Notices of the Court Meeting and the General Meeting, are set out in Part X (*Notice of Court Meeting*) and Part XI (*Notice of General Meeting*) of this document respectively.

Morrisons Shareholders entitled to attend and vote at the Meetings are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote at the Court Meeting and/or the General Meeting. A proxy need not be a Morrisons Shareholder.

It is important that, for the Court Meeting in particular, as many votes as possible are cast, so that the Court may be satisfied that there is a fair and reasonable representation of the opinion of Scheme Shareholders. Whether or not you intend to attend the Court Meeting and/or the General Meeting in person or via the Virtual Meeting Platform, please sign and return your Forms of Proxy, or deliver your voting instructions by one of the other methods mentioned below, as soon as possible.

If the Scheme becomes Effective, it will be binding on all Scheme Shareholders, including any Scheme Shareholders who did not vote to approve the Scheme or who voted against the Scheme at the Court Meeting.

As set out in the opening pages of this document and in Part X (*Notice of Court Meeting*) and Part XI (*Notice of General Meeting*), Scheme Shareholders, Morrisons Shareholders and other attendees (including any duly appointed proxies or corporate representatives) are strongly encouraged not to attend the Court Meeting and the General Meeting in person (save for the Chair and anyone else nominated by the Chair in order to establish a quorum or to facilitate the proceedings of the Meetings) in light of the uncertainty surrounding the COVID-19 restrictions that may be in place as at the date of the Meetings. Morrisons remains firmly committed to encouraging shareholder engagement on the business of the Court Meeting and the General Meeting. As such, Scheme Shareholders and Morrisons Shareholders (and any of their respective duly appointed proxies and/or corporate representatives) will be able to access and follow the business of the relevant Meeting remotely via the Virtual Meeting Platform.

Further, in respect of both the Court Meeting and the General Meeting, Scheme Shareholders and Morrisons Shareholders can also submit questions on the business of the relevant Meeting in advance by email to Company.Secretary@morrisonspc.co.uk with the subject line "CD&R Court Meeting 2021 Questions" / "CD&R General Meeting 2021 Questions" (as relevant), provided that such emails are received no later than 48 hours (excluding any part of such 48 hour period falling on a non-working day) before the time fixed for the relevant Meeting or any adjournment thereof. In addition, for both the Court Meeting and the General Meeting, Scheme Shareholders and Morrisons Shareholders (and any of their respectively duly appointed proxies and/or corporate representatives) may also submit questions and/or raise any objections remotely in writing via the Virtual Meeting Platform or orally by telephone, and vote at the relevant Meetings remotely via the Virtual Meeting Platform. Subject to time limitations, the Chair of the Meetings will ensure that relevant matters relating to the formal business of the relevant Meeting are addressed in the relevant Meeting. Where multiple Morrisons Shareholders submit questions of a similar nature or theme, the questions will all be read aloud to the relevant Court Meeting or General Meeting for transparency but only one response may be provided to prevent repetition of responses on the same theme. The Chair may also nominate a representative to answer a specific question after the meeting or refer the questioner to the Morrisons' website.

The appointment of a proxy (online, electronically through CREST or by completing, signing and returning the Forms of Proxy by post or by any other procedure described in this document) will not prevent you from attending and voting at the Meetings in person or remotely via the Virtual Meeting Platform or submitting questions and/or objections remotely in writing via the Virtual Meeting Platform or orally by telephone, if you are entitled to and wish to do so.

The Virtual Meeting Guide contains further information on accessing and engaging with the business of the Meetings remotely via the Virtual Meeting Platform and is available on Morrisons' website at <https://www.morrison-corporate.com/investor-centre/offer-from-cdr>.

(a) Sending Forms of Proxy by post or by hand

Please complete and sign the Forms of Proxy in accordance with the instructions printed on them and return them, either (i) by post or, (ii) during normal business hours only, by hand, to Morrisons' registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom, so as to be received as soon as possible and in any event not later than the relevant time set out below:

PINK Forms of Proxy for the Court Meeting	12.30 p.m. on 15 October 2021
YELLOW Forms of Proxy for the General Meeting	12.45 p.m. on 15 October 2021

or, if in either case the Meeting is adjourned, the relevant Form of Proxy should be received not later than 48 hours (excluding non-working days) before the time fixed for the adjourned Meeting.

If the PINK Form of Proxy for the Court Meeting is not returned by such time, it may be handed to a representative of Equiniti Limited, on behalf of the Chair of the Court Meeting, or to the Chair of the Court Meeting, before the start of that Meeting. However, in the case of the General Meeting, the YELLOW Form of Proxy must be received by Equiniti Limited by the time mentioned above, or it will be invalid.

Morrison's Shareholders are entitled to appoint a proxy in respect of some or all of their Morrison's Shares and may also appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such holder. Morrison's

Shareholders who wish to appoint more than one proxy in respect of their holding of Morrisons Shares should contact Equiniti Limited for further Forms of Proxy.

Completion and return of a Form of Proxy, or the appointment of a proxy electronically using CREST (or any other procedure described below), will not prevent you from attending, speaking and voting in person, or remotely via the Virtual Meeting Platform, at either the Court Meeting or the General Meeting, or any adjournment thereof, if you wish and are entitled to do so.

(b) Online appointment of proxies

As an alternative to completing and returning the printed Forms of Proxy, proxies may be appointed electronically by logging on to the following website: www.sharevote.co.uk and following the instructions there or, alternatively, if you already have a portfolio registered with Equiniti Limited, by logging onto www.shareview.co.uk using your usual user ID and password. For an electronic proxy appointment to be valid, the appointment must be received by Equiniti Limited no later than 12.30 p.m. on 15 October 2021 for the Court Meeting and 12.45 p.m. on 15 October 2021 for the General Meeting or, if in either case the Meeting is adjourned, no later than 48 hours (excluding non-working days) before the time fixed for the adjourned Meeting.

In the case of the Court Meeting only, if you have not appointed a proxy electronically by such time, you may complete the PINK Form of Proxy and hand it to a representative of Equiniti Limited, on behalf of the Chair of the Court Meeting, or to the Chair of the Court Meeting or email it to proxyvotes@equiniti.com with the subject line "Wm Morrison Court Proxy" before the start of the Court Meeting and it will still be valid.

(c) Electronic appointment of proxies through CREST

If you hold Morrisons Shares in uncertificated form through CREST and wish to appoint a proxy or proxies for the Meetings (or any adjourned Meeting) by using the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed any voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with the specifications of Euroclear and must contain the information required for such instructions as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy), must, in order to be valid, be transmitted so as to be received by Equiniti Limited (participant ID RA19) not less than 48 hours (excluding non-working days) before the time fixed for the Court Meeting or the General Meeting (or adjourned Meeting), as applicable. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which Equiniti Limited is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed any voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers, are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Morrisons may treat as invalid a CREST Proxy Instruction in the circumstances set out in the CREST Regulations.

(d) Electronic appointment of proxies through the Proximity Platform

Institutional investors in Morrisons may be able to appoint a proxy electronically via the Proximity Platform pursuant to a process which has been agreed by Morrisons and approved by Equiniti Limited. Further information is available on www.proximity.io. For an electronic appointment through the Proximity Platform to be valid it must be transmitted so as to be received by Proximity no later than 12.30 p.m. on 19 October 2021 for the Court Meeting and 12.45 p.m. on 19 October 2021 for the General Meeting or, if in either case the Meeting is adjourned, no later than 48 hours (excluding non-working days) before the time fixed for the adjourned Meeting. Before an institutional investor can appoint a proxy via the Proximity Platform, they will need to have agreed to Proximity's associated terms and conditions. Institutional investors intending to appoint a proxy electronically via the Proximity Platform are strongly encouraged to read these terms and conditions carefully as they will govern the electronic appointment of their proxy.

(e) Morrisons CSN Participants

Morrisons CSN Participants have the right to instruct Equiniti Corporate Nominees Limited to vote on their behalf at the Court Meeting and the General Meeting in respect of the Morrisons Shares held on their behalf. PINK Forms of Instruction for the Court Meeting and YELLOW Forms of Instruction for the General Meeting should be returned by post to Equiniti Corporate Nominees Limited, c/o Morrisons' registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA as soon as possible and in any event so as to be received not later than 12.30 p.m. on 14 October 2021 for the Court Meeting and 12.45 p.m. on 14 October 2021 for the General Meeting.

3. Shareholder Helpline

If you have any questions in relation to this document, the Meetings, or the completion and return of the Forms of Proxy, please telephone the Shareholder Helpline between 8.30 a.m. and 5.30 p.m. Monday to Friday (except public holidays in England and Wales) on 0333 207 6394 from within the UK or +44 333 207 6394 if calling from outside the UK. International rates apply to calls from outside the UK. Please note calls may be monitored or recorded and the Shareholder Helpline cannot provide advice on the merits of the CD&R Offer or give any financial, legal or tax advice.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All times shown are London time unless otherwise stated. All dates and times are based on Morrisons' and Bidco's current expectations and are subject to change. If any of the dates and/or times in this expected timetable change, the revised dates and/or times will be notified to Morrisons Shareholders by announcement through a Regulatory Information Service, with such announcement being made available on Morrisons' website at <https://www.morrisons-corporate.com/investor-centre/offer-from-cdr>.

<u>Event</u>	<u>Expected time/date⁽¹⁾</u>
Publication of this document	25 September 2021
Latest time for lodging Forms of Instruction for:	
Court Meeting (PINK form)	12.30 p.m. on 14 October 2021
General Meeting (YELLOW form)	12.45 p.m. on 14 October 2021
Latest time for lodging Forms of Proxy for:	
Court Meeting (PINK form)	12.30 p.m. on 15 October 2021 ⁽²⁾
General Meeting (YELLOW form)	12.45 p.m. on 15 October 2021 ⁽²⁾
Voting Record Time	6.30 p.m. on 15 October 2021 ⁽³⁾
Court Meeting	12.30 p.m. on 19 October 2021
General Meeting	12.45 p.m. on 19 October 2021⁽⁴⁾
<i>The following dates are indicative only and subject to change; please see note (1) below</i>	
Scheme Court Hearing	25 October 2021
Last day of dealings in, and for registration of transfers of, and disablement in CREST of, Morrisons Shares	26 October 2021 ⁽⁵⁾
Suspension of listing of, and dealings in, Morrisons Shares	6.00 p.m. on 26 October 2021
Scheme Record Time	6.00 p.m. on 26 October 2021
Effective Date of the Scheme⁽⁶⁾	27 October 2021
Cancellation of listing of Morrisons Shares	by 8.00 a.m. on 28 October 2021
Latest date for electronic payment/dispatch of cheques/ settlement through CREST in respect of the consideration for the CD&R Offer	within 14 days of the Effective Date
Latest date by which Scheme must be implemented	2 April 2022 ⁽⁷⁾

Notes:

- (1) These times and dates are indicative only and will depend on, among other things, the date(s) upon which (i) the Conditions are satisfied or (where applicable) waived, (ii) the Court sanctions the Scheme, and (iii) the Court Order sanctioning the Scheme is delivered to the Registrar of Companies. If the expected date of the Scheme Court Hearing is changed, Morrisons will give adequate notice of the changes by issuing an announcement through a Regulatory Information Service.

Participants in the Morrisons Share Plans will be contacted separately on or around the date of this document to inform them of the effect of the Scheme on their rights under the Morrisons Share Plans, including details of any appropriate proposals being made and dates and times relevant to them.
- (2) The PINK Form of Proxy for the Court Meeting, if not received by the time stated above (or, if the Court Meeting is adjourned, 48 hours (excluding non-working days) before the adjourned Court Meeting), may be handed to a representative of Equiniti Limited, on behalf of the Chair of the Court Meeting, or to the Chair of the Court Meeting, before the start of that Meeting. However, in order to be valid, the YELLOW Form of Proxy must be received no later than 12.45 p.m. on 15 October 2021 (or, if the General Meeting is adjourned, 48 hours (excluding non-working days) before the time fixed for the adjourned General Meeting). Please see "Action to be taken" on pages 11 to 14 of this document.
- (3) If either the Court Meeting or the General Meeting is adjourned, the Voting Record Time for the relevant adjourned Meeting will be 6.30 p.m. on the date which is two Business Days before the date set for such adjourned Meeting.
- (4) To commence at 12.45 p.m. or as soon thereafter as the Court Meeting shall have concluded or adjourned.
- (5) Morrisons Shares will be disabled in CREST from 6.00 p.m. on 26 October 2021.
- (6) The Scheme will become Effective pursuant to its terms upon the Court Order being delivered to the Registrar of Companies.
- (7) The latest date by which the Scheme must be implemented may be extended by agreement between Morrisons and Bidco with the prior consent of the Panel and (if required) the approval of the Court.

PART I — LETTER FROM THE CHAIR OF WM MORRISON SUPERMARKETS PLC



(Incorporated and registered in England and Wales with registered number 00358949)

Directors:

Andrew Higginson (*Chair*)
David Potts (*Chief Executive Officer*)
Trevor Strain (*Chief Operating Officer*)
Michael Gleeson (*Chief Financial Officer*)
Rooney Anand (*Senior Independent Director*)
Susanne Given (*Non-Executive Director*)
Kevin Havelock (*Non-Executive Director*)
Lyssa McGowan (*Non-Executive Director*)
Jeremy Townsend (*Non-Executive Director*)

Registered Office:

Hilmore House
Gain Lane
Bradford
West Yorkshire
BD3 7DL

25 September 2021

To all Morrisons Shareholders and Morrisons CSN Participants and, for information only, to participants in the Morrisons Share Plans and persons with information rights

Dear Shareholder,

RECOMMENDED CASH OFFER FOR WM MORRISON SUPERMARKETS PLC BY MARKET BIDCO LIMITED

(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)

1. Introduction

On 19 August 2021 (the “**Announcement Date**”), the Morrisons Board and the Bidco Board announced that they had reached agreement on the terms of a recommended all cash offer by Bidco for the entire issued, and to be issued, share capital of Morrisons (the “**CD&R Offer**”).

I am writing to you on behalf of the Morrisons Board to explain the background to, and terms of, the CD&R Offer, to encourage you to vote at the Meetings to be held on 19 October 2021 to consider the Scheme, and to explain why the Morrisons Board is recommending unanimously that Morrisons Shareholders vote in favour of the resolutions to be put to those Meetings and has decided unanimously to withdraw its recommendation of the Fortress Increased Offer. I draw your attention to the letter from Rothschild & Co set out in Part II (*Explanatory Statement*) of this document, which gives details of the CD&R Offer, and to the additional information set out in Part VIII (*Additional Information*) of this document.

In order to approve the Scheme by which the CD&R Offer is intended to be implemented, a sufficient majority of Morrisons Shareholders will need to vote in favour of the Scheme at the Court Meeting and the Resolution at the General Meeting. The Court Meeting and the General Meeting are to be held on 19 October 2021. The Court Meeting will start at 12.30 p.m. and the General Meeting at 12.45 p.m. (or as soon thereafter as the Court Meeting shall have been concluded or adjourned). Details of the actions you are asked to take are set out on pages 11 to 14 of this document and paragraph 16 of Part II (*Explanatory Statement*) of this document. The recommendation of the Morrisons Directors is set out in paragraph 15 of this Part I (*Letter from the Chair of Wm Morrison Supermarkets PLC*).

2. Summary of the terms of the CD&R Offer

It is intended that the CD&R Offer be implemented by means of a Court-sanctioned scheme of arrangement between Morrisons and the Scheme Shareholders pursuant to Part 26 of the Companies

Act, which requires the approval of Scheme Shareholders at the Court Meeting and the Morrisons Shareholders at the General Meeting, and the sanction of the Court.

Under the terms of the CD&R Offer, Scheme Shareholders at the Scheme Record Time will receive:

for each Morrisons Share held 285 pence in cash from Bidco
(the “CD&R Offer Value”)

The CD&R Offer Value represents:

- a premium of approximately 60 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 59 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 60 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 Offer Value implies:

- an increase of 13 pence per Morrisons Share and £332 million total offer value on a fully diluted basis to the terms of the Fortress Increased Offer of a 272 pence total consideration for each Morrisons Share;
- an enterprise value multiple of approximately 9.0 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 20.7 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 Offer values the entire issued and to be issued share capital of Morrisons at approximately £7.0 billion on a fully diluted basis and implies an enterprise value of £9.7 billion.

The CD&R Offer is subject to the Conditions set out in Part A of Part III (*Conditions to and certain further terms of the CD&R Offer and the Scheme*) of this document, including the approval of the Scheme at the Court Meeting, the passing of the Resolution at the General Meeting and sanction of the Scheme by the Court. Subject to satisfaction or (where applicable) waiver of the Conditions and to the further terms set out in Part B of Part III (*Conditions to and certain further terms of the CD&R Offer and the Scheme*) of this document, it is expected that the Scheme will become Effective on 27 October 2021. The expected transaction timetable is set out on page 15 of this document.

Further information about the CD&R Offer is provided in Part II (*Explanatory Statement*) of this document.

3. Background to and reasons for the recommendation

CD&R Offer and Fortress Offer Chronology

On 4 May 2021, the Morrisons Board received an unsolicited proposal from Fortress at 220 pence per Morrisons Share. This proposal was not at a level the Morrisons Directors felt reflected an appropriate valuation for Morrisons and its future prospects.

Fortress then made four subsequent proposals before its offer reached a total value of 254 pence per Morrisons Share on 5 June 2021, a level at which the Morrisons Directors were minded to recommend

the Fortress Offer, subject to satisfaction or waiver of Fortress' pre-conditions to the announcement of a firm intention to make an offer.

In order to facilitate the satisfaction of those pre-conditions, which related principally to the undertaking of limited due diligence and the arrangement of Fortress' funding of the offer, Morrisons and Fortress agreed a confidentiality agreement on 13 June 2021 and a clean team agreement on 19 June 2021. Fortress was given due diligence access on 14 June 2021.

On 19 June 2021, the Morrisons Board confirmed that it had received and rejected an unsolicited highly conditional non-binding proposal from CD&R in relation to a proposed cash offer of 230 pence per Morrisons Share for the entire issued and to be issued share capital of Morrisons from CD&R.

CD&R made two subsequent proposals, the second of which was made on 29 June 2021 being a cash offer of 255 pence per Morrisons Share for the entire issued and to be issued share capital of Morrisons. Having evaluated this proposal, the Morrisons Board agreed to provide CD&R with access to limited confirmatory due diligence. Morrisons and CD&R agreed a confidentiality agreement on 5 July 2021 and a clean team agreement on 6 July 2021. CD&R was given due diligence access on 6 July 2021.

On 3 July 2021, Morrisons and Fortress announced that they had reached agreement on the Fortress Offer. Under the terms of the Fortress Offer, Morrisons Shareholders would receive a total value of 254 pence per Morrisons Share in cash.

On 6 August 2021, Morrisons and Fortress Bidco announced that they had reached agreement on the terms of an increased cash offer (the "**Fortress Increased Offer**"). Under the terms of the Fortress Increased Offer, Morrisons Shareholders would receive a total value of 272 pence per Morrisons Share in cash.

On 19 August 2021, CD&R, having been given similar access to information on Morrisons as that provided to Fortress and having completed its confirmatory due diligence, made a proposal of 285 pence per Morrisons Share in cash.

Evaluation of the CD&R Offer

The Morrisons Board, together with its financial adviser Rothschild & Co, has carefully considered and evaluated the financial terms of the CD&R Offer and concluded that the CD&R Offer represents a superior offer for Morrisons Shareholders as compared with the Fortress Increased Offer.

The Morrisons Board also carefully evaluated CD&R's intentions regarding the conduct of the Morrisons business under CD&R's ownership, and concluded that CD&R is a suitable and appropriate owner of Morrisons.

Accordingly, the Morrisons Board has decided unanimously to withdraw their recommendation for the Fortress Increased Offer and recommend unanimously the CD&R Offer to Morrisons Shareholders.

In considering the financial terms of the CD&R Offer and determining whether they reflect an appropriate valuation of Morrisons and its future prospects, the Morrisons Directors took into account a number of factors including that:

- the CD&R Offer represents a 13 pence per share (4.8 per cent.) premium to the Fortress Increased Offer;
- the CD&R Offer Value represents a premium of approximately 60 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);
- the CD&R Offer Value represents a premium of approximately 59 per cent. to the volume-weighted average Closing Price of 180 pence per Morrisons Share for the three-month period ended 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 Offer Value implies an enterprise value multiple of approximately 9.0 times Morrisons' underlying EBITDA⁽²⁾ for the 52 weeks ended 31 January 2021 and approximately 9.4 times Morrisons' underlying (pre-COVID-19) EBITDA⁽²⁾ for the 52 weeks ended 2 February 2020; and
- the CD&R Offer Value implies a multiple of approximately 20.7 times Morrisons' underlying earnings per Morrisons Share⁽²⁾ for the 52 weeks ended 31 January 2021.

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

In addition to the financial terms of the CD&R Offer, Morrisons is placing very significant emphasis in its discussions with CD&R on the wider responsibilities of ownership of Morrisons. These responsibilities include recognising the distinct heritage and history of Morrisons, the legacy of Sir Ken Morrison, and the important role that Morrisons plays for all stakeholders, including colleagues, customers, pension trustees and suppliers. Accordingly, the Morrisons Directors held extensive discussions with Bidco in relation to a number of specific areas which the Morrisons Directors believe are critical to protecting and developing the fundamental character of Morrisons for the benefit of all stakeholders and to its evaluation of CD&R as a suitable and appropriate owner of the Morrisons business. Further details of CD&R's intentions regarding the future of the Morrisons business under its ownership are set out at paragraph 6 of this Part I (*Letter from the Chair of Wm Morrison Supermarkets PLC*) of this document.

CD&R has confirmed to Morrisons that it believes in long-term ownership, focused on building strong, sustainable businesses for the benefit of all stakeholders by investing in its portfolio companies, leveraging the expertise of its operating partners and advisers to accelerate revenue growth, supporting innovation, and driving operational performance. Bidco has made it clear that it highly values the current structure, strategy and management of the Morrisons business and recognises that the management team and colleagues will be key to Morrisons' success going forward. Bidco has therefore committed to supporting the existing Morrisons management team in continuing to execute its existing strategy and does not intend to make any significant changes to the current strategy of the Morrisons business. Accordingly, following careful consideration of both the financial terms of the CD&R Offer and CD&R's intentions regarding the conduct of the Morrisons business under CD&R's ownership, the Morrisons Directors recommend unanimously the CD&R Offer to Morrisons Shareholders.

4. Potential Panel Auction

As at the Last Practicable Date, neither CD&R nor Fortress has declared its offer final and incapable of being increased. This means that a "competitive situation" exists for the purposes of the Takeover Code. It is expected that, should this competitive situation continue as the date of the Court Meeting and the General Meeting approaches, the Panel will require an auction procedure to be undertaken to provide an orderly framework for the resolution of this competitive situation. Any auction procedure is likely to involve one or more rounds of private bidding in which each bidder is afforded the opportunity to increase its offer price, should it wish to do so. Following the completion of any auction procedure, subject to certain exceptions, neither bidder will be entitled to increase its offer price.

A formal announcement relating to any auction procedure will be made by the Panel in due course if the competitive situation continues. Following the conclusion of any auction procedure, the results of the auction procedure will be announced by the Panel and, ahead of the date of the Court Meeting and the General Meeting and the corresponding proxy voting deadlines, the Morrisons Board will write to Morrisons Shareholders, Morrisons CSN Participants and participants in the Morrisons Share Plans and persons with information rights to update them on the results of the auction procedure and to confirm its recommendation as to the action that they should take. Morrisons will also make an announcement through a Regulatory Information Service setting out the Morrisons Board's views on the revised offers (if any) announced by the offerors, including details of its advice and any intended recommendation to Morrisons Shareholders.

5. Background to and reasons for the CD&R Offer

CD&R believes Morrisons is a high quality business that is well-positioned within UK grocery and led by a strong management team. CD&R recognises the strength of Morrisons' heritage, the legacy of Sir Ken Morrison and its long-term track record of working with and for customers and stakeholders. In

particular, Bidco and CD&R recognise the responsibility of the ownership of Morrisons and highlight the following key attributes of Morrisons which are important reasons for the CD&R Offer:

Leading UK grocer with strong heritage

- Morrisons has over 100 years of history in the UK market, evolving from a market stall in Bradford to the UK's fourth largest supermarket chain under Sir Ken Morrison's leadership, and still proudly headquartered in Yorkshire.
- CD&R recognises the legacy of Sir Ken Morrison, Morrisons' history and culture, and considers that this strong heritage is core to Morrisons and its approach to grocery retailing, and is committed to supporting Morrisons to capitalise on these foundations and to execute successfully the current strategy to deliver both growth and profitability.

Clear strategy and strong management team

- Since 2015, the Morrisons management team has been executing its "Fix, Rebuild, Grow and Sustain" plan which has proved successful in guiding the business to a place today from which it is well positioned to continue its robust growth trajectory.
- The management team has built the differentiated customer proposition and excellent in-store execution that define the business today. CD&R will support Morrisons in further building on these strengths as CD&R has done previously through its successful partnership with B&M. During the period under CD&R ownership, continued improvement of the product and service offerings and investment in the customer experience, were key parts of B&M's successful strategy for growth.

Differentiated operational strengths

- Morrisons has many operational strengths that provide it with a differentiated market position and set of opportunities in the UK grocery retail market.
- One aspect of Morrisons' differentiation from its competitors is its freehold property portfolio which affords greater flexibility and operational control. CD&R has recent relevant experience partnering with operators of large real estate portfolios in the UK through its investment in MFG which operates 922 sites across the UK of which around 90 per cent. are freehold and which has not changed under CD&R's six year ownership.
- Vertical integration represents a further unique operational strength of Morrisons, enabling it to compete successfully on price and guarantee the quality of its products in partnership with local suppliers and farmers. CD&R recognises the importance of the integrated model and will support Morrisons to invest in its supply chain and nurture the relationships with its supplier network.

Supportive market environment

- CD&R anticipates a supportive market environment in the core supermarket segment over the coming years, and believes that this will allow Morrisons to accelerate its commercial development.

Attractive wholesale adjacency

- Morrisons has expanded its wholesale business over recent years through organic growth and acquisitions, gradually building market share to be a meaningful wholesale player today.
- Its focus on the wholesale segment has allowed Morrisons to participate in the growth of the convenience sector. CD&R recognises the opportunity in wholesale and believes the wholesale activities of Morrisons are differentiated and scalable.

Growing online business

- Morrisons has successfully built one of the leading online grocery businesses in the UK, leveraging its well-integrated business model and strong partnerships with technology businesses such as Ocado and Amazon.

- Bidco and CD&R anticipate the growth in online grocery to continue and believe that Morrisons is well positioned to leverage this growth using the differentiated platform it has built.

CD&R's experience and partnership approach

- CD&R has a long-standing track record of consumer and retail investments, having completed 17 transactions and deployed \$7.3 billion of capital in consumer and retail sector companies since 2000 including investments across the UK, Europe and North America.
- The CD&R team based in London has many years of experience in the UK retail and consumer space, an investment area which is of particular importance to CD&R. This experience includes CD&R's partnership with B&M from 2013 to 2018, and its current investments in MFG (since 2015) and WSH (since 2019).
- More broadly, CD&R has a long standing interest in the food sector, with investments in foodservice distribution businesses Brakes Brothers in the UK, and US Foods and Cheney Brothers in North America, as well as the US restaurant chain MOD Pizza.
- These successful investments, amongst others, and its operating advisers have given CD&R deep insight into the UK grocery sector which, alongside its industry operating expertise and the due diligence conducted in connection with the CD&R Offer, has enabled CD&R and Bidco to build up a strong understanding of Morrisons and the strength of its differentiated business model in the UK food retail market.
- CD&R is widely recognised for being a trusted partner to the management teams of the businesses in which it invests and for providing ongoing support to help them innovate, develop, and grow their operations. CD&R has dedicated significant resources to develop an in depth understanding of the Morrisons management team's vision for the business and is committed to supporting the existing team in continuing to execute its current strategy, including the "Fix, Rebuild, Grow, Sustain" strategy which has served the business and its stakeholders well.
- Bidco and CD&R believe that, as a private limited company, and with their support, Morrisons will have the opportunity to capitalise on: (i) the solid foundations the management team has built (ii) the Company's heritage and strong history and (iii) the broader evolution of the UK grocery market, so as to further accelerate Morrisons' growth and development.
- Based on its reputation for being a trustworthy partner, CD&R has a long history of successfully partnering, developing and caring for the businesses, management, employees and wider stakeholder constituencies in the businesses in which it invests. CD&R believes that its approach to the trustees of the Morrisons Pension Schemes and collaboration with Morrisons in the process to put in place a comprehensive mitigation package for the Morrisons Pension Schemes as part of the CD&R Offer provides a framework for positive engagement with all important stakeholders of Morrisons and it looks forward to working with Morrisons and these stakeholders in a similar way as CD&R delivers on its stated intentions.

6. Intentions of Bidco

Bidco's strategic plans for Morrisons

Bidco recognises the distinct heritage and history of Morrisons which have shaped its differentiated approach to grocery retailing, and believes the key resources and relationships of Morrisons reflect the values on which the business is built and are central to its continued success. In supporting Morrisons' growth strategy, Bidco and CD&R are confident that they will be a good partner to Morrisons' stakeholders including management, employees, customers, suppliers and pension trustees.

Long-term ownership

CD&R has a long history of successfully partnering, developing and caring for the businesses, management, employees and wider stakeholder constituencies of its portfolio companies. Based on its reputation for being a trustworthy partner, CD&R has often been selected as the "partner of choice" to corporates, families, management teams and investors.

CD&R's focus is on building strong, sustainable businesses for the benefit of all stakeholders by investing in its portfolio companies, leveraging the expertise of its operating partners and advisers to accelerate revenue growth, support innovation, and drive operational performance, including strong Environmental, Social and Governance ("**ESG**") programmes.

For example, under CD&R's ownership, British retailer B&M more than doubled its revenues and EBITDA as a result of a successful store roll-out in the UK and continued the improvement of its product and service offering and investment in the customer experience and infrastructure through store refurbishments, warehouse capacity and IT improvements. CD&R is proud of the fact that B&M continues to grow and prosper today as a public company beyond CD&R's involvement.

Equally, MFG, which is today one of the largest independent forecourt operators in the UK by number of sites, grew under CD&R ownership from approximately 300 sites to 922 stations across the country. CD&R has driven growth by strong investment in convenience retail and on-site food-to-go offering as well as highly synergistic M&A and optimisation of fuel operations.

Further, CD&R supported the transformation of the British car auction company BCA from a physical auction provider to an omnichannel marketplace by investing in organic initiatives as well as acquisitions to add digital capabilities, most notably webuyanycar.com.

Bidco anticipates utilising a similar approach to these examples in its investment in Morrisons.

Strategy and Management

Following the CD&R Offer becoming Effective, Bidco intends to continue to operate Morrisons as a standalone business led by the Morrisons management team, with its head office and head office functions remaining in Bradford. Bidco highly values the current structure, strategy and management of the business and recognises that the management team and colleagues will be key to Morrisons' success going forward. Bidco is therefore committed to supporting the existing Morrisons management team in continuing to execute its existing strategy, including the "Fix, Rebuild, Grow, Sustain" strategy which has served the business and its stakeholders well. Bidco does not intend to make any significant changes to the current strategy of the business.

Customers

Bidco recognises that Morrisons' deep understanding of its customers is core to its success. This enables Morrisons to be relevant and accessible, underpinning the easy and enjoyable customer experience at its supermarkets and rapidly expanded online presence. Bidco highly values Morrisons' approach and capabilities in relation to serving its customers.

