19 May 2014

# COMPASS GROUP PLC

## PROPOSED RETURN OF £1 BILLION TO SHAREHOLDERS AND SHARE CAPITAL CONSOLIDATION

- Return of 56 pence per existing ordinary share in the capital of Compass Group PLC ("Existing Ordinary Share") (the "Return of Cash")
- Consolidation of every 17 Existing Ordinary Shares into 16 new ordinary shares ("New Ordinary Shares") (the "Share Capital Consolidation")

Further to the announcement made on 14 May 2014 (the "Announcement"), Compass Group PLC ("Compass" or the "Company") is today posting a circular regarding the proposed Return of Cash and Share Capital Consolidation to Compass shareholders ("Shareholders"), including notice of a general meeting to be held at 11.00 a.m. on 11 June 2014 (the "General Meeting").

The Company intends to return 56 pence per Existing Ordinary Share to Shareholders on the register as at 6.00 p.m. on 7 July 2014 (the "Record Time"), which amounts to approximately £1 billion in aggregate. The Return of Cash is being structured as a "B and C share" scheme to allow Shareholders, subject to applicable overseas restrictions, to elect to receive their cash proceeds as an income payment, a capital payment or any combination of these (the "Alternatives").

### Key highlights of the proposed Return of Cash

- All Shareholders will be entitled to receive 56 pence per Existing Ordinary Share;
- Shareholders, subject to restrictions in respect of US Shareholders and certain other overseas Shareholders (as referred to below), can elect to receive their cash proceeds of 56 pence per Existing Ordinary Share as: (i) an income payment (the "Income Option"); (ii) a capital payment (the "Capital Option"); or (iii) any combination of these;
- Shareholders who do not make a valid election, and all Shareholders with a registered address in the United States, Canada, Australia, New Zealand, Japan or the Republic of South Africa or who are resident or located in one of those jurisdictions (together, "Restricted Shareholders"), will be deemed to have elected for the Income Option in respect of all of their entitlement to the Return of Cash;
- the Return of Cash is conditional upon Shareholder approval, which will be sought at the General Meeting;
- the latest time and date for receipt of Shareholders' elections will be 1.00 p.m. on 7 July 2014; and
- it is expected that payments will be made in respect of the Income Option and the Capital Option on 29 July 2014.

**Share Capital Consolidation**

Alongside the Return of Cash, the Company proposes a consolidation of its ordinary share capital in order to maintain (subject to normal market fluctuations) the market price for Compass ordinary shares at approximately the same level as prevailed immediately prior to the implementation of the Return of Cash. Accordingly, Shareholders will receive 16 New Ordinary Shares in substitution for every 17 Existing Ordinary Shares held at the Record Time. The effect of this Share Capital Consolidation will be to reduce the number of Compass ordinary shares in issue to reflect the return of 56 pence per Existing Ordinary Share to Shareholders under the Return of Cash. However, Shareholders will own the same proportion of the Company as they did beforehand, subject to fractional entitlements. Any fractional entitlements to New Ordinary Shares resulting from the Share Capital Consolidation will be aggregated and sold in the market, with the net proceeds of sale being distributed pro rata to relevant Shareholders.

A shareholder circular (the "Circular") containing the full terms and conditions of the Return of Cash and the Share Capital Consolidation, a notice convening the General Meeting and instructions to Shareholders on making an election under the Alternatives as to how they wish to receive their proceeds of the Return of Cash, together with a form of election and a form of proxy, will be posted to Shareholders later today. A copy of the Circular will be submitted to the National Storage Mechanism and will shortly be available for inspection at: http://www.hemscott.com/nsm.do.

Copies of the Circular will be available for inspection at the Company's registered office, Compass House, Guildford Street, Chertsey KT16 9BQ, United Kingdom and at the offices of Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London EC4Y 1HS. A copy of the Circular will also be available on the Company's website at www.compass-group.com.

Terms used in this announcement but which are otherwise undefined have the same meanings as set out in the Circular.

