

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** This document contains a proposal which, if implemented, will result in the cancellation of the listing of Vectura Shares on the Official List and of admission to trading of Vectura Shares on the London Stock Exchange's Main Market for listed securities. If you are in any doubt about the Offer, the contents of this document or what action you should take, you should consult your stockbroker, solicitor, accountant or other independent financial adviser who is duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, an appropriately authorised independent adviser.

If you have sold or otherwise transferred all your Vectura Shares, please forward this document together with the reply-paid envelope (for use within the UK only), but not the personalised Form of Acceptance, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents must not be forwarded, transmitted or distributed in or into any Restricted Jurisdiction or in or into any other jurisdiction where to do so would constitute a violation of the relevant laws in that jurisdiction. If you have sold or otherwise transferred only part of your Vectura Shares you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected. If you have recently purchased or otherwise acquired Vectura Shares in certificated form, notwithstanding receipt of this document and any accompanying documents from the transferor, you should contact Computershare to obtain a personalised Form of Acceptance.

**This document should be read in conjunction with the accompanying Form of Acceptance, if you hold Vectura Shares in certificated form. If you are a CREST sponsored member, you should refer to your CREST sponsor before completing the accompanying Form of Acceptance.**

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## **Recommended Cash Offer**

of

**165 pence per Vectura Share**

for

**Vectura Group plc**

by

**PMI Global Services Inc.**

**a wholly owned direct subsidiary of Philip Morris International Inc.**

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**Vectura Shareholders should read carefully the whole of this document, any information incorporated by reference into this document and the accompanying Form of Acceptance. Your attention is drawn to the letter from the chair of Vectura containing the unanimous recommendation of the Vectura Directors to accept the Offer, which is set out in Part 1B of this document.**

**The procedure for acceptance of the Offer is set out in paragraph 13 of Part 1A of this document and, in respect of certificated Vectura Shares, in the accompanying Form of Acceptance. Accepting shareholders should note that they will be able to withdraw their acceptance of the Offer at any time prior to the Offer becoming or being declared unconditional.**

To accept the Offer in respect of certificated Vectura Shares, the Form of Acceptance should be completed, signed and returned as soon as possible, and in any event so as to be received by Computershare, no later than 1.00 pm (London time) on 15 September 2021. Acceptances in respect of uncertificated Vectura Shares should be made electronically through CREST so that the TTE instruction settles as soon as possible, and in any event by no later than 1.00 pm on 15 September 2021. If you are a CREST sponsored member, you should refer to your CREST sponsor as only your CREST sponsor will be able to send the necessary TTE instruction to Euroclear.

Capitalised words and phrases used in this document shall have the meaning given to them in Part 8.

**PMI intends to acquire Vectura Shares in the market from eligible shareholders outside the United States at up to and including 165 pence in cash for each Vectura Share.**

**Eligible Vectura shareholders who are institutional investors outside the United States interested in selling their Vectura Shares to PMI should contact BofA Merrill Lynch Corporate Broking at [dg.corporate\\_broking\\_trading@bofa.com](mailto:dg.corporate_broking_trading@bofa.com). Retail investors should contact their broker.**

**Due to regulatory requirements, PMI is unable to purchase Vectura Shares in the market (i.e., other than pursuant to the Offer) from shareholders incorporated or located in the United States, or where the Vectura Shares would be sold from the United States. Any purchases will be made to the extent permitted by, and in compliance with, the exemptive relief granted by the SEC from Rule 14e-5 under the U.S. Exchange Act and in compliance with the City Code.**

### **Important Notices**

BofA Securities, a subsidiary of Bank of America Corporation, which is authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA in the United Kingdom, is acting exclusively for PMI in connection with the matters set out in this document and for no one else and will not be responsible to anyone other than PMI for providing the protections afforded to its clients or for providing advice in relation to the subject matter of this document or any other matters referred to in this document.

J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove (“**J.P. Morgan Cazenove**”), is authorised in the United Kingdom by the PRA and regulated in the United Kingdom by the PRA and the FCA. J.P. Morgan Cazenove is acting as financial adviser and corporate broker exclusively for Vectura and no one else in connection with the Offer and will not regard any other person as its client in relation to the Offer and will not be responsible to anyone other than Vectura for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, nor for providing advice in relation to the Offer or any matter referred to herein.

Rothschild & Co, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for Vectura and for no one else in connection with the subject matter of this document and will not be responsible to anyone other than Vectura for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this document.

Numis, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for Vectura and no one else in connection with the matters set out in this document and will not regard any other person as its client in relation to the matters in this document and will not be responsible to anyone other than Vectura for providing the protections afforded to clients of Numis, nor for providing advice in relation to any matter referred to herein.

#### **Overseas shareholders**

The release, publication or distribution of this document in or into certain jurisdictions other than the United Kingdom may be restricted by law. Persons who are not resident in the United Kingdom or who are subject to other jurisdictions should inform themselves of, and observe, any applicable requirements.

Unless otherwise determined by PMI Bidder or required by the Takeover Code, and permitted by applicable law and regulation, the Offer shall not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Offer by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this document and all documents relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this document and all documents relating to the Offer (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions where to do so would violate the laws in that jurisdiction.

The availability of the Offer to Vectura Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.

The Offer is subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the FCA.

#### **Notice to US investors**

The Offer is being made for securities of a UK company and Vectura Shareholders in the United States should be aware that this document and any other documents relating to the Offer have been or will be prepared in accordance with the Takeover Code and UK disclosure requirements, format and style, all of which differ from those in the United States. Vectura’s financial statements, and all financial information that is included in this document, or any other documents relating to the Offer, have been or will be prepared in accordance with IFRS and may not be comparable to financial statements of companies in the United States or other companies whose financial statements are prepared in accordance with US generally accepted accounting principles.

The Offer is being made in the United States pursuant to applicable US tender offer rules and securities laws, including any applicable exemptions under the US Securities Exchange Act of 1934 (the “**US Exchange Act**”), and otherwise in accordance with the requirements of English law, the Takeover Code, the Panel, the London Stock Exchange and the FCA. The Offer will be made in the United States by PMI Bidder and no one else. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, settlement procedures and timing of payments that are different from those applicable under United States domestic tender offer procedures and laws. US investors should closely read paragraph 13 of Part 1A of this document for further details. In particular, US investors should note that once the Offer is declared unconditional in all respects, PMI Bidder will accept all Vectura Shares that have by that time been validly tendered in acceptance of the Offer and will, in accordance with the Takeover Code, pay for all such accepted Vectura Shares within 14 calendar days of such date, rather than the three trading days that US investors may be accustomed to in US domestic tender offers. Similarly, if the Offer is terminated or withdrawn, all documents of title will be returned to shareholders within 14 calendar days of such termination or withdrawal. Notwithstanding the foregoing, PMI Bidder will, to the extent practicable, pay for or return tendered Vectura Shares within seven to ten calendar days from the relevant date.

Neither the SEC nor any US state securities commission has approved or disapproved the Offer or passed upon the adequacy or completeness of this document. It may be difficult for US holder of Vectura securities to enforce their rights under any claim arising out of the US federal securities laws, since Vectura is located outside of the United States, and some or all of its officers and directors may be resident outside the United States.

In accordance with the normal UK practice, PMI Bidder or another member of the PMI Group or their respective nominees, or their brokers (acting as agents), may, from time to time, make certain purchases of, or arrangements to purchase Vectura Shares outside of the United States, other than pursuant to the Offer, until the date on which the Offer becomes effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed, as required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com).

To the extent that such information is required to be publicly disclosed in the UK in accordance with applicable regulatory requirements, this information will as applicable also be publicly disclosed in the United States.

In accordance with, and to the extent permitted by, the Takeover Code, normal UK market practice and Rule 14e-5 under the US Exchange Act, BofA Securities and their affiliates may continue to act as exempt principal traders in Vectura Shares on the London Stock Exchange and will engage in certain other purchasing activities consistent with their respective normal and usual practice and applicable law, including Rule 14e-5 under the US Exchange Act. To the extent required to be disclosed in accordance with applicable regulatory requirements, information about any such purchases will be disclosed on a next day basis to the Panel and will be available from any Regulatory Information Service, including the Regulatory News Service on the London Stock Exchange website [www.londonstockexchange.com](http://www.londonstockexchange.com). To the extent that such information is required to be publicly disclosed in the UK in accordance with applicable regulatory requirements, this information will as applicable also be publicly disclosed in the United States.

### **Forward looking statements**

This document (including information incorporated by reference in this document), oral statements made regarding the Offer, and other information published by Vectura, any member of the Vectura Group, PMI Bidder or any member of the PMI Group contain statements which are, or may be deemed to be, “forward looking statements”. Such forward looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and on numerous assumptions regarding the business strategies and the environment in which PMI Bidder or any member of the PMI Group, or Vectura or any member of the Vectura Group shall operate in the future and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

The forward-looking statements contained in this document relate to Vectura, any member of the Vectura Group, PMI Bidder or any member of the PMI Group’s future prospects, developments and business strategies, the expected timing and scope of the Offer and other statements other than historical facts. In some cases, these forward looking statements can be identified by the use of forward looking terminology, including the terms “believes”, “estimates”, “will look to”, “would look to”, “plans”, “prepares”, “anticipates”, “expects”, “is expected to”, “is subject to”, “budget”, “scheduled”, “forecasts”, “synergy”, “strategy”, “goal”, “cost-saving”, “projects” “intends”, “may”, “will”, “shall” or “should” or their negatives or other variations or comparable terminology. Forward-looking statements may include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of PMI Bidder’s, any member of the PMI Group or Vectura’s, or any member of the Vectura Group’s operations and potential synergies resulting from the Offer; and (iii) the effects of global economic conditions and governmental regulation on PMI Bidder’s, any member of the PMI Group or Vectura’s, or any member of the Vectura Group’s respective businesses.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. These events and circumstances include changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates, future business combinations or disposals, and any epidemic, pandemic or disease outbreak. If any one or more of these risks or uncertainties materialises or if any one or more of the assumptions prove incorrect, actual results may differ materially from those expected, estimated or projected. Such forward looking statements should therefore be construed in the light of such factors.

Neither Vectura, any member of the Vectura Group, PMI Bidder or any member of the PMI Group, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document shall actually occur. Given these risks and uncertainties, potential investors should not place any reliance on forward looking statements.

Specifically, statements of estimated cost savings and synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Due to the scale of the Vectura Group, there may be additional changes to the Vectura Group’s operations. As a result, and given the fact that the changes relate to the future, the resulting cost synergies may be materially greater or less than those estimated.

The forward-looking statements speak only at the date of this document. All subsequent oral or written forward-looking statements attributable to any member of the PMI Group or Vectura Group, or any of their respective associates, directors, officers, employees or advisers, are expressly qualified in their entirety by the cautionary statement above.

Vectura, the Vectura Group, the PMI Group and PMI Bidder expressly disclaim any obligation to update such statements other than as required by law or by the rules of any competent regulatory authority, whether as a result of new information, future events or otherwise.

### **No profit forecast or estimates**

Other than the Vectura 2021 flutiform® Gross Profit Forecast, no statement in this document is intended as a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that earnings or earnings per share for PMI or Vectura, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for PMI or Vectura, as appropriate.

The Vectura 2021 flutiform® Gross Profit Forecast is a profit forecast for the purposes of Rule 28 of the Takeover Code. As required by Rule 28.1 of the Takeover Code, the assumptions on which the Vectura 2021 flutiform® Gross Profit Forecast is stated are set out in Part 7 of this document.

### **Dealing disclosure requirements of the Takeover Code**

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1 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) applies must be made by no later than 3.30 pm (London time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (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 1 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. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (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.

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 Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://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 website and availability of hard copies**

This document, together with those documents listed in paragraph 15 of Part 5 of this document are available on PMI's website at [www.PMI.com](http://www.PMI.com) and Vectura's website at [www.vectura.com](http://www.vectura.com).

You may request a hard copy of this document (and any information incorporated into it by reference to another source) by contacting Computershare at Corporate Actions 2, Bristol, BS99 6AG or between 8.30 am and 5.30 pm Monday to Friday (excluding UK public holidays) on (0) 370 707 1387 from within the UK (or on +44 (0) 370 707 1387 if calling from outside the UK) with an address to which the hard copy may be sent. Calls may be recorded and randomly monitored for security and training purposes. You may also request that all future documents, announcements and information to be sent to you in relation to the Offer should be in hard copy form.

If you have previously notified Computershare that you wish to receive all documents in electronic format, a hard copy of this document (and any information incorporated into it by reference to another source) will not be sent to you unless a hard copy is requested in accordance with the procedure set out above.

### **Rounding**

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for the same category in presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

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## **ACTION TO BE TAKEN**

### **TO ACCEPT THE OFFER:**

#### **If your Vectura Shares are held in certificated form (that is, not through CREST), you should:**

1. complete the Form of Acceptance in accordance with the instructions printed on it and as set out in paragraph 13 of the letter from the chief executive officer of PMI at Part 1A and in Section D of Part 2; and
2. return the completed Form of Acceptance (along with the relevant share certificate(s) and/or other appropriate documents of title) using the enclosed reply-paid envelope (for use within the UK only) as soon as possible and, in any event, so as to be received by 1.00 pm on 15 September 2021.

#### **If your Vectura Shares are held in uncertificated form (that is, through CREST), you should:**

1. follow the procedures set out in paragraph 13 of the letter from the chief executive officer of PMI at Part 1A and in Section E of Part 2; and
2. ensure that your TTE instruction(s) settles no later than 1.00 pm on 15 September 2021.

### **YOU SHOULD ACCEPT THE OFFER BY NO LATER THAN 1.00 PM ON 15 SEPTEMBER 2021.**

If you have any queries, please call Computershare, the receiving agent in respect of the Offer, between 8.30 am and 5.30 pm Monday to Friday (excluding UK public holidays) on (0) 370 707 1387 from within the UK (or on +44 (0) 370 707 1387 if calling from outside the UK).

Calls to Computershare from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that Computershare cannot provide advice on the merits of the Offer or give any financial, legal or tax advice.

**YOUR ATTENTION IS DRAWN TO THE LETTER FROM THE CHIEF EXECUTIVE OFFICER OF PMI IN PART 1A OF THIS DOCUMENT. YOU ARE ADVISED TO READ THE WHOLE OF THIS DOCUMENT CAREFULLY. IN ADDITION, THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING FORM OF ACCEPTANCE (IF YOU HOLD VECTURA SHARES IN CERTIFICATED FORM).**

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All references in this document to times are to times in London (unless otherwise stated).

<i>Event</i>	<i>Expected time/date</i> <sup>(1)</sup>
Publication of this document and the Form of Acceptance	16 August 2021
First Closing Date <sup>(2)</sup>	1.00 pm 15 September 2021
Latest date and time by which the Offer may be declared or become unconditional as to acceptances (i.e. “ <b>Day 60</b> ”) <sup>(3)</sup>	1.00 pm on 15 October 2021
Latest date on which the Offer may become or be declared unconditional in all respects (unless extended) (i.e. “ <b>Day 81</b> ”) <sup>(4)</sup>	5 November 2021
Settlement of consideration to Vectura Shareholders who accept the Offer prior to the Offer becoming or being declared unconditional in all respects	No later than 14 calendar days after the Offer becoming or being declared unconditional in all respects

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(1) The dates and times given are indicative only and are based on current expectations and may be subject to change (including as a result of changes to the timetable for fulfilment of merger clearance approvals or as otherwise may be agreed with the Panel). If any of the times and/or dates above change, the revised times and/or dates will be announced via a Regulatory Information Service.

(2) The Offer is initially open for acceptance until 1.00 pm (London time) on 15 September 2021. PMI Bidder reserves the right (but shall not be obliged, other than as may be required by the Takeover Code) at any time or from time to time to extend the Offer after such time.

(3) If the Offer becomes or is declared unconditional as to acceptances, PMI Bidder will keep the Offer open for acceptances for at least 14 days following such date. Under Rule 31.6 of the Takeover Code, except with the consent of the Panel, the Offer may not become or be declared unconditional as to acceptances after midnight on the 60th day after the publication of this document.

(4) Except with the consent of the Panel, all Conditions must be fulfilled (or waived (if so permitted)) or the Offer must lapse within 21 days of the “First Closing Date”, or the date the Offer becomes or is declared unconditional as to acceptances, whichever is the later.

**PART 1A: LETTER FROM THE CHIEF EXECUTIVE OFFICER OF PHILIP MORRIS INTERNATIONAL INC.**

**on behalf of**

**PMI Global Services Inc.**

*(incorporated in Delaware)*

*Directors:*

Deepak Mishra (*Director*)  
Collette Richards (*Director*)  
Facundo Gonzalez Lobo (*Director*)

*Registered office:*

120 Park Avenue  
New York  
10017, New York, United States

16 August 2021

*To all Vectura Shareholders (and, for information only, to participants in the Vectura Share Plans and persons with information rights)*

Dear Vectura Shareholder,

**Recommended cash offer for all of the issued and to be issued share capital of Vectura by PMI Global Services Inc.**

**1. Introduction**

On 9 July 2021, the boards of PMI, PMI Bidder and Vectura made the Original Announcement that they had reached agreement on the terms of a recommended cash acquisition by PMI Bidder, a wholly-owned direct subsidiary of PMI, of the entire issued and to be issued ordinary share capital of Vectura for 150 pence for each Vectura Share, to be implemented by a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act 2006. On 26 July 2021, the Scheme Document was published.

On 6 August 2021, Murano, a newly formed company indirectly controlled by funds managed by Carlyle Europe Partners V, announced it had agreed the terms of an increased recommended cash offer for Vectura at a price of 155 pence per Vectura Share.

On 8 August 2021, PMI and PMI Bidder announced an increased offer for Vectura at a price of 165 pence per Vectura Share.

On 9 August 2021, the Takeover Panel announced a competitive situation for the purposes of Rule 32.5 of the Takeover Code existed in respect of Vectura, PMI Bidder and Murano, and accordingly established the Auction procedure to be followed from 5.00 pm on Tuesday 10 August 2021.

On 9 August 2021, PMI and PMI Bidder announced that they were of the view that the proposed acquisition by PMI was in the best interests of Vectura Shareholders and therefore, in order to increase the certainty of its execution, PMI and PMI Bidder had determined, with the consent of the Panel, to implement the acquisition by way of the Offer rather than a Scheme.

On 10 August 2021, Murano announced that its offer for Vectura at 155 pence per Vectura Share announced on 6 August 2021 was their final offer (being the Final Carlyle Offer). Under the Auction rules, PMI Bidder had until 5.00 pm on Thursday 12 August 2021 to increase its offer of 165 pence per Vectura Share announced on 8 August 2021.

On 12 August 2021 (and as PMI Bidder did not make an announcement prior to 5.00pm on 12 August 2021, the Offer was deemed to be PMI Bidder's final offer for Vectura), the Vectura Directors announced their intention to recommend the Offer. Further, the Vectura Directors announced that they did not intend to reconvene the shareholder meetings required in relation to the approval and implementation of the Final Carlyle Offer.

Under the terms of the Offer, which is subject to the Conditions and further terms set out in Part 2 of this document and, in respect of Vectura Shares held in certificated form, the Form of Acceptance, Vectura Shareholders will be entitled to receive:

## 2. The Offer

Under the terms of the Offer, Vectura Shareholders will be entitled to receive:

**for each Vectura Share: 165 pence in cash**

The Offer values the entire issued and to be issued share capital of Vectura at approximately £1.02 billion and represents a premium of approximately:

- 10 pence per share to the price of 155 pence per Vectura Share that Vectura Shareholders would be entitled to receive under the Final Carlyle Offer;
- 71 per cent. to the volume weighted average Ex-Dividend Closing Price of 97 pence per Vectura Share for the 3 months ended 25 May 2021 (being the last Business Day prior to the commencement of the Offer Period);
- 69 per cent. to the volume weighted average Ex-Dividend Closing Price of 98 pence per Vectura Share for the 1 month ended 25 May 2021 (being the last Business Day prior to the commencement of the Offer Period); and
- 60 per cent. to the Ex-Dividend Closing Price per Vectura Share of 103 pence per Vectura Share on 25 May 2021 (being the last Business Day prior to the commencement of the Offer Period).

The Offer extends to all Vectura Shares unconditionally allotted or issued as at the date of the Offer and any Vectura Shares which are unconditionally allotted or issued whilst the Offer remains open for acceptance (or such earlier date as PMI Bidder may, subject to the Takeover Code, and with the consent of the Panel, decide). The Vectura Shares to be acquired by PMI Bidder pursuant to the Offer will be acquired on a fully paid basis and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third-party rights or interests of any nature and together with all rights now or hereafter attaching or accruing thereto, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or becomes payable, or any other return of value (whether by reduction of share capital or share premium account or otherwise) made with a record time falling on or after the Effective Time or (if later) the date of receipt of acceptance in respect of the Offer.

Accordingly, if on or after the date of this document, any dividend, distribution or other return of value is declared, made or paid, or becomes payable, by Vectura which entitles any accepting Vectura Shareholders to receive such dividends, distribution or other return of value, PMI Bidder will reduce the Offer Price payable under the Offer by an amount up to the amount of such dividend, distribution or other return of value. In such circumstances, any reference to the Offer Price payable under the terms of the Offer shall be deemed to be a reference to the consideration as so reduced. In such circumstances, Vectura Shareholders would be entitled to retain any such dividend, distribution or other return of value declared, made or paid.

Any reduction of the consideration as referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Offer.

Acceptance of the Offer by a Vectura Shareholder prior to the record date for any dividends referred to in this paragraph 2 will constitute the agreement by such Vectura Shareholder that PMI Bidder will be entitled to any such future dividends.

## 3. Background to and reasons for the Offer

In addition to the statements made by PMI and PMI Bidder in previous announcements, PMI and PMI Bidder believe:

- PMI's proposed acquisition of Vectura is part of its long-term strategy, as outlined in its 2020 integrated report. As part of that vision, PMI will build on its leading scientific capabilities to develop products and services that go Beyond Nicotine. PMI aims to achieve at least \$1 billion in annual net revenues from Beyond Nicotine sources in 2025.
- PMI's business model and strategy are driven by a long term commitment to the transformation of its business and not a search for short term gains and efficiency. Since 2008, PMI has invested \$8.1 billion in the research, development and commercialization of new smoke free

products. Because of this, PMI understands and is committed to invest the time and resources that it takes to allow for scientific innovation of better products for people. In a 2017 letter to shareholders, PMI reaffirmed its commitment to fundamentally change its business.

- PMI's commitment to transform itself requires an evolution into different industries with the application of its significant expertise in the inhalation space to address unmet medical and consumer needs by delivering products and solutions that improve people's lives. This is a change that, like so many other companies, reflects the need to transform around both ESG and broader goals of improving the world in which we all live.
- PMI's Beyond Nicotine strategy is built on two key growth areas – (1) inhaled therapeutics where it has already committed resources to its development pipeline of inhaled over-the-counter and prescription products and (2) developing and commercializing scientifically substantiated consumer health products and solutions that improve people's lives in areas like energy, sleep, calm and focus.
- PMI has the resources, commitment and patience to both advance Vectura's existing strategy, and also further it geographically and extend into the development of proprietary inhaled therapeutic products, alongside the existing CDMO business. The market for inhaled therapeutics is growing rapidly, with significant potential to expand into new application areas beyond the current market offering. With PMI's support, Vectura is well positioned to address this market growth.
- PMI strongly supports and is aligned with Vectura's strategy of delivering drugs through inhalation using innovative technology that can effectively address many of today's unmet medical needs. The inhalation mode of administration allows for fast systemic absorption, potential fast onset of effect and a better safety profile due to the lower dose needed compared to standard of the care today.
- PMI intends to ensure Vectura remains a trusted partner in the pharmaceutical industry for the development of inhaled therapeutic products, providing the best possible treatments for providers, prescribers and their patients.
- PMI intends to increase the total level of expenditure on research and development that it believes will further benefit Vectura's differentiated technologies and development expertise for the delivery of complex inhaled therapeutics.
- Vectura can help bring the initial pipeline of "Beyond Nicotine" concepts that PMI has developed or acquired to market. This will exemplify PMI's strategy and give increased confidence in our transformation to the scientific community and to the public.
- In line with the UK's life sciences strategy and in keeping with the UK's position as a major scientific innovator, beyond supporting Vectura's growth, PMI believes these investments will support the scientific ecosystem in the UK for the longer term.
- PMI's significant expertise in aerosolization and inhalation forms the foundation of a science-based company that intends to continue to apply its skills to life sciences. PMI has developed expertise in pre-clinical and clinical studies, as well as behavioral research and post-market studies, to meet the highest regulatory standards, including receiving authorizations from the FDA.
- PMI believes that operating Vectura as an autonomous business unit forming the backbone of PMI's inhaled therapeutics business will provide Vectura with the opportunity and tools to undertake the end-to-end development of inhalable drug-device combinations and will provide access to PMI's capabilities in areas such as pre-clinical safety, clinical development, regulatory affairs, drug safety, market access and global reach. PMI looks forward to working with Vectura's scientists to establish a governance structure that supports their ongoing scientific efforts.

#### **4. Strategic rationale**

PMI's Offer is part of a long-term commitment to the transformation of its business, not a search for short term gains and efficiency. PMI intends that Vectura would operate as an autonomous business unit of PMI following the Offer and sees employees as a key part of the Offer.

PMI believes that one of the major reasons Vectura has achieved the success they have to date is due in large part to the scientific and technical capabilities of the company, the diversity of Vectura's management and the strength of its workforce. The continuity of Vectura's management team and workforce is therefore critical to PMI's long-term goals. PMI has no intention of making any material changes to the conditions of employment for management or employees and intends to further invest in Vectura's capabilities and expertise, to maintain robust leadership development practices as well as the long-term employability of its workforce to further secure and boost its success over time.

As a Fortune 500 company with around 70,000 employees worldwide, PMI can provide long-term employee development and financial stability.

PMI intends to ensure business continuity in the delivery of Vectura's existing business lines and would continue with already announced plans regarding Vectura's headquarters and operations and has no plans for other changes to operations and locations.

Vectura's organisation and science will be a cornerstone of PMI's inhaled therapeutic and wellness propositions of the future. PMI believes that its Beyond Nicotine aerosolisation technologies and development pipeline would provide additional predictability, stability, and security for the future and would complement Vectura's current CDMO activities.

PMI is fully aware of Vectura's capabilities in the inhalation segment and has strong belief in its ability to innovate and support drug development in this segment. In addition to products currently in the pipeline, PMI believes that Vectura's platform and technology can also benefit from PMI's developing pipeline and that the Offer will facilitate the augmentation of the combined product portfolio of Vectura and PMI. PMI is supportive of Vectura's current strategy to become one of the leading CDMOs in this segment. PMI further believes that a combination with PMI can bring Vectura significant institutional knowledge, commercial scale, experience in relevant areas and greater financial flexibility and capacity.

Prior to the date of this document, consistent with market practice, PMI has been granted access to Vectura's senior management for the purposes of confirmatory due diligence.

#### Employees and management

PMI believes that one of the major reasons Vectura has achieved the success they have to date is due in no small part to the strength, scientific and technical capabilities and diversity of Vectura's management and the deep scientific expertise of its employees.