Colleagues and the Morrisons Pension Schemes

Bidco considers that the over 110,000 existing experienced and skilled Morrisons colleagues are the heart of the business and are core to driving the differentiated customer experience that helps define the Morrisons proposition. Bidco confirms that, following the CD&R Offer becoming Effective, the existing contractual and statutory employment rights, including existing pension rights of all Morrisons' management team and employees of Morrisons, will be fully safeguarded. Bidco believes strongly in recognising the value of employees to everything that Morrisons does and is fully supportive of Morrisons' recent pay award of at least £10 an hour for all Morrisons colleagues in stores and manufacturing sites.

Bidco does not intend to make any change to the benefits provided by the Morrisons Pension Schemes and looks forward to an ongoing constructive dialogue with the trustees of the Morrisons Pension Schemes in the future. As the first stage of this dialogue Bidco and CD&R have engaged with the trustees of the Morrisons Pension Schemes to agree in principle the terms of a comprehensive mitigation package to provide additional security and covenant support to the Morrisons Pension Schemes. CD&R appreciates the approach and support with which the trustees and Morrisons have engaged on this important aspect of its proposition to Morrisons and its stakeholders. All parties have moved quickly and with purpose to deliver a positive outcome which, once implemented, will mean that, following the Effective Date, the Morrisons Pension Schemes will continue to be some of the best funded and best supported in the UK. CD&R looks forward to working with the trustees and Morrisons in the future to ensure the Morrisons Pension Schemes have sufficient and appropriate support.

Suppliers and farmers

Bidco recognises that the trusted and collaborative relationships that Morrisons has with its suppliers are fundamental to ensuring the quality that its customers expect. Morrisons has played an important role in securing the future of many smaller suppliers during challenging times, thus supporting local communities and building stronger relationships based on mutual trust. Bidco does not anticipate any material changes to existing payment practices with suppliers.

Local communities

Morrisons' heritage has included a strong focus on the local communities which the company supports. This thinking has been reinforced across many areas of the business by, for example, the vertical integration strategy and payment terms for small suppliers and farmers where Morrisons has consciously sought to be a supportive partner to local communities. Bidco values and remains committed to these aspects of the heritage and operating approach of Morrisons.

Environmental, Social and Governance

Environmental, Social and Governance are important focus areas for CD&R. CD&R has established an ESG roadmap across its portfolio with the goal to enhance ESG performance during its ownership via an established framework of review. Bidco is fully aware of Morrisons' strong track record in this area as highlighted by its existing environment, carbon, packaging and plastic commitments. Bidco will continue to support, such initiatives in the business, including Morrisons' commitment, as one of British farming's biggest direct supermarket customers, to become the first supermarket to be completely supplied by net zero carbon British farms by 2030.

Wholesale, convenience and fuel forecourts

Morrisons has an extensive portfolio of 339 fuel forecourts. CD&R owns MFG, one of the leading operators of fuel forecourts in the UK with 922 sites. CD&R believes there is a potential opportunity for a commercial operational partnership between Morrisons and MFG that could accelerate the development of Morrisons' wholesale business and convenience portfolio through supply and branding arrangements. CD&R believes that such arrangements could also enhance the customer experience within MFG sites and develop Morrisons' engagement with a broader customer base. Assessment of such a partnership and the associated opportunities are at an early stage and will require further discussion with the management of Morrisons.

Property

As part of its commitment to delivering sustainable growth for Morrisons and continuing to enhance profitability and return on capital, Bidco expects to continue to invest in the store footprint and new store openings, as well as further online and wholesale development as critical components of the growth story. Similar investments have been key features in a number of CD&R's portfolio companies, including B&M, MFG and BUT / Conforama.

Bidco recognises that the high proportion of freehold ownership of the Morrisons store estate is a particular strength of the business which has been carefully preserved over many years and will continue to be a cornerstone of Morrisons. Bidco does not intend to engage in any material store sale and leaseback transactions.

High levels of real estate ownership has been a feature of previous CD&R investments, including MFG where real estate ownership has remained around 90 per cent. since the acquisition by CD&R in 2015.

Capital structure

CD&R intends to put in place a long-term capital structure for Morrisons that provides the business with substantial liquidity and the appropriate financial flexibility to continue to invest in and support the growth of Morrisons. CD&R anticipates that leverage in Morrisons' funding structure will reduce over time, with over £3.4 billion of equity capital initially invested in Bidco for the purposes of making the CD&R Offer, and that Bidco will retain a significant equity ownership for an extended period.

Long-term partnership review with Morrisons management

Recognising the limitations of due diligence within a public company context, in conjunction with the short timeframe and reduced opportunity to meet with management, Bidco has not been able to formulate fully all aspects of its strategy for Morrisons, other than its intention to support management's ongoing strategy. Bidco intends to engage with the Morrisons management team following the CD&R Offer becoming Effective to understand the business in more detail and to partner with management to set out the joint vision and strategy for Morrisons in the context of becoming a private company. Bidco will ask the management of Morrisons to lead this process with the close collaboration and input of CD&R and, where appropriate, other stakeholders in the business. Bidco believes that this review process is an important part of the long-term partnership that it intends to build with the management of Morrisons and broader stakeholders in the business in order to determine the short and long term objectives for the business and how they can best be delivered in a collaborative way. Bidco will work with the management of Morrisons to determine the detailed scope of this review and the appropriate timetable for its completion but Bidco anticipates this review will be completed within approximately six months from the Effective Date. Bidco anticipates the review will focus on all aspects of the business and opportunities available, including:

- reviewing Morrisons' markets, customers, procurement, service offerings and delivery;
- driving further investment to support the customer experience and proposition, the work environment and opportunities for colleagues and Morrisons' growth ambitions and delivery of its potential;
- assessing the opportunity across each aspect of the business to enhance its strategic positioning, accelerate development and deliver its long term objectives, including potential partnerships and acquisitions. This would include Morrisons' property portfolio, portfolio of fuel forecourts and convenience retail network; and
- deepening engagement with the key stakeholders of the business including customer, colleagues, suppliers and farmers, broader business partners, pension trustees and other stakeholders.

The outcomes of the review could include investment in people, capabilities, organisation, infrastructure and assets to grow the business sustainably over the long-term. Bidco expects the outcome of the evaluation to be consistent with its stated intentions set out elsewhere in this paragraph 6.

Employees and Management

Morrisons has a strong team of talented and committed colleagues who have all worked hard to help Morrisons develop its differentiated position in the food grocery market and as an attractive proposition in the minds of customers and broader stakeholders. The strength and importance of this broad team has been particularly highlighted over the last year as Morrisons has played an important role in supporting the supply of food in the UK during the COVID-19 pandemic. Bidco and CD&R acknowledge and are inspired by the outstanding efforts of the whole Morrisons team in this achievement, including management and colleagues in stores, manufacturing and distribution sites and head office. Bidco and CD&R fully appreciate the ongoing importance of this role and are fully committed to supporting Morrisons.

Bidco and CD&R recognise that, through Morrisons' "Fix, Rebuild, Grow, Sustain" framework, Morrisons' management team has made good progress in repositioning the group since 2015, including establishing a core purpose, aim, model and strategy for the business. This approach has driven enhanced stakeholder dialogues and relationships, improved financial performance, attracted substantial new talent to the Morrisons Group and enabled significant investment to be made in the business. Bidco and CD&R recognise the high quality of the colleagues and strength of the management team at Morrisons and their importance to the success of Morrisons following the CD&R Offer. The quality of the Morrisons management team and commitment of all colleagues at Morrisons is an important part of the rationale for the CD&R Offer. Bidco and CD&R have given assurances to the Morrisons Directors that the existing contractual and statutory employment rights, including pension rights, of all Morrisons' management and employees shall be fully safeguarded. Bidco's and CD&R's plans for Morrisons do not involve any change in the balance of skills and functions of employees or their conditions of employment. In particular, Bidco is fully supportive of Morrisons'

recent pay award of at least £10 an hour for all Morrisons' colleagues in stores and manufacturing sites. Bidco views this pay award as an important and appropriate recognition of their contribution to Morrisons.

Portfolio companies in which CD&R has invested have an outstanding track record of investing in initiatives to support people and their success within their organisations. CD&R helped B&M expand its footprint, increasing UK stores and employment by nearly 80 per cent. and 120 per cent., respectively, under CD&R's ownership.

It is not anticipated that, as a result of the CD&R Offer, there will be any material change to Morrisons' headcount. If, as anticipated, following the CD&R Offer becoming Effective, Morrisons becomes a private limited company, a limited number of functions related to being a publicly listed company may be reduced in scope or become unnecessary. Bidco has not yet developed proposals as to how any such potential change in functions will be implemented. Bidco and CD&R, with the support and guidance of Morrisons' management, intend to provide alternative opportunities where possible within Morrisons to employees currently in these roles. At this stage, Bidco and CD&R have not yet developed a proposal in relation to these alternative opportunities or additional recruitment areas and will only develop and implement such a proposal in coordination with Morrisons' management. Bidco and CD&R will consult as necessary or appropriate with relevant employees, any employee representatives and other stakeholders before any proposals referred to in this section (*Employees and Management*) are finalised.

Pensions

Morrisons operates and participates in three defined benefit pension arrangements in the UK, being the Morrisons Pension Schemes. The last full actuarial valuations in respect of the Morrisons Pension Schemes were carried out on 1 April 2019 for the Safeway Pension Scheme and 5 April 2019 for each of the Morrisons 1967 Section and the RSP Section of the Morrisons Retirement Saver Plan. Each of these valuations revealed a funding surplus on the agreed valuation bases. The aggregate surplus was approximately £682 million for all plans combined.

The Morrisons Pension Schemes are closed to new entrants and to the future accrual of benefits for existing members. Bidco does not intend to re-open any of the Morrisons Pension Schemes to new members or future accrual. Bidco has met the trustees of the Morrisons Pension Schemes and fully appreciates the importance of the Morrisons Pension Schemes and their members and trustees as key stakeholders within Morrisons' business. Bidco does not intend to make any change to the benefits provided by the Morrisons Pension Schemes. Bidco confirms that its intention is for employer contributions to the Morrisons Pension Schemes to continue in line with current arrangements.

Safeway also has a defined benefit pension arrangement in Gibraltar, the Safeway Stores (Overseas) Limited Pension Scheme (the "**Gibraltar Pension Scheme**"). As at 31 January 2021, the Gibraltar Pension Scheme had a deficit of approximately £1.3 million on an IAS19 basis. The Gibraltar Pension Scheme is open to new members and to future accrual. Bidco does not intend to make changes to the Gibraltar Pension Scheme (including with regard to accrual of benefits for existing members, the admission of new members and current arrangements for the funding of the scheme deficit) and confirms its intention for employer contributions to the Gibraltar Pension Scheme to continue in line with current arrangements.

On 14 September 2021, Bidco and CD&R announced that they had reached agreement in principle with the trustees of the Morrisons Pension Schemes on the terms of a comprehensive mitigation package to provide additional security and covenant support to the Morrisons Pension Schemes in respect of the CD&R Offer referenced in the announcement made on 19 August 2021. The measures that CD&R agreed with the trustees for the benefit of the Morrisons Pension Schemes comprise:

- additional security to be contributed to the existing pension funding partnership structure in the form of further properties;
- appropriate top up and release mechanisms of the additional security to ensure the Morrisons Pension Schemes progress on their established journey towards "buy out"; and
- enhanced governance provisions for the Morrisons Pension Schemes and information sharing arrangements with the trustees to ensure full awareness and alignment among stakeholders.

Bidco, CD&R and the trustees have since agreed the form of a legally binding memorandum of understanding ("**Memorandum of Understanding**"), which is currently being reviewed by Morrisons, and which sets out the contractual details of the arrangements regarding the Morrisons Pension Schemes to be entered into between the parties including:

- contribution of additional properties shortly following the Effective Date into the existing pension funding partnership structure between the trustees and Morrisons to provide security and covenant support to the Morrisons Pension Schemes to a value of £660 million (on a vacant possession market value basis). This represents an estimate of the aggregate deficits in the Morrisons Pension Schemes on a buy out basis (assuming assets would be realised at full market value in an insolvency scenario) plus a headroom of 10 per cent.;
- regular assessments (with the first assessments to be undertaken with an effective date of April 2025) of the aggregate deficits in the Morrisons Pension Schemes on a buy out basis and of assets held in the pension funding partnership structure, with top ups of further properties into the existing pension funding partnership structure, or release of the newly contributed properties only from these arrangements, to reflect consistent levels of security and covenant support to the Morrisons Pension Schemes at the lower of 125 per cent. of the estimated aggregate buy out deficits of the Morrisons Pension Schemes and £660 million; and
- the framework for agreeing information sharing protocols to ensure that the trustees have appropriate information to be able to assess the financial position and strength of covenant of the sponsors to the Morrisons Pension Schemes, and commitments by Bidco and CD&R regarding the governance of the Morrisons Pension Schemes following the Effective Date to provide stability and continuity.

The process to reach agreement on these measures involved the commitment, support and alignment of CD&R, the trustees and Morrisons. Following the announcement of the recommended CD&R Offer on 19 August 2021 and consistent with its recognition of the importance of stakeholders to Morrisons, CD&R has prioritised its dialogue with the trustees and focused on reaching a constructive agreement and getting to the position where legally binding arrangements that all parties support through a positive process are ready to be entered into.

In accordance with Rule 25.9 of the Takeover Code, Morrisons has received an opinion from the trustees of the Morrisons Pension Schemes of the effects of the CD&R Offer on the Morrisons Pension Schemes, which is included at Part XII (*Opinion of Trustees of Morrisons Pension Schemes*) of this document. Morrisons places significant emphasis on the wider responsibilities of ownership of the Morrisons business and recognises that the Morrisons Pension Schemes are a major part of that. Morrisons has a long-established pension strategy, which has been agreed with the trustees of the Morrisons Pension Schemes, a key aim of which is to ensure that the security of members' benefits in the Morrisons Pension Schemes are appropriately protected. Morrisons is therefore supportive of CD&R and the trustees of the Morrisons Pension Schemes having reached an agreement which protects and supports the Morrisons Pension Schemes in an appropriate manner.

Headquarters, locations, fixed assets and research and development

Bidco and CD&R intend for Morrisons to continue to operate as a standalone business, led by the Morrisons management team with its head office and head office functions in Bradford. Bidco has no plans to make any material restructurings or change in the locations of Morrisons' places of business other than any changes at the head office, which are necessary due to Morrisons' change of status to a private limited company.

Bidco and CD&R have no plans to change the locations of Morrisons' places of business or to redeploy the fixed assets of Morrisons following the CD&R Offer becoming Effective. Morrisons does not currently have a research and development function and Bidco and CD&R have no plans in this regard.

Management incentive arrangements

Following the CD&R Offer becoming Effective, Bidco and CD&R intend to review Morrisons' management, governance and incentives structures. Bidco has not entered into, and has not had any discussions on proposals to enter into any form of incentivisation arrangements with members of Morrisons' management. It will enter into such discussions and put in place appropriate arrangements

following the completion of the CD&R Offer and intends to operate annual and long-term incentive arrangements in the future.

Trading facilities

Morrisons Shares are currently listed on the Official List and admitted to trading on the London Stock Exchange. As set out in paragraph 11 of Part II (*Explanatory Statement*) of this document, applications will be made to the FCA for the cancellation of the listing of Morrisons Shares on the Official List and to the London Stock Exchange for the cancellation of trading of Morrisons Shares on the Main Market of the London Stock Exchange.

None of the statements in this paragraph 6 are “post-offer undertakings” for the purpose of Rule 19.5 of the Takeover Code.

7. Morrisons Share Plans

Participants in the Morrisons Share Plans will be contacted separately in relation to the effect of the CD&R Offer on their rights under the Morrisons Share Plans and where applicable, their right to acquire or receive Morrisons Shares.

Further details relating to the Morrisons Share Plans are set out in paragraph 6 of Part II (*Explanatory Statement*) of this document.

8. Morrisons Current Trading and Prospects

Current Trading

In the interim results announcement for the 26 weeks ended 1 August 2021 released by Morrisons on 9 September 2021 (the “**September Interims**”), which is available from Morrisons’ website at www.morrisons-corporate.com/investor-centre/financial-reports, Morrisons reported total revenue up 3.7 per cent. (including fuel), like-for-like sales up 3.3 per cent. (including fuel) and down 0.3 per cent. (excluding fuel) and like-for-like online sales up 48 per cent. Morrisons also provided an outlook statement which repeated prior guidance (contained in the Q1 Trading Statement) for 2021/22 and 2022/23 profit before tax and exceptionals and 2021/22 net debt/EBITDA.

The Morrisons Profit Forecast statements in the Q1 Trading Statement (as repeated in the September Interims) set a floor for 2021/22 profit before tax and exceptionals of £435 million (the “**2021/22 Profits Floor**”) and a floor for 2022/23 profit before tax and exceptionals (the “**2022/23 Profits Floor**”) and, together with the 2021/22 Profits Floor, the “**Morrisons Profit Forecast**”). The Morrisons Directors confirm that, as at the date of this document, the Morrisons Profit Forecast remains valid and confirm that the Morrisons Profit Forecast has been properly compiled on the basis of the assumptions stated and that the basis of accounting used is consistent with Morrisons’ accounting policies.

Further details of the Morrisons Profit Forecast is included in Part VII (*Morrisons Profit Forecast*) of this document, which also sets out the basis of preparation and the assumptions used.

9. Dividends

If, on or after the Announcement Date and before the CD&R Offer becomes Effective, any dividend, distribution or other return of capital or value is announced, declared, made or paid by Morrisons or becomes payable by Morrisons in respect of Morrisons Shares, Bidco reserves the right to reduce the CD&R Offer Value payable under the terms of the CD&R Offer for the Morrisons Shares by an amount equal to the aggregate amount of such dividend, distribution or other return of capital or value, in which case any reference in this document to the CD&R Offer Value payable under the terms of the CD&R Offer will be deemed to be a reference to the CD&R Offer Value as so reduced. In such circumstances, Morrisons Shareholders would be entitled to receive and retain any such dividend, distribution or return of capital or value.

10. The Scheme and the Meetings

The CD&R Offer is to be implemented by means of a Court-sanctioned scheme of arrangement between Morrisons and the Scheme Shareholders who are on the register of members at the Scheme Record Time, under Part 26 of the Companies Act, although Bidco reserves the right to effect the

CD&R Offer by way of a Takeover Offer (subject to the Panel's consent and the terms of the Co-operation Agreement). The procedure requires approval by Morrisons Shareholders at the Court Meeting and General Meeting, and sanction of the Scheme by the Court. The Scheme is set out in full in Part IV (*The Scheme of Arrangement*) of this document.

The purpose of the Scheme is to provide for Bidco to become the owner of the whole of the issued and to be issued share capital of Morrisons.

Before the Court's sanction can be sought for the Scheme, the Scheme requires approval by the passing of a resolution at the Court Meeting. The resolution must be approved by a majority in number representing not less than 75 per cent. in value of the Scheme Shareholders present and voting, either in person, remotely via the Virtual Meeting Platform, or by proxy, at the Court Meeting. In addition, the Resolution must be passed at the General Meeting to authorise the Morrisons Directors to implement the Scheme and to deal with certain ancillary matters which require the approval of Morrisons Shareholders present and voting representing at least 75 per cent. of the votes cast at the General Meeting (either in person, remotely via the Virtual Meeting Platform, or by proxy).

It is important that, for the Court Meeting in particular, as many votes as possible are cast, so that the Court may be satisfied that there is a fair and reasonable representation of opinion of the Scheme Shareholders. You are therefore strongly advised to sign and return your Forms of Proxy or appoint a proxy or proxies electronically for both the Court Meeting and the General Meeting as soon as possible. Doing so will not prevent you from attending, voting and speaking in person, or remotely via the Virtual Meeting Platform, at the Meetings or any adjournment thereof, if you so wish and are so entitled.

11. Taxation

Your attention is drawn to Part VI (*UK Taxation*) of this document.

This summary does not constitute tax advice and is intended as a general description only and not a full analysis of all potential UK tax consequences of the CD&R Offer. If you are in any doubt as to your tax position, or if you are subject to taxation in any jurisdiction other than the UK, you should consult an appropriate independent professional tax adviser.

12. Overseas Shareholders

Overseas Shareholders should refer to paragraph 14 of Part II (*Explanatory Statement*) of this document.

13. Action to be taken by Morrisons Shareholders and Morrisons CSN Participants

Your attention is drawn to pages 11 to 14, and paragraph 16 of Part II (*Explanatory Statement*) of this document, which explain the actions you should take in relation to the CD&R Offer and the Scheme.

Details relating to the de-listing of Morrisons Shares are included in paragraph 11 of Part II (*Explanatory Statement*) of this document.

14. Further information

Your attention is drawn to the Explanatory Statement set out in Part II (*Explanatory Statement*) of this document, the full terms of the Scheme set out in Part IV (*The Scheme of Arrangement*), the additional information set out in Part VIII (*Additional Information*) and the Notices of the Meetings set out in Part X (*Notice of Court Meeting*) and Part XI (*Notice of General Meeting*) of this document respectively.

You should read the whole of this document and the accompanying Forms of Proxy and not rely solely on the information contained in this letter or the Explanatory Statement.

Copies of this document (and all information incorporated into this document by reference to another source) and the Forms of Proxy are and will be available, subject to certain restrictions relating to Overseas Shareholders in Restricted Jurisdictions, for inspection on Morrisons' website at <https://www.morrisons-corporate.com/investor-centre/offer-from-cdr>.

15. Recommendation

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

The Morrisons Directors consider the CD&R Offer to be in the best interests of the Morrisons Shareholders taken as a whole. The Morrisons Directors have also taken into account the interests of the Morrisons business, its management and employees, the Morrisons Pension Schemes and other stakeholders in Morrisons. Accordingly, the Morrisons Directors recommend unanimously that Morrisons Shareholders vote in favour of the Scheme at the Court Meeting and the Resolution at the General Meeting.

In light of the recommendation of the CD&R Offer from Bidco, the Morrisons Directors have decided unanimously to withdraw their recommendation of the Fortress Increased Offer.

Yours faithfully,

Andrew Higginson

Chair of Wm Morrison Supermarkets PLC

PART II — EXPLANATORY STATEMENT

(in compliance with section 897 of the Companies Act 2006)



New Court
St Swithin's Lane
London
EC4N 8AL

25 September 2021

To all Morrisons Shareholders and Morrisons CSN Participants and, for information only, to participants in the Morrisons Share Plans and persons with information rights

Dear Shareholder,

RECOMMENDED CASH OFFER FOR WM MORRISON SUPERMARKETS PLC

BY MARKET BIDCO LIMITED

(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)

1. Introduction

On 19 August 2021 (the “**Announcement Date**”), the Morrisons Board and the Bidco Board announced that they had reached agreement on the terms of a recommended all cash offer by Bidco for the entire issued and to be issued ordinary share capital of Morrisons, to be effected by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act (the “**CD&R Offer**”).

Your attention is drawn to the letter from the Chair of Morrisons set out in Part I (*Letter from the Chair of Wm Morrison Supermarkets PLC*) of this document, which forms part of this Explanatory Statement. That letter contains, among other things, the unanimous recommendation by the Morrisons Board to Morrisons Shareholders to vote in favour of the resolutions to approve and implement the Scheme, and an explanation of the background to and reasons for recommending the Scheme.

The terms of the Scheme are set out in full in Part IV (*The Scheme of Arrangement*) of this document.

Statements made or referred to in this letter regarding Bidco's reasons for the CD&R Offer, information concerning the business of the Bidco Group, the financial effects of the CD&R Offer on Bidco and/or intentions or expectations of or concerning the Bidco Group reflect the views of the Bidco Board. Statements made or referred to in this letter regarding the background to and reasons for the recommendation of the Morrisons Board, information concerning the business of the Morrisons Group, and/or intentions or expectations of or concerning the Morrisons Group, reflect the views of the Morrisons Board.

Morrisons Shareholders should read the whole of this document before deciding whether or not to vote in favour of the Scheme at the Court Meeting and the Resolution to be proposed at the General Meeting.

2. Summary of the terms of the CD&R Offer

Under the terms of the CD&R Offer, which is subject to the satisfaction (or, where applicable, waiver) of the Conditions and to the further terms set out in Part III (*Conditions to and certain further terms of*

first Morrisons supermarket store in 1961, Morrisons went public in 1967. Today, Morrisons is a well-regarded, heritage British brand focused on price, service and fresh, local produce.

As at May 2021, Morrisons operated a largely freehold property estate including 497 stores, 339 petrol filling stations, 20 manufacturing and packing sites and 9 distribution centres. Through its conveniently located stores, Morrisons carries out approximately 9 million customer transactions every week and has a reach which extends to 99.6 per cent. of households in Great Britain. In addition, Morrisons operates through a series of partnerships. The Ocado partnership, launched in 2013, was the first time Morrisons provided an online delivery service. Since then, Morrisons has also partnered with Amazon and Deliveroo, whilst also reaching into the convenience store sector through partnerships with McColl's and Rontec amongst others.

For the 52 weeks ended 31 January 2021, Morrisons reported total revenues of £17.6 billion and profit before tax and exceptionals⁽⁴⁾ of £431 million. This includes £290 million direct COVID-19 costs to help feed the nation through the crisis. Morrisons reported EPS before exceptionals⁽⁴⁾ and waived rates relief of 13.74 pence per Morrisons Share and a full year dividend of 11.15 pence per Morrisons Share, including a special dividend of 4.00 pence per Morrisons Share.

(4) Stated before paying previously waived business rates relief of £230 million.

4. Information relating to CD&R, Bidco, Ares European Direct Lending and Alternative Credit Funds and West Street Strategic Solutions

CD&R

CD&R, a private investment firm that manages capital on behalf of university endowments, foundations and pensions, is recognised for a value creation strategy based on accelerating the growth and improving the operational effectiveness of the companies it supports. Since its founding in 1978, CD&R has built a distinctive reputation as a trustworthy and collaborative partner to corporates, founding families, entrepreneurs, management and employees, as well as other stakeholders. Over its 43 year history, CD&R has generated superior investment returns for its global investors, including asset owners domiciled in the UK, by working closely with portfolio company management and employees, playing a constructive role in helping them transition their businesses to the next stage of profitable growth, including providing additional equity capital to support such growth. CD&R's industrial investment strategy is supported by a staffing approach that combines financial expertise with strong industry operational expertise. CD&R's operational resource base includes nearly 40 operating partners and advisers to funds it manages, including former senior executives and board leaders at pre-eminent UK based companies, including BP, GSK, Smith & Nephew, Tesco, WPP and Unilever, as well as international enterprises such as Disney, Gap, Johnson & Johnson and PepsiCo, among others.

CD&R has offices in New York and London, and has been investing in Europe for more than 20 years, acquiring 21 businesses for an aggregate transaction value of approximately £22 billion.

Approximately 80 per cent. of the value created by CD&R comes from growth and operational excellence. In CD&R's 2013 investment in British retailer, B&M, for example, CD&R partnered with the founding family to further expand the business, develop an international strategy and ultimately take the company public on the London Stock Exchange. Under CD&R's ownership, revenues more than doubled, over 200 new stores were opened and a significant number of new jobs were created. In its 2010 investment in the British car auction company, BCA, CD&R helped to lead the transformation of the business from a physical auction provider to an omnichannel marketplace by investing in organic initiatives as well as acquisitions to add digital capabilities, most notably webuyanycar.com. Both businesses have continued to grow and prosper after CD&R's ownership. B&M and BCA exemplify CD&R's history, of building value by contributing to the long-term growth of its portfolio companies.

CD&R has a long standing track record of successful retail investments, including current portfolio companies BUT and Conforama, where CD&R created the number one player in the French furniture market, and MFG, where through organic and acquisitive growth CD&R supported the business to become one of the leading independent petrol station forecourt operators in the UK.

CD&R has extensive experience in the food supply chain in the UK, with investments in foodservice distribution (Brakes Brothers) as well as catering (WSH). CD&R also has broader experience in the sector, specifically in North America, with an almost uninterrupted presence since the 1990s, through

its successful investments in food service distribution with Alliant, US Foods and Cheney Brothers, as well as in the restaurant chain MOD Pizza.

Bidco

Bidco is a private limited company recently incorporated in England and Wales at the direction of CD&R for the sole purpose of making the CD&R Offer. As at the date of this document, the entire issued share capital is indirectly owned by CD&R Fund XI.

Bidco has not traded since incorporation, nor has it entered into any obligations other than in connection with the CD&R Offer.

Ares European Direct Lending and Alternative Credit Funds

Ares European Direct Lending and Alternative Credit Funds are funds advised and/or managed by Ares Management Corporation or its affiliates. Ares Management Corporation is a global alternative investment manager offering clients complementary primary and secondary investment solutions across the credit, private equity, real estate and infrastructure asset classes. As at 30 June 2021, Ares' global platform had approximately \$248 billion of assets under management (including undrawn debt and uncalled committed capital) with approximately 2,000 employees operating across North America, Europe, Asia Pacific and the Middle East.

West Street Strategic Solutions

West Street Strategic Solutions Fund I ("**WSSS I**") is one of a series of funds managed by the Private Credit business within Goldman Sachs Asset Management. WSSS I was raised in 2020 with capital of \$14 billion with a focus on directly originating structured investments across equity, debt and hybrid structures. Goldman Sachs is a leading global investment banking, securities and investment management firm headquartered in New York and with offices around the world, including London. Goldman Sachs Asset Management is the primary investing area within Goldman Sachs, overseeing more than \$2 trillion in assets under supervision worldwide as of March 31, 2021. Goldman Sachs Asset Management invests in the full spectrum of alternatives, including private equity, growth equity, private credit, real estate and infrastructure. Established in 1996, the Private Credit business within Goldman Sachs Asset Management is one of the world's largest private credit investors with over \$75 billion in assets under management across direct lending, mezzanine debt, hybrid capital and asset-based lending strategies.

5. Financing of the CD&R Offer

Bidco is providing the CD&R Offer Value payable to Morrisons Shareholders under the terms of the CD&R 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.

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 Bidco in respect of this through a Regulatory Information Service. In addition, other potential investors may acquire indirect minority interests in Bidco during the offer period or once the Scheme becomes Effective.

Further details on these investment and financing agreements are set out in paragraph 8.2 of Part VIII (*Additional Information*) of this document.

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

6. Morrisons Share Plans

Participants in the Morrisons Share Plans will be contacted separately on or shortly after publication of this document regarding the effect of the Scheme on their rights under the Morrisons Share Plans and with the details of the arrangements applicable to them.

A summary of the effect of the Scheme on awards under the Morrisons Share Plans is set out below. The Scheme will apply to any Morrisons Shares which are unconditionally allotted, issued or transferred to satisfy the vesting or exercise of awards under the Morrisons Share Plans before the Scheme Record Time. Any Morrisons Shares allotted, issued or transferred out of treasury to satisfy the vesting or exercise of awards under the Morrisons Share Plans after the Scheme Record Time will, subject to the Scheme becoming Effective and the proposed amendments to the Articles being approved at the General Meeting, be transferred to Bidco in exchange for the consideration detailed below.

Further information in respect of the proposed amendments to the Articles is contained in Part XI (*Notice of General Meeting*) of this document.

Morrisons LTIPs

Awards granted under the Morrisons LTIPs which would not otherwise vest prior to the Court Sanction Date will (in consequence of the CD&R Offer and in accordance with participants' contractual rights under the Morrisons LTIPs) vest early on the Court Sanction Date. The Morrisons Remuneration Committee will, at its sole discretion, determine on or shortly before the Court Sanction Date the extent to which awards under the Morrisons LTIPs vest, taking into account, amongst other factors, the extent to which performance targets (if any) have been satisfied. The Morrisons Remuneration Committee may also determine that the awards will be subject to a time pro-rating reduction under the Morrisons LTIPs. It is the intention of the Morrisons Remuneration Committee to time pro-rate all awards (other than those which are not subject to time pro-rating) on the basis of the proportion that the period between the date of grant of an award and the Court Sanction Date forms of the period between the date of the grant and the normal vesting date of an award.

