

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred, or sell or transfer prior to 5.00pm on 5 January 2007, your entire holding of Existing Ordinary Shares in Whitbread, please send this document as soon as possible to the purchaser or transferee of those shares or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such an act would constitute a violation of the relevant laws of such jurisdiction.

Deutsche Bank is authorised under German Banking Law (competent authority: BaFin – Federal Financial Supervising Authority) and with respect to UK commodity derivatives business by the Financial Services Authority; regulated by the Financial Services Authority for the conduct of UK business. Deutsche Bank is acting exclusively for Whitbread and no-one else in connection with the Return of Cash and will not be responsible to any person other than Whitbread for providing protections afforded to the clients of Deutsche Bank or for providing advice in relation to the Return of Cash or the matters contemplated by this document.

Applications will be made to the UK Listing Authority and the London Stock Exchange for the New Ordinary Shares resulting from the proposed Capital Reorganisation to be admitted to the Daily Official List and to trading on the market for larger and established companies of the London Stock Exchange in place of the Existing Ordinary Shares. It is expected that dealings in the Existing Ordinary Shares will continue until 4.30pm on 5 January 2007 and that Listing of the New Ordinary Shares will become effective and dealings for normal settlement will commence on the London Stock Exchange at 8.00am on 8 January 2007.

WHITBREAD PLC

(registered in England and Wales with company number 04120344)

Proposed Return of Cash to Shareholders of 159 pence per Existing Ordinary Share

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Whitbread which is set out on pages 5 to 8 of this document and which recommends that you vote in favour of the resolutions to be proposed at the Extraordinary General Meeting referred to below.

A notice of the Extraordinary General Meeting, to be held at the offices of Deutsche Bank, Winchester House, 1 Great Winchester Street, London EC2N 2DB at 2.00pm on 18 December 2006 is set out in Part 9 of this document. A Form of Proxy for use at the Extraordinary General Meeting is enclosed with this document. To be valid, a Form of Proxy must be received by post or (during normal business hours only) by hand at Capita Registrars, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 2.00pm on 16 December 2006. If you hold shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Capita Registrars (CREST participant ID RA10) so that it is received by no later than 2.00pm on 16 December 2006. The return of a completed Form of Proxy or CREST Proxy Instruction will not prevent you from attending the Extraordinary General Meeting and voting in person if you wish to do so.

None of the Existing Ordinary Shares, New Ordinary Shares or the C Shares have been or will be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or the securities laws of any other U.S. jurisdiction, and none of them may be offered or sold in the United States unless pursuant to an exemption from, or in a transaction not subject to the registration requirements of the Securities Act.

Shareholders in the United States, Australia, Canada, Japan or the Republic of South Africa are only eligible for the Single C Share Dividend and the other two C Share Choices are not being offered to Shareholders in these jurisdictions.

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EXPECTED TIMETABLE OF EVENTS

Latest time and date for receipt of Form of Proxy for Extraordinary General Meeting	2.00pm on 16 December 2006
Extraordinary General Meeting	2.00pm on 18 December 2006
Latest time and date for dealings in Existing Ordinary Shares.....	4.30pm on 5 January 2007
Record Date for the Capital Reorganisation. Existing Ordinary Share register closed and Existing Ordinary Shares disabled in CREST	5.00pm on 5 January 2007
New Ordinary Shares admitted to the Daily Official List and admitted to trading on the London Stock Exchange's market for larger and established companies	8.00am on 8 January 2007
Dealings in the New Ordinary Shares commence and enablement in CREST of New Ordinary Shares and C Shares. New Ordinary Shares and interim C Shares entered into CREST	8.00am on 8 January 2007
Latest time for receipt of Election Forms and USE instructions from CREST holders in relation to the C Share Choices	3.00pm on 11 January 2007
C Share Record Date	4.30pm on 11 January 2007
Single C Share Dividend declared and C Shares in respect of which the Single C Share Dividend is payable convert into Deferred C Shares	15 January 2007
Deutsche Bank offers to purchase C Shares under the Initial Purchase Offer by means of an announcement on the Regulatory Information Service	15 January 2007
CREST accounts are credited with C Shares if the relevant holder has elected to retain C Shares	15 January 2007
Despatch of New Ordinary Share certificates, retained C Share certificates, sale advices, cheques in respect of the Single C Share Dividend and/or C Shares purchased under the Initial Purchase Offer, as appropriate, and cheques for fractional entitlements, and CREST accounts credited	18 January 2007

Notes:

1. References to time in this document are to London time.
2. If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement on the Regulatory Information Service.
3. All events in the above timetable following the EGM are conditional upon approval by shareholders of the first resolution proposed. All events in the above timetable following Listing are conditional upon Listing.

PART 1
LETTER FROM THE CHAIRMAN OF WHITBREAD PLC

Whitbread PLC
Registered in England and Wales No. 04120344

Whitbread Court
Houghton Hall Business Park
Porz Avenue
Dunstable
Bedfordshire LU5 5XE
www.whitbread.co.uk

24 November 2006

Dear Shareholder,

Proposed Return of Cash to Shareholders of 159 pence per Existing Ordinary Share

1. Introduction

On 28 July 2006, Whitbread announced the sale of 235 trading pub restaurants, together with four sites not yet trading, for a consideration of £479 million including up to £7 million of contingent deferred consideration.

On 12 September 2006, Whitbread announced the completion of the sale of its 50 per cent. shareholding in Pizza Hut UK Limited for £112 million, with net proceeds of £99 million.

As a result of these disposals, Whitbread announced in October 2006 its intention to return £350 million to shareholders, making a total of £1.16 billion since May 2005. It was further announced that this return would be structured as a bonus issue of C Shares with a view to giving shareholders a choice between receiving the cash in the form of income or capital. At the same time as making this return, the Company will be injecting a further £50 million into the pension fund. This is in addition to the £50 million announced in October 2005 and paid into the pension fund in August 2006.

This document sets out the proposed C Share issue and describes the choices available to Shareholders and how to make them. Your approval is being sought for the proposed Return of Cash at an Extraordinary General Meeting to be held at 2.00pm on 18 December 2006. The Notice of the EGM is set out in Part 9 of this document.

Shareholders should read the whole of this document and not just rely on the summarised information set out in this letter.

2. The Return of Cash

Under the Return of Cash Shareholders will receive:

1 C Share for every 1 Existing Ordinary Share held on the Record Date; and
42 New Ordinary Shares for every 47 Existing Ordinary Shares held on the Record Date

The main features of the C Shares, and the choices available to Shareholders, are summarised in paragraph 3 below.

The total amount of the Return of Cash is equivalent to approximately 10.5 per cent. of the market capitalisation of the Company at the close of business on 20 November 2006.

The effect of the Share Capital Consolidation will be to reduce the number of Ordinary Shares in issue by approximately the same percentage. The intention is that, subject to market movements following the date of this document, the share price of one New Ordinary Share immediately after Listing should be approximately equal to the share price of one Existing Ordinary Share immediately beforehand. The Board believes it is appropriate to consolidate the Company's share capital as this will facilitate comparability of the Company's share price and return per share before and after the Return of Cash. The Share Capital Consolidation is also intended to maintain the position of participants under the Whitbread Share Schemes who do not receive the Return of Cash.

The Share Capital Consolidation will replace every 47 Existing Ordinary Shares with 42 New Ordinary Shares. Fractional entitlements arising from the Share Capital Consolidation will be aggregated and sold in the market on behalf of the relevant Shareholders. The proceeds of sale are expected to be sent to Shareholders on 18 January 2007. The value of any Shareholder's fractional entitlement will not exceed the value of one New Ordinary Share.

As all ordinary shareholdings in the Company will be consolidated, Shareholders' percentage holdings in the issued ordinary share capital of the Company will (save in respect of fractional entitlements) remain unchanged immediately following the Share Capital Consolidation. Similarly, although the nominal value of each Ordinary Share will change from $68\frac{32}{51}$ pence to $76\frac{122}{153}$ pence, the New Ordinary Shares will have the same rights, including voting and dividend rights, as the Existing Ordinary Shares.

Following the Share Capital Consolidation, the Company's authorised ordinary share capital will comprise 410,170,050 New Ordinary Shares and, assuming no further shares are issued between 21 November 2006 and the date on which the Share Capital Consolidation becomes effective, its issued ordinary share capital would comprise 197,455,119 New Ordinary Shares.

Further details of the Share Capital Consolidation are set out in Part 3 of this document.

3. The C Share Choices

You will have three choices in relation to your C Shares, although Shareholders resident in any of the Prohibited Territories are only entitled to receive Choice 1: Single C Share Dividend.

Shareholders should read Part 6 "United Kingdom taxation in relation to the Return of Cash" since the choices will have different UK tax consequences.

Shareholders are urged to consult an appropriate professional adviser in respect of their tax position and to read Part 6 of this document "United Kingdom taxation in relation to the Return of Cash" as the C Share Choices will have different tax consequences.

Choice 1: Single C Share Dividend

If you elect for this choice in respect of your C Shares, you will receive a single dividend of 159 pence per C Share in respect of those C Shares. Following receipt of the Single C Share Dividend, your C Shares will automatically convert into Deferred C Shares with very limited economic and other rights.

Choice 2: Initial Purchase Offer

If you elect for this choice in respect of your C Shares, you will sell those C Shares to Deutsche Bank for 159 pence per C Share, free of all dealing expenses and commissions. Details of the terms of the offer are set out in paragraph 5 of Part 3 of this document.

Choice 3: Retention of C Shares

If you elect for this choice in respect of your C Shares, you will retain those C Shares. You may have the opportunity to sell them in the future for 159 pence per C Share, free of all dealing expenses and commissions. Additionally, while you hold those C Shares, you will be entitled to receive the C Share Continuing Dividend at the rate of 75 per cent. of 6 month LIBOR, payable annually in arrear on the notional amount of 159 pence per C Share.

It is currently expected that there will be a further offer by Deutsche Bank to purchase C Shares around the time of the Company's AGM in 2008, although there can be no guarantee that such an offer will be made. Following the Company's AGM in 2008, the Company has the power to convert any outstanding C Shares into New Ordinary Shares, although there is no guarantee that the Company will use this power.

The C Shares will not be listed and it is highly unlikely that an active market for them will develop or, if developed, be sustained.

If you do not properly complete and return your Election Form or if you are a CREST holder and you do not send a valid USE instruction, you will be deemed to have elected for Choice 1: Single C Share Dividend.

Choice 2: Initial Purchase Offer and Choice 3: Retention of C Shares are not being offered to shareholders in any of the Prohibited Territories, which include the United States, Australia, Canada, Japan and the Republic of South Africa. The attention of non-United Kingdom Shareholders is drawn to paragraph 7 of Part 3 of this document.

Details of how to complete and return your Election Form are set out in Part 2 of this document.

Further information on each of the C Share Choices is set out in Part 3 of this document.

4. Key dates

A detailed timetable is set out on page 4 of this document. However, there are three key dates in respect of the Return of Cash:

EGM 18 December 2006

Latest time for receipt of Election Forms
or USE instructions in relation to the
C Share Choices 3.00pm on 11 January 2007

Despatch of share certificates, sale
advices and cheques, and CREST
accounts credited 18 January 2007

5. Shareholder helpline

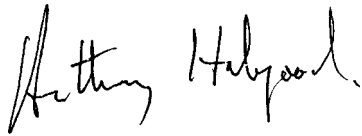
If you have any queries in relation to the Election Form or Form of Proxy, you may call the Return of Cash Shareholder helpline on 0870 162 3184 (or +44 20 8639 3404 if

calling from outside the UK) between 9.00am and 5.30pm on any Business Day. **Please note that the Return of Cash Shareholder helpline will not provide advice on the merits of the Return of Cash and the C Share Choices or give any personal legal, financial or tax advice.**

6. Recommendation

Your Directors are of the opinion that the Return of Cash and the resolutions to be proposed at the EGM are in the best interests of Shareholders as a whole. Accordingly, they unanimously recommend that you vote in favour of such resolutions, as they intend to do in respect of their own beneficial holdings amounting in aggregate to 92,054 Existing Ordinary Shares representing approximately 0.04 per cent. of the current issued share capital of Whitbread. A summary explanation of the resolutions is set out in paragraph 13 of Part 3 of this document.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Anthony Habgood'.

Anthony Habgood
Chairman

PART 2
HOW TO COMPLETE YOUR ELECTION FORM

Your Election Form (marked Election Form) is enclosed with the Form of Proxy for the EGM. Shareholders electing through CREST should not complete or return an Election Form but instead should refer to paragraph 4 of Part 7 of this document.

Shareholders wishing to receive the Single C Share Dividend on all of their C Shares should NOT complete or return the Election Form. The Single C Share Dividend will be paid automatically on all C Shares in respect of which the Shareholder has not elected for the other choices.

The following instructions set out what you should do when completing your Election Form. Any decisions you reach should be based on the information contained in this document.

