

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services Act 1986.

If you have sold or transferred all of your Allied Domecq Shares, or if, after the Scheme becomes effective, you sell or transfer all of your New Shares you should immediately forward this document and the accompanying documents to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. *However, this document should not be forwarded or transmitted in or into the United States.*

A copy of this document, which comprises supplementary listing particulars relating to new Allied Domecq prepared in accordance with the listing rules made under Section 142 of the Financial Services Act 1986, has been delivered to the Registrar of Companies in England and Wales for registration in accordance with Section 149 of that Act. This document is supplementary to, and should be read in conjunction with, the new Allied Domecq Listing Particulars.

Application has been made to the London Stock Exchange for the New Shares to be admitted to the Official List. It is expected that admission to the Official List will become effective, and that unconditional dealings in the New Shares on the London Stock Exchange will commence, on 2 August 1999.

Goldman Sachs, which is regulated in the United Kingdom by The Securities and Futures Authority Limited, is acting for Allied Domecq and new Allied Domecq in connection with the proposals described in this document and no-one else and will not be responsible to anyone other than Allied Domecq and new Allied Domecq for providing the protections afforded to customers of Goldman Sachs or for providing advice in relation to the proposals.

This document has been approved by Goldman Sachs for the purpose of Section 57 of the Financial Services Act of 1986.

## **SUPPLEMENTARY LISTING PARTICULARS relating to**

### **new Allied Domecq PLC (to be renamed Allied Domecq PLC)**

(Incorporated and registered in England and Wales  
under the Companies Act 1985, Registered No 3771147)

## **INTRODUCTION TO THE OFFICIAL LIST sponsored by Goldman Sachs**

### **SHARE CAPITAL UPON ADMISSION**

Authorised			Issued and fully paid	
Number	Amount	in ordinary shares of	Number	Amount
1,200,000,000	£3,900,000,000	325 pence each	1,052,376,917	£3,420,224,980.25

The New Shares will rank in full for all dividends and other distributions declared, made or paid after the date on which the New Shares are issued.

## **AND CIRCULAR TO SHAREHOLDERS OF**

### **Allied Domecq PLC (to be renamed Allied Domecq (Holdings) PLC)**

(Incorporated and registered in England and Wales  
under the Companies Act 1985, Registered No 689729)

### **as prospective shareholders in new Allied Domecq PLC**

### **Recommended proposal for the disposal of the UK Retail Business to Punch Newco.**

To the best of the knowledge of Allied Domecq and new Allied Domecq, any Punch Newco Shares, Punch Loan Notes or Bass Shares to be offered in connection with the Transaction have not been and will not be registered under the US Securities Act or under the securities laws of any state of the United States, any province of Canada or Japan or Australia and may not be offered, sold, resold, delivered or transferred, directly or indirectly, in or into the United States, Canada, Japan or Australia, or to, or for the account or benefit of US persons or persons in Canada, Japan or Australia except pursuant to exemptions from the registration requirements of the US Securities Act or the securities laws of Canada, Japan or Australia.

All statements relating to the business, financial position and prospects of the new Allied Domecq Group or the Allied Domecq Group, as appropriate, should be viewed in the light of the Year 2000 compliance issues, details of which are set out in Part 3 of the new Allied Domecq Listing Particulars.

Notice of an Extraordinary General Meeting of new Allied Domecq to be held on 23 August 1999 at 10.30 a.m. is set out on page 38 of this document. A summary of the action to be taken by new Allied Domecq Shareholders is set out on page 18 of this document.

Whether or not you intend to be present at the meeting, please complete and return the accompanying form of proxy to the Company's Registrars, Lloyds TSB Registrars, at The Causeway, Worthing, West Sussex BN99 6DA, as soon as possible and in any event so as to arrive by not later than 10.30 a.m. on 21 August 1999.



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## Helpline

Allied Domecq has set up a Helpline for shareholders in relation to the Transaction.

**Telephone number: 0171 553 3877\***

The Helpline is staffed from 9.00 a.m. until 5.00 p.m.

Please note the Helpline will only give administrative/procedural advice. The Helpline is not able to give financial advice or advice on the merits of the Transaction.

\*Calls to the Helpline may be recorded

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

30 July 1999	Last day of dealings in Allied Domecq Shares, Allied Domecq ADRs, Dutch DRs and Belgian DRs <sup>(1)</sup>
30 July 1999	5.30 p.m.: Scheme Record Date <sup>(1)</sup>
2 August 1999	Effective date for the Scheme <sup>(1)</sup>
2 August 1999	Dealings in New Shares – cum the UK Retail Business – commence on the London Stock Exchange <sup>(1)</sup>
2 August 1999	Crediting of New Shares – cum the UK Retail Business – to CREST accounts <sup>(1)</sup>
2 August 1999	Dealings in New ADRs commence <sup>(1)</sup>
2 August 1999	Dealings in New Belgian DRs (representing New Shares) commence on the Brussels Stock Exchange <sup>(1)</sup>
2 August 1999	Dealings in Dutch DRs (representing New Shares) commence on the Amsterdam Stock Exchange <sup>(1) (2)</sup>
By 6 August 1999	Despatch share certificates for New Shares – cum the UK Retail Business <sup>(1)</sup>
21 August 1999	10.30 a.m.: Latest time for receipt of form of proxy for the Extraordinary General Meeting
23 August 1999	10.30 a.m.: Extraordinary General Meeting
1 September 1999	Court hearing of petition to confirm the Reduction of Capital
3 September 1999	Last day of dealing in New Shares – cum the UK Retail Business <sup>(3)</sup>
3 September 1999	5.30 p.m.: Reduction of Capital Record Date <sup>(3)</sup>
6 September 1999	Effective date for the Reduction of Capital <sup>(3)</sup>
6 September 1999	Completion of the Disposal <sup>(3)</sup>
6 September 1999	Dealings in New Shares – ex the UK Retail Business – commence on the London Stock Exchange <sup>(3)</sup>
6 September 1999	Crediting of New Shares – ex the UK Retail Business – to CREST accounts <sup>(3)</sup>
6 September 1999	Dealings in New Belgian DRs (representing New Shares) – ex the UK Retail Business – commence on the Brussels Stock Exchange <sup>(3)</sup>
6 September 1999	Dealings in Dutch DRs (representing New Shares) – ex the UK Retail Business – commence on the Amsterdam Stock Exchange <sup>(2) (3)</sup>
6 September 1999	Punch Newco Shares issued to new Allied Domecq Shareholders <sup>(3)</sup>
7 September 1999	Dealings in New ADRs – ex the UK Retail Business – commence <sup>(3)</sup>
By 7 September 1999	Combined Offer made to holders of Punch Newco Shares <sup>(3)</sup>
By 10 September 1999	Despatch of share certificates for New Shares – ex the UK Retail Business <sup>(3)</sup>
Shortly thereafter	Combined Offer accepted by holders of Punch Newco Shares <sup>(4)</sup>

### Notes:

All times are London times unless otherwise stated.

(1) These dates will depend on when steps are taken to make the Scheme effective.

(2) These dates also depend upon fulfilment of the procedural requirements of the Dutch Depositary.

(3) These dates are indicative only and will depend upon the date on which the Court confirms the Reduction of Capital and the date on which steps are taken to make the Reduction of Capital effective.

(4) This date depends on when the Combined Offer is accepted by the holders of 30 per cent. of Punch Newco's nominal share capital. The Combined Offer will initially be open for acceptance for 21 days after being made.

## PART I

### Letter from the Chairman



### ALLIED DOMECCQ

(Registered in England and Wales No. 689729)

Sir Christopher Hogg  
Chairman

Registered Office:  
24 Portland Place  
London W1N 4BB

29 July 1999 ✓

*To shareholders of Allied Domecq as prospective shareholders in new Allied Domecq and, for information only, to holders of Dutch DRs and Belgian DRs and to participants in the Allied Domecq Share Option Schemes*

Dear Shareholder

**I am writing to you today to explain and seek your approval for the recommended disposal of the UK Retail Business to Punch Newco.**

**The Disposal will be:**

- (i) effected by means of a reduction of capital of new Allied Domecq under Section 135 of the Companies Act;
- (ii) made in consideration of the issue of shares by Punch Newco to new Allied Domecq Shareholders; and
- (iii) followed by the Combined Offer for all of the Punch Newco Shares, comprising the Punch Offer of £1,805 million cash (with a loan note alternative) and the Bass Offer of 79 million Bass Shares and £178,585,000 cash (with no loan note alternative), with a full mix and match election.

**Approval for the Disposal will be sought at the Extraordinary General Meeting, notice of which is given in Part V of this document.**

**This document also comprises supplementary listing particulars in relation to new Allied Domecq, which are being issued to update the information in the new Allied Domecq Listing Particulars for changes in the transaction since their publication on 9 June 1999.**

#### **1. Introduction**

##### ***Background***

The Board of Allied Domecq announced on 20 July 1999 that Allied Domecq and new Allied Domecq had signed a conditional agreement for the disposal of the UK Retail Business to Punch Newco. Details of the Transaction are set out in Part II of this document. In view of its size, the Disposal is conditional upon, *inter alia*, the approval of new Allied Domecq Shareholders.

Agreement was reached with Punch following Whitbread's announcement on 15 July 1999 that it did not intend to proceed with the acquisition of the UK Retail Business. This in turn followed the announcement on 14 July 1999 by the Secretary of State for Trade and Industry that he would be referring the Whitbread Proposal to the Competition Commission. The Whitbread Transfer Agreement was terminated by Whitbread. Allied Domecq accepted this termination and has been advised that the termination by Whitbread does not trigger any break fee payment by Allied Domecq to Whitbread. Further, Whitbread has not intimated that it considers itself entitled to any such break fee payment. Allied Domecq has also been advised that it is not entitled to any break fee payment from Whitbread as a result of such termination. Details of the Whitbread Proposal (as originally envisaged) were set out in the Allied Domecq Circular and the new Allied Domecq Listing Particulars and (as revised) in the Allied Domecq Second Supplementary Circular.

On 27 July 1999, the Court sanctioned the Scheme, which is a preliminary step to the disposal of the UK Retail Business to Punch Newco. Under the Scheme, Allied Domecq will become a subsidiary of new Allied Domecq, which will become the holding company for the new Allied Domecq Group. Allied Domecq Shareholders will be issued with shares in new Allied Domecq when the Scheme becomes effective, which will occur upon registration of the Court order by the Registrar of Companies.

The Scheme is expected to become effective on 2 August 1999, on which date all the Scheme Shares will be cancelled. In consideration for this, Scheme Shareholders will receive one New Share for each Scheme Share held as at 5.30 p.m. on the Scheme Record Date, which is expected to be 30 July 1999.

### ***Purpose of this document***

This document comprises:

- a circular to shareholders of Allied Domecq, as prospective new Allied Domecq Shareholders, in relation to the Extraordinary General Meeting of new Allied Domecq to be held on 23 August 1999 at which the new Allied Domecq Shareholders will be asked to consider and, if thought fit, approve the disposal of the UK Retail Business to Punch Newco; and
- supplementary listing particulars in relation to new Allied Domecq, which are being issued to update the information in the new Allied Domecq Listing Particulars for changes in the transaction since their publication on 9 June 1999. The principal changes are firstly that it is now contemplated that the Disposal will be made to Punch Newco and secondly that the proposed form and aggregate amount of the consideration has altered. There are associated changes to the nominal value of each New Share and to the Reduction of Capital.

## **2. Information on the Transaction**

### ***Outline***

Under the Punch Transfer Agreement, new Allied Domecq has conditionally agreed to dispose of the UK Retail Business to Punch Newco in consideration for the issue of Punch Newco Shares directly to new Allied Domecq Shareholders. An offer will then be made for those Punch Newco Shares to be acquired from the new Allied Domecq Shareholders for an aggregate consideration currently valued at £2,709 million (based on the closing price of Bass Shares of 918.5p per share on the London Stock Exchange on 27 July 1999, the latest practicable day before the date of this document).

Under the Punch Transfer Agreement, the consideration for the Punch Newco Shares has been agreed at £2,725 million (reflecting the agreed consideration for the UK Retail Business). Of the agreed consideration, £741,415,000 will be satisfied by the issue of 79 million Bass Shares at a price of 938.5p per share (the closing price of Bass Shares on the London Stock Exchange on 19 July 1999, the day before the Punch Transfer Agreement was signed) and £1,983,585,000 will be satisfied in cash. A mix and match election will be available as described below. Guaranteed loan notes will be available as an alternative to £1,805 million of the cash consideration for new Allied Domecq Shareholders who prefer not to receive cash immediately. These Punch Loan Notes will be unlisted securities. The consideration is to be paid directly to new Allied Domecq Shareholders. In addition, new Allied Domecq Shareholders will, as shareholders in Bass, be entitled to dividends on any Bass Shares they receive under the Transaction, commencing with any final dividend for the year ending 30 September 1999.

Also, £25 million of net inter-company debt (subject to movements on inter-company accounts since 6 February 1999) will be repaid to Allied Domecq, which will be a subsidiary company of new Allied Domecq, on Completion.

The Disposal is conditional upon (*inter alia*) the approval of the new Allied Domecq Shareholders and Court confirmation of the Reduction of Capital in relation to new Allied Domecq.

### ***The Disposal***

On Completion, the Disposal will be effected and the consideration payable for the UK Retail Business will be satisfied by the issue of Punch Newco Shares directly to new Allied Domecq Shareholders in the ratio of one newly issued Punch Newco Share for each new Allied Domecq Share. The Punch Newco Shares will be unlisted securities which will then be the subject of the Combined Offer discussed below.

The Disposal will be implemented by means of the Reduction of Capital, pursuant to which part of the share capital of new Allied Domecq will be returned to new Allied Domecq Shareholders in the form of the newly issued Punch Newco Shares in consideration for the Disposal.

In addition, the net inter-company debt referred to above will be repaid to Allied Domecq.

### ***The Combined Offer***

An offer will then be made for the Punch Newco Shares held by new Allied Domecq Shareholders (except in certain overseas jurisdictions – see paragraph 5 of Part III). This offer will be conditional upon acceptances in respect of shares representing 30 per cent. by nominal value of Punch Newco's issued share capital. If this condition is not satisfied, new Allied Domecq Shareholders may remain as shareholders of Punch Newco which will be an unlisted company. The offer will be a combined offer, comprising the Punch Offer and the Bass Offer. Under the Punch Offer, Punch (or another Punch Group Undertaking) will offer to acquire a proportion of the Punch Newco Shares for a cash consideration of £1,805 million. Under the Bass Offer, Bass will offer to acquire the balance of the Punch Newco Shares for an aggregate consideration of £920 million to be satisfied by the issue of 79 million Bass Shares at a price of 938.5p per share (the closing price of Bass Shares on the London Stock Exchange on 19 July 1999, the day before the Punch Transfer Agreement was signed) and a balancing payment of £178,585,000 in cash.

The consideration under the Combined Offer will therefore be approximately 188.5 pence cash and approximately 0.0751 of a newly issued Bass Share for each Punch Newco Share held<sup>(1)</sup>. A mix and match election will be available entitling each new Allied Domecq Shareholder to receive a different proportion of cash and/or Bass Shares dependent upon the elections made by other new Allied Domecq Shareholders. The value of the new Bass Shares for this purpose will be 938.5p per Bass Share. A loan note alternative will be included in the Punch Offer, that is in respect of £1,805 million of the overall cash consideration. A loan note alternative will not be offered in respect of the cash component of the Bass Offer. The Punch Loan Notes will be unlisted securities. Further information on the terms of the Punch Loan Notes is set out in paragraph 5 of Part II.