Morrisons DSBPs

Awards granted under the Morrisons DSBPs which would not otherwise vest prior to the Court Sanction Date will (in consequence of the CD&R Offer and in accordance with participants' contractual rights under the Morrisons DSBPs) vest in full on the Court Sanction Date.

Morrisons Sharesaves

Options granted under the Morrisons Sharesaves which would not otherwise become exercisable before the Court Sanction Date will (in consequence of the CD&R Offer and in accordance with participants' contractual rights under the Morrisons Sharesaves) become exercisable on the Court Sanction Date and remain exercisable until 20 days following the Effective Date.

Participants may only exercise their options under the Morrisons Sharesaves using the savings made under the related savings contract at the time of exercise, and so these options may be exercisable over a reduced number of Morrisons Shares. A one-off cash compensation payment (the "**Sharesave Payment**") will be paid by Morrisons on the first practicable payroll date after the Effective Date to those participants in the Morrisons Sharesaves who exercise their options on or after the Court Sanction Date but before the Scheme Record Time and who either:

- (a) are employees or directors of Morrisons (and have not given or received notice) as at the first practicable payroll date after the Effective Date; or
- (b) were employees or directors of Morrisons on the Effective Date and have since that date ceased employment or given or been given notice in circumstances that would qualify for "good leaver" treatment under the Morrisons Sharesaves.

The Sharesave Payment will be of an amount equal to the additional profit which those relevant participants would have received if they had been able to exercise their options on the earlier of: (i) three months following the Court Sanction Date (assuming that three further savings contributions were made); and (ii) the maturity of the relevant savings contract, and sold the resulting Morrisons Shares under the CD&R Offer.

7. Morrisons Directors and the effect of the Scheme on their interests

Details of the interests of the Morrisons Directors in the share capital of Morrisons, and options and awards in respect of such share capital, are set out in paragraph 5 of Part VIII (*Additional Information*) of this document. Morrisons Shares held by the Morrisons Directors will be subject to the Scheme.

Particulars of the service contracts (including termination provisions) and letters of appointment of the Morrisons Directors are set out in paragraph 6 of Part VIII (*Additional Information*) of this document.

The effect of the Scheme on the interests of the Morrisons Directors does not differ from the effect of the Scheme on the interests of other persons.

8. Description of the Scheme and the Meetings

8.1 The Scheme

The CD&R Offer is to be implemented by means of a court-sanctioned scheme of arrangement between Morrisons and the Scheme Shareholders who are on the register of members at the Scheme Record Time, under Part 26 of the Companies Act, although Bidco reserves the right to effect the CD&R Offer by way of a Takeover Offer (subject to the Panel's consent and the terms of the Co-operation Agreement). The procedure requires approval by Morrisons Shareholders at the Court Meeting and General Meeting, and sanction of the Scheme by the Court. The Scheme is set out in full in Part IV (*The Scheme of Arrangement*) of this document.

The purpose of the Scheme is to provide for Bidco to become the owner of the whole of the issued and to be issued share capital of Morrisons. This is to be achieved by transferring the Scheme Shares held by Morrisons Shareholders to Bidco, in consideration for which Bidco will pay cash on the basis set out in this Part II (*Explanatory Statement*).

8.2 Morrisons Shareholder Meetings

Before the Court's sanction can be sought for the Scheme, the Scheme requires approval by the passing of a resolution at the Court Meeting. The resolution must be approved by a majority in number representing not less than 75 per cent. in value of the Scheme Shareholders present and voting, either in person, or remotely via the Virtual Meeting Platform, or by proxy, at the Court Meeting. In addition, the Resolution must be passed at the General Meeting to authorise the Directors to implement the Scheme and to deal with certain ancillary matters which require the approval of Morrisons Shareholders present and voting representing at least 75 per cent. of the votes cast at the General Meeting (either in person, or remotely via the Virtual Meeting Platform, or by proxy). The General Meeting will be held immediately after the Court Meeting.

Notices of the Court Meeting and the General Meeting are set out in Part X (*Notice of Court Meeting*) and Part XI (*Notice of General Meeting*) of this document, respectively.

Save as set out in this document, all holders of Morrisons Shares whose names appear on the register of members of Morrisons at the Voting Record Time (expected to be 6.30 p.m. on 15 October 2021), or, if any such Meeting is adjourned, on the register of members at 6.30 p.m. on the date which is two Business Days before the date set for such adjourned Meeting, will be entitled to attend and vote at the Court Meeting and the General Meeting, in respect of the Morrisons Shares registered in their name at the relevant time.

Any Morrisons Shares which Bidco or any subsidiary of Bidco (or their respective nominee) may acquire before the Court Meeting are not Scheme Shares and therefore neither Bidco nor any of its subsidiaries (or their respective nominees) is entitled to vote at the Court Meeting in respect of the Morrisons Shares held or acquired by it. Bidco will undertake to be bound by the Scheme.

Information about the procedures for appointing proxies and giving voting instructions is set out in paragraph 16 of this Part II (*Explanatory Statement*) and on pages 11 to 14 of this document.

If the Scheme is withdrawn or lapses, any documents of title and any other documents lodged with any Form of Proxy will be returned to the relevant Morrisons Shareholder as soon as practicable and in any event within 14 days of such lapse or withdrawal.

(a) The Court Meeting

The Court Meeting has been convened with the permission of the Court for 12.30 p.m. on 19 October 2021 for Scheme Shareholders to consider and, if thought fit, approve the Scheme.

At the Court Meeting, voting will be by poll and each Scheme Shareholder present in person, or remotely via the Virtual Meeting Platform, or by proxy will be entitled to one vote for each Scheme Share held as at the Voting Record Time. The approval required at the Court Meeting is a majority in number representing not less than 75 per cent. in value of those Scheme Shareholders present and voting in person, remotely via the Virtual Meeting Platform, or by proxy.

It is important that, for the Court Meeting in particular, as many votes as possible are cast, so that the Court may be satisfied that there is a fair and reasonable representation of opinion of the Scheme Shareholders. You are therefore strongly advised to sign and return your Forms of Proxy or appoint a proxy or proxies electronically for both the Court Meeting and the General Meeting as soon as possible. Doing so will not prevent you from attending, voting and speaking in person, or remotely via the Virtual Meeting Platform, at the Meetings or any adjournment thereof, if you so wish and are so entitled.

Due to the length of time anticipated to be required to calculate the results of the poll, the result of the vote at the Court Meeting will be announced by Morrisons via a Regulatory Information Service as soon as practicable after the Court Meeting.

(b) The General Meeting

The General Meeting has been convened for 12.45 p.m. on 19 October 2021 or as soon after that time as the Court Meeting has been concluded or adjourned, for Morrisons Shareholders to consider and, if thought fit, pass the Resolution necessary to implement the Scheme and certain related matters.

The Resolution is proposed to approve:

- (i) giving the Morrisons Board the authority to take all necessary action to carry the Scheme into effect;
- (ii) amending the Articles as described in paragraph 8.4 (below) of this Part II (*Explanatory Statement*); and
- (iii) the re-registration of Morrisons as a private limited company.

At the General Meeting, voting on the Resolution will be by poll and each Morrisons Shareholder present in person, or remotely via the Virtual Meeting Platform, or by proxy will be entitled to one vote for each Morrisons Share held as at the Voting Record Time. The approval required for the Resolution to be passed is at least 75 per cent. of the votes cast on the Resolution (in person, remotely via the Virtual Meeting Platform, or by proxy).

Due to the length of time anticipated to be required to calculate the results of the poll, the result of the vote at the General Meeting will be announced by Morrisons via a Regulatory Information Service as soon as practicable after the General Meeting.

8.3 Scheme Court Hearing

Under the Companies Act, the Scheme requires the sanction of the Court. The hearing by the Court to sanction the Scheme is currently expected to be held on 25 October 2021, subject to the prior satisfaction or waiver of the other Conditions set out in Part III (*Conditions to and certain further terms of the CD&R Offer and the Scheme*) of this document. Morrisons will give notice of the time and date of the Scheme Court Hearing, once known, by issuing an announcement through a Regulatory Information Service.

Bidco has confirmed that it will undertake to the Court to be bound by the Scheme and to execute and do, or procure the execution or doing, of all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purposes of giving effect to the Scheme.

Following sanction of the Scheme by the Court, the Scheme will become Effective in accordance with its terms upon a copy of the Court Order being delivered to the Registrar of Companies. This is presently expected to occur on 27 October 2021, subject to satisfaction (or, where applicable, waiver) of the Conditions.

Upon the Scheme becoming Effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted in favour of, or against, the Scheme at the Court Meeting or in favour of, or against, or abstained from voting on the Resolution at the General Meeting.

If the Scheme does not become Effective on or before the Long Stop Date, it will lapse and the CD&R Offer will not proceed.

8.4 Amendments to the Articles

It is proposed, as part of the Resolution to be proposed at the General Meeting, that the Articles be amended to ensure that any Morrisons Shares issued under the Morrisons Share Plans or otherwise after the Voting Record Time in respect of the Court Meeting and on or prior to the Scheme Record Time will be subject to the Scheme. It is also proposed to amend the Articles so that any Morrisons Shares issued to any person other than Bidco and/or its nominees after the Scheme Record Time will be automatically acquired by Bidco on the same terms as the CD&R Offer (other than terms as to timings and formalities). Consequently, participants in the Morrisons Share Plans who receive Morrisons Shares on the exercise of share options after the Scheme Record Time are able to receive the same consideration as Morrisons Shareholders. These provisions of the Articles (as amended) will avoid any person (other than Bidco and/or its nominees) holding Morrisons Shares after the Effective Date.

Paragraph (b) of the Resolution set out in the notice of the General Meeting in Part XI (*Notice of General Meeting*) of this document seeks the approval of Morrisons Shareholders for such amendments.

8.5 Re-registration of Morrisons as a private company

It is also proposed, as part of the Resolution to be proposed at the General Meeting, that, subject to and conditional upon the Scheme becoming Effective, pursuant to section 97 of the Companies Act 2006, Morrisons be re-registered as a private limited company with the name "Wm Morrison Supermarkets Limited", with effect from the date approved by the Registrar of Companies.

Paragraph (c) of the Resolution set out in the notice of the General Meeting in Part XI (*Notice of General Meeting*) of this document seeks the approval of Morrisons Shareholders for such re-registration.

8.6 Entitlement to vote at the Meetings

Save as set out in this document, each Morrisons Shareholder who is entered in Morrisons' register of members at the Voting Record Time will be entitled to attend, vote and speak on all resolutions to be put to the Court Meeting and the General Meeting. If either Meeting is adjourned, only those Morrisons Shareholders on the register of members at 6.30 p.m. on the day which is two days (excluding non-working days) before the adjourned meeting will be entitled to attend and vote. Each eligible Morrisons Shareholder is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him or her. A proxy need not be a shareholder of Morrisons but must attend the Meetings (either in person or remotely via the Virtual Meeting Platform). The completion and return of a Form of Proxy or the appointment of a proxy or proxies electronically shall not prevent a Morrisons Shareholder from attending, voting and speaking in person, or remotely via the Virtual Meeting Platform, at either Meeting or any adjournment thereof if such shareholder wishes and is entitled to do so.

If you are in any doubt as to whether or not you are permitted to vote at the Meetings, please call the Shareholder Helpline between 8.30 a.m. and 5.30 p.m. Monday to Friday (except public holidays in England and Wales) on 0333 207 6394 from within the UK or +44 333 207 6394 if calling from outside the UK. International rates apply to calls from outside the UK. Please note that calls may be monitored or recorded and the Shareholder Helpline cannot provide financial, legal or tax advice or advice on the merits of the CD&R Offer.

Further information on the actions to be taken is set out on pages 11 to 14 (*Action to be taken*) of this document.

8.7 Modifications to the Scheme

The Scheme contains a provision for Morrisons and Bidco jointly to consent (on behalf of all persons concerned) to any modification of, or addition to, the Scheme or to any condition which the Court may approve or impose. The Court would be unlikely to approve or impose any modification of, or addition or condition to, the Scheme which might be material to the interests of Scheme Shareholders unless Scheme Shareholders were informed of any such modification, addition or condition. It would be for the Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held in those circumstances.

In accordance with the Takeover Code, modifications or revisions to the Scheme may only be made: (i) more than 14 days prior to the date of the Meetings (or, in the case of adjournment(s), not later than 48 hours (excluding non-working days) before the time fixed for the adjourned Meeting(s)) or (ii) at a later date, with the consent of the Panel. The implementation of the CD&R Offer by way of a Takeover Offer as an alternative to the Scheme is not a modification or revision for the purposes of this paragraph.

9. Conditions to the CD&R Offer

The Conditions to the CD&R Offer are set out in full in Part III (*Conditions to and certain further terms of the CD&R Offer and the Scheme*) of this document. In summary, the CD&R Offer is conditional upon, among other things:

- (i) the approval of the Scheme by a majority in number of the Scheme Shareholders who are present and vote, whether in person, remotely via the Virtual Meeting Platform or by proxy, at the Court Meeting and who represent 75 per cent. or more in value of the Morrisons Shares voted by those Scheme Shareholders;
- (ii) the Resolution required to approve and implement the Scheme being duly passed by 75 per cent. or more of votes cast at the General Meeting;
- (iii) the sanction of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to Morrisons and Bidco); and
- (iv) the delivery of a copy of the Court Order to the Registrar of Companies.

10. Offer-related arrangements

Summaries of the offer-related arrangements entered into in connection with the CD&R Offer are set out in paragraph 7 of Part VIII (*Additional Information*) of this document.

11. Cancellation of listing of Morrisons Shares

It is intended that dealings in Morrisons Shares will be suspended at 6.00 p.m. on the Business Day before the Effective Date. No transfers of Morrisons Shares will be registered after 6.00 p.m. on that date. It is further intended that, prior to the Scheme becoming Effective, an application will be made by Morrisons to the London Stock Exchange for the cancellation of the trading of Morrisons Shares on its main market for listed securities and the FCA will be requested to cancel the listing of Morrisons Shares on the Official List, in each case to take effect on, or shortly after, the Effective Date.

Share certificates in respect of the Morrisons Shares will cease to be valid from the Effective Date. Morrisons Shareholders are free to retain them for their records or, alternatively, can destroy them following the Effective Date. In addition, entitlements held within the CREST system to the Morrisons Shares will be cancelled on the Effective Date.

12. Settlement

Subject to the Scheme becoming Effective, settlement of the CD&R Offer Value to which any holder of Scheme Shares is entitled will be effected not later than 14 days after the Effective Date in the manner set out below.

12.1 Consideration where Scheme Shares are held in uncertificated form (that is, in CREST)

Where, at the Scheme Record Time, a holder of Scheme Shares holds such shares in uncertificated form, settlement of the cash consideration will be effected through CREST by the creation of an assured payment obligation in favour of the appropriate CREST account through which the relevant Morrisons Shareholder holds such uncertificated shares.

Notwithstanding the above, Bidco reserves the right to settle all or part of such cash consideration in the manner set out in paragraph 12.2 below of this Part II (*Explanatory Statement*) if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this paragraph 12.1

12.2 Consideration where Scheme Shares are held in certificated form (that is, not in CREST)

Where, at the Scheme Record Time, a holder of Scheme Shares holds such shares in certificated form, and such holder has set up an Electronic Payment Mandate, settlement of the cash consideration due pursuant to the Scheme will be effected by way of an electronic transfer to the account indicated in such Electronic Payment Mandate. All payments will be in pounds sterling.

Save in respect of those Scheme Shares acquired after the Scheme Court Hearing pursuant to one of the Morrisons Share Plans, in the absence of an Electronic Payment Mandate, settlement of the cash consideration due pursuant to the Scheme will be effected by cheque. All cheques will be in pounds sterling drawn on the branch of a UK clearing bank.

In respect of those Scheme Shares acquired after the Scheme Court Hearing pursuant to one of the Morrisons Share Plans, settlement of any cash consideration to which the Scheme Shareholder is entitled may, at Bidco's discretion, be paid electronically to the account for that Scheme Shareholder (or, failing such electronic payment, by way of cheque).

Cheques will be despatched by first class post (or by such other method as may be approved by the Panel) to the address appearing on the Morrisons share register at the Scheme Record Time (or, in the case of joint holders, to the address of that joint holder whose name stands first in the said register in respect of such joint holding).

12.3 Scheme Shares acquired pursuant to the Morrisons Share Plans

A summary of the effect of the Scheme on awards is set out in paragraph 6 above of this Part II (*Explanatory Statement*).

12.4 General

All documents and remittances sent through the post will be sent at the risk of the person(s) entitled thereto.

Save with the consent of the Panel, settlement of the consideration to which any Morrisons Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms set out in this Part II (*Explanatory Statement*) without regard to any lien, right of set off, counterclaim or analogous right to which Bidco may otherwise be, or claim to be, entitled against any Morrisons Shareholder.

13. Taxation

Morrisons Shareholders should read Part VI (*UK Taxation*) of this document, which contains a general description of the UK tax consequences of the CD&R Offer. This general description does not constitute tax advice and does not purport to be a full analysis of all potential UK tax consequences of the CD&R Offer. If Morrisons Shareholders are in any doubt as to their tax position, they should contact an appropriate professional adviser immediately.

Morrisons Shareholders who are or may be subject to tax outside the UK should also consult an appropriate independent professional adviser as to the tax consequences of the CD&R Offer.

14. Overseas Shareholders

14.1 General

The availability of the Scheme and the CD&R 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. It is the responsibility of all Overseas Shareholders to satisfy themselves as to the full compliance 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, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

The release, publication or distribution of this document and/or accompanying documents, directly or indirectly, in, into or from jurisdictions other than the UK may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the UK should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the UK to vote their Morrisons Shares with respect to the Scheme at the Court Meeting or the General Meeting, or to appoint another person as proxy 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 Offer disclaim any responsibility or liability for the violation of such restrictions by any person. This document and any accompanying documents have been prepared for the purposes of complying with English law and the Takeover Code and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside of England.

Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the CD&R Offer will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction or any other jurisdiction where to do so would violate the laws of that jurisdiction and no person may vote in favour of the CD&R Offer by any use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this document will not be, and must not be, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction or any jurisdiction where to do so would violate the laws of that 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.

14.2 Additional information for US investors

US investors should refer to “Additional information for US investors” on pages 6 and 7 of this document.

Neither the US Securities and Exchange Commission nor any securities commission of any state of the United States nor any other US regulatory authority has approved the CD&R Offer, passed upon the fairness of the CD&R Offer or passed upon the adequacy, accuracy or completeness of this document. Any representation to the contrary is a criminal offence.

15. Further information

The terms of the Scheme are set out in full in Part IV (*The Scheme of Arrangement*) of this document. Your attention is also drawn to the further information contained in this document, all of which forms part of this Part II (*Explanatory Statement*), and, in particular, to the Conditions set out in Part A of Part III (*Conditions to and certain further terms of the CD&R Offer and the Scheme*) of this document, and the additional information set out in Part VIII (*Additional Information*) of this document.

16. Action to be taken by Morrisons Shareholders and Morrisons CSN Participants

As set out in paragraph 4 of Part I (*Letter from the Chair of Wm Morrison Supermarkets PLC*) of this document, as at the Last Practicable Date, neither CD&R nor Fortress has declared its offer final and incapable of being increased.

This means that a “competitive situation” exists for the purposes of the Takeover Code. It is expected that, should this competitive situation continue as the date of the Court Meeting and the General Meeting approaches, the Panel will require an auction procedure to be undertaken to provide an orderly framework for the resolution of this competitive situation. Any auction procedure is likely to involve one or more rounds of private bidding in which each bidder is afforded the opportunity to

increase its offer price, should it wish to do so. Following the completion of any auction procedure, subject to certain exceptions, neither bidder will be entitled to increase its offer price.

A formal announcement relating to any auction procedure will be made by the Panel in due course if the competitive situation continues. Following the conclusion of any auction procedure, the results of the auction procedure will be announced by the Panel and, ahead of the date of the Court Meeting and the General Meeting and the corresponding proxy voting deadlines, the Morrisons Board will write to Morrisons Shareholders, Morrisons CSN Participants and participants in the Morrisons Share Plans and persons with information rights to update them on the results of the auction procedure and to confirm its recommendation as to the action that they should take. Morrisons will also make announcement through a Regulatory Information Service setting out the Morrisons Board's views on the revised offers (if any) announced by the offerors, including details of its advice and any intended recommendation to Morrisons Shareholders.

16.1 Sending Forms of Proxy by post or by hand

Morrisons Shareholders will receive a PINK Form of Proxy for the Court Meeting and a YELLOW Form of Proxy for the General Meeting. Please complete and sign the Forms of Proxy in accordance with the instructions printed on them and return them, either (i) by post or (ii) during normal business hours only, by hand to Morrisons' registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom, so as to be received as soon as possible and, in any event, not later than 12.30 p.m. and 12.45 p.m., respectively on 15 October 2021 (or, in the case of adjournment(s), not later than 48 hours (excluding non-working days) before the time fixed for the adjourned Meeting(s)). If the PINK Form of Proxy for the Court Meeting is not received by the above time, it may be handed to a representative of Equiniti Limited, on behalf of the Chair of the Court Meeting, or to the Chair of the Court Meeting, or emailed to proxyvotes@equiniti.com with the subject line "Wm Morrison Court Proxy" before the start of the Court Meeting and it will still be valid. However, in the case of the General Meeting, the YELLOW Form of Proxy must be received by the time mentioned above, or it will be invalid.

Morrisons Shareholders are entitled to appoint a proxy in respect of some or all of their Morrisons Shares and may also appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such holder. Morrisons Shareholders who wish to appoint more than one proxy in respect of their holding of Morrisons Shares should contact Equiniti Limited for further Forms of Proxy.

Completion and return of a Form of Proxy, or the appointment of a proxy electronically using CREST (or any other procedure described below), will not prevent you from attending, speaking and voting in person, or remotely via the Virtual Meeting Platform, at the Court Meeting or the General Meeting, or any adjournment thereof, if you wish and are entitled to do so.

16.2 Electronic appointment of proxies through CREST

If you hold your Morrisons Shares in uncertificated form (i.e. in CREST) you may vote using the CREST voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the notices of the Meetings set out in Part X (*Notice of Court Meeting*) and Part XI (*Notice of General Meeting*) of this document respectively). Proxies submitted via CREST (under CREST participant ID RA19) must be received by Morrisons' registrars, Equiniti Limited by no later than 12.30 p.m. on 15 October 2021 in the case of the Court Meeting and by no later than 12.45 p.m. on 15 October 2021 in the case of the General Meeting or, in the case of any adjournment, by no later than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the holding of the adjourned Meeting.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with the specifications of Euroclear and must contain the information required for such instructions as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy), must, in order to be valid, be transmitted so as to be received by Equiniti Limited (participant ID RA19) not less than 48 hours (excluding non-working days) before the time fixed for the Court Meeting or General Meeting (or adjourned Meeting), as applicable. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which Equiniti Limited is able to retrieve the message by enquiry to

CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed any voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Morrison's may treat as invalid a CREST Proxy Instruction in the circumstances set out in the CREST Regulations.

16.3 Electronic appointment of proxies through the Proximity Platform

Institutional investors in Morrison's may be able to appoint a proxy electronically via the Proximity Platform pursuant to a process which has been agreed by Morrison's and approved by Equiniti Limited. Further information is available on www.proximity.io. For an electronic appointment through the Proximity Platform to be valid it must be transmitted so as to be received by Proximity no later than 12.30 p.m. on 15 October 2021 for the Court Meeting and 12.45 p.m. on 15 October 2021 for the General Meeting or, if in either case the Meeting is adjourned, no later than 48 hours (excluding non-working days) before the time fixed for the adjourned Meeting. Before an institutional investor can appoint a proxy via the Proximity Platform, they will need to have agreed to Proximity's associated terms and conditions. Institutional investors intending to appoint a proxy electronically via the Proximity Platform are strongly encouraged to read these terms and conditions carefully as they will govern the electronic appointment of their proxy.

In the case of the Court Meeting only, if you have not appointed a proxy electronically by such time you may complete the PINK Form of Proxy and hand it to a representative of Equiniti Limited, on behalf of the Chair of the Court Meeting, or to the Chair of the Court Meeting or email it to proxyvotes@equiniti.com with the subject line "Wm Morrison Court Proxy" before the start of the Court Meeting and it will still be valid.

16.4 Online appointment of proxies

As an alternative to completing and returning the printed Forms of Proxy, Morrison's Shareholders entitled to attend and vote at the Meetings may appoint a proxy electronically by logging on to the following website: www.sharevote.co.uk and entering the voting ID, task ID and shareholder reference number shown on their Forms of Proxy or, alternatively, if they already have a portfolio registered with Equiniti Limited, by logging onto www.shareview.co.uk using their usual user ID and password. For an electronic proxy appointment to be valid, the appointment must be received by Equiniti Limited no later than 12.30 p.m. on 15 October 2021 for the Court Meeting and 12.45 p.m. on 15 October 2021 for the General Meeting or, if in either case the Meeting is adjourned, no later than 48 hours (excluding non-working days) before the time fixed for the adjourned Meeting. Full details of the procedure to be followed to appoint a proxy electronically are given on the website.

In the case of the Court Meeting only, if you have not appointed a proxy electronically by such time, you may complete the PINK Form of Proxy and hand it to a representative of Equiniti Limited, on behalf of the Chair of the Court Meeting, or to the Chair of the Court Meeting or email it to proxyvotes@equiniti.com with the subject line "Wm Morrison Court Proxy" before the start of the Court Meeting and it will still be valid.

16.5 Attendance at the Meetings

It is important that, for the Court Meeting in particular, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of Scheme Shareholder opinion. Whether or not you intend to attend the Court Meeting and/or the General Meeting in person, or remotely via the Virtual Meeting Platform, you are therefore strongly urged to complete and return both of your Forms of Proxy as soon as possible.

Scheme Shareholders and Morrisons Shareholders (and any of their duly appointed proxies and/or corporate representatives) will be able to (i) attend and vote at the Meetings in person or remotely via the Virtual Meeting Platform and (ii) submit questions and/or objections in person or remotely in writing via the Virtual Meeting Platform or orally by telephone.

The appointment of a proxy (online, electronically through CREST or by completing, signing and returning the Forms of Proxy by post or by any other procedure described in this document) will not prevent you from attending and voting at the Meetings in person or remotely via the Virtual Meeting Platform or submitting questions and/or objections in person or remotely in writing via the Virtual Meeting Platform or orally by telephone, if you are entitled to and wish to do so.

Please see the Virtual Meeting Guide for further information.

16.6 Morrisons CSN Participants

Morrisons CSN Participants have the right to instruct Equiniti Corporate Nominees Limited to vote on their behalf at the Court Meeting and the General Meeting in respect of the Morrisons Shares held on their behalf. PINK Forms of Instruction for the Court Meeting and YELLOW Forms of Instruction for the General Meeting should be returned by post to Equiniti Corporate Nominees Limited, c/o Morrisons' registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA as soon as possible and in any event so as to be received not later than 12.30 p.m. on 14 October 2021 for the Court Meeting and 12.45 p.m. on 14 October 2021 for the General Meeting.

16.7 Shareholder Helpline

If you have any questions in relation to this document, the Meetings, or the completion and return of the Forms of Proxy, please telephone the Shareholder Helpline between 8.30 a.m. and 5.30 p.m. Monday to Friday (except public holidays in England and Wales) on 0333 207 6394 from within the UK or +44 333 207 6394 if calling from outside the UK. International rates apply to calls from outside the UK. Calls may be randomly monitored for security and training purposes. The Shareholder Helpline cannot provide advice on the merits of the CD&R Offer or give any financial, legal or tax advice.

Yours truly

John Deans

Majid Ishaq

Stephen Griffiths

For and on behalf of
Rothschild & Co

**PART III — CONDITIONS TO AND CERTAIN FURTHER
TERMS OF THE CD&R OFFER AND THE SCHEME**

Part A: Conditions to the Scheme and the CD&R Offer

1. The CD&R Offer is conditional upon the Scheme becoming unconditional and becoming Effective, subject to the provisions of the Takeover Code, by no later than the Long Stop Date.

Scheme approval

2. The Scheme is conditional upon:
 - (a) (i) its approval by a majority in number representing not less than 75 per cent. in value of Scheme Shareholders who are on the register of members of Morrisons (or the relevant class or classes thereof) at the Voting Record Time, present and voting (and entitled to vote), whether in person or by proxy, at the Court Meeting and at any separate class meeting which may be required (or any adjournment thereof), and
 - (ii) such Court Meeting (and any separate class meeting which may be required) being held on or before the 22nd day after the expected date of the Court Meeting (being 19 October 2021) (or such later date as may be agreed between Bidco and Morrisons with the consent of the Panel (and that the Court may approve if required));
 - (b) (i) the Resolution being duly passed at the General Meeting (or any adjournment thereof); and
 - (ii) such General Meeting being held on or before the 22nd day after the expected date of the General Meeting (being 19 October 2021) (or such later date as may be agreed between Bidco and Morrisons with the consent of the Panel (and that the Court may approve if required)); and
 - (c) (i) the sanction of the Scheme by the Court (with or without modification (but subject to any such modification being acceptable to Bidco and Morrisons)) and the delivery of the copy of the Scheme Court Order to the Registrar of Companies; and
 - (ii) the Scheme Court Hearing being held on or before the 22nd day after the expected date of the Scheme Court Hearing (being 25 October 2021) (or such later date as may be agreed between Bidco and Morrisons with the consent of the Panel (and that the Court may approve)).

