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### **Heineken N.V. and Carlsberg A/S approach to Scottish & Newcastle plc**

Amsterdam, 25 October 2007 – Heineken and Carlsberg (the “Consortium”) note the public announcement made by S&N today in response to the Consortium’s approach to the board of S&N.

The Consortium confirms that earlier today it submitted to the Chairman of S&N a written proposal and requested a meeting to further discuss a possible offer. The letter referred to the exclusive agreement between Carlsberg and Heineken as well as setting out the terms upon which it would be prepared to proceed with a cash offer at a price of 720 pence per share for the entire issued and to be issued ordinary share capital of S&N (the “Proposal”).

The price of 720 pence per share set out in the Proposal represents a compelling proposition for S&N shareholders:

- a multiple of 13.2x S&N’s EV/EBITDA for the year ended 31 December 2006;
- a premium of 36% to the share price of 531 pence on 28 March 2007 (being the date immediately before speculation first arose around a possible offer for S&N); and
- a value which is significantly in excess of the standalone independent value of S&N.

Under the Proposal, the making of any offer would be subject to certain pre-conditions, all of which are waivable at the discretion of the Consortium, and all of which the Consortium believes to be customary. These pre-conditions include satisfactory completion of limited confirmatory due diligence, recommendation of the S&N board and assurance from the trustees of S&N’s UK pension schemes regarding the level of contributions that Heineken would be expected to make going forwards.

It has always been the strong preference of Carlsberg and Heineken to approach the board of S&N in private to explain the Proposal in detail in order to secure due diligence access and negotiate a transaction on a recommended basis. Due to the increase in S&N’s share price on Wednesday 17 October, the Consortium was obliged under the rules of the City Code on Takeovers and Mergers (the “Code”) to publicly confirm its interest in pursuing an offer for S&N. Nevertheless, the Consortium wishes to confirm its desire to pursue a transaction on a recommended basis.

The board of S&N has rejected the Proposal, has not granted the Consortium its request for limited due diligence and refused to enter into discussions. The Consortium strongly believes that its Proposal is strategically compelling and that a recommended transaction is in the best interests of S&N’s shareholders.

**Structure and financing**

The Proposal contemplates the formation of a newly incorporated company (“BidCo”) to act as the offeror. BidCo will be jointly managed by Carlsberg and Heineken as a 50/50 venture throughout the offer period with the economic contributions by Carlsberg and Heineken being approximately 54% and 46% respectively.

The Consortium intends that, following closing of any offer, 50% of BBH, the French and Greek operations as well as the participation in the Chinese business will be transferred to Carlsberg. Heineken would hold the remaining businesses, principally the UK & Irish, Portuguese, Finnish, Belgian and US operations as well as the participation in the Indian business.

The Consortium has undertaken a detailed analysis of potential anti-trust issues in all jurisdictions where S&N operates. Whilst the Consortium will co-operate fully with all necessary regulatory processes, based on public information the Consortium is confident that the proposed transaction structure will avoid any substantive issues.

Carlsberg and Heineken have secured separate committed financing arrangements for the provision to BidCo of the necessary financing to effect the offer.

Carlsberg has secured committed new debt facilities underwritten by Lehman Commercial Paper Inc. – UK Branch, BNP Paribas, Danske Bank A/S and Nordea Bank AB (publ) to fund its contribution to BidCo. Approximately DKK31 billion of the new debt facilities comprise an equity bridge loan to a rights issue. The funding has been structured to ensure Carlsberg’s debt facilities remain investment grade.

Heineken’s financing will be provided through a committed new facility, which is being provided by Credit Suisse, as well as existing loan facilities.

**Other**

This announcement does not constitute an announcement of a firm intention to make an offer under Rule 2.5 of the Code. There can be no certainty that any offer will be made even if the pre-conditions referred to above are satisfied or waived.

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### Sources and bases:

- Closing prices and exchange rates are sourced from Factset
- S&N's 2006 EV/EBITDA multiple is based on an enterprise value calculated as:
  - a. the equity value based on an offer price of 720 pence per share and fully diluted share capital of 974.2 million comprising 946.2 million shares in issue as stated in S&N's rule 2.10 announcement released on 18 October 2007 and 28m options as at 31 December 2006 sourced from S&N's 2006 annual report; plus
  - b. the sum of (i) S&N's financial net debt as at 31 December 2006 of £1,912 million sourced from S&N's 2006 annual report, (ii) £221 million being 50% of BBH net debt as at 31 December 2006, sourced from S&N's 2006 preliminary results presentation and converted into sterling at the euro sterling exchange rate of 0.6738 as at 31 December 2006 sourced from Factset, (iii) net pension deficit of £280 million sourced from S&N's 2006 annual report, (iv) less £73 million being the proceeds from options and cash proceeds from shares held in trusts as per S&N's 2006 annual report, and (v) book value of minority interests in joint ventures of £77 million and book value of minority interests in associates of £1 million sourced from S&N's 2006 annual report.
- S&N's 2006 EBITDA of £715 million is sourced from S&N's 2006 annual report

Lehman Brothers Europe Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively as financial adviser and corporate

broker to the Consortium and Carlsberg and no one else in connection with the possible offer referred to in this announcement and will not be responsible to anyone other than the Consortium and Carlsberg for providing the protections afforded to clients of Lehman Brothers Europe Limited nor for providing advice in relation to this announcement or any matter referred to herein.

Credit Suisse, which is authorised and regulated by the Financial Services Authority, is acting exclusively for the Consortium and Heineken and no one else in connection with the possible offer and will not be responsible to anyone other than the Consortium and Heineken for providing the protections afforded to clients of Credit Suisse nor for providing advice in relation to this announcement or any matter referred to herein.

### **Dealing Disclosure Requirements**

Under the provisions of Rule 8.3 of the Takeover Code (the “Code”), if any person is, or becomes, “interested” (directly or indirectly) in 1% or more of any class of “relevant securities” of S&N, all “dealings” in any “relevant securities” of that company (including by means of an option in respect of, or a derivative referenced to, any such “relevant securities”) must be publicly disclosed by no later than 3.30 pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the “offer period” otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an “interest” in “relevant securities” of S&N, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Code, all “dealings” in “relevant securities” of S&N by Carlsberg or Heineken or S&N, or by any of their respective “associates”, must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose “relevant securities” “dealings” should be disclosed, and the number of such securities in issue, can be found on the Takeover Panel’s website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk).

“Interests in securities” arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an “interest” by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Code, which can also be found on the Panel’s website. If you are in any doubt as to whether or not you are required to disclose a “dealing” under Rule 8, you should consult the Panel.

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