### ***The UK Retail Business***

The UK Retail Business consists of Allied Domecq's managed and leased pub estates together with Allied Domecq's 50 per cent. shareholding in First Quench, its off-licence joint venture with Whitbread, and also its 25 per cent. interest in Britannia Soft Drinks, a soft drinks manufacturer, wholesaler and distributor, which is a joint venture between Allied Domecq, Whitbread and Bass (which holds a 50 per cent. interest). The approval of Whitbread is being sought for the disposal of Allied Domecq's interest in Britannia Soft Drinks (although it is not a condition to the Transaction as a whole). The arrangements in relation to Britannia Soft Drinks are set out in more detail in paragraph 8 of Part IV of this document. Whitbread has certain pre-emption rights on a change in control of Allied Domecq's interest in First Quench, which are described in more detail in paragraph 8 of Part IV. The non-exercise or exercise of such rights is not a condition to the Transaction as a whole.

Further information relating to the UK Retail Business is contained in the Allied Domecq Circular and the new Allied Domecq Listing Particulars.

### ***Tax aspects***

Appropriate clearances have been obtained from the Inland Revenue in relation to the Reduction of Capital, the Disposal and the Combined Offer. The clearances which have been obtained are clearances under Section 139(5) TCGA (which relates to relief for the purposes of UK tax on chargeable gains for new Allied Domecq on the disposal of the UK Retail Business); Section 138 TCGA (which relates to rollover relief for new Allied Domecq Shareholders on the receipt of Punch Newco Shares, Punch Loan Notes and Bass Shares); and Section 707 ICTA (to the effect that Section 703 ICTA (cancellation of tax advantages for certain transactions in securities) will not apply to the Transaction).

new Allied Domecq should not, therefore, be subject to tax on chargeable gains on the disposal of the UK Retail Business and new Allied Domecq Shareholders should not be subject to UK tax on chargeable gains as a result of receiving Punch Newco Shares or of receiving Punch Loan Notes under the Punch Offer or Bass Shares under the Bass Offer. A charge to UK tax on chargeable gains could, however, arise (depending on a new Allied Domecq Shareholder's particular circumstances) to the extent that cash is received pursuant to the Punch Offer or the Bass Offer. It should be noted that there is no loan note alternative to the cash component of the Bass Offer and it is, therefore, possible that new Allied Domecq Shareholders could receive some cash (which may give rise to a liability to UK tax on chargeable gains) even if they elect to receive only Bass Shares and/or Punch Loan Notes. The mix and match option should, however, reduce the risk of this occurring as shareholders will be able to elect to receive a different proportion of cash and/or Bass Shares, dependent upon the elections made by other new

(1) The amount of cash and the fraction of a newly issued Bass Share may vary according to the exercise of options under the Allied Domecq Share Option Schemes.

Allied Domecq Shareholders. Further details of the tax consequences for UK resident shareholders of the proposals are referred to in Part III of this document.

### *Other legal aspects*

Issuance of the Punch Newco Shares, Punch Loan Notes or Bass Shares to new Allied Domecq Shareholders in certain overseas territories may be prohibited or restricted by applicable laws. In particular, the Combined Offer will not be made, directly or indirectly, in or into the United States, Canada, Australia or Japan. Further information on this aspect is set out in paragraph 5 of Part III of this document.

Further information concerning the various legal steps is set out in Parts II and III of this document.

### *Financing aspects*

In connection with the disposal of the UK Retail Business, Allied Domecq entered into a new syndicated loan facility on 25 May 1999 for £1 billion, which is available to be used for general corporate purposes. Additional financing of up to £800 million has been made available to Allied Domecq to refinance certain existing loan facilities and to purchase the £350 million 9% per cent. Debenture Stock 2019 (the "Stock"), the latter of which was previously secured on certain assets of the new Allied Domecq Group which are the subject of the Transaction.

A separate circular was sent to holders of Stock containing proposals for the purchase of all the outstanding Stock by a subsidiary of Allied Domecq. A meeting of holders of the Stock was held on 18 June 1999 and the resolution proposing the purchase of the Stock by Allied Domecq Spirits & Wine (Investments) Limited was passed. The Stock was subsequently purchased by that company on 22 June 1999 at a total consideration of £568 million. The charges secured on certain assets of the new Allied Domecq Group were released on 15 July 1999.

## **3. Key Features of the Transaction**

In deciding to recommend the disposal of the UK Retail Business to Punch Newco, your Board has used six criteria: value; timing; certainty; structure; tax and warranties. The key features of the Transaction within this framework are described below:

- **Value:** Your Board considers £2,709 million to be excellent value for the UK Retail Business. £2,709 million represents the current value of the consideration for the Punch Newco Shares to be acquired from the new Allied Domecq Shareholders under the Combined Offer<sup>(1)</sup>. In addition, £25 million of net inter-company debt (subject to movements on inter-company accounts since 6 February 1999) will be repaid to Allied Domecq on Completion. Also, new Allied Domecq Shareholders may participate in the benefits of the combination of up to 650 Allied Domecq pubs (which Bass has agreed to acquire), with the existing Bass pub estate, through holding any Bass Shares they receive as part of the consideration. 79 million Bass Shares (representing approximately 9 per cent. of Bass's enlarged issued share capital) will be issued under the Bass Offer and there will be a mix and match election. Furthermore, your Board believes that shareholders firmly support the strategy to dispose of the UK Retail Business given the 17 per cent. increase in Allied Domecq's share price in the period since 30 April 1999, the latest practicable date prior to the first announcement relating to the proposed transaction with Whitbread.
- **Timing:** The disposal of the UK Retail Business to Punch Newco should now be able to be completed by mid-September 1999 rather than as previously projected, by mid-October 1999. This is because Allied Domecq and new Allied Domecq are no longer bound by their obligations under the Whitbread Transfer Agreement. Once Completion occurs, the Combined Offer will then be made. Early Completion is in the interests of new Allied Domecq Shareholders, in particular because the longer the time to Completion, the later shareholders receive the consideration under the Combined Offer.
- **Certainty:** The Punch Transfer Agreement is not conditional on UK regulatory clearance but, pursuant to Section 75 of the Fair Trading Act the Secretary of State nevertheless has the power to make a reference to the Competition Commission in respect of the Transaction. Therefore, new Allied Domecq Shareholders should note that if the Transaction were referred to the Competition Commission and if the Secretary of State were to make an interim prohibition order, the Transaction would be incapable of Completion despite the lack of conditionality in the Punch Transfer Agreement. However, should either the disposal of the UK Retail Business to Punch Newco or the provision of finance by Bass (in circumstances in which Punch

(1) This figure is based on the closing price of Bass Shares of 918.5p per share on the London Stock Exchange on 27 July 1999, the latest practicable day before the date of this document.

could not demonstrate an alternative source of "certain funds") be prohibited by law (which would include prohibition under an order of the Secretary of State), Allied Domecq has a right to terminate the Punch Transfer Agreement. Punch is not given a similar right to terminate under the Punch Transfer Agreement. In the event of a reference to the Competition Commission, Punch has agreed to give (and to make all reasonable efforts to procure that Bass agrees to give) such undertakings as the Secretary of State may require to *inter alia* keep separate the activities of the UK Retail Business from those of Punch and/or Bass.

- **Structure:** One of your Board's principal concerns in relation to the structure of Punch's earlier proposals had been the complex and inter-conditional nature of Punch's financing. However, this aspect has now been addressed:
  - Morgan Stanley & Co. Limited and Merrill Lynch International, financial advisers to Punch, have confirmed that they are satisfied that sufficient cash resources are available to Punch or another Punch Group Undertaking to satisfy in full the cash component of the consideration under the Punch Offer. Morgan Stanley & Co. Limited and Merrill Lynch International accept the same responsibilities and liabilities in relation to such confirmation as would be imposed on them if Rule 24.7 of the City Code on Takeovers and Mergers applied to the Punch Offer. However, nothing in this statement shall increase the responsibilities or liabilities of Morgan Stanley & Co. Limited or Merrill Lynch International beyond those which would be imposed on them in respect of a cash confirmation statement made in accordance with Rule 24.7 of the City Code on Takeovers and Mergers.
  - Morgan Stanley Dean Witter & Co has guaranteed the obligations of all the equity investors in Punch under a subscription agreement dated 24th June, 1999 (as amended), if those equity investors do not perform their payment obligations under that subscription agreement when they fall due. This guarantee addresses the concerns of your Board in relation to the interconditionality of the equity investors' obligations with each other and with the obligations of the other finance providers.
- **Tax:** All appropriate tax clearances have been received for the Disposal and the Combined Offer. The Disposal should not, therefore, give rise to a charge to UK tax on chargeable gains for new Allied Domecq, and "roll-over relief" should be available for new Allied Domecq Shareholders on the receipt of Punch Newco Shares pursuant to the Disposal and to the extent that they receive Punch Loan Notes under the Punch Offer or Bass Shares under the Bass Offer. A charge to UK tax on chargeable gains could, however, arise on the receipt of cash under the Combined Offer (depending on a shareholder's particular circumstances). new Allied Domecq Shareholders should note that there is no loan note alternative to the cash element of the Bass Offer and it is, therefore, possible that shareholders could receive some cash even if they elect to receive only Bass Shares and/or Punch Loan Notes (and therefore not qualify for "roll-over relief" to that extent). The availability of the mix and match option should, however, reduce the risk of this occurring as each shareholder will be able to elect to receive a different proportion of cash and/or Bass Shares, dependent upon the elections made by other new Allied Domecq Shareholders. Allied Domecq and new Allied Domecq have a right of termination under the Punch Transfer Agreement if any of the tax clearances which have been obtained are subsequently withdrawn.
- **Warranties:** This is a complex area that often gets little public attention. Your Board gave careful consideration to the issue of ongoing warranty liability, recognising that the consideration from the Disposal will be distributed directly to new Allied Domecq Shareholders but that any ongoing warranty liability would have to be borne by new Allied Domecq itself. Since Punch was not initially permitted to see the Whitbread Disclosure Letter, Punch had proposed that the matters referred to therein should only operate to limit liability for claims under the warranties to the extent that such claims did not exceed £25 million in aggregate. Punch has now had access to the Whitbread Disclosure Letter, which qualifies the warranties in the usual way. That qualification is no longer subject to the £25 million limit, as previously proposed by Punch, and the position of new Allied Domecq is improved accordingly.

In summary, therefore, your Board is satisfied that the disposal of the UK Retail Business to Punch Newco, and in particular the improved terms and conditions of the Transaction described above, is an excellent result for new Allied Domecq Shareholders. The Board has also noted Punch's assurance that proper attention will be paid to the interests of staff and employees. Further, no formal proposals have been received to date from either of the two parties who, it was announced by Allied Domecq on 20 July 1999, had expressed interest in acquiring the UK Retail Business and had been provided with information, or from any other third party. The Punch Transfer Agreement allowed those parties to make formal proposals to acquire the UK Retail Business in time to be considered by the Board before the earlier of the posting of this document and 2 August 1999.



#### 4. Meeting and Action to be Taken

A notice convening the Extraordinary General Meeting of new Allied Domecq at which approval for the proposed Disposal will be sought is set out in Part V of this document. The meeting will be held at the Hotel Inter-Continental, One Hamilton Place, Hyde Park Corner, London W1V 0QY commencing at 10.30 a.m. on 23 August 1999.

Whether or not you propose to attend the meeting, you are requested to complete and sign the enclosed form of proxy.

Completed forms of proxy should be returned to Lloyds TSB Registrars, The Causeway, Worthing, West Sussex, BN99 3UF as soon as possible, and in any case so as to be received by Lloyds TSB Registrars not later than 10.30 a.m. on 21 August 1999.

Your Directors urge all shareholders to complete and return the form of proxy.

#### 5. Overseas shareholders

If you are a citizen, resident or national of a jurisdiction outside the United Kingdom, your attention is drawn to paragraph 5 of Part III of this document for further details concerning certain aspects of the Transaction.

#### 6. Further Information

Your attention is also drawn to:

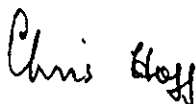
- (a) the new Allied Domecq Listing Particulars (which this document supplements), for information on new Allied Domecq; and
- (b) insofar only as this document comprises a circular to shareholders of Allied Domecq (as prospective new Allied Domecq Shareholders) and supplements the documents referred to in (i) below to:
  - (i) the Allied Domecq Circular, the Allied Domecq Supplementary Circular and the Allied Domecq Second Supplementary Circular, for information on the Transaction as previously proposed and the Whitbread Proposal (now withdrawn); and
  - (ii) the Punch Circular, for information on the Transaction (as proposed by Punch at the date the Punch Circular was issued).

#### 7. Directors' Intentions and Recommendation

The Allied Domecq Directors and the new Allied Domecq Directors, who have been so advised by Goldman Sachs, consider the Transaction and the resolution to be proposed at the Extraordinary General Meeting to be in the best interests of new Allied Domecq and new Allied Domecq Shareholders as a whole. In providing its advice, Goldman Sachs has placed reliance on the Allied Domecq Directors' and the new Allied Domecq Directors' commercial assessments of the proposals.

**Accordingly, the Allied Domecq Directors and the new Allied Domecq Directors unanimously recommend that you vote in favour of the resolution in relation to the proposed Disposal to be proposed at the Extraordinary General Meeting, as the members of the Board of each company intend to do in respect of their own beneficial shareholdings in new Allied Domecq which are expected to amount in aggregate to 358,066 new Allied Domecq Shares representing approximately 0.03 per cent. of the then issued ordinary share capital of new Allied Domecq upon the Scheme becoming effective.**

Yours sincerely,



Sir Christopher Hogg  
Chairman

## PART II

### Explanation of the Transaction

#### 1. The Disposal

##### *Introduction*

The disposal of the UK Retail Business to Punch Newco, a Punch Group Undertaking, will be effected by the disposal of all the shares in Allied Domecq Retail (the holding company for the UK Retail Business) on the terms of the Punch Transfer Agreement.

The consideration payable by Punch Newco for the UK Retail Business will be satisfied by the issue of Punch Newco Shares by Punch Newco to new Allied Domecq Shareholders in the ratio of one Punch Newco Share for every one new Allied Domecq Share held at 5.30 p.m. on the Reduction of Capital Record Date.

Punch will then procure the making of an offer for the Punch Newco Shares held by new Allied Domecq Shareholders (except in certain overseas jurisdictions). The Offer will be a combined offer comprising the Punch Offer and the Bass Offer. Under the Combined Offer, the new Allied Domecq Shareholders will be offered an aggregate consideration currently valued at £2,709 million for their Punch Newco Shares (based on the closing price of Bass Shares of 918.5p per share on the London Stock Exchange on 27 July 1999, the latest practicable day before the date of this document).

Under the Punch Transfer Agreement, the consideration for the Punch Newco Shares has been agreed at £2,725 million (reflecting the agreed consideration for the UK Retail Business). Of the agreed consideration, £741,415,000 will be satisfied by the issue of 79 million Bass Shares at a price of 938.5p per share (the closing price of Bass Shares on the London Stock Exchange on 19 July 1999, the day before the Punch Transfer Agreement was signed) and £1,983,585,000 will be satisfied in cash. Under the Punch Offer, Punch (or another Punch Group Undertaking) will make a cash offer to acquire a proportion of the Punch Newco Shares for a cash consideration of £1,805 million, with a loan note alternative. Under the Bass Offer, Bass will make an offer to acquire the balance of the Punch Newco Shares for an aggregate consideration of £920 million to be satisfied by the issue of 79 million Bass Shares at an issue price of 938.5p per Bass Share (the closing price of Bass Shares on the London Stock Exchange on 19 July 1999, the day before the Punch Transfer Agreement was signed) and a balancing payment of £178,585,000 in cash (with no loan note alternative).