Other conditions

3. In addition, subject as stated in Part B below and to the requirements of the Panel, Bidco and Morrisons have agreed that the CD&R Offer is conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme Effective will not be taken unless the following Conditions (as amended, if appropriate) have been satisfied or, where relevant, waived:

UK merger control

- (A) no Initial Enforcement Order being in force that would make completion of the CD&R Offer illegal and/or invalid;

Other Third Party clearances

- (B) other than in respect of the Condition set out in paragraph 3(A) above, all necessary filings or applications having been made in connection with the CD&R Offer and all statutory or regulatory obligations in any jurisdiction having been complied with in connection with the CD&R Offer or the acquisition by any member of the Wider Bidco Group of any shares or other securities in, or control of, Morrisons and all authorisations, orders, grants, recognitions, determinations, confirmations, consents, licences, clearances, permissions, exemptions and approvals reasonably deemed necessary or appropriate by Bidco or any member of the Wider Bidco Group for or in respect of the CD&R Offer, including without limitation, its implementation and financing or the proposed direct or indirect acquisition of any shares or other securities in, or control of, Morrisons or any member of the Wider Morrisons Group by any member of the Wider Bidco Group having been obtained in terms and in a form satisfactory to Bidco from all appropriate Third Parties or persons with whom any member of the Wider Morrisons Group has

entered into contractual arrangements and all such material authorisations, orders, grants, recognitions, determinations, confirmations, consents, licences, clearances, permissions, exemptions and approvals necessary or appropriate to carry on the business of any member of the Wider Morrisons Group which is material in the context of the Bidco Group or the Morrisons Group as a whole or of the financing of the CD&R Offer remaining in full force and effect and all filings necessary for such purpose having been made and there being no notice or intimation of any intention to revoke or not to renew any of the same at the time at which the CD&R Offer becomes otherwise unconditional and all necessary statutory or regulatory obligations in any jurisdiction having been complied with;

- (C) other than in respect of the Condition set out in paragraph 3(A) above, no relevant government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, court, trade agency, association, institution, any entity owned or controlled by any relevant government or state, or any other body or person whatsoever in any jurisdiction (each a “**Third Party**”) having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and, in each case, not having withdrawn the same), or having enacted, made or proposed any statute, regulation, decision or order, or change to published practice or having taken any other steps, and there not continuing to be outstanding any statute, regulation, decision or order, which in each case would reasonably be expected to:
- (i) require, prevent or materially delay the divestiture, or materially alter the terms envisaged for any proposed divestiture by any member of the Wider Bidco Group or any member of the Wider Morrisons Group of all or any portion of their respective businesses, assets or property or impose any limitation on the ability of any of them to conduct their respective businesses (or any of them) or to own any of their respective assets or properties or any part thereof which, in any such case, is material in the context of the Wider Bidco Group or the Wider Morrisons Group in either case taken as a whole;
 - (ii) require, prevent or materially delay the divestiture by any member of the Wider Bidco Group of any shares or other securities in Morrisons;
 - (iii) impose any material limitation on, or result in a delay in, the ability of any member of the Wider Bidco Group directly or indirectly to acquire or to hold or to exercise effectively any rights of ownership in respect of shares or loans or securities convertible into shares or any other securities (or the equivalent) in any member of the Wider Morrisons Group or the Wider Bidco Group or to exercise voting or management control over any such member;
 - (iv) otherwise adversely affect the business, assets, profits or prospects of any member of the Wider Bidco Group or of any member of the Wider Morrisons Group to an extent which is material in the context of the Wider Bidco Group or the Wider Morrisons Group in either case taken as a whole;
 - (v) make the Scheme or the CD&R Offer or, in each case, its implementation or the acquisition or proposed acquisition by Bidco or any member of the Wider Bidco Group of any shares or other securities in, or control of Morrisons void, illegal, and/or unenforceable under the laws of any jurisdiction, or otherwise, directly or indirectly, restrain, restrict, prohibit, delay or otherwise interfere with the same, or impose additional conditions or obligations with respect thereto;
 - (vi) require any member of the Wider Bidco Group or the Wider Morrisons Group to offer to acquire any shares or other securities (or the equivalent) or interest in any member of the Wider Morrisons Group or the Wider Bidco Group owned by any third party;
 - (vii) impose any limitation on the ability of any member of the Wider Morrisons Group to co-ordinate its business, or any part of it, with the businesses of any other members which is adverse to and material in the context of the Wider Morrisons Group taken as a whole or in the context of the CD&R Offer; or
 - (viii) result in any member of the Wider Morrisons Group ceasing to be able to carry on business under any name under which it presently does so, and all applicable waiting and other time periods (including any extensions thereof) during which any such Third Party could institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or any other step under the laws of any jurisdiction in respect of the Scheme or the CD&R Offer or

the acquisition or proposed acquisition of any Morrisons Shares having expired, lapsed or been terminated;

Confirmation of absence of adverse circumstances.

(D) save as Disclosed, there being no provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider Morrisons Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, or any circumstance which in consequence of the CD&R Offer or the acquisition or proposed acquisition of any shares or other securities (or equivalent) in Morrisons or because of a change in the control or management of Morrisons or otherwise would reasonably be expected to result in any of the following to an extent which is material and adverse in the context of the Wider Morrisons Group, or the Wider Bidco Group, in either case taken as a whole, or in the context of the CD&R Offer:

- (i) any moneys borrowed by or any other indebtedness or liabilities (actual or contingent) of, or grant available to any such member, being or becoming repayable or capable of being declared repayable immediately or earlier than their or its stated maturity date or repayment date or the ability of any such member to borrow moneys or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
- (ii) any such agreement, arrangement, licence, permit or instrument or the rights, liabilities, obligations or interests of any such member thereunder being terminated or adversely modified or adversely affected or any obligation or liability arising or any adverse action being taken or arising thereunder;
- (iii) any asset or interest of any such member being or failing to be disposed of or charged or ceasing to be available to any such member or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any such member otherwise than in the ordinary course of business;
- (iv) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interest of any such member;
- (v) the rights, liabilities, obligations or interests of any such member, or the business of any such member with, any person, firm, company or body (or any arrangement or arrangements relating to any such interest or business) being terminated, adversely modified or affected;
- (vi) the value of any such member or its financial or trading position or prospects being prejudiced or adversely affected;
- (vii) any such member ceasing to be able to carry on business under any name under which it presently does so; or
- (viii) the creation or acceleration of any liability, actual or contingent, by any such member other than trade creditors or other liabilities incurred in the ordinary course of business or in connection with the CD&R Offer,

and, save as Disclosed, no event having occurred which, under any provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider Morrisons Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, would reasonably be expected to result in any of the events or circumstances as are referred to in sub-paragraphs 3(D)(i) to (viii) above, in each case to the extent material in the context of the Wider Morrisons Group taken as a whole;

No material transactions, claims or changes in the conduct of the business of the Morrisons Group

- (E) save as Disclosed, no member of the Wider Morrisons Group having, since 31 January 2021:
- (i) save as between Morrisons and wholly-owned subsidiaries of Morrisons or for Morrisons Shares issued under or pursuant to the exercise of options and vesting of awards granted under the Morrisons Share Plans, issued or agreed to issue, authorised or proposed the issue of additional shares of any class;
 - (ii) save as between Morrisons and wholly-owned subsidiaries of Morrisons or for the grant of options and awards and other rights under the Morrisons Share Plans, issued or agreed to

- issue, authorised or proposed the issue of securities convertible into shares of any class or rights, warrants or options to subscribe for, or acquire, any such shares or convertible securities;
- (iii) other than to another member of the Morrisons Group, prior to the CD&R Offer becoming Effective, recommended, declared, paid or made any dividend or other distribution payable in cash or otherwise or made any bonus issue;
 - (iv) save for intra-Morrisons Group transactions, merged or demerged with any body corporate or acquired or disposed of or transferred, mortgaged or charged or created any security interest over any assets or any right, title or interest in any asset (including shares and trade investments) or authorised or proposed or announced any intention to propose any merger, demerger, disposal, transfer, mortgage, charge or security interest, in each case, other than in the ordinary course of business and, in each case, to the extent which is material in the context of the Wider Morrisons Group taken as a whole;
 - (v) save for intra-Morrisons Group transactions, made or authorised or proposed or announced an intention to propose any change in its loan capital in each case, to the extent which is material in the context of the Wider Morrisons Group taken as a whole;
 - (vi) issued, authorised or proposed the issue of, or made any change in or to, any debentures or (save for intra- Morrisons Group transactions), save in the ordinary course of business, incurred or increased any indebtedness or become subject to any contingent liability;
 - (vii) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect to the matters mentioned in sub-paragraphs (i) or (ii) above, made any other change to any part of its share capital in each case, to the extent which is material in the context of the Wider Morrisons Group taken as a whole;
 - (viii) save for intra-Morrisons Group transactions, implemented, or authorised, proposed or announced its intention to implement, any reconstruction, merger, demerger, amalgamation, scheme, commitment or other transaction or arrangement otherwise than in the ordinary course of business;
 - (ix) entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude or which involves or could reasonably be expected to involve an obligation of such a nature or magnitude other than in the ordinary course of business, in each case, to the extent which is material in the context of the Wider Morrisons Group taken as a whole;
 - (x) (other than in respect of a member which is dormant and was solvent at the relevant time) taken any corporate action or steps or had any legal proceedings started or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up, dissolution or reorganisation or for the appointment of a receiver, administrative receiver, administrator, manager, trustee or similar officer of all or any part of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed, in each case, to the extent which is material in the context of the Wider Morrisons Group taken as a whole;
 - (xi) entered into any contract, transaction or arrangement which would be restrictive on the business of any member of the Wider Morrisons Group or the Wider Bidco Group other than of a nature and extent which is normal in the context of the business concerned;
 - (xii) waived or compromised any claim otherwise than in the ordinary course of business which is material in the context of the Wider Morrisons Group taken as a whole;
 - (xiii) made any material alteration to its memorandum or articles of association or other incorporation documents;
 - (xiv) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend)

payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;

(xv) entered into any contract, commitment, arrangement or agreement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced any intention to, or proposed to, effect any of the transactions, matters or events referred to in this paragraph 3(E);

(xvi) made or agreed or consented to any change to:

(a) the terms of the trust deeds constituting the pension scheme(s) established by any member of the Wider Morrisons Group for its directors, employees or their dependents, including the Morrisons Pension Schemes;

(b) the contributions payable to any such scheme(s) or to the benefits which accrue or to the pensions which are payable thereunder;

(c) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or

(d) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued or made,

(e) in each case, to the extent which is material in the context of the Wider Morrisons Group taken as a whole;

(xvii) proposed, agreed to provide or modified the terms of any of the Morrisons Share Plans or other benefit constituting a material change relating to the employment or termination of employment of a material category of persons employed by the Wider Morrisons Group or which constitutes a material change to the terms or conditions of employment of any senior employee of the Wider Morrisons Group, save as agreed by the Panel (if required) and by Bidco, or entered into or changed the terms of or made any offer (which remains open for acceptance) to enter into or change the terms of any contract with any director or senior executive;

(xviii) taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of Morrisons Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the Takeover Code;

(xix) entered into or varied in a material way the terms of, any contracts, agreement or arrangement with any of the directors or senior executives of any members of the Wider Morrisons Group; or

(xx) waived or compromised any claim which is material in the context of the Wider Morrisons Group taken as a whole, otherwise than in the ordinary course.

No material adverse change

(F) save as Disclosed, since 31 January 2021:

(i) no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or operational performance of any member of the Wider Morrisons Group which, in any such case, is material and adverse in the context of the Wider Morrisons Group taken as a whole;

(ii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider Morrisons Group is or may become a party (whether as a plaintiff, defendant or otherwise) and no enquiry, review or investigation by, or complaint or reference to, any Third Party or other investigative body against or in respect of any member of the Wider Morrisons Group having been instituted, announced, implemented or threatened by or against or remaining outstanding in respect of any member of the Wider Morrisons Group which in any such case has had or would reasonably be expected to have a material adverse effect on the Wider Morrisons Group taken as a whole;

(iii) no contingent or other liability of any member of the Wider Morrisons Group having arisen or become apparent to Bidco or increased which has had or might reasonably be expected to

have an adverse effect on the Wider Morrisons Group taken as a whole; or in the context of the CD&R Offer;

- (iv) no enquiry or investigation by, or complaint or reference to, any Third Party having been threatened, announced, implemented, instituted by or remaining outstanding against or in respect of any member of the Wider Morrisons Group which in any case is material in the context of the Wider Morrisons Group taken as a whole;
- (v) no member of the Wider Morrisons Group having conducted its business in breach of any applicable laws and regulations and which is material in the context of the Wider Morrisons Group taken as a whole; and
- (vi) no steps having been taken which are likely to result in the withdrawal, cancellation, termination or modification of any licence or permit held by any member of the Wider Morrisons Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which has had, or would reasonably be expected to have, a material adverse effect on the Wider Morrisons Group taken as a whole;

(G) save as Disclosed, Bidco not having discovered:

- (i) that any financial, business or other information concerning the Wider Morrisons Group as contained in the information publicly disclosed at any time by or on behalf of any member of the Wider Morrisons Group is materially misleading, contains a material misrepresentation of fact or omits to state a fact necessary to make that information not misleading and which was not subsequently corrected before the Announcement Date by disclosure either publicly or otherwise to Bidco or its professional advisers, in each case, to the extent which is material in the context of the Wider Morrisons Group taken as a whole;
- (ii) that any member of the Wider Morrisons Group or partnership, company or other entity in which any member of the Wider Morrisons Group has a significant economic interest and which is not a subsidiary undertaking of Morrisons, is subject to any liability (contingent or otherwise), in each case, to the extent which is material in the context of the Wider Morrisons Group taken as a whole; or
- (iii) any information which affects the import of any information disclosed at any time by or on behalf of any member of the Wider Morrisons Group and which is material in the context of the Wider Morrisons Group taken as a whole;

Environmental liabilities

(H) save as Disclosed, Bidco not having discovered that:

- (i) any past or present member of the Wider Morrisons Group has failed to comply with any and/or all applicable legislation or regulation, of any jurisdiction with regard to the use, treatment, handling, storage, carriage, disposal, spillage, release, discharge, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health or animal health or otherwise relating to environmental matters or the health and safety of humans, or that there has otherwise been any such use, treatment, handling, storage, carriage, disposal, spillage, release, discharge, leak or emission (whether or not the same constituted a non-compliance by any person with any such legislation or regulations, and wherever the same may have taken place) any of which storage, carriage, disposal, spillage, release, discharge, leak or emission would be likely to give rise to any liability (actual or contingent) or cost on the part of any member of the Wider Morrisons Group and which is material in the context of the Wider Morrisons Group taken as a whole;
- (ii) there is, or is likely to be, for any reason whatsoever, any material liability (actual or contingent) of any past or present member of the Wider Morrisons Group to make good, remediate, repair, reinstate or clean up any property or any controlled waters now or previously owned, occupied, operated or made use of or controlled by any such past or present member of the Wider Morrisons Group (or on its behalf) or by any person for which a member of the Wider Morrisons Group is or has been responsible, or in which any such member may have or previously have had or be deemed to have had an interest, under any

environmental legislation, regulation, notice, circular or order of any Third Party and which is material in the context of the Wider Morrisons Group taken as a whole;

- (iii) circumstances exist (whether as a result of the CD&R Offer or otherwise) which would be reasonably likely to lead to any Third Party instituting, or whereby any member of the Wider Bidco Group or any present or past member of the Wider Morrisons Group would be likely to be required to institute, an environmental audit or take any other steps which would in any such case be reasonably likely to result in any material liability (whether actual or contingent) to improve, modify existing or install new plant, machinery or equipment or carry out changes in the processes currently carried out or make good, remediate, repair, re-instate or clean up any land or other asset currently or previously owned, occupied or made use of by any past or present member of the Wider Morrisons Group (or on its behalf) or by any person for which a member of the Wider Morrisons Group is or has been responsible, or in which any such member may have or previously have had or be deemed to have had an interest which is material in the context of the Wider Morrisons Group taken as a whole; or
- (iv) circumstances exist whereby a person or class of persons would be likely to have any claim or claims in respect of any product or process of manufacture or materials used therein currently or previously manufactured, sold or carried out by any past or present member of the Wider Morrisons Group which claim or claims would be likely, materially and adversely, to affect any member of the Wider Morrisons Group and which is material in the context of the Wider Morrisons Group taken as a whole or the CD&R Offer; and

Anti-corruption, economic sanctions, criminal property and money laundering

- (l) save as Disclosed, Bidco not having discovered that:
 - (i) any:
 - (a) past or present member, director, officer or employee of the Wider Morrisons Group is or has at any time engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption or anti-bribery legislation; or
 - (b) any person that performs or has performed services for or on behalf of the Wider Morrisons Group is or has at any time engaged in any activity, practice or conduct in connection with the performance of such services which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption or anti-bribery legislation; or
 - (ii) any asset of any member of the Wider Morrisons Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition) or proceeds of crime under any other applicable law, rule, or regulation concerning money laundering or proceeds of crime or any member of the Wider Morrisons Group is found to have engaged in activities constituting money laundering under any applicable law, rule, or regulation concerning money laundering; or
 - (iii) any past or present member, director, officer or employee of the Wider Morrisons Group, or any other person for whom any such person may be liable or responsible, is or has engaged in any conduct which would violate applicable economic sanctions or dealt with, made any investments in, made any funds or assets available to or received any funds or assets from:
 - (a) any government, entity or individual in respect of which US, UK or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US, UK or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control, or Her Majesty's Revenue and Customs; or
 - (b) any government, entity or individual targeted by any of the economic sanctions of the United Nations or the European Union or any of their respective member states; or
 - (iv) any past or present member, director, officer or employee of the Wider Morrisons Group, or any other person for whom any such person may be liable or responsible:

- (a) has engaged in conduct which would violate any relevant anti-terrorism laws, rules, or regulations, including but not limited to the U.S. Anti-Terrorism Act; or
- (b) has engaged in conduct which would violate any relevant anti-boycott law, rule, or regulation or any applicable export controls, including but not limited to the Export Administration Regulations administered and enforced by the U.S. Department of Commerce or the International Traffic in Arms Regulations administered and enforced by the U.S. Department of State; or
- (c) has engaged in conduct which would violate any relevant laws, rules, or regulations concerning human rights, including but not limited to any law, rule, or regulation concerning false imprisonment, torture or other cruel and unusual punishment, or child labour; or
- (d) is debarred or otherwise rendered ineligible to bid for or to perform contracts for or with any government, governmental instrumentality, or international organization or found to have violated any applicable law, rule, or regulation concerning government contracting or public procurement; or
- (v) any member of the Wider Morrisons Group is or has been engaged in any transaction which would cause Bidco to be in breach of any law or regulation upon its offer for Morrisons, including but not limited to the economic sanctions of the United States Office of Foreign Assets Control, or Her Majesty's Revenue and Customs, or any other relevant government authority.

Part B: Further terms of the CD&R Offer

1. Subject to the requirements of the Panel and the Takeover Code, Bidco reserves the right in its sole discretion to waive:
 - (a) the deadline set out in paragraph 1 of Part A of this Part III (*Conditions to and certain further terms of the CD&R Offer and the Scheme*), and any of the deadlines set out in paragraph 2 of Part A of this Part III (*Conditions to and certain further terms of the CD&R Offer and the Scheme*) for the timing of the Court Meeting, General Meeting and the Scheme Court Hearing. If any such deadline is not met, Bidco shall make an announcement by 7.00 a.m. on the Business Day following such deadline confirming whether it has invoked or waived the relevant Condition or agreed with Morrisons to extend the deadline in relation to the relevant Condition; and
 - (b) in whole or in part, all or any of the Conditions set out in paragraphs 3(A) to 3(I) (inclusive) of Part A of this Part III (*Conditions to and certain further terms of the CD&R Offer and the Scheme*).
2. Bidco shall be under no obligation to waive or treat as satisfied any of the Conditions that it is entitled (with the consent of the Panel and subject to the requirements of the Takeover Code) to invoke, by a date earlier than the latest date specified above for the fulfilment or waiver thereof, notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.
3. If Bidco is required by the Panel to make an offer for Morrisons Shares under the provisions of Rule 9 of the Takeover Code, Bidco may make such alterations to any of the above Conditions and the terms of the CD&R Offer as are necessary to comply with the provisions of Rule 9 of the Takeover Code.
4. Under Rule 13.5(a) of the Takeover Code, Bidco may not invoke a Condition so as to cause the CD&R Offer not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the Condition are of material significance to Bidco in the context of the CD&R Offer. The Conditions set out in paragraphs 1 and 2 of Part A of this Part III (*Conditions to and certain further terms of the CD&R Offer and the Scheme*) and, if applicable, any acceptance condition if the CD&R Offer is implemented by means of a Takeover Offer, are not subject to this provision of the Takeover Code. Bidco may only invoke a Condition that is subject to Rule 13.5(a) with the consent of the Panel and any Condition that is subject to Rule 13.5(a) may be waived by Bidco.

5. Bidco reserves the right to elect to implement the CD&R 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 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 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, 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 Bidco to apply the provisions of the Companies Act to acquire compulsorily any outstanding Morrisons Shares to which such Takeover Offer relates.
6. The CD&R Offer will lapse if the European Commission either initiates proceedings under Article 6(1)(c) of Council Regulation (EC) 139/2004/EC, or the CD&R Offer otherwise becomes subject to a Phase 2 CMA Reference, in each case before 1.00 p.m. on or before the later of the date of the Court Meeting and the date of the General Meeting. In such event, Morrisons will not be bound by the terms of the Scheme.
7. The CD&R Offer is governed by the laws of England and Wales and is subject to the jurisdiction of the English courts and to the Conditions set out above. The Scheme is subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange, the Listing Rules, the FCA and the Registrar of Companies.
8. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.
9. The Morrisons Shares will be acquired pursuant to the CD&R 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.
10. If, on or after the Announcement Date and before the Effective Date, any dividend, distribution or other return of capital or value is announced, declared, made or paid by Morrisons or becomes payable by Morrisons in respect of the Morrisons Shares, Bidco reserves the right (without prejudice to any right of Bidco, with the consent of the Panel, to invoke the Condition set out in paragraph 3(E)(iii) of Part A of this Part III (*Conditions to and certain further terms of the CD&R Offer and the Scheme*)) to reduce the CD&R Offer Value payable under the terms of the CD&R Offer for the Morrisons Shares by an amount equal to the aggregate amount of such dividend, distribution or other return of capital or value. In such circumstances, Morrisons Shareholders would be entitled to receive and retain any such dividend, distribution or return of capital or value. Any exercise by Bidco of its rights referred to in this paragraph 10 shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the CD&R Offer.
11. To the extent that a dividend, distribution or other return of capital or value has been declared, paid, made or is payable and is or shall be: (i) transferred pursuant to the CD&R Offer on a basis which entitles Bidco to receive the dividend, distribution or other return of capital or value and to retain it; or (ii) cancelled, the consideration payable and the CD&R Offer Value shall not be subject to change and shall not be reduced in accordance with paragraph 10 of Part B of this Part III (*Conditions to and certain further terms of the CD&R Offer and the Scheme*).
12. The CD&R Offer is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of 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.
13. The availability of the CD&R Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about and observe any applicable requirements.

PART IV — THE SCHEME OF ARRANGEMENT

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS
OF ENGLAND AND WALES
COMPANIES COURT (ChD)

CR-2021-001331

IN THE MATTER OF WM MORRISON SUPERMARKETS PLC

-AND-

IN THE MATTER OF THE COMPANIES ACT 2006

SCHEME OF ARRANGEMENT

(under Part 26 of the Companies Act 2006)

between

WM MORRISON SUPERMARKETS PLC

and

THE HOLDERS OF ITS SCHEME SHARES

(as each is hereinafter defined)

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions have the following meanings:

“associated undertaking”	shall be construed in accordance with paragraph 19 of Schedule 6 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) (but for this purpose ignoring paragraph 19(1)(b) of Schedule 6 to those regulations);
“Bidco”	Market Bidco Limited, a private limited company incorporated in England and Wales with registered number 13537474 whose registered office is at C/O Alter Domus (UK) Limited, 18 St Swithin’s Lane, London, United Kingdom, EC4N 8AD;
“Bidco Group”	Bidco and its subsidiary undertakings from time to time;
“Business Day”	a day, not being a public holiday, Saturday or Sunday, on which clearing banks in London are open for normal business;
“certificated” or “in certificated form”	a share or other security which is not in uncertificated form (that is, not in CREST);
“CD&R ”	Clayton, Dubilier & Rice, LLP in its capacity as adviser to Clayton, Dubilier & Rice, LLC as manager of CD&R Fund XI;
“CD&R Fund XI”	Clayton, Dubilier & Rice Fund XI, L.P., Clayton, Dubilier & Rice XI-A, L.P., CD&R Advisor Fund XI, L.P. and Clayton, Dubilier & Rice XI (Scotland), L.P., as the context requires;

“CD&R Offer”	the proposed offer for the entire issued and to be issued share capital of Morrisons by Bidco, to be effected by this Scheme;
“Companies Act”	the Companies Act 2006, as amended from time to time;
“Company”	Wm Morrison Supermarkets PLC, a company incorporated in England and Wales with registered number 00358949;
“Consideration”	the cash amount of 285 pence per Scheme Share, payable by Bidco to the Scheme Shareholders on the register of members of the Company at the Scheme Record Time pursuant to the Scheme;
“Court”	the High Court of Justice of England and Wales;
“Court Meeting”	the meeting of Scheme Shareholders to be convened at the direction of the Court pursuant to Part 26 of the Companies Act for the purpose of considering and, if thought fit, approving this Scheme (with or without amendment) and any adjournment thereof;
“CREST”	the relevant system to facilitate the transfer of title to shares in uncertificated form (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations);
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended from time to time);
“Effective Date”	the date on which this Scheme becomes effective;
“Electronic Payment Mandate”	a standing electronic payment mandate with the Registrars for the purpose of receiving dividend payments from Morrisons in pounds sterling;
“Euroclear”	Euroclear UK & Ireland Limited;
“Excluded Shares”	any Morrisons Shares (a) registered in the name of, or beneficially owned by, Bidco, any member of the Bidco Group or their respective nominees, (b) registered in the name of, or beneficially owned by, funds managed by CD&R or any of their subsidiary undertakings or their respective nominees or (c) Treasury Shares;
“General Meeting”	the general meeting of Morrisons Shareholders to be convened to consider and if thought fit pass, inter alia, the Resolution in relation to the Scheme and the CD&R Offer, including any adjournment thereof;
“holder”	a registered holder (including any person(s) entitled by transmission);
“Last Practicable Date”	close of business on 23 September 2021 (being the last practicable date prior to publication of the Scheme Document);
“Morrisons Directors”	the directors of Morrisons as at the date of the Scheme Document;
“Morrisons DSBPs”	the 2010 Wm Morrison Supermarkets Deferred Share Bonus Plan adopted by the Morrisons Board on 8 July 2010 and the 2020 Wm Morrison Supermarkets Deferred Share Bonus Plan adopted by the Morrisons Board on 12 November 2020;
“Morrisons LTIPs”	the 2007 Wm Morrison Supermarkets Long Term Incentive Plan approved by the shareholders of Morrisons on 24 May 2007 and the Wm Morrison Supermarkets 2017 Long Term

	Incentive Plan approved by the shareholders of Morrisons on 15 June 2017;
“Morrisons Shareholder(s)”	the registered holders of Morrisons Shares from time to time;
“Morrisons Share Plans”	the Morrisons DSBPs, the Morrisons LTIPs and the Morrisons Sharesaves;
“Morrisons Shares”	the ordinary shares of 10 pence each in the capital of Morrisons from time to time;
“Morrisons Sharesaves”	the Wm Morrison Supermarkets PLC Sharesave Scheme 2010 approved by the shareholders of Morrisons on 3 June 2010 and the Wm Morrison Supermarkets Sharesave Scheme 2020 adopted by the Morrisons Board on 11 June 2020;
“Panel”	the Panel on Takeovers and Mergers of the United Kingdom;
“Registrar of Companies”	the Registrar of Companies in England and Wales;
“Registrars”	Equiniti Limited, the Company’s registrars;
“Scheme”	this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court;
“Scheme Court Hearing”	the hearing by the Court of the application to sanction the Scheme under Part 26 of the Companies Act;
“Scheme Document”	the circular to the Morrisons Shareholders published by the Company on 25 September 2021 in connection with this Scheme;
“Scheme Record Time”	6.00 p.m. on the Business Day immediately after the date of the Scheme Court Hearing;
“Scheme Shareholder”	a holder of Scheme Shares at any relevant date or time;
“Scheme Shares”	all Morrisons Shares: <ul style="list-style-type: none"> (a) in issue at the date of the Scheme Document; (b) (if any) issued after the date of the Scheme Document but prior to the Voting Record Time; and (c) (if any) issued at or after the Voting Record Time and prior to the Scheme Record Time in respect of which the original or any subsequent holder thereof is bound by the Scheme, or shall by such time have agreed in writing to be bound by the Scheme, excluding any Excluded Shares;
“subsidiary”	has the meaning given in section 1159 of the Companies Act 2006;
“subsidiary undertaking”	has the meaning given in section 1162 of the Companies Act 2006;
“Takeover Code ”	the City Code on Takeovers and Mergers issued by the Panel, as amended from time to time;
“Treasury Shares ”	Morrisons Shares held as treasury shares as defined in section 724(5) of the Companies Act;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“uncertificated” or “in uncertificated form”	a share or other security recorded on the relevant register as being held in uncertificated form and title to which may, by

virtue of the CREST Regulations, be transferred by means of CREST; and

“Voting Record Time” 6.30 p.m. on the day which is two Business Days prior to the date of the Court Meeting or any adjournment thereof (as the case may be).

- (B) As at the Last Practicable Date, the issued ordinary share capital of the Company was £241,945,749 divided into 2,419,457,489 ordinary shares of 10 pence each (excluding ordinary shares held in treasury) all of which are credited as fully paid. As at the Last Practicable Date, the Company does not hold any ordinary shares in treasury.
- (C) As at the Last Practicable Date, options and awards to acquire up to 108,431,936 Morrisons Shares have been granted pursuant to the Morrisons Share Plans and remain unexercised and/or unvested. It is anticipated that awards and options over up to 50,266,097 Morrisons Shares will vest or become exercisable if the Court sanctions the Scheme.
- (D) Bidco was incorporated on 29 July 2021 under the laws of England and Wales as a private company limited by shares with registered number 13537474 for the purpose of carrying out the CD&R Offer.
- (E) As at the Last Practicable Date, none of the companies in the Bidco Group held any Morrisons Shares.
- (F) Bidco has agreed to instruct counsel to appear on its behalf at the Scheme Court Hearing and to undertake to the Court to be bound by the terms of this Scheme and to execute and do, or procure to be executed and done, all such documents, acts or things as may be necessary or desirable to be executed or done by it or on its behalf for the purpose of giving effect to this Scheme.
- (G) References to times are to London time.
- (H) References to £ and pence are to the lawful currency of the United Kingdom.
- (I) References to clauses are to clauses of this Scheme.

THE SCHEME

1. Transfer of Scheme Shares

- (a) On the Effective Date, Bidco (and/or its nominee(s)) shall acquire all of the Scheme Shares, 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.
- (b) For such purposes, the Scheme Shares shall be transferred to Bidco (and/or its nominee(s)) by means of a stock transfer form (or stock transfer forms) or other form of transfer or instrument or instruction of transfer and to give effect to such transfers any person may be appointed by Bidco as attorney and/or agent and/or otherwise and shall be authorised as such attorney and/or agent and/or otherwise on behalf of the relevant holder of Scheme Shares to execute and deliver as transferor such form (or forms) of transfer or other instrument or instruction of transfer (whether as a deed or otherwise) of such Scheme Shares and every form, instrument or instruction of transfer so executed shall be as effective as if it had been executed by the holder or holders of the Scheme Shares thereby transferred. Such instrument, form of transfer or instruction of transfer shall be deemed to be the principal instrument of transfer and the equitable or beneficial interest in the Scheme Shares shall only be transferred to Bidco (and/or its nominee(s)), together with the legal interest in such Scheme Shares, pursuant to such instruction, form or instrument of transfer.
- (c) With effect from the Effective Date and until the register of members of the Company is updated to reflect the transfer of the Scheme Shares to Bidco (and/or its nominee(s)) pursuant to clause 1(b):
- (i) each Scheme Shareholder irrevocably appoints Bidco and/or its nominee(s) as its attorney and/or agent and/or otherwise to:
- (A) sign on behalf of such Scheme Shareholder such documents, and do such things, as may in the opinion of one or more of the attorneys be necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the relevant Scheme Shares;
- (B) without limiting the generality of clause 1(c)(i)(A), exercise on its behalf or refrain from exercising (in place of and to the exclusion of the relevant Scheme Shareholder) any voting rights attached to its Scheme Shares and any or all rights and privileges attaching to its Scheme Shares, to sign any consent to short notice of a general or separate class meeting and to attend and/or execute a form of proxy in respect of its Scheme Shares appointing any person nominated by Bidco to attend general and separate class meetings of the Company; and
- (C) authorise the Company and/or its agents to send to Bidco any notice, circular, warrant or other document or communication which may be required to be sent to it as a member of the Company, such that from the Effective Date, no Scheme Shareholder shall be entitled to exercise any voting rights attached to the Scheme Shares or any other rights or privileges attaching to the Scheme Shares; and
- (ii) each Scheme Shareholder irrevocably undertakes: (i) not to exercise any votes or any other rights attaching to the relevant Scheme Shares without the consent of Bidco; and (ii) not to appoint a proxy or representative for or to attend any general meeting or separate class meeting of the Company.

