

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you should consult your stockbroker, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000.**

If you have sold or otherwise transferred all of your Ordinary Shares, please send this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

JPMorgan Cazenove Limited and Merrill Lynch International, who are authorised and regulated by the Financial Services Authority (FSA), are acting for Mitchells & Butlers plc and no-one else in connection with the Special Dividend and Share Consolidation and will not be responsible to anyone other than Mitchells & Butlers plc for providing the protections afforded to their customers or for providing advice in connection with the Special Dividend and Share Consolidation.



**MITCHELLS & BUTLERS plc**

*(Incorporated and registered in England and Wales under the Companies Act 1985.  
Registered No. 4551498)*

**Special Dividend of £1 per Existing Ordinary Share**

**and**

**34 for 41 Share Consolidation**

**and**

**Notice of Extraordinary General Meeting**

---

Application will be made to the FSA for the New Ordinary Shares arising from the proposed consolidation of the Company's ordinary share capital to be admitted to the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that dealings in the Existing Ordinary Shares will continue until close of business on 17 October 2006 and that Admission of the New Ordinary Shares will become effective and dealings for normal settlement will commence at 8.00 a.m. on 18 October 2006.

Notice of an Extraordinary General Meeting of the Company to be held at 2.30 p.m. on Tuesday, 17 October 2006 at The Queen Elizabeth II Centre, Broad Sanctuary, Westminster, London SW1P 3EE is set out at the end of this document.

A Form of Proxy for the Extraordinary General Meeting is enclosed and should be completed and returned so as to reach Lloyds TSB Registrars, the Company's Registrar, by no later than 2.30 p.m. on 15 October 2006. Completion and return of a Form of Proxy will not prevent you from attending and voting at the meeting in person, should you so wish. Alternatively you can register your proxy vote electronically, either by means of a website provided by Lloyds TSB Registrars, [www.sharevote.co.uk](http://www.sharevote.co.uk), or by using the service provided by CRESTCo. Further details are given in the notes to the Form of Proxy.

## Contents

	<i>Page</i>
<b>Expected timetable</b>	2
<b>Letter from the Chairman of Mitchells &amp; Butlers plc</b>	3
Appendix I Further details of the Special Dividend and the Share Consolidation	7
Appendix II Definitions	11
<b>Notice of Extraordinary General Meeting</b>	13

### Expected Timetable

	<i>2006</i>
Latest time and date for receipt of Forms of Proxy	2.30 p.m. on Sunday, 15 October
Extraordinary General Meeting	2.30 p.m. on Tuesday, 17 October
Record Date for the Special Dividend and for the Share Consolidation	6.00 p.m. on Tuesday, 17 October
Shares marked ex-Special Dividend	Wednesday, 18 October
Commencement of dealings in New Ordinary Shares	8.00 a.m. on Wednesday, 18 October
CREST accounts credited with New Ordinary Shares	Wednesday, 18 October
Payment of the Special Dividend	Wednesday, 25 October
Despatch of cheques for fractional entitlements and certificates for New Ordinary Shares	Wednesday, 25 October

*If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory Information Service.*

#### **Shareholder Helpline**

If you have any questions about the Special Dividend or the Share Consolidation, please call our shareholder helpline on 0870 241 3930 (or +44 1903 276342 from outside the UK) between 9.00 a.m. and 5.00 p.m. Monday to Friday. For legal reasons, the shareholder helpline will not be able to provide advice on the merits of the Special Dividend, the Share Consolidation or provide financial advice.

Letter from the Chairman of Mitchells & Butlers plc

30 September 2006

To: *Holders of Existing Ordinary Shares and, for information only, holders of options and awards under the Share Schemes*

Dear Shareholder

### **Introduction**

On 31 August 2006, the Board announced the results of the valuation of the Mitchells & Butlers securitised pub estate, the commencement of the marketing of a bond issue in order to refinance some of the existing debt of the group and its intention to return approximately £486 million of surplus funds to Shareholders by way of a special dividend of £1 per share following completion of the bond issue.