The consideration under the Combined Offer is, therefore, approximately 188.5 pence in cash and approximately 0.0751 of a newly issued Bass Share for each Punch Newco Share held<sup>(1)</sup>. A mix and match election will be available entitling each new Allied Domecq Shareholder to receive a different proportion of cash and/or Bass Shares dependent upon the elections made by other new Allied Domecq Shareholders. The Punch Offer includes a loan note alternative, that is in respect of £1,805 million of the overall cash consideration. Under the Punch Loan Note alternative, accepting Punch Newco Shareholders (other than certain overseas shareholders – see paragraph 5 of Part III) will be entitled to receive guaranteed loan notes of Punch (or another Punch Group Undertaking) of a nominal value of £1 for every £1 of cash consideration payable. A loan note alternative will not be offered in respect of the cash component of the Bass Offer (being £178,585,000). The Combined Offer will be conditional on acceptances having been received in respect of shares representing 30 per cent. by nominal value of the issued share capital of Punch Newco. Provided this condition is satisfied, the Combined Offer will be deemed to be accepted in respect of all Punch Newco Shares held by new Allied Domecq Shareholders. If this condition is not satisfied, new Allied Domecq Shareholders may remain as shareholders of Punch Newco which will be an unlisted company. The Combined Offer is described further in paragraph 5 of this Part II.

Issuance of Punch Newco Shares in certain overseas territories may be prohibited or restricted by applicable laws. If such restrictions apply, the Punch Newco Shares issued to such shareholder will be sold on behalf of such shareholder and the net proceeds distributed to that shareholder, provided such proceeds exceed £3. Shareholders who do not receive Punch Newco Shares cannot participate in the Combined Offer. The Combined Offer will not be made, directly or indirectly, in or into the United States, Canada, Australia or Japan. Therefore shareholders in these countries will not be offered Punch Loan Notes or Bass Shares. In countries where the offer or issuance of Punch Loan Notes or Bass Shares to shareholders may be prohibited or restricted by applicable laws, Punch Loan Notes or Bass Shares may be sold on behalf of a shareholder and the net proceeds distributed to that shareholder (provided such proceeds exceed £3) or another equitable alternative will be adopted at the time. In addition, in the case of Punch Loan Notes, a cash alternative may be offered. For further information refer to paragraph 5 of Part III of this document.

(1) The amount of cash and the fraction of a newly issued Bass Share may vary according to the exercise of options under the Allied Domecq Share Option Schemes.

new Allied Domecq Shareholders will, as shareholders in Bass, be entitled to dividends on the Bass Shares they receive under the Transaction, commencing with any final dividend for the year ending 30 September 1999.

#### ***The Punch Transfer Agreement – warranties and indemnities***

The warranties and indemnities contained in the Punch Transfer Agreement are of a kind commonly found in a transaction of this size and nature. new Allied Domecq gives warranties in respect of, *inter alia*, title to the shares in Allied Domecq Retail, the assets of the UK Retail Business, tax, the liabilities relating to dormant companies in the UK Retail Business, the payment of dividends and the application of cash generated within the business since 6 February 1999 and indemnities in respect of, *inter alia*, the Reorganisation, a computer services contract between Allied Domecq Retail and Carlsberg-Tetley Brewing Limited and, pursuant to a related tax deed to be entered into on Completion, in respect of certain taxation liabilities of Allied Domecq Retail and its subsidiaries. The aggregate liability of Allied Domecq and/or new Allied Domecq in respect of any warranty or indemnity claims under the Punch Transfer Agreement other than under the warranties and indemnities specifically referred to in this paragraph (except the cash flow warranty) will not be more than £150 million and in respect of the warranties and indemnities so referred to (except the cash flow warranty) will not be more than £2,725,000,000. Furthermore, the information in the Whitbread Disclosure Letter and in certain other documents qualifies the warranties. Accordingly, Punch will not be able to claim against new Allied Domecq in relation to these matters. Since Punch was not initially permitted to see the Whitbread Disclosure Letter, Punch had proposed that the matters referred to therein should only operate to limit liability for claims under the warranties to the extent that such claims did not exceed £25 million in aggregate. Punch has now had access to the Whitbread Disclosure Letter, which qualifies the warranties in the usual way. That qualification is no longer subject to the £25 million limit, as previously proposed by Punch, and the position of new Allied Domecq in this regard is improved accordingly. The warranties are given as at 25 May 1999.

#### ***Debt and cash arrangements***

The Disposal will be effected on the basis that the UK Retail Business was free of non-trading debt and cash as at 6 February 1999, apart from £25 million of net inter-company debt. This amount will be subject to adjustments to reflect movements on inter-company accounts since 6 February 1999 which were either in the ordinary course or attributable to the Reorganisation and will be repaid to or by Allied Domecq, which will be a subsidiary company of new Allied Domecq, on Completion.

#### ***The Punch Transfer Agreement – termination and conditions***

Under the Punch Transfer Agreement, the parties have (*inter alia*) the following termination rights:

- (i) each party may terminate the agreement on or after 31 October 1999 if the conditions referred to below have not been satisfied by then (although if a condition becomes incapable of satisfaction at an earlier time, the agreement may be terminated at that time);
- (ii) Punch may terminate the agreement if it discovers a material breach of warranty or undertaking prior to Completion (although it may not terminate where the breach is remedied satisfactorily or where the breach is capable of being fully compensated by financial payment and certain requirements are met);
- (iii) Allied Domecq may terminate the agreement if it discovers a material breach of undertaking by Punch prior to Completion;
- (iv) Punch may terminate the agreement if the Board of Allied Domecq or new Allied Domecq withdraws or materially amends its recommendation in favour of the Disposal (in which event £10 million would be payable to Punch);
- (v) (Notwithstanding that the Punch Transfer Agreement is not conditional on UK regulatory clearance) Allied Domecq may terminate the agreement if either:
  - (a) Completion is prohibited by law; or
  - (b) Bass is prohibited by law from providing finance for the Combined Offer and Punch is unable within 14 days to satisfy Allied Domecq that it has alternative finance on a "certain funds" basis available until 23 November 1999 and that Completion can still take place on or prior to 31 October 1999.

Being prohibited by law includes the event being prohibited by law as a result of an interim order by the Secretary of State pursuant to Section 74 of the Fair Trading Act or the application of Section 75(4A) of the Fair Trading Act. These Sections may apply to a transaction which is not conditional on UK regulatory clearance, but where there is or may be a qualifying merger situation as defined by Section 64 of the Fair Trading Act. They may therefore apply to the Transaction. Under the Punch Transfer Agreement the parties have, however, agreed to make all reasonable efforts to ensure that Completion is not prevented by law as a result thereof. In the event of a reference to the Competition Commission, Punch has agreed to give (and to make all reasonable efforts to procure that Bass agrees to give) such undertakings as the Secretary of State may require to keep separate the activities of the UK Retail Business from the activities of Punch and/or Bass and their subsidiaries and to safeguard and maintain the integrity and viability of the assets of the UK Retail Business during the period of the reference together with any other undertakings reasonably incidental thereto; and

- (vi) Allied Domecq and/or new Allied Domecq may also terminate the Punch Transfer Agreement (or postpone Completion) if certain tax clearances that have been obtained in relation to the Transaction are subsequently withdrawn by the Inland Revenue.

Under the Punch Transfer Agreement, the Disposal is conditional upon:

- (i) the shareholders of Allied Domecq or new Allied Domecq passing the necessary resolutions to approve and implement the Disposal on or prior to 15 September 1999 (or such later date as Punch may notify to Allied Domecq);
- (ii) the Scheme becoming effective in accordance with its terms and the Reduction of Capital being confirmed by the Court and the order being duly registered;
- (iii) prior to the Reduction of Capital being confirmed by the Court, Punch having delivered to Allied Domecq and new Allied Domecq a certificate signed by a director of Punch to the effect that it is satisfied (acting reasonably) that the Reorganisation has been effected in all material respects in accordance with the relevant provisions of the Punch Transfer Agreement; and
- (iv) the London Stock Exchange agreeing to admit to the Official List the New Shares following the Reduction of Capital and such admission becoming effective.

The condition in paragraph (iii) may be waived by Punch on any terms Punch decides.

#### ***The Punch Transfer Agreement – other aspects***

Under the Punch Transfer Agreement, part of the benefit of the warranties and indemnities is assignable to Bass, to take account of the fact that following Completion Bass will acquire from Punch up to 650 pubs and Allied Domecq's interest in Britannia Soft Drinks.

Allied Domecq and new Allied Domecq have agreed not to solicit offers from third parties in relation to the UK Retail Business. With that exception, the Punch Transfer Agreement specifically permits the companies to be involved in discussions or negotiations or to investigate unsolicited offers by deed poll to the extent required by law or regulation (including directors' fiduciary duties). The Punch Transfer Agreement also contains provisions allowing third parties to make formal proposals to acquire the UK Retail Business in time to be considered by the Board before the earlier of the posting of this document and 2 August 1999. As announced on 20 July 1999, two other parties had expressed interest in acquiring the UK Retail Business and had been provided with information; however, no formal proposals have been received to date from them or from any other third party. The agreement prevents Allied Domecq or new Allied Domecq from entering into a break fee type arrangement with such a third party.

Allied Domecq has also agreed to guarantee the obligations of new Allied Domecq under both the Punch Transfer Agreement and the related tax deed.

#### ***Reorganisation***

Certain preparatory steps are required prior to the Disposal, the purpose of which is to facilitate the separation of the UK Retail Business from the new Allied Domecq Group's other businesses. The Reorganisation is currently in the process of being implemented in the manner set out in the Allied Domecq Circular.

Certain specific arrangements have been agreed in relation to the transfer of Allied Domecq's interest in Britannia Soft Drinks, which is to be transferred to Allied Domecq Retailing Limited (a subsidiary of Allied Domecq Retail). Bass has already given its conditional consent to the transfer. A separate agreement has been entered into in connection with obtaining the approval of Whitbread (the third joint venture party). The consideration for the transfer of the interest in Britannia Soft Drinks is the satisfaction of a £75 million inter-company debt owed to Allied Domecq Retailing Limited. If Whitbread does not give its approval to the transfer, this debt will be settled in cash rather than in shares. Similarly, if agreement is reached with Whitbread on the transfer of part of the interest in Britannia Soft Drinks to Whitbread and another part to Allied Domecq Retailing Limited, the debt will be settled as to that other part in shares and the balance in cash. While the approval of Whitbread is being sought to the transfer of the interest in Britannia Soft Drinks, it is not a condition to the Transaction as a whole. If the transfer does not take place, the Directors intend to retain the interest for the short term with a view to maximising shareholder value. The arrangements in relation to Britannia Soft Drinks are set out in more detail in paragraph 8 of Part IV of this document.

Following the Scheme becoming effective, it is intended that all the shares of Allied Domecq Retail (the holding company for the UK Retail Business) will be transferred from Allied Domecq to new Allied Domecq.

### ***First Quench***

Whitbread has certain pre-emption rights on a change in control of Allied Domecq's interest in First Quench, which are described in more detail in paragraph 8 of Part IV. The non-exercise or exercise of such rights is not a condition to the Transaction as a whole.

## **2. Reduction of Capital**

The Disposal will be implemented by means of the Reduction of Capital, pursuant to which part of the share capital of new Allied Domecq will be returned to new Allied Domecq Shareholders in the form of newly issued Punch Newco Shares in consideration for the Disposal.

The Reduction of Capital will be carried out under Section 135 of the Companies Act, and is subject to confirmation by the Court and the Court Order being registered by the Registrar of Companies.

The Reduction of Capital process has already been commenced. The relevant resolutions were passed at an extraordinary general meeting of new Allied Domecq, held on 28 July 1999, by the shareholders of new Allied Domecq at the relevant time.

Although these steps were able to be effected before the Scheme becomes effective, the Court Hearing to confirm the Reduction of Capital cannot be held until after the Extraordinary General Meeting. The Court Hearing is expected to be held on 1 September 1999.

## **3. Summary of the Effect of the Reduction of Capital**

Once the Reduction of Capital becomes effective (which is expected to be on 6 September 1999), the shares in Allied Domecq Retail (and hence the UK Retail Business) will be transferred to Punch Newco. In satisfaction of the consideration for the transfer, new Allied Domecq Shareholders who are on the Register at 5.30 p.m. on the Reduction of Capital Record Date (which is expected to be on 3 September 1999), will receive:

**For each New Share**

**one Punch Newco Share**

and so in proportion for any other number of New Shares held as at 5.30 p.m. on the Reduction of Capital Record Date.

Holders of New ADRs as at 5.30 p.m. (New York time) on the Reduction of Capital Record Date will receive:

**For each New ADR (representing  
the right to receive one New Share)**

**one<sup>(1)</sup> Punch Newco Share**

and so in proportion for any other number of New ADRs held as at 5.30 p.m. (New York time) on the Reduction of Capital Record Date.

<sup>(1)</sup> The Punch Newco Shares will be issued via the relevant depository.

Holders of New Belgian DRs as at 5.30 p.m. (Brussels time) on the Reduction of Capital Record Date will receive:

**For each New Belgian DR issued by the Belgian Depositary (representing the right to receive one New Share)      one<sup>(1)</sup> Punch Newco Share**

and so in proportion for any other number of New Belgian DRs issued by the Belgian Depositary held as at 5.30 p.m. (Brussels time) on the Reduction of Capital Record Date.

Holders of Dutch DRs as at 5.30 p.m. (Amsterdam time) on the Reduction of Capital Record Date will receive:

**For every one New Share held by the Dutch Depositary in respect of such holder's Dutch DRs      one<sup>(1)</sup> Punch Newco Share**

and so in proportion for any other number of New Shares held at 5.30 p.m. (Amsterdam time) on the Reduction of Capital Record Date.

Certain restrictions on the distribution of Punch Newco Shares in the United States, Canada and other countries may apply. A description of what steps may be taken if restrictions apply is set out in paragraph 5 of Part III.

Under the Reduction of Capital, the share capital of new Allied Domecq will be reduced by cancelling paid up capital to the extent of £3.00 on each of the New Shares in issue at the time the Court confirms the Reduction of Capital and by reducing the nominal value of each of those shares from £3.25 to 25 pence. Of the amount of the paid up capital so cancelled, an amount of £2,725,000,000 (corresponding to the value of the UK Retail Business agreed between the parties to the Punch Transfer Agreement and as set out therein) will be returned to new Allied Domecq Shareholders by the allotment and issue by Punch Newco to the new Allied Domecq Shareholders as at the Reduction of Capital Record Date of the newly issued Punch Newco Shares pursuant to the Punch Transfer Agreement in consideration for the transfer of the UK Retail Business to Punch Newco. The balance of the paid up capital so cancelled will be transferred to new Allied Domecq's reserves. The above description of the Reduction of Capital applies on the basis that Punch Newco is the purchaser of the UK Retail Business. However, the resolutions in relation to the Reduction of Capital allow in the alternative for the possibility of a different purchaser and different consideration.

The New Shares, New ADRs, New Belgian DRs and Dutch DRs are expected to trade cum the UK Retail Business from the date the Scheme becomes effective, which is expected to be 2 August 1999. It is expected that the New Shares, New Belgian DRs and Dutch DRs will commence trading ex the UK Retail Business from the date the Reduction of Capital becomes effective, which is expected to be 6 September 1999, and that the New ADRs will commence trading ex the UK Retail Business from 7 September 1999.

Further details concerning the New Shares are contained in the new Allied Domecq Listing Particulars.

