

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take you should immediately seek advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all or some of your shares shown in box (1) of the accompanying Form of Election on or before 25th March 2009 (the ex-dividend date), you should contact your stockbroker, bank manager or other agent through whom the sale or transfer was effected without delay who will then advise you on how to deal with this document.

If you wish to receive the cash dividend in full, you need take no action.



**MILLENNIUM & COPTHORNE
HOTELS plc**

(Registered in England and Wales No: 3004377)

Corporate Headquarters
Scarsdale Place
Kensington
London
W8 5SR

15th April 2009

Dear Shareholder

Scrip Dividend Option – Offer of one fully paid new ordinary share of 30p each of Millennium & Copthorne Hotels plc (a “share”) for approximately every 41.82 shares held instead of a cash dividend.

Scrip Dividend Option

Your directors wish to offer a scrip dividend option, giving ordinary shareholders (“Shareholders”) the opportunity to receive the proposed final dividend for the year ended 31st December 2008 in fully paid new shares instead of cash.

This letter explains the scrip dividend option and, in particular, sets out how to elect for fully paid new shares rather than cash in respect of the whole or part of the proposed final cash dividend of 4.17p per ordinary share (“Final Dividend”) in respect of the year ended 31st December 2008 (the “Scrip Dividend Option”).

Benefits of the Scrip Dividend Option

Shareholders who elect to take new shares rather than cash in respect of the Final Dividend will increase their holdings without incurring dealing costs or stamp duty. To the extent that Shareholders elect to take new shares, the Company will also benefit from retaining the cash that would have otherwise been paid out as a dividend.

Details of the Scrip Dividend Option

Shareholders who elect to receive new shares rather than cash will receive one new share for every 174.40 pence otherwise payable as a cash dividend on shares registered in their name(s) on 27th March 2009 (the record date for the Final Dividend) in respect of all or part of their shareholding, which amounts to an offer of one fully paid new share for approximately every 41.82 shares held on 27th March 2009. This entitlement has been calculated using the average of the middle market quotations of a share as shown in the Daily Official List published by London Stock Exchange plc for the five dealing days from and including the ex-dividend date, being 25th March 2009.

Fractions of a share cannot be issued. Fractional entitlements will be paid as a cash dividend.

The Scrip Dividend Option is subject to (i) permission for the admission of the new shares to the Official List and to trading on the market for listed securities of the London Stock Exchange plc being granted by the UK Listing Authority and by London Stock Exchange plc respectively on or before 20th May 2009 and (ii) the closing middle market share price on 7th May 2009 as shown in the Daily Official List not being less than 148.24 pence. This final condition aims to protect electing Shareholders from receiving new shares with a market value substantially less than the cash alternative. If either of these conditions is not met the Scrip Dividend Option will be withdrawn and dividends will be paid in cash to all Shareholders.

The detailed terms of the Scrip Dividend Option in respect of the Final Dividend for the year ended 31st December 2008 are set out in Part I of the Appendix to this letter.

A personalised Form of Election showing the maximum number of shares in respect of which you can make a valid election is enclosed. Should you be interested in taking advantage of the Scrip Dividend Option, please consider the terms set out in the Appendix carefully and the likely tax consequences for you.

A non-exhaustive outline of the likely tax consequences for most UK and US resident Shareholders in electing to receive new shares in the place of a cash dividend can be found in Part II of the Appendix to this letter. **If you are in doubt about your tax position, you should consult your professional adviser before taking any action.**

If you wish to elect to take new shares instead of the Final Dividend in cash, you must complete the Form of Election in accordance with the instructions printed on it and return it to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 3DZ in the reply paid envelope provided so that it is received by no later than 3.00 pm BST on 7th May 2009.

Shareholders should be aware that the price of shares can go down as well as up. If you are in any doubt about what course of action to take in relation to your shareholding, you should consult an independent financial adviser authorised under the Financial Services and Markets Act 2000.

The attention of overseas Shareholders is drawn to paragraph 6 of Part I of the Appendix to this letter.

Yours faithfully
Millennium & Copthorne Hotels plc



Kwek Leng Beng
Chairman

APPENDIX

Part I

A. TO RECEIVE YOUR MAXIMUM ENTITLEMENT TO NEW SHARES

Sign and date the Form of Election and return it to Equiniti Limited.