2. Consideration for the transfer of Scheme Shares

- (a) In consideration of the transfer of the Scheme Shares to Bidco (and/or its nominee(s)), Bidco shall, subject to the remaining provisions of this Scheme, pay or procure that there shall be paid to or for the account of each Scheme Shareholder (as appearing in the register of members of

Morrisons at the Scheme Record Time) 285 pence in cash per Scheme Share held by the Scheme Shareholder at the Scheme Record Time.

- (b) If prior to the Effective Date, any dividend, distribution or other return of capital or value is announced, declared, made or paid by Morrisons or becomes payable by Morrisons in respect of Scheme Shares, Bidco reserves the right to reduce the Consideration payable under the terms of the Scheme at such date by an amount up to the amount of such dividend, distribution or other return of capital or value. If any such dividend, distribution or other return of capital or value occurs, any reference in this Scheme to the Consideration payable under the Scheme will be deemed to be a reference to the Consideration as so reduced and Scheme Shareholders will be entitled to receive and retain the amount by reference to which the Consideration has been so reduced. The exercise of such rights shall not be regarded as constituting any revision or variation of the terms of the Scheme.
- (c) To the extent that any dividend, distribution or other return of capital or value is announced, declared, paid or made or becomes payable by Morrisons in respect of Scheme Shares and it is:
 - (i) transferred pursuant to the Scheme on a basis which entitles Bidco to receive and retain it or
 - (ii) cancelled, the Consideration payable under the Scheme shall not be subject to change in accordance with clause 2(b).

3. Settlement

(a) Settlement shall be effected as follows:

- (i) where, immediately prior to the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form and:
 - (A) such Scheme Shareholder has set up an Electronic Payment Mandate, settlement of any Consideration to which the Scheme Shareholder is entitled shall (subject to (C)) be settled by Bidco by electronic transfer to the account indicated in such Electronic Payment Mandate; or
 - (B) such Scheme Shareholder has not set up an Electronic Payment Mandate, settlement of any Consideration to which the Scheme Shareholder is entitled shall be settled by Bidco by cheque. Cheques shall be despatched as soon as practicable after the Effective Date, and in any event within 14 days of the Effective Date; or
 - (C) such Scheme Shareholder has not set up an Electronic Payment Mandate but has acquired Scheme Shares after the Scheme Court Hearing pursuant to one of the Morrisons Share Plans, settlement of any Consideration to which the Scheme Shareholder is entitled may, at Bidco's discretion, be paid electronically to the account for that Scheme Shareholder notified to Bidco or any agent of Bidco as soon as practicable after the Effective Date and in any event within 14 days of the Effective Date; and
 - (ii) where, immediately prior to the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in uncertificated form, settlement of any Consideration to which the Scheme Shareholder is entitled shall be paid by means of CREST by Bidco procuring that Euroclear is instructed to create an assured payment obligation in favour of the Scheme Shareholder's payment bank in respect of the Consideration due to them as soon as practicable after the Effective Date, and in any event within 14 days of the Effective Date, in accordance with the CREST assured payment arrangements, provided that Bidco reserves the right to make such payment by cheque as set out in clause 3(a)(i)(B) if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this clause 3(a)(ii) or if to do so would incur additional costs.
- (b) As from the Effective Date, each holding of Scheme Shares credited to any stock account in CREST shall be disabled and all Scheme Shares will be removed from CREST in due course.
 - (c) All deliveries of notices, certificates and/or cheques required to be made under this Scheme shall be made by sending the same by first class post (or by such other method as may be approved by the Panel), addressed to the person entitled thereto, to the address appearing in the register of members of the Company or, in the case of joint holders, to the address of the holder whose name stands first in such register in respect of the joint holding concerned at such time.

- (d) All cheques shall be in pounds sterling and drawn on a United Kingdom clearing bank and shall be made payable to the Scheme Shareholder concerned or, in the case of joint holders, to the holder whose name stands first in the register of members of the Company in respect of the joint holding concerned at the Scheme Record Time and the encashment of any such cheque or the creation of any such assured payment obligation or electronic transfer as is referred to in clause 3(a)(i) and clause 3(a)(ii) shall be a complete discharge to Bidco for the moneys represented thereby.
- (e) None of the Company, Bidco or their respective agents or nominees shall be responsible for any loss or delay in the transmission of the cheques sent to Scheme Shareholders in accordance with this clause 3, which shall be posted at the risk of the Scheme Shareholder concerned.

4. Certificates in respect of Scheme Shares

With effect from the Effective Date:

- (a) all certificates representing Scheme Shares shall cease to be valid as documents of title to the shares represented thereby and every holder thereof shall be bound at the request of the Company to deliver up such certificates(s) to the Company or to destroy the same;
- (b) Euroclear shall be instructed to cancel the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form;
- (c) following the cancellation of the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form, the Registrars shall be authorised to materialise entitlements to such Scheme Shares; and
- (d) subject to the completion of such transfers, forms, instruments or instructions as may be required in accordance with clause 1(b) and the payment of any UK stamp duty thereon, the Company shall make appropriate entries in the register of members of the Company to reflect the transfer of the Scheme Shares to Bidco and/or its nominee(s).

5. Mandates

All mandates to the Company in force at the Scheme Record Time relating to Scheme Shares shall, as from the Effective Date, cease to be valid.

6. Effective time

- (a) This Scheme shall become effective as soon as a copy of the order of the Court under Part 26 of the Companies Act sanctioning the Scheme shall have been delivered to the Registrar of Companies for registration.
- (b) Unless this Scheme shall become effective on or before 6.00 p.m. on 2 April 2022 or such later date, if any, as the Company and Bidco may agree (with the Panel's consent) and the Court may allow, this Scheme shall never become effective.

7. Modification

The Company and Bidco may jointly consent on behalf of all persons concerned to any modification of or addition to this Scheme or to any condition which the Court may approve or impose. Any such modification or addition shall require the consent of the Panel where such consent is required under the Takeover Code.

8. Governing law

This Scheme is governed by English law and is subject to the jurisdiction of the English courts. The rules of the Takeover Code apply to this Scheme.

25 September 2021

PART V — FINANCIAL AND RATINGS INFORMATION

Part A: Financial and Ratings Information Relating to Morrisons

The following sets out financial information in respect of Morrisons as required by Rule 24.3 of the Takeover Code. The documents referred to below, the contents of which have previously been announced through a Regulatory Information Service, are incorporated into this document by reference pursuant to Rule 24.15 of the Takeover Code:

- the audited accounts of Morrisons for the 52 weeks ended 31 January 2021 are set out on pages 86 to 151 (both inclusive) in the 2020/21 Morrisons Annual Report available from Morrisons' website at www.morrisons-corporate.com/investor-centre/annual-report/;
- the audited accounts of Morrisons for the 52 weeks ended 2 February 2020 are set out on pages 78 to 146 (both inclusive) in the 2019/20 Morrisons Annual Report available from Morrisons' website at [www.morrisons-corporate.com/investor-centre/financial-reports](http://www.morrisons-corporate.com/investor-centre/financial-reports;); and
- copies of the following interim statements and preliminary announcements made by Morrisons since the date of its last published audited accounts:
 - preliminary results announcement released on 11 March 2021 for the 52 weeks ended 31 January 2021, available from Morrisons' website at <https://www.morrisons-corporate.com/investor-centre/financial-reports/>;
 - Q1 trading statement released on 11 May 2021 for the 14 weeks to 9 May 2021, available from Morrisons' website at [www.morrisons-corporate.com/investor-centre/financial-reports](http://www.morrisons-corporate.com/investor-centre/financial-reports;); and
 - interim results announcement released on 9 September for the 26 weeks to 1 August 2021 available from Morrisons' website at [www.morrisons-corporate.com/investor-centre/financial-reports](http://www.morrisons-corporate.com/investor-centre/financial-reports;).

Morrisons is rated Baa2 by Moody's Investors Service.

Part B: Financial and Ratings Information Relating to Bidco

As Bidco was incorporated on 29 July 2021 for the purposes of the CD&R Offer, no financial information is available or has been published in respect of it. Bidco has not traded since its date of incorporation, has paid no dividends and has not entered into any obligations other than those described in this document in connection with the CD&R Offer and the financing of the CD&R Offer. No financial information is available or has been published in respect of CD&R.

Bidco has no material assets or liabilities other than those described in this document in connection with the CD&R Offer and the financing of the CD&R Offer. Following the Scheme becoming Effective, the earnings, assets and liabilities of Bidco will include the consolidated earnings, assets and liabilities of the Morrisons Group.

There are no current ratings or outlooks publicly accorded to Bidco.

Part C: No incorporation of website information

Save as expressly referred to herein, neither the content of Morrisons' and CD&R's websites, nor the content of any website accessible from hyperlinks on Morrisons' and CD&R's websites, is incorporated into, or forms part of, this document.

PART VI — UK TAXATION

The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences for Scheme Shareholders of the CD&R Offer. They are based on current UK law and what is understood to be the current practice of HM Revenue & Customs as at the Last Practicable Date, both of which may change, possibly with retroactive effect.

They apply only to Scheme Shareholders who are resident for tax purposes in (and only in) the UK (and, in the case of individuals, who are also domiciled in the UK and not subject to “split year” treatment), who hold their Scheme Shares as an investment (other than where a tax exemption applies, for example where the Scheme Shares are held in an individual savings account or pension arrangement) and who are the absolute beneficial owners of both the Scheme Shares and any dividends paid on them. The tax position of certain categories of Scheme Shareholders who are subject to special rules is not considered and it should be noted that those Scheme Shareholders may incur liabilities to UK tax on a different basis to that described below. This includes persons who are treated as holding their Scheme Shares as carried interest or who acquired their Scheme Shares in connection with any office or employment, dealers in securities, insurance companies, collective investment schemes, charities, exempt pension funds, and temporary non-residents.

The discussion does not address all possible tax consequences of the CD&R Offer and in particular does not specifically cover the tax position of participants in the Morrisons Share Plans.

The statements summarise the current position and are intended as a general guide only. Scheme Shareholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK are strongly recommended to consult an appropriate professional adviser.

1. UK taxation of chargeable gains

General

Scheme Shareholders who transfer their Scheme Shares pursuant to the CD&R Offer will be treated as making a disposal of their Scheme Shares. For Scheme Shareholders resident in the UK for tax purposes this may, depending on the Scheme Shareholder’s circumstances and subject to any available exemption or relief, give rise to a chargeable gain or an allowable loss for the purposes of UK capital gains tax or corporation tax on chargeable gains.

Individual Scheme Shareholders

Subject to any available exemptions, reliefs, allowances and/or allowable losses, chargeable gains arising on a disposal of Scheme Shares by an individual Scheme Shareholder resident in the UK for tax purposes should be subject to UK capital gains tax at the rate of 10 per cent. or 20 per cent. depending on the individual’s personal circumstances, including other taxable income and gains in the relevant tax year.

No indexation allowance will be available to an individual Scheme Shareholder resident in the UK for tax purposes in respect of the CD&R Offer. The UK capital gains tax annual exempt amount (which is £12,300 for the tax year 2021-22) may, however, be available to individual Scheme Shareholders resident in the UK for tax purposes to offset against chargeable gains realised on the disposal of their Scheme Shares.

Corporate Scheme Shareholders

Subject to available exemptions (including the substantial shareholding exemption), reliefs, allowances and/or allowable losses, chargeable gains arising on a disposal of Scheme Shares by a Scheme Shareholder within the charge to UK corporation tax will be subject to UK corporation tax (at a rate of 19 per cent. for the financial year 2022).

For Scheme Shareholders within the charge to UK corporation tax (but which do not qualify for the substantial shareholding exemption in respect of their Scheme Shares), indexation allowance may be available where the Scheme Shares were acquired prior to 31 December 2017 in respect of the period of ownership of the Scheme Shares up to and including 31 December 2017 to reduce any chargeable

gain arising (but not to create or increase any allowable loss) on the disposal of their Scheme Shares under the Scheme.

2. Stamp duty and stamp duty reserve tax

No UK stamp duty or stamp duty reserve tax should be payable by the Scheme Shareholders on the disposal of their Scheme Shares under the Scheme.

PART VII — MORRISONS PROFIT FORECAST

1. Morrisons Profit Forecast

On 11 March 2021, Morrisons released its preliminary results announcement (the “**March Prelims**”) which noted:

“We expect 2021/22 profit before tax and exceptionals including rates paid to be higher than the £431m profit achieved in 2020/21 excluding the £230m waived rates relief”

On 11 May 2021, Morrisons released a trading update which included the following statements (the “**Q1 Trading Statement**”):

(a) **2021/22 Profits Floor**

- *“On track for 2021/22 guidance:*
 - *Year-end net debt/EBITDA to be no higher than the 2019/20 level of 2.4x*
 - *Profit before tax and exceptionals to be higher than the £431m we would have achieved for 2020/21 had we not waived the £230m business rates relief”*
- *“.....In addition, assuming society continues to unlock in line with the government timeline, we guided 2021/22 profit before tax and exceptionals to be higher than the £431m* we would have achieved for 2020/21 had we not waived the £230m business rates relief. We retain that guidance and.....”*

* *Consensus for 2021/22 profit before tax and exceptionals is currently £435m (Source: VUMA. Published on Investor section of Morrisons website, 5th May 2021), up from £431m at the time of the 2020/21 Prelims in March.*

Application of Rule 28 to the 2021/22 Profits Floor

The statement in bold above set a floor for 2021/22 profit before tax and exceptionals of £435 million (the “**2021/22 Profits Floor**”), which for the purposes of Rule 28.1(c) of the Takeover Code constitutes an ordinary course profit forecast pursuant to Note 2(a) on Rule 28.1 of the Takeover Code.

(b) **2022/23 Profits Floor**

- *“Significant further opportunities ahead to continue to build a broader, stronger new Morrisons for all stakeholders:*
 - *We now expect another year of meaningful profit growth in 2022/23”*

Application of Rule 28 to the 2022/23 Profits Floor

The statement above set a floor for 2022/23 profit before tax and exceptionals (the “**2022/23 Profits Floor**” and, together with the 2021/22 Profits Floor, the “**Morrisons Profit Forecast**”), which, for the purposes of Rule 28.2(a) of the Takeover Code, constitutes a profit forecast for a period ending more than 15 months from the date on which it was first published.

The obligation to publish a profit forecast for the intervening period pursuant to Rule 28.2 of the Takeover Code is satisfied pursuant to the application of Rule 28.1(c) of the Takeover Code to the 2021/22 Profits Floor.

Director confirmation

The Morrisons Directors confirm that, as at the date of this document, the Morrisons Profit Forecast remains valid and that it has been properly compiled on the basis of the assumptions stated below and that the basis of accounting used is consistent with Morrisons’ accounting policies which are in accordance with IFRS and those that Morrisons applied in preparing its financial statements for the 52 weeks ended 31 January 2021.

Further information on the basis of preparation of the Morrisons Profit Forecast, including the principal assumptions on which it is based, is set out below.

2. Basis of preparation and principal assumptions

- (a) The Morrisons Profit Forecast is based upon internal Morrisons forecasts.

(b) In confirming the Morrisons Profit Forecast, the Morrisons Directors have made the following assumptions in respect of the forecast period to 29 January 2023:

(i) *Factors outside the influence or control of the Morrisons Directors:*

- (A) a continued gradual economic recovery across the sectors, and within the regions served by Morrisons and, specifically, that there will be no material adverse impact on the business resulting from any new COVID-19 related restrictions or direct costs;
- (B) no material changes to market conditions within the retail industry in relation to demand competitive environment or supply chain costs (such as sustained freight cost increases);
- (C) no material changes to inflation, interest or tax rates in Morrisons' principal markets compared with Morrisons' budgeted estimates;
- (D) no material changes to labour costs, including HGV drivers, and pension and other post-retirement benefits;
- (E) no material changes of the value of pound sterling above the average foreign exchange rates that have applied during the period from 11 March 2021 to the Last Practicable Date;
- (F) no material adverse events which will have a significant impact on the operating results or financial position of Morrisons;
- (G) no material adverse outcome from any ongoing or future disputes with any customer, competitor, regulator or tax authority; and
- (H) no material change in legislation, taxation, regulatory requirements, applicable standards or the position of any regulatory bodies impacting the Morrisons Group's operations or accounting policies.

(ii) *Factors within the influence or control of the Morrisons Directors:*

- (A) no additional significant acquisitions, disposals, developments, partnership or joint venture agreements being entered into by Morrisons which would have a materially dilutive effect on Morrisons' earnings;
- (B) no material change in the dividend or capital policies of Morrisons;
- (C) no material changes to the senior leadership team of Morrisons;
- (D) no material change in Morrisons' strategy; and
- (E) Morrisons' accounting policies will be consistently applied over the forecast period to 29 January 2023.

PART VIII — ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The Morrisons Directors, whose names are set out in paragraph 2.1 of this Part VIII (*Additional Information*), accept responsibility for the information contained in this document (including any expressions of opinion), except for that information for which responsibility is accepted by the Bidco Directors in accordance with paragraph 1.2 below and the CD&R Responsible Persons in accordance with paragraph 1.3 below. To the best of the knowledge and belief of the Morrisons Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Bidco Directors, whose names are set out in paragraph 2.2 of this Part VIII (*Additional Information*), accept responsibility for the information contained in this document (including any expressions of opinion) relating to the Wider Bidco Group, CD&R, CD&R Fund XI, themselves and their respective close relatives and the related trusts of and persons connected with them. To the best of the knowledge and belief of the Bidco Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 Each of the persons from CD&R whose names are set out in paragraph 2.3 of this Part VIII (*Additional Information*) (the “**CD&R Responsible Persons**”), accept responsibility for the information contained in this document (including any expressions of opinion) relating to the Wider Bidco Group, CD&R, CD&R Fund XI and themselves. To the best of the knowledge and belief of the CD&R Responsible Persons (who have taken all reasonable care to ensure that such is the case), the information contained in this document (including any expressions of opinion) for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.4 Each of the persons whose names are set out in paragraph 2.4 of this Part VIII (*Additional Information*) (the “**Ares Responsible Persons**”) accepts responsibility for the information contained in this document (including any expressions of opinion) relating to the Ares European Direct Lending and Alternative Credit Funds, Ares Management Corporation and themselves. To the best of the knowledge and belief of the Ares Responsible Persons (who have taken all reasonable care to ensure that such is the case), the information contained in this document (including any expressions of opinion) for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.5 Each of the persons whose names are set out in paragraph 2.5 of this Part VIII (*Additional Information*) (the “**WSSS Responsible Persons**”) accepts responsibility for the information contained in this document (including any expressions of opinion) relating to West Street Strategic Solutions and themselves. To the best of the knowledge and belief of the WSSS Responsible Persons (who have taken all reasonable care to ensure that such is the case), the information contained in this document (including any expressions of opinion) for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors and responsible persons

2.1 The Morrisons Directors and their respective functions are as follows:

<u>Name</u>	<u>Function</u>
Andrew Higginson	Chair
David Potts	Chief Executive Officer
Trevor Strain	Chief Operating Officer
Michael Gleeson	Chief Financial Officer
Rooney Anand	Senior Independent Director
Susanne Given	Non-Executive Director
Kevin Havelock	Non-Executive Director
Lyssa McGowan	Non-Executive Director
Jeremy Townsend	Non-Executive Director

The Group Company Secretary of Morrisons is Jonathan Burke.

Morrisons' registered office is at: Hilmore House, Gain Lane, Bradford, West Yorkshire, BD3 7DL.

2.2 The Bidco Directors and their respective functions are as follows:

<u>Name</u>	<u>Function</u>
Marco Herbst	Director
Gregory Lai	Director
Matthias Osthoff	Director

Bidco is a private limited company registered in England and Wales.

The business address of each Bidco Director is C/O Alter Domus (UK) Limited, 18 St Swithin's Lane, London EC4N 8AD.

2.3 The CD&R Responsible Persons and their respective functions are as follows:

<u>Name</u>	<u>Function</u>
James Berges	Investment committee member to CD&R Fund XI
Kevin Conway	Investment committee member to CD&R Fund XI
Ken Giuriceo	Investment committee member to CD&R Fund XI
Don Gogel	Investment committee member to CD&R Fund XI
Rick Schnall	Investment committee member to CD&R Fund XI
Nate Sleeper	Investment committee member to CD&R Fund XI
David Novak	Investment committee member to CD&R Fund XI
Sir Terence Leahy	Operating adviser to CD&R Fund XI

The business address of each CD&R Responsible Person is C/O Alter Domus (UK) Limited, 18 St Swithin's Lane, London EC4N 8AD.

2.4 The Ares Responsible Persons and their respective functions are as follows:

<u>Name</u>	<u>Function</u>
Kipp deVeer	Partner and Head of the Global Credit Group
Michael Dennis	Partner and Co-Head of European Credit
Blair Jacobson	Partner and Co-Head of European Credit
Allan Nielsen	Managing Director of European Credit

The business address of Kipp deVeer is 245 Park Avenue, 44th Floor, New York, New York, 10167, USA. The business address of each other Ares Responsible Person is 10 New Burlington Street, 5th Floor, London, W1S 3BE, UK.

2.5 The WSSS Responsible Persons and their respective functions are as follows:

<u>Name</u>	<u>Function</u>
Rich Friedman	Member of the Goldman Sachs Asset Management Private Credit Investment Committee
Julian Salisbury	Member of the Goldman Sachs Asset Management Private Credit Investment Committee
Tom Connolly	Member of the Goldman Sachs Asset Management Private Credit Investment Committee
Greg Olafson	Member of the Goldman Sachs Asset Management Private Credit Investment Committee
James Reynolds	Member of the Goldman Sachs Asset Management Private Credit Investment Committee
Mike Koester	Member of the Goldman Sachs Asset Management Private Credit Investment Committee
Beat Cabiallavetta	Member of the Goldman Sachs Asset Management Private Credit Investment Committee
Alexandre Mignotte	Managing Director

The business address of James Reynolds is Plumtree Court, 25 Shoe Lane, London, EC4A 4AU, UK. The business address of Alexandre Mignotte is María de Molina, 6-5a 28006 Madrid, Spain. The business address of each other WSSS Responsible Person is 200 West Street, New York, 10282, United States.

3. Persons acting in concert

3.1 In addition to the Morrisons Directors (together with their close relatives and related trusts) and members of the Morrisons Group (and their related pension schemes), the persons who, for the purposes of the Takeover Code, are acting in concert with Morrisons in respect of the CD&R Offer and who are required to be disclosed are:

<u>Name</u>	<u>Registered office</u>	<u>Relationship with Morrisons</u>
Rothschild & Co.	New Court, St Swithin's Lane, London EC4N 8AL	Lead financial adviser
Jefferies	100 Bishopsgate, London, EC2N 4JL	Financial adviser and joint corporate broker
Shore Capital	Cassini House, 57-59 St. James's Street, London, SW1A 1LD	Financial adviser and joint corporate broker

3.2 In addition to the Bidco Directors, the CD&R Responsible Persons and the members of the CD&R Group, Ares European Direct Lending and Alternative Credit Funds and West Street

Strategic Solutions, the persons who, for the purposes of the Takeover Code, are acting in concert with CD&R in respect of the CD&R Offer and who are required to be disclosed are:

<u>Name</u>	<u>Registered office</u>	<u>Relationship with Bidco</u>
Goldman Sachs	Plumtree Court, 25 Shoe Lane, London, EC4A 4AU	Connected adviser
J.P. Morgan Cazenove	25 Bank Street, Canary Wharf, London, E14 5JP	Connected adviser
BNP Paribas	10 Harewood Avenue, London, NW1 6AA	Connected adviser
BofA Securities	2 King Edward Street, London, EC1A 1HQ	Connected adviser
Mizuho	30 Old Bailey, London, EC4M 7AU	Connected adviser

4. Market quotations

4.1 The following table shows the Closing Price for Morrisons Shares on the London Stock Exchange on:

- (a) 18 June 2021, being the last Business Day prior to the commencement of the Offer Period;
- (b) the first Business Day of each of the six months immediately before the date of this document; and
- (c) the Last Practicable Date (being the latest practicable date prior to the publication of this document).

<u>Date</u>	<u>Closing Price per Morrisons Share (pence)</u>
18 June 2021	178.5
1 September 2021	288.8
2 August 2021	273.0
1 July 2021	241.0
1 June 2021	177.8
4 May 2021	174.3
1 April 2021	181.5
23 September 2021	291.1

5. Interests and dealings in relevant securities

5.1 Definitions used in this section

For the purposes of this paragraph 5:

“**acting in concert**” with Bidco or Morrisons, as the case may be, means any such person acting or deemed to be acting in concert with Bidco or Morrisons, as the case may be, for the purposes of the Takeover Code;

“**connected adviser**” has the meaning given to it in the Takeover Code;

“**connected person**” in relation to a director of Bidco or Morrisons includes: (a) such director's spouse or civil partner and children or step-children under the age of 18; (b) the trustee(s) of any trust for the benefit of such director and/or any person mentioned in (a); (c) any company in which such director and/or any person mentioned in (a) or (b) is entitled to exercise or control the exercise of one-third or more of the voting power, or which is accustomed to act in accordance with the directions of such director or any such person; and (d) any other person whose interests in shares are taken to be interests of such director pursuant to Part 22 of the Companies Act;

“**control**” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights (as defined in the Takeover Code) of a company, irrespective of whether such interest(s) give(s) de facto control;

“**dealing**” has the meaning given to it in the Takeover Code and “**dealt**” has the corresponding meaning;

“**derivative**” includes any financial product the value of which, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;

“**Disclosure Period**” means the period commencing on 19 June 2020 (being the date 12 months prior to the date of commencement of the Offer Period) and ending at the close of business on 22 September 2021;

“**exempt fund manager**” and “**exempt principal trader**” have the meanings given to them in the Takeover Code;

“**financial collateral arrangements**” are arrangements of the kind referred to in Note 4 on Rule 4.6 of the Takeover Code;

“**interest**” in relevant securities has the meaning given to it in the Takeover Code;

“**Note 11 arrangement**” includes any indemnity or option arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;

“**Offer Period**” means in this context the period commencing on 19 June 2021 and ending at the close of business on 22 September 2021;

“**relevant securities**” means:

- (a) Morrisons Shares and any other securities of Morrisons which carry voting rights;
- (b) equity share capital of Morrisons or, as the context requires, Bidco; and
- (c) securities of Morrisons or, as the context requires, Bidco, carrying conversion or subscription rights into any of the foregoing; and

“**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

5.2 Interests in relevant securities of Morrisons

(a) Morrisons

As at the close of business on 22 September 2021, the interests of the Morrisons Directors (and their close relatives, related trusts and connected persons) in relevant securities of Morrisons (apart from options, which are described in paragraph 5.2(b) below) were as follows:

<u>Morrisons Director</u>	<u>Number of Morrisons Shares</u>	<u>Percentage of Morrisons issued share capital (%)</u>
Andrew Higginson	126,402	0.01
David Potts	3,603,760	0.15
Trevor Strain	1,428,976	0.06
Michael Gleeson	316,758	0.01
Rooney Anand	22,500	0.00
Kevin Havelock	100,000	0.00
Lyssa McGowan	20,000	0.00
Jeremy Townsend	25,000	0.00
TOTAL	<u>5,643,396</u>	<u>0.23</u>

- (b) As at the close of business on 22 September 2021, the Morrisons Directors held the following outstanding options and awards over Morrisons Shares under the Morrisons Share Plans:

Morrisons LTIPs

<u>Morrisons Director</u>	<u>Maximum number of Morrisons Shares awarded</u>	<u>Date of grant</u>	<u>Exercise price per share (£)</u>	<u>Vesting date</u>
David Potts	1,144,627	17 April 2019	Nil	3 years
	1,423,706	31 March 2020	Nil	3 years
	1,443,287	19 March 2021	Nil	3 years
Trevor Strain	875,302	17 April 2019	Nil	3 years
	1,113,840	31 March 2020	Nil	3 years
	1,129,160	19 March 2021	Nil	3 years
Michael Gleeson	70,796	22 March 2017	Nil	5 years
	111,320	17 April 2019	Nil	3 years
	820,724	31 March 2020	Nil	3 years
	832,012	19 March 2021	Nil	3 years

Morrisons DSBPs

<u>Morrisons Director</u>	<u>Maximum number of Morrisons Shares awarded</u>	<u>Date of grant</u>	<u>Exercise price per share (£)</u>	<u>Vesting date</u>
David Potts	230,045	15 March 2019	Nil	3 years
	229,959	3 April 2020	Nil	3 years
	484,813	12 March 2021	Nil	2 years
Trevor Strain	168,322	15 March 2019	Nil	3 years
	175,851	3 April 2020	Nil	3 years
	379,295	12 March 2021	Nil	2 years
Michael Gleeson	279,480	12 March 2021	Nil	2 years

Morrisons Sharesaves

<u>Morrisons Director</u>	<u>Maximum number of Morrisons Shares awarded</u>	<u>Date of grant</u>	<u>Exercise price per share (£)</u>	<u>Vesting date</u>
David Potts	7,078	17 May 2019	178p	3 years*
Michael Gleeson	6,737	15 May 2018	187p	3 years*

* From 1 July of the year of grant.

- (c) As at the close of business on 22 September 2021, none of the persons acting in concert with Morrisons (other than the Morrisons Directors as detailed in paragraphs 5.2(a) and 5.2(b) above) were interested in any relevant securities of Morrisons.
- (d) As at the close of business on 22 September 2021, Bidco does not hold any interests in any relevant securities of Morrisons.
- (e) As at the close of business on 22 September 2021, none of the Bidco Directors (and their close relatives, related trusts and connected persons) hold any interests in any relevant securities of Morrisons.
- (f) As at the close of business on 22 September 2021, the interests of persons acting in concert with Bidco in relevant securities of Morrisons were as follows:

<u>Name</u>	<u>Number of Morrisons Shares</u>	<u>Percentage of existing issued share capital (%)</u>
J.P. Morgan Cazenove	223	0.00

5.3 Dealings in relevant securities of Morrisons

(a) Morrisons

During the Offer Period, there have been no dealings in relevant securities of Morrisons by Morrisons Directors (and their close relatives, related trusts and connected persons) and persons acting in concert with Morrisons:

(b) Bidco

(i) During the Disclosure Period, there have been no dealings in relevant securities of Morrisons by Bidco Directors (and their close relatives, related trusts and connected persons).