On 15 September 2006, the Board announced that it had successfully concluded an issue of £1.1 billion bonds, of which £450 million have been used to redeem existing floating rate notes, £50 million will be invested in the pension scheme and approximately £486 million will be returned to Shareholders by way of a special dividend of £1 per share. On payment of the Special Dividend, together with the £33 million of shares repurchased since 28 April 2006, the Company will have returned approximately £519 million, in aggregate, to Shareholders since that date.

The Mitchells & Butlers securitised pub estate has been valued as a portfolio by Colliers CRE at £4.8 billion or £2.8 million per pub.<sup>1</sup> The average value per pub is some 40 per cent. higher than at the time of the original securitisation in 2003, reflecting the continued development and improved performance of the estate, as well as the disposal of smaller pubs. Including the remainder of the Group's properties (which include the 239 former Whitbread sites acquired for £497 million in July and the package of approximately 100 smaller pubs held for disposal), the Directors estimate that the total property assets of the Group currently have a value in excess of £5.5 billion.

The substantial appreciation of the asset base over the past three years demonstrates the value that has been added to the estate through the implementation of Mitchells & Butlers' operational strategy and its focus on leadership of the fast growing pub food market. After the payment of the Special Dividend, Mitchells & Butlers will have returned over £1.1 billion to Shareholders since listing in April 2003, in addition to interim and final dividends paid in the ordinary course. This latest return reflects the capacity of the business to take on more debt based on its strong trading performance and consequent asset value as well as the Board's confidence in the future prospects of the Company and the significant potential of the pubs recently acquired from Whitbread PLC.

For the reasons explained in this letter, it is proposed that the payment of the Special Dividend be accompanied by a 34 for 41 consolidation of the Company's ordinary share capital.

The purpose of this circular is to provide further details of the Special Dividend and the Share Consolidation and to seek Shareholders' consent at an EGM to the Share Consolidation and to a renewed authority for the Company to make market purchases of its New Ordinary Shares as the existing authority granted at the AGM relating to Existing Ordinary Shares will cease to be valid after the Share Consolidation has been implemented.

<sup>1</sup> Valued as a portfolio.

## Special Dividend

Having considered the different options for returning funds to Shareholders, taking account of the quantum of the proposed return and the nature of the Company's reserves, the Board believes that a Special Dividend accompanied by a consolidation of the number of shares in issue provides the most timely and cost efficient manner of returning funds to Shareholders.

It is the Board's intention to pay the Special Dividend to Shareholders on the Register at 6.00 p.m. on 17 October 2006. The Special Dividend will be paid as an interim dividend in respect of the financial year ended 29 September 2007 and is expected to be paid to Shareholders on 25 October 2006.

In response to a number of enquiries from Shareholders, Mitchells & Butlers is introducing a Dividend Reinvestment Plan which will be available for the Special Dividend and other future dividend payments. Further details of the plan are provided in the letter and booklet accompanying this circular. Please note that the Dividend Reinvestment Plan is not available in respect of shares held in the Mitchells & Butlers Share Incentive Plan.

## Share Consolidation

The total amount of the Special Dividend is equivalent to approximately 17 per cent. of the market capitalisation of the Company at the close of business on 28 September 2006, the last practicable trading date prior to the publication of this document. The effect of the Share Consolidation will be to reduce the number of Ordinary Shares in issue by approximately the same percentage.

The Board believes it is appropriate to consolidate the Company's share capital, as this will allow comparability of the Company's share price and dividend per share before and after the payment of the Special Dividend.

The Share Consolidation is also necessary in order to maintain most efficiently the position of participants under the Share Schemes. Further details with respect to the Share Schemes are set out in paragraph 4 of Appendix I.

As all ordinary shareholdings in the Company will be consolidated, Shareholders' percentage holdings in the issued share capital of the Company will (save in respect of fractional entitlements) remain unchanged.