Vectura's management and employees will continue to be key to its future success which will be complemented and enhanced by the PMI Group's current capabilities and resources evidenced by PMI's standing as a widely recognised top employer and leader in gender equality, equitable pay, and environmental, social and corporate governance measures. Such recognitions include being:

- the first international company to achieve global EQUAL-SALARY certification;
- included in the 2021 Bloomberg Gender-Equity Index;
- a certified Global Top Employer for five consecutive years by the Top Employers Institute;
- ranked on CDP's A list for climate change for seven years in a row and awarded CDP's "triple A" score in 2020 for efforts to combat climate change and the protection of forests and water security; and
- included in the Dow Jones Sustainability Index North America.

PMI sees Vectura's management team presence and continuity as a critical component of the value of the company and PMI's long term ambitious strategic goals along with the expertise and skills possessed by employees throughout the Company. As such, PMI has no intention of making any material changes to the conditions of employment, nor does PMI intend to make any changes to the balance of skills and functions of Vectura's employees and management. PMI intends to further invest in people capabilities and expertise, and maintain Vectura's robust leadership development practices, as well as the long-term employability of its employees to further secure and boost its success over time.

There may be some limited restructuring required following completion of the Offer. In particular, once Vectura ceases to be a listed company, certain corporate and support functions relating to Vectura's status as a listed company may potentially require limited reductions in headcount. Other than in certain corporate and support functions relating to Vectura's status as a listed company, PMI does not intend to make any other headcount reductions, including in the UK.

It is intended that, upon completion of the Offer, each of the non-executive members of the Vectura Board shall resign from his or her office as a director of Vectura. Separately, PMI intends to approach select non-executive board members following the Offer to explore how their expertise and experience may be of value to guiding the continued development of the business under PMI's ownership, although no such discussions have taken place thus far.

#### Existing rights and pensions

PMI confirms that, following the Offer becoming Effective, the existing contractual and employment rights, including Vectura's pension schemes, of Vectura's management and employees will be respected in accordance with applicable law.

PMI does not intend to make any material changes to the terms and conditions of Vectura's pension schemes, including the employer contributions, accrual of benefits for existing members or the rights of admission of new members.

#### Management incentivisation arrangements

PMI believes that the value of Vectura is driven by its management and employees and while PMI has not entered into, and has not discussed any form of incentivisation/retention arrangements with, members of Vectura's management, PMI expects to put in place certain incentive arrangements for the management of Vectura following completion of the Offer, reflecting the autonomous operation of Vectura under PMI's ownership.

PMI also intends following completion of the Offer to provide compensation and incentive programs consistent with Vectura's current compensation schemes, and to establish retention arrangements for Vectura's employees that will be jointly formulated between PMI and Vectura.

#### Research and development

PMI intends to continue Vectura's existing co-development projects and in-market partnerships and collaborations, and increase the total level of expenditure on research and development in line with PMI's plans and ambitions for Vectura.

In addition, PMI expects that joining forces will create an opportunity for Vectura to continue growing the CDMO business – while honouring existing commitments – and at the same time, together with PMI, take the lead in the creation of a fully owned pipeline of products across a broad range of sectors in the inhaled therapeutics and selfcare wellness space. PMI further expects that Vectura will have the opportunity to undertake the development of inhalable drug/device combinations end-to-end, being part of fully integrated teams where DDC is at its core, and utilising capabilities that PMI would be able to provide (such as pre-clinical, clinical, regulatory expertise and global reach). PMI intends to provide funding to conduct device/technology innovation and execute product development, and to bring such innovations to market with a view to enhancing the current pipeline of products.

#### Headquarters, locations and fixed assets

As disclosed in its Annual Report and Accounts 2020, Vectura intends to move part of its functions from its headquarters in Chippenham to a new "Inhalation Centre of Excellence" in the south west of England. PMI intends to continue with this transition. PMI does not intend to make any other material changes in the locations of Vectura's headquarters and headquarter functions.

#### ***Lyon site***

In March 2021 Vectura signed a put option for the sale of the Lyon manufacturing facility. The sale was completed on 9 June 2021.

#### ***Muttenz Site***

As announced in November 2020, Vectura intends to significantly reduce the research and development operations in Muttenz, Switzerland by 2022 (including in respect of employees). PMI intends to continue with this footprint optimisation.

Save as set out above, PMI Bidder has no intention to change the locations of Vectura's places of business or to redeploy the fixed assets of Vectura.

#### Trading Facilities

Vectura Shares are currently listed on the Official List and admitted to trading on the London Stock Exchange. Applications will be made for the cancellation of the listing of Vectura Shares on the Official List and the cancellation of trading of the Vectura Shares on the Main Market of the London Stock Exchange.

### **5. Dividends**

If on or after the date of this document, any dividend, distribution or other return of value is declared, paid or made, or becomes payable by Vectura which entitles any accepting Vectura Shareholders to receive such dividends, distribution or other return of value, PMI Bidder will reduce the consideration payable under the Offer by an amount up to the amount of such dividend, distribution or other return of value. In such circumstances, any reference to the Offer Price payable under the terms of the Offer shall be deemed to be a reference to the consideration as so reduced, and Vectura Shareholders would be entitled to retain any such dividend, distribution or other return of value declared, made or paid or having become payable.

If and to the extent that any such dividend, distribution or other return of value (i) has been declared or announced but not paid or made or is not payable by reference to a record time prior to the Effective Time, or (ii) shall be (x) transferred pursuant to the Offer on a basis which entitles PMI Bidder to receive the dividend, distribution or other return of value and to retain it or (y) cancelled, the consideration payable under the Offer shall not be subject to change as set out in this paragraph.

Any reduction of the consideration as referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Offer.

### **6. Information on Vectura**

Vectura is a public limited company registered in England and Wales. The Vectura Shares are listed on the Official List of the London Stock Exchange.

Vectura is a provider of innovative inhaled drug delivery solutions that enable partners to bring their medicines to patients. With differentiated proprietary technology and pharmaceutical development expertise, Vectura is one of the few companies globally with the device, formulation and development capabilities to deliver a broad range of complex inhaled therapies.

Vectura has thirteen key inhaled and eleven non inhaled products marketed by major global pharmaceutical partners with global royalty streams, and a diverse partnered portfolio of drugs in clinical development.

The audited consolidated financial statements of the Vectura Group for the last two financial years ended 31 December have been published on [www.Vectura.com](http://www.Vectura.com) and are incorporated into this document by reference to such website in accordance with Rule 24.15.

Further information relating to Vectura is set out in paragraph 6 (*Vectura current trading and prospects*) of Part 1B and Part 5 of this document.

### **7. Information on and financial effects of the Offer on PMI Bidder and the PMI Group**

In 2016 PMI announced its new purpose: to deliver a smoke-free future by focusing its resources on developing, scientifically substantiating and responsibly commercialising smoke-free products that are less harmful than smoking, with the aim of completely replacing cigarettes as soon as possible. This commitment was reaffirmed last year by PMI's board of directors in its Statement of Purpose, which explains how PMI is disrupting its business from the inside, leading the industry toward a future without cigarettes, acknowledging stakeholders, and ensuring the long-term success of the company.

As of 31 March 2021, PMI estimates that 14.0 million adults around the world have already switched to its *IQOS* heated tobacco product and stopped smoking, with a further 5.1 million *IQOS* users in various stages of conversion. PMI's smoke-free products are available for sale in 66 markets in key cities or nationwide. In the US, a version of *IQOS* has received marketing authorisation from the FDA

under the premarket tobacco product application pathway; the FDA has also authorised the marketing of a version of *IQOS* and its consumables as a “Modified Risk Tobacco Product”, finding that an exposure modification order for these products is appropriate to promote the public health.

By the end of 2020, PMI’s smoke-free products accounted for almost a quarter of its total net revenues, compared to essentially zero in 2015. In February of this year, PMI announced the goal for its smoke-free products to account for more than 50% of its total net revenues by 2025, and to generate at least \$1 billion in annual net revenues from Beyond Nicotine products in 2025.

PMI Bidder is a Delaware corporation having its registered seat at 120, Park Avenue New York, 10017 New York, United States, and is a wholly owned direct subsidiary of PMI.

Completion of the Offer would result in the earnings, assets and liabilities of the Vectura Group being consolidated into the earnings, assets and liabilities of the PMI Group. This is expected by PMI to have a limited positive impact on the earnings and net assets of the PMI Group. PMI released its Q2 2021 earnings results on 20 July 2021, setting out details of its trading and prospects, which are incorporated into this document by reference pursuant to Rule 24.15 of the Takeover Code.

Further information relating to PMI and PMI Bidder is set out in Part 5 of this document.

#### **8. Effect of the Offer on the Vectura Directors**

PMI Bidder has not entered into, and has not had any discussions on any form of incentivisation or other arrangements with members of Vectura’s management. It is PMI Bidder’s intention to put in place appropriate arrangements for the management of Vectura following completion of the Offer.

The non-executive Vectura Directors are expected to resign as Vectura Directors upon completion of the Offer, although PMI intends to approach select non-executive board members following completion of the Offer to explore how their expertise and experience may be of value in guiding the continued development of the business under PMI’s ownership.

As of the date of this document, no such discussions have taken place.

#### **9. Vectura Share Plans**

The Offer extends to any Vectura Shares which are unconditionally allotted or issued prior to the date on which the Offer closes (or such earlier date as PMI Bidder may, subject to the Takeover Code or with the consent of the Panel, determine) including any which are so unconditionally allotted or issued pursuant to the exercise of options under the Vectura Share Plans.

Participants in the Vectura Share Plans will be contacted with further details on the effect of the Offer on their individual rights under the Vectura Share Plans and, where applicable, details of PMI Bidder’s appropriate proposals in accordance with Rule 15 of the Takeover Code.

#### **10. Financing the Offer**

Full acceptance of the Offer will result in a maximum cash consideration of approximately £1.02 billion becoming payable by PMI Bidder, which will be provided from the PMI Group’s existing cash resources.

BofA Securities, financial adviser to PMI Bidder, is satisfied that sufficient resources are available to satisfy in full the consideration payable to Vectura Shareholders under the terms of the Offer.

#### **11. Cancellation of trading, re-registration and compulsory acquisition**

It is intended that, following the Offer becoming or being declared unconditional in all respects, and PMI Bidder, by virtue of acceptances of the Offer, having acquired or agreed to acquire 75 per cent. of the voting rights attached to Vectura Shares, PMI Bidder will procure that Vectura applies to the London Stock Exchange for the cancellation of the trading of Vectura Shares on the London Stock Exchange’s Main Market and for the cancellation of the listing of the Vectura Shares on the Official List.

It is anticipated that such cancellations will, subject to the rules of the London Stock Exchange and the Listing Rules, take effect no earlier than 20 Business Days after PMI Bidder, by virtue of acceptances of the Offer, has acquired or agreed to acquire 75 per cent. of the voting rights attached to Vectura Shares. PMI Bidder will make an announcement when the 20 Business Days’ notice period

commences and such announcement will include a statement of PMI Bidder's intention regarding the cancellation of trading of Vectura Shares on the London Stock Exchange and of the listing on the Official List. **Such cancellation would significantly reduce the liquidity and marketability of any Vectura Shares in respect of which acceptances of the Offer have not been submitted.**

It is further intended that, following the Offer becoming or being declared unconditional in all respects and following the cancellation of the admission to trading and of the listing referred to above, PMI Bidder will seek to procure the re-registration of Vectura as a private company under the relevant provisions of the Companies Act.

If PMI Bidder receives acceptances under the Offer in respect of 90 per cent. or more of the Vectura Shares to which the Offer relates and not less than nine-tenths of the voting rights carried by those shares and the Offer becomes or is declared unconditional in all respects, PMI Bidder intends to exercise its rights pursuant to the provisions of sections 974 to 991 of the Companies Act to acquire compulsorily Vectura Shares in respect of which acceptances have not then been received.

## **12. Overseas Shareholders**

The attention of Vectura Shareholders who are citizens or residents of jurisdictions outside the United Kingdom or who are holding shares for such citizens or residents and any person (including, without limitation, any custodian, nominee or trustee) who may have an obligation to forward any document in connection with the Offer outside the United Kingdom is drawn to paragraph 7 of Section C, paragraph (b) of Section D and paragraph (c) of Section E of Part 2 and to the relevant provisions of the Form of Acceptance, which they should read before taking any action.

The Offer is not being made, directly or indirectly, in or into, any Restricted Jurisdiction. Accordingly, any accepting Vectura Shareholder who is unable to give the warranties set out in paragraph (b) of Section D (if such person holds Vectura Shares in certificated form) or paragraph (c) of Section E (if such person holds Vectura Shares in uncertificated form) of Part 2 may be deemed not to have validly accepted the Offer.

The availability of the Offer to Vectura Shareholders who are not resident in the United Kingdom may be affected by the laws of their relevant jurisdiction. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. If you remain in any doubt you should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

All Vectura Shareholders (including nominees, trustees or custodians) who would, or otherwise intend to, or may have a legal or contractual obligation to, forward this document and/or the Form of Acceptance and/or any related documents to any jurisdiction outside the United Kingdom, should read the further details in this regard, which are contained in paragraph 7 of Section C of Part 2 of this document before taking any action.

**If you are in any doubt as to the procedure for acceptance, please contact Computershare, by telephone between 8.30 am and 5.30 pm Monday to Friday (excluding UK public holidays) on (0) 370 707 1387 from within the UK (or on +44 (0) 370 707 1387 if calling from outside the UK). You are reminded that, if you are a CREST sponsored member in respect of your Vectura Shares, you should contact your CREST sponsor before taking any action.**

## **13. Procedure for acceptance of the Offer**

Vectura Shareholders who hold their Vectura Shares in certificated form should read this section in conjunction with the Form of Acceptance and Sections C and D of Part 2 to this document. Vectura Shareholders who hold their shares in uncertificated form (that is, through CREST) should read this section in conjunction with Sections C and E of Part 2 to this document. The instructions on the Form of Acceptance are deemed to form part of the terms of the Offer.

### ***Vectura Shares held in certificated form (that is, not CREST)***

#### **(a) Completion of the Form of Acceptance**

To accept the Offer in respect of Vectura Shares in certificated form, you must complete the Form of Acceptance in accordance with the instructions set out below and on the Form of Acceptance. You should complete separate Forms of Acceptance for Vectura Shares held in certificated form but under different designations. If you have any queries as to how to complete

the Form of Acceptance, please telephone Computershare, by telephone between 8.30 am and 5.30 pm Monday to Friday (excluding UK public holidays) on (0) 370 707 1387 from within the UK (or on +44 (0) 370 707 1387 if calling from outside the UK). Additional Forms of Acceptance are available from Computershare upon request.

13.a.1 *To accept the Offer in respect of all your Vectura Shares in certificated form*

To accept the Offer in respect of all of your Vectura Shares, you must complete Boxes 1, 2 and, if appropriate, Box 4 and/or Box 5 and sign Box 3 of the Form of Acceptance. In all cases, you must complete Box 1 of the enclosed Form of Acceptance in accordance with the instructions printed on the Form of Acceptance.

13.a.2 *To accept the Offer in respect of less than all your Vectura Shares in certificated form*

To accept the Offer in respect of less than all of your Vectura Shares, you must insert in Box 2 on the enclosed Form of Acceptance such lesser number of Vectura Shares in respect of which you wish to accept the Offer in accordance with the instructions printed thereon. You should then follow the procedure set out in 13.a.1 above in respect of such lesser number of Vectura Shares. If you do not insert a number in Box 2 of the Form of Acceptance, or if you insert in Box 2 a number which is greater than the number of Vectura Shares that you hold and you have signed Box 3, your acceptance will be deemed to be made in respect of all the Vectura Shares held by you.

(b) **Return of Form of Acceptance**

To accept the Offer in respect of Vectura Shares held in certificated form, the completed, signed and, in the case of individuals, witnessed, Form of Acceptance should be returned by post (during normal business hours only) to Computershare at Corporate Actions 2, Bristol, BS99 6AG (subject to paragraph 13(c) below) with the relevant share certificate(s) and/or other document(s) of title as soon as possible, **and in any event so as to arrive not later than 1.00 pm on 15 September 2021**. A reply-paid envelope for use in the UK only is enclosed for your convenience. No acknowledgement of receipt of documents will be given by or on behalf of PMI Bidder. The instructions printed on the Form of Acceptance are deemed to form part of the terms of the Offer.

Any Form of Acceptance received in an envelope postmarked in the United States, or any other Restricted Jurisdiction or otherwise appearing to PMI Bidder or its agents to have been sent from any of these jurisdictions may be rejected as an invalid acceptance of the Offer. For further information on overseas shareholders, see paragraph 12 of this Part 1A above.

The Form of Acceptance is issued only to the addressee(s) and the unique designated account printed on it. The Form of Acceptance is a personalised form and is not transferable between different: (i) accounts; or (ii) uniquely designated accounts. PMI Bidder and Computershare accept no liability for any instructions that do not comply with the conditions set out in this document and the Form of Acceptance. If you require further Forms of Acceptance, you should contact Computershare at the address referred to above.

(c) **Documents of title**

If your Vectura Shares are in certificated form, a completed, signed and witnessed Form of Acceptance should be accompanied by the relevant share certificate(s) and/or other document(s) of title. If for any reason the relevant share certificate(s) and/or other document(s) of title is/are lost or not readily available, you should nevertheless complete, sign and return the Form of Acceptance, as stated above, so as to be received by Computershare by no later than 1.00 pm on 15 September 2021. You should send with the Form of Acceptance any share certificate(s) and/or other document(s) of title which you may have available and a letter stating that the remaining documents will follow as soon as possible or that you have lost one or more of your share certificate(s) and/or other document(s) of title. No acknowledgement of receipt of documents will be given. If you have lost your share certificate(s) and/or other document(s) of title, you should contact as soon as possible Vectura's registrars, Computershare, for a letter of indemnity for lost share certificate(s) and/or other document(s) of title which, when completed in accordance with the instructions given, should be returned by post to Computershare at the address set out above.

(d) **Validity of acceptances**

Without prejudice to Section D and Section E of Part 2 to this document, subject to the provisions of the Takeover Code, PMI Bidder reserves the right to treat as valid in whole or in part any acceptance of an Offer which is not entirely in order or which is not accompanied by the relevant share certificate(s) and/or other document(s) of title. In that event, no payment of cash under the Offer will be made until after the relevant share certificate(s) and/or other documents of title or indemnities satisfactory to PMI Bidder have been received.

***Vectura Shares held in uncertificated form (that is, in CREST)***

(e) **General**

If your Vectura Shares are in uncertificated form, to accept the Offer you should take (or procure the taking of) the action set out below to transfer the Vectura Shares in respect of which you accept the Offer to the appropriate escrow balance(s) specifying Computershare (in its capacity as a CREST participant under its participant ID referred to below) as the Escrow Agent, as soon as possible **and in any event so that the TTE instruction settles not later than 1.00 pm on 15 September 2021. Note that the settlement cannot take place on weekends or bank holidays (or other times at which the CREST system is non-operational) – you should therefore ensure you time the input of any TTE instructions accordingly.**

**If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action.** Only your CREST sponsor will be able to send the TTE instruction(s) to Euroclear in relation to your Vectura Shares.

After settlement of a TTE instruction, you will not be able to access the Vectura Shares concerned in CREST for any transaction or charging purposes. If the Offer becomes or is declared unconditional in all respects, the Escrow Agent will transfer the Vectura Shares concerned to itself in accordance with paragraph (f) of Section E of Part 2 to this document.

You are recommended to refer to the CREST Manual issued by Euroclear for further information on the CREST procedures outlined below.

**You should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE instruction relating to your Vectura Shares to settle prior to 1.00 pm on 15 September 2021. In this connection, you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.**

(f) **To accept the Offer**

To accept the Offer in respect of Vectura Shares held in uncertificated form, you should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) a TTE instruction to Euroclear in respect of such shares. A TTE instruction to Euroclear must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and must contain, in addition to the other information that is required for a TTE instruction to settle in CREST, the following details:

- the ISIN number for the Vectura Shares. This is GB00BKM2MW97;
- the number of Vectura Shares in respect of which you wish to accept the Offer (ie the number of Vectura Shares) to be transferred to an escrow balance;
- your member account ID;
- your participant ID;
- the member account ID of the Escrow Agent. This is VECPMI01;
- the participant ID of the Escrow Agent for the Offer. This is 3RA52;
- the intended settlement date. This should be as soon as possible and in any event not later than 1.00 pm on 15 September 2021 (being the first closing date of the Offer);
- the corporate action number of the Offer. This is allocated by Euroclear and will be available on screen from CREST;

- input with a standard delivery instruction priority of 80; and
- the contact name and telephone number in the share note field.

**(g) Validity of acceptances**

Holders of Vectura Shares in uncertificated form who wish to accept the Offer should note that a TTE instruction will only be a valid acceptance of that Offer as at the relevant closing date if it has settled on or before 1.00 pm on that date. A Form of Acceptance which is received in respect of Vectura Shares held in uncertificated form will not constitute a valid acceptance and will be disregarded.

If you are in any doubt as to the procedure for acceptance of the Offer, please contact Computershare, by telephone between 8.30 am and 5.30 pm Monday to Friday (excluding UK public holidays) on (0) 370 707 1387 from within the UK (or on +44 (0) 370 707 1387 if calling from outside the UK) or at the address referred to in paragraph 13(b) above. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

**14. Settlement**

The settlement procedure with respect to the Offer will comply with the rules of the Takeover Code. Subject to the Offer becoming or being declared unconditional in all respects and provided that the Form of Acceptance, share certificate(s) and/or other document(s) of title or the Electronic Acceptance are in order (except as provided in paragraph 7 of Section C of Part 2 to this document in the case of certain overseas Vectura Shareholders), settlement of the consideration to which any Vectura Shareholder is entitled under the Offer will be effected by the despatch of cheques or CREST messages as applicable: (i) in the case of acceptances received, complete in all respects, by the date on which the Offer becomes or is declared unconditional in all respects, within 14 days of such date, or (ii) in the case of acceptances received, complete in all respects, after the date on which the Offer becomes or is declared unconditional in all respects but while the Offer remains open for acceptance, within 14 days of such receipt, and in either case in the following manner:

**(a) Vectura Shares in uncertificated form (that is, in CREST)**

Where an acceptance relates to Vectura Shares in uncertificated form, settlement of any cash consideration to which the accepting Vectura Shareholder is entitled will be paid in pounds sterling by means of a CREST payment in favour of the accepting Vectura Shareholder's payment bank in respect of the cash consideration due, in accordance with the CREST payment arrangements.

PMI Bidder reserves the right to settle all or any part of the consideration referred to in this paragraph 14(a), for all or any accepting Vectura Shareholder(s), in the manner referred to in paragraph 14(b) below, if, for any reason, it wishes to do so.

**(b) Vectura Shares in certificated form (that is, not in CREST)**

Where an acceptance relates to Vectura Shares in certificated form, settlement of any cash due will be despatched by first class post by cheque drawn on a branch of a UK clearing bank (or by such other method as the Panel may approve).

**15. General**

If the Offer does not become or is not declared unconditional in all respects:

- (a) in respect of certificated shares, share certificate(s) and/or other document(s) of title will be returned by post (or such other method as may be approved by the Panel) within 14 days of the Offer lapsing, to the person or agent whose name and address is set out in Box 1 or, if applicable, in Box 5 of the Form of Acceptance or, if none is set out, to the first named holder at his or her registered address; and
- (b) in respect of uncertificated shares, the Escrow Agent will, immediately upon the lapsing of the Offer (or within such longer period, not exceeding 14 days after the Offer lapsing, as the Panel may approve), give TFE instructions to Euroclear to transfer all relevant Vectura Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the Vectura Shareholders concerned.

All communications, notices, certificates, documents of title and remittances sent by or to Vectura Shareholders or their appointed agents will be delivered by, sent to or from them, or their appointed agents, at their own risk.

## **16. Taxation**

*The comments below are intended only as a general guide to the current tax position under English law and HM Revenue & Customs' practice in respect of Vectura Shareholders who, unless express reference is made to non-United Kingdom residents, are resident in the United Kingdom for tax purposes and who hold their Vectura Shares as investments and not on trading account. Vectura Shareholders are encouraged to consult their professional adviser with respect to their tax affairs, particularly those shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the United Kingdom.*

### **(a) Taxation of chargeable gains**

Vectura Shareholders who are resident or ordinarily resident in the UK for tax purposes and who receive cash for their Vectura Shares under the Offer will be deemed to have made a disposal of their Vectura Shares for the purposes of UK taxation of chargeable gains. Any such disposal may, depending on the Vectura Shareholder's circumstances and subject to any available exemptions or reliefs (including taper relief), give rise to a liability to UK tax on chargeable gains.

Vectura Shareholders who are not resident in the UK for tax purposes should not be subject to tax in the UK on the disposal of their Vectura Shares under the Offer provided that they do not carry on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a non-resident company, through a permanent establishment) and have not used, held or acquired the Vectura Shares for the purposes of such trade, profession or vocation or such branch or agency or permanent establishment. Certain individuals who are temporarily non-resident at the time of disposal may be liable to UK tax on chargeable gains upon returning to the UK.

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

No stamp duty or SDRT will be payable by Vectura Shareholders as a result of accepting the Offer.

## **17. Further information**

Your attention is drawn to the further information contained in the appendices which form part of this document, and to the accompanying Form of Acceptance (in relation to certificated Vectura Shares) which should be read in conjunction with this document. The appendices and the Form of Acceptance contain material information which may not be summarised elsewhere in this document.

## **18. Action to be taken**

To accept the Offer in respect of certificated Vectura Shares, the Form of Acceptance must be completed and returned by post, together with the relevant share certificate(s) and/or other documents of title, in the enclosed reply-paid envelope to Computershare, Corporate Actions 2, Bristol, BS99 6AG as soon as possible and in any event so as to be received no later than 1.00 pm on 15 September 2021.

If your Vectura Shares are held in uncertificated form, acceptances should be made electronically through CREST so that the TTE instruction settles no later than 1.00 pm on 15 September 2021 by following the procedure set out in paragraph 13 of this letter and Sections C and E of Part 2 to this document. If you are a CREST sponsored member, you should refer to your CREST sponsor as only your sponsor will be able to send the necessary TTE instruction to Euroclear.

Yours faithfully  
For and on behalf of  
**PMI Global Services Inc.**

Jacek Olczak  
CEO of Philip Morris International Inc.