(ii) During the Disclosure Period, the following dealings in relevant securities of Morrisons by persons acting in concert with Bidco have taken place:

<u>Name</u>	<u>Date</u>	<u>Nature of dealings</u>	<u>Number of Morrisons Shares</u>	<u>Low price (£)</u>	<u>High price (£)</u>
BNP Paribas	19 June 2020 to	Sale	22,986,775	1.7050	1.9975
Arbitrage SNC	18 September 2020	Purchase	13,131,025	1.7020	1.9995
	19 September 2020 to	Sale	20,146,117	1.6160	1.8860
	18 December 2020	Purchase	29,483,389	1.6165	1.8880
	19 December 2020 to	Sale	18,462,234	1.6890	1.9070
	18 March 2021	Purchase	10,315,542	1.6940	1.9160
	19 March 2021 to	Sale	4,855,750	1.7675	1.8590
	18 April 2021	Purchase	1,892,065	1.7705	1.8500
	19 April 2021 to	Sale	1,824,140	1.7210	1.8610
	18 May 2021	Purchase	12,970,085	1.7210	1.8541
	19 May 2021 to	Sale	12,245,208	1.7485	1.8455
	18 June 2021	Purchase	2,753,420	1.7485	1.8170
	19 June 2021 to	Sale	4,373,618	2.3270	2.7370
	4 August 2021	Purchase	4,475,541	2.3290	2.7300

BofA Securities

<u>Name</u>	<u>Date</u>	<u>Nature of dealings</u>	<u>Number of Morrison's Shares</u>	<u>Low price (£)</u>	<u>High price (£)</u>	
BofA—Personal Investment Advisory Program (PIA)	19 March 2021 to 18 April 2021	Sale (ADRs)	268	12.59	12.59	
	19 December 2020 to 18 March 2021	Sale (ADRs) Sale (Ordinary Shares)	700 109	11.85 2.41	12.48 2.41	
	19 September 2020 to 18 December 2020	Purchase (ADRs) Sale (Ordinary Shares)	33 12,143	11.99 2.25	11.99 2.25	
	Offer Period commencing 19 June 2021	Purchase (ADRs) Sale (ADRs)	4,002 1,084	16.24 16.27	19.44 19.35	
	19 May 2021 to 18 June 2021	Purchase (ADRs) Sale (ADRs)	3,438 1,151	12.51 12.50	13.15 12.90	
	19 April 2021 to 18 May 2021	Purchase (ADRs) Sale (ADRs)	5,399 1,140	12.15 12.18	13.14 13.20	
	BofA—Managed Account Advisors (MAA)	19 March 2021 to 18 April 2021	Purchase (ADRs) Sale (ADRs)	6,879 705	12.48 12.47	12.91 12.83
		19 December 2020 to 18 March 2021	Purchase (ADRs) Sale (ADRs)	17,900 2,096	11.42 11.34	12.97 12.89
		19 September 2020 to 18 December 2020	Purchase (ADRs) Sale (ADRs)	11,161 18,098	10.49 10.45	12.34 12.31
		19 June 2020 to 18 September 2020	Purchase (ADRs) Sale (ADRs)	512 576	12.84 11.08	13.11 12.91

5.4 General

Save as disclosed in this document:

- (a) as at the close of business on 22 September 2021, none of: (i) Bidco; (ii) any Bidco Director, or any close relatives, related trusts or connected person of any such director; or (iii) any other person acting in concert with Bidco, had any interest in, right to subscribe in respect of, or short position in respect of relevant securities of Morrison's; and no such person has dealt in any relevant securities of Morrison's during the Disclosure Period;
- (b) as at the close of business on 22 September 2021, neither Bidco nor any person acting in concert with Bidco had borrowed or lent any relevant securities of Morrison's (including any financial collateral arrangements), save for borrowed shares which have been either on-lent or sold;
- (c) as at the close of business on 22 September 2021, none of: (i) Morrison's; (ii) any director of Morrison's, or any close relatives, related trusts or connected person of any such director; or (iii) any other person acting in concert with Morrison's, had any interest in, right to subscribe in respect of, or short position in relation to relevant securities of Morrison's; and no such person has dealt in any relevant securities of Morrison's during the Offer Period;
- (d) as at the close of business on 22 September 2021, neither Morrison's nor any person acting in concert with it had borrowed or lent any relevant securities of Morrison's (including any financial collateral arrangements), save for borrowed shares which have been either on-lent or sold;
- (e) as at the close of business on 22 September 2021, neither: (i) Morrison's; or (ii) any director of Morrison's, or any close relatives, related trusts or connected person of any such director, had any interest in, right to subscribe in respect of, or short position in relation to relevant securities of Bidco; and no such person has dealt in any relevant securities during the Offer Period;

- (f) as at the close of business on 22 September 2021, neither Bidco nor any person acting in concert with Bidco has any Note 11 arrangement with any other person; and
- (g) as at the close of business on 22 September 2021, neither Morrisons nor any person who is acting in concert with Morrisons has any Note 11 arrangement with any other person.

6. Service contracts and letters of appointment of the Morrisons Directors

6.1 Morrisons Executive Directors

The Morrisons Executive Directors have entered into service agreements with the Morrisons Group as summarised below:

(a) David Potts

David Potts was appointed Chief Executive Officer with effect from 16 March 2015 pursuant to the terms of a service agreement with Morrisons dated 24 February 2015. His current salary is £850,000 per annum. In addition, he receives a retirement allowance equal to 24 per cent. of his salary. Mr Potts is eligible to receive an annual bonus, subject to the terms of his service agreement and terms determined by the Morrisons Remuneration Committee. Half of any annual bonus that may be payable to Mr Potts is paid in deferred shares which vest on the second (previously the third) anniversary of the grant date subject to the terms of the directors' remuneration policy. Mr Potts is also eligible to participate in the Long-Term Incentive Plan and to receive awards subject to the rules of the plan in force from time to time and the terms set by the Morrisons Remuneration Committee.

In addition, Mr Potts is entitled to private medical insurance, life assurance at four times his salary (subject to the rules of the policy), reimbursement of reasonable expenses in the performance of his duties, an allowance of £1,000 per annum towards the cost of independent financial advice, a car allowance of £24,000 per annum, reimbursement of fuel costs for business miles and reasonable private mileage, reimbursement of relocation expenses (in the event he is required to relocate), payment of salary and receipt of contractual benefits for an aggregate of up to 90 days in any 12-month period where he is absent due to sickness or injury. Mr Potts is also covered by Morrisons' directors' and officers' liability insurance.

Mr Potts' service agreement is terminable on 12 months' written notice by either party and there are customary non-competition and non-solicitation post-termination restrictive covenants, which are binding on Mr Potts for a period of up to 12 months from the termination of his service agreement.

Mr Potts is entitled to receive a payment in lieu of any accrued but unused holiday on termination. At its discretion, Morrisons may elect to make a payment in lieu of notice on termination, which would comprise of payments in respect of Mr Potts' salary, retirement allowance, private medical cover and car benefits. Any such payment in lieu is payable in instalments and subject to mitigation of loss.

(b) Trevor Strain

Trevor Strain was appointed Group Finance Director with effect from 12 December 2012 pursuant to a service agreement with Morrisons dated 12 December 2012. In December 2019, Mr Strain became the Chief Operating Officer. His period of continuous employment for statutory purposes began on 29 June 2009. His current salary is £665,000 per annum. Mr Strain is eligible to participate in any bonus or incentive schemes as Morrisons may operate from time to time subject to the rules of any such schemes, and the terms of the directors' remuneration policy. In addition, Mr Strain is eligible to participate in any benefit schemes operated by Morrisons from time to time (including, but not limited to, Morrisons' private medical cover scheme) subject to the terms of the scheme. He is also entitled to receive a car allowance of £24,000 per annum, reimbursement of fuel costs for business miles and reasonable private mileage, reimbursement of reasonably incurred expenses, and he receives a retirement allowance equal to 23 per cent. of his salary.

In the event of sickness or incapacity, Mr Strain is entitled to receive his basic annual salary and other contractual benefits in accordance with Morrisons' sick pay scheme applied to senior managers from time to time.

Mr Strain's service agreement is terminable on 12 months' written notice by either party and there are customary non-competition and non-solicitation post-termination restrictive covenants, which are binding on Mr Strain for a period of up to 12 months from the termination of his service agreement.

Mr Strain is entitled to receive a payment in lieu of any accrued but unused holiday on termination. At its discretion, Morrisons may elect to make a payment in lieu of notice on termination equivalent to basic salary for the notice period (or remainder of the notice period). If Morrisons elects to make the payment in instalments, then any such payments will be subject to mitigation of loss.

(c) **Michael Gleeson**

Michael Gleeson was appointed Chief Financial Officer with effect from 3 February 2020 pursuant to a service agreement with Morrisons dated 3 December 2019. His period of continuous employment for statutory purposes began on 11 February 2014. His current salary is £490,000 per annum. In addition, he receives a retirement allowance equal to 5 per cent. of his salary. Mr Gleeson is eligible to receive an annual bonus, subject to the terms of his service agreement and terms determined by the Morrisons Remuneration Committee. Half of any annual bonus that may be payable to Mr Gleeson pursuant to the bonus plan is delivered by way of a deferred share award under Morrisons' Deferred Share Bonus Plan, and any such deferred share award granted vests on the second (previously the third) anniversary of its date of grant subject to the terms of the directors' remuneration policy. Mr Gleeson is also eligible to participate in the Long-Term Incentive Plan and to receive awards subject to the rules of the plan in force from time to time and the terms set by the Morrisons Remuneration Committee.

In addition, Mr Gleeson is entitled to private medical insurance, life assurance at four times his basic salary, reimbursement of reasonable expenses incurred in the performance of his duties, a car allowance of £24,000 per annum, reimbursement of fuel costs for business miles, payment of salary and receipt of contractual benefits for an aggregate of up to 90 days in any 12 month period where he is absent due to sickness or injury, and the benefit of being covered by Morrisons' directors and officers liability insurance.

Mr Gleeson's service agreement is terminable on 12 months' written notice by either party and there are customary non-competition and non-solicitation post-termination restrictive covenants, which are binding on Mr Gleeson for a period of up to 12 months from the termination of his service agreement.

Mr Gleeson is entitled to receive a payment in lieu of any accrued but unused holiday on termination. At its discretion, Morrisons may elect to make a payment in lieu of notice on termination equivalent to Mr Gleeson's salary for the notice period. Any such payment in lieu is payable in instalments and subject to mitigation of loss.

6.2 **The Chair and the other Morrisons Non-Executive Directors**

The Morrisons Non-Executive Directors have entered into letters of appointment with the Morrisons Group as summarised below:

(a) **Andrew Higginson**

Andrew Higginson was appointed as non-executive Deputy Chairman and Chairman Elect with effect from 1 October 2014 pursuant to a letter of appointment dated 2 October 2014, and became Chair at the end of January 2015. Subject to the Articles and contingent on satisfactory performance and re-election, the appointment is terminable on three months' written notice by either party.

Mr Higginson's current fee is £420,000 per annum, and he is also entitled to receive private medical cover for him and his dependants, the assistance of a personal assistant for work purposes, reimbursement of reasonable expenses, and the use of a car with fuel and a driver. In addition, Mr Higginson is covered by Morrisons' directors' and officers' liability insurance during his appointment, and for a period of six years following the termination of his appointment.

On termination of his appointment, Mr Higginson is entitled to such fees as have accrued up to the date of termination (or a payment in lieu of notice where he is not required to work his contractual notice period), together with reimbursement of his expenses up to the termination date.

(b) **Jeremy Townsend**

Jeremy Townsend was appointed as a non-executive director with effect from 6 July 2020 pursuant to a letter of appointment dated 5 July 2020. Subject to the Articles and re-election, the appointment is terminable on one month's written notice by either party.

Mr Townsend's current base fee is £62,500 per annum. He is also eligible to receive £20,000 in respect of any committee of which he is appointed chair or £7,000 per committee of which he is a member (and not chair). Mr Townsend is covered by Morrisons' directors' and officers' liability insurance.

On termination of his appointment, Mr Townsend is entitled to such fees as have accrued up to the date of termination, together with reimbursement of any properly incurred expenses up to the termination date. Morrisons may terminate Mr Townsend's appointment with immediate effect at any time by making a payment in lieu of notice equivalent to the fee which would have been payable during the notice period.

(c) **Lyssa McGowan**

Lyssa McGowan was appointed as a non-executive director with effect from 12 August 2020 pursuant to a letter of appointment dated 11 August 2020. Subject to the Articles and re-election, the appointment is terminable on one month's written notice by either party.

Ms McGowan's current base fee is £62,500 per annum. She is also eligible to receive £20,000 in respect of any committee of which she is appointed chair or £7,000 per committee of which she is a member (and not chair). Ms McGowan is covered by Morrisons' directors' and officers' liability insurance.

On termination of her appointment, Ms McGowan is entitled to such fees as have accrued up to the date of termination, together with reimbursement of any properly incurred expenses up to the termination date. Morrisons may terminate Ms McGowan's appointment with immediate effect at any time by making a payment in lieu of notice equivalent to the fee which would have been payable during the notice period.

(d) **Susanne Given**

Susanne Given was appointed as a non-executive director with effect from 12 August 2020 pursuant to a letter of appointment dated 11 August 2020. Subject to the Articles and re-election, the appointment is terminable on one month's written notice by either party.

Ms Given's current base fee is £62,500 per annum. She is also eligible to receive £20,000 in respect of each committee of which she is appointed chair or £7,000 per committee of which she is a member (and not chair). Ms Given is covered by Morrisons' directors' and officers' liability insurance.

On termination of her appointment, Ms Given is entitled to such fees as have accrued up to the date of termination, together with reimbursement of any properly incurred expenses up to the termination date. Morrisons may terminate Ms Given's appointment with immediate effect at any time by making a payment in lieu of notice equivalent to the fee which would have been payable during the notice period.

(e) **Kevin Havelock**

Kevin Havelock was appointed as a non-executive director with effect from 1 February 2018 pursuant to a letter of appointment dated 18 December 2017. Subject to the Articles and contingent on satisfactory performance and re-election, the appointment is terminable on one month's notice by either party.

Mr Havelock's current base fee is £62,500 per annum. He is also eligible to receive £20,000 in respect of any committee of which he is appointed chair or £7,000 per committee of which he

is a member (and not chair). Mr Havelock is covered by Morrisons' directors' and officers' liability insurance during his appointment and for a period of six years following the termination of his appointment.

On termination of his appointment, Mr Havelock is entitled to such fees as have accrued up to the date of termination (or a payment in lieu of notice where he is not required to work his contractual notice period), together with reimbursement of any properly incurred expenses up to the termination date.

(f) **Rooney Anand**

Rooney Anand was appointed as a non-executive director with effect from 1 January 2016 pursuant to a letter of appointment dated 3 December 2015. Subject to the Articles and contingent on satisfactory performance and re-election, the appointment is terminable on one month's notice by either party.

Mr Anand's current base fee is £62,500 per annum, plus £20,000 in respect of his role as Senior Independent Director. He is also eligible to receive £20,000 in respect of any committee of which he is appointed chair or £7,000 per committee of which he is a member (and not chair). Mr Anand is covered by Morrisons' directors' and officers' liability insurance during his appointment and for a period of six years following the termination of his appointment.

On termination of his appointment, Mr Anand is only entitled to such fees as have accrued up to the date of termination (or a payment in lieu of notice where he is not required to work his contractual notice period), together with reimbursement of any properly incurred expenses up to the termination date.

6.3 **Other service contracts**

Save as disclosed above, there are no service contracts between any Morrisons Director or proposed director of Morrisons and any member of the Morrisons Group and no such contract has been entered into or amended within the six months preceding the date of this document.

7. **Offer-related arrangements**

(a) **Confidentiality Agreement**

On 5 July 2021, CD&R and Morrisons entered into a confidentiality agreement in relation to the CD&R Offer (the "**Confidentiality Agreement**"), pursuant to which, amongst other things, CD&R has undertaken to keep confidential information relating to Morrisons and to the CD&R Offer and not to disclose it to third parties (with certain exceptions). These confidentiality obligations will remain in force until the second anniversary of the date of the Confidentiality Agreement (except in certain limited circumstances). The Confidentiality Agreement contains provisions pursuant to which CD&R has agreed not to solicit certain employees of the Morrisons Group, subject to customary carve-outs, for a period of 12 months from the date of the Confidentiality Agreement.

(b) **Co-operation Agreement**

On 19 August 2021, Bidco, Market Topco and Morrisons entered into a co-operation agreement (the "**Co-operation Agreement**"), pursuant to which, among other things Bidco and Market Topco have undertaken to use reasonable endeavours to implement the CD&R Offer and to promptly engage with the CMA and relevant UK government stakeholders in respect of the CD&R Offer.

Morrisons has undertaken to provide promptly such information and assistance to Bidco as Bidco may reasonably require for the purposes of, among other matters, satisfying the Regulatory Condition (as defined in the Co-operation Agreement). Bidco has also agreed to promptly provide Morrisons with such information, assistance and access as may reasonably be required for the preparation of the Scheme Document and any other document published in connection with the Scheme.

The Co-operation Agreement will terminate in certain circumstances, including (subject to certain exceptions):

- (i) if agreed in writing between the parties, at any time prior to the Effective Date;
- (ii) upon service of written notice by Bidco to Morrisons, if one or more of the following occurs:
 - (A) prior to the Long Stop Date, a third party announces a possible offer or firm intention to make an offer or revised offer (whether or not subject to the satisfaction or waiver of any pre-conditions) for Morrisons which the Morrisons Directors recommend or state publicly their intention to recommend; or
 - (B) a Morrisons Board Adverse Recommendation Change (as defined in the Co-operation Agreement) occurs (other than a Morrisons Board Adverse Recommendation Change set out in limb (b) of that definition); or
- (iii) upon service of written notice by either party to the other party, if one or more of the following occurs:
 - (A) prior to the Long Stop Date, any Condition has been invoked by Bidco (where (if permission is required) the invocation of the relevant Condition is permitted by the Panel);
 - (B) prior to the Long Stop Date, a third party announces a possible offer or firm intention to make an offer or revised offer (whether or not subject to the satisfaction or waiver of any pre-conditions) for Morrisons which completes, becomes effective or is declared or becomes unconditional in all respects;
 - (C) if the CD&R Offer is withdrawn, terminated or lapses in accordance with its terms prior to the Long Stop Date and, where required, with the consent of the Panel (other than where: (i) such lapse or withdrawal is as a result of the exercise of Bidco's right to effect a Switch (as defined in the Co-operation Agreement); or (ii) it is otherwise to be followed within five (5) Business Days (or such other period as Morrisons and Bidco may agree) by an announcement under Rule 2.7 of the Takeover Code made by Bidco or any person acting in concert with Bidco (or deemed to be acting in concert with Bidco) to implement the CD&R Offer by a different offer or scheme on substantially the same or improved terms);
 - (D) if the Scheme is not approved by the Scheme Shareholders at the Court Meeting and/or the Morrisons Shareholders at the General Meeting, or the Court refuses to sanction the Scheme; or
 - (E) unless otherwise agreed by the parties in writing or required by the Panel, if the Effective Date has not occurred by the Long Stop Date.

The Co-operation Agreement also contains provisions that will apply in respect of the Morrisons Share Plans and certain Morrisons employee incentive arrangements.

(c) **Clean Team Agreement**

On 6 July 2021, CD&R, Morrisons and their respective legal advisers entered into a clean team confidentiality agreement (the "**Clean Team Agreement**"), the purpose of which is to stipulate the procedure for the sharing of CD&R and Morrisons' commercially sensitive information with each other during the due diligence exercise to ensure that the exchange of such commercially sensitive information remains compliant with antitrust laws and to ensure that such sharing does not constitute a waiver of privilege, right or immunity otherwise available.

8. **Material contracts**

8.1 **Morrisons Material Contracts**

Other than the Confidentiality Agreement, the Co-operation Agreement and the Clean Team Agreement summarised in paragraph 7 above of this Part VIII (*Additional Information*), the Morrisons Group has not, during the period beginning on 19 June 2019 (being the date that is two years prior to the commencement of the Offer Period) and ending on the Last Practicable Date, entered into any material contract otherwise than in the ordinary course of business.

8.2 Bidco Material Contracts

Other than the Co-operation Agreement summarised in paragraph 7 above of this Part VIII (*Additional Information*) and as disclosed below, the Bidco Group has not, during the period beginning on 19 June 2019 (being the date that is two years prior to the commencement of the Offer Period) and ending on the Last Practicable Date, entered into any material contract otherwise than in the ordinary course of business.

The following contracts, not being contracts entered into in the ordinary course of business, which are or may be material to the Bidco Group have been entered into by Bidco and/or the Bidco Group in the period beginning on 19 June 2019 and ending on the Last Practicable Date.

(a) Interim Loan Agreement

Bidco and its parent, Market Holdco 3 Limited, have entered into an Interim Loan Agreement dated 6 August 2021, as amended pursuant to an amendment letter dated 12 August 2021, as further amended pursuant to an amendment letter dated 17 August 2021 and as further amended pursuant to an amendment letter dated 10 September 2021 (the “**Interim Loan Agreement**”). Under the terms of the Interim Loan Agreement, Bank of America, N.A., London Branch, BNP Paribas SA, Goldman Sachs Bank USA, 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 have agreed to make available a sterling term loan facility in an aggregate amount equal to £5,600 million (the “**Interim Term Facility**”) and a revolving facility in an aggregate amount equal to £1,000 million (the “**Interim Revolving Facility**”) and, together with the Interim Term Facility, the “**Interim Facilities**”).

The proceeds of loans under the Interim Facilities are to be made available to Bidco and applied by Bidco, among other things, towards financing part of the aggregate consideration payable by Bidco pursuant to the acquisition of the Morrisons Shares and/or refinancing or otherwise discharging certain existing indebtedness of the Morrisons Group.

The Interim Term Facility is available to be drawn, subject to satisfaction of the conditions precedent set out in the Interim Loan Agreement, from the date of the Interim Loan Agreement to the last day of the Availability Period (as defined below).

The Interim Revolving Facility is available to be drawn, subject to the satisfaction of the conditions precedent set out in the Interim Loan Agreement, from the date of the Interim Loan Agreement to close of business on the Business Day immediately prior to the Final Maturity Date (as defined below).

In this paragraph the following terms shall have the definitions given in the Interim Loan Agreement: “Acquisition”, “Business Day”, “Effective Date”, “Lead Arrangers”, “Offer”, “Offer Conversion Notice”, “Offer Press Release”, “Put Option Period”, “Scheme”, “Scheme Press Release”, “Scheme Settlement Date”, “Squeeze-Out Procedures”, “Squeeze-Out Settlement Date” and “Unconditional Date”. Under the Interim Loan Agreement, the “Availability Period” for the Interim Term Facility is defined as the period from and including the date of the Interim Loan Agreement to and including the earlier of: (a) 11.59 p.m. London time on 20 August 2021 if neither the initial Offer Press Release nor the Scheme Press Release has been issued on or prior to such time; (b) the later of: (A) 9 months after the date of the Debt Commitment Letter; and (B) (i) where the Acquisition is proceeding by way of a Scheme, the later of (x) if the Effective Date occurs on or prior to the date falling 9 months after the date of the Debt Commitment Letter, the Scheme Settlement Date and (y) the end of the Put Option Period or (ii) where the Acquisition is proceeding by way of an Offer, the later of (x) if the Unconditional Date occurs on or prior to the date falling 9 months after the date of the Debt Commitment Letter, the end of the Put Option Period and (y) the Squeeze-Out Settlement Date (but if the Squeeze-Out Settlement Date has not occurred within 11 months after the date of the Debt Commitment Letter, the end of such 11 month period) (the “**Closing Date Longstop**”); (c) where the Acquisition is proceeding by way of a Scheme, the earlier of (1) 11.59 p.m. London time on the date on which the Scheme lapses (including, subject to exhausting any rights of appeal, if a relevant court refuses to sanction the Scheme) or is withdrawn with the consent of the Takeover Panel or by order of the Court (unless Bidco has delivered an Offer

Conversion Notice prior to the Scheme lapsing and such Offer Conversion Notice is followed within 20 Business Days of the Scheme lapsing by an Offer Press Release for the Offer by Bidco to implement the Acquisition in accordance with the Interim Loan Agreement), (2) 11.59 p.m. London time on the date on which Morrisons has become a wholly owned subsidiary of Bidco and all of the consideration payable under the Acquisition in respect of the Morrisons Shares has been paid in full, and (3) close of business on the Closing Date Longstop; (d) where the Acquisition is proceeding by way of an Offer, the earlier of (1) 11.59 p.m. London time on the date on which the Offer lapses, terminates or is withdrawn in accordance with its terms and in compliance with the Takeover Code, the requirements of the Takeover Panel and all applicable laws and regulations (unless, Bidco has notified the Lead Arrangers prior to the Offer lapsing, terminating or being withdrawn that Morrisons intends to launch a Scheme and the Scheme Press Release for the Scheme has been released and such lapse, termination or withdrawal is followed within 20 Business Days by a Scheme Press Release for the Scheme by Bidco to implement the Acquisition in accordance with the Interim Loan Agreement), (2) 11.59 p.m. London time on the date on which Morrisons has become a wholly owned subsidiary of Bidco and all of the consideration payable under the Acquisition in respect of the Morrisons Shares has been paid in full including in respect of the acquisition of any Morrisons Shares to be acquired after the date of first drawdown under the Interim Loan Agreement (including pursuant to the Squeeze-Out Procedures) and (3) close of business on the Closing Date Longstop; and (e) if any Interim Facility is drawn, the date falling one week prior to the Final Maturity Date (as defined below), provided that, for the avoidance of doubt, a switch from a Scheme to an Offer or from an Offer to a Scheme (or, for the avoidance of doubt, any amendments to the terms or conditions of a Scheme or an Offer as a consequence of the switch) shall not constitute a lapse, termination or withdrawal for the purposes of this definition.

In this paragraph the following terms shall have the definitions given in the Interim Loan Agreement: "Business Day", "Compounded Rate Loans", "RFR Banking Day" and "Term Rate Loans". The final maturity date of the Interim Facilities is 90 days after the date on which the first drawdown occurs (the "**Final Maturity Date**") (by which date, the Interim Facilities would need to be replaced and refinanced). The Interim Facilities may also be voluntarily prepaid and/or cancelled by Bidco (upon providing three Business Days' notice in respect of Term Rate Loans or five RFR Banking Days' notice in respect of Compounded Rate Loans).

The Interim Loan Agreement contains customary representations and warranties, affirmative and negative covenants (including covenants in respect of financial indebtedness, disposals, security, permitted holding company activity, dividends and share redemption, acquisitions, mergers and conduct of the Takeover Offer and/or Scheme), indemnities and events of default applicable to Bidco and Market Holdco 3 Limited.

The rate of interest payable on each loan drawn under the Interim Facilities is the aggregate of the applicable margin and the Term Reference Rate or Compounded Reference Rate (each as defined in the Interim Loan Agreement) in respect of Term Rate Loans or Compounded Rate Loans (each as defined in the Interim Loan Agreement), as applicable and, in each case, subject to a 0 per cent. floor). The margin applicable in relation to the Interim Revolving Facility is 4.00 per cent. per annum, and the margin applicable in relation to the Interim Term Facility is 4.00 per cent. per annum. Commitment fees and underwriting and arrangement fees, among other fees, are also payable under the terms of the Interim Loan Agreement and ancillary documentation.

As a condition precedent to the first drawdown of the Interim Facilities, the secured parties under the Interim Loan Agreement would receive the benefit of security, including an English law debenture over all assets of Bidco and Market Holdco 3 Limited.

(b) **Debt Commitment Letter**

Bidco, Bank of America, N.A., London Branch, BNP Paribas SA, Goldman Sachs Bank USA 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 have entered into a debt commitment letter dated 6 August 2021 as amended pursuant to an amendment letter dated 12 August 2021, as further amended pursuant to an amendment letter dated 17 August 2021,

as further amended pursuant to an amendment letter dated 8 September 2021 and as further amended pursuant to an amendment letter dated 10 September 2021 (the “**Debt Commitment Letter**”), pursuant to which they have agreed to make available (i) a bridge loan facility of £2,400 million, (ii) a bridge loan facility of £1,200 million (the “**Junior Secured Notes Bridge Facility**”) split into a bridge term loan facility denominated in sterling in the principal amount of at least £500 million and a bridge term loan facility denominated in euro in an amount equal to the equivalent of the remainder of the Junior Secured Notes Bridge Facility, (iii) a term loan facility of the euro equivalent of £900 million, (iv) term loan facilities of £1,100 million (the “**Term Loan Facility B2**”), split into a term loan facility denominated in sterling in a principal amount of £500 million and a term loan facility denominated in euro equivalent to the remainder of the Term Loan Facility B2, and (v) a revolving credit facility of £1,000 million to Bidco for the purposes of replacing and refinancing the Interim Loan Agreement.

(c) **Interim Note Purchase Agreement**

Market Holdco 2 Limited has entered into an Interim Note Purchase Agreement dated 18 August 2021 (the “**Interim Note Purchase Agreement**”). Under the terms of the Interim Note Purchase Agreement, West Street Strategic Solutions Fund I, LP, WSSS Investments P, S.à r.l., Ares Capital Europe Master S.C.A., SICAV-RAIF – EUR Unlevered Sub-Fund, Ares Capital Europe Master S.C.A., SICAV-RAIF – GBP Unlevered Sub-Fund, Ares Capital Europe Master S.C.A., SICAV-RAIF – EUR Levered Sub-Fund and Ares Capital Europe Master S.C.A., SICAV-RAIF – GBP Levered Sub-Fund (together the “**Initial Interim Note Purchasers**”) have agreed to purchase notes in an aggregate amount equal to £1,300 million (the “**Interim Notes**”).

The proceeds of the sale of the Interim Notes are to be made available to Market Holdco 2 Limited and applied, among other things, in or towards financing part of the aggregate consideration payable by Bidco pursuant to the acquisition of the Morrisons Shares and/or refinancing or otherwise discharging certain existing indebtedness of the Morrisons Group.

The Interim Notes are available to be purchased by each Interim Note Purchaser (as defined in the Interim Note Purchase Agreement), subject to satisfaction of the conditions precedent set out in the Interim Note Purchase Agreement, from the date of the Interim Note Purchase Agreement to the last day of the Availability Period (as defined below).

In this paragraph the following terms shall have the definitions given in the Interim Note Purchase Agreement: “Acquisition”, “Business Day”, “Effective Date”, “Offer”, “Offer Conversion Notice”, “Offer Press Release”, “Scheme”, “Scheme Press Release”, “Scheme Settlement Date”, “Squeeze-Out Procedures” and “Squeeze-Out Settlement Date”. Under the Interim Note Purchase Agreement, “**Availability Period**” for the Interim Notes is defined as the period from and including the date of the Interim Note Purchase Agreement to and including the earlier of: (a) 11.59 p.m. London time on 31 August 2021 if neither the initial Offer Press Release nor the Scheme Press Release has been issued on or prior to such time; (b) the later of: (A) 9 months after the date of the Preferred Equity Commitment Letter; and (B) (i) where the Acquisition is proceeding by way of a Scheme, if the Effective Date occurs on or prior to the date falling 9 months after the date of the Preferred Equity Commitment Letter, the Scheme Settlement Date; or (ii) where the Acquisition is proceeding by way of an Offer, the Squeeze-Out Settlement Date (but if the Squeeze-Out Settlement Date has not occurred within 11 months after the date of the Preferred Equity Commitment Letter, the end of such 11 month period) (the “**Preferred Equity Closing Date Longstop**”); (c) where the Acquisition is proceeding by way of a Scheme, 11.59 p.m. London time on the date on which the Scheme lapses (including, subject to exhausting any rights of appeal, if a relevant court refuses to sanction the Scheme) or is withdrawn with the consent of the Takeover Panel or by order of the Court, unless Bidco has delivered an Offer Conversion Notice prior to the Scheme lapsing and such Offer Conversion Notice is followed within 20 Business Days of the Scheme lapsing by an Offer Press Release for the Offer by Bidco to implement the Acquisition in accordance with the Interim Note Purchase Agreement; (d) where the Acquisition is proceeding by way of an Offer, 11.59 p.m. London time on the date on which the Offer lapses, terminates or is withdrawn in accordance with its terms and in compliance with the Takeover Code, the requirements of the Takeover Panel and all applicable laws and regulations (unless, Bidco has notified the Initial Interim Note Purchasers prior to the Offer lapsing, terminating or being withdrawn that

Morrisons intends to launch a Scheme and the Scheme Press Release for the Scheme has been released and such lapse, termination or withdrawal is followed within 20 Business Days by a Scheme Press Release for the Scheme by Bidco to implement the Acquisition in accordance with the Interim Note Purchase Agreement); (e) if the Interim Notes are issued, the date falling one week prior to the Final Redemption Date (as defined below); (f) where the Acquisition is proceeding by way of an Offer, 11.59 p.m. London time on the date falling seven weeks after Bidco becomes entitled to initiate the Squeeze-Out Procedures; and (g) the date on which Bidco has (i) acquired 100 per cent. of the Morrisons Shares and (ii) has paid the consideration for the Morrisons Shares, provided that, for the avoidance of doubt, a switch from a Scheme to an Offer or from an Offer to a Scheme (or, for the avoidance of doubt, any amendments to the terms or conditions of a Scheme or an Offer as a consequence of the switch) shall not constitute a lapse, termination or withdrawal for the purposes of this definition.