This summary should be read in conjunction with the full text of the Announcement, including the cautionary statements therein, and the Circular.

**Capita Asset Services Shareholder Helpline**

**Shareholder Helpline**

If you have any questions about the Return of Cash please call the Shareholder Helpline on 0800 121 7641 (or +44 203 471 2731 if calling from outside of the United Kingdom) between 9.00 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays). Calls to the Shareholder Helpline are free of charge from a BT landline. Costs for calls from mobile telephones and other network providers may vary. Calls to the Shareholder Helpline from outside the United Kingdom will be charged at the applicable international rates. Please note that calls may be recorded and randomly monitored for security and training purposes. For legal reasons, the Shareholder Helpline will be unable to give advice on the merits of the Return of Cash or to provide financial, tax or investment advice.

**Enquiries to:**


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| Clare Hunt / Kate Patrick | Compass Group PLC | +44 1932 573 000 |
| John Deans / Martin Tomaszewski | Rothschild | +44 20 7280 5000 |


## DETAILS OF THE PROPOSED RETURN OF CASH TO SHAREHOLDERS

### Return of Cash

The Return of Cash will involve the Company returning 56 pence per Existing Ordinary Share in the capital of the Company to Shareholders on the register as at 6.00 p.m. on 7 July 2014 (the "Record Time") (the "Return of Cash"), which amounts to approximately £1 billion in aggregate.

The Return of Cash has been structured with the objective of enabling Shareholders, subject to restrictions in respect of US Shareholders and other Shareholders with a registered address in, or who are resident or located in, a Restricted Territory (being any of the United States, Canada, Australia, New Zealand, Japan or the Republic of South Africa) (together, "Restricted Shareholders"), to elect to receive their cash proceeds of 56 pence per Existing Ordinary Share as:

- an income payment (the "Income Option");
- a capital payment (the "Capital Option"); or
- any combination of these (the "Alternatives").

This structure has been chosen to complete the Return of Cash because:

- it treats all Shareholders equally regardless of the size of their existing shareholdings in the Company; and
- it gives all Shareholders, subject to restrictions in respect of US Shareholders and other Restricted Shareholders, a choice as to how they receive their cash.

The Company's dividend reinvestment plan will be suspended in relation to the Return of Cash.

It is important to note that Shareholders who do not make a valid election, and all US Shareholders and other Restricted Shareholders, will be deemed to have elected for the Income Option in respect of ALL of their entitlement to the Return of Cash.

The Return of Cash is conditional upon shareholder approval, which will be sought at a general meeting of the Company to be held at 11.00 a.m. on 11 June 2014 (the "General Meeting").

A shareholder circular (the "Circular") containing the full terms and conditions of the Return of Cash and the Share Capital Consolidation, a notice convening the General Meeting and instructions to Shareholders on making an election as to how they wish to receive their proceeds of the Return of Cash, together with a form of election and a form of proxy, will be posted to Shareholders today. The Circular will also be available on the Company's website at www.compass-group.com. A copy of the Circular will be submitted to the National Storage Mechanism and will shortly be available for inspection at: http://www.hemscott.com/nsm.do.

**Share Capital Consolidation**

As mentioned above, the Return of Cash is intended to result in the payment to Shareholders of approximately £1 billion in cash by the Company. It is anticipated that, as a result of the decrease in market value of the Company due to the Return of Cash, there would, without a consolidation of the Company's ordinary share capital, be a corresponding decrease in the market price of the ordinary shares in the Company.

Accordingly, in order to maintain (subject to normal market fluctuations) the market price for ordinary shares at approximately the same level as prevailed immediately prior to the implementation of the Return of Cash, a consolidation of the Company's ordinary share capital is also proposed. As a result of the Share Capital Consolidation, Shareholders will hold 16 New Ordinary Shares (the "New Ordinary Shares") in substitution for every 17 Existing Ordinary Shares held at the Record Time (the "Share Capital Consolidation").