#### **4. Implementation of Reduction of Capital in relation to the Punch Proposal**

The Reduction of Capital will not be implemented unless:

- (a) the Scheme has become effective;
- (b) the shareholders of Allied Domecq or new Allied Domecq have passed the necessary resolution to approve the Disposal at the Extraordinary General Meeting or any adjournment thereof;
- (c) the Reduction of Capital has been confirmed by the Court;
- (d) prior to the Reduction of Capital being confirmed by the Court, Punch has delivered to Allied Domecq and new Allied Domecq a certificate signed by a director of Punch to the effect that it is satisfied (acting reasonably) that the Reorganisation has been effected in all material respects in accordance with the relevant provisions of the Punch Transfer Agreement, or Punch has waived that requirement under the Punch Transfer Agreement; and
- (e) the London Stock Exchange has agreed to admit to the Official List the New Shares following the Reduction of Capital (subject only to allotment).

<sup>(1)</sup> The Punch Newco Shares will be issued via the relevant depositary.

Paragraph (d) applies only on the basis that Punch Newco is the purchaser of the UK Retail Business.

The Reduction of Capital will become effective when a copy of the Order of the Court confirming the Reduction of Capital has been registered by the Registrar of Companies.

## **5. The Combined Offer**

### ***General***

The Combined Offer will be made within 24 hours of the Reduction of Capital becoming effective. Under the Combined Offer (comprising the Punch Offer and the Bass Offer), the new Allied Domecq Shareholders will be offered an aggregate consideration currently valued at £2,709 million for their Punch Newco Shares (based on the closing price of Bass Shares of 918.5p per share on the London Stock Exchange on 27 July 1999, the latest practicable day before the date of this document).

Under the Punch Transfer Agreement, the consideration for the Punch Newco Shares has been agreed at £2,725 million (reflecting the agreed consideration for the UK Retail Business). Of the agreed consideration, £741,415,000 will be satisfied by the issue of 79 million Bass Shares at a price of 938.5p per share (the closing price of Bass Shares on the London Stock Exchange on 19 July 1999, the day before the Punch Transfer Agreement was signed) and £1,983,585,000 will be satisfied in cash. Under the Punch Offer, Punch (or another Punch Group Undertaking) will make a cash offer to acquire a proportion of the Punch Newco Shares for a cash consideration of £1,805 million, with a loan note alternative. Under the Bass Offer, Bass will make an offer to acquire the balance of the Punch Newco Shares for an aggregate consideration of £920 million to be satisfied by the issue of 79 million Bass Shares at an issue price of 938.5p per Bass Share (the closing price of Bass Shares on the London Stock Exchange on 19 July 1999, the day before the Punch Transfer Agreement was signed) and a balancing payment of £178,585,000 in cash (with no loan note alternative).

The consideration under the Combined Offer will therefore be approximately 188.5 pence in cash and approximately 0.0751 of a newly issued Bass Share for each Punch Newco Share held<sup>(1)</sup>. There will also be a mix and match election entitling each new Allied Domecq Shareholder to receive a different proportion of cash and/or Bass Shares dependent upon the elections made by other new Allied Domecq Shareholders. The Punch Offer will make available to Punch Newco shareholders (other than certain overseas shareholders – see paragraph 5 of Part III) a loan note alternative; that is for £1,805 million of the cash consideration. The Punch Loan Notes will be available on a one for one basis, i.e. £1 nominal of loan notes for every £1 of cash consideration under the Punch Offer. A loan note alternative will not be available in respect of the cash component of the Bass Offer (being £178,585,000). Certain restrictions on the distribution of Punch Newco Shares, Punch Loan Notes and Bass Shares in the United States, Canada, Japan, Australia and other jurisdictions outside the United Kingdom may apply. Such restrictions are described in paragraph 5 of Part III.

Any Bass Shares issued pursuant to the Combined Offer will carry an entitlement to any final dividend declared for the year ending 30 September 1999.

Fractions of a Bass Share will not be allotted but fractional entitlements will be aggregated and sold in the market and the proceeds of sale (net of the expenses of sale) will be distributed to the Punch Newco Shareholders in accordance with their entitlements save that amounts of less than £3 will be retained by Bass.

The Combined Offer is subject to the condition of valid acceptances being received (and not, where permitted, withdrawn) by not later than 3.00 p.m. (London time) on the first closing date of the Combined Offer (or such later time(s) and/or date(s) as Punch may decide) in respect of not less than 30 per cent. in nominal value of the issued Punch Newco Shares, thereby constituting sufficient acceptances to enable the provisions in the articles of association of Punch Newco to be exercised enabling the remaining shares in the capital of Punch Newco to be automatically acquired on the same terms and conditions. For the purpose of this condition, shares which have been unconditionally allotted but not issued before the Punch Offer becomes, or is declared, unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise, shall be deemed to carry the voting rights they will carry on being entered into the Register of Members of Punch Newco. If this condition is not satisfied, new Allied Domecq Shareholders may remain as shareholders of Punch Newco which will be an unlisted company. They will have no right to dispose of their Punch Newco Shares to any person other than Punch or Allied Domecq without the prior written consent of Punch.

It should be noted that the Bass Offer is conditional on certain tax clearances having been obtained and not withdrawn in respect of the issue of the Bass Shares. All of the relevant tax clearances have now been obtained for the Bass Offer. In the unlikely event that any of these clearances are subsequently withdrawn, the Bass Offer

(1) The amount of cash and the fraction of a newly issued Bass Share may vary according to the exercise of options under the Allied Domecq Share Option Schemes.

would not be made and in these circumstances the Punch Offer would be to acquire all of the Punch Newco Shares for a cash consideration of £2,725 million with a loan note alternative for the full amount.

The Punch Offer will contain warranties for the benefit of new Allied Domecq Shareholders concerning the accuracy and completeness of the tax clearance applications submitted in relation to the Transaction and the qualification of the Bass Shares issued under the Bass Offer for rollover relief under Section 135 TCGA. These are described further in paragraph 3E of Part III.

#### ***Punch Loan Notes***

The Punch Loan Notes will be floating rate unsecured guaranteed loan notes. The principal amount of the Punch Loan Notes will be limited to £1,805,000,000 (or £2,725,000,000 if the Bass Offer were not made) to be issued in denominations or multiples of £1. The Punch Loan Notes will be able to be transferred in writing in amounts or multiples of £100 in nominal amount subject to the registration of such transfer in the register. They will not be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia or Japan and shall not be capable of being dealt in on any stock exchange in the United Kingdom or elsewhere. The Punch Loan Notes shall be governed by English law.

Payment of the principal and interest under the Punch Loan Notes will be irrevocably and unconditionally guaranteed by a bank. The interest on the Punch Loan Notes shall be paid on 31 December 1999 and thereafter on 30 June and 31 December (or the next business day) at a rate per annum equivalent to 0.25 per cent. per annum below LIBOR. LIBOR is defined as the rate of interest determined (i) by a London clearing bank to be nominated by the offeror to be the arithmetic mean (rounded down where necessary to the nearest whole multiple of one sixteenth of one per cent.) of the quotations which appear on the Reuters Monitor Money Rates Service LIBP for six month sterling deposits on the first business day of an interest period (i.e. the period from one interest payment date to the next), or (ii) if the rate of interest cannot be determined as set out above, by the offeror on the basis of the arithmetic mean (rounded as aforesaid) of the respective rates at which any two London clearing banks to be nominated by the offeror are prepared to offer six month deposits of £1,000,000 to leading banks in the London inter-bank market at or about 11.00 am (London time) on the first business day of the relevant interest period. Holders of the Punch Loan Notes shall be entitled to redeem them in amounts or multiples of £100 on 30 June 2000 and thereafter on 30 June and 31 December each year (or the next business day) up to and including 31 December 2004 by giving not less than 30 days notice in writing to the registrar. If at any time on or after 30 June 2000, seventy five per cent. of the nominal amount of the Punch Loan Notes has been redeemed, the offeror shall be entitled to redeem all of the outstanding Punch Loan Notes at par value with accrued interest. In case of failure by the offeror to pay any interest or principal amount due within 30 days, any holders of Punch Loan Notes shall be entitled to require, by notice in writing to the offeror, repayment of all the principal moneys and accrued interest due in respect of each Punch Loan Note of which he is the holder. Any amount in respect of interest which remains unclaimed for a period of 5 years and any amount due in respect of principal which remains unclaimed for 10 years shall revert to the offeror.

The provisions of the Punch Loan Notes may be changed by the offeror with the consent of the guarantor and with the sanction of an extraordinary resolution of the holders of the Punch Loan Notes. An extraordinary resolution means a resolution passed at a meeting of the holders of the Punch Loan Notes by a majority of not less than 75 per cent.

The tax treatment of the interest payments and capital in relation to the Punch Loan Notes is described in Part III below.

#### **6. Financing of the Transaction**

Punch will finance the Transaction by:

- (i) £371 million of equity funding from a consortium of venture capital funds led by Texas Pacific Group;
- (ii) an agreement for Bass to acquire up to 650 pubs and the 25 per cent. interest of Allied Domecq in Britannia Soft Drinks for £995 million – this agreement also sets out the obligation of Bass to make the Bass Offer; and
- (iii) debt financing arranged by Morgan Stanley & Co. International Limited to enable the balance of the consideration plus estimated fees and expenses to be met.



In relation to Punch's financing of the Transaction:

- (i) Morgan Stanley & Co. Limited and Merrill Lynch International, financial advisers to Punch, have confirmed that they are satisfied that sufficient cash resources are available to Punch or another Punch Group Undertaking to satisfy in full the cash component of the consideration under the Punch Offer. Morgan Stanley & Co. Limited and Merrill Lynch International accept the same responsibilities and liabilities in relation to such confirmation as would be imposed on them if Rule 24.7 of the City Code on Takeovers and Mergers applied to the Punch Offer. However, nothing in this statement shall increase the responsibilities or liabilities of Morgan Stanley & Co. Limited or Merrill Lynch International beyond those which would be imposed on them in respect of a cash confirmation statement made in accordance with Rule 24.7 of the City Code on Takeovers and Mergers; and
- (ii) Morgan Stanley Dean Witter & Co. has guaranteed the obligations of all the equity investors in Punch under a subscription agreement dated 24 June 1999 (as amended), if those equity investors do not perform their payment obligations under that subscription agreement when they fall due. This guarantee addresses the concerns of your Board in relation to the interconditionality of the equity investors' obligations with each other and with the obligations of the other finance providers.

## PART III

### Further Information relating to the Transaction

#### 1. Meetings and consents

The Extraordinary General Meeting has been convened for 23 August 1999 at 10.30 a.m. to enable new Allied Domecq Shareholders to consider and, if thought fit, to pass the resolution set out in the notice appearing in Part V of this document.

The resolution to be considered at the Extraordinary General Meeting is to be proposed as a special resolution and is to be to the following effect:

To seek approval for the disposal of the shares in Allied Domecq Retail to Punch Newco pursuant to the Punch Transfer Agreement, and to give the Directors the authority to implement the Disposal.

#### 2. Action to be Taken

A form of proxy is enclosed for the Extraordinary General Meeting.

Whether or not you propose to attend the meeting in person, you are requested, if you hold new Allied Domecq Shares or expect to become a new Allied Domecq Shareholder upon the Scheme becoming effective, to complete and sign the form of proxy. Any form of proxy returned by a shareholder of Allied Domecq before the Scheme becomes effective shall be deemed to have been received upon the Scheme becoming effective. Completed forms of proxy should be returned to Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 3UF as soon as possible, and in any case so as to be received by Lloyds TSB Registrars not later than 10.30 a.m. on 21 August 1999.

The form of proxy should be completed in accordance with the instructions printed on it. Unless the form of proxy is lodged so as to be received by 10.30 a.m. on 21 August 1999, it will be invalid.

The lodging of a form of proxy will not prevent you from attending the meeting and voting in person should you decide to do so.

#### 3. UK Taxation

The following advice has been received by Allied Domecq and is included as a general guide only. It is based on current UK legislation and Inland Revenue practice and applies only to persons who are resident or ordinarily resident in the UK for UK tax purposes and who hold their Allied Domecq Shares beneficially as an investment (otherwise than under a personal equity plan or individual savings account). It does not address the position of certain classes of persons such as dealers in securities and intermediaries. Shareholders who are in any doubt as to their taxation position or who may be subject to taxation in a jurisdiction other than the UK should consult an appropriate professional adviser.

##### A. The Reduction of Capital and Disposal

###### *Taxation of Chargeable Gains*

The Reduction of Capital will constitute a reorganisation for the purposes of the taxation of chargeable gains. The issue of Punch Newco Shares to the holders of New Shares in consideration for the transfer of the UK Retail Business by new Allied Domecq to Punch Newco will constitute a scheme of reconstruction of new Allied Domecq within Section 136 TCGA. The UK Inland Revenue has granted clearance under Section 138 TCGA in respect of the Disposal and Reduction of Capital. Accordingly, a new Allied Domecq Shareholder will not be treated as having made a disposal for the purposes of UK taxation of chargeable gains when he receives Punch Newco Shares pursuant to the Disposal and Reduction of Capital. Instead, the Punch Newco Shares received will be regarded as the same asset as the New Shares acquired on the same date and for the same consideration as such New Shares were acquired (or treated as acquired).

In summary, the New Shares and Punch Newco Shares that will be held by an original Allied Domecq Shareholder following the Disposal and the Reduction of Capital will be treated as the same asset as such shareholder's original Allied Domecq Shares and acquired on the same date and for the same consideration as such Allied Domecq Shares were acquired. Accordingly, following the Scheme, the Disposal and Reduction of Capital, such shareholder's original base cost in his Allied Domecq Shares will be apportioned between his new holdings of New Shares and Punch Newco Shares in proportion to market values on the first day of dealing in the New Shares when the Reduction of Capital becomes effective.

### *Income Tax*

The receipt of Punch Newco Shares under the Disposal and Reduction of Capital will not constitute a distribution chargeable to tax as income in the hands of new Allied Domecq Shareholders.

### *Section 703 the Income and Corporation Taxes Act 1988 ("ICTA")*

Clearance has been obtained from the UK Inland Revenue under Section 707 ICTA to the effect that the provisions of Section 703 ICTA (cancellation of tax advantages from certain transactions in securities) will not apply to the proposals described in this document.

### *Stamp Duty and Stamp Duty Reserve Tax ("SDRT")*

No stamp duty or SDRT will be payable by holders of New Shares as a result of the Disposal and Reduction of Capital, including the issue of Punch Newco Shares.

## **B. The Punch Offer**

### *Taxation of chargeable gains*

Liability to UK taxation on chargeable gains will depend on the particular circumstances of new Allied Domecq Shareholders who hold Punch Newco Shares following the Reduction of Capital ("Punch Newco Shareholders") and on the form of consideration received pursuant to the Punch Offer.

### *Cash*

To the extent that a Punch Newco Shareholder receives cash under the Punch Offer, that will constitute a disposal, or part disposal, of his Punch Newco Shares for the purposes of UK taxation on chargeable gains, which may, depending on the Punch Newco Shareholder's particular circumstances (including the availability of exemptions reliefs, including indexation relief and/or taper relief, and allowable losses), give rise to a liability to UK taxation on chargeable gains.

### *Loan Notes*

The following summary is based on Allied Domecq's understanding of the proposed terms of the Punch Loan Notes.

### *"Roll-over"/"Hold-over"*

The Inland Revenue has granted clearance under Section 138 TCGA in respect of the Punch Offer. Accordingly, a Punch Newco Shareholder should not be treated as having made a disposal of his Punch Newco Shares for the purposes of UK tax on chargeable gains to the extent that he receives Loan Notes in exchange for his Punch Newco Shares under the Punch Offer. To the extent that such a Punch Newco Shareholder receives Loan Notes, any gain or loss which would otherwise have arisen on a disposal of his Punch Newco Shares should, in the case of a Shareholder who is not within the charge to UK corporation tax, be "rolled-over" into such Loan Notes and the Loan Notes should be treated as the same asset as the Punch Newco Shares acquired at the same time and for the same consideration as those Punch Newco Shares were acquired (or treated as acquired).