The Share Consolidation will replace every 41 Existing Ordinary Shares with 34 New Ordinary Shares. Fractional entitlements arising from the Share Consolidation will be aggregated and sold in the market on behalf of the relevant Shareholders. The proceeds of sale are expected to be sent to Shareholders on 25 October 2006. The value of any Shareholder's fractional entitlement will not exceed the value of one New Ordinary Share.

For purely illustrative purposes, examples of the effects of the Special Dividend and the Share Consolidation in respect of certain holdings of Existing Ordinary Shares are set out below:

<i>Existing Ordinary Shares</i>	<i>New Ordinary Shares</i>	<i>Special Dividend</i>
100	82	£100
250	207	£250
500	414	£500
1,000	829	£1,000

These examples do not show fractional entitlements, the value of which will depend on the market value of the New Ordinary Shares at the time of sale, as detailed in Appendix I below.

Following the Share Consolidation, the Company's authorised ordinary share capital will comprise 1,181,130,148 New Ordinary Shares and, assuming no further Ordinary Shares are issued between the date of this circular and the Share Consolidation becoming effective, the issued share capital will comprise 403,350,117 New Ordinary Shares. The New Ordinary Shares will have the same rights, including voting and dividend rights, as the Existing Ordinary Shares.

Further details of the Special Dividend and Share Consolidation are included in Appendix I.

## **Taxation**

A summary of the taxation consequences of the Special Dividend and the Share Consolidation for certain categories of UK resident Shareholders is set out in paragraph 5 of Appendix I.

As set out in more detail in that paragraph, the Directors have been advised that:

- the tax treatment of UK resident Shareholders who receive the Special Dividend will generally be identical to the tax treatment of such holders receiving any other dividend paid by the Company; and
- UK resident Shareholders should not be treated as having made a disposal of their Existing Ordinary Shares for the purposes of UK taxation of chargeable gains as a result of the Share Consolidation.

**Shareholders should read paragraph 5 of Appendix I and, if they are in any doubt as to their tax position, should consult their professional advisers regarding their own tax position.**

## **Extraordinary General Meeting**

A notice convening the Extraordinary General Meeting of the Company to be held at 2.30 p.m. on Tuesday, 17 October 2006 at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE is set out at the end of this document.

The first Resolution will effect the Share Consolidation, following which the total number of issued Ordinary Shares will be reduced and the nominal value of the Ordinary Shares will change. As a result, the general authority to make market purchases of Ordinary Shares which was given to the Company at the Annual General Meeting of the Company held on 2 February 2006 can no longer be used.

The purpose of the second Resolution is, therefore, to put in place a new authority to enable the Company to make market purchases of New Ordinary Shares. This new authority will apply to up to 40,335,011 million New Ordinary Shares, representing approximately 10 per cent. of the Company's expected issued ordinary share capital after the Share Consolidation. £74 million of the £100 million share buy-back programme that was announced in November 2005 has been completed, and the balance of £26 million is included in the Special Dividend. As a result, the Directors have no current intention of exercising all or any part of this new authority and they will only do so if, in their opinion, it would be in the best interests of Shareholders and if the purchase could be reasonably expected to result in an increase in earnings per share.

## **Action to be taken**

Whether or not you propose to attend the EGM, you are requested to complete and sign the enclosed Form of Proxy. Completed Forms of Proxy should be returned to Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZH as soon as possible, and in any event so as to be received by Lloyds TSB Registrars no later than 2.30 p.m. on 15 October 2006. Completion and return of a Form of Proxy will not prevent you from attending and voting at the meeting in person, should you so wish.

Alternatively, you can register your proxy vote electronically, either by means of a website provided by Lloyds TSB Registrars, [www.sharevote.co.uk](http://www.sharevote.co.uk), or by using the service provided by CRESTCo. Further details are given in the notes to the Form of Proxy.


If you would like to opt for the reinvestment of the Special Dividend and future dividends received from Mitchells & Butlers, please complete the application form enclosed with this circular and return it to Lloyds TSB Registrars, FREEPOST SEA 10845, The Causeway, Worthing, West Sussex, BN99 6ZJ, by 5.00 p.m. on 17 October 2006.