**THE RETURN OF CASH ALTERNATIVES**

Each Shareholder (with the exception of US Shareholders and other Restricted Shareholders) will be able to choose between the Alternatives described below as to how they receive their cash proceeds under the Return of Cash. This is intended to give Shareholders the flexibility to receive their cash proceeds as income, capital or any combination of these.

Each Alternative is expected to return 56 pence of cash per Existing Ordinary Share.

For legal and accounting reasons each of the Alternatives involves the Company issuing Shareholders with new shares depending on their election (so called "B Shares" and "C Shares"). These new shares will exist for the specific purpose of the Return of Cash, after which they will have no value for Shareholders and will, in effect, be extinguished.

Shareholders who do not make a valid election, and all US Shareholders and other Restricted Shareholders, will be deemed to have elected for the Income Option in respect of ALL of their entitlement to the Return of Cash.

The following is a summary of the Alternatives. Shareholders should read the Circular in full to ensure that they understand the Alternatives, their entitlement in respect of the Return of Cash and the action they need to take.

<u>Alternative 1 - Income Option (C Share)</u>
For shares validly elected (or deemed elected) for the Income Option, a Shareholder will receive a dividend of 56 pence for each Existing Ordinary Share held at the Record Time.

It is expected that the dividend of 56 pence per Existing Ordinary Share will become payable by 15 July 2014 and the proceeds will be sent to relevant Shareholders on 29 July 2014.

Alternative 2 - Capital Option (B Share)

For shares validly elected for the Capital Option, a Shareholder will receive a capital payment of 56 pence for each Existing Ordinary Share held at the Record Time.

It is expected that the capital payment of 56 pence per Existing Ordinary Share will become payable by 15 July 2014 and the proceeds will be sent to relevant Shareholders on 29 July 2014.

The Capital Option is limited for technical legal and accounting reasons. In the unlikely event that the limit is exceeded, all elections under the Capital Option will be scaled back on a pro rata basis, and the Company will issue C Shares proportionately amongst such elections. Any C Shares issued to satisfy valid elections for the Capital Option will not have the C Share Dividend paid on them (as they would under the Income Option). Instead it is expected that Barclays Bank PLC ("Barclays"), acting as principal (and not as fiduciary, agent, nominee or trustee) will purchase such C Shares under the Purchase Offer by 15 July 2014 for 56 pence per C Share, free of all dealing expenses and commissions, and the proceeds will be sent to relevant Shareholders on 29 July 2014.

The two Alternatives summarised above are explained in further detail in Part IV of the Circular. Shareholders should read the Circular in full.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

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| Latest time and date for receipt of Forms of Proxy and CREST proxy instructions for the General Meeting | 11.00 a.m. on Monday 9 June 2014 |
| General Meeting | 11.00 a.m. on Wednesday 11 June 2014 |
| Expected date by which the dividend reinvestment plan will operate in the Existing Ordinary Shares by reference to the Interim Dividend payable on 26 June 2014. | 11.00 am on Thursday 26 June 2014. |
| Election Deadline: latest time and date for receipt of Forms of Election or TTE Instructions from CREST holders in relation to the Alternatives. | 1.00 p.m. on Monday 7 July 2014 |
| Latest time and date for dealings in Existing Ordinary Shares | 4.30 p.m. on Monday 7 July 2014 |
| Cancellation of trading in Existing Ordinary Shares | 4.30 p.m. on Monday 7 July 2014 |
| Record Time for entitlement to B Shares and/or C Shares and for the Share Capital Consolidation. Share register of Existing Ordinary Shares closed and Existing Ordinary Shares disabled in | 6.00 p.m. on Monday 7 July 2014 |

CREST.