For a Punch Newco Shareholder within the charge to UK corporation tax, the Loan Notes will be "qualifying corporate bonds" for the purposes of UK taxation of chargeable gains so that any gain or loss which would otherwise have arisen on a disposal of Punch Newco Shares will be "held-over" and deemed to accrue on a subsequent disposal (including redemption or repayment) of the Loan Notes.

### *Disposal*

A subsequent disposal of the Loan Notes (including a redemption or repayment) may, depending on particular circumstances, result in a liability to UK taxation of chargeable gains.

For a Punch Newco Shareholder who is not within the charge to UK corporation tax, the Loan Notes should not constitute qualifying corporate bonds for the purposes of UK taxation of chargeable gains. Accordingly, any chargeable gain or allowable loss on disposal (including on a redemption or repayment) of the Loan Notes should be calculated taking into account the allowable original cost to the holder of acquiring the relevant Punch Newco Shares. Taper relief may be available, which may operate to reduce the percentage of any gain which becomes chargeable on the disposal of the Loan Notes provided that the holder retains those Loan Notes for the relevant periods.

For a Punch Newco Shareholder within the charge to UK corporation tax, the Loan Notes will be qualifying corporate bonds for the purposes of UK taxation of chargeable gains. Accordingly, no indexation allowance will be available for the period of ownership of the Loan Notes and, except to the extent that any chargeable gain or allowable loss which would otherwise have arisen on the disposal of his Punch Newco Shares was "held-over" and deemed to arise on the subsequent disposal, as described above, no chargeable gain or allowable loss will arise.

#### *Taxation of company loan relationships*

A Punch Newco Shareholder which is a company within the charge to UK corporation tax in respect of the Loan Notes will generally be charged to (or, as the case may be, obtain relief from) UK corporation tax in respect of all profits, gains and losses arising from its holding or disposal of the Loan Notes. These profits, gains or losses will be computed on either an accruals or a mark-to-market basis (with credit allowed for any tax withheld), broadly in accordance with the holder's authorised accounting treatment.

#### *Apportionment of Base Cost*

In broad terms, for the purposes of UK tax on chargeable gains, it is expected that the allowable original cost of a Punch Newco Shareholder's holding of Punch Newco Shares (which will be the proportion of such shareholder's original base cost in his Allied Domecq Shares as outlined above) will be apportioned to Loan Notes and/or cash received pursuant to the Punch Offer and Bass Shares and/or cash received pursuant to the Bass Offer (see below) by reference to the amount of cash received and the market value of the new Bass Shares and/or the Loan Notes (as appropriate) at the time that the Punch Newco Shares are exchanged for new Bass Shares and/or Loan Notes.

#### *Taxation of interest on the Loan Notes*

The following discussion is based on Allied Domecq's understanding of the proposed terms of the Loan Notes.

#### *Withholding tax*

Interest on the Loan Notes will be paid after deduction of UK income tax at the lower rate (currently 20 per cent.) unless the issuer of the Loan Notes has been directed by the Inland Revenue, in respect of a particular holding of Loan Notes, to make the payment free of deduction or subject to a reduced rate of deduction by virtue of relief under the provisions of an applicable double taxation convention. Such a direction will only be made following an application in the appropriate manner to the relevant tax authorities by the holder of the Loan Notes. The issuer of the Loan Notes will not be required to pay an additional amount to the Punch Newco Shareholders in respect of any deduction of withholding tax from any payment of interest it may be required to make.

#### *Individual holders of Loan Notes*

Subject to the above, the gross amount of the interest on the Loan Notes will form part of the recipient's income for the purposes of UK income tax, credit being allowed for the tax withheld. Individuals who are taxable at the higher rate will have to pay further tax in respect of the interest. In certain cases, a holder of Loan Notes may be able to recover an amount in respect of the tax withheld at source.

On a transfer, redemption or repayment of the Loan Notes by a holder not within the charge to UK corporation tax a charge may arise under the "accrued income scheme" in respect of interest on the Loan Notes which has accrued since the preceding interest date to the date of transfer, redemption or repayment.

#### *Corporate Holders of Loan Notes*

Holders of Loan Notes which are companies within the charge to UK corporation tax in respect of the Loan Notes, will generally be charged to UK corporation tax in respect of interest on the Loan Notes, and the amount to be taxed in this way will be computed on either an accruals or a mark-to-market basis (with credit allowed for any tax withheld) broadly in accordance with the holder's authorised accounting treatment.

#### *Stamp Duty and SDRT*

Generally, no stamp duty or SDRT will be payable by Punch Newco Shareholders as a result of accepting the Punch Offer, including the Loan Note alternative.

On the basis of Allied Domecq's understanding of the proposed terms of the Loan Notes, no stamp duty or SDRT should be payable on a transfer or sale of, or on an agreement to transfer, Punch Loan Notes.

### **C. The Bass Offer**

#### ***Taxation of Chargeable Gains***

To the extent that a Punch Newco Shareholder receives cash under the Bass Offer, the consequences for him for the purposes of UK taxation on chargeable gains will be as set out above in relation to the receipt of cash pursuant to the Punch Offer.

The Inland Revenue has granted clearance under Section 138 TCGA in respect of the Bass Offer. Accordingly, a Punch Newco Shareholder should not be treated as having made a disposal of his Punch Newco Shares for the purposes of UK taxation on chargeable gains to the extent that he receives Bass Shares in exchange for his Punch Newco Shares under the Bass Offer. To the extent that a Punch Newco Shareholder receives Bass Shares, any gain or loss which would otherwise have arisen on a disposal of his Punch Newco Shares will be "rolled-over" into the new Bass Shares, and the new Bass Shares will be treated as the same asset as those Punch Newco Shares, acquired at the same time as those shares were acquired (or deemed to have been acquired).

A subsequent disposal, or part disposal, of Bass Shares may, depending on a shareholder's particular circumstances, (including the availability of exemptions, reliefs, including indexation relief and/or taper relief, and allowable losses) give rise to a liability to UK taxation on chargeable gains.

#### ***Dividends***

The receipt of dividends and other distributions in respect of the Bass Shares will be subject to the normal UK tax rules applicable to the taxation of dividends and other distributions of UK resident companies. Broadly, dividends paid on the Bass Shares will not be subject to withholding tax, and UK resident or ordinarily resident individuals will be entitled to a tax credit in respect of any dividend received and will be taxable on the aggregate of the dividend and tax credit (the "gross dividend"). The tax credit will be equal to 10 per cent. of the gross dividend. In the case of such individuals who are not liable to income tax at the higher rate, the tax credit will match their liability (if any) in respect of the dividend and there will be no further tax to pay. Such individuals who are liable to income tax at the higher rate will be subject to income tax at the rate of 32.5% of the gross dividend, to the extent that such sum when treated as their top slice of income falls above the threshold for higher rate income tax. The tax credit will be set against part of this liability. UK resident corporate shareholders will generally not be subject to corporation tax in respect of dividends paid on the Bass Shares.

#### ***Stamp Duty and SDRT***

Generally, no stamp duty or SDRT will be payable by Punch Newco Shareholders as a result of accepting the Bass Offer including the issue of the Bass Shares.

Stamp duty or SDRT will generally be payable on a transfer or sale of, or on an agreement to transfer, Bass Shares. The rate of stamp duty is generally 50p per £100 or part thereof of the consideration paid (changing to 0.5 per cent. of the consideration paid rounded up to the nearest £5 from 1 October 1999). The rate of SDRT is generally 0.5 per cent. of the consideration paid. Special rates apply in the case of clearance services and depositary receipt systems.

### **D. Allied Domecq Share Option Schemes**

Special tax provisions may apply to new Allied Domecq Shareholders who have acquired or who acquire their new Allied Domecq Shares as a result of exercising options under the Allied Domecq Share Option Schemes, including provisions imposing a charge to income tax.

### **E. Tax Warranties**

Punch has agreed in the Punch Transfer Agreement that the Punch Offer will contain warranties for the benefit of Punch Newco Shareholders to the following effect:

- (i) that the clearance applications submitted in relation to the Scheme, the Reduction of Capital, the Punch Offer and the Bass Offer (and related correspondence) were accurate and complete in all material respects; and
- (ii) that the issue of Bass Shares in exchange for Punch Newco Shares under the Bass Offer will qualify for rollover relief within Section 135 TCGA.

### **4. Dealings, Share Certificates and Settlement in relation to New Shares**

The arrangements in relation to dealings, share certificates and settlement in relation to new Allied Domecq Shares are set out in paragraph 8 of Part II and paragraph 7 of Part III of the Allied Domecq Circular, as are the

arrangements in relation to depository receipts. These arrangements continue to apply, save to the extent that the timetable for these matters is now delayed. The last day of dealings in shares of Allied Domecq is now expected to be 30 July 1999 and the last time for registration of transfers of Scheme Shares is expected to be 5.30 p.m. on 30 July 1999, the expected Scheme Record Date. Dealings in the New Shares cum the UK Retail Business are now expected to commence on 2 August 1999, when it is expected that admission of the New Shares cum the UK Retail Business will become effective.

The New Shares are expected to trade cum the UK Retail Business until the close of business on 3 September 1999, the expected Reduction of Capital Record Date, when dealings will cease. It is expected that dealings in New Shares ex the UK Retail Business will commence on 6 September 1999.

Corresponding changes will apply to the timetable in respect of depository receipts, save that dealings in the New ADRs are expected to commence on 7 September 1999.

As the time period between the expected admission of the New Shares on 2 August 1999 and the Reduction of Capital becoming effective on 6 September has lengthened on the revised timetable, share certificates will now be issued for the New Shares cum the UK Retail Business. New Share certificates are expected to be despatched by 6 August 1999.

As from the date on which the Reduction of Capital becomes effective, certificates representing holdings of shares in new Allied Domecq cum the UK Retail Business will cease to be valid as documents of title and new Allied Domecq Shareholders should, if so requested by new Allied Domecq, send such certificates to new Allied Domecq for cancellation.

Share certificates for New Shares ex the Retail Business are now expected to be despatched by 10 September 1999.

## **5. Overseas Shareholders**

### *Overseas Shareholders generally*

In relation to the Transaction, persons resident in, or citizens or nationals of, jurisdictions outside the United Kingdom ("overseas shareholders") may be affected by the laws of the relevant jurisdiction. Such overseas shareholders should inform themselves about and observe all applicable legal requirements.

The information contained in this document is provided only for the purposes of allowing new Allied Domecq Shareholders to decide how they wish to vote at the Extraordinary General Meeting. This document does not constitute an offer of securities.

It is the responsibility of each overseas shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection with the Transaction, including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

Issuance of Punch Newco Shares in certain overseas territories may be prohibited or restricted by applicable laws. If, in respect of any overseas shareholder, Punch has been advised that the allotment and issue of Punch Newco Shares would or might infringe the laws of any jurisdiction outside the United Kingdom, or would or might require Punch or Punch Newco to observe any governmental or other consent or any registration, filing or other formality, then Punch may determine that the Punch Newco Shares issued to the overseas shareholders shall be sold on behalf of such shareholders as soon as reasonably practicable thereafter, with the net proceeds of sale being remitted to the overseas shareholder concerned, save that amounts of less than £3 will be retained by Punch Newco.

Shareholders who do not receive Punch Newco Shares cannot participate in the Combined Offer. The Combined Offer will not be made, directly or indirectly, in or into the United States, Canada, Australia or Japan. Therefore shareholders in these countries will not be offered Punch Loan Notes or Bass Shares.

If, in respect of any overseas shareholder, Punch or Bass has been advised that the offer, allotment or issue of Punch Loan Notes or Bass Shares would or might infringe the laws of any jurisdiction outside the United Kingdom, or would or might require Punch, Punch Newco or Bass to observe any governmental or other consent or any registration, filing or other formality, then Punch or Bass may determine that the Punch Loan Notes or Bass Shares to be offered, allotted or issued to the overseas shareholders will not be offered, allotted or issued (as the case may be). In those circumstances, Punch Loan Notes or Bass Shares may be sold on behalf of a shareholder and the net proceeds distributed to that shareholder (provided such proceeds exceed £3) or another equitable alternative will be adopted at the time. In addition, in the case of Punch Loan Notes, a cash alternative may be offered.

The provisions or terms relating to overseas shareholders in the Combined Offer may be waived, varied or modified as regards specific Punch Newco Shareholders or on a general basis by the relevant offeror.

new Allied Domecq has been advised that the offer of Punch Newco Shares, Punch Loan Notes or Bass Shares in certain jurisdictions (other than the United States, Canada, Japan or Australia, which have been specifically excluded from the Combined Offer) may infringe the laws of relevant jurisdictions or should comply with certain requirements before being offered in the relevant jurisdictions. The Punch Newco Shares, Punch Loan Notes and Bass Shares may, therefore, not be offered in certain jurisdictions in addition to those specifically excluded from the Punch Offer and the Combined Offer.

Overseas shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Transaction in their particular circumstances.

#### *Australian Shareholders*

The Combined Offer will not be made directly or indirectly into Australia. However, should acceptances of the Combined Offer be received in respect of shares representing 30 per cent. by nominal value of the issued share capital of Punch Newco, the Combined Offer will, under the terms of the articles of association of Punch Newco, be deemed to be accepted by all Punch Newco Shareholders including those held by persons resident in Australia. The Punch Newco shares will then be automatically acquired by Punch from the Australian residents and Australian resident shareholders will not be provided with an election as to the manner in which they receive the consideration payable in respect of the Punch Newco Shares.

Residents of Australia are advised that neither this document nor any prospectus, notice or other document issued in respect of the proposals described herein has been or will be lodged with the Australian Securities and Investments Commission. Accordingly, the Punch Newco Shares and any Bass Shares issued to Australian residents may not be offered for sale for six months except in circumstances where Part 7 of the Corporations Law does not apply. Part 7 of the Corporations Law would not apply if, for example:

- (a) the shares are offered for sale on the London Stock Exchange; or
- (b) the shares are offered for sale to certain categories of institutional investors.

However, Part 7 of the Corporations Law is complex, and Australian residents should confer with their professional advisers if they are in any doubt as to their position.

#### *Canadian Shareholders*

Canadian shareholders are advised to refer to the Supplemental Canadian Disclosure Document attached to this document (into which this document is incorporated by reference).

#### *Certain US securities law considerations*

new Allied Domecq has been advised by Punch as follows:

The Punch Newco Shares, Punch Loan Notes and Bass Shares to be offered in connection with the Transaction have not been and will not be registered under the US Securities Act or under the securities law of any state in the United States and may not be offered, sold, resold, delivered or transferred, directly or indirectly, in or into the United States, or to, or for the account or benefit of US persons except pursuant to exemptions from registration requirements of the US Securities Act.

### **6. Taxation in The Netherlands**

The following is a summary of the tax levying system under the laws of The Netherlands as such laws apply to new Allied Domecq Shareholders. This summary is based on certain aspects of Netherlands tax law, treaties and other regulations currently in force and is subject to changes that may come into effect (retroactively or otherwise).

The summary is intended as a general guide only. It does not deal with all categories of new Allied Domecq Shareholders and is not intended as an exhaustive review of all aspects of Netherlands tax relating to a shareholding in new Allied Domecq. As a result, no conclusions may be drawn from the summary as regards topics which have not been specifically addressed therein. Any new Allied Domecq Shareholder who is in doubt about his tax position is strongly recommended to consult its own tax advisers as to the tax consequences under the tax laws of The Netherlands.

new Allied Domecq has received the following advice regarding the existing laws of The Netherlands.

