

12 September 2011

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**Mitchells & Butlers – Response to announcement in relation to a possible offer by Piedmont Inc.**

The Independent Directors of the Board of Mitchells & Butlers plc (the “Company”) note the announcement by Piedmont Inc. (“Piedmont”) made today regarding a possible offer for the Company (the “Possible Offer”).

**Background**

On 27 August 2011, Piedmont made an initial approach to Mitchells & Butlers to make an offer for the Company at 224 pence per share, a nil premium to the closing price of the Company’s shares on 26 August 2011 (the “Initial Approach”). At such time, the Company’s shares were trading at the lowest level since 25 March 2009 and at a 38% discount to the highest trading level during this period of 361 pence on 6 January 2011.

The Initial Approach consisted of a cash offer with an alternative for Mitchells & Butlers shareholders to elect to receive shares in a newly formed unlisted entity controlled by Piedmont.

The Independent Directors informed Piedmont that the terms of the Initial Approach significantly undervalued the Company and that they would not recommend an offer on such terms.

**Terms of the Possible Offer**

As detailed in the announcement by Piedmont today, the Possible Offer consists of a possible offer of 230 pence per share, a 2.4% discount to the Company’s share price at the close of market trading on the London Stock Exchange on 12 September 2011<sup>1</sup>.

**Recommendation**

**The Independent Directors, who have been so advised by UBS Investment Bank, unanimously believe that the terms of the Possible Offer significantly undervalues the Company and accordingly would not recommend an offer, if made, on such terms. In providing advice to the Independent Directors, UBS Investment Bank has taken into account the commercial assessments of the Independent Directors.**

This statement is being made without the agreement of Piedmont.

The Independent Directors note that the Possible Offer does not amount to a firm intention to make an offer under Rule 2.5 of the Takeover Code and that there can be no certainty that any offer will ultimately be made, nor as to the terms on which any offer might be made.

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**About Mitchells & Butlers:**

Mitchells & Butlers is the leading operator of restaurants and pubs in the UK. Its leading portfolio of brands includes Harvester, Toby Carvery, Vintage Inns, Premium Country Dining Group, Crown Carveries, Sizzling Pubs, Browns, Miller & Carter, Metro Professionals, All Bar One, Nicholson’s, O’Neill’s and Ember Inns. Further details are available at [www.mbplc.com](http://www.mbplc.com)

Mitchells & Butlers serves around 120 million meals and 415 million drinks each year and is one of the largest operators within the UK’s eating and drinking out market.

**The Independent Directors:**

The Independent Directors of Mitchells & Butlers are those Directors who are independent of Piedmont, being Bob Ivell (Interim Chairman), Jeremy Blood (Interim CEO) and Tim Jones (Finance Director). Each of Ron Robson and Douglas McMahon were appointed to the Board by Piedmont and accordingly are not independent for the purposes of the Possible Offer.

## **General**

This announcement is not intended to, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities whether pursuant to this announcement or otherwise.

The distribution of this announcement in jurisdictions outside the United Kingdom may be restricted by law and therefore persons into whose possession this announcement comes should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities law of any such jurisdiction.

UBS Limited (“UBS”) does not accept any responsibility whatsoever for the contents of this announcement or for any statement made or purported to be made by it or on its behalf in connection with the Possible Offer. UBS accordingly disclaims all and any liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this announcement or any such statement. UBS is acting as Financial Adviser to Mitchells & Butlers and no-one else and will not be responsible to anyone other than Mitchells & Butlers for providing the protections offered to clients of UBS or for providing advice in relation to the Possible Offer or the contents of this announcement.

## **Disclosure Requirements of the Takeover Code (the “Code”)**

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 paper 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 paper 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 paper 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 paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper 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 paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper 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 paper offeror, 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 paper 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 <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. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel’s Market Surveillance Unit on +44 (0)20 7638 0129.

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

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

## **SOURCES AND BASES**

1. Closing share price of 235.6p on 12 September 2011 (London Stock Exchange website)