



This document should not be forwarded or transmitted into any jurisdiction where to do so would constitute a violation of the relevant laws or regulations of that jurisdiction. If you are not resident or located in the United Kingdom, you should inform yourself of, and observe, any applicable legal or regulatory requirements of your jurisdiction.

7 August 2018

To: Arsenal employees and employee representatives

Arsenal Holdings plc (the "Company")

I refer to the announcement released by KSE, UK, Inc. ("**KSE**") on 7 August 2018 that KSE is making an all-cash offer for the entire issued and to be issued share capital of the Company not already owned by KSE (the "**Announcement**").

In accordance with Rule 2.11 of the City Code on Takeovers and Mergers (the "**Code**"), I am directing you to the Announcement on the Company's website at www.arsenal.com so that it is readily available to you. This letter is not to be taken as a summary of the information in the Announcement and should not be regarded as a substitute for reading the full Announcement.

This letter includes a summary of the provisions of Rule 8 of the Code.

Employee representatives of the Company have a right under Rule 25.9 of the Code to provide a separate opinion on the effects of the offer on employment to be published at the Company's cost, providing it is received within the next 14 days. The Company will be responsible for the costs reasonably incurred in obtaining advice required for the verification of the information contained in that opinion.

A copy of this letter, and all other information, documents and announcements relating to any offer process will remain available during the course of the offer. For the avoidance of doubt, the content of Arsenal's website is not incorporated into, and does not form part of, this letter.

You may request a copy of the Announcement and any information incorporated into it by reference to another source in hard copy form by writing to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH or between 9.00 a.m. and 5.00 p.m. Monday to Friday (except UK public holidays) on +44 (0)370 707 4040 with an address to which the hard copy may be sent. A hard copy of the Announcement will not be sent to you unless you so request it.

You may also request that all future documents, announcements and information sent to you in relation to the potential offer should be sent to you in hard copy form, again by writing to the address set out above or by calling the telephone number above.

Please be aware that addresses, electronic addresses and certain other information provided by the Company's shareholders, persons with information rights and other relevant persons for the

receipt of communications from the Company may be provided to KSE during the offer period as required under Section 4 of Appendix 4 of the Code.

If you wish to contact the Company regarding administrative matters in view of the Announcement, please call Majid Ishaq at NM Rothschild & Sons Limited, the Company's financial adviser, on +44 (0)207 280 5000 during normal business hours.

The directors of the Company accept responsibility for the information contained in this letter. To the best of the knowledge and belief of the directors of the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this letter is in accordance with the facts and does not omit anything likely to affect the import of such information.

Yours faithfully,

A handwritten signature in cursive script, appearing to read 'Chasman', followed by a decorative flourish.

Sir John Chippendale Lindley Keswick



AUG 2018

Summary of provisions of Rule 8

Under Rule 8.3(a) of the 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 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).

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, 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.