The number of new shares which will be allotted to you is calculated by multiplying the number of shares you hold by the cash dividend of 4.17 pence per share and dividing by the cash equivalent share price (174.40 pence), being the share price calculated for the purposes of the Scrip Dividend Option for the Final Dividend.

Example - You have 1000 shares and elect to receive new shares in respect of your total holding. You will receive 23 new shares (1000 multiplied by 4.17 pence divided by 174.40 pence) and a cash payment of £1.59 (being the difference between the value of the new shares (23 multiplied by 174.40 pence = £40.11) and the full cash Final Dividend otherwise payable (1000 multiplied by 4.17 pence = £41.70)).

B. TO RECEIVE YOUR TOTAL DIVIDEND IN CASH IN THE NORMAL WAY

Take no further action. Ignore the Form of Election.

Your dividend will be paid in the normal way.

C. TO RECEIVE YOUR DIVIDEND IN A COMBINATION OF NEW SHARES AND CASH

Insert in box (3) of the Form of Election the number of new shares (being less than the maximum number to which you are entitled, which is shown in box (2) of the Form of Election) which you wish to receive instead of the dividend in cash.

Sign and date the Form of Election and return it to Equiniti Limited.

Example - You have 1000 shares, are entitled to 23 new shares but elect to receive only 10 new shares. You will receive a cash dividend of £24.26 representing the difference between the value of 10 new shares (10 multiplied by 174.40 pence = £17.44) and the full cash Final Dividend otherwise payable (1000 multiplied by 4.17 pence = £41.70).

FORMS OF ELECTION NEED ONLY BE COMPLETED IF YOU WISH TO RECEIVE NEW SHARES AND MUST BE RECEIVED BY EQUINITI LIMITED NOT LATER THAN 3.00 PM BST ON 7TH MAY 2009.

Notes

1. Terms of election

Shareholders on the register at the close of business on 27th March 2009, the record date for the Final Dividend, may elect to receive one new share, credited as fully paid, for every 174.40 pence otherwise payable as a cash dividend on shares registered in their name(s). All elections will be subject to fulfilment of the conditions specified in the Form of Election enclosed. **An election under the Scrip Dividend Option for the Final Dividend, once received, cannot be revoked or withdrawn.**

An election may be made by Shareholders in respect of all or part of their holdings of shares.

The number of new shares to be allotted to electing Shareholders is calculated by multiplying the number of shares on which an election has been made by the cash dividend per share (4.17 pence) and dividing by the cash equivalent share price (174.40 pence).

New shares will be allotted up to the maximum whole number possible. Fractions of shares cannot be allotted and any fractional entitlement will be dealt with in accordance with the notes below. The number of new shares to be allotted in respect of the Final Dividend is calculated as follows:

$$\frac{(N \times D)}{P}$$

Where N is the number of shares on which the Shareholder has elected to receive new shares;
D is the declared cash dividend per share (4.17 pence);
P is the cash equivalent share price of one new share.

2. Basis of allotment of new shares

As provided by the Company's articles of association, the relevant value of new shares has been calculated using the average of the middle market quotations of a share, as shown in the Daily Official List published by London Stock Exchange plc, for the five dealing days from and including the ex-dividend date of 25th March 2009.

If all Shareholders elect to receive new shares in place of the Final Dividend in cash in respect of their entire holdings, 7,227,199 new shares will be issued (ignoring any reduction in respect of fractions). This would represent an increase of approximately 2.39 percent in the Company's issued share capital. As a result, the Company would be able to retain funds of approximately £12.6 million which would otherwise be payable in cash as a Final Dividend. If no new shares are subscribed for, a dividend of £12,604,236.20 will be issued by the Company. The tax effects of the issue of a dividend, including any tax credits, will depend on each Shareholder's situation as if the scrip dividend issue had never been offered.

3. Fractional entitlements

No fraction of a new share will be allotted. The fractional entitlement is the difference between the full cash dividend payable on the shareholding and the value of the new shares, which is calculated by multiplying the number of new shares shown in box (2) of the Form of Election by the cash equivalent share price of 174.40 pence.

Shareholders will receive a payment by cheque or BACS for any fractional entitlement.