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| Admission of New Ordinary Shares to the Official List and to trading on the London Stock Exchange's main market for listed securities. Dealings commence in New Ordinary Shares | By or as soon as practicable after 8.00 a.m. on Tuesday 8 July 2014 |
| CREST accounts credited with New Ordinary Shares | By or as soon as practicable after 8.00 a.m. on Tuesday 8 July 2014 |
| B Shares issued pursuant to the Capital Option and C Shares issued pursuant to the Income Option and (if applicable) the scaling-back arrangements of the Capital Option. | By or as soon as practicable after 8.00 a.m. on Tuesday 8 July 2014 |
| C Share Dividend becomes payable on C Shares issued pursuant to the Income Option and those C Shares automatically reclassify as Deferred Shares. | By Tuesday 15 July 2014 |
| Redemption of B Shares under the Capital Option | By Tuesday 15 July 2014 |
| If applicable, as a result of the scaling-back arrangements of the Capital Option, Barclays makes the Purchase Offer for C Shares issued pursuant to the Capital Option by means of an announcement by the Company through a Regulatory Information Service. | By Tuesday 15 July 2014 |
| Despatch of cheques or payment by BACS to mandated sterling bank accounts in respect of proceeds under the Income Option | On Tuesday 29 July 2014 |
| Despatch of cheques or, if held in CREST, CREST accounts credited in respect of proceeds under the Capital Option | On Tuesday 29 July 2014 |
| Despatch of share certificates in respect of New Ordinary Shares and, if applicable, despatch of cheques and CREST accounts credited in respect of fractional entitlements | On Tuesday 29 July 2014 |

**Notes:**

All time references above are to London, UK time.

These dates are given on the basis of the Board's current expectations and are subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory Information Service and will be available on www.compass-group.com.

All events in the timetable following the General Meeting are conditional upon approval of each of the Resolutions 1 and 2 in the General Meeting. All events in the timetable from Admission of the New Ordinary Shares are also conditional upon Admission occurring.

## TAX

A guide to certain UK tax consequences of the Return of Cash under current UK law and HM Revenue & Customs' practice and a summary of certain United States federal income tax consequences of the Income Option for Shareholders under current United States federal income tax law are set out in Part VI of the Circular.

Shareholders who are subject to tax in a jurisdiction other than the UK or the United States, or who are in any doubt as to the potential tax consequences of the Return of Cash, should consult an appropriate professional adviser.

## RECOMMENDATION TO SHAREHOLDERS

The Board has received financial advice from N M Rothschild & Sons Limited ("Rothschild") in relation to the Return of Cash and the Share Capital Consolidation. In providing their financial advice to the Board, Rothschild has taken into account the Board's commercial assessment of the Return of Cash and the Share Capital Consolidation.

The Board consider the Return of Cash and the Share Capital Consolidation to be in the best interests of the Company and its Shareholders taken as a whole. Accordingly, the Board unanimously recommends Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting. The Directors intend to vote in favour of the Resolutions at the General Meeting in respect of their own individual beneficial holdings over which they have voting control in their personal capacity amounting to, in aggregate, 2,838,295 Existing Ordinary Shares, representing approximately 0.159% of the total issued share capital of the Company (excluding treasury shares) as at 15 May 2014 (being the last practicable date prior to publication of the Circular).

### Capita Asset Services Shareholder Helpline

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### Cautionary Statements

The release, publication or distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by law and, therefore, any persons who are subject to the laws of any jurisdiction other than the United Kingdom into which this announcement is released, published or distributed should inform themselves about, and observe, any applicable restrictions or requirements. This announcement has been

prepared for the purposes of complying with English law and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside of England.

Rothschild is acting as financial adviser to the Company and Barclays is acting as corporate broker for the Company in relation to the Return of Cash. Rothschild and Barclays are each authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Each of Rothschild and Barclays are acting exclusively for the Company and for no one else in connection with the matters described in this announcement and are not advising or acting for and are not, and will not be, responsible to anyone other than the Company for providing the protections afforded to clients of Rothschild or Barclays, or for providing advice in connection with the matters referred to or contained in this announcement.

Apart from the responsibilities and liabilities, if any, which may be imposed on Rothschild by FSMA or the regulatory regime established thereunder or otherwise by any laws or regulations Rothschild does not accept any responsibility or liability whatsoever for the contents of this announcement and no representation, express or implied, is made by Rothschild in relation to the contents of this announcement, including its accuracy, completeness or verification or for any other statement made or purported to be made by Rothschild, or on behalf of Rothschild, in connection with the Company or the matters described in this announcement. To the fullest extent possible Rothschild accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) which Rothschild might otherwise have in respect of this announcement or any such statement.