**PART 1B: LETTER OF RECOMMENDATION FROM THE CHAIR OF  
VECTURA GROUP PLC**

**Vectura Group plc**



*(incorporated in England and Wales with registered number 03418970)*

*Directors:*

Bruno Angelici (*Non-Executive Chairman*)  
Will Downie (*Chief Executive Officer*)  
Paul Fry (*Chief Financial Officer*)  
Per-Olof Andersson (*Non-Executive Director*)  
Kevin Matthews (*Non-Executive Director*)  
Jeanne Taylor Hecht (*Non-Executive Director*)  
Jeanne Thoma (*Non-Executive Director*)  
Juliet Thompson (*Non-Executive Director*)

*Registered office:*

One, Prospect West,  
Chippenham, Wiltshire  
SN14 6FH

16 August 2021

*To all Vectura Shareholders (and, for information only, to participants in the Vectura Share Plans and persons with information rights)*

Dear Vectura Shareholder,

**Recommended cash offer for all of the issued and to be issued share capital of Vectura by PMI Global Services Inc., a wholly owned direct subsidiary of Philip Morris International Inc.**

**1. Introduction**

On 26 May 2021, the boards of Vectura and Murano, a newly formed company indirectly controlled by funds managed by Carlyle Europe Partners V, announced that they had reached agreement on the terms of a recommended cash acquisition pursuant to which Carlyle would acquire all of the issued and to be issued ordinary shares of Vectura at 136 pence per Vectura share, plus an entitlement to retain the Interim Dividend (the “**Original Carlyle Offer**”) to be implemented by means of a scheme of arrangement. On 18 June 2021, Carlyle published the scheme document relating to the Carlyle Offer.

On 9 July 2021 the boards of PMI, PMI Bidder and Vectura made the Original Announcement that they had reached agreement on the terms of a recommended cash acquisition by PMI Bidder, a wholly-owned direct subsidiary of PMI, of the entire issued and to be issued ordinary share capital of Vectura for 150 pence for each Vectura Share, to be implemented by a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act 2006 (the “**Original PMI Offer**”), and the Vectura Board announced the withdrawal of its previous recommendation of the Original Carlyle Offer. On 26 July 2021, the scheme document in respect of the PMI Offer (“**Scheme Document**”) was published.

On 6 August 2021, Murano announced it had agreed the terms of an increased recommended cash offer for Vectura at a price of 155 pence per Vectura Share (the “**Carlyle Revised Offer**”) and the Vectura Board announced the withdrawal of its previous recommendation of the Original PMI Offer.

On 8 August 2021, PMI and PMI Bidder announced an increased offer for all of the issued and to be issued ordinary share capital of Vectura at a price of 165 pence per Vectura Share.

On 9 August 2021, the Takeover Panel announced a competitive situation for the purposes of Rule 32.5 of the Takeover Code existed in respect of Vectura, PMI Bidder and Murano, and accordingly established an auction procedure to be followed from 5.00 pm (London Time) on Tuesday 10 August 2021 (the “**Auction**”).

On 10 August 2021, Murano announced that the Carlyle Revised Offer was their final offer (“**Final Carlyle Offer**”). Under the Auction rules, PMI Bidder had until 5.00 pm on Thursday 12 August 2021 to increase their offer of 165 pence per Vectura Share made on 8 August 2021, which is to be implemented by way of a Takeover Offer as further announced by PMI and PMI Bidder on 9 August 2021.

On 12 August 2021, Vectura announced that as PMI Bidder did not make an announcement prior to 5.00 pm on 12 August 2021, in accordance with the statement of the Takeover Panel made on 9 August 2021 the revised cash offer of 165 pence per Vectura Share is PMI Bidder’s final offer for Vectura (the “**Final PMI Offer**”). The Vectura Board noted that it intended to recommend unanimously that Vectura Shareholders accept the Final PMI Offer.

I am writing to you on behalf of the Vectura Board to update you on the terms of the Final PMI Offer and to describe the action you should now take. For the reasons set out below, the Vectura Board supports the Final PMI Offer and unanimously recommends that you accept, or procure the acceptance of the Final PMI Offer.

The Final PMI Offer is to be implemented by way of the Takeover Offer, the terms and conditions of which are set out in Part 2 of this document. It is expected that the Takeover Offer will become Effective during the second half of 2021 subject to the satisfaction or (where applicable) waiver of all the relevant Conditions.

## 2. Summary terms of the Final PMI Offer

Under the terms of the Final PMI Offer, which is subject to the Conditions and further terms set out in Part 2 of this document and, in respect of Vectura Shares held in certificated form, the Form of Acceptance, Vectura Shareholders will be entitled to receive:

### **for each Vectura Share 165 pence in cash**

The Offer is superior to the Final Carlyle Offer and represents:

- a premium of 10 pence (approximately 6.5 per cent.) to the Final Carlyle Offer;
- an increase of 29 pence (approximately 21.3 per cent.) to the Original Carlyle Offer announced on 26 May 2021, being the first offer received by Vectura;
- a premium of approximately 60.2 per cent. to the Ex-Dividend Closing Price per Vectura Share of 103 pence on 25 May 2021 (being the last Business Day prior to commencement of the Offer Period); and
- a premium of approximately 70.6 per cent. to the volume weighted average Ex-Dividend Closing Price of 97 pence per Vectura Share for the 3 months ended 25 May 2021 (being the last Business Day prior to commencement of the Offer Period).

The Offer values the entire issued and to be issued ordinary share capital of Vectura at approximately £1.02 billion. The Offer, together with the Interim Dividend paid during the Offer period, represents an aggregate value of approximately £1.1 billion for the entire issued and to be issued ordinary share capital of Vectura.

Further details of the Final PMI Offer are set out in the letter from the chief executive officer of PMI in Part 1A of this document.

## 3. Recommendation

The Vectura Directors, who have been so advised by J.P. Morgan Cazenove and Rothschild & Co as to the financial terms of the Final PMI Offer, consider the terms of the Final PMI Offer to be fair and reasonable. In providing their financial advice to the Vectura Directors, J.P. Morgan Cazenove and Rothschild & Co have taken into account the commercial assessments of the Vectura Directors. Rothschild & Co is providing independent financial advice to the Vectura Directors for the purposes of Rule 3 of the Takeover Code.

The Vectura Directors appreciate Carlyle’s interest in Vectura over this lengthy process and their support for Vectura’s strategy to become one of the market leading CDMOs in the inhalation segment. However, the Vectura Directors recognise the superior cash price the Final PMI Offer provides Vectura shareholders. The Vectura Directors also note that wider stakeholders could benefit from PMI’s significant financial resources and its intentions to increase research and development investment and

to operate Vectura as an autonomous business unit that will form the backbone of its inhaled therapeutics business. Accordingly, following careful consideration of these factors and their fiduciary duties, the Vectura Directors unanimously recommend the Final PMI Offer to Vectura shareholders.

As a result, the Vectura Directors do not intend to reconvene the Carlyle Offer Shareholder Meetings required in relation to the approval and implementation of the Final Carlyle Offer. Due to PMI switching from a Scheme of Arrangement to a Takeover Offer, as announced on 9 August 2021, the Vectura Directors intend to adjourn the shareholder meetings required in relation to the approval and implementation of the Scheme of Arrangement in respect of the PMI Offer.

#### **4. Vectura Board's view on PMI Bidder's strategic plans and intentions**

Your attention is drawn to PMI Bidder's strategic plans and intention statements for Vectura following Completion, as set out in paragraph 4 of Part 1A of this document. The Vectura Directors have carefully considered PMI's intentions for and commitments with regard to the business, management and employees of Vectura. Whilst the Vectura Directors recognise reported uncertainties relating to a number of Vectura's wider stakeholders as a result of Vectura being owned by PMI, they are encouraged by the following statements made by PMI as part of the Offer:

- That the Offer is part of a long term commitment to the transformation of its business and not a search for short term gains and efficiency.
- That PMI intends that Vectura would operate as an autonomous business unit of PMI following the Offer and that it sees employees as a key part of the Offer.
- That PMI is supportive of Vectura's current strategy to become one of the leading CDMOs in the inhalation segment.
- That PMI recognises that the continuity of Vectura's management team and workforce is critical to PMI's long term goals, and that PMI has no intention of making any material changes to the conditions of employment for management or employees and intends to further invest in Vectura's capabilities and expertise, to maintain robust leadership development practices as well as the long-term employability of its workforce to further secure and boost its success over time. The Vectura Board recognises that there may be limited restructuring once Vectura ceases to be listed but notes that PMI does not intend to make any headcount reductions, including in the UK, other than in certain support and corporate functions relating to Vectura's status as a listed company.
- That PMI does not intend to make any material changes to Vectura's pension schemes, including the employer contributions, or material changes in the locations of Vectura's headquarters and headquarter functions (other than the announced transition from Chippenham to a new site in the South West of England).
- That PMI intends to continue Vectura's existing co-development projects and in-market partnerships and collaborations, and increase the total level of expenditure on research and development in line with PMI's plans and ambitions for Vectura (other than in respect of R&D operations in Switzerland, which will be significantly reduced by 2022 as previously announced by Vectura).
- That PMI intends to provide funding to conduct device/technology innovation and execute product development, and to bring such innovations to market.

#### **5. Information on Vectura**

Vectura is a public limited company registered in England and Wales. The Vectura Shares are listed on the Official List of the London Stock Exchange.

Vectura is a provider of innovative inhaled drug delivery solutions that enable partners to bring their medicines to patients. With differentiated proprietary technology and pharmaceutical development expertise, Vectura is one of the few companies globally with the device, formulation and development capabilities to deliver a broad range of complex inhaled therapies.

Vectura has thirteen key inhaled and eleven non inhaled products marketed by major global pharmaceutical partners with global royalty streams, and a diverse partnered portfolio of drugs in clinical development.

## 6. Vectura current trading and prospects

On 26 May 2021, Vectura released a trading update (the “**Vectura Trading Update**”) ahead of its annual general meeting, which is available on [www.vectura.com](http://www.vectura.com). On 9 June 2021, Vectura completed the sale of its oral manufacturing facility in Lyon which was referenced in the Vectura Trading Update.

In the Vectura Trading Update, Vectura stated that it expected the ICS/LABA market to normalise in 2022 and over the medium term, with flutiform<sup>®</sup> volumes following a similar trend. Current partner demand forecasts for 2021 and 2022 suggest continued weakness in market volumes, which is likely to delay the normalisation of flutiform<sup>®</sup> volumes until the second half of 2022.

### ***Vectura 2021 flutiform<sup>®</sup> Gross Profit Forecast***

The Vectura Trading Update stated that the gross profit forecast of flutiform<sup>®</sup> remains in line with the Vectura 2021 flutiform<sup>®</sup> Gross Profit Forecast, which was given by Vectura during its analyst call in respect of its 2020 preliminary results on 18 March 2021. The Vectura 2021 flutiform<sup>®</sup> Gross Profit Forecast is treated as a profit forecast for the purposes of Rule 28 of the Takeover Code.

The Vectura Directors confirm that the Vectura 2021 flutiform<sup>®</sup> Gross Profit Forecast remains valid, that it has been properly compiled on the basis of the assumptions stated and that the basis of accounting used is consistent with Vectura’s accounting policies.

Further details of the Vectura 2021 flutiform<sup>®</sup> Gross Profit Forecast is included in Part 7 of this document, which also sets out the basis of preparation and the assumptions used.

### **Recent trading**

Vectura continues to trade generally in line with expectations. However, whilst momentum in the CDMO deal funnel continues to show good progress, the trajectory of revenues in 2021 has been slower than expected, with uncertainty over the future ownership of Vectura also beginning to impact negatively CDMO growth in the second half.

## 7. Cancellation of trading, re-registration and compulsory acquisition

Your attention is drawn to paragraph 11 of Part 1A of this document in relation to PMI Bidder’s intentions with regard to de-listing and cancellation of trading in Vectura Shares, re-registration and compulsory acquisition.

## 8. Action to be taken to accept the Offer

Your attention is drawn to the letter from the Chief Executive Officer of PMI in Part 1A of this document, to Sections D and E of Part 2 of this document and, if you hold your shares in certificated form, the Form of Acceptance.

If you wish to accept the Offer in respect of Vectura Shares held in certificated form, you should complete, sign and return the Form of Acceptance in accordance with the instructions printed on it, together with documents of title, so as to be received by post at Computershare at Corporate Actions 2, Bristol, BS99 6AG as soon as possible and in any event so as to be received by no later than 1.00 pm (London time) on 15 September 2021. A reply-paid envelope for use in the UK only is enclosed for your convenience.

If you wish to accept the Offer in respect of Vectura Shares held in uncertificated form (that is, shares held in CREST) your acceptance should be made electronically through CREST so that the TTE instruction settles as soon as possible and, in any event, no later than 1.00 pm (London time) on 15 September 2021. If you hold your Vectura Shares as a CREST sponsored member, you should refer to your CREST sponsor, as only your CREST sponsor will be able to send the necessary TTE instruction(s) to CREST.

Your decision as to whether to accept the Offer will depend upon your individual circumstances. If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice from an independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the UK or, if you are outside the UK, from an appropriately authorised independent financial adviser, without delay.

Yours faithfully

Bruno Angelici  
*Chairman of Vectura*

## PART 2: CONDITIONS TO AND FURTHER TERMS OF THE OFFER

### SECTION A: CONDITIONS TO THE OFFER

1. The Offer is conditional upon valid acceptances of the Offer having been received (and not, where permitted, withdrawn) by no later than 1.00 pm (London time) on 15 September 2021 (or such later time and/or date as PMI Bidder, subject to the rules of the Takeover Code or with the consent of the Panel, decides) in respect of Vectura Shares which, together with the Vectura Shares acquired or agreed unconditionally to be acquired during the Offer Period, will result in PMI Bidder and/or another member of the PMI Group holding Vectura Shares carrying in aggregate more than 50 per cent. of the voting rights normally exercisable at general meetings of Vectura including (to the extent, if any, required by the Panel for this purpose) any such voting rights attaching to any Vectura Shares that are unconditionally allotted but not issued before the Offer becomes unconditional as to acceptances.

For the purposes of this Condition:

- (a) Vectura Shares which have been unconditionally allotted but not issued before the Offer becomes 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 Vectura;
  - (b) valid acceptances shall be deemed to have been received in respect of Vectura Shares which are treated for the purposes of Part 28 of the Companies Act as having been acquired or contracted to be acquired by PMI Bidder, whether by virtue of the acceptance of the Offer or otherwise; and
  - (c) all percentages of voting rights and share capital are to be calculated by reference to the percentage held and in issue outside treasury.
2. In addition, the Offer is also conditional upon the following Conditions and, accordingly, the Offer will not be declared unconditional in all respects unless the following Conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

#### ***Republic of Ireland***

- (a) the occurrence of one of the following events:
  - (i) the Irish Competition and Consumer Protection Commission (the “**Irish Authority**”) having informed PMI Bidder and Vectura in writing under section 21(2)(a) of the Irish Competition Act 2002 (the “**Irish Competition Act**”) that the Offer may be put into effect without any proposals from any of the parties under section 20(3) of the Irish Competition Act being taken into account;
  - (ii) the period specified in section 21(2) of the Irish Competition Act having lapsed without the Irish Authority having informed the parties of the determination (if any) it has made under the said section; or
  - (iii) the period of 120 working days after the relevant appropriate date having elapsed without the Irish Authority having made a determination under section 22(3) of the Irish Competition Act in relation to the Offer (the “**Irish Antitrust Condition**”);<sup>1</sup>

#### ***Japan***

- (b) following the filing of a notification of the Offer under the Law relating to Prohibition of Private Monopolisation and Maintenance of Fair Trade (Law No. 54 of 14 April 1947, as amended (the “**Law**”)):
  - (i) the waiting period (i.e., thirty calendar days, or any shorter period if designated by the Japan Fair Trade Commission (the “**JFTC**”) in its notification of shortening the waiting period, following the date of the notification (the “**Waiting Period**”)) has expired; and
  - (ii) the JFTC has issued to PMI Bidder, within the Waiting Period or, if the JFTC has requested PMI Bidder to submit necessary reports, information or materials (the “**Reports**”) under Paragraph 9, Article 10 of the Law (including *mutatis mutandis* application under the Law)

<sup>1</sup> The Irish Antitrust Condition set out under paragraph 2(a) has been waived.

during the Waiting Period, within one hundred and twenty calendar days following the date of the notification or ninety calendar days following the date of the JFTC's acceptance of all the Reports, whichever is later, a written notice confirming the JFTC's decision not to issue a cease and desist order without attaching to its decision any conditions or obligations (the "**Japanese Antitrust Condition**");

#### ***UK National Security and Investment***

- (c) (i) in the event that the National Security and Investment Act 2021 (the "**NSI Act**") comes into force before the Effective Date and PMI Bidder and Vectura, acting reasonably, agree that a mandatory notification is required under the NSI Act; or
- (ii) in response to a voluntary notification in relation to the NSI Act, the Secretary of State for Business, Energy and Industrial Strategy informing PMI Bidder that the Offer does not give rise to concerns necessitating further action on its part ("**UK National Security and Investment Condition**");

#### ***German Foreign Investment***

- (d) the German Ministry for Economic Affairs and Energy (*Bundesministerium für Wirtschaft and Energie*):
- (i) having either issued a certificate of non-objection (Unbedenklichkeitsbescheinigung) pursuant to Sec. 58(1) sentence 1 of the Foreign Trade and Payments Ordinance (Außenwirtschaftsverordnung, the "**AWV**") or a clearance decision pursuant to Sec. 58a(1) sentence 1 AWV (Freigabe) in relation to the Offer (hereinafter, each a "**Formal Decision**"), or
- (ii) having neither issued a Formal Decision nor initiated a formal investigation pursuant to Sec. 55(1), (3) AWV within the statutory review period pursuant to Sec. 14a(1) no. 1, (3), (5) of the Foreign Trade and Payments Act (*Außenwirtschaftsgesetz*, the "**AWG**"), in relation to the Offer after receipt of a due application for a Formal Decision, or
- (iii) having, in the event of a formal investigation pursuant to Sec. 55(1), (3) AWV, approved the Offer by issuing a Formal Decision, or
- (iv) failed to prohibit the Offer within the period specified in Sec. 59(1) AWV in conjunction with Sec. 14a(1) no. 2, (4), (5), (6) and (7) AWG, or
- (v) having declared in writing that the Offer can be closed without having obtained prior approval by the German Ministry for Economic Affairs and Energy ("**German Foreign Investment Condition**"),

provided that the German Foreign Investment Condition shall be deemed to be satisfied at the time upon which each of the Irish Antitrust Condition and the Japanese Antitrust Condition have been satisfied or waived or confirmed or are inapplicable, save that where (i) before such time, the German Ministry for Economic Affairs and Energy has informed PMI Bidder and/or Vectura that the Offer cannot be closed without having obtained prior approval by the German Ministry for Economic Affairs and Energy, or (ii) PMI Bidder and Vectura, acting reasonably, agree that it can reasonably be assumed that the German Ministry for Economic Affairs and Energy believes this to be the case;

#### **Notifications, waiting periods and Authorisations**

- (e) excluding the Conditions set out under paragraphs (a) to (d) above, all notifications, filings or applications which are necessary or reasonably considered necessary by PMI Bidder having been made in connection with the Offer and all necessary waiting periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory obligations in any jurisdiction having been complied with in each case in respect of the Offer and all Authorisations deemed reasonably necessary or appropriate by PMI Bidder in any jurisdiction for or in respect of the Offer and, except pursuant to Chapter 3 of Part 28 of the Companies Act, the acquisition or the proposed acquisition of any shares or other securities in, or control or management of, Vectura or any other member of the Wider Vectura Group by any member of the Wider PMI Group having been obtained in terms and in a form reasonably satisfactory to PMI Bidder from all appropriate Relevant Authorities or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider

Vectura Group or the Wider PMI Group has entered into contractual arrangements and all such Authorisations necessary, appropriate or desirable to carry on the business of any member of the Wider Vectura Group in any jurisdiction having been obtained and all such Authorisations remaining in full force and effect at the time at which the Offer becomes otherwise unconditional in all respects and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations;

#### **General antitrust and regulatory**

- (f) excluding the Conditions set out under paragraphs (a) to (d) above, no Relevant Authority having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and in each case, not having withdrawn the same), or having required any action to be taken or otherwise having done anything, or having enacted, made or proposed any statute, regulation, decision, order or change to published practice (and in each case, not having withdrawn the same) and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to:
- (i) require prevent or materially delay the divestiture or materially alter the terms envisaged for such divestiture by any member of the Wider PMI Group or by any member of the Wider Vectura Group of all or any material part of its businesses, assets or property or impose any limitation on the ability of all or any of them to conduct their businesses (or any part thereof) or to own, control or manage any of their assets or properties (or any part thereof) to an extent which is material in the context of the Wider PMI Group or the Wider Vectura Group, in either case taken as a whole;
  - (ii) other than pursuant to Chapter 3 of Part 28 of the Companies Act, require any member of the Wider PMI Group or the Wider Vectura Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider Vectura Group or any asset owned by any Relevant Authority (other than in the implementation of the Offer), which is material in the context of the Wider PMI Group or the Wider Vectura Group, in either case taken as a whole;
  - (iii) impose any material limitation on, or result in a material delay in, the ability of any member of the Wider PMI Group directly or indirectly to acquire, hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in Vectura or on the ability of any member of the Wider Vectura Group or any member of the Wider PMI Group directly or indirectly to hold or exercise effectively all or any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise voting or management control over, any member of the Wider Vectura Group to an extent which is material in the context of the Wider Vectura Group or the Wider PMI Group, in either case taken as a whole;
  - (iv) otherwise materially adversely affect any or all of the business, assets, profits or prospects of any member of the Wider Vectura Group or any member of the Wider PMI Group;
  - (v) result in any member of the Wider Vectura Group or the Wider PMI Group ceasing to be able to carry on business under any name under which it presently carries on business;
  - (vi) make the Offer, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Vectura by any member of the Wider PMI Group void, unenforceable and/or illegal under the laws of any relevant jurisdiction, or otherwise, directly or indirectly, materially prevent or prohibit, restrict, restrain, or delay or otherwise to a material extent or otherwise materially interfere with the implementation of, or impose material additional conditions or obligations with respect to, or otherwise materially challenge, impede, interfere or require material amendment of the Offer or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Vectura by any member of the Wider PMI Group;
  - (vii) require, prevent or materially delay a divestiture by any member of the Wider PMI Group of any shares or other securities (or the equivalent) in any member of the Wider Vectura Group or any member of the Wider PMI Group; or

- (viii) impose any limitation on the ability of any member of the Wider PMI Group or any member of the Wider Vectura Group to conduct, integrate or co-ordinate all or any part of its business with all or any part of the business of any other member of the Wider PMI Group and/or the Wider Vectura Group which is material in the context of the Wider Vectura Group or the Wider PMI Group, in either case taken as a whole,

and all applicable waiting and other time periods (including any extensions thereof) during which any such Relevant Authority could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Offer or the acquisition or proposed acquisition of any Vectura Shares or otherwise intervene having expired, lapsed or been terminated;

**Certain matters arising as a result of any arrangement, agreement, etc.**

- (g) except as Disclosed, there being no provision of any arrangement, agreement, lease, licence, franchise, permit or other instrument to which any member of the Wider Vectura Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject or any event or circumstance which, as a consequence of the Offer or the acquisition or the proposed acquisition by any member of the Wider PMI Group of any shares or other securities (or the equivalent) in Vectura or because of a change in the control or management of any member of the Wider Vectura Group or otherwise, would reasonably be expected to result in, and in each case to an extent which is material in the context of the Wider PMI Group or the Wider Vectura Group as a whole:
  - (i) any monies borrowed by, or any other indebtedness, actual or contingent, of, or any grant available to, any member of the Wider Vectura Group being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
  - (ii) the enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider Vectura Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen) becoming enforceable;
  - (iii) any liability of any member of the Wider Vectura Group to make any severance, termination, bonus or other payment to any of its directors, or other officers;
  - (iv) the rights, liabilities, obligations, interests or business of any member of the Wider Vectura Group or any member of the Wider PMI Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider Vectura Group or any member of the Wider PMI Group in or with any other person or body or firm or company (or any arrangement or arrangement relating to any such interests or business) being or becoming capable of being terminated, or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken thereunder;
  - (v) any member of the Wider Vectura Group ceasing to be able to carry on business under any name under which it presently carries on business;
  - (vi) the value of, or the financial or trading position or prospects of, any member of the Wider Vectura Group being prejudiced or adversely affected; or
  - (vii) the creation or acceleration of any liability (actual or contingent) by any member of the Wider Vectura Group other than trade creditors or other liabilities incurred in the ordinary course of business,

and no event having occurred which, under any provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider Vectura Group is a party or by or to which any such member or any of its assets are bound, entitled or subject, would, or would reasonably be expected to, result in any of the events or circumstances as are referred to in Conditions 2(g) (i) to (vii) above;

### Certain events occurring since 31 December 2020

- (h) except as Disclosed, no member of the Wider Vectura Group having since 31 December 2020:
- (i) save as between Vectura and its wholly-owned subsidiaries or between such wholly-owned subsidiaries and save for the issue or transfer out of treasury of Vectura Shares on the exercise of options or vesting of awards granted in the ordinary course under the Vectura Share Plans issued or agreed to issue or authorised or proposed or announced its intention to authorise or propose the issue, of additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of Vectura Shares out of treasury (except, where relevant, as between Vectura and wholly owned subsidiaries of Vectura or between the wholly owned subsidiaries of Vectura and except for the issue or transfer out of treasury of Vectura Shares on the exercise of employee share options or vesting of employee share awards in the ordinary course under the Vectura Share Plans);
  - (ii) except for the Interim Dividend (and except for the recommendation only of the special dividend proposed on 21 April 2021), recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) other than dividends (or other distributions whether payable in cash or otherwise) lawfully paid or made by any wholly owned subsidiary of Vectura to Vectura or any of its wholly owned subsidiaries;
  - (iii) other than pursuant to the Offer (and except for transactions between Vectura and its wholly owned subsidiaries or between the wholly owned subsidiaries of Vectura) implemented, effected, authorised or proposed or announced its intention to implement, effect, authorise or propose any merger, demerger, reconstruction, amalgamation, scheme, commitment or acquisition or disposal of assets or shares or loan capital (or the equivalent thereof), in any undertaking or undertakings and in each case to an extent which is material in the context of the Wider Vectura Group taken as a whole;
  - (iv) except for transactions between Vectura and its wholly owned subsidiaries or between the wholly owned subsidiaries of Vectura disposed of, or transferred, mortgaged or created any security interest over any material asset or any right, title or interest in any material asset or authorised, proposed or announced any intention to do so, to an extent which, in each case, is material in the context of the Wider Vectura Group taken as a whole;
  - (v) except for transactions between Vectura and its wholly owned subsidiaries or between the wholly owned subsidiaries of Vectura, issued, authorised or proposed or announced an intention to authorise or propose, the issue of or made any change in or to the terms of any debentures or become subject to any contingent liability or incurred or increased any indebtedness to an extent which, in each case, is material in the context of the Wider Vectura Group taken as a whole;
  - (vi) entered into or varied or authorised, proposed or announced its intention to enter into or vary any material contract, arrangement, agreement, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, unusual or onerous nature or magnitude or which is or which involves or could involve an obligation of a nature or magnitude which is reasonably likely to be materially restrictive on the business of any member of the Wider Vectura Group to an extent which, in each case, is material in the context of the Wider Vectura Group taken as a whole;
  - (vii) entered into or varied the terms of, or made any offer (which remains open for acceptance) to enter into or vary to a material extent the terms of any contract, service agreement, commitment or arrangement with any director or, senior executive of any member of the Wider Vectura Group save for salary increases or bonuses in the ordinary course;
  - (viii) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any employee of the Wider Vectura Group, which is material in the context of the Wider Vectura Group taken as a whole;