### *Reduction of Capital and Combined Offer*

The Reduction of Capital, which will reduce the par value of new Allied Domecq Shares and pursuant to which Shareholders will receive Punch Newco Shares in consideration for the Disposal will be exempt from Dutch taxation as long as the reduction in the par value of a new Allied Domecq Share does not exceed the market value of the Punch Newco Shares received. Any excess will be regarded as a dividend in The Netherlands on which Dutch corporation tax or Dutch income tax may be due if:

- (a) the Shareholder is or is deemed to be resident in The Netherlands for the purposes of the relevant provisions and, if the Shareholder is an individual, the Shareholder or any of certain connected persons has a substantial interest or a deemed substantial interest in new Allied Domecq; or
- (b) such gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in The Netherlands.

The transfer of Punch Newco Shares by a new Allied Domecq Shareholder in exchange for Bass Shares, cash, or Punch Loan Notes will be treated as a sale for Dutch tax purposes. A Punch Newco Shareholder who realises a gain on the sale of Punch Newco Shares will not be subject to Dutch taxation, unless:

- (a) the Punch Newco Shareholder is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions and, if the Punch Newco Shareholder is an individual, the Punch Newco Shareholder or any of certain connected persons has a substantial interest or a deemed substantial interest in Punch Newco; or
- (b) such gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in The Netherlands.

### *Corporation tax or income tax*

A Shareholder who realises a gain on the disposal of a new Allied Domecq Share will not be subject to Dutch taxation on income or capital gains, unless:

- (a) the Shareholder is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions and, if the Shareholder is an individual, the Shareholder or any of certain connected persons has a substantial interest or a deemed substantial interest in new Allied Domecq; or
- (b) such gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in The Netherlands.

A Shareholder who according to Dutch tax law realises a gain on the redemption of a share in new Allied Domecq or upon the liquidation of new Allied Domecq or a dividend on a share in new Allied Domecq, will not be subject to Dutch taxation on income or capital gains, unless:

- (a) the Shareholder is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
- (b) such gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment or permanent representative in The Netherlands.

### *Net Wealth tax*

Dutch net wealth tax will not be levied on the value of a new Allied Domecq Share unless the Shareholder is an individual and:

- (a) the Shareholder is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
- (b) the shareholding of the new Allied Domecq Shares is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in The Netherlands.

### *Gift, estate or inheritance taxes*

Dutch gift, estate or inheritance taxes will not be levied on the occasion of the transfer of new Allied Domecq Shares by way of gift, or on the death of a Shareholder, unless:

- (a) the Shareholder is, or is deemed to be, resident of The Netherlands for the purpose of the relevant provisions; or
- (b) the transfer is construed as an inheritance or as a gift made by or on behalf of a person who, at the time of the gift or death is, or is deemed to be, resident in The Netherlands; or



- (c) the transfer is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in The Netherlands;

*Other taxes*

There is no Dutch registration tax, capital tax, stamp duty or any other similar tax or duty other than court fees, payable in The Netherlands in respect of or in connection with the execution, delivery and enforcement by legal proceedings (including any foreign judgement in the courts of The Netherlands) of any agreement relating to the new Allied Domecq Shares or the performance of new Allied Domecq's obligations in relation to the new Allied Domecq Shares.

There is no Dutch value added tax payable in respect of payments in consideration for the transfer of new Allied Domecq Shares.

*Dividend withholding tax*

Shareholders who are liable to Dutch income or corporation tax regarding dividends received will, according to the treaty under certain circumstances be able to (partly) credit the dividend withholding tax against their Dutch corporation or income tax liability.

## PART IV

### Additional Information

#### 1. Bases and sources of information

##### First paragraph under the heading "Outline" on page 5

The current value of the consideration for the Punch Newco Shares to be acquired from the new Allied Domecq Shareholders under the Combined Offer has been derived as follows:

£1,805 million cash from Punch

£178,585,000 cash from Bass

79 million Bass Shares at 918.5 pence (the closing price of Bass Shares on the London Stock Exchange on 27 July 1999, the latest practicable date prior to the issue of this document)

= Total £2,709 million of which £1,983,585,000 is in cash

##### First paragraph under the heading "Value" on page 7

The increase in Allied Domecq's share price in the period since 30 April 1999 is 17 per cent., which is derived from the London Stock Exchange daily official list as follows:

- (a) 486p at close of business on 30 April 1999 (the latest practicable date prior to the first announcement relating to the proposed transaction with Whitbread);
- (b) 571p at close of business on 27 July 1999 (the latest practicable date prior to the issue of this document).

##### Fifth paragraph under the heading "The Disposal" on page 10

The consideration under the Combined Offer is approximately 188.5 pence in cash and approximately 0.0751 of a newly issued Bass Share for each Punch Newco Share held. This is calculated as follows:

- (a) £1,983,585,000 cash/1,052,376,917 Punch Newco Shares = 188.5 pence per Punch Newco Share;
- (b) 79 million Bass Shares/1,052,376,917 Punch Newco Shares = 0.0751 Bass Shares per Punch Newco Share.

#### 2. Incorporation and Activities of new Allied Domecq

Details of the incorporation, activities and subsidiary undertakings of new Allied Domecq are set out in the new Allied Domecq Listing Particulars.

#### 3. Share Capital

##### 3.1 new Allied Domecq

- 3.1.1 By a special resolution of new Allied Domecq passed on 7 June 1999, the authorised share capital of new Allied Domecq was increased to £3,000,000,000 by the creation of 1,199,980,000 New Shares of 250p. Accordingly, as at the date of the new Allied Domecq Listing Particulars, the authorised and issued share capital of new Allied Domecq was as follows:

Authorised		in ordinary shares of 250 pence each	Issued and fully paid	
Number	Amount		Number	Amount
1,200,000,000	£3,000,000,000		2	£5

- 3.1.2 By special resolutions of new Allied Domecq passed on 12 July 1999:

- (a) the authorised share capital of the Company was increased by £900,000,000 to £3,900,000,000 by the creation of 2 new ordinary shares of £2.50 in the Company, the creation of 20,000 new ordinary shares of £0.75 in the Company and the creation of 276,918,460 new ordinary shares of £3.25 in the Company;

- (b) one of the new ordinary shares of £0.75 in the Company was allotted and issued for cash at par to each of the subscribers to the Memorandum of Association of the Company;
- (c) 19,998 of the new ordinary shares of £0.75 in the Company were allotted to the subscribers to the Memorandum of Association of the Company with each said subscriber being entitled to receive 9,999 new ordinary shares of £0.75 in the Company against an undertaking to pay up the said shares as to one quarter in cash;
- (d) each of the ordinary shares of £0.75 in the Company was subdivided into 15 ordinary shares of 5 pence each in the Company and each of the ordinary shares of £2.50 in the Company was subdivided into 50 ordinary shares of 5p each in the Company;
- (e) the 65 allotted and issued ordinary shares of 5 pence each held by each of the subscribers to the Memorandum of Association of the Company were consolidated into one ordinary share of £3.25 in the Company;
- (f) every 65 ordinary shares of 5p each allotted but not issued to each of the subscribers to the Memorandum of Association of the Company were consolidated into one allotted but unissued ordinary share of £3.25 in the Company; and
- (g) every 65 unallotted and unissued ordinary shares of 5p each in the Company were consolidated into one ordinary share of £3.25 in the Company.

3.2 Accordingly, as at the date of this document the authorised and issued share capital of new Allied Domecq is, and immediately prior to the Scheme becoming effective it will be, as follows:

Authorised		in ordinary shares of 325 pence each	Issued and fully paid	
Number	Amount		Number	Amount
1,200,000,000	£3,900,000,000		2	£6.50

3.3 By special resolutions of new Allied Domecq passed on 28 July 1999:

- (a) the Directors of the Company were generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 to allot relevant securities (within the meaning of that section):
  - (i) up to an aggregate nominal amount of £3,493,750,000 for the purposes of the Scheme and for the purposes of issuing New Shares in exchange for Allied Domecq Shares issued pursuant to the exercise of options granted under the Allied Domecq Share Option Schemes;
  - (ii) following the Scheme becoming effective and prior to the Reduction of Capital becoming effective, up to an aggregate nominal amount of £1,164,584,000 (representing approximately one-third of the expected issued ordinary share capital of the Company following the Scheme becoming effective and prior to the Reduction of Capital becoming effective); and
  - (iii) following the Reduction of Capital becoming effective, up to an aggregate nominal amount of £89,584,000 (representing approximately one-third of the expected issued ordinary share capital of the Company immediately following implementation of the Reduction of Capital),

but so that the Company, pursuant to the authority granted by this resolution, may enter into a contract to allot relevant securities which would or might be completed wholly or partly after the expiry of such power.

- (b) the Directors of the Company were generally empowered (pursuant to Section 95 of the Companies Act) to allot relevant securities (as defined in Section 94(2) of the Companies Act) for cash as if section 89(1) of the Companies Act did not apply to such allotment:

(following the Scheme becoming effective and prior to the Reduction of Capital becoming effective):

- (i) in connection with a Rights Issue; and

- (ii) otherwise than pursuant to sub-paragraph (i) above, up to an aggregate nominal amount of £174,687,500 (representing approximately 5 per cent. of the expected issued ordinary share capital of the Company immediately following the Scheme becoming effective and prior to the Reduction of Capital becoming effective); and

(following the Reduction of Capital becoming effective)

- (iii) in connection with a Rights Issue; and

- (iv) otherwise than pursuant to sub-paragraph (iii) above, up to an aggregate nominal amount of £13,440,000 (representing approximately five per cent. of the expected issued ordinary share capital of the Company immediately following implementation of the Reduction of Capital),

but so that the Company, pursuant to the power granted by this resolution, may enter into a contract to allot equity securities which would or might be completed wholly or partly after the expiry of such power.

- 3.3.1 The provisions of Section 89(1) of the Companies Act (which, to the extent not disapplied pursuant to Section 95 of the Companies Act, confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) apply to the authorised but unissued share capital of new Allied Domecq, except to the extent disapplied as referred to in sub-paragraph 3.3(b) above. Furthermore, the continuing obligations of the London Stock Exchange include a requirement that, unless the approval of shareholders in general meeting is obtained, new Allied Domecq must offer New Shares to be issued for cash to existing shareholders on a pro rata basis. No such issue is presently in contemplation.
- 3.3.2 Save as disclosed in this paragraph 3, at the date of this document there has been no issue of share or loan capital of new Allied Domecq since its incorporation and no share or loan capital of new Allied Domecq is under option or agreed to be put under option. At the date of this document new Allied Domecq had no subsidiaries and, accordingly, there has been no material issue of share or loan capital by any subsidiary undertaking of new Allied Domecq for cash or other consideration.
- 3.3.3 The arrangements in relation to the Reduction of Capital have now been changed from those set out in paragraph 2.1.11 on page 105 of the new Allied Domecq Listing Particulars, as a result of the revised arrangements for the disposal of the UK Retail Business under the Transaction as now proposed. The Reduction of Capital is described in more detail in Part II of this document. In particular, its implementation is subject to the conditions set out in paragraph 4 of Part II. The share capital of new Allied Domecq will now be reduced by cancelling the paid up capital to the extent of £3.00 on each of the New Shares in issue at the time the Court confirms the Reduction of Capital and by reducing the nominal value of each of those shares from £3.25 to 25 pence. Of the amount of the paid up capital so cancelled, an amount of £2,725 million (corresponding to the value of the UK Retail Business agreed between the parties to the Punch Transfer Agreement and as set out therein) shall be returned to new Allied Domecq Shareholders by the allotment and issue by Punch Newco to the new Allied Domecq Shareholders as at the Reduction of Capital Record Date of the newly issued Punch Newco Shares pursuant to the Punch Transfer Agreement in consideration for the transfer of the UK Retail Business to Punch Newco. The balance of the paid up capital so cancelled shall be transferred to new Allied Domecq's reserves. The above description of the Reduction of Capital applies on the basis that Punch Newco is the purchaser of the UK Retail Business. However the resolutions in relation to the Reduction of Capital allow in the alternative for the possibility of a different purchaser and different consideration.
- 3.3.4 No commissions, discounts, brokerages or other special terms have been granted in connection with the issue of any share capital of new Allied Domecq.
- 3.3.5 The New Shares will, when issued, be in registered form and will be capable of being held in uncertificated form. No temporary documents of title have been or will be issued in respect of the New Shares.
- 3.3.6 The New Shares have not been marketed and are not available in whole or in part to the public otherwise than pursuant to the Scheme.
- 3.4 By a special resolution of new Allied Domecq passed on 12 July 1999, conditional upon the ordinary share capital being admitted to the Official List of the London Stock Exchange, the name of the Company was changed to "Allied Domecq PLC".

#### 4. Articles of Association

A summary of the principal differences between the Articles of Association of new Allied Domecq and the Articles of Association of Allied Domecq as they then were is set out in paragraph 4 of Part 7 of the new Allied Domecq Listing Particulars. Since that time, the Articles of Association of Allied Domecq have been amended as approved at the extraordinary general meeting of Allied Domecq on 2 July 1999.

The Articles of Association of new Allied Domecq have since been amended, to take account of the resolutions described in paragraphs 3.1 and 3.3 above, and in certain immaterial respects. In addition, Article 7.2 relating to the Reduction of Capital has since been amended by a special resolution of new Allied Domecq Shareholders. The amended Article 7.2 provides that the Company shall be entitled on any reduction of capital pursuant to Section 135 of the Companies Act in respect of which a special resolution has been passed in general meeting before 30 October 1999 and through which the Company intends to effect the sale of Allied Domecq Retailing (Holdings) Limited, to distribute to members assets of the Company and/or to procure, in consideration for the sale of Allied Domecq Retailing (Holdings) Limited, the issue or transfer to members of any other assets including, without limitation, shares in any company which may as a result of such sale acquire Allied Domecq Retailing (Holdings) Limited (or, in the case of fractional entitlements or where required as a result of foreign laws, the proceeds of sale of such shares) in proportion to their shareholdings in the Company. Any distributions so made or issue or transfer so procured shall be in full satisfaction of the members' entitlements in respect of any such reduction of capital.

#### 5. Directors and Directors' Interests

##### *Directors*

The Directors of Allied Domecq are as follows:

Sir Christopher Anthony Hogg	Non-Executive Chairman
Antony John Hales	Chief Executive (leaving on Completion)
Philip Bowman	Group Finance Director and Chief Executive of Allied Domecq Spirits & Wine
David Scotland	President, Europe, Allied Domecq Spirits & Wine
George Frederick McCarthy	President, The Americas, Allied Domecq Spirits & Wine
Stephen Harold Alexander	Chief Executive Allied Domecq Retailing (leaving on Completion)
Ramon Mora-Figueroa	Executive Director (retiring on Completion)
Donald Hood Brydon	Non-executive Director
Sir Ross Buckland	Non-executive Director
Peter Alan Jacobs	Non-executive Director
Alfred David Malpas	Non-executive Director

The Directors of new Allied Domecq are as follows:

Sir Christopher Anthony Hogg	Non-Executive Chairman
Philip Bowman	Chief Executive
Graham Charles Hetherington	Finance Director
George Frederick McCarthy	President, The Americas, Allied Domecq Spirits & Wine
David Scotland	President, Europe, Allied Domecq Spirits & Wine
Richard Graham Turner	President, Allied Domecq Spirits & Wine Customer Services and Planning
Donald Hood Brydon	Non-executive Director
Sir Ross Buckland	Non-executive Director
Peter Alan Jacobs	Non-executive Director
Alfred David Malpas	Non-executive Director

##### *Directors' Interests*

Set out below are the interests that the Directors of Allied Domecq and new Allied Domecq have in the share capital of Allied Domecq as at 28 July 1999 (the latest practicable date prior to the publication of this document) and are expected to have in New Shares upon the Scheme becoming effective based upon the interests of the Directors of Allied Domecq and new Allied Domecq in Allied Domecq Shares, which (i) have been notified by each such Director to Allied Domecq pursuant to Section 324 or Section 328 of the Companies Act before 28 July 1999 (the latest practicable date prior to the issue of this document), or (ii) are required pursuant to Section 325 of the Companies Act to be entered into the register of Directors' interests maintained under that section, or (iii) are interests of a connected person (within the meaning of Section 346 of the Companies Act) of such a Director which would, if the connected person were a Director, be required to be disclosed under such sections of the

Companies Act, and the existence of which is known to or could with reasonable diligence be ascertained by that Director (assuming that no further Allied Domecq Shares will be issued or acquired pursuant to options granted under the Allied Domecq share option schemes, and that there are no other changes in the Directors' interests in Allied Domecq Shares, after 28 July 1999 (the latest practicable date prior to the issue of this document));

Name of Director of Allied Domecq/new Allied Domecq	Number of Allied Domecq Shares
Sir Christopher Anthony Hogg . . . . .	19,118
Philip Bowman . . . . .	20,000
Donald Hood Brydon . . . . .	1,500
Sir Ross Buckland . . . . .	1,000
Graham Charles Hetherington . . . . .	Nil
Peter Alan Jacobs . . . . .	1,000
Alfred David Malpas . . . . .	2,153
George Frederick McCarthy . . . . .	12,000
David Scotland . . . . .	10,613
Richard Graham Turner . . . . .	11,382
Antony John Hales . . . . .	111,444
Stephen Harold Alexander . . . . .	10,081
Ramon Mora-Figueroa . . . . .	169,157
Total . . . . .	369,448

In addition, all the above Directors, except the non-executive Directors, are interested in 1,165,772 Allied Domecq Shares held by the trustees of the Allied Domecq Employee Benefit Trust, as members of a class of discretionary beneficiaries consisting of past and present employees.

