

# THE TAKEOVER PANEL

## MITCHELLS & BUTLERS PLC ("M&B")

### COMMENCEMENT OF AN OFFER PERIOD

The Executive notes the announcement today by BC Partners Limited that it is considering making an offer for M&B and also London Stock Exchange Notice N06/03 issued on 25 March concerning When Issued dealing in the shares of M&B and InterContinental Hotels Group PLC ("IHG"). The purpose of this Statement is to explain the application of certain provisions of the City Code on Takeovers & Mergers (the "Code") and of the Rules Governing Substantial Acquisitions of Shares (the "SARs") during the period of When Issued dealing in the shares of M&B and IHG.

#### **Rule 8**

As a result of the announcement by BC Partners Limited, an offer period (as defined in the Code) in relation to M&B commenced today. One of the consequences of the commencement of an offer period is that, under Rule 8 of the Code, certain dealings in relevant securities must be publicly disclosed by 12 noon on the business day following the date of the relevant transaction.

The parties who are bound by the disclosure requirements of Rule 8 are the offeror, the offeree company, their respective associates and any person who owns or controls (directly or indirectly) 1% or more of any class of relevant securities of the offeree company or, in the case of a securities exchange offer, the offeror (or as a result of any transaction will so own or control 1% or more).

M&B is in the process of being demerged from Six Continents PLC ("Six Continents"), such that, assuming the demerger becomes effective, Six Continents'

shareholders at the relevant time will cease to hold shares in Six Continents and will instead receive proportionate interests in two new successor companies, M&B and IHG. Dealings in the equity share capital of Six Continents in the period until the demerger becomes effective will, accordingly, affect the relevant person's interest in the shares of M&B (and also IHG) following the demerger becoming effective.

As a consequence, the Executive has determined that both the existing shares in Six Continents and the When Issued shares in M&B should be "relevant securities" in relation to the M&B offer period for the purposes of Rule 8 of the Code. Dealings in the relevant securities of either company will therefore need to be disclosed in accordance with Rule 8 by those persons bound by the disclosure requirements of Rule 8 in relation to M&B.

Rule 8.3 requires the disclosure of dealings in relevant securities by any person, whether or not an associate, who owns or controls (directly or indirectly) 1% or more of any class of relevant securities of an offeree company or as a result of any transaction will so own or control 1% or more ("1% holders"). In determining those persons who will be 1% holders in relation to M&B for the purposes of Rule 8.3, the Executive considers that a relevant person's percentage holding in the When Issued shares of M&B should be aggregated with that person's percentage holding in Six Continents' shares at the time, since (as referred to above) a holding in Six Continents' shares will, at the time the demerger becomes effective, translate into an equivalent holding in M&B shares.

By way of example, a person that holds 0.5% of Six Continents shares and acquires 0.8% of the When Issued shares of M&B will be treated as being a 1% holder in relation to M&B for the purposes of Rule 8.3, notwithstanding that he does not hold 1% in either stock individually.

Six Continents itself is already in an offer period following an announcement made by CVC Capital Partners Limited on 10 March. However, because a holding of When Issued shares in M&B does not translate into an effective holding in Six Continents, it will not be necessary to aggregate holdings in M&B's When Issued shares with

holdings in Six Continents' shares in determining whether a person is a 1% holder in relation to Six Continents alone. On the above example, therefore, the person would not be a 1% holder in relation to Six Continents. Similarly, it will not be necessary to take into account holdings and dealings in the When Issued shares of IHG in determining whether a person is a 1% holder in relation to Six Continents or M&B.

Where a person is required to make a disclosure in accordance with Rule 8, any such disclosure must include full details of the relevant dealing and of the resultant total amount of relevant securities owned or controlled (including full details of all open option or derivative positions held) by the person making the disclosure. In the case of a 1% holder in M&B, such a disclosure will accordingly have to include full details of that person's interests in the relevant securities of both M&B and Six Continents. Where the person is also a 1% holder in relation to Six Continents, the disclosure should also make it clear that it relates to both Six Continents and M&B.

### **The SARs**

Subject to certain exceptions, the SARs restrict the speed with which a person may increase his holding of shares and rights over shares to an aggregate of between 15% and 30% of the voting rights of a company. The SARs also require accelerated disclosure of acquisitions of shares or rights over shares relating to such holdings.

The Executive considers that the SARs will apply to both M&B and IHG during the period of When Issued dealings in relation to those companies. As in the case of Rule 8 disclosures above in relation to M&B, in determining the relevant percentage interest that a person has in relation to either M&B or IHG for the purposes of the SARs, the Executive considers that a person's percentage holding in the When Issued shares of M&B or IHG, as appropriate, should be aggregated with that person's percentage holding in Six Continents' shares at the time.

By way of example, therefore, a person that holds 12% of Six Continents shares and acquires 7% of the When Issued shares of IHG will be treated as being a 19% holder in relation to IHG for the purposes of the SARs. Holdings of When Issued shares in

M&B and IHG will not, however, need to be taken into account in determining a person's percentage interest in the other company or in Six Continents.

In the case of any doubt as to the application of any of the Rules of the Code or the SARs during the When Issued dealing period in relation to M&B and IHG, the Executive should be consulted on 020 7382 9026. For specific queries relating to the form of any Rule 8 disclosures, please contact Lee Mann or Craig Andrews of the Executive's Monitoring Section on 020 7638 0129.

For the purposes of calculating percentage holdings in M&B and IHG, the Executive has been informed on behalf of those companies that their respective share capitals will each be 734,460,561 shares.

31 March 2003