References to Boxes refer to the boxes indicated on the Election Form.

Name(s) of Shareholder(s)

The Election Form shows the name of the shareholder, or names of joint shareholders, of C Shares for which an election can be made. When the Election Form is completed the shareholder, or all joint shareholders, need to sign the Election Form (in Box 4) and these signatures need to be witnessed (the witness must be over 18 years of age and cannot be the shareholder or one of the joint shareholders, or otherwise have any financial interest in the relevant shares or in the proceeds resulting from the execution of the Election Form, although one person could separately witness the signature of all joint shareholders).

Number of shares held

Box 1 shows the number of Ordinary Shares held as at 21 November 2006. If you do not buy, sell or transfer any Ordinary Shares between 21 November 2006 and 5 January 2007 or buy, sell or transfer any C Shares between 5 January 2007 and 11 January 2007, then this number will also be the number of C Shares that you will hold at the C Share Record Date and may make an election for. If you do buy, sell or transfer any Ordinary Shares or C Shares you should take care to ensure that your election is in respect of the number of C Shares that will be registered in your name(s) on 11 January 2007.

TO ELECT FOR ONE CHOICE FOR ALL OF YOUR C SHARES:

To elect for Choice 1: the **Single C Share Dividend** for all of your C Shares you need take no further action. You should not complete or return the Election Form. Shareholders who do not return the Election Form will automatically receive the Single C Share Dividend for all their C Shares. Shareholders resident in any of the Prohibited Territories should not complete or return the Election Form, as they will automatically receive the Single C Share Dividend.

To elect for Choice 2: the **Initial Purchase Offer** for all of your C Shares you should write ALL in Box 2.

To elect for Choice 3: **Retention of C Shares** for all of your C Shares you should write ALL in Box 3.

TO SPLIT YOUR C SHARES BETWEEN MORE THAN ONE CHOICE:

To split your C Shares between Choices 1 and 2:

Enter, in numbers, the number of C Shares you wish to be subject to the Initial Purchase Offer in Box 2 and leave Box 3 blank. The balance of your holding will receive the treatment described in Choice 1: the Single C Share Dividend.

To split your C Shares between Choices 1 and 3:

Enter, in numbers, the number of C Shares you wish to retain in Box 3 and leave Box 2 blank. The balance of your holding will receive the treatment described in Choice 1: the Single C Share Dividend.

To split your C Shares between Choices 2 and 3:

Enter, in numbers, the number of C Shares you wish to be subject to the Initial Purchase Offer in Box 2 and enter, in numbers, the balance in Box 3.

To split your C Shares between Choices 1, 2 and 3:

Enter, in numbers, the number of C Shares you wish to be subject to the Initial Purchase Offer in Box 2 and the number of C Shares you wish to retain in Box 3. The balance of your holding will receive the treatment described in Choice 1: the Single C Share Dividend.

The following instructions set out default positions where Election Forms are incorrectly completed:

If you leave Box 3 blank and enter a number in Box 2 that is greater than your shareholding at 4.30pm on 11 January 2007 your election in respect of Choice 2: the Initial Purchase Offer will be reduced to your actual holding.

If you leave Box 2 blank and enter a number in Box 3 that is greater than your shareholding at 4.30pm on 11 January 2007, your election in respect of Choice 3: Retention of C Shares will be reduced to your actual holding.

If you have elected to split your election between Choices 2 and 3 and the total of C Shares entered in Boxes 2 and 3 is greater than your shareholding at 4.30pm on 11 January 2007, your election in respect of Choice 2: the Initial Purchase Offer will be fulfilled first, and, if this does not exceed your actual holding, the balance of your holding will receive the treatment described in Choice 3: Retention of C Shares.

If you elect for Choice 2: Initial Purchase Offer for your entire holding by entering ALL in Box 2, anything entered in Box 3 will be disregarded.

If you elect for Choice 3: Retention of C Shares for your entire holding by entering ALL in Box 3, any number entered in Box 2 will be disregarded.

Final instructions on completing your Election Form:

Once completed, signed and witnessed the Election Form should be returned in the reply-paid envelope provided. No stamps will be needed if posted in the UK. To be valid, Election Forms must be returned by 3.00pm on 11 January 2007. If you do not use the envelope provided, the Election Form should be delivered by post or (during normal business hours only) by hand to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

If you need assistance in completing the Election Form or have any queries relating to it, you should telephone the Return of Cash Shareholder helpline on 0870 162 3184 (or +44 20 8639 3404 if calling from outside the UK) between 9.00am and 5.30pm on any Business Day. Please note that the Return of Cash Shareholder helpline will not provide advice on the merits of the Return of Cash and the C Share Choices or give any personal legal, financial or tax advice.

PART 3

DETAILS OF THE RETURN OF CASH

1. Return of Cash

The Return of Cash consists of the Capital Reorganisation (see paragraph 2 below) and the C Share Choices (see paragraphs 3, 4 and 5 below).

Conditions to the implementation of the Return of Cash

The Return of Cash is conditional:

- (i) on the approval by Shareholders of the first resolution to be proposed at the EGM; and
- (ii) Listing of the New Ordinary Shares.

If these conditions are not satisfied by 8.00am on 8 January 2007 or such later time and/or date as the Directors may determine, no New Ordinary Shares or C Shares will be created and the Return of Cash will not take effect.

2. Capital Reorganisation

Allotment of C Shares

It is proposed to capitalise a sum not exceeding £2.24 million standing to the credit of the Company's share premium account which will be applied in paying up in full up to 224 million C Shares, to be allotted to Shareholders on the basis of one C Share for each Existing Ordinary Share held at the Record Date.

Other than pursuant to the Return of Cash and New Ordinary Shares issued to participants of the Whitbread Share Schemes, there is no present intention to issue any of the authorised but unissued share capital of the Company.

The C Shares will carry the right to a non-cumulative preferential dividend and have limited voting rights as more fully set out in Part 4 of this document.

Holders of Existing Ordinary Shares whose holdings are registered in CREST will automatically have any C Shares credited to their CREST account. The Company will apply for the C Shares to be admitted to CREST with effect from 8 January 2007 so that transfers of the C Shares may be settled within the CREST system.

The C Shares will neither be admitted to the Daily Official List nor to trading on the market for larger and established companies of the London Stock Exchange.

Share Capital Consolidation

The Existing Ordinary Shares will be consolidated and subdivided so that Shareholders will receive 42 New Ordinary Shares for every 47 Existing Ordinary Shares they own at 5.00pm on 5 January 2007. The intention is that, subject to market movements after the date of this document, the share price of one New Ordinary Share immediately after Listing should be approximately equal to the share price of one Existing Ordinary Share immediately beforehand. The ratio used for the Share Capital Consolidation has been set by reference to the closing middle market price of 1,493 pence per Existing Ordinary Share on 20 November 2006. The effect of this will be to reduce the number of issued ordinary shares to reflect the return of 159 pence per C Share to Shareholders, but

Shareholders will, immediately following the Share Capital Consolidation, own the same proportion of Whitbread as they did previously, subject to fractional entitlements.

To effect the Share Capital Consolidation it may be necessary to issue such minimum number of additional Existing Ordinary Shares (not exceeding 46) so that the number of Existing Ordinary Shares is exactly divisible by 47. It is intended that these additional ordinary shares would be issued to the Company Secretary and that, following completion of the Share Capital Consolidation, the resulting New Ordinary Shares together with any payment under the Return of Cash and any fractional entitlement would be surrendered to the Company for no consideration.

The Share Capital Consolidation will take place immediately after the allotment of the C Shares.

New Ordinary Shares will be traded on the London Stock Exchange in the same way as Existing Ordinary Shares and will be equivalent in all material respects to the Existing Ordinary Shares, including their dividend, voting and other rights. New Ordinary Share certificates will be issued following the Capital Reorganisation. Holders of Existing Ordinary Shares whose holdings are registered in CREST will automatically have any New Ordinary Shares credited to their CREST account.

Application will be made for the New Ordinary Shares to be admitted to the Daily Official List and to trading on the London Stock Exchange's market for listed securities, with dealings expected to commence on 8 January 2007. The Company will apply for the New Ordinary Shares to be admitted to CREST with effect from Listing so that general market transactions in the New Ordinary Shares may be settled within the CREST system.

Fractional entitlements to New Ordinary Shares

Unless a holding of Existing Ordinary Shares is exactly divisible by 47, a Shareholder will have a fractional entitlement to a New Ordinary Share following the Share Capital Consolidation. So, for example, a Shareholder having 100 Existing Ordinary Shares would, after the Share Capital Consolidation, be entitled to 89 New Ordinary Shares and an entitlement to $\frac{17}{47}$ of a New Ordinary Share.

These fractional entitlements of all Shareholders will be aggregated and sold in the market on their behalf. The proceeds of sale will be distributed pro rata to the relevant Shareholders. Cheques in respect of the proceeds of sale are expected to be despatched to relevant Shareholders or CREST accounts credited with the proceeds, as appropriate, together with certificates for New Ordinary Shares and C Shares, where applicable, on 18 January 2007.

3. Single C Share Dividend

Shareholders that are not resident in any of the Prohibited Territories may elect to receive a Single C Share Dividend of 159 pence per C Share in respect of all or some of their C Shares. Shareholders that are resident in any of the Prohibited Territories may only receive the Single C Share Dividend in respect of all of their C Shares.

To receive the Single C Share Dividend in respect of all of your C Shares you need take no further action and should not return your Election Form. You are, however, encouraged to vote on the Return of Cash as no C Shares or New Ordinary Shares will be created unless the first resolution to be considered at the EGM is passed.

To receive the Single C Share Dividend in respect of some of your C Shares you should follow the instructions in Part 2 of this document.

Following payment of the Single C Share Dividend, those C Shares on which the Single C Share Dividend has been paid will be converted into Deferred C Shares, with the Shareholder receiving one Deferred C Share for each such C Share. The Deferred C Shares will not be listed, will not confer any rights to the C Share Continuing Dividend, will carry extremely limited rights as more fully described in Part 5 of this document and will have negligible value.

The Company may purchase all Deferred C Shares then in issue at any time for an aggregate consideration of one penny. If the Company purchases the Deferred C Shares, this will be treated as a disposal of the Deferred C Shares by Shareholders for capital gains purposes.

Shareholders should carefully read Part 6 “United Kingdom taxation in relation to the Return of Cash” of this document, including, in particular, paragraph 2, before deciding whether to receive the Single C Share Dividend.

It is expected that Shareholders receiving the Single C Share Dividend will be sent cheques or their CREST accounts credited in respect of such Single C Share Dividend on 18 January 2007 (or such later date as the Directors may determine). No share certificates will be issued in respect of the C Shares on which the Single C Share Dividend is paid nor in respect of the Deferred C Shares.

4. Purchase Offers

Shareholders that are not residents in any of the Prohibited Territories may elect to have all or some of their C Shares purchased under the Initial Purchase Offer or to retain all or some of their C Shares. A Future Purchase Offer is expected to be made in respect of retained C Shares, although there can be no guarantee that such an offer would be made.

Following completion of any Purchase Offer, Deutsche Bank will have the right to require the Company to purchase from Deutsche Bank, at 159 pence per C Share (plus an amount equal to any stamp duty payable by Deutsche Bank under the relevant Purchase Offer), those C Shares purchased from Shareholders pursuant to any Purchase Offer. Any C Shares purchased by the Company from Deutsche Bank will be cancelled and will not be held as treasury shares.

Initial Purchase Offer

Under the Initial Purchase Offer, Shareholders would have all or some of their C Shares purchased by Deutsche Bank, acting as principal, on 15 January 2007, at 159 pence per C Share, free of all dealing expenses and commissions. The Initial Purchase Offer is subject to certain conditions, which are set out in paragraph 5 of Part 3 of this document. The Initial Purchase Offer may be withdrawn or terminated if any of these conditions are not satisfied by 6.00pm on 12 January 2007. It may also be extended at any time or from time to time (without an obligation to do so, other than as may be required under any applicable law). Any proposed extension, withdrawal or termination of the Initial Purchase Offer will be publicly announced no later than 9.00am on the Business Day following the occurrence of the event giving rise to the amendment or extension.

To elect for the Initial Purchase Offer in respect of some or all of your C Shares you should follow the instructions in Part 2 of this document unless you hold your C Shares

through CREST. Shareholders electing through CREST should refer to paragraph 4 of Part 7 of this document.

Shareholders should carefully read Part 6 “United Kingdom taxation in relation to the Return of Cash” of this document, including, in particular, paragraphs 3 and 4, before deciding whether to elect for the Initial Purchase Offer.

It is expected that Shareholders whose C Shares are purchased will be sent cheques and sale advices or their CREST accounts credited in respect of such purchase on 18 January 2007 (or such later date as the Directors may determine). No share certificates will be issued in respect of C Shares that are purchased under the Initial Purchase Offer.