The final redemption date of the Interim Notes is 90 days after the date on which the first notes are issued under the Interim Note Purchase Agreement (the “**Final Redemption Date**”) (by which date, the Interim Notes would need to be replaced and refinanced). The Interim Notes may also be voluntarily redeemed and/or cancelled by Market Holdco 2 Limited (upon providing three Business Days’ notice).

The Interim Note Purchase Agreement contains customary representations and warranties, affirmative and negative covenants (including covenants in respect of financial indebtedness, disposals, negative pledge, permitted holding company activity, distributions, acquisitions, mergers and conduct of the Takeover Offer and/or Scheme), indemnities and events of default applicable to Market Holdco 2 Limited.

The rate of interest payable on each Interim Note purchased pursuant to the Interim Note Purchase Agreement is 11 per cent. per annum. A closing date payment is also payable under the terms of the Interim Note Purchase Agreement and ancillary documentation.

(d) **Preferred Equity Commitment Letter**

Market Holdco 2 Limited, the Initial Investors (as defined in the Preferred Equity Commitment Letter) and the Interim Note Purchasers (as defined in the Interim Note Purchase Agreement) have entered into a Preferred Equity Commitment Letter dated 17 August 2021 pursuant to which the Initial Investors (as defined in the Preferred Equity Commitment Letter) have agreed to subscribe for (x) preferred shares in an aggregate amount of £1,300 million in Market Holdco 2 Limited for the purposes of replacing and refinancing the Interim Note Purchase Agreement and (y) ordinary shares in an aggregate amount of £300 million for the purposes of financing part of the consideration payable for the Scheme Shares (the “**Preferred Equity Commitment Letter**”).

(e) **Equity Commitment Letter**

In connection with its equity financing of Bidco, CD&R Fund XI entered into an Equity Commitment Letter on 19 August 2021, which sets out the basis on which CD&R Fund XI will invest, directly or indirectly, in immediately available funds, £1,823,662,525 in Bidco for the purposes of financing part of the consideration payable for the Scheme Shares (with the remainder to be provided by the debt financing and the equity commitment set forth in the Preferred Equity Commitment Letter) (the “**Equity Commitment Letter**”). Pursuant to the terms of the Equity Commitment Letter, CD&R Fund XI will procure that such investment has occurred on or before the date by which Bidco must pay the consideration.

9. **Cash confirmation**

The CD&R Offer Value payable pursuant to the CD&R Offer will be financed as set out in paragraph 5 of Part II (*Explanatory Statement*) of this document.

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

10. Significant change

Save as disclosed in this document, there has been no significant change in the financial or trading position of the Morrisons Group since 31 January 2021, being the date to which Morrisons' last published accounts were prepared.

11. Sources and bases of selected financial information

11.1 The aggregate value of the CD&R Offer Value of £7.0 billion is calculated by multiplying the offered amount of 285 pence in cash per Morrisons Share by Morrisons' fully diluted share capital (as referred to in paragraph 11.2 below).

11.2 The fully diluted share capital of Morrisons of 2,463,427,939 Morrisons Shares is calculated on the basis of:

(a) Morrisons' issued share capital as at the close of business on the Last Practicable Date of 2,419,457,489 Morrisons Shares;

(b) up to 50,266,097 Morrisons Shares which are expected to be issued on or after the date of this document on the exercise of options or vesting of awards under the Morrisons Share Plans, as at the close of business on the Last Practicable Date and assuming that the Scheme becomes Effective on the expected Effective Date of 27 October 2021; and

(c) 6,295,647 Morrisons Shares which are held by the Morrisons Employee Benefit Trust as at close of business on the Last Practicable Date which will be used to satisfy the exercise of options and vesting of awards under the Morrisons Share Plans.

11.3 Unless otherwise stated, all prices quoted for Morrisons Shares have been derived from information published by the Daily Official List of the London Stock Exchange and represent closing middle market prices on the relevant date.

11.4 Volume weighted average prices have been derived from Bloomberg and have been rounded to the nearest whole figure.

11.5 Unless otherwise stated, financial information relating to Morrisons has been extracted or derived (without material adjustment) from the audited financial statements of Morrisons contained in the 2020/21 Morrisons Annual Report.

11.6 Certain figures included in this document have been subject to rounding adjustments.

12. Incorporation by reference

12.1 Parts of other documents are incorporated by reference in, and form part of, this document.

12.2 Part V (*Financial and Ratings Information*) of this document sets out which sections of such documents are incorporated into this document.

12.3 A person who has received this document may request a copy of such documents incorporated by reference. Copies of any such documents or information incorporated by reference will not be sent to such persons unless requested from Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom, or by calling the Shareholder Helpline between 8.30 a.m. and 5.30 p.m. Monday to Friday (except public holidays in England and Wales) on 0333 207 6394 from within the UK or +44 333 207 6394 if calling from outside the UK. International rates apply to calls from outside the UK. Calls may be monitored or recorded and the Shareholder Helpline cannot provide advice on the merits of the CD&R Offer or give any financial, legal or tax advice. If requested, copies will be provided, free of charge, within two Business Days of the request.

13. Other information

13.1 Each of Rothschild & Co, Jefferies, Shore Capital, Goldman Sachs, J.P. Morgan Cazenove, BofA Securities, BNP Paribas and Mizuho has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.

13.2 Save as disclosed in this document, there is no agreement, arrangement or understanding (including any compensation arrangement) between Bidco or any person acting in concert with

it and any of the directors, recent directors, shareholders or recent shareholders of Morrisons, or any person interested or recently interested in Morrisons Shares, having any connection with or dependence on or which is conditional upon the outcome of the CD&R Offer.

- 13.3 There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the Morrisons Shares to be acquired by Bidco will be transferred to any other person, save that Bidco reserves the right to transfer any such shares to any other member of the Bidco Group.
- 13.4 Save with the consent of the Panel, settlement of the consideration to which each Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien or right of set-off, counterclaim or other analogous right to which Bidco may otherwise be, or claim to be, entitled against any such Scheme Shareholder.
- 13.5 The aggregate fees and expenses which are expected to be incurred by Bidco in connection with the CD&R Offer are estimated to amount to approximately £348.9 million plus applicable VAT and other taxes. This aggregate number consists of the following categories:

<u>Category</u>	<u>Amount – £m</u>
Financing arrangements	249.0
Financial and corporate broking advice	42.0 ⁽¹⁾
Legal advice	12.9 ⁽¹⁾⁽²⁾
Accounting advice	2.3 ⁽²⁾
Public relations advice	3.5 ⁽¹⁾⁽²⁾
Other professional services	2.9 ⁽²⁾
Other costs and expenses	36.3 ⁽³⁾
Total	<u>348.9</u>

(1) The total amount payable includes a discretionary element or otherwise depends on whether the CD&R Offer becomes Effective.

(2) Certain of these services are provided by reference to hourly rates. Amounts included in the table above reflect the time incurred up to the Last Practicable Date and an estimate of further time required.

(3) This figure includes, among other things, an estimate of the UK stamp duty payable by Bidco.

- 13.6 The aggregate fees and expenses which are expected to be incurred by the Morrisons Group in connection with the CD&R Offer are estimated to amount to approximately £56.8 million plus applicable VAT. This aggregate number consists of the following categories:

<u>Category</u>	<u>Amount – £m</u>
Financial and corporate broking advice	47.9
Legal advice	5.3
Accounting advice	Nil
Public relations advice	0.1
Other professional services	2.7
Other costs and expenses	0.8
Total	<u>56.8</u>

- 13.7 Save as disclosed in this document, the emoluments of the Morrisons Directors and the Bidco Directors will not be affected by the CD&R Offer or any other associated transaction.

- 13.8 There is no agreement or arrangement to which Bidco is a party which relates to the circumstances in which it may or may not invoke a condition to the Scheme.

14. Documents available for inspection

Until and including the Effective Date (or the date on which the Scheme lapses or is withdrawn, if earlier) copies of the following documents will be available via the link on Morrisons' website at <https://www.morrisons-corporate.com/investor-centre/offer-from-cdr>:

- 14.1 the articles of association of Morrisons;

- 14.2 a draft of the articles of association of Morrisons as proposed to be amended at the General Meeting;
- 14.3 the articles of association of Bidco;
- 14.4 the 2020/21 Morrisons Annual Report;
- 14.5 the 2019/20 Morrisons Annual Report;
- 14.6 the March Prelims;
- 14.7 the Q1 Trading Statement;
- 14.8 the September Interims;
- 14.9 the full list of dealings in respect of each of BofA Securities and BNP Paribas summarised in paragraph 5.3(b) of this Part VIII (*Additional Information*);
- 14.10 the written consent from each of Rothschild & Co, Jefferies, Shore Capital, Goldman Sachs, J.P. Morgan Cazenove, BofA Securities, BNP Paribas and Mizuho referred to in paragraph 13.1 of this Part VIII (*Additional Information*);
- 14.11 the offer-related arrangements referred to in paragraph 7 of this Part VIII (*Additional Information*);
- 14.12 the material contracts referred to in paragraph 8.2 of this Part VIII (*Additional Information*);
- 14.13 the documents evidencing the equity and debt financing being provided by Bidco, including the documents referred to in paragraph 8.2 of this Part VIII (*Additional Information*);
- 14.14 this document, the Virtual Meeting Guide, the Forms of Proxy and the Forms of Instruction; and
- 14.15 template forms of the letters to be sent to participants in the Morrisons Sharesaves in connection with the CD&R Offer.

PART IX — DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise.

“2019/20 Morrisons Annual Report”	the annual report and audited accounts of the Morrisons Group for the 52 weeks ended 2 February 2020;
“2020/21 Morrisons Annual Report”	the annual report and audited accounts of the Morrisons Group for the 52 weeks ended 31 January 2021;
“2021/22 Profits Floor”	has the meaning given to such term in Part VII (<i>Morrisons Profit Forecast</i>) of this document;
“2022/23 Profits Floor”	has the meaning given to such term in Part VII (<i>Morrisons Profit Forecast</i>) of this document;
“Announcement”	the announcement made by Morrisons and Bidco pursuant to Rule 2.7 of the Takeover Code in connection with the CD&R Offer on the Announcement Date, including its appendices;
“Announcement Date”	19 August 2021;
“Ares European Direct Lending and Alternative Credit Funds”	funds advised and/or managed by Ares Management Corporation or its affiliates;
“Ares Responsible Persons”	has the meaning given to such term in Part VIII (<i>Additional Information</i>) of this document;
“Articles”	the articles of association of Morrisons from time to time;
“Ashurst”	Ashurst LLP;
“Availability Period”	has the meaning given to such term in Part VIII (<i>Additional Information</i>) of this document;
“Bidco”	Market Bidco Limited, a private limited company incorporated in England and Wales with registered number 13537474 whose registered office is at C/O Alter Domus (UK) Limited, 18 St Swithin’s Lane, London, United Kingdom, EC4N 8AD;
“Bidco Board” or “Bidco Directors”	the board of directors of Bidco as at the date of this document or, where the context so requires, the directors of Bidco from time to time;
“Bidco Group”	Bidco and its subsidiary undertakings and, where the context permits, each of them;
“BNP Paribas”	BNP Paribas, London Branch;
“BofA Securities”	Merrill Lynch International;
“Business Day”	a day, not being a public holiday, Saturday or Sunday, on which clearing banks in London are open for normal business;
“CD&R”	Clayton, Dubilier & Rice, LLP in its capacity as adviser to Clayton, Dubilier & Rice, LLC as manager of CD&R Fund XI;
“CD&R Fund XI”	Clayton, Dubilier & Rice Fund XI, L.P., Clayton, Dubilier & Rice XI-A, L.P., CD&R Advisor Fund XI, L.P. and Clayton, Dubilier & Rice XI (Scotland), L.P., as the context requires;

“CD&R Group”	CD&R and its subsidiary undertakings from time to time;
“CD&R Offer”	the proposed recommended cash acquisition by Bidco of the entire issued and to be issued share capital of Morrisons by means of the Scheme, or should Bidco so elect (with the consent of the Panel), by means of a Takeover Offer;
“CD&R Offer Document”	should the CD&R Offer be implemented by means of the Takeover Offer, the document to be sent to Morrisons Shareholders which will contain, inter alia, the terms and conditions of the Takeover Offer;
“CD&R Offer Value”	285 pence per Morrisons Share;
“CD&R Responsible Persons”	has the meaning given to such term in Part VIII (<i>Additional Information</i>) of this document;
“certificated” or “in certificated form”	a share or other security which is not in uncertificated form (that is, not in CREST);
“Clean Team Agreement”	the clean team agreement entered into between CD&R and Morrisons in relation to the CD&R Offer dated 6 July 2021;
“Closing Date Longstop”	has the meaning given to such term in Part VIII (<i>Additional Information</i>) of this document;
“Closing Price”	the closing middle market price of a Morrisons Share as derived from the Daily Official List on any particular date;
“CMA”	the Competition and Markets Authority;
“Companies Act”	the Companies Act 2006, as amended from time to time;
“Conditions”	the conditions of the CD&R Offer set out in Part A of Part III (<i>Conditions to and certain further terms of the CD&R Offer and the Scheme</i>) of this document and a “Condition” shall mean any one of them;
“Confidentiality Agreement”	the confidentiality agreement entered into between CD&R and Morrisons in relation to the CD&R Offer dated 5 July 2021;
“Co-operation Agreement”	the co-operation agreement entered into between Bidco, Market Topco and Morrisons in relation to the CD&R Offer dated 19 August 2021;
“Court”	the High Court of Justice of England and Wales;
“Court Meeting”	the meeting of Scheme Shareholders to be convened at the direction of the Court pursuant to Part 26 of the Companies Act for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment) and any adjournment thereof, notice of which is set out in Part X (<i>Notice of Court Meeting</i>) of this document;
“Court Order”	the order of the Court sanctioning the Scheme under Part 26 of the Companies Act;
“Court Sanction Date”	the date on which the Court Order is made;
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations);
“CREST Manual”	the CREST Manual published by Euroclear, as amended from time to time;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) as amended from time to time;
“Daily Official List”	the daily official list of the London Stock Exchange;

“Dealing Disclosure ” . . .	an announcement pursuant to Rule 8 of the Takeover Code containing details of dealings in interests in relevant securities of a party to an offer;
“Debt Commitment Letter”	has the meaning given to such term in Part VIII (<i>Additional Information</i>) of this document;
“Disclosed”	(a) information disclosed by, or on behalf of Morrisons in the 2020/21 Morrisons Annual Report or in the Announcement; (b) fairly disclosed in writing prior to the Announcement Date by or on behalf of Morrisons to Bidco or CD&R (or their respective officers, employees, agents or advisers in their capacity as such), including (but not limited to) via the virtual data room operated on behalf of Morrisons in respect of the CD&R Offer or via email; (c) as otherwise publicly announced by Morrisons prior to the Announcement Date (by the delivery of any announcement to a Regulatory Information Service); or (d) fairly disclosed during any management presentation in connection with the CD&R Offer which was attended by Morrisons and any of Bidco or CD&R (or their respective officers, employees, agents or advisers in their capacity as such);
“Disclosure Guidance and Transparency Rules”	the disclosure guidance and transparency rules made by the FCA, as amended from time to time;
“document”	this document dated 25 September 2021 containing (amongst other things) the Scheme and the Explanatory Statement;
“Effective”	in the context of the CD&R Offer, either: (a) if the CD&R Offer is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms; or (b) if the CD&R Offer is implemented by way of a Takeover Offer, the Takeover Offer having been declared or having become unconditional in all respects in accordance with the requirements of the Takeover Code;
“Effective Date”	the date on which the CD&R Offer becomes Effective;
“Electronic Payment Mandate”	a standing electronic payment mandate with Equiniti Limited, Morrisons’ registrars, for the purpose of receiving dividend payments from Morrisons in pounds sterling;
“Equity Capital”	has the meaning given to such term in Part II (<i>Explanatory Statement</i>) of this document;
“Equity Commitment Letter”	has the meaning given to such term in Part VIII (<i>Additional Information</i>) of this document;
“ESG”	Environmental, Social and Governance
“Euroclear”	Euroclear UK & Ireland Limited;
“Excluded Shares”	any Morrisons Shares: (a) registered in the name of, or beneficially owned by Bidco, any member of the Bidco Group or their respective nominees, (b) registered in the name of, or beneficially owned by, funds managed by CD&R or any of their subsidiary undertakings or their respective nominees; or (c) Treasury Shares;
“Explanatory Statement”	the explanatory statement (in compliance with section 897 of the Companies Act) relating to the Scheme, as set out in this document;

"FCA"	the Financial Conduct Authority of the United Kingdom or its successor from time to time;
"Final Maturity Date"	has the meaning given to such term in Part VIII (<i>Additional Information</i>) of this document;
"Final Redemption Date"	has the meaning given to such term in Part VIII (<i>Additional Information</i>) of this document;
"Form(s) of Instruction"	the PINK Form of Instruction for use at the Court Meeting and the YELLOW Form of Instruction for use at the General Meeting (or either of them as the context may require), which are being sent to Morrisons CSN Participants;
"Form(s) of Proxy"	the PINK Form of Proxy for use at the Court Meeting and the YELLOW Form of Proxy for use at the General Meeting (or either of them as the context may require), which are being sent to Morrisons Shareholders;
"Fortress"	funds managed or advised by affiliates of Fortress Investment Group, LLC;
"Fortress Bidco"	Oppidum Bidco Limited;
"Fortress Increased Offer"	272 pence for each Morrisons Share (being the sum total of (i) 270 pence for each Morrisons Share and (ii) a proposed special dividend of 2 pence for each Morrisons Share), as announced on 6 August 2021;
"Fortress Offer"	254 pence for each Morrisons Share (being the sum total of (i) 252 pence for each Morrisons Share and (ii) a proposed special dividend of 2 pence for each Morrisons Share), as announced on 3 July 2021;
"FSMA"	the UK Financial Services and Markets Act 2000 (as amended from time to time);
"General Meeting"	the general meeting of Morrisons Shareholders to be convened to consider and if thought fit pass, inter alia, the Resolution in relation to the Scheme and the CD&R Offer, including any adjournment thereof;
"Gibraltar Pension Scheme"	has the meaning given to such term in Part I (<i>Letter from the Chair of Wm Morrison Supermarkets PLC</i>) of this document;
"Goldman Sachs"	Goldman Sachs International, financial adviser to Bidco and CD&R;
"holder"	a registered holder (including any person(s) entitled by transmission);
"Initial Enforcement Order"	an order made under section 72, or an order made or adopted (as the case may be) under paragraph 2 of Schedule 7 of the Enterprise Act 2002 (as amended from time to time);
"Initial Interim Note Purchasers"	has the meaning given to such term in Part VIII (<i>Additional Information</i>) of this document;
"Interim Facilities"	has the meaning given to such term in Part VIII (<i>Additional Information</i>) of this document;
"Interim Loan Agreement"	has the meaning given to such term in Part VIII (<i>Additional Information</i>) of this document;
"Interim Note Purchase Agreement"	has the meaning given to such term in Part VIII (<i>Additional Information</i>) of this document;
"Interim Notes"	has the meaning given to such term in Part VIII (<i>Additional Information</i>) of this document;

“Interim Revolving Facility”	has the meaning given to such term in Part VIII (<i>Additional Information</i>) of this document;
“Interim Term Facility”	has the meaning given to such term in Part VIII (<i>Additional Information</i>) of this document;
“J.P. Morgan Cazenove”	J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove, financial adviser to Bidco and Clayton, Dubilier & Rice, LLC;
“Jefferies”	Jefferies International Limited, financial adviser and joint corporate broker to Morrisons;
“Junior Secured Notes Bridge Facility”	has the meaning given to such term in Part VIII (<i>Additional Information</i>) of this document;
“Last Practicable Date”	the close of business on 23 September 2021 (being the last practicable date prior to publication of this document);
“Listing Rules”	the listing rules, made by the FCA under Part 6 of FSMA, as amended from time to time;
“London Stock Exchange”	the London Stock Exchange plc or its successor;
“Long Stop Date”	2 April 2022 (or such later date as may be agreed between Bidco and Morrisons and the Panel and the Court may allow);
“Lumi”	Lumi AGM UK Limited;
“March Prelims”	the preliminary results announcement released by Morrisons on 11 March 2021 for the 52 weeks ended 31 January 2021;
“Market Abuse Regulation”	the Market Abuse Regulation (EU) (596/2014) (as it forms part of the laws of the UK by virtue of the European Union (Withdrawal) Act 2018 (as amended));
“Market Topco”	Market Topco Limited, a private limited company incorporated in England and Wales with registered number 13537349 whose registered office is at C/O Alter Domus (UK) Limited, 18 St Swithin's Lane, London, United Kingdom, EC4N 8AD;
“Meeting(s)”	the Court Meeting and/or the General Meeting, as the case may be;
“Memorandum of Understanding”	has the meaning given to such term in Part I (<i>Letter from the Chair of Wm Morrison Supermarkets PLC</i>) of this document;
“Mizuho”	Mizuho International plc;
“Morrisons”	Wm Morrison Supermarkets PLC, a public limited company incorporated in England and Wales with registered number 00358949 whose registered office is at Hilmore House, Gain Lane, Bradford, West Yorkshire, BD3 7DL;
“Morrisons Board” or “Morrisons Directors”	the directors of Morrisons as at the date of this document or, where the context so requires, the directors of Morrisons from time to time;
“Morrisons CSN Participants”	persons indirectly interested in Morrisons Shares via the Morrisons CSN Service;
“Morrisons CSN Service”	the corporate sponsored nominee service for Morrisons CSN Participants who have a beneficial interest in Morrisons Shares held

	by Equiniti Corporate Nominees Limited in CREST in uncertificated form on their behalf, which is provided by Equiniti Financial Services Limited;
“Morrisons DSBPs”	the 2010 Wm Morrison Supermarkets Deferred Share Bonus Plan adopted by the Morrisons Board on 8 July 2010 and the 2020 Wm Morrison Supermarkets Deferred Share Bonus Plan adopted by the Morrisons Board on 12 November 2020;
“Morrisons Employee Benefit Trust”	the Wm Morrison Supermarkets PLC Employee Benefit Trust;
“Morrisons Executive Directors”	David Potts, Trevor Strain and Michael Gleeson;
“Morrisons Group”	Morrisons and its subsidiary undertakings and, where the context permits, each of them;;
“Morrisons LTIPs”	the 2007 Wm Morrison Supermarkets Long Term Incentive Plan approved by the shareholders of Morrisons on 24 May 2007 and the Wm Morrison Supermarkets 2017 Long Term Incentive Plan approved by the shareholders of Morrisons on 15 June 2017;
“Morrisons Non-Executive Directors”	Andrew Higginson, Jeremy Townsend, Lyssa McGowan, Susanne Given, Kevin Havelock and Rooney Anand;
“Morrisons Pension Schemes”	the Morrisons 1967 Section of the Morrisons Retirement Saver Plan, the RSP Section of the Morrisons Retirement Saver Plan and the Safeway Pension Scheme;
“Morrisons Profit Forecast”	has the meaning given to such term in Part VII (<i>Morrisons Profit Forecast</i>) of this document;
“Morrisons Remuneration Committee”	the duly appointed remuneration committee of Morrisons from time to time;
“Morrisons Share(s)”	the existing unconditionally allotted or issued and fully paid ordinary shares of 10 pence each in the capital of Morrisons and any further such ordinary shares which are unconditionally allotted or issued before the Scheme becomes Effective but excluding in both cases any such shares held or which become held in treasury;
“Morrisons Shareholder(s)”	the registered holders of Morrisons Shares from time to time or, in relation to the Court Meeting, Scheme Shareholders;
“Morrisons Sharesaves”	the Wm Morrison Supermarkets PLC Sharesave Scheme 2010 approved by the shareholders of Morrisons on 3 June 2010 and the Wm Morrison Supermarkets Sharesave Scheme 2020 adopted by the Morrisons Board on 11 June 2020;
“Morrisons Share Plans”	the Morrisons DSBPs, the Morrisons LTIPs and the Morrisons Sharesaves;
“Offer Period”	the offer period (as defined by the Takeover Code) relating to Morrisons which commenced on 19 June 2021 and ending on the earlier of the Effective Date and/or the date on which the Scheme lapses or is withdrawn (or such other date as the Panel may decide);
“Official List”	the official list of the FCA;
“Opening Position Disclosure”	an announcement pursuant to Rule 8 of the Takeover Code containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the CD&R Offer;

“Overseas Shareholders”	holders of Morrisons Shares who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom;
“Panel”	the Panel on Takeovers and Mergers of the United Kingdom;
“Phase 2 CMA Reference”	a reference of the CD&R Offer to the chair of the CMA for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013;
“PRA”	the Prudential Regulation Authority or its successor from time to time;
“Preferred Equity Closing Date Longstop”	has the meaning given to such term in Part VIII (<i>Additional Information</i>) of this document;
“Preferred Equity Commitment Letter”	has the meaning given to such term in Part VIII (<i>Additional Information</i>) of this document;
“Proxymity”	Proxymity Limited;
“Proxymity Platform”	the electronic proxy appointment platform at www.proxymity.io ;
“Q1 Trading Statement”	the Q1 trading statement released by Morrisons on 11 May 2021 for the 14 weeks to 9 May 2021;
“Registrar of Companies”	the Registrar of Companies in England and Wales;
“Regulatory Information Service”	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements;
“Resolution”	the special resolution to be proposed at the General Meeting necessary to implement the Scheme, including (amongst other things) to make certain amendments to be made to the Articles and to approve the re-registration of Morrisons as a private limited company in accordance with the Companies Act;
“Restricted Jurisdiction”	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the CD&R Offer is sent or made available to Morrisons Shareholders in that jurisdiction;
“Rothschild & Co”	N.M. Rothschild & Sons Limited;
“Scheme“ or “Scheme of Arrangement”	the proposed scheme of arrangement under Part 26 of the Companies Act between Morrisons and Scheme Shareholders to implement the CD&R Offer, with or subject to any modification, addition or condition approved or imposed by the Court and agreed by Morrisons and Bidco, particulars of which are set out in Part IV (<i>The Scheme of Arrangement</i>) of this document;
“Scheme Court Hearing”	the hearing by the Court of the application to sanction the Scheme under Part 26 of the Companies Act;
“Scheme Record Time”	6.00 p.m. on the Business Day immediately after the date of the Scheme Court Hearing;
“Scheme Shareholder(s)”	the holder(s) of Scheme Shares at any relevant date or time;
“Scheme Shares”	all Morrisons Shares: <ul style="list-style-type: none"> (a) in issue at the date of the document; (b) (if any) issued after the date of the document but prior to the Voting Record Time; and (c) (if any) issued at or after the Voting Record Time and prior to the Scheme Record Time in respect of which the original or any

subsequent holder thereof is bound by the Scheme, or shall by such time have agreed in writing to be bound by the Scheme, but excluding any Excluded Shares;

- “September Interims”** . . . the interim results announcement released by Morrisons on 9 September 2021 for the 26 weeks ended 1 August 2021;
- “Shareholder Helpline”** . . . the shareholder helpline operated by Equiniti Limited, Morrisons’ registrars, with regard to any queries from Scheme Shareholders and Morrisons’ Shareholders about this document, the Court Meeting or the General Meeting, or how to submit proxies;
- “Sharesave Payment”** . . . has the meaning given to such term in Part II (*Explanatory Statement*) of this document;
- “Shore Capital”** Shore Capital Stockbrokers Limited, financial adviser and joint corporate broker to Morrisons;
- “Takeover Code”** the City Code on Takeovers and Mergers issued by the Panel, as amended from time to time;
- “Takeover Offer”** subject to the consent of the Panel, should the CD&R Offer be implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act in the circumstances described in this document, the offer to be made by or on behalf of Bidco to acquire the entire issued and to be issued share capital of Morrisons and, where the context admits, any subsequent revision, variation, extension or renewal of such offer;
- “Term Loan Facility B2”** . . . has the meaning given to such term in Part VIII (*Additional Information*) of this document;
- “Third Party”** has the meaning given to such term in Part A of Part III (*Conditions to and certain further terms of the CD&R Offer and the Scheme*) of this document;
- “Treasury Shares”** Morrisons Shares held as treasury shares as defined in section 724(5) of the Companies Act;
- “UK” or “United Kingdom”** the United Kingdom of Great Britain and Northern Ireland;
- “uncertificated” or “in uncertificated form”** . . . a share or other security recorded on the relevant register of members as being held in uncertificated form and title to which may, by virtue of the CREST Regulations, be transferred by means of CREST;
- “US or United States”** . . . the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
- “US Exchange Act”** the US Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereunder;
- “Virtual Meeting Guide”** . . . the virtual meeting guide prepared by Lumi explaining how Morrisons Shareholders (and any of their duly appointed proxies and corporate representatives) can access and engage in the business of the Meetings remotely via the Virtual Meeting Platform;
- “Virtual Meeting Platform”** the virtual meeting platform hosted by Lumi;
- “Voting Record Time”** . . . 6.30 p.m. on the day which is two Business Days prior to the date of the Court Meeting or any adjournment thereof (as the case may be);
- “West Street Strategic Solutions”** West Street Strategic Solutions Europe Fund I, SLP, West Street Strategic Solutions Fund I, L.P. (Delaware), West Street Strategic Solutions Offshore Fund I, L.P. (Cayman) and affiliated entities;

- “Wider Bidco Group”** . . . Bidco, CD&R Fund XI and their associated undertakings and any other undertaking, body corporate, partnership, joint venture or person in which Bidco, CD&R Fund XI and such undertakings (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent;
- “Wider Morrisons Group”** Morrisons and associated undertakings and any other body corporate, partnership, joint venture or person in which Morrisons and such undertakings (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent;
- “WSSS I”** has the meaning given to such term in Part II (*Explanatory Statement*) of this document; and
- “WSSS Responsible Persons”** has the meaning given to such term in Part VIII (*Additional Information*) of this document.

For the purposes of this document, **“subsidiary”**, **“subsidiary undertaking”**, **“undertaking”** and **“equity share capital”** have the meanings given by the Companies Act and **“associated undertaking”** has the meaning given by paragraph 19 of Schedule 6 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, other than paragraph 19(1)(b) of Schedule 6 to those regulations which shall be excluded for this purpose.

All references to **“pounds”**, **“pounds sterling”**, **“sterling”**, **“GBP”**, **“£”**, **“pence”** and **“p”** are to the lawful currency of the United Kingdom.

All references to **“Euro”** or **“€”** are to the lawful currency of the European Union.

All references to **“US dollar”**, **“USD”** or **“US\$”** are to the lawful currency of the United States.

All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

A reference to **“includes”** shall mean **“includes without limitation”**, and references to **“including”** and any other similar term shall be construed accordingly.

All times referred to are London time unless otherwise stated.

References to the singular include the plural and *vice versa*.