## **Recommendation**

**The Directors of Mitchells & Butlers plc, who have received financial advice from JPMorgan Cazenove and Merrill Lynch International, consider the passing of the Resolutions to be in the best interests of Shareholders as a whole. In giving their financial advice, JPMorgan Cazenove and Merrill Lynch International have placed reliance on the Directors' commercial assessments.**

**The Directors unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting as they intend to do in respect of their own beneficial holdings of 1,150,911 Existing Ordinary Shares, representing 0.24 per cent. of the existing issued share capital of the Company.**

Yours sincerely

A handwritten signature in black ink, appearing to read 'Roger Carr', with a long, sweeping underline that extends to the right.

Roger Carr  
Chairman

## APPENDIX I

### FURTHER DETAILS OF THE SPECIAL DIVIDEND AND SHARE CONSOLIDATION

#### 1. Share Consolidation

The effect of the Share Consolidation will be that Shareholders on the Register at the close of business on the Record Date, which is expected to be 6.00 p.m. on 17 October 2006, will, on the implementation of the Share Consolidation, exchange:

#### 41 Existing Ordinary Shares for 34 New Ordinary Shares

and in that proportion for any other number of Existing Ordinary Shares then held. The proportion of the issued ordinary share capital of the Company held by each Shareholder following the Share Consolidation will, save for fractional entitlements, remain unchanged. Apart from having a different nominal value, each New Ordinary Share will carry the same rights as set out in the Company's Articles of Association that currently attach to the Existing Ordinary Shares.

To effect the Share Consolidation it may be necessary to issue an additional number of ordinary shares of the Company so that the Company's issued share capital is exactly divisible by 34, being the number of New Ordinary Shares to be issued in exchange for each 41 Existing Ordinary Shares. These additional ordinary shares would be issued, by way of capitalisation of the Company's profit and loss reserves, to the Company Secretary. Since these additional shares would only represent an entitlement to a fraction of a New Ordinary Share, this fraction would be sold pursuant to the arrangements for fractional entitlements described below, save that the proceeds would be for the benefit of the Company.

#### 2. Effects of proposals

For purely illustrative purposes, examples of the effects of the Special Dividend and the Share Consolidation in respect of certain holdings of Existing Ordinary Shares are set out below:

<i>Existing Ordinary Shares</i>	<i>New Ordinary Shares</i>	<i>Special Dividend</i>
100	82	£100
250	207	£250
500	414	£500
1,000	829	£1,000

These examples do not show fractional entitlements, the value of which will depend on the market value of the New Ordinary Shares at the time of sale, as detailed below.

Shareholders whose holdings of Existing Ordinary Shares cannot be consolidated into an exact number of New Ordinary Shares will be left with a fractional entitlement. Such Shareholders will receive cash in respect of fractional entitlements to New Ordinary Shares following the Share Consolidation. New Ordinary Shares representing such fractional entitlements will be sold in the market on or shortly after 18 October 2006 on behalf of the relevant Shareholders. Cheques in respect of the net proceeds of sale are expected to be despatched on 25 October 2006. Shareholders who hold only one Existing Ordinary Share will only receive cash.

Following completion of the Share Consolidation the authorities relating to s.80 of the Companies Act (authority to issue relevant securities) and s.95 of the Companies Act (authority to allot ordinary shares without first offering them pro rata to existing shareholders), approval for which was granted at the AGM, will exceed the percentage limits in certain guidelines issued on behalf of institutional shareholders. Accordingly, the Directors confirm their intention to use these authorities only to the extent that to do so would not breach those percentage limits as they are applied to the Company's issued share capital immediately following completion of the Share Consolidation.

### 3. Conditions

The Special Dividend and Share Consolidation are conditional on the first Resolution as set out in the notice of Extraordinary General Meeting being passed and becoming unconditional. This Resolution is conditional on Admission.