Retention of C Shares

Shareholders may elect to retain all or some of their C Shares and will be entitled to receive a non-cumulative preferential dividend (on a notional value of 159 pence per C Share) at a rate of 75 per cent. of 6 month LIBOR per annum. This C Share Continuing Dividend will be payable annually in arrear on 14 January or such later date as the Directors may determine (or if such a date is not a Business Day, the next Business Day).

Shareholders should carefully read Part 6 “United Kingdom taxation in relation to the Return of Cash” of this document, including, in particular, paragraphs 3, 4 and 6, before deciding whether to elect to retain C Shares.

It is expected that a Future Purchase Offer might be made by Deutsche Bank around the time of the Company’s AGM in 2008, although there can be no guarantee that such an offer would be made. Following the Company’s AGM in 2008 the Company has the power to convert any outstanding C Shares into New Ordinary Shares, although there is no guarantee that the Company will use this power.

To elect to retain all or some of your C Shares you should follow the instructions in Part 2 of this document.

5. Terms of the Initial Purchase Offer

The following terms will apply to the Initial Purchase Offer:

- (i) no contract with Deutsche Bank will arise in relation to the sale and purchase of any C Shares, or under which Deutsche Bank may (subject to conditions or otherwise) become entitled or obliged to purchase any C Shares, until Deutsche Bank makes the Initial Purchase Offer, which is expected to be by way of an announcement through the Regulatory Information Service on 15 January 2007 and such offer is accepted;
- (ii) the Election Form and all contracts resulting therefrom will be governed by and construed in accordance with English law. Execution by or on behalf of a Shareholder of an Election Form constitutes their submission, in relation to all matters arising out of or in connection with such form and the exercise of the powers of the agent elected thereunder, to the exclusive jurisdiction of the English courts;
- (iii) upon execution of the Election Form the Shareholder represents and warrants that he or she has full power and authority to tender, sell, assign and transfer the C Shares in relation to which the Initial Purchase Offer is elected for pursuant to the

Election Form and that when such C Shares are purchased by Deutsche Bank, Deutsche Bank will acquire such C Shares free and clear from all liens, charges, restrictions, claims, equitable interests and encumbrances. In addition, by execution of the Election Form the Shareholder (i) agrees that he or she will do all other things and execute any additional documents which may be necessary or, in the opinion of Deutsche Bank, desirable to effect the purchase of the C Shares in relation to which the Initial Purchase Offer is elected for pursuant to the Election Form by Deutsche Bank and/or to perfect any of the authorities expressed to be given under the Election Form and (ii) acknowledges that Deutsche Bank shall not have any liability whatsoever to such Shareholder in respect of acts done or omitted to be done by it on behalf of such Shareholder in connection with the instructions given to it by such Shareholder pursuant to the Election Form or otherwise in relation to the Initial Purchase Offer;

- (iv) no authority conferred by or agreed to by execution of the Election Form shall be affected by, and all such authority shall survive, the death or incapacity of the Shareholder executing such form. All obligations of such Shareholder shall be binding upon the heirs, personal representatives, successors and assigns of such Shareholder. By completing an Election Form in respect of the Initial Purchase Offer, Shareholders appoint any Director(s) to act as their agent with authority to accept the Initial Purchase Offer and to take all such actions and execute all such documents as may be required by Deutsche Bank to give effect to the Initial Purchase Offer; and
- (v) Deutsche Bank may assign to the Company any covenants, representations and warranties in respect of the C Shares purchased by Deutsche Bank.

Shareholders should also carefully read paragraph 5 of Part 7 of this document, which sets out further details of the Initial Purchase Offer.

6. Withdrawal rights

Shareholders should note that any election relating to the C Share Choices may be withdrawn by Shareholders at any time prior to the end of the Election Period. Thereafter, such election is irrevocable. If the period of time during which the Initial Purchase Offer is open is extended, if there is a delay in purchasing or paying for C Shares, or if it is not possible to purchase or pay for C Shares as provided, for any reason, then, without prejudice to the rights of the Company and Deutsche Bank under the Return of Cash, such elections may not be withdrawn.

For a withdrawal of any election to be effective, a letter in writing requesting such withdrawal signed by the person(s) who signed the relevant Election Form must:

- (i) be received by post or (during normal business hours only) by hand at Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 3.00pm on 11 January 2007 (notifications by telex, email, facsimile or other electronic transmission is not sufficient); and
- (ii) specify the name(s) of the person(s) who tendered the C Shares to be withdrawn, the number of C Shares to be withdrawn and your Shareholder investor code.

Letters that are postmarked in or otherwise appear to have been sent from the Prohibited Territories will not be treated as valid.

Withdrawals may not be rescinded and C Shares withdrawn will thereafter be deemed not validly tendered for purposes of the Initial Purchase Offer. However, withdrawn C Shares may be retendered again pursuant to the Initial Purchase Offer at any time prior to the end of the Election Period.

The Company jointly with Deutsche Bank will determine all questions as to the form and validity (including time of receipt) of any notice of withdrawal, in their discretion, which determination shall be final and binding. The Company jointly with Deutsche Bank also reserves the absolute right to waive any defect or irregularity in the withdrawal of C Shares by any Shareholder, and such determination will be binding on such Shareholder. None of the Company, Deutsche Bank, Capita Registrars or any other person will be under any duty to give notification of any defect or irregularity in any notice of withdrawal or incur any liability for failure to give any such notification.

7. Non-United Kingdom Shareholders

Shareholders who are not resident in the United Kingdom or who are citizens, residents or nationals of other countries should consult their professional advisers to ascertain whether the Return of Cash will be subject to any restrictions or require compliance with any formalities imposed by the laws or regulations of, or any body or authority located in, the jurisdiction in which they are resident or to which they are subject. In particular, it is the responsibility of any Shareholder not resident in the United Kingdom or who is a citizen, resident or national of another country wishing to receive the Single C Share Dividend or have C Shares purchased or otherwise disposed of any shares in the Company to satisfy himself as to full observance of the laws of each relevant jurisdiction in connection with the Return of Cash, including the obtaining of any government, exchange control or other consents which may be required and the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties in such jurisdiction.

The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Neither this document nor any other document issued or to be issued by or on behalf of the Company in connection with the issue or purchase of C Shares or the Single C Share Dividend constitutes an invitation, offer or other action on the part of the Company in any jurisdiction in which such invitation, offer or other action is unlawful.

The Initial Purchase Offer and Retention of C Shares are not being offered in any of the Prohibited Territories and Shareholders in any of the Prohibited Territories may not elect for either the Initial Purchase Offer or Retention of C Shares. Any purported election by a Shareholder in any of the Prohibited Territories for the Initial Purchase Offer or Retention of C Shares will be deemed by the Company to be an election for the Single C Share Dividend in respect of the entirety of that Shareholder's C Shares and accordingly that Shareholder will receive the Single C Share Dividend.

Each Shareholder who is not resident in the United Kingdom or who is a citizen, resident or national of other countries by whom, or on whose behalf, an Election Form is executed, irrevocably represents, warrants, undertakes and agrees to and with the Company and Deutsche Bank that such Shareholder has observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due from such Shareholder in connection with any receipt or transfer of C Shares in any territory and

such Shareholder has not taken or omitted to take any action which may result in the Company, Deutsche Bank or any other persons acting in breach of the legal or regulatory requirements of any territory in connection with the Return of Cash or such Shareholder's acceptance of any of the C Share Choices.

In the event that the Company is advised that it would or might be in breach of legal or regulatory requirements in any jurisdiction, or the Company would or might be required to make filings or take any other action in any jurisdiction as a result of its issuing C Shares to Shareholders who have registered addresses in any overseas jurisdiction or who are citizens, residents or nationals of other countries, it is proposed that the C Shares to which such Shareholders are entitled will nevertheless be allotted to such Shareholders but may be issued to a nominee and then sold with the net proceeds of sale being remitted to such Shareholders.

The above provisions of this paragraph relating to overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company in its absolute discretion.

Notice to Shareholders resident in France

In compliance with article 211-4 of the French General regulation of *Autorité des marchés financiers* (French stock exchange authority) you are informed that the above described offer has not been subject to a prospectus submitted for approval to the *Autorité des marchés financiers*. (Conformément à l'article 211-4 du Règlement général de l'Autorité des marchés financiers, vous êtes informés que l'offre décrite ci-dessus n'a pas donné lieu à un prospectus soumis au visa de l'Autorité des marchés financiers.)

The persons or entities referred to in Article L. 411-2, II, 4 of the French Financial and Monetary Code may take part in the transaction solely for their own account under the conditions referred to in articles D. 411-1, D. 411-2, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Financial and Monetary Code. (Les personnes ou entités mentionnées au 4° du II de l'article L. 411-2 du Code monétaire et financier ne peuvent participer à cette opération que pour compte propre dans les conditions fixées par les articles D. 411-1, D. 411-2, D. 734-1, D. 744-1, D. 754-1 et D. 764-1 du Code monétaire et financier.)

The financial instruments thus acquired cannot be distributed directly or indirectly to the public otherwise than in accordance with the conditions referred to in articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Financial and Monetary Code. (La diffusion, directe ou indirecte, dans le public des instruments financiers ainsi acquis ne peut être réalisée que dans les conditions prévues aux articles L. 411-1, L. 411-2, L. 412-1 et L. 621-8 à L. 621-8-3 du Code monétaire et financier.)

8. Extraordinary General Meeting

An EGM will be held at 2.00pm on 18 December 2006. The EGM notice is set out in Part 9 of this document.

You will find enclosed with this document a Form of Proxy for use in respect of the EGM.

Whether or not you intend to be present at the EGM, you are requested to complete and sign the Form of Proxy and return it, in accordance with the instructions printed on it, by post or (during normal business hours only) by hand to Capita Registrars, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU to arrive as soon as possible

and, in any event, no later than 2.00pm on 16 December 2006. Completion and return of the Form of Proxy will not prevent you from attending the EGM and voting in person should you wish to do so.

9. Share certificates

From Listing of the New Ordinary Shares your Existing Ordinary Share certificate will no longer be valid. New Ordinary Share certificates are expected to be despatched on 18 January 2007. If you hold certificates in respect of your Existing Ordinary Shares, you should retain them, for record purposes only, until the New Ordinary Share certificates are received. Any transfers relating to the New Ordinary Shares prior to receipt of the new certificates may be certified against the Company's share register held by Capita Registrars. Following receipt of the new certificates, the certificates in respect of the Existing Ordinary Shares can be destroyed. Share certificates and all other documents and remittances are despatched to and from Shareholders at their own risk.

For Shareholders wishing to hold any New Ordinary Shares through the CREST system, the relevant CREST accounts are expected to be credited at 8.00am on 8 January 2007. For Shareholders wishing to hold any C Shares through the CREST system, the relevant CREST accounts are expected to be credited at 8.00am on 8 January 2007 with interim C Shares. If these Shareholders elect to retain C Shares, the relevant CREST accounts are expected to be credited with the C Shares at 8.00am on 15 January 2007. Shareholders holding New Ordinary Shares and C Shares through the CREST system will not receive any share certificates.

No share certificates will be issued by the Company in respect of any C Shares on which a Single C Share Dividend is paid, in respect of any C Shares purchased pursuant to the Initial Purchase Offer nor in respect of any Deferred C Shares.

10. Amendments to the Articles of Association

A number of consequential amendments to the Articles of Association are required in order to implement the Return of Cash. These amendments are set out in Part 4 and Part 5 of this document.

11. Whitbread Share Schemes

Participants in all of the Whitbread Share Schemes are not the beneficial owners of Existing Ordinary Shares under those schemes and so will not participate in the Return of Cash. However, it is expected that the Share Capital Consolidation will achieve a largely neutral position for participants as options or awards over Existing Ordinary Shares will take effect as options and awards over the same number of New Ordinary Shares, which are expected to have approximately the same market value following the Capital Reorganisation as Existing Ordinary Shares. On this basis it is anticipated that no adjustment will be required to either the number of Ordinary Shares over which participants have options or awards or the relevant exercise price of such options or awards.

Separate letters will be sent to the participants in the Whitbread Share Schemes in respect of the Return of Cash.

As at 21 November 2006, being the latest practicable date prior to publication of this document, the total number of options under the Whitbread Share Schemes outstanding to subscribe for Existing Ordinary Shares is 3,211,445. In aggregate, these outstanding options will represent approximately 1.44 per cent. of the issued share capital (excluding

treasury shares) of Whitbread. Following the Return of Cash and, assuming no further shares and options are issued between 21 November 2006 and the Share Capital Consolidation becoming effective, the outstanding options will represent approximately 1.61 per cent. of the issued share capital (excluding treasury shares) of Whitbread.

12. Dealings and despatch of documents

The Return of Cash will be made by reference to holdings of Existing Ordinary Shares on the register of members as at the Record Date.

It is expected that dealings and settlement within the CREST system of the Existing Ordinary Shares will continue until the Record Date when, in the case of Existing Ordinary Shares held in certificated form, the register of members will be closed for transfers and no further transfers of Existing Ordinary Shares will be able to be made. The registration of uncertificated holdings in respect of the Existing Ordinary Shares will be “disabled” in CREST on the Record Date.