4. Taxation

The taxation effect of an election on Shareholders will depend on individual circumstances and a non-exhaustive outline of the likely tax consequences for most UK resident Shareholders is set out in section A of Part II of this Appendix. A general outline of the tax consequences for US resident Shareholders is set out in section B of Part II of this Appendix.

If you are not sure how you will be affected, you should consult your professional adviser before taking any action.

5. How to make an election

If you wish to receive new shares instead of the Final Dividend in cash in respect of all or part of your shareholding, you should complete the enclosed Form of Election and send it to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 3DZ in the reply paid envelope provided so as to be received not later than 3.00pm BST on 7th May 2009. If the Form of Election is not received by 3.00pm BST on that day, the dividend will be paid in cash in respect of all shares registered in your name at the close of business on 27th March 2009.

If on the Form of Election you do not specify in box (3) the number of new shares you wish to receive, or if you elect to receive a greater number of new shares than shown in box (2) of the Form of Election, your election will be deemed to be for the number of new shares shown in box (2).

6. Overseas residents

The Scrip Dividend Option is available to Shareholders resident in the United States. Such Shareholders are recommended to consult their professional adviser with respect to their tax position before they take any action. Any new shares acquired by such Shareholders may not be offered, sold or otherwise disposed of except in compliance with the registration requirements of the United States Securities Act of 1933 (the "Act") in compliance with Regulation S under the Act or in other transactions exempt from the registration requirements of the Act and the share certificates will bear a legend to that effect.

Shareholders resident in other countries (i.e. other than the United Kingdom or the United States) should not treat this document as constituting an invitation or offer of a right to receive new shares in place of cash dividends unless such an invitation or offer can lawfully be made to him or her without compliance with any regulatory or legal procedures or any similar formalities. Such Shareholders should consult their professional advisers if they are not sure whether any formalities must be observed in order to participate in the Scrip Dividend Option in respect of the Final Dividend. Such Shareholders should satisfy themselves as to the full observance of the laws of the relevant territory in connection with the offer of scrip dividends, including detailing any governmental or other consents which may be required and observing any other formalities needing to be observed in such territories. Such Shareholders may also be subject to local restrictions on the re-sale of any new shares acquired.

7. If you have received more than one Form of Election

If, for any reason, your holding is registered in more than one way and as a result you have received more than one Form of Election, then, unless you are able before 7th May 2009 to make arrangements with Equiniti Limited to have your holdings consolidated, they will be treated for all purposes as separate and you should complete separate Forms of Election accordingly. In order to consolidate your holdings you should write as soon as possible to Equiniti Limited stating that you wish them to effect the same and enclosing all Forms of Election, which should be completed if you wish to participate in the Scrip Dividend Option.

8. If you recently sold or transferred all or any of your shares or purchased shares

If, prior to 25th March 2009 (the day on which the shares were first quoted ex-dividend), you have sold or transferred all or some of your holding of shares, but those shares are nevertheless included in the number shown in box (1) of the Form of Election, or purchased shares and these shares are not included within the number shown in box (1) of the Form of Election, you should consult your stockbroker or agent without delay. Your stockbroker or agent will then advise you how to deal with the Form of Election.

9. Delivery and listing of the new shares

Application will be made to the UK Listing Authority and London Stock Exchange plc respectively for admission of the new shares to the Official List and to trading on London Stock Exchange plc's markets for listed securities ("Admission"). The new shares will on issue rank *pari passu* in all respects with the existing issued shares in the capital of the Company and will rank for all future dividends on such shares.

No acknowledgement of the Form of Election will be issued. Subject to Admission, dealings in the new shares are expected to begin on 20th May 2009. In the unlikely event that Admission is not granted on or before 20th May 2009 or if the middle market quotation for an ordinary share as derived from London Stock Exchange plc Daily Official List on 7th May 2009 is 15 percent or more below the average share price of 174.40 pence used for the purpose of calculating share entitlements, Forms of Election will be disregarded and the dividend will be paid in cash in the normal way. It is expected that certificates for the new shares will be posted, at the risk of the persons entitled thereto, on 19th May 2009. If you are a CREST member your CREST account will be credited directly with new shares on 20th May 2009.

