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MITCHELLS & BUTLERS PLC

£1.1bn BOND ISSUE

Mitchells & Butlers today announces that the terms of the bond issue launched on 31 August have been finalised. The total amount to be raised is £1.1bn, £655m of which is incremental financing and the balance of £450m will be used to refinance existing sterling and dollar denominated Floating Rate Notes. The average cash interest cost on the new bonds will be 5.4%.

As a result, the total securitised debt of Mitchells & Butlers will increase to £2.46bn and the overall cash interest cost of this debt will reduce to approximately 5.7% before tax.

Completion and issue of the bonds is expected to take place on Friday 15 September.

As previously stated, following completion of the bond issue, Mitchells & Butlers will pay a special dividend of £1 per share, amounting to approximately £486m, to shareholders, which will be accompanied by a proportionate consolidation of the shares in issue.

An Extraordinary General Meeting of shareholders will be held to approve the proposed share consolidation accompanying the special dividend. Full details will be provided in a circular to shareholders. It is currently anticipated that the circular will be posted before the end of September and that the special dividend will be paid before the end of October.

Commenting on the issue, Karim Naffah, Finance Director said:

"*We have had an excellent response to our bond issue. The strong operational performance of our pub estate and the resulting property appreciation have enabled us to raise additional debt on attractive terms. This allows us to make a further substantial cash return to shareholders, in addition to the acquisition of 239 pub restaurants successfully concluded earlier this year.*"

The details of the new bonds are as follows:

Class	Rating	Amount	Coupon
A1N	AAA/AAA/Aaa	£200m	£Libor + 18bps
A3N	AAA/AAA/Aaa	$418.75m	$Libor + 18bps
A4	AAA/AAA/Aaa	£170m	£Libor + 23bps
AB	AAA/AAA/Aaa	£325m	£Libor + 24bps
C2	BBB+/BBB+	£50m	£Libor + 75bps
D1	BBB/BBB	£110m	£Libor + 85bps

Notes:
1. All bonds pay interest quarterly
2. Rating = S&P/Fitch/Moody's
3. The A3N class of $418.75m is equivalent to £250m

The floating rate and currency exposures of the bonds will be hedged through swaps such that all of the interest costs to the Company on the securitised debt are fixed.

The bond issue was arranged and managed by the Royal Bank of Scotland and Citigroup.

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Further information on Mitchells & Butlers' existing Securitisation is available under "Securitisation & Debt information" at www.mbplc.com.

Cautionary note regarding forward-looking statements

This announcement contains certain forward-looking statements as defined under US legislation (section 21E of the Securities Exchange Act of 1934) with respect to the financial condition, results of operations and business of Mitchells & Butlers and certain of the plans and objectives of the board of Directors with respect thereto. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use such words as 'will', 'should', 'continue', 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe' or other words of similar meaning. The forward-looking statements contained herein are based on assumptions and assessments made by Mitchells & Butlers' management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. By their nature, forward-looking statements are inherently speculative and involve risk and uncertainty, and there are a number of factors that could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. These factors include, but are not limited to: the future balance between supply and demand for Mitchells & Butlers' sites; the effect of economic conditions and unforeseen external events on Mitchells & Butlers' business; the availability of suitable properties and necessary licenses; consumer and business spending, changes in consumer tastes and preference; levels of marketing and promotional expenditure by Mitchells & Butlers and its competitors; changes in the cost and availability of supplies; key personnel and changes in supplier dynamics; significant fluctuations in exchange rates, interest rates and tax rates; the availability and effects of any future business combinations, acquisitions or dispositions; the impact of legal and regulatory actions or developments; the impact of the European Economic and Monetary Union; the ability of Mitchells & Butlers to maintain appropriate levels of insurance; the maintenance of Mitchells & Butlers' IT structure; competition in markets in which Mitchells & Butlers' operates; political and economic developments and currency exchange fluctuations; economic recession; management of Mitchells & Butlers' indebtedness and capital resource requirements; material litigation against Mitchells & Butlers; substantial trading activity in Mitchells & Butlers' shares; the reputation of Mitchells & Butlers' brands; the level of costs associated with leased properties; competition for high quality managers; declining sales of beer in pubs in the UK; food safety scares; funding liabilities in respect of the Group's pension schemes and the weather.