The Company expects to despatch on 18 January 2007 definitive share certificates in respect of the New Ordinary Shares held in certificated form and in respect of any C Shares which have not been purchased under the Initial Purchase Offer, nor have been or are to be converted into Deferred C Shares. From Listing of the New Ordinary Shares, certificates in respect of the Existing Ordinary Shares will no longer be valid. Share certificates and all other documents and remittances are despatched at the Shareholders’ own risk.

No share certificates will be issued by the Company in respect of any C Shares that have been purchased under the Initial Purchase Offer or on which the Single C Share Dividend has been paid or in respect of any Deferred C Shares.

It is expected that Shareholders who hold their Existing Ordinary Shares through the CREST system will, on Listing, have their CREST accounts credited with the New Ordinary Shares.

Temporary documents of title will not be issued and, pending despatch of definitive share certificates, transfers of New Ordinary Shares held in certificated form and of any C Shares which are not to be or have not been purchased under the Initial Purchase Offer nor have been or are to be converted into Deferred C Shares will be certified against the register held by Capita Registrars.

It is expected that cheques in respect of C Shares purchased under the Initial Purchase Offer, Single C Share Dividends and any fractional entitlements, will be despatched to relevant Shareholders or relevant Shareholders will have their CREST accounts credited with the proceeds, as appropriate, on 18 January 2007. Cheques and all other documents and remittances are despatched at the Shareholders’ own risk.

13. Summary explanation of the resolutions to be put to the EGM

Special resolutions will be passed if at least 75 per cent. of the votes cast are in favour. The first special resolution is conditional on Listing and sets out the formal mechanics for the implementation of the Return of Cash:

1. (a) this paragraph proposes to increase the authorised share capital of the Company by 0.71 per cent. from £317,650,002 to £319,890,002 by the creation of 224 million C Shares;

- (b) this paragraph proposes to authorise the Directors to:
 - (i) capitalise a sum not exceeding £2.24 million standing to the credit of the Company's share premium account to pay up in full the C Shares; and
 - (ii) allot and issue the C Shares up to an aggregate amount of £2.24 million to Shareholders on the basis of one C Share for each Existing Ordinary Share held on the Record Date. As at 21 November 2006, being the latest practicable date before publication of this document, the authority referred to above represented 1.47 per cent. of the issued share capital (excluding treasury shares). The authority granted to the Directors will expire on 17 June 2008;
 - (c) this paragraph sets out the procedure by which the Directors intend to consolidate the Existing Ordinary Shares;
 - (d) this paragraph sets out the procedure for subdividing and consolidating the Existing Ordinary Shares into New Ordinary Shares. In respect of all authorised but unissued shares, where the consolidation results in a fraction of a New Ordinary Share that fraction is cancelled pursuant to Section 121(2)(e) of the Companies Act 1985 together with such number of unissued shares as are required to be cancelled to bring the sterling amount of the Company's authorised ordinary share capital to a whole number. In respect of issued shares, fractional entitlements will be aggregated and sold on behalf of the Shareholders entitled to them with net proceeds of sale distributed in due proportions to them;
 - (e) this paragraph approves the terms of the proposed contract between Deutsche Bank and the Company under which Deutsche Bank will be entitled to require the Company to purchase the C Shares acquired by Deutsche Bank pursuant to the Initial Purchase Offer at 159 pence per C Share plus any stamp duty payable by Deutsche Bank under the Initial Purchase Offer. Such authority will expire on 17 June 2008; and
 - (f) this paragraph proposes the adoption of new Articles of Association incorporating the terms of the C Shares and the Deferred C Shares as set out in Part 4 and Part 5, respectively, of this document.
2. The second resolution approves the terms of, and authorises the Company to enter into, the proposed contract between all holders of Deferred Shares, which will be executed by Simon Barratt on behalf of such holders pursuant to article 4A(I)(vi) of the Articles of Association of the Company and the Company under which the Company will purchase all of the Deferred Shares, which were created by the return of cash carried out in June 2006 for 1 penny. This authority will expire on 17 June 2008.

PART 4

RIGHTS AND RESTRICTIONS ATTACHED TO THE C SHARES

The following sets out the amendments which are proposed to be made to the Articles of Association of the Company under the first resolution to be proposed at the EGM and summarises the rights of the C Shares and the restrictions to which they are subject.

The following paragraphs will be inserted as articles 4B(A) to (H):

4B. Rights Attached to C Shares and Deferred C Shares

Notwithstanding articles 4A and 5 the C Shares (as defined below) shall have the rights attaching to shares set out in these articles save that in the event of a conflict between any provision in this article 4B and any other provision in these articles, the provisions in this article 4B shall prevail.

(A) Election Form

- (i) Together with a circular to shareholders dated 24 November 2006 ordinary shareholders were sent a form of election relating to non-cumulative preference shares of 1 penny each (the “C Shares”) (the “C Share Election Form”) under which they could elect in relation to any C Shares to be issued to them to:
 - (a) participate in a sale to Deutsche Bank AG, London Branch of the C Shares (the “Initial C Share Purchase Offer”); or
 - (b) retain C Shares and receive the C Share Continuing Dividend (as defined below).
- (ii) Holders of C Shares who have not returned a duly completed C Share Election Form by 3.00pm on 11 January 2007 (or such later time and/or date as the directors may determine) electing (revocably until that time) to accept the Initial C Share Purchase Offer or to retain their C Shares and receive the C Share Continuing Dividend will be deemed instead to have elected to receive the Single C Share Dividend in relation to each C Share held by them.
- (iii) The directors may, if they so determine in their absolute discretion, accept a C Share Election Form which is received after the relevant time or which is not correctly completed. The directors may, in addition, if they so determine in their absolute discretion, treat any other document or action as a valid C Share Election Form or as the completion or delivery of a valid C Share Election Form, as the case may be.

(B) Income

- (i) Out of the profits available for distribution, a single dividend of 159 pence (the “Single C Share Dividend”) shall be payable in respect of each C Share whose holder has elected, or deemed to have elected, to receive the Single C Share Dividend.
- (ii) Such dividend shall, if declared by resolution of the directors, or a duly authorised committee thereof, become payable on 15 January 2007 or such later date as the directors may determine (the “Single C Share Dividend Date”). Each C Share in respect of which such dividend becomes payable shall, on such date (or such other date as the directors may determine), be automatically converted into a deferred C share of 1 penny nominal value with the rights and restrictions described in article 4B(I) (a “Deferred C Share”).

- (iii) Out of the profits available for distribution in respect of each financial year or other accounting period of the company, the holders of the C Shares who have elected to retain their C Shares shall be entitled, in priority to any payment of dividend or other distribution to the ordinary shareholders and before profits are carried to reserves but after the payment of the B Share Continuing Dividend to the holders of the B Shares, to be paid a non-cumulative preferential dividend (the “**C Share Continuing Dividend**”) at such annual rate on a value of 159 pence per C Share as is calculated in accordance with articles 4B(B)(v) and 4B(B)(vi) below rounded down to the nearest $\frac{1}{10}$ penny (exclusive of any associated tax credit relating thereto).
- (iv) The first C Share Continuing Dividend will be in respect of the period commencing on the Single C Share Dividend Date and is to be paid in arrear on 14 January 2008 (or such later date as the directors may determine) and thereafter, such dividend will be paid (without having to be declared) annually in arrear on 14 January (or such later date as the directors may determine) in each year or, if any such date would otherwise fall on a date which is not a Business Day (as defined below) it shall be postponed to the next day which is a Business Day (without any interest or payment in respect of such delay) (each, a “**C Share Payment Date**”).
- (v) Each twelve month period ending on 14 January is called a “**C Share Calculation Period**”. The annual rate applicable to each C Share Calculation Period shall be 75 per cent. of 6 month LIBOR for the C Share Calculation Period in question which appears on the display designated as page ISDA on Reuters (or such other page or service as may replace it or have replaced it for the purpose of displaying London inter-bank offered rates of leading banks for pounds sterling deposits as determined by the company), at or about 11.00am (London time) on the first Business Day of such C Share Calculation Period.
- (vi) If the offered rate so appearing is replaced by the corresponding rates of more than one bank then article 4B(B)(v) above shall be applied, with any necessary consequential changes, to the arithmetic mean (rounded upward, if necessary, to the nearest $\frac{1}{16}$ percentage point) of the rates (being at least two) which so appear, as determined by the company. If for any other reason such offered rate does not so appear, or if the relevant page is unavailable, the company will request each of the banks whose offered rates would have been used for the purposes of the relevant page, if the event leading to the application of this article 4B(B)(vi) had not happened, through its principal London office to provide the company with its offered quotation to leading banks for pounds sterling deposits in London for the C Share Calculation Period concerned as at 11.00am (London time) on the first Business Day of such C Share Calculation Period.

The offered rate for such C Share Calculation Period shall be the arithmetic mean (rounded upward, if necessary, to the nearest $\frac{1}{16}$ per cent.) of such quotations (or of such of them, being at least two, as are so provided), as determined by the company.

- (vii) In this article, the expression “**Business Day**” means a day upon which pounds sterling deposits may be dealt in on the London inter-bank market and commercial banks are generally open in London; and “**non-cumulative**” in relation to the C Share Continuing Dividend means that the dividend payable on each C Share Payment Date is payable out of the profits of the company available for distribution in respect of the accounting reference period in which the C Share Payment Date falls (including any reserves representing profits made in previous accounting

reference periods) without any right in the case of a deficiency to resort to profits made in subsequent accounting reference periods.

- (viii) Payments of the C Share Continuing Dividend under article 4B(B)(iv) shall be made to holders on the company's relevant register on a date selected by the directors, being not less than 15 days nor more than 42 days (or, in default of selection by the directors, on the date falling 15 days) prior to the relevant C Share Payment Date.
- (ix) The holders of the C Shares shall not be entitled to any further right of participation in the profits of the company.
- (x) All C Share Continuing Dividends payable on the C Shares which are unclaimed for a period of 12 years from the date of due payment shall be forfeited and shall revert to the company.

(C) Capital

- (i) Except as provided in article 4B(F) below, on a return of capital on winding-up (excluding any intra-group reorganisation on a solvent basis), the holders of the C Shares shall be entitled, in priority to any payment to the ordinary shareholders but after any payments required to be made to the holders of the B Shares, to 159 pence per C Share held by them, together with a sum equal to the relevant proportion of the C Share Continuing Dividend (if any) under article 4B(B)(iii) which would have been payable if the winding-up had taken effect on the last day of the then current C Share Calculation Period, the relevant proportion being the number of days from and including the preceding C Share Payment Date (or, if the date of such winding-up is prior to 15 January 2007, the Single C Share Dividend Date) to, but excluding, the date of such winding-up, divided by 365.
- (ii) The aggregate entitlement of each holder of C Shares on a winding-up in respect of all of the C Shares held by him shall be rounded up to the nearest whole penny.
- (iii) The holders of the C Shares shall not be entitled to any further right of participation in the profits or assets of the company in excess of that specified in article 4B(C)(i) above. If on such a winding-up the amounts available for payment are insufficient to cover in full the amounts payable on the C Shares, the holders of such shares will share rateably in the distribution of assets (if any) in proportion to the full preferential amounts to which they are entitled.

(D) Attendance and Voting at General Meetings

- (i) The holders of the C Shares shall not be entitled, in their capacity as holders of such shares, to receive notice of any general meeting of the company nor to attend, speak or vote at any such general meeting unless:
 - (a) the business of the meeting includes the consideration of a resolution for the winding-up (excluding any intra-group reorganisation on a solvent basis) of the company, in which case the holders of the C Shares shall have the right to attend the general meeting and shall be entitled to speak and vote only on any such resolution; or
 - (b) at the date of the notice convening the meeting, the C Share Continuing Dividend has remained unpaid for six months or more from any C Share Payment Date, in which case the holders of the C Shares shall have the right to attend the general meeting and shall be entitled to speak and vote on all resolutions.

- (ii) Whenever the holders of the C Shares are entitled to vote at a general meeting of the company, on a show of hands every holder thereof who (being an individual) is present in person or (being a corporation) by a representative shall have one vote, and on a poll every such holder shall have such number of votes as he would have been entitled to exercise had he been the holder of such number of ordinary shares as would have arisen if the C Shares registered in the name of such holder had been converted into such ordinary shares immediately prior to the deadline for determining entitlements to vote at such meeting in accordance with the rights of the C Shares.

(E) Company's Right to Purchase

Subject to the provisions of the Companies Act and to compliance with applicable securities law and regulations but without the need to obtain the sanction of an extraordinary resolution of the holders of the C Shares, the company may at any time and at its sole discretion purchase C Shares (a) in the market or (b) by tender available alike to all holders of C Shares or (c) by private treaty, in each case at a price and upon such other terms and conditions as the directors may think fit.