10. Expected timetable of events

18th February 2009	-	Final Dividend announced
25th March 2009	-	Shares quoted ex-dividend
27th March 2009	-	Record date for Final Dividend
1st April 2009	-	Scrip Dividend Pricing Date
15th April 2009	-	Posting of Forms of Election
7th May 2009	-	Final date for consolidation of holdings (see note 7 above)
7th May 2009	-	Final date for receipt of Forms of Election
18th May 2009	-	Posting of tax vouchers for cash dividends
19th May 2009	-	Posting of definitive share certificates/CREST statements, and warrants for cash dividends
20th May 2009	-	First day of dealings in the new shares, dividend payment date and CREST member accounts credited with new shares

Further copies of this letter and/or Forms of Election may be obtained from Share Dividend Operations, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA up to and including 7th May 2009.

**APPENDIX
Part II
TAXATION**

This summary of the taxation treatment is not exhaustive and does not deal with every Shareholder's situation nor does it consider the position of any Shareholder not resident in the UK or the United States or who holds the shares for trading purposes or the non-UK tax treatment of any Shareholder resident in the UK. **If you are not sure how you will be affected or if you are a UK resident and a citizen of any nation other than the UK, you should consult your professional adviser before deciding whether or not to make an election.**

A. UK Resident Shareholders

The taxation effect for a United Kingdom resident Shareholder making an election to receive new shares instead of the full cash dividend will depend on the circumstances of that Shareholder. Your directors have been advised that, under current UK legislation and HM Revenue & Customs practice, the taxation consequences for such Shareholders will be broadly outlined below.

1. Individuals

To the extent you receive a cash dividend it is treated as a normal dividend. The tax treatment of the issue of new shares is outlined below.

Income Tax

Where individuals elect to take new shares instead of the cash payment, they will be treated as having received an amount for income tax purposes which is the "Cash Equivalent" as defined below section 6 on page 7* grossed up at 10/9; "the gross dividend". For example, an individual electing to receive new shares of which the Cash Equivalent* is £90 will be treated as receiving a gross dividend of £100.

A UK resident or eligible non-UK resident is treated as receiving a tax credit of one ninth of the net dividend; £10 in the above example.

(a) Lower and Basic Rate Taxpayers

Individuals who (after taking account of their receipt of new shares and any cash dividend) pay only lower rate (10 percent) or basic rate (20 percent) income tax should have no further liability to tax on the receipt of the new shares.

(b) Non Taxpayers or Low Taxpayers

Individuals who do not pay income tax, or whose liability to income tax does not exceed the tax credit attaching to the dividend, are not entitled to claim repayment of the tax credit attaching to any dividend, whether it is paid in cash or if they elect to receive new shares.

(c) Higher Rate Taxpayers

An individual who (after taking into account the receipt of new shares and any cash dividend) is liable to pay income tax at the higher rate will be subject to income tax at the dividend rate (currently 32.5 percent). Such Shareholder will receive a tax credit as described above but will be liable to pay additional tax, calculated by multiplying the gross dividend by 32.5 percent less the tax credit. For example, such a Shareholder in receipt of new shares with a Cash Equivalent of £90 (that is, a gross dividend of £100) will be liable to additional tax of £22.50. This is an effective rate of 25 percent on the net dividend (£32.50 minus the £10 tax credit).

Capital Gains Tax

For capital gains tax purposes, individual Shareholders who elect to receive new shares instead of a cash dividend are not treated as having made a disposal of their existing shares. Pooling was reintroduced from 6 April 2008, so the new shares will be added to the pool and the cash equivalent will be added to the pool cost.

2. Trustees

Income Tax

The tax position of trustees will vary depending on the type of trust. The position is not straight forward and advice should be sought by the trustees. Broadly, trustees of discretionary trusts will pay tax on gross dividend at 32.5 percent with a tax credit as described above.

Capital Gains Tax

The capital gains tax position will be the same as for individuals.

3. UK Resident Corporate Shareholders

When a corporate Shareholder who is resident in the UK elects to receive new shares, these new shares will not be treated as franked investment income for corporation tax purposes. Corporation tax will not be chargeable on new shares issued. For the purposes of corporation tax on chargeable gains, no consideration will be treated as having been given for the new shares.

4. Pension Funds

UK pension funds are not entitled to claim repayment of the tax credit attaching to any dividend. If a UK pension fund elects to receive new shares, no tax credit will attach to the new shares and no repayment claim can be made in respect thereof. Therefore a UK pension fund will not be able to claim repayment of the tax credit whether it receives the dividend in cash or elects to receive new shares.