This announcement has been issued by, and is the sole responsibility of, the Company.

Application will be made to the UK Listing Authority and the London Stock Exchange, respectively, for the New Ordinary Shares resulting from the proposed Share Capital Consolidation to be admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities in place of the Existing Ordinary Shares. It is expected that dealings in the Existing Ordinary Shares will continue until 4.30 p.m. on 7 July 2014 and that Admission of the New Ordinary Shares will become effective and dealings in them will commence on the London Stock Exchange by or as soon as practicable after 8.00 a.m. on 8 July 2014.

No application will be made to the UK Listing Authority or to the London Stock Exchange, respectively, for any of the B Shares, C Shares or Deferred Shares to be admitted to the Official List or to trading on the London Stock Exchange's main market for listed securities, nor will the B Shares, C Shares or Deferred Shares be listed or admitted to trading on any other recognised investment exchange.

None of the B Shares, C Shares, Deferred Shares or the New Ordinary Shares have been or will be registered under the US Securities Act of 1933 (as amended) (the "US Securities Act") or the state securities laws of the United States and none of them may be offered or sold in the United States unless pursuant to a transaction that has been registered under the US Securities Act and the relevant state securities laws or a transaction that is not subject to the registration requirements of the US Securities Act and the state securities laws, either due to an exemption therefrom or otherwise.

None of the B Shares, C Shares, Deferred Shares, New Ordinary Shares or this announcement has been approved, disapproved or otherwise recommended by any US federal or state securities commission or other regulatory authority or any non-US securities commission or regulatory authority nor have such authorities passed upon or endorsed the merits of the proposed Return of Cash or confirmed the accuracy or determined the adequacy of this announcement. Any representation to the contrary is a criminal offence in the United States.

This announcement includes (or may include) statements that are, or may be deemed to be, "forward looking statements". These forward looking statements can be identified by the use of forward looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include, but are not limited to, statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial position, prospects, growth, strategies and the industry in which it operates. By their nature, forward looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward looking statements are not guarantees of future performance and the actual results of the Group's operations and financial position, and the development of the markets and the industry in which the Group operates, may differ materially from those described in, or suggested by, the forward looking statements contained in this announcement. In addition, even if the results of operations, financial position and the development of the markets and the industry in which the Group operates are consistent with the forward looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward looking statements including, without limitation, general economic and business conditions, industry trends, competition, changes in regulation, currency fluctuations, changes in its business strategy, political and economic uncertainty and other factors. Statements contained in this announcement regarding past trends or activities should not be taken as a representation that such trends or activities will continue.

Forward looking statements may, and often do, differ materially from actual results. Any forward looking statements in this announcement speak only as of their respective dates, reflect the Group's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's operations, results of operations and growth strategy. You should specifically consider the factors identified in this announcement which could cause actual results to differ before making any decision in relation to the Return of Cash. Subject to the requirements of the Financial Conduct Authority, the London Stock Exchange, the Listing Rules and the Disclosure and Transparency Rules (and/or any regulatory requirements) or applicable law, the Group explicitly disclaims any obligation or undertaking publicly to release the result of any revisions to any forward looking statements in this announcement that may occur due to any change in the Group's expectations or to reflect events or circumstances after the date of this announcement.

This announcement does not constitute an invitation to participate in the Return of Cash.

**Notes to Editors**

Compass Group PLC is a world leading food and support services company, which generated annual revenues of £17.6 billion in the year to 30 September 2013. It operates in around 50 countries, employs over 500,000 people and serves over 4 billion meals every year. The Company specialises in providing food and a range of support services across the core sectors of Business & Industry, Healthcare & Seniors, Education, Defence, Offshore & Remote, Sports & Leisure and Vending with an established brand portfolio.

Ends