(F) Class Rights

- (i) The company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority to the C Shares. The creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the C Shares) shall be treated as being in accordance with the rights attaching to the C Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of C Shares.
- (ii) A reduction by the company of the capital paid up or credited as paid up on the C Shares and the cancellation of such shares shall be treated as being in accordance with the rights attaching to the C Shares and shall not involve a variation of such rights for any purpose. The company will be authorised to reduce its capital (subject to the confirmation of the Court in accordance with the Companies Act and without obtaining the consent of the holders of the C Shares) including by paying to the holders of the C Shares the preferential amounts to which they are entitled as set out above.
- (iii) If at any time a currency other than pounds sterling is accepted as legal tender in the United Kingdom in place of or in addition to pounds sterling, the directors shall be entitled, without the consent of ordinary shareholders or holders of the C Shares, to make such arrangements and adjustments in respect of the method of calculation and payment of any of the entitlements of holders of C Shares under these articles as the directors consider necessary, fair and reasonable in the circumstances to give effect to the rights attaching to the C Shares, including (without limitation) in respect of the calculation and payment of the C Share Continuing Dividend, notwithstanding the fact of such acceptance. Any such arrangements and adjustments shall not involve a variation of any rights attaching to the C Shares for any purpose.

(G) Conversion into Ordinary Shares at the Company's Option

- (i) The company may (subject to the provisions of the Companies Act) at any time after the company's AGM to be held in 2008 on the giving of not less than 10 days' nor

more than 42 days' notice in writing to the holders of the C Shares, convert all but not some only of the outstanding C Shares into ordinary shares on the date specified in the notice (the "**C Share Conversion Date**"). The conversion shall be on the basis of one ordinary share for every (M/159) C Share (where M represents the average of the closing mid-market quotations in pence of an ordinary share on the London Stock Exchange, as derived from the Daily Official List for the five Business Days immediately preceding the C Share Conversion Date), fractional entitlements being disregarded and the balance of such shares (including any fractions) shall be Deferred C Shares, which shall have the same rights and be subject to the same restrictions as the Deferred C Shares of 1 penny set out in article 4B(I). The company shall use its reasonable endeavours to list the ordinary shares into which C Shares are converted on the London Stock Exchange if on the C Share Conversion Date the company's ordinary shares are also so listed.

- (ii) Conversion of the C Shares may be effected in such manner as the directors shall from time to time determine (subject to the provisions of the Companies Act) including, without prejudice to the generality of the foregoing, in accordance with the provisions of article 4B(G)(iii) or the provisions of article 4B(G)(iv) pursuant to the authority given by the passing of the resolution to create the C Shares.
- (iii) If the aggregate nominal value of the C Shares is lower than the aggregate nominal value of the ordinary shares into which the C Shares will convert on the C Share Conversion Date, the directors may effect conversion by:
 - (a) capitalising an amount of share premium account equal to the difference between the aggregate nominal value of the C Shares and the aggregate nominal value of the ordinary shares into which those C Shares are to convert (the "**C Share Shortfall Amount**"), and applying such amount in allotting to the holders of the C Shares (in proportion to their holdings of C Shares) and paying up in full a number of undesignated shares (with such par value as the directors may determine) having an aggregate nominal value equal to the C Share Shortfall Amount; and
 - (b) in respect of each holder or joint holders consolidating the C Shares and the undesignated shares allotted pursuant to (a) above into one share and sub-dividing and redesignating such share into:
 - (x) the number of ordinary shares to which that holder is entitled on conversion; and
 - (y) a number of Deferred C Shares of nominal value equal to the highest amount that will not result in any holder or holders being entitled to a fraction of such a Deferred C Share, such Deferred C Shares having an aggregate nominal value equal to the sum of the aggregate nominal value of the C Shares held by the relevant holder or holders less the aggregate nominal value of the ordinary shares referred to in (x) above, and otherwise having the rights and being subject to the restrictions set out in article 4B(I).
- (iv) If the aggregate nominal value of the C Shares is lower than the aggregate nominal value of the ordinary shares into which the C Shares will convert on the C Share Conversion Date and if the company does not have sufficient reserves available to effect conversion in the manner described in article 4B(G)(iii), the directors may effect conversion by consolidating into one share all the C Shares held by any holder

or joint holders at the C Share Conversion Date and sub-dividing such share into the appropriate number of ordinary shares and such ordinary shares, notwithstanding that they may have a different nominal amount from the other ordinary shares then in issue, shall form a uniform class with the other ordinary shares then in issue and shall, subject to article 4B(G)(v) but notwithstanding any other contrary provision herein, for all purposes and in all respects (including, without limitation, entitlement to dividends or other distributions, participation in offers, voting rights, and rights on a liquidation or return of capital) rank *pari passu* with the other ordinary shares then in issue, for which purposes the nominal amount of each ordinary share arising on such consolidation and sub-division shall be deemed to be the same as the nominal amount per ordinary share then in issue.

- (v) Any ordinary shares arising on conversion of the C Shares shall rank *pari passu* with the ordinary shares already in issue at the date of conversion in all respects save that such ordinary shares shall not be entitled to any dividend or other distribution declared, paid or made by reference to a record date prior to the C Share Conversion Date.
- (vi) If the company exercises its rights of conversion, the period commencing on the C Share Payment Date preceding the C Share Conversion Date and ending on such C Share Conversion Date is called the “**Final C Share Calculation Period**” and the C Share Continuing Dividend in respect of such period shall be payable in arrear on the final Business Day of such period (the “**Final C Share Payment Date**”). In respect of the Final C Share Calculation Period (if any), the amount of the C Share Continuing Dividend shall be the relevant proportion of the C Share Continuing Dividend which would have been payable if conversion had taken effect on the last day of the then current C Share Calculation Period, the relevant proportion being the number of days from and including the last C Share Payment Date to, but excluding, the Final C Share Payment Date, divided by 365. The aggregate amount of the C Share Continuing Dividend payable to each holder of C Shares shall be rounded down to the nearest $\frac{1}{10}$ penny.

(H) Deletion of Article 4B(A) to (H) when no C Shares in existence

Article 4B(A) to (H) shall remain in force until there are no longer any C Shares in existence whether by way of conversion into Deferred C Shares, purchase and cancellation or conversion into ordinary shares, whichever is earlier, notwithstanding any provision in the articles to the contrary. Thereafter article 4B(A) to (H) shall be and shall be deemed to be of no effect (save to the extent that the provisions of article 4B(A) to (H) are referred to in other articles) and shall be deleted and replaced with the wording “Article 4B(A) to (H) has been deleted”, and the separate register for the holders of C Shares shall no longer be required to be maintained by the company; but the validity of anything done under article 4B(A) to (H) before that date shall not otherwise be affected and any actions taken under article 4B(A) to (H) before that date shall be conclusive and shall not be open to challenge on any grounds whatsoever.

PART 5

RIGHTS AND RESTRICTIONS ATTACHED TO THE DEFERRED C SHARES

The following summarises the rights of the Deferred C Shares and the restrictions to which they are subject. These are reflected in the proposed amendments to Whitbread's Articles of Association.

The following paragraphs will be inserted as articles 4B(I) and (J):

(I) Deferred C Shares

(i) Income

The Deferred C Shares shall confer no right to participate in the profits of the company.

(ii) Capital

On a return of capital on a winding-up (excluding any intra-group re-organisation on a solvent basis) there shall be paid to the holders of the Deferred C Shares the nominal capital paid up or credited as paid up on such Deferred C Shares after:

- (a) first, paying to the holders of the B Shares 155 pence per B Share held by them together with any outstanding entitlement to the B Share Continuing Dividend up to the Payment Date last preceding the return of capital and to the holders of the C Shares 159 pence per C Share held by them together with any outstanding entitlement to the C Share Continuing Dividend up to the C Share Payment Date last preceding the return of capital;
- (b) secondly, paying to the ordinary shareholders the nominal capital paid up or credited as paid up on the ordinary shares held by them respectively, together with the sum of £100,000,000 on each ordinary share; and
- (c) thirdly, paying any amount required to be paid to the holders of the Deferred Shares.

The holders of the Deferred C Shares shall not be entitled to any further right of participation in the assets of the company.

(iii) Attendance and Voting at General Meetings

The holders of the Deferred C Shares shall not be entitled to receive notice of any general meeting of the company or to attend, speak or vote at any such meeting.

(iv) Form

The Deferred C Shares shall not be listed on any stock exchange nor shall any share certificates be issued in respect of such shares. The Deferred C Shares shall not be transferable except in accordance with article 4B(I)(vi) below or with the written consent of the directors.

(v) Class Rights

The company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority to the Deferred C Shares, and on such creation, allotment or issue any such further shares (whether or not ranking in any respect in priority to the Deferred C Shares) shall be treated as being in accordance with the rights attaching to the Deferred C Shares and shall not involve a variation of such rights for any

purpose or require the consent of the holders of the Deferred C Shares. The reduction by the company of the capital paid up on the Deferred C Shares shall be in accordance with the rights attaching to the Deferred C Shares and shall not involve a variation of such rights for any purpose and the company shall be authorised at any time to reduce its capital (subject to the confirmation of the Court in accordance with the Companies Act) without obtaining the consent of the holders of the Deferred C Shares.

(vi) Transfer and Purchase

The company may at any time (and from time to time) (subject to the provisions of the Companies Act), without obtaining the sanction of the holder or holders of the Deferred C Shares:

- (a) appoint any person to execute on behalf of any holder of Deferred C Shares a transfer of all of the Deferred C Shares or any part thereof (and/or an agreement to transfer the same) to the company or to such person as the directors may determine (whether or not an officer of the company), in any case for not more than 1 penny for all the Deferred C Shares then being purchased from him; and
- (b) cancel all or any of the Deferred C Shares so purchased by the company in accordance with the Companies Act.

(J) Deletion of Article 4B(I) to (J) when no Deferred C Shares in existence

Article 4B(I) to (J) shall remain in force until there are no longer any Deferred C Shares in existence, notwithstanding any provision in the articles to the contrary. Thereafter article 4B(I) to (J) shall be and shall be deemed to be of no effect (save to the extent that the provisions of article 4B(I) to (J) are referred to in other articles) and shall be deleted and replaced with the wording “Article 4B(I) to (J) has been deleted”, and the separate register for the holders of Deferred C Shares shall no longer be required to be maintained by the company; but the validity of anything done under article 4B(I) to (J) before that date shall not otherwise be affected and any actions taken under article 4B(I) to (J) before that date shall be conclusive and shall not be open to challenge on any grounds whatsoever.

PART 6

UNITED KINGDOM TAXATION IN RELATION TO THE RETURN OF CASH

The comments below are intended as a general guide only and are based on current United Kingdom tax law and HM Revenue and Customs' practice. The comments below apply only to Shareholders who are resident and ordinarily resident in the United Kingdom for tax purposes. They may not apply to Shareholders in special circumstances, such as those who do not hold their Existing Ordinary Shares, New Ordinary Shares, C Shares and Deferred C Shares beneficially as investments, insurance companies, collective investment schemes, dealers in securities and Shareholders who acquired (or are deemed to have acquired) their Existing Ordinary Shares by virtue of an office or employment. The position may be different for any future transactions and may alter between the date of this document and the implementation of the Return of Cash.

Shareholders are urged to consult an appropriate professional adviser in respect of their tax position.

1. Capital Reorganisation

The receipt of the New Ordinary Shares and C Shares arising from the Capital Reorganisation will be a reorganisation of the share capital of the Company for the purposes of United Kingdom taxation of chargeable gains ("CGT"). Accordingly, the receipt of the New Ordinary Shares and C Shares will not itself give rise to any liability to CGT in a Shareholder's hands. Instead, the Shareholder's resultant holding of New Ordinary Shares and C Shares will together be treated as the same asset as the Shareholder's holding of Existing Ordinary Shares and as having been acquired at the same time, and for the same consideration, as that holding of Existing Ordinary Shares.

Upon a subsequent disposal of all or part of the Shareholder's holding of New Ordinary Shares or (as the case may be) C Shares, a Shareholder's aggregate CGT base cost in such Shareholder's holding of Existing Ordinary Shares will have to be apportioned between the New Ordinary Shares and the C Shares, so as to ascertain that part of the base cost which is attributable to the New Ordinary Shares and that part of the base cost which is attributable to the C Shares. That apportionment will be made by reference to the respective market values of the New Ordinary Shares and the C Shares on the first day after the date of issue of the New Ordinary Shares and C Shares on which market values or prices are quoted or published for the New Ordinary Shares.

The sale, on behalf of the relevant Shareholders, of fractional entitlements to New Ordinary Shares resulting from the Capital Reorganisation will not constitute a part disposal for CGT purposes. Instead the amount of any payment received by the Shareholder will be deducted from the base cost of the C Shares and any New Ordinary Shares received.

The issue of the New Ordinary Shares and C Shares will not itself give rise to any liability to UK income tax (or corporation tax on income) in a Shareholder's hands.

