

3 June 2007

WHITBREAD PLC

Sale of David Lloyd Leisure

Whitbread PLC is pleased to announce that it has conditionally agreed to sell David Lloyd Leisure to Versailles Bidco Limited, a company owned by London & Regional Holdings Limited and Bank of Scotland Corporate, for £925 million.

Transaction Highlights

* Agreement to sell DLL for an aggregate cash consideration, on a debt and cash free basis, of £925 million

* Sale price represents a multiple of 13.4x historic EBITDA (based on DLL EBITDA for the year to 1 March 2007 of £68.8 million)

* Completion is expected to occur on 2 August 2007

Use of Proceeds

Whitbread will initially use the proceeds from the Sale to pay down debt. Subsequently, in the absence of any further value creating opportunities and based on current investment plans, Whitbread will move to the level of leverage outlined in its preliminary results announcement on 24th April 2007. This will be achieved through returning any excess cash to Whitbread's shareholders net of any further payments made into the Company's pension fund.

Commenting on the sale, Alan Parker, CEO of Whitbread said:

"Following the success of the management action taken in DLL over the last eighteen months and a review of the health club market, we have decided that this sale represents excellent value for our shareholders. Whitbread is now well placed to deliver the ambitious growth plans for its hotels, restaurants and coffee shops."

This summary should be read in conjunction with the full text of this announcement.

For further information contact:

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Morgan Stanley & Co. Limited is acting exclusively for Whitbread and no one else in connection with the Sale (as defined in the full announcement attached hereto) and will not be responsible to anyone other than Whitbread for providing the protections afforded to clients of Morgan Stanley & Co. Limited nor for providing advice in relation to the Sale, the contents of this document or any transaction or arrangement referred to in this announcement.

This announcement is for information purposes only and does not constitute an offer or invitation to acquire or dispose of any securities or investment advice in any jurisdiction.

This announcement contains a number of forward-looking statements relating to Whitbread (as defined in the full announcement attached hereto), its subsidiaries and its subsidiary undertakings (the "Whitbread Group") with respect to, amongst others, the following: financial condition of the Whitbread Group; economic conditions in which the Whitbread Group operates; the business of the Whitbread Group; and future benefits of the Sale. Whitbread considers any statements that are not historical facts to be "forward-looking statements". They relate to events and trends that are subject to risks and uncertainties that could cause the actual results and financial position of the Whitbread Group to differ materially from the information presented in the relevant forward-looking statement. When used in this announcement the words "estimate", "project", "intend", "aim", "anticipate", "believe", "expect", "should" and similar expressions, as they relate to the Whitbread Group or the management of it, are intended to identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this announcement. Neither Whitbread nor any member of the Whitbread Group undertake any obligation publicly to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, save in respect of any requirement under applicable laws and regulations.

Introduction

Whitbread ("Whitbread" or the "Company") is pleased to announce that it has today entered into a conditional agreement (the "Sale Agreement") to sell David Lloyd Leisure Limited, together with certain related assets ("DLL" or "David Lloyd Leisure"), to Versailles Bidco Limited ("Versailles"), a company owned by London & Regional Holdings Limited and Bank of Scotland Corporate, for an aggregate cash consideration, on a debt and cash free basis, of £925 million (the "Sale").

Information on DLL

As at 1 March 2007, David Lloyd Leisure operated 60 clubs in the UK and Ireland (including 45 tennis centres), seven in the Netherlands, one in Spain and one in Belgium, with more than 370,000 members.

David Lloyd Leisure also owns the rights to the David Lloyd Leisure name and brand in those countries in which David Lloyd Leisure operates.

For the year ended 1 March 2007, David Lloyd Leisure generated an operating profit of £37.1 million (£46.4 million pre exceptionals) on turnover of £237.3 million. As at 1 March 2007, David Lloyd Leisure had net operating assets of £523.4 million and gross assets of £568.0 million.

Background to and Reasons for the Sale

In the autumn of 2005, Whitbread changed the management at DLL and started a two year recovery programme. At that time, a number of approaches for DLL were received but it was decided that shareholders' interests would be best served by improving the operating performance of the business prior to any consideration being given to DLL's place within Whitbread. Since that time, the new management team has made significant progress as evidenced by increased membership, margin improvements and a series of new initiatives to promote club usage out of peak hours.

The Board has completed a thorough review of the DLL business in light of the progress made in performance improvement, current and forecast trends in the health club market and approaches received. As a result, it has been decided that it is in shareholders interests to crystallize value which has been materially increased as a result of the recovery programme over the last 18 months. This will also enable Whitbread to concentrate the resources of the Company on its ambitious growth plans for its hotels, restaurants and coffee shops.

Principal Terms and Conditions of the Sale

Under the terms of the Sale Agreement, which was signed with Versailles on 3rd June 2007 (the "Sale Agreement"), Whitbread Group PLC has agreed to sell the shares in David Lloyd Leisure Limited, together with certain related assets, to Versailles for an aggregate cash consideration, on a debt and cash free basis, of £925 million. The price is subject to a net debt completion adjustment. However, most of the net debt is owed to the Whitbread Group and will be repaid to the Whitbread Group at Completion. The Sale is structured as a direct sale of the entire issued share capital of David Lloyd Leisure Limited, David Lloyd Leisure España I S.L. and David Lloyd Leisure España II S.L, together with those shares of DLL S.A. which are registered in the name of Whitbread Group PLC. In addition, a property located in Bromsgrove in the United Kingdom and registered in the name of Whitbread Group PLC is being sold under the Sale Agreement.

In view of the size of the businesses of DLL, L&R and Bank of Scotland Corporate, the Sale Agreement is conditional upon an appropriate competition clearance being obtained from the European Commission. Completion of the Sale ("Completion") will take place following such clearance being obtained. Whitbread expects that this condition will be fulfilled prior to 2 August, 2007 which is the expected date for Completion.

Under the Sale Agreement, Whitbread Group PLC has given certain warranties and undertakings to Versailles which are usual for a transaction of this nature. In the event that the date of Completion changes, an announcement will be made on a Regulatory Information Service.

Use of Proceeds

Whitbread will initially use the proceeds from the Sale to pay down debt. Subsequently, in the absence of any further value creating opportunities and based on current investment plans, Whitbread will move to the level of leverage outlined in its preliminary results announcement on 24th April 2007. This will be achieved through returning any excess cash to Whitbread's shareholders net of any further payments made into the Company's pension fund

Effects of the Sale

The cash proceeds from the Sale will amount to £925 million on a cash and debt free basis, subject to certain post completion adjustments. As noted above, Whitbread will initially use the proceeds from the sale of David Lloyd Leisure to pay down debt. On this basis, the Sale is expected to be broadly earnings neutral in the current financial year.

Contacts

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