PART X — NOTICE OF COURT MEETING

IN THE HIGH COURT OF JUSTICE

CR-2021-001331

BUSINESS AND PROPERTY COURTS OF

ENGLAND AND WALES

COMPANIES COURT (ChD)

IN THE MATTER OF WM MORRISON SUPERMARKETS PLC

and

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that, by an Order dated 23 September 2021 made in the above matters, the Court has given permission for a meeting (the “**Court Meeting**”) to be convened of the holders of Scheme Shares (as defined in the scheme of arrangement referred to below) (the “**Scheme Shareholders**”) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the “**Scheme of Arrangement**”) proposed to be made pursuant to Part 26 of the Companies Act 2006 (the “**Act**”) between Wm Morrison Supermarkets PLC (“**Morrisons**” or the “**Company**”), and the Scheme Shareholders and that the Court Meeting will be held at Hilmore House, Gain Lane, Bradford, West Yorkshire, BD3 7DL on 19 October 2021, at 12.30 p.m. (London time), at which time all Scheme Shareholders are requested to attend via the Lumi online meeting platform (the “**Virtual Meeting Platform**”), although physical attendance at the venue shall not be prohibited.

Copies of the Scheme of Arrangement and of the explanatory statement required to be published pursuant to section 897 of the Act are incorporated in the document of which this Notice forms part.

Voting on the resolution to approve the Scheme of Arrangement will be by poll, which shall be conducted as the Chair of the Court Meeting may determine.

While it is currently anticipated that the Court Meeting will be held at Hilmore House, Gain Lane, Bradford, West Yorkshire, BD3 7DL in a COVID-19 secure manner, it is possible that the evolving COVID-19 pandemic and Government restrictions and guidance in relation to any developments may mean that this is not possible. In light of the uncertainty surrounding the COVID-19 restrictions that may be in place at the date of the Court Meeting, and in order to protect the health and safety of all stakeholders, Scheme Shareholders and other attendees (including any of their duly appointed proxies and/or corporate representatives) are strongly encouraged not to attend the Court Meeting in person, save for the Chair and anyone else nominated by the Chair in order to establish a quorum or to facilitate the proceedings of the Court Meeting. Morrisons remains firmly committed to encouraging shareholder engagement on the business of the Court Meeting. As such, Scheme Shareholders (and any of their duly appointed proxies and/or corporate representatives) will be able to (i) attend and vote at the Court Meeting remotely via the Virtual Meeting Platform (even if a proxy appointment is submitted in advance) and (ii) submit questions and/or objections remotely in writing via the Virtual Meeting Platform or orally by telephone.

The COVID-19 situation is constantly evolving, and the UK Government may implement measures relating to the holding of shareholder meetings during the affected period. Any changes to the arrangements for the Court Meeting will be communicated to the Scheme Shareholders before the Court Meeting, including through Morrisons' website at <https://www.morrisons-corporate.com/investor-centre/offer-from-cdr> and by announcement through a Regulatory Information Service.

Instructions for accessing the Virtual Meeting Platform

Scheme Shareholders (and any of their duly appointed proxies and/or corporate representatives) will be able to (i) attend and vote at the Court Meeting remotely via the Virtual Meeting Platform and (ii) submit questions and/or objections remotely in writing via the Virtual Meeting Platform or orally by telephone.

The Virtual Meeting Platform can be accessed using a web browser, on any PC or PC equivalent or smartphone device. The web browser must be compatible with the latest browser versions of Chrome, Firefox, Edge and Safari. In order to access and engage in the business of the Court Meeting, as detailed above, using this method, please go to <https://web.lumiagm.com/>.

Once you have accessed <https://web.lumiagm.com/> from your web browser, you will be asked to enter the Lumi Meeting ID which is 113-203-522. You will then be prompted to enter your unique Shareholder Reference Number (“**SRN**”) and PIN. Your SRN can be found on your Form of Proxy and your PIN is the first two and last two digits of your SRN. Access to the Court Meeting via the website will be available from 11.30 a.m. on 19 October 2021, as further detailed below. If you are unable to access your SRN and PIN, please call the Shareholder Helpline between 8.30 a.m. and 5.30 p.m. Monday to Friday (except public holidays in England and Wales) on 0333 207 6394 from within the UK or +44 333 207 6394 if calling from outside the UK. International rates apply to calls from outside the UK. Please note that calls may be monitored or recorded and the Shareholder Helpline cannot provide advice on the merits of the CD&R Offer or give any financial, legal or tax advice.

Scheme Shareholders are strongly encouraged to appoint the Chair of the Court Meeting as their proxy. If you wish to appoint a person other than the Chair of the Court Meeting as your proxy and for them to attend and engage in the business of the Court Meeting remotely via the Virtual Meeting Platform on your behalf, please submit your proxy appointment in the usual way and then, once received, contact the Shareholder Helpline in order to obtain your unique SRN and PIN (which you can then pass on to your duly appointed proxy). This should be done as soon as possible and at least 48 hours (excluding any part of such 48 hour period falling on a non-working day) before the Court Meeting.

If your Scheme Shares are held within a nominee account at a bank or broker then you may be appointed as a corporate representative. If, as a corporate representative, you wish to remotely attend the Court Meeting then please ensure you contact your bank/broker immediately and request that they send a letter of representation to Equiniti Limited, so as to be received by Equiniti Limited no later than 72 hours ahead of the Court Meeting (excluding non-working days), to allow Equiniti Limited as the Company's registrars to generate your unique log in details and return this to your bank/broker for onward transmission to you ahead of the Court Meeting. This will allow you, as a corporate representative, to remotely attend, submit questions and vote your allocated holding at the Court Meeting.

Access to the Court Meeting will be available from 11.30 a.m. on 19 October 2021, although the voting functionality will not be enabled until the Chair of the Court Meeting declares the poll open. Scheme Shareholders (and any of their duly appointed proxies and/or corporate representatives) will be permitted to submit questions and/or objections remotely in writing via the Virtual Meeting Platform or orally by telephone to the Company's directors during the Court Meeting.

During the Court Meeting, you must ensure you are connected to the internet at all times in order to (i) attend and vote at the Court Meeting remotely via the Virtual Meeting Platform when the Chair commences polling and (ii) submit questions and/or objections remotely in writing via the Virtual Meeting Platform or orally by telephone. Therefore, it is your responsibility to ensure connectivity for the duration of the Court Meeting. The Virtual Meeting Guide contains further information on accessing the Court Meeting remotely via the Virtual Meeting Platform or via telephone and is available on the Company's website at <https://www.morrisons-corporate.com/investor-centre/offer-from-cdr>.

Right to Appoint a Proxy; Procedure for Appointment

Holders of Scheme Shares entitled to attend and vote at the Court Meeting may vote in person, or remotely via the Virtual Meeting Platform, at such meeting or they may appoint another person or persons, whether a member of the Company or not, as their proxy or proxies, to exercise all or any of their rights to attend, speak and vote at the Court Meeting.

A PINK Form of Proxy, for use at the Court Meeting, has been provided. Instructions for its use are set out on the form. It is requested that the PINK Form of Proxy (together with any power of attorney or other authority, if any, under which it is signed, or a duly certified copy thereof) be returned to the Company's registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom either (i) by post or (ii) (during normal business hours only) by hand, to be received not later than 12.30 p.m. on 15 October 2021 or,

in the case of an adjournment of the Court Meeting, 48 hours (excluding non-working days) before the time appointed for the adjourned Court Meeting. However, if not so lodged, PINK Forms of Proxy (together with any such authority, if applicable) may be handed to the Chair of the Court Meeting or to the Company's registrars, Equiniti Limited, on behalf of the Chair of the Court Meeting, or emailed to proxyvotes@equiniti.com before the start of the Court Meeting and it will still be valid.

As a member of the Company, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote on your behalf at the Court Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares. A proxy need not be a member of the Company but they must attend the Court Meeting to represent you. If you require additional proxy forms, please contact the Company's registrars, Equiniti Limited between 8.30 a.m. and 5.30 p.m. Monday to Friday (except public holidays in England and Wales) on 0333 207 6394 from within the UK or +44 333 207 6394 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.

Members who hold their shares in uncertificated form through CREST who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual available at www.euroclear.com.

In order for a proxy appointment or instruction made using CREST to be valid, the appropriate CREST message must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by 12.30 p.m. on 15 October 2021 (or if the Court Meeting is adjourned, 48 hours (excluding non-working days) before the time fixed for the adjourned Court Meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

Institutional investors in Morrisons may be able to appoint a proxy electronically via the Proxymity Platform pursuant to a process which has been agreed by Morrisons and approved by Equiniti Limited. Further information is available on www.proxymity.io. For an electronic appointment through the Proxymity Platform to be valid it must be transmitted so as to be received by Proxymity no later than 12.30 p.m. on 15 October 2021 or, if the Court Meeting is adjourned, no later than 48 hours (excluding non-working days) before the time fixed for the adjourned Court Meeting. Before an institutional investor can appoint a proxy via the Proxymity Platform, they will need to have agreed to Proxymity's associated terms and conditions. Institutional investors intending to appoint a proxy electronically via the Proxymity Platform are strongly encouraged to read these terms and conditions carefully as they will govern the electronic appointment of their proxy.

Forms of Proxy may alternatively be submitted electronically by logging on to the following website www.sharevote.co.uk and following the instructions there or, alternatively, if you already have a portfolio registered with Equiniti Limited, by logging onto www.shareview.co.uk using your usual user ID and password. For an electronic proxy appointment to be valid, the appointment must be received by Equiniti Limited no later than 12.30 p.m. on 15 October 2021 (or if the Court Meeting is adjourned, 48 hours (excluding non-working days) before the time fixed for the adjourned Court Meeting).

Completion and return of a Form of Proxy, or the appointment of a proxy electronically using CREST (or any other procedure described on pages 11 to 14 of the document of which this Notice forms part), will not prevent a holder of Scheme Shares from attending, speaking and voting in person, or remotely via the Virtual Meeting Platform, at the Court Meeting, or any adjournment thereof, if such Scheme Shareholder wishes and is entitled to do so.

Voting Record Time

Entitlement to attend, speak and vote at the Court Meeting or any adjournment thereof and the number of votes which may be cast at the Court Meeting, will be determined by reference to the register of members of the Company at 6.30 p.m. on 15 October 2021 or, if the Court Meeting is adjourned, 6.30 p.m. on the date which is two days (excluding non-working days) before the date fixed

for the adjourned Court Meeting. Changes to the register of members after the relevant time shall be disregarded in determining the rights of any person to attend, speak and vote at the Court Meeting.

Joint Holders

In the case of joint holders of Scheme Shares, the vote of the senior who tenders a vote, whether in person, or remotely via the Virtual Meeting Platform, or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s). For this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

Corporate Representatives

As an alternative to appointing a proxy, any Scheme Shareholder which is a corporation may appoint one or more corporate representatives who may exercise on its behalf all its powers, provided that if two or more corporate representatives purport to vote in respect of the same shares, if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way, and in other cases the power is treated as not exercised.

Equiniti Corporate Nominee Service

Any person who holds their shares through the Equiniti Corporate Nominee Service may instruct the Equiniti Corporate Nominee Service to vote on their behalf at the Court Meeting in respect of the Scheme Shares held on their behalf by using the PINK Form of Instruction provided. To be valid, the PINK Form of Instruction must be returned to the Equiniti Corporate Nominee Service, c/o the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA by post, to be received not later than 12.30 p.m. on 14 October 2021.

By the said Order, the Court has appointed Andrew Higginson or, failing him, David Potts or, failing him, Rooney Anand or, failing him, any other director of the Company to act as Chair of the Court Meeting and has directed the Chair to report the result thereof to the Court.

The Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated 25 September 2021
Ashurst LLP
London Fruit & Wool Exchange 1 Duval Square,
London E1 6PW
Solicitors for the Company

Nominated Persons

Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") does not, in that capacity, have a right to appoint a proxy, such right only being exercisable by shareholders of the Company. However, Nominated Persons may, under agreement with the shareholder who nominated them, have a right to be appointed (or to have someone else appointed) as a proxy for the Court Meeting.

PART XI — NOTICE OF GENERAL MEETING

NOTICE OF GENERAL MEETING OF WM MORRISON SUPERMARKETS PLC

NOTICE IS HEREBY GIVEN that a General Meeting of Wm Morrison Supermarkets PLC (the “**Company**”) will be held at Hilmore House, Gain Lane, Bradford, West Yorkshire, BD3 7DL on 19 October 2021 at 12.45 p.m. (London time) (or as soon thereafter as the Court Meeting (as defined in the document of which this Notice forms part) shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolution which shall be proposed as a special resolution:

SPECIAL RESOLUTION

THAT:

- (a) for the purpose of giving effect to the scheme of arrangement dated 25 September 2021 between Wm Morrison Supermarkets PLC (the “**Company**”) and the holders of the Scheme Shares (as defined in the said scheme), a print of which has been produced to this meeting and for the purpose of identification signed by the Chair hereof, in its original form or subject to any modification, addition or condition agreed between the Company and Bidco and approved or imposed by the Court (the “**Scheme**”), the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect;
- (b) with effect from the passing of this resolution, the articles of association of the Company be amended by the adoption and inclusion of the following new Article 158:

“158 SCHEME OF ARRANGEMENT

For the purposes of this Article 158:

- “**Bidco**” means Market Bidco Limited, a private limited company incorporated in England and Wales with registered number 13537474 whose registered office is at C/O Alter Domus (UK) Limited, 18 St Swithin's Lane, London, United Kingdom, EC4N 8AD; and
- “**Morrisons Scheme**” means the scheme of arrangement dated 25 September 2021 under Part 26 of the Act between the Company and the Scheme Shareholders (as defined in the Morrisons Scheme), in its original form or with or subject to any modification, addition or condition approved or imposed by the High Court of Justice of England and Wales.
 - (a) Notwithstanding any other provision of these Articles, if the Company issues any shares (other than to Bidco, any subsidiary of Bidco or any nominee(s) of Bidco) after the adoption of this Article and at or prior to the Scheme Record Time (as defined in the Morrisons Scheme), such shares shall be issued subject to the terms of the Morrisons Scheme and the holders of such shares shall be bound by the Morrisons Scheme accordingly.
 - (b) Notwithstanding any other provision of these Articles, subject to the Morrisons Scheme becoming effective, any shares issued, or transferred to any person (other than to Bidco, any subsidiary of Bidco or any nominee(s) of Bidco) after the Scheme Record Time (a “**New Member**”) (each a “**Post-Scheme Share**”) shall be issued on terms that they shall on the Effective Date (as defined in the Morrisons Scheme) or, if later, on issue (but subject to the terms of Articles 158(c) and 158(d) below), be immediately transferred to Bidco (or as it may direct) (the “**Purchaser**”), who shall be obliged to acquire each Post-Scheme Share in consideration of and conditional upon the payment by or on behalf of Bidco to the New Member of an amount in cash for each Post-Scheme Share equal to the consideration to which a New Member would have been entitled had such Post-Scheme Share been a Scheme Share.
 - (c) On any reorganisation of, or material alteration to, the share capital of the Company (including, without limitation, any subdivision and/or consolidation) carried out after the Effective Date, the value of the consideration per Post-Scheme Share to be paid under Article 158(b) shall be adjusted by the Company in such manner as the auditors of the Company may determine to be appropriate to reflect such reorganisation or alteration. References in this Article to such shares shall, following such adjustment, be construed accordingly.

- (d) To give effect to any transfer of Post-Scheme Shares required pursuant to this Article 158, the Company may appoint any person as attorney and/or agent for the New Member to transfer the Post-Scheme Shares to the Purchaser and/or its nominees and do all such other things and execute and deliver all such documents or deeds as may in the opinion of such attorney or agent be necessary or desirable to vest the Post-Scheme Shares in the Purchaser and, pending such vesting, to exercise all such rights attaching to the Post-Scheme Shares as the Purchaser may direct. If an attorney or agent is so appointed, the New Member shall not thereafter (except to the extent that the attorney or agent fails to act in accordance with the directions of the Purchaser) be entitled to exercise any rights attaching to the Post-Scheme Shares unless so agreed in writing by the Purchaser. The attorney or agent shall be empowered to execute and deliver as transferor a form of transfer or instructions of transfer on behalf of the New Member (or any subsequent holder) in favour of the Purchaser and the Company may give a good receipt for the consideration for the Post-Scheme Shares and may register the Purchaser as holder thereof and issue to it certificate(s) for the same. The Company shall not be obliged to issue a certificate to the New Member for the Post-Scheme Shares. The Purchaser shall settle the consideration due to the New Member pursuant to Article 158(b) above by sending a cheque drawn on a UK clearing bank in favour of the New Member (or any subsequent holder), or any alternative method communicated by the Purchaser to the New Member, for the purchase price of such Post-Scheme Shares as soon as practicable and in any event within 14 days of the date on which the Post-Scheme Shares are issued to the New Member.
- (e) If the Morrisons Scheme shall not have become effective by the applicable date referred to in (or otherwise set in accordance with) clause 6 of the Morrisons Scheme, this Article 158 shall cease to be of any effect.
- (f) Notwithstanding any other provision of these Articles, both the Company and the Board shall refuse to register the transfer of any Scheme Shares effected between the Scheme Record Time and the Effective Date other than to Bidco and its nominee(s) pursuant to the Scheme.”; and
- (c) subject to and conditional upon the Scheme becoming effective, pursuant to section 97 of the Companies Act 2006, the Company be re-registered as a private limited company with the name “Wm Morrison Supermarkets Limited” with effect from the date approved by the Registrar of Companies.

By order of the Board

Jonathan Burke

Group Company Secretary

25 September 2021

Registered Office: Hilmore House, Gain Lane, Bradford, West Yorkshire, BD3 7DL Registered in England & Wales No. 00358949

Notes

While it is currently anticipated that the General Meeting will be held at Hilmore House, Gain Lane, Bradford, West Yorkshire, BD3 7DL in a COVID-19 secure manner, it is possible that the evolving COVID-19 pandemic and Government restrictions and guidance in relation to any developments may mean that this is not possible. In light of the uncertainty surrounding the COVID-19 restrictions that may be in place as at the date of the General Meeting, and in order to protect the health and safety of all stakeholders, registered holders of shares in the Company (“Morrisons Shareholders”) and other attendees (including any of their duly appointed proxies and/or corporate representatives) are strongly encouraged not to attend the General Meeting in person, save for the Chair and anyone else nominated by the Chair in order to establish a quorum or to facilitate the proceedings of the General Meeting. The Company remains firmly committed to encouraging shareholder engagement on the business of the General Meeting. As such, Morrisons Shareholders (and any of their duly appointed proxies and/or corporate representatives) will be able to (i) attend and vote at the General Meeting remotely via the Lumi online meeting platform (the “Virtual Meeting Platform”) (even if

a proxy appointment is submitted in advance) and (ii) submit questions and/or objections remotely in writing or orally by telephone.

The COVID-19 situation is constantly evolving, and the UK Government may implement measures relating to the holding of shareholder meetings during the affected period. Any changes to the arrangements for the General Meeting will be communicated to Morrisons Shareholders before the General Meeting, including through Morrisons' website at <https://www.morrisons-corporate.com/investor-centre/offer-from-cdr> and by announcement through a Regulatory Information Service.

Instructions for accessing the Virtual Meeting Platform

Morrisons Shareholders (and any of their duly appointed proxies and/or corporate representatives) will be able to (i) attend and vote at the General Meeting remotely via the Virtual Meeting Platform and (ii) submit questions and/or objections remotely in writing via the Virtual Meeting Platform or orally by telephone.

The Virtual Meeting Platform can be accessed using a web browser, on any PC or PC equivalent or smartphone device. The web browser must be compatible with the latest browser versions of Chrome, Firefox, Edge and Safari. In order to access and engage in the business of the General Meeting, as detailed above, using this method, please go to <https://web.lumiagm.com/>.

Once you have accessed <https://web.lumiagm.com/> from your web browser, you will be asked to enter the Lumi Meeting ID which is 113-203-522. You will then be prompted to enter your unique Shareholder Reference Number (“**SRN**”) and PIN. Your SRN can be found on your Form of Proxy and your PIN is the first two and last two digits of your SRN. If you are unable to access your SRN and PIN, please call the Shareholder Helpline between 8.30 a.m. and 5.30 p.m. Monday to Friday (except public holidays in England and Wales) on 0333 207 6394 from within the UK or +44 333 207 6394 if calling from outside the UK. International rates apply to calls from outside the UK. Please note that calls may be monitored or recorded and the Shareholder Helpline cannot provide advice on the merits of the CD&R Offer or give any financial, legal or tax advice.

Morrisons Shareholders are strongly encouraged to appoint the Chair of the General Meeting as their proxy. If you wish to appoint a person other than the Chair of the General Meeting as your proxy and for them to attend and engage in the business of the General Meeting remotely via the Virtual Meeting Platform on your behalf, please submit your proxy appointment in the usual way and then, once received, contact the Shareholder Helpline in order to obtain your unique SRN and PIN (which you can then pass on to your duly appointed proxy). This should be done as soon as possible and at least 48 hours (excluding any part of such 48 hour period falling on a non-working day) before the General Meeting.

The General Meeting will commence at 12.45 p.m. or as soon thereafter as the Court Meeting shall have been concluded or adjourned. Morrisons Shareholders (and any of their duly appointed proxies and/or corporate representatives) will be permitted to submit questions (remotely in writing via the Virtual Meeting Platform or orally by telephone) to the Company's directors during the General Meeting.

During the General Meeting, you must ensure you are connected to the internet at all times in order to (i) attend and vote at the General Meeting remotely via the Virtual Meeting Platform when the Chair commences polling and (ii) submit questions and/or objections remotely in writing via the Virtual Meeting Platform or orally by telephone. Therefore, it is your responsibility to ensure connectivity for the duration of the General Meeting. The Virtual Meeting Guide contains further information on accessing the General Meeting remotely via the Virtual Meeting Platform or via telephone and is available on the Company's website at <https://www.morrisons-corporate.com/investor-centre/offer-from-cdr>.

Right to attend and vote at the General Meeting

All valid proxy votes (whether submitted electronically or in hard copy form) will be included in the poll to be taken at the General Meeting. Shareholders are referred to pages 11 to 14 for details of how to attend the General Meeting.

The right to vote at the General Meeting is determined by reference to the Company's register of members. Only a member entered in the register of members at 6.30 p.m. on 15 October 2021 (or, if

this General Meeting is adjourned, in the register of members at 6.30 p.m. two Business Days before the time of any adjourned General Meeting) is entitled to vote at the General Meeting and a member may vote in respect of the number of Morrisons Shares registered in the member's name at that time. Changes to the entries in the register of members after that time shall be disregarded in determining the rights of any person to vote at the General Meeting.

Right to ask questions

Under section 319A of the Companies Act 2006, shareholders have the right to ask questions at the General Meeting. The Company must cause to be answered any such questions relating to the business of 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.

Questions

Morrisons Shareholders can submit questions on the business of the General Meeting in advance by email to Company.Secretary@morrisonspc.co.uk with the subject line "CD&R General Meeting 2021 Questions", provided that such emails are received no later than 48 hours (excluding any part of such 48 hour period falling on a non-working day) before the time fixed for the General Meeting or any adjournment thereof. In addition, Morrisons Shareholders (and any of their respectively duly appointed proxies and/or corporate representatives) may also submit questions remotely in writing via the Virtual Meeting Platform or orally by telephone. The Virtual Meeting Guide contains further information on accessing and engaging with the business of the General Meeting remotely via the Virtual Meeting Platform and by telephone and is available on Morrisons' website at <https://www.morrisonscorporate.com/investor-centre/offer-from-cdr>.

Subject to time limitations, the Chair will ensure that relevant matters relating to the formal business of the General Meeting are addressed in the meeting. Where multiple Morrisons Shareholders submit questions of a similar nature or theme, the questions will all be read aloud to the General Meeting for transparency but only one response may be provided to prevent repetition of responses on the same theme. The Chair may also nominate a representative to answer a specific question after the meeting or refer the questioner to the Company's website.

Right to appoint a proxy

Any Morrisons Shareholder or nominee shareholder may appoint one or more persons (whether Morrisons Shareholders or not) to act as his/her proxy or proxies to exercise all or any of their rights to attend, speak and vote instead of him/her (provided that each such proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder).

The Form of Proxy for use at the General Meeting must be deposited, together with any power of attorney or authority under which it is signed, at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom not less than 48 hours before the time appointed for the General Meeting or any adjournment thereof. An appropriate Form of Proxy is enclosed. Alternatively, you may register your vote online by visiting www.sharevote.co.uk where you will need to enter the voting ID, task ID and Shareholder Reference Number which are on the enclosed Form of Proxy, alternatively, if you already have a portfolio registered with Equiniti Limited, by logging onto www.shareview.co.uk using your usual user ID and password. Once logged in simply click "View" on the "My Investments" page, click on the link to vote then follow the on screen instructions. Proxy votes should be submitted as early as possible and in any event, not less than 48 hours before the time appointed for the General Meeting or any adjournment thereof.

CREST

CREST members who wish to appoint a proxy or proxies, or amend an instruction to a previously appointed proxy, through the CREST electronic proxy appointment service may do so for the General Meeting to be held at 12.45 p.m. on 19 October 2021 and any adjournment(s) thereof, by using the procedures described in the CREST manual (available via www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed

(a)voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST manual. The message, regardless of whether it relates to the appointment of a proxy or to an instruction to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID: RA19) by no later than 12.45 p.m. on 15 October 2021 (or no later than two Business Days before the time appointed for any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Proxymity

Institutional investors in Morrisons may be able to appoint a proxy electronically via the Proxymity Platform pursuant to a process which has been agreed by Morrisons and approved by Equiniti Limited. Further information is available on www.proxymity.io. For an electronic appointment through the Proxymity Platform to be valid it must be transmitted so as to be received by Proxymity no later than 12.45 p.m. on 19 October 2021 or, if the General Meeting is adjourned, no later than 48 hours (excluding non-working days) before the time fixed for the adjourned General Meeting. Before an institutional investor can appoint a proxy via the Proxymity Platform, they will need to have agreed to Proxymity's associated terms and conditions. Institutional investors intending to appoint a proxy electronically via the Proxymity Platform are strongly encouraged to read these terms and conditions carefully as they will govern the electronic appointment of their proxy.

Change or revoke a proxy instruction

Shareholders may change proxy instructions by submitting a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Shareholders may revoke a proxy instruction delivered to Equiniti Limited, the Company's registrars, but to do so must inform the Company in writing by sending a signed hard copy notice clearly stating their intention to revoke the proxy appointment to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom. In the case of a shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Company no later than the cut-off time (48 hours before the time appointed for the General Meeting) set out above. If a shareholder attempts to revoke his or her proxy appointment but the revocation is received after the

time specified, such shareholder's original proxy appointment will remain valid unless the shareholder attends the General Meeting and votes in person, or remotely via the Virtual Meeting Platform.

Joint holders

In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. For this purpose, seniority is determined by the order in which the names of the joint holders appear in the Company's register of members (the first-named being the most senior).

Corporate representatives

Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all of its powers as a shareholder, provided that if two or more representatives purport to vote in respect of the same shares:

- if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; and
- in other cases, the power is treated as not exercised.

Equiniti Corporate Nominee Service

Any person who holds their shares through the Equiniti Corporate Nominee Service may instruct the Equiniti Corporate Nominee Service to vote on their behalf at the General Meeting in respect of the Morrisons Shares held on their behalf by using the YELLOW Form of Instruction provided. To be valid, the YELLOW Form of Instruction must be returned to the Equiniti Corporate Nominee Service, c/o the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA by post, to be received not later than 12.45 p.m. on 14 October 2021.

Indirect investors

Any person to whom this Notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statement of the rights of shareholders in relation to the appointment of proxies above does not apply to Nominated Persons. The rights described above can only be exercised by shareholders of the Company.

Total voting rights

As at 23 September 2021 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consisted of 2,419,457,489 Morrisons Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 23 September 2021 were 2,419,457,489 votes.

Documents available for inspection

The following documents will be available for inspection during normal business hours on any Business Day at the Company's registered office until the date of the General Meeting and will also be available during the General Meeting and for 15 minutes beforehand:

- copies of the existing articles of association of the Company; and
- copies of the proposed new articles of association of the Company.

So that appropriate arrangements can be made for shareholders wishing to inspect documents, we request that shareholders contact the Company Secretarial team by email at Company.Secretary@morrisonspc.co.uk in advance of any visit to ensure that access can be arranged. Any such access will be subject to health and safety requirements and any limits on gatherings, social distancing or other measures imposed or recommended by the UK Government.

A copy of this Notice, and other information required by section 311A of the Act, can be found at <https://www.morrison-corporate.com/investor-centre/offer-from-cdr>.

You may not use any electronic address provided either in this Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

The results of the voting at the General Meeting will be announced through a Regulatory Information Service and will appear on the Company's website as soon as practicable following the General Meeting.

PART XII — OPINION OF TRUSTEES OF MORRISONS PENSION SCHEMES

STATEMENT FROM THE TRUSTEES OF THE MORRISONS RETIREMENT SAVER PLAN AND THE SAFEWAY PENSION SCHEME (TOGETHER, THE “TRUSTEES” AND THE “SCHEMES”)

In issuing this statement, neither the Trustees nor their advisers are providing, nor do they intend to provide, any financial, legal, tax, investment, or any other advice. This update does not constitute a recommendation as to the merits of the CD&R Offer and any acceptance of the CD&R Offer or decision to vote in favour of the Scheme should be based on an assessment of the CD&R Offer as a whole and Morrisons Shareholders should undertake their own analysis of the CD&R Offer and seek independent advice as appropriate.

On 24th August 2021, the Trustees announced that, following Clayton, Dubilier and Rice, LLC as manager of Clayton Dubilier & Rice Funds XI (“CD&R”) announcing the terms of an offer (the “CD&R Offer”) to be made for Wm Morrison Supermarkets plc (“Morrisons”) on 19th August 2021, discussions regarding an appropriate mitigation package for the Schemes were at an early stage.

Whilst the Schemes are currently in surplus on an ongoing funding basis and benefit from security in the form of properties held within a pension funding partnership structure, the Schemes currently do not have sufficient resources (inclusive of the current security) to secure, or “buy out”, Scheme benefits with an insurance company. The Schemes’ long-term objective in each case is to reach full funding on a “buy out” basis in less than 10 years, which the Trustees currently believe is possible without requiring cash contributions from the Morrisons group beyond those already agreed. In light of the covenant impact for the Schemes arising from, inter alia, the additional debt secured with a priority claim ahead of the Schemes on the majority of the Morrisons’ group assets should the CD&R Offer complete, the Trustees have therefore been focussed on agreeing additional security with CD&R to provide covenant support for the Schemes on their journey to “buy out”.

The Trustees are pleased to have reached an agreement in principle with CD&R in relation to a package of measures to support the Schemes’ journey to “buy out” should the CD&R Offer complete. This package includes additional security to be contributed to the existing pension funding partnership structure in the form of further properties with an appropriate release mechanism to allow for a gradual release of that additional security as the Schemes progress towards “buy out”, together with enhanced governance provisions in respect of the Schemes.

The Trustees welcome CD&R’s constructive engagement and are pleased with the progress made to date. Bidco, CD&R and the Trustees have agreed the form of a legally binding memorandum of understanding, which is currently being reviewed by Morrisons, and which sets out the contractual details of the arrangements regarding the Schemes to be entered into between the parties. The Trustees also look forward, should the CD&R Offer complete, to continuing to work with CD&R and Morrisons in the future to ensure Scheme benefits remain protected.

Having received professional advice, and having regard to the potential impact of the CD&R Offer and their respective fiduciary obligations to the beneficiaries of each of the Schemes, the Trustees consider that the package of mitigation measures, once the memorandum of understanding is entered into, will provide sufficient and appropriate support for the Schemes.