2. Single C Share Dividend

(A) Income Tax

The tax treatment of the Single C Share Dividend will be the same as that of any other dividend paid by the Company. That tax treatment will be as summarised below.

The Company will not be required to withhold tax at source when paying the Single C Share Dividend. A Shareholder who is an individual resident (for tax purposes) in the United Kingdom and who receives the Single C Share Dividend will be entitled to a tax credit equal to one-ninth of the Single C Share Dividend. The individual will be taxable on the total of the Single C Share Dividend and the related tax credit (the “gross Single C Share Dividend”), which will be regarded as the top slice of the individual’s income. The tax credit will, however, be treated as discharging the individual’s liability to income tax in respect of the gross Single C Share Dividend, unless and except to the extent that the gross Single C Share Dividend falls above the threshold for the higher rate of income tax, in which case the individual will, to that extent, pay tax on the gross Single C Share Dividend equal to 32.5% of the gross Single C Share Dividend, less the related tax credit. So, for example, a Single C Share Dividend of £80 will carry a tax credit of £8.89 and the income tax payable on that dividend by an individual liable to income tax at the higher rate would be 32.5% of £88.89, namely £28.89, less the tax credit of £8.89, leaving a net tax charge of £20.

A Shareholder that is a company resident (for tax purposes) in the United Kingdom will not generally be taxable on the Single C Share Dividend.

A Shareholder who is not liable to tax on the Single C Share Dividend will not be entitled to claim payment of the tax credit in respect of the Single C Share Dividend.

The right of a Shareholder who is not resident (for tax purposes) in the United Kingdom to a tax credit in respect of the Single C Share Dividend and to claim payment of any part of that tax credit will depend on the existence and terms of any double taxation convention between the United Kingdom and the country in which the Shareholder is resident for tax purposes. Shareholders who are not solely resident in the United Kingdom for tax purposes should consult their own tax advisers concerning their tax liabilities on the Single C Share Dividend, whether they are entitled to claim any part of the tax credit and, if so, the procedure for doing so.

(B) Taxation of chargeable gains

For CGT purposes, neither the payment of the Single C Share Dividend (and the consequent conversion of the C Shares into Deferred C Shares) nor any conversion of C Shares into New Ordinary Shares will be treated as giving rise to a disposal or part disposal of the C Shares.

Shareholders who receive the Single C Share Dividend should note that, consequent to the Capital Reorganisation, a proportion of the base cost, for CGT purposes, of their holding of Existing Ordinary Shares will, as explained in paragraph 1 above of Part 6 of this document, be attributed to their C Shares; and this amount will continue to be attributed to those C Shares following their conversion into Deferred C Shares, notwithstanding that the Deferred C Shares have only limited rights and value. Correspondingly, only a proportion of the base cost, for CGT purposes, of the original holding of Existing Ordinary Shares will be available on a subsequent disposal of New Ordinary Shares.

A disposal of the Deferred C Shares (such as upon a repurchase of the Deferred C Shares by the Company) will be treated as described in paragraph 3 below and may result in a Shareholder realising a capital loss. However, Shareholders liable to corporation tax should note that it is possible that section 30 of the Taxation of Chargeable Gains Act 1992 could be regarded as being applicable to such a Shareholder. If that provision applies, the effect is likely to be, broadly, to deny relief for any capital

loss otherwise arising on a disposal of the Deferred C Shares to the extent that such loss accrues to the Shareholder as a result of the payment of the Single C Share Dividend. In addition, Shareholders liable to corporation tax should note that section 8(2) and sections 184A to 184I of the Taxation of Chargeable Gains Act 1992 restrict the use in certain circumstances of capital losses by companies that are liable to corporation tax.

3. Purchase Offers

A sale of C Shares by a Shareholder to Deutsche Bank acting as principal pursuant to any of the Purchase Offers should be treated as a normal third party disposal for UK tax purposes. Accordingly:

- (i) A Shareholder who sells all or part of the Shareholder's holding of C Shares pursuant to any of the Purchase Offers should thereby crystallise a disposal of those C Shares for CGT purposes. This may, depending on individual circumstances, give rise to a liability to CGT. Any gain or loss should be calculated by reference to the difference between the purchase price and the Shareholder's base cost, for CGT purposes, in the C Shares disposed of. Shareholders are referred to paragraph 1 above for an outline of the principles that should apply in determining the base cost that is attributable to their C Shares for CGT purposes and that should, as such, be taken into account in the computation of any gain or loss arising on any disposal of their C Shares.
- (ii) No part of the proceeds received by a Shareholder pursuant to any of the Purchase Offers should be an income distribution in the Shareholder's hands.
- (iii) The amount of CGT, if any, payable by an individual Shareholder as a consequence of accepting any of the Purchase Offers will depend on his or her personal tax position. No tax will be payable on any gain realised on a disposal of C Shares if the amount of the chargeable gain, when aggregated with other chargeable gains realised by the Shareholder in the year of assessment in question (and after taking account of indexation and taper relief and such other exemptions and allowable losses as may be available in each case), does not exceed the annual allowance of tax-free capital gains (£8,800 for the tax year 2006/2007). Broadly, any gains in excess of this amount will be taxed at a rate of 10 per cent. for a taxpayer paying income tax at the starting rate, 20 per cent. for a taxpayer paying income tax at the basic rate and 40 per cent. for higher-rate taxpayers. Indexation allowance will be available in respect of periods of ownership of Existing Ordinary Shares up to 5 April 1998 and taper relief may be available thereafter.
- (iv) A corporate Shareholder is taxable on all of its chargeable gains, subject to other reliefs. Taper relief is not available to a corporate Shareholder. However, corporate Shareholders are entitled to indexation allowance up to the date the chargeable gain is realised.

4. Section 703 Income and Corporation Taxes Act 1988 ("Section 703")

If Section 703 applied in respect of the Initial Purchase Offer or any Future Purchase Offer, Shareholders subject to United Kingdom taxation might be liable to such taxation as if they had received a dividend equal to the price received for the C Shares. The Company has not applied for a clearance in this regard. However, having consulted leading Tax Counsel, the Company does not expect that Section 703 will be applied.

5. Stamp Duty and Stamp Duty Reserve Tax

Except in relation to depositary receipt arrangements or clearance services, where special rules apply:

- (i) No stamp duty or stamp duty reserve tax (“**SDRT**”) will be payable on the Capital Reorganisation.
- (ii) An agreement to sell C Shares will normally give rise to a liability on the part of the purchaser to SDRT, at the rate of 0.5 per cent. of the actual consideration paid. If an instrument of transfer of the C Shares is subsequently produced, it will generally be subject to stamp duty at the rate of 0.5 per cent. of the actual consideration paid (rounded up, if necessary, to the nearest £5). When such stamp duty is paid, the SDRT charge will normally be cancelled and any SDRT already paid will be refunded.
- (iii) For the avoidance of doubt, a sale of C Shares under any of the Purchase Offers will not give rise to any liability to stamp duty or SDRT for the selling Shareholder.
- (iv) There will be no liability to stamp duty or SDRT if the C Shares are converted into Deferred C Shares or New Ordinary Shares.

6. Other Dividends

- (i) The tax treatment of the C Share Continuing Dividend will be the same as that of any other dividend paid by the Company. Accordingly, the comments set out in paragraph 2(A) above regarding the tax treatment of the Single C Share Dividend are equally applicable to the tax treatment of the C Share Continuing Dividend.
- (ii) For the avoidance of doubt, the tax treatment of the Return of Cash, as summarised in paragraphs 1 to 5 above, will not be affected by the payment of the C Share Continuing Dividend.

PART 7
ADDITIONAL INFORMATION

1. Summary of the rights and restrictions attaching to the New Ordinary Shares

The rights and restrictions attaching to the New Ordinary Shares will be the same as those set out in or provided by the Articles of Association of the Company in relation to the Existing Ordinary Shares, as amended by the first resolution set out in the notice of EGM. These may be summarised, as regards income, return of capital and voting, as follows:

Income: Subject to the payment of the B Share Continuing Dividend on the B Shares and the C Share Continuing Dividend on the C Shares, the holders of the New Ordinary Shares shall be entitled to be paid any further profits of the Company available for distribution and determined to be distributed. Any dividend payable on the New Ordinary Shares which has remained unclaimed for 12 years from the date when it became due for payment shall be forfeited and shall cease to remain owing by the Company.

Capital: On a return of capital on a winding-up after paying such sums as may be due in priority to the holders of any other class of shares in the capital of the Company, any further such amount shall be paid to the holders of the New Ordinary Shares rateably according to the amounts paid up or credited as paid up in respect of each New Ordinary Share.

Voting: The holders of the New Ordinary Shares shall be entitled in respect of their holding of such shares to receive notice of any general meeting of the Company and to attend and vote at any such general meeting. At any such meeting, on a show of hands, every holder of New Ordinary Shares present in person shall have one vote and every such holder present in person or by proxy shall upon a poll have one vote for every New Ordinary Share of which he is the holder.

2. Form

The New Ordinary Shares and the C Shares are not renounceable and will be transferable by an instrument of transfer in usual or common form. The New Ordinary Shares and the C Shares will be in registered form. The Company will apply for the New Ordinary Shares and the interim C Shares to be admitted to CREST with effect from Listing. Accordingly, settlement of transactions in the New Ordinary Shares and the C Shares may take place within the CREST system in respect of general market transactions.

3. CREST

In order to facilitate the C Share Choice elections, the C Shares will, for the purposes of settlement in CREST only, be designated as “interim C Shares” under the ISIN GB00B1HPZ100 for the period from 8 January 2007 until the Single C Share Dividend/Initial Purchase Offer is made (15 January 2007). During this period CREST holders will have their accounts credited with “interim C Shares” to allow them to elect electronically through the CREST system. From 15 January 2007, the C Shares will, for the purposes of dealings and settlement in CREST, be designated as “C Shares” under the ISIN GB00B1HPYH93.

Accordingly, on 15 January 2007 those CREST holders who have elected to retain C Shares will have their CREST accounts credited with the “C Shares” under the new ISIN GB00B1HPYH93.

If the Existing Ordinary Shares to which any election made on the enclosed Election Form relates are currently held in certificated form and are subsequently dematerialised into CREST before 5.00pm on 5 January 2007 (or such later time and/or date as the Directors may determine), any instruction given by the submission of an Election Form will become ineffective. Shareholders who subsequently hold their C Shares in CREST will need to submit a valid USE instruction in place of the submitted Election Form by 3.00pm on 11 January 2007.

4. Electing in CREST

Electing for Choice 1: the Single C Share Dividend

Shareholders who hold interim C Shares in CREST who wish to elect for Choice 1: Single C Share Dividend need take no action. CREST holders who do not return a USE Instruction will automatically be deemed to have elected for the Single C Share Dividend.

Electing for Choice 2: the Initial Purchase Offer

Shareholders who hold interim C Shares in CREST who wish to elect for Choice 2: Initial Purchase Offer in respect of some or all of their C Shares should use the following procedure after their CREST accounts have been credited on 8 January 2007 (or such other date as the Directors may determine). The prescribed form of election of purchase is a USE Instruction which, on its settlement, will have the effect of crediting a stock account of Capita Registrars under the participant ID and member account ID specified below with the number of C Shares to be purchased. If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Your CREST sponsor will be able to confirm details of your participant ID and the member account ID under which your C Shares are held. In addition, only your CREST sponsor will be able to send the USE Instruction to CRESTCo in relation to your C Shares.

CRESTCo does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with the USE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable the USE Instruction relating to your C Shares to settle prior to 3.00pm on 11 January 2007. In this regard you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The USE Instruction must be properly authenticated in accordance with CRESTCo’s specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of interim C Shares to which the election for the Initial Purchase Offer relates;
- (ii) the participant ID of the holder of the interim C Shares;
- (iii) the member account ID of the holder of the interim C Shares from which interim C Shares are to be debited;
- (iv) the participant ID of Capita Registrars. This is RA10;

- (v) the member account ID of Capita Registrars. This is CSHRPURC;
- (vi) the ISIN of the interim C Shares. This is GB00B1HPZ100;
- (vii) the Intended Settlement Date. This must be by 3.00pm on 11 January 2007;
- (viii) the corporate action number. This is allocated by CRESTCo and can be found by viewing the relevant corporate action details in CREST;
- (ix) input with standard delivery instruction priority of 80; and
- (x) contact name and telephone number inserted in the shared note field.

In order for an uncertificated election to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle by 3.00pm on 11 January 2007.

CREST members and (where applicable) their CREST sponsors should note that the last time at which a USE Instruction may settle is 3.00pm on 11 January 2007.