### 4. Share Schemes

Participants under the Share Schemes are not entitled to receive the Special Dividend unless they participate in the Mitchells & Butlers Share Incentive Plan. The Directors have determined, in relation to those participants who will not be entitled to receive the Special Dividend, that as the effect of the Share Consolidation will be to preserve the value of their share options and awards, subject to normal market fluctuations, no adjustment to their share options or awards is required. Following the Share Consolidation holders of such options and awards will be entitled on the exercise of options and/or vesting of awards to receive the same number of New Ordinary Shares as their previous entitlement to Existing Ordinary Shares. However, they will not have received the Special Dividend. In order to preserve value in the same way, participants in the Mitchells & Butlers Performance Restricted Share Plan who have the opportunity to be awarded dividend accrued shares will not receive dividend accrued shares in respect of the Special Dividend, and no adjustment to the number of shares under option will be made. However, for participants in the Mitchells & Butlers Share Incentive Plan, who are entitled to receive the Special Dividend, the shares under their awards will be subject to the Share Consolidation.

Following the Share Consolidation all options and awards granted under the Share Schemes will continue to be satisfied with existing shares. This policy will continue until such time as there is sufficient headroom available under the applicable limits of the Share Schemes rules in relation to the maximum percentage of the Company's ordinary share capital which may be issued under them and even then only if the Board determines it is appropriate to issue shares.

As at 28 September 2006 (being the last practicable date prior to the publication of this document), the total number of outstanding options and awards to acquire Existing Ordinary Shares was 23,256,401 which, if such Existing Ordinary Shares were acquired, would represent approximately 4.8 per cent. of the Company's issued share capital as at that date. If the Resolutions to be proposed at the EGM are passed and become unconditional, and no further options have been exercised or awards vested, these options and awards will represent approximately 5.8 per cent. of the Company's issued share capital immediately after the Share Consolidation.

If the Company's authority to purchase its own shares (as proposed to be updated at the EGM) were utilised in full and no further issues of the Company's shares were made, the options and awards under the Share Schemes would represent approximately 6.4 per cent. of the Company's issued share capital.

### 5. Taxation

#### *United Kingdom Taxation*

**The following summary is intended as a general guide only and relates only to the UK taxation treatment of the Special Dividend and the related Share Consolidation. It is based on current UK law and current published HM Revenue & Customs practice for Shareholders who (except where otherwise indicated) are resident in the UK for tax purposes, who are the beneficial owners of those shares and who hold them as investments. Shareholders who are in any doubt about their tax position, or who are subject to tax in any jurisdiction other than the UK, should consult their own appropriate professional advisers.**

#### *Special Dividend*

There is no UK withholding tax on dividends.

An individual Shareholder who is resident in the UK for UK tax purposes should generally be entitled to a tax credit in respect of the Special Dividend which he or she can offset against his or her total income tax liability. The amount of the tax credit is equal to 10 per cent. of the aggregate of the dividend and the tax



credit (the “gross dividend”) (one-ninth of the amount of the net cash dividend). The gross dividend is included in computing the income of such an individual holder for UK tax purposes.

The rate of income tax on dividends is 10 per cent. of the gross dividend for taxpayers liable to income tax at rates not exceeding the basic rate. The tax credit will discharge the income tax liability on the Special Dividend of an individual Shareholder who is not liable to income tax at a rate higher than the basic rate. A higher rate taxpayer will be liable to tax on the Special Dividend at the rate of 32.5 per cent. of the gross dividend; so after the tax credit has been set against his or her tax liability, he or she will have to account for tax equal to 22.5 per cent. of the gross dividend (25 per cent. of the net cash dividend received) to the extent that the gross dividend, being treated as the top slice of his or her income, falls above the threshold for higher rate income tax.

UK resident taxpayers who are not liable to UK tax on dividends, including pension funds and charities, will generally not be entitled to claim repayment of the tax credit in respect of the Special Dividend.

A UK resident corporate Shareholder will not normally be liable to corporation tax in respect of the Special Dividend. Such a Shareholder will not be able to claim any repayment of tax credits.