- (ix) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, except in respect of the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital to an extent which is material in the context of the Wider Vectura Group as a whole;
- (x) waived, compromised or settled any claim which is material in the context of the Wider Vectura Group taken as a whole;
- (xi) terminated or varied the terms of any agreement or arrangement between any member of the Wider Vectura Group and any other person in a manner which would, or would reasonably be expected to, have a material adverse effect on the financial position of the Wider Vectura Group taken as a whole;
- (xii) made any material alteration to its memorandum or articles of association or other incorporation documents (in each case, other than in connection with the Scheme);
- (xiii) except in relation to changes made or agreed as a result of, or arising from, changes to legislation, made or agreed or consented to any significant change to:
  - (A) the terms of the trust deeds and rules constituting the pension scheme(s) established by any member of the Wider Vectura Group for its directors, employees or their dependants;
  - (B) the contributions payable to any such scheme(s) or to the benefits which accrue, or to the pensions which are payable, thereunder;
  - (C) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
  - (D) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued, made, agreed or consented to;
- (xiv) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business which is material in the context of the Wider Vectura Group taken as a whole;
- (xv) (other than in respect of a member of the Wider Vectura Group which is dormant and was solvent at the relevant time) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of a receiver, administrator, manager, administrative receiver, trustee or similar officer of all or any material part of its assets or revenues or any analogous or equivalent steps or proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed;
- (xvi) (except for transactions between Vectura and its wholly owned subsidiaries or between the wholly owned subsidiaries), made, authorised, proposed or announced an intention to propose any change in its loan capital;
- (xvii) entered into or implemented, any joint venture, asset or profit sharing arrangement, partnership or merger of business or corporate entities which, in each case, is material in the context of the Wider Vectura Group taken as a whole;
- (xviii) having taken (or agreed to take) any action which requires or would require, the consent of the Panel or the approval of Vectura Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the Takeover Code; or
- (xix) entered into any agreement, arrangement, commitment or contract or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention to, or to propose to, effect any of the transactions, matters or events referred to in this Condition 2(h);

**No adverse change, litigation, regulatory enquiry or similar**

- (i) except as Disclosed, since 31 December 2020 there having been:
- (i) no adverse change and no circumstance having arisen which would be or be reasonably likely to be expected to result in any material adverse change in, the business, assets, financial or trading position or profits or prospects or operational performance of any member of the Wider Vectura Group to an extent which is material in the context of the Wider Vectura Group taken as a whole;
  - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened, announced or instituted by or against or remaining outstanding against or in respect of, any member of the Wider Vectura Group or to which any member of the Wider Vectura Group is or is reasonably likely to be a party (whether as claimant, defendant or otherwise) having been threatened, announced, instituted or remaining outstanding by, against or in respect of, any member of the Wider Vectura Group, which, in any such case, would reasonably be expected to have a material adverse effect on the Wider Vectura Group as a whole;
  - (iii) no enquiry, review or investigation by, or complaint or reference to, any Relevant Authority against or in respect of any member of the Wider Vectura Group having been threatened, announced or instituted or remaining outstanding by, against or in respect of any member of the Wider Vectura Group, which, in any such case, would reasonably be expected to have a material adverse effect on the Wider Vectura Group as a whole;
  - (iv) no contingent or other liability having arisen or become apparent to PMI Bidder or increased other than in the ordinary course of business which is reasonably likely to affect materially and adversely the business, assets, financial or trading position or profits or prospects of any member of the Wider Vectura Group to an extent which is material in the context of the Wider Vectura Group taken as a whole;
  - (v) no member of the Wider Vectura Group having conducted its business in breach of applicable laws and regulations in a manner which is material in the context of the Wider Vectura Group as a whole; and
  - (vi) no steps having been taken and no omissions having been made which are reasonably likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Vectura Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which is material and likely to have an adverse effect on the Wider Vectura Group taken as a whole;

**No discovery of certain matters regarding information, liabilities and environmental issues**

- (j) except as Disclosed, PMI Bidder not having discovered since 31 December 2020:
- (i) that any financial, business or other information concerning the Wider Vectura Group publicly announced prior to the date of the Original Announcement or disclosed to any member of the Wider PMI Group by or on behalf of any member of the Wider Vectura Group prior to the date of the Original Announcement is misleading, contains a material misrepresentation of any fact, or omits to state a fact necessary to make that information not misleading, and which is, in any case, material in the context of the Wider Vectura Group taken as a whole;
  - (ii) that any member of the Wider Vectura Group or any partnership, company or other entity in which any member of the Wider Vectura Group has a significant economic interest and which is not a subsidiary undertaking of Vectura is subject to any liability, contingent or otherwise and which is material in the context of the Wider Vectura Group taken as a whole;
  - (iii) any information which affects the impact of any information disclosed at any time by or on behalf of the Wider Vectura Group and which is material in the context of the Wider Vectura Group taken as a whole;
  - (iv) that any past or present member of the Wider Vectura Group has not complied in any material respect with all applicable legislation, regulations or other requirements of any jurisdiction or any Authorisations relating to the use, treatment, storage, carriage, disposal, discharge, spillage, release, leak or emission of any waste or hazardous substance or any substance likely to impair the environment (including property) or harm human or animal health or otherwise relating to environmental matters or the health and safety of humans, which non-compliance would be

likely to give rise to any liability including any penalty for non-compliance (whether actual or contingent) on the part of any member of the Wider Vectura Group which is material in the context of the Wider Vectura Group taken as a whole;

- (v) that there has been a material disposal, discharge, spillage, accumulation, release, leak, emission or the migration, production, supply, treatment, storage, transport or use of any waste or hazardous substance or any substance likely to impair the environment (including any property) or harm human or animal health which (whether or not giving rise to non-compliance with any law or regulation), would be likely to give rise to any material liability (whether actual or contingent) on the part of any member of the Wider Vectura Group;
- (vi) that there is or is reasonably likely to be any material obligation or liability (whether actual or contingent) or requirement to make good, remediate, repair, reinstate or clean up any property, asset or any controlled waters currently or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider Vectura Group (or on its behalf), or in which any such member may have or previously have had or be deemed to have had an interest, under any environmental legislation, common law, regulation, notice, circular, Authorisation or order of any Relevant Authority in any jurisdiction or to contribute to the cost thereof or associated therewith or indemnify any person in relation thereto in any such case which is material in the context of the Wider Vectura Group taken as a whole; or
- (vii) that circumstances exist (whether as a result of making the Offer or otherwise) which would be reasonably likely to lead to any Relevant Authority instituting (or whereby any member of the Wider Vectura Group would be likely to be required to institute), an environmental audit or take any steps which would in any such case be reasonably likely to result in any actual or contingent liability to improve or install new plant or equipment or to make good, repair, reinstate or clean up any property of any description or any asset now or previously owned, occupied or made use of by any past or present member of the Wider Vectura Group (or on its behalf) or by any person for which a member of the Wider Vectura Group is or has been responsible, or in which any such member may have or previously have had or be deemed to have had an interest, which is material in the context of the Wider Vectura Group taken as a whole;

**Anti-corruption, sanctions and criminal property**

- (k) except as Disclosed, PMI Bidder not having discovered that:
  - (i) any past or present member of the Wider Vectura Group or any person that performs or was performing services for or on behalf of any such company (including any past or present director, officer, employee or agent) is or has, in each case only whilst a member of or performing services for or on behalf of the Wider Vectura Group, engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption legislation;
  - (ii) any past or present member of the Wider Vectura Group has engaged in any transaction which would cause any member of the Wider PMI Group to be in breach of applicable law or regulation upon completion of the Offer, including the economic sanctions of the United States Office of Foreign Assets Control or HM Treasury & Customs, or any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States or the European Union or any of its member states;
  - (iii) any member of the Wider Vectura Group, or any of their respective directors, officers or employees, is ineligible to be (or any past member of the Wider Vectura Group was, or any past director, officer or employee who was at any time during the course of their engagement with any past or present member of the Wider Vectura Group, ineligible to be) awarded any contract or business under section 23 of the Public Contracts Regulations 2006 or section 26 of the Utilities Contracts Regulations (2006) (each as amended); or
  - (iv) any asset of any member of the Wider Vectura Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition).

## **SECTION B: WAIVER AND INVOCATION OF THE CONDITIONS**

1. PMI Bidder reserves the right to waive, in whole or in part, all or any of the Conditions set out in Section A of this Part 2, except for Condition 1 which cannot be waived. The Offer is subject to the satisfaction (or waiver, if permitted) of the Conditions set out in this Part 2, to the further terms set out in this Part 2, and to the full terms and conditions set out in this document and the Form of Acceptance.
2. PMI Bidder shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as satisfied any of Conditions 2(a) to 2(k) (inclusive) by a date earlier than the latest date specified above for the fulfilment of the relevant Condition, notwithstanding that the other Conditions to the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any such Condition(s) may not be capable of fulfilment.
3. The Offer will lapse if:
  - (a) in so far as the Offer or any matter arising from or relating to the Offer constitutes a concentration with a Community dimension within the scope of the EU Merger Regulations, the European Commission initiates proceedings under Article 6(1)(c) of the EU Merger Regulations;
  - (b) or the Offer or any matter arising from or relating to the Offer becomes subject to a CMA Phase 2 Reference,in each case before the later of 1.00 pm (London time) on 15 September 2021 and the date when the Offer becomes or is declared unconditional as to acceptances.
4. If the Offer lapses it will cease to be capable of further acceptance. Vectura Shareholders who have accepted the Offer and PMI Bidder shall then cease to be bound by acceptances delivered on or before the date on which the Offer lapses.
5. Under Rule 13.5(a) of the Takeover Code, PMI Bidder may not invoke a Condition to the Offer so as to cause the Offer not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the Condition are of material significance to PMI Bidder in the context of the Offer.
6. PMI Bidder may only invoke a Condition that is subject to Rule 13.5(a) of the Takeover Code with the consent of the Panel.
7. Condition 1 is not subject to Rule 13.5(a) of the Takeover Code.
8. If PMI Bidder is required by the Panel to make an offer or offers for Vectura Shares under the provisions of Rule 9 of the Takeover Code, PMI Bidder may make such alterations to the Conditions as are necessary to comply with the provisions of that Rule.
9. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

## SECTION C: FURTHER TERMS OF THE OFFER

The following further terms and conditions apply to the Offer, unless the contrary is expressed or the context requires otherwise.

Unless the context requires otherwise, any reference in this Section C, Section D or Section E of this Part 2 and in the Form of Acceptance:

- (a) to the “**Offer**” includes any revision, variation, renewal or extension of the Offer and includes any election available in connection with the Offer;
- (b) to the “**Acceptance Condition**” means the condition set out in paragraph 1 of Section A of this Part 2;
- (c) to the “**Offer becoming unconditional**” means the Acceptance Condition becoming or being declared satisfied whether or not any other condition of the Offer remains to be fulfilled and references to the Offer having become or not become unconditional shall be construed accordingly;
- (d) to the Offer becoming “**unconditional in all respects**” means the Offer being or becoming or being declared unconditional in all respects;
- (e) to “**acceptances of the Offer**” includes deemed acceptances of the Offer;
- (f) “**Day 39**” shall mean 24 September 2021 (or such other date as PMI Bidder may decide with the agreement of the Panel);
- (g) “**Day 46**” shall mean 1 October 2021 (or such other date as PMI Bidder may decide with the agreement of the Panel);
- (h) “**Day 60**” shall mean 15 October 2021 (or such other date as PMI Bidder may decide with the agreement of the Panel); and
- (i) to the “**Offer Period**” means, in relation to the Offer, the period commencing on 25 May 2021, until the latest of:
  - (i) 1.00 pm on 15 September 2021;
  - (ii) the time and date when the Offer lapses; and
  - (iii) the time and date when the Offer becomes unconditional.

### 1. Offer timetable and acceptance period

- (a) Save as provided in this paragraph 1 of this Section C, the Offer will initially be open for acceptance until 1.00 pm on 15 September 2021.
- (b) Although no revision is envisaged, if the Offer is revised it will remain open for acceptance for a period of at least 14 days (or such other period as the Panel may permit) from the date on which the revised offer document is published. Except with the Panel’s consent, no revision of the Offer may be published after Day 46 or, if later, the date falling 14 days before the last date the Offer can become unconditional.
- (c) The Offer, whether revised or not, shall not (except with the Panel’s consent) be capable of becoming unconditional after midnight on Day 60 (or any earlier time and/or date beyond which PMI Bidder has stated that the Offer will not be extended unless PMI Bidder has, where permitted, withdrawn that statement), nor of being kept open for acceptance after that time and date unless it has previously become unconditional, provided that PMI Bidder reserves the right, with the Panel’s consent, to extend the Offer to a later time(s) and/or date(s). Except with the Panel’s consent, PMI Bidder may not, for the purpose of determining whether the Acceptance Condition has been satisfied, take into account acceptances received or purchases of Vectura Shares made after 1.00 pm on Day 60 (or any earlier time and/or date beyond which PMI Bidder has stated that the Offer will not be extended unless where permitted, it has withdrawn that statement) or, if the Offer is extended with the Panel’s consent, any such later time(s) and/or date(s) as may be agreed with the Panel. If the latest time at which the Offer may become unconditional is extended beyond midnight on Day 60, acceptances received and purchases of Vectura Shares made in respect of which relevant documents are received by Computershare after 1.00 pm on Day 60 may (except where the Takeover Code permits otherwise) only be taken into account with the Panel’s agreement.

- (d) If the Offer becomes unconditional, it will remain open for acceptance for not less than 14 days from the date on which it would otherwise have expired. If the Offer has become unconditional and it is stated by or on behalf of PMI Bidder that the Offer will remain open until further notice, then not less than 14 days' notice in writing will be given, before closing the Offer, to those Vectura Shareholders who have not accepted the Offer.
- (e) If a competitive situation (as determined by the Panel) is continuing on the Business Day immediately preceding Day 60, PMI Bidder will enable holders of Vectura Shares in uncertificated form who have not already validly accepted the Offer but who have previously accepted the competing offer to accept the Offer by a special form of acceptance to take effect on Day 60 (or such other date as agreed with the Panel). It shall be a condition of such special form of acceptance being a valid acceptance of the Offer that (A) it is received by Computershare on or before Day 60 (or such other date as agreed with the Panel); (B) the relevant Vectura Shareholder shall have applied to withdraw his or her acceptance of the competing offer but that the Vectura Shares to which such withdrawal relates shall not have been released from escrow before Day 60 (or such other date as agreed with the Panel) by the escrow agent to the competing offer; and (C) the Vectura Shares to which the special form of acceptance relates are not transferred to escrow in accordance with the procedure for acceptance set out in this document on or before Day 60 (or such other date as agreed with the Panel), but an undertaking is given that they will be so transferred as soon as possible thereafter. Vectura Shareholders wishing to use such forms of acceptance should apply to Computershare by telephone between 8.30 am and 5.30 pm Monday to Friday (excluding UK public holidays) on (0) 370 707 1387 from within the UK (or on +44 (0) 370 707 1387 if calling from outside the UK). Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Please note that Computershare cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. Notwithstanding the right to use such special form of acceptance, holders of Vectura Shares in uncertificated form may not use a Form of Acceptance (or any other purported acceptance form) for the purposes of accepting the Offer in respect of such shares.
- (f) If a competitive situation arises after PMI Bidder has made a "no extension" statement in relation to the offer after PMI Bidder's offer was deemed to be final on 12 August 2021, PMI Bidder may, if it specifically reserved the right to do so at the time such statement was made, or otherwise with the Panel's consent, choose not to be bound by and withdraw that statement and extend or revise the Offer (as appropriate) provided that it complies with the requirements of the Takeover Code and, in particular, that:
- (i) it announces such withdrawal and that it is free to extend or revise the Offer (as appropriate) as soon as possible (and in any event within four Business Days of the firm announcement of the competing offer or other competitive situation) and Vectura Shareholders are informed in writing at the earliest practicable opportunity or, in the case of Vectura Shareholders with registered addresses outside the United Kingdom or whom PMI Bidder or BofA Securities know to be a nominee, trustee or custodian holding Vectura Shares for such persons, by announcement in the UK at the earliest practicable opportunity; and
  - (ii) any Vectura Shareholders who accepted the Offer after the date of the "no extension" or "no increase" statement are given a right of withdrawal in accordance with paragraph 3(c) of this Section C of Part 2.
- (g) PMI Bidder may, if it has reserved the right to do so (or otherwise with the consent of the Panel), choose not to be bound by a "no increase" or a "no extension" statement if it would otherwise prevent the publication of an increased or improved offer (either as to the value or nature of the consideration offered or otherwise) which is recommended for acceptance by the Vectura Directors or in other circumstances permitted by the Panel.
- (h) PMI Bidder may, if it has reserved the right to do so and Vectura makes an announcement of the kind referred to in Rule 31.9 of the Takeover Code after Day 39 choose not to be bound by a "no increase" or a "no extension" statement and revise or extend the Offer with the consent of the Panel, provided that PMI Bidder complies with the requirements of the Takeover Code and in particular that notice to this effect is given as soon as possible (and in any event within four Business Days of the date of Vectura's announcement) and shareholders are informed in writing at the earliest opportunity.

- (i) For the purpose of determining at any particular time whether the Acceptance Condition has been satisfied, PMI Bidder shall be entitled to take account only of those Vectura Shares carrying voting rights which have been unconditionally allotted or issued before that time and written notice of allotment or issue of which, containing all the relevant details, has been received before that time by Computershare from Vectura or its agents at the address specified in paragraph 3(a) of this Section C. E-mail or facsimile or other electronic transmission will not constitute written notice for these purposes.

## 2. Announcements

- (a) Without prejudice to paragraph 3(a) of this Section C, by 8.00 am on the Business Day (the “**relevant day**”) following the day on which the Offer is due to expire or becomes unconditional or is revised or extended, as the case may be (or such later time(s) or date(s) as the Panel may agree), PMI Bidder will make an appropriate announcement. The announcement will state (unless otherwise permitted by the Panel):

- (i) the number of Vectura Shares for which acceptances of the Offer have been received (showing the extent, if any, to which such acceptances have been received from persons acting in concert with PMI Bidder or in respect of Vectura Shares which were subject to an irrevocable commitment or a letter of intent procured by PMI Bidder or any of its concert parties);
- (ii) details of any relevant securities of Vectura in which PMI Bidder or any person acting in concert with it has an interest or in respect of which it has a right to subscribe, in each case specifying the nature of the interests or rights concerned. Similar details of any short positions (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, will also be stated;
- (iii) details of any relevant securities of Vectura in respect of which PMI Bidder or any of its concert parties has an outstanding irrevocable commitment or letter of intent; and
- (iv) details of any relevant securities of Vectura which PMI Bidder or any person acting in concert with it has borrowed or lent, save for any borrowed shares which have been either on-lent or sold,

and will in each case specify the percentage of each class of relevant securities of Vectura represented by each of these figures. Any such announcement shall include a prominent statement of the total number of Vectura Shares which PMI Bidder may count towards the satisfaction of the Acceptance Condition and the percentage of Vectura Shares represented by this figure.

- (b) Any decision to extend the time and/or date by which the Acceptance Condition has to be fulfilled may be made at any time up to, and will be announced not later than, 8.00 am on the relevant day (as defined in paragraph 2(a) of this Section C) or such later time(s) and/or date(s) as the Panel may agree. The announcement will state the next expiry time and date unless the Offer is then unconditional, in which case a statement may instead be made that the Offer will remain open until further notice.
- (c) In computing the number of Vectura Shares represented by acceptances and/or purchases, there may be included or excluded for announcement purposes acceptances and purchases which are not complete in all respects or which are subject to verification save that those which could not be counted towards fulfilment of the Acceptance Condition under Notes 4, 5 and 6 and Note 8 on Rule 10 of the Takeover Code shall not (unless agreed by the Panel) be included.
- (d) In this Part 2, references to the making of an announcement or the giving of notice by or on behalf of PMI Bidder include the release of an announcement to the press and/or the transmission by whatever means of an announcement to a Regulatory Information Service. An announcement made otherwise than to a Regulatory Information Service shall be notified simultaneously to a Regulatory Information Service (unless otherwise agreed by the Panel).
- (e) A copy of any announcement made by PMI Bidder in accordance with this paragraph 2 will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, for inspection on PMI’s website at [www.PMI.com](http://www.PMI.com) promptly and in any event by no later than 12 noon on the Business Day following the announcement.

- (f) Without limiting the manner in which PMI Bidder may choose to make any public statement and subject to PMI Bidder's obligations under applicable law and rules and paragraph 2(e) above, PMI Bidder will have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to a Regulatory Information Service.

### 3. Rights of withdrawal

- (a) If PMI Bidder, having announced the Offer to be unconditional, fails to comply by 3.30 pm on the relevant day (as defined in paragraph 2(a) of this Section C (or such later time(s) and/or date(s) as the Panel may agree) with any of the other requirements specified in paragraph 2(a) of this Section C, an accepting Vectura Shareholder may immediately thereafter withdraw his or her acceptance of the Offer by written notice received by post by Computershare, Corporate Actions 2, Bristol, BS99 6AG (or, in the case of Vectura Shares held in uncertificated form, in the manner referred to in paragraph 3(g) of this Section C). Subject to paragraph 1(b) of this Section C, this right of withdrawal may be terminated not less than eight days after the relevant day (as defined in paragraph 2(a) of this Section C) by PMI Bidder confirming, if that be the case, that the Offer is still unconditional, and complying with the other requirements specified in paragraph 2(a) of this Section C. If any such confirmation is given, the first period of 14 days referred to in paragraph 1(d) of this Section C will run from the date of such confirmation and compliance.
- (b) If by 1.00 pm on the date which is 21 days after the first closing date of the Offer (or such later time(s) and/or date(s) as the Panel may agree) the Offer has not become unconditional, an accepting Vectura Shareholder may withdraw his or her acceptance at any time thereafter by written notice in the manner referred to in paragraph 3(a) of this Section C (or, in the case of Vectura Shares held in uncertificated form, in the manner set out in paragraph 3(g) of this Section C) before the earlier of:
  - (i) the time when the Offer becomes unconditional; and
  - (ii) the final time for lodgement of acceptances of the Offer which can be taken into account in accordance with paragraph 1(c) of this Section C.
- (c) If a "no extension" statement and/or a "no increase" statement has been withdrawn in accordance with paragraph 1 of this Section C, any Vectura Shareholder who accepts the Offer after the date of the statement may withdraw his or her acceptance in the manner referred to in paragraph 3(a) of this Section C (or, in the case of Vectura Shares held in uncertificated form, in the manner set out in paragraph 3(g) of this Section C) not later than the eighth day after the date on which written notice of withdrawal of the statement is posted to Vectura Shareholders.
- (d) If an accepting Vectura Shareholder withdraws his or her acceptance, all documents of title and other documents lodged with the Form of Acceptance will be returned as soon as practicable following the receipt of the withdrawal (and in any event within 14 calendar days) and Computershare will immediately give instructions for the release of securities held in escrow.
- (e) Except as provided by this paragraph 3 of this Section C or as otherwise agreed in writing between PMI Bidder and any particular Vectura Shareholder, acceptances under the Offer shall be irrevocable.
- (f) In this paragraph 3, "**written notice**" (including any letter of appointment, direction or authority) means notice in writing bearing the original signature(s) of the relevant accepting Vectura Shareholder(s) or his/their agent(s) duly appointed in writing (evidence of whose appointment is produced with the notice in a form reasonably satisfactory to PMI Bidder) given by post to Computershare, Corporate Actions 2, Bristol, BS99 6AG. E-mail or facsimile or other electronic transmission or copies will not be sufficient to constitute written notice. No notice which is postmarked in, or otherwise appears to PMI Bidder or its agents to have been sent from, a Restricted Jurisdiction will be treated as valid.
- (g) In the case of Vectura Shares held in uncertificated form, if withdrawals are permitted pursuant to paragraph 3(a), 3(b) or 3(c) of this Section C, an accepting Vectura Shareholder may withdraw his or her acceptance through CREST by sending (or, if a CREST sponsored member, procuring that his or her CREST sponsor sends) an ESA instruction to settle in CREST in relation to each Electronic Acceptance to be withdrawn. Each ESA instruction must, in order for it to be valid and settle, include the following details:
  - (i) the number of Vectura Shares to be withdrawn, together with their ISIN number (this is GB00BKM2MW97);

- (ii) the member account ID of the accepting shareholder, together with his or her participant ID;
- (iii) the member account ID of Computershare included in the relevant Electronic Acceptance (this is VECPMI01 for the Offer);
- (iv) Computershare's participant ID (this is 3RA52);
- (v) the CREST transaction ID of the Electronic Acceptance in respect of which the withdrawal is to be made to be inserted at the beginning of the shared note field;
- (vi) the intended settlement date for the withdrawal; and
- (vii) the corporate action number for the Offer allocated by Euroclear, and, in order that the desired withdrawal can be effected, must include:
  - (A) the member account ID of Computershare relevant to the withdrawal; and
  - (B) input with a standard delivery instruction priority of 80.

Any such withdrawal will be conditional upon Computershare verifying that the withdrawal request is validly made. Accordingly, Computershare will on behalf of PMI Bidder either reject the withdrawal by transmitting in CREST a receiving agent reject (AEAD) message or accept the withdrawal by transmitting in CREST a receiving agent accept (AEAN) message.

- (h) Vectura Shares in respect of which acceptances have been validly withdrawn in accordance with this paragraph 3 of Section C may subsequently be re-assented to the Offer following one of the procedures described in paragraph 13 of Part 1A of this document while the Offer remains open for acceptance.
- (i) Any question as to the validity (including time of receipt) of any notice of withdrawal will be determined by PMI Bidder whose determination (save as the Panel otherwise determines) will be final and binding. None of PMI Bidder, Vectura, BofA Securities, Computershare or any other person will be under any duty to give notification of any defect in any notice of withdrawal or will incur any liability for failure to do so.

#### **4. Revisions of the Offer**

- (a) Although no revision of the Offer is envisaged, if the Offer (in its original or any previously revised form(s)) is revised with the consent of the Panel (either in its terms and conditions or in the value or nature of the consideration offered or otherwise) and such revision represents on the date on which it is announced (on such basis as BofA Securities may consider appropriate) an improvement or no diminution in the value of the revised Offer compared with the consideration or terms previously offered or in the overall value received and/or retained by a Vectura Shareholder (under the Offer or otherwise), the benefit of the revised Offer will, subject to paragraphs 4(c), 4(d) and 7 of this Section C, be made available to any Vectura Shareholder who has accepted the Offer in its original or any previously revised form(s) (a **"previous acceptor"**). The acceptance of the Offer by or on behalf of a previous acceptor in its original or any previously revised form(s) shall, subject as provided in paragraphs 4(c), 4(d) and 7 of this Section C, be treated as an acceptance of the Offer as so revised and shall also constitute the irrevocable and separate appointment of PMI Bidder and each of its directors and BofA Securities and each of their respective directors as his or her attorney and/or agent with authority (A) to accept any such revised Offer on behalf of such previous acceptor; (B) if such revised Offer includes alternative forms of consideration, to make on his or her behalf such elections for and/or accept such alternative forms of consideration in the proportions such attorney and/or agent in his or her absolute discretion thinks fit; and (C) to execute on behalf of and in the name of such previous acceptor all such further documents (if any) as may be required to give effect to such acceptances and/or elections. In making any such election and/or acceptance, such attorney and/or agent shall be able to take into account the nature of any previous acceptances made by or on behalf of the previous acceptor and such other facts or matters as he or she may reasonably consider relevant.
- (b) Subject to paragraph 4(c) and paragraph 4(d) of this Section C, the powers of attorney and authorities conferred by this paragraph 4 and any acceptance of a revised Offer and/or any election pursuant thereto shall be irrevocable unless and until the previous acceptor becomes entitled to withdraw his or her acceptance under paragraph 3 of this Section C and duly and validly does so.