The Directors of Allied Domecq and new Allied Domecq may also have interests in New Shares arising pursuant to their existing interests in Allied Domecq Shares under the Allied Domecq Share Option Schemes on a one-for-one basis, details of which are set out in this paragraph 5 below.

### 1991 Share Saving Scheme

The following have options (all of which have been granted for no consideration) under the 1991 Share Saving Scheme:

Name	Date of Grant	No. of Options	Option Grant Price	Exercise Period
G C Hetherington	17.06.94	2,160	479p	01.08.99-31.01.00
	16.06.95	1,612	428p	01.08.00-31.01.01
<b>Sub Total . . .</b>		<b>3,772</b>		
D Scotland . . .	20.06.97	538	362p	01.08.00-31.01.01
<b>Sub Total . . .</b>		<b>538</b>		
R G Turner . . .	16.06.95	806	428p	01.08.00-31.01.01
	20.06.97	3,812	362p	01.08.02-31.01.03
<b>Sub Total . . .</b>		<b>4,618</b>		
S H Alexander.	16.06.95	806	428p	01.08.00-31.01.01
	21.06.96	1,778	388p	01.08.01-31.01.02
	20.06.97	953	362p	01.08.02-31.01.03
	29.05.98	688	501p	01.08.03-31.01.04
<b>Sub Total . . .</b>		<b>4,225</b>		
A J Hales	16.06.95	1,289	428p	01.08.00-31.01.01
	29.05.98	2,341	501p	01.08.03-31.01.04
<b>Sub Total . . .</b>		<b>3,630</b>		
<b>Total . . . . .</b>		<b>16,783</b>		

# 1991 Executive and International Executive Scheme

The following have options (all of which have been granted for no consideration) under the 1991 Executive and International Executive Scheme:

Name	Date of Grant	No. of Options	Option Grant Price	Exercise Period
P Bowman . .	01.12.98	274,509	510p	01.12.01-01.12.08
<b>Sub Total . .</b>		<b>274,509</b>		
G C Hetherington	08.08.91	8,734	570p	08.08.94-08.08.01
	08.01.93	1,423	609p	08.01.96-08.01.03
	20.12.93	633	631p	20.12.96-20.12.03
	19.12.94	5,842	552p	19.12.97-19.12.04
	18.12.95	7,267	516p	18.12.98-18.12.02
	10.12.96	15,789	427.5p	10.12.99-10.12.03
	01.12.97	20,000	533.5p	01.12.00-01.12.04
	01.12.98	35,000	510p	01.12.01-01.12.07
<b>Sub Total . .</b>		<b>94,688</b>		
G F McCarthy .	17.06.94	57,264	569p	17.06.97-17.06.04
	19.12.94	21,376	552p	19.12.97-19.12.04
	18.12.95	30,087	516p	18.12.98-18.12.05
	10.12.96	52,812	427.5p	10.12.99-10.12.06
	01.12.97	46,860	533.5p	01.12.00-01.12.07
	01.12.98	51,960	510p	01.12.01-01.12.08
<b>Sub Total . .</b>		<b>260,359</b>		
D Scotland . .	08.01.93	49,210	609p	08.01.96-08.01.03
	17.06.94	2,295	569p	17.06.97-17.06.04
	19.12.94	20,516	552p	19.12.97-19.12.04
	08.12.95	30,087	516p	18.12.98-18.12.02
	10.12.96	52,812	427.5p	10.12.99-10.12.03
	01.12.97	46,860	533.5p	01.12.00-01.12.04
	01.12.98	51,960	510p	01.12.01-01.12.08
<b>Sub Total . .</b>		<b>253,740</b>		
R G Turner . .	08.08.91	24,809	570p	08.08.94-08.08.01
	08.01.93	1,885	609p	08.01.96-08.01.03
	20.12.93	11,829	631p	20.12.96-20.12.03
	17.06.94	5,881	569p	17.06.97-17.06.04
	19.12.94	16,666	552p	19.12.97-19.12.04
	18.12.95	20,930	516p	18.12.98-18.12.02
	10.12.96	29,590	427.5p	10.12.99-10.12.03
	01.12.97	35,000	533.5p	01.12.00-01.12.04
	01.12.98	35,000	510p	01.12.01-01.12.07
<b>Sub Total . .</b>		<b>181,590</b>		



Name	Date of Grant	No. of Options	Option Grant Price	Exercise Period
S H Alexander.	08.12.89	1,395	475p	08.12.92-08.12.99
	08.08.91	43,262	570p	08.08.94-08.08.01
	08.01.93	11,194	609p	08.01.96-08.01.03
	20.12.93	3,491	631p	20.12.96-20.12.03
	19.12.94	21,739	552p	19.12.97-19.12.04
	08.12.95	30,087	516p	18.12.98-18.12.02
	10.12.96	52,812	427.5p	10.12.99-10.12.03
	01.12.97	49,671	533.5p	01.12.00-01.12.04
	01.12.98	55,098	510p	01.12.01-01.12.08
<b>Sub Total . . .</b>		<b>268,749</b>		
A J Hales . . .	08.12.89	1,395	475p	08.12.92-08.12.99
	08.08.91	139,207	570p	08.08.94-08.08.01
	08.01.93	29,401	609p	08.01.96-08.01.03
	17.06.94	43,427	569p	17.06.97-17.06.04
	19.12.94	29,419	552p	19.12.97-19.12.04
	19.12.94	33,986	552p	19.12.97-19.12.01
	08.12.95	68,062	516p	18.12.98-18.12.02
	10.12.96	93,848	427.5p	10.12.99-10.12.03
	01.12.97	82,474	533.5p	01.12.00-01.12.04
	01.12.98	92,156	510p	01.12.01-01.12.08
<b>Sub Total . . .</b>		<b>613,375</b>		
<b>Total . . . .</b>		<b>1,947,010</b>		

### Long Term Incentive Scheme

The following have options (all of which have been granted for no consideration) under the Long Term Incentive Scheme:

Name	Date of Grant	No. of Options	Option Grant Price	Exercise Period
G F McCarthy .	02.12.96	22,762	0.1p	01.09.99-01.09.01
	01.12.97	28,191	0.1p	01.09.00-01.09.02
<b>Sub Total</b>		50,953		
D Scotland . .	02.12.96	22,762	0.1p	01.09.99-01.09.01
	01.12.97	28,191	0.1p	01.09.00-01.09.02
<b>Sub Total . .</b>		50,953		
R G Turner . .	02.12.96	14,029	0.1p	01.09.99-01.09.01
	01.12.97	16,914	0.1p	01.09.00-01.09.02
<b>Sub Total . .</b>		30,943		
S H Alexander .	02.12.96	22,762	0.1p	01.09.99-01.09.01
	01.12.97	29,318	0.1p	01.09.00-01.09.02
<b>Sub Total . .</b>		52,080		
A J Hales . .	02.12.96	44,493	0.1p	01.09.99-01.09.01
	01.12.97	49,616	0.1p	01.09.00-01.09.02
<b>Sub Total . .</b>		94,109		
<b>Total . . . .</b>		279,038		

In other respects, the position stated in paragraph 6 of Part 7 of the new Allied Domecq Listing Particulars and paragraph 3 of Part V of the Allied Domecq Circular in respect of Directors' interests remains unchanged.

The effect of the Scheme on the interests of the Directors of Allied Domecq and new Allied Domecq does not differ from its effect on the like interests of the other shareholders of Allied Domecq.

### Substantial Shareholdings

In so far as is known to Allied Domecq on 28 July 1999 (the latest practicable date prior to the issue of this document), the following person (i) holds directly or indirectly, interests (as defined in Part VI of the Companies Act) representing three per cent. or more of the issued share capital of Allied Domecq and (ii) on the basis of their holdings as at 28 July 1999 (the latest practicable date prior to the issue of this document), will upon the Scheme becoming effective hold directly or indirectly interests (so defined) representing three per cent. or more of the issued share capital of new Allied Domecq:

Name	Number of Shares	per cent. of issued share capital
Suntory Limited . . . . .	37,834,591	3.6

Allied Domecq is aware that there are also a number of authorised investment managers each holding three per cent. or more, and less than 10 per cent., of the issued share capital of Allied Domecq but such interests have not been (and may not be required to be) notified to Allied Domecq under the relevant provisions of the Companies Act.

### 6. Directors' Service Contracts

The position stated in paragraph 7 of Part 7 of the new Allied Domecq Listing Particulars and paragraph 3 of Part V of the Allied Domecq Circular in respect of Directors' service contracts remains unchanged, save that Philip

Bowman's contract has been amended to provide that he becomes Chief Executive of new Allied Domecq whether the Disposal is made to Whitbread or any other party.

## **7. Working Capital**

Allied Domecq and new Allied Domecq are each of the opinion that, having regard to the bank and other facilities available to the Group (excluding the UK Retail Business), the working capital available to the Group on the basis that the Disposal has taken place is sufficient for its present requirements, that is, for at least the next 12 months from the date of this document.

## **8. Material Contracts**

The position stated in paragraph 10 of Part 7 of the new Allied Domecq Listing Particulars in respect of material contracts remains unchanged except as set out below:

### **8.1 Punch Transfer Agreement**

By an agreement dated 20 July 1999 between Allied Domecq, new Allied Domecq, Allied Domecq Investments Limited and Punch, new Allied Domecq incurred a conditional obligation to transfer the entire issued share capital of Allied Domecq Retail (the holding company for the UK Retail Business) to Punch Newco. Further details of this agreement are set out in Part II of this document.

### **8.2 Britannia**

By an agreement dated 20 July 1999 between Allied Domecq Overseas (Canada) Limited ("ADOC"), Allied Domecq Retailing Limited, Punch and Allied Domecq ("the Britannia Agreement") certain arrangements were agreed in relation to the proposed transfer of ADOC's 25 per cent. equity interest in Britannia Soft Drinks ("the Britannia Interest") to Allied Domecq Retailing Limited prior to the disposal of the UK Retail Business to Punch Newco in accordance with the Transfer Agreement. The conditional consent of Bass, a party to the joint venture, to the transfer has been obtained under a separate letter. Under the Britannia Agreement, the approval of Whitbread, the other party to the joint venture, will be sought to the transfer (although it is not a condition to the Transaction as a whole).

The consideration for the transfer is the satisfaction of a £75 million debt (the "Receivable") owed by Allied Domecq Spirits and Wine Limited to Allied Domecq Retailing Limited, the obligation in respect of which would by the time of satisfaction have been assumed by ADOC as owner of the Britannia Interest.

In particular the agreement provides for several potential situations in relation to the approval by Whitbread of the proposed transfer of the Britannia Interest:

- Whitbread gives full consent to the transfer in which case the Britannia Interest is transferred to Allied Domecq Retailing Limited satisfying the Receivable.
- Whitbread gives partial consent to the transfer, indicating that part of the Britannia Interest which it wishes to acquire for itself, in which case the remaining part of the Britannia Interest is transferred to Allied Domecq Retailing Limited, satisfying an equivalent proportion of the Receivable. The remainder of the debt is satisfied in cash by ADOC.
- ADOC offers the Britannia Interest to Whitbread in accordance with its pre-emption rights under the Britannia Articles of Association in which case the part of the Britannia Interest over which Whitbread has exercised its rights is transferred to Whitbread. The Receivable is satisfied in cash by ADOC.
- Whitbread refuses to give its consent in which case the Receivable is satisfied in cash by ADOC.

The Britannia Agreement contemplates the possibility of any of the above events taking place either before or after Completion. If none of these has taken place by the time of Completion cash required to satisfy the Receivable will be held in an account in the name of an independent third party until such time as one of these events occurs.

While the approval of Whitbread is being sought to the transfer of the Britannia Interest, it is not a condition to the Transaction as a whole.

### **8.3 £350,000,000 9% per cent. Debenture Stock 2019**

The Stock (as defined in paragraph 10 below) was purchased by Allied Domecq Spirits & Wine (Investments) Limited, a subsidiary of Allied Domecq, on 22 June 1999. The Stock was secured against certain assets of the new Allied Domecq Group by way of floating charges and these charges were released on 15 July 1999.

### **8.4 First Quench**

On 29 August 1998, Allied Domecq Retailing Limited entered into a joint venture agreement with Whitbread in relation to First Quench (the "First Quench Agreement"). The parties to the agreement are Whitbread, Allied Domecq, Allied Domecq Retailing Limited and First Quench.

Under the First Quench Agreement, Whitbread has certain rights which arise in the event of a change of control of Allied Domecq Retailing Limited. A change of control in relation to a company occurs if any person becomes interested in more than 50% of the issued share capital of that company or a holding company of it.

If a change of control of Allied Domecq Retailing Limited occurs, Whitbread has the right to either:

- notify Allied Domecq Retailing Limited that it wishes to acquire the shares held by Allied Domecq Retailing Limited in First Quench for the Disposal Value (as described below); or
- enter into a joint sale, with Allied Domecq Retailing Limited, of First Quench to a third party by way of flotation, trade sale or other such method as both parties shall agree, provided that Whitbread shall have no obligation to sell its shares at less than the Disposal Value (as described below).

The Disposal Value shall be half of the estimated net proceeds of sale on flotation of the issued share capital of First Quench (having taken into account such items as the estimated relevant costs and expenses of the flotation). These estimated net proceeds of sale are to be determined by a financial adviser of First Quench appointed by its board of directors.

The non-exercise or exercise by Whitbread of the rights described above is not a condition to the Transaction as a whole. Whitbread has, however, been notified that the Punch Transfer Agreement has been entered into.

## **9. Litigation**

The position stated in the new Allied Domecq Listing Particulars in respect of litigation remains unchanged.

## **10. Indebtedness**

Except as set out below, there has been no significant change affecting the statement of indebtedness made in the new Allied Domecq Listing Particulars and no other significant new matter has arisen which would have been required to be included in that statement if it had arisen at the time of the preparation of the new Allied Domecq Listing Particulars.