The right of Shareholders who are not resident in the UK for tax purposes to reclaim tax credits attaching to the Special Dividend will depend upon the existence and terms of an applicable double tax treaty. In most cases, the amount that can be paid to such Shareholders will be reduced to nil as a result of the terms of the relevant treaty. Shareholders who are not resident in the UK for tax purposes should consult their own tax advisers concerning their tax liabilities in the UK and any other country in respect of the Special Dividend.

#### *Share Consolidation*

It is expected that for the purposes of UK taxation on chargeable gains the Share Consolidation will be treated as follows:

- (a) the New Ordinary Shares arising from the Share Consolidation will result from a reorganisation of the share capital of the Company. Accordingly, a Shareholder will not generally be treated as making a disposal of all or part of the Shareholder’s holding of Existing Ordinary Shares by reason of the Share Consolidation being implemented, and the New Ordinary Shares which replace a Shareholder’s holding of Existing Ordinary Shares (“the new holding”) as a result of the Share Consolidation will be treated as the same asset acquired at the same time as the Shareholder’s holding of Existing Ordinary Shares was acquired;
- (b) to the extent that a Shareholder receives cash by virtue of a sale on his or her behalf of any New Ordinary Shares to which he or she has a fractional entitlement, the Shareholder will not in practice normally be treated as making a part disposal of the Shareholder’s holding of Ordinary Shares, the proceeds instead being deducted from the base cost of the Shareholder’s new holding; and
- (c) on a subsequent disposal of the whole or part of the New Ordinary Shares comprised in the new holding, a Shareholder may, depending on his or her circumstances, be subject to tax on the amount of any chargeable gain realised.

#### *Section 703 of the Income and Corporation Taxes Act 1988 (“ICTA”)*

Under the provisions of section 703 ICTA, HM Revenue & Customs can, in certain circumstances, counteract tax advantages arising in relation to certain transactions in securities. No clearance has been or will be sought under section 707 ICTA that HM Revenue & Customs will not seek to apply those provisions in relation to the Special Dividend. These provisions, however, should not generally affect the taxation of Shareholders who receive the Special Dividend while continuing to hold their Ordinary Shares.

Shareholders considering transactions in respect of their Existing Ordinary Shares are advised to take independent advice on the potential application of section 703 ICTA in the light of their own particular circumstances.

## **6. Dealings and settlement**

Application will be made to the FSA for the New Ordinary Shares to be admitted to the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. Subject to the Share Consolidation becoming effective, it is expected that dealings in the New Ordinary Shares will commence at 8.00 a.m. on 18 October 2006.

New share certificates in respect of the New Ordinary Shares are expected to be posted at the risk of Shareholders by 25 October 2006 to those Shareholders who hold their shares in certificated form. These will replace existing certificates which should then be destroyed. Pending the receipt of new certificates, transfers of New Ordinary Shares held in certificated form will be certified against the Register. Shareholders who hold their entitlement to New Ordinary Shares in uncertificated form through CREST will have their CREST accounts adjusted to reflect their entitlement to New Ordinary Shares on 18 October 2006.

## **7. Consents**

Each of JPMorgan Cazenove and Merrill Lynch International has given and not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which it appears.

## **8. Documents available for inspection**

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Allen & Overy LLP, One New Change, London EC4M 9QQ until the date of the EGM:

- (a) this document; and
- (b) the consent letters referred to above.

30 September 2006

## APPENDIX II

### DEFINITIONS

The following definitions apply throughout this document and the accompanying Form of Proxy unless the context requires otherwise.