- (c) The deemed acceptance referred to in paragraph 4(a) of this Section C shall not apply, and the authorities conferred by that paragraph shall not be exercised, to the extent that a previous acceptor:
- (i) in respect of Vectura Shares in certificated form, lodges with Computershare, within 14 days of the publication of the document containing the revised Offer, a Form of Acceptance (or other form validly issued by or on behalf of PMI Bidder) in which he or she validly elects to receive the consideration receivable by him or her under such revised Offer in some other manner than that set out in his or her original or any previous acceptance;
  - (ii) in respect of Vectura Shares in uncertificated form, sends (or, if a CREST sponsored member, procures that his or her CREST sponsor sends) an ESA instruction to settle in CREST in relation to each Electronic Acceptance in respect of which an election is to be varied. Each ESA instruction must, in order for it to be valid and settle, include the following details:
    - (A) the number of Vectura Shares to be withdrawn, together with their ISIN number (this is GB00BKM2MW97);
    - (B) the member account ID of the accepting shareholder, together with his or her participant ID;
    - (C) the member account ID of Computershare included in the relevant Electronic Acceptance (this is VECPMI01 for the Offer);
    - (D) Computershare's participant ID (this is 3RA52);
    - (E) the CREST transaction ID of the Electronic Acceptance in respect of which the election is to be changed to be inserted at the beginning of the shared note field;
    - (F) the intended settlement date for the changed election; and
    - (G) the corporate action number for the Offer allocated by Euroclear, and, in order that the desired change of election can be effected, must include:
      - (I) the member account ID of Computershare relevant to the new election; and
      - (II) input with a standard delivery instruction priority of 80.

Any such change of election will be conditional upon Computershare verifying that the request is validly made. Accordingly, Computershare will on behalf of PMI Bidder reject or accept the requested change of election by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message as appropriate.

- (d) The deemed acceptance referred to in paragraph 4(a) of this Section C shall not apply, and the authorities conferred by that paragraph shall not be exercised if, as a result thereof, the previous acceptor would (on such basis as BofA Securities may consider appropriate) thereby receive less in aggregate in consideration under the revised Offer than he or she would have received in aggregate as a result of acceptance of the Offer in the form in which it was previously accepted by him or her or on his or her behalf unless the previous acceptor has previously agreed in writing. The authorities conferred by paragraph 4(a) of this Section C shall not be exercised in respect of any election available under the revised Offer save in accordance with this paragraph.
- (e) PMI Bidder and Computershare reserve the right to treat an executed Form of Acceptance or TTE instruction (in respect of the Offer in its original or any previously revised form(s)) which is received (or dated) on or after the announcement of any revised Offer as a valid acceptance of the revised Offer and/or, where applicable, a valid election for or acceptance of any of the alternative forms of consideration. Such acceptances shall constitute an authority in the terms of paragraph 4(a) of this Section C, *mutatis mutandis*, on behalf of the relevant Vectura Shareholder.
- (f) If a competitive situation arises after the date of this document, PMI Bidder may (with the consent of the Panel) extend or revise the Offer provided it complies with the requirements of the Takeover Code.

## **5. Acceptances and purchases**

Except as otherwise agreed by the Panel:

- (a) subject to paragraph 5(d) below, an acceptance of the Offer shall not be treated as valid for the purposes of the Acceptance Condition unless the requirements of Note 4 and, if applicable, Note 6 on Rule 10 of the Takeover Code are satisfied in respect of it (and the Vectura Shares to which such acceptance relates do not fall within Note 8 on Rule 10 of the Takeover Code);
- (b) subject to paragraph 5(d) below, a purchase of Vectura Shares by PMI Bidder or another member of the PMI Group or its or their nominee(s) or, in the case of an offer under Rule 9 of the Takeover Code, any person acting or deemed to be acting in concert with PMI Bidder (or such person's nominee(s)) will only be treated as valid for the purposes of the Acceptance Condition if the requirements of Note 5 and, if applicable, Note 6 on Rule 10 of the Takeover Code are satisfied in respect of it (and the Vectura Shares to which such acceptance relates do not fall within Note 8 on Rule 10 of the Takeover Code);
- (c) Vectura Shares which have been borrowed by PMI Bidder may not be counted towards fulfilling the Acceptance Condition; and
- (d) before the Offer may become unconditional, Computershare must have issued a certificate to PMI Bidder or to BofA Securities which states (i) the number of Vectura Shares in respect of which acceptances have been received and which comply with paragraph 5(a) of this Section C and (ii) the number of Vectura Shares otherwise acquired, whether before or during the Offer Period, which comply with paragraph 5(b) of this Section C.

## **6. General**

- (a) It is intended that the Offer will be implemented by way of a Takeover Offer within the meaning of the Companies Act. However, PMI Bidder reserves the right to elect, with the consent of the Panel (where necessary), to implement the Offer by way of a Court-sanctioned scheme of arrangement in accordance with Part 26 of the Companies Act. If the Offer is implemented by way of a Scheme, such Scheme will be implemented on the same terms, subject to appropriate amendments to reflect the change in method of effecting the Offer, including (without limitation and subject to the consent of the Panel):
  - (i) its approval by a majority in number representing not less than 75 per cent. in value of the relevant Vectura Shareholders (or the relevant class or classes thereof, if applicable) present and voting, either in person or by proxy, at the Court Meeting and at any separate class meeting which may be required by the Court or at any adjournment of any such meeting on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme document in due course (or such later date, if any, as PMI Bidder may agree and the Court may allow);
  - (ii) all resolutions necessary to approve and implement the Scheme being duly passed by the requisite majority or majorities at a Vectura General Meeting or at any adjournment of that meeting on or before the 22nd day after the expected date of the Vectura General Meeting as set out in the Scheme document in due course (or such later date, if any, as PMI Bidder may agree and the Court may allow); and
  - (iii) the sanction of the Scheme by the Court with or without modification (but subject to any such modification being acceptable to PMI Bidder) on or before the 22nd day after the expected date of the Court hearing to sanction the Scheme as set out in the Scheme document in due course (or such later date, if any, as PMI Bidder may agree and the Court may allow) and the delivery of a copy of the Court Order to the Registrar of Companies in England and Wales.
- (b) In addition, if the Offer is implemented by way of the Scheme, the Scheme will be conditional upon the Conditions set out in paragraph 2 of Section A of this Part 2 and, accordingly, the necessary actions to make the Scheme effective will not be taken unless the Conditions set out above have either been waived (if permitted) or fulfilled.
- (c) The Vectura Shares will be acquired under the Offer fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third-party rights or interests of any nature and together with all rights now or hereafter attaching or accruing thereto, including, without limitation, voting rights and the right to receive and retain in full all dividends and other

distributions (if any) declared, made or paid, or becomes payable, or any other return of value (whether by reduction of share capital or share premium account or otherwise) made with a record time falling on or after the Effective Time or (if later) the date of receipt of acceptance in respect of the Offer.

- (d) Except with the Panel's consent, settlement of the consideration to which any Vectura Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which PMI Bidder or BofA Securities may otherwise be, or claim to be, entitled as against such Vectura Shareholder and will be effected in the manner described in this document.
- (e) If on or after the date of this document, any dividend, distribution or other return of value is declared, paid or made, or becomes payable by Vectura which entitles any accepting Vectura Shareholders to receive such dividends, distribution or other return of value, PMI Bidder will (without prejudice to any right of PMI Bidder, with the consent of the Panel, to invoke Condition 2(h)(ii)) reduce the consideration payable under the Offer by an amount up to the amount of such dividend, distribution or other return of value. In such circumstances, any reference in this document to the consideration payable under the Offer shall be deemed to be a reference to the consideration as so reduced, and Vectura Shareholders would be entitled to retain any such dividend, distribution or other return of value declared, made or paid or having become payable.

If and to the extent that any such dividend, distribution or other return of value (i) has been declared or announced but not paid or made or is not payable by reference to a record time prior to the Effective Time, or (ii) shall be (x) transferred pursuant to the Offer on a basis which entitles PMI Bidder to receive the dividend, distribution or other return of value and to retain it or (y) cancelled, the consideration payable under the Offer shall not be subject to change in accordance with this paragraph.

Any reduction of the consideration referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Offer.

- (f) The Offer is made on 16 August 2021 and is capable of acceptance from that date. Copies of this document, the Form of Acceptance and any related documents are available from Computershare at the address set out in paragraph 3(a) of this Section C.
- (g) The terms, provisions, instructions and authorities contained in or deemed to be incorporated in the Form of Acceptance constitute part of the terms of the Offer. The provisions of this Part 2 shall be deemed to be incorporated in and form part of each Form of Acceptance. Words and expressions defined in this document have the same meanings when used in the Form of Acceptance, unless the context otherwise requires.
- (h) The Offer, all acceptances of it and all elections pursuant to it, the Form of Acceptance and Electronic Acceptances, all contracts made pursuant to the Offer, all action taken or made or deemed to be taken or made pursuant to any of these terms and the relationship between a Vectura Shareholder and PMI Bidder, BofA Securities or Computershare shall be governed by and interpreted in accordance with English law.
- (i) Execution of a Form of Acceptance or the making of an Electronic Acceptance by or on behalf of a Vectura Shareholder will constitute his or her agreement that the Courts of England are (subject to paragraph 6(j) of this Section C) to have exclusive jurisdiction to settle any dispute which may arise in connection with the creation, validity, effect, interpretation or performance of, or the legal relationships established by the Offer and the Form of Acceptance or the Electronic Acceptance or otherwise arising in connection with the Offer and the Form of Acceptance or the Electronic Acceptance, and for such purposes that he or she irrevocably submits to the jurisdiction of the English Courts.
- (j) Execution of a Form of Acceptance or the making of a Electronic Acceptance by or on behalf of a Vectura Shareholder will constitute his or her agreement that the agreement in paragraph 6(i) of this Section C is included for the benefit of PMI Bidder, BofA Securities and Computershare and accordingly, notwithstanding the exclusive agreement in paragraph 6(i) of this Section C, PMI Bidder, BofA Securities and Computershare shall each retain the right to, and may in its absolute discretion, bring proceedings in the courts of any other country which may have jurisdiction and that the accepting Vectura Shareholder irrevocably submits to the jurisdiction of the courts of any such country.

- (k) If the expiry date of the Offer is extended, any reference in this document and in the Form of Acceptance to 15 September 2021 shall, except in Section A of this Part 2 and paragraph 1(a) of this Section C and where the context otherwise requires, be deemed to refer to the expiry date of the Offer as so extended.
- (l) Any omission or failure to despatch this document or the Form of Acceptance or any other document relating to the Offer or any notice required to be despatched under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer is made, or should be made, shall not invalidate the Offer in any way or create any implication that the Offer has not been made to any such person. Subject to paragraph 7 of this Section C, the Offer extends to any such person and to all Vectura Shareholders to whom this document, the Form of Acceptance and any related documents may not be despatched and who may not receive such documents, and such persons may collect copies of those documents from Computershare at the address set out in paragraph 3(a) of this Section C.
- (m) If the Offer lapses:
- (i) it will cease to be capable of further acceptance;
  - (ii) PMI Bidder and accepting Vectura Shareholders will cease to be bound by: (A) in the case of Vectura Shares held in certificated form, Forms of Acceptance submitted; and (B) in the case of Vectura Shares held in uncertificated form, Electronic Acceptances inputted and settled, in each case before the time the Offer lapses;
  - (iii) in respect of Vectura Shares held in certificated form, Forms of Acceptance, share certificate(s) and/or other document(s) of title will be returned by post (or by such other method as the Panel may approve) within 14 days of the Offer lapsing, at the risk of the Vectura Shareholder concerned, to the person or agent whose name and address is set out in the relevant Box of the Form of Acceptance or, if none is set out, to the first-named holder at his or her registered address; and
  - (iv) in respect of Vectura Shares held in uncertificated form, Computershare will, immediately after the Offer lapses (or within such longer period as the Panel may permit), give TFE instructions to Euroclear to transfer all Vectura Shares held in escrow balances and in relation to which it is the escrow agent for the purposes of the Offer to the original available balances of the Vectura Shareholders concerned.
- (n) All powers of attorney, appointments as agent and authorities on the terms conferred by or referred to in this Part 2 or in the Form of Acceptance are given by way of security for the performance of the obligations of the Vectura Shareholder concerned and are irrevocable (in respect of powers of attorney in accordance with Section 4 of the Powers of Attorney Act 1971) except in the circumstances where the donor of such power of attorney, appointment or authority is entitled to withdraw his or her acceptance in accordance with paragraph 3 of this Section C and duly and validly does so.
- (o) Without prejudice to any other provisions of this Section C of Part 2, PMI Bidder, BofA Securities and Computershare reserve the right to treat acceptances of the Offer as valid if not entirely in order or not accompanied by the relevant TTE instruction or (as applicable) relevant share certificate(s) and/or other document(s) of title or if received by or on behalf of any of them at any place or places or in any manner determined by any of them or otherwise than as set out in this document or, in respect of Vectura Shares held in certificated form, in the Form of Acceptance. In that event, no settlement of consideration of the Offer will be made until after the acceptance is entirely in order and (as applicable) the relevant transfer to escrow has settled or the relevant share certificate(s) and/or other document(s) of title or indemnities satisfactory to PMI Bidder have been received by Computershare.
- (p) All communications, notices, certificates, documents of title and remittances to be delivered by or sent to or from any Vectura Shareholders will be delivered by or sent to or from them (or their designated agents) at their risk. No acknowledgement of receipt of any Form of Acceptance, transfer by means of CREST, communication, notice, share certificate(s) and/or other document(s) of title will be given by or on behalf of PMI Bidder.
- (q) If PMI Bidder receives acceptances under the Offer in respect of, and/or otherwise acquires, both 90 per cent. or more in value of the Vectura Shares to which the Offer relates and 90 per cent. or more of the voting rights carried by those shares, and assuming that all of the other Conditions of the

Offer have been satisfied or waived (if capable of being waived), PMI Bidder intends to exercise its rights in accordance with sections 974 to 991 of the Companies Act to acquire compulsorily the remaining Vectura Shares on the same terms as the Offer.

- (r) Following the Offer becoming or being declared unconditional in all respects, if PMI Bidder receives acceptances under the Offer in respect of, and/or otherwise acquires, 75 per cent. or more of the voting rights carried by the Vectura Shares or the appropriate special resolutions are otherwise passed, and subject to any applicable requirements of the FCA, it is intended that PMI Bidder will procure that Vectura makes applications to cancel the listing of Vectura Shares on the Official List, to cancel trading in Vectura Shares on the London Stock Exchange's Main Market and to re-register Vectura as a private limited company.

A notice period of not less than 20 Business Days before the cancellation will commence on the later of: (i) the date on which the Offer becomes or is declared unconditional in all respects; and (ii) provided PMI Bidder has, by virtue of its shareholdings and acceptances of the Offer, acquired Vectura Shares carrying 75 per cent. or more of the voting rights of Vectura, the date on which PMI Bidder has made an announcement of that fact. PMI Bidder will notify Vectura Shareholders when the required 75 per cent. percentage has been attained and confirm that the notice period has commenced and the anticipated date of cancellation.

- (s) All references in this Part 2 to any statute or statutory provision shall include a statute or statutory provision which amends, consolidates or replaces the same (whether before or after the date of this document).
- (t) In relation to any acceptance of the Offer in respect of a holding of Vectura Shares which are in uncertificated form, PMI Bidder reserves the right to make such alterations, additions or modifications as may be necessary or desirable to give effect to any purported acceptance of the Offer, whether in order to comply with the facilities or requirements of CREST or otherwise, provided such alterations, additions or modifications are consistent with the requirements of the Takeover Code or are otherwise made with the Panel's consent.
- (u) For the purposes of this document, the time of receipt of a TTE instruction, an ESA instruction or an Electronic Acceptance shall be the time at which the relevant instruction settles in CREST.
- (v) Neither PMI Bidder nor any person acting on behalf of PMI Bidder, shall have any liability to any person for any loss or alleged loss arising from any decision as to the treatment of acceptances of the Offer or otherwise in connection therewith.
- (w) The Offer is subject to applicable requirements of the FCA, the London Stock Exchange, the Takeover Code and the applicable US tender offer rules under the US Exchange Act and is being made in reliance on, and compliance with, Section 14(e) of the US Exchange Act, and Regulation 14E thereunder, as a "Tier II" tender offer (as set forth in Rule 14d-1(d) under the US Exchange Act).
- (x) Any question as to the validity (including time of receipt) of any acceptance of the Offer and any question as to, or the acceptance of, any words or markings on a Form of Acceptance will be determined by PMI Bidder, whose determination (save as the Panel otherwise determines) will be final and binding. None of PMI Bidder, BofA Securities, Computershare or any other person will be under any duty to give notification of any defect or irregularity in any purported acceptance of the Offer or will incur any liability for failure to do so or for any determination under this paragraph (x).

## **7. Overseas Shareholders**

- (a) The making of the Offer to Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. Such Overseas Shareholders should inform themselves about and observe any applicable legal requirements.

Therefore, any persons who are not resident in the United Kingdom will need to inform themselves about and observe any applicable requirements. Unless otherwise determined by PMI Bidder or required by the Takeover Code and permitted by applicable law and regulation, the Offer is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any other means of instrumentality (including, but not limited to, facsimile, email or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any jurisdiction where to do so would violate the laws of that jurisdiction.

No person receiving a copy of this document and/or a Form of Acceptance in any jurisdiction other than the UK may treat the same as constituting an invitation or offer to him, nor should he or she in any event use such Form of Acceptance if, in the relevant jurisdiction, such invitation or offer cannot lawfully be made to him or her or such Form of Acceptance cannot lawfully be used without contravention of any relevant or other legal requirements. In such circumstances, this document and/or Form of Acceptance are sent for information only. It is the responsibility of such Overseas Shareholder receiving a copy of this document and/or Form of Acceptance and wishing to accept the Offer to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, including obtaining any governmental, exchange control or other consents which may be required, or compliance with other necessary formalities needing to be observed and payment of any issue, transfer or other taxes or duties due in such jurisdiction.

Any such Overseas Shareholder will be responsible for any such issue, transfer or other taxes or other payments by whomsoever payable and PMI Bidder and BofA Securities (and any person acting on behalf of either of them) shall be fully indemnified and held harmless by such Overseas Shareholder for any such issue, transfer or other taxes or duties as PMI Bidder or BofA Securities (and any person acting on behalf of either of them) may be required to pay.

**If you are an Overseas Shareholder and you are in doubt about your position, you should consult your independent professional adviser in the relevant jurisdiction.**

- (b) In particular, the Offer is not being made, directly or indirectly, in or into, and is not capable of acceptance in or from a Restricted Jurisdiction. Accordingly, copies of this document are not being, and must not be, mailed or otherwise forwarded, distributed or sent in or into or from a Restricted Jurisdiction.

Persons receiving such documents (including without limitation, custodians, trustees and nominees) must not mail or otherwise forward, distribute or send them, directly or indirectly, in, into or from a Restricted Jurisdiction or use Restricted Jurisdiction mails or any such means or instrumentality or facility for any purpose, directly or indirectly, in connection with the Offer. Doing so may invalidate any purported acceptance of the Offer. Persons wishing to accept the Offer must not use such mails or any such means or instrumentality or facility directly or indirectly for any purpose directly or indirectly related to acceptance of the Offer.

Envelopes containing a Form of Acceptance, evidence of title or any other document relating to the Offer should not be postmarked in a Restricted Jurisdiction or otherwise despatched from a Restricted Jurisdiction and all accepting Vectura Shareholders must provide addresses outside a Restricted Jurisdiction for the remittance of cash or for the return of the Form of Acceptance, share certificates and/or other document(s) of title.

- (c) A Vectura Shareholder will be deemed not to have validly accepted the Offer if:
- (i) he puts "NO" in Box 4 of the Form of Acceptance and thereby does not give the representations and warranties set out in sub-paragraph (b) of Section D of this Part 2;
  - (ii) having inserted in or having completed Box 1 of the Form of Acceptance with a registered address in a Restricted Jurisdiction, he or she does not insert in Box 5 of the Form of Acceptance the name and address of a person or agent outside a Restricted Jurisdiction to whom he or she wishes the consideration to which he or she is entitled under the Offer and/or any documents to be sent;
  - (iii) he or she inserts in Box 5 of the Form of Acceptance the name and address of a person or agent in a Restricted Jurisdiction to whom he or she wishes the consideration to which he or she is entitled under the Offer and/or any documents to be sent;
  - (iv) in any case, the Form of Acceptance received from him or her is received in an envelope postmarked in, or which otherwise appears to PMI Bidder or its agent to have been sent from, a Restricted Jurisdiction;
  - (v) he or she inserts in Box 1 of the Form of Acceptance a telephone number in a Restricted Jurisdiction; or
  - (vi) he or she makes a Restricted Escrow Transfer pursuant to paragraph 7(g) below unless he or she also makes a related Restricted ESA Instruction which is accepted by Computershare.

PMI Bidder reserves the right, in its sole discretion, to investigate, in relation to any acceptance, whether the representations and warranties set out in paragraph (b) of Section D of this Part 2 or (as the case may be) Section E of this Part 2 could have been truthfully given by the relevant Vectura Shareholder and, if such investigation is made and, as a result, PMI Bidder cannot satisfy itself that such representation and warranty was true and correct, the acceptance shall not be valid.

- (d) If, in connection with the making of the Offer, notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards this document, the Form of Acceptance or any related offering documents, in, into or from a Restricted Jurisdiction or uses the mails or any means or instrumentality (including without limitation, facsimile transmission, telephone or internet) of interstate or foreign commerce of, or any facility of a national securities exchange of, a Restricted Jurisdiction in connection with such forwarding, such person should:
- (i) inform the recipient of such fact;
  - (ii) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and
  - (iii) draw the attention of the recipient to this paragraph 7.
- (e) If any written notice from a Vectura Shareholder withdrawing his or her acceptance in accordance with paragraph 3 of Section C of Part 2 is received in an envelope postmarked in, or which otherwise appears to PMI Bidder or its agents to have been sent from, a Restricted Jurisdiction, PMI Bidder reserves the right in its absolute discretion to treat that notice as invalid.

**Any acceptance of the Offer by Vectura Shareholders holding Vectura Shares in uncertificated form who are unable to give the representations and warranties set out in paragraph (b) of Section D of this Part 2 is liable to be disregarded.**

- (f) PMI Bidder reserves the right, in its absolute discretion, to treat any acceptance as invalid if it believes that such acceptance may violate applicable legal or regulatory requirements.
- (g) If a Vectura Shareholder holding Vectura Shares in uncertificated form cannot give the warranty set out in paragraph (b) of Section E of this Part 2, but nevertheless can provide evidence satisfactory to PMI Bidder that he or she can accept the Offer in compliance with all relevant legal and regulatory requirements, he or she may only purport to accept the Offer by sending (or if a CREST sponsored member, procuring that his or her CREST sponsor sends) both:
- (i) a TTE instruction to a designated escrow balance detailed below (a “**Restricted Escrow Transfer**”); and
  - (ii) one or more valid ESA instructions (a “**Restricted ESA Instruction**”) which specify the form of consideration which he or she wishes to receive (consistent with the alternatives offered under the Offer).

Such purported acceptance will not be treated as a valid acceptance unless both the Restricted Escrow Transfer and the Restricted ESA instruction(s) settle in CREST and PMI Bidder decides, in its absolute discretion, to exercise its right described in paragraph 7(h) of Section C of this Part 2 to waive, vary or modify the terms of the Offer relating to Overseas Shareholders, to the extent required to permit such acceptance to be made, in each case during the acceptance period set out in paragraph 1(a) of Section C of this Part 2. If PMI Bidder accordingly decides to permit such acceptance to be made, Computershare will, on behalf of PMI Bidder, accept the purported acceptance as an Electronic Acceptance on the terms of this document (as so waived, varied or modified) by transmitting in CREST a receiving agent accept (AEAN) message. Otherwise, Computershare will, on behalf of PMI Bidder, reject the purported acceptance by transmitting in CREST a receiving agent reject (AEAD) message.

Each Restricted Escrow Transfer must, in order for it to be valid and settle, include the following details:

- the ISIN number for the Vectura Shares. This is GB00BKM2MW97;
- the number of Vectura Shares in uncertificated form in respect of which the Offer is to be accepted;
- the member account ID and participant ID of the Vectura Shareholder;

- the participant ID of Computershare (this is 3RA52) and its member account ID specific to a Restricted Escrow Transfer (this is RESTRICT);
- the intended settlement date. This should be as soon as possible and in any event not later than 1.00 pm (London time) on 15 September 2021;
- the corporate action number for the Offer allocated by Euroclear;
- input with a standard delivery instruction priority of 80; and
- the contact name and telephone number inserted in the shared note file.

Each Restricted ESA instruction must, in order for it to be valid and settle, include the following details:

- the ISIN number for the Vectura Shares (this is GB00BKM2MW97);
  - the number of Vectura Shares relevant to that Restricted ESA instruction;
  - the member account ID and participant ID of the accepting Vectura Shareholder;
  - the member account ID and participant ID of Computershare set out in the Restricted Escrow Transfer;
  - the participant ID and the member account ID of Computershare relevant to the form of consideration required (details of which are set out in this document);
  - the CREST transaction ID of the Restricted Escrow Transfer to which the Restricted ESA Instruction relates to be inserted at the beginning of the shared note field;
  - the intended settlement date. This should be as soon as possible and in any event not later than 1.00 pm (London time) on 15 September 2021;
  - input with a standard delivery instruction priority of 80; and
  - the corporate action number for the Offer.
- (h) These provisions and any other terms of the Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Vectura Shareholders or on a general basis by PMI Bidder in its absolute discretion. Subject thereto, the provisions of this paragraph (h) supersede any terms of the Offer inconsistent with them. References in this paragraph 7 to a Vectura Shareholder include references to the person or persons executing a Form of Acceptance and, if more than one person executes the Form of Acceptance, the provisions of this paragraph 7 shall apply to them jointly and severally.
- (i) PMI Bidder reserves the right to notify any matter, including the making of the Offer, to all or any Vectura Shareholders:
- (i) with a registered address outside the United Kingdom; or
  - (ii) whom PMI Bidder knows to be a custodian, trustee or nominee holding Vectura Shares for persons who are citizens, residents or nationals of jurisdictions outside the United Kingdom, by announcement in the United Kingdom through a Regulatory Information Service or in any other appropriate manner or by notice in the London Gazette or paid advertisement in one or more newspapers published and circulated in the United Kingdom. Such notice shall be deemed to have been sufficiently given, despite any failure by any such Vectura Shareholder to receive or see that notice. A reference in this document to a notice or the provision of information in writing by or on behalf of PMI Bidder is to be construed accordingly. No such document shall be sent to an address in a Restricted Jurisdiction.