5. Stamp duty and stamp duty reserve tax

No stamp duty or stamp duty reserve tax is payable in respect of the allotment and issue of the new shares.

6. Roll over of fractional entitlements

Under current HM Revenue & Customs practice fractional entitlements arising from a scrip dividend election which are retained and rolled over to future dividends (“accumulated entitlement”) will be subject to tax at the time of receipt. Accordingly a Shareholder will become liable to tax on such accumulated entitlement either (i) at the time it is applied towards a new share on a future scrip dividend alternative or (ii) at such time as a Shareholder elects either to sell his shareholding in the Company or to revoke or terminate his Mandate and to have his accumulated entitlement paid out in cash.

*Cash Equivalent

The “Cash Equivalent” of one new share for the purposes of this election is 174.40 pence.

If, on the first day of dealing on the London Stock Exchange, the market value of one new share exceeds the cash equivalent by 15 percent or more the cash equivalent is taken to be that market value instead.

This summary of taxation treatment is not exhaustive and, in particular, does not consider the position of any Shareholder not resident in the United Kingdom or the non-UK tax treatment of any Shareholder resident in the United Kingdom. If you are not sure how you will be affected or you are a UK resident and a citizen of any nation other than the United Kingdom, you should consult your professional adviser before deciding whether or not to make an election.

B. US Resident Shareholders

The taxation effect for a US resident Shareholder making an election to receive new shares instead of the full cash dividend will depend on the circumstances of that Shareholder. Your directors have been advised that, under current UK legislation and HM Revenue & Customs practice and under current US federal income tax legislation, the taxation consequences for such Shareholders will be broadly as outlined below.

1. UK Tax Effect

Non-UK resident individual Shareholders who receive a dividend, whether in the form of cash or new shares, will be treated as receiving income which is subject to UK income tax. The taxable income is, in the case of a cash dividend, the amount of the cash dividend, or, in the case of a dividend paid in shares, the Cash Equivalent, in each case grossed up at the lower rate of 10%. Any liability of such Shareholders for lower or basic rate UK income tax on such a dividend, whether in the form of cash or shares, will be treated as satisfied by a deemed tax credit of 10% of the amount of the gross dividend. A non-UK resident individual’s liability, if any, to pay UK income tax will therefore be limited to the excess of the higher over the lower rate liability and in practice, where the non-resident individual’s only UK source income consists of dividends (whether in the form of cash or shares), interest and royalties and he has no UK representative for tax purposes in relation to such income, no higher rate tax liability is assessed on that individual. A non-UK resident individual Shareholder will not be entitled to reclaim any amount in respect of the UK tax credit whether the dividend is paid in cash or new shares.

A non-UK resident corporate Shareholder receiving a cash dividend or receiving new shares instead of the full cash dividend will not be liable to UK tax in respect of such dividend or such shares. No tax credit is available under the US/UK double tax treaty and, accordingly, no tax repayment claim will be possible for US resident Shareholders, whether receiving a cash dividend or new shares.

It should be noted that special rules apply to non-UK resident discretionary trusts which elect to receive new shares instead of the full cash dividend. All such persons should consult their tax advisers with respect to the effect on them of receiving cash or new shares.

2. US Tax Effect

Under US federal tax law, if a US resident Shareholder elects to receive new shares instead of the full cash dividend, he or she will be taxed on an amount equal to the fair market value of the new shares received. On the other hand, if a US resident Shareholder does not elect to receive new shares instead of the full cash dividend and accordingly receives the dividend in cash, he or she will be taxed on an amount equal to the cash received. Note that a non-UK resident corporate Shareholder which chooses a cash dividend may also be subject to tax on any Treaty Credit received in respect of a cash dividend.

In certain circumstances, non-US taxes paid by a US resident Shareholder may be creditable against the US resident’s US federal income tax liability. A US resident Shareholder should consult his or her tax adviser with respect to the possibility of claiming a credit for any UK taxes paid or deemed to be paid by such US resident for UK tax purposes.

This summary of taxation treatment is general in nature and will not address the particular circumstances of many US resident Shareholders. All US resident Shareholders are recommended to consult their own tax advisers with respect to their tax position before they take any action.

