

# THE TAKEOVER PANEL

## OFFERS BY

**OPPIDUM BIDCO LIMITED, A NEWLY FORMED COMPANY  
INDIRECTLY OWNED BY FUNDS MANAGED OR ADVISED BY  
AFFILIATES OF FORTRESS INVESTMENT GROUP, LLC  
("FORTRESS")**

## AND

**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  
("CD&R")**

## FOR

**WM MORRISON SUPERMARKETS PLC ("MORRISONS")**

On 3 July 2021, Morrisons and Fortress announced that they had reached agreement on the terms of a recommended offer pursuant to which Fortress would acquire all of the issued and to be issued share capital of Morrisons at a price of 252p per Morrisons share, together with the right for Morrisons shareholders to receive a 2p cash dividend (the "**Original Fortress Offer**") to be implemented by way of a scheme of arrangement. On 22 July 2021, Morrisons and Fortress announced the publication of the scheme document relating to the Original Fortress Offer.

On 6 August 2021, Morrisons and Fortress announced that they had reached agreement on the terms of an increased recommended offer pursuant to which Fortress would acquire all of the issued and to be issued share capital of Morrisons at a price of 270p per Morrisons share, together with the right for Morrisons shareholders to receive a 2p cash dividend (the "**Increased Fortress Offer**") to be implemented by way of a scheme of arrangement.

On 19 August 2021, Morrisons and CD&R announced that they had reached agreement on the terms of a recommended cash offer pursuant to which CD&R would acquire all

of the issued and to be issued share capital of Morrisons at a price of 285p per Morrisons share (the “**CD&R Offer**”), to be implemented by way of a scheme of arrangement. Morrisons also announced that it had withdrawn its recommendation of the Increased Fortress Offer and would be adjourning the shareholder meetings at which Morrisons shareholders would be asked to approve the Increased Fortress Offer.

On 25 September 2021, Morrisons published a scheme document relating to the CD&R Offer, convening the shareholder meetings at which Morrisons shareholders will be asked to approve the CD&R Offer for 19 October 2021. Morrisons also confirmed in that scheme document that the shareholder meetings at which Morrisons shareholders would be asked to approve the Increased Fortress Offer would be adjourned to the same date.

On the basis that neither offeror has declared its offer final, such that either offer may be increased or otherwise revised, a competitive situation continues to exist for the purposes of Rule 32.5 of the Takeover Code (the “**Code**”).

In order to provide an orderly framework for the resolution of this competitive situation, and in accordance with Rule 32.5 of the Code, the Panel Executive has, at the request of the parties, established an auction procedure in the terms set out below. Each of the parties has accepted these terms and accordingly the auction procedure set out below shall be applied (and the procedure set out in Appendix 8 of the Code shall not apply).

The auction procedure will consist of a maximum of five rounds which will all take place on Saturday 2 October 2021. In the first round, either offeror may make an increased bid. If the auction procedure has not concluded in the first round (which it will if no increased bid is made in the first round), there will be up to three further rounds, in which an offeror will be eligible to make a bid only if the other offeror made an increased bid in the immediately preceding round. If the auction procedure has not concluded after these three further rounds (which it will if no increased bid is made in a round), there will be a fifth and final round, in which both offerors may make an increased bid.

Any increased bid lodged in any round of the auction procedure must be at a fixed price in cash in pounds sterling and in whole pence. Formula bids will not be permitted at any stage in the auction procedure. A bid lodged at any stage in the auction procedure may not comprise or include any form of consideration other than cash in pounds sterling, nor any dividend payable by Morrisons, and must be higher than any offer previously announced by the other offeror prior to the commencement of the auction procedure and any bid previously lodged by the other offeror during the auction procedure.

Additionally, in the fifth and final round of the auction procedure, it will be a requirement that any increased bid lodged by Fortress must be at an “even” number of pence and any increased bid lodged by CD&R must be at an “odd” number of pence. Further, in the fifth and final round, each offeror is permitted to make its offer subject to a condition that the other offeror also makes a bid in that round.

Any increased bids lodged during the auction procedure will not be announced publicly by any of the parties other than as set out below.

As soon as practicable following completion of the auction procedure, the Panel Executive will make an announcement in accordance with Rule 30.1 of the Code (which will also be published on the Panel’s website). That announcement will set out the prices of the offers to be announced or confirmed by each offeror following the conclusion of the auction procedure.

Following the Panel Executive’s announcement of the result of the auction procedure and by no later than 07.00 on 4 October 2021, each of the offerors is required to make an appropriate announcement under Rule 2.7 of the Code of a revised offer in respect of its latest bid lodged in accordance with the auction procedure (or alternatively, if it did not lodge an increased bid during the auction procedure, a confirmation of its pre-existing offer).

Following the release of the announcements by both offerors referred above and by no later than 07.00 on 5 October 2021, Morrisons is required to make an announcement in

accordance with Rule 30.1 of the Code setting out its 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. This announcement may be combined with an announcement made by an offeror under the preceding paragraph.

Between 17.00 on 1 October 2021 and the end of the auction procedure:

- (a) an offeror may not introduce additional conditions to its offer, reduce the level of its acceptance condition (if applicable), waive any of the other conditions to its offer, or switch from a scheme of arrangement to a contractual offer or vice versa;
- (b) neither offeror nor Morrisons (nor any person acting in concert with any of them) may deal in relevant securities of Morrisons or take any steps to procure, amend or renew any irrevocable commitment or letter of intent or otherwise enter into any agreement, arrangement or understanding with any person interested in relevant securities of Morrisons in relation to either offeror's offer; and
- (c) neither offeror nor Morrisons (nor any person acting in concert with any of them) may make any public statement in relation to or impacting on the auction procedure or the terms of either offeror's offer for Morrisons.

The Panel Executive reserves the discretion to amend the auction procedure as appropriate. In particular, the times referred to above are subject to change, depending on the circumstances at the time.

Save for an offer in respect of a bid lodged in accordance with, or as otherwise provided by, the auction procedure, neither offeror will be permitted to announce or to make a revised offer for Morrisons at or after 17.00 on 1 October 2021. Following the conclusion of the auction procedure, neither offeror will be permitted to revise the price of its offer for Morrisons from that established by means of the auction procedure, or to introduce any new alternative offer unless, under the normal provisions of the Code, a person other than Fortress or CD&R (or any person acting in concert with either Fortress or CD&R) announces a firm intention to make an offer for Morrisons.

If either offeror makes a “no increase” statement prior to 17.00 on 1 October 2021, the auction procedure shall not commence. However, if one offeror makes a “no increase” statement between 00.01 on 30 September 2021 and 17.00 on 1 October 2021 the other offeror shall be permitted to announce a revised offer prior to 17.00 on 5 October 2021 or such later time as Morrisons may, with the consent of the Panel, agree to.

If Morrisons declares or pays a dividend between the conclusion of the auction procedure and the end of the offer period (save, for the avoidance of doubt and only in the event that Fortress does not lodge a bid in the auction procedure, for the 2p cash dividend payable in connection with the Increased Fortress Offer, should that offer complete), each offeror will reduce the terms of its offer by an amount per share equal to the amount of the dividend per share.

Each of Morrisons, Fortress and CD&R has agreed to the terms of the auction procedure and this statement.

29 September 2021