## SECTION D: FORM OF ACCEPTANCE

**This Section D applies only to Vectura Shares held in certificated form. If you hold all of your Vectura Shares in uncertificated form, you should ignore this Section D and instead read Section E below.**

Each Vectura Shareholder by whom, or on whose behalf, a Form of Acceptance is executed and delivered to Computershare irrevocably undertakes, represents, warrants and agrees to and with PMI Bidder, BofA Securities and Computershare (so as to bind him, his or her personal or legal representatives, heirs, successors and assigns) to the following effect:

- (a) that the execution of the Form of Acceptance shall constitute:
  - (i) an acceptance of the Offer in respect of the number of Vectura Shares in certificated form inserted or deemed to be inserted in Box 2 of the Form of Acceptance; and
  - (ii) an undertaking to execute any further documents and give any further assurances which may be required to enable PMI Bidder to obtain the full benefit of this Section D and/or to perfect any of the authorities expressed to be given in this Section D,

in each case on and subject to the terms and conditions set out or referred to in this document and in the Form of Acceptance and that, subject only to the rights of withdrawal set out or referred to in paragraph 3 of Section C of this Part 2, each such acceptance shall be irrevocable provided that if (i) Box 2 or any other Box is not completed or (ii) the total number of Vectura Shares inserted in Box 2 is greater than the number of Vectura Shares comprised in the acceptance, but the Form of Acceptance is signed, it will be deemed to be an acceptance of the Offer in respect of all of the Vectura Shares comprised in the acceptance.

For the purposes of this Part 2 and the Form of Acceptance, the phrase “Vectura Shares comprised in the acceptance” shall mean the number of Vectura Shares inserted in Box 2 of the Form of Acceptance or if no number (or a number greater than the relevant Vectura Shareholder’s registered holding of Vectura Shares) is inserted, the greater of:

- (i) the relevant Vectura Shareholder’s entire holding of Vectura Shares as disclosed by the register of members made available to Computershare prior to the time the relevant Form of Acceptance is processed by them;
  - (ii) the relevant Vectura Shareholder’s entire holding of Vectura Shares as disclosed by the register of members made available to Computershare prior to the latest time for receipt of the Form of Acceptance which can be taken into account for determining whether the Offer is unconditional; or
  - (iii) the number of Vectura Shares in respect of which certificates or an indemnity in lieu thereof is received by Computershare;
- (b) unless “NO” is put in Box 4 of the Form of Acceptance, that such Vectura Shareholder:
    - (i) has not, directly or indirectly, received or sent copies or originals of this document, the Form of Acceptance or any related offering documents in, into or from a Restricted Jurisdiction, has not utilised in connection with the Offer or the execution or delivery of the Form of Acceptance, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, telephone or internet) of interstate or foreign commerce of, or any facilities of a national securities exchange of, a Restricted Jurisdiction;
    - (ii) if an Overseas Shareholder, has observed the laws of the relevant jurisdiction, obtained all requisite governmental, exchange control and other required consents, complied with all necessary formalities and paid any issue, transfer or other taxes or other requisite payments due in any such jurisdiction in connection with such acceptance and has not taken or omitted to take any action that will or may result in PMI Bidder, BofA Securities or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offer or his or her acceptance thereof;
    - (iii) is accepting the Offer from outside a Restricted Jurisdiction and has not executed, mailed or sent the Form of Acceptance in or from a Restricted Jurisdiction; and

- (iv) is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent or fiduciary is an authorised employee of such principal or such principal has given all instructions with respect to the Offer from outside a Restricted Jurisdiction;
- (c) that the execution of the Form of Acceptance and its delivery to Computershare constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to an accepting Vectura Shareholder not having validly withdrawn his or her acceptance, the irrevocable and separate appointment of each of PMI Bidder and/or BofA Securities and any director of, or any person authorised, by them as such shareholder's attorney and/or agent (the "**attorney**") and an irrevocable instruction and authorisation to the attorney:
  - (i) to complete and execute all or any form(s) of transfer and/or other document(s) at the discretion of the attorney in relation to the Vectura Shares referred to in paragraph (a) of this Section D in favour of PMI Bidder or such other person or persons as PMI Bidder or its agents may direct in connection with acceptance of the Offer;
  - (ii) to deliver such form(s) of transfer and/or other document(s) in the attorney's discretion and/or the certificate(s) and/or other document(s) of title relating to such Vectura Shares for registration within six months of the Offer becoming unconditional in all respects; and
  - (iii) to execute all such other documents and do all such other acts and things as may in the attorney's opinion be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer pursuant to the Form of Acceptance and to vest the Vectura Shares referred to in paragraph (a) of this Section D in PMI Bidder or its nominee;
- (d) that, in relation to Vectura Shares in certificated form, the execution of the Form of Acceptance and its delivery to Computershare constitutes, subject to the Offer becoming unconditional in all respects and to an accepting Vectura Shareholder not having validly withdrawn his or her acceptance, an irrevocable authority and request, subject to the provisions of paragraph 7 of Section C of this Part 2:
  - (i) to Vectura or its agents to procure the registration of the transfer of those Vectura Shares referred to in paragraph (a) of this Section D pursuant to the Offer and the delivery of the share certificate(s) and/or other document(s) of title in respect of the Vectura Shares to PMI Bidder or as it may direct; and
  - (ii) to PMI Bidder and BofA Securities or their respective agents to procure the despatch by post (or by such other method as the Panel may approve) of the cheque for the cash consideration to which an accepting Vectura Shareholder is entitled, at the risk of such shareholder, to the person or agent whose name and address outside a Restricted Jurisdiction is set out in Box 5 of the Form of Acceptance, or if no name and address is set out in Box 5, to the first named holder at his or her registered address outside a Restricted Jurisdiction;
- (e) that the execution of the Form of Acceptance and its delivery to Computershare constitutes a separate authority to PMI Bidder and/or BofA Securities and/or their respective directors within the terms of paragraph 4 of Section C of this Part 2 in respect of the Vectura Shares in certificated form comprised in the acceptance;
- (f) that, subject to the Offer becoming or being declared unconditional in all respects (or if the Offer will become unconditional in all respects or lapse immediately upon the outcome of the resolution in question or if the Panel consents) and pending registration:
  - (i) PMI Bidder or its agents shall be entitled to direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general meeting of Vectura or of any class of its shareholders) attaching to any Vectura Shares in certificated form in respect of which the Offer has been accepted or is deemed to have been accepted and not validly withdrawn; and
  - (ii) the execution of a Form of Acceptance in respect of the Vectura Shares comprised in such acceptance and in respect of which such acceptance has not been validly withdrawn:
    - (A) constitutes an authority to Vectura and its agents from such Vectura Shareholder to send any notice, circular, warrant, document or other communication which may be required to be sent to him/her as a member of Vectura (including any share certificate(s) or other document(s) of title) to PMI Bidder at its registered office;

- (B) constitutes an authority to PMI Bidder or any director of, or any person authorised by, PMI Bidder to sign any document and to do such things as may, in the opinion of that agent and/or attorney, seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the Vectura Shares held by him or her in certificated form (including, without limitation, signing any consent to short notice of a general or separate class meeting as his or her attorney and/or agent and on his or her behalf and/or to attend and/or execute a form of proxy in respect of such Vectura Shares appointing any person nominated by PMI Bidder to attend general and separate class meetings of Vectura (and any adjournments thereof) and to exercise the votes attaching to such shares on his or her behalf, where relevant, such votes to be cast so far as possible to satisfy any outstanding condition of the Offer); and
- (C) will also constitute the agreement of such Vectura Shareholder not to exercise any of such rights without the consent of PMI Bidder and the irrevocable undertaking of such Vectura Shareholder not to appoint a proxy to attend any such general meeting or separate class meeting,

save that this authority will cease to be valid if the acceptance is validly withdrawn;

- (g) that he or she will deliver or procure the delivery to Computershare at the address referred to in paragraph 3(a) of Section C of this Part 2 of his or her share certificate(s) or other document(s) of title in respect of all Vectura Shares in certificated form held by him or her in respect of which the Offer has been accepted or is deemed to have been accepted and not validly withdrawn, or an indemnity acceptable to PMI Bidder in lieu thereof, as soon as possible and in any event within six months of the Offer becoming unconditional in all respects;
- (h) that he or she is the sole legal and beneficial owner of the Vectura Shares in certificated form in respect of which the Offer is accepted or deemed to be accepted or he or she is the legal owner of such Vectura Shares and he or she has the necessary capacity and authority to execute the Form(s) of Acceptance;
- (i) that the Vectura Shares in certificated form in respect of which the Offer is accepted or deemed to be accepted are sold fully paid up and free from all from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third-party rights or interests of any nature and together with all rights now or hereafter attaching or accruing thereto, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or becomes payable, or any other return of value (whether by reduction of share capital or share premium account or otherwise) made with a record time falling on or after the Effective Time or (if later) the date of receipt of acceptance in respect of the Offer;
- (j) that the terms and conditions of the Offer contained in this document shall be deemed to be incorporated in, and form part of, the Form of Acceptance which shall be read and construed accordingly;
- (k) that, if he or she accepts the Offer, he or she will do all such acts and things as shall be necessary or expedient to vest the Vectura Shares referred to in paragraph (a) of this Section D in PMI Bidder or its nominee(s) or such other persons as it may decide;
- (l) that he or she agrees to ratify each and every act or thing which may be done or effected by PMI Bidder or BofA Securities or Computershare or any director of PMI Bidder, any director of BofA Securities or any director of Computershare or their respective agents or Vectura or its agents, as the case may be, in the exercise of any of his or her powers and/or authorities under this document;
- (m) that the execution of the Form of Acceptance constitutes his or her agreement to the terms of paragraphs 6(i) and 6(j) of Section C of this Part 2;
- (n) that on execution the Form of Acceptance shall take effect as a deed;
- (o) that if any provision of Section C or this Section D of this Part 2 shall be unenforceable or invalid or shall not operate so as to afford PMI Bidder or BofA Securities or Computershare or any director of any of them the benefit or authority expressed to be given therein, he or she shall with all practicable speed do all such acts and things and execute all such documents as may be required to enable PMI Bidder and/or BofA Securities and/or Computershare and/or any director of any of them to secure the full benefits of Section C and this Section D; and

- (p) that he or she is not a customer (as defined by the rules of the Financial Conduct Authority) of BofA Securities in connection with the Offer.

References in this Section D to a Vectura Shareholder shall include references to the person or persons executing a Form of Acceptance, and if more than one person executes a Form of Acceptance, the provisions of this Section D shall apply to them jointly and severally.

## SECTION E: ELECTRONIC ACCEPTANCE

**This Section E applies only to Vectura Shares held in uncertificated form. If you hold all of your Vectura Shares in certificated form, you should ignore this Section E and instead read Section D above.**

Each Vectura Shareholder by whom, or on whose behalf, an Electronic Acceptance is made irrevocably undertakes, represents, warrants and agrees to and with PMI Bidder, BofA Securities and Computershare (so as to bind him, his or her personal representatives, heirs, successors and assigns) to the following effect:

- (a) that the Electronic Acceptance shall constitute an acceptance of the Offer in respect of the number of Vectura Shares in uncertificated form to which a TTE instruction relates on and subject to the terms and conditions set out or referred to in this document and that, subject only to the rights of withdrawal set out or referred to in paragraph 3 of Section C of this Part 2, each such acceptance and election shall be irrevocable;
- (b) that such Vectura Shareholder has not, directly or indirectly, received or sent copies or originals of this document, the Form of Acceptance or any related offering documents, in, into or from a Restricted Jurisdiction, has not utilised in connection with the Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, by means of facsimile transmission, telephone or internet) of interstate or foreign commerce of, or any facilities of a national securities exchange of, a Restricted Jurisdiction, was outside a Restricted Jurisdiction at the time of the input and settlement of the relevant TTE instruction(s), and in respect of the Vectura Shares to which an Electronic Acceptance relates, is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent or fiduciary is an authorised employee of such principal or such principal has given all instructions with respect to the Offer from outside a Restricted Jurisdiction;
- (c) that, if such Vectura Shareholder is an Overseas Shareholder, he or she has observed the laws of the relevant jurisdiction, obtained all requisite governmental, exchange control and other required consents, complied with all necessary formalities and paid any issue, transfer or other taxes or other requisite payments due in any such jurisdiction in connection with such acceptance and has not taken or omitted to take any action that will or may result in PMI Bidder, BofA Securities or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offer or his or her acceptance thereof;
- (d) that no TTE instruction has been sent from a Restricted Jurisdiction and such Vectura Shareholder is accepting the Offer from outside a Restricted Jurisdiction;
- (e) that the Electronic Acceptance constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to an accepting Vectura Shareholder not having validly withdrawn his or her acceptance, the irrevocable appointment of each of PMI Bidder and/or BofA Securities and any director of, or any person authorised by, them as such shareholder's attorney and/or agent and an irrevocable instruction and authorisation to the attorney to do all such acts and things as may in the attorney's opinion be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer and to vest the Vectura Shares referred to in paragraph (a) of this Section E in PMI Bidder or its nominee;
- (f) that the Electronic Acceptance constitutes the irrevocable appointment of Computershare as such shareholder's attorney and an irrevocable instruction and authority to the attorney (i) subject to the Offer becoming unconditional in all respects in accordance with its terms and to an accepting Vectura Shareholder not having validly withdrawn his or her acceptance, to transfer to itself (or to such other person or persons as PMI Bidder or its agents may direct) by means of CREST all or any of the Vectura Shares in uncertificated form (but not exceeding the number of Vectura Shares in uncertificated form in respect of which the Offer is accepted or deemed to be accepted); and (ii) if the Offer does not become unconditional in all respects, to give instructions to Euroclear, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 days of the lapsing of the Offer), to transfer all such Vectura Shares to the original available balance of the accepting Vectura Shareholder;
- (g) that the Electronic Acceptance constitutes, subject to the Offer becoming unconditional in all respects and to an accepting Vectura Shareholder not having validly withdrawn his or her acceptance, an irrevocable authority and request to PMI Bidder or its agents to procure the making of a CREST

payment obligation in favour of the Vectura Shareholder's payment bank in accordance with the CREST payment arrangements in respect of any cash consideration to which such shareholder is entitled, provided that:

- (i) PMI Bidder may (if, for reasons, outside its reasonable control, it is not able to effect settlement through CREST in accordance with this paragraph (g) of this Section E) determine that all or any part of any such cash consideration shall be paid by cheque despatched by post; and
  - (ii) if the Vectura Shareholder concerned is a CREST member whose registered address is in a Restricted Jurisdiction, any cash consideration to which such shareholder is entitled may be paid by cheque despatched by post, in any case at the risk of such shareholder, and such cheque shall be despatched to the first named holder at his or her registered address outside a Restricted Jurisdiction or as otherwise determined by PMI Bidder;
- (h) that the Electronic Acceptance constitutes a separate authority to PMI Bidder and/or BofA Securities and/or their respective directors within the terms of paragraph 4 of Section C of this Part 2 in respect of the Vectura Shares in uncertificated form referred to in paragraph (a) of this Section E;
- (i) that, subject to the Offer becoming or being declared unconditional in all respects (or if the Offer will become unconditional in all respects or lapse immediately upon the outcome of the resolution in question or if the Panel consents) and pending registration:
- (i) PMI Bidder and/or its agents shall be entitled to direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general meeting of Vectura or of any class of its shareholders) attaching to such Vectura Shares in uncertificated form in respect of which the Offer has been accepted or is deemed to have been accepted and not validly withdrawn; and
  - (ii) an Electronic Acceptance in respect of the Vectura Shares comprised in such acceptance and in respect of which such acceptance has not been validly withdrawn:
    - (A) constitutes an authority to Vectura from such Vectura Shareholder to send any notice, circular, warrant, document or other communication which may be required to be sent to him/her as a member of Vectura (including any share certificate(s) or other document(s) of title issued as a result of a conversion of such Vectura Shares into certificated form) to PMI Bidder at its registered office;
    - (B) constitutes an authority to PMI Bidder or any director of, or any other person authorised by, PMI Bidder to sign any document and to do such things as may, in the opinion of that agent and/or attorney, seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the Vectura Shares held by him or her in uncertificated form (including, without limitation, signing any consent to short notice of a general or separate class meeting as his or her attorney and/or agent and on his or her behalf and/or to attend and/or execute a form of proxy in respect of such Vectura Shares appointing any person nominated by PMI Bidder to attend general and separate class meetings of Vectura (and any adjournments thereof) and to exercise the votes attaching to such shares on his or her behalf, where relevant, such votes to be cast so far as possible to satisfy any outstanding condition of the Offer); and
    - (C) will also constitute the agreement of such Vectura Shareholder not to exercise any of such rights without the consent of PMI Bidder and the irrevocable undertaking of such Vectura Shareholder not to appoint a proxy to attend any such general meeting or separate class meeting,

save that this authority will cease to be valid if the acceptance is validly withdrawn;

- (j) that he or she is the sole legal and beneficial owner of the Vectura Shares in uncertificated form in respect of which the Offer is accepted or deemed to be accepted or he or she is the legal owner of such Vectura Shares and he or she has the necessary capacity and authority to effect an Electronic Acceptance;
- (k) that the Vectura Shares in uncertificated form in respect of which the Offer is accepted or deemed to be accepted are sold fully paid up and free from all from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third-party rights or interests of any nature and together with all rights now or hereafter attaching or accruing thereto, including, without limitation, voting

rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or becomes payable, or any other return of value (whether by reduction of share capital or share premium account or otherwise) made with a record time falling on or after the Effective Time or (if later) the date of receipt of acceptance in respect of the Offer;

- (l) that he or she will do all such acts and things as shall be necessary or expedient to vest the Vectura Shares referred to in paragraph (a) of this Section E in PMI Bidder or its nominee(s) or such other persons as it may decide and all such acts and things as may be necessary or expedient to enable Computershare to perform its functions as escrow agent for the purposes of the Offer;
- (m) that he or she agrees to ratify each and every act or thing which may be done or effected by PMI Bidder or BofA Securities or Computershare or any director of PMI Bidder or any director of BofA Securities or any director of Computershare or their respective agents or Vectura or its agents, as the case may be, in the exercise of any of his or her powers and/or authorities under this document;
- (n) that if, for any reason, any Vectura Shares in respect of which a TTE instruction has been effected in accordance with paragraph 13 of the letter from PMI Bidder contained in this document are converted to certificated form, he or she will (without prejudice to paragraph (i)(ii)(A) of this Section E) immediately deliver or procure the immediate delivery of the share certificate(s) or other document(s) of title in respect of all such Vectura Shares as so converted to Computershare at the address referred to in paragraph 3(a) of Section C of this Part 2 or to PMI Bidder at its registered office or as PMI Bidder or its agents may direct; and he or she shall be deemed upon conversion to undertake, represent, warrant and agree in the terms set out in Section D of this Part 2 in relation to such Vectura Shares without prejudice to the application of this Section E as far as PMI Bidder deems appropriate;
- (o) that the creation of a CREST payment obligation in favour of his or her payment bank in accordance with the CREST payment arrangements referred to in paragraph (g) of this Section E shall, to the extent of the obligation so created, discharge in full any obligation of PMI Bidder and/or BofA Securities to pay him or her the cash consideration to which he or she is entitled pursuant to the Offer;
- (p) that the making of an Electronic Acceptance constitutes his or her agreement to the terms of paragraphs 6(i) and 6(j) of Section C of this Part 2;
- (q) that, by virtue of the Regulations, the making of an Electronic Acceptance constitutes an irrevocable power of attorney by the relevant Vectura Shareholder in the terms of all the powers and authorities expressed to be given by Section C, this Section E and (where applicable by virtue of paragraph (n) above) Section D of this Part 2 to PMI Bidder, Computershare and BofA Securities and any of their respective agents;
- (r) that if any provision of Section C or Section E of this Part 2 shall be unenforceable or invalid or shall not operate so as to afford PMI Bidder or BofA Securities or Computershare or any director of any of them the benefit or authority expressed to be given therein, he or she shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable PMI Bidder and/or BofA Securities and/or Computershare and/or any director of either of them to secure the full benefits of Section C and this Section E; and
- (s) that he or she is not a customer (as defined by the rules of the Financial Conduct Authority) of BofA Securities in connection with the Offer.

References in this Section E to a Vectura Shareholder shall include references to the person or persons making an Electronic Acceptance and, if more than one makes an Electronic Acceptance, the provisions of this Section E shall apply to them jointly and severally.

### **PART 3: FINANCIAL AND OTHER INFORMATION RELATING TO THE PMI GROUP**

The following sets out the financial information in respect of PMI Group as required by Rule 24.3(a)(iii) of the Takeover Code. The documents referred to below, the contents of which have previously been published, are incorporated into this document by reference pursuant to Rule 24.15 of the Takeover Code.

All documents referred to below are available in “read-only” format for reviewing or downloading free of charge on PMI’s website at [www.PMI.com](http://www.PMI.com). Save as expressly referred to in this document, the contents of the websites referred to in this document are not incorporated into and do not form part of this document.

#### ***Information incorporated by reference***

#### ***Website address where reference material published***

Audited consolidated accounts for the year ended  
31 December 2020

[https://philipmorrisinternational.gcs-web.com/static-files/  
9f1f0ec5-f5ec-4164-93ee-8057210a8205](https://philipmorrisinternational.gcs-web.com/static-files/9f1f0ec5-f5ec-4164-93ee-8057210a8205)

The audited accounts of PMI for the financial year ended  
31 December 2020 are set out on pages 58 – 117.

Audited consolidated accounts for the year ended  
31 December 2019

[https://philipmorrisinternational.gcs-web.com/static-files/  
b475ffd3-ee87-4b22-9724-181510d16b1a](https://philipmorrisinternational.gcs-web.com/static-files/b475ffd3-ee87-4b22-9724-181510d16b1a)

The audited accounts of PMI for the financial year ended  
31 December 2019 are set out on pages 53 – 113.

PMI Q2 2021 earnings results

[https://philipmorrisinternational.gcs-web.com/static-files/  
32daebd6-b1a8-425e-a4de-60e0abd8f4a5](https://philipmorrisinternational.gcs-web.com/static-files/32daebd6-b1a8-425e-a4de-60e0abd8f4a5)

The PMI Q2 2021 earnings results are set out on page 43.

There are no ratings or outlooks publicly accorded to PMI Bidder.

PMI is subject to ratings agencies Standard & Poors ('A/A-1' long-term and short-term issuer ratings), Fitch (long-term Issuer Default Rating (IDR) and senior unsecured long-term debt rating at 'A') and Moody's (A2 long-term issuer; A2 senior unsecured rating; P(A2) rating of PMI's shelf programme; short-term Prime-1 (P-1) issuer rating and short-term (domestic) P-1 rating of PMI's USD commercial paper programme). In each case the outlook is stable.

## **PART 4: FINANCIAL AND OTHER INFORMATION RELATING TO VECTURA**

The following sets out the financial information in respect of Vectura as required by Rule 24.3(e) of the Takeover Code. The documents referred to below, the contents of which have previously been published, are incorporated into this document by reference pursuant to Rule 24.15 of the Takeover Code.

All documents referred to below are available in “read-only” format for reviewing or downloading free of charge on Vectura’s website at [www.Vectura.com](http://www.Vectura.com). Save as expressly referred to in this document, the contents of the websites referred to in this document are not incorporated into and do not form part of this document.

### ***Information incorporated by reference***

Vectura Trading Update dated 26 May 2021

### ***Website address where reference material published***

<https://ir.q4europe.com/Solutions/VecturaIntranet/3832/newsArticle.aspx?storyid=15072868>

Audited consolidated accounts for the year ended 31 December 2020

<https://www.vectura.com/wp-content/uploads/2021/04/Vectura-Group-plc-Annual-Report-and-Accounts-2020.pdf>

The audited accounts of Vectura for the financial year ended 31 December 2020 are set out on pages 100-152.

Audited consolidated accounts for the year ended 31 December 2019

<https://www.vectura.com/wp-content/uploads/2020/04/Vectura-Group-plc-Annual-Report-and-Accounts-2019.pdf>

The audited accounts of Vectura for the financial year ended 31 December 2019 are set out on pages 91-140.

There are no current public ratings or outlooks accorded to Vectura by any rating agencies.

## PART 5: ADDITIONAL INFORMATION

### 1. Responsibility

- (a) The PMI Bidder Directors, whose names are set out in paragraph 2(a) below, and the PMI Responsible Persons, whose names are set out in paragraph 2(b) below, accept responsibility for the information contained in this document (including any expression of opinion) other than the information for which responsibility is taken by others pursuant to sub-paragraph 1(b) below. To the best of the knowledge and belief of the PMI Bidder Directors and the PMI Responsible Persons (who have taken all reasonable care to ensure that such is the case), the information (including any expression of opinion) contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (b) The Vectura Directors, whose names are set out in paragraph 2(c) below, accept responsibility for the information contained in this document (including any expression of opinion) relating to Vectura, the Vectura Group and themselves, their close relatives, related trusts and other connected persons and other persons acting in concert with Vectura (as that term is used in the Takeover Code). To the best of the knowledge and belief of the Vectura Directors (who have taken all reasonable care to ensure that such is the case), the information (including any expression of opinion) contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2. Directors

- (a) The PMI Bidder Directors and their positions in PMI Bidder are as follows:

<i>Name</i>	<i>Position</i>
Deepak Mishra	Director
Collette Richards	Director
Facundo Gonzalez Lobo	Director

The registered office of PMI Bidder and the business address of each of the PMI Bidder Directors is 120, Park Avenue, New York, 10017 New York, United States.

- (b) The PMI Responsible Persons and their positions in PMI are as follows:

<i>Name</i>	<i>Position</i>
André Calantzopoulos	Executive Chairman
Jacek Olczak	Chief Executive Officer
Bonin Bough	Director
Michel Combes	Director
Dr Juan José Daboub	Director
Werner Geissler	Director
Lisa Hook	Director
Jun Makihara	Director
Kalpana Morparia	Director
Lucio A. Noto	Lead Independent Director
Frederik Paulsen	Director
Robert B. Polet	Director
Shlomo Yanai	Director

The registered office of PMI and the business address of each of the PMI Responsible Persons is 120, Park Avenue, New York, 10017 New York, United States.

- (c) The Vectura Directors and their positions in Vectura are as follows:

<i>Name</i>	<i>Position</i>
Bruno Angelici	Chairman
Will Downie	Chief Executive Officer
Paul Fry	Chief Financial Officer

<i>Name</i>	<i>Position</i>
Per-Olof Andersson	Non-Executive Director
Kevin Matthews	Non-Executive Director
Jeanne Taylor Hecht	Non-Executive Director
Jeanne Thoma	Non-Executive Director
Juliet Thompson	Non-Executive Director

The registered office of Vectura and the business address of each of the Vectura Directors is One, Prospect West, Chippenham, Wiltshire, SN14 6FH, United Kingdom.

### 3. Market quotations

Set out below are the Closing Prices of Vectura Shares taken from Bloomberg on:

- the first dealing day in each of the six months immediately before the date of this document;
- 25 May 2021 (the last dealing day before the commencement of the Offer Period); and
- 12 August 2021 (the Latest Practicable Date).