Electing for Choice 3: the Retention of C Shares

Shareholders who hold C Shares in CREST who wish to elect for Choice 3: Retention of C Shares should use the following procedure after their CREST accounts have been credited on 8 January 2007 (or such other date as the Directors may determine). The prescribed form of election is a USE Instruction which, on its settlement, will have the effect of crediting a stock account of Capita Registrars under the participant ID and member account ID specified below, with the number of C Shares to be retained. If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Your CREST sponsor will be able to confirm details of your participant ID and the member account ID under which your C Shares are held. In addition, only your CREST sponsor will be able to send the USE Instruction to CRESTCo in relation to your C Shares.

CRESTCo does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with the USE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable the USE Instruction relating to your C Shares to settle prior to 3.00pm on 11 January 2007. In this regard you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The USE Instruction must be properly authenticated in accordance with CRESTCo's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of interim C Shares to which the election for the Retention of C Shares relates;
- (ii) the participant ID of the holder of the interim C Shares;
- (iii) the member account ID of the holder of the interim C Shares from which interim C Shares are to be debited;
- (iv) the participant ID of Capita Registrars. This is RA10;
- (v) the member account ID of Capita Registrars. This is CSHRRETN;
- (vi) the ISIN of the interim C Shares. This is GB00B1HPZ100;

- (vii) the Intended Settlement Date. This must be by 3.00pm on 11 January 2007;
- (viii) the corporate action number. This is allocated by CRESTCo and can be found by viewing the relevant corporate action details in CREST;
- (ix) input with standard delivery instruction priority of 80; and
- (x) contact name and telephone number inserted in the shared note field.

In order for an uncertified election to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle by 3:00pm on 11 January 2007.

CREST members and (where applicable) their CREST sponsors should note that the last time at which a USE Instruction may settle is 3.00pm on 11 January 2007.

5. Initial Purchase Offer

The following agreements have been entered into, or are intended to be entered into, in respect of the Initial Purchase Offer:

By the Purchase Offer Deed, Deutsche Bank has agreed that if the Company serves upon Deutsche Bank by no later than 6.00pm on 12 January 2007 (or such later time and/or date as Deutsche Bank and the Company may agree) a notice requiring Deutsche Bank to make the Initial Purchase Offer it will, by means of an announcement in the Regulatory Information Service, make an off market offer to purchase all or some of the C Shares which are to be issued under the Return of Cash, in the manner and on the terms set out in this document and the Election Form. The obligation of Deutsche Bank to make the Initial Purchase Offer is conditional upon the satisfaction or waiver by Deutsche Bank of a number of conditions including: the passing of the first resolution to be proposed at the EGM without amendment; the issue of the C Shares to the holders of Existing Ordinary Shares in accordance with this document; the execution by the Company of the Put Option Agreement referred to below; and compliance by the Company and Slaughter and May with their obligations arising under the Escrow Account Letter including the payment into the escrow account of the amount described below. Deutsche Bank also has a right to terminate its obligations on the occurrence of certain force majeure events. No fee is payable by the Company to Deutsche Bank pursuant to the Purchase Offer Deed.

If the first resolution is passed at the EGM the Company intends to execute the Put Option Agreement which will grant to Deutsche Bank the right to require the Company to purchase as an off market purchase the C Shares purchased by Deutsche Bank under the Initial Purchase Offer, or any similar offer (whether made on a compulsory basis or otherwise). The amount payable by the Company to Deutsche Bank upon exercise by Deutsche Bank of its rights under the Put Option Agreement in respect of the C Shares acquired pursuant to the Initial Purchase Offer, will be 159 pence per C Share plus an amount equal to the total stamp duty and stamp duty reserve tax paid by Deutsche Bank in respect of the Initial Purchase Offer. In respect of any similar offers as referred to above, Deutsche Bank may require the Company to pay an amount equal to the amount paid by Deutsche Bank for each C Share so purchased and an amount equal to the total stamp duty and stamp duty reserve tax paid by Deutsche Bank in respect of such similar offers. The Directors expect that any such similar offers will be made at 159 pence per C Share. No fee is payable by the Company to Deutsche Bank pursuant to the Put Option Agreement.

By the Escrow Account Letter, the Company has agreed to transfer into an escrow account, an amount of 159 pence per C Share in respect of which the Initial Purchase Offer has been validly accepted. The funds held in this account can be used to pay Deutsche Bank if, as expected, Deutsche Bank exercises its right to require the Company to purchase from it the C Shares acquired by Deutsche Bank under the Initial Purchase Offer. Any balance of the account will be returned to the Company following such payment.

6. Treasury shares held by the Company

As at 21 November 2006, being the latest practicable date before the publication of this document, the Company held 852,509 Existing Ordinary Shares as treasury shares, which represents 0.39 per cent. of the Company's Existing Ordinary Shares in issue as at that date.

7. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (public holidays excepted) at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY and at the registered office of Whitbread at Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire LU5 5XE from the date of this document up to and including the date of the EGM and will also be available for inspection at the EGM:

- (i) the Memorandum and Articles of Association of the Company;
- (ii) a copy of the new Articles of Association of the Company proposed to be adopted at the EGM showing the amendments to the Company's current Articles of Association;
- (iii) the consent letter referred to in paragraph 8 of this Part 7;
- (iv) the Purchase Offer Deed, Put Option Agreement and the Escrow Account Letter;
- (v) a copy of the proposed contract between all holders of Deferred Shares and the Company; and
- (vi) this document.

8. Consent

Deutsche Bank has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of references to its name in the form and context in which it appears.

PART 8

FREQUENTLY ASKED QUESTIONS WITH ANSWERS

These questions and answers are aimed particularly at individuals who are Shareholders in Whitbread. They set out some frequently asked questions and provide brief responses.

Please read both the questions and answers below and the document as a whole carefully.

Times and dates specified below are expected times and dates and are subject to change as set out in the rest of the document. The questions with answers below assume you do not hold shares through CREST unless CREST is specifically mentioned. If you have any other questions on the Return of Cash, you may call the Return of Cash Shareholder helpline on 0870 162 3184 (or +44 20 8639 3404, if calling from outside the United Kingdom) between 9.00am and 5.30pm on any Business Day.

The Return of Cash Shareholder helpline will not provide advice on the merits of the Return of Cash and the C Share Choice or give any personal legal, financial or tax advice.

1. What is being proposed?

Whitbread proposes to return 159 pence in cash to Shareholders for each Existing Ordinary Share held at 5.00pm on 5 January 2007.

For every Existing Ordinary Share that you hold at 5.00pm on 5 January 2007, you will receive one C Share. Each C Share entitles you to receive 159 pence in cash.

The C Share scheme will apply to each Existing Ordinary Share registered in your name at 5.00pm on 5 January 2007. You are still free to buy or sell your Existing Ordinary Shares before this time, but you will only be entitled to have C Shares issued in respect of Existing Ordinary Shares held at 5.00pm on 5 January 2007.

2. What choices do I have for my C Shares?

You can choose to receive a dividend in respect of some or all of your C Shares (which may potentially be treated as an income payment for tax purposes) or to have some or all of your C Shares purchased by Deutsche Bank (which may potentially be treated as a capital payment for tax purposes).

If you do not choose to receive a dividend in respect of any C Shares, you can instead decide to retain those C Shares and accept the expected offer from Deutsche Bank to have them purchased in the future. Your choice is likely to depend on your tax circumstances. We have set out some general guidance below to assist you.

You have three choices for your C Shares:

Choice 1: Single C Share Dividend

If you elect for this offer in respect of some or all of your C Shares, you will receive a single dividend of 159 pence per C Share in respect of those C Shares, following which you will no longer hold those C Shares.

Choice 2: Initial Purchase Offer

If you elect for this offer in respect of some or all of your C Shares, you will have those C Shares purchased by Deutsche Bank on 15 January 2007 at 159 pence per C Share, free of all dealing expenses and commissions.

If you decide to have part only of your holding of C Shares purchased by Deutsche Bank on 15 January 2007 and choose not to receive the Single C Share Dividend in respect of any of your C Shares you may have the opportunity to sell your remaining C Shares around the time of the Company's AGM in 2008, although there can be no guarantee that such an offer would be made, to Deutsche Bank as described in Choice 3: Retention of C Shares below.

Choice 3: Retention of C Shares

You may elect to retain some or all of your C Shares until you have the opportunity to sell them in the future for 159 pence per C Share, free of all dealing expenses and commissions.

It is currently expected that there will be a further offer by Deutsche Bank to purchase C Shares around the time of the Company's AGM in 2008, although there can be no guarantee that such an offer would be made.

Details of how to complete and return your Election Form are set out in Part 2 of this document. Shareholders electing through CREST should not complete or return an Election Form but instead should refer to paragraph 4 of Part 7 of this document.

Further information on each of the C Share Choices is set out in Part 3 of this document.

3. How do I make my choice?

Information on how to make your choice is set out in Part 2 of this document.

4. What if I don't get my Election Form back in time?

If you do not correctly complete and return your Election Form by 3.00pm on 11 January 2007, you will be treated as having elected for Choice 1: Single C Share Dividend in respect of all of your C Shares (unless otherwise determined by the Directors).

5. What happens to my Whitbread shares?

The Existing Ordinary Shares will be consolidated and this will reduce the number of shares that all Shareholders hold. The intention is that, subject to market movements after the date of this document, the share price of one New Ordinary Share immediately after Listing of the New Ordinary Shares should be approximately equal to the share price of one Existing Ordinary Share immediately beforehand. Therefore, to help ensure that the share price stays about the same immediately before and after the Return of Cash (subject to market movements after the date of this document) Whitbread intends to reduce the total number of Ordinary Shares owned by all Shareholders.

As a result, for every 47 Existing Ordinary Shares that you own at 5.00pm on 5 January 2007, you will receive 42 New Ordinary Shares to replace them.

You will continue to own the same proportion of Whitbread's Ordinary Shares immediately after the Share Capital Consolidation as you did you before, subject to

fractional entitlements arising on the Share Capital Consolidation (see question 6 below).

The total value of your New Ordinary Shares in Whitbread immediately following the Share Capital Consolidation and the value of any fractional entitlements should be equal to the value of your original holding immediately before the Share Capital Consolidation.

6. What if the number of Existing Ordinary Shares I hold on the Record Date does not divide exactly by 47?

If, immediately before the Share Capital Consolidation, your holding of Existing Ordinary Shares does not divide exactly by 47, you will be left with a fractional entitlement to a New Ordinary Share. So, for example, a Shareholder with 100 Existing Ordinary Shares would, after the Share Capital Consolidation, be entitled to 89 New Ordinary Shares and an entitlement to $\frac{17}{47}$ of a New Ordinary Share. Whitbread will combine all fractions and arrange to have them sold in the market. It is expected that you will be sent a cheque for your proportion of the sale proceeds on 18 January 2007.

7. What happens to my current share certificate?

Your Existing Ordinary Share certificate will no longer be valid once the New Ordinary Shares have been listed. Therefore, you should destroy it upon receipt of your New Ordinary Share certificate.

8. What if I want to sell my New Ordinary Shares before I have received my New Ordinary Share certificate?

You will be able to sell your New Ordinary Shares from 8 January 2007 even though you will not have a New Ordinary Share certificate for them on that date. Whitbread will not be issuing temporary documents of title. Instead the New Ordinary Shares will be certified against the register held by Capita Registrars at Northern House, Woodsome Park, Fenay Bridge, Huddersfield HD8 0LA.

9. Will I get a C Share certificate?

Share certificates will be issued in respect of the C Shares that are not either converted into Deferred C Shares or have been purchased under the Initial Purchase Offer.

10. What is my tax position?

We have set out a detailed guide to taxation for Shareholders resident in and ordinarily resident in the United Kingdom for tax purposes in Part 6 of this document. Please read the relevant paragraphs carefully. You are urged to consult an appropriate professional adviser in respect of your tax position.

11. Dividends on my Existing Ordinary Shares are paid directly into my bank account. Do I need to change the existing instruction in respect of my New Ordinary Shares?

Unless revoked or varied, your present mandates will be deemed to be valid for any dividends from Whitbread in respect of New Ordinary Shares.

12. Will the proceeds from the Return of Cash be paid directly into my bank account?

Choice 1: Single C Share Dividend

It is expected that a cheque for the Single C Share Dividend will be sent to you, or that your CREST account will be credited, with the proceeds on 18 January 2007 (or such other date as the Directors may determine).

Choice 2: Initial Purchase Offer

It is expected that a cheque for the Initial Purchase Offer will be sent to you or that your CREST account will be credited, as appropriate, on 18 January 2007 (or such other date as the Directors may determine).

Choice 3: Retention of C Shares

If, as expected, Deutsche Bank makes a further offer to purchase C Shares around the time of the Company's AGM in 2008 a cheque in relation to the offer will be sent to you or your CREST account will be credited shortly afterwards.

13. What if I hold my Existing Ordinary Shares in a PEP or an ISA?

If you hold your Existing Ordinary Shares in a PEP or an ISA, you should be able to hold the New Ordinary Shares which you receive in place of your Existing Ordinary Shares in a PEP or an ISA (subject to the terms and conditions of your PEP or ISA). You should contact your plan manager who will be able to advise you of the procedure for voting on the Return of Cash and making an election in respect of the C Shares that you receive.

