

Whitbread PLC  
24 November 2006

### **Return of cash - posting of shareholder circular**

Whitbread PLC ('Whitbread') announces that it has today posted a circular seeking shareholder approval for the proposed return of £350 million of cash to shareholders.

It was announced in Whitbread's interim results on 24 October 2006 that it would return a further £350 million to shareholders, making a total since May 2005 of £1.16 billion. The return will 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 and, so far as possible, giving those who choose capital some choice as to when the return is made. The return will be accompanied by a share consolidation to maintain comparability of earnings per share and other company data. Further details are set out below.

Whitbread will also be paying a further £50m into its pension fund. This is in addition to the £50m announced in October 2005 and paid into the pension fund in August 2006.

#### **Highlights of the return of cash:**

- Shareholders to receive 159 pence per existing ordinary share.
- Return to be implemented by way of a C share issue with a view to providing UK tax resident shareholders with flexibility to elect to receive cash in the form of income or capital or a combination of the two.
- 42 for 47 share consolidation to seek to maintain comparability of share price, earnings per share and dividends per share.
- Extraordinary General Meeting to approve the return on 18 December 2006.
- Cheques expected to be despatched to shareholders and CREST accounts credited on 18 January 2007.

#### **Details of the return of cash:**

Subject to shareholder approval and listing of the new ordinary shares arising on the share consolidation, shareholders will receive a bonus issue of one C share for each ordinary share that they hold on 5 January 2007. Shareholders (other than those in certain overseas territories) will be able to elect between the following choices in respect of those C shares:

- To receive a single dividend of 159 pence per C share for some or all of their C shares. C shares in respect of which a shareholder has chosen to receive this single dividend payment will automatically be converted into deferred C shares, which will have negligible value.
- To accept an offer to be made by Deutsche Bank AG, London Branch ("Deutsche Bank") to sell some or all of their C Shares to Deutsche Bank (acting as principal) for 159 pence per C share, free of all dealing expenses and commissions. Further details of this offer are contained within the circular.
- To retain some or all of their C shares and have the opportunity to accept a future offer to sell them to Deutsche Bank (acting as principal) 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 Whitbread's AGM in 2008, but there can be no guarantee that such an offer will be made.

The C shares will not be listed and those which are retained will pay a dividend fixed at 75 per cent. of six month LIBOR. Shareholders who do not elect for any of the alternatives will receive the single dividend on all of their C shares.

A share consolidation will be undertaken in conjunction with the return of cash. Existing ordinary shares will be subdivided and consolidated so that shareholders will receive 42 new ordinary shares for every 47 existing ordinary shares held on 5 January 2007. The intention is that, subject to market movements, 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 consolidation has been set by reference to Whitbread's market capitalisation at close of business on 20 November 2006.

New ordinary shares will be traded on the London Stock Exchange in the same way as existing ordinary shares and will be equivalent to the existing ordinary shares in all material respects, including their dividend, voting and other rights. The effect of the share consolidation will be to reduce the number of issued ordinary shares to reflect the return of 159 pence per ordinary share, but shareholders immediately following the consolidation will own the same proportion of Whitbread's issued share capital as they did previously (subject to fractional entitlements).

Full details of the return of cash and share consolidation are contained in the circular.

## Expected timetable of principal events

### 2006

Latest time and date for receipt of EGM form of proxy	2.00 pm on 16 December
EGM	2.00 pm on 18 December

### 2007

Record date for the issue of C shares and share consolidation	6.00 pm on 5 January
Commencement of dealings in new ordinary shares	8.00 am on 8 January
Latest time for receipt of election forms for the C share choices	3.00 pm on 11 January
Single C share dividend declared and C shares accepted for purchase	15 January
Cheques despatched and CREST accounts credited	18 January

For further information:

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Christopher Rogers - Group Finance Director - Tel: 01582 889418

Two copies of each of the documents listed below have been submitted to The Financial Services Authority and will be available for inspection at the Document Viewing Facility which is situated at:

The Financial Services Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS

Documents submitted:

Circular relating to the Proposed Return of Cash to Shareholders

Form of Proxy

Election Form for use by Shareholders in respect of the Initial Purchase Offer and/or Retention of C Shares in relation to proposed Return of Cash to Shareholders

Amendments to Whitbread's articles of association

Whitbread PLC is one of the UK's leading hospitality companies, managing businesses in the budget hotels, restaurant and health & fitness sectors, including Premier Travel Inn, Brewers Fayre, Beefeater, Costa and David Lloyd Leisure.

Whitbread's strategy is to create value for our shareholders by focusing investment and growing in expanding sectors of the hospitality industry, primarily in the UK but also in selected overseas markets.

In the financial year to March 2, 2006, Whitbread generated pre-tax, pre-exceptional profit of £181.1m. Founded in 1742, the company is listed on the London Stock Exchange (as WTB.L) and is a member of the FTSE4Good indices.

Deutsche Bank AG 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 for Whitbread and no-one else in connection with the return of cash and will not be responsible for anyone other than Whitbread for providing the protections afforded to clients of Deutsche Bank or for providing advice in relation to the return of cash.

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 and the Republic of South Africa will only be eligible for the single C share dividend and will not be offered the other alternatives.