<i>Date</i>	<i>Closing Price of Vectura Shares (£)</i>
1 February 2021	1.16
1 March 2021	1.12
1 April 2021	1.18
4 May 2021	1.17
25 May 2021	1.22
1 June 2021	1.40
1 July 2021	1.36
2 August 2021	1.53
12 August 2021	1.63

### 4. Interests and dealings

For the purposes of this paragraph 4:

“**acting in concert**” has the meaning given to it in the Takeover Code;

“**close relative**” has the meaning given to it in the Takeover Code;

“**connected person**” in relation to a director of PMI Bidder or Vectura includes: (a) such director’s spouse or civil partner and children or step-children under the age of 18; (b) the trustee(s) of any trust for the benefit of such director and/or any person mentioned in (a); (c) any company in which such director and/or any person mentioned in (a) or (b) is entitled to exercise or control the exercise of one-third or more of the voting power, or which is accustomed to act in accordance with the directions of such director or any such person; and (d) any other person whose interests in shares are taken to be interests of such director pursuant to Part 22 of the Companies Act;

“**control**” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights (as defined in the Takeover Code) of a company, irrespective of whether such interest or interests give *de facto* control;

“**dealing**” has the meaning given to it in the Takeover Code and “**dealt**” has the corresponding meaning;

“**derivative**” includes any financial product the value of which, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;

“**disclosure period**” means the period commencing on 26 May 2020 (the date 12 months prior to the commencement of the Offer Period) and ending on the Latest Practicable Date);

“**Note 11 arrangement**” includes any indemnity or option arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing (other than irrevocable commitments and letters of intent to vote in favour of the Scheme and/or related resolutions);

“**relevant securities**” means (i) Vectura Shares and any other securities of Vectura conferring voting rights; (ii) equity share capital of Vectura; (iii) equity share capital of PMI Bidder; and (iv) securities of Vectura or PMI Bidder carrying conversion or subscription rights into any of the foregoing;

“**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

**(a) Concert parties**

**(i) Persons acting in concert with PMI Bidder**

In addition to the PMI Bidder Directors (together with their close relatives and related trusts) and members of the Wider PMI Group, the persons who, for the purposes of the Takeover Code, are acting in concert with PMI Bidder for the purposes of the Offer and which are required to be disclosed are:

<i>Name</i>	<i>Registered Office</i>	<i>Relationship with PMI Bidder</i>
BofA Securities	2 King Edward Street, London, EC1A 1HQ	Financial Adviser

**(ii) Persons acting in concert with Vectura**

In addition to the Vectura Directors (together with their close relatives and related trusts) and members of the Vectura Group, the persons who, for the purposes of the Takeover Code, are acting in concert with Vectura for the purposes of the Offer and which are required to be disclosed are:

<i>Name</i>	<i>Registered Office</i>	<i>Relationship with Vectura</i>
J.P. Morgan Securities plc	25 Bank Street Canary Wharf London E14 5JP	Joint Financial Adviser and Joint Corporate Broker
N.M. Rothschild & Sons Limited	New Court, St Swithin’s Lane, London EC4N 8AL	Joint Financial Adviser
Numis Securities Limited	10 Paternoster Square, London, EC4M 7LT	Joint Corporate Broker

**(b) Interests and dealings in relevant securities of Vectura**

(i) As at the Latest Practicable Date, the interests of the Vectura Directors (and their close relatives, related trusts and connected persons) in relevant securities of Vectura (apart from the awards which are described in (ii) below) were as follows:

<i>Name</i>	<i>Number of Vectura Shares</i>	<i>Percentage of Vectura issued ordinary share capital</i>
Bruno Angelici	236,385	0.04
Will Downie	4,510*	0.00
Paul Fry	128,578*	0.02
Per-Olof Andersson	46,153	0.01
Kevin Matthews	12,000	0.00
Juliet Thompson	45,261	0.01
Paul Fry’s father	500	0.00

\*Includes shares held under the Vectura Share Incentive Plan

- (ii) As at the Latest Practicable Date, the Vectura Directors held the following outstanding Awards over Vectura Shares under the Vectura Share Plans:

<i>Director</i>	<i>Description of option/award</i>	<i>Number</i>	<i>Date of incentive award (BSA)/ award (PSA)</i>	<i>Exercise price</i>	<i>Vesting date</i>	<i>Lapse date</i>
Will Downie	Option under the Vectura 2015 Long Term Incentive Plan ("LTIP")	933,421 Vectura Shares	1 June 2020	£0.000271	1 June 2023	31 May 2030
Will Downie	Option under the LTIP	755,949 Vectura Shares	24 March 2021	£0.000271	24 March 2024	23 March 2031
Will Downie	Option under the Vectura Group plc Deferred Share Bonus Plan 2017 ("DSBP")	4,263 Vectura Shares	24 April 2020	Nil	24 April 2022	24 April 2030
Will Downie	Option under the DSBP	108,025 Vectura Shares	24 March 2021	Nil	24 March 2023	24 March 2031
Paul Fry	Option under the LTIP	864,966 Vectura Shares	25 April 2019	£0.000271	25 April 2019	24 April 2029
Paul Fry	Option under the LTIP	756,724 Vectura Shares	1 June 2020	£0.000271	1 June 2023	31 May 2030
Paul Fry	Option under the LTIP	612,848 Vectura Shares	24 March 2021	£0.000271	24 March 2024	23 March 2031
Paul Fry	Option under the LTIP	159,896 Vectura Shares	22 October 2018	£0.000271	22 October 2021	21 October 2028
Paul Fry	Option under the DSBP	81,089 Vectura Shares	24 March 2021	Nil	24 March 2023	24 March 2031
Paul Fry	Option under the Vectura Group plc 2014 Sharesave Scheme	28,607 Vectura Shares	26 March 2019	£0.6292	1 May 2022	1 November 2022

- (iii) As at the Latest Practicable Date, the interests, rights to subscribe and short positions in respect of relevant securities of Vectura held by persons acting in concert with Vectura (excluding the Vectura Directors and their close relatives, related trusts and connected persons) were as follows:

<i>Name</i>	<i>Number of Vectura Shares</i>	<i>Percentage of Vectura issued ordinary share capital</i>
JP Morgan Chase Bank (Custody)	22	0.00

- (iv) During the Offer Period, the following dealings in relevant securities of Vectura by Vectura Directors (and their close relatives, related trusts and connected persons) have taken place:

<i>Name</i>	<i>Date of Dealing</i>	<i>Number of relevant securities</i>	<i>Nature of Dealing</i>	<i>Price per unit</i>
Will Downie	4 June 2021	2,535	Grant of a SIP over Vectura Shares	Nil
Paul Fry	4 June 2021	2,535	Grant of a SIP over Vectura Shares	Nil

**(c) General**

Save as disclosed in this document, as at the Latest Practicable Date:

- (i) none of PMI Bidder, any PMI Bidder Directors, any close relatives, related trusts or connected persons of such directors, nor any other person acting in concert with PMI Bidder, nor any person with whom PMI Bidder or any person acting in concert with PMI

Bidder has an arrangement, was interested, had any rights to subscribe or had any short positions in respect of any relevant securities of Vectura nor has any such person dealt in any relevant securities during the disclosure period;

- (ii) none of Vectura, any Vectura Directors, any close relatives, related trusts or connected persons of such directors, nor any other person acting in concert with Vectura, nor any person with whom Vectura or any person acting in concert with Vectura has an arrangement, was interested, had any rights to subscribe or had any short positions in respect of any relevant securities of Vectura or PMI Bidder, nor has any such person dealt in any relevant securities during the Offer Period;
- (iii) neither PMI Bidder nor any person acting in concert with PMI Bidder has borrowed or lent any relevant securities of Vectura during the disclosure period, save for any borrowed shares which have either been onlent or sold;
- (iv) neither Vectura nor any person acting in concert with Vectura has borrowed or lent any relevant securities of Vectura during the Offer Period, save for any borrowed shares which have either been onlent or sold;
- (v) neither PMI Bidder nor any person acting in concert with PMI Bidder has entered into or taken any action to unwind any financial collateral arrangements in respect of any relevant securities of Vectura during the disclosure period;
- (vi) neither Vectura nor any person acting in concert with Vectura has entered into or taken any action to unwind any financial collateral arrangements in respect of any relevant securities of Vectura during the Offer Period;
- (vii) none of PMI Bidder, or any or any person acting in concert with PMI Bidder has any Note 11 arrangement with any person in respect of the relevant securities; and
- (viii) none of Vectura, or any person acting in concert with Vectura has any Note 11 arrangement with any person in respect of the relevant securities.

**(d) Interests in PMI Bidder**

PMI Bidder is wholly owned by PMI.

**5. Bases of calculation and sources of information**

In this document, unless otherwise stated or the context otherwise requires, the bases and sources used are as set out in Part 6.

**6. Financing and cash confirmation**

The consideration payable by PMI Bidder under the terms of the Offer will be funded from PMI Group's existing cash resources.

BofA Securities, financial adviser to PMI Bidder, is satisfied that sufficient resources are available to satisfy in full the consideration payable to Vectura Shareholders under the terms of the Offer.

**7. Offer-related arrangements**

***Confidentiality Agreement***

Philip Morris Products S.A. and Vectura entered into a confidentiality agreement dated 7 June 2021 (the "**Confidentiality Agreement**") pursuant to which an affiliate of PMI Bidder, Philip Morris Products S.A. has undertaken to (i) keep confidential information relating to, *inter alia*, the Offer and Vectura and not to disclose it to third parties (other than to certain permitted parties) unless required by law or regulation; and (ii) use the confidential information only for the purpose of the Offer.

These confidentiality obligations shall remain in force for a period of 24 months from the date of the Confidentiality Agreement. This agreement also includes customary non-solicitation obligations on Philip Morris Products S.A. and its affiliates.

### ***Clean Team and Joint Defence Agreement***

Philip Morris Products S.A., Vectura and their respective counsel entered into a clean team and joint defence agreement dated 15 June 2021, the purpose of which is to ensure that the exchange and/or disclosure of certain materials relating to the parties and in relation to, in particular, the regulatory workstreams (including foreign investment and antitrust) only takes place between their respective legal counsel and external experts, and does not diminish in any way the confidentiality of such materials and does not result in a waiver of any privilege, right or immunity that might otherwise be available.

### ***Co-operation Agreement***

PMI Bidder and Vectura entered into a co-operation agreement dated on or around the date of the Original Announcement, pursuant to which:

- (a) PMI Bidder has agreed to incur certain obligations with a view to securing the regulatory clearances and authorisations necessary to satisfy the Regulatory Conditions as soon as reasonably practicable; and
- (b) PMI Bidder and Vectura have agreed to certain undertakings to co-operate in relation to obtaining such regulatory clearances and authorisations.

The Co-operation Agreement also contains provisions that shall apply in respect of the Vectura Share Plans and certain other employee-related matters.

The Co-operation Agreement shall be terminated with immediate effect if: (i) PMI Bidder and Vectura so agree in writing; (ii) the Offer is withdrawn, terminated or lapses in accordance with its terms prior to the Long Stop Date and, where required, with the consent of the Panel (other than in certain limited circumstances); or (iii) unless otherwise agreed by the parties in writing or required by the Panel, the Effective Date has not occurred by the Long Stop Date.

Each of PMI Bidder and Vectura has the right to terminate the Co-operation Agreement if, prior to the Long Stop Date, any Condition is invoked by PMI Bidder (where such invocation has been permitted by the Panel).

PMI Bidder has the right to terminate the Co-operation Agreement if: (i) in certain circumstances if the Vectura Board otherwise withdraws, adversely modifies or adversely qualifies its recommendation of the Acquisition; (ii) a third party announces a firm intention under the Takeover Code to make an offer for Vectura which is recommended by the Vectura Board, or (iii) a competing proposal becomes effective or is declared or becomes wholly unconditional.

## **8. Material contracts**

### **(a) PMI Bidder**

#### ***Fertin SPA***

On 30 June 2021, (i) PMI Bidder, (ii) Claudio Topco B.V and (iii) Bagger-Sorensen & Co. A/S ((ii) and (iii) being the “**Majority Sellers**”) entered into a share sale and purchase agreement (“**Fertin SPA**”). Pursuant to the terms of the Fertin SPA, following the satisfaction or waiver of certain conditions (including receipt of certain antitrust and other governmental approvals), PMI Bidder will acquire from the Majority Sellers and, as a consequence of a drag-along process, from certain minority sellers, all of the issued and outstanding shares of Claudio Holdco A/S, an ultimate holding company of Fertin Pharma A/S (“**Fertin**”) and its subsidiaries.

PMI Bidder will pay an enterprise value for Fertin of DKK (Danish Krone) 5,121,500,000, adjusted for consolidated net interest bearing debt and normalised working capital as of the locked box date of 31 March 2021 (“**Locked Box Date**”). The base purchase price will accrue an interest of 2.5 per cent. per annum from (and excluding) the Locked Box Date through (and including) the closing date of the transaction.

The Fertin SPA contains customary warranties representations, warranties and other covenants made by PMI Bidder and the Majority Sellers, as well as customary indemnification obligations in favour of PMI Bidder.

The Fertin SPA may be terminated prior to completion of the transaction by the parties’ mutual written consent and in certain other circumstances, including if completion has not occurred on or prior to 31 December 2021, subject to extension of up to six months if the required antitrust and governmental approvals have not yet been obtained.

*Other material contracts*

Other than the Fertin SPA, the Co-operation Agreement, the Confidentiality Agreement and the Clean Team and Joint Defence Agreement summarised in paragraph 7 above, PMI and its subsidiaries have not, during the period beginning on 26 May 2019 and ending on the Latest Practicable Date, entered into any material contract otherwise than in the ordinary course of business.

**(b) Vectura**

Other than the Co-operation Agreement, the Confidentiality Agreement and the Clean Team and Joint Defence Agreement summarised in paragraph 7 above and as disclosed below, Vectura and its subsidiaries have not, during the period beginning on 26 May 2019 and ending on the Latest Practicable Date, entered into any material contract otherwise than in the ordinary course of business.

*Carlyle Confidentiality Agreement*

CECP Advisors LLP (an adviser to Carlyle Europe Partners V) and Vectura entered into a confidentiality and standstill agreement dated 29 April 2021 (the “**Carlyle Confidentiality Agreement**”) pursuant to which CECP Advisors LLP has undertaken to (i) keep confidential information relating to, *inter alia*, the Carlyle Offer and Vectura and not to disclose it to third parties (other than to certain permitted parties) unless required by law or regulation; and (ii) use the confidential information only for the purpose of the Carlyle Offer.

These confidentiality obligations shall remain in force for a period of 24 months from the date of the Carlyle Confidentiality Agreement. This agreement also includes customary non-solicitation obligations on CECP Advisors LLP. CECP Advisors LLP also agreed to certain standstill undertakings, all of which ceased to apply upon the release of the Original Carlyle Offer Announcement.

*Carlyle Clean Team and Joint Defence Agreement*

CECP Advisors LLP, Vectura and their respective counsel entered into a clean team and joint defence agreement dated 14 May 2021, the purpose of which is to ensure that the exchange and/or disclosure of certain materials relating to the parties and in relation to, in particular, the regulatory workstreams (including foreign investment and antitrust) of the Carlyle Offer only takes place between their respective legal counsel and external experts, and does not diminish in any way the confidentiality of such materials and does not result in a waiver of any privilege, right or immunity that might otherwise be available.

*Carlyle Co-operation Agreement*

Murano and Vectura entered into a co-operation agreement on 26 May 2021, pursuant to which:

- (a) Murano has agreed to incur certain obligations with a view to securing the regulatory clearances and authorisations necessary to satisfy the regulatory conditions as set out within the Original Carlyle Offer Announcement as soon as reasonably practicable; and
- (b) Murano and Vectura have agreed to certain undertakings to co-operate in relation to obtaining such regulatory clearances and authorisations.

The Carlyle Co-operation Agreement also recorded Murano’s and Vectura’s intentions to implement the Carlyle Offer by way of scheme of arrangement, subject to Murano having the right to implement the Carlyle Offer by way of a Takeover Offer in certain circumstances.

The Carlyle Co-operation Agreement also contains provisions that shall apply in respect of the Vectura Share Plans and certain other employee-related matters.

The Carlyle Co-operation Agreement shall be terminated with immediate effect if: (i) Murano and Vectura so agree in writing; (ii) the Carlyle Offer is withdrawn, terminated or lapses in accordance with its terms prior to 26 November 2021 and, where required, with the consent of the Panel (other than in certain limited circumstances); or (iii) unless otherwise agreed by the parties in writing or required by the Panel, the effective date of the Carlyle Offer has not occurred by 26 November 2021.

Each of Murano and Vectura has the right to terminate the Carlyle Co-operation Agreement if, prior to 26 November 2021, any condition of the Carlyle Offer is invoked by Murano (where such invocation has been permitted by the Panel).

Murano has the right to terminate the Carlyle Co-operation Agreement if: (i) the Vectura Board announces that it shall not convene the Carlyle Court Meeting or the Carlyle General Meeting; (ii) the Vectura Board otherwise withdraws, adversely modifies or adversely qualifies its recommendation of the Carlyle Offer; (iii) a third party announces a firm intention under the Takeover Code to make an offer for Vectura which is recommended by the Vectura Board, or (iv) a competing proposal becomes effective or is declared or becomes wholly unconditional.

## 9. Other information

- (a) Except as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between PMI Bidder or any person acting in concert with PMI Bidder and any of its directors, recent directors, shareholders or recent shareholders, or any person interested or recently interested in shares of Vectura having any connection with or dependence on the Offer.
- (b) Except as disclosed in this document, there is no agreement, arrangement or understanding by which any securities acquired in pursuance of the Offer will be transferred to any other person, but PMI Bidder reserves the right to transfer any such shares to any member of the PMI Group.
- (c) Except as disclosed in this document, there is no agreement or arrangement to which the PMI Group is a party which relates to the circumstances in which it may or may not invoke a condition to the Offer.
- (d) Except with the consent of the Panel, settlement of the consideration to which a Vectura Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien or right of set-off, counterclaim or other analogous right to which PMI Bidder may otherwise be, or claim to be, entitled against any such Vectura Shareholder.

## 10. Consent

BofA Securities has given and not withdrawn its written consent to the issue of this document with the inclusion of references to its name in the form and context in which it appears.

J.P. Morgan Cazenove has given and not withdrawn its written consent to the issue of this document with the inclusion of references to its name in the form and context in which it appears.

Rothschild & Co has given and not withdrawn its written consent to the issue of this document with the inclusion of references to its name in the form and context in which it appears.

## 11. Fees and expenses

- (a) PMI Bidder estimates that the aggregate fees and expenses expected to be incurred by PMI Bidder in connection with the Offer will be between £12,611,690 and £15,111,690 plus USD350,000 (including UK stamp duty but excluding applicable VAT and disbursements). Set out below are the estimates of fees and expenses (excluding applicable VAT and disbursements) expected to be incurred in relation to:
 

(i) financial and corporate broking advice	£5,000,000 to £7,000,000
(ii) legal advice <sup>(1)</sup>	£2,000,000 to £2,500,000
(iii) accounting and tax advice	£190,000
(iv) public relations advice	USD250,000
(v) other professional services	£103,000 plus USD100,000
(vi) other costs and expenses	£5,318,690

(1) Certain of these services are provided by reference to hourly rates. Amounts included in the table above reflect the time incurred up to the Latest Practicable Date and an estimate of the further time required.

- (b) Vectura estimates that the aggregate fees and expenses expected to be incurred by Vectura in connection with the Offer will be £18.392 million (excluding applicable VAT and disbursements). Set out below are the estimates of fees and expenses (excluding applicable VAT and disbursements) expected to be incurred in relation to:

	<b>£(000)</b>
(i) financial and corporate broking advice <sup>(1)</sup>	14,158
(ii) legal advice <sup>(1)</sup>	3,360
(iii) public relations advice <sup>(1)(2)</sup>	350
(iv) other professional services <sup>(1)(3)</sup>	274
(v) other costs and expenses <sup>(1)</sup>	250

- 
- (1) These fees are the cumulative total fees in respect of the Carlyle Offer and the Offer for which fees cannot be segregated.  
(2) Certain of these services are provided by reference to hourly rates. Amounts included in the table above reflect the time incurred up to the Latest Practicable Date and an estimate of the further time required.  
(3) The amount of aggregate fees and expenses for these services depends on whether the Offer successfully completes. This figure makes provision for the payment of a discretionary fee.

## **12. Vectura Directors' service contracts and letters of appointment**

Save as disclosed below, there are no service contracts in force between any director or proposed director of Vectura and Vectura or any of its subsidiaries and no such contract has been entered into or amended during the six months preceding the date of this document:

### ***Service contracts and remuneration***

Save as disclosed below, there are no service contracts or letters of appointment in force between any Vectura Director or proposed director of Vectura and any member of the Vectura Group and, save as disclosed below, no such contract or letter of appointment has been entered into or amended during the six months preceding the date of this document:

#### **(a) *Vectura Executive Directors***

The Vectura Executive Directors have entered into terms of engagement with the Vectura Group as summarised below:

Will Downie (“**WD**”) and Paul Fry (“**PF**”) (both the “**Executive**”) have entered into service agreements with Vectura appointing them as Executive Directors of Vectura. WD is Chief Executive Officer and a director, and PF is Chief Financial Officer and a director.

WD’s employment with Vectura commenced on 7 November 2019 and his current service agreement is dated 29 October 2019. PF’s employment with Vectura commenced on 22 October 2018 and his current service agreement is dated 16 July 2018. Both Executives are employed for an indefinite term. Each service agreement is terminable by Vectura or the Executive by giving not less than 12 months’ written notice. Vectura is also entitled to terminate the Executive’s service agreement with immediate effect by payment in lieu of notice (“**PILON**”) equal to salary and the cost of the insured benefits and pension contributions (described below) which would have been payable during the remainder of the notice period in respect of which PILON is being paid. The PILON may be payable by monthly instalments at the discretion of Vectura. If this discretion is exercised, the Executive is required to mitigate his loss during the period of PILON payments, and the amount payable will be reduced by any income/fees obtained by the Executive in connection with this requirement. The Executive can also be placed on garden leave for any period of notice.

WD receives a salary of £468,280 per annum, and PF receives a salary of £379,635.

Both are entitled to the following additional benefits:

- A discretionary performance related bonus based on Vectura and individual performance (WD: up to 135% of salary, PF: up to 125% of salary). 25% of the annual bonus is deferred into Vectura Shares for a minimum holding period of 2 years and the remaining 75% is paid in cash. Clawback provisions apply;

- Participation in the LTIP (both are entitled to an award over Vectura Shares with a market value of up to 185% of their salary) subject to performance conditions, currently based on Total Shareholder Return (TSR) and cumulative adjusted EBITDA. Clawback provisions apply. PF also holds additional awards under the LTIP granted as buyout arrangements set out in his service agreement;
- Participation in share plans operated for the benefit of all employees of the Vectura Group;
- Participation in a private medical care scheme (covering the Executive, their spouse and their unmarried dependent children under the age of 18);
- Participation in a private dental scheme (covering the Executive, their spouse and their unmarried dependent children under the to the age of 18);
- Participation in a permanent health insurance scheme;
- Participation in a life assurance scheme (providing cover of not less than 4x annual salary);
- Cover under the Vectura directors' and officers' liability insurance policy;
- Participation in a Vectura Group pension plan (WD: entitled to monthly employer contributions of 6 per cent. monthly salary or an equivalent salary supplement if not participating, PF: entitled to monthly employer contributions of 10 per cent. monthly salary);
- 30 days' annual leave per year (excluding public holidays);
- Enhanced company sick pay of full remuneration for up to a maximum aggregate period of 26 weeks in any period of 12 months; and
- Relocation allowance payable in case of relocation at the request of Vectura outside a 50 mile radius (WD)/30 mile radius (PF).

Upon termination of the agreement, the Executive's entitlement to any bonus, and the treatment of any awards under the Vectura Share Plans shall be determined in accordance with Vectura's remuneration policy and the rules of the applicable plan. (subject to the discretion of the Vectura Remuneration Committee).

(b) *Vectura Non-Executive Directors*

The Vectura Non-Executive Directors (the "NEDs") have entered into terms of engagement with the Vectura Group as summarised below:

<i>Name</i>	<i>Date of contract</i>	<i>Unexpired term of directorship</i>	<i>Notice periods</i>	<i>Remuneration (salary and other benefits)</i>	<i>Compensation upon early termination</i>
Per-Olof Andersson M.D, PhD	01.04.15	3 year initial term from 01.04.15.	Three months' notice (NED and Company)	£57,000 per annum (gross) plus £2,000 for each UK based board meeting that the NED is required to travel to directly from the US. Directors' and officers' liability insurance and indemnity.	Not specified.
Bruno Angelici	13.11.13	3 year initial term from 01.12.13.	Six months' notice (NED and Company)	£158,000 per annum (gross) plus £2,000 for each UK based board meeting that the NED is required to travel to directly from the US. Directors' and officers' liability insurance and discretionary indemnity.	Not specified. Vectura right to pay in lieu of notice.
Jeanne Hecht	31.12.20	3 year initial term from 31.12.20	Three months' notice (NED and Company)	\$52,000 per annum (gross) plus £2,000 for each EU/UK based board meeting that the NED is required to travel to directly from the US. Directors' and officers' liability insurance.	Not specified. Vectura right to pay in lieu of notice.

<i>Name</i>	<i>Date of contract</i>	<i>Unexpired term of directorship</i>	<i>Notice periods</i>	<i>Remuneration (salary and other benefits)</i>	<i>Compensation upon early termination</i>
Kevin Matthews	29.03.19	3 year initial term from 29.03.19.	Three months' notice (NED and Company)	£58,000 per annum (gross) Directors' and officers' liability insurance.	Not specified. Vectura right to pay in lieu of notice.
Jeanne Thoma	31.12.20	3 year term from 31.12.20.	Three months' notice (NED and Company)	\$52,000 per annum (gross) plus £2,000 for each EU/UK based board meeting that the NED is required to travel to directly from the US. Directors' and officers' liability insurance and discretionary indemnity.	Not specified. Vectura right to pay in lieu of notice.
Juliet Thompson	28.11.17	3 year initial term from 01.12.17	Three months' notice (NED and Company)	£61,000 per annum (gross). Directors' and officers' indemnity insurance.	Not specified. Vectura right to pay in lieu of notice.

Vectura Directors' appointments are subject to election at the first annual general meeting following the appointment, and to re-election at each subsequent annual general meeting.

The fees payable to the Vectura Directors are subject to annual review by the Vectura Board or the Vectura Remuneration Committee, as applicable.

Save as disclosed above:

- (i) no Vectura Director is entitled to commission or profit-sharing arrangements; and
- (ii) other than statutory compensation and payment in lieu of notice, no compensation is payable by Vectura to any Vectura Director upon early termination of their appointment.