14. What if I am resident outside the United Kingdom?

Shareholders resident outside the United Kingdom or who are nationals or citizens of jurisdictions outside the United Kingdom should read the additional information set out in paragraph 7 of Part 3 of this document. Shareholders resident in any of the Prohibited Territories will automatically receive the Single C Share Dividend and may not elect Choices 2 or 3.

PART 9

NOTICE OF EXTRAORDINARY GENERAL MEETING

WHITBREAD PLC

(the “Company”)

(registered in England and Wales with company number 04120344)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at the offices of Deutsche Bank, Winchester House, 1 Great Winchester Street, London EC2N 2DB at 2.00pm on Monday 18 December 2006, to consider and, if thought fit, pass the following resolutions, which will be proposed as special resolutions:

1. **THAT**, conditional on the admission to the Daily Official List of the UK Listing Authority and to trading on London Stock Exchange plc’s market for larger and established companies becoming effective (“**Listing**”) by 8.00am on 8 January 2007 (or such later time and/or date as the Directors may determine) of the New Ordinary Shares (as defined in sub-paragraph (d)(ii) below):
 - (a) the authorised share capital of the Company be and is hereby increased from £317,650,002 to £319,890,002 by the creation of 224,000,000 non-cumulative preference shares of 1 penny each having the rights and restrictions set out in the Articles of Association of the Company as proposed to be amended pursuant to paragraph (f) below (the “**C Shares**”);
 - (b) the Directors be and are hereby authorised to capitalise a maximum sum not exceeding £2,240,000 standing to the credit of the Company’s share premium account and to apply such sum in paying up in full the C Shares and are hereby authorised pursuant to Section 80 of the Companies Act 1985 (as amended) (the “**Companies Act**”) to allot and issue such C Shares credited as fully paid up, up to an aggregate nominal amount of £2,240,000 to the holders of the ordinary shares of $68\frac{32}{51}$ pence each in the Company (the “**Existing Ordinary Shares**”) on the basis of one C Share for each Existing Ordinary Share held and recorded on the register of members of the Company at 5.00pm on 5 January 2007 (or such other time and/or date as the Directors may determine), provided that the authority hereby conferred shall expire on 17 June 2008;
 - (c) all the Existing Ordinary Shares which at 5.00pm on 5 January 2007 (or such other time and date as the directors of the Company may determine) are shown in the books of the Company as authorised, whether issued or unissued, shall be sub-divided into new ordinary shares of $1\frac{97}{153}$ pence each in the capital of the Company (the “**Intermediate Shares**”);
 - (d) (i) all Intermediate Shares that are unissued shall be consolidated into new ordinary shares of $76\frac{122}{153}$ pence each in the capital of the Company (the “**Unissued New Ordinary Shares**”), provided that, where such consolidation would otherwise result in a fraction of an Unissued New Ordinary Share, that number of Intermediate Shares which would otherwise constitute such fraction, together with the minimum number of Intermediate Shares as are required (after this resolution has become

wholly unconditional and effective) to be cancelled in order that the nominal value in pounds sterling of the Company's authorised ordinary share capital is a whole number, shall be cancelled pursuant to section 121(2)(e) of the Companies Act; and

- (ii) all Intermediate Shares that are in issue shall be consolidated into new ordinary shares of $76\frac{122}{153}$ pence each in the capital of the Company (the "**New Ordinary Shares**"), provided that, where such consolidation results in any member being entitled to a fraction of a New Ordinary Share, such fraction shall, so far as possible, be aggregated with the fractions of a New Ordinary Share to which other members of the Company may be entitled and the directors of the Company be and are hereby authorised to sell (or appoint any other person to sell to any person), on behalf of the relevant members, all the New Ordinary Shares representing such fractions at the best price reasonably obtainable to any person, and to distribute the proceeds of sale (net of expenses) in due proportion among the relevant members entitled thereto (save that any fraction of a penny which would otherwise be payable shall be rounded up or down in accordance with the usual practice of the registrar of the Company) and that any director of the Company (or any person appointed by the directors of the Company) shall be and is hereby authorised to execute an instrument of transfer in respect of such shares on behalf of the relevant members and to do all acts and things the directors consider necessary or desirable to effect the transfer of such shares to, or in accordance with the directions of, any buyer of any such shares;
 - (e) the terms of the proposed contract between: (1) Deutsche Bank AG, London Branch ("**Deutsche Bank**"); and (2) the Company under which Deutsche Bank will be entitled to require the Company to purchase C Shares from them (a draft of which is produced to the meeting and signed for the purposes of identification by the Chairman) be and are hereby approved and authorised for the purposes of Section 165 of the Companies Act and otherwise but so that such approval and authority shall expire on 17 June 2008; and
 - (f) the draft regulations contained in the document submitted to the meeting and signed by the Chairman for the purposes of identification be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all existing Articles of Association.
2. **THAT** the terms of the proposed contract between: (1) all holders of deferred shares of 1 penny each in the capital of the Company (the "**Deferred Shares**"), which will be executed by Simon Barratt on behalf of such holders pursuant to Article 4A(I)(vi) of the Articles of Association of the Company; and (2) the Company under which the Company will purchase all of its Deferred Shares (a draft of which is produced to the meeting and signed for the purposes of identification by the Chairman) be and are hereby approved and authorised for the purposes of

Section 164 of the Companies Act and otherwise but so that such approval and authority shall expire on 17 June 2008.

By order of the Board,
Simon Barratt
Company Secretary

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

24 November 2006

Notes:

1. A Shareholder of Whitbread who is entitled to attend and vote at the EGM but is unable or does not wish to attend is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. A proxy does not need to be a Shareholder. Unless specified otherwise the Chairman of Whitbread will act as proxy and vote on a poll as directed by the appointing Shareholder. Shareholders will have been sent a Form of Proxy that includes instructions on how to complete it. If you do not have a Form of Proxy and believe that you should, please contact Capita Registrars on 0870 162 3184 (or +44 20 8639 3404 if calling from outside the United Kingdom).
2. To be valid any Form of Proxy or other Proxy Instructions must be received by post or (during normal business hours only) by hand at Capita Registrars, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 2.00pm on 16 December 2006. The return of a completed Proxy Card or CREST Proxy Instruction will not prevent you from attending the EGM and voting in person if you wish to do so.
3. CREST members 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. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.
4. Any message, regardless of whether it relates to the appointment of a proxy or to an amendment to an instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Capita Registrars (CREST participant ID RA10) by 2.00pm on 16 December 2006. After this time any change to instructions to proxies appointed through CREST should be communicated to the agent by other means.
5. 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. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those Shareholders registered in the register of members of the Company as at 2.00pm on 16 December 2006 or, in the event that this meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after 2.00pm on 16 December 2006 or, in the event that this meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend and vote at the meeting.

PART 10
DEFINITIONS

B Share Continuing Dividend	the non-cumulative preferential dividend payable in relation to each B Share at a rate of 75 per cent. of 6 month LIBOR on the amount of 155 pence per B Share
B Shares	non-cumulative preference shares of 1 penny each in the capital of the Company, the rights and restrictions of which are set out in articles 4A(A) to (H) of the Articles of Association of the Company
Board or Directors	the board of directors of Whitbread
Business Day	a day (other than a Saturday, Sunday or public holiday) on which pounds sterling deposits may be dealt in on the London inter-bank market and commercial banks are open for general business in London
Capital Reorganisation	the reorganisation of the Company's share capital comprising the issue of C Shares and the Share Capital Consolidation
Capita Registrars	Capita Registrars (a trading name of Capita IRG Plc), the Company's registrars
Companies Act	the Companies Act 1985, as amended
Company or Whitbread	Whitbread PLC, registered in England and Wales with company number 04120344
CREST	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which CRESTCo Limited is the Operator (as defined in such regulations)
CRESTCo	CRESTCo Limited, the Operator of CREST
CREST Proxy Instruction	a properly authenticated CREST message appointing and instructing a proxy to attend and vote in the place of the Shareholder at the Extraordinary General Meeting and containing the information required to be contained therein by the CREST Manual
C Share Choices	the choices of the Single C Share Dividend, the Initial Purchase Offer or the Retention of C Shares
C Share Continuing Dividend	the non-cumulative preferential dividend payable in relation to each C Share at a rate of 75 per cent. of 6 month LIBOR on the amount of 159 pence per C Share
C Shares	non-cumulative preference shares of 1 penny each in the capital of the Company, the rights and restrictions of which are set out in Part 4 of this document

C Share Record Date	4.30pm on 11 January 2007
Daily Official List	the official list maintained by the UK Listing Authority for the purposes of Part 6 of the Financial Services and Markets Act 2000, as amended
Deferred C Shares	the unlisted deferred C shares, the rights and restrictions of which are set out in Part 5 of this document
Deferred Shares	the unlisted deferred shares, the rights and restrictions of which are set out in articles 4A(I) and (J) of the Articles of Association of the Company
Deutsche Bank	Deutsche Bank AG, acting through its London branch at Winchester House, 1 Great Winchester Street, London EC2N 2DB
Election Form	the form enclosed with this document by which a Shareholder may elect for the C Share Choices
Election Period	the period from 24 November 2006 until 3.00pm on 11 January 2007, during which time Shareholders may make elections pursuant to the C Share Choices
Escrow Account Letter	the letter dated 22 November 2006 from the Company and Deutsche Bank to the Company's solicitors
Existing Ordinary Shares	issued ordinary shares of 68 ³² / ₅₁ pence each in the capital of the Company existing prior to the Capital Reorganisation
Extraordinary General Meeting/EGM	the extraordinary general meeting of the Company to be held at 2.00pm on 18 December 2006
Form of Proxy	the form of proxy enclosed with this document, for use by Shareholders in connection with the EGM
Future Purchase Offer	the offer expected to be made by Deutsche Bank, acting as principal, to purchase C Shares around the time of the Company's AGM in 2008
Group	Whitbread PLC and its subsidiaries
Initial Purchase Offer	the initial offer by Deutsche Bank, acting as principal, to purchase C Shares on 15 January 2007
ISIN	International Security Identification Number
LIBOR	the rate for 6 month deposits in pounds sterling which appears on the display designated as page ISDA on Reuters (or such other page or service as may replace it for the purpose of displaying London inter-bank offered rates of leading banks for pounds sterling deposits as determined by the Company), at or about 11.00am (London time) on the first Business Day of each C Share Dividend Calculation Period

Listing	the admission of New Ordinary Shares to the Daily Official List becoming effective in accordance with the Listing Rules and the admission to trading of such shares on the London Stock Exchange's market for larger and established companies becoming effective in accordance with the rules of the London Stock Exchange
Listing Rules	the listing rules made by the UKLA for the purposes of Part 6 of the Financial Services and Markets Act 2000, as amended
London Stock Exchange	London Stock Exchange plc
New Ordinary Shares	following the Capital Reorganisation, the new ordinary shares of 76 ¹²² / ₁₅₃ pence each in the capital of the Company
Ordinary Shares	Existing Ordinary Shares or New Ordinary Shares, as the context may require
Purchase Offer(s)	the Initial Purchase Offer and/or the Future Purchase Offer, as the context may require
Purchase Offer Deed	the deed dated 22 November 2006 between Deutsche Bank and the Company in respect of the Initial Purchase Offer
Put Option Agreement	the agreement expected to be entered into between Deutsche Bank and the Company on or before 14 January 2007 requiring the Company to purchase as an off market purchase the C Shares purchased by Deutsche Bank under the Initial Purchase Offer
Prohibited Territories	the United States, Australia, Canada, Japan and the Republic of South Africa
Record Date	5.00pm on 5 January 2007 (or such other time or date as the Directors may determine)
Regulatory Information Service	the regulatory information service as defined by the Listing Rules
Retention of C Shares	the retention of C Shares after 15 January 2007
Return of Cash	the transaction comprising the Capital Reorganisation and the C Share Choices
Share Capital Consolidation	the consolidation and subdivision of the Existing Ordinary Shares in the manner set out in paragraphs (c) and (d) of the first special resolution in the notice convening the EGM set out in Part 9 of this document
Shareholders	holders of Existing Ordinary Shares, New Ordinary Shares, and/or C Shares, as the context may require
Single C Share Dividend	the dividend of 159 pence per C Share
USE Instruction	Unmatched Stock Event instruction

Whitbread Share Schemes

the Whitbread 2001 Approved Executive Share Option Scheme, the Whitbread 2001 Unapproved Executive Share Option Scheme, the Whitbread 1995 (No 1) Executive Share Option Scheme, the Whitbread 1995 (No 2) Executive Share Option Scheme, the Whitbread 2001 Savings-Related Share Option Scheme, the Deferred Bonus Plan, the Whitbread Long Term Incentive Plan, the Whitbread Leadership Group Incentive Scheme and the Whitbread Savings-Related Share Option Scheme