<b>Admission</b>	admission of the New Ordinary Shares to the Official List and to trading on the London Stock Exchange's main market for listed securities becoming effective in accordance with the Listing Rules
<b>AGM</b>	the Company's Annual General Meeting held on 2 February 2006
<b>Board</b>	the Board of Directors of the Company
<b>certificated or in certificated form</b>	not in uncertificated form
<b>Companies Act</b>	the Companies Act 1985
<b>CREST</b>	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo Limited is the Operator (as defined in the CREST Regulations)
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
<b>Directors</b>	the Directors of the Company
<b>Existing Ordinary Shares</b>	the existing issued ordinary shares of 7½ pence each in the capital of the Company
<b>Extraordinary General Meeting or EGM</b>	the Extraordinary General Meeting of the Company convened for 2.30 p.m. on Tuesday, 17 October 2006 (and any adjournment thereof), notice of which is set out at the end of this document
<b>Financial Services Authority or FSA</b>	the Financial Services Authority of the UK in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of the admission to the Official List otherwise in accordance with Part VI of FSMA
<b>Form of Proxy</b>	the Form of Proxy for use by holders of Ordinary Shares accompanying this document for use in connection with the EGM
<b>FSMA</b>	the Financial Services and Markets Act 2000 (as amended)
<b>JPMorgan Cazenove</b>	JPMorgan Cazenove Limited
<b>Listing Rules</b>	the listing rules of the Financial Services Authority made for the purpose of Part VI of FSMA relating to the admission of securities to the Official List
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>MAB or the Company</b>	Mitchells & Butlers plc
<b>Merrill Lynch</b>	Merrill Lynch International

<b>New Ordinary Shares</b>	the proposed new ordinary shares of 8 <sup>3</sup> / <sub>4</sub> pence each in the capital of the Company resulting from the Share Consolidation
<b>Official List</b>	the Official List maintained by the FSA for the purposes of Part VI of FSMA
<b>Ordinary Shares</b>	prior to the Share Consolidation, the Existing Ordinary Shares and, thereafter, the New Ordinary Shares
<b>Record Date</b>	6.00 p.m. on 17 October 2006 (or such other time and date as the Directors may determine)
<b>Registrar</b>	Lloyds TSB Registrars at The Causeway, Worthing, West Sussex, BN99 6DA
<b>Register</b>	the register of members of the Company
<b>Resolutions</b>	the resolutions set out in the notice convening the Extraordinary General Meeting
<b>Share Consolidation</b>	the proposed consolidation to be effected by consolidating every 41 Existing Ordinary Shares into 34 New Ordinary Shares
<b>Shareholders</b>	holders of Ordinary Shares in the Company
<b>Share Schemes</b>	the Mitchells & Butlers Executive Share Option Plan, the Mitchells & Butlers Performance Restricted Share Plan, the Mitchells & Butlers Short Term Deferred Incentive Plan, the Mitchells & Butlers Share Incentive Plan, the Mitchells & Butlers Sharesave Plan, and the Six Continents Executive Share Option Scheme
<b>Special Dividend</b>	the proposed special interim dividend of £1 per Existing Ordinary Share
<b>uncertificated or in uncertificated form</b>	recorded on the Register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland

# MITCHELLS & BUTLERS PLC

## NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Mitchells & Butlers plc (the “**Company**”) will be held at 2.30 p.m. on Tuesday, 17 October 2006 at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed as ordinary resolutions:

1. That, subject to and conditional upon admission of the New Ordinary Shares (as defined below) to the Official List maintained by the Financial Services Authority and to trading on the London Stock Exchange’s main market for listed securities becoming effective no later than 8.00 a.m. on 18 October 2006:
  - (a) all the ordinary shares of 7½ pence each in the capital of the Company (“**Existing Ordinary Shares**”) which at the close of business on 17 October 2006 (or such other time and date as the Directors of the Company may determine) are shown in the books of the Company as authorised, whether issued or unissued, shall be sub-divided into new ordinary shares of ¼ pence each in the capital of the Company (the “**Intermediate Shares**”);
  - (b) a sum standing to the credit of the Company’s profit and loss reserve equal to the nominal value of the number of additional Intermediate Shares required to be issued in order to increase the issued share capital of the Company to the nearest number of shares exactly divisible by 8<sup>13</sup>/<sub>4</sub> shall be capitalised and such sum shall be applied in paying up in full new Intermediate Shares to be allotted and issued credited as fully paid at par to the Secretary of the Company;
  - (c) all Intermediate Shares that remain unissued following the issue of new Intermediate Shares to the Secretary of the Company shall be consolidated into new ordinary shares of 8<sup>13</sup>/<sub>4</sub> pence each in the capital of the Company (the “**Unissued New Ordinary Shares**”), provided that where such consolidation would otherwise result in a fraction of an Unissued New Ordinary Share, that number of Intermediate Shares which would otherwise constitute such fraction shall be cancelled pursuant to section 121(2)(e) of the Companies Act 1985; and
  - (d) all Intermediate Shares that are in issue, including the new Intermediate Shares that have been issued to the Secretary of the Company, shall be consolidated into new ordinary shares of 8<sup>13</sup>/<sub>4</sub> pence each in the capital of the Company (the “**New Ordinary Shares**”), PROVIDED THAT, where such consolidation results in any member being entitled to a fraction of a New Ordinary Share, such fraction shall, so far as possible, be aggregated with the fractions of a New Ordinary Share to which other members of the Company may be entitled (including any fraction of a New Ordinary Share to which the Secretary of the Company may be entitled) and the Directors of the Company be and are hereby authorised to sell (or appoint any other person to sell), on behalf of the relevant members, all the New Ordinary Shares representing such fractions at the best price reasonably obtainable to any person, and to distribute the proceeds of sale (net of expenses) in due proportion among the relevant members entitled thereto (save that any fraction of a penny which would otherwise be payable shall be rounded up or down in accordance with the usual practice of the registrars of the Company) and that any Director of the Company (or any person appointed by the Directors of the Company) shall be and is hereby authorised to execute an instrument of transfer in respect of such shares on behalf of the relevant members and to do all acts and things the Directors consider necessary or expedient to effect the transfer of such shares to, or in accordance with the directions of, any buyer of any such shares.
2. That, conditional upon Resolution 1 above being passed and becoming unconditional, subject to and in accordance with Article 11 of the Company’s Articles of Association, the Company is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section

163(3) of the Companies Act 1985) of New Ordinary Shares on such terms as the Directors think fit, provided that:

- (a) the maximum aggregate number of New Ordinary Shares hereby authorised to be purchased is 40,335,011;
- (b) the minimum price which may be paid for each ordinary share is 8<sup>13</sup>/<sub>4</sub> pence per share;
- (c) the maximum price which may be paid for each New Ordinary Share is an amount equal to the higher of: (a) 105 per cent. of the average of the middle market quotations for a New Ordinary Share, as derived from The London Stock Exchange Daily Official List, for the five business days before the day on which such share is purchased; and (b) that stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003; and
- (d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or on 2 May 2007, whichever is earlier (except in relation to the purchase of New Ordinary Shares the contract for which was concluded before such date and which is executed wholly or partly after such date), unless such authority is renewed prior to such time.

By Order of the Board  
Bronagh Kennedy  
Secretary

Dated 30 September 2006

*Registered Office:*  
27 Fleet Street  
Birmingham B3 1JP

Notes:

- 1 Only holders of Existing Ordinary Shares, or their duly appointed representatives, are entitled to attend and vote at the EGM. A member so entitled may appoint a proxy, who need not be a member, to attend and vote on his/her behalf. A proxy may not speak at the EGM, except with the permission of the Chairman of the EGM.
- 2 A Form of Proxy is enclosed. The appointment of a proxy will not prevent a member from subsequently attending and voting at the EGM in person.
- 3 If you wish, you may register the appointment of a proxy for this meeting electronically, by contacting the website [www.sharevote.co.uk](http://www.sharevote.co.uk) where full details of the procedure are given. The proxy appointment and instructions must be received by Lloyds TSB Registrars not less than 48 hours before the time for holding the meeting or the adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or the adjourned meeting) for the taking of the poll at which it is to be used.
- 4 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service should follow the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA01) not later than 2.30 p.m. on 15 October 2006. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable,

their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- 5 The Company specifies that only those Shareholders on the register of members as at 6.00 p.m. on 15 October 2006 shall be entitled to attend or vote at the EGM in respect of the number of shares registered in their names at the time. Changes to entries on the ordinary register after 6.00 p.m. on 15 October 2006 shall be disregarded in determining the right of any person to attend or vote at the EGM.