### 13. Carlyle Offer Irrevocable Undertakings

Each of Bruno Angelici, Paul Fry, Per-Olof Andersson, Juliet Thompson, Kevin Matthews and Will Downie (being the Vectura Directors who hold Vectura Shares) and Dr Thomas Werner, who was a director of Vectura at the time of the Original Carlyle Offer Announcement, provided Murano with irrevocable undertakings to vote in favour of the Scheme at the Carlyle Offer Shareholder Meetings in respect of 587,662 Vectura Shares they beneficially hold representing, in aggregate, approximately 0.1 per cent. of Vectura's issued ordinary share capital at close of business on the Latest Practicable Date (the "**Carlyle Offer Director Irrevocable Undertakings**").

As at the Latest Practicable Date, the obligations of Bruno Angelici, Paul Fry, Per-Olof Andersson, Juliet Thompson, Kevin Matthews, Will Downie and Dr Thomas Werner under the Carlyle Offer Director Irrevocable Undertakings remain binding. Accordingly, Bruno Angelici, Paul Fry, Per-Olof Andersson, Juliet Thompson, Kevin Matthews, Will Downie and Dr Thomas Werner will not accept the Offer unless the Carlyle Offer Director Irrevocable Undertakings lapse and cease to have effect.

The Carlyle Offer Director Irrevocable Undertakings shall lapse and cease to have effect on and from the earlier of the following occurrences:

- the scheme of arrangement contemplated under the Carlyle Offer is withdrawn or lapses, provided that (i) this is not a result of Murano exercising its right to implement the Carlyle Offer by way of a takeover offer or (ii) the lapse or withdrawal is not followed within five Business Days by an announcement by Murano (or a person acting in concert with it) to implement the Carlyle Offer by a new, revised or replacement scheme of arrangement or takeover offer;
- the Carlyle Offer has not become effective by 11.59 pm on 26 November 2021; or

- a competing offer is declared wholly unconditional or, if implemented by way of a scheme of arrangement, becomes effective.

#### **14. No significant change**

Except as disclosed in this document, there has been no significant change in the financial or trading position of Vectura since 31 December 2020 (the date to which the latest audited accounts of Vectura were prepared).

#### **15. Documents on display**

Copies of the following documents are available, subject to any restrictions relating to persons resident in certain jurisdictions, at [www.vectura.com](http://www.vectura.com) and [www.PMI.com](http://www.PMI.com) until the Effective Date:

- (a) this document;
- (b) the Form of Acceptance;
- (c) the articles of incorporation and bylaws of each of PMI Bidder and PMI;
- (d) the Confidentiality Agreement, the Clean Team and Joint Defence Agreement, and the Co-operation Agreement;
- (e) the written consents referred to in paragraph 10 above;
- (f) the Announcement;
- (g) the announcement on 9 July 2021 in respect of the Original PMI Offer;
- (h) the announcement by PMI of its switch from a Scheme of Arrangement to a Takeover Offer on 9 August 2021;
- (i) the annual report for the financial year ended 31 December 2019 for Vectura;
- (j) the Annual Report and Accounts 2020 for Vectura;
- (k) the Vectura Trading Update;
- (l) the audited consolidated accounts for the year ended 31 December 2019 for PMI;
- (m) the audited consolidated accounts for the year ended 31 December 2020 for PMI; and
- (n) the Q2 2021 earnings results for PMI.

Save as expressly referred to in this document, the contents of the websites referred to in this document are not incorporated into and do not form part of this document.

Dated: 16 August 2021

## **PART 6: SOURCES OF INFORMATION AND BASES OF CALCULATION**

Unless otherwise stated in this document:

1. As at the Latest Practicable Date, there were 599,485,373 Vectura Shares in issue.
2. Any references to the issued and to be issued ordinary share capital of Vectura are based on:
  - the 599,485,373 Vectura Shares in issue referred to in paragraph 1 above (which includes 383,446 Vectura Shares held in the Vectura Group Employee Benefit Trust and 3,917,675 Vectura Shares in the Vectura Group Employee Share Trust to be used to satisfy options and awards under the Vectura Share Plans); and
  - up to 18,566,693 Vectura Shares which may be issued on or after the date of this document to satisfy the exercise of options or vesting of awards pursuant to the Vectura Share Plans.
3. The value of the Offer based on the Offer Price of 165 pence per Vectura Share is calculated on the basis of the issued and to be issued share capital of Vectura (as set out in paragraph 2 above).
4. Closing Prices and volume-weighted average prices are taken from Bloomberg and have been rounded to the nearest pence.
5. Where quoted, foreign exchange spot rates are taken from Bloomberg.
6. Unless otherwise stated, all prices quoted for Vectura Shares are Closing Prices.
7. Unless otherwise stated, the financial information relating to Vectura is extracted from the audited consolidated financial statements of Vectura for the financial year to 31 December 2020, prepared in accordance with International Financial Reporting Standards.

## PART 7: VECTURA 2021 FLUTIFORM<sup>®</sup> GROSS PROFIT FORECAST

### 1. Vectura 2021 *flutiform*<sup>®</sup> Gross Profit Forecast

1.1 On 18 March 2021, Vectura held a call with analysts titled Vectura’s preliminary results 2020 conference call and webcast (the “**Q4 Call**”). During the Q4 Call Vectura made the following statements:

*“And just looking ahead to 2021, both partners are expecting their in-market sales of *flutiform*<sup>®</sup> to grow, albeit the ongoing impact of the pandemic on market volumes is not easy to predict. For us, clearly, the non-repeat of the stock builds we’ve seen over the last couple of years, exaggerated by the weaker in-market sales in the second half of 2020, will mean our shipments in 2021 will be down versus last year. And we guided in the range of **£75 million to £80 million** in January, and that remains our best estimate right now. But, clearly, we’ll continue to monitor this as the year unfolds.*

...

*For 2021, we’ll see some continuing erosion in underlying margin, as well as some negative impacts from the expected reduction in shipped volumes versus last year. So, we’re maintaining the **medium-term guidance of 30% to 32% margin for 2021**”*

1.2 The above guidance in bold provided during the Q4 Call on *flutiform*<sup>®</sup> product supply revenue and *flutiform*<sup>®</sup> product supply margin taken together constitutes guidance on *flutiform*<sup>®</sup>’s product supply gross profit for the financial year ending 31 December 2021 (the “**Vectura 2021 *flutiform*<sup>®</sup> Gross Profit Forecast**”), which for the purposes of Rule 28 of the Takeover Code constitutes an ordinary course profit forecast.

1.3 The Trading Update also referred to the Vectura 2021 *flutiform*<sup>®</sup> Gross Profit Forecast:

*“Gross profit remains in line with our previous guidance”.*

1.4 The Vectura Directors confirm that, as at the date of this Document, the Vectura 2021 *flutiform*<sup>®</sup> Gross Profit Forecast remains valid and confirm that the Vectura 2021 *flutiform*<sup>®</sup> Gross Profit Forecast has been properly compiled on the basis of the assumptions stated below and that the basis of accounting used is consistent with Vectura’s accounting policies which are in accordance with IFRS and are those that Vectura applied in preparing its financial statements for the financial year ended 31 December 2020.

1.5 Further information on the basis of preparation of the Vectura 2021 *flutiform*<sup>®</sup> Gross Profit Forecast, including the principal assumptions on which it is based, is set out below.

### 2. Basis of preparation and principal assumptions

2.1 The Vectura 2021 *flutiform*<sup>®</sup> Gross Profit Forecast is based upon internal Vectura forecasts.

2.2 In confirming the Vectura 2021 *flutiform*<sup>®</sup> Gross Profit Forecast, the Vectura Directors have made the following assumptions in respect of the financial year ending 31 December 2021:

2.2.1 *factors outside the influence or control of the Vectura Directors:*

- (i) a continued gradual economic recovery across the sectors, and within the geographies, served by Vectura as COVID-19 related restrictions are slowly lifted and, specifically, that there will be no material adverse impact on the business resulting from further increased COVID-19 related restrictions;
- (ii) current binding order volumes up to the end of October 2021 are delivered in full;
- (iii) estimated order volumes for November and December 2021 are delivered in full;
- (iv) no material change in the ICS/LABA market in the end markets, as well as to *flutiform*<sup>®</sup>’s performance within that market;
- (v) no material change in the stocking policies of Vectura’s partners;
- (vi) no material adverse events which will have a significant impact on the operating results or financial position of Vectura;

- (vii) no sustained strengthening of the Sterling above the average foreign exchange rates that have applied during the period 1 January 2021 to 12 August 2021 (being the Latest Practicable Date) (inclusive) in respect of the currencies of the major territories in which the Vectura Group operates, in particular the US dollar (at \$1.39: £1), Euro (at €1.16: £1) and swiss franc (at CHF1.26: £1);
- (viii) no material adverse outcome from any ongoing or future disputes with any customer, competitor, regulator or tax authority; and
- (ix) no material change in legislation, taxation, regulatory requirements or the position of any regulatory bodies impacting the Vectura Group's operations or accounting policies.

2.2.2 factors within the influence or control of the Vectura Directors:

- (i) no material change in Vectura's contractual relationships with its partners who are responsible for end market sales of *flutiform*<sup>®</sup>;
- (ii) no material changes to the senior leadership team of Vectura; and
- (iii) no material change to Vectura's existing operational strategy for *flutiform*<sup>®</sup> product supply.

Vectura's accounting policies will be consistently applied over the forecast period to 31 December 2021.

## PART 8: DEFINITIONS

In this document, the following words and expressions shall, except where the context requires otherwise, have the following meanings unless the context requires otherwise:

<b>“Annual Report and Accounts 2020”</b>	the Vectura annual report for the financial year ended 31 December 2020
<b>“Announcement”</b>	the announcement of a firm intention to make an increased offer for the entire issued and to be issued ordinary share capital of Vectura pursuant to Rule 2.7 of the Takeover Code made by PMI Bidder on 8 August 2021
<b>“associated undertaking”</b>	has the meaning given by paragraph 19 of Schedule 6 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 other than paragraph 19(1)(b) of Schedule 6 to those Regulations
<b>“Auction”</b>	has the meaning given in paragraph 1 of Part 1B of this document
<b>“Authorisations”</b>	regulatory authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, determinations, licences, permissions, exemptions or approvals
<b>“Beyond Nicotine”</b>	PMI’s stated aim of expanding its product portfolio beyond tobacco and nicotine products
<b>“BofA Securities”</b>	Merrill Lynch International, a subsidiary of Bank of America Corporation, which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom
<b>“Business Day”</b>	a day (other than Saturdays, Sundays and public holidays in the UK) on which banks are open for business in London
<b>“Carlyle Confidentiality Agreement”</b>	the confidentiality agreement between CECP Advisors LLP and Vectura dated 29 April 2021, as further described in paragraph 8(b) of Part 5
<b>“Carlyle Co-operation Agreement”</b>	the co-operation agreement dated 26 May 2021 between Murano and Vectura and relating, amongst other things, to the implementation of the Carlyle Offer, as further described in paragraph 8(b) of Part 5
<b>“Carlyle Offer Court Meeting”</b>	the meeting of Vectura Shareholders convened by order of the Court under section 899 of the Companies Act for 12 July 2021 and which was adjourned <i>sine die</i> on 12 July 2021 for the purpose of considering and, if thought fit, approving the scheme to implement the Carlyle Offer (with or without amendment) and any adjournment or postponement thereof
<b>“Carlyle Offer General Meeting”</b>	the general meeting of Vectura Shareholders convened for 12 July 2021 and which was adjourned <i>sine die</i> on 12 July 2021 in connection with the Scheme, to consider, and if thought fit, approve various matters in connection with the Carlyle Offer, including any adjournment or postponement thereof
<b>“Carlyle Offer”</b>	the Original Carlyle Offer and any subsequent revisions, modifications or renewals, whether to be implemented by Scheme of Arrangement or a Takeover Offer
<b>“Carlyle Offer Director Irrevocable Undertakings”</b>	the undertakings given by Bruno Angelici, Paul Fry, Per-Olof Andersson, Juliet Thompson, Kevin Matthews and Will Downie and Dr Thomas Werner in respect of their interests in Vectura Shares, further details of which are set out in paragraph 13 of Part 5
<b>“Carlyle Offer Shareholder Meetings”</b>	the Carlyle Offer Court Meeting and the Carlyle Offer General Meeting

<b>“Carlyle Revised Offer”</b>	the increased cash offer of 155 pence per Vectura Share for the entire issued and to be issued ordinary share capital of Vectura announced by Murano on 6 August 2021, to be implemented by Scheme of Arrangement
<b>“CDMO”</b>	contract development & manufacturing organisation
<b>“certificated” or “in certificated form”</b>	a share or other security which is not in uncertificated form (that is, not in CREST)
<b>“Clean Team and Joint Defence Agreement”</b>	the clean team and joint defence agreement between Philip Morris Products S.A., Vectura and their respective legal advisers dated 15 June 2021, as further described in paragraph 7 of Part 5 of this document
<b>“Closing Price”</b>	the closing middle market price of a Vectura Share on a particular trading day as derived from Bloomberg
<b>“CMA Phase 2 Reference”</b>	a reference of the Offer under section 33 of the Enterprise Act 2002 to the chair of the Competition and Markets Authority for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013
<b>“Companies Act”</b>	the Companies Act 2006, as amended from time to time
<b>“Competition and Markets Authority”</b>	a reference of the Offer under section 33 of the Enterprise Act 2002 to the chair of the Competition and Markets Authority for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013
<b>“Completion”</b>	the Offer becoming Effective
<b>“Computershare”</b>	Computershare Investor Services PLC, the receiving agent appointed in respect of the Offer
<b>“Conditions”</b>	the conditions set out in Section A of Part 2 to this document
<b>“Confidentiality Agreement”</b>	the confidentiality agreement between Philip Morris Products S.A. and Vectura dated 7 June 2021, as further described in paragraph 7 of Part 5 of this document
<b>“Co-operation Agreement”</b>	the co-operation agreement dated 9 July 2021 between PMI Bidder and Vectura and relating, amongst other things, to the implementation of the Offer, as further described in paragraph 7 of Part 5 of this document
<b>“Court”</b>	the High Court of Justice in England and Wales
<b>“Court Meeting”</b>	if the Offer were to be implemented by way of a Scheme, the meeting of Vectura Shareholders convened by order of the Court under section 899 of the Companies Act for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment) and any adjournment or postponement thereof
<b>“Court Order”</b>	the order of the Court sanctioning the Scheme under section 899 of the Companies Act
<b>“CREST”</b>	the relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in such Regulations) and in accordance with which securities may be held and transferred in uncertificated form
<b>“CREST Manual”</b>	means the CREST Manual published by Euroclear as amended from time to time
<b>“CREST member”</b>	a person who has been admitted by Euroclear as a system-member (as defined in the Regulations)
<b>“CREST participant”</b>	a person who is, in relation to CREST, a system-participant (as defined in the Regulations)

<b>“CREST payment”</b>	shall have the meaning given in the CREST manual issued by Euroclear
<b>“CREST sponsor”</b>	a CREST participant admitted to CREST as a CREST sponsor
<b>“CREST sponsored member”</b>	a CREST member admitted to CREST as a sponsored member
<b>“DDC”</b>	Drug/Device Combination
<b>“Dealing Disclosure”</b>	has the same meaning as in Rule 8 of the Takeover Code
<b>“Disclosed”</b>	any information fairly disclosed by or on behalf of Vectura (i) in the Annual Report and Accounts 2020; (ii) in this document; (iii) in any announcement to a Regulatory Information Service by or on behalf of Vectura prior to the publication of this document; (iv) in the virtual data room operated on behalf of Vectura for the purposes of the Offer (which PMI Bidder and/or its advisers were able to access prior to the date of this document); or (v) as otherwise fairly disclosed to PMI Bidder (or its officers, employees, agents or advisers in their capacity as such) in writing or at any management presentation prior to the release of the Original Announcement by or on behalf of Vectura
<b>“Electronic Acceptance”</b>	the inputting and settling of a TTE instruction which constitutes or is deemed to constitute an acceptance of the Offer on the terms set out in this document
<b>“ESA instructions”</b>	an Escrow Account Adjustment Input (AESN), transaction type “ESA” (as described in the CREST manual issued by Euroclear)
<b>“Escrow Agent”</b>	Computershare investor Services PLC
<b>“Effective”</b>	in the context of the Offer: <ul style="list-style-type: none"> <li>(a) if the Offer is implemented by way of the Takeover Offer, the Takeover Offer having become or been declared unconditional in all respects in accordance with the Takeover Code; or</li> <li>(b) if the Offer is implemented by way of a Scheme, the Scheme having become effective pursuant to its terms;</li> </ul>
<b>“Effective Date”</b>	the date on which the Offer becomes Effective
<b>“Effective Time”</b>	the time at which the Offer becomes Effective in accordance with its terms
<b>“EU Merger Regulations”</b>	Council Regulation (EC) No 139/2004 of 20 January 2004
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited
<b>“Ex-Dividend Closing Price”</b>	the Closing Price of a Vectura Share on a particular trading day as derived from Bloomberg, less 19 pence, being the value of the Interim Dividend;
<b>“FCA” or “Financial Conduct Authority”</b>	the UK Financial Conduct Authority or its successor from time to time
<b>“FDA”</b>	The US Food and Drug Administration
<b>“Fertin SPA”</b>	has the meaning given to it in paragraph 8(a) of Part 5 of this document
<b>“Final Carlyle Offer”</b>	the Carlyle Revised Offer which was confirmed by Murano as its final offer on 10 August 2021
<b>“Final PMI Offer”</b>	the revised cash offer of 165 pence per Vectura Share for the entire issued and to be issued ordinary share capital of Vectura announced by PMI Bidder on 8 August 2021, to be implemented by Takeover Offer
<b>“Form of Acceptance”</b>	the form of acceptance to accept the Offer
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as it may have been, or may from time to time be, amended, re-enacted or replaced

<b>“German Foreign Investment Condition”</b>	has the meaning given to it in paragraph 2(d) of Section A of Part 2 to this document
<b>“Interim Dividend”</b>	the interim dividend of 19 pence for each Vectura Share paid out on 11 June 2021 to Vectura Shareholders who were on the register as at 6.00 pm on 28 May 2021
<b>“J.P. Morgan Cazenove”</b>	J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove
<b>“Latest Practicable Date”</b>	close of business on 12 August 2021 (being the latest practicable date prior to the publication of this document)
<b>“Listing Rules”</b>	the listing rules issued by the FCA pursuant to Part 6 of FSMA
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Long Stop Date”</b>	11.59 pm on 31 December 2021 or such later date as may be agreed in writing by PMI Bidder and Vectura (with the Panel’s consent (if such consent or approval is required))
<b>“Main Market”</b>	the main market for listed securities of the London Stock Exchange
<b>“Murano”</b>	Murano Bidco Limited, a newly formed company indirectly controlled by funds managed by Carlyle Europe Partners V, with registered number 13412569
<b>“Numis”</b>	Numis Securities Limited
<b>“Offer” or “PMI Offer”</b>	the recommended cash offer by PMI Bidder for the entire issued and to be issued share capital of Vectura on the terms and subject to the Conditions set out in this document and the Form of Acceptance that accompanies this document, including, where the context requires, any subsequent revision, variation, extension or renewal thereof
<b>“Offer Period”</b>	the offer period (as defined by the Takeover Code) relating to Vectura, which commenced on 26 May 2021
<b>“Offer Price”</b>	165 pence in cash for each Vectura Share
<b>“Official List”</b>	the official list maintained by the FCA pursuant to Part 6 of the FSMA
<b>“Opening Position Disclosure”</b>	has the same meaning as in Rule 8 of the Takeover Code
<b>“Original Announcement”</b>	the announcement of a firm intention to make an offer for the entire issued and to be issued ordinary share capital of Vectura pursuant to Rule 2.7 of the Takeover Code made by PMI Bidder on 9 July 2021
<b>“Original Carlyle Offer”</b>	the cash offer of 136 pence per Vectura Share made for the entire issued and to be issued ordinary share capital of Vectura made by Murano, to be implemented by scheme of arrangement as announced by the Original Carlyle Offer Announcement
<b>“Original Carlyle Offer Announcement”</b>	the announcement of a firm intention to make an offer for the entire issued and to be issued ordinary share capital of Vectura pursuant to Rule 2.7 of the Takeover Code made by Murano on 26 May 2021
<b>“Original PMI Offer”</b>	the cash offer of 150 pence per Vectura Share made for the entire issued and to be issued ordinary share capital of Vectura made by Murano, to be implemented by scheme of arrangement as announced by the Original Announcement
<b>“Overseas Shareholders”</b>	Vectura Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom
<b>“Panel” or “Takeover Panel”</b>	the Panel on Takeovers and Mergers
<b>“PMI”</b>	Philip Morris International Inc.

<b>“PMI Bidder”</b>	PMI Global Services Inc., a wholly owned direct subsidiary of Philip Morris International Inc.
<b>“PMI Bidder Directors”</b>	the directors of PMI Bidder from time to time
<b>“PMI Group”</b>	PMI and its direct and indirect subsidiary undertakings including, following the Offer becoming Effective, the Vectura Group
<b>“PMI Responsible Persons”</b>	the persons from PMI whose names are listed in paragraph 2(c) of Part 5 of this document
<b>“PRA”</b>	the Prudential Regulation Authority
<b>“Registrar of Companies”</b>	the Registrar of Companies in England and Wales
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time
<b>“Regulatory Conditions”</b>	the Conditions set out in paragraphs 2(a) to (d) and 2(e) of Section A of Part 2 to this document
<b>“Regulatory Information Service” or “RIS”</b>	a primary information provider which has been approved by the FCA to disseminate regulated information
<b>“Relevant Authority”</b>	any central bank, ministry, governmental, quasi-governmental, supranational (including the European Union), statutory, regulatory, environmental, administrative, fiscal or investigative body, authority or tribunal (including any national or supranational antitrust, competition or merger control authority, any sectoral ministry or regulator, any court and any foreign investment review body), national, state, municipal or local government (including any subdivision, court, tribunal, administrative agency or commission or other authority thereof), any entity owned or controlled by them, any private body exercising any regulatory, taxing, importing or other authority, trade agency, association, institution or professional or employee representative body in any jurisdiction, including, for the avoidance of doubt, the Panel
<b>“Restricted ESA Instruction”</b>	has the meaning given in paragraph 7(g)(ii) of Section C of Part 2
<b>“Restricted Escrow Transfer”</b>	has the meaning given in paragraph 7(g)(i) of Section C of Part 2
<b>“Restricted Jurisdiction”</b>	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure or other formality which PMI Bidder regards as duly onerous if information concerning the Offer is sent or made available to Vectura Shareholders in that jurisdiction
<b>“Rothschild &amp; Co”</b>	N.M. Rothschild & Sons Limited
<b>“SEC”</b>	the US Securities and Exchange Commission
<b>“Scheme” or “Scheme of Arrangement”</b>	a scheme of arrangement under Part 26 of the Companies Act
<b>“Scheme Document”</b>	has the meaning given in paragraph 1 of Part 1B of this document
<b>“SDRT”</b>	UK stamp duty reserve tax
<b>“Significant Interest”</b>	in relation to an undertaking, a direct or indirect interest of 20 per cent. or more of (i) the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act) of such undertaking or (ii) the relevant partnership interest
<b>“Statement of Purpose”</b>	The Statement of Purpose adopted by PMI’s board of directors and issued in its proxy statement of 26 March 2021
<b>“subsidiary”, “subsidiary undertaking” and “undertaking”</b>	shall have the meaning given to such terms in the Companies Act

<b>“Takeover Code”</b>	the twelfth version of the City Code on Takeovers and Mergers which was in force at the commencement of the Offer Period
<b>“Takeover Offer”</b>	a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act
<b>“TFE instruction”</b>	a Transfer from Escrow instruction (as described in the CREST manual issued by Euroclear)
<b>“Treasury Shares”</b>	Vectura Shares held as treasury shares as defined in section 724(5) of the Companies Act
<b>“TTE instruction”</b>	a Transfer to Escrow instruction (as described in the CREST manual issued by Euroclear)
<b>“uncertificated” or “in uncertificated form”</b>	a share or other security which is recorded on the relevant register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UK National Security and Investment Condition”</b>	has the meaning given to it in paragraph 2(c) of Section A of Part 2 to this document
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia, and all other areas subject to its jurisdiction
<b>“US Exchange Act”</b>	the United States Securities Exchange Act 1934, as amended
<b>“Vectura” or the “Company”</b>	Vectura Group plc, incorporated in England with registered number 03418970
<b>“Vectura 2021 flutiform<sup>®</sup> Gross Profit Forecast”</b>	has the meaning given in Part 7 of this document
<b>“Vectura Directors” or “Vectura Board”</b>	the board of directors of Vectura
<b>“Vectura General Meeting”</b>	if the Offer were to be implemented by way of a Scheme, the general meeting of Vectura Shareholders to be convened in connection with the Scheme, to consider, and if thought fit, approve various matters in connection with the Offer, including any adjournment or postponement thereof
<b>“Vectura Group”</b>	Vectura and its direct and indirect subsidiary undertakings
<b>“Vectura Remuneration Committee”</b>	the remuneration committee of the Vectura Board as constituted prior to the Effective Date
<b>“Vectura Share Plans”</b>	the Vectura Approved Share Option Plan, the Vectura Unapproved Share Option Plan, the Vectura 2012 Long Term Incentive Plan, the Vectura 2015 Long Term Incentive Plan, the Vectura Deferred Share Bonus Plan 2017, the Vectura 2014 Sharesave Scheme, the Vectura Share Incentive Plan, the Vectura Global Share Incentive Plan, the SkyePharma Share Incentive Plan 2014 and the SkyePharma International Share Plan
<b>“Vectura Shareholders”</b>	holders of Vectura Shares
<b>“Vectura Shares”</b>	includes: <ul style="list-style-type: none"> <li>(i) the existing issued or unconditionally allotted and fully paid (or credited as fully paid) ordinary shares of 0.0271 pence each in the share capital of Vectura; and</li> <li>(ii) any further such shares which are unconditionally allotted or issued while the Offer remains open for acceptance or, subject to the provisions of the Takeover Code, by such earlier date as PMI Bidder may determine not being earlier than the date (subject to</li> </ul>

the Takeover Code) on which the Offer becomes or is declared unconditional as to acceptances or, if later, the first closing date of the Offer,

but excludes any shares held as Treasury Shares on such date as PMI Bidder may determine before the date on which the Offer closes (which may be a different date to the date referred to in (ii))

**“Wider PMI Group”**

PMI and each of its subsidiary undertakings and associated undertakings and any other undertaking, body corporate, partnership, joint venture or person in which PMI and such undertakings (aggregating their interests) have a Significant Interest

**“Wider Vectura Group”**

Vectura and associated undertakings and any other undertaking, body corporate, partnership, joint venture or person in which Vectura and such undertakings (aggregating their interests) have a Significant Interest

**“£” or “Sterling”**

pounds sterling, the lawful currency for the time being of the UK and references to “pence” and “p” shall be construed accordingly

**“\$” or “US dollars” or “USD”**

US dollars, the lawful currency of the United States and references to “cents” and “c” shall be construed accordingly

**“€” or “EUR” or “Euro”**

Euro, the lawful currency of the European Union and references to “cents” and “c” shall be construed accordingly

All times referred to are London time unless otherwise stated. References to the singular include the plural and *vice versa*. References to gender shall include all genders.

All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.