At an Extraordinary General Meeting of holders of the Company's £350,000,000 9% per cent. Debenture Stock 2019 (the "Stock") held on 18 June 1999 the purchase of the Stock by Allied Domecq Spirits & Wine (Investments) Limited was approved. The Stock was purchased by Allied Domecq Spirits & Wine (Investments) Limited on 22 June 1999 for a total consideration of £568 million.

## **11. Consents**

Goldman Sachs, Morgan Stanley & Co Limited, Merrill Lynch International, Morgan Stanley Dean Witter & Co and Morgan Stanley & Co. International Limited have given and not withdrawn their consents to the issue of this document (insofar as this document supplements the Allied Domecq Circular, the Allied Domecq Supplementary Circular and the Allied Domecq Second Supplementary Circular) with the inclusion of the references to their respective names in the form and in the context in which they appear.

## **12. Responsibility**

The Directors of Allied Domecq and new Allied Domecq, whose names appear in paragraph 5 of this Part IV, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

### **13. No Significant Changes**

Save as disclosed in this document (insofar as it supplements the new Allied Domecq Listing Particulars), there has been no significant change affecting any matter contained in the new Allied Domecq Listing Particulars and no other significant new matter has arisen which would have been required to be mentioned in the new Allied Domecq Listing Particulars if it had arisen at the time of the preparation of the new Allied Domecq Listing Particulars.

Save as disclosed in this document (insofar as it supplements the Allied Domecq Circular, the Allied Domecq Supplementary Circular and the Allied Domecq Second Supplementary Circular), there has been no significant change affecting any matter contained in the Allied Domecq Circular, except as disclosed in the Allied Domecq Second Supplementary Circular and no other significant new matter has arisen which would have been required to be mentioned in the Allied Domecq Circular if it had arisen at the time of the preparation of the Allied Domecq Circular except as contained in the Allied Domecq Second Supplementary Circular.

### **14. Documents Available for Inspection**

Copies of the following documents may be inspected at the offices of Linklaters, One Silk Street, London EC2Y 8HQ and at the registered office of new Allied Domecq at 24 Portland Place, London W1N 4BB, during usual business hours on any weekday (Saturdays and public holidays excepted), until 6 September 1999:

- (i) the memorandum and articles of association of Allied Domecq;
- (ii) the memorandum and articles of association of new Allied Domecq;
- (iii) the audited consolidated accounts of Allied Domecq for the financial periods ended 31 August 1997 and 31 August 1998 and the interim statement of results of Allied Domecq for the six month period ended 28 February 1999;
- (iv) the reports of KPMG Audit Plc set out in Part 6 of the new Allied Domecq Listing Particulars and the statement of adjustments prepared by KPMG Audit Plc;
- (v) copies of the Directors' service contracts and letters of appointment referred to in paragraph 7 of Part 7 of the Listing Particulars (as amended in the case of Philip Bowman);
- (vi) the material contracts referred to in paragraph 10 of Part 7 of the new Allied Domecq Listing Particulars;
- (vii) the letters of consent referred to in paragraph 19.3 of Part 7 of the Listing Particulars and in paragraph 11 of this Part IV;
- (viii) the Allied Domecq Circular, the Allied Domecq Supplementary Circular and the Allied Domecq Second Supplementary Circular;
- (ix) the material contracts referred to in paragraph 8 of this Part IV;
- (x) the new Allied Domecq Listing Particulars; and
- (xi) this document.

Dated 29 July 1999

## PART V

**new Allied Domecq PLC**  
*(registered in England and Wales No 3771147)*  
**to be renamed Allied Domecq PLC**

### Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of new Allied Domecq PLC (company number 3771147) to be renamed Allied Domecq PLC (the Company) will be held at the Hotel Inter-Continental, One Hamilton Place, Hyde Park Corner, London, W1V 0QY on 23 August 1999 at 10.30 a.m. for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a SPECIAL RESOLUTION:

### Special Resolution

THAT:

- (i) the disposal of the shares in Allied Domecq Retailing (Holdings) Limited on the terms and conditions of the Transfer Agreement dated 20 July 1999 between Allied Domecq PLC, the Company, Allied Domecq Investments Limited and Punch Taverns Group Limited is hereby approved; and
- (ii) approval is given for the Directors of the Company and of Allied Domecq PLC to do or procure to be done all such acts and things on behalf of the Company and any of its subsidiaries as they consider necessary or expedient for the purpose of giving effect to such disposal including the making of such non material amendments, modifications, waivers and extensions of such terms and conditions as they think fit.

By Order of the Board  
David Mitchell  
*Secretary*  
29 July 1999

Registered Office:  
24 Portland Place  
London  
W1N 4BB

### Notes:

- 1 A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him or her. A proxy need not be a member of the Company.
- 2 A pre-paid form of proxy is enclosed which members are invited to complete and return. Any form of proxy returned by a shareholder of Allied Domecq PLC before the Scheme (as defined in the circular/supplementary listing particulars of which this notice forms part) becomes effective shall be deemed to have been received upon the Scheme becoming effective. Lodging a form of proxy will not prevent the member from attending the meeting and voting in person should he or she decide to do so.
- 3 To be effective, the instrument appointing a proxy, together with any power of attorney or other authority under which it is signed, or a duly certified copy thereof, must be deposited at the offices of the Company's Registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex, BN99 3UF before 10.30 a.m. on 21 August 1999.
- 4 Copies of the Company's Articles of Association are available for inspection at the offices of Linklaters, the Company's Solicitors, at One Silk Street, London EC2Y 8HQ during normal business hours on any weekday (excluding Saturdays and public holidays) from the date of this notice until close of business on 22 August 1999 and will also be available for inspection at the place of the meeting for at least 15 minutes before, and during, the meeting.
- 5 Entitlement to attend and vote at the meeting and the number of votes which may be cast at the meeting will be determined by reference to the register of members of the Company at 10.30 a.m. on 21 August 1999. If the meeting is adjourned, entitlements to attend and vote will be determined by reference to the register of members of the Company 48 hours before the time of the adjourned meeting.

## PART VI

### Definitions

Unless the content otherwise requires, the following definitions apply for the purposes of this document.

"ADR" or "ADRs"	American Depositary Receipts
"Allied Domecq"	Allied Domecq PLC
"Allied Domecq ADRs"	American Depositary Receipts issued by the US Depositary in respect of and representing Allied Domecq Shares
"Allied Domecq Articles"	<i>the articles of association of Allied Domecq</i>
"Allied Domecq Circular"	the Circular sent to Allied Domecq Shareholders on 9 June 1999
"Allied Domecq Directors"	the directors of Allied Domecq
"Allied Domecq Group"	Allied Domecq and its subsidiary undertakings prior to the Scheme becoming effective
"Allied Domecq Retail"	Allied Domecq Retailing (Holdings) Limited, the holding company of the UK Retail Business
"Allied Domecq Second Supplementary Circular"	the Second Supplementary Circular sent to Allied Domecq Shareholders on 7 July 1999
"Allied Domecq Shareholder"	a holder for the time being of Allied Domecq Shares
"Allied Domecq Share Option Schemes"	The Allied Domecq 1991 Share Savings Scheme, the Allied Domecq 1998 International Savings Related Share Option Scheme, the Allied Domecq Employee Share Option (No. 2) Scheme, the Allied Domecq 1991 Executive Share Option Scheme and the Allied Domecq 1991 International Executive Share Option Scheme
"Allied Domecq Shares"	ordinary shares of 25p each in the capital of Allied Domecq
"Allied Domecq Supplementary Circular"	the Supplementary Circular sent to Allied Domecq Shareholders on 25 June 1999
"Amsterdam Stock Exchange"	AEX-Stock Exchange
"Bass"	Bass PLC
"Bass Offer"	<i>means the offer to be made by Bass forming part of the Combined Offer to acquire a proportion of the Punch Newco Shares in consideration for an aggregate amount of £920 million to be satisfied by the issue of 79 million Bass Shares at an issue price of 938.5 pence and a balancing payment of £178,585,000 in cash (such offer to include a full mix and match election between Bass Shares and/or cash)</i>
"Bass Shares"	means ordinary shares of 28p each in the capital of Bass
"Belgian Depositary"	ATEKA N.V. which issues the Belgian DRs
"Belgian DRs"	Belgian depositary receipts issued by the Belgian Depositary and listed on the Brussels Stock Exchange each of which represents the right to receive one Allied Domecq Share
"Board" or "Directors"	means the directors of Allied Domecq, new Allied Domecq or both as the context requires

"Britannia Soft Drinks"	Britannia Soft Drinks Limited, a joint venture between Whitbread (25 per cent.), Allied Domecq (25 per cent.) and Bass (50 per cent.)
"Combined Offer"	means the Punch Offer and the Bass Offer
"Companies Act"	the Companies Act 1985 (as amended)
"Completion"	completion of the Disposal
"Court" or "High Court"	the High Court of Justice of England and Wales
"Court Hearing"	the hearing of the petition to sanction the Reduction of Capital expected to be held on 1 September 1999
"Court Order"	the Order delivered by the Court following the Court Hearing
"CREST"	a relevant system (as defined in the CREST Regulations) in respect of which CRESTCo Limited is the operator (as defined in the CREST Regulations)
"CREST Regulations"	the Uncertificated Securities Regulations 1995 (SI 1995 No. 3272)
"Disposal"	means the disposal of the UK Retail Business to Punch Newco pursuant to the Punch Transfer Agreement
"Dutch Depositary"	Administratiekantoor van het Algemeen Administratie-en Trustkantoor B.V. which issues the Dutch DRs
"Dutch DRs"	Dutch depositary receipts issued by the Dutch Depositary and listed on the Amsterdam Stock Exchange which represent the right to receive one Allied Domecq Share or one new Allied Domecq Share as the context requires
"Extraordinary General Meeting"	the extraordinary general meeting of new Allied Domecq convened for 23 August 1999, notice of which is set out in Part V of this document
"First Quench"	First Quench Retailing Limited, an off-licence joint venture between Allied Domecq (50 per cent.) and Whitbread (50 per cent.)
"Goldman Sachs"	Goldman Sachs International
"ICTA"	the Income and Corporation Taxes Act 1988
"London Stock Exchange"	the London Stock Exchange Limited
"New ADRs"	American Depositary Receipts to be issued by the US Depositary in respect of and representing the New Shares
"new Allied Domecq"	new Allied Domecq PLC
"new Allied Domecq Directors"	the directors of new Allied Domecq
"new Allied Domecq Group"	new Allied Domecq and its subsidiary undertakings following the Scheme becoming effective
"new Allied Domecq Listing Particulars" or "Listing Particulars"	the Listing Particulars relating to new Allied Domecq dated 9 June 1999 relating to the introduction to the Official List of the New Shares
"new Allied Domecq Shareholder" or "Shareholder"	a holder for the time being of new Allied Domecq Shares
"New Belgian DRs"	Belgian Depositary Receipts to be issued by the Belgian Depositary in respect of and representing the New Shares



"New Shares" or "new Allied Domecq Shares"	ordinary shares in the capital of new Allied Domecq initially of 325p each and, following the Reduction of Capital, of 25p each
"Official List"	The Official List of the London Stock Exchange
"Punch"	Punch Taverns Group Limited
"Punch Circular"	the circular issued by Punch and sent to Allied Domecq Shareholders on 25 June 1999
"Punch Group Undertaking"	Punch and any of its subsidiary undertakings
"Punch Loan Notes" or "Loan Notes"	the loan notes offered by Punch (or another Punch Group Undertaking) as an alternative to all or part of the cash consideration for Punch Newco Shares under the Punch Offer
"Punch Newco"	means a company to be incorporated in Jersey, Channel Islands (being a Punch Group Undertaking) or such other Punch Group Undertaking as Punch may notify to Allied Domecq not less than five days prior to the Reduction of Capital becoming effective
"Punch Newco Shares"	ordinary shares of 1p each in the capital of Punch Newco
"Punch Newco Shareholder"	a holder for the time being of Punch Newco Shares
"Punch Offer"	the offer by Punch to acquire (directly or through another Punch Group Undertaking) the entire issued share capital of Punch Newco other than those shares in Punch Newco which are acquired pursuant to the Bass Offer (the Punch Offer being as described in Part II of this document and to include a full mix and match election between cash and/or Bass Shares)
"Punch Transfer Agreement"	the agreement entered into between Allied Domecq, new Allied Domecq, Allied Domecq Investments Limited and Punch on 20 July 1999 in relation to the Disposal
"Reduction of Capital"	the reduction of capital of new Allied Domecq pursuant to Section 135 of the Companies Act as described in Part II of this document
"Reduction of Capital Record Date"	the business day immediately preceding the date on which the Reduction of Capital becomes effective
"Registrar of Companies"	the Registrar of Companies for England and Wales
"Rights Issue"	an offer of equity securities open for acceptance for a period fixed by the Directors to (i) holders on the register on a record date fixed by the Directors of ordinary shares in proportion to their respective holdings (for which purpose holdings in certificated and uncertificated form may be treated as separate holdings) and (ii) other persons so entitled by virtue of the rights attaching to any other equity securities held by them, but subject in both cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory
"Reorganisation"	the reorganisation of the Allied Domecq Group to be carried out prior to the Disposal as set out in paragraph 2 of Part III of the Allied Domecq Circular
"Scheme"	the scheme of arrangement dated 9 June 1999 set out in Part VI of the Allied Domecq Circular and subsequently approved by the

	Allied Domecq Shareholders on 2 July 1999 and sanctioned by the Court on 27 July 1999
"Scheme Record Date"	the business day immediately preceding the date on which the Scheme becomes effective
"Scheme Shareholder"	a holder for the time being of Scheme Shares
"Scheme Shares"	<p>(a) all Allied Domecq Shares in issue at the date of the Scheme;</p> <p>(b) all (if any) additional Allied Domecq Shares in issue 48 hours prior to the Court Meeting at which the Scheme was approved; and</p> <p>(c) all (if any) further Allied Domecq Shares in issue immediately prior to the confirmation by the Court of the reduction of capital provided for under the Scheme in respect of which the original or any subsequent holders are bound or have agreed in writing by such time to be bound by the Scheme</p>
"Secretary of State"	Secretary of State for Trade and Industry
"TCGA"	Taxation of Chargeable Gains Act 1992
"Transaction"	together the Reduction of Capital, the Disposal and the Combined Offer as described in Part II of this document and any steps required to give effect thereto
"UK Retail Business"	Allied Domecq Retail together with the assets and liabilities of the Allied Domecq Group's leased and managed pub and pub restaurant businesses in the United Kingdom, the shareholdings in First Quench and (it is proposed) Britannia Soft Drinks and the assets and liabilities of the Allied Domecq Group's French and Dutch Firkin pub businesses
"UK" or "United Kingdom"	The United Kingdom of Great Britain and Northern Ireland
"US Depositary"	The Bank of New York as depositary, including where the context requires its nominee
"US person"	a US person as defined in Regulation S under the US Securities Act
"US Securities Act"	the US Securities Act of 1933, as amended
"Whitbread"	Whitbread PLC
"Whitbread Disclosure Letter"	the disclosure letter given to Whitbread disclosing exceptions to the warranties in the Whitbread Transfer Agreement
"Whitbread Proposal"	the proposed disposal of the UK Retail Business to Whitbread as described in the new Allied Domecq Listing Particulars and the Allied Domecq Circular
"Whitbread Transfer Agreement"	the agreement entered into between Allied Domecq, new Allied Domecq, Allied Domecq Investments Limited, and Whitbread on 25 May 1999 in relation to the proposed disposal of the UK Retail Business to Whitbread

# LISTING PARTICULARS

COMPANY NAME: DELANCEY ESTATES PLC

COMPANY NUMBER: 2301998

DATE OF DOCUMENT: 29-7-99

DATE OF RECEIPT: 29-7-99