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FOR IMMEDIATE RELEASE

24 August 2021

WM MORRISON SUPERMARKETS PLC ("MORRISONS")

OFFER UPDATE - PENSION SCHEME TRUSTEES' STATEMENT

Morrisons has received the following statement from the Trustees of The Morrisons Retirement Saver Plan and The Safeway Pension Scheme regarding the recommended all cash offer from Market Bidco Limited (a newly incorporated entity formed by Clayton, Dubilier & Rice, LLP in its capacity as adviser to Clayton, Dubilier & Rice, LLC as manager of CD&R Fund XI) for the entire issued and to be issued share capital of Morrisons announced on 19 August 2021 (the "**CD&R Offer**") and the all cash offer from Oppidum Bidco Limited for the entire issued and to be issued share capital of Morrisons announced on 6 August 2021 (the "**Fortress Offer**").

Morrisons has agreed to publish the full text of that statement, as set out below. The statement is also available on Morrisons' website at www.morrisons-corporate.com/investor-centre/offer-from-cdr and www.morrisons-corporate.com/investor-centre/offer-from-fortress.

Morrisons places significant emphasis on the wider responsibilities of ownership of the Morrisons business and recognises that the Morrisons Retirement Saver Plan and the Safeway Pension Scheme are a major part of that. Morrisons has a long-established pension strategy, which has been agreed with the Trustees, a key aim of which is to ensure that the security of members' benefits in the pension schemes is appropriately protected. Morrisons is supportive of the parties reaching an agreement which protects and supports the pension schemes in an appropriate manner, and will continue to work with all parties to achieve this as soon as possible.

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Statement from the Trustees of The Morrisons Retirement Saver Plan and The Safeway Pension Scheme

UPDATE FROM THE TRUSTEES OF THE MORRISONS RETIREMENT SAVER PLAN AND THE SAFEWAY PENSION SCHEME (TOGETHER, THE "TRUSTEES" AND THE "SCHEMES") IN THE CONTEXT OF THE MORRISONS BID SITUATION

In issuing this statement, neither the Trustees nor their advisers are providing, nor do they intend to provide, any financial, legal, tax, investment, or any other advice.

Wm Morrison Supermarkets plc ("Morrisons") has been in an offer period for the purposes of The City Code on Takeovers and Mergers since 19th June, 2021 following the announcement regarding a potential takeover offer for Morrisons by Clayton, Dubilier and Rice, LLC as manager of Clayton Dubilier & Rice Funds XI ("CD&R"). Since then, a competing bidder, Fortress Investment Group, LLC ("Fortress") and its co-investors announced an offer for Morrisons on 3rd July, 2021 and subsequently increased that offer on 6th August, 2021, as set out in the scheme document

published and sent to Morrisons' shareholders on 22nd July, 2021 (the "Fortress Offer"). On 19th August, 2021, CD&R announced the terms of an offer to be made at a higher cash price than the Fortress Offer (the "CD&R Offer") and the board of directors of Morrisons has stated it intends to recommend the CD&R Offer to Morrisons' shareholders and has withdrawn its recommendation of the Fortress Offer.

Whilst the Schemes are currently in surplus on an ongoing funding basis and also benefit from security in the form of freehold properties held within a pension funding partnership structure, the Schemes currently do not have sufficient resources (inclusive of the current security) to secure, or "buy out", Scheme benefits with an insurance company. The Schemes' long-term objective in each case is to reach full funding on a "buy out" basis in less than 10 years, which the Trustees currently believe is possible without requiring cash contributions from the Morrisons group beyond those already agreed. But whilst a "buy out" deficit remains, the Schemes are dependent on the Morrisons group companies that participate in the Schemes to support members' benefits (such support is known as the "sponsor covenant"). Should those companies become insolvent the Schemes would have unsecured creditor claims against those companies for what is known as the "Section 75 deficit" which is assessed on a "buy out" basis.

In the event that an offer for Morrisons completes on the basis of the terms of either the Fortress Offer or the CD&R Offer (each a "Relevant Offer"), the Trustees together with their advisers believe that, on the basis of the information available to them, the Relevant Offer would, if no agreement is reached to provide additional protection for the Schemes, materially weaken the existing sponsor covenant supporting the Schemes as a result of several factors. These factors include the introduction of additional debt secured with a priority claim ahead of the Schemes on the majority of the Morrisons group assets, the related increased debt service burden and potential future corporate activity, including the potential for refinancing and restructuring.

The Trustees are therefore focussed on agreeing additional security to provide covenant support for the Schemes on their journey to "buy out". Prior to CD&R's 19th August announcement, discussions had been ongoing with Fortress since their offer announcement on 3rd July 2021. The Trustees and CD&R have not had the same opportunity to progress discussions as yet. A helpful Introductory meeting took place between CD&R and the Trustees immediately prior to the announcement of their offer on 19th August and the Trustees look forward to productive discussions leading to agreeing an appropriate mitigation package with CD&R as soon as possible (and with Fortress should it continue to pursue an offer for Morrisons). The Trustees are of the view that an agreement on the mitigation to be provided for the Schemes should be settled with CD&R or Fortress (as appropriate) prior to any shareholder meeting to consider any offer for Morrisons.

Steve Southern Chair of Trustees for the Morrison's Retirement Saver Plan and the Safeway Pension Scheme commented:

"An offer for Morrisons structured along the lines of the current offers would, if successful, materially weaken the existing sponsor covenant supporting the pension schemes, unless appropriate additional support for the schemes is provided. We hope agreement can be reached as soon as possible on an additional security package that provides protection for members' benefits."

Notes:

An estimate of the aggregate Section 75 deficit of the Schemes as at 31 May 2021 was c.£800m. The figures have been provided to the Trustees by Mercer as Scheme Actuary to the Morrisons Retirement Saver Plan and Aon as Scheme Actuary to the Safeway Pension Scheme. The figures are based on approximate funding updates and are not as accurate as those that would arise from full actuarial valuations. The assumptions used to estimate the Section 75 deficit are based on Mercer and Aon's estimate of the cost of buying out the Schemes' liabilities with an insurance company as at 31 May 2021, an unaudited value of the Schemes' assets and the Trustees' assessment of the expenses of winding-up the Schemes in a scenario where there is an insolvency of the Morrisons group companies that participate in the Schemes. The estimates assume some of the Schemes' assets would not be realised at full market value in an insolvency scenario. In practice, the actual Section 75 deficit could be higher or lower than this estimate. These figures were produced solely for the Trustees' use to meet their specific purposes and were not designed to form the basis

of any decisions by any other party. Any other party referring to the figures is responsible for their own understanding and interpretation of them. Accordingly, no liability is accepted to any other party and should any other party choose to use and/or rely upon the figures they do so entirely at their own risk.

By way of further background information on the Schemes:

Scheme Assets

- *The Schemes had aggregate assets of a pproximately £5.5bn in total as at 31 May 2021 (split c.£3.7bn in respect of the Safeway Pension Scheme and c. £1.85bn in respect of the Morrisons Retirement Saver Plan (both sections)). The figures are unaudited and have been provided to the Trustees by their investment advisers Hymans Robertson LLP solely for the Trustees' use to meet their specific purposes and were not designed to form the basis of any decisions by any other party. Any other party referring to the figures is responsible for their own understanding and interpretation of them. Accordingly, no liability is accepted to any other party and should any other party choose to use and/or rely upon the figures they do so entirely at their own risk.*

Membership Details (as included in the 2019 actuarial valuations)

- *At 1 April 2019, the Safeway Pension Scheme had c31,900 members, split approximately 2,700, 16,600, and 12,600 (employed-deferred, deferred, pensioner).*
- *At 5 April 2019, the 1967 Section of the Morrisons Retirement Saver Plan had c. 9,700 members, split approximately 3,200, 3,300 and 3,200 (employed-deferred, deferred, pensioner).*
- *At 5 April 2019, the RSP Section of the Morrisons Retirement Saver Plan had c. 43,900 members, all of whom were deferred.*

Average Member Pensions (as included in the actuarial valuations)

- *The mean average member pension in payment for the Safeway Pension Scheme as at 1 April 2019 was c£3,600 p.a.*
- *The mean average member pension in payment for the 1967 Section of the Morrisons Retirement Saver Plan as at 5 April 2019 was c. £4,100 p.a.*
- *The RSP Section of the Morrisons Retirement Saver Plan is a cash balance scheme and hence there are no pensioner members.*

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Further information

This announcement is for information purposes only and is not intended to and does not constitute, or form part of an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the CD&R Offer, the Fortress Offer or otherwise, nor shall there be any sale, issuance or transfer of securities of Morrisons in any jurisdiction in contravention of applicable law. To the

maximum extent permitted by applicable law, Morrisons disclaims any liability in respect of the contents of the statement from the Trustees of The Morrisons Retirement Saver Plan and The Safeway Pension Scheme set out above.

Dealing and Opening Position Disclosure requirements

Under Rule 8.3(a) of the Takeover Code, any person who is interested in one per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) of the Takeover Code applies must be made by no later than 3.30 p.m. (London time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8 of the Takeover Code. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3 of the Takeover Code.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the Takeover Code).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Publication on a website

In accordance with Rule 26.1 of the Takeover Code, a copy of this announcement will be made available, subject to certain restrictions relating to persons resident in restricted jurisdictions, on Morrisons' website at www.morrisons-corporate.com/investor-centre/offer-from-cdr and www.morrisons-corporate.com/investor-centre/offer-from-fortress by no later than 12 noon (London time) on the first business day following the date of this announcement. For the avoidance of doubt, neither the contents of Morrisons' website nor the contents of any websites accessible from any hyperlinks is incorporated into or forms